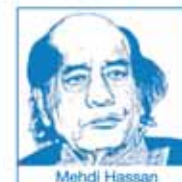
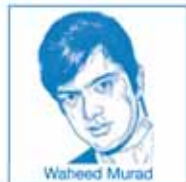
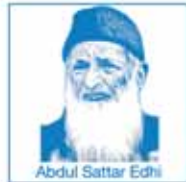
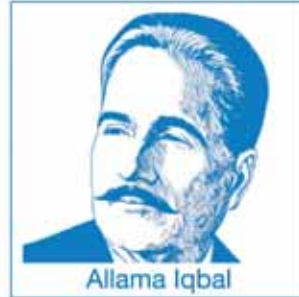




**QUARTERLY REPORT
SEPTEMBER 30, 2018 (UNAUDITED)**

رہبرِ ترقی و کمال

UBL celebrates all that is great about our nation all that makes us proud of our past and so positive about our future. In this 2018 Quarterly Report, we pay tribute to some of the many icons of Pakistan.



"...Leader of the way to progress and excellence..."
Verse from the last stanza of Pakistan's national anthem, penned by
Mr. Hafeez Jullundhri

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COMPANY INFORMATION

Board of Directors

Sir Mohammed Anwar Pervez, OBE, HPk
Mr. Zameer Mohammed Choudrey, CBE
Mr. Haider Zameer Choudrey
Mr. Rizwan Pervez
Mr. Arshad Ahmad Mir
Mr. Khalid A. Sherwani
Mr. Amar Zafar Khan
Mr. Tariq Rashid
Ms Sima Kamil

Chairman/Non-Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Non Executive Director
Independent Director
Independent Director
Independent Director
President & CEO

Committees of the Board

Board Audit Committee

Mr. Amar Zafar Khan
Chairman
Mr. Haider Zameer Choudrey
Member
Mr. Khalid A. Sherwani
Member
Mr. Rizwan Pervez
Member
Mr. Aqeel Ahmed Nasir
Secretary

Board Human Resource & Compensation Committee

Mr. Arshad Ahmad Mir
Chairman
Mr. Khalid A. Sherwani
Member
Mr. Amar Zafar Khan
Member
Syed Zulfiqar Hussain
Secretary

Board IT Committee

Mr. Tariq Rashid
Chairman
Mr. Haider Zameer Choudrey
Member
Ms Sima Kamil
Member
Mr. Muhammad Faisal Anwar
Secretary

Board Risk & Compliance Committee

Mr. Zameer Mohammed Choudrey, CBE
Chairman
Mr. Arshad Ahmad Mir
Member
Ms Sima Kamil
Member
Mr. Imran Sarwar
Secretary

Chief Financial Officer

Mr. Aameer Karachiwalla

Company Secretary & Chief Legal Counsel

Mr. Aqeel Ahmed Nasir

Registered Office:

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

UBL Head Office

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

Share Registrar

THK Associates (Pvt) Limited
1ST Floor, 40-C
Block-6 P.E.C.H.S
Karachi.
Phone No.021-34168270
UAN # 021-111-000-322
Fax No.021-34168271

Auditors

M/s. KPMG Taseer Hadi & Co.
Chartered Accountants
M/s. A.F.Ferguson & Co.,
Chartered Accountants

Contacts

UAN : 111-825-111
Contact Centre: 111-825-888

Legal Advisors

M/s. Mehmood Abdul Ghani & Co
Advocates

Website: www.ubldirect.com

Email : company.secretary@ubl.com.pk

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the financial statements of United Bank Limited (UBL) for the nine months ended 30 September 2018.

Performance Overview

The balance sheet extended its strong growth momentum during the first nine months of 2018, with the average asset base expanding by 9% year on year compared to 9M'17.

Continuing its focus on actively soliciting new customer relationships, particularly within core deposits, the Bank acquired 446,000 new to bank current accounts during 9M'18 (9M'17: 405,000). The average current deposits portfolio grew by Rs. 61.5 billion to close at Rs. 449 billion in 9M'18, a growth of 16% on a year on year basis. Resultantly, the average current to total deposits ratio improved from 40% in 9M'17 to 44% in 9M'18. Along with aggressive current deposits mobilization, efforts are also being directed to shed expensive deposits in order to optimize the deposit profile and maintain cost of deposits at efficient levels.

The Bank's gross revenue was recorded at Rs. 61.3 billion for 9M'18, a growth of 5% over the corresponding period last year. Net interest income amounted to Rs. 41.9 billion, maintaining the earnings profile in line with the 9M'17 level. Non-funded income stood at Rs. 19.4 billion, an increase of 21% over the corresponding period last year, led by strong growth across major fee businesses, foreign exchange income, as well as capital gains.

Administrative expenses stood at Rs. 28.2 billion during 9M'18, an increase of 8% relative to 9M'17. The cost to income ratio was measured at 45.9% compared to 44.8% for 9M'17.

UBL posted a net provision charge of Rs. 7.4 billion for 9M'18 (9M'17: Rs. 119 million), as we build prudent coverage levels against the Bank's International loan portfolio. Asset quality was recorded at 7.9% at the end of Sep'18, at par with Dec'17.

The unconsolidated profit before tax (PBT) stood at Rs. 16.5 billion for 9M'18 (9M'17: Rs. 31.4 billion). Apart from provisions charge within International, profitability was also impacted by a one-off provision of Rs. 8.7 billion with respect to past service pension benefits (detailed disclosure in note 18 to the financial statements). Excluding this extraordinary item, the normalized PBT for 9M'18 was recorded at Rs. 25.2 billion.

Financial Results

UBL posted unconsolidated profit after tax (PAT) of Rs. 9.7 billion for 9M'18 (9M'17: Rs. 19.1 billion). Earnings per share (EPS) was measured at Rs. 7.95 in comparison to Rs. 15.60 for the corresponding period last year. On a consolidated basis, UBL recorded a PAT of Rs. 9.5 billion (9M'17: Rs. 19.5 billion).

Net Markup Income

UBL reported net markup income amounting to Rs. 41.9 billion for the nine months ended Sep'18, marginally lower than the 9M'17 level of Rs. 42.2 billion. On average, the balance sheet size grew by 9% over 9M'17 to reach Rs. 1.8 trillion during 9M'18.

The asset growth was funded by a 10% year on year increase in average core deposits across domestic operations, primarily current accounts that witnessed a 16% growth in averages. The average CASA mix improved from 82.4% in 9M'17 to 86.8% in 9M'18. This is in line with the Bank's strategy of reducing expensive deposits while building a sustainable, low cost deposits portfolio in order to minimize cost of deposits. As a result, despite an increase of 275 bps in the target rate during the current year, the Bank's domestic cost of deposits was recorded at 2.74% during 9M'18, in line with the same period last year. Average term deposits during 9M'18 stood 22% lower compared to 9M'17. Overall, the Bank's average deposits grew by 6% over 9M'17 to end 9M'18 at Rs. 1.26 trillion.

Domestic performing advances averaged at Rs. 469.4 billion during 9M'18, a strong growth of 36% over 9M'17. This increase was led by the Corporate Banking Group which grew its average portfolio by around Rs. 100 billion year on year to Rs. 400.3 billion in 9M'18. Credit expansion is driven by a two-tiered strategy of quality acquisitions across blue chip corporates as well as optimal capital allocation through maximizing relationship yields and actively targeting buildup within project based public sector advances. The SME business maintained its growth trajectory, growing the average book size by 27% 9M'18 vs. 9M'17. Consumer loans also witnessed robust growth as average advances grew 35% year on year. This was a result of aggressive acquisition within autos, as the average book size grew by more than 50% over the previous year. The advances to deposits ratio strengthened to 51.2% at Sep'18 (Dec'17: 47.3%)

The Bank's average Pakistan Investment Bonds (PIB) portfolio was recorded at Rs. 463 billion during 9M'18 compared to Rs. 556 billion in 9M'17. At an average yield of 8.4%, these investments maintained a strong contribution to the Bank's core interest earnings in the period under review. The average T-Bills portfolio grew from Rs. 227 billion in 9M'17 to Rs. 307 billion

in 9M'18. With a shift towards the shorter end of the curve, our investment portfolio is well positioned to benefit from yield enhancement as a result of rising interest rates.

Non-Markup Income

The Bank's Non-Fund Income (NFI) grew by 21% over 9M'17 to close at Rs. 19.4 billion during 9M'18. Contributing 32% to the Bank's gross revenue (9M'17: 28%), NFI is driven by a diverse range of fee based services as well as active trading by the Bank's Treasury and Capital Markets Division in the bonds and FX markets.

Fees and commissions constituted over 50% of the overall NFI (9M'17: 54%). Fee income was reported at Rs. 10.0 billion during 9M'18, a growth of 14% on a year on year basis. The growth momentum was derived primarily from the Domestic Bank where fee revenues witnessed an increase of 26% over 9M'17.

UBL continues to strengthen its leadership position within home remittances as its market share improved from 25% in 9M'17 to nearly 30% in 9M'18. Consequently, commission income saw a significant 42% growth year on year. ATM / Debit card commissions witnessed a 33% growth over the previous year to surpass Rs 1.0 billion. 509,000 new debit cards were issued during 9M'18, taking the overall cards portfolio from 2.1 million cards at Dec'17 to over 2.3 million cards at Sep'18. Aggressive coverage within the Bancassurance space led to fee income growing by 45% year on year to Rs. 1.0 billion. Maintaining a strong contribution to domestic fee streams, trade commissions grew by 5% over 9M'17. Cash management revenues witnessed an increase of 21% over the prior period as the Bank actively pursued its existing Corporate and SME clientele to maximize cross sell penetration. Investment banking fees also recorded strong growth driven by debt origination mandates of power sector entities.

Capital gains amounting to Rs. 4.7 billion were realized during 9M'18 (9M'17: Rs. 3.8 billion), mainly on the fixed income bonds portfolio. Dividend earnings were reported at Rs. 1.4 billion during the period (9M'17: Rs. 1.5 billion), backed by strong payouts from the fertilizer and energy sector investments. The equities portfolio maintained a dividend yield of close to 8% for 9M'18, in line with corresponding period last year. Foreign exchange income increased two-folds over 9M'17 to Rs. 2.7 billion in 9M'18 amidst exchange rate volatility with well-managed trading positions, as well as improved client flows through the Corporate Sales Desk.

Provisions and loan losses

The domestic NPLs stock closed at Rs. 28.0 billion at Sep'18 against Rs. 28.2 billion at Dec'17. A net provisions charge of Rs. 542 million was taken as against a provision reversal of Rs. 2.2 billion in 9M'17. Domestic Bank's asset quality improved further to 5.2% at Sep'18, compared to 6.2% at Dec'17 (Sep'17: 6.9%). Domestic Bank's specific coverage was enhanced slightly from 90.7% at Dec'17 to 91.3% at Sep'18.

Sustained economic slowdown in the GCC region continues to weigh on UBL International's portfolio performance. Prudent loan loss classification resulted in NPL levels increasing from Rs. 22.9 billion at the end of Dec'17 to Rs. 29.3 billion at Sep'18. A net provision charge of Rs. 6.9 billion was taken in 9M'18 (9M'17: Rs. 2.3 billion). As a result, specific coverage on the international portfolio increased from 58% at Dec'17 to 74% at Sep'18.

Overall, UBL recorded a net provision charge of Rs. 7.4 billion in 9M'18, against a charge of Rs. 119 million in the corresponding period last year. At the Bank level, asset quality stood at 7.9% at Sep'18, in line with Dec'17. Specific coverage against non-performing loans improved from 75.8% at Dec'17 to 82.4% at Sep'18.

Cost management

Administrative expenses were recorded at Rs. 28.2 billion in 9M'18, a growth of 8% over 9M'17. The Bank continues to optimize the cost base while improving service benchmarks and ensuring adequate reinvestment across business and support functions. Personnel cost stood merely 3% higher year on year. Premises cost witnessed an increase of 7% over 9M'17, mainly due to rent escalations across the branch network. Other costs witnessed a 14% increase year on year in line with strong buildup in business volumes across all segments. The cost to income ratio increased from 44.8% in 9M'17 to 45.9% in 9M'18.

Balance Sheet Management

UBL's domestic deposits stood at Rs. 1.09 trillion at Sep'18, a growth of 5% over Dec'17. Our branch banking strategy seeks to drive efficiencies in the portfolio by actively expanding current accounts and shedding expensive, non-core deposits. Deposit market share was recorded at 8.3% as at Sep'18 (Dec'17: 8.4%). We maintained our market share in line with the Dec'17 level despite reduction in expensive deposits. This buildup in the core deposit levels positions the Bank ideally to maximize on the yield upside in its net earnings as interest rates trend upwards.

The Bank's net advances closed at Rs. 673.4 billion at Sep'18 (Dec'17: Rs 604.6 billion), a growth of 11% during the year. The domestic portfolio increased by 18% over Dec'17, with active buildup across the Corporate, Commercial and Consumer segments. Our loan growth strategy is focused on acquiring high quality credit, enhancing yield on relationships and maintaining an efficient risk weighted assets (RWA) profile.

The investment portfolio closed at Rs. 859.6 billion at Sep'18 (Dec'17: Rs 1.09 trillion). Our investment mix remains concentrated in more capital efficient, GoP securities. PIB holdings stood at Rs. 402.2 billion at an average yield of over 8% and T-Bills amounting to Rs. 320.1 billion. Our equity book, at Rs 18.1 billion at Sep'18, consists of investments in diverse industries and companies with strong fundamentals with a view to earn stable dividends.

Capital Ratios

Effective capital management remains a key priority as we continue to maximize RWA synergies across Domestic and International asset portfolios. UBL's capital ratios remained strong with the Common Equity Tier 1 (CET-1) ratio strengthening by 89 bps to 12.2% at Sep'18 (Dec'17: 11.3%). The overall Capital Adequacy Ratio (CAR) stood at 17.3% (Dec'17: 15.4%).

The Bank is in the process of issuing Additional Tier I (ADT-I) Term Finance Certificates (TFCs) amounting to Rs. 10.0 billion (inclusive of a greenshoe option of Rs. 3.0 billion). The pre-IPO process is currently underway, with the first tranche completed during the current quarter with subscriptions amounting to Rs. 6.1 billion. The Bank seeks to conclude the pre-IPO and proceed with the public offering of the instrument in the last quarter of the current year. This would be upon completion of legal formalities and approvals from the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange Limited (PSX) and Central Depository Company of Pakistan Limited (CDC).

The Board of Directors of UBL declared an interim dividend of 20% (Rs. 2 per share) in their meeting in Islamabad held on 18 October 2018, along with the results for the nine months ended 30 September 2018.

UBL Digital

UBL continues to spearhead innovation in the local banking industry by bringing digitally enabled financial solutions within the reach of the larger population. The "UBL Digital" app launched during the year has been well received by the market, with around 600 K downloads and transaction throughput of over 2.7 million transactions within a short span of time.

UBL OMNI continues to maintain its market leadership position within the branchless banking space. The coverage of our OMNI 'Dukaan' network extends to over 37 K agents in more than 850 cities and towns. P2P remittances have witnessed strong growth, increasing by 39% year on year. In addition, we have also built our leadership position in the cash management segment, growing volumes by 57% compared to 9M'17.

Moreover, during the current quarter, we launched the "Selfie Account", a self-account opening feature through the UBL Omni Mobile App. This initiative will provide further impetus to the NTB acquisitions drive, allowing the Bank to further strengthen its foothold across the vast underbanked segment.

Economy Review

Economic challenges took center stage during the current quarter as pressures emerged from a spiraling current account deficit and widening fiscal imbalances.

Current account deficit for the first two months of FY'19 was recorded at USD 2.7 billion, increasing by around 10% compared to the corresponding period last year. Resultantly, foreign exchange reserves declined from USD 20.2 billion at Dec'17 to USD 14.9 billion as at Sep'18, a reduction of over 26%. Dwindling FX reserves and the expanding twin deficits have mounted pressure on the PKR / USD parity that depreciated by 12.5% to close at Rs. 124.25 / USD as at Sep'18 from a Rs. 110.42 / USD level at the start of the year.

Inflation is climbing upwards as the CPI for first three months of FY'19 was measured at 5.6%, compared to 3.4% during the same period last year. Inflationary pressures are expected to keep up owing to increase in energy tariffs, higher international oil prices and prospects of further PKR devaluation.

The interest rate reversal cycle is now in full swing as the SBP, in its Monetary Policy Statement (MPS) announced on 29 September 2018, increased the policy rate by 100 bps to 8.50%. This is the fourth rate hike in the current year bringing the rate increase to a cumulative 275 bps.

The Pakistan Stock Exchange (PSX) closed Sep'18 at 40,999 points, up by a mere 1.3% compared to the Dec'17 level. Foreign portfolio investment recorded a net outflow of USD 322.4 million (YTD Dec'17: USD 487.1 million) with the bearish trend a result of strong expectations of a PKR devaluation. In 2018, the PSX has been clouded by political uncertainty in the run up to the elections, need for a direction setting on the economy, which was compounded by concerns over the deteriorating current account deficit and fiscal position.

Banking sector deposits ended Sep'18 at Rs. 13.0 trillion, marking a growth of 5.4% over Dec'17. Industry advances were recorded at Rs. 7.0 trillion at Sep'18, a growth of 7.6% compared to Dec'17. Credit uptake was driven by private sector credit which expanded by around 11% at the end of Aug'18 compared to the Dec'17 level. Non-performing loans for the banking industry rose by 5.2% over Dec'17 to Rs. 623 billion at Jun'18, with the gross infection ratio improving by 46 bps to 7.94% (Dec'17: 8.40%).

UBL International

We are repositioning our International operations with a clear view to de-risk the balance sheet. Our focus is on gradually shifting the business model from Corporate lending to FI, trade and treasury investments. We have strengthened risk vigilance of the portfolio with stringent underwriting standards and are aggressively pursuing recoveries of non-performing loans. In addition, we are also undertaking efforts to re-vitalize the Retail franchise, with the aim of building CASA deposits and lowering deposits concentration.

UBL International's average deposits closed at USD 2.1 billion during 9M'18, largely in line with 9M'17. The cost of deposits was maintained at the previous year's level of 2.2%, notwithstanding a 75 bps increase in FED rates, the latest being a 25 bps increase in Sep'18. Advances averaged at USD 1.32 billion in 9M'18 (9M'17: USD 1.56 billion), with a portfolio yield of 5.1% (9M'17: 4.9%). NPLs increased by USD 29 million from USD 207 million at Dec'17 to USD 236 million at Sep'18. The investments portfolio, deployed mainly in foreign bonds, closed at USD 669 million (Dec'17: USD 708 million), invested at a healthy yield of 6.6% (9M'17: 7.3%).

Credit Rating

JCR-VIS Credit Rating Company Limited (JCR-VIS) re-affirmed the entity ratings of UBL at 'AAA/A-1+' (Triple A/A-One Plus) on June 29, 2018. Outlook on the assigned ratings is 'Stable'. The ratings depict strong performance in core areas including asset quality, capitalization and profitability. These are reflective of UBL's well-established domestic franchise, dominant market share and a well-diversified business model.

Future Outlook

Branch Banking shall remain the key focus of our franchise as we strive to become the preferred bank of choice for our customers. Deposits mobilization shall target maintaining a cost efficient funding profile backed by new CASA relationships, improving estate performance and deepening presence in the unbanked segment. Given a more challenging economic and

business environment going ahead, credit expansion shall remain selective with focus on efficient utilization of capital. We seek to continuously improve compliance standards across the Bank in line with global best practices. We are committed to playing a leading role in financial innovation by expanding our digital offerings and developing the best in class payment ecosystems. We strive to build a leaner, more efficient operating structure while elevating service levels to establish new benchmarks for the industry.

Acknowledgements

In conclusion, we would like to express our sincere gratitude to the Bank's shareholders and customers for their continued trust and support. We strongly value the efforts of our dedicated employees who work tirelessly to surpass customer expectations. We would also like to extend our appreciation to the Government of Pakistan, the State Bank of Pakistan, the Securities & Exchange Commission and other regulatory bodies for their direction and ongoing support.

For and on behalf of the Board,

A handwritten signature in blue ink, appearing to read 'Mub', followed by a long horizontal line that ends in a small upward tick.

