

United Bank Limited Performance Review December 2014

Key Highlights – (1 of 3)

Standalone PAT up 18% YoY to Rs. 21.9Bn, Consolidated PAT up 22% YoY to Rs. 24.0Bn

Net Interest income has increased by 19% to reach Rs. 44.9Bn

- Margins expand by 34bps to 5.7%, supported by yield enhancement from PIBs
- Expansion in corporate loan book by 14%, yields maintained despite rate competition
- Balance sheet expansion of 10%, mainly funded by core deposits

Non markup income at Rs. 19.3Bn up by 7% - forming 30% of the Bank's revenues

- Fees and Commissions have grown to Rs. 11.2Bn, a 11% YoY increase over Dec'13
- Omni builds up transaction volumes in 2014 - 25% growth in earnings
- Home remittances revenue increased by 22% to Rs. 1.4Bn with market share of 24%
- Dividend income of Rs. 2.0Bn in 2014, maintaining stable and consistent yield
- Fx income up by 40% to Rs. 3.0Bn through active interbank participation and trading gains
- Capital gains at Rs. 1.8Bn with contribution from both the bond and equity trading desks

EPS up 18%, Book value per share is Rs. 102.5/- up 24%

Key Highlights - (2 of 3)

Provisions are down by 20% YoY to Rs. 1.16Bn in 2014

- Strong Recoveries within domestic and international
- FSV benefit prudently reduced from Rs. 1.4Bn in Dec'13 to Rs. 0.9Bn as at Dec'14
- Asset quality at 11.2% in Dec'14 improving from 12.1% as at Dec'13
- Coverage slightly lower but remains strong at 81% in Dec'14 (Dec'13: 84%)

Administrative expenses are up 11% to Rs. 29.0Bn

- Cost to income ratio has improved to 45% (2013: 47%)
- Staff costs increased by 7% YoY, premises related expenses up 10% mainly due to rising cost of utilities
- Higher business development expenditure incurred in 2014 moving in line with related revenues

Key Highlights - (3 of 3)

Retail Bank building deposit base ahead of market

- 13% growth in the total domestic deposits ahead of market growth of 11% in 2014
- Current Accounts remains core focus for retail distribution – with 19% average growth
- Cost of domestic deposits at 4.4% in 2014, increase restricted to 30bps despite higher savings floor

Net Advances increased by Rs. 43.5Bn to Rs. 434.3Bn

- Corporate portfolio up by 16% to Rs. 257.5Bn as at Dec'14
- Overall International loan book up by 9%, with build up in portfolio in UAE 16% and Qatar 16%
- Loan book in Yemen under run-off; down by 22%

Income Statement - Standalone

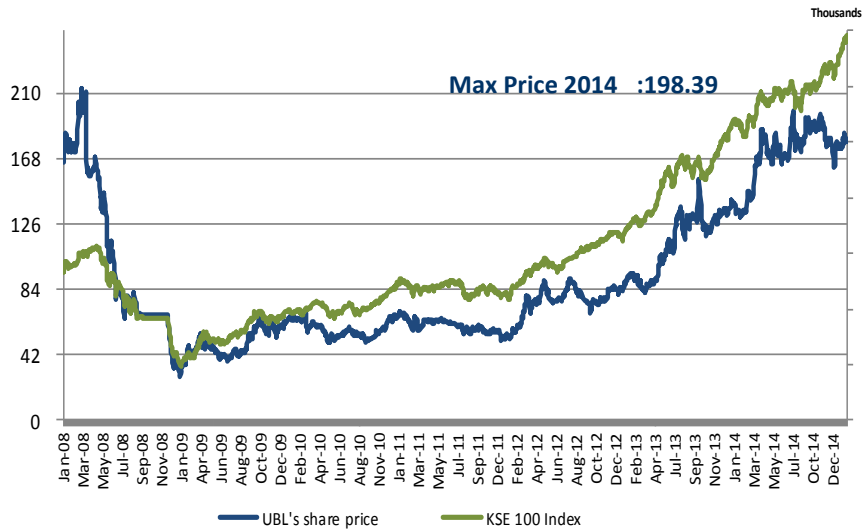
PKR Bn	YTD Dec'14	YTD Dec'13	Var %	Q4'14	Q3'14	Var %
Interest Earned	82.74	72.85	+14%	22.34	20.10	+11%
Interest Expensed	(37.77)	(34.91)	-8%	(9.51)	(9.12)	-4%
Net Interest Income	44.97	37.94	+19%	12.83	10.98	+17%
Non Interest Income	19.30	18.11	+7%	4.77	4.49	+6%
Total Revenue	64.26	56.05	+15%	17.59	15.47	+14%
Admin. Expenses	(29.03)	(26.05)	-11%	(8.01)	(7.12)	-12%
Operating Expenses	(29.71)	(26.79)	-11%	(8.17)	(7.29)	-12%
Pre Prov. Operating Profit	34.55	29.26	+18%	9.42	8.17	+15%
Provision Exp./Other writeoffs	(1.16)	(1.45)	+20%	(0.17)	0.12	-237%
Profit Before Tax	33.40	27.81	+20%	9.25	8.30	+12%
Profit After Tax	21.93	18.61	+18%	6.08	5.32	+14%

Income Statement – Consolidated

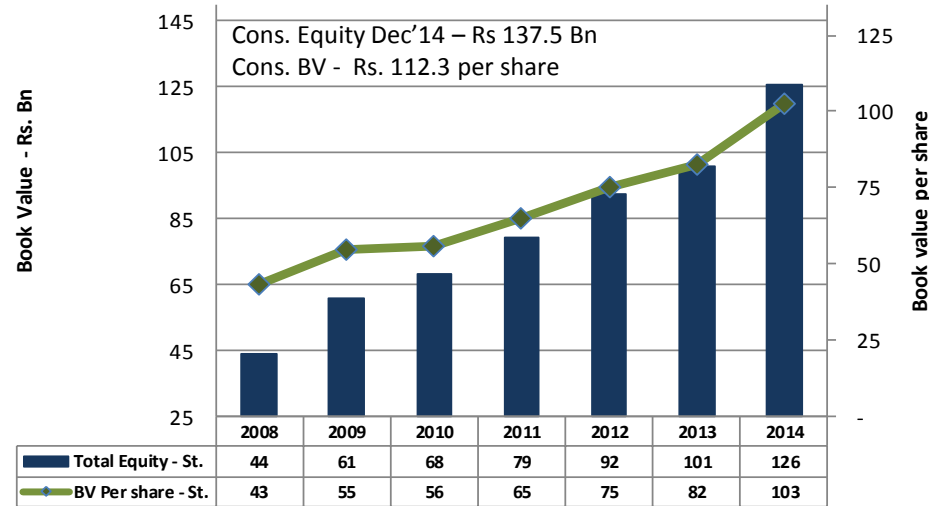
PKR Bn	YTD Dec'14	YTD Dec'13	Var %	Q4'14	Q3'14	Var %
Interest Earned	85.76	75.71	+13%	23.12	20.90	+11%
Interest Expensed	(38.85)	(36.20)	-7%	(9.77)	(9.39)	-4%
Net Interest Income	46.91	39.51	+19%	13.34	11.51	+16%
Non Interest Income	22.75	20.70	+10%	5.86	5.25	+12%
Total Revenue	69.66	60.21	+16%	19.20	16.77	+15%
Admin. Expenses	(31.75)	(28.57)	-11%	(8.68)	(7.82)	-11%
Operating Expenses	(32.44)	(29.32)	-11%	(8.84)	(7.99)	-11%
Pre Prov. Operating Profit	37.23	30.88	+21%	10.36	8.77	+18%
Provision Exp./Other writeoffs	(1.61)	(1.92)	+16%	(0.28)	0.07	-497%
Profit Before Tax	35.62	28.97	+23%	10.08	8.84	+14%
Profit After Tax	24.02	19.73	+22%	6.85	5.85	+17%

