

United Bank Limited

CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2022
(UN-AUDITED)



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022**

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
Note	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	6 202,963,848	273,949,520
Balances with other banks	7 37,200,257	29,975,564
Lendings to financial institutions	8 77,138,469	52,238,047
Investments	9 1,232,035,648	1,521,467,342
Advances	10 784,493,853	766,781,120
Fixed assets	11 76,159,427	76,193,898
Intangible assets	12 2,500,394	2,432,796
Deferred tax assets	13 6,663,109	3,040,812
Other assets	15 61,889,014	55,149,257
	2,481,044,019	2,781,228,356
LIABILITIES		
Bills payable	17 39,321,053	26,830,806
Borrowings	18 212,643,537	565,172,922
Deposits and other accounts	19 1,917,975,780	1,885,771,572
Liabilities against assets subject to finance lease	20 8,316	12,193
Subordinated debt	21 10,000,000	10,000,000
Deferred tax liabilities	13 -	-
Other liabilities	22 74,547,934	65,126,887
	2,254,496,620	2,552,914,380
NET ASSETS	<u>226,547,399</u>	<u>228,313,976</u>
REPRESENTED BY:		
Share capital	12,241,797	12,241,797
Reserves	80,548,557	77,600,790
Surplus on revaluation of assets	23 34,591,482	40,019,053
Unappropriated profit	90,902,106	89,840,102
Total equity attributable to the equity holders of the Bank	218,283,942	219,701,742
Non-controlling interest	8,263,457	8,612,234
	<u>226,547,399</u>	<u>228,313,976</u>
CONTINGENCIES AND COMMITMENTS	24	

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

Aameer Karachiwalla
Chief Financial Officer

Shazad G. Dada
President &
Chief Executive Officer

Shazia Syed
Director

Arshad Ahmad Mir
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	January - March 2022	January - March 2021
	Note	(Rupees in '000)
Mark-up / return / interest earned	26 49,331,822	32,930,550
Mark-up / return / interest expensed	27 26,968,429	15,425,644
Net mark-up / interest income	<u>22,363,393</u>	<u>17,504,906</u>
Non mark-up / interest income		
Fee and commission income	28 4,217,459	3,469,334
Dividend income	529,805	252,206
Foreign exchange income	1,343,333	524,508
(Loss) / income from derivatives	(37,777)	7,254
Gain on securities - net	29 446,406	1,874,072
Other income	30 276,502	127,885
Total non mark-up / interest income	<u>6,775,728</u>	<u>6,255,259</u>
Total income	<u>29,139,121</u>	<u>23,760,165</u>
Non mark-up / interest expenses		
Operating expenses	31 12,687,006	10,784,633
Workers' Welfare Fund	328,032	248,494
Other charges	32 5,628	24,547
Total non mark-up / interest expenses	<u>13,020,666</u>	<u>11,057,674</u>
Share of (loss) / profit of associates	(47,166)	152,002
Profit before provisions	<u>16,071,289</u>	<u>12,854,493</u>
Provisions and write-offs - net	33 334,109	376,332
Profit before taxation from continuing operations	<u>15,737,180</u>	<u>12,478,161</u>
Taxation	34 6,364,518	4,892,227
Profit after taxation from continuing operations	<u>9,372,662</u>	<u>7,585,934</u>
Discontinued operation		
Profit / (loss) from discontinued operation - net of tax	14 22,172	(33)
Profit after taxation	<u>9,394,834</u>	<u>7,585,901</u>
Attributable to:		
Equity holders of the Bank		
from continuing operations	9,281,926	7,598,730
from discontinued operation	22,172	(33)
	<u>9,304,098</u>	<u>7,598,697</u>
Non-controlling interest	90,736	(12,796)
	<u>9,394,834</u>	<u>7,585,901</u>
	----- (Rupees) -----	
Earnings per share for profit from continuing operations attributable to the equity holders of the Bank		
Basic and diluted	<u>7.58</u>	<u>6.21</u>
Earnings per share for profit attributable to the equity holders of the Bank		
Basic and diluted	35 <u>7.60</u>	<u>6.21</u>

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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	January - March 2022	January - March 2021
	----- (Rupees in '000) -----	
Profit after taxation for the period attributable to:		
Equity holders of the Bank		
from continuing operations	9,281,926	7,598,730
from discontinued operation	22,172	(33)
	<u>9,304,098</u>	<u>7,598,697</u>
Non-controlling interest	90,736	(12,796)
	<u>9,394,834</u>	<u>7,585,901</u>
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods		
Effect of translation of net investment in overseas branches and subsidiaries - net of tax		
Equity holders of the Bank	1,994,996	(2,746,828)
Non-controlling interest	82,929	(101,833)
	<u>2,077,925</u>	<u>(2,848,661)</u>
Movement in deficit on revaluation of investments - net of tax		
Equity holders of the Bank	(5,426,948)	(1,549,035)
Non-controlling interest	(549,531)	(61,584)
	<u>(5,976,479)</u>	<u>(1,610,619)</u>
	<u>(3,898,554)</u>	<u>(4,459,280)</u>
Items that will not be reclassified to profit and loss account in subsequent periods		
Movement in surplus / (deficit) on revaluation of fixed assets - net of tax		
Equity holders of the Bank	39,250	(64,141)
Non-controlling interest	31,275	(52,110)
	<u>70,525</u>	<u>(116,251)</u>
Movement in surplus on revaluation of non-banking assets - net of tax	15,882	-
	<u>86,407</u>	<u>(116,251)</u>
Total comprehensive income for the period	<u>5,582,687</u>	<u>3,010,370</u>
Attributable to:		
Equity holders of the Bank		
from continuing operations	5,905,106	3,238,726
from discontinued operation	22,172	(33)
	<u>5,927,278</u>	<u>3,238,693</u>
Non-controlling interest	(344,591)	(228,323)
	<u>5,582,687</u>	<u>3,010,370</u>

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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Attributable to equity holders of the Bank										
	Share capital	General reserve	Statutory reserve	Capital reserve - exchange translation	Surplus / (Deficit) on revaluation of			Unappropriated profit	Sub total	Non-controlling interest	Total
					Investments	Fixed assets	Non banking assets				
(Rupees in '000)											
Balance as at January 01, 2021 (Audited)	12,241,797	3,000	35,399,378	35,618,208	2,310,676	27,022,623	913	87,527,909	200,124,504	7,507,382	207,631,886
Total comprehensive income for the three months ended March 31, 2021											
Profit after taxation for the three months ended March 31, 2021	-	-	-	-	-	-	-	7,598,697	7,598,697	(12,796)	7,585,901
Other comprehensive income - net of tax	-	-	-	(2,746,828)	(1,549,035)	(64,141)	-	-	(4,360,004)	(215,527)	(4,575,531)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	(2,746,828)	(1,549,035)	(64,141)	-	7,598,697	3,238,693	(228,323)	3,010,370
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(11,417)	-	11,417	-	-	-
Transfer to statutory reserve	-	-	740,468	-	-	-	-	(740,468)	-	-	-
Transactions with owners for the three months ended March 31, 2021											
Final cash dividend - December 31, 2020 declared subsequent to the year end at Rs. 9.5 per share	-	-	-	-	-	-	-	(11,629,707)	(11,629,707)	-	(11,629,707)
Balance as at March 31, 2021 (Un-audited)	12,241,797	3,000	36,139,846	32,871,380	761,641	26,947,065	913	82,767,848	191,733,490	7,279,059	199,012,549
Total comprehensive income for the nine months ended December 31, 2021											
Profit after taxation for the nine months ended December 31, 2021	-	-	-	-	-	-	-	22,810,080	22,810,080	225,918	23,035,998
Other comprehensive income - net of tax	-	-	-	6,233,734	(3,323,192)	15,671,515	9,276	1,259,996	19,851,329	1,111,108	20,962,437
Total comprehensive income for the nine months ended December 31, 2021	-	-	-	6,233,734	(3,323,192)	15,671,515	9,276	24,070,076	42,661,409	1,337,026	43,998,435
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(3,851)	(3,851)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(3,115)	-	3,115	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(45,050)	-	45,050	-	-	-
Transfer to statutory reserve	-	-	2,355,830	-	-	-	-	(2,355,830)	-	-	-
Liquidation of subsidiary	-	(3,000)	-	-	-	-	-	-	(3,000)	-	(3,000)
Transactions with owners for the nine months ended December 31, 2021											
Interim cash dividend - March 31, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - June 30, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - September 30, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
	-	-	-	-	-	-	-	(14,690,157)	(14,690,157)	-	(14,690,157)
Balance as at December 31, 2021 (Audited)	12,241,797	-	38,495,676	39,105,114	(2,561,551)	42,570,415	10,189	89,840,102	219,701,742	8,612,234	228,313,976
Total comprehensive income for the three months ended March 31, 2022											
Profit after taxation for the three months ended March 31, 2022	-	-	-	-	-	-	-	9,304,098	9,304,098	90,736	9,394,834
Other comprehensive income - net of tax	-	-	-	1,994,996	(5,426,948)	39,250	15,882	-	(3,376,820)	(435,327)	(3,812,147)
Total comprehensive income for the three months ended March 31, 2022	-	-	-	1,994,996	(5,426,948)	39,250	15,882	9,304,098	5,927,278	(344,591)	5,582,687
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(4,186)	(4,186)
Transfer from surplus on revaluation on disposal to unappropriated profit - net of tax	-	-	-	-	-	(32,489)	-	32,489	-	-	-
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(23,266)	-	23,266	-	-	-
Transfer to statutory reserve	-	-	952,771	-	-	-	-	(952,771)	-	-	-
Transactions with owners for the three months ended March 31, 2022											
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)
Balance as at March 31, 2022 (Un-audited)	12,241,797	-	39,448,447	41,100,110	(7,988,499)	42,553,910	26,071	90,902,106	218,283,942	8,263,457	226,547,399