Sir Mohammed Anwar Pervez, OBE, HPk

Chairman
Islamabad
18 October, 2018



UNITED BANK LIMITED

**UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2018
(UNAUDITED)**

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018**

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017 Restated ------(Rupees in '000)-----
ASSETS			
Cash and balances with treasury banks		139,386,207	157,582,687
Balances with other banks		18,991,965	19,516,198
Lendings to financial institutions	6	58,992,060	33,664,174
Investments	7	859,588,263	1,091,786,626
Advances	8	673,446,340	604,562,193
Operating fixed assets	9	47,368,261	46,204,564
Deferred tax asset - net		4,468,219	-
Other assets		54,827,143	54,065,004
		1,857,068,458	2,007,381,446
LIABILITIES			
Bills payable		18,507,229	13,388,316
Borrowings	10	304,096,652	512,650,465
Deposits and other accounts	11	1,334,676,786	1,289,247,251
Subordinated loans	12	6,117,000	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liability - net		-	2,611,941
Other liabilities		43,423,344	30,176,426
		1,706,821,011	1,848,074,399
NET ASSETS		<u>150,247,447</u>	<u>159,307,047</u>
REPRESENTED BY:			
Share capital		12,241,798	12,241,798
Reserves		49,039,186	43,846,877
Unappropriated profit		65,879,943	70,912,406
		127,160,927	127,001,081
Surplus on revaluation of assets - net of deferred tax	13	23,086,520	32,305,966
		<u>150,247,447</u>	<u>159,307,047</u>
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Note	July - September 2018	July - September 2017	January - September 2018	January - September 2017
----- (Rupees in '000) -----					
Mark-up / return / interest earned	15	29,720,048	28,474,713	83,884,857	78,157,814
Mark-up / return / interest expensed	16	(15,892,166)	(14,307,176)	(42,001,398)	(35,975,564)
Net mark-up / return / interest income		13,827,882	14,167,537	41,883,459	42,182,250
(Provision) / reversal of provision against loans and advances - net		(2,473,750)	(461,205)	(6,178,554)	202,198
Reversal of provision against lendings to financial institutions - net		1,969	-	124,118	8,260
Provision for diminution in value of investments - net		(243,725)	(21,079)	(818,177)	(209,967)
Bad debts written off directly		(63,950)	(18,632)	(99,965)	(43,520)
		(2,779,456)	(500,916)	(6,972,578)	(43,029)
Net mark-up / return / interest income after provisions		11,048,426	13,666,621	34,910,881	42,139,221
Non mark-up / interest income					
Fee, commission and brokerage income		3,262,631	2,855,277	9,990,302	8,763,034
Dividend income		236,410	252,251	1,395,348	1,543,805
Income from dealing in foreign currencies		1,241,892	500,708	2,688,646	1,323,130
Gain on sale of securities - net		132,970	10,964	4,676,085	3,844,529
Unrealized gain / (loss) on revaluation of investments classified as held for trading		1,296	(23,328)	6	(20,845)
Other income		258,038	173,053	668,839	661,096
Total non mark-up / interest income		5,133,237	3,768,925	19,419,226	16,114,749
		16,181,663	17,435,546	54,330,107	58,253,970
Non mark-up / interest expenses					
Administrative expenses	17	(9,638,728)	(8,784,430)	(28,155,442)	(26,101,334)
Other provisions / write offs - net		(134,476)	(78,681)	(473,456)	(76,173)
Workers' Welfare Fund		(135,351)	(156,864)	(417,386)	(630,235)
Other charges		(39,339)	(399)	(43,358)	(59,039)
Total non mark-up / interest expenses		(9,947,894)	(9,020,374)	(29,089,642)	(26,866,781)
Profit before extraordinary / unusual item and taxation		6,233,769	8,415,172	25,240,465	31,387,189
Extraordinary / unusual item - accrual in respect of pension liability	18	(341,972)	-	(8,746,607)	-
Profit before taxation		5,891,797	8,415,172	16,493,858	31,387,189
Taxation - Current		(2,676,631)	(2,803,837)	(8,272,967)	(11,105,212)
- Prior		-	386,920	172,200	(72,612)
- Deferred		245,594	(142,890)	1,338,373	(1,109,865)
		(2,431,037)	(2,559,807)	(6,762,394)	(12,287,689)
Profit after taxation		<u>3,460,760</u>	<u>5,855,365</u>	<u>9,731,464</u>	<u>19,099,500</u>
----- (Rupees) -----					
Earnings per share - basic and diluted		<u>2.83</u>	<u>4.78</u>	<u>7.95</u>	<u>15.60</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	July - September 2018	July - September 2017	January - September 2018	January - September 2017
	(Rupees in '000)			
Profit after taxation	3,460,760	5,855,365	9,731,464	19,099,500
Other comprehensive income:				
<i>Items that are not to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of net investment in foreign branches	7,749	(867,059)	4,219,163	(947,023)
	7,749	(867,059)	4,219,163	(947,023)
Other comprehensive income transferred to equity	3,468,509	4,988,306	13,950,627	18,152,477
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Deficit arising on revaluation of available for sale securities	(1,425,881)	(3,605,850)	(13,530,879)	(8,166,732)
Related deferred tax	499,059	1,262,048	4,735,808	2,858,356
	(926,822)	(2,343,802)	(8,795,071)	(5,308,376)
Total comprehensive income during the period - net of tax	<u>2,541,687</u>	<u>2,644,504</u>	<u>5,155,556</u>	<u>12,844,101</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	January - September 2018	January - September 2017
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,493,858	31,387,189
Less: Dividend income	(1,395,348)	(1,543,805)
	15,098,510	29,843,384
Adjustments:		
Depreciation on operating fixed assets	1,720,067	1,497,940
Depreciation on Islamic financing against leased assets (Ijarah)	139,980	147,898
Amortization	346,896	274,675
Workers' Welfare Fund	417,386	630,235
Provision for retirement benefits	9,277,984	466,327
Provision for compensated absences	83,868	220,303
Provision / (reversal) against loans and advances - net	6,178,554	(202,198)
Reversal of provision against lendings to financial institutions - net	(124,118)	(8,260)
Provision for diminution in value of investments - net	818,177	209,967
Gain on sale of operating fixed assets - net	(27,286)	(32,251)
Loss on sale of ijarah assets - net	1,721	118
Unrealised (gain) / loss on revaluation of investments classified as held for trading	(6)	20,845
Bad debts written-off directly	99,965	43,520
Other provisions / write offs - net	473,456	76,173
	19,406,644	3,345,292
	34,505,154	33,188,676
(Increase) / decrease in operating assets		
Lendings to financial institutions	(25,568,166)	(6,713,994)
Held for trading securities	104,069,522	(45,727,666)
Advances	(75,304,367)	(56,449,068)
Other assets (excluding advance taxation)	3,683,193	6,378,220
	6,880,182	(102,512,508)
Increase / (decrease) in operating liabilities		
Bills payable	5,118,913	3,881,137
Borrowings	(208,553,813)	268,366,319
Deposits and other accounts	45,429,535	73,918,411
Other liabilities (excluding current taxation)	1,091,449	(1,194,336)
	(156,913,916)	344,971,531
	(115,528,580)	275,647,699
Payments on account of staff retirement benefits	(1,150,247)	(692,657)
Income taxes paid	(11,947,128)	(15,620,575)
Net cash (outflow) / inflow from operating activities	(128,625,955)	259,334,467
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	81,770,529	(241,814,788)
Net investments in held to maturity securities	39,833,320	(7,585,768)
Net investments in subsidiaries and associates	(72,210)	2,809,065
Dividend income received	1,238,544	1,461,392
Investment in operating fixed assets	(3,575,115)	(5,046,411)
Sale proceeds from disposal of operating fixed assets	39,107	51,586
Sale proceeds from disposal of ijarah assets	1,721	57,163
Net cash inflow / (outflow) from investing activities	119,235,896	(250,067,761)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(9,330,654)	(12,205,786)
Net cash outflow from financing activities	(9,330,654)	(12,205,786)
Exchange differences on translation of net investment in foreign branches	4,219,163	(947,023)
(Decrease) / increase in cash and cash equivalents during the period	(18,720,713)	(3,886,103)
Cash and cash equivalents at beginning of the period	177,098,885	146,427,855
Cash and cash equivalents at end of the period	158,378,172	142,541,752

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


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President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


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Chairman

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Share capital	Statutory reserve	Capital reserve - Exchange translation	Unappropriated profit	Total
	(Rupees in '000)				
Balance as at January 1, 2017 (Audited)	12,241,798	27,197,615	13,256,890	64,246,270	116,942,573
Transactions with owners for the nine months ended September 30, 2017					
Final cash dividend - December 31, 2016 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - March 31, 2017 declared at Rs. 3.0 per share	-	-	-	(3,672,539)	(3,672,539)
Interim cash dividend - June 30, 2017 declared at Rs. 3.0 per share	-	-	-	(3,672,539)	(3,672,539)
	-	-	-	(12,241,797)	(12,241,797)
Total comprehensive income for the nine months ended September 30, 2017					
Profit after taxation for the nine months ended September 30, 2017	-	-	-	19,099,500	19,099,500
Other comprehensive income - net of tax	-	-	(947,023)	-	(947,023)
Total comprehensive income for the nine months ended September 30, 2017	-	-	(947,023)	19,099,500	18,152,477
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	37,737	37,737
Transfer to statutory reserve	-	1,909,950	-	(1,909,950)	-
Balance as at September 30, 2017 (Un-audited)	12,241,798	29,107,565	12,309,867	69,231,760	122,890,990
Transactions with owners for the three months ended December 31, 2017					
Interim cash dividend - September 30, 2017 declared at Rs. 3.0 per share	-	-	-	(3,672,539)	(3,672,539)
Total comprehensive income for the three months ended December 31, 2017					
Profit after taxation for the three months ended December 31, 2017	-	-	-	6,321,732	6,321,732
Other comprehensive income - net of tax	-	-	1,797,272	(107,618)	1,689,654
Total comprehensive income for the three months ended December 31, 2017	-	-	1,797,272	6,214,114	8,011,386
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	12,829	12,829
Transfer to statutory reserve	-	632,173	-	(632,173)	-
Balance as at December 31, 2017 as previously reported (Audited)	12,241,798	29,739,738	14,107,139	71,153,991	127,242,666
Change in accounting policy - note 4.1.1	-	-	-	(241,585)	(241,585)
Balance as at December 31, 2017 (Restated)	12,241,798	29,739,738	14,107,139	70,912,406	127,001,081
Change in accounting policy as at January 1, 2018 - note 4.1.2	-	-	-	(1,590,688)	(1,590,688)
Balance as at January 1, 2018 (Restated)	12,241,798	29,739,738	14,107,139	69,321,718	125,410,393
Transactions with owners for the nine months ended September 30, 2018					
Final cash dividend - December 31, 2017 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - March 31, 2018 declared at Rs.3.0 per share	-	-	-	(3,672,539)	(3,672,539)
Interim cash dividend - June 30, 2018 declared at Rs.3.0 per share	-	-	-	(3,672,539)	(3,672,539)
	-	-	-	(12,241,797)	(12,241,797)
Total comprehensive income for the nine months ended September 30, 2018					
Profit after taxation for the nine months ended September 30, 2018	-	-	-	9,731,464	9,731,464
Other comprehensive income - net of tax	-	-	4,219,163	-	4,219,163
Total comprehensive income for the nine months ended September 30, 2018	-	-	4,219,163	9,731,464	13,950,627
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	41,704	41,704
Transfer to statutory reserve	-	973,146	-	(973,146)	-
Balance as at September 30, 2018 (Un-audited)	<u>12,241,798</u>	<u>30,712,884</u>	<u>18,326,302</u>	<u>65,879,943</u>	<u>127,160,927</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.


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Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

1. STATUS AND NATURE OF BUSINESS

United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,363 (December 31, 2017: 1,361) branches inside Pakistan including 94 (December 31, 2017: 93) Islamic Banking branches and 2 (December 31, 2017: 2) branches in Export Processing Zones. The Bank also operates 18 (December 31, 2017: 18) branches outside Pakistan. The Bank is a subsidiary of Bestway (Holdings) Limited and Bestway (Holdings) Limited is a wholly owned subsidiary of Bestway Group Limited which is incorporated in the United Kingdom.

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.

2. BASIS OF PRESENTATION

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

Key financial figures of the Islamic Banking branches are disclosed in note 24 to these unconsolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

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

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

3.2 The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP. Further, segment information is being disclosed in accordance with SBP's prescribed format as per BSD circular 4 dated February 17, 2006 which prevails over the requirements specified in IFRS 8.

3.3 SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from 30 June 2014. However, vide its notification SRO 56 (I)/2016 dated 28 January 2016, it has been notified that the requirements of IFRS 10 and section 237 of the repealed Companies Ordinance, 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

- 3.4 The Companies Ordinance, 1984 was repealed after enactment of the Companies Act, 2017, on May 30, 2017. The SECP vide its Circular No. 23 of 2017, dated October 04, 2017 allowed all those companies whose financial year closed on or before December 31, 2017, were required to prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. Accordingly, these unconsolidated condensed interim financial statements have been prepared in accordance with Companies Act, 2017. Change to the significant accounting policy, as a result of the enactment of the Companies Act, 2017, has been detailed in note 4.1.1. Moreover, for certain overseas branches, the Bank has changed its accounting policy and followed the requirements of IFRS 9 as explained in note 4.1.2.
- 3.5 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2017.
- 3.6 These unconsolidated condensed interim financial statements represent the separate condensed interim financial statements of the Bank. The consolidated condensed interim financial statements of the Bank and its subsidiary companies are presented separately.

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 4.1 The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2017, except for the following:

4.1.1 Surplus on revaluation of fixed assets - net of deferred tax

The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide Circular No. 23 dated October 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in Note 5.5.1 of the annual unconsolidated financial statements), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular property is now to be accounted for in accordance with IFRS, which requires that such deficit cannot be adjusted against surplus in another property, but is to be taken to the profit and loss account as an impairment.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	As at December 31, 2017		
	Previously stated	Change	Restated
	----- (Rupees in '000) -----		
Impact on Statement of Financial Position			
Unappropriated profit	71,153,991	(241,585)	70,912,406
Surplus on revaluation of fixed assets / non-banking assets	25,835,597	241,585	26,077,182

There is no impact on the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement.

The impact above relates to revaluation of fixed assets carried out as at December 31, 2017. There were no material impacts relating to periods prior to December 31, 2017.

4.1.2 Impairment on financial assets

As per the accounting policy of the Bank, the provision against balances with other banks, investments, lendings to financial institutions and advances of overseas branches is made as per the requirement of the respective regulatory regimes. During the current year, IFRS – 9 became applicable for certain overseas branches of the Bank (i.e. branches in UAE, Bahrain and Qatar). Accordingly, in respect of such branches, the Bank has changed its accounting policy and has followed the requirements of IFRS – 9, while determining the provisioning requirements against balances with other banks, investments, lendings to financial institutions and advances. Under this standard, provision against balances with other banks, investments, lendings to financial institutions and advances is determined under expected credit loss model. Previously, this was determined under the incurred loss model.

The adoption of this standard by certain overseas branches resulted in additional provisioning requirement of Rs. 2.447 billion (net of deferred tax amounting to Rs. 1.590 billion) as at December 31, 2017. The amount of additional provision has been adjusted in the opening retained earnings as allowed under IFRS 9 and permitted by the State Bank of Pakistan. The impacts of change in policy can be summarised as follows:

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	As at September 30, 2018	As at January 1, 2018
	------(Rupees in '000)-----	
Impact on Statement of Financial Position		
Balances with other banks	73,256	92,056
Investments	927,343	871,640
Lendings to financial institutions	69,257	136,486
Advances	1,153,497	1,135,786
Other liabilities (provision against off balance sheet obligations)	619,722	211,244
	<u>2,843,075</u>	<u>2,447,212</u>
Less: related deferred tax	<u>(995,076)</u>	<u>(856,524)</u>
	<u>1,847,999</u>	<u>1,590,688</u>

	For the nine months ended September 30, 2018
	(Rupees in '000)
Impact on Statement of Comprehensive Income	
- Profit before tax would have been higher by	<u>318,504</u>
- Other Comprehensive Income (exchange impacts) would have been higher by	<u>77,359</u>
	(Rupees)
- Earnings per share would have been higher by	<u>0.17</u>

There would be no impact on the cash flow statement.

- 4.2 The financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements of the Bank for the year ended December 31, 2017.

5. BASIS OF MEASUREMENT

5.1 Accounting Convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain operating fixed assets / non-banking assets acquired in satisfaction of claims have been stated at revalued amounts, certain investments and derivative financial instruments have been stated at fair value and net obligations in respect of defined benefit schemes are carried at their present values.

5.2 Judgements and estimates

The preparation of these unconsolidated condensed interim financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the unconsolidated financial statements of the Bank for the year ended December 31, 2017.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	------(Rupees in '000)-----	
6. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	11,000,000	585,000
Repurchase agreement lendings	19,947,645	6,931,953
Bai Muajjal receivable from State Bank of Pakistan	-	3,109,215
Bai Muajjal receivable from other financial institutions	6,960,248	-
Other lendings to financial institutions	<u>22,016,839</u>	<u>23,870,481</u>
	<u>59,924,732</u>	<u>34,496,649</u>
Provision against lendings to financial institutions	<u>(932,672)</u>	<u>(832,475)</u>
	<u>58,992,060</u>	<u>33,664,174</u>

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

7. INVESTMENTS

7.1 Investments by type

Note	(Un-audited)			(Audited)		
	September 30, 2018			December 31, 2017		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
(Rupees in '000)						
Held for trading securities						
Market Treasury Bills	455,390	558,038	1,013,428	59,117,369	45,383,907	104,501,276
Pakistan Investment Bonds	702	-	702	582,376	-	582,376
	456,092	558,038	1,014,130	59,699,745	45,383,907	105,083,652
Available for sale securities						
Market Treasury Bills	141,279,838	174,073,157	315,352,995	108,314,347	194,204,632	302,518,979
Pakistan Investment Bonds	78,770,827	55,408,133	134,178,960	23,830,510	205,729,962	229,560,472
Government of Pakistan Eurobonds	16,362,946	-	16,362,946	19,102,273	-	19,102,273
Government of Pakistan Sukuk	22,910,303	-	22,910,303	14,591,647	-	14,591,647
Ordinary shares of listed companies	18,138,391	-	18,138,391	18,362,304	-	18,362,304
Preference shares	435,751	-	435,751	391,315	-	391,315
Ordinary shares of unlisted companies	753,252	-	753,252	258,507	-	258,507
Investment in REIT	458,590	-	458,590	458,590	-	458,590
Term Finance Certificates	691,327	-	691,327	441,406	-	441,406
Foreign bonds - sovereign	32,506,809	-	32,506,809	25,512,258	-	25,512,258
Foreign bonds - others	6,729,764	-	6,729,764	10,450,615	-	10,450,615
	319,037,798	229,481,290	548,519,088	221,713,772	399,934,594	621,648,366
Held to maturity securities						
Market Treasury Bills	3,765,639	-	3,765,639	6,601,781	-	6,601,781
Pakistan Investment Bonds	268,069,598	-	268,069,598	311,766,517	-	311,766,517
Government of Pakistan Eurobonds	7,393,049	-	7,393,049	5,574,671	-	5,574,671
Government of Pakistan Sukuk	644,094	-	644,094	-	-	-
Term Finance Certificates	6,150,802	-	6,150,802	6,626,766	-	6,626,766
Sukuks	12,225,975	-	12,225,975	10,512,247	-	10,512,247
Participation Term Certificates	437	-	437	437	-	437
Debentures	2,266	-	2,266	2,266	-	2,266
Foreign bonds - sovereign	12,948,698	-	12,948,698	9,784,641	-	9,784,641
Foreign bonds - others	1,341,002	-	1,341,002	1,279,617	-	1,279,617
Recovery note	382,969	-	382,969	340,333	-	340,333
CDC SAARC Fund	270	-	270	240	-	240
Commercial Paper	-	-	-	227,224	-	227,224
	312,924,799	-	312,924,799	352,716,740	-	352,716,740
Associates						
UBL Liquidity Plus Fund	-	-	-	10,079	-	10,079
UBL Money Market Fund	-	-	-	9,850	-	9,850
Al Ameen Islamic Asset Allocation Fund	-	-	-	216,000	-	216,000
Al Ameen Islamic Financial Planning Fund	100,000	-	100,000	301,751	-	301,751
UBL Insurers Limited	240,000	-	240,000	240,000	-	240,000
Khushhali Bank Limited	832,485	-	832,485	832,485	-	832,485
Oman United Exchange Company, Muscat	15,050	-	15,050	14,152	-	14,152
DHA Cogen Limited	-	-	-	-	-	-
	1,187,535	-	1,187,535	1,624,317	-	1,624,317
Subsidiaries						
United National Bank Limited (UBL UK)	2,855,223	-	2,855,223	2,855,223	-	2,855,223
UBL (Switzerland) AG	589,837	-	589,837	589,837	-	589,837
UBL Fund Managers Limited	100,000	-	100,000	100,000	-	100,000
UBL Bank (Tanzania) Limited	1,831,006	-	1,831,006	1,322,014	-	1,322,014
United Executors and Trustees Company Ltd.	30,100	-	30,100	30,100	-	30,100
	5,406,166	-	5,406,166	4,897,174	-	4,897,174
	639,012,390	230,039,328	869,051,718	640,651,748	445,318,501	1,085,970,249
Provision for diminution in value of investments	(5,515,327)	-	(5,515,327)	(3,768,660)	-	(3,768,660)
Investments - net of provisions	633,497,063	230,039,328	863,536,391	636,883,088	445,318,501	1,082,201,589
(Deficit) / Surplus on revaluation of available for sale securities	(1,579,393)	(2,368,741)	(3,948,134)	3,601,858	5,980,887	9,582,745
Surplus on revaluation of held for trading securities	2	4	6	119	2,173	2,292
Total investments	631,917,672	227,670,591	859,588,263	640,485,065	451,301,561	1,091,786,626

7.2 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.

