

# United Bank Limited

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



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

	Note	(Un-audited) June 30, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
<b>ASSETS</b>			
Cash and balances with treasury banks		103,293,881	75,660,306
Balances with other banks		32,080,214	21,948,274
Lendings to financial institutions	6	23,796,448	23,435,222
Investments	7	677,572,159	519,602,007
Advances	8	463,190,289	467,365,292
Operating fixed assets	9	34,106,450	33,335,646
Deferred tax asset - net		-	-
Other assets		40,166,854	41,106,366
		<u>1,374,206,295</u>	<u>1,182,453,113</u>
<b>LIABILITIES</b>			
Bills payable		14,694,243	9,559,255
Borrowings	10	122,695,070	53,248,526
Deposits and other accounts	11	1,059,016,239	951,902,296
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	429
Deferred tax liability - net		4,506,448	2,139,586
Other liabilities		25,282,177	28,098,410
		<u>1,226,194,177</u>	<u>1,044,948,502</u>
<b>NET ASSETS</b>		<u><u>148,012,118</u></u>	<u><u>137,504,611</u></u>
<b>REPRESENTED BY</b>			
Share capital		12,241,798	12,241,798
Reserves		39,290,733	37,286,088
Unappropriated profit		55,693,792	52,507,655
Total equity attributable to the equity holders of the Bank		<u>107,226,323</u>	<u>102,035,541</u>
Non-controlling interest		4,964,501	4,553,250
		<u>112,190,824</u>	<u>106,588,791</u>
Surplus on revaluation of assets - net of deferred tax	12	<u>35,821,294</u>	<u>30,915,820</u>
		<u><u>148,012,118</u></u>	<u><u>137,504,611</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	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 SIX MONTHS ENDED JUNE 30, 2015**

	Note	April-June 2015	April-June 2014	January - June 2015	January - June 2014
----- (Rupees in '000) -----					
Mark-up / return / interest earned	14	24,285,688	21,626,359	47,930,237	41,740,640
Mark-up / return / interest expensed	15	(9,624,929)	(9,829,758)	(19,688,925)	(19,686,524)
Net mark-up / return / interest income		14,660,759	11,796,601	28,241,312	22,054,116
Provision against loans and advances - net		(1,215,478)	(639,647)	(1,961,066)	(907,682)
Reversal of provision against lendings to financial institutions - net		-	(10,043)	-	(9,705)
Provision for diminution in value of investments - net		(17,569)	(246,855)	(40,591)	(241,277)
Bad debts written off directly		(36,354)	(32,670)	(72,406)	(76,400)
		(1,269,401)	(929,215)	(2,074,063)	(1,235,064)
Net mark-up / return / interest income after provisions		13,391,358	10,867,386	26,167,249	20,819,052
<b>Non mark-up / interest income</b>					
Fee, commission and brokerage income		3,913,517	3,330,012	7,223,348	6,442,064
Dividend income		788,007	209,979	1,282,136	865,375
Income from dealing in foreign currencies		607,792	791,903	1,382,339	1,461,468
Gain on sale of securities - net		750,687	773,936	2,747,687	1,536,483
Unrealized loss on revaluation of investments classified as held for trading		(188,510)	(674)	(266,805)	(46,536)
Other income		613,506	386,200	983,760	715,543
Total non mark-up / interest income		6,484,999	5,491,356	13,352,465	10,974,397
		19,876,357	16,358,742	39,519,714	31,793,449
<b>Non mark-up / interest expenses</b>					
Administrative expenses	16	(8,368,841)	(7,881,902)	(16,399,060)	(15,259,025)
Other provisions - net		(59,245)	(150,065)	(85,022)	(165,928)
Workers' Welfare Fund		(226,916)	(173,767)	(456,864)	(331,703)
Other charges		131	(7,676)	(63,566)	(7,827)
Total non mark-up / interest expenses		(8,654,871)	(8,213,410)	(17,004,512)	(15,764,483)
		11,221,486	8,145,332	22,515,202	16,028,966
Share of income of associates		224,773	397,703	460,139	667,395
<b>Profit before taxation</b>		11,446,259	8,543,035	22,975,341	16,696,361
<b>Taxation - Current</b>					
- Prior	17.2	(4,268,538)	(3,009,336)	(8,212,621)	(5,704,247)
- Deferred		(1,622,541)	(344)	(1,623,490)	(344)
		159,178	266,830	279,903	332,619
		(5,731,901)	(2,742,850)	(9,556,208)	(5,371,972)
<b>Profit after taxation</b>		5,714,358	5,800,185	13,419,133	11,324,389
<b>Attributable to:</b>					
Equity shareholders of the Bank		5,456,973	5,791,711	13,012,674	11,304,674
Non-controlling interest		257,385	8,474	406,459	19,715
		5,714,358	5,800,185	13,419,133	11,324,389
----- (Rupees) -----					
<b>Earnings per share - basic and diluted</b>		4.46	4.73	10.63	9.23

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President &  
Chief Executive Officer

