

Performance Highlights - 31 Mar 2016

Investor Relations Conference Call

April 29th, 2016

Speakers:

Mr. Asif Saeed Sindhu - Chief Financial Officer

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

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Investor Relations Release

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Standalone results

- Pre-provisions profit up by 13% over Q1'15 to Rs. 13.2 bln
- Profit before tax up by 3% to Rs. 11.3 bln
- Highest ever quarterly profit after tax of Rs. 7.3 bln, up 2% over Q1'15
- UBL increased its domestic market share of deposits to 8.95% from 8.60% at Dec'15
- Return on equity of 27.4% in Q1'16 (Q1'15: 30.1%)
- Average balance sheet expansion of 23% over Q1'15
- Deposits grew 2% over Dec'15, now stand at Rs. 1.07 trillion
- Domestic deposits have grown by 3% over Dec'15
- Cost of deposits down to 2.79 % in Q1'16 from 3.65% in Q1'15
- Revenue growth of 13% over the corresponding period - strong growth in NFI
- Cost to income ratio is 38.5% for Q1'16 (Q1'15: 37.9%)

Consolidated results

- Consolidated profit before tax up by 3% over Q1'15, at Rs. 11.8 billion
- Consolidated profit after tax at Rs. 7.6 billion (Q1'15: Rs. 7.7 billion)

Net interest income up 4% over Q1'15, reaches Rs. 13.6 bln

- Overall cost of deposits reduced by 86 bps to close at 2.79% in the Q1'16 (Q1'15: 3.65%)
- Average loan growth of 8% over Q1'15, with yields at 6.4% in Q1'16
- Average earning investments grew by 41% over Q1'15 with yields at 9.3% in Q1'16

Non interest income reaches Rs. 8.4 bln, up by 34% over Q1'15

- Fees and Commissions have grown by 10% to reach Rs. 3.2 bln (Q1'15 : Rs. 2.9 bln). Home remittances, Omni and trade major contributors, investment banking fee continues to grow
- Dividend income closed at Rs. 0.4 bln (Q1'15: Rs. 0.5 bln)
- Capital gains stood at Rs. 3.8 bln (Q1'15: Rs. 1.9 bln , growth of Rs. 1.9 bln). Strong trading performance across the bond portfolio
- FX income at Rs. 0.6 bln (Q1'15: Rs. 0.7 bln), as the exchange rate remains relatively stable

Provisions are up by Rs. 1.2 bln over Q1'15, reach Rs. 1.96 bln

- Strong cash recoveries within domestic and international
- Overall non performing loans are at Rs. 47.2 bln (Dec'15: Rs. 46.8 bln)
- Asset quality is at 9.6% (Dec'15: 9.4%)
- Coverage ratio based on specific provision at Mar'16 stands at 79.2% (Dec'15: 80.2%) while the coverage ratio based on total provision at Mar'16 is 91.7% (Dec'15: 88.9%)

Administrative expenses were up by 15% Q1'15, reach Rs. 8.4 bln

- Cost to income ratio is at 38.5% in Q1'16, compared with 37.9% in Q1'15.
- Personnel costs up by 12% over Q1'15 to close at Rs. 3.3 bln for Q1'16
- Premises related expense are up by 5% over Q1'15, primarily due to increases in rent renewals and related costs

Retail Bank remains the cornerstone of balance sheet expansion

- Domestic market share grows to 8.95% at Mar'16, up from 8.60% at Dec'15
- Domestic deposits grew by 3% over Dec'15, at Rs. 855.9 bln (Dec'15: Rs. 831.9 Bn)
- Average domestic current accounts grew by 16% over Q1'15
- Domestic cost of deposits fell to 3.0% in Q1'16 against 4.1% in Q1'15

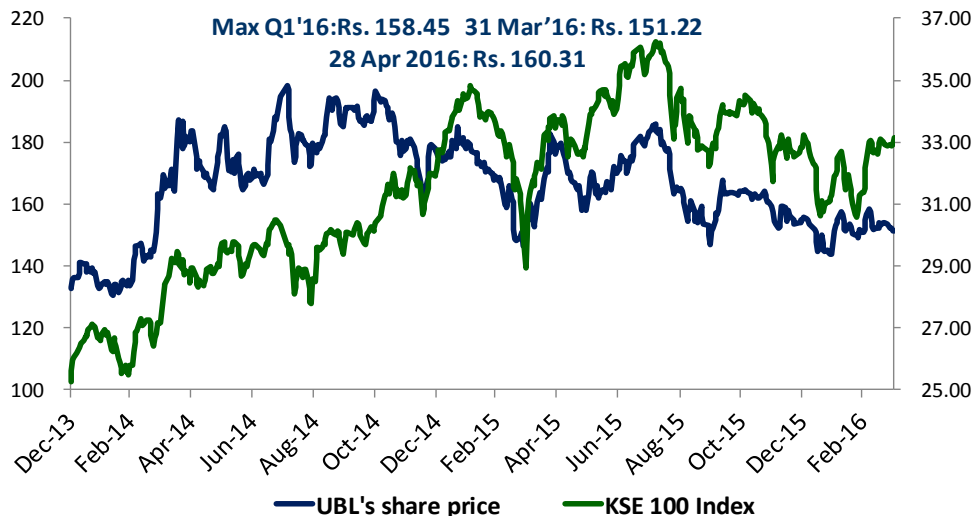
Net Advances are at Rs. 446.9 bln from Rs. 455.4 bln at Dec'15

- Corporate loan book closed at Rs. 257.4 bln (Dec'15: Rs. 263.8 bln)
- International net advances up by 3% over Dec'15, Bahrain up 14%, Qatar up 2%

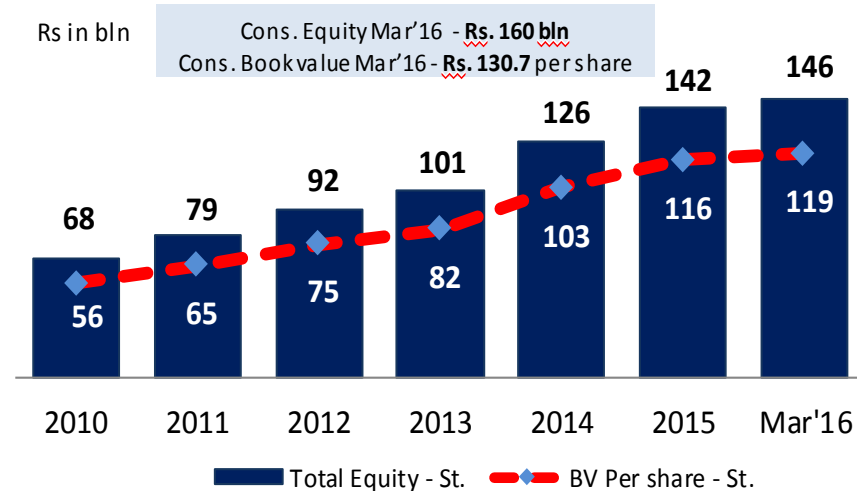
**Execution and Delivery -
Strong earnings growth in Q1'16**

Consistent earnings performance

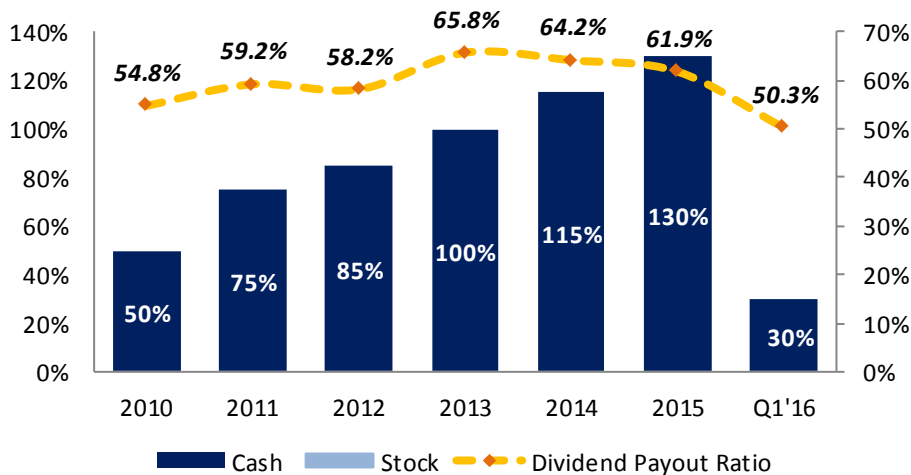
Trends - KSE 100 Index and UBL's share price



