



Performance Highlights – H1' 2017

Investor Relations Conference Call

July 31st, 2017

Speakers:

Mr. Aameer Karachiwalla - *Chief Financial Officer*

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

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Standalone Results

- Profit before tax closes at Rs. 23.0 bln (H1'16: Rs. 24.8 bln)
- Profit after tax closes at Rs. 13.2 bln (H1'16: Rs. 14.3 bln)
- Return on equity (RoE) of 22.4% in H1'17 (H1'16: 26.5%)
- Average balance sheet expansion of 10% in H1'17 vs H1'16
- Deposits have closed at Rs. 1,256 bln, 6% ahead of Dec'16 levels
- Overall revenues stood at Rs. 40.4 bln (H1'16: Rs. 43.3 bln)
- Expense growth of 6% over H1'16
- Cost to income ratio measured at 42.9% for H1'17 vs 37.6% in H1'16
- Net provision reversal of Rs. 0.46 bln in H1'17 vs net charge of Rs. 1.68 bln in H1'16
- EPS for H1'17 at Rs. 10.82, compared with Rs. 11.68 in H1'16

Consolidated Results

- Consolidated profit before tax stood at Rs. 23.2 bln (H1'16: Rs. 25.5 bln)
- Consolidated profit after tax stood at Rs. 13.3 bln (H1'16: Rs. 14.60 bln)

Net interest income 4% lower than H1'16, closes at Rs. 28.0 bln

- Overall cost of deposits reduced to close at 2.6% in H1'17 (H1'16: 2.7%)
- Domestic cost of deposits at 2.75% in H1'17 (H1'16: 2.90%)
- International cost of deposits at 2.21% in H1'17 (H1'16: 1.98%)
- Average loan growth of 10% in H1'17, with overall yields at 6.2%
- Yields at 6.9% for domestic portfolio and 4.8% for International portfolio
- Average earning investments grew by 12% over H1'16, yields at 8.2% (H1'16: 9.3%)

Non interest income closed at Rs. 12.3 bln (H1'16: Rs. 14.0 bln)

- Fee and Commissions recorded at Rs. 5.9 bln against Rs. 6.4 bln in H1'16
- Capital gains stood at Rs. 3.8 bln (H1'16: Rs. 4.5 bln)
- Dividend income closed at Rs. 1.3 bln (H1'16: Rs. 1.5 bln)
- FX income at Rs. 822 mln (H1'16: Rs. 977 mln), a result of a stable exchange rate

Net provision reversal of Rs. 0.46 bln in H1'17 vs charge of Rs. 1.68 bln in H1'16

- Strong cash recoveries within both domestic and international operations
- Overall NPLs closed at Rs. 43.5 bln at Jun'17 (Dec'16: Rs. 44.6 bln)
- Asset quality at 7.2% at Jun'17 (Dec'16: 8.1%)
- Coverage ratio based on specific provision at Jun'17 improved to 84.2% (Dec'16: 83.9%)

Administrative expenses well controlled, 6% growth in H1'17

- Personnel costs for H1'17 at Rs. 8.0 bln, up 8% over H1'16
- Premises cost up 12% in H1'17, largely due to rent escalation, branch refurbishments and higher utility expenses
- Higher variable expenses in the current period in view of advertising costs and increased sales force commissions

Growth in core deposits drives balance sheet expansion

- The Bank's domestic deposits crossed a landmark to reach Rs. 1.02 trillion at Jun'17 end (Dec'16: Rs. 946 billion)
- Domestic current account portfolio grew by 16% over Dec'16, with average current account growing by 18% H1'17 vs H1'16

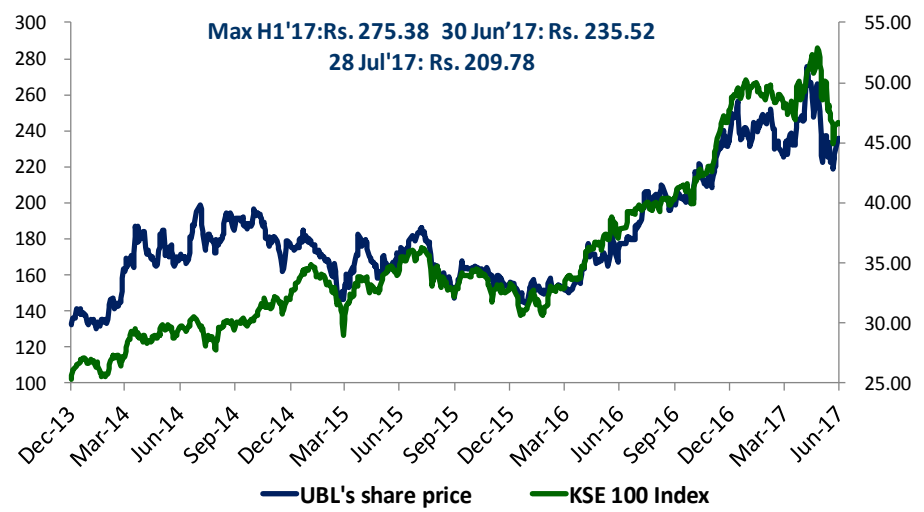
Net advances close at Rs. 565 bln (Dec'16: Rs. 510 bln) ; 11% growth

- Corporate advances stood at Rs. 278 bln at Jun'17, 18% up over Dec'16
- Commodities portfolio closed at Rs. 61 bln at Jun'17 (Dec'16: Rs. 53 bln)
- Consumer portfolio up 7% over Dec'16 levels to close at Rs. 10 bln
- International advances closed the half year at Rs. 173 bln (Dec'16: Rs. 168 bln)

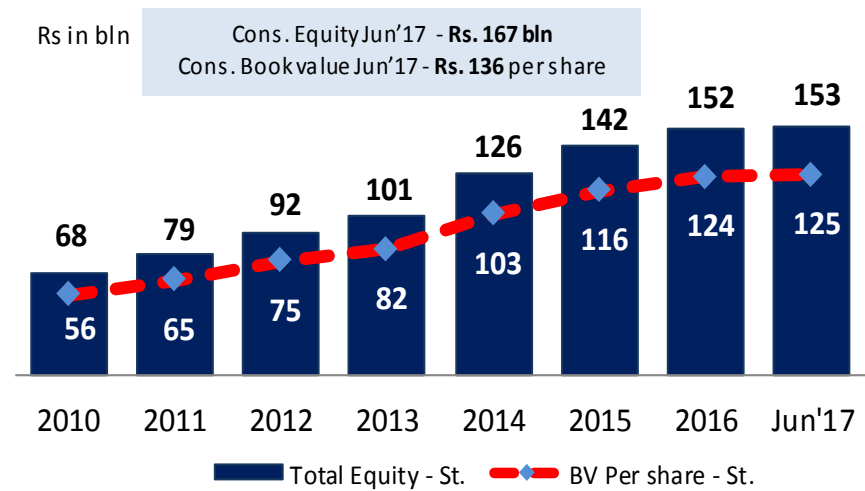
Execution and Delivery

Consistent earnings performance throughout the years

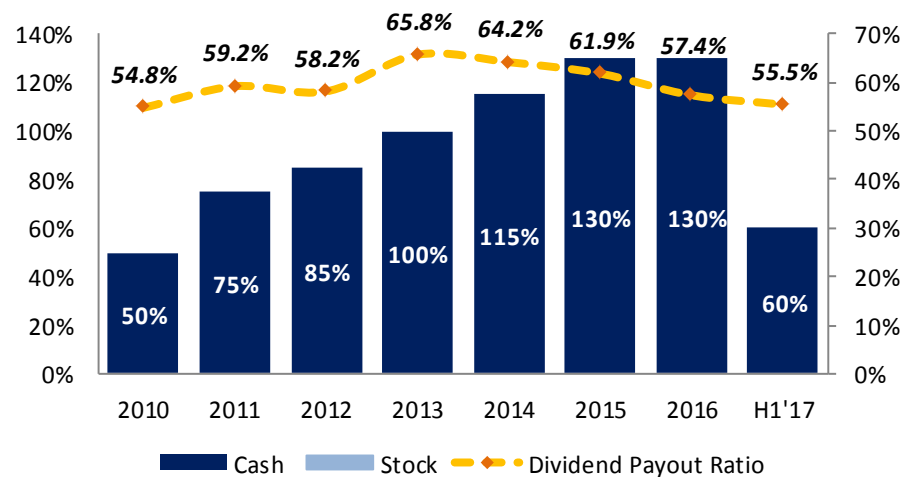
Trends - KSE 100 Index and UBL's share price



