

Performance Highlights - 31 Dec 2016

Investor Relations Conference Call

February 28th, 2017

Speakers:

Mr. Aameer Karachiwalla - Chief Financial Officer

Mr. Arif Saifie, CFA - Financial Controller and Head of Investor Relations

Investor Relations Release

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Standalone Results

- Profit before tax up by 9% over 2015, closes at Rs. 46.0 bln.
- Profit after tax up by 8% to Rs. 27.7 bln.
- Return on equity (RoE) of 24.9% in 2016 (2015: 25.7%).
- Average balance sheet expansion of 18% in 2016 vs 2015.
- Domestic deposits have grown by 14% over Dec'15.
- Overall revenues grew by 4% over last year to Rs. 80.65 bln.
- Cost to income ratio measured at 39.6% for 2016 against 39.7% in 2015
- Provision expense down by 53% to Rs. 1.7 bln (2015: Rs. 3.7 bln)
- EPS for 2016 at Rs. 22.65, compared with Rs. 21.02 last year

Consolidated Results

- Consolidated profit before tax up by 9% over 2015, at Rs. 47.2 bln
- Consolidated profit after tax up by 4% over 2015, at Rs. 28.0 bln

Net interest income up 2% over 2015, closes at Rs. 57.0 bln

- Overall cost of deposits reduced by 42 bps to close at 2.7% in 2016 (2015: 3.1%).
- Average loan growth of 11% in 2016, with yields closing at 6.6% (2015: 8.1%).
- Average earning investments grew by 30% over 2015, yields at 8.9% (2015: 10.4%).

Non interest income up by 7% over 2015, closes the year at Rs. 23.6 bln

- Fee and Commissions for 2016 recorded at Rs. 12.3 bln against Rs. 12.2 bln last year.
- Capital gains stood at Rs. 5.4 bln (2015: Rs. 3.2 bln)
- Dividend income closed at Rs. 3.3 bln (2015: Rs. 3.2 bln)
- FX income at Rs. 1.7 bln (2015: Rs. 2.3 bln), a result of a stable exchange rate in 2016.

Total provisions down Rs. 2.0 bln over 2015, close at Rs. 1.7 bln

- Strong cash recoveries within both domestic and international operations.
- General provision reversal of Rs. 0.8 bln against a charge of Rs. 2.0 bln last year.
- Impairment charge of Rs. 0.9 bln (2015: Rs. 0.4 bln) taken against the investment portfolio.

Administrative expenses well controlled, growth restricted to 3% in 2016

- Personnel costs for 2016 at Rs. 12.5 bln, up 4% over last year.
- Increase in premises cost limited to 2% in 2016.
- Variable expenses reduced by 5% as we continued to actively monitor and rationalize controllable expenses.

Growth in non-core deposits drives balance sheet expansion

- Domestic deposits grew by 14% over Dec'15, close at Rs. 946 bln (Dec'15: Rs. 832 bln).
- Domestic current accounts grew by 21% over Dec'15, with average current account growing by 18% in 2016.

Net advances close at Rs. 510 bln, an increase of 12% over Dec'15

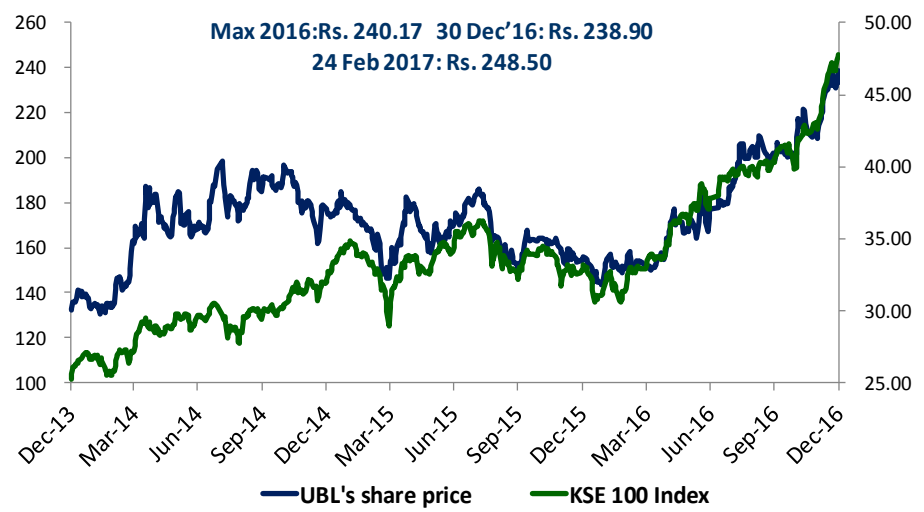
- Corporate advances stood at Rs. 236 bln at Dec'16, up 7% over last year.
- Commodities portfolio closed at Rs. 53 bln at the end of 2016 (Dec'15: Rs. 43 bln)
- International advances closed the year at Rs. 168 bln (Dec'15: Rs. 145 bln)
- Overall NPLs decreased by Rs. 2.2 bln to Rs. 44.6 bln at Dec'16 (Dec'15: Rs. 46.8 bln)
- Asset quality improved to 8.1% at Dec'16 (Dec'15: 9.4%)
- Coverage ratio based on specific provision at Dec'16 - 83.9% (Dec'15: 80.1%)

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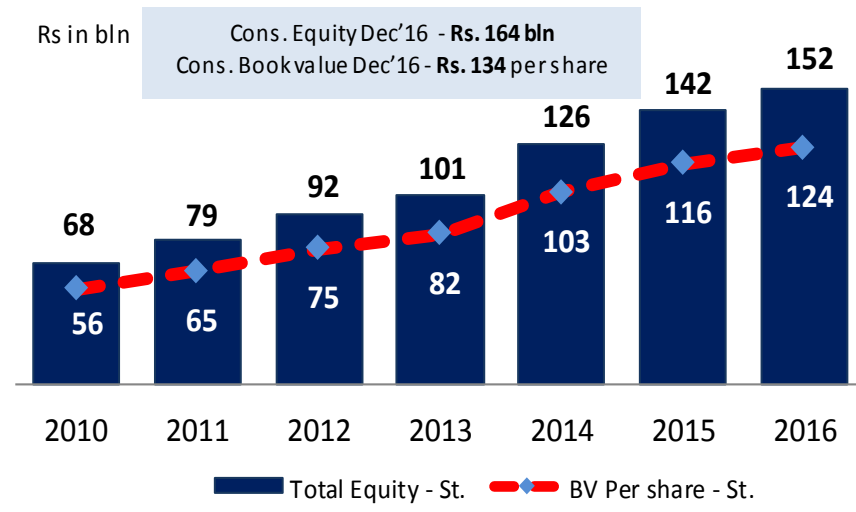
Execution and Delivery

Consistent earnings performance throughout the years

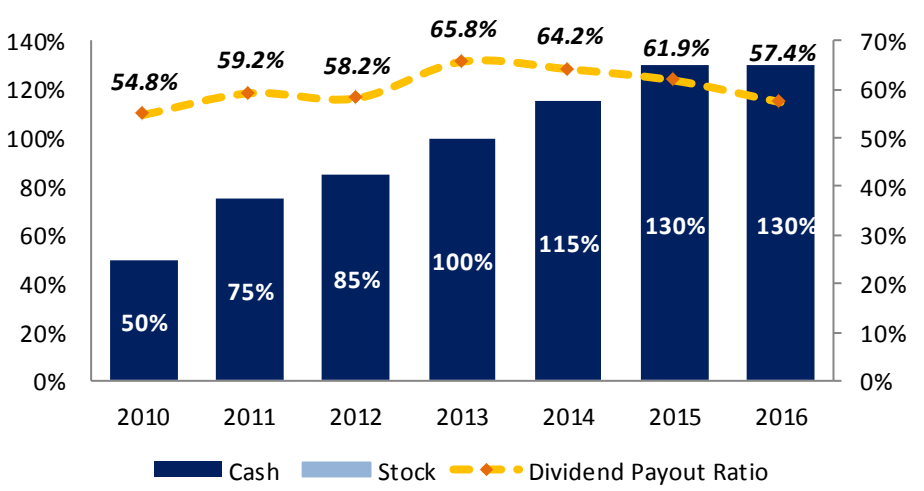
Trends - KSE 100 Index and UBL's share price