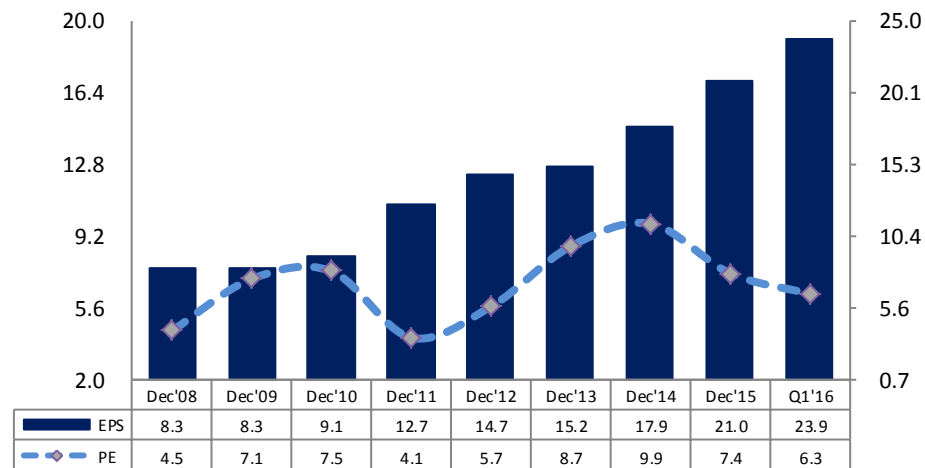
Equity and Book Values



Cash and Stock Payout



EPS & Price Earnings Ratio *



Income Statement - Standalone

	<i>Rs in bln</i>			<i>Rs in bln</i>	
	Q1'16	Q1'15	Var %	Q4'15	Var %
Interest Earned	23.4	22.9	2.2%	24.2	-3.3%
Interest Expensed	(9.8)	(9.8)	-0.4%	(9.5)	-3.4%
Net Interest Income	13.6	13.1	3.6%	14.7	-7.6%
Non Interest Income	8.4	6.2	34.3%	4.8	72.6%
Total Revenue	21.9	19.3	13.5%	19.5	12.3%
Admin. Expenses	(8.4)	(7.3)	-15.4%	(8.6)	1.5%
Operating Expenses	(8.7)	(7.6)	-14.6%	(8.8)	0.3%
Pre Prov. Operating Profit	13.2	11.7	12.8%	10.8	22.5%
Provision Exp./Other writeoffs	(2.0)	(0.8)	-144.6%	(0.9)	-118.8%
Profit Before Tax	11.3	10.9	3.1%	9.9	13.8%
Profit After Tax	7.3	7.1	2.4%	6.5	13.1%

Income Statement - Consolidated

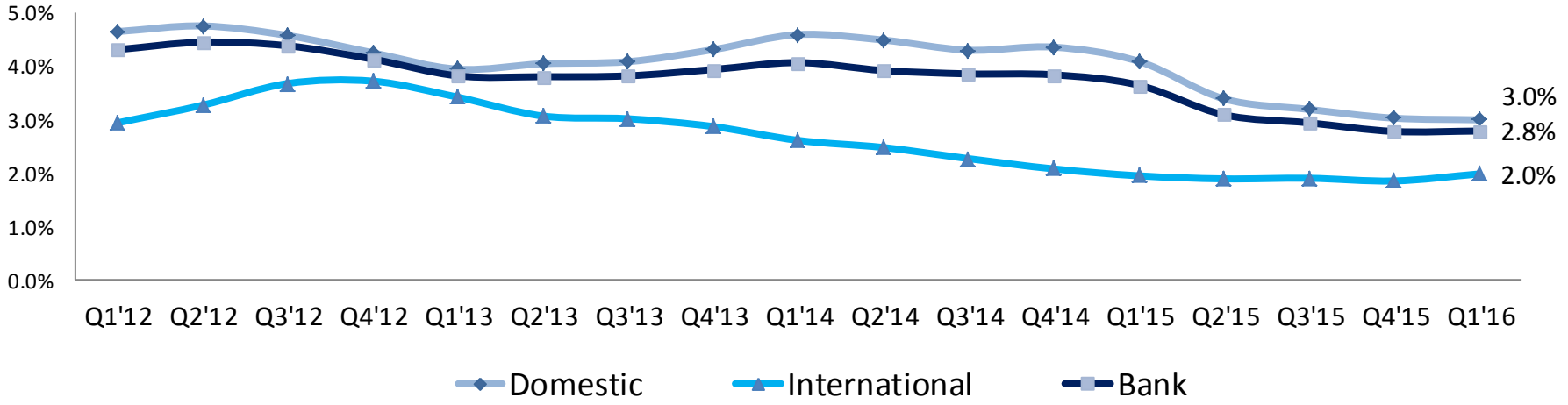
	<i>Rs in bln</i>			<i>Rs in bln</i>	
	Q1'16	Q1'15	Var %	Q4'15	Var %
Interest Earned	24.3	23.6	2.6%	25.1	-3.2%
Interest Expensed	(10.2)	(10.1)	-1.2%	(9.8)	-3.7%
Net Interest Income	14.1	13.6	3.7%	15.2	-7.7%
Non Interest Income	9.2	7.1	29.6%	5.4	71.5%
Total Revenue	23.3	20.7	12.6%	20.6	12.9%
Admin. Expenses	(9.2)	(8.0)	-14.5%	(9.5)	2.8%
Operating Expenses	(9.5)	(8.3)	-13.9%	(9.6)	1.7%
Pre Prov. Operating Profit	13.8	12.4	11.7%	11.0	25.8%
Provision Exp./Other writeoffs	(2.0)	(0.8)	-135.7%	(1.2)	-69.5%
Profit Before Tax	11.8	11.5	2.7%	9.8	20.7%
Profit After Tax	7.6	7.7	-1.9%	6.6	15.2%

Deposits continue to grow over the trillion mark, along-with low cost of deposits

Deposits – Bank

	Mar'16		Dec'15	
	PE	CoF %	PE	CoF %
Domestic deposits - Rs in bln	856	3.0%	832	3.4%
International deposits - Rs in bln	214	2.0%	219	1.9%
Total Bank - Rs in bln	1,070	2.8%	1,051	3.1%
International - USD in mln	2,045	2.0%	2,094	1.9%
Domestic CASA	81.9%		83.6%	