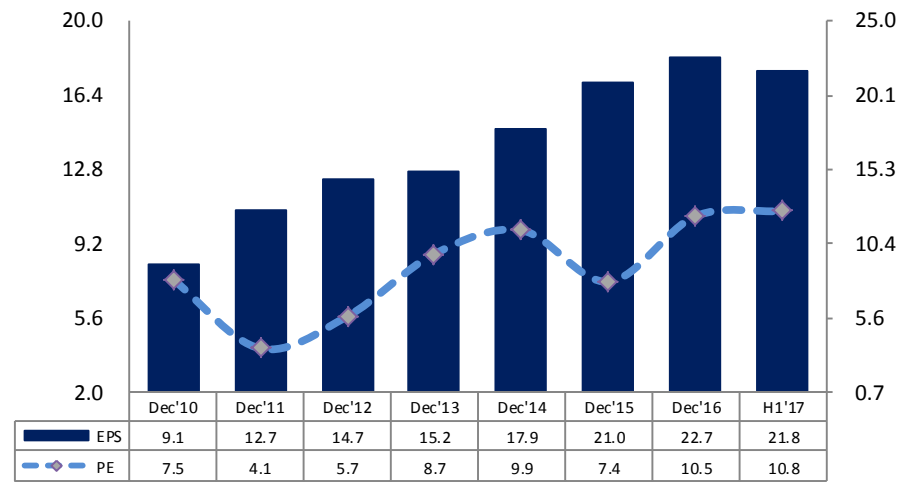
Equity and Book Values



Cash and Stock Payout



EPS & Price Earnings Ratio *



* EPS for H1'17 is annualised

Income Statement - Standalone

	<i>Rs in bln</i>			<i>Rs in bln</i>		
	H1'17	H1'16	Var %	Q2'17	Q1'17	Var %
Interest Earned	49.7	49.5	0.3%	25.8	23.9	8.0%
Interest Expensed	(21.7)	(20.2)	-7.3%	(11.5)	(10.2)	-12.9%
Net Interest Income	28.0	29.3	-4.5%	14.3	13.7	4.3%
Non Interest Income	12.3	14.0	-11.5%	6.1	6.3	-3.3%
Total Revenue	40.4	43.3	-6.8%	20.4	20.0	1.9%
Admin. Expenses	(17.3)	(16.3)	-6.3%	(8.8)	(8.5)	-3.3%
Operating Expenses	(17.8)	(16.8)	-6.0%	(9.1)	(8.8)	-3.9%
Pre Prov. Operating Profit	22.5	26.5	-14.9%	11.3	11.2	0.4%
Provision Exp./Other writeoffs	0.5	(1.7)	127.4%	0.5	(0.1)	777.4%
Profit Before Tax	23.0	24.8	-7.3%	11.8	11.2	5.9%
Profit After Tax	13.2	14.3	-7.3%	6.0	7.3	-17.5%

Balance Sheet - Standalone

	<i>Rs in bln</i>		
	Jun'17	Dec'16	Var %
Advances	565	510	10.7%
Investments	1,000	807	23.9%
Lendings to Financial Institutions	36	34	5.9%
Others	251	227	10.8%
Total Assets	1,852	1,578	17.4%
Deposits	1,256	1,180	6.4%
Borrowings	390	202	93.7%
Others	52	44	18.1%
Total Liabilities	1,699	1,426	19.1%
Net Assets	153	152	1.1%
Share Capital	12	12	0.0%
Reserves	42	40	3.1%
Unappropriated Profit	68	64	5.3%
Total Equity	122	117	4.0%
Surplus on revaluation of Assets	32	35	-8.6%
Total Equity + Surplus	153	152	1.1%

Income Statement - Consolidated

	<i>Rs in bln</i>			<i>Rs in bln</i>		
	H1'17	H1'16	Var %	Q2'17	Q1'17	Var %
Interest Earned	51.3	51.4	-0.1%	26.6	24.7	8.0%
Interest Expensed	(22.5)	(21.0)	-7.0%	(11.9)	(10.6)	-12.7%
Net Interest Income	28.8	30.4	-5.1%	14.7	14.1	4.5%
Non Interest Income	13.6	15.3	-11.4%	6.4	7.2	-10.9%
Total Revenue	42.4	45.7	-7.2%	21.1	21.3	-0.7%
Admin. Expenses	(18.9)	(17.9)	-5.5%	(9.5)	(9.3)	-2.3%
Operating Expenses	(19.4)	(18.4)	-5.4%	(9.8)	(9.6)	-3.0%
Pre Prov. Operating Profit	23.0	27.3	-15.7%	11.3	11.7	-3.7%
Provision Exp./Other writeoffs	0.2	(1.8)	110.9%	0.3	(0.1)	381.4%
Profit Before Tax	23.2	25.5	-9.0%	11.6	11.6	-0.3%
Profit After Tax	13.3	14.6	-9.0%	5.7	7.6	-24.6%

Balance Sheet - Consolidated

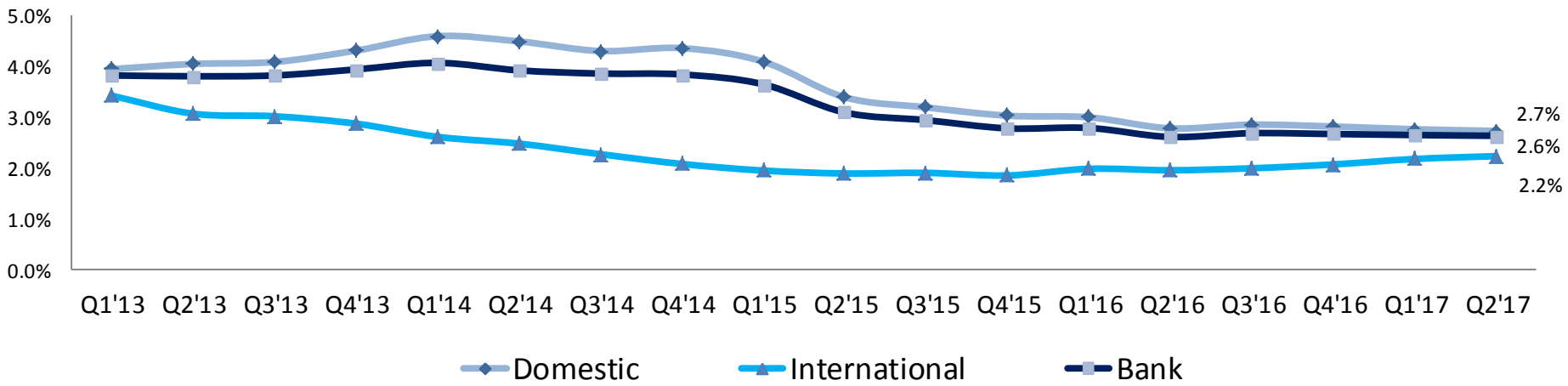
	<i>Rs in bln</i>		
	Jun'17	Dec'16	Var %
Advances	601	538	11.8%
Investments	1,036	838	23.6%
Lendings to Financial Institutions	38	35	5.8%
Others	274	250	9.5%
Total Assets	1,948	1,662	17.2%
Deposits	1,328	1,246	6.6%
Borrowings	400	206	94.3%
Others	54	46	16.5%
Total Liabilities	1,782	1,498	18.9%
Net Assets	167	164	1.7%
Share Capital	12	12	0.0%
Reserves	44	43	3.7%
Unappropriated Profit	72	69	4.9%
Total Equity attributable to equity holders of Bank	129	124	4.0%
Non-controlling Interest (NCI)	4	4	4.1%
Surplus on revaluation of Assets	33	36	-6.6%
Total Equity + NCI + Surplus	167	164	1.7%

Deposits performance - Focus remains on growing low cost deposits

Deposits - Bank

	Jun'17		Dec'16	
	PE	CoF %	PE	CoF %
Domestic deposits - Rs in bln	1,021	2.8%	946	2.9%
International deposits - Rs in bln	235	2.2%	234	2.0%
Total Bank - Rs in bln	1,256	2.6%	1,180	2.7%
International - USD in mln	2,238	2.2%	2,237	2.0%
Domestic CASA	83.1%		83.8%	