Amin Uddin  
Director

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Chairman

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

	April-June 2015	April-June 2014	January - June 2015	January - June 2014
	----- (Rupees in '000) -----			
<b>Profit after taxation for the period attributable to:</b>				
Equity shareholders of the Bank	5,456,973	5,791,711	13,012,674	11,304,674
Non-controlling interest	<u>257,385</u>	<u>8,474</u>	<u>406,459</u>	<u>19,715</u>
	5,714,358	5,800,185	13,419,133	11,324,389
<b>Other comprehensive income:</b>				
<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	319,914	292,043	723,008	(2,789,673)
- Non-controlling interest	<u>289,188</u>	<u>158,060</u>	<u>111,912</u>	<u>(25,241)</u>
	609,102	450,103	834,920	(2,814,914)
Amortization of cash flow hedges	-	-	-	4,962
Related deferred tax charge	-	-	-	<u>(1,737)</u>
	-	-	-	3,225
	609,102	450,103	834,920	(2,811,689)
<b>Other comprehensive income transferred to equity</b>	<u>6,323,460</u>	<u>6,250,288</u>	<u>14,254,053</u>	<u>8,512,700</u>
<i>Items that may be reclassified to profit or loss in subsequent periods</i>				
Surplus arising on revaluation of available for sale securities	(142,549)	(1,371,395)	7,552,970	781,209
Related deferred tax charge	<u>19,324</u>	<u>658,234</u>	<u>(2,656,072)</u>	<u>(24,772)</u>
	(123,225)	(713,161)	4,896,898	756,437
<b>Total comprehensive income during the period - net of tax</b>	<u><u>6,200,235</u></u>	<u><u>5,537,127</u></u>	<u><u>19,150,951</u></u>	<u><u>9,269,137</u></u>

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

	January - June 2015	January - June 2014
	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	22,975,341	16,696,361
Less: Dividend income	(1,282,136)	(865,375)
Share of income of associates	(460,139)	(667,395)
	<u>21,233,066</u>	<u>15,163,591</u>
<b>Adjustments:</b>		
Depreciation	914,160	860,204
Amortization	231,981	248,844
Workers' Welfare Fund	456,864	331,703
Provision for retirement benefits	477,066	564,140
Provision against loans and advances - net	1,961,066	907,682
Reversal of provision against lendings to financial institutions - net	-	9,705
Provision for diminution in value of investments - net	40,591	241,277
Gain on sale of operating fixed assets	(17,658)	(31,624)
Amortization of cash flow hedges	-	4,962
Unrealized loss on revaluation of investments classified as held for trading	266,805	46,536
Bad debts written-off directly	72,406	76,400
Finance charges on leased assets	8	58
Provision against other assets	85,022	165,928
	<u>4,488,311</u>	<u>3,425,815</u>
	<u>25,721,377</u>	<u>18,589,406</u>
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(361,226)	11,258,419
Held for trading securities	(30,129,955)	(823,933)
Advances	2,141,531	(24,086,932)
Other assets (excluding advance taxation)	(2,917,265)	(7,394,156)
	<u>(31,266,915)</u>	<u>(21,046,602)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	5,134,988	(4,085,015)
Borrowings	69,446,544	(6,125,695)
Deposits and other accounts	107,113,943	28,683,931
Other liabilities (excluding current taxation)	(2,873,716)	751,784
	<u>178,821,759</u>	<u>19,225,005</u>
	<u>173,276,221</u>	<u>16,767,809</u>
	<u>(553,069)</u>	<u>(905,944)</u>
	<u>(5,847,095)</u>	<u>(5,441,450)</u>
	<u>166,876,057</u>	<u>10,420,415</u>
Payments on account of staff retirement benefits		
Income taxes paid	(553,069)	(905,944)
Net cash inflow from operating activities	<u>166,876,057</u>	<u>10,420,415</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	(120,134,484)	2,919,261
Dividend income received	1,109,001	861,944
Investment in operating fixed assets	(1,876,176)	(1,018,397)
Sale proceeds from disposal of operating fixed assets	55,870	353,286
Net cash (outflow) / inflow from investing activities	<u>(120,845,789)</u>	<u>3,116,094</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of subordinated loans	-	(332,668)
Payment in respect of leased obligation	(437)	(492)
Dividend paid to non-controlling interest	(107,672)	-
Dividends paid	(8,991,564)	(7,928,942)
Net cash outflow from financing activities	<u>(9,099,673)</u>	<u>(8,262,102)</u>
	<u>36,930,595</u>	<u>5,274,407</u>
Exchange differences on translation of net investment in foreign branches and subsidiaries		
- Equity shareholders of the Bank	723,008	(2,789,673)
- Non-controlling interest	111,912	(25,241)
Increase in cash and cash equivalents during the period	<u>37,765,515</u>	<u>2,459,493</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>135,374,095</u></u>	<u><u>124,709,700</u></u>