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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	January - March 2022	January - March 2021
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation including discontinued operation	15,759,352	12,478,128
Less: Dividend income	529,805	252,206
Share of (loss) / profit of associates	(47,166)	152,002
	<u>15,276,713</u>	<u>12,073,920</u>
Adjustments:		
Depreciation on fixed assets	939,084	712,982
Depreciation on right-of-use assets	482,336	455,114
Amortisation	214,970	205,992
Workers' Welfare Fund - charge	328,032	248,494
Provision for retirement benefits	140,955	323,342
Provision for compensated absences	41,007	43,997
(Reversal) / provision against loans and advances - net	(348,622)	303,465
Reversal of provision against off balance sheet items - net	(54,749)	(53,059)
Provision / (reversal) for diminution in value of investments - net	755,642	(222,113)
Interest expense on lease liability against right-of-use assets	250,302	237,746
Gain on sale of fixed assets - net	(39,889)	(3,269)
Bad debts written off directly	11,091	33,847
Unrealised gain on revaluation of investments classified as held for trading	(108,400)	(2,778)
Reversal of provision against other assets	(2,136)	(13,558)
Other provisions / write-offs	(27,117)	327,750
	<u>2,582,506</u>	<u>2,597,952</u>
	17,859,219	14,671,872
(Increase) / decrease in operating assets		
Lendings to financial institutions	(24,900,422)	10,321,126
Held for trading securities	(6,146,877)	(63,863,879)
Advances	(17,582,070)	(15,282,500)
Other assets (excluding advance taxation)	(10,418,130)	834,577
	<u>(59,047,499)</u>	<u>(67,990,676)</u>
(Decrease) / increase in operating liabilities		
Bills payable	12,490,247	(4,118,551)
Borrowings	(352,529,385)	128,305,201
Deposits and other accounts	32,204,208	(8,330,819)
Other liabilities	7,299,265	6,133,382
	<u>(300,535,665)</u>	<u>121,989,213</u>
	(341,723,945)	68,670,409
Receipts / (payments) on account of staff retirement benefits	1,757,251	(1,198,758)
Income taxes paid	(4,782,597)	(1,454,281)
Net cash flows (used in) / generated from operating activities	<u>(344,749,291)</u>	<u>66,017,370</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	269,226,532	(81,655,938)
Net investments in held to maturity securities	19,962,378	(45,248,018)
Net investments in associates	(3,232,881)	(600,172)
Investment in fixed assets and intangible assets	(1,251,487)	(635,189)
Dividend income received	336,054	272,931
Sale proceeds from disposal of fixed assets	168,834	34,586
Exchange differences on translation of net investment in overseas branches and subsidiaries	2,077,925	(2,848,661)
Net cash flows generated from / (used in) investing activities	<u>287,287,355</u>	<u>(130,680,461)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease obligations	(3,877)	(2,823)
Payment of lease liability against right-of-use assets	(679,026)	(639,820)
Dividends paid	(5,616,140)	(3,969)
Net cash flows used in financing activities	<u>(6,299,043)</u>	<u>(646,612)</u>
Decrease in cash and cash equivalents	<u>(63,760,979)</u>	<u>(65,309,703)</u>
Cash and cash equivalents at the beginning of the period	303,925,084	287,722,487
Cash and cash equivalents at the end of the period	<u>240,164,105</u>	<u>222,412,784</u>

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**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Holding Company

- United Bank Limited ("the Bank")

Subsidiary Companies

- United National Bank Limited, United Kingdom (UBL UK) - 55% holding
- UBL (Switzerland) AG, in Liquidation c/o Deloitte AG (USAG) - 100% holding
- UBL Bank (Tanzania) Limited, Tanzania (UBTL) - 100% holding
- UBL Fund Managers Limited, Pakistan (UBL FM) - 98.87% holding
- Al Ameen Financial Services (Private) Limited (AFSL) - 98.87% effective holding

The Group is engaged in commercial banking, asset management, investment advisory and investments business. United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,340 (December 31, 2021: 1,341) branches inside Pakistan including 145 (December 31, 2021: 145) Islamic Banking branches and 2 (December 31, 2021: 2) branches in Export Processing Zones. The Bank also operates 8 (December 31, 2021: 8) branches outside Pakistan. The Bank is a wholly owned subsidiary of Bestway International Holdings Limited (BIHL) and BIHL a wholly owned subsidiary of Bestway Group Limited (BGL) which is incorporated in the Guernsey.

The Bank's ordinary shares are listed on Pakistan Stock Exchange. Its Global Depository Receipts (GDRs) are on the list of the UK Listing Authority and the London Stock Exchange Professional Securities Market. These GDRs are also eligible for trading on the International Order Book System of the London Stock Exchange. Further, the GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the US Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

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

The shareholders of the Bank have resolved the voluntary and orderly wind up of UBL Switzerland AG, a wholly owned subsidiary of the Bank in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 06, 2021. This decision is in line with the Bank's strategy to exit from non-core markets.

UBL Switzerland AG was released from FINMA's regulatory supervision on March 24, 2022 and entered voluntary liquidation on March 31, 2022. Deloitte AG were appointed as liquidators. The winding up is subject to fulfilment of relevant legal and regulatory requirements both in Pakistan and Switzerland.

2. BASIS OF PRESENTATION

These consolidated condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 5 dated March 22, 2019.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.

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

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019, and IAS 34, Interim Financial Reporting. They do not include all the information and disclosures required in the preparation of audited annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended December 31, 2021.

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

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

As per the SBP's BPRD Circular Letter No. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan had been deferred to accounting periods beginning on or after January 01, 2022. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and final implementation guidelines are awaited from SBP.

There are certain other amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2022. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these consolidated condensed interim financial statements.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

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

There are certain new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023, but are considered not to be relevant or will not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2021.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended December 31, 2021 except for the following:

During the period, the Group has reviewed the useful lives of its leasehold improvement, furniture and fixtures and electrical, office and computer equipment as required by IAS 16. This review has resulted in a change in the useful lives of these assets. This revision has been accounted for as a change in accounting estimate in accordance with the requirements of IAS 8. Accordingly, the effect of this change in accounting estimate has been recognised prospectively in the consolidated condensed interim profit and loss account from the current period.

With effect from January 2022, the estimated useful lives of leasehold improvements and certain items of furniture and fixtures have been decreased from 10 to 8 years and, certain items of electrical, office and computer equipment from 5 to 4 years and 4 to 3 years. Further, useful lives of certain items of electrical, office and computer equipment have been increased from 4 to 5 years. The useful lives have been revised to make them more reflective of the consumption pattern of the assets.

The effect of these changes on depreciation expense in the current period / year and the next year is as follows:

	January - March 2022	January - December 2022	January - December 2023
	----- (Rupees in '000) -----		
Increase in depreciation expense			
Leasehold improvements	55,553	178,854	136,479
Furniture and fixtures	17,732	57,212	41,695
Electrical, office and computer equipment	11,986	23,245	20,442
Decrease in depreciation expense			
Electrical, office and computer equipment	23,204	77,480	-

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2021.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	18,981,409	27,262,667
Foreign currencies	7,505,878	7,048,434
	26,487,287	34,311,101
With State Bank of Pakistan in		
Local currency current accounts	70,108,049	75,005,750
Foreign currency current accounts	4,583,263	5,312,400
Foreign currency deposit accounts	8,069,790	8,818,135
	82,761,102	89,136,285
With other central banks in		
Foreign currency current accounts	26,174,647	37,705,251
Foreign currency deposit accounts	9,183,752	8,148,977
	35,358,399	45,854,228
With National Bank of Pakistan in local currency current accounts	58,177,614	104,153,210
National prize bonds	179,446	494,696
	<u>202,963,848</u>	<u>273,949,520</u>
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	4,673	6,183
In deposit accounts	4,909,397	6,320,896
	4,914,070	6,327,079
Outside Pakistan		
In current accounts	24,591,741	16,480,728
In deposit accounts	7,694,446	7,167,757
	32,286,187	23,648,485
	<u>37,200,257</u>	<u>29,975,564</u>
8. LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	2,967,654	636,971
Repurchase agreement lendings (reverse repo)	72,980,569	49,726,776
Placements with State Bank of Pakistan	1,190,246	1,874,300
	<u>77,138,469</u>	<u>52,238,047</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
9. INVESTMENTS

