

United Bank Limited

Investor Presentation 9M 2022

Performance Highlights and Business Outlook

Presented by:

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Overview of the UBL Group

One of the largest and most profitable Banks in Pakistan



Over **60** years of successful operational history

One of the largest branch networks in Pakistan with **1,338 branches**, (**150 Islamic**) serving over **11 million** customers

Largest Pakistani Bank based in the Middle East, branches in UAE, Bahrain and Qatar, outreach extended through fully licensed bank in UK

Highly experienced senior management team with diversified experience of large local and global banking institutions



Subsidiaries and affiliates include Asset Management, Insurance services and leading Microfinance bank in Pakistan

Delivered Consistent ROE of 20%+ in last few years with strong dividend yields

Market leader in Home Remittances with over **USD 6 bln** + inflows each year, over **USD 700+ mln** RDA flows

Pioneer of Branchless & Digital Banking in Pakistan. More than **3 mln** customers and over **10,000 Omni agents** in **800 cities** and towns across Pakistan

Strongest Credit Rating



Entity Rating

AAA /A-1+

VIS Credit Rating Co.

Best Digital Bank in 2022

For the 3rd consecutive year



ASIAMONEY

Best Mobile App & Emerging Technology' Award



Pakistan Digital Award 2021

The Big Picture on Macros and UBL's performance in 9M'22



UBL announces Historic Results in 9M'22

PBT	^{RS} 50.7_B ▲	29% YoY
PAT	^{RS} 18.8_B ▼	18%* YoY
ROE Normalised	23% ▲	410* bps <small>Actual ROE 14.4%</small>
CAR	18.4% ▲	7% above Minimum level
EPS	^{RS} 15.33 ▼	18% YoY

* impacted by changes in applicable tax laws on banking sector

Overall economy impacted by global inflation, pressure on currency...transition to stability is key

Key challenges for the market in 2022

- Fed rate hikes spur negative impact on all emerging markets
- Interest Rate regime is highest in last 15 years (inflation at 23%+)
- Higher taxation measures to restrict consumption – slowdown economy
- Banking sector taxes now significantly higher

UBL performance remains resilient....

- UBL maintains 'AAA' Rating by VIS (Release June 2022)
- Better asset quality with strong controls and discipline
- Re-investment in GoP Securities at higher rates – NII up 36% YoY
- Strong FX flows driven by trade and remittances
- Strong NPL recoveries of Rs 2.2 bln in 9M'22
- C/I Ratio improves to 40% in 9M'22 (44% in 9M'21)
- Digital customer base grows by 23% to 2.5 million mobile app users

An overview of the core drivers of business performance in 2022

Strong revenue buildup driven by core deposits and aggressive investment strategy



UBL continues to deliver strong results as leading businesses are on track for another record year.....

- Branch Banking leads earnings growth with strong current deposits growth of 13%
- Digital Banking - laying the foundations for a wider eco system – payment throughput crosses Rs. 1.7 tln
- CIBG—serving a niche market and maintaining strong asset quality
- Treasury – well Diversified Portfolio with improving yields across investment book
- International business remains steady across core markets – with positive contribution
- Islamic Banking – we are building up a stronger proposition and wider network
- Fees based revenue streams growing well and remain a huge diversification benefit
- We are embedding ESG into UBL’s Strategy - focus remains on D&I, sustainability

**UBL remains well positioned to leverage its strong network,
growing customer base and a market leading digital proposition**

Our future ambitions are clear – to continue to be the most “Progressive and Innovative” Bank of Pakistan



Aggressive Customer Acquisition

- **Raising service standards** across all channels – making it “Simpler, Better, Faster”
- **Optimizing expanded network** to accelerate low cost deposits
- **Building an Islamic proposition** that aggressively seizes market share
- **Become the No.1 Brand** in Whatever We Choose to Pursue



Diversify with Investment strategy and NFI

- **Active ALM approach** to rebuild treasury book in GoP paper
- **Building loan book** with prudence – improve ADR Levels
- **Diversify revenue streams** with strong NFI growth
- **Steady growth within international** with capital efficiency



Digital Market Leadership

- **Growing digital penetration** - every customer connected to the Bank 24/7
- **Digital Front end platform** to transform service levels
- **Regain branchless space** – revitalize Omni
- **Leading innovations** – explore emerging partners

Our strategy is to continue to invest in the franchise as we grow to our true aspiration.....

