

Consistent Profitability and Growth

Key Performance Highlights - 31 Dec 2015

Investor Relations Conference Call

February 19th, 2016

Speakers:

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

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Standalone results

- Pre-provisions profit up by 33% to Rs. 45.9 bln
- Profit before tax up by 26% to Rs. 42.2 bln
- Profit after tax up 17% YoY to Rs. 25.7 bln
- Return on Equity of 26% in 2015 - improves from 24% in 2014
- Average balance sheet expansion of 23% in 2015
- Deposits cross landmark of Rs. 1 Trillion in 2015
- Domestic deposits have grown by 19% in 2015
- Cost of deposits down to 3.1% in 2015 from 3.9%
- Revenue Growth of 21% - with strong growth in NII and NFI
- Administrative expense growth well contained at 6%
- Margins remain steady at 5.6% this year
- Cost to Income ratio improves to 39.7% in 2015 from 45.2% in 2014

Consolidated results

- Consolidated profit before tax up by 22% to Rs. 43.4bln
- Consolidated profit after tax up by 12% to Rs. 27 bln

Net interest income has increased by 24% YoY to reach Rs. 55.8 bln

- Margins largely maintained at 5.62% (2014: 5.75%), despite a 300 bps reduction in interest rates
- Overall cost of deposits reduced by 82 bps to close at 3.1% in the year 2015(2014: 3.9%)
- Average loan growth of 10%, yield on advances moves in line with repricing, down to 8.1% from 9.5%
- Growth in average balance sheet of 23%, funded by strong growth in deposits
- Investments grow by 40%, portfolio yields at 10.4% in 2015 (2014: 11.1%)

Non interest income reaches Rs. 22.0 bln, up by 14% over 2014

- Fees and Commissions have grown by 7% to reach Rs. 12.2 bln (2014: Rs. 11.4 bln). Home remittances, Omni and trade major contributors, investment banking fee continues to grow
- Dividend income increased by Rs. 1.2 bln to reach Rs. 3.2 bln (2014: Rs. 2.0 Bn), up 60%
- Capital gains stood at Rs. 3.2 bln (2014: Rs. 1.8 bln , growth of 79% YoY). Strong trading performance within bonds, equities and mutual funds.
- FX income down by Rs. 0.7 bln, at Rs. 2.3 bln (2014: Rs. 3.0 bln), with relatively stable exchange rates

Provisions are up by Rs. 2.5 bln YoY to reach Rs. 3.7 bln in 2015

- General provisions of Rs. 1.96 billion taken this year
- Strong cash recoveries within domestic and international
- Overall NPLs stood at Rs. 46.7 bln (2014: Rs. 53.9 bln)
- Asset quality has improved to 9.4% (11.2% at Dec'14)
- Coverage ratio remains stable at 80.3% at Dec'15 from 81.2% at Dec'14

Administrative expenses were up 6% and stood at Rs. 30.9 bln

- Personnel costs and head count levels were well contained
- Efficiencies across the network have resulted in a 7% decline in “Gas and Electricity” expenses
- Variable expenses were up marginally by 2%, with synergies from centralization

Retail Banking continues to drive balance sheet expansion

- Domestic deposits grew by 19% YoY, well ahead of the market
- Current accounts and 'new to bank' customers continue to drive distribution (15% avg. growth)
- Domestic cost of deposits down to 3.4% in 2015 as against 4.4% in 2014, a decline of 97 bps YoY

Net Advances increased by Rs. 20.4 bln to reach Rs. 454.6 bln as at 31 December 2015

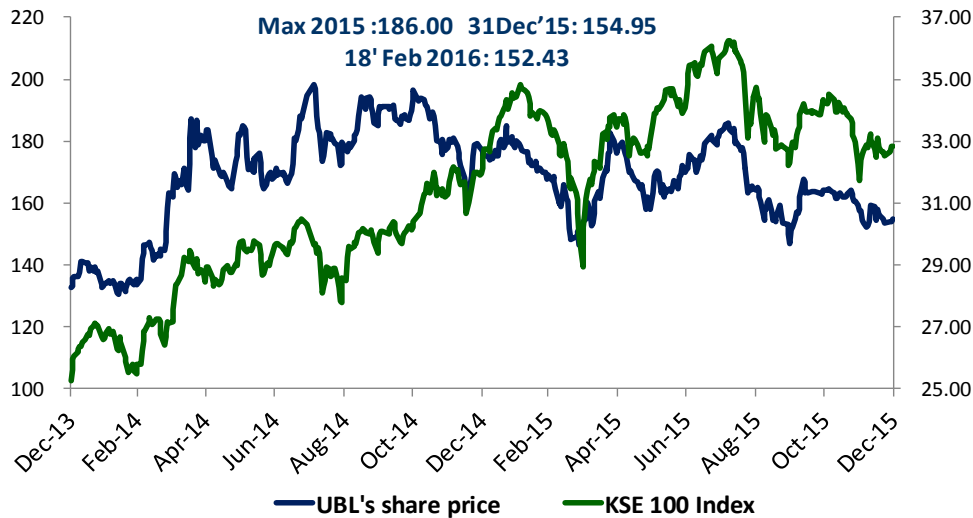
- Corporate portfolio grew by 6% YoY to reach Rs. 221 bln (2014: Rs. 208 bln)
- Commercial / SME picking up with 14% growth to reach Rs. 25 bln, a growth of Rs. 3 bln YoY
- International net advances up by 4%, UAE up by 5%, Bahrain up by 30%

Execution and Delivery

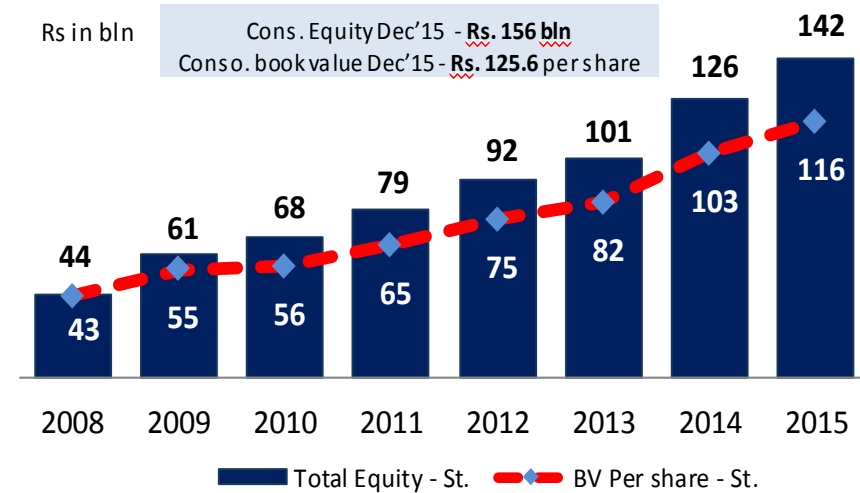
Consistent earnings performance in 2015

Consistent earnings performance

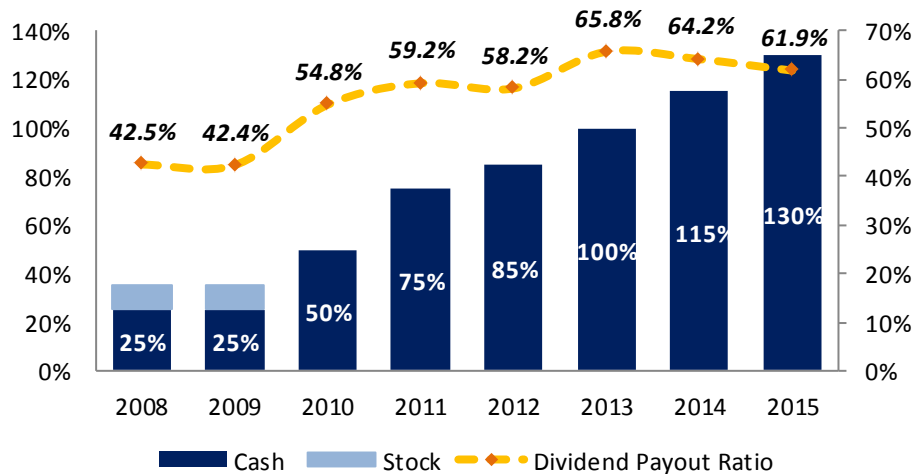
Trends – KSE 100 Index and UBL's share price



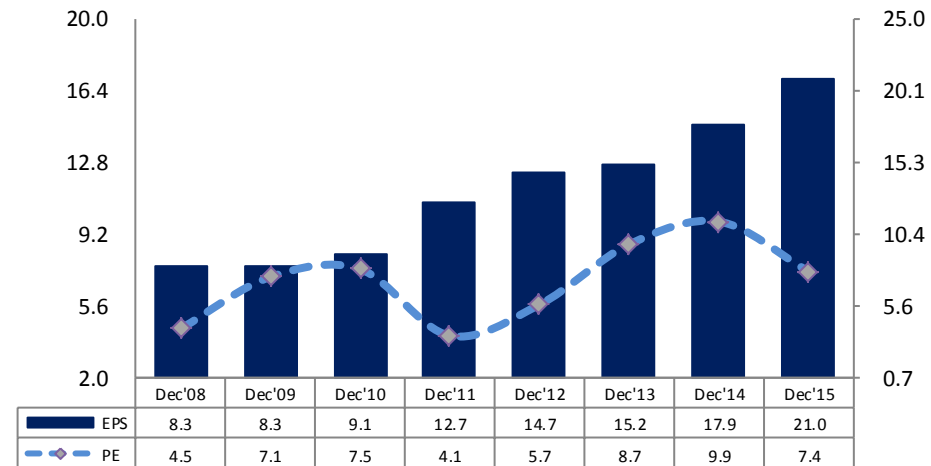
Growth in Book Value per Share by 13% in 2015



