



United Bank Limited
Performance Review (Consolidated)
3Q 2008

October 28, 2008



Key Highlights

Profitability

- PBT up 23% yoy at Rs. 14.0B
- Non Interest Income up 40%; derivatives gains and strong fee income
- Net Interest income up 15%; significant increase in advances
- Provision charge of Rs 4.2 B, 11% up yoy
- Milestone reached by successful automation of all 1082 domestic branches
- Workers' Welfare Fund (WWF) and SBP penalties impact - Rs 305M, 181M respectively (first time)

Balance Sheet

- Advances up 21% to Rs. 374 B; Domestic +13% ; Intl +55%
- Deposits up 13% to Rs 465 B; Domestic + 5% ; Intl +51%

Market Developments

- Discount rate increased to 13% in July
- CRR reduced from 9% to 5% by Nov 15th – Impact of Rs. 12 B
- Removal of SLR on time deposits over 1 year – Impact of Rs. 8.6 B
- Adv to Dep Ratio (ADR) to be maintained within 70% by March 31, 2009
- Merger of KASB and Atlas group to form KASB Atlas Bank
- Consortium led by Hussain Lawai to possibly acquire:
 - Mybank and,
 - 50% of Arif Habib Bank Limited

Summary

	Sep 2008	Dec 2007	Change
Assets (PKR bn)	618	547	+13%
Advances (PKR bn)	374	308	+21%
Market Share-Adv-DOM	9.4%	9.4%	
Deposits (PKR bn)	465	412	+13%
Market Share-Deposits-DOM	9.3%	9.1%	
Branches	1,102	1,095	+7
Automated branches	1,082	926	+156
Online branches	837	802	+35
ATMs	323	313	+10
ROAA	2.1%	1.9%	
ROAE	24%	23%	
Credit Rating (JCR-VIS)	AA+/A-1+	AA+/A-1+	re-affirmed

Share Info

	Sep 2008	Dec 2007
EPS (Rs/share-annual.)	11.8	8.9
BV/share (Rs/share)	52.0	47.3
Price* - (Rs /share)	68.3	162.9
P/E	5.8x	18.4x
P/BV	1.3x	3.4x
# of shares	1,012M	1,012M

* Frozen price by August 27th

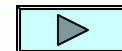
Income Statement (PKR bn)

	QTD Sep'08	QTD Jun'08	% Change	9 month Sep'08	9 month Sep'07	% Change
Net Interest Income	7.78	6.99	+11%	21.33	18.57	+15%
Non Interest Income	3.00	3.22	-7%	9.58	6.86	+40%
Operating Revenue	10.78	10.20	+6%	30.91	25.44	+21%
Operating Expense	(4.32)	(3.94)	+10%	(12.07)	(10.31)	+17%
Pre-Provision Oper.Profit	6.46	6.26	+3%	18.84	15.13	+24%
Provision Exp./Other writeoffs	(1.42)	(1.48)	-5%	(4.15)	(3.73)	+11%
WWF / ERS / SBP Penalty	(0.24)	(0.29)	-19%	(0.67)	(0.04)	-
Profit before Tax	4.81	4.48	+7%	14.02	11.36	+23%
Profit after Tax	3.20	2.70	+19%	9.05	7.38	+23%

Balance Sheet (PKR bn)

	Sep'08	Dec'07	% Change	Mix- Sep'08	Mix- Dec'07
Cash & bank balances	73.6	68.6	+7%	12%	13%
Investments	110.3	114.0	-3%	18%	21%
Advances	374.4	308.3	+21%	61%	56%
Fixed assets	20.4	19.0	+7%	3%	3%
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Total Assets	618.1	546.8	+13%	100%	100%
Deposits	464.7	412.1	+13%	82%	83%
Borrowings	62.2	59.5	+5%	11%	12%
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Total Liabilities	565.4	498.9	+13%	100%	100%
Shareholder equity	48.7	38.5	+27%	93%	80%
Surpl/(Def.) on reval.of assets	3.9	9.4	-59%	7%	20%
Total Equity	52.6	47.9	+10%	100%	100%

Financial Ratios



Detail

	QTD Sep'08	QTD Jun'08	9 month Sep'08	9 month Sep'07	Full year Dec'07
Loan/Deposits	81%	71%	81%	74%	75%
ROAE	25%	22%	24%	27%	23%
ROAA	2.1%	1.9%	2.1%	2.1%	1.9%
Cost/Income Ratio*	46%	45%	45%	48%	51%
Gross NPLs/Gross Advances	6.4%	6.5%	6.4%	7.9%	6.9%
Net NPLs/Gross Advances	1.9%	1.8%	1.9%	3.2%	1.9%
Coverage Ratio	75%	78%	75%	66%	78%
CAR Ratio	11.5%	12.7%	11.5%	12.1%	12.4%
Tier 1 CAR Ratio	7.0%	8.1%	7.0%	9.3%	8.8%

* excluding WWF / ERS

Deposit Structure

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

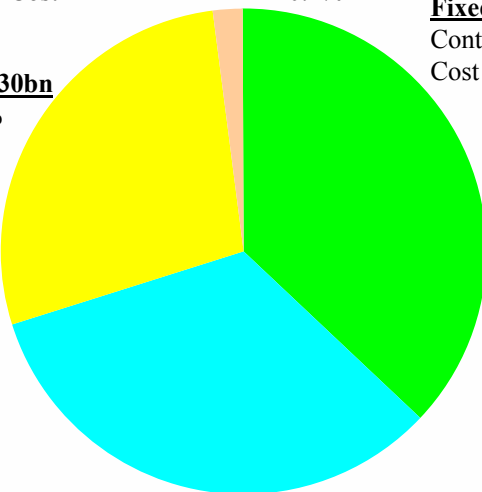
Cost of Deposits

Other Deposits – PKR 10bn

Contribution 2%
Cost 0.1%

Fixed Deposits – PKR 166bn

Contribution 37%
Cost 6.5%



Current Deposits – PKR 130bn

Contribution 28%
Cost 0%

Saving Deposits – PKR 149bn

Contribution 33%
Cost 4.0%

Total Deposits = PKR 455 bn

Cost of Deposits = 3.7%

CASA = 61%

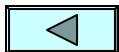
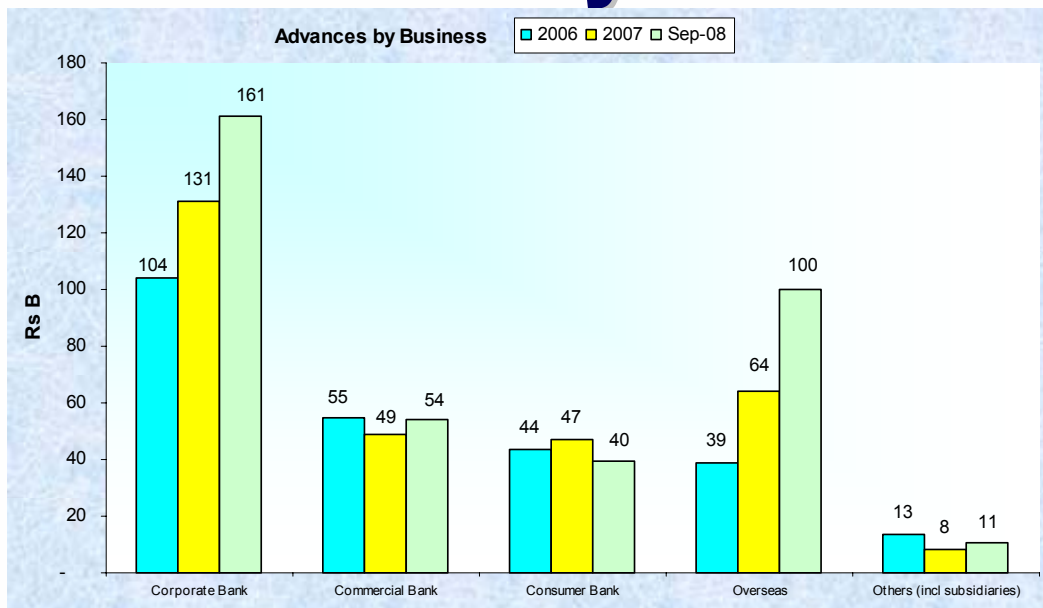
	QTD Jun'08		QTD Sep'08	
	Period end Rs B	Avg. Yield /Cost	Period end Rs B	Avg. Yield /Cost
Saving deposits	161	3.9%	149	5.1%
Current deposits	130	0.0%	130	0.0%
Term deposits	163	6.3%	166	6.6%
Other deposits	11	0.0%	10	0.1%
Total deposits	466	3.6%	455	4.1%

