



## **Performance Highlights – 9M’ 2017**

**Investor Relations Conference Call**

**October 23rd, 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

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- Profit before tax closes at Rs. 31.4 bln (9M'16: Rs. 35.6 bln)
- Profit after tax closes at Rs. 19.1 bln (9M'16: Rs. 21.3 bln)
- Return on equity (RoE) of 21.3% in 9M'17 (9M'16: 25.9%)
- Average balance sheet expansion of 15% in 9M'17 vs 9M'16
- Deposits have closed at Rs. 1,254 bln, 6% ahead of Dec'16 levels
- Overall revenues stood at Rs. 58.3 bln (9M'16: Rs. 61.4 bln)
- Expense growth of 10% over 9M'16
- Cost to income ratio measured at 44.8% for 9M'17 vs 38.5% in 9M'16
- Net provision charge of Rs. 0.12 bln in 9M'17 vs Rs. 1.40 bln in 9M'16
- EPS for 9M'17 at Rs. 15.60, compared with Rs. 17.40 in 9M'16

## Consolidated Results

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- Consolidated profit before tax stood at Rs. 32.0 bln (9M'16: Rs. 36.5 bln)
- Consolidated profit after tax stood at Rs. 19.5 bln (9M'16: Rs. 21.8 bln)

### Net interest income 2% lower than 9M'16, closes at Rs. 42.2 bln

- Overall cost of deposits reduced to close at 2.6% in 9M'17 (9M'16: 2.7%)
- Domestic cost of deposits at 2.75% in 9M'17 (9M'16: 2.88%)
- International cost of deposits at 2.20% in 9M'17 (9M'16: 1.98%)
- Average loan growth of 11% in 9M'17, with overall yields at 6.3%
- Yields at 6.9% for domestic portfolio and 4.9% for International portfolio
- Average earning investments grew by 21% over 9M'16, yields at 7.9% (9M'16: 9.1%)

### Non interest income closed at Rs. 16.1 bln (9M'16: Rs. 18.4 bln)

- Fee and Commissions recorded at Rs. 8.8 bln against Rs. 9.1 bln in 9M'16
- Capital gains stood at Rs. 3.8 bln (9M'16: Rs. 5.2 bln)
- Dividend income closed at Rs. 1.5 bln (9M'16: Rs. 2.0 bln)
- FX income at Rs. 1.3 bln (9M'16: Rs. 1.4 bln), a result of a stable exchange rate

### Net provision charge of Rs. 0.12 bln in 9M'17 vs Rs. 1.40 bln in 9M'16

- Strong cash recoveries within domestic operations
- Overall NPLs closed at Rs. 47.5 bln at Sep'17 (Dec'16: Rs. 44.6 bln)
- Asset quality at 7.8% at Sep'17 (Dec'16: 8.1%)
- Coverage ratio based on specific provision at Sep'17 closed at 77.4% (Dec'16: 83.9%)

### Administrative expenses stood at Rs. 26.1 bln, 10% growth YoY

- Personnel costs for 9M'17 at Rs. 12.0 bln, up 12% over 9M'16
- Premises cost up 11% in 9M'17, largely due to rent escalation 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 closed at Rs. 1.01 trillion at Sep'17 end (Dec'16: Rs. 946 billion)
- Domestic current account portfolio grew by 12% over Dec'16, with average current account growing by 18% 9M'17 vs 9M'16

### Net advances close at Rs. 567 bln (Dec'16: Rs. 510 bln) ; 11% growth

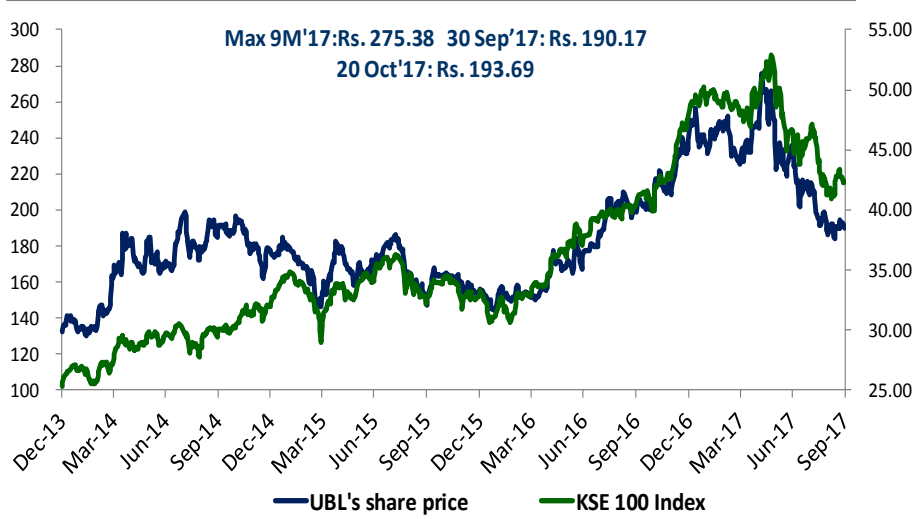
- Corporate advances stood at Rs. 283 bln at Sep'17, 20% up over Dec'16
- Commodities portfolio closed at Rs. 51 bln at Sep'17 (Dec'16: Rs. 53 bln)
- Consumer portfolio up 14% over Dec'16 levels to close at Rs. 11 bln
- Average advances in Domestic Book up 12% (9M'17 vs (9M'16)
- International advances closed at Rs. 173 bln (Dec'16: Rs. 168 bln)

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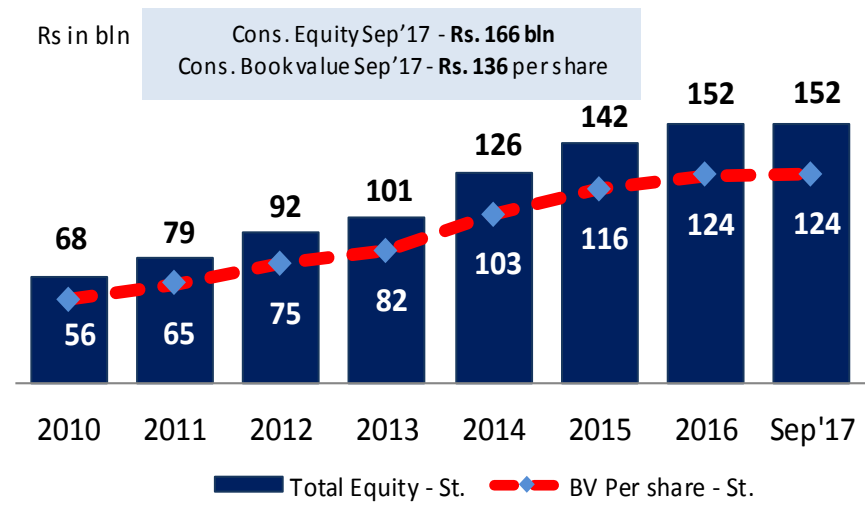
# Execution and Delivery

# Consistent earnings performance throughout the years

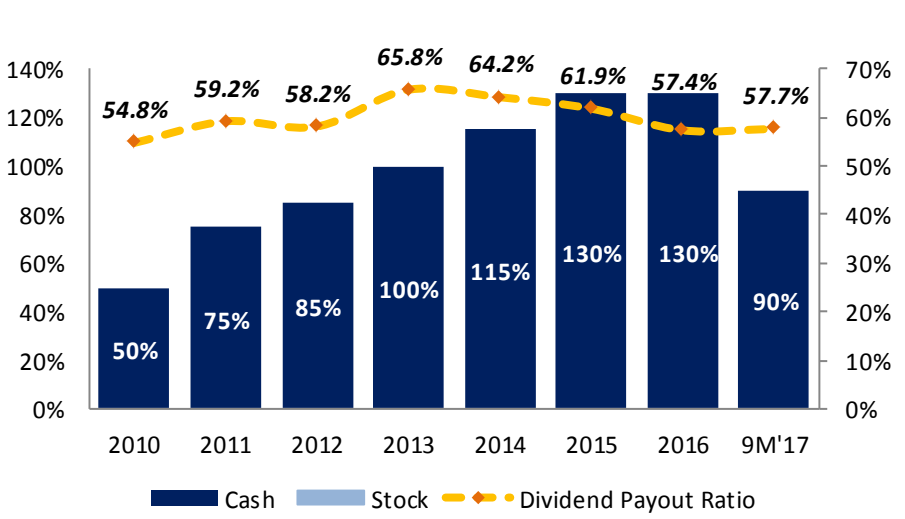
## Trends - KSE 100 Index and UBL's share price