Cash and Stock Payout



EPS & Price Earnings Ratio



Income Statement - Standalone

	<i>Rs in bln</i>		
	2015	2014	Var %
Interest Earned	94.4	82.7	14%
Interest Expensed	(38.5)	(37.8)	-2%
Net Interest Income	55.8	45.0	24%
Non Interest Income	22.0	19.3	14%
Total Revenue	77.8	64.3	21%
Admin. Expenses	(30.9)	(29.0)	-6%
Operating Expenses	(31.9)	(29.7)	-8%
Pre Prov. Operating Profit	45.9	34.6	33%
Provision Exp./Other writeoffs	(3.7)	(1.2)	-221%
Profit Before Tax	42.2	33.4	26%
Profit After Tax	25.7	21.9	17%

Income Statement - Consolidated

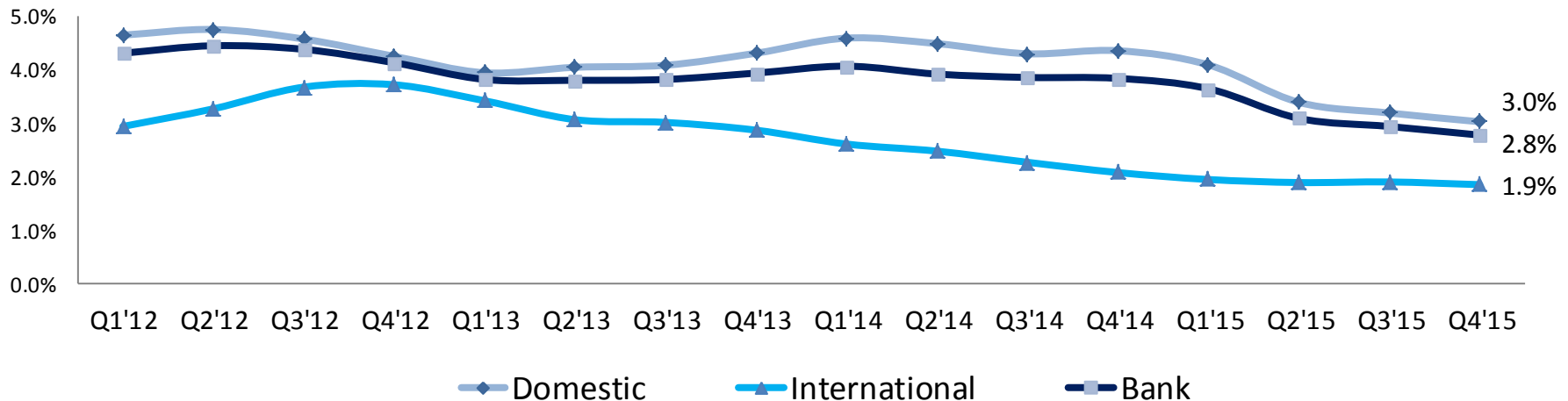
	<i>Rs in bln</i>		
	2015	2014	Var %
Interest Earned	97.6	85.8	14%
Interest Expensed	(39.7)	(38.8)	-2%
Net Interest Income	57.9	46.9	23%
Non Interest Income	24.5	22.8	8%
Total Revenue	82.4	69.7	18%
Admin. Expenses	(34.0)	(31.8)	-7%
Operating Expenses	(35.1)	(32.4)	-8%
Pre Prov. Operating Profit	47.3	37.2	27%
Provision Exp./Other writeoffs	(3.9)	(1.6)	-142%
Profit Before Tax	43.4	35.6	22%
Profit After Tax	27.0	24.0	12%

Deposits have crossed the trillion landmark, along-with declining cost of deposits

Deposits – Bank

	Dec'14		Dec'15	
	PE	CoF %	PE	CoF %
Domestic deposits	697	4.4%	832	3.4%
International deposits	198	2.4%	219	1.9%
Total Bank	895	3.9%	1,051	3.1%
International - USD in mln	1,967	2.4%	2,094	1.9%
Domestic CASA	84.7%		83.6%	

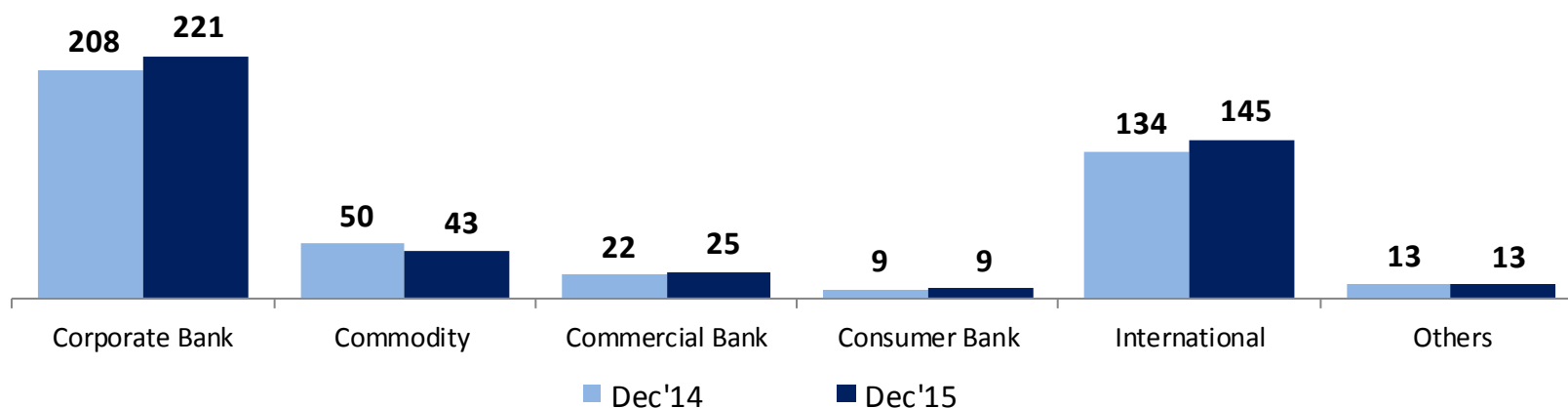
Cost of Deposits



Corporate Bank maintaining focus on asset quality - some build up in 2015

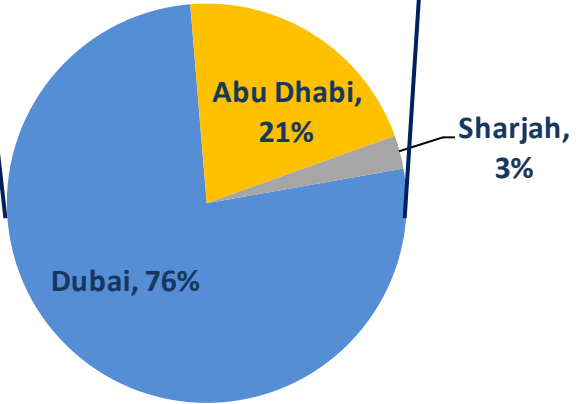
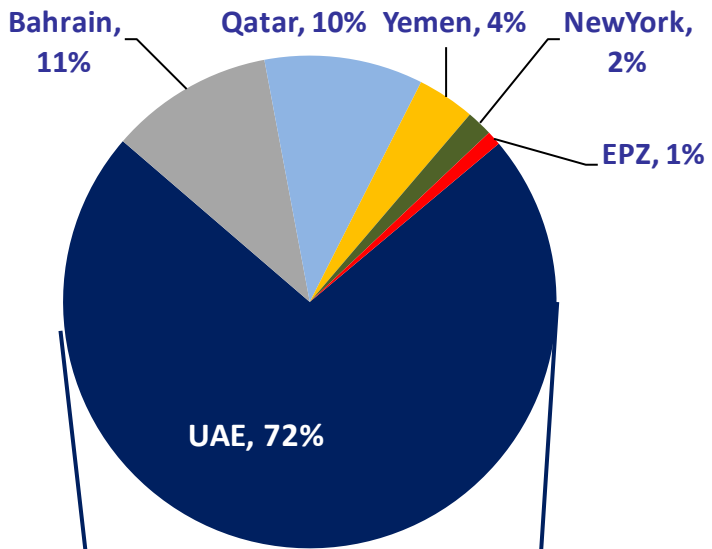
Net Advances

	<i>Rs in bln</i>		
	2014	2015	Var %
Corporate Bank	208	221	6%
Commodity	50	43	-13%
Commercial	22	25	14%
Consumer	9	9	4%
Others	13	13	-2%
Total Domestic	300	310	3%
International	134	145	8%
Bank	434	455	5%
International USD mln	1,334	1,384	4%

