



United Bank Limited
Performance Review (Consolidated)
Annual 2007

February 14, 2008



Key Highlights

Profitability

- PBT down 5% y-o-y at Rs.13.8B
- Profitability impacted due a change in Prudential Regulations by State Bank of Pakistan due to which benefit of collateral (FSV) was withdrawal resulting in incremental provisioning charge of Rs. 3.8B
- Introduction of Early Retirement Scheme (ERS); impact of Rs 345M
- PBT up 24% y-o-y before FSV and ERS
- Non Interest Income up 37%; strong fee income and capital gains
- Net Interest income up 16%; significant increase in advances

Balance Sheet

- Advances up 21% to Rs. 308B; domestic growth outperformed the market
- Deposits up 20% to Rs 412B; maintained market share

Key Developments

- Business process restructuring initiative launched
- 170 branches re-branded on retail banking concept; increased focus on customer service and cross selling
- Upgrade in credit rating from AA to AA+ by JCR-VIS Credit Rating Company Ltd.
- Awarded “Best Domestic Bank in Pakistan 2007” by "Asiamoney"
- 34 new branches opened under branch expansion program
- International operations showing solid growth; profitability up 31%; contributed 25% to bank profits and 20% to bank assets
- Launch of the first equity based compensation scheme in the Pakistani banking sector
- UBL Fund Managers crossed Rs. 33b; second largest private sector fund manager
- First bank to introduce “UBL Orion,” a comprehensive mobile payment solution

Summary

	Dec 2007	Dec 2006	Change
Assets (PKR bn)	547	436	+25%
Advances (PKR bn)	308	255	+21%
Market Share-Adv-DOM	9.4%	9.2%	
Deposits (PKR bn)	412	344	+20%
Market Share-Deposits-DOM	9.1%	9.1%	
Branches	1,095	1,059	36
ATMs	326	210	116
ROAA ¹	2.4%	2.4%	
ROAE ¹	30%	34%	
Credit Rating (JCR-VIS)	AA+/A-1+	AA/A-1+	upgrade

1- These ratios have been calculated before the incremental provision charge and early retirement scheme explained in slide 2;

For actual ratios see slide 8

Share Info

	Dec 2007	Dec 2006
EPS (Rs/share)	11.1	11.8
BV/share (Rs/share)	59.2	41.0
Price* - (Rs /share)	178.0	153.2*
P/E	16.0x	13.0x
P/BV	3.0x	3.7x
# of shares	809M	809M

* Share price (Dec'06) after announcement of results

Dec'07 price at 08 Feb'08

Dec'06 price at 19 Feb'07 - adjusted for bonus shares

Income Statement (PKR bn)

	QTD Dec'07	QTD Sep'07	% change	FY Dec'07	FY Dec'06	% change
Net Interest Income	6.23	6.36	-2%	24.80	21.37	+16%
Non Interest Income	3.07	2.40	+28%	9.93	7.26	+37%
Operating Revenue	9.29	8.76	+6%	34.73	28.63	+21%
Operating Expense	(3.66)	(3.59)	+2%	(13.93)	(11.66)	+19%
Pre-Provision Oper.Profit	5.63	5.17	+9%	20.80	16.97	+23%
Provision Exp./Other Prov.	(2.93)	(2.87)	+2%	(6.66)	(2.47)	+170%
Early Retirement Scheme (ERS)	(0.31)	(0.04)	+708%	(0.35)	-	+100%
Profit before Tax	2.40	2.26	+6%	13.80	14.50	-5%
Profit after Tax	1.86	1.60	+16%	9.24	9.67	-4%

Note:

An incremental provisioning of Rs. 3.8bn was recognized this year due to withdrawal of collateral (Forced Sales Valuation – FSV) while calculating the provisioning requirements against non performing loans which was advised by State Bank of Pakistan on October 17, 2007

PBT (before FSV/ERS)	4.53	4.28	+6%	17.95	14.50	+24%
PAT (before FSV/ERS)	3.51	3.03	+16%	12.02	9.67	+24%

Balance Sheet (PKR bn)

	Dec'07	Sep'07	% change
Cash & bank balances	68.6	59.8	+15%
Investments	114.0	114.5	-0%
Advances	308.3	288.8	+7%
Fixed assets	19.0	7.3	+163%
Total Assets	546.8	498.7	+10%

	Dec'07	Dec'06	% change
Cash & bank balances	68.6	68.4	+0%
Investments	114.0	65.7	+73%
Advances	308.3	254.7	+21%
Fixed assets	19.0	6.4	+199%
Total Assets	546.8	435.8	+25%

Deposits	412.1	391.8	+5%
Borrowings	59.5	39.7	+50%
Total Liabilities	498.9	460.0	+8%

Deposits	412.1	343.8	+20%
Borrowings	59.5	38.6	+54%
Total Liabilities	498.9	402.7	+24%

Equity	47.9	38.7	+24%
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Equity	47.9	33.2	+44%
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Financial Ratios

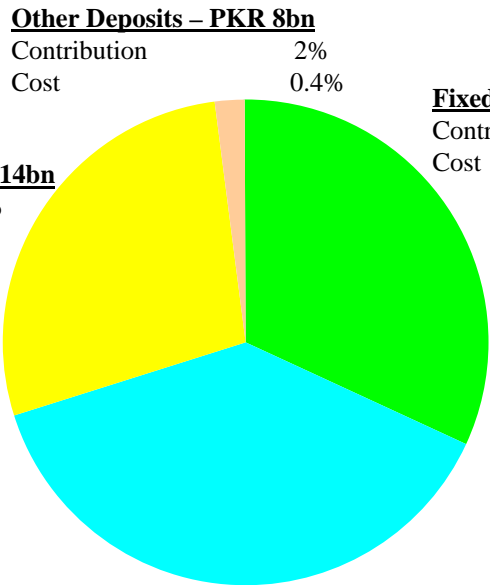
	QTD Dec'07	QTD Sep'07	FY Dec'07	FY Dec'06
Loan/Deposits	74.8%	73.7%	74.8%	74.1%
ROAE	17.2%	16.9%	22.8%	33.7%
ROAA	1.4%	1.3%	1.9%	2.4%
Cost/Income Ratio	62.3%	61.6%	50.9%	44.6%
Gross NPLs/Gross Advances ¹	6.9%	7.9%	6.9%	6.2%
Net NPLs/Gross Advances ²	1.9%	3.2%	1.9%	1.6%
Coverage Ratio	77.9%	66.0%	77.9%	82.6%
CAR Ratio	12.4%	12.1%	12.4%	12.2%
Tier 1 CAR Ratio	8.8%	9.3%	8.8%	8.9%

1. Our gross NPLs at Dec 31, 2007 include Rs 3.6bn of loans which have been subjectively classified by SBP
2. Our net NPLS at Dec 31, 2007 include Rs 2.3bn of loans which have been subjectively classified by SBP

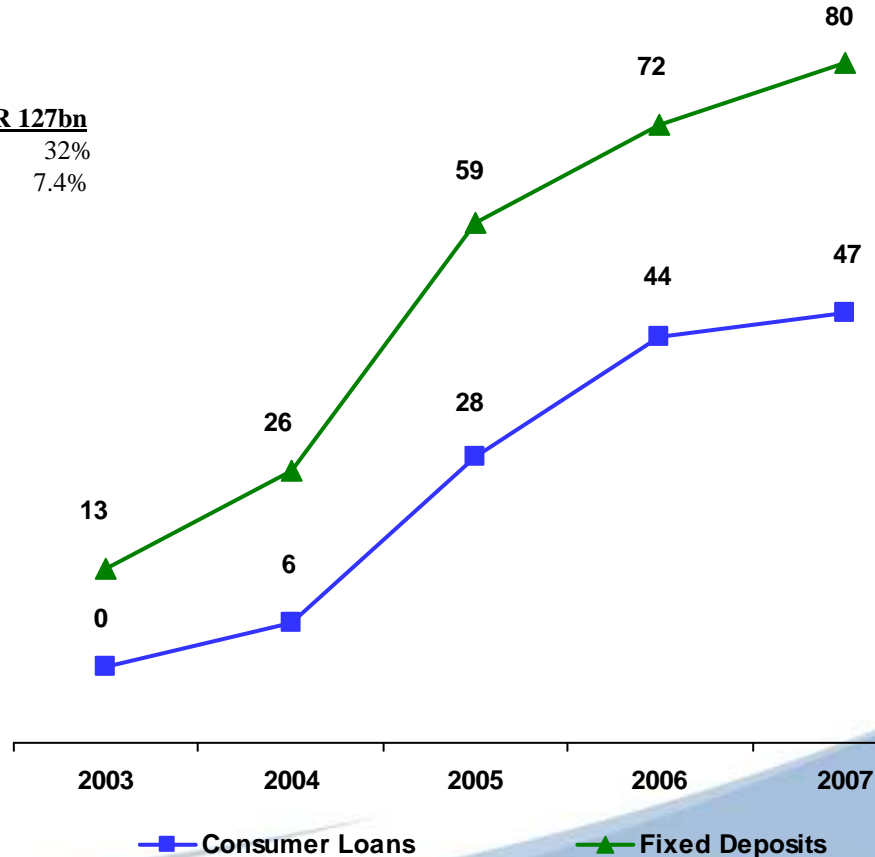
Deposit Structure

Deposit Mix - Bank (Parent Company)

