

United Bank Limited
Performance Review (Consolidated)
1H 2008

July 28, 2008

Key Highlights

Profitability

- PBT up 1% y-o-y at Rs. 9.2B
- Non Interest Income up 47%; strong fee income and derivatives gains
- Net Interest income up 11%; significant increase in advances
- Provision charge Rs 2.5B of which impact of FSV withdrawal - Rs 790M
- Workers' Welfare Fund (WWF), SBP penalties & Early Retirement Scheme (ERS) impact - Rs 203M, 182M and 109M respectively

Balance Sheet

- Advances up 10% to Rs. 339B; with strong corporate growth
- Deposits up 15% to Rs 474B; domestic growth outperformed the market

Summary

	Jun 2008	Dec 2007	Change
Assets (PKR bn)	592	547	+8%
Advances (PKR bn)	339	308	+10%
Market Share-Adv-DOM	9.5%	9.4%	
Deposits (PKR bn)	474	412	+15%
Market Share-Deposits-DOM	9.6%	9.1%	
Branches	1,100	1,095	+5
Online Branches	821	802	+19
ATMs	336	326	+10
ROAA	2.1%	1.9%	
ROAE	24%	23%	
Credit Rating (JCR-VIS)	AA+/A-1+	AA+/A-1+	re-affirmed

Share Info

	Jun 2008	Dec 2007
EPS (Rs/share-annual.)	11.5	8.9
BV/share (Rs/share)	50.6	47.3
Price* - (Rs /share)	65.4	162.9*
P/E	5.7x	18.4x
P/BV	1.3x	3.4x
# of shares	1,012M	1,012M

* Share price (Dec'07) after announcement of results

Jun'08 price at 18 July'08

Dec'07 price at 19 Feb'08 - adjusted for bonus shares

Income Statement (PKR bn)

	QTD Jun'08	QTD Mar'08	% Change	6 month Jun'08	6 month Jun'07	% Change
Net Interest Income	6.99	6.56	+7%	13.55	12.22	+11%
Non Interest Income	3.22	3.36	-4%	6.58	4.46	+47%
Operating Revenue	10.20	9.92	+3%	20.12	16.68	+21%
Operating Expense	(3.94)	(3.74)	+5%	(7.69)	(6.68)	+15%
Pre-Provision Oper.Profit	6.26	6.18	+1%	12.44	10.00	+24%
Provision Exp./Other writeoffs	(1.48)	(1.25)	+19%	(2.73)	(0.87)	+215%
WWF / ERS / SBP Penalty	(0.29)	(0.20)	+47%	(0.49)	(0.00)	-
Profit before Tax	4.48	4.73	-5%	9.21	9.13	+1%
Profit after Tax	2.70	3.16	-15%	5.86	5.78	+1%

Balance Sheet (PKR bn)

	Jun'08	Dec'07	% Change	Mix- Jun'08	Mix- Dec'07
Cash & bank balances	93.4	68.6	+36%	16%	13%
Investments	111.1	114.0	-3%	19%	21%
Advances	338.7	308.3	+10%	57%	56%
Fixed assets	20.0	19.0	+5%	3%	3%
Total Assets	592.2	546.8	+8%	100%	100%
Deposits	474.4	412.1	+15%	88%	83%
Borrowings	34.2	59.5	-43%	6%	12%
Total Liabilities	541.0	498.9	+8%	100%	100%
Shareholder equity	44.3	38.5	+15%	87%	80%
Surpl/(Def.) on reval.of assets	6.9	9.4	-26%	13%	20%
Total Equity	51.2	47.9	+7%	100%	100%

Financial Ratios

	QTD Jun'08	QTD Mar'08	6 month Jun'08	6 month Jun'07	Full year Dec'07
Loan/Deposits	71.4%	78.7%	71.4%	69.4%	74.8%
ROAE	21.7%	26.2%	23.6%	32.8%	22.8%
ROAA	1.9%	2.3%	2.1%	2.4%	1.9%
Cost/Income Ratio*	44.5%	42.9%	43.7%	41.9%	50.9%
Gross NPLs/Gross Advances	6.5%	6.8%	6.5%	6.1%	6.9%
Net NPLs/Gross Advances	1.8%	2.0%	1.8%	2.0%	1.9%
Coverage Ratio	78.0%	76.9%	78.0%	74.7%	77.9%
CAR Ratio	12.7%	13.1%	12.7%	12.4%	12.4%
Tier 1 CAR Ratio	8.1%	8.3%	8.1%	9.3%	8.8%

* excluding WWF / ERS

Deposit Structure

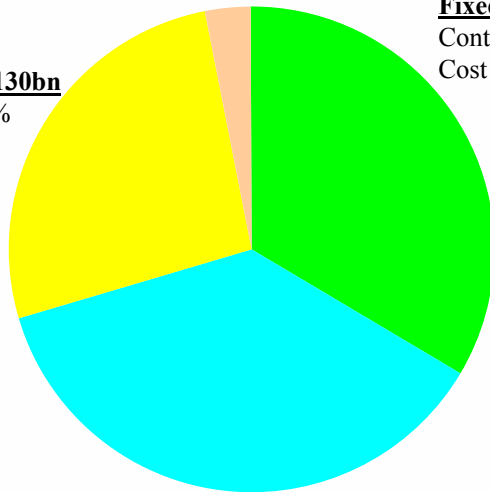
Deposit Mix (YTD Jun 08) - Bank (Parent Company)

Other Deposits – PKR 11bn

Contribution 2%
Cost 0.0%

Fixed Deposits – PKR 163bn

Contribution 35%
Cost 6.5%



Current Deposits – PKR 130bn

Contribution 28%
Cost 0%

Saving Deposits – PKR 161bn

Contribution 35%
Cost 3.5%

Total Deposits = PKR 466 bn

Cost of Deposits = 3.6%

CASA = 62%

Cost of Deposits

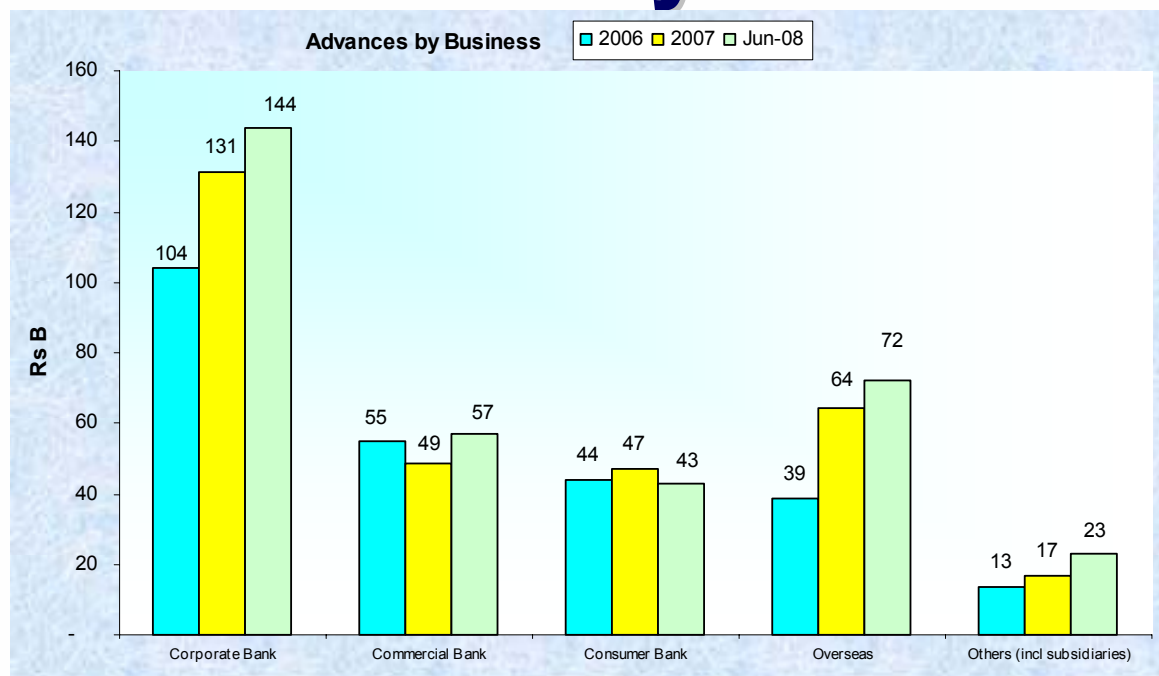
	QTD Mar'08		QTD Jun'08	
	Period end Rs B	Avg.Yield /Cost	Period end Rs B	Avg.Yield /Cost
Saving deposits	151	3.1%	161	3.9%
Current deposits	111	0.0%	130	0.0%
Term deposits	137	6.8%	163	6.3%
Other deposits	10	0.1%	11	0.0%
Total deposits	408	3.5%	466	3.6%