Share Info

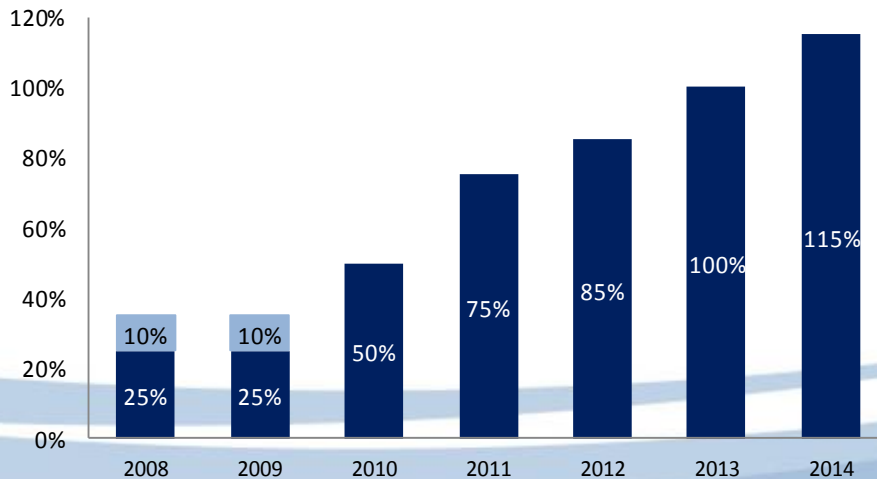
Trends – KSE 100 Index and UBL's Share Price



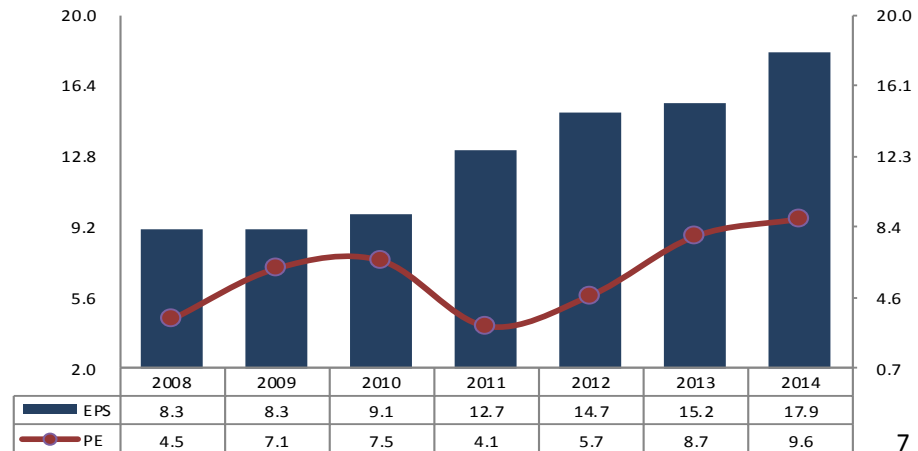
Growth in Book Value Per Share by 24% in 2014



Cash and Stock Payout



EPS & PE



Key Ratios – Bank (Standalone)

Balance Sheet Ratios	Dec-13	Dec-14
Advances / Deposits	50.1%	50.7%
Asset Quality	12.1%	11.2%
Coverage	83.8%	81.2%

Financial Ratios	FY' 13	FY' 14	Q3'14	Q4'14
Yield on P. Advances	9.7%	9.5%	8.9%	9.8%
Cost of Deposits	3.9%	3.9%	3.9%	3.8%
Net Interest Margin	5.4%	5.7%	5.6%	6.2%
NCL Ratio	0.3%	0.1%	-0.4%	0.0%
Return on Avg Assets	2.0%	2.1%	2.0%	2.2%
Return on Shareholders' Equity	22.3%	23.9%	23.3%	25.8%

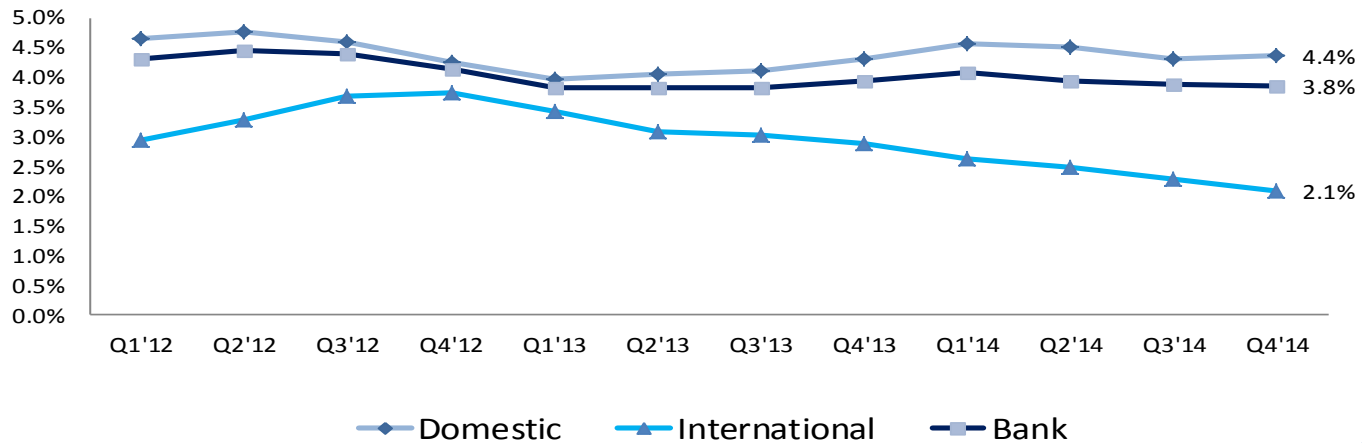
P/L Ratios	FY' 13	FY' 14	Q3'14	Q4'14
Cost to Income Ratio	46.5%	45.2%	46.0%	45.5%
Non Fund Inc. / Total Revenue	32.3%	30.0%	29.0%	27.1%

Deposits Structure

Deposits - Bank

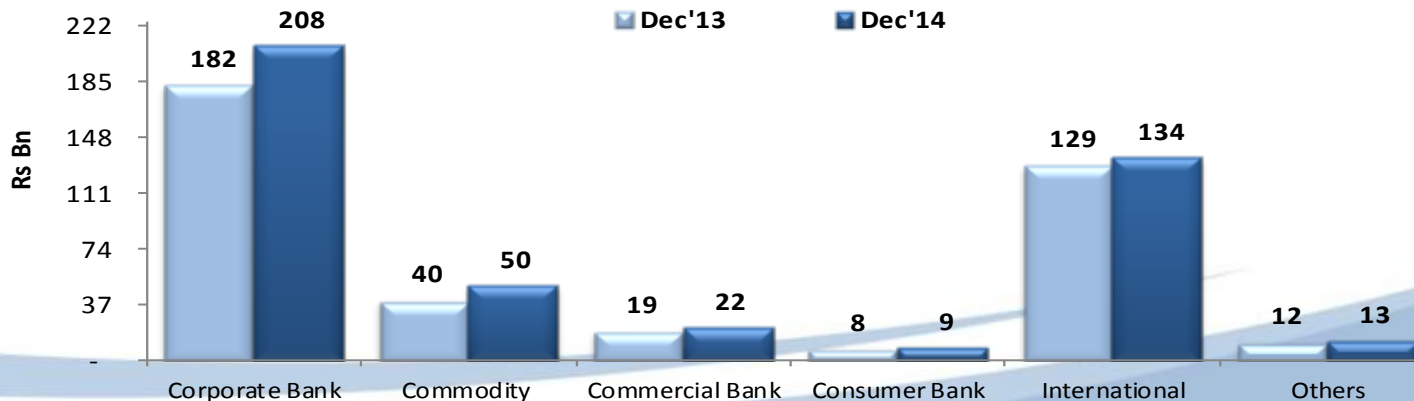
Bank Rs Bn	Dec'13		Dec'14	
	PE	COF %	PE	COF %
Domestic deposits	619	4.1%	697	4.4%
International deposits	209	3.1%	198	2.4%
Total Bank	828	3.9%	895	3.9%
International \$ Mn	1,986	3.1%	1,967	2.4%
Domestic CASA	83%		85%	