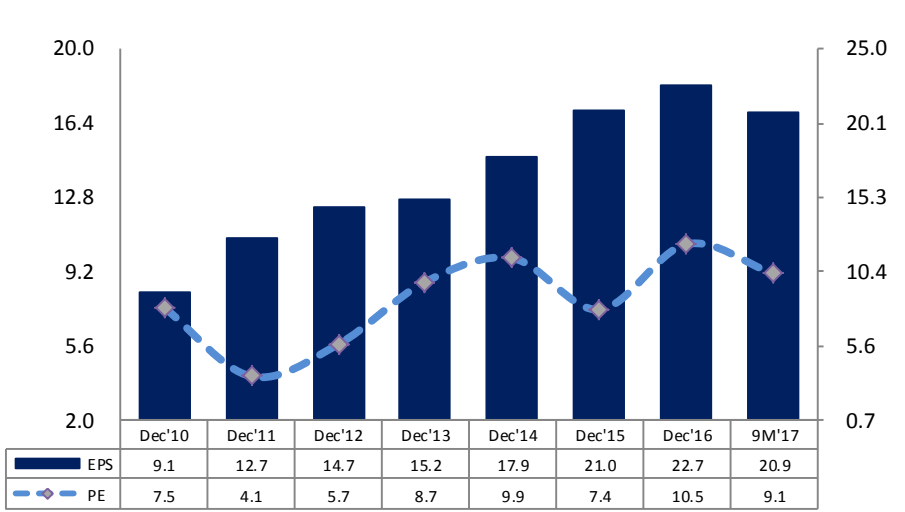
## Equity and Book Values



## Cash and Stock Payout



## EPS & Price Earnings Ratio \*



\* EPS for 9M'17 is annualised



# Income Statement - Standalone

	<i>Rs in bln</i>			<i>Rs in bln</i>		
	9M'17	9M'16	Var %	Q3'17	Q2'17	Var %
Interest Earned	78.2	73.4	6.5%	28.5	25.8	10.4%
Interest Expensed	(36.0)	(30.4)	-18.5%	(14.3)	(11.5)	-24.5%
<b>Net Interest Income</b>	<b>42.2</b>	<b>43.0</b>	<b>-1.9%</b>	<b>14.2</b>	<b>14.3</b>	<b>-0.9%</b>
Non Interest Income	16.1	18.4	-12.5%	3.8	6.1	-37.9%
<b>Total Revenue</b>	<b>58.3</b>	<b>61.4</b>	<b>-5.1%</b>	<b>17.9</b>	<b>20.4</b>	<b>-12.0%</b>
Admin. Expenses	(26.1)	(23.7)	-10.3%	(8.8)	(8.8)	0.1%
<b>Operating Expenses</b>	<b>(26.8)</b>	<b>(24.4)</b>	<b>-9.7%</b>	<b>(8.9)</b>	<b>(9.1)</b>	<b>1.7%</b>
Pre Prov. Operating Profit	31.5	37.0	-14.8%	9.0	11.3	-20.2%
<b>Provision Exp./Other writeoffs</b>	<b>(0.1)</b>	<b>(1.4)</b>	<b>91.5%</b>	<b>(0.6)</b>	<b>0.5</b>	<b>-207.3%</b>
Profit Before Tax	31.4	35.6	-11.8%	8.4	11.8	-28.8%
<b>Profit After Tax</b>	<b>19.1</b>	<b>21.3</b>	<b>-10.3%</b>	<b>5.9</b>	<b>6.0</b>	<b>-2.2%</b>

## Balance Sheet - Standalone

	<i>Rs in bln</i>		
	Sep'17	Dec'16	Var %
Advances	567	510	11.1%
Investments	1,090	807	35.2%
Lendings to Financial Institutions	41	34	19.7%
Others	224	227	-1.0%
<b>Total Assets</b>	<b>1,922</b>	<b>1,578</b>	<b>21.9%</b>
Deposits	1,254	1,180	6.3%
Borrowings	470	202	133.2%
Others	46	44	4.3%
<b>Total Liabilities</b>	<b>1,770</b>	<b>1,426</b>	<b>24.1%</b>
<b>Net Assets</b>	<b>152</b>	<b>152</b>	<b>0.4%</b>
Share Capital	12	12	0.0%
Reserves	41	40	2.4%
Unappropriated Profit	69	64	7.8%
<b>Total Equity</b>	<b>123</b>	<b>117</b>	<b>5.1%</b>
Surplus on revaluation of Assets	30	35	-15.3%
<b>Total Equity + Surplus</b>	<b>152</b>	<b>152</b>	<b>0.4%</b>

# Income Statement - Consolidated

*Rs in bln*

*Rs in bln*

9M'17

9M'16

Var %

Q3'17

Q2'17

Var %

	9M'17	9M'16	Var %	Q3'17	Q2'17	Var %
Interest Earned	80.6	75.9	6.2%	29.3	26.6	10.1%
Interest Expensed	(37.2)	(31.5)	-18.3%	(14.8)	(11.9)	-23.9%
<b>Net Interest Income</b>	<b>43.4</b>	<b>44.4</b>	<b>-2.3%</b>	<b>14.6</b>	<b>14.7</b>	<b>-1.1%</b>
Non Interest Income	18.3	20.4	-10.4%	4.7	6.4	-26.6%
<b>Total Revenue</b>	<b>61.6</b>	<b>64.8</b>	<b>-4.9%</b>	<b>19.2</b>	<b>21.1</b>	<b>-8.8%</b>
Admin. Expenses	(28.5)	(26.0)	-9.4%	(9.6)	(9.5)	-0.8%
<b>Operating Expenses</b>	<b>(29.2)</b>	<b>(26.8)</b>	<b>-8.8%</b>	<b>(9.8)</b>	<b>(9.8)</b>	<b>0.6%</b>
Pre Prov. Operating Profit	32.5	38.0	-14.5%	9.5	11.3	-16.0%
<b>Provision Exp./Other writeoffs</b>	<b>(0.5)</b>	<b>(1.5)</b>	<b>66.2%</b>	<b>(0.7)</b>	<b>0.3</b>	<b>-336.7%</b>
Profit Before Tax	32.0	36.5	-12.4%	8.8	11.6	-24.3%
<b>Profit After Tax</b>	<b>19.5</b>	<b>21.8</b>	<b>-10.6%</b>	<b>6.2</b>	<b>5.7</b>	<b>7.8%</b>

## Balance Sheet - Consolidated

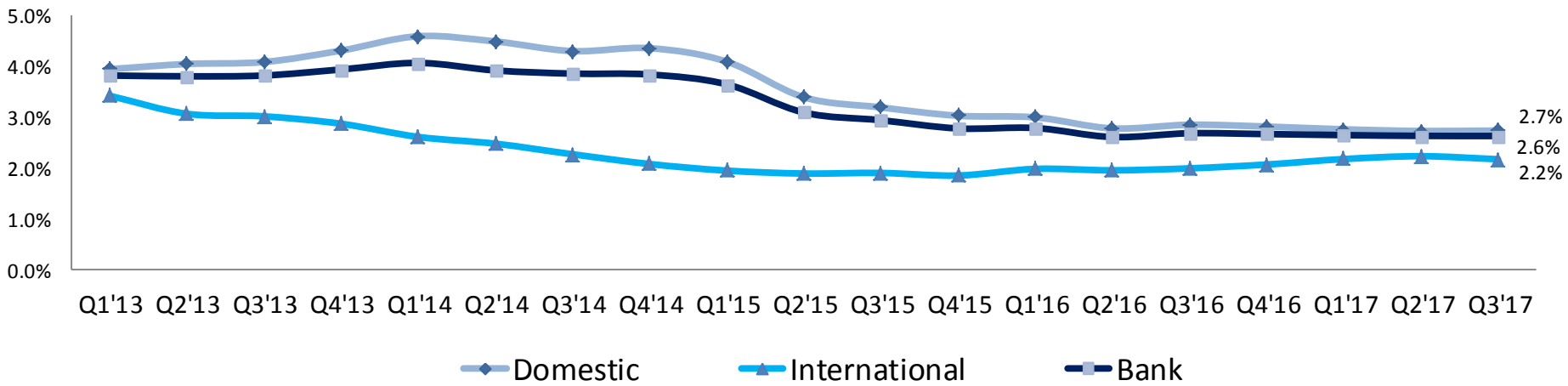
	<i>Rs in bln</i>		
	Sep'17	Dec'16	Var %
Advances	600	538	11.6%
Investments	1,122	838	33.9%
Lendings to Financial Institutions	42	35	18.8%
Others	255	250	1.8%
<b>Total Assets</b>	<b>2,020</b>	<b>1,662</b>	<b>21.5%</b>
Deposits	1,329	1,246	6.7%
Borrowings	476	206	131.3%
Others	48	46	3.2%
<b>Total Liabilities</b>	<b>1,853</b>	<b>1,498</b>	<b>23.7%</b>
<b>Net Assets</b>	<b>166</b>	<b>164</b>	<b>1.4%</b>
Share Capital	12	12	0.0%
Reserves	44	43	3.9%
Unappropriated Profit	74	69	7.6%
<b>Total Equity attributable to equity holders of Bank</b>	<b>131</b>	<b>124</b>	<b>5.5%</b>
<b>Non-controlling Interest (NCI)</b>	<b>5</b>	<b>4</b>	<b>9.0%</b>
Surplus on revaluation of Assets	31	36	-13.7%
<b>Total Equity + NCI + Surplus</b>	<b>166</b>	<b>164</b>	<b>1.4%</b>