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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 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)										
<b>Balance as at January 01, 2014 (Audited)</b>	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
<b>Transactions with owners for the six months ended June 30, 2014</b>										
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)
Employees stock option reserve	-	-	-	-	-	2,101	-	2,101	-	2,101
	-	-	-	-	-	2,101	(7,957,169)	(7,955,068)	-	(7,955,068)
<b>Total comprehensive income for the six months ended June 30, 2014</b>										
Profit after taxation for the six months ended June 30, 2014	-	-	-	-	-	-	11,304,674	11,304,674	19,715	11,324,389
Other comprehensive income - net of tax	-	-	-	(2,789,673)	3,225	-	-	(2,786,448)	(25,241)	(2,811,689)
Total comprehensive income for the six months ended June 30, 2014	-	-	-	(2,789,673)	3,225	-	11,304,674	8,518,226	(5,526)	8,512,700
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	33,904	33,904	446	34,350
Transfer to statutory reserve	-	-	1,061,852	-	-	-	(1,061,852)	-	-	-
<b>Balance as at June 30, 2014 (Un-audited)</b>	12,241,798	3,000	20,757,364	15,557,692	-	8,794	47,527,859	96,096,507	3,482,838	99,579,345
<b>Transactions with owners for the six months ended December 31, 2014</b>										
Interim cash dividend - June 30, 2014 declared at Rs.2.5 per share	-	-	-	-	-	-	(3,060,450)	(3,060,450)	-	(3,060,450)
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	-	-	-	-	-	(4,300)	-	(4,300)	-	(4,300)
	-	-	-	-	-	(4,300)	(6,120,900)	(6,125,200)	-	(6,125,200)
<b>Total comprehensive income for the Six months ended December 31, 2014</b>										
Profit after taxation for the six months ended December 31, 2014	-	-	-	-	-	-	12,343,030	12,343,030	357,384	12,700,414
Other comprehensive income - net of tax	-	-	-	(175,182)	-	-	(137,734)	(312,916)	(410,928)	(723,844)
Total comprehensive income for the six months ended December 31, 2014	-	-	-	(175,182)	-	-	12,205,296	12,030,114	(53,544)	11,976,570
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	-	-	-	-	-	-	34,120	34,120	418	34,538
Transfer to statutory reserves	-	-	1,138,720	-	-	-	(1,138,720)	-	-	-
<b>Balance as at December 31, 2014 (Audited)</b>	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
<b>Transactions with owners for the six months ended June 30, 2015</b>										
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)
Employees stock option reserve	-	-	-	-	-	(1,500)	-	(1,500)	-	(1,500)
	-	-	-	-	-	(1,500)	(8,569,258)	(8,570,758)	-	(8,570,758)
<b>Total comprehensive income for the six months ended June 30, 2015</b>										
Profit after taxation for the six months ended June 30, 2015	-	-	-	-	-	-	13,012,674	13,012,674	406,459	13,419,133
Other comprehensive income - net of tax	-	-	-	723,008	-	-	-	723,008	111,912	834,920
Total comprehensive income for the six months ended June 30, 2015	-	-	-	723,008	-	-	13,012,674	13,735,682	518,371	14,254,053
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	-	-	-	-	-	-	25,858	25,858	552	26,410
Transfer to statutory reserves	-	-	1,283,137	-	-	-	(1,283,137)	-	-	-
<b>Balance as at June 30, 2015 (Un-audited)</b>	12,241,798	3,000	23,179,221	16,105,518	-	2,994	55,693,792	107,226,323	4,964,501	112,190,824

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

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**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 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 1,295 (December 31, 2014: 1,295) branches inside Pakistan including 24 (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 June 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.
- 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.

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

**6. LENDINGS TO FINANCIAL INSTITUTIONS**

	(Un-audited) June 30, 2015	(Audited) December 31, 2014
	----- (Rupees in '000) -----	
Call money lendings	2,675,000	1,105,000
Repurchase agreement lendings	879,610	3,226,563
Other lendings to financial institutions	21,045,114	19,898,901
	<u>24,599,724</u>	<u>24,230,464</u>
 Provision against lendings to financial institutions	 (803,276)	 (795,242)
	<u>23,796,448</u>	<u>23,435,222</u>