Fixed Deposits (1)



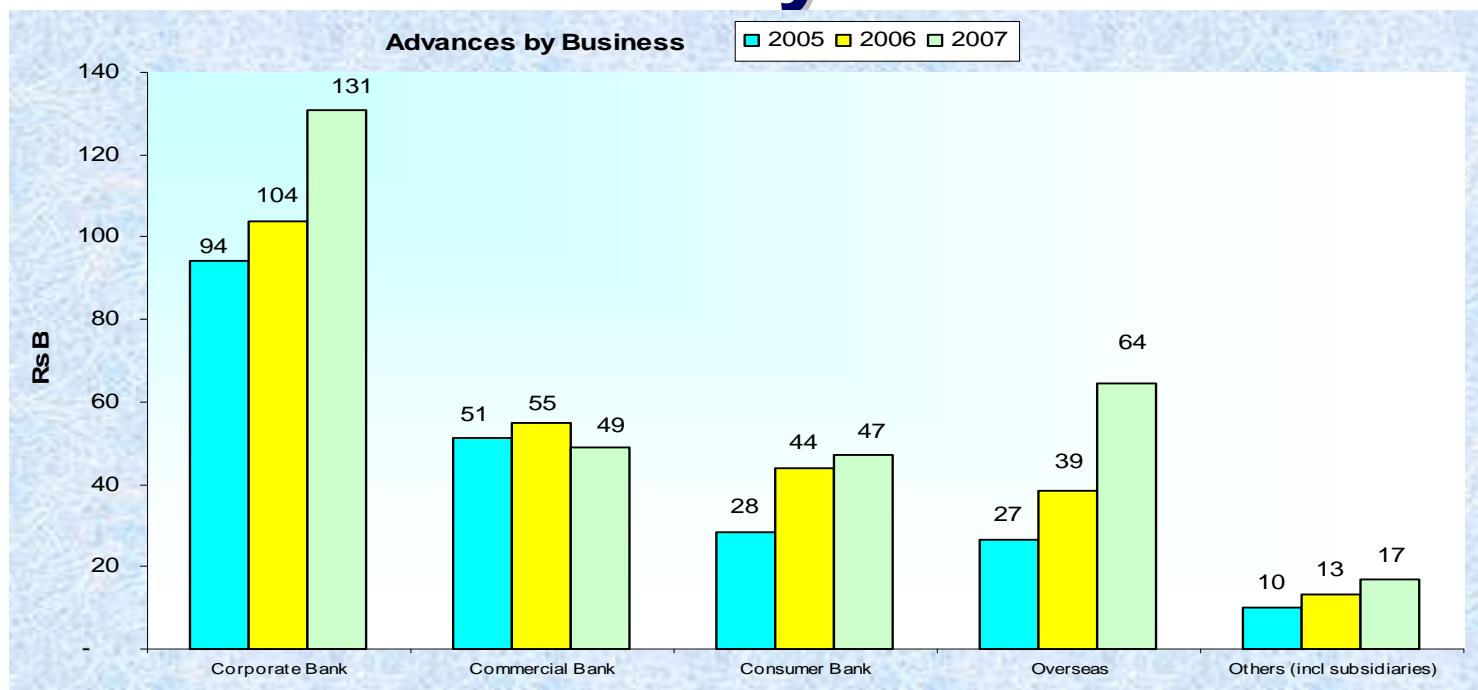
Fixed Deposits – PKR 127bn
 Contribution 32%
 Cost 7.4%



Total Deposits = PKR 402 bn
Cost of Deposits = 3.6%
CASA = 66%

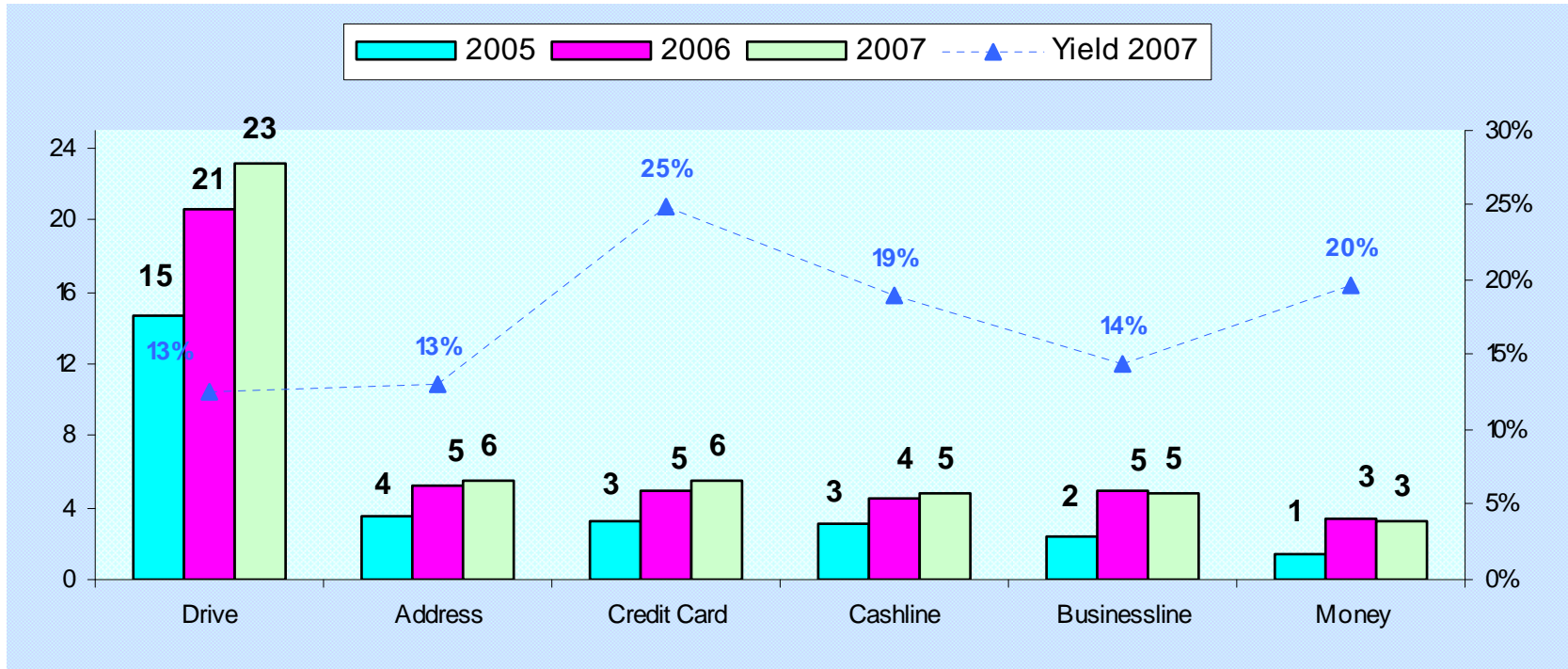
(1) Includes domestic fixed deposits only

Advances by Business



	Dec'07	Dec'06	% Change	Yield 07
Corporate Bank	131.1	104.1	+26%	10.4%
Commercial Bank	48.8	54.9	-11%	12.4%
Consumer Bank	47.2	43.8	+8%	15.5%
Others (COT / Staff/)	8.0	6.0	+34%	8.4%
Domestic	235.1	208.8	+13%	11.9%
Overseas	64.3	38.5	+67%	7.9%
Bank	299.4	247.3	+21%	11.1%
Subsidiaries	8.9	7.4	+21%	
Bank-Consolidated	308.3	254.7	+21%	

Consumer Advances by Product



	Dec'07	Dec'06	% Change
Drive	23.2	20.7	+12%
Address	5.6	5.2	+6%
Credit Card	5.6	5.0	+11%
Cashline	4.8	4.5	+8%
Businessline	4.8	5.0	-3%
Money	3.2	3.4	-6%
Total	47.2	43.8	+8%