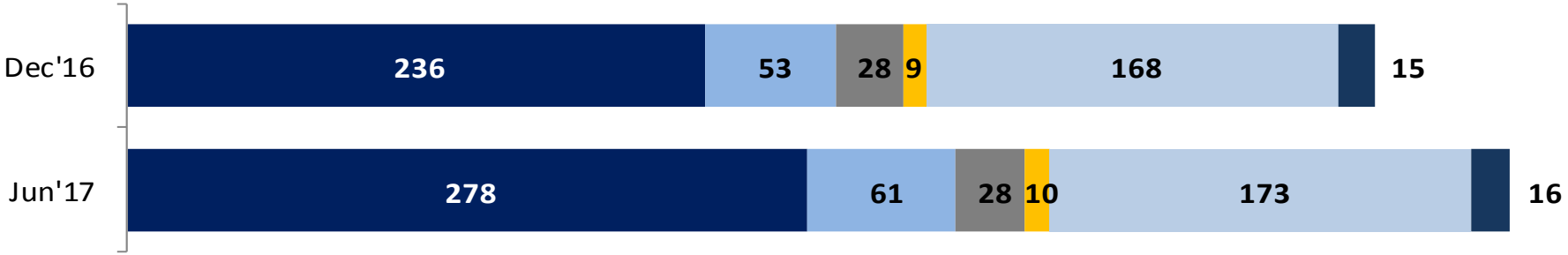
Cost of Deposits



Net Advances

Rs in bln

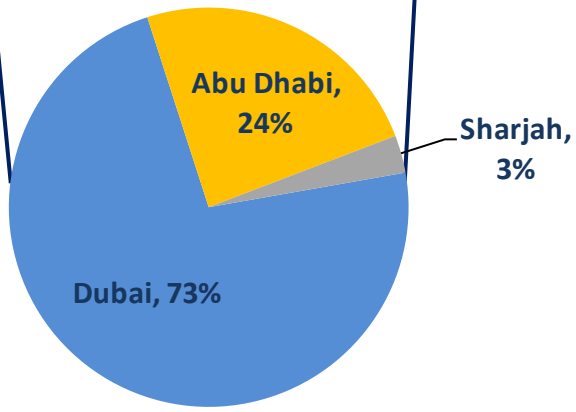
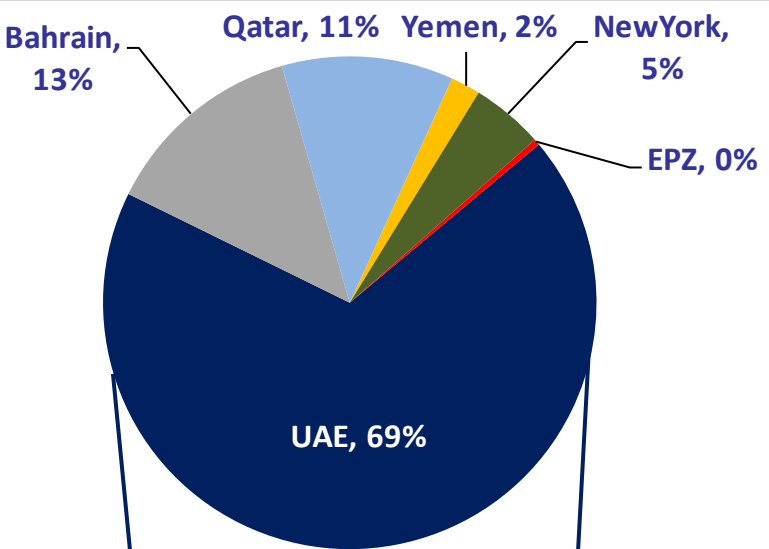
	Jun'17	Dec'16	Var %
Corporate Bank	278	236	18%
Commodity	61	53	14%
Commercial	28	28	0%
Consumer	10	9	7%
Others	16	15	4%
Total Domestic	392	342	15%
International	173	168	3%
Bank	565	510	11%
International USD mln	1,647	1,608	2%



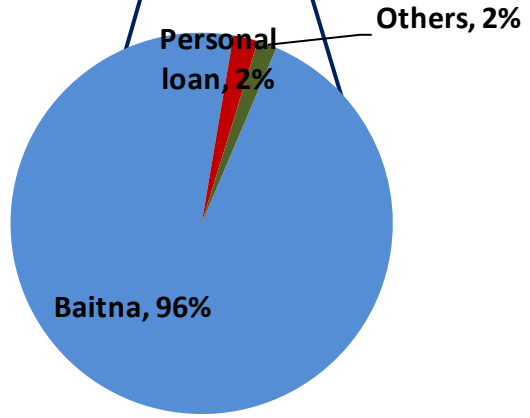
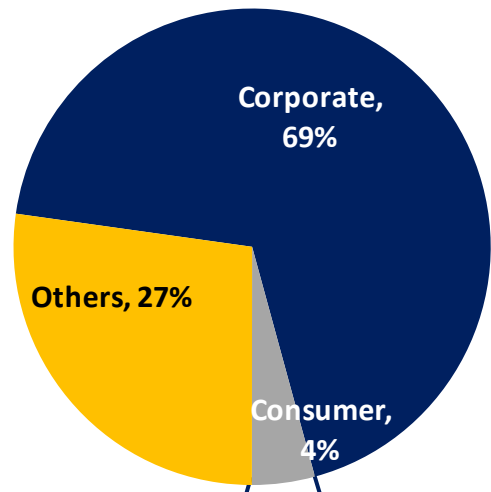
■ Corporate Bank
 ■ Commodity
 ■ Commercial Bank
 ■ Consumer Bank
 ■ International
 ■ Others