Cost of Deposits



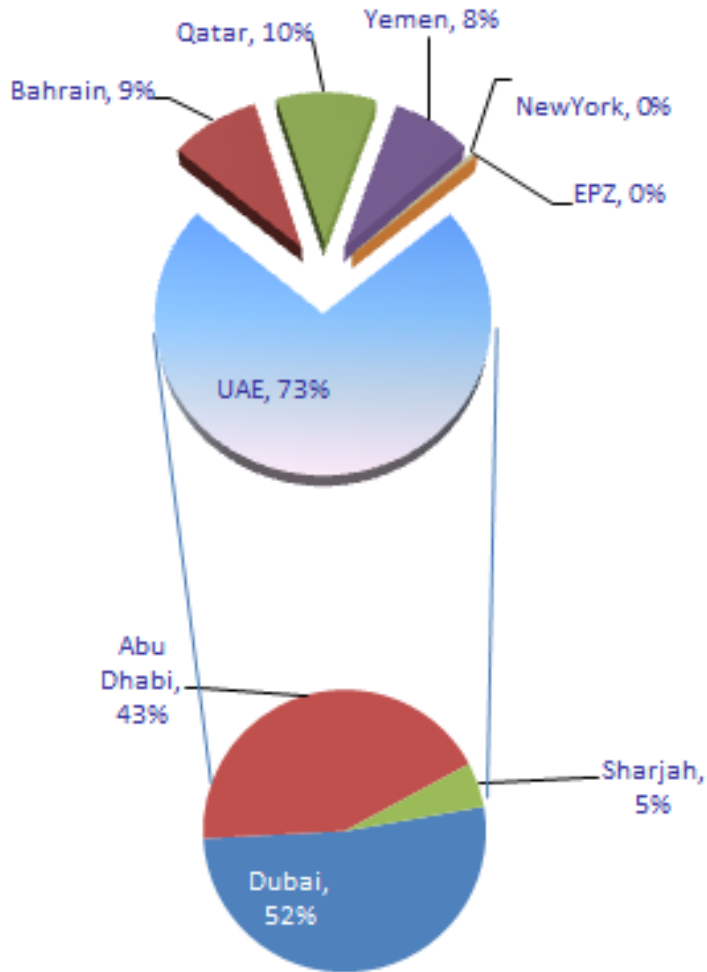
Net Advances

Net Advances - Rs. Bn	Dec'13	Dec'14	Dec'14 vs Dec'13
Corporate Bank	182	208	14%
Commodity	40	50	24%
Commercial	19	22	11%
Consumer	8	9	10%
Others	12	13	3%
Total Domestic	262	300	15%
International	129	134	4%
Bank	391	434	11%
International US\$ Mn	1,227	1,332	9%

