

# Performance Highlights - 30 Jun 2016

## Investor Relations Conference Call

July 28<sup>th</sup>, 2016

Speakers:

Mr. Aameer Karachiwalla - Chief Financial Officer

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

*where **you** come **first***

Awarded “Best Bank 2016” – Pakistan Banking Awards

Credit Ratings upgraded to AAA / A-1+ in June, 2016

# Table of Contents

**PAGE**

**Key Highlights**

**3**

**Execution and Delivery**

**7**

**Key Ratios**

**22**

**Quarterly Trend Analysis**

**24**

## Standalone results

---

- Profit before tax up by 12% to Rs. 24.8 bln
- Profit after tax up by 12% to Rs. 14.3 bln
- UBL increased its domestic market share of deposits to 8.76% as at Jun'16 (8.60% as at Dec'15)
- Return on equity of 26.5% in H1'16 (H1'15: 26.4%)
- Average balance sheet expansion of 22% in H1'16 vs H1'15
- Domestic deposits have grown by 10% over Dec'15
- Revenue growth of 9% over the corresponding period - strong growth in NFI
- Cost to income ratio is 37.6% for H1'16 (H1'15: 37.6%)

## Consolidated results

---

- Consolidated profit before tax up by 11% over H1'15, at Rs. 25.5 billion
- Consolidated profit after tax up by 9% over H1'15, at Rs. 14.6 billion

## Other Updates

---

- Awarded “Best Bank 2016” – Pakistan Banking Awards
- Credit Ratings upgraded to AAA / A-1+ in June, 2016

### Net interest income up 7% over H1'15, reaches Rs. 29.3 bln

- Overall cost of deposits reduced by 66 bps to close at 2.71% in the H1'16 (H1'15: 3.37%)
- Average loan growth of 10% in H1'16 vs H1'15, with yields at 6.8% in H1'16 (H1'15: 9.0%)
- Average earning investments grew by 40% in H1'16 vs H1'15, with yields at 9.4% in H1'16 (H1'15: 10.8%)

### Non interest income reaches Rs. 14.0 bln, up by 13% over H1'15

- Fee and Commissions for H1'16 recorded at Rs. 6.4 Bn (H1'15: Rs. 6.3 Bn)
- Capital gains stood at Rs. 4.5 Bn (H1'15: Rs. 2.2 Bn)
- Dividend income closed at Rs. 1.5 bln (H1'15: Rs. 2.0 bln)
- FX income at Rs. 1.0 bln (H1'15: Rs. 1.2 bln), as the exchange rate remains relatively stable

### Provisions down by Rs. 0.4 bln over H1'15, reach Rs. 1.7 bln

- Strong cash recoveries within domestic and international
- General provisions of Rs. 0.5 bln (H1'15: Rs. 2.0 bln) taken against the advances portfolio
- Impairment charge of Rs. 0.7 bln (H1'15: Rs. 6.2 mln) taken against the investment portfolio

### Administrative expenses were up 9% over H1'15, reach Rs. 16.3 bln

- Personnel costs for H1'16 at Rs. 6.5 bln, up by 9% (H1'15: Rs. 5.9 bln)
- Premises costs remained almost flat with the increase restricted to 2% in H1'16 vs H1'15
- Advertising and marketing spend has been enhanced as investment in the corporate brand continues this year

### Retail deposits growth driving balance sheet expansion

- Domestic deposits grew by 10% over Dec'15, at Rs. 917 bln (Dec'15: Rs. 832 bln)
- Domestic current accounts grew by 16% over Dec'15, Average current account growth of 15% in H1'16 vs H1'15

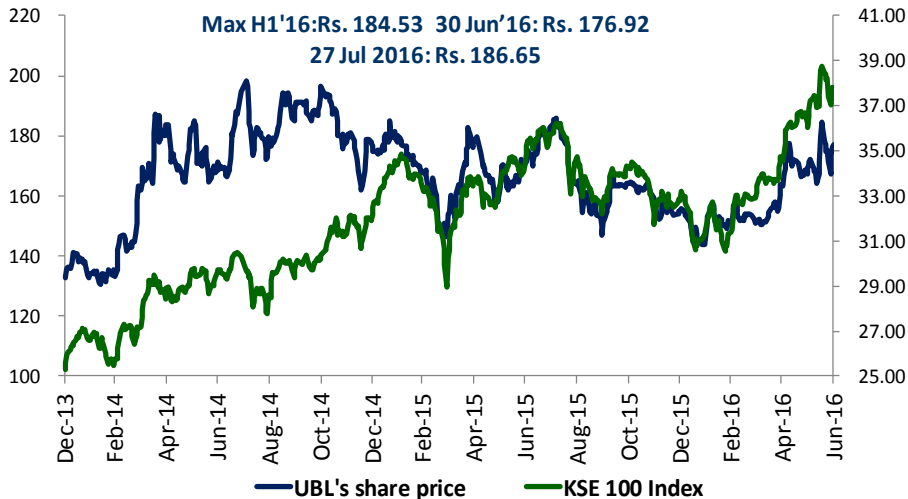
### Net Advances are at Rs. 496 bln from Rs. 455 bln at Dec'15

- Corporate loan book remained strong at Rs. 227 bln (Dec'15: Rs. 221 bln)
- Commodity advances portfolio increased at Jun'16 to Rs. 65 bln (Dec'15: Rs. 43 bln)
- International portfolio up by 9% at Jun'16 to Rs. 158 Bn (Dec'15: Rs. 145Bn)
- Overall NPLs have decreased by Rs. 0.1 Bn to Rs. 46.7 bln at Jun'16 (Dec'15: Rs. 46.8 bln)
- Asset quality has improved to 8.7% at Jun'16 at (Dec'15: 9.4%)
- Coverage ratio based on specific provision at Jun'16 is 80.6% (Dec'15: 80.2%)

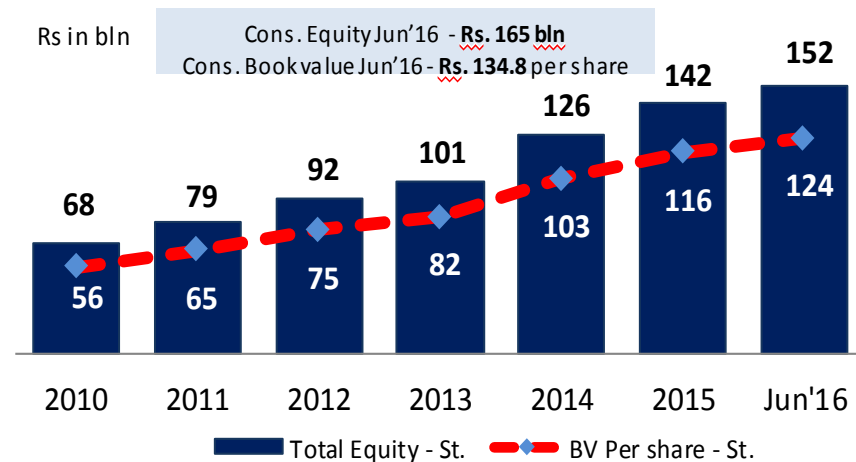
# **Execution and Delivery - Strong earnings growth in H1'16**

# Consistent earnings performance

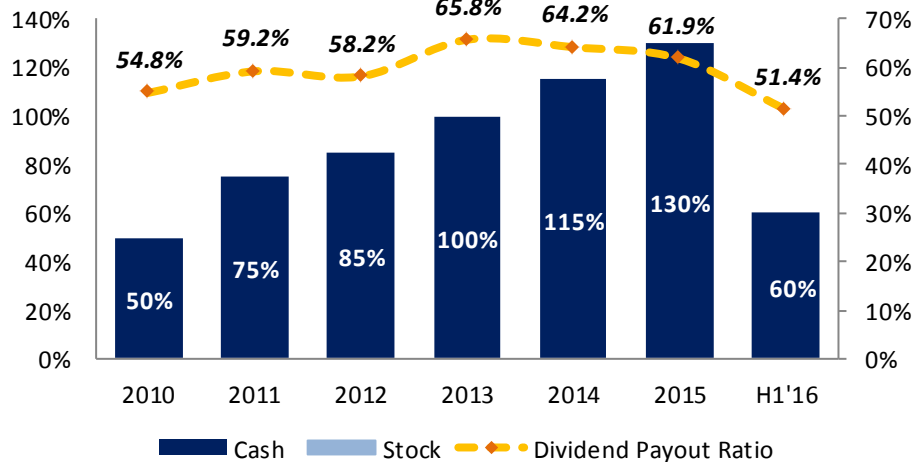
## Trends - KSE 100 Index and UBL's share price