7.3 As a result of exercise of a pledge in 2013, the Bank holds 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration having been paid. Consequently, DHA Cogen Limited is classified as an associated company.

7.4 This includes provision for impairment on account of adoption of IFRS 9, as explained in note 4.1.2.

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
		------(Rupees in '000)-----	
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		497,754,128	413,891,656
Outside Pakistan		148,031,925	143,317,174
		<u>645,786,053</u>	<u>557,208,830</u>
Islamic financings and related assets	24.4	21,254,523	22,200,806
Bills discounted and purchased			
Payable in Pakistan		16,522,943	21,115,250
Payable outside Pakistan		41,470,441	46,027,549
		<u>57,993,384</u>	<u>67,142,799</u>
Advances - gross		<u>725,033,960</u>	<u>646,552,435</u>
Provision against advances			
Specific	8.1	(47,233,229)	(38,734,988)
General	8.2	(4,354,391)	(3,255,254)
Advances - net of provision		<u>673,446,340</u>	<u>604,562,193</u>

8.1 Advances include Rs. 57,287.748 million (December 31, 2017: Rs. 51,072.827 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2018 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned*	151,876	-	151,876	3,472	-	3,472	3,472	-	3,472
Substandard	1,443,487	1,825,616	3,269,103	358,246	385,408	743,654	358,246	385,408	743,654
Doubtful	252,818	2,494,437	2,747,255	116,951	1,148,369	1,265,320	116,951	1,148,369	1,265,320
Loss	26,171,393	24,948,121	51,119,514	25,114,772	20,106,011	45,220,783	25,114,772	20,106,011	45,220,783
	<u>28,019,574</u>	<u>29,268,174</u>	<u>57,287,748</u>	<u>25,593,441</u>	<u>21,639,788</u>	<u>47,233,229</u>	<u>25,593,441</u>	<u>21,639,788</u>	<u>47,233,229</u>
Category of Classification	December 31, 2017 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other assets especially mentioned*	81,653	-	81,653	2,012	-	2,012	2,012	-	2,012
Substandard	1,062,286	4,209,307	5,271,593	258,707	803,453	1,062,160	258,707	803,453	1,062,160
Doubtful	1,452,224	6,517,005	7,969,229	783,804	2,308,654	3,092,458	783,804	2,308,654	3,092,458
Loss	25,596,353	12,153,999	37,750,352	24,512,775	10,065,583	34,578,358	24,512,775	10,065,583	34,578,358
	<u>28,192,516</u>	<u>22,880,311</u>	<u>51,072,827</u>	<u>25,557,298</u>	<u>13,177,690</u>	<u>38,734,988</u>	<u>25,557,298</u>	<u>13,177,690</u>	<u>38,734,988</u>

* The other assets especially mentioned category pertains to agricultural finance and advances to small enterprises.

8.2 General provision represents provision amounting to Rs. 275.855 million (December 31, 2017: Rs. 247.323 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 4,078.536 million (December 31, 2017: Rs. 2,630.143 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate and on account of adoption of IFRS 9, as explained in note 4.1.2. General provision also includes Rs. nil (December 31, 2017: Rs. 328.700 million) which is based on regulatory instructions. Further, the Bank carries provision of Rs. nil (December 31, 2017: Rs. 49.088 million) as a matter of prudence based on management estimates.

8.3 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 24.805 million (December 31, 2017: Rs. 24.540 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
		------(Rupees in '000)-----	
9. OPERATING FIXED ASSETS			
Capital work-in-progress		1,624,387	4,420,500
Property and equipment		44,240,385	40,797,947
Intangible assets		1,503,489	986,117
	9.1	<u>47,368,261</u>	<u>46,204,564</u>

9.1 Additions and disposals during the period amounted to Rs. 3,575.115 million (September 30, 2017: Rs. 5,046.411 million) and Rs. 386.468 million (September 30, 2017: Rs. 180.240 million), respectively.

		(Un-audited) September 30, 2018	(Audited) December 31, 2017
		------(Rupees in '000)-----	
10. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme		22,275,487	19,375,930
Refinance facility for modernization of SME		3,500	10,250
Long term financing facility		<u>21,488,863</u>	<u>17,312,481</u>
		43,767,850	36,698,661
Repurchase agreement borrowings		177,165,229	450,489,798
Bai Muajjal payable to other financial institutions		<u>49,878,076</u>	<u>-</u>
		270,811,155	487,188,459
Unsecured			
Call borrowings		10,793,116	9,713,596
Overdrawn nostro accounts		148,926	1,196,470
Other borrowings		<u>22,343,455</u>	<u>14,551,940</u>
		33,285,497	25,462,006
		<u>304,096,652</u>	<u>512,650,465</u>

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	272,796,637	318,615,028
Savings deposits	419,405,167	385,426,820
Sundry deposits	44,491,638	29,461,274
Margin deposits	5,193,769	5,488,869
Current accounts - remunerative	6,069,518	5,890,387
Current accounts - non-remunerative	<u>517,553,980</u>	<u>471,084,661</u>
	1,265,510,709	1,215,967,039

Financial Institutions

Remunerative deposits	52,171,232	56,802,291
Non-remunerative deposits	<u>16,994,845</u>	<u>16,477,921</u>
	69,166,077	73,280,212
	<u>1,334,676,786</u>	<u>1,289,247,251</u>

12. SUBORDINATED LOANS

The Bank is in the process of issuing 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.

During the quarter ended September 30, 2018, the Bank completed the first Tranche of the Pre-IPO with subscription amounting to Rs. 6,117 million. The second Tranche of the Pre-IPO is currently in process. The Bank shall proceed with the initial public offering upon completion of the Pre-IPO and receipt of the requisite approvals from the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange Limited (PSX) and Central Depository Company of Pakistan Limited (CDC).

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Salient features of the ADT 1 issue are as follows:-

Issue Size	Up to Rs. 7,000 million with an upsize option / green shoe option of an additional Rs. 3,000 million aggregating to Rs. 10,000 million.
Rating	"AA+" (Double A Plus) by JCR-VIS Credit Rating Company Limited.
Tenor	Perpetual (i.e. no fixed or final redemption date).
Security	The TFCs shall be unsecured and subordinated to all other indebtedness of the Bank, including depositors and general creditors. However, they shall rank senior to the claims of ordinary shareholders.
Mark-up Rate	The TFCs shall carry markup at the rate of 3 Month KIBOR + 1.55%.
Mark-up Payment Frequency	Profit / Mark-up shall be payable quarterly in arrears, on a non-cumulative basis.
Call Option	The Bank may, at its sole discretion, call the TFCs, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in Clause	Mark-up on the TFCs shall only be paid from the current year's earnings and if the Bank is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements.
Loss Absorbency Clause	The TFCs shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
			Restated
			------(Rupees in '000)-----
13. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus arising on revaluation of assets - net of tax:			
Fixed assets / Non-banking assets	13.1	25,652,807	26,077,182
Available for sale securities	13.2	(2,566,287)	6,228,784
		<u>23,086,520</u>	<u>32,305,966</u>
13.1 Surplus on revaluation of fixed assets / non-banking assets			
Surplus on revaluation of fixed assets / non-banking assets as at January 1		26,849,365	20,286,217
Transferred to retained earnings consequent to the change in accounting policy - note 4.1.1		-	241,585
Surplus on revaluation of fixed assets / non-banking assets as at January 1		<u>26,849,365</u>	<u>20,527,802</u>
Revaluation / (reversal) of revaluation against fixed assets / non-banking assets during the period / year		(364,149)	6,399,394
Exchange adjustments		1,845	(37)
Reversal on disposal of non banking assets		(38,875)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(41,704)	(50,566)
Related deferred tax liability on incremental depreciation charged during the period / year		(22,456)	(27,228)
		<u>(465,339)</u>	<u>6,321,563</u>
		26,384,026	26,849,365
Less: Related deferred tax liability on:			
Revaluation as at January 1		772,183	582,889
Revaluation / (reversal) of revaluation against fixed assets / non-banking assets during the period / year		(5,548)	216,535
Exchange adjustments		646	(13)
Reversal on transfer to fixed assets		(13,606)	-
Incremental depreciation charged during the period / year		(22,456)	(27,228)
		<u>731,219</u>	<u>772,183</u>
		<u>25,652,807</u>	<u>26,077,182</u>

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
------(Rupees in '000)-----			
13.2 Surplus / (deficit) on revaluation of available for sale securities			
Market Treasury Bills		4,893	(3,034)
Pakistan Investment Bonds		(5,930,631)	6,285,489
Listed shares		2,560,667	1,780,418
REIT Investment		66,704	-
Term Finance Certificates, Sukuks, other bonds, etc.		(356,051)	28,475
Foreign bonds		(293,716)	1,491,397
		(3,948,134)	9,582,745
Related deferred tax		1,381,847	(3,353,961)
		<u>(2,566,287)</u>	<u>6,228,784</u>
14. CONTINGENCIES AND COMMITMENTS			
14.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		23,525,828	15,500,693
Banking companies and other financial institutions		230,200	929,470
Others		5,275,896	5,425,848
		<u>29,031,924</u>	<u>21,856,011</u>
14.2 Transaction-related contingent liabilities			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:			
Government		110,704,991	128,096,424
Banking companies and other financial institutions		5,872,257	8,408,147
Others		45,840,078	57,086,219
		<u>162,417,326</u>	<u>193,590,790</u>
14.3 Trade-related contingent liabilities			
Contingent liabilities in respect of letters of credit opened favouring:			
Government		73,434,789	74,060,985
Others		119,925,607	112,328,937
		<u>193,360,396</u>	<u>186,389,922</u>
14.4 Other contingencies			
14.4.1 Claims against the Bank not acknowledged as debts		<u>11,804,008</u>	<u>12,743,798</u>

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

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

- 14.4.2** Penalties amounting to Rs. 4.058 billion have been 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 thereagainst. Consequently foreign exchange on account of export proceeds have not been repatriated. The Bank maintains that it fully discharged its

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

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.

- 14.4.3** United Bank Limited Yemen ("UBL") issued two Standby Letters of Credit (SBLCs) for USD 12 million (Rs. 1,490 million) and USD 13 million (Rs. 1,615 million) in favour of Ministry of Oil and Minerals, Yemen (MOM) against the counter SBLCs of a foreign bank. In March 2015, the counter party to the underlying performance agreement notified MOM of suspension of the SBLCs due to force majeure. In September 2015, MOM filed a law suit against UBL at the Preliminary Commercial Court in Sana'a, Yemen claiming payment of both SBLCs for the total sum of USD 25 million (Rs. 3,106 million).

During 2016, no major debate was held as all hearings of the commercial case were adjourned to subsequent dates, due to either non-appearance of legal counsel of MOM or non-submission of responses by MOM, as required by legal counsel of UBL. As per provisions of Yemeni procedural law, if 60 days lapse from the last hearing without the case being reinitiated/followed up by the plaintiff, the case shall be considered as if not filed and all procedures have to be re-initiated afresh. In light of the foregoing provision of law, and non-follow up by MOM for over 60 days, UBL counsel submitted a motion to dismiss the case. On September 25, 2017 the Honourable judge presiding over the commercial case filed by MOM against UBL in Yemen accepted UBL's motion to drop the case. In light of the foregoing, the case filed by MOM against UBL in Yemen stands dismissed. Although the case against UBL Yemen has been dismissed by the Honourable judge, the said dismissal is on the basis of a procedural lapse by MOM in pursuing the case, and not on the actual merits. Hence MOM can reinitiate the case against UBL afresh.

The ICC Award has also been announced whereby ICC has accepted the request of counter party to declare Force Majeure as per the terms of the Production Sharing Agreement (PSA) between Reliance and MOM. In terms of the ICC Award, the PSA stands cancelled.

Based on the legal advice of the Bank's legal counsel in Yemen and in view of facts surrounding the matter, management is of the view that it is unlikely that there will be any financial impact on the Bank.

- 14.4.4** United Bank Limited and its New York Branch (NY Branch) have entered into a written agreement (WA 2018) with the Federal Reserve Bank of New York (FRBNY) effective 2 July 2018 upon termination of the earlier written agreement entered into on 28 October 2013 (WA 2013). This agreement was entered based on the findings of FRBNY in their most recent examination of NY Branch.

The WA 2018 directs UBL to take measures to strengthen the risk management and compliance function, corporate governance and oversight, compliance with Bank Secrecy Act (BSA) / Anti Money Laundering (AML) compliance, Customer Due Diligence and Suspicious Activity Monitoring and Reporting Program within the stipulated timelines. Bank is undertaking all steps to further strengthen its Compliance Framework to fully comply with the WA 2018. While the Bank seeks to comply with all the requirements, and at this stage there is no indication of any financial impact, it is not possible to ascertain the eventual outcome of these matters.

- 14.5** For contingencies relating to taxation refer note 19.

14.6 Commitments to extend credit

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

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	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
14.7 Commitments in respect of forward foreign exchange contracts		
Purchase	277,398,286	210,187,425
Sale	231,911,286	180,864,234
14.8 Commitments in respect of derivatives		
Interest rate swaps	2,789,330	4,358,641
FX options - purchased	972,182	83,368
FX options - sold	972,182	83,368
Forward purchase of Government securities	1,874,930	7,870,890
Forward sale of Government securities	-	1,478
14.9 Commitments in respect of capital expenditure	1,672,499	1,987,978
	----- (Un-audited) -----	
	January - September 2018	January - September 2017
	----- (Rupees in '000) -----	
15. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers	31,493,983	24,268,671
On lendings to financial institutions		
Call money lendings	318,088	129,519
Repurchase agreement lendings	473,217	364,828
Other lendings to financial institutions	1,147,825	1,135,693
	1,939,130	1,630,040
On investments		
Held for trading securities	1,723,523	1,333,364
Available for sale securities	26,153,462	28,567,684
Held to maturity securities	21,971,660	22,159,750
	49,848,645	52,060,798
On deposits with financial institutions	603,099	198,305
	83,884,857	78,157,814
16. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	26,474,817	23,599,655
On securities sold under repurchase agreements	12,725,507	10,751,584
On other short term borrowings	2,298,922	1,281,573
On long term borrowings	502,152	342,752
	42,001,398	35,975,564

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

		----- (Un-audited) -----	
		January -	January -
		September 2018	September 2017
		----- (Rupees in '000) -----	
17. ADMINISTRATIVE EXPENSES			
Salaries, allowances etc.	9,988,138	9,357,361	
Charge for compensated absences	83,868	220,303	
Medical expenses	578,571	526,866	
Contribution to defined contribution plan	229,049	197,272	
Charge in respect of defined benefit obligations	302,328	269,055	
Rent, taxes, insurance, electricity etc.	3,654,067	3,388,386	
Depreciation on operating fixed assets	1,720,067	1,497,940	
Depreciation on Islamic financing against leased assets (Ijarah)	139,980	147,898	
Amortization	346,896	274,675	
Outsourced service charges including sales commission	3,643,455	3,572,260	
Communications	1,060,861	937,821	
Banking service charges	1,062,117	869,898	
Cash transportation charges	740,889	589,207	
Stationery and printing	506,517	453,713	
Legal and professional charges	672,472	414,563	
Advertisement and publicity	486,937	651,416	
Repairs and maintenance	1,266,943	1,153,910	
Travelling	176,279	182,815	
Office running expenses	328,397	496,942	
Vehicle expenses	127,206	142,874	
Entertainment	129,135	153,848	
Cartage, freight and conveyance	58,238	71,819	
Insurance expense	357,308	78,687	
Auditors' remuneration	73,187	56,000	
Training and seminars	87,240	85,499	
Brokerage expenses	13,625	19,745	
Subscriptions	74,773	61,901	
Donations	82,400	56,810	
Non-executive Directors' fees	37,149	37,115	
Zakat paid by overseas branch	50,063	71,912	
Miscellaneous expenses	77,287	62,823	
	<u>28,155,442</u>	<u>26,101,334</u>	

18. EXTRAORDINARY / UNUSUAL ITEM - ACCRUAL IN RESPECT OF PENSION LIABILITY

The extraordinary charge of Rs. 8.7 Billion represents the estimated amount of the cost of pension payable as per Honorable Supreme Court's Order increasing the minimum pension to Rs. 8,000 per month subject to 5% annual increase from January 1, 2019. Estimate is based on on-going life verification of both pensioners and retrenched employees. The estimate is also based on the payment of pension without taking effect of commutation. The Bank has sought clarification from the Honorable Supreme Court on the effect of commutation in calculation of minimum pension and the treatment of ex-employees who were separated under the Golden Handshake Scheme described as Retrenchment Scheme of 1997. The amount will be adjusted based on the guidance received from the Honorable Supreme Court.

19. TAXATION

The Income Tax returns of the Bank have been filed up to the tax year 2017 (accounting year ended December 31, 2016) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2017, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.12,161 million (2017: Rs.12,928 million), which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2017 (financial year 2016) 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.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2007 to 2017. Consequently various addbacks and demands were raised creating a total demand of Rs. 995 million (2017: Rs. 919 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for UAE, Yemen and Qatar branches have been filed upto the year ended December 31, 2017 and for USA branch upto the year ended December 31, 2016 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

UBL Qatar has received corrective tax assessment from the Qatar tax authority in respect of tax years from 2004-2009. In accordance with the assessment orders an additional claim of QAR 10.6 M (Rs. 361.725 million) has been made by tax authority mainly on account of disallowance of management remuneration. Based on tax consultant advice and/or management internal assessment, management is confident that the matters will be decided in favour of UBL Qatar and possibility of any outcome against it is remote and accordingly no provision has been made in this financial statements.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	September 30, 2018 (Un-audited)				
	Carrying /	Fair value			
	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets measured at fair value					
- Investments					
Government Securities (Tbills, PIBs, GoP Sukuks and Eurobonds)	483,665,948	-	483,665,948	-	483,665,948
Foreign Bonds - Sovereign	31,961,722	-	31,961,722	-	31,961,722
Foreign Bonds - Others	6,578,150	-	6,578,150	-	6,578,150
Ordinary shares of listed companies	18,142,208	18,142,208	-	-	18,142,208
Debt securities (TFCs)	237,998	-	237,998	-	237,998
Investment in REIT	525,294	525,294	-	-	525,294
	541,111,320	18,667,502	522,443,818	-	541,111,320
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares, subsidiaries and associates)					
	318,476,943	-	-	-	-
	859,588,263	18,667,502	522,443,818	-	541,111,320

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	September 30, 2018 (Un-audited)				
	Carrying /	Fair value			
	Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Off balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	509,309,572	-	(23,210)	-	(23,210)
Interest rate swaps	2,789,330	-	12,666	-	12,666
FX options - purchased and sold	1,944,364	-	-	-	-
Forward purchase of government securities	1,874,930	-	53	-	53
Forward sale of government securities	-	-	-	-	-

20.2 Certain categories of operating fixed assets (land and buildings) and non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.

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

Debt Securities

The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) and the fair value of other corporate and foreign government securities is determined using the rates from Reuters / Bloomberg.

Derivatives

The fair valuation techniques include forward pricing and swap models using present value calculations.

Operating fixed assets and non-banking assets acquired in satisfaction of claims

Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

21. RISK MANAGEMENT

The SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of LCR is to ensure that Banks have an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant stress scenario. The objective of NSFR is to reduce funding risk over a longer time horizon by requiring Banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	(Unaudited) September 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
Liquidity Coverage Ratio	----- Total Adjusted Value -----	
Total HQLA	408,971,967	414,579,250
Total Net Cash Outflows	195,606,310	255,636,947
Liquidity Coverage Ratio (%)	209.08%	162.18%
Minimum Requirement (%)	90.00%	90.00%
Net Stable Funding Ratio	----- Total Weighted Value -----	
Total Available Stable Funding (ASF)	1,553,030,028	1,128,634,708
Total Required Stable Funding (RSF)	1,020,397,179	1,086,955,065
Net Stable Funding Ratio (%)	152.20%	103.83%
Minimum Requirement (%)	100%	100%

22. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

For the nine months ended September 30, 2018 (Un-audited)						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Inter segment elimination
	----- (Rupees in '000) -----					
Total income	551,658	18,559,952	30,113,978	9,788,268	2,288,829	-
Total expenses	(101,290)	(1,394,137)	(23,746,445)	(9,325,472)	(10,241,483)	-
Profit / (loss) before tax	450,368	17,165,815	6,367,533	462,796	(7,952,654)	-
Segment return on assets (ROA)	72.0%	1.0%	0.4%	0.1%	-	-
Segment cost of funds	0.0%	5.5%	2.5%	4.5%	-	-
For the nine months ended September 30, 2017 (Un-audited)						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Inter segment elimination
	----- (Rupees in '000) -----					
Total income	257,041	22,010,782	23,939,321	10,034,600	2,055,255	-
Total expenses	(54,671)	(525,325)	(21,225,347)	(3,963,218)	(1,141,249)	-
Profit / (loss) before tax	202,370	21,485,457	2,713,974	6,071,382	914,006	-
Segment return on assets (ROA)	57.5%	1.8%	0.2%	1.0%	-	-
Segment cost of funds	0.6%	4.7%	2.5%	4.1%	-	-
As at September 30, 2018 (Un-audited)						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Inter segment elimination
	----- (Rupees in '000) -----					
Segment assets (gross of NPL provisions)	418,290	901,191,696	1,192,663,848	680,775,929	162,932,777	(1,033,680,853)
Segment non performing loans (NPLs)	-	826,845	5,930,707	50,493,943	36,253	-
Segment provision held against NPLs	-	783,384	5,351,270	40,943,996	154,579	-
Segment liabilities	147,450	891,817,934	1,184,359,464	639,551,062	24,625,954	(1,033,680,853)
As at December 31, 2017 (Audited)						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Inter segment elimination
	----- (Rupees in '000) -----					
Segment assets (gross of NPL provisions)	675,568	1,191,478,552	1,218,452,821	591,542,316	138,693,863	(1,094,726,686)
Segment non performing loans (NPLs)	-	1,003,160	8,893,156	41,109,920	66,591	-
Segment provision held against NPLs	-	1,002,844	7,184,741	30,515,314	32,089	-
Segment liabilities	222,650	1,166,049,759	1,209,340,738	556,587,922	10,600,016	(1,094,726,686)

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

23. RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its associates, subsidiary companies, employee benefit plans and its directors and executive officers (including their associates).