	March 31, 2022 (Un-audited)				December 31, 2021 (Audited)			
9.1 Investments by type	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Note ----- (Rupees in '000) -----								
Held for trading securities								
Federal Government Securities								
- Market Treasury Bills	75,437,131	-	(50,056)	75,387,075	69,718,806	-	9,101	69,727,907
- Pakistan Investment Bonds - fixed	983,500	-	149,145	1,132,645	4,883,004	-	7,053	4,890,057
- Pakistan Investment Bonds - floaters	4,595,035	-	9,311	4,604,346	250,697	-	128	250,825
	81,015,666	-	108,400	81,124,066	74,852,507	-	16,282	74,868,789
Available for sale securities								
Federal Government Securities								
- Market Treasury Bills	109,766,382	-	(54,206)	109,712,176	462,307,400	-	(295,082)	462,012,318
- Pakistan Investment Bonds - fixed	116,200,257	-	(2,204,158)	113,996,099	106,428,744	-	(956,951)	105,471,793
- Pakistan Investment Bonds - floaters	428,681,411	-	(1,610,316)	427,071,095	365,357,391	-	(1,612,561)	363,744,830
- Government of Pakistan Sukuks	46,501,137	(5,517)	(231,926)	46,263,694	43,996,036	-	(265,635)	43,730,401
- Islamic Naya Pakistan Certificates	906,607	-	-	906,607	924,941	-	-	924,941
- Government of Pakistan Eurobonds	28,855,143	(226,789)	(6,286,970)	22,341,384	25,516,697	(285,929)	89,226	25,319,994
Ordinary shares								
- Listed companies	14,989,593	(5,002,517)	1,277,006	11,264,082	13,269,396	(4,623,052)	1,019,365	9,665,709
- Unlisted companies	790,232	(60,440)	41	729,833	790,083	(60,438)	41	729,686
Non-Government debt securities								
- Corporate Sukuks	1,430,714	-	-	1,430,714	1,452,143	-	-	1,452,143
- Term Finance Certificates	782,335	(161,998)	-	620,337	782,335	(161,996)	-	620,339
- Corporate Bond	1,008,351	-	(273,383)	734,968	-	-	-	-
Foreign securities								
- Foreign bonds - sovereign	61,755,423	(309,141)	(3,993,748)	57,452,534	60,311,840	(383,468)	(2,274,095)	57,654,277
- Foreign bonds - others	2,492,321	(1,016)	(65,262)	2,426,043	2,736,387	(1,103)	(3,252)	2,732,032
Mutual Fund units								
	258,179	-	(14,025)	244,154	258,179	-	(15,711)	242,468
Real Estate Investment Trust units								
	533,453	-	170,400	703,853	458,590	-	48,360	506,950
	814,951,538	(5,767,418)	(13,286,547)	795,897,573	1,084,590,162	(5,515,986)	(4,266,295)	1,074,807,881
Held to maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds - fixed	216,944,432	-	-	216,944,432	216,576,752	-	-	216,576,752
- Pakistan Investment Bonds - floaters	47,696,775	-	-	47,696,775	47,666,897	-	-	47,666,897
- Government of Pakistan Sukuks	10,002,785	-	-	10,002,785	10,002,935	-	-	10,002,935
- Government of Pakistan Eurobonds	10,775,087	(138,343)	-	10,636,744	10,381,683	(141,574)	-	10,240,109
- Bai Muajjal with Government of Pakistan	-	-	-	-	21,214,989	-	-	21,214,989
Non-Government debt securities								
- Corporate Sukuks	9,905,384	(50,934)	-	9,854,450	10,580,384	(50,934)	-	10,529,450
- Term Finance Certificates	8,079,716	(69,951)	-	8,009,765	8,079,835	(69,951)	-	8,009,884
- Corporate Bond	1,783,454	(22,846)	-	1,760,608	1,715,945	(23,356)	-	1,692,589
- Debentures	2,267	(2,267)	-	-	2,267	(2,267)	-	-
- Participation Term Certificates	437	(437)	-	-	437	(437)	-	-
Foreign securities								
- Market Treasury Bills	2,904,778	-	-	2,904,778	2,682,985	-	-	2,682,985
- Foreign bonds - sovereign	34,920,113	(1,225,530)	-	33,694,583	33,578,466	(641,202)	-	32,937,264
- Foreign bonds - others	2,254,929	(8,588)	-	2,246,341	2,171,411	(11,610)	-	2,159,801
- CDC SAARC Fund	399	-	-	399	383	-	-	383
	345,270,556	(1,518,896)	-	343,751,660	364,655,369	(941,331)	-	363,714,038
Associates								
- UBL Liquidity Plus Fund	4,286,363	-	-	4,286,363	1,130,540	-	-	1,130,540
- UBL Financial Sector Fund	460,024	-	-	460,024	452,591	-	-	452,591
- UBL Stock Advantage Fund	-	-	-	-	-	-	-	-
- UBL Special Savings Fund II	102,179	-	-	102,179	100,986	-	-	100,986
- UBL Pakistan Enterprise Exchange Traded Fund	24,524	-	-	24,524	24,961	-	-	24,961
- UBL Growth and Income Fund	-	-	-	-	100,049	-	-	100,049
- UBL Cash Fund	2,208,007	-	-	2,208,007	1,359,354	-	-	1,359,354
- UBL Dedicated Equity Fund	528	-	-	528	528	-	-	528
- Al Ameen Islamic Energy Fund	104,712	-	-	104,712	118,211	-	-	118,211
- Al Ameen Islamic Dedicated Equity Fund	6,981	-	-	6,981	7,139	-	-	7,139
- Al-Ameen Islamic Cash Plan I	19,521	-	-	19,521	667,364	-	-	667,364
- Al-Ameen Shariah Stock Fund	134,855	-	-	134,855	111,778	-	-	111,778
- UBL Insurers Limited	544,789	-	-	544,789	521,450	-	-	521,450
- Khushhali Bank Limited	3,369,866	-	-	3,369,866	3,481,683	-	-	3,481,683
	11,262,349	-	-	11,262,349	8,076,634	-	-	8,076,634
Total Investments	1,252,500,109	(7,286,314)	(13,178,147)	1,232,035,648	1,532,174,672	(6,457,317)	(4,250,013)	1,521,467,342

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

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	(Un-audited)	(Audited)
		March 31, 2022	December 31, 2021
9.3 Investments given as collateral		----- (Rupees in '000) -----	
Market Treasury Bills		-	215,584,125
Pakistan Investment Bonds - fixed		106,069,468	1,853,526
Pakistan Investment Bonds - floaters		10,802,236	232,144,261
UBL Liquidity Plus Fund units		1,114,011	1,115,535
UBL Cash Fund units		1,178,284	1,126,693
		<u>119,163,998</u>	<u>451,824,140</u>

The market value of securities given as collateral is Rs. 118,260 million (December 31, 2021: Rs. 450,960 million).

	Note	(Un-audited)	(Audited)
		March 31, 2022	December 31, 2021
9.4 Provision for diminution in value of investments		----- (Rupees in '000) -----	
9.4.1 Opening balance		6,457,317	8,164,875
Exchange adjustments		73,355	171,743
Charge / (reversals)			
Charge for the period / year		826,812	446,250
Reversals for the period / year		(68,958)	(555,978)
Reversal on disposals		(2,212)	(1,688,189)
	33	755,642	(1,797,917)
Amount written off		-	(81,384)
Closing balance	9.6	<u>7,286,314</u>	<u>6,457,317</u>

9.4.2 Particulars of provision against debt securities

Category of classification	March 31, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	285,585	285,585	285,585	285,585
Total	<u>285,585</u>	<u>285,585</u>	<u>285,585</u>	<u>285,585</u>

9.5 The market value of securities classified as held-to-maturity as at March 31, 2022 amounted to Rs. 328,919.449 million (December 31, 2021: Rs. 354,991.660 million).

9.6 Provision against investments includes Expected Credit Losses (ECL) under IFRS 9 amounting to Rs. 1,937.838 million (December 31, 2021: Rs. 1,488.282 million) on investments of overseas branches.

10. ADVANCES

	Note	Performing		Non-performing		Total	
		(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.		660,619,636	674,183,019	86,586,071	86,244,579	747,205,707	760,427,598
Islamic financing and related assets	40.2	66,530,282	43,859,593	177,054	197,330	66,707,336	44,056,923
Bills discounted and purchased		51,755,752	42,137,465	2,594,768	2,591,046	54,350,520	44,728,511
Advances - gross		<u>778,905,670</u>	<u>760,180,077</u>	<u>89,357,893</u>	<u>89,032,955</u>	<u>868,263,563</u>	<u>849,213,032</u>
Provision against advances	10.3						
- Specific		-	-	(75,806,952)	(74,961,336)	(75,806,952)	(74,961,336)
- General		(7,962,758)	(7,470,576)	-	-	(7,962,758)	(7,470,576)
		(7,962,758)	(7,470,576)	(75,806,952)	(74,961,336)	(83,769,710)	(82,431,912)
Advances - net of provision		<u>770,942,912</u>	<u>752,709,501</u>	<u>13,550,941</u>	<u>14,071,619</u>	<u>784,493,853</u>	<u>766,781,120</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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10.1 Particulars of advances - gross	(Un-audited)	(Audited)
	March 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
10.1.1 In local currency	521,791,984	531,161,298
In foreign currencies	346,471,579	318,051,734
	<u>868,263,563</u>	<u>849,213,032</u>

10.2 Advances include Rs. 89,357.893 million (December 31, 2021: Rs. 89,032.955 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned*	203,163	1,029	155,903	-
Substandard	2,329,190	587,093	2,398,883	595,091
Doubtful	558,908	349,902	563,051	346,746
Loss	<u>23,475,153</u>	<u>22,381,287</u>	<u>23,945,768</u>	<u>22,853,989</u>
	26,566,414	23,319,311	27,063,605	23,795,826
Overseas				
Not past due but impaired**	5,501,755	2,498,819	4,207,043	1,233,410
Overdue by:				
Upto 90 days	65,078	540	1,004,416	303,038
91 to 180 days	1,168,953	498,026	1,811,745	1,620,231
181 to 365 days	5,248,106	3,022,527	7,473,154	3,664,825
> 365 days	<u>50,807,587</u>	<u>46,467,729</u>	<u>47,472,992</u>	<u>44,344,006</u>
	62,791,479	52,487,641	61,969,350	51,165,510
Total	<u>89,357,893</u>	<u>75,806,952</u>	<u>89,032,955</u>	<u>74,961,336</u>

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

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

10.3 Particulars of provision against advances

Note	March 31, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	74,961,336	7,470,576	82,431,912	72,036,997	7,313,877	79,350,874
Exchange adjustments	1,965,927	268,227	2,234,154	5,091,021	739,835	5,830,856
(Reversals) / charge						
Charge for the period / year	288,644	245,313	533,957	4,924,107	391,797	5,315,904
Reversals for the period / year	(654,352)	(21,358)	(675,710)	(3,117,960)	(974,933)	(4,092,893)
	33 (365,708)	223,955	(141,753)	1,806,147	(583,136)	1,223,011
Amounts charged off - agriculture financing	-	-	-	(257,446)	-	(257,446)
Amounts written off	(754,603)	-	(754,603)	(3,711,835)	-	(3,711,835)
Transfers out - net	-	-	-	(3,548)	-	(3,548)
Closing balance	<u>75,806,952</u>	<u>7,962,758</u>	<u>83,769,710</u>	<u>74,961,336</u>	<u>7,470,576</u>	<u>82,431,912</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

10.3.1 General provision represents provision amounting to Rs. 427.840 million (December 31, 2021: Rs. 402.418 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 7,534.918 million (December 31, 2021: Rs. 7,068.158 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.

