

Performance Highlights - 30 Sep 2016

Investor Relations Conference Call

October 20th, 2016

Speakers:

Mr. Aameer Karachiwalla - Chief Financial Officer

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

“Top companies of the year” for 2015 Award by Pakistan Stock Exchange

“Innovation Award” by Mastercard Innovation Forum for ‘Launch of UBL MasterPass QR’

Table of Contents

PAGE

Key Highlights

3

Execution and Delivery

7

Key Ratios

21

Quarterly Trend Analysis

23

Standalone results

- Profit before tax up by 10% to Rs. 35.6 bln
- Profit after tax up by 11% to Rs. 21.3 bln
- UBL increased its domestic market share of deposits to 8.79% as at Sep'16 (8.60% as at Dec'15)
- Return on equity of 25.9% in 9M'16 (9M'15: 26.1%)
- Average balance sheet expansion of 19% in 9M'16 vs 9M'15
- Domestic deposits have grown by 11% over Dec'15
- Revenue growth of 5% over the corresponding period
- Cost to income ratio is 38.5% for 9M'16 (9M'15: 38.3%)
- Provision expense down by 50% to Rs. 1.4 bln

Consolidated results

- Consolidated profit before tax up by 8% over 9M'15, at Rs. 36.5 bln
- Consolidated profit after tax up by 6% over 9M'15, at Rs. 21.8 bln

Other Updates

- Awarded “Top Companies of the Year” Award for 2015 by Pakistan Stock Exchange
- Awarded “Innovation Award” by Mastercard Innovation Forum – ‘Launch of UBL MasterPass QR’

Net interest income up 5% over 9M'15, reaches Rs. 43.0 bln

- Overall cost of deposits reduced by 70 bps to close at 2.7% in 9M'16 (9M'15: 3.6%)
- Average loan growth of 11% in 9M'16 vs 9M'15, with yields at 6.6% in 9M'16 (9M'15: 8.4%)
- Average earning investments grew by 32% in 9M'16 vs 9M'15, with yields at 9.1% in 9M'16 (9M'15: 10.5%)

Non interest income up by 7% over 9M'15, reaches Rs. 18.4 bln

- Fee and Commissions for 9M'16 recorded at Rs. 9.1 bln (9M'15: Rs. 9.2 bln)
- Capital gains stood at Rs. 5.2 bln (9M'15: Rs. 3.0 bln)
- Dividend income closed at Rs. 2.0 bln (9M'15: Rs. 2.4 bln)
- FX income at Rs. 1.4 bln (9M'15: Rs. 1.8 bln), as the exchange rate remains relatively stable in 2016

Provisions down by Rs. 1.4 bln over 9M'15, recorded at Rs. 1.4 bln

- Strong cash recoveries within domestic and international
- General provisions of Rs. 0.6 bln (9M'15: Rs. 2.7 bln) taken against the advances portfolio
- Impairment charge of Rs. 0.9 bln (9M'15: Rs. 38.4 mln) taken against the investment portfolio

Administrative expenses well controlled with 6% growth over 9M'15, reached Rs. 23.7 bln

- Personnel costs for 9M'16 at Rs. 9.3 bln, up by 5% (9M'15: Rs. 8.9 bln)
- Premises costs remained almost flat with the increase restricted to 2% in 9M'16 vs 9M'15
- Variable expenses and sales related commissions up by 11% to reach Rs. 3.6 bln
- Advertising and marketing spend has been enhanced with further investment in the corporate brand

Retail deposits growth driving balance sheet expansion

- Domestic deposits grew by 11% over Dec'15, at Rs. 924 bln (Dec'15: Rs. 832 bln)
- Domestic current accounts grew by 16% over Dec'15, Average current account growth of 17% in 9M'16 vs 9M'15

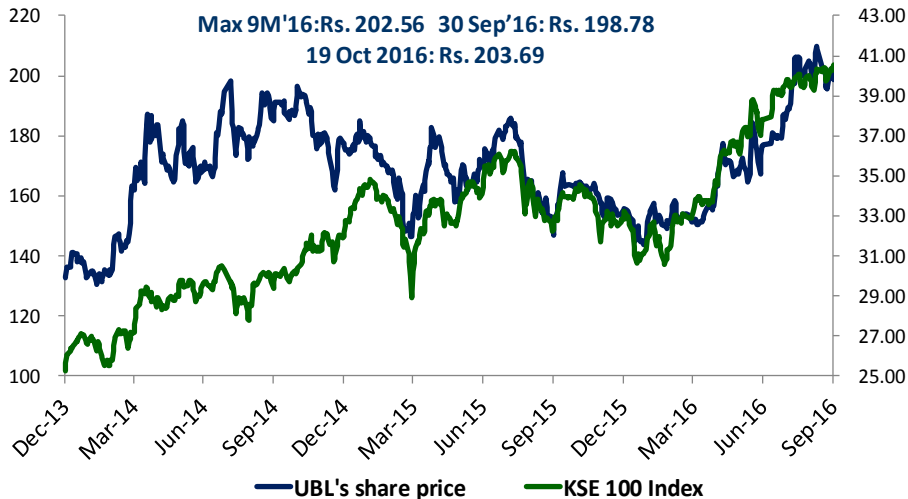
Net Advances stood at Rs. 509 bln, up by 12% from Rs. 455 bln as at Dec'15

- Corporate loan book stood at Rs. 224 bln (Dec'15: Rs. 221 bln)
- Commodity advances portfolio increased at Sep'16 to Rs. 74 bln (Dec'15: Rs. 43 bln)
- International portfolio up by 13% at Sep'16 to Rs. 164 bln (Dec'15: Rs. 145 bln)
- Overall NPLs have decreased by Rs. 1.4 bln to Rs. 45.4 bln at Sep'16 (Dec'15: Rs. 46.8 bln)
- Asset quality has improved to 8.2% as at Sep'16.(Dec'15: 9.4%)
- Coverage ratio based on specific provision at Sep'16 is 81.5% (Dec'15: 80.2%)

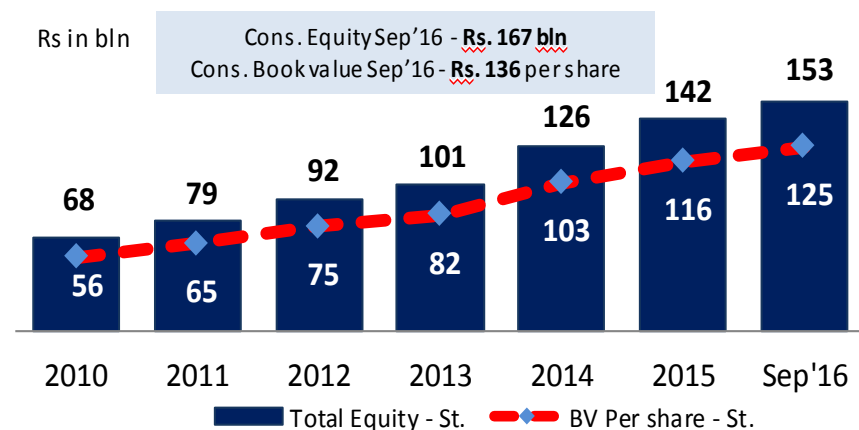
**Execution and Delivery -
Strong earnings growth in 9M'16**

Consistent earnings performance

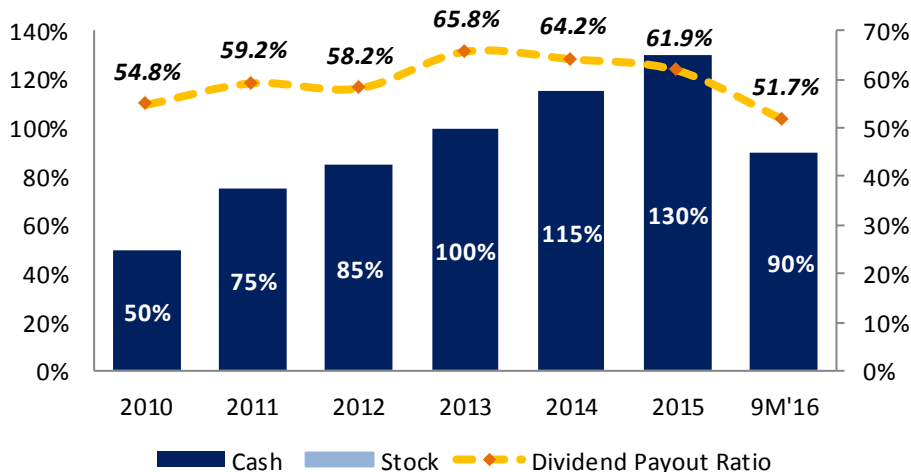
Trends - KSE 100 Index and UBL's share price