CASA	64%	62%
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Domestic deposits	329	3.6%	368	3.9%
International deposits	78	3.0%	97	2.4%

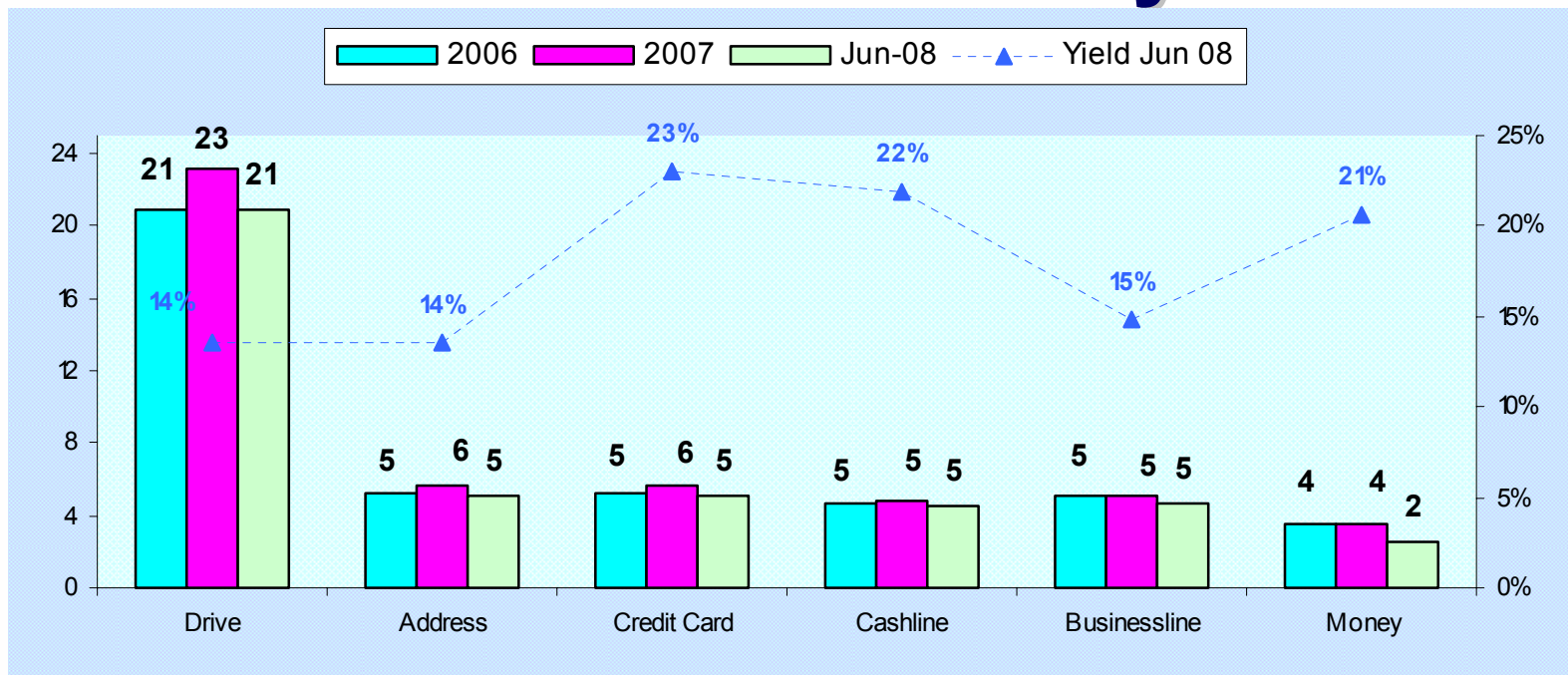
Domestic CASA	72%	71%
International CASA	28%	27%

Advances by Business



Net Advances	Jun'08	Dec'07	% Change	Mix 08	Yield 08	Yield 07
Corporate Bank	143.8	131.1	+10%	56%	11.0%	10.4%
Commercial Bank	57.0	48.8	+17%	22%	12.8%	12.4%
Consumer Bank	42.7	47.2	-9%	17%	16.3%	15.5%
Others (COT / Staff)	12.7	8.0	+59%	5%	9.0%	8.4%
Domestic	256.2	235.1	+9%	100%	12.2%	11.9%
Overseas	72.4	64.3	+13%		7.4%	8.1%
Bank	328.6	299.4	+10%		11.2%	11.1%
Subsidiaries	10.1	8.9	+14%			
Bank-Consolidated	338.7	308.3	+10%			

Consumer Advances by Product



	Jun'08	Dec'07	% Change	Mix 08	Yield 08	Yield 07
Drive	20.9	23.2	-10%	49%	13.5%	12.6%
Address	5.0	5.6	-10%	12%	13.5%	13.0%
Credit Card	5.1	5.6	-9%	12%	23.0%	25.0%
Cashline	4.6	4.8	-6%	11%	21.9%	19.0%
Businessline	4.6	4.8	-4%	11%	14.9%	14.4%
Money	2.5	3.2	-22%	6%	20.6%	19.6%
Total	42.7	47.2	-9%	100%	16.3%	15.5%

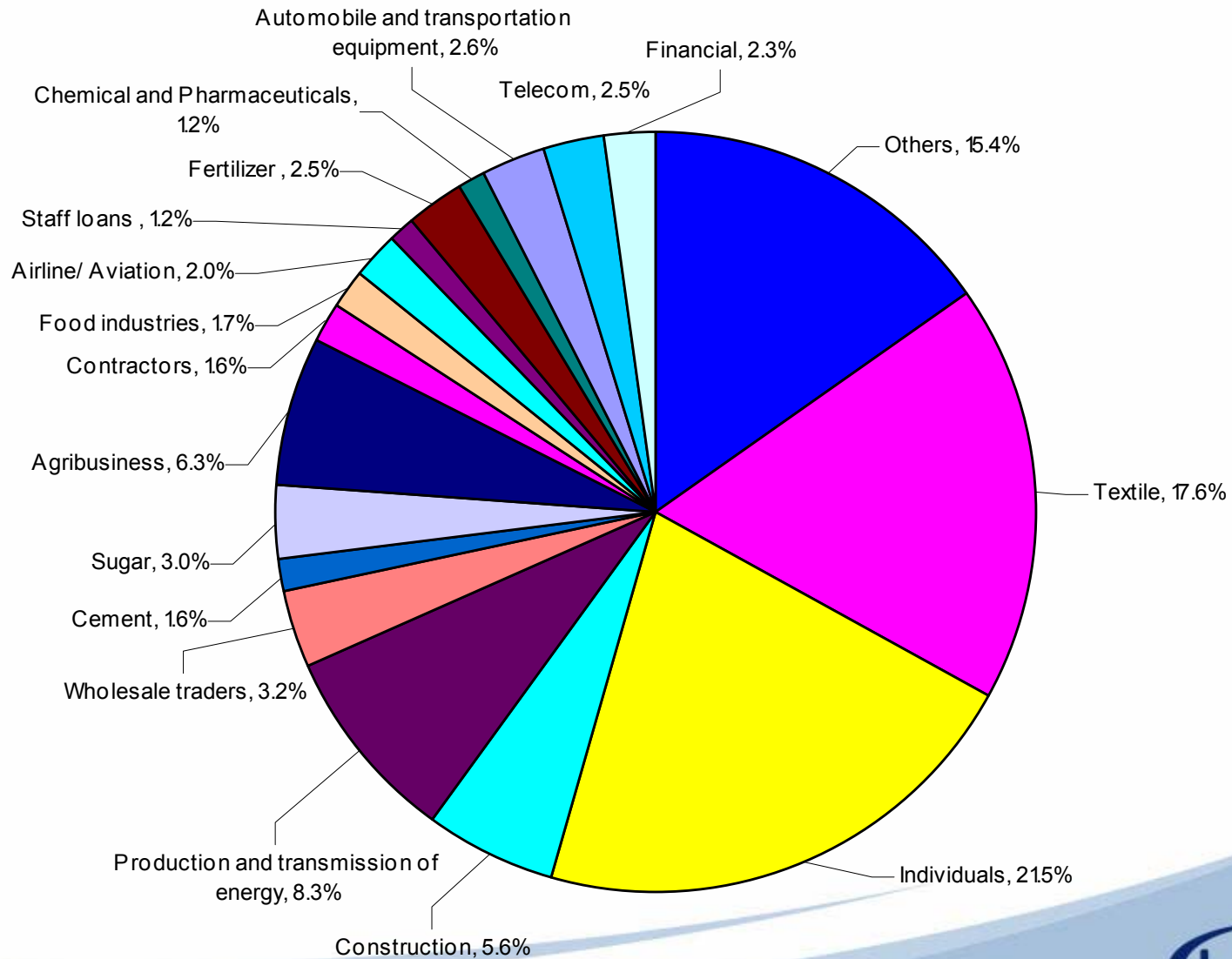
QTD – Net Interest Income (Bank Level)