- **Attract best talent** – our people work in a culture of respect and empathy
- **Leading the industry** with highest standards of compliance, governance, and control
- **Creating exemplary ESG standards and practices**
- **To be the “Best Service Bank”** for our customers

Balance Sheet Overview for the nine months period ended September 30, 2022

Strong current deposits growth with steady build up in advances



Balance Sheet	Rs in bln		Var %
	Sep'22	Dec'21	
Advances	671	646	4%
Investments	1,529	1,497	2%
FI Lendings	54	52	5%
Others	457	424	8%
Total Assets	2,711	2,618	4%
Deposits	2,171	1,751	24%
Borrowings	195	563	-65%
Subordinated Debts	10	10	0%
Others	133	89	49%
Total Liabilities	2,509	2,414	4%
Net Assets	202	205	-1%
Share Capital	12	12	0%
Reserves	86	70	23%
Unappropriated Profit	83	85	-2%
Surplus on reval. of Assets	20	38	-46%
Total Equity including Surplus	202	205	-1%

Deposits Performance - Led by Branch Banking Group

- Deposits market share built up to 8.2% at Sep'22 (Dec'21: 7.2%)
- Avg Dom deposits at Rs 1.6 tln, up 7% YoY – inc vol of Rs 100 bln
- Avg Domestic current accounts up 13% YoY
- Avg current to total deposits ratio of 44.3% (9M'21: 42.0%)
- Avg CASA ratio of 85.8% (9M'21: 85.5%)
- Domestic CoD of 5.9% vs 3.5% in 9M'21

Advances – Buildup in advances (avg advances up 19% YoY)

- Period End Dom gross advances at Rs. 556 bln (Dec'21: Rs 544 bln)
- Period End Int gross advances of USD 911 mln, down 13% vs Dec'21
- Avg International performing advances increased by 11% YoY

Investments portfolio position and mix as at Sep 30, 2022

- Fixed Income PIBs at Rs 483 bln yielding 11.3% (Dec'21: Rs 328 bln)
- Floater PIBs at Rs 481 bln yielding 15.8% (Dec'21: Rs 413 bln)
- T-Bills Portfolio at Rs 306 bln yielding 15.3% (Dec'21: 532 bln)

9M'22 P&L Overview

Higher revenues with strong NII and NFI growth - PBT up 29%



Income Statement	Rs in bln		Var %	Rs in bln		Var %
	9M'22	9M'21		Q3'22	Q2'22	
Interest Earned	176.3	109.1	62%	73.5	54.9	34%
Interest Expensed	(103.5)	(55.4)	-87%	(45.8)	(31.3)	-46%
Net Interest Income	72.8	53.7	36%	27.7	23.6	17%
Non Interest Income	22.1	17.3	28%	7.4	7.9	-7%
Total Revenue	94.9	71.0	34%	35.1	31.6	11%
Operating expenses	(37.8)	(31.2)	-21%	(13.7)	(12.4)	-10%
Total Expenses	(38.8)	(32.1)	-21%	(14.0)	(12.8)	-10%
Pre Prov. Operating Profit	56.1	38.9	44%	21.1	18.8	12%
Provision Exp./Other writeoffs	(5.4)	0.4	-1407%	(4.7)	(0.4)	-1011%
Profit Before Tax	50.7	39.3	29%	16.4	18.4	-11%
Profit After Tax	18.8	22.8	-18%	6.9	2.3	196%
Earnings Per Share (EPS)	15.33	18.59	-18%	5.64	1.91	196%

Revenue Performance – stable margins building up momentum

- Bank NIMs at 4.6% in 9M'22 (9M'21: 3.8%), up 80 bps
- ATM fee up 26% with strong customer acquisition, trade fee up 23%
- Home Remittance share remains well above 21%, fee up 17% YoY
- Capital gains of Rs 667 mln in 9M'22 mainly on GoP Securities
- Dividend income of Rs 1.5 bln, up 4% YoY
- Digital Payments throughput at Rs 1.8 tln up 51% YoY