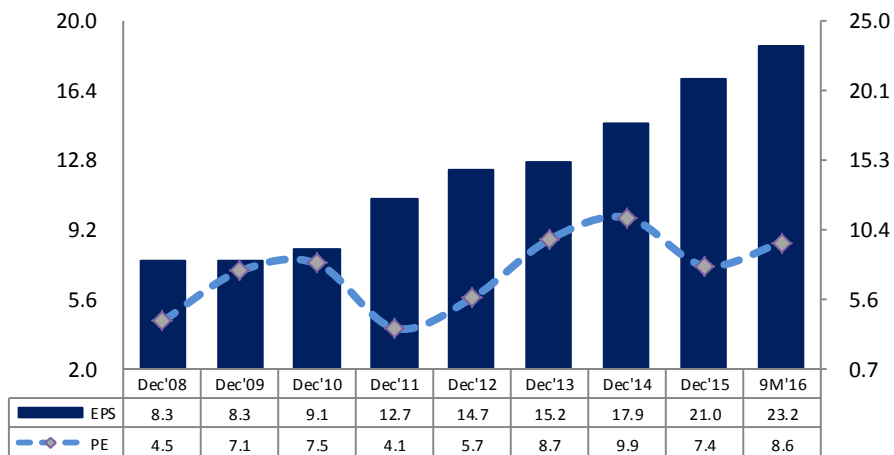
Equity and Book Values



Cash and Stock Payout



EPS & Price Earnings Ratio *



Income Statement - Standalone

	<i>Rs in bln</i>			<i>Rs in bln</i>		
	9M'16	9M'15	Var %	Q3'16	Q2'16	Var %
Interest Earned	73.4	70.1	4.6%	23.8	26.1	-8.7%
Interest Expensed	(30.4)	(29.0)	-4.7%	(10.2)	(10.4)	1.9%
Net Interest Income	43.0	41.1	4.5%	13.7	15.7	-13.2%
Non Interest Income	18.4	17.1	7.4%	4.5	5.6	-20.2%
Total Revenue	61.4	58.3	5.4%	18.1	21.3	-15.0%
Admin. Expenses	(23.7)	(22.3)	-6.0%	(7.4)	(7.8)	6.0%
Operating Expenses	(24.4)	(23.2)	-5.4%	(7.6)	(8.1)	6.2%
Pre Prov. Operating Profit	37.0	35.1	5.4%	10.5	13.2	-20.5%
Provision Exp./Other writeoffs	(1.4)	(2.8)	50.1%	0.3	0.3	0.3%
Profit Before Tax	35.6	32.3	10.2%	10.8	13.5	-20.0%
Profit After Tax	21.3	19.3	10.6%	7.0	7.0	0.2%

Income Statement - Consolidated

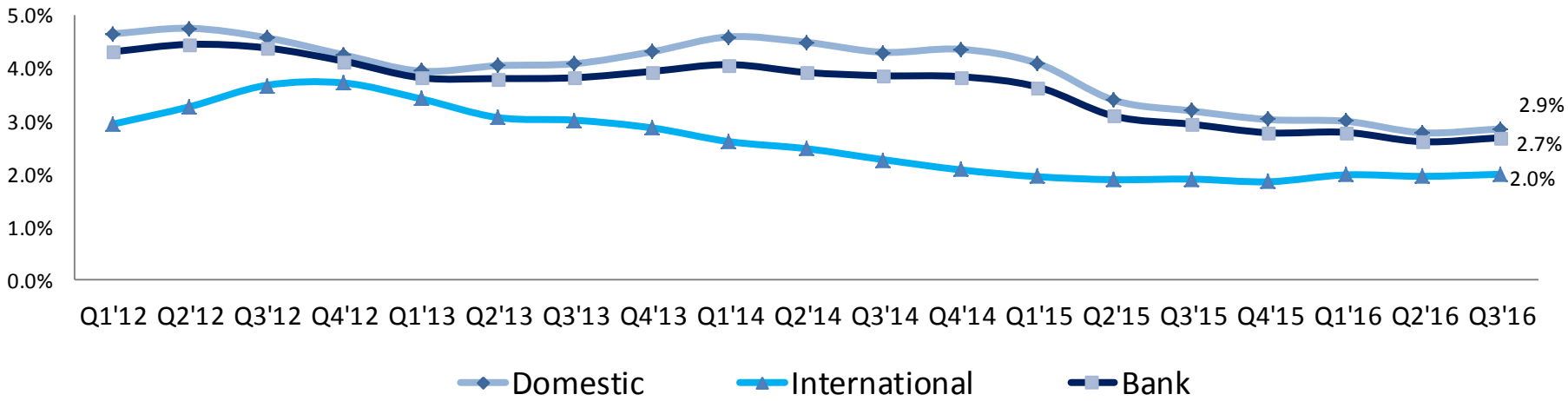
	<i>Rs in bln</i>			<i>Rs in bln</i>		
	9M'16	9M'15	Var %	Q3'16	Q2'16	Var %
Interest Earned	75.9	72.5	4.7%	24.5	27.1	-9.4%
Interest Expensed	(31.5)	(29.9)	-5.4%	(10.5)	(10.8)	3.1%
Net Interest Income	44.4	42.6	4.2%	14.1	16.3	-13.6%
Non Interest Income	20.4	19.2	6.2%	5.1	6.1	-17.3%
Total Revenue	64.8	61.8	4.8%	19.1	22.4	-14.6%
Admin. Expenses	(26.0)	(24.5)	-6.0%	(8.2)	(8.7)	5.9%
Operating Expenses	(26.8)	(25.4)	-5.4%	(8.4)	(8.9)	6.0%
Pre Prov. Operating Profit	38.0	36.4	4.4%	10.7	13.5	-20.4%
Provision Exp./Other writeoffs	(1.5)	(2.7)	44.3%	0.3	0.2	48.1%
Profit Before Tax	36.5	33.6	8.4%	11.0	13.6	-19.5%
Profit After Tax	21.8	20.4	6.4%	7.2	7.0	1.6%

Deposits growth with enhanced market share - Focus remain of low cost deposits

Deposits – Bank

	Sep'16		Dec'15	
	PE	CoF %	PE	CoF %
Domestic deposits - Rs in bln	924	2.9%	832	3.4%
International deposits - Rs in bln	223	2.0%	219	1.9%
Total Bank - Rs in bln	1,147	2.7%	1,051	3.1%
International - USD in mln	2,136	2.0%	2,094	1.9%
Domestic CASA	82.2%		83.6%	