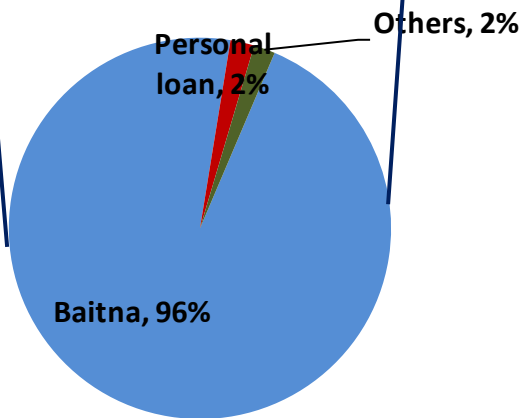
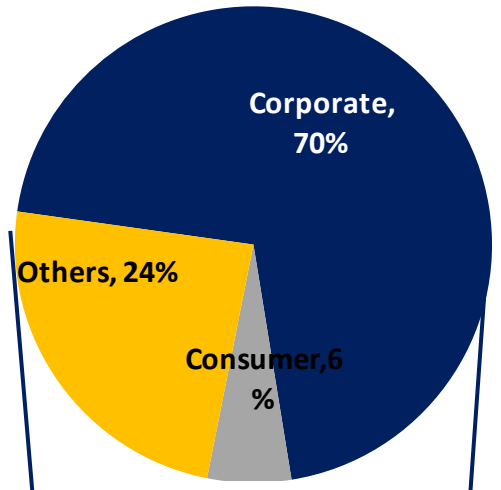