	QTD Mar'08			QTD Jun'08		
	Average Balances	Interest income / (expense)	Avg.Yield /Cost	Average Balances	Interest income / (expense)	Avg.Yield /Cost
Interest Earning Assets						
Performing Advances	299,840	8,183	10.9%	326,697	9,353	11.5%
<i>Domestic</i>	234,453	6,986	12.0%	258,860	8,083	12.5%
<i>International</i>	65,387	1,197	7.3%	67,837	1,270	7.5%
Investments (earning)	99,638	2,217	8.9%	95,066	2,157	9.1%
Lending to FI	28,950	652	9.0%	21,445	377	7.0%
Others	10,782	105	3.9%	17,769	127	2.9%
Total int. earning assets (a)	439,210	11,157	10.2%	460,977	12,013	10.5%
Interest bearing liabilities						
Saving deposits	154,446	(1,208)	3.1%	155,817	(1,501)	3.9%
Current deposits	103,141	-	0.0%	111,356	-	0.0%
Term deposits	134,088	(2,258)	6.8%	147,421	(2,316)	6.3%
Other deposits	9,714	(2)	0.1%	10,258	(1)	0.0%
Total deposits	401,389	(3,468)	3.5%	424,852	(3,818)	3.6%
Sub-ordinated loan	11,255	(297)	10.6%	11,995	(315)	10.5%
REPO	28,843	(675)	9.4%	23,823	(565)	9.5%
Other Borrowings	15,443	(321)	8.3%	23,864	(495)	8.3%
Total int. bearing liabilities (b)	456,930	(4,762)	4.2%	484,535	(5,192)	4.3%
Net Interest Margin (a-b)		6,395	6.0%		6,821	6.2%

Spread Analysis (Bank Level)

	YTD June 2007			YTD June 2008		
	Average Balances	Interest income / (expense)	Avg.Yield /Cost	Average Balances	Interest income / (expense)	Avg.Yield /Cost
Interest Earning Assets						
Performing Advances	261,982	14,678	11.3%	314,605	17,527	11.2%
<i>Domestic</i>	206,514	12,607	12.3%	247,657	15,071	12.3%
<i>International</i>	55,468	2,071	7.5%	66,948	2,456	7.4%
Investments (earning)	78,970	3,554	9.1%	97,345	4,373	9.1%
Lending to Financial Institutions	23,465	1,038	8.9%	24,281	1,029	8.5%
Others	21,514	417	3.9%	14,278	139	2.0%
Total interest earning assets (a)	385,931	19,686	10.3%	450,509	23,068	10.3%
Non Interest Earning Assets						
Non -performing Advances	3,123	-	-	4,463	-	0.0%
Non- interest bearing Investments	7,213	-	-	10,515	-	0.0%
Fixed Assets	5,337	-	-	17,355	-	0.0%
Other Assets	38,771	-	-	55,045	-	0.0%
Total Assets (A)	440,375	19,686	9.0%	537,886	23,068	8.6%
Interest bearing liabilities						
Saving deposits	130,895	(1,452)	2.2%	155,169	(2,709)	3.5%
Current deposits	85,744	-	0.0%	107,349	-	0.0%
Term deposits	124,281	(4,675)	7.6%	140,960	(4,575)	6.5%
Other deposits	9,837	(6)	0.1%	9,997	(2)	0.0%
Total deposits	350,757	(6,133)	3.5%	413,475	(7,286)	3.6%
Sub-ordinated loan	5,998	(297)	10.0%	11,626	(611)	10.6%
Borrowings	34,263	(1,355)	8.0%	45,970	(1,955)	8.6%
Total interest bearing liabilities (b)	391,018	(7,785)	4.0%	471,071	(9,852)	4.2%
Non Interest bearing liabilities						
Equity	29,719	-		41,125		
Bills Payable	5,082	-		6,169		
Other liabilities	14,557	-		19,521		
Total non interest bearing liabilities	49,357	-		66,815	-	
Total Liabilities (B)	440,375	(7,785)	3.6%	537,886	(9,852)	3.7%
Net Interest Margin (a-b)	-	-	6.3%	-	-	6.1%
NRFF / Spread (A-B)	-	11,901	5.4%	-	13,216	5.0%

Concentration of Advances



Non Interest Income (PKR mm)

	QTD Jun'08	QTD Mar'08	% Change	6 month Jun 08	6 month Jun 07	% Change	Full year Dec'07
Commission on consumer loan	396	386	+3%	782	750	+4%	1,478
Minimum balance charges	160	113	+41%	273	259	+5%	518
Commission on trade	332	318	+4%	650	495	+31%	1,022
Commission on remittances/uniremote	143	121	+18%	263	204	+29%	434
Commission on utility bills	48	50	-4%	98	114	-14%	215
Commission on ATM/debit card	52	35	+49%	87	70	+24%	142
Corp.service charges / facility fee (Intl)	76	16	+388%	91	58	+58%	175
Corporate finance fee	150	173	-13%	323	144	+124%	311
Other commission	245	239	+3%	484	406	+19%	871
Sub total - fee, commission income	1,601	1,450	+10%	3,051	2,498	+22%	5,166
Capital gain	57	251	-77%	308	514	-40%	834
Dividend income	219	27	+696%	246	339	-27%	549
Exchange income	478	250	+91%	728	423	+72%	827
Gain on Derivatives	405	558	-27%	963	22	-	281
Recoveries from client	125	127	-1%	252	264	-5%	527
Other income	178	310	-43%	487	154	+217%	808
Total non funded income	3,062	2,973	+3%	6,034	4,214	+43%	8,992
Subsidiaries	303	268	+13%	572	133	+331%	616
Share of (loss) / income of associates	(149)	122	-222%	(27)	117	-123%	323
Total non funded income-Consol.	3,216	3,363	-4%	6,579	4,464	+47%	9,931

Operating Expenses (PKR mm)

	QTD Jun'08	QTD Mar'08	% Change	6 month Jun 08	6 month Jun 07	% Change	Full year Dec'07
Personnel cost	1,636	1,671	-2%	3,307	3,132	+6%	6,190
Premises cost	578	510	+13%	1,088	635	+71%	1,491
Outsourced serv.charges incl. sales comm	399	347	+15%	746	638	+17%	1,293
Advertisement and publicity	67	75	-11%	142	245	-42%	619
Communications / courier charges	173	125	+38%	298	251	+19%	548
Depreciation	195	213	-8%	408	269	+51%	581
Legal and professional charges	53	33	+60%	86	180	-52%	401
Banking service charge	108	87	+24%	195	163	+20%	361
Stationery and printing	75	54	+39%	129	128	+0%	286
Traveling	40	27	+48%	67	84	-19%	164
Repairs and maintenance	33	32	+4%	65	56	+15%	120
Insurance expense	4	28	-86%	32	26	+21%	87
Office running expenses	28	23	+21%	51	38	+35%	81
Entertainment	25	17	+48%	42	32	+34%	67
Cartage, freight and conveyance	17	14	+25%	31	26	+22%	60
Sub-Debt cost	1	21	-94%	23	1	+3677%	20
Other expenses	214	198	+8%	412	368	+12%	724
Total Operating Cost - Bank	3,646	3,475	+5%	7,121	6,271	+14%	13,093
Subsidiaries	297	269	+10%	566	409	+38%	836
Total Operating Cost - Consolidated	3,943	3,744	+5%	7,687	6,680	+15%	13,929