International Advances - Corporate advances remains the largest component

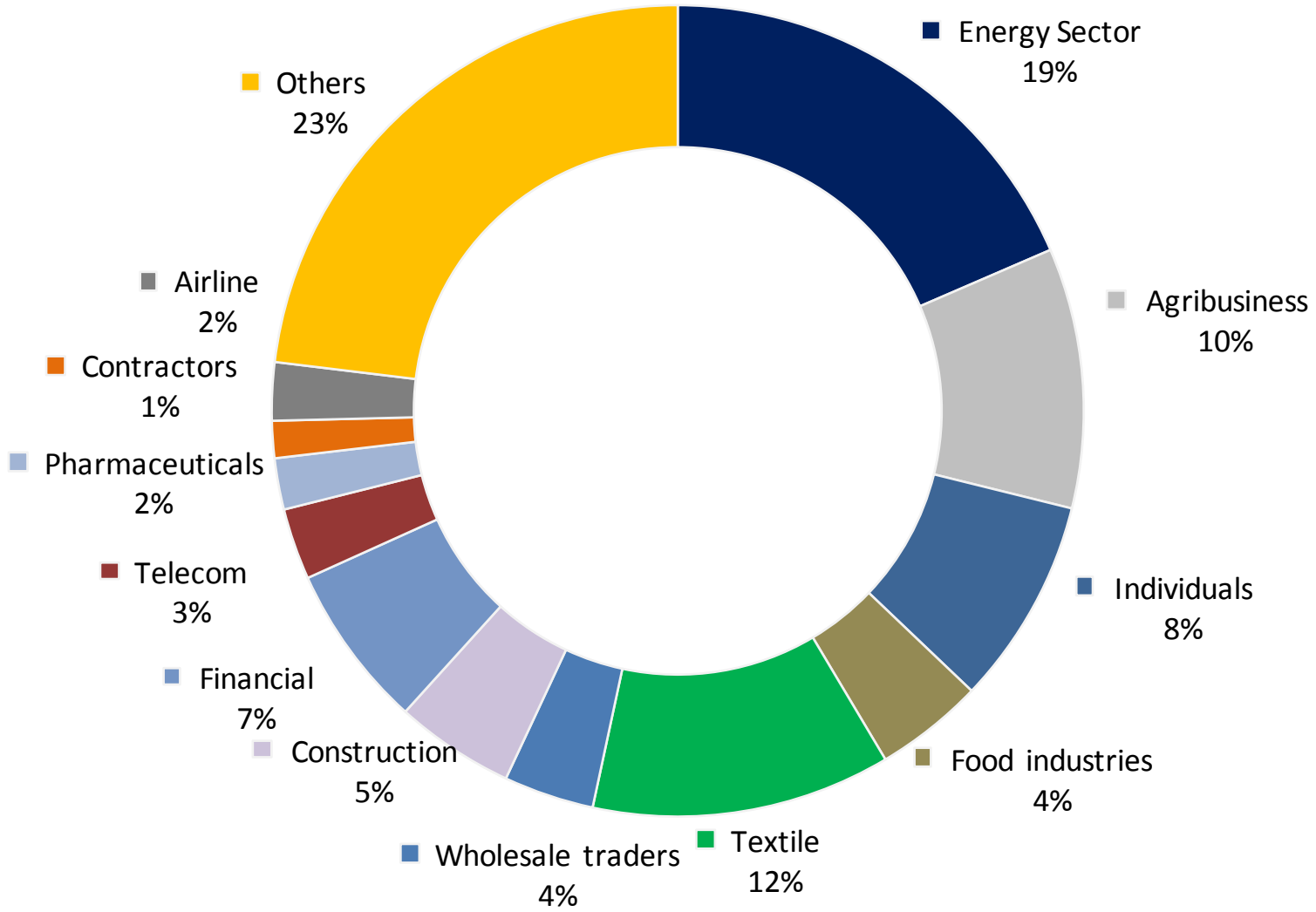
By Geography



By Business - UAE

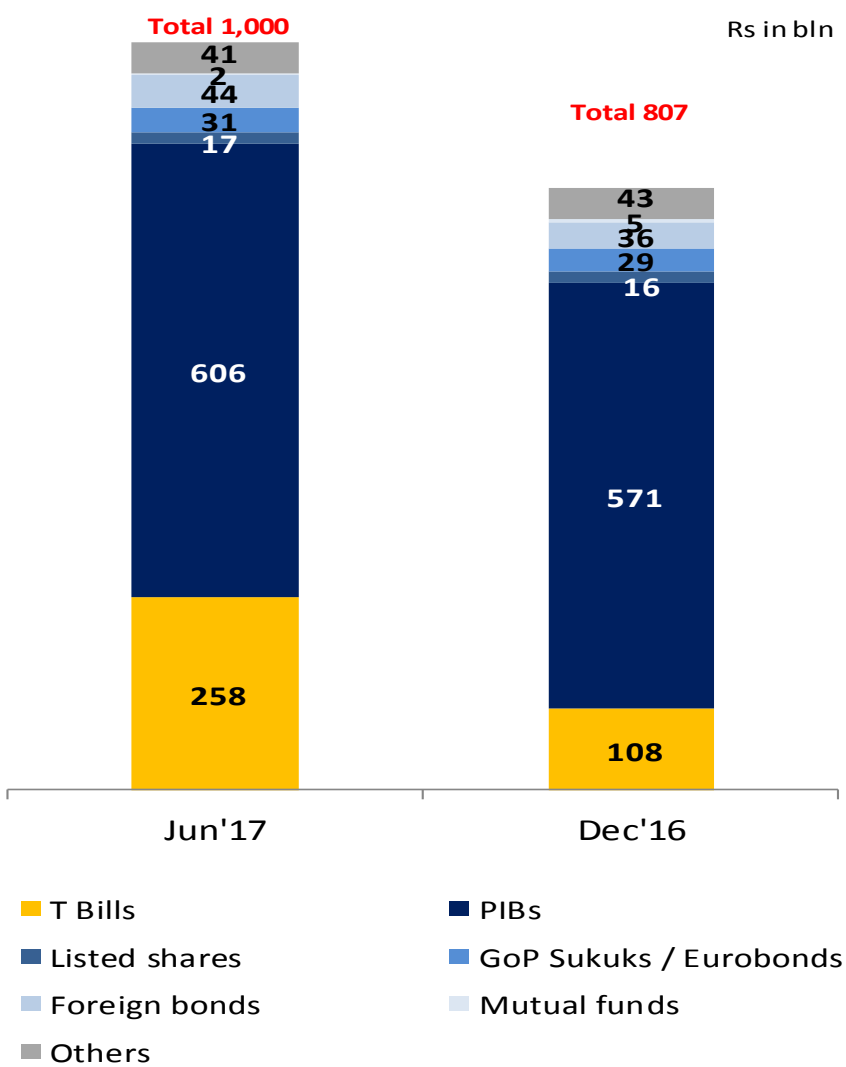


Concentration of Advances as at December 31, 2016 - Standalone

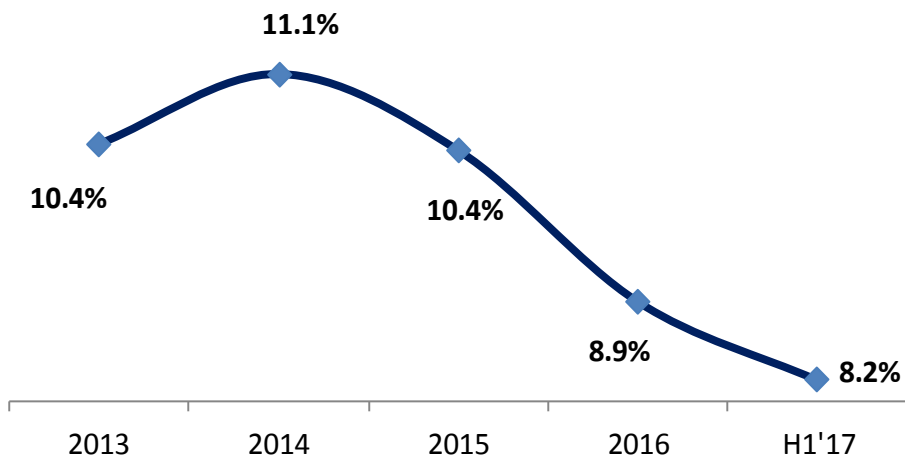


Diversified investment portfolio with strong market risk management

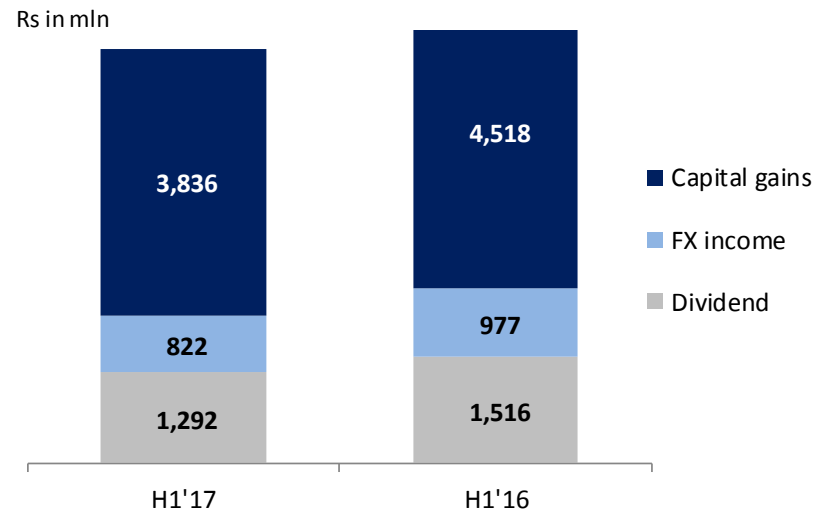
Portfolio concentrated in long terms treasury bonds



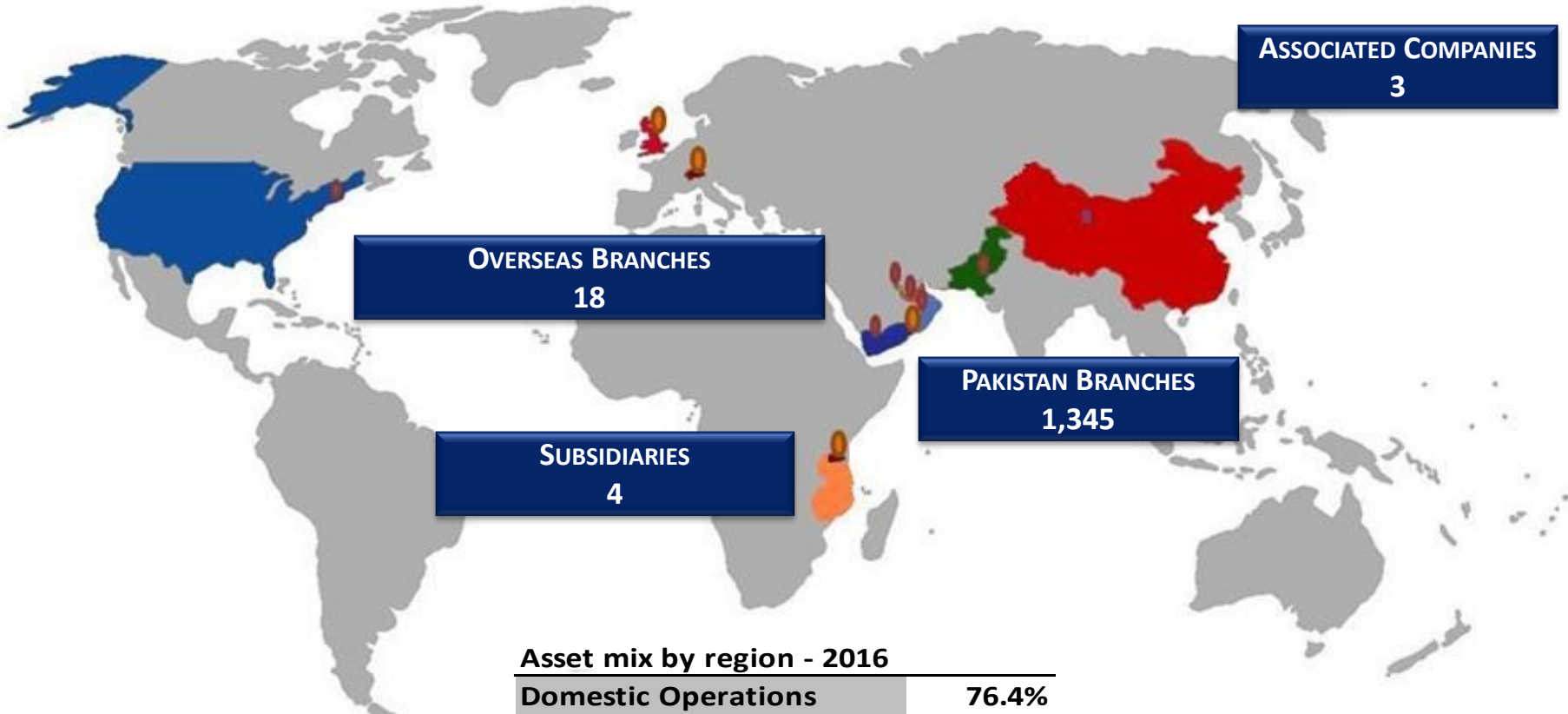
Investments' yields



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>		
	H1'17	H1'16	Var %
Fee, commission and brokerage income	5,908	6,386	-7%
Dividend income	1,292	1,516	-15%
Income from dealing in foreign currencies	822	977	-16%
Gain / (loss) on sale of securities	3,836	4,518	-15%
Other income	488	557	-12%
Total Non Fund Income	12,346	13,955	-12%