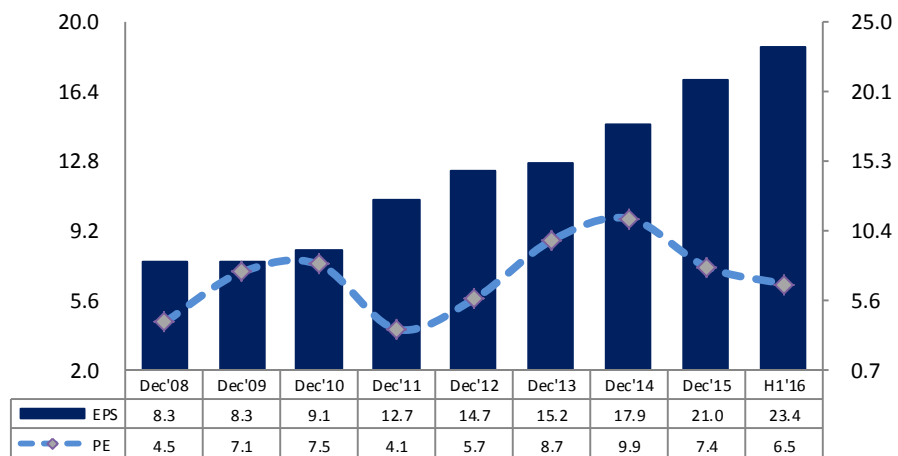
## Equity and Book Values



## Cash and Stock Payout



## EPS & Price Earnings Ratio \*





# Income Statement - Standalone

	<i>Rs in bln</i>			<i>Rs in bln</i>		
	H1'16	H1'15	Var %	Q2'16	Q1'16	Var %
Interest Earned	49.5	46.4	6.7%	26.1	23.4	11.4%
Interest Expensed	(20.2)	(19.1)	-5.6%	(10.4)	(9.8)	-5.3%
<b>Net Interest Income</b>	<b>29.3</b>	<b>27.3</b>	<b>7.5%</b>	<b>15.7</b>	<b>13.6</b>	<b>15.9%</b>
Non Interest Income	14.0	12.4	12.6%	5.6	8.4	-33.1%
<b>Total Revenue</b>	<b>43.3</b>	<b>39.7</b>	<b>9.1%</b>	<b>21.3</b>	<b>21.9</b>	<b>-2.8%</b>
Admin. Expenses	(16.3)	(14.9)	-9.1%	(7.8)	(8.4)	7.2%
<b>Operating Expenses</b>	<b>(16.8)</b>	<b>(15.5)</b>	<b>-8.9%</b>	<b>(8.1)</b>	<b>(8.7)</b>	<b>7.2%</b>
Pre Prov. Operating Profit	26.5	24.2	9.2%	13.2	13.2	0.2%
<b>Provision Exp./Other writeoffs</b>	<b>(1.7)</b>	<b>(2.1)</b>	<b>19.5%</b>	<b>0.3</b>	<b>(2.0)</b>	<b>114.2%</b>
Profit Before Tax	24.8	22.1	11.9%	13.5	11.3	20.1%
<b>Profit After Tax</b>	<b>14.3</b>	<b>12.7</b>	<b>12.4%</b>	<b>7.0</b>	<b>7.3</b>	<b>-4.2%</b>

# Income Statement - Consolidated

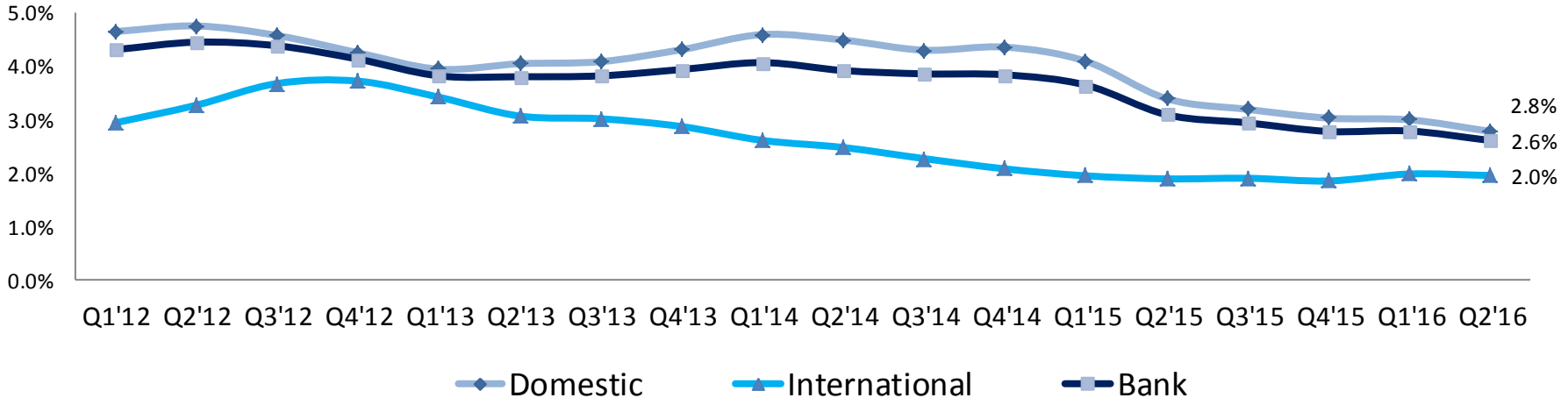
	<i>Rs in bln</i>			<i>Rs in bln</i>		
	H1'16	H1'15	Var %	Q2'16	Q1'16	Var %
Interest Earned	51.4	47.9	7.2%	27.1	24.3	11.7%
Interest Expensed	(21.0)	(19.7)	-6.7%	(10.8)	(10.2)	-6.3%
<b>Net Interest Income</b>	<b>30.4</b>	<b>28.2</b>	<b>7.5%</b>	<b>16.3</b>	<b>14.1</b>	<b>15.6%</b>
Non Interest Income	15.3	13.8	10.9%	6.1	9.2	-33.6%
<b>Total Revenue</b>	<b>45.7</b>	<b>42.1</b>	<b>8.6%</b>	<b>22.4</b>	<b>23.3</b>	<b>-3.8%</b>
Admin. Expenses	(17.9)	(16.4)	-8.9%	(8.7)	(9.2)	5.8%
<b>Operating Expenses</b>	<b>(18.4)</b>	<b>(16.9)</b>	<b>-8.8%</b>	<b>(8.9)</b>	<b>(9.5)</b>	<b>5.9%</b>
Pre Prov. Operating Profit	27.3	25.1	8.5%	13.5	13.8	-2.4%
<b>Provision Exp./Other writeoffs</b>	<b>(1.8)</b>	<b>(2.2)</b>	<b>17.3%</b>	<b>0.2</b>	<b>(2.0)</b>	<b>108.8%</b>
Profit Before Tax	25.5	23.0	10.9%	13.6	11.8	15.1%
<b>Profit After Tax</b>	<b>14.6</b>	<b>13.4</b>	<b>8.8%</b>	<b>7.0</b>	<b>7.6</b>	<b>-6.9%</b>

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

## Deposits – Bank

	Jun'16		Dec'15	
	PE	CoF %	PE	CoF %
Domestic deposits - Rs in bln	917	2.9%	832	3.4%
International deposits - Rs in bln	225	2.0%	219	1.9%
Total Bank - Rs in bln	1,142	2.7%	1,051	3.1%
International - USD in mln	2,149	2.0%	2,094	1.9%
Domestic CASA	81.6%		83.6%	

