

United Bank Limited Performance Review September 2014

Key Highlights

Standalone PAT up 23% YoY to Rs 15.8B. Consolidated PAT up 22% YoY to Rs 17.2B

Net Interest income up by 17% YoY to Rs 32B

- Core deposits have funded earning assets growth of 12% in nine months
- Earnings well supported by 13% growth in domestic loan book, leading to improvement in yields.
- Steady build up in the PIB portfolio has enhanced domestic investment yield by 63bps and eased pressure on margins, which remain impacted by a 113 bps increase in the savings rate due to regulatory changes.

Non markup income at Rs 14.5 Bn up by 10%

- **Fees and Commissions have grown to Rs 8.4B**, a 16% YoY increase over Sep'13. Omni maintains its build up in transaction volumes and new accounts with robust growth in earnings, home remittances income up 30%, focus on cross sell has grown bancassurance commissions by 55%.
- Dividend income of Rs 1.4B earned in 9months, up 31% YoY on a larger share portfolio generating stable cash returns
- Foreign exchange income up by 48% through active interbank participation and trading gains

Revenues up 15% driven by BS growth funded by low cost deposits, and through diversified NFI streams

Improving Asset Quality, NPL recoveries and control over costs remain in focus

Provisions are down by 36% YoY to Rs 1B in Sep'14 , net reversal of Rs 122M for the quarter

- Strong cash recoveries within both domestic and International
- FSV benefit prudently reduced from Rs 1.35 B in Dec'13 to Rs 1B as at Sep'14
- Asset quality has improved from 12.1% in Dec'13 to 11.6% in Sep'14
- Coverage remains strong at 82% in Sep'14 (Dec'13: 84%)

Administrative expenses are up 8.75% YoY to Rs 21B in Sep' 14

- Overall expense base down by 1% over last quarter, focus remains around building cost efficiencies
- Staff costs increase controlled at 7% YoY, hiring tightly managed and staggered where possible.
- Branch overheads mainly impacted by escalating utilities cost.
- Strong revenue growth of 15% along well contained expenses continues to improve C/I ratio which has reduced to 45.0% in Sep'14 vs 47.6% in Sep'13.

Strong growth momentum within retail banking – deposits grow ahead of market

- 8% growth in the Total and Core domestic deposit base, ahead of market growth of 6.7%
- Current Accounts remain core focus for retail distribution – with 20% average growth
- Increase in cost of deposits contained at 38bps despite higher savings floor.

Net Advances increased by Rs. 26B to Rs. 417B in 2014

- Domestic corporate bank portfolio up Rs. 26B (14%). Commodity advances up Rs. 11B (27%) in line with seasonal requirements.
- International loan book down by 3%, mainly due to reduced lending in Yemen. UAE loan book remains stable while resolution of market issues in Qatar has resulted in a 9% increase in advances

Loan growth funded by low cost deposits strengthens core earnings

Income Statement - Standalone

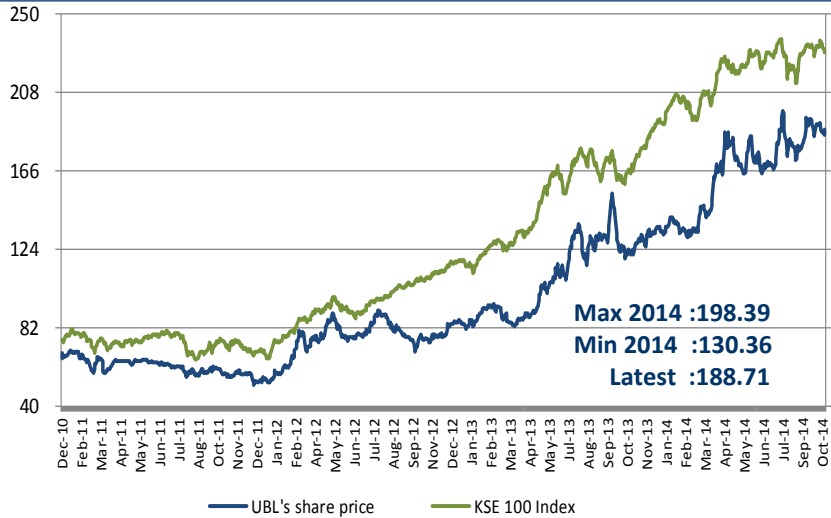
PKR Bn	YTD Sep'14	YTD Sep'13	Var %	Q3'14	Q2'14	Var %
Interest Earned	60.39	53.43	+13%	20.10	20.90	-4%
Interest Expensed	(28.26)	(26.07)	-8%	(9.12)	(9.55)	+4%
Net Interest Income	32.14	27.36	+17%	10.98	11.35	-3%
Non Interest Income	14.53	13.25	+10%	4.49	4.97	-10%
Total Revenue	46.67	40.61	+15%	15.47	16.31	-5%
Admin. Expenses	(21.02)	(19.33)	-9%	(7.12)	(7.19)	+1%
Operating Expenses	(21.53)	(19.71)	-9%	(7.29)	(7.37)	+1%
Pre Prov. Operating Profit	25.13	20.91	+20%	8.17	8.95	-9%
Provision Exp./Other writeoffs	(0.99)	(1.54)	+36%	0.122	(0.91)	+113%
Profit Before Tax	24.14	19.36	+25%	8.30	8.04	+3%
Profit After Tax	15.85	12.94	+23%	5.32	5.32	-0%

Income Statement – Consolidated

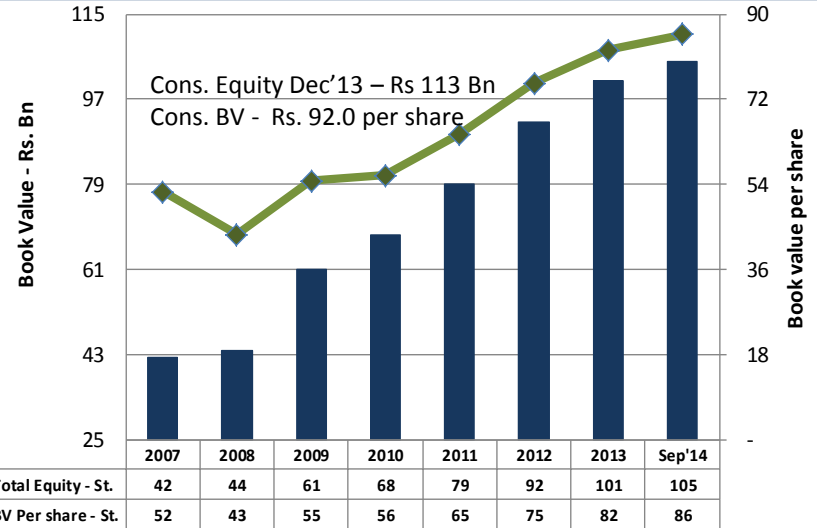
PKR Bn	YTD Sep'14	YTD Sep'13	Var %	Q3'14	Q2'14	Var %
Interest Earned	62.64	55.49	+13%	20.90	21.63	-3%
Interest Expensed	(29.07)	(27.07)	-7%	(9.39)	(9.83)	+5%
Net Interest Income	33.57	28.42	+18%	11.51	11.80	-2%
Non Interest Income	16.89	15.36	+10%	5.25	5.89	-11%
Total Revenue	50.46	43.78	+15%	16.77	17.69	-5%
Admin. Expenses	(23.08)	(21.03)	-10%	(7.82)	(7.88)	+1%
Operating Expenses	(23.59)	(21.40)	-10%	(7.99)	(8.06)	+1%
Pre Prov. Operating Profit	26.87	22.38	+20%	8.77	9.62	-9%
Provision Exp./Other writeoffs	(1.33)	(1.87)	+29%	0.07	(1.08)	+107%
Profit Before Tax	25.54	20.51	+25%	8.84	8.54	+4%
Profit After Tax	17.18	14.03	+22%	5.85	5.80	+1%

Share Info

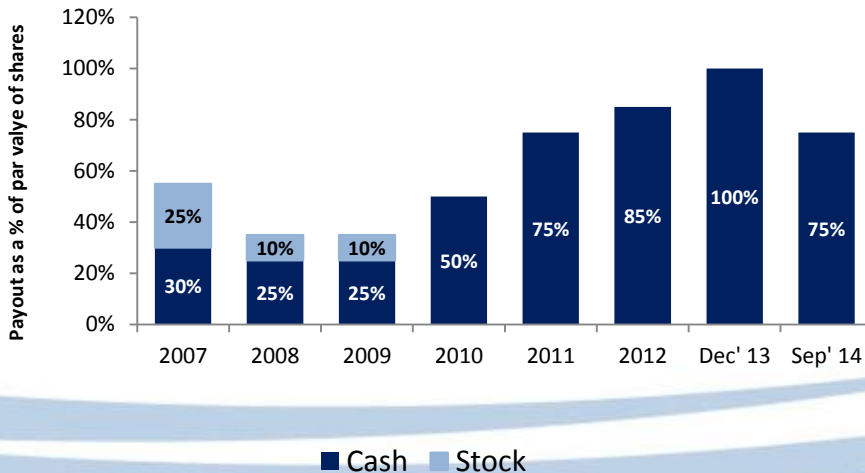
Trends – KSE 100 Index and UBL's Share Price