	<i>Rs in mln</i>		
	H1'17	H1'16	Var %
Commission on trade	961	1,056	-9%
Commission on consumer loan	325	326	0%
Commission on remittance / uniremote	883	1,161	-24%
Corporate service chgs/finance fee/FIG inc.	754	994	-24%
General banking service charges	1,083	1,030	5%
Commission on cash management	315	269	17%
Commission on home remittance	461	507	-9%
Commission income - Bancassurance	467	315	48%
Commission others	658	729	-10%
Total	5,908	6,386	-7%

	<i>Rs in mln</i>		
	H1'17	H1'16	Var %
Personnel Cost	7,015	6,459	-9%
Rent taxes insurance etc.	2,257	1,991	-13%
Outsourced service charges including sales commission	2,304	2,437	5%
Advertisement and publicity	448	363	-24%
Communications	602	607	1%
Depreciation / Amortization	1,253	1,036	-21%
Legal and professional charges	312	206	-51%
Banking service charges	555	517	-7%
Stationery and printing	321	312	-3%
Travelling	134	148	9%
Cash transportation charges	347	306	-13%
Repairs and maintenance	785	764	-3%
Vehicle expenses	90	84	-7%
Office running expenses	422	363	-16%
Insurance expense	50	59	15%
Others	420	641	35%
Total	17,317	16,295	-6%



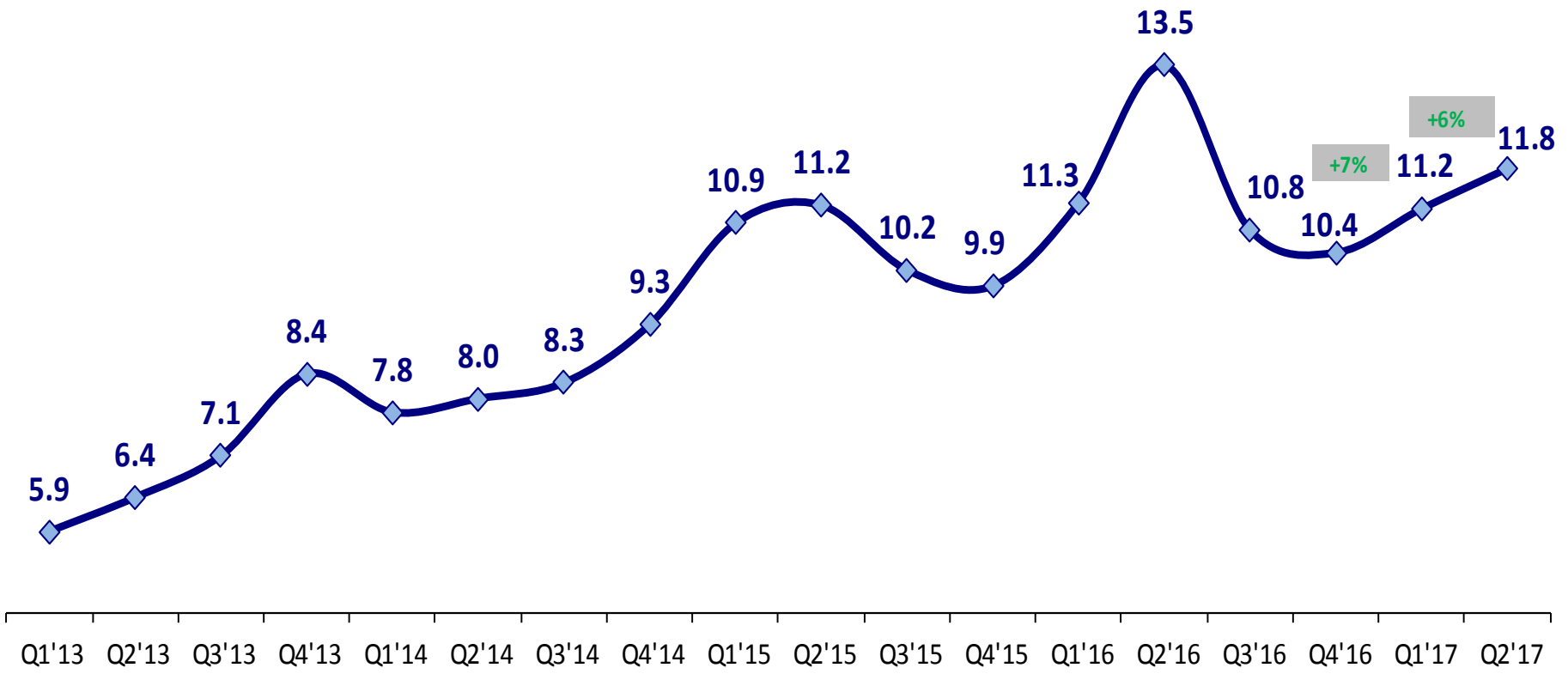
Key Ratios

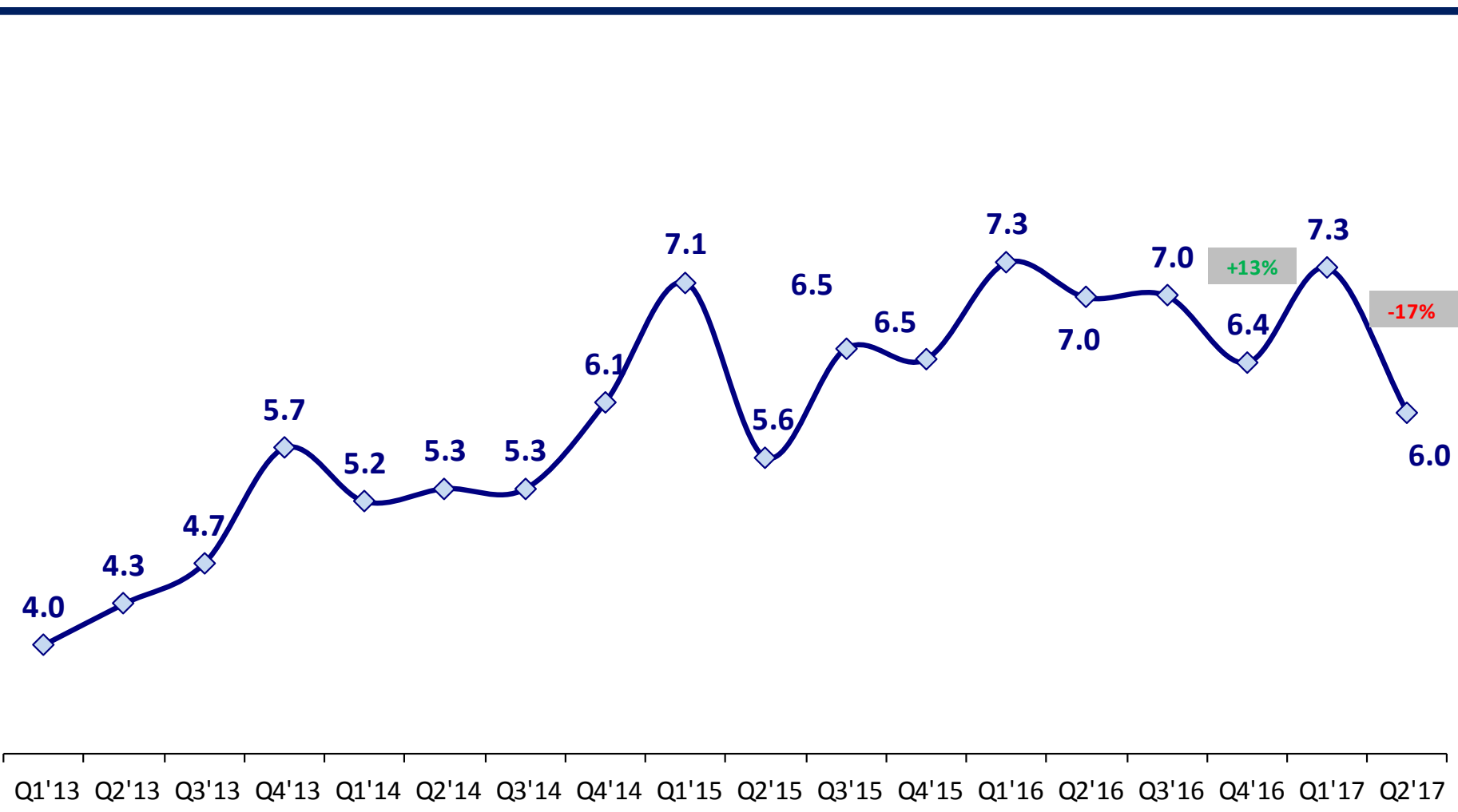
	H1'17	H1'16	Q2'17	Q1'17
Return on Equity	22.4%	26.5%	19.9%	24.9%
Return on Assets	1.7%	2.0%	1.4%	1.9%
Non Fund Income to Gross Revenue	30.6%	32.2%	29.8%	31.4%
Cost to Revenue Ratio	42.9%	37.6%	43.2%	42.6%