The Bank enters into transactions with related parties in the normal course of business. 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 period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

	As at September 30, 2018 (Un-audited)					As at December 31, 2017 (Audited)				
	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)									
Balances with banks										
In current accounts	-	-	1,079,876	-	-	-	-	826,843	-	-
In deposit accounts	-	-	3,923,688	-	-	-	-	2,150,574	-	-
	-	-	5,003,564	-	-	-	-	2,977,417	-	-
Lendings to financial institutions	-	-	325,450	-	-	-	-	299,076	-	-
Investments										
Opening balance	-	-	4,897,174	1,624,317	3,895,328	-	-	4,897,174	5,718,982	3,895,328
Investment made during the period / year	-	-	508,992	150,898	9,750	-	-	-	123,171	-
Investment redeemed / disposed off during the period / year	-	-	-	(437,680)	(47,370)	-	-	-	(4,217,836)	-
Closing balance	-	-	5,406,166	1,337,535	3,857,708	-	-	4,897,174	1,624,317	3,895,328
Provision for diminution in value of investments	-	-	619,412	-	98,414	-	-	619,412	-	98,414
Advances										
Opening balance	5,303	133,559	-	2,155,149	2,626,106	2,339	94,142	-	2,155,149	16,907,692
Addition during the period / year	10,572	145,241	-	-	4,335,403	11,574	132,389	-	-	65,331,493
Repaid during the period / year	(15,681)	(73,068)	-	-	(1,169)	(8,610)	(78,107)	-	-	(79,612,943)
Transfer in / (out) - net	-	(61,624)	-	-	(23)	-	(14,865)	-	-	(136)
Closing balance	194	144,108	-	2,155,149	6,960,317	5,303	133,559	-	2,155,149	2,626,106
Provision held against advances	-	-	-	2,155,149	-	-	-	-	2,155,149	-
Other Assets										
Interest mark-up accrued	-	-	3,858	-	87,025	26	8	1,320	-	82,071
Receivable from staff retirement funds	-	-	-	-	804,216	-	-	-	-	632,808
Prepaid insurance	-	-	-	208,435	-	-	-	-	13,201	-
Dividend Receivable	-	-	45,855	-	-	-	-	-	-	-
Other receivable	-	-	19,697	7,994	30,164	-	-	13,029	3,178	30,164
Provision against other assets	-	-	-	-	30,164	-	-	-	-	30,164
Borrowings										
Opening balance	-	-	1,328,813	474,532	-	-	-	463,422	-	167,100
Borrowings during the period / year	-	-	576,245	2,364,689	43,200	-	-	3,285,075	474,532	512,650
Settled during the period / year	-	-	(778,629)	(2,839,221)	(43,200)	-	-	(2,419,684)	-	(679,750)
Closing balance	-	-	1,126,429	-	-	-	-	1,328,813	474,532	-
Overdrawn Nostros	-	-	-	-	-	-	-	619,456	-	-
Deposits and other accounts										
Opening balance	5,700,563	39,106	470,751	7,423,431	3,069,783	7,714,425	159,946	295,565	8,882,222	2,196,112
Received during the period / year	56,489,108	1,041,693	12,286,720	122,729,885	113,471,786	30,436,836	1,499,352	28,702,819	260,731,597	176,334,047
Withdrawn during the period / year	(57,654,984)	(1,040,978)	(12,367,106)	(119,477,895)	(110,068,975)	(32,458,694)	(1,501,217)	(28,527,633)	(255,237,393)	(174,752,255)
Transfer in / (out) - net	-	32,389	-	-	(2,418)	7,996	(118,975)	-	(6,952,995)	(708,121)
Closing balance	4,534,687	72,210	390,365	10,675,421	6,470,176	5,700,563	39,106	470,751	7,423,431	3,069,783
Other Liabilities										
Interest/mark-up payable on deposits and borrowings	36,428	307	35,970	18,329	47,437	40,412	47	1,919	42,810	27,740
Payable to staff retirement fund	-	-	-	-	8,763,858	-	-	-	-	17,251
Unearned income	-	-	-	-	1,146	-	-	903	-	11,462
Contingencies and Commitments										
Letter of guarantee	-	-	78,133	6,224	-	-	-	240,856	24,884	-
Forward foreign exchange contracts purchase	-	-	2,843,363	-	-	-	-	2,786,626	-	-
Forward foreign exchange contracts sale	-	-	2,868,034	-	-	-	-	2,760,430	-	-
	(Rupees in '000)									
For the Nine months ended September 30, 2018 (Un-audited)										
Mark-up / return / interest earned	-	6,812	66,420	6,966	87,025	22	3,630	45,309	11,831	399,859
Commission / charges recovered	83	467	5,508	85,256	12,583	465	299	935	38,850	10,057
Dividend income	-	-	321,350	26,833	362,457	-	-	412,644	99,287	386,695
Net gain on sale of securities	-	-	-	32,691	18,868	-	-	-	212,072	-
Other income	-	942	73,427	12,192	171,679	-	-	92,564	11,283	156,249
Mark-up / return / interest expense	109,109	1,279	42,078	420,417	95,817	89,426	1,093	25,760	368,651	43,093
Remuneration paid	-	572,283	-	-	-	-	697,235	-	-	-
Post employment benefits	-	14,606	-	-	-	-	17,545	-	-	-
Non-executive directors' fee	40,025	-	-	-	-	37,115	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	229,049	-	-	-	-	197,272
Net charge for defined benefit plans	-	-	-	-	8,847,194	-	-	-	-	84,696
Other expenses	-	-	1,961	-	88,112	-	-	-	2,552	95,460
Insurance premium paid	-	-	-	470,510	-	-	-	-	409,726	-
Insurance claims settled	-	-	-	172,803	-	-	-	-	219,540	-
	(Rupees in '000)									
For the Nine months ended September 30, 2017 (Un-audited)										

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

24. ISLAMIC BANKING BUSINESS

- 24.1** The Bank operates 94 (December 31, 2017: 93) Islamic Banking branches and 157 (December 31, 2017: 156) Islamic Banking windows. The statement of financial position of the Bank's Islamic Banking branches is as follows:

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		6,444,800	5,428,040
Balances with other banks		786,203	6,551,518
Due from financial institutions	24.3	17,960,248	3,694,215
Investments		30,717,094	25,401,968
Islamic financing and related assets	24.4	21,161,363	22,110,626
Operating fixed assets		339,576	299,950
Other assets		730,048	421,843
		78,139,332	63,908,160
LIABILITIES			
Bills payable		378,109	400,973
Due to financial institutions		125,000	1,500,000
Deposits and other accounts			
Current accounts - non remunerative		33,038,266	25,163,438
Current accounts - remunerative		1,032,165	1,293,692
Saving accounts		12,871,060	11,839,659
Term deposits		7,053,255	982,345
Deposits from financial institutions - remunerative		17,516,425	20,462,360
Deposits from financial institutions - non remunerative		1,130,475	34,505
		72,641,646	59,775,999
Due to Head Office		2,661,526	61,035
Other liabilities		310,319	327,658
		76,116,600	62,065,665
NET ASSETS		<u>2,022,732</u>	<u>1,842,495</u>
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Accumulated profit / (losses)		198,437	(362,502)
		<u>2,379,437</u>	<u>1,818,498</u>
(Deficit) / Surplus on revaluation of assets		(356,705)	23,997
		<u>2,022,732</u>	<u>1,842,495</u>

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

24.2 The profit and loss account of the Bank's Islamic Banking branches is as follows:

	----- (Un-audited) -----	
	January - September 2018	January - September 2017
	----- (Rupees in '000) -----	
Return earned	3,191,258	2,042,399
Return expensed	(1,572,797)	(1,254,345)
	1,618,461	788,054
Provision against loans and advances - net	(2,979)	(1,122)
Net return after provisions	1,615,482	786,932
Other Income		
Fee, commission and brokerage income	109,715	54,253
Gain from dealing in foreign currencies	367	121
Loss on sale of securities - net	-	(438)
Other income	17,514	7,506
Total other income	127,596	61,442
	1,743,078	848,374
Other Expenses		
Administrative expenses	(1,179,332)	(661,588)
Other provisions / write offs- net	(2,807)	(1)
Total other expenses	(1,182,139)	(661,589)
Profit for the period	560,939	186,785
Accumulated losses brought forward	(362,502)	(609,289)
Accumulated profit / (losses) carried forward	198,437	(422,504)
Remuneration to Shariah Board and Advisor	5,492	4,960

24.3 This includes Bai Muajjal agreements entered into with various financial institutions whereby the Bank sold sukuk having carrying value of Rs. 6,875.065 million (2017: Rs. 2,948.799 million) on deferred payment basis. The average return on these transactions is 7.43% (2017: 5.44% per annum). The balances are due to mature latest by October 2018.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
24.4 Islamic financing and related assets		
Financings		
Murabaha	695,039	720,017
Musharaka running finance	-	15,000,000
Ijarah	333,467	490,963
Islamic Export Refinance scheme-Murabaha	126,849	-
Diminishing Musharaka	18,892,686	4,358,154
	20,048,041	20,569,134
Advances		
Advances against Ijarah	171,686	53,539
Advances for Diminishing Musharaka	691,178	1,255,734
Advances for Murabaha	62,903	88,165
	925,767	1,397,438
Profit and other receivables against financings and advances	280,715	234,234
Gross Islamic financing and related assets	21,254,523	22,200,806
Provision against financings and advances	(93,160)	(90,180)
	21,161,363	22,110,626
24.5 Charity Fund		
Opening Balance	121	648
Addition during the period / year	1,866	793
Payments during the period / year	-	(1,320)
Closing Balance	1,987	121

**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

25. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 18, 2018 has declared an interim cash dividend in respect of the quarter ended September 30, 2018 of Rs. 2.0 per share (September 30, 2017: Rs. 3.0 per share). The unconsolidated condensed interim financial statements for the nine months ended September 30, 2018 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

26. DATE OF AUTHORIZATION

These unconsolidated condensed interim financial statements were authorised for issue on October 18, 2018 by the Board of Directors of the Bank.

27. GENERAL

27.1 Comparatives

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

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


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman



UNITED BANK LIMITED

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2018
(UNAUDITED)**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018**

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017 Restated ----- (Rupees in '000) -----
ASSETS			
Cash and balances with treasury banks		143,716,062	161,119,170
Balances with other banks		34,650,733	35,549,112
Lendings to financial institutions	6	59,966,887	35,893,920
Investments	7	901,935,468	1,124,921,300
Advances	8	711,374,059	642,506,720
Operating fixed assets	9	51,815,134	50,384,077
Deferred tax asset - net		4,109,978	-
Other assets		55,858,119	54,986,201
		1,963,426,440	2,105,360,500
LIABILITIES			
Bills payable		18,517,514	13,392,978
Borrowings	10	312,822,961	517,082,159
Deposits and other accounts	11	1,415,052,040	1,366,157,914
Subordinated loans	12	6,117,000	-
Liabilities against assets subject to finance lease		11,770	4,375
Deferred tax liability - net		-	2,980,466
Other liabilities		44,522,015	31,248,846
		1,797,043,300	1,930,866,738
NET ASSETS		166,383,140	174,493,762
REPRESENTED BY			
Share capital		12,241,798	12,241,798
Reserves		53,511,195	47,203,516
Unappropriated profit		71,364,741	76,410,128
Total equity attributable to the equity holders of the Bank		137,117,734	135,855,442
Non-controlling interest		4,971,811	4,810,519
		142,089,545	140,665,961
Surplus on revaluation of assets - net of deferred tax	13	24,293,595	33,827,801
		166,383,140	174,493,762
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Note	July- September 2018	July- September 2017	January - September 2018	January - September 2017
----- (Rupees in '000) -----					
Mark-up / return / interest earned	15	30,832,964	29,316,164	86,991,106	80,621,771
Mark-up / return / interest expensed	16	(16,457,861)	(14,757,515)	(43,553,484)	(37,245,028)
Net mark-up / return / interest income		14,375,103	14,558,649	43,437,622	43,376,743
Provision against loans and advances - net		(2,441,924)	(500,022)	(6,190,069)	(103,188)
Reversal of provision against lendings to financial institutions - net		1,969	-	124,118	8,260
Provision for diminution in value of investments - net		(604,462)	(21,079)	(1,344,757)	(209,967)
Bad debts written off directly		(64,203)	(111,717)	(104,454)	(136,637)
		(3,108,620)	(632,818)	(7,515,162)	(441,532)
Net mark-up / return / interest income after provisions		11,266,483	13,925,831	35,922,460	42,935,211
Non mark-up / interest income					
Fee, commission and brokerage income		3,752,592	3,430,790	11,447,163	10,470,520
Dividend income		235,059	252,251	1,045,814	1,031,875
Income from dealing in foreign currencies		1,293,657	575,952	2,843,801	1,535,891
Gain on sale of securities - net		57,754	298,428	4,793,268	4,295,042
Unrealized gain / (loss) on revaluation of investments classified as held for trading		1,296	(23,397)	6	(20,907)
Other income		259,625	182,674	632,474	598,064
Total non mark-up / interest income		5,599,983	4,716,698	20,762,526	17,910,485
		16,866,466	18,642,529	56,684,986	60,845,696
Non mark-up / interest expenses					
Administrative expenses	17	(10,471,099)	(9,612,147)	(30,733,737)	(28,462,966)
Other provisions / write offs - net		(134,476)	(78,681)	(473,456)	(76,173)
Workers' Welfare Fund		(138,020)	(160,595)	(424,918)	(638,724)
Other charges		(39,339)	(399)	(43,358)	(59,039)
Total non mark-up / interest expenses		(10,782,934)	(9,851,822)	(31,675,469)	(29,236,902)
		6,083,532	8,790,707	25,009,517	31,608,794
Share of income / (loss) of associates		154,595	(27,454)	455,007	342,570
Profit before extraordinary / unusual item and taxation		6,238,127	8,763,253	25,464,524	31,951,364
Extraordinary / unusual item - accrual in respect of pension liability	18	(341,972)	-	(8,746,607)	-
Profit before taxation		5,896,155	8,763,253	16,717,917	31,951,364
Taxation - Current		(2,719,907)	(2,853,831)	(8,420,574)	(11,348,979)
- Prior		(1,870)	386,920	(6,375)	(72,612)
- Deferred		207,007	(134,773)	1,202,437	(1,077,347)
		(2,514,770)	(2,601,684)	(7,224,512)	(12,498,938)
Profit after taxation		3,381,385	6,161,569	9,493,405	19,452,426
Attributable to:					
Equity shareholders of the Bank		3,554,175	6,110,393	9,747,927	19,349,717
Non-controlling interest		(172,790)	51,176	(254,522)	102,709
		3,381,385	6,161,569	9,493,405	19,452,426
----- (Rupees) -----					
Earnings per share - basic and diluted		2.90	4.99	7.96	15.81

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


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Director


Arshad Ahmad Mir
Director


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Chairman

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	July- September 2018	July- September 2017	January - September 2018	January - September 2017
	----- (Rupees in '000) -----			
Profit after taxation for the period attributable to:				
Equity shareholders of the Bank	3,554,175	6,110,393	9,747,927	19,349,717
Non-controlling interest	(172,790)	51,176	(254,522)	102,709
	<u>3,381,385</u>	<u>6,161,569</u>	<u>9,493,405</u>	<u>19,452,426</u>
Other comprehensive income:				
<i>Items that are not to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the Bank	836,967	874,477	5,354,371	(279,826)
- Non-controlling interest	71,613	885,459	416,863	411,835
	<u>908,580</u>	<u>1,759,936</u>	<u>5,771,234</u>	<u>132,009</u>
	908,580	1,759,936	5,771,234	132,009
Other comprehensive income transferred to equity	<u>4,289,965</u>	<u>7,921,505</u>	<u>15,264,639</u>	<u>19,584,435</u>
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Deficit arising on revaluation of available for sale securities	(1,377,305)	(15,056,668)	(14,802,896)	(7,601,753)
Related deferred tax	508,834	4,832,716	5,506,343	2,564,128
	<u>(868,471)</u>	<u>(10,223,952)</u>	<u>(9,296,553)</u>	<u>(5,037,625)</u>
Total comprehensive income during the period - net of tax	<u><u>3,421,494</u></u>	<u><u>(2,302,447)</u></u>	<u><u>5,968,086</u></u>	<u><u>14,546,810</u></u>

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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	January - September 2018	January - September 2017
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	16,717,917	31,951,364
Less: Dividend income	(1,045,814)	(1,031,875)
Share of income of associates	(455,007)	(342,570)
	15,217,096	30,576,919
Adjustments:		
Depreciation on operating fixed assets	1,834,584	1,583,182
Depreciation on Islamic financing against leased assets (Ijarah)	139,980	147,898
Amortization	387,201	321,785
Workers' Welfare Fund	424,918	638,724
Provision for retirement benefits	9,414,083	577,004
Provision for compensated absences	83,868	220,303
Provision against loans and advances - net	6,190,069	103,188
Reversal of provision against lendings to financial institutions - net	(124,118)	(8,260)
Provision for diminution in value of investments - net	1,344,757	209,967
Gain on sale of operating fixed assets - net	(27,286)	(32,430)
Loss on sale of Ijarah assets - net	1,721	118
Unrealised (gain) / loss on revaluation of investments classified as held for trading	(6)	20,907
Bad debts written-off directly	104,454	136,637
Finance charges on leased assets	198	198
Other provisions / write offs - net	473,456	76,173
	20,247,879	3,995,394
	35,464,975	34,572,313
(Increase) / decrease in operating assets		
Lendings to financial institutions	(23,948,849)	(6,668,381)
Held for trading securities	104,079,773	(45,633,899)
Advances	(75,347,092)	(63,008,561)
Other assets (excluding advance taxation)	3,506,595	5,144,540
	8,290,427	(110,166,301)
Increase / (decrease) in operating liabilities		
Bills payable	5,124,536	3,896,296
Borrowings	(204,259,198)	270,400,035
Deposits and other accounts	48,894,126	83,602,499
Other liabilities (excluding current taxation)	7,486,723	(1,337,957)
	(142,753,813)	356,560,873
	(98,998,411)	280,966,885
	(1,294,735)	(781,560)
	(12,711,760)	(15,369,493)
	(113,004,906)	264,815,832
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	60,525,529	(240,470,286)
Net investments in held to maturity securities	40,061,436	(8,528,477)
Net investments in associates	339,841	2,495,367
Dividend income received	889,011	949,462
Investment in operating fixed assets	(3,641,230)	(5,114,171)
Sale proceeds from disposal of operating fixed assets	39,107	51,734
Sale proceeds from disposal of Ijarah assets	43,529	57,163
Net cash inflow / (outflow) from investing activities	98,257,223	(250,559,208)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment in respect of leased obligation	7,197	1,701
Dividends paid to:		
- Equity shareholders of the Bank	(9,330,654)	(12,205,786)
- Non-controlling interest	(1,581)	(135,249)
Net cash outflow from financing activities	(9,325,038)	(12,339,334)
Exchange differences on translation of net investment in foreign branches and subsidiaries attributable to:		
- Equity shareholders of the Bank	5,354,371	(279,826)
- Non-controlling interest	416,863	411,835
(Decrease) / increase in cash and cash equivalents during the period	(18,301,487)	2,049,299
Cash and cash equivalents at the beginning of the period	196,668,282	165,734,806
Cash and cash equivalents at the end of the period	<u>178,366,795</u>	<u>167,784,105</u>

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.