Admin Exp – largely contained despite inflationary pressure

- Administrative expenses of Rs. 37.8 bln for 9M'22, up 21% YoY
- Investments continue across network, technology and people
- Cost to income ratio of 40% in 9M'22 vs 44% in 9M'21

Provisions – asset quality maintained with enhanced coverage

- Dom asset quality maintained at 4.8% at Sep'22 (Dec'21: 5.0%)
- Strong recoveries within domestic of Rs 2.2 bln in 9M'22
- Int Coverage remains strong at 86.8% (Dec'21: 86.4%)
- Int provision charge of USD 18.8 mln in 9M'22 (9M'21: USD 5.9 mln)

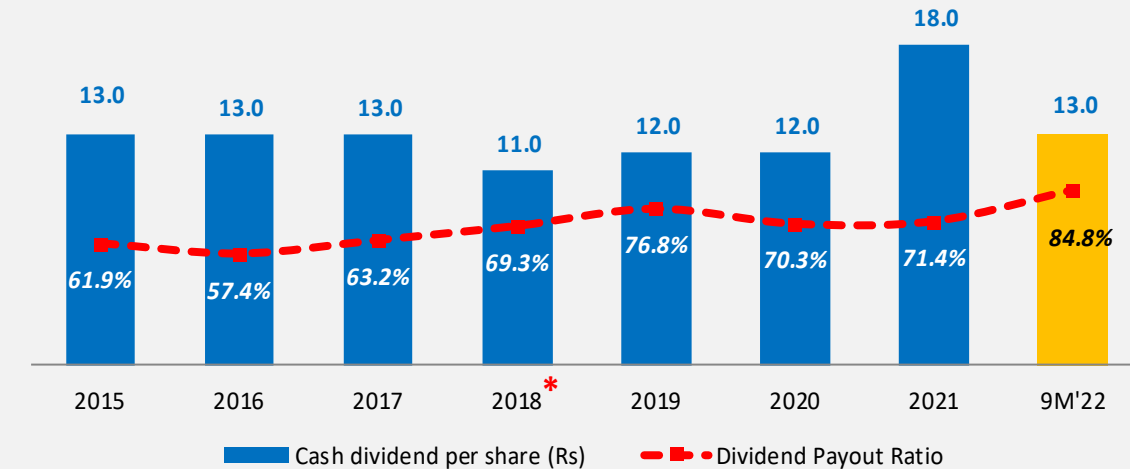
UBL delivers higher returns to shareholders as franchise continues to grow.....



