

LEADING THE WAY IN DIGITAL REVOLUTION

ANNUAL REPORT 2022



LEADING THE WAY IN DIGITAL REVOLUTION

Since inception in 1959, UBL has gradually evolved into Pakistan's leading financial institution. Just like a butterfly's metamorphosis from a caterpillar to an adult, a bank can also evolve over time as it adapts to changes in the market and the needs of its customers. Similar to the butterfly's transformation, this process can involve gradual changes to the bank's organisational structure, operations, products and services offered to the customers.

The butterfly emerges from the cocoon with wings, colorful patterns, and other adaptations that enable it to survive and reproduce in its environment. UBL has evolved from purely a traditional brick-and-mortar model to one that is in the metaverse, with the development of new digital technologies and changes in consumer behavior.

With careful planning, strategic investments and the willingness to adapt to change, UBL has shed its cocoon with a new set of capabilities and strengths to thrive in its environment.



CONTENTS

Company Information	08	UBL International Network	60
Chairman's Profile	10	Complaint Management at UBL	61
Board of Directors	12	Shariah Board's Report for the Financial Year 2022	62
Chairman's Review Report to the Members	22	Independent Auditor's Review Report on the Statement of Compliance	68
Directors' Report to the Members 2022	23	Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2022	69
Environmental, Social & Governance 2022	42	Annual Statement on Internal Controls 2022	71
President & CEO Review 2022	48		
Management Team	52		
Growth at a Glance	56		

Financial Statements 2022	74	Notes to and forming part of the Unconsolidated Financial Statements	85
Auditor's Report on Unconsolidated Financial Statements to the Members	75	Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements	162
Unconsolidated Statement of Financial Position	80	Annexure 'II' as referred to in note 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements	181
Unconsolidated Profit and Loss Account	81	Annexure 'III' as referred to in note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements	188
Unconsolidated Statement of Comprehensive Income	82		
Unconsolidated Statement of Changes in Equity	83		
Unconsolidated Cash Flow Statement	84		

Auditor's Report on Consolidated Financial Statements to the Members	189	Consolidated Profit and Loss Account in USD	285
Consolidated Statement of Financial Position	193	Category of Shareholders	286
Consolidated Profit and Loss Account	194	Details of Mutual Funds & Modarabas	287
Consolidated Statement of Comprehensive Income	195	Pattern of Shareholding	288
Consolidated Statement of Changes in Equity	196	Shares Trading (Sale / Purchase) during the year 2022	293
Consolidated Cash Flow Statement	197	Directorship / Membership of UBL's Directors in other Corporate Bodies	294
Notes to and forming part of the Consolidated Financial Statements	198	Notice of 64 th Annual General Meeting	298
Consolidated Statement of Financial Position in USD	284	Form of Proxy	



LEADING THE VISION TO
STRIVE FOR EXCELLENCE
WITH A MISSION THAT
EMPOWERS OUR VALUES

VISION

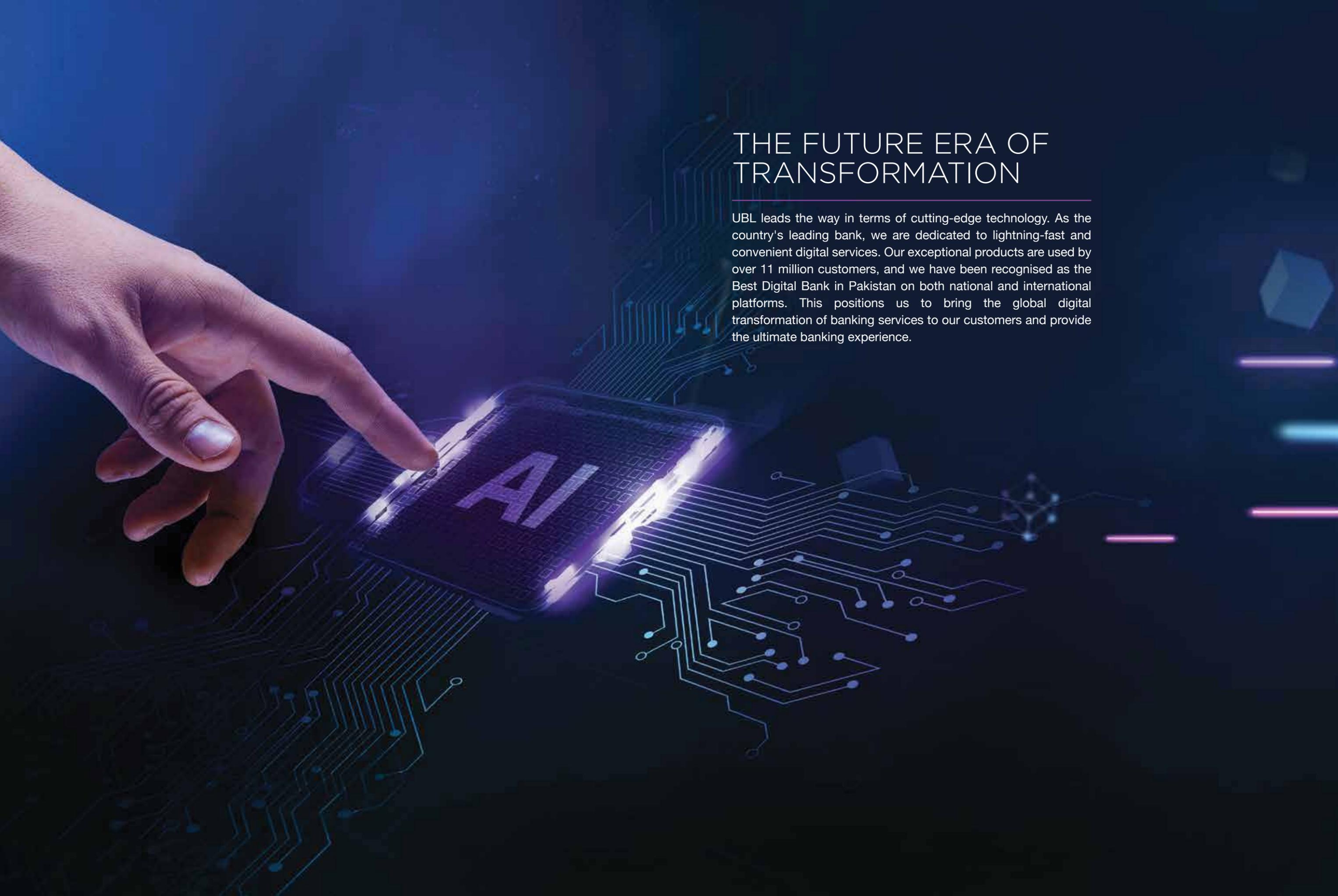
To be a world class bank dedicated to excellence, and to surpass the highest expectations of our customers and all other stakeholders.

MISSION

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

VALUES

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

A hand is shown from the left, pointing towards a glowing, square-shaped chip with the letters 'AI' on it. The chip is set against a background of glowing blue and purple circuit lines and data points. The overall scene is set against a dark blue background with some abstract light patterns on the right side.

THE FUTURE ERA OF TRANSFORMATION

UBL leads the way in terms of cutting-edge technology. As the country's leading bank, we are dedicated to lightning-fast and convenient digital services. Our exceptional products are used by over 11 million customers, and we have been recognised as the Best Digital Bank in Pakistan on both national and international platforms. This positions us to bring the global digital transformation of banking services to our customers and provide the ultimate banking experience.

COMPANY INFORMATION

Board of Directors

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

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

Mr. Haider Zameer Choudrey
Non-Executive Director

Mr. Rizwan Pervez
Non-Executive Director

Mr. Shazad G. Dada
President & CEO

Mr. Muhammad Jawaid Iqbal
Non-Executive Director

Mr. Amar Zafar Khan
Independent Director

Mr. Tariq Rashid
Independent Director

Ms. Shazia Syed
Independent Director

Committees of the Board

Board Audit Committee (BAC)

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

Board Nomination Committee (BNC)

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

Board Human Resource & Compensation Committee (HRCC)

Mr. Tariq Rashid
Chairman
Sir Mohammed Anwar Pervez, OBE, H Pk
Member
Mr. Muhammad Jawaid Iqbal
Member
Mr. Rizwan Pervez
Member
Mr. Abdul Jabbar Junejo
Secretary

Chief Financial Officer

Mr. Arif Akmal Saifia

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

Board Risk & Compliance Committee (BRCC)

Mr. Muhammad Jawaid Iqbal
Chairman
Lord Zameer M. Choudrey, CBE, SI Pk
Member
Ms. Shazia Syed
Member
Mr. Shazad G. Dada
Member
Mr. Imran Sarwar
Secretary

Share Registrar

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

Board IT Committee (BITC)

Mr. Tariq Rashid
Chairman
Lord Zameer M. Choudrey, CBE, SI Pk
Member
Mr. Haider Zameer Choudrey
Member
Mr. Shazad G. Dada
Member
Mr. Muhammad Faisal Anwar
Secretary

Auditors

M/s. EY Ford Rhodes
Chartered Accountants

Legal Advisors

M/s. Mehmood Abdul Ghani & Co,
Advocates

Contacts

UAN: 111-825-111
Contact Centre: 111-825-888
Website: www.ubldigital.com
Email: customer.services@ubl.com.pk



CHAIRMAN'S PROFILE

Sir Mohammed Anwar Pervez, OBE H Pk

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

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

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

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

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

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

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

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

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

BOARD OF DIRECTORS

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



Lord Zameer Mohammed Choudrey CBE, SI Pk has been a Member of the Board of Directors of United Bank Limited since October 2002. He is a Member of the Board Risk and Compliance Committee (BRCC), Board IT Committee (BITC) and Board Nomination Committee (BNC). He is also a Director of UBL Insurers Limited.

He is the Chief Executive of Bestway Group, which is the 9th largest family owned business in UK with annual turnover of £4.5 billion. The Group is the 2nd largest wholesaler in the UK, the 3rd largest retail pharmacy in the UK, the 2nd largest cement producer in Pakistan and the 2nd largest private bank in Pakistan. The Group provides employment to over 33,600 globally.

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

He is a fellow of the Institute of Chartered Accountants in England and Wales. He is the Chairman of Conservative Friends of Pakistan.

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

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

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

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

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

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

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

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

Haider Zameer Choudrey, ACA
Director



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

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

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

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

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

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

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

BOARD OF DIRECTORS

Rizwan Pervez
Director



Mr. Rizwan Pervez has been a Member of the Board of Director of United Bank Limited since March 2014. He is a Member of the Board Audit Committee (BAC) and the Board Human Resource & Compensation Committee (HRCC). He is also a Director of UBL Insurers Limited.

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

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

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

In 2006, Rizwan was appointed Operations Director where he led and managed the integration of Bestway and Batleys wholesale operations which created the UK's largest independent wholesale group. In 2012, Rizwan was appointed the Group Marketing & PR Director. In 2014, he was appointed as Wholesale Operations Director. In 2016, he was appointed as Customer Liaison Director.

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

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

Rizwan is a Trustee of Bestway Foundation UK.

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

Muhammad Jawaid Iqbal, CFA
Director



Mr. Muhammad Jawaid Iqbal is a member of the Board of Directors of United Bank Limited since December 14, 2022. He is the Chairman of the Board Risk & Compliance Committee (BRCC) and member of the Board Human Resource & Compensation Committee (HRCC).

He is founder of Providus Capital (Private) Limited—an investment firm established in 2017. Providus Capital primarily invests into public equity markets of Pakistan.

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

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

BOARD OF DIRECTORS

Amar Zafar Khan
Director



Mr. Amar Zafar Khan is a Chartered Accountant turned International banker with over 30 years' multi-functional international experience at Price Waterhouse Coopers, UK and Citibank NA. His core contribution has been in turnarounds and developing new products and businesses in commercial banking, investment banking, domestic and cross-border corporate finance and securities trading.

As an international staff member of Citibank, he served in Europe, the Middle East and Africa. In Europe he started a new aircraft and ship leasing business to a position of market leadership. Another notable commercial success was the pioneering First Securities Discount House, an IFC investment in Nigeria, which he set up and grew to market leadership in trading Fixed Income Securities and Asset Management. He later returned to Nigeria as Executive Director to oversee restructuring of retail banking, investment banking and international operations of United Bank for Africa, after it was privatised.

He returned to Pakistan after 23 years. Initially as an advisor and later as the Chairman and CEO of United Bank Limited (UBL) a nationalised institution, he restructured, commercialised and privatised the Bank. He continued with the new owners as CEO before retiring to Malaysia in order to pursue academic interests, social causes and mentoring new businesses.

He pursues efforts to influence a shift in Pakistan's emphasis towards horticulture exports and up scaling of industry away from unsustainable import substitution to exports.

Amar is a Certified Director from the Pakistan Institute of Corporate Governance (PICG). He has served on the Boards of various NGOs engaged in Healthcare, Population Control and Education. Aside from UBL, he serves on the Boards of two other listed companies as a non executive independent director.

Amar holds an M.B.A. (Major in Marketing) from Cranfield School of Management, Bedford, UK. In 1981, he was admitted as a Fellow of the Institute of Chartered Accountants in England & Wales.

Shazia Syed
Director



Ms. Shazia Syed has been a Member of the Board of Directors of United Bank Limited since November 10, 2020. She is the Chairperson of Board Audit Committee (BAC) and member of Board Risk & Compliance Committee (BRCC).

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

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

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

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

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

BOARD OF DIRECTORS

Tariq Rashid
Director



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

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

He is the Chairman of the Board IT Committee (BITC) and Board Human Resource & Compensation Committee (HRCC) of UBL.

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

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

Shazad G. Dada
President and CEO



Mr. Shazad G. Dada is the President and CEO of UBL. He is a prominent banking and capital markets professional with over 30 years of distinguished experience with renowned financial institutions in the United States and Pakistan.

Before joining UBL, Shazad was the CEO of Standard Chartered Bank (Pakistan) Ltd and a member of its Africa and Middle East regional Management Team. He also served as the CEO and Managing Director of Barclays Pakistan and Head of Regional Transaction Services Steering Committee for Asia, India, UAE and Pakistan.

Shazad started his career at Deutsche Bank Securities Inc. in New York, where he worked for over 15 years in various capacities, last as the Managing Director of the Mergers, Acquisitions and Corporate Advisory Group. He moved back to Pakistan in 2005 as the Managing Director and Chief Country Officer of Deutsche Bank AG Pakistan.

He is a member of the Board of Director of UBL UK, Council Member at the Institute of Bankers Pakistan, nominated representative at the Pakistan Business Council and executive committee member of the Pakistan Banks Association.

Shazad has held various non-executive positions in the past including President of Overseas Investors Chamber of Commerce and Industry (OICCI), Chairman of Pakistan Mercantile Exchange, Chairman Pakistan Banks Association, Independent Director of the Pakistan Stock Exchange (PSX), member of the Board of Directors of Sui Southern Gas Company Limited and member Board of Governors of British Overseas School.

Shazad is a graduate with honours from University of Pennsylvania with Bachelors of Science and Bachelors of Arts degrees and holds an MBA from the Wharton Business School.

He is a Member of the Board Risk and Compliance Committee (BRCC) and Board IT Committee (BITC) of UBL. He is a Certified director from the Pakistan Institute of Corporate Governance (PICG).

Shazad has been associated with various reputed charitable, educational and healthcare organizations. He is the Chairman of the Board of Trustees of Developments in Literacy and Director on the Board of the Karachi Education Initiative. He is also Director of NIBAF. Shazad is a strong advocate for diversity and inclusion and in 2019, he was recognised as one of the top 10 HERoes Women Role Model.

A hand is shown interacting with a futuristic, glowing smartphone. The phone is held vertically, and a finger is touching the screen, which emits a bright blue light. The background is a dark blue gradient with various abstract digital elements, including glowing lines, a network diagram, and a cube. The overall aesthetic is high-tech and futuristic.

THE PROGRESSIVENESS OF TOMORROW

UBL has redefined tomorrow's landscape by devoting its efforts towards a more progressive banking experience. What followed was an amazing journey of discovering new ways to add value to every aspect of our business. We will continue to invest in areas that drive Pakistan's economic development and contributes to a more financially inclusive country by making banking better, faster, and safer. We remain committed to providing services with unparalleled value to transform everyone's tomorrow.

CHAIRMAN'S REVIEW REPORT TO THE MEMBERS

I am elated to announce that 2022 has been another remarkable year for United Bank Limited (UBL) as the Bank continues to expand its profitability levels. As Chairman of the Board of one of the largest financial institutions of Pakistan, I would like to express my gratitude towards our ever-increasing customer base, who continue to place their faith in our organisation. As we continue in our journey towards being a world class bank dedicated to excellence and to surpass the highest expectation of our customers, I would like to appreciate the management as well as our invaluable UBL family who maintain the highest level of professionalism and commitment towards serving our customers.

The core foundation of UBL franchise remains its domestic operations. We will continue to invest in our network, our people and our technological infrastructure, to widen our digital product suite and further improve our customer service standards. The Bank has stabilised its international businesses as we look to build a more profitable and sustainable business model for the longer term. The International branches posted a healthy contribution to the Bank's bottom line in 2022 and we believe that the business will continue to be a strong diversification benefit to the UBL franchise. We maintain a strong relationship with the Pakistani diaspora all over the world who continue to regard UBL as their bank of choice, as we maintained our market leadership position in the home remittances space.

The Bank continues to work closely with the regulators and is actively participating in all major nation building initiatives to strengthen the economy and expand the scope of financial services across the country. We are an active participant in housing schemes, providing access to loans to the country's youth, as well as playing a major role in mobilising foreign currency under the very successful Roshan Digital initiative of the Government of Pakistan.

I am pleased to inform you that the Bank adheres to the highest standards of corporate governance in line with regulatory guidelines and international best practices. The Board has constituted various sub-committees with a comprehensive oversight framework for governance across risk management, audit, information technology and other key functions necessary for achieving the Bank's strategic objectives. I would like to mention that the Board and its sub-committees have carried out their responsibilities with the highest levels of competence, professionalism, proficiency and in accordance with their respective terms of reference.

I would also like to inform that a fair internal mechanism is being followed for evaluating performance of individual directors, including the Chairman and the President, as well as the overall Board and its committees.

The Bank continues to invest in its technological capabilities as part of our Digital and Payments strategy. For the third consecutive year, Asiamoney lauded UBL's digital excellence by declaring it the "Best Bank for Digital Solutions" in Pakistan for 2022. Alongside, Euromoney declared UBL as the "Market Leader of Digital Banking" in Pakistan, especially based on its track record as the best in digital. This is testament to UBL's contribution in expanding the scope of financial services through digital channels in Pakistan and leading innovation within the local banking space.

Finally, I would like to thank our customers for their continued trust in UBL. I would also like to take this opportunity to express my gratitude to all fellow Board members for their valuable contribution and our shareholders for their backing. I would like to thank all the regulatory authorities for their continued guidance and support.



Sir Mohammed Anwar Pervez, OBE, HPk
February 22, 2023

DIRECTORS' REPORT TO THE MEMBERS 2022

On behalf of the Board of Directors, we are pleased to present the 64th Annual Report of United Bank Limited (UBL or the Bank) for the year ended December 31, 2022.

Performance Overview

On a standalone basis, UBL recorded Profit Before Tax (PBT) of Rs. 68.3 billion for the year ending December 31, 2022, with a strong growth of 31% year on year.

The Bank's gross revenues were recorded at Rs. 137.7 billion for 2022, an increase of 45% against the corresponding period of last year. Net mark-up income stood at Rs. 103.2 billion, with a significant increase of 44%. Non-markup income stood at Rs. 34.4 billion in 2022, recording an increase of 47%, with a strong build up in core revenues and a one-off gain of Rs. 6.8 billion on the winding up of UBL Switzerland AG, a previously wholly owned subsidiary.

The Bank's operating expenses stood at Rs. 52.3 billion for 2022, up 22% year on year, a result of significantly higher inflation levels, steep decline in the value of the PKR and higher overheads across the network. Despite the increase in the cost base, UBL's cost to income ratio improved from 45% in 2021 to 38% in 2022.

The Bank recorded a net provisioning expense of Rs. 15.7 billion in 2022 (2021: net provision reversal of Rs. 955 million), mainly to build coverage against investments held within UBL International.

Financial Highlights

On a standalone basis, UBL recorded Profit After Tax (PAT) of Rs. 32.1 billion for 2022 as against a PAT of Rs. 30.9 billion for 2021. Earnings per share (EPS) was measured at Rs. 26.19 for 2022 (2021: Rs. 25.23).

On a consolidated basis, UBL recorded PAT of Rs. 32.1 billion (2021: Rs. 30.6 billion). The consolidated EPS was measured at Rs. 25.76 for 2022 (2021: Rs. 24.84).

Net Markup Income

The Bank earned net markup income of Rs. 103.2 billion in 2022, with a strong build up in the revenue base which is up 44% year on year. Benchmark interest rates averaged 13.2% in 2022 versus 7.3% in 2021, a result of significant monetary tightening and sharp increase in inflation. With a consistent build up in the balance sheet during the year, markup earning assets averaged Rs. 2.2 trillion in 2022, growing by 13%. A timely repositioning within the asset book strengthened interest earnings which is driven by a well-diversified portfolio of fixed and floating rate investments. This resulted in a sharp increase in net interest margins (NIMs) from 3.8% in 2021 to 4.9% in 2022.

Domestic deposits averaged Rs. 1.64 trillion in 2022, growing by 9% over last year with a net incremental increase of Rs. 130 billion in the portfolio. Domestic CASA deposits averaged Rs. 1.39 trillion for 2022, with a 7% growth year on year. The average CASA to total deposits remained strong and was measured at 85%, largely in line with last year.

Branch Banking Group continues to expand its portfolio of low cost, stable deposits as it added approximately 613,000 new current account relationships in 2022 as against 564,000

current account relationships in the corresponding period of last year. This led to average current deposits recording a growth of 13% year on year, increasing to Rs. 715 billion in 2022. Resultantly, the average current to total deposits ratio improved to 43.6% in 2022 from 42.1% in 2021. The domestic portfolio of savings accounts averaged Rs. 674 billion in 2022 (2021: Rs. 661 billion). The domestic cost of deposits was measured at 6.4% in 2022 as against 3.6% in the corresponding period of last year and remained well contained despite the sharp increase in interest rates during the year.

Bank level performing advances averaged Rs. 665 billion for 2022, growing by a strong 20% year on year. Domestic performing advances averaged Rs. 525 billion, with an increase of 18%, mainly due to the build up across the Corporate portfolio. The Bank continued to scale up its Islamic business as the segment's loan book averaged Rs. 69 billion for 2022, up 87% year on year.

The Bank's markup earning investments averaged Rs. 1.47 trillion for 2022, growing by 8%. The domestic government securities portfolio earned a healthy yield of 12.3% during 2022. UBL International also maintained a healthy contribution to the Bank's overall net-markup income with yields of 5.6% earned on the investment portfolio, comprising primarily of foreign sovereign debt instruments.

Non-Markup Income

The Bank earned non-markup income of Rs. 34.4 billion in 2022, with a strong increase of 47%. Non-markup income contributed 25.0% to the total revenues of the Bank (2021: 24.6%).

Fees and commission income of Rs. 15.9 billion was earned in 2022, with an overall growth of 21%. Customer fees from branch banking operations stood at Rs. 2.3 billion, an increase of 33%, driven mainly by business acquisitions across the retail network.

UBL maintained its leadership position in the domestic home remittances space with a market share of over 21%. As a result, commission income of Rs. 2.0 billion was earned in 2022, with growth of 20%. Bancassurance business maintained its significant contribution to the non-markup revenue base with commissions of Rs. 1.6 billion earned during the year and was up 4%.

Income from debit and credit card fees of Rs. 3.1 billion was earned in 2022, which is up 21% with the portfolio of active debit card customers now standing at over 2.5 million, with 930,000 new acquisitions during the year. Commission income from cash management was recorded at Rs. 1.1 billion in 2022, growing by 14% year on year with higher throughput volumes across Corporate and SME customers. Income from trade and guarantee business was recorded at Rs. 2.0 billion, recording a strong growth of 58% with steady volumes across long standing customer relationships.

The Bank earned foreign exchange income of Rs. 8.4 billion for 2022 as against Rs. 4.0 billion last year, primarily due to enhanced customer flows and proactive balance sheet positioning. Dividend income of Rs. 2.1 billion was earned in 2022, an increase of 3%, with payouts mainly from the Bank's holdings in fertilizer and energy sectors. The Bank recorded a gain of Rs. 6.8 billion on the voluntary wind up of its previously wholly owned subsidiary, UBL Switzerland AG.

Provisions and Loan Losses

UBL recorded a net provision charge of Rs. 15.7 billion in 2022 versus net provision reversals of Rs. 955 million in 2021. A provision charge of Rs. 19.1 billion was recorded against the Bank's investment portfolio, mainly to build coverage against its holdings of foreign sovereign bonds held within UBL International. The Bank also recorded net provision reversal of Rs. 2.9 billion against loans and advances as against a net provision charge of Rs. 1.2 billion in 2022, owing to strong recovery efforts both within Domestic and International operations.

Bank level non-performing loans (NPLs) stood at Rs. 93.3 billion at Dec'22, (Dec'21: Rs. 86.0 billion), an increase of Rs. 7.3 billion. Bank level asset quality declined from 11.8% at Dec'21 to 9.2% at Dec'22, while specific coverage was enhanced from 86.9% at Dec'21 to 87.6% at Dec'22.

Gross advances for the domestic bank stood at Rs. 785 billion at Dec'22 as against Rs. 544 billion at Dec'21 and constitute 77% of the total portfolio. Domestic NPLs reduced by Rs. 0.9 billion since Dec'21, from Rs. 27.1 billion to Rs. 26.2 billion at Dec'22. Domestic bank's asset quality improved further to 3.3% at Dec'22 (Dec'21: 5.0%), due to the strong build up in the performing portfolio during the year.

UBL International's NPLs stood at USD 296.5 million at Dec'22 (Dec'21: USD 334.0 million). Specific coverage against loans for the International business was measured at 87.5% at Dec'22 (Dec'21: 86.4%).

Cost Management

UBL remains focused on creating operational efficiencies across the branch network and with support functions' enhanced synergies and greater use of technologies to digitise the Bank's functions and processes. The Bank's operating expenses were recorded at Rs. 52.3 billion for 2022, growing by 22%. Employee compensation was recorded at Rs. 19.7 billion for 2022, up 19% primarily due to inflation related salary adjustments as well as merit increments. Property expenses were recorded at Rs. 8.9 billion, growing by 27%, and includes a one-off adjustment for change in the accounting estimate for depreciation on premises. IT expenses recorded an increase of 19%, primarily due to the steep devaluation in the PKR against USD impacting licensing payments in foreign currencies. Other operating expenses were recorded at Rs. 18.4 billion, growing by 24%, as a result of variable expenses in line with increased business volumes as compared with last year.

Capital Ratios

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

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

The Bank's overall CAR stood at 19.2% at Dec'22 (Dec'21: 21.5%), with a buffer of 7.2% over the minimum regulatory requirement of 12.0%. The Common Equity Tier 1 (CET-1) ratio stood at 13.4% at Dec'22 (Dec'21: 15.1%). Total Tier 1 Capital ratio was measured at 14.4% at Dec'22 (Dec'21: 16.3%).

The Board of Directors of UBL declared a final cash dividend of Rs. 9.0 per share in their meeting in Islamabad held on February

22, 2023, along with the results for the year ended December 31, 2022.

Economy Review

Pakistan continues to be impacted by a weak external account position, with a dire need for affirmation of external financial inflows and resumption of the IMF programme. These are now critical to maintain and then stabilise the economy in order to rebuild major industrial sectors.

The country's Current Account recorded a deficit of USD 3.7 billion for H1 FY'23, a decline 60% over the corresponding period of last year. Balance of trade recorded a deficit of USD 19.6 billion for 7M. FY'23 versus a deficit of USD 28.9 billion last year. Exports were recorded at USD 16.5 billion for 7M FY'23, recording a decline of 7.2% while imports were recorded at USD 36.1 billion and are down 22.5% year on year. Home remittances stood at USD 16.0 billion for 7M FY'23, down 11% year on year. The domestic FX markets continued to remain volatile with the PKR having depreciated by 51% in value February 13, 2023, versus December 31, 2021.

Inflation levels continue to remain at historic high levels as CPI was measured at 27.6% for Jan'23 as against 13.0% in Jan'22 (Dec'21: 12.3%). Elevated domestic energy prices as well as rising food inflation will continue to slowdown economic activity and impact GDP levels in the near term. The SBP in its recent monetary policy meeting held on January 23, 2023, increased the benchmark interest rate by a further 100 bps to 17.0%.

The KSE-100 index was also remained impacted by the current economic environment and closed at 40,420 points as at Dec'22, declining by 9% since Dec'21. Deposits for the banking sector stood at Rs.22.5 trillion as at Dec'22, up 7% since Dec'21, while banking sector advances closed at Rs. 11.9 trillion as at Dec'22, up 17% over Dec'21. Non-performing loans for the banking industry stood at Rs. 898 billion at Sep'22, with an increase of 4% over Dec'21, while asset quality improved from 7.9% at Dec'21 to 7.6% at Sep'22.

UBL International

UBL International recorded a PBT of USD 12.7 million for 2022 (2021: USD 38.7 million). Gross revenues for the International business were recorded at USD 67.3 million (2021: USD 77.7 million). Net markup income was recorded at USD 52.7 million in 2022, with an increase of 8%. Non markup income of USD 14.5 million was earned in 2022 as against USD 28.7 million earned last year, which was higher due to capital gains on sale of investments. Operating expenses were recorded at USD 30.9 million, slightly above last year levels. The business recorded a net provision charge of USD 21.5 million for 2022, mainly on its portfolio of sovereign debt investments, as against a net provision charge of USD 6.2 million incurred primarily on the loan portfolio last year.

UBL International's deposits averaged USD 1.3 billion for 2022, slightly ahead of last year. Cost of deposits was measured at 1.1% in 2022 and remained in line with last year despite a higher rate environment. Performing advances averaged USD 686 million for 2022, with a steady growth of 4%. The foreign debt investment portfolio averaged USD 628 million and earned a consistent and healthy yield of 5.7% during 2022.

Subsidiaries Performance Overview

Highlights of the financial performance of our subsidiaries in 2022 is as follows: -

United National Bank Limited (UBL UK) is a 55% owned subsidiary of UBL. In 2022, UBL UK posted a PBT of £ 6.0 million (2021: £ 2.2 million). The bank's net markup income stood at £ 18.1 million, growing by 39% year on year. Non markup income stood at £ 6.6 million (2021: £ 1.9 million). Fee income increased

by 50% year on year. Administrative expenses were recorded at £ 13.5 million, largely in line with last year. UBL UK recorded net provision reversals of £ 5.1 million as against a net provision charge of £ 0.7 million in 2021. The bank's net investments portfolio increased by 33%, while net advances grew by 26%. On the funding side, the overall deposits base expanded by 25% over Dec'21.

UBL Switzerland AG was a wholly owned subsidiary of UBL. The shareholders of the UBL resolved to voluntarily wind up UBL Switzerland AG in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 6, 2021. This decision is in line with the Bank's strategy to exit from non-core markets. The subsidiary was formally wound up in December 2022.

UBL Fund Managers Limited, Pakistan (UBLFM) is a 98.9% owned subsidiary of UBL. UBLFM recorded a PBT of Rs. 644 million in 2022, a strong growth of 14% year on year. The funds under management of UBLFM stood at Rs. 165 billion at the close of 2022 (2021: Rs. 116 billion).

UBL Bank (Tanzania) Limited (UBTL) was a wholly owned subsidiary of UBL. UBTL entered into an asset and liabilities purchase agreement with EXIM Bank Tanzania Limited (EXIM) on 22 May 2019. EXIM took over control of UBTL's assets and liabilities on November 1, 2019. The subsidiary was formally wound up in August 2022.

Credit Rating

VIS Credit Rating Company Limited (VIS) re-affirmed the entity ratings of UBL at "AAA / A-1+" (Triple A / A-One Plus) on June 30, 2022. Furthermore, UBL's Additional Tier-1 (ADT-1) TFC has also been re-affirmed at 'AA+' (Double A plus). Outlook on the assigned ratings are 'Stable'.

Awards and Recognition

UBL was lauded for its digital excellence by Asiamoney, an associate of Euromoney, for the third time in a row. The award is a testament to UBL's contribution in expanding the scope of financial services through digital channels in Pakistan and leading innovation within the local banking space. The Bank continues to invest in digital platforms and in developing its teams that are redefining the future of banking in Pakistan.

Future Outlook

Our vast network presence remains the foundation of the UBL franchise. Looking ahead, the Bank will be aiming to optimise its network by focusing more on high potential areas with more bespoke regional characteristics and increased demand for financial services. The Bank will target low-cost deposits to maximise the earnings potential of its balance sheet. For the purpose, the Bank will actively target aggressive growth within current deposits, including pursuing cross sell opportunities across its diverse business segments and other group entities.

In today's fast paced and constantly evolving technological landscape, UBL is aggressively investing in its transformation agenda and aligning its functions and processes accordingly. The Bank's transformation strategy is focused on technology, processes, data analytics led transformation and more importantly, changing the entire culture within the Bank towards more technology driven solutions in day-to-day operations, which will position the Bank as a much more agile and efficient organization.

The Islamic business remains a key strategic priority for the Bank and in 2023, we will be looking to expand UBL Ameen's outreach within this growing segment. The Bank's core International business has stabilised and is making a strong contribution to bottom line performance.

We are fully committed to setting benchmarks for the Environmental, Social and Governance (ESG) standards in the Pakistani corporate space. Strengthening compliance and control standards in line with international best practices remains an ongoing strategic priority. Our people remain our greatest asset and our ambition is to be the employer of choice within the banking space not only for our staff but also professionals looking to expand their horizons.

Corporate Governance

Directors' statement

The Board of Directors is committed to ensuring that the requirements of corporate governance set by the Securities and Exchange Commission of Pakistan are fully met. The Bank has adopted good corporate governance practices and the Directors are pleased to report that:

- The financial statements, prepared by the management of the Bank, present fairly the state of affairs of the Bank, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements without any departure therefrom.
- The system of internal control in the Bank is sound in design and is effectively implemented and monitored.
- There are no significant doubts regarding the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Performance highlights for the last six years are attached to these unconsolidated financial statements.
- Profit amounting to Rs. 3.2 billion has been transferred to Statutory Reserve for the year 2022.
- The Board of Directors consists of eight* (8) male and one (1) female member. The detailed composition of the Board is given in paragraphs 1 and 2 of the Statement of Compliance with the Code of Corporate Governance.

*Among the eight numbers, a casual vacancy arose on December 14, 2022, with the resignation of one of the Director. The Board appointed a new Director whose Fit and Proper Test clearance was received from the regulator on January 5, 2023.

- An evaluation of the performance of the board and its sub-committees was conducted internally in line with the applicable regulatory framework and best practices.
- Details of Directors' training programs are given in the Statement of Compliance with the Code of Corporate Governance.
- The Non-Executive Directors, including Independent Directors, are eligible for fees and logistic related expenses for attending meetings of the Board and its Committees, as approved by the Shareholders.
- The Board has constituted the following five Committees with defined Terms of Reference (ToRs):

Board Audit Committee (BAC):

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

Board Risk and Compliance Committee (BRCC):

Mr. Muhammad Jawaid Iqbal	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Ms. Shazia Syed	Member
Mr. Shazad G. Dada	Member
Mr. Imran Sarwar	Secretary

Board Human Resource & Compensation Committee (HRCC):

Mr. Tariq Rashid	Chairman
Sir Mohammed Anwar Pervez, OBE, HPk	Member
Mr. Muhammad Jawaid Iqbal	Member
Mr. Rizwan Pervez	Member
Mr. Abdul Jabbar Junejo	Secretary

Board IT Committee (BITC):

Mr. Tariq Rashid	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Mr. Haider Zameer Choudrey	Member
Mr. Shazad G. Dada	Member
Mr. Muhammad Faisal Anwar	Secretary

Board Nomination Committee (BNC):

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

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

Board Audit Committee (BAC):-

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

Board Risk and Compliance Committee (BRCC):-

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

Board Human Resource & Compensation Committee (HRCC):-

The committee is responsible for recommending to the Board

the overall remuneration mechanism and policy across the Bank and ensuring that the policies are aligned with regulatory requirements. The purview of the committee includes the review of the overall compensation and benefit structure, including material risk takers (MRTs) and material risk controllers (MRCs), headcount levels, as well as recommending human resource management policies to the Board. The committee is also responsible for recommending to the Board a policy framework for determining remuneration of directors, executive and non-executive directors, and members of senior management in accordance with relevant prevailing regulatory guidelines.

Board IT Committee (BITC):-

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

Board Nomination Committee (BNC):-

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

Directors Appointment and Nomination

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

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

Active role of Independent Directors is ensured to enhance the overall effectiveness of the Board. While selecting and appointing independent directors, the applicable provisions of the laws, rules and regulations are meticulously complied with. Independent Directors are selected to demonstrate the transparency and fairness in their role and also to provide an objective and independent judgment in the best interest of the Bank.

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

Board Performance Evaluation

To comply with the requirement of BPRD Circular No. 05 of 2021 dated November 22, 2021 - The Corporate Governance Regulatory Framework, a formal process of evaluation of

performance of the Board as a whole and its committees has been framed and implemented according to the prevailing regulatory instructions.

Compensation of Directors

Considering the requirements of Corporate Governance Regulatory Framework guidelines issued by State Bank of Pakistan through the circular # BPRD Circular No. 05 dated Nov 22, 2021, the Board approved and recommended the revisions in the Directors' Remuneration Policy in its meeting held on February 23, 2022, to the General Meeting for its final approval. The revisions / updated policy was approved by the shareholders in 63rd Annual General Meeting held on March 29, 2022. Under this policy, non-executive directors, including the Chairman will be eligible to receive an amount of Rs. 750,000 per Board meeting and Rs. 750,000 for attending a committee meeting of the Board. In addition to the meeting fees, the Chairman of the Board / Committee will be entitled to an amount equal to 20% of the Board / committee meeting fee for holding the office of the Chairman. The policy also covers traveling, logistics and accommodation expenses as well as daily allowance entitlements.

The details of compensation of directors in 2022 are disclosed in Note 39 to the unconsolidated financial statements.

Meetings of Board Committees

The number of Board Committees' meetings held during the year and the number of meetings attended by the directors is shown below:

	BAC	BRCC	HRCC	BITC	BNC
Number of meetings held	5	4	4	4	1
Number of meetings attended:	5	4	4	4	1
Sir Mohammed Anwar Pervez, OBE, HPk	-	-	4	-	1
Lord Zameer M. Choudrey, CBE, SI Pk	-	4	-	4	1
Mr. Haider Zameer Choudrey	5	-	-	4	-
Mr. Rizwan Pervez	5	-	4	-	-
Mr. Arshad Ahmad Mir	-	4	4	-	1
Mr. Amar Zafar Khan	-	-	-	-	-
Mr. Tariq Rashid	-	-	4	4	-
Ms. Shazia Syed	5	4	-	-	-
Mr. Shazad G. Dada	-	4	-	4	-

The Bank operates five funded retirement schemes which are the Provident Fund, Gratuity Fund, Pension Fund, Benevolent Fund and General Provident Fund.

The values of the investments of these funds, based on their latest audited financial statements as at December 31, 2021, are as follows: -

	Rupees in '000
Employees' Provident Fund	5,032,498
Employees' Gratuity Fund	1,081,469
Staff Pension Fund	10,702,902
Staff General Provident Fund	832,110
Officers / Non-Officers' Benevolent Fund	278,881

Meetings of the Board

During the year under review, the Board of Directors met five (5) times. The number of meetings attended by each Director during the year is shown below:

Name of the Director	Designation	Meetings Attended
Sir Mohammed Anwar Pervez, OBE, HPk	Chairman	5
Lord Zameer M. Choudrey, CBE, SI Pk	Director	5
Mr. Haider Zameer Choudrey	Director	5
Mr. Rizwan Pervez	Director	5
Mr. Arshad Ahmad Mir	Director	4*
Mr. Muhammad Jawaid Iqbal	Director	Nil*
Mr. Amar Zafar Khan	Director	5
Mr. Tariq Rashid	Director	5
Ms. Shazia Syed	Director	5
Mr. Shazad G. Dada	President & CEO	5

*Mr. Arshad Ahmad Mir resigned in December 2022 before the 5th Board meeting and Mr. Muhammad Jawaid Iqbal was appointed in his place, whose Fit and Proper Test clearance was received from the regulator on January 5, 2023.

Pattern of Shareholding

The pattern of shareholding as at December 31, 2022 is given below:

Shareholders	No. of Shares	% of Ordinary Shares
Bestway Group (BG)	750,493,331	61.31%
General Public & Others	361,809,724	29.56%
Banks, DFIs & NBFIs	42,315,876	3.46%
Insurance Companies	32,722,807	2.67%
Modarabas & Mutual Funds	35,867,124	2.93%
International GDRs (non-voting shares)	969,111	0.08%
Privatisation Commission of Pakistan	1,714	0.00%
TOTAL OUTSTANDING SHARES	1,224,179,687	100.00%

The aggregate shares held by the following are:

	No. of Shares
a) Associated Companies, undertakings & related parties	
- Bestway International Holdings Limited *	631,728,895
- Bestway Cement Limited	93,649,744
b) Modarabas & Mutual Funds **	35,867,124
c) Directors & CEO ***	
- Sir Mohammed Anwar Pervez, OBE, HPk	12,765,368
- Lord Zameer M. Choudrey, CBE, SI PK	4,403,870
- Mr. Haider Zameer Choudrey	3,000,000
- Mr. Rizwan Pervez	129,500
- Mr. Amar Zafar Khan	2,500
- Mr. Tariq Rashid	2,500
- Ms. Shazia Syed	2,500
d) Executives	605,224
e) Public sector companies and corporations	118,628
f) Banks, DFIs, NBFIs, Insurance Companies	75,038,683

* The Bank is a subsidiary of Bestway International Holdings Limited which is incorporated in the Guernsey

** Name wise detail of Modarabas & Mutual Funds is annexed with Categories of Shareholders

*** There were no shares held by the spouses or minor children of the Directors and CEO of the Bank

Shareholders holding 5% or more voting rights	No. of Shares	%
Bestway International Holdings Limited	631,728,895	51.60
Bestway Cement Limited	93,649,744	7.65

Trades in the shares of UBL carried out by Directors, Executives and their spouses and minor children are annexed along with the Pattern of Shareholding.

Shariah Board

The details relating to Shariah board and its members required to be disclosed in the Director's Report are covered in the Report of Shariah Board as part of the Annual Report.

Remuneration Framework

In compliance with regulatory guidelines, UBL has put in place a comprehensive remuneration policy to ensure that the Bank's remuneration practices attract, retain and reward the best talent, are in compliance with regulatory guidelines and are aligned with the Bank's overall strategic objectives. One of the key features of the remuneration framework is to promote effective risk management in line with the Bank's risk appetite and within the thresholds set by the Bank.

UBL's Board of Directors has the overall responsibility for reviewing, approving and monitoring the implementation of the remuneration framework, based on recommendations of Board Human Resource and Compensation Committee (HRCC).

The Bank offers a remuneration structure comprising of both fixed and variable elements. Some of the key features of the remuneration structure are as follows: -

Fixed remuneration: This comprises of the base salary, including any annual increments, and role-based fixed allowances, if applicable. Fixed remuneration does not vary with performance and is payable in cash.

Variable performance-based remuneration: These are determined based on the Bank's overall performance, profitability of the respective business unit and the employee's individual performance. Such remuneration takes the form of annual or periodic bonuses and sales incentives.

Other Benefits: These are awarded based on individual employment contracts and local market practices. These may include staff loans, expense allowances / reimbursements, life insurance, medical care and relocation allowances amongst others.

Sign-on / Joining Bonus: This is considered as part of variable pay and is granted only in exceptional cases in accordance with human resources policies and is payable within twelve months from joining the Bank.

Severance pay: These are part of an employee's variable pay and includes any payment made to employees at the time of their retirement, separation or termination of contract over and above their normal retirement, separation or termination benefits.

Material Risk Takers (MRTs) and Material Risk Controllers (MRCs)

The criteria for an employee to be designated as an MRT / MRC has been developed in accordance with regulatory guidelines and best practices. MRTs and MRCs are identified as functions and designations having appropriate level of authority and control within the Bank. MRCs have appropriate level of authority and control and are duly governed by approved organograms having clearly defined independent reporting lines.

MRTs and MRCs include employees and designations entailing; President and CEO, members of management teams reporting directly to the President and CEO, members of critical management committees, heads of critical functions responsible for managing businesses, risks and controls, country heads of overseas branches. MRTs and MRCs also include employees taking decisions, which may affect the Bank's exposure to credit risk, market risk, operational risk and liquidity risk based on appropriate materiality levels.

MRT and MRC performance is measured using risk-adjusted balanced scorecards, ensuring correlation and alignment of risks and rewards, incorporating various financial and non-financial, qualitative as well as 'risk-adjusting' factors. Each category within the scorecard includes multiple factors and KPIs which is assessed based on appropriate benchmarks and targets. Ratings are assigned to MRTs and MRCs based on this risk-adjusted performance assessment. These scorecards are reviewed every year, with interim reviews carried out in case of any significant changes in underlying circumstances.

Remuneration of MRTs and MRCs

The compensation structures for MRTs and MRCs is determined and proposed by the Human Resources department which ensures an appropriate balance between fixed and variable pay, considering the employees position, roles and responsibilities,

as well as performance against financial and non-financial objectives and KPIs. The compensation for MRTs and MRCs includes fixed and variable elements similar in structure to the Banks' remuneration policy for all employees.

Fixed remuneration comprises of base salary, increments and role-based fixed allowances if applicable. The Human Resources department drives an appropriate benchmark using external market data, in order to ensure the appropriateness of the fixed remuneration to attract and retain employees.

Variable remuneration is performance based, similar to the Bank's other employees.

The employee score can be adjusted downwards for elements of underachievement in financial performance, undue risk exposure, customer related issues, audit / internal controls and compliance ineffectiveness.

Deferral Mechanism

A certain portion of the MRTs and MRCs variable compensation will be withheld for a defined period whereas remaining portion of the variable compensation shall be paid up-front. This is aimed at aligning the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. The deferral percentage ranges between 25% to 40%, while the deferral period for all MRTs and MRCs will be three years, and will be paid on vesting, proportionally through yearly installments, during the deferred period.

Risk Management Framework

UBL's Risk and Credit Policy Group has the following verticals

- Corporate, Commercial, SME and Financial Institutions Risk
- International Risk
- Consumer Credit
- Enterprise Risk
 - > Market & Treasury Risk and Basel
 - > Operational Risk
- Information Security
- Credit Policy and Research

The Bank's risk governance is exercised the following committees:

1. Risk Management Committee
2. Information Security Steering Committee
3. NPL Review Committee International

Risk Management Committee (RMC) is chaired by the President and CEO and comprises of Heads of Risk, Businesses, Finance, Treasury and Operations. Other stakeholders are invited to attend as deemed necessary. The RMC is responsible for reviewing and undertaking strategic business decisions with a collective view on credit risk and credit maintenance, market risk and capital efficiencies and operational risk.

The Information Security Steering Committee is chaired by the President and CEO and comprises Heads of all Groups. The Committee is responsible for reviewing and undertaking strategic information and cyber security related reviews.

The NPL Review Committee International is chaired by the President and CEO and comprises of Risk and Business leadership for the International Group. The Committee reviews and monitors the NPL and the watch-list portfolio of GCC and focuses on formulation of action plan for recovery.

The consumer credit portfolio has continued to sustain its steady growth under a well-managed risk environment. The controlled level of portfolio delinquencies is owed to robust portfolio management for NPLs including but not limited to stress tests. Periodic review of policies along with automation in risk management procedures ensured a well aligned risk and reward profile of the portfolio.

In line with the SBP Risk Governance Framework for Overseas Operations, the risk management function for the International division is being managed from the Head Office. During the year, several initiatives such as selective onboarding of high-quality assets within advances, focus on cost efficiencies, proactive portfolio management, mapping of policies with domestic structure as well as gap analysis of local regulatory guidelines continued.

The role of Market & Treasury Risk includes defining and implementing a market risk management framework to systematically identify, assess, monitor and report market related risks. The key objective is to facilitate business growth within a controlled and transparent overall risk management framework.

The objective of the Bank's liquidity risk management framework is to ensure that the Bank is able to fulfill its payment obligations at all times and manages its liquidity risk within the defined tolerance level. The framework entails a comprehensive Liquidity Risk Policy and well defined procedures along with an effective Contingency Funding Plan. Senior management oversight of market and liquidity risk is managed through the GALCO committee.

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

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

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

The following sub departments are working within IS function: -

- Governance Risk & Compliance (GRC)
- Infrastructure Security
- Vulnerability & Penetration Testing
- Project Management Office
- Security Operation Center (SOC)
- Application Security

The Vulnerability & Penetration Testing (VAPT) unit in the information security division manage penetration testing by simulating the real-world hacking scenarios. The unit is responsible for establishing, implementing, maintaining and continually improving an information / cyber security

management system through control design and controls validation, primarily in the domain of applications / network Penetration testing. The unit also supports other domains of information security including security monitoring and threat hunting. Moreover, in order to overcome social engineering frauds, extensive awareness campaigns are periodically launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds, etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, new joiner's orientation and targeted awareness sessions for executive leaderships. These initiatives are focused on elevating the level of awareness for both internal as well as external customers to better equip them in order to counter security challenges under the Governance, Risk & Compliance unit.

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

It is observed that Information Security is getting complex with the passage of time; new issues are being highlighted in top technology solutions, hackers are coping up with current security solutions and finding ways to bypass them. On the other hand, reliance of technology is ever increasing and digital banking is the reality of today.

Moving ahead, the Bank intends to continue its efforts of securing its data and ICT systems from cyber-attacks with a 3-tier approach: -

1. Maximise the use of currently deployed security solutions to attain maximum value on investment.
2. Always look for upcoming trends, threats and deploy necessary security controls.
3. Strengthen in-house team and its capabilities on continuous basis to actively and efficiently utilise technical controls and capabilities to ensure the Bank remains safe any day and every day.

The Bank has successfully implemented loan origination system for CIBG portfolio during December 2022 on a country wide basis. Similar automation projects for other segments such as SME, Agri and FI are in process of country wide rollout.

Sustainability at UBL in 2022

UBL's sustainability agenda backs causes that influence and empower communities in a positive manner. In 2022, UBL donated to multiple projects under the Bank's core areas for sustainability efforts - education and healthcare. Under education the Bank sponsored deserving students through scholarships and provided infrastructural support for the construction of educational institutions. Healthcare projects included providing free-of-cost healthcare to patients, provision of much needed medical equipment to hospitals and construction of infrastructure.

A large part of the year's sustainability efforts focused on disaster relief management for the families adversely affected by the unprecedented floods in Pakistan. Provision of relief through food, rations, clean water, blankets and medicines in the worst affected areas remained the key focus of the Bank for a large part of the year. The Bank encouraged employee engagement in its community welfare projects and the UBL team actively volunteered and played their part as symbols of hope for their communities across Pakistan.

Statement of Internal Controls

The Board is pleased to endorse the statement made by the

management relating to Internal Controls over Financial Reporting (ICFR) and also the overall internal controls. The Statement on Internal Controls is included in the Annual Report.

Auditors

The present auditor, M/S. EY Ford Rhodes retire and being eligible, offer themselves for reappointment at the Annual General Meeting after the expiration of their term.

The Board of Directors and the Board Audit Committee recommend the appointment of M/S EY Ford Rhodes as the external auditors for the financial year 2023 at a fee of Rs. 15.0 million, while out of pocket expenses and taxes would be paid on actuals.

Conclusion

In the end, we would like to extend our sincere thanks and appreciation to UBL's shareholders and customers for their continued trust and support. We greatly appreciate the tireless efforts of our staff who continue to ensure uninterrupted service to our customers. We would also like to extend our sincere thanks to the Government of Pakistan, the State Bank of Pakistan, the Securities and Exchange Commission and other regulatory bodies for their guidance and continued support.

For and on behalf of the Board,



Shazad G. Dada
President & CEO



Muhammad Jawaid Iqbal
Director

Islamabad,
February 22, 2023

اختتامیہ (Conclusion)

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

برائے واز طرف بورڈ



شہزاد جی دادا
پریزیڈنٹ اور سی ای او



محمد جاوید اقبال
ڈائریکٹر

اسلام آباد، 22 فروری 2023

مستحق طلباء کو وظائف، اسکولوں اور ہسپتالوں کی تعمیر کے لیے انفراسٹرکچر سے متعلق معاونت اور معیاری صحت کی رعایتی یا مفت، دیکھ بھال حاصل کرنے میں مرہیٹوں کی مدد کے لیے فیڈز کی فراہمی شامل تھی۔

اس سال پائیداری کی کوششوں کا زیادہ فوکس پاکستان میں آنے والے غیر معمولی سیلاب سے متاثرین کی بحالی پر رہا۔ اس حوالے سے متاثرین کو کھانا، راشن، صاف پانی، کھیل اور ادویات کی فراہمی پر بینک کی توجہ مرکوز رہی۔ بینک نے ملازمین کی شمولیت کی حوصلہ افزائی کی اور یو بی ایل ٹیم نے فعال انداز میں رضاکارانہ طور پر کام کیا اور پاکستان میں بھر میں اپنی کیونٹری کے لیے امید کی علامت کے طور پر اپنا کردار ادا کیا۔

اسٹیٹمنٹ برائے اندرونی انضباط (Statement of Internal Controls)

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

آڈیٹرز

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

بورڈ آف ڈائریکٹرز اور بورڈ آڈٹ کمیٹی نے M/S EY Ford Rhodes کو 15 ملین روپے کی فیس پر سال 2023 کے لیے بینک کا بیرونی آڈیٹر مقرر کرنے کی منظوری دی، جبکہ مصارف کار اور ٹیکس بڑھانے کے لیے اصل ادا کیے جائیں گے۔



BOARD OF DIRECTORS

سائن آن / جو امننگ یونٹس: اسے قابل تبدیلی تنخواہ کا حصہ سمجھا جاتا ہے اور ہیومن ریسورس کی پالیسیوں کے مطابق صرف غیر معمولی معاملات میں دیا جاتا ہے اور بینک میں شمولیت کے بارہ ماہ کے اندر قابل ادائیگی ہے۔

علیحدگی کی ادائیگی: یہ ملازم کی قابل تبدیلی تنخواہ کا حصہ ہیں اور اس میں ملازمین کو ان کی عام ریٹائرمنٹ، علیحدگی یا برطرفی کے فوائد ریٹائرمنٹ، علیحدگی یا معاہدہ ختم کرنے کے وقت عام ریٹائرمنٹ، علیحدگی یا برطرفی کی مراعات کی مد میں کمی کوئی بھی ادائیگی شامل ہے۔

میٹرل رسک گیلرز (MRTs) اور میٹرل رسک کنٹرولرز (MRCs)

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

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

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

MRT اور MRC کا معاوضہ

MRT اور MRC کے لیے معاوضے کے ڈھانچے کا تعین اور تجویز ہیومن ریسورس ڈیپارٹمنٹ کرتا ہے جو ملازم کی پوزیشن، کردار اور ذمہ داریوں کے ساتھ ساتھ مالیاتی اور غیر مالیاتی مقاصد اور KPIs کے مقابل کارکردگی کو مد نظر رکھتے ہوئے مقررہ اور قابل تبدیلی تنخواہ کے درمیان ایک مناسب توازن کو یقینی بناتا ہے۔ MRT اور MRC کے معاوضے میں تمام ملازمین کے لیے بینکوں کے معاوضے کی پالیسی کے ڈھانچے سے ملنے جلتے مقررہ اور قابل تبدیلی عناصر شامل ہیں۔

مقررہ معاوضہ بنیادی تنخواہ، انکم ٹیننس اور کردار پر مبنی مقررہ الاؤنسز پر مشتمل ہوتا ہے، اگر قابل اطلاق ہوں۔ ہیومن ریسورس ڈیپارٹمنٹ ملازمین کو راغب کرنے اور برقرار رکھنے کے لیے بیرونی مارکیٹ ڈیٹا کا استعمال کرتے ہوئے ایک مناسب بیج مارک استعمال کرتا ہے تاکہ مقررہ معاوضے کا مناسب ہونا یقینی بنایا جاسکے۔

قابل تبدیلی معاوضہ کارکردگی کی بنیاد پر ہوتا ہے جیسا کہ بینک کے دیگر ملازمین کو ملتا ہے۔ مالیاتی کارکردگی میں ناکافی کامیابی، بلاوجہ خطرے کی زد میں آنا، کسٹمر سے متعلق مسائل، غیر موثر آڈٹ / انٹرنل کنٹرولز اور کمپلائنس کے عناصر کے لیے ملازم کے سکور میں کمی کی جاسکتی ہے۔

التوا کا شکار (Deferral Mechanism)

MRT اور MRC کے قابل تبدیلی معاوضے کا ایک مخصوص حصہ ایک متعین مدت کے لیے روک دیا جائے گا جبکہ متغیر معاوضے کا بقیہ حصہ پیشگی ادا کیا جائے گا۔ اس کا مقصد ملازمین اور سٹیک ہولڈرز کے مفادات کو اہم آہنگ کرنا اور اس پر زور دینا ہے کہ معاوضہ مناسب طریقے سے طویل مدتی پائیدار کارکردگی سے منسلک ہے۔ التوا کا تناسب 25 فیصد سے 40 فیصد کے درمیان ہے، جب کہ تمام MRT اور MRC کے لیے التوا کی مدت تین سال ہوگی، اور التوا کی مدت کے دوران، استحقاق کے مطابق سالانہ قسطوں کے ذریعے، تناسب سے ادا کی جائے گی۔

رسک مینجمنٹ فریم ورک (Risk Management Framework)

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

- کارپوریٹ، کمرشل، SME اور فنانشل انسٹی ٹیوشنز رسک
- انٹرنیشنل رسک
- کنزیومر کریڈٹ
- انٹرنیشنل رسک
 - مارکیٹ اینڈ ٹریڈری رسک اور Basel
 - آپریشنل رسک
- انفارمیشن سیورٹی
- کریڈٹ پالیسی اور ریسرچ

بینک کی رسک گورننس درج ذیل کمیٹیوں کے ذریعے برائے کار لائی جاتی ہے:

- آپریشنل اینڈ رسک مینجمنٹ کمیٹی
- انفارمیشن سیورٹی اسٹریٹج کمیٹی
- NPL ریویو کمیٹی انٹرنیشنل

رسک مینجمنٹ کمیٹی کی صدارت پر پریزیڈنٹ اور سی ای او کرتے ہیں اور یہ رسک، بزنس، ٹریڈری اور آپریشنز کے سربراہوں پر مشتمل ہوتی ہے۔ اگر ضروری سمجھا جائے تو دیگر سٹیک ہولڈرز کو شرکت کی دعوت دی جاتی ہے۔ RMC کریڈٹ رسک اور کریڈٹ مین میننس، مارکیٹ رسک نیز کیپٹل افیشینسیز اور آپریشنل رسک کے مجموعی جائزے کے ساتھ اہم کاروباری فیصلوں کا جائزہ لینے اور عمل درآمد کی ذمہ دار ہے۔

انفارمیشن سیورٹی سٹریٹج کمیٹی کی سربراہی پر پریزیڈنٹ اور سی ای او کرتے ہیں اور اس میں تمام گروپس کے سربراہان شامل ہوتے ہیں۔ یہ کمیٹی اہم معلومات اور سائبر سیورٹی کا جائزہ لینے اور عمل درآمد کی ذمہ دار ہے۔

این پی ایل ریویو کمیٹی انٹرنیشنل کی صدارت پر پریزیڈنٹ اور سی ای او کرتے ہیں اور انٹرنیشنل گروپ کی رسک اور کاروباری قیادت پر مشتمل ہے۔ کمیٹی این پی ایل اور GCC کے وچ لسٹ پورٹ فولیو کا جائزہ لیتی اور نگرانی کرتی ہے اور وصولی کے لیے ایکشن پلان کی تشکیل پر توجہ مرکوز کرتی ہے۔

کنزیومر کریڈٹ پورٹ فولیو نے بخوبی سنبھالے گئے خطرے کے ماحول میں اپنی مسلسل نمو برقرار رکھی ہے۔ پورٹ فولیو میں نابدیگیوں کی کنٹرول شدہ سطح، بشمول دیگر اسٹریٹجیس کی این ایل پی کے لیے مضبوط پورٹ فولیو مینجمنٹ کی مرہون منت ہے۔ رسک مینجمنٹ کے طریقہ کار میں آٹو میٹن کے ساتھ ساتھ پالیسیوں کا وقتاً فوقتاً جائزہ لینے سے پورٹ فولیو کے خطرے اور انعام کے پروفائل سے اچھی طرح سے ہم آہنگی کو یقینی بنایا گیا۔

اور سیز آپریشنز کے لیے اسٹیٹ بینک آف پاکستان کے رسک گورننس فریم ورک کے مطابق، انٹرنیشنل ڈویژن کے لیے رسک مینجمنٹ فنکشن کا انتظام ہیڈ آفس سے کیا جا رہا ہے۔ سال کے دوران، ایڈوانسز میں اعلیٰ معیار کے اثاثہ جات کی آن بورڈنگ، لاگوٹوں میں بہتری پر توجہ، فعال پورٹ فولیو مینجمنٹ، ڈویسمنٹ ڈھانچے کے ساتھ پالیسیوں کی میپنگ اور لوکل ریگولیٹری گائیڈ لائنز کے ساتھ خلاء جیسے اقدامات جاری رہے۔

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

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

بینک نے ہمہ وقت اپنے کیپیٹل ایڈیکسی ریشیو (CAR) کو تمام قابل اطلاق بفرز سمیت، مقررہ Basel-III ضوابط کے تحت ریگولیٹری حد سے بہت بہتر سطح پر برقرار رکھا ہے۔ بینک کو ڈویسمنٹ سٹریٹجی اپورٹنٹ بینک (D-SIB) قرار دیا گیا ہے اور فریم ورک میں بیان کردہ اضافی سپروائزری تقاضوں کے مطابق ہے۔ انٹرنل کیپیٹل ایڈیکسی اسیسمنٹ پروسیس (ICAAP) فریم ورک کی اچھی طرح وضاحت کی گئی ہے اور اس کا سالانہ بنیادوں پر جائزہ لیا جاتا ہے۔

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

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

مندرجہ ذیل سب ڈیپارٹمنٹ IS فنکشن میں کام کر رہے ہیں:

- گورننس اور رسک کمپلائنس (GRC)
- انفراسٹرکچر سیورٹی
- ونڈ بلیٹ اینڈ سینیٹریشن ٹیسٹنگ

- پراجیکٹ مینجمنٹ آفس
- سیورٹی آپریشن سنٹر (SOC)
- سٹیکولیشن سیورٹی

انفارمیشن سیورٹی ڈویژن میں جارحانہ سیورٹی یونٹ حقیقی دنیا میں ہیپنگ کے منظر ناموں کی نقلی

کرتے ہوئے دخل اندازی کے امکانات کے جائزے کا انتظام کرتا ہے۔ یہ یونٹ بنیادی طور پر ایپلی کیشنز / نیٹ ورک سینیٹریشن ٹیسٹنگ کے ڈومین میں، کنٹرول ڈیزائن اور کنٹرولز کی توثیق کے ذریعے انفارمیشن / سائبر سیورٹی مینجمنٹ سسٹم کو قائم کرنے، نافذ کرنے، برقرار رکھنے اور اسے مسلسل بہتر بنانے کے لیے ذمہ دار ہے۔ یہ یونٹ انفارمیشن سیورٹی کے دیگر شعبوں کی بھی معاونت کرتا ہے جس میں سیورٹی مانیٹرنگ اور خطرے کا سراغ لگانا شامل ہے۔ مزید برآں، سوشل انجینئرنگ کے فراڈ پر قابو پانے کے لیے، وقتاً فوقتاً وسیع آگاہی مہم چلائی جاتی ہے تاکہ مختلف طریقہ کار جیسے کہ سوشل میڈیا، ویب سائٹ، ای میل مشورے، SMS، ویسٹنار، فیشنگ (phishing)، نقلی مشقیں، نئے شامل کنندگان کی ہم آہنگی اور ایگزیکٹو قیادت کے لیے نارگنڈ آگاہی سیشن کے ذریعے معلومات کی حفاظت سے متعلقہ معاملات جیسے کہ فیشنگ، شناخت کی چوری، آن لائن لین دین میں دھوکہ دہی وغیرہ کے بارے میں مخصوص تربیت اور رہنمائی فراہم کی جائے۔ یہ اقدامات گورننس، رسک اور کمپلائنس یونٹ کے تحت سیورٹی بیٹلجوں کا مقابلہ کرنے کے لیے اندرونی اور بیرونی صارفین کے لیے بیداری کی سطح کو بلند کرنے پر مرکوز ہیں۔

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

یہ دیکھا گیا ہے کہ وقت کے ساتھ ساتھ انفارمیشن ٹیکنالوجی پیچیدہ ہو رہی ہے؛ بڑے ٹیکنالوجی سلوشنز میں نئے مسائل سامنے آ رہے ہیں، ہیکرز ان سیورٹی سلوشنز کو ہائی پاس کرنے کے نئے سے نئے طریقے ڈھونڈ رہے ہیں۔ دوسری طرف، ٹیکنالوجی پر انحصار بڑھ رہا ہے اور ڈیجیٹل بینکنگ آج کے دور کی حقیقت بن چکی ہے۔

آگے بڑھتے ہوئے، بینک 3 ٹائیر ایروچ کے ساتھ اپنا ڈیٹا اور ICT سسٹم کو سائبر حملوں سے محفوظ بنانے کی کوششیں جاری رکھے گا:

- سرمایہ کاری کو زیادہ سے زیادہ فائدہ مند بنانے کے لیے موجودہ زیر استعمال سیورٹی سلوشنز کا زیادہ سے زیادہ استعمال کرنا
- ہمیشہ نئے آنے والے ٹریڈز، خطرات پر نظر رکھنا اور ضروری سیورٹی اقدامات کرنا
- ان ہاؤس ٹیم کی صلاحیتوں میں مسلسل اضافہ کرنا تاکہ تکنیکی کنٹرول اور اہلیتوں سے فائدہ اٹھا کر یقینی بنایا جاسکے کہ بینک کے روزمرہ آپریشنز ہمیشہ محفوظ ہیں۔

بینک نے پورے ملک میں دسمبر 2022 کے دوران CIBG پورٹ فولیو کے لیے لون اور مینجینیشن سسٹم کامیابی سے لاگو کیا۔ ایسے ہی پراجیکٹ SME، انگری اور FLA میں بھی تیاری کے مراحل میں ہیں۔

2022 میں یونی ایل میں پائیداری (Sustainability at UBL)

یونی ایل کا پائیداری کا ایجنڈا ایسے فلاحی مقاصد کی معاونت پر مبنی ہے جو کمیونٹیز کو مثبت انداز میں متاثر اور فعال کرتے ہیں۔ 2022 میں یونی ایل نے تعلیم اور صحت کی دیکھ بھال کے مختلف منصوبوں کے لیے عطیہ کیا جو پائیداری کی کوششوں کے لے بینک کے بنیادی شعبے ہیں۔ مختلف منصوبوں میں

کمپنی بورڈ کو چیئنا لوجی کی سرگرمیوں اور بینک بھر میں شروع کیے جانے والے ڈیجیٹل اقدامات کی پیشرفت سے آگاہ کرتی ہے۔ مزید برآں، کمپنی اس بات کو یقینی بنانے کے لیے ذمہ دار ہے کہ وسیع پیمانے پر رکاوٹوں کا موثر طریقے سے جواب دینے، نیز انفارمیشن چیئنا لوجی (IT) اور سائبر سیورٹی کے خطرات سے عہدہ براہونے کے لیے رسک مینجمنٹ کی حکمت عملیوں کو ڈیزائن اور لاگو کیا گیا ہے۔

بورڈ نو مینیشن کمپنی (BNC):

کمپنی کی بنیادی ذمہ داری ڈائریکٹری کی نامزدگی، بشمول ان کی پروفائل، تعلیمی پس منظر، مہارت، علم اور تجربے کا جائزہ لینا ہے۔ کمپنی بورڈ اور اس کی کمیٹیوں کے مجموعی ڈھانچے، سائز اور ساخت کا جائزہ لینے اور اس سلسلے میں بورڈ کو سفارشات بھی پیش کرتی ہے۔ کمپنی بورڈ اور اس کی ذیلی کمیٹیوں میں خالی ہونے والی اتفاقی آسامیوں پر کرنے کے لیے سفارش دیتی ہے اور ریگولیٹری تقاضوں کے مطابق بورڈ کی سالانہ تفتیش کے عمل کی نگرانی بھی کرتی ہے۔

ڈائریکٹرز کی تقرری اور نامزدگی (Directors appointment and nomination):

بینک کے ڈائریکٹر کا انتخاب شیئر ہولڈر کے ذریعے کیا جاتا ہے جبکہ اتفاقی آسامیاں ڈائریکٹرز ایسوسی ایشن کے آرگنیزر اور قابل اطلاع قوانین اور ضوابط کے مطابق کرتے ہیں۔ مزید برآں، ہر نئے ڈائریکٹر کو اسٹیٹ بینک آف پاکستان کی طرف سے تجویز کردہ فنڈ اینڈ پرائیمریٹ کے تشخیصی معیار سے گزرنا ہوا گا۔

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

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

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

بورڈ کی کارکردگی کا جائزہ (Board Performance Evaluation)

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

ڈائریکٹرز کا معاوضہ (Compensations of Directors)

BPRD سرکلر نمبر 05 مورخہ 22 نومبر 2021 میں اسٹیٹ بینک کی طرف سے جاری کردہ ہدایات کی روشنی میں، بورڈ نے 23 فروری 2022 کو ہونے والے اپنے اجلاس میں ڈائریکٹرز کے معاوضے کی پالیسی میں تبدیلی کی سفارش اور اسے حتمی منظوری کے لیے اجلاس عام میں پیش کرنے کی منظوری دی۔ پالیسی میں ترمیم کو شیئر ہولڈرز نے 29 مارچ 2022 کو ہونے والے 63 ویں سالانہ اجلاس عام میں منظور کیا۔ اس پالیسی کے تحت، نان ایگزیکٹو ڈائریکٹرز بشمول چیئرمین 750,000 روپے فی بورڈ میٹنگ اور بورڈ کی کمیٹی کے اجلاس میں شرکت کے لیے 750,000 روپے وصول کرنے کے اہل ہوں گے۔ میٹنگ فیس کے علاوہ، چیئرمین کا عہدہ رکھنے کے باعث چیئرمین بورڈ میٹنگ فیس کے 20 فیصد تک کے معاوضے کے حقدار ہوں گے۔ اس پالیسی کے مطابق سفر، لاجسٹکس اور رہائش کے اخراجات کے ساتھ ساتھ یومیہ الاؤنس بھی ادا کیے جائیں گے۔

2022 میں ڈائریکٹرز کے معاوضے کی تفصیلات غیر مجتمع مالیاتی گوشواروں کے نوٹ 39 میں ظاہر کی گئی ہیں۔

بورڈ کمیٹیوں کے اجلاس (Meetings of Board Committees)

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

منعقدہ اجلاس کی تعداد	BAC	BRCC	HRCC	BITC	BNC
5	4	4	4	4	1
اجلاس میں حاضری کی تعداد	5	4	4	4	1
سر محمد انور پرویز، OBE، بلال امتیاز پاکستان	-	-	4	-	1
لارڈ ضمیر ایم چوہدری، CBE، ستارہ امتیاز (پاکستان)	-	4	-	4	1
جناب حیدر ضمیر چوہدری	5	-	-	4	-
جناب رضوان پرویز	5	-	4	-	-
جناب ارشد احمد میر	-	4	4	-	1
جناب عامر ظفر خان	-	-	-	-	-
جناب طارق رشید	-	-	4	4	-
محترمہ شازیہ سید	5	4	-	-	-
جناب شہزاد بی دادا	-	4	-	4	-

بینک پانچ فنڈز ریٹائرمنٹ سکیمیں چلاتا ہے جو پروویڈنٹ فنڈ، گرگیو پی فنڈ، پنشن فنڈ، بنیولٹ فنڈ اور جزل پروویڈنٹ فنڈ ہیں۔ ان فنڈز میں سرمایہ کاری کی مالیت برطابق 31 دسمبر 2022، تازہ ترین آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر درج ذیل ہیں:

روپے'000 میں	
ایکپلائز پروویڈنٹ فنڈ	5,032,498
ایکپلائز گرگیو پیٹ فنڈ	1,081,469
اسٹاف پنشن فنڈ	10,702,902
اسٹاف جزل پروویڈنٹ فنڈ	832,110
آفیسرز/نان آفیسرز بنیولینٹ فنڈ	278,881

بورڈ کی میٹنگز (Meetings of the Board)

زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز کی پانچ (5) میٹنگز ہوئیں۔ سال کے دوران ہر ڈائریکٹری کی شمولیت کا ریکارڈ حسب ذیل ہے:

ڈائریکٹر کا نام	عہدہ	میٹنگز
سر محمد انور پرویز، OBE، HPk	چیئرمین	5
لارڈ ضمیر ایم چوہدری، CBE، SI Pk	ڈائریکٹر	5
جناب حیدر ضمیر چوہدری	ڈائریکٹر	5
جناب رضوان پرویز	ڈائریکٹر	5
جناب ارشد احمد میر	ڈائریکٹر	4☆

ڈائریکٹر کا نام	عہدہ	میٹنگز
جناب محمد جاوید اقبال	ڈائریکٹر	کوئی نہیں
جناب عمار ظفر خان	ڈائریکٹر	5
جناب طارق رشید	ڈائریکٹر	5
محترمہ شازیہ سید	ڈائریکٹر	5
جناب شہزاد بی دادا	سی ای او اور صدر	5

◊ جناب ارشد احمد میر نے دسمبر 2022 کو پانچویں بورڈ میٹنگ سے پہلے استعفیٰ دے دیا اور ان کی جگہ جناب محمد جاوید اقبال کو مقرر کیا گیا تھا جن کا فٹ اینڈ پرائیمریٹ ریگولیٹر سے 5 جنوری 2023 کو موصول ہوا۔

شیئر ہولڈنگ پیٹرن (Pattern of Shareholding)

31 دسمبر 2022 کے مطابق شیئر ہولڈنگ پیٹرن ذیل میں دیا گیا ہے:

شیئر ہولڈر	شیئرز کی تعداد	آرڈرز کی شیئرز کا فیصد
بیٹ وے گروپ (BG)	750,493,331	61.31%
عوام الناس و دیگر	361,809,724	29.56%
بینک، DFI اور NBF	42,315,876	3.46%
انشورنس کمپنیاں	32,722,807	2.67%
مضاربہ اور میوچل فنڈز	35,867,124	2.93%
انٹرنیشنل GDR (نان ووٹنگ شیئرز)	969,111	0.08%
پرائیویٹائزیشن کمیشن آف پاکستان	1,714	0.00%
مجموعی آؤٹ سٹینڈنگ شیئرز	1,224,179,687	100.00%

درج ذیل کی تحویل میں موجود مجموعی شیئرز:

	شیئرز کی تعداد
a) منسلک کمپنیاں، معاہدہ جات اور متعلقہ پارٹیاں	
بیٹ وے انٹرنیشنل ہولڈنگز لمیٹڈ	631,728,895
بیٹ وے سینٹ لمیٹڈ	93,649,744
b) مضاربہ اور میوچل فنڈز	35,867,124
c) ڈائریکٹرز سی ای او	969,111
سر محمد انور پرویز، OBE، HPk	12,765,368
لارڈ ضمیر ایم چوہدری، CBE، SI Pk	4,403,870
جناب حیدر ضمیر چوہدری	3,000,000
جناب رضوان پرویز	129,500
جناب عمار ظفر خان	2,500
جناب طارق رشید	2,500
مس شازیہ سید	2,500
d) ایگزیکٹو	605,224
e) پبلک سیکر کمپنیاں اور کارپوریٹس	118,628
f) بینک، DFI، NBF، انشورنس کمپنیاں	75,038,683

◊ بینک بیٹ وے انٹرنیشنل ہولڈنگز لمیٹڈ کا ذیلی ادارہ ہے جو Guernsey میں قائم شدہ ہے۔

◊ مضاربہ اور میوچل فنڈز بلحاظ نام تفصیلات شیئرز ہولڈرز کی کیلنگریز کے ساتھ منسلک ہیں۔

◊◊ بینک کے ڈائریکٹرز اور CEO کے / کی شریک حیات اور نوجوانوں کی تحویل میں کوئی شیئرز نہیں ہیں۔

5 فیصد یا زائد ووٹنگ کے حقوق رکھنے والے شیئرز ہولڈرز	شیئرز کی تعداد	فیصد
بیٹ وے انٹرنیشنل ہولڈنگز لمیٹڈ	631,728,895	51.60
بیٹ وے سینٹ لمیٹڈ	93,649,744	7.65

ڈائریکٹرز، ایگزیکٹوز اور ان کے / کی شریک حیات اور نوجوانوں کی طرف سے کیا گیا یو بی ایل کے شیئرز کا لین دین پیٹرن آف شیئر ہولڈنگ کے ہمراہ منسلک ہے۔

شریعہ بورڈ (Sharia Board)

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

معاوضے کا فریم ورک (Remuneration Framework)

ریگولیٹری ہدایات کی تعمیل میں، یو بی ایل نے معاوضے کی ایک جامع پالیسی ترتیب دی ہے تاکہ یہ یقینی بنایا جاسکے کہ بینک کا معاوضے کا طریقہ کار بہترین ٹیلنٹ کو راغب کرنے، برقرار رکھنے اور انعام دینے کے لیے، ریگولیٹری ہدایات کے مطابق ہے اور بینک کے مجموعی اسٹریٹجک مقاصد کے ساتھ منسلک ہے۔ معاوضے کے فریم ورک کی ایک اہم خصوصیت بینک کی Risk Management کے مطابق اور بینک کی طرف سے مقررہ کردہ حد کے اندر موثر رسک مینجمنٹ کو فروغ دینا ہے۔

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

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

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

کارکردگی پر مبنی قابل تبدیلی معاوضہ: ان کا تعین بینک کی مجموعی کارکردگی، متعلقہ کاروباری یونٹ کے منافع اور ملازم کی انفرادی کارکردگی کی بنیاد پر کیا جاتا ہے۔ اس طرح کا معاوضہ سالانہ مامیادی یونٹس اور سیکرمرعات کی شکل اختیار کرتا ہے۔

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

پر ہونے والا منافع تھا۔ آپریٹنگ اخراجات 30.9 ملین امریکی ڈالر رہے جو کہ پچھلے سال کے مقابلے میں معمولی زیادہ ہیں۔ سال 2022 میں بزنس نے 21.5 ملین ڈالر کا نیٹ پرویٹن چارج ریکارڈ کیا جن کی اکثریت ساورن ڈیٹ انوسٹمنٹس میں سے تھی، اس کے مقابلے میں پچھلے سال لون پورٹ فولیو پر نیٹ پرویٹن چارج 6.2 ملین امریکی ڈالر تھا۔

یو بی ایل انٹرنیشنل کے ڈپازٹ کی اوسط سال 2022 میں 1.3 ارب امریکی ڈالر رہی جو کہ پچھلے سال کے مقابلے میں معمولی زیادہ ہے۔ سال 2022 میں ڈپازٹ کی لاگت 1.1 فیصد رہی جو کہ پچھلے سال کے مطابق ہے۔ سال 2022 میں پرفارمنگ ایڈوانسز کی اوسط 4 فیصد کی تسلسل سے نمو کے ساتھ 686 ملین ڈالر رہے۔ فارن ڈیٹ انوسٹمنٹ پورٹ فولیو کی اوسط 628 ملین امریکی ڈالر رہی اور اس سے سال 2022 میں 5.7 فیصد کا سحت مندر منافع حاصل ہوا۔

ذیلی اداروں کی کارکردگی کا جائزہ

سال 2022 میں ہمارے ذیلی اداروں کی مالیاتی کارکردگی کی تفصیل کا خلاصہ یہ ہے:

یونائیٹڈ نیشنل بینک لمیٹڈ (UBL UK) 55 فیصد ملکیت کے ساتھ یو بی ایل کا ذیلی ادارہ ہے۔ 2022 میں یو بی ایل یو کے نے 6 ملین پاونڈ PBT کا ریکارڈ کیا (2021: 2.2 ملین پاونڈ)۔ بینک کی نیٹ مارک اپ اکم 18.1 ملین پاونڈ رہی جو کہ سال بہ سال 39 فیصد زیادہ ہے۔ نان مارک اپ اکم 6.6 ملین پاونڈ رہی (2021: 1.9 ملین پاونڈ)۔ فیس کی مد میں اکم میں سال بہ سال 50 فیصد اضافہ ہوا۔ انتظامی اخراجات 13.5 ملین پاونڈ رہے، جو کہ مجموعی طور پر پچھلے سال کے مطابق ہیں۔ یو بی ایل یو کے نے سال 2021 میں 0.7 ملین پاونڈ کے نیٹ پرویٹن چارج کے مقابلے میں 5.1 ملین پاونڈ کے نیٹ پرویٹن ریورسل ریکارڈ کیے۔ بینک کا نیٹ انوسٹمنٹ پورٹ فولیو 33 فیصد بڑھا جبکہ نیٹ ایڈوانسز میں 26 فیصد اضافہ ہوا۔ فنڈنگ کے شعبے میں بینک کی ڈپازٹ میں میں دسمبر 2021 کے مقابلے میں 25 فیصد اضافہ ہوا۔

یو بی ایل سوئٹزر لینڈ اے جی یو بی ایل کی ملکیتی ذیلی کمپنی تھی۔ 6 اگست 2021 کو شیئرز ہولڈرز کے غیر معمولی اجلاس عام (EOGM) میں یو بی ایل سوئٹزر لینڈ اے جی کو بند کرنے کا فیصلہ کیا۔ یہ فیصلہ بینک کی اس حکمت عملی کے مطابق ہے کہ غیر بنیادی / اساسی مارکیٹوں سے بزنس ختم کیا جائے۔ ذیلی ادارے کو دسمبر 2022 میں مکمل طور پر ختم کر دیا گیا۔

یو بی ایل فنڈ مینجری لمیٹڈ، پاکستان (UBLFM) 98.9 فیصد کے ساتھ یو بی ایل کی ملکیتی کمپنی ہے۔ UBLFM نے سال 2022 میں 644 ملین روے کا PBT ریکارڈ کیا جو کہ سال بہ سال 14 فیصد زیادہ ہے۔ UBLFM کے زیر نگرانی فنڈز کا حجم سال 2022 کے اختتام پر 165 ارب روپے ہے (2021: 116 ارب روپے)۔

یو بی ایل بینک (متوازیہ) لمیٹڈ (UBTL) یو بی ایل کی ملکیتی کمپنی تھی۔ UBTL نے EXIM بینک متوازیہ لمیٹڈ (EXIM) کے ساتھ 22 مئی 2019 کو معاہدہ کیا جس کے تحت UBTL کے تمام اثاثہ جات اور قرضہ جات EXIM نے یکم نومبر 2019 کو اپنے کنٹرول میں لے لیے۔ یہ ذیلی ادارہ اگست 2022 کو باقاعدہ طور پر بند کر دیا گیا۔

کرڈز ریٹنگ

VIS کرڈز ریٹنگ کمپنی لمیٹڈ (VIS) نے 30 جون 2022 کو یونائیٹڈ بینک لمیٹڈ (UBL) کی A-1+ /AAA (نرپل اے / اے ون پلس) رہنمائی بیٹنگز کی دوبارہ توثیق کی ہے۔ مزید برآں، یو بی ایل کی ایڈیشنل ٹائمر-1 TFC 1 (ADT-1) کی بھی بطور AA+ دوبارہ توثیق کی جا چکی ہے۔ تفویض کردہ رہننگز پر توقعات مستحکم ہیں۔

اعزازات و اعترافات (Awards and Recognition)

ایشیا منی (Asiamoney)، یورومنی (Euromoney) کی منسلک، نے یو بی ایل کو مسلسل تیسری مرتبہ پاکستان کا بہترین ڈیجیٹل بینک قرار دیا۔ یہ ایوارڈ ظاہر کرتا ہے کہ پاکستان کے ڈیجیٹل چینلز میں یو بی ایل کی شراکت داری میں اضافہ ہوا ہے اور ہم لوکل بینکنگ ماحول میں جدت میں آگے ہیں۔ بینک ڈیجیٹل پلیٹ فارمز پر میں سرمایہ کاری اور ایسی ٹیمیں تیار کرنے کا عمل جاری رکھے گا جو پاکستان میں بینکنگ کو ایک نیا رخ دے رہے ہیں۔

مستقبل کی توقعات (Future Outlook)

ہمارے وسیع نیٹ ورک کی موجودگی UBL فریچائز کی بنیاد بنی ہوئی ہے۔ مستقبل کو مد نظر رکھتے ہوئے، بینک اپنے نیٹ ورک کو بہتر بنانے گا اور زیادہ سے زیادہ مخصوص شعبوں خصوصیات اور مالیاتی خدمات کی مانگ میں اضافے کے ساتھ اعلیٰ ممکنہ شعبوں پر زیادہ توجہ مرکوز کرے گا۔ بینک اپنی بیلنس شیٹ کو زیادہ سے زیادہ بڑھانے کے لیے کم لاگت والے ڈپازٹس کو ہدف بنائے گا۔ اس کے لیے بینک موجودہ ڈپازٹس میں ہی جارحانہ نمو کو ہدف بنائے گا، بشمول اپنے متنوع کاروباری حصوں اور دیگر گروپ اداروں میں کراس سیل کے مواقع تلاش کرنا۔

آج کی تیز رفتار اور مسلسل تبدیل ہوتی ٹیکنالوجیز میں یو بی ایل تبدیلی کے ایجنڈا میں جارحانہ انداز میں سرمایہ کاری کر رہا ہے اور اپنے پراسیس اور فنکشنز کو ان کے مطابق بنا رہا ہے۔ بینک کی تبدیلی کی حکمت عملی ٹیکنالوجی، پراسیس، ڈیٹا اینالیٹکس کے بل پر ہونے والی تبدیلی پر مرکوز ہے اور سب سے اہم، بینک کے اندر پورے کلچر کو روز مرہ کے کاموں میں زیادہ ٹیکنالوجی پر مبنی حل کی طرف بدلنا ہے، جو بینک کو ایک بہت زیادہ چست اور فعال ادارہ بنائے گا۔