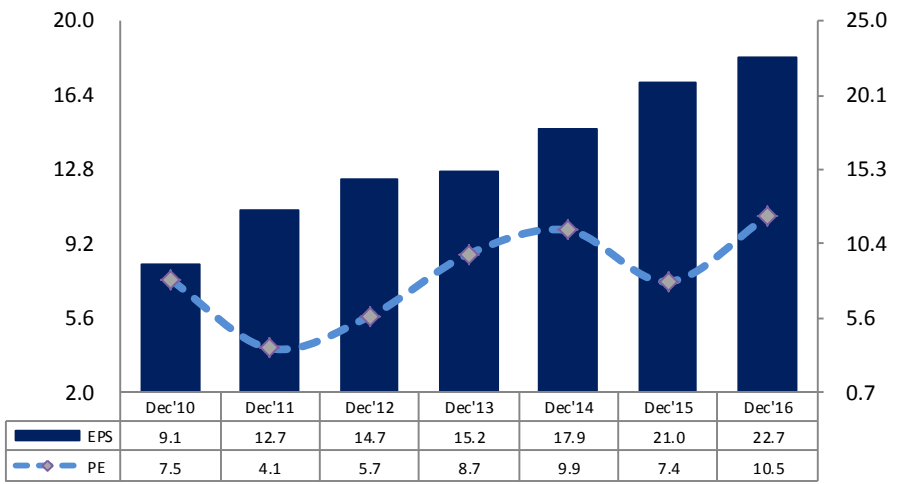
Equity and Book Values



Cash and Stock Payout



EPS & Price Earnings Ratio



Income Statement - Standalone

	<i>Rs in bln</i>			<i>Rs in bln</i>		
	2016	2015	Var %	Q4'16	Q3'16	Var %
Interest Earned	98.2	94.4	4.1%	24.9	23.8	4.3%
Interest Expensed	(41.2)	(38.5)	-6.9%	(10.8)	(10.2)	-6.5%
Net Interest Income	57.0	55.8	2.2%	14.0	13.7	2.8%
Non Interest Income	23.6	22.0	7.4%	5.2	4.5	16.3%
Total Revenue	80.7	77.8	3.6%	19.2	18.1	6.1%
Admin. Expenses	(31.9)	(30.9)	-3.3%	(8.2)	(7.4)	-11.8%
Operating Expenses	(32.9)	(31.9)	-3.0%	(8.5)	(7.6)	-11.4%
Pre Prov. Operating Profit	47.8	45.9	4.1%	10.8	10.5	2.3%
Provision Exp./Other writeoffs	(1.7)	(3.7)	53.1%	(0.3)	0.3	-220.5%
Profit Before Tax	46.0	42.2	9.1%	10.4	10.8	-3.5%
Profit After Tax	27.7	25.7	7.8%	6.4	7.0	-8.3%

Income Statement - Consolidated

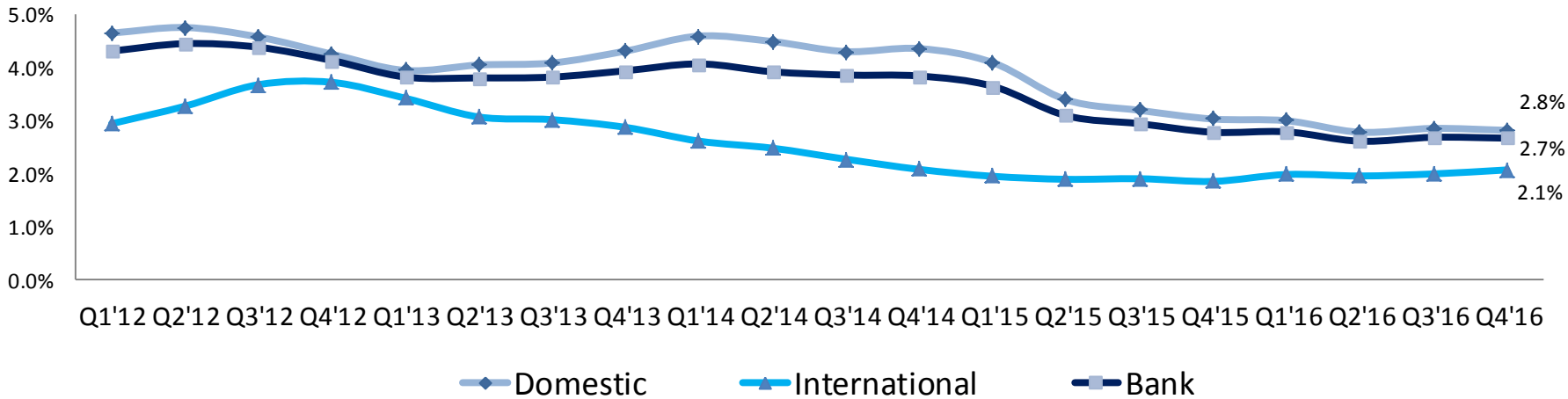
	<i>Rs in bln</i>			<i>Rs in bln</i>		
	2016	2015	Var %	Q4'16	Q3'16	Var %
Interest Earned	101.8	97.6	4.3%	25.9	24.5	5.3%
Interest Expensed	(42.9)	(39.7)	-8.1%	(11.4)	(10.5)	-9.0%
Net Interest Income	58.8	57.9	1.7%	14.4	14.1	2.6%
Non Interest Income	26.2	24.5	6.7%	5.8	5.1	15.1%
Total Revenue	85.0	82.4	3.2%	20.2	19.1	5.9%
Admin. Expenses	(35.0)	(34.0)	-3.0%	(9.0)	(8.2)	-10.3%
Operating Expenses	(36.0)	(35.1)	-2.7%	(9.2)	(8.4)	-10.0%
Pre Prov. Operating Profit	49.0	47.3	3.5%	11.0	10.7	2.6%
Provision Exp./Other writeoffs	(1.8)	(3.9)	52.9%	(0.3)	0.3	-220.1%
Profit Before Tax	47.2	43.4	8.5%	10.7	11.0	-2.6%
Profit After Tax	28.0	27.0	3.7%	6.3	7.2	-12.6%

Deposits performance - Focus remains on growing low cost deposits

Deposits - Bank

	Dec'16		Dec'15	
	PE	CoF %	PE	CoF %
Domestic deposits - Rs in bln	946	2.9%	832	3.4%
International deposits - Rs in bln	234	2.0%	219	1.9%
Total Bank - Rs in bln	1,180	2.7%	1,051	3.1%
International - USD in mln	2,237	2.0%	2,094	1.9%
Domestic CASA	83.8%		83.6%	

Cost of Deposits

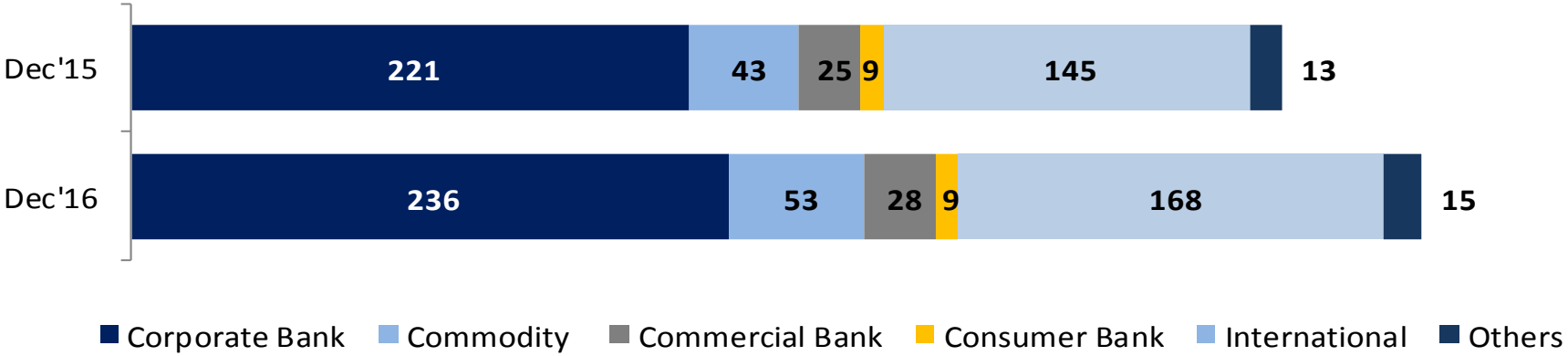


Advances portfolio records 12% growth over Dec'15

Net Advances

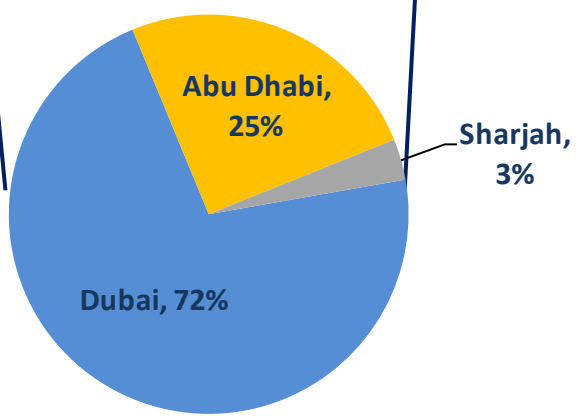
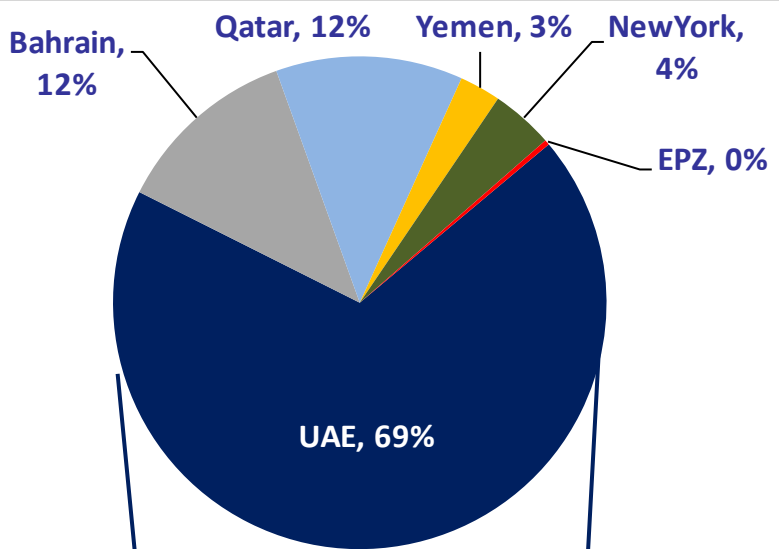
Rs in bln

