

United Bank Limited

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(UN-AUDITED)**





**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015**

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		76,920,370	75,660,306
Balances with other banks		25,153,616	21,948,274
Lendings to financial institutions	6	24,569,092	23,435,222
Investments	7	741,538,713	519,602,007
Advances	8	495,026,495	467,365,292
Operating fixed assets	9	35,067,409	33,335,646
Deferred tax asset - net		-	-
Other assets		26,734,176	41,106,366
		<u>1,425,009,871</u>	<u>1,182,453,113</u>
LIABILITIES			
Bills payable		10,767,937	9,559,255
Borrowings	10	173,003,392	53,248,526
Deposits and other accounts	11	1,058,047,271	951,902,296
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	429
Deferred tax liability - net		5,078,679	2,139,586
Other liabilities		24,330,488	28,098,410
		<u>1,271,227,767</u>	<u>1,044,948,502</u>
NET ASSETS		<u>153,782,104</u>	<u>137,504,611</u>
REPRESENTED BY			
Share capital		12,241,798	12,241,798
Reserves		41,007,496	37,286,088
Unappropriated profit		58,208,677	52,507,655
Total equity attributable to the equity holders of the Bank		<u>111,457,971</u>	<u>102,035,541</u>
Non-controlling interest		5,118,677	4,553,250
		<u>116,576,648</u>	<u>106,588,791</u>
Surplus on revaluation of assets - net of deferred tax	12	37,205,456	30,915,820
		<u>153,782,104</u>	<u>137,504,611</u>
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Wajahat Husain
President &
Chief Executive Officer

Amin Uddin
Director

Zameer Mohammed Choudrey
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Chairman


**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Note	July- September 2015	July- September 2014	January - September 2015	January - September 2014
----- (Rupees in '000) -----					
Mark-up / return / interest earned	14	24,572,355	20,901,554	72,502,592	62,642,194
Mark-up / return / interest expensed	15	(10,203,819)	(9,386,607)	(29,892,744)	(29,073,131)
Net mark-up / return / interest income		14,368,536	11,514,947	42,609,848	33,569,063
(Provision) / reversal against loans and advances - net		(471,336)	489,724	(2,432,402)	(417,958)
Provision against lendings to financial institutions - net		-	(155,598)	-	(165,303)
Provision for diminution in value of investments - net		(33,791)	(173,410)	(74,382)	(414,687)
Bad debts written off directly		(33,446)	(113,146)	(105,852)	(189,546)
		(538,573)	47,570	(2,612,636)	(1,187,494)
Net mark-up / return / interest income after provisions		13,829,963	11,562,517	39,997,212	32,381,569
Non mark-up / interest income					
Fee, commission and brokerage income		3,394,251	3,399,801	10,745,825	9,963,245
Dividend income		387,144	355,261	1,669,280	1,220,636
Income from dealing in foreign currencies		585,216	888,671	1,967,555	2,350,139
Gain on sale of securities - net		397,302	120,676	3,144,989	1,657,159
Unrealized gain / (loss) on revaluation of investments classified as held for trading		215,810	(2,367)	(50,995)	(48,903)
Other income		244,891	242,312	1,100,425	836,475
Total non mark-up / interest income		5,224,614	5,004,354	18,577,079	15,978,751
		19,054,577	16,566,871	58,574,291	48,360,320
Non mark-up / interest expenses					
Administrative expenses	16	(8,142,469)	(7,817,838)	(24,541,529)	(23,076,863)
Other provisions - net		(49,143)	23,609	(134,165)	(142,319)
Workers' Welfare Fund		(213,778)	(175,021)	(670,642)	(506,724)
Other charges		(136,744)	(497)	(200,310)	(8,324)
Total non mark-up / interest expenses		(8,542,134)	(7,969,747)	(25,546,646)	(23,734,230)
		10,512,443	8,597,124	33,027,645	24,626,090
Share of income of associates		144,654	247,586	604,793	914,981
Profit before taxation		10,657,097	8,844,710	33,632,438	25,541,071
Taxation - Current		(3,773,138)	(3,011,232)	(11,985,759)	(8,715,479)
- Prior	17.2	(362,590)	(512,731)	(1,986,080)	(513,075)
- Deferred		503,333	533,154	783,236	865,773
		(3,632,395)	(2,990,809)	(13,188,603)	(8,362,781)
Profit after taxation		7,024,702	5,853,901	20,443,835	17,178,290
Attributable to:					
Equity shareholders of the Bank		6,829,388	5,759,995	19,842,062	17,064,669
Non-controlling interest		195,314	93,906	601,773	113,621
		7,024,702	5,853,901	20,443,835	17,178,290
----- (Rupees) -----					
Earnings per share - basic and diluted		5.58	4.71	16.21	13.94

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Wajahat Husain
President &
Chief Executive Officer

Amin Uddin
Director

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Chairman



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	July- September 2015	July- September 2014	January - September 2015	January - September 2014
	----- (Rupees in '000) -----			
Profit after taxation for the period attributable to:				
Equity shareholders of the Bank	6,829,388	5,759,995	19,842,062	17,064,669
Non-controlling interest	195,314	93,906	601,773	113,621
	<u>7,024,702</u>	<u>5,853,901</u>	<u>20,443,835</u>	<u>17,178,290</u>
Other comprehensive income:				
<i>Items that are not to be reclassified to profit or loss in subsequent periods</i>	-	-	-	-
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of net investment in foreign branches and subsidiaries				
- Equity shareholders of the Bank	1,062,072	1,221,781	1,785,080	(1,567,892)
- Non-controlling interest	(41,243)	(10,978)	70,669	(36,219)
	1,020,829	1,210,803	1,855,749	(1,604,111)
Amortization of cash flow hedges	-	-	-	4,962
Related deferred tax charge	-	-	-	(1,737)
	-	-	-	3,225
	1,020,829	1,210,803	1,855,749	(1,600,886)
Other comprehensive income transferred to equity	<u>8,045,531</u>	<u>7,064,704</u>	<u>22,299,584</u>	<u>15,577,404</u>
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Surplus arising on revaluation of available for sale securities	2,543,137	162,821	10,096,107	944,030
Related deferred tax charge	(1,126,964)	(84,011)	(3,783,036)	(108,783)
	1,416,173	78,810	6,313,071	835,247
Total comprehensive income during the period - net of tax	<u><u>9,461,704</u></u>	<u><u>7,143,514</u></u>	<u><u>28,612,655</u></u>	<u><u>16,412,651</u></u>