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

	(Un-audited) June 30, 2015			(Audited) December 31, 2014		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
	(Rupees in '000)					
<b>Held for trading securities</b>						
Market Treasury Bills	20,609,012	-	20,609,012	6,941,106	-	6,941,106
Pakistan Investment Bonds	17,337,133	-	17,337,133	822,818	-	822,818
Ordinary shares of listed companies	346,109	-	346,109	430,943	-	430,943
Term Finance Certificates	51,586	-	51,586	51,527	-	51,527
Sukuks	14,553	-	14,553	10,767	-	10,767
	38,358,393	-	38,358,393	8,257,161	-	8,257,161
<b>Available for sale securities</b>						
Market Treasury Bills	22,293,875	15,053,195	37,347,070	46,284,703	-	46,284,703
Pakistan Investment Bonds	184,148,802	71,577,945	255,726,747	168,005,906	20,563,460	188,569,366
Government of Pakistan Sukuk	9,258,354	-	9,258,354	9,280,698	-	9,280,698
Government of Pakistan Eurobonds	13,356,130	-	13,356,130	14,175,920	-	14,175,920
Ordinary shares of listed companies	17,758,566	-	17,758,566	16,687,021	-	16,687,021
Preference shares	425,261	-	425,261	421,087	-	421,087
Ordinary shares of unlisted companies	243,274	-	243,274	243,247	-	243,247
Term Finance Certificates	1,371,263	-	1,371,263	1,483,030	-	1,483,030
Investment in REIT	458,590	-	458,590	-	-	-
Foreign bonds - sovereign	33,878,163	-	33,878,163	16,285,513	-	16,285,513
Foreign bonds - others	23,419,830	-	23,419,830	24,067,930	-	24,067,930
	306,612,108	86,631,140	393,243,248	296,935,055	20,563,460	317,498,515
<b>Held to maturity securities</b>						
Market Treasury Bills	58,737,266	-	58,737,266	31,446,074	-	31,446,074
Pakistan Investment Bonds	137,983,310	-	137,983,310	122,713,145	-	122,713,145
Government of Pakistan Eurobonds	6,212,163	-	6,212,163	6,089,160	-	6,089,160
Government of Pakistan Sukuk	204,879	-	204,879	202,244	-	202,244
Term Finance Certificates	5,468,037	-	5,468,037	5,570,990	-	5,570,990
Sukuks	4,306,317	-	4,306,317	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	1,317,525	-	1,317,525	655,610	-	655,610
Foreign bonds - others	531,140	-	531,140	622,304	-	622,304
Recovery note	313,712	-	313,712	309,708	-	309,708
CDC SAARC Fund	221	-	221	218	-	218
	215,079,631	-	215,079,631	169,494,893	-	169,494,893
<b>Associates</b>						
United Growth and Income Fund	3,303,518	-	3,303,518	3,379,214	-	3,379,214
UBL Liquidity Plus Fund	11,443	-	11,443	241,968	-	241,968
UBL Money Market Fund	11,176	-	11,176	118,428	-	118,428
UBL Retirement Savings Fund	273,429	-	273,429	261,357	-	261,357
UBL Principal Protected Fund - II	127,152	-	127,152	125,700	-	125,700
UBL Principal Protected Fund - III	236,997	-	236,997	232,795	-	232,795
UBL Government Securities Fund	1,826,009	-	1,826,009	2,107,669	-	2,107,669
UBL Gold Fund	88,703	-	88,703	89,310	-	89,310
UBL Asset Allocation Fund	-	-	-	171,220	-	171,220
UBL Stock Advantage Fund	-	-	-	136,774	-	136,774
UBL Financial Sector Bond Fund	-	-	-	79,582	-	79,582
Al-Ameen Islamic Cash Fund	761,916	-	761,916	115,998	-	115,998
Al-Ameen Islamic Aggressive Income Fund	108,369	-	108,369	239,211	-	239,211
Al-Ameen Islamic Sovereign Fund	80,624	-	80,624	356,179	-	356,179
Al-Ameen Islamic Retirement Savings Fund	229,083	-	229,083	209,640	-	209,640
Al-Ameen Shariah Stock Fund	90,647	-	90,647	61,398	-	61,398
Al-Ameen Islamic Principal Preservation Fund - I	-	-	-	142,214	-	142,214
Al-Ameen Islamic Principal Preservation Fund - II	130,103	-	130,103	123,213	-	123,213
Al-Ameen Islamic Principal Preservation Fund - III	116,768	-	116,768	111,029	-	111,029
Al-Ameen Islamic Principal Preservation Fund - IV	112,416	-	112,416	107,135	-	107,135
Al-Ameen Islamic Principal Preservation Fund - V	104,630	-	104,630	100,375	-	100,375
Al-Ameen Islamic Asset Allocation Fund	35,119	-	35,119	113,107	-	113,107
Al-Ameen Islamic Financial Planning Fund	100,187	-	100,187	-	-	-
UBL Insurers Limited	240,774	-	240,774	225,909	-	225,909
Khushhali Bank Limited	1,206,875	-	1,206,875	1,111,127	-	1,111,127
Oman United Exchange Company, Muscat	75,811	-	75,811	72,287	-	72,287
DHA Cogen Limited	-	-	-	-	-	-
	9,271,749	-	9,271,749	10,032,839	-	10,032,839
	569,321,881	86,631,140	655,953,021	484,719,948	20,563,460	505,283,408
Provision for diminution in value of investments	(1,865,191)	-	(1,865,191)	(1,850,842)	-	(1,850,842)
<b>Investments (net of provisions)</b>	567,456,690	86,631,140	654,087,830	482,869,106	20,563,460	503,432,566
Surplus on revaluation of available for sale securities	17,893,749	5,857,385	23,751,134	15,433,595	764,569	16,198,164
Deficit on revaluation of held for trading securities	(266,805)	-	(266,805)	(28,723)	-	(28,723)
<b>Total Investments</b>	585,083,634	92,488,525	677,572,159	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.