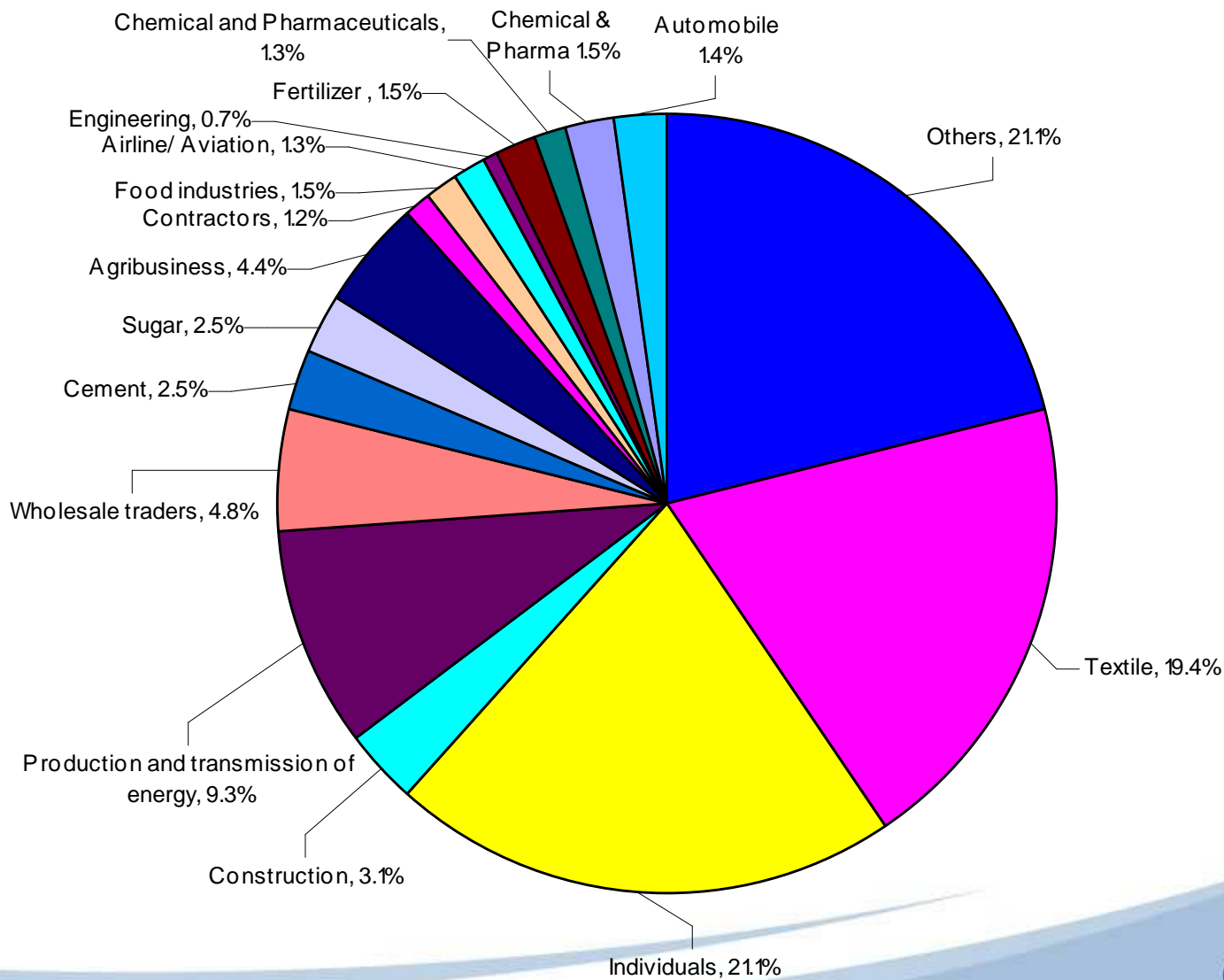
Consumer Drivers

	Advances (PKR mm)			# of Accounts		
	Dec-07	Dec-06	% Change	Dec-07	Dec-06	% Change
Drive	23,159	20,660	+12%	66,149	52,887	+25%
Credit Card	5,572	5,011	+11%	167,831	157,725	+6%
Businessline	4,842	4,992	-3%	1,401	1,233	+14%
Address	5,555	5,238	+6%	1,244	1,253	-1%
Money	3,201	3,397	-6%	31,918	27,378	+17%
Cashline	4,836	4,482	+8%	69,158	61,141	+13%
Total	47,165	43,780	+8%			

Spread Analysis (bank level)

	Full Year 2006			Full Year 2007		
	Average Balances	Interest income / (expense)	Avg.Yield /Cost	Average Balances	Interest income / (expense)	Avg.Yield /Cost
Interest Earning Assets						
Performing Advances	221,870	24,511	11.0%	266,336	29,663	11.1%
Investments	60,396	5,181	8.6%	92,465	8,280	9.0%
Lending to Financial Institutions	23,773	2,016	8.5%	22,702	1,974	8.7%
Others	21,916	1,284	5.9%	22,602	1,129	5.0%
Total interest earning assets (a)	327,955	32,992	10.1%	404,105	41,046	10.2%
Non Interest Earning Assets						
Non -performing Advances	3,977	-	-	5,349	-	-
Non- interest bearing Investments	5,561	-	-	9,331	-	-
Fixed Assets	4,779	-	-	5,908	-	-
Other Assets	32,794	-	-	40,140	-	-
Total Assets (A)	375,066	32,992	8.8%	464,833	41,046	8.8%
Interest bearing liabilities						
Saving deposits	127,958	(2,665)	2.1%	140,582	(3,905)	2.8%
Current deposits	78,499	-	0.0%	92,242	-	0.0%
Term deposits	89,515	(6,550)	7.3%	126,356	(9,342)	7.4%
Other deposits	9,288	(83)	0.9%	9,980	(35)	0.4%
Total deposits	305,260	(9,298)	3.0%	369,160	(13,282)	3.6%
Sub-ordinated loan	4,621	(472)	10.2%	6,000	(597)	9.9%
Borrowings	26,631	(2,357)	8.9%	36,386	(3,058)	8.4%
Total interest bearing liabilities (b)	336,512	(12,127)	3.6%	411,546	(16,937)	4.1%
Non Interest bearing liabilities						
Equity	24,761	-		33,484	-	
Bills Payable	5,385	-		5,501	-	
Other liabilities	8,408	-		14,302	-	
Total non interest bearing liabilities	38,554	-		53,287	-	
Total Liabilities (B)	375,066	(12,127)	3.2%	464,833	(16,937)	3.6%
Net Interest Margin (a-b)	-	-	6.5%	-	-	6.0%
NRFF / Spread (A-B)	-	20,865	5.6%	-	24,109	5.2%

Concentration of Advances



Non Interest Income (PKR mm)

	QTD Dec'07	QTD Sep'07	% Change	FY Dec'07	FY Dec'06	% Change
Commission on consumer loan	353	376	-6%	1,478	1,181	+25%
Minimum balance charges	147	112	+31%	518	559	-7%
Commission on trade	263	263	+0%	1,022	847	+21%
Commission on remittances/uniremote	117	113	+4%	434	395	+10%
Commission on utility bills	49	52	-6%	215	275	-22%
Commission on ATM/debit card	38	34	+10%	142	101	+41%
Commission on Commodity Operation	28	-	+100%	28	23	+22%
Corporate finance fee/corp.serv.charges	183	101	+81%	486	335	+45%
Other commission	219	218	+1%	842	719	+17%
Sub total - fee, commission income	1,396	1,270	+10%	5,165	4,435	+16%
Capital gain	184	136	+35%	834	277	+201%
Dividend income	84	125	-33%	549	837	-34%
Exchange income	186	218	-15%	827	660	+25%
Gain on Derivatives	255	3	+100%	281	41	+100%
Recoveries from client	125	138	-10%	527	468	+13%
Other income	383	275	+39%	809	230	+252%
Total non funded income	2,613	2,165	+21%	8,992	6,948	+29%
Subsidiaries	250	233	+7%	616	338	+82%
Share of (loss) / income of associates	204	2	+100%	323	(23)	+100%
Total non funded income-Consol.	3,067	2,400	+28%	9,931	7,263	+37%

Operating Expenses (PKR mm)