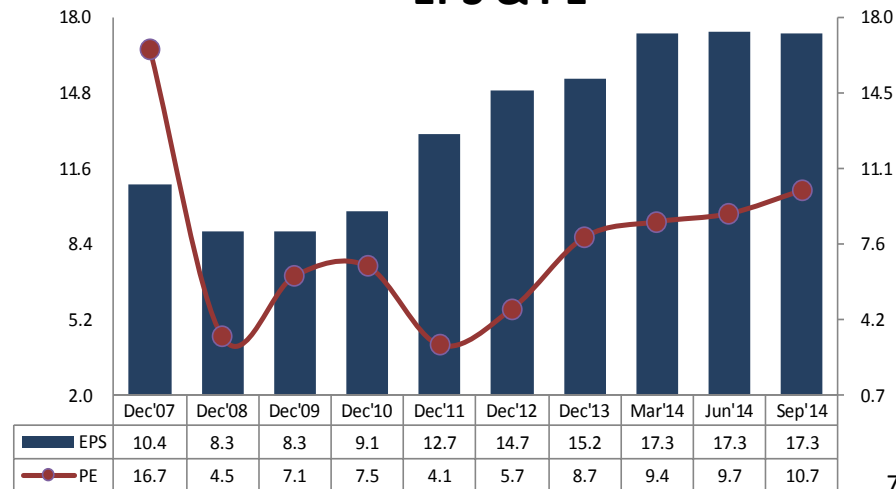
Book Value Per Share



Cash and Stock Payout



EPS & PE



Key Ratios – Bank (Standalone)

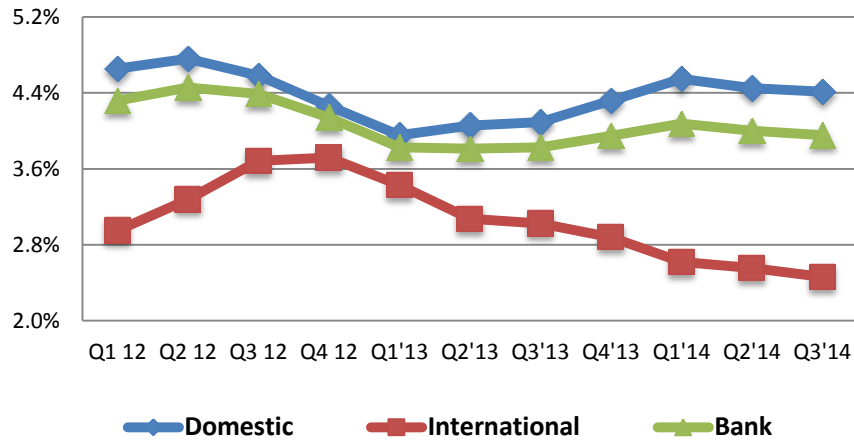
Balance Sheet Ratios	Dec-13	Sep-14
Advances / Deposits	50.1%	51.0%
Asset Quality	12.1%	11.6%
Coverage	83.8%	81.5%

Financial Ratios	9M'13	9M'14	Q2'14	Q3'14
Yield on P. Advances	9.5%	9.3%	9.7%	9.0%
Cost of Deposits	3.8%	4.0%	3.9%	3.9%
Net Interest Margin	5.3%	5.5%	5.8%	5.7%
NCL Ratio	0.5%	0.1%	0.6%	-0.4%
Return on Avg Assets	1.9%	2.0%	2.1%	2.0%
Return on Shareholders' Equity	21.1%	23.4%	24.4%	23.3%

P/L Ratios	9M'13	9M'14	Q2'14	Q3'14
Cost to Income Ratio	47.6%	45.0%	44.0%	46.0%
Non Fund Inc. / Total Revenue	32.6%	31.1%	32.2%	30.4%

Deposits Structure

Cost of Deposits

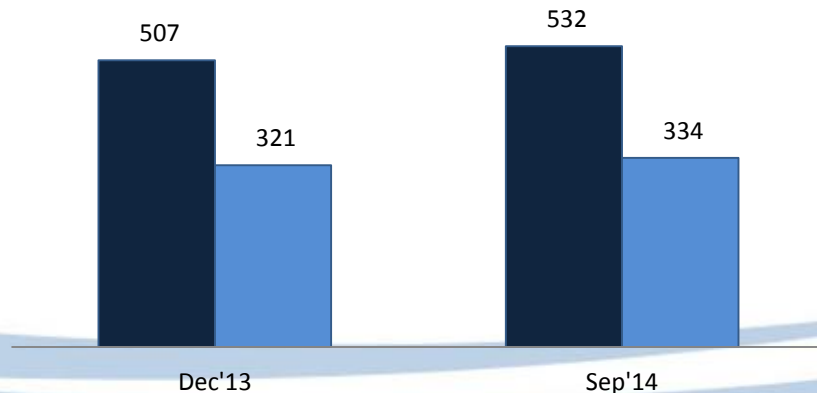


Deposits - Bank

Bank	Dec'13		Sep'14	
	PE - Rs.Bn	COF%	PE - Rs.Bn	COF%
Domestic deposits	619	4.1%	667	4.4%
International deposits	209	3.1%	198	2.5%
Total Bank	828	3.9%	866	4.0%
International \$	1,986	3.1%	1,932	2.5%
Domestic CASA	83.45%		85.98%	