## Cost of Deposits

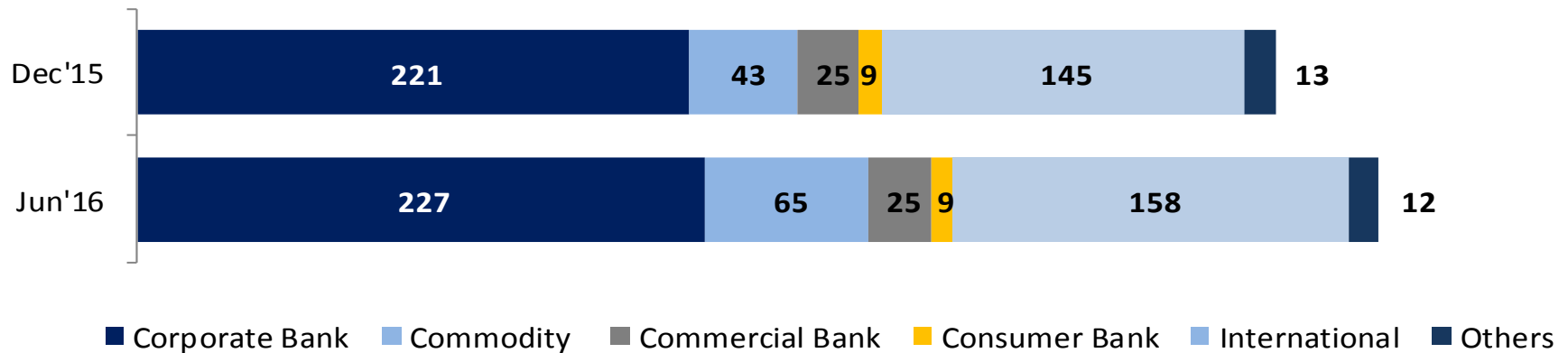


# Advances portfolio registers 9% growth overt Dec'15

## Net Advances

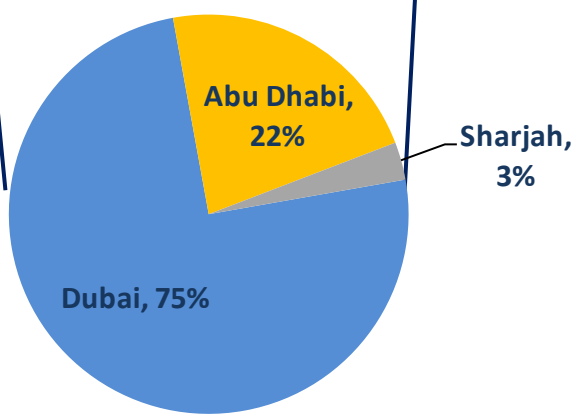
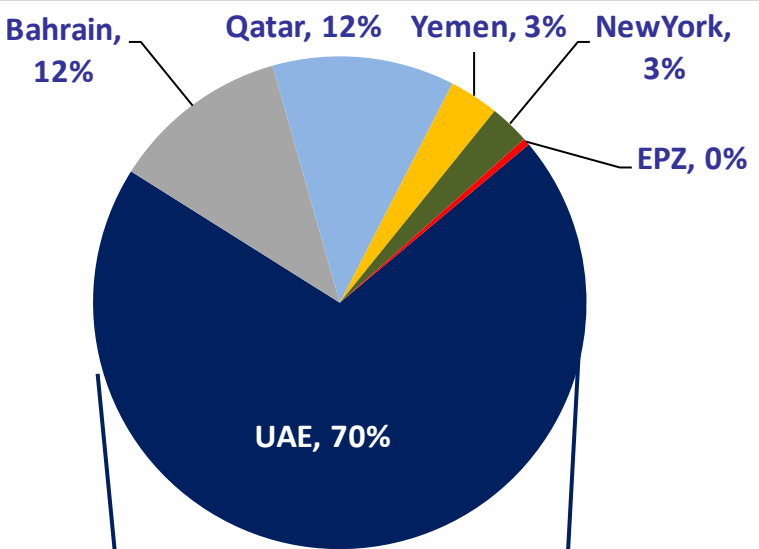
*Rs in bln*

	Jun'16	Dec'15	Var %
Corporate Bank	227	221	3%
Commodity	65	43	51%
Commercial	25	25	2%
Consumer	9	9	3%
Others	12	13	-5%
<b>Total Domestic</b>	<b>338</b>	<b>310</b>	<b>9%</b>
<b>International</b>	<b>158</b>	<b>145</b>	<b>9%</b>
<b>Bank</b>	<b>496</b>	<b>455</b>	<b>9%</b>
<b>International USD mln</b>	<b>1,507</b>	<b>1,384</b>	<b>9%</b>

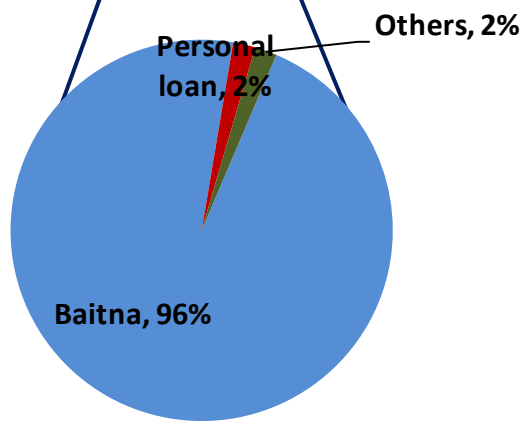
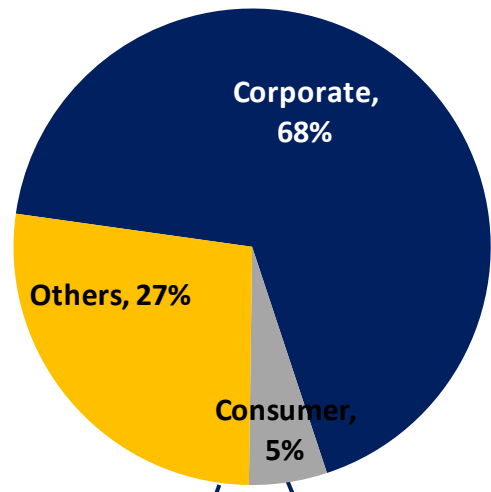