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CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Attributable to equity shareholders of the Bank						Non-controlling interest	Total
	Share Capital	General reserve	Statutory reserve	Capital reserve Exchange translation	Unappropri- ated profit	Sub total		
	(Rupees in '000)							
Balance as at January 01, 2017 (Audited)	12,241,798	3,000	27,300,858	15,311,330	68,939,008	123,795,994	4,227,693	128,023,687
Transactions with owners for the nine months ended September 30, 2017								
Final cash dividend - December 31, 2016 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2017 declared at Rs.3.0 per share	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Interim cash dividend - June 30, 2017 declared at Rs.3.0 per share	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
	-	-	-	-	(12,241,797)	(12,241,797)	-	(12,241,797)
Total comprehensive income for the nine months ended September 30, 2017								
Profit after taxation for the nine months ended September 30, 2017	-	-	-	-	19,349,717	19,349,717	102,709	19,452,426
Other comprehensive income - net of tax	-	-	-	(279,826)	(279,826)	(279,826)	411,835	132,009
Total comprehensive income for the nine months ended September 30, 2017	-	-	-	(279,826)	19,349,717	19,069,891	514,544	19,584,435
Ordinary dividend relating to Non-controlling interest	-	-	-	-	-	-	(135,249)	(135,249)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	38,303	38,303	462	38,765
Transfer to statutory reserve	-	-	1,932,656	-	(1,932,656)	-	-	-
Balance as at September 30, 2017 (Un-audited)	12,241,798	3,000	29,233,514	15,031,504	74,152,575	130,662,391	4,607,450	135,269,841
Transactions with owners for the three months ended December 31, 2017								
Interim cash dividend - September 30, 2017 declared at Rs.3.0 per share	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Total comprehensive income for the three months ended December 31, 2017								
Profit after taxation for the three months ended December 31, 2017	-	-	-	-	6,840,585	6,840,585	(96,422)	6,744,163
Other comprehensive income - net of tax	-	-	-	2,311,559	(58,029)	2,253,530	299,545	2,553,075
Total comprehensive income for the three months ended December 31, 2017	-	-	-	2,311,559	6,782,556	9,094,115	203,123	9,297,238
Ordinary dividend relating to Non-controlling interest	-	-	-	-	-	-	(244)	(244)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	13,060	13,060	190	13,250
Transfer to statutory reserves	-	-	623,939	-	(623,939)	-	-	-
Balance as at December 31, 2017 as previously reported (Audited)	12,241,798	3,000	29,857,453	17,343,063	76,651,713	136,097,027	4,810,519	140,907,546
Change in accounting policy - refer note 4.1.1	-	-	-	-	(241,585)	(241,585)	-	(241,585)
Balance as at December 31, 2017 (Restated)	12,241,798	3,000	29,857,453	17,343,063	76,410,128	135,855,442	4,810,519	140,665,961
Change in accounting policy as at January 1, 2018 - refer note 4.1.2	-	-	-	-	(1,640,563)	(1,640,563)	-	(1,640,563)
Balance as at January 1, 2018 (Restated)	12,241,798	3,000	29,857,453	17,343,063	74,769,565	134,214,879	4,810,519	139,025,398
Transactions with owners for the nine months ended September 30, 2018								
Final cash dividend - December 31, 2017 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2018 declared at Rs.3.0 per share	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Interim cash dividend - June 30, 2018 declared at Rs.3.0 per share	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
	-	-	-	-	(12,241,797)	(12,241,797)	-	(12,241,797)
Total comprehensive income for the nine months ended September 30, 2018								
Profit after taxation for the nine months ended September 30, 2018	-	-	-	-	9,747,927	9,747,927	(254,522)	9,493,405
Other comprehensive income - net of tax	-	-	-	5,354,371	-	5,354,371	416,863	5,771,234
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	5,354,371	9,747,927	15,102,298	162,341	15,264,639
Ordinary dividend relating to Non-controlling interest	-	-	-	-	-	-	(1,581)	(1,581)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	42,354	42,354	532	42,886
Transfer to statutory reserves	-	-	953,308	-	(953,308)	-	-	-
Balance as at September 30, 2018 (Un-audited)	12,241,798	3,000	30,810,761	22,697,434	71,364,741	137,117,734	4,971,811	142,089,545

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.


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Chairman

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

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, Switzerland (USAG) - 100% holding
- UBL Bank (Tanzania) Limited, Tanzania (UBTL) - 100% holding
- United Executors and Trustees Company Limited, Pakistan (UET) - 100% holding
- UBL Fund Managers Limited, Pakistan (UBLFM) - 98.87% holding
- Al Ameen Financial Services (Pvt.) Limited (AFSL) - effective holding 98.87%

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 1,363 (December 31, 2017: 1,361) branches inside Pakistan including 94 (December 31, 2017: 93) Islamic Banking branches and 2 (December 31, 2017: 2) branches in Export Processing Zones. The Bank also operates 18 (December 31, 2017: 18) branches outside Pakistan. The Bank is a subsidiary of Bestway (Holdings) Limited and Bestway (Holdings) Limited is a wholly owned subsidiary of Bestway Group Limited which is incorporated in the United Kingdom.

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 a 1.13% shares held by past and present employees of UBLFM in the net asset value of UBLFM.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales 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 utilized and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Act, 2017.

Key financial figures of the Islamic Banking branches are disclosed in note 24 to these consolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

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

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

3.2 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. Further, segment information is being disclosed in accordance with SBP's prescribed format as per BSD circular 4 dated February 17, 2006 which prevails over the requirements specified in IFRS 8.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

- 3.3 SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from 30 June 2014. However, vide its notification SRO 56 (I)/2016 dated 28 January 2016, it has been notified that the requirements of IFRS 10 and section 237 of the repealed Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under Trust structure.
- 3.4 The Companies Ordinance, 1984 was repealed after enactment of the Companies Act, 2017, on May 30, 2017. The SECP vide its Circular No. 23 of 2017, dated October 04, 2017 allowed all those companies whose financial year closed on or before December 31, 2017, were required to prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. Accordingly, these consolidated condensed interim financial statements have been prepared in accordance with Companies Act, 2017. Change to the significant accounting policy, as a result of the enactment of the Companies Act, 2017, has been detailed in note 4.1.1. Moreover, for certain overseas branches, the Bank has changed its accounting policy and followed the requirements of IFRS 9 as more fully explained in note 4.1.2.
- 3.5 The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2017.

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 4.1 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, 2017, except for the following:

4.1.1 Surplus on revaluation of fixed assets - net of deferred tax

The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide Circular No. 23 dated October 4, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from January 1, 2018.

Consequently, the Bank has changed its policy for accounting for a deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in Note 5.5.1 of the annual unconsolidated financial statements), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular property is now to be accounted for in accordance with IFRS, which requires that such deficit cannot be adjusted against surplus in another property, but is to be taken to the profit and loss account as an impairment.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	As at December 31, 2017		
	Previously	Change	Restated
	----- (Rupees in '000) -----		
Impact on Statement of Financial Position			
Unappropriated profit	76,651,713	(241,585)	76,410,128
Surplus on revaluation of fixed assets / non-banking assets	33,586,216	241,585	33,827,801

There is no impact on the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and consolidated condensed interim cash flow statement.

The impact above relates to revaluation of fixed assets carried out as at December 31, 2017. There were no material impacts relating to periods prior to December 31, 2017.

4.1.2 Impairment on financial assets

As per the accounting policy of the Bank, the provision against balances with other banks, investments, lendings to financial institutions and advances of overseas branches and subsidiaries are made as per the requirement of the respective regulatory regimes. During the current year, IFRS – 9 became applicable for certain overseas branches of the Bank (i.e. branches in UAE, Bahrain and Qatar). Accordingly, in respect of such branches, the Bank has changed its accounting policy and has followed the requirements of IFRS – 9, while determining the provisioning requirements against balances with other banks, investments, lendings to financial institutions and advances. Under this standard, provision against balances with other banks, investments, lendings to financial institutions and advances is determined under expected credit loss model. Previously, this was determined under the incurred loss model.

The adoption of this standard by certain overseas branches resulted in additional provisioning requirement of Rs. 2.497 billion (net of deferred tax amounting to Rs. 1.640 billion) as at December 31, 2017. The amount of additional provision has been adjusted in the opening retained earnings as allowed under IFRS 9 and permitted by the State Bank of Pakistan. The impacts of change in policy can be summarised as follows:

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	As at September 30, 2018	As at January 1, 2018
	----- (Rupees in '000) -----	
Impact on Statement of Financial Position		
Balances with other banks	73,256	92,056
Investments	927,343	871,640
Lendings to financial institutions	69,257	136,486
Advances	1,207,403	1,185,661
Other liabilities (provision against off balance sheet obligations)	619,722	211,244
	<u>2,896,981</u>	<u>2,497,087</u>
Less: related deferred tax	<u>(995,076)</u>	<u>(856,524)</u>
	<u>1,901,905</u>	<u>1,640,563</u>

	For the nine months ended September 30, 2018 (Rupees in '000)
Impact on Profit and Loss Account	
- Profit before tax would have been higher by	<u>318,504</u>
- Other Comprehensive Income (exchange impacts) would have been higher by	<u>81,390</u>
	<u>(Rupees)</u>
- Earnings per share would have been higher by	<u>0.17</u>

There would be no impact on the cash flow statement.

- 4.2 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2017.

5. BASIS OF MEASUREMENT

5.1 Accounting Convention

These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain operating fixed assets / non-banking assets acquired in satisfaction of claims have been stated at revalued amounts, certain investments and derivative financial instruments have been stated at fair value and net obligations in respect of defined benefit schemes are carried at their present values.

5.2 Judgements and estimates

The preparation of these consolidated condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended December 31, 2017.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
6. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	11,000,000	585,000
Repurchase agreement lendings	19,947,645	6,931,953
Bai Muajjal receivable from State Bank of Pakistan	-	3,109,215
Bai Muajjal receivable from other financial institutions	6,960,248	-
Other lendings to financial institutions	<u>22,991,666</u>	<u>26,100,227</u>
	<u>60,899,559</u>	<u>36,726,395</u>
Provision against lendings to financial institutions	<u>(932,672)</u>	<u>(832,475)</u>
	<u>59,966,887</u>	<u>35,893,920</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

7. INVESTMENTS

7.1 Investments by types

Note	(Un-audited) September 30, 2018			(Audited) December 31, 2017		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
	(Rupees in '000)					
Held for trading securities						
Market Treasury Bills	455,390	558,038	1,013,428	59,117,369	45,383,907	104,501,276
Pakistan Investment Bonds	702	-	702	582,376	-	582,376
Term Finance Certificates	-	-	-	10,245	-	10,245
	456,092	558,038	1,014,130	59,709,990	45,383,907	105,093,897
Available for sale securities						
Market Treasury Bills	141,279,838	174,073,157	315,352,995	108,314,347	194,204,632	302,518,979
Pakistan Investment Bonds	78,770,827	55,408,133	134,178,960	23,830,510	205,729,962	229,560,472
Government of Pakistan Eurobonds	18,253,553	-	18,253,553	16,768,510	-	16,768,510
Government of Pakistan Sukuk	22,910,303	-	22,910,303	19,102,273	-	19,102,273
Ordinary shares of listed companies	18,138,427	-	18,138,427	18,362,340	-	18,362,340
Preference shares	435,751	-	435,751	391,315	-	391,315
Ordinary shares of unlisted companies	753,502	-	753,502	258,757	-	258,757
Investment in REIT	458,590	-	458,590	441,406	-	441,406
Term Finance Certificates	691,327	-	691,327	458,590	-	458,590
Foreign bonds - sovereign	57,543,938	-	57,543,938	38,492,705	-	38,492,705
Foreign bonds - others	13,918,594	-	13,918,594	18,150,879	-	18,150,879
	353,154,650	229,481,290	582,635,940	244,571,632	399,934,594	644,506,226
Held to maturity securities						
Market Treasury Bills	4,058,090	-	4,058,090	7,363,088	-	7,363,088
Pakistan Investment Bonds	268,069,598	-	268,069,598	311,766,517	-	311,766,517
Government of Pakistan Eurobonds	7,874,649	-	7,874,649	6,564,140	-	6,564,140
Government of Pakistan Sukuk	1,251,503	-	1,251,503	221,823	-	221,823
Term Finance Certificates	6,150,802	-	6,150,802	6,626,766	-	6,626,766
Sukuks	12,225,975	-	12,225,975	10,512,247	-	10,512,247
Participation Term Certificates	437	-	437	437	-	437
Debentures	2,266	-	2,266	2,266	-	2,266
Foreign bonds - sovereign	19,400,159	-	19,400,159	15,208,115	-	15,208,115
Foreign bonds - others	5,453,997	-	5,453,997	6,098,955	-	6,098,955
Recovery note	382,969	-	382,969	340,333	-	340,333
CDC SAARC Fund	270	-	270	240	-	240
Commercial Paper	-	-	-	227,224	-	227,224
	324,870,715	-	324,870,715	364,932,151	-	364,932,151
Associates						
United Growth and Income Fund	-	-	-	264,763	-	264,763
UBL Liquidity Plus Fund	11,508	-	11,508	93,371	-	93,371
UBL Money Market Fund	31,455	-	31,455	11,455	-	11,455
UBL Government Securities Fund	-	-	-	265,325	-	265,325
UBL Stock Advantage Fund	252,518	-	252,518	210,149	-	210,149
UBL Financial Planning Fund	-	-	-	37,036	-	37,036
UBL Financial Sector Fund	157,561	-	157,561	-	-	-
UBL Income Opportunity Fund	992,424	-	992,424	-	-	-
Al Ameen Islamic Cash Fund	-	-	-	367	-	367
Al Ameen Islamic Sovereign Fund	-	-	-	382	-	382
Al Ameen Shariah Stock Fund	-	-	-	320,894	-	320,894
Al Ameen Islamic Asset Allocation Fund	-	-	-	216,916	-	216,916
Al Ameen Islamic Financial Planning Fund	96,869	-	96,869	316,142	-	316,142
Al Ameen Islamic Financial Planning Fund II	-	-	-	45,123	-	45,123
UBL Insurers Limited	391,473	-	391,473	345,097	-	345,097
Khushhali Bank Limited	2,358,173	-	2,358,173	2,046,922	-	2,046,922
Oman United Exchange Company, Muscat	66,829	-	66,829	69,702	-	69,702
DHA Cogen Limited	-	-	-	-	-	-
	4,358,810	-	4,358,810	4,243,644	-	4,243,644
	682,840,267	230,039,328	912,879,595	673,457,417	445,318,501	1,118,775,918
Provision for diminution in value of						
Investments	(5,434,822)	-	(5,434,822)	(3,149,523)	-	(3,149,523)
Investments - net of provisions	677,405,445	230,039,328	907,444,773	670,307,894	445,318,501	1,115,626,395
(Deficit) / Surplus on revaluation of available for sale securities	(3,140,570)	(2,368,741)	(5,509,311)	3,311,811	5,980,887	9,292,698
Surplus on revaluation of held for trading securities	2	4	6	34	2,173	2,207
Total Investments	674,264,877	227,670,591	901,935,468	673,619,739	451,301,561	1,124,921,300

7.2 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.

7.3 As a result of exercise of a pledge in 2013, the Bank holds 20.99% of the issued and paid up capital of DHA Cogen Limited without any consideration having been paid. Consequently, DHA Cogen Limited is classified as an associated company.

7.4 This includes provision for impairment on account of adoption of IFRS 9, as explained in note 4.1.2.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Note	(Un-audited) September 30, 2018 ----- (Rupees in '000) -----	(Audited) December 31, 2017 ----- (Rupees in '000) -----
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		497,754,128	413,891,656
Outside Pakistan		183,936,370	177,904,909
		681,690,498	591,796,565
Islamic financing and related assets	24.4	21,254,523	22,200,806
Bills discounted and purchased			
Payable in Pakistan		16,522,943	21,115,250
Payable outside Pakistan		45,002,584	51,126,252
		61,525,527	72,241,502
Advances - gross		764,470,548	686,238,873
Provision against advances			
Specific	8.1	(48,379,388)	(40,225,684)
General	8.2	(4,717,101)	(3,506,469)
Advances - net of provision		711,374,059	642,506,720

8.1 Advances include Rs. 58,967.205 million (December 31, 2017: Rs. 52,907.648 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2018 (Un-audited)			Provision required			Provision held		
	Classified advances								
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other Assets Especially									
Mentioned *	151,876	-	151,876	3,472	-	3,472	3,472	-	3,472
Substandard	1,443,487	1,837,309	3,280,796	358,246	385,408	743,654	358,246	385,408	743,654
Doubtful	252,818	3,081,240	3,334,058	116,951	1,477,364	1,594,315	116,951	1,477,364	1,594,315
Loss	26,171,393	26,029,082	52,200,475	25,114,772	20,923,175	46,037,947	25,114,772	20,923,175	46,037,947
	28,019,574	30,947,631	58,967,205	25,593,441	22,785,947	48,379,388	25,593,441	22,785,947	48,379,388
Category of Classification	December 31, 2017 (Audited)			Provision required			Provision held		
	Classified advances								
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other Assets Especially									
Mentioned *	81,653	-	81,653	2,012	-	2,012	2,012	-	2,012
Substandard	1,062,286	4,417,061	5,479,347	258,707	942,062	1,200,769	258,707	942,062	1,200,769
Doubtful	1,452,224	6,910,333	8,362,557	783,804	2,475,262	3,259,066	783,804	2,475,262	3,259,066
Loss	25,596,353	13,387,738	38,984,091	24,512,775	11,251,062	35,763,837	24,512,775	11,251,062	35,763,837
	28,192,516	24,715,132	52,907,648	25,557,298	14,668,386	40,225,684	25,557,298	14,668,386	40,225,684

* The other assets especially mentioned category pertains to agricultural finance and advances to small enterprises.

8.2 General provision represents provision amounting to Rs. 275.855 million (December 31, 2017: Rs. 247.323 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 4,441.246 million (December 31, 2017: Rs. 2,881.358 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 and on account of adoption of IFRS 9, as more fully explained in note 4.1.2. General provision also includes Rs. nil (December 31, 2017: Rs. 328.700 million) which is based on regulatory instructions. Further, the Bank carries provision of Rs. nil million (December 31, 2017: Rs. 49.088 million) as a matter of prudence based on management estimates.

8.3 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 24.805 million (December 31, 2017: Rs. 24.540 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

	Note	(Un-audited) September 30, 2018 ----- (Rupees in '000) -----	(Audited) December 31, 2017 ----- (Rupees in '000) -----
9. OPERATING FIXED ASSETS			
Capital work-in-progress		1,637,752	4,467,036
Property and equipment		48,559,794	44,820,475
Intangible assets		1,617,588	1,096,566
	9.1	51,815,134	50,384,077

9.1 Additions and disposals during the period amounted to Rs. 3,641.230 million (September 30, 2017: Rs. 5,114.171 million) and Rs. 388.468 million (September 30, 2017: Rs. 180.567 million), respectively.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Note	(Un-audited) September 30, 2018 ----- (Rupees in '000) -----	(Audited) December 31, 2017 -----
10. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Export refinance scheme		22,275,487	19,375,930
Refinance facility for modernization of SME		3,500	10,250
Long term financing facility		21,488,863	17,312,481
		43,767,850	36,698,661
Repurchase agreement borrowings		178,836,842	453,224,580
Bai Muajjal payable to other financial institutions		49,878,076	-
		272,482,768	489,923,241
Unsecured			
Call borrowings		11,085,291	10,167,645
Overdrawn nostro accounts		148,926	577,014
Other borrowings		29,105,976	16,414,259
		40,340,193	27,158,918
		312,822,961	517,082,159
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		329,287,660	367,785,188
Savings deposits		421,753,254	388,150,655
Sundry deposits		44,898,004	29,508,244
Margin deposits		5,241,738	5,552,140
Current accounts - remunerative		7,080,266	6,014,299
Current accounts - non-remunerative		534,997,555	491,259,317
		1,343,258,477	1,288,269,843
Financial Institutions			
Remunerative deposits		53,000,951	57,065,974
Non-remunerative deposits		18,792,612	20,822,097
		71,793,563	77,888,071
		1,415,052,040	1,366,157,914
12. SUBORDINATED LOANS			

The Bank is in the process of issuing 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.

During the quarter ended September 30, 2018, the Bank completed the first Tranche of the Pre-IPO with subscription amounting to Rs. 6,117 million. The second Tranche of the Pre-IPO is currently in process. The Bank shall proceed with the initial public offering upon completion of the Pre-IPO and receipt of the requisite approvals from the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange Limited (PSX) and Central Depository Company of Pakistan Limited (CDC).