International Advances – Corporate loan book remains our largest component

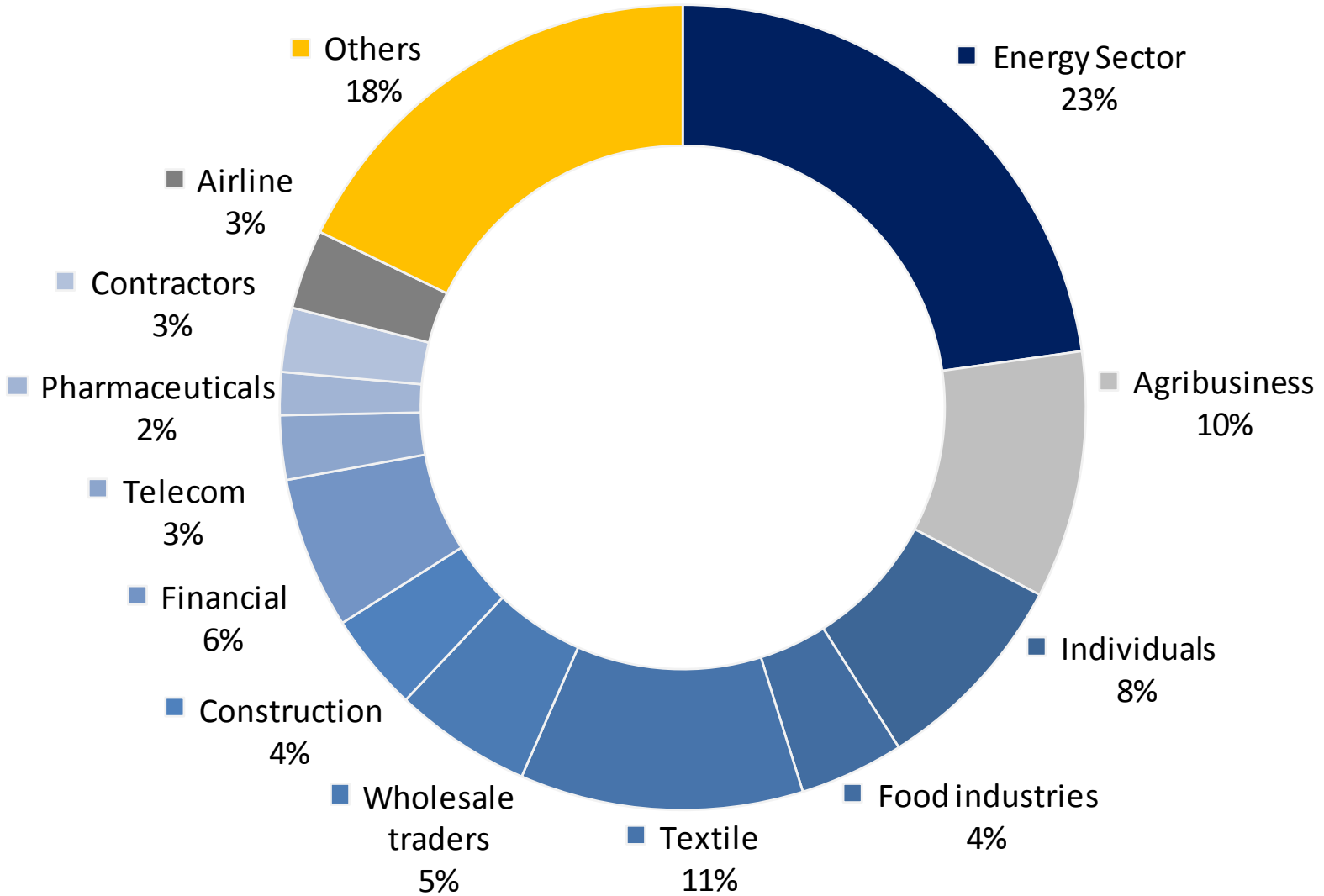
By Geography



By Business - UAE

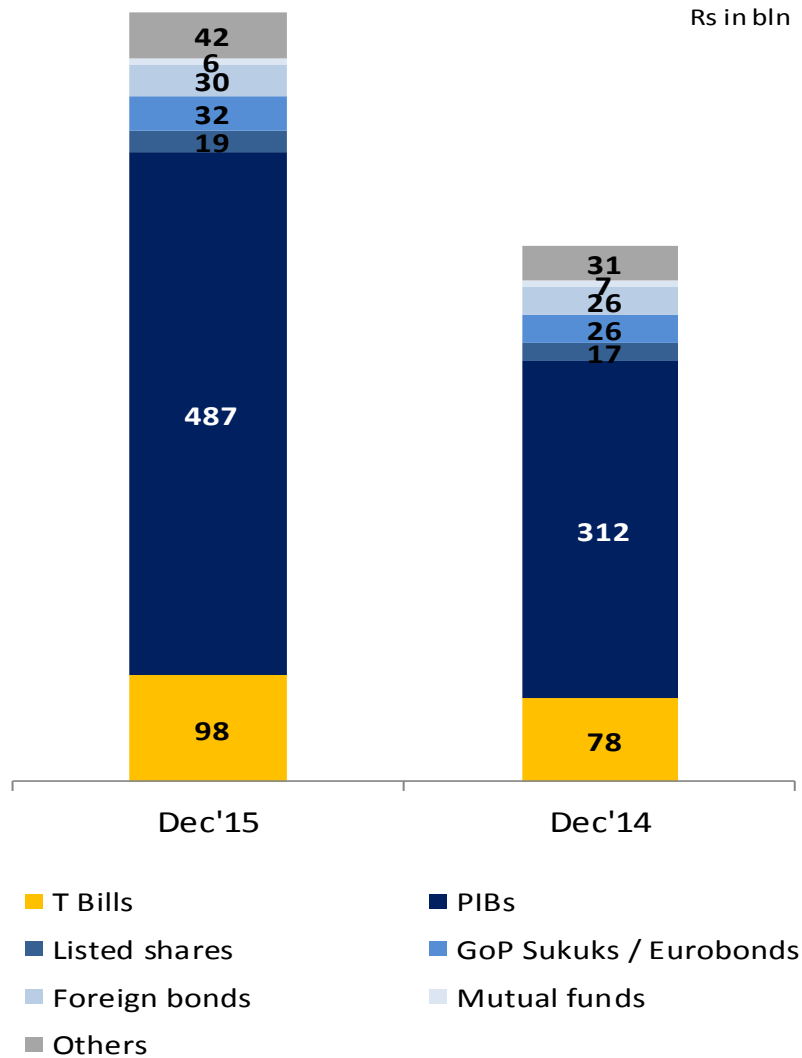


Concentration of Advances as at Dec 31, 2015 – Standalone

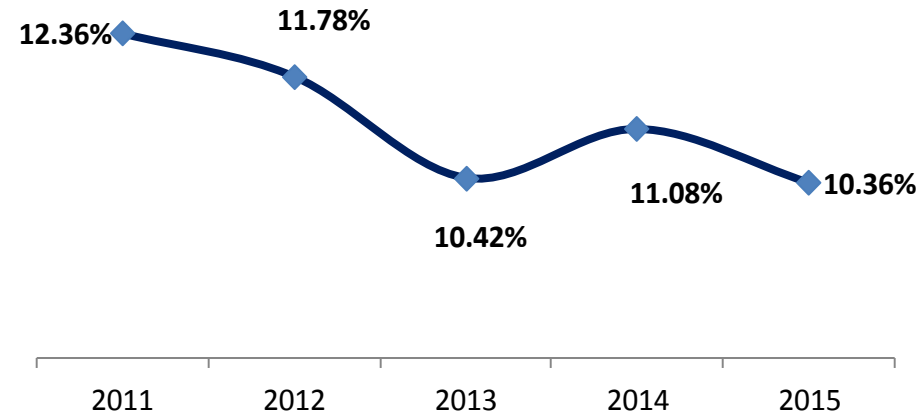


Diversified investment portfolio with strong market risk management

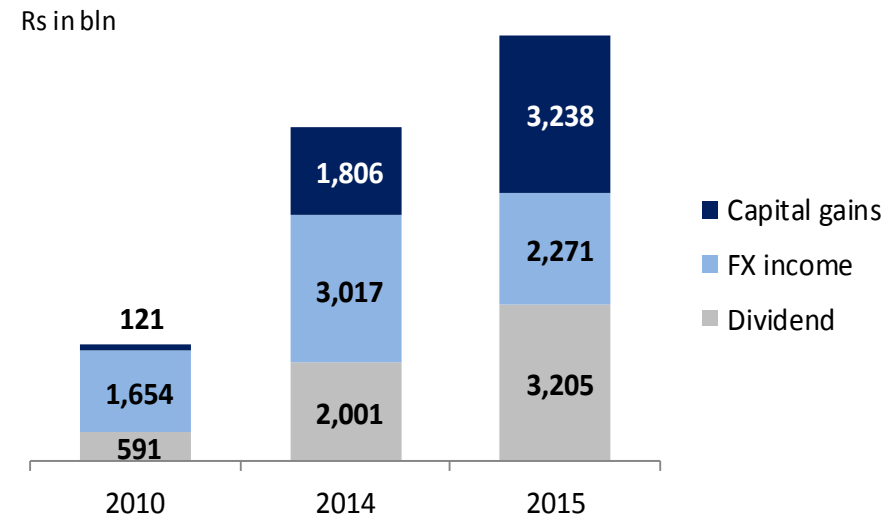
Portfolio shift towards long terms bonds....



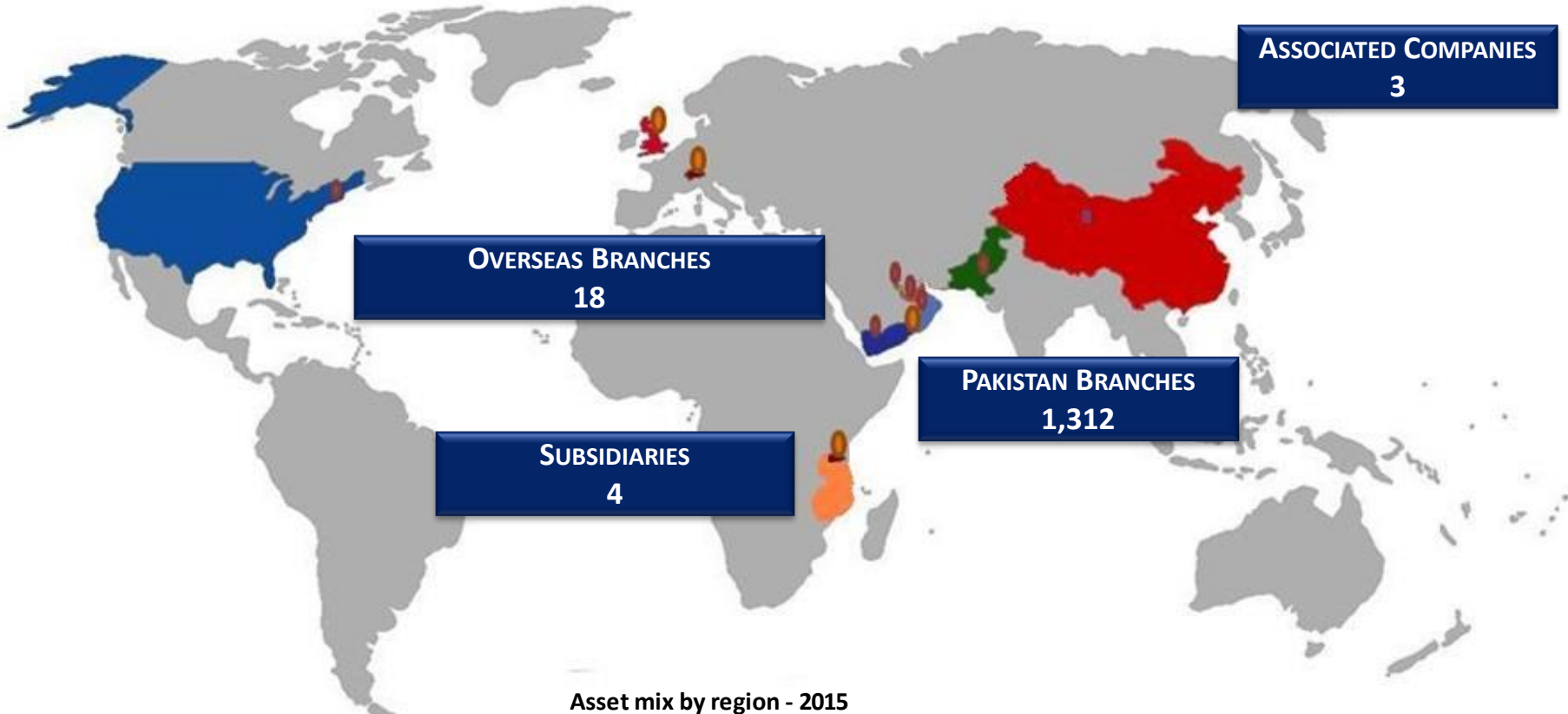
Strong investment yields maintained



Non Funded revenue streams continue to grow



Our international outreach – serving in 4 continents under the single “UBL” brand



OVERSEAS BRANCHES
18

SUBSIDIARIES
4

PAKISTAN BRANCHES
1,312

ASSOCIATED COMPANIES
3

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

- **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

Non interest income forms core component of earnings, strong trading performance in 2015

Stand Alone results

	<i>Rs in mln</i>		
	2015	2014	Var %
Fee, commission and brokerage income	12,203	11,402	7%
Dividend income	3,205	2,001	60%
Income from dealing in foreign currencies	2,271	3,017	-25%
Gain / (loss) on sale of securities	3,238	1,806	79%
Other income	1,070	1,071	0%
Total Non Fund Income	21,987	19,296	14%

Fees and Commissions performance in 2015

Stand Alone results

Rs in mln

	2015	2014	Var %
Commission on trade	1,804	1,685	7%
Commission on consumer loan	731	700	4%
Commission on remittance / uniremote	2,101	2,023	4%
Corporate service chgs/finance fee/FIG inc.	1,777	1,257	41%
General banking service charges	1,740	1,626	7%
Commission on cash management	490	462	6%
Commission on home remittance	1,454	1,684	-14%
Commission income - Bancassurance	708	594	19%
Commission others	1,398	1,371	2%
Total	12,203	11,402	7%

Administrative Expenses - well controlled across manpower and premises costs

Stand Alone results

	<i>Rs in mln</i>		
	2015	2014	Var %
Personnel Cost	12,013	11,265	-7%
Premises Cost	3,984	3,925	-1%
Outsourced service charges including sales commission	4,320	3,806	-14%
Advertisement and publicity	823	982	16%
Communications	1,148	1,126	-2%
Depreciation / Amortization	2,134	2,047	-4%
Legal and professional charges	424	239	-77%
Banking service charges	1,001	952	-5%
Stationery and printing	592	582	-2%
Travelling	279	257	-9%
Cash transportation charges	577	517	-12%
Repairs and maintenance	1,607	1,562	-3%
Vehicle expenses	178	225	21%
Office running expenses	636	554	-15%
Insurance expense	108	85	-28%
Others	1,071	908	-18%
Total	30,896	29,030	-6%

UBL OMNI

Commercial launch	April 2010
No. of accounts	Over 2.0 mln
No. of agents	Over 40,000
No. of cities and towns	1,700 +
No. of transactions	216.5 mln
Transaction volume	Rs 993.2 bln
Grant received	USD 6.9 mln from Bill and Melinda Gates Foundation

- Leader in providing basic banking services to the unbanked and in increasing financial inclusion in Pakistan.
- Launched mobile merchants payments in 2015 via which customers and merchants can use Omni mobile app to make payments
- Successfully initiated implementation of a 'franchisee' based agent network distribution model
- Omni's proprietary platform remains a key competitive advantage. Omni has also been implemented in the UK for remittances to Pakistan.
- Leader in the Government-to-Person (G2P) payments arena, working closely with the Government of Pakistan and multilateral agencies.