	Dec'16	Dec'15	Var %
Corporate Bank	236	221	7%
Commodity	53	43	24%
Commercial	28	25	15%
Consumer	9	9	5%
Others	15	13	18%
Total Domestic	342	310	10%
International	168	145	16%
Bank	510	455	12%
International USD mln	1,608	1,384	16%

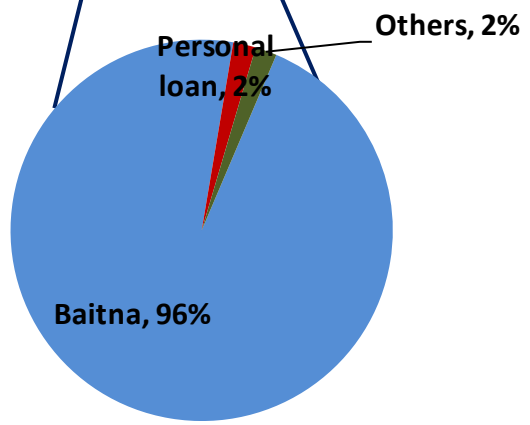
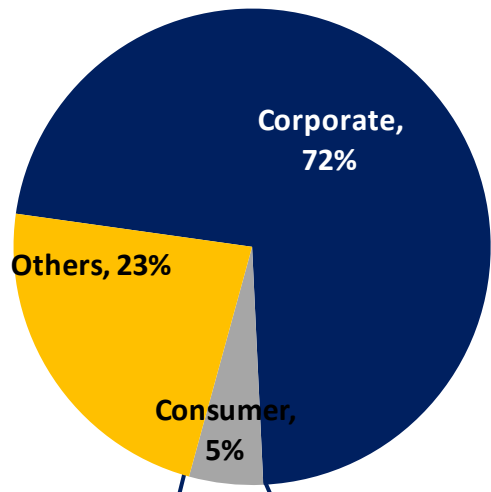