# International Advances - Corporate loan book remains the largest component

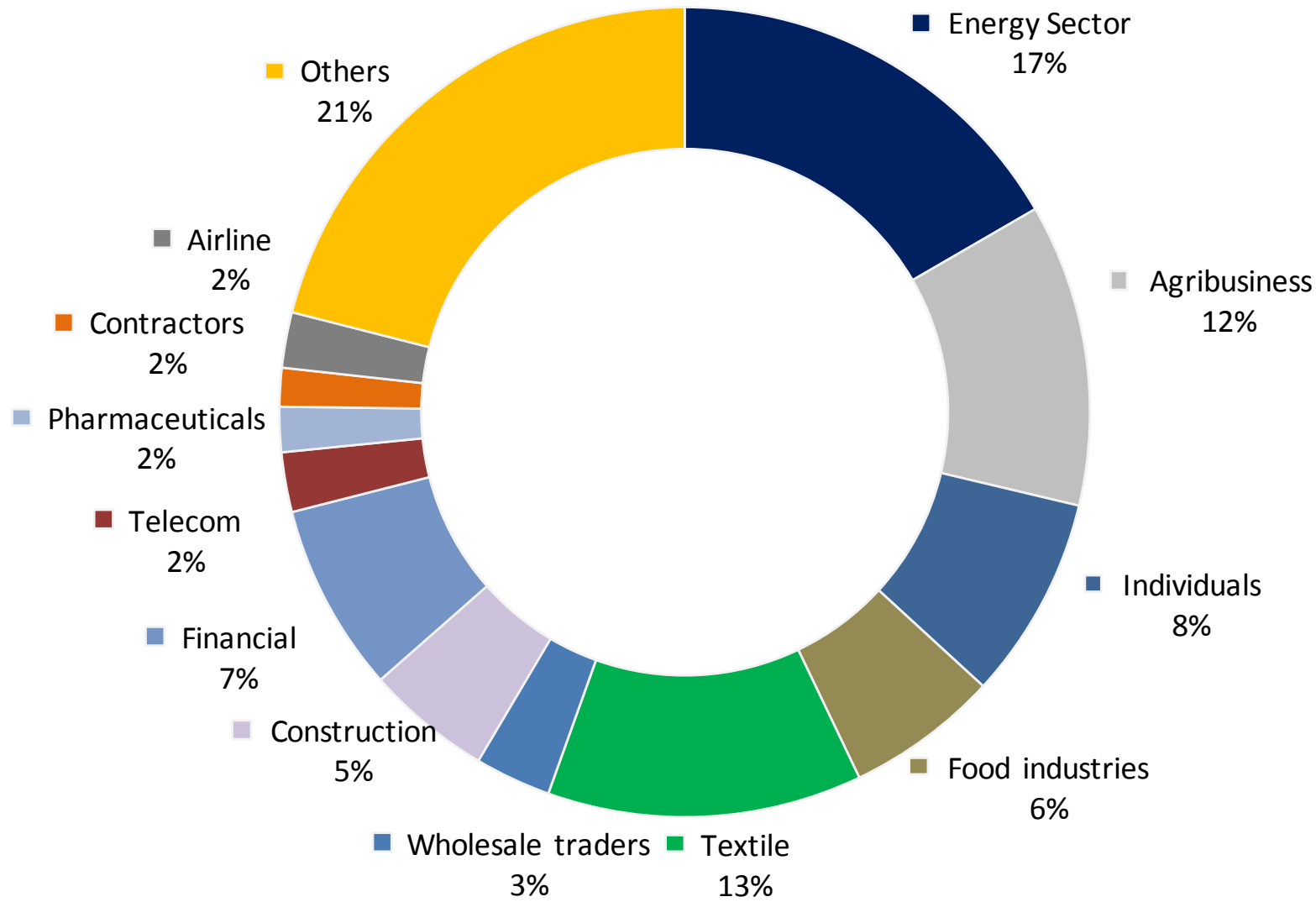
## By Geography



## By Business - UAE

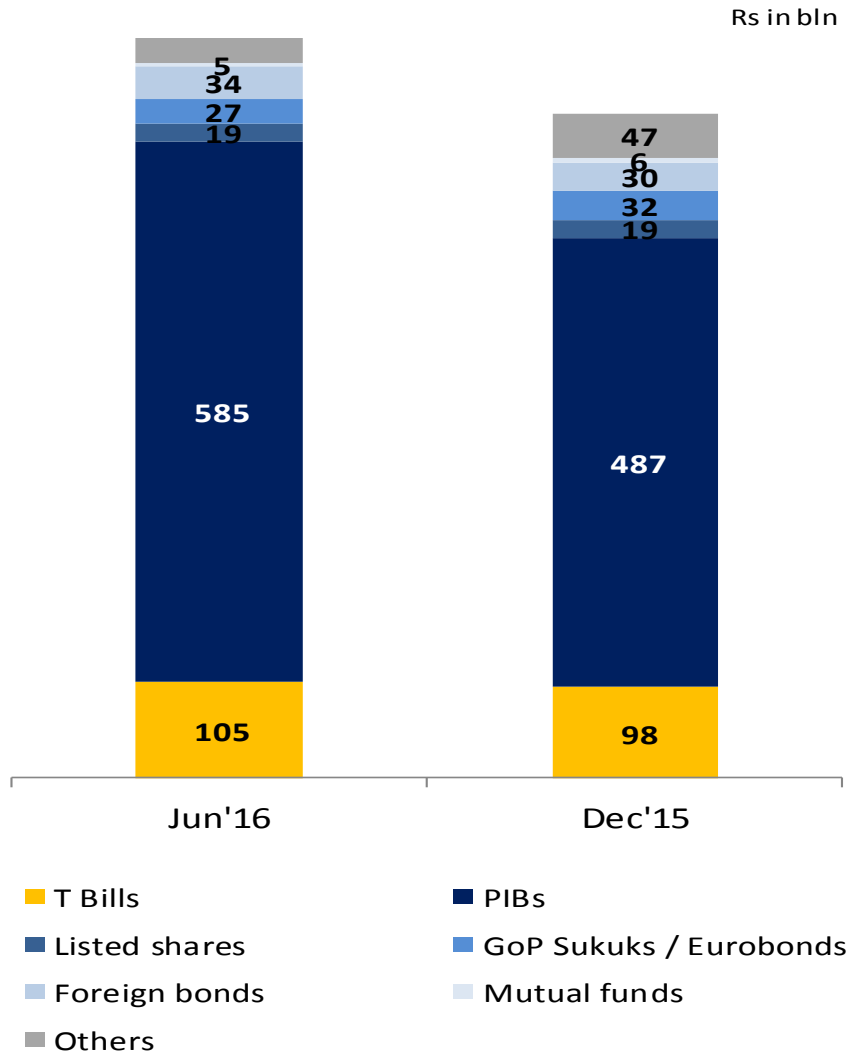


# Concentration of Advances as at June 30, 2016 - Standalone

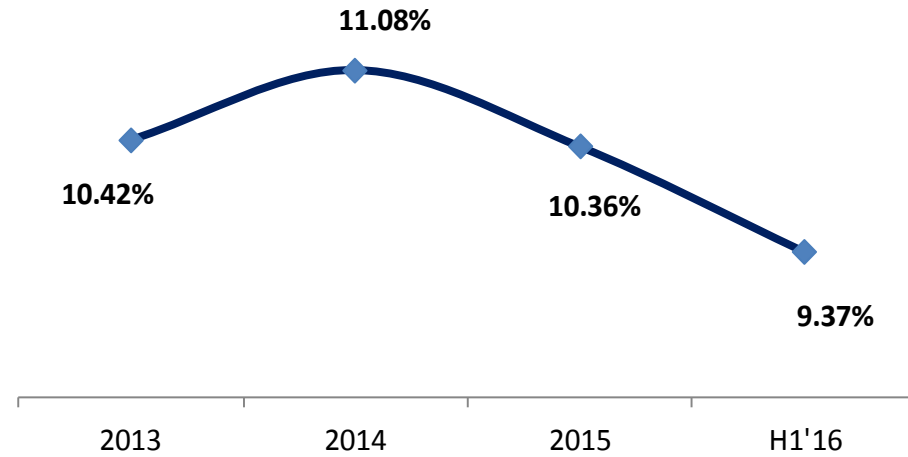


# Diversified investment portfolio with strong market risk management

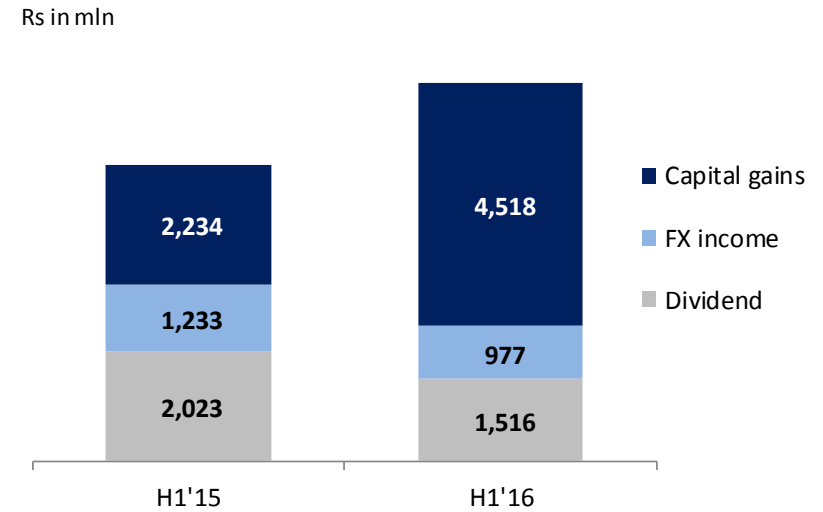
Portfolio concentrated in long terms treasury bonds



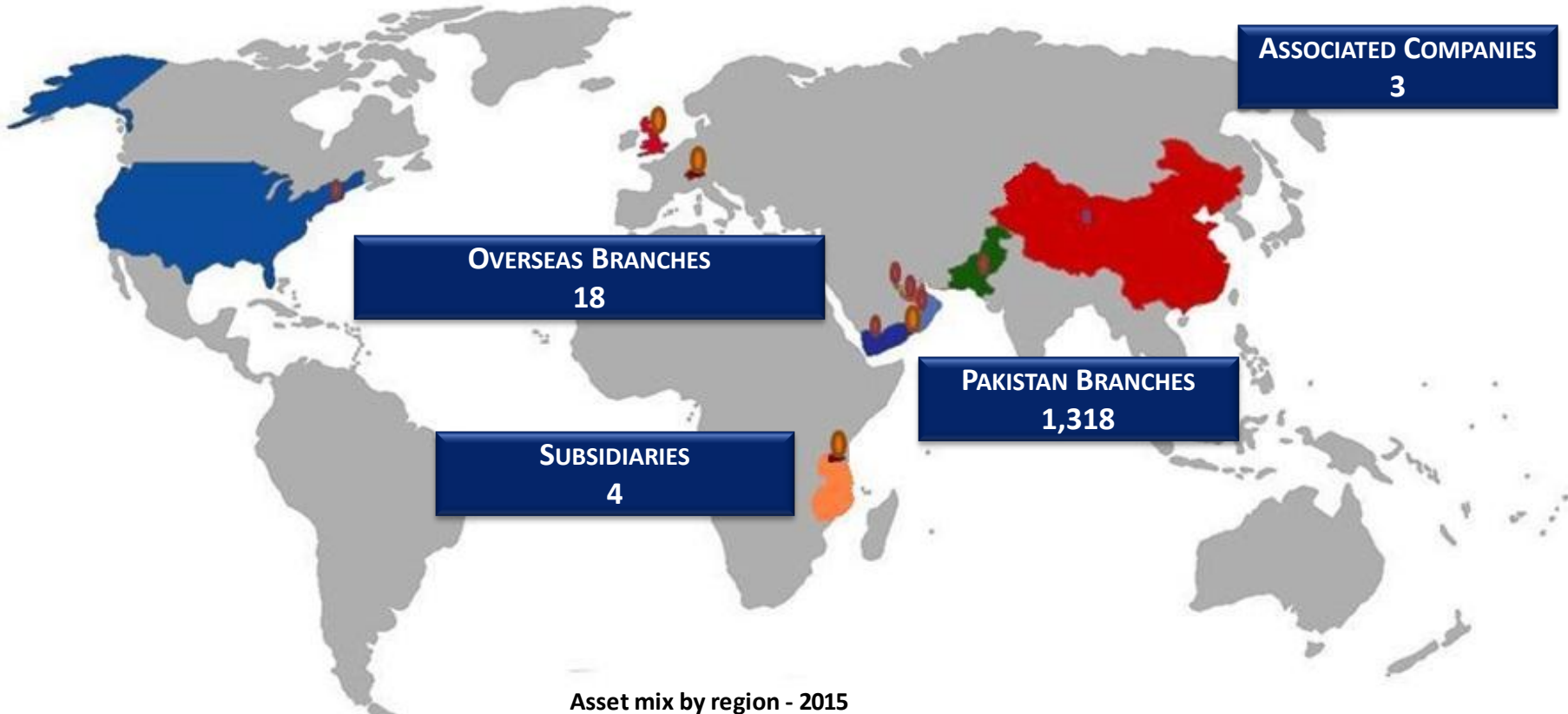
Investments' yields



Non Funded revenue streams continue to grow



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



**Asset mix by region - 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

- 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
- 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>		
	<b>H1'16</b>	<b>H1'15</b>	<b>Var %</b>
Fee, commission and brokerage income	6,386	6,295	1%
Dividend income	1,516	2,023	-25%
Income from dealing in foreign currencies	977	1,233	-21%
Gain / (loss) on sale of securities	4,518	2,234	102%
Other income	557	604	-8%
<b>Total Non Fund Income</b>	<b>13,955</b>	<b>12,389</b>	<b>13%</b>