Cost of Deposits

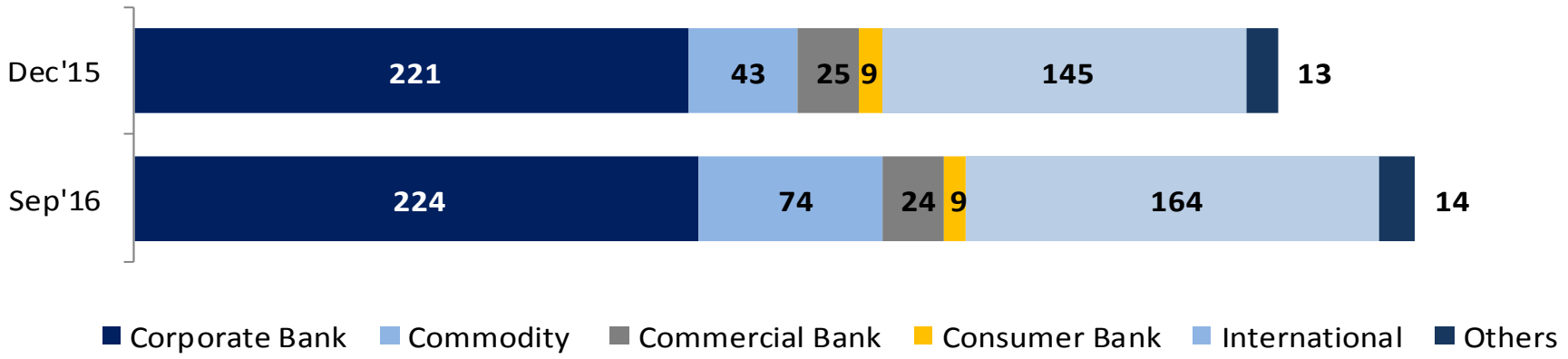


Advances portfolio registers 12% growth over Dec'15

Net Advances

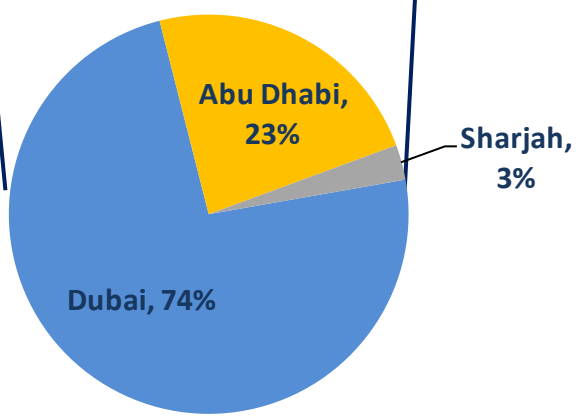
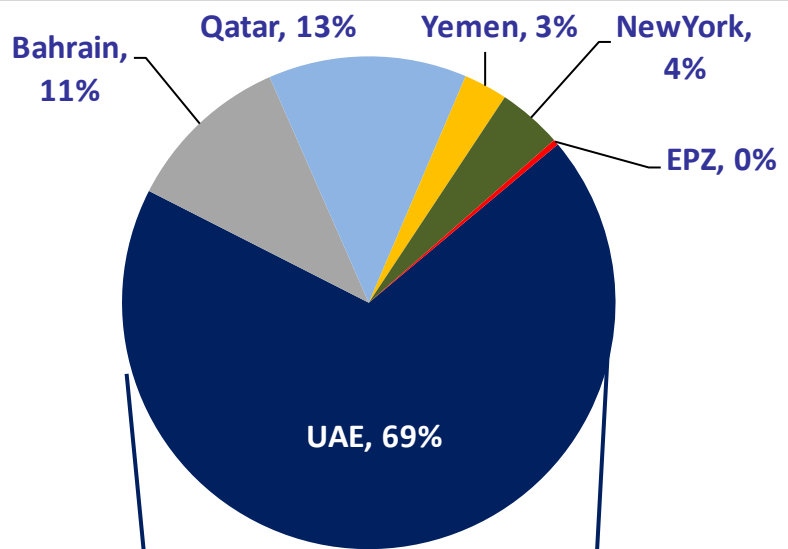
Rs in bln

	Sep'16	Dec'15	Var %
Corporate Bank	224	221	2%
Commodity	74	43	71%
Commercial	24	25	-4%
Consumer	9	9	5%
Others	14	13	12%
Total Domestic	345	310	11%
International	164	145	13%
Bank	509	455	12%
International USD mln	1,569	1,384	13%

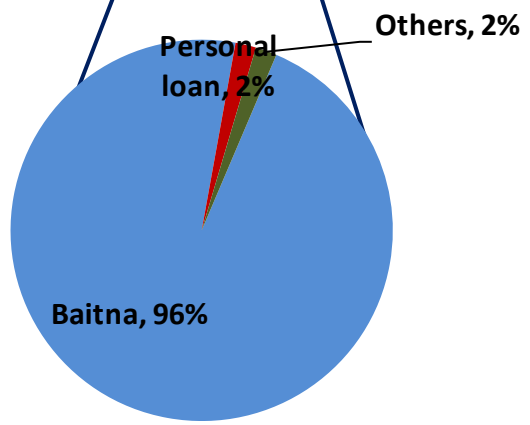
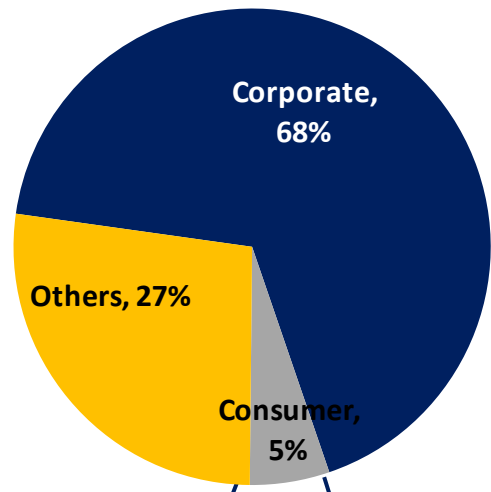