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FOR THE SIX MONTHS ENDED JUNE 30, 2015**

	Note	(Un-audited) June 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
<b>8. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		324,005,166	313,662,887
Outside Pakistan		141,893,615	141,980,418
		<u>465,898,781</u>	<u>455,643,305</u>
Bills discounted and purchased			
Payable in Pakistan		15,425,454	24,589,010
Payable outside Pakistan		30,436,012	34,050,405
		<u>45,861,466</u>	<u>58,639,415</u>
Advances - gross		511,760,247	514,282,720
Provision against advances			
Specific		(44,418,591)	(44,819,065)
General	8.2	(4,151,367)	(2,098,363)
Advances - net of provision		<u>463,190,289</u>	<u>467,365,292</u>

8.1 Advances include Rs. 55,688 million (December 31, 2014: Rs. 57,105 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 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 *	83,609	-	83,609	1,923	-	1,923	1,923	-	1,923
Substandard	4,741,789	1,165,584	5,907,373	420,216	251,530	671,746	420,216	251,530	671,746
Doubtful	863,318	3,246,904	4,110,222	428,065	983,592	1,411,657	428,065	983,592	1,411,657
Loss	37,955,256	7,631,546	45,586,802	36,284,001	6,049,264	42,333,265	36,284,001	6,049,264	42,333,265
	<u>43,643,972</u>	<u>12,044,034</u>	<u>55,688,006</u>	<u>37,134,205</u>	<u>7,284,386</u>	<u>44,418,591</u>	<u>37,134,205</u>	<u>7,284,386</u>	<u>44,418,591</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. 249.299 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.2,586.376 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.1,277.750 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. 613.272 million (December 31, 2014: Rs. 922.746 million) and consequently the profit after tax would have been lower by Rs. 398.627 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.

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

	Note	(Un-audited) June 30, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
<b>9. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		4,079,690	3,013,899
Property and equipment		28,815,932	28,958,691
Intangible assets		1,210,828	1,363,056
	9.1	34,106,450	33,335,646

9.1 Additions and disposals during the period amounted to Rs.1,876.176 million (June 30, 2014: Rs.1,018.397million) and Rs. 166.734 million (June 30, 2014: Rs. 672.976 million), respectively.

	(Un-audited) June 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	12,654,068	14,267,463
Refinance facility for modernization of SME	25,788	33,591
Long term financing facility	6,357,484	6,461,411
Long term financing under export oriented projects	94,720	173,925

Repurchase agreement borrowings

19,132,060	20,936,390
91,827,087	21,269,642
110,959,147	42,206,032

**Unsecured**

Call borrowings	5,319,395	4,217,499
Overdrawn nostro accounts	369,230	303,142
Trading liabilities	-	102,539
Other borrowings	6,047,298	6,419,314
	11,735,923	11,042,494
	122,695,070	53,248,526

**11. DEPOSITS AND OTHER ACCOUNTS**
**Customers**

Fixed deposits	295,372,606	263,464,259
Savings deposits	331,973,322	315,530,282
Sundry deposits	16,308,177	7,427,172
Margin deposits	4,836,021	6,748,723
Current accounts - remunerative	7,571,871	11,327,853
Current accounts - non-remunerative	376,702,752	325,630,714
	1,032,764,749	930,129,003

**Financial Institutions**

Remunerative deposits	18,301,105	15,949,527
Non-remunerative deposits	7,950,385	5,823,766
	26,251,490	21,773,293
	1,059,016,239	951,902,296

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

	Note	(Un-audited) June 30, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
<b>12. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX</b>			
Surplus / (deficit) arising on revaluation of assets - net of tax:			
Fixed assets			
- Group's share		20,254,243	20,267,486
- Non-controlling interest		479,335	469,621
	12.1	20,733,578	20,737,107
Securities			
- Group's share		15,550,262	10,637,250
- Non-controlling interest		(504,098)	(487,984)
	12.2	15,046,164	10,149,266
Surplus arising on revaluation of assets of associates		41,552	29,447
		<u>35,821,294</u>	<u>30,915,820</u>
<b>12.1 Surplus on revaluation of fixed assets</b>			
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		28,642	(147,203)
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year - net of deferred tax		(26,410)	(68,888)
Related deferred tax liability on incremental depreciation charged during the period / year		(13,867)	(36,540)
		<u>(11,635)</u>	<u>4,894,189</u>
		21,562,774	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		5,761	(33,905)
Incremental depreciation charged during the period / year		(13,867)	(36,540)
		<u>829,196</u>	<u>837,302</u>
		<u>20,733,578</u>	<u>20,737,107</u>
<b>12.2 Surplus / (deficit) on revaluation of available for sale securities</b>			
Market Treasury Bills		166,273	21,906
Pakistan Investment Bonds		15,632,118	10,550,575
Listed shares		7,176,175	5,160,208
Investment in REIT		417	-
Term Finance Certificates, Sukuks, other bonds, etc.		(30,280)	(74,792)
Foreign bonds		806,431	540,267
		23,751,134	16,198,164
Related deferred tax liability		(8,704,970)	(6,048,898)
		<u>15,046,164</u>	<u>10,149,266</u>