* Excluding ERS / WWF

E-Banking

<i>E-Banking</i>	<i>Jun-08</i>	<i>Dec-07</i>	<i>Dec-06</i>	<i>% Change</i>
# of ATMs	336	326	210	+55%
# of Transactions (M)	6.0	9.5	5.9	+60%
Average transactions per day	33k	26k	16k	+63%
Total transaction amount (Rs B)	32	48	29	+65%
Average transaction size (Rs 000)	5.3	5.0	4.9	+3%
Average monthly transactions per ATM (Rs M)	16	12	11	+6%
<i>Internet Banking</i>				
Users	45,077	37,408	23,472	+59%
Total # of transactions (000)	111	148	64	+133%
Total transaction amount (Rs M)	4,730	2,089	404	+417%
Average transaction size (Rs 000)	43	14	6	+122%
<i>Click N Remit</i>				
Users	21,597	19,950	16,800	+19%
Total # of transactions (000)	39	79	65	+21%
Total transaction amount (US\$ M)	34	70	65	+8%
Average transaction size (US\$)	881	885	989	-11%
<i>Home Remittances</i>				
Total # of transactions (000)	301	595	544	+9%
Total transaction amount (US\$ M)	649	709	562	+26%
Average transaction size (US\$)	2,158	1,192	1,033	+15%

Financial Ratios (1 of 3)

DuPont	Yearly			YTD	QTD (Annualized)	
	2005	2006	2007	Jun 08	Mar-08	Jun-08
Net Interest Yield ¹	4.5%	5.4%	5.0%	4.8%	4.8%	4.9%
Net Interest Margin ²	5.4%	6.4%	6.1%	5.8%	5.7%	5.9%
Non Interest Yield ³	1.7%	1.8%	2.0%	2.3%	2.4%	2.2%
Operating Exp. / Assets	2.6%	2.9%	2.9%	2.8%	2.7%	3.0%
Cost Income Ratio	46.4%	44.5%	50.8%	46.0%	43.4%	48.5%
Loan Loss / Assets	0.4%	0.6%	1.3%	0.9%	0.9%	0.9%
Loan Loss / RWA ⁴	0.7%	0.8%	1.8%	1.2%	1.1%	1.2%
Effective Tax Rate	36.5%	33.3%	33.0%	36.4%	33%	40%
Pre-Provision ROA ⁵	2.2%	2.8%	2.8%	2.6%	2.9%	2.4%
ROA	1.9%	2.4%	1.9%	2.1%	2.3%	1.9%
Return on RWA	3.0%	3.5%	2.6%	2.7%	3.0%	2.4%
Pre-Provision ROE ⁶	32.4%	38.9%	33.4%	30.2%	32.9%	28.2%
ROE	28.3%	33.7%	22.8%	23.6%	26.2%	21.7%

Formulas

1. Net interest income / average assets
2. Net interest income / average earning assets
3. Non interest income / average assets
4. Risk weighted assets
5. Return on avg. assets (before net provisions)
6. Return on average equity (before net provisions)

Financial Ratios (2 of 3)

Asset Quality	Yearly			YTD	QTD (Annualized)	
	2005	2006	2007	Jun 08	Mar-08	Jun-08
Gross NPLs / Gross Loan	7.7%	6.2%	6.9%	6.5%	6.8%	6.5%
Net NPLs / Gross Loan	1.7%	1.6%	1.9%	1.8%	2.0%	1.8%
Coverage Ratio	84.8%	82.6%	77.9%	78.0%	76.9%	78.0%
Prov. held / Gross loan	6.0%	4.6%	4.9%	4.7%	4.8%	4.7%
Prov. Exp. / Gross loan	0.6%	0.8%	2.0%	1.4%	1.4%	1.5%

Growth	Yearly			YTD	QTD (Annualized)	
	2005	2006	2007	Jun 08	Mar-08	Jun-08
Growth in Loan Book	41.8%	21.2%	21.0%	9.9%	6.4%	3.3%
Growth in Deposits	25.1%	16.0%	19.9%	15.1%	1.1%	13.8%
Operating Revenue	57.0%	43.8%	21.3%	20.6%	6.8%	2.8%
Operating Expense	14.6%	38.3%	22.5%	19.7%	-4.7%	12.4%
Pre-provision Oper.Profit	115.7%	47.8%	20.6%	19.4%	12.3%	-0.2%
Provision exp./Other prov.	466.0%	39.3%	170.0%	215.4%	-57.3%	18.7%
Profit After Tax	61.4%	56.7%	-4.4%	1.4%	70.0%	-14.6%

Financial Ratios (3 of 3)

Other Metrics	Yearly			YTD	QTD (Annualized)	
	2005	2006	2007	Jun 08	Mar-08	Jun-08
Capital Adequacy Ratio	10.7%	12.2%	12.4%	12.7%	13.1%	12.7%
Tier-I CAR	7.7%	8.9%	8.8%	8.1%	8.3%	8.1%
Loan / Deposits	70.9%	74.1%	74.8%	71.4%	78.7%	71.4%
Loan / Assets	58.7%	58.4%	56.4%	57.2%	59.2%	57.2%
RWA / Assets	66.8%	72.6%	73.1%	77.3%	77.8%	77.3%
Average Headcount ²	9,366	9,658	9,702	9,244	9,296	9,008
Personnel cost / Headcount (000)	474.2	627.7	679.4	715.5	719.1	726.6
Yield on Earning Assets ³	7.6%	10.0%	10.3%	10.2%	9.9%	10.4%
Cost of Funds ⁴	2.1%	3.4%	4.0%	4.0%	4.0%	4.2%
Yield on Performing Adv	8.4%	11.2%	10.9%	11.2%	10.7%	11.6%
Cost of Deposits	1.9%	3.1%	3.6%	3.3%	3.4%	3.5%