CASA	62%	61%
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Domestic deposits	368	3.9%	348	4.7%
International deposits	97	2.4%	107	2.3%
Intl. deposits -US\$ M	1,420	2.4%	1,374	2.3%

Domestic CASA	73%	71%
International CASA	27%	29%

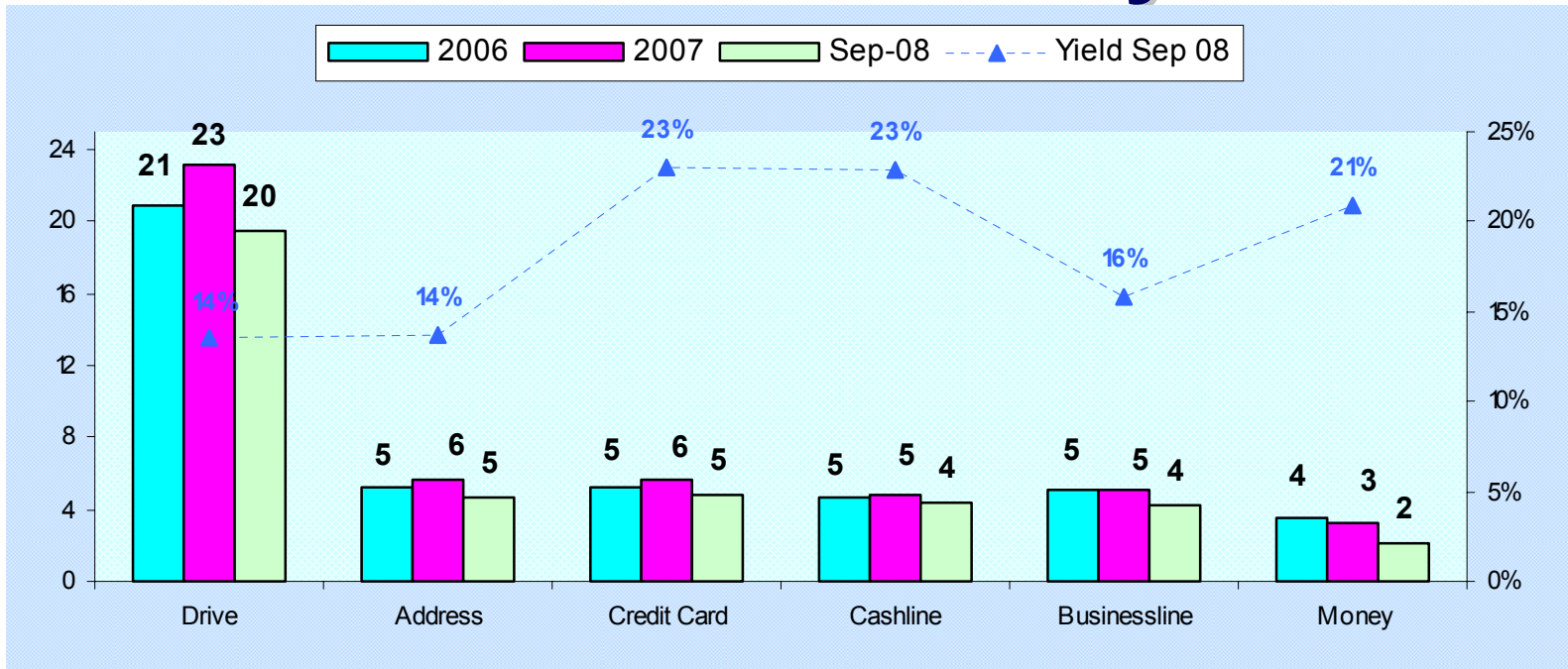
Advances by Business


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Net Advances	Sep'08	Dec'07	% Change	Mix 08	Yield 08	Yield 07
Corporate Bank	160.9	131.1	+23%	61%	11.8%	10.4%
Commercial Bank	54.0	48.8	+11%	20%	13.6%	12.4%
Consumer Bank	39.6	47.2	-16%	15%	16.4%	15.5%
Others (COT / Staff)	10.5	8.1	+30%	4%	10.2%	8.4%
Domestic	265.1	235.1	+13%	100%	12.9%	11.9%
International	99.8	64.3	+55%		7.3%	8.1%
Bank	364.9	299.4	+22%		11.6%	11.1%
Subsidiaries	9.4	8.9	+6%			
Bank-Consolidated	374.4	308.3	+21%			

International (US\$ M)	1,277	1,037	+23%			
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Consumer Advances by Product



	Sep'08	Dec'07	% Change	Mix 08	Yield 08	Yield 07
Drive	19.5	23.2	-16%	49%	13.5%	12.6%
Address	4.7	5.6	-16%	12%	13.7%	13.0%
Credit Card	4.8	5.6	-15%	12%	23.0%	25.0%
Cashline	4.3	4.8	-11%	11%	22.9%	19.0%
Businessline	4.2	4.8	-14%	11%	15.8%	14.4%
Money	2.1	3.2	-33%	5%	20.9%	19.6%
Total	39.6	47.2	-16%	100%	16.4%	15.5%