International Advances - Corporate loan book remains the largest component

By Geography

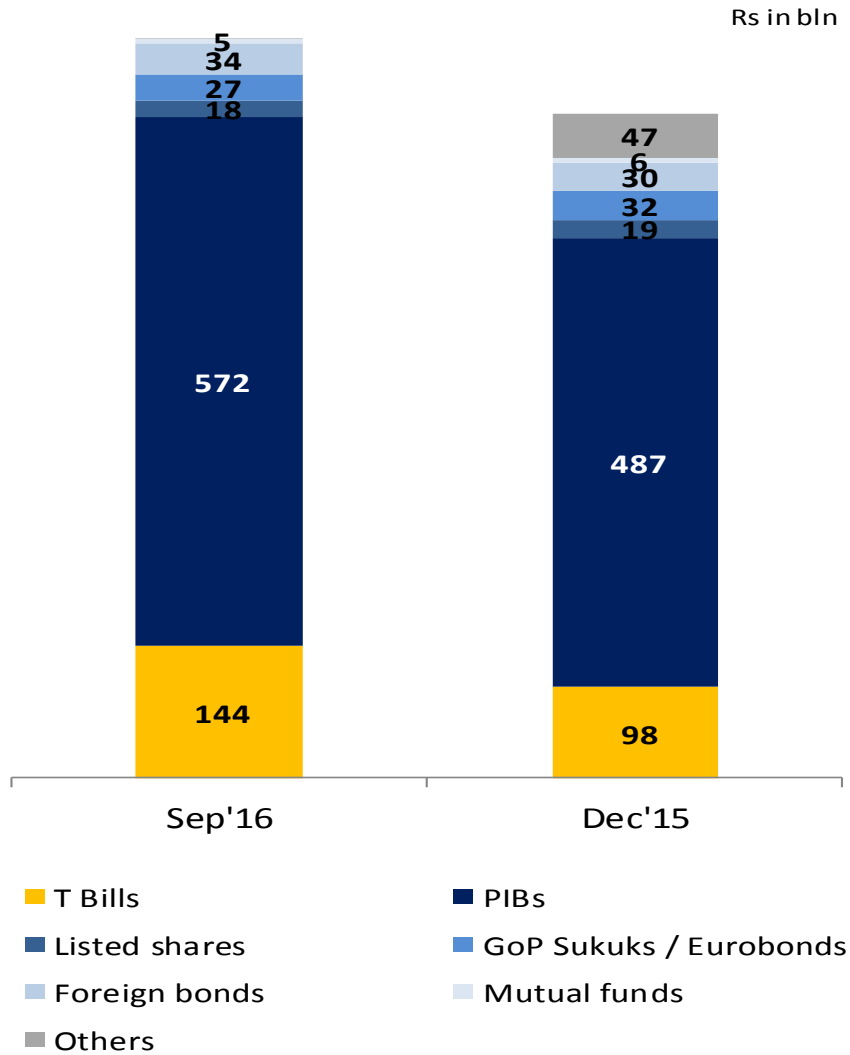


By Business - UAE

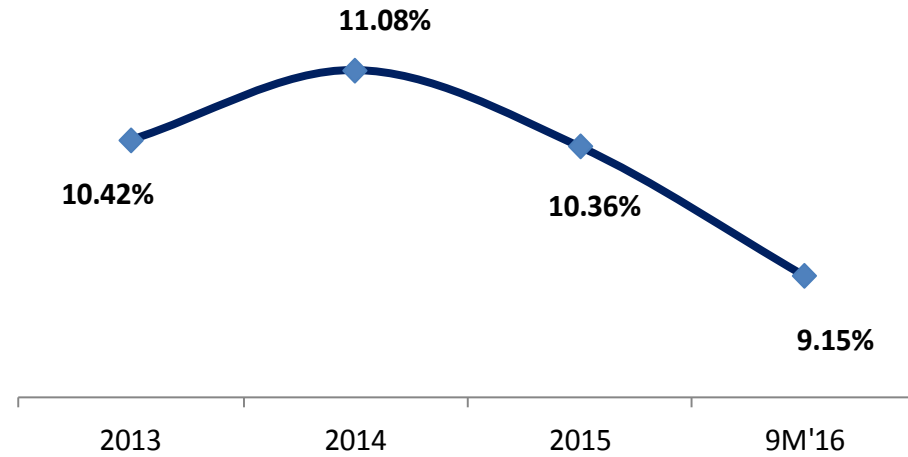


Diversified investment portfolio with strong market risk management

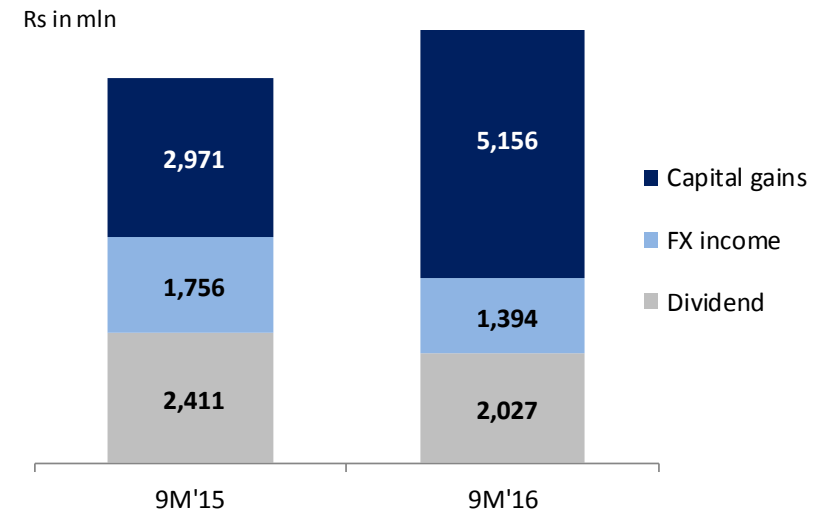
Portfolio concentrated in long terms treasury bonds



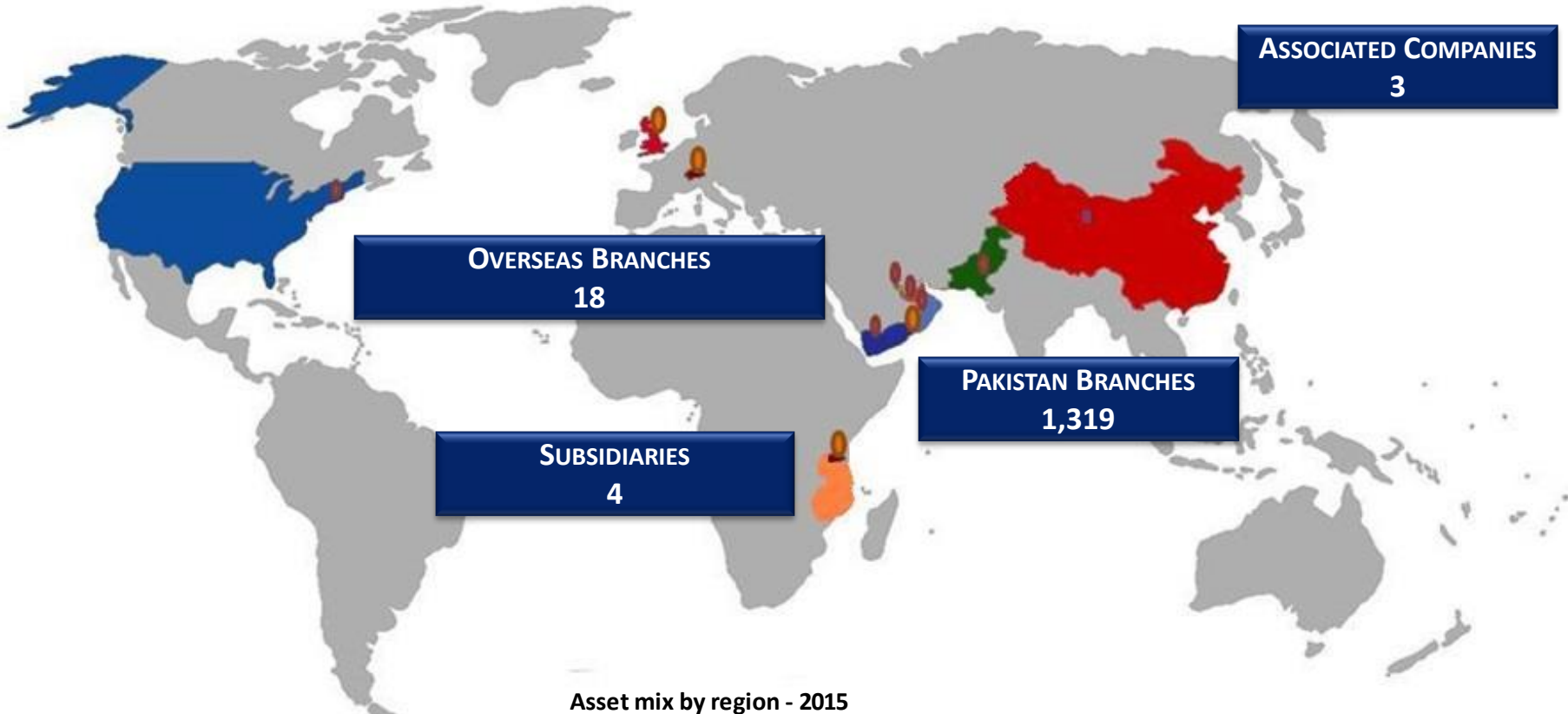
Investments' yields



Non Funded revenue streams continue to grow



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



Asset mix by region - 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

- Awarded “Innovation Award” by 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>		
	9M'16	9M'15	Var %
Fee, commission and brokerage income	9,145	9,170	0%
Dividend income	2,027	2,411	-16%
Income from dealing in foreign currencies	1,394	1,756	-21%
Gain / (loss) on sale of securities	5,156	2,971	74%
Other income	696	835	-17%
Total Non Fund Income	18,417	17,144	7%

	<i>Rs in mln</i>		
	9M'16	9M'15	Var %
Commission on trade	1,526	1,277	19%
Commission on consumer loan	547	579	-6%
Commission on remittance / uniremote	1,629	1,588	3%
Corporate service chgs/finance fee/FIG inc.	1,376	1,164	18%
General banking service charges	1,513	1,456	4%
Commission on cash management	397	355	12%
Commission on home remittance	728	1,222	-40%
Commission income - Bancassurance	411	478	-14%
Commission others	1,019	1,052	-3%
Total	9,145	9,170	0%

Rs in mln

	9M'16	9M'15	Var %
Personnel Cost	9,325	8,885	-5%
Premises Cost	3,057	2,996	-2%
Outsourced service charges including sales commission	3,586	3,226	-11%
Advertisement and publicity	367	350	-5%
Communications	846	870	3%
Depreciation / Amortization	1,560	1,596	2%
Legal and professional charges	291	210	-39%
Banking service charges	787	720	-9%
Stationery and printing	438	444	1%
Travelling	184	193	5%
Cash transportation charges	467	428	-9%
Repairs and maintenance	1,101	1,155	5%
Vehicle expenses	132	133	1%
Office running expenses	561	456	-23%
Insurance expense	84	50	-67%
Others	878	609	-44%
Total	23,666	22,318	-6%