	QTD Dec'07	QTD Sep'07	% Change	FY Dec'07	FY Dec'06	% Change
Personnel cost*	1,476	1,582	-7%	6,198	5,677	+9%
Premises cost	457	400	+14%	1,521	1,073	+42%
Outsourced serv.charges incl. sales comm	323	331	-2%	1,388	1,036	+34%
Advertisement and publicity	164	190	-14%	590	461	+28%
Communications	106	95	+11%	548	492	+11%
Depreciation	167	145	+15%	477	403	+18%
Legal and professional charges	113	109	+4%	440	207	+113%
Banking service charge	106	92	+16%	355	240	+48%
Stationery and printing	92	66	+41%	286	246	+16%
Traveling	41	40	+2%	164	138	+19%
Repairs and maintenance	41	23	+79%	120	86	+40%
Insurance expense	34	25	+36%	116	98	+18%
Office running expenses	23	20	+13%	81	64	+26%
Entertainment	20	16	+23%	67	54	+24%
Cartage, freight and conveyance	19	16	+19%	60	50	+21%
Other expenses	268	222	+21%	682	654	+4%
Total Operating Cost - Bank	3,450	3,371	+2%	13,093	10,978	+19%
Subsidiaries	209	217	-4%	836	686	+22%
Total Operating Cost - Consolidated	3,659	3,588	+2%	13,929	11,664	+19%

* Excluding ERS

E-Banking

E-Banking	Dec-07	Dec-06	% Change
# of ATMs	326	210	+55%
# of Transactions (M)	9.5	5.9	+60%
Average transactions per day	26k	16k	+63%
Total transaction amount (Rs B)	48	29	+65%
Average transaction size (Rs 000)	5.0	4.9	+3%
Average monthly transactions per ATM (Rs M)	12	11	+6%
Internet Banking			
Users	37,408	23,472	+59%
Total # of transactions (000)	148	64	+133%
Total transaction amount (Rs M)	2,089	404	+417%
Average transaction size (Rs 000)	14	6	+122%
Click N Remit			
Users	19,950	16,800	+19%
Total # of transactions (000)	79	65	+21%
Total transaction amount (US\$ M)	70	65	+8%
Average transaction size (US\$)	885	989	-11%
Home Remittances			
Total # of transactions (000)	595	544	+9%
Total transaction amount (US\$ M)	709	562	+26%
Average transaction size (US\$)	1,192	1,033	+15%

Financial Ratios

DuPont	Yearly			QTD (Annualized)	
	2005	2006	2007	Sep-07	Dec-07
Net Interest Yield ¹	4.5%	5.4%	5.0%	5.0%	4.8%
Net Interest Margin ²	5.4%	6.4%	6.1%	5.8%	5.6%
Non Interest Yield ³	1.7%	1.8%	2.0%	1.9%	2.3%
Operating Exp. / Assets	2.7%	2.9%	2.8%	2.8%	2.8%
Cost Income Ratio ⁴	47.3%	44.1%	43.3%	45.6%	43.9%
Loan Loss ⁵ / Assets	0.4%	0.6%	0.5%	0.7%	0.8%
Loan Loss / RWA ⁶	0.7%	0.8%	0.7%	1.0%	1.0%
Effective Tax Rate	36.5%	33.3%	33.0%	29.2%	22.6%
Pre-Provision ROA ⁷	2.2%	2.8%	2.8%	2.9%	3.1%
ROA ⁸	1.9%	2.4%	2.4%	2.4%	2.7%
Return on RWA	2.9%	3.5%	3.4%	3.4%	3.7%
Pre-Provision ROE ⁹	32.4%	38.9%	33.4%	38.3%	37.3%
ROE ¹⁰	27.4%	33.7%	29.6%	31.9%	32.4%

* These ratios have been calculated before the incremental provision charge and early retirement scheme explained in slide-2;

Formulas

- | | |
|---|---|
| 1. Net interest income / average assets | 6. Risk weighted assets - Actual 2007 ratio = 1.8% |
| 2. Net interest income / average earning assets | 7. Return on average assets (before net provisions) |
| 3. Non interest income / average assets | 8. Unadjusted 2007 ratio = 1.9% |
| 4. Unadjusted 2007 ratio = 50.9% | 9. Return on average equity (before net provisions) |
| 5. Unadjusted 2007 ratio = 1.3% | 10. Unadjusted 2007 ratio = 22.8% |

Financial Ratios

Asset Quality	Yearly			QTD (Annualized)	
	2005	2006	2007	Sep-07	Dec-07
Gross NPLs / Gross Loan	7.7%	6.2%	6.9%	7.9%	6.9%
Net NPLs / Gross Loan	1.7%	1.6%	1.9%	3.2%	1.9%
Coverage Ratio	84.8%	82.6%	77.9%	66.0%	77.9%
Prov. held / Gross loan	6.0%	4.6%	4.9%	4.7%	4.9%
Prov. Exp. / Gross loan ¹	0.6%	0.8%	0.8%	1.2%	1.2%

Growth	Yearly			QTD (Annualized)	
	2005	2006	2007	Sep-07	Dec-07
Growth in Loan Book	41.8%	21.2%	21.0%	0.5%	6.7%
Growth in Deposits	25.1%	16.0%	19.9%	-5.4%	5.2%
Operating Revenue	57.0%	43.8%	21.3%	3.1%	6.1%
Operating Expense	18.8%	33.4%	19.5%	0.4%	1.5%
Pre-provision Oper.Profit	109.8%	51.9%	22.6%	5.0%	9.0%
Provision exp./Other prov.	466.0%	39.3%	15.8%	93.4%	23.0%
Profit After Tax	56.3%	61.9%	24.3%	16.7%	15.9%

Formulas

1. Unadjusted 2007 ratio = 2.0%

- These ratios have been calculated before the incremental provision charge and early retirement scheme explained in slide 2;

Financial Ratios

Other Metrics	Yearly			QTD (Annualized)	
	2005	2006	2007	Sep-07	Dec-07
Capital Adequacy Ratio	10.7%	12.2%	12.4%	12.1%	12.4%
Tier-I CAR	7.7%	8.9%	8.8%	9.3%	8.8%
Loan / Deposits	70.9%	74.1%	74.8%	73.7%	74.8%
Loan / Assets	58.7%	58.4%	56.4%	57.9%	56.4%
RWA / Assets	66.8%	72.6%	73.1%	72.6%	73.1%
Headcount ²	9,445	9,871	9,532	9,676	9,532
Yield on Earning Assets ³	7.6%	10.0%	10.3%	9.8%	10.1%
Cost of Funds ⁴	2.1%	3.4%	4.0%	3.9%	4.2%
Yield on Performing Adv	8.4%	11.2%	10.9%	10.8%	10.6%
Cost of Deposits	1.9%	3.1%	3.6%	3.8%	3.4%

Formulas

2. *Permanent Staff*

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

4. *Funds includes deposits, borrowings & sub-ordinated loans*

- *These ratios have been calculated before the incremental provision charge and*
- *early retirement scheme explained in slide 2;*