# Deposits performance - Focus remains on growing low cost deposits

## Deposits - Bank

	Sep'17		Dec'16	
	PE	CoF %	PE	CoF %
Domestic deposits - Rs in bln	1,009	2.7%	946	2.9%
International deposits - Rs in bln	244	2.2%	234	2.0%
Total Bank - Rs in bln	1,254	2.6%	1,180	2.7%
International - USD in mln	2,319	2.2%	2,237	2.0%
Domestic CASA	84.5%		83.8%	
Domestic Current to Total Deposits	43.4%		41.5%	

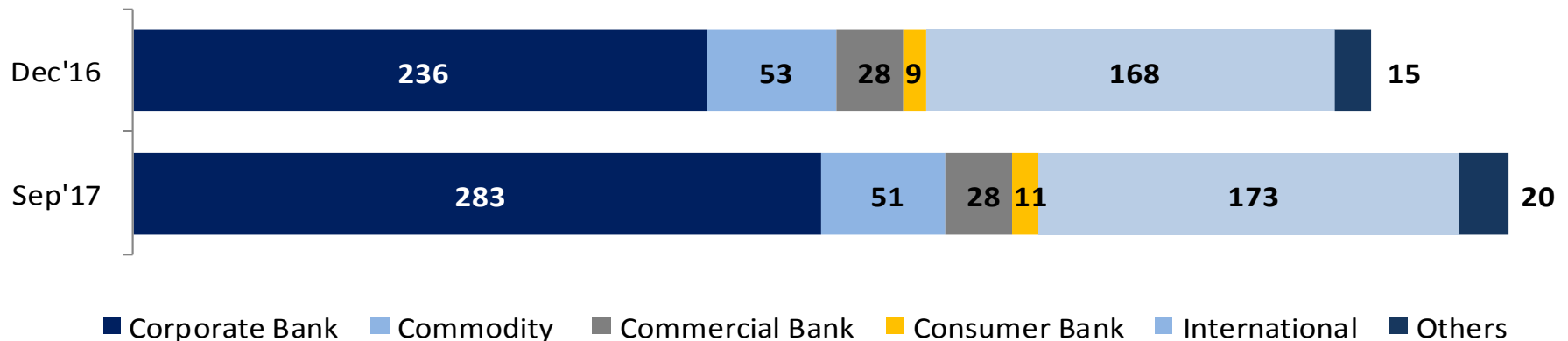
## Cost of Deposits



## Net Advances

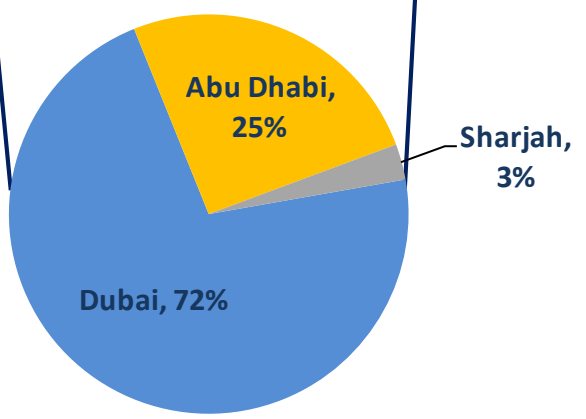
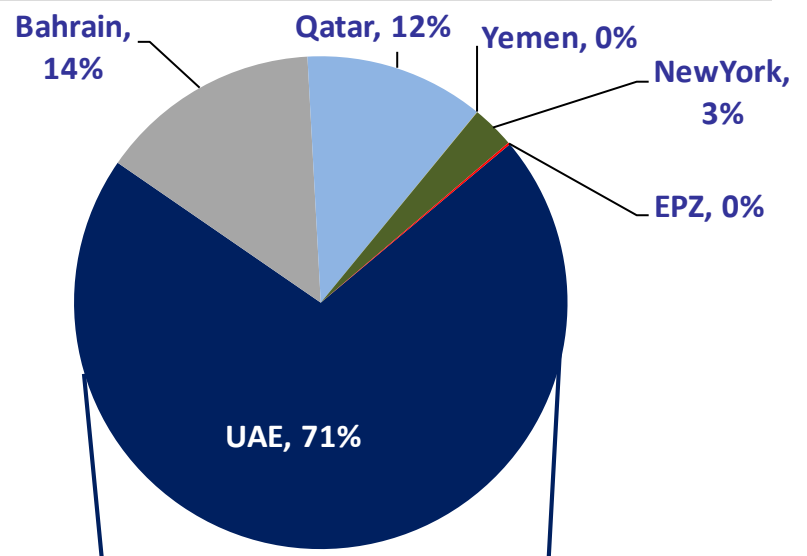
*Rs in bln*

	Sep'17	Dec'16	Var %
Corporate Bank	283	236	20%
Commodity	51	53	-4%
Commercial	28	28	2%
Consumer	11	9	14%
Others	20	15	33%
<b>Total Domestic</b>	<b>393</b>	<b>342</b>	<b>15%</b>
<b>International</b>	<b>173</b>	<b>168</b>	<b>3%</b>
<b>Bank</b>	<b>567</b>	<b>510</b>	<b>11%</b>
<b>International USD mln</b>	<b>1,643</b>	<b>1,608</b>	<b>2%</b>

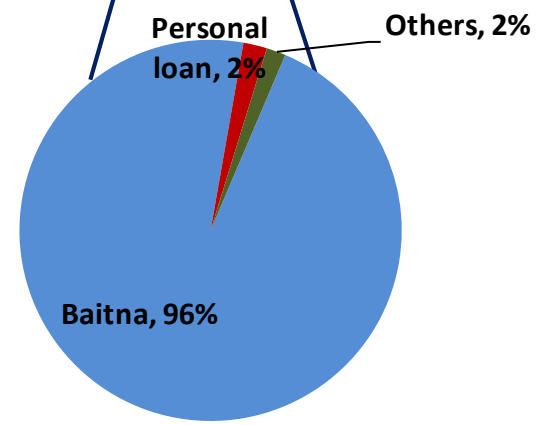
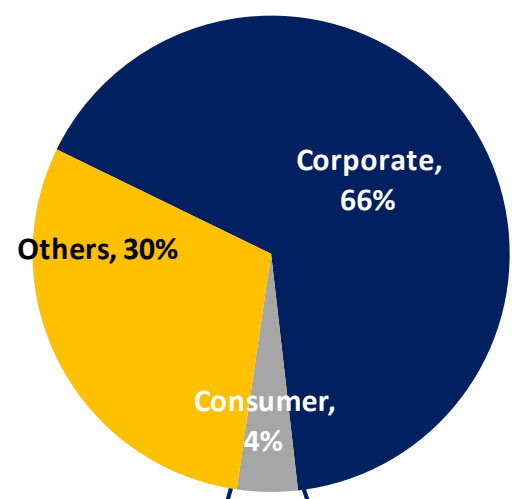