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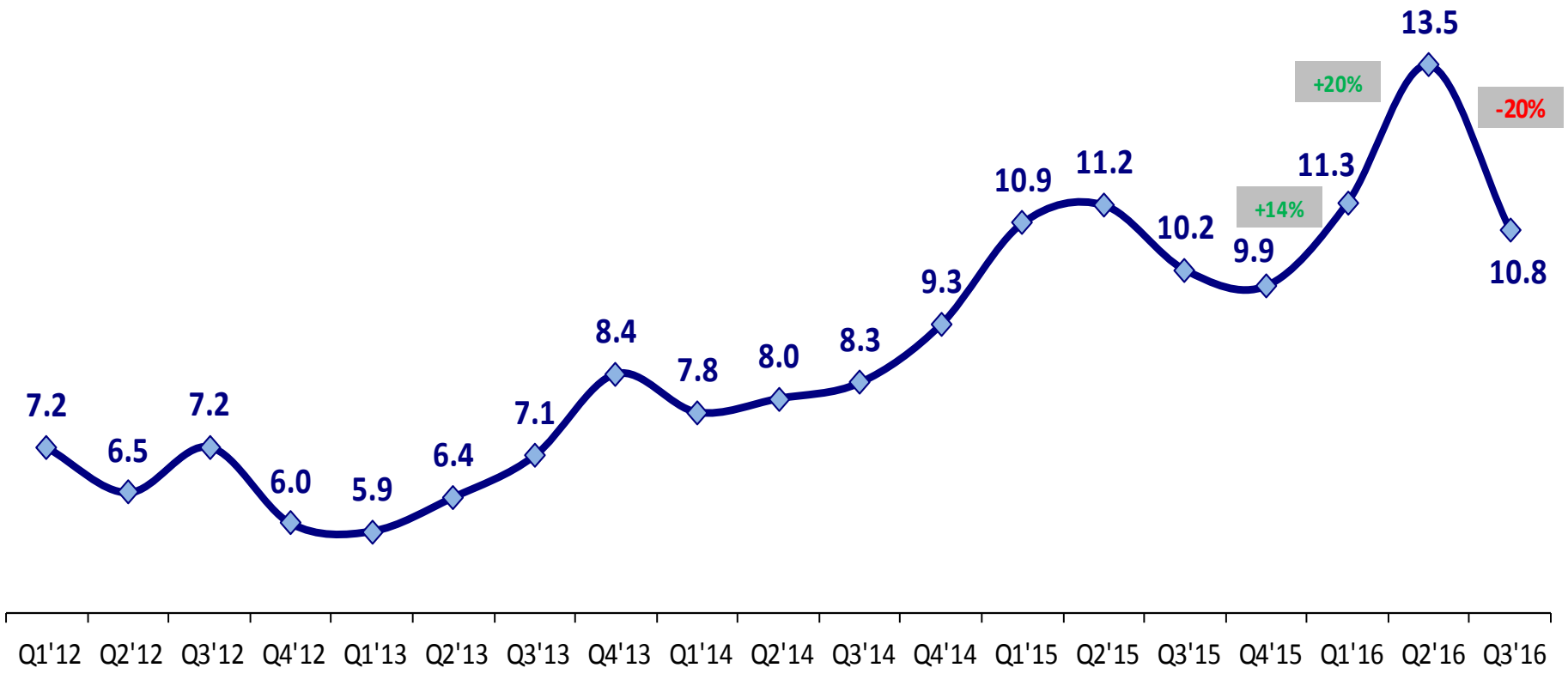
Key Ratios