International Advances - Corporate advances remains the largest component

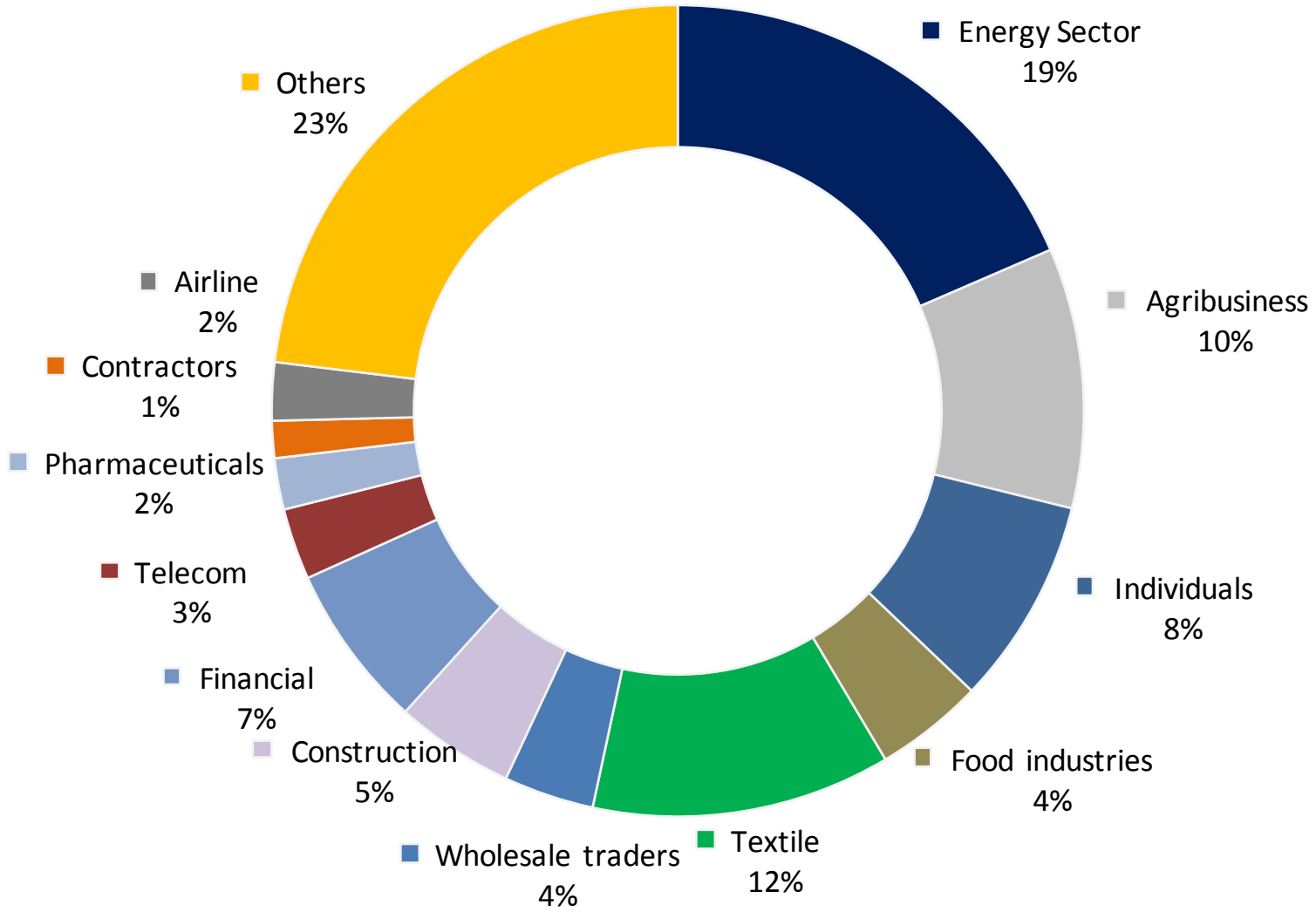
By Geography



By Business - UAE

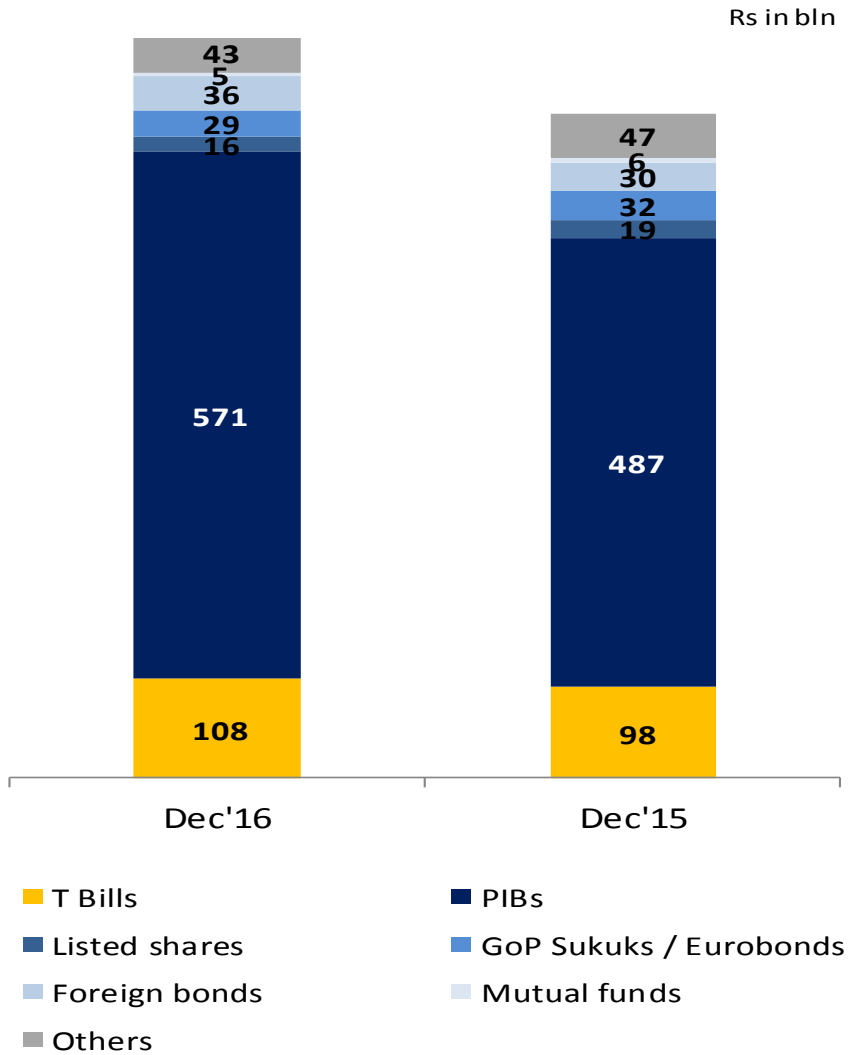


Concentration of Advances as at December 31, 2016 - Standalone

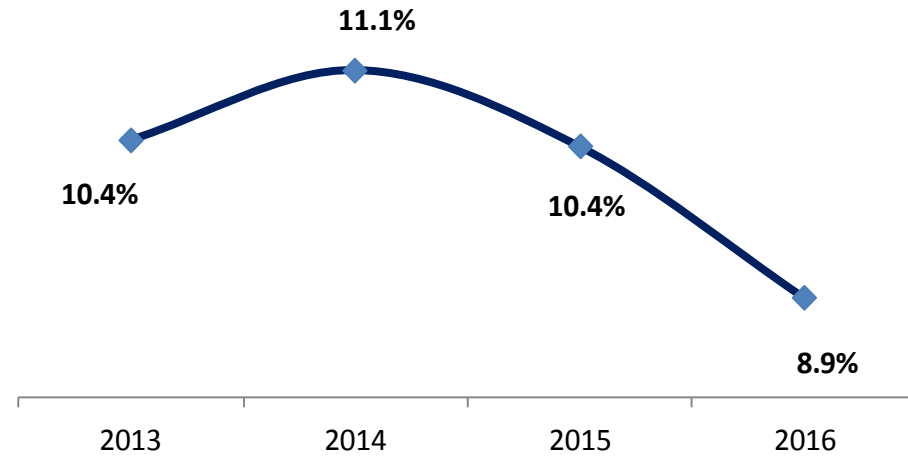


Diversified investment portfolio with strong market risk management

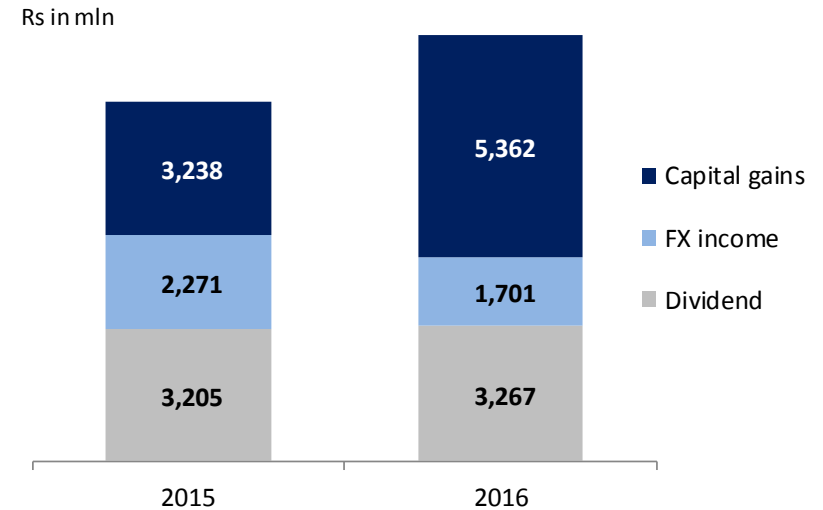
Portfolio concentrated in long terms treasury bonds



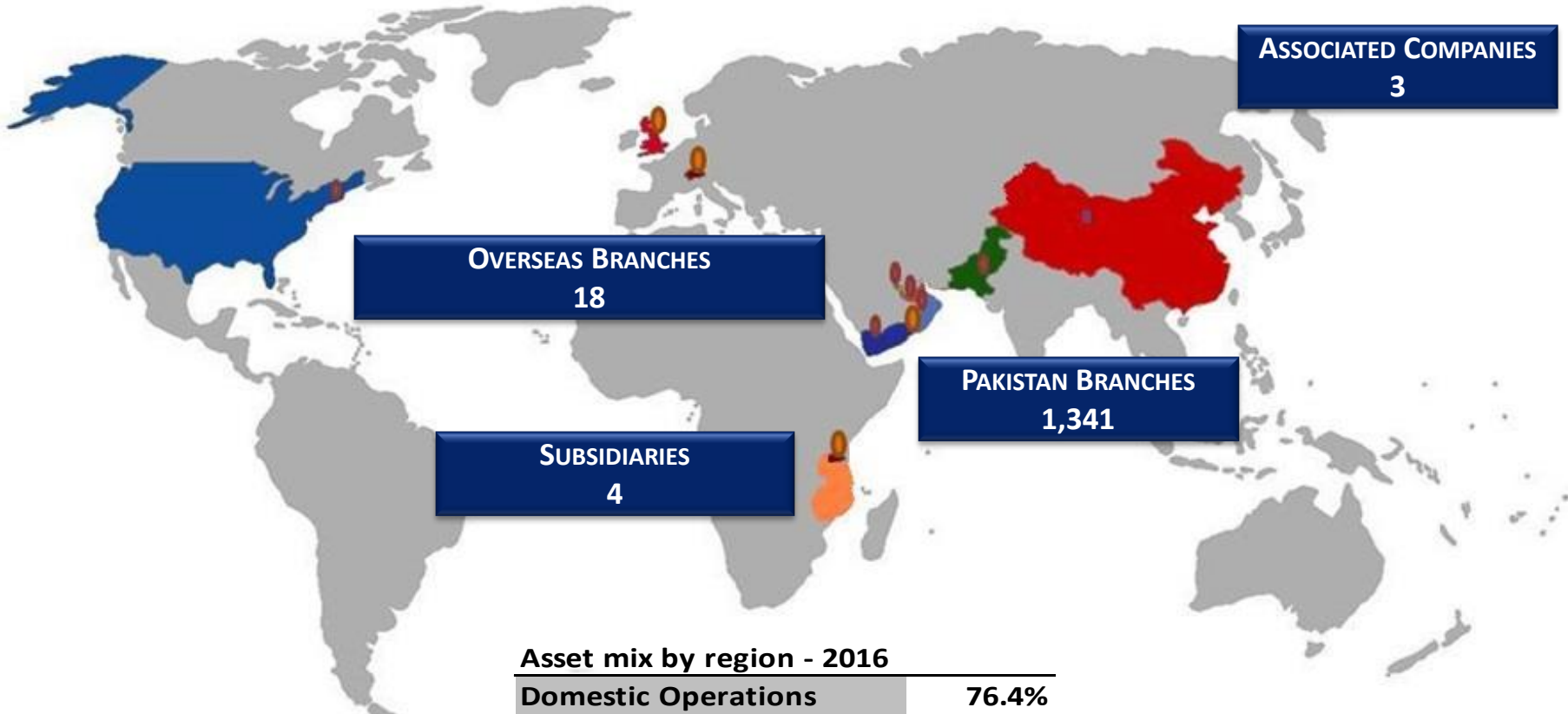
Investments' yields



Non Funded revenue streams continue to grow



Our international outreach - serving in 4 continents under the single "UBL" brand



Asset mix by region - 2016

Domestic Operations	76.4%
International Operations	23.6%
Middle East	17.5%
USA	0.7%
Europe	5.0%
Africa	0.3%
EPZ	0.1%

UBL “Firsts” – Initiatives to stay ahead of the market

- First Commercial Bank in Pakistan to launch **Branchless Banking** (UBL OMNI)
- First Bank in the world to issue **VISA Debit Cards for G2P assistance to affectees**
- First Bank to provide Instantaneous ATM/Debit cards to branchless banking customers at the time of account opening (UBL Omni)
- First Pakistani Bank to be granted status of **Authorized Derivative Dealer (ADD)** in Pakistan and First institution from Pakistan and third in South Asia to be accredited with **Primary Membership of International Swaps and Derivatives Association**
- First Bank in Pakistan to offer **Prepaid VISA Debit Card**
- First Bank in Pakistan to offer **Verified by Visa Service**
- First Bank in Pakistan where customer’s inward **remittances are deposited automatically on an ATM and VISA enabled debit card** (UBL Tezraftaar Pardes Card)

Market recognition and awards

- Awarded “Innovation Award” at the Mastercard Innovation Forum for ‘Launch of UBL MasterPass QR’
- Declared the “**Best Bank**” in the first ever **Pakistan Banking Awards** in 2016
- **2012 & 2013 Bank of the Year** in Pakistan Award, awarded by The Banker Magazine, an affiliate of the Financial Times, UK
- Recognized globally in 2013 as one of the 14 “Sprinters” by the GSMA’s **Mobile Money for the Unbanked (MMU)** program, the only Bank out of the 150 worldwide branchless implementations surveyed
- GSMA Global Mobile Award 2012 for “**Best Use of Mobile in Emergency or Humanitarian Situations**” and Financial Insights Innovation Award for “**Innovation in Cash Disbursements (G2P)**”
- “**Pakistani Deal of the Year**”, 2012, award from Acquisition International Magazine for the acquisition of majority stake in Khushhali Bank Limited
- **ASIAMONEY Best Domestic Bank** Award for 2011 and 2012
- **Top 25 Companies** award by the Karachi Stock Exchange for 2010 to 2012 and 2015
- Recognized by CFA Pakistan Society for the “**Best Investor Relations**” function in 2013 and 2014