Cost of Deposits

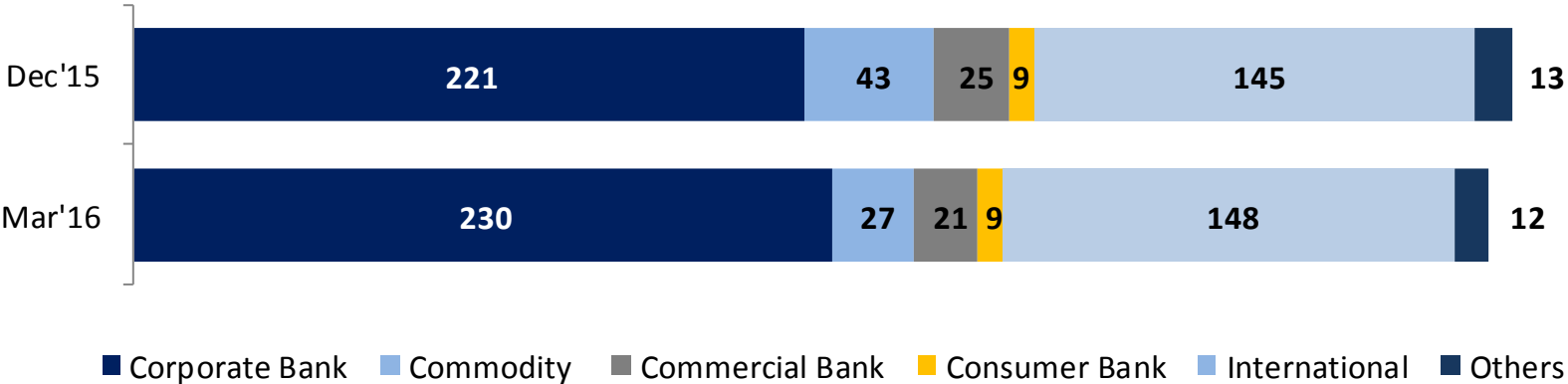


Asset quality considerations drive lending strategy

Net Advances

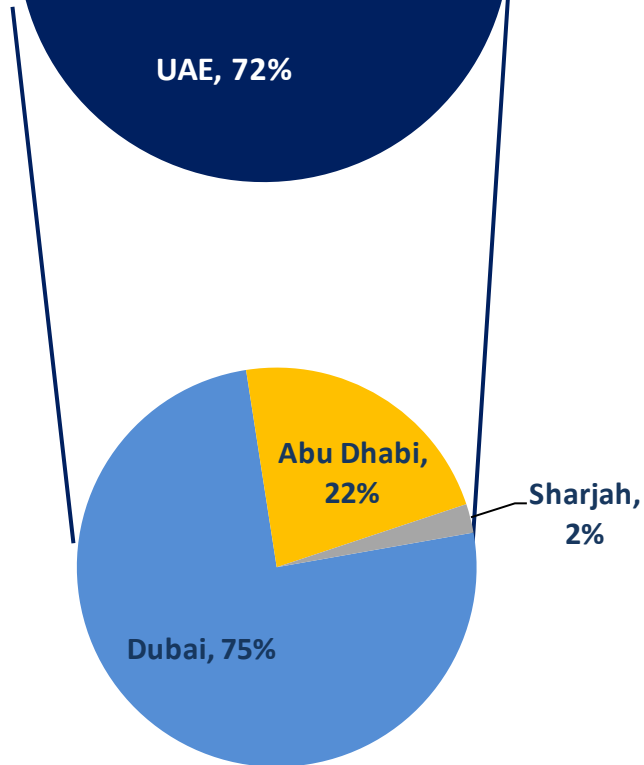
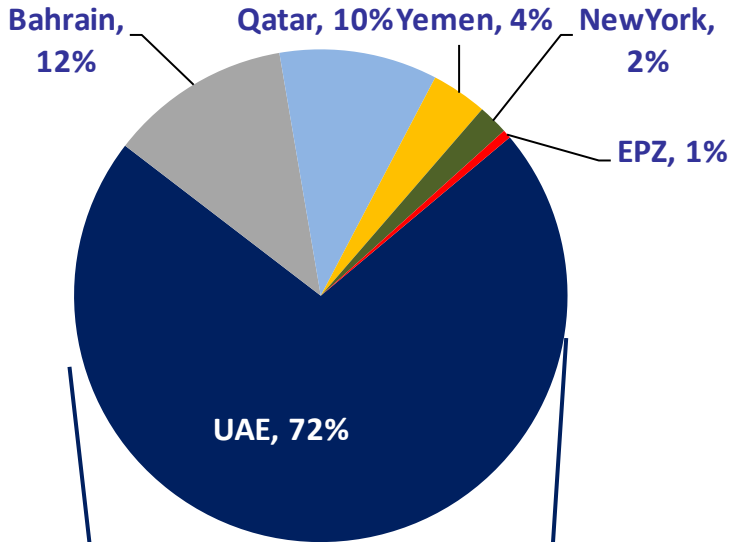
Rs in bln

	Mar'16	Dec'15	Var %
Corporate Bank	230	221	4%
Commodity	27	43	-36%
Commercial	21	25	-16%
Consumer	9	9	0%
Others	12	13	-7%
Total Domestic	299	310	-4%
International	148	145	3%
Bank	447	455	-2%
International - USD mln	1,419	1,384	3%

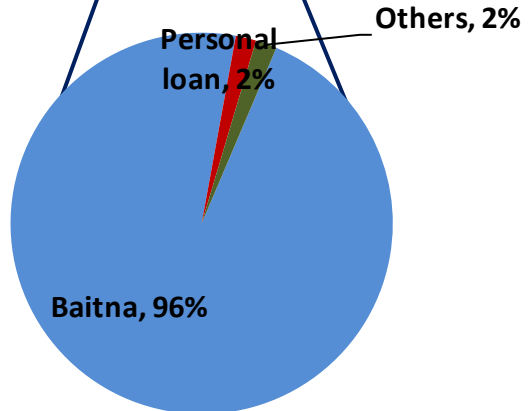
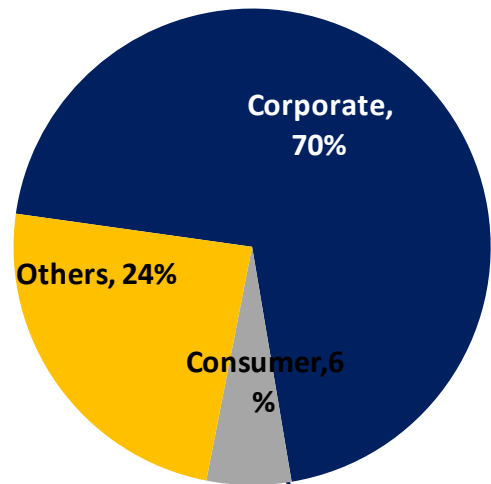


