

Performance Highlights - 31 Mar 2017

Investor Relations Conference Call

April 20th, 2017

Speakers:

Mr. Aameer Karachiwalla - Chief Financial Officer

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

Investor Relations Release

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Standalone Results

- Profit before tax up closes at Rs. 11.2 bln (Q1'16: Rs. 11.3 bln)
- Profit after tax up flat at Rs. 7.3 bln
- Return on equity (RoE) of 24.9% in Q1'17 (Q1'16: 27.4%)
- Average balance sheet expansion of 8% in Q1'17 vs Q1'16
- Deposits have closed at Rs. 1,183 bln slightly ahead of Dec'16 levels
- Overall revenues stood at Rs. 20 bln (Q1'16: Rs. 21.9 bln)
- Expense growth remained well contained at 1% over Q1'16
- Cost to income ratio measured at 42.6% for Q1'17 vs 38.5% in Q1'16
- Provision expense down by Rs. 1.9 bln to Rs. 80 million in Q1'17
- EPS for Q1'17 at Rs. 5.93, compared with Rs. 5.96 in Q1'16

Consolidated Results

- Consolidated profit before tax stood at Rs. 11.6 bln (Q1'16: Rs. 11.8 bln)
- Consolidated profit after tax stood flat at Rs. 7.6 bln

Net interest income up 1% over Q1'16, closes at Rs. 13.7 bln

- Overall cost of deposits reduced by 14 bps to close at 2.7% in Q1'17 (Q1'16: 2.8%)
- Average loan growth of 9% in Q1'17, with yields maintained at 6.4%
- Average earning investments grew by 11% over Q1'16, yields at 8.3% (Q1'16: 9.3%)

Non interest income closed at Rs. 6.3 bln (Q1'16: Rs. 8.4 bln)

- Fee and Commissions recorded at Rs. 2.8 bln against Rs. 3.2 bln in Q1'16
- Capital gains stood at Rs. 2.3 bln (Q1'16: Rs. 3.8 bln)
- Dividend income closed at Rs. 552 mln, 28% growth over Q1'16
- FX income at Rs. 418 mln (Q1'16: Rs. 596 mln), a result of a stable exchange rate

Total provisions down Rs. 1.9 bln over Q1'16, close at Rs. 80 mln

- Strong cash recoveries within both domestic and international operations
- Overall NPLs closed at Rs. 44.5 bln at Mar'17 (Dec'16: Rs. 44.6 bln)
- Asset quality at 8.3% at Mar'17 (Dec'16: 8.1%)
- Coverage ratio based on specific provision at Mar'17 improved to 84.3% (Dec'16: 83.9%)

Administrative expenses well controlled, growth restricted to 1% in Q1'17

- Personnel costs for Q1'17 at Rs. 3.5 bln, up 7% over Q1'16
- Premises cost up 14% in Q1'17, largely due to annual rent escalation and branch refurbishments
- Variable expenses reduced by Rs. 452 mln YoY as we continued to actively monitor and rationalize controllable expenses.

Growth in non-core deposits drives balance sheet expansion

- Domestic deposits stood at Rs. 951 bln (Dec'16: Rs. 946 bln).
- Domestic current accounts grew by 2% over Dec'16, with average current account growing by 17% in Q1'17

Net advances close at Rs. 498 bln (Dec'16: Rs. 510 bln)

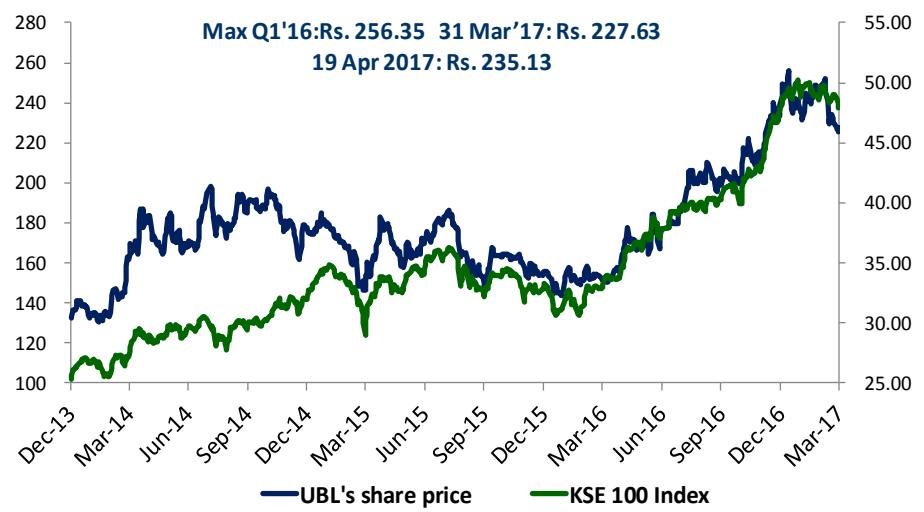
- Corporate advances stood at Rs. 250 bln at Mar'17, 6% up over Dec'16
- Commodities portfolio closed at Rs. 36 bln at Mar'17 (Dec'16: Rs. 53 bln) – seasonal repayments impact
- International advances closed the quarter at Rs. 166 bln (Dec'16: Rs. 168 bln)

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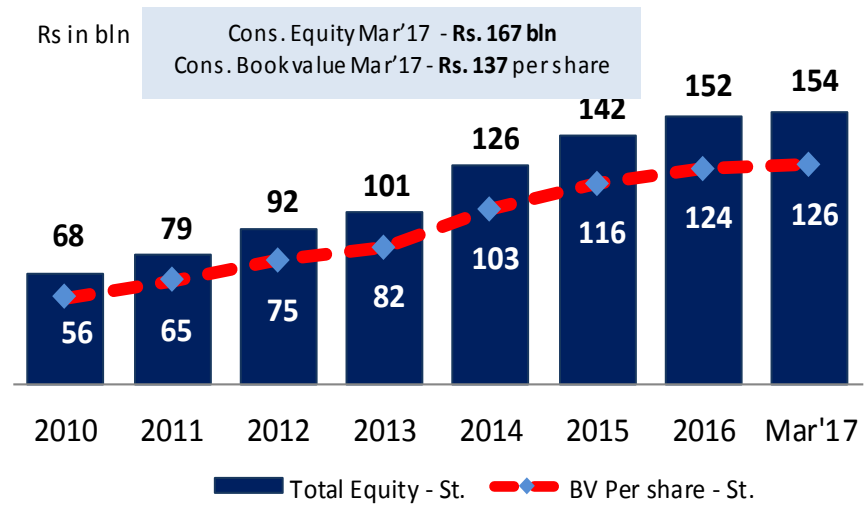
Execution and Delivery

Consistent earnings performance throughout the years

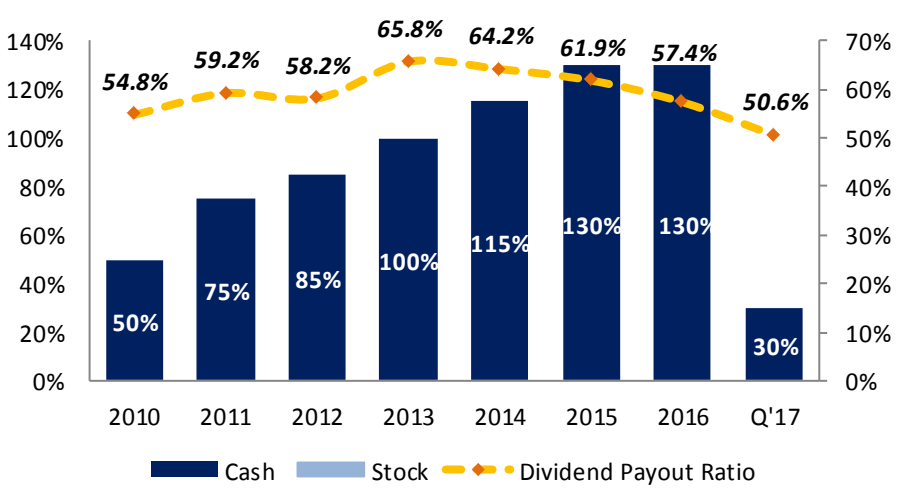
Trends - KSE 100 Index and UBL's share price