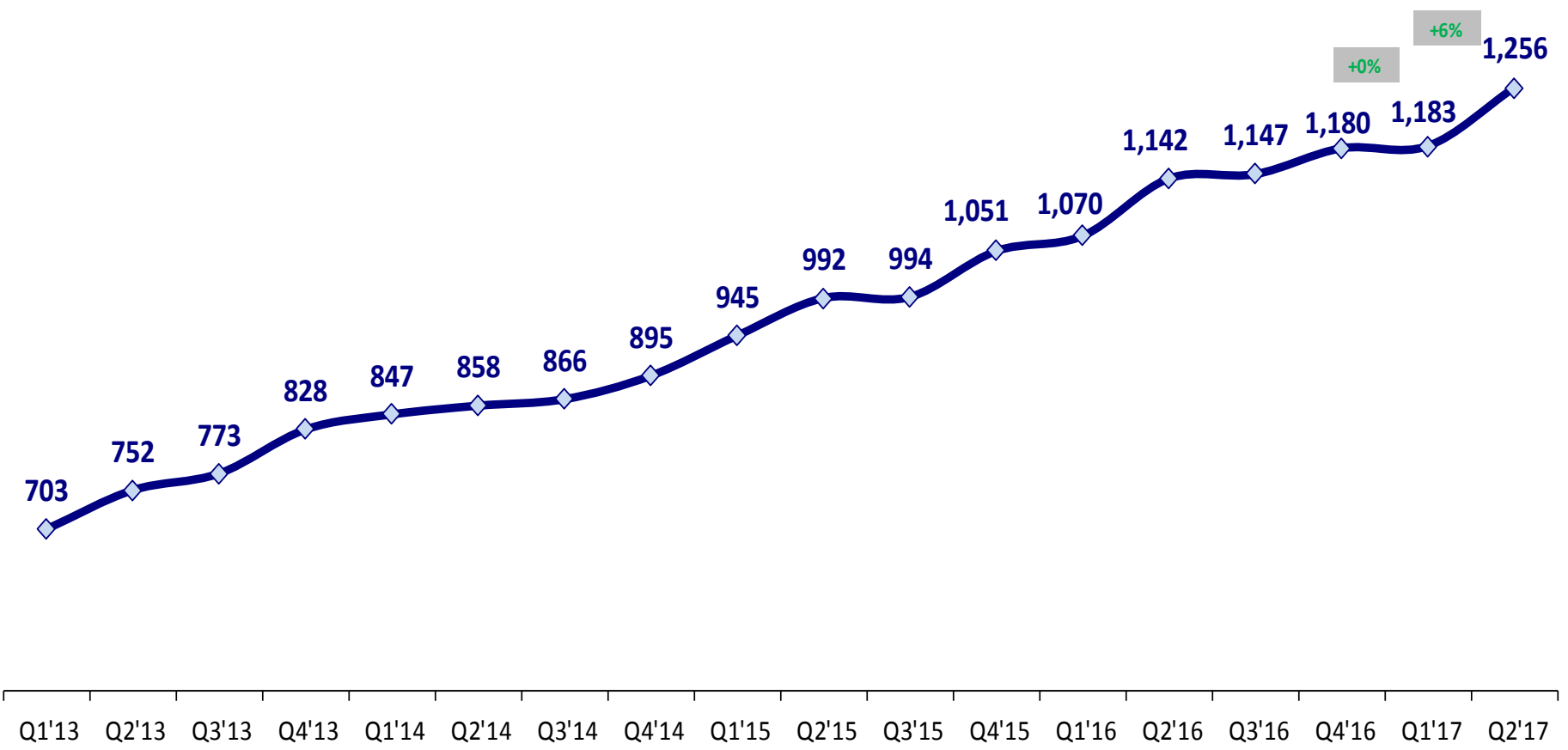
	Jun'17	Mar'17	Dec'16	Jun'16
Advances to Deposits Ratio - gross	45.9%	43.3%	44.4%	45.3%
Asset Quality	7.2%	8.3%	8.1%	8.7%
Coverage (Specific provisions)	84.2%	84.3%	83.9%	80.6%
Coverage (Total provisions)	91.5%	91.4%	90.9%	90.3%
CAR - Tier I	10.8%	11.1%	10.9%	10.3%
CAR	14.9%	15.5%	15.1%	14.5%