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**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	January - September 2015	January - September 2014
----- (Rupees in '000) -----		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	33,632,438	25,541,071
Less: Dividend income	(1,669,280)	(1,220,636)
Share of income of associates	(604,793)	(914,981)
	<u>31,358,365</u>	<u>23,405,454</u>
Adjustments:		
Depreciation	1,383,332	1,279,716
Amortization	346,275	374,782
Workers' Welfare Fund	670,642	506,724
Provision for retirement benefits	711,770	872,147
Provision against loans and advances - net	2,432,402	417,958
Provision against lendings to financial institutions - net	-	165,303
Povision for diminution in value of investments - net	74,382	414,687
Gain on sale of operating fixed assets	(18,138)	(33,646)
Amortization of cash flow hedges	-	4,962
Unrealized loss on revaluation of investments classified as held for trading	50,995	48,903
Bad debts written-off directly	105,852	189,546
Finance charges on leased assets	8	76
Provision against other assets	134,165	142,319
	<u>5,891,685</u>	<u>4,383,477</u>
	<u>37,250,050</u>	<u>27,788,931</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,133,870)	(7,559,097)
Held for trading securities	(50,745,493)	(47,804,090)
Advances	(30,199,457)	(37,391,260)
Other assets (excluding advance taxation)	9,095,476	(1,984,229)
	<u>(72,983,344)</u>	<u>(94,738,676)</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,208,682	(5,424,964)
Borrowings	119,754,866	22,338,549
Deposits and other accounts	106,144,975	38,035,251
Other liabilities (excluding current taxation)	(4,069,332)	(431,974)
	<u>223,039,191</u>	<u>54,516,862</u>
	<u>187,305,897</u>	<u>(12,432,883)</u>
Payments on account of staff retirement benefits	(828,094)	(1,075,973)
Income taxes paid	(8,468,409)	(6,296,491)
Net cash inflow / (outflow) from operating activities	<u>178,009,394</u>	<u>(19,805,347)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(160,615,690)	16,638,249
Dividend income received	1,347,703	1,083,584
Investment in operating fixed assets	(3,459,560)	(1,912,654)
Sale proceeds from disposal of operating fixed assets	76,204	371,309
Net cash (outflow) / inflow from investing activities	<u>(162,651,343)</u>	<u>16,180,488</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of subordinated loans	-	(665,328)
Payment in respect of leased obligation	(437)	(737)
Dividend paid to non-controlling interest	(107,672)	-
Dividends paid	(12,640,285)	(9,644,706)
Net cash outflow from financing activities	<u>(12,748,394)</u>	<u>(10,310,771)</u>
	<u>2,609,657</u>	<u>(13,935,630)</u>
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	1,785,080	(1,567,892)
- Non-controlling interest	70,669	(36,219)
Increase / (decrease) in cash and cash equivalents during the period	<u>4,465,406</u>	<u>(15,539,741)</u>
Cash and cash equivalents at the beginning of the period	<u>97,608,580</u>	<u>122,250,207</u>
Cash and cash equivalents at the end of the period	<u><u>102,073,986</u></u>	<u><u>106,710,466</u></u>

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Chairman


**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Attributable to equity shareholders of the Bank							Non-controlling Interest	Total	
	Share Capital	General reserve	Statutory reserve	----Capital reserves----		Employees stock option reserve	Unappropriated profit			Sub total
				Exchange translation reserve	Cash flow hedge reserve					
(Rupees in '000)										
Balance as at January 01, 2014 (Audited)	12,241,798	3,000	19,695,512	18,347,365	(3,225)	6,693	45,208,302	95,499,445	3,487,918	98,987,363
Transactions with owners for the nine months ended September 30, 2014										
Final cash dividend - December 31, 2013 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2014 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,450)	(3,060,450)	-	(3,060,450)
Interim cash dividend - June 30, 2014 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,450)	(3,060,450)	-	(3,060,450)
Employees stock option reserve	-	-	-	-	-	(1,514)	-	(1,514)	-	(1,514)
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	-	(1,514)	(11,017,619)	(11,019,133)	-	(11,019,133)
Profit after taxation for the nine months ended September 30, 2014	-	-	-	-	-	-	17,064,669	17,064,669	113,621	17,178,290
Other comprehensive income - net of tax	-	-	-	(1,567,892)	3,225	-	-	(1,564,667)	(36,219)	(1,600,886)
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	(1,567,892)	3,225	-	17,064,669	15,500,002	77,402	15,577,404
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	51,067	51,067	689	51,756
Transfer to statutory reserve	-	-	1,593,279	-	-	-	(1,593,279)	-	-	-
Balance as at September 30, 2014 (Un-audited)	12,241,798	3,000	21,288,791	16,779,473	-	5,179	49,713,140	100,031,381	3,566,009	103,597,390
Transactions with owners for the three months ended December 31, 2014										
Interim cash dividend - September 30, 2014 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,450)	(3,060,450)	-	(3,060,450)
Employees stock option reserve	-	-	-	-	-	(685)	-	(685)	-	(685)
Total comprehensive income for the three months ended December 31, 2014	-	-	-	-	-	(685)	(3,060,450)	(3,061,135)	-	(3,061,135)
Profit after taxation for the three months ended December 31, 2014	-	-	-	-	-	-	6,583,035	6,583,035	263,478	6,846,513
Other comprehensive income - net of tax	-	-	-	(1,396,963)	-	-	(137,734)	(1,534,697)	(399,950)	(1,934,647)
Total comprehensive income for the three months ended December 31, 2014	-	-	-	(1,396,963)	-	-	6,445,301	5,048,338	(136,472)	4,911,866
Right issue of shares by a subsidiary	-	-	-	-	-	-	-	-	1,123,538	1,123,538
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	16,957	16,957	175	17,132
Transfer to statutory reserves	-	-	607,293	-	-	-	(607,293)	-	-	-
Balance as at December 31, 2014 (Audited)	12,241,798	3,000	21,896,084	15,382,510	-	4,494	52,507,655	102,035,541	4,553,250	106,588,791
Transactions with owners for the nine months ended September 30, 2015										
Final cash dividend - December 31, 2014 declared subsequent to the year end at Rs.4.0 per share	-	-	-	-	-	-	(4,896,719)	(4,896,719)	-	(4,896,719)
Interim cash dividend - March 31, 2015 declared at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Interim cash dividend - June 30, 2015 declared at Rs.3.0 per share	-	-	-	-	-	-	(3,672,539)	(3,672,539)	-	(3,672,539)
Employees stock option reserve	-	-	-	-	-	(1,500)	-	(1,500)	-	(1,500)
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	(1,500)	(12,241,797)	(12,243,297)	-	(12,243,297)
Profit after taxation for the nine months ended September 30, 2015	-	-	-	-	-	-	19,842,062	19,842,062	601,773	20,443,835
Other comprehensive income - net of tax	-	-	-	1,785,080	-	-	-	1,785,080	70,669	1,855,749
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	1,785,080	-	-	19,842,062	21,627,142	672,442	22,299,584
Ordinary dividend relating to Non-controlling shareholders	-	-	-	-	-	-	-	-	(107,672)	(107,672)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	38,585	38,585	657	39,242
Transfer to statutory reserves	-	-	1,937,828	-	-	-	(1,937,828)	-	-	-
Balance as at September 30, 2015 (Un-audited)	12,241,798	3,000	23,833,912	17,167,590	-	2,994	58,208,677	111,457,971	5,118,677	116,576,648