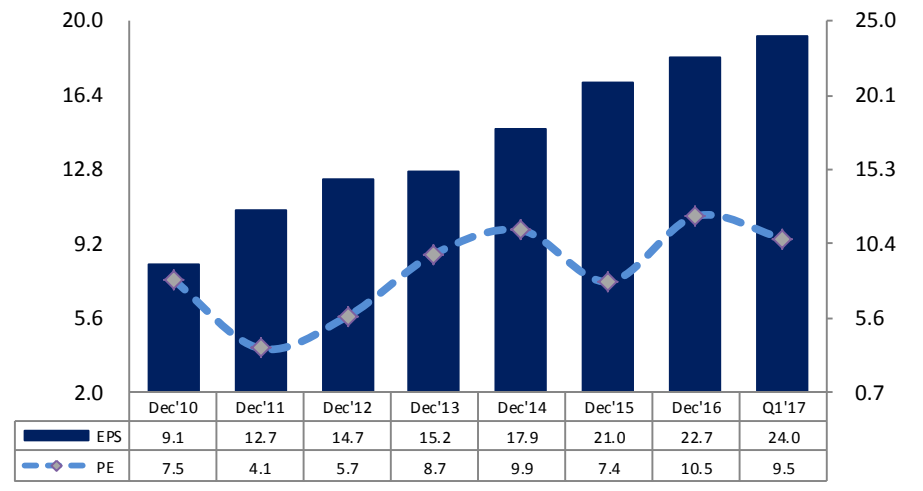
Equity and Book Values



Cash and Stock Payout



EPS & Price Earnings Ratio



Income Statement - Standalone

	<i>Rs in bln</i>			<i>Rs in bln</i>	
	Q1'17	Q1'16	Var %	Q4'16	Var %
Interest Earned	23.9	23.4	2.0%	24.9	-3.9%
Interest Expensed	(10.2)	(9.8)	-3.5%	(10.8)	6.0%
Net Interest Income	13.7	13.6	0.9%	14.0	-2.4%
Non Interest Income	6.3	8.4	-24.9%	5.2	20.9%
Total Revenue	20.0	21.9	-8.9%	19.2	3.9%
Admin. Expenses	(8.5)	(8.4)	-0.8%	(8.2)	-3.4%
Operating Expenses	(8.8)	(8.7)	-0.3%	(8.5)	-3.4%
Pre Prov. Operating Profit	11.2	13.2	-15.0%	10.8	4.3%
Provision Exp./Other writeoffs	(0.1)	(2.0)	95.9%	(0.1)	0.0%
Profit Before Tax	11.2	11.3	-0.9%	10.4	6.9%
Profit After Tax	7.3	7.3	-0.6%	6.4	12.9%

Balance Sheet - Standalone

Rs in bln

	Mar'17	Dec'16	Var %
Advances	498	510	-2.3%
Investments	867	807	7.5%
Lendings to Financial Institutions	52	34	52.2%
Others	214	227	-5.5%
Total Assets	1,632	1,578	3.4%
Deposits	1,183	1,180	0.2%
Borrowings	249	202	23.7%
Others	45	44	2.3%
Total Liabilities	1,477	1,426	3.6%
Net Assets	154	152	1.6%
Share Capital	12	12	0.0%
Reserves	41	40	2.1%
Unappropriated Profit	66	64	2.6%
Total Equity	119	117	2.1%
Surplus on revaluation of Assets	35	35	-0.3%
Total Equity + Surplus	154	152	1.6%

Income Statement - Consolidated

	<i>Rs in bln</i>			<i>Rs in bln</i>	
	Q1'17	Q1'16	Var %	Q4'16	Var %
Interest Earned	24.7	24.3	1.7%	25.9	-4.6%
Interest Expensed	(10.6)	(10.2)	-3.8%	(11.4)	7.6%
Net Interest Income	14.1	14.1	0.1%	14.4	-2.2%
Non Interest Income	7.2	9.2	-22.0%	5.8	23.2%
Total Revenue	21.3	23.3	-8.6%	20.2	5.1%
Admin. Expenses	(9.3)	(9.2)	-1.3%	(9.0)	-3.5%
Operating Expenses	(9.6)	(9.5)	-0.8%	(9.2)	-3.5%
Pre Prov. Operating Profit	11.7	13.8	-15.1%	11.0	6.5%
Provision Exp./Other writeoffs	(0.1)	(2.0)	94.5%	(0.3)	65.2%
Profit Before Tax	11.6	11.8	-2.0%	10.7	8.5%
Profit After Tax	7.6	7.6	0.2%	6.3	21.2%

Balance Sheet - Consolidated

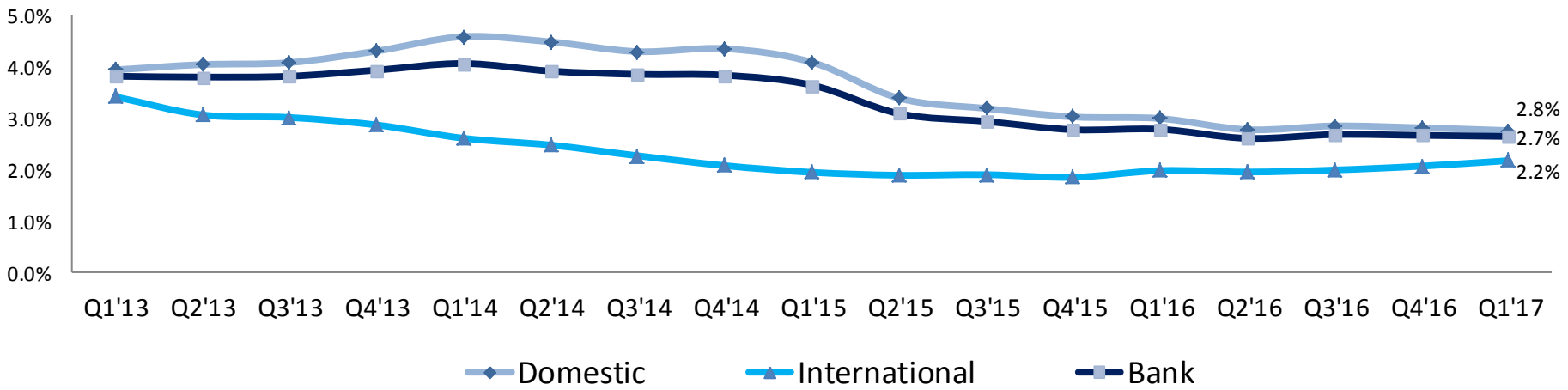
	<i>Rs in bln</i>		
	Mar'17	Dec'16	Var %
Advances	527	538	-2.0%
Investments	901	838	7.5%
Lendings to Financial Institutions	54	35	52.0%
Others	237	250	-5.4%
Total Assets	1,719	1,662	3.4%
Deposits	1,250	1,246	0.4%
Borrowings	254	206	23.5%
Others	47	46	1.2%
Total Liabilities	1,552	1,498	3.6%
Net Assets	167	164	2.1%
Share Capital	12	12	0.0%
Reserves	44	43	2.2%
Unappropriated Profit	71	69	2.8%
Total Equity attributable to equity holders of Bank	127	124	2.3%
Non-controlling Interest (NCI)	4	4	2.8%
Surplus on revaluation of Assets	36	36	1.2%
Total Equity + NCI + Surplus	167	164	2.1%

Deposits performance - Focus remains on growing low cost deposits

Deposits - Bank

	Mar'17		Dec'16	
	PE	CoF %	PE	CoF %
Domestic deposits - Rs in bln	951	2.8%	946	2.9%
International deposits - Rs in bln	232	2.2%	234	2.0%
Total Bank - Rs in bln	1,183	2.7%	1,180	2.7%
International - USD in mln	2,208	2.2%	2,237	2.0%
Domestic CASA	83.2%		83.8%	