اسلامی کاروبار بینک کے لیے ایک اہم اسٹریٹجک ترجیح ہے اور 2023 میں ہم اس بڑھتے ہوئے سنگٹ میں UBL ایٹن کی رسائی کو بڑھانے کی کوشش کریں گے۔ بینک کا بنیادی انٹرنیشنل بزنس مستحکم ہو چکا ہے اور چلی سطح کی کارکردگی میں مضبوط حصہ ڈال رہا ہے۔

ہم پاکستانی کارپوریٹ اسپیس میں ماحولیات، سماجی اور گورننس (ESG) کے معیارات کے لیے نچ مارک قائم کرنے کے لیے پوری طرح پرعزم ہیں۔ بین الاقوامی بہترین طریقوں کے مطابق تعمیل اور کنٹرول کے معیارات کو مضبوط بنانا ایک مستقل سٹریٹجک ترجیح ہے۔ ہمارے لوگ ہمارا سب سے بڑا اثاثہ ہیں اور ہماری خواہش یہ ہے کہ ہم نہ صرف ہمارے اپنے عملے کے لیے بلکہ ان پروفیشنلز کے لیے بھی پسندیدہ اسپلائر بننا ہمارا عزم ہے۔

کارپوریٹ گورننس (Corporate Governance)

ڈائریکٹرز کی سٹیٹمنٹ (Director’s Statement)

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

- بینک کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے منصفانہ طور پر بینک کے معاملات کی صورت حال، سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔
- بینک کی طرف سے اکاؤنٹس کے درست کھاتے مین ٹین رکھے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسز کا اطلاق کیا گیا ہے۔ اکاؤنٹنگ کے تخمینے موزوں اور محتاط اندازے پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانسئل رپورٹنگ اسٹینڈرڈز (IFRS)، جیسا کہ پاکستان میں قابل اطلاق ہیں، کی کسی بھی پہلو تہی کے بغیر پیروی کی گئی ہے۔

- بینک میں اندرونی انضباط کا نظام درست طرز پر ڈیزائن کیا گیا ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
- بینک کے کاروبار جاری رکھنے کی اہلیت پر کوئی قابل ذکر خدشات نہیں ہیں۔
- کارپوریٹ گورننس کی بہترین روایات سے کسی قسم کا مادی انحراف نہیں کیا گیا ہے۔
- گزشتہ چھ سالوں کی کارکردگی کی جھلکیاں ان غیر مجتمع مالیاتی گوشواروں کے ساتھ منسلک ہیں۔
- سال 2022 کے لیے 3.2 ارب روپے ہالیٹ کا منافع statutory ریزرو میں منتقل کیا جا چکا ہے۔
- بورڈ آف ڈائریکٹرز آٹھ (8) مرد اور ایک (1) خاتون رکن پر مشتمل ہے۔ بورڈ کی تفصیلی ساخت کارپوریٹ گورننس کے ضابطے کے ساتھ اسٹیٹمنٹ آف کمپلائنس کے پیراگراف 1 اور 2 میں دی گئی ہے۔

آٹھ ممبرز میں سے ایک ڈائریکٹر کے استعفیٰ کے باعث 14 دسمبر 2022 کو ایک اساسی خالی ہوئی۔ جس پر بورڈ کی طرف سے نیا ڈائریکٹر تعینات کیا جس کا فٹ اینڈ پراپر ٹیسٹ کلیرنس 5 جنوری 2023 کو ریگولیٹرز کی طرف سے موصول ہوئی۔

- داخلی طور پر بورڈ اور اس کی ذیلی کمیٹیوں کی کارکردگی کا جائزہ متعلقہ ریگولیٹری فریم ورک کے بہترین پریکٹسز کی بنیاد پر کی گئی۔
- ڈائریکٹرز کے ترتیبی پروگراموں کی تفصیلات کارپوریٹ گورننس کے ضابطے کے ساتھ کمپلائنس کے بیان میں دی گئی ہیں۔
- نان ایگزیکٹو ڈائریکٹرز، بشمول آزاد ڈائریکٹرز، فیس بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کے لیے نقل و حمل سے متعلق اخراجات کے اہل ہیں جو کہ شیئرز ہولڈرز کی طرف سے منظور شدہ ہیں۔
- بورڈ نے متین شرائط (ToRs) کے ساتھ درج ذیل پانچ کمیٹیاں تشکیل دی ہیں:

بورڈ آڈٹ کمیٹی (BAC):	
مس شاز یہ سید	چیئر پرسن
جناب حیدر ضمیر چوہدری	ممبر
جناب رضوان پرویز	ممبر
جناب عقیل احمد ناصر	سیکرٹری

بورڈ رسک اینڈ کمپلائنس کمیٹی (BRCC):	
جناب محمد جاوید اقبال	چیئر مین
لارڈ ضمیر اہم چوہدری، CBE, SI Pk	ممبر
مس شاز یہ سید	ممبر
جناب شہزاد جی داوا	ممبر
جناب عمران سردور	سیکرٹری

بورڈ ہیومن ریسورس اینڈ کمپنیشن کمیٹی (HRCC):	
جناب طارق رشید	چیئر مین
سر محمد انور پرویز، OBE, HPk	ممبر
جناب محمد جاوید اقبال	ممبر
جناب رضوان پرویز	ممبر
جناب عبدالجبار جونجو	سیکرٹری

بورڈ آئی ٹی کمیٹی (BITC):

جناب طارق رشید	چیئر مین
لارڈ ضمیر اہم چوہدری، CBE, SI Pk	ممبر
جناب حیدر ضمیر چوہدری	ممبر
جناب شہزاد جی داوا	ممبر
جناب محمد فیصل انور	سیکرٹری

بورڈ ٹوٹل مینیشن کمیٹی (BNC):

سر محمد انور پرویز، OBE, HPk	چیئر مین
لارڈ ضمیر اہم چوہدری، CBE, SI Pk	ممبر
جناب حیدر ضمیر چوہدری	ممبر
جناب عقیل احمد ناصر	سیکرٹری

ہر سب کمیٹی کی ToRs کے تحت اہم ذمہ داریوں کی مختصر تفصیل حسب ذیل ہے:

بورڈ آڈٹ کمیٹی (BAC):

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

بورڈ رسک اینڈ کمپلائنس کمیٹی (BRCC):

کمیٹی خطرے میں کمی کے لیے بدلتے ہوئے معاشی ماحول کے مطابق رسک مینجمنٹ کے مجموعی فریم ورک کو ترتیب دینے اور تمام رسک مینجمنٹ پالیسیوں کے ارتقا اور تاثیر کو یقینی بنانے کی ذمہ دار ہے۔ کمیٹی مختلف رسک مینجمنٹ پالیسیوں، آپریشنل رسک کی نگرانی، سیسل، ٹریڈری اور مارکیٹ رسک، کریڈٹ رسک اور کریڈٹ پالیسی کے افعال کی تعمیر کو یقینی بناتی ہے۔ مزید برآں، کمیٹی ریگولیٹری رسک کے تقاضوں بشمول مالی جرائم کے خلاف موثر تحفظات کی تعمیل کو یقینی بنانے کے لیے رسک مینجمنٹ فنکشن کی تاثیر پر بھی نظر رکھتی ہے۔

بورڈ ہیومن ریسورس اینڈ کمپنیشن کمیٹی (HRCC):

کمیٹی پورے بینک میں معاوضے کے مجموعی طریقہ کار اور پالیسی کی بورڈ کو سفارش کرنے اور اس بات کو یقینی بنانے کا ذمہ داری ہے کہ پالیسیاں ریگولیٹری تقاضوں سے اہم آہنگ ہوں۔ کمیٹی کے دائرہ کار میں مجموعی طور پر معاوضے اور فوائد کے ڈھانچے کا جائزہ شامل ہے، بشمول مادی رسک ٹیکرز (MRT) اور میٹرنل رسک کنٹرولز (MRC)، ہیڈ کاونٹ ایولوز کے ساتھ ساتھ بورڈ کو انسانی وسائل کے انتظام کی پالیسوں کی سفارش کرنا۔ کمیٹی بورڈ متعلقہ مردجہ ریگولیٹری رہنما خطوط کے مطابق ڈائریکٹر، ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز اور سینئر مینجمنٹ کے ممبران کے معاوضے کا تعین کرنے کے لیے ایک پالیسی فریم ورک کے لیے بورڈ کو سفارش کرنے کی بھی ذمہ دار ہے۔

بورڈ آئی ٹی کمیٹی (BITC):

کمیٹی ایک موثر گورننس فریم ورک فراہم کرنے کی ذمہ دار ہے تاکہ یہ یقینی بنانا جاسکے کہ بینک کا ٹیکنالوجی فنکشن اسے کارپوریٹ حکمت عملی اور مقاصد کے حصول کے قابل بناتا ہے۔

ارکان کوڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے یونائیٹڈ بینک لمیٹڈ کی 64ویں سالانہ رپورٹ پیش کرنا ہمارے لیے باعث مسرت ہے۔

کارکردگی کا جائزہ (Performance Review)

غیر مجتمع بنیادوں پر، سال 2022 کے لیے 68.3 ارب روپے کا قبل از ٹیکس منافع (PBT) ریکارڈ کیا اور 31 دسمبر 2021 کے مقابلے میں 31 فیصد کی زبردست نمو کا اندراج کیا۔ 2022 کے لیے 137.7 ارب روپے کی مجموعی آمدنی ریکارڈ کی گئی جس میں 2021 کے مقابلے میں 45 فیصد اضافہ ہوا۔ بینک نے 2022 کے لیے 103.2 ارب روپے کی مارک اپ آمدنی ریکارڈ کی جس میں پچھلے سال کے مقابلے میں 44 فیصد اضافہ ہوا۔ سال 2022 میں غیر مارک اپ آمدنی 34.4 ارب روپے رہی جو کہ پچھلے سال کے مقابلے میں 47 فیصد زیادہ ہے جس کی بنیادی وجہ بنیادی آمدنی اور یو بی ایل سوسٹرز زر لینڈ اے۔ جی (UBL Switzerland AG)، سابقہ ملکیٹی کمپنی، کی طرف سے وصول ہونے والا 6.8 ارب روپے کا یکبارگی منافع ہے۔

2022 کے لیے بینک کے آپریٹنگ اخراجات 52.3 ارب روپے ریکارڈ کیے گئے جو پچھلے سال کے مقابلے میں 22 فیصد اضافی ہیں، اس کی بنیادی وجہ اخراط زر، پاکستانی روپے کی قدر میں تیزی سے کمی اور پورے نیٹ ورک میں اورریٹرز میں اضافہ رہا۔ لاگوں میں اضافے کے باوجود لاگت کے مقابلے میں آمدنی کے تناسب میں بہتری آئی جو کہ 2021 میں 45 فیصد اور 2022 میں 38 فیصد رہا۔

سال 2022 میں بینک نے یو بی ایل انٹرنیشنل میں رکھی گئی سرمایہ کاریوں کے کوریج کے لیے 15.7 ارب روپے کے نیٹ پروویژن اخراجات ریکارڈ کیے (2021: 955 ملین روپے کانیت پروویژن ریورسل)۔

مالیاتی نتائج (Financial Results)

یو بی ایل نے غیر مجتمع بنیاد پر سال 2022 میں 32.1 ارب روپے کا بعد از ٹیکس (PAT) منافع ریکارڈ کیا جو کہ 2021 میں 30.9 ارب روپے کا بعد از ٹیکس منافع تھا۔ سال 2022 میں فی شیئر آمدنی (EPS) 26.19 روپے رہی (2021: 25.23 روپے)۔ مجتمع بنیاد پر یو بی ایل نے 32.1 ارب روپے کا بعد از ٹیکس منافع (PAT) ریکارڈ کیا (2021: 30.6 ارب روپے)۔ مجتمع بنیاد پر فی شیئر آمدنی (EPS) 2022 میں 25.76 روپے رہی (2021: 24.84 روپے)۔

نیٹ مارک اپ آمدنی (Net Markup Income)

بینک نے سال 2022 میں ریونیو فیس میں سال بہ سال کے 44 فیصد اضافے کے ساتھ 103.2 ارب روپے کی نیٹ مارک اپ آمدن ریکارڈ کی۔ سال 2022 میں بیچ مارک انٹرسٹ ریٹ کی اوسط شرح 13.2 فیصد رہی جو کہ 2021 میں 7.3 فیصد تھی، اس کی وجہ مائٹری پالیسی سخت کرنا اور ملک میں اخراط زر میں تیزی سے اضافہ تھا۔ پچھلے سال کے دوران بیلنس شیٹ میں تسلسل کے ساتھ اضافے کے باعث 2022 میں مارک اپ آمدنی کی اوسط 2.2 کھرب روپے رہی جس میں 13 فیصد اضافہ رہا۔ ایٹ تک کی بروقت ری پوزیشننگ سے انٹرسٹ سے ہونے والی آمدنی کو تقویت دی جسے فکسڈ اور فلوٹنگ ریٹ سرمایہ کاریوں کے پورٹ فولیو نے مضبوط کیا۔ اس کا نتیجہ نیٹ انٹرسٹ مارجنز (NIM) میں 3.8 فیصد (2021) سے 4.9 فیصد (2022) اضافے کی صورت میں ظاہر ہوا۔

2022 کے لیے ڈیویڈنڈ ڈپازٹ کی اوسط 1.64 کھرب روپے رہی جس میں سال بہ سال کی بنیاد پر 9 فیصد اضافہ ہو کر بینک کے پورٹ فولیو میں 130 ارب مزید جمع ہوئے۔ ڈیویڈنڈ CASA ڈپازٹ کی اوسط سال 2022 کے لیے 1.39 کھرب روپے رہی جس میں سال بہ سال کی بنیاد پر 7 فیصد نمو دیکھی گئی۔ اوسط CASA کا مجموعی ڈپازٹ سے تناسب مضبوط رہا اور گزشتہ سال کے مطابق 85 فیصد رہا۔

برانچ بینکنگ گروپ نے کم لاگوں اور مستحکم ڈپازٹ کے ساتھ پورٹ فولیو میں توسیع کا عمل جاری رکھا اور 2022 میں 613,000 نئے اکاؤنٹ شامل کیے، 2021 کی اسی مدت میں یہ تعداد 564,000 تھی۔ اس طرح کرنٹ اکاؤنٹ ڈپازٹ کی اوسط میں سال بہ سال 13 فیصد نمو ریکارڈ کی گئی اور سال 2022 میں 715 ارب روپے رہی۔ نتیجتاً، اوسط کرنٹ اور کل ڈپازٹس کا تناسب 2022 میں بہتر ہو کر 43.6 فیصد ہو گیا جو 2021 میں 42.1 فیصد تھا۔ 2022 میں ڈیویڈنڈ سیونگز پورٹ فولیو کی اوسط 674 ارب روپے رہی (2021: 661 ارب روپے)۔ ڈپازٹس کی ڈیویڈنڈ لاگت 2022 میں 6.4 فیصد رہی جو گزشتہ سال کی اسی مدت میں 3.6 فیصد تھی اور سال کے دوران شرح سود میں زبردست اضافے کے باوجود اچھی طرح قابو میں رہی۔

بینک لیول کے پرفارمنگ ایڈوائسز کی اوسط سال بہ سال کی 20 فیصد نمو کے ساتھ 2022 میں 665 ارب روپے رہی۔ ڈیویڈنڈ پرفارمنگ ایڈوائسز کا پوریٹ کے پورٹ فولیو میں اضافے کے وجہ سے 18 فیصد نمو کے ساتھ 525 ارب روپے رہے۔ بینک نے اپنے اسلامک کاروبار میں توسیع کا عمل جاری رکھا جس کی لون بک کی اوسط سال بہ سال 87 فیصد نمو کے ساتھ 2022 میں 69 ارب روپے رہی۔

بینک کی مارک اپ آمدنی کی سرمایہ کاری کی اوسط 8 فیصد اضافے کے ساتھ 2022 میں 1.47 کھرب روپے رہی۔ ڈیویڈنڈ گورنمنٹ سکیورٹیز پورٹ فولیو نے 2022 کے دوران 12.3 فیصد کا صحت مند منافع کمایا۔ یو بی ایل انٹرنیشنل نے بھی بینک کی مجموعی نیٹ مارک اپ آمدنی میں اؤٹسٹ پورٹ فولیو پر 5.6 فیصد منافع کے ساتھ بھاری حصہ ڈالا جو کہ زیادہ تر فارن سادرن ڈیٹ انسٹرومنٹس پر مشتمل تھا۔

نان مارک اپ آمدنی

بینک نے 2022 میں 47 فیصد اضافے کے ساتھ 34.4 ارب روپے کی نان مارک اپ آمدنی حاصل کی۔ نان مارک اپ آمدنی بینک کی مجموعی آمدنی کا 25.06 فیصد رہی (2021: 24.6 فیصد)۔

2022 میں بینک نے فیس اور کمیشن کی مد میں 15.9 ارب آمدنی حاصل کی جو کہ پچھلے سال کے مقابلے میں 21 فیصد زیادہ تھی۔ برانچ بینکنگ آپریشنز سے حاصل ہونے والی کسٹمر فیس 33 فیصد اضافے کے ساتھ 2.2 ارب روپے رہی جس میں زیادہ تر حصہ ریٹیل نیٹ ورک کارہا۔

ڈیویڈنڈ ہوم ریڈی ٹینس میں بھی بینک نے اپنی لیڈر شپ پوزیشن برقرار رکھی جس میں بینک کا مارکیٹ شیئر 21 فیصد تھا۔ اس سے بینک کو 20 فیصد کی نمو کے ساتھ 2 ارب روپے کا کمیشن حاصل ہوا۔ نان مارک اپ آمدنی میں بینکا شورٹس بزنس نے بھی اپنی قابل ذکر کنٹری بوشن جاری رکھی اور اس سے بینک کو 4 فیصد کی نمو کے ساتھ 1.6 ارب روپے حاصل ہوئے۔

ڈیٹ اور کریڈٹ کارڈ فیس سے 2022 میں 3.1 ارب روپے کمائے گئے جو کہ 21 فیصد زیادہ ہے اور ایکٹیو ڈیٹ کارڈ صارفین کا پورٹ فولیو سال کے دوران 930,000 نئے کسٹرز کے ساتھ اب 2.5 زیادہ ہے۔ کیش مینجمنٹ سے کمیشن کی آمدنی سال 2022 میں 1.1 ارب روپے ریکارڈ کی گئی جس میں کارپوریٹ اور ایس ایم ای صارفین میں زیادہ تھرو پیٹ والیوم کے ساتھ سال بہ سال 14 فیصد اضافہ ہو رہا ہے۔ ٹریڈ اور گارنٹی بزنس سے 2.02 ارب روپے ریکارڈ کی گئی جس نے 58 فیصد کی مضبوط نمو اور طویل عرصے سے قائم صارفین کے تعلقات میں مستحکم حجم دیکھا۔

بینک نے سال 2022 میں 8.4 ارب روپے کی فارن ایکسیج آمدن حاصل کی جو پچھلے سال 4.0 ارب روپے تھی اور اس کی بڑی وجہ زیادہ کسٹرز اور بہتر بیلنس شیٹ پوزیشننگ تھی۔ 2022 میں بینک نے ڈیوڈنڈ سے 3 فیصد نمو کے ساتھ 2.1 ارب روپے کی آمدن حاصل کی جس کی ادائیگی فریڈلائزر اور انرجی سیکٹرز میں بینک کی ہولڈنگز سے کی گئی۔ بینک نے اپنی ملکیٹی ذیلی کمپنی UBL سوسٹرز لینڈ اے جی کی رضاکارانہ حواگی سے 6.8 ارب روپے حاصل کیے۔

قرض اور مکنڈ نابدنگی اور خسارے

یو بی ایل نے 2021 میں 955 ملین روپے کے قرض پر مکنڈ نابدنگی اور خسارے کے لیے مختص اخراجات کے مقابلے میں 2022 میں 15.7 ارب روپے کے نیٹ پروویژن چارجز ریکارڈ کرائے۔ بینک کے اؤٹسٹ پورٹ فولیو کے مقابلے میں 19.1 ارب روپے کے پروویژن چارجز ریکارڈ کیے گئے، تاکہ بنیادی طور پر یو بی ایل انٹرنیشنل میں موجود فارن سادرن بانڈز کی ہولڈنگز پر کوریج برقرار رہے۔ بینک نے 2022 میں 1.2 ارب روپے کی نیٹ پروویژن چارجز کے مقابلے میں لونز اور ایڈوائسز پر 2.9 ارب روپے کے نیٹ پروویژن ریورسل چارجز ریکارڈ کیے جس کی بڑی وجہ ڈیویڈنڈ اور انٹرنیشنل آپریشنز میں ریکوری کی مضبوط کوششیں رہیں۔

بینک کی سطح کے نان پرفارمنگ لونز (NPLs) دسمبر 2022 کو 93.3 ارب روپے تھے (دسمبر 2021: 86.0 ارب روپے) جن میں 7.3 ارب روپے کا اضافہ دیکھا گیا۔ بینک کی سطح کی ایٹ کوالٹی دسمبر 2021 میں 11.8 فیصد کے مقابلے میں دسمبر 2022 کو 9.2 رہی جبکہ مخصوص کوریج دسمبر 2021 میں 86.9 فیصد سے بڑھ کر دسمبر 2022 میں 87.6 فیصد رہی۔

ڈیویڈنڈ بینک سے مجموعی ایڈوائسز دسمبر 2021 کے 544 ارب روپے کے مقابلے میں دسمبر 2022 میں 785 ارب روپے رہے، یہ مجموعی پورٹ فولیو کے 77 فیصد تھے۔ ڈیویڈنڈ NPLs دسمبر 2021 کے 27.1 ارب سے 0.9 ارب روپے کم ہو کر دسمبر 2022 میں 26.2 ارب روپے رہیں۔ رواں سال کے دوران پورٹ فولیو کی بہتر کارکردگی کے باعث ڈیویڈنڈ بینک کی ایٹ کوالٹی دسمبر 2022 میں مضبوط ہو کر 3.3 فیصد رہی (دسمبر 2021: 5.0 فیصد)۔

یو بی ایل انٹرنیشنل کے NPLs دسمبر 2022 کو 296.5 ملین ڈالر رہے (دسمبر 2021: 334.0 ملین ڈالر)۔ انٹرنیشنل بزنس کے لیے لونز پر مخصوص کوریج دسمبر 2022 کو 87.5 فیصد رہی (دسمبر 2021: 86.4 فیصد)۔

اخراجات کا نظم و نسق

یو بی ایل پورے برانچ نیٹ ورک میں آپریشنل افادیت پیدا کرنے اور سپورٹ فنکشنز کی بہتر ہم آہنگی اور بینک کے افعال اور عمل کو ڈیجیٹائز کرنے کے لیے ٹیکنالوجیز کے زیادہ استعمال پر توجہ مرکوز کیے ہوئے ہے۔ 2022 میں بینک کے آپریٹنگ اخراجات 22 فیصد اضافے کے ساتھ 52.3 ارب روپے رہے۔ سال 2022 کے دوران ملازمین کی تنخواہوں کی لاگت، اخراط زر کی ایڈجسٹمنٹ اور معمول کے اضافے کے باعث 19 فیصد اضافے کے ساتھ 19.7 ارب روپے رہی۔ املاک کے اخراجات 27 فیصد اضافے کے ساتھ 8.9 ارب روپے ریکارڈ کیے گئے جس میں املاک کی گراوٹ کے لیے کھاتہ داری کے تخمینے میں یکبارگی ایڈجسٹمنٹ شامل ہے۔ آئی ٹی لاگوں میں بھی امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں تیزی سے کمی کے باعث 19 فیصد اضافہ ہوا، کیونکہ لائسنس فیس فارن کرنسی میں ادا کی جاتی ہیں۔ پچھلے سال کے مقابلے میں کاروبار کا حجم بڑھنے کے باعث متغیر اخراجات بھی 24 فیصد اضافے کے بعد 18.4 ارب روپے ریکارڈ کیے گئے۔

سرمائے کا تناسب

بینک ایک مضبوط سرمائے کی بنیاد کو برقرار رکھنے کی کوشش کرتا ہے جو مستقبل کی ترقی کے لیے ایک ٹھوس بنیاد فراہم کرنے کے ساتھ ساتھ ریگولیٹری تقاضوں پر مناسب ہفز کو برقرار رکھتا ہے۔

دسمبر 2022 میں اسٹیٹ بینک آف پاکستان کی جانب سے منعقد کیے گئے جائزے میں یو بی ایل کو Designated Domestic Systemically Important Bank (D-SIB) قرار دیا گیا ہے۔ بینک کو ہائیر لاس لیروزیننس (Higher Loss Absorbency – HLA) کے معیار پر پورا اترنا ہوا گا اور اس کے لیے مجتمع اور غیر مجتمع بنیادوں پر 0.5 فیصد کا کامن ایکویٹی میٹر 1 (CET – 1) سرمایہ مختص کرنا ہوا گا۔ تازہ ترین جائزے کے نتیجے میں، یو بی ایل کے لیے کم از کم سرمائے کی شرط 12.0 فیصد تک بڑھ چکی ہے۔

بینک کا مجموعی CAR دسمبر 2022 میں 19.2 فیصد رہا (دسمبر 2021: 21.5 فیصد)، اس میں 12 فیصد کی کم از کم ریگولیٹری شرط کے اوپر 7.2 فیصد کا ہفز بھی شامل ہے۔ کامن ایکویٹی میٹر 1 (CET-1) کا تناسب دسمبر 2022 تک 13.4 فیصد رہا (دسمبر 2021: 15.1 فیصد)۔ دسمبر 2022 کو میٹر 1 کیپٹل کا تناسب 14.4 فیصد ریکارڈ کیا گیا (دسمبر 2021: 16.3 فیصد)۔

بورڈ آف ڈائریکٹرز نے 22 فروری 2023 کو اسلام آباد میں ہونے والی میٹنگ میں 31 دسمبر 2022 کو ختم ہونے والے سال کے نتائج کے ساتھ 9 روپے فی شیئر ڈیویڈنڈ کا اعلان بھی کیا۔

معیشت کا جائزہ

پاکستان بدستور کمزور میرٹھی کھاتوں کی پوزیشن سے متاثر ہو رہا ہے، بیرونی مالیاتی رقوم کی تصدیق اور IMF پروگرام کو دوبارہ شروع کرنے کی اشد ضرورت ہے۔ معیشت کو استحکام دینے اور بڑے صنعتی شعبوں کی تعمیر نو کے لیے یہ اقدامات ناگزیر ہیں۔

مالی سال 23 کے پہلے شش ماہ میں کرنٹ اکاؤنٹ خسارہ 3.7 ارب ڈالر رہا جو کہ پچھلے سال کی اسی مدت سے 60 فیصد کم ہے۔ 7M کے لیے تجارتی توازن کا خسارہ بھی 19.6 ارب ڈالر رہا جو پچھلے سال کی اسی مدت میں 28.9 ارب ڈالر تھا۔ 7M مالی سال 23 میں ایکسپورٹس 16.5 ارب ڈالر ریکارڈ کی گئیں، جو کہ پچھلے سال کے مقابلے میں 7.2 فیصد کم رہیں اور امپورٹس سال بہ سال 22.5 فیصد کم ہو کر 36.1 ارب ڈالر رہیں۔ مالی سال 23 کے 7M میں بیرونی ترسیلات زر 16 ارب ڈالر ہیں جو کہ سال بہ سال میں 11 فیصد کم ہیں۔ ڈیویڈنڈ فارن کرنسی مارکیٹ دباؤ کا شکار رہی جبکہ 31 دسمبر 2021 کے مقابلے میں 13 فروری 2023 کو پاکستانی روپے کی قدر میں 51 فیصد کمی ہوئی۔

ملک میں اخراط زر کی شرح تازہ کاری بلندی کی بلند ترین سطح پر رہی اور جنوری 2022 کے مقابلے میں جنوری 2023 میں 27.6 فیصد ریکارڈ کی گئی (دسمبر 2021: 12.3 فیصد)۔ مستقبل قریب میں انرجی کی قیمتوں میں اضافہ اور غذائی اخراط زر معاشی سرگرمیوں اور جی ڈی پی پر اثر انداز ہوتی رہے گی۔ اسٹیٹ بینک آف پاکستان نے 23 جنوری 2023 کو بیچ مارک انٹرسٹ bps 100 بڑھا کر 17 فیصد کر دیا۔

موجودہ معاشی ماحول کے اثرات کے ایس سی 100 انڈیکس پر موجود رہے اور دسمبر 2022 کو یہ 40,420 پوائنٹس پر بند ہوئی جو کہ دسمبر 2021 کے مقابلے میں یہ 9 فیصد کمی تھی۔ بینکنگ سیکٹر کے لیے ڈپازٹ کی دسمبر 2022 تک 22.5 کھرب روپے رہے جو دسمبر 2021 کے مقابلے میں 7 فیصد زیادہ ہے جبکہ بینکنگ سیکٹرز میں ایڈوائسز دسمبر 2022 کو 11.9 ارب کھرب روپے پر بند ہوئے جو کہ دسمبر 2021 کے مقابلے میں 17 فیصد زیادہ ہے۔ بینکنگ انڈسٹری کے لیے نان پرفارمنگ لون ستمبر 22 تک 898 ارب روپے رہے جو کہ دسمبر 2021 کے مقابلے 4 فیصد زیادہ ہے جبکہ ایٹ کوالٹی دسمبر 2021 میں 7.9 فیصد سے ستمبر 22 میں 7.6 فیصد رہی۔

یو بی ایل انٹرنیشنل

یو بی ایل انٹرنیشنل نے 2022 میں 12.7 ملین ڈالر کا PBT ریکارڈ کیا (2021: 38.7 ملین امریکی ڈالر)۔ انٹرنیشنل بزنس کا مجموعی ریونیو 67.3 ملین ڈالر ریکارڈ کیا گیا (2021: 77.7 ملین ڈالر)۔ 2022 میں نیٹ مارک اپ اکم 52.7 ملین ڈالر ریکارڈ کی گئی جو کہ 8 فیصد زیادہ ہے۔ سال 2022 میں 14.5 ملین ڈالر غیر مارک اپ اکم ریکارڈ کی گئی جو کہ پچھلے سال 28.7 ملین ڈالر رہی، اور اس کی وجہ سرمایہ کاریوں کی فروخت

A conceptual image showing a person's hands holding a glowing, futuristic globe. Inside the globe, a lush green tree is growing out of a metallic, circuit-like base. The background is dark with blue and purple light streaks, suggesting a digital or technological environment.

THE ADVANCEMENTS OF GROWTH

As a leading bank, UBL is committed to succeeding in all directions, be it enabling employees and its customers for financial empowerment or enabling financial inclusion through technology. UBL as an organisation has always been socially conscious and through our ESG framework, works for the betterment of society at large so that banking is accessible and convenient for everyone. UBL cares about the culture of Pakistan and has been at the forefront of promoting arts and literature in the country since inception.

ENVIRONMENTAL, SOCIAL & GOVERNANCE 2022

UBL aims to act as a catalyst across its footprint connecting, enriching and supporting the communities in which we live and work. ESG criteria are a set of standards that represent an organisation's corporate interests primarily focused on sustainable and ethical impacts.

At UBL, the Bank's ESG guidelines inform conscientious investment and resource allocation decisions that are purpose driven and help the bank in achieving its long-term sustainability targets. ESG is an area of heightened focus and investment for UBL and has changed the Bank's outlook towards its business.

The Bank's ESG guidelines sets out the principles, commitments and framework for sustainability at UBL. Its purpose is to define how sustainability is taken into account in the Bank's business conduct, credit and investment decisions. The guideline elucidates the Bank's approach to align its business strategy, processes and disclosures with national and

international ESG standards and frameworks. It describes how we interact and collaborate with the communities where we provide our services.

The Bank's ESG guidelines are encapsulated by our Green Banking policy, which represents a documented business approach to ESG issues. The Bank is committed to manage ESG risks by implementing a comprehensive ESG Risk Management and Governance Framework

UBL is committed to ESG and creating long-term value for internal and external stakeholders including customers, employees, investors, regulators, business partners and community members.

Our 2022 ESG Highlights

Our commitment to sustainability is embedded in our business strategy and is a key measure in defining our success.

International Green Building Certification (LEED)
Initiation of LEED Gold Certification for UBL Head Office Building Karachi

ISO-14001-2015
Engaged an advisor and working towards ISO-14001-2015

Water Conservation
Invested in water conservation projects

Contribution to Eco-Friendly Businesses
PKR 20.3 million invested in renewable energy projects

Digital Banking
UBL through the UBL Digital App increased digitisation to minimise usage of paper and energy

ENVIRONMENTAL

Paperless Banking
Opened 34,000+ Digital Accounts during 2022 to support our sustainability initiatives

Energy Conservation
Steps taken to ensure conservation of energy wherever possible, through 'Work From Home' programs and other active projects

Branches Converted to Solar Energy
46 branches converted from conventional to solar energy

Tree Plantation Drive
UBL employees in various cities of Pakistan participated in afforestation drives in collaboration with World Wildlife Fund (WWF)

SOCIAL

People with Disabilities (PwDs)
PwDs employed across the Bank in various roles and 6 branches per Region have been designated for PWD customers

Implementation Of A Well Defined DEI Policy
Our workforce constitutes of people with diverse backgrounds with respect to religion, gender, ethnicity and disability

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

Active CSR Agenda
PKR 211 Million donated in CSR activities throughout the year in areas of education, healthcare and community welfare

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

Employees Health & Safety
98.8% of the employees were vaccinated against COVID-19 through in-house vaccination facility or at bank-financed external vaccination facilities

GOVERNANCE

Zero Carbon Emissions
Aiming for reduction in own and financed carbon emissions to fulfill our target of becoming a Net Zero entity by reducing financing to coal mining projects and calculating carbon footprints of our clients

Alignment with UN Sustainable Development Goals (UN SDGs)

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

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

Environmental

UBL is cognisant of its responsibility to the environment and takes concrete measures to address potential risks. This includes efforts towards energy management, investment in eco-friendly projects, ethical financing, safeguarding natural resources and the Bank's overall capability to efficiently respond to environmental concerns. It has adopted a series of policies to help achieve this aim.

Green Banking

UBL's Green Banking Policy has been prepared in accordance with the Green Banking Guidelines (GBG) issued by the State Bank of Pakistan. It embraces the primal concept of creating awareness and cognisance of the environmental consequences of Bank's actions, both directly and indirectly. Through Green Banking, UBL will not only improve its own standards of financial intermediation, but will also play an active role in demanding the same from its stakeholders.

The Green Banking Policy covers lending activities, banking services and support functions undertaken by the Bank. It also outlines UBL's commitment of contributing its due share towards containment of the wide ranging impacts of climate change and creation of positive externalities to augment the Bank's image as a socially responsible corporate citizen.



UBL's Go-Green products are designed to be paper-free. Customers are encouraged to use their electronic gadgets to conduct transactions digitally. The following Green Products are available at UBL:

Go-Green Internet Merchant Acquiring
UBL Go-Green internet merchant acquiring is a step towards encouraging digital payments with a sense of security with 3-D secure authentication verified by both Visa and MasterCard Secure Code.

Go-Green E-Statement
Bank statements provide a track of transactions to the customers, but to safeguard our environment, we encourage our customers to shift towards electronic statements rather than printed statements. Therefore, by saving paper, we are doing our bit in saving the planet.

Go-Green SMS Alert
The Go-Green SMS Alert feature aims to reduce carbon footprints by encouraging customers to avail instant SMS alerts to reduce visits to a bank branch for information regarding their transactions.

Transitioning to a Decarbonized Future
We aim to reduce financing to coal-mining businesses in order to fulfill our commitment of being a Net Zero entity. Concurrently we have identified key areas of operations in our head offices and branches that will enable us to reduce Carbon Emissions, for example, our Go Green initiative that encourages a paperless operating environment at the business and customer end, financing of solar panels and migration of power generation from conventional to natural means at branch level.

Managing Environment Footprint
We are conscious of how our operations impact the environment. We are, therefore, focused on managing our environmental footprint. We have incorporated several changes to our operations in this endeavor. These include optimising energy consumption, reducing wastage of resources, and making sure to recycle and reuse. We believe that by integrating the idea of preserving the environment into our business paradigm, our work can have a positive impact. This is particularly important as we conduct business across the country.

We recognise the importance of leveraging technology to digitise our wide-spread operations and simplify processes that help reduce our dependency on paper. Our digital initiatives have aided our commitment to a sustainable tomorrow. The Bank is in the process of, or has undertaken the following initiatives in order to manage its environmental footprint.

- i. Energy Conservation and our role in addressing Climate Change
- ii. Water Conservation
- iii. Paper Conservation - Increasing Digitization to Minimise Usage of Paper
- iv. Resource Efficiency and Pollution Prevention
- v. Deforestation, Biodiversity and Natural Capital

- vi. Customer Carbon Footprint Calculation
- vii. Leadership in Energy and Environmental Design (LEED) Certification (under process)

Details about each initiative are available in the ESG 2022 report.

Social

The social aspect of the ESG framework refers to our ability to maintain favourable relationships with our stakeholders, both internal and external. Being a socially concerned leading player of the industry, UBL prioritises the well-being of people associated with it in any capacity by putting great emphasis on human capital management as well as managing external partners. UBL is cognisant of the impact it makes on the communities it operates in by ensuring strict adherence to social ethical standards.

People - Employees

We believe that our thousands of employees spread across the country are the cornerstone of our success. We have a comprehensive board approved Diversity, Equality and Inclusivity (DE&I) policy that covers all aspects of our decision making and is considered when recruiting, training and developing our people. UBL ensures that its initiatives support and enable people of different ethnicities, languages, religions, education, gender, abilities, family status and age.

Diversity, Equality & Inclusion Policy

We are committed to encouraging Diversity, Equality and Inclusion (DE&I) for which a dedicated (DE&I) policy has been formulated and approved by the Board of Directors (BoDs). The purpose of this policy is to frame UBL's commitment to ensure that (DE&I) considerations are effectively incorporated into how we recruit and develop our people, design and deliver our products and services, invest in the communities we operate in and engage on public forums.

Our vision is to become a Bank that is renowned for its diversity, equality and inclusive environment which both our clients and our people experience. We strive to:

- Be a gender balanced organisation by creating a conducive environment at workplace, achieve gender balance at all levels of workforce with specific focus on senior roles.
- To provide opportunities to Persons with Disabilities (PWDs) in hiring, career development, progression and fair compensation by providing conducive work environment.
- To create an equitable and inclusive culture and empowering people by respecting and appreciating where everyone can be valued in terms of gender, age, disability, ethnicity, religion, education and sexual orientation and their contributions are recognised and valued.

We believe a diverse workforce and an inclusive culture amplify our effectiveness and enhance performance on an individual as well as organisation-wide level. We are committed to eliminating discrimination, harassment and victimisation at workplace and aim to have a workforce that is truly representative of all segments in terms of gender, religion, ethnicity, socio-economic class, and physical and intellectual abilities.

The implementation of the (DE&I) framework is the responsibility of individuals and teams and ranges from ensuring that (DE&I) deliverables are part of yearly KPIs to ensuring periodic reporting on (DE&I) initiatives for regulatory compliance. The (DE&I) Council is responsible for strict adherence to the (DE&I) strategy

and its effective integration in each facet.

Women Representation in Workforce

Year-on-year growth in female representation is a key target of our (DE&I) mission, whereby we aim to critically focus on our workforce composition and ensure that it is a true representation of gender diversity.

In addition to the specified criterion of recruiting more number of women, numerous other targets have been established to foster a more gender inclusive workplace that help us achieve our diversity objectives.

Disability Inclusion

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

We have also made this initiative a part of our (DE&I) policy, whereby we not only aim to adhere with the Government prescribed PWD job quota i.e., 2% of the entire staff.



Celebration of Different Religious Festivals

As part of the Bank's commitment to Diversity, Equality and Inclusion, UBL takes out regular messages across the bank wishing people of all communities and religions on their special celebratory events and occasions.

Employees Health and Safety

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

Employees Development and Training

UBL is an organisation that has always believed in providing the best training and development to its employees to help them manage tasks and have a better understanding of processes making them more effective and productive. The Bank has an ongoing training and development programs for personal and professional development of its employees.

Improved Code of Conduct and Ethical Standards

UBL Code of Conduct spells out what is expected from every member of the UBL family. This Code of Conduct serves to define the behavioural framework for our conduct at work.

It describes how we put our values of Customer First, Honesty of Purpose, Teamwork, Excellence and Meritocracy into practice. The Code defines expectations from employees towards all stakeholders and provides guidance for employees and everyone who works on our behalf.

People – Customers

As a leading institution, UBL values and promotes diversity, equality and inclusivity across all avenues, be it in its customer base, workforce or across society. It is proud to cater to customers of different ethnicities, languages, religions, education, gender, disabilities, family status and age and ensures that they feel heard, valued and their needs are met.

Financial Inclusion for Women

In order to capture a larger audience of female customers, we aim to develop customised gender inclusive products. Our business teams/departments are responsible for review and design of products and services. Additionally, outreach targets for women centric products and services are being introduced to facilitate financing to women entrepreneurs under priority sectors like agricultural finance, housing finance etc. There is also linkage of KPIs at regional and branch level staff to include certain weightages of targets for account opening and financing for female specific products. We also explore partnerships & collaboration with statutory bodies / government programs / universities and FinTechs to create opportunities for women centric products and services.



UBL Urooj Account for Women

A huge percentage of women in Pakistan remain financially underserved despite initiatives taken to promote gender diversity in financial institutions, introduction of women-centric products and outreach programs. Products specifically designed for women have been made available by financial institutions. One such product is UBL Urooj Account which is a unique current account designed especially to support women in meeting their daily needs & enhancing their lifestyles. It allows women to bank with ease, while maintaining costs and keeping up with their financial needs.

Fair Treatment of Customer (FTC) Framework

The Bank has formulated Consumer Protection Framework to ensure Fair Treatment to all Customers (FTC) to adopt and maintain the principle of fairness across the bank and in all its dealings including business strategies, product design, financial promotion, sales, complaints handling and customer services.

Our Initiatives

UBL Good Citizen Account for Tax Inclusion

This product is designed especially for customers who fulfill their tax obligations and are Active Tax Payers. As an Active Tax Payer, our customers can avail multiple benefits being offered as a special reward from UBL for being conscientious citizens.

Asaan Digital Account

UBL Asaan Digital Account is suited for customers looking for the most convenient banking solutions. With simple documentation combined with digital account opening facility, this account is another major step towards financial inclusion as it makes banking easy and accessible for a huge segment of the society that is otherwise reluctant to adopt banking practices.

Simple documentation combined with digital account opening facility, this account is another major step towards financial inclusion as it makes banking easy and accessible for a huge segment of the society that is otherwise reluctant to adopt banking practices that require extensive documentation and branch visits.

UBL OMNI

To promote financial inclusion for the unbanked population of the country, UBL launched OMNI in the year 2010. This one-of-a-kind wallet account provides ultimate convenience to a segment who is otherwise reluctant to open a bank account because they either lack financial literacy, access to formal financial channels, prefer to use cash or unwilling to adopt banking methods.

Providing solutions to Differently Aabled Customers

Braille based account opening process

In order to alleviate the difficulties being faced by the visually impaired /blind persons in availing their genuine banking needs, Braille based account opening is being implemented to assist visually impaired individuals. This initiative is a major step towards making banking more accessible for everyone.

Persons with Disabilities (PWDs) Friendly Branches

At UBL, we strive to make banking easy and accessible for everyone. Therefore, we have designated 6 model branches in each region to assist differently-abled individuals. These branches include special features including ramps and railings for approaching the branch and ATMs, dedicated parking space, height-adjusted counters and PWD-friendly washrooms.

People – Community

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

Flood Relief

In 2022, UBL initiated the Bestway Foundation Hum-Sahara Flood Relief Programme, as part of its ambitious program to help families adversely affected by the unprecedented rains and floods in Pakistan. Bestway Group, UBL's parent organisation raised over USD 2 million for the flood affectees. UBL teams, alongside Bestway Group, undertook a large scale distribution of life saving items including food, tents, medical supplies, water filtration units, blankets and mosquito nets to address the mass scale calamity.



CSR Overview

The Bank's Corporate Social Responsibility activities are focused in the areas of education, health, arts & literature, sports, skill development for sustainable livelihoods, and related activities including financial inclusion and financial literacy. Under the umbrella of Education, the Bank provided scholarships, supported vocational training and funded teacher training programs to support education across primary, secondary and higher levels. Under the ambit of health, the Bank set up infrastructure and medical equipment, sponsored critical treatments and covered operational expenses to ensure support to those who need it the most. The commitment to community welfare was best exemplified by the flood relief programme, with other noteworthy initiatives including the annual Ramzan drive to provide assistance to the underprivileged through distribution of ration bags, meal and Eid gifts.

Throughout the year, the Bank sponsors sporting events, carnivals, tree plantation drives and other worthy initiatives within the ambit of education, health, arts & literature, sports, skill development and as part of its ESG agenda.



UBL Literature And Arts Awards

As part of its ESG agenda, UBL also promotes art in all its forms, be it theatre, music, film, literature, fine art and more. The UBL Literature And Arts Awards (ULA) is an initiative through which the Bank supports Pakistani writers and literature by awarding the best of them on an annual basis. With each successive ceremony, the ULA has come to be recognised as a benchmark of literary excellence.

In 2022, UBL hosted the largest edition of this award competition to mark a decade of this distinctive initiative UBL embarked on in 2012. With 14 awards, it was the most comprehensive Pakistani awards celebrating the field of literature and arts. This included a life-time achievement award presented to the pride of Pakistan Mr. Anwar Maqsood by Mr. Shazad G. Dada, President & CEO, UBL.

Governance

UBL is committed to maintaining the highest standards of integrity, ethics, governance and regulatory compliance.

Board Composition, nomination and selection

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

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

The nomination committee is fully composed of non-independent members, while only half of the members in the audit committee are independent. However, a majority of independent members are in charge of the remuneration committee.

Board Independence and Diversity

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

UBL Board only one female director in the Board. UBL is cognisant of the fact that a diverse board can be a competitive advantage and make a company stronger over time.

Business Ethics and Policies

As a conscientious corporate citizen, UBL believes in ethical business dealings. Our Code of Conduct, developed for Directors & Employees is revised every year. There are also SBP & Board approved guidelines for all businesses / departments in place. Policies related to risks, controls and other aspects are integrated in our practices.

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

- Anti-Money Laundering Policy and Training
- Anti-Bribery and Corruption Policy and Training
- Anti-Fraud Policy and Training
- Financial Crime Compliance (FCC) Transformation Programme

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

Sustainable debt and loan capital market transactions

The Bank's sustainable debt is made up of a variety of fixed-income instruments raising funds to finance projects that advance economic, environmental and social objectives.

Compliance with International Finance Corporation (IFC) Performance Standards

International Finance Corporation (IFC) performance standards define organizations' ability to manage their sustainability risks and impacts and how they can avoid and mitigate them to operate in a more sustainable manner. At UBL, one of our major environmental and social goals is to ensure meticulous compliance with IFC performance standards, whereby we are undertaking the following key measures:

- Assess and manage risks and impacts of our processes
- Foster a positive working environment
- Ensure resource efficiency
- Focus on employee health, safety and security
- Ensure biodiversity conservation and sustainable resource management
- Protect cultural heritage by supporting initiatives and institutions that are dedicated to cultural and historic preservation

Developing Sustainable Investment Framework

As part of our long-term investment strategy as a socially conscious market leader, development of a sustainable investment framework plays a vital role by which we can effectively determine viable investment opportunities for our businesses.

The framework is imperative in identifying ventures that have positive environmental impact. Following are the key dimensions of the framework:

- Sustainable investment policies – necessary to determine investment objectives, preferences and streams.
- Sustainable investment facilitation – to facilitate investment activities with the help of a defined policy that guides various business units of the bank in their day-to-day business conduct and also helps in expanding business operations.
- Sustainable development impact – for evaluating the outcome of sustainable business practices to foster growth without compromising the natural ecosystems.
- Sustainable finance mobilisation – this primarily means to undertake sustainable financing decisions to ensure finances are efficiently utilised for better business outputs.

More details of our ESG initiatives are available in the UBL ESG Report 2022.

For print copy, please send a request by email to ublcamt@ubl.com.pk



PRESIDENT AND CEO REVIEW 2022

Another Resilient Performance by UBL in 2022

We have had another excellent year and upheld our leadership position as Pakistan's most progressive and innovative Bank, winning global and local industry awards from Euromoney, Asiamoney, CFA Society Pakistan and Pakistan Digital Awards. Reflecting upon our journey this past year, we are proud of what we have achieved and are extremely thankful to the UBL Team, our customers and our shareholders. In 2022, our focus was on building a stronger and more sustainable bank for the future. This included the investments we made in our state-of-the-art technology platforms and especially in our human capital.

UBL remains one of the largest financial institutions of Pakistan with a footprint of 1,343 branches (including 8 overseas branches) and assets of over Rs. 2.8 trillion. Serving 11 million customers, with deposits of over Rs. 1.84 trillion and gross advances of Rs. 1.01 trillion, UBL is at the forefront of banking and financial services in Pakistan.

Apart from the Pakistan operations, UBL remains well diversified with a banking subsidiary in the UK and has one of the largest GCC presence by a Pakistani Financial Institution. We have a robust branchless banking businesses in Pakistan under the brand name of Omni, a dedicated top tier asset management company UBL Funds and associate investments across the insurance and micro finance segments. We are proud of our highly dedicated and professional team of over 13,500 staff members and remain steadfast in our commitment of reaching remote areas of the country and providing access to banking facilities, thus serving the goal of financial inclusion for every citizen of Pakistan.

Our strategy and performance for 2022 was built on the pillars of 'PACE' – Prioritise, Agility, Collaborate & Empower. Our focus remained on creating a more agile organisation that can respond quickly to changes in the market and customer needs. We streamlined our processes, empowered our employees, and embraced a culture of innovation and experimentation. We actively sought new partnerships and collaborations to expand our out-reach to provide more value to our customers while continuing to seek out strategic opportunities that align with our long-term goals.

We continued to grow and serve our strong customer base and established a number of strategic alliances and partnerships. UBL remained key industry participants in initiatives undertaken by the Government of Pakistan and State Bank of Pakistan, providing strong support to our country.

We also implemented technology based governance and controls frameworks (including Financial Crimes Compliance - FCC), setting the gold standard in controls, governance and regulatory compliance for the Banking industry in Pakistan.

During the year, we made great strides towards our ESG initiatives including our DE&I (Diversity, Equality and Inclusion) agenda. This included the launch of UBL Urooj Account which has been a resounding success. The agility of the UBL Family helped us tackle the unprecedented challenges brought about by the devastating floods. Bestway Group, UBL's parent organisation donated over USD 2 million for flood victims. UBL teams, alongside Bestway Group, have worked diligently to rehabilitate and support those most affected by this tragedy.

In 2022 our focus was on building a stronger and more sustainable bank for the future. We continue to invest in human capital as we consider a skilled and competent workforce as the single most competitive advantage today. A key priority has

been to build our leadership bench strength by identifying high potential employees and providing them well-defined career paths as well as learning and development opportunities for eventual leadership roles.

Strong Dividend Payouts Maintained While UBL Repositions to Achieve Larger Aspirations

As one of the systemically important financial institutions of the country, we have continued to deliver strong results in 2022 with strong shareholder returns despite a difficult operating environment. UBL delivered yet another solid performance generating a Profit Before Tax (PBT) of Rs. 68.3 billion for the year ended December 31, 2022, with a year-on-year growth of 31%. Profit after tax (PAT) was reported at Rs. 32.1 billion with Earnings per Share (EPS) at Rs. 26.19 (2021: Rs. 25.23). The Bank declared dividends of Rs. 9.0 per share for the fourth quarter of 2022, taking the overall dividend distribution to Rs. 22.0 per share for the full year which is significantly higher than the Rs. 18.0 per share declared in 2021. Despite economic challenges this year, UBL remained resilient in sustaining its leading position in the Pakistan banking industry. We remain well capitalized with a CAR at 19.2% as at Dec'22 (Dec'21: 21.5%) and an ROE of 18.0% (Dec'21: 19.1%).

UBL Remains in the Forefront with Market Recognition

The Bank continues to build on its award-winning digital banking infrastructure which has repeatedly been recognized as one of the best in Pakistan in providing the most innovative banking solutions by winning global and local industry awards. In 2022, we were awarded:

- EUROMONEY** award of excellence in "Market Leader of Digital Banking"
- "Best Bank for Digital Solutions in Pakistan" by **ASIAMONEY**.



UBL won major accolades throughout the year

We were acknowledged at the 19th Annual Excellence Awards organised by CFA society, Pakistan with 3 awards across the following categories:

- Best Bank of the year 2021 in Tier I Bank category
- Best Digital Banking Services 2021
- Best Investor relations 2021 – Financial Institution

These awards are a recognition of being best in class in Digital Banking and for our performance across all key metrics.

Challenging Economic Environment Surrounds the Business Outlook

The global economy faced significant challenges with high inflation levels, climate change consequences and the continuation of war in Ukraine all being major contributors. Steady and lengthening inflation pressures triggered a powerful wave of US dollar appreciation against most currencies.

Tightening of monetary policy and financial conditions have continued to work through the economy to suppress inflation. The year has witnessed a high interest rate regime as policy rate was raised by a total of 625 bps in 2022 and by another 100 bps in January 2023 pushing the interest rate to 17% as inflationary pressures have proven to be stronger and more persistent. The impact of the catastrophic flooding events that occurred in 2022 will continue to be felt this year as well. As the country struggles with foreign exchange pressures, the resumption of the IMF program and bilateral flows have become critical. Even though it will take time to regain financial stability and spur economic activity, the adjustments required for recovery have already begun.

Despite the tough macro-economic environment, UBL has maintained its legacy on the strength of its strategically located network and digital transformation. We are well diversified across each geographical and business segment with a strong distribution team, customer centric strategy and a focus to take on technological challenges in order to better serve our ever-increasing loyal customer base. In 2023, we will not only focus on delivering profits for our shareholders, but also on making a positive impact on the communities we serve and the environment we share.

Building on our Strong Branch Banking Proposition Serving Across all Demographics

In 2022, our network focussed on building its core deposit book-size and thus, on boarded more than 600,000 new current account relationships, leading to robust growth of 13% in average current deposits, with volumes reaching Rs. 715 billion. The bank structured its diversified liability product suite in line with the financial journey of our extensive clientele while generating relevant need-based solutions. With UBL's commitment to improving financial inclusion and offering inclusive products and services, UBL Urooj was launched to create an attractive and inclusive proposition for women, catering to their unique needs.



To promote gender equality & inclusion, UBL organised a bike rally as parts of its launch of the UBL Urooj Account

Part of this product platform's extension was the Urooj debit card, which offers unique discounts and alliances on women-centric products and services. Since its launch, the portfolio has built up to over 21,000 account holders with approx. Rs. 4.0 billion in deposits and winning a 'Dragons of Asia' Award in 2022. UBL Bancassurance remained one of the leaders with 25% market share in the industry and generated Rs. 1.6 billion NFI in 2022. Continuing with our focus on increasing transactions across our digital channels, we increased our debit card portfolio to nearly 3.2 million, with new

acquisitions of more than 900,000 during the year which also resulted in strong card fee income of Rs. 3 billion up 21% year on year.

We Continue to Contribute to the Rural, Agri and SME Sectors

UBL offers a diverse banking solution mix of agriculture-based finance products; financing for major and minor crops, development of agricultural land and purchase of farm machinery, livestock financing etc. The overall portfolio of UBL stood at Rs. 8.6 billion, with a growth of 11% vs Dec'21. During the year, UBL also participated in the Government of Pakistan Subsidy Schemes for the development agriculture sector; and it partnered with several private and public entities to promote farm mechanization and subsidized loans to farmers.

In Dec'22 our SME portfolio stood at Rs 25.8 billion with growth of 23% with infection ratio contained to 1.2% vs 0.8% in 2021. We are at the forefront of SBP 's announced schemes, Kamyab Jawan scheme, SME Asaan Finance (SAAF) Scheme, Prime Minister's Youth Business and Agriculture Loan Scheme, aimed at financial empowerment of the young population.

We Remain a Strategic Partner to the Nation as a Leader in Home Remittances

Remittance inflows to Pakistan remained under pressure throughout 2022 which is primarily due to high global inflation, appreciation of the dollar and more recently the prevailing disparity in the official and market exchange rates. Despite that, UBL grew transactions and volume resulting in a 1% increase in market share to 21.6%. Various factors fostered this positive growth including increased penetration in US, UK & EU corridors and unrelenting efforts for continuous improvement of service delivery. We firmly believe that transition of remittances from conventional channels to new age technology driven solutions is the only way forward. We continually study the respective international market environments and are working to provide multiple technology-based solutions for our remitters as well as the beneficiaries ensuring best customer experience. Numerous initiatives are underway including but not limited to adding a digital channel for self-serve remittance transaction or expanding the delivery network to branchless banking vertical.

Islamic Banking – "UBL Ameen" Gains Ground in 2022

The Islamic Banking Industry has made significant progress over the last decade and UBL continues to remain focused on improving its market share. Despite challenging market conditions, we are proud to have contributed towards the overall growth of the Islamic Banking Industry. Islamic banking continues as one of the key strategic segments of the Bank expanding its footprint across the country. The Islamic network stands at 150 branches (2021: 145 branches) with 219 Islamic Banking Windows (IBWs) within conventional branches (2021: 197 IBWs). UBL Ameen's average deposits maintained at Rs. 178 billion at Dec'22, growing by a strong average 21% over Dec'21. Asset acquisition drive gained significant momentum in 2022, as the financing book more than doubled, from Rs. 44 billion at Dec'21 to Rs. 102 billion at Dec'22. The Bank views the Islamic segment as a key growth opportunity and will continue to aggressively expand UBL Ameen's presence in this vitally important sector.

Consumer Banking – Serving a Niche Market with an Improving Proposition

UBL Consumer banking advances reached to Rs. 31 billion with a 6% YoY increase. The credit card portfolio increased to Rs. 2.8 billion. Cards business continues to onboard new alliance partnerships in retail, healthcare, entertainment and various other segments for increasing customer base.

Corporate & Investment Banking Maintains Strong Asset Quality with Diversification

The Corporate & Investment Banking objective is to leverage its high-quality asset portfolio to maximize yields through improved lending spreads and strong NFI from trade, cash management, investment banking mandates and our FI businesses. CIBG performing advances closed at Rs. 677 billion at December '22, growing by a strong 51% over December '21 level. Led by the Corporate Banking Group (CBG), the loan book grew by 26% year on year, closing at Rs. 562 billion at December '22. Successful execution of strategies to increase NFI resulted in CIBG posting a 44% increase in NFI (Rs. 4.5 billion vs. Rs. 3.1 billion in 2021) with main contributors being trade, shipping desk business and corporate services fees. Our Investment Banking Group (IBG) continues to solicit new mandates and enters 2023 with a healthy pipeline of advisory and arrangement projects.

Digital Banking & Technology – Our Innovation Agenda Leads the Way

UBL continued its focus on technology, data and digitalisation in 2022 which was responsible for our excellent uptimes and service levels across all of technology infrastructure and customer channels. We have embarked on a well-architected multiyear execution plan to embed technology and data DNA in the core of the organisation. At the heart of this program is the implementation of our “Digital Banking Platform” which knits the customer onboarding and internet / mobile experiences across all customer channels. The platform is designed with a view to meet the future needs of a tech-savvy and well-informed young population and is planned to be rolled out in the future. UBL is strategically positioned both digitally and physically to take advantage of considerable growth opportunities in the financial market as we step into the new year, we should remain resilient in providing the banking services with utmost perfection.

UBL continues to be recognised as the industry leader in Digital Banking. For the third consecutive year, Asiamoney lauded UBL's digital excellence by declaring it the “Best Bank for Digital Solutions” in Pakistan for 2022. Alongside, Euromoney declared UBL as the “Market Leader of Digital Banking” in Pakistan, especially based on its track record as the best in digital. In the year 2022, digital transactions have increased by 48% to over 55 million with almost Rs. 2.6 trillion in payments throughput which is up 53% year on year. In addition, the Bank continued to increase its digital penetration with 49% of active bank customers registered on the digital app.

UBL took the lead with the regulator in designing customer journeys for the overseas Pakistanis to facilitate them in opening of accounts digitally and managing their investments conveniently. UBL today is one of the leading banks which NRPs prefer to rely on to invest in Pakistan digitally and over USD 750 million have so far been sent to Pakistan by our RDA customers through UBL Digital.



UBL entered the Metaverse with a better & faster digital banking experience

In 2022, we introduced distinctive features on the digital side to facilitate the users to execute all financial and non-financial transactions effectively and efficiently without visiting the branch. Digital Account Opening, Digital Cheque Deposit, Digital Term Deposit and the Urdu mobile app were some of the noteworthy breakthroughs in 2022. One of the prime examples of product differentiation was the feature of Debit Card Activation via Mobile App along with Cheque Book Management. Additional innovative products inclusive in the App like UBL Tap N Pay, Wealth Management have facilitated the users to execute all the financial and non-financial activities effectively and efficiently without visiting the branch.

UBL was awarded for its fast-paced growth in digital transformation encompassing escalation in digital transactions, number of registered customers, mobile app ratings, favourable customer experience, innovative features and affirmative prevalence on social media. The bank was rewarded for mobile banking and payment initiative and for the Augmented and Virtual Reality financial services. Our innovative and value added customer centric digital solutions have been cited and applauded by notable financial publications. These achievements only strengthen our resolve to maintain our market leadership in Digital Banking in Pakistan and we look forward toward achieving many more firsts in the coming years.

Within International Markets we Have now Evolved a More Sustainable Business Model

2022 was a challenging year for the international operations due to rising interest rates post Covid and amid the Russia Ukraine war. The overseas average deposit remained steady at USD 1.3 billion. The Bank, in line with its strategy to exit non-core markets has closed operations in Yemen and subsidiaries in Tanzania and Switzerland have been wound down. This was a part of the proactive de-risking strategy adopting since the last 3 years and is reflecting positive results for the International business. Average performing advances grew by 4% from USD 658 million to USD 686 million. A number of measures were undertaken during the year to create operational efficiencies including cost rationalisation across controlling offices, shifting certain technology services to Pakistan and closure of branches with lower customer footfall. Asset writing remained selective, serving clients with good credit history as well as more FI and trade-based lending.

Environmental, Social and Governance (ESG) a Part of the UBL 'DNA'

As a responsible corporate citizen, UBL is committed towards creating a sustainable future. Through its Environmental, Social and Governance (ESG) agenda, UBL aims at adopting responsible business practices while also promoting long-term sustainable growth and supporting causes which empower local communities. By incorporating its Corporate Social Responsibility (CSR) activities with its commitment towards fulfilling the United Nations mandated Sustainable Development Goals (SDGs), the Bank has positively impacted millions of lives in the communities it serves.

Our ESG agenda guides us in making conscientious investment and purpose-driven resource allocation decisions. As part of our commitment to the Environment, we undertake responsible financing, energy management and play our role in cutting emissions and safeguarding natural resources. The Social aspect includes and goes beyond our CSR activities to include development of people-centric policies and practices and meet customer needs. Under Governance, the third pillar this framework, we keep interests of our stakeholders at the heart of what we do. Our aim is to ensure good governance, transparency and accountability, and ethical conduct.

Diversity, Equality and Inclusivity (DE&I) continue to be important components in formulating the Bank's governance

and sustainability initiatives. Our comprehensive DE&I policy covers all aspects of our decision making and is considered when recruiting, training and developing our people. We believe that a diverse workforce and an inclusive culture amplifies our effectiveness and enhances performance. We consider this as a moral and ethical obligation to address systematic inequalities and empower local communities.

In 2022, UBL initiated the Bestway Foundation Hum-Sahara Flood Relief Program, as part of its ambitious program to help families adversely affected by the unprecedented rains and floods in Pakistan. With thousands of displaced families requiring urgent assistance to survive and rebuild their lives, UBL undertook large scale distribution of life saving items including food, tents, medical supplies, water filtration units, blankets and mosquito nets to address the mass scale calamity.

Education, Healthcare and Community Welfare are three core areas, with initiatives in these demonstrating the Bank's commitment to DE&I. Whether it is providing scholarships or funding teacher training programs; setting up infrastructure & medical equipment or sponsoring critical treatments; providing meals during Ramzan or medicines for flood affected families; all of our allocations are based on merit, need & impact and are diligently vetted.



Mr. Shazad G. Dada, President & CEO, UBL giving Mr. Anwar Maqsood the Lifetime Achievement Award at the 10th UBL Literature & Arts Awards

UBL also promotes art in all its forms, be it theatre, music, film, literature, fine art and more. The UBL Literature & Arts Awards (ULA) is an initiative through which the Bank supports Pakistani writers and literature by awarding the best of them on an annual basis.

Our Priorities are Clear...To be the “Best Service Bank” for our Customers

Our team is UBL's greatest asset, and our ambition is to be both the best Bank for our people and an employer of choice. Our people strategy will be at a functional level and we will ensure that the staff is rewarded for their contribution towards the Bank's success. In addition, we will work towards our technology transformation which will position UBL as an agile, efficient, customer centric, resilient, and sustainable entity with a clear vision for the future. Our ability to further embed our market leading Digital offering will be pivotal in improving service levels across the organisation. As Islamic banking continues to grow with significant potential across the country, we aim to strategically increase our share in assets, deposits and branch network within this segment in the coming years. Going forward, our approach will be to penetrate across targeted geographies and develop a more optimal network.

Finally, and most importantly, through our varied touch points, dedicated teams and digital proposition we aim to be the Best Service Bank for our customers.

I look forward to our ambitious plans to grow UBL, I am proud to say that with the hard work and contributions of each member of staff, we are very well positioned for an even stronger 2023.

Acknowledgements

I would like to take this opportunity to sincerely thank our valued customers for the trust they have bestowed upon us. Our customers are at the heart of our organisation and we look forward to bringing enhanced and digitally innovative solutions in years ahead. I would like to acknowledge the support and guidance provided by the Board of Directors and appreciate the hard work and dedication of the Management and all our employees. I would also like to express my gratitude to the shareholders for their unprecedented support and to the State Bank of Pakistan for their direction and cooperation.

Shazad G. Dada
President and CEO
February 22, 2023

MANAGEMENT TEAM

- 1** Muhammad Faisal Anwar
Chief Information Officer
- 2** Imran Sarwar
Group Executive – Risk & Credit
- 3** Shahid Mahmood Khan
Group Head – Special Assets Management
- 4** Muhammad Rizwan Malik
Global Head – Treasury & Capital Markets
- 5** Farooq Ahmed Khan
Group Executive – Corporate & Investment Banking
- 6** Arif Akmal Saif
Chief Financial Officer
- 7** Tanveer Farhan Mahmood
Group Head – Islamic Banking
- 8** Irfan Farooq Memon
Group Executive – Compliance
- 9** Suleman Pervez
Acting Head – Audit & Risk Review
- 10** Ovais Saeed
Chief of Staff and Head Strategic Investments & International Governance
- 11** Abdul Jabbar Junejo
Group Executive – Human Resources
- 12** Aqeel Ahmed Nasir
Company Secretary & Chief Legal Counsel
- 13** Zia Ijaz
Group Executive – Branch Banking & International
- 14** Shazad G. Dada
President & CEO
- 15** Sajid Hussain
Group Executive – Operations
- 16** Aslam Sadruddin
Group Executive – Transformation
- 17** Sharjeel Shahid
Group Executive – Digital Banking



FOSTERING RELIABILITY

THE FUTURE OF BANKING SIMPLY SECURED

At UBL, we are committed to providing our customers with a safe and secure banking experience. We have implemented multiple layers of security and use the latest technologies to protect our customers' information and assets. We continue to monitor the latest security threats and update our systems to ensure that we provide the highest level of protection to our customers. We place a high priority on meeting our customers' essential needs for completing their financial transactions. Our customers now have a complete peace of mind because of the robust controls and authentication procedures we employ to keep their data confidential. All transactions are protected by multiple layers of security through advanced technological systems.



GROWTH AT A GLANCE

Six Years Financial Summary

Standalone

Rs. in million

December 31 2022 2021 2020 2019 2018 2017

Balance Sheet

Assets

Cash and balances with treasury and other banks	158,697	291,300	264,727	256,591	206,813	177,099
Lendings to financial institutions	85,296	51,701	19,959	20,183	33,942	10,868
Investments - gross	1,442,017	1,504,689	1,138,018	849,441	792,857	1,095,555
Advances - gross	1,013,767	728,286	609,307	702,951	776,272	670,056
Operating fixed assets	73,223	70,769	53,037	54,348	47,556	46,205
Other assets	104,506	61,665	52,715	85,497	98,976	79,617
Total assets - gross	2,877,507	2,708,409	2,137,763	1,969,011	1,956,417	2,079,400
Provisions against non-performing advances	(91,930)	(82,097)	(79,028)	(67,117)	(60,336)	(42,697)
Provisions against diminution in value of investments	(26,823)	(8,146)	(9,344)	(9,118)	(6,482)	(3,769)
Total assets - net of provisions	2,758,753	2,618,166	2,049,392	1,892,775	1,889,599	2,032,934

Liabilities & Equity

Deposits & other accounts	1,838,367	1,750,944	1,640,212	1,467,063	1,366,060	1,272,788
Borrowings from financial institutions	564,519	563,285	128,987	154,484	268,124	512,650
Subordinated loans	10,000	10,000	10,000	10,000	9,000	-
Bills payable	36,474	26,793	29,734	22,927	27,249	29,848
Other liabilities	100,373	62,502	56,386	69,232	67,896	58,341
Total liabilities	2,549,733	2,413,523	1,865,319	1,723,706	1,738,329	1,873,627
Net assets	209,020	204,643	184,073	169,069	151,270	159,307
Share capital	12,242	12,242	12,242	12,242	12,242	12,242
Reserves	86,254	69,718	62,274	59,320	54,439	43,847
Unappropriated profit	91,438	84,626	81,916	71,670	68,002	70,912
Equity - Tier I	189,934	166,586	156,432	143,232	134,683	127,001
Surplus on revaluation of assets - net of deferred tax	19,086	38,056	27,641	25,837	16,587	32,306
Total equity	209,020	204,643	184,073	169,069	151,270	159,307
Total liabilities & equity	2,758,753	2,618,166	2,049,392	1,892,775	1,889,599	2,032,934

Profitability

Markup / return / interest earned	250,679	147,974	152,003	153,676	113,198	107,206
Markup / return / interest expensed	(147,469)	(76,216)	(77,044)	(91,902)	(56,964)	(50,781)
Net markup / return / interest income	103,209	71,759	74,959	61,774	56,234	56,425
Fee, commission, brokerage and exchange income	24,286	17,056	14,782	18,219	17,396	14,496
Capital gains & dividend income	2,560	5,791	1,681	1,541	6,648	6,762
Other income	7,597	532	631	1,916	967	904
Total non interest income	34,443	23,379	17,094	21,676	25,011	22,162
Gross income	137,652	95,138	92,054	83,451	81,246	78,587
Administrative expenses and other charges	(53,461)	(43,832)	(40,751)	(40,860)	(43,222)	(36,109)
Profit before donations and provisions	84,190	51,306	51,303	42,590	38,024	42,478
Donations	(211)	(134)	(342)	(129)	(203)	(110)
Provisions	(15,669)	955	(16,768)	(8,220)	(12,854)	(2,450)
Profit before taxation	68,310	52,127	34,192	34,242	24,967	39,918
Taxation	(36,247)	(21,245)	(13,294)	(15,108)	(9,741)	(14,739)
Profit after taxation	32,063	30,882	20,899	19,134	15,226	25,179

Cash Flow Statement - Summary

Cash flow from operating activities	(110,598)	353,077	372,652	134,204	(244,642)	253,459
Cash flow from investing activities	(14,685)	(304,588)	(355,068)	(74,098)	271,086	(208,158)
Cash flow from financing activities	(20,650)	(26,272)	(10,312)	(14,629)	(5,800)	(15,480)
Cash and cash equivalents at the beginning of the year	291,300	264,727	256,591	206,813	177,099	146,428
Effect of exchange rate changes on cash and cash equivalents	13,330	4,356	865	4,300	9,070	850
Cash and cash equivalents at the end of the year	158,697	291,300	264,727	256,591	206,813	177,099

December 31

2022

2021

2020

2019

2018

2017

Financial Ratios

Return on equity (RoE)	18.0%	19.1%	13.9%	13.8%	11.6%	20.6%
Return on assets (RoA)	1.2%	1.3%	1.1%	1.0%	0.8%	1.4%
Profit before tax ratio	49.6%	54.8%	37.1%	41.0%	30.7%	50.8%
Gross spread ratio	41.2%	48.5%	49.3%	40.2%	49.7%	52.6%
Return on capital employed (RoCE)	17.0%	18.0%	13.1%	12.9%	11.3%	20.6%
Advances to deposits ratio (ADR) - gross	55.1%	41.6%	37.1%	47.9%	56.8%	52.6%
Advances to deposits ratio (ADR) - net	50.1%	36.9%	32.3%	43.3%	52.4%	49.3%
Income to expense ratio	2.57	2.17	2.26	2.04	1.88	2.18
Cost to revenue ratio	38.0%	44.9%	43.5%	48.2%	47.8%	45.0%
Growth in gross income	44.7%	3.4%	10.3%	2.7%	3.4%	-2.6%
Growth in net profit after tax	3.8%	47.8%	9.2%	25.7%	-39.5%	-9.2%
Total assets to shareholders' funds	13.2	12.8	11.1	11.2	12.5	12.8
Intermediation cost ratio	3.0%	2.6%	2.6%	2.9%	3.3%	3.0%
Asset quality (NPL ratio)	9.2%	11.8%	13.7%	11.0%	8.8%	7.8%
Net infection ratio	0.2%	0.6%	0.9%	1.6%	1.1%	1.5%
Weighted average cost of debt	7.3%	4.8%	5.3%	6.5%	4.1%	4.2%
Capital adequacy ratio (CAR)	19.2%	21.5%	24.4%	18.9%	17.7%	15.4%

Share Information

Cash dividend per share - Rs.	22.00	18.00	12.00	12.00	11.00	13.00
Dividend yield (based on cash dividend)	16.1%	14.3%	7.3%	9.8%	5.9%	5.4%
Dividend payout ratio (total payout)	84.0%	71.4%	70.3%	76.8%	88.4%	63.2%
Earning per share (EPS) - Rs.	26.19	25.23	17.07	15.63	12.44	20.57
Price earnings ratio	3.88	5.41	7.37	10.52	9.86	9.14
Market value per share - at the end of the year - Rs.	101.59	136.58	125.86	164.50	122.64	187.97
Market value per share - highest during the year - Rs.	150.9	143.89	181.96	173.53	219.70	283.00
Market value per share - lowest during the year - Rs.	91.5	114.28	89.44	119.67	121.85	162.01
Breakup value per share - without surplus on revaluation of assets - Rs.	155.15	136.08	127.79	117.00	110.02	103.74
Breakup value per share - with surplus on revaluation of assets - Rs.	170.74	167.17	150.36	138.11	123.57	130.13

Other Information

Non-performing advances (NPLs) - Rs in million	93,339	86,013	83,624	76,986	68,562	52,247
Import business - Rs in million	1,231,532	1,010,288	544,634	824,858	936,749	720,496
Export business - Rs in million	503,624	208,187	139,010	177,279	202,748	294,428
Number of employees	13,722	13,233	13,012	13,248	13,931	14,771
Number of branches - Domestic	1,335	1,341	1,356	1,362	1,364	1,361
Number of branches - International	8	8	14	14	15	18
Number of branches - Total	1,343	1,349	1,370	1,376	1,379	1,379

GROWTH AT A GLANCE

Balance Sheet

December 31	2022	2021	2020	2019	2018	2017
Vertical Analysis						
Assets						
Cash and balances with treasury and other banks	5.8%	11.1%	12.9%	13.6%	10.9%	8.7%
Lendings to financial institutions	3.1%	2.0%	1.0%	1.1%	1.8%	0.5%
Investments - net	51.3%	57.2%	55.1%	44.4%	41.6%	53.7%
Advances - net	33.4%	24.7%	25.9%	33.6%	37.9%	30.9%
Operating fixed assets	2.7%	2.7%	2.6%	2.9%	2.5%	2.3%
Other assets	3.8%	2.4%	2.6%	4.5%	5.2%	3.9%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities & Equity						
Deposits & other accounts	66.6%	66.9%	80.0%	77.5%	72.3%	62.6%
Borrowings from financial institutions	20.5%	21.5%	6.3%	8.2%	14.2%	25.2%
Subordinated loans	0.4%	0.4%	0.5%	0.5%	0.5%	0.0%
Bills payable	1.3%	1.0%	1.5%	1.2%	1.4%	1.5%
Other liabilities	3.6%	2.4%	2.8%	3.7%	3.6%	2.9%
Total liabilities	92.4%	92.2%	91.0%	91.1%	92.0%	92.2%
Share capital	0.4%	0.5%	0.6%	0.6%	0.6%	0.6%
Reserves	3.1%	2.7%	3.0%	3.1%	2.9%	2.2%
Unappropriated profit	3.3%	3.2%	4.0%	3.8%	3.6%	3.5%
Equity - Tier I	6.9%	6.4%	7.6%	7.6%	7.1%	6.2%
Surplus on revaluation of assets - net of deferred tax	0.7%	1.5%	1.3%	1.4%	0.9%	1.6%
Total equity	7.6%	7.8%	9.0%	8.9%	8.0%	7.8%

Horizontal Analysis

Assets						
Cash and balances with treasury and other banks	89.6%	164.5%	149.5%	144.9%	116.8%	100.0%
Lendings to financial institutions	784.8%	475.7%	183.7%	185.7%	312.3%	100.0%
Investments - net	129.6%	137.1%	103.4%	77.0%	72.0%	100.0%
Advances - net	146.9%	103.0%	84.5%	101.4%	114.1%	100.0%
Operating fixed assets	158.5%	153.2%	114.8%	117.6%	102.9%	100.0%
Other assets	131.3%	77.5%	66.2%	107.4%	124.3%	100.0%
Total assets	135.7%	128.8%	100.8%	93.1%	92.9%	100.0%
Liabilities & Equity						
Deposits & other accounts	144.4%	137.6%	128.9%	115.3%	107.3%	100.0%
Borrowings from financial institutions	110.1%	109.9%	25.2%	30.1%	52.3%	100.0%
Subordinated loans	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
Bills payable	122.2%	89.8%	99.6%	76.8%	91.3%	100.0%
Other liabilities	172.0%	107.1%	96.6%	118.7%	116.4%	100.0%
Total liabilities	136.1%	128.8%	99.6%	92.0%	92.8%	100.0%
Share capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reserves	196.7%	159.0%	142.0%	135.3%	124.2%	100.0%
Unappropriated profit	128.9%	119.3%	115.5%	101.1%	95.9%	100.0%
Equity - Tier I	149.6%	131.2%	123.2%	112.8%	106.0%	100.0%
Surplus on revaluation of assets - net of deferred tax	59.1%	117.8%	85.6%	80.0%	51.3%	100.0%
Total equity	131.2%	128.5%	115.5%	106.1%	95.0%	100.0%

Profit and Loss Account

December 31	2022	2021	2020	2019	2018	2017
Vertical Analysis						
Interest / Return / Non Interest Income Earned						
Markup / return / interest earned	87.9%	86.4%	89.9%	87.6%	81.9%	82.9%
Fee, commission, brokerage and exchange income	8.5%	10.0%	8.7%	10.4%	12.6%	11.2%
Capital gains & dividend income	0.9%	3.4%	1.0%	0.9%	4.8%	5.2%
Other income	2.7%	0.3%	0.4%	1.1%	0.7%	0.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest / Return / Non Interest Expense						
Markup / return / interest expensed	51.7%	44.5%	45.6%	52.4%	41.2%	39.3%
Operating expenses	18.8%	25.7%	24.3%	23.4%	31.4%	28.0%
Provisions	5.5%	-0.6%	9.9%	4.7%	9.3%	1.9%
Taxation	12.7%	12.4%	7.9%	8.6%	7.0%	11.4%
Total expense - percentage of total income	88.8%	82.0%	87.6%	89.1%	89.0%	80.5%
Profit after taxation	11.2%	18.0%	12.4%	10.9%	11.0%	19.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Horizontal Analysis						
Interest / Return / Non Interest Income Earned						
Markup / return / interest earned	233.8%	138.0%	141.8%	143.3%	105.6%	100.0%
Fee, commission, brokerage and exchange income	167.5%	117.7%	102.0%	125.7%	120.0%	100.0%
Capital gains & dividend income	37.9%	85.6%	24.9%	22.8%	98.3%	100.0%
Other income	840.4%	58.9%	69.8%	212.0%	106.9%	100.0%
Total	220.4%	132.5%	130.7%	135.5%	106.8%	100.0%
Interest / Return / Non Interest Expense						
Markup / return / interest expensed	290.4%	150.1%	151.7%	181.0%	112.2%	100.0%
Operating expenses	148.2%	121.4%	113.5%	113.2%	119.9%	100.0%
Provisions	639.6%	-39.0%	684.5%	335.5%	524.7%	100.0%
Taxation	245.9%	144.1%	90.2%	102.5%	66.1%	100.0%
Total	242.9%	134.8%	142.2%	149.9%	118.0%	100.0%
Profit after taxation	127.3%	122.6%	83.0%	76.0%	60.5%	100.0%

Statement of Value Added

	2022		2021	
	Rs in million	%	Rs in million	%
Mark-up / return / interest earned - net of provisions	235,009	99.7%	148,930	102.7%
Fee, commission, brokerage and exchange income	24,286	10.3%	17,056	11.8%
Capital gains & dividend income	2,560	1.1%	5,791	4.0%
Other income	7,597	3.2%	532	0.4%
	269,452	114.3%	172,309	118.8%
Administrative expenses	33,748	14.3%	27,309	18.8%
Value added	235,704	100.0%	145,000	100.0%
Distributed as follows:				
To employees as remuneration	19,714	8.4%	16,522	11.4%
To government as income tax	36,247	15.4%	21,245	14.7%
To depositors as profit on investments	109,054	46.3%	57,310	39.5%
To institutions & individuals as profit on borrowings	38,415	16.3%	18,905	13.0%
To society as donations	211	0.1%	134	0.1%
To shareholders as dividends / bonus	23,259	9.9%	28,320	18.2%
Retained in business as reserves and retained profits	8,803	3.7%	4,563	3.1%
	235,704	100%	145,000	100%

UBL INTERNATIONAL NETWORK

INTERNATIONAL BRANCHES

UAE

Deira Branch

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

Bur Dubai Branch

Bank Street Building,
Khalid Bin Al Waleed Street,
P.O. Box: 1367, Dubai - UAE.
Tel: 00971-4-6085200 & 00971-4-6085201
Swift Code: UNILAEAD
Branch Code: 0907

Gold & Diamond Park Branch

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

Sharjah Branch

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

Muroor Branch

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

Musaffah Branch

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

Bahrain

Manama Branch

Building 117, Road 385, Block 304,
Government Avenue, Manama,
P.O. Box: 546, Kingdom of Bahrain.
Tel: 00973-17503549 & 00973-17503548
Swift Code: UNILBHBM
Branch Code: 0905

Qatar

Corniche Branch

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

Representative Office

China

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

OBU-EPZ

EPZ Branch Karachi

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

EPZ Branch, Sambrial (Sialkot)

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

SUBSIDIARY

United Kingdom

London

2 Brook Street,
London, W1S 1BQ.

COMPLAINT MANAGEMENT AT UBL

Complaint Management Unit, under the umbrella of Service Quality, is responsible for managing and resolving customer grievances efficiently at UBL. While resolving customer complaints we ensure the following:

- Customers are treated fairly
- Customers are informed about the complaint handling mechanism
- Complaints are resolved within the shortest time possible
- Complaint handling mechanism is visible and accessible for all customers through the corporate website, banking helpline and placards mentioning all touch points details
- Complaint handling is comprehensive, well integrated and handled with impartiality and transparency

Year 2022 started on a good note where customer grievances were resolved efficiently and effectively by meeting the expectations of the customers and ensuring best-in-class service for 2023

UBL enhanced its complaint handling system in 2022 and shared awareness about its complaint lodging process through bankwide communications and trainings. Further, the Bank encouraged its customers to approach external dispute resolution forums - Banking Mohtasib Pakistan - if they are not satisfied with the complaint resolution provided by UBL.

Complaint Management Unit is also synchronised with their core departments for reduction in customer grievances and observed decrease in complaint volume in 2022 by facilitating customers. Complaints trend and closure analysis reports are also shared with the Board Members, Senior Management & Business owners. Based on these findings, remedial measures are taken.

UBL regards complaints as an important feedback for improvement. With management view on catering to the needs of customers, Fair Treatment & Customer Service Committee (FTCSC) exists to foresee customer issues and provides advice to enhance customer experience. This committee comprises of senior executives and is chaired by the President & CEO:

Key highlights of year 2022 were as under

- Successful management 164,967 complaints
- 99% resolutions were provided in 15 days' time
- Average complaint resolution time stood at 5.2 days

SHARIAH BOARD'S REPORT FOR THE FINANCIAL YEAR 2022

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

Alhamdulillah, by the grace of Almighty Allah, UBL Ameen Pakistan has successfully completed 16 years of Islamic Banking operations. During the year, UBL Ameen witnessed an exponential growth in terms of business profitability and market penetration.

Scope:

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

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

Shariah Board Meetings and Reviews:

In line with Shariah Governance Framework of State Bank of Pakistan, Shariah Board shall meet at least on quarterly basis. Hence, thirty-one (31) Shariah Board meetings were held till date, out of which four (4) meetings were conducted in 2022. Minutes of meetings were subsequently submitted to Islamic Banking Department of State Bank of Pakistan. In addition, various meetings were held to discuss the matters related to Product Development, Islamic Banking Training, Shariah Compliance and Shariah Audit.