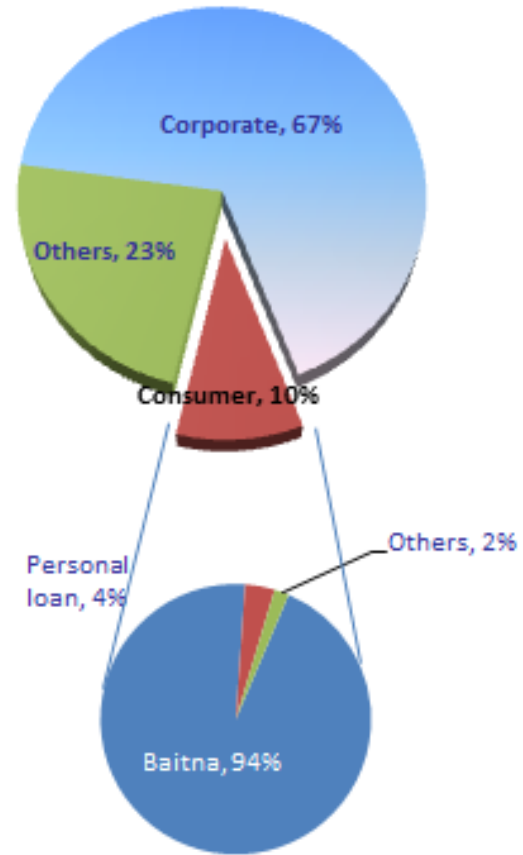


International Advances Dec-14

By Geography



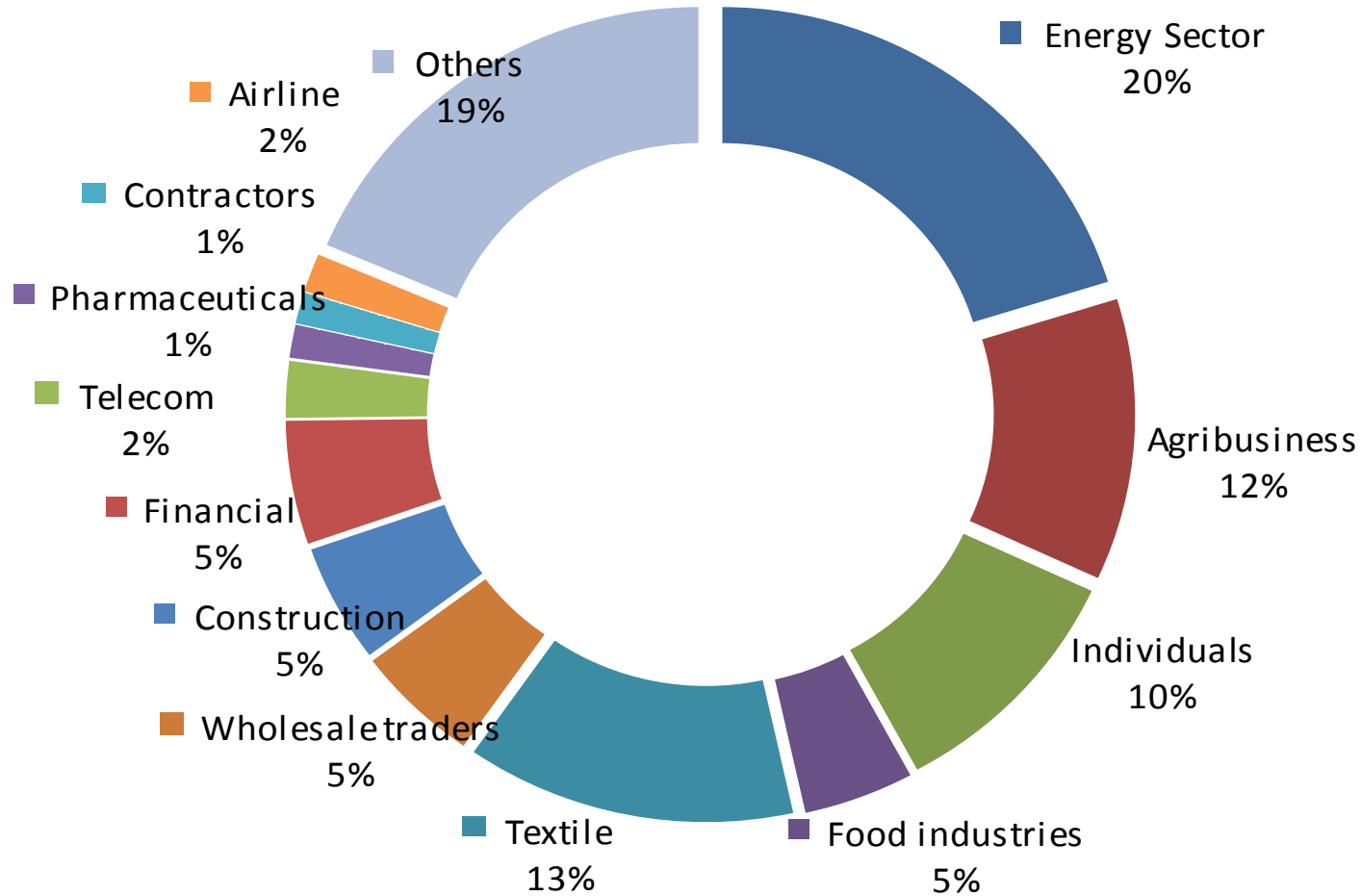
By Business - UAE



Spread Analysis – Bank Level

Bank	FY 2014				FY 2013			
	PE	AVG	IE	Avg.Yield /Cost	PE	AVG	IE	Avg.Yield /Cost
Rs Bn								
Interest Earning Assets								
Performing Advances	406	374	35.3	9.5%	363	337	32.7	9.7%
Corporate	188	179	19.5	10.9%	164	156	17.0	10.9%
Commercial	23	19	2.4	13.0%	21	17	2.3	13.5%
Commodity	50	45	4.7	10.5%	40	44	5.0	11.3%
Consumer	9	8	1.5	18.5%	8	7	1.5	19.7%
International	132	122	6.6	5.4%	127	110	6.6	6.0%
Others	5	2	0.7	40.6%	4	3	0.5	15.7%
Investments (earning)	447	407	45.1	11.1%	393	369	38.4	10.4%
Lending to Financial Institutions	22	30	1.7	5.7%	29	22	0.9	4.2%
Others	14	16	0.4	2.2%	20	17	0.5	2.7%
Total int. earning assets (a)	890	827	82.5	10.0%	806	744	72.5	9.7%
<i>Non int. earning assets</i>	218	200	0.0	0.0%	203	184	0.0	0.0%
Total Assets (A)	1,109	1,027	82.5	8.0%	1,008	929	72.5	7.8%
Interest bearing liabilities								
Total deposits	895	838	(32.9)	3.9%	828	734	(28.3)	3.9%
Core Deposits - Domestic	639	578	(22.5)	3.9%	563	499	(18.1)	3.6%
Non Core Deposits-Domestic	58	66	(5.8)	8.8%	56	53	(4.6)	8.6%
International	198	195	(4.6)	2.4%	209	182	(5.6)	3.1%
Subordinated Debts - TFC	-	0	(0.0)	12.2%	1	5	(0.6)	10.8%
Swap cost (net)	-	-	(1.0)	0.0%	-	-	(1.1)	0.0%
Borrowings	53	51	(3.9)	7.7%	41	63	(5.0)	7.9%
Total interest bearing liab (b)	948	889	(37.8)	4.2%	869	802	(34.9)	4.4%
<i>Non int. bearing liabilities & equity</i>	160	138	-	0.0%	139	127	-	0.0%
Total Liabilities+Equity (B)	1,109	1,027	(37.8)	3.7%	1,008	929	(34.9)	3.8%
Net Interest Margin (a-b)	-	-	44.8	5.7%	-	-	37.6	5.4%
Spread (A-B)				4.4%				4.0%

Concentration of Advances – Consolidated (Dec'14)



Non Fund Income - Standalone

Non Fund Income - Rs. Mn	YTD Dec'14	YTD Dec'13	Var %	Q4'14	Q3'14	Var %
Fee, commission and brokerage income	11,154	10,049	11%	2,727	2,880	-5%
Dividend income	2,001	2,074	-4%	606	355	71%
Income from dealing in foreign currencies	3,017	2,156	40%	719	872	-18%
Gain / (loss) on sale of securities	1,806	2,771	-35%	360	91	294%
Derivatives Income	531	211	152%	162	124	31%
Other income	787	853	-8%	194	166	16%
Total Non Fund Income	19,296	18,114	7%	4,766	4,489	6%

Fee Commission and Brokerage Income - Standalone

Fee Commission Income - Rs. Mn	YTD Dec'14	YTD Dec'13	Var %	Q4'14	Q3'14	Var %
Commission on trade	1,685	1,645	2%	410	401	2%
Commission on consumer loan	700	664	5%	164	218	-24%
Commission on remittance / uniremote	2,023	1,703	19%	518	483	7%
Corporate service chgs/finance fee/FI inc.	1,258	1,310	-4%	394	288	37%
General banking service charges	1,603	1,442	11%	258	425	-39%
Commission on cash management	371	364	2%	84	36	138%
Commission on home remittance	1,437	1,178	22%	339	401	-16%
Commission income - Bancassurance	594	433	37%	141	139	2%
Commission others	1,483	1,309	13%	418	490	-15%
Total	11,154	10,049	11%	2,727	2,880	-5%

Administrative Expenses - Standalone

Administrative Expenses - Rs. Mn	YTD Dec'14	YTD Dec'13	Var %	Q4'14	Q3'14	Var %
Personnel Cost	11,265	10,510	-7%	2,862	2,760	-4%
Premises Cost	3,925	3,581	-10%	1,037	1,032	-1%
Outsourced service charges including sales commission	3,806	3,049	-25%	1,127	902	-25%
Advertisement and publicity	982	645	-52%	458	139	-230%
Communications	1,126	1,049	-7%	308	270	-14%
Depreciation / Amortization	2,047	2,119	3%	538	496	-9%
Legal and professional charges	239	292	18%	93	67	-40%
Banking service charges	952	856	-11%	258	227	-14%
Stationery and printing	582	546	-6%	158	144	-10%
Travelling	257	213	-21%	71	64	-11%
Cash transportation charges	517	441	-17%	135	130	-3%
Repairs and maintenance	1,562	1,179	-32%	568	398	-43%
Vehicle expenses	225	189	-19%	63	59	-7%
Office running expenses	554	495	-12%	150	139	-8%
Insurance expense	85	143	41%	27	17	-55%
Others	908	736	-23%	153	274	44%
Total	29,030	26,045	-11%	8,007	7,118	-12%

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:	1.66 Million
No of Agents:	19,338+
No of cities/towns:	1700+
No of transactions	162.8 Million
Transaction volume	PKR 702.5 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 46 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:	145,000+
Funds disbursed:	PKR 2.1 Billion

CASH MANAGEMENT SERVICES

Microfinance, FMCG clients, Schools, Collections	
No of transactions:	5.5 Million+
Transaction volume:	PKR 20.5 Billion+

Financial ratios – Consolidated (1/3)

DuPont	Full Year					QTD (Annualized)			
	2010	2011	2012	2013	2014	Mar-14	Jun-14	Sep-14	Dec-14
Spread (Standalone) ¹	5.5%	5.6%	4.7%	4.0%	4.4%	3.9%	4.4%	4.3%	4.8%
Net Interest Margin (Standalone) ²	7.0%	7.2%	6.4%	5.4%	5.7%	5.1%	5.8%	5.6%	6.3%
Non Interest Yield ³	1.6%	1.7%	2.2%	2.0%	2.0%	2.1%	2.1%	1.9%	2.0%
Admin Exp./Avg Assets	2.8%	2.8%	2.9%	2.8%	2.8%	2.7%	2.9%	2.8%	3.0%
Cost Income Ratio	41.7%	40.1%	43.2%	47.5%	45.6%	46.1%	44.6%	46.6%	45.2%
Loan Loss / Avg Assets	1.1%	0.9%	0.4%	0.2%	0.1%	0.1%	0.3%	-0.1%	-0.1%
Loan Loss / Avg RWA ⁴	1.5%	1.2%	0.6%	0.2%	0.1%	0.2%	0.5%	-0.1%	-0.1%
Effective Tax Rate	37.7%	37.0%	32.0%	31.9%	32.5%	32.2%	32.1%	33.8%	32.0%
ROA	1.6%	1.9%	2.2%	1.9%	2.1%	2.0%	2.1%	2.1%	2.4%
ROE	17.7%	20.7%	23.4%	21.3%	23.4%	22.6%	23.7%	23.0%	26.1%

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	2013	2014	Mar-14	Jun-14	Sep-14	Dec-14
Gross NPLs / Gross Loan	12.9%	13.4%	13.6%	11.9%	11.1%	11.7%	11.0%	11.3%	11.1%
Net NPLs / Gross Loan	3.6%	2.9%	3.4%	2.2%	2.4%	2.0%	1.8%	2.3%	2.4%
Coverage Ratio	69.0%	78.1%	74.6%	81.1%	78.5%	83.9%	83.9%	79.6%	78.5%
Prov. held / Gross loan	8.9%	10.5%	10.1%	9.6%	8.7%	9.8%	9.2%	9.0%	8.7%
Net Credit Loss ratio	2.2%	2.0%	1.1%	0.4%	0.2%	0.3%	0.9%	-0.2%	-0.1%

Growth	Full Year					QTD (Annualized)			
	2010	2011	2012	2013	2014	Mar-14	Jun-14	Sep-14	Dec-14
Growth in Loan Book	-5.7%	-0.1%	13.1%	7.6%	12.5%	-2.3%	8.0%	3.1%	3.4%
Growth in Deposits	12.7%	11.8%	18.6%	18.2%	7.0%	1.8%	1.4%	1.0%	2.6%
Operating Revenue	-1.4%	16.3%	11.8%	1.7%	15.7%	12.4%	21.8%	11.6%	16.9%
Operating Expense	7.6%	11.3%	19.6%	12.1%	10.6%	11.1%	10.8%	8.8%	11.7%
Pre-provision Oper.Profit	-7.2%	20.1%	6.3%	-6.6%	20.5%	13.6%	32.9%	14.2%	21.8%
Provision exp.+ Other prov	-39.2%	-9.1%	-36.6%	-59.5%	-16.0%	-44.8%	29.7%	-115.7%	444.8%
Profit After Tax	16.1%	35.1%	29.3%	2.5%	21.8%	11.6%	35.0%	22.2%	20.2%

Financial ratios – Consolidated (3/3)