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

	Note	(Un-audited) June 30, 2015 ----- (Rupees in '000) -----	(Audited) December 31, 2014
<b>13. CONTINGENCIES AND COMMITMENTS</b>			
<b>13.1 Direct credit substitutes</b>			
Contingent liabilities in respect of guarantees given favouring:			
Government		6,359,494	4,113,804
Banking companies and other financial institutions		3,708,613	3,315,085
Others		4,108,095	3,675,754
		<u>14,176,202</u>	<u>11,104,643</u>
<b>13.2 Transaction-related contingent liabilities</b>			
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring:			
Government		84,979,031	83,496,420
Banking companies and other financial institutions		4,397,119	4,306,447
Others		24,407,755	40,579,368
		<u>113,783,905</u>	<u>128,382,235</u>
<b>13.3 Trade-related contingent liabilities</b>			
Contingent liabilities in respect of letters of credit opened favouring:			
Government		46,821,479	51,053,073
Banking companies and other financial institutions		5,864,999	5,433,924
Others		96,244,433	88,340,199
		<u>148,930,911</u>	<u>144,827,196</u>
<b>13.4 Other contingencies</b>			
Claims against the Group not acknowledged as debts	13.4.1	<u>12,097,602</u>	<u>10,935,953</u>
Contingency in respect of Workers' Welfare Fund	13.4.1	<u>296,124</u>	<u>305,997</u>
<b>13.4.1</b> 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).			
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.			
<b>13.4.2</b> 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.			
<b>13.4.3</b> 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 SIX MONTHS ENDED JUNE 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)                      (Audited)  
June 30,                      December 31,  
2015                      2014  
----- (Rupees in '000) -----

**13.6 Commitments in respect of forward foreign exchange contracts**

Purchase	210,606,116	204,579,868
Sale	177,024,802	169,150,871
	177,024,802	169,150,871

**13.7 Commitments in respect of derivatives**

Interest rate swaps	10,975,163	4,511,816
Cross currency swaps	506,233	5,934,000
FX options - purchased	-	190,043
FX options - sold	-	190,043
Forward Purchase of Government securities	-	1,329,394
Forward sale of Government securities	-	906,201
	3,025,939	1,874,447

**13.8 Commitments in respect of capital expenditure**

	3,025,939	1,874,447
	3,025,939	1,874,447

**13.9 For contingencies relating to taxation refer note 17.1**

.....(Un-audited).....

January - June      January - June  
2015                      2014  
----- (Rupees in '000) -----

**14. MARK-UP / RETURN / INTEREST EARNED**

On loans and advances to customers	18,598,967	17,857,987
On lendings to financial institutions		
Call money lendings	54,577	9,378
Repurchase agreement lendings	212,824	591,676
Other lendings to financial institutions	462,851	227,380
	730,252	828,434
On investments in		
Held for trading securities	434,855	1,180,880
Available for sale securities	17,352,508	14,543,850
Held to maturity securities	10,769,137	7,259,265
	28,556,500	22,983,995
On deposits with financial institutions	44,518	70,224
	47,930,237	41,740,640

**15. MARK-UP / RETURN / INTEREST EXPENSED**

On deposits	15,966,854	16,927,398
On securities sold under repurchase agreements	2,151,503	1,387,258
On other short term borrowings	1,324,478	1,081,560
On long term borrowings	246,090	290,308
	19,688,925	19,686,524

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

	.....(Un-audited).....	
	January - June 2015	January - June 2014
	----- (Rupees in '000) -----	
<b>16. ADMINISTRATIVE EXPENSES</b>		
Salaries, allowances etc.	6,065,849	5,580,825
Charge for compensated absences	130,427	231,783
Medical expenses	261,909	256,488
Contribution to defined contribution plan	159,286	152,450
Charge in respect of defined benefit obligations	187,353	179,907
Rent, taxes, insurance, electricity etc.	2,031,314	1,936,739
Depreciation	914,160	860,204
Amortization	231,981	248,844
Outsourced service charges including sales commission	2,217,241	1,874,057
Communications	626,348	582,350
Banking service charges	524,682	493,444
Cash transportation charges	284,739	255,317
Stationery and printing	315,254	292,539
Legal and professional charges	170,337	95,523
Advertisement and publicity	281,713	411,518
Repairs and maintenance	832,245	690,990
Travelling	155,142	140,817
Office running expenses	295,229	264,364
Vehicle expenses	90,089	104,208
Entertainment	108,595	94,966
Cartage, freight and conveyance	48,767	44,995
Insurance expense	32,105	52,899
Auditors' remuneration	54,840	57,188
Training and seminars	56,111	51,060
Brokerage expenses	15,561	22,678
Subscriptions	61,122	54,931
Donations	71,773	24,130
Non-executive Directors' fees	27,907	16,617
Zakat paid by overseas branch	42,860	49,348
Miscellaneous expenses	104,182	137,846
	<u>16,399,121</u>	<u>15,259,025</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 SIX MONTHS ENDED JUNE 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 UAE, Yemen and Qatar branches have been filed upto the year ended December 31, 2014 and for USA branch upto 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.

For UBL UK, USAG, UBLFM and UET income tax returns have been filed up to the accounting year ended December 31, 2013 and for UBTL up to 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 by the tax authorities. Additionally, for UBL UK and USAG tax clearance has been issued till the accounting years 2012 and 2013 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 (June 30, 2014 : Nil) has been recognised as prior year tax charge.