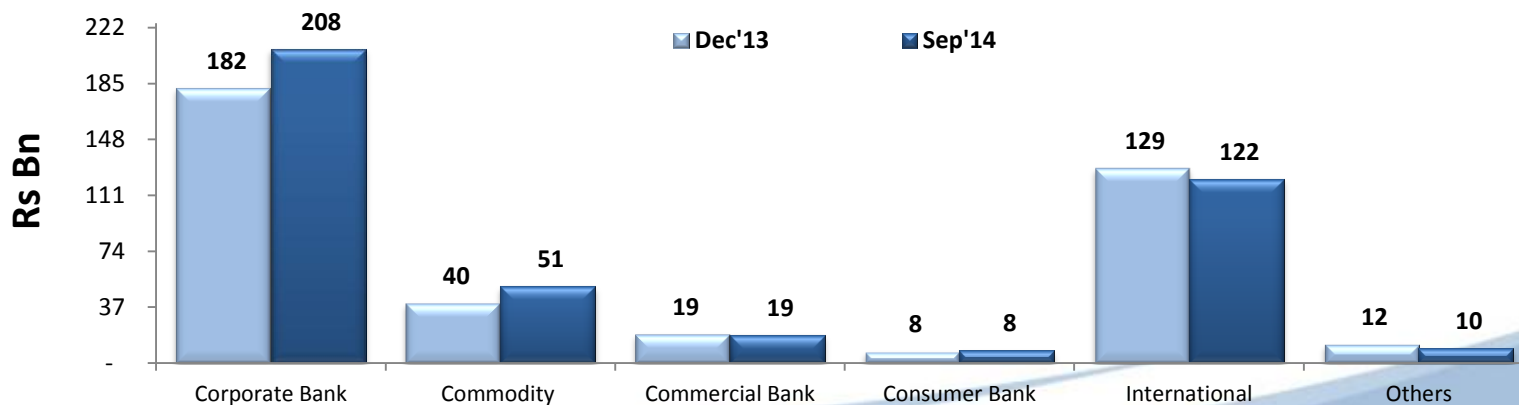
Total Deposit

■ Low Cost Deposits ■ Expensive Deposits



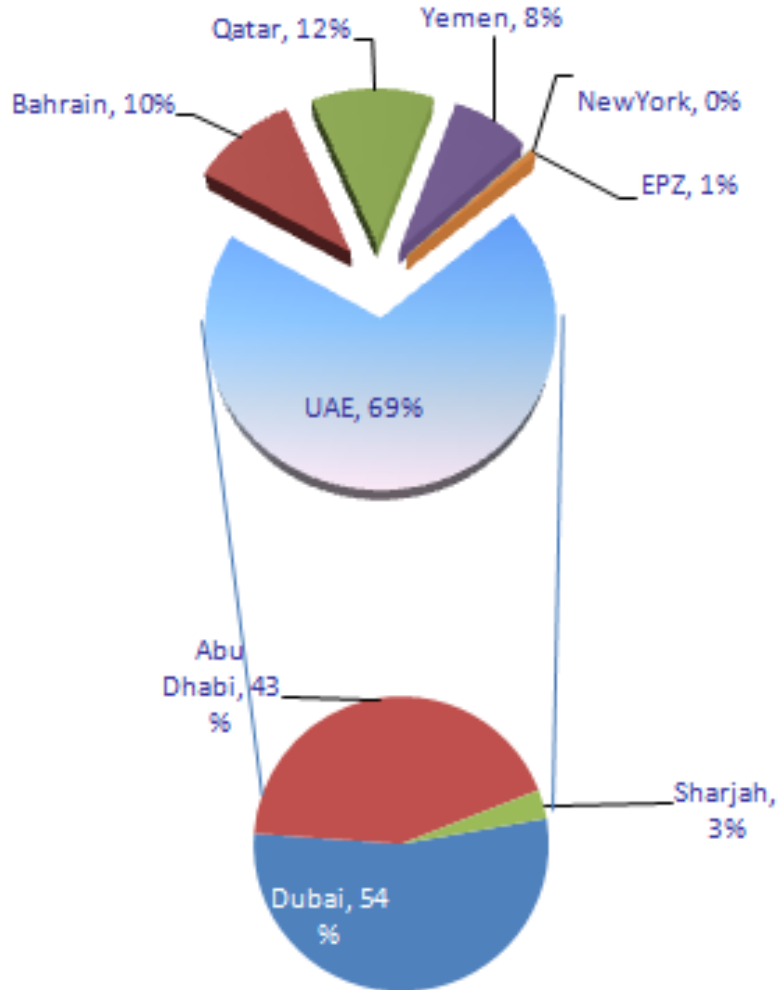
Net Advances

Net Advances - Rs. Bn	Dec'13	Sep'14	Sep'14 vs Dec'13
Corporate Bank	182	208	+14%
Commodity	40	51	+27%
Commercial	19	19	-4%
Consumer	8	8	9%
Others	12	10	-21%
Total Domestic	262	296	13%
International	129	122	-6%
Bank	391	417	7%
International US\$ Mn	1,227	1,186	-3%