International Advances - Corporate loan book remains the largest component

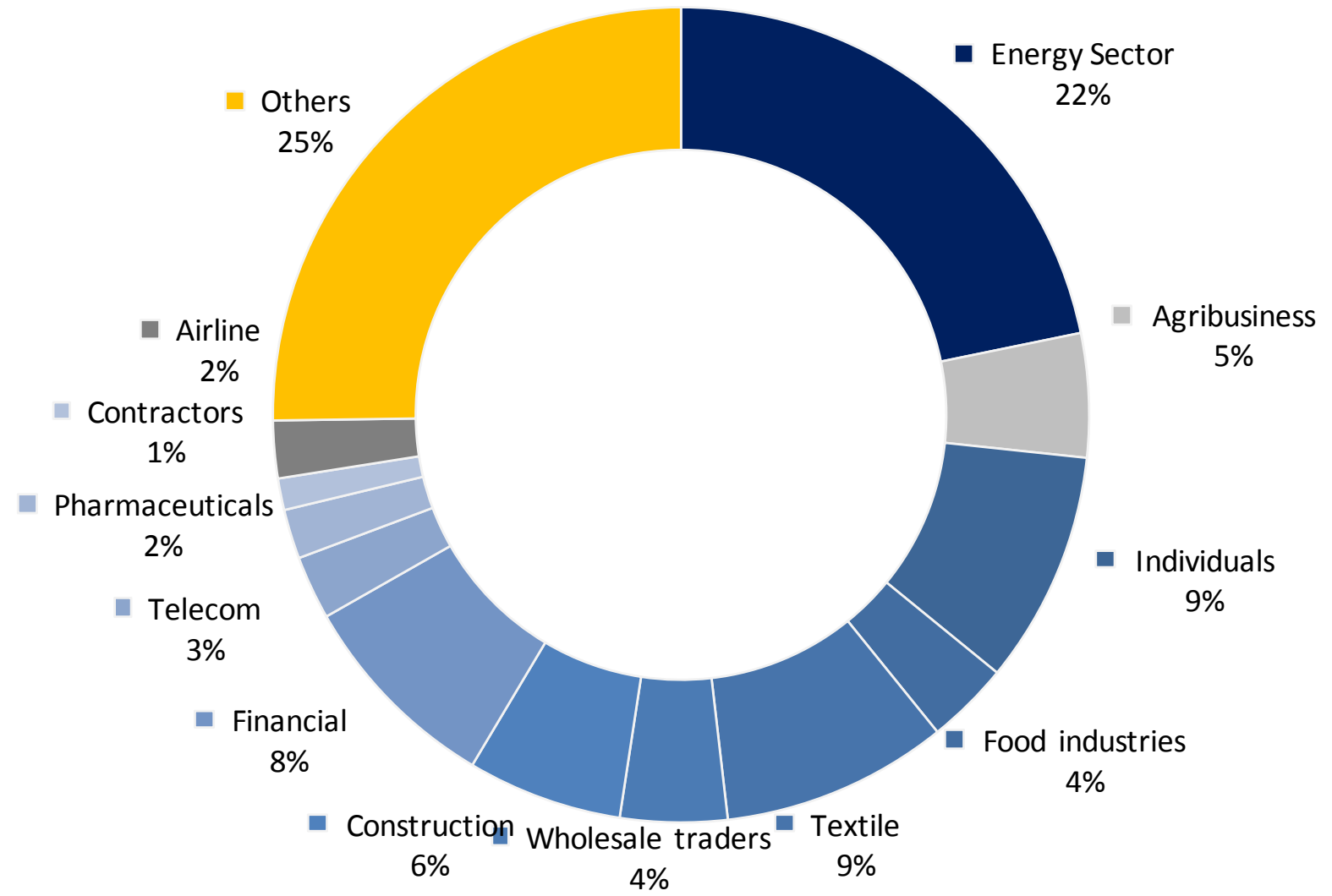
By Geography



By Business - UAE

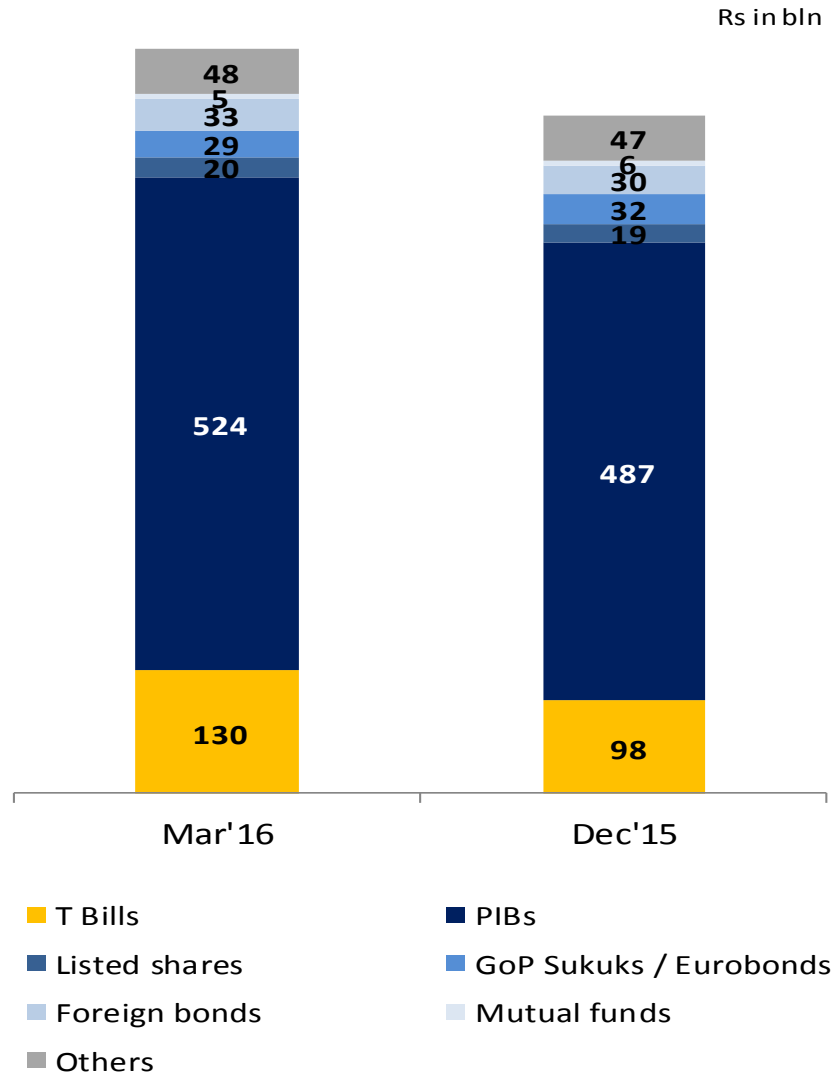


Concentration of Advances as at March 31, 2016 - Standalone

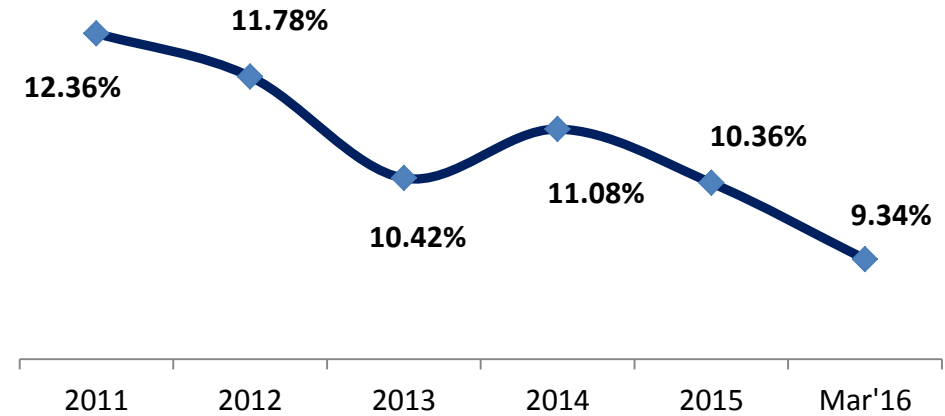


Diversified investment portfolio with strong market risk management

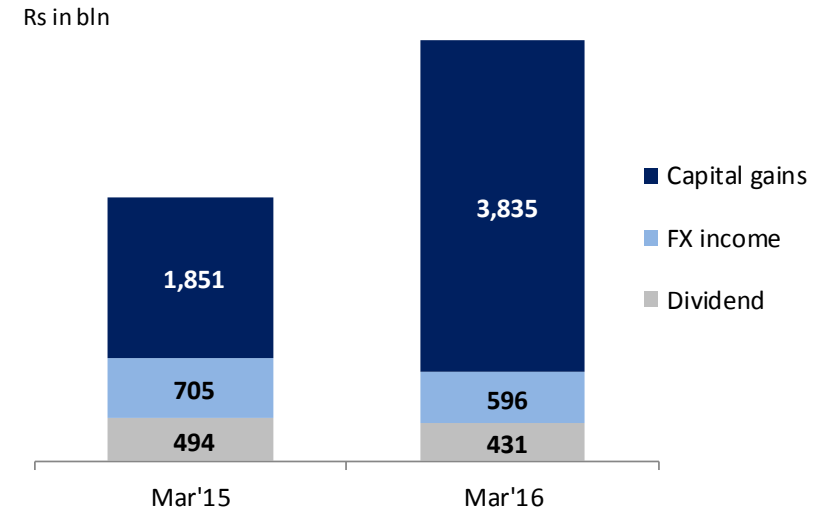
Portfolio concentrated in long terms treasury bonds



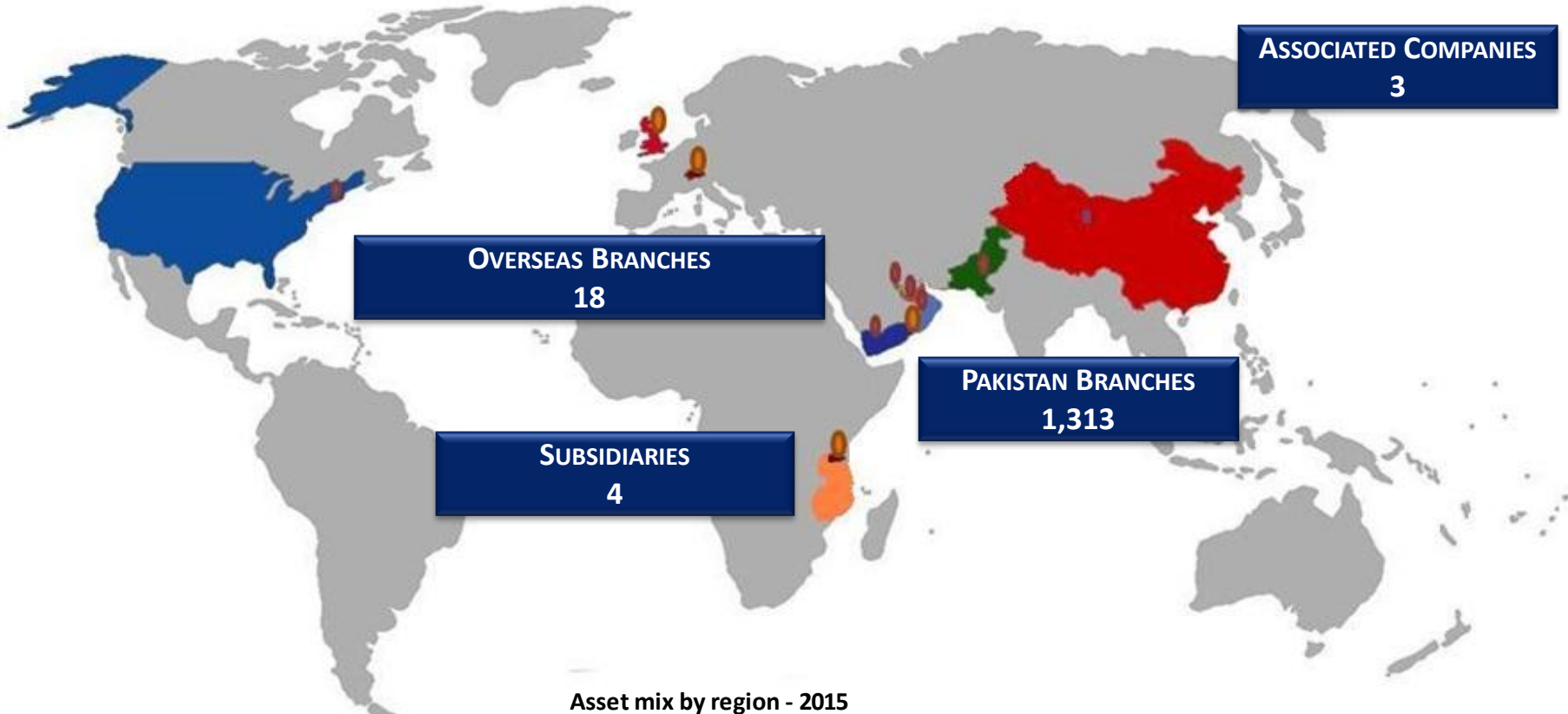
Investments' yields stable



Non Funded revenue streams continue to grow



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



Asset mix by region - 2015

Pakistani operations	74.8%
International operations	25.2%
Middle East	18.6%
USA	0.5%
Europe	5.8%
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