	<i>Rs in mln</i>		
	H1'16	H1'15	Var %
Commission on trade	1,056	825	28%
Commission on consumer loan	326	341	-4%
Commission on remittance / uniremote	1,161	1,028	13%
Corporate service chgs/finance fee/FIG inc.	994	807	23%
General banking service charges	1,030	1,048	-2%
Commission on cash management	269	234	15%
Commission on home remittance	507	990	-49%
Commission income - Bancassurance	315	317	-1%
Commission others	729	705	3%
<b>Total</b>	<b>6,386</b>	<b>6,295</b>	<b>1%</b>

*Rs in mln*

	H1'16	H1'15	Var %
Personnel Cost	6,459	5,928	-9%
Premises Cost	1,991	1,948	-2%
Outsourced service charges including sales commission	2,437	2,130	-14%
Advertisement and publicity	363	243	-49%
Communications	607	591	-3%
Depreciation / Amortization	1,036	1,058	2%
Legal and professional charges	206	144	-43%
Banking service charges	517	496	-4%
Stationery and printing	312	304	-3%
Travelling	148	137	-8%
Cash transportation charges	306	281	-9%
Repairs and maintenance	764	773	1%
Vehicle expenses	84	90	6%
Office running expenses	363	295	-23%
Insurance expense	59	21	-187%
Others	641	497	-29%
<b>Total</b>	<b>16,295</b>	<b>14,935</b>	<b>-9%</b>

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 a bold, dark blue font on the left side of this graphic.

## Key Ratios

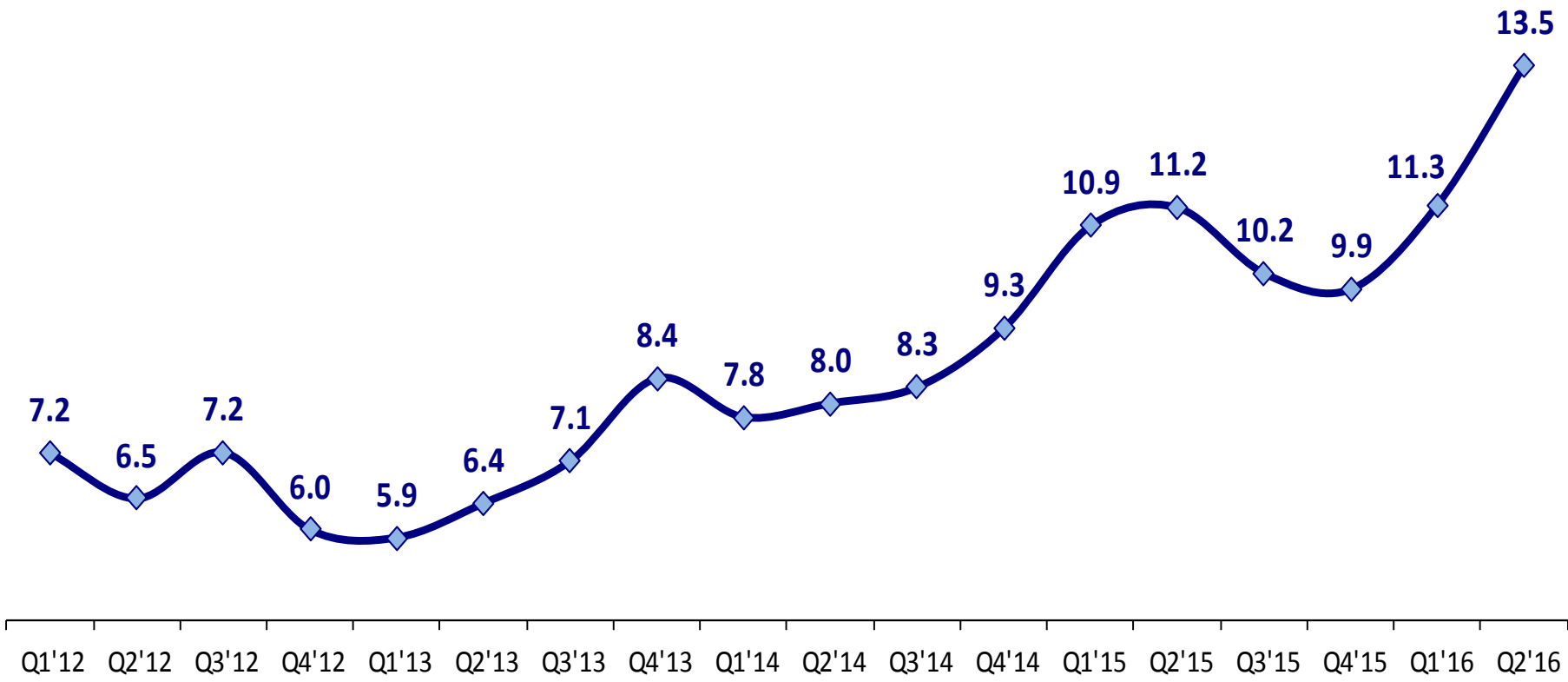
## Key Financial Ratios

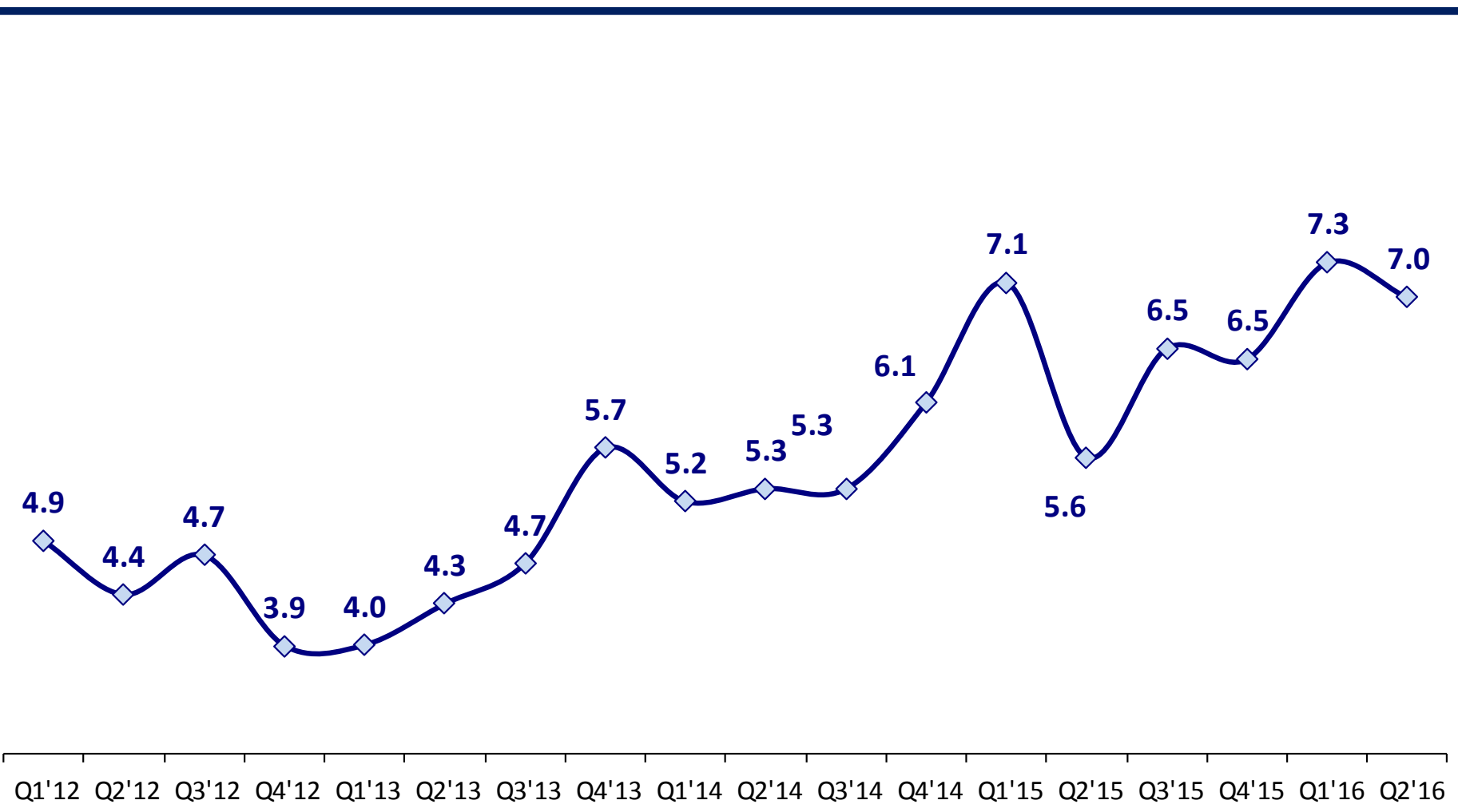
	H1'16	H1'15	Q2'16	Q1'16
Return on Equity	26.5%	26.4%	25.7%	27.4%
Return on Assets	2.0%	2.1%	1.9%	2.1%
Non Fund Income to Gross Revenue	32.2%	31.2%	26.2%	38.1%
Cost to Revenue Ratio	37.6%	37.6%	36.8%	38.5%