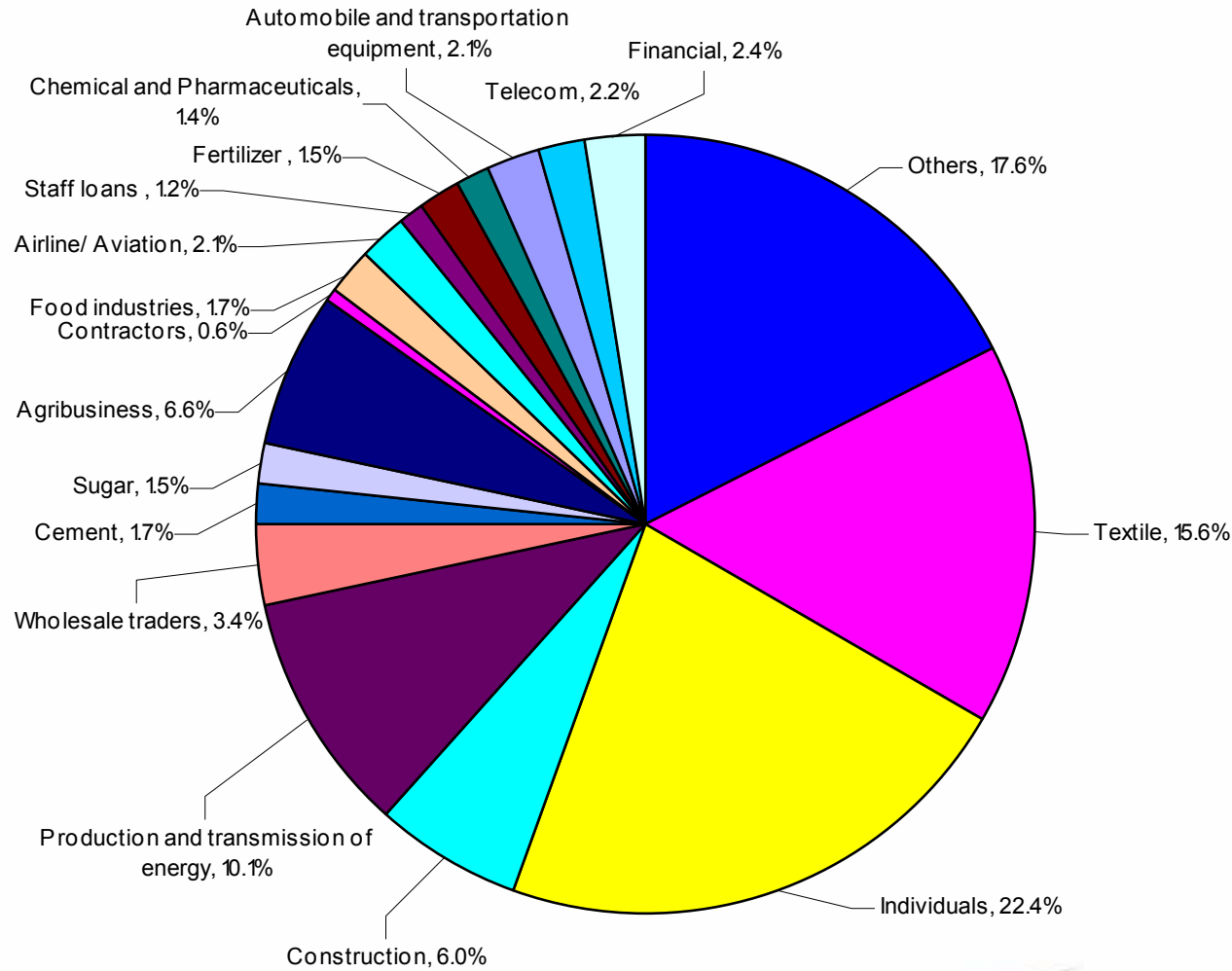
QTD – Net Interest Income (Bank Level)

	QTD Jun'08			QTD Sep'08		
	Average Balances	Interest income / (expense)	Avg.Yield /Cost	Average Balances	Interest income / (expense)	Avg.Yield /Cost
Interest Earning Assets						
Performing Advances	326,697	9,353	11.5%	335,834	10,547	12.5%
<i>Domestic</i>	258,860	8,083	12.5%	247,452	8,976	14.4%
<i>International</i>	67,837	1,270	7.5%	88,381	1,571	7.0%
Investments (earning)	95,066	2,157	9.1%	111,019	2,629	9.4%
Lending to FI	21,445	377	7.1%	20,205	465	9.1%
Others	17,769	127	2.9%	17,593	110	2.5%
Total int. earning assets (a)	460,977	12,014	10.5%	484,650	13,749	11.3%
Interest bearing liabilities						
Saving deposits	155,817	(1,501)	3.9%	155,932	(2,007)	5.1%
Current deposits	111,356	(0)	0.0%	122,987	-	0.0%
Term deposits	147,421	(2,316)	6.3%	162,097	(2,703)	6.6%
Other deposits	10,258	(1)	0.0%	11,395	(3)	0.1%
Total deposits	424,852	(3,818)	3.6%	452,411	(4,713)	4.1%
Sub-ordinated loan	11,995	(315)	10.5%	11,995	(349)	11.6%
REPO	23,823	(565)	9.5%	20,892	(601)	11.4%
Other Borrowings	23,864	(495)	8.3%	23,115	(478)	8.2%
Total int. bearing liabilities (b)	484,535	(5,192)	4.3%	508,414	(6,141)	4.8%
Net Interest Margin (a-b)		6,822	6.2%		7,608	6.5%

Spread Analysis (bank level)

	YTD September 2007			YTD September 2008		
	Average Balances	Interest income / (expense)	Avg.Yield /Cost	Average Balances	Interest income / (expense)	Avg.Yield /Cost
Interest Earning Assets						
Performing Advances	262,463	21,883	11.1%	320,912	28,051	11.6%
<i>Domestic</i>	208,163	18,611	12.0%	247,551	24,038	12.9%
<i>International</i>	54,300	3,271	8.1%	73,361	4,014	7.3%
Investments (earning)	87,139	5,891	9.0%	101,675	7,001	9.2%
Lending to Financial Institutions	22,881	1,516	8.9%	22,915	1,507	8.8%
Others	21,349	925	5.8%	15,553	231	2.0%
Total interest earning assets (a)	393,831	30,214	10.3%	461,055	36,790	10.6%
Non Interest Earning Assets						
Non -performing Advances (Net)	5,098	-	-	7,131	-	0.0%
Non- interest bearing Investments	7,990	-	-	10,054	-	0.0%
Fixed Assets	5,530	-	-	17,225	-	0.0%
Other Assets	37,020	-	-	56,039	-	0.0%
Total Assets (A)	449,469	30,214	9.0%	551,504	36,790	8.9%
Interest bearing liabilities						
Saving deposits	136,363	(2,590)	2.5%	155,438	(4,715)	4.0%
Current deposits	90,304	-	0.0%	112,632	(2)	0.0%
Term deposits	125,984	(7,072)	7.5%	147,845	(7,245)	6.5%
Other deposits	9,741	(8)	0.1%	10,383	(5)	0.1%
Total deposits	362,392	(9,670)	3.6%	426,298	(11,967)	3.7%
Sub-ordinated loan	5,998	(447)	10.0%	11,750	(961)	10.9%
Borrowings	33,412	(2,005)	8.0%	45,267	(3,039)	8.9%
Total interest bearing liabilities (b)	401,802	(12,122)	4.0%	483,315	(15,967)	4.4%
Non Interest bearing liabilities						
Equity	30,923	-		44,274	-	
Bills Payable	5,337	-		6,496	-	
Other liabilities	11,407	-		17,418	-	
Total non interest bearing liabilities	47,667	-		68,189	-	
Total Liabilities (B)	449,469	(12,122)	3.6%	551,504	(15,967)	3.9%
Net Interest Margin (a-b)	-	-	6.2%	-	-	6.2%
NRFF / Spread (A-B)	-	18,092	5.4%	-	20,824	5.0%

Concentration of Advances



Non Interest Income (PKR mm)

	QTD Sep'08	QTD Jun'08	% Change	9 month Sep 08	9 month Sep 07	% Change	Full year Dec'07
Commission on consumer loan	497	396	+25%	1,279	1,125	+14%	1,478
Minimum balance charges	129	160	-19%	402	371	+8%	518
Commission on trade	345	332	+4%	995	758	+31%	1,022
Commission on remittances/uniremote	166	143	+16%	429	316	+36%	434
Commission on utility bills	42	48	-12%	139	166	-16%	215
Commission on ATM/debit card	42	52	-18%	129	105	+23%	142
Corp.service charges / facility fee (Intl)	26	76	-65%	118	78	+52%	175
Corporate finance fee	136	150	-9%	459	225	+104%	311
Other commission	256	245	+4%	741	624	+19%	871
Sub total - fee, commission income	1,639	1,601	+2%	4,690	3,769	+24%	5,166
Capital gain	(45)	57	-179%	263	650	-60%	834
Dividend income	118	219	-46%	364	465	-22%	549
Exchange income	482	478	+1%	1,210	642	+88%	827
Gain on Derivatives	400	405	-1%	1,363	25	+100%	281
Recoveries from client	106	125	-15%	357	402	-11%	527
Ijarah rental income	55	62	-11%	155	7	+100%	18
Other income	100	117	-15%	486	419	+16%	791
Total non funded income	2,855	3,064	-7%	8,887	6,379	+39%	8,992
Subsidiaries	299	301	-1%	872	366	+138%	616
Share of (loss) / income of associates	(156)	(149)	+5%	(183)	119	-253%	323
Total non funded income-Consol.	2,998	3,216	-7%	9,577	6,865	+40%	9,931