Pattern of Shareholding

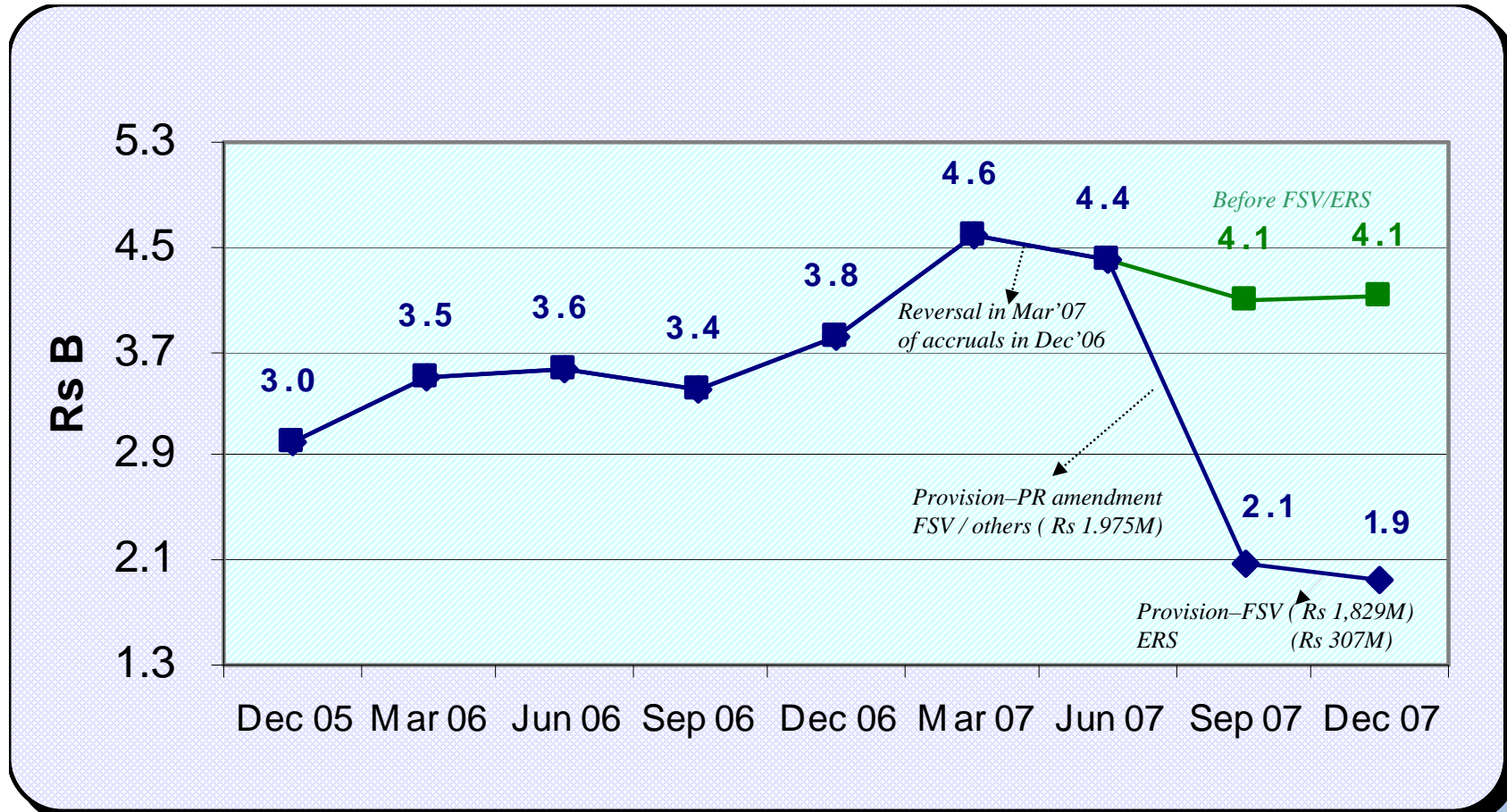
Shareholders	# of shares (000)	% of ordinary shares	% of voting shares
Bestway Group	206,391	25.5%	31.7%
Abu Dhabi Group	206,391	25.5%	31.7%
State Bank of Pakistan	117,262	14.5%	18.0%
Privatization Commission of Pakistan	40,470	5.0%	6.2%
General Public & Others	78,449	9.7%	12.0%
Other Government Agencies	2,412	0.3%	0.4%
Total Voting Shares	651,374	80.5%	100.0%
* International GDR holders (non voting shares)	158,001	19.5%	
Total Shares Outstanding	809,375	100.0%	