Formulas

2. *Permanent Staff*

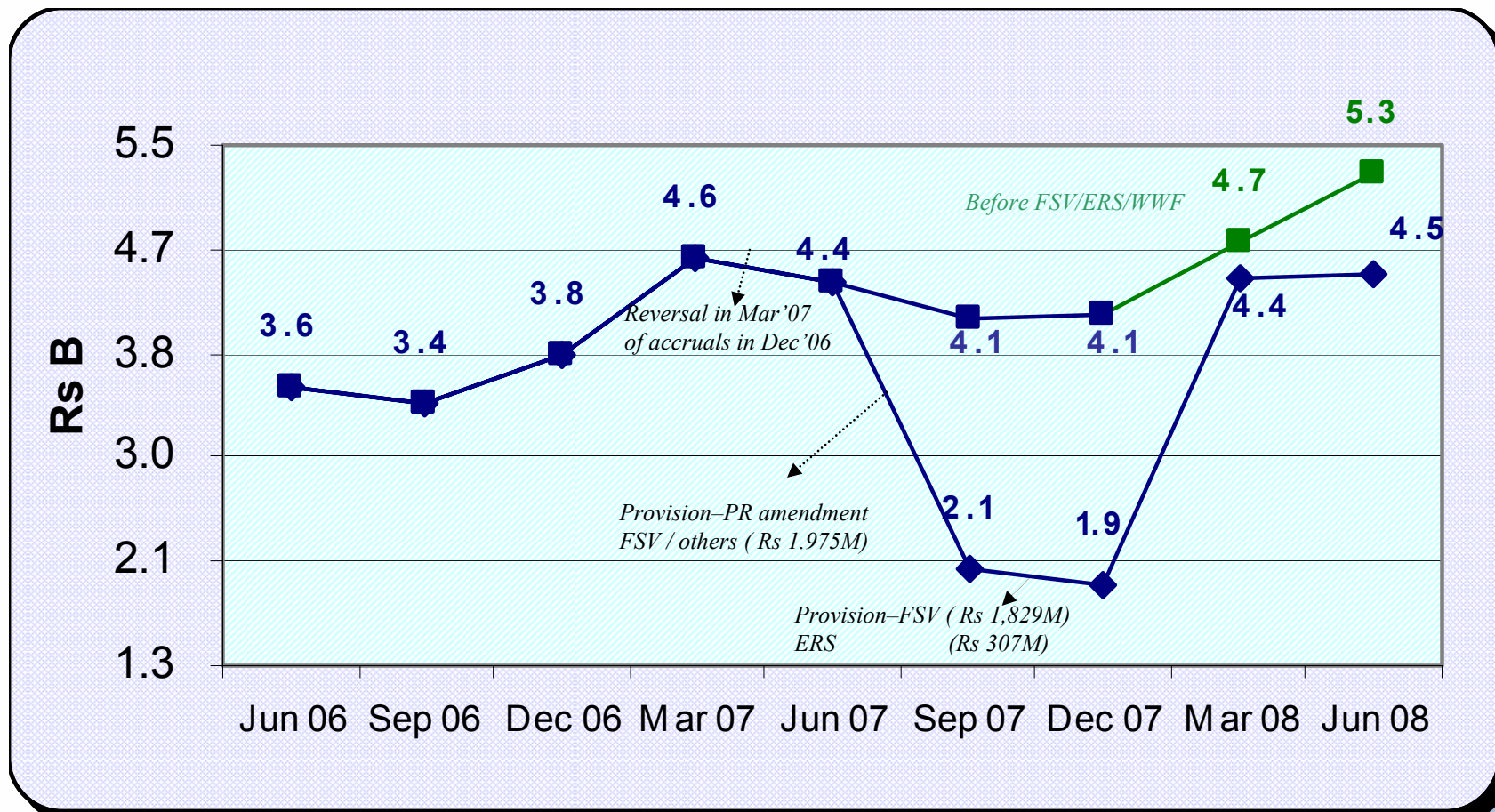
3. *Earning assets incl bal.with other banks, lending to F.I., investments & perf adv*