Operating Expenses (PKR mm)

	QTD Sep'08	QTD Jun'08	Var %	9 month Sep 08	9 month Sep 07	Var %	Full year Dec'07
Personnel cost	1,711	1,636	-5%	5,018	4,714	-6%	6,190
Premises cost	596	578	-3%	1,684	1,035	-63%	1,491
Outsourced serv.charges incl. sales comm	295	399	+26%	1,040	970	-7%	1,293
Advertisement and publicity	41	7	-510%	211	440	+52%	619
Communications / courier charges	176	172	-2%	474	392	-21%	548
Depreciation	253	195	-30%	661	414	-60%	581
Legal and professional charges	96	53	-82%	182	288	+37%	401
Banking service charge	111	108	-3%	306	255	-20%	361
Stationery and printing	61	75	+18%	190	194	+2%	286
Traveling	65	40	-63%	133	124	-7%	164
Repairs and maintenance	55	33	-67%	120	79	-52%	120
Insurance expense	18	2	-666%	54	51	-7%	87
Office running expenses	31	28	-13%	82	58	-42%	81
Entertainment	19	25	+24%	61	48	-29%	67
Cartage, freight and conveyance	18	17	-5%	50	42	-20%	60
Sub-Debt cost	1	1	-1%	24	2	-1001%	20
Comm. & brokerage to dealers / banks	18	95	+81%	29	92	+68%	209
Amortized Commission - Sales/Dealers	322	-	-100%	322	-	-100%	-
Other expenses	189	181	-5%	509	447	-14%	515
Total Operating Cost - Bank	4,079	3,646	-12%	11,151	9,642	-16%	13,093
Subsidiaries	304	297	-2%	918	626	-47%	836
Total Operating Cost - Consolidated	4,382	3,943	-11%	12,069	10,269	-18%	13,929

E-Banking

E-Banking	Sep-08	Dec-07	Dec-06	% Change
# of ATMs	323	313	210	+49%
# of Transactions (M)	9.1	9.5	5.9	+60%
Average transactions per day	33k	26k	16k	+63%
Total transaction amount (Rs B)	49	48	29	+65%
Average transaction size (Rs 000)	5.3	5.0	4.9	+3%
Average monthly transactions per ATM (Rs M)	17	13	11	+11%
Internet Banking				
Users	49,171	37,408	23,472	+59%
Total # of transactions (000)	178	148	64	+133%
Total transaction amount (Rs M)	6,799	2,089	404	+417%
Average transaction size (Rs 000)	38	14	6	+122%
Click N Remit				
Users	22,397	19,950	16,800	+19%
Total # of transactions (000)	60	79	65	+21%
Total transaction amount (US\$ M)	52	70	65	+8%
Average transaction size (US\$)	855	885	989	-11%
Home Remittances				
Total # of transactions (000)	478	595	544	+9%
Total transaction amount (US\$ M)	1,032	709	562	+26%
Average transaction size (US\$)	2,157	1,192	1,033	+15%

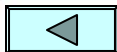
Financial Ratios (1 of 3)

DuPont	Yearly			YTD Sep 08	QTD (Annualized)		
	2005	2006	2007		Mar-08	Jun-08	Sep-08
Net Interest Yield ¹	4.5%	5.4%	5.0%	5.0%	4.8%	4.9%	5.1%
Net Interest Margin ²	5.4%	6.4%	6.1%	6.2%	6.0%	6.2%	6.5%
Non Interest Yield ³	1.7%	1.8%	2.0%	2.2%	2.4%	2.2%	2.0%
Operating Exp. / Assets	2.6%	2.9%	2.9%	2.9%	2.7%	3.0%	3.0%
Cost Income Ratio	46.4%	44.5%	50.8%	46.9%	43.4%	48.5%	48.6%
Loan Loss / Assets	0.4%	0.6%	1.3%	0.9%	0.9%	0.9%	0.9%
Loan Loss / RWA ⁴	0.7%	0.8%	1.8%	1.1%	1.1%	1.2%	1.1%
Effective Tax Rate	36.5%	33.3%	33.0%	35.4%	33%	40%	34%
Pre-Provision ROA ⁵	2.2%	2.8%	2.8%	2.6%	2.9%	2.4%	2.7%
ROA	1.9%	2.4%	1.9%	2.1%	2.3%	1.9%	2.1%
Return on RWA	3.0%	3.5%	2.6%	2.6%	3.0%	2.4%	2.6%
Pre-Provision ROE ⁶	32.4%	38.9%	33.4%	30.7%	32.9%	28.2%	31.5%
ROE	28.3%	33.7%	22.8%	24.0%	26.2%	21.7%	24.6%

Formulas

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

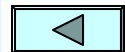
Financial Ratios (2 of 3)


[Back main ratios](#)

Asset Quality	Yearly			YTD Sep 08	QTD (Annualized)		
	2005	2006	2007		Mar-08	Jun-08	Sep-08
Gross NPLs / Gross Loan	7.7%	6.2%	6.9%	6.4%	6.8%	6.5%	6.4%
Net NPLs / Gross Loan	1.7%	1.6%	1.9%	2.0%	2.0%	1.8%	2.0%
Coverage Ratio	84.8%	82.6%	77.9%	74.5%	76.9%	78.0%	74.5%
Prov. held / Gross loan	6.0%	4.6%	4.9%	4.5%	4.8%	4.7%	4.5%
Prov. Exp. / Gross loan	0.6%	0.8%	2.0%	1.3%	1.4%	1.5%	1.4%

Growth	Yearly			YTD Sep 08	QTD (Annualized)		
	2005	2006	2007		Mar-08	Jun-08	Sep-08
Growth in Loan Book	41.8%	21.2%	21.0%	21.5%	6.4%	3.3%	10.6%
Growth in Deposits	25.1%	16.0%	19.9%	12.7%	1.1%	13.8%	-2.0%
Operating Revenue	57.0%	43.8%	21.3%	21.5%	6.8%	2.8%	5.7%
Operating Expense	14.6%	38.3%	22.5%	21.8%	-4.7%	12.4%	7.6%
Pre-provision Oper.Profit	115.7%	47.8%	20.6%	20.1%	12.3%	-0.2%	4.3%
Provision exp./Other prov.	466.0%	39.3%	170.0%	11.2%	-57.3%	18.7%	-4.6%
Profit After Tax	61.4%	56.7%	-4.4%	22.7%	70.0%	-14.6%	18.5%

Financial Ratios (3 of 3)



Back main ratios

Other Metrics	Yearly			YTD Sep 08	QTD (Annualized)		
	2005	2006	2007		Mar-08	Jun-08	Sep-08
Capital Adequacy Ratio	10.7%	12.2%	12.4%	11.5%	13.1%	12.7%	11.5%
Tier-I CAR	7.7%	8.9%	8.8%	6.9%	8.3%	8.1%	6.9%
Loan / Deposits	70.9%	74.1%	74.8%	80.6%	78.7%	71.4%	80.6%
Loan / Assets	58.7%	58.4%	56.4%	60.6%	59.2%	57.2%	60.6%
RWA / Assets	66.8%	72.6%	73.1%	83.1%	77.8%	77.3%	83.1%
Average Headcount ²	9,366	9,658	9,702	9,197	9,296	9,008	8,909
Personnel cost / Headcount (000)	474.2	627.7	679.4	727.5	719.1	726.6	768.2
Yield on Earning Assets ³	7.6%	10.0%	10.3%	10.6%	9.9%	10.5%	11.3%
Cost of Funds ⁴	2.1%	3.4%	4.0%	4.4%	4.0%	4.3%	4.8%
Yield on Performing Adv	8.4%	11.2%	10.9%	11.6%	10.7%	11.5%	12.5%
Cost of Deposits	1.9%	3.1%	3.6%	3.7%	3.4%	3.6%	4.1%