Shariah Compliance Department:

Shariah Compliance Department worked under the supervision of Shariah Board and contributed as conduit between Management and Shariah Board. Shariah Compliance Department (SCD) of UBL Ameen constitutes of Head of the department & two supporting staff including Shariah Scholar.

During the year, internal Shariah control review was conducted for Islamic branches and Head Office functions on sample basis. Shariah compliance review reports were shared with District Management and Head of Islamic Banking for rectification and compliance. Shariah Compliance Department submitted its consolidated quarterly reports to Shariah Board for ratification. Reports consisted details of all Shariah reviews and opinions given by Resident Shariah Board Member (in accordance with Shariah guidelines already provided by the Shariah Board) and opinions given by Shariah Board through circulation. Later on, RSBM and Shariah Board rulings were ratified by Shariah Board in the subsequent Shariah Board meetings.

UBL Ameen Branch Network:

In terms of branch network, the year 2022 was reasonably productive year in UBL Ameen's journey wherein five Conventional Banking branches were converted into Islamic Banking branches. Conversion process was effectively executed with end to end review from Shariah Board and subsequent approval from State Bank of Pakistan. Total number of Islamic Banking branches has now reached to 150. Also, with the addition of 22 new Islamic Banking Windows (IBWs) in 2022, IBWs are now being operated through 219 UBL branches countrywide.

Products & Services:

On Liability Side:

Following Liability products were launched during the year;

“**UBL Ameen Urooj Account**”, is first of its kind and is aimed to increase financial inclusion by reaching out to female population of Pakistan, the current account variant is on Qard basis & the saving account variants is on Mudarabah basis.

“**UBL Ameen Good Citizen Account**” (GCA), current account variant of GCA was launched on underlying concept of Qard.

“**UBL Ameen Pensioner Account**”, a complete product having current & saving account which facilitates pensioners of Government and Semi Government organisations to receive pensions easily.

On Consumer Side:

Following Consumer products were launched / renewed during the year;

“**UBL Ameen Address**”, the housing finance product is reviewed and approved by Shariah Board. UBL Ameen Address is a Shariah Compliant solution for housing finance based on the concept of Diminishing Musharakah, which facilitates the customers for purchase of a house, apartment, renovation, construction & balance transfer facility.

“**UBL Ameen Low Cost Housing Finance**”, the product renewed and approved by Shariah Board.

“**UBL Ameen Drive**”, the auto financing product was reviewed and approved by Shariah Board.

On Asset Side:

Product Program Manuals for Ameen Musharakah Running Finance, Istisna, Bai Muajjal (addendum), Islamic Export Refinance Scheme (IERS) and Treasury Product (Currency Salam) along with transaction documents were revalidated and approved by Shariah Board.

Corporate Banking:

During the year, more than 400 corporate banking transactions were executed. For review of Corporate & SME transactions, Shariah compliance process is categorised in two major stages:

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

UBL Ameen Treasury:

UBL Ameen has a separate Treasury Department. During the year, more than 140 deals were executed under UBL Ameen treasury products including, Musharakah, Mudarabah, Wakalah, and GOP Ijarah Sukuk. Furthermore, few deals were executed with Government of Pakistan under GOP Ijarah Sukuk.

Profit & Loss Distribution and Pool Management:

Shariah Compliance Department reviewed overall pre & post disbursement and calculation of profit and loss mechanism. Internal Shariah Audit Unit (ISAU) conducted post disbursement pool audit on quarterly basis in line with the Profit & Loss distribution and Pool Management policy along with announced Profit Sharing Ratio (PSR) & weightages, and presented its reports to Shariah Board for review and opinion where required.

Training and Development:

During the year 2022, various Class Room and Online Islamic Banking training sessions were conducted for UBL and UBL Ameen staff on basic concepts of Islamic Banking and Products & Services. These Islamic banking training sessions include Islamic Banking Products & Services, Branch Conversion, Orientation of Islamic Banking, Branch Services Officer Training Program, Operations Officer Training Program, Islamic Banking Concept & Practices, and special training sessions for Corporate & Investment Banking Group (IBG) and Trade Finance team. Trainings were conducted by Shariah Compliance Department, Shariah Board Members and executives from UBL Ameen.

In compliance to clause 2 vi and 2 vii of the Shariah Governance Framework, Shariah Board provided presentation regarding Islamic Banking concepts & practices and Shariah Non-Compliance Risk Management to the Board of Directors (BoD) in Shariah Board meeting with BoD.

Internal Shariah Audit Unit (ISAU):

Internal Shariah Audit Unit (ISAU) performed very effectively in compliance with the Shariah Governance Framework issued by State Bank of Pakistan and Shariah guidelines prescribed by Shariah Board. ISAU constitutes of Head Internal Shariah Audit and two Shariah scholars. ISAU performed Shariah audit of Islamic Banking Branches, Islamic Banking Windows, Treasury unit, Corporate & SME financing, Profit & Loss distribution and Head Office functions and made significant contribution to strengthen the internal Shariah controls. ISAU discussed all findings with Shariah Board and management for determination of appropriate corrective actions and their enforcement.

Charity Collections & Disbursements:

The opening balance of Charity fund as of 1st January 2022 was PKR 4.038 Million. During the year, charity of PKR 7.88 Million was received (including profit on charity account amounting PKR 0.64 Million) and charity of PKR 5.0 Million was disbursed to the charitable organisations after required screening and due diligence. The amount credited in charity account was due to late payments.

Shariah Opinion:

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

- i. UBL Ameen has overall complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by the Shariah Board.
- ii. UBL Ameen has overall complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's

Shariah Advisory Committee.

- iii. UBL Ameen has a mechanism in place to ensure Shariah compliance in their overall operations.
- iv. UBL Ameen has a system in place to ensure that any earnings realised from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilised.
- v. UBL Ameen has overall complied with the SBP instructions on profit and loss distribution and pool management.
- vi. The level of awareness, capacity & sensitisation of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of the bank is acceptable.
- vii. Shariah Board has been reasonably provided resources enabling it to discharge its duties.

Recommendations:

For further enhancement, Shariah Board recommends the following:

- i. To ensure zero tolerance on Shariah noncompliance instances with regard to the SBP directives, it is recommended to include an exclusive Shariah Non-Compliance key performance indicating point with impactful weightage in the appraisal system of all staff including Head Office & Branches.
- ii. With respect to manage pool system more effectively, it is recommended to build comprehensive controls in end to end process of calculation and disbursement of profit and loss mechanism.
- iii. With respect to Shariah Compliance environment of the bank, timely implementation of Shariah guidelines/corrective actions and considering the overall expansion of Islamic banking business, the capacity of Shariah Compliance Department to be increased/built adequately.
- iv. To follow the Shariah guidelines during and after expansion of Islamic banking business, it is advised that bank must ensure implementation of SBP IBD Circular No. 2 of 2018 and its amendment through IBD Circular Letter No. 1 of 2020; i.e. enhanced training and capacity building measures for Islamic Banking Institutions in letter and spirit.
- v. Keeping in view the expansion/conversion, it is recommended to develop required Shariah Compliant Products and Services accordingly. Further, Shariah Board approved mechanism for offering new Shariah based products and services should also be adopted.

Conclusion:

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

Almighty Knows Best:

Mufti Muhammad Awais Naeem
Resident Shariah Board Member

Mufti Imtiaz Alam
Shariah Board Member

Mufti Muhammad Ibrahim Essa
Chairman Shariah Board

Date of Report: 9th February 2023

اختتامیہ:

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

واللہ تعالیٰ اعلم بالصواب۔

مفتی محمد اوایس نعیم
ریزیڈنٹ شریعہ بورڈ ممبر

مفتی امتیاز عالم
شریعہ بورڈ ممبر

مفتی محمد ابراہیم عیسیٰ
چیئرمین شریعہ بورڈ

رپورٹ کی تاریخ: 9 فروری 2023

شریعہ بورڈ رپورٹ

برائے مالی سال 2022ء

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

اللہ تعالیٰ کے فضل و کرم سے یو بی ایل امین پاکستان نے اسلامک بینکنگ میں اپنے 16 سال کامیابی سے مکمل کر لیے ہیں۔ اس سال یو بی ایل امین کے کاروباری منافع اور مارکیٹ کی وسعت میں غیر معمولی اضافہ ہوا ہے۔

دائرہ کار:

بورڈ آف ڈائریکٹرز اور انتظامیہ مکمل طور پر اس بات کو یقینی بنانے کی ذمہ دار ہیں کہ ہمہ وقت بینک کے تمام امور شرعی اصولوں کے مطابق انجام پائیں۔ اس رپورٹ کا مقصد اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک میں بیان کردہ تفصیلات کے مطابق پاکستان میں اسلامک بینکنگ کے معاملات کا شرعی جائزہ پیش کرنا ہے۔

شریعہ بورڈ اس رپورٹ میں یو بی ایل امین پاکستان کے مجموعی شریعہ کچھلانٹس کے ماحول اور دوران سال ہونے والی اہم سرگرمیوں کے بارے میں اپنی رپورٹ پیش کرتا ہے۔

شریعہ بورڈ کے اجلاس:

اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک کے مطابق شریعہ بورڈ کا سہ ماہی بناموں پر کم از کم ایک اجلاس منعقد ہونا لازمی ہے۔ چنانچہ، شریعہ بورڈ کے اب تک کل آئیس (31) اجلاس منعقد ہو چکے ہیں، جن میں سے چار (4) اجلاس 2022ء میں منعقد ہوئے۔ بعد ازاں ہر اجلاس کی روئداد اسٹیٹ بینک آف پاکستان کے اسلامک ڈیپارٹمنٹ میں جمع کروا دی گئی۔ اس کے علاوہ، پراڈکٹ ڈویلپمنٹ، اسلامک بینکنگ کی ٹریننگ، شریعہ کچھلانٹس اور شریعہ آڈٹ کے مختلف پہلوؤں پر تبادلہ خیال کے لیے کئی اجلاس منعقد ہوئے۔

شریعہ کچھلانٹس ڈیپارٹمنٹ:

شریعہ کچھلانٹس ڈیپارٹمنٹ شریعہ بورڈ کی نگرانی میں کام کرتے ہوئے انتظامیہ اور شریعہ بورڈ کے درمیان ایک موثر رابطہ کا کردار ادا کرتا رہا۔ یو بی ایل امین (پاکستان) کا شریعہ کچھلانٹس ایک ڈیپارٹمنٹ کے سربراہ اور دو معاون ارکان پر مشتمل ہے جن میں ایک شریعہ سکالر ہیں۔

دوران سال اسلامک بینکنگ کی برانچوں اور ہیڈ آفس کے دیگر امور شرعی اصولوں کی پاسداری کا جائزہ لیا گیا۔ اصلاح اور تعمیل کی غرض سے اسلامک بینکنگ برانچوں اور ونڈوز کے ہر دورے کی رپورٹ ، ڈسٹرکٹ مینیجر اور اسلامک بینکنگ کے سربراہ کو جمع کروائی گئی ۔ شریعہ کچھلانٹس ڈیپارٹمنٹ نے اپنی جامع سہ ماہی رپورٹس توثیق کے لیے شریعہ بورڈ کو پیش کیں۔ مذکورہ رپورٹس تمام شرعی جائزوں کی تفصیلات اور شریعہ بورڈ کی پہلے سے جاری کردہ ہدایات کی روشنی میں ریویژنٹ شریعہ بورڈ ممبر کی توضیحات (Clarifications) اور شریعہ بورڈ کی سرکولیشن کے ذریعے دی گئی ہدایات پر مشتمل تھیں جنہیں شریعہ بورڈ کی توثیق کے لئے پیش کیا گیا اور شریعہ بورڈ نے سماعت کے بعد ان کی توثیق کر دی۔

یو بی ایل امین برانچ نیٹ ورک:

برانچ نیٹ ورک کے لحاظ سے، سال 2022 یو بی ایل امین کے سفر میں قابل ذکر سال رہا جس میں پانچ کنونٹس برانچوں کو اسلامک برانچوں میں تبدیل کر دیا گیا۔ شریعہ بورڈ نے تبدیلی کے عمل کا شروع سے اختتام تک مکمل جائزہ لیا اور بعد ازاں اسٹیٹ بینک آف پاکستان نے بھی اس کی منظوری دی۔ اب یو بی ایل امین اسلامک بٹکنگ برانچوں (IBBs) کی تعداد 150 ہو گئی ہے۔ اس کے ساتھ، 2022ء میں 22 نئی اسلامک بینکنگ ونڈوز (IBWs) کے اضافے کے ساتھ، اب ملک بھر میں اسلامک بینکنگ ونڈوز کی خدمات یو بی ایل کی 219 برانچوں کے ذریعے فراہم کی جا رہی ہیں۔

پراڈکٹس اور خدمات:

لائبیلٹی Liability کے حوالے سے:

اس سال مندرجہ ذیل لائبیلٹی پراڈکٹس کا اجراء کیا گیا:

"**یو بی ایل امین عروج اکاؤنٹ**" اپنی نوعیت کی پہلی پراڈکٹ ہے جس کا مقصد بینکنگ نظام میں پاکستان کی خواتین کی شمولیت میں اضافہ کرنا ہے۔ اس پراڈکٹ کے تحت کرنٹ اکاؤنٹ قرض کی بنیاد پر اور سیونگ اکاؤنٹ مضاربہ کی بنیاد پر کھولے جاتے ہیں ۔

"**یو بی ایل امین گڈ سٹیرن اکاؤنٹ (UBL Ameen Good Citizen Account)**" کے تحت قرض کی بنیاد پر کرنٹ اکاؤنٹ کا اجراء کیا گیا ۔

"**یو بی ایل امین پنشنر اکاؤنٹ (UBL Ameen Pensioner Account)**" سرکاری اور نیم سرکاری حکموں سے پنشن وصول کرنے والے حضرات کے لیے کرنٹ اور سیونگ اکاؤنٹ پر مشتمل جامع پراڈکٹ کا اجراء کیا گیا ۔

کنزیومرز Consumer کے حوالے سے:

اس سال مندرجہ ذیل کنزیومر پراڈکٹس کی تجدید / اجراء کیا گیا:

"**یو بی ایل امین ایڈریس**" یو بی ایل امین ایڈریس ہاؤسنگ فنانسنگ کے موجودہ پراڈکٹ پروگرام مینول کی تجدید کی گئی اور شریعہ بورڈ نے اس کی منظوری بھی دی ۔ یو بی ایل امین ایڈریس شرکت متعلقہ کی بنیاد پر ہاؤسنگ فنانس کا شرعی حل ہے جس میں سکسٹرز کو گھر/اپارٹمنٹ کی خریداری، تزئین و آرائش، تعمیر اور .بلنس ٹرانسفر کی سہولت دی جاتی ہے۔

"**یو بی ایل امین (UBL Ameen Low Cost Housing Finance)**" موجودہ پراڈکٹ پروگرام مینول کی تجدید کی گئی اور شریعہ بورڈ نے اس کی منظوری دی۔

"**یو بی ایل امین ڈرامو**"، آٹو فنانس پراڈکٹ مینول کا دوبارہ جائزہ لیا گیا اور شریعہ بورڈ نے اس کی منظوری بھی دی۔

Asset کے حوالے سے:

پراڈکٹ پروگرام مینول برائے امین مشارکہ رنگ فنانس (Running Finance Ameen Musharakah) ، استمناغ، بیج موجل کے ضمیر (Addendum) اسلامک ایکسپورٹ ری فنانس اسکیم (IERS) اور ٹریڈری پروڈکٹ (کرنسی سلم) کی شریعہ بورڈ نے دوبارہ جائزہ لینے کے بعد منظوری بھی دی۔

کارپوریٹ بینکنگ:

دوران سال کارپوریٹ بینکنگ میں 400 سے زائد ٹرانزیکشنز عمل میں لائی گئیں۔ کارپوریٹ اور بسنس ای (SME) بینکنگ کی شریعہ کچھلانٹس کا جائزہ دو بنیادی مراحل پر مشتمل ہوتا ہے :

1) **تمویل سے پہلے کا مرحلہ:** یہ ٹرانزیکشن کے آغاز کا مرحلہ ہے۔ اس مرحلے میں شریعہ بورڈ کی پہلے سے فراہم کردہ گائیڈ لائنز کے مطابق ٹرانزیکشن کا ڈھانچہ اور پروسس فلو (process flow) حتمی شکل اختیار کرتا ہے۔ اس مرحلے میں تمام متعلقہ عوامل کا باقاعدگی سے جائزہ لیا گیا اور ریویژنٹ شریعہ بورڈ ممبر سے منظوری لی گئی اور اس کے بعد اس کی شریعہ بورڈ کے اجلاس میں توثیق بھی کروائی گئی۔ اس کے علاوہ پہلی مرتبہ عمل میں آنے والی ٹرانزیکشنز کا شریعہ کچھلانٹس ڈیپارٹمنٹ کی طرف سے تمویل سے پہلے جائزہ لیا جاتا رہا اور ریویژنٹ شریعہ بورڈ ممبر سے اس کی منظوری بھی لی جاتی رہی ۔

2) **تمویل کے بعد کا مرحلہ:** اس مرحلے میں شریعہ کچھلانٹس ڈیپارٹمنٹ کی طرف سے ٹرانزیکشن کا، نمونہ کی بنیاد پر، شریعہ بورڈ کی پہلے سے منظور شدہ گائیڈ لائنز کے مطابق جائزہ لیا جاتا رہا۔

یو بی ایل امین ٹریڈری:

یو بی ایل امین کا ایک مستقل ٹریڈری ڈیپارٹمنٹ ہے۔ دوران سال، یو بی ایل امین ٹریڈری پراڈکٹس کے تحت 140 سے زائد ٹرانزیکشنز ہوئیں جن میں مشارکہ، مضاربہ، وکالہ، اور حکومت پاکستان کے اجارہ صکوک شامل ہیں۔ اس کے علاوہ حکومت پاکستان کے ساتھ اجارہ صکوک کے تحت بھی ٹرانزیکشنز کی گئیں۔

نفع و نقصان کی تقسیم اور پول مینجمنٹ:

شریعہ کچھلانٹس ڈپارٹمنٹ کی طرف سے نفع اور نقصان کے حساب کتاب اور ادائیگی کے طریقہ کار کا جائزہ لیا جاتا رہا ۔ انٹرنل شریعہ آڈٹ یونٹ (ISAU) نے پول مینجمنٹ پالیسی کے مطابق سہ ماہی بناموں پر اعلان کردہ نفع کی شرح اور ویٹیز (Weightages) کی بنیاد پر نفع و نقصان کی تقسیم کا آڈٹ کیا اور جہاں ضرورت پیش آئی ، شریعہ بورڈ کو رپورٹ پیش کر کے رائے بھی حاصل کی ۔

ٹریننگ اور ڈویلپمنٹ:

سال 2022 کے دوران، یو بی ایل اور یو بی ایل امین اسٹاف کے لیے اسلامک بینکنگ کی ٹریننگ کے مختلف کلاس روم اور آن لائن سیشنز کا انعقاد کیا گیا، جن میں اسلامک بینکنگ کے بنیادی خدوخال اور پراڈکٹس و سروسز کے بارے میں بتایا گیا۔ ان اسلامی بینکنگ ٹریننگ سیشنز میں اسلامک بینکنگ پراڈکٹس اینڈ سروسز، برانچ کنورژن، اسلامی بینکنگ کا تعارف، برانچ سروسز آفیسر ٹریننگ پروگرام، آپریشنز آفیسر ٹریننگ پروگرام، اسلامک بینکنگ کا تصور اور طرز عمل، اور کارپوریٹ اینڈ انویسٹمنٹ بینکنگ گروپ اور ٹریڈ فنانس ٹیم کے لیے خصوصی تربیتی سیشن شامل ہیں۔ ان ٹریننگز میں شریعہ کچھلانٹس ڈیپارٹمنٹ، یو بی ایل امین کے ایگزیکٹوز اور شریعہ بورڈ ممبرز نے معلم کا کردار ادا کیا ۔

شریعہ گورننس فریم ورک کی شن vi2 اور vii2 پر عمل کرتے ہوئے، شریعہ بورڈ کی طرف سے BoD کے ساتھ شریعہ بورڈ کی میٹنگ میں بورڈ آف ڈائریکٹرز BoD کو اسلامی بینکنگ کے نظریات و عملی اقدام اور شریعہ نان کچھلانٹس رسک مینجمنٹ کے حوالے سے پریزنٹیشن پیش کی گئی ۔

انٹرنل شریعہ آڈٹ یونٹ (ISAU):

انٹرنل شریعہ آڈٹ یونٹ (ISAU) نے اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک اور شریعہ بورڈ کے رہنما شرعی اصولوں کی تعمیل میں موثر کارکردگی کا مظاہرہ کیا۔ (ISAU) انٹرنل شریعہ آڈٹ کے سربراہ اور دو شریعہ اسکالر پر مشتمل ہے۔ (ISAU) نے اسلامک بینکنگ برانچوں، اسلامک بینکنگ ونڈوز، ٹریڈری یونٹ، کارپوریٹ اور ایس ایم ای فنانسنگ، نفع اور نقصان کی تقسیم اور ہیڈ آفس فٹنشنز کا شریعہ آڈٹ کیا اور انٹرنل شریعہ کنٹرول مضبوط بنانے میں اہم کردار ادا کیا۔ (ISAU) نے تمام رپورٹس انتظامیہ کے ساتھ تبادلہ خیال کے بعد شریعہ بورڈ کو پیش کر کے شریعہ بورڈ کی رائے حاصل کی ۔

چیرمٹی کی وصولی اور تقسیم :

یکم جنوری 2022 کو وصول شدہ چیرمٹی کی کل مقدار 4.038 ملین روپے تھی۔ دوران سال، 7.88 ملین روپے کی چیرمٹی وصول ہوئی (جس میں 0.64 ملین روپے کا چیرمٹی فنڈ سے حاصل ہونے والا منافع بھی شامل ہے) اور کڑی چھان بین اور مکمل احتیاط کے بعد خیراتی اداروں میں 5.0 ملین روپے کی چیرمٹی تقسیم کی گئی۔ چیرمٹی اکاؤنٹ میں جمع ہونے والی تمام رقم ادائیگیوں میں تاخیر کی وجہ سے جمع ہوئی۔

شریعہ بورڈ کی رائے:

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

i. یو بی ایل امین نے مجموعی طور پر شریعہ بورڈ کی طرف سے جاری کردہ قآوی، قوانین اور گائیڈ لائنز کی روشنی میں شریعت کے اصولوں اور قواعد کی پاسداری کی ہے۔

ii. یو بی ایل امین نے مجموعی طور پر اسٹیٹ بینک آف پاکستان کی طرف سے شریعہ کچھلانٹس کے سلسلے میں جاری کردہ اصولی ہدایات، قواعد و ضوابط اور دستور عمل کی پاسداری کی ہے۔

iii. یو بی ایل امین کے پاس مجموعی طور پر اپنی کاروباری سرگرمیوں میں شریعہ کچھلانٹس کو یقینی بنانے کے لیے نظام موجود ہے۔

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

v. یو بی ایل امین نے نفع و نقصان کی تقسیم اور پول کے انتظام و انصرام (pool management) میں مجموعی طور پراسٹیٹ بینک آف پاکستان کی ہدایات کی پاسداری کی ہے۔

vi. پراڈکٹس اور بینک کی کاروباری سرگرمیوں میں شریعہ کچھلانٹس کے بارے میں نکلے، بورڈ آف ڈائریکٹرز (BoD) اور انتظامیہ کی آگاہی، اہلیت اور حساسیت کی سطح مقبول ہے۔

vii. شریعہ بورڈ کو معقول وسائل فراہم کیے گئے جس کی بدولت وہ اپنی ذمہ داریاں انجام دے پایا۔

سفارشات:

مزید بہتری کے لیے شریعہ بورڈ مندرجہ ذیل سفارشات پیش کرتا ہے:

i. اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق شریعہ نان کچھلانٹس (Shariah Non-Compliance) کے واقعات کے ناقابل برداشت ہونے کو یقینی بنانے کے لیے بینک کے ہیڈ آفس اور برانچوں سمیت تمام عملے کی سالانہ کارکردگی کا جائزہ لینے کے طریقہ کار میں شریعہ نان کچھلانٹس کو موثر محرک کے طور پر شامل کیا جائے ۔

ii. پول سسٹم کو مزید موثر بنانے کے لیے نفع و نقصان کے حساب کتاب اور تقسیم کے طریقہ کار میں اول تا آخر حسب ضرورت جامع کنٹرول بنائے جائیں۔

iii. بینک میں شریعہ کچھلانٹس کے ماحول کو بہتر کرنے کے لیے ، شرعی رہنما اصولوں/اصلاحی اقدامات کے بروقت نفاذ اور اسلامی بینکنگ کے کاروبار کی مجموعی توسیع کو مد نظر رکھتے ہوئے، شریعہ کچھلانٹس ڈیپارٹمنٹ کی استعداد / تعداد کو مناسب انداز میں بڑھایا جائے۔

iv. اسلامک بینکنگ کے کاروبار کی توسیع کے دوران اور اس کے بعد اسٹیٹ بینک آف پاکستان کے 2018 کے IBD سرکلر نمبر 2 اور 2020 کے ترمیم شدہ IBD سرکلر نمبر 1 (اسلامک بینکنگ انسٹی ٹیوشنز میں تربیت اور استعداد میں اضافے کے اقدامات) پر عمل درآمد یقینی بنایا جائے۔

v. مذکورہ بالا توسیع/کنورژن کو مد نظر رکھتے ہوئے شریعت کے مطابق پراڈکٹس اور سروسز تیار کی جائیں۔ اسی طرح نئی پراڈکٹس اور سروسز متعارف کروانے سے پہلے شریعہ بورڈ کے منظور شدہ طریقہ کار کو اپنایا جائے۔



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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of United Bank Limited (the Bank) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2022.

Chartered Accountants
Karachi
Dated: 7 March 2023
UDIN: CR202210191wLhtb5xD0

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

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

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

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Ms. Shazia Syed Mr. Amar Zafar Khan Mr. Tariq Rashid
Non-Executive Directors	Sir Mohammed Anwar Pervez, OBE, HPk Lord Zameer M. Choudrey, CBE, SI Pk Mr. Rizwan Pervez Mr. Haider Zameer Choudrey Mr. Muhammad Jawaid Iqbal
Executive Director	Mr. Shazad G. Dada, President & CEO
Female Director	Ms Shazia Syed

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank;
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training Program for the following:
(Name of Director) – Nil.
(Name of Executive & Designation):

Name of Executive	Designation
Mr. Arif Akmal Saifie	Chief Financial Officer
Mr. Muhammad Abdul Samad Naeem	Senior Manager Advisory

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below;

a. BOARD AUDIT COMMITTEE (BAC):

Ms. Shazia Syed	Chairperson
Mr. Haider Zameer Choudrey	Member
Mr. Rizwan Pervez	Member

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

Mr. Tariq Rashid	Chairman
Sir Mohammed Anwar Pervez, OBE, HPk	Member
Mr. Muhammad Jawaid Iqbal	Member
Mr. Rizwan Pervez	Member

c. BOARD RISK & COMPLIANCE COMMITTEE (BRCC):

Mr. Muhammad Jawaid Iqbal	Chairman
Lord Zameer M. Choudrey, CBE, SI Pk	Member
Ms. Shazia Syed	Member
Mr. Shazad G. Dada	Member

d. BOARD IT COMMITTEE (BITC):

Mr. Tariq Rashid	Chairman
Lord Zameer M. Choudrey, CBE, SI, Pk	Member
Mr. Haider Zameer Choudrey	Member
Mr. Shazad G. Dada	Member

e. BOARD NOMINATION COMMITTEE (BNC):

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

13. The Terms of Reference (TORs) of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

a. Board Audit Committee	Five meetings with at-least one in each Quarter.
b. Board Human Resource & Compensation Committee	Four quarterly meetings.
c. Board Risk & Compliance Committee	Four quarterly meetings.
d. Board IT Committee	Four quarterly meetings.
e. Board Nomination Committee	One meeting.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank;
16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Bank;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):



Sir Mohammed Anwar Pervez, OBE, HPk
Chairman

ANNUAL STATEMENT ON INTERNAL CONTROLS 2022

The Internal Control System comprises of various inter-related components including the Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring.

It is the responsibility of the Bank's management to establish an Internal Control System to maintain an adequate and effective Internal Control Environment. An Internal Control System is a set of processes designed to identify and mitigate the risk of failure and achieve overall business objectives of the Bank.

Internal controls and policies are designed to provide reasonable assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws and regulations.

Management ensures an efficient and effective Internal Control System by carrying out risk assessment, identifying controls, reviewing pertinent policies/procedures, and establishing relevant control procedures and monitoring systems.

Evaluation

The Bank's Internal Control System has been designed to provide reasonable assurance to the shareholders and Board of Directors; however, these systems may not entirely eliminate the risk of misreporting and failure of certain controls under a changing environment.

Evaluation of the Bank's Internal Control System comprises of different levels of monitoring activities i.e. Line Management, Compliance Group, Internal Control over Financial Reporting (ICFR) Unit and Audit & Risk Review Group. Line Management's role has been enhanced to include onsite reviews of processes in branches to identify gaps in execution with special emphasis on the implementation of regulatory instructions in addition to day to day monitoring of control breaches for prompt corrective actions. In order to improve the oversight on compliance with Regulatory requirements and KYC CDD/EDD quality & Financial Crime Compliance (FCC), Regional Compliance Business Managers have been placed in each Branch Banking region. Further, keeping in view the changing risk environment and Bank's increased focus on controls and compliance matters, an Internal Control Division is operating within Operations Group for monitoring branch related operations.

Compliance Group ensured oversight over Regulatory & Financial Crime Compliance (FCC) across the Bank on an on-going basis. Audit & Risk Review Group continued to perform audit and review activities to evaluate the implementation of controls and ensure the existence of a healthy control environment throughout the Bank. During the period, Audit & Risk Review Group has performed various offsite reviews; particularly, keeping in view of rapidly changing economic environment and consulting engagements considering the emerging threats and assessing the management responsiveness to provide insights on overall governance, evolving risks, business disruption and embedded controls for enhancing the overall control environment.

All significant and material findings of the internal & external auditors and regulators were addressed on a priority basis by the management and their status was reported periodically to the Board Audit Committee and Risk & Compliance Committee, which ensured that management has taken appropriate corrective actions and has put in place a system to minimise repetition to ensure strengthening of the control environment.

The Bank endeavors to follow the State Bank of Pakistan's guidelines on Internal Controls. The Bank is continuously making efforts to ensure that an effective and efficient Internal Control System remains active and implemented through consistent & continuous monitoring that would help in further improving the overall control environment. As part of this exercise, the Bank has documented a comprehensive ICFR Governance Framework which has been approved by the Board of Directors. The Banks' External Auditors are engaged annually to provide a Long Form Report on ICFR as per the requirement of SBP. During the period, the Bank conducted testing of financial reporting controls for ensuring the effectiveness of ICFR throughout the period. None of the deficiencies identified are expected to have a material impact on financial reporting. The Board of Directors has duly endorsed management's evaluation of internal controls, including ICFR, in the Directors' Report.

Based upon the results achieved from reviews and audits conducted by Line Management, Compliance Group, Internal Control Division, ICFR Unit and Audit & Risk Review Group during the year, management considers that the existing Internal Control System is adequate and has been effectively implemented and monitored, though room for improvement always exists.



Suleman Pervez
Acting Head -
Audit & Risk Review



Sajid Hussain
Group Executive -
Operations



Irfan Memon
Group Executive -
Compliance



Zia Ijaz
Group Executive -
Branch Banking &
International



Arif Akmal Saifie
Chief Financial Officer



Shazad G. Dada
President & CEO

THE TRANSFORMATION OF A CONNECTED WORLD

UBL has established itself as a globally connected and recognised leader in digital banking. Its commitment to innovation and excellence in digital banking has been widely recognised by industry experts and customers alike. UBL's global connectivity and recognition as a leader in digital banking is testament to the Bank's commitment to innovation, customer service, and financial inclusion. The bank's global network and partnerships, coupled with its focus on digital transformation, have enabled it to stay ahead of the curve. UBL remains committed to delivering the best possible banking experience to customers around the world and driving financial inclusion through technology and innovation.



FINANCIAL STATEMENTS 2022



INDEPENDENT AUDITOR'S REPORT

To the members of United Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of United Bank Limited, which comprise the unconsolidated statement of financial position as at 31 December 2022, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flows statement for the year then ended, along with unaudited certified returns received from the branches except for fifty branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and gives the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2022 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
1. Expected credit loss (ECL) / impairment provision against investment in foreign currency sovereign bonds	
<p>The Bank's investment portfolio includes a gross carrying value (before provisions) of Rs. 152,272 million in respect of investments in sovereign bonds denominated in foreign currencies that are issued by Pakistan and other countries. These include sovereign bonds with defaulted status as well as other bonds with varying credit ratings.</p> <p>During the year, the Bank has made an aggregate impairment provisions / ECL provisions amounting to Rs. 10,366 million in respect of the above portfolio of investments.</p> <p>Due to the significance of the events impacting the sovereign bonds portfolio, particularly the defaults and deterioration of credit ratings, together with the judgements and estimates involved in determining the impairment / ECL provisions, we have considered this area as a Key Audit Matter.</p> <p>Refer to Note 8.3.1 for disclosure in relation to the above referred portfolio and the related provisions.</p>	<p>We applied the following key audit procedures in respect of impairment / ECL provisions for foreign currency sovereign bonds portfolio:</p> <ul style="list-style-type: none"> - We obtained an understanding of the accounting policies and the impairment framework used by the Bank for determining impairment / ECL provisions against this portfolio. - We assessed ECL methodologies implemented by the Bank in relation to this portfolio by reference to the requirements of IFRS 9. In this regard, we focused on the sources of information underlying the credit ratings and Probability of default assumptions, together with consistency in the application of ECL model. - In respect of defaulted sovereign bonds, we considered the publicly available information about the issuer's economic and financial conditions, observed market prices for the relevant bonds and the impairment computations made by the management. - We also discussed, with the auditors of overseas operations regarding the adequacy and appropriateness of impairment / ECL provisions, made by the Bank, in line with the applicable regulatory requirements of the relevant jurisdictions. - We also assessed adequacy of disclosures as included in note 8.3.1 to the unconsolidated financial statements regarding the non-performing investments and provisions made for the same in the unconsolidated financial statements in accordance with the requirements of the applicable financial reporting framework.

Key audit matters	How the matter was addressed in our audit
2. Provision against Non Performing advances	
<p>The Bank's advances portfolio represents 33.40% of its total assets as of 31 December 2022. A substantial portion of the advances portfolio includes loans and advances to businesses operating in diverse sectors of the economy.</p> <p>As per the Bank's accounting policy (refer note 4.4 to the unconsolidated financial statements), the Bank determines provisions against non-performing advances exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning for loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision therefore involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviour and realizability of collateral held by the Bank.</p> <p>In view of the significance of this area in terms of its impact on the unconsolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against advances as a significant area of audit judgment and a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non-performing advances are included in note 4.4 and 9 respectively to the unconsolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> - We reviewed the Bank's process for identification and classification of non-performing advances. As part of such review, we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired advances and declassification of accounts from non-performing to regular and vice versa, as the case may be. - We have performed procedures on test basis for the computations of provisions to assess that the same is in line with the requirements of the applicable Prudential Regulations. - In addition, we selected a representative sample of borrowers from the advances portfolios including individually significant credit facilities and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower. - We also assessed adequacy of disclosures as included in note 9 to the unconsolidated financial statements regarding the non-performing advances and provisions made for the same in the unconsolidated financial statements in accordance with the requirements of the applicable financial reporting framework.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter:

The financial statements for the Bank for the six-month period ended 30 June 2021 and for the year ended 31 December 2021 were reviewed and audited by another firm of chartered accountants who expressed an unmodified conclusion and unmodified opinion vide their review report and audit report issued on 25 August 2021 and 7 March 2022 respectively.

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



Chartered Accountants

Place: Karachi

Date: 7 March 2023

UDIN Number: AR202210191lwogMkeCx

Unconsolidated Statement of Financial Position

As at December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
ASSETS			
Cash and balances with treasury banks	5	143,004,094	267,937,282
Balances with other banks	6	15,692,567	23,363,057
Lendings to financial institutions	7	85,296,480	51,701,076
Investments	8	1,415,193,829	1,496,542,453
Advances	9	921,837,095	646,188,457
Fixed assets	10	70,816,984	68,537,653
Intangible assets	11	2,406,215	2,231,265
Deferred tax assets	12	18,874,768	7,204,275
Other assets	13	85,631,077	54,460,389
		2,758,753,109	2,618,165,907
LIABILITIES			
Bills payable	15	36,474,017	26,792,970
Borrowings	16	564,518,588	563,284,750
Deposits and other accounts	17	1,838,366,814	1,750,943,765
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	10,000,000	10,000,000
Deferred tax liabilities	12	-	-
Other liabilities	19	100,373,434	62,501,875
		2,549,732,853	2,413,523,360
NET ASSETS		<u>209,020,256</u>	<u>204,642,547</u>
REPRESENTED BY:			
Share capital	20	12,241,797	12,241,797
Reserves		86,254,373	69,718,467
Surplus on revaluation of assets	21	19,085,934	38,056,329
Unappropriated profit		91,438,152	84,625,954
		<u>209,020,256</u>	<u>204,642,547</u>
CONTINGENCIES AND COMMITMENTS			
	22		

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



Arif Akmal Saifie
Chief Financial Officer



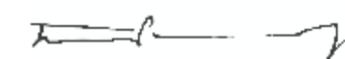
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Muhammad Jawaid Iqbal
Director



Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

Unconsolidated Profit and Loss Account

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Mark-up / return / interest earned	24	250,678,678	147,974,155
Mark-up / return / interest expensed	25	147,469,357	76,215,631
Net mark-up / interest income		103,209,321	71,758,524
Non mark-up / interest income			
Fee and commission income	26	15,871,191	13,063,973
Dividend income		2,093,393	2,033,934
Foreign exchange income		8,414,415	3,991,545
Gain from derivatives		48,147	21,549
Gain on securities - net	27	466,415	3,757,530
Other income	28	7,549,010	510,517
Total non mark-up / interest income		34,442,571	23,379,048
Total income		<u>137,651,892</u>	<u>95,137,572</u>
Non mark-up / interest expenses			
Operating expenses	29	52,284,342	42,745,343
Workers' Welfare Fund	30	1,339,336	1,021,926
Other charges	31	48,862	198,557
Total non mark-up / interest expenses		53,672,540	43,965,826
Profit before provisions		83,979,352	51,171,746
Provisions / (reversals) and write-offs - net	32	15,669,346	(955,407)
Profit before taxation		<u>68,310,006</u>	<u>52,127,153</u>
Taxation	33	36,247,351	21,245,030
Profit after taxation		<u>32,062,655</u>	<u>30,882,123</u>
Earnings per share - basic and diluted			
	34	<u>26.19</u>	<u>25.23</u>

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



Arif Akmal Saifie
Chief Financial Officer



Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Muhammad Jawaid Iqbal
Director



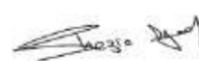
Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Profit after taxation for the year	32,062,655	30,882,123
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods		
Effect of translation of net investment in foreign branches	13,329,641	4,356,186
Movement in deficit on revaluation of investments - net of tax	(18,638,865)	(4,695,932)
	(5,309,224)	(339,746)
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurement gain on defined benefit obligations - net of tax	966,660	1,184,032
Movement in surplus on revaluation of fixed assets - net of tax	(98,181)	15,153,819
Movement in surplus on revaluation of non-banking assets - net of tax	15,214	9,276
	883,693	16,347,127
Total comprehensive income for the year	<u>27,637,124</u>	<u>46,889,504</u>

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

 Arif Akmal Saifie Chief Financial Officer	 Shazad G. Dada President & Chief Executive Officer	 Shazia Syed Director	 Muhammad Jawaid Iqbal Director	 Sir Mohammed Anwar Pervez, OBE, HPK Chairman
---	---	--	---	--

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Share capital	Capital reserve - exchange translation	Statutory reserve	Surplus / (deficit) on revaluation			Unappropriated profit	Total
				Investments	Fixed assets	Non-banking assets		
----- (Rupees in '000) -----								
Balance as at January 01, 2021	12,241,797	27,008,465	35,265,603	2,654,932	24,984,734	913	81,916,463	184,072,907
Total comprehensive income for the year ended December 31, 2021								
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	-	30,882,123	30,882,123
Other comprehensive income - net of tax	-	4,356,186	-	(4,695,932)	15,153,819	9,276	1,184,032	16,007,381
Total comprehensive income for the year ended December 31, 2021	-	4,356,186	-	(4,695,932)	15,153,819	9,276	32,066,155	46,889,504
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(3,115)	-	3,115	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(48,298)	-	48,298	-
Transfer to statutory reserve	-	-	3,088,213	-	-	-	(3,088,213)	-
Transactions with owners, recorded directly in equity								
Final cash dividend - December 31, 2020 declared subsequent to the year end at Rs. 9.5 per share	-	-	-	-	-	-	(11,629,707)	(11,629,707)
Interim cash dividend - March 31, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - June 30, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - September 30, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
	-	-	-	-	-	-	(26,319,864)	(26,319,864)
Balance as at December 31, 2021	12,241,797	31,364,651	38,353,816	(2,041,000)	40,087,140	10,189	84,625,954	204,642,547
Total comprehensive income for the year ended December 31, 2022								
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	32,062,655	32,062,655
Other comprehensive income - net of tax	-	13,329,641	-	(18,638,865)	(98,181)	15,214	966,660	(4,425,531)
Total comprehensive income for the year ended December 31, 2022	-	13,329,641	-	(18,638,865)	(98,181)	15,214	33,029,315	27,637,124
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	(136,146)	(25,403)	161,549	-
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	(87,014)	-	87,014	-
Transfer to statutory reserve	-	-	3,206,265	-	-	-	(3,206,265)	-
Transactions with owners, recorded directly in equity								
Final cash dividend - December 31, 2021 declared subsequent to the year end at Rs. 6.0 per share	-	-	-	-	-	-	(7,345,078)	(7,345,078)
Interim cash dividend - March 31, 2022 declared at Rs. 5.0 per share	-	-	-	-	-	-	(6,120,899)	(6,120,899)
Interim cash dividend - June 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
Interim cash dividend - September 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)
	-	-	-	-	-	-	(23,259,415)	(23,259,415)
Balance as at December 31, 2022	<u>12,241,797</u>	<u>44,694,292</u>	<u>41,560,081</u>	<u>(20,679,865)</u>	<u>39,765,799</u>	<u>-</u>	<u>91,438,152</u>	<u>209,020,256</u>

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

 Arif Akmal Saifie Chief Financial Officer	 Shazad G. Dada President & Chief Executive Officer	 Shazia Syed Director	 Muhammad Jawaid Iqbal Director	 Sir Mohammed Anwar Pervez, OBE, HPK Chairman
---	---	--	--	--

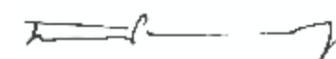
Unconsolidated Cash Flow Statement

For the year ended December 31, 2022

Note	2022	2021
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	68,310,006	52,127,153
Less: Dividend income	(2,093,393)	(2,033,934)
	66,216,613	50,093,219
Adjustments:		
Depreciation on fixed assets	3,593,110	2,849,015
Depreciation on right-of-use assets	2,097,830	1,928,943
Depreciation on non-banking assets acquired in satisfaction of claims	34,827	5,180
Depreciation on Islamic financing against leased assets (Ijarah)	146,494	169,954
Amortisation	814,607	801,197
Workers' Welfare Fund - charge	1,339,336	1,021,926
Provision for retirement benefits	348,798	579,028
Provision for compensated absences	200,322	39,083
(Reversals) / provision against loans and advances - net	(2,940,041)	1,239,990
(Reversals) / provision against off balance sheet items - net	(35,513)	(344,250)
(Reversals) / provision for diminution in value of investments - net	19,061,905	(1,271,498)
Interest expense on lease liability against right-of-use assets	1,061,373	964,050
Gain on sale of operating fixed assets - net	(102,240)	(32,655)
Loss on disposal of non-banking assets - net	8,336	-
Loss / (gain) on sale of Ijarah assets - net	1,292	(3,928)
Gain on wind-up of subsidiary	(6,778,877)	(103,993)
Bad debts written-off directly	35,871	42,643
Unrealised gain on revaluation of investments classified as held for trading	661	(16,282)
(Reversals) / provision against other assets	11,273	(168,605)
Other provisions / write-offs	155,933	376,339
	19,055,297	8,076,137
	85,271,910	58,169,356
(Increase) / decrease in operating assets		
Lendings to financial institutions	(33,595,404)	(31,741,944)
Held for trading securities	47,321,799	(71,843,041)
Advances	(272,926,526)	(117,393,552)
Other assets (excluding advance taxation)	(32,715,105)	(8,290,851)
	(291,915,236)	(229,269,388)
Increase / (decrease) in operating liabilities		
Bills payable	9,681,047	(2,940,843)
Borrowings	1,233,838	434,297,335
Deposits and other accounts	87,423,049	110,731,864
Other liabilities	29,465,720	3,032,430
	127,803,654	545,120,786
	(78,839,672)	374,020,754
Payments on account of staff retirement benefits	1,283,294	(1,824,003)
Workers' Welfare Fund paid	-	(200,000)
Income taxes paid	(33,041,636)	(18,955,328)
Net cash flow (used in) / generated from operating activities	(110,598,014)	353,041,423
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	44,520,829	(180,081,666)
Net investments in held to maturity securities	(63,223,064)	(122,167,182)
Net investments in associates	-	(216,640)
Investment in fixed assets and intangible assets	(6,204,603)	(4,574,813)
Dividend income received	2,093,393	2,251,908
Proceeds realised on wind-up of subsidiaries	7,627,709	134,093
Sale proceeds from disposal of non-banking assets	180,000	-
Sale proceeds from disposal of fixed assets	286,617	66,467
Sale proceeds from sale of Ijarah assets	34,272	35,932
Effect of translation of net investment in foreign branches	13,329,641	4,356,186
Net cash flow used in investing activities	(1,355,206)	(300,195,715)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(2,884,117)	(2,649,400)
Dividends paid	(17,766,341)	(23,622,786)
Net cash flow used in financing activities	(20,650,458)	(26,272,186)
Increase in cash and cash equivalents	(132,603,678)	26,573,522
Cash and cash equivalents at the beginning of the year	270,424,087	257,676,854
Effect of exchange rate changes on cash and cash equivalents	20,876,252	7,049,963
	291,300,339	264,726,817
Cash and cash equivalents at the end of the year	158,696,661	291,300,339

35

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

				
Arif Akmal Saifia Chief Financial Officer	Shazad G. Dada President & Chief Executive Officer	Shazia Syed Director	Muhammad Jawaid Iqbal Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

1. STATUS AND NATURE OF BUSINESS

United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,335 (2021: 1,341) branches inside Pakistan including 150 (2021: 145) Islamic Banking branches and 2 (2021: 2) branches in Export Processing Zones. The Bank also operates 8 (2021: 8) branches outside Pakistan. The Bank is a subsidiary of Bestway International Holdings Limited (BIHL) and BIHL is a wholly owned subsidiary of Bestway Group Limited (BGL), both of which have been incorporated in the Guernsey.

The Bank has completed orderly winding down of its subsidiaries in Tanzania and Switzerland during the year 2022, as explained in Notes 8.10 and 8.11 respectively.

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

2. BASIS OF PRESENTATION

These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated January 25, 2018.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic mode. The SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

Key financial figures of the Islamic Banking branches are disclosed in annexure II to these unconsolidated financial statements.

2.1 STATEMENT OF COMPLIANCE

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

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

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

SBP has deferred the applicability of International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement and IAS 40, 'Investment Property' to Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 directed the banks in Pakistan to implement IFRS 9, Financial Instrument with effect from January 01, 2022. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification, S.R.O. 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the presentation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribe by SBP through various circulars. In case of overseas branches, IFRS 9 / respective foreign currency requirements are considered for recording, classification and valuation of investment.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

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

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

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2022. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these unconsolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

2.3.1 IFRS 9 Financial Instruments

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

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

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

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

Impact on equity and regulatory capital on adoption of IFRS 9

During 2022, the Bank has performed an impact assessment after applying the SBP's IFRS 9 instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9.

The Bank will adopt IFRS 9 in its entirety effective January 01, 2023 with a modified retrospective approach for restatement. As permitted by IFRS-9, the Bank will not be restating comparatives on initial application. The cumulative impact of the initial application will be recorded as an adjustment to opening equity as at January 1, 2023.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity as at 1 January 2023 would be a reduction in equity of approximately Rs. 634.873 million, with corresponding impacts as follows:

- A decrease of approximately Rs. 2,019.031 million net of tax related to impairment requirements;
- An increase of approximately Rs. 1,384.158 million net of tax related to classification and measurement changes.

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

The estimated impact of initial adoption of IFRS 9 on the Bank's capital ratios, without accounting for the allowed transitional arrangement, would be as follows:

Common Equity Tier 1 Capital Adequacy ratio - 14.08%

Tier 1 Capital Adequacy Ratio - 15.12%

Total Capital Adequacy Ratio - 20.16%

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

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

3. BASIS OF MEASUREMENT

3.1 Accounting convention

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

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

3.2 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis.

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

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

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

	2022	2023
	----- (Rupees in '000) -----	
Increase in depreciation expense		
Leasehold improvements	197,344	167,947
Furniture and fixtures	63,599	53,119
Electrical, office and computer equipment	56,812	4,652
Decrease in depreciation expense		
Electrical, office and computer equipment - ATM	82,026	2,299
Decrease in Profit & Loss before taxation	(235,729)	(223,419)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

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

4.2 Lendings to / borrowings from financial institutions

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

4.2.1 Purchase under resale agreements

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

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

4.2.2 Sale under repurchase agreements

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

4.2.3 Bai Muajjal

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

4.3 Investments

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

Held for trading

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

Held to maturity

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

Available for sale

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

4.3.1 Initial measurement

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

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

4.3.2 Subsequent measurement

Held for trading

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

Held to maturity

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

Available for sale

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

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

4.3.3 Investments in Subsidiaries and Associates

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

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

4.4 Advances

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

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

4.4.1 Finance lease receivables

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

4.4.2 Islamic financings and related assets

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

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

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

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

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

4.5 Fixed assets

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

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

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

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

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

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

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

4.6 Lease liability and Right-of-use asset

The bank enters into leasing arrangements for its branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise these options.

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

The lease liability is remeasured when the Bank reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

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

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

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

4.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of overseas branches include exchange differences arising on currency translation at the year-end rates of exchange. Amortisation is calculated so as to write off the amortizable amount of the assets over their expected useful lives at the rates specified in note 11.1 to these unconsolidated financial statements. The amortisation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. Amortisation on additions is charged from the month the asset is available for use. No amortisation is charged in the month of disposal.

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

4.8 Non-banking assets acquired in satisfaction of claims

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

4.9 Impairment

Impairment of available for sale equity investments

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

Impairment of debt investments

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

Impairment of investments in subsidiaries and associates

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

4.10 Taxation

Current

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

Deferred

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

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

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

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

4.11 Provisions

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

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

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

4.12 Staff retirement and other benefits

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

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

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

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

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

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

4.12.1 Other benefits

a) Employees' compensated absences

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

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

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

4.12.2 Remeasurement of defined benefit obligations

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

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

4.13 Subordinated debt

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

4.14 Borrowings / deposits

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

4.15 Revenue recognition

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

4.15.1 Advances and investments

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

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

4.15.2 Lease financing

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

4.15.3 Dividend income

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

4.15.4 Fee, brokerage and commission income

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

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

4.16 Foreign currencies

4.16.1 Functional and presentation currency

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

4.16.2 Foreign currency transactions

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

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

4.16.3 Overseas operations

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

4.16.4 Translation gains and losses

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

4.16.5 Contingencies and commitments

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

4.17 Financial instruments

4.17.1 Financial assets and liabilities

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

4.17.2 Derivative financial instruments

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

4.17.3 Off setting

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

4.18 Segment reporting

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

4.18.1 Business segments

(a) Corporate / Commercial Banking

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

(b) Treasury

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

(c) Branch Banking

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

(d) Islamic Banking

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

(e) International Branch Operations

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

(f) Others

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

4.18.2 Geographical segments

The Bank operates in following geographical regions:

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

4.19 Dividends and appropriations to reserves

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

4.20 Earnings per share (EPS)

The Bank presents basic and diluted earnings per share. Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

4.21 Acceptances

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

	Note	2022	2021
----- (Rupees in '000) -----			
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		27,392,567	27,262,667
Foreign currencies		8,051,809	6,987,106
		35,444,376	34,249,773
With State Bank of Pakistan in			
Local currency current accounts	5.1	55,264,401	75,005,750
Foreign currency current accounts	5.2	912,557	5,312,400
Foreign currency deposit accounts	5.3	204,472	8,818,135
		56,381,430	89,136,285
With other central banks in			
Foreign currency current accounts	5.4	44,342,604	31,754,341
Foreign currency deposit accounts	5.5	6,298,682	8,148,977
		50,641,286	39,903,318
With National Bank of Pakistan in local currency current accounts		377,456	104,153,210
National Prize Bonds		159,546	494,696
		143,004,094	267,937,282
5.1	This represents current accounts maintained with the SBP under the Cash Reserve Requirement of section 22 of the Banking Companies Ordinance, 1962.		
5.2	These represent foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.		
5.3	This represents account maintained with the SBP to comply with the Special Cash Reserve Requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2022, it carries mark-up ranging from 0.00% to 3.14% (2021: 0.00%) per annum.		
5.4	These represent current accounts maintained with other central banks of the countries in which the Bank operates, to meet the minimum cash reserves and capital requirements pertaining to the foreign branches of the Bank.		
5.5	These represent placements with overseas central banks and carry mark-up at rates ranging from 1.10% to 4.88% (2021: 0.75% to 1.50%) per annum.		

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts	6.1	7	6,350,007
Outside Pakistan			
In current accounts		10,035,719	8,075,992
In deposit accounts	6.2	5,656,841	8,937,058
		15,692,560	17,013,050
		<u>15,692,567</u>	<u>23,363,057</u>

6.1 This carries mark-up at the rate of Nil (2021: 11.00%) per annum.

6.2 These carry mark-up at rates ranging from 3.90% to 4.15% (2021: 0.02% to 1.35%) per annum.

	Note	2022 ----- (Rupees in '000) -----	2021
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lending	7.2	-	100,000
Repurchase agreement lendings (Reverse Repo)	7.3 & 7.5	85,296,480	49,726,776
Placements with State Bank of Pakistan	7.4	-	1,874,300
		<u>85,296,480</u>	<u>51,701,076</u>

7.1 Particulars of lendings to financial institutions

	2022	2021
In local currency	85,296,480	51,701,076
In foreign currency	-	-
	<u>85,296,480</u>	<u>51,701,076</u>

7.2 These represent unsecured lendings carrying mark-up at the rate of Nil (2021: 9.50%) per annum.

7.3 These represent lendings to financial institutions against investment securities. These carry mark-up ranging from 15.75% to 16.15% (2021: 9.75% to 10.70%) per annum, and are due to mature in January 2023.

7.4 These represent placements made with the SBP Nil (2021: Rs. 1,874 million) as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for the period of six months to one year and carry no mark-up.

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

	2022			2021		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	52,832,980	-	52,832,980	16,771,723	12,358,229	29,129,952
Pakistan Investment Bonds - fixed	-	-	-	7,027,709	13,569,115	20,596,824
Pakistan Investment Bonds - floaters	2,463,500	-	2,463,500	-	-	-
Government of Pakistan Sukuks	30,000,000	-	30,000,000	-	-	-
Total	<u>85,296,480</u>	<u>-</u>	<u>85,296,480</u>	<u>23,799,432</u>	<u>25,927,344</u>	<u>49,726,776</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

8. INVESTMENTS

8.1 Investments by type

Note	2022				2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----- (Rupees in '000) -----							
	27,546,990	-	(661)	27,546,329	69,718,806	-	9,101	69,727,907
	-	-	-	-	4,883,004	-	7,053	4,890,057
	-	-	-	-	250,697	-	128	250,825
	<u>27,546,990</u>	<u>-</u>	<u>(661)</u>	<u>27,546,329</u>	<u>74,852,507</u>	<u>-</u>	<u>16,282</u>	<u>74,868,789</u>
	111,414,256	-	(349,118)	111,065,138	462,307,400	-	(295,082)	462,012,318
	228,274,771	-	(14,385,381)	213,889,390	106,428,744	-	(956,951)	105,471,793
	451,294,888	-	(5,349,435)	445,945,453	365,357,391	-	(1,612,560)	363,744,831
	102,872,728	(302,150)	(1,138,560)	101,432,018	43,996,036	-	(265,636)	43,730,400
	4,806,162	-	-	4,806,162	924,941	-	-	924,941
	32,853,852	(8,768,691)	(10,627,203)	13,457,958	22,789,875	(285,929)	49,770	22,553,716
	15,334,557	(6,017,934)	233,489	9,550,112	13,269,396	(4,623,052)	1,019,365	9,665,709
	791,144	(67,155)	-	723,989	790,083	(60,440)	41	729,684
	1,931,429	-	-	1,931,429	1,452,143	-	-	1,452,143
	2,507,335	(162,334)	-	2,345,001	782,335	(161,996)	-	620,339
	5,973,330	-	314	5,973,644	-	-	-	-
	51,667,603	(3,715,561)	(4,598,334)	43,353,708	41,692,161	(383,468)	(1,325,534)	39,983,159
	1,117,819	(1,167)	(119,742)	996,910	1,187,962	(1,103)	8,036	1,194,895
	258,179	-	(55,649)	202,530	258,179	-	(15,711)	242,468
	533,453	-	109,155	642,608	458,590	-	48,360	506,950
	<u>1,011,631,506</u>	<u>(19,034,992)</u>	<u>(36,280,464)</u>	<u>956,316,050</u>	<u>1,061,695,236</u>	<u>(5,515,988)</u>	<u>(3,345,902)</u>	<u>1,052,833,346</u>
	295,069,033	-	-	295,069,033	216,576,752	-	-	216,576,752
	47,788,071	-	-	47,788,071	47,666,897	-	-	47,666,897
	10,002,327	-	-	10,002,327	10,002,935	-	-	10,002,935
	13,221,686	(3,528,868)	-	9,692,818	10,381,683	(141,574)	-	10,240,109
	-	-	-	-	21,214,989	-	-	21,214,989
	8,599,224	(50,934)	-	8,548,290	10,580,384	(50,934)	-	10,529,450
	8,076,150	(69,951)	-	8,006,199	8,079,835	(69,951)	-	8,009,884
	2,267	(2,267)	-	-	2,267	(2,267)	-	-
	437	(437)	-	-	437	(437)	-	-
	2,200,838	(587,404)	-	1,613,434	1,715,945	(23,356)	-	1,692,589
	6,469,775	-	-	6,469,775	2,682,985	-	-	2,682,985
	42,086,214	(3,546,802)	-	38,539,412	33,578,466	(641,202)	-	32,937,264
	1,208,667	(1,416)	-	1,207,251	2,171,411	(11,610)	-	2,159,801
	492	-	-	492	383	-	-	383
	<u>434,725,181</u>	<u>(7,788,079)</u>	<u>-</u>	<u>426,937,102</u>	<u>364,655,369</u>	<u>(941,331)</u>	<u>-</u>	<u>363,714,038</u>
	366,640	-	-	366,640	366,640	-	-	366,640
	240,000	-	-	240,000	240,000	-	-	240,000
	832,485	-	-	832,485	832,485	-	-	832,485
	<u>1,439,125</u>	<u>-</u>	<u>-</u>	<u>1,439,125</u>	<u>1,439,125</u>	<u>-</u>	<u>-</u>	<u>1,439,125</u>
	2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
	100,000	-	-	100,000	100,000	-	-	100,000
	<u>2,955,223</u>	<u>-</u>	<u>-</u>	<u>2,955,223</u>	<u>2,955,223</u>	<u>-</u>	<u>-</u>	<u>2,955,223</u>
	-	-	-	-	1,831,006	(1,688,911)	-	142,095
	-	-	-	-	589,837	-	-	589,837
	-	-	-	-	2,420,843	(1,688,911)	-	731,932
	<u>1,478,298,025</u>	<u>(26,823,071)</u>	<u>(36,281,125)</u>	<u>1,415,193,829</u>	<u>1,508,018,303</u>	<u>(8,146,230)</u>	<u>(3,329,620)</u>	<u>1,496,542,453</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Note	2022				2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
8.2 Investments by segment	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	138,961,246	-	(349,779)	138,611,467	532,026,206	-	(285,981)	531,740,225
Pakistan Investment Bonds - fixed	523,343,804	-	(14,385,381)	508,958,423	327,888,500	-	(949,898)	326,938,602
Pakistan Investment Bonds - floaters	499,082,959	-	(5,349,435)	493,733,524	413,274,985	-	(1,612,432)	411,662,553
Government of Pakistan Sukuks	112,875,055	(302,150)	(1,138,560)	111,434,345	53,998,971	-	(265,636)	53,733,335
Government of Pakistan Eurobonds	46,075,538	(12,297,559)	(10,627,203)	23,150,776	33,171,558	(427,503)	49,770	32,793,825
Bai Muajjal with Government of Pakistan	-	-	-	-	21,214,989	-	-	21,214,989
Islamic Naya Pakistan Certificates	4,806,162	-	-	4,806,162	924,941	-	-	924,941
	1,325,144,764	(12,599,709)	(31,850,358)	1,280,694,697	1,382,500,150	(427,503)	(3,064,177)	1,379,008,470
Ordinary shares								
Listed companies	15,334,557	(6,017,934)	233,489	9,550,112	13,269,396	(4,623,052)	1,019,365	9,665,709
Unlisted companies	791,144	(67,155)	-	723,989	790,083	(60,440)	41	729,684
	16,125,701	(6,085,089)	233,489	10,274,101	14,059,479	(4,683,492)	1,019,406	10,395,393
Mutual Fund units	258,179	-	(55,649)	202,530	258,179	-	(15,711)	242,468
Real Estate Investment Trust units	533,453	-	109,155	642,608	458,590	-	48,360	506,950
Non-Government Debt Securities								
Listed companies	4,193,021	-	-	4,193,021	2,463,124	-	-	2,463,124
Unlisted companies	19,124,659	(873,327)	-	18,251,332	20,150,222	(308,941)	-	19,841,281
	23,317,680	(873,327)	-	22,444,353	22,613,346	(308,941)	-	22,304,405
Foreign Securities								
Market Treasury Bills	12,443,105	-	314	12,443,419	2,682,985	-	-	2,682,985
Foreign bonds - sovereign	93,753,817	(7,262,363)	(4,598,334)	81,893,120	75,270,627	(1,024,670)	(1,325,534)	72,920,423
Foreign bonds - others	2,326,486	(2,583)	(119,742)	2,204,161	3,359,373	(12,713)	8,036	3,354,696
CDC SAARC Fund	492	-	-	492	383	-	-	383
	108,523,900	(7,264,946)	(4,717,762)	96,541,192	81,313,368	(1,037,383)	(1,317,498)	78,958,487
Associates								
UBL Financial Sector Fund	366,640	-	-	366,640	366,640	-	-	366,640
UBL Insurers Limited	240,000	-	-	240,000	240,000	-	-	240,000
Khushhali Bank Limited	832,485	-	-	832,485	832,485	-	-	832,485
	1,439,125	-	-	1,439,125	1,439,125	-	-	1,439,125
Subsidiaries								
<i>Continued operation</i>								
United National Bank Limited (UBL UK)	2,855,223	-	-	2,855,223	2,855,223	-	-	2,855,223
UBL Fund Managers Limited	100,000	-	-	100,000	100,000	-	-	100,000
	2,955,223	-	-	2,955,223	2,955,223	-	-	2,955,223
<i>Discontinued operations</i>								
UBL Bank (Tanzania) Limited	-	-	-	-	1,831,006	(1,688,911)	-	142,095
UBL (Switzerland) AG	-	-	-	-	589,837	-	-	589,837
	-	-	-	-	2,420,843	(1,688,911)	-	731,932
Total Investments	1,478,298,025	(26,823,071)	(36,281,125)	1,415,193,829	1,508,018,303	(8,146,230)	(3,329,620)	1,496,542,453

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

8.2.1 Investments given as collateral	2022		2021	
	(Rupees in '000)			
<i>Federal Government securities</i>				
Market Treasury Bills	-	-	-	215,584,125
Pakistan Investment Bonds - floaters	368,801,131	-	-	232,144,261
Pakistan Investment Bonds - fixed	56,225,155	-	-	1,853,526
Government of Pakistan Sukuks	20,000,000	-	-	-
<i>Foreign securities</i>				
Foreign bonds - sovereign	9,199,941	-	-	-
	<u>454,226,227</u>	<u>449,581,912</u>		
8.2.1.1 The market value of securities given as collateral is Rs. 442,733 million (2021: Rs. 448,718 million).				
8.3 Provision for diminution in value of investments	Note	2022	2021	
		(Rupees in '000)		
Opening balance		8,146,230	9,343,576	
Exchange adjustments		1,195,906	155,536	
Charge / (reversals)				
Charge for the year		19,357,588	446,250	
Reversals for the year	8.3.1.1	(207,747)	(555,978)	
Reversal on disposals		(87,936)	(1,161,770)	
Amounts written off	32	19,061,905	(1,271,498)	
Closing balance	8.3.1	<u>(1,580,970)</u>	<u>(81,384)</u>	
		<u>26,823,071</u>	<u>8,146,230</u>	
8.3.1 Provision against investments includes Expected Credit Losses (ECL) / impairment under IFRS 9 amounting to Rs. 20,452.132 million (2021: Rs. 1,488.282 million) on overseas branches.				
The Bank has estimated ECL / impairment provisions based on the IFRS 9 requirements in respect of overseas jurisdictions. Under the IFRS 9 model, credit impairment provisions, inter alia, takes into account the credit ratings of the relevant bonds provided by the International rating agencies and the observed Probability of Default information relevant for such credit rating with appropriate adjustments applied by the Bank. In respect of the defaulted bonds, the Bank considers actual market prices to estimate the impairment provision.				
8.3.1.1 The reversal for the year includes Rs. 107.941 million relating to UBL Bank (Tanzania) Limited (UBTL).				
8.3.2 Particulars of provision against debt securities		2022	2021	
Category of classification		Non-performing investments	Provision	Non-performing investments
		(Rupees in '000)		Provision
Domestic				
Loss		285,923	285,923	285,585
Overseas				
Defaulted exposure		9,117,129	6,145,880	-
Total		<u>9,403,052</u>	<u>6,431,803</u>	<u>285,585</u>
8.4 This represents investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Certificate Company Limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.				
8.5 Bai Muajjal with Government of Pakistan		2022	2021	
		(Rupees in '000)		
Bai Muajjal investment		-	21,611,000	
Less: Deferred Income		-	(396,011)	
Bai Muajjal investment - net		<u>-</u>	<u>21,214,989</u>	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

8.6 Quality of Available for Sale Securities

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

8.6.1 Federal Government Securities - Government guaranteed

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

2022	2021
Cost	
----- (Rupees in '000) -----	
111,414,256	462,307,400
228,274,771	106,428,744
451,294,888	365,357,391
102,872,728	43,996,036
4,806,162	924,941
32,853,852	22,789,875
<u>931,516,657</u>	<u>1,001,804,387</u>

8.6.2 Shares

Listed Companies

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

2022	2021
Cost	
----- (Rupees in '000) -----	
1,221,443	1,195,440
559,228	559,228
2,071,939	366,799
4,754,000	4,951,022
1,354,148	1,173,920
569,150	569,150
2,689,291	2,568,653
322,794	309,366
766,044	543,544
395,927	401,680
315,872	315,872
314,721	314,722
<u>15,334,557</u>	<u>13,269,396</u>

Unlisted Companies

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

2022		2021	
Cost	Breakup value	Cost	Breakup value
----- (Rupees in '000) -----			
26,950	-	26,950	-
21,100	60,514	21,100	69,511
1,527	44,622	1,527	35,899
100	910,231	100	971,711
5,500	3,551,928	5,500	3,448,615
2,091	23,880	2,091	15,658
325	173	325	104
0.003	779	0.003	523
50,703	23,880	50,703	21,419
60,122	136,159	60,122	163,786
500,000	915,540	500,000	827,525
54,287	428,290	54,287	267,895
4,806	133,289	3,745	102,811
63,633	50,479	63,633	59,689
<u>791,144</u>	<u>6,279,764</u>	<u>790,083</u>	<u>5,985,146</u>

8.6.3 Others

Mutual Fund units
Real Estate Investment Trust units

2022	2021
Cost	
----- (Rupees in '000) -----	
258,179	258,179
533,453	458,590
<u>791,632</u>	<u>716,769</u>

8.6.4 Non Government Debt Securities

Listed

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

1,570,000	370,000
1,045,000	400,000
-	-
<u>2,615,000</u>	<u>770,000</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Unlisted

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

2022	2021
Cost	
----- (Rupees in '000) -----	
1,140,000	695,002
521,429	607,141
162,335	162,335
<u>1,823,764</u>	<u>1,464,478</u>

8.6.5 Foreign Securities

Government Securities

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

2022		2021	
Cost	Rating	Cost	Rating
----- (Rupees in '000) -----			
7,298,165	AA-	5,778,888	AA-
18,529,501	AA	9,808,862	AA
2,469,583	B+	1,938,979	B+
2,955,778	BB-	2,301,803	BB-
1,682,375	BB-	1,324,904	BB
5,089,176	B	3,155,838	B
2,775,375	B	2,182,135	B
7,847,301	B	5,305,846	B
1,492,871	B-	1,175,329	B
2,825,351	B-	5,072,195	B
4,675,457	D	3,647,382	CC
<u>57,640,933</u>		<u>41,692,161</u>	

Non Government Debt Securities

Listed

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

2022	2021
Cost	
----- (Rupees in '000) -----	
-	-
1,117,819	877,325
-	-
-	310,637
<u>1,117,819</u>	<u>1,187,962</u>

8.7 Particulars relating to Held to Maturity securities are as follows:

8.7.1 Federal Government Securities - Government guaranteed

Pakistan Investment Bonds - fixed
Pakistan Investment Bonds - floaters
Government of Pakistan Sukuks
Government of Pakistan Eurobonds
Bai Muajjal

295,069,033	216,576,752
47,788,071	47,666,897
10,002,327	10,002,935
13,221,686	10,381,683
-	21,214,989
<u>366,081,117</u>	<u>305,843,256</u>

8.7.2 Non Government Debt Securities

Listed

- AA+, AA-
- A+
- Unrated

774,896	1,443,124
803,125	250,000
-	-
<u>1,578,021</u>	<u>1,693,124</u>

Unlisted

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

9,216,920	10,786,210
5,249,550	5,000,000
150,000	510,000
360,000	1,715,945
2,200,838	-
123,587	673,589
<u>17,300,895</u>	<u>18,685,744</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

8.7.3 Foreign Securities

Government Securities	2022		2021	
	Cost	Rating	Cost	Rating
----- (Rupees in '000) -----				
Qatar	12,690,997	AA-	5,675,107	AA-
Jordan	6,370,103	B+	4,985,479	B+
Bahrain	4,721,684	B	3,712,498	B
Egypt	4,528,908	B	3,554,567	B
Kenya	3,732,975	B	2,938,151	B
Oman	4,330,271	BB-	3,369,670	BB-
Portugal	1,001,469	BBB	783,287	BBB
Sri Lanka	4,441,672	D	3,400,189	CC
Turkey	2,988,596	B-	2,969,272	B
Nigeria	1,110,765	B-	874,914	B
South Africa	1,682,433	BB-	1,315,332	BB
Yemen	956,116	unrated	2,682,985	unrated
	<u>48,555,989</u>		<u>36,261,451</u>	

Non Government Debt Securities

Listed

- BBB+, BBB-
- B
- Unrated

	2022	2021
	Cost	
	----- (Rupees in '000) -----	
	90,573	70,606
	-	1,223,295
	-	-
	<u>90,573</u>	<u>1,293,901</u>

Unlisted

- BBB-

	<u>1,118,094</u>	<u>877,510</u>
--	------------------	----------------

Others

- CDC SAARC Fund

	<u>492</u>	<u>383</u>
--	------------	------------

8.7.4 The market value of securities classified as held-to-maturity as at December 31, 2022, amounted to Rs. 394,810.915 million (2021: Rs. 354,991.660 million).

8.8 Investments include net securities amounting to Rs. 874,741 million (2021: Rs. 927,853 million) which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

8.9 Investments include Rs. 118 million (2021: Rs. 118 million) held by the State Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2021: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

8.10 UBL Bank (Tanzania) Limited (UBTL), a wholly owned subsidiary of United Bank Limited has been wound up in August 2022. The Banking operations of the subsidiary ceased on November 01, 2019 as UBTL sold materially all of its assets and liabilities held as at October 31, 2019 to EXIM Bank Tanzania Limited (Exim), in line with the Asset and Liabilities Purchase Agreement signed on May 22, 2019. The official liquidator was appointed by Board of Directors of UBTL on December 15, 2021 and after compliance of all local laws and regulations, net proceeds has been realized. The liquidator had filed deregistration with the Registrar of the Companies on August 12, 2022 and the UBTL name has been strike off from the companies register on January 23, 2023. The difference between net liquidation proceeds of Rs 250 million and the book value of Rs 142 million have been recognized as reversal of provision in Note 8.3.1.1.

8.11 UBL Switzerland AG, a wholly owned subsidiary of United Bank Limited has been wound up in December 2022. The shareholders of the Bank had resolved the voluntary and orderly wind up of UBL Switzerland AG in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 06, 2021. UBL Switzerland AG was released from FINMA's regulatory supervision on March 24, 2022 and entered voluntary liquidation on March 31, 2022. Deloitte AG were appointed as liquidators. Final shareholder meeting, held on December 22, 2022, unanimously approved liquidator financial statements and accordingly liquidation proceeds has been realized. The liquidator has filed deregistration of the company with the commercial Registrar. The difference between the liquidation proceeds of Rs. 7,368.7 million and the cost of investment Rs. 589.8 million that have been recognized as gain on wind up of subsidiary in Note 28.

8.12 Summary of financial position and performance of associates and subsidiaries

Note	Country of Incorporation	Holding	2022		2021	
			Assets	Liabilities	Revenue	Profit / (loss)
----- (Rupees in '000) -----						
% ----- (Rupees in '000) -----						
Associates						
	Pakistan	36.07%	854,318	16,594	(112,091)	(168,292)
	Pakistan	30.00%	7,715,405	5,764,578	1,839,604	228,214
8.12.1	Pakistan	29.69%	132,153,820	123,942,929	9,588,980	(3,000,005)
Subsidiaries						
	United Kingdom	55.00%	218,596,550	198,268,523	6,231,454	1,271,485
	Pakistan	98.87%	4,415,064	2,273,602	1,192,000	449,412
----- (Rupees in '000) -----						
% ----- (Rupees in '000) -----						
Associates						
	Pakistan	23.69%	1,496,764	26,920	95,578	41,785
	Pakistan	30.00%	5,703,286	3,960,407	1,793,771	66,179
	Pakistan	29.69%	116,523,926	105,339,377	11,798,634	571,680
Subsidiaries						
	United Kingdom	55.00%	158,086,439	139,142,776	2,989,125	372,188
	Switzerland	100.00%	6,833,143	1,069,442	588,471	(999,702)
	Pakistan	98.87%	4,356,847	2,295,892	1,014,900	389,464
Discontinued operation						
	Tanzania	100.00%	240,248	86,616	-	(69,775)

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

9. ADVANCES

Note	Performing		Non-performing		Total	
	2022	2021	2022	2021	2022	2021
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	771,367,966	561,742,044	90,270,610	83,224,648	861,638,576	644,966,692
Islamic financings and related assets	102,281,886	43,859,593	159,579	197,330	102,441,465	44,056,923
Bills discounted and purchased	46,778,723	36,670,914	2,908,653	2,591,046	49,687,376	39,261,960
Advances - gross	<u>920,428,575</u>	<u>642,272,551</u>	<u>93,338,842</u>	<u>86,013,024</u>	<u>1,013,767,417</u>	<u>728,285,575</u>
Provision against advances						
- Specific	-	-	(81,783,522)	(74,703,857)	(81,783,522)	(74,703,857)
- General	(10,146,800)	(7,393,261)	-	-	(10,146,800)	(7,393,261)
	<u>(10,146,800)</u>	<u>(7,393,261)</u>	<u>(81,783,522)</u>	<u>(74,703,857)</u>	<u>(91,930,322)</u>	<u>(82,097,118)</u>
Advances - net of provision	<u>910,281,775</u>	<u>634,879,290</u>	<u>11,555,320</u>	<u>11,309,167</u>	<u>921,837,095</u>	<u>646,188,457</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

9.1 Includes net investment in finance lease as disclosed below:

	2022				2021			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	----- (Rupees in '000) -----							
Minimum lease payments	9,775	224,749	8,112	242,636	45,314	55,160	611	101,085
Financial charges for future periods	(696)	(17,923)	(2,748)	(21,367)	(8,502)	(14,848)	(245)	(23,595)
Present value of minimum lease payments	<u>9,079</u>	<u>206,826</u>	<u>5,364</u>	<u>221,269</u>	<u>36,812</u>	<u>40,312</u>	<u>366</u>	<u>77,490</u>

9.2 Particulars of advances (Gross)

	2022	2021
	----- (Rupees in '000) -----	
In local currency	765,445,158	531,161,298
In foreign currencies	<u>248,322,259</u>	<u>197,124,277</u>
	<u>1,013,767,417</u>	<u>728,285,575</u>

9.3 Advances include Rs. 93,338.842 million (2021: Rs. 86,013.024 million) which have been placed under non-performing status as detailed below:

Category of Classification	2022		2021	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned *	135,948	1,948	155,903	-
Substandard	2,307,269	569,848	2,398,883	595,091
Doubtful	732,137	365,716	563,051	346,746
Loss	23,018,816	22,067,588	23,945,768	22,853,989
	<u>26,194,170</u>	<u>23,005,100</u>	<u>27,063,605</u>	<u>23,795,826</u>
Overseas				
Not past due but impaired **	5,192,817	1,806,054	4,207,043	1,233,410
Overdue by:				
Upto 90 days	1,194,694	403,030	1,004,416	303,038
91 to 180 days	82,114	31,978	1,811,745	1,620,231
181 to 365 days	1,511,494	1,511,494	4,666,129	3,620,254
> 365 days	59,163,553	55,025,866	47,260,086	44,131,098
	<u>67,144,672</u>	<u>58,778,422</u>	<u>58,949,419</u>	<u>50,908,031</u>
Total	<u>93,338,842</u>	<u>81,783,522</u>	<u>86,013,024</u>	<u>74,703,857</u>

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

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

9.4 Particulars of provision against advances

Note	2022			2021		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	74,703,857	7,393,261	82,097,118	71,755,668	7,271,844	79,027,512
Exchange adjustments	14,624,765	1,386,654	16,011,419	5,068,084	734,361	5,802,445
Charge for the year	<u>2,460,068</u>	<u>366,812</u>	<u>2,826,880</u>	<u>4,901,313</u>	<u>361,989</u>	<u>5,263,302</u>
Reversals for the year	<u>(3,677,644)</u>	<u>(2,089,277)</u>	<u>(5,766,921)</u>	<u>(3,048,379)</u>	<u>(974,933)</u>	<u>(4,023,312)</u>
Net (reversal) / charge against advances	<u>(1,217,576)</u>	<u>(1,722,465)</u>	<u>(2,940,041)</u>	<u>1,852,934</u>	<u>(612,944)</u>	<u>1,239,990</u>
Amounts charged off - agriculture financing	9.5	(66,894)	-	(66,894)	(257,446)	-
Amounts written off	9.6	(3,171,280)	-	(3,171,280)	(3,711,835)	-
Transfers (out) / in - net		(3,089,350)	3,089,350	-	(3,548)	-
Closing balance		<u>81,783,522</u>	<u>10,146,800</u>	<u>91,930,322</u>	<u>74,703,857</u>	<u>7,393,261</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

9.4.1 Particulars of provision against advances

	2022			2021		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	22,248,009	769,159	23,017,168	23,205,037	402,418	23,607,455
In foreign currencies	<u>59,535,513</u>	<u>9,377,641</u>	<u>68,913,154</u>	<u>51,498,820</u>	<u>6,990,843</u>	<u>58,489,663</u>
	<u>81,783,522</u>	<u>10,146,800</u>	<u>91,930,322</u>	<u>74,703,857</u>	<u>7,393,261</u>	<u>82,097,118</u>

9.4.2 General provision represents provision amounting to Rs. 469.159 million (2021: Rs. 402.418 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 9,337.641 million (2021: Rs. 6,990.843 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches operate. In addition, bank has created a general charge on agriculture finance portfolio of Rs. 300.000 million (2021: Nil).

9.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 5.359 million (2021: Rs. 16.258 million).

The Bank has also availed FSV benefit of certain mortgaged properties held as collateral against non-performing advances of overseas branches in accordance with the applicable regulations in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 5,329.058 million (2021: Rs. 3,528.942 million) for the overseas branches.

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

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

9.6 Particulars of write-offs

	Note	2022	2021
		----- (Rupees in '000) -----	
9.6.1 Against provisions	9.4	3,171,280	3,711,835
Directly charged to profit and loss account		<u>35,871</u>	<u>42,643</u>
		<u>3,207,151</u>	<u>3,754,478</u>
9.6.2 Write-offs of Rs. 500,000 and above	9.7	57,121	171,013
- Domestic		3,116,334	3,534,481
- Overseas		3,173,455	3,705,494
Write-offs of below Rs. 500,000		<u>33,696</u>	<u>48,984</u>
		<u>3,207,151</u>	<u>3,754,478</u>

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2022, is given in annexure I to the unconsolidated financial statements (except in case of overseas branches which is restricted by overseas regulatory authorities).

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

10. FIXED ASSETS

	Note	2022	2021
		----- (Rupees in '000) -----	
Capital work-in-progress	10.1	1,042,334	1,294,646
Property and equipment	10.2	<u>69,774,650</u>	<u>67,243,007</u>
		<u>70,816,984</u>	<u>68,537,653</u>
10.1 Capital work-in-progress			
Civil works		844,654	419,443
Equipment		<u>197,680</u>	<u>875,203</u>
		<u>1,042,334</u>	<u>1,294,646</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

10.2 Property and Equipment

	2022									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
----- (Rupees in '000) -----										
At January 01, 2022										
Cost / Revalued amount	9,543,663	32,091,510	3,369,459	7,562,721	6,167,104	2,275,782	17,195,351	374,844	10,846,625	89,427,059
Accumulated depreciation	-	-	-	(11,641)	(3,673,899)	(1,491,180)	(13,015,474)	(221,893)	(3,769,965)	(22,184,052)
Net book value	9,543,663	32,091,510	3,369,459	7,551,080	2,493,205	784,602	4,179,877	152,951	7,076,660	67,243,007
Year ended December 31, 2022										
Opening net book value	9,543,663	32,091,510	3,369,459	7,551,080	2,493,205	784,602	4,179,877	152,951	7,076,660	67,243,007
Additions	-	101,460	-	-	874,068	274,612	3,865,125	368,202	3,031,755	8,515,222
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	(134,860)	-	(42,167)	-	(481)	(4,078)	(2,791)	(213,125)	(397,502)
Depreciation charge	-	-	(122,233)	(294,223)	(767,664)	(244,679)	(2,094,041)	(70,270)	(2,097,830)	(5,690,940)
Exchange rate adjustments	-	-	-	3,024	47,915	2,206	43,422	(1,795)	10,091	104,863
Other adjustments / transfers	-	-	-	-	(10,455)	-	10,455	-	-	-
Closing net book value	9,543,663	32,058,110	3,247,226	7,217,714	2,637,069	816,260	6,000,760	446,297	7,807,551	69,774,650
At December 31, 2022										
Cost / Revalued amount	9,543,663	32,058,110	3,369,459	7,525,987	7,143,430	2,544,283	21,073,572	724,541	12,469,707	96,452,752
Accumulated depreciation	-	-	(122,233)	(308,273)	(4,506,361)	(1,728,023)	(15,072,812)	(278,244)	(4,662,156)	(26,678,102)
Net book value	9,543,663	32,058,110	3,247,226	7,217,714	2,637,069	816,260	6,000,760	446,297	7,807,551	69,774,650
Rate of depreciation (%)	-	-	2.5-5	2.5-5	12.5	12.5-25	5 - 33.33	20	4 - 100	

	2021									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
----- (Rupees in '000) -----										
At January 01, 2021										
Cost / Revalued amount	6,433,625	21,468,648	2,790,183	6,797,040	5,786,556	2,187,778	15,455,565	314,148	9,558,101	70,791,644
Accumulated depreciation	-	-	(252,595)	(743,991)	(3,287,316)	(1,366,937)	(11,281,161)	(226,466)	(2,873,368)	(20,031,834)
Net book value	6,433,625	21,468,648	2,537,588	6,053,049	2,499,240	820,841	4,174,404	87,682	6,684,733	50,759,810
Year ended December 31, 2021										
Opening net book value	6,433,625	21,468,648	2,537,588	6,053,049	2,499,240	820,841	4,174,404	87,682	6,684,733	50,759,810
Additions	-	-	-	-	459,781	119,247	1,840,683	117,007	3,007,028	5,543,746
Movement in surplus on assets revalued during the year	3,110,038	10,622,829	920,324	1,758,687	-	-	-	-	-	16,411,878
Disposals	-	-	-	(4,726)	(14,940)	(250)	(5,766)	(8,130)	(701,200)	(735,012)
Depreciation charge	-	-	(88,453)	(256,861)	(462,222)	(153,021)	(1,844,679)	(43,779)	(1,928,943)	(4,777,958)
Exchange rate adjustments	-	25	-	852	13,508	566	24,145	141	10,777	50,014
Other adjustments / transfers	-	8	-	79	(2,162)	(2,781)	(8,910)	30	4,265	(9,471)
Closing net book value	9,543,663	32,091,510	3,369,459	7,551,080	2,493,205	784,602	4,179,877	152,951	7,076,660	67,243,007
At December 31, 2021										
Cost / Revalued amount	9,543,663	32,091,510	3,369,459	7,562,721	6,167,104	2,275,782	17,195,351	374,844	10,846,625	89,427,059
Accumulated depreciation	-	-	-	(11,641)	(3,673,899)	(1,491,180)	(13,015,474)	(221,893)	(3,769,965)	(22,184,052)
Net book value	9,543,663	32,091,510	3,369,459	7,551,080	2,493,205	784,602	4,179,877	152,951	7,076,660	67,243,007
Rate of depreciation (%)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

10.3 Revaluation of properties

The properties of the Bank has been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s. Engineering Pakistan International (Private) Limited, M/s. M. J. Surveyors (Private) Limited, and M/s. Perfect Consultants on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 16,411.878 million. The total surplus against revaluation of fixed assets as at December 31, 2022, amounts to Rs. 41,481.000 million.