# International Advances - Corporate advances remains the largest component

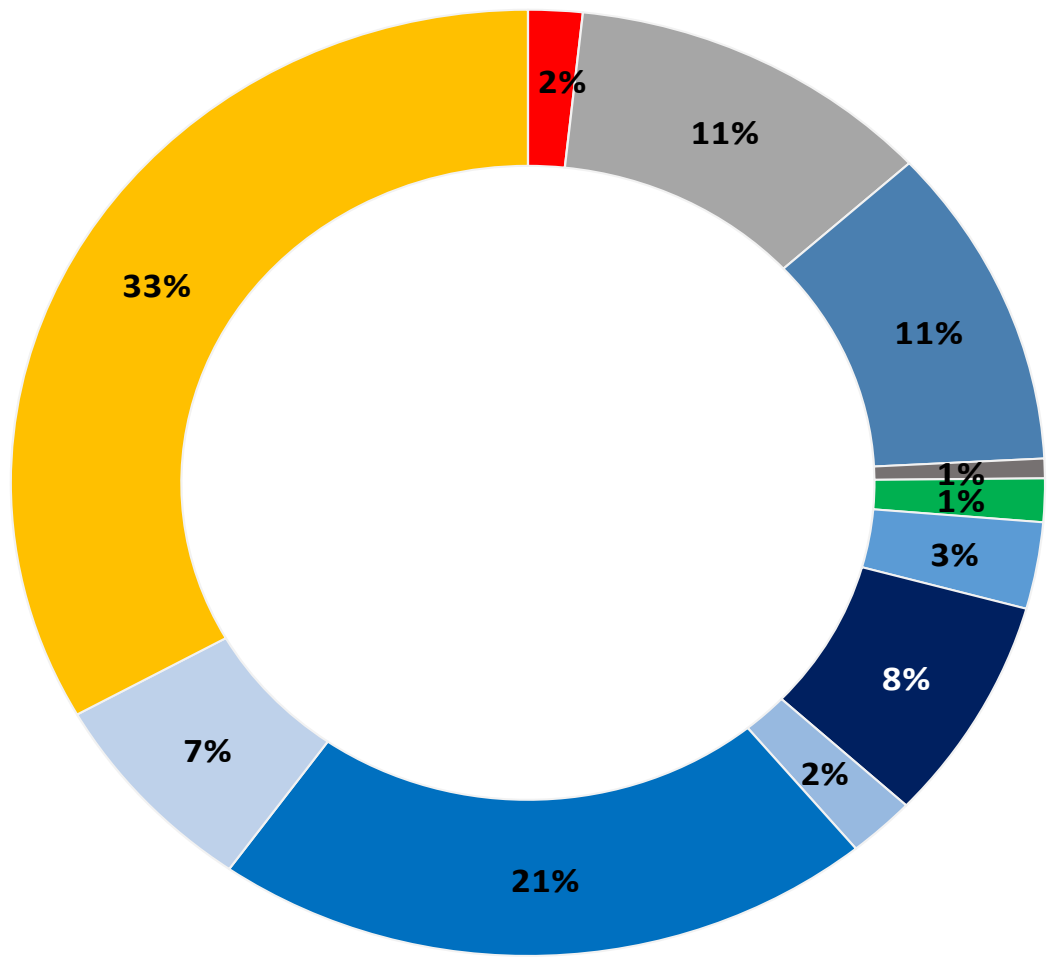
## By Geography



## By Business - UAE



# Concentration of Advances as at September 30, 2017 - Standalone

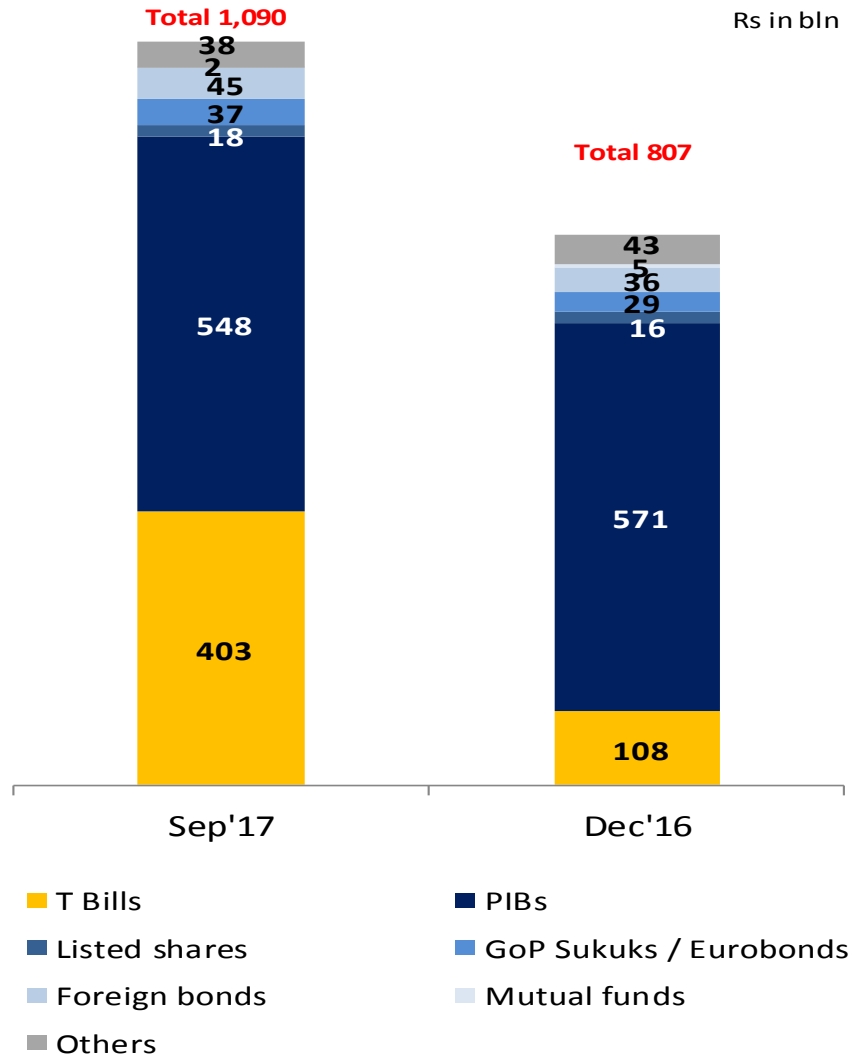


- Chemical & Pharma
- Agribusiness
- Textile
- Cement
- Sugar
- Autos & Transport
- Financial
- Electronics
- Power & Energy
- Individuals
- Others

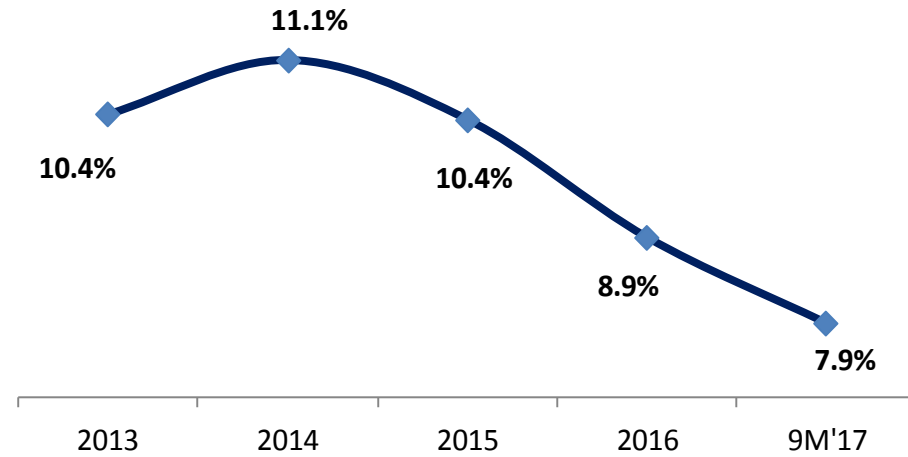


# Diversified investment portfolio with strong market risk management

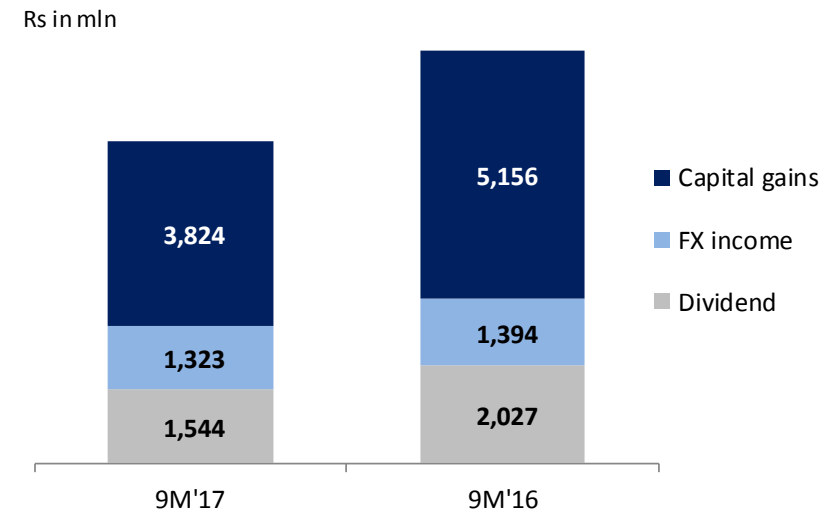
## Portfolio concentrated in long terms treasury bonds