Cost of Deposits

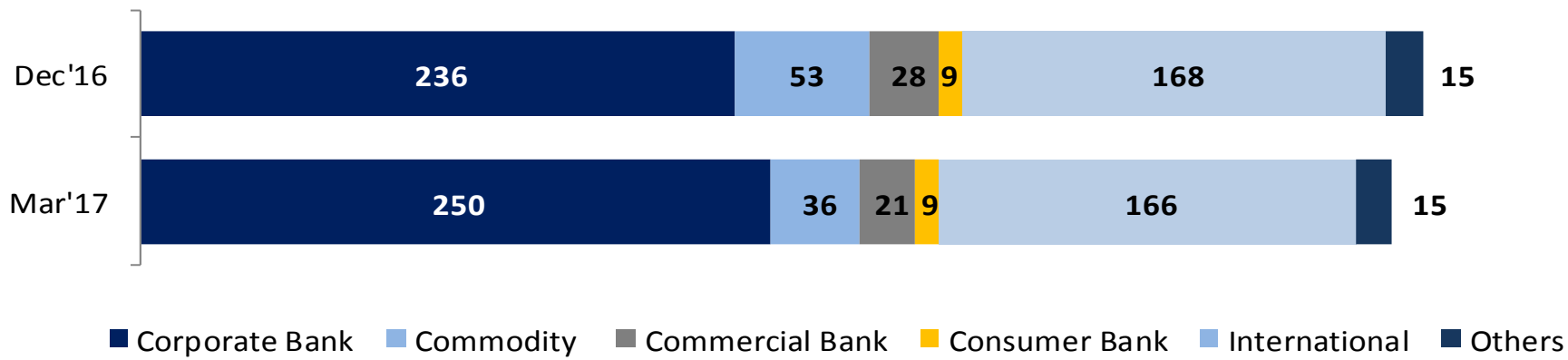


Advances portfolio decline by 2% over Dec'16

Net Advances

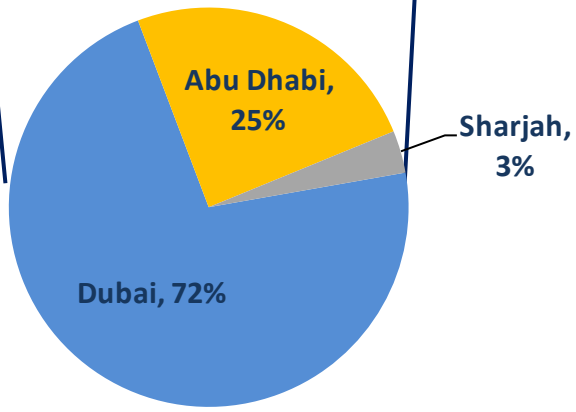
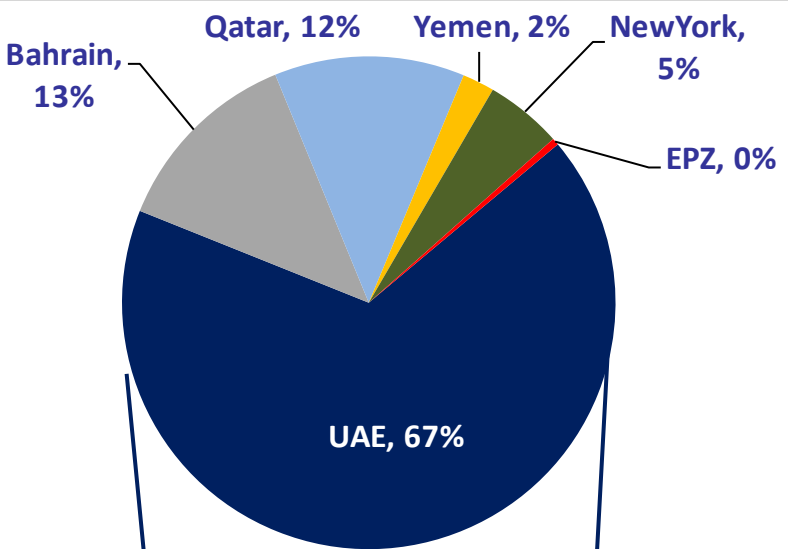
Rs in bln

	Mar'17	Dec'16	Var %
Corporate Bank	250	236	6%
Commodity	36	53	-32%
Commercial	21	28	-23%
Consumer	9	9	0%
Others	15	15	-5%
Total Domestic	332	342	-3%
International	166	168	-1%
Bank	498	510	-2%
International USD mln	1,586	1,608	-1%

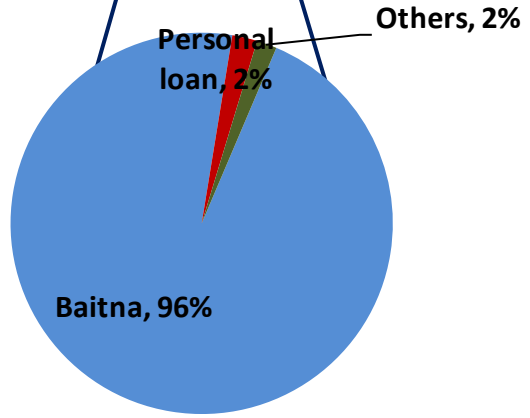
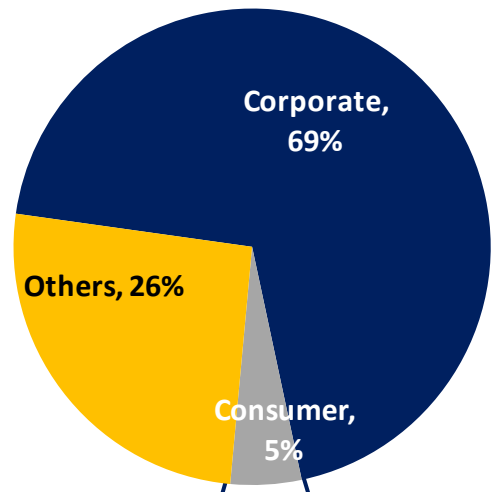