Formulas

2. Permanent Staff

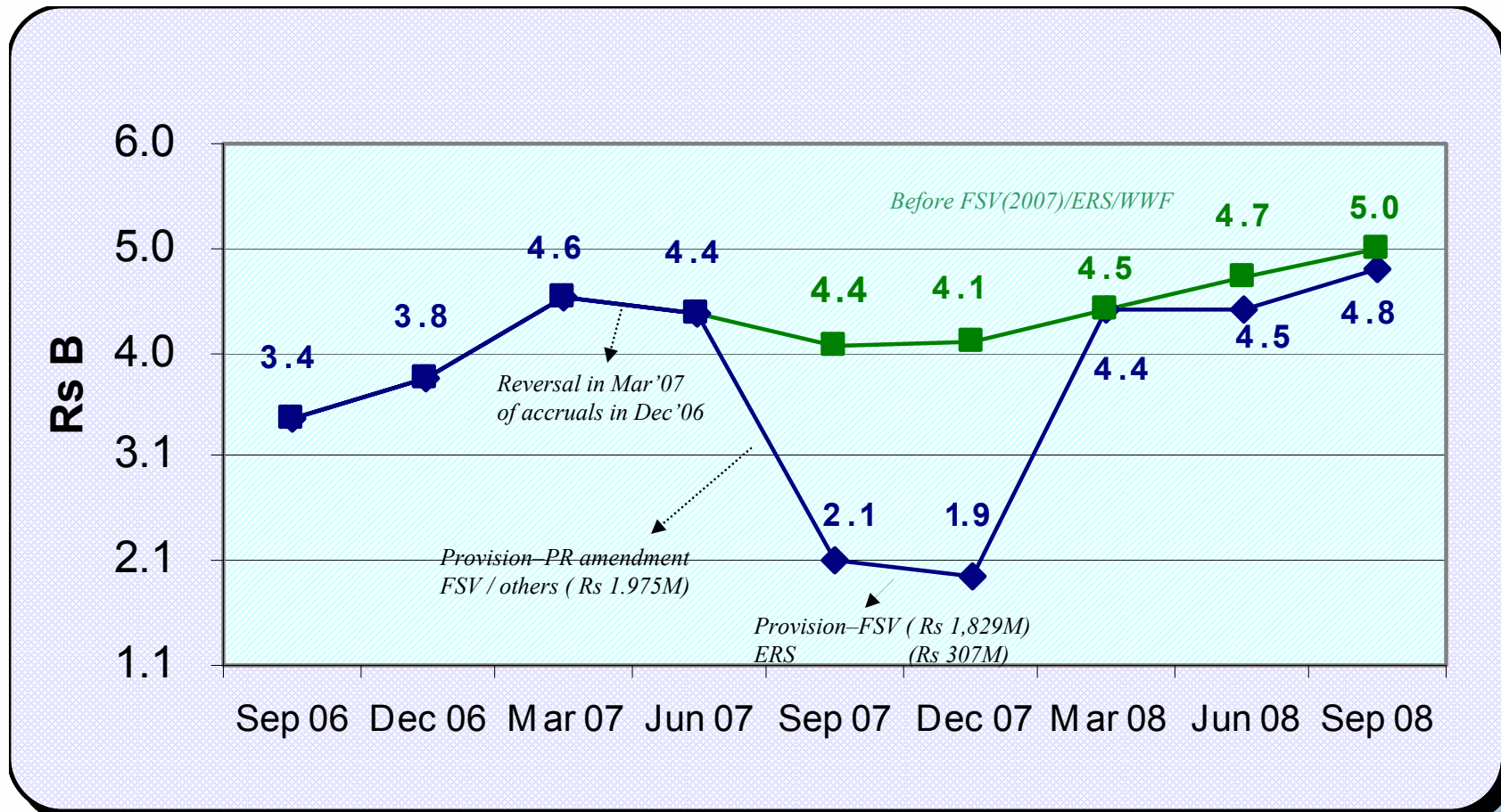
3. Earning assets incl bal. with other banks, lending to F.I., investments & perf adv