10.3.2 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular No. 01 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 19.291 million (December 31, 2021: Rs. 16.258 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. 3,768.480 million (December 31, 2021: Rs. 3,528.942 million) for the overseas branches.

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

11. FIXED ASSETS	Note	(Un-audited)	(Audited)
		March 31, 2022	December 31, 2021
		----- (Rupees in '000) -----	
Capital work-in-progress	11.1	1,538,223	1,298,146
Property and equipment		67,343,974	67,683,161
Right-of-use assets		7,277,230	7,212,591
		<u>76,159,427</u>	<u>76,193,898</u>
11.1 Capital work-in-progress			
Civil works		672,746	422,943
Equipment		865,477	875,203
		<u>1,538,223</u>	<u>1,298,146</u>
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress - net additions		239,777	104,182
Property and equipments			
Leasehold improvements		84,055	86,623
Furniture and fixtures		50,476	21,296
Electrical, office and computer equipment		385,672	239,149
Vehicles		9,457	92,492
		529,660	439,560
Right-of-use assets		638,822	415,220
Total		<u>1,408,259</u>	<u>958,962</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

		(Un-audited)	
		January - March 2022	January - March 2021
		----- (Rupees in '000) -----	
11.3 Disposals of fixed assets			
	The net book value of fixed assets disposed off during the period is as follows:		
	Building on leasehold land	32,500	-
	Furniture and fixtures	220	3,147
	Electrical, office and computer equipment	1,353	4,426
	Vehicles	-	23,744
		34,073	31,317
	Derecognition of right-of-use assets	94,872	236,945
	Total	<u>128,945</u>	<u>268,262</u>
12. INTANGIBLE ASSETS		(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
	Capital work-in-progress - Computer software	843,240	632,672
	Intangible assets - Computer software	1,657,154	1,800,124
		<u>2,500,394</u>	<u>2,432,796</u>
12.1 Additions to intangible assets			
	The following additions have been made to intangible assets during the period:		
	Capital work-in-progress - net additions	238,489	63,283
	Directly purchased - intangible assets	66,219	43,182
		<u>304,708</u>	<u>106,465</u>
13. DEFERRED TAX ASSETS		(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
	Deductible temporary differences on		
	Provision against advances, off-balance sheet obligations	5,256,492	5,172,302
	Deficit on revaluation of investments	3,190,504	1,304,902
	Post-retirement employee benefits	628,324	717,479
	Workers' Welfare Fund	2,358,540	2,231,742
	Others	425,479	44,477
		11,859,339	9,470,902
	Taxable temporary differences on		
	Surplus on revaluation of fixed assets / non-banking assets	(1,669,483)	(2,837,880)
	Accelerated tax depreciation	(479,187)	(578,224)
	Share of profit from associates	(1,134,140)	(1,135,743)
	Exchange reserve on subsidiaries under liquidation	(1,942,290)	(1,878,243)
		<u>(5,225,100)</u>	<u>(6,430,090)</u>
		<u>6,634,239</u>	<u>3,040,812</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
14. DISCONTINUED OPERATION

UBL Bank (Tanzania) Limited (UBTL) is a wholly owned subsidiary of United Bank Limited. UBTL sold materially all of its assets and liabilities held as at October 31, 2019, including the loans and advances and deposit book to EXIM Bank Tanzania Limited (Exim), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The control of these assets and liabilities was transferred to Exim effective from November 01, 2019. The Banking operations of the subsidiary ceased on November 01, 2019. UBTL is in process of winding up and voluntary liquidation. The official liquidator has been appointed by the Board of Directors of UBTL.

14.1 Assets and liabilities under discontinued operation		(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
Assets			
Balances with other banks		246,631	240,315
Liabilities			
Other liabilities		65,490	85,896
14.2 Discontinued operation		(Un-audited)	(Audited)
		January -	January -
		March	March
		2022	2021
		----- (Rupees in '000) -----	
Non mark-up / interest income			
Foreign exchange income		154	-
Total income		154	-
Non mark-up / interest expenses			
Operating expenses		(22,018)	33
Total non mark-up / interest expenses		(22,018)	33
Net profit / (loss)		22,172	(33)
		(Un-audited)	(Audited)
		March 31,	December 31,
		2022	2021
		----- (Rupees in '000) -----	
15. OTHER ASSETS	Note		
Income / mark-up accrued in local currency		29,653,295	25,128,447
Income / mark-up accrued in foreign currencies	15.1	3,260,905	2,771,194
Advance taxation - net of provision for taxation	15.2	2,355,593	4,195,628
Receivable from staff retirement fund		31,609	2,077,069
Receivable from other banks against telegraphic transfers and demand drafts		92,999	365,000
Unrealised gain on forward foreign exchange contracts		3,671,128	4,167,926
Rebate receivable - net		932,618	652,112
Unrealised gain on derivative financial instruments		-	8,476
Stationery and stamps on hand		176,822	206,616
Non-banking assets acquired in satisfaction of claims		181,740	196,640
Advances, deposits, advance rent and other prepayments		3,410,399	1,850,434
Dividend receivable		193,751	-
Receivable against ATM settlement		708,771	-
Commission receivable - Branchless Banking		1,035,413	676,483
Commission receivable - Bancassurance		180,725	111,180
Receivable against fraud & forgery and looted notes		577,215	564,693
Acceptances		15,989,087	11,421,246
Others		573,138	1,902,464
		63,025,208	56,295,608
Less: Provision held against other assets	15.3	(1,168,780)	(1,163,055)
Other assets - net of provision		61,856,428	55,132,553
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	32,586	16,704
Other assets - total		61,889,014	55,149,257

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

- 15.1** Unrealised mark-up held in suspense amounting to Rs. 18,517.903 million (December 31, 2021: Rs. 16,929.481 million) against non-performing overseas advances has been netted off.
- 15.2** The Income Tax returns of the Bank have been filed up to the tax year 2021 (financial year ended December 31, 2020) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance).

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2020, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.13,752 million (December 31, 2021: Rs.13,752 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 favour of the Bank.

The tax returns for Azad Jammu and Kashmir (AJK) and Gilgit Baltistan (GB) branches have been filed upto the tax year 2021 (financial year ended December 31, 2020) 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 (December 31, 2021: 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 Yemen have been filed upto the year ended December 31, 2019 and for UAE and Qatar branches upto the year ended December 31, 2020 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

The Bank has received corrective tax assessment of QAR 642 thousand (Rs. 32.157 million) from the General tax Authority (GTA) in respect of tax year 2015. Management has filed an appeal against the said penalty and is confident that the matters will be decided in favor of the Bank and the possibility of any outcome against it is remote.

For UBL UK, USAG and UBL FM income tax returns have been filed upto the accounting year ended December 31, 2020, under the provisions of the laws prevailing in the respective countries and are deemed as assessed unless opened for reassessment by the tax authorities. Additionally, tax clearance has been issued for USAG and UBL UK till the accounting year 2020 and 2018 and for UBTL till October 31, 2019. There are no material tax contingencies in any of the subsidiaries.

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
Note	----- (Rupees in '000) -----	
15.3 Provision held against other assets		
Advances, deposits, advance rent and other prepayments	54,108	54,674
Fraud & forgery and looted notes	577,215	564,693
Others	537,457	543,688
	<u>1,168,780</u>	<u>1,163,055</u>
15.3.1 Movement of provision held against other assets		
Opening balance	1,163,055	1,392,976
Exchange adjustments	10,454	28,541
Charge / (reversals)		
Charge for the period / year	42,168	33,348
Reversals for the period / year	(44,304)	(201,953)
	33	(168,605)
Transfers out - net	(1,834)	(41,160)
Amounts written off	(759)	(48,697)
Closing balance	<u>1,168,780</u>	<u>1,163,055</u>

16. CONTINGENT ASSETS

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

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
17. BILLS PAYABLE		
In Pakistan	38,261,345	25,898,903
Outside Pakistan	1,059,708	931,903
	<u>39,321,053</u>	<u>26,830,806</u>
18. BORROWINGS		
Details of borrowings		
Secured		
Borrowings from the State Bank of Pakistan under:		
Export refinance scheme	37,469,156	38,881,750
Refinance facility for modernisation of SME	120,659	5,100
Long term financing facility	19,574,765	20,056,964
Refinance scheme for payment of wages and salaries	2,525,945	3,225,644
Renewable energy scheme	569,849	513,403
Temporary economic refinance facility	12,277,306	9,972,210
Refinance facility for combating COVID-19	387,984	390,962
Repurchase agreement borrowings	105,000,000	417,755,950
Refinance for women entrepreneurs	18,640	18,487
	<u>177,944,304</u>	<u>490,820,470</u>
Repurchase agreement borrowings from other banks	10,687,024	54,783,321
Borrowing from commercial banks by subsidiary	1,995,196	1,885,182
	<u>190,626,524</u>	<u>547,488,973</u>
Unsecured		
Call borrowings	17,155,024	15,885,337
Overdrawn nostro accounts	275,034	1,798,612
Other borrowings	4,586,955	-
	<u>22,017,013</u>	<u>17,683,949</u>
	<u>212,643,537</u>	<u>565,172,922</u>

19. DEPOSITS AND OTHER ACCOUNTS

	March 31, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- (Rupees in '000) -----					
Customers						
Current accounts - remunerative	3,402,611	18,172,359	21,574,970	2,528,236	9,006,485	11,534,721
Current accounts - non-remunerative	662,725,203	137,193,264	799,918,467	633,109,393	130,940,383	764,049,776
Saving deposits	535,398,407	57,390,814	592,789,221	574,380,924	54,053,338	628,434,262
Term deposits	154,802,367	229,130,244	383,932,611	134,138,693	241,523,821	375,662,514
Sundry deposits	19,957,045	1,875,550	21,832,595	9,313,881	1,497,076	10,810,957
Margin deposits	3,156,855	3,593,420	6,750,275	4,356,837	3,182,745	7,539,582
	<u>1,379,442,488</u>	<u>447,355,651</u>	<u>1,826,798,139</u>	<u>1,357,827,964</u>	<u>440,203,848</u>	<u>1,798,031,812</u>
Financial Institutions						
Current deposits	19,058,842	1,412,978	20,471,820	33,903,284	3,937,927	37,841,211
Saving deposits	44,435,583	169,979	44,605,562	16,613,222	54,784	16,668,006
Term deposits	4,397,650	21,702,609	26,100,259	18,155,193	15,075,350	33,230,543
	<u>67,892,075</u>	<u>23,285,566</u>	<u>91,177,641</u>	<u>68,671,699</u>	<u>19,068,061</u>	<u>87,739,760</u>
	<u>1,447,334,563</u>	<u>470,641,217</u>	<u>1,917,975,780</u>	<u>1,426,499,663</u>	<u>459,271,909</u>	<u>1,885,771,572</u>

19.1 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 1,076,836.139 million (December 31, 2021: Rs. 1,078,654.532 million).

20. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	March 31, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Minimum lease payments	Finance charges for future periods	Principal Outstanding	Minimum lease payments	Finance charges for future periods	Principal Outstanding
	----- (Rupees in '000) -----					
Not later than one year	5,371	128	5,244	6,428	249	6,179
Later than one year and not later than five years	3,072	-	3,072	6,075	61	6,014
	<u>8,443</u>	<u>128</u>	<u>8,316</u>	<u>12,503</u>	<u>310</u>	<u>12,193</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

21. SUBORDINATED DEBT

The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

Salient features of the Additional Tier 1 issue are as follows:

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

22. OTHER LIABILITIES	Note	(Un-audited)	(Audited)
		March 31, 2022	December 31, 2021
----- (Rupees in '000) -----			
Mark-up / return / interest payable in local currency		19,740,352	15,042,576
Mark-up / return / interest payable in foreign currencies		847,083	921,324
Accrued expenses		4,314,498	5,257,795
Branch adjustment account		68,254	479,517
Deferred income		961,907	997,320
Unearned commission and income on bills discounted		174,079	231,988
Provision against off-balance sheet obligations	22.1	715,599	742,953
Unrealised loss on derivative financial instruments		24,595	-
Suspense accounts		192,245	340,020
Liability against trading of securities		964,098	1,521,590
Provision for post-retirement medical benefits		2,187,767	2,175,874
Payable to staff retirement fund		46,824	154,589
Provision for compensated absences		885,522	895,897
Deferred liabilities		604,130	590,579
Unrealised loss on forward foreign exchange contracts		2,962,589	1,560,903
Workers' Welfare Fund payable		5,915,666	5,587,411
Liabilities against ATM settlements		-	40,996
Insurance payable against consumer assets		473,788	477,866
Dividend payable		4,505,912	2,762,515
Unclaimed dividends		281,868	292,141
Acceptances		15,989,087	11,421,246
Charity fund balance		4,762	4,039
Lease liability against right-of-use assets		8,688,573	8,573,347
Levies and taxes payable		2,037,140	3,060,045
Others		1,961,596	1,994,356
		<u>74,547,934</u>	<u>65,126,887</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
22.1 Provision against off-balance sheet obligations			
Opening balance		742,953	1,076,530
Exchange adjustments		27,395	15,953
Charge / (reversals)			
Charge for the period / year		2,684	8,819
Reversals for the period / year		(57,433)	(353,069)
	33	(54,749)	(344,250)
Transfer out - net		(12,200)	(5,280)
Closing balance		<u>715,599</u>	<u>742,953</u>

23. SURPLUS ON REVALUATION OF ASSETS

	March 31, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Attributable to			Attributable to		
	Equity Holders	Non- Controlling interest	Total	Equity Holders	Non- Controlling interest	Total
Note	----- (Rupees in '000) -----					

**(Deficit) / surplus arising on
revaluation of assets, on**

- Available for sale securities	9.1	(12,322,839)	(963,708)	(13,286,547)	(3,852,118)	(414,177)	(4,266,295)
- Fixed assets		44,852,073	2,582,751	47,434,824	44,882,510	2,551,040	47,433,550
- Non-banking assets acquired in satisfaction of claims	15	32,586	-	32,586	16,704	-	16,704
- Assets of associates		(12,200)	-	(12,200)	(14,335)	-	(14,335)
		32,549,620	1,619,043	34,168,663	41,032,761	2,136,863	43,169,624

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

- Available for sale securities	(4,346,540)	-	(4,346,540)	(1,304,902)	-	(1,304,902)
- Fixed assets	2,298,163	519,706	2,817,869	2,312,095	519,270	2,831,365
- Non-banking assets acquired in satisfaction of claims	6,515	-	6,515	6,515	-	6,515
	(2,041,862)	519,706	(1,522,156)	1,013,708	519,270	1,532,978
	<u>34,591,482</u>	<u>1,099,337</u>	<u>35,690,819</u>	<u>40,019,053</u>	<u>1,617,593</u>	<u>41,636,646</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
24. CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	173,151,442	167,903,371
Commitments	24.2	1,150,407,472	998,421,712
Other contingent liabilities	24.3	16,478,688	16,452,188
		<u>1,340,037,602</u>	<u>1,182,777,271</u>
24.1 Guarantees			
Financial guarantees		63,270,835	55,744,389
Performance guarantees		86,820,220	107,821,730
Other guarantees		23,060,387	4,337,252
		<u>173,151,442</u>	<u>167,903,371</u>
24.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		200,400,996	169,653,706
Commitments in respect of:			
- forward foreign exchange contracts	24.2.2	794,789,576	691,686,595
- forward Government securities transactions	24.2.3	10,127,000	11,780,000
- derivatives	24.2.4	4,983,990	1,808,940
- forward lending	24.2.5	137,855,952	120,620,043
- operating leases	24.2.6	247,950	168,870
		948,004,468	826,064,448
Commitments for acquisition of:			
- fixed assets		678,359	1,049,017
- intangible assets		1,245,203	1,560,475
		1,923,562	2,609,492
Others commitments		78,446	94,066
		<u>1,150,407,472</u>	<u>998,421,712</u>
24.2.1 Commitments to extend credit			
The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
		(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
24.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		417,706,423	369,989,325
Sale		377,083,153	321,697,270
		<u>794,789,576</u>	<u>691,686,595</u>
24.2.3 Commitments in respect of forward Government securities transactions			
Purchase		7,827,000	9,081,000
Sale		2,300,000	2,699,000
		<u>10,127,000</u>	<u>11,780,000</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	(Un-audited) March 31, 2022 ----- (Rupees in '000) -----	(Audited) December 31, 2021 -----
24.2.4 Commitments in respect of derivatives			
FX options			
Purchase		2,491,995	904,470
Sale		2,491,995	904,470
		<u>4,983,990</u>	<u>1,808,940</u>

24.2.5 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.5.1	79,865,259	74,031,695
Others		57,990,693	46,588,348
		<u>137,855,952</u>	<u>120,620,043</u>

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

	Note	(Un-audited) March 31, 2022 ----- (Rupees in '000) -----	(Audited) December 31, 2021 -----
24.2.6 Commitments in respect of operating leases			
Not later than one year		187,166	108,239
Later than one year and not later than five years		34,731	34,335
Later than five years		26,053	26,296
		<u>247,950</u>	<u>168,870</u>

24.3 Other contingent liabilities

24.3.1 Claims against the Group not acknowledged as debts		<u>12,389,385</u>	<u>12,362,885</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 condensed interim financial statements.

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

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

24.4 For contingencies relating to taxation, refer note 15.2.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
25. DERIVATIVE INSTRUMENTS
25.1 Product analysis

March 31, 2022 (Un-audited)								
Counterparties	FX options		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
	Notional principal	Mark to Market loss	Notional principal	Mark to Market loss	Notional principal	Mark to Market loss	Notional principal	Mark to Market loss
----- (Rupees in 000) -----								
Total								
Hedging	2,491,995	-	7,827,000	(24,289)	2,300,000	(306)	12,618,995	(24,595)
Market making	2,491,995	-	-	-	-	-	2,491,995	-
	<u>4,983,990</u>	<u>-</u>	<u>7,827,000</u>	<u>(24,289)</u>	<u>2,300,000</u>	<u>(306)</u>	<u>15,110,990</u>	<u>(24,595)</u>

December 31, 2021 (Audited)								
Counterparties	FX options		Forward purchase contracts of Government securities		Forward sale contracts of Government securities		Total	
	Notional principal	Mark to Market gain	Notional principal	Mark to Market gain	Notional principal	Mark to Market gain	Notional principal	Mark to Market gain
----- (Rupees in 000) -----								
Total								
Hedging	904,470	-	9,081,000	7,374	2,699,000	1,102	12,684,470	8,476
Market making	904,470	-	-	-	-	-	904,470	-
	<u>1,808,940</u>	<u>-</u>	<u>9,081,000</u>	<u>7,374</u>	<u>2,699,000</u>	<u>1,102</u>	<u>13,588,940</u>	<u>8,476</u>

(Un-audited)
January - **January -**
March **March**
2022 **2021**
 ----- (Rupees in '000) -----

26. MARK-UP / RETURN / INTEREST EARNED

On:		
Loans and advances	14,340,555	9,950,589
Investments	32,842,907	22,464,917
Lendings to financial institutions	1,948,334	390,200
Balances with banks	200,026	124,844
	<u>49,331,822</u>	<u>32,930,550</u>

27. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	17,995,634	12,757,838
Borrowings	7,582,223	1,400,381
Subordinated debt	278,175	218,729
Cost of foreign currency swaps against foreign currency deposits / borrowings	862,095	810,950
Lease liability against right-of-use assets	250,302	237,746
	<u>26,968,429</u>	<u>15,425,644</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	(Un-audited)	
		January - March 2022	January - March 2021
		----- (Rupees in '000) -----	
28. FEE AND COMMISSION INCOME			
Branch banking customer fee		576,337	449,190
Consumer finance related fee		320,301	278,031
Card related fees (debit and credit cards)		760,425	709,627
Investment banking fees		53,493	10,891
Financial Institution rebate / commission		124,225	71,393
Corporate service charges / facility fee		260,433	125,979
Commission on trade		208,110	176,560
Commission on guarantees		159,569	137,361
Commission on cash management		250,487	220,539
Commission on remittances including home remittances - net		610,921	598,580
Commission on bancassurance		479,123	381,473
Management fee		215,155	196,729
Rent on lockers		48,983	47,594
Others		149,897	65,387
		<u>4,217,459</u>	<u>3,469,334</u>
29. GAIN ON SECURITIES - NET			
Realised	29.1	338,006	1,871,294
Unrealised - held for trading	9.1	108,400	2,778
		<u>446,406</u>	<u>1,874,072</u>
29.1 Realised gain / (loss) on:			
Federal Government securities		318,205	448,413
Shares		(623)	245,419
Foreign securities		20,424	1,177,027
Other securities		-	435
		<u>338,006</u>	<u>1,871,294</u>
30. OTHER INCOME			
Charges recovered		88,953	55,284
Rent on properties		16,520	26,670
Gain on sale of operating fixed assets - net		39,889	3,269
(Loss) / gain on sale of Ijarah assets - net		(1,793)	1,711
Gain on trading liabilities - net		132,933	40,951
		<u>276,502</u>	<u>127,885</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	(Un-audited)	
	January - March 2022	January - March 2021
	----- (Rupees in '000) -----	
31. OPERATING EXPENSES		
Total compensation expense	5,156,810	4,677,619
Property expense		
Rent and taxes	265,047	309,678
Insurance	70,175	63,452
Utilities cost	347,406	286,666
Security (including guards)	311,234	250,720
Repair and maintenance (including janitorial charges)	76,157	37,178
Depreciation on owned fixed assets	347,262	209,827
Depreciation on right-of-use assets	482,336	455,114
Depreciation on non-banking assets acquired in satisfaction of claims	31,854	-
Others	28,091	31,834
	1,959,562	1,644,469
Information technology expenses		
Software maintenance	442,342	364,268
Hardware maintenance	189,358	143,361
Depreciation	236,797	203,126
Amortisation	214,970	205,992
Network charges	180,704	197,110
Consultancy Charges	73,252	34,302
	1,337,423	1,148,159
Other operating expenses		
Directors' fees and allowances	42,347	27,942
Fees and allowances to Shariah Board	1,604	2,508
Legal and professional charges	274,983	127,571
Outsourced service costs	384,300	339,499
Commission paid to branchless banking agents	92,928	106,146
Commission paid to sales force	384,143	322,224
Travelling and conveyance	30,026	25,922
Clearing charges	52,408	47,172
Depreciation others	355,025	300,029
Depreciation on Islamic financing against leased assets	40,752	41,710
Training and development	24,304	7,185
Postage and courier charges	125,775	84,025
Communication	101,545	134,608
Stationery and printing	210,352	190,373
Marketing, advertisement and publicity	263,379	77,038
Donations	-	40,000
Auditors' remuneration	29,871	31,187
Insurance	18,025	14,426
Deposit protection premium expense	431,462	396,675
Cash transportation and sorting charges	202,871	197,294
Entertainment	56,000	40,388
Banking service charges	660,272	465,771
Repairs and maintenance	199,105	189,787
Miscellaneous expenses	251,734	104,906
	4,233,211	3,314,386
	<u>12,687,006</u>	<u>10,784,633</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	(Un-audited)	
		January - March 2022	January - March 2021
32. OTHER CHARGES		----- (Rupees in '000) -----	
Penalties imposed by the SBP		5,196	13,898
Penalties imposed by other regulatory bodies of overseas branches		432	10,649
		<u>5,628</u>	<u>24,547</u>
33. PROVISIONS AND WRITE-OFFS - NET			
Proviion / (reversals) for diminution in value of investments - net	9.4	755,642	(222,113)
(Reversals) / provision against loans and advances - net	10.3	(141,754)	424,691
Bad debts written-off directly		11,091	33,847
Reversal of provision against other assets - net	15.3.1	(2,136)	(13,558)
Reversal of provision against off-balance sheet obligations - net	22.1	(54,749)	(53,059)
Recovery of written-off / charged-off bad debts		(206,868)	(121,226)
Other provisions / write-offs		(27,117)	327,750
		<u>334,109</u>	<u>376,332</u>
34. TAXATION			
Current		6,622,632	4,953,841
Deferred		(258,114)	(61,614)
		<u>6,364,518</u>	<u>4,892,227</u>
35. EARNINGS PER SHARE			
Profit after tax attributable to equity shareholders of the Bank		<u>9,304,098</u>	<u>7,598,697</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
Earnings per share - basic and diluted		<u>7.60</u>	<u>6.21</u>

There were no convertible dilutive potential ordinary shares outstanding as at March 31, 2022 and March 31, 2021.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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:

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

As at March 31, 2022 (Un-audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)								
Balance Sheet								
Cash and bank balances	8,131	76,545,287	78,298,262	18,504,936	53,454,738	13,352,751	-	240,164,105
Investments	8,846,764	1,011,784,212	-	67,296,757	113,560,048	25,062,286	5,485,581	1,232,035,648
<i>Net inter segment lending</i>	-	-	1,232,759,544	21,977,683	-	-	92,903,716	1,347,640,943
Lendings to financial institutions	-	72,980,569	-	-	-	2,967,654	1,190,246	77,138,469
Advances - performing	390,834,130	11,034	48,130,741	66,447,743	135,314,128	126,726,893	3,478,243	770,942,912
Advances - non-performing net	2,719,713	-	452,282	59,443	8,079,773	2,224,065	15,665	13,550,941
Others	23,366,475	24,559,382	14,582,988	3,588,786	15,397,215	7,331,009	58,386,089	147,211,944
Total assets	425,775,213	1,185,880,484	1,374,223,817	177,875,348	325,805,902	177,664,658	161,459,540	3,828,684,962
Borrowings	62,616,241	120,544,977	5,402,930	4,925,134	17,155,024	1,999,231	-	212,643,537
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	60,007,849	66,225	1,302,347,395	157,628,222	254,118,079	143,450,759	357,251	1,917,975,780
<i>Net inter segment borrowing</i>	281,347,723	1,066,032,382	-	-	260,838	-	-	1,347,640,943
Others	20,207,477	2,307,020	63,610,691	3,663,045	6,726,202	2,877,459	14,485,409	113,877,303
Total liabilities	424,179,290	1,188,950,604	1,371,361,016	166,216,401	278,260,143	148,327,449	24,842,660	3,602,137,563
Equity	1,595,923	(3,070,120)	2,862,801	11,658,947	47,545,759	29,337,209	136,616,880	226,547,399
Total equity and liabilities	425,775,213	1,185,880,484	1,374,223,817	177,875,348	325,805,902	177,664,658	161,459,540	3,828,684,962
Contingencies and Commitments	432,121,125	268,382,829	34,782,938	13,009,440	526,466,572	63,885,866	1,388,832	1,340,037,602
As at December 31, 2021 (Audited)								
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
(Rupees in '000)								
Balance Sheet								
Cash and bank balances	5,847	83,432,361	131,034,116	20,417,689	53,921,299	15,113,772	-	303,925,084
Investments	8,802,055	1,277,993,225	-	87,124,858	113,449,568	28,612,055	5,485,581	1,521,467,342
<i>Net inter segment lending</i>	-	-	1,199,024,459	4,712,655	-	-	73,725,465	1,277,462,579
Lendings to financial institutions	-	49,826,776	-	-	-	536,971	1,874,300	52,238,047
Advances - performing	421,026,745	16,109	48,013,514	43,788,935	118,247,080	117,830,211	3,786,907	752,709,501
Advances - non-performing net	2,765,799	-	414,816	66,191	8,041,387	2,762,452	20,974	14,071,619
Others	15,418,743	22,200,014	17,954,484	2,493,299	12,940,001	4,541,689	61,268,533	136,816,763
Total assets	448,019,189	1,433,468,485	1,396,441,389	158,603,627	306,599,335	169,397,150	146,161,760	4,058,690,935
Borrowings	62,724,244	474,334,893	4,626,077	5,714,199	15,885,337	1,888,172	-	565,172,922
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits and other accounts	47,718,108	302,491	1,330,967,753	139,534,238	232,014,732	135,073,032	161,218	1,885,771,572
<i>Net inter segment borrowing</i>	320,279,992	956,239,947	-	-	942,640	-	-	1,277,462,579
Others	13,535,713	2,137,056	50,355,955	3,344,877	7,199,243	2,847,329	12,549,713	91,969,886
Total liabilities	444,258,057	1,433,014,387	1,385,949,785	148,593,314	256,041,952	139,808,533	22,710,931	3,830,376,959
Equity	3,761,132	454,098	10,491,604	10,010,313	50,557,383	29,588,617	123,450,829	228,313,976
Total equity and liabilities	448,019,189	1,433,468,485	1,396,441,389	158,603,627	306,599,335	169,397,150	146,161,760	4,058,690,935
Contingencies and Commitments	368,885,828	239,061,601	40,476,794	14,347,612	469,317,371	50,505,703	182,362	1,182,777,271

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
38. RELATED PARTY TRANSACTIONS