International Advances - Corporate advances remains the largest component

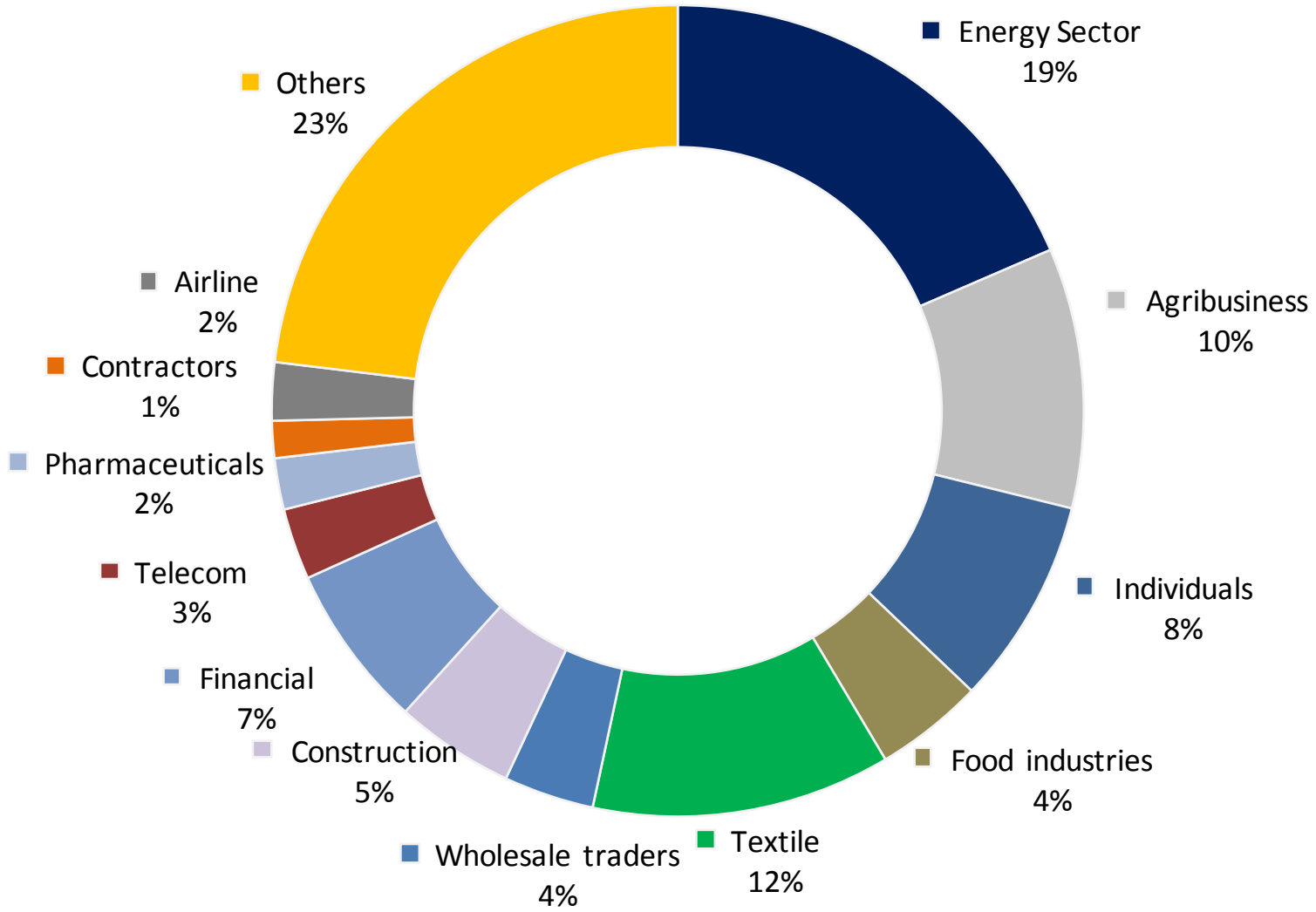
By Geography



By Business - UAE

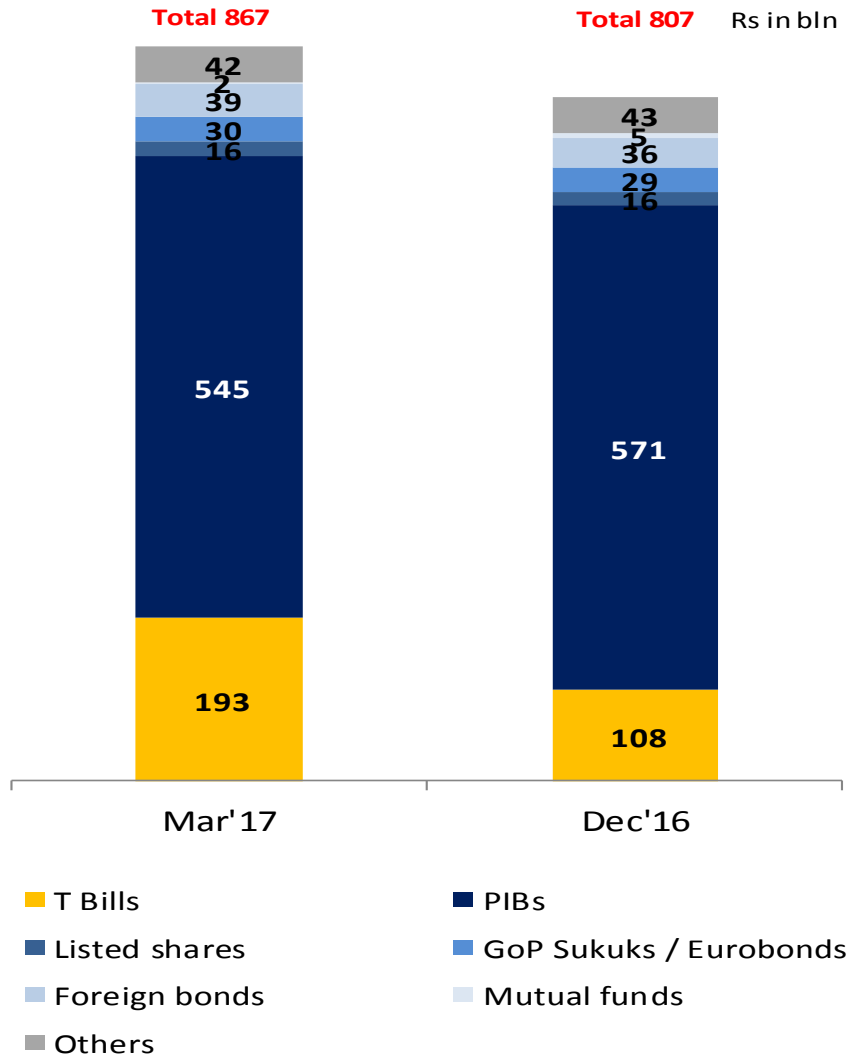


Concentration of Advances as at December 31, 2016 - Standalone

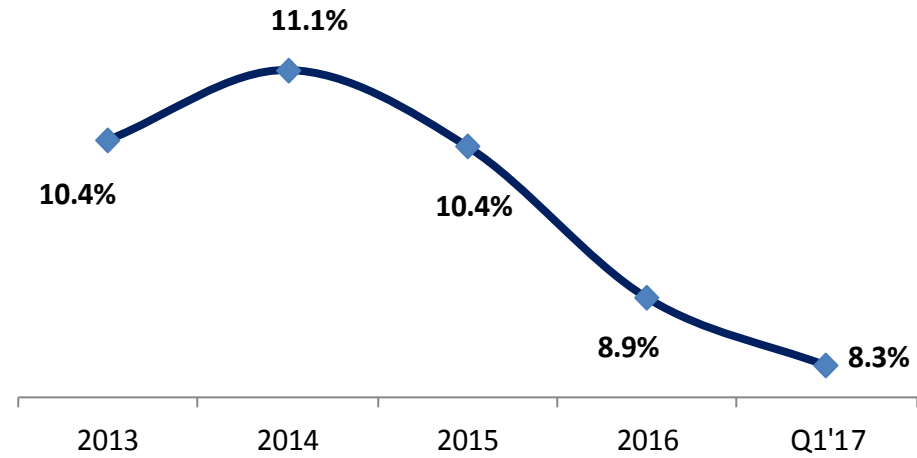


Diversified investment portfolio with strong market risk management

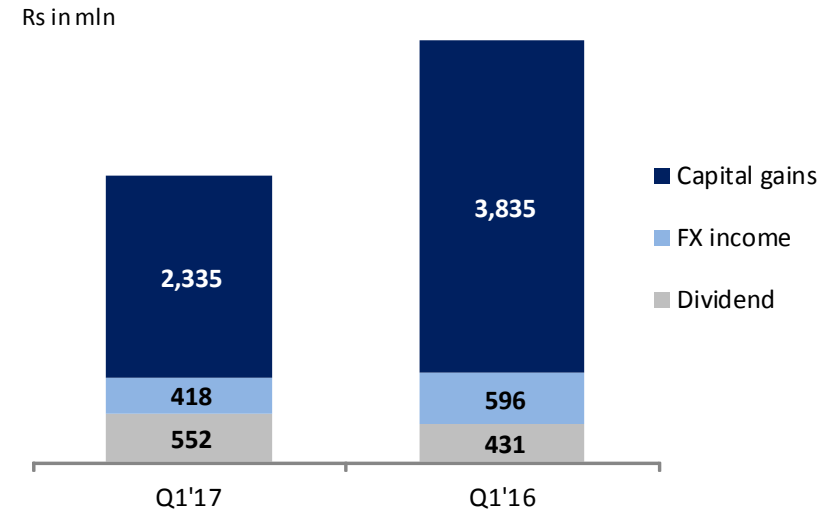
Portfolio concentrated in long terms treasury bonds



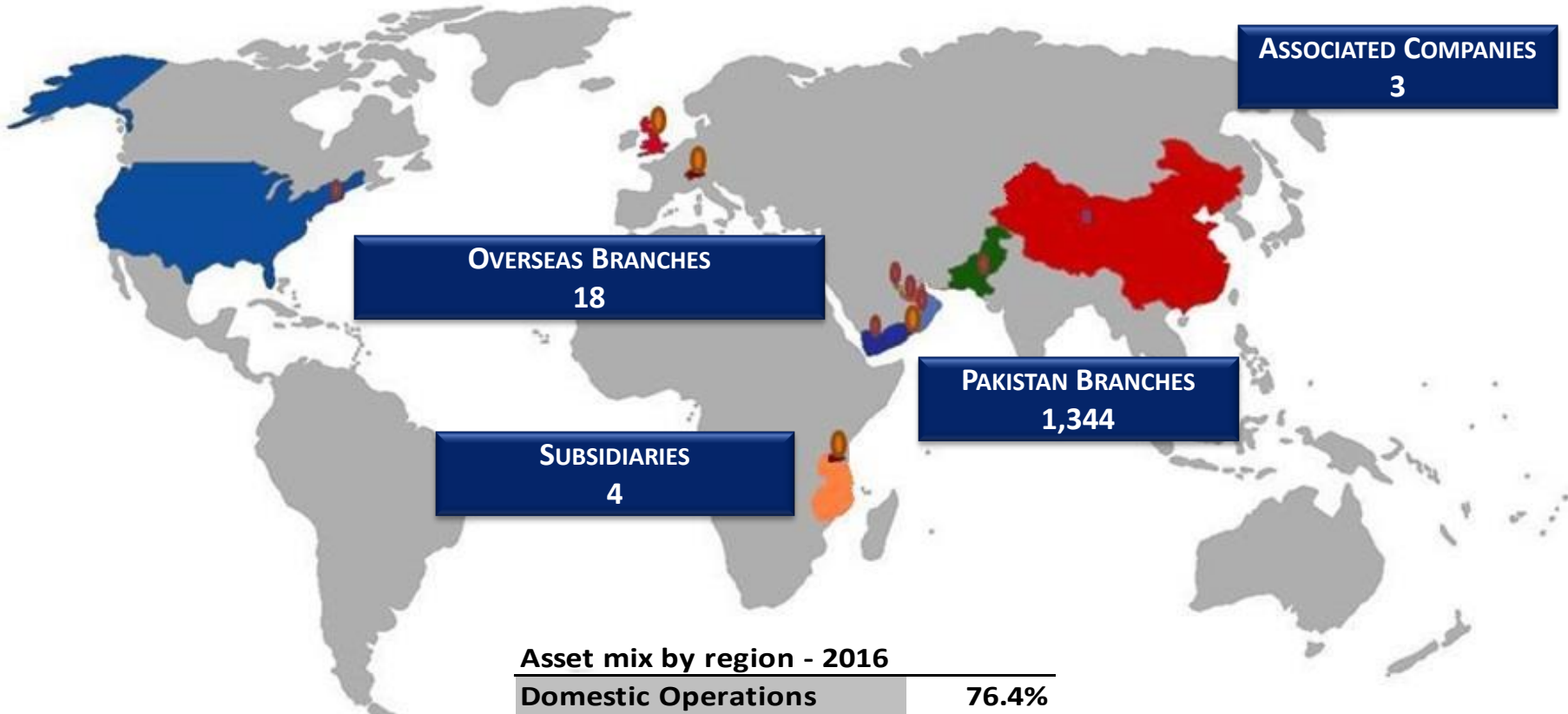
Investments' yields



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>		
	Q1'17	Q1'16	Var %
Fee, commission and brokerage income	2,787	3,175	-12%
Dividend income	552	431	28%
Income from dealing in foreign currencies	418	596	-30%
Gain / (loss) on sale of securities	2,335	3,835	-39%
Other income	183	323	-43%
Total Non Fund Income	6,276	8,360	-25%