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

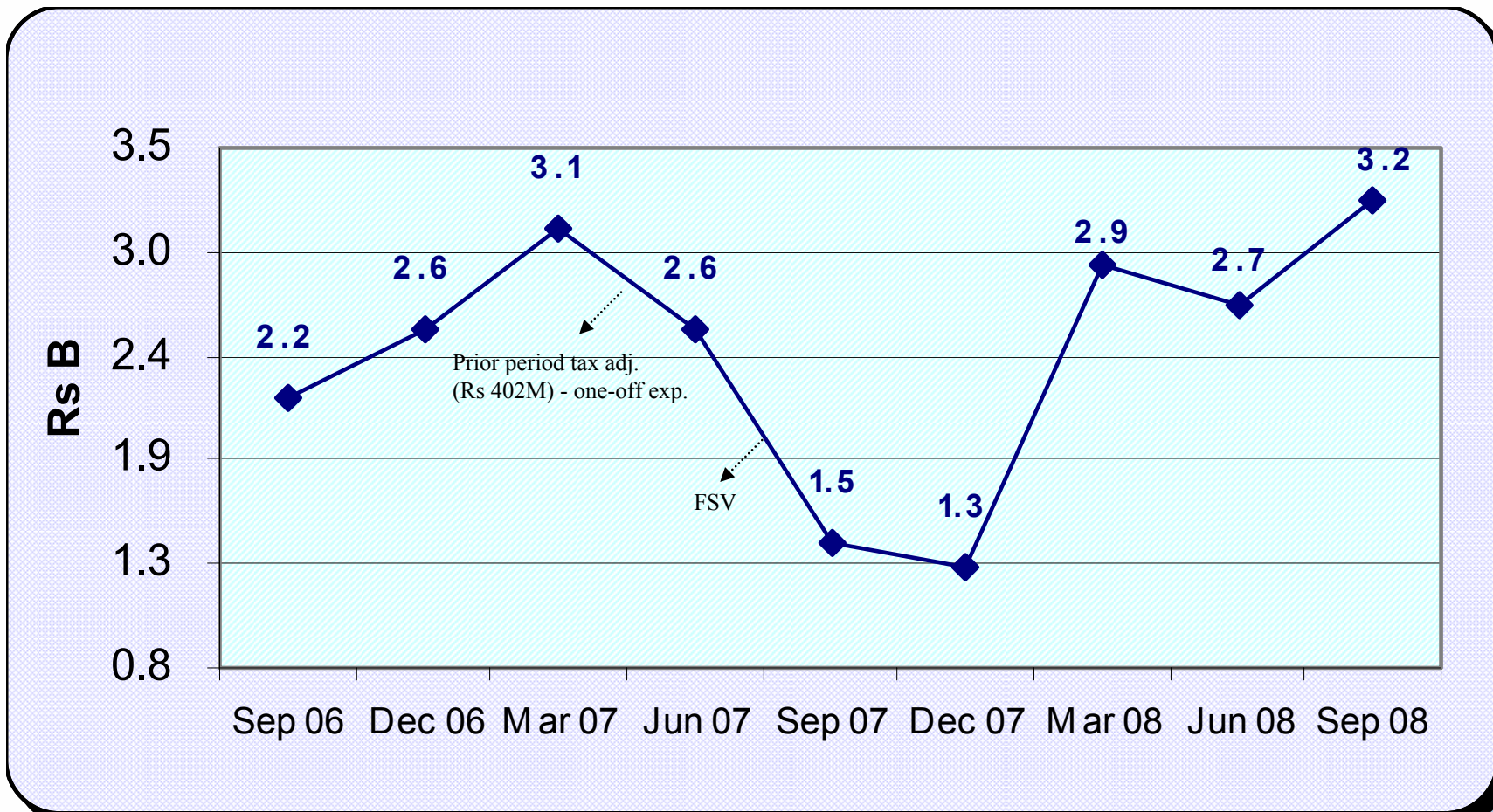
Quarterly Trend Analysis

Bank Level

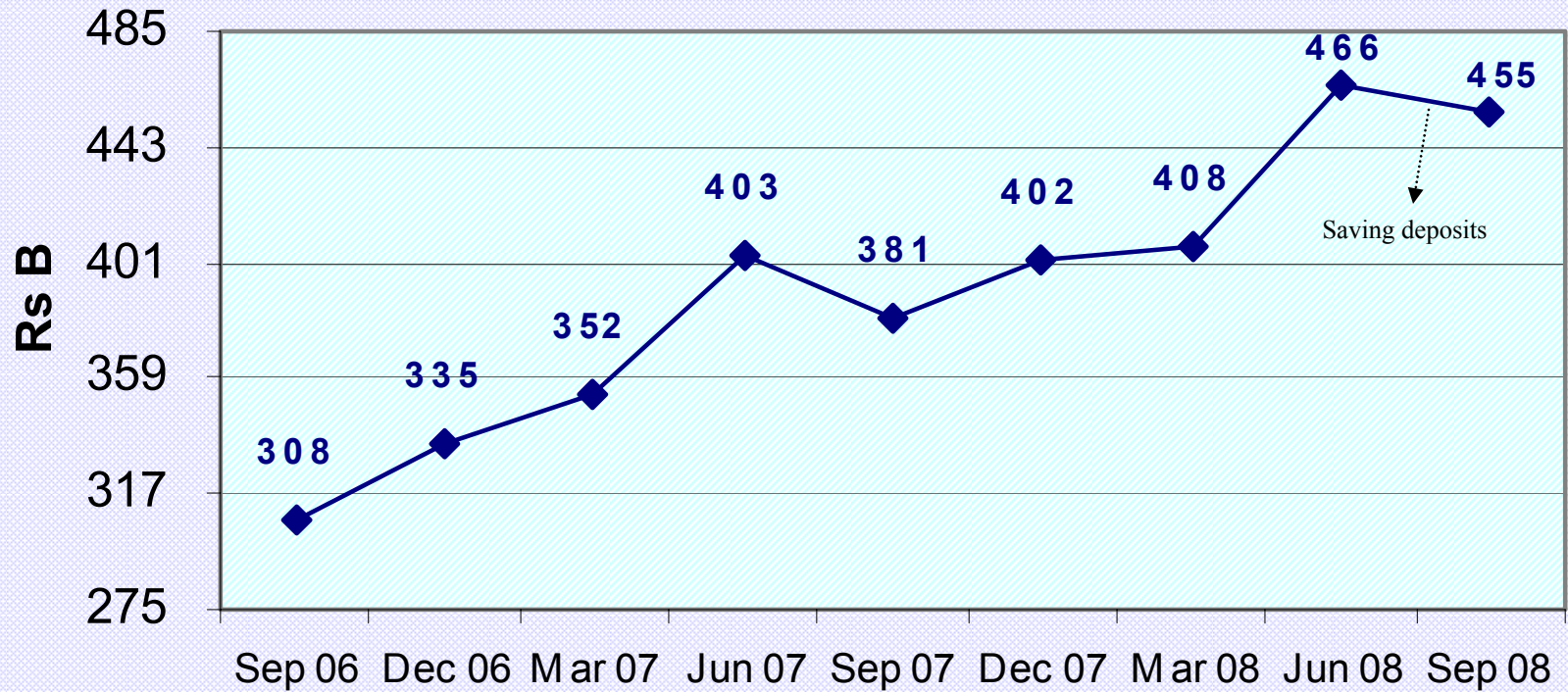