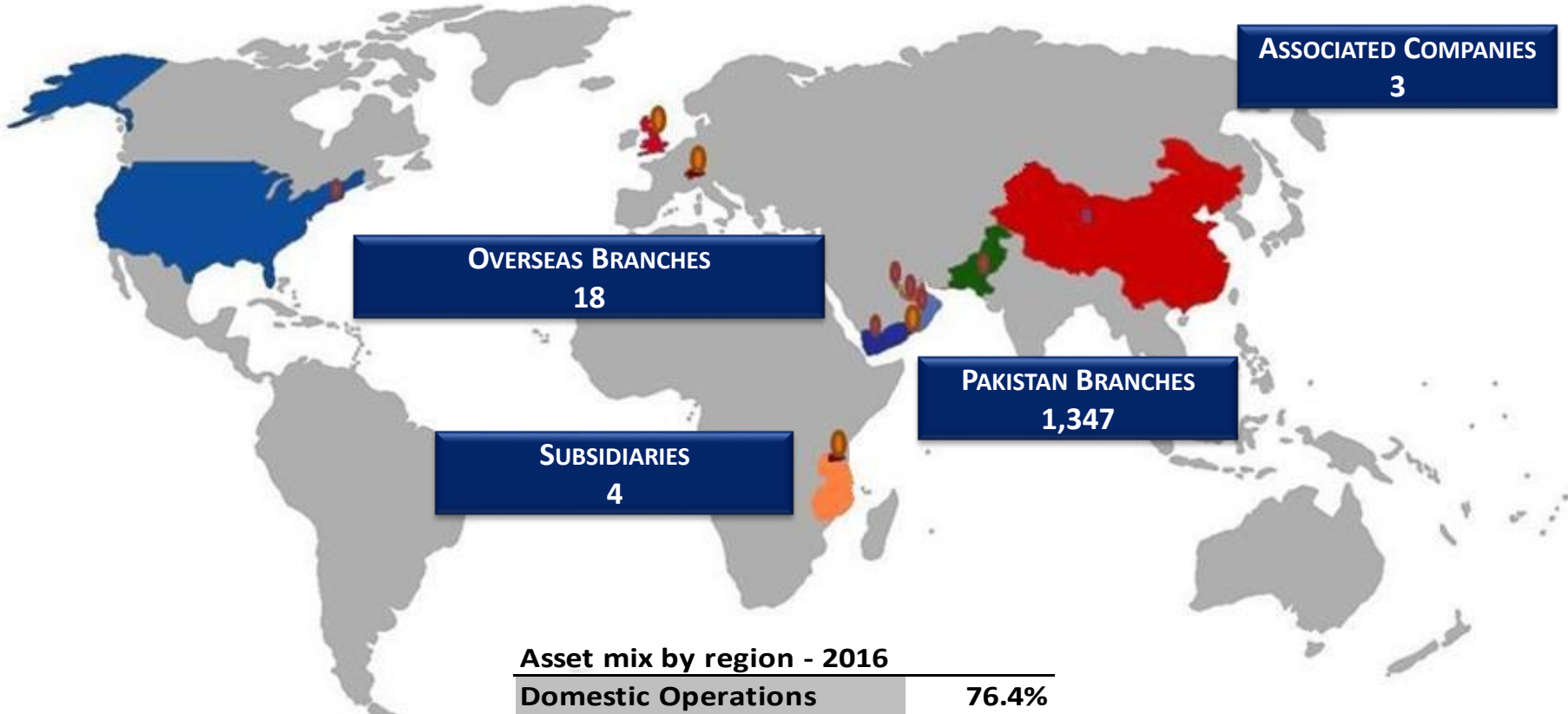
## Investments' yields



## Non Funded revenue streams continue to grow



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



**Asset mix by region - 2016**

<b>Domestic Operations</b>	<b>76.4%</b>
<b>International Operations</b>	<b>23.6%</b>
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
- “**Best Bank for Corporate Finance and Capital Market Development**” in the Pakistan Banking Awards 2017
- “**Best Bank for SMEs**” by the Asia Money Pakistan Banking Awards in 2017
- **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

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***Review of Non Interest Income &  
Administrative Expenses***

	<i>Rs in mln</i>		
	9M'17	9M'16	Var %
Fee, commission and brokerage income	8,763	9,145	-4%
Dividend income	1,544	2,027	-24%
Income from dealing in foreign currencies	1,323	1,394	-5%
Gain / (loss) on sale of securities	3,824	5,156	-26%
Other income	661	696	-5%
<b>Total Non Fund Income</b>	<b>16,115</b>	<b>18,417</b>	<b>-13%</b>

	<i>Rs in mln</i>		
	9M'17	9M'16	Var %
Commission on trade	1,399	1,526	-8%
Commission on consumer loan	568	547	4%
Commission on remittance / uniremote	1,284	1,629	-21%
Corporate service chgs/finance fee/FIG inc.	1,106	1,376	-20%
General banking service charges	1,621	1,513	7%
Commission on cash management	466	397	17%
Commission on home remittance	646	728	-11%
Commission income - Bancassurance	690	411	68%
Commission others	983	1,019	-3%
<b>Total</b>	<b>8,763</b>	<b>9,145</b>	<b>-4%</b>

	<i>Rs in mln</i>		
	9M'17	9M'16	Var %
Personnel Cost	10,571	9,322	-13%
Rent taxes insurance etc.	3,388	3,057	-11%
Outsourced service charges including sales commission	3,433	3,586	4%
Advertisement and publicity	651	367	-78%
Communications	938	846	-11%
Depreciation / Amortization	1,921	1,560	-23%
Legal and professional charges	421	291	-44%
Banking service charges	870	787	-11%
Stationery and printing	446	438	-2%
Travelling	183	184	1%
Cash transportation charges	589	467	-26%
Repairs and maintenance	1,154	1,101	-5%
Vehicle expenses	143	132	-8%
Office running expenses	638	561	-14%
Insurance expense	79	84	6%
Others	677	881	23%
<b>Total</b>	<b>26,101</b>	<b>23,666</b>	<b>-10%</b>

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# Key Ratios



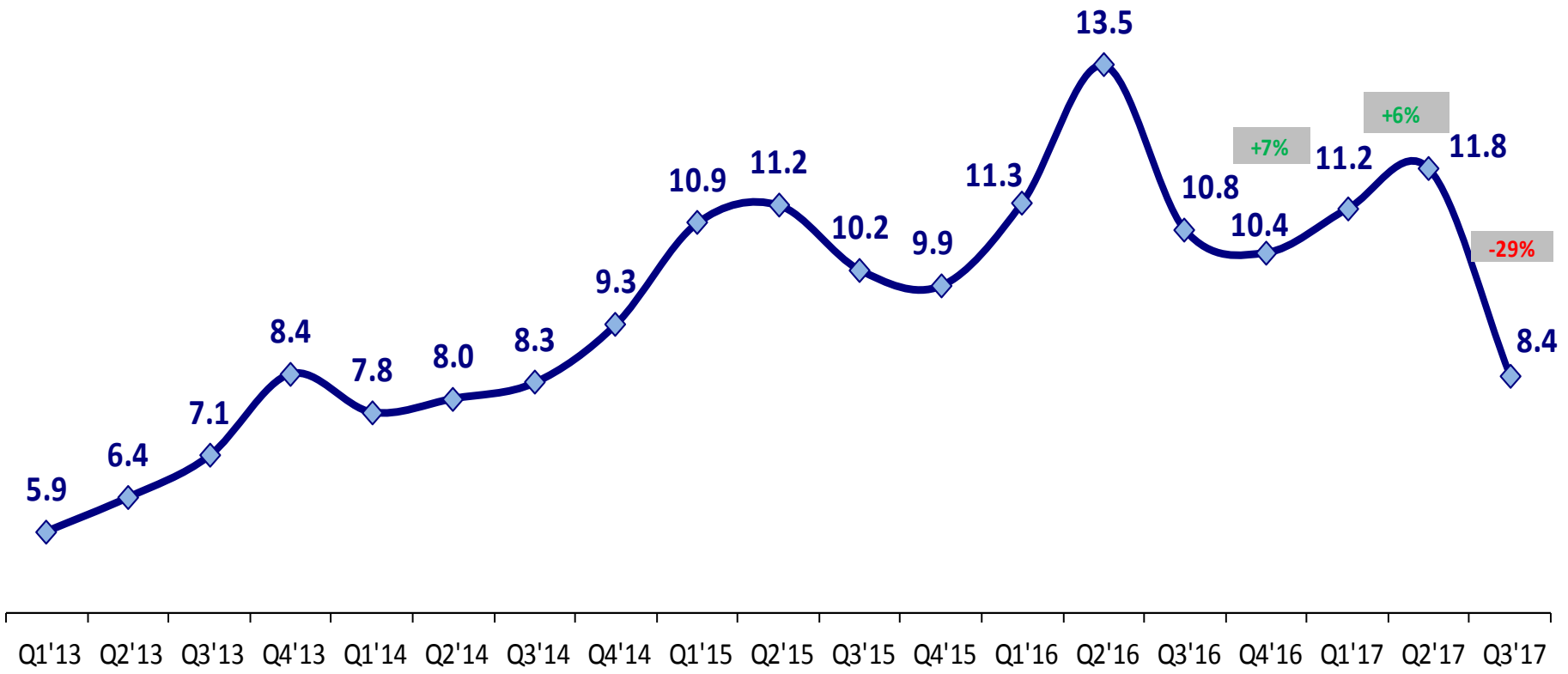
	9M'17	9M'16	Q3'17	Q2'17
Return on Equity	21.3%	25.9%	19.0%	19.9%
Return on Assets	1.5%	1.9%	1.2%	1.4%
Non Fund Income to Gross Revenue	27.6%	30.0%	21.0%	29.8%
Cost to Revenue Ratio	44.8%	38.5%	49.0%	43.2%