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

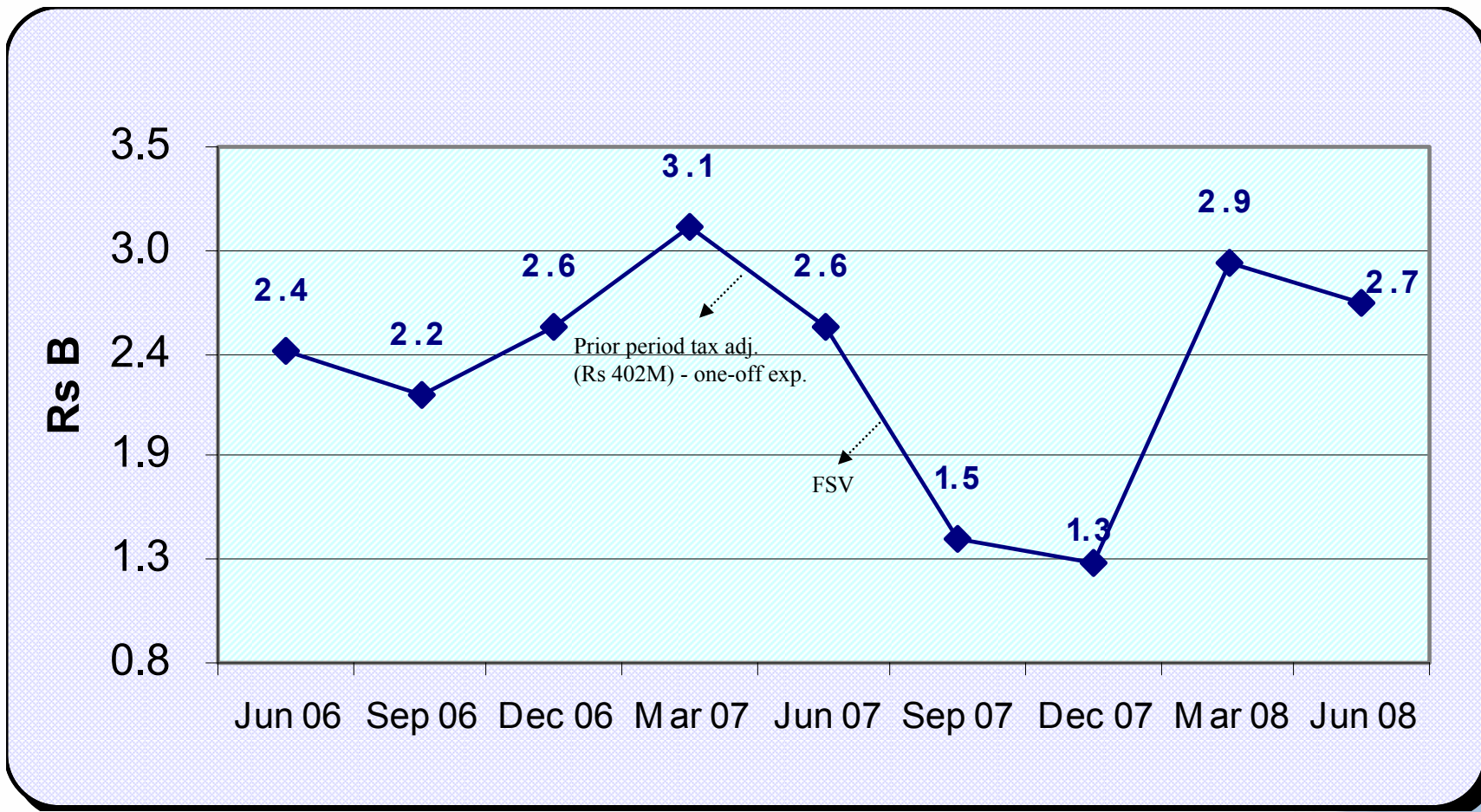
Quarterly Trend Analysis

Bank Level

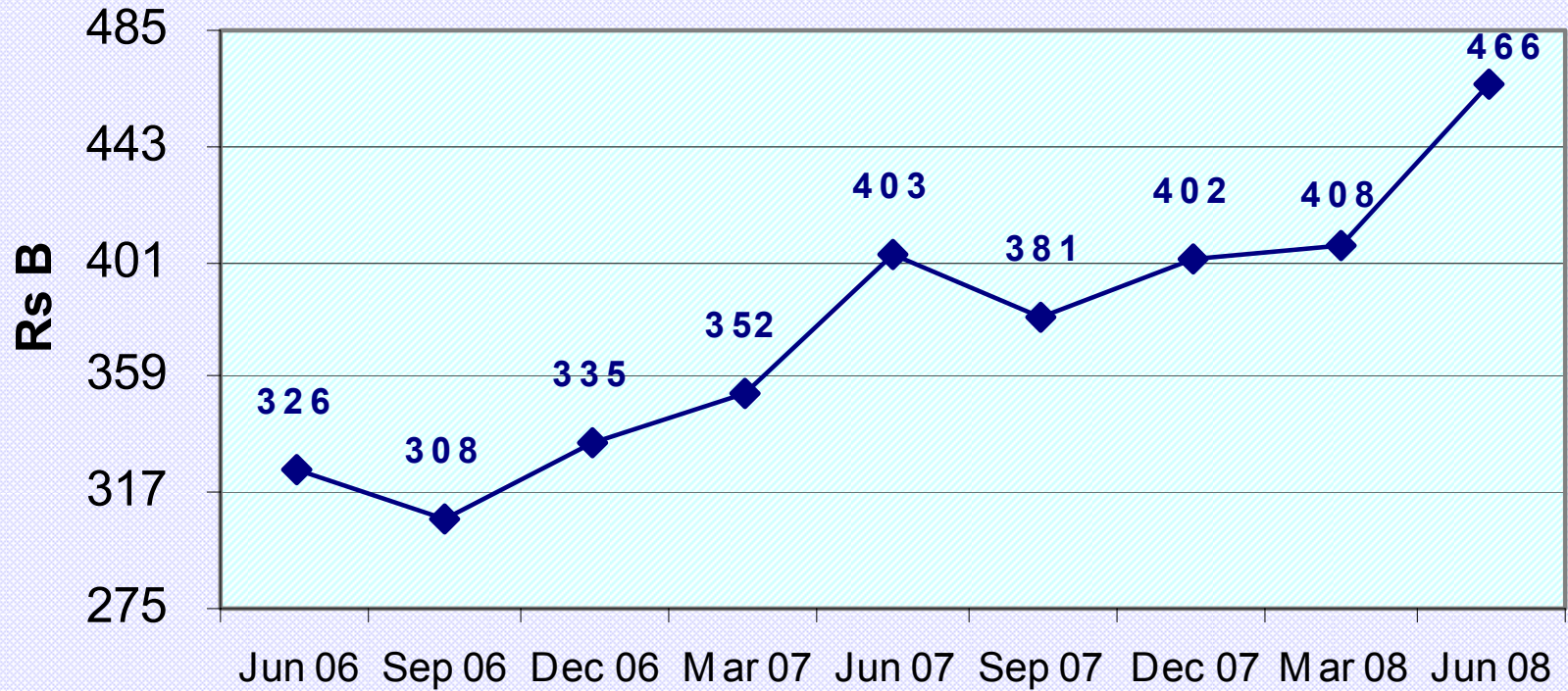
Profit Before Tax



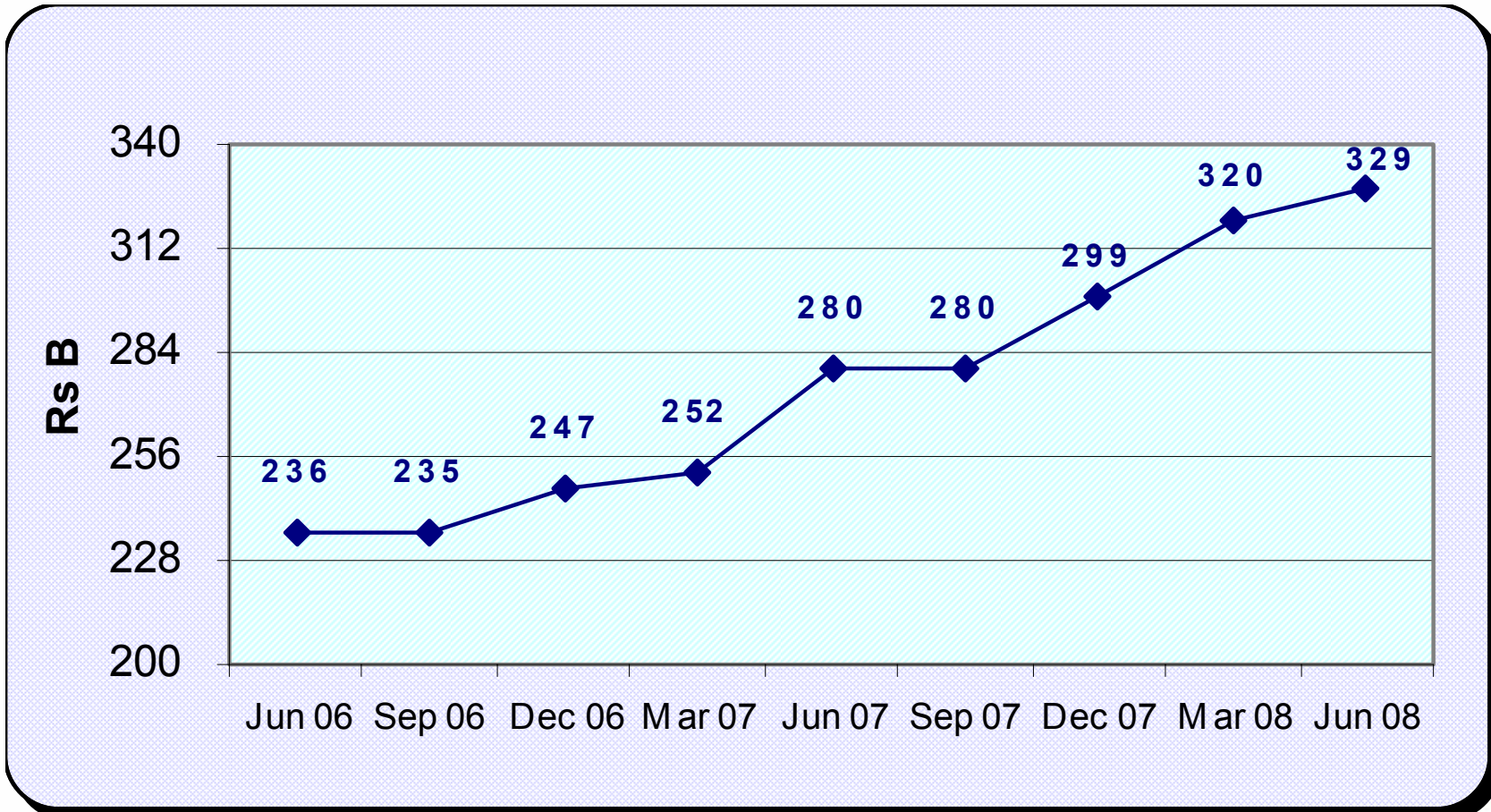