Review of Non Interest Income & Administrative Expenses

	<i>Rs in mln</i>		
	2016	2015	Var %
Fee, commission and brokerage income	12,319	12,203	1%
Dividend income	3,267	3,205	2%
Income from dealing in foreign currencies	1,701	2,271	-25%
Gain / (loss) on sale of securities	5,362	3,238	66%
Other income	960	1,070	-10%
Total Non Fund Income	23,609	21,987	7%

	<i>Rs in mln</i>		
	2016	2015	Var %
Commission on trade	2,057	1,804	14%
Commission on consumer loan	733	731	0%
Commission on remittance / uniremote	2,040	2,101	-3%
Corporate service chgs/finance fee/FIG inc.	1,894	1,777	7%
General banking service charges	2,098	1,740	21%
Commission on cash management	544	490	11%
Commission on home remittance	941	1,454	-35%
Commission income - Bancassurance	589	708	-17%
Commission others	1,421	1,398	2%
Total	12,319	12,203	1%

Rs in mln

	2016	2015	Var %
Personnel Cost	12,453	12,013	-4%
Rent taxes insurance etc.	4,203	3,984	-6%
Outsourced service charges including sales commission	4,565	4,320	-6%
Advertisement and publicity	704	823	14%
Communications	1,095	1,148	5%
Depreciation / Amortization	2,127	2,134	0%
Legal and professional charges	411	424	3%
Banking service charges	1,113	1,001	-11%
Stationery and printing	669	592	-13%
Travelling	255	279	9%
Cash transportation charges	647	577	-12%
Repairs and maintenance	1,417	1,607	12%
Vehicle expenses	184	178	-3%
Office running expenses	776	636	-22%
Insurance expense	111	108	-3%
Others	1,172	1,071	-9%
Total	31,904	30,896	-3%

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Growth at a Glance

	2016	2015	2014	2013	2012	2011
Assets						
Cash and balances with treasury and other banks	146,428	128,870	87,573	114,388	109,396	100,602
Lending to financial institutions	34,168	24,095	21,872	28,835	21,953	11,890
Investments- gross	808,959	721,651	499,060	425,253	351,002	297,137
Advances - gross	550,636	497,032	479,998	436,749	409,090	366,307
Operating fixed assets	35,582	31,630	30,303	24,608	24,431	22,982
Other assets	44,731	41,124	40,067	27,317	26,800	23,976
Total assets - gross	1,620,504	1,444,402	1,158,874	1,057,150	942,673	822,893
Provisions against non-performing advances	(40,525)	(41,618)	(45,734)	(45,936)	(44,727)	(40,959)
Provisions against diminution in value of investment	(2,428)	(2,133)	(1,726)	(1,476)	(1,412)	(2,726)
Total assets - net of provision	1,577,551	1,400,651	1,111,414	1,009,739	896,535	779,207
Liabilities & Equity						
Deposits & other Accounts	1,179,887	1,051,235	895,083	827,848	698,430	612,980
Borrowing from financial institutions	201,550	163,132	53,065	40,574	68,720	49,953
Sub-ordinated loans	-	-	-	665	9,319	11,317
Bills payable	11,756	13,392	9,554	16,591	7,601	5,879
Other liabilities	32,571	30,757	28,196	23,147	20,226	18,650
Total Liabilities	1,425,764	1,258,516	985,898	908,825	804,296	698,779
Net Assets / Liabilities	151,787	142,135	125,516	100,914	92,238	80,428
Share capital	12,242	12,242	12,242	12,242	12,242	12,242
Reserves	40,455	38,402	34,130	33,681	29,044	24,847
Un - appropriated profit / (loss)	64,246	55,223	48,217	42,635	37,416	34,809
Equity - Tier I	116,943	105,867	94,589	88,558	78,702	71,898
Surplus on revaluation of assets	34,844	36,268	30,927	12,356	13,537	8,530
Equity	151,787	142,135	125,516	100,914	92,238	80,428
Total liabilities & equity	1,577,551	1,400,651	1,111,414	1,009,739	896,535	779,207

	2016	2015	2014	2013	2012	2011
Markup / rerurn / interest earned	98,219	94,353	82,735	72,846	73,507	70,451
Markup / rerurn / interest expensed	(41,177)	(38,511)	(37,769)	(34,910)	(34,948)	(31,026)
Net Markup / Interest income	57,042	55,842	44,967	37,936	38,560	39,425
Fee, commission, brokerage and exchange income	14,020	14,474	14,418	12,205	10,025	9,027
Capital gain & dividend income	8,629	6,442	3,806	4,845	3,131	1,261
Other income	960	1,070	1,071	1,064	3,975	2,429
Non interest income	23,609	21,986	19,296	18,114	17,131	12,718
Gross income	80,651	77,828	64,263	56,050	55,691	52,143
Administrative expenses and other charges	(32,809)	(31,776)	(29,597)	(26,718)	(24,306)	(20,349)
Profit before provisions	47,842	46,052	34,666	29,332	31,385	31,794
Donations	(87)	(167)	(112)	(77)	(35)	(54)
Provisions	(1,740)	(3,710)	(1,156)	(1,448)	(4,499)	(7,518)
Profit before taxation	46,015	42,175	33,398	27,807	26,851	24,223
Taxation	(18,285)	(16,448)	(11,469)	(9,193)	(8,960)	(8,723)
Profit / (loss) after taxation	27,730	25,727	21,930	18,614	17,891	15,500