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Wajahat Husain
President &
Chief Executive Officer

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Director

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Chairman

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015****1. STATUS AND NATURE OF BUSINESS**

The Group consists of:

Holding Company

United Bank Limited (the Bank)

Subsidiary Companies

United National Bank Limited, United Kingdom (UBL UK) - 55% holding

UBL (Switzerland) AG, Switzerland (USAG) - 100% holding

UBL Bank (Tanzania) Limited, Tanzania (UBTL) - 100% holding

United Executors and Trustees Company Limited, Pakistan (UET) - 100% holding

UBL Fund Managers Limited, Pakistan (UBLFM) - 98.92% holding

Al Ameen Financial Services (Pvt.) Limited (AFSL) - effective holding 98.92%

The Group is engaged in commercial banking, asset management, investment advisory and investments business. The Bank's registered office and principal office are situated at UBL Building, Jinnah Avenue, Blue Area, Islamabad and at State Life Building No. 1, I. I. Chundrigar Road, Karachi respectively. The Bank operates 1,298 (December 31, 2014: 1,295) branches inside Pakistan including 25 (December 31, 2014: 24) Islamic Banking branches and 1 (December 31, 2014: 1) branch in Karachi Export Processing Zone. The Bank also operates 18 (December 31, 2014: 18) branches outside Pakistan as at September 30, 2015. The Bank is a subsidiary of Bestway (Holdings) Limited which is incorporated in the United Kingdom.

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

Non-controlling interest represents National Bank of Pakistan's 45% share in the net asset value of UBL UK and a 1.08% share of the employees of UBLFM in the net asset value of UBLFM.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984.

The financial results of the Islamic Banking branches of the Bank have been included in these consolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 20 to these consolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the SBP. In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

- 3.2** The SBP vide BSD Circular letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** IFRS - 10 Consolidated Financial Statements was made applicable from period beginning on or after 1 January 2015 vide SECP circular 633 (I) / 2014. SECP has granted exemption to the Bank from application of the requirements of this standard with respect to the investment in mutual funds managed by UBL Fund Managers Limited. Accordingly, the requirements of this standard have not been applied in the preparation of these consolidated condensed interim financial statements to the extent of their applicability to these mutual funds.
- 3.4** The disclosures made in these consolidated condensed interim financial statements have been limited based on a format prescribed by the SBP vide BSD Circular Letter No. 2 dated May 12, 2004 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2014.

4. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

- 4.1** The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Group for the year ended December 31, 2014.
- 4.2** The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Group for the year ended December 31, 2014.

5. BASIS OF MEASUREMENT

- 5.1** These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain operating fixed assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value.
- 5.2** The preparation of these consolidated condensed interim financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements of the Group for the year ended December 31, 2014.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
6. LENDINGS TO FINANCIAL INSTITUTIONS	----- (Rupees in '000) -----	
Call money lendings	3,080,000	1,105,000
Repurchase agreement lendings	7,000	3,226,563
Other lendings to financial institutions	<u>22,303,136</u>	<u>19,898,901</u>
	25,390,136	24,230,464
Provision against lendings to financial institutions	<u>(821,044)</u>	<u>(795,242)</u>
	<u>24,569,092</u>	<u>23,435,222</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**
7. INVESTMENTS
7.1 Investments by types