Recognition and Awards

-  **GSMA International Mobile Award - 2012**
-  **Financial Insights Innovation Award - 2012**
-  **Ranked as one of the 14 "Sprinters" - GSMA's Mobile Money for the Unbanked (MMU) program**
-  **Top 50 worldwide marketing leaders that focus on attaining the UN's 8 Millennium Development Goals - World Marketing Summit Malaysia 2013**
-  **Achieved Payment Application – Data Security Standards (PA DSS) Certification in 2013, the global security standard for the payment card industry**

Major Initiatives

<p>Benazir Income Support Program</p> <p>Cash subsidy for the poor</p> <p>Beneficiaries: 1.4 mln</p> <p>Funds disbursed: Rs. 72.4 bln</p>	<p>Watan / Pakistan Cards</p> <p>G2P aid for the flood affectees</p> <p>Cards issued: 1.4 mln</p> <p>Funds disbursed: Rs 59 bln</p>
<p>World Food Program and World Health Organization</p> <p>Cash in lieu of food, payments to polio workers</p> <p>Beneficiaries: Over 145,000</p> <p>Funds disbursed: Rs 2.7 bln</p>	<p>Cash Management Services</p> <p>Microfinance, FMCG clients, schools, collections</p> <p>No. of collections: 7.5 mln +</p> <p>Transaction volume: Rs 30.6 bln +</p>

Growth at a Glance

	2015	2014	2013	2012	2011	2010
Assets						
Cash and balances with treasury and other banks	128,870	87,573	114,388	109,396	100,602	86,104
Lending to financial institutions	29,486	21,872	28,835	21,953	11,890	11,935
Investments- gross	716,260	499,060	425,253	351,002	297,137	227,237
Advances - gross	496,212	479,998	436,749	409,090	366,307	368,692
Operating fixed assets	32,326	30,303	24,608	24,431	22,982	22,424
Other assets	41,211	40,067	27,317	26,800	23,976	21,044
Total assets - gross	1,444,365	1,158,874	1,057,150	942,673	822,893	737,436
Provisions against non-performing advances	(41,581)	(45,734)	(45,936)	(44,727)	(40,959)	(34,960)
Provisions against diminution in value of investment	(2,133)	(1,726)	(1,476)	(1,412)	(2,726)	(2,658)
Total assets - net of provision	1,400,651	1,111,414	1,009,739	896,535	779,207	699,818
Liabilities & Equity						
Deposits & other Accounts	1,051,235	895,083	827,848	698,430	612,980	550,646
Borrowing from financial institutions	163,132	53,065	40,574	68,720	49,953	45,105
Sub-ordinated loans	-	-	665	9,319	11,317	11,986
Bills payable	13,392	9,554	16,591	7,601	5,879	5,046
Other liabilities	30,757	28,196	23,147	20,226	18,650	18,621
Total Liabilities	1,258,516	985,898	908,825	804,296	698,779	631,403
Net Assets / Liabilities	142,135	125,516	100,914	92,238	80,428	68,415
Share capital	12,242	12,242	12,242	12,242	12,242	12,242
Reserves	38,402	34,130	33,681	29,044	24,847	21,689
Un - appropriated profit / (loss)	55,223	48,217	42,635	37,416	34,809	26,250
Equity - Tier I	105,867	94,589	88,558	78,702	71,898	60,181
Surplus on revaluation of assets	36,268	30,927	12,356	13,537	8,530	8,234
Equity	142,135	125,516	100,914	92,238	80,428	68,415
Total liabilities & equity	1,400,651	1,111,414	1,009,739	896,535	779,207	699,818

	2015	2014	2013	2012	2011	2010
Markup / rerurn / interest earned	94,353	82,735	72,846	73,507	70,451	59,277
Markup / rerurn / interest expensed	(38,511)	(37,769)	(34,910)	(34,948)	(31,026)	(24,997)
Net Markup / Interest income	55,842	44,967	37,936	38,560	39,425	34,280
Fee, commission, brokerage and exchange income	14,474	14,418	12,205	10,025	9,027	7,992
Capital gain & dividend income	6,442	3,806	4,845	3,131	1,261	712
Other income	1,070	1,071	1,064	3,975	2,429	1,387
Non interest income	21,986	19,296	18,114	17,131	12,718	10,090
Gross income	77,828	64,263	56,050	55,691	52,143	44,370
Administrative expenses and other charges	(31,776)	(29,597)	(26,718)	(24,306)	(20,349)	(18,476)
Profit before provisions	46,052	34,666	29,332	31,385	31,794	25,894
Donations	(167)	(112)	(77)	(35)	(54)	(84)
Provisions	(3,710)	(1,156)	(1,448)	(4,499)	(7,518)	(8,068)
Profit before taxation	42,175	33,398	27,807	26,851	24,223	17,742
Taxation	(16,448)	(11,469)	(9,193)	(8,960)	(8,723)	(6,582)
Profit / (loss) after taxation	25,727	21,930	18,614	17,891	15,500	11,160

Key Financial Ratios & Share Information

Key Financial Ratios

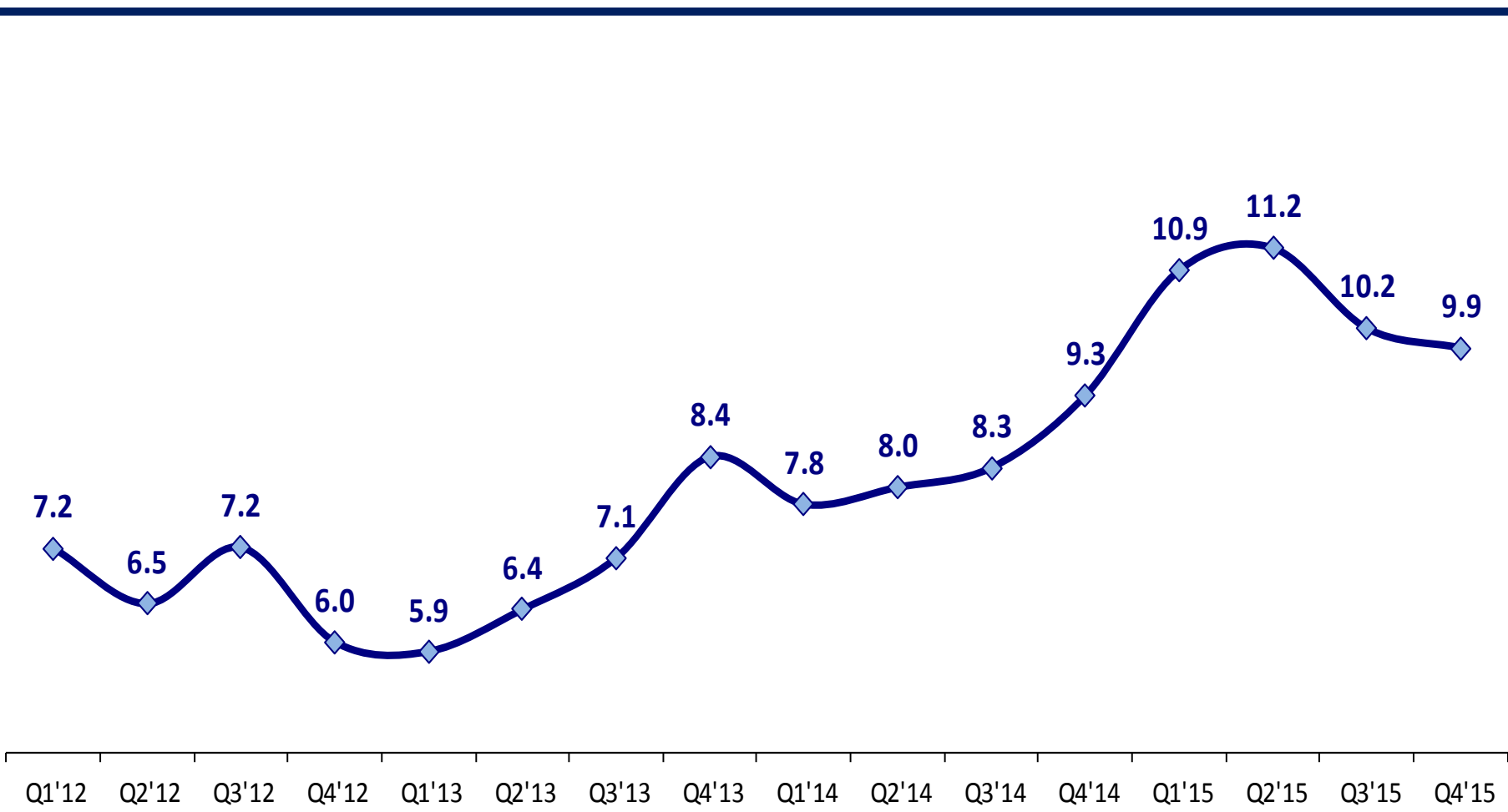
	2015	2014	2013	2012	2011	2010
Return on equity (RoE)	25.7%	23.9%	22.3%	23.8%	23.5%	19.8%
Return on assets (RoA)	2.0%	2.1%	2.0%	2.1%	2.1%	1.7%
Profit before tax ratio	54.2%	52.0%	49.6%	48.2%	46.5%	40.0%
Return on capital employed (RoCE)	25.7%	23.9%	21.0%	20.9%	20.0%	16.4%
Advances to deposits ratio (ADR) - gross	45.1%	51.3%	50.7%	56.2%	56.9%	63.3%
Cost to revenue ratio	39.7%	45.2%	46.5%	42.6%	37.9%	40.4%
Growth in gross income	21.1%	14.7%	0.6%	6.8%	17.5%	0.0%
Total assets to shareholders' funds	9.9	8.9	10.0	9.7	9.7	10.2
Intermediation cost ratio	3.3%	3.4%	3.5%	3.7%	3.5%	3.5%
NPL ratio	9.4%	11.2%	12.1%	14.0%	14.0%	13.2%
Net infection ratio	1.1%	1.9%	1.7%	3.5%	3.1%	4.1%
Capital adequacy ratio (CAR)	14.6%	13.9%	13.3%	15.0%	14.3%	14.5%