Salient features of the ADT 1 issue are as follows:-

Issue Size	Up to Rs. 7,000 million with an upside option / green shoe option of an additional Rs. 3,000 million aggregating to Rs. 10,000 million.
Rating	"AA+" (Double A Plus) by JCR-VIS Credit Rating Company Limited.
Tenor	Perpetual (i.e. no fixed or final redemption date).
Security	The TFCs shall be unsecured and subordinated to all other indebtedness of the Bank, including depositors and general creditors. However, they shall rank senior to the claims of ordinary shareholders.
Mark-up Rate	The TFCs shall carry markup at the rate of 3 Month KIBOR + 1.55%.
Mark-up Payment Frequency	Profit / Mark-up shall be payable quarterly in arrears, on a non-cumulative basis.
Call Option	The Bank may, at its sole discretion, call the TFCs, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in Clause	Mark-up on the TFCs shall only be paid from the current year's earnings and if the Bank is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements
Loss Absorbency Clause	The TFCs shall, at the discretion of the SBP, be either permanently converted into ordinary shares or permanently written off (partially or in full) pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017 Restated ----- (Rupees in '000) -----
13. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus / (deficit) arising on revaluation of assets - net of tax:			
Fixed assets / non-banking assets			
- Group's share		26,927,439	27,249,117
- Non-controlling interest		1,042,881	958,856
	13.1	27,970,320	28,207,973
Available for sale securities			
- Group's share		(3,177,936)	5,896,699
- Non-controlling interest		(498,562)	(277,531)
	13.2	(3,676,498)	5,619,168
(Deficit) / surplus arising on revaluation of assets of associates		(227)	660
		24,293,595	33,827,801
13.1 Surplus on revaluation of fixed assets / non-banking assets			
Surplus on revaluation of fixed assets / non-banking assets as at January 1		29,417,952	22,502,554
Transferred to retained earnings consequent to the change in accounting policy - refer note 4.1.1		-	241,585
Surplus on revaluation of fixed assets / non-banking assets as at January 1		29,417,952	22,744,139
Revaluation of fixed assets / non-banking assets during the period / year		(364,149)	6,399,394
Exchange adjustments		228,356	353,662
Reversal on disposal of non-banking asset		(38,875)	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(42,886)	(52,015)
Related deferred tax liability on incremental depreciation charged during the period / year		(22,456)	(27,228)
		(240,010)	6,673,813
		29,177,942	29,417,952
Less: Related deferred tax liability on:			
Revaluation as at January 1		1,209,979	960,433
Revaluation of fixed assets / non-banking assets during the period / year		(5,548)	216,535
Exchange adjustments		39,253	60,239
Reversal on disposal of non-banking assets		(13,606)	-
Incremental depreciation charged during the period / year		(22,456)	(27,228)
		1,207,622	1,209,979
		27,970,320	28,207,973
13.2 Surplus / (deficit) on revaluation of available for sale securities			
Market Treasury Bills		4,893	(3,034)
Pakistan Investment Bonds		(5,930,631)	6,285,489
Listed shares		2,560,670	1,780,430
REIT Investment		66,704	-
Term Finance Certificates, Sukuks, other bonds etc.		(356,051)	28,475
Foreign bonds		(1,854,896)	1,201,338
		(5,509,311)	9,292,698
Related deferred tax		1,832,813	(3,673,530)
		(3,676,498)	5,619,168
		(Un-audited) September 30, 2018	(Audited) December 31, 2017
		----- (Rupees in '000) -----	
14. CONTINGENCIES AND COMMITMENTS			
14.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		23,525,828	15,500,693
Banking companies and other financial institutions		255,097	1,064,067
Others		5,326,470	5,425,848
		29,107,395	21,990,608

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	------(Rupees in '000)-----	
14.2 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:		
Government	110,704,991	128,096,424
Banking companies and other financial institutions	5,872,257	8,408,147
Others	45,860,575	57,090,192
	<u>162,437,823</u>	<u>193,594,763</u>
14.3 Trade-related contingent liabilities		
Contingent liabilities in respect of letters of credit opened favouring:		
Government	73,434,789	74,060,985
Banking companies and other financial institutions	11,647,267	8,732,484
Others	120,035,433	112,409,643
	<u>205,117,489</u>	<u>195,203,112</u>
14.4 Other contingencies		
14.4.1 Claims against the Group not acknowledged as debts	<u>11,916,914</u>	<u>12,918,162</u>

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

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

14.4.2 On November 10, 2016, a judgement was passed by the Supreme Court (SC) declaring the insertions of amendments in WWF Ordinance through Finance Act 2008 as unlawful. The Board of Directors of UBL FM in their meeting held on May 29, 2013, had resolved that accumulated unrecorded WWF provision from the date of its application till May 29, 2013 on all the funds under management amounting to Rs. 296.124 million will be borne by the Holding Company in case the said accumulated amount is required to be paid to the Government authorities. The tax department has filed review petition against the order of the SC which is currently pending.

14.4.3 Penalties amounting to Rs. 4.058 billion have been 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 thereagainst. 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.

14.4.4 United Bank Limited Yemen ("UBL") issued two Standby Letters of Credit (SBLCs) for USD 12 million (Rs. 1,490 million) and USD 13 million (Rs. 1,615 million) in favour of Ministry of Oil and Minerals, Yemen (MOM) against the counter SBLCs of a foreign bank. In March 2015, the counter party to the underlying performance agreement notified MOM of suspension of the SBLCs due to force majeure. In September 2015, MOM filed a law suit against UBL at the Preliminary Commercial Court in Sana'a, Yemen claiming payment of both SBLCs for the total sum of USD 25 million (Rs. 3,106 million).

During 2016, no major debate was held as all hearings of the commercial case were adjourned to subsequent dates, due to either non-appearance of legal counsel of MOM or non-submission of responses by MOM, as required by legal counsel of UBL. As per provisions of Yemeni procedural law, if 60 days lapse from the last hearing without the case being reinitiated/ followed up by the plaintiff, the case shall be considered as if not filed and all procedures have to be re-initiated afresh. In light of the foregoing provision of law, and non-follow up by MOM for over 60 days, UBL counsel submitted a motion to dismiss the case. On September 25, 2017 the Honourable judge presiding over the commercial case filed by MOM against UBL in Yemen accepted UBL's motion to drop the case. In light of the foregoing, the case filed by MOM against UBL in Yemen stands dismissed. Although the case against UBL Yemen has been dismissed by the Honourable judge, the said dismissal is on the basis of a procedural lapse by MOM in pursuing the case, and not on the actual merits. Hence MOM can reinitiate the case against UBL afresh.

The ICC Award has also been announced whereby ICC has accepted the request of counter party to declare Force Majeure as per the terms of the Production Sharing Agreement (PSA) between Reliance and MOM. In terms of the ICC Award, the PSA stands cancelled.

Based on the legal advice of the Bank's legal counsel in Yemen and in view of facts surrounding the matter, management is of the view that it is unlikely that there will be any financial impact on the Group.

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- 14.4.5** United Bank Limited and its New York Branch (NY Branch) have entered into a written agreement (WA 2018) with the Federal Reserve Bank of New York (FRBNY) effective 2 July 2018 upon termination of the earlier written agreement entered into on 28 October 2013 (WA 2013). This agreement was entered based on the findings of FRBNY in their most recent examination of NY Branch.

The WA 2018 directs UBL to take measures to strengthen the risk management and compliance function, corporate governance and oversight, compliance with Bank Secrecy Act (BSA) / Anti Money Laundering (AML) compliance, Customer Due Diligence and Suspicious Activity Monitoring and Reporting Program within the stipulated timelines. Bank is undertaking all steps to further strengthen its Compliance Framework to fully comply with the WA 2018. While the Bank seeks to comply with all the requirements, and at this stage there is no indication of any financial impact, it is not possible to ascertain the eventual outcome of these matters.

- 14.4.6** 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, 2014 in the High Court of Sindh. A favorable outcome of this petition is expected.

- 14.5** For contingencies relating to taxation refer note 19.

14.6 Commitments to extend credit

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

	(Un-audited) September 30, 2018 ----- (Rupees in '000) -----	(Audited) December 31, 2017 ----- (Rupees in '000) -----
14.7 Commitments in respect of forward foreign exchange contracts		
Purchase	310,937,870	242,093,757
Sale	265,487,958	213,172,200
14.8 Commitments in respect of derivatives		
Interest rate swaps	2,789,330	4,358,641
FX options - purchased	972,182	83,368
FX options - sold	-	83,368
Forward purchase of Government securities	1,874,930	7,870,890
Forward sale of Government securities	-	1,478
14.9 Commitments in respect of capital expenditure	1,672,499	1,987,978

(Un-audited)..... January - September 2018 ----- (Rupees in '000) -----	January - September 2017 ----- (Rupees in '000) -----
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15. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to customers	33,215,847	25,536,223
On lendings to financial institutions		
Call money lendings	318,088	129,519
Repurchase agreement lendings	473,217	364,828
Other lendings to financial institutions	1,274,554	1,163,202
	2,065,859	1,657,549
On investments in		
Held for trading securities	1,724,040	1,336,097
Available for sale securities	26,900,497	29,170,319
Held to maturity securities	22,489,732	22,717,592
	51,114,269	53,224,008
On deposits with financial institutions	595,131	203,991
	86,991,106	80,621,771

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

.....(Un-audited).....
January - January -
September September
2018 2017
----- (Rupees in '000) -----

16. MARK-UP / RETURN / INTEREST EXPENSED

On deposits	27,812,954	24,447,040
On securities sold under repurchase agreements	12,725,507	10,751,584
On other short term borrowings	2,512,863	1,703,640
On long term borrowings	502,160	342,764
	<u>43,553,484</u>	<u>37,245,028</u>

17. ADMINISTRATIVE EXPENSES

Salaries, allowances etc.	11,547,115	10,728,439
Charge for compensated absences	83,868	220,303
Medical expenses	580,694	530,055
Contribution to defined contribution plan	354,396	298,434
Charge in respect of defined benefit obligations	313,080	278,570
Rent, taxes, insurance, electricity etc.	3,811,912	3,506,981
Depreciation on operating fixed assets	1,834,584	1,583,182
Depreciation on Islamic financing against leased assets (Ijarah)	139,980	147,898
Amortization	387,201	321,785
Outsourced service charges including sales commission	3,500,414	3,464,184
Communications	1,118,736	995,918
Banking service charges	1,101,017	934,960
Cash transportation charges	746,672	591,246
Stationery and printing	520,156	458,359
Legal and professional charges	766,820	475,829
Advertisement and publicity	540,230	719,965
Repairs and maintenance	1,513,657	1,311,989
Travelling	197,247	213,193
Office running expenses	329,118	638,324
Vehicle expenses	127,980	143,709
Entertainment	140,141	168,791
Cartage, freight and conveyance	60,500	74,230
Insurance expense	384,292	101,899
Auditors' remuneration	95,809	77,790
Training and seminars	94,262	98,690
Brokerage expenses	13,650	20,329
Subscriptions	134,876	111,985
Donations	82,581	56,970
Non-executive Directors' fees	37,149	37,115
Zakat paid by overseas branch	50,063	71,912
Miscellaneous expenses	125,537	79,932
	<u>30,733,737</u>	<u>28,462,966</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

18. EXTRA ORDINARY / UNUSUAL ITEM - (PENSION COST)

The extraordinary charge of Rs. 8.7 Billion represents the estimated amount of the cost of pension payable as per Honorable Supreme Court's Order increasing the minimum pension to Rs. 8,000 per month subject to 5% annual increase from January 1, 2019. Estimate is based on on-going life verification of both pensioners and retrenched employees. The estimate is also based on the payment of pension without taking effect of commutation. The Bank has sought clarification from the Honorable Supreme Court on the effect of commutation in calculation of minimum pension and the treatment of ex-employees who were separated under the Golden Handshake Scheme described as Retrenchment Scheme of 1997. The amount will be adjusted based on the guidance received from the Honorable Supreme Court.

19. TAXATION

19.1 The Income Tax returns of the Bank have been filed up to the tax year 2017 (accounting year ended December 31, 2016) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2017, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.12,161 million (2017: Rs.12,928 million), which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) Branches have been filed upto the tax year 2017 (financial year 2016) 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 2007 to 2017. Consequently various addbacks and demands were raised creating a total demand of Rs. 995 million (2017: Rs. 919 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for UAE, Yemen and Qatar branches have been filed upto the year ended December 31, 2017 and for USA branch upto the year ended December 31, 2016 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

For UBL UK, UBTL, UBL FM and UET income tax returns have been filed up to the accounting year ended December 31, 2016 and for USAG these returns have been filed up to the accounting year ended December 31, 2014 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 UBL UK, UBTL and USAG till the accounting year 2016, 2015 and 2014 respectively. There are no material tax contingencies in any of the subsidiaries.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

- 20.1 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:

September 30, 2018 (Un-audited)					
On balance sheet financial instruments	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value	(Rupees in '000)				
- Investments					
Government Securities (Tbills, PIBs, GoP Sukuks and Eurobonds)	485,478,921	-	485,478,921	-	485,478,921
Foreign Bonds - Sovereign	58,302,450	-	58,302,450	-	58,302,450
Foreign Bonds - others	12,792,807	-	12,792,807	-	12,792,807
Ordinary shares of listed companies	18,142,208	18,142,208	-	-	18,142,208
Debt securities (TFCs)	237,998	-	237,998	-	237,998
Investment in REIT	525,294	525,294	-	-	525,294
Investment in Associates	4,358,810	-	4,358,810	-	4,358,810
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares)	322,096,980	-	-	-	-
	901,935,468	18,667,502	561,170,986	-	579,838,488
Off balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	576,425,828	-	27,099	-	27,099
Interest rate swaps	2,789,330	-	12,666	-	12,666
FX options - purchased and sold	972,182	-	-	-	-
Forward purchase of government securities	1,874,930	-	53	-	53
Forward sale of government securities	-	-	-	-	-

December 31, 2017 (Audited)					
On balance sheet financial instruments	Carrying / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value	(Rupees in '000)				
- Investments					
Government Securities (Tbills, PIBs, GoP Sukuks and Eurobonds)	679,318,633	-	679,318,633	-	679,318,633
Foreign Bonds - Sovereign	38,490,598	-	38,490,598	-	38,490,598
Foreign Bonds - others	19,352,217	-	19,352,217	-	19,352,217
Ordinary shares of listed companies	18,318,667	18,318,667	-	-	18,318,667
Debt securities (TFCs)	382,425	-	382,425	-	382,425
Investment in REIT	458,590	458,590	-	-	458,590
Investment in Associates	4,243,644	-	4,243,644	-	4,243,644
Financial assets not measured at fair value					
- Investments (HTM, unlisted ordinary shares, preference shares)	364,356,526	-	-	-	-
	1,124,921,300	18,777,257	741,787,517	-	760,564,774
Off balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	455,265,957	-	1,933,688	-	1,933,688
Interest rate swaps	4,358,641	-	74,865	-	74,865
FX options - purchased and sold (net)	166,736	-	-	-	-
Forward purchase of government securities	7,870,890	-	(1,155)	-	(1,155)
Forward sale of government securities	1,478	-	(2)	-	(2)

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

- 20.2** Certain categories of operating fixed assets (land and buildings) and non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values.
- 20.3** Valuation techniques used in determination of fair values within level 2 and level 3.

Debt Securities

The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) and the fair value of other corporate and foreign government securities is determined using the rates from Reuters / Bloomberg.

Derivatives

The fair valuation techniques include forward pricing and swap models using present value calculations.

Operating fixed assets and non-banking assets acquired in satisfaction of claims

Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated condensed interim financial statements.

21. RISK MANAGEMENT

The SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of LCR is to ensure that Banks have an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant stress scenario. The objective of NSFR is to reduce funding risk over a longer time horizon by requiring Banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

	(Unaudited) September 30, 2018 ----- (Rupees in '000) ----- ----- Total Adjusted Value -----	(Audited) December 31, 2017 ----- (Rupees in '000) ----- ----- Total Adjusted Value -----
21.1 Liquidity Coverage Ratio		
Total HQLA	408,971,967	414,579,250
Total Net Cash Outflows	195,606,310	255,636,947
Liquidity Coverage Ratio (%)	209.08%	162.18%
Minimum Requirement (%)	90.00%	90.00%
	----- Total Weighted Value -----	
21.2 Net Stable Funding Ratio		
Total Available Stable Funding (ASF)	1,553,030,028	1,128,634,708
Total Required Stable Funding (RSF)	1,020,397,179	1,086,955,065
Net Stable Funding Ratio (%)	152.20%	103.83%
Minimum Requirement (%)	100%	100%

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

22. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

For the nine months ended September 30, 2018 (Un-audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	(Rupees in '000)						
Total income	551,658	19,732,137	30,461,061	10,735,331	863,325	2,311,643	-
Total expenses	(101,290)	(1,847,791)	(25,114,550)	(10,200,274)	(431,816)	(10,241,517)	-
Profit before tax	450,368	17,884,346	5,346,511	535,057	431,509	(7,929,874)	-
Segment return on assets (ROA)	72.0%	1.0%	0.3%	0.1%	28.1%	-	-
Segment cost of funds	0.0%	5.5%	2.5%	4.5%	-	-	-

For the nine months ended September 30, 2017 (Un-audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	(Rupees in '000)						
Total income	257,041	22,944,548	24,442,358	11,006,604	988,373	1,990,874	-
Total expenses	(54,671)	(821,755)	(22,482,027)	(4,690,782)	(487,886)	(1,141,313)	-
Profit before tax	202,370	22,122,793	1,960,331	6,315,822	500,487	849,561	-
Segment return on assets (ROA)	57.5%	1.8%	0.2%	1.0%	42.6%	-	-
Segment cost of funds	0.6%	4.7%	2.5%	4.1%	-	-	-

As at September 30, 2018 (Un-audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	(Rupees in '000)						
Segment assets (gross of NPL provisions)	418,290	960,708,940	1,205,506,738	717,784,704	1,791,284	159,276,724	(1,033,680,852)
Segment non performing loans (NPLs)	-	658,908	7,390,655	50,881,389	-	36,253	-
Segment provision held against NPLs	-	264,309	6,875,024	41,085,476	-	154,579	-
Segment liabilities	147,450	908,882,484	1,238,582,570	658,291,145	184,543	24,635,961	(1,033,680,853)

As at December 31, 2017 (Audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	(Rupees in '000)						
Segment assets (gross of NPL provisions)	675,568	1,230,568,302	1,244,901,502	626,329,771	1,591,685	135,167,850	(1,093,648,494)
Segment non performing loans (NPLs)	-	1,003,160	10,312,357	41,525,540	-	66,591	-
Segment provision held against NPLs	-	1,002,844	8,425,423	30,765,328	-	32,089	-
Segment liabilities	222,650	1,171,670,458	1,266,885,379	574,811,057	182,495	10,743,193	(1,093,648,494)

Segment assets and liabilities include inter segment balances.

Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates.

23. RELATED PARTY TRANSACTIONS

The Group has related party relationships with its associates, employee benefit plans and its directors and executive officers (including their associates).

The Group enters into transactions with related parties in the normal course of business. 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 period, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	As at September 30, 2018 (Un-audited)				As at December 31, 2017 (Audited)			
	Directors	Key Management Personnel	Associates	Other related parties	Directors	Key Management Personnel	Associates	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	4,243,644	3,895,328	-	-	7,977,817	3,895,328
Investment made during the period / year	-	-	4,854,019	9,750,00	-	-	1,365,953	-
Investment redeemed / disposed off during the period / year	-	-	(4,999,728)	(47,370)	-	-	(5,399,374)	-
Equity method adjustments	-	-	410,875	-	-	-	299,448	-
Closing balance	-	-	4,508,810	3,897,708	-	-	4,243,644	3,895,328
Provision for diminution in value of investments	-	-	-	98,414	-	-	-	98,414
Advances								
Opening balance	5,303	205,388	2,155,149	2,626,106	2,339	367,645	2,155,149	16,907,691
Addition during the period / year	10,572	189,088	-	4,335,403	11,574	149,324	-	65,331,493
Repaid during the period / year	(15,681)	(101,896)	-	(1,169)	(8,610)	(296,736)	-	(79,612,942)
Transfer in / (out) - net	-	(61,624)	-	(23)	-	(14,865)	-	(136)
Closing balance	194	230,936	2,155,149	6,960,317	5,303	205,368	2,155,149	2,626,106
Provision held against advances	-	-	2,155,149	-	-	-	2,155,149	-
Other Assets								
Interest mark-up accrued	-	-	-	87,025	26	8	-	82,071
Receivable from staff retirement funds	-	-	-	804,216	-	-	-	632,808
Prepaid insurance	-	-	209,003	-	-	-	13,201	-
Remuneration receivable from management of funds	-	-	89,226	-	-	-	65,289	-
Sales load receivable	-	-	23,385	-	-	-	26,527	-
Formation cost receivable	-	-	4,317	-	-	-	5,286	-
Other receivable	-	-	61,405	30,164	-	-	46,736	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
Borrowings								
Opening balance	-	-	474,532	-	-	-	-	167,100
Borrowings during the period / year	-	-	2,364,688	43,200	-	-	474,532	512,650
Settled during the period / year	-	-	(2,839,221)	(43,200)	-	-	-	(679,750)
Closing balance	-	-	-	-	-	-	474,532	-
Deposits and other accounts								
Opening balance	5,700,563	66,247	7,426,100	3,072,390	7,714,425	241,070	8,882,657	2,196,112
Received during the period / year	56,489,108	1,240,351	122,729,885	113,471,786	30,436,836	1,716,576	260,733,762	176,336,654
Withdrawn during the period / year	(57,654,984)	(1,227,954)	(119,480,562)	(110,069,248)	(32,458,894)	(1,772,424)	(255,237,324)	(174,752,255)
Transfer in / (out) - net	-	32,389	-	(2,418)	7,996	(118,975)	(6,952,995)	(708,121)
Closing balance	4,534,687	111,022	10,675,423	6,472,510	5,700,563	66,247	7,426,100	3,072,390
Other Liabilities								
Interest / mark-up payable on deposits and borrowings	36,428	307	18,329	47,437	40,412	47	42,810	27,740
Payable to staff retirement fund	-	-	-	8,762,756	-	-	-	44,538
Unearned income	-	-	-	1,148	-	-	-	11,462
Contingencies and Commitments								
Letter of guarantee	-	-	6,224	-	-	-	24,884	-
	For the nine months ended September 30, 2018 (Un-audited)				For the nine months ended September 30, 2017 (Un-audited)			
	Directors	Key Management Personnel	Associates	Other related parties	Directors	Key Management Personnel	Associates	Other related parties
	(Rupees in '000)							
Mark-up / return / interest earned	-	9,627	6,966	87,025	22	5,539	11,831	399,859
Commission / charges recovered	83	467	85,256	12,583	465	299	38,850	10,057
Dividend received	-	-	43,243	362,457	-	-	156,874	386,695
Net gain on sale of securities	-	-	82,280	18,866	-	-	217,153	-
Remuneration from management of funds	-	-	687,207	-	-	-	744,727	-
Sales load	-	-	82,279	-	-	-	151,092	-
Other income	-	942	12,192	171,679	-	-	11,283	156,249
Mark-up / return / interest expense	109,109	1,322	420,417	95,817	89,426	2,484	368,651	43,093
Remuneration paid	-	1,049,535	-	-	-	1,264,112	-	-
Post employment benefits	-	18,702	-	-	-	50,576	-	-
Non-executive directors' fee	40,025	-	-	-	37,115	-	-	-
Net charge for defined contribution plans	-	10,554	-	354,396	-	-	-	298,434
Net charge / (reversal) for defined benefit plans	-	-	-	8,857,946	-	-	-	94,211
Other expenses	-	-	-	88,112	-	-	2,552	95,460
Insurance premium paid	-	-	471,603	-	-	-	410,389	-
Insurance claims settled	-	-	172,803	-	-	-	219,540	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