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

	2022	2021
	----- (Rupees in '000) -----	
Freehold land	782,581	782,581
Leasehold land	3,464,652	3,397,652
Buildings on freehold land	1,907,093	1,970,022
Buildings on leasehold land	4,431,387	4,640,885
	<u>10,585,713</u>	<u>10,791,140</u>
	<u>82,420</u>	<u>82,420</u>

10.4 Carrying amount of temporarily idle property of the Bank

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

Furniture and fixtures	729,632	561,051
Electrical, office and computer equipment	8,960,303	7,507,420
Vehicles	110,524	120,125
Leasehold improvements	1,779,919	1,116,951
	<u>11,580,378</u>	<u>9,305,547</u>

10.6 Details of disposal of operating fixed assets to related parties

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

10.7 During the year, the Bank has reviewed the useful lives of its fixed assets. This review has resulted in a change in the useful lives of these assets. The effect of these changes are presented in note 3.2 to the unconsolidated financial statements.

	Note	2022	2021
		----- (Rupees in '000) -----	
11. INTANGIBLE ASSETS			
Capital work-in-progress - Computer software Intangible assets	11.1	384,706	604,751
		<u>2,021,509</u>	<u>1,626,514</u>
		<u>2,406,215</u>	<u>2,231,265</u>
11.1 Intangible assets			
Computer Software			
At January 1,			
Cost		7,131,567	6,554,387
Accumulated amortisation		(5,505,053)	(4,915,531)
Net book value		<u>1,626,514</u>	<u>1,638,856</u>
Year ended December 31,			
Opening net book value		1,626,514	1,638,856
Additions - directly purchased		1,193,493	776,946
Disposals		(4,342)	(981)
Amortisation charge		(814,607)	(801,197)
Exchange rate adjustments		20,451	12,931
Other adjustments		-	(41)
Closing net book value		<u>2,021,509</u>	<u>1,626,514</u>
At December 31,			
Cost		8,639,910	7,131,567
Accumulated amortisation		(6,618,401)	(5,505,053)
Net book value		<u>2,021,509</u>	<u>1,626,514</u>
Rate of amortisation (%)		<u>10 - 25</u>	<u>10 - 25</u>
Useful life (in years)		<u>4 - 10</u>	<u>4 - 10</u>

11.2 The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs. 3,711.286 million (2021: Rs. 2,985.136 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

12. DEFERRED TAX ASSETS

	2022			
	At January 01, 2022	Recognised in profit and loss account	Recognised in OCI	At December 31, 2022
----- (Rupees in '000) -----				
Deductible temporary differences on				
- Provision against advances and off balance sheet obligations	5,172,302	(2,543,636)	-	2,628,666
- Surplus on revaluation of investments	1,304,902	-	14,295,697	15,600,599
- Post retirement employee benefits	716,805	70,623	(729,235)	58,193
- Workers' Welfare Fund	2,231,742	804,811	-	3,036,553
- Others	36,404	-	(105,399)	(68,995)
	9,462,155	(1,668,202)	13,461,063	21,255,016
Taxable temporary differences on:				
- Surplus on revaluation of fixed assets / non-banking assets	(1,683,947)	63,761	(95,015)	(1,715,201)
- Accelerated tax depreciation	(573,933)	(91,114)	-	(665,047)
	(2,257,880)	(27,353)	(95,015)	(2,380,248)
	7,204,275	(1,695,555)	13,366,048	18,874,768
----- (Rupees in '000) -----				
----- (Rupees in '000) -----				
Deductible temporary differences on:				
- Provision against advances and off balance sheet obligations	6,390,263	(1,217,961)	-	5,172,302
- Surplus on revaluation of investments	(1,697,416)	-	3,002,318	1,304,902
- Post retirement employee benefits	1,381,087	92,722	(757,004)	716,805
- Workers' Welfare Fund	1,833,191	398,551	-	2,231,742
- Others	(131,623)	-	168,027	36,404
	7,775,502	(726,688)	2,413,341	9,462,155
Taxable Temporary Differences on:				
- Surplus on revaluation of fixed assets / non-banking assets	(646,666)	30,134	(1,067,415)	(1,683,947)
- Accelerated tax depreciation	(729,569)	155,636	-	(573,933)
	(1,376,235)	185,770	(1,067,415)	(2,257,880)
	6,399,267	(540,918)	1,345,926	7,204,275

13. OTHER ASSETS

	Note	2022	2021
----- (Rupees in '000) -----			
Income / mark-up accrued in local currency		48,134,777	25,128,445
Income / mark-up accrued in foreign currencies	13.2	3,463,398	2,771,265
Advance taxation - net of provision for taxation	13.1	2,514,314	4,144,088
Receivable from staff retirement fund	37.4	2,517,968	2,077,069
Receivable from other banks against telegraphic transfers and demand drafts		2,960,752	365,000
Unrealised gain on forward foreign exchange contracts		2,831,134	4,069,229
Rebate receivable - net		2,030,996	652,112
Unrealised gain on derivative financial instruments	23.1	22,900	8,476
Suspense accounts		254,279	158,508
Stationery and stamps on hand		418,454	206,616
Non-banking assets acquired in satisfaction of claims	13.3	40,800	196,640
Advances, deposits, advance rent and other prepayments		2,144,988	1,177,703
Acceptances	19	16,502,130	11,421,246
Dividend Receivable		-	-
Commission receivable - Branchless Banking		561,390	676,483
Commission receivable - Bancassurance		208,047	111,180
Receivable against fraud & forgery and looted notes		632,418	564,693
Others		1,637,304	1,877,987
		86,876,049	55,606,740
Less: Provision held against other assets	13.4	(1,244,972)	(1,163,055)
Other assets - net of provisions		85,631,077	54,443,685
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.2	-	16,704
Other assets - Total		85,631,077	54,460,389

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

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

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2021, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.14,695 million (2021: Rs.13,752 million). The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) branches have been filed upto the tax year 2022 (accounting year ended December 31, 2021) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2005 to 2019. Consequently various addbacks and demands were raised creating a total demand of Rs. 2,632 million (2021: Rs. 2,632 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for Yemen have been filed upto the year ended December 31, 2019 and for UAE and Qatar branches upto the year ended December 31, 2021 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

13.2 Unrealised mark-up held in suspense amounting to Rs. 26,547.699 million (2021: Rs. 16,929.481 million) against non-performing overseas advances has been netted off.

13.3 Market value of Non-banking assets acquired in satisfaction of claims

	2022	2021
----- (Rupees in '000) -----		
	40,800	213,344

13.3.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer as at December 31, 2022. The revaluation was carried out by M/s. Asif Associates (Private) Limited on the basis of an assessment of present market values and resulted in a net reversal of deficit of Rs. 17.782 million.

13.3.2 Non-banking assets acquired in satisfaction of claims

	Note	2022	2021
----- (Rupees in '000) -----			
Opening balance		213,344	203,316
Additions		-	-
Revaluation during the year		-	15,208
Disposals	13.3.3	(188,336)	-
Depreciation	29	(34,827)	(5,180)
Impairment		-	-
Other adjustments		50,619	-
Closing balance		40,800	213,344

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

	Note	2022	2021
----- (Rupees in '000) -----			
Disposal proceeds		180,000	-
Less:			
- Cost less accumulated depreciation		155,750	-
- Surplus	13.3.2	32,586	-
		188,336	-
Loss		(8,336)	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
Advances and other receivables		54,834	54,674
Receivable against fraud & forgery and looted notes		632,418	564,693
Others		557,720	543,688
		<u>1,244,972</u>	<u>1,163,055</u>
13.4.1 Movement in provision held against other assets			
Opening balance		1,163,055	1,392,976
Exchange adjustments		74,408	28,541
Charge / (reversals)			
Charge for the year		165,347	33,348
Reversals for the year		(154,074)	(201,953)
	32	11,273	(168,605)
Transfers out - net		(348)	(41,160)
Amounts written off		(3,416)	(48,697)
Closing balance		<u>1,244,972</u>	<u>1,163,055</u>
14. CONTINGENT ASSETS			
There were no contingent assets as at December 31, 2022 (2021: Nil).			
15. BILLS PAYABLE			
In Pakistan		30,473,754	25,898,903
Outside Pakistan		6,000,263	894,067
		<u>36,474,017</u>	<u>26,792,970</u>
16. BORROWINGS			
Secured			
Borrowings from the SBP under:			
Export refinance scheme	16.2	41,707,841	38,881,750
Refinance facility for modernization of SME	16.3	543,586	5,100
Long term financing facility	16.4	17,390,998	20,056,964
Refinance scheme for payment of wages and salaries	16.5	427,410	3,225,644
Renewable energy scheme	16.6	767,091	513,403
Temporary economic refinance facility	16.7	17,072,471	9,972,210
Refinance facility for combating COVID-19	16.8	431,902	390,962
Repurchase agreement borrowings	16.9	419,211,752	417,755,950
Refinance for women entrepreneurs	16.10	26,624	18,487
Financing facility for storage of agriculture products	16.11	48,125	-
Mudarbaha base open market operations (OMO)	16.12	19,436,837	-
		517,064,637	490,820,470
Repurchase agreement borrowings from other banks	16.13	6,792,865	54,783,321
		<u>523,857,502</u>	<u>545,603,791</u>
Unsecured			
Call borrowings	16.14	39,830,000	15,885,337
Overdrawn nostro accounts		831,086	1,795,622
		40,661,086	17,680,959
		<u>564,518,588</u>	<u>563,284,750</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2022 ----- (Rupees in '000) -----	2021
16.1 Particulars of borrowings with respect to currencies		
In local currency	556,894,637	545,603,791
In foreign currencies	7,623,951	17,680,959
	<u>564,518,588</u>	<u>563,284,750</u>
16.2	The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within six months, latest by June 2023. These carry mark-up at rates ranging from 0.00% to 12.00% (2021: 1.00% to 2.00%) per annum.	
16.3	These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings are repayable latest by May 2030 and carry mark-up at rates of 3.00% (2021: 2.00%) per annum.	
16.4	These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable latest by August 2032. These carry mark-up at rates ranging from 2.00% to 9.70% (2021: 2.00% to 9.70%) per annum.	
16.5	In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced conventional and Islamic temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These borrowings are repayable latest by January 2023. These carry mark-up / profit at rates ranging from 0.00% to 2.00% (2021: 0.00% to 1.00%) per annum.	
16.6	These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings are repayable latest by May 2032. These carry mark-up at rates ranging from 1.00% to 3.00% (2021: 2.00% to 3.00%) per annum.	
16.7	These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at rates ranging from 1.00% to 3.00% (2021: 1.00% to 1.25%) per annum and are due to mature latest by August 2032.	
16.8	These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 2.00% (2021: 0.00%) per annum and are due to mature latest by September 2026.	
16.9	This represents repurchase agreement borrowing from SBP at rates ranging from 16.11% to 16.21% (2021: 9.95% to 10.07%) per annum having maturity upto March 2023. The market value of securities given as collateral against these borrowings is given in note 8.2.1.	
16.10	These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2021: 0.00%) per annum and are due to mature latest by April 2027.	
16.11	These borrowings have been obtained from the SBP under a scheme to provide refinance for storage of agricultural products in rural areas. These carry mark-up at 2.00% (2021: Nil) per annum and are due to mature latest by March 2026.	
16.12	These borrowings have been obtained from the SBP under Mudarabah Financing Facility Agreement for Open market Operations (OMO) for placements financing by SBP under the prescribe terms and conditions. These carry mark-up at 16.25% (2021: Nil) per annum and are due to mature latest by February 2023.	
16.13	These repurchase agreement borrowings from other banks are secured against 'Foreign bonds - sovereign' and carry mark-up at 6.32% (2021: 9.75% to 10.70%) per annum. These borrowings are repayable latest by March 2023. The market value of securities given as collateral against these borrowings is given in note 8.2.1.	
16.14	These are unsecured borrowings carrying mark-up at 15.6% to 16.2% (2021: 1.20% to 2.09%) per annum, and are repayable latest by January 2023.	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

17. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Note ----- (Rupees in '000) -----						
Customers						
Current accounts - remunerative	4,104,403	12,136,002	16,240,405	2,528,236	6,001,961	8,530,197
Current accounts - non-remunerative	664,860,887	168,211,589	833,072,476	633,109,393	117,505,435	750,614,828
Savings deposits	580,708,939	54,787,271	635,496,210	574,380,924	48,883,320	623,264,244
Term deposits	162,072,945	130,362,096	292,435,041	134,138,693	135,909,226	270,047,919
Sundry deposits	4,437,495	2,150,060	6,587,555	9,313,881	1,283,385	10,597,266
Margin deposits	7,191,728	3,977,673	11,169,401	4,356,837	3,149,326	7,506,163
	1,423,376,397	371,624,691	1,795,001,088	1,357,827,964	312,732,653	1,670,560,617
Financial Institutions						
Current deposits	18,727,195	3,289,623	22,016,818	35,723,146	3,186,112	38,909,258
Savings deposits	16,002,797	86,058	16,088,855	16,824,931	54,784	16,879,715
Term deposits	2,232,603	3,027,450	5,260,053	18,612,650	5,981,525	24,594,175
	36,962,595	6,403,131	43,365,726	71,160,727	9,222,421	80,383,148
17.2	1,460,338,992	378,027,822	1,838,366,814	1,428,988,691	321,955,074	1,750,943,765

17.1 Composition of deposits

	2022	2021
	----- (Rupees in '000) -----	
- Individuals	1,146,706,153	998,444,542
- Government (Federal and Provincial)	119,289,576	136,084,730
- Public Sector Entities	85,811,251	100,639,787
- Banking Companies	8,397,192	29,086,274
- Non-Banking Financial Institutions	34,968,534	51,296,874
- Private Sector	443,194,108	435,391,558
	<u>1,838,366,814</u>	<u>1,750,943,765</u>

17.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 1,174,510.768 million (2021: Rs. 1,078,654.532 million).

18. SUBORDINATED DEBT

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

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

Issue Size	Rs. 10,000 million
Issue Date	January 29, 2019
Tenor	Perpetual (i.e. no fixed or final redemption date)
Rating	"AA+" (Double A Plus) by VIS Credit Rating Company Limited
Security	Unsecured
Mark-up rate	The TFCs shall carry mark-up at the rate of 3 Month KIBOR + 1.55%.
Mark-up payment frequency	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 and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

19. OTHER LIABILITIES

	Note	2022	2021
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		39,684,708	15,032,556
Mark-up / return / interest payable in foreign currencies		1,094,717	863,563
Accrued expenses		5,364,561	4,416,101
Branch adjustment account		556,451	479,517
Deferred income	19.4	1,046,001	997,320
Unearned commission and income on bills discounted		183,945	231,988
Provision against off-balance sheet obligations	19.1	882,445	730,630
Unrealised loss on forward foreign exchange contracts		608,811	1,156,024
Unrealised loss on derivative financial instruments		1,357	-
Liability against trading of securities		-	1,521,590
Provision for post-retirement medical benefits	37.4	2,628,679	2,175,874
Payable to staff retirement fund	37.4	37,824	103,685
Provision for compensated absences		860,544	835,134
Deferred liabilities	19.2	967,918	590,579
Workers' Welfare Fund payable	30	6,861,753	5,522,416
Liabilities against card settlement		414,697	40,996
Insurance payable against consumer assets		380,743	477,866
Dividends payable	19.5	8,226,111	2,762,515
Unclaimed dividends		321,619	292,141
Acceptances	13	16,502,130	11,421,246
Charity fund balance		6,922	4,039
Lease liability against right-of-use assets	19.3	9,418,000	8,412,023
Levies and taxes payable		2,622,779	3,017,195
Others		1,700,719	1,416,877
		<u>100,373,434</u>	<u>62,501,875</u>
19.1 Provision against off-balance sheet obligations			
Opening balance		730,630	1,065,233
Exchange adjustments		187,328	14,927
Charge / (reversal)			
Charge for the year		5,405	8,819
Reversals for the year		(40,918)	(353,069)
	32	(35,513)	(344,250)
Transfer out		-	(5,280)
Closing balance	19.1.1	<u>882,445</u>	<u>730,630</u>
19.1.1 This represents provision recognized against guarantees of non-performing customers.			
19.2 Deferred liabilities			
End of service benefits - Overseas branches		623,292	458,228
End of service benefits - Outsourced services		344,626	132,351
		<u>967,918</u>	<u>590,579</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

- 19.3** The total cash outflow for leases during the year was Rs. 2,884.117 million (2021: Rs. 2,649.400 million).
- 19.4** This includes deferred income of IFRS 15 "Revenue from Contracts with Customers" on account of fee of debit and credit cards, guarantee commission and locker rent.
- 19.5** This amount represents dividend payable to foreign shareholders subject to completion of regulatory formalities.

20. SHARE CAPITAL

20.1 Authorised Capital

2022	2021		2022	2021
(Number of shares)			----- (Rupees in '000) -----	
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000

20.2 Issued, subscribed and paid-up capital

2022	2021		2022	2021
(Number of shares)			----- (Rupees in '000) -----	
		Fully paid-up ordinary shares of Rs. 10 each		
518,000,000	518,000,000	Issued for cash	5,180,000	5,180,000
706,179,687	706,179,687	Issued as bonus shares	7,061,797	7,061,797
<u>1,224,179,687</u>	<u>1,224,179,687</u>		<u>12,241,797</u>	<u>12,241,797</u>

- 20.3** In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2022, 242,278 (2021: 242,278) GDRs, representing 969,112 (2021: 969,112) shares are in issue.

20.4 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	2022		2021	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Bestway International Holdings Limited	631,728,895	51.60%	631,728,895	51.60%
Bestway Cement Limited	93,649,744	7.65%	93,649,744	7.65%

20.5 Shares of the Bank held by its associates

	2022	2021
	----- (Number of shares) -----	
UBL Financial Sector Fund	<u>1,673,279</u>	<u>1,409,693</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
21. SURPLUS ON REVALUATION OF ASSETS			
(Deficit) / Surplus arising on revaluation of:			
- Available for sale securities	8.1	(36,280,464)	(3,345,902)
- Fixed assets	21.1	41,481,000	41,764,572
- Non-banking assets acquired in satisfaction of claims	21.2	-	16,704
		<u>5,200,536</u>	<u>38,435,374</u>
Deferred tax on (deficit) / surplus on revaluation of:			
- Available for sale securities	12	(15,600,599)	(1,304,902)
- Fixed assets	21.1	1,715,201	1,677,432
- Non-banking assets acquired in satisfaction of claims	21.2	-	6,515
		<u>(13,885,398)</u>	<u>379,045</u>
		<u>19,085,934</u>	<u>38,056,329</u>
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01,		41,764,572	25,630,817
Recognised during the year		-	16,214,990
Realised on disposal during the year		(138,121)	(4,804)
Exchange adjustments		5,324	2,746
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax		(87,014)	(48,298)
Related deferred tax liability on incremental depreciation		(63,761)	(30,879)
Surplus on revaluation of fixed assets as at December 31,		<u>41,481,000</u>	<u>41,764,572</u>
Less: Related deferred tax liability on			
- Revaluation as at January 01,		1,677,432	646,083
- Revaluation recognised during the year		-	1,044,814
- Surplus realised on disposal of fixed assets during the year		(1,975)	(1,689)
- Other adjustments		103,505	18,032
- Exchange adjustments		-	1,071
- Incremental depreciation charged during the year		(63,761)	(30,879)
- Revaluation as at December 31,		<u>1,715,201</u>	<u>1,677,432</u>
		<u>39,765,799</u>	<u>40,087,140</u>
21.2 Surplus on revaluation of non-banking assets			
Surplus on revaluation of non-banking assets as at January 01,		16,704	1,496
Revaluation of non-banking assets during the year		-	15,208
Other adjustments		15,882	-
Realised on disposal during the year		(32,586)	-
Surplus on revaluation of non-banking assets as at December 31,		<u>-</u>	<u>16,704</u>
Less: Related deferred tax liability on			
- Revaluation as at January 01,		6,515	583
- Revaluation of non-banking assets during the year		-	5,932
- Surplus realised on disposal of non-banking assets during the year		(7,183)	-
- Other adjustments		668	-
- Revaluation as at December 31,		<u>-</u>	<u>6,515</u>
		<u>-</u>	<u>10,189</u>
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	220,370,427	167,884,838
Commitments	22.2	1,111,169,863	947,939,838
Other contingent liabilities	22.3	14,822,814	16,452,188
		<u>1,346,363,104</u>	<u>1,132,276,864</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
22.1 Guarantees:			
Financial guarantees		84,241,944	55,725,856
Performance guarantees		129,275,378	107,821,730
Other guarantees		6,853,105	4,337,252
		<u>220,370,427</u>	<u>167,884,838</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		212,235,272	169,653,706
Commitments in respect of:			
- forward foreign exchange contracts	22.2.2	703,834,168	652,382,419
- forward government securities transactions	22.2.3	42,757,100	11,780,000
- derivatives	22.2.4	572,342	1,808,940
- forward lending	22.2.5	149,185,701	109,605,370
- operating leases	22.2.6	103,099	99,911
		896,452,410	775,676,640
Commitments for acquisition of:			
- fixed assets		1,544,753	1,049,017
- intangible assets		937,428	1,560,475
		2,482,181	2,609,492
		<u>1,111,169,863</u>	<u>947,939,838</u>

22.2.1 Commitments to extend credit

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

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		379,231,558	350,490,749
Sale		324,602,610	301,891,670
		<u>703,834,168</u>	<u>652,382,419</u>
22.2.3 Commitments in respect of forward government securities transactions			
Purchase	23.1	41,457,100	9,081,000
Sale	23.1	1,300,000	2,699,000
		<u>42,757,100</u>	<u>11,780,000</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
22.2.4 Commitments in respect of derivatives			
FX options			
Purchase	23.1	286,171	904,470
Sale	23.1	286,171	904,470
		<u>572,342</u>	<u>1,808,940</u>
22.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.5.1	92,346,042	63,017,022
Others		56,839,659	46,588,348
		<u>149,185,701</u>	<u>109,605,370</u>

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

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
22.2.6 Commitments in respect of operating leases			
Not later than one year		103,099	99,661
Later than one year and not later than five years		-	22
Later than five years		-	228
		<u>103,099</u>	<u>99,911</u>

22.3 Other contingencies

22.3.1 Claims against the Bank not acknowledged as debts	22.3.2	<u>10,733,511</u>	<u>12,362,885</u>
---	--------	-------------------	-------------------

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

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

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

22.3.3 For contingencies relating to taxation, refer note 13.1.

23. DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.

The Bank, as an Authorised Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market and offers a wide variety of derivatives products covering both hedging and market making to satisfy customers' needs. Where required, specific approval is sought from the SBP for each transaction.

The Risk management policy related to derivatives is discussed in note 45.7

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		2,331,305	1,755,824
Consumer finance related fees		1,075,178	1,098,806
Card related fees (debit and credit cards)		3,056,532	2,519,265
Investment banking fees		304,489	479,830
Financial institution rebate / commission		582,491	364,083
Corporate service charges / facility fee		802,590	473,528
Commission on trade		1,282,316	642,754
Commission on guarantees		677,769	600,046
Commission on cash management		1,114,635	979,969
Commission on remittances including home remittances - net		2,568,220	2,231,221
Commission on bancassurance		1,605,442	1,543,168
Rent on lockers		203,924	202,623
Others		266,300	172,856
		<u>15,871,191</u>	<u>13,063,973</u>
27. GAIN ON SECURITIES - NET			
Realised	27.1	467,076	3,741,248
Unrealised - held for trading	8.1	(661)	16,282
		<u>466,415</u>	<u>3,757,530</u>
27.1 Realised gain on:			
Federal Government securities		378,156	1,241,594
Shares		41,385	574,559
Foreign securities		47,535	1,925,095
		<u>467,076</u>	<u>3,741,248</u>
28. OTHER INCOME			
Charges recovered		402,317	268,231
Rent on properties		70,620	70,827
Gain on sale of fixed assets - net		102,240	32,655
Gain on wind-up of subsidiary	8.11	6,778,877	103,993
(Loss) / gain on sale of Ijarah assets - net		(1,292)	3,928
Loss on disposal of non-banking assets - net	13.3.3 & 28.1	(8,336)	-
Gain on trading liabilities - net		204,584	30,883
		<u>7,549,010</u>	<u>510,517</u>

28.1 The bank incurred a net loss of Rs 8.336 million (2021: Nil) against the sale of non-banking assets.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021
29. OPERATING EXPENSES			
Total compensation expense	29.1	19,713,745	16,522,421
Property expense			
Rent and taxes	29.5	1,133,669	954,004
Insurance		287,224	250,254
Utilities cost		2,534,569	1,648,792
Security (including guards)		1,224,317	1,011,412
Repair and maintenance (including janitorial charges)		337,193	317,940
Depreciation on owned fixed assets	10.2	1,184,120	807,536
Depreciation on right-of-use assets	10.2	2,097,830	1,928,943
Depreciation on non-banking assets acquired in satisfaction of claims	13.3.2	34,827	5,180
Others		32,917	31,611
		8,866,666	6,955,672
Information technology expenses			
Software maintenance		1,989,552	1,480,019
Hardware maintenance		515,600	392,971
Depreciation	10.2	997,411	823,801
Amortisation	11.1	814,607	801,197
Network charges		741,740	731,331
Consultancy charges		282,327	240,587
		5,341,237	4,469,906
Other operating expenses			
Legal and professional charges		1,424,014	761,731
Commission paid to branchless banking agents		357,016	388,782
Commission paid to sales force		1,697,671	1,405,699
Outsourced service costs		1,734,019	1,361,284
Travelling and conveyance		196,405	136,997
Clearing charges		250,125	211,543
Depreciation	10.2	1,411,579	1,217,678
Depreciation on Islamic financing against leased assets		146,494	169,954
Training and development		85,559	53,024
Postage and courier charges		436,092	373,349
Communication		363,514	397,628
Stationery and printing		1,014,288	807,542
Marketing, advertisement and publicity		930,959	725,050
Donations	29.3	211,140	134,236
Auditors' remuneration	29.4	107,028	106,489
Insurance		104,487	95,281
Deposit protection premium expense		1,725,847	1,586,701
Cash transportation and sorting charges		910,810	833,196
Entertainment		246,906	176,004
Vehicle expenses		158,370	99,983
Subscription		119,739	91,294
Office running expenses		190,833	168,619
Banking service charges		2,982,201	2,220,659
Repairs and maintenance		1,002,633	791,025
Cartage, freight and conveyance		48,875	48,508
Miscellaneous expenses		506,090	435,088
		18,362,694	14,797,344
		<u>52,284,342</u>	<u>42,745,343</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

		2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
29.1 Total compensation expense			
Non- Executive Directors' fees	39.2	89,550	75,300
Shariah Board's fees and allowances	39.3	11,586	10,548
Managerial Remuneration			
i) Fixed		10,227,690	9,223,548
ii) Variable - Cash Bonus		2,322,658	1,128,725
Charge for defined benefit plan		348,798	579,028
Contribution to defined contribution plan		434,928	393,269
Charge for compensated absences		200,322	39,083
Rent & house maintenance		2,713,526	2,451,373
Utilities		1,451,856	1,318,074
Medical		989,434	819,360
Conveyance		824,411	355,754
Group assurance premium		91,655	19,796
Others		331	96
Sub-total		19,706,745	16,413,954
Awards		7,000	108,467
Severance allowance		-	-
Grand Total		19,713,745	16,522,421

Number of person

Awards	1	1
Severance allowance	-	-

29.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 2,087.590 million (2021: Rs. 1,712.093 million). This cost includes outsourced service costs, which are disclosed specifically in note 29. Of the total cost of Rs. 2,087.590 million (2021: Rs. 1,712.093 million), Rs. 1,844,071 million (2021: Rs. 1,465.852 million) pertains to the payment to companies incorporated in Pakistan and Rs. 243.520 million (2021: Rs. 246.241 million) pertains to payment to companies incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is Nil (2021: Nil).

The material outsourcing arrangements along with their nature of services are as follows:

Name of service provider	Type of service	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
TCS (Private) Limited	Statement of account printing and dispatching	87,248	80,219
Paradise Press (Private) Limited	Cheque book printing services	59,901	45,152
APEX Printry (Private) Limited	Cheque book printing services	74,508	55,531
Printlink	Cheque book printing services	61,322	46,115
ASC First Solution (Private) Limited	Storage and digital archiving services	5,525	5,322
Raaziq International	Storage and digital archiving services	19,864	15,706
Phoenix Armour (Pvt) Limited	Cash Replenishment	15,678	-
Askari Guards (Pvt) Limited	Cash Replenishment	16,669	-
Wackenhut Pakistan (Private) Limited	Cash Replenishment	1,667	25,130
Qadri Enterprises	Key Punch	11,189	9,061
EBRYX Technologies F.Z.C	IT security gateway solution	-	68,573
		353,571	350,809

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
29.3 Details of donations		
Donations individually exceeding Rs.0.5 million		
Bestway Foundation	110,000	-
Habib University	15,200	-
Indus Hospital	10,000	-
Shaukat Khanum Memorial Trust	-	35,000
Namal Educational Foundation	-	30,000
The Noorani Foundation	-	20,000
Lahore University of Management Sciences	10,000	10,000
Saylani Welfare International Trust	10,000	10,000
Shalamar Hospital	5,000	5,000
Forman Christian College	-	5,000
The Citizens Foundation	-	3,400
Sahara for Life Trust	-	3,294
Marie Adelaide Leprosy Center	1,000	850
Patients Aid Foundation	5,000	3,000
Jinnah Foundation	1,500	1,000
Family Educational Services Foundation	2,500	1,350
Patients Behbud Society for AKUH	3,750	1,540
Kashmir Education Foundation	3,800	2,519
Nasra Schools	2,500	1,783
Memon Medical Institute Hospital	6,750	-
Hisaar Foundation	5,000	-
Afzaal Memorial Thalassemia Foundation	5,000	-
National Institute of Child Health through OAKS	4,000	-
Million Smiles Foundation	3,600	-
Karachi Down Syndrome Program	3,240	-
SOS Children's Village	1,800	-
Chal Foundation	1,500	-
Donations individually not exceeding Rs. 0.5 million	-	500
	211,140	134,236

29.4 Auditors' remuneration

	2022 ----- (Rupees in '000) -----		
	Domestic	Overseas	Total
Audit fee	19,258	43,940	63,198
Fee for statutory certifications and other services	14,521	2,448	16,969
Tax and consultancy services	10,580	9,115	19,695
Out of pocket expenses	5,357	1,809	7,166
	49,716	57,312	107,028
	2021 ----- (Rupees in '000) -----		
	Domestic	Overseas	Total
Audit fee	17,280	30,373	47,653
Fee for statutory certifications and other services	39,006	4,227	43,233
Tax and consultancy services	6,061	1,375	7,436
Out of pocket expenses	7,447	720	8,167
	69,794	36,695	106,489

29.5 This includes expense in respect of short term leases and low value assets not included in lease liabilities amounting to Rs. 26.318 million (2021: Rs. 32.860 million) and Rs. 0.006 million (2021: Rs. 0.007 million) respectively.

30. WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
31. OTHER CHARGES			
Penalties imposed by the SBP		45,172	164,032
Penalties imposed by other regulatory bodies of overseas branches		3,690	34,525
		<u>48,862</u>	<u>198,557</u>
32. PROVISIONS / (REVERSALS) AND WRITE-OFFS - NET			
(Reversal) / provision against loans and advances - net	9.4	(2,940,041)	1,239,990
Provision / (reversal) for diminution in value of investments - net	8.3	19,061,905	(1,271,498)
Bad debts written off directly	9.6	35,871	42,643
Provision / (reversal) against other assets	13.4.1	11,273	(168,605)
Reversal against off - balance sheet obligations	19.1	(35,513)	(344,250)
Recoveries against written off / charged off bad debts		(620,082)	(633,138)
Reversal of deficit on revaluation of fixed assets		-	(196,888)
Other provisions / write-offs		155,933	376,339
		<u>15,669,346</u>	<u>(955,407)</u>
33. TAXATION			
Current		30,870,770	20,893,122
Prior years		3,681,026	(189,010)
Deferred		1,695,555	540,918
		<u>36,247,351</u>	<u>21,245,030</u>
33.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		<u>68,310,006</u>	<u>52,127,153</u>
Tax on income @ 39% (2021: 35%)		26,640,902	18,244,504
Super tax @ 10% (2021: 4%)		6,831,001	2,085,086
Prior year charge		3,681,026	(189,010)
Additional tax charge under sub rule 6A		-	800,223
Tax effect of permanent differences		23,942	77,437
Others		(929,520)	226,790
Tax charge		<u>36,247,351</u>	<u>21,245,030</u>
34. EARNINGS PER SHARE			
Profit after taxation for the year		<u>32,062,655</u>	<u>30,882,123</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
Basic and diluted earnings per share		<u>26.19</u>	<u>25.23</u>

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

	Note	2022	2021
		----- (Rupees in '000) -----	
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	143,004,094	267,937,282
Balances with other banks	6	15,692,567	23,363,057
		<u>158,696,661</u>	<u>291,300,339</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2022			2021		
	Lease liability against right-of-use assets	Dividends payable	Unappropriated profit	Lease liability against right-of-use assets	Dividends payable	Unappropriated profit
	----- (Rupees in '000) -----					
Balance as at January 01,	8,412,023	3,054,656	84,625,954	7,776,503	357,578	81,916,463
Changes from financing cash flows						
Payment of lease liability against right-of-use assets	(2,884,117)	-	-	(2,649,400)	-	-
Dividend paid	-	(17,766,341)	-	-	(23,622,786)	-
Total changes from financing cash flows	(2,884,117)	(17,766,341)	-	(2,649,400)	(23,622,786)	-
Other Changes						
- Liability related						
Cash dividend	-	23,259,415	(23,259,415)	-	26,319,864	(26,319,864)
Interest expense on lease liability against right-of-use assets	1,061,373	-	-	964,050	-	-
Non-cash based	2,828,721	-	-	2,320,870	-	-
Total other changes	3,890,094	23,259,415	(23,259,415)	3,284,920	26,319,864	(26,319,864)
- Equity related						
	-	-	30,071,613	-	-	29,029,355
Balance as at December 31,	<u>9,418,000</u>	<u>8,547,730</u>	<u>91,438,152</u>	<u>8,412,023</u>	<u>3,054,656</u>	<u>84,625,954</u>

36. STAFF STRENGTH

	2022			2021		
Note	----- (Number of employees) -----					
	Domestic	Overseas	Total	Domestic	Overseas	Total
Permanent	12,054	222	12,276	11,420	212	11,632
On contract	30	7	37	11	2	13
Bank's own staff strength	<u>12,084</u>	<u>229</u>	<u>12,313</u>	<u>11,431</u>	<u>214</u>	<u>11,645</u>
Outsourced	1,382	27	1,409	1,542	46	1,588
Total	<u>13,466</u>	<u>256</u>	<u>13,722</u>	<u>12,973</u>	<u>260</u>	<u>13,233</u>

36.1 This excludes employees of outsourced services companies assigned to the Bank to perform services of security guards, admin and janitorial staff.

37. DEFINED BENEFIT PLANS

37.1 General description

The Bank operates the following schemes:

37.1.1 Pension Fund

The Bank operates a funded pension scheme established in 1975. The Pension Scheme was introduced on 1st January 1975 for Clerical and Non-Clerical employees and on the 1st May 1977 for Officers. Those in service at these dates were given an option to join the Pension Scheme or stay in the Bank's old gratuity scheme.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

37.6 Movement in fair value of plan assets

	2022			2021		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	----- (Rupees in '000) -----					
Fair value at the beginning of the year	12,155,659	1,101,355	328,607	10,521,021	1,015,218	330,708
Interest income on plan assets	1,371,033	132,872	35,551	1,000,068	101,028	29,737
Contribution by the Bank	(1,897,466)	304,996	1,152	1,439,154	132,415	1,384
Contribution by the employees	-	-	1,152	-	-	1,384
Amount paid by the fund to the Bank	(864,335)	(200,424)	(64,452)	(1,107,948)	(171,523)	(40,036)
Re-measurements gains / (losses)	(325,348)	9,477	(1,439)	303,364	24,217	5,430
Fair value at the end of the year	10,439,543	1,348,276	300,571	12,155,659	1,101,355	328,607

37.7 Movement in (payable) / receivable under defined benefit schemes

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Opening balance	2,046,509	(103,685)	30,560	(2,175,874)
Adjustment for mark-up	3,870	1,408	596	-
(Charge) / reversal for the year	243,773	(202,187)	1,386	(249,115)
Contribution by the Bank	(1,897,466)	304,996	1,152	-
Amount paid by the Fund to the Bank	(864,335)	(200,424)	(64,452)	-
Benefits paid by the Bank	925,466	200,978	39,703	128,357
Re-measurement gains / (losses) recognised in OCI	1,994,783	(38,910)	56,423	(332,047)
Closing balance	2,452,600	(37,824)	65,368	(2,628,679)

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Opening balance	(1,083,918)	(33,966)	(655)	(2,028,687)
Adjustment for Mark-up	2,777	544	199	-
(Charge) / reversal for the year	(95,713)	(167,443)	(2,594)	(193,055)
Contribution by the Bank	1,439,154	132,415	1,384	-
Amount paid by the Fund to the Bank	(1,107,948)	(171,523)	(40,036)	-
Benefits paid by the Bank	891,349	167,607	40,031	136,430
Re-measurement gains / (losses) recognised in OCI	2,000,808	(31,319)	32,231	(90,562)
Closing balance	2,046,509	(103,685)	30,560	(2,175,874)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

37.8 Charge for defined benefit plans

37.8.1 Cost recognised in profit and loss

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Current service cost	23,909	190,662	3,163	403
Past service cost	-	-	-	-
Net interest on defined benefit asset / (liability)	(319,181)	11,525	(3,397)	248,712
Return allocated to other funds	51,499	-	-	-
Employees' contribution	-	-	(1,152)	-
	(243,773)	202,187	(1,386)	249,115

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Current service cost	23,694	164,282	3,917	471
Past service cost	-	-	-	-
Net interest on defined benefit asset	20,506	3,161	61	192,584
Return allocated to other funds	51,513	-	-	-
Employees' contribution	-	-	(1,384)	-
	95,713	167,443	2,594	193,055

37.8.1.1 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred in note 4.12.

37.8.2 Re-measurements recognised in OCI during the year

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Losses / (gains) on obligation				
- Financial assumptions	(1,646,138)	21,632	(26,375)	382,797
- Experience adjustment	(677,863)	25,347	(32,083)	(50,750)
Return on plan assets over interest income	325,348	(9,477)	1,439	-
Adjustment for mark-up	3,870	1,408	596	-
Total re-measurements recognised in OCI	(1,994,783)	38,910	(56,423)	332,047

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post - retirement medical benefit
	----- (Rupees in '000) -----			
Losses / (gains) on obligation				
- Financial assumptions	(1,584,685)	14,089	(28,611)	216,207
- Experience adjustment	(115,536)	40,903	1,611	(125,645)
Return on plan assets over interest income	(303,364)	(24,217)	(5,430)	-
Adjustment for mark-up	2,777	544	199	-
Total re-measurements recognised in OCI	(2,000,808)	31,319	(32,231)	90,562

Re-measurements recognised in OCI during the year pertaining to other schemes as disclosed in note 37.1.6 is Rs. 15.646 million (2021: Rs. 29.878 million)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

37.9 Components of fair value of plan assets

	2022			2021		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Cash and cash equivalents - net	57,789	8,181	11,082	1,469,670	20,075	49,037
Ordinary shares	384,888	4,434	10,102	371,767	6,068	13,426
Term deposits	-	-	-	741,376	-	-
Non-Government debt securities	743,195	13,956	12,010	394,397	23,000	12,012
Mutual funds units	-	-	6,790	1,113,120	120,560	10,548
Pakistan Investment Bonds	8,271,671	1,205,528	242,675	5,798,245	666,061	198,390
Market Treasury Bills	982,000	67,540	-	2,267,084	265,567	45,194
National Saving Certificates / Bonds	-	-	17,912	-	-	-
Repurchase agreements	-	48,637	-	-	24	-
	<u>10,439,543</u>	<u>1,348,276</u>	<u>300,571</u>	<u>12,155,659</u>	<u>1,101,355</u>	<u>328,607</u>

37.9.1 The Funds primarily invest in Government Securities and accordingly do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in Non-Govt debt securities are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

37.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
Increase in Discount Rate by 1 %	(736,441)	(87,493)	(8,197)	(255,319)
Decrease in Discount Rate by 1 %	529,523	99,016	8,884	307,392
Increase in expected future increment in salary by 1%	-	106,536	-	-
Decrease in expected future increment in salary by 1%	-	(95,479)	-	-
Increase in expected future increment in pension by 1%	556,491	-	-	-
Decrease in expected future increment in pension by 1%	(495,318)	-	-	-
Increase in expected future increment in medical benefit by 1%	-	-	-	290,833
Decrease in expected future increment in medical benefit by 1%	-	-	-	(247,567)

37.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, management estimates that the expected contribution and charge / (reversal) for the year ending December 31, 2023, would be as follows:

	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Expected contribution	-	-	1,069	-
Expected (reversal) / charge for the year	(329,730)	226,539	(7,482)	370,803

37.12 Maturity profile

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
The weighted average duration of the obligation (in years)	6.69	6.70	3.10	7.84

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

37.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date, based on various actuarial assumptions.

37.14 The significant risks associated with the staff retirement benefit schemes are as follows:

Asset Volatility

The risk arises due to inclusion of risky assets in the funds portfolio, inflation and interest rate volatility.

Changes in Bond Yields

The risk arises when bond yield is lower than the expected return on the planned assets (duration based PIB discount rate).

Inflation Risk

The salary inflation is the major risk that the Gratuity and Compensated absences liability carries. In pension fund the increase has been determined by the Supreme Court and does not carry this risk as the benefit is practically no longer exposed to future salary increases. Some of the post-retirement medical benefits are capped to a proportion of Pension, thus carrying no salary inflation risk. However, the hospitalization benefit is susceptible to medical inflation risk.

Withdrawal Risk

Withdrawal risks is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Other Risks

Though, not imminent and generally observable, over long term there are some risks that may crystallise. This includes:

- Retention Risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
- Final Salary Risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to a multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- Model Risk – The defined benefit gratuity liability is valued by actuary each year. Further, the assets in the Fund are also marked to market. This two-tier valuation gives rise to the model risk.
- Operational Risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes, and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.
- Compliance Risk – The risk that retirement benefits offered by the Bank do not comply with minimum statutory requirements.
- Legal / Political Risk – The risk that the legal / political environment changes and as a result, the Bank is required to offer additional or different retirement benefits than what the Bank projected. Specifically, in the light of recent Supreme Court decisions, this risk has materialised.

38. OTHER EMPLOYEE BENEFITS

Defined contribution plan

The Bank operates a contributory provident fund scheme for 11,516 (2021: 10,776) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

39. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Items	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	10,500	-	79,050	11,586	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	118,560	180,308	411,603
ii) Variable - Cash Bonus	-	-	-	-	107,172	203,543	231,121
Contribution to defined contribution plan	-	-	-	-	9,880	13,546	34,300
Charge for defined benefit plan	-	-	-	-	4,338	6,863	21,565
Rent & house maintenance	-	-	-	-	18,151	81,139	185,221
Utilities	-	-	-	-	3,856	36,062	82,321
Medical	-	-	-	-	102	18,031	41,160
Conveyance	-	-	-	-	6,016	37,937	151,474
Others	-	-	-	-	1,480	3,761	13,991
Sub-total	10,500	-	79,050	11,586	269,555	581,190	1,172,756
Awards	-	-	-	-	-	7,000	-
Total	10,500	-	79,050	11,586	269,555	588,190	1,172,756
Number of Persons	1	-	7	3	1	17	98

Items	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	8,400	-	66,900	10,548	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	105,600	152,703	415,952
ii) Variable - Cash Bonus	-	-	-	-	95,703	210,824	222,380
Contribution to defined contribution plan	-	-	-	-	8,800	10,722	34,361
Charge for defined benefit plan	-	-	-	-	2,861	4,310	15,970
Rent & house maintenance	-	-	-	-	12,036	68,716	187,178
Utilities	-	-	-	-	2,574	30,541	83,190
Medical	-	-	-	-	115	15,270	41,595
Conveyance	-	-	-	-	4,707	24,331	131,481
Others	-	-	-	-	-	1,638	29,867
Sub-total	8,400	-	66,900	10,548	232,396	519,055	1,161,974
Awards	-	-	-	-	108,467	-	-
Total	8,400	-	66,900	10,548	340,863	519,055	1,161,974
Number of Persons	1	-	7	3	1	17	117

The total amount of deferred bonus as at December 31, 2022 for the President / CEO, Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs. 219.981 million (2021: Rs. 181.016 million). The deferred bonus is held in a trust fund.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	2022							Total Amount Paid
		Meeting Fees and Allowances Paid							
		For Board Committees							
For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance			
		(Rupees in '000)							
1	Sir Mohammed Anwar Pervez, OBE, HPk	5,400	-	3,750	-	-	750	600	10,500
2	Lord Zameer M. Choudrey, CBE, SI Pk	4,500	-	-	3,750	3,750	750	900	13,650
3	Mr. Haider Zameer Choudrey	4,500	4,500	-	-	3,750	-	900	13,650
4	Mr. Arshad Ahmad Mir *	3,750	-	3,750	4,200	-	750	-	12,450
5	Mr. Rizwan Pervez	4,500	4,500	3,750	-	-	-	900	13,650
6	Ms. Shazia Syed	3,750	4,350	-	3,000	-	-	150	11,250
7	Mr. Amar Zafar Khan	3,750	-	-	-	-	-	-	3,750
8	Mr. Tariq Rashid	3,750	-	3,450	-	3,450	-	-	10,650
	Total Amount Paid	33,900	13,350	14,700	10,950	10,950	2,250	3,450	89,550

* Mr. Arshad Ahmad Mir retired from the Board with effect from December 14, 2022.

Sr. No.	Name of Director	2021							Total Amount Paid
		Meeting Fees and Allowances Paid							
		For Board Committees							
For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance			
		(Rupees in '000)							
1	Sir Mohammed Anwar Pervez, OBE, HPk	4,500	-	3,000	-	-	750	150	8,400
2	Lord Zameer M. Choudrey, CBE, SI Pk	3,750	-	-	3,000	3,000	750	300	10,800
3	Mr. Haider Zameer Choudrey	3,750	3,750	-	-	3,000	-	300	10,800
4	Mr. Arshad Ahmad Mir	3,750	-	3,000	3,000	-	750	-	10,500
5	Mr. Rizwan Pervez	3,750	3,750	3,000	-	-	-	300	10,800
6	Ms. Shazia Syed	3,750	3,750	-	3,000	-	-	-	10,500
7	Mr. Amar Zafar Khan	3,750	-	-	-	-	-	-	3,750
8	Mr. Tariq Rashid	3,750	-	3,000	-	3,000	-	-	9,750
	Total Amount Paid	30,750	11,250	12,000	9,000	9,000	2,250	1,050	75,300

39.3 Remuneration paid to Shariah Board Members

Items	2022			2021			Total
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member	
	(Rupees in '000)						
Meeting fees and allowances	5,400	4,392	1,794	11,586	4,152	3,564	2,832
Total number of persons	1	1	1	1	1	1	1

40. FAIR VALUE MEASUREMENTS

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

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

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

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

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

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

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

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

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

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

40.2 Fair value of financial assets

The following table provides the fair values of those of the Bank's financial assets that are recognised or disclosed at fair value in these unconsolidated financial statements:

	2022			
	Carrying value	Fair value		
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal Government securities	918,142,448	-	918,142,448	-
- Foreign Bonds - Market Treasury Bills	5,973,644	-	5,973,644	-
- Foreign bonds - sovereign	43,353,708	-	43,353,708	-
- Foreign bonds - others	996,910	-	996,910	-
- Ordinary shares of listed companies	9,550,112	9,550,112	-	-
- Mutual fund units	202,530	-	202,530	-
- Non-Government debt securities	4,276,430	-	4,276,430	-
- Real Estate Investment Trust units	642,608	642,608	-	-
	983,138,390	10,192,720	972,945,670	-
				983,138,390

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2022			
	Carrying value	Fair value		
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets - disclosed but not measured at fair value				
Investments				
- Federal Government Securities	362,552,249	-	333,494,230	-
- Foreign Bonds - Market Treasury Bills	6,469,775	-	6,469,775	-
- Foreign Bonds - sovereign	38,539,412	-	36,402,565	-
- Foreign Bonds - others	1,207,251	-	1,086,799	-
- Non-Government debt securities	18,167,923	-	17,357,546	-
	426,936,610	-	394,810,915	-
	1,410,075,000	10,192,720	1,367,756,585	-
				1,377,949,305

Off-balance sheet financial instruments - measured at fair value

Forward purchase and sale of foreign exchange contracts	703,834,168	-	2,222,323	-
FX options - purchased and sold	572,342	-	-	-
Forward purchase and sale of Government Securities	42,757,100	-	21,543	-
				21,543

	2021			
	Carrying value	Fair value		
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			

On balance sheet financial instruments

Financial assets - measured at fair value

Investments				
- Federal Government Securities	1,073,306,788	-	1,073,306,788	-
- Foreign Bonds - sovereign	39,983,159	-	39,983,159	-
- Foreign Bonds - others	1,194,895	-	1,194,895	-
- Ordinary shares of listed companies	9,665,709	9,665,709	-	-
- Mutual Fund units	242,468	-	242,468	-
- Non-Government debt securities	2,072,482	-	2,072,482	-
- Real Estate Investment Trust units	506,950	506,950	-	-
	1,126,972,451	10,172,659	1,116,799,792	-
				1,126,972,451

Financial assets - disclosed but not measured at fair value

- Federal Government Securities	305,701,682	-	296,942,277	-
- Foreign Bonds - Market Treasury Bills	2,682,985	-	2,682,985	-
- Foreign Bonds - sovereign	32,937,264	-	32,805,738	-
- Foreign Bonds - others	2,159,801	-	2,183,328	-
- Non-Government debt securities	20,231,923	-	20,377,332	-
	363,713,655	-	354,991,660	-
	1,490,686,106	10,172,659	1,471,791,452	-
				1,481,964,111

Off-balance sheet financial instruments - measured at fair value

Forward purchase and sale of foreign exchange contracts	652,382,419	-	2,913,205	-
FX options - purchased and sold	1,808,940	-	-	-
Forward purchase and sale of Government Securities	11,780,000	-	8,476	-
				8,476

40.3 Fair Value of non-financial assets

	2022			
	Carrying value	Fair value		
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Fixed Assets	52,066,713	-	-	52,066,713
Non-banking assets acquired in satisfaction of claims	40,800	-	-	40,800
	52,107,513	-	-	52,107,513
				52,107,513
	2021			
	Carrying value	Fair value		
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Fixed Assets	52,555,712	-	-	52,555,712
Non-banking assets acquired in satisfaction of claims	213,344	-	-	213,344
	52,769,056	-	-	52,769,056
				52,769,056

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

41. SEGMENT INFORMATION

41.1 Segment details with respect to business activities

	2022						Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	
	(Rupees in '000)						
Profit & Loss							
Net mark-up / return / profit	42,008,327	124,341,642	(82,106,763)	9,399,022	10,792,638	(1,225,545)	103,209,321
Inter segment (expense) / revenue - net	(38,010,216)	(144,558,389)	173,145,285	-	-	9,423,320	-
Non mark-up / return / interest income	4,496,504	7,755,302	10,500,422	463,561	2,972,305	8,254,477	34,442,571
Total Income	8,494,615	(12,461,445)	101,538,944	9,862,583	13,764,943	16,452,252	137,651,892
Segment direct expenses	1,250,497	441,845	32,230,027	2,884,548	6,328,023	10,537,600	53,672,540
Inter segment expense allocation	296,693	87,343	7,556,459	-	443,494	(8,383,989)	-
Total expenses	1,547,190	529,188	39,786,486	2,884,548	6,771,517	2,153,611	53,672,540
Provisions - net	385,570	(1,383,354)	353,664	(48,212)	(14,997,701)	20,687	(15,669,346)
Profit / (loss) before tax	7,332,995	(14,373,987)	62,106,122	6,929,823	(8,004,275)	14,319,328	68,310,006
Balance Sheet							
Cash & Bank balances	9,822	67,380,161	18,506,973	7,841,130	64,958,575	-	158,696,661
Investments	11,095,886	1,152,628,315	-	124,800,008	113,900,328	12,769,292	1,415,193,829
Net inter segment lending	-	-	1,377,293,672	-	-	139,390,783	1,516,684,455
Lendings to financial institutions	-	85,296,480	-	-	-	-	85,296,480
Advances - performing	600,765,401	14,337	51,511,037	102,195,674	152,526,997	3,268,329	910,281,775
Advances - non-performing net of provision	2,615,887	10,927	496,965	37,613	8,366,249	27,679	11,555,320
Others	35,253,173	40,061,081	19,796,931	5,526,837	15,498,233	61,592,789	177,729,044
Total Assets	649,740,169	1,345,391,301	1,467,605,578	240,401,262	355,250,382	217,048,872	4,275,437,564
Borrowings	63,395,001	420,042,838	5,195,348	69,092,536	6,792,865	-	564,518,588
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	59,231,055	3,359,197	1,331,562,123	151,693,394	291,357,894	1,163,151	1,838,366,814
Net inter segment borrowing	492,593,529	944,787,486	-	-	79,303,440	-	1,516,684,455
Others	23,313,085	2,485,234	70,453,015	7,203,929	9,887,892	23,504,296	136,847,451
Total Liabilities	638,532,670	1,370,674,755	1,407,210,486	227,989,859	387,342,091	34,667,447	4,066,417,308
Equity	11,207,499	(25,283,454)	60,395,092	12,411,403	(32,091,709)	182,381,425	209,020,256
Total Equity & liabilities	649,740,169	1,345,391,301	1,467,605,578	240,401,262	355,250,382	217,048,872	4,275,437,564
Contingencies and Commitments	509,367,455	221,290,949	30,493,205	7,626,255	576,647,813	937,427	1,346,363,104
	2021						
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	Total
	(Rupees in '000)						
Profit and Loss							
Net mark-up / return / profit	24,469,344	78,385,139	(43,705,708)	5,200,775	8,043,384	(634,410)	71,758,524
Inter segment (expense) / revenue - net	(20,339,695)	(75,031,260)	89,795,726	-	-	5,575,229	-
Non mark-up / return / interest income	3,124,616	4,899,001	9,194,527	349,080	4,709,662	1,102,162	23,379,048
Total Income	7,254,265	8,252,880	55,284,545	5,549,855	12,753,046	6,042,981	95,137,572
Segment direct expenses	1,263,533	577,401	27,653,589	2,010,649	4,945,848	7,514,806	43,965,826
Inter segment expense allocation	498,100	80,888	6,390,687	-	428,085	(7,397,760)	-
Total expenses	1,761,633	658,289	34,044,276	2,010,649	5,373,933	117,046	43,965,826
Provisions - net	642,747	862,204	383,545	(70,032)	(1,022,450)	159,393	955,407
Profit before tax	6,135,379	8,456,795	21,623,814	3,469,174	6,356,663	6,085,328	52,127,153
Balance Sheet							
Cash & Bank balances	5,847	83,432,361	131,280,024	20,417,689	56,164,418	-	291,300,339
Investments	8,802,055	1,281,680,391	-	87,124,858	113,449,568	5,485,581	1,496,542,453
Net inter segment lending	-	-	1,200,813,673	3,061,160	-	73,725,465	1,277,600,298
Lendings to financial institutions	-	49,826,776	-	-	-	1,874,300	51,701,076
Advances - performing	421,026,745	16,109	48,013,514	43,788,936	118,247,080	3,786,906	634,879,290
Advances - non-performing net of provision	2,765,799	-	414,816	66,191	8,041,387	20,974	11,309,167
Others	15,418,743	22,200,014	17,122,102	2,493,298	12,940,001	62,259,424	132,433,582
Total Assets	448,019,189	1,437,155,651	1,397,644,129	156,952,132	308,842,454	147,152,650	3,895,766,205

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2021						Total
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Others	
	(Rupees in '000)						
Borrowings	62,724,244	474,334,893	4,626,077	5,714,199	15,885,337	-	563,284,750
Subordinated debt	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	47,718,108	302,491	1,331,212,978	139,534,238	232,014,732	161,218	1,750,943,765
Net inter segment borrowing	307,488,592	969,169,066	-	-	942,640	-	1,277,600,298
Others	26,327,113	(10,792,063)	49,140,583	4,697,855	7,199,334	12,722,023	89,294,845
Total Liabilities	444,258,057	1,433,014,387	1,384,979,638	149,946,292	256,042,043	22,883,241	3,691,123,658
Equity	3,761,132	4,141,264	12,664,491	7,005,840	52,800,411	124,269,409	204,642,547
Total Equity & liabilities	448,019,189	1,437,155,651	1,397,644,129	156,952,132	308,842,454	147,152,650	3,895,766,205
Contingencies and Commitments	368,891,124	239,061,601	40,476,794	14,347,612	469,317,371	182,362	1,132,276,864

41.2 Geographical segment analysis

	2022			
	Pakistan	Middle East	Export Processing Zones	Total
	(Rupees in '000)			
Profit and Loss				
Net mark-up / return / profit	92,416,683	10,376,199	416,439	103,209,321
Non mark-up / return / interest income	31,470,265	2,953,964	18,342	34,442,571
Total Income	123,886,948	13,330,163	434,781	137,651,892
Segment direct expenses	47,344,516	6,300,292	27,732	53,672,540
Inter segment expense allocation	(443,494)	441,223	2,271	-
Total expenses	46,901,022	6,741,515	30,003	53,672,540
Provisions - net	(671,645)	(14,997,701)	-	(15,669,346)
Profit / (loss) before tax	76,314,281	(8,409,053)	404,778	68,310,006
Balance Sheet				
Cash & Bank balances	93,738,086	64,900,382	58,193	158,696,661
Investments	1,301,293,499	111,418,388	2,481,942	1,415,193,829
Net inter segment lending	1,516,684,455	-	-	1,516,684,455
Lendings to financial institutions	85,296,480	-	-	85,296,480
Advances - performing	757,754,779	151,363,468	1,163,528	910,281,775
Advances - non-performing net of provision	3,189,070	8,366,250	-	11,555,320
Others	162,230,811	15,365,212	133,021	177,729,044
Total Assets	3,920,187,180	351,413,700	3,836,684	4,275,437,564
Borrowings	557,725,723	6,792,865	-	564,518,588
Subordinated debt	10,000,000	-	-	10,000,000
Deposits & other accounts	1,547,008,919	286,466,505	4,891,390	1,838,366,814
Net inter segment borrowing	1,437,381,015	78,144,168	1,159,272	1,516,684,455
Others	126,959,558	9,866,624	21,269	136,847,451
Total Liabilities	3,679,075,215	381,270,162	6,071,931	4,066,417,308
Equity	241,111,965	(29,856,462)	(2,235,247)	209,020,256
Total Equity & liabilities	3,920,187,180	351,413,700	3,836,684	4,275,437,564
Contingencies and Commitments	769,657,510	576,648,809	56,785	1,346,363,104

	2021			
	Pakistan	Middle East	Export Processing Zones	Total
	(Rupees in '000)			
Profit and Loss				
Net mark-up / return / profit	63,715,140	7,826,769	216,615	71,758,524
Non mark-up / return / interest income	18,669,386	4,561,882	147,780	23,379,048
Total Income	82,384,526	12,388,651	364,395	95,137,572
Segment direct expenses	39,019,978	4,921,186	24,662	43,965,826
Inter segment expense allocation	(428,085)	425,738	2,347	-
Total expenses	38,591,893	5,346,924	27,009	43,965,826
Provisions - net	1,977,857	(1,022,450)	-	955,407
Profit before tax	45,770,490	6,019,277	337,386	52,127,153

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2021			Total
	Pakistan	Middle East	Export Processing Zones	
----- (Rupees in '000) -----				
Balance Sheet				
Cash & Bank balances	235,135,921	55,820,921	343,497	291,300,339
Investments	1,383,092,885	107,079,223	6,370,345	1,496,542,453
Net inter segment lending	1,277,600,298	-	-	1,277,600,298
Lendings to financial institutions	51,701,076	-	-	51,701,076
Advances - performing	516,632,210	118,165,300	81,780	634,879,290
Advances - non-performing net of provision	3,267,780	8,041,387	-	11,309,167
Others	119,493,580	12,709,197	230,805	132,433,582
Total Assets	3,586,923,750	301,816,028	7,026,427	3,895,766,205
Borrowings	547,399,413	15,885,337	-	563,284,750
Subordinated debt	10,000,000	-	-	10,000,000
Deposits & other accounts	1,518,929,033	227,406,988	4,607,744	1,750,943,765
Net inter segment borrowing	1,276,657,658	499,009	443,631	1,277,600,298
Others	82,095,511	7,032,758	166,576	89,294,845
Total Liabilities	3,435,081,615	250,824,092	5,217,951	3,691,123,658
Equity	151,842,135	50,991,936	1,808,476	204,642,547
Total Equity & liabilities	3,586,923,750	301,816,028	7,026,427	3,895,766,205
Contingencies and Commitments	662,959,493	469,287,284	30,087	1,132,276,864

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

42. TRUST ACTIVITIES

The Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. These are not assets of the Bank and, therefore, are not included in these unconsolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2022			Total
		Securities held (Face Value)			
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
----- (Rupees in '000) -----					
Asset Management Companies	1	-	983,000	-	983,000
Corporates	22	18,523,000	-	59,634,700	78,157,700
Individuals	111	228,400	5,000	3,991,180	4,224,580
Insurance Companies	5	432,032,500	1,272,500	94,952,500	528,257,500
NGO / Charitable Organisation	4	1,634,000	-	4,697,500	6,331,500
Pension & Employee Funds	33	56,179,300	325,000	16,577,650	73,081,950
Others	16	78,996,000	-	58,842,520	137,838,520
Total	192	587,593,200	2,585,500	238,696,050	828,874,750

Category	Number of IPS Accounts	2021			Total
		Securities held (Face Value)			
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
----- (Rupees in '000) -----					
Asset Management Companies	1	-	783,000	-	783,000
Corporates	13	6,080,000	-	8,283,000	14,363,000
Individuals	40	44,700	-	1,767,590	1,812,290
Insurance Companies	7	350,617,700	210,000	3,458,000	354,285,700
NGO / Charitable Organisation	4	550,000	-	2,790,300	3,340,300
Pension & Employee Funds	32	47,275,200	175,000	8,425,700	55,875,900
Others	13	4,512,900	-	3,037,730	7,550,630
Total	110	409,080,500	1,168,000	27,762,320	438,010,820

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

43. RELATED PARTY TRANSACTIONS

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

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

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

	2022					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
----- (Rupees in '000) -----						
Statement of financial position						
Balances with other banks						
In current accounts	-	-	-	762,976	-	-
In deposit accounts	-	-	-	-	-	-
	-	-	-	762,976	-	-
Lendings to financial institutions						
Opening balance	-	-	-	-	-	2,355,115
Addition during the year	-	-	-	-	-	3,996,304
Repaid during the year	-	-	-	-	-	(6,351,419)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	5,376,066	1,799,125	4,654,612
Investment made during the year	-	-	-	-	6,225,001	645,756
Investment disposed / written off during the year	-	-	-	(2,420,843)	(6,000,000)	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	2,955,223	2,024,126	5,300,368
Provision for diminution in value of investments	-	-	-	-	-	952,719
Provision written off	-	-	-	1,580,970	-	-
Advances						
Opening balance	-	645	277,816	-	-	1,768
Addition during the year	-	488	161,738	-	-	24,653,259
Repaid during the year	-	(653)	(121,333)	-	-	(6,846,111)
Transfer in / (out) - net	-	-	404	-	-	(873)
Closing balance	-	480	318,625	-	-	17,808,043
Provision held against advances	-	-	-	-	-	1,274,449
Other Assets						
Interest / mark-up accrued	-	-	-	-	42,198	711,313
Receivable from staff retirement fund	-	-	-	-	-	2,517,968
Prepaid insurance	-	-	-	-	58,739	-
Other receivable	-	-	-	6,630	-	-
Provision written off	-	-	-	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2022					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	1,769,000
Settled during the year	-	-	-	-	-	(1,769,000)
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	18,601	7,769,284	66,177	227,997	2,209,154	16,151,170
Received during the year	19,125	42,580,952	920,072	13,467,062	145,487,253	264,099,764
Withdrawn during the year	(23,399)	(36,425,873)	(932,677)	(13,624,302)	(146,030,832)	(264,257,733)
Transfer in	-	-	15,265	-	-	6,890
Closing balance	14,327	13,924,363	68,837	70,757	1,665,575	16,000,091
Other Liabilities						
Interest / mark-up payable on deposits and borrowings	1,106	26,310	407	1,805	14,382	37,353
Dividend payable	8,212,476	222,289	-	-	-	57,128
Payable to staff retirement fund	-	-	-	-	-	37,824
Unearned income	-	-	-	444	-	29,608
Other payable	-	5,100	-	-	5,982	-
Contingencies and Commitments						
Letter of guarantee	-	-	-	-	-	-
Forward Government securities sale	-	-	-	-	-	-
Profit and loss account						
Income						
Mark-up / return / interest earned	-	1	16,133	5,336	102,018	2,864,381
Commission / charges recovered	-	218	1,387	782	32,504	24,286
Dividend income	-	-	-	529,749	49,878	448,486
Net gain on sale of securities	-	-	-	-	-	-
Other income	-	-	-	2,510	-	32,067
Gain on sale of fixed assets	-	-	1,905	-	8,047	-
Gain on wind-up of subsidiary	-	-	-	6,778,877	-	-
Reversal of provision	-	-	-	107,941	-	-
Switch revenue	-	-	-	-	-	285,399
Management fee	-	-	-	49,759	-	-
Expense						
Mark-up / return / interest paid	1,930	210,224	4,538	2,856	290,057	287,932
Remuneration paid	-	-	824,164	-	-	-
Post employment benefits	-	-	-	-	-	-
Directors' fees and allowances	-	89,550	-	-	-	-
Charge for defined contribution plans	-	-	23,426	-	-	434,928
Charge for defined benefit plans	-	-	10,155	-	-	99,335
Other expenses	-	-	-	-	-	211,212
Clearing charges	-	-	-	-	-	156,767
Donations	-	-	-	-	-	110,000
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	9,172

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2022					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	(Rupees in '000)					
Other Information						
Dividend paid	6,127,770	182,386	7,362	-	118,243	1,926,481
Insurance premium paid	-	-	-	-	561,401	-
Insurance claims settled	-	-	-	-	541,718	-
Statement of financial position						
Balances with other banks						
In current accounts	-	-	-	478,967	-	-
In deposit accounts	-	-	-	1,765,018	-	-
	-	-	-	2,243,985	-	-
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	5,726,952
Repaid during the year	-	-	-	-	-	(3,371,837)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	2,355,115
Investments						
Opening balance	-	-	-	5,406,166	1,582,485	3,997,489
Investment made during the year	-	-	-	-	216,640	2,563,634
Investment disposed / written off during the year	-	-	-	(30,100)	-	(1,906,511)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	5,376,066	1,799,125	4,654,612
Provision for diminution in value of investments	-	-	-	1,688,911	-	938,502
Provision written off	-	-	-	-	-	77,606
Advances						
Opening balance	-	10	237,861	-	-	9,365,687
Addition during the year	-	1,170	87,189	-	-	84,111,001
Repaid during the year	-	(535)	(49,221)	-	-	(93,474,920)
Transfer out - net	-	-	1,987	-	-	-
Closing balance	-	645	277,816	-	-	1,768
Provision held against advances	-	-	-	-	-	-
Other Assets						
Interest / mark-up accrued	-	-	-	91	4,541	149,672
Receivable from staff retirement fund	-	-	-	-	-	2,077,069
Prepaid insurance	-	-	-	-	65,811	-
Other receivable	-	-	-	13,282	-	-
Provision written off	-	-	-	-	-	30,164
Borrowings						
Opening balance	-	-	-	1,598,323	-	-
Borrowings during the year	-	-	-	2,834,585	-	488,300
Settled during the year	-	-	-	(4,432,908)	-	(488,300)
Closing balance	-	-	-	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2021					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	----- (Rupees in '000) -----					
Deposits and other accounts						
Opening balance	-	6,431,790	62,761	598,007	4,285,435	14,387,025
Received during the year	101,751	30,758,130	1,048,423	27,454,331	180,782,484	240,407,932
Withdrawn during the year	(83,150)	(29,420,636)	(1,074,629)	(27,824,341)	(182,858,765)	(238,650,477)
Transfer in	-	-	29,622	-	-	6,690
Closing balance	18,601	7,769,284	66,177	227,997	2,209,154	16,151,170
Other Liabilities						
Interest / mark-up payable on deposits and borrowings	-	33,314	1	-	11,222	76,214
Dividend payable	2,526,916	8,000	-	-	-	17,578
Payable to staff retirement fund	-	-	-	-	-	103,685
Unearned income	-	-	-	406	-	19,501
Other payable	-	-	-	-	13,613	-
Contingencies and Commitments						
Letter of guarantee	-	-	-	5,295	-	-
Forward Government securities sale	-	-	-	-	199,000	-
Profit and loss account						
Income						
Mark-up / return / interest earned	-	-	14,405	13,335	36,684	508,576
Commission / charges recovered	22	333	3,118	1,410	28,237	24,814
Dividend income	-	-	-	434,550	28,481	811,111
Net gain on sale of securities	-	78	-	-	-	-
Other income	-	-	-	2,296	-	21,763
Gain on sale of fixed assets	-	-	7,041	-	556	-
Gain on wind-up of subsidiary	-	-	-	103,993	-	-
Reversal of provision	-	-	-	-	-	528,488
Switch revenue	-	-	-	-	-	241,157
Management fee	-	-	-	21,970	-	-
Expense						
Mark-up / return / interest paid	862	401,218	2,946	12,150	168,159	933,291
Remuneration paid	-	-	833,225	-	-	-
Post employment benefits	-	-	7,171	-	-	-
Directors' fees and allowances	-	75,300	-	-	-	-
Charge for defined contribution plans	-	-	19,522	-	-	393,269
Charge for defined benefit plans	-	-	-	-	-	579,028
Other expenses	-	-	-	-	-	110,279
Clearing charges	-	-	-	-	-	132,758
Donations	-	-	-	-	-	-
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	-	65,092
Other Information						
Dividend paid	10,502,493	253,519	6,279	-	125,384	1,820,822
Insurance premium paid	-	-	-	-	524,781	-
Insurance claims settled	-	-	-	-	524,094	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	2022	2021
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	134,274,529	130,899,755
Eligible Additional Tier 1 (ADT 1) Capital	9,803,806	9,825,628
Total Eligible Tier 1 Capital	144,078,335	140,725,383
Eligible Tier 2 Capital	47,616,511	45,533,655
Total Eligible Capital (Tier 1 + Tier 2)	191,694,846	186,259,038
Risk Weighted Assets (RWAs):		
Credit Risk	717,763,967	622,392,344
Market Risk	81,055,011	75,576,397
Operational Risk	200,926,121	166,790,557
Total	999,745,099	864,759,298
Common Equity Tier 1 Capital Adequacy Ratio	13.43%	15.14%
Tier 1 Capital Adequacy Ratio	14.41%	16.27%
Total Capital Adequacy Ratio	19.17%	21.54%
The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank for the year ended December 31, 2022 stood at Rs.12,241.797 million (2021: Rs.12,241.797 million) and is in compliance with SBP requirements. Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 2.5% of the risk weighted exposures of the Bank.		
In order to dampen the effects of COVID-19, the State Bank of Pakistan under BPRD Circular Letter No. 12 of 2020 has given a regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of August 15, 2013, for the time being, from its existing level of 2.5% to 1.5%, till further instructions.		
Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2022. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 19.17% whereas CET 1 and Tier 1 ratios stood at 13.43% and 14.41% respectively.		
Furthermore, under the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2019 dated April 13, 2019, UBL has been designated as a D-SIB under letter BSD-3/Bank/UBL/394468/2022 dated December 20, 2022. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 0.5%, in the form of Additional CET 1 capital, on a standalone as well as consolidated level. The prescribed HLA under D-SIB shall remain effective till the next D-SIB designation announcement is made by State Bank of Pakistan.		
Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardised Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are applied against the Bank's exposures based on eligible collateral under comprehensive approach.		
Leverage Ratio (LR):		
Eligible Tier-1 Capital	144,078,335	140,725,383
Total Exposures	3,283,578,765	3,498,758,906
Leverage Ratio	4.39%	4.02%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,014,739,744	1,597,732,985
Total Net Cash Outflow	316,508,188	476,786,878
Liquidity Coverage Ratio	320.60%	335.10%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,194,772,092	2,409,606,992
Total Required Stable Funding	1,355,300,059	1,341,535,238
Net Stable Funding Ratio	161.94%	179.62%

44.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at <https://www.ubldigital.com/Investor-Relations/CAR-Statements.aspx>.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45. RISK MANAGEMENT

The Bank has an integrated risk management structure in place covering domestic and international operations. The Board Risk and Compliance Committee (BRCC), a sub-committee of the Board of Directors (BoD); oversees the entire risk management process of the Bank. Risk Management Committee (RMC) oversees all risks collectively at senior management level. The Committee is chaired by the President and comprises of Heads of all major areas such as Risk, Finance and Business Groups. The Risk and Credit Policy Group led by Chief Risk Officer (CRO) is responsible for the development and implementation of all risk policies approved by the BoD in line with the guidelines issued by SBP and respective overseas central banks. The group is organized into various functions such as Credit Risk Management, Credit Policy & Research, Market, Treasury Risk and Basel, Financial Institution Risk, Consumer Credit Policy, Operational Risk, Fraud Risk Management, Credit Administration Division and Information Security Risk. The role of the Risk and Credit Policy Group includes:

- Determining guidelines relating to the Bank's risk appetite.
- Reviewing risks on an aggregate and enterprise level
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II / III framework, Regulatory framework of foreign countries where the bank operates and international best practices.
- Reviewing policies / manuals and ensuring that these are in accordance with BRCC / BoD approved risk management policies.
- Approving credits and granting approval authority to qualified and experienced individuals.
- Portfolio reviews focusing on quality assessment, risk profiles, industry concentrations etc.
- To identify problem credits and level of provisioning required.
- To establish an extensive Information Security (IS) Program and governance structure to manage the Security of the Information assets.

45.1 As COVID-19 has shown signs of abatement globally; countries around the world removed restrictions which was followed by a V-shaped recovery. However, the combination of unwarranted events such as Russia VS. Ukraine war and climate change pushed the world into further energy crisis and high inflation mode.

For Pakistan, continued higher commodity prices and inflation deteriorated the foreign exchange reserves and resultantly put pressure on the exchange rate. In order to curtail the magnitude of the crisis, SBP increased interest rates by a massive 625 basis points and imposed a stringent criteria for import of goods. Sovereign foreign debt repayment has further exacerbated the foreign exchange reserves.

In the first half of the year banking industry flourished and saw an increase of 16% in the asset book. This expansion was driven by private sector advances and increase in investments, mainly government securities. Later part of the year saw a slowdown in economic activity due to prevailing economic crisis post massive floods, whereby a significant declining trend was observed in wholesale & retail sectors mainly in textile sector & consumer finance.

45.2 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy, Credit Policy for domestic operations, Collateral Management Policy, Credit Policy of respective overseas operation, which provide guidance in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management process.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorized by BoD), according to their seasoning / maturity. Approvals for Consumer loans are centralized, while approval authorities for overseas operations, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME & Agri lending. All credit policy functions globally are centrally organized. The bank is at an advanced stage of automating the credit initiation and approval work flow. Domestic Corporate portfolio has achieved Go-Live status on Dec 28, 2022.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

Concentration of credit risk exists if clients are engaged in similar activities or are located in the same geographical region or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, to areas of higher risk, or to control the rate of portfolio growth. To manage cross border exposure, the bank has a Country Risk Policy in place which provides the framework for managing Country and FI related risks.

The Risk Management function of the Bank regularly conducts assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the continuously evolving business and economic environment. The Bank has been continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the ongoing economic crisis.

IFRS 9 is applicable currently on the international branches of the Bank and requires the estimation of Expected Credit Losses (ECL) based on various parameters such as client fundamentals, credit structure, historical portfolio default rate and transitions i.e. probability of default, loss given default as well as current and forecasted macro-economic variables. Since 2020, the Bank has reviewed the potential impact of the COVID-19 outbreak along with other required scenarios on the inputs and assumptions for IFRS 9 ECL measurement based on best judgment as well as Regulatory guidelines of each overseas jurisdiction.

45.2.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Public / Government	40,953,209	19,123,292	-	-	-	-
Private	44,343,271	32,577,784	-	-	-	-
	<u>85,296,480</u>	<u>51,701,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

45.2.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Chemical and pharmaceuticals	54,351	54,351	54,351	54,351	54,351	54,351
Fertilizers	-	-	-	-	-	-
Financial	1,439,781,128	1,468,255,470	9,117,129	-	6,145,880	-
Food	912	912	912	912	912	912
Production and transmission of energy	13,917,757	15,552,505	-	-	-	-
Metal and allied	203,125	250,000	-	-	-	-
Textile	400,692	486,407	229,263	228,925	229,263	228,925
Others	2,627,887	1,826,836	1,397	1,397	1,397	1,397
	<u>1,456,985,852</u>	<u>1,486,426,481</u>	<u>9,403,052</u>	<u>285,585</u>	<u>6,431,803</u>	<u>285,585</u>

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					

Public / Government	1,443,604,651	1,474,328,831	9,117,129	-	6,145,880	-
Private	13,381,201	12,097,650	285,923	285,585	285,923	285,585
	<u>1,456,985,852</u>	<u>1,486,426,481</u>	<u>9,403,052</u>	<u>285,585</u>	<u>6,431,803</u>	<u>285,585</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45.2.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----					
Agriculture	127,093,190	84,388,774	606,572	696,371	398,296	413,421
Airlines	4,549,885	4,566,378	1,729,061	1,507,975	1,729,061	1,507,975
Automobile and transportation equipment	20,131,906	17,068,006	1,191,162	123,939	693,110	123,939
Education and medical	1,231,550	58,064	-	-	-	-
Cables	1,246,367	1,381,760	541,751	586,751	541,751	586,751
Cement	6,023,774	8,848,609	395,518	349,947	395,518	349,947
Chemical and pharmaceuticals	11,016,483	8,030,266	120,805	91,984	120,805	91,984
Construction	10,360,921	26,710,061	7,654,204	9,821,929	6,812,452	8,776,121
Contractors	15,592,901	6,277,111	388,414	-	385,557	-
Electronics and electrical appliances	14,645,253	15,121,471	10,526,449	10,246,873	8,335,717	8,040,748
Engineering	708,077	915,514	440,932	34,632	440,932	34,632
Fertilizer	12,809,337	10,007,744	40,042	64,682	40,042	60,932
Financial	174,514,899	44,508,765	4,136,785	3,999,205	4,136,785	3,999,205
Food, tobacco and beverages	11,247,429	5,944,450	9,110,134	5,719,233	6,972,421	3,976,694
Glass and allied	381,609	554,401	-	-	-	-
Hotel and tourism	1,313,101	1,651,600	569,263	369,697	569,263	369,697
Individuals	78,577,187	40,674,544	6,666,972	10,468,858	4,648,700	8,541,939
Paper and allied	1,382,369	2,017,238	888,388	13,991	888,388	13,991
Polyester and fiber	2,144,665	1,857,979	1,577,051	1,577,051	1,577,051	1,577,051
Production and transmission of energy	221,162,165	203,802,341	5,267,307	8,701,745	3,689,629	7,089,870
Shoes and leather garments	2,473,814	2,019,904	2,309,853	929,492	2,309,853	929,492
Sugar	6,183,719	4,183,878	154,729	169,729	154,729	169,729
Metal and allied	6,468,805	6,597,346	942,255	408,300	-	408,300
Telecommunication	44,313,174	31,364,524	5,035,931	58,511	4,791,857	58,511
Textile composite	61,550,323	79,450,444	3,627,268	3,201,074	3,627,268	3,201,074
Textile	28,427,078	16,891,919	2,625,432	3,019,595	2,474,632	3,013,468
Textile spinning	24,891,681	18,531,359	3,253,154	2,399,319	3,253,154	2,399,319
Textile weaving	3,687,893	4,802,142	151,520	69,291	151,520	69,291
Wholesale and retail trade	36,186,552	27,726,220	15,298,856	15,991,045	14,616,618	15,382,883
Others	83,451,310	52,332,763	8,089,034	5,391,805	8,028,413	3,516,893
	<u>1,013,767,417</u>	<u>728,285,575</u>	<u>93,338,842</u>	<u>86,013,024</u>	<u>81,783,522</u>	<u>74,703,857</u>

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	----- (Rupees in '000) -----					
Public / Government	311,144,344	225,945,664	964,568	1,089,669	22,313	22,313
Private	702,623,073	502,339,911	92,374,274	84,923,355	81,761,209	74,681,544
	<u>1,013,767,417</u>	<u>728,285,575</u>	<u>93,338,842</u>	<u>86,013,024</u>	<u>81,783,522</u>	<u>74,703,857</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45.2.4 Contingencies and Commitments	2022	2021
	----- (Rupees in '000) -----	
Credit risk by industry sector		
Agri business	9,688,638	13,528,192
Airlines	83,982	70,243
Automobile and transportation equipment	17,060,374	4,475,318
Cables	617,831	266,556
Cement	2,722,521	3,329,371
Chemical and pharmaceuticals	6,344,093	4,088,189
Construction	12,289,111	5,818,193
Contractors	11,589,571	235,252
Electronics and electrical appliances	3,197,903	3,407,536
Engineering	5,131,864	8,294,865
Fertilizer dealers	6,789,726	7,087,353
Financial	817,188,270	759,770,819
Food, tobacco and beverages	10,729,033	6,777,604
Glass and allied	431,969	291,706
Hotel and tourism	2,907,013	2,247,647
Individuals	7,855,614	8,631,596
Paper and allied	2,686,432	1,732,281
Polyester and fiber	3,656,870	7,885,097
Production and transmission of energy	169,906,265	133,134,614
Shoes and leather garments	1,640,048	60,030
Sugar	405,397	330,827
Telecommunication	12,664,873	6,603,098
Textile	33,872,610	25,195,707
Wholesale traders	28,703,214	31,748,588
Others	178,199,882	97,266,182
	<u>1,346,363,104</u>	<u>1,132,276,864</u>
Credit risk by public / private sector		
Public / Government	470,075,580	236,113,927
Private	876,287,524	896,162,937
	<u>1,346,363,104</u>	<u>1,132,276,864</u>

45.2.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 458,202 million (2021: Rs. 334,457 million) are as follows:

	2022	2021
	----- (Rupees in '000) -----	
Funded	275,701,388	190,484,427
Non Funded	182,500,668	143,973,021
Total Exposure	<u>458,202,056</u>	<u>334,457,448</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 549,819 million (2021: Rs. 372,084 million).

None of the exposure against these top 10 exposures is classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45.2.6 Advances - Province / Region-wise Disbursement & Utilisation

Province / Region	2022						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- (Rupees in '000) -----							
Punjab	512,247,865	512,247,865	-	-	-	-	-
Sindh	708,110,877	-	708,110,877	-	-	-	-
KPK including FATA	1,961,863	-	-	1,961,863	-	-	-
Balochistan	769,154	-	-	769,154	-	-	-
Islamabad	137,901,587	-	-	-	137,901,587	-	-
AJK including Gilgit-Baltistan	182,728	-	-	-	-	182,728	-
Total	1,361,174,074	512,247,865	708,110,877	1,961,863	769,154	137,901,587	182,728

Province / Region	2021						
	Disbursements	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- (Rupees in '000) -----							
Punjab	227,618,012	227,618,012	-	-	-	-	-
Sindh	186,426,890	-	186,426,890	-	-	-	-
KPK including FATA	2,908,622	-	-	2,908,622	-	-	-
Balochistan	15,907	-	-	15,907	-	-	-
Islamabad	25,640,983	-	-	-	25,640,983	-	-
AJK including Gilgit-Baltistan	22,810	-	-	-	-	22,810	-
Total	442,633,224	227,618,012	186,426,890	2,908,622	15,907	25,640,983	22,810

45.3 Market Risk

Market risk is the risk of changes in market conditions that may adversely impact the value of assets or liabilities, following a negative impact on earnings. Market risk mainly arises from trading activities carried out by Treasury and Capital Market (TCM) like lending / borrowing, Investments and client facilitating activities.

To manage Market Risk, a well-defined Market Risk policy approved by the Board of Directors is in place. The policy defines appropriate risk measures, controls and methods carried out for proactive market risk management.

The Bank carries out market risk management through effective risk measurement tools including Value at Risk (VaR), Price Value per Basis Point (PVBP), Duration, Beta, and Expected Shortfall on regular basis. Bank also ascertains the impact of changes in market factors on Bank's earnings through regular stress testing and Internal Capital Adequacy Assessment Processes (ICAAP).

45.3.1 Balance sheet split by trading and banking books

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----- (Rupees in '000) -----					
Cash and balances with treasury banks	143,004,094	-	143,004,094	267,937,282	-	267,937,282
Balances with other banks	15,692,567	-	15,692,567	23,363,057	-	23,363,057
Lendings to financial institutions	85,296,480	-	85,296,480	51,701,076	-	51,701,076
Investments	693,292,393	721,901,436	1,415,193,829	510,155,570	986,386,883	1,496,542,453
Advances	921,837,095	-	921,837,095	646,188,457	-	646,188,457
Fixed assets	70,816,984	-	70,816,984	68,537,653	-	68,537,653
Intangible assets	2,406,215	-	2,406,215	2,231,265	-	2,231,265
Deferred tax assets	18,874,768	-	18,874,768	7,204,275	-	7,204,275
Other assets	85,631,077	-	85,631,077	54,460,389	-	54,460,389
Total	2,036,851,673	721,901,436	2,758,753,109	1,631,779,024	986,386,883	2,618,165,907

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45.3.2 Foreign Exchange Risk

Foreign exchange (FX) risk arises from the fluctuation in the value of assets and liabilities due to the changes in foreign exchange rates.