** Sponsor groups have also acquired 10.30% additional shares in the form of GDRs*

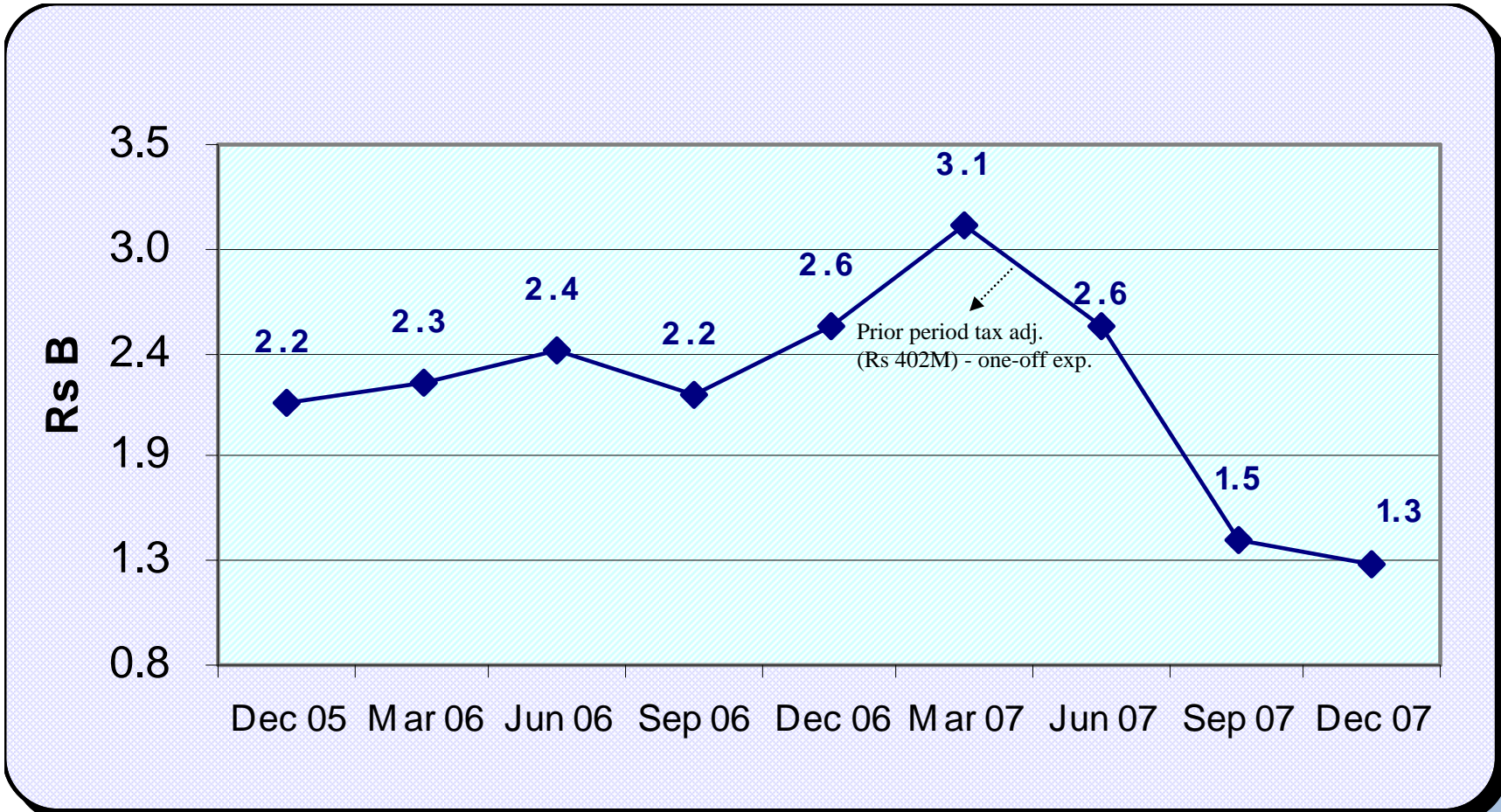
Quarterly Trend Analysis

Bank Level

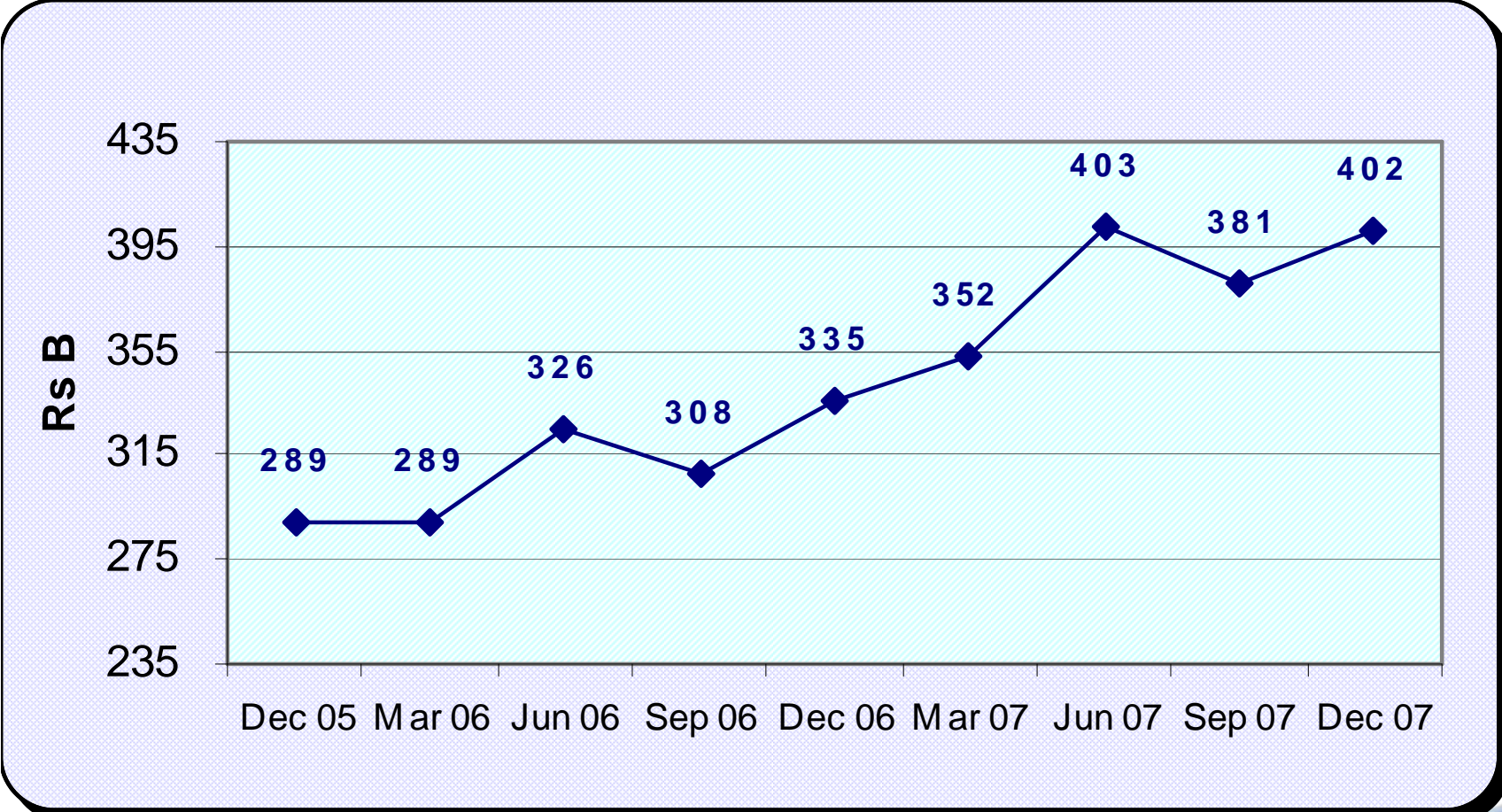
Profit Before Tax



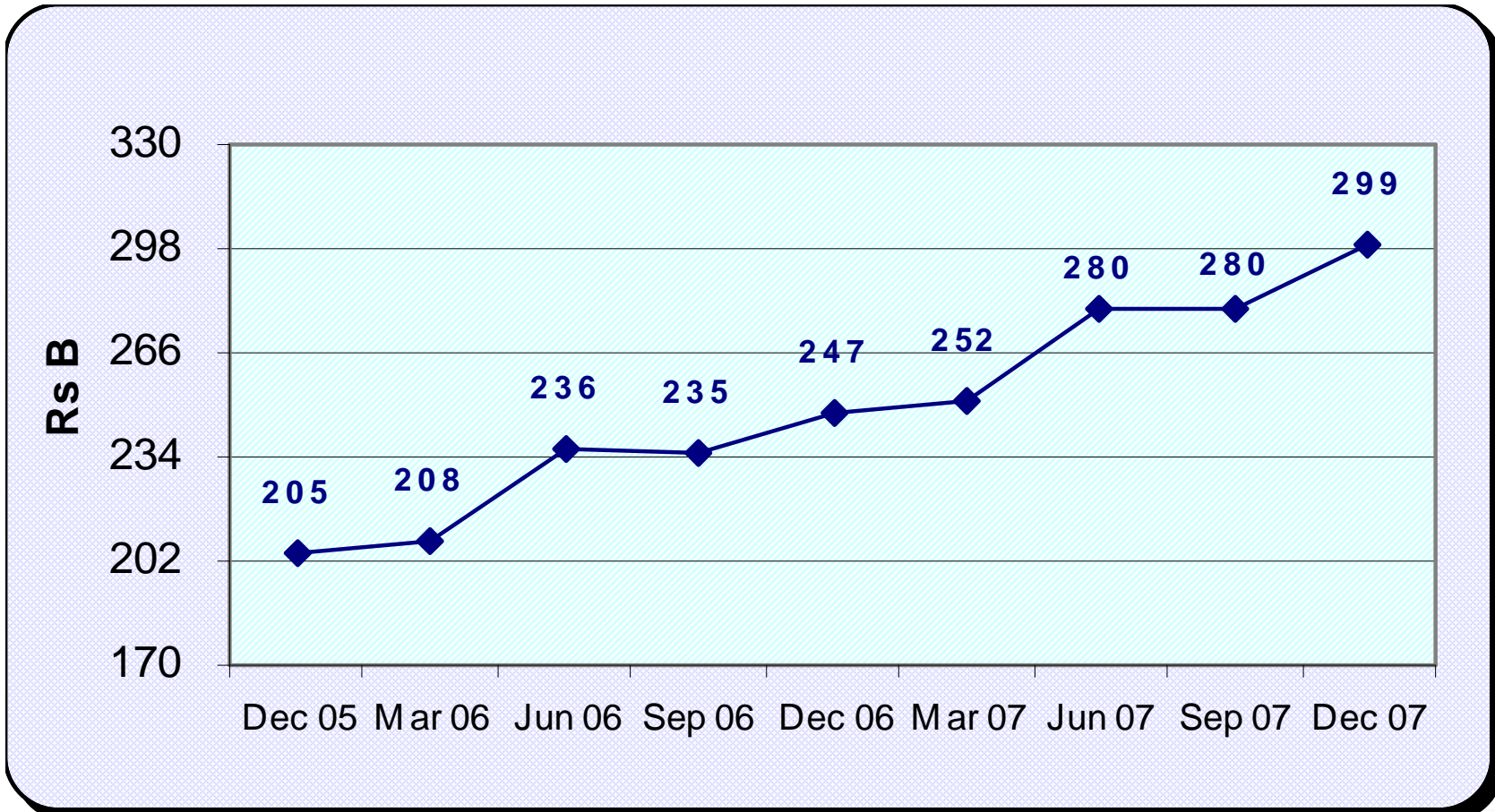