Key Financial Ratios & Share Information

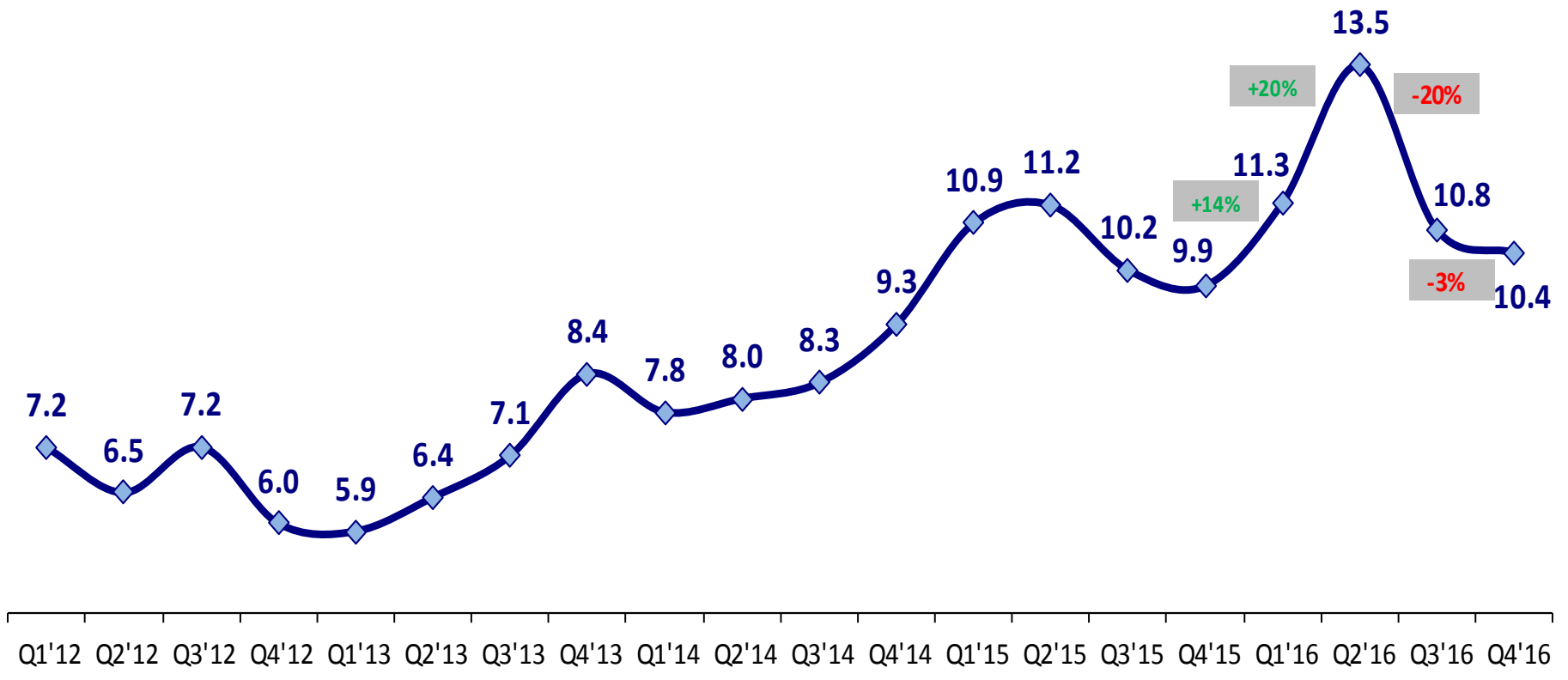
Key Financial Ratios

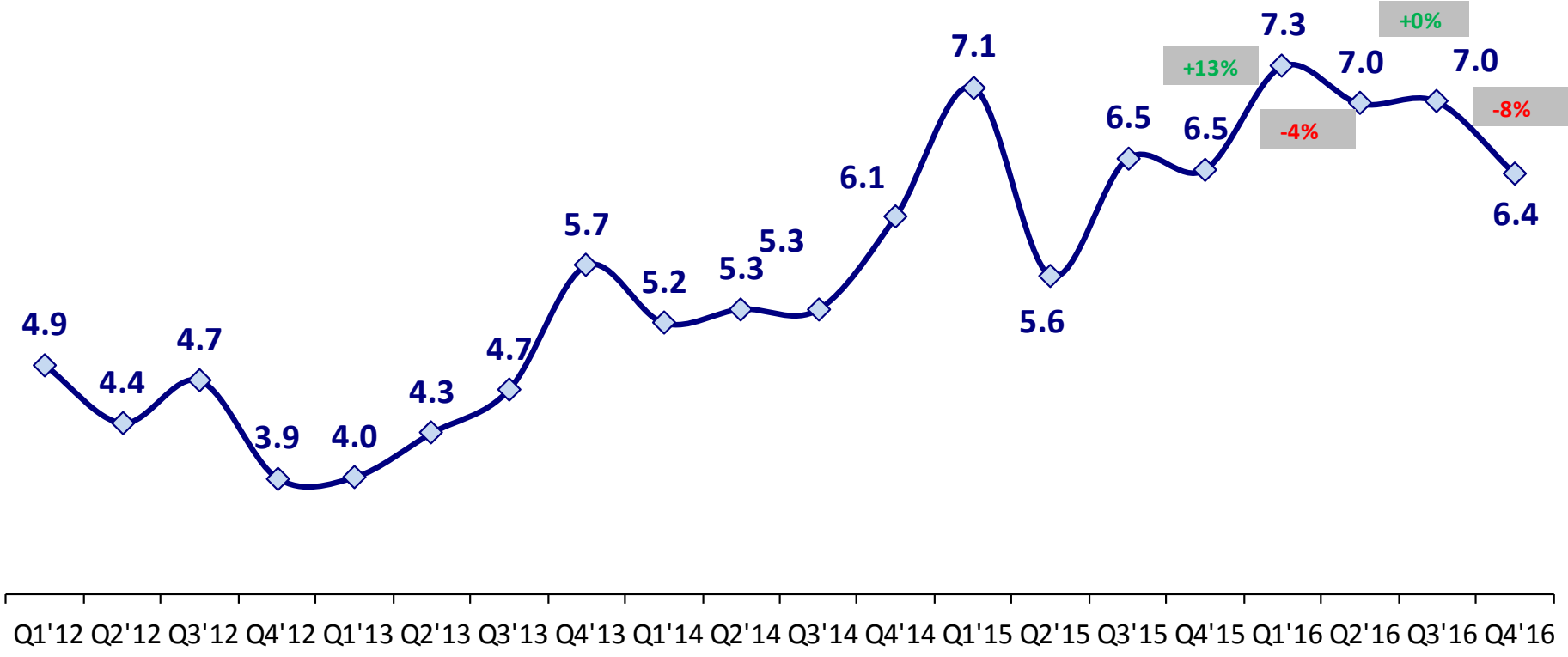
	2016	2015	2014	2013	2012	2011
Return on equity (RoE)	24.9%	25.7%	23.9%	22.3%	23.8%	23.5%
Return on assets (RoA)	1.9%	2.0%	2.1%	2.0%	2.1%	2.1%
Profit before tax ratio	57.1%	54.2%	52.0%	49.6%	48.2%	46.5%
Return on capital employed (RoCE)	24.9%	25.7%	23.9%	21.0%	20.9%	20.0%
Advances to deposits ratio (ADR) - gross	44.4%	45.2%	51.3%	50.7%	56.2%	56.9%
Cost to revenue ratio	39.6%	39.7%	45.2%	46.5%	42.6%	37.9%
Growth in gross income	3.6%	21.1%	14.7%	0.6%	6.8%	17.5%
Total assets to shareholders' funds	10.4	9.9	8.9	10.0	9.7	9.7
Intermediation cost ratio	2.9%	3.3%	3.4%	3.5%	3.7%	3.5%
NPL ratio	8.1%	9.4%	11.2%	12.1%	14.0%	14.0%
Net infection ratio	0.8%	1.1%	1.9%	1.7%	3.5%	3.1%
Capital adequacy ratio (CAR)	15.1%	14.6%	13.9%	13.3%	15.0%	14.3%