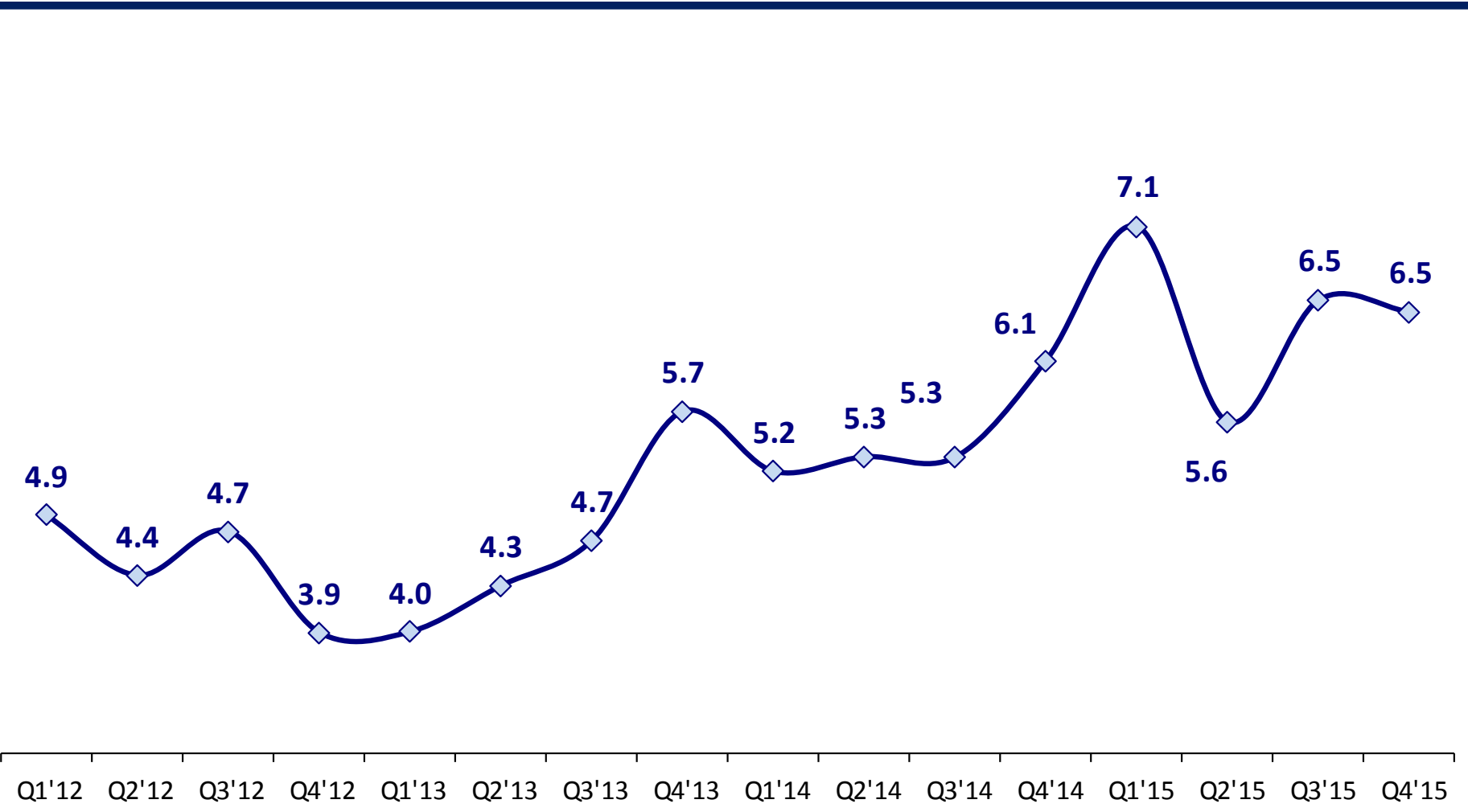
Share Information

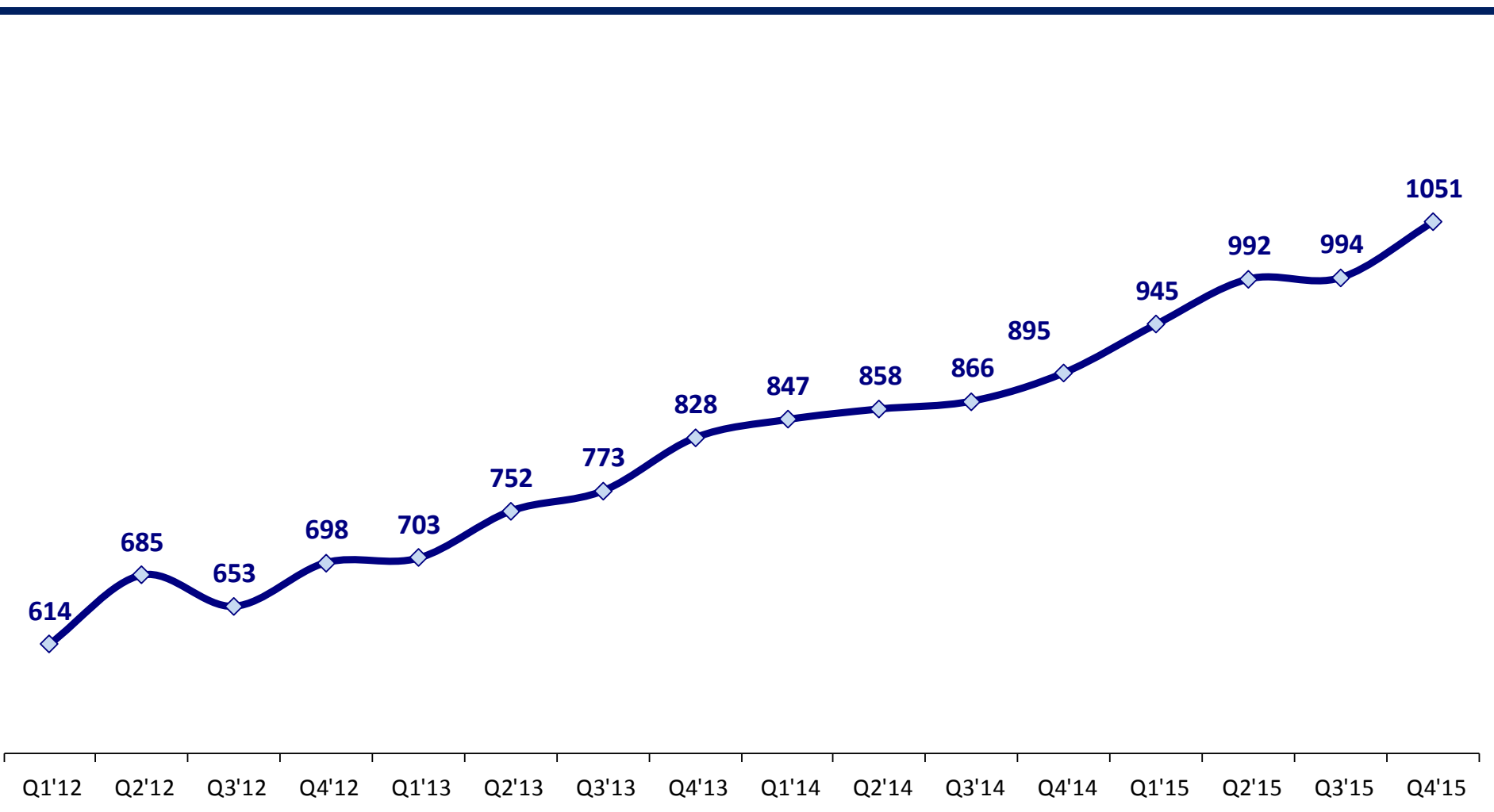
	2015	2014	2013	2012	2011	2010
Cash dividend per share	13.00	11.50	10.00	8.50	7.50	5.00
Dividend yield (based on cash dividend)	7.4%	8.7%	12.0%	16.2%	11.0%	8.6%
Dividend payout ratio (total payout)	61.9%	64.2%	65.8%	58.2%	59.2%	54.8%
Earning per share (EPS)	21.02	17.91	15.21	14.61	12.66	9.12
Price earnings ratio (PE)	7.37	9.86	8.72	5.72	4.14	7.48
Market value per share - at the end of the year	154.95	176.71	132.55	83.67	52.39	68.23
Market value per share - highest during the year	186.75	198.39	154.21	91.99	70.39	70.65