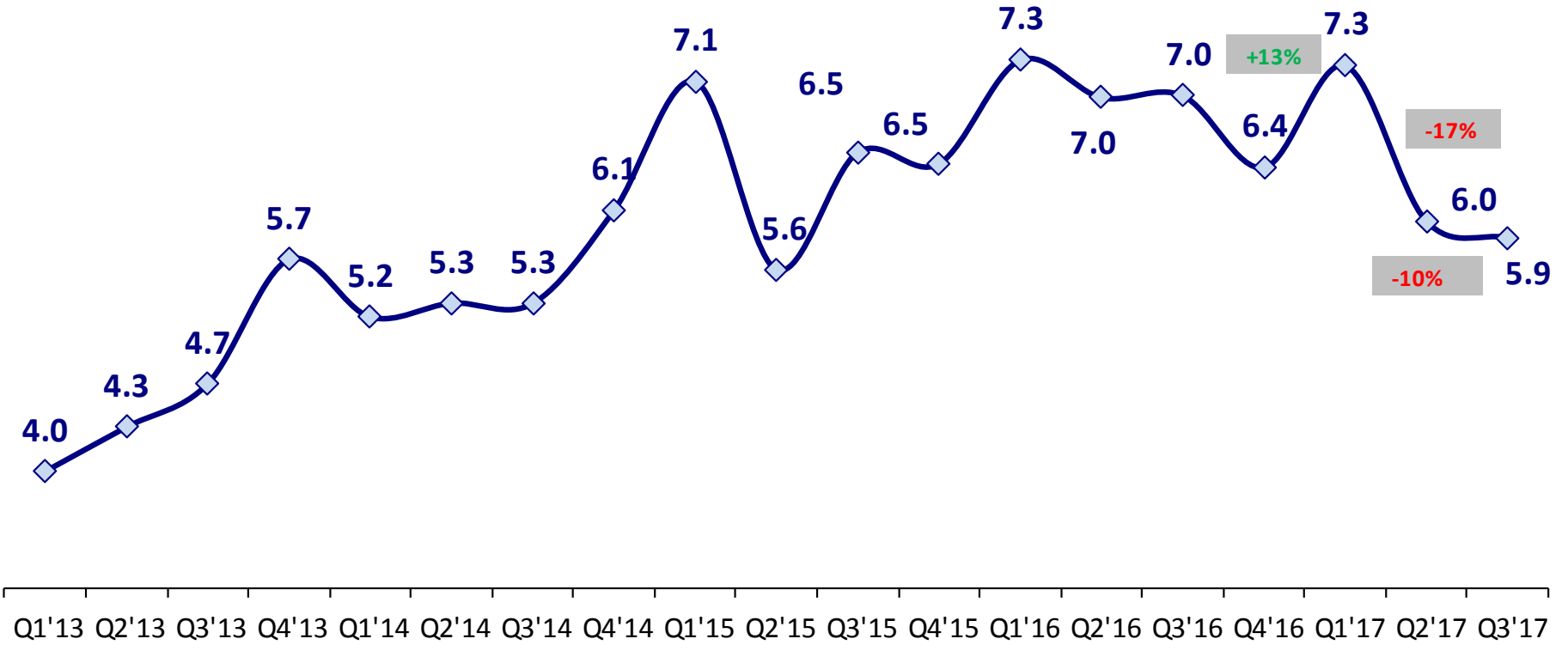
	Sep'17	Jun'17	Dec'16	Sep'16
Advances to Deposits Ratio - gross	46.0%	45.9%	44.4%	45.9%
Asset Quality	7.8%	7.2%	8.1%	8.2%
Coverage (Specific provisions)	77.4%	84.2%	83.9%	81.5%
Coverage (Total provisions)	83.8%	91.5%	90.9%	91.6%
CAR - Tier I	11.2%	10.8%	10.9%	10.8%
CAR	15.1%	14.9%	15.1%	15.1%

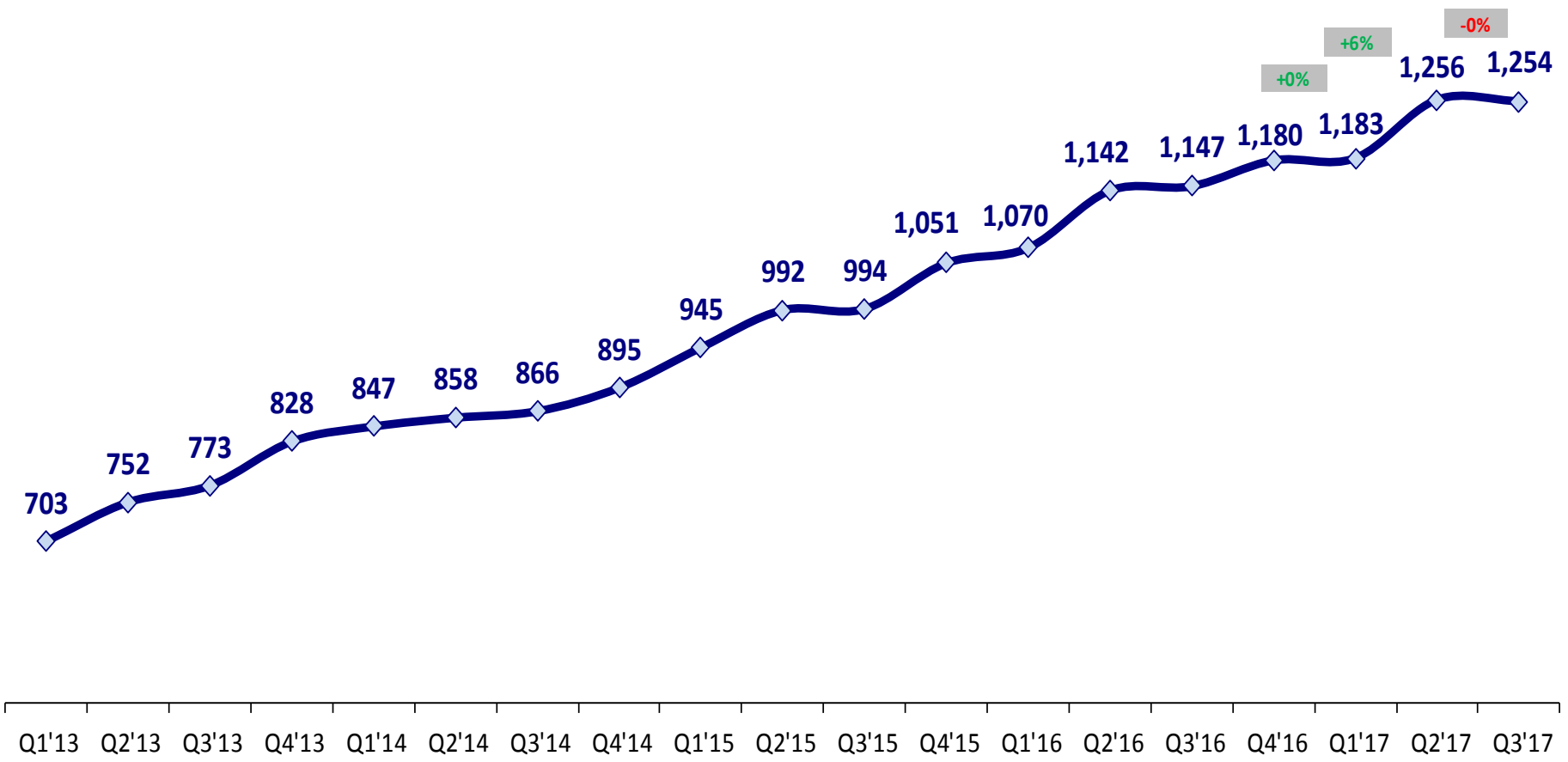
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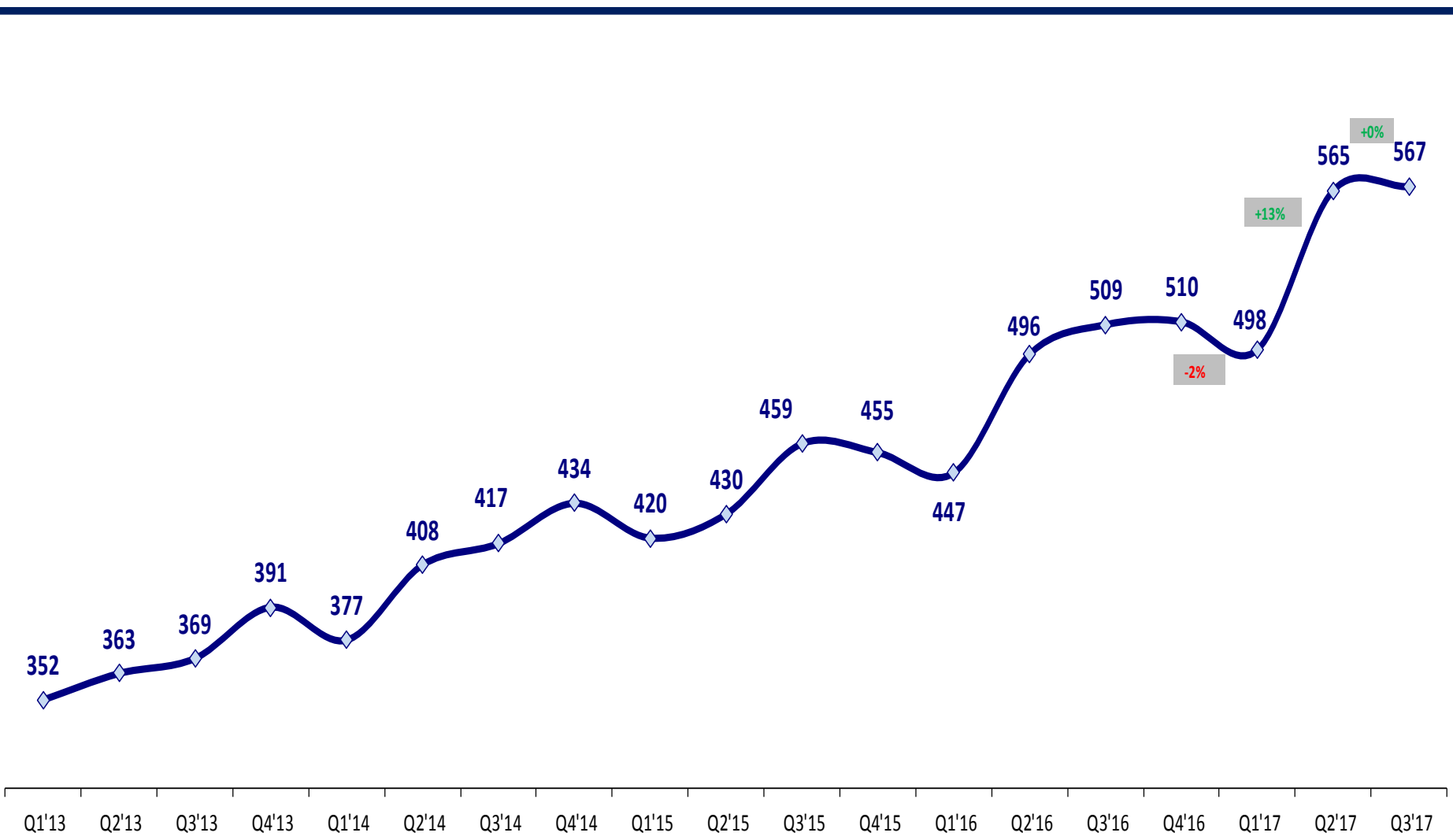
# Quarterly Trend Analysis