Profit Before Tax



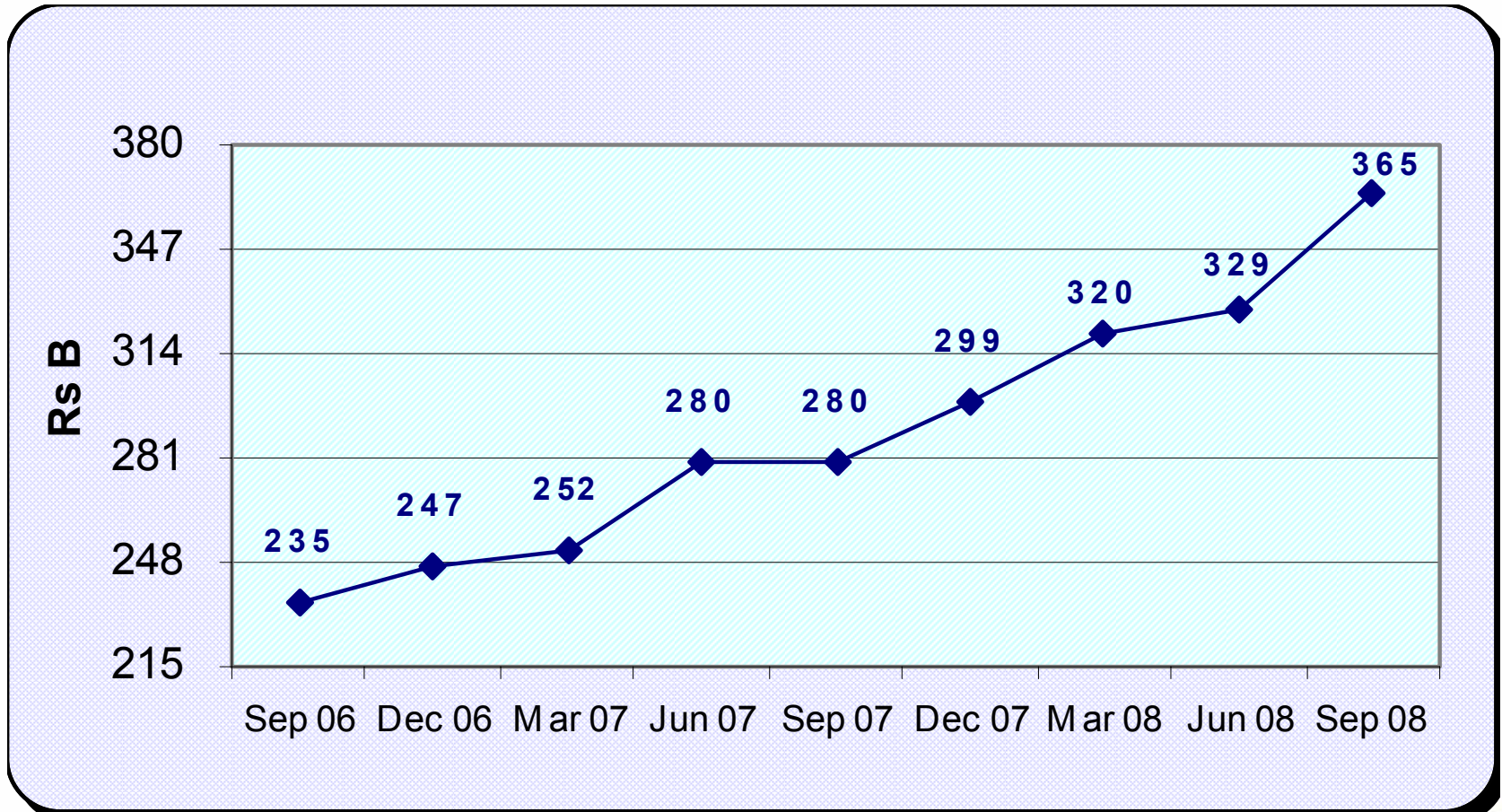
Profit after Tax



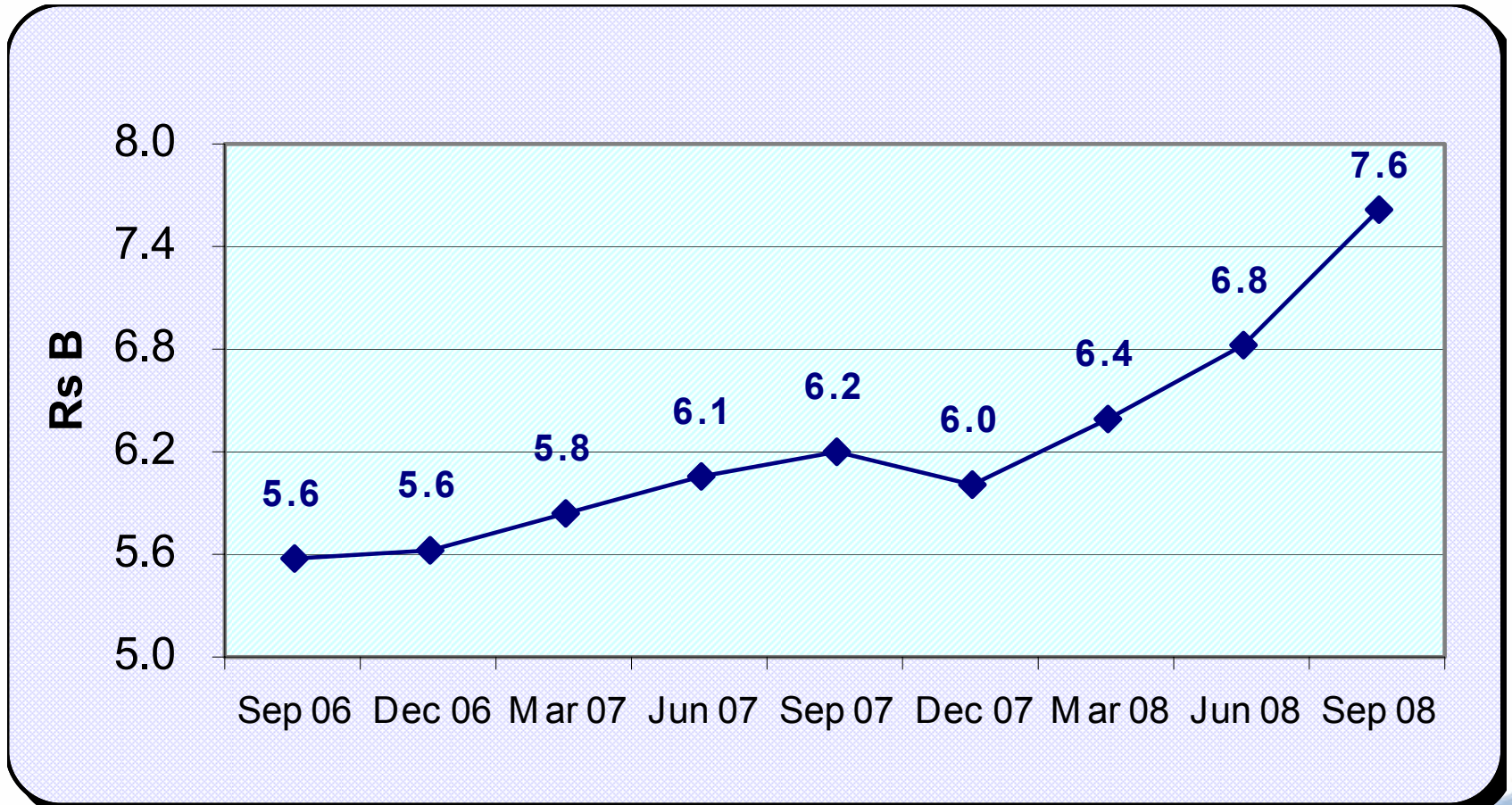
Deposits



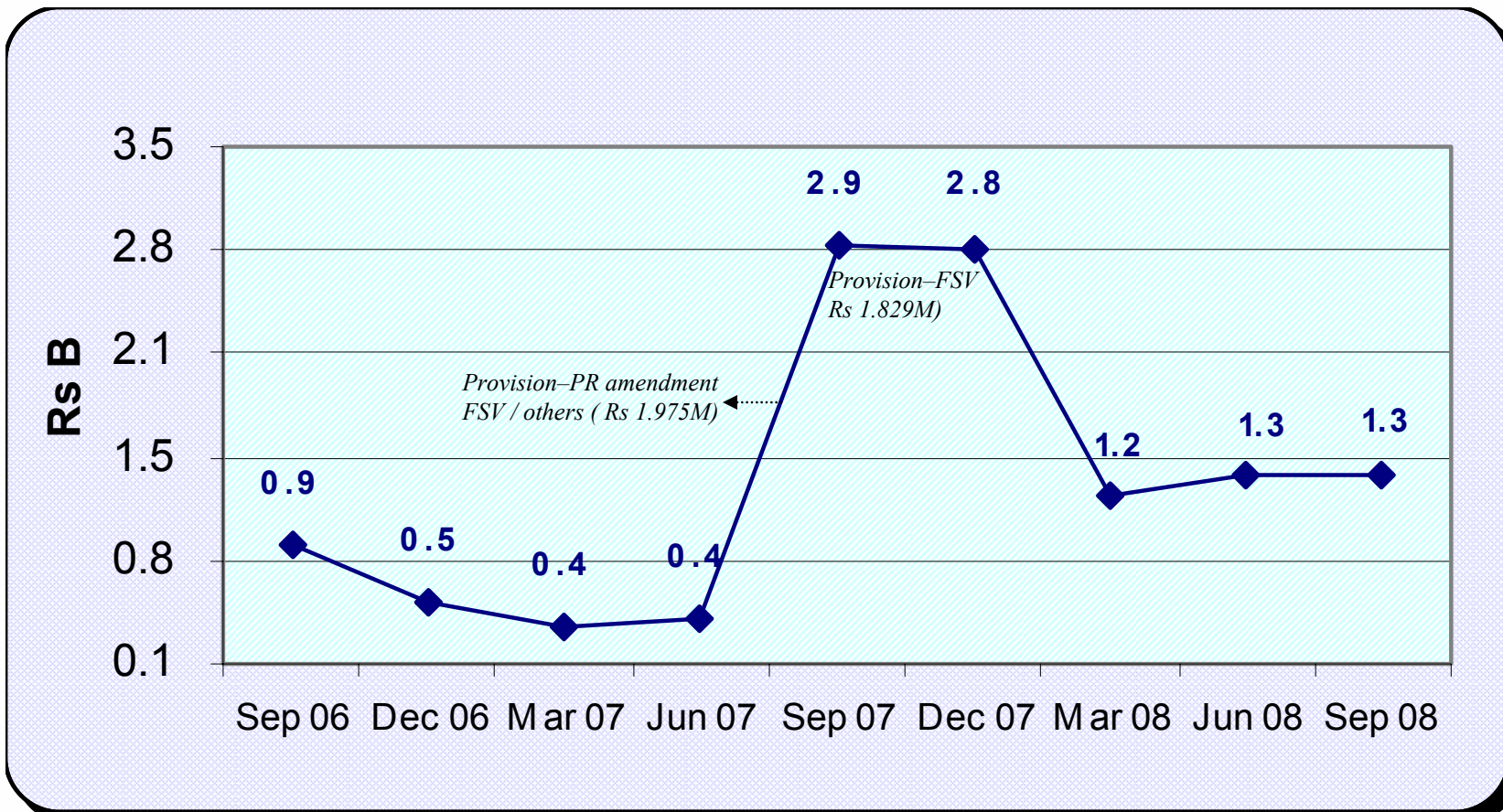