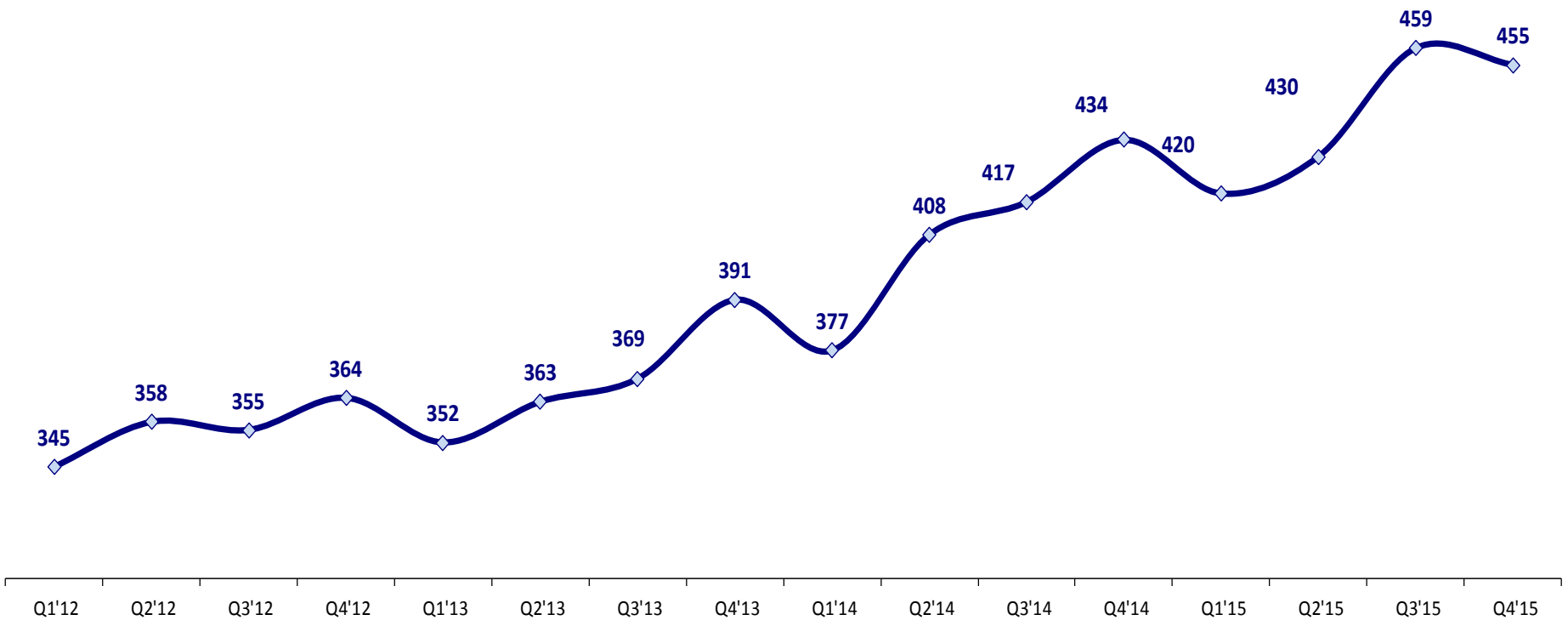
Quarterly Trend Analysis 2015

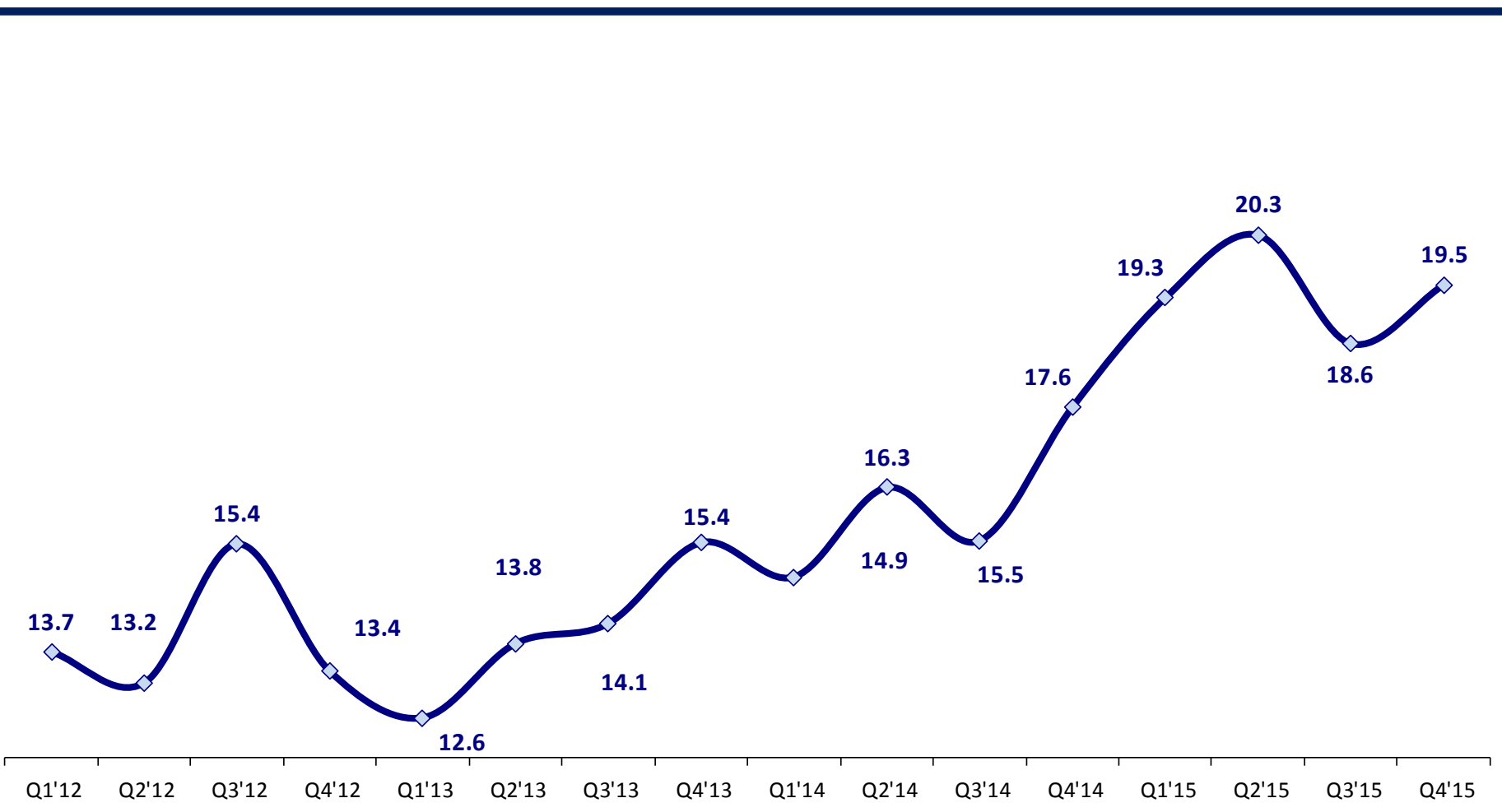
Bank Level - Standalone

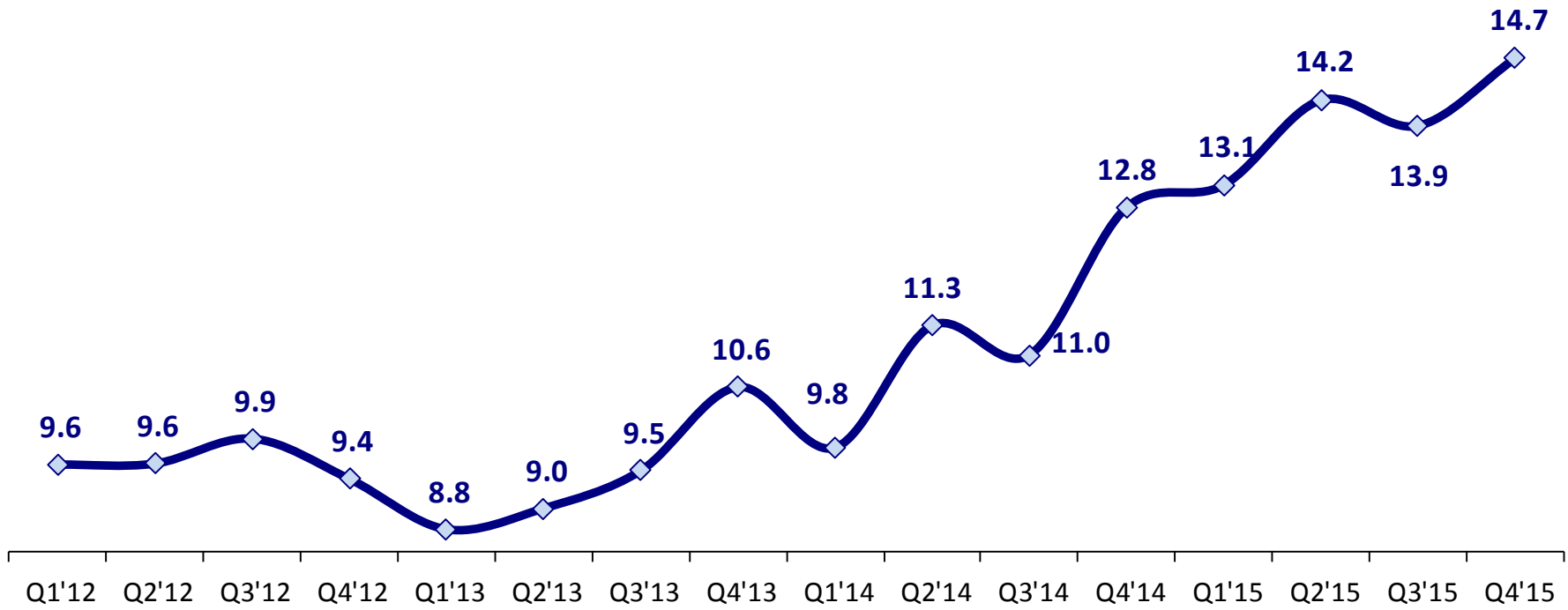


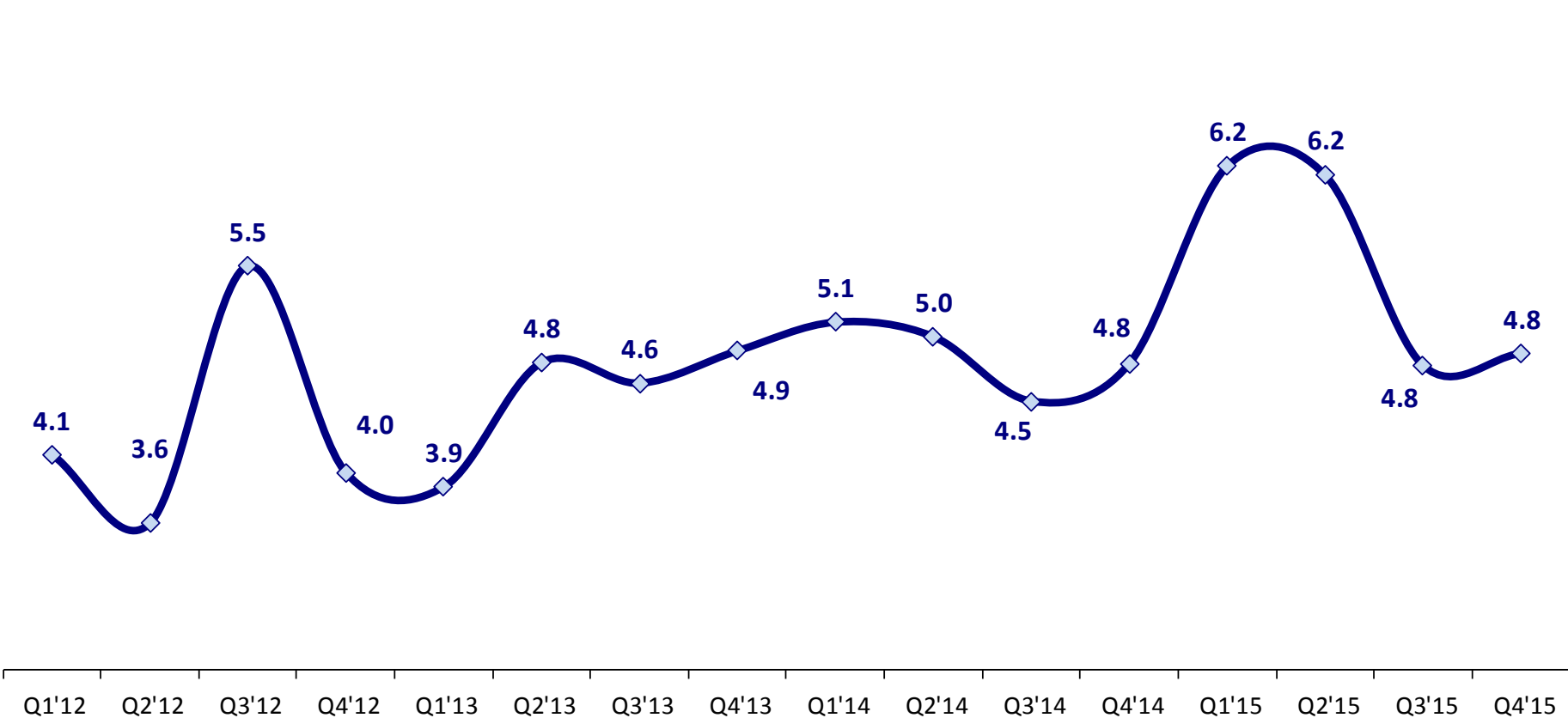