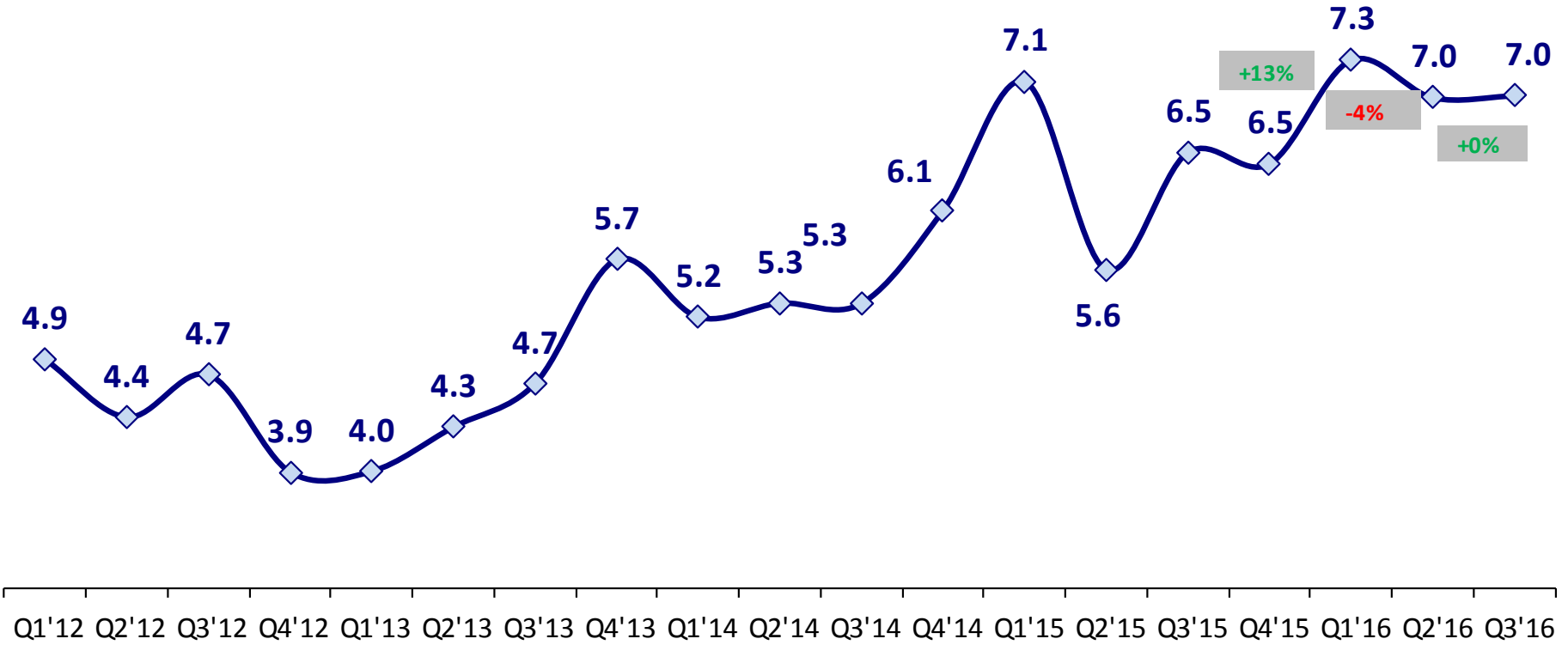
Key Financial Ratios

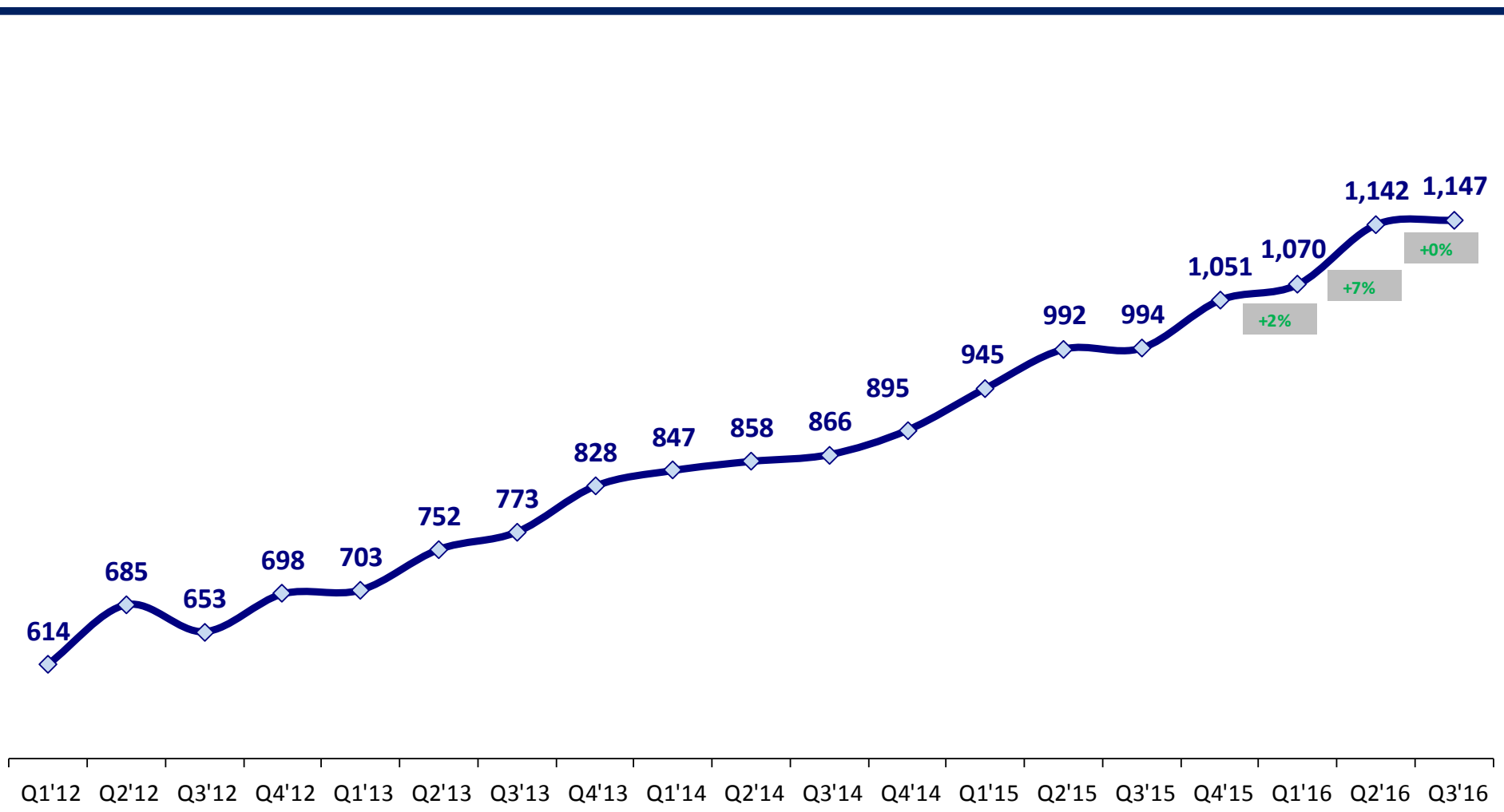
	9M'16	9M'15	Q3'16	Q2'16
Return on Equity	25.9%	26.1%	24.8%	25.7%
Return on Assets	1.9%	2.1%	1.8%	1.9%
Non Fund Income to Gross Revenue	30.0%	29.4%	24.6%	26.2%
Cost to Revenue Ratio	38.5%	38.3%	40.7%	36.8%

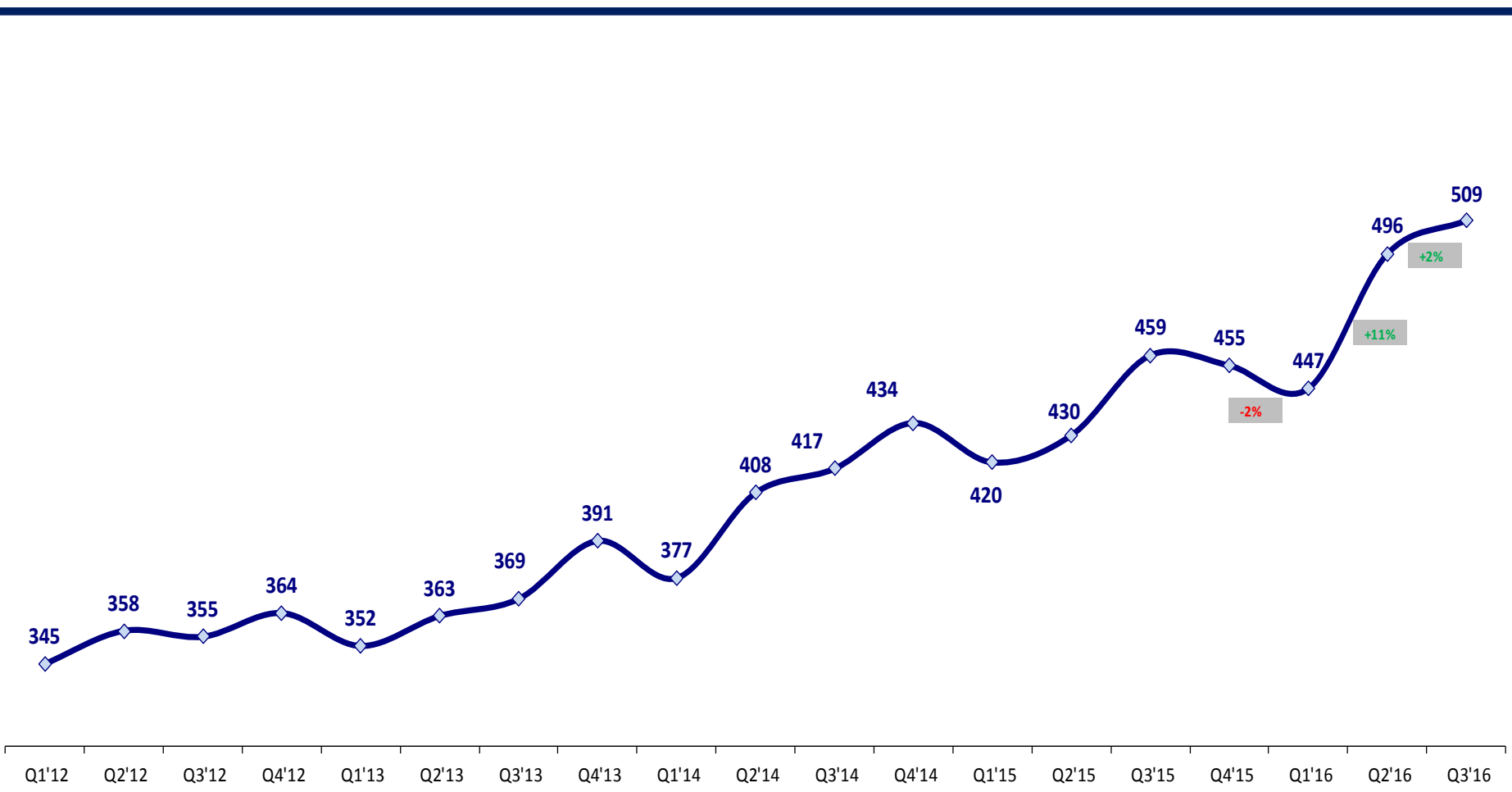
	Sep'16	Jun'16	Dec'15	Sep'15
Advances to Deposits Ratio	42.3%	41.6%	41.3%	44.0%
Asset Quality	8.2%	8.7%	9.4%	10.6%
Coverage (Specific provisions)	81.5%	80.6%	80.2%	82.6%
Coverage (Total provisions)	91.6%	90.3%	88.9%	89.8%
CAR - Tier I	10.8%	10.3%	10.4%	10.4%
CAR	15.1%	14.5%	14.6%	14.9%