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

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

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

	As at March 31, 2022 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	----- (Rupees in '000) -----				
Statement of financial position					
Lendings to financial institutions					
Opening balance	-	-	-	-	2,355,115
Addition during the period	-	-	-	-	2,497,101
Repaid during the period	-	-	-	-	(2,355,115)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	2,497,101
Investments					
Opening balance	-	-	-	8,436,634	4,654,612
Investment made during the period	-	-	-	14,336,212	-
Investment disposed off during the period	-	-	-	(11,434,737)	(54,547)
Transfers out	-	-	-	-	-
Equity method adjustments	-	-	-	(75,760)	-
Closing balance	-	-	-	11,262,349	4,600,065
Provision for diminution in value of investments	-	-	-	-	942,024
Provision written off	-	-	-	-	-
Advances					
Opening balance	-	645	332,006	-	1,768
Addition during the period	-	42	9,755	-	19,369,539
Repaid during the period	-	(644)	(35,041)	-	(1,374,705)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	43	306,720	-	17,996,602
Provision held against advances	-	-	-	-	-
Other Assets					
Income / mark-up accrued	-	-	-	1,166	452,715
Receivable from staff retirement funds	-	-	-	-	31,609
Prepaid insurance	-	-	-	191,663	-
Remuneration receivable from management of funds	-	-	-	88,583	-
Sales load receivable	-	-	-	5,300	-
Formation cost receivable	-	-	-	6,500	-
Provision written off	-	-	-	-	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	As at March 31, 2022 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	----- (Rupees in '000) -----				
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the period	-	-	-	-	-
Settled during the period	-	-	-	-	-
Closing balance	-	-	-	-	-
Deposits and other accounts					
Opening balance	18,601	7,769,284	72,204	2,209,154	16,151,170
Received during the period	-	10,943,670	495,986	62,298,982	73,936,126
Withdrawn during the period	(300)	(8,393,259)	(381,511)	(61,466,854)	(75,409,318)
Transfers in - net	-	-	-	-	1,001
Closing balance	18,301	10,319,695	186,679	3,041,282	14,678,979
Other Liabilities					
Interest / mark-up payable on deposits and borrowings	376	28,058	109	33,028	37,261
Dividend payable	3,790,373	98,949	-	-	26,367
Payable to staff retirement fund	-	-	-	-	46,824
Unearned income	-	-	-	-	13,650
Other payable	-	-	-	11,728	-
Contingencies and Commitments					
Forward Government securities sale	-	-	-	-	-

	As at December 31, 2021 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	----- (Rupees in '000) -----				
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the year	-	-	-	-	5,726,952
Repaid during the year	-	-	-	-	(3,371,837)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	2,355,115

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	As at December 31, 2021 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties
	----- (Rupees in '000) -----				
Investments					
Opening balance	-	-	-	6,609,954	3,997,489
Investment made during the year	-	-	-	49,574,054	2,563,634
Investment redeemed / disposed off during the year	-	-	-	(47,950,535)	(1,906,511)
Transfers out	-	-	-	-	-
Equity method adjustments	-	-	-	203,161	-
Closing balance	-	-	-	8,436,634	4,654,612
Provision for diminution in value of investments	-	-	-	-	938,502
Provision written off	-	-	-	-	77,606
Advances					
Opening balance	-	10	287,037	-	9,365,687
Addition during the year	-	1,170	92,652	-	84,111,001
Repaid during the year	-	(535)	(49,670)	-	(93,474,920)
Transfer in / (out)	-	-	1,987	-	-
Closing balance	-	645	332,006	-	1,768
Provision held against advances	-	-	-	-	-
Other Assets					
Income / mark-up accrued	-	-	-	4,541	149,672
Receivable from staff retirement funds	-	-	-	-	2,077,069
Prepaid insurance	-	-	-	65,811	-
Remuneration receivable from management of funds	-	-	-	89,413	-
Sales load receivable	-	-	-	13,783	-
Formation cost receivable	-	-	-	6,500	-
Provision written off	-	-	-	-	30,164
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the year	-	-	-	-	488,300
Settled during the year	-	-	-	-	(488,300)
Closing balance	-	-	-	-	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
As at December 31, 2021 (Audited)

	Parent	Directors	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----					
Deposits and other accounts					
Opening balance	-	6,431,790	157,712	4,285,435	14,535,275
Received during the year	101,751	30,758,130	1,048,423	180,782,484	240,407,932
Withdrawn during the year	(83,150)	(29,420,636)	(1,155,166)	(182,858,765)	(238,798,727)
Transfers in - net	-	-	21,235	-	6,690
Closing balance	18,601	7,769,284	72,204	2,209,154	16,151,170
Other Liabilities					
Interest / mark-up payable on deposits and borrowings	-	33,314	1	11,222	76,214
Dividend Payable	2,526,916	8,000	-	-	17,578
Payable to staff retirement fund	-	-	-	-	154,589
Unearned income	-	-	-	-	19,501
Other payable	-	-	-	14,730	-
Contingencies and Commitments					
Forward Government securities sale	-	-	-	199,000	-

For the three months ended March 31, 2022 (Un-audited)

	Parent	Directors	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----					
Profit and Loss Account					
Income					
Mark-up / return / interest earned	-	-	4,151	12,694	97,142
Commission / charges recovered	-	31	347	10,302	6,703
Dividend received	-	-	-	30,730	203,720
Net gain on sale of securities	-	-	-	17,681	-
Other income	-	-	-	-	5,850
Gain on sale of fixed assets	-	-	33	-	-
Remuneration from management of fund	-	-	-	211,901	-
Sales load	-	-	-	7,662	-
Reversal of provision	-	-	-	-	-
Switch revenue	-	-	-	-	62,616
Expenses					
Mark-up / return / interest paid	-	122,047	877	65,137	209,740
Remuneration paid	-	-	512,236	-	-
Post employment benefits	-	-	2,088	-	-
Non-executive directors' fee	-	30,150	12,197	-	-
Net charge for defined contribution plans	-	-	8,527	-	164,958
Net charge for defined benefit plans	-	-	-	-	140,955
Other expenses	-	-	14,798	-	60,984
Clearing charges	-	-	-	-	36,213
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	2,423
Other information					
Dividend paid	2,526,916	70,267	2,080	32,595	611,138
Insurance premium paid	-	-	463	235,587	-
Insurance claims settled	-	-	-	120,922	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
For the three months ended March 31, 2021 (Un-audited)

	Parent	Directors	Key management personnel	Associates	Other related parties
----- (Rupees in '000) -----					
Profit and Loss Account					
Income					
Mark-up / return / interest earned	-	-	4,106	8,593	345,479
Commission / charges recovered	-	10	520	7,935	6,394
Dividend received	-	-	-	17,116	31,680
Net gain on sale of securities	-	-	-	9,359	-
Other income	-	-	2,374	-	5,359
Gain on sale of fixed assets	-	-	-	-	-
Remuneration from management of fund	-	-	-	192,135	-
Sales load	-	-	-	10,676	-
Reversal of provision	-	-	-	-	-
Switch revenue	-	-	-	-	60,766
Expenses					
Mark-up / return / interest paid	-	98,029	276	24,284	278,853
Remuneration paid	-	-	393,604	-	-
Post employment benefits	-	-	6,578	-	-
Non-executive directors' fee	-	18,150	8,194	-	-
Net charge for defined contribution plans	-	-	6,701	-	98,011
Net charge for defined benefit plans	-	-	-	-	80,846
Other expenses	-	-	10,768	-	12,044
Clearing charges	-	-	-	-	34,582
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	1,016
Custody charges	-	-	-	-	494
Other information					
Dividend paid	-	-	-	-	-
Insurance premium paid	-	-	503	174,653	-
Insurance claims settled	-	-	-	130,396	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
39. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	144,759,447	142,696,673
Eligible Additional Tier 1 (ADT 1) Capital	10,215,761	10,030,732
Total Eligible Tier 1 Capital	154,975,208	152,727,405
Eligible Tier 2 Capital	49,216,915	48,696,456
Total Eligible Capital (Tier 1 + Tier 2)	204,192,123	201,423,861
Risk Weighted Assets (RWAs):		
Credit Risk	799,178,337	763,003,152
Market Risk	92,189,666	95,817,985
Operational Risk	174,186,005	174,186,005
Total	1,065,554,008	1,033,007,142
Common Equity Tier 1 Capital Adequacy Ratio	13.59%	13.81%
Tier 1 Capital Adequacy Ratio	14.54%	14.78%
Total Capital Adequacy Ratio	19.16%	19.50%

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs. 10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the period ended March 31, 2022, stood at Rs.12,241.797 million (December 31, 2021: Rs.12,241.797 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus Capital Conservation Buffer (CCB) of 2.5%. and High Loss Absorbency Requirement of 1.0% of the risk weighted exposures of the Bank.

In order to dampen the effects of COVID-19, SBP via BPRD Circular Letter No. 12 of 2020 has given a regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of August 15, 2013, for the time being, from its existing level of 2.5% to 1.5%, till further instructions.

In accordance to 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 March 31, 2022. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 19.16% whereas the CET 1 and Tier 1 ratios stand at 13.59% and 14.54% 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 is a sample D-SIB. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.0%, in the form of Additional CET 1 capital, on a standalone as well as consolidated level during 2022.