Other Metrics	Full Year						QTD (Annualized)			
	2009	2010	2011	2012	2013	2014	Mar-14	Jun-14	Sep-14	Dec-14
Capital Adequacy Ratio	14.0%	15.0%	14.9%	14.8%	13.3%	14.3%	13.1%	13.4%	13.9%	14.3%
Loan / Deposits	73.7%	62.8%	57.5%	55.0%	50.0%	51.8%	48.0%	51.1%	52.0%	51.8%
Net Loans / Assets	56.5%	47.1%	42.2%	40.1%	38.3%	39.5%	36.9%	39.7%	39.5%	39.5%
RWA / Assets	75.9%	72.7%	72.8%	70.3%	71.3%	70.7%	69.9%	70.2%	66.9%	70.7%
Average Headcount (St) ¹	8,639	8,474	8,655	8,934	9,021	9,033	8,959	8,894	8,716	8,828
Personnel cost (St) / Headcount (000)	863.9	879.3	988.8	1,091.8	1,167.6	1,239.2	1,262.1	1,238.6	1,247.2	1,312.2
Yield on Earning Assets (St) ²	12.3%	11.7%	12.3%	11.3%	9.7%	10.0%	9.6%	10.1%	9.7%	10.4%
Cost of Funds (St) ³	5.4%	4.7%	5.1%	4.9%	4.4%	4.2%	4.4%	4.3%	4.1%	4.2%
Yield on Performing Adv (St)	13.4%	12.4%	13.1%	11.7%	9.7%	9.5%	9.1%	9.7%	8.9%	9.8%
Cost of Deposits (St)	4.8%	4.0%	4.3%	4.3%	3.9%	3.9%	4.1%	3.9%	3.9%	3.8%

St - Standalone

1. Permanent Staff

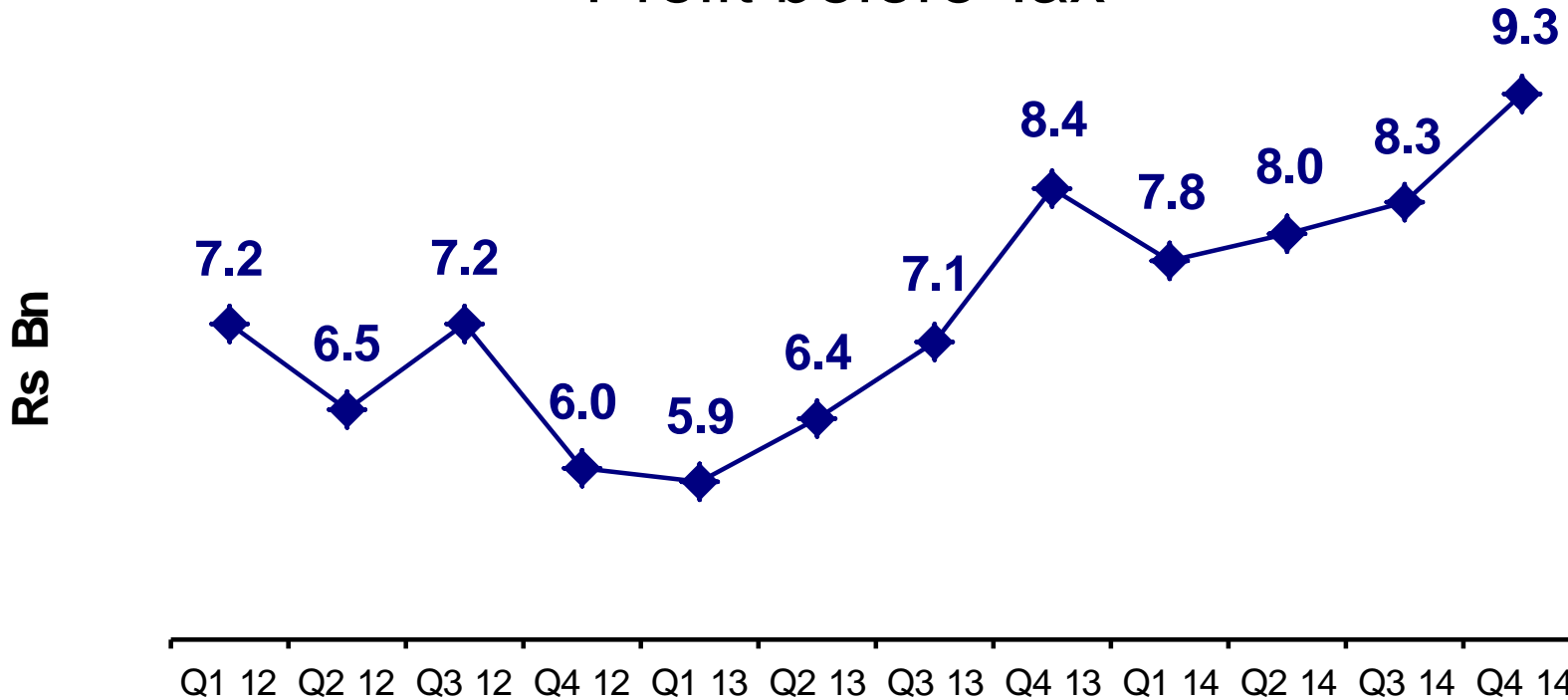
2. Earning assets incl bal.with other banks, lending to F.I., investments & perf adv

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

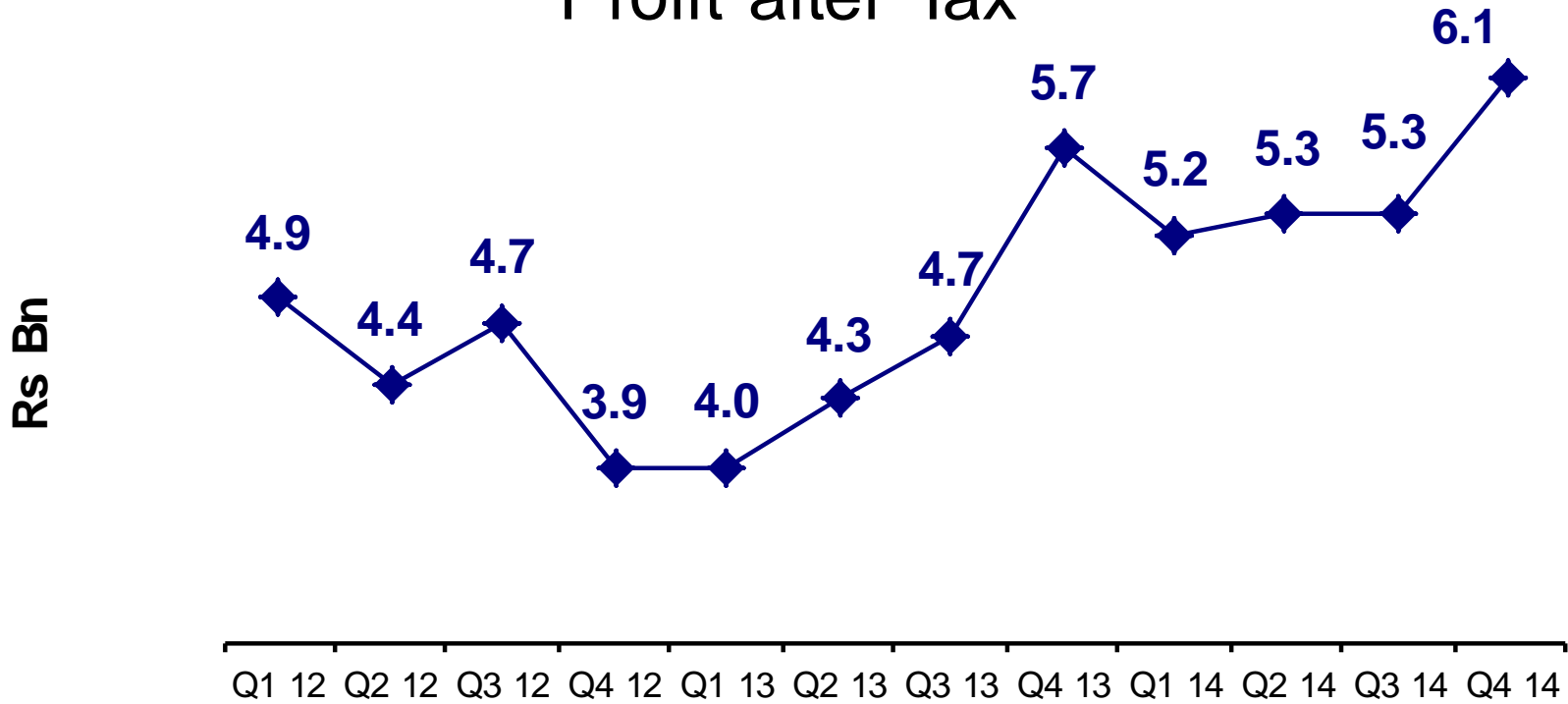
Quarterly Trend Analysis

Bank Level
(Stand Alone)