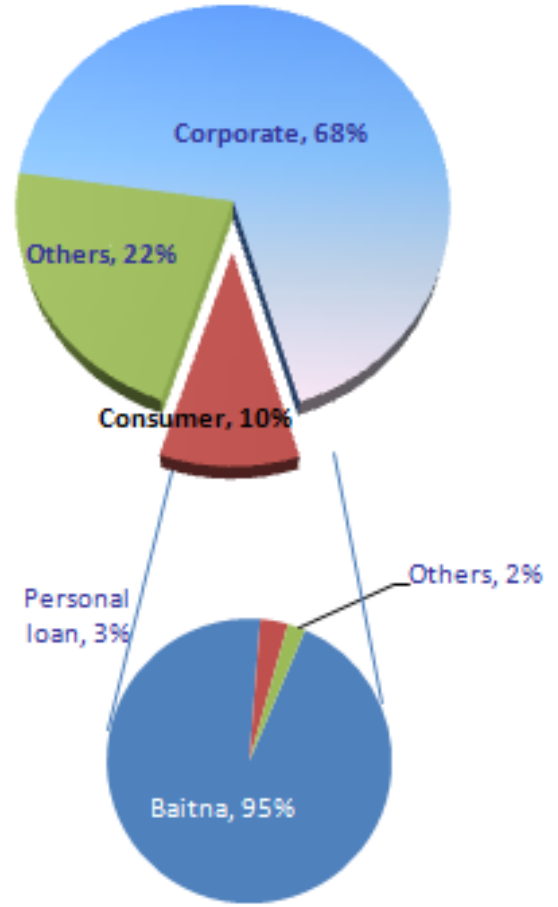


International Advances Sep-14

By Geography



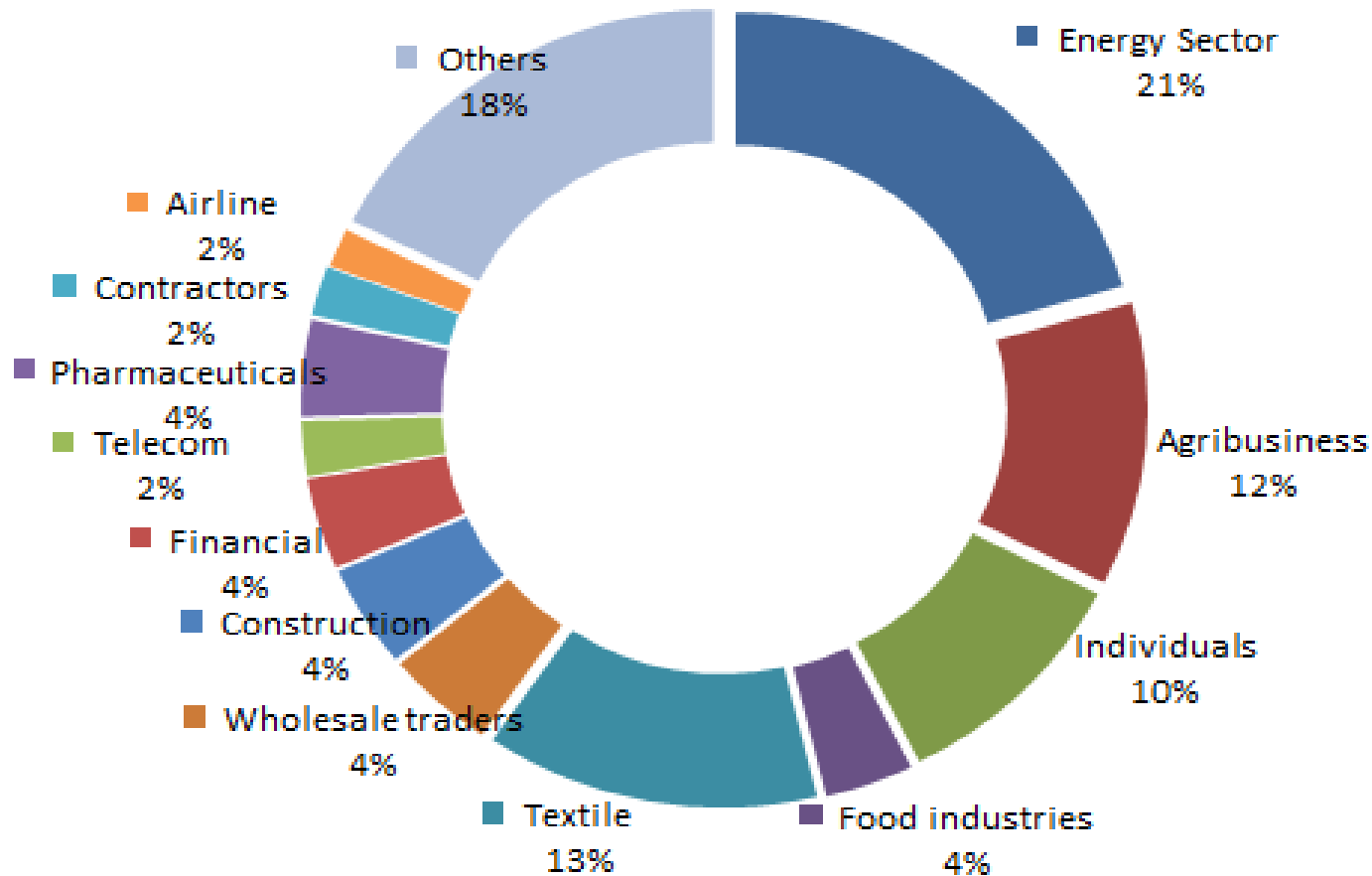
By Business - UAE



Spread Analysis – Bank Level

Bank	9M' 2013				9M' 2014			
	PE	AVG	IE	Avg.Yield /Cost	PE	AVG	IE	Avg.Yield /Cost
Rs Bn								
Avg KIBOR - 3M				9.3%				10.1%
Interest Earning Assets								
Performing Advances	343	331	23.5	9.5%	388	371	25.7	9.3%
Corporate	151	155	11.8	10.2%	186	180	14.2	10.6%
Commercial	18	17	1.7	13.6%	20	18	1.8	13.1%
Commodity	42	45	3.8	11.3%	51	43	3.5	11.1%
Consumer	8	7	1.1	20.0%	8	8	1.1	18.2%
International	120	105	4.8	6.1%	121	121	4.9	5.5%
Others	5	2	0.3	18.5%	2	2	0.2	16.1%
Investments (earning)	376	366	28.9	10.5%	432	406	33.0	10.9%
Lending to Financial Institutions	18	20	0.5	3.2%	37	29	1.2	5.8%
Others	19	18	0.3	2.6%	19	16	0.3	2.1%
Total int. earning assets (a)	756	735	53.2	9.7%	876	822	60.2	9.8%
<i>Non int. earning assets</i>	186	184	0.0	0.0%	191	196	0.0	0.0%
Total Assets (A)	942	918	53.2	7.7%	1,067	1,017	60.3	7.9%
Interest bearing liabilities								
Total deposits	773	716	(20.5)	3.8%	866	832	(24.6)	4.0%
Core Deposits - Domestic	527	491	(13.1)	3.6%	607	571	(16.7)	3.9%
Non Core Deposits-Domestic	48	50	(3.2)	8.6%	61	66	(4.3)	8.8%
International	198	175	(4.1)	3.2%	198	195	(3.6)	2.5%
Subordinated Debts - TFC	1	7	(0.5)	10.9%	0	0	(0.0)	11.2%
Swap cost (net)	-	-	(0.8)	0.0%	-	-	(0.7)	0.0%
Borrowings	43	70	(4.2)	8.1%	63	51	(3.0)	7.9%
Total interest bearing liab (b)	816	793	(26.1)	4.4%	929	883	(28.3)	4.3%
<i>Non int. bearing liabilities & equity</i>	126	125	-	0.0%	138	135	-	0.0%
Total Liabilities+Equity (B)	942	918	(26.1)	3.8%	1,067	1,017	(28.3)	3.7%
Net Interest Margin (a-b)	-	-	27.1	5.3%	-	-	32.0	5.5%
Spread (A-B)				3.9%				4.2%

Concentration of Advances – Bank level (Sep'14)



Non Fund Income

Non Fund Income - Rs. Mn	YTD Sep'14	YTD Sep'13	Var %	Q3'14	Q2'14	Var %
Fee, commission and brokerage income	8,428	7,250	16%	2,880	2,844	1%
Dividend income	1,395	1,062	31%	355	365	-3%
Income from dealing in foreign currencies	2,298	1,553	48%	872	771	13%
Gain / (loss) on sale of securities	1,446	2,607	-45%	91	618	-85%
Derivatives Income	370	84	340%	124	178	-30%
Other income	594	696	-15%	166	190	-13%
Total Non Fund Income	14,530	13,252	10%	4,489	4,967	-10%

Fee Commission and Brokerage Income

Fee Commission Income - Rs. Mn	YTD Sep'14	YTD Sep'13	Var %	Q3'14	Q2'14	Var %
Commission on trade	1,275	1,202	6%	401	432	-7%
Commission on consumer loan	536	484	11%	218	171	27%
Commission on remittance / uniremote	1,505	1,213	24%	483	511	-6%
Corporate service chgs/finance fee/FI inc.	863	950	-9%	288	294	-2%
General banking service charges	1,346	1,085	24%	425	478	-11%
Commission on cash management	287	270	6%	36	127	-72%
Commission on home remittance	1,098	845	30%	401	369	9%
Commission income - Bancassurance	453	292	55%	139	166	-16%
Commission others	1,066	908	17%	490	296	66%
Total	8,428	7,250	16%	2,880	2,844	1%

Administrative Expenses

Administrative Expenses - Rs. Mn	Sep '14	Sep '13	Var %	Q3'14	Q2'14	Var %
Personnel Cost	8,403	7,841	-7%	2,760	2,820	-2%
Premises Cost	2,888	2,622	-10%	1,032	982	5%
Outsourced service charges including sales commission	2,678	2,178	-23%	902	920	-2%
Advertisement and publicity	524	377	-39%	139	265	-91%
Communications	818	786	-4%	270	286	-6%
Depreciation / Amortization	1,508	1,586	5%	496	512	-3%
Legal and professional charges	146	178	18%	67	27	60%
Banking service charges	694	633	-10%	227	259	-14%
Stationery and printing	424	420	-1%	144	150	-4%
Travelling	185	152	-22%	64	68	-6%
Cash transportation charges	382	313	-22%	130	129	1%
Repairs and maintenance	994	852	-17%	398	309	22%
Vehicle expenses	162	140	-16%	59	55	7%
Office running expenses	403	356	-13%	139	144	-3%
Insurance expense	58	80	27%	17	15	10%
Others	754	816	8%	274	244	11%
Total	21,023	19,331	-9%	7,118	7,185	-1%

UBL OMNI – Branchless Banking

- Winner of GSMA International Mobile Award 2012 for “Best Use of Mobile in Humanitarian Initiatives” and recipient of Financial Insights Innovation Award 2012, Singapore. Nominated again for GSMA Mobile Award 2013.
- GSMA benchmarking survey of MMU programs has ranked UBL Omni at or near the top of most success indicators and well above global and regional averages.
- Recognized globally 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 implementation surveyed
- Menu of services includes: account opening, instant debit card issuance at agent location, cash deposit, cash withdrawal, cash transfer, bill payments, purchase of airtime vouchers etc.
- Continued diversification in the distribution model has led UBL Omni to now include additional Super Agency distribution partners.
- UBL Omni was also recognized during the World Marketing Summit Malaysia 2013 which identified the top 50 worldwide marketing leaders that focus on attaining the UN’s 8 Millennium Development Goals.
- UBL Omni platform achieved Payment Application – Data Security Standards (PA DSS) Certification in July 2013 which is the global security standard for the Payment Card Industry.
- UBL Omni’s proprietary platform remains a key competitive advantage. Omni has also been implemented in the UK for remittances to Pakistan.

UBL OMNI

Commercial Launch:	April 2010
No of Accounts:	1.59 Million
No of Agents:	18,700+
No of cities/towns:	800+
No of transactions	147.2 Million
Transaction volume	PKR 608 Billion
Grant Received:	US\$ 6.9 Million from Bill & Melinda Gates Foundation

Benazir Income Support Program

Purpose:	Cash subsidy for the poor
Current beneficiaries:	1.2 Million
Funds disbursed:	PKR 41 Billion

WATAN/PAKISTAN CARDS

Purpose:	G2P aid for the flood affectees
Watan cards issued:	1.4 Million
Funds disbursed:	PKR 59 Billion
Grant received:	US\$ 1.5 Million from Bill & Melinda Gates Foundation

World Food Program & World Health Organization

Purpose:	Cash in lieu of food, Payments to polio workers
Beneficiaries:	318,000
Funds disbursed:	PKR 2.6 Billion

CASH MANAGEMENT SERVICES

Microfinance, FMCG clients, Schools, Collections	
No of transactions:	5.5 Million+
Transaction volume:	PKR 17 Billion+

Financial ratios – Consolidated (1/3)

DuPont	Full Year				QTD (Annualized)		
	2010	2011	2012	2013	Mar-14	Jun-14	Sep-14
Spread (Standalone) ¹	5.5%	5.6%	4.7%	4.0%	3.9%	4.4%	4.3%
Net Interest Margin (Standalone)	7.0%	7.2%	6.4%	5.4%	5.1%	5.8%	5.6%
Non Interest Yield ³	1.6%	1.7%	2.2%	2.0%	2.1%	2.1%	1.9%
Admin Exp./Avg Assets	2.8%	2.8%	2.9%	2.7%	2.7%	2.9%	2.8%
Cost Income Ratio	41.7%	40.1%	43.2%	47.5%	46.1%	44.6%	46.6%
Loan Loss / Assets	1.1%	0.9%	0.4%	0.2%	0.1%	0.3%	-0.1%
Loan Loss / RWA ⁴	1.5%	1.2%	0.6%	0.2%	0.2%	0.5%	-0.1%
Effective Tax Rate	37.7%	37.0%	32.0%	31.9%	32.2%	32.1%	33.8%
ROA	1.6%	1.9%	2.2%	1.9%	2.0%	2.1%	2.1%
ROE	17.7%	20.7%	23.4%	21.3%	22.6%	23.7%	23.0%

Formulas

1. *Net interest income / average assets*
2. *Net interest income / average earning assets*
3. *Non interest income / average assets*
4. *Risk weighted assets*

Financial ratios – Consolidated (2/3)

Asset Quality	Full Year				QTD (Annualized)		
	2010	2011	2012	Dec 13	Mar-14	Jun-14	Sep-14
Gross NPLs / Gross Loan	12.9%	13.4%	13.6%	11.9%	11.7%	11.0%	11.3%
Net NPLs / Gross Loan	3.6%	2.9%	3.4%	2.2%	2.0%	1.8%	2.3%
Coverage Ratio	71.9%	80.1%	76.7%	84.6%	87.6%	87.7%	83.3%
Prov. held / Gross loan	8.9%	10.5%	10.1%	9.6%	9.8%	9.2%	9.0%
Net Credit Loss ratio	2.2%	2.0%	1.1%	0.4%	0.3%	0.9%	-0.2%