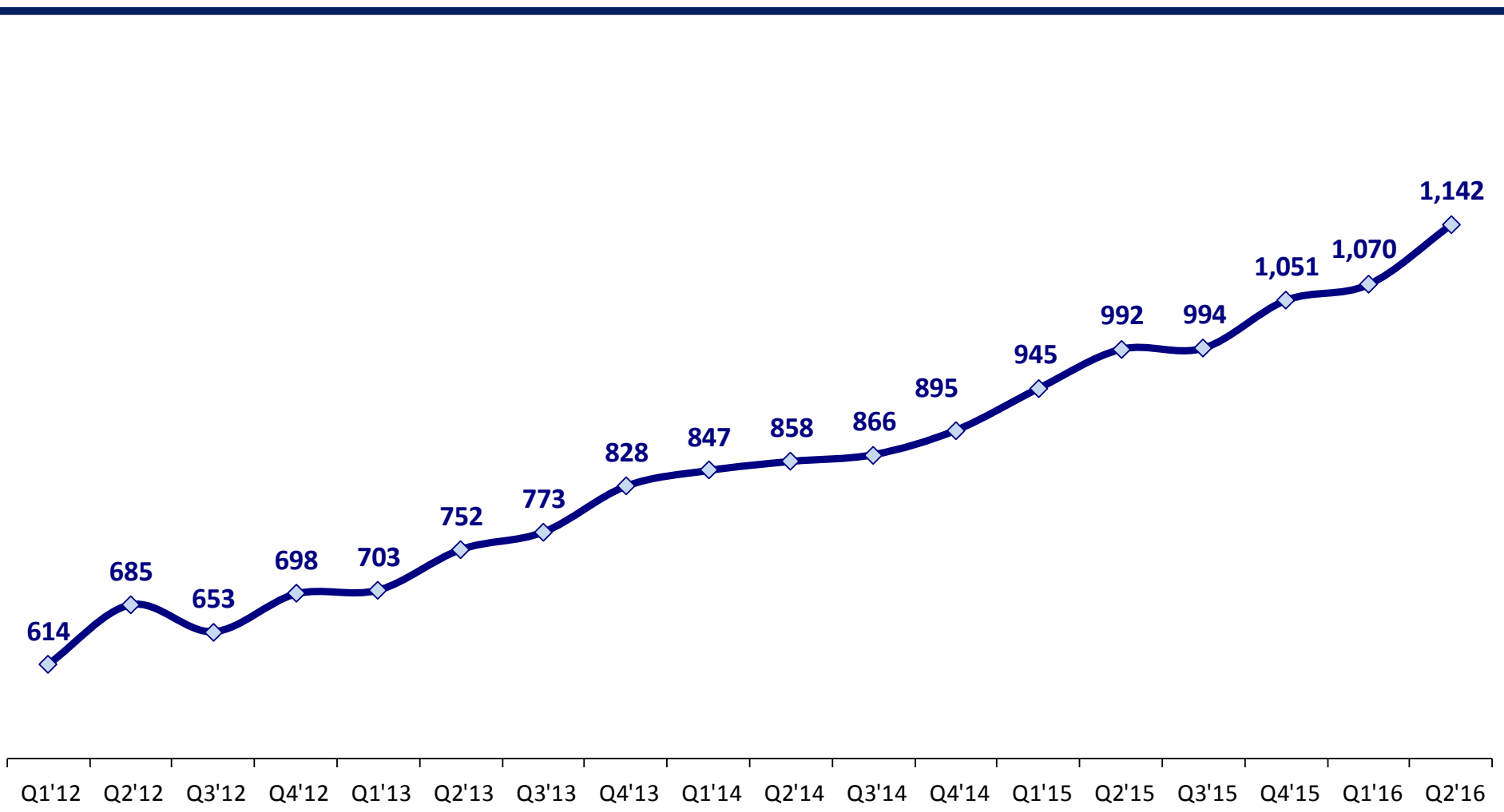
	Jun'16	Mar'16	Dec'15	Jun'15
Advances to Deposits Ratio	41.6%	39.5%	41.3%	41.4%
Asset Quality	8.7%	9.6%	9.4%	11.2%
Coverage (Specific provisions)	80.6%	79.2%	80.2%	81.2%
Coverage (Total provisions)	90.3%	91.7%	88.9%	88.8%
CAR - Tier I	10.3%	10.4%	10.4%	10.1%
CAR	14.5%	14.6%	14.6%	14.5%

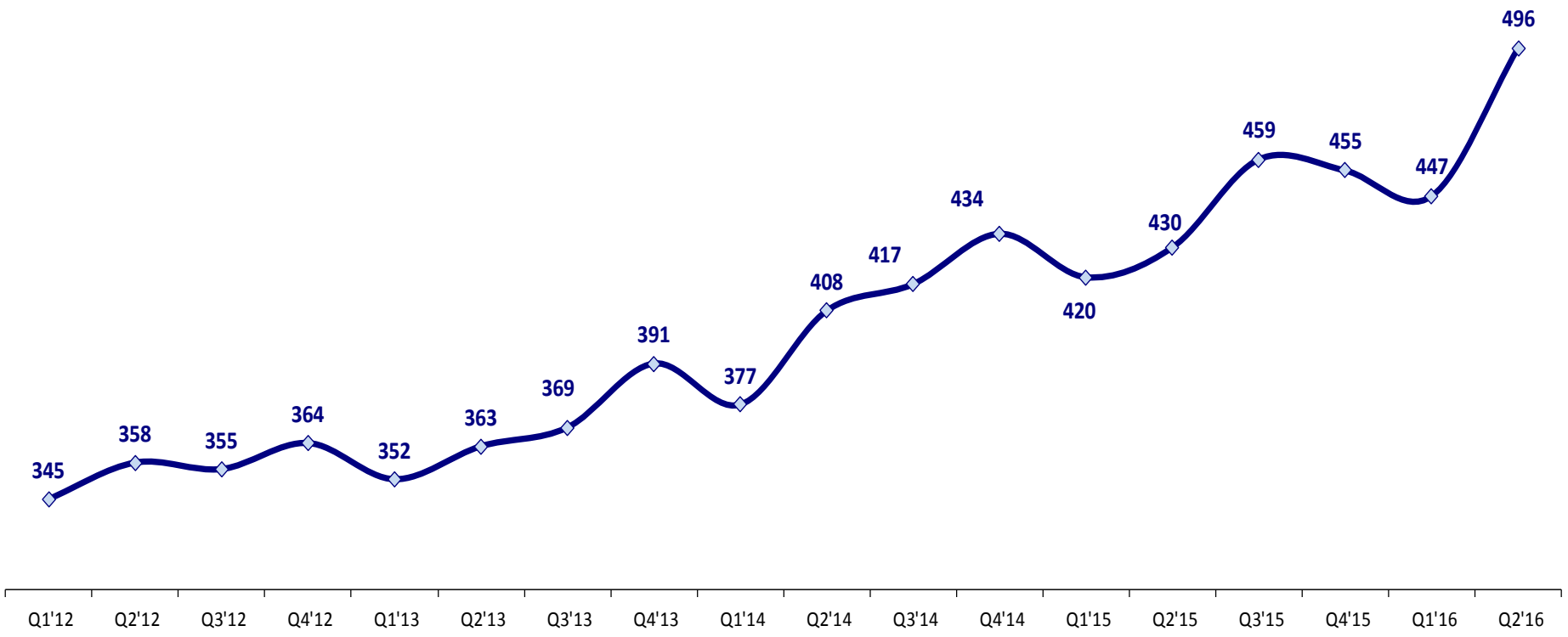
# Quarterly Trend Analysis Bank Level - Standalone