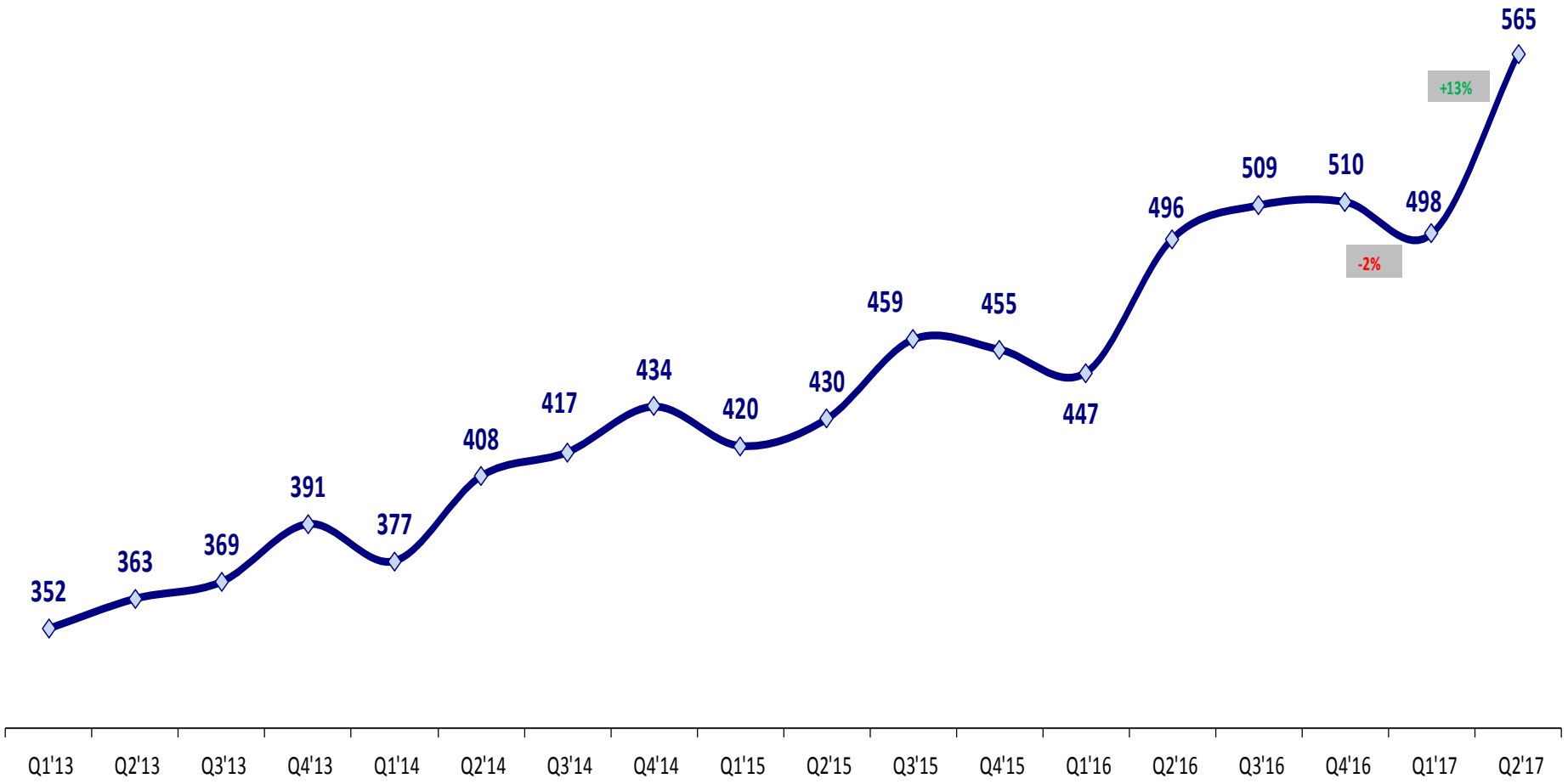
Quarterly Trend Analysis

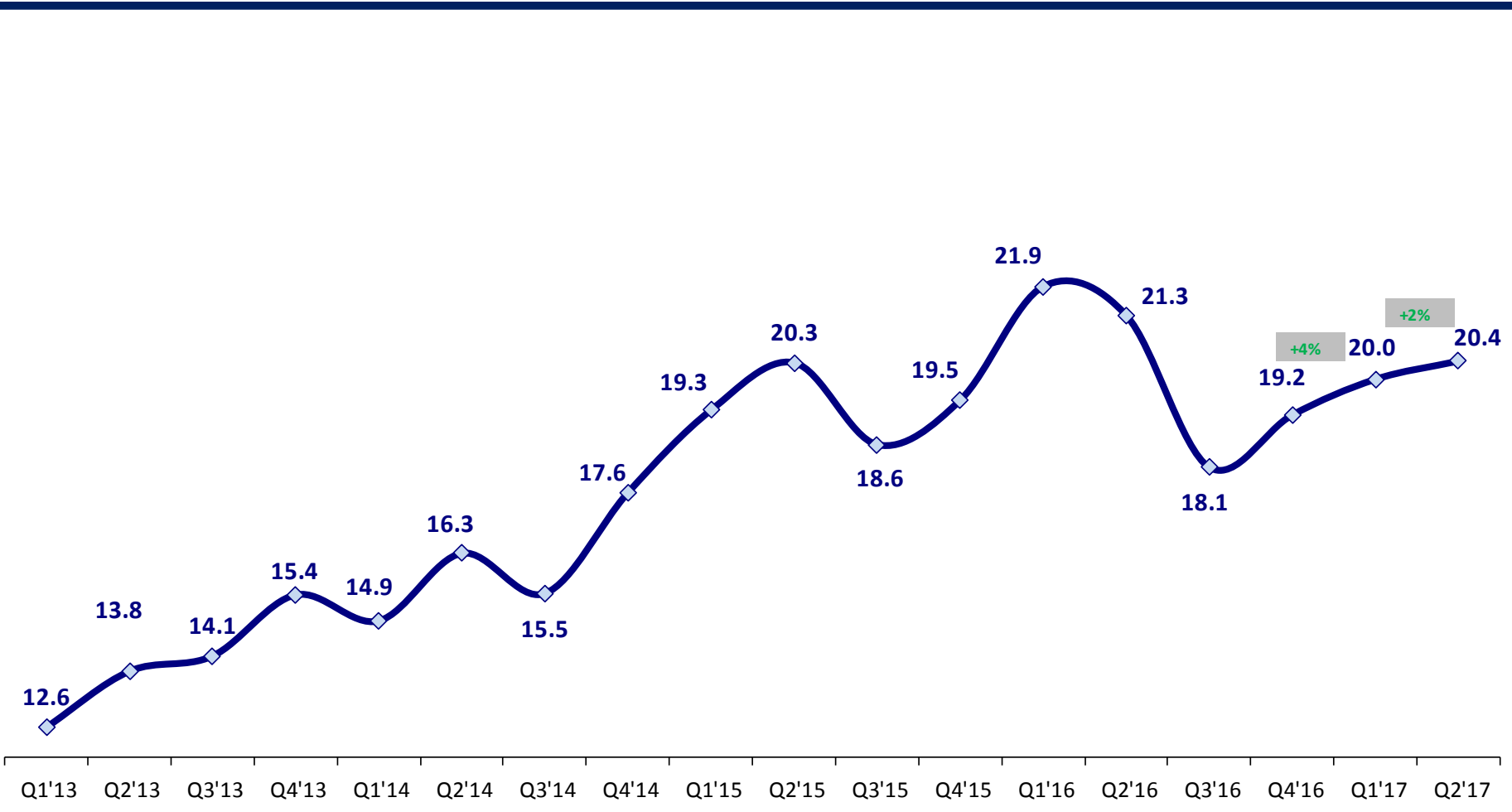
Bank Level - Standalone

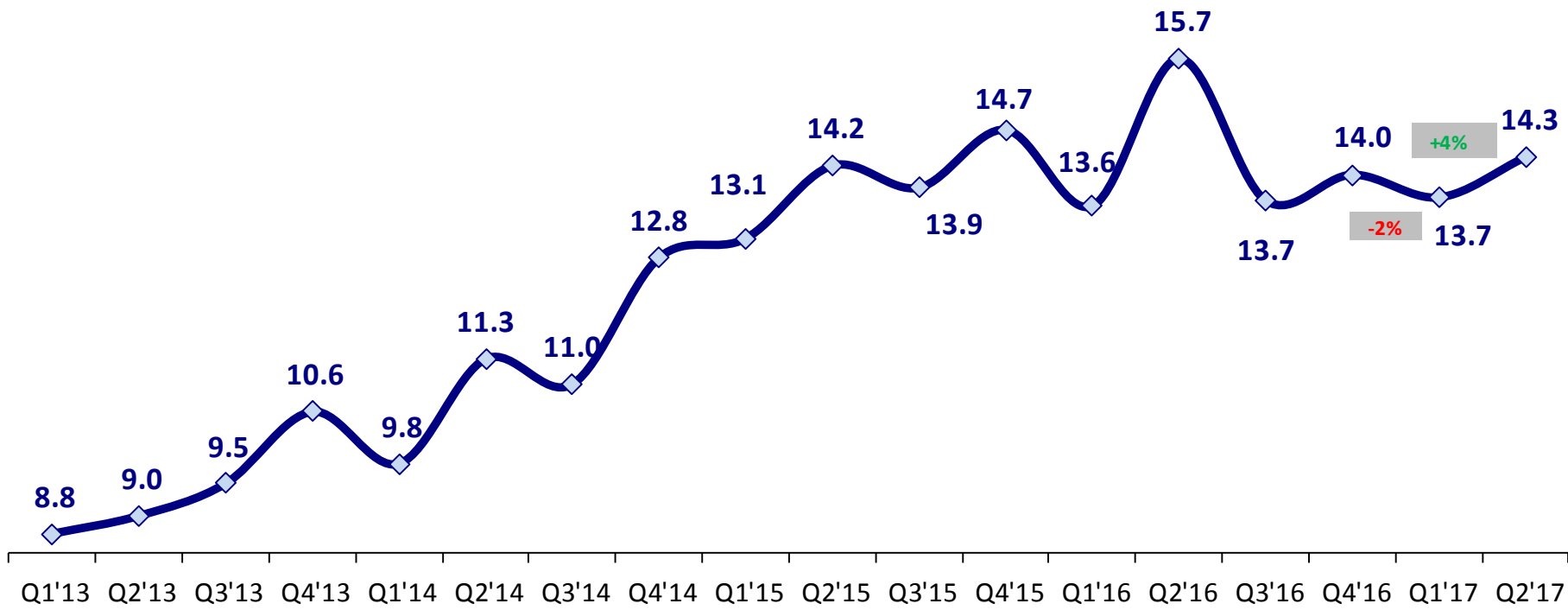


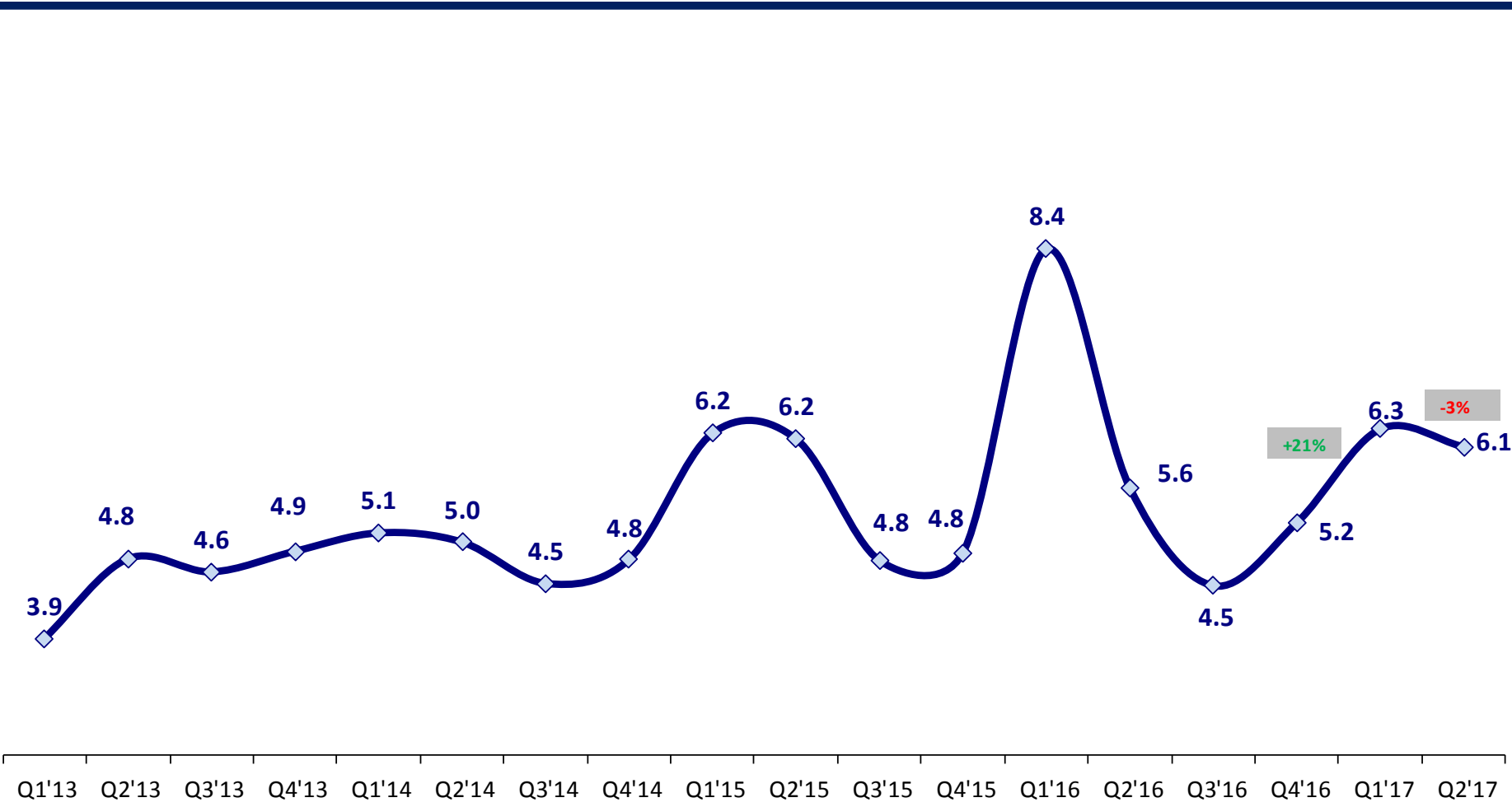