PSX index vs UBL – valuations impacted by market sentiment

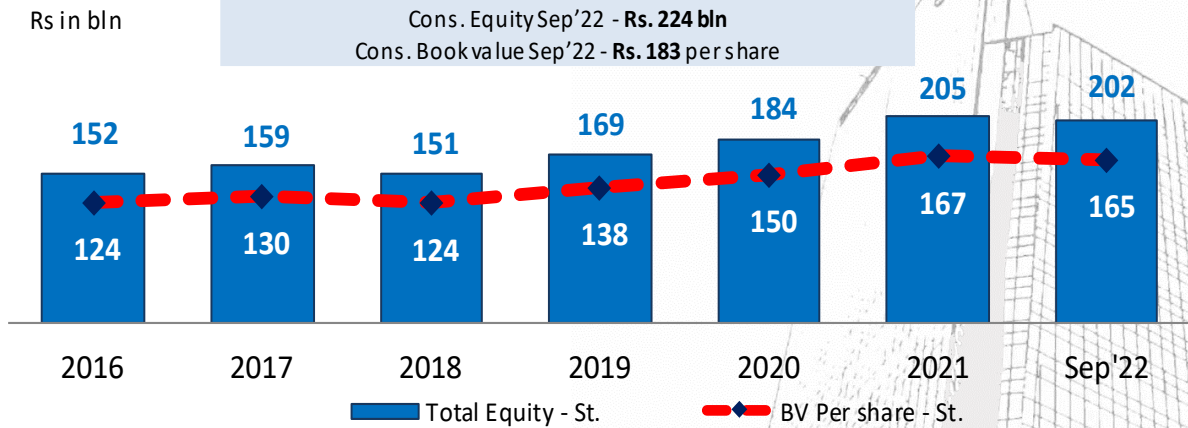


Dividends – strong growth in distribution since 2021

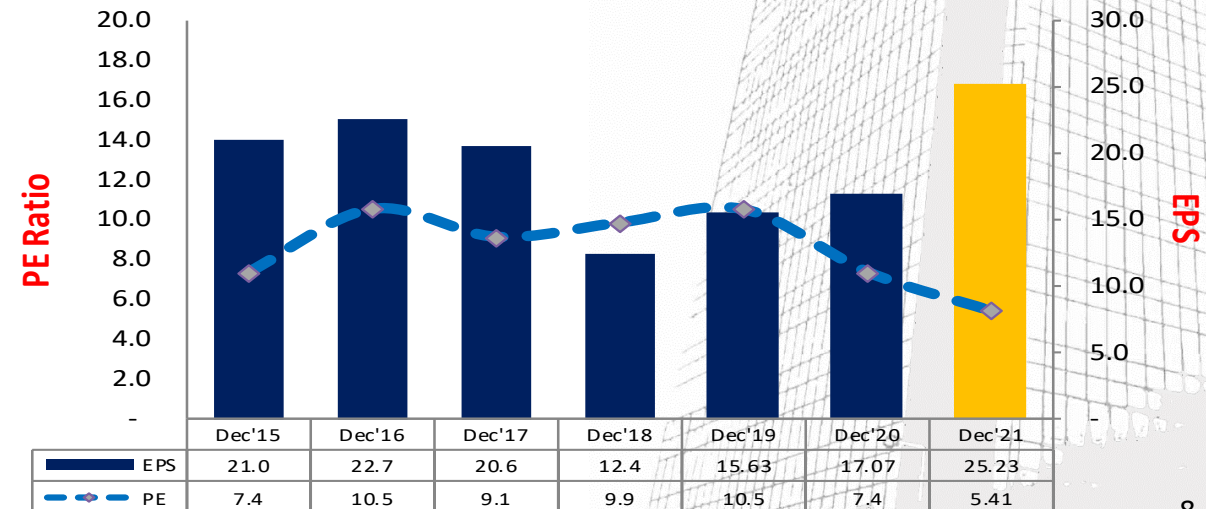


* Payout for 2018 is computed on normalized PAT excluding the effect of one-off pension cost

Equity and Book Values – conservation and growth since 2019



EPS & Price Earnings Ratio – a compelling story today



Conclusion: A strong delivery in 2022 so far - as we target another record year

We will be pivoting around our core strengths – as economy transitions to stability over time



1

Branch Banking to lead 'low cost' deposits growth

Maintain aggressive acquisition across target market - while optimizing network

2

Our Investment Strategy remains dynamic

Build well diversified portfolio across long term and floating rate assets - seize trading opportunities

3

Quality Asset Growth across both Corporate and SME

Risk appetite to direct capital allocation – but improving ADR remains a priority

4

Digital Banking – creating new business models

Step up efforts to enhance digital penetration levels across Pakistan – with latest technology

5

Islamic Banking Growth Ambitions – a priority for the Bank

Investment in UBL Ameen, footprint, brand and people

6

International – maintain core segments with cautious BS expansion

Build on wholesale business model – improve ROE levels

We aim to maintain the resilience in core earnings in order to continue the earnings growth,
with diversification and new business opportunities