	<i>Rs in mln</i>		
	Q1'17	Q1'16	Var %
Commission on trade	488	589	-17%
Commission on consumer loan	160	156	2%
Commission on remittance / uniremote	416	576	-28%
Corporate service chgs/finance fee/FIG inc.	376	428	-12%
General banking service charges	389	488	-20%
Commission on cash management	139	128	8%
Commission on home remittance	234	244	-4%
Commission income - Bancassurance	266	163	64%
Commission others	319	402	-20%
Total	2,787	3,175	-12%

Rs in mln

	Q1'17	Q1'16	Var %
Personnel Cost	3,523	3,307	-7%
Rent taxes insurance etc.	1,128	979	-15%
Outsourced service charges including sales commission	1,105	1,240	11%
Advertisement and publicity	210	522	60%
Communications	280	280	0%
Depreciation / Amortization	594	524	-13%
Legal and professional charges	180	92	-95%
Banking service charges	258	251	-3%
Stationery and printing	143	133	-8%
Travelling	59	78	24%
Cash transportation charges	160	147	-9%
Repairs and maintenance	387	377	-3%
Vehicle expenses	42	41	-2%
Office running expenses	197	167	-18%
Insurance expense	25	28	9%
Others	227	285	20%
Total	8,520	8,450	-1%

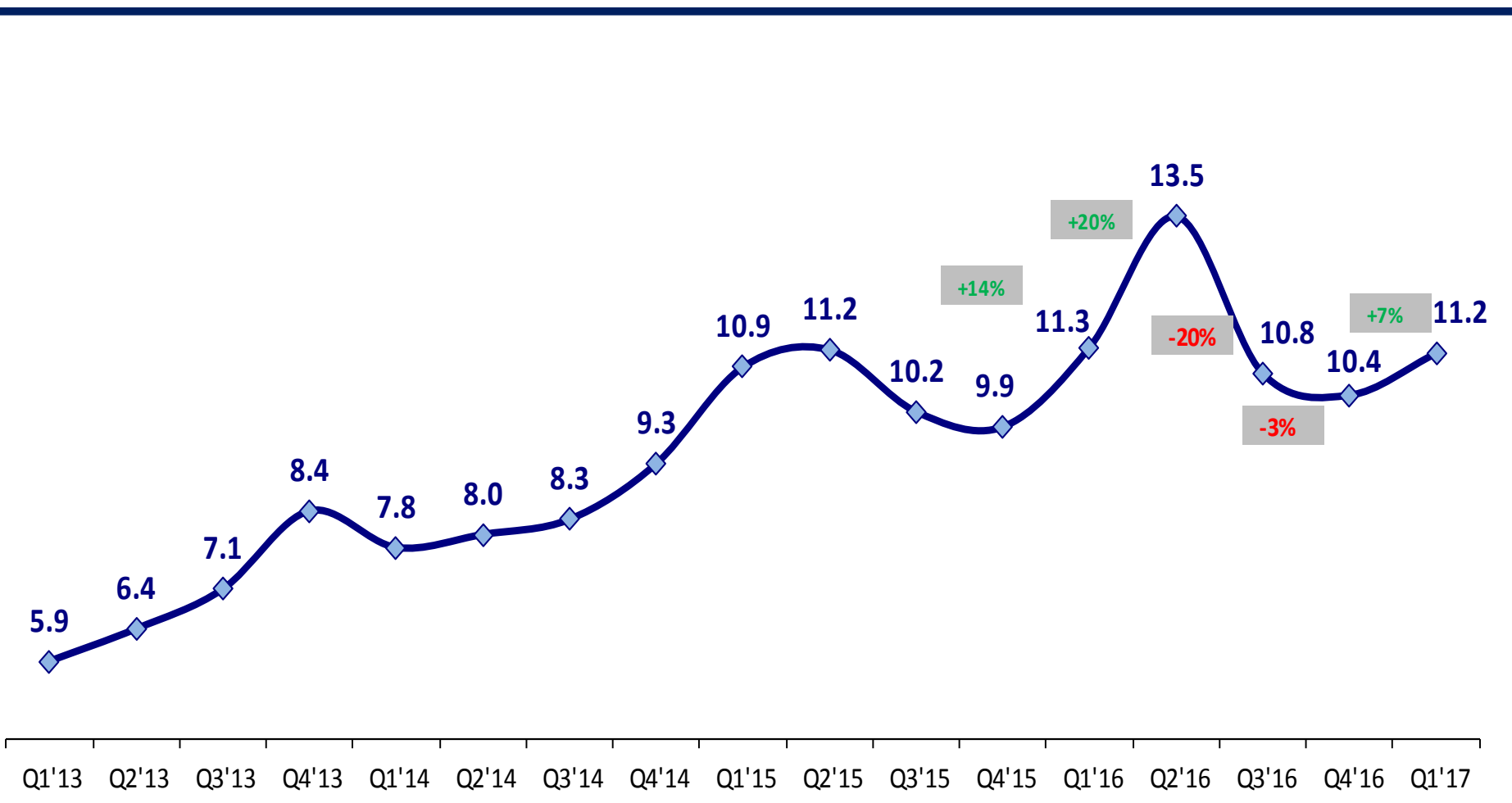
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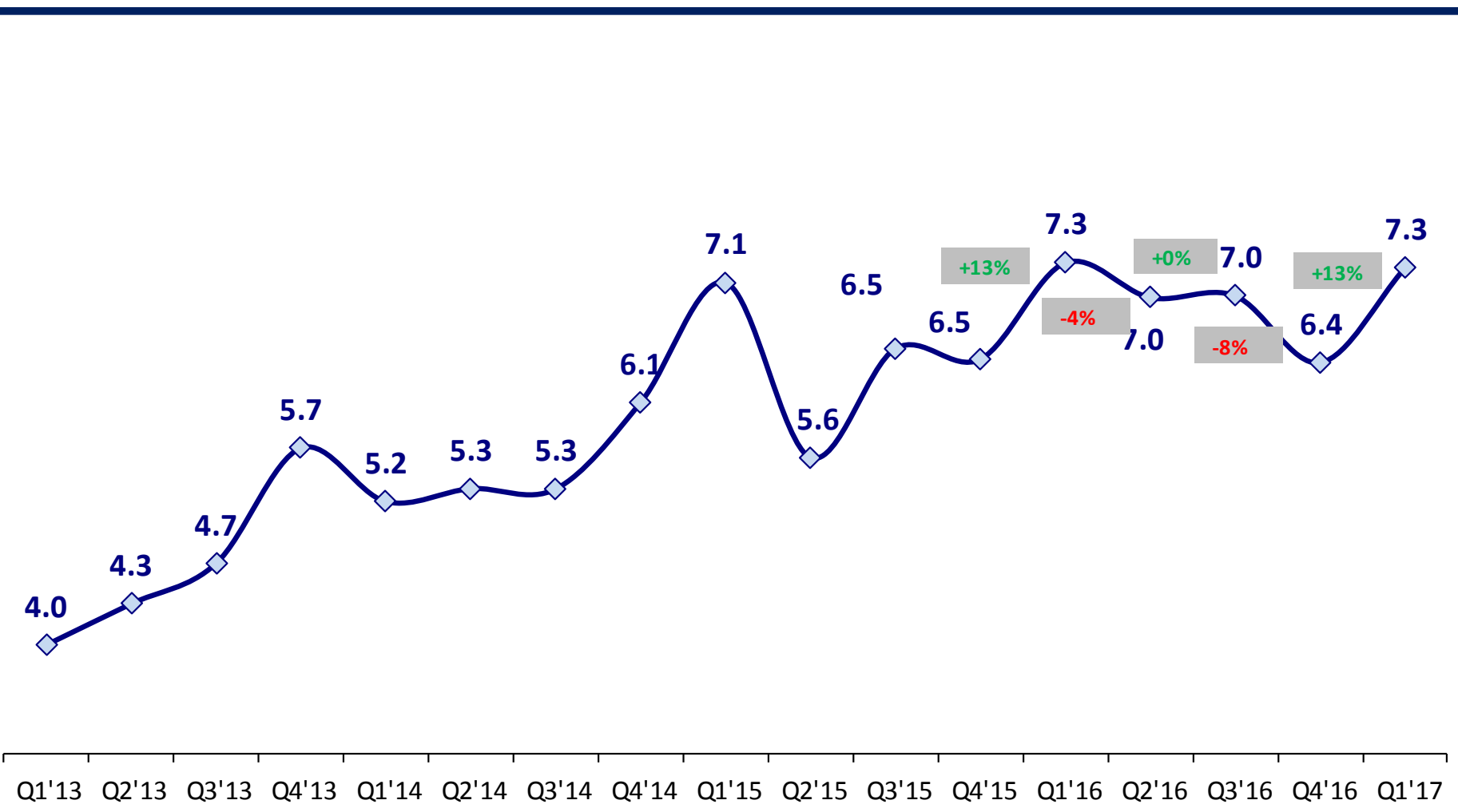
Key Ratios