Growth	Full Year				QTD (Annualized)		
	2010	2011	2012	Dec 13	Mar-14	Jun-14	Sep-14
Growth in Loan Book	-5.7%	-0.1%	13.1%	7.6%	-2.3%	8.0%	3.1%
Growth in Deposits	12.7%	11.8%	18.6%	18.2%	1.8%	1.4%	1.0%
Operating Revenue	-1.4%	16.3%	11.8%	1.7%	12.4%	21.8%	11.6%
Operating Expense	7.6%	11.3%	19.6%	12.1%	11.1%	10.8%	8.8%
Pre-provision Oper.Profit	-7.2%	20.1%	6.3%	-6.6%	13.6%	32.9%	14.2%
Provision exp.+ Other prov	-39.2%	-9.1%	-36.6%	-59.5%	-44.8%	29.7%	-115.7%
Profit After Tax	16.1%	35.1%	29.3%	2.5%	11.6%	35.0%	22.2%

Financial ratios – Consolidated (3/3)

Other Metrics	Full Year					QTD (Annualized)		
	2009	2010	2011	2012	2013	Mar-14	Jun-14	Sep-14
Capital Adequacy Ratio	14.0%	15.0%	14.9%	14.8%	13.3%	13.1%	13.4%	13.9%
Loan / Deposits	73.7%	62.8%	57.5%	55.0%	50.0%	48.0%	51.1%	53.8%
Net Loans / Assets	56.5%	47.1%	42.2%	40.1%	38.3%	36.9%	39.7%	39.5%
RWA / Assets	75.9%	72.7%	72.8%	70.3%	71.3%	69.9%	70.2%	66.9%
Average Headcount (St) ¹	8,639	8,474	8,655	8,934	9,022	8,932	8,856	8,575
Personnel cost (St) / Headcount (000)	863.9	879.3	988.8	1,091.8	1,167.6	1,265.9	1,243.9	1,267.6
Yield on Earning Assets (St) ²	12.3%	11.7%	12.3%	11.3%	9.7%	9.6%	10.1%	9.7%
Cost of Funds (St) ³	5.4%	4.7%	5.1%	4.9%	4.3%	4.4%	4.3%	4.1%
Yield on Performing Adv (St)	13.4%	12.4%	13.1%	11.7%	9.7%	9.1%	9.7%	8.9%
Cost of Deposits (St)	4.8%	4.0%	4.3%	4.3%	3.9%	4.1%	3.9%	3.9%

St - Standalone

1. Permanent Staff

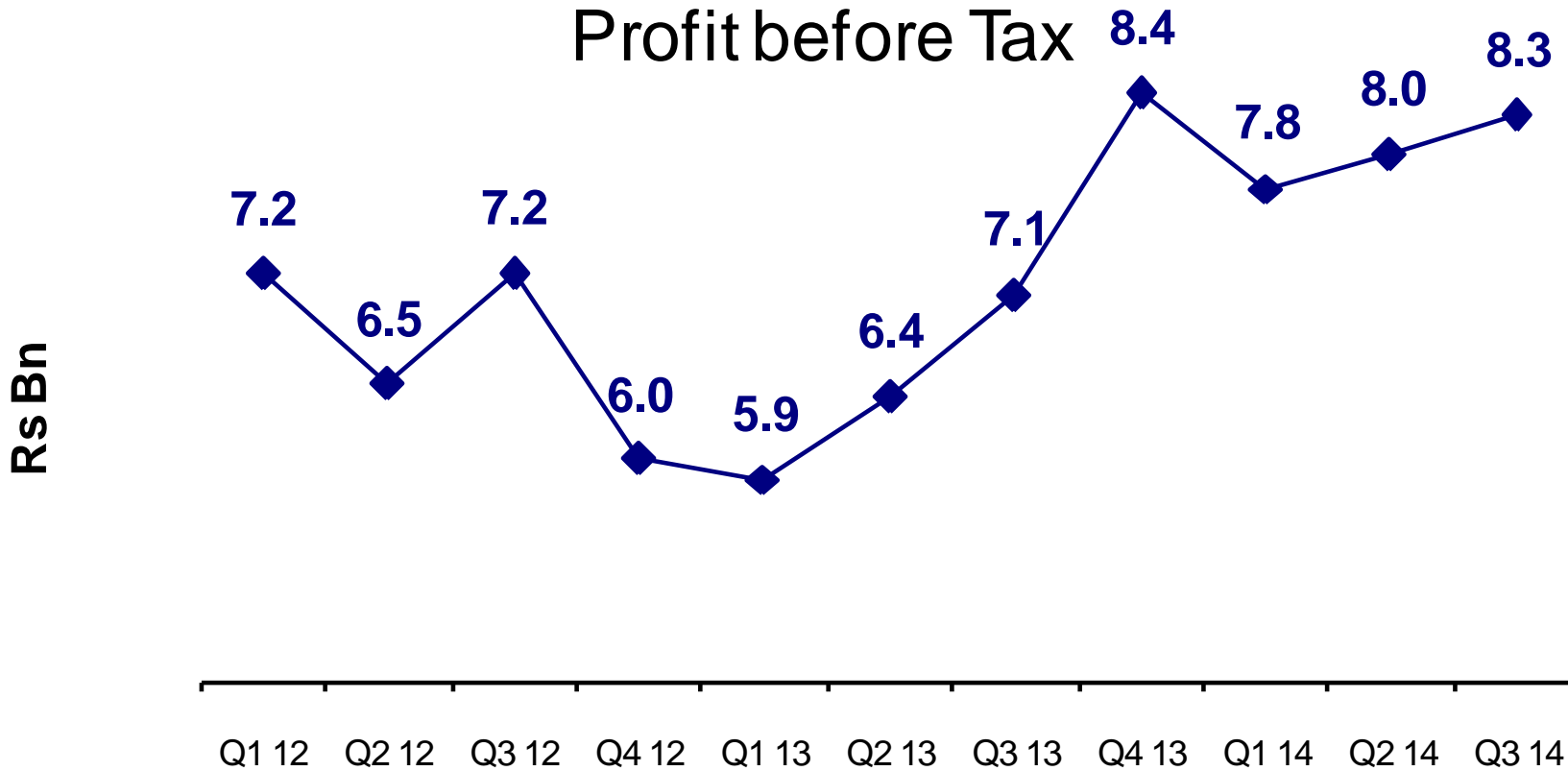
2. Earning assets incl bal.with other banks, lending to F.I., investments & perf adv

3. Funds includes deposits, borrowings & sub-ordinated loans

Quarterly Trend Analysis

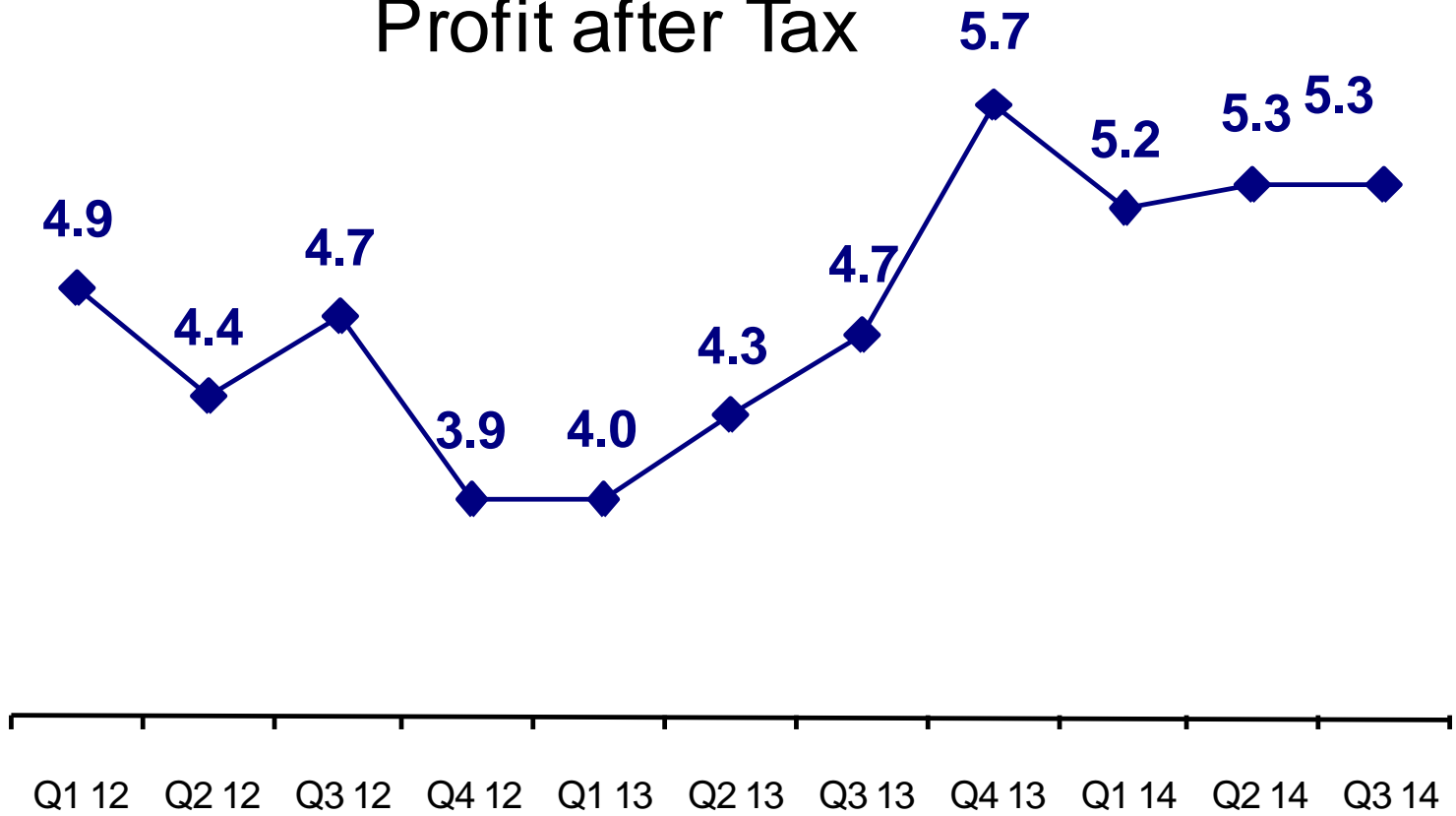
Bank Level
(Stand Alone)