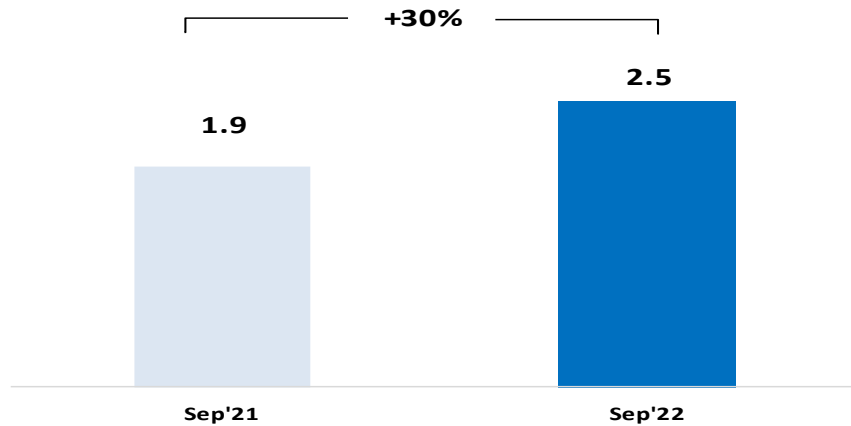
Digital Banking - laying the foundations for a wider eco system

Penetration levels continue to improve as our award winning app gains further ground