The FX risk and associated concentration risk is managed through approved currency wise net open position limits, tenor wise limits and an overall FEE limit.

The currency risk is effectively monitored against the applicable regulatory limits. Market risk monitors that the FX exposure remains under limits prescribed by SBP and Internal Limits approved by GALCO.

	2022				2021			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----							
United States Dollar	242,413,070	119,412,092	(121,995,592)	1,005,386	234,596,295	136,795,093	(102,559,248)	(4,758,046)
Great Britain Pound	2,097,483	26,833,750	25,299,696	563,429	2,087,074	21,469,450	20,009,696	627,320
Japanese Yen	34,449	11,445	(17,136)	5,868	30,118	99,659	70,978	1,437
Euro	3,483,404	14,366,025	10,850,347	(32,274)	2,777,761	8,076,568	5,299,402	595
UAE Dirham	116,182,231	214,805,842	98,557,128	(66,483)	68,981,715	168,285,202	100,557,440	1,253,953
Bahraini Dinar	12,534,064	37,937,332	24,742,967	(660,301)	16,963,843	29,179,381	12,281,281	65,743
Qatari Riyal	23,375,382	40,361,795	16,868,237	(118,176)	15,801,817	34,055,642	16,847,242	(1,406,583)
Other Currencies	11,703,634	10,944,608	323,301	1,082,327	8,349,602	6,357,272	(2,086,131)	(93,801)
Total	411,823,717	464,672,889	54,628,948	1,779,776	349,588,225	404,318,267	50,420,660	(4,309,382)

Impact of 1% change in foreign exchange rates on

	2022	2021		
	Banking book	Trading book	Banking book	Trading book
----- (Rupees in '000) -----				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(17,798)	-	43,094	-

45.3.3 Equity Position Risk

Equity risk is the risk that the fair value of an equity instrument will fluctuate due to changes in the prices of individual stocks or market indices.

To manage equity risk, The Bank has a well-defined criterion for identifying the Investible Universe based on the Market Capitalization, Liquidity & Average Daily Traded Volumes.

The Bank has an active and regular monitoring mechanism for utilization against approved portfolio limits, scrip wise limits, sector limits and timely escalation of Management Action Trigger Levels (MAT).

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	32,130	487,632	25,348	495,409

45.3.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in the overall business of the Bank and arises from mismatches between the contractual maturities and the re-pricing of on and off-balance sheet assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing. In case of any distressed event the results and corresponding action plan is presented at the relevant management / BoD committee.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000) -----			
Impact of 1% change in interest rates on				
- Profit and loss account	-	21,338	-	271,551
- Other comprehensive income	17,811,510	2,025,824	4,481,288	3,743,314

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45.3.5 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate %	2022										Non-interest bearing financial instruments	
		Exposed to yield / interest rate risk											
		Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years		
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	0.30%	143,004,094	6,503,154	-	-	-	-	-	-	-	-	-	136,500,940
Balances with other banks	2.60%	15,692,567	3,392,539	2,264,309	-	-	-	-	-	-	-	-	10,035,719
Lendings to financial institutions	13.14%	85,296,480	-	-	-	-	-	-	-	-	-	-	-
Investments	11.72%	1,415,193,829	40,588,291	229,180,629	476,830,223	58,443,323	89,730,466	149,587,393	268,305,237	84,619,581	-	-	17,908,686
Advances	10.60%	921,837,095	184,787,231	469,083,586	165,785,476	8,623,043	10,115,759	10,755,213	25,359,752	30,527,201	1,753,421	-	15,046,413
Other assets		79,546,929	-	-	-	-	-	-	-	-	-	-	79,546,929
		2,660,570,994	320,567,695	700,528,524	642,615,689	67,066,366	99,846,225	160,342,606	293,664,989	115,146,782	1,753,421	-	259,038,687
Liabilities													
Bills payable		36,474,017	-	-	-	-	-	-	-	-	-	-	36,474,017
Borrowings	10.20%	564,518,588	67,547,069	451,749,242	13,682,449	724,458	1,870,303	4,413,042	4,170,692	19,332,974	197,273	-	831,086
Deposits and other accounts	5.70%	1,836,366,814	72,431,068	696,612,919	80,377,112	69,230,056	26,515,259	6,249,992	9,768,378	4,335,780	-	-	872,846,250
Subordinated debt	15.11%	10,000,000	-	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities		68,198,549	-	-	-	-	-	-	-	-	-	-	68,198,549
		2,517,557,968	139,978,137	1,156,362,161	94,059,561	69,954,514	28,385,562	10,663,034	13,939,070	23,668,754	197,273	-	978,349,902
On-balance sheet gap													
		143,013,026	180,589,558	(457,833,637)	548,556,138	(2,888,148)	71,460,663	149,679,572	279,725,919	91,478,028	1,556,148	-	(719,311,215)
Off-balance sheet financial instruments													
FX Options - Purchase		286,171	286,171	-	-	-	-	-	-	-	-	-	-
FX Options - Sale		(286,171)	(286,171)	-	-	-	-	-	-	-	-	-	-
Forward Government Securities - Purchase		41,457,100	34,960,821	6,496,279	-	-	-	-	-	-	-	-	-
Forward Government Securities - Sale		(1,300,000)	(1,300,000)	-	-	-	-	-	-	-	-	-	-
Foreign currency forward - Purchase		379,231,558	194,112,120	145,926,783	36,926,895	2,265,760	-	-	-	-	-	-	-
Foreign currency forward - Sale		(324,602,610)	(147,631,330)	(135,981,725)	(37,186,765)	(3,802,790)	-	-	-	-	-	-	-
Off-balance sheet Gap		94,786,048	80,141,611	16,441,337	(259,870)	(1,537,030)	-	-	-	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap		260,731,169	(441,392,300)	548,296,268	(4,425,178)	71,460,663	149,679,572	279,725,919	91,478,028	1,556,148	-	-	(719,311,215)
Cumulative Yield / Interest Rate Risk Sensitivity Gap		260,731,169	(180,661,131)	367,635,137	363,209,959	434,670,622	584,350,194	864,076,113	955,554,141	957,110,289	237,799,074	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	Effective yield / interest rate %	2021										Non-interest bearing financial instruments	
		Exposed to yield / interest rate risk											
		Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years		
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	0.05%	267,937,282	21,534,360	-	-	-	-	-	-	-	-	-	246,402,922
Balances with other banks	0.09%	23,363,057	15,299,235	-	-	-	-	-	-	-	-	-	8,063,822
Lendings to financial institutions	7.50%	51,701,076	49,726,776	100,000	-	-	-	-	-	-	-	-	1,874,300
Investments	7.69%	1,496,542,453	225,642,341	469,873,317	338,463,178	75,787,678	58,712,295	81,679,413	158,927,804	71,183,667	-	-	16,272,760
Advances	6.99%	646,188,457	142,793,407	275,100,546	134,276,596	24,254,242	5,800,666	8,329,733	25,935,142	19,038,969	-	-	10,659,156
Other assets		47,909,930	-	-	-	-	-	-	-	-	-	-	47,909,930
		2,533,642,255	454,996,119	745,073,863	472,739,774	100,041,920	64,512,961	90,009,146	184,862,946	90,222,636	-	-	331,182,890
Liabilities													
Bills payable		26,792,970	-	-	-	-	-	-	-	-	-	-	26,792,970
Borrowings	5.59%	563,284,750	193,472,011	308,898,301	29,235,370	3,193,722	819,011	933,173	5,072,718	19,864,822	-	-	1,795,622
Deposits and other accounts	3.30%	1,750,943,765	96,170,412	710,518,143	56,792,210	38,176,597	3,479,371	31,716,831	3,235,735	3,226,951	-	-	807,627,515
Subordinated debt	9.01%	10,000,000	-	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities		38,117,919	-	-	-	-	-	-	-	-	-	-	38,117,919
		2,389,139,404	289,642,423	1,029,416,444	86,027,580	41,370,319	4,298,382	32,650,004	8,308,453	23,091,773	-	-	874,334,026
On-balance sheet Gap													
		144,502,851	165,353,696	(284,342,581)	386,712,194	58,671,601	60,214,579	57,359,142	176,554,493	67,130,863	-	-	(543,151,136)
Off-balance sheet financial instruments													
FX Options - Purchase		904,470	444,570	406,245	53,655	-	-	-	-	-	-	-	-
FX Options - Sale		(904,470)	(444,570)	(406,245)	(53,655)	-	-	-	-	-	-	-	-
Forward Government Securities - Purchase		9,081,000	-	9,081,000	-	-	-	-	-	-	-	-	-
Forward Government Securities - Sale		(2,699,000)	(199,000)	-	(2,500,000)	-	-	-	-	-	-	-	-
Foreign currency forward - Purchase		350,490,749	119,999,522	131,305,173	77,552,945	21,633,109	-	-	-	-	-	-	-
Foreign currency forward - Sale		(301,891,670)	(62,401,945)	(184,267,268)	(44,332,343)	(10,890,114)	-	-	-	-	-	-	-
Off-balance sheet Gap		54,981,079	57,398,577	(43,881,095)	30,720,602	10,742,995	-	-	-	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap		222,752,273	(328,223,676)	417,432,796	69,414,596	60,214,579	57,359,142	176,554,493	67,130,863	-	-	-	(543,151,136)
Cumulative Yield / Interest Rate Risk Sensitivity Gap		222,752,273	(105,471,403)	311,961,393	381,375,989	441,590,568	498,949,710	675,504,203	742,635,066	742,635,066	199,483,930	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45.3.5.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities

	2022	2021
	----- (Rupees in '000) -----	
Total financial assets as per note 45.3.5	2,660,570,994	2,533,642,255
Add: Non financial assets		
Fixed assets	70,816,984	68,537,653
Intangible assets	2,406,215	2,231,265
Deferred tax assets	18,874,768	7,204,275
Other assets	6,084,148	6,550,459
Total assets as per statement of financial position	<u>2,758,753,109</u>	<u>2,618,165,907</u>
Total financial liabilities as per note 45.3.5	2,517,557,968	2,389,139,404
Add: Non financial liabilities		
Other liabilities	32,174,885	24,383,956
Total liabilities as per statement of financial position	<u>2,549,732,853</u>	<u>2,413,523,360</u>

45.4 Operational risk

Operational risk is recognized as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In compliance with the Regulatory Guidelines, an Operational Risk Division is established within Risk & Credit Policy Group. Operational Risk Division is primarily responsible for the oversight of operational risk management across the Bank including International locations. The implementation of operational risk management framework is supported by operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with regulatory guidelines, international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organizational learning and future requirements.

In accordance with the Operational Risk framework, a database covering losses, control breaches and near misses is being maintained by the division. Major risk events are analysed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are being presented to the Senior Management and Board Risk & Compliance Committee of the Bank. Periodic workshops are conducted for Risk & Control Self-Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes, are subject to comprehensive operational risk assessments, before implementation.

Business Continuity Plans have been implemented across the Bank, clearly defining the roles and responsibilities of respective stakeholders, and covering recovery strategy, IT and structural backups, scenario and impact analyses and testing directives. Business Continuity Plans (BCP) for respective areas are in place and tested under domain of Operations Group.

45.5 Liquidity risk

Liquidity risk is defined as the risk that a bank, though solvent, either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can secure them only at excessive costs.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

UBL actively manages the risk through a set of qualitative and quantitative risk management techniques. The Global Assets and Liabilities Management Committee (GALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business.

It is the Bank's policy to maintain adequate liquidity at all times, in order to meet all obligations, repay depositors and fulfill commitments to lend under both normal and stressed conditions, without incurring unacceptable losses or incurring damage to the business franchises. Liquidity Risk measures comprises of various risk management tools including concentration ratios, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and liquidity gaps.

The Bank has a comprehensive Contingency Funding Plan in place which clearly defines and identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis and return the Bank to business as usual.

45.5.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 Years
Assets														
Cash and balances with treasury banks	143,004,094	-	2,762,487	3,536,194	136,705,413	-	-	-	-	-	-	-	-	-
Balances with other banks	15,692,567	4,285,331	-	3,282,857	8,124,379	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	85,296,480	-	85,296,480	-	-	-	-	-	-	-	-	-	-	-
Investments	1,415,193,829	120,886	28,058,897	17,176,570	4,317,257	22,461,815	62,992,143	99,000,838	59,930,571	28,507,439	156,416,763	262,070,954	378,412,415	324,786,178
Advances	921,837,095	54,139,478	28,058,897	10,092,501	146,717,867	78,370,878	133,531,902	119,951,276	47,384,022	39,310,508	39,997,914	77,836,411	78,514,142	67,931,299
Fixed assets	70,816,984	4,768	30,056	33,452	1,491,912	159,999	777,317	1,339,562	1,110,930	1,599,955	2,854,200	4,988,845	2,629,408	53,796,580
Intangible assets	2,406,215	-	-	-	67,644	49,340	1,031	195,733	63,253	551,408	460,671	494,369	522,766	-
Deferred tax asset	18,874,768	-	-	-	18,874,768	-	-	-	-	-	-	-	-	-
Other assets	85,631,077	10,127,129	875,339	1,017,066	7,179,394	727,477	13,067,163	5,558,016	2,444,998	7,091,720	5,541,545	12,393,088	11,156,106	8,452,037
	2,758,753,109	68,677,592	117,023,259	35,138,640	323,478,634	101,769,509	210,369,556	226,045,425	109,933,773	77,061,030	205,271,093	357,783,667	471,234,837	454,966,094
Liabilities														
Bills payable	36,474,017	-	-	-	36,474,017	-	-	-	-	-	-	-	-	-
Borrowings	564,518,588	1,430,002	4,305,165	25,933,858	10,629,847	340,869,287	130,554,726	14,650,979	25,527	48,429	839,552	955,588	5,834,260	28,441,368
Deposits and other accounts	1,838,366,814	2,566,159	8,736,217	6,425,352	1,563,736,322	25,770,744	35,516,801	74,971,802	42,173,889	29,929,328	27,612,701	6,429,064	9,916,269	4,482,166
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	10,000,000	-	-	-
Other liabilities	100,373,434	6,494,252	1,104,070	1,098,527	50,468,302	3,974	13,019,669	7,400,938	3,763,257	1,299,749	4,459,451	6,452,873	4,002,652	805,720
	2,549,732,853	10,490,413	14,145,452	33,457,737	1,661,308,488	366,644,005	179,191,196	97,023,719	45,962,673	31,277,506	42,911,704	13,837,525	19,753,181	33,729,254
Net assets	209,020,256	58,187,179	102,877,807	1,680,903	(1,337,829,854)	(264,874,496)	31,178,360	129,021,706	63,971,100	45,783,524	162,359,389	343,946,142	451,481,656	421,236,840
Share capital	12,241,797													
Reserves	86,254,373													
Surplus on revaluation of assets	19,085,934													
Unappropriated profit	91,438,152													
	209,020,256													

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

2021

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years

Assets													
Cash and balances with treasury banks	267,937,282	138,897,679	-	129,039,603	-	-	-	-	-	-	-	-	-
Balances with other banks	23,363,057	17,013,050	-	6,350,007	-	-	-	-	-	-	-	-	-
Lending to financial institutions	51,701,076	-	34,698,714	2,546,544	100,000	-	-	-	1,184,885	92,871	-	-	-
Investments	1,496,542,453	21,914,947	13,078,062	80,993,788	24,550,363	275,428,915	43,007,200	63,344,158	37,842,993	125,294,458	81,020,342	294,641,303	323,582,891
Advances	646,188,457	46,552,356	28,098,828	47,242,800	13,996,399	150,058,997	69,710,308	24,904,389	32,453,048	51,003,789	43,950,350	63,505,763	46,838,564
Fixed assets	68,537,653	59,503	634	1,409	19,779	27,924	79,995	90,585	1,562,608	1,556,334	1,572,925	4,326,045	59,237,912
Intangible assets	2,231,265	-	-	-	260	613	26,151	22,348	150,735	249,955	395,296	634,591	751,316
Deferred tax assets	7,204,275	-	-	7,204,275	-	-	-	-	-	-	-	-	-
Other assets	54,460,389	1,152,082	1,155,165	6,382,206	4,238,900	8,503,391	5,245,651	4,364,924	3,642,399	3,559,620	2,079,553	4,558,059	7,473,307
	2,618,165,907	225,889,617	63,952,707	323,687,939	42,905,701	434,019,840	118,069,305	92,726,404	76,836,668	181,759,027	129,018,466	367,665,761	437,883,990

Liabilities													
Bills payable	26,792,970	-	-	26,792,970	-	-	-	-	-	-	-	-	-
Borrowings	563,284,750	1,480,103	175,899,869	13,398,740	200,543,162	111,814,923	9,931,134	29,764	18,589,393	764,419	607,642	5,198,473	24,802,155
Deposits and other accounts	1,750,943,765	1,446,158,146	11,989,403	60,492,702	41,547,263	44,463,750	50,097,728	18,691,350	17,123,013	5,156,213	31,987,602	3,788,416	5,203,284
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	10,000,000	-	-
Other liabilities	62,501,875	10,564,839	1,620,290	12,823,477	3,902,120	2,358,481	9,553,559	2,776,416	3,558,223	1,819,508	1,650,844	1,973,866	9,373,887
	2,413,523,360	1,458,203,088	189,509,562	28,170,000	100,354,122	245,992,545	158,637,154	21,497,530	39,250,629	7,740,140	44,246,088	10,960,755	39,379,326

Net assets													
	204,642,547	(1,232,613,471)	(125,556,855)	95,880,482	223,333,817	(203,086,844)	48,486,884	71,228,874	37,586,039	174,018,887	84,772,378	356,705,006	398,504,664

Share capital	12,241,797
Reserves	69,718,467
Surplus on revaluation of assets	38,056,329
Unappropriated profit	84,625,954
204,642,547	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

Assets and Liabilities having contractual maturity dates are bucketed as per their respective maturities. The maturity profile of non-contractual deposits and bills payable is estimated using an Exponentially Weighted Moving Average model based on historical data. The methodology and the assumptions used to derive the maturity profile of non-contractual liabilities has been approved by Global Asset and Liabilities Committee (GALCO).

Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years

Assets										
Cash and balances with treasury banks	143,004,094	55,302,454	2,958,838	4,283,298	5,958,629	4,572,217	7,250,490	42,475,484	17,183,584	-
Balances with other banks	15,692,567	13,428,259	-	-	-	-	-	-	-	-
Lending to financial institutions	85,296,480	85,296,480	-	-	-	-	-	-	-	-
Investments	1,415,193,829	20,944,346	85,453,883	106,759,360	159,848,001	254,785,013	379,309,350	303,734,226	5,144,147	-
Advances	921,837,095	310,077,792	144,736,992	56,710,977	39,686,104	41,790,464	79,653,070	63,269,732	67,245,995	-
Fixed assets	70,816,984	1,005,994	945,799	1,547,606	2,593,999	2,661,483	5,533,311	3,051,516	52,097,315	-
Intangible assets	2,406,215	21	1,031	62,401	551,006	507,654	514,711	573,658	-	-
Deferred tax asset	18,874,768	-	-	4,718,692	4,718,692	4,718,692	4,718,692	9,577,386	-	-
Other assets	85,631,077	15,602,226	16,296,492	6,082,147	5,659,020	11,130,609	11,401,172	9,577,386	3,988,681	-
	2,758,753,109	501,657,572	252,717,605	180,164,481	219,015,451	320,166,132	488,380,796	422,682,002	145,659,722	-

Liabilities										
Bills payable	36,474,017	12,294,913	12,211,643	2,966,961	-	-	-	-	-	-
Borrowings	564,518,588	42,298,871	14,650,979	73,956	839,552	955,588	5,834,260	28,441,370	-	-
Deposits and other accounts	1,838,366,814	121,258,135	130,101,368	150,601,872	137,421,752	91,243,247	144,547,691	677,404,120	270,563,795	-
Subordinated debt	10,000,000	-	-	-	10,000,000	-	-	-	-	-
Other liabilities	100,373,434	(11,168,620)	52,709,165	7,894,254	6,068,513	6,619,803	4,802,440	7,747,528	10,394,834	-
	2,549,732,853	164,683,299	648,358,511	172,269,507	154,329,817	98,818,638	155,184,391	713,593,018	280,958,629	-
Net assets	209,020,256	336,974,273	(395,640,906)	56,039,841	64,685,634	221,347,494	333,196,405	(290,911,016)	(135,298,907)	-

Share capital	12,241,797
Reserves	86,254,373
Surplus on revaluation of assets	19,085,934
Unappropriated profit	91,438,152
209,020,256	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

	2021									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
Assets										
Cash and balances with treasury banks	267,937,282	152,189,421	5,584,573	5,477,024	7,939,993	11,035,904	8,471,245	13,428,554	50,199,889	13,610,679
Balances with other banks	23,363,057	23,363,057	-	-	-	-	-	-	-	-
Lendings to financial institutions	51,701,076	50,323,320	100,000	-	1,277,756	-	-	-	-	-
Investments	1,496,542,453	226,884,894	300,290,693	14,589,719	134,296,037	116,796,673	85,885,418	290,472,806	321,759,658	5,566,555
Advances	646,188,457	154,732,965	154,781,780	68,093,432	67,859,704	56,393,827	45,836,203	49,631,555	34,859,739	13,999,252
Fixed assets	68,537,653	61,545	47,703	79,995	1,653,193	1,558,334	1,572,925	3,721,294	4,994,602	54,848,062
Intangible assets	2,231,265	-	6,802	12,013	175,886	244,721	406,256	1,239,022	146,565	-
Deferred tax asset	7,204,275	-	-	-	1,801,069	1,801,069	1,801,069	1,801,068	-	-
Other assets	54,460,389	11,194,966	12,250,364	4,867,433	8,188,172	3,557,207	2,081,536	4,576,720	4,032,276	3,711,715
	2,618,165,907	618,750,168	473,061,915	93,119,616	223,191,810	191,387,735	146,054,652	364,871,019	415,992,729	91,736,263
Liabilities										
Bills payable	26,792,970	7,809,077	5,715,962	5,602,096	7,665,835	-	-	-	-	-
Borrowings	563,284,750	1,325,694	-	3,605,036	12,434,710	514,546,620	764,419	3,153,240	18,250,521	9,204,510
Deposits and other accounts	1,750,943,765	167,448,127	141,920,695	115,125,298	109,601,921	92,506,861	141,420,469	130,904,410	228,207,296	623,808,688
Subordinated debt	10,000,000	-	-	-	-	-	10,000,000	-	-	-
Other liabilities	62,501,875	19,383,220	4,654,265	9,189,495	2,004,633	6,364,698	2,444,013	2,841,376	7,144,189	8,475,986
	2,413,523,360	195,966,118	152,290,922	133,521,925	131,707,099	613,418,179	154,628,901	136,899,026	253,602,006	641,489,184
Net assets	204,642,547	422,784,050	320,770,993	(40,402,309)	91,484,711	(422,030,444)	(8,574,249)	227,971,993	162,390,723	(549,752,921)
Share capital	12,241,797	-	-	-	-	-	-	-	-	-
Reserves	69,718,467	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	38,056,329	-	-	-	-	-	-	-	-	-
Unappropriated profit	84,625,954	-	-	-	-	-	-	-	-	-
	204,642,547	422,784,050	320,770,993	(40,402,309)	91,484,711	(422,030,444)	(8,574,249)	227,971,993	162,390,723	(549,752,921)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

45.6 Information Security Risk

Information security risk is the probability of exposure or loss resulting from a cyberattack or data breach on the Bank. It is the potential for unauthorized use, disruption, modification or destruction of information such incidents can violate privacy, disrupt business, damage assets and facilitate other crimes like frauds.

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

Offensive security unit within the information security division manages Penetration Testing by simulating the real world hacking scenarios. This unit remains responsible for establishing, implementing, maintaining and continually improving an information / cyber security management system through control design and controls validation, primarily in the domain of applications / network penetration testing, and also supporting the other domains of information security i.e., security monitoring and threat hunting.

Moreover, to overcome social engineering frauds, extensive awareness campaigns are launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds, etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, new joiner's orientation, and targeted awareness sessions for executive leadership. These initiatives by Governance, Risk and Compliance Unit are focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges. This unit manages the security compliance efforts, risk management and the development and implementation of information security policies, procedures, guidelines and standards. Cyber & Infrastructure Security unit ensures that the IT Infrastructure function and services are resilient, secure, well-designed, accessible, and adaptable to the organization's changing demands. This unit is responsible for the continuous improvement of information / cyber security architecture that protects against both internal and external threats.

Significant progress has been made in securing the international territories as well by deploying 24/7 Security Operation Center (SOC) at UBL. This unit deals with security issues. The unit continuously shares awareness news, alerts, announcements, advisories and threats intelligence research reports to relevant stakeholder for securing the bank's assets.

Application Security in Information security (IS) manages IS Risk Analysis on software applications, APIs, Mobile Apps, Digital Channels, Cloud Computing, ATM including review of security aspects of assets, enterprise architecture design controls of the applications in accordance with applicable policies, standards & controls.

Further, The Payment Card Industry Data Security Standard (PCI-DSS) program was initiated which aims to enhance security for customer card data by setting guidelines for any company that accepts, stores, processes, or transmits card information. This compliance framework is an industry-mandated set of standards intended to keep customer card data safe when it is used by merchants and service providers.

Moving ahead, Bank's main focus remains on the continuous improvement of UBL's security posture and to effectively prevent, monitor and rapidly respond to emerging threats and vulnerabilities.

45.7 Financial Crime Compliance (FCC) risk management and Pakistan FATF & APG action plan

The Bank monitor key risks on an ongoing basis to strengthen risk management in an effort to meet challenges emanating from a volatile market environment and the complexity driven by the changing regulatory frameworks. By utilizing comprehensive risk management processes and sophisticated control systems, the Bank aims to minimize the negative impact that may arise from varied degrees of risk exposures.

In response to changing landscape around FCC risks across the globe and in response to Financial Action Task Force (FATF) & Asia Pacific Group (APG) action plan and State Bank of Pakistan's AML / CFT / CPF Regulations, the Bank embarked upon a comprehensive Financial Crime Compliance Transformation Program under the guidance of Board of Directors (BoD), specifically geared towards uplifting FCC Framework and fortifying controls across Process, People and Technology (Regtech) work streams in line with international best practices and Standards. Targeted investments were done across these work streams, brief highlights are as under:

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

- Under FCC Process Workstream; the Bank uplifted the framework at design level with key deliverables as:
 - FCC Strategy
 - Bank's FCC Risk Appetite Statement
 - Target Operating Model (TOM) across three lines of defense
 - FCC Policies & Standards
 - Enterprise Wide FCC Risk Assessment Methodologies/Internal Risk Assessment Review (EWRA/IRAR) with focus on AML, CFT, Sanctions / CPF & Transnational Risks etc.
 - Management Information (MI) Suite.
- The Bank rolled out comprehensive role based FCC training modules and staff capacity assessment carried out under FCC Transformation People Workstream.
- On Regtech work stream, the Bank upgraded and implemented best in class Transaction Monitoring and payments screening systems. These systems were independently reviewed by a reputed international third party expert.
- Effective risk governance sets a solid foundation for comprehensive risk management discipline. The Bank's risk governance framework is based on "three line of defense" governance model, wherein each line has a specific role with defined responsibilities and work in close collaboration to identify, assess and mitigate risks. Key management and board committee covering FCC and compliance matters is Compliance Committee of Management (CCM) and Board Risk & Compliance Committee (BRCC).

Moreover, FCC Transformation & Controls Fortification Programme is an ongoing initiative that is managed by Compliance Governance team in consultation with FCC teams across first and second line of defence.

45.7 Derivative Risk

There are a number of risks undertaken by the Bank, which need to be monitored and assessed.

Credit risk

Credit risk refers to the risk of non-performance or default by a party to a derivatives transaction, resulting in an adverse impact on the Bank's profitability. Credit risk associated with derivatives transactions is categorized into settlement risk and pre-settlement risk. Credit proposals for derivatives transactions are approved by the Credit Committee. The credit exposure of each counterparty is estimated and monitored against approved counterparty limits by Treasury Middle Office (TMO) on a daily basis.

Market risk

The Bank, as a policy, hedges back-to-back all options transactions. In addition, the Bank does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Bank has implemented various limits which are monitored and reported by TMO on a daily basis.

Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan, interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off balance sheet positions in the interbank market, where available.

Operational risk

The staff involved in the trading, settlement and risk management of derivatives is carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or a transaction memo, which contains detailed guidance on the accounting and operational aspects of the transaction to further mitigate operational risk. In addition, TMO and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Audit and Inspection Group also reviews this function, with a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2022

The Bank uses FX and Derivatives module of Treasury System which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

TMO produces various reports on a periodic basis which are reviewed by senior management. These reports provide details of the derivatives business profile such as outstanding positions, profitability, risk exposures and the status of compliance with limits.

46. YEMEN OPERATIONS

Despite risky situation and continued operational losses the Bank has been striving to honor liabilities for past eight years. However, on account of several factors, including but not limited to fragile political and economic situation in Yemen, bankruptcy of CBY Sana'a, existence of two Central Banks (i.e. CBY Sana'a and CBY Aden), has resulted in illiquid market, which does not appears to be reversed in near future.

It is no longer possible for the Bank to continue its operations in Yemen due to reasons not attributable to the Bank and caused by circumstances entirely beyond the Bank's control. Therefore, Bank has completely exited from Yemen. The Bank is cognizant of the associated risks arising out of its exit from Yemen.

47. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors, in its meeting held on February 22, 2023 has proposed a final cash dividend of Rs.9.0 per share for the year 2022. This is in addition to Rs. 13.0 already paid during the year bringing the total dividend for the year to Rs. 22.0 per share (2021: Rs. 18.0 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2022 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2023.

48. GENERAL

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

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

49. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 22, 2023, by the Board of Directors of the Bank.

Arif Akmal Saifie
Chief Financial Officer

Shazad G. Dada
President &
Chief Executive Officer

Shazia Syed
Director

Muhammad Jawaid Iqbal
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
1	27-Stores Jawad Tower, University Road Peshawar	Muhammad Imran Adeel Sabir	17301-1644908-9 17301-4103452-9	Abdul Aziz Mushtaq Ahmed	-	1,658	-	1,658	-	1,658	-	1,658
2	Shahnaz Bibi Village Kalaske, P.O Same, Tehsil Wazirabad, District Gujranwala	Shahnaz Bibi	34104-1622660-2	Muhammad Riaz	1,000	2,234	-	3,234	-	2,199	-	2,199
3	Ijaz Ahmed Village Kopra P.O Same, Tehsil Wazirabad, District Gujranwala	Ijaz Ahmed	34601-0852464-7	Muhammad Siddique	900	566	-	1,466	-	566	-	566
4	M/S Chaudhry Poultry Farm Village Adil Garh P.O Same, Tehsil Wazirabad, District Gujranwala	Riaz Ahmed	34104-8489676-1	Hakim Khan	475	1,257	-	1,732	-	1,182	-	1,182
5	Muhammad Imran Hamayun Village Kot Jaffar, P.O Same, Tehsil Wazirabad And District Gujranwala	Muhammad Imran Hamayun	34104-9688314-9	Muhammad Aslam	450	1,093	-	1,543	-	1,043	-	1,043
6	Gul Nawaz Village Wadala Cheema P.O Same, Tehsil Wazirabad, District Gujranwala	Gul Nawaz	34104-6864861-7	Nazir Hussain	400	984	-	1,384	-	884	-	884
7	Iftikhar Rasool Zargar House No. 112/3, Ward No.04, Jamia Masjid Road, Sialkot Cantt. District Sialkot	Iftikhar Rasool Zargar	34603-8417843-5	Ghulam Rasool	1,000	950	-	1,950	-	900	-	900

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
8	M/S Kashmir Poultry Farm Ahmed Nagar Chattha, Tehsil Wazirabad, District Gujranwala	Muhammad Ayub Muhammad Yousaf Muhammad Younas Muhammad Yaqoob	6805147	Allah Rakha Butt	4,000	1,563	-	5,563	-	1,563	-	1,563
9	Maqsood Ahmed Village Kathore Kalan, P.O Head Khanki, Tehsil Wazirabad, District Gujranwala	Maqsood Ahmed	34104-2523904-7	Akbar Ali	400	791	-	1,191	-	791	-	791
10	M/S Saqlain Brothers Pakki Kotli Daska Road, Sialkot	Muhammad Saqlain	34601-7936353-1	Muhammad Arshad	1	734	-	735	-	734	-	734
11	Khalid Masood Ali Basti Gongga Bharran Chah Rango Khan Tehsil Karoor Pacca Distt. Lodhran	Khalid Masood Ali	31304-5095345-7	Jan Muhammad	3,900	7,414	-	11,314	-	7,314	-	7,314
12	Muhammad Akbar & Muhammad Akhter Dera Jam Mir Muhammad Basti Haji Allah Ditta Chak No. 72/A, Po Feroza Tehsil Liaquatpur. Distt. Rahim Yar Khan	Muhammad Akbar & Muhammad Akhter	31301-7324640-5	Jam Bhola	1,500	949	-	2,449	-	649	-	649
13	Malik Zahorr Ahmed Basti Malkan Wali, Po Chumb Kulyar Khas, Tehsil Lodhran & Distt. Lodhran	Malik Zahorr Ahmed	36203-0361167-5	Noor Muhammad	1,000	1,323	-	2,323	-	1,123	-	1,123
14	Muhammad Farooq Ali Basti Gongga Bharran Chah Rango Khan Tehsil Karoor Pacca Distt. Lodhran	Muhammad Farooq Ali	36202-8987295-1	Jan Muhammad	3,299	6,971	-	10,270	-	6,269	-	6,269

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
15	Saeed Anjum Chak No. 86/F, Tehsil Hasilpur, Distt. Bahawalpur	Saeed Anjum	31203-1692720-9	Muhammad Bashir	-	706	-	-	546	-	546
16	Bismillah Bibi H No. 1035, Naqshband Colony, Khanewal Road, Tehsil & Distt. Multan	Bismillah Bibi	36302-1140856-0	Mazhar Abbas Khan	-	1,150	-	-	1,100	-	1,100
17	Muhammad Yaseen Sadar Bazar Feroza Tehsil Liaquatpur Distt. Rahim Yar Khan	Muhammad Yaseen	31302-8373931-1	Muhammad Tufail	2,999	2,109	-	-	2,108	-	2,108
18	Muhammad Zafar Mohalla Abubakar, Hasilpur Old, Tehsil Hasilpur Distt. Bahawalpur	Muhammad Zafar	31203-5171999-3	Muhammad Latif	700	1,320	-	-	1,320	-	1,320
19	Allah Rakha Chak No. 38/Db, Po Kud Wala, Tehsil Yazman, Distt. Bahawalpur	Allah Rakha	31205-2801139-3	Muhammad Abdullah	350	1,181	-	-	1,031	-	1,031
20	Khalil Ur Rehman Ward No. 09, Gao Shala, Circular Road, Tehsil Jatoi & Distt. Muzaffargarh	Khalil Ur Rehman	32302-1736198-7	Muhammad Rafique	-	535	-	-	535	-	535
21	Muhammad Qaiser H No 28-E1 Johar Town ,	Muhammad Qaiser	35202-6801287-9	Muhammad Younas	-	-	-	-	467	23	566
22	Ahmer H# R 429 Block 15 15 Fb Area Dstageer Near Javeed Nehari	Ahmer	42101-7385037-7	Shahid Hussain	-	-	-	-	446	105	560

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
23	Ali Khalid Gulberg Green Laxsis Mall 5Th Floor 522 Appartment	Ali Khalid	37406-1561073-9	Qazi Khalid Hussain	-	-	-	-	684	18	766
24	Rai Ali Zulqirmain Village Miranpur Po Same Teh Nankana Sahib City Miran Pur Warburton	Rai Ali Zulqirmain	35402-1940422-7	Rai Muhammad Khan	300	538	-	-	838	-	538
25	Ahmed Ali S O Kameer Ali Machhora Sarang Po Baraghar Teh Nankana Sahib City Baraghar	Ahmed Ali S O Kameer Ali	35501-0112780-5	Kameer Ali	470	1,145	-	-	1,615	-	1,145
26	Muhammad Iqbal So Shahadat Ali Kehnay P O Baraghar Teh Nankana Sahib City Baraghar	Muhammad Iqbal So Shahadat Ali	35402-1609118-7	Shahadat Ali	250	654	-	-	904	-	654
27	Muhammad Mustafa Qadir Dera Shahana Sardodha Road Khanqa Dogran	Muhammad Mustafa Qadir	35202-5524269-9	Ch Abdul Qadir	300	914	-	-	1,214	-	862
28	Mansab Ali Village Thatha Ghara P / O , Rasool Pur Tarar , Teh Pindi Bhattian Distt Hafizabad	Mansab Ali	34302-5192824-1	Sultan Ahmad	300	730	-	-	1,030	-	730
29	Tariq S O Muhammad Ismail Moza Kot Tahir Teh Nankana Sahib City Kot Tahir	Tariq S O Muhammad Ismail	35501-0126970-5	Muhammad Ismail	298	604	-	-	902	-	604
30	Asghar Ali Village Qila Qammar Singh Po Mandi Faizabad Teh Nankan	Asghar Ali	35402-0533244-9	Hakim Ali	470	1,122	-	-	1,592	-	1,122

Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total	
31	Ali Raza Vill Chak Kharal Hafizabad	Ali Raza	34301-0871357-3	Ghulam Raza	65	648	-	713	-	581	-	581
32	Riasat Ali Village Po Tradiwali Teh Ferowala Sheikhpura	Riasat Ali	35401-5490745-5	Miraj Din	400	785	-	1,185	-	785	-	785
33	Rehmat Ali Kot Hassan Muhammadqila Qamar Singh Po Mangatth & Dist Nankana	Rehmat Ali	35402-3164152-7	Hassan Muhammad	470	905	-	1,375	-	905	-	905
34	Atta Muhammad Moza Khonay Pr Chak 63/10 Tehsil Nanka Disst	Atta Muhammad	35402-0859934-1	Najabat Khan	470	1,158	-	1,628	-	1,158	-	1,158
35	Olympia Mills Limited H-23/3, Landhi Industrial Area, Karachi	M. Waqar Monnoo Siraj Sadiq Monnoo Umer Ilyas Shafi Ghazala Waqar Muhammad Anwar Saigal Syed Ayazuddin Syed Inamuddin Ahmed Arshad Iqbal Muhammad Rehan Riaz	42201-0645541-7 42201-3201218-9 42101-6397223-5 42201-8157988-8 42000-0463306-7 42101-3561787-7 42101-1494178-1 42401-1737528-9 42101-6050530-9	M. Sadiq Monnoo M. Waqar Monnoo Sheikh Ilyas Shafi M. Waqar Monnoo Muhammad Gulzar Saigal Syed Qayamuddin Syed Ruknuddin Ahmed Mujeeb-Ur-Rehman Riaz Ahmed Vohra	540,488	346,160	-	886,648	-	222,272	-	222,272
36	Umar Cotton Factory Mouza Sahab Ali, Tiba Sultan Pur, Vehari.	Late, Sh. Maqbool Ellahi	36302-6936487-9	Sheikh Muhammad Rafi	105,469	9,514	75,713	190,696	-	8,984	75,713	84,697

Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total	
37	Sheikh Brothers Flour Mills 45-C, Mohni Road Lahore	Mian Abdul Rehman Mian Muhammad Akbar Mian Muhammad Aslam	35202-6741487-5	Mian Abdul Rehman Mian Muhammad Akbar Mian Muhammad Aslam	87,961	16,892	62,337	167,190	-	16,892	62,337	79,229
38	Sohbatpur Rice Mills Main Road Sohbatpur, Distt. Jaffarabad, Balochistan	Allah Dina	53403-2589623-3	Karar Khan	18,124	-	11,120	29,244	8,124	-	11,120	19,244
39	Mohsin Ehsan Rice Mills 1. Registered Office: - P-F-16, Satellite Town, Jhang. 2. Factory: 7-Km, Toba Road, Jhang.	Muhammad Gul Sher Tanzila Kausar Hassan Gul	33202-7066370-1 33202-5829885-4 33202-6688920-7	Falak Sher Muhammad Gull Sher	31,106	-	17,758	48,864	-	-	16,891	16,891
40	Gulshan Weaving Mills Limited 2Nd Floor, Finlay House, I.I. Chundrigar Road, Karachi.	Jehangir Ahmed Shakoore	42201-0545325-7	Abdul Shakoore	105,353	12,967	-	118,320	-	12,946	-	12,946
41	Marhaba Poultry Br Farm Chack No.65 Eb Qaboola Road Arifwala.	Shahid Iqbal Tariq Mahmood	35200-2817131-3	Khuda Bakhsh Khan Muhammad Khan	5,839	2,857	8,055	16,751	-	2,856	8,055	10,911
42	Ideal Distributors A-33, Kala Board, Malir, Karachi.	Syed. Javed Asghar Zaidi Syed Hassan Asghar	42301-3118396-9	Syed Aftab Ahmed Syed Iqbal Ahmed Zaidi	11,417	6,463	-	17,880	3,847	6,463	-	10,310
43	Pakistan Overseas Traders 16-F, Gulberg Ii, Lahore	Adeel Azam Khan	35202-2944893-7	Muhammad Azam	15,000	553	6,455	22,008	-	-	6,455	6,455
44	Universal Panel 62-C-ii, Industrial Estate Multan	Muhammad Salman Zain Mst. Hina Zain	36302-0392263-3	Muhammad Ashraf Muhammad Salman	58,300	-	-	58,300	5,800	-	-	5,800

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Rs. in thousands

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
45	Diamond Enterprises Ghailah Mandi Ghakhar Tehsil Wazirabad District Gujranwala.	Mushtaq Ahmed Muhammad Faheem	34104-2319914-7	Ghulam Nabi Mushtaq Ahmed	25,000	-	5,020	-	-	5,020	5,020
46	Textilers (Pvt.) Limited F-456, Shed # 2, S.I.T.E., Karachi.	Farrukh Shamim Saigal Amjad Shamim Saigal	42301-4137660-1	Muhammad Shamim Saigal	5,811	-	3,160	-	1,243	3,160	4,403
47	Greenwood Estate And Builders 160-F, Pia Employees Co-Operative Housing Society, Lahore.	Najam Alam Siddiqui	35202-4624669-7	Mahmood Alam Siddiqui	11,000	-	5,843	-	-	-	3,843
48	Shahid Traders Gala Bakar Mandi, Sheikhpura Road, Gujranwala.	Shahid Mehmood	34101-5993182-1	Abdul Ghani	30,000	-	4,700	-	-	3,350	3,350
49	Blue Moon 05-Abuzar Tower, Peco Road, Lahore	Junaid Idrees	35200-1514089-3	Muhammad Idrees	3,000	799	2,495	-	-	649	2,495
50	Sandhu Rice Dealer C/O Yamin Rice Mills, Talwandi Musa Khan, Gujranwala.	Irshad Ullah	34101-2639188-9	Muhammad Ashiq	6,000	-	2,583	-	-	-	2,513
51	Rizwan Commission & Kiryana Merchant Ghora Bari Bus Stop, Thatta City, Taluka & District Thatta, Sindh	Rizwan Memon	41409-8498275-3	Muhammad Younus Memon	5,000	-	3,214	-	-	-	2,414
52	Malik Lighting 26-C, Small Industrial Estate, Kohat Road, Peshawar.	Iqbal Hussain	17301-8765789-1	Ashiq Hussain	2,819	50	2,020	-	-	-	1,989

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Rs. in thousands

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
53	New Abu Bakar Traders 514-Sher-E-Rabani Road, Okara.	Tahir Hussain	35302-6644624-3	Ch.Wali Muhammad	9,500	1,913	327	-	-	1,583	327
54	Kohistan Fertilizer Agency Buri Shah Karim, Main Road Tando Mohammad Khan, District Tando Mohammad Khan, Sindh	Ninchal Dass	41308-2575210-1	Jesomal	1,500	592	1,408	-	-	492	1,408
55	Syed Ali Hussain Bukhari House No.Biv-15-170, Mohallah Noor Pura, Farooqabad, Sheikhpura	Syed Ali Hussain Bukhari	35404-1505735-7	Syed Tajamal Hussain Bukhari	9,800	2,269	4	-	-	1,573	-
56	Bajwa Traders Punjab Ghalla Mandi, 2-Km Narawal Road, Muridke District Sheikhpura.	Muhammad Asif Bajwa	35401-8633308-3	Muhammad Sharif Bajwa	8,500	-	1,869	-	-	-	1,569
57	Al Haj Ghulam Muhammad & Sons 1st Floor Sethi Plaza, Alama Iqbal Chowk, Sialkot.	Mst. Parveen Akhtar	34603-2227760-4	Saleem Akhtar	10,000	-	1,618	-	-	-	1,418
58	Chaudhary Azmat Ali Mohallah Touheed Town, Patoki	Chaudhry Azmat Ali	35103-5257318-5	Abdul Majeed	2,500	-	1,345	-	-	-	1,245
59	Iqbal Commission Agent New Ghailah Mandi Ward No.2, Fatehpur	Fakhar Iqbal	32202-9802767-3	Muhammad Iqbal	12,996	-	1,433	-	-	-	1,229
60	The Motor Point 26-A, Queens Road, Lahore	Kashif Azeem	35202-0382990-9	Muhammad Arshad	5,000	251	2,979	-	-	-	961

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
61	Ali Oil Mills & Ice Factory Pul Jan Muhammad Near Awan Patrol Pump Tehsil Tandlianwala, Faisalabad.	Muhammad Shafique	33104-212707-3	Abdul Ghafoor	2,000	-	1,392	-	-	932	932
62	Kamran Publishers Hajvery Park, Rattigun Road, Lahore	Abdul Hameed Sheeraz Hameed	35202-7720399-3	Elahi Bukhsh Abdul Hameed	7,991	1,317	-	-	808	-	808
63	Al Basit Commission Shop Ghalla Mandi, Sahiwal	Muhammad Khalil Late Mr. Irfan Hussain	36502-6583958-7	Muhammad Ishaq Chohan Muhammad Ramzan	2,108	-	948	-	-	756	756
64	Bilal Wholesale Store Shop#34/35, Jamia Market, Malir Tanki, Malir Township, Malir Colony, Karachi.	Syed Shamim Haider Zaidi	42201-3885818-7	Syed Allay Hussain Zaidi	400	735	-	-	735	-	735
65	Kashif Qammar Flat # 202, 2Nd Floor, Block-B, Gulshan-E- Islam, Sector-11-A, North Karachi.	Kashif Qammar	42101-0935115-9	Qammar Uddin Siddique	3,506	-	768	-	-	674	674
66	Subhani Traders Shop No. 29, 30, 31, Basement Madina Market, 45- The Mall Lahore	Jamshaid Iqbal Arshad Iqbal	35202-2817151-1	Sher Muhammad	6,090	674	-	-	674	-	674
67	Zulfiqar Ali Arain House No. 20, Street No. 5, Executive Lodges, Bahria Town, Lahore	Zulfiqar Ali Arain	42101-8810981-5	Hashmat Ali	10,118	-	2,268	-	-	668	668
68	Ch. M. Iqbal M. Bilal And Co. Shop No.19, Fruit Mandi Link Ravi Road, Lahore	Ch. Muhammad Iqbal	35202-2906836-7	Ch. Muhammad Bashir	3,500	-	680	-	-	630	630

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
69	Kissan Traders Sheikhupura Road, Tatlay Aali, District Gujranwala..	Muhammad Istikhar	34101-8914971-9	Bashir Ahmed	2,000	-	727	-	-	627	627
70	Zafar Ali Khan Mauza Narai, Fazalabad Takkar, Takht Bhaj, Mardan	Zafar Ali Khan	17301-5441216-1	Shamsher Khan	2,528	-	-	-	-	-	2,528
71	Muhammad Rehan Azhar Rmp :- House # 5, Category "A" Block-R Gulshan-E-Touheed Housing Scheme, Phase-I, Deh Halkani, Manghopir, Karachi/ Res :Flat # F-506, Ruffi Garden City, Gulistan-E-Jauhar, Block-19, Karachi.	Muhammad Rehan Azhar	42201-4777149-3	Muhammad Azhar Qureshi	2,108	-	-	-	-	-	2,108
72	Syeda Asma Hamid House # C-19, Block-3, Gulshan-E-Iqbal Karachi	Syeda Asma Hamid	42201-0565347-0	Syed Hamid Mehmood Geelani	1,970	-	-	-	-	-	1,970
73	Marroof Zahid Res:- House# B-189, Block-13, F.B Are Karachi.	Marroof Zahid	42101-7253620-7	Zahid Astrar	1,810	-	-	-	-	-	1,810
74	Ghulam Hassan Awan House No. 79, Wasa Colony, Gulshan Ravi, Lahore	Ghulam Hassan Awan	35202-7248879-1	Ghulam Qadir	1,628	-	-	-	-	-	1,628
75	Zeeshan Khattak House No. 58, Sheikh Maitoon Town, Mardan	Zeeshan Khattak	16101-8438594-1	NA	1,430	-	-	-	-	-	1,430

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total	
76	Erum Asghar Rmp:-Flat#501,5Th Floor, Umer Bin Khatab Manzil Bearing Plot# 957 Situated At Bihar Colony Lyari Quters Karachi. & Res Address Flat # A-37, Noman Heaven, Block-15 Gullistan-E-Jauhar Karachi.	Erum Asghar	42201-6861975-0	Asgher Ali	1,368	-	-	1,368	1,368	-	-	1,368
77	Muhammad Avais House No. 15, Street No. 21, Nabipura, Gulberg Ii, Lahore	Muhammad Avais	33303-6389302-9	Muhammad Hussain	1,208	-	-	1,208	1,208	-	-	1,208
78	Mohammad Shamim Afzal Res:-House # R-157, Sec-11-K, Sanobar Cottages North Karachi &	Mohammad Shamim Afzal	42101-6216406-9	Mustufa Kamal	1,199	-	-	1,199	1,199	-	-	1,199
79	Zia Ul Qamar Butt Noori Darbar Road, Fatehgarh, Mughalpure, Lahore	Zia Ul Qamar Butt	35202-1267783-7	NA	1,107	-	-	1,107	1,107	-	-	1,107
80	Zeeshan Ali Flat No# E-2, Postal C , Site Karachi.	Zeeshan Ali	42401-7460929-7	Ali Ahmed Qureshi	1,024	-	-	1,024	1,024	-	-	1,024
81	S.M. Ali Shahzad Res :Plot 7 Block 1 Noman Garden, Flat #8 Opposite Momina Town Police Station, Sector 14/A.	S.M. Ali Shahzad	42101-2770340-7	Syed Maqbool Ahmed	1,012	-	-	1,012	1,012	-	-	1,012

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total	
82	Imran Shikeb H.No.70,Block J D.G.Khan	Imran Shekab	32102-0899814-1	Muhammad Saeed Khan	1,010	-	-	1,010	1,010	-	-	1,010
83	Gulzar Majeed Khawar House No. 246, Khyber Block, Allama Iqbal Town, Lahore	Gulzar Majeed Khawar	35202-0205723-5	NA	927	-	-	927	927	-	-	927
84	Naushad Karim House # 27/2 Sheet #10, Model Colony, Karachi	Naushad Karim	42201-6616257-7	Abdul Karim	889	-	-	889	889	-	-	889
85	Aijaz Hussain Flat # 409, 4Th Floor, Muhammadi Mansion Plot # 43/143/2 At Lyari Quarters Karachi..	Aijaz Hussain	37201-1795729-1	Barkat Ali	826	-	-	826	826	-	-	826
86	Muhammad Asghar Ali Tibbi Larran, Po Bandor, Rahim Yar Khan	Muhammad Asghar Ali	31303-5622009-7	Muhammad Hayat	824	-	-	824	824	-	-	824
87	Farooq Ahmed 4Th Floor Flat # 8 Gk 6/35, Karim Manzil, Tibet Lane # 1, Kharadar, Karachi	Farooq Ahmed	42201-0681287-3	Abdul Latif	778	-	-	778	778	-	-	778
88	Muhammad Inam Mohallah Gulzarabad Pakpattan	Muhammad Inam	36402-2359634-5	Muhammad Sharif	774	-	-	774	774	-	-	774
89	Muhammad Sadique Ali House # , Block C Unit 10 Super Store	Muhammad Sadique Ali	41304-4040210-7	NA	768	-	-	768	768	-	-	768

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
90	Riaz Raheem Flat # 201, 2ND Floor, Kashif Mension Plot # 30 49, At Lyari Quarters Karachi...	Riaz Raheem	42201-0608585-7	Abdul Rahim	753	-	-	753	-	-	753
91	Muhammad Shafi	Muhammad Shafi	NA	NA	714	-	-	714	-	-	714
92	Habib Ullah Bajkani House #138, Gul Fesha Society Malir Halt Karachi	Habib Ullah Bajkani	42501-2878243-5	Bajjk Khan	706	-	-	706	-	-	706
93	Saqiain Abbas Jafri House# 66, Sec-50-B, 100 Quters Korangi Karachi.	Saqiain Abbas Jafri	42000-0565774-1	Syed Hasanain Abbas	702	-	-	702	-	-	702
94	Abdul Baseer Khan House#1/1122, Shah Faisal Colony Karachi	Abdul Baseer Khan	5184901529-1	Abdul Hamid	684	-	-	684	-	-	684
95	Khalid Manzoor Ellahi 1-A, D-95, Amna Bazar Attock.	Khalid Manzoor Ellahi	51160073497	Manzoor Elahi	672	-	-	672	-	-	672
96	Atif Ur Rehman C-7, Junad Plaza Gulishan-E-Iqbal Karachi	Atif Ur Rehman	42201-1145454-9	Ibad Ur Rehman Khan	638	-	-	638	-	-	638
97	Muhammad Atif Khawaja House No. 128, Street No. 38, I-9/4, Islamabad	Muhammad Atif Khawaja	61101-1983956-3	NA	616	-	-	616	-	-	616
98	Muhammad Wahaj House # E-65, Block-4, Gulishan-E-Iqbal Karachi	Muhammad Wahaj	42201-1966006-5	Syed Muhammad Waseem	576	-	-	576	-	-	576

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
99	Hasnat Ahmed House No. 9B, Mehran Block, F-5/1, Islamabad	Hasnat Ahmed	37406-1551800-5	NA	571	-	-	571	-	-	571
100	Ghulam Farooq Umerkot Near Ubl	Ghulam Farooq	44102-7821323-5	Muhammad Hussain	528	-	-	528	-	-	528
101	Muhammad Mudassir Syed 115-A, Punjab Corporate Housing Society Defence Road	Muhammad Mudassir Syed	35201-4576647-5	NA	523	-	-	523	-	-	523
102	Farooq Ali Khan	Farooq Ali Khan	NA	NA	516	-	-	516	-	-	516
103	Ansar Sikandar House No. 1, Street No. 7, Beadon Road, Lahore	Ansar Sikandar	35202-4333059-3	Sikandar Namdar	515	-	-	515	-	-	515
104	Mirza Nadeem Mahmood House No. 176, Street No. 178, Sector G-I, Rawalpindi	Mirza Nadeem Mahmood	37405-0515610-5	NA	507	-	-	507	-	-	507
105	Hammad Javed House No 9 People Clony 1 Block C Faisalbad	Hammad Javed	33100-9160244-1	Javed Hameed	43,000	15	-	43,015	-	2,395	2,744
106	Moin Uddin House No R-62 Sector 11-C-3 North Karachi Near Disco More	Moin Uddin	42101-1287084-5	Mohammed Wasim Khan	1,483	16	-	1,499	-	250	4,572
107	Besham Lal House No F-43 Noman Avenue Main Rashid Minhas Rd Block 19 Gulistan-E-Jouhar	Besham Lal	42201-2289346-1	Kaim Chand	238	6	-	244	-	642	812

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
108	Muhammad Rizwan House No 2/25 Ground Floor Nazimabad No 3-B Near Baqai Hospital	Muhammad Rizwan	42101-9050131-1	Muhammad Sadiq	6,462	34	-	-	11,418	291	11,709
109	Shaban H# 195/D-2, St# 16, Shah Din Park Dhargewala Lahore	Shaban	35201-2348362-1	Malik Ramzan	-	-	-	-	107	446	553
110	Mohammad Ishaq House No 133/1 Gre Manekjee Street Garden East	Mohammad Ishaq	42201-6884348-1	Mohammad Alam	1,601	-	-	-	450	126	576
111	Chaudhary Azmat Ali House No 1 St No 2 Toheed Town	Chaudhary Azmat Ali	35103-5257318-5	Ali	64	474	-	-	478	54	596
112	Shahzad Mahmood House No 71-71 M A Jinnah Road Rana Nursery	Shahzad Mahmood	35302-3818655-3	Mahmood	445	685	-	-	733	79	933
113	Amjad Ali Tri Pack Films Ltd Dept Accounts Plot No G-1/G-4 North Western Industrial Zone Karachi	Amjad Ali	37405-11116658-5	Muhammad Shafiq	390	562	-	-	603	69	812
114	Muhammad Ejaz Kit Kat Enterprises Hiyat Pura Zafar Wal Road Sialkot	Muhammad Ejaz	34603-3462846-5	Ch Mohd Abdul Aziz	467	771	-	-	825	93	1,016
115	Muhammad Asif House No 3 St No 2 Khayaban E Housing Colony	Muhammad Asif	36401-1100947-3	Muhammad Rafiq	108	417	-	-	431	48	587

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
116	Abdul Aziz R-240 Sector 10 North Karachi	Abdul Aziz	42101-4337942-5	Aziz	171	425	-	-	436	45	552
117	Muhammad Arshad Iqra Computers Office No 3 1st Flr Rahim Centre Press Market Amin Pur Bazar Faisalabad	Muhammad Arshad	33100-0457138-3	Bashir Ahmad	211	672	-	-	690	106	915
118	Sohaib Bilal Hasan Ward No 3 Bhimber Near Kothi More	Sohaib Bilal Hasan	81102-7810729-9	Hasan	317	370	-	-	399	45	539
119	Zia Ul Haq Yasrab Madina Town Near Fish Farm Chungi No 21 Sui Gas Road Near Khanchowk	Zia Ul Haq	36302-2605561-5	Muhammad Aslam Khan	1,403	-	-	-	415	216	631
120	Nasir Mehmood Hosue No 202 St No 9 Islam Pura	Nasir Mehmood	38403-2511967-7	Mehmood	337	685	-	-	712	76	865
121	Zahida Qureshi House No 1217/44-45 St No 02 Mohallah Faisal Pura Near Fida Hussain Flourmills Outside Pak Gate Multan	Zahida Qureshi	36302-575172-8	NA	2,920	32	-	-	875	530	1,405
122	Hafiz Muhammad Nadeem Saeed House No 18 St No 29/B Moh Murad Pura Fateh Ghar Mughalpora Lahore	Hafiz Muhammad Nadeem Saeed	35201-2486829-1	NA	2,051	24	-	-	466	209	675

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
123	Abdul Karim	Abdul Karim	31304-5865009-9	Abdul Samad	1,197	13	-	-	394	222	616
124	Roshan Bhatt Basti Sufi Karim Busksh Near Masjid Siddique Abbar Sadiqabad	Hafiz Muhammad Hafeez Ul Barkat	38401-5771284-5	Muhammad Ijaz	2,316	23	-	-	494	352	846
125	St-1 Manzoor Hayat Colony Azhar Mahmood	Azhar Mahmood	35201-1430299-7	Mahmood	1,242	17	-	-	320	207	527
126	H-441 G Block Mohallah Johar Town Lahore Masjid Ibrahim Wali Gali	Zeeshan Hadayat	35201-0305969-3	NA	2,919	33	-	-	519	360	879
127	Muzammal Shehzad	Muzammal Shehzad	34201-7258734-3	Mazhar Iqbal	1,275	12	-	-	355	172	527
128	Mohallah Islam Nagar	Chaudhary Azmat Ali	35103-5257318-5	Ali	1,245	-	-	-	379	148	527
129	House No 1 St No 2 Toheed Town	Rizwan Yaqoob	35202-7794360-9	NA	1,077	9	-	-	410	109	519
130	Rizwan Yaqoob	Ahsan Ajaz	35201-1735622-5	Ajaz	3,616	50	-	-	305	367	672
131	House No 435 A Huma Block Allama Iqbal Town	Arslan Ahmed	36302-3483231-5	Shafiq Ahmad Urf	2,837	31	-	-	394	340	734

Annexure '1' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off			
					Principal	Interest / Mark-up	Others	Principal	Interest / Mark-up	Others	Total
132	Sajjad Haider Rajper	Sajjad Haider Rajper	45301-9781332-9	NA	1,257	13	-	-	301	225	526
133	Fiat # 42 4Th Fir Aska Residency Safora Chowrangl Near Memon Medical Complex	Arshad Mehmood	32102-0940457-1	Mehmood	225	436	-	-	471	81	617
134	Basti Ahmedani Po Shadan Lund	Muhammad Nawaz	34603-9481152-1	Abdul Aziz	356	623	-	-	678	75	753
135	Zg Building Zafarwal Road Hiyat Pura Sialkot	Shahzad Shaikat Iqbal	42301-5094124-3	Shaikat Muhammad Iqbal	400	680	-	-	740	84	884
136	114/5 Zafar Road Lhr Cantt 0542-427003-8	Iqbal Hussain Ali	42101-4620291-9	Hussain Ali	423	894	-	-	965	103	1,191
137	House No Ka-5-401 Karimabad F B Area Karachi	Apollo Nixon	42301-1032326-1	NA	1,372	-	-	-	277	75	610
138	Shiraz Shahan Shah	Shiraz Shahan Shah	42201-0371611-5	Shahanshah Hussain	490	987	-	-	1,080	114	1,339
139	United Trading Company Off No 5 Al Kabir Hotel Sohrab Katrak Road Saddar Karachi	Waseem Butt	35202-6534518-3	Butt	400	688	-	-	760	83	957

Annexure 'I' as referred to in note 9.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

Sr. No.	Name and Address of the borrower	Name of individuals / partners / proprietors / directors	CNIC Number	Father / Husband Name	At the beginning			Written-off				
					Principal	Interest / Mark-up	Others	Total	Principal	Interest / Mark-up	Others	Total
140	Waqas Mehar House No B-55 Block 13-D/1 Gulshan-E-Iqbal	Waqas Mehar	42201-0752188-7	Mehar	194	378	-	572	52	424	49	525
141	Syed Tahir Abbas Rizvi House # 32-B, Karbala Road, Model Town, Bahawalpur	Syed Tahir Abbas Rizvi	31202-6352968-7	Sed Mushtaq Hussain Rizvi	300	645	-	945	89	723	79	891
142	Muhammad Riaz House No 95-96 Muslim Town New Hasan Road	Muhammad Riaz	32102-6102709-3	Riaz	233	486	-	719	-	550	60	610
143	Qaiser Munir House No 15/1 St No 5 Peermakki Bazar Sheesh Mahal Road	Qaiser Munir	35202-5480161-7	Munir	194	391	-	585	54	436	47	537
144	Sarfraz Ahmad House No 318 Block 4 Sector D 1 Township Lahore	Sarfraz Ahmad	35202-3213788-5	Muhammad Rafique	350	597	-	947	95	660	73	828
145	Akmal Hussain Ahmed House No 317 Ward No 9 Mohallah Sheikhpura Muzaffargarh	Akmal Hussain Ahmed	32304-5946405-3	Ahmed	347	585	-	932	82	680	113	875
146	Aquil Lotia Nobel Dynasel Pvt Ltd Off Rom 10 1st Flr Dadi Mansio Sarwad Road Saddar Karachi	Aquil Lotia	42301-9047065-9	Luqman Lotia	300	607	-	907	71	693	78	842
147	Maratab Ali Khan Mohallah Kot Sarfraz Tatral Road Chakwal	Maratab Ali Khan	37201-2809590-1	Ashraaf Ali Khan	-	-	-	-	-	7	542	549
					1,312,005	462,083	228,239	2,002,327	57,121	357,127	227,285	641,503

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

ISLAMIC BANKING BUSINESS

The Bank operates 150 (2021: 145) Islamic Banking branches and 219 (2021: 197) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION

ASSETS

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing and related assets - net
Fixed assets
Intangible assets
Due from Head Office
Other assets

LIABILITIES

Bills payable
Due to financial institutions
Deposits and other accounts
Other liabilities

NET ASSETS

REPRESENTED BY

Islamic Banking Fund
Reserves
Deficit on revaluation of assets
Unappropriated profit

CONTINGENCIES AND COMMITMENTS

PROFIT AND LOSS ACCOUNT

Profit / return earned
Profit / return expensed
Net profit / return

Other income

Fee and commission income
Dividend income
Foreign exchange income
Income / (loss) from derivatives
Loss on securities - net
Other income
Total other income

Total Income

Other expenses

Operating expenses
Workers Welfare Fund
Other charges
Total other expenses

Profit before provisions
Provisions and write-offs - net

Profit before taxation

Taxation
Profit after taxation

Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
	7,103,365	13,367,864
	737,765	7,049,825
1	-	-
2	124,800,008	87,124,858
3	102,233,287	43,855,127
	1,431,431	1,289,983
	-	2,084
4	3,873,536	4,712,655
	4,095,406	1,201,231
	244,274,798	158,603,627
	2,874,226	1,672,972
	69,092,536	5,714,199
5	151,693,394	139,534,238
	4,329,703	1,671,905
	227,989,859	148,593,314
	16,284,939	10,010,313
	2,181,000	2,181,000
	-	-
	(920,832)	(265,635)
7	15,024,771	8,094,948
	16,284,939	10,010,313
8		
9	21,723,534	9,426,874
10	(12,324,512)	(4,226,099)
	9,399,022	5,200,775
	339,091	307,249
	-	-
	74,392	12,925
	-	-
	-	(736)
	50,078	29,642
	463,561	349,080
	9,862,583	5,549,855
	2,721,887	1,932,265
	162,661	78,384
	-	-
	2,884,548	2,010,649
	6,978,035	3,539,206
	48,212	70,032
	6,929,823	3,469,174
	3,665,876	1,414,045
	3,263,947	2,055,129

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

1. Due from Financial Institutions

	2022			2021		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	(Rupees in '000)					
Musharakah / Mudarabah	-	-	-	-	-	-
Bai Muajjal	-	-	-	-	-	-
with other Financial Institutions	-	-	-	-	-	-
with State Bank of Pakistan	-	-	-	-	-	-

2. Investments by segments

Note	2022				2021			
	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value	Cost / Amortised cost	Provision for diminution	Deficit	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
- Ijarah Sukuks	112,516,387	-	(920,832)	111,595,555	53,998,971	-	(265,636)	53,733,335
- Islamic Naya Pakistan Certificates	4,806,162	-	-	4,806,162	924,941	-	-	924,941
- Bai Muajjal with Govt. of Pakistan	-	-	-	-	21,214,989	-	-	21,214,989
	117,322,549	-	(920,832)	116,401,717	76,138,901	-	(265,636)	75,873,265
Non Government Debt Securities								
- Listed	524,554	-	-	524,554	657,143	-	-	657,143
- Unlisted	7,873,737	-	-	7,873,737	10,594,450	-	-	10,594,450
	8,398,291	-	-	8,398,291	11,251,593	-	-	11,251,593
Total Investments	125,720,840	-	(920,832)	124,800,008	87,390,494	-	(265,636)	87,124,858

2.1 Bai Muajjal with Government of Pakistan

Note	2022	2021
	(Rupees in '000)	
Bai Muajjal Investment	-	21,611,000
Less: Deferred Income	-	(396,011)
Bai Muajjal Investment - net	-	21,214,989

3. Islamic financing and related assets

Note	2022	2021
	(Rupees in '000)	
Ijarah	283,654	376,317
Murabaha	507,528	263,312
Musharakah	55,706,384	12,401,891
Diminishing Musharakah	25,940,267	20,091,403
Mera Pakistan Mera Ghar (MPMG)	5,189,100	832,542
Istisna	54,086	80,112
Islamic Export Refinance scheme - Musharakah	5,499,743	4,598,162
Islamic Export Refinance scheme - Istisna	553,570	542,915
Advances against Islamic assets		
Advances against Ijarah	40,268	6,528
Advances for Diminishing Musharakah	1,304,675	1,941,910
Advances for Murabaha	64,498	100,346
Advances against Mera Pakistan Mera Ghar	279,014	1,343,196
Advances for Istisna	429,444	407,065
Advances against Ameen ITERF	3,953,348	463,846
Inventory related to Islamic financing		
Istisna	193,698	136,399
Profit and other receivables against financings	2,442,188	470,979
Gross Islamic financing and related assets	102,441,465	44,056,923
Less: Provision against Islamic financings		
- Specific	(99,851)	(131,139)
- General	(108,327)	(70,657)
	(208,178)	(201,796)
Islamic financing and related assets - net of provision	102,233,287	43,855,127

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

3.1 Ijarah

	2022					
	Cost			Accumulated Depreciation		
	At January 1, 2022	Additions / (deletions)	At December 31, 2022	At January 1, 2022	Charge for the year	At December 31, 2022
	(Rupees in '000)					
Plant & Machinery	505,082	9,832	514,914	319,752	48,095	367,847
Vehicles	363,607	79,342 (176,543)	266,406	172,620	98,178 (140,979)	129,819
Total	868,689	(87,369)	781,320	492,372	5,294	497,666

Plant & Machinery

Vehicles

Total

	2021					
	Cost			Accumulated Depreciation		
	At January 1, 2021	Additions / (deletions)	At December 31, 2021	At January 1, 2021	Charge for the year	At December 31, 2021
	(Rupees in '000)					
Plant & Machinery	505,082	-	505,082	252,489	67,263	319,752
Vehicles	391,646	139,175 (167,214)	363,607	203,485	102,878 (133,743)	172,620
Total	896,728	(28,039)	868,689	455,974	36,398	492,372

Plant & Machinery

Vehicles

Total

Future Ijarah payments receivable

	2022				2021			
	Not later than 1 year	Later than 1 year and less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over Five years	Total
	(Rupees in '000)							
Ijarah rental receivables	200,908	105,162	-	306,070	245,589	173,001	-	418,590

3.2 Murabaha

Note	2022	2021
	(Rupees in '000)	
Murabaha financing	507,528	263,312
Advances for Murabaha	64,498	100,346
	572,026	363,658
3.2.1 Murabaha receivable - gross	507,528	263,312
Less: Deferred Murabaha income	(7,846)	(3,522)
Less: Profit receivable shown in other assets	(19,925)	(3,554)
Murabaha financings	479,757	256,236

3.2.2 The movement in Murabaha financing during the year is as follows:

Opening balance	263,312	272,766
Sales during the year	3,147,275	2,515,644
Adjusted during the year	(2,903,059)	(2,525,098)
Closing balance	507,528	263,312

3.2.3 Murabaha sale price Murabaha purchase price

Murabaha sale price	507,528	263,312
Murabaha purchase price	(479,757)	(256,236)
	27,771	7,076

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

	2022	2021
	----- (Rupees in '000) -----	
3.2.4 Deferred Murabaha income		
Opening balance	3,522	2,159
Arising during the year	130,029	63,508
Less: recognised during the year	(125,705)	(62,145)
Closing balance	<u>7,846</u>	<u>3,522</u>

4. Due from Head Office mainly represents inter branch transactions.

	2022			2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
5. Deposits						
Customers						
Current deposits	82,594,801	1,672,485	84,267,286	73,429,642	1,411,043	74,840,685
Savings deposits	36,040,108	-	36,040,108	26,341,608	-	26,341,608
Term deposits	30,318,011	-	30,318,011	9,833,547	-	9,833,547
	<u>148,952,920</u>	<u>1,672,485</u>	<u>150,625,405</u>	<u>109,604,797</u>	<u>1,411,043</u>	<u>111,015,840</u>
Financial Institutions						
Current deposits	160,110	-	160,110	11,355,282	-	11,355,282
Savings deposits	897,879	-	897,879	4,113,116	-	4,113,116
Term deposits	10,000	-	10,000	13,050,000	-	13,050,000
	<u>1,067,989</u>	<u>-</u>	<u>1,067,989</u>	<u>28,518,398</u>	<u>-</u>	<u>28,518,398</u>
	<u>150,020,909</u>	<u>1,672,485</u>	<u>151,693,394</u>	<u>138,123,195</u>	<u>1,411,043</u>	<u>139,534,238</u>

	2022	2021
	----- (Rupees in '000) -----	
5.1 Composition of deposits		
- Individuals	70,779,502	64,151,136
- Government / Public Sector Entities	28,363,513	9,405,202
- Banking Companies	28,692	20,031,270
- Non-Banking Financial Institutions	1,039,297	8,487,128
- Private Sector	<u>51,482,390</u>	<u>37,459,502</u>
	<u>151,693,394</u>	<u>139,534,238</u>

5.1.1 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 76,771.045 million (2021: Rs. 87,997.015 million).

	2022	2021
	----- (Rupees in '000) -----	
6. Charity Fund		
Opening balance	4,039	2,827
Additions during the period		
Received from customers on account of delayed payment	7,245	4,542
Profit on charity saving account	638	170
	<u>7,883</u>	<u>4,712</u>
Payments / utilisation during the year		
Education	-	(1,000)
Health	(2,000)	(2,000)
Others	(3,000)	(500)
	<u>(5,000)</u>	<u>(3,500)</u>
Closing balance	<u>6,922</u>	<u>4,039</u>

	2022	2021
	----- (Rupees in '000) -----	
7. Islamic Banking Business Unappropriated Profit		
Opening balance	8,094,948	4,625,774
Add: Islamic Banking profit for the year	6,929,823	3,469,174
	<u>15,024,771</u>	<u>8,094,948</u>
Less: Taxation	(3,665,876)	(1,414,045)
Closing balance	<u>11,358,895</u>	<u>6,680,903</u>

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

	2022	2021
	----- (Rupees in '000) -----	
8. Contingencies and commitments		
- Guarantees	22,074	400
- Commitments	7,604,181	14,347,212
	<u>7,626,255</u>	<u>14,347,612</u>

9. Profit / Return earned on financing, investments and placement

	2022	2021
Profit earned on:		
Financing	8,088,285	2,530,715
Investments	12,913,962	6,365,278
Placements	501,559	308,916
Rental Income from Ijarah	219,728	221,965
	<u>21,723,534</u>	<u>9,426,874</u>

10. Profit on Deposits and other dues expensed

	2022	2021
Deposits and other accounts	10,920,805	4,039,663
Due to Financial Institutions	1,287,061	84,478
Return expense on leases	116,646	101,958
	<u>12,324,512</u>	<u>4,226,099</u>

11. Disclosures for profit and loss distribution and pool management

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

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

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

General Pools

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

IERS Pool(s)

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

Treasury Pool(s)

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

Special Pool(s) - LCY

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

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

Special Pool(s) - FCY

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

Equity Pool(s)

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

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

The Mudarib's share on Deposits for the year ended December 31, 2022 is Rs.5,639.912 million (40.56% of distributable profit of Mudarabah Pool). of this, an amount of Rs.2,668.427 million (47.31% of Mudarib share) was distributed back to depositors as Hiba. The rate of profit earned on average earning assets was 13.99% per annum and the rate of profit paid on average deposits was 10.42% per annum.

The risk characteristics of pools

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

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

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

Annexure 'II' as referred to in notes 2 and 9.8 of the Bank's Unconsolidated and Consolidated Financial Statements

The Bank managed following pools during the year.

2022									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	12	Mudarabah	Monthly	10.64%	40.30%	170,396	7.49%	26.67%	45,442
Special Pools	175	Mudarabah	Monthly	13.71%	16.72%	638,756	11.93%	39.56%	252,710
IERS Pools	24	Musharakah	Monthly	11.80%	86.86%	1,537,305	4.69%	0.00%	-
FCY Pools	24	Mudarabah	Monthly	2.13%	50.00%	4,668	1.06%	0.00%	-
General Pools	12	Mudarabah	Monthly	13.99%	50.00%	4,830,761	10.42%	49.07%	2,370,275
Treasury Pools	9	Mudarbaha	Monthly	14.53%	7.33%	22,964	14.87%	25.59%	5,876
Treasury Pools	88	Musharkah	Monthly	13.19%	3.94%	30,160	12.81%	0.00%	-

2021									
No of Pools	Nature of Pool	Profit rate and weightages announcement period	Average profit rate earned	Profit Sharing ratio	Mudarib fee / Musharkah share / Wakala Fee	Average profit rate / return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba	
			%	%	Rupees in '000	%	%	Rupees in '000	
ADMA Pools	12	Mudarabah	Monthly	8.90%	48.14%	83,116	6.10%	34.48%	28,656
Special Pools	113	Mudarabah	Monthly	8.60%	31.58%	556,339	6.98%	36.57%	203,435
IERS Pools	24	Musharakah	Monthly	6.30%	80.72%	308,493	2.00%	0.00%	-
FCY Pools	18	Mudarabah	Monthly	2.00%	50.00%	2,147	1.06%	0.00%	-
General Pools	12	Mudarabah	Monthly	9.51%	50.00%	2,306,970	5.27%	10.76%	248,182
Treasury Pools	5	Musharakah	Monthly	9.26%	7.13%	643,013	8.71%	0.00%	-

	2022	2021
	----- (Rupees in '000) -----	
11.1 Deployment of Mudarabah based deposits by class of business		
Chemical and pharmaceuticals	6,337,407	3,815,014
Agri business	52,739,670	12,686,234
Textile	9,188,530	2,362,688
Financial	1,352,765	7,664,825
Food industries	106,665	152,269
Plastic	253,444	301,339
Individuals	16,789,978	13,303,854
Production and transmission of energy	18,177,556	18,441,835
Government of Pakistan Securities	115,615,288	75,873,265
Others	7,417,935	3,630,282
	<u>227,979,238</u>	<u>138,231,605</u>

Annexure 'III' as referred to in Note 10.6 of the Bank's Unconsolidated and Consolidated Financial Statements

Disposals of fixed assets to related parties during the year 2022

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of Purchaser
	(Rupees in '000)					
Vehicles						
Mercedese	12,229	11,006	1,223	2,446	Buy Back	Aslam Sadruddin
Toyota Double Cabin	3,677	3,309	368	3,200	Insurance	UBL Insurers Ltd
Mercedese	3,174	2,047	1,127	1,809	Buy Back	Faisal Anwar
	19,080	16,362	2,718	7,455		
Electrical and Office Appliances						
Air Conditioners	55	55	-	23	Insurance	UBL Insurers Ltd
Generators	3,316	2,985	331	1,409	Insurance	UBL Insurers Ltd
	3,371	3,040	331	1,432		
Furniture and Fixture						
Chair	133	133	-	40	Insurance	UBL Insurers Ltd
IT Equipments						
Laptops	250	225	25	56	Insurance	UBL Insurers Ltd
Telecom Devices	268	188	80	220	Insurance	UBL Insurers Ltd
	518	413	105	276		
Land and Building						
Lease hold improvements	6,035	6,035	-	3,903	Insurance	UBL Insurers Ltd
Total	29,137	25,983	3,154	13,106		



INDEPENDENT AUDITOR'S REPORT

To the members of United Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of United Bank Limited (the Bank), and its subsidiary companies, (the Group) which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p>1. Expected credit loss (ECL) / impairment provision against investment in foreign currency sovereign bonds</p> <p>The Group's investment portfolio includes a gross carrying value (before provisions) of Rs. 189,457 million in respect of investments in sovereign bonds denominated in foreign currencies that are issued by Pakistan and other countries. These include sovereign bonds with defaulted status as well as other bonds with varying credit ratings.</p> <p>During the year, the Group has made an aggregate impairment provisions/ECL provisions amounting to Rs. 21,249 million in respect of the above portfolio of investments.</p> <p>Due to the significance of the events impacting the sovereign bonds portfolio, particularly the defaults and deterioration of credit ratings, together with the judgements and estimates involved in determining the impairment/ECL provisions, we have considered this area as a Key Audit Matter.</p> <p>Refer to Note 8.3.1 for disclosure in relation to the above referred portfolio and the related provisions.</p>	<p>We applied the following key audit procedures in respect of impairment / ECL provisions for foreign currency sovereign bonds portfolio:</p> <ul style="list-style-type: none"> - We obtained an understanding of the accounting policies and the impairment framework used by the Group for determining impairment/ECL provisions against this portfolio. - We assessed ECL methodologies implemented by the Group in relation to this portfolio by reference to the requirements of IFRS 9. In this regard, we focused on the sources of information underlying the credit ratings and Probability of default assumptions, together with consistency in the application of ECL model. - In respect of defaulted sovereign bonds, we considered the publicly available information about the issuer's economic and financial conditions, observed market prices for the relevant bonds and the impairment computations made by the management. - We also discussed, with the auditors of the overseas operations / subsidiary regarding the adequacy and appropriateness of impairment / ECL provisions, made by the Group. - We also assessed adequacy of disclosures as included in note 8.3.1 to the consolidated financial statements regarding the non-performing investments and provisions made for the same in the consolidated financial statements in accordance with the requirements of the applicable financial reporting framework.

Key audit matters	How the matter was addressed in our audit
<p>2. Provision against Non Performing advances</p> <p>The Group's advances portfolio represents 36.81% of its total assets as of 31 December 2022. A substantial portion of the advances portfolio includes loans and advances to businesses operating in diverse sectors of the economy.</p> <p>As per the Group's accounting policy (refer note 4.5 to the consolidated financial statements), the Group determines provisions against non-performing advances exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning for loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision therefore involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviour and realizability of collateral held by the Group.</p> <p>In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against advances as a significant area of audit judgment and a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non-performing advances are included in note 4.5 and 9 respectively to the consolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> - We reviewed the Group's process for identification and classification of non-performing advances. As part of such review, we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired advances and declassification of accounts from non-performing to regular and vice versa, as the case may be. - We performed procedures on test basis for the computations of provisions to assess that the same is in line with the requirements of the applicable Prudential Regulations. - In addition, we selected a representative sample of borrowers from the advances portfolios including individually significant credit facilities and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Group and status of litigation, if any, with the borrower. - We also assessed adequacy of disclosures as included in note 9 to the consolidated financial statements regarding the non-performing advances and provisions made for the same in the consolidated financial statements in accordance with the requirements of the applicable financial reporting framework.

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

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

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

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

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

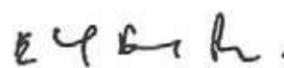
We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matter:

The consolidated financial statements for the Group for the year ended 31 December 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion vide their audit report issued on 7 March 2022.

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



Chartered Accountants

Place: Karachi

Date: 7 March 2023

UDIN Number: AR202210191eVNxnKXSR

Consolidated Statement of Financial Position

As at December 31, 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	5	143,034,544	273,949,520
Balances with other banks	6	16,686,747	29,975,564
Lendings to financial institutions	7	85,842,721	52,238,047
Investments	8	1,450,939,753	1,521,467,342
Advances	9	1,096,220,888	766,781,120
Fixed assets	10	79,402,671	76,193,898
Intangible assets	11	2,518,133	2,432,796
Deferred tax assets	12	16,751,121	3,040,812
Other assets	14	87,009,226	55,149,257
		2,978,405,804	2,781,228,356
LIABILITIES			
Bills payable	16	36,482,712	26,830,806
Borrowings	17	566,234,220	565,172,922
Deposits and other accounts	18	2,034,557,434	1,885,771,572
Liabilities against assets subject to finance lease	19	11,341	12,193
Subordinated debt	20	10,000,000	10,000,000
Deferred tax liabilities	12	-	-
Other liabilities	21	101,927,823	65,126,887
		2,749,213,530	2,552,914,380
NET ASSETS		<u>229,192,274</u>	<u>228,313,976</u>
REPRESENTED BY:			
Share capital	22	12,241,797	12,241,797
Reserves		91,888,710	77,600,790
Surplus on revaluation of assets	23	19,654,297	40,019,053
Unappropriated profit		96,282,169	89,840,102
Total equity attributable to the equity holders of the Bank		220,066,973	219,701,742
Non-controlling interest	24	9,125,301	8,612,234
		<u>229,192,274</u>	<u>228,313,976</u>
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.



Arif Akmal Saifie
Chief Financial Officer



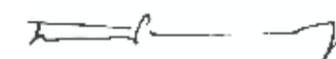
Shazad G. Dada
President &
Chief Executive Officer



Shazia Syed
Director



Muhammad Jawaid Iqbal
Director



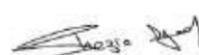
Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

Consolidated Profit and Loss Account

For the year ended December 31, 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
Mark-up / return / interest earned	27	257,829,501	152,761,180
Mark-up / return / interest expensed	28	150,086,273	78,025,366
Net mark-up / interest income		<u>107,743,228</u>	<u>74,735,814</u>
Non mark-up / interest income			
Fee and commission income	29	17,243,484	14,716,632
Dividend income		1,536,659	1,570,903
Foreign exchange income		8,595,998	4,152,183
Gain on derivatives		963,928	21,549
Gain on securities - net	30	560,588	3,477,786
Other income	31	7,606,522	382,137
Total non mark-up / interest income		<u>36,507,179</u>	<u>24,321,190</u>
Total income		<u>144,250,407</u>	<u>99,057,004</u>
Non mark-up / interest expenses			
Operating expenses	32	56,164,757	47,447,066
Workers' Welfare Fund	33	1,352,568	1,035,013
Other charges	34	48,862	198,557
Total non mark-up / interest expenses		<u>57,566,187</u>	<u>48,680,636</u>
Share of (loss) / profit of associates	8.8.1	(650,058)	342,160
Profit before provisions		<u>86,034,162</u>	<u>50,718,528</u>
Provisions / (reversals) and write offs - net	35	17,598,771	(1,448,527)
Profit before taxation from continuing operations		<u>68,435,391</u>	<u>52,167,055</u>
Taxation	36	36,374,642	21,474,478
Profit after taxation from continuing operations		<u>32,060,749</u>	<u>30,692,577</u>
Discontinued operations			
Profit / (loss) from discontinued operations - net of tax	13	20,949	(70,678)
		<u>32,081,698</u>	<u>30,621,899</u>
		----- (Rupees) -----	
Attributable to:			
Equity holders of the Bank			
from continuing operations		31,514,545	30,479,455
from discontinued operations		20,949	(70,678)
		<u>31,535,494</u>	<u>30,408,777</u>
Non-controlling interest	24.1	546,204	213,122
		<u>32,081,698</u>	<u>30,621,899</u>
Earnings per share for profit from continuing operations attributable to the equity holders of the Bank			
Basic and diluted		<u>25.74</u>	<u>24.90</u>
Earnings per share for profit attributable to the equity holders of the Bank			
Basic and diluted	37	<u>25.76</u>	<u>24.84</u>

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.