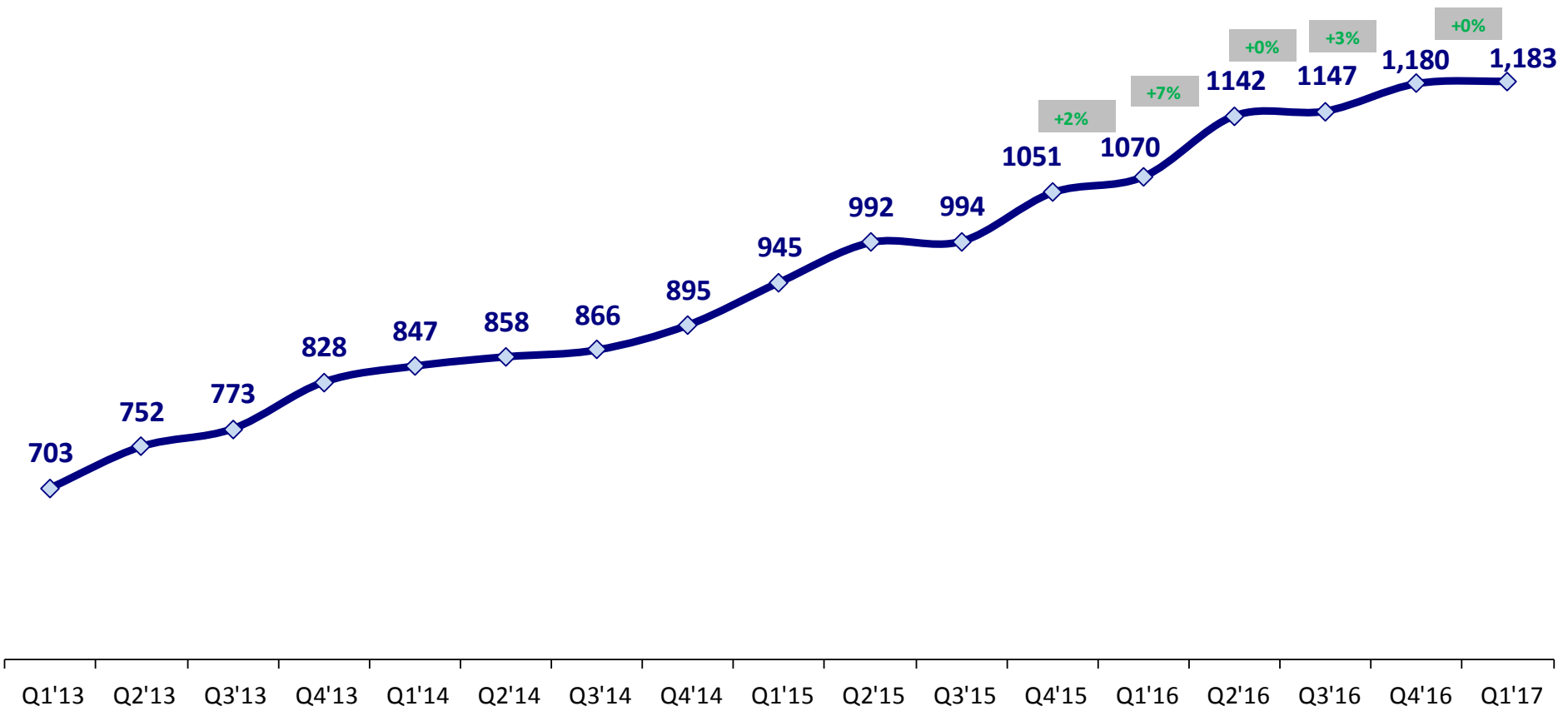
	Mar'17	Mar'16
Return on Equity	24.9%	27.4%
Return on Assets	1.9%	2.1%
Non Fund Income to Gross Revenue	31.4%	38.1%
Cost to Revenue Ratio	42.6%	38.5%

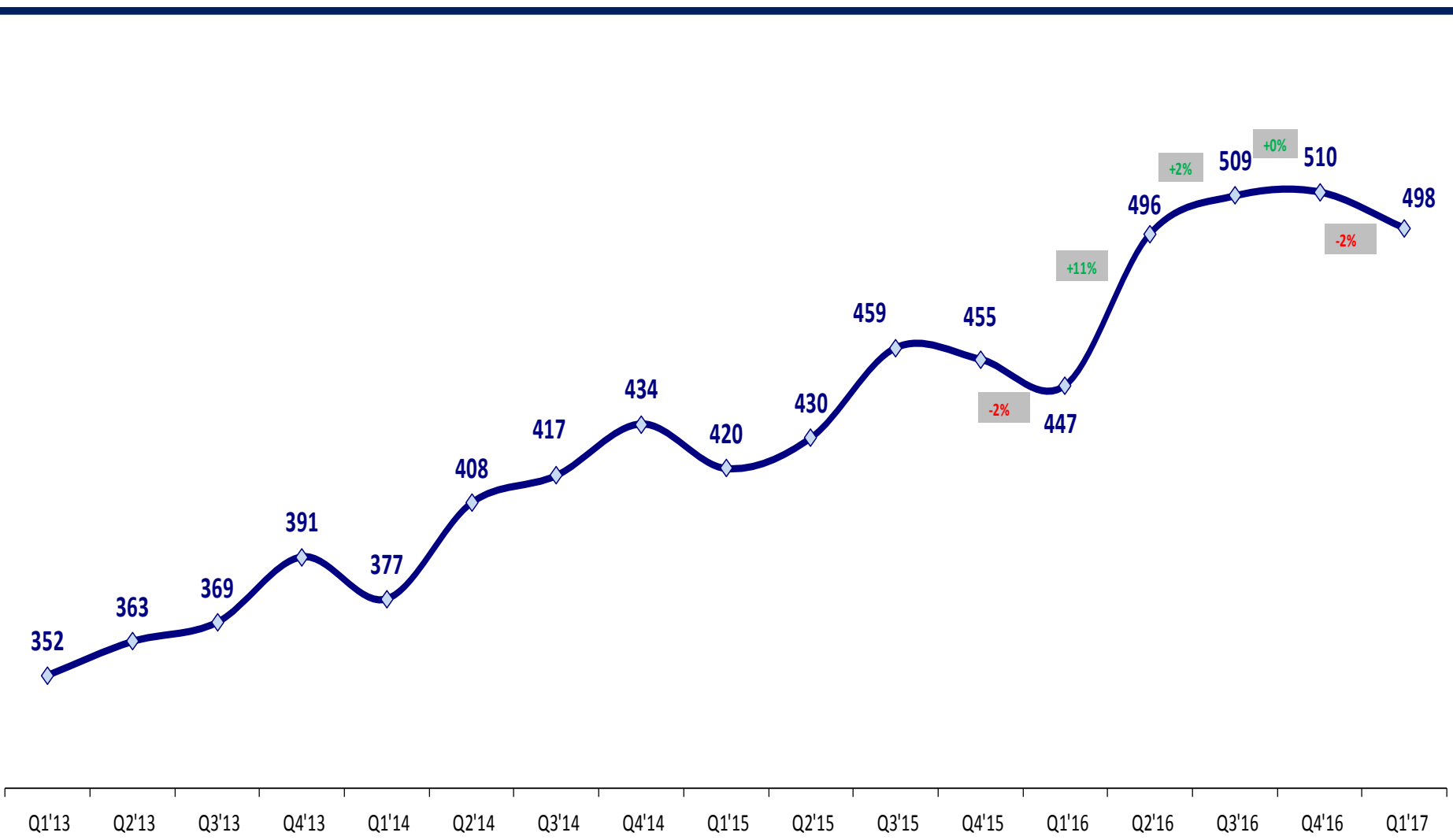
	Mar'17	Dec'16
Advances to Deposits Ratio - gross	43.3%	44.4%
Asset Quality	8.3%	8.1%
Coverage (Specific provisions)	84.3%	83.9%
Coverage (Total provisions)	91.4%	90.9%
CAR - Tier I	11.1%	10.9%
CAR	15.5%	15.1%