24. ISLAMIC BANKING BUSINESS

- 24.1** The Bank operates 94 (December 31, 2017: 93) Islamic Banking branches and 157 (December 31, 2017: 156) Islamic Banking windows. The statement of financial position of the Bank's Islamic Banking branches is as follows:

	Note	(Un-audited) September 30, 2018	(Audited) December 31, 2017
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		6,444,800	5,428,040
Balances with other banks		786,203	6,551,518
Due from financial institutions	24.3	17,960,248	3,694,215
Investments		30,717,094	25,401,968
Islamic financing and related assets	24.4	21,161,363	22,110,626
Operating fixed assets		339,576	299,950
Other assets		730,048	421,843
		78,139,332	63,908,160
LIABILITIES			
Bills payable		378,109	400,973
Due to financial institutions		125,000	1,500,000
Deposits and other accounts			
Current accounts - non remunerative		33,038,266	25,163,438
Current accounts - remunerative		1,032,165	1,293,692
Saving accounts		12,871,060	11,839,659
Term deposits		7,053,255	982,345
Deposits from financial institutions - remunerative		17,516,425	20,462,360
Deposits from financial institutions - non remunerative		1,130,475	34,505
		72,641,646	59,775,999
Due to Head Office		2,661,526	61,035
Other liabilities		310,319	327,658
		76,116,600	62,065,665
NET ASSETS		2,022,732	1,842,495
REPRESENTED BY			
Islamic Banking Fund		2,181,000	2,181,000
Accumulated profit / (losses)		198,437	(362,502)
		2,379,437	1,818,498
(Deficit) / Surplus on revaluation of assets		(356,705)	23,997
		2,022,732	1,842,495

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

24.2 The profit and loss account of the Bank's Islamic Banking branches is as follows:

	----- (Un-audited) -----	
	January - September 2018	January - September 2017
	----- (Rupees in '000) -----	
Return earned	3,191,258	2,042,399
Return expensed	(1,572,797)	(1,254,345)
	<u>1,618,461</u>	<u>788,054</u>
Provision against loans and advances - net	(2,979)	(1,122)
Net return after provisions	<u>1,615,482</u>	<u>786,932</u>
Other Income		
Fee, commission and brokerage income	109,715	54,253
Gain from dealing in foreign currencies	367	121
Loss on sale of securities - net	-	(438)
Other income	17,514	7,506
Total other income	<u>127,596</u>	<u>61,442</u>
	<u>1,743,078</u>	<u>848,374</u>
Other Expenses		
Administrative expenses	(1,179,332)	(661,588)
Other provisions / write offs- net	(2,807)	(1)
Total other expenses	<u>(1,182,139)</u>	<u>(661,589)</u>
Profit for the period	<u>560,939</u>	<u>186,785</u>
Accumulated losses brought forward	(362,502)	(609,289)
Accumulated profit / (losses) carried forward	<u>198,437</u>	<u>(422,504)</u>
Remuneration to Shariah Board and Advisor	<u>5,492</u>	<u>4,960</u>

24.3 This includes Bai Muajjal agreements entered into with various financial institutions whereby the Bank sold sukuks having carrying value of Rs. 6,875.065 million (December 31, 2017: Rs. 2,948.799 million) on deferred payment basis. The average return on these transactions is 7.43% (December 31, 2017: 5.44% per annum). The balances are due to mature latest by October 2018.

	(Un-audited) September 30, 2018	(Audited) December 31, 2017
	----- (Rupees in '000) -----	
24.4 Islamic financing and related assets		
Financings		
Murabaha	695,039	720,017
Musharaka running finance	-	15,000,000
Ijarah	333,467	490,963
Islamic Export Refinance scheme-Murabaha	126,849	-
Diminishing Musharaka	<u>18,892,686</u>	<u>4,358,154</u>
	<u>20,048,041</u>	<u>20,569,134</u>
Advances		
Advances against Ijarah	171,686	53,539
Advances for Diminishing Musharaka	691,178	1,255,734
Advances for Murabaha	62,903	88,165
	<u>925,767</u>	<u>1,397,438</u>
Profit and other receivables against financings and advances	<u>280,715</u>	<u>234,234</u>
Gross Islamic financing and related assets	<u>21,254,523</u>	<u>22,200,806</u>
Provision against financings and advances	<u>(93,160)</u>	<u>(90,180)</u>
	<u>21,161,363</u>	<u>22,110,626</u>
24.5 Charity Fund		
Opening Balance	121	648
Addition during the period / year	1,866	793
Payments during the period / year	-	(1,320)
Closing Balance	<u>1,987</u>	<u>121</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

25. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on October 18, 2018 has declared an interim cash dividend in respect of the quarter ended September 30, 2018 of Rs. 2 per share (September 30, 2017: Rs. 3.0 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2018 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

26. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorised for issue on October 18, 2018 by the Board of Directors of the Bank.

27. GENERAL

27.1 Comparatives

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

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


Aameer Karachiwalla
Chief Financial Officer


Sima Kamil
President &
Chief Executive Officer


Amar Zafar Khan
Director


Arshad Ahmad Mir
Director


Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

الفاظ تشكر (Acknowledgements)

آخر میں، ہم بینک کے شیئر ہولڈرز اور صارفین کے بھرپور اعتماد اور معاونت پر تہہ دل سے شکر گزار ہیں۔ ہم اپنے ملازمین کی محنت اور لگن کو بھی قدر کی نگاہ سے دیکھتے ہیں جنہوں نے صارفین کے اعتماد پر پورا اترنے کے لئے انتھک محنت کی۔ ہم حکومت پاکستان، سٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کو بھی خراج تحسین پیش کرتے ہیں جنہوں نے ہماری راہنمائی اور مسلسل معاونت کی۔

برائے واز طرف بورڈ



سر محمد انور پرویز (OBE, HPK)

چیئر مین

اسلام آباد

18 اکتوبر، 2018

یو بی ایل انٹرنیشنل (UBL International)

ہم اپنے انٹرنیشنل آپریشنز کو رسک سے پاک بیلنس شیٹ کے واضح نصب العین کے ساتھ ری پوزیشن کر رہے ہیں۔ ہماری توجہ بتدریج کاروباری ماڈل کو کارپوریٹ لئڈنگ سے FI، تجارت اور ٹریڈری انویسٹمنٹس پر منتقل کرنے پر ہے، ہم تندی سے خطرات کی نگرانی اور غیر فعال قرضوں کی وصولی کے لئے بھرپور اقدامات کر رہے ہیں۔ اس کے علاوہ ہم ریٹیل فریجیٹ کو دوبارہ فعال بنانے کے لئے CASA ڈپازٹس کی تشکیل اور ڈپازٹس کے انجماد کو کم کرنے کے لئے ٹھوس اقدامات کر رہے ہیں۔

2017 کے 9 ماہ کے دوران یو بی ایل کے اوسط انٹرنیشنل ڈپازٹس 2.1 ارب امریکی ڈالر تھے جو گزشتہ سال کے رجحان کے مطابق تھے۔ ڈپازٹ کی لاگت گزشتہ سال کی سطح 2.2 فیصد پر برقرار رہی حالانکہ ایف ای ڈی ریٹس میں 75bps کا اضافہ ہوا جس سے ستمبر 2018 میں 25bps کا اضافہ ہوا۔ 2018 کی 9 ماہ میں ایڈوانسز کی اوسط 1.32 ارب امریکی ڈالر (2017 کے 9 ماہ میں 1.56 ارب امریکی ڈالر) رہی۔ 2018 کے نو ماہ میں شرح آمدن 5.1 فیصد رہی (2017 کے 9 ماہ میں 4.9 فیصد)۔ NPL میں 29 ملین امریکی ڈالر کا اضافہ ہوا اور دسمبر 2017 میں 207 ملین ڈالر سے بڑھ کر 236 ملین امریکی ڈالر ہو گئے۔ بنیادی طور پر غیر ملکی بانڈز پر مشتمل انویسٹمنٹ پورٹ فولیو 669 ملین امریکی ڈالر (دسمبر 2017 میں 708 ملین امریکی ڈالر) رہا جس پر شرح آمدن 6.6 فیصد رہی (2017 کے 9 ماہ میں 7.3 فیصد)۔

کریڈٹ ریٹنگ (Credit Rating)

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے یو بی ایل کی ایٹینیٹی ریٹنگ +1 AAA/A- (یعنی ٹریپل اے ون پلس) کی 29 جون 2018 کو دوبارہ تصدیق کر دی ہے۔ یہ ریٹنگ مستحکم متوقع حیثیت کی مظہر ہے۔ اس ریٹنگ سے یو بی ایل کے کلیدی شعبوں بشمول ایسٹ مینجمنٹ، سرمایہ بندی، اور نفع پذیری میں زبردست کارکردگی کی تصدیق ہوتی ہے۔ اس سے یو بی ایل کے اندرون ملک مستحکم فریجیٹ، مضبوط مارکیٹ شیئر اور تنوع کاروباری ماڈل کی عکاسی ہوتی ہے۔

مستقبل کی توقعات (Future Outlook)

اپنے کسٹمرز کے لئے ترجیحی بینک بننے کی مسلسل کوششوں کے ساتھ برانچ بیکاری ہماری فریجیٹ کی بنیادی توجہ کا مرکز رہے گی۔ ڈپازٹس کی فعالیت کے ہدف حاصل کرنے کے لئے کم لاگت فنڈنگ پروفائل کے ساتھ ساتھ CASA ریلیشن شپس، بہتر ایسیٹیٹ پر فارمنس اور بینکاری سے محروم طبقے میں مضبوط موجودگی جیسے اقدامات شامل ہیں۔ آگے بڑھنے میں زیادہ کاروباری اور اقتصادی چیلنجز کے سبب سرمائے سے بھرپور فائدہ اٹھانے پر توجہ دینے کے لیے کریڈٹ میں توسیع کا انتخاب کیا جاسکتا ہے۔ ہم عالمی سطح پر رائج بہترین طرز عمل کے مطابق بینک کے تمام معیارات کو بہتر بنانے کے خواہشمند ہیں۔ ہم مالیاتی جدت میں قائدانہ کردار ادا کرنے کے پختہ عزم کے ساتھ اپنی ڈیجیٹل خدمات کو وسعت دینے اور اعلیٰ معیار کے ادائیگی کے ایکسو سٹرکچر کو ترقی دینا چاہتے ہیں۔ ہم بینکاری کی صنعت کے لئے خدمات کے نئے معیارات قائم کرتے ہوئے ایک سہل اور حسن کارکردگی کا حامل آپریٹنگ سٹرکچر تشکیل دینے کے لئے مسلسل کوشاں ہیں۔

ہے۔ 2017 کے 9 ماہ کے مقابلے میں کیش منجمنٹ کے شعبے میں بھی 57 فیصد کے زبردست اضافے کی بدولت ہماری لیڈر شپ پوزیشن مزید مستحکم ہو چکی ہے۔

مزید برآں ہم نے رواں سہ ماہی کے دوران یو بی ایل او منی موبائل ایپ کے ذریعے ”سلفی اکاؤنٹ“ کے نام سے اپنا اکاؤنٹ کھولنے کا آغاز کیا ہے۔ اس اقدام سے NTB کے حصول کی مہم کو تقویت ملے گی اور یو بی ایل کو بینکاری سے محروم طبقات تک اپنا دائرہ کار بڑھانے میں مدد ملے گی۔

معاشی جائزہ (Economy Review)

رواں مالی سال کے دوران بڑھتے ہوئے مالیاتی خسارے اور ادائیگیوں کے عدم توازن کے سبب رواں سہ ماہی میں معاشی چیلنجز کو مرکزی حیثیت حاصل رہی۔

مالی سال 2019 کے پہلے دو ماہ کے دوران کرنٹ اکاؤنٹ خسارہ 2.7 ارب امریکی ڈالر ریکارڈ کیا گیا جو گزشتہ سال کے مقابلے میں 10 فیصد زیادہ ہے۔ اسی وجہ سے زرمبادلہ کے ذخائر دسمبر 2017 میں 20.2 ارب امریکی ڈالر سے کم ہو کر ستمبر 2018 میں 14.9 ارب امریکی ڈالر رہ گئے۔ یہ کمی 26 فیصد سے کچھ زیادہ ہے۔ زرمبادلہ کے ذخائر میں کمی اور کرنٹ اکاؤنٹ میں مسلسل خسارے کی وجہ سے ڈالر کے مقابلے میں روپے پر مسلسل دباؤ برقرار رہا اور روپے کی قدر میں کمی ہوتی گئی۔ ستمبر 2017 میں روپے کی قدر 110.42 روپے فی امریکی ڈالر تھی جو ستمبر 2018 میں کم ہو کر 124.25 روپے ہو گئی جو 12.5 فیصد کمی ہے۔

مالی سال 19 کے پہلے تین ماہ کے دوران CPI یعنی افراط زر کی شرح میں گزشتہ سال کی اسی مدت کے دوران 3.4 فیصد کی نسبت 5.6 فیصد رہی۔ بجلی کی قیمتوں میں اضافے، عالمی سطح پر تیل مہنگا ہونے اور روپے کی قدر میں مزید کمی کے امکانات کے پیش نظر افراط زر کا دباؤ بھی جاری رہے گا۔ سود کی شرح میں اضافے بھی جو بن پر ہے اور سٹیٹ بینک آف پاکستان نے 29 ستمبر 2018 کی اپنی مانیٹری پالیسی کے تحت شرح سود میں 100bps اضافے سے 8.50 فیصد کر دیا ہے۔ یہ رواں سال کے دوران شرح سود میں چوتھا اضافہ ہے جس سے مجموعی اضافہ 275bps ہو چکا ہے۔

پاکستان اسٹاک ایکسچینج ستمبر 2018 میں 40,999 پوائنٹس پر بند ہوئی جب کہ دسمبر 2017 کے مقابلے میں یہ محض 1.3 فیصد اضافہ ہے۔ اس مدت کے دوران بیرونی سرمایہ کاری کا حجم 322.4 ملین امریکی ڈالر رہا جب کہ دسمبر 2017 میں یہ حجم 487.1 ملین امریکی ڈالر تھا اور اسٹاک ایکسچینج میں مندی کا رجحان رہا۔ جس کی وجہ روپے کی قدر میں کمی کے قوی امکانات تھے۔ 2018 میں اسٹاک ایکسچینج پر عدم استحکام کے بادل منڈلاتے رہے جس کی وجہ عام انتخابات کے سبب غیر یقینی صورتحال، معیشت کی سمت متعین کرنے کی ضرورت، بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ اور کمزور مالی حالات تھے۔

بینکنگ کے شعبے میں ستمبر 2018 میں کل ڈپازٹس 13 کھرب روپے تھے جو دسمبر 2017 کے مقابلے میں 5.4 فیصد نمو کو ظاہر کرتے ہیں۔ ستمبر 2018 میں صنعتی ایڈوانسز 7 کھرب روپے ریکارڈ کئے گئے جو دسمبر 2017 کے مقابلے میں 7.6 فیصد نمو ظاہر کر رہے ہیں۔ دسمبر 2017 کے مقابلے میں اگست 2018 کے اختتام پر کریڈٹ کے رجحان میں نجی شعبہ 11 فیصد کے ساتھ سرفہرست رہا۔ مجموعی طور پر بینکنگ کے شعبے میں دسمبر 2017 کے مقابلے میں جون 2018 تک غیر فعل قرضوں میں 5.4 فیصد کا اضافہ ہوا اور مجموعی انفیکشن کی شرح 46bps کی بہتری سے 7.94 فیصد ہو گئی (دسمبر 2017 میں 8.40 فیصد)۔

ہوا۔ قرضوں میں اضافے کے لئے ہماری حکمت عملی اعلیٰ معیار کے کریڈٹ، پیدواری بڑھوتری کے تعلقات اور ریسک ویٹ ایسٹس (RWA) پروفائل پر بھرپور توجہ دینا ہے۔

ستمبر 2018 میں انویسٹمنٹ پورٹ فولیو 859.6 ارب روپے رہا جو دسمبر 2017 میں 1.09 کھرب روپے تھا۔ ہماری سرمایہ کاری زیادہ تر حسن کارکردگی کے حامل سرمایوں اور حکومت پاکستان کی سیکورٹیز پر بھرپور توجہ دینا ہے۔ پی آئی بی ہولڈنگز کا حجم 402.2 ارب روپے رہا جس کی اوسط شرح آمدن 8 فیصد سے زیادہ رہی اور ٹی بلز 320.1 ارب روپے رہے۔ مستحکم منافع جات کے پیش نظر ہماری ایکویٹی بک ستمبر 2018 میں 18.1 ارب روپے تھی جو متنوع قسم کی صنعتوں اور کمپنیوں کی سرمایہ کاری کے ساتھ مضبوط بنیادیں رکھتی ہے۔

کمپیٹل ریشوز (Capital Ratios)

ملکی اور بین الاقوامی پورٹ فولیو میں RWA Synergies کو زیادہ سے زیادہ سطح پر لاتے ہوئے سرمائے کا موثر انتظام و انصرام ایک اہم ترجیح ہے۔ ستمبر 2018 میں Common Equity Tier (CET-1) کی شرح 89bps کے استحکام کے ساتھ 12.2 فیصد رہی (دسمبر 2018 میں 11.3 فیصد) جس سے یو بی ایل کی سرمائے کی شرح بہت مستحکم رہی۔ مجموعی طور پر کمپیٹل اڈیکویسی (CAR) کی سطح 17.3 فیصد رہی (دسمبر 2017 میں 15.4 فیصد)۔

بینک ایک اضافی سطح (ADT-I) ٹرم فنانس سرٹیفکیٹ (TFC) جاری کرنے کے مرحلے میں ہے۔ جس کی مالیت 10 ارب روپے (بشمول 3 ارب روپے کا گرین شو آپشن) ہے۔ آئی پی او سے قبل کا آپشن ابھی جاری ہے رواں سہ ماہی کے دوران 6.1 ارب روپے کی سبسکریپشن کے ساتھ پہلی قسط مکمل ہو جائے گی۔ بینک پری آئی پی او مکمل کر کے رواں سہ ماہی کے اندر ہی یہ انسٹرومنٹ عوام الناس کے لئے پیش کرنا چاہتا ہے۔ یہ عمل قانونی تقاضے پورے کرنے اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان شاک ایکسچینج لمیٹڈ (پی ایس ایکس) اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) کی منظوریوں کے بعد شروع ہوگا۔

یو بی ایل کے بورڈ آف ڈائریکٹرز نے 18 اکتوبر 2018 کو اسلام آباد میں منعقدہ اجلاس میں 20 فیصد یعنی دو روپے فی شیئر کے عبوری ڈیویڈنڈ کے ساتھ 30 ستمبر 2018 کے 9 ماہ کے نتائج کا اعلان کیا ہے۔

یو بی ایل ڈیجیٹل (UBL Digital)

یو بی ایل بینکاری کی مقامی صنعت میں نئی خدمات پیش کرنے میں آگے رہتے ہوئے مالیاتی سہولتوں میں ٹیکنالوجی کے استعمال کو آبادی کے بڑے حصے تک پہنچانے کو یقینی بنا رہا ہے۔ رواں سال کے دوران شروع کی گئی ”یو بی ایل ڈیجیٹل“ ایپ کو مارکیٹ میں بہت پذیرائی ملی اور مختصر مدت کے دوران 6 لاکھ سے زائد ڈاؤن لوڈز اور 27 لاکھ روپے کی ٹرانزیکشن عمل میں آئی۔