				
Arif Akmal Saifie Chief Financial Officer	Shazad G. Dada President & Chief Executive Officer	Shazia Syed Director	Muhammad Jawaid Iqbal Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	2022	2021
	----- (Rupees in '000) -----	
Profit after taxation for the year attributable to:		
Equity holders of the Bank	31,535,494	30,408,777
Non-controlling interest	546,204	213,122
	<u>32,081,698</u>	<u>30,621,899</u>
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods		
Effect of translation of net investment in overseas branches and subsidiaries - net of tax		
Equity holders of the Bank	18,033,688	3,486,906
Non-controlling interest	1,211,328	578,048
	<u>19,245,016</u>	<u>4,064,954</u>
Less: Gain reclassified to profit and loss on liquidation of subsidiaries	(6,810,173)	-
	<u>12,434,843</u>	<u>4,064,954</u>
Movement in surplus on revaluation of investments - net of tax		
Equity holders of the Bank	(20,226,889)	(4,872,227)
Non-controlling interest	(1,298,362)	(109,139)
	<u>(21,525,251)</u>	<u>(4,981,366)</u>
	<u>(9,090,408)</u>	<u>(916,412)</u>
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurement gain on defined benefit obligations - net of tax		
Equity holders of the Bank	984,683	1,259,996
Non-controlling interest	14,736	62,266
	<u>999,419</u>	<u>1,322,262</u>
Movement in surplus on revaluation of fixed assets - net of tax		
Equity holders of the Bank	234,489	15,607,374
Non-controlling interest	158,448	364,406
	<u>392,937</u>	<u>15,971,780</u>
Movement in surplus on revaluation of non-banking assets - net of tax		
Equity holders of the Bank	15,214	9,276
	<u>1,407,570</u>	<u>17,303,318</u>
Total comprehensive income for the year	<u>24,398,860</u>	<u>47,008,805</u>
Attributable to:		
Equity holders of the Bank	23,766,506	45,900,102
Non-controlling interest	632,354	1,108,703
	<u>24,398,860</u>	<u>47,008,805</u>

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.

				
Arif Akmal Saifie Chief Financial Officer	Shazad G. Dada President & Chief Executive Officer	Shazia Syed Director	Muhammad Jawaid Iqbal Director	Sir Mohammed Anwar Pervez, OBE, HPK Chairman

Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Attributable to equity holders of the Bank										Non-controlling Interest	Total
	Share Capital	General reserve	Statutory reserve	Capital reserve - Exchange translation	Surplus / (deficit) on revaluation of			Unappropriated profit	Sub-total			
					Investments	Fixed Assets	Non Banking Assets					
	(Rupees in '000)											
Balance as at January 01, 2021	12,241,797	3,000	35,399,378	35,618,208	2,310,676	27,022,623	913	87,527,909	200,124,504	7,507,382	207,631,886	
Total comprehensive income for the year ended December 31, 2021												
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	-	-	30,408,777	30,408,777	213,122	30,621,899	
Other comprehensive income - net of tax	-	-	-	3,486,906	(4,872,227)	15,607,374	9,276	1,259,996	15,491,325	895,581	16,386,906	
Total comprehensive income for the year ended December 31, 2021	-	-	-	3,486,906	(4,872,227)	15,607,374	9,276	31,668,773	45,900,102	1,108,703	47,008,805	
Ordinary dividend relating to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(3,851)	(3,851)	
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	-	(3,115)	-	3,115	-	-	-	
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(56,467)	-	56,467	-	-	-	
Transfer to statutory reserve	-	-	3,096,298	-	-	-	-	(3,096,298)	-	-	-	
Liquidation of subsidiary	-	(3,000)	-	-	-	-	-	-	(3,000)	-	(3,000)	
Transactions with owners, recorded directly in equity												
Final cash dividend - December 31, 2020 declared subsequent to the year end at Rs. 9.5 per share	-	-	-	-	-	-	-	(11,629,707)	(11,629,707)	-	(11,629,707)	
Interim cash dividend - March 31, 2021 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)	
Interim cash dividend - June 30, 2021 declared subsequent to the year end at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)	
Interim cash dividend - September 30, 2021 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)	
	-	-	-	-	-	-	-	(26,319,864)	(26,319,864)	-	(26,319,864)	
Balance as at December 31, 2021	12,241,797	-	38,495,676	39,105,114	(2,561,551)	42,570,415	10,189	89,840,102	219,701,742	8,612,234	228,313,976	
Total comprehensive income for the year ended December 31, 2022												
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	31,535,494	31,535,494	546,204	32,081,698	
Other comprehensive income - net of tax	-	-	-	11,223,515	(20,226,889)	234,489	15,214	984,683	(7,768,988)	86,150	(7,682,838)	
Total comprehensive income for the year ended December 31, 2022	-	-	-	11,223,515	(20,226,889)	234,489	15,214	32,520,177	23,766,506	632,354	24,398,860	
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	-	(119,287)	(119,287)	
Transfer from surplus on revaluation upon disposal to unappropriated profit - net of tax	-	-	-	-	-	(272,531)	(25,403)	297,934	-	-	-	
Transfer of incremental depreciation from revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(89,636)	-	89,636	-	-	-	
Transfer to statutory reserve	-	-	3,206,265	-	-	-	-	(3,206,265)	-	-	-	
Transfer from statutory reserve on liquidation of subsidiary	-	-	(141,860)	-	-	-	-	-	(141,860)	-	(141,860)	
Transactions with owners, recorded directly in equity												
Final cash dividend - December 31, 2021 declared subsequent to the year end at Rs. 6.0 per share	-	-	-	-	-	-	-	(7,345,078)	(7,345,078)	-	(7,345,078)	
Interim cash dividend - March 31, 2022 declared at Rs. 5.0 per share	-	-	-	-	-	-	-	(6,120,899)	(6,120,899)	-	(6,120,899)	
Interim cash dividend - June 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)	
Interim cash dividend - September 30, 2022 declared at Rs. 4.0 per share	-	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)	
	-	-	-	-	-	-	-	(23,259,415)	(23,259,415)	-	(23,259,415)	
Balance as at December 31, 2022	12,241,797	-	41,560,081	50,328,629	(22,788,440)	42,442,737	-	96,282,169	220,066,973	9,125,301	229,192,274	

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.







Arif Akmal Saifie Chief Financial Officer
Shazad G. Dada President & Chief Executive Officer
Shazia Syed Director
Muhammad Jawaid Iqbal Director
Sir Mohammed Anwar Pervez, OBE, HPK Chairman

Consolidated Cash Flow Statement

For the year ended December 31, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation including discontinued operation		68,456,340	52,096,377
Less: Dividend income		1,536,659	1,570,903
Less: Share of (loss) / profit of associates		(650,058)	342,160
		67,569,739	50,183,314
Adjustments:			
Depreciation on fixed assets		3,724,642	3,000,254
Depreciation on right-of-use assets		2,148,753	1,975,854
Depreciation on non-banking assets acquired in satisfaction of claims		34,827	5,180
Depreciation on Islamic financing against leased assets		146,494	169,954
Amortisation		907,777	877,927
Workers' Welfare Fund - charge		1,352,568	1,035,013
Provision for retirement benefits		368,099	601,075
Provision for compensated absences		264,555	39,083
(Reversals) / provision against loans and advances - net		(2,976,020)	1,223,011
(Reversals) / provision against off balance sheet items - net		(35,513)	(344,250)
(Reversals) / provision for diminution in value of investments - net		20,843,668	(1,797,917)
Interest expense on lease liability against right-of-use assets		1,076,058	977,485
Gain on sale of operating fixed assets - net		(193,359)	(32,534)
Loss on disposal of non-banking assets - net		8,336	-
Loss / (gain) on sale of Ijarah assets - net		1,292	(3,928)
Gain on wind-up of subsidiary		(6,778,877)	-
Bad debts written off directly		219,513	92,921
Unrealised gain on revaluation of investments classified as held for trading		661	(16,282)
(Reversals) / provision against other assets		11,273	(168,605)
Winding up provisions		-	545,701
Other provisions / write-offs		155,932	376,339
		21,280,679	8,556,281
		88,850,418	58,739,595
(Increase) / decrease in operating assets			
Lendings to financial institutions		(33,604,674)	(30,025,605)
Held for trading securities		47,321,799	(71,843,041)
Advances		(327,702,669)	(156,447,334)
Other assets (excluding advance taxation)		(33,731,306)	(7,405,410)
		(347,716,850)	(265,721,390)
Increase / (decrease) in operating liabilities			
Bills payable		9,651,906	(2,910,400)
Borrowings		1,061,298	433,345,737
Deposits and other accounts		148,785,862	121,379,286
Other liabilities		28,041,360	4,407,683
		187,540,426	556,222,306
		(71,326,006)	349,240,511
Payments on account of staff retirement benefits		907,545	(2,066,971)
Workers' Welfare Fund paid		(880)	(199,896)
Income taxes paid		(33,207,847)	(19,082,715)
Net cash flow (used in) / generated from operating activities		(103,627,188)	327,890,929
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		27,062,750	(169,427,148)
Net investments in held to maturity securities		(63,223,064)	(116,693,545)
Net investments in associates		748,369	(1,484,520)
Investment in fixed assets and intangible assets		(6,515,575)	(3,833,164)
Dividend income received		1,536,659	1,788,877
Proceeds realised on wind-up of subsidiaries		7,627,709	134,093
Sale proceeds from disposal of fixed assets		525,354	67,267
Sale proceeds from disposal of non-banking assets		180,000	-
Sale proceeds from sale of Ijarah assets		34,272	35,932
Effect of translation of net investment in overseas branches and subsidiaries		12,292,983	4,064,954
Net cash flow used in investing activities		(19,730,543)	(285,347,254)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease obligation		(852)	(3,764)
Payment of lease liability against right-of-use assets		(2,959,585)	(2,710,677)
Dividends paid		(17,885,625)	(23,626,637)
Net cash flow used in financing activities		(20,846,062)	(26,341,078)
Increase in cash and cash equivalents		(144,203,793)	16,202,597
Cash and cash equivalents at the beginning of the year		280,670,589	278,998,041
Effect of exchange rate changes on cash and cash equivalents		23,254,495	8,724,446
		303,925,084	287,722,487
h equivalents at the end of the year	38	159,721,291	303,925,084

The annexed notes 1 to 52 and annexures I, II and III form an integral part of these consolidated financial statements.







Arif Akmal Saifie Chief Financial Officer
Shazad G. Dada President & Chief Executive Officer
Shazia Syed Director
Muhammad Jawaid Iqbal Director
Sir Mohammed Anwar Pervez, OBE, HPK Chairman

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

- Holding company

United Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at UBL Head Office, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,335 (2021: 1,341) branches inside Pakistan including 150 (2021: 145) Islamic Banking branches and 2 (2021: 2) branches in Export Processing Zones. The Bank also operates 8 (2021: 8) branches outside Pakistan. The Bank is a subsidiary of Bestway International Holdings Limited (BIHL) and BIHL is a wholly owned subsidiary of Bestway Group Limited (BGL), both of which have been incorporated in the Guernsey.

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

1.1 The Group has completed orderly winding down of its subsidiaries in Tanzania and Switzerland during the year 2022.

- Subsidiary companies

- United National Bank Limited - 55% shareholding (2021: 55% shareholding)

United National Bank Limited (UBL UK) is an authorised banking institution incorporated in the United Kingdom. UBL UK was formed in 2001 from the merger of the UK branches of United Bank Limited and National Bank of Pakistan. The principal activities of UBL UK are to provide retail banking, wholesale banking and treasury services to financial institutions and trade finance facilities to businesses of all sizes. UBL UK operates 1 (2021: 3) branch inside United Kingdom. UBL UK operates under the trade name United Bank UK.

- UBL (Switzerland) AG - Nil shareholding (2021: 100% shareholding)

UBL Switzerland AG, a wholly owned subsidiary of United Bank Limited has been wound up in December 2022. The shareholders of the Bank had resolved the voluntary and orderly wind up of UBL Switzerland AG in the Extra Ordinary General Meeting (EOGM) of shareholders held on August 06, 2021. UBL Switzerland AG was released from FINMA's regulatory supervision on March 24, 2022 and entered voluntary liquidation on March 31, 2022. Deloitte AG were appointed as liquidators. Final shareholder meeting, held on December 22, 2022, unanimously approved liquidator financial statements and accordingly liquidation proceeds has been realized. The liquidator has filed deregistration of the company with the Commercial Registrar. On the winding up, the cumulative amount of exchange differences relating to UBL (Switzerland) AG, recognised in other comprehensive income and accumulated in Capital reserve - Exchange translation were reclassified from equity to profit or loss.

- UBL Fund Managers Limited, Pakistan - 98.87% shareholding (2021: 98.87% shareholding)

UBL Fund Managers Limited (UBL FM or the Company) was incorporated as a unlisted public limited company in Pakistan on April 03, 2001. The Company is licensed to carry out Asset Management and Investment Advisory Services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The principal activities of the Company are floating and managing mutual funds and providing investment advisory services. The registered office of the Company is situated at STSM Building, Beaumont Road, Civil Lines, Karachi.

- Al Ameen Financial Services (Private) Limited - effective shareholding 98.87% (2021: 98.87% shareholding)

UBL Fund Managers has incorporated a wholly owned subsidiary Al Ameen Islamic Financial Services (Private) Limited (the Company) on February 27, 2015. The principal activity of the subsidiary is provision of shariah compliant financial services including distribution of shariah compliant mutual funds. The registered office of the Company is situated at STSM Building, Beaumont Road, Civil Lines, Karachi.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

- UBL Bank (Tanzania) Limited - Nil shareholding (2021: 100% shareholding)

UBL Bank (Tanzania) Limited (UBTL), a wholly owned subsidiary of United Bank Limited has been wound up in August 2022. The Banking operations of the subsidiary ceased on November 01, 2019. The official liquidator was appointed by Board of Directors of UBTL on December 15, 2021 and after compliance of all local laws and regulations, net proceeds has been realized. UBTL name has been stricken off from the companies register on January 23, 2023. On the winding up, the cumulative amount of exchange differences relating to UBL Bank (Tanzania) Limited, recognised in other comprehensive income and accumulated in Capital reserve - Exchange translation were reclassified from equity to profit or loss.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated January 25, 2018.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.

Key financial figures of the Islamic banking branches are disclosed in annexure II to these consolidated financial statements.

2.1 STATEMENT OF COMPLIANCE

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

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

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

SBP has deferred the applicability of International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement and IAS 40, 'Investment Property' to Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Further, SBP vide its BPRD Circular Letter No. 24 of 2021 dated 05 July 2021 directed the banks in Pakistan to implement IFRS 9, Financial Instrument with effect from January 01, 2022. SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification, S.R.O. 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the presentation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribe by SBP through various circulars. In case of overseas branches and subsidiaries, IFRS 9 / respective foreign currency requirements are considered for recording, classification and valuation of investments.

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

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

2.3.1 IFRS 9 Financial Instruments

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

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

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Impact on equity and regulatory capital

During 2022, the Bank has performed an impact assessment after applying the SBP's IFRS 9 instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9.

The Bank will adopt IFRS 9 in its entirety effective January 01, 2023 with a modified retrospective approach for restatement. As permitted by IFRS-9, the Bank will not be restating comparatives on initial application. The cumulative impact of the initial application will be recorded as an adjustment to opening equity as at January 1, 2023.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity as at 1 January 2023 would be a reduction in equity of approximately Rs. 634.873 million, with corresponding impacts as follows:

- A decrease of approximately Rs. 2,019.031 million net of tax related to impairment requirements;
- An increase of approximately Rs. 1,384.158 million net of tax related to classification and measurement changes.

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

The estimated impact of initial adoption of IFRS 9 on the Bank's capital ratios, without accounting for the allowed transitional arrangement, would be as follows:

Common Equity Tier 1 Capital Adequacy Ratio - 14.08%

Tier 1 Capital Adequacy Ratio - 15.12%

Total Capital Adequacy Ratio - 20.16%

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

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these consolidated financial statements.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for;

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

3.2 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis.

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

- i) classification and valuation of investments (notes 4.4 and 8)
- ii) provision against non-performing advances (notes 4.5 and 9.4)
- iii) income taxes (notes 4.11 and 36)
- iv) defined benefit plans (notes 4.13 and 40)
- v) fair value of derivatives (note 4.18.2)
- vi) valuation and depreciation of fixed assets (notes 4.6 and 10)
- vii) valuation and amortisation of intangible assets (notes 4.8 and 11)
- viii) valuation of right-of-use assets and their related lease liability (notes 4.7 and 10)
- ix) impairment (note 4.10)
- x) valuation of non-banking assets acquired in satisfaction of claims (note 4.9)

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

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

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

	2022	2023
	----- (Rupees in '000) -----	
Increase in depreciation expense		
Leasehold improvements	197,344	167,947
Furniture and fixtures	63,599	53,119
Electrical, office and computer equipment	56,812	4,652
Decrease in depreciation expense		
Electrical, office and computer equipment - ATM	82,026	2,299
Decrease in Profit & Loss before taxation	(235,729)	(223,419)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year.

4.1 Basis of consolidation

4.1.1 Subsidiaries

The consolidated financial statements include the financial statements of the Bank and its subsidiary companies.

All subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company, except for non-banking subsidiaries in Pakistan which follow the requirements of IFRS 9 and IAS 40, and overseas subsidiaries which are required to comply with local regulations enforced within the respective jurisdictions.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group recognises non-controlling interests (NCI) in subsidiaries at the non-controlling interest's proportionate share of the net assets. NCI in the equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of changes in equity.

Discontinued operation

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated profit and loss account.

4.2 Cash and cash equivalents

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

4.3 Lendings to / borrowings from financial institutions

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

4.3.1 Purchase under resale agreements

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

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

4.3.2 Sale under repurchase agreements

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

4.3.3 Bai Muajjal

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

4.4 Investments

Investments of the Group, other than investments in associates, are classified into following categories:

Held for trading

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

Held to maturity

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

Available for sale

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

4.4.1 Initial measurement

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

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

4.4.2 Subsequent measurement

Held for trading

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

Held to maturity

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

Available for sale

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

4.4.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

4.5 Advances

Advances are stated net of specific and general provisions which are charged to the profit and loss account. Specific provisions against domestic advances and general provision against domestic consumer loans portfolio are determined on the basis of the Prudential Regulations and other directives issued by the SBP. Provisions against advances pertaining to overseas branches and subsidiaries are made in accordance with the requirements of the financial reporting regime of the respective countries in which the overseas branches and subsidiaries operate.

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

4.5.1 Finance lease receivables

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

4.5.2 Islamic financings and related assets

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

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

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

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

4.6 Fixed assets

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

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

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

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

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

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

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

4.7 Lease liability and Right-of-use asset

The Group enters into leasing arrangements for its branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

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

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

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

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

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

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

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

4.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost and the accumulated amortisation of intangible assets of overseas branches and subsidiaries include exchange differences arising on currency translation at the year-end rates of exchange. Amortisation is calculated so as to write-off the amortisable amount of the assets over their expected useful lives at the rates specified in note 11.1 to these consolidated financial statements. The amortisation charge for the year is calculated on a straight line basis after taking into account the residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. Amortisation on additions is charged from the month the asset is available for use. No amortisation is charged in the month of disposal.

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

4.9 Non-banking assets acquired in satisfaction of claims

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

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

4.10 Impairment

Impairment of available for sale equity investments

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

Impairment of debt investments

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

Impairment of investments in associates

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

4.11 Taxation

Current

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

Deferred

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

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

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

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

4.12 Provisions

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

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists that the Group will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities.

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

4.13 Staff retirement and other benefits

4.13.1 The Bank

4.13.1.1 Staff retirement benefit schemes

The Bank operates the following staff retirement schemes for its employees

a) For new employees and for those who opted for the below mentioned conversion option introduced in 2001, the Bank operates

- an approved contributory provident fund (defined contribution scheme); and
- an approved gratuity scheme (defined benefit scheme).

b) For employees who have not opted for the conversion option introduced in 2001, the Bank operates

- an approved non-contributory provident fund in lieu of the contributory provident fund; and
- an approved funded pension scheme, introduced in 1975 (defined benefit scheme).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

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

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

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

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

4.13.1.2 Other benefits

a) Employees' compensated absences

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

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

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

4.13.1.3 Remeasurement of defined benefit obligations

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

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

4.13.2 United National Bank Limited ("UBL UK")

Defined benefit scheme

UBL UK operates a pension scheme (defined benefit scheme) for certain staff. This scheme is closed for new members and the accrual of benefits has ceased from January 1, 2010. Gains and losses on settlements and curtailments are charged to the profit and loss account. The interest cost and the expected return on assets are included in other liabilities and other assets respectively. Remeasurement gains and losses are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of UBL UK, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured based on actuarial valuations using the Projected Unit Credit Method. The actuarial valuations are obtained at least triennially and are updated at each statement of financial position date.

Defined contribution scheme

UBL UK operates a defined contributory pension scheme. The contribution payable in the year in respect of pension costs and other post-retirement benefits is charged to the profit and loss account. Differences between the contribution payable in the year and contribution actually paid are shown as either accruals or prepayments in the statement of financial position.

4.13.3 UBL Fund Managers Limited ("UBL FM")

Defined benefit plan

UBL FM operates an approved funded gratuity scheme for all employees. Annual contributions to the fund are made on the basis of actuarial advice using the Projected Unit Credit Method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when they occur with no subsequent recycling through the profit and loss account.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Defined contribution plan

UBL FM operates an approved contributory provident fund (defined contribution scheme) for all eligible employees.

Employee Stock Option Scheme

UBL FM provides an incentive scheme for its top performing employees in the form of share options under the Employee Stock Option Scheme (ESOS). The scheme has been approved by the SECP.

4.14 Subordinated debt

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

4.15 Borrowings / deposits

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

4.16 Revenue recognition

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

4.16.1 Advances and investments

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

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

4.16.2 Lease financing

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

4.16.3 Dividend income

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

4.16.4 Fee, brokerage and commission income

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

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

4.17 Foreign currencies

4.17.1 Functional and presentation currency

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

4.17.2 Foreign currency transactions

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

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

4.17.3 Overseas operations and subsidiaries

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

4.17.4 Translation gains and losses

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

4.17.5 Contingencies and commitments

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

4.18 Financial instruments

4.18.1 Financial assets and liabilities

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

4.18.2 Derivative financial instruments

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

4.18.3 Off setting

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

4.19 Segment reporting

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

4.19.1 Business segments

(a) Corporate / Commercial Banking

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

(b) Treasury

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

(c) Branch Banking

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

(d) Islamic Banking

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

(e) International Branch Operations

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

(f) Subsidiaries

Represents operations by Bank's subsidiaries.

(g) Others

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

4.19.2 Geographical segments

The Group operates in following geographical regions:

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

4.20 Dividends and appropriations to reserves

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

4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic and diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the holding company by the weighted average number of ordinary shares outstanding during the year.

4.22 Acceptances

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
----- (Rupees in '000) -----			
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		27,392,567	27,262,667
Foreign currencies		8,082,259	7,048,434
		35,474,826	34,311,101
With State Bank of Pakistan in			
Local currency current accounts	5.1	55,264,401	75,005,750
Foreign currency current accounts	5.2	912,557	5,312,400
Foreign currency deposit account	5.3	204,472	8,818,135
		56,381,430	89,136,285
With other central banks in			
Foreign currency current accounts	5.4	44,342,604	37,705,251
Foreign currency deposit accounts	5.5	6,298,682	8,148,977
		50,641,286	45,854,228
With National Bank of Pakistan in local currency current accounts		377,456	104,153,210
National Prize Bonds		159,546	494,696
		<u>143,034,544</u>	<u>273,949,520</u>

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

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

5.3 This represents account maintained with the SBP to comply with the Special Cash Reserve Requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2022, it carries mark-up ranging from 0.00% to 3.14% (2021: 0.00%) per annum.

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

5.5 These represent placements with overseas central banks and carry mark-up at rates ranging from 1.10% to 4.88% (2021: 0.75% to 1.50%) per annum.

	Note	2022	2021
----- (Rupees in '000) -----			
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		9,848	6,183
In deposit accounts	6.1	13,989	6,320,896
		23,837	6,327,079
Outside Pakistan			
In current accounts		11,006,069	16,480,728
In deposit accounts	6.2	5,656,841	7,167,757
		16,662,910	23,648,485
		<u>16,686,747</u>	<u>29,975,564</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

6.1 This carries mark-up at the rate of Nil (2021: 9.00% to 11.00%) per annum.

6.2 These carry mark-up at rates ranging from 3.90% to 4.15% (2021: 0.02% to 4.50%) per annum.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2022 ----- (Rupees in '000) -----	2021
Call / clean money lending	7.2	546,241	636,971
Repurchase agreement lendings (reverse repo)	7.3 & 7.5	85,296,480	49,726,776
Placements with State Bank of Pakistan	7.4	-	1,874,300
		<u>85,842,721</u>	<u>52,238,047</u>

7.1 Particulars of lendings to financial institutions

In local currency	85,296,480	51,701,076
In foreign currencies	546,241	536,971
	<u>85,842,721</u>	<u>52,238,047</u>

7.2 These represent unsecured lendings carrying mark-up at the rate of Nil (2021: 9.50%) per annum and are payable on demand.

7.3 These represent lendings to financial institutions against investment securities. These carry mark-up ranging from 15.75% to 16.15% (2021: 9.75% to 10.70%) per annum, and are due to mature in January 2023.

7.4 These represent placements that were made with the SBP as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for the period of six months to one year and carry no mark-up.

7.5 Securities held as collateral against repurchase agreement lendings (reverse repo)

	2022			2021		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	52,832,980	-	52,832,980	16,771,723	12,358,229	29,129,952
Pakistan Investment Bonds - fixed	-	-	-	7,027,709	13,569,115	20,596,824
Pakistan Investment Bonds - floaters	2,463,500	-	2,463,500	-	-	-
Government of Pakistan Sukuks	30,000,000	-	30,000,000	-	-	-
Total	<u>85,296,480</u>	<u>-</u>	<u>85,296,480</u>	<u>23,799,432</u>	<u>25,927,344</u>	<u>49,726,776</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

8. INVESTMENTS

8.1 Investments by type

Note	2022				2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Held for trading securities								
Federal Government Securities								
- Market Treasury Bills	27,546,990	-	(661)	27,546,329	69,718,806	-	9,101	69,727,907
- Pakistan Investment Bonds - fixed	-	-	-	-	4,883,004	-	7,053	4,890,057
- Pakistan Investment Bonds - floaters	-	-	-	-	250,697	-	128	250,825
	<u>27,546,990</u>	<u>-</u>	<u>(661)</u>	<u>27,546,329</u>	<u>74,852,507</u>	<u>-</u>	<u>16,282</u>	<u>74,868,789</u>
Available for sale securities								
Federal Government Securities								
- Market Treasury Bills	111,414,256	-	(349,118)	111,065,138	462,307,400	-	(295,082)	462,012,318
- Pakistan Investment Bonds - fixed	228,274,771	-	(14,385,381)	213,889,390	106,428,744	-	(956,951)	105,471,793
- Pakistan Investment Bonds - floaters	451,294,888	-	(5,349,435)	445,945,453	365,357,391	-	(1,612,561)	363,744,830
- Government of Pakistan Sukuks	102,872,728	(302,150)	(1,138,560)	101,432,018	43,996,036	-	(265,635)	43,730,401
- Islamic Naya Pakistan Certificates	4,806,162	-	-	4,806,162	924,941	-	-	924,941
- Government of Pakistan Eurobonds	37,613,094	(8,768,691)	(13,320,385)	15,524,018	25,516,697	(285,929)	89,226	25,319,994
Ordinary shares								
- Listed companies	15,334,822	(6,017,934)	233,489	9,550,377	13,269,396	(4,623,052)	1,019,365	9,665,709
- Unlisted companies	791,144	(67,155)	-	723,989	790,083	(60,438)	41	729,686
Non-Government debt securities								
- Corporate Sukuks	1,931,429	-	-	1,931,429	1,452,143	-	-	1,452,143
- Term Finance Certificates	2,507,335	(162,334)	-	2,345,001	782,335	(161,996)	-	620,339
- Corporate Bond	1,233,017	-	(839,419)	393,598	-	-	-	-
Foreign securities								
- Market Treasury Bills	5,973,330	-	314	5,973,644	-	-	-	-
- Foreign bonds - sovereign	82,960,517	(5,103,211)	(4,833,841)	73,023,465	60,311,840	(383,468)	(2,274,095)	57,654,277
- Foreign bonds - others	2,487,738	(1,167)	(157,276)	2,329,295	2,736,387	(1,103)	(3,252)	2,732,032
Mutual Fund units	258,179	-	(55,649)	202,530	258,179	-	(15,711)	242,468
Real Estate Investment Trust units	533,453	-	109,155	642,608	458,590	-	48,360	506,950
	<u>1,050,286,863</u>	<u>(20,422,642)</u>	<u>(40,086,106)</u>	<u>989,778,115</u>	<u>1,084,590,162</u>	<u>(5,515,986)</u>	<u>(4,266,295)</u>	<u>1,074,807,881</u>
Held to maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds - fixed	295,069,033	-	-	295,069,033	216,576,752	-	-	216,576,752
- Pakistan Investment Bonds - floaters	47,788,071	-	-	47,788,071	47,666,897	-	-	47,666,897
- Government of Pakistan Sukuks	10,002,327	-	-	10,002,327	10,002,935	-	-	10,002,935
- Government of Pakistan Eurobonds	13,221,686	(3,528,868)	-	9,692,818	10,381,683	(141,574)	-	10,240,109
- Bai Muajjal with Government of Pakistan	-	-	-	-	21,214,989	-	-	21,214,989
Non-Government debt securities								
- Corporate Sukuks	8,599,224	(50,934)	-	8,548,290	10,580,384	(50,934)	-	10,529,450
- Term Finance Certificates	8,076,150	(69,951)	-	8,006,199	8,079,835	(69,951)	-	8,009,884
- Debentures	2,267	(2,267)	-	-	2,267	(2,267)	-	-
- Participation Term Certificates	437	(437)	-	-	437	(437)	-	-
- Corporate Bond	2,200,838	(587,404)	-	1,613,434	1,715,945	(23,356)	-	1,692,589
Foreign securities								
- Market Treasury Bills	6,469,775	-	-	6,469,775	2,682,985	-	-	2,682,985
- Foreign bonds - sovereign	42,086,214	(3,546,802)	-	38,539,412	33,578,466	(641,202)	-	32,937,264
- Foreign bonds - others	1,208,667	(1,416)	-	1,207,251	2,171,411	(11,610)	-	2,159,801
- CDC SAARC Fund	492	-	-	492	383	-	-	383
	<u>434,725,181</u>	<u>(7,788,079)</u>	<u>-</u>	<u>426,937,102</u>	<u>364,655,369</u>	<u>(941,331)</u>	<u>-</u>	<u>363,714,038</u>
Associates								
- UBL Liquidity Plus Fund	3,136,843	-	-	3,136,843	1,130,540	-	-	1,130,540
- UBL Financial Sector Fund	302,178	-	-	302,178	452,591	-	-	452,591
- UBL Special Savings Plan VIII	103,212	-	-	103,212	100,986	-	-	100,986
- UBL Pakistan Enterprise Exchange Traded Fund	20,310	-	-	20,310	24,961	-	-	24,961
- UBL Growth and Income Fund	-	-	-	-	100,049	-	-	100,049
- UBL Cash Fund	-	-	-	-	1,359,354	-	-	1,359,354
- UBL Dedicated Equity Fund	94,262	-	-	94,262	528	-	-	528
- UBL Fixed Return Plan I B	1,040	-	-	1,040	-	-	-	-
- UBL Fixed Return Plan I D	10,047	-	-	10,047	-	-	-	-
- UBL Government Securities Fund	514	-	-	514	-	-	-	-
- Al Ameen Islamic Energy Fund	157,746	-	-	157,746	118,211	-	-	118,211
- Al Ameen Islamic Dedicated Equity Fund	52,163	-	-	52,163	7,139	-	-	7,139
- Al-Ameen Islamic Cash Plan I	35,167	-	-	35,167	667,364	-	-	667,364
- Al-Ameen Shariah Stock Fund	-	-	-	-	111,778	-	-	111,778
- UBL Insurers Limited	585,248	-	-	585,248	521,450	-	-	521,450
- Khushhali Bank Limited	2,573,278	(393,801)	-	2,179,477	3,481,683	-	-	3,481,683
	<u>7,072,008</u>	<u>(393,801)</u>	<u>-</u>	<u>6,678,207</u>	<u>8,076,634</u>	<u>-</u>	<u>-</u>	<u>8,076,634</u>
Total Investments	<u>1,519,631,042</u>	<u>(28,604,522)</u>	<u>(40,086,767)</u>	<u>1,450,939,753</u>	<u>1,532,174,672</u>	<u>(6,457,317)</u>	<u>(4,250,013)</u>	<u>1,521,467,342</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

8.2 Investments by segment

	2022				2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
Federal Government Securities								
Market Treasury Bills	138,961,246	-	(349,779)	138,611,467	532,026,206	-	(285,981)	531,740,225
Pakistan Investment Bonds - fixed	523,343,804	-	(14,385,381)	508,958,423	327,888,500	-	(949,898)	326,938,602
Pakistan Investment Bonds - floaters	499,082,959	-	(5,349,435)	493,733,524	413,274,985	-	(1,612,433)	411,662,552
Government of Pakistan Sukuk	112,875,055	(302,150)	(1,138,560)	111,434,345	53,998,971	-	(265,635)	53,733,336
Government of Pakistan Eurobonds	50,834,780	(12,297,559)	(13,320,385)	25,216,836	35,898,380	(427,503)	89,226	35,560,103
Bai Muajjal with Government of Pakistan	-	-	-	-	21,214,989	-	-	21,214,989
Islamic Naya Pakistan Certificates	4,806,162	-	-	4,806,162	924,941	-	-	924,941
	1,329,904,006	(12,599,709)	(34,543,540)	1,282,760,757	1,385,226,972	(427,503)	(3,024,721)	1,381,774,748
Ordinary shares								
Listed companies	15,334,822	(6,017,934)	233,489	9,550,377	13,269,396	(4,623,052)	1,019,365	9,665,709
Unlisted companies	791,144	(67,155)	-	723,989	790,083	(60,438)	41	729,686
	16,125,966	(6,085,089)	233,489	10,274,366	14,059,479	(4,683,490)	1,019,406	10,395,395
Mutual Fund units	258,179	-	(55,649)	202,530	258,179	-	(15,711)	242,468
Real Estate Investment Trust units	533,453	-	109,155	642,608	458,590	-	48,360	506,950
Non Government Debt Securities								
Listed companies	4,193,021	(257,278)	(839,419)	3,096,324	2,463,124	-	-	2,463,124
Unlisted companies	20,357,676	(616,049)	-	19,741,627	20,150,222	(308,941)	-	19,841,281
	24,550,697	(873,327)	(839,419)	22,837,951	22,613,346	(308,941)	-	22,304,405
Foreign Securities								
Market Treasury Bills	12,443,105	-	314	12,443,419	2,682,985	-	-	2,682,985
Foreign bonds - sovereign	125,046,731	(8,650,013)	(4,833,841)	111,562,877	93,890,306	(1,024,670)	(2,274,095)	90,591,541
Foreign bonds - others	3,696,405	(2,583)	(157,276)	3,536,546	4,907,798	(12,713)	(3,252)	4,891,833
CDC SAARC Fund	492	-	-	492	383	-	-	383
	141,186,733	(8,652,596)	(4,990,803)	127,543,334	101,481,472	(1,037,383)	(2,277,347)	98,166,742
Associates								
UBL Liquidity Plus Fund	3,136,843	-	-	3,136,843	1,130,540	-	-	1,130,540
UBL Financial Sector Fund	302,178	-	-	302,178	452,591	-	-	452,591
UBL Special Savings Plan VIII	103,212	-	-	103,212	100,986	-	-	100,986
UBL Pakistan Enterprise Exchange Traded Fund	20,310	-	-	20,310	24,961	-	-	24,961
UBL Growth and Income Fund	-	-	-	-	100,049	-	-	100,049
UBL Cash Fund	-	-	-	-	1,359,354	-	-	1,359,354
UBL Dedicated Equity Fund	94,262	-	-	94,262	528	-	-	528
UBL Fixed Return Plan I B	1,040	-	-	1,040	-	-	-	-
UBL Fixed Return Plan I D	10,047	-	-	10,047	-	-	-	-
UBL Government Securities Fund	514	-	-	514	-	-	-	-
Al Ameen Islamic Energy Fund	157,746	-	-	157,746	118,211	-	-	118,211
Al Ameen Islamic Dedicated Equity Fund	52,163	-	-	52,163	7,139	-	-	7,139
Al-Ameen Islamic Cash Plan I	35,167	-	-	35,167	667,364	-	-	667,364
Al-Ameen Shariah Stock Fund	-	-	-	-	111,778	-	-	111,778
UBL Insurers Limited	585,248	-	-	585,248	521,450	-	-	521,450
Khushhali Bank Limited	2,573,278	(393,801)	-	2,179,477	3,481,683	-	-	3,481,683
	7,072,008	(393,801)	-	6,678,207	8,076,634	-	-	8,076,634
Total Investments	1,519,631,042	(28,604,522)	(40,086,767)	1,450,939,753	1,532,174,672	(6,457,317)	(4,250,013)	1,521,467,342

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
----- (Rupees in '000) -----			
8.2.1 Investments given as collateral			
Federal Government securities			
Market Treasury Bills		-	215,584,125
Pakistan Investment Bonds - fixed		368,801,131	1,853,526
Pakistan Investment Bonds - floaters		56,225,155	232,144,261
Government of Pakistan Sukuks		20,000,000	-
Foreign securities			
Foreign bonds - sovereign		9,199,941	-
Units of Associates			
Units of UBL Liquidity Plus Fund		1,898,804	1,115,535
Units of UBL Cash Fund		-	1,126,693
		<u>456,125,031</u>	<u>451,824,140</u>

8.2.1.1 The market value of securities given as collateral is Rs. 444,672 million (2021: Rs. 450,960 million).

8.3 Provision for diminution in value of investments

Opening balance		6,457,317	8,164,875
Exchange adjustments		1,303,537	171,743
Net (reversal) / charge			
Charge for the year		21,031,410	446,250
Reversals for the year		(99,806)	(555,978)
Reversal on disposal during the year		(87,936)	(1,688,189)
	35	<u>20,843,668</u>	<u>(1,797,917)</u>
Amounts written off		-	(81,384)
Closing balance	8.3.1	<u>28,604,522</u>	<u>6,457,317</u>

8.3.1 Provision against investments includes Expected Credit Losses (ECL) under IFRS 9 amounting to Rs. 20,452.132 million (2021: Rs. 1,488.282 million) on investments of overseas branches.

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

8.3.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	Non Performing Investment	Provision	Non Performing Investment	Provision
(Rupees in '000)				
Domestic				
Loss	285,923	285,923	285,585	285,585
Overseas				
Defaulted exposure	11,613,838	7,533,530	-	-
Total	<u>11,899,761</u>	<u>7,819,453</u>	<u>285,585</u>	<u>285,585</u>

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

8.5 Bai Muajjal Government of Pakistan

	2022	2021
----- (Rupees in '000) -----		
Bai Muajjal Investment	-	21,611,000
Less: Deferred Income	-	(396,011)
Bai Muajjal Investment - net	<u>-</u>	<u>21,214,989</u>

8.6 Investments include securities amounting to Rs. 874,741 million (2021: Rs. 927,853 million) which are held by the Group to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

8.7 Investments include Rs. 118 million (2021: Rs. 118 million) held by the State Bank of Pakistan as pledge against demand loan, TT / DD discounting facilities and foreign exchange exposure limit sanctioned to the Bank and Rs. 5 million (2021: Rs. 5 million) held by the Controller of Military Accounts (CMA) under Regimental Fund Arrangements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

8.8 Investment in associates

8.8.1 Movement of Investment in associates

Note	2022								
	Country of incorporation	Percentage Holding	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of unrealised (loss) / surplus on assets	Investment at the end of the year	
----- (Rupees in '000) -----									
UBL Liquidity Plus Fund	8.8.1.1	Pakistan	6.98%	1,130,540	2,007,291	158,100	(118,746)	(40,342)	3,136,843
UBL Financial Sector Fund	8.8.1.1	Pakistan	36.07%	452,591	(88,162)	(62,556)	-	305	302,178
UBL Stock Advantage Fund	8.8.1.1	Pakistan	-	-	-	131	-	(131)	-
UBL Special Savings Plan VIII	8.8.1.1	Pakistan	85.62%	100,986	(1,395)	14,222	(9,300)	(1,301)	103,212
UBL Pakistan Enterprise Exchange Traded Fund	8.8.1.1	Pakistan	76.38%	24,961	(2,206)	1,883	(1,767)	(2,561)	20,310
UBL Cash Fund	8.8.1.1	Pakistan	-	1,359,354	(1,352,821)	72,275	(7,178)	(71,630)	-
UBL Growth and Income Fund	8.8.1.1	Pakistan	-	100,049	(100,000)	961	-	(1,010)	-
UBL Income Opportunity Fund	8.8.1.1	Pakistan	-	-	-	82	-	(82)	-
UBL Dedicated Equity Fund	8.8.1.1	Pakistan	99.76%	528	99,181	(5,458)	-	11	94,262
UBL Fixed Return Plan I A	8.8.1.1	Pakistan	-	-	-	3,588	(3,588)	-	-
UBL Fixed Return Plan I B	8.8.1.1	Pakistan	0.49%	-	-	90	(44)	994	1,040
UBL Fixed Return Plan I C	8.8.1.1	Pakistan	-	-	-	512	-	(512)	-
UBL Fixed Return Plan I D	8.8.1.1	Pakistan	0.09%	-	10,000	47	-	-	10,047
UBL Government Securities Fund	8.8.1.1	Pakistan	0.04%	-	500	1,057	-	(1,043)	514
UBL Money Market Fund	8.8.1.1	Pakistan	-	-	-	-	-	-	-
Al Ameen Islamic Energy Fund	8.8.1.2	Pakistan	41.42%	118,211	30,942	10,801	-	(2,208)	157,746
Al Ameen Islamic Dedicated Equity Fund	8.8.1.2	Pakistan	100.00%	7,139	48,561	(1,104)	(2,433)	-	52,163
Al-Ameen Islamic Cash Plan I	8.8.1.2	Pakistan	0.19%	667,364	(634,116)	6,841	(4,922)	-	35,167
Al-Ameen Shariah Stock Fund	8.8.1.2	Pakistan	-	111,778	(111,854)	(8,240)	-	8,316	-
Al-Ameen Islamic Aggressive Income Fund	8.8.1.2	Pakistan	-	-	-	73	-	(73)	-
UBL Insurers Limited	8.8.1.3	Pakistan	30.00%	521,450	-	68,830	(3,971)	(1,061)	585,248
Khushhali Bank Limited	8.8.1.4	Pakistan	29.69%	3,481,683	-	(912,193)	-	3,788	2,573,278
				<u>8,076,634</u>	<u>(94,079)</u>	<u>(650,058)</u>	<u>(151,949)</u>	<u>(108,540)</u>	<u>7,072,008</u>

Note	2021								
	Country of incorporation	Percentage Holding	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of unrealised surplus on assets	Investment at the end of the year	
----- (Rupees in '000) -----									
UBL Liquidity Plus Fund	8.8.1.1	Pakistan	3.15%	1,837,605	(719,181)	60,451	(48,335)	-	1,130,540
UBL Financial Sector Fund	8.8.1.1	Pakistan	30.79%	225,640	219,681	35,751	(28,481)	-	452,591
UBL Stock Advantage Fund	8.8.1.1	Pakistan	-	107,282	(103,164)	(3,070)	(1,048)	-	-
UBL Special Savings Plan VIII	8.8.1.1	Pakistan	73.14%	101,850	(852)	4,662	(5,676)	1,002	100,986
UBL Pakistan Enterprise Exchange Traded Fund	8.8.1.1	Pakistan	53.49%	21,374	6,851	(1,801)	(1,269)	(194)	24,961
UBL Cash Fund	8.8.1.1	Pakistan	12.01%	-	1,322,226	37,128	-	-	1,359,354
United Growth and Income Fund	8.8.1.1	Pakistan	6.96%	-	92,009	8,287	(247)	-	100,049
UBL Income Opportunity Fund	8.8.1.1	Pakistan	-	-	(7,981)	7,981	-	-	-
UBL Dedicated Equity Fund	8.8.1.1	Pakistan	2.04%	-	549	(21)	-	-	528
UBL Government Securities Fund	8.8.1.1	Pakistan	-	-	(1,055)	6,717	(5,662)	-	-
UBL Money Market Fund	8.8.1.2	Pakistan	-	-	(428)	428	-	-	-
Al Ameen Islamic Energy Fund	8.8.1.2	Pakistan	27.06%	92,471	33,490	(6,098)	(1,652)	-	118,211
Al Ameen Islamic Dedicated Equity Fund	8.8.1.2	Pakistan	27.83%	-	7,500	(361)	-	-	7,139
Al Ameen Islamic Cash Plan I	8.8.1.2	Pakistan	3.89%	-	667,364	3,223	(3,223)	-	667,364
Al-Ameen Shariah Stock Fund	8.8.1.2	Pakistan	1.36%	-	106,510	5,773	(505)	-	111,778
UBL Insurers Limited	8.8.1.3	Pakistan	30.00%	499,948	-	21,502	-	-	521,450
Khushhali Bank Limited	8.8.1.4	Pakistan	29.69%	3,363,784	-	161,608	-	(43,709)	3,481,683
				<u>6,249,954</u>	<u>1,623,519</u>	<u>342,160</u>	<u>(96,098)</u>	<u>(42,901)</u>	<u>8,076,634</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

8.8.1.1 These represent open ended mutual funds managed by UBL Fund Managers Limited. These funds are listed on the Pakistan Stock Exchange and offer units for public subscription on a continuous basis.

8.8.1.2 These represent open ended shariah compliant mutual funds managed by Al Ameen Financial Services (Private) Limited, a wholly owned subsidiary of UBL Fund Managers Limited. These funds are listed on the Pakistan Stock Exchange and offer units for public subscription on a continuous basis.

8.8.1.3 UBL Insurers Limited is an unlisted public company, whose principal objective is to conduct general insurance business.

	2022	2021
	----- (Rupees in '000) -----	
Net Assets	<u>1,950,827</u>	<u>1,738,166</u>
Percentage holding	30.00%	30.00%
Group's share of net assets	<u>585,248</u>	<u>521,450</u>
Carrying amount of interest in associates	<u>585,248</u>	<u>521,450</u>

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

Khushhali Bank Limited is a microfinance bank. The principal objective of the bank is to provide microfinance services and promote social welfare through community building and social mobilisation.

	2022	2021
	----- (Rupees in '000) -----	
Net Assets	<u>8,210,891</u>	<u>11,270,098</u>
Percentage holding	29.69%	29.69%
Group's share of net assets	2,438,155	3,346,560
Goodwill	135,123	135,123
Less: impairment	(393,801)	-
Carrying amount of interest in associates	<u>2,179,477</u>	<u>3,481,683</u>

8.8.2 Summary of financial position and performance of associates

	2022				2021			
	Assets	Liabilities	Revenue	Profit / (loss)	Assets	Liabilities	Revenue	Profit / (loss)
----- (Rupees in '000) -----								
UBL Liquidity Plus Fund	45,133,233	219,281	4,585,549	4,476,867	36,083,505	174,760	1,923,235	1,920,409
UBL Financial Sector Fund	854,318	16,594	(112,091)	(168,292)	1,496,764	26,920	95,578	41,785
UBL Stock Advantage Fund	-	-	-	-	-	-	-	-
UBL Special Savings Plan VIII	122,776	2,224	14,950	12,950	140,227	2,146	10,587	8,339
UBL Exchange Traded Fund	27,218	627	3,909	2,736	47,336	699	4,207	2,938
UBL Growth and Income Fund	-	-	-	-	1,618,289	180,926	(14,244)	(12,212)
UBL Cash Fund	-	-	-	-	11,327,988	10,107	112,846	108,640
UBL Dedicated Equity Fund	100,497	6,005	(4,011)	(5,985)	26,741	918	(3,298)	(3,473)
UBL Fixed Return Plan I(B)	239,606	28,398	179,441	173,654	-	-	-	-
UBL Fixed Return Plan I(D)	11,446,211	2,166	36,128	34,044	-	-	-	-
UBL Government Securities Fund	1,462,219	60,514	167,883	142,307	-	-	-	-
Al Ameen Islamic Energy Fund	399,154	18,354	21,920	(611)	446,143	9,369	14,970	(2,901)
Al Ameen Islamic Dedicated Equity Fund	69,711	17,549	(3,883)	(4,546)	42,033	16,376	69,038	65,660
Al-Ameen Islamic Cash Plan I	18,520,481	58,286	2,421,522	2,347,496	17,186,444	29,425	1,014,392	987,589
Al-Ameen Shariah Stock Fund	-	-	-	-	8,444,312	212,582	799,849	280,966
UBL Insurers Limited	7,715,405	5,764,578	1,839,604	228,214	5,760,489	4,022,323	1,793,771	61,684
Khushhali Bank Limited	132,153,820	123,942,929	9,588,980	(3,000,005)	116,458,398	105,188,300	11,851,352	662,435

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

8.9 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows

	2022		2021	
	Cost		Cost	
	----- (Rupees in '000) -----			
8.9.1 Federal Government Securities - Government guaranteed				
Market Treasury Bills	111,414,256	462,307,400		
Pakistan Investment Bonds - fixed	228,274,771	106,428,744		
Pakistan Investment Bonds - floaters	451,294,888	365,357,391		
Government of Pakistan Sukuks	102,872,728	43,996,036		
Islamic Naya Pakistan Certificates	4,806,162	924,941		
Government of Pakistan Eurobonds	37,613,094	25,516,697		
	<u>936,275,899</u>	<u>1,004,531,209</u>		
8.9.2 Shares				
Listed Companies				
Cement	1,221,443	1,195,440		
Chemical	559,228	559,228		
Commercial Banks	2,071,939	366,799		
Fertilizer	4,754,000	4,951,022		
Oil and Gas Exploration Companies	1,354,148	1,173,920		
Oil and Gas Marketing Companies	569,150	569,150		
Power Generation and Distribution	2,689,291	2,568,653		
Technology & Communication	322,794	309,366		
Textile Composite	766,044	543,544		
Textile Spinning	395,927	401,680		
Engineering	315,872	315,872		
Miscellaneous	314,986	314,722		
	<u>15,334,822</u>	<u>13,269,396</u>		
Unlisted Companies				
SME Bank Limited	26,950	-	26,950	-
First Women Bank	21,100	60,514	21,100	69,511
National Institutional Facilitation Technologies (Pvt.) Limited	1,527	44,622	1,527	35,899
National Investment Trust Limited	100	910,231	100	971,711
Pakistan Agricultural Storage & Services Corporation	5,500	3,551,928	5,500	3,448,615
SWIFT (Belgium)	2,091	23,880	2,091	15,658
VIS Credit Information Services	325	173	325	104
Mastercard International	0.003	779	0.003	523
Techlogix International Limited	50,703	23,881	50,703	21,419
Cinepax Limited	60,122	136,159	60,122	163,786
Pakistan Mortgage Refinance Company Limited	500,000	915,540	500,000	827,525
1 Link (Private) Limited	54,287	428,290	54,287	267,895
The Benefit Company BSC	4,805	133,289	3,745	102,811
Pakistan Corporate Restructuring Company Limited	63,634	50,479	63,633	59,689
	<u>791,144</u>	<u>6,279,765</u>	<u>790,083</u>	<u>5,985,146</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022		2021	
	Cost		Cost	
	----- (Rupees in '000) -----			
8.9.3 Others				
Mutual Fund units	258,179	258,179		
Real Estate Investment Trust units	533,453	458,590		
	<u>791,632</u>	<u>716,769</u>		
8.9.4 Non-Government Debt Securities				
Listed				
- AA-	1,570,000	370,000		
- A, A-	1,045,000	400,000		
	<u>2,615,000</u>	<u>770,000</u>		
Unlisted				
- AA	1,140,000	695,002		
- A+, A, A-	521,429	607,141		
- CCC+	1,233,017	-		
- Unrated	162,335	162,335		
	<u>3,056,781</u>	<u>1,464,478</u>		
8.9.5 Foreign Securities				
Government Securities				
- Supranational entities (Banks)	9,807,520	AAA	14,254,959	AAA
- United Arab Emirates	18,529,501	AA	9,808,862	AA
- Qatar	7,298,165	AA-	5,778,888	AA-
- United Kingdom	16,744,028	AA-	2,382,926	AA-
- United States of America	2,244,657	AA-	-	-
- South Africa	1,682,375	BB	1,324,904	BB
- Oman	2,955,778	BB-	2,301,803	BB-
- Jordan	2,469,583	B+	1,938,979	B+
- Bahrain	7,847,301	B	5,305,846	B
- Egypt	5,089,176	B	3,155,838	B
- Kenya	2,775,375	B	2,182,135	B
- Nigeria	1,492,871	B	1,175,329	B
- Turkey	2,825,351	B-	5,072,195	B
- Sri Lanka	7,172,166	D	5,629,176	CC
	<u>88,933,847</u>		<u>60,311,840</u>	
Non-Government Debt Securities				
Listed				
- AA	1,369,919	-		
- A	-	1,191,980		
- BBB+, BBB-	1,117,819	877,325		
- Unrated	-	667,082		
	<u>2,487,738</u>	<u>2,736,387</u>		

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

8.10 Particulars relating to Held to Maturity securities are as follows:	2022	2021
	Cost ----- (Rupees in '000) -----	

8.10.1 Federal Government Securities - Government guaranteed

Pakistan Investment Bonds - fixed	295,069,033	216,576,752
Pakistan Investment Bonds - floaters	47,788,071	47,666,897
Government of Pakistan Sukuks	10,002,327	10,002,935
Government of Pakistan Eurobonds	13,221,686	10,381,683
Bai Muajjal	-	21,214,989
	<u>366,081,117</u>	<u>305,843,256</u>

8.10.2 Non-Government Debt Securities

Listed	2022	2021
	- AA+, AA-	774,896
- A+	803,125	250,000
	<u>1,578,021</u>	<u>1,693,124</u>
Unlisted	2022	2021
	- AAA	9,216,920
- AA+, AA-	5,249,550	5,000,000
- A+, A	150,000	510,000
- BB-, B-	360,000	1,715,945
- CCC+	2,200,838	-
- Unrated	123,587	673,589
	<u>17,300,895</u>	<u>18,685,744</u>

8.10.3 Foreign Securities

Government Securities	2022		2021	
	Cost	Rating	Cost	Rating
----- (Rupees in '000) -----				
- Qatar	12,690,997	AA-	5,675,107	AA-
- Portugal	1,001,469	BBB	783,287	BBB
- South Africa	1,682,433	BB-	1,315,332	BB
- Oman	4,330,271	BB-	3,369,670	BB-
- Jordan	6,370,103	B+	4,985,479	B+
- Bahrain	4,721,684	B	3,712,498	B
- Egypt	4,528,908	B	3,554,567	B
- Kenya	3,732,975	B	2,938,151	B
- Turkey	2,988,596	B-	2,969,272	B
- Nigeria	1,110,765	B-	874,914	B
- Sri Lanka	4,441,672	D	3,400,189	CC
- Yemen	956,116	unrated	2,682,985	unrated
	<u>48,555,989</u>		<u>36,261,451</u>	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Non Government Debt Securities

Listed	2022	2021
	Cost ----- (Rupees in '000) -----	
- BBB+, BBB-	90,573	70,606
- B	-	1,223,295
- Unrated	-	-
	<u>90,573</u>	<u>1,293,901</u>
Unlisted	2022	2021
	- BBB-	1,118,094
	<u>1,118,094</u>	<u>877,510</u>
Other	2022	2021
	CDC SAARC Fund	492
	<u>492</u>	<u>383</u>

8.11 The market value of securities classified as held-to-maturity as at December 31, 2022, amounted to Rs. 394,810.915 million (2021: Rs. 354,991.660 million).

9. ADVANCES

Note	Performing		Non-performing		Total	
	2022	2021	2022	2021	2022	2021
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	939,171,325	674,183,019	92,462,842	86,244,579	1,031,634,167	760,427,598
Islamic financings and related assets	102,281,886	43,859,593	159,579	197,330	102,441,465	44,056,923
Bills discounted and purchased	51,511,597	42,137,465	2,908,653	2,591,046	54,420,250	44,728,511
Advances - gross	<u>1,092,964,808</u>	<u>760,180,077</u>	<u>95,531,074</u>	<u>89,032,955</u>	<u>1,188,495,882</u>	<u>849,213,032</u>
Provision against advances						
- Specific	-	-	(82,038,458)	(74,961,336)	(82,038,458)	(74,961,336)
- General	(10,236,536)	(7,470,576)	-	-	(10,236,536)	(7,470,576)
	<u>(10,236,536)</u>	<u>(7,470,576)</u>	<u>(82,038,458)</u>	<u>(74,961,336)</u>	<u>(92,274,994)</u>	<u>(82,431,912)</u>
Advances - net of provision	<u>1,082,728,272</u>	<u>752,709,501</u>	<u>13,492,616</u>	<u>14,071,619</u>	<u>1,096,220,888</u>	<u>766,781,120</u>

9.1 Includes net investment in finance lease as disclosed below:

	2022				2021			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
----- (Rupees in '000) -----								
Minimum lease payments	9,775	224,749	8,112	242,636	45,314	55,160	611	101,085
Financial charges for future periods	(696)	(17,923)	(2,748)	(21,367)	(8,502)	(14,848)	(245)	(23,595)
Present value of minimum lease payments	<u>9,079</u>	<u>206,826</u>	<u>5,364</u>	<u>221,269</u>	<u>36,812</u>	<u>40,312</u>	<u>366</u>	<u>77,490</u>

9.2 Particulars of advances - gross

	2022	2021
	----- (Rupees in '000) -----	
In local currency	765,445,157	531,161,298
In foreign currencies	423,050,725	318,051,734
	<u>1,188,495,882</u>	<u>849,213,032</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

9.3 Advances include Rs. 95,531.074 million (2021: Rs. 89,032.955 million) which have been placed under non-performing status as detailed below:

Category of Classification	2022		2021	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned*	135,948	1,948	155,903	-
Substandard	2,307,269	569,848	2,398,883	595,091
Doubtful	732,137	365,716	563,051	346,746
Loss	23,018,816	22,067,588	23,945,768	22,853,989
	26,194,170	23,005,100	27,063,605	23,795,826
Overseas				
Not past due but impaired**	5,192,817	1,806,054	4,207,043	1,233,410
Overdue by:				
Upto 90 days	1,194,694	403,030	1,004,416	303,038
91 to 180 days	82,114	31,978	1,811,745	1,620,231
181 to 365 days	3,476,459	1,539,163	7,473,154	3,664,825
> 365 days	59,390,820	55,253,133	47,472,992	44,344,006
	69,336,904	59,033,358	61,969,350	51,165,510
Total	95,531,074	82,038,458	89,032,955	74,961,336

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

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

9.4 Particulars of provision against advances

Note	2022			2021		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	74,961,336	7,470,576	82,431,912	72,036,997	7,313,877	79,350,874
Exchange adjustments	14,659,246	1,398,030	16,057,276	5,091,021	739,835	5,830,856
Charge for the year	2,460,068	388,833	2,848,901	4,924,107	391,797	5,315,904
Reversals for the year	(3,714,668)	(2,110,253)	(5,824,921)	(3,117,960)	(974,933)	(4,092,893)
Net charge / (reversals)						
against advances	35 (1,254,600)	(1,721,420)	(2,976,020)	1,806,147	(583,136)	1,223,011
Amounts charged off -						
agriculture financing	9.5 (66,894)	-	(66,894)	(257,446)	-	(257,446)
Amounts written off	9.6 (3,171,280)	-	(3,171,280)	(3,711,835)	-	(3,711,835)
Transfers (out) / in - net	(3,089,350)	3,089,350	-	(3,548)	-	(3,548)
Closing balance	82,038,458	10,236,536	92,274,994	74,961,336	7,470,576	82,431,912

9.4.1 Particulars of provision against advances

	2022			2021		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
In local currency	22,248,009	769,158	23,017,167	23,205,037	402,418	23,607,455
In foreign currencies	59,790,449	9,467,378	69,257,827	51,756,299	7,068,158	58,824,457
	82,038,458	10,236,536	92,274,994	74,961,336	7,470,576	82,431,912

9.4.2 General provision represents provision amounting to Rs. 469.158 million (2021: Rs. 402.418 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP and Rs. 9,467.378 million (2021: Rs. 7,068.158 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the overseas branches and subsidiaries operate. In addition, Bank has created a general charge on agriculture finance portfolio of Rs. 300.000 million (2021: Nil).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

9.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of certain mortgaged properties held as collateral against non-performing advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said Circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 5.359 million (2021: Rs. 16.258 million).

The Bank has also availed FSV benefit of certain mortgaged properties held as collateral against non-performing advances of overseas branches in accordance with the applicable regulation in the respective countries where the branches operate. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 5,329.058 million (2021: Rs. 3,528.942 million) for the overseas branches.

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

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

Note	2022	2021
	----- (Rupees in '000) -----	
9.6 Particulars of write-offs		
9.6.1 Against provisions	9.4 3,171,280	3,711,835
Directly charged to profit and loss account	35 219,513	92,921
	<u>3,390,793</u>	<u>3,804,756</u>
9.6.2 Bank		
- Write-offs of Rs. 500,000 and above		
Domestic	9.7 57,121	171,013
Overseas	3,116,334	3,534,481
	<u>3,173,455</u>	<u>3,705,494</u>
- Write-offs of below Rs. 500,000	33,696	48,984
	<u>3,207,151</u>	<u>3,754,478</u>
Subsidiaries		
Write-offs	183,642	50,278
	<u>3,390,793</u>	<u>3,804,756</u>

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2022, is given in annexure I to these consolidated financial statements (except in case of overseas branches and subsidiaries write-offs which is restricted by overseas regulatory authorities).

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

Note	2022	2021
	----- (Rupees in '000) -----	
10. FIXED ASSETS		
Capital work-in-progress	10.1 1,054,194	1,298,146
Property and equipment	10.2 78,348,477	74,895,752
	<u>79,402,671</u>	<u>76,193,898</u>
10.1 Capital work-in-progress		
Civil works	856,514	422,943
Equipment	197,680	875,203
	<u>1,054,194</u>	<u>1,298,146</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

10.2 Property and equipment

	2022									
	Freehold land	Leasehold land	Buildings on Freehold land	Buildings on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets	Total
	----- Rupees '000 -----									
At January 01, 2022										
Cost / Revalued amount	9,543,663	32,091,510	11,152,325	7,562,721	6,693,982	2,636,624	17,904,637	387,802	11,279,996	99,253,260
Accumulated depreciation	-	-	(463,960)	(11,641)	(4,155,241)	(1,838,493)	(13,586,737)	(234,031)	(4,067,405)	(24,357,508)
Net book value	9,543,663	32,091,510	10,688,365	7,551,080	2,538,741	798,131	4,317,900	153,771	7,212,591	74,895,752
Year ended December 2022										
Opening net book value	9,543,663	32,091,510	10,688,365	7,551,080	2,538,741	798,131	4,317,900	153,771	7,212,591	74,895,752
Additions	-	101,460	-	-	877,284	279,147	3,925,205	368,202	3,163,916	8,715,214
Movement in surplus on assets revalued during the year	-	-	24,765	-	-	-	-	-	-	24,765
Disposals	-	(134,860)	(136,247)	(42,167)	(11,061)	(481)	(4,388)	(2,791)	(264,496)	(596,491)
Depreciation charge	-	-	(150,140)	(294,224)	(778,891)	(247,664)	(2,183,255)	(70,468)	(2,148,753)	(5,873,395)
Exchange rate adjustments	-	-	1,056,894	3,024	49,494	3,829	56,845	(1,795)	14,341	1,182,632
Other adjustments / transfers	-	-	-	-	(8,741)	(1,697)	10,438	-	-	-
Closing net book value	9,543,663	32,058,110	11,483,637	7,217,713	2,666,826	831,265	6,122,745	446,919	7,977,599	78,348,477
At December 31, 2022										
Cost / Revalued amount	9,543,663	32,058,110	12,078,841	7,525,987	7,382,615	2,723,506	21,868,879	725,530	12,804,246	106,711,377
Accumulated depreciation	-	-	(595,204)	(308,273)	(4,715,789)	(1,892,241)	(15,746,137)	(278,609)	(4,826,647)	(28,362,900)
Net book value	9,543,663	32,058,110	11,483,637	7,217,714	2,666,826	831,265	6,122,742	446,921	7,977,599	78,348,477
Rate of depreciation (%)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	
	----- Rupees '000 -----									
At January 01, 2021										
Cost / Revalued amount	6,433,625	21,468,648	8,713,792	6,797,040	6,270,718	2,521,352	16,094,267	325,400	9,945,051	78,569,893
Accumulated depreciation	-	-	(340,213)	(743,991)	(3,721,100)	(1,659,445)	(11,735,088)	(237,718)	(3,112,651)	(21,550,206)
Net book value	6,433,625	21,468,648	8,373,579	6,053,049	2,549,618	861,907	4,359,179	87,682	6,832,400	57,019,687
Year ended December 2021										
Opening net book value	6,433,625	21,468,648	8,373,579	6,053,049	2,549,618	861,907	4,359,179	87,682	6,832,400	57,019,687
Additions	-	-	-	-	465,623	120,021	1,867,987	117,996	3,045,520	5,617,147
Movement in surplus on assets revalued during the year	3,110,038	10,622,829	1,815,288	1,758,687	-	-	-	-	-	17,306,842
Disposals	-	-	-	(4,726)	(14,940)	(299)	(6,638)	(8,130)	(708,819)	(743,552)
Depreciation charge	-	-	(114,352)	(256,860)	(474,546)	(182,278)	(1,928,272)	(43,946)	(1,975,854)	(4,976,108)
Exchange rate adjustments	-	25	579,991	852	15,146	1,561	34,555	141	15,081	647,352
Other adjustments / transfers	-	8	33,859	78	(2,160)	(2,781)	(8,911)	28	4,263	24,384
Closing net book value	9,543,663	32,091,510	10,688,365	7,551,080	2,538,741	798,131	4,317,900	153,771	7,212,591	74,895,752
At December 31, 2021										
Cost / Revalued amount	9,543,663	32,091,510	11,152,325	7,562,721	6,693,982	2,636,624	17,904,637	387,802	11,279,996	99,253,260
Accumulated depreciation	-	-	(463,960)	(11,641)	(4,155,241)	(1,838,493)	(13,586,737)	(234,031)	(4,067,405)	(24,357,508)
Net book value	9,543,663	32,091,510	10,688,365	7,551,080	2,538,741	798,131	4,317,900	153,771	7,212,591	74,895,752
Rate of depreciation (%)	-	-	2.5-5	2.5-5	5-20	10-25	5 - 33.33	20	4 - 100	

10.3 Revaluation of properties

The properties of the Group have been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s. Engineering Pakistan International (Private) Limited., M/s. M. J. Surveyors (Private) Limited, and M/s. Perfect Consultants for properties of the Bank and Colliers International Valuation LLP for properties of UBL UK, on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 17,109.954 million. The total surplus against revaluation of fixed assets as at December 31, 2022, amounts to Rs. 47,631.952 million.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

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

	2022	2021
	----- (Rupees in '000) -----	
Freehold land	782,581	782,581
Leasehold land	3,464,652	3,397,652
Buildings on freehold land	3,874,910	3,619,946
Buildings on leasehold land	4,431,387	4,640,886
	<u>12,553,530</u>	<u>12,441,065</u>
10.4 Carrying amount of temporarily idle properties of the Group	<u>82,420</u>	<u>82,420</u>
10.5 The cost of fully depreciated assets that are still in the Group's use are as follows:		
Furniture and fixtures	867,509	878,182
Electrical, office and computer equipment	9,374,370	7,880,442
Vehicles	110,524	120,125
Building on leasehold land	-	62,294
Leasehold improvements	1,919,774	1,345,359
	<u>12,272,177</u>	<u>10,286,402</u>
10.6 Details of disposals of operating fixed assets		
The information relating to operating fixed assets disposed off during the year to related parties is given in annexure 'III' and is an integral part of these consolidated financial statements.		
10.7 During the year, the Bank has reviewed the useful lives of its fixed assets. This review has resulted in a change in the useful lives of these assets. The effect of these changes are presented in note 3.2 to the consolidated financial statements.		

	Note	2022	2021
		----- (Rupees in '000) -----	
11 INTANGIBLE ASSETS			
Capital work-in-progress - Computer software		384,706	632,672
Intangible assets	11.1	2,133,427	1,800,124
		<u>2,518,133</u>	<u>2,432,796</u>
11.1 Intangible assets			
Computer Software			
At January 01,			
Cost		8,440,577	7,690,616
Accumulated amortisation and impairment		(6,640,453)	(5,888,610)
Net book value		<u>1,800,124</u>	<u>1,802,006</u>
Year ended December 31,			
Opening net book value		1,800,124	1,802,006
Additions - directly purchased		1,212,243	852,726
Disposals		(4,342)	(981)
Amortisation charge		(907,777)	(877,927)
Exchange rate adjustments		33,179	24,341
Other adjustments		-	(41)
Closing net book value		<u>2,133,427</u>	<u>1,800,124</u>
At December 31,			
Cost		10,140,996	8,440,577
Accumulated amortisation and impairment		(8,007,569)	(6,640,453)
Net book value		<u>2,133,427</u>	<u>1,800,124</u>
Rate of amortisation (%)		<u>10-33.33</u>	<u>10-33.33</u>
Useful life (in years)		<u>3 - 10</u>	<u>3 - 10</u>
11.2 The cost of fully amortised intangible assets that are still in the Group's use amounted to Rs. 4,894.254 million (2021: Rs. 3,902.123 million).			

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

12. DEFERRED TAX ASSETS

	2022			
	At January 01, 2022	Recognised in profit and loss account	Recognised in OCI	At December 31, 2022
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Provision against advances, off-balance sheet etc.	5,172,302	(2,543,636)	-	2,628,666
- Surplus on revaluation on investments	1,304,902	-	14,295,697	15,600,599
- Post-retirement employee benefits	717,479	70,623	(729,235)	58,867
- Workers Welfare Fund	2,231,742	804,811	-	3,036,553
- Others	44,480	20,100	(105,402)	(40,822)
	9,470,905	(1,648,102)	13,461,060	21,283,863
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(2,837,883)	63,761	(224,872)	(2,998,994)
- Share of profit from associates	(1,135,743)	266,464	-	(869,279)
- Accelerated tax depreciation	(578,224)	(86,007)	-	(664,231)
- Exchange Reserve on Subsidiaries under liquidation	(1,878,243)	-	1,878,243	-
- Others	-	(238)	-	(238)
	(6,430,093)	243,980	1,653,371	(4,532,742)
	3,040,812	(1,404,122)	15,114,431	16,751,121
	----- (Rupees in '000) -----			
	2021			
	At January 01, 2021	Recognised in profit and loss account	Recognised in OCI	At December 31, 2021
	----- (Rupees in '000) -----			
Deductible temporary differences on				
- Provision against advances, off-balance sheet etc.	6,390,263	(1,217,961)	-	5,172,302
- Surplus on revaluation on investments	(1,700,740)	2,191	3,003,451	1,304,902
- Post-retirement employee benefits	1,386,150	92,722	(761,393)	717,479
- Workers Welfare Fund	1,833,191	398,551	-	2,231,742
- Others	(126,382)	(1,106)	171,968	44,480
	7,782,482	(725,603)	2,414,026	9,470,905
Taxable temporary differences on				
- Surplus on revaluation of fixed assets / non-banking assets	(1,286,111)	30,879	(1,582,651)	(2,837,883)
- Share of profit from associates	(1,083,460)	(52,283)	-	(1,135,743)
- Accelerated tax depreciation	(730,417)	152,193	-	(578,224)
- Exchange Reserve on Subsidiaries under liquidation	-	-	(1,878,243)	(1,878,243)
- Others	-	-	-	-
	(3,099,988)	130,789	(3,460,894)	(6,430,093)
	4,682,494	(594,814)	(1,046,868)	3,040,812

13. DISCONTINUED OPERATIONS

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

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

13.1 Assets and liabilities under discontinued operations

	2022	2021
	----- (Rupees in '000) -----	
Assets		
Balances with other banks	-	240,315
Liabilities		
Other liabilities	-	85,896

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

13.2 Gain / (loss) from discontinued operations

Income

Net mark-up / interest income

(226) -

Foreign exchange income

(84,399) 71

Other income

- -

Total income

(84,399) 71

Expenses

Operating expenses

(105,574) 70,749

Gain / (loss) before taxation

20,949 (70,678)

Taxation

- -

Gain / (loss) after taxation for the year

20,949 (70,678)

14. OTHER ASSETS

		2022	2021
Income / mark-up accrued in local currency		48,134,779	25,128,447
Income / mark-up accrued in foreign currencies	14.1	3,464,280	2,771,194
Advance taxation - net of provision for taxation	14.2	2,313,341	4,195,628
Receivable from staff retirement fund		2,517,968	2,077,069
Receivable from other banks against telegraphic transfers and demand drafts		2,960,752	365,000
Unrealised gain on forward foreign exchange contracts		3,437,641	4,167,926
Rebate receivable - net		2,030,996	652,112
Unrealised gain on derivative financial instruments	26.2	273,060	8,476
Suspense accounts		84,755	-
Stationery and stamps on hand		418,454	206,616
Non-banking assets acquired in satisfaction of claims	14.3	40,800	196,640
Advances, deposits, advance rent and other prepayments		2,990,369	1,850,434
Acceptances	21	16,502,130	11,421,246
Dividend receivable		-	-
Commission receivable - Branchless Banking		561,390	676,483
Commission Receivable - Bancassurance		208,047	111,180
Receivable against fraud & forgery and looted notes		632,418	564,693
Others		1,683,018	1,902,464
		88,254,198	56,295,608
Less: Provision held against other assets	14.4	(1,244,972)	(1,163,055)
Other assets - net of provision		87,009,226	55,132,553
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23.2	-	16,704
Other assets - total		87,009,226	55,149,257

14.1 Unrealised mark-up held in suspense amounting to Rs. 26,547.699 million (2021: Rs. 16,929.481 million) against non-performing overseas advances has been netted off.

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

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2021, and created additional tax demands (including disallowances of provisions made prior to Seventh Schedule) of Rs.14,695 million (2021: Rs.13,752 million). The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

The tax returns for Azad Kashmir (AK) and Gilgit Baltistan (GB) branches have been filed upto the tax year 2022 (accounting year ended December 31, 2021) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

The tax authorities have also carried out monitoring for Federal Excise Duty, Sales tax and withholding taxes covering period from year ended 2005 to 2019. Consequently various addbacks and demands were raised creating a total demand of Rs. 2,632 million (2021: Rs. 2,632 million). The Bank has filed appeals against all such demands and is confident that these would be decided in the favor of the Bank.

The tax returns for Yemen have been filed upto the year ended December 31, 2019 and for UAE and Qatar branches upto the year ended December 31, 2021 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

For UBL UK and UBL FM income tax returns have been filed upto the accounting year ended December 31, 2021, 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 till the accounting year 2019. There are no material tax contingencies in any of the subsidiaries.

Tax Contingencies - Khushhali Bank Limited (KBL) - Associate

For the period from January 2013 to December 2014, the taxation authorities issued order of Rs. 48 million in respect of non payment of FED on processing fee, Rs. 27 million in respect of non-payment of FED on grant received by the bank and Rs. 49 million in respect of apportionment of input tax, non withholding of sales tax / FED and non payment of sales tax on disposal of fixed assets. The Bank filed civil petitions against the alleged demand which are pending for adjudication before the Honourable Islamabad High Court.

For the period from January 2016 to December 2017, Punjab Revenue Authority (PRA) issued assessment order and created alleging demand of Rs. 84 million due to apportionment of Input tax between taxable and exempt revenue. The Bank views that apportionment does not apply to the Bank being a service company and being aggrieved of the order, the bank filed a reference before the Honourable Lahore High Court. On January 20, 2020 notice was issued to the respondent department. The Bank has paid, under protest, an amount of Rs. 28 million, which is recognized as other receivables.

For the period from January 2015 to December 2015, the Bank has received an order from DCIR for non-deduction of withholding tax o profit on debt under section 151 of Income Tax Ordinance, 2001. The bank preferred an appeal against the alleged demand of Rs. 62.77 million, which is pending for adjudication before the Appellate Tribunal Inland Revenue.

For the period from January 2012 to December 2015 and January 2018 to December 2018, Punjab Revenue Authority (PRA) issued an assessment order alleging short deposit of Sales Tax as input tax was fully claimed by the Bank instead of applying apportionment of input tax rules. The Bank views that apportionment does not apply to the Bank and being aggrieved of the order, the Bank filed an appeal against the alleged aggregate demand of Rs. 59.36 million, which is pending for adjudication before the Commissioner Appeals Punjab Revenue Authority.

For the tax year 2012, 2013, 2015 and 2016, the Bank received assessment orders from Assistant Commissioner, Sindh Revenue Board (Sindh) for value of services short declared and short payment of Sindh Sales Tax. The Bank preferred an appeal against the alleged aggregate demand of Rs. 52 million which is pending adjudication before the Commissioner Appeals Sindh Revenue Board.

	2022	2021
	----- (Rupees in '000) -----	
14.3 Market value of non-banking assets acquired in satisfaction of claims	<u>40,800</u>	<u>213,344</u>

14.3.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2022. The revaluation was carried out by M/s. Asif Associates (Private) Limited on the basis of an assessment of present market values and resulted in a net reversal of deficit of Rs. 17.782 million.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
14.3.2 Non-banking assets acquired in satisfaction of claims			
Opening Balance		213,344	236,084
Additions		-	-
Revaluation during the year		-	15,208
Disposals	14.3.3	(188,336)	-
Depreciation		(34,827)	(5,180)
Transfer to fixed assets - cost		-	(33,860)
Other adjustments		50,619	-
Exchange adjustments		-	1,092
Closing Balance		<u>40,800</u>	<u>213,344</u>
14.3.3 Loss on disposal of Non-banking assets acquired in satisfaction of claims			
Disposal proceeds		180,000	-
Less:			
- Cost less accumulated depreciation		155,750	-
- Surplus	14.3.2	32,586	-
		<u>188,336</u>	<u>-</u>
Loss		<u>(8,336)</u>	<u>-</u>
14.4 Provision held against other assets			
Advances and other receivables		54,834	54,674
Receivable against fraud & forgery and looted notes		632,418	564,693
Others		557,720	543,688
		<u>1,244,972</u>	<u>1,163,055</u>
14.4.1 Movement of provision held against other assets			
Opening balance		1,163,055	1,392,976
Exchange adjustments		74,408	28,541
Charge / (reversal)			
Charge for the year		165,347	33,348
Reversals for the year		(154,074)	(201,953)
	35	11,273	(168,605)
Transfers out - net		(348)	(41,160)
Amounts written off		(3,416)	(48,697)
Closing balance		<u>1,244,972</u>	<u>1,163,055</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

15. CONTINGENT ASSETS

There were no contingent assets as at December 31, 2022 (2021: Nil).

16. BILLS PAYABLE

In Pakistan
Outside Pakistan

Note	2022	2021
	----- (Rupees in '000) -----	
	30,473,754	25,898,903
	6,008,958	931,903
	<u>36,482,712</u>	<u>26,830,806</u>

17. BORROWINGS

Secured

Borrowings from the State Bank of Pakistan under:

Export refinance scheme	17.2	41,707,841	38,881,750
Refinance facility for modernisation of SMEs	17.3	543,586	5,100
Long term financing facility	17.4	17,390,998	20,056,964
Refinance scheme for payment of wages and salaries	17.5	427,410	3,225,644
Renewable energy scheme	17.6	767,091	513,403
Temporary economic refinance facility	17.7	17,072,471	9,972,210
Refinance facility for combating COVID-19	17.8	431,902	390,962
Repurchase agreement borrowings	17.9	419,211,752	417,755,950
Refinance for Women Entrepreneurs	17.10	26,624	18,487
Financing facility for storage of agriculture products	17.11	48,125	-
Mudarbaha base open market operations (OMO)	17.12	19,436,837	-
		517,064,637	490,820,470

Repurchase agreement borrowings from other banks	17.13	6,792,865	54,783,321
Borrowing from commercial bank by subsidiary	17.14	1,705,598	1,885,182
		525,563,100	547,488,973

Unsecured

Call borrowings	17.15	39,830,000	15,885,337
Overdrawn nostro accounts		841,120	1,798,612
		40,671,120	17,683,949
		<u>566,234,220</u>	<u>565,172,922</u>

17.1 Particulars of borrowings with respect to Currencies

	2022	2021
	----- (Rupees in '000) -----	
In local currency	558,610,269	547,491,963
In foreign currencies	7,623,951	17,680,959
	<u>566,234,220</u>	<u>565,172,922</u>

17.2 The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These borrowings are repayable within six months, latest by June 2023. These carry mark-up at rates ranging from 0.00% to 12.00% (2021: 1.00% to 2.00%) per annum.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

17.3 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These borrowings are repayable latest by May 2030 and carry mark-up at rates of 3.00% (2021: 2.00%) per annum.

17.4 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings are repayable latest by August 2032. These carry mark-up at rates ranging from 2.00% to 9.70% (2021: 2.00% to 9.70%) per annum.

17.5 In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced conventional and islamic temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These borrowings are repayable latest by January 2023. These carry mark-up / profit at rates ranging from 0.00% to 2.00% (2021: 0.00% to 1.00%) per annum.

17.6 These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These borrowings are repayable latest by May 2032. These carry mark-up at rates ranging from 1.00% to 3.00% (2021: 2.00% to 3.00%) per annum.

17.7 These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at rates ranging from 1.00% to 3.00% (2021: 1.00% to 1.25%) per annum and are due to mature latest by August 2032.

17.8 These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 2.00% (2021: 0.00%) per annum and are due to mature latest by September 2026.

17.9 This represents repurchase agreement borrowing from SBP at rates ranging from 16.11% to 16.21% (2021: 9.95% to 10.07%) per annum having maturity upto March 2023. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

17.10 These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2021: 0.00%) per annum and are due to mature latest by April 2027.

17.11 These borrowings have been obtained from the SBP under a scheme to provide refinance for storage of agricultural products in rural areas. These carry mark-up at 2.00% (2021: Nil) per annum and are due to mature latest by March 2026.

17.12 These borrowings have been obtained from the SBP under Mudarabah Financing Facility Agreement for Open market Operations (OMO) for placements financing by SBP under the prescribe terms and conditions. These carry mark-up at 16.25% (2021: Nil) per annum and are due to mature latest by February 2023.

17.13 These repurchase agreement borrowings from other banks are secured against 'Foreign bonds - sovereign' and carry mark-up at 6.32% (2021: 9.75% to 10.70%) per annum. These borrowings are repayable latest by March 2023. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

17.14 These borrowings pertain to running finance facilities obtained by subsidiary company amounting to Rs. 1,705.598 million (2021: Rs. 1,885.182 million) from commercial banks against promissory notes with mark-up rates ranging from 3 months average KIBOR plus 0.25% to 0.50% (2021: 3 months average KIBOR plus 0.25% to 0.50%) per annum maturing on September 30, 2023 and September 30, 2024. These facilities are secured against units of UBL Liquidity Plus Fund and UBL Cash Fund as disclosed in note 8.2.1 to these consolidated financial statements.

17.15 These are unsecured borrowings carrying mark-up at 15.6% to 16.2% (2021: 1.20% to 2.09%) per annum, and are repayable latest by January 2023.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

18. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current accounts - remunerative	4,104,403	15,066,606	19,171,009	2,528,236	9,006,485	11,534,721
Current accounts - non-remunerative	664,860,887	183,804,667	848,665,554	633,109,393	130,940,383	764,049,776
Savings deposits	580,708,939	83,552,037	664,260,976	574,380,924	54,053,338	628,434,262
Term deposits	162,072,945	274,074,375	436,147,320	134,138,693	241,523,821	375,662,514
Sundry deposits	4,437,495	2,291,409	6,728,904	9,313,881	1,497,076	10,810,957
Margin deposits	7,191,728	4,020,699	11,212,427	4,356,837	3,182,745	7,539,582
	1,423,376,397	562,809,793	1,986,186,190	1,357,827,964	440,203,848	1,798,031,812
Financial Institutions						
Current deposits	18,360,396	8,307,423	26,667,819	33,903,284	3,937,927	37,841,211
Savings deposits	16,002,797	86,058	16,088,855	16,613,222	54,784	16,668,006
Term deposits	1,765,668	3,848,902	5,614,570	18,155,193	15,075,350	33,230,543
	36,128,861	12,242,383	48,371,244	68,671,699	19,068,061	87,739,760
18.2	1,459,505,258	575,052,176	2,034,557,434	1,426,499,663	459,271,909	1,885,771,572

18.1 Composition of deposits

	2022	2021
	----- (Rupees in '000) -----	
- Individuals	1,313,261,142	1,110,851,339
- Government (Federal and Provincial)	123,187,298	140,447,864
- Public Sector Entities	85,811,251	100,639,787
- Banking Companies	7,967,448	33,243,725
- Non-Banking Financial Institutions	40,403,796	54,496,035
- Private Sector	463,926,499	446,092,822
	2,034,557,434	1,885,771,572

18.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018, amounting to Rs. 1,174,510.768 million (2021: Rs. 1,078,654.532 million).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent finance leases entered into for the lease of franking machines. At the end of the lease period, the ownership of the leased assets shall be transferred to the Group on payment of the residual values of the leased assets. The cost of operating and maintaining the leased assets is borne by the Group. The liabilities are secured by demand promissory notes, security deposits, and the franking machines which have been obtained under these leasing arrangements. The rate used for discounting future lease payments is 12.39% per annum (2021: 12.39% per annum). The amount of future minimum lease payments and the periods during which they become due are as follows:

	2022			2021		
	Minimum lease payments	Finance charges for future periods	Principal outstanding	Minimum lease payments	Finance charges for future periods	Principal outstanding
----- (Rupees in '000) -----						
Not later than one year	5,900	289	5,611	6,428	249	6,179
Later than one year and not later than five years	5,829	99	5,730	6,075	61	6,014
	11,729	388	11,341	12,503	310	12,193

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

20. SUBORDINATED DEBT

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

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

Issue Size	Rs. 10,000 million
Issue Date	January 29, 2019
Tenor	Perpetual (i.e. no fixed or final redemption date)
Rating	"AA+" (Double A Plus) by VIS Credit Rating Company Limited
Security	Unsecured
Markup rate	The TFCs shall carry mark-up at the rate of 3 Month KIBOR + 1.55%.
Markup 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	Markup on the TFCs shall only be paid from the current year's earnings and if the Bank is fully compliant with SBP's Minimum Capital Requirement (MCR), Capital Adequacy Ratio (CAR) and Liquidity Ratio (LR) requirements.
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.