Profit after Tax



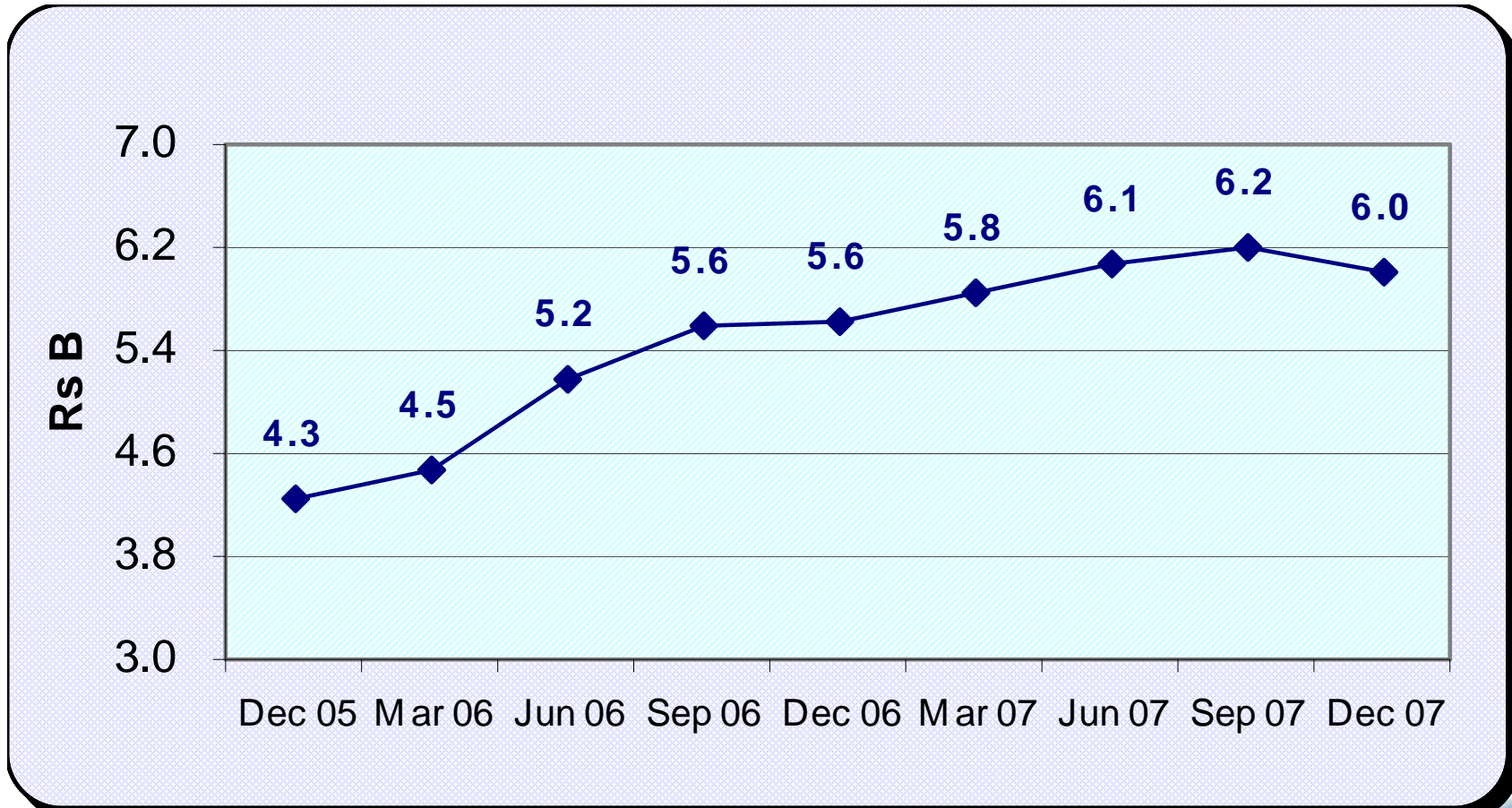
Deposits



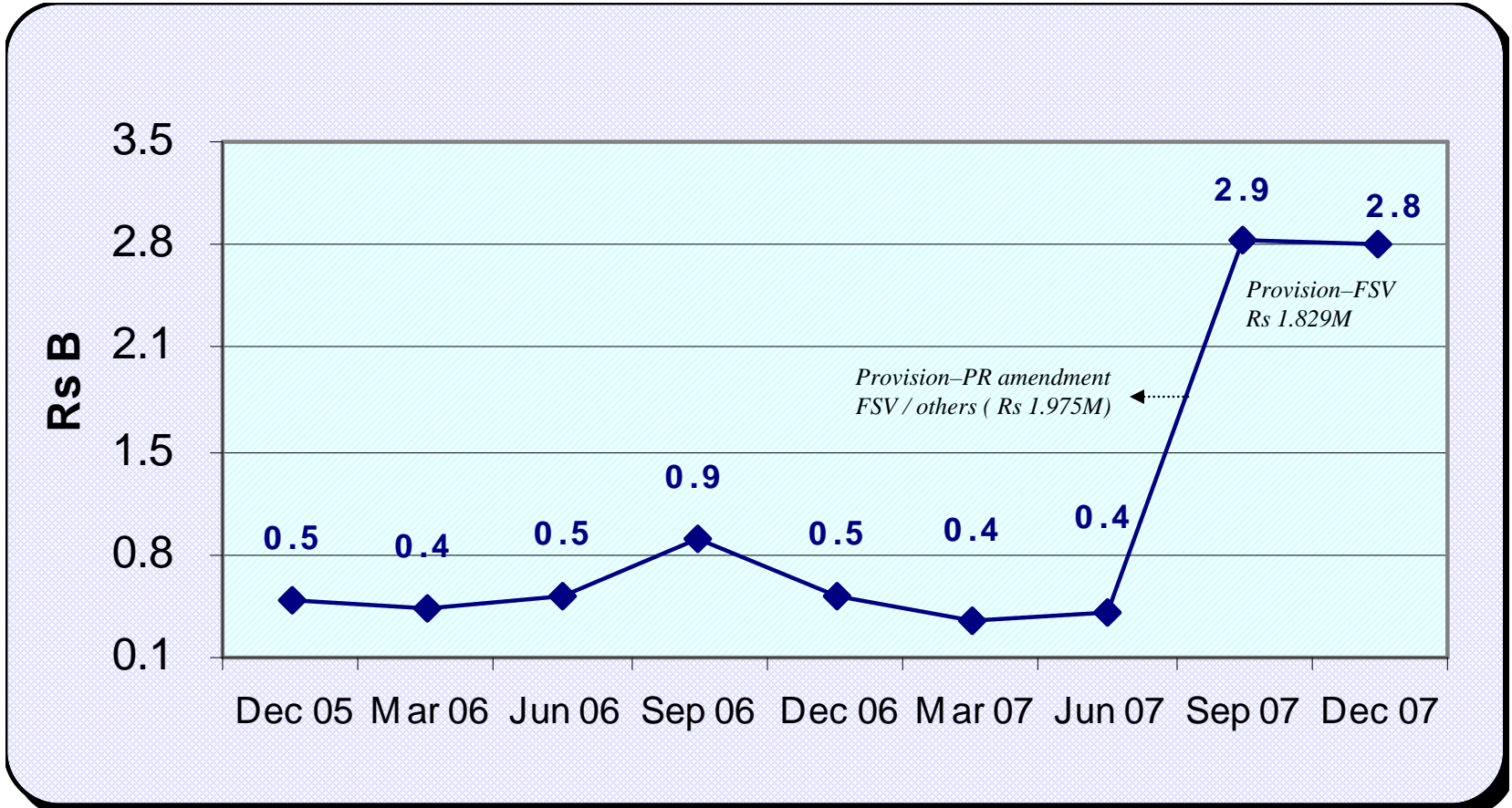
Advances



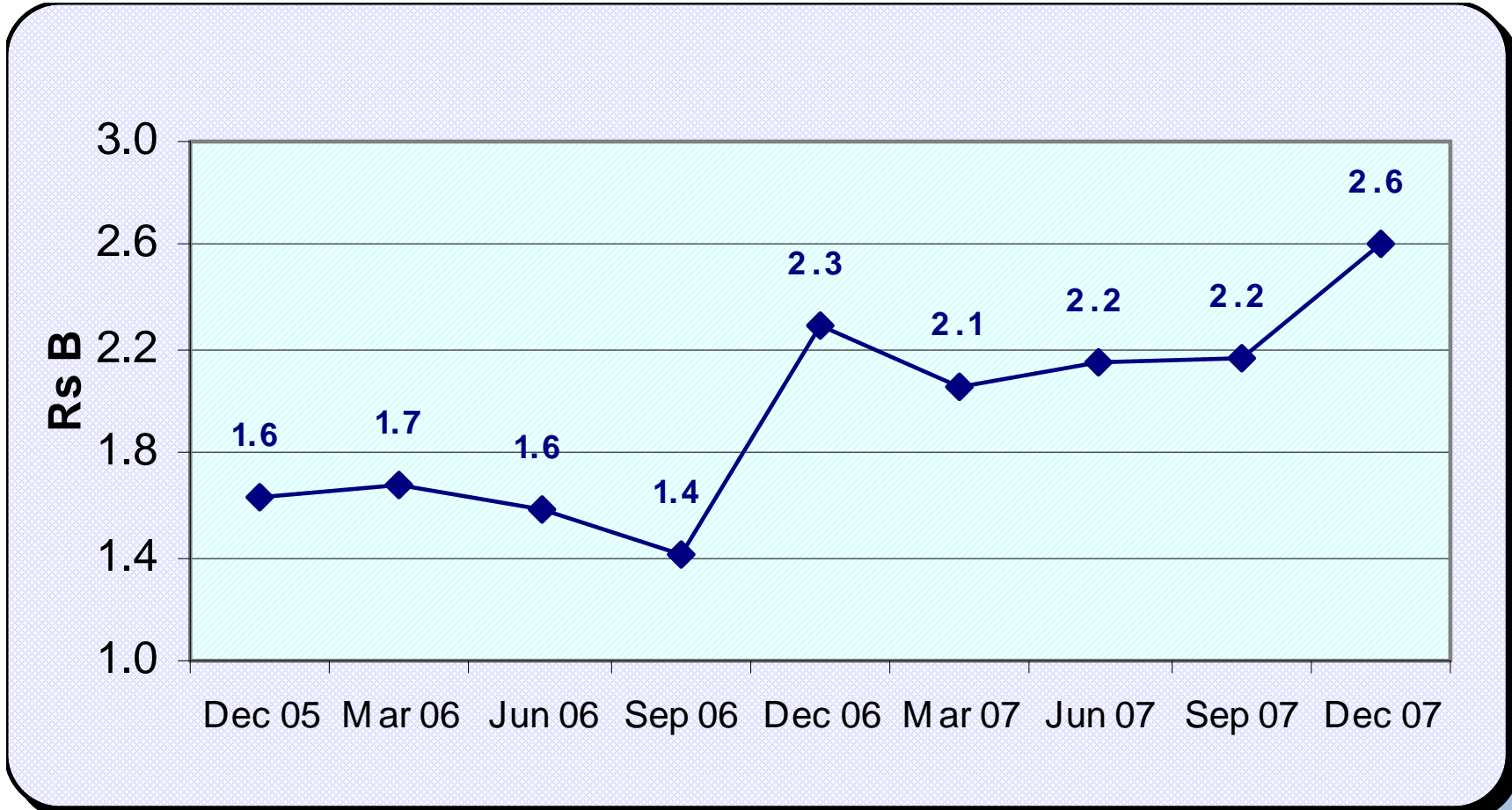
Net Interest Income



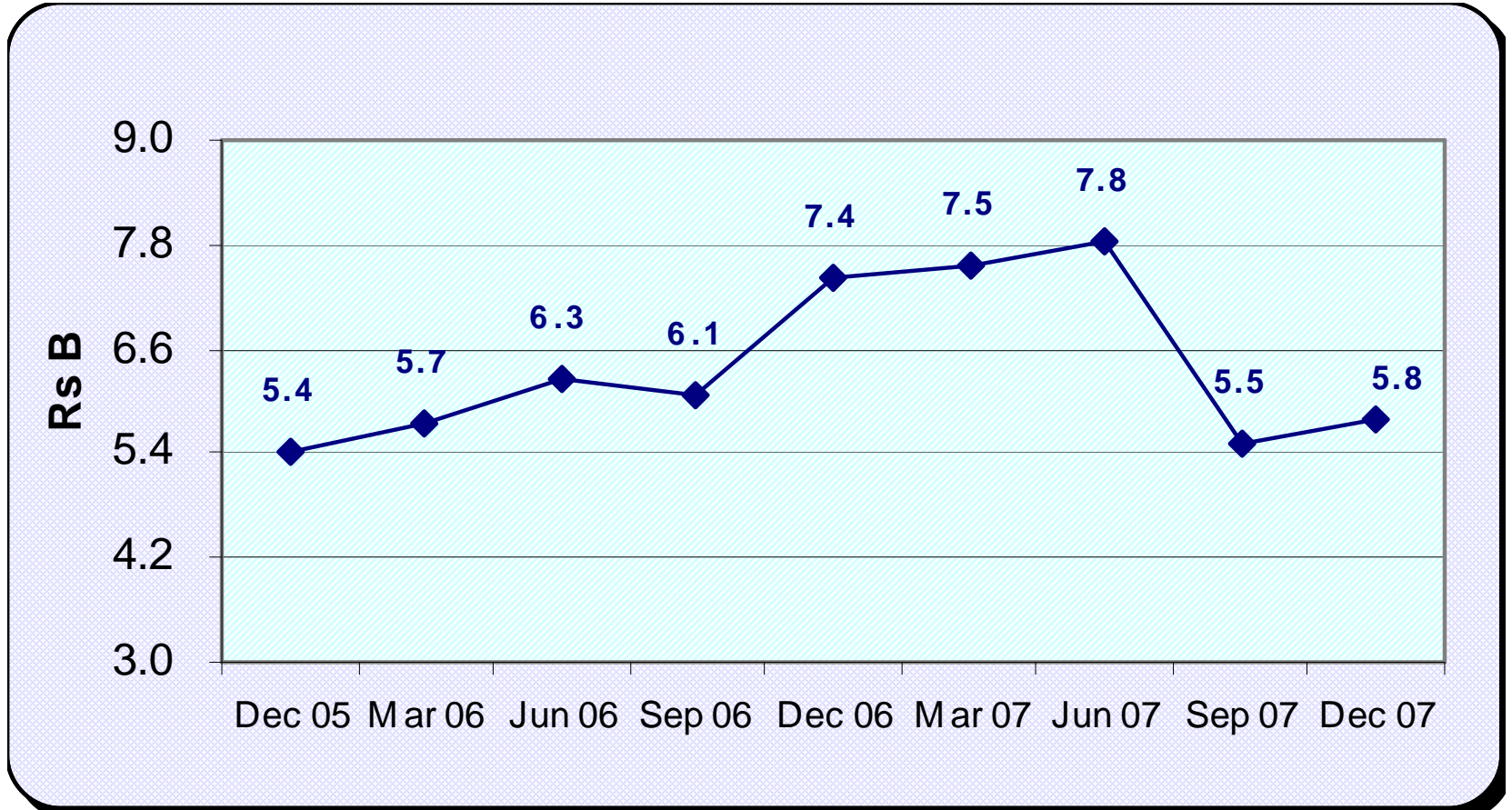
Net Provision