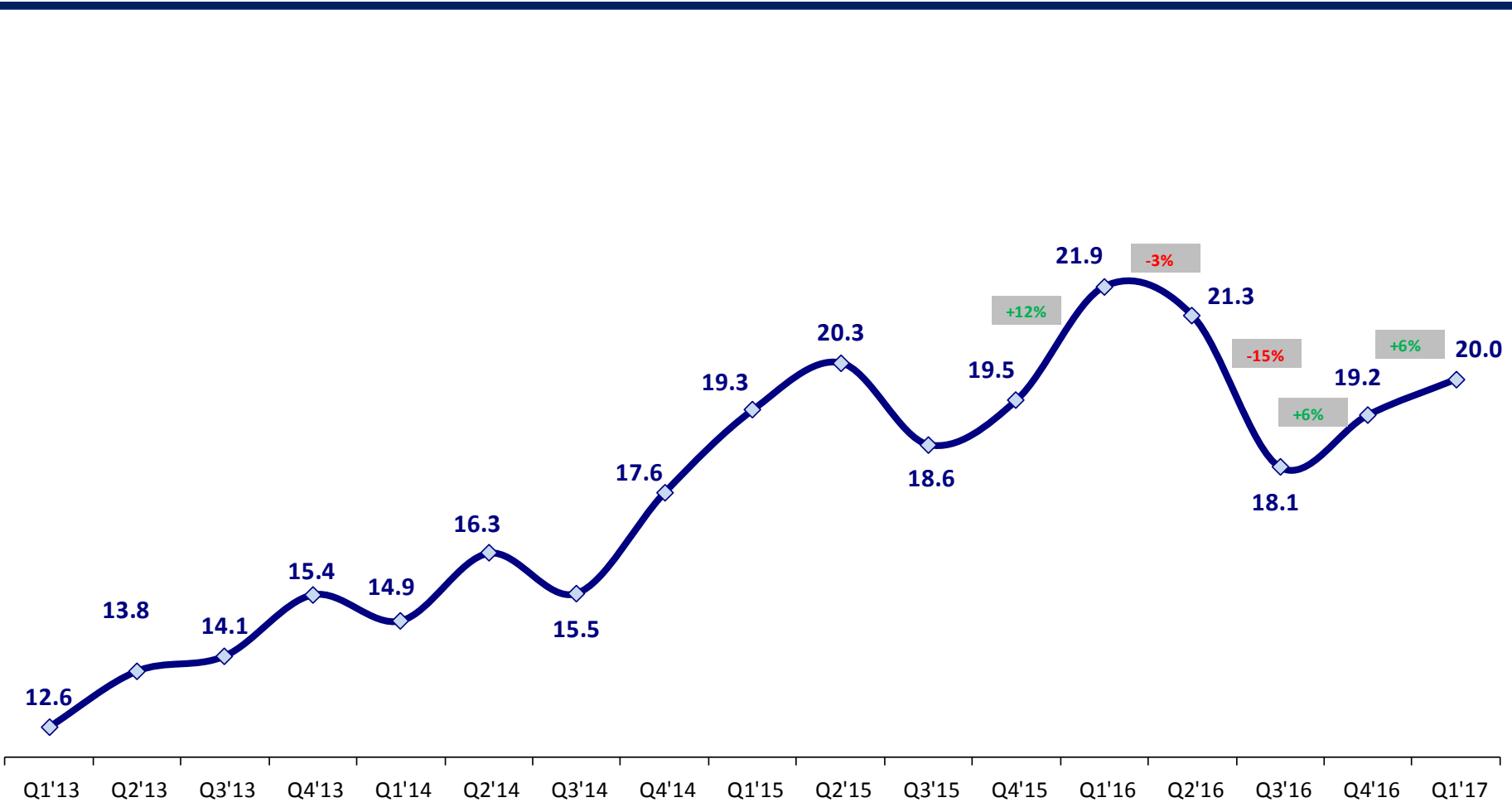
Quarterly Trend Analysis Bank Level - Standalone