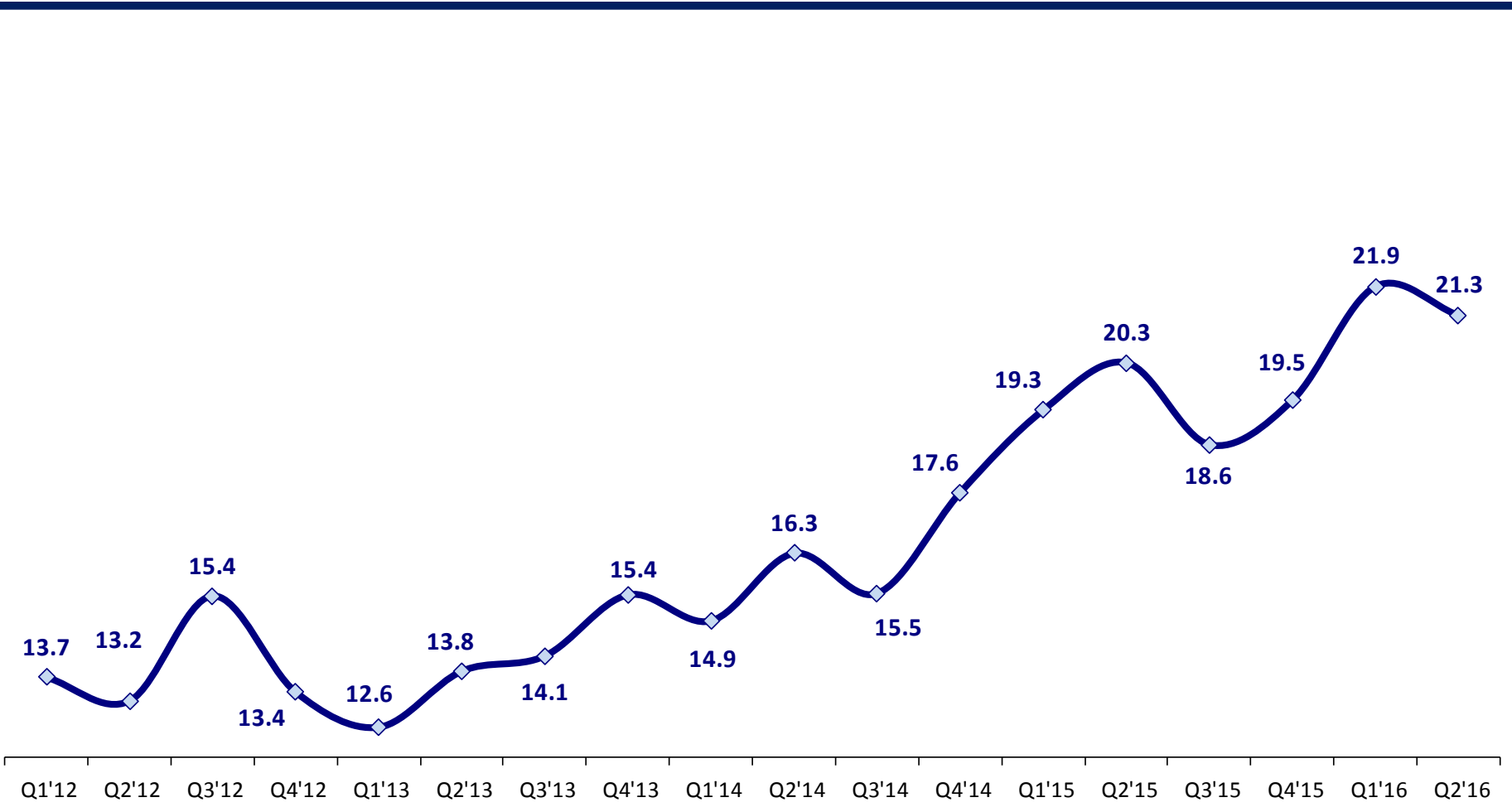


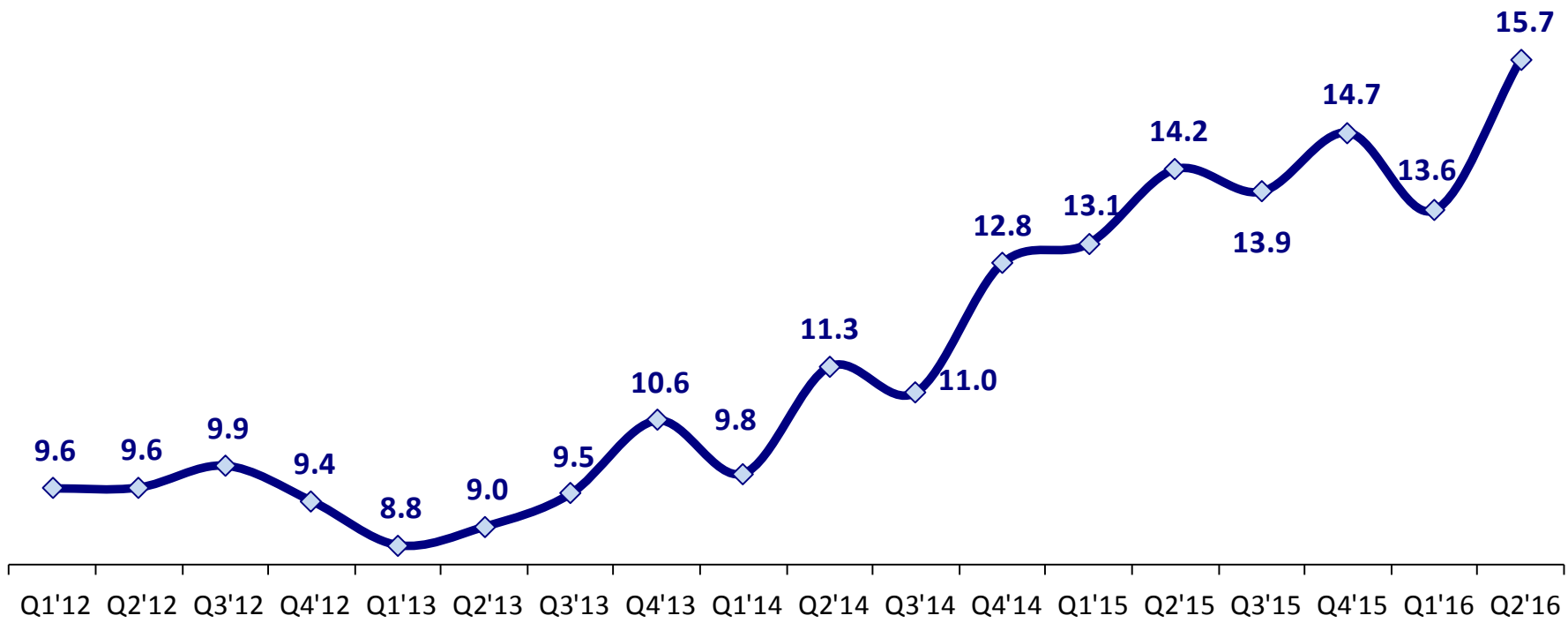


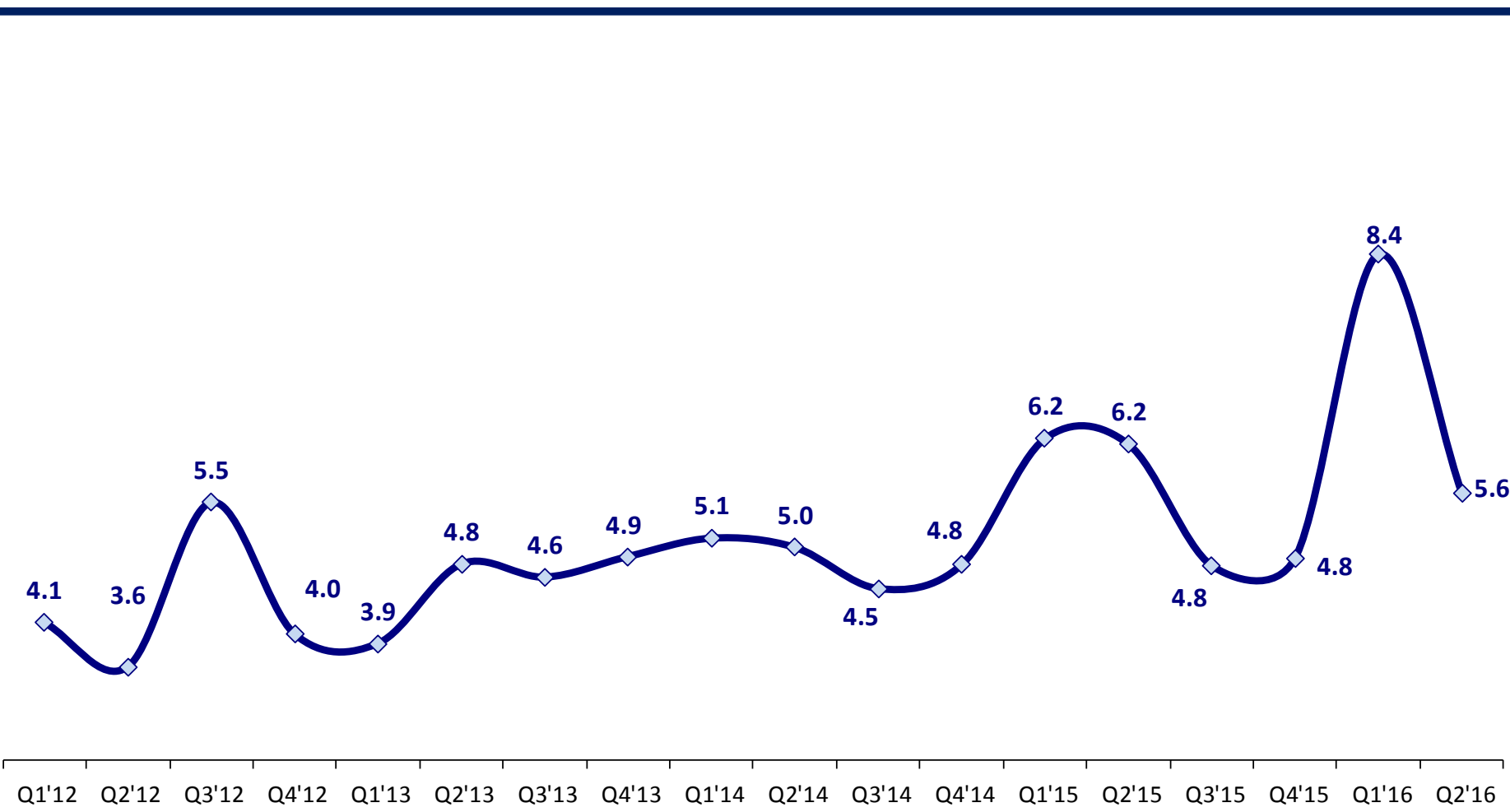


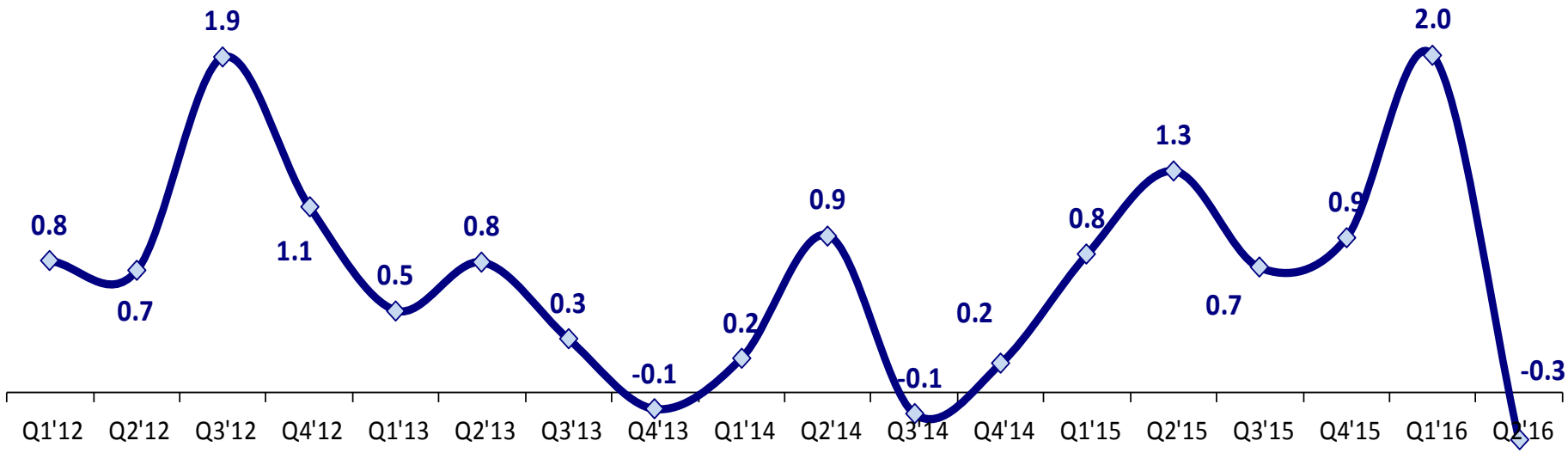