- **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
- 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>			<i>Rs in mln</i>	
	Q1'16	Q1'15	Var %	Q4'15	Var %
Fee, commission and brokerage income	3,175	2,879	10%	3,033	5%
Dividend income	431	494	-13%	794	-46%
Income from dealing in foreign currencies	596	705	-15%	515	16%
Gain / (loss) on sale of securities	3,835	1,851	107%	266	1341%
Other income	323	297	9%	235	38%
Total Non Fund Income	8,360	6,226	34%	4,843	73%

	<i>Rs in mln</i>			<i>Rs in mln</i>	
	Q1'16	Q1'15	Var %	Q4'15	Var %
Commission on trade	589	399	48%	527	12%
Commission on consumer loan	156	173	-10%	152	3%
Commission on remittance / uniremote	576	490	18%	513	12%
Corporate service chgs/finance fee/FIG inc.	428	270	58%	613	-30%
General banking service charges	488	447	9%	284	72%
Commission on cash management	128	101	26%	135	-5%
Commission on home remittance	244	480	-49%	232	5%
Commission income - Bancassurance	163	174	-7%	230	-29%
Commission others	402	343	17%	346	16%
Total	3,175	2,879	10%	3,033	5%

	<i>Rs in mln</i>			<i>Rs in mln</i>	
	Q1'16	Q1'15	Var %	Q4'15	Var %
Personnel Cost	3,307	2,956	-12%	3,129	-6%
Premises Cost	979	930	-5%	988	1%
Outsourced service charges including sales commission	1,240	981	-26%	1,094	-13%
Advertisement and publicity	522	145	-260%	473	-10%
Communications	280	297	6%	278	-1%
Depreciation / Amortization	524	522	0%	538	3%
Legal and professional charges	92	66	-41%	214	57%
Banking service charges	251	248	-1%	281	11%
Stationery and printing	133	133	-1%	148	10%
Travelling	78	64	-22%	86	10%
Cash transportation charges	147	134	-9%	150	2%
Repairs and maintenance	377	411	8%	452	17%
Vehicle expenses	41	44	8%	46	11%
Office running expenses	167	140	-19%	180	7%
Insurance expense	28	9	-226%	58	52%
Others	285	245	-16%	462	38%
Total	8,450	7,325	-15%	8,578	1%

A large yellow trapezoidal graphic is positioned on the left side of the slide, extending from the top edge down to the bottom edge. It is wider at the top and tapers towards the bottom. The text 'Key Ratios' is written in dark blue on this graphic.

Key Ratios

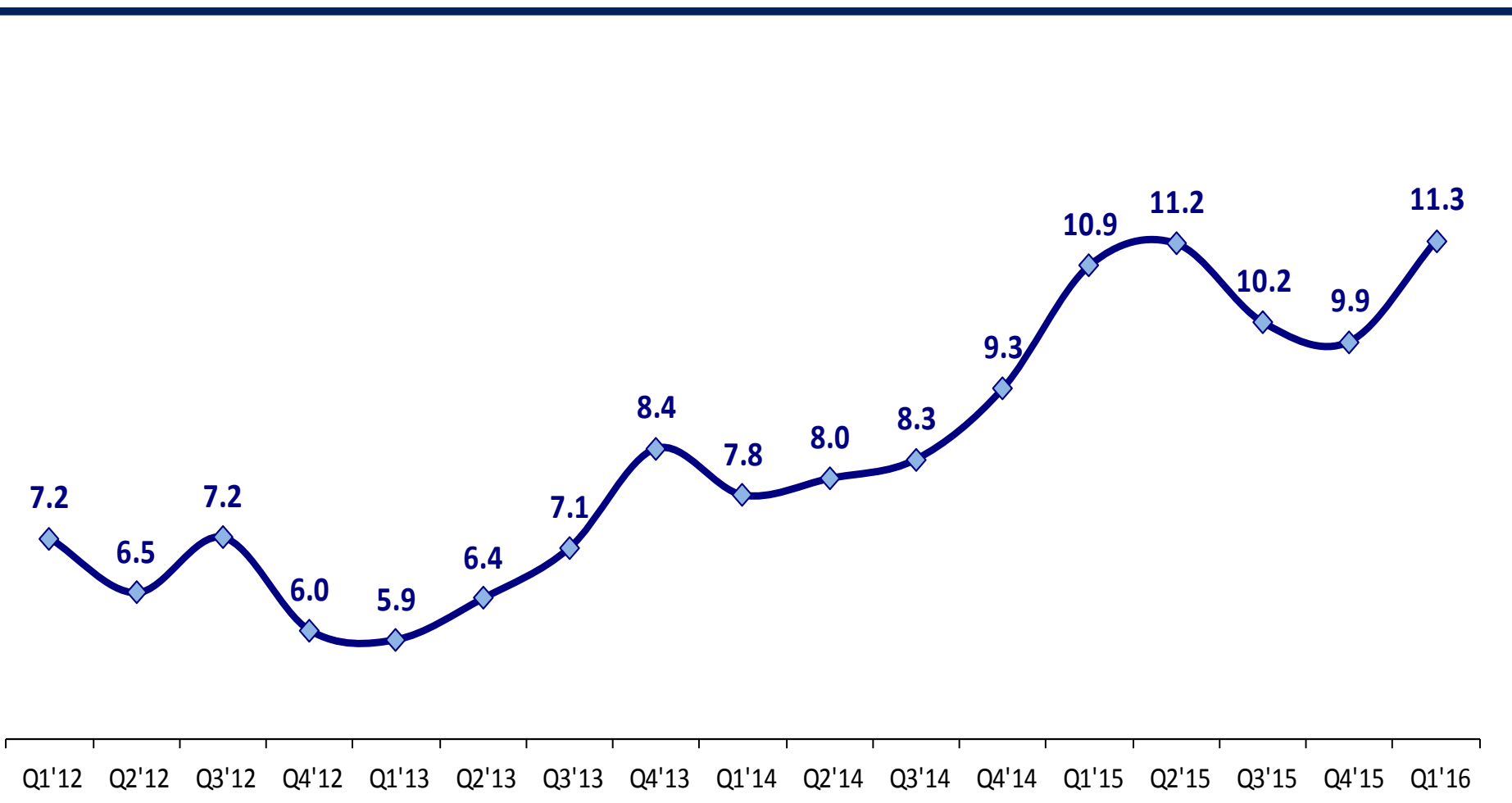
Key Financial Ratios

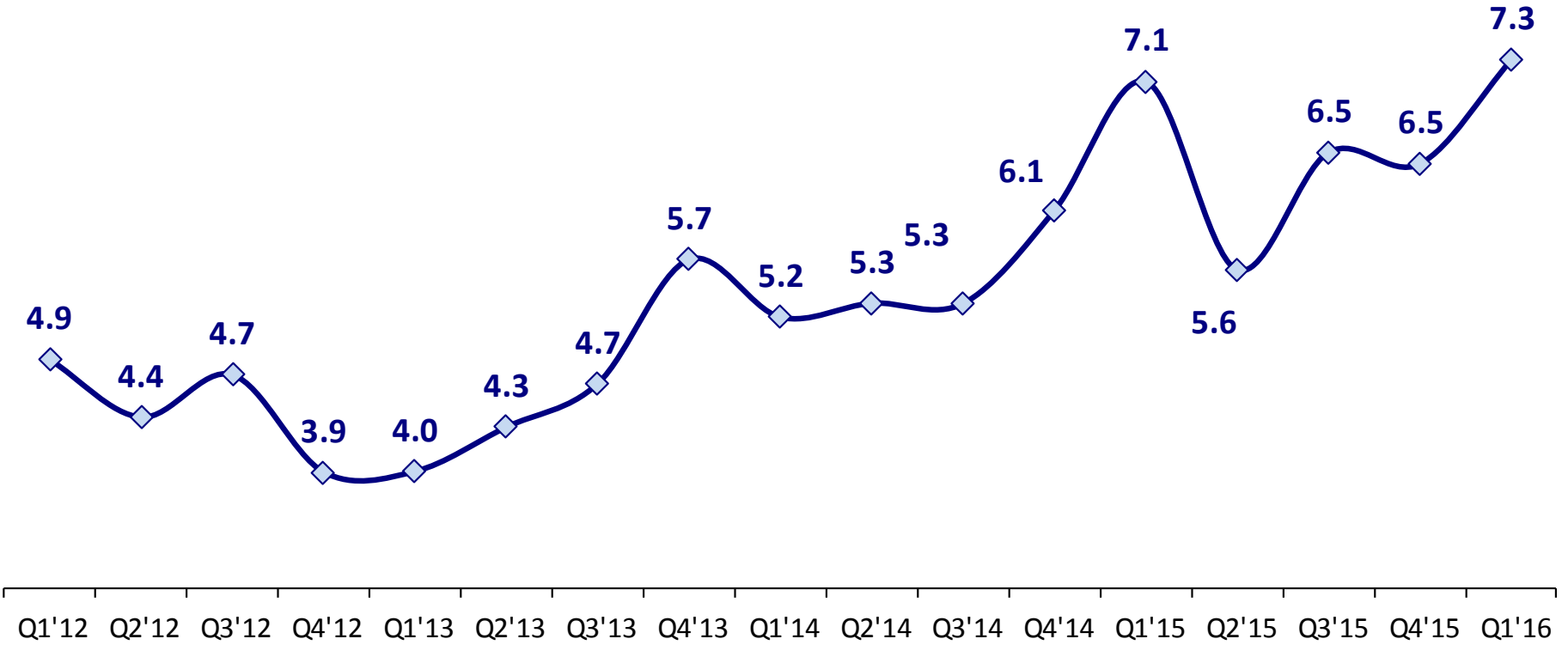
	Mar'16	Mar'15
Return on Equity	27.4%	30.1%
Return on Assets	2.1%	2.5%
Non Fund Income to Gross Revenue	38.1%	32.2%
Cost to Revenue Ratio	38.5%	37.9%