21. OTHER LIABILITIES

	Note	2022	2021
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		39,687,924	15,042,576
Mark-up / return / interest payable in foreign currencies		1,095,809	921,324
Accrued expenses		5,865,502	5,257,795
Branch adjustment account		556,451	479,517
Deferred income	21.4	1,046,001	997,320
Unearned commission and income on bills discounted		810,809	231,988
Provision against off-balance sheet obligations	21.1	896,567	742,953
Unrealised loss on forward foreign exchange contracts		667,154	1,560,903
Unrealised loss on derivative financial instruments		1,357	-
Liability against trading of securities		-	1,521,590
Provision for post-retirement medical benefits	40.4	2,628,679	2,175,874
Payable to staff retirement fund	40.4	45,473	154,589
Provision for compensated absences		899,797	895,897
Deferred liabilities	21.2	967,918	590,579
Workers' Welfare Fund payable	33	6,939,099	5,587,411
Liabilities against ATM settlement		414,697	40,996
Insurance payable against consumer assets		380,743	477,866
Dividend payable	21.5	8,226,114	2,762,515
Unclaimed dividend		321,619	292,141
Acceptances	14	16,502,130	11,421,246
Suspense accounts		-	340,020
Charity fund balance		6,922	4,039
Lease liability against right-of-use assets	21.3	9,603,581	8,573,347
Levies and taxes payable		2,659,824	3,060,045
Others		1,703,653	1,994,356
		101,927,823	65,126,887

21.1 Provision against off-balance sheet obligations

Opening balance		742,953	1,076,530
Exchange adjustments		189,127	15,953
Charge for the year		5,405	8,819
Reversals for the year		(40,918)	(353,069)
	35	(35,513)	(344,250)
Transfers out - net		-	(5,280)
Closing balance		896,567	742,953

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

21.1.1 This represents provision recognised against guarantees of non-performing customers.

	2022	2021
	----- (Rupees in '000) -----	
21.2 Deferred liabilities		
End of service benefits - Overseas branches	623,292	458,228
End of service benefits - Outsourced services	344,626	132,351
	<u>967,918</u>	<u>590,579</u>

21.3 The total cash outflow for leases during the year was Rs. 2,959.585 million (2021: Rs. 2,710.677 million).

21.4 This includes deferred income of IFRS 15 "Revenue from Contracts with Customers" on account of fee of debit and credit cards, guarantee commission and locker rent.

21.5 This amount represents dividend payable to foreign shareholders subject to completion of regulatory formalities.

22. SHARE CAPITAL

22.1 Authorised Capital

	2022	2021		2022	2021
	----- Number of shares -----			----- (Rupees in '000) -----	
2,000,000,000	2,000,000,000		Ordinary shares of Rs.10 each	20,000,000	20,000,000

22.2 Issued, subscribed and paid-up capital

	2022	2021		2022	2021
	----- Number of shares -----			----- (Rupees in '000) -----	
			Fully paid-up ordinary shares of Rs.10 each		
518,000,000	518,000,000		Issued for cash	5,180,000	5,180,000
706,179,687	706,179,687		Issued as bonus shares	7,061,797	7,061,797
<u>1,224,179,687</u>	<u>1,224,179,687</u>			<u>12,241,797</u>	<u>12,241,797</u>

22.3 In 2007, the Bank was admitted to the official list of the UK Listing Authority and to the London Stock Exchange Professional Securities Market for trading of Global Depository Receipts (GDRs), each representing four ordinary shares issued by the Bank. The GDRs constitute an offering in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S Securities Act of 1933 and an offering outside the United States in reliance on Regulation S.

Holders of GDRs are entitled, subject to the provisions of the depository agreement, to receive dividends, if any, and rank pari passu with other equity shareholders in respect of such entitlement. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the ordinary shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated June 25, 2007, the deposited ordinary shares in respect of which the GDRs were issued may be withdrawn by the GDR holders from the depository facility. Upon withdrawal, the holders will rank pari passu with other ordinary shareholders in respect of voting powers. As at December 31, 2022 242,278 (2021: 242,278) GDRs, representing 969,112 (2021: 969,112) shares, are in issue.

22.4 Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholders	2022		2021	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Bestway International Holdings Limited	631,728,895	51.60%	631,728,895	51.60%
Bestway Cement Limited	93,649,744	7.65%	93,649,744	7.65%

22.5 Shares of the Bank held by its associates

	2022	2021
	----- (Number of shares) -----	
UBL Stock Advantage Fund	3,848,044	2,931,455
UBL Financial Sector Fund	1,673,279	1,409,693
UBL Retirement Savings Fund	951,770	331,800
UBL Asset Allocation Fund	131,833	150,033
UBL Pakistan Enterprise Exchange Traded Fund	23,130	42,205
UBL Dedicated Equity Fund	81,700	309

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

23. SURPLUS ON REVALUATION OF ASSETS

	2022			2021		
	Attributable to Equity Holders	Non-controlling interest	Total	Attributable to Equity Holders	Non-controlling interest	Total
	----- (Rupees in '000) -----					
(Deficit) / Surplus arising on revaluation of:						
- Available for sale securities	(38,373,567)	(1,712,539)	(40,086,106)	(3,852,118)	(414,177)	(4,266,295)
- Fixed assets	44,864,024	2,767,928	47,631,952	44,882,510	2,551,043	47,433,553
- Non-banking assets acquired in satisfaction of claims	-	-	-	16,704	-	16,704
- Assets of associates	(15,472)	-	(15,472)	(14,335)	-	(14,335)
	<u>6,474,985</u>	<u>1,055,389</u>	<u>7,530,374</u>	<u>41,032,761</u>	<u>2,136,866</u>	<u>43,169,627</u>
Deferred tax on (deficit) / surplus on revaluation of:						
- Available for sale securities	(15,600,599)	-	(15,600,599)	(1,304,902)	-	(1,304,902)
- Fixed assets	2,421,287	577,707	2,998,994	2,312,095	519,270	2,831,365
- Non-banking assets acquired in satisfaction of claims	-	-	-	6,515	-	6,515
	<u>(13,179,312)</u>	<u>577,707</u>	<u>(12,601,605)</u>	<u>1,013,708</u>	<u>519,270</u>	<u>1,532,978</u>
	<u>19,654,297</u>	<u>477,682</u>	<u>20,131,979</u>	<u>40,019,053</u>	<u>1,617,596</u>	<u>41,636,649</u>

23.1 Surplus on revaluation of fixed assets

	2022	2021
	----- (Rupees in '000) -----	
Surplus on revaluation of fixed assets as at January 01,	47,433,553	29,975,515
Revaluation against fixed assets recognised during the year	24,765	17,109,954
Realised on disposal during the year	(274,506)	(4,804)
Exchange adjustments	835,117	446,918
Other adjustments	(233,580)	-
Transferred to unappropriated profit in respect of incremental depreciation - net of deferred tax	(89,636)	(63,151)
Related deferred tax liability on incremental depreciation charged during the year	(63,761)	(30,879)
Surplus on revaluation of fixed assets as at December 31,	47,631,952	47,433,553
Less: Related deferred tax liability on		
- Revaluation as on January 01,	2,831,368	1,285,528
- Revaluation recognised during the year	6,191	1,477,211
- Surplus realised on disposal of fixed assets during the year	(1,975)	(1,689)
- Exchange adjustments	169,003	83,165
- Incremental depreciation charged	(63,761)	(30,879)
- Other adjustments	58,168	18,032
- Revaluation as at December 31,	2,998,994	2,831,368
	<u>44,632,958</u>	<u>44,602,185</u>

23.2 Surplus on revaluation of non-banking assets

	2022	2021
Surplus on revaluation of non-banking assets as at January 01,	16,704	1,496
Revaluation of non-banking assets during the year	-	15,208
Other adjustments	15,882	-
Realised on disposal during the year	(32,586)	-
	<u>(16,704)</u>	<u>15,208</u>
Surplus on revaluation of non-banking assets as at December 31,	-	16,704
Less: Related deferred tax liability on		
- Revaluation as at January 01,	6,515	583
- Revaluation of non-banking assets during the year	-	5,932
- Other adjustments	668	-
- Surplus realised on disposal of non-banking assets during the year	(7,183)	-
- Revaluation as at December 31,	-	6,515
	<u>-</u>	<u>10,189</u>

24. NON-CONTROLLING INTEREST

	2022			2021		
	UNBL	UBL FM	Total	UNBL	UBL FM	Total
	----- (Rupees in '000) -----					
Share of NCI	45%	1.13%		45%	1.13%	
Assets	218,492,402	4,415,064	222,907,466	158,087,941	4,351,352	162,439,293
Liabilities	198,268,541	2,273,711	200,542,252	138,998,375	2,410,752	141,409,127
Net assets	<u>20,223,861</u>	<u>2,141,353</u>	<u>22,365,214</u>	<u>19,089,566</u>	<u>1,940,600</u>	<u>21,030,166</u>
Net assets attributable to NCI	<u>9,102,323</u>	<u>22,978</u>	<u>9,125,301</u>	<u>8,590,305</u>	<u>21,929</u>	<u>8,612,234</u>

24.1 Key financial information

	2022	2021
	----- (Rupees in '000) -----	
Income (Markup & Non-Markup)	6,228,053	1,192,000
Expenses (including provisions)	(5,025,551)	(742,588)
Profit for the year	1,202,502	449,412
Other comprehensive income for the year	86,150	-
Total Comprehensive Income	<u>1,288,652</u>	<u>449,412</u>
Profit allocated to NCI	<u>541,126</u>	<u>5,078</u>
OCI allocated to NCI	<u>86,150</u>	<u>-</u>
Cash flow generated from operating activities	1,026,964	2,737
Cash flow (used in) / generated from investing activities	(3,938,007)	3,306
Cash flow used in financing activities	-	(4,186)
	<u>(2,911,043)</u>	<u>1,857</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
25. CONTINGENCIES AND COMMITMENTS			
Guarantees	25.1	220,622,007	167,903,371
Commitments	25.2	1,155,417,950	998,421,712
Other contingent liabilities	25.3	14,822,814	16,452,188
		<u>1,390,862,771</u>	<u>1,182,777,271</u>
25.1 Guarantees:			
Financial guarantees		84,241,944	55,744,389
Performance guarantees		129,275,378	107,821,730
Others guarantees		7,104,685	4,337,252
		<u>220,622,007</u>	<u>167,903,371</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		212,235,272	169,653,706
Commitments in respect of:			
- forward foreign exchange contracts	25.2.2	743,037,351	691,686,595
- forward government securities transactions	25.2.3	42,757,100	11,780,000
- derivatives	25.2.4	3,514,247	1,808,940
- forward lending	25.2.5	151,277,777	120,620,043
- operating leases	25.2.6	114,022	168,870
Commitments for acquisition of:			
- fixed assets		1,544,753	1,049,017
- intangible assets		937,428	1,560,475
Others		-	94,066
		<u>1,155,417,950</u>	<u>998,421,712</u>
25.2.1 Commitments to extend credit			
The Group makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
	Note	2022	2021
		----- (Rupees in '000) -----	
25.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		399,105,905	369,989,325
Sale		343,931,446	321,697,270
		<u>743,037,351</u>	<u>691,686,595</u>
25.2.3 Commitments in respect of forward government securities transactions			
Purchase		41,457,100	9,081,000
Sale		1,300,000	2,699,000
		<u>42,757,100</u>	<u>11,780,000</u>
25.2.4 Commitments in respect of derivatives			
Interest rate swaps			
Purchase	26.1	1,466,108	-
Sale	26.1	1,475,797	-
		<u>2,941,905</u>	<u>-</u>
FX options			
Purchase	26.1	286,171	904,470
Sale	26.1	286,171	904,470
		<u>572,342</u>	<u>1,808,940</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
25.2.5 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	25.2.5.1	94,438,118	74,031,695
Others		56,839,659	46,588,348
		<u>151,277,777</u>	<u>120,620,043</u>
25.2.5.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.			
	Note	2022	2021
		----- (Rupees in '000) -----	
25.2.6 Commitments in respect of operating leases			
Not later than one year		105,966	108,239
Later than one year and not later than five years		6,144	34,335
Later than five years		1,912	26,296
		<u>114,022</u>	<u>168,870</u>
25.3 Other contingent liabilities			
25.3.1 Claims against the Group not acknowledged as debts	25.3.2	10,733,511	12,362,885
These mainly represent counter claims filed by the borrowers for restricting the Group from disposal of assets (such as mortgaged / pledged assets kept as security).			
Based on legal advice and / or internal assessments, management is confident that the matters will be decided in favour of the Group and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these consolidated financial statements.			
25.3.2 During 2016, penalties amounting to Rs. 4.089 billion were levied by the FE Adjudication Court of the State Bank of Pakistan relating to alleged contraventions of the requirements of foreign exchange regulations with respect to issuance and certification of E-Forms by the Bank to certain customers (exporters) who failed to submit the export documents there against. Consequently, foreign exchange on account of export proceeds have not been repatriated. The Bank maintains that it fully discharged its liability, in accordance with the law and has filed a civil suit in the High Court of Sindh challenging the levy of the penalty. The High Court has granted a stay on action being taken against the Bank. The management, based on the advice from legal counsel, is confident that the view of the Bank will prevail and the Bank will not be exposed to any loss on this account.			
25.3.3 Punjab revenue authority issued show cause notice to UBL Fund Managers Limited requiring them to pay sales tax under Punjab sales tax on Service Act 2012 on management fee earned in Punjab from May 22, 2013. The Company has filed a petition on July 8, 2015, in the High Court of Sindh. A favorable outcome of this petition is expected.			
25.4 For contingencies relating to taxation, refer note 14.2			
26. DERIVATIVE INSTRUMENTS			
Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include forwards, futures, swaps and options. Derivatives also include structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.			
The Bank, as an Authorised Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market and offers a wide variety of derivatives products covering both hedging and market making to satisfy customers' needs. Where required, specific approval is sought from the SBP for each transaction.			
The Risk management policy related to derivatives is discussed in note 48.8			

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

26.1 Product analysis

Counterparties	2022									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market loss	Notional principal	Mark to market gain
	----- (Rupees in '000) -----									
With banks for										
Hedging	-	-	286,171	-	-	-	-	-	286,171	-
Market making	-	-	-	-	16,000,000	5,492	1,300,000	(384)	17,300,000	5,108
	-	-	286,171	-	16,000,000	5,492	1,300,000	(384)	17,586,171	5,108
With FIs other than Banks										
Hedging	2,941,905	250,160	-	-	-	-	-	-	2,941,905	250,160
Market making	-	-	-	-	7,963,900	5,805	-	-	7,963,900	5,805
	2,941,905	250,160	-	-	7,963,900	5,805	-	-	10,905,805	255,965
With other entities										
Hedging	-	-	-	-	-	-	-	-	-	-
Market making	-	-	286,171	-	17,493,200	10,630	-	-	17,779,371	10,630
	-	-	286,171	-	17,493,200	10,630	-	-	17,779,371	10,630
Total										
Hedging	2,941,905	250,160	286,171	-	-	-	-	-	3,228,076	250,160
Market making	-	-	286,171	-	41,457,100	21,927	1,300,000	(384)	43,043,271	21,543
	2,941,905	250,160	572,342	-	41,457,100	21,927	1,300,000	(384)	46,271,347	271,703

Counterparties	2021									
	Interest rate swaps		FX options		Forward purchase contracts of government securities		Forward sale contracts of government securities		Total	
	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain	Notional principal	Mark to market gain
	----- (Rupees in '000) -----									
With banks for										
Hedging	-	-	904,470	-	-	-	2,500,000	55	3,404,470	55
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	904,470	-	-	-	2,500,000	55	3,404,470	55
With FIs other than Banks										
Hedging	-	-	-	-	-	-	199,000	1,047	199,000	1,047
Market making	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	199,000	1,047	199,000	1,047
With other entities										
Hedging	-	-	-	-	9,081,000	7,374	-	-	9,081,000	7,374
Market making	-	-	904,470	-	-	-	-	-	904,470	-
	-	-	904,470	-	9,081,000	7,374	-	-	9,985,470	7,374
Total										
Hedging	-	-	904,470	-	9,081,000	7,374	2,699,000	1,102	12,684,470	8,476
Market making	-	-	904,470	-	-	-	-	-	904,470	-
	-	-	1,808,940	-	9,081,000	7,374	2,699,000	1,102	13,588,940	8,476

26.2 Maturity analysis of derivatives

Remaining maturity	2022					2021				
	Number of contracts	Notional principal	Mark to Market		Net	Number of contracts	Notional principal	Mark to Market		Net
			Negative	Positive				Negative	Positive	
	----- (Rupees in '000) -----									
Upto 1 month	30	35,848,239	(1,357)	19,760	18,403	15	1,088,140	-	1,047	1,047
1 to 3 months	3	6,661,532	-	3,140	3,140	18	9,893,490	-	7,374	7,374
3 to 6 months	-	-	-	-	-	3	2,607,310	-	55	55
6 months to 1 year	-	-	-	-	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-	-	-	-	-
2 to 3 Years	-	-	-	-	-	-	-	-	-	-
Over 3 years	1	2,941,905	-	250,160	250,160	-	-	-	-	-
	34	45,451,676	(1,357)	273,060	271,703	36	13,588,940	-	8,476	8,476

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
27. MARKUP / RETURN / INTEREST EARNED			
On:			
Loans and advances		76,464,571	43,093,615
Investments		173,693,226	107,015,026
Lendings to financial institutions		6,182,330	2,107,373
Balances with banks		1,489,374	545,166
		<u>257,829,501</u>	<u>152,761,180</u>
28. MARKUP / RETURN / INTEREST EXPENSED			
On:			
Deposits		111,459,226	58,913,795
Borrowings		33,225,472	14,115,554
Subordinated debt		1,511,490	901,417
Cost of foreign currency swaps against foreign currency deposits / borrowings		2,814,027	3,117,115
Lease liability against right-of-use assets		1,076,058	977,485
		<u>150,086,273</u>	<u>78,025,366</u>
29. FEE AND COMMISSION INCOME			
Branch banking customer fees		2,390,152	1,849,209
Consumer finance related fees		1,327,323	1,243,888
Card related fees (debit and credit cards)		3,060,267	2,998,760
Investment banking fees		304,489	479,830
Financial Institution rebate / commission		582,491	364,083
Corporate service charges / facility fee		802,590	473,528
Commission on trade		1,286,489	643,493
Commission on guarantees		677,769	600,684
Commission on cash management		1,114,635	979,969
Commission on remittances including home remittances - net		2,608,768	2,252,241
Commission on bancassurance		1,605,442	1,543,168
Management fee		977,643	824,942
Rent on lockers		203,924	202,623
Others		301,502	260,214
		<u>17,243,484</u>	<u>14,716,632</u>
30. GAIN ON SECURITIES - NET			
Realised	30.1	561,249	3,461,504
Unrealised - held for trading		(661)	16,282
		<u>560,588</u>	<u>3,477,786</u>
30.1 Realised gain / (loss) on:			
Federal Government securities		390,312	1,372,272
Shares		41,385	574,559
Foreign securities		129,552	1,514,673
		<u>561,249</u>	<u>3,461,504</u>
31. OTHER INCOME			
Charges recovered		352,708	246,261
Rent on properties		86,622	68,531
Gain on sale of fixed assets - net		193,359	32,534
Transfer from Capital reserve - Exchange translation on winding up of subsidiary		6,778,877	-
(Loss) / gain on sale of Ijarah assets - net		(1,292)	3,928
Loss on disposal of non-banking assets - net	31.1 & 14.2.3	(8,336)	-
Gain on trading liabilities - net		204,584	30,883
		<u>7,606,522</u>	<u>382,137</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

31.1 The bank incurred a net loss of Rs 8.336 million (2021: Nil) against the sale of non-banking assets.

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
32. OPERATING EXPENSES			
Total compensation expense	32.1	21,793,160	18,937,585
Property expense			
Rent and taxes	32.6	1,229,903	1,065,824
Insurance		300,458	263,488
Utilities cost		2,557,609	1,668,282
Security (including guards)		1,224,317	1,011,412
Repair and maintenance (including janitorial charges)		358,143	345,138
Depreciation	10.2	1,223,255	845,758
Depreciation - right-of-use assets	10.2	2,148,753	1,975,854
Depreciation on non-banking assets acquired in satisfaction of claims	14.2.2	34,827	5,180
Others		32,917	31,611
		9,110,182	7,212,547
Information technology expenses			
Software maintenance		2,002,233	1,485,332
Hardware maintenance		886,984	709,198
Depreciation	10.2	1,083,155	904,033
Amortisation	11.1	907,777	877,927
Network charges		777,135	805,254
Consultancy charges		282,327	240,587
		5,939,611	5,022,331
Other operating expenses			
Legal and professional charges		1,513,727	873,141
Commission paid to branchless banking agents		357,016	388,782
Commission paid to sales force		1,697,671	1,405,699
Outsourced service costs		1,827,059	1,425,856
Travelling and conveyance		220,629	154,521
Clearing charges		250,125	211,543
Depreciation	10.2	1,418,232	1,250,463
Depreciation on Islamic financing against leased assets		146,494	169,954
Training and development		95,185	62,872
Postage and courier charges		436,092	373,349
Communication		419,134	483,011
Stationery and printing		1,022,296	816,405
Marketing, advertisement and publicity		1,031,886	816,617
Donations	32.4	211,140	134,236
Auditors' remuneration	32.5	164,514	177,641
Insurance		122,340	108,043
Deposit protection premium expense		1,725,847	1,586,701
Cash transportation and sorting charges		920,812	840,283
Entertainment		265,106	185,767
Vehicle expenses		158,370	99,983
Subscription		119,739	228,948
Office running expenses		190,833	168,619
Banking service charges		3,039,810	2,279,719
Repairs and maintenance		1,057,807	835,293
Cartage, freight and conveyance		48,875	49,710
Winding up provisions		-	545,701
Miscellaneous expenses		861,065	601,746
		19,321,804	16,274,603
		56,164,757	47,447,066

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
32.1 Total compensation expense			
Non- Executive Directors' fees		89,550	75,300
Shariah Board's fees and allowances		11,586	10,548
Managerial remuneration			
i) Fixed		12,253,429	11,507,479
ii) Variable - Cash Bonus		2,340,426	1,235,997
Charge for defined benefit plan		368,099	601,075
Contribution to defined contribution Plan		604,122	570,782
Charge for compensated absences		264,555	39,083
Rent & house maintenance		2,779,948	2,508,614
Utilities		1,473,997	1,337,229
Medical		1,052,692	880,416
Conveyance		929,446	430,735
Group assurance premium		91,655	25,913
Others		(473,345)	(425,945)
Sub-total		21,786,160	18,797,226
Awards		7,000	108,467
Severance allowance	32.2	-	31,892
Grand Total		21,793,160	18,937,585

Number of persons

Awards	1	1
--------	---	---

32.2 This pertains to severance announced for voluntary liquidation of UBL Switzerland.

32.3 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 2,180.630 million (2021: Rs. 1,776.665 million). This cost includes outsourced service costs, which are disclosed specifically in note 32. Of the total cost of Rs. 1,827.059 million (2021: Rs. 1,776.665 million), Rs. 1,937.111 million (2021: Rs. 1,465.852 million) pertains to the payment to companies incorporated in Pakistan and Rs. 243.520 million (2021: Rs. 310.813 million) pertains to payment to companies incorporated outside Pakistan. This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is nil (2021: Nil).

The material outsourcing arrangements along with their nature of services are as follows:

Name of service provider	Type of service	2022 ----- (Rupees in '000) -----	2021 ----- (Rupees in '000) -----
Paradise Press (Private) Limited	Cheque book printing services	59,901	45,152
Apex Printry (Private) Limited	Cheque book printing services	74,508	55,531
Printlink	Cheque book printing services	61,322	46,115
EBRYX Technologies F.Z.C	IT security gateway solution	-	68,573
ASC First Solution (Private) Limited	Storage and digital archiving services	5,525	5,322
Wackenhut Pakistan (Private) Limited	Cash Replenishment	1,667	25,130
Raaziq International	Storage and digital archiving services	19,864	15,706
Qadri Enterprises	Key Punch	11,189	9,061
Phoenix Armour (Pvt) Limited	Cash Replenishment	15,678	-
Askari Guards (Pvt) Limited	Cash Replenishment	16,669	-
TCS (Private) Limited	Statement of account printing and dispatching	87,248	80,219
		353,571	350,809

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

32.4 Details of donations

	2022	2021
	----- (Rupees in '000) -----	
Donations individually exceeding Rs. 0.5 million		
Bestway Foundation	110,000	-
Habib University	15,200	-
Indus Hospital	10,000	-
Shaukat Khanum Memorial Trust	-	35,000
Namal Educational Foundation	-	30,000
The Noorani Foundation	-	20,000
Saylani Welfare International Trust	10,000	10,000
Lahore University of Management Sciences	10,000	10,000
Shalamar Hospital	5,000	5,000
Forman Christian College	-	5,000
The Citizens Foundation	-	3,400
Sahara for Life Trust	-	3,294
Patients Aid Foundation	5,000	3,000
Kashmir Education Foundation	3,800	2,519
Nasra Schools	2,500	1,783
Patients Behbud Society for AKUH	3,750	1,540
Family Educational Services Foundation	2,500	1,350
Jinnah Foundation	1,500	1,000
Marie Adelaide Leprosy Center	1,000	850
Memon Medical Institute Hospital	6,750	-
Hisaar Foundation	5,000	-
Afzaal Memorial Thalassemia Foundation	5,000	-
National Institute of Child Health through OAKS	4,000	-
Million Smiles Foundation	3,600	-
Karachi Down Syndrome Program	3,240	-
SOS Children's Village	1,800	-
Chal Foundation	1,500	-
Donations individually not exceeding Rs. 0.5 million	-	500
	<u>211,140</u>	<u>134,236</u>

32.4.1 None of the directors, executives or their spouses had any interest in the donees.

32.5 Auditors' remuneration

	2022		
	Domestic	Overseas	Total
	----- (Rupees in '000) -----		
Audit fee - Bank	19,258	43,940	63,198
Audit fee - Subsidiaries	1,817	55,669	57,486
Fee for other statutory certifications	14,521	2,448	16,969
Tax and consultancy services	10,580	9,115	19,695
Out of pocket expenses	5,357	1,809	7,166
	<u>51,533</u>	<u>112,981</u>	<u>164,514</u>
	2021		
	Domestic	Overseas	Total
	----- (Rupees in '000) -----		
Audit fee - Bank	17,280	30,373	47,653
Audit fee - Subsidiaries	5,671	65,481	71,152
Fee for other statutory certifications	6,061	1,375	7,436
Tax and consultancy services	39,006	4,227	43,233
Out of pocket expenses	7,447	720	8,167
	<u>75,465</u>	<u>102,176</u>	<u>177,641</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

32.6 This includes expense in respect of short term leases and low value assets not included in lease liabilities amounting to Rs. 26.318 million (2021: Rs. 32.860 million) and Rs. 0.006 million (2021: Rs. 0.007 million) respectively.

33. WORKERS' WELFARE FUND

The Group has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

	Note	2022	2021
		----- (Rupees in '000) -----	
34. OTHER CHARGES			
Penalties imposed by the SBP		45,172	164,032
Penalties imposed by other regulatory bodies of overseas branches		3,690	34,525
		<u>48,862</u>	<u>198,557</u>
35. PROVISIONS / (REVERSALS) AND WRITE-OFFS - NET			
(Reversals) / provision against loans and advances - net	9.4	(2,976,020)	1,223,011
Provision / (reversals) for diminution in value of investments - net	8.3	20,843,668	(1,797,917)
Bad debts written off directly	9.6	219,513	92,921
Provision / (reversals) against other assets - net	14.4.1	11,273	(168,605)
Reversals against off-balance sheet obligations - net	21.1	(35,513)	(344,250)
Recoveries against written off / charged off bad debts		(620,082)	(633,138)
Reversal of deficit on revaluation of fixed assets		-	(196,888)
Other provisions / write-offs		155,932	376,339
		<u>17,598,771</u>	<u>(1,448,527)</u>
36. TAXATION			
Current		31,273,311	21,068,403
Prior years		3,697,209	(188,739)
Deferred		1,404,122	594,814
		<u>36,374,642</u>	<u>21,474,478</u>
36.1 Relationship between tax expense and accounting profit			
Accounting profit for the year		68,435,391	52,167,055
Tax on income @ 39% (2021: 35%)		26,689,802	18,258,469
Super tax @ 10% (2021 : 4%)		6,831,001	2,085,086
Prior year charge		3,697,209	(188,739)
Additional tax charge under sub rule 6A		-	800,223
Tax effect of permanent differences		23,942	77,437
Impact of different tax rates of subsidiaries (permanent differences)		328,672	240,217
Others		(1,195,984)	201,785
Tax charge		<u>36,374,642</u>	<u>21,474,478</u>
37. EARNINGS PER SHARE			
Profit after tax attributable to equity shareholders of the Bank		<u>31,535,494</u>	<u>30,408,777</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares		<u>1,224,179,687</u>	<u>1,224,179,687</u>
		----- (Rupees) -----	
Basic and diluted earnings per share		<u>25.76</u>	<u>24.84</u>

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
		----- (Rupees in '000) -----	
38. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	143,034,544	273,949,520
Balances with other banks	6	16,686,747	29,975,564
		<u>159,721,291</u>	<u>303,925,084</u>

38.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2022				2021			
	Lease liability against right-of-use assets	Liabilities against assets subject to finance lease	Dividends payable	Unappropriated profit	Lease liability against right-of-use assets	Liabilities against assets subject to finance lease	Dividends payable	Unappropriated profit
	----- (Rupees in '000) -----							
Balance as at January 01,	8,573,347	12,193	3,054,656	89,840,102	7,950,494	15,957	357,578	87,527,909
Changes from financing cash flows								
Payment of lease liability against right-of-use assets	(2,959,585)	-	-	-	(2,710,677)	-	-	-
Payment of liabilities against assets subject to finance lease	-	(852)	-	-	-	(3,764)	-	-
Dividend Paid	-	-	(17,885,625)	-	-	-	(23,626,637)	-
Total changes from financing cash flows	(2,959,585)	(852)	(17,885,625)	-	(2,710,677)	(3,764)	(23,626,637)	-
Other Changes								
- Liability related								
Cash dividend	-	-	23,378,702	(23,378,702)	-	-	26,323,715	(26,323,715)
Interest expense on lease liability against right-of-use assets	1,076,058	-	-	-	977,485	-	-	-
Non-cash based	2,913,761	-	-	-	2,356,045	-	-	-
Total other changes	3,989,819	-	23,378,702	(23,378,702)	3,333,530	-	26,323,715	(26,323,715)
- Equity related	-	-	-	29,820,769	-	-	-	28,635,908
Balance as at December 31,	<u>9,603,581</u>	<u>11,341</u>	<u>8,547,733</u>	<u>96,282,169</u>	<u>8,573,347</u>	<u>12,193</u>	<u>3,054,656</u>	<u>89,840,102</u>

39. STAFF STRENGTH

	Note	2022			2021		
		Domestic	Overseas	Total	Domestic	Overseas	Total
		----- (Number of employees) -----					
Permanent		12,292	291	12,583	11,666	317	11,983
On contract		30	7	37	21	2	23
Group's own staff strength		<u>12,322</u>	<u>298</u>	<u>12,620</u>	<u>11,687</u>	<u>319</u>	<u>12,006</u>
Outsourced	39.1	1,382	35	1,417	1,542	49	1,591
Total		<u>13,704</u>	<u>333</u>	<u>14,037</u>	<u>13,229</u>	<u>368</u>	<u>13,597</u>

39.1 This excludes employees of outsourced services companies assigned to the Group to perform services of security guards, admin and janitorial staff

40. DEFINED BENEFIT PLANS

40.1 The Bank (Holding Company)

40.1.1 General description

The Bank operates the following schemes:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

40.1.2 Pension Fund

The Bank operates a funded pension scheme established in 1975. The Pension Scheme was introduced on 1st January 1975 for Clerical and Non-Clerical employees and on the 1st May 1977 for Officers. Those in service at these dates were given an option to join the Pension Scheme or stay in the Bank's old gratuity scheme.

40.1.3 Gratuity scheme

The Bank also operates a funded gratuity scheme for new employees and for those employees who have not opted for the pension scheme.

40.1.4 Benevolent fund scheme

The Bank also operates a funded benevolent fund scheme which covers all regular employees of the Bank who joined the Bank pre-privatisation. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction. Employees covered under this scheme, are entitled to receive benevolent grants on death, disability, retirement and other contingencies as monthly grant payment or one-time payment subject to certain conditions as specified in the rules of the fund.

40.1.5 Post-retirement medical benefits

The Bank also provides a non-funded post retirement medical benefits to eligible retired employees. The post-retirement medical scheme cover all regular employees of the Bank who joined the Bank pre-privatisation.

40.1.6 Compensated absences

The Bank maintains a non-funded scheme for compensated absences.

40.1.7 Other schemes

Employee benefit schemes offered by the Bank's overseas branches are governed by the laws of the respective countries in which the branches operate.

40.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2022	2021
	----- (Number) -----	
- Pension fund	584	695
- Gratuity fund	11,516	10,776
- Post-retirement medical benefit scheme	787	959
- Benevolent fund	891	1,062
- Employee compensated absences	891	1,061

In addition to above active employees, pension fund, benevolent fund and post-retirement medical benefit schemes include 6,897 (2021: 7,064), 1,783 (2021: 1,951) and 7,620 (2021: 7,640) members respectively who have retired or whose widows and other beneficiaries are receiving the benefits.

40.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022 using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2022	2021
	----- Per annum -----	
Discount rate	14.50%	11.75%
Expected rate of salary increase	12.50%	9.75%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	8.50%	5.75%
Expected rate of return on plan assets	14.50%	11.75%

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

40.4 Pension, gratuity, benevolent fund schemes and other benefits

The fair value of plan assets and the present value of defined benefit obligations of these schemes as at December 31, 2022 are as follows:

Note	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Present value of obligations	(7,986,943)	(1,386,100)	(235,203)	(2,628,679)
Fair value of plan assets	10,439,543	1,348,276	300,571	-
Receivable / (payable)	2,452,600	(37,824)	65,368	(2,628,679)
	----- (Rupees in '000) -----			
	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Present value of obligations	(10,109,150)	(1,205,040)	(298,047)	(2,175,874)
Fair value of plan assets	12,155,659	1,101,355	328,607	-
Payable	2,046,509	(103,685)	30,560	(2,175,874)

40.5 Movement in present value of defined benefit obligations

Note	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Obligations at the beginning of the year	10,109,150	1,205,040	298,047	2,175,874
Current service cost	23,909	190,662	3,163	403
Interest cost	1,051,852	144,397	32,154	248,712
Benefits paid by the Bank	(925,466)	(200,978)	(39,703)	(128,357)
Return allocated to other funds	51,499	-	-	-
Remeasurement (gains) / losses	(2,324,001)	46,979	(58,458)	332,047
Obligations at the end of the year	7,986,943	1,386,100	235,203	2,628,679
	----- (Rupees in '000) -----			
	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Obligations at the beginning of the year	11,604,939	1,049,184	331,363	2,028,687
Current service cost	23,694	164,282	3,917	471
Interest cost	1,020,574	104,189	29,798	192,584
Benefits paid by the Bank	(891,349)	(167,607)	(40,031)	(136,430)
Return allocated to other funds	51,513	-	-	-
Remeasurement (gains) / losses	(1,700,221)	54,992	(27,000)	90,562
Obligations at the end of the year	10,109,150	1,205,040	298,047	2,175,874

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

40.6 Movement in fair value of plan assets

	2022			2021		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	----- (Rupees in '000) -----					
Fair value at the beginning of the year	12,155,659	1,101,355	328,607	10,521,021	1,015,218	330,708
Interest income on plan assets	1,371,033	132,872	35,551	1,000,068	101,028	29,737
Contribution by the Bank	(1,897,466)	304,996	1,152	1,439,154	132,415	1,384
Contribution by the employees	-	-	1,152	-	-	1,384
Amount paid by the fund to the Bank	(864,335)	(200,424)	(64,452)	(1,107,948)	(171,523)	(40,036)
Remeasurement gains / (losses)	(325,348)	9,477	(1,439)	303,364	24,217	5,430
Fair value at the end of the year	10,439,543	1,348,276	300,571	12,155,659	1,101,355	328,607

40.7 Movement in (payable) / receivable under defined benefit schemes

Note	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Opening balance	2,046,509	(103,685)	30,560	(2,175,874)
Adjustment for mark-up	3,870	1,408	596	-
Charge for the year	243,773	(202,187)	1,386	(249,115)
Contribution by the Bank	(1,897,466)	304,996	1,152	-
Amount paid by the Fund to the Bank	(864,335)	(200,424)	(64,452)	-
Benefits paid by the Bank	925,466	200,978	39,703	128,357
Remeasurement (losses) / gains	1,994,783	(38,910)	56,423	(332,047)
Closing balance	2,452,600	(37,824)	65,368	(2,628,679)
	----- (Rupees in '000) -----			
	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	----- (Rupees in '000) -----			
Opening balance	(1,083,918)	(33,966)	(655)	(2,028,687)
Adjustment for mark-up	2,777	544	199	-
(Charge) / reversal for the year	(95,713)	(167,443)	(2,594)	(193,055)
Contribution by the Bank	1,439,154	132,415	1,384	-
Amount paid by the Fund to the Bank	(1,107,948)	(171,523)	(40,036)	-
Benefits paid by the Bank	891,349	167,607	40,031	136,430
Remeasurement (losses) / gains	2,000,808	(31,319)	32,231	(90,562)
Closing balance	2,046,509	(103,685)	30,560	(2,175,874)

40.8 Charge for defined benefit plans

40.8.1 Cost recognised in profit and loss

	Note	2022			
		Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
		----- (Rupees in '000) -----			
Current service cost	40.5	23,909	190,662	3,163	403
Past service cost		-	-	-	-
Net interest on defined benefit (asset) / liability		(319,181)	11,525	(3,397)	248,712
Return allocated to other funds	40.8.1.1	51,499	-	-	-
Employees' contribution		-	-	(1,152)	-
		(243,773)	202,187	(1,386)	249,115

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Note	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Current service cost	23,694	164,282	3,917	471
Past service cost	-	-	-	-
Net interest on defined benefit (asset) / liability	20,506	3,161	61	192,584
Return allocated to other funds	51,513	-	-	-
Employees' contribution	-	-	(1,384)	-
	<u>95,713</u>	<u>167,443</u>	<u>2,594</u>	<u>193,055</u>

40.8.1.1 This represents return allocated to those employees who exercised the conversion option offered in the year 2001, as referred to in note 4.13.1.

40.8.2 Re-measurements recognised in OCI during the year

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
Losses / (gains) on obligation				
- Financial assumptions	(1,646,138)	21,632	(26,375)	382,797
- Experience adjustments	(677,863)	25,347	(32,083)	(50,750)
Return on plan assets over interest income	325,348	(9,477)	1,439	-
Adjustment for mark-up	3,870	1,408	596	-
Total re-measurements recognised in OCI	<u>(1,994,783)</u>	<u>38,910</u>	<u>(56,423)</u>	<u>332,047</u>

	2021			
	Pension fund	Gratuity fund	Benevolent fund	Post-retirement medical benefit
	(Rupees in '000)			
Losses / (gains) on obligation				
- Financial assumptions	(1,584,685)	14,089	(28,611)	216,207
- Experience adjustments	(115,536)	40,903	1,611	(125,645)
Return on plan assets over interest income	(303,364)	(24,217)	(5,430)	-
Adjustment for mark-up	2,777	544	199	-
Total re-measurements recognised in OCI	<u>(2,000,808)</u>	<u>31,319</u>	<u>(32,231)</u>	<u>90,562</u>

Re-measurements recognised in OCI during the year pertaining to other schemes as disclosed in note 40.1.7 is Rs. 15.646 million (2021: Rs. 29.878 million)

40.9 Components of fair value of plan assets

	2022			2021		
	Pension fund	Gratuity fund	Benevolent fund	Pension fund	Gratuity fund	Benevolent fund
	(Rupees in '000)					
Cash and cash equivalents - net	57,789	8,181	11,082	1,469,670	20,075	49,037
Ordinary shares	384,888	4,434	10,102	371,767	6,068	13,426
Term deposits	-	-	-	741,376	-	-
Non-Government debt securities	743,195	13,956	12,010	394,397	23,000	12,012
Mutual funds units	-	-	6,790	1,113,120	120,560	10,548
Pakistan Investment Bonds	8,271,671	1,205,528	242,675	5,798,245	666,061	198,390
Market Treasury Bills	982,000	67,540	-	2,267,084	265,567	45,194
National Saving Certificates / Bonds	-	-	17,912	-	-	-
Repurchase Agreements	-	48,637	-	-	24	-
	<u>10,439,543</u>	<u>1,348,276</u>	<u>300,571</u>	<u>12,155,659</u>	<u>1,101,355</u>	<u>328,607</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

40.9.1 The Funds primarily invests in Government Securities and accordingly do not carry any significant credit risk. These are subject to interest rate risk based on market movements. Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

40.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Increase in discount rate by 1 %	(736,441)	(87,493)	(8,197)	(255,319)
Decrease in discount rate by 1 %	529,523	99,016	8,884	307,392
Increase in expected future increment in salary by 1%	-	106,536	-	-
Decrease in expected future increment in salary by 1%	-	(95,479)	-	-
Increase in expected future increment in pension by 1%	556,491	-	-	-
Decrease in expected future increment in pension by 1%	(495,318)	-	-	-
Increase in expected future increment in medical benefit by 1%	-	-	-	290,833
Decrease in expected future increment in medical benefit by 1%	-	-	-	(247,567)

40.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the pension and gratuity funds according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme. Based on actuarial advice, management estimates that the expected contribution and charge / (reversal) for the year ending December 31, 2023 would be as follows:

	2023			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
	(Rupees in '000)			
Expected contribution	-	-	1,069	-
Expected charge / (reversals) for the year	<u>(329,730)</u>	<u>226,539</u>	<u>(7,482)</u>	<u>370,803</u>

40.12 Maturity profile

	2022			
	Pension fund	Gratuity fund	Benevolent fund	Post retirement medical benefit
The weighted average duration of the obligation (in years)	<u>6.69</u>	<u>6.70</u>	<u>3.10</u>	<u>7.84</u>

40.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date, based on various actuarial assumptions.

40.14 The significant risks associated with the staff retirement benefit schemes are as follows:

Asset Volatility

The risk arises due to inclusion of risky assets in the funds portfolio, inflation and interest rate volatility.

Changes in Bond Yields

The risk arises when bond yield is lower than the expected return on the planned assets (duration based PIB discount rate).

Inflation Risk

The salary inflation is the major risk that the Gratuity and Compensated Absences liability carries. In pension fund the increase has been determined by the Supreme Court and does not carry this risk as the benefit is practically no longer exposed to future salary increases. Some of the post-retirement medical benefits are capped to a proportion of Pension, thus carrying no salary inflation risk. However, the hospitalisation benefit is susceptible to medical inflation risk.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Withdrawal Risk

Withdrawal risks is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Other Risks

Though, not imminent and generally observable, over long term there are some risks that may crystallise. These include:

- Retention Risk – The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
- Final Salary Risk – The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to a multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
- Model Risk – The defined benefit gratuity liability is valued by actuary each year. Further, the assets in the Fund are also marked to market. This two-tier valuation gives rise to the model risk.
- Operational Risk related to a separate entity - Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes, and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit Funds. This gives rise to some specific operational risks.
- Compliance Risk – The risk that retirement benefits offered by the Bank do not comply with minimum statutory requirements.
- Legal / Political Risk – The risk that the legal / political environment changes and as a result, the Bank is required to offer additional or different retirement benefits than what the Bank projected. Specifically, in the light of recent Supreme Court decisions, this risk has materialised.

40.15 United National Bank Limited Pension and Life Assurance Scheme for U.K Employees

As part of the Shareholders' Agreement ("the Agreement") signed on November 9, 2001, between UBL UK and its shareholders, United Bank Limited and National Bank of Pakistan (NBP), it was agreed that UBL UK may participate as an associated employer in the United Bank Limited Pension and Life Assurance Scheme ("the Scheme") with effect from November 19, 2001, the date of completion of transfer of the businesses from the Bank and NBP into UBL UK (the Completion Date). The Scheme is classified as a defined benefit scheme providing benefits based on final pensionable salary.

Under the terms of the Agreement, UBL UK is responsible for the funding requirements of the active members whose employment was transferred to UBL UK on the Completion Date and for any new members admitted to the scheme after the Completion Date. United Bank Limited remains responsible for the funding of the deferred members upto the Completion Date. The scheme is closed for new members and the accrual of benefits has ceased from January 1, 2010.

Full actuarial valuations using the Projected Unit Credit Method are obtained triennially and updated at each statement of financial position date.

The last full actuarial valuation of the scheme was carried out by a qualified actuary. The major assumptions used by the actuary in the latest update as of December 31, 2022, are as follows:

	2022	2021
	----- Per annum -----	
Discount rate	4.75%	1.90%
Expected rate of pension increase	3.70%	3.00%
Retail price inflation	3.20%	3.60%
Consumer price inflation	3.70%	3.00%

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

40.15.1 The assets and liabilities of the scheme noted below relate to those employees for whom UBL UK has a funding liability.

	2022		2021	
	Return	Rupees in '000	Return	Rupees in '000
Insurance policy	4.75%	1,566,089	1.90%	1,549,801

40.15.2 The fair value of plan assets and the present value of defined benefit obligations of these scheme as at December 31, 2022 is as follows:

	2022	2021
	----- (Rupees in '000) -----	
Present value of obligations	(1,566,089)	(1,591,263)
Fair value of plan assets	1,566,089	1,549,801
Payable	-	(41,462)

40.15.3 Movement in (payable) / receivable during the year

Payable at the beginning of the year	(41,462)	(170,394)
Current service cost	-	-
Net Interest cost	(756)	(2,483)
Employer contribution	11,839	903
Remeasurement gain / (loss)	32,746	138,373
Exchange adjustment	(2,367)	(7,861)
Payable at the end of the year	-	(41,462)

No Directors were members of the defined benefit scheme during the year or as at December 31, 2022

40.15.4 Movement in present value of defined benefit obligation

	2022	2021
	----- (Rupees in '000) -----	
Obligations at the beginning of the year	1,591,263	1,601,703
Past Service cost	-	-
Interest cost	31,487	22,122
Benefits paid by the Bank	(43,578)	(37,697)
Remeasurement (gain) / loss	(225,446)	(132,053)
Exchange Adjustment	212,363	137,188
Obligations at the end of the year	1,566,089	1,591,263

40.15.5 Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	1,549,801	1,431,309
Interest income on plan assets	30,731	19,639
Contributions to the plan	11,839	903
Amount paid by the fund	(43,578)	(37,697)
Remeasurement gain / (loss)	(192,700)	6,320
Exchange Adjustment	209,996	129,327
Fair value of plan assets at the end of the year	1,566,089	1,549,801

40.15.6 Analysis of the amount credited / (debited) to net interest income

Expected return on pension scheme assets	30,731	19,639
Interest on pension scheme liabilities	(31,487)	(22,122)
Net (expense) / income	(756)	(2,483)

40.15.7 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the benefit scheme. The increase / (decrease) in the present value of defined benefit obligation as a result of a change in each assumption is summarised below:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022 Rupees in '000
Increase in discount rate by 1 %	(146,369)
Decrease in discount rate by 1 %	179,684
Increase in expected inflation rate by 1%	22,119
Decrease in expected inflation rate by 1%	(25,942)
Increase in life expectancy by 1 year	37,411
Decrease in life expectancy by 1 year	(38,231)

40.16 UBL Fund Managers Limited

40.16.1 Principal actuarial assumptions

UBL FM operates an approved funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service. The minimum qualifying eligible service for gratuity is 3 years for employees and executives. The latest actuarial valuation of the subsidiary's defined benefit plan, based on Projected Unit Credit Actuarial Cost Method, was carried out as at December 31, 2022. The main assumptions used in the actuarial valuation are as follows:

	2022	2021
	----- Per annum -----	
Discount rate	14.50%	11.75%
Expected rate of return on plan assets	10.00%	11.75%
Expected rate of salary increase	14.50%	11.75%

40.16.2 The fair value of plan assets and the present value of defined benefit obligations of these scheme as at December 31, 2022 is as follows:

	2022	2021
	----- (Rupees in '000) -----	
Present value of obligations	(103,799)	(87,700)
Fair value of plan assets	96,150	78,257
Payable	<u>(7,649)</u>	<u>(9,443)</u>

40.16.3 Movement in (payable) / receivable during the year

Payable at the beginning of the year	(9,443)	(25,518)
Current service cost	(17,453)	(17,156)
Net interest expense	(1,093)	(2,435)
Employer contribution	20,818	35,809
Remeasurement (loss) / gain	(478)	(143)
Payable at the end of the year	<u>(7,649)</u>	<u>(9,443)</u>

40.16.4 Movement in present value of defined benefit obligation

Obligation at the beginning of the year	87,700	79,666
Current service cost	17,453	17,156
Interest cost	10,877	8,149
Benefits paid	(7,947)	(15,994)
Remeasurement gain	(4,284)	(1,277)
Obligation at the end of the year	<u>103,799</u>	<u>87,700</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022	2021
	----- (Rupees in '000) -----	
40.16.5 Movement in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	78,257	54,148
Interest income on plan assets	9,784	5,714
Contributions to the plan	20,818	35,809
Benefits paid	(7,947)	(15,994)
Remeasurement (loss) / gain	(4,762)	(1,420)
Fair value of plan assets at the end of the year	<u>96,150</u>	<u>78,257</u>

40.16.6 Composition of plan assets

Cash and cash equivalents - net	18,999	7,855
Debt securities	52,989	15,562
Mutual funds units	2,163	1,133
Ordinary shares	19,726	53,707
	<u>93,877</u>	<u>78,257</u>

40.16.7 Charge for defined benefit plan

Current service cost	17,453	17,156
Interest cost	10,877	8,149
Interest income on plan assets	(9,784)	(5,714)
	<u>18,546</u>	<u>19,591</u>

Actual return on plan assets

	<u>9,784</u>	<u>5,714</u>
--	--------------	--------------

40.16.8 Maturity profile and expected future contribution

Based on actuarial advice, management estimates that the expected charge for the year ending December 31, 2023, would be Rs. 20.093 million respectively. The weighted average duration of the obligation as of December 31, 2022, is 9.06 years.

40.16.9 Sensitivity Analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligation under the defined benefit scheme. The increase / (decrease) in the present value of defined benefit obligation as a result of a change in each assumption is summarised below:

	2022 Rupees in '000
Increase in discount rate by 1 %	(7,785)
Decrease in discount rate by 1 %	8,871
Increase in salary increment rate by 1%	8,331
Decrease in salary increment rate by 1%	(7,428)

41 OTHER EMPLOYEE BENEFITS

41.1 Defined contribution plan

The Bank operates a contributory provident fund scheme for 11,516 (2021: 10,776) employees who are not in the pension scheme. The employer and employee each contribute 8.33% of the basic salary to the funded scheme every month.

UBL FM operates a contributory provident fund scheme. The employer and employee each contribute 10% of the basic salary to the funded scheme every month.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

41.2 Employee Stock Option Scheme

UBL Fund Managers has an incentive scheme for its top performing employees in the form of share options under the policy of Employee Stock Option Scheme (ESOS). The options give a right to subscribe ordinary shares of the Company to the extent of the lower of two million shares or five percent of the share capital of the company as of the grant date. The scheme is divided into three phases and options are exercisable at their respective exercise price determined from time to time according to methodology provided in approved scheme. Each phase give a right to eligible employees to acquire options after a vesting period of two years, in two tranches i.e. 50% of the vested options are exercisable upon completion of vesting period, while remaining 50% can be exercised after one year. The last phase was completed in 2016 in which 18,121 shares were issued pursuant to exercise of the share options.

42. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

42.1 Total Compensation Expense

Items	2022						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	10,500	-	79,050	11,586	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	118,560	524,214	814,097
ii) Variable - Cash Bonus	-	-	-	-	107,172	261,697	290,157
Contribution to defined contribution plan	-	-	-	-	9,880	42,168	73,300
Charge for defined benefit plan	-	-	-	-	4,338	6,863	21,565
Rent & house maintenance	-	-	-	-	18,151	87,659	211,886
Utilities	-	-	-	-	3,856	38,235	91,209
Medical	-	-	-	-	102	22,975	50,048
Conveyance	-	-	-	-	6,016	37,937	151,474
Others	-	-	-	-	1,480	14,246	69,688
Sub-Total	10,500	-	79,050	11,586	269,555	1,035,994	1,773,424
Awards	-	-	-	-	-	7,000	-
Total	10,500	-	79,050	11,586	269,555	1,042,994	1,773,424
Number of Persons	1	-	7	3	1	27	113

Items	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc.	8,400	-	66,900	10,548	-	46,071	-
Managerial Remuneration							
i) Fixed	-	-	-	-	105,600	738,996	669,016
ii) Variable - Cash Bonus	-	-	-	-	95,703	260,099	224,920
Contribution to defined contribution plan	-	-	-	-	8,800	38,403	59,302
Charge for defined benefit plan	-	-	-	-	2,861	12,979	15,970
Rent & house maintenance	-	-	-	-	12,036	68,716	187,178
Utilities	-	-	-	-	2,574	30,541	83,190
Medical	-	-	-	-	115	18,261	41,595
Conveyance	-	-	-	-	4,707	47,579	131,481
Others	-	-	-	-	-	7,281	29,867
Sub-Total	8,400	-	66,900	10,548	232,396	1,268,926	1,442,519
Awards	-	-	-	-	108,467	-	-
Total	8,400	-	66,900	10,548	340,863	1,268,926	1,442,519
Number of Persons	1	-	7	3	1	52	131

The total amount of deferred bonus as at December 31, 2022 for the President / CEO, Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs. 219.981 million (2021: Rs. 181.016 million). The deferred bonus is held in a trust fund.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

42.2 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	2022							Total Amount Paid
		Meeting Fees and Allowances Paid							
		For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance	
(Rupees in '000)									
1	Sir Mohammed Anwar Pervez, OBE, HPk	5,400	-	3,750	-	-	750	600	10,500
2	Lord Zameer M. Choudrey, CBE, SI Pk	4,500	-	-	3,750	3,750	750	900	13,650
3	Mr. Haider Zameer Choudrey	4,500	4,500	-	-	3,750	-	900	13,650
4	Mr. Arshad Ahmad Mir *	3,750	-	3,750	4,200	-	750	-	12,450
5	Mr. Rizwan Pervez	4,500	4,500	3,750	-	-	-	900	13,650
6	Ms. Shazia Syed	3,750	4,350	-	3,000	-	-	150	11,250
7	Mr. Amar Zafar Khan	3,750	-	-	-	-	-	-	3,750
8	Mr. Tariq Rashid	3,750	-	3,450	-	3,450	-	-	10,650
	Total Amount Paid	33,900	13,350	14,700	10,950	10,950	2,250	3,450	89,550

* Mr. Arshad Ahmad Mir retired from the Board with effect from December 14, 2022.

Sr. No.	Name of Director	2021							Total Amount Paid
		Meeting Fees and Allowances Paid							
		For Board Meetings	Board Audit Committee (BAC)	Board Human Resource & Compensation Committee (HRCC)	Board Risk & Compliance Committee (BRCC)	Board IT Committee (BITC)	Board Nomination Committee (BNC)	Allowance	
(Rupees in '000)									
1	Sir Mohammed Anwar Pervez, OBE, HPk	4,500	-	3,000	-	-	750	150	8,400
2	Lord Zameer M. Choudrey, CBE, SI Pk	3,750	-	-	3,000	3,000	750	300	10,800
3	Mr. Haider Zameer Choudrey	3,750	3,750	-	-	3,000	-	300	10,800
4	Mr. Arshad Ahmad Mir	3,750	-	3,000	3,000	-	750	-	10,500
5	Mr. Rizwan Pervez	3,750	3,750	3,000	-	-	-	300	10,800
6	Ms. Shazia Syed	3,750	3,750	-	3,000	-	-	-	10,500
7	Mr. Amar Zafar Khan	3,750	-	-	-	-	-	-	3,750
8	Mr. Tariq Rashid	3,750	-	3,000	-	3,000	-	-	9,750
	Total Amount Paid	30,750	11,250	12,000	9,000	9,000	2,250	1,050	75,300

42.3 Remuneration paid to Shariah Board Members

Items	2022				2021			
	Chairman	Resident Member	Non-Resident Member(s)	Total	Chairman	Resident Member	Non- Resident Member(s)	Total
	(Rupees in '000)							
Meeting Fees and Allowances	5,400	4,392	1,794	11,586	4,152	3,564	2,832	10,548
Total	1	1	1		1	1	1	

43. FAIR VALUE MEASUREMENTS

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

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

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

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

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

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

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

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

43.2 Fair value of financial assets

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

	2022				
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
- Federal Government Securities	920,208,508	-	920,208,508	-	920,208,508
- Foreign Bonds - Market Treasury Bills	5,973,644	-	5,973,644	-	5,973,644
- Foreign Bonds - sovereign	73,023,465	-	73,023,465	-	73,023,465
- Foreign Bonds - others	2,329,295	-	2,329,295	-	2,329,295
- Ordinary shares of listed companies	9,550,377	9,550,377	-	-	9,550,377
- Mutual Fund units	202,530	-	202,530	-	202,530
- Non-Government debt securities	4,670,028	-	4,670,028	-	4,670,028
- Real Estate Investment Trust units	642,608	642,608	-	-	642,608
	1,016,600,455	10,192,985	1,006,407,470	-	1,016,600,455

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022				
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government Securities	362,552,249	-	333,494,230	-	333,494,230
- Foreign Bonds - Market Treasury Bills	6,469,775	-	6,469,775	-	6,469,775
- Foreign Bonds - sovereign	38,539,412	-	36,402,565	-	36,402,565
- Foreign Bonds - others	1,207,251	-	1,086,799	-	1,086,799
- Non-Government debt securities	18,167,923	-	17,357,546	-	17,357,546
	426,936,610	-	394,810,915	-	394,810,915
	1,443,537,065	10,192,985	1,401,218,385	-	1,411,411,370
Off-balance sheet financial instruments - measured at fair value					
Forward purchase and sale of foreign exchange contracts	743,037,351	-	2,770,487	-	2,770,487
Interest Rate Swap - purchased and sold (net)	2,941,905	-	250,160	-	-
FX options - purchased and sold (net)	572,342	-	-	-	-
Forward purchase and sale of Government Securities	42,757,100	-	21,543	-	21,543

	2021				
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
- Federal Government Securities	1,076,073,066	-	1,076,073,066	-	1,076,073,066
- Foreign Bonds - sovereign	57,654,277	-	57,654,277	-	57,654,277
- Foreign Bonds - others	2,732,032	-	2,732,032	-	2,732,032
- Ordinary shares of listed companies	9,665,709	9,665,709	-	-	9,665,709
- Mutual Fund units	242,468	-	242,468	-	242,468
- Non-Government debt securities	2,072,482	-	2,072,482	-	2,072,482
- Real Estate Investment Trust units	506,950	506,950	-	-	506,950
	1,148,946,984	10,172,659	1,138,774,325	-	1,148,946,984

	2022				
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government Securities	308,384,667	-	296,942,277	-	296,942,277
- Foreign Bonds - Market Treasury Bills	2,682,985	-	2,682,985	-	2,682,985
- Foreign Bonds - sovereign	32,937,264	-	32,805,738	-	32,805,738
- Foreign Bonds - others	2,159,801	-	2,183,328	-	2,183,328
- Non-Government debt securities	17,549,321	-	20,377,332	-	20,377,332
	363,714,038	-	354,991,660	-	354,991,660
	1,512,661,022	10,172,659	1,493,765,985	-	1,503,938,644
Off-balance sheet financial instruments					
Forward purchase and sale of foreign exchange contracts	691,686,595	-	2,607,023	-	2,607,023
Interest rate swaps	-	-	-	-	-
FX options - purchased and sold (net)	1,808,940	-	-	-	-
Forward purchase of Government Securities	9,081,000	-	-	-	-
Forward sale of Government Securities	2,699,000	-	-	-	-

43.3 Fair Value of non-financial assets

	2022				
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
Fixed Assets	60,303,124	-	-	60,303,124	60,303,124
Non-banking assets acquired in satisfaction of claims	40,800	-	-	40,800	40,800
	60,343,924	-	-	60,343,924	60,343,924
----- (Rupees in '000) -----					
	2021				
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
Fixed Assets	59,874,618	-	-	59,874,618	59,874,618
Non-banking assets acquired in satisfaction of claims	213,344	-	-	213,344	213,344
	60,087,962	-	-	60,087,962	60,087,962

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

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

44. SEGMENT INFORMATION

44.1 Segment details with respect to business activities

	2022							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Profit & Loss								
Net mark-up / return / profit	42,008,327	124,341,642	(82,106,763)	9,399,022	10,792,638	4,533,907	(1,225,545)	107,743,228
Inter segment (expense) / revenue - net	(38,010,216)	(144,558,389)	173,145,285	-	-	-	9,423,320	-
Non mark-up / return / interest income	4,496,504	7,692,746	10,499,640	463,561	2,972,305	2,884,318	6,848,047	35,857,121
Total Income	8,494,615	(12,524,001)	101,538,162	9,862,583	13,764,943	7,418,225	15,045,822	143,600,349
Segment direct expenses	1,250,497	441,845	32,230,027	2,884,548	6,328,023	3,893,647	10,537,600	57,566,187
Inter segment expense allocation	296,693	87,343	7,556,459	-	443,494	-	(8,383,989)	-
Total expenses	1,547,190	529,188	39,786,486	2,884,548	6,771,517	3,893,647	2,153,611	57,566,187
Provisions - net	385,570	(1,383,354)	353,664	(48,212)	(14,997,701)	(1,427,684)	(481,054)	(17,598,771)
Profit / (loss) before tax	7,332,995	(14,436,543)	62,105,340	6,929,823	(8,004,275)	2,096,894	12,411,157	68,435,391
Balance Sheet								
Cash & Bank balances	9,822	67,084,130	18,506,973	7,841,130	64,491,640	1,787,596	-	159,721,291
Investments	11,095,886	1,152,692,777	-	124,800,008	113,900,331	37,073,369	11,377,382	1,450,939,753
Net inter segment lending	-	-	1,377,293,672	-	-	-	139,390,783	1,516,684,455
Lendings to financial institutions	-	85,296,480	-	-	-	546,241	-	85,842,721
Advances - performing	600,765,401	14,337	51,511,037	102,195,674	152,526,997	172,446,497	3,268,329	1,082,728,272
Advances - non-performing net of provision	2,615,887	10,927	496,965	37,613	8,366,249	1,937,296	27,679	13,492,616
Others	35,253,171	40,059,276	19,796,931	5,526,837	15,493,963	9,031,238	60,519,735	185,681,151
Total Assets	649,740,167	1,345,157,927	1,467,605,578	240,401,262	354,779,180	222,822,237	214,583,908	4,495,090,259
Borrowings	63,395,001	420,042,838	5,195,348	69,092,536	6,792,865	1,715,632	-	566,234,220
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	59,231,055	3,359,197	1,331,491,355	151,693,394	291,357,894	196,261,388	1,163,151	2,034,557,434
Net inter segment borrowing	492,593,529	944,787,486	-	-	79,303,440	-	-	1,516,684,455
Others	23,313,085	2,485,234	70,453,015	7,203,929	9,887,892	1,775,399	23,303,322	138,421,876
Total Liabilities	638,532,670	1,370,674,755	1,407,139,718	227,989,859	387,342,091	199,752,419	34,466,473	4,265,897,985
Equity	11,207,497	(25,516,828)	60,465,860	12,411,403	(32,562,911)	23,069,818	180,117,435	229,192,274
Total Equity & liabilities	649,740,167	1,345,157,927	1,467,605,578	240,401,262	354,779,180	222,822,237	214,583,908	4,495,090,259
Contingencies and Commitments	509,367,455	221,290,949	30,493,205	7,626,255	576,647,813	44,499,667	937,427	1,390,862,771
	2021							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Profit & Loss								
Net mark-up / return / profit	24,469,344	78,385,139	(43,705,708)	5,200,775	8,043,384	2,977,290	(634,410)	74,735,814
Inter segment (expense) / revenue - net	(20,339,695)	(75,031,260)	89,795,726	-	-	-	5,575,229	-
Non mark-up / return / interest income	3,124,616	4,464,451	9,193,117	349,080	4,709,662	1,848,522	973,902	24,663,350
Total Income	7,254,265	7,818,330	55,283,135	5,549,855	12,753,046	4,825,812	5,914,721	99,399,164
Segment direct expenses	1,263,533	577,401	27,653,589	2,010,649	4,945,848	4,714,810	7,514,806	48,680,636
Inter segment expense allocation	498,100	80,888	6,390,687	-	428,085	-	(7,397,760)	-
Total expenses	1,761,633	658,289	34,044,276	2,010,649	5,373,933	4,714,810	117,046	48,680,636
Provisions - net	642,747	862,204	383,545	(70,032)	(1,022,450)	493,120	159,393	1,448,527
Profit before tax	6,135,379	8,022,245	21,622,404	3,469,174	6,356,663	604,122	5,957,068	52,167,055
Balance Sheet								
Cash & Bank balances	93,399,085	64,433,447	1,830,566	58,193	-	-	-	159,721,291
Investments	1,303,577,623	111,418,389	33,461,799	2,481,942	-	-	-	1,450,939,753
Net inter segment lending	1,516,684,455	-	-	-	-	-	-	1,516,684,455
Lendings to financial institutions	85,296,480	-	546,241	-	-	-	-	85,842,721
Advances - performing	757,754,779	151,363,468	172,446,496	1,163,529	-	-	-	1,082,728,272
Advances - non-performing net of provision	3,189,070	8,366,249	1,937,297	-	-	-	-	13,492,616
Others	161,155,950	15,360,942	9,031,238	133,021	-	-	-	185,681,151
Total Assets	3,921,057,442	350,942,495	219,253,637	3,836,685	-	-	-	4,495,090,259
Borrowings	557,725,723	6,792,865	1,715,632	-	-	-	-	566,234,220
Subordinated debt	10,000,000	-	-	-	-	-	-	10,000,000
Deposits & other accounts	1,546,175,186	286,466,505	197,024,354	4,891,389	-	-	-	2,034,557,434
Net inter segment borrowing	1,437,381,015	78,144,168	-	1,159,272	-	-	-	1,516,684,455
Others	126,751,864	9,866,624	1,782,120	21,268	-	-	-	138,421,876
Total Liabilities	3,678,033,788	381,270,162	200,522,106	6,071,929	-	-	-	4,265,897,985
Equity	243,023,654	(30,327,667)	18,731,531	(2,235,244)	-	-	-	229,192,274
Total Equity & liabilities	3,921,057,442	350,942,495	219,253,637	3,836,685	-	-	-	4,495,090,259
Contingencies and Commitments	769,657,510	576,648,809	44,499,667	56,785	-	-	-	1,390,862,771

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2021							
	Corporate / Commercial Banking	Treasury	Branch Banking	Islamic Banking	International branch operations	Subsidiaries	Others	Total
	(Rupees in '000)							
Balance Sheet								
Cash & Bank balances	5,847	83,432,361	131,034,116	20,417,689	53,921,299	15,113,772	-	303,925,084
Investments	8,802,055	1,277,993,225	-	87,124,858	113,449,568	28,612,055	5,485,581	1,521,467,342
Net inter segment lending	-	-	1,200,813,673	3,061,160	-	-	73,725,465	1,277,600,298
Lendings to financial institutions	-	49,826,776	-	-	-	536,971	1,874,300	52,238,047
Advances - performing	421,026,745	16,109	48,013,514	43,788,936	118,247,080	117,830,211	3,786,906	752,709,501
Advances - non-performing net of provision	2,765,799	-	414,816	66,191	8,041,387	2,762,452	20,974	14,071,619
Others	15,418,743	22,200,014	17,122,102	2,493,298	12,940,001	4,541,689	62,100,916	136,816,763
Total Assets	448,019,189	1,433,468,485	1,397,398,221	156,952,132	306,599,335	169,397,150	146,994,142	4,058,828,654
Borrowings	62,724,244	474,334,893	4,626,077	5,714,199	15,885,337	1,888,172	-	565,172,922
Subordinated debt	-	-	-	-	-	-	10,000,000	10,000,000
Deposits & other accounts	47,718,108	302,491	1,330,967,753	139,534,238	232,014,732	135,073,032	161,218	1,885,771,572
Net inter segment borrowing	307,488,592	969,169,066	-	-	-	-	-	1,277,600,298
Others	26,327,113	(10,792,063)	49,140,583	4,697,855	7,199,243	2,847,329	12,549,826	91,969,886
Total Liabilities	444,258,057	1,433,014,387	1,384,734,413	149,946,292	256,041,952	139,808,533	22,711,044	3,830,514,678
Equity	3,761,132	454,098	12,663,808	7,005,840	50,557,383	29,588,617	124,283,098	228,313,976
Total Equity & liabilities	448,019,189	1,433,468,485	1,397,398,221	156,952,132	306,599,335	169,397,150	146,994,142	4,058,828,654
Contingencies and Commitments	368,885,828	239,061,601	40,365,621	14,458,785	469,317,371	50,505,703	182,362	1,182,777,271

44.2. Geographical segment analysis

	2022					
	Pakistan	Middle East	Europe	Export Processing Zones	Africa	Total
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	92,379,247	10,376,199	4,571,343	416,439	-	107,743,228
Non mark-up / return / interest income	31,228,107	2,953,964	1,656,709	18,341	-	35,857,121
Total Income	123,607,354	13,330,163	6,228,052	434,780	-	143,600,349
Segment direct expenses	47,839,542	6,300,292	3,398,622	27,731	-	57,566,187
Inter segment expense allocation	(443,494)	441,223	-	2,271	-	-
Total expenses	47,396,048	6,741,515	3,398,622	30,002	-	57,566,187
Provisions - net	(1,165,301)	(14,997,701)	(1,435,769)	-	-	(17,598,771)
Profit / (loss) before tax	75,046,005	(8,409,053)	1,393,661	404,778	-	68,435,391
Balance Sheet						
Cash & Bank balances	93,399,085	64,433,447	1,830,566	58,193	-	159,721,291
Investments	1,303,577,623	111,418,389	33,461,799	2,481,942	-	1,450,939,753
Net inter segment lending	1,516,684,455	-	-	-	-	1,516,684,455
Lendings to financial institutions	85,296,480	-	546,241	-	-	85,842,721
Advances - performing	757,754,779	151,363,468	172,446,496	1,163,529	-	1,082,728,272
Advances - non-performing net of provision	3,189,070	8,366,249	1,937,297	-	-	13,492,616
Others	161,155,950	15,360,942	9,031,238	133,021	-	185,681,151
Total Assets	3,921,057,442	350,942,495	219,253,637	3,836,685	-	4,495,090,259
Borrowings	557,725,723	6,792,865	1,715,632	-	-	566,234,220
Subordinated debt	10,000,000	-	-	-	-	10,000,000
Deposits & other accounts	1,546,175,186	286,466,505	197,024,354	4,891,389	-	2,034,557,434
Net inter segment borrowing						

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Geographical segment analysis

	2021					Total
	Pakistan	Middle East	Europe	Export Processing Zones	Africa	
	(Rupees in '000)					
Profit & Loss						
Net mark-up / return / profit	63,675,168	7,826,769	3,017,262	216,615	-	74,735,814
Non mark-up / return / interest income	19,322,833	4,561,882	630,855	147,780	-	24,663,350
Total Income	82,998,001	12,388,651	3,648,117	364,395	-	99,399,164
Segment direct expenses	38,994,302	4,921,186	4,740,486	24,662	-	48,680,636
Inter segment expense allocation	(428,085)	425,738	-	2,347	-	-
Total expenses	38,566,217	5,346,924	4,740,486	27,009	-	48,680,636
Provisions - net	1,977,857	(1,022,450)	493,120	-	-	1,448,527
Profit / (loss) before tax	46,409,641	6,019,277	(599,249)	337,386	-	52,167,055
Balance Sheet						
Cash & Bank balances	234,926,042	53,577,802	14,837,428	343,497	240,315	303,925,084
Investments	1,386,043,230	107,079,223	21,974,544	6,370,345	-	1,521,467,342
Net inter segment lending	1,277,600,298	-	-	-	-	1,277,600,298
Lendings to financial institutions	51,701,076	-	536,971	-	-	52,238,047
Advances - performing	516,632,210	118,165,300	117,830,211	81,780	-	752,709,501
Advances - non-performing net of provision	3,267,780	8,041,387	2,762,452	-	-	14,071,619
Others	118,775,527	12,709,196	5,101,235	230,805	-	136,816,763
Total Assets	3,588,946,163	299,572,908	163,042,841	7,026,427	240,315	4,058,828,654
Borrowings	549,287,585	15,885,337	-	-	-	565,172,922
Subordinated debt	10,000,000	-	-	-	-	10,000,000
Deposits & other accounts	1,516,457,050	227,406,988	137,299,790	4,607,744	-	1,885,771,572
Net inter segment borrowing	1,276,657,658	499,009	-	443,631	-	1,277,600,298
Others	82,324,301	7,032,667	2,360,446	166,576	85,896	91,969,886
Total Liabilities	3,434,726,594	250,824,001	139,660,236	5,217,951	85,896	3,830,514,678
Equity	154,219,569	48,748,907	23,382,605	1,808,476	154,419	228,313,976
Total Equity & liabilities	3,588,946,163	299,572,908	163,042,841	7,026,427	240,315	4,058,828,654
Contingencies and Commitments	662,954,197	469,287,284	50,505,703	30,087	-	1,182,777,271

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

45. TRUST ACTIVITIES

The Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. These are not assets of the Bank and, therefore, are not included in these consolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2022			Total
		Securities held (Face Value)			
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	1	-	983,000	-	983,000
Corporates	22	18,523,000	-	59,634,700	78,157,700
Individuals	111	228,400	5,000	3,991,180	4,224,580
Insurance Companies	5	432,032,500	1,272,500	94,952,500	528,257,500
NGO / Charitable Organisation	4	1,634,000	-	4,697,500	6,331,500
Pension & Employee Funds	33	56,179,300	325,000	16,577,650	73,081,950
Others	16	78,996,000	-	58,842,520	137,838,520
Total	192	587,593,200	2,585,500	238,696,050	828,874,750
Category	Number of IPS Accounts	2021			Total
		Securities held (Face Value)			
		Pakistan Investment Bonds	GoP Ijara Sukuks	Market Treasury Bills	
		(Rupees in '000)			
Asset Management Companies	1	-	783,000	-	783,000
Corporates	13	6,080,000	-	8,283,000	14,363,000
Individuals	40	44,700	-	1,767,590	1,812,290
Insurance Companies	7	350,617,700	210,000	3,458,000	354,285,700
NGO / Charitable Organisation	4	550,000	-	2,790,300	3,340,300
Pension & Employee Funds	32	47,275,200	175,000	8,425,700	55,875,900
Others	13	4,512,900	-	3,037,730	7,550,630
Total	110	409,080,500	1,168,000	27,762,320	438,010,820

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

46. RELATED PARTY TRANSACTIONS

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

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

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

	2022				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Statement of financial position					
Lendings to financial institutions					
Opening balance	-	-	-	-	2,355,115
Addition during the year	-	-	-	-	3,996,304
Repaid during the year	-	-	-	-	(6,351,419)
Transfers in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	-	-	-	8,436,634	4,654,612
Investment made during the year	-	-	-	44,929,925	645,756
Investment redeemed / disposed off during the year	-	-	-	(44,906,407)	-
Transfers out	-	-	-	-	-
Equity method adjustments	-	-	-	(803,144)	-
Closing balance	-	-	-	7,657,008	5,300,368
Provision for diminution in value of investments	-	-	-	-	952,719
Provision written off	-	-	-	-	-
Advances					
Opening balance	-	645	332,006	-	1,768
Addition during the year	-	488	163,108	-	24,653,259
Repaid during the year	-	(653)	(122,566)	-	(6,846,111)
Transfers in / (out)	-	-	404	-	(873)
Closing balance	-	480	372,952	-	17,808,043
Provision held against advances	-	-	-	-	1,274,449
Other Assets					
Interest / mark-up accrued	-	-	-	42,198	711,313
Receivable from staff retirement funds	-	-	-	-	2,517,968
Prepaid insurance	-	-	-	58,739	-
Remuneration receivable from management of funds	-	-	-	112,912	-
Sales load receivable	-	-	-	13,780	-
Formation cost receivable	-	-	-	9,282	-
Receivable against redemption of units of mutual funds	-	-	-	249,057	-
Dividend receivable	-	-	-	-	-
Provision written off	-	-	-	-	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2021				
	Parent	Directors	Key management personnel	Associates	Other related parties
	(Rupees in '000)				
Deposits and other accounts					
Opening balance	-	6,431,790	157,712	4,285,435	14,535,275
Received during the year	101,751	30,758,130	1,048,423	180,782,484	240,407,932
Withdrawn during the year	(83,150)	(29,420,636)	(1,155,166)	(182,858,765)	(238,798,727)
Transfers (out) / in - net	-	-	21,235	-	6,690
Closing balance	18,601	7,769,284	72,204	2,209,154	16,151,170
Other Liabilities					
Interest / mark-up payable on deposits and borrowings	-	33,314	1	11,222	76,214
Dividend Payable	2,526,916	8,000	-	-	17,578
Payable to staff retirement fund	-	-	-	-	154,589
Unearned income	-	-	-	-	19,501
Other payable	-	-	-	14,730	-
Contingencies and Commitments					
Forward foreign exchange contracts purchase	-	-	-	199,000	-
Profit and Loss Account					
Income					
Mark-up / return / interest earned	-	-	17,570	36,684	510,111
Commission / charges recovered	22	333	3,118	28,237	24,814
Dividend received	-	-	-	96,099	811,111
Net gain on sale of securities	-	78	-	64,121	-
Other income	-	-	-	-	21,763
Gain on sale of fixed assets	-	-	7,041	556	-
Remuneration from fund under management	-	-	-	911,543	-
Sales load	-	-	-	47,696	-
Reversal of provision	-	-	-	-	528,488
Switch revenue	-	-	-	-	241,157
Expenses					
Mark-up / return / interest paid	862	401,218	3,805	168,159	933,722
Remuneration paid	-	-	1,546,746	-	-
Post employment benefits	-	-	15,840	-	-
Directors' fee and allowances	-	75,300	-	-	-
Net charge for defined contribution plans	-	-	47,203	-	570,782
Net charge for defined benefit plans	-	-	-	-	601,075
Other expenses	-	-	43,425	-	110,279
Clearing charges	-	-	-	-	132,758
Membership, subscription, sponsorship and maintenance charges	-	-	-	-	65,092
Other information					
Dividend paid	10,502,493	253,519	6,279	125,384	1,820,822
Insurance premium paid	-	-	2,991	525,484	-
Insurance claims settled	-	-	-	524,094	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022	2021
	(Rupees in '000)	
47. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,241,797	12,241,797
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	150,929,551	142,696,673
Eligible Additional Tier 1 (ADT 1) Capital	10,095,479	10,030,732
Total Eligible Tier 1 Capital	161,025,030	152,727,405
Eligible Tier 2 Capital	52,663,742	48,696,456
Total Eligible Capital (Tier 1 + Tier 2)	213,688,772	201,423,861
Risk Weighted Assets (RWAs):		
Credit Risk	913,752,463	763,003,152
Market Risk	103,805,093	95,817,985
Operational Risk	209,271,004	174,186,005
Total	1,226,828,560	1,033,007,142
Common Equity Tier 1 Capital Adequacy ratio	12.30%	13.81%
Tier 1 Capital Adequacy Ratio	13.13%	14.78%
Total Capital Adequacy Ratio	17.42%	19.50%

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

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

Further, under the Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2022. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 17.42% whereas CET 1 and Tier 1 ratios stood at 12.30% and 13.13% respectively.

Furthermore, under the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2019 dated April 13, 2019, UBL is a sample D-SIB. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 0.5%, in the form of Additional CET 1 capital.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardised Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

	2022	2021
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	161,025,030	152,727,405
Total Exposures	3,937,237,802	3,672,809,400
Leverage Ratio	<u>4.09%</u>	<u>4.16%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,014,739,744	1,597,732,985
Total Net Cash Outflow	316,508,188	476,786,878
Liquidity Coverage Ratio	<u>320.60%</u>	<u>335.10%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,194,772,092	2,409,606,992
Total Required Stable Funding	1,355,300,059	1,341,535,238
Net Stable Funding Ratio	<u>161.94%</u>	<u>179.62%</u>

47.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at <https://www.ubldigital.com/Investor-Relations/CAR-Statements>.

48. RISK MANAGEMENT

The Bank has an integrated risk management structure in place covering domestic and international operations. The Board Risk and Compliance Committee (BRCC), a sub-committee of the Board of Directors (BoD); oversees the entire risk management process of the Bank. Risk Management Committee (RMC) oversees all risks collectively at senior management level. The Committee is chaired by the President and comprises of Heads of all major areas such as Risk, Finance and Business Groups. The Risk and Credit Policy Group led by Chief Risk Officer (CRO) is responsible for the development and implementation of all risk policies approved by the BoD in line with the guidelines issued by SBP and respective overseas central banks. The group is organized into various functions such as Credit Risk Management, Credit Policy & Research, Market, Treasury Risk and Basel, Financial Institution Risk, Consumer Credit Policy, Operational Risk, Fraud Risk Management, Credit Administration Division and Information Security Risk. The role of the Risk and Credit Policy Group includes:

- Determining guidelines relating to the Bank's risk appetite.
- Reviewing risks on an aggregate and enterprise level.
- Recommending risk management policies in accordance with the Prudential Regulations, Basel II / III framework, Regulatory framework of foreign countries where the Bank operates and international best practices.
- Reviewing policies / manuals and ensuring that these are in accordance with BRCC / BoD approved risk management policies.
- Approving credits and granting approval authority to qualified and experienced individuals.
- Portfolio reviews focusing on quality assessment, risk profiles, industry concentrations etc.
- To identify problem credits and level of provisioning required.
- To establish an extensive Information Security (IS) Program and governance structure to manage the Security of the Information assets.

48.1 As COVID-19 has shown signs of abatement globally; countries around the world removed restrictions which was followed by a V-shaped recovery. However, the combination of unwarranted events such as Russia vs Ukraine war and climate change pushed the world into further energy crisis and high inflation mode.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

For Pakistan, continued higher commodity prices and inflation deteriorated the foreign exchange reserves and resultantly put pressure on the exchange rate. In order to curtail the magnitude of the crisis, SBP increased interest rates by a massive 625 basis points and imposed a stringent criteria for import of goods. Sovereign foreign debt repayment has further exacerbated the foreign exchange reserves.

In the first half of the year banking industry flourished and saw an increase of 16% in the asset book. This expansion was driven by private sector advances and increase in investments, mainly government securities. Later part of the year saw a slowdown in economic activity due to prevailing economic crisis post massive floods, whereby a significant declining trend was observed in wholesale & retail sectors mainly in textile sector & consumer finance.

48.2 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy, Credit Policy for domestic operations, Collateral Management Policy, Credit Policy of respective overseas operation, which provide guidance in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management process.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorized by BoD), according to their seasoning / maturity. Approvals for Consumer loans are centralized, while approval authorities for overseas operations, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME & Agri lending. All credit policy functions globally are centrally organized. The bank is at an advanced stage of automating the credit initiation and approval work flow. Domestic Corporate portfolio has achieved Go-Live status on December 28, 2022.

Concentration of credit risk exists if clients are engaged in similar activities or are located in the same geographical region or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, to areas of higher risk, or to control the rate of portfolio growth. To manage cross border exposure, the bank has a Country Risk Policy in place which provides the framework for managing Country and FI related risks.

The Risk Management function of the Bank regularly conducts assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the continuously evolving business and economic environment. The Bank has been continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the ongoing economic crisis.

IFRS 9 is applicable currently on the international branches of the Bank and requires the estimation of Expected Credit Losses (ECL) based on various parameters such as client fundamentals, credit structure, historical portfolio default rate and transitions i.e. probability of default, loss given default as well as current and forecasted macro-economic variables. Since 2020, the Bank has reviewed the potential impact of the COVID-19 outbreak along with other required scenarios on the inputs and assumptions for IFRS 9 ECL measurement based on best judgment as well as Regulatory guidelines of each overseas jurisdiction.