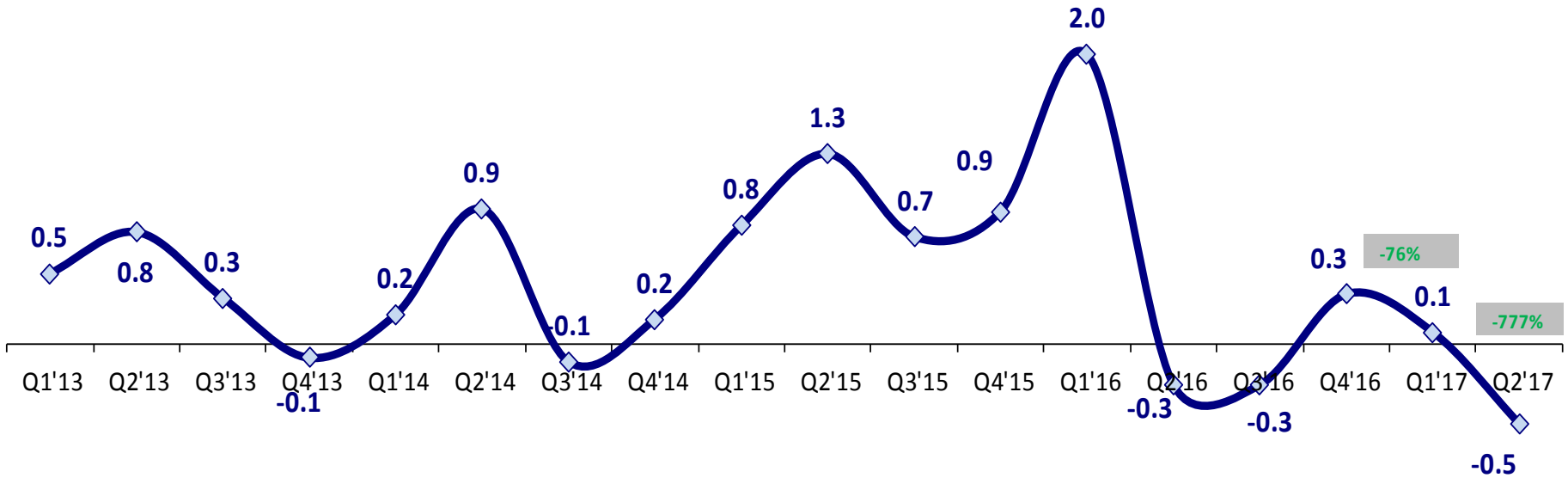


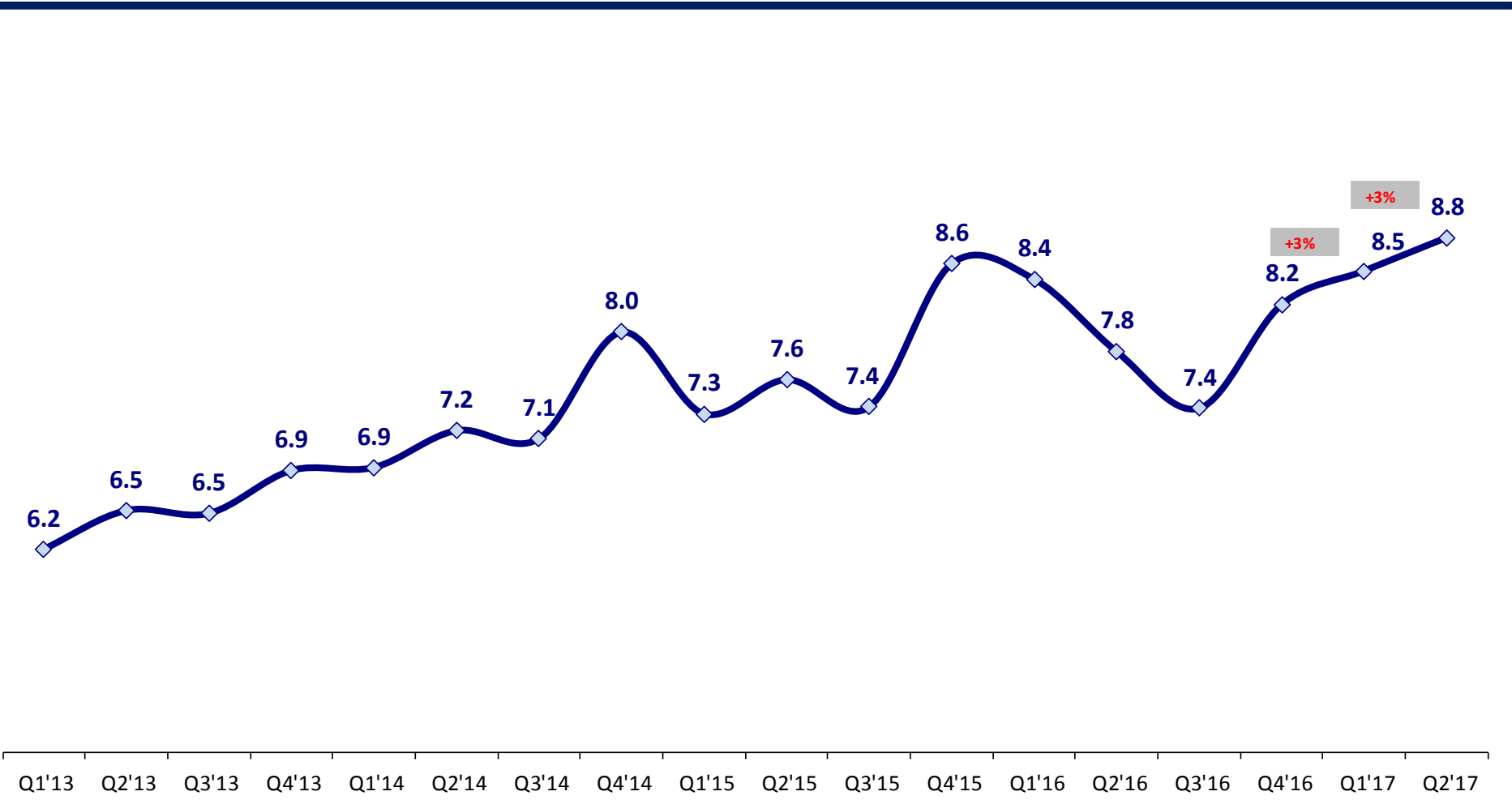












The information contained herein reflects our latest business statement as at June 30, 2017.

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