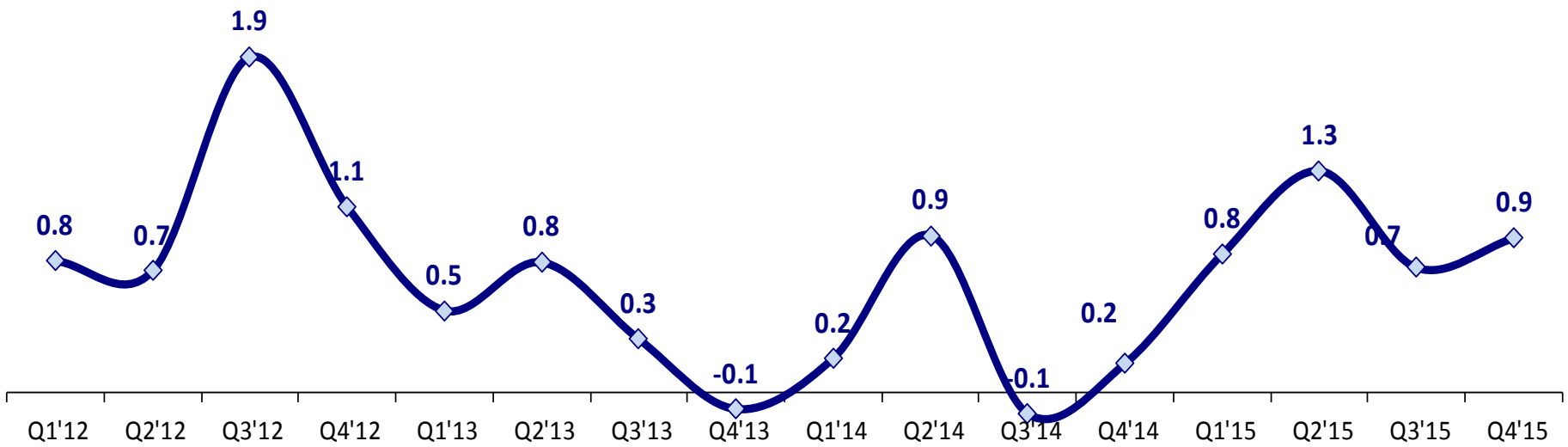


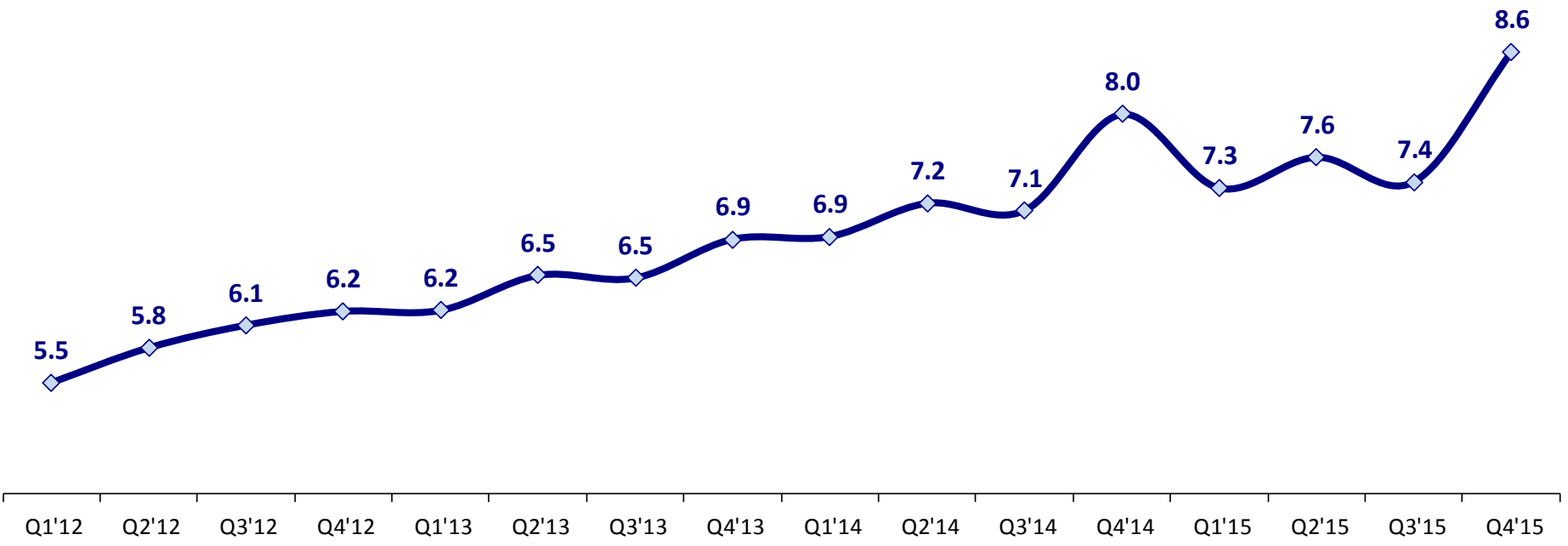












The information contained herein reflects our latest business statement as at December 31, 2015.

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