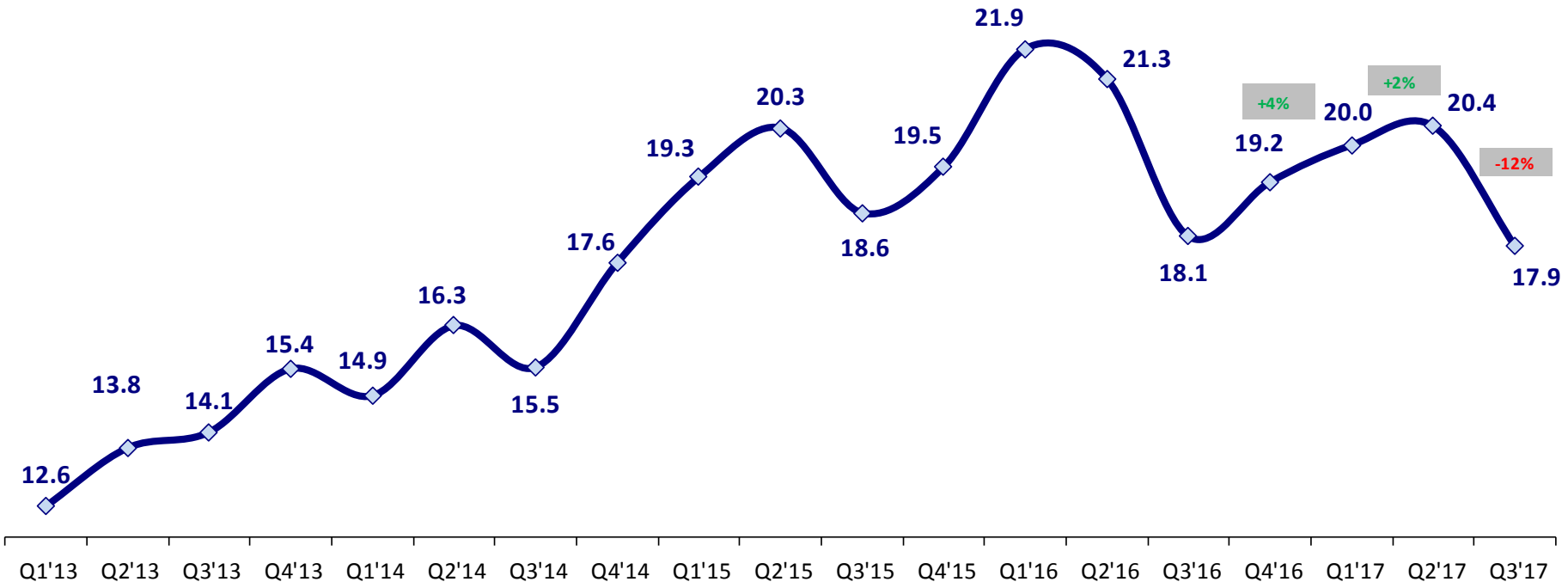
## Bank Level - Standalone

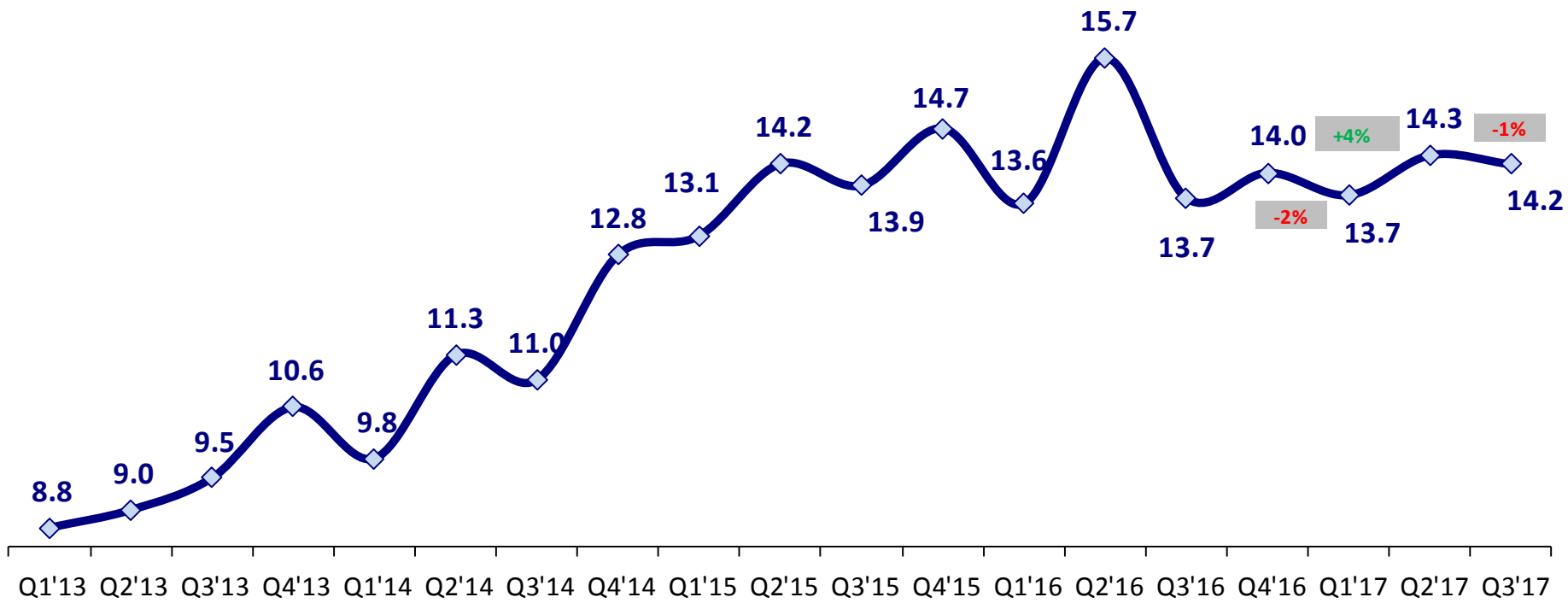




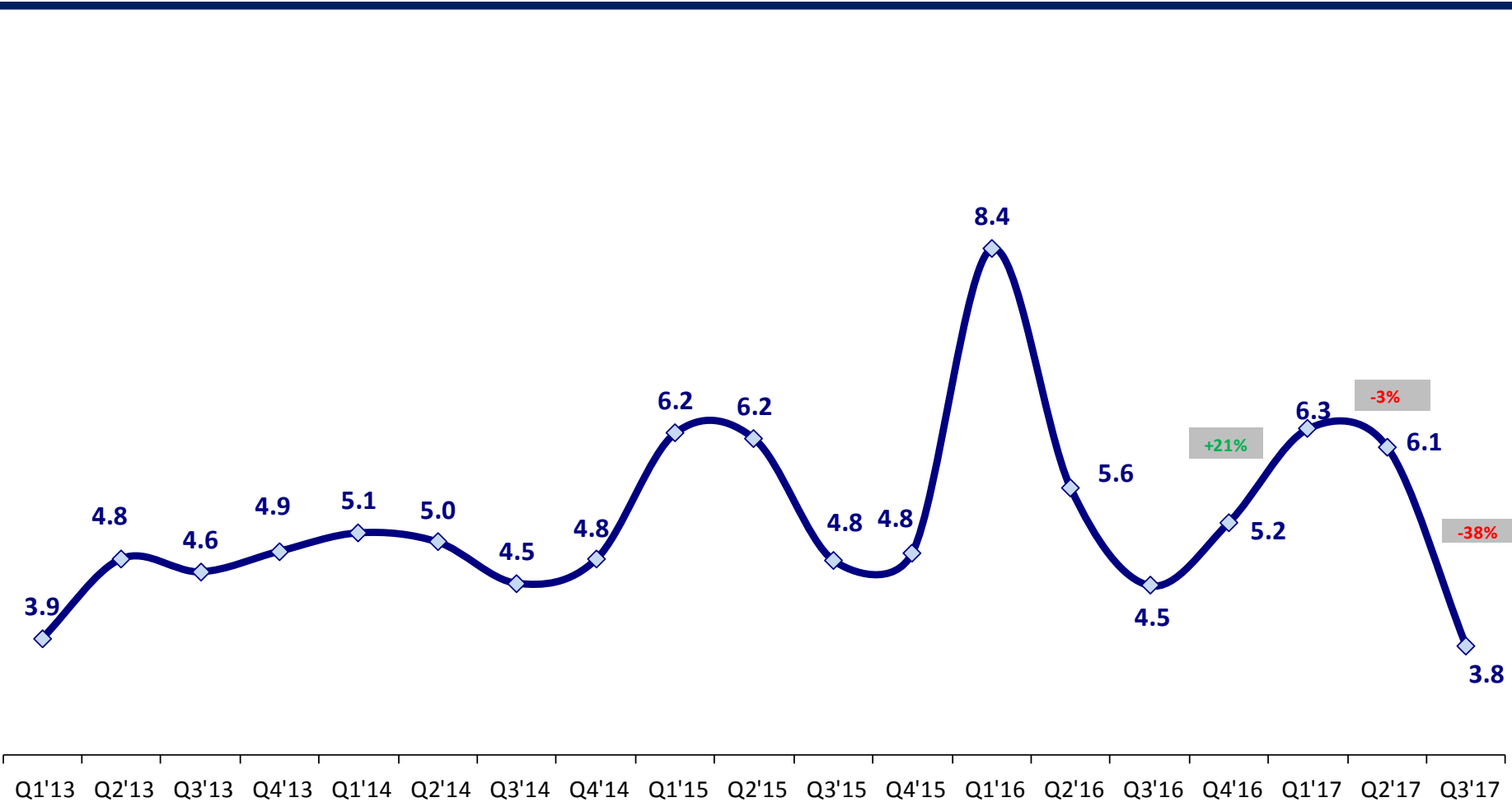


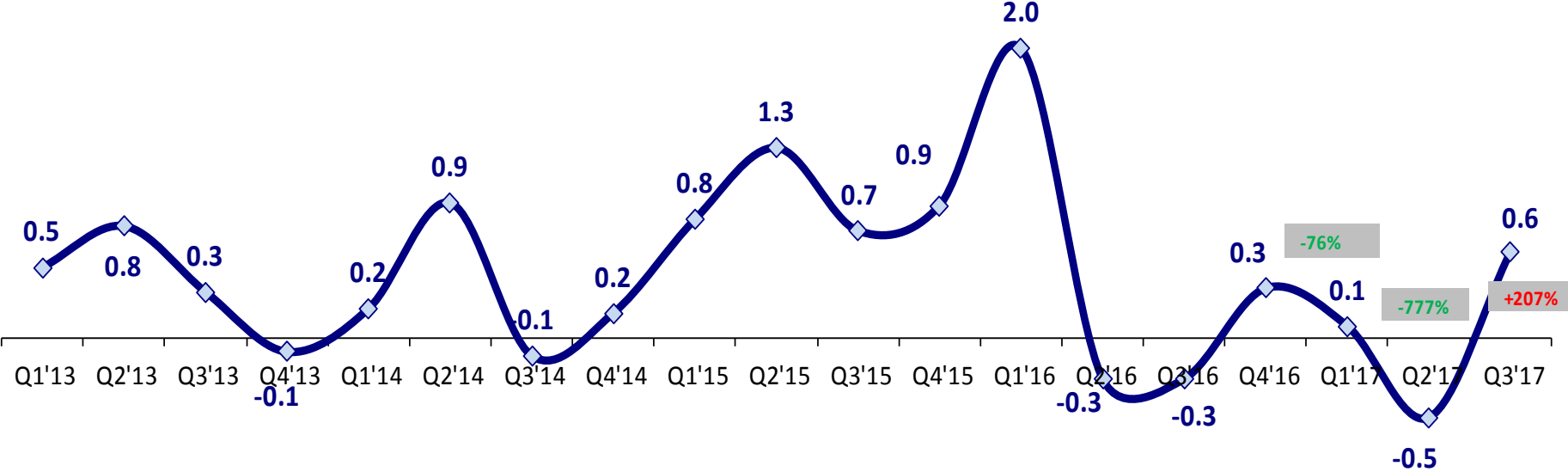


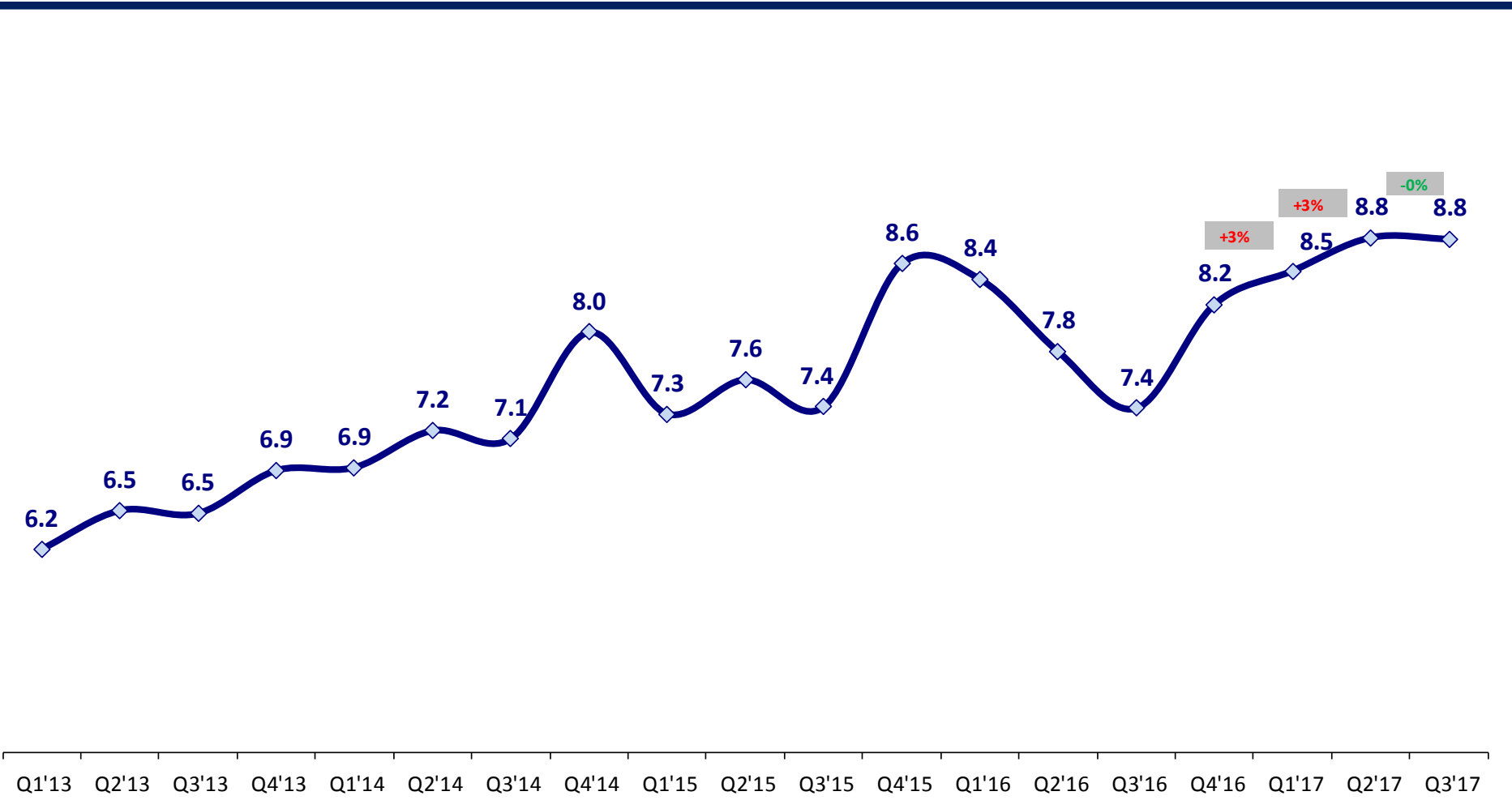












The information contained herein reflects our latest business statement as at September 30, 2017.

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.

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**Thank You**

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