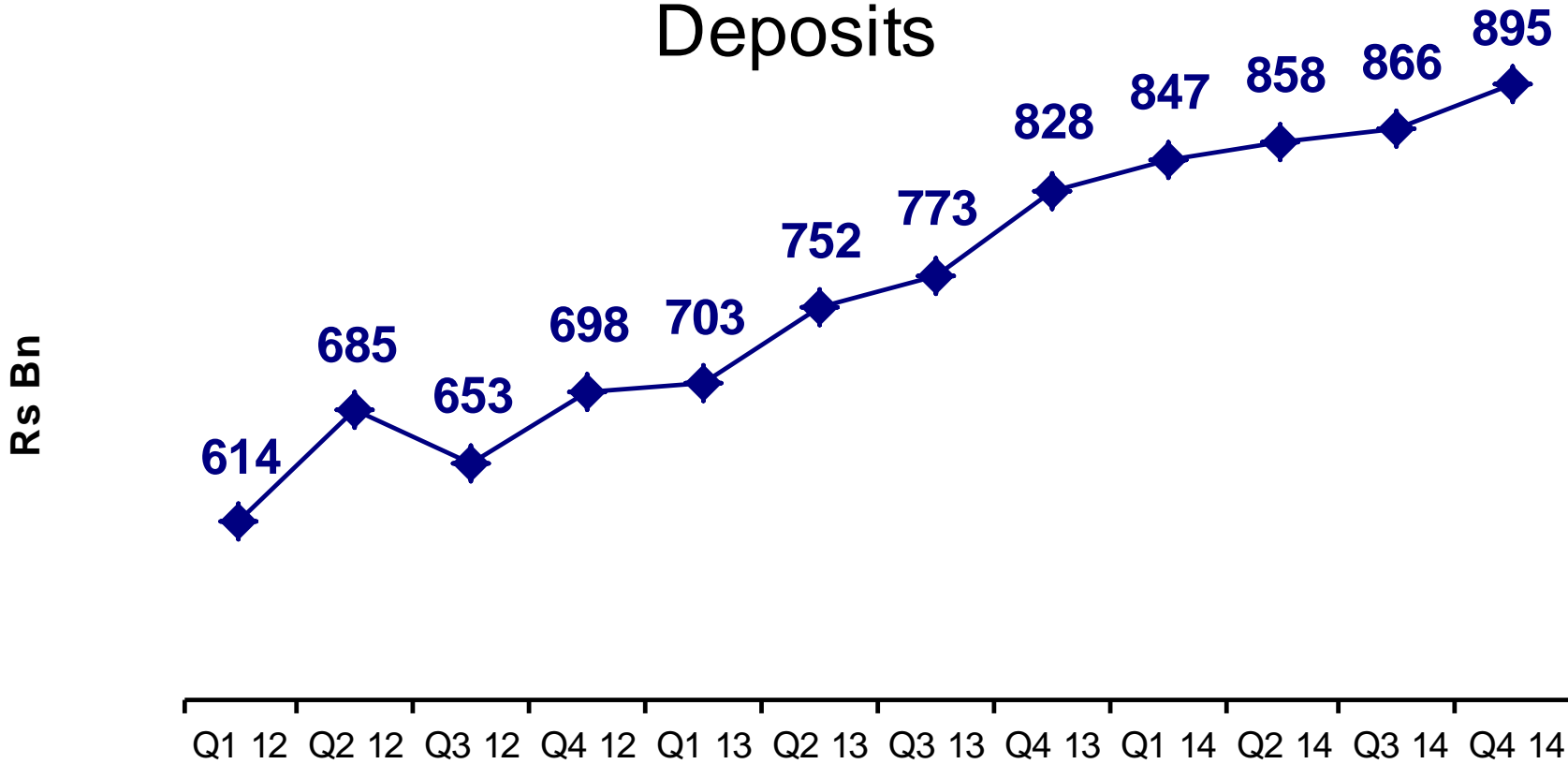
Profit before Tax



Profit after Tax

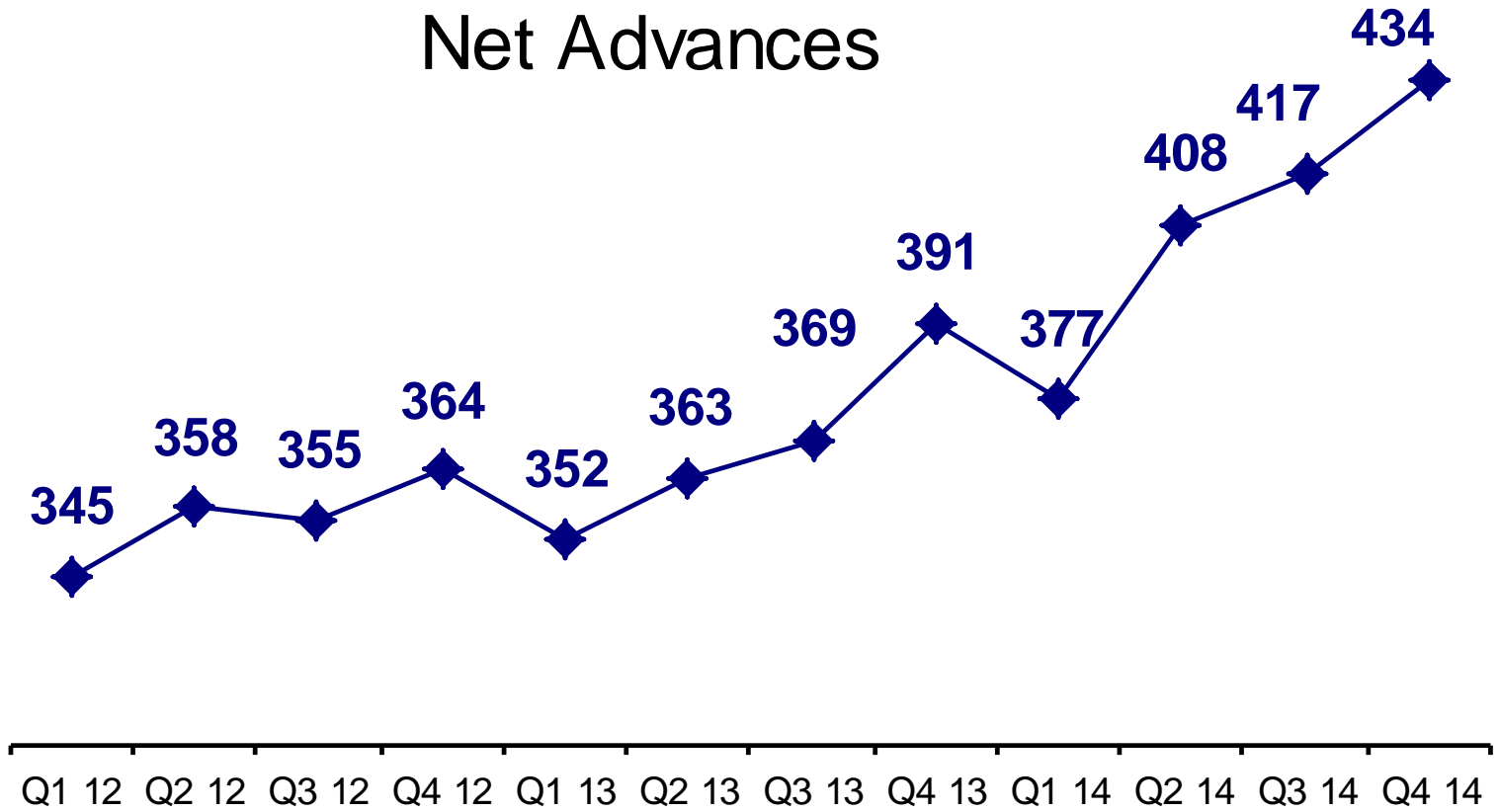


Deposits

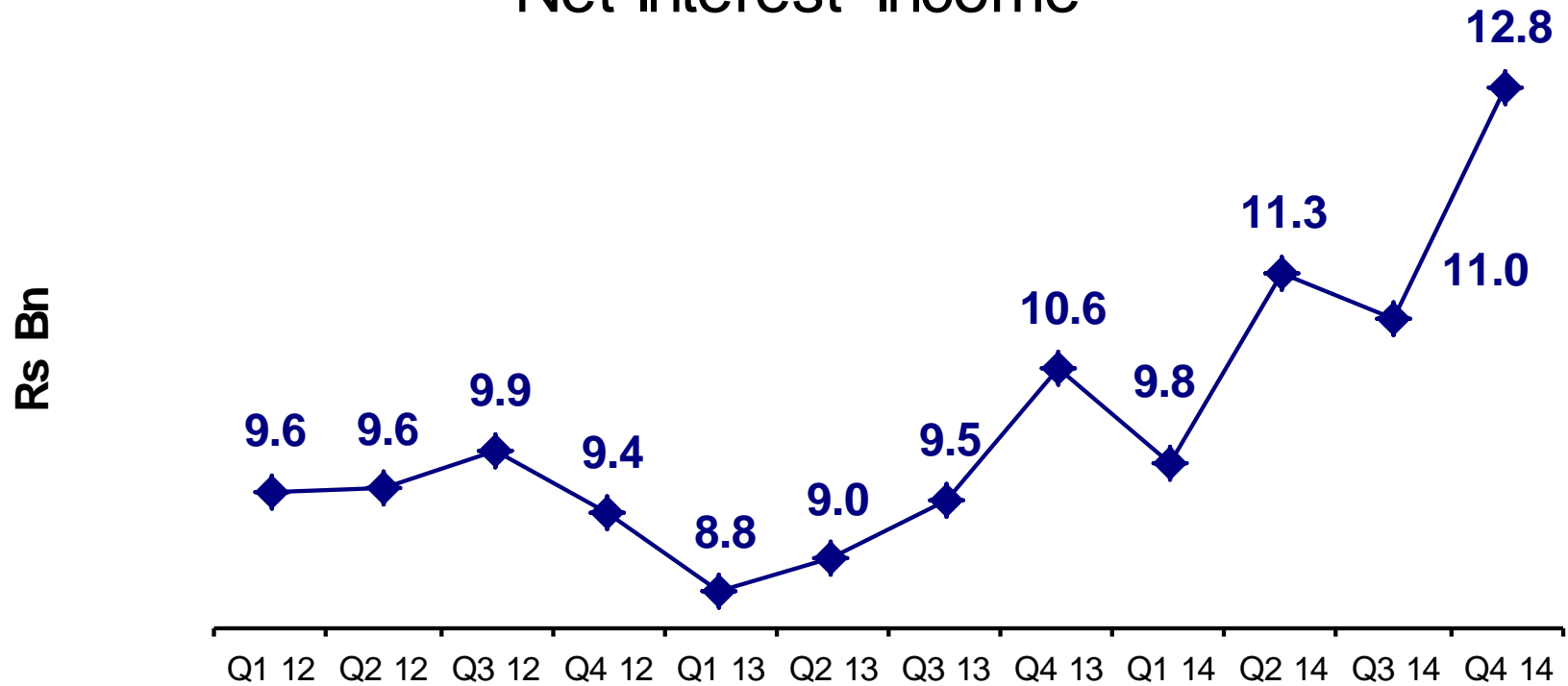


Net Advances