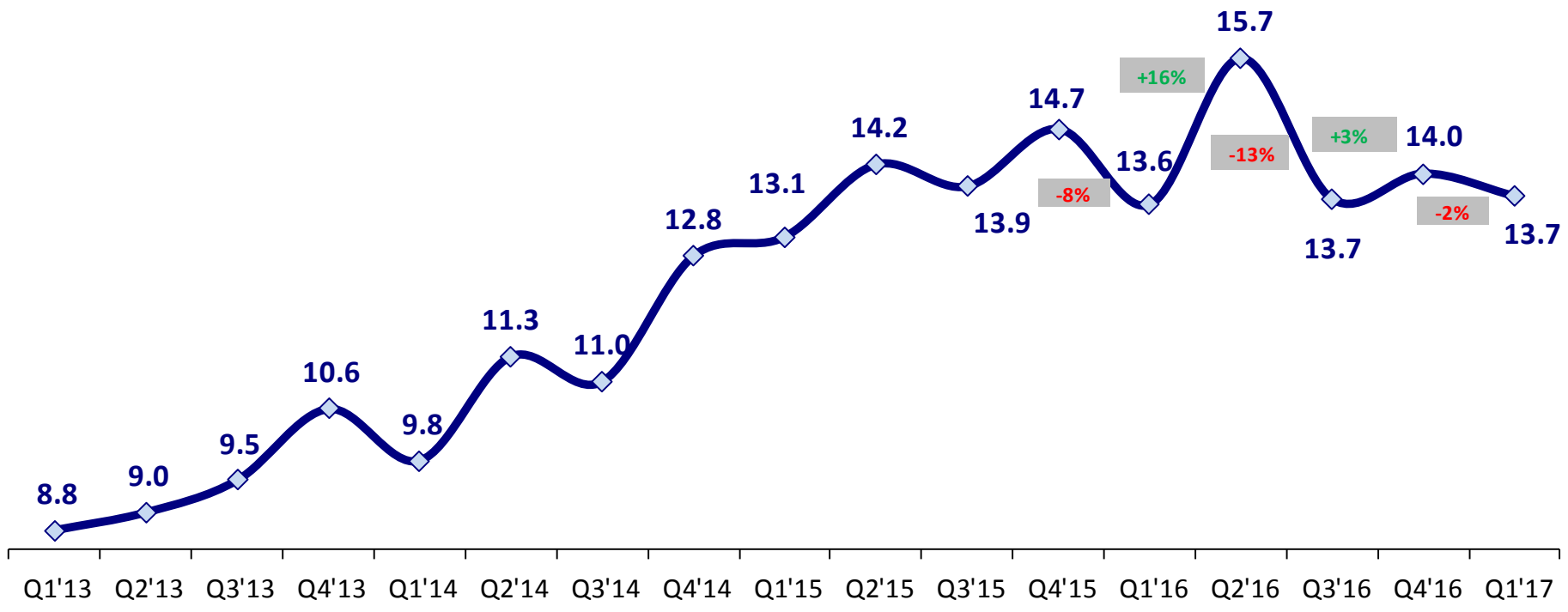


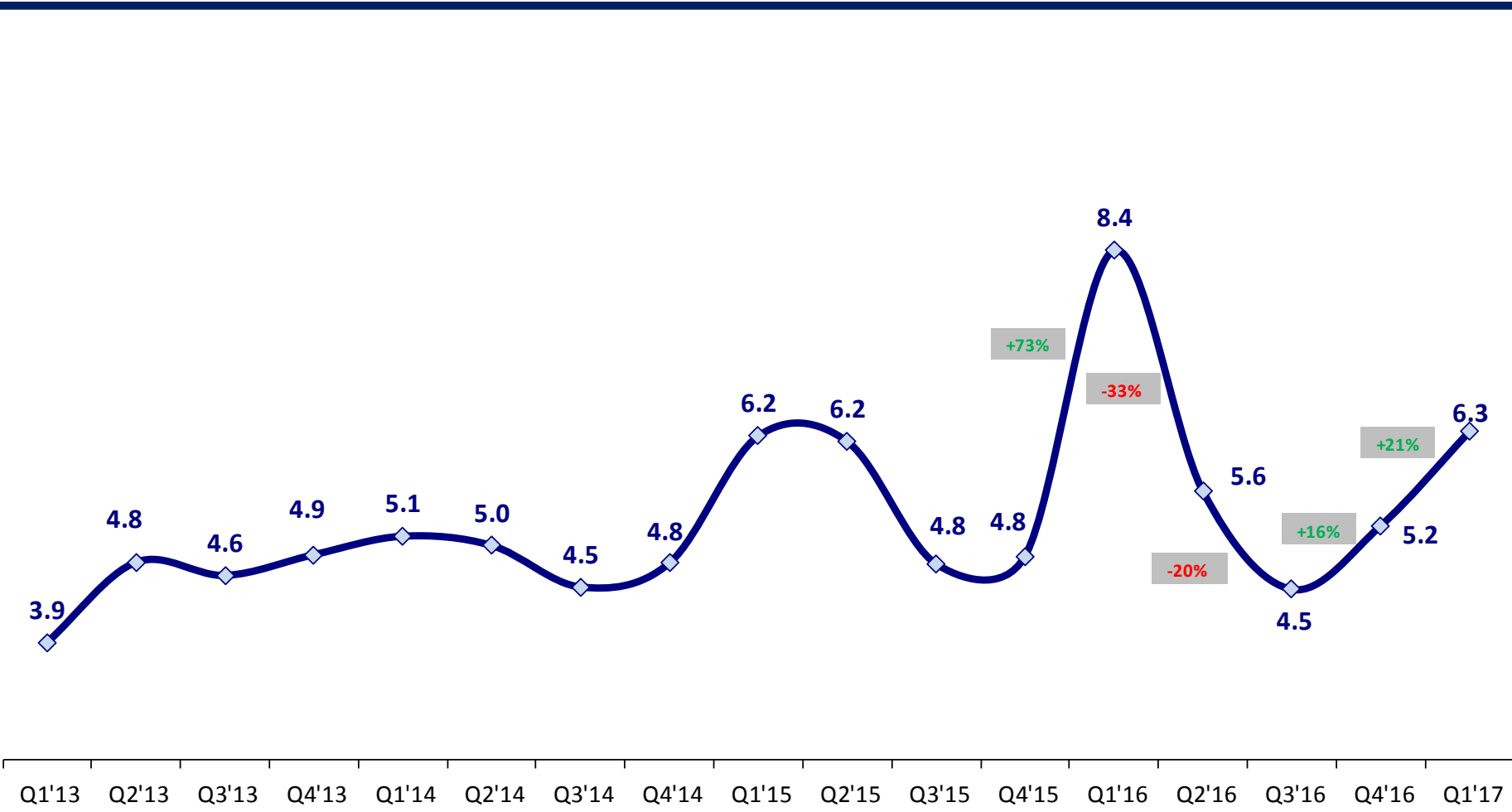


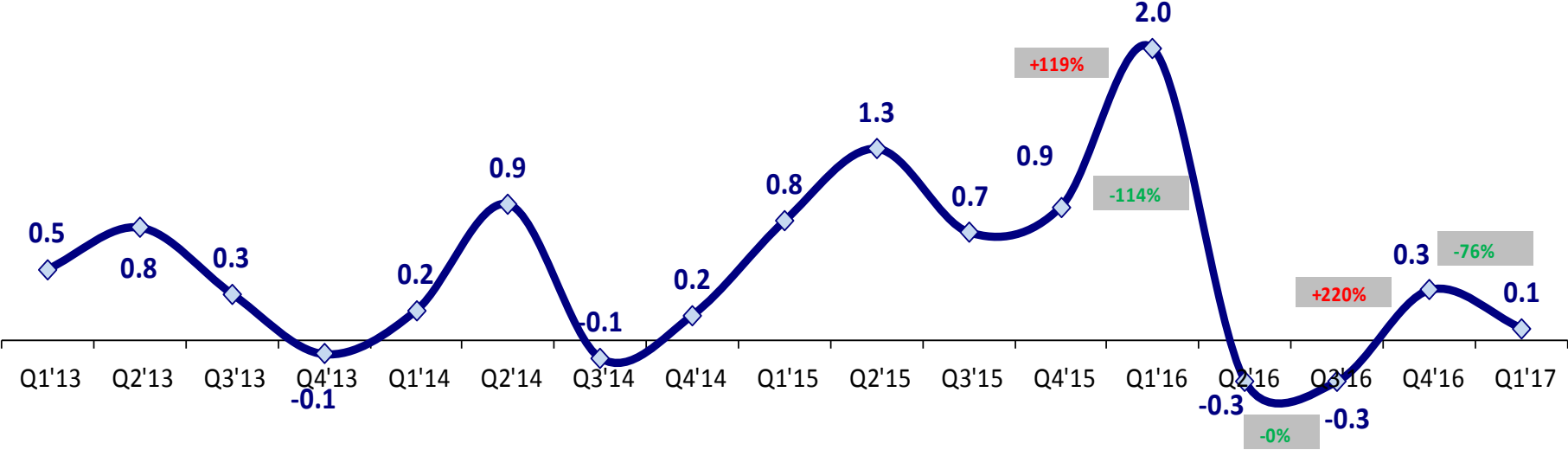


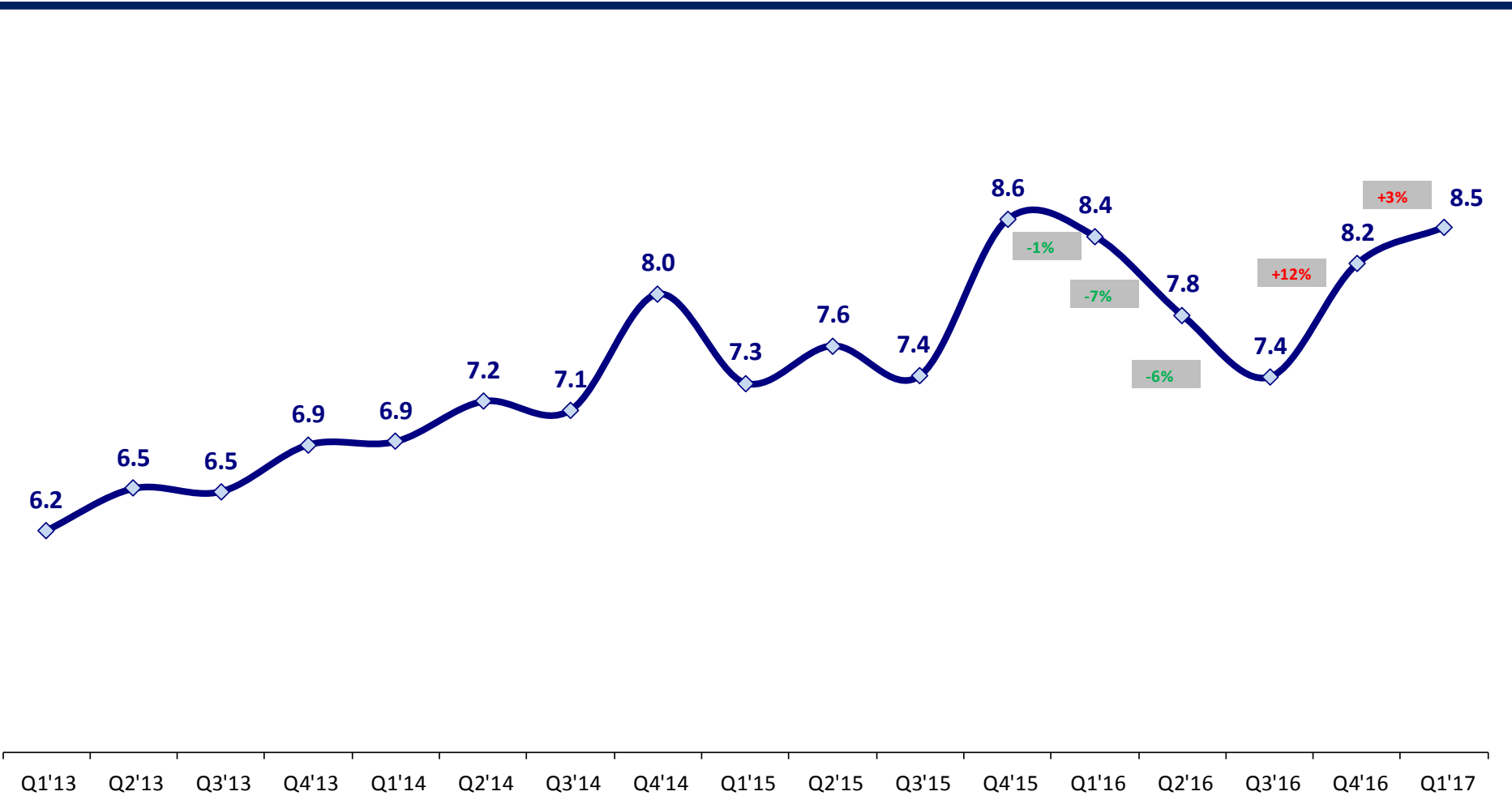












The information contained herein reflects our latest business statement as at March 31, 2017.

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