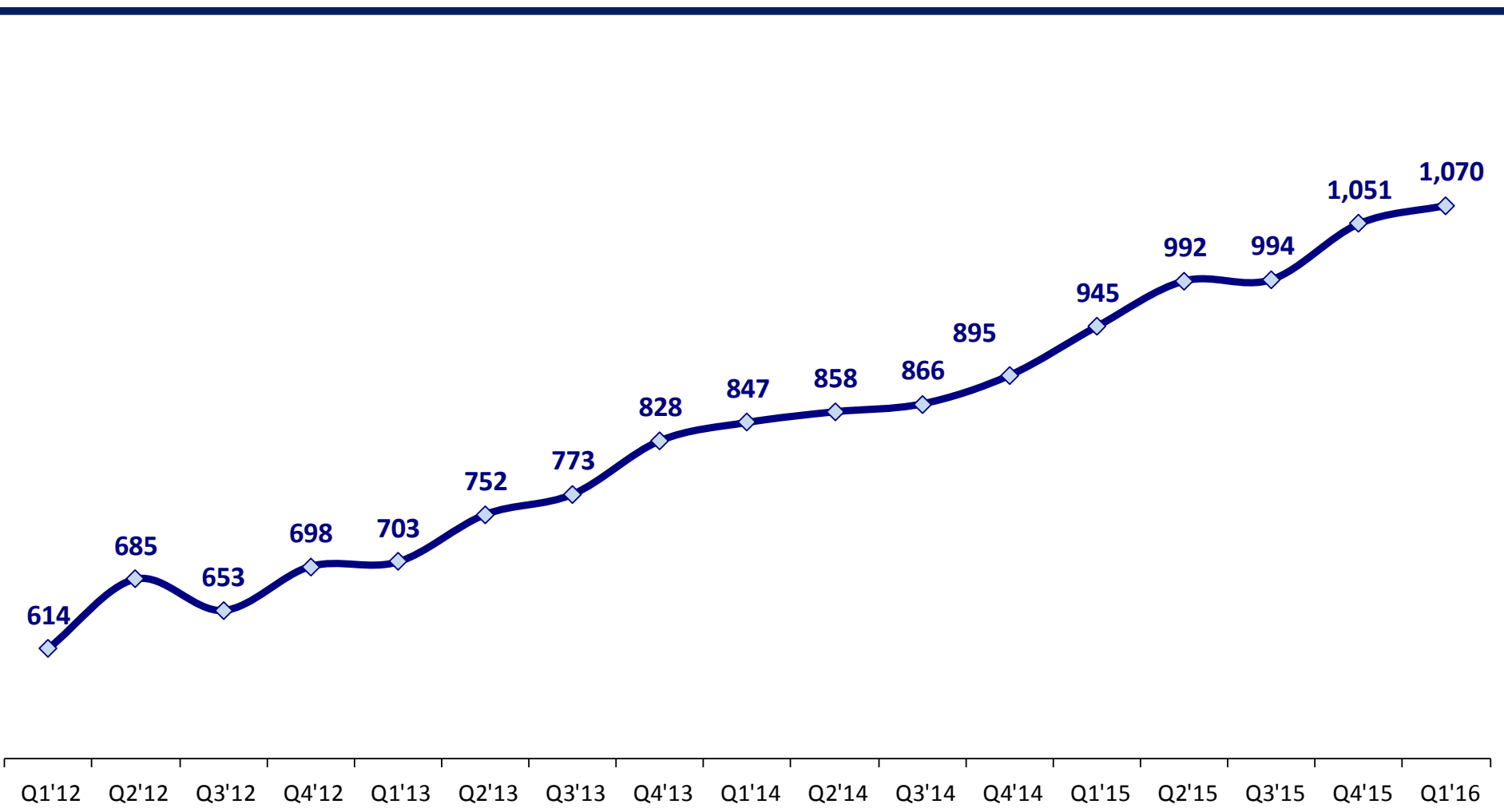
	Mar'16	Dec'15
Advances to Deposits Ratio	39.5%	41.3%
Asset Quality	9.6%	9.4%
Coverage (Specific provisions)	79.2%	80.2%
Coverage (Total provisions)	91.7%	88.9%
CAR - Tier I	10.4%	10.4%
CAR	14.6%	14.6%