Profit after Tax



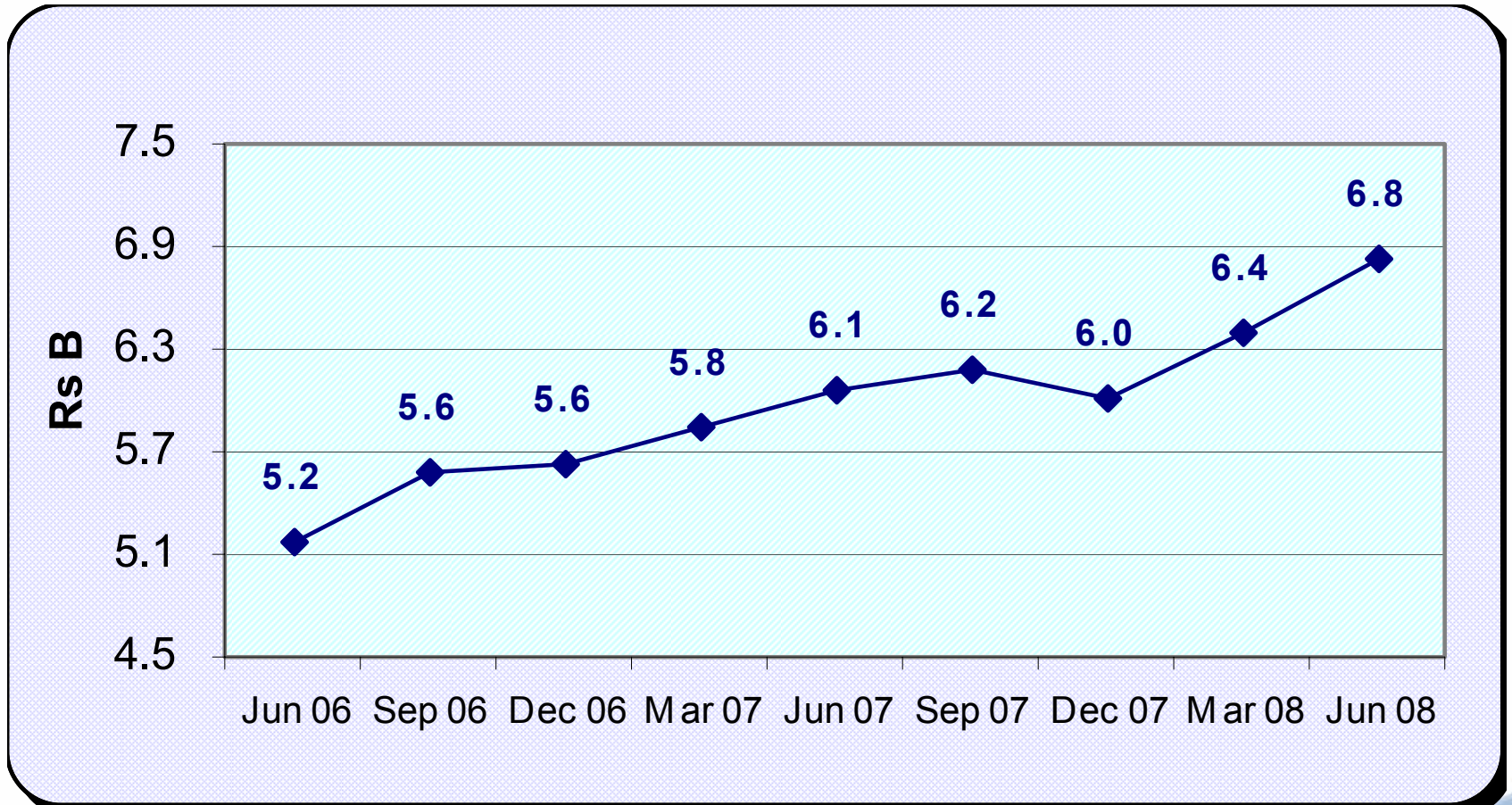
Deposits



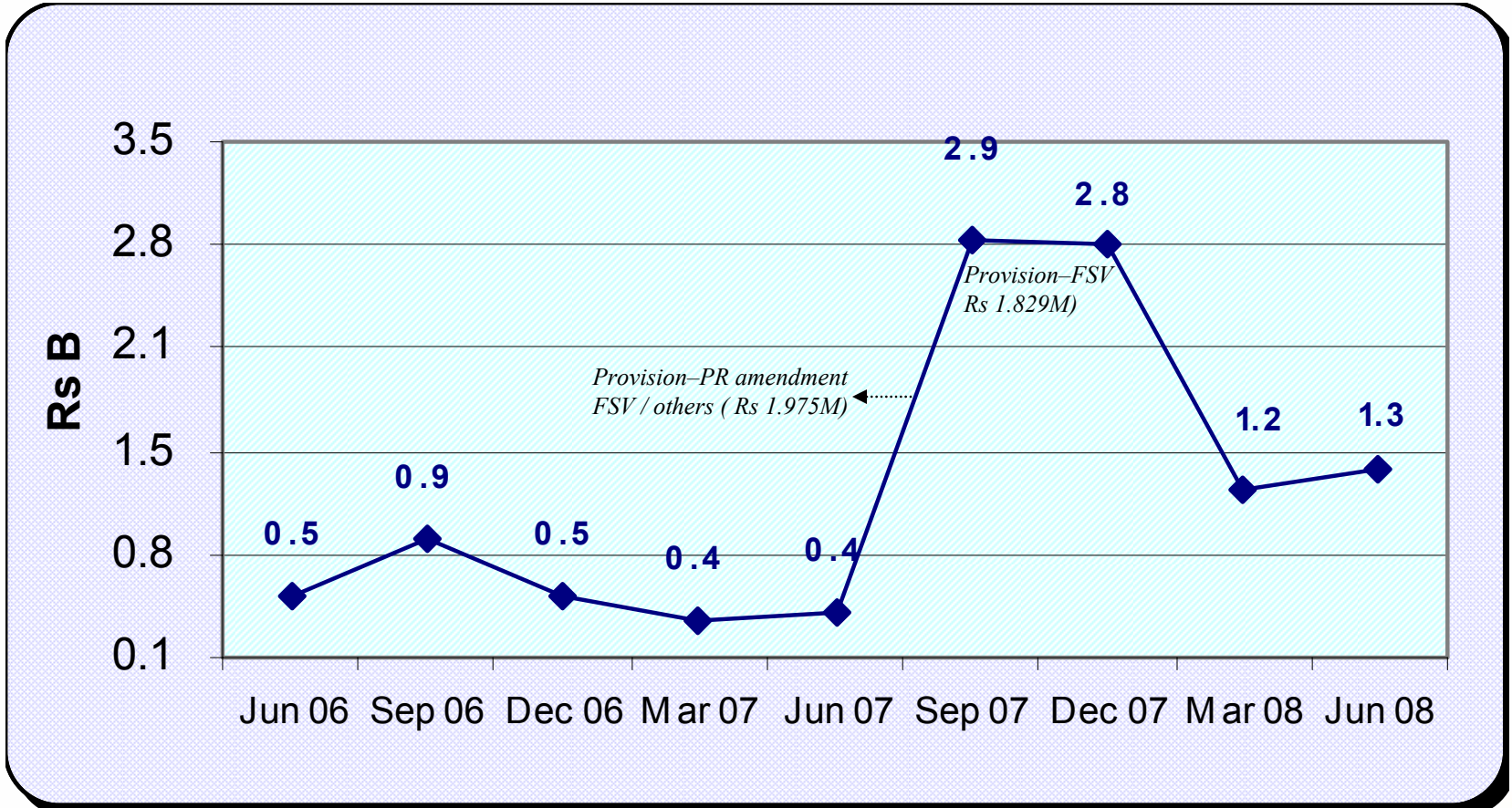
Advances



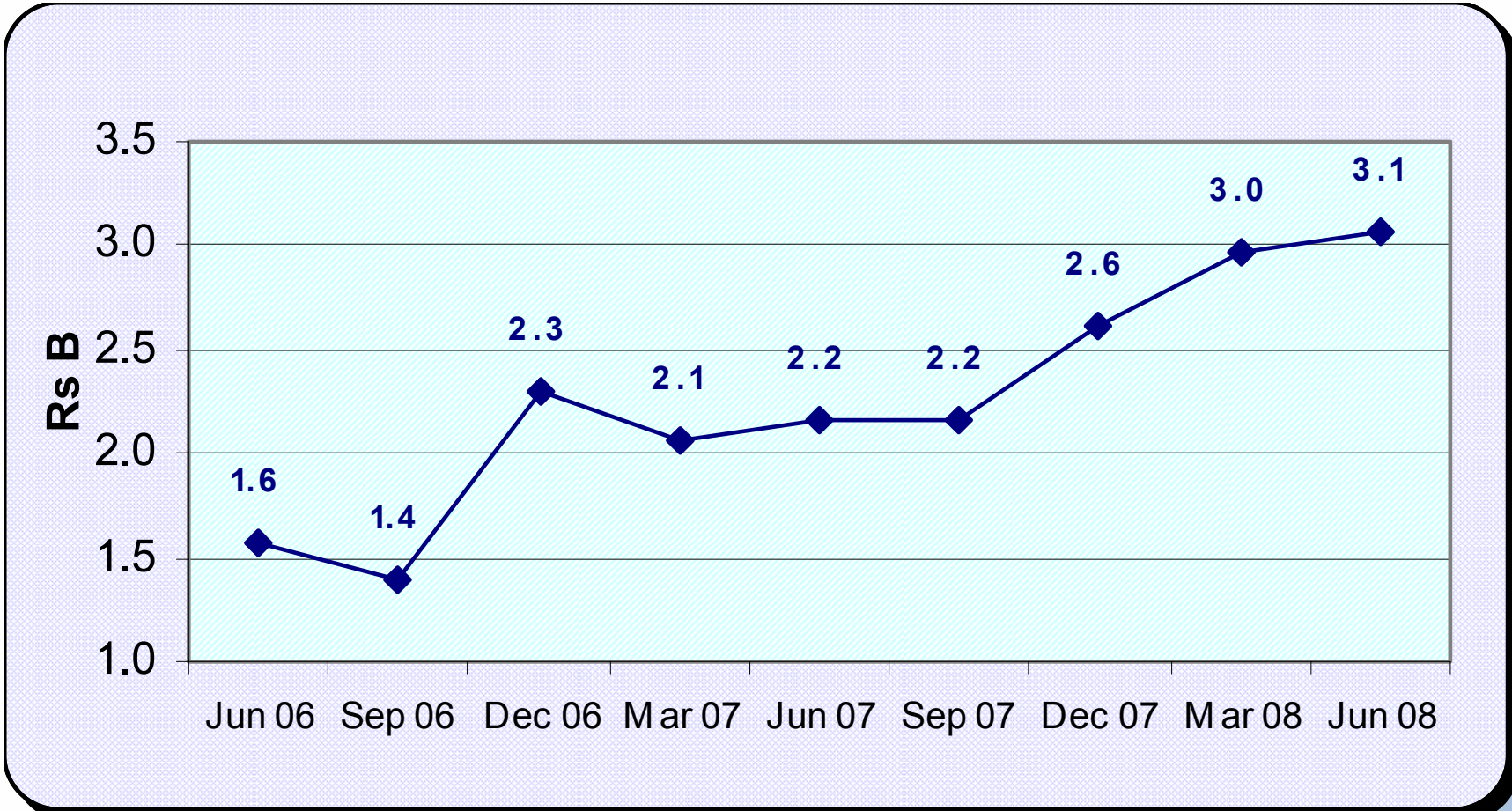
Net Interest Income



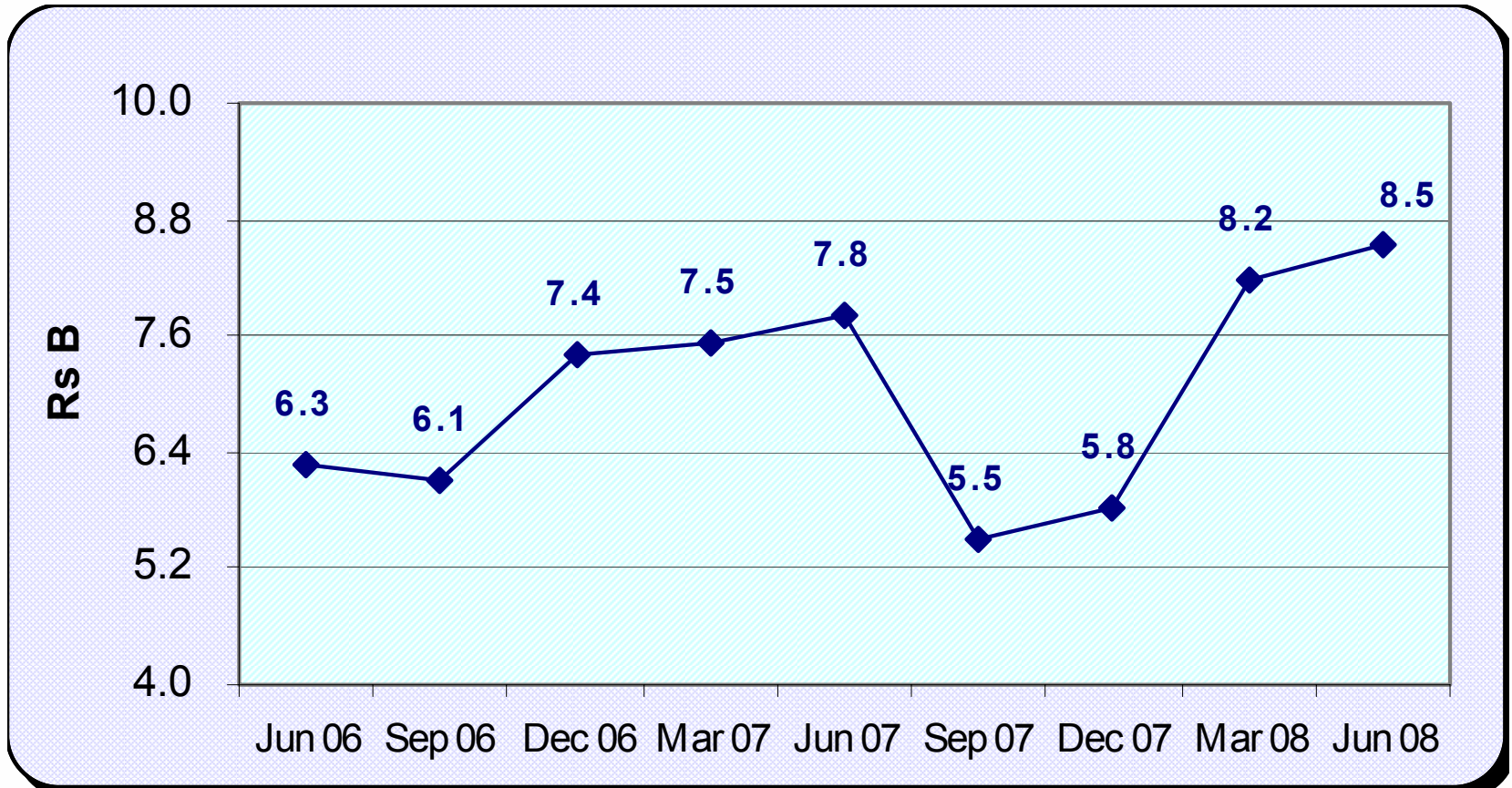
Net Provision