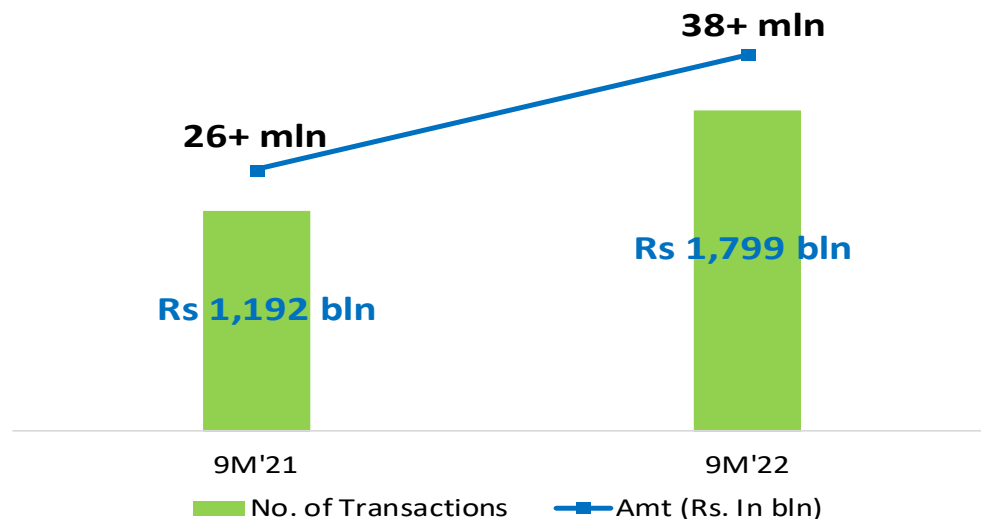


App Registrations up +30% YoY

Registered Customers # in mln

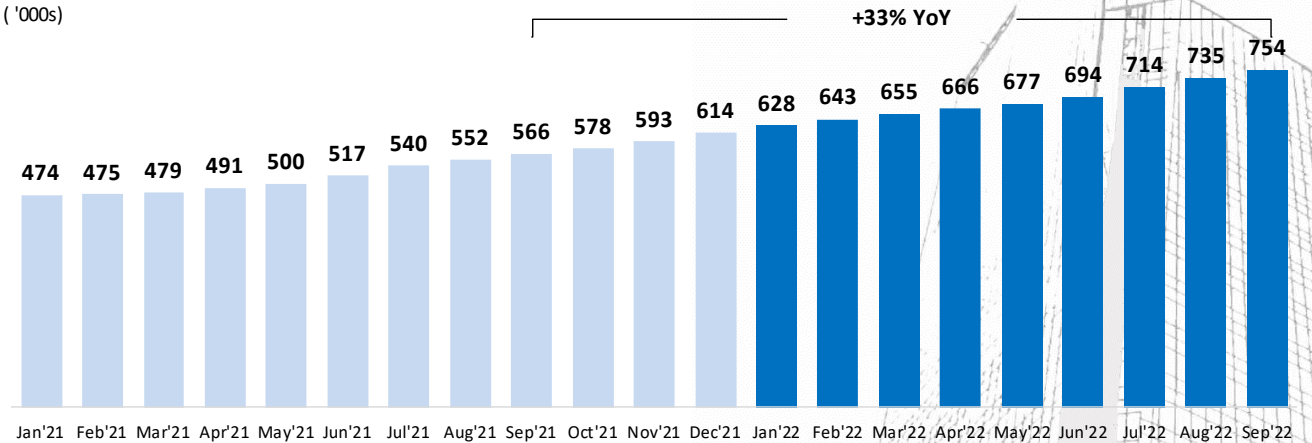


Payments throughput at Rs 1.8 tln up 51% YoY



Transacting Customers up 33% (Sep'22 vs Sep'21)

('000s)



PBA



RDA

UBL Remains in the Forefront with Market Recognition



UBL “Firsts” – Initiatives to stay ahead of the market

- First Commercial Bank in Pakistan to launch **Branchless Banking** (UBL OMNI)
- First Bank to launch **QR code based payments** in Pakistan
- First Pakistani Bank to launch **digital customer onboarding**
- First Bank to provide **Instantaneous ATM/Debit cards to branchless banking customers** at the time of account opening (UBL Omni)
- First Bank in Pakistan where customer's inward **remittances are deposited automatically on an ATM and VISA enabled debit card** (UBL Tezraftaar Pardes Card)
- First Bank in Pakistan to offer **Prepaid VISA Debit Card**
- First Bank in Pakistan to offer **Verified by Visa Service**
- First Bank in the world to issue **VISA Debit Cards for G2P assistance to flood affectees**
- First Pakistani Bank to be granted status of **Authorized Derivative Dealer (ADD)** in Pakistan
- First institution from Pakistan and third in South Asia to be accredited with **Primary Membership of International Swaps and Derivatives Association**

Market recognition and awards

- **‘Best Mobile App’ and ‘Best Emerging Technology’** – Pakistan Digital Award 2021.
- Declared **‘Best Digital Bank in Pakistan for the 3rd year in a row** by Asiamoney (2022, 2021 & 2020)
- Recognized for the **highest number of Roshan Digital Accounts** opened
- Declared **‘Best Digital Bank in Pakistan for 2020’** by Pakistan Banking Awards 2020.
- Declared **‘Bank of the Year 2020 – Pakistan’** by The Banker, an affiliate of the Financial Times UK. 4th time in last decade
- **“Best Bank”** in the first ever **Pakistan Banking Awards 2016**
- **“Best Bank for Corporate Finance and Capital Market Development”** in the Pakistan Banking Awards 2017
- **“Innovation Award”** at the Mastercard Innovation Forum for ‘Launch of UBL MasterPass QR’
- **“National Medal of Innovation Award”** 2016 for Pioneering G2P Payments – Pakistan Innovation Foundation
- **Top 25 Companies** Award by the Pakistan Stock Exchange for 2010-2012 and 2015 -2019
- **“Best Bank for SMEs”** by the Asia Money Pakistan Banking Awards in 2017
- **2012 & 2013 Bank of the Year** in Pakistan Award 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, being the only bank in the category



We are embedding ESG into UBL's Strategy.... Some key themes



Recent Initiatives to build ESG awareness

- Energy Conservation Program
- Plantation Drive
- Introduced Urooj Account specifically for women.
- Various Education related projects & CSR
- Tax inclusion with Good Citizen Account
- Initiated Diversity and Inclusion Drive within the Bank
- Fin-inclusion through UBL OMNI
- Induction of Differently Abled People

We are now developing a complete framework...

- Defining a complete ESG Risk Management Strategy
- Embedding ESG Risk factors into Risk Management Processes
- Stress Testing to identify ESG impact/residual risk
- Reporting of ESG breaches to Management Committees
- Delivering ESG Training modules
- Building more Transparent Governance
- Improving standards in Ethics and Compliance
- Board and Executive Diversity

We are fully committed to setting exemplary ESG standards and practices in the country's corporate landscape

The information contained herein reflects our latest business statement as at September 30, 2022. 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.