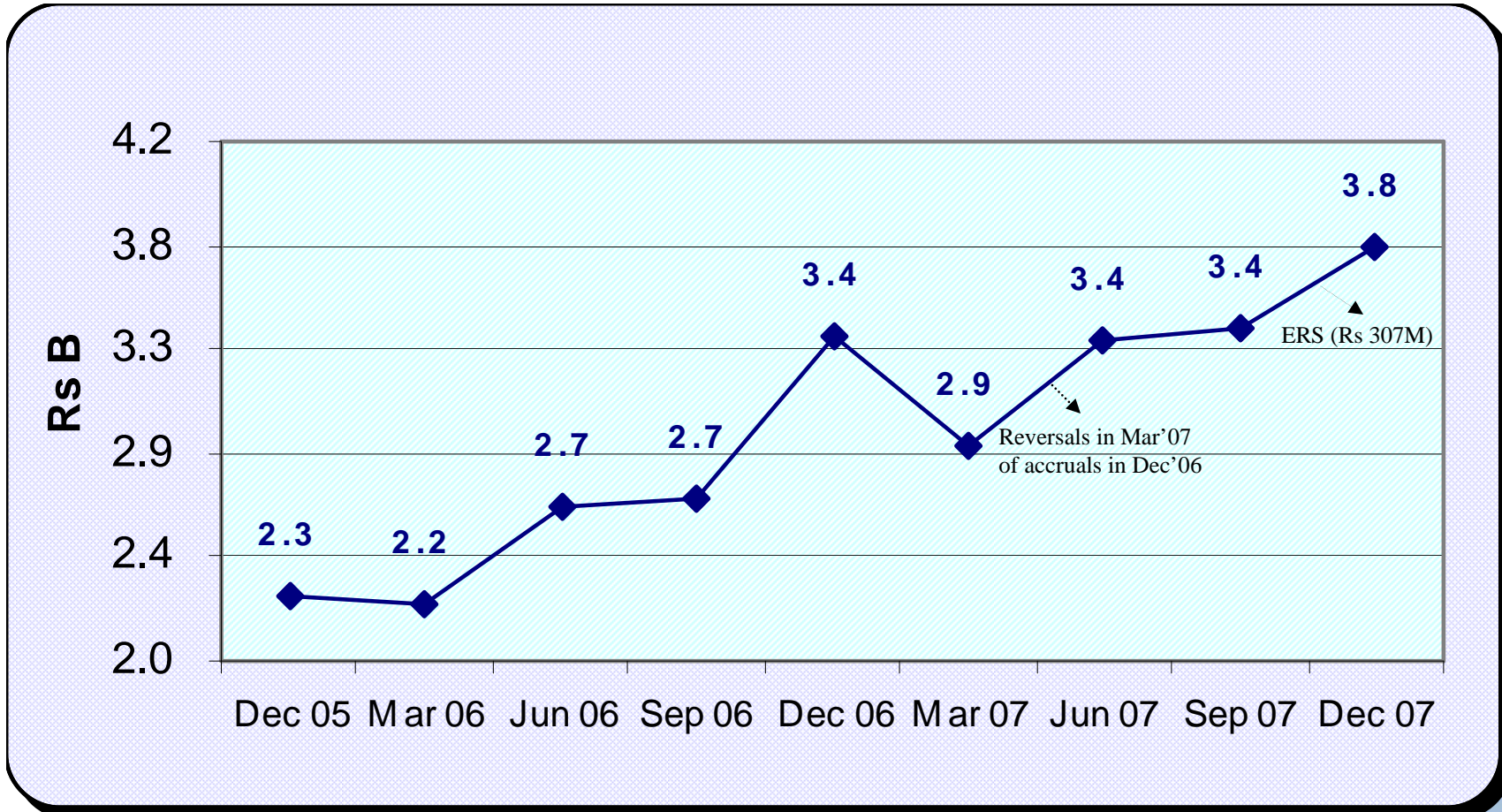
Non-Funded Income



Total Revenue



Administrative Expenses



The information contained herein reflects our latest business statement as at December 31, 2007

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