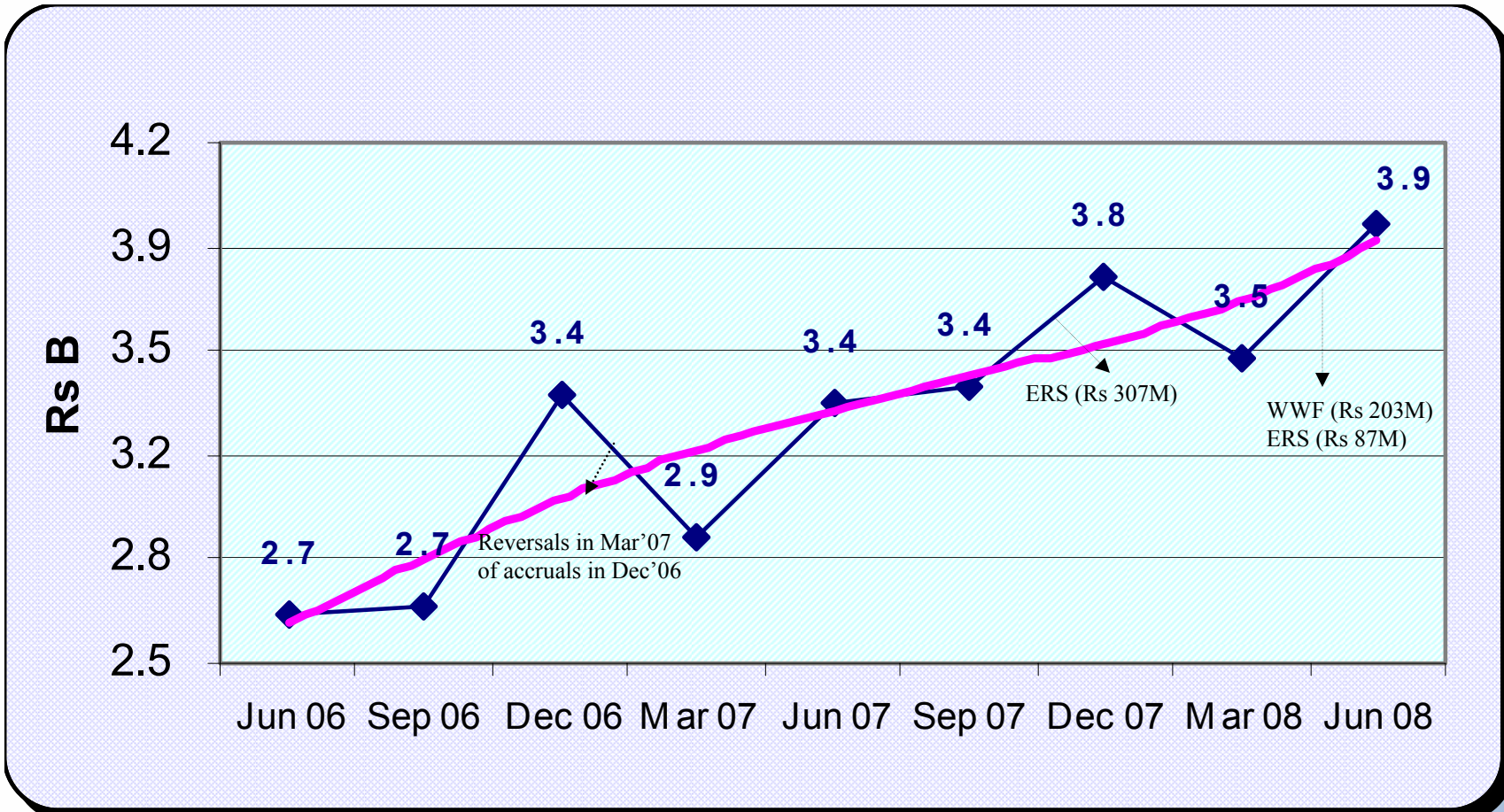
Non-Funded Income



Total Revenue



Administrative Expenses



The information contained herein reflects our latest business statement as at June 30, 2008

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