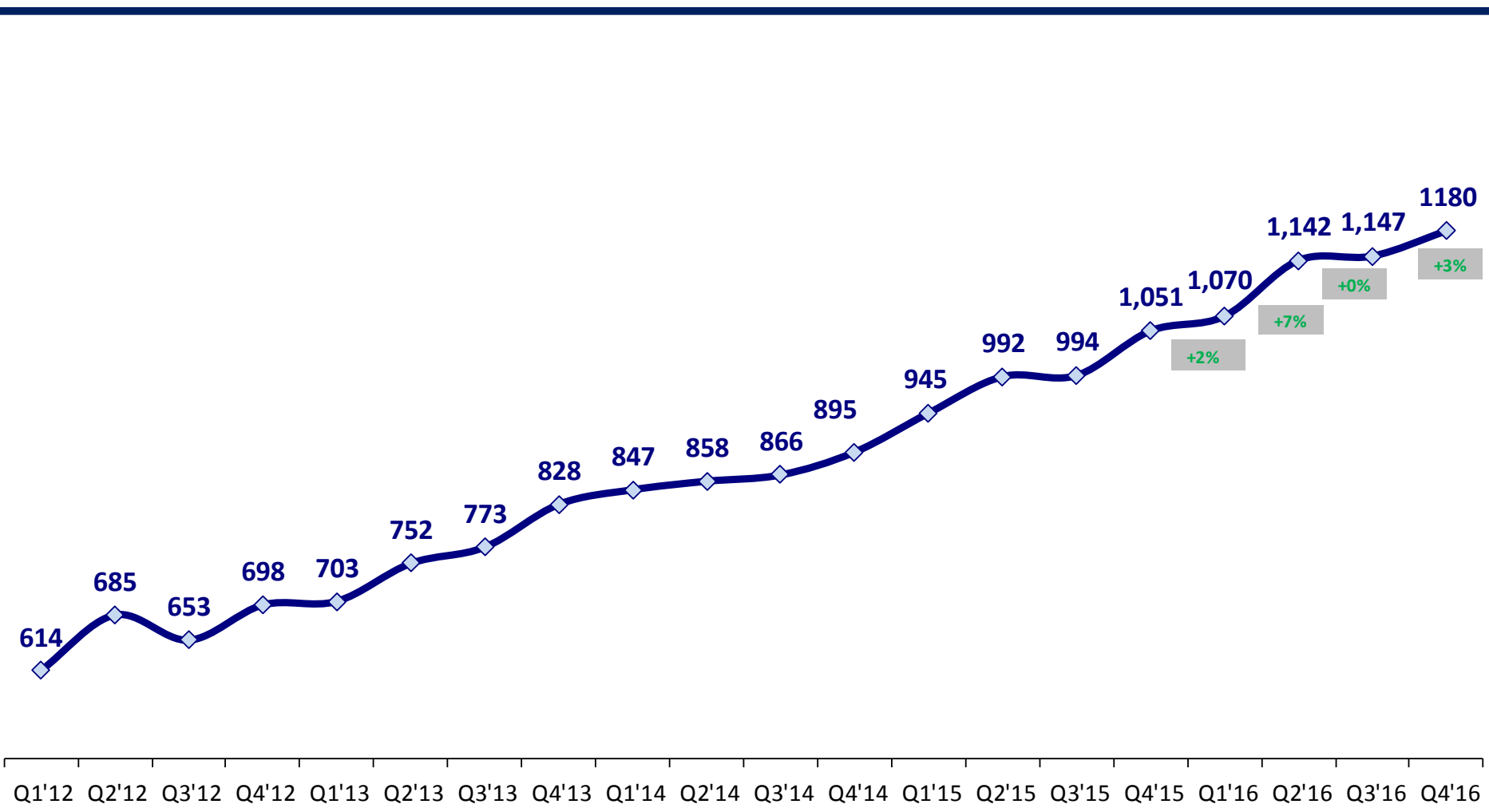
Share Information

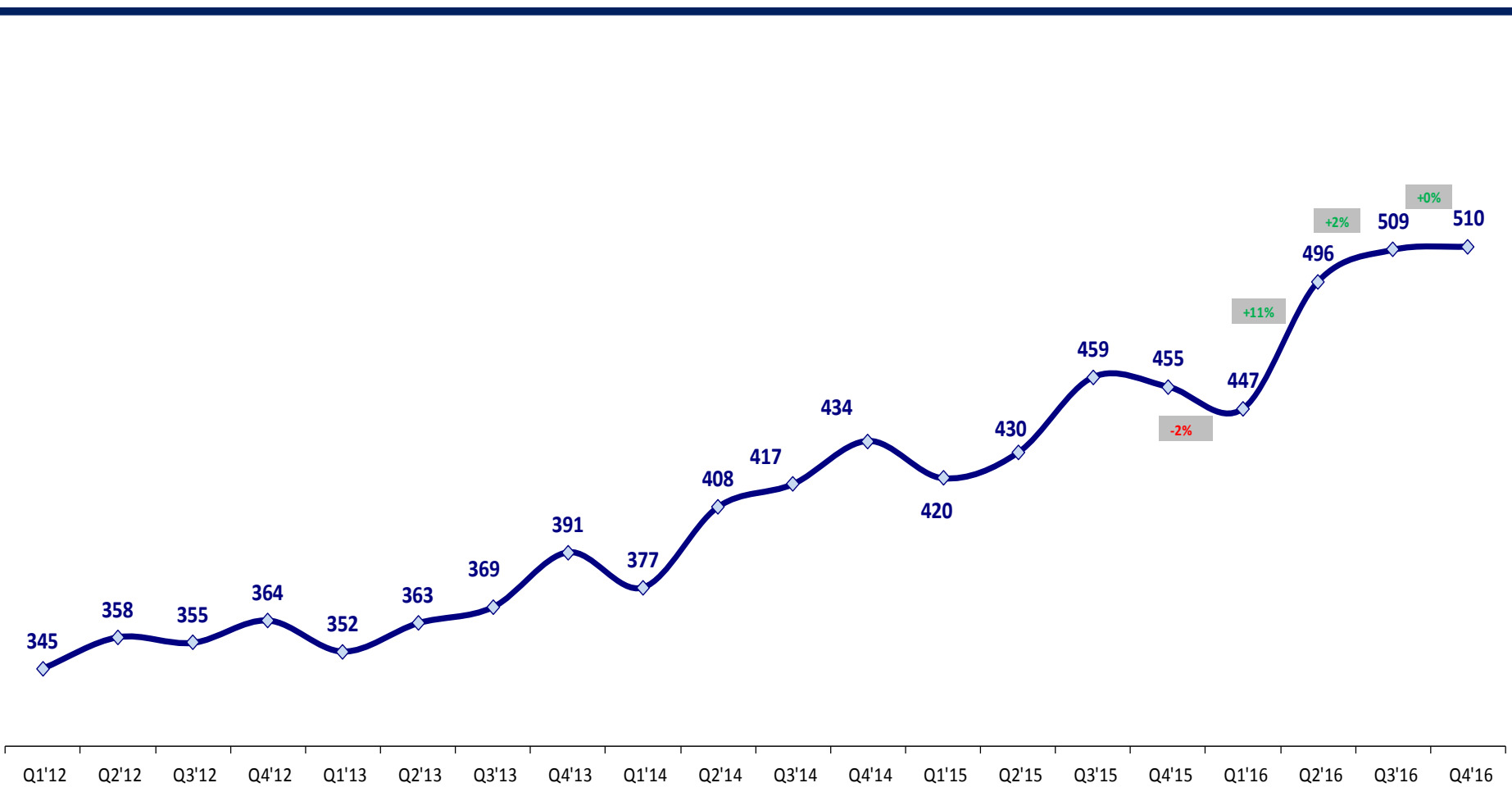
	2016	2015	2014	2013	2012	2011
Cash dividend per share	13.00	13.00	11.50	10.00	8.50	7.50
Dividend yield (based on cash dividend)	8.4%	7.4%	8.7%	12.0%	16.2%	11.0%
Dividend payout ratio (total payout)	57.4%	61.9%	64.2%	65.8%	58.2%	59.2%
Earning per share (EPS)	22.65	21.02	17.91	15.21	14.61	12.66
Price earnings ratio (PE)	10.55	7.37	9.86	8.72	5.72	4.14
Market value per share - at the end of the year	238.90	154.95	176.71	132.55	83.67	52.39
Market value per share - highest during the year	243.72	186.75	198.39	154.21	91.99	70.39

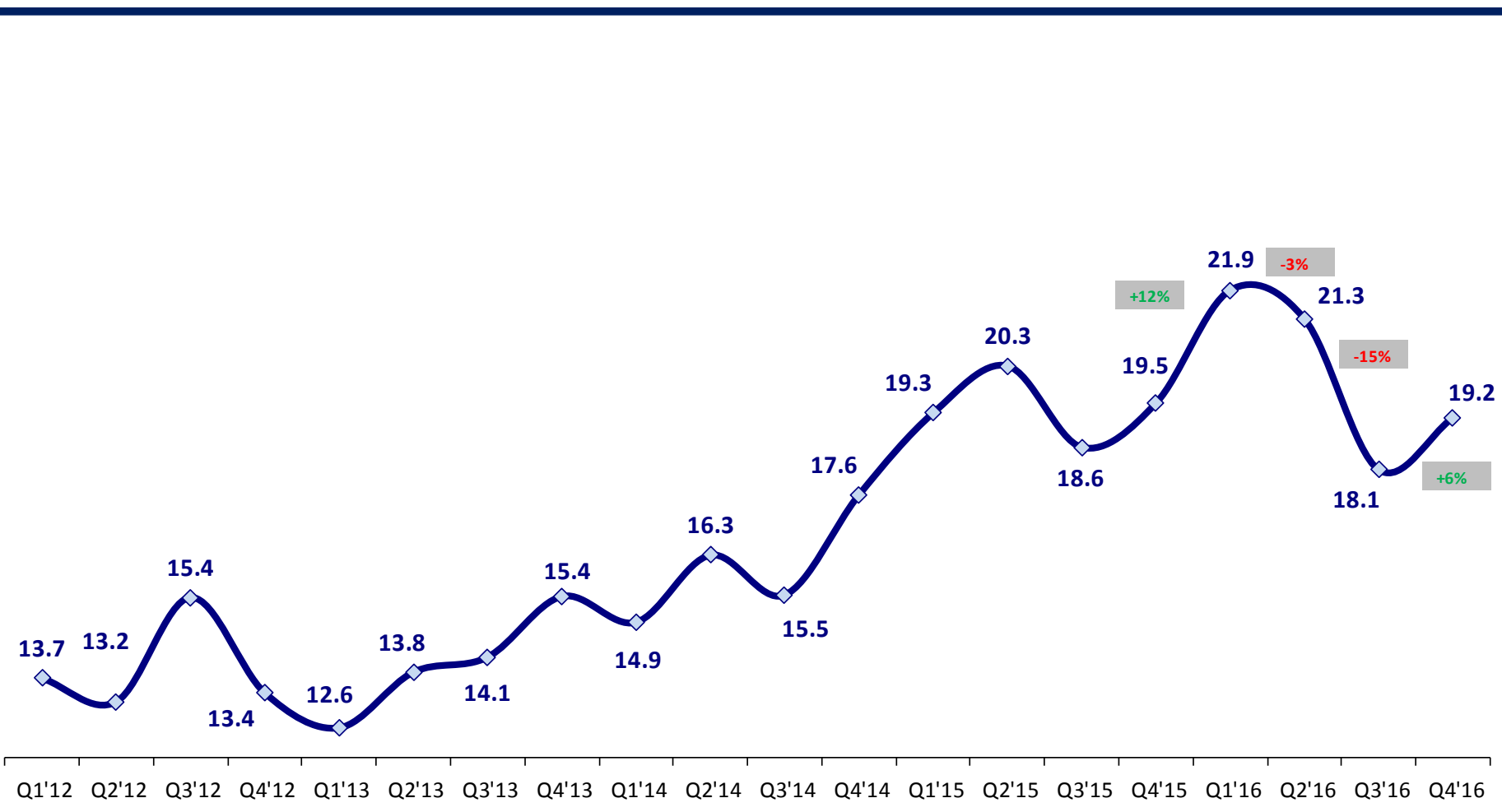
Quarterly Trend Analysis Bank Level - Standalone