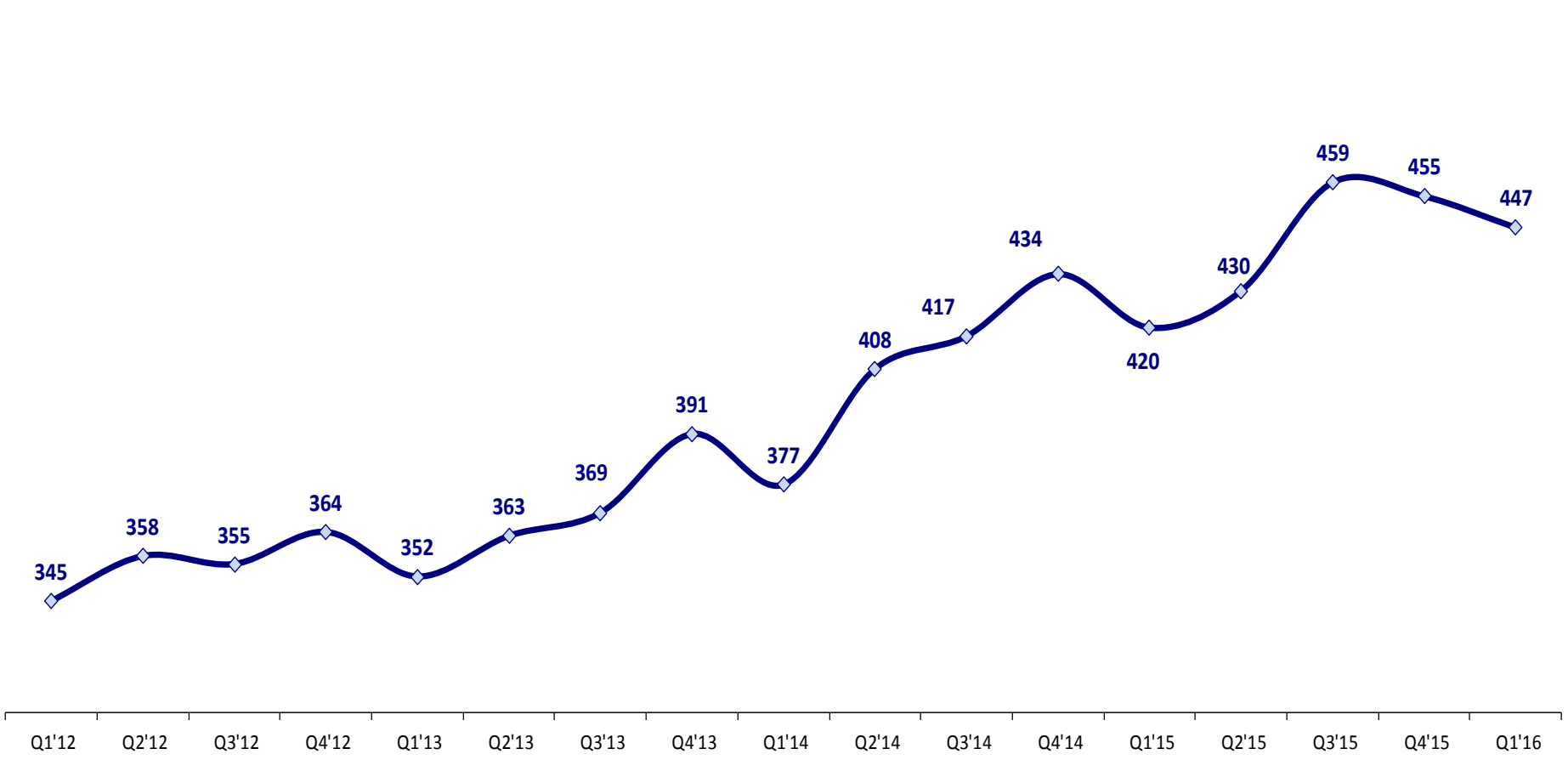
Quarterly Trend Analysis March 2016

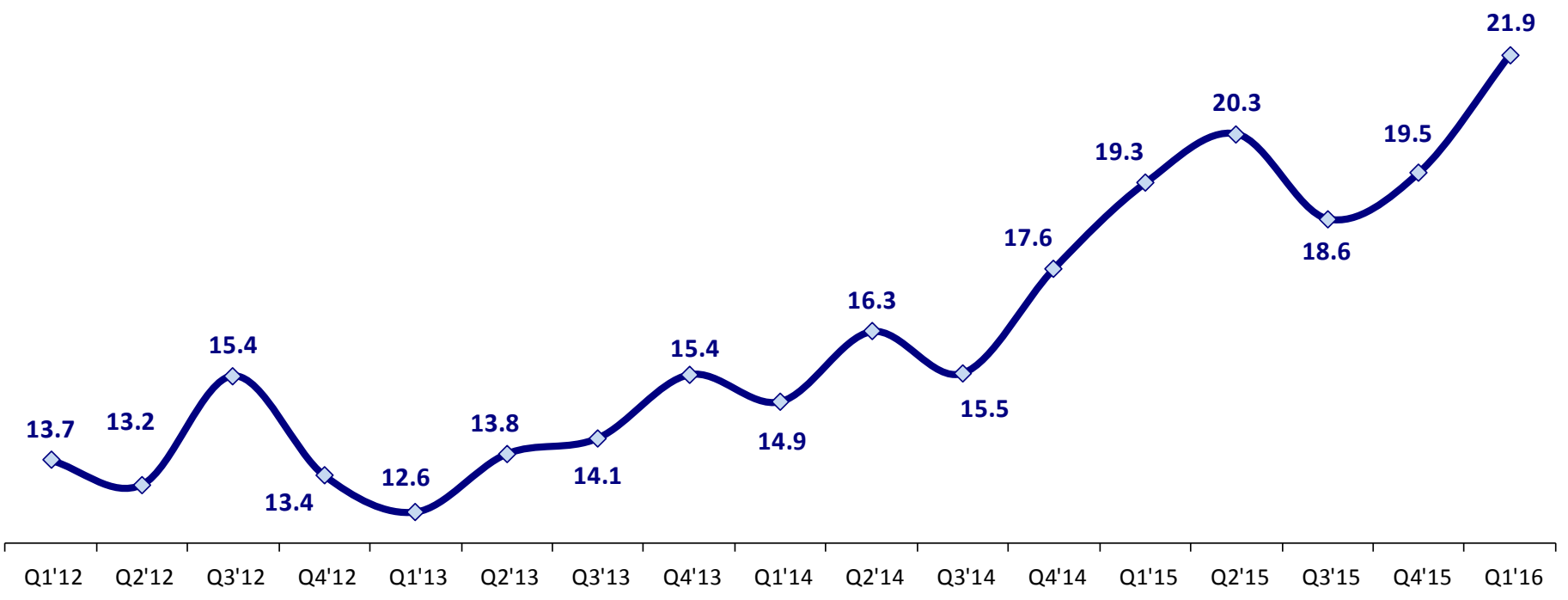
Bank Level - Standalone

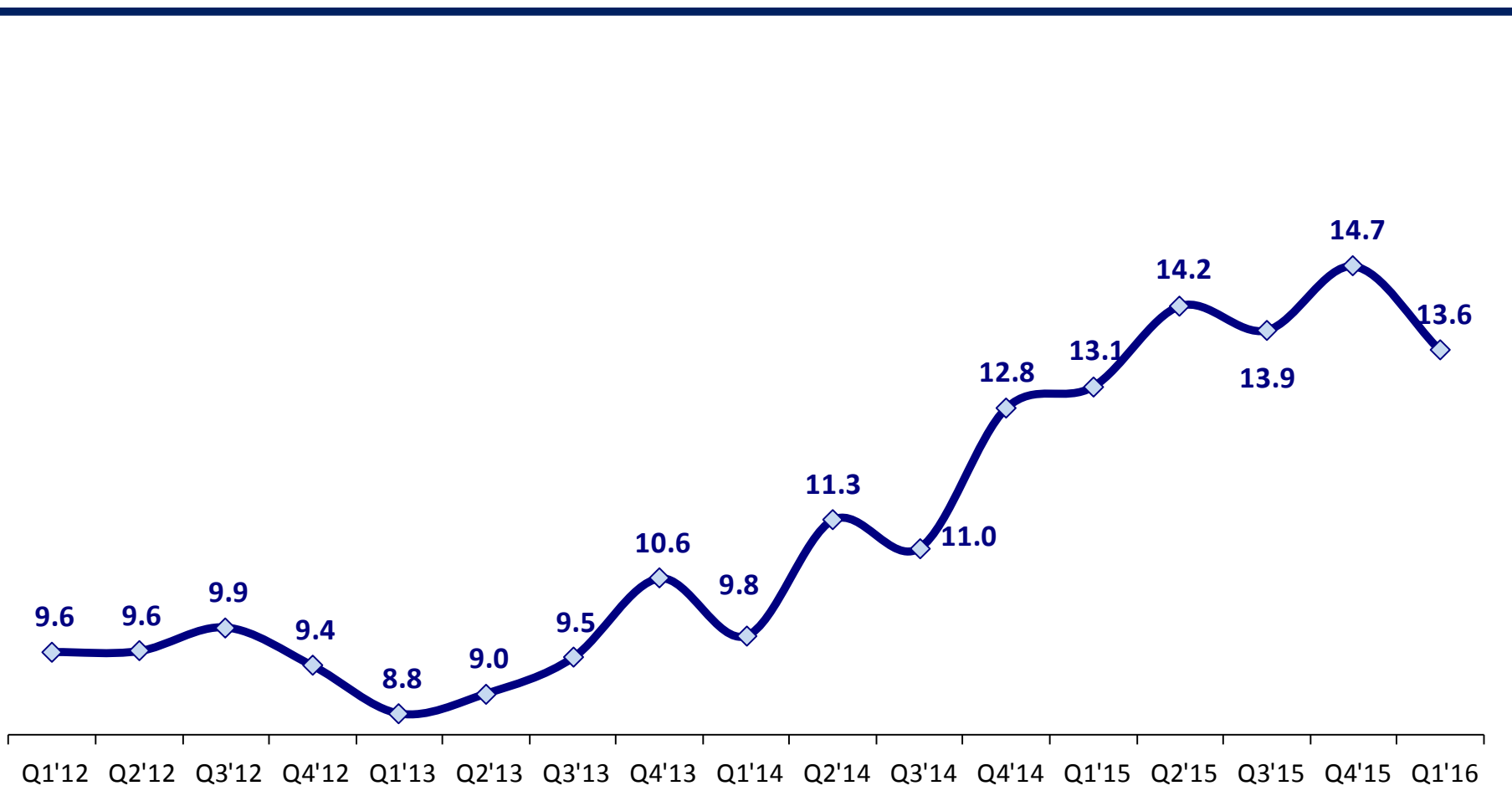


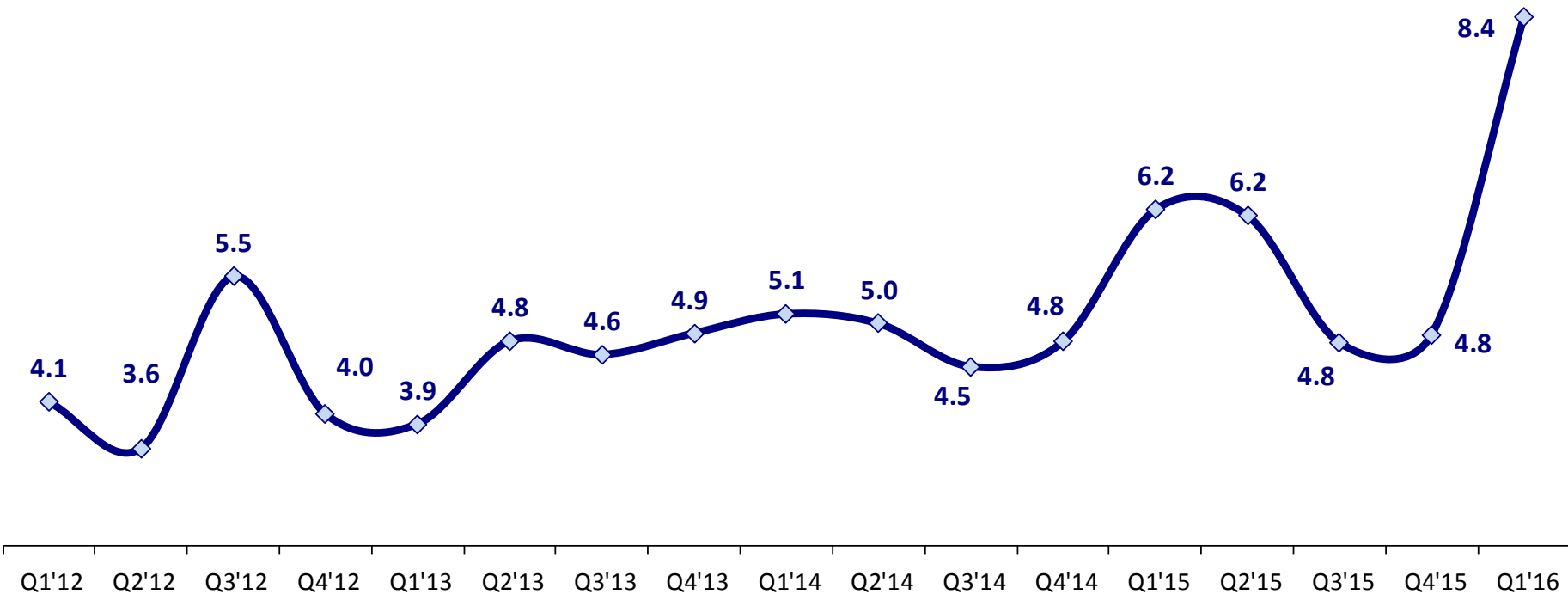