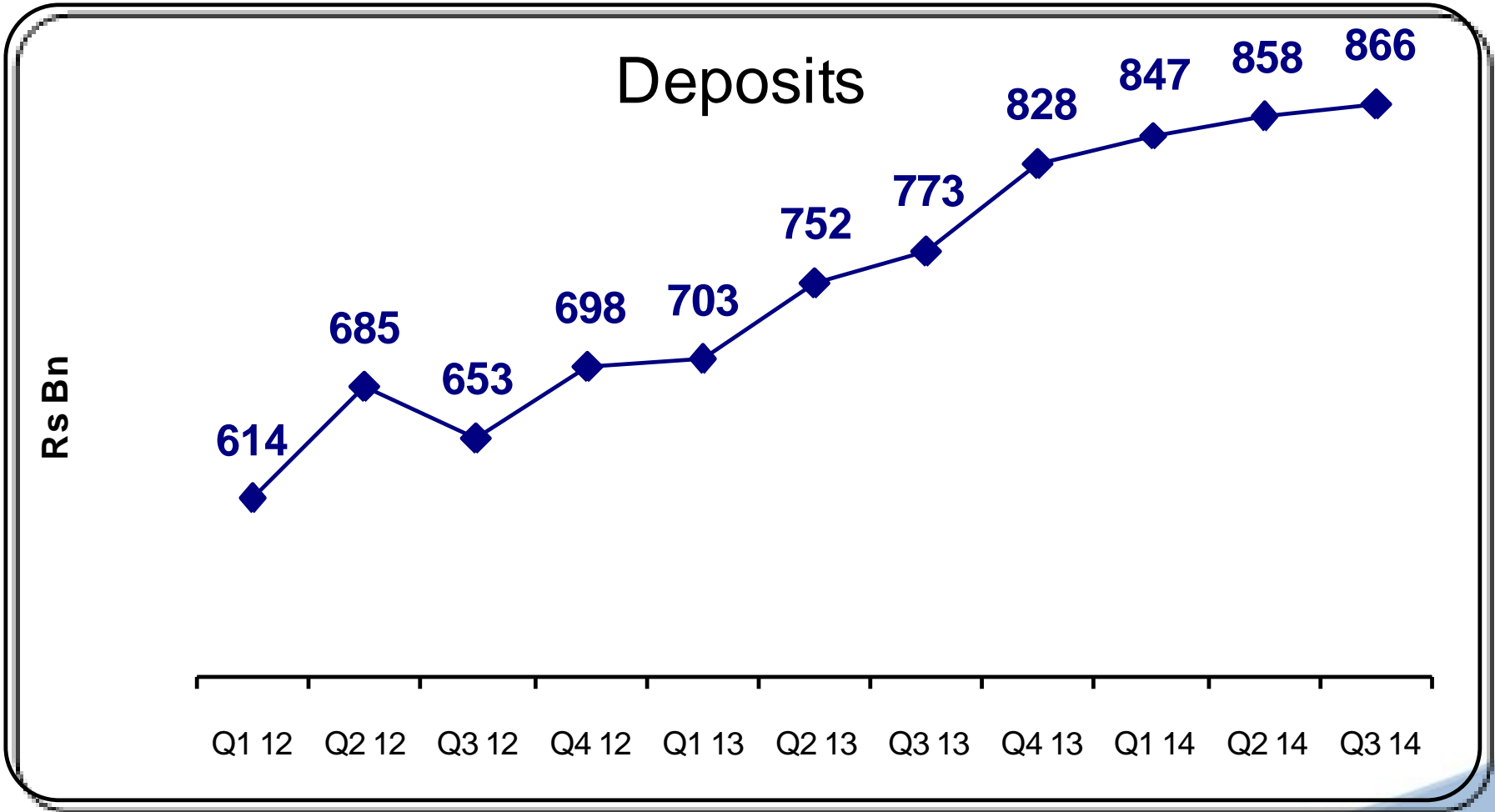
Profit before Tax



Profit after Tax

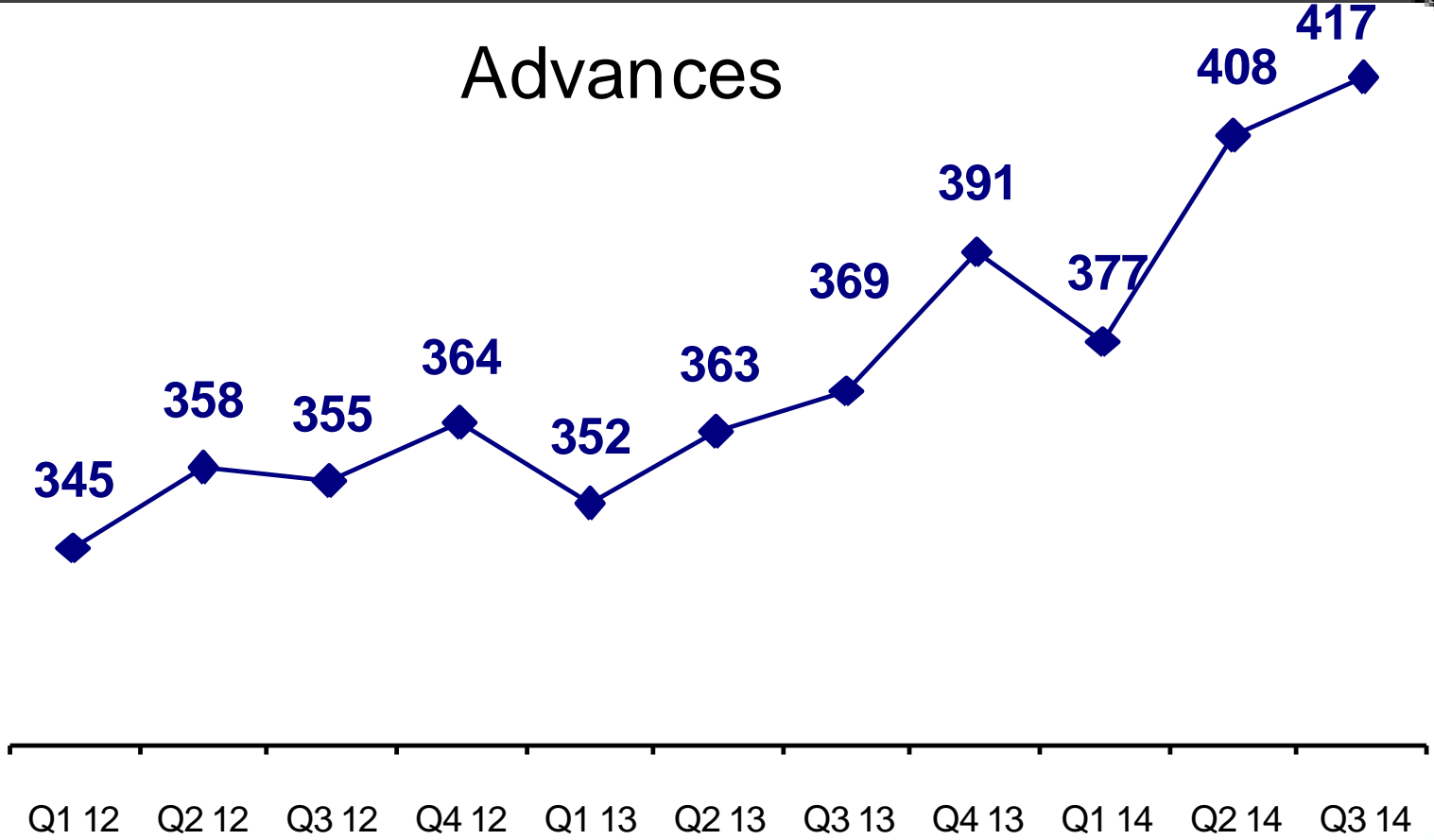
Rs Bn



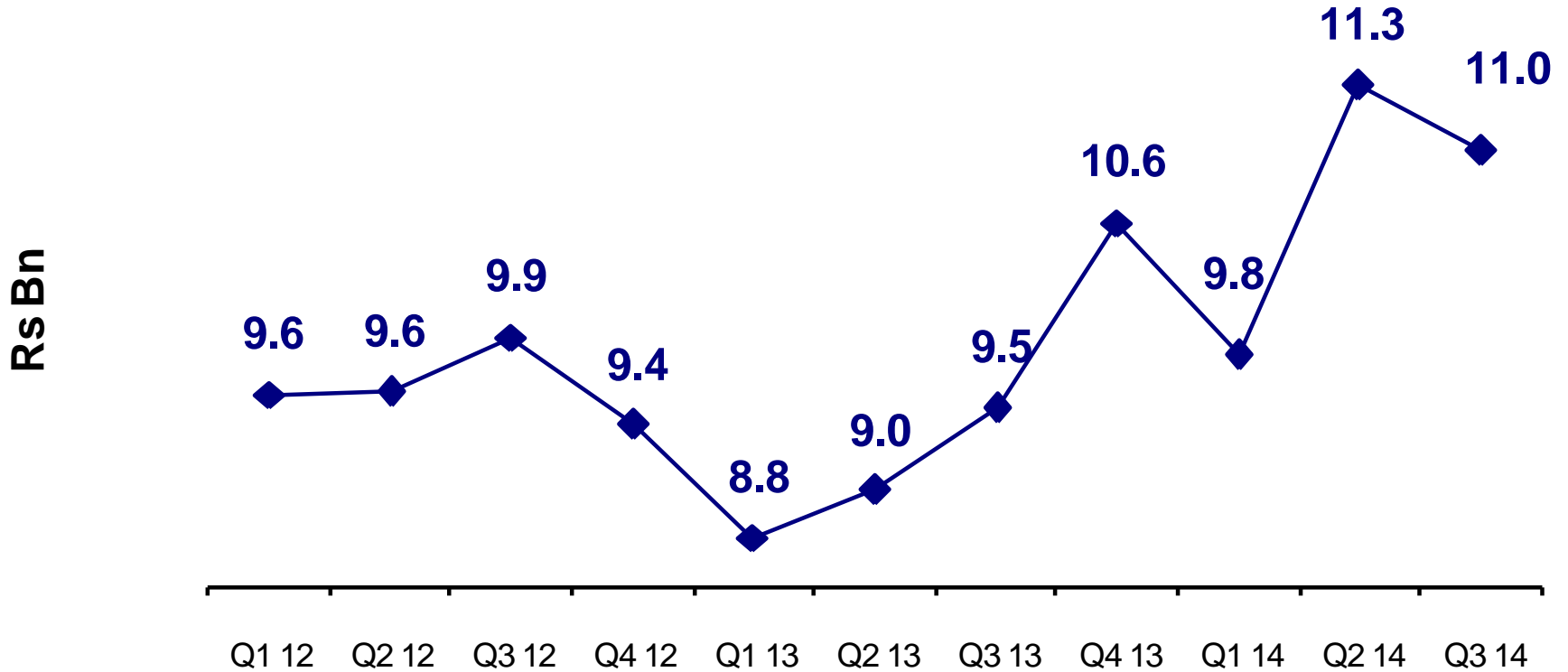


Advances