Note	September 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
	(Rupees in '000)					
Held for trading securities						
Market Treasury Bills	58,401,741	-	58,401,741	6,941,106	-	6,941,106
Pakistan Investment Bonds	241,291	-	241,291	822,818	-	822,818
Ordinary shares of listed companies	267,256	-	267,256	430,943	-	430,943
Term Finance Certificates	51,225	-	51,225	51,527	-	51,527
Sukuks	12,418	-	12,418	10,767	-	10,767
	58,973,931	-	58,973,931	8,257,161	-	8,257,161
Available for sale securities						
Market Treasury Bills	42,940,141	5,612,956	48,553,097	46,284,703	-	46,284,703
Pakistan Investment Bonds	125,331,452	123,378,710	248,710,162	168,005,906	20,563,460	188,569,366
Government of Pakistan Sukuk	10,993,294	-	10,993,294	9,280,698	-	9,280,698
Government of Pakistan Eurobonds	17,282,934	-	17,282,934	14,175,920	-	14,175,920
Ordinary shares of listed companies	18,725,307	-	18,725,307	16,687,021	-	16,687,021
Preference shares	434,032	-	434,032	421,087	-	421,087
Ordinary shares of unlisted companies	243,330	-	243,330	243,247	-	243,247
Term Finance Certificates	1,371,238	-	1,371,238	1,483,030	-	1,483,030
Investment in REIT	458,590	-	458,590	-	-	-
Foreign bonds - sovereign	28,224,608	-	28,224,608	16,285,513	-	16,285,513
Foreign bonds - others	26,715,541	-	26,715,541	24,067,930	-	24,067,930
	272,720,467	128,991,666	401,712,133	296,935,055	20,563,460	317,498,515
Held to maturity securities						
Market Treasury Bills	43,083,264	-	43,083,264	31,446,074	-	31,446,074
Pakistan Investment Bonds	184,990,750	-	184,990,750	122,713,145	-	122,713,145
Government of Pakistan Eurobonds	8,235,232	-	8,235,232	6,089,160	-	6,089,160
Government of Pakistan Sukuk	210,375	-	210,375	202,244	-	202,244
Term Finance Certificates	5,407,627	-	5,407,627	5,570,990	-	5,570,990
Sukuks	4,274,363	-	4,274,363	1,880,379	-	1,880,379
Participation Term Certificates	2,795	-	2,795	2,795	-	2,795
Debentures	2,266	-	2,266	2,266	-	2,266
Foreign bonds - sovereign	1,861,063	-	1,861,063	655,610	-	655,610
Foreign bonds - others	540,880	-	540,880	622,304	-	622,304
Recovery note	322,124	-	322,124	309,708	-	309,708
CDC SAARC Fund	227	-	227	218	-	218
	248,930,966	-	248,930,966	169,494,893	-	169,494,893
Associates						
United Growth and Income Fund	1,355,609	-	1,355,609	3,379,214	-	3,379,214
UBL Liquidity Plus Fund	11,605	-	11,605	241,968	-	241,968
UBL Money Market Fund	11,328	-	11,328	118,428	-	118,428
UBL Retirement Savings Fund	276,612	-	276,612	261,357	-	261,357
UBL Principal Protected Fund - II	-	-	-	125,700	-	125,700
UBL Principal Protected Fund - III	236,850	-	236,850	232,795	-	232,795
UBL Government Securities Fund	1,816,124	-	1,816,124	2,107,669	-	2,107,669
UBL Gold Fund	86,437	-	86,437	89,310	-	89,310
UBL Asset Allocation Fund	50,239	-	50,239	171,220	-	171,220
UBL Stock Advantage Fund	204,601	-	204,601	136,774	-	136,774
UBL Financial Sector Bond Fund	-	-	-	79,582	-	79,582
Al Ameen Islamic Cash Fund	757,221	-	757,221	115,998	-	115,998
Al Ameen Islamic Aggressive Income Fund	32,985	-	32,985	239,211	-	239,211
Al Ameen Islamic Sovereign Fund	56,987	-	56,987	356,179	-	356,179
Al Ameen Islamic Retirement Savings Fund	229,116	-	229,116	209,640	-	209,640
Al Ameen Shariah Stock Fund	232,109	-	232,109	61,398	-	61,398
Al Ameen Islamic Principal Preservation Fund - I	-	-	-	142,214	-	142,214
Al Ameen Islamic Principal Preservation Fund - II	128,356	-	128,356	123,213	-	123,213
Al Ameen Islamic Principal Preservation Fund - III	114,372	-	114,372	111,029	-	111,029
Al Ameen Islamic Principal Preservation Fund - IV	110,079	-	110,079	107,135	-	107,135
Al Ameen Islamic Principal Preservation Fund - V	99,373	-	99,373	100,375	-	100,375
Al Ameen Islamic Asset Allocation Fund	114,166	-	114,166	113,107	-	113,107
Al Ameen Islamic Financial Planning Fund	96,633	-	96,633	-	-	-
UBL Insurers Limited	247,249	-	247,249	225,909	-	225,909
Khushhali Bank Limited	1,252,456	-	1,252,456	1,111,127	-	1,111,127
Oman United Exchange Company, Muscat	79,300	-	79,300	72,287	-	72,287
DHA Cogen Limited	-	-	-	-	-	-
	7,599,807	-	7,599,807	10,032,839	-	10,032,839
	588,225,171	128,991,666	717,216,837	484,719,948	20,563,460	505,283,408
Provision for diminution in value of investments	(1,921,400)	-	(1,921,400)	(1,850,842)	-	(1,850,842)
Investments - net of provisions	586,303,771	128,991,666	715,295,437	482,869,106	20,563,460	503,432,566
Surplus on revaluation of available for sale securities	15,368,322	10,925,949	26,294,271	15,433,595	764,569	16,198,164
Deficit on revaluation of held for trading securities	(50,995)	-	(50,995)	(28,723)	-	(28,723)
Total Investments	601,621,098	139,917,615	741,538,713	498,273,978	21,328,029	519,602,007

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

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		----- (Rupees in '000) -----	
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		344,608,423	313,662,887
Outside Pakistan		144,866,581	141,980,418
		<u>489,475,004</u>	<u>455,643,305</u>
Bills discounted and purchased			
Payable in Pakistan		17,610,890	24,589,010
Payable outside Pakistan		37,149,576	34,050,405
		<u>54,760,466</u>	<u>58,639,415</u>
Advances - gross		<u>544,235,470</u>	<u>514,282,720</u>
Provision against advances			
Specific		(45,200,185)	(44,819,065)
General	8.2	(4,008,790)	(2,098,363)
Advances - net of provision		<u>495,026,495</u>	<u>467,365,292</u>

8.1 Advances include Rs.54,872 million (December 31, 2014: Rs. 57,105 million) which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2015 (Un-audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other assets especially mentioned *	65,272	-	65,272	690	-	690	690	-	690
Substandard	4,437,209	910,900	5,348,109	344,325	80,527	424,852	344,325	80,527	424,852
Doubtful	382,844	2,603,444	2,986,288	189,340	1,107,340	1,296,680	189,340	1,107,340	1,296,680
Loss	38,432,145	8,040,323	46,472,468	37,271,624	6,206,339	43,477,963	37,271,624	6,206,339	43,477,963
	<u>43,317,470</u>	<u>11,554,667</u>	<u>54,872,137</u>	<u>37,805,979</u>	<u>7,394,206</u>	<u>45,200,185</u>	<u>37,805,979</u>	<u>7,394,206</u>	<u>45,200,185</u>