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

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	348,652	13,320,420	19,106,927	7,195,858	540,484	1,541,575	-
Total expenses	(51,298)	(862,393)	(12,604,772)	(3,177,536)	(369,766)	(2,012,810)	-
Profit before tax	297,354	12,458,027	6,502,155	4,018,322	170,718	(471,235)	-
Segment return on assets (ROA)	246.4%	2.2%	1.0%	1.2%	22.2%	-	-
Segment cost of funds	0.0%	6.0%	3.4%	5.4%	-	-	-

**For the six months ended June 30, 2014 (Un-audited)**

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Asset Management	Others	Inter segment elimination
----- (Rupees in '000) -----							
Total income	193,433	8,770,838	17,574,639	5,233,987	388,930	1,534,081	-
Total expenses	(45,076)	(525,632)	(11,643,830)	(3,623,725)	(309,013)	(852,271)	-
Profit before tax	119,255	8,243,394	5,947,821	1,594,271	109,810	681,810	-
Segment return on assets (ROA)	121.0%	1.9%	1.0%	0.5%	20.9%	-	-
Segment cost of funds	4.1%	6.5%	4.1%	6.1%	-	-	-

**As at June 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)	842,657	770,511,546	952,408,009	451,678,637	1,150,666	103,309,970	(861,276,599)
Segment non performing loans (NPLs)	656,485	1,972,240	21,833,262	30,999,296	-	226,723	-
Segment provision held against NPLs	493,714	1,835,299	17,998,888	24,021,187	-	69,503	-
Segment liabilities	155,652	693,330,601	974,650,227	414,799,345	193,582	4,341,369	(861,276,599)

**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.



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

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 June 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) -----								
<b>Lendings to financial institutions</b>								
Repurchase agreement lendings	-	-	-	879,610	-	-	-	-
Other lendings to financial institution	-	-	519,234	-	-	-	500,000	-
<b>Investments</b>								
Opening balance	-	-	10,032,839	3,917,745	-	-	7,732,898	4,098,108
Investment made during the period / year	-	-	1,236,703	-	-	-	3,897,489	-
Investment redeemed / disposed off during the period / year	-	-	(2,012,754)	-	-	-	(2,985,033)	(180,363)
Equity method adjustments	-	-	14,961	-	-	-	1,387,485	-
Closing balance	-	-	9,271,749	3,917,745	-	-	10,032,839	3,917,745
Provision for diminution in value of investments	-	-	-	118,356	-	-	-	118,356
<b>Advances</b>								
Opening balance	368	249,996	2,155,149	9,394,005	-	268,862	2,155,149	412,954
Addition during the period / year	1,923	223,544	-	4,496,932	3,668	101,656	-	14,328,295
Repaid during the period / year	(1,065)	(37,222)	-	(7,282,379)	(3,300)	(129,501)	-	(5,347,244)
Transfer in / (out) - net	-	(28,702)	-	-	-	8,979	-	-
Closing balance	1,226	407,616	2,155,149	6,608,558	368	249,996	2,155,149	9,394,005
Provision held against advances	-	-	2,155,149	-	-	-	2,155,149	-
<b>Other Assets</b>								
Interest mark-up accrued	-	69	11,947	116,374	-	155	14,893	283,323
Receivable from staff retirement funds	-	-	-	87,111	-	-	-	88,862
Prepaid insurance	-	-	125,487	-	-	-	27	-
Remuneration receivable from management of funds	-	-	55,002	-	-	-	59,493	5,051
Sales load receivable	-	-	44,747	-	-	-	2,415	-
Formation cost receivable	-	-	15,000	-	-	-	11,100	-
Other receivable	-	-	588	30,164	-	-	888	30,164
Provision against other assets	-	-	-	30,164	-	-	-	30,164
<b>Deposits and other accounts</b>								
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	10,479,606	546,258	69,150,218	69,203,024	26,067,173	1,649,178	112,528,554	127,557,270
Withdrawn during the period / year	(10,554,737)	(514,351)	(65,477,183)	(69,233,675)	(26,710,567)	(1,609,409)	(110,694,471)	(128,179,674)
Transfer in / (out) - net	-	(76,891)	-	-	1,056,940	(20,537)	-	92,312
Closing balance	7,844,888	135,536	6,174,630	174,256	7,920,019	180,520	2,501,595	204,907
<b>Other Liabilities</b>								
Interest / return / mark-up payable on deposits	45,716	28	5,621	104	47,181	1,344	9,793	266
Payable to staff retirement fund	-	-	-	82,269	-	-	-	155,908
<b>Contingencies and Commitments</b>								
Letter of guarantee	-	-	42,137	-	-	-	41,600	-
Forward foreign exchange contracts purchase	-	-	-	55,424	-	-	-	149,615
Forward foreign exchange contracts sale	-	-	-	376,069	-	-	-	31,313
Cross Currency Swaps	-	-	506,233	-	-	-	-	-
----- (Rupees in '000) -----								
	For the six months ended June 30, 2015 (Un-audited)				For the six months ended June 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	-	4,666	23,963	408,096	-	5,179	-	207,625
Commission / charges recovered	34	85	2,370	137	8	11	806	42
Dividend income	-	-	457,280	373,217	-	-	44,156	258,247
Net gain on sale of securities	-	-	219,665	-	-	-	88,934	50,424
Remuneration from management of funds	-	-	339,211	-	-	-	237,428	9,918
Sales load	-	-	96,241	-	-	-	104,558	-
Other income	-	5,488	3,874	-	-	455	175	-
Mark-up / return / interest paid	106,626	1,030	92,659	9,033	89,967	1,618	25,959	8,983
Remuneration paid	-	587,077	-	-	-	765,273	-	-
Post employment benefits	-	26,494	-	-	-	18,352	-	-
Non-executive directors' fee	27,907	-	-	-	16,617	-	-	-
Net charge for defined contribution plans	-	-	-	159,393	-	-	-	152,450
Net charge for defined benefit plans	-	-	-	64,987	-	-	-	58,161
Other expenses	-	-	13,751	61,921	-	-	27,696	52,121
Insurance premium paid	-	-	241,480	-	-	-	269,510	-
Insurance claims settled	-	-	81,930	-	-	-	57,031	-