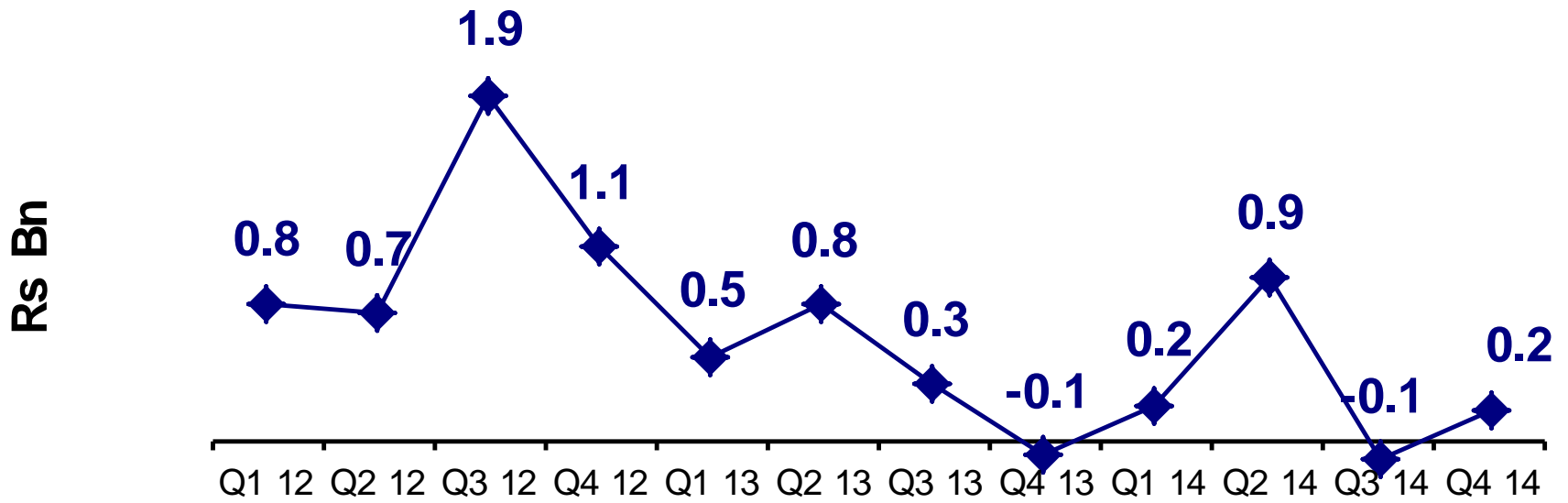
Rs Bn



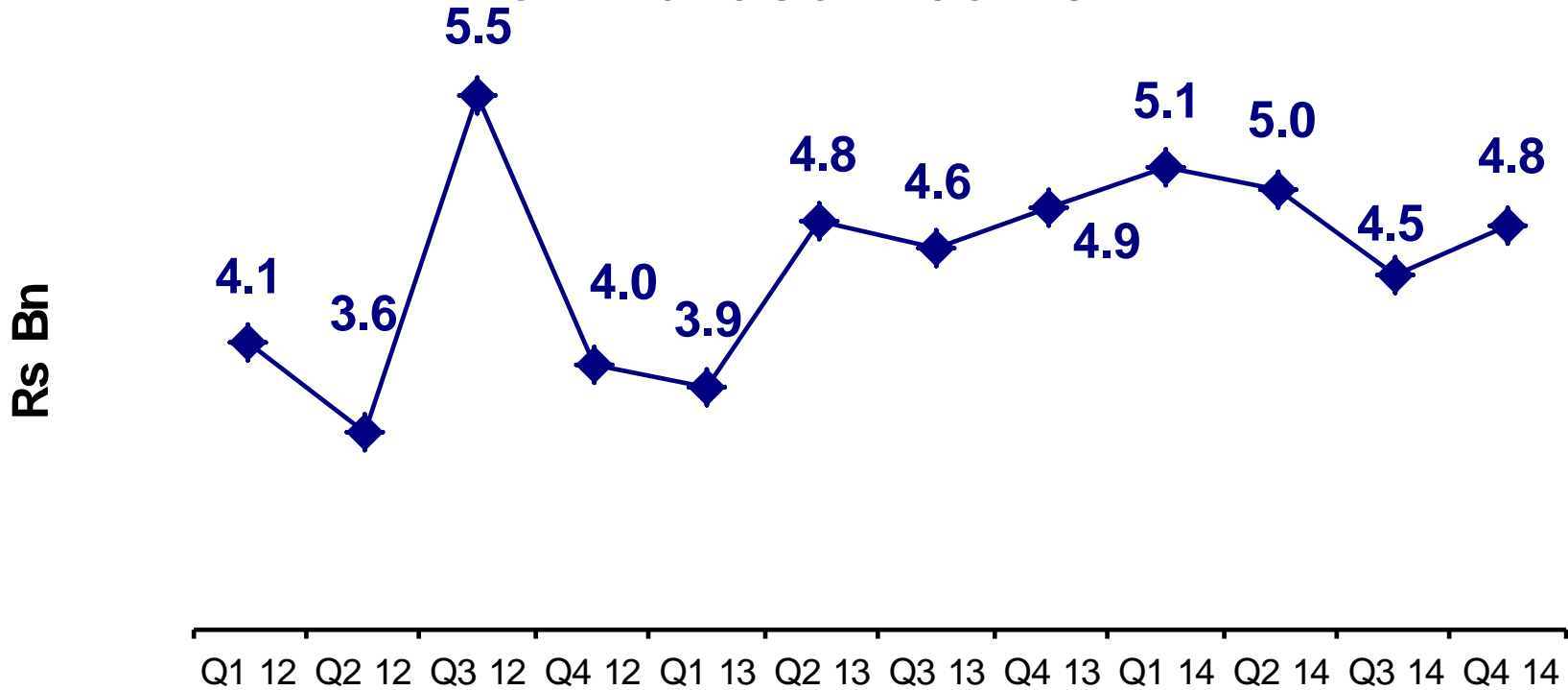
Net Interest Income



Provisions

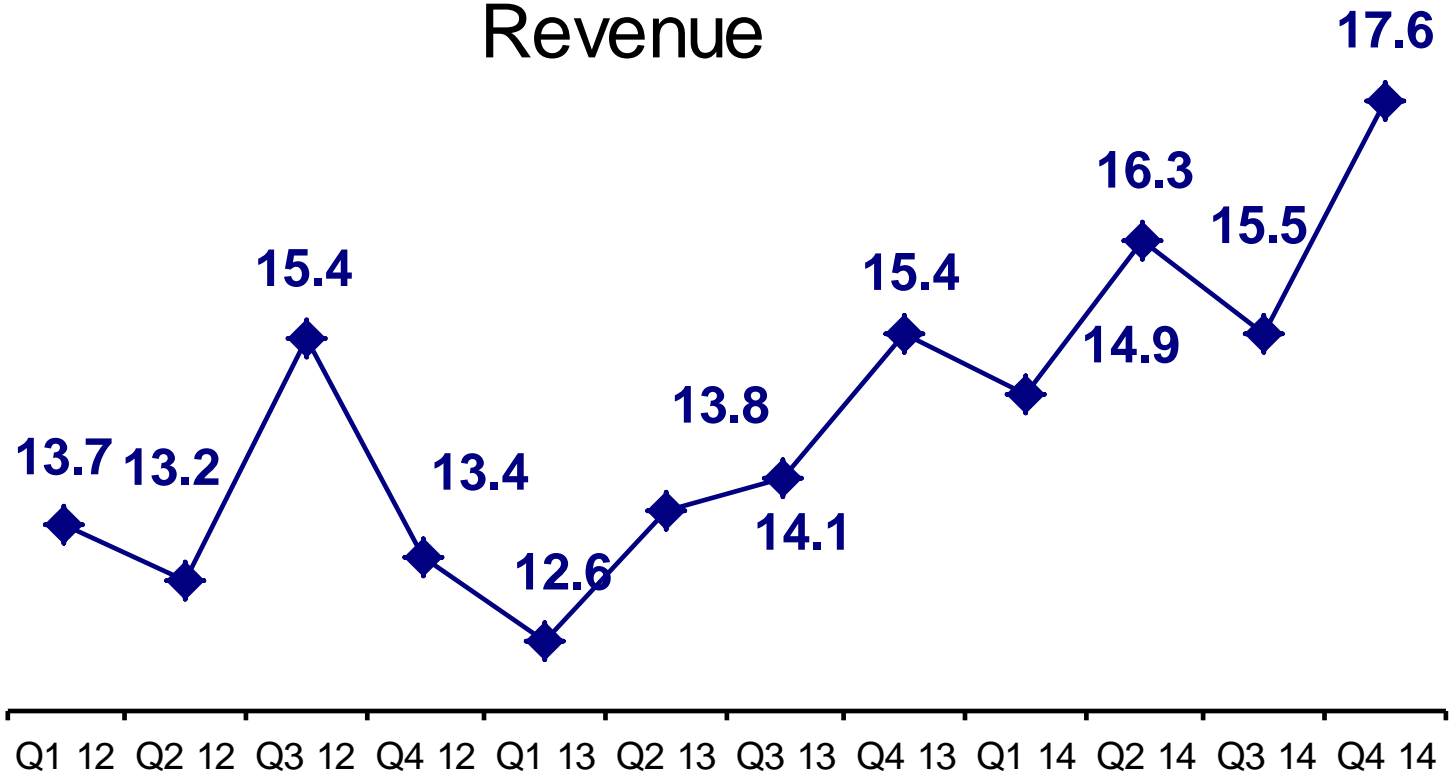


Non Funded Income

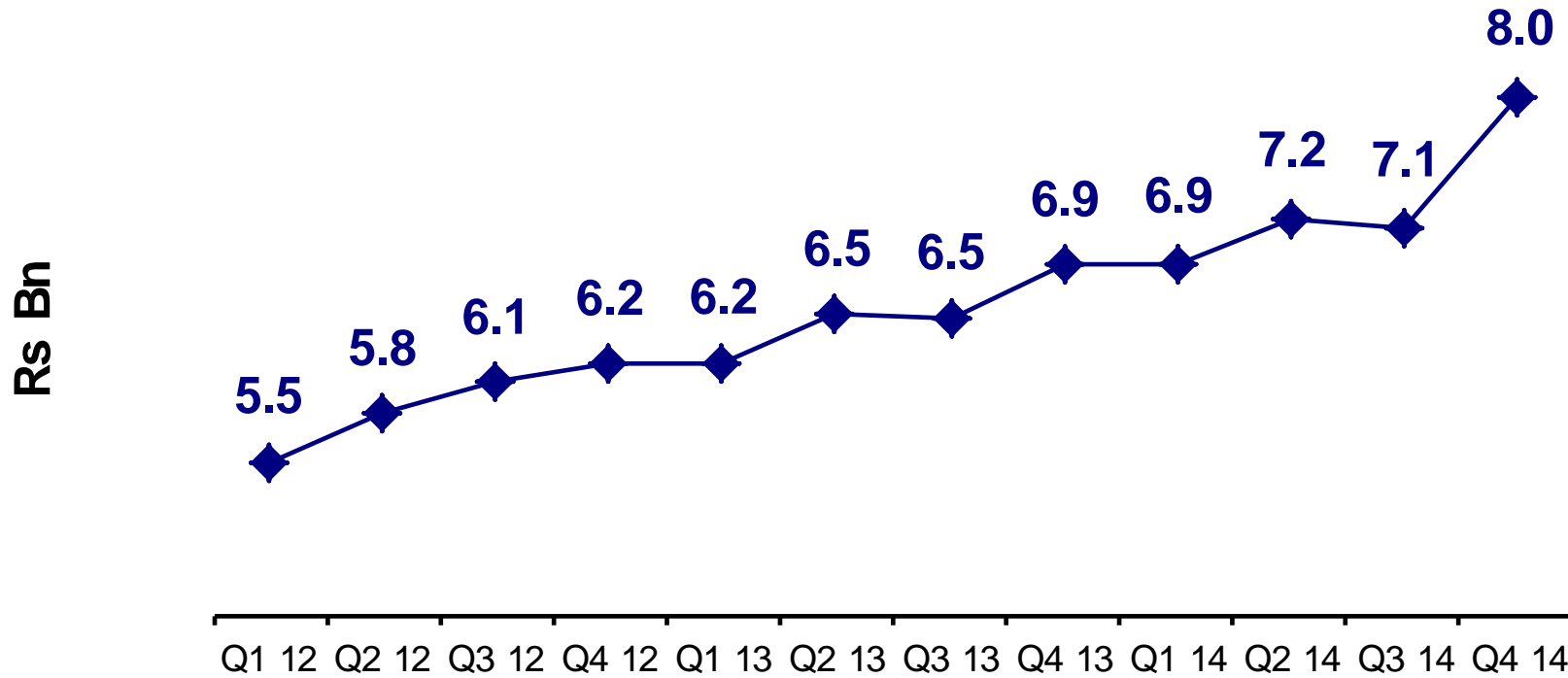


Revenue

Rs Bn



Administrative Expenses



The information contained herein reflects our latest business statement as at Dec 31, 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