48.2.1 Lendings to financial institutions

Credit risk by public / private sector	2022	2021	2022	2021	2022	2021
	Gross lendings		Non-performing lendings		Provision held	
	----- (Rupees in '000) -----					
Public / Government	40,953,209	19,123,292	-	-	-	-
Private	44,889,512	33,114,755	-	-	-	-
	<u>85,842,721</u>	<u>52,238,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

48.2.2 Investment in debt securities

Credit risk by industry sector	2022	2021	2022	2021	2022	2021
	Gross investments		Non-performing investments		Provision held	
	(Rupees in '000)					
Chemical and pharmaceuticals	54,351	54,351	54,351	54,351	54,351	54,351
Construction	-	-	-	-	-	-
Fertilizers	-	-	-	-	-	-
Financial	1,447,180,363	1,481,168,089	11,613,838	-	7,533,530	-
Food	912	912	912	912	912	912
Metal and allied	203,125	250,000	-	-	-	-
Production and transmission of energy	15,150,774	15,552,505	-	-	-	-
Textile	400,692	486,407	229,263	228,925	229,263	228,925
Others	32,650,727	11,809,143	1,397	1,397	1,397	1,397
	<u>1,495,640,944</u>	<u>1,509,321,407</u>	<u>11,899,761</u>	<u>285,585</u>	<u>7,819,453</u>	<u>285,585</u>
Credit risk by public / private sector	2022	2021	2022	2021	2022	2021
	Gross investments		Non-performing investments		Provision held	
	(Rupees in '000)					
Public / Government	1,443,604,651	1,474,328,831	11,613,838	-	7,533,530	-
Private	52,036,293	34,992,576	285,923	285,585	285,923	285,585
	<u>1,495,640,944</u>	<u>1,509,321,407</u>	<u>11,899,761</u>	<u>285,585</u>	<u>7,819,453</u>	<u>285,585</u>

48.2.3 Advances

Credit risk by industry sector	2022	2021	2022	2021	2022	2021
	Gross advances		Non-performing advances		Provision held	
	(Rupees in '000)					
Agriculture	127,093,190	84,388,774	606,572	696,371	398,296	413,421
Airlines	4,549,885	4,566,378	1,729,061	1,507,975	1,729,061	1,507,975
Automobile and transportation equipment	27,328,122	20,742,915	1,191,162	647,208	693,110	172,326
Education and medical	1,231,550	58,064	-	-	-	-
Cables	1,246,367	1,381,760	541,751	586,751	541,751	586,751
Cement	6,023,774	8,848,609	395,518	349,947	395,518	349,947
Chemical and pharmaceuticals	11,016,483	8,030,266	120,805	91,984	120,805	91,984
Construction	107,140,482	26,710,061	8,239,527	9,821,929	7,039,718	8,776,121
Contractors	15,592,901	6,277,111	388,414	-	385,557	-
Electronics and electrical appliances	14,645,253	15,121,471	10,526,449	10,246,873	8,335,717	8,040,748
Engineering	708,077	6,916,318	440,932	34,632	440,932	34,632
Fertilizer	12,809,337	10,007,744	40,042	64,682	40,042	60,932
Financial	182,142,066	52,894,315	4,136,785	3,999,205	4,136,785	3,999,205
Food, tobacco and beverages	11,643,375	80,968,937	9,506,046	6,064,569	7,000,091	3,976,694
Glass and allied	381,609	554,401	-	-	-	-
Hotel and tourism	1,313,101	1,651,600	569,263	369,697	569,263	369,697
Individuals	115,518,883	64,573,960	7,784,167	11,081,131	4,648,700	8,602,108
Paper and allied	1,382,369	2,017,238	888,388	13,991	888,388	13,991
Polyester and fiber	2,144,665	1,857,979	1,577,051	1,577,051	1,577,051	1,577,051
Production and transmission of energy	221,162,165	203,802,341	5,267,307	8,701,745	3,689,629	7,089,870
Shoes and leather garments	2,473,814	2,019,904	2,309,853	929,492	2,309,853	929,492
Sugar	6,183,719	4,183,878	154,729	169,729	154,729	169,729
Metal and allied	6,468,805	6,597,346	942,255	408,300	-	408,300
Telecommunication	44,313,174	31,364,524	5,035,931	58,511	4,791,857	58,511
Textile composite	61,550,323	79,450,444	3,627,268	3,201,074	3,627,268	3,201,074
Textile	28,520,880	17,717,398	2,719,234	3,019,595	2,474,632	3,013,468
Textile spinning	24,891,681	18,531,359	3,253,154	2,399,319	3,253,154	2,399,319
Textile weaving	3,687,893	4,802,142	151,520	69,291	151,520	69,291
Wholesale and retail trade	36,186,617	27,726,269	15,298,856	15,991,045	14,616,618	15,382,883
Others	109,145,322	55,449,526	8,089,034	6,930,858	8,028,413	3,665,816
	<u>1,188,495,882</u>	<u>849,213,032</u>	<u>95,531,074</u>	<u>89,032,955</u>	<u>82,038,458</u>	<u>74,961,336</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Credit risk by public / private sector	2022	2021	2022	2021	2022	2021
	Gross advances		Non-performing advances		Provision held	
	(Rupees in '000)					
Public / Government	311,144,344	226,879,923	964,568	1,089,630	22,313	22,313
Private	877,351,538	622,333,109	94,566,506	87,943,325	82,016,145	74,939,023
	<u>1,188,495,882</u>	<u>849,213,032</u>	<u>95,531,074</u>	<u>89,032,955</u>	<u>82,038,458</u>	<u>74,961,336</u>

48.2.4 Contingencies and Commitments

Credit risk by industry sector	2022	2021	
	(Rupees in '000)		
	Agri business	9,688,638	13,528,192
Airlines	83,982	70,243	
Automobile and transportation equipment	17,060,374	4,475,318	
Cables	617,831	266,556	
Cement	2,722,521	3,329,371	
Chemical and pharmaceuticals	6,344,093	4,088,189	
Construction	12,289,111	5,818,193	
Contractors	11,589,571	235,252	
Electronics and electrical appliances	3,197,903	3,407,536	
Engineering	5,131,864	8,294,865	
Fertilizer dealers	6,789,726	7,087,353	
Financial	856,391,454	799,232,725	
Food, tobacco and beverages	10,729,033	6,777,604	
Glass and allied	431,969	291,706	
Hotel and tourism	2,907,013	2,247,647	
Individuals	7,855,614	8,631,596	
Paper and allied	2,686,432	1,732,281	
Polyester and fiber	3,656,870	7,885,097	
Production and transmission of energy	169,906,265	133,134,614	
Shoes and leather garments	1,640,048	60,030	
Sugar	405,397	330,827	
Telecommunication	12,664,873	6,603,098	
Textile	33,872,610	25,195,707	
Wholesale traders	28,703,214	31,748,589	
Others	183,496,365	108,304,682	
	<u>1,390,862,771</u>	<u>1,182,777,271</u>	
Credit risk by public / private sector	2022	2021	
	Public / Government	470,075,580	236,113,927
	Private	920,787,191	946,663,344
	<u>1,390,862,771</u>	<u>1,182,777,271</u>	

48.2.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 458,202.056 million (2021: Rs. 334,457.448 million) are as follows:

	2022	2021
	(Rupees in '000)	
	Funded	275,701,388
Non-funded	182,500,668	143,973,021
Total Exposure	<u>458,202,056</u>	<u>334,457,448</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 549,819 million (2021: Rs. 372,084 million).

None of the exposure against these top 10 exposures is classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

48.2.6 Advances - Province / Region-wise Disbursement & Utilisation

Province / Region	2022					
	Utilisation					
Disburse-ments	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
(Rupees in '000)						
Punjab	512,247,865	512,247,865	-	-	-	-
Sindh	708,110,877	-	708,110,877	-	-	-
KPK including FATA	1,961,863	-	-	1,961,863	-	-
Balochistan	769,154	-	-	-	769,154	-
Islamabad	137,901,587	-	-	-	-	137,901,587
AJK including Gilgit-Baltistan	182,728	-	-	-	-	-
Total	1,361,174,074	512,247,865	708,110,877	1,961,863	769,154	137,901,587
(Rupees in '000)						
2021						
Province / Region	Utilisation					
	Disburse-ments	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad
(Rupees in '000)						
Punjab	227,618,012	227,618,012	-	-	-	-
Sindh	186,426,890	-	186,426,890	-	-	-
KPK including FATA	2,908,622	-	-	2,908,622	-	-
Balochistan	15,907	-	-	-	15,907	-
Islamabad	25,640,983	-	-	-	-	25,640,983
AJK including Gilgit-Baltistan	22,810	-	-	-	-	-
Total	442,633,224	227,618,012	186,426,890	2,908,622	15,907	25,640,983

48.3 Market Risk

Market risk is the risk of changes in market conditions that may adversely impact the value of assets or liabilities, following a negative impact on earnings. Market risk mainly arises from trading activities carried out by Treasury and Capital Market (TCM) like lending / borrowing, Investments and client facilitating activities.

To manage Market Risk, a well-defined Market Risk policy approved by the Board of Directors is in place. The policy defines appropriate risk measures, controls and methods carried out for proactive market risk management.

The Bank carries out market risk management through effective risk measurement tools including Value at Risk (VaR), Price Value per Basis Point (PVBP), Duration, Beta, and Expected Shortfall on regular basis. Bank also ascertains the impact of changes in market factors on Bank's earnings through regular stress testing and Internal Capital Adequacy Assessment Processes (ICAAP).

48.3.1 Balance sheet split by trading and Banking books

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
(Rupees in '000)						
Cash and balances with treasury banks	143,034,544	-	143,034,544	273,949,520	-	273,949,520
Balances with other banks	16,686,747	-	16,686,747	29,975,564	-	29,975,564
Lendings to financial institutions	85,842,721	-	85,842,721	52,238,047	-	52,238,047
Investments	729,038,052	721,901,701	1,450,939,753	535,080,458	986,386,884	1,521,467,342
Advances	1,096,220,888	-	1,096,220,888	766,781,120	-	766,781,120
Fixed assets	79,402,671	-	79,402,671	76,193,898	-	76,193,898
Intangible assets	2,518,133	-	2,518,133	2,432,796	-	2,432,796
Deferred tax assets	16,751,121	-	16,751,121	3,040,812	-	3,040,812
Other assets	87,009,226	-	87,009,226	55,149,257	-	55,149,257
Total	2,256,504,103	721,901,701	2,978,405,804	1,794,841,472	986,386,884	2,781,228,356

48.3.2 Foreign Exchange Risk

Foreign exchange (FX) risk arises from the fluctuation in the value of assets and liabilities due to the changes in foreign exchange rates.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

The FX risk and associated concentration risk is managed through approved currency wise net open position limits, tenor wise limits and an overall Foreign Exchange limit.

The currency risk is effectively monitored against the applicable regulatory limits. Market risk monitors that the FX exposure remains under limits prescribed by SBP and Internal Limits approved by GALCO.

	2022				2021			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)								
United States Dollar	259,733,132	140,679,244	(121,995,592)	(2,941,704)	254,362,600	158,298,623	(102,559,248)	(6,495,271)
Great Britain Pound	192,595,901	198,009,326	25,299,696	19,886,271	128,309,077	131,466,527	20,009,696	16,852,246
Japanese Yen	35,834	11,470	(17,136)	7,228	31,369	99,681	70,978	2,666
Euro	3,687,098	14,721,510	10,850,347	(184,065)	2,986,028	8,402,713	5,299,402	(117,283)
UAE Dirham	116,193,005	214,805,842	98,557,128	(55,709)	68,981,023	168,280,919	100,557,440	1,257,544
Bahraini Dinar	12,534,064	37,937,332	24,742,967	(660,301)	16,963,843	29,179,381	12,281,281	65,743
Qatari Riyal	23,375,382	40,361,795	16,868,237	(118,176)	15,801,817	34,055,642	16,847,242	(1,406,583)
Other Currencies	18,257,112	15,675,121	323,301	2,905,292	21,075,407	11,977,182	(2,086,131)	7,012,094
Total	626,411,528	662,201,640	54,628,948	18,838,836	508,511,164	541,760,668	50,420,660	17,171,156

Impact of 1% change in foreign exchange rates on

- Profit and loss account

- Other comprehensive income

48.3.3 Equity position Risk

Equity risk is the risk that the fair value of an equity instrument will fluctuate due to changes in the prices of individual stocks or market indices.

To manage equity risk, the Group has a well-defined criterion for identifying the Investible Universe based on the Market Capitalisation & Average Daily Traded Value.

The Group has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits and timely escalation of Management Action Trigger Levels (MAT).

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	32,130	487,645	25,348	495,409

48.3.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in the overall business of the Bank and arises from mismatches between the contractual maturities and the re-pricing of on and off-balance sheet assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing. In case of any distressed event the results and corresponding action plan is presented at the relevant management / BoD committee.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
(Rupees in '000)				
Impact of 1% change in interest rates on				
- Profit and loss account	-	21,338	-	271,551
- Other comprehensive income	17,811,510	2,025,824	4,481,288	3,743,314

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

48.3.5 Mismatch of interest rate sensitive assets and liabilities

Effective yield / interest rate	Exposed to yield / interest rate risk							Non-interest bearing financial instruments		
	Total	2022								
		Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 5 years		Over 5 years to 10 years	Over 10 years
%										
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	143,034,544	6,503,154	-	-	-	-	-	-	-	136,531,390
Balances with other banks	16,686,747	5,192,654	2,279,944	-	-	-	-	-	-	9,214,149
Lendings to financial institutions	85,842,721	85,842,721	-	-	-	-	-	-	-	-
Investments	1,450,939,753	56,013,563	476,630,223	58,443,323	90,814,465	149,769,468	270,815,672	86,448,669	21,814,371	21,814,371
Advances	1,096,220,888	208,619,891	471,552,057	15,826,022	61,531,318	42,433,903	64,605,622	30,527,201	1,753,421	27,667,302
Other assets	81,080,337	-	-	-	-	-	-	-	-	81,080,337
Total	2,873,804,990	362,171,983	713,822,150	648,534,774	74,289,345	152,345,803	192,202,971	335,421,294	116,975,700	276,307,549
Liabilities										
Bills payable	36,482,712	-	-	-	-	-	-	-	-	36,482,712
Borrowings	566,234,220	67,557,103	453,454,840	13,682,449	724,458	1,870,303	4,413,042	4,170,692	19,332,974	831,086
Deposits and other accounts	2,034,557,434	89,258,050	706,766,041	86,528,400	102,880,949	62,172,357	21,447,199	50,811,399	4,844,607	909,848,632
Liabilities against assets subject to finance lease	11,341	11,341	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	10,000,000	-	-	-	-	-	-	-
Other liabilities	69,377,564	-	-	-	-	-	-	-	-	69,377,564
Total	2,716,663,271	156,826,494	1,170,220,881	100,210,849	103,605,407	64,042,660	25,860,241	54,982,091	24,177,581	1,016,539,794
Off-balance sheet financial instruments										
FX Options - Purchase	157,141,719	205,345,489	(456,398,731)	548,323,925	(29,336,062)	88,303,143	166,342,730	280,439,203	92,798,119	1,556,148
FX Options - Sale	-	-	-	-	-	-	-	-	-	-
Forward Government Securities - Purchase	-	286,171	-	-	-	-	-	-	-	-
Forward Government Securities - Sale	-	(286,171)	-	-	-	-	-	-	-	-
Forward Government Securities - Purchase	1,300,000	1,300,000	-	-	-	-	-	-	-	-
Forward Government Securities - Sale	(41,457,100)	(34,960,821)	(6,496,279)	-	-	-	-	-	-	-
Foreign currency forward - Purchase	399,105,905	213,986,467	145,926,783	36,926,895	2,265,760	-	-	-	-	-
Foreign currency forward - Sale	(343,931,446)	(166,960,166)	(135,981,725)	(37,166,765)	(3,802,790)	-	-	-	-	-
Interest Rate Swap- Purchase	1,466,108	1,466,108	-	-	-	-	-	-	-	-
Interest Rate Swap- Sale	(1,475,797)	(1,475,797)	-	-	-	-	-	-	-	-
Total	15,007,670	13,365,480	(259,870)	(1,537,030)	-	-	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap	172,149,389	218,710,969	(452,999,641)	548,064,055	(30,873,092)	88,303,143	166,342,730	280,439,203	92,798,119	1,556,148
Cumulative Yield / Interest Rate Risk Sensitivity Gap	218,710,969	(234,248,672)	313,815,383	282,942,291	371,245,434	537,988,164	818,027,367	910,825,466	912,381,624	172,149,389

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

Effective yield / interest rate	Exposed to yield / interest rate risk							Non-interest bearing financial instruments		
	Total	2021								
		Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 5 years		Over 5 years to 10 years	Over 10 years
%										
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	273,949,520	21,534,360	-	-	-	-	-	-	-	252,415,160
Balances with other banks	29,975,964	15,399,927	21,578	-	-	-	-	-	-	14,554,059
Lendings to financial institutions	52,238,047	50,263,747	100,000	-	-	-	-	-	-	1,874,300
Investments	1,521,467,342	226,834,504	469,873,316	338,819,528	96,213,700	59,069,645	81,679,413	158,927,804	71,183,667	18,866,765
Advances	766,781,120	151,282,206	284,570,337	145,625,904	24,264,128	15,217,974	28,579,331	85,408,276	19,038,969	12,793,995
Other assets	48,522,781	-	-	-	-	-	-	-	-	48,522,781
Total	2,692,334,374	465,314,744	754,585,231	484,445,432	120,477,828	74,286,619	110,258,744	244,336,080	90,222,636	349,027,060
Liabilities										
Bills payable	26,630,806	-	-	-	-	-	-	-	-	26,630,806
Borrowings	565,172,922	193,472,011	308,898,301	29,235,370	3,193,722	819,011	933,173	5,072,718	19,864,822	3,683,794
Deposits and other accounts	1,885,771,572	112,824,366	719,377,703	62,159,791	51,320,726	34,593,565	44,977,833	39,049,657	3,670,950	817,796,981
Liabilities against assets subject to finance lease	12,193	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-
Other liabilities	39,479,081	-	-	-	-	-	-	-	-	39,479,081
Total	2,527,266,574	316,308,570	1,028,276,004	91,395,161	54,514,448	35,412,576	45,911,006	44,122,375	23,535,772	887,790,662
On-balance sheet gap	165,667,800	149,006,174	(273,710,773)	393,050,271	65,963,380	38,874,043	64,347,738	200,213,705	66,686,864	(538,763,602)
Off-balance sheet financial instruments										
FX Options - Purchase	904,470	444,570	406,245	53,655	-	-	-	-	-	-
FX Options - Sale	(904,470)	(444,570)	(406,245)	(53,655)	-	-	-	-	-	-
Forward Government Securities - Purchase	9,081,000	9,081,000	-	-	-	-	-	-	-	-
Forward Government Securities - Sale	(2,699,000)	(199,000)	-	(2,500,000)	-	-	-	-	-	-
Foreign currency forward - Purchase	369,989,325	128,476,009	141,650,923	78,229,284	21,633,109	-	-	-	-	-
Foreign currency forward - Sale	(321,697,270)	(71,104,674)	(194,672,698)	(45,029,783)	(10,890,114)	-	-	-	-	-
Off-balance sheet gap	54,674,055	57,172,335	(43,940,776)	30,699,501	10,742,995	-	-	-	-	-
Total Yield / Interest Rate Risk Sensitivity Gap	220,341,855	206,178,509	(317,651,549)	423,749,772	76,706,375	38,874,043	64,347,738	200,213,705	66,686,864	(538,763,602)
Cumulative Yield / Interest Rate Risk Sensitivity Gap	206,178,509	(111,473,040)	312,276,732	388,983,107	427,857,150	492,204,888	692,418,593	759,105,457	759,105,457	220,341,855

48.3.5.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities

	2022	2021
Total financial assets as per note 48.3.5	2,873,804,990	2,692,334,374
Add: Non financial assets	-	-
Fixed assets	79,402,671	76,193,898
Intangible assets	2,518,133	2,432,796
Deferred tax assets	16,751,121	3,040,812
Other assets	5,928,889	6,626,476
Total assets as per statement of financial position	2,978,405,804	2,781,228,356
Total financial liabilities as per note 48.3.5	2,716,663,271	2,527,266,574
Add: Non financial liabilities	-	-
Other liabilities	32,550,259	25,647,806
Total liabilities as per statement of financial position	2,749,213,530	2,552,914,380

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

48.4 Operational risk

Operational risk is recognised as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

In compliance with the Regulatory Guidelines, an Operational Risk Division is established within Risk & Credit Policy Group. Operational Risk Division is primarily responsible for the oversight of operational risk management across the Bank including International locations. The implementation of operational risk management framework is supported by operational risk management system and designated operational risk coordinators within different units across the Bank. The framework is in line with regulatory guidelines, international best practices, flexible enough to implement in stages and permits the overall approach to evolve in response to organisational learning and future requirements.

In accordance with the Operational Risk framework, a database covering losses, control breaches and near misses is being maintained by the division. Major risk events are analysed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are being presented to the Senior Management and Board Risk & Compliance Committee of the Bank. Periodic workshops are conducted for Risk & Control Self-Assessment and key risk exposures are identified and assessed against existing controls to evaluate improvement opportunities. Key Risk Indicators are also defined for monitoring of risk exposures. New products, systems, activities and processes, are subject to comprehensive operational risk assessments, before implementation.

Business Continuity Plans have been implemented across the Group, clearly defining the roles and responsibilities of respective stakeholders, and covering recovery strategy, IT and structural backups, scenario and impact analyses and testing directives. Business Continuity Plans (BCP) for respective areas are in place and tested under domain of Operations

48.5 Liquidity risk

Liquidity risk is defined as the risk that a Bank, though solvent, either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can secure them only at excessive costs.

UBL actively manages the risk through a set of qualitative and quantitative risk management techniques. The Global Assets and Liabilities Management Committee (GALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required. A centralized approach is adopted, based on an integrated framework incorporating an assessment of all material known and expected cash flows and the availability of collateral which could be used to secure additional funding if required. The framework entails careful monitoring and control of the daily liquidity position, and regular liquidity stress testing under a variety of scenarios. These encompass both normal and stressed market conditions, including general market crises and the possibility that access to markets could be impacted by a stress event affecting some part of the Bank's business.

It is the Bank's policy to maintain adequate liquidity at all times, in order to meet all obligations, repay depositors and fulfill commitments to lend under both normal and stressed conditions, without incurring unacceptable losses or incurring damage to the business franchises. Liquidity Risk measures comprises of various risk management tools including concentration ratios, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and liquidity gaps.

The Bank has a comprehensive Contingency Funding Plan in place which clearly defines and identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis and return the Bank to business as usual.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

48.5.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

	2022													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets														
Cash and balances with treasury banks	143,034,544	30,450	2,762,487	3,536,194	136,705,413	-	-	-	-	-	-	-	-	-
Balances with other banks	16,686,747	6,085,447	-	3,282,857	7,318,443	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	85,842,721	546,241	85,296,480	-	-	-	-	-	-	-	-	-	-	-
Investments	1,450,939,753	120,884	-	17,176,570	13,902,737	34,709,196	62,992,143	99,000,838	58,963,094	28,474,916	162,917,760	263,722,389	379,846,157	329,113,069
Advances	1,096,220,888	54,494,355	28,131,697	10,092,501	148,799,739	80,303,045	133,531,902	123,006,375	49,236,553	41,047,804	76,946,327	112,020,366	158,853,314	81,755,910
Fixed assets	79,402,671	4,768	30,056	33,452	1,710,713	159,999	777,317	1,339,562	1,110,930	1,599,955	2,854,200	13,355,731	2,629,408	53,796,580
Intangible assets	2,518,133	-	-	-	110,029	49,340	1,031	195,733	63,253	551,408	460,671	563,902	522,766	-
Deferred tax assets	16,751,121	-	-	-	16,751,121	-	-	-	-	-	-	-	-	-
Other assets	87,009,226	11,230,096	875,339	1,017,066	7,653,745	727,477	13,067,163	5,558,016	2,508,521	6,791,100	5,576,711	12,391,402	10,990,614	8,621,976
	2,978,405,804	72,512,241	117,096,059	35,138,640	332,951,940	115,949,057	210,369,556	229,100,524	111,882,351	78,465,183	248,755,669	402,053,790	550,842,259	473,286,535
Liabilities														
Bills payable	36,482,712	8,695	-	-	36,474,017	-	-	-	-	-	-	-	-	-
Borrowings	566,234,220	1,440,036	4,305,165	25,933,858	10,629,847	340,869,287	130,554,726	14,650,979	25,527	1,754,027	839,552	955,588	5,834,260	28,441,368
Deposits and other accounts	2,034,557,434	51,198,813	8,873,507	6,647,538	1,566,810,063	25,770,744	52,718,173	93,462,361	42,173,889	63,764,597	52,293,336	33,250,708	32,967,186	4,626,519
Liabilities against assets subject to finance lease	11,341	11,341	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	-	-	10,000,000	-	-	-
Other liabilities	101,927,823	7,718,561	1,104,070	1,098,527	51,015,537	3,974	13,019,669	7,400,938	3,763,257	1,098,775	4,459,451	6,452,873	3,986,471	805,720
	2,749,213,530	60,377,446	14,282,742	33,679,923	1,664,929,464	366,644,005	196,292,568	115,514,278	45,962,673	66,617,399	67,592,339	40,659,169	42,787,917	33,873,607
Net assets	229,192,274	12,134,795	102,813,317	1,458,717	(1,331,977,524)	(250,694,948)	14,076,988	(113,586,246)	65,919,678	11,847,784	181,163,330	361,394,621	508,054,342	439,414,928
Represented by:														
Share capital	12,241,797													
Reserves	91,888,710													
Surplus on revaluation of assets	19,654,297													
Unappropriated profit	96,282,169													
Non-controlling interest	9,125,301													
	229,192,274													

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

2021

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 Years
Assets												
273,949,520	144,909,917	-	129,039,603	-	-	-	-	-	-	-	-	-
29,975,564	23,589,528	-	6,386,036	-	-	-	-	-	-	-	-	-
52,238,047	536,971	34,698,714	2,546,544	100,000	-	-	-	1,184,885	92,871	-	-	-
1,521,467,342	21,139,955	13,079,062	129,836,676	24,550,363	277,811,735	43,352,809	63,344,158	39,602,567	126,307,603	90,093,648	296,707,561	327,724,479
766,781,120	46,785,667	80,993,788	49,553,255	13,996,399	154,265,083	73,520,257	24,904,389	34,704,187	61,677,956	66,044,749	129,176,120	56,137,681
76,193,898	7,566,646	27,872,866	1,409	19,779	27,924	79,995	90,585	1,562,608	1,568,334	1,572,925	4,475,147	59,237,912
2,432,796	156,309	634	3,040,812	260	613	26,151	22,348	150,735	249,955	395,296	679,813	751,316
3,040,812	-	-	3,040,812	-	-	-	-	-	-	-	-	-
55,149,257	1,608,262	2,105,132	6,614,894	4,238,900	8,503,391	5,245,651	4,364,924	3,642,399	3,559,620	2,079,553	4,558,059	7,473,307
2,781,228,356	246,293,255	63,996,390	327,021,229	42,905,701	440,608,746	122,224,863	92,726,404	80,847,381	193,446,339	160,186,171	435,596,700	451,324,695
Liabilities												
26,830,806	37,836	-	26,792,970	-	-	-	-	-	-	-	-	-
565,172,922	1,480,103	13,398,740	2,133,145	200,543,162	111,814,923	9,931,134	29,764	18,569,393	764,419	607,642	5,198,473	24,802,155
1,885,771,572	1,468,111,635	12,235,306	61,174,914	41,547,263	55,981,216	56,300,618	18,691,350	30,522,103	36,270,407	45,248,365	39,602,338	5,647,284
12,193	12,193	-	-	-	-	-	-	-	-	-	-	-
10,000,000	-	-	-	-	-	-	-	-	-	-	-	10,000,000
65,126,887	12,947,372	526,365	13,065,956	3,902,120	2,358,481	9,553,559	2,776,416	3,558,223	1,819,508	1,650,844	1,973,866	9,373,887
2,552,914,380	1,482,589,139	189,755,465	103,166,985	245,992,545	170,154,620	75,785,311	21,497,530	52,649,719	38,854,334	47,506,851	46,774,677	49,823,326
228,313,976	(1,236,295,884)	(125,759,075)	223,854,244	(203,086,844)	270,454,126	46,439,552	71,228,874	28,197,662	154,592,005	112,679,320	388,822,023	401,501,369
Represented by:												
Share capital	12,241,797	-	-	-	-	-	-	-	-	-	-	-
Reserves	77,600,790	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	89,840,102	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	40,019,053	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	8,612,234	-	-	-	-	-	-	-	-	-	-	-
	228,313,976	-	-	-	-	-	-	-	-	-	-	-

Share capital	12,241,797
Reserves	77,600,790
Surplus on revaluation of assets	89,840,102
Unappropriated profit	40,019,053
Non-controlling interest	8,612,234
	228,313,976

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

48.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group (ALCO)

Assets and Liabilities having contractual maturity dates are bucketed as per their respective maturities. The maturity profile of non-contractual deposits and bills payable is estimated using an Exponentially Weighted Moving Average model based on historical data. The methodology and the assumptions used to derive the maturity profile of non-contractual liabilities has been approved by Global Asset and Liabilities Committee (GALCO).

	2022											
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years		
Assets												
Cash and balances with treasury banks	143,034,544	56,029,459	2,995,351	2,925,992	4,249,605	5,911,757	4,536,251	7,193,456	42,135,781	17,056,892	-	-
Balances with other banks	16,686,747	14,422,439	2,264,308	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	85,842,721	85,842,721	-	-	-	-	-	-	-	-	-	-
Investments	1,450,939,753	35,435,974	97,491,163	99,215,503	106,759,625	160,932,020	255,479,590	381,819,785	305,563,144	8,242,949	-	-
Advances	1,096,220,888	337,158,527	156,488,588	124,585,044	63,913,956	91,101,663	73,468,754	118,898,940	63,292,471	67,312,945	-	-
Fixed assets	79,402,671	9,372,880	945,799	1,379,961	1,547,606	2,605,859	2,812,522	5,533,311	3,107,418	52,097,315	-	-
Intangible assets	2,518,133	21	1,031	195,733	62,401	551,006	507,654	626,629	573,658	-	-	-
Deferred tax assets	16,751,121	-	-	-	4,187,780	4,187,780	4,187,780	4,187,781	-	-	-	-
Other assets	87,009,226	17,179,544	16,296,492	5,893,344	5,881,174	5,659,020	11,130,609	11,402,976	9,577,386	3,988,681	-	-
	2,978,405,804	555,441,565	276,482,732	234,195,577	186,602,147	270,949,105	352,123,160	529,662,878	424,249,858	148,698,782	-	-
Liabilities												
Bills payable	36,482,712	12,303,608	9,000,500	12,211,643	2,966,961	-	-	-	-	-	-	-
Borrowings	566,234,220	42,308,905	471,424,012	14,650,979	1,779,554	839,552	955,588	5,834,260	28,441,370	-	-	-
Deposits and other accounts	2,034,557,434	131,487,051	126,146,243	159,717,407	186,961,852	164,782,403	138,893,762	163,885,532	677,548,473	285,134,711	-	-
Liabilities against assets subject to finance lease	11,341	11,341	-	-	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	10,000,000	-	-	-	-	-	-
Other liabilities	101,927,823	(9,731,802)	52,714,345	15,327,516	7,807,671	6,110,845	6,662,135	4,844,772	7,789,858	10,402,483	-	-
	2,749,213,530	176,379,103	659,285,100	201,907,545	199,516,038	181,732,800	146,511,485	174,564,564	713,779,701	295,537,194	-	-
	229,192,274	379,062,462	(382,802,368)	32,288,032	(12,913,891)	89,216,305	205,611,675	355,098,314	(289,529,843)	(146,838,412)	-	-
Represented by:												
Share capital	12,241,797	-	-	-	-	-	-	-	-	-	-	-
Reserves	91,888,710	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	19,654,297	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	96,282,169	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	9,125,301	-	-	-	-	-	-	-	-	-	-	-
	229,192,274	-	-	-	-	-	-	-	-	-	-	-

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

2021

	Total	Upto 1 month to 3 months	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
Assets										
Cash and balances with treasury banks	273,949,520	158,201,659	5,584,573	5,477,024	7,939,993	11,035,904	8,471,245	13,428,554	50,199,889	13,610,679
Balances with other banks	29,975,564	29,735,249	-	-	240,315	-	-	-	-	-
Lendings to financial institutions	52,238,047	50,860,291	100,000	-	1,277,756	-	-	-	-	-
Investments	1,521,467,342	231,027,480	302,673,514	14,935,329	136,055,612	117,809,818	94,958,724	292,539,063	325,901,246	5,566,556
Advances	766,781,120	157,320,415	158,987,866	71,903,381	70,110,842	67,067,994	67,930,602	115,301,912	44,158,856	13,999,252
Fixed assets	76,193,898	7,717,790	47,703	79,995	1,653,193	1,558,334	1,572,925	3,721,294	4,994,602	54,848,062
Intangible assets	2,432,796	201,531	6,802	12,013	175,886	244,721	406,256	1,239,022	146,565	-
Deferred tax assets	3,040,812	-	-	-	760,203	760,203	760,203	760,203	-	-
Other assets	55,149,257	11,883,834	12,250,364	4,867,433	8,188,172	3,557,207	2,081,536	4,576,720	4,032,276	3,711,715
	2,781,228,356	646,948,249	479,650,822	97,275,175	226,401,972	202,034,181	176,181,491	431,566,768	429,433,434	91,736,264
Liabilities										
Bills payable	26,830,806	7,846,913	5,715,962	5,602,096	7,665,835	-	-	-	-	-
Borrowings	565,172,922	1,328,684	-	3,605,036	13,420,891	514,546,620	1,663,420	3,153,240	18,250,521	9,204,510
Deposits and other accounts	1,885,771,572	190,523,609	153,438,161	121,328,188	123,001,011	123,621,055	154,681,232	166,718,332	228,651,296	623,808,688
Liabilities against assets subject to finance lease	12,193	12,193	-	-	-	-	-	-	-	-
Subordinated debt	10,000,000	-	-	-	-	-	-	-	10,000,000	-
Other liabilities	65,126,887	21,922,336	4,654,265	9,189,495	2,090,529	6,364,698	2,444,013	2,841,376	7,144,189	8,475,986
	2,552,914,380	221,633,735	163,808,388	139,724,815	146,178,266	644,532,373	158,788,665	172,712,948	264,046,006	641,489,184
Net assets	228,313,976	425,314,514	315,842,434	(42,449,640)	80,223,706	(442,498,192)	17,392,826	258,853,820	165,387,428	(549,752,920)
Represented by:										
Share capital	12,241,797									
Reserves	77,600,790									
Surplus on revaluation of assets	40,019,053									
Unappropriated profit	89,840,102									
Non-controlling interest	8,612,234									
	228,313,976									

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

48.6 Information Security Risk

Information security risk is the probability of exposure or loss resulting from a cyberattack or data breach on the Bank. It is the potential for unauthorised use, disruption, modification or destruction of information such incidents can violate privacy, disrupt business, damage assets and facilitate other crimes like frauds.

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

Offensive security unit within the information security division manages Penetration Testing by simulating the real world hacking scenarios. This unit remains responsible for establishing, implementing, maintaining and continually improving an information / cyber security management system through control design and controls validation, primarily in the domain of applications / network penetration testing, and also supporting the other domains of information security i.e. security monitoring and threat hunting.

Moreover, to overcome social engineering frauds, extensive awareness campaigns are launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds, etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, new joiner's orientation, and targeted awareness sessions for executive leadership. These initiatives by Governance, Risk and Compliance Unit are focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges. This unit manages the security compliance efforts, risk management and the development and implementation of information security policies, procedures, guidelines and standards. Cyber & Infrastructure Security unit ensures that the IT Infrastructure function and services are resilient, secure, well-designed, accessible, and adaptable to the organisation's changing demands. This unit is responsible for the continuous improvement of information / cyber security architecture that protects against both internal and external threats.

Significant progress has been made in securing the international territories as well by deploying 24/7 Security Operation Center (SOC) at UBL. This unit deals with security issues. The unit continuously shares awareness news, alerts, announcements, advisories and threats intelligence research reports to relevant stakeholder for securing the bank's assets.

Application Security in Information Security (IS) manages IS Risk Analysis on software applications, APIs, Mobile Apps, Digital Channels, Cloud Computing, ATM including review of security aspects of assets, enterprise architecture design controls of the Applications in accordance with applicable policies, standards & controls.

Further, The Payment Card Industry Data Security Standard (PCI-DSS) program was initiated which aims to enhance security for customer card data by setting guidelines for any company that accepts, stores, processes, or transmits card information. This compliance framework is an industry-mandated set of standards intended to keep customer card data safe when it is used by merchants and service providers.

Moving ahead, Bank's main focus remains on the continuous improvement of UBL's security posture and to effectively prevent, monitor and rapidly respond to emerging threats and vulnerabilities.

48.7 Financial Crime Compliance (FCC) risk management and Pakistan FATF & APG action plan

The Bank monitors key risks on an ongoing basis to strengthen risk management in an effort to meet challenges emanating from a volatile market environment and the complexity driven by the changing Regulatory frameworks. By utilising comprehensive risk management processes and sophisticated control systems, the Bank aims to minimise the negative impact that may arise from varied degrees of risk exposures.

In response to changing landscape around FCC risks across the globe and in response to Financial Action Task Force (FATF) & Asia Pacific Group (APG) action plan and State Bank of Pakistan's Anti-Money Laundering, Combatting the Financing of Terrorism & Countering Proliferation Financing (AML / CFT / CPF) Regulations, the Bank embarked upon a comprehensive Financial Crime Compliance Transformation Program under the guidance of Board of Directors (BOD), specifically geared towards uplifting FCC Framework and fortifying controls across Process, People and Technology (Regtech) work streams in line with international best practices and Standards. Targeted investments were done across these work streams, brief highlights are as under:

- Under FCC Process Workstream; the Bank uplifted the framework at Design level with key deliverables as:
 - FCC Strategy
 - Bank's FCC Risk Appetite Statement
 - Target Operating Model (TOM) across three lines of defense
 - FCC Policies & Standards

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

- Enterprise Wide FCC Risk Assessment Methodologies/Internal Risk Assessment Review (EWRA/IRAR) with focus on AML, CFT, Sanctions / CPF & Transnational Risks etc. focus on AML, CFT, Sanctions / CPF & Transnational Risks etc.
 - Management Information (MI) Suite.
2. The Bank rolled out comprehensive Role based FCC training modules and Staff capacity assessment carried out under FCC Transformation People Workstream.
 3. On Regtech work stream, the Bank upgraded and implemented best in class Transaction Monitoring (TM) and payments screening systems. These systems were independently reviewed by a reputed international third party expert.
 4. Effective risk governance sets a solid foundation for comprehensive risk management discipline. The Bank's risk governance framework is based on "three line of defense" governance model, wherein each line has a specific role with defined responsibilities and work in close collaboration to identify, assess and mitigate risks. Key management and board committee covering FCC and compliance matters is Compliance Committee of Management (CCM) and Board Risk & Compliance Committee (BRCC).

Moreover, FCC Transformation & Controls Fortification Programme is an ongoing initiative that is managed by Compliance Governance team in consultation with FCC teams across first and second line of defence.

48.8 Derivative Risk

There are a number of risks undertaken by the Bank, which need to be monitored and assessed.

Credit risk

Credit risk refers to the risk of non-performance or default by a party to a derivatives transaction, resulting in an adverse impact on the Bank's profitability. Credit risk associated with derivatives transactions is categorised into settlement risk and pre-settlement risk. Credit proposals for derivatives transactions are approved by the Credit Committee. The credit exposure of each counterparty is estimated and monitored against approved counterparty limits by Treasury Middle Office (TMO) on a daily basis.

Market risk

The Bank, as a policy, hedges back-to-back all options transactions. In addition, the Bank does not carry any exchange risk on its Cross Currency Swaps portfolio as it hedges the exposure in the interbank market. To manage the interest rate risk of Interest Rate Derivatives, the Bank has implemented various limits which are monitored and reported by TMO on a daily basis.

Liquidity risk

Derivatives transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk.

The liquidity risk arises from the fact that in Pakistan, interest rate derivatives generally have a uni-directional demand, and no perfect hedge is available. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on and off balance sheet positions in the interbank market, where available.

Operational risk

The staff involved in the trading, settlement and risk management of derivatives is carefully trained to deal with the complexities involved in the process. Adequate systems and controls are in place to carry out derivatives transactions smoothly. Each transaction is processed in accordance with the product program or a transaction memo, which contains detailed guidance on the accounting and operational aspects of the transaction to further mitigate operational risk. In addition, TMO and the Compliance and Control Department are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Audit and Inspection Group also reviews this function, with a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Bank uses FX and Derivatives module of Treasury System which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, carry out stress tests and sensitivity analysis.

TMO produces various reports on a periodic basis which are reviewed by senior management. These reports provide details of the derivatives business profile such as outstanding positions, profitability, risk exposures and the status of compliance with limits.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2022

49. YEMEN OPERATIONS

Despite risky situation and continued operational losses the Bank has been striving to honor liabilities for past eight years. However, on account of several factors, including but not limited to fragile political and economic situation in Yemen, bankruptcy of CBY Sana'a, existence of two Central Banks (i.e. CBY Sana'a and CBY Aden), has resulted in illiquid market, which does not appear to be reversed in near future.

It is no longer possible for the Bank to continue its operations in Yemen due to reasons not attributable to the Bank and caused by circumstances entirely beyond the Bank's control. Therefore, Bank has completely exited from Yemen. The Bank is cognizant of the associated risks arising out of its exit from Yemen.

50. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

50.1 The Board of Directors, in its meeting held on February 22, 2023 has proposed a final cash dividend of Rs. 9.0 per share for the year 2022. This is in addition to Rs 13.0 already paid during the year bringing the total dividend for the year to Rs. 22.0 per share (2021: Rs. 18.0 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2022 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2023.

51. GENERAL

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

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

52. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 22, 2023 by the Board of Directors of the Bank.

Arif Akmal Saifie
Chief Financial Officer

Shazad G. Dada
President &
Chief Executive Officer

Shazia Syed
Director

Muhammad Jawaid Iqbal
Director

Sir Mohammed Anwar Pervez, OBE, HPK
Chairman

Consolidated Statement of Financial Position in USD

As at December 31, 2022

	2022	2021
	----- (US Dollars in '000) -----	
ASSETS		
Cash and balances with treasury banks	631,692	1,209,859
Balances with other banks	73,695	132,383
Lendings to financial institutions	379,112	230,702
Investments	6,407,870	6,719,345
Advances	4,841,304	3,386,380
Fixed assets	350,671	336,500
Intangible assets	11,121	10,744
Deferred tax assets	73,979	13,429
Other assets	384,264	243,559
	13,153,708	12,282,901
LIABILITIES		
Bills payable	161,121	118,494
Borrowings	2,500,693	2,496,006
Deposits and other accounts	8,985,335	8,328,243
Liabilities against assets subject to finance lease	50	54
Subordinated debt	44,164	44,164
Deferred tax liabilities	-	-
Other liabilities	450,150	287,624
	12,141,513	11,274,585
NET ASSETS	<u>1,012,195</u>	<u>1,008,316</u>
REPRESENTED BY:		
Share capital	54,064	54,064
Reserves	405,813	342,713
Surplus on revaluation of assets	86,800	176,738
Unappropriated profit	425,217	396,766
Total equity attributable to the equity holders of the Bank	971,894	970,281
Non-controlling interest	40,301	38,035
	<u>1,012,195</u>	<u>1,008,316</u>

These figures have been converted at Rs. 226.4309 per US Dollar from the audited consolidated financial statements.

Consolidated Profit and Loss Account in USD

For the year ended December 31, 2022

	2022	2021
	----- (US Dollars in '000) -----	
Mark-up / return / interest earned	1,138,667	674,648
Mark-up / return / interest expensed	662,835	344,588
Net mark-up / interest income	475,832	330,060
Non mark-up / interest income		
Fee and commission income	76,153	64,994
Dividend income	6,786	6,938
Foreign exchange income	37,963	18,338
Gain on derivatives	4,257	95
Gain on securities - net	2,476	15,359
Other income	33,593	1,688
Total non mark-up / interest income	161,228	107,412
Total income	637,060	437,472
Non mark-up / interest expenses		
Operating expenses	248,044	209,543
Workers' Welfare Fund	5,973	4,571
Other charges	216	877
Total non mark-up / interest expenses	254,233	214,991
Share of (loss) / profit of associates	(2,871)	1,511
Profit before provisions	379,956	223,992
Provisions / (reversals) and write offs - net	77,722	(6,397)
Profit before taxation from continuing operations	302,234	230,389
Taxation	160,643	94,839
Profit after taxation from continuing operations	141,591	135,550
Discontinued operations		
Profit / (loss) from discontinued operations - net of tax	93	(312)
	<u>141,684</u>	<u>135,238</u>
Attributable to:		
Equity holders of the Bank		
from continuing operations	139,179	134,609
from discontinued operations	93	(312)
	139,272	134,297
Non-controlling interest	2,412	941
	<u>141,684</u>	<u>135,238</u>
	----- (US Dollars) -----	
Earnings per share for profit from continuing operations attributable to the equity holders of the Bank		
Basic and diluted	0.11	0.11
Earnings per share for profit attributable to the equity holders of the Bank		
Basic and diluted	0.11	0.11

These figures have been converted at Rs. 226.4309 per US Dollar from the audited consolidated financial statements.

Category of Shareholders

As on December 31, 2022

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	12	22,308,738	1.8223
BANKS, DFI & NBFI	17	42,315,876	3.4567
INSURANCE COMPANIES	24	32,722,807	2.673
MUTUAL FUNDS	53	35,866,653	2.9299
GENERAL PUBLIC (LOCAL)	20,718	96,277,420	7.8646
GENERAL PUBLIC (FOREIGN)	1,419	19,751,461	1.6134
OTHERS	113	51,389,580	4.1979
GOVERNMENT OF PAKISTAN	1	1,714	0.0001
FOREIGN COMPANIES	62	721,289,727	58.9202
GOVT. OWNED ENTITIES / BANKS	1	2,200,000	0.1797
JOINT STOCK COMPANIES	155	198,087,123	16.1812
PUBLIC SECTOR COMPANIES	1	118,628	0.0097
CHARITABLE TRUSTS	18	1,849,489	0.1511
MODARABAS	1	471	0.0000
Total	22,595	1,224,179,687	100.00

Details of Mutual Funds & Modarabas

As on December 31, 2022

MUTUAL FUNDS				
Folio No	Name	Code	Balance Held	Percentage
003277003785	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	006	11648	0.0010
005371000028	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	006	3308576	0.2703
005488000025	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	006	190000	0.0155
005645000024	CDC - TRUSTEE HBL INVESTMENT FUND	006	214233	0.0175
005652000023	CDC - TRUSTEE JS LARGE CAP. FUND	006	178000	0.0145
005777000029	CDC - TRUSTEE HBL GROWTH FUND	006	400000	0.0327
005959000027	CDC - TRUSTEE ATLAS STOCK MARKET FUND	006	4901538	0.4004
006171000021	CDC - TRUSTEE FAYSAL STOCK FUND	006	202190	0.0165
006197000029	CDC - TRUSTEE ALFALAH GHP VALUE FUND	006	121900	0.01
006213000025	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	006	353400	0.0289
006411000021	CDC - TRUSTEE AKD INDEX TRACKER FUND	006	133679	0.0109
007252000020	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	006	25000	0.002
007377000026	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	006	3848044	0.3143
009480000021	CDC - TRUSTEE NBP STOCK FUND	006	6712968	0.5484
009506000026	CDC - TRUSTEE NBP BALANCED FUND	006	175491	0.0143
010603000021	CDC - TRUSTEE APF-EQUITY SUB FUND	006	341860	0.0279
010660000025	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	006	84500	0.0069
010728000027	CDC - TRUSTEE HBL - STOCK FUND	006	85066	0.0069
011049000029	MC FSL - TRUSTEE JS GROWTH FUND	006	876168	0.0716
011056000028	CDC - TRUSTEE HBL MULTI - ASSET FUND	006	20000	0.0016
011262000023	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	006	358000	0.0292
011809000026	CDC - TRUSTEE ALFALAH GHP STOCK FUND	006	633198	0.0517
011924000022	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	006	284223	0.0232
012120000028	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	006	2256713	0.1843
012195000021	CDC - TRUSTEE ABL STOCK FUND	006	2934117	0.2397
012336000023	CDC - TRUSTEE LAKSON EQUITY FUND	006	1225264	0.1001
012625000027	CDC - TRUSTEE NBP SARMAZA IZAFI FUND	006	297303	0.0243
013607000028	CDC - TRUSTEE HBL EQUITY FUND	006	170000	0.0139
013714000025	CDC - TRUSTEE HBL PF EQUITY SUB FUND	006	17500	0.0014
014134000025	CDC - TRUSTEE ATLAS INCOME FUND - MT	006	26098	0.0021
014472000025	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	006	131833	0.0108
014514000028	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	006	37000	0.0030
014860000027	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	006	951770	0.0777
014902000021	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	006	1010960	0.0826
015388000025	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	006	42000	0.0034
016030000025	CDC - TRUSTEE AWT STOCK FUND	006	40800	0.0033
016188000028	CDC-TRUSTEE NITPF EQUITY SUB-FUND	006	51000	0.0042
016246000020	CDC - TRUSTEE NBP SAVINGS FUND - MT	006	15339	0.0013
016485000022	CDC - TRUSTEE FAYSAL MTS FUND - MT	006	319504	0.0261
016535000024	CDC - TRUSTEE LAKSON TACTICAL FUND	006	85432	0.007
017442000025	CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	006	373551	0.0305
017483000021	CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	006	1673279	0.1367
017541000022	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	006	81700	0.0067
017640000020	CDC - TRUSTEE ALLIED FINERGY FUND	006	240900	0.0197
018002000026	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	006	80655	0.0066
018010000025	CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	006	22997	0.0019
018051000021	CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	006	23130	0.0019
018234000029	CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	006	36168	0.003
018291000023	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	006	80900	0.0066
018390000039	CDC - TRUSTEE HBL INCOME FUND - MT	006	15270	0.0012
018721000029	CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	006	26194	0.0021
018770000024	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	006	42694	0.0035
018911000026	CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	006	96900	0.0079

MODARABA				
Folio No	Name	Code	Balance Held	Percentage
00000015653	B.R.R. GUARDIAN MODARABA	017	471	0.0000

Pattern of Shareholding

As on December 31, 2022

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
4533	1	100	270,936.00	0.0221
13533	101	500	5,854,032.00	0.4782
1212	501	1000	1,018,723.00	0.0832
1687	1001	5000	4,136,632.00	0.3379
465	5001	10000	3,602,193.00	0.2943
189	10001	15000	2,411,014.00	0.1969
122	15001	20000	2,165,939.00	0.1769
95	20001	25000	2,196,525.00	0.1794
58	25001	30000	1,631,720.00	0.1333
35	30001	35000	1,161,214.00	0.0949
48	35001	40000	1,835,735.00	0.15
21	40001	45000	893,643.00	0.073
48	45001	50000	2,350,545.00	0.192
22	50001	55000	1,157,692.00	0.0946
23	55001	60000	1,356,737.00	0.1108
13	60001	65000	822,192.00	0.0672
24	65001	70000	1,655,340.00	0.1352
18	70001	75000	1,322,742.00	0.1081
14	75001	80000	1,092,897.00	0.0893
14	80001	85000	1,164,201.00	0.0951
16	85001	90000	1,411,984.00	0.1153
7	90001	95000	648,400.00	0.053
38	95001	100000	3,784,769.00	0.3092
9	100001	105000	924,749.00	0.0755
7	105001	110000	753,007.00	0.0615
4	110001	115000	445,527.00	0.0364
9	115001	120000	1,057,336.00	0.0864
14	120001	125000	1,732,682.00	0.1415
4	125001	130000	516,649.00	0.0422
7	130001	135000	929,413.00	0.0759
6	135001	140000	836,255.00	0.0683
8	140001	145000	1,137,063.00	0.0929
16	145001	150000	2,384,820.00	0.1948
3	150001	155000	455,400.00	0.0372
6	155001	160000	953,500.00	0.0779
4	160001	165000	649,498.00	0.0531
7	165001	170000	1,173,319.00	0.0958
6	170001	175000	1,038,976.00	0.0849
5	175001	180000	883,869.00	0.0722
3	180001	185000	552,173.00	0.0451
3	185001	190000	561,752.00	0.0459
3	190001	195000	579,463.00	0.0473
6	195001	200000	1,195,700.00	0.0977

Pattern of Shareholding

As on December 31, 2022

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
8	200001	205000	1,624,500.00	0.1327
1	205001	210000	210,000.00	0.0172
3	210001	215000	643,087.00	0.0525
2	215001	220000	439,000.00	0.0359
3	220001	225000	666,847.00	0.0545
1	225001	230000	230,000.00	0.0188
2	230001	235000	468,775.00	0.0383
1	235001	240000	240,000.00	0.0196
2	240001	245000	485,900.00	0.0397
7	245001	250000	1,740,270.00	0.1422
3	250001	255000	754,026.00	0.0616
1	255001	260000	260,000.00	0.0212
1	260001	265000	263,000.00	0.0215
2	265001	270000	535,100.00	0.0437
2	270001	275000	541,581.00	0.0442
2	280001	285000	567,738.00	0.0464
2	285001	290000	579,900.00	0.0474
2	295001	300000	597,303.00	0.0488
2	300001	305000	605,036.00	0.0494
3	310001	315000	938,100.00	0.0766
1	315001	320000	319,504.00	0.0261
1	320001	325000	322,800.00	0.0264
3	325001	330000	985,567.00	0.0805
1	330001	335000	331,500.00	0.0271
1	335001	340000	340,000.00	0.0278
3	340001	345000	1,028,370.00	0.084
2	345001	350000	695,300.00	0.0568
2	350001	355000	706,400.00	0.0577
2	355001	360000	718,000.00	0.0587
1	360001	365000	364,247.00	0.0298
3	370001	375000	1,116,875.00	0.0912
4	375001	380000	1,508,894.00	0.1233
1	380001	385000	385,000.00	0.0314
2	390001	395000	786,660.00	0.0643
4	395001	400000	1,600,000.00	0.1307
2	415001	420000	838,962.00	0.0685
1	420001	425000	424,027.00	0.0346
2	425001	430000	858,291.00	0.0701
2	430001	435000	863,563.00	0.0705
3	445001	450000	1,350,000.00	0.1103
1	450001	455000	451,613.00	0.0369
1	455001	460000	456,500.00	0.0373
1	470001	475000	475,000.00	0.0388

Pattern of Shareholding

As on December 31, 2022

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
2	485001	490000	977,000.00	0.0798
5	495001	500000	2,495,243.00	0.2038
1	505001	510000	510,000.00	0.0417
3	520001	525000	1,570,000.00	0.1282
2	535001	540000	1,076,595.00	0.0879
1	555001	560000	555,311.00	0.0454
1	570001	575000	575,000.00	0.047
1	575001	580000	576,686.00	0.0471
1	595001	600000	599,911.00	0.049
1	600001	605000	600,519.00	0.0491
1	605001	610000	605,566.00	0.0495
1	620001	625000	621,500.00	0.0508
1	630001	635000	633,198.00	0.0517
1	670001	675000	674,830.00	0.0551
1	695001	700000	700,000.00	0.0572
1	705001	710000	706,720.00	0.0577
1	710001	715000	712,500.00	0.0582
1	735001	740000	736,900.00	0.0602
2	745001	750000	1,500,000.00	0.1225
1	765001	770000	769,349.00	0.0628
1	800001	805000	801,861.00	0.0655
1	810001	815000	811,922.00	0.0663
1	835001	840000	836,598.00	0.0683
2	845001	850000	1,695,938.00	0.1385
1	860001	865000	864,496.00	0.0706
1	870001	875000	872,058.00	0.0712
1	875001	880000	876,168.00	0.0716
1	890001	895000	894,747.00	0.0731
1	900001	905000	904,000.00	0.0738
1	905001	910000	907,650.00	0.0741
1	935001	940000	937,611.00	0.0766
1	945001	950000	950,000.00	0.0776
1	950001	955000	951,770.00	0.0777
1	965001	970000	969,111.00	0.0792
1	980001	985000	984,000.00	0.0804
1	995001	1000000	1,000,000.00	0.0817
2	1000001	1005000	2,005,420.00	0.1638
1	1005001	1010000	1,007,401.00	0.0823
1	1010001	1015000	1,010,960.00	0.0826
1	1015001	1020000	1,019,916.00	0.0833
1	1035001	1040000	1,040,000.00	0.085
1	1050001	1055000	1,055,000.00	0.0862
2	1065001	1070000	2,134,820.00	0.1744

Pattern of Shareholding

As on December 31, 2022

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	1085001	1090000	1,085,900.00	0.0887
1	1095001	1100000	1,100,000.00	0.0899
1	1165001	1170000	1,168,059.00	0.0954
1	1195001	1200000	1,197,246.00	0.0978
1	1205001	1210000	1,206,925.00	0.0986
1	1210001	1215000	1,212,343.00	0.099
1	1225001	1230000	1,225,264.00	0.1001
1	1245001	1250000	1,250,000.00	0.1021
1	1255001	1260000	1,255,646.00	0.1026
1	1275001	1280000	1,280,000.00	0.1046
2	1320001	1325000	2,642,797.00	0.2159
1	1365001	1370000	1,367,848.00	0.1117
2	1395001	1400000	2,800,000.00	0.2287
1	1430001	1435000	1,433,516.00	0.1171
1	1440001	1445000	1,441,001.00	0.1177
1	1495001	1500000	1,500,000.00	0.1225
2	1525001	1530000	3,058,936.00	0.2499
1	1530001	1535000	1,534,396.00	0.1253
1	1590001	1595000	1,590,125.00	0.1299
1	1595001	1600000	1,600,000.00	0.1307
1	1620001	1625000	1,620,304.00	0.1324
1	1670001	1675000	1,673,279.00	0.1367
1	1710001	1715000	1,711,200.00	0.1398
1	1965001	1970000	1,965,098.00	0.1605
1	1995001	2000000	2,000,000.00	0.1634
1	2050001	2055000	2,055,000.00	0.1679
1	2195001	2200000	2,200,000.00	0.1797
1	2215001	2220000	2,220,000.00	0.1813
1	2220001	2225000	2,225,000.00	0.1818
1	2255001	2260000	2,256,713.00	0.1843
1	2345001	2350000	2,348,870.00	0.1919
1	2390001	2395000	2,394,492.00	0.1956
2	2445001	2450000	4,897,853.00	0.4001
1	2585001	2590000	2,586,570.00	0.2113
1	2610001	2615000	2,610,321.00	0.2132
1	2645001	2650000	2,650,000.00	0.2165
1	2695001	2700000	2,696,611.00	0.2203
1	2705001	2710000	2,709,022.00	0.2213
1	2930001	2935000	2,934,117.00	0.2397
1	2935001	2940000	2,935,906.00	0.2398
1	2995001	3000000	3,000,000.00	0.2451
1	3005001	3010000	3,006,245.00	0.2456
1	3165001	3170000	3,165,681.00	0.2586

Pattern of Shareholding

As on December 31, 2022

NO. OF SHAREHOLDERS	<---HAVING SHARES--->		SHARES HELD	PERCENTAGE
	From	To		
1	3275001	3280000	3,276,326.00	0.2676
1	3305001	3310000	3,308,576.00	0.2703
1	3320001	3325000	3,325,000.00	0.2716
1	3420001	3425000	3,424,730.00	0.2798
1	3445001	3450000	3,447,850.00	0.2816
1	3845001	3850000	3,848,044.00	0.3143
1	3905001	3910000	3,905,018.00	0.319
1	3990001	3995000	3,994,773.00	0.3263
1	4180001	4185000	4,180,361.00	0.3415
1	4195001	4200000	4,197,795.00	0.3429
1	4280001	4285000	4,284,561.00	0.35
1	4315001	4320000	4,316,760.00	0.3526
1	4900001	4905000	4,901,538.00	0.4004
1	5395001	5400000	5,400,000.00	0.4411
1	5985001	5990000	5,989,858.00	0.4893
1	6175001	6180000	6,175,348.00	0.5044
1	6710001	6715000	6,712,968.00	0.5484
1	7195001	7200000	7,200,000.00	0.5881
1	7800001	7805000	7,802,512.00	0.6374
1	7940001	7945000	7,940,983.00	0.6487
1	8480001	8485000	8,483,371.00	0.693
1	8995001	9000000	9,000,000.00	0.7352
1	10105001	10110000	10,107,631.00	0.8257
1	10325001	10330000	10,328,585.00	0.8437
1	11165001	11170000	11,170,000.00	0.9124
1	12185001	12190000	12,187,106.00	0.9955
1	12440001	12445000	12,442,568.00	1.0164
1	13845001	13850000	13,849,705.00	1.1313
1	14170001	14175000	14,170,416.00	1.1575
1	15025001	15030000	15,029,000.00	1.2277
1	30670001	30675000	30,671,488.00	2.5055
1	31160001	31165000	31,163,426.00	2.5457
1	93645001	93650000	93,649,744.00	7.65
1	631725001	631730000	631,728,895.00	51.6043
			1,224,179,687.00	100.00

Shares Trading (Sale/ Purchase) By Directors, Sponsors, Executives of UBL and their Spouses and Minor Children During the Period From 01 January 2022 to 31 December 2022

Name	Sale / Purchase	No of Shares
Mr. Aameer Karachiwalla	Purchase	5,000
Mr. Farooq Ahmed Khan	Purchase	3,500
Mr. Farooq Ahmed Khan	Sale	2,500
Mr. Sajid Hussain	Purchase	5,000
Lord Zameer M. Choudrey, CBE, SI Pk	Purchase	2,000,000
Lord Zameer M. Choudrey, CBE, SI Pk	Gift Out	1,000,000
Mr. Haider Zameer Choudrey	Gift In	1,000,000
Mr. Muhammad Faisal	Sale	13,966
Mr. Moazzam Haider	Sale	4,604

Directorship / Membership of UBL's Directors in other Corporate Bodies

Sir Mohammed Anwar Pervez, OBE, HPk
Position as of 31 December 2022

S.No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, UK**	Chairman
2	Bestway (Holdings)Limited, UK**	Chairman
3	Bestway Northern Limited, UK	Chairman
4	Bestway Panacea Holdings Limited, UK	Chairman
5	Bestway Cement Limited, Pakistan	Chairman
6	Bestway Packaging Limited, Pakistan	Director
7	Buybest Limited, UK	Director
8	Bestway Group Limited, Guernsey	Director
9	Bestway Consultancy Services Pvt. Limited, Pakistan,	Director
10	Bestway Renewable Technologies Limited, Pakistan	Director
11	Bestway Foundation, UK	Chairman
12	Bestway Foundation, Pakistan	Patron-in-Chief

** In Liquidation.

Lord Zameer M. Choudrey, CBE, SI Pk
Position as of 31 December 2022

S.No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, UK **	Chief Executive
2	Bestway (Holdings) Limited, UK **	Chief Executive
3	Bestway Northern Limited, UK	Chief Executive
4	Bestway Wholesale Limited, UK	Chief Executive
5	Batleys Properties Limited, UK	Chief Executive
6	Bestway Retail Limited, UK	Chief Executive
7	Euroimpex Limited, UK*	Chief Executive
8	MAP Trading Limited, UK	Chief Executive
9	Palmbest Limited, UK	Chief Executive
10	Bestway Panacea Holdings Limited, UK	Director
11	Bestway Wholesale Holdings Limited, UK	Director
12	Bestway Limited, UK*	Director
13	Buybest Limited UK	Director
14	Bestway Group Limited, Guernsey	Director
15	Bestway UK Holdings Limited, Guernsey	Director
16	Bestway UK Finco Limited, Guernsey	Director
17	5 Lakes Investments Limited, Guernsey	Director
18	Bestway Cement Limited, Pakistan	Chief Executive
19	Bestway Packaging Limited, Pakistan	Chief Executive
20	Bestway Consultancy Services Pvt. Limited, Pakistan	Director
21	Bestway Renewable Technologies Limited, Pakistan	Director
22	UBL Insurers Limited, Pakistan	Director
23	S	Fellow

24	Bestway Foundation, UK	Trustee
25	Crimestoppers Trust, UK	Trustee
26	British Asian Trust UK Advisory Council, UK	Chairman
27	Conservative Friends of Pakistan, UK	Chairman
28	Bestway Foundation, Pakistan	Chairman

* Dormant.

** In Liquidation.

Haider Zameer Choudrey

Position as of 31 December 2022

S.No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Healthcare Finco Limited, UK	Director
2	Bestway Healthcare Holdings Limited, UK	Director
3	Batleys Properties Limited, UK	Director
4	Palmbest Limited, UK	Director
5	Bestway Wholesale Holdings Limited, UK	Director
6	Bestway Panacea Holdings Limited, UK	Director
7	*Bestway Group Limited, UK	Director
8	*Bestway (HOLDINGS) Limited, UK	Director
9	Bestway Foundation, UK	Trustee
10	Bestway Group Limited, Guernsey	Director
11	Bestway UK Holdings Limited, Guernsey	Director
12	Bestway UK Finco Limited, Guernsey	Director
13	Bestway International Holdings Limited, Guernsey	Director
14	5 lakes Investments Limited, Guernsey	Director
15	Bestway Cement Limited, Pakistan	Director
16	Bestway Consultancy Services (Pvt.) Limited, Pakistan	Director
17	Bestway Renewable Technologies Limited, Pakistan	Director
18	Bestway Packaging Limited, Pakistan	Director
19	Institute of Chartered Accountants of England & Wales	Member

** In Liquidation.

Rizwan Pervez

Position as of 31 December 2022

S. No.	Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
1	Bestway Group Limited, UK**	Director
2	Bestway (Holdings) Limited, UK**	Director

3	Bestway Northern Limited, UK	Director
4	Bestway Wholesale Limited, UK	Director
5	Bestway Wholesale Holdings Limited, UK	Director
6	Batleys Properties Limited, UK	Director
7	Palmbest Limited, UK	Director
8	Bestway Retail Limited, UK	Director
9	Bestway Securities Limited, UK**	Director
10	MAP Trading Limited, UK	Director
11	UBL Insurers Limited, Pakistan	Director
12	RP Investments Limited, UK	Director
13	RP Property Trading Limited, UK	Director
14	Bestway UK Holdco Limited, UK**	Director
15	Buybest Limited, UK	Partner
16	Bestway Foundation, UK	Trustee
17	Institute of Chartered Accountants of England & Wales	Member
18	Bestway Group Limited, Guernsey	Director
19	Bestway Northern Holdings Limited, Guernsey**	Director
20	Oakleaf Limited, Guernsey**	Director
21	Bestway UK Holdings Limited, Guernsey	Director
22	Bestway UK Finco Limited, Guernsey	Director

** In Liquidation.

Shazia Syed

Position as of 31 December 2022

Name of Company / Entity	Position held
Unilever, North Africa	General Manager

Amar Zafar Khan

Position as of 31 December 2022

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
At Tahur Ltd	Director
Pehle Aap (Private) Limited	Director

Shazad G. Dada

Position as of 31 December 2022

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
United Bank, UK	Director
Pakistan Business Council	Nominated Representative

Karachi Education Initiative	Director
Institute of Bankers Pakistan	Council Member
Development in Literacy	Chairman, Board of Trustees, Pakistan
NIBAF	Director
Pakistan Bank's Association	Member, Executive Committee

Tariq Rashid

Position as of 31 December 2022

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Nil	Nil

Muhammad Jawaid Iqbal

Position as of 31 December 2022

Directorships / Memberships of Bodies Corporate	Position held in other Undertaking(s)
Ghandhara Nissan Limited	Independent Director
Aisha Steel Mills Limited	Independent Director
Tata Textile Mills Limited	Independent Director
Pakistan Aluminium Beverage Can Limited	Independent Director
Dawood Lawrencepur Limited	Independent Director
Fatima Gobi Ventures (Private) Limited	Independent Director
Trans World Associates (Private) Limited	Independent Director
Tata Best Foods Limited	Independent Director
Providus Capital (Private) Limited	CEO/Sponsor Director
Providus Investments (Private) Limited	CEO / Sponsor Director

Notice of 64th Annual General Meeting of United Bank Limited

Notice is hereby given that the 64th Annual General Meeting (“AGM”) of the Shareholders of United Bank Limited (the “Bank” or “UBL”) will be held on **Wednesday, 29 March 2023 at 09:30 a.m.** at Islamabad Serena Hotel, Islamabad to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 63rd Annual General Meeting held on 29 March 2022.
2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended 31st December, 2022 together with the Directors’ Report and Auditors’ Reports thereon.
3. To consider and, if thought fit, approve and declare final cash dividend, as recommended by the Board of Directors, at the rate of Rs.9/- per share i.e.90%, in addition to 130% interim cash dividend already declared/ paid for the year ended 31 December 2022.
4. To consider and, if thought fit, appoint External Auditors to hold office from this AGM till the conclusion of the next AGM of the Bank and to fix their remuneration. It is notified that Board’s Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. EY Ford Rhodes Chartered Accountants, who being eligible, has offered themselves for reappointment.
5. To elect eight (08) Directors as fixed by the Board of Directors of the Bank under Section 159(1) of the Companies Act, 2017 (“Act”) in accordance with the provisions of the said Act for a period of three years to commence from 29th March 2023. The total strength of the Board of Directors of the Bank shall be eight (08) elected directors and the President & CEO of the Bank, will be a deemed Director under section 188(3) of the Companies Act, 2017.

The retiring Directors namely, Sir Mohammed Anwar Pervez OBE HPk, Lord Zameer M. Choudrey CBE, SI Pk, Mr. Haider Zameer Choudrey, Mr. Rizwan Pervez, Mr. Amar Zafar Khan, Mr. Tariq Rashid, Mr. Muhammad Jawaid Iqbal and Ms. Shazia Syed are eligible for re-election.

Special Business:

6. To consider and if thought fit, approve amendments/alterations in the Memorandum and Articles of Associations of the Bank and in that connection to pass the following resolutions, as special resolutions with or without modification.
“**RESOLVED** that amended versions of the Memorandum and Articles of Association of the United Bank Limited (UBL) as approved and recommended by the Board of Directors, be and are hereby approved, subject to all applicable regulatory approvals including the approval of the State Bank of Pakistan”.
“**FURTHER RESOLVED** that the Company Secretary of UBL be and is hereby authorized to fulfill all requisite legal, corporate and procedural formalities for formalizing the amended Memorandum and Articles of Association of the Bank”.
7. To transact any other business with the permission of the Chairman.

By order of the Board

Sd/-

Aqeel Ahmed Nasir
Company Secretary &
Chief Legal Counsel

Karachi, 08 March 2023

Attached to this Notice is a Statement of Material Facts covering the above mentioned special business, as required under Section 134(3) of the Companies Act, 2017.

Notice of 64th Annual General Meeting of United Bank Limited

Notes:

1. The Share Transfer Books of the Bank shall remain closed from **22 March 2023 to 29 March 2023** (both days inclusive). Transfers received at M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan., the Registrar and Share Transfer Agent of the Bank, by the close of the business on **21 March 2023** will be treated in time for the purpose of the above entitlement.
2. A member entitled to attend and vote at this AGM is entitled to appoint a person as a proxy to attend and vote for and on his/her behalf. A proxy need not be a member. The instrument appointing a proxy and the power of attorney/Board Resolution or other authority (if any) under which it is signed or a notarized certified copy of the power or authority shall be deposited at the office of M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500, the Registrar and Share Transfer Agent of the Bank, not later than forty-eight (48) hours before the time of holding the AGM, and must be duly stamped, signed and witnessed.
3. Pursuant to the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.
4. Any person who seeks to contest the election to the office of a Director, whether he/she is a retiring Director or otherwise, shall file the following with the Company Secretary of the Bank at Secretary’s Department, United Bank Limited, 2nd Floor, UBL Tower, I. I. Chundrigar Road, Karachi not later than fourteen (14) days before the date of the meeting:
 - a. His/her intention to offer him/herself for the election of Directors in terms of Section 159(3) of the Companies Act, 2017 along with duly signed consent in Form 28 under Section 167 of the Companies Act 2017 and certify that he/she is not ineligible to become director of the Bank under any applicable laws, rules and regulations and circulars / directives.
 - b. Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017 to act as the director of a listed company.
 - c. Declaration by independent director(s) in terms of Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, wherever applicable.
 - d. Undertaking on non-judicial stamp paper that he/she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018, wherever applicable.
 - e. A questionnaire duly completed, recent photograph, copy of CNIC / Passport and Affidavits to, inter-alia, meet the requirement of State Bank of Pakistan’s Corporate Governance Regulatory Framework (CGRF) and the Fit and Proper Test for Appointment of Directors, as contained in Annexures to CGRF.
5. In terms of the criteria prescribed by the State Bank of Pakistan, association of the following person as director is undesirable and against public interest:
 - a. A person who is / has been associated with any illegal activity, especially relating to banking business;
 - b. A person who is in his individual capacity or a proprietary concern of any partnership firm or any private limited company or any unlisted public company or any listed public company (of which he has been a proprietor, partner, director or shareholder), has been in default of payment of dues owed to any financial institution and / or in default of payment of any taxes;
 - c. Has not been associated as director and/or chief executive with the corporate bodies who have defaulted in payment of Government duties/taxes etc.; and
 - d. Has not sufficient means to discharge his/her financial obligations, if any.

Notice of 64th Annual General Meeting of United Bank Limited

6. The CDC Account Holders and Sub-Account Holders, whose registration details are available in the Share Book Details Report, shall be required to produce their respective original Computerized National Identity Card (CNIC) or original Passport at the time of attending the Annual General Meeting to facilitate identification. Such Account Holders and Sub-Account Holders should also bring / know their respective participation I.D. No. and the CDC Account No. and in case of proxy, he/she must enclose an attested copy of his/her CNIC or Passport. Representative(s) of corporate member(s) should bring attested copy of Board Resolution / Power of Attorney and/ or all such documents that are required for such purpose under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP").

7. Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

8. Deduction of Withholding Tax on the Amount of Dividend:

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance"), different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The current withholding tax rates are as under:

- (a) For filers of income tax returns: 15.00%
- (b) For non-filers of income tax returns: 30.00%

To enable the Bank to make tax deduction on the amount of cash dividend @ 15.00% instead of 30.00%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of the Federal Board of Revenue ("FBR"), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of issuance of Dividend Warrants, otherwise tax on their cash dividend will be deducted @ 30.00%.

The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Bank or Bank's Share Registrar and Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective Folio numbers.

As per FBR's clarification letters C.No.1(29) WHT/2006 dated June 30, 2010 and C.No.1(43) DG(WHT)/2008-Vol-II.664 17-R dated May 12, 2015, a valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47(B) of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Registrar and Share Transfer Agent, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on "Filer / Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

Notice of 64th Annual General Meeting of United Bank Limited

Folio / CDC Account No.	Total shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

For any query/difficulty/information, the members may contact the Bank's Share Registrar and Share Transfer Agent, at the following address, phone/fax numbers or e-mail address:

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

9. Participation of Shareholders through Online Facility:

To facilitate and ensure the safety and health of the shareholders UBL will also be providing the online platform / facility to participate in the AGM in the shape of webinar/webex/zoom.

The shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices after completing all the formalities required for the verification and identification of the shareholders.

The login facility will be opened at **09:00 a.m. on 29 March, 2023** enabling the participants to join the proceedings which will start **at 09:30 a.m. sharp**.

The shareholders interested in attending the AGM of UBL through online facility are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at the following e-mail address:

Email address: company.secretary@ubl.com.pk

The shareholders are requested to provide the information as per the below format. The related link to the webinar/webex/zoom will be sent on the provided email address accordingly:

S. No.	Name of the Shareholder	CNIC Number	Folio Number / CDC Account No.	Cell Number	Email address

The shareholders are also encouraged to send their comments and suggestions, if any, related to the agenda items of the AGM, to the Company Secretary at the above mentioned email address.

Notice of 64th Annual General Meeting of United Bank Limited

10. Consent for Video Link Facility:

Members can attend and participate in the AGM through video-link. The Bank will provide the facility of video-link on demand of members residing in a city, collectively holding 10% or more shareholding in the Bank. Members who wish to avail this facility are requested to fill the below Video Link Form and submit it to the Company at its registered office at least seven (7) days prior to date of the AGM.

The Bank will intimate members regarding venue of video-link facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Video-Link Form
I/We, _____ of _____, being a member of United Bank Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby opt for video-link facility at _____
_____ Signature of the Member

11. Urgent Provision of Valid CNIC Copy (Mandatory)

In pursuance with the SECP's Notification No. SRO.831 (I)/2012 of July 05, 2012, SECP has directed all listed companies to mention CNIC numbers of the registered members. Corporate entities are requested to provide NTN's. Please note that in case of non-availability of valid copy of CNIC in respect of members having physical shareholding, their dividends could be withheld.

You are therefore requested to submit a copy of your valid CNIC/NTN/Passport Number within ten (10) days from the date of this Notice to the Bank's Registrar and Share Transfer Agent. In case you have already provided copy of your valid CNIC, please ignore this instruction.

Members are requested to timely notify any change in their addresses and provide copies of their CNIC /NTN (if not provided earlier) to Bank's Registrar / Share Transfer Agent, M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.

12. Submission of Bank Mandate with International Bank Account Number (IBAN) for payment of Cash Dividend Electronically into the Bank Accounts of the Shareholders (Mandatory Requirement).

In pursuance of Section 242 of the Companies Act, 2017, it is mandatory for all listed companies to pay dividend only by way of electronic mode, directly into the bank accounts of entitled shareholders.

Keeping in view the same, all cash dividend, if declared by the Company in future will be directly transferred in bank account. In order to enable us to follow the directives of the regulators in regard to payment of dividend only through electronic mode, you are requested to please provide/update your bank account details, if not already provided/updated, on the bank mandate form available on the below given link.

<https://www.ubldigital.com/Portals/O/InvestorRelation/Bank%20Mandate%20Form.pdf>

For any query/difficulty/information, the members may contact the Bank's Share Registrar and Share Transfer Agent, at the following address, phone/fax numbers or e-mail address:

Notice of 64th Annual General Meeting of United Bank Limited

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

The shareholders who hold shares in CDC are requested to submit the above mentioned Dividend Mandate Form, duly filled-in, to the relevant Broker/Participants/Investor Account Services of the CDC where member's CDC account is being dealt.

The shareholders who hold physical shares are also requested to submit IBAN (account number) the above mentioned Dividend Mandate Form, duly filled-in, to our Share Registrar namely THK Associates (Pvt) Limited in order to direct credit his/her dividend in their respective account.

13. Unclaimed Dividend and Bonus Shares:

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividends or pending shares, if any.

14. Conversion of Physical Shares into Book Entry Form:

In accordance with Sub Section 2 of Section 72 of the Companies Act, 2017, Companies are required "to replace its physical shares with book entry form" in the manner specified by the Commission.

To enable compliance with the aforementioned requirement, we request the shareholders to kindly convert shares held in Physical Form into Book Entry Form as soon as possible. The shareholders may contact a Broker, a PSX Member, CDC Participant or CDC Investor Account Service to obtain assistance for opening a CDS Account and subsequent induction of the physical shares into Book Entry Form.

For further information or clarification, please feel free to contact THK Associates (PVT) Ltd. on Tel # 021-35310191-93 or email at info@thk.com.pk.

15. Placement of Financial Statements on Website:

As required under Section 223(7) of the Companies Act 2017 and SECP SRO 634(I)/2014, Financial Statement of the Bank for the year ended December 31, 2022 and Reports of the Bank have been uploaded on the website of the Bank which can be downloaded using the following link:

<https://ubldigital.com/Investor-Relations/Financial-Statements>

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017, relating to the Special Business:

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of United Bank Limited ("the Bank") to be held on 29th March, 2023.

Agenda Item 7: Amendments/ Alternations in Memorandum and Articles of Association of the Bank

The existing Memorandum and Articles of Association (M&AoA) of United Bank Limited are proposed to be amended that reflects the various legislative changes and requirements brought about by the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations 2019, Securities Act 2015, Pakistan Stock Exchange Limited Regulations, other applicable rules and regulations and to ensure conformity with the Banking Companies Ordinance 1962, and various other requirements of the State Bank of Pakistan.

The amended M&AoA are being presented to the members for their approval. The comparative table, showing amendments made in the M&AoA, is available on the below given link and physical copy thereof as well as existing M&AoA are open for inspection by the members at UBL Head Office, 2nd Floor, I. I. Chundrigar Road, Karachi/ Registered Office of UBL, 13th Floor, UBL Building, Jinnah Avenue, Blue Area, Islamabad during 11:00 a.m. to 01:00 p.m. on working days.

<https://www.ubldigital.com/Investor-Relations/Stock-Information>

None of the directors of the Bank have any personal interest in alternation/amendments/substitution of the Memorandum and Articles of Association of the Bank except in their capacity as Shareholder or Directors of the Bank.

FORM OF PROXY

64th Annual General Meeting of United Bank Limited

I/We, _____ of _____ being a member of United Bank Limited ("UBL") and holder of _____ ordinary shares as per Share Register Folio No. _____ and / or CDC Participation I.D. No. _____ and Account No. _____ hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 64th Annual General Meeting of UBL scheduled to be held on **Wednesday, 29 March 2023 at 09:30 a.m.** at Islamabad Serena Hotel, Islamabad and at any adjournment thereof.

Signed this _____ day of _____ 2023

Witness 1:

Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

(Signature should agree with the specimen signature registered with the Registrar)

Witness 2:

Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

NOTE:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a person as proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar/ Share Transfer Agents, M/s. THK Associates (Pvt.) Limited, Plot no.32-C, Jami Commercial Street-2, D.H.A. Phase VII, Karachi not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Registrar, all such instruments of proxy shall be rendered invalid.
5. Applicable stamp duty shall be paid/affixed on the proxy form in accordance with the place of execution.
6. The proxy form shall be witnessed by two persons whose names, addresses and CNIC / Passport No. shall be mentioned on the form.
7. Attested copies of CNIC or the Passport of the beneficial owners of the proxy shall be furnished with the proxy form.
8. The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
9. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted along with proxy form to the company.

پراکسی فارم

یونائیٹڈ بینک لمیٹڈ کا 64 واں سالانہ اجلاس عام

میں / ہم _____ سنہ _____ یونائیٹڈ بینک لمیٹڈ ("UBL") کے ممبر کی حیثیت سے _____ عمومی شیئر رکھتا ہوں / رکھتی ہوں / رکھتے ہیں، جیسا کہ شیئر رجسٹرڈ فولیو نمبر _____ اور / یا سی ڈی سی پارٹی سٹیٹیشن آئی ڈی نمبر _____ اور اکاؤنٹ نمبر _____ میں درج ہے، یہاں پر _____ سنہ _____ کو اور ان کی عدم موجودگی میں اس جگہ پر _____

سنہ _____ کو میرا ہمارا نمائندہ مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں تاکہ وہ میری / ہماری جگہ پر ووٹ کا حق استعمال کر سکے اور میری / ہماری جگہ پر 29 مارچ 2023 بروز بدھ صبح 09:30 بجے، اسلام آباد سرینا ہوٹل، اسلام آباد میں منعقد ہونے والے یو بی ایل کے 64 ویں سالانہ اجلاس عام یا اس کے ملتوی شدہ اجلاس میں شرکت کے مجاز ہوں گے۔

دستخط _____ ویں / روز _____ 2023 کیے گئے

گواہ: 1

دستخط: _____

نام: _____

قومی شناختی کارڈ نمبر / پاسپورٹ نمبر: _____

پتہ: _____

گواہ: 2

دستخط: _____

نام: _____

قومی شناختی کارڈ نمبر / پاسپورٹ نمبر: _____

پتہ: _____

نوٹ:

- 1- اجلاس عام میں شرکت اور ووٹ کا حقدار ممبر کسی بھی شخص کو اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لیے پراکسی مقرر کر سکتا ہے۔
- 2- پراکسی کو مقرر کرنے کی دستاویز پر لازمی طور پر ممبر یا اس کے اٹارنی کے دستخط ہوں اور وہ تحریری طور پر تصدیق شدہ ہوں۔ اگر ممبر کوئی کارپوریشن (حکومت پاکستان کے علاوہ دیگر) ہے تو اس کی Common Seal بھی دستاویز پر چسپاں ہوگی۔
- 3- پراکسی کو مقرر کرنے والی دستاویز، پاور آف اٹارنی کے ساتھ، اگر کوئی ہو، جس کے تحت اُس کی دستخط شدہ یا تصدیق شدہ مستند کاپی ہمارے رجسٹرار / شیئر ٹرانسفر ایجنٹس، میسرز ٹی ایچ کے ایسوی سی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر C-32، جامی کمرشل اسٹریٹ نمبر 2، ڈی ایچ اے فیز- VII، کراچی-75500 پاکستان کو اجلاس کے انعقاد سے 48 گھنٹے پہلے وصول ہو جانی چاہیے۔
- 4- اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور ایک سے زیادہ پراکسی کی دستاویزات رجسٹرار کے ہاں ارسال کرتا ہے تو ایسی تمام پراکسیز کی دستاویزات کو منسوخ قرار دیا جائے گا۔
- 5- پراکسی فارم کے جاری کیے جانے والی جگہ کے مطابق قابل اطلاق اسٹیپ ڈیوٹی ادا کی جائے گی۔
- 6- پراکسی فارم پر جن دو افراد کی گواہی ہوتی ہے، ان کے نام، پتہ اور قومی شناختی کارڈ / پاسپورٹ نمبر بھی درج ہونے چاہئیں۔
- 7- پراکسی فارم کے ساتھ، پراکسی مقرر ہونے والے شخص کے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول منسلک کرنا لازمی ہے۔
- 8- پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- 9- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نام مع نمونہ کے دستخط پراکسی فارم کے ساتھ کمپنی کے پاس جمع کرانے ہوں گے۔

Affix
Correct
Postage

Registrar

M/s. THK Associates (Pvt.) Limited,
Plot No. 32-C, Jami Commercial Street 2,
DHA Phase VII, Karachi-75500,
Pakistan.

درست
ڈاک ٹکٹ
چسپال کریں

رجسٹرار
میسرز، ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
پلاٹ نمبر C-32، جامی کرشل اسٹریٹ نمبر 2، ڈی ایچ اے
فیز-VII، کراچی-75500، پاکستان



where **you** come **first**

UNITED BANK LIMITED

UBL Head Office

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

UAN: 111-825-888 | Website: www.ubldigital.com