برانچ لیس بینکنگ کے شعبے میں یو بی ایل اوٹومی نے مارکیٹ لیڈر کے طور پر اپنی پوزیشن برقرار رکھی ہوئی۔ اوٹومی دکان اب ملک کے 850 شہروں اور دیہات میں 37 ہزار سے زائد ایجنٹوں پر مشتمل ہے۔ اوٹومی کے ذریعے رقم کی ترسیل میں سال بہ سال 39 فیصد کا زبردست اضافہ دیکھنے میں آیا

بہتر ہو کر 5.2 فیصد ہو گیا جو کہ دسمبر 2017 میں 6.2 فیصد تھا (2017 کے نو ماہ میں 6.9 فیصد)۔ ڈومیسٹک مخصوص کوریج میں کچھ اضافہ ہوا اور یہ

دسمبر 2017 میں 90.7 فیصد سے کچھ بڑھ کر ستمبر 2018 میں 91.3 فیصد ہو گئی۔

خلیج تعاون کونسل کے ملکوں میں معاشی نمو میں سست روی کی وجہ سے یو بی ایل کی بین الاقوامی پورٹ فولیو کارکردگی پر بھی اثر پڑا۔ قرضوں کے نقصانات کی درجہ بندی کے نتیجے میں NPL کی سطح کچھ اضافے کے ساتھ دسمبر 2017 میں 22.9 ارب روپے سے بڑھ کر ستمبر 2018 میں 29.3 ارب روپے ہو گئی۔

2018 کے 9 ماہ میں 6.9 ارب روپے کا نیٹ پروویژن چارج لیا گیا (2017 کے نو ماہ میں 2.3 ارب روپے) جس کے نتیجے میں انٹرنیشنل پورٹ فولیو کی کوریج دسمبر 2017 میں 58 فیصد سے بڑھ کر ستمبر 2018 میں 74 فیصد ہو گئی۔

گزشتہ سال کی اسی مدت میں 11.9 کروڑ روپے کے مقابلے میں 2018 کے نو ماہ میں مجموعی طور پر یو بی ایل میں 7.4 ارب روپے کا نیٹ پروویژن چارج ریکارڈ کیا گیا ہے۔ دسمبر 2017 کے عین مطابق ستمبر 2018 میں بینک کی سطح پر ایسٹ کوالٹی 7.9 فیصد کی سطح پر برقرار رہی۔ غیر فعال قرضوں کی مخصوص کوریج میں دسمبر 2017 میں 75.8 فیصد کے مقابلے میں بہتری آئی اور ستمبر 2018 میں 82.4 فیصد رہی۔

اخراجات کا نظم و نسق (Cost Management)

2018 کے 9 ماہ میں انتظامی اخراجات کی حد 28.2 ارب روپے ریکارڈ کی گئی جو گزشتہ سال کے نو ماہ کے مقابلے میں 8 فیصد اضافے کو ظاہر کرتا ہے۔ بینک انتظامی اخراجات کو معقول سطح پر لاتے ہوئے تمام کاروباری اور معاون امور میں خدمات کے معیار کو مسلسل بہتر بنانے اور دوبارہ موزوں سرمایہ کاری کو یقینی بنانے کے لئے کوشاں ہے۔ سال بہ سال کے لحاظ سے اسٹاف کے اخراجات میں صرف 3 فیصد اضافہ ہوا۔ 2017 کے 9 ماہ کے مقابلے میں رواں سال کے نو ماہ کے دوران عماراتی لاگت میں 7 فیصد اضافہ ہوا جس کی سب سے بڑی وجہ برانچ نیٹ ورک کے کرایوں میں اضافہ ہے۔ تمام شعبوں میں کاروباری حجم میں نمایاں اضافے کے سبب دیگر اخراجات کی مد میں سالانہ کی بنیاد پر 14 فیصد اضافہ ہوا۔ 2017 کے 9 ماہ میں لاگت اور آمدنی کا تناسب 44.5 فیصد تھا جو 2018 کے 9 ماہ میں بڑھ کر 45.9 فیصد رہا۔

بیلنس شیٹ کا نظم و نسق (Balance Sheet Management)

یو بی ایل کے ڈومیسٹک ڈپازٹس ستمبر 2018 میں 1.09 کھرب روپے کی سطح پر رہے جو گزشتہ سال دسمبر کے مقابلے میں 5 فیصد اضافے کو ظاہر کرتا ہے۔ ہماری برانچ بینکنگ کی حکمت عملی میں حسن کارکردگی سے کرنٹ اکاؤنٹ کا پورٹ فولیو میں اضافہ کرنا اور لاگت اور غیر اہم ڈپازٹس میں کمی لانا ہے۔ ستمبر 2018 میں ڈپازٹ مارکیٹ شیئر 8.3 فیصد ریکارڈ کیا گیا (دسمبر 2017 میں 8.4 فیصد)۔ ہم نے گزشتہ سال دسمبر کے مطابق اپنے مارکیٹ شیئر کو برقرار رکھتے ہوئے مہنگے ڈپازٹس کی سطح میں کمی لائی ہے۔ اہم ڈپازٹس کی سطح میں بڑھوتری کے اس رجحان سے بینک اس مثالی پوزیشن میں ہے کہ وہ شرح سود میں اضافے کے باوجود اپنے خالص منافع میں زیادہ سے زیادہ اضافہ کر سکے۔

گزشتہ سال دسمبر میں بینک کے نیٹ ایڈوانسز 604.6 ارب روپے تھے جو ستمبر 2018 میں 11 فیصد اضافے کے ساتھ 673.4 ارب روپے ہو گئے۔ کارپوریٹ، کمرشل اور کنزیومر کے شعبوں میں تیزی سے اضافے کی وجہ سے دسمبر 2017 کے مقابلے میں ڈومیسٹک پورٹ فولیو میں 18 فیصد اضافہ

کردار بہت بڑا رہا ہے۔ اوسط ٹی بلز پورٹ فولیو جو 2017 کے 9 ماہ میں 227 ارب روپے تھا وہ بڑھ کر 2018 کے 9 ماہ میں 307 ارب روپے ہوا۔ اب ہمارا انویسٹمنٹ پورٹ فولیو اس پوزیشن میں ہے کہ شرح سود میں اضافے کی وجہ سے بینک کے لئے زیادہ فائدہ مند ثابت ہو۔

نان مارک اپ آمدنی (Non-Mark up Income)

بینک کی مارک اپ کے علاوہ آمدنی 2017 کے 9 ماہ کے مقابلے میں 2018 کے 9 ماہ میں 21 فیصد کی شرح سے اضافے کے سبب 19.4 ارب روپے ہو گئی۔ یہ زیر بحث مدت کے دوران بینک کی مجموعی آمدنی میں 32 فیصد کا حصہ ہے (2017 کے 9 ماہ میں 28 فیصد)۔ NFI کا انحصار کئی طرح کی فیس کی حامل خدمات کے ساتھ ساتھ بینک ٹریڈری اور کمپیٹل مارکیٹس ڈویژن کی جانب سے بانڈز اور ایف ایکس مارکیٹ میں فعال ٹریڈنگ ہے۔ فیس اور کمیشن نے NFI میں مجموعی طور پر 50 فیصد تک کردار ادا کیا (2017 کے 9 ماہ میں 54 فیصد)۔ 2018 کے 9 ماہ کے دوران فیس سے حاصل ہونے والی آمدنی 10 ارب روپے رہی جو سال بہ سال 14 فیصد اضافہ ہے۔ یہ نمونہ دی طور پر ڈومیسٹک بینک سے حاصل ہوئی جس میں 2017 کے 9 ماہ کے مقابلے میں 26 فیصد اضافہ دیکھنے میں آیا۔

یونی ایل بیرون ملک مقیم پاکستانیوں کی جانب سے بھیجی گئی رقوم میں بھی اپنی پوزیشن مستحکم کر رہا ہے۔ 2017 کے 9 ماہ میں ترسیلات زر میں مارکیٹ شیئر 25 فیصد تھا جو 2018 کے 9 ماہ میں بڑھ کر 30 فیصد ہو چکا ہے۔ نتیجے کے طور پر کمیشن سے حاصل شدہ آمدنی میں سال بہ سال کی بنیاد پر 42 فیصد کا اہم اضافہ ہوا ہے۔ اے ٹی ایم اور ڈیٹ کارڈ سے حاصل ہونے والے منافع میں 33 فیصد اضافے کے سبب گزشتہ سال کی نسبت اب ایک ارب سے زیادہ منافع ہوا ہے۔ جب کہ مزید 509,000 نئے ڈیٹ کارڈ جاری کئے گئے ہیں۔ جس سے دسمبر 2017 میں ڈیٹ کارڈز کی تعداد 21 لاکھ سے بڑھ کر ستمبر 2018 میں 23 لاکھ ہو گئی ہے۔ بینک انشورنس کوریج پر بھر پور انداز سے توجہ دینے کے نتیجے میں سال بہ سال آمدنی میں 45 فیصد اضافہ ہوا اور یہ آمدنی ایک ارب روپے تک پہنچ گئی۔ اندرون ملک اچھی فیس کو برقرار رکھنے کی وجہ سے تجارتی کمیشن میں بھی ستمبر 2017 کے مقابلے میں 5 فیصد کا اضافہ ہوا۔ بینک نے اپنے کارپوریٹ اور ایس ایم ای کلائنٹس کو راغب کرنے پر خصوصی توجہ دی جس سے کمیشن ریونیوز میں اس مدت کے دوران 21 فیصد اضافہ ہوا۔ سرمایہ کاری کی بینک فیس نے بھی اضافہ دیکھا جو کاسٹمر چیمبرنگل سیکٹر کے اداروں میں گردش قرضوں میں اضافہ تھا۔

2018 کے 9 ماہ میں 4.7 ارب روپے کے کمپیٹل گینز کمائے گئے جب کہ گزشتہ سال کے 9 ماہ کے دوران یہ 3.8 ارب روپے تھے۔ ڈیویڈنڈ کی آمدنی 1.4 ارب روپے اس مدت کے دوران ہوئی (2017 کے 9 ماہ میں 1.5 ارب روپے تھی) جس کی وجہ کھاد اور بجلی کے شعبے میں سرمایہ کاری کے لئے بھاری ادائیگیاں ہیں۔ ایکویٹی پورٹ فولیو میں منافع کا رجحان برقرار رہا اور 2017 کے 9 ماہ میں 8 فیصد شرح آمدن رہی جو کہ گزشتہ سال کی مدت کے مطابق ہے۔ فارن ایکسچینج آمدنی زرمبادلہ کے ریٹ میں ردوبدل کے باوجود اچھے انتظام، ٹریڈنگ پوزیشن اور کارپوریٹ سیلز ڈیسک کے ذریعے بہتر کلائنٹ فلوز کی بدولت 2017 کے 9 ماہ کے مقابلے میں دو گنا اضافے کے ساتھ 2.7 ارب روپے تک جا پہنچی۔

قرضہ پر ممکنہ نادمہنگی اور خسارے کے لئے مختص رقوم (Provision and Loan Losses)

ڈومیسٹک NPLs ستمبر 2018 میں 28 ارب روپے رہے جو کہ دسمبر 2017 میں 28.2 ارب روپے تھے۔ 2017 کے 9 ماہ میں 2.2 ارب روپے کے نیٹ پروویژن ریورسل کے مقابلے میں 542 ملین روپے کا نیٹ پروویژن چارج ریکارڈ کیا گیا۔ ستمبر 2018 میں ڈومیسٹک بینک کے اثاثوں کا معیار

مالیاتی نتائج (Financial Results)

یو بی ایل نے سال 2018 کے پہلے 9 ماہ کے دوران 9.7 ارب روپے کا غیر مجتمع بعد از ٹیکس منافع کمایا جب کہ سال 2017 کی اسی مدت کے دوران یہ نفع 19.1 ارب روپے تھا۔ گزشتہ سال کی اسی مدت فی حصص آمدن 15.60 روپے کے مقابلے میں اس سال فی حصص آمدن 7.95 روپے رہی۔ مجتمع بنیاد پر یو بی ایل نے 9.5 ارب روپے منافع بعد از ادائیگی ٹیکس کمایا (بینک کو سال 2017 کے 9 ماہ کے دوران 19.5 ارب روپے منافع ہوا)۔

نیٹ مارک اپ آمدن (Net Mark up Income)

یو بی ایل نے سال 2018 میں ستمبر تک کے پہلے 9 ماہ کے دوران 41.9 ارب روپے کی نیٹ مارک اپ آمدن ریکارڈ کی جو گزشتہ سال کی اسی مدت میں حاصل ہونے والی 42.2 ارب روپے کی آمدن سے کچھ کم ہے۔ مجموعی طور پر سال 2018 کے پہلے 9 ماہ کے دوران ہیلنس شیٹ میں سال 2017 کی نسبت 9 فیصد کا اضافہ ہوا اور یہ 1.8 کھرب روپے تک پہنچ گئی۔

اثاثوں میں سال بہ سال اوسطاً 10 فیصد فنڈز کا اضافہ ہوا اور اندرون ملک آپریشنز، جس میں زیادہ تر کرنٹ اکاؤنٹ شامل ہیں، میں 16 فیصد اوسط نمو ہوئی۔ اوسط CASA کس میں بہتری آئی جو سال 2017 کے 9 ماہ کے دوران 82.4 فیصد تھی سال 2018 کے 9 ماہ کے دوران 86.8 فیصد ہو گئی۔ یہ بینک کی جانب سے زیادہ لاگت کے حامل ڈپازٹس میں کمی اور پاسیڈار، کم لاگتی ڈپازٹس پورٹ فولیو کی تشکیل کی پالیسی کے عین مطابق ہے تاکہ ڈپازٹس کی لاگت میں کمی لائی جاسکے۔ نتیجے کے طور پر رواں سال کے دوران ٹارگٹ ریٹ میں 275 bps اضافے کے باوجود سال 2018 کے 9 ماہ کے دوران بینک کے ملکی ڈپازٹ کی لاگت 2.74 فیصد ریکارڈ کی گئی جو کہ گزشتہ سال کی اسی مدت کے مطابق ہے۔ سال 2018 کے 9 ماہ کے دوران ٹرم ڈپازٹ 22 فیصد کی کم سطح پر ریکارڈ کی گئی جو سال 2017 کے 9 ماہ سے کم ہے۔ مجموعی طور پر سال 2017 کے 9 ماہ سے سال 2018 کے 9 ماہ کے دوران بینک کے ڈپازٹس میں اوسط 6 فیصد اضافہ ریکارڈ کیا گیا جس کے بعد ان کی مالیت 1.26 کھرب روپے ہو گئی۔

سال 2018 کے 9 ماہ کے دوران ڈومیسٹک پرفارمنگ ایڈوانسز اوسط 469.4 ارب روپے رہی جو سال 2017 کے 9 ماہ سے 36 فیصد زیادہ ہے۔ اس اضافے کی بڑی وجہ کارپوریٹ بینکنگ گروپ ہے جس کے پورٹ فولیو میں 100 ارب روپے کا سال بہ سال اضافہ ہوا اور سال 2018 کے 9 ماہ کے دوران 400.3 ارب روپے تک جا پہنچا۔ دو سطحی حکمت عملی کے ذریعے کریڈٹس میں توسیع ممکن ہوئی جس میں بلیو چپ کارپوریٹس سے کوالٹی ایکوزیشن کے ساتھ ساتھ مختص بھرپور سرمائے کے ذریعے زیادہ سے زیادہ نتائج حاصل کرنا اور پبلک سیکٹر ایڈوانسز کی بنیاد پر پروجیکٹ کے اندر اہداف کو فعال انداز سے بڑھانا ہے۔ ایس ایم ای بزنس میں بھی نمو کا رجحان جاری رکھا اور سال 2017 کے 9 ماہ کے مقابلے میں سال 2018 کے 9 ماہ کے دوران 27 فیصد اوسط بک سائز میں اضافہ ہوا۔ کنزیومر لون کی مد میں بھی غیر معمولی اضافہ ریکارڈ کیا گیا اور اوسط ایڈوانسز میں 35 فیصد کی شرح سے سال بہ سال نمو ہوئی۔ یہ نتیجہ تھا گاڑیوں کے لون کی حصول میں زبردست اضافے کا، جیسا کہ گزشتہ سال کی نسبت اوسط بک سائز میں 50 فیصد سے زیادہ بڑھوتری ریکارڈ کی گئی۔

ستمبر 2018 تک ایڈوانسز اور ڈپازٹس کی نسبت 51.2 فیصد رہی (دسمبر 2017 میں 47.3 فیصد)۔

بینک کا اوسط پاکستان انویسٹمنٹ بانڈز (پی آئی بی) پورٹ فولیو 463 ارب روپے سال 2018 کے 9 ماہ کے دوران ریکارڈ کیا گیا جو گزشتہ سال کی اسی مدت کے دوران 556 ارب روپے تھا۔ 8.4 فیصد کے نتائج کے ساتھ بینک کی کلیدی انویسٹمنٹ آمدنی میں زیر جائزہ مدت کے دوران اس انویسٹمنٹ کا

ارکان کوڈائزیکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2018 کو ختم ہونے والے 9 ماہ کے مالیاتی گوشوارے پیش کرنا میرے لئے باعث مسرت ہے۔

کارکردگی کا جائزہ (Performance Overview)

بیلنس شیٹ میں سال 2018 کے پہلے 9 ماہ کے دوران بھی اچھی کارکردگی کا رجحان جاری رہا اور 2017 کے 9 ماہ کے مقابلے میں سال بہ سال اوسط اثاثوں کی بنیاد میں 9 فیصد کا اضافہ ہوا۔

نئے کسٹمرز سے تعلقات بنانے پر مسلسل زیادہ توجہ دینے، خاص طور پر اہم ڈپازٹس کے معاملے میں بینک نے سال 2018 کے 9 ماہ کے دوران 446,000 کرنٹ اکاؤنٹس کا اضافہ کیا جو کہ سال 2017 کے 9 ماہ کے دوران 405,000 تھا۔ اوسط کرنٹ ڈیپازٹ میں اضافہ 61.5 ارب روپے تک ہوا جو سال 2018 کے 9 ماہ کے دوران 449 ارب روپے کے قریب تھا۔ اس طرح سال بہ سال اضافہ 16 فیصد رہا۔ نتیجے کے طور پر 2017 کے 9 ماہ کے دوران جو کرنٹ اور کل ڈپازٹ کی باہمی شرح 40 فیصد تھی 2018 کے 9 ماہ میں بڑھ کر 44 فیصد ہو گئی۔ کرنٹ اکاؤنٹس میں اضافے کی بھرپور موبائلائزیشن کے ساتھ ساتھ زیادہ لاگت والے ڈپازٹس میں کمی بھی لائی گئی تاکہ ڈپازٹ پورٹ فولیو کو معقول اور ڈپازٹس کی لاگت کو بہترین سطح پر برقرار رکھا جاسکے۔

سال 2018 کے 9 ماہ کے دوران بینک کا خالص ریونیو 61.3 ارب روپے ریکارڈ کیا گیا جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 5 فیصد اضافے کو ظاہر کرتا ہے۔ نیٹ انٹرسٹ آمدنی 41.9 ارب روپے رہی جو کہ 2017 کے پہلے 9 ماہ کی آمدنی کے مطابق تھی۔ نان فنڈڈ آمدنی 19.4 ارب روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں 21 فیصد زیادہ ہے، جس میں زیادہ حصہ کاروباری فیس، فارن ایکسچینج انکم کے ساتھ ساتھ کمپیٹل گینز میں اضافہ تھا۔

2018 کے 9 ماہ کے دوران انتظامی اخراجات 28.2 ارب روپے ہوئے جو کہ 2017 کے 9 ماہ کے مقابلے میں 8 فیصد زیادہ ہیں۔ 2017 کے 9 ماہ کے مقابلے میں لاگت اور آمدن کی شرح 44.8 فیصد سے بڑھ کر 45.9 فیصد ریکارڈ کی گئی۔

2018 کے 9 ماہ کے دوران یو بی ایل نے Net Provision Charge 7.4 ارب روپے دکھایا جس کی وجہ بینک کے انٹرنیشنل لون پورٹ فولیو کی کوریج کے لئے محتاط اقدامات تھے۔ (2017 کے 9 ماہ میں یہ 11 کروڑ 90 لاکھ روپے تھا)۔ دسمبر 2017 کے مطابق ستمبر 2018 میں بھی ایسٹ کوالٹی 7.9 فیصد ریکارڈ کی گئی۔

2018 کے 9 ماہ کے دوران غیر مجتمع قبل از ٹیکس منافع 16.5 ارب روپے رہا جو کہ سال 2017 کے پہلے 9 ماہ کے دوران 31.4 ارب روپے تھا۔ انٹرنیشنل میں پرویژن چارج کے علاوہ، گزشتہ سروس پشن کے فوائد کی مد میں منافع پراثر 8.7 ارب روپے کی One-off Provision سے بھی پڑا۔ (جس کا ذکر مالیاتی رپورٹ کے نوٹ 18 میں کیا گیا ہے)۔ اس غیر معمولی آئیٹم کو چھوڑ کر ٹیکس سے قبل منافع 25.2 ارب روپے ریکارڈ کیا گیا۔

NOTES



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