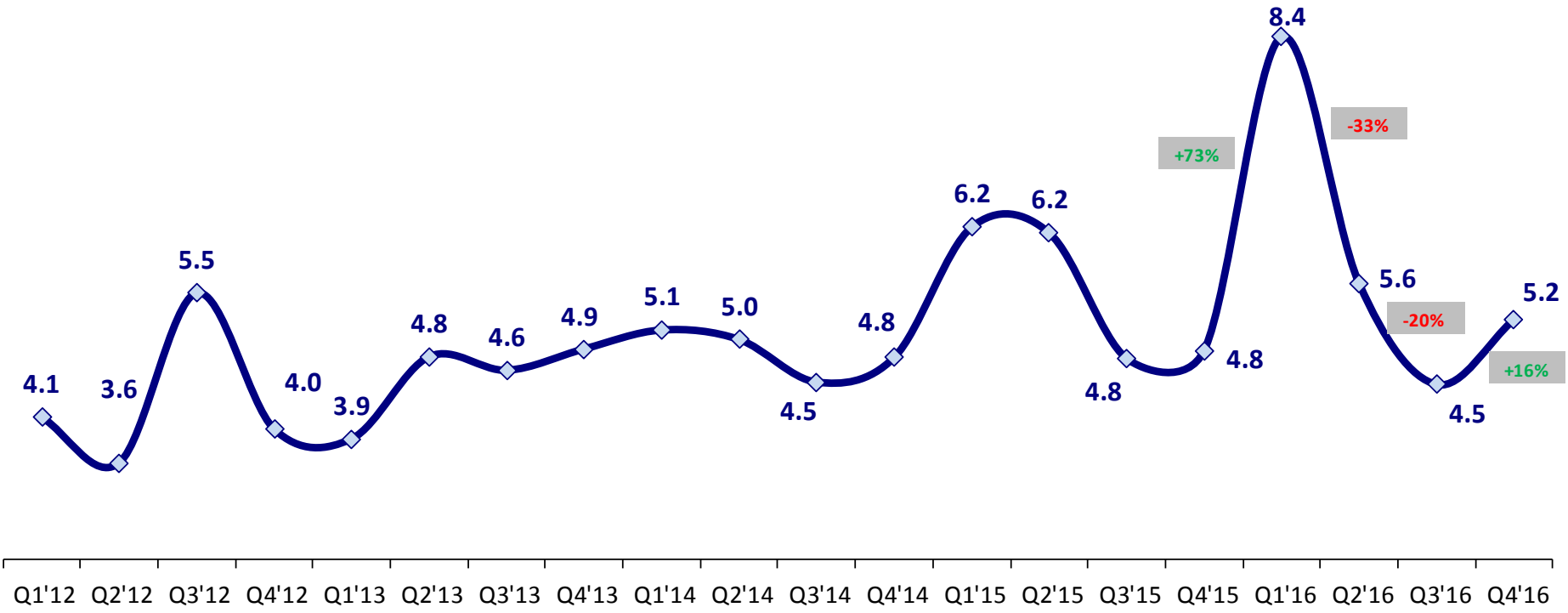


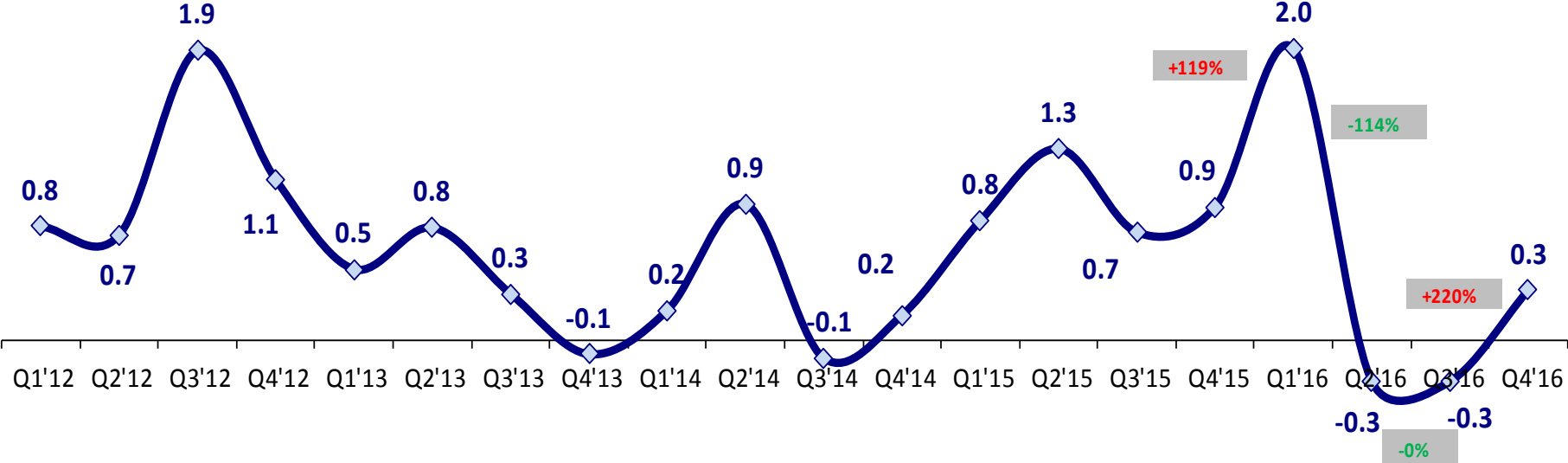


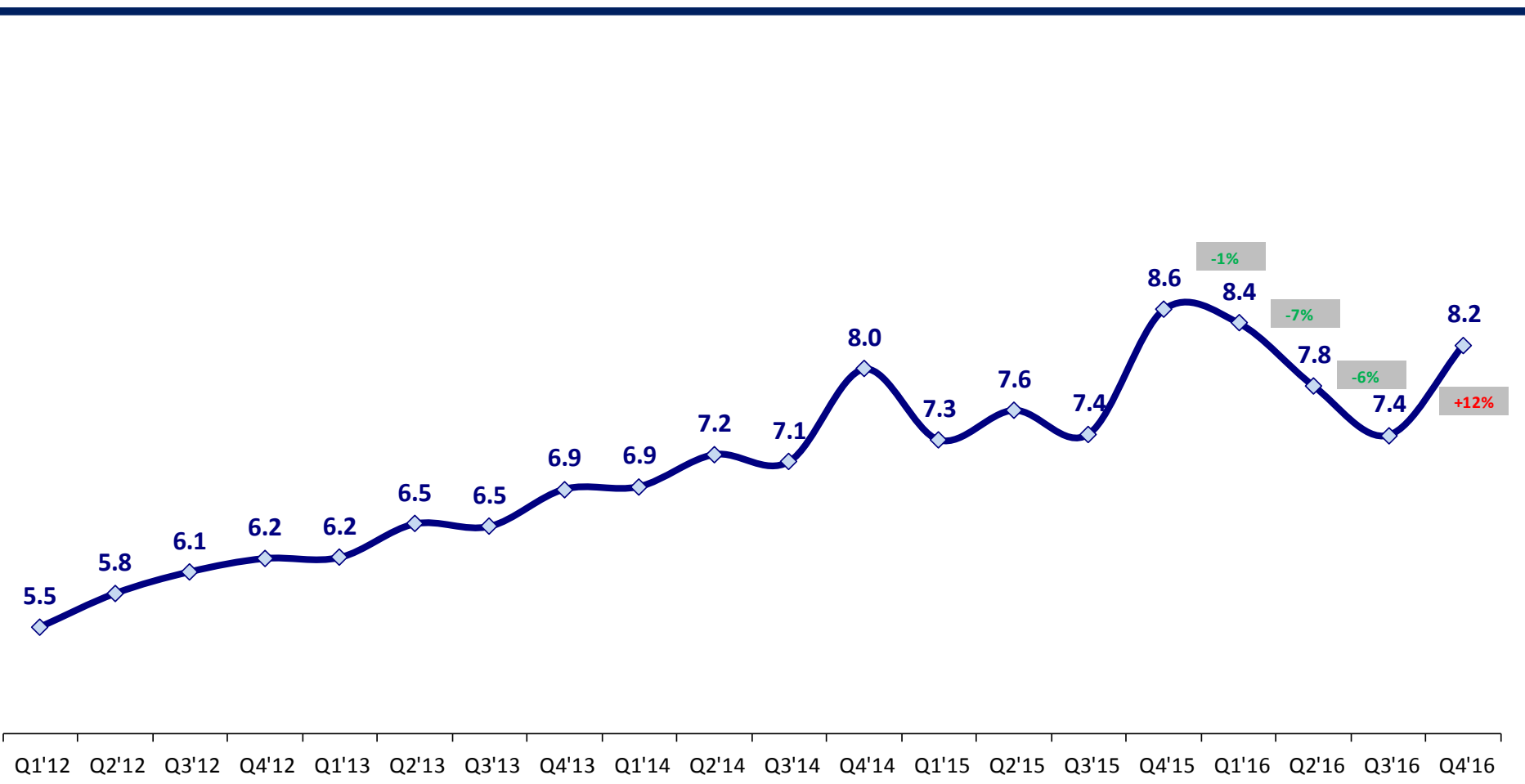












The information contained herein reflects our latest business statement as at December 31, 2016.

Except the historical information contained herein, statements in this Release which contain words or phrases such as ‘will’, ‘would’, ‘indicating’ expected to’ etc., and similar expressions or variations of such expressions may constitute ‘forward-looking statements’. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, future levels of non-performing loans, our growth and expansion in business, the impact of any acquisitions, the adequacy of our allowance for credit losses, technological, implementation and changes, the actual growth in demand for banking products and services, investment income, cash flow projections, our exposure to market risks as well as other risks detailed in the reports filed by us with various regulatory authorities as per applicable laws and regulations. UBL undertakes no obligations to update forward-looking statements to reflect event or circumstances after the date thereof.

Thank You