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	154,975,208	152,727,405
Total Exposures	3,057,587,707	3,672,809,400
Leverage Ratio	5.07%	4.16%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	917,646,631	1,597,732,985
Total Net Cash Outflow	272,243,499	476,786,878
Liquidity Coverage Ratio	337.07%	335.10%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,897,591,838	2,409,606,992
Total Required Stable Funding	1,103,628,452	1,341,535,238
Net Stable Funding Ratio	171.94%	179.62%

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
40. ISLAMIC BANKING BUSINESS

The Bank operates 145 (December 31, 2021: 145) Islamic Banking branches and 197 (December 31, 2021: 197) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		12,787,633	13,367,864
Balances with other banks		5,717,303	7,049,825
Due from financial institutions		-	-
Investments	40.1	67,296,757	87,124,858
Islamic financing and related assets - net	40.2	66,507,186	43,855,127
Fixed assets		1,232,390	1,289,983
Intangible assets		1,380	2,084
Due from Head Office		21,977,683	4,712,655
Other assets		2,355,016	1,201,231
		<u>177,875,348</u>	<u>158,603,627</u>
LIABILITIES			
Bills payable		1,793,401	1,672,972
Due to financial institutions		4,925,134	5,714,199
Deposits and other accounts	40.3	157,628,222	139,534,238
Other liabilities		1,869,644	1,671,905
		<u>166,216,401</u>	<u>148,593,314</u>
NET ASSETS			
		<u>11,658,947</u>	<u>10,010,313</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Reserves		-	-
Deficit on revaluation of assets		(210,247)	(265,635)
Unappropriated profit	40.4	9,688,194	8,094,948
		<u>11,658,947</u>	<u>10,010,313</u>
CONTINGENCIES AND COMMITMENTS			
40.5			
PROFIT AND LOSS ACCOUNT			
		(Un-audited)	
		January -	January -
		March	March
		2022	2021
----- (Rupees in '000) -----			
Profit / return earned	40.6	3,493,508	2,125,352
Profit / return expensed	40.7	(1,360,690)	(1,098,670)
Net profit / return		<u>2,132,818</u>	<u>1,026,682</u>
Other income			
Fee and commission income		91,641	61,304
Foreign exchange income		1,224	336
Loss on securities - net		-	(285)
Other Income		6,621	6,600
Total other income		<u>99,486</u>	<u>67,955</u>
Total income		<u>2,232,304</u>	<u>1,094,637</u>
Other operating expenses		(634,499)	(437,519)
Profit before provisions		<u>1,597,805</u>	<u>657,118</u>
Provisions and write-offs - net		(4,559)	(2,510)
Profit before taxation		<u>1,593,246</u>	<u>654,608</u>
Taxation		(621,366)	(255,297)
Profit after taxation		<u>971,880</u>	<u>399,311</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
40.1 Investments by segments

	As at March 31, 2022 (Un-audited)				As at December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
Note ----- (Rupees in '000) -----								
Federal Government Securities								
- Ijarah Sukuks	46,893,162	-	(210,247)	46,682,915	53,998,970	-	(265,635)	53,733,335
- Government of Pakistan Modaraba Pool	906,607	-	-	906,607	924,941	-	-	924,941
- Bai Muajjal with Govt. of Pakistan	-	-	-	-	21,214,989	-	-	21,214,989
	47,799,769	-	(210,247)	47,589,522	76,138,900	-	(265,635)	75,873,265
Non Government Debt Securities								
-Listed	635,714	-	-	635,714	657,143	-	-	657,143
-Unlisted	19,071,521	-	-	19,071,521	10,594,450	-	-	10,594,450
	19,707,235	-	-	19,707,235	11,251,593	-	-	11,251,593
Total Investments	67,507,004	-	(210,247)	67,296,757	87,390,493	-	(265,635)	87,124,858

(Un-audited) (Audited)
March 31, December 31,
2022 2021
----- (Rupees in '000) -----

40.1.1 Bai Muajjal with Government of Pakistan

Bai Muajjal Investment	-	21,611,000
Less: Deferred Income	-	(396,011)
Bai Muajjal Investment - net	-	21,214,989

40.2 Islamic financing and related assets

Ijarah	326,786	376,317
Murabaha	314,053	263,312
Musharakah	32,153,032	12,401,891
Diminishing Musharakah	21,797,099	20,091,403
Mera Pakistan Mera Ghar (MPMG)	2,223,628	832,542
Istisna	221,199	80,112
Islamic Export Refinance scheme - Musharakah	3,297,905	4,598,162
Advances against Istisna - IERS	542,712	542,915
Advances against Islamic assets		
Advances against Ijarah	8,827	6,528
Advances for Diminishing Musharakah	1,374,209	1,941,910
Advances for Murabaha	285,208	100,346
Advances against MPMG	1,291,559	1,343,196
Advances for Istisna	329,612	407,065
Advances against Ameen ITERF	1,354,701	463,846
Inventory related to Islamic financing		
Istisna	111,302	136,399
Profit and other receivables against financings	1,075,504	470,979
Gross Islamic financing and related assets	66,707,336	44,056,923
Less: Provision against Islamic financing		
- Specific	(117,611)	(131,139)
- General	(82,539)	(70,657)
	(200,150)	(201,796)
Islamic financing and related assets - net of provision	66,507,186	43,855,127

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
40.3 Deposits and other accounts

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
Customers		
Current deposits	78,137,776	74,840,685
Saving deposits	29,518,507	26,341,608
Term deposits	10,512,066	9,833,547
	<u>118,168,349</u>	<u>111,015,840</u>
Financial Institutions		
Current deposits	4,293,519	11,355,282
Saving deposits	31,026,354	4,113,116
Term deposits	4,140,000	13,050,000
	<u>39,459,873</u>	<u>28,518,398</u>
	<u>157,628,222</u>	<u>139,534,238</u>

40.3.1 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 89,304.636 million (December 31, 2021: Rs. 87,997.015 million).

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
40.4 Islamic Banking Business Unappropriated Profit		
Opening balance	8,094,948	4,625,774
Profit for the period / year	1,593,246	3,469,174
	<u>9,688,194</u>	<u>8,094,948</u>
Taxation	(621,366)	(1,414,045)
Closing balance	<u>9,066,828</u>	<u>6,680,903</u>

40.5 Contingencies and commitments

- Guarantees	163,451	400
- Commitments	12,845,989	14,347,212
	<u>13,009,440</u>	<u>14,347,612</u>

40.6 Profit / Return earned

	(Un-audited) January - March 2022		January - March 2021	
	----- (Rupees in '000) -----			
On:				
Financing	1,409,377	508,803		
Investments	1,939,100	1,439,412		
Placements	78,894	124,892		
Rental Income from Ijarah	66,137	52,245		
	<u>3,493,508</u>	<u>2,125,352</u>		

40.7 Profit / Return expensed

On:		
Deposits and other accounts	1,302,081	1,059,072
Due to Financial Institutions	30,159	15,688
Others	28,450	23,910
	<u>1,360,690</u>	<u>1,098,670</u>

40.8 Disclosures for profit and loss distribution and pool management

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

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

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

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

General Pool(s)

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

IERS Pool(s)

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

Treasury Pool(s)

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

Special Pool(s) - LCY

Separate pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

Special Pool(s) - FCY

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

Equity Pool(s)

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

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

The Mudarib's share on Deposits for the period ended March 31, 2022 is Rs.739.323 million (39.56% of distributable profit of Mudarabah Pool). Of this, an amount of Rs.165.668 million (22.41% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 10.59% per annum and the rate of profit paid on average deposits was 7.34% 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.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

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

The Bank managed following pools during the period.

For the three months ended March 31, 2022 (Un-audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	3	Mudarabah	Monthly	9.68%	50.00%	45,466	7.31%	51.13%	23,249
Special Pools	33	Mudarabah	Monthly	11.53%	18.84%	117,859	10.04%	31.77%	37,449
IERS Pools	6	Musharakah	Monthly	7.63%	0.00%	136,531	2.00%	0.00%	-
FCY Pools	6	Mudarabah	Monthly	2.06%	50.00%	858	1.07%	0.00%	-
General Pools	3	Mudarabah	Monthly	10.13%	50.00%	575,999	5.99%	18.22%	104,972
Treasury Pools	6	Musharakah	Monthly	10.61%	0.00%	355,968	10.08%	0.00%	-

For the three months ended March 31, 2021 (Un-audited)

No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharakah share / Wakalah Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	3	Mudarabah	Monthly	6.56%	50.00%	7,416	4.96%	51.23%	3,799
Special Pools	30	Mudarabah	Monthly	8.80%	37.98%	258,891	6.73%	38.72%	100,237
IERS Pools	6	Musharakah	Monthly	6.55%	84.78%	86,991	2.00%	0.00%	-
General Pools	3	Mudarabah	Monthly	9.38%	50.00%	486,341	5.33%	13.67%	66,504

(Un-audited) (Audited)
March 31, December 31,
2022 2021
 -----Rupees in '000-----

40.9 Deployment of Mudarabah based deposits by class of business

Chemical and pharmaceuticals	3,911,986	3,815,014
Agriculture	32,871,256	12,686,234
Textile	2,556,599	2,362,688
Financial	6,332,303	7,664,825
Food industries	139,701	152,269
Plastic	281,697	301,339
Individuals	15,007,756	13,303,854
Production and transmission of energy	18,724,194	18,441,835
Government of Pakistan securities	56,741,592	75,873,265
Others	3,154,311	3,630,282
	<u>139,721,395</u>	<u>138,231,605</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022****41. YEMEN OPERATIONS**

The political and economic instability resulting from the ongoing civil war in Yemen raised insurmountable challenges for the UBL-Yemen Branch including difficulties emanating from the bankruptcy of the two central banks regulators, i.e. CBY Sana'a and CBY Aden, severe shortage of liquid funds in the Yemeni local market and non-cooperation of CBY Sana'a to facilitate liquidity.

While UBL-Yemen Branch has been striving to honour its liabilities for the past seven years notwithstanding continued operational losses, it is no longer possible for the branch to continue its operations in Yemen due to reasons not attributable to the branch and circumstances entirely beyond UBL or its branch's control. UBL is cognizant of the associated risks of ceasing its branch's business in Yemen but has concluded that in the totality of circumstances it is prudent to do so. UBL will monitor the situation in Yemen so that it may appropriately deal with the associated risks.

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on April 20, 2022, has declared an interim cash dividend in respect of the three months period ended March 31, 2022 of Rs. 5.0 per share (March 31, 2021: Rs. 4.0 per share). These consolidated condensed interim financial statements for the three months ended March 31, 2022 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

43. GENERAL

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

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

44. DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue on April 20, 2022, by the Board of Directors of the Bank.

Aameer Karachiwalla
Chief Financial Officer

Shazad G. Dada
President &
Chief Executive Officer

Shazia Syed
Director

Arshad Ahmad Mir
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Chairman