Category of Classification	December 31, 2014 (Audited)								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----									
Other assets especially mentioned *	114,459	-	114,459	650	-	650	650	-	650
Substandard	4,419,940	1,672,489	6,092,429	284,598	227,776	512,374	284,598	227,776	512,374
Doubtful	1,018,729	3,089,056	4,107,785	499,788	1,036,021	1,535,809	499,788	1,036,021	1,535,809
Loss	39,031,546	7,759,258	46,790,804	36,961,605	5,808,627	42,770,232	36,961,605	5,808,627	42,770,232
	<u>44,584,674</u>	<u>12,520,803</u>	<u>57,105,477</u>	<u>37,746,641</u>	<u>7,072,424</u>	<u>44,819,065</u>	<u>37,746,641</u>	<u>7,072,424</u>	<u>44,819,065</u>

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

8.2 General provision consists of provision amounting to Rs. 246.444 million (December 31, 2014: Rs.252.740 million) against consumer finance portfolio and Rs.37.942 million (December 31,2014: 32.942 million) against advances to small enterprises as required by the Prudential Regulations issued by the SBP and Rs.2,894.654 million (December 31, 2014: Rs.1,764.681 million) pertaining to overseas advances to meet the requirements of the regulatory authorities. General provisions also include an amount of Rs.829.750 million (December 31, 2014: Rs.48.000 million) which the Group carries as a matter of prudence given the current economic environment, and is based on management estimates.

8.3 The Bank has availed the benefit of Forced Sale Value (FSV) of 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. 352.208 million (December 31, 2014: Rs. 922.746 million) and consequently the profit after tax would have been lower by Rs. 228.935 million (December 31, 2014: Rs. 599.785 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

8.4 Exposure amounting to Rs. 4,205 million relating to Northern Power Generation Company Limited (NPGCL), which is guaranteed by the Government of Pakistan, has not been classified as non-performing, in accordance with a relaxation given by the SBP till June 30, 2016. However, markup income has been kept suspended on this amount in these financial statements.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

Note	(Un-audited) September 30, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
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9. OPERATING FIXED ASSETS

Capital work-in-progress	4,544,064	3,013,899
Property and equipment	29,408,466	28,958,691
Intangible assets	1,114,879	1,363,056
9.1	35,067,409	33,335,646

9.1 Additions and disposals during the period amounted to Rs.3,459.560 million (September 30, 2014: Rs.1,992.754 million) and Rs. 263.271 million (September 30, 2014: Rs. 745.083 million), respectively.

(Un-audited) September 30, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
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10. BORROWINGS
Secured

Borrowings from the State Bank of Pakistan

Export refinance scheme	13,381,331	14,267,463
Refinance facility for modernization of SME	21,887	33,591
Long term financing facility	8,017,879	6,461,411
Long term financing under export oriented projects	71,269	173,925
	21,492,366	20,936,390
Repurchase agreement borrowings	139,720,108	21,269,642
	161,212,474	42,206,032

Unsecured

Call borrowings	1,616,576	4,217,499
Overdrawn nostro accounts	907,669	303,142
Trading liabilities	-	102,539
Other borrowings	9,266,673	6,419,314
	11,790,918	11,042,494
	173,003,392	53,248,526

11. DEPOSITS AND OTHER ACCOUNTS
Customers

Fixed deposits	294,868,070	263,464,259
Savings deposits	359,505,662	315,530,282
Sundry deposits	10,046,429	7,427,172
Margin deposits	4,925,120	6,748,723
Current accounts - remunerative	7,289,269	11,327,853
Current accounts - non-remunerative	348,722,127	325,630,714
	1,025,356,677	930,129,003

Financial Institutions

Remunerative deposits	26,417,586	15,949,527
Non-remunerative deposits	6,273,008	5,823,766
	32,690,594	21,773,293
	1,058,047,271	951,902,296

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Note	(Un-audited) September 30, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
12. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Surplus / (deficit) arising on revaluation of assets - net of tax:			
Fixed assets			
- Group's share		20,236,928	20,267,486
- Non-controlling interest		475,361	469,621
	12.1	20,712,289	20,737,107
Securities			
- Group's share		17,270,976	10,637,250
- Non-controlling interest		(808,639)	(487,984)
	12.2	16,462,337	10,149,266
Surplus arising on revaluation of assets of associates		30,830	29,447
		<u>37,205,456</u>	<u>30,915,820</u>
12.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets at January 01		21,574,409	16,680,220
Revaluation of fixed assets during the period / year		-	5,146,820
Exchange adjustments		18,120	(147,203)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(39,242)	(68,888)
Related deferred tax liability on incremental depreciation charged during the period / year		(20,710)	(36,540)
		<u>(41,832)</u>	<u>4,894,189</u>
		21,532,577	21,574,409
Less: Related deferred tax liability on:			
Revaluation as on January 1		837,302	5,368,761
Revaluation of fixed assets during the period / year		-	36,432
Reversal of deferred tax on revaluation of land		-	(4,457,315)
Impact of change in tax rate		-	(40,131)
Exchange adjustments		3,696	(33,905)
Incremental depreciation charged during the period / year		(20,710)	(36,540)
		<u>820,288</u>	<u>837,302</u>
		<u>20,712,289</u>	<u>20,737,107</u>
12.2 Surplus / (deficit) on revaluation of available for sale securities			
Market Treasury Bills		158,478	21,906
Pakistan Investment Bonds		19,667,165	10,550,575
Listed shares		7,188,823	5,160,208
REIT Scheme		(18,344)	-
Term Finance Certificates, Sukuks, other bonds, etc.		765	(74,792)
Foreign bonds		(702,616)	540,267
		26,294,271	16,198,164
Related deferred tax liability		(9,831,934)	(6,048,898)
		<u>16,462,337</u>	<u>10,149,266</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
		----- (Rupees in '000) -----	
13. CONTINGENCIES AND COMMITMENTS			
13.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favouring:			
Government		6,890,698	4,113,804
Banking companies and other financial institutions		1,921,820	3,315,085
Others		5,375,909	3,675,754
		<u>14,188,427</u>	<u>11,104,643</u>
13.2 Transaction-related contingent liabilities			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:			
Government		107,739,348	83,496,420
Banking companies and other financial institutions		3,040,349	4,306,447
Others		31,167,370	40,579,368
		<u>141,947,067</u>	<u>128,382,235</u>
13.3 Trade-related contingent liabilities			
Contingent liabilities in respect of letters of credit opened favouring:			
Government		51,992,310	51,053,073
Banking companies and other financial institutions		4,764,921	5,433,924
Others		103,218,826	88,340,199
		<u>159,976,057</u>	<u>144,827,196</u>
13.4 Other contingencies			
Claims against the Group not acknowledged as debts	13.4.1	<u>12,326,127</u>	<u>10,935,953</u>
Contingency in respect of Workers' Welfare Fund	13.4.2	<u>296,124</u>	<u>305,997</u>
13.4.1 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).			
13.4.2 WWF provision of Rs. 296.124 million relating to funds from the date of application till 29 May 2013 is to be borne by UBL Fund Manager (Subsidiary Company) if such amount is required to be paid to the Government authorities. Management based on opinion of its lawyers is expecting a favorable outcome of the petition filed against chargeability of WWF over its funds.			
Based on legal advice and / or internal assessments, management is confident that the matters will be decided in favour of the Group and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these consolidated condensed interim financial statements.			
13.4.3 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, 2014 in the High Court of Sind. A favorable outcome of this petition is expected.			
13.4.4 UBL Fund Manager being the management company of UBL Principal Protected Fund II and UBL Principal Protected Fund III has guaranteed the GAP risk through guarantee agreement signed with trustee of the funds whereby It would be liable to provide Gap risk coverage of the initial fund size up to a maximum of 5% of the total subscription amount. Further they have also guaranteed the Gap risk on the investment advisory agreement signed with clients whereby they are liable to provide Gap risk coverage up to a maximum of 5% of the initial portfolio invested. The GAP risk will be revoked upon maturity of current terms of these mandates.			