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS ENDED JUNE 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) June 30, 2015	(Audited) December 31, 2014
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks		1,297,859	1,105,791
Balances with other banks		2,634,821	388,594
Due from financial institutions		1,500,000	-
Investments		10,987,571	8,078,202
Islamic financing and related assets	20.3	6,229,884	6,656,812
Operating fixed assets		100,367	99,954
Due from Head Office		2,748,526	2,503,182
Other assets		163,350	154,874
<b>Total Assets</b>		<b>25,662,378</b>	<b>18,987,409</b>
<b>LIABILITIES</b>			
Bills payable		249,192	112,626
Deposits and other accounts			
Current accounts - non remunerative		2,361,883	2,345,427
Current accounts - remunerative		1,667,590	1,001,301
Saving accounts		1,989,156	1,330,333
Term deposits		1,220,645	1,061,485
Deposits from financial institutions - remunerative		17,192,150	12,120,720
Deposits from financial institutions - non remunerative		20,009	32
		24,451,433	17,859,298
Due to Head Office		-	-
Other liabilities		126,914	179,808
		24,827,539	18,151,732
<b>NET ASSETS</b>		<b>834,839</b>	<b>835,677</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		1,181,000	1,181,000
Accumulated losses		(328,726)	(276,733)
		852,274	904,267
Deficit on revaluation of assets		(17,435)	(68,590)
		<b>834,839</b>	<b>835,677</b>

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

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

	----- (Un-audited) -----	
	January - June 2015	January-June 2014
	----- (Rupees in '000) -----	
Return earned	842,833	541,361
Return expensed	(620,995)	(448,365)
	<u>221,838</u>	<u>92,996</u>
Provision against loans and advances - net	-	(4,663)
Reversal for diminution in value of investments - net	-	719
Reversal / (provision) against assets given on Ijarah	1,161	(10,120)
	<u>1,161</u>	<u>(14,064)</u>
Net return after provisions	222,999	78,932
<b>Other Income</b>		
Fee, commission and brokerage income	11,141	16,855
Dividend income	-	9,062
Income / (loss) from dealing in foreign currencies	182	(6,730)
Loss on sale of securities - net	5,204	-
Other income	1,597	29,783
Total other income	<u>18,124</u>	<u>48,970</u>
	241,123	127,902
<b>Other Expenses</b>		
Administrative expenses	(293,116)	(260,629)
Other reversals - net	-	373
Total other expenses	<u>(293,116)</u>	<u>(260,256)</u>
Net loss for the period	(51,993)	(132,354)
Accumulated losses brought forward	(276,733)	(156,679)
Accumulated losses carried forward	<u>(328,726)</u>	<u>(289,033)</u>
<b>Remuneration to Shariah Advisor</b>	<u>848</u>	<u>616</u>
	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>June 30,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>
	----- (Rupees in '000) -----	
<b>20.3 Islamic financing and related assets</b>		
<b>Financings</b>		
Murabaha	357,960	230,260
Ijarah	741,533	706,341
Diminishing Musharaka	5,068,415	4,801,540
Provision against financings	(36,052)	(36,052)
	<u>6,131,856</u>	<u>5,702,089</u>
<b>Advances</b>		
Advances and receivables against Ijarah	74,341	124,731
Advances for Diminishing Musharaka	-	4,500
Advances for Murabaha	33,998	834,246
Provision against advances for Murabaha	(17,498)	(17,498)
	<u>90,841</u>	<u>945,979</u>
Profit receivable against financing	7,187	8,744
	<u>6,229,884</u>	<u>6,656,812</u>

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

**21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on July 23, 2015 has declared a cash dividend in respect of the six months ended June 30, 2015 of Rs. 3.0 per share (June 30, 2014: Rs. 2.5 per share). The consolidated condensed interim financial statements for the six months ended June 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 July 23, 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