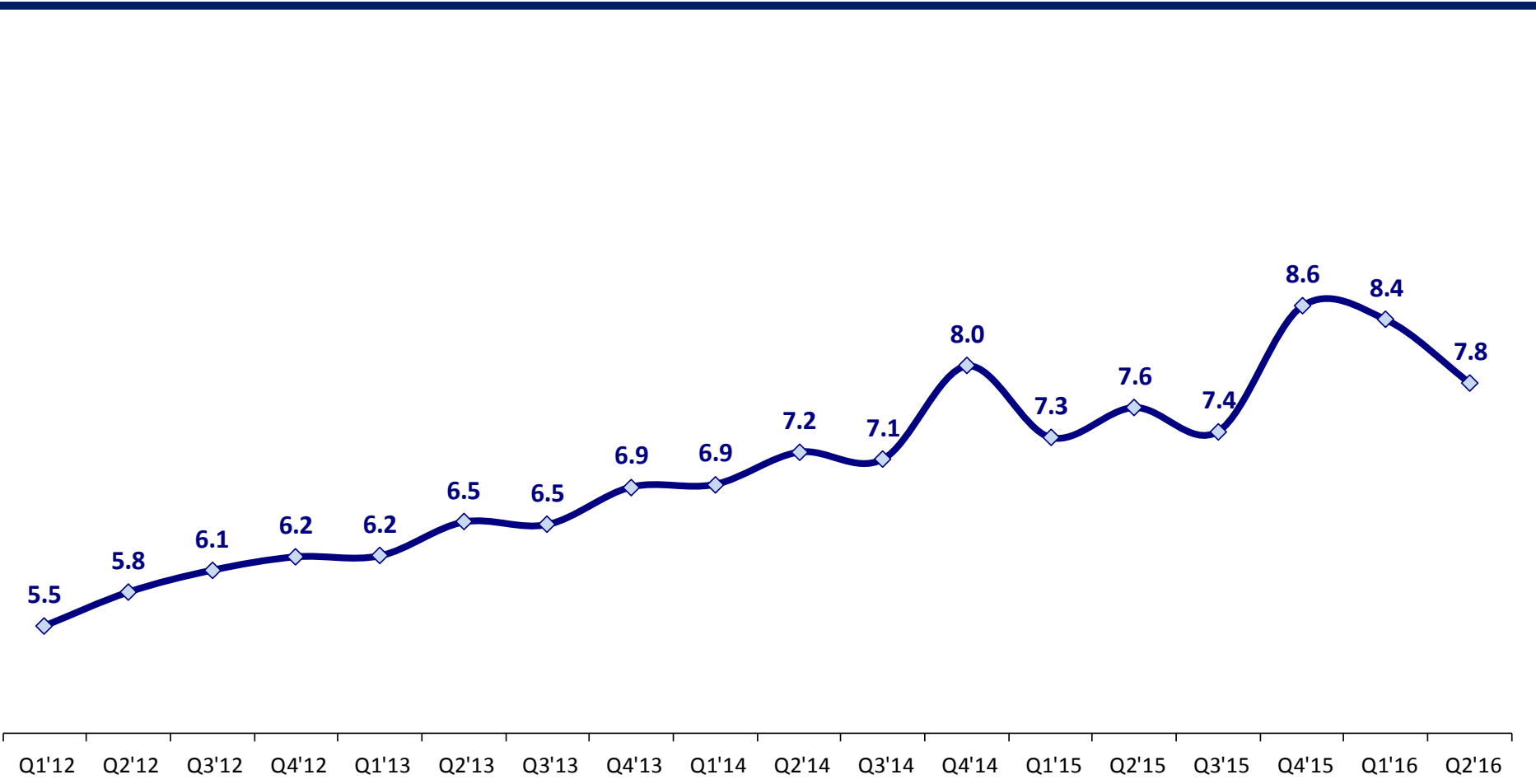












The information contained herein reflects our latest business statement as at June 30, 2016.

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**

---