**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

13.5 Commitments to extent credit

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

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	----- (Rupees in '000) -----	
13.6 Commitments in respect of forward foreign exchange contracts		
Purchase	220,622,658	204,579,868
Sale	215,037,260	169,150,871
13.7 Commitments in respect of derivatives		
Interest rate swaps	10,779,921	4,511,816
Cross currency swaps	508,129	5,934,000
FX options - purchased	675,722	190,043
FX options - sold	675,722	190,043
Forward Purchase of Government securities	2,876,403	1,329,394
Forward sale of Government securities	6,774,545	906,201
13.8 Commitments in respect of capital expenditure	2,627,385	1,874,447
13.9 For contingencies relating to taxation refer note 17.1		
(Un-audited).....	
	January - September 2015	January - September 2014
	----- (Rupees in '000) -----	
14. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers	26,888,292	27,037,775
On lendings to financial institutions		
Call money lendings	85,333	21,217
Repurchase agreement lendings	306,064	864,893
Other lendings to financial institutions	633,761	455,378
	1,025,158	1,341,488
On investments in		
Held for trading securities	1,239,933	1,319,401
Available for sale securities	26,232,097	21,243,676
Held to maturity securities	17,007,068	11,604,492
	44,479,098	34,167,569
On deposits with financial institutions	110,044	95,362
	72,502,592	62,642,194
15. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	23,567,779	25,367,946
On securities sold under repurchase agreements	4,093,379	1,685,676
On other short term borrowings	1,866,118	1,594,097
On long term borrowings	365,468	425,412
	29,892,744	29,073,131



NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(Un-audited).....	
	January - September 2015	January - September 2014
	----- (Rupees in '000) -----	
16. ADMINISTRATIVE EXPENSES		
Salaries, allowances etc.	9,082,567	8,298,287
Charge for compensated absences	194,657	370,175
Medical expenses	402,451	377,277
Contribution to defined contribution plan	239,868	232,426
Charge in respect of defined benefit obligations	277,245	269,546
Rent, taxes, insurance, electricity etc.	3,120,597	3,009,400
Depreciation	1,383,332	1,279,716
Amortization	346,275	374,782
Outsourced service charges including sales commission	3,373,399	2,810,014
Communications	924,499	871,592
Banking service charges	762,718	754,803
Cash transportation charges	433,560	387,324
Stationery and printing	459,957	442,153
Legal and professional charges	254,021	168,857
Advertisement and publicity	405,402	573,809
Repairs and maintenance	1,255,365	1,145,719
Travelling	218,677	217,070
Office running expenses	456,840	403,814
Vehicle expenses	133,284	163,334
Entertainment	169,789	147,033
Cartage, freight and conveyance	71,542	67,408
Insurance expense	67,868	75,949
Auditors' remuneration	76,547	82,523
Training and seminars	70,234	78,382
Brokerage expenses	21,040	31,279
Subscriptions	94,338	93,773
Donations	71,893	56,186
Non-executive Directors' fees	35,665	26,912
Zakat paid by overseas branch	64,554	72,860
Miscellaneous expenses	73,345	194,460
	<u>24,541,529</u>	<u>23,076,863</u>

17. TAXATION

17.1 The Income Tax returns of the Bank have been filed up to the tax year 2014 (accounting year ended December 31, 2013) and were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (Ordinance) unless amended by the Commissioner of Inland Revenue.

The income tax authorities have issued amended assessment orders for the tax years 2003 to 2014, and created additional tax demands of Rs.11,559 million (including disallowances of provisions made prior to Seventh Schedule), which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. Where the appellate authorities have not allowed relief the Bank has filed appeals before higher appellate forums. The management of the Bank is confident that the appeals will be decided in favor of the Bank.

Under the Seventh Schedule to the Ordinance, banks are allowed to claim provisions against advances up to 5% of total advances for consumer and small and medium enterprises and up to 1% of total advances for remaining advances. Amounts above these limits are allowed to be claimed in future years. The Bank has booked a deferred tax asset of Rs.1,350 million (December 31, 2014: Rs.1,350 million) in respect of provisions in excess of the above mentioned limits.

The tax returns for Azad Kashmir (AK) Branches have been filed upto the tax year 2014 (financial year 2013) under the provisions of section 120(1) read with section 114 of the Ordinance and in compliance with the terms of the agreement between banks and the Azad Kashmir Council in May 2005. The returns filed are considered as deemed assessment orders under the law.

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

The tax authorities have also carried out monitoring for Federal Exercise Duty, Sales tax and withholding taxes covering period from year ended 2007 to 2014. Consequently various addbacks and demands were raised creating a total demand of Rs. 1,245 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 overseas branches have been filed upto the year ended December 31, 2014 under the provisions of the laws prevailing in the respective countries, and are deemed as assessed unless opened for reassessment.

For UBL UK, UBTL, UBLFM and UET income tax returns have been filed up to the accounting year ended December 31, 2014 and for USAG up to the year ended December 31, 2013 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, for UBL UK, USAG and UBTL tax clearance has been issued till the accounting years 2012, 2013 and 2014 respectively. There are no material tax contingencies in any of the subsidiaries.

- 17.2** The Finance Act 2015 has introduced certain amendments relating to taxation of banking companies . As per these amendments ,bank's income from dividend and capital gains are now taxed at the normal tax rates instead of previously applicable reduced rates . In addition , one-time super tax at the rate of 4 percent of the taxable income has also been levied . These amendments apply retrospectively for the tax year 2015, i.e year ended December 31, 2014. The effects of above amendments have been incorporated in this condensed interim financial statements and an amount of Rs. 1,626 million (September 30, 2014 : Nil) has been recognised as prior year tax charge.

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES
For the nine months ended September 30, 2015 (Un-audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	(Rupees in '000)						
Total income	412,331	20,930,925	26,822,810	10,827,515	778,970	2,019,169	-
Total expenses	(75,372)	(1,532,505)	(18,617,198)	(5,622,119)	(551,764)	(1,760,324)	-
Profit before tax	336,959	19,398,420	8,205,612	5,205,396	227,206	258,845	-
Segment return on assets (ROA)	71.1%	2.3%	0.9%	1.0%	19.0%	-	-
Segment cost of funds	0.0%	5.7%	3.3%	5.0%	-	-	-

For the nine months ended September 30, 2014 (Un-audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	(Rupees in '000)						
Total income	215,047	12,746,805	27,312,907	7,461,060	613,035	2,113,941	-
Total expenses	(85,448)	(1,072,431)	(17,465,528)	(4,442,080)	(452,809)	(1,403,428)	-
Profit before tax	129,599	11,674,374	9,847,379	3,018,980	160,226	710,513	-
Segment return on assets (ROA)	40.5%	1.8%	1.2%	0.6%	19.5%	-	-
Segment cost of funds	1.5%	6.5%	4.1%	6.2%	-	-	-

As at September 30, 2015 (Un-audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	(Rupees in '000)						
Segment assets (gross of NPL provisions)	853,123	816,960,604	935,697,635	487,912,702	1,221,091	101,230,157	(873,665,256)
Segment non performing loans (NPLs)	674,123	1,913,319	20,540,695	31,512,277	-	231,723	-
Segment provision held against NPLs	506,979	1,786,020	17,627,338	25,208,856	-	70,992	-
Segment liabilities	127,179	741,526,471	948,935,713	449,938,217	212,519	4,152,924	(873,665,256)

As at December 31, 2014 (Audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
	(Rupees in '000)						
Segment assets (gross of NPL provisions)	775,136	578,630,275	872,818,868	456,542,712	1,082,670	92,668,476	(775,245,959)
Segment non performing loans (NPLs)	648,147	1,988,086	24,311,780	29,930,610	-	226,854	-
Segment provision held against NPLs	487,423	1,643,702	19,274,579	23,337,495	-	75,866	-
Segment liabilities	152,477	532,328,095	863,632,502	418,936,969	174,359	4,970,059	(775,245,959)

Segment assets and liabilities include inter segment balances.

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

19. RELATED PARTY TRANSACTIONS

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



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The Group enters into transactions with related parties in the normal course of business. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

	As at September 30, 2015 (Un-audited)				As at December 31, 2014 (Audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
------(Rupees in '000)-----								
Lendings to financial institutions								
Repurchase agreement lendings	-	-	-	7,000	-	-	-	-
Other lendings to financial institution	-	-	462,264	650,000	-	-	500,000	-
Investments								
Opening balance	-	-	10,032,839	3,917,745	-	-	7,732,898	4,098,108
Investment made during the period / year	-	-	1,781,077	-	-	-	3,897,489	-
Investment redeemed / disposed off during the period / year	-	-	(4,363,004)	-	-	-	(2,985,033)	(180,363)
Equity method adjustments	-	-	148,895	-	-	-	1,387,485	-
Closing balance	-	-	7,599,807	3,917,745	-	-	10,032,839	3,917,745
Provision for diminution in value of investments	-	-	-	118,356	-	-	-	118,356
Advances								
Opening balance	368	249,996	2,155,149	9,394,005	-	268,862	2,155,149	412,954
Addition during the period / year	3,508	253,341	-	6,201,122	3,668	101,656	-	14,328,295
Repaid during the period / year	(1,234)	(66,192)	-	(9,137,597)	(3,300)	(129,501)	-	(5,347,244)
Transfer in / (out) - net	-	(29,078)	-	-	-	8,979	-	-
Closing balance	2,642	408,067	2,155,149	6,457,530	368	249,996	2,155,149	9,394,005
Provision held against advances	-	-	2,155,149	-	-	-	2,155,149	-
Other Assets								
Interest mark-up accrued	-	44	716	126,225	-	155	14,893	283,323
Receivable from staff retirement funds	-	-	-	132,114	-	-	-	88,862
Prepaid insurance	-	-	66,620	-	-	-	27	-
Remuneration receivable from management of funds	-	-	56,085	-	-	-	59,493	5,051
Sales load receivable	-	-	18,173	-	-	-	2,415	-
Formation cost receivable	-	-	15,000	-	-	-	11,100	-
Other receivable	-	-	271	30,164	-	-	888	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
Deposits and other accounts								
Opening balance	7,920,019	180,520	2,501,595	204,907	7,506,473	161,288	667,512	734,999
Received during the period / year	13,549,509	872,446	104,450,130	104,027,200	26,067,173	1,649,178	112,528,554	127,557,270
Withdrawn during the period / year	(13,766,025)	(845,743)	(96,987,820)	(104,060,682)	(26,710,567)	(1,609,409)	(110,694,471)	(128,179,674)
Transfer in / (out) - net	-	(87,039)	-	-	1,056,940	(20,537)	-	92,312
Closing balance	7,703,503	120,184	9,963,905	171,425	7,920,019	180,520	2,501,595	204,907
Other Liabilities								
Interest / return / mark-up payable on deposits	62,985	236	1,611	64	47,181	1,344	9,793	266
Payable to staff retirement fund	-	-	-	82,750	-	-	-	155,908
Contingencies and Commitments								
Letter of guarantee	-	-	43,269	-	-	-	41,600	-
Forward foreign exchange contracts purchase	-	-	-	4,690	-	-	-	149,615
Forward foreign exchange contracts sale	-	-	-	56,956	-	-	-	31,313
Cross Currency Swaps	-	-	508,129	-	-	-	-	-
------(Rupees in '000)-----								
	For the nine months ended September 30, 2015 (Un-audited)				For the nine months ended September 30, 2014 (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Mark-up / return / interest earned	-	8,770	36,792	518,010	-	7,839	160	561,873
Commission / charges recovered	57	155	13,691	4,637	22	108	751	639
Dividend received	-	-	457,280	374,546	-	-	44,185	258,248
Net gain on sale of securities	-	-	453,115	-	-	-	174,567	50,419
Remuneration from management of funds	-	-	481,885	-	-	-	368,144	15,641
Sales load	-	-	178,065	-	-	-	137,023	-
Other income	-	5,488	7,900	17	-	455	263	-
Mark-up / return / interest paid	162,337	1,635	102,254	10,539	143,664	2,364	61,902	12,733
Remuneration paid	-	757,253	-	-	-	1,005,912	-	-
Post employment benefits	-	35,947	-	-	-	27,470	-	-
Non-executive directors' fee	35,665	-	-	-	26,912	-	-	-
Net charge for defined contribution plans	-	-	-	239,868	-	-	-	232,426
Net charge for defined benefit plans	-	-	-	98,946	-	-	-	87,191
Donation	-	-	-	-	-	-	-	10,000
Other expenses	-	-	43,073	86,988	-	-	45,118	80,126
Insurance premium paid	-	-	244,679	-	-	-	270,646	-
Insurance claims settled	-	-	90,501	-	-	-	89,426	-