Advances



Net Interest Income

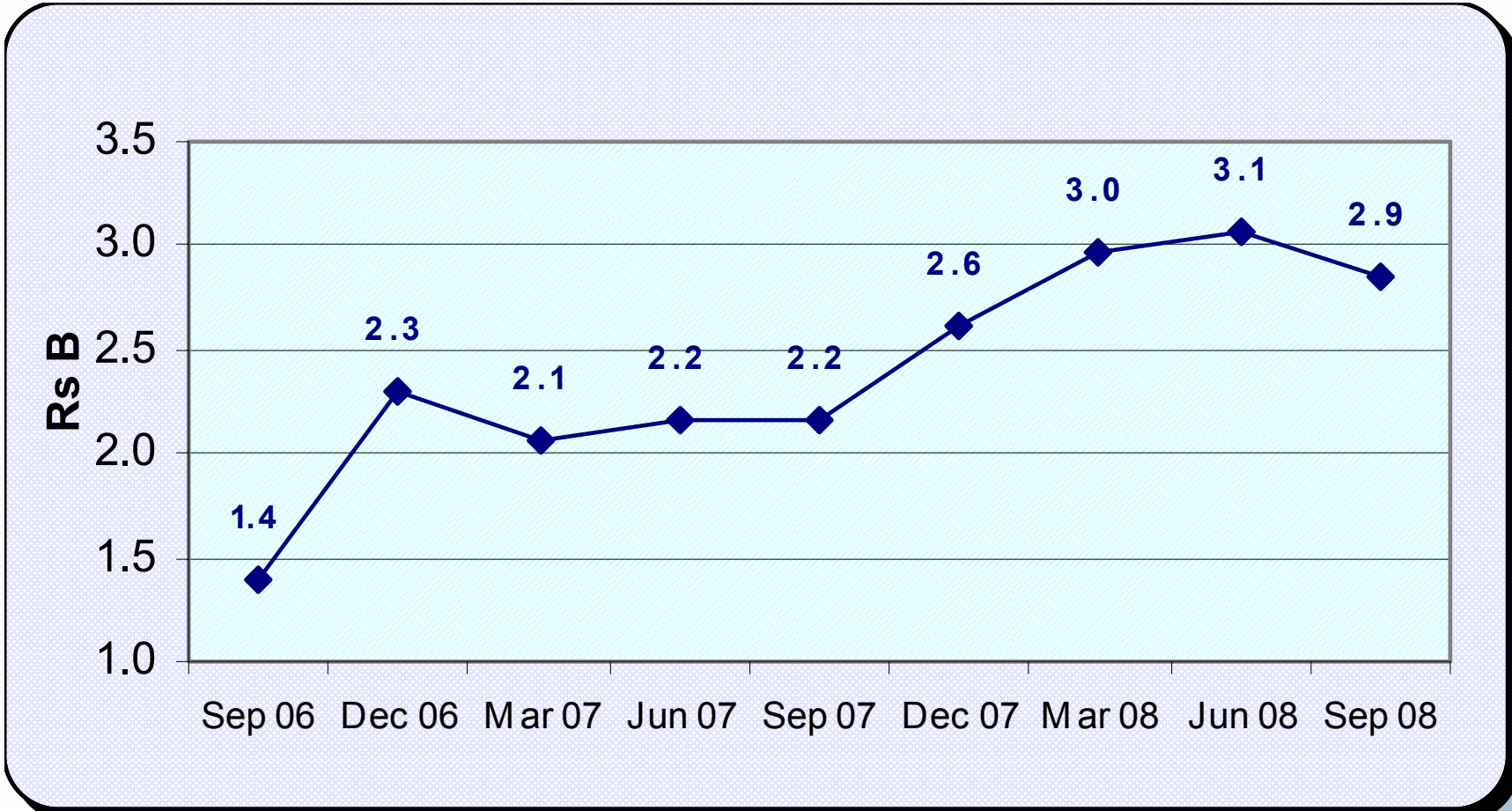


Net Provision *

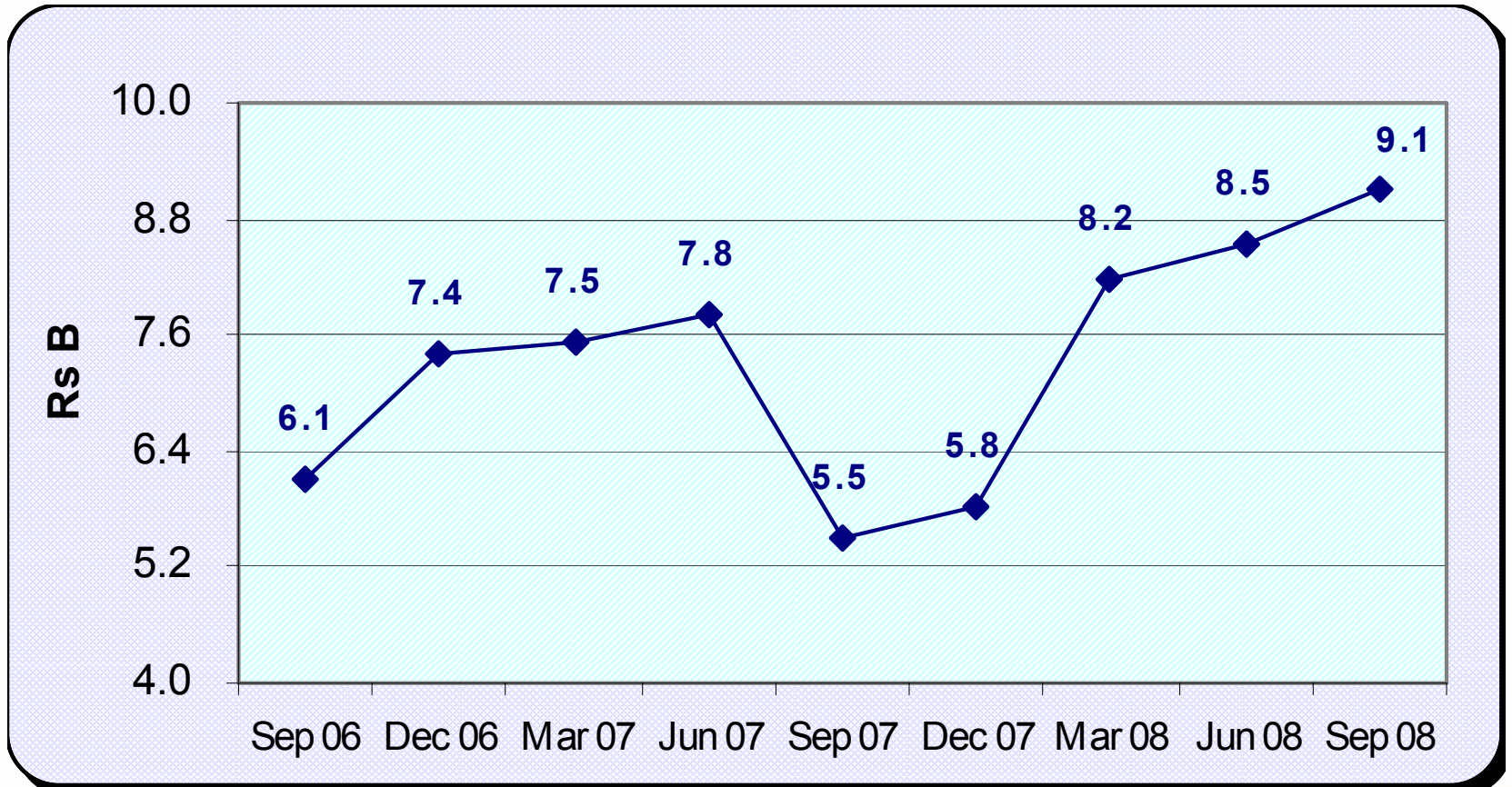


* Excluding other operational Writeoffs