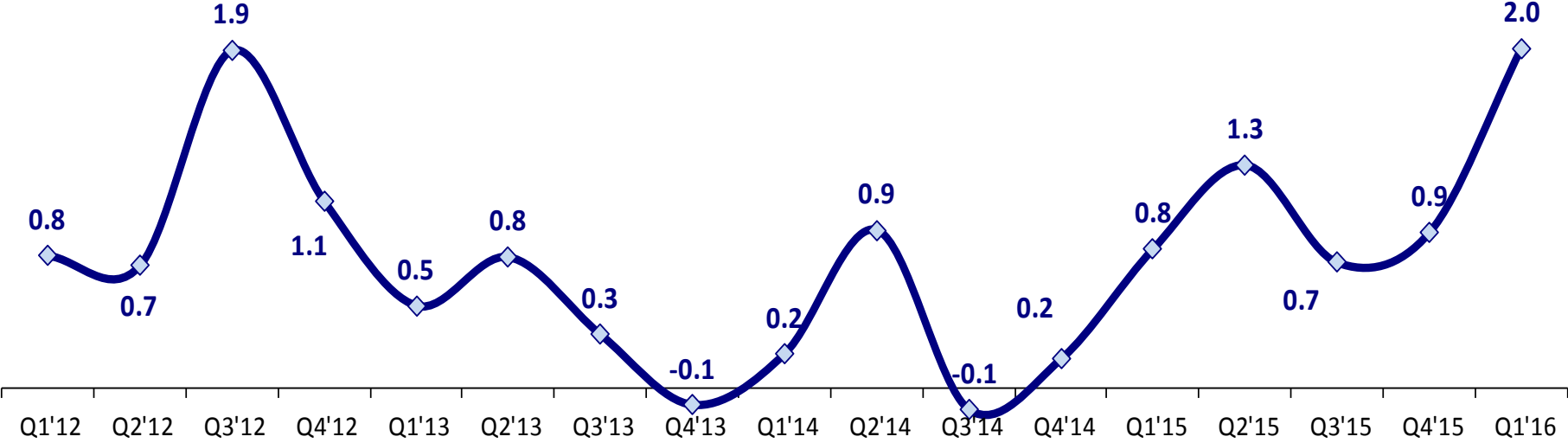


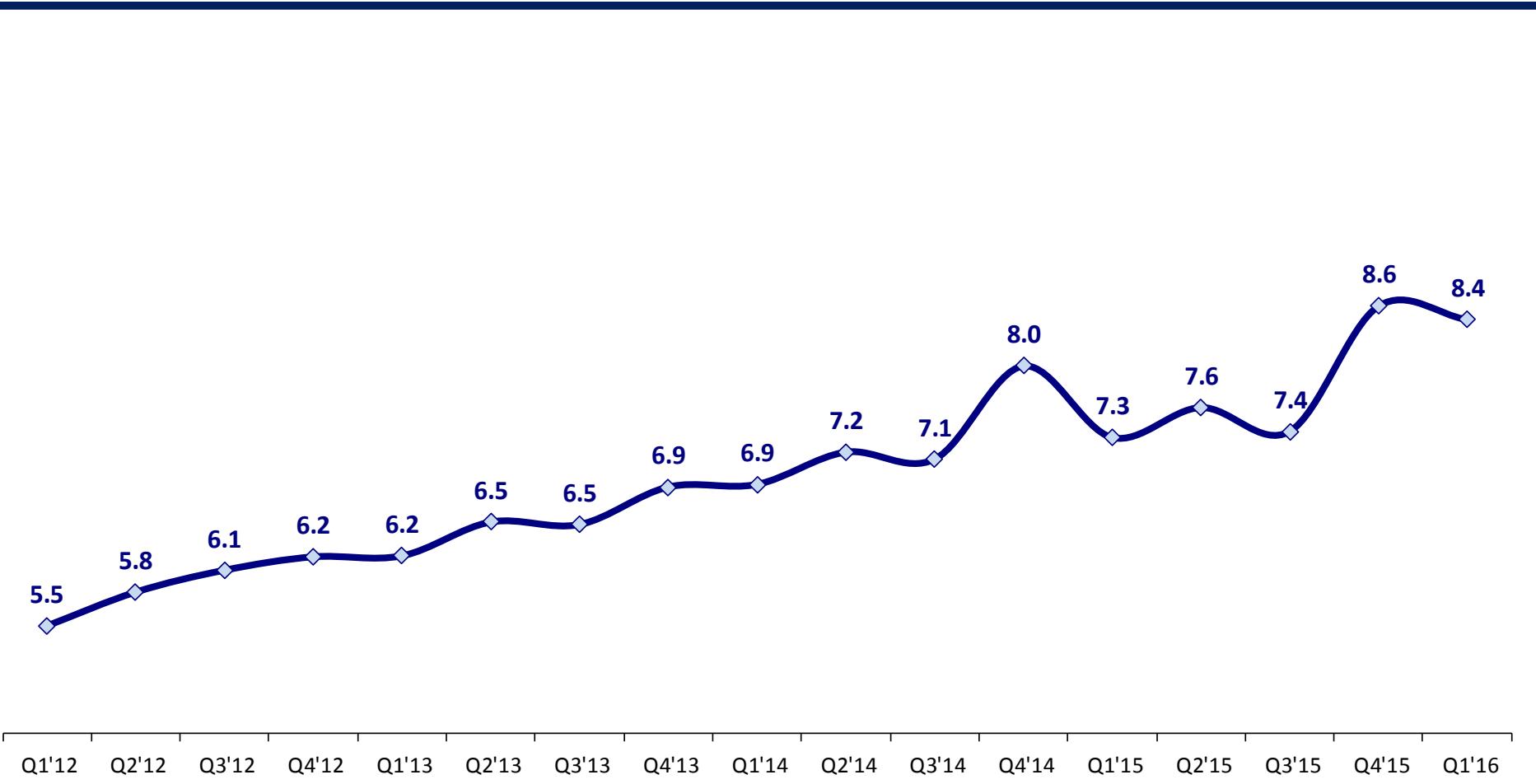












The information contained herein reflects our latest business statement as at March 31, 2016.

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