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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

20. ISLAMIC BANKING BUSINESS

20.1 The statement of financial position of the Bank's Islamic Banking branches is as follows:

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		1,775,065	1,105,791
Balances with other banks		3,310,421	388,594
Due from financial institutions		1,875,000	-
Investments		12,690,936	8,078,202
Islamic financing and related assets	20.3	6,744,421	6,656,812
Operating fixed assets		97,366	99,954
Due from Head Office		7,265,914	2,503,182
Other assets		193,121	154,874
Total Assets		33,952,244	18,987,409
LIABILITIES			
Bills payable		87,556	112,626
Deposits and other accounts			
Current accounts - non remunerative		2,344,616	2,345,427
Current accounts - remunerative		1,455,890	1,001,301
Saving accounts		2,259,437	1,330,333
Term deposits		1,212,161	1,061,485
Deposits from financial institutions - remunerative		25,641,243	12,120,720
Deposits from financial institutions - non remunerative		7	32
		32,913,354	17,859,298
Due to Head Office		-	-
Other liabilities		150,692	179,808
		33,151,602	18,151,732
NET ASSETS		800,642	835,677
REPRESENTED BY			
Islamic Banking Fund		1,181,000	1,181,000
Accumulated losses		(405,075)	(276,733)
		775,925	904,267
Surplus / (deficit) on revaluation of assets		24,717	(68,590)
		<u>800,642</u>	<u>835,677</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

20.2 The profit and loss account of the Bank's Islamic Banking branches for the nine months ended September 30 is as follows:

	------(Un-audited)-----	
	January - September 2015	January- September 2014
	----- (Rupees in '000) -----	
Return earned	1,216,355	890,225
Return expensed	(924,484)	(640,517)
	<u>291,871</u>	<u>249,708</u>
Provision against loans and advances - net	(10)	(4,663)
Provision for diminution in value of investments - net	-	(10,192)
Reversal / (provision) against assets given on Ijarah	917	(9,971)
	<u>907</u>	<u>(24,826)</u>
Net return after provisions	292,778	224,882
Other Income		
Fee, commission and brokerage income	16,653	21,288
Dividend income	-	9,062
Income / (loss) from dealing in foreign currencies	6,305	(3,079)
Gain on sale of securities - net	11,135	-
Other income	2,514	31,114
Total other income	<u>36,607</u>	<u>58,385</u>
	329,385	283,267
Other Expenses		
Administrative expenses	(457,690)	(370,246)
Other (provisions) / reversals - net	(37)	373
	<u>(457,727)</u>	<u>(369,873)</u>
Net loss for the period	(128,342)	(86,606)
Accumulated losses brought forward	(276,733)	(156,679)
Accumulated losses carried forward	<u>(405,075)</u>	<u>(243,285)</u>
Remuneration to Shariah Advisor / Board	<u>2,175</u>	<u>821</u>
	(Un-audited)	(Audited)
	September	December 31,
	30, 2015	2014
	----- (Rupees in '000) -----	
20.3 Islamic financing and related assets		
Financings		
Murabaha	233,612	230,260
Ijarah	718,061	706,341
Diminishing Musharaka	5,648,821	4,801,540
Provision against financings	(36,062)	(36,052)
	<u>6,564,432</u>	<u>5,702,089</u>
Advances		
Advances and receivables against Ijarah	84,541	124,731
Advances for Diminishing Musharaka	-	4,500
Advances for Murabaha	24,054	834,246
Provision against advances for Murabaha	(17,498)	(17,498)
	<u>91,097</u>	<u>945,979</u>
Profit receivable against financing	88,892	8,744
	<u>6,744,421</u>	<u>6,656,812</u>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015****21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on October 27, 2015 has declared a cash dividend in respect of the nine months ended September 30, 2015 of Rs. 3.0 per share (September 30, 2014: Rs. 2.5 per share). The consolidated condensed interim financial statements for the nine months ended September 30, 2015 do not include the effect of these appropriations which will be accounted for subsequent to the period end.

22. DATE OF AUTHORIZATION

These consolidated condensed interim financial statements were authorised for issue on October 27, 2015 by the Board of Directors of the Group.

Wajahat Husain
President &
Chief Executive Officer

Amin Uddin
Director

Zameer Mohammed Choudrey
Director

Sir Mohammed Anwar Pervez, OBE, HPk
Chairman