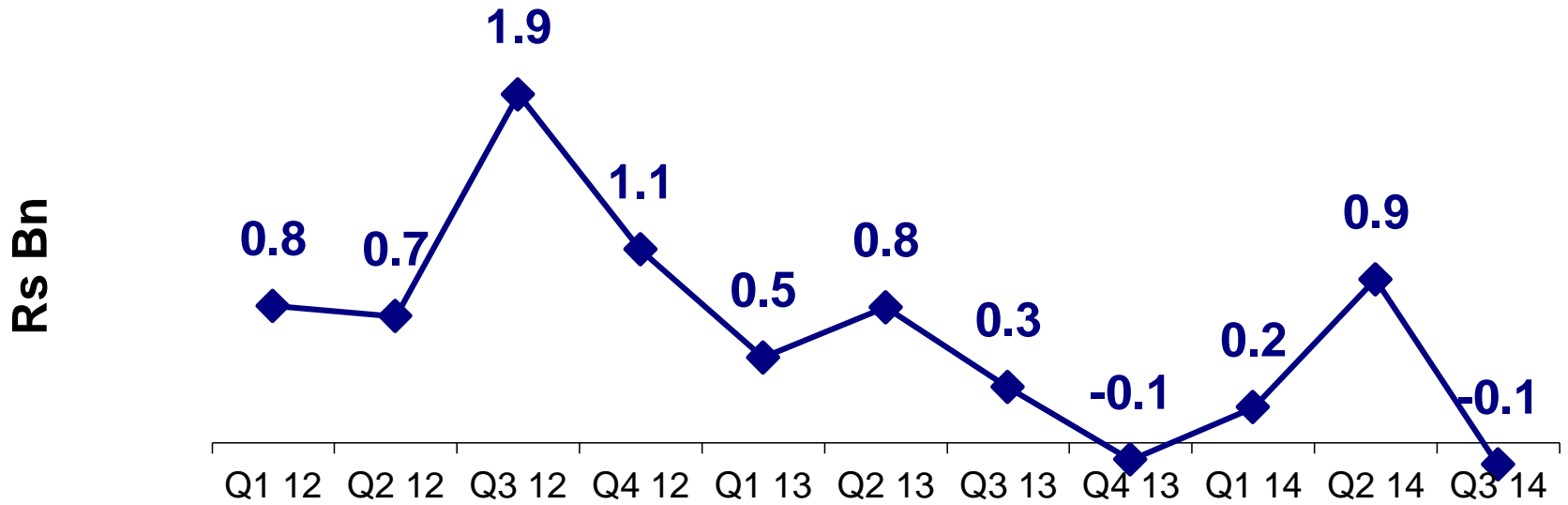
Rs Bn



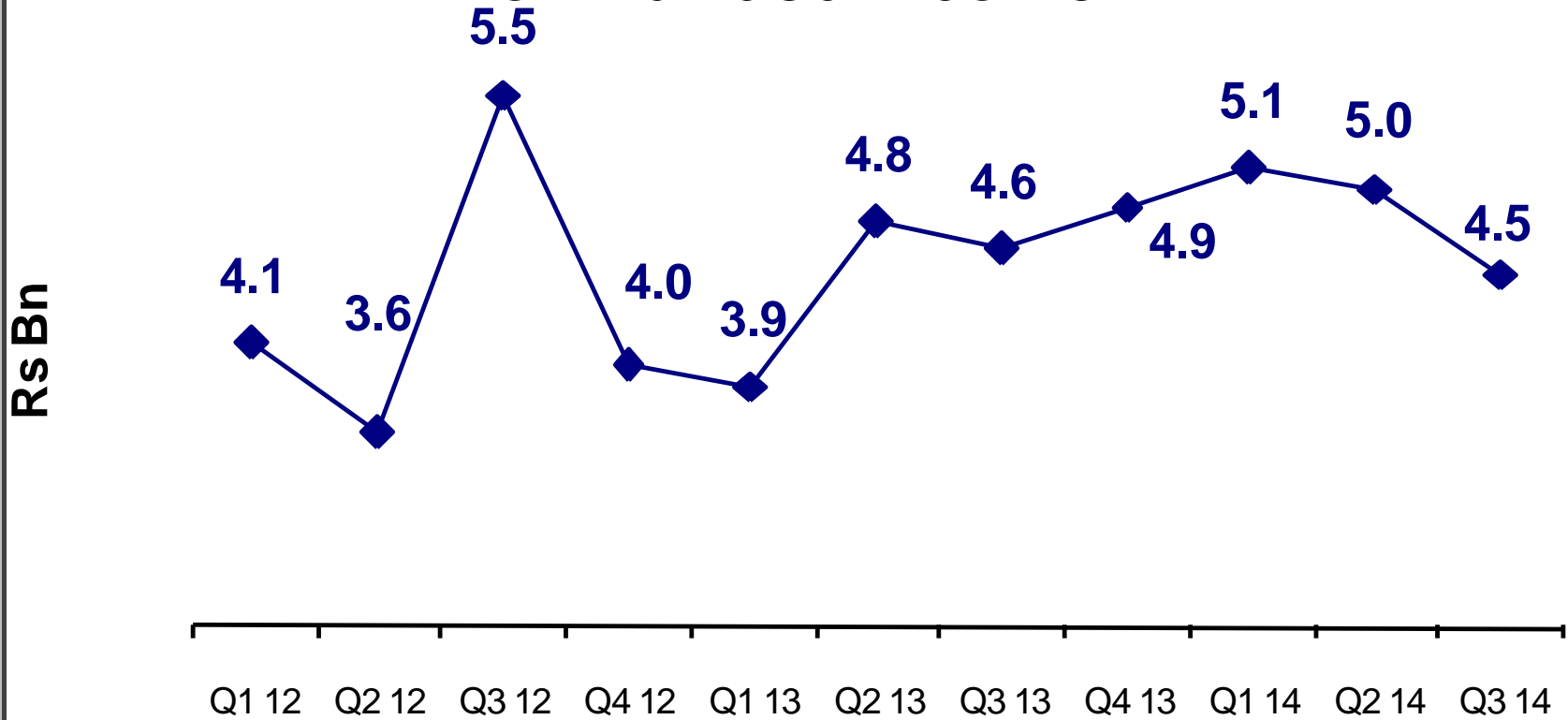
Net Interest Income



Provisions

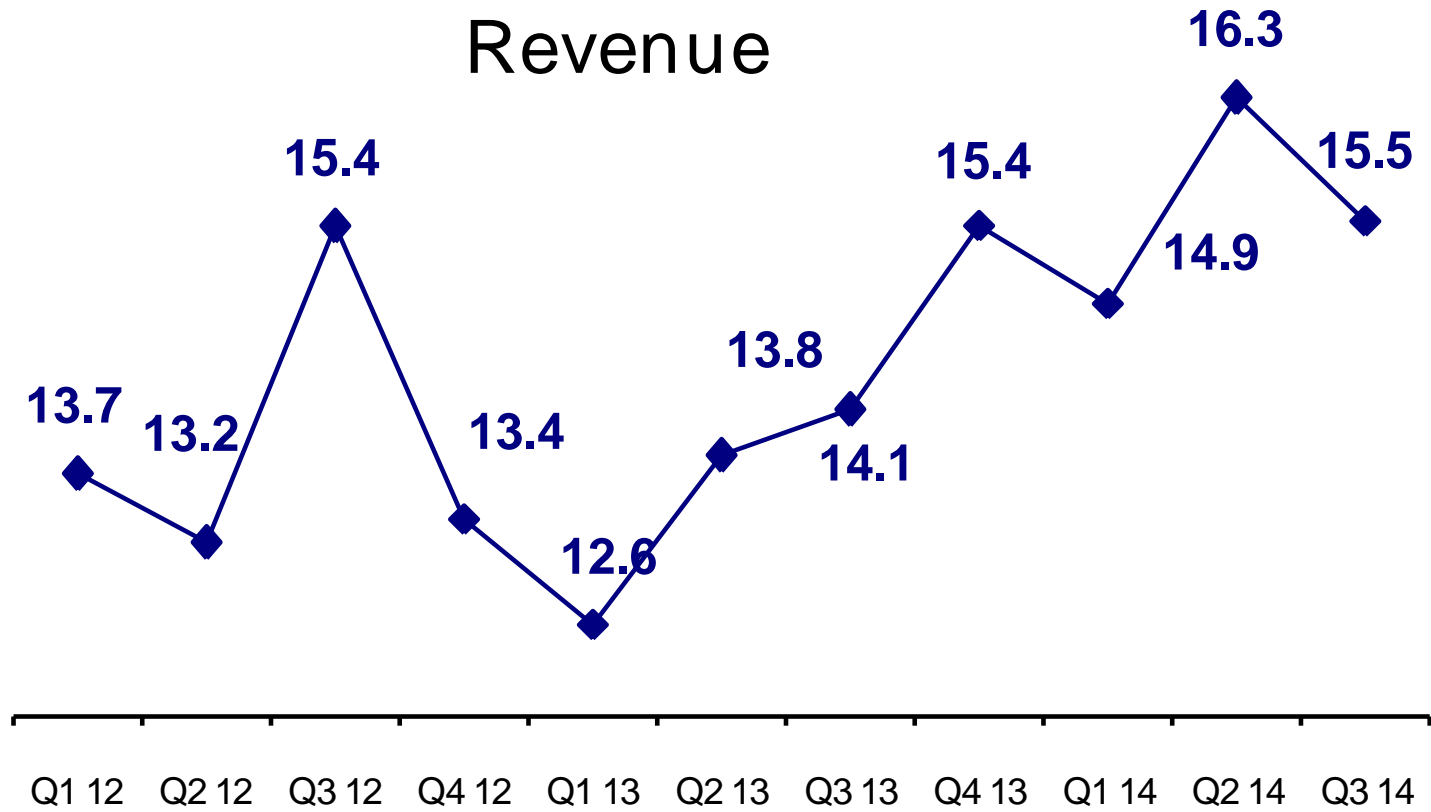


Non Funded Income

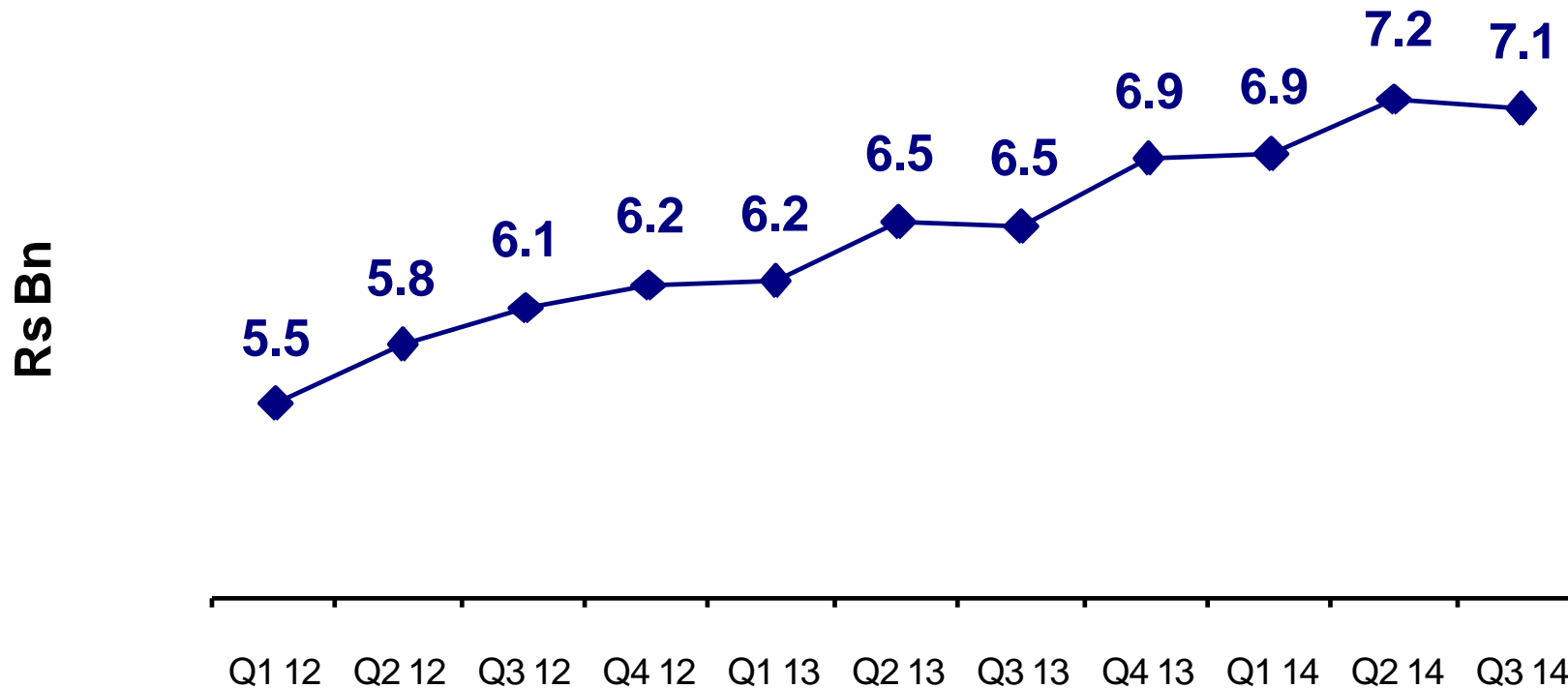


Revenue

Rs Bn



Administrative Expenses



The information contained herein reflects our latest business statement as at Sep 30, 2014.

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