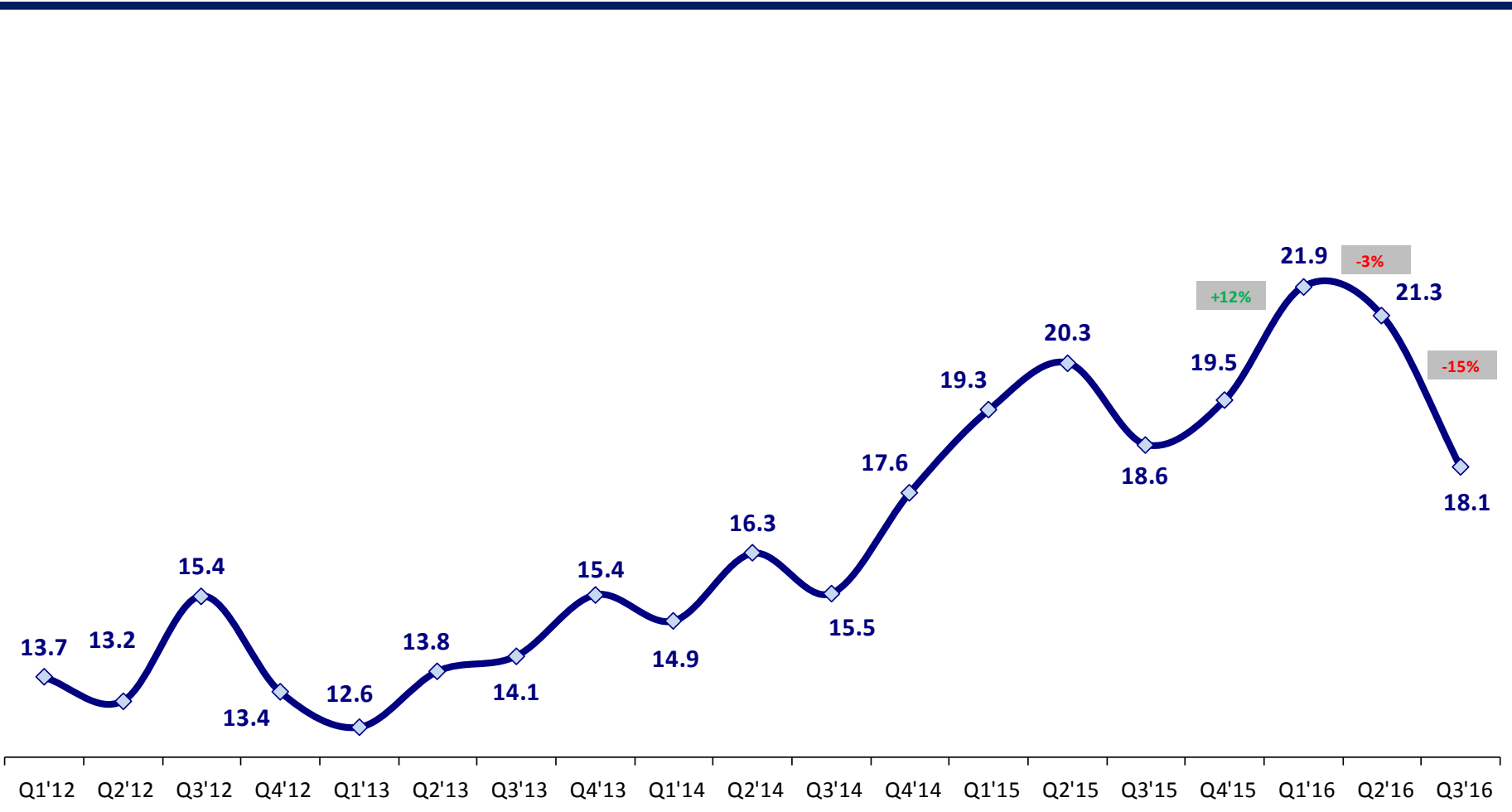
Quarterly Trend Analysis Bank Level - Standalone

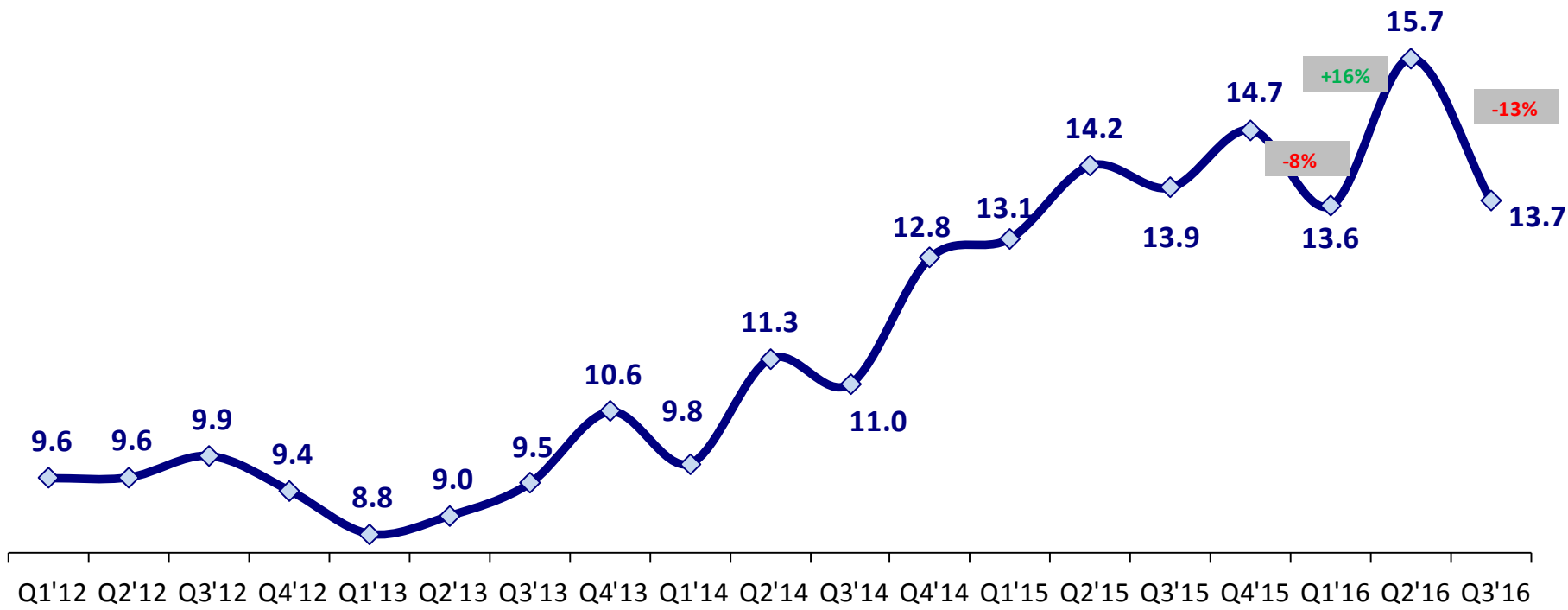


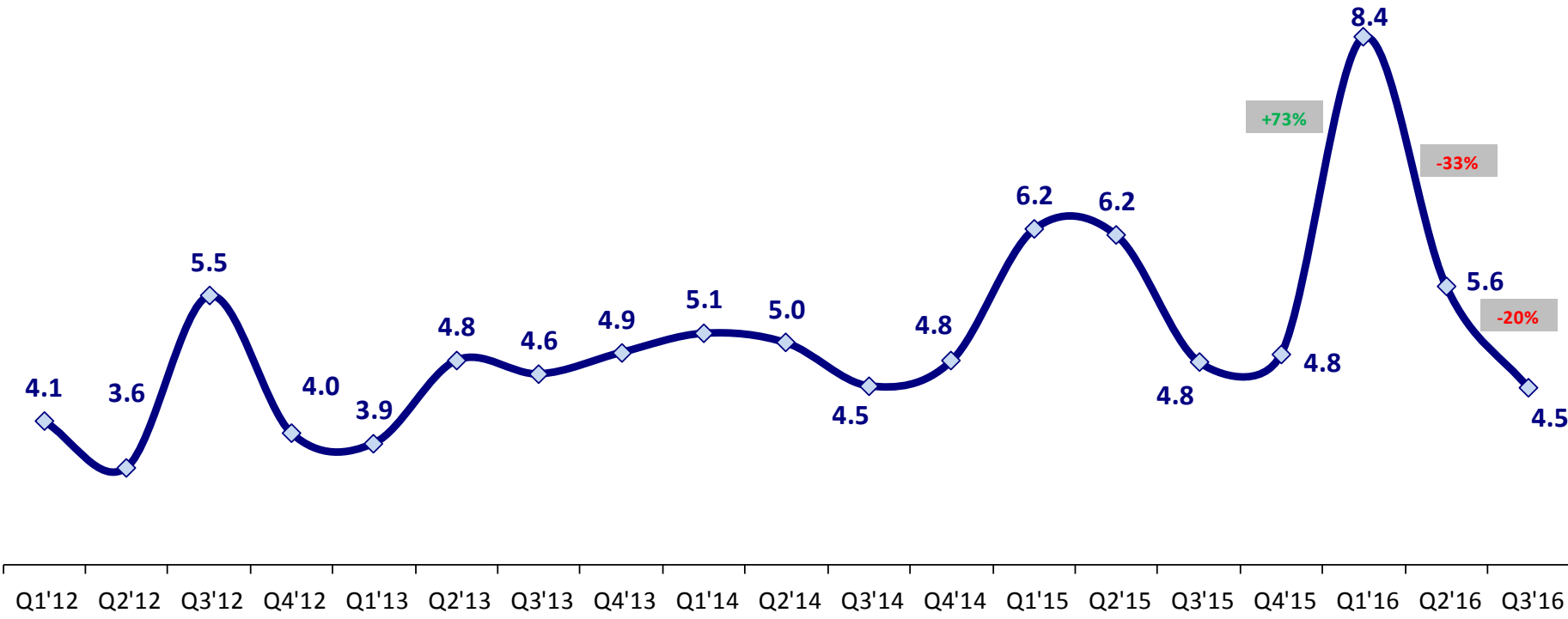


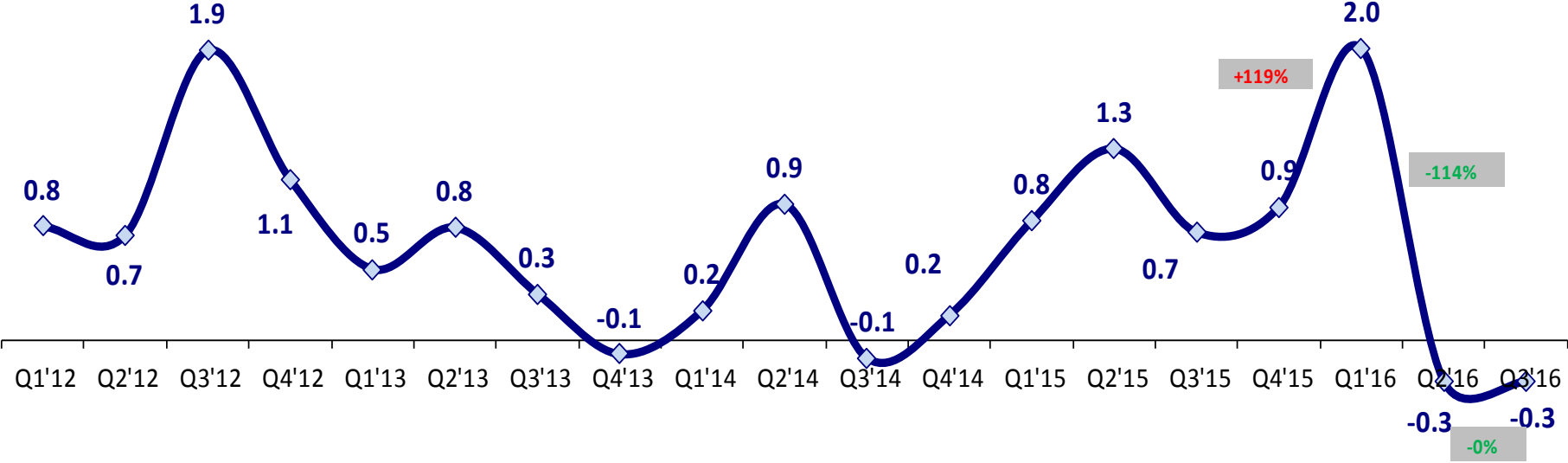


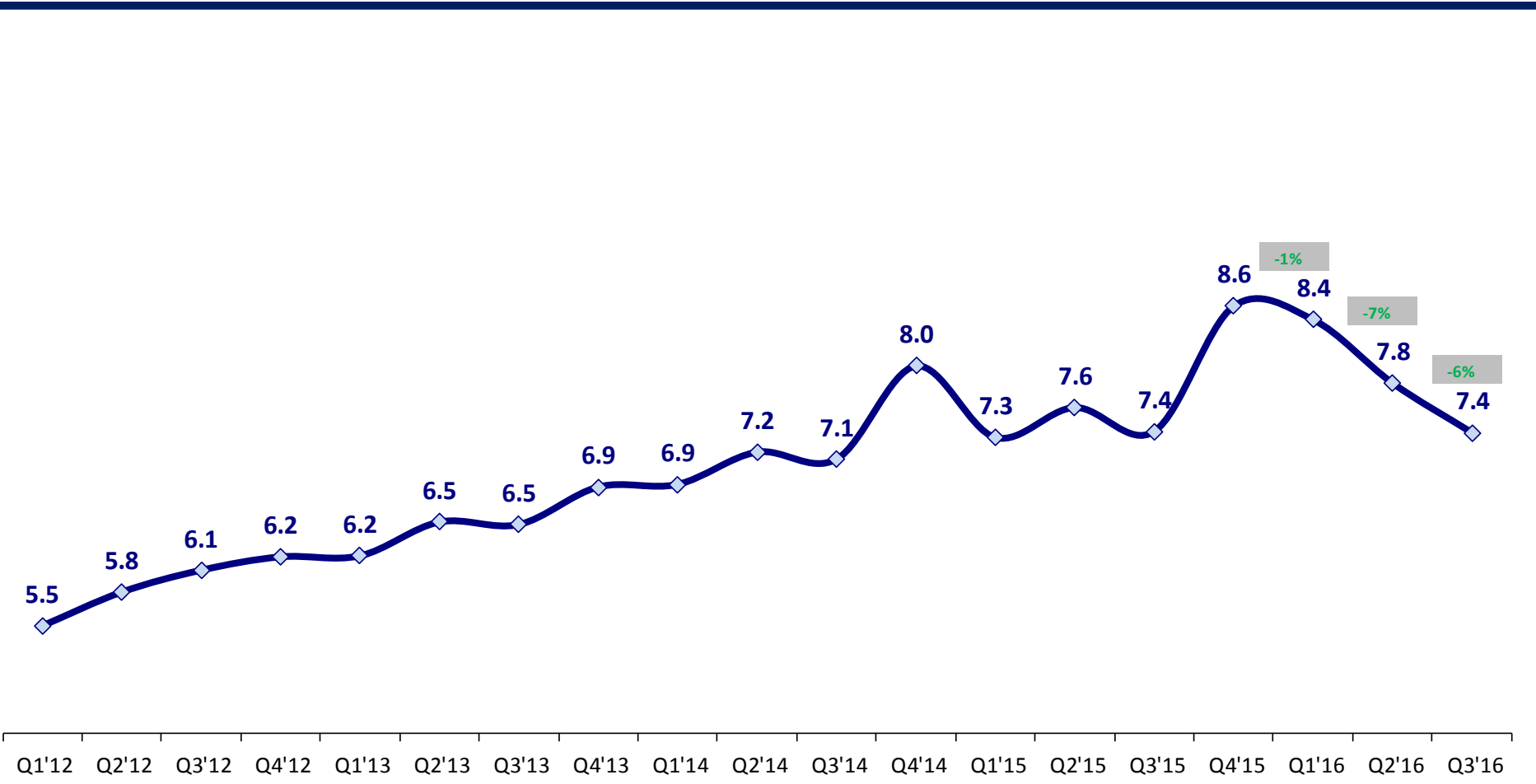












The information contained herein reflects our latest business statement as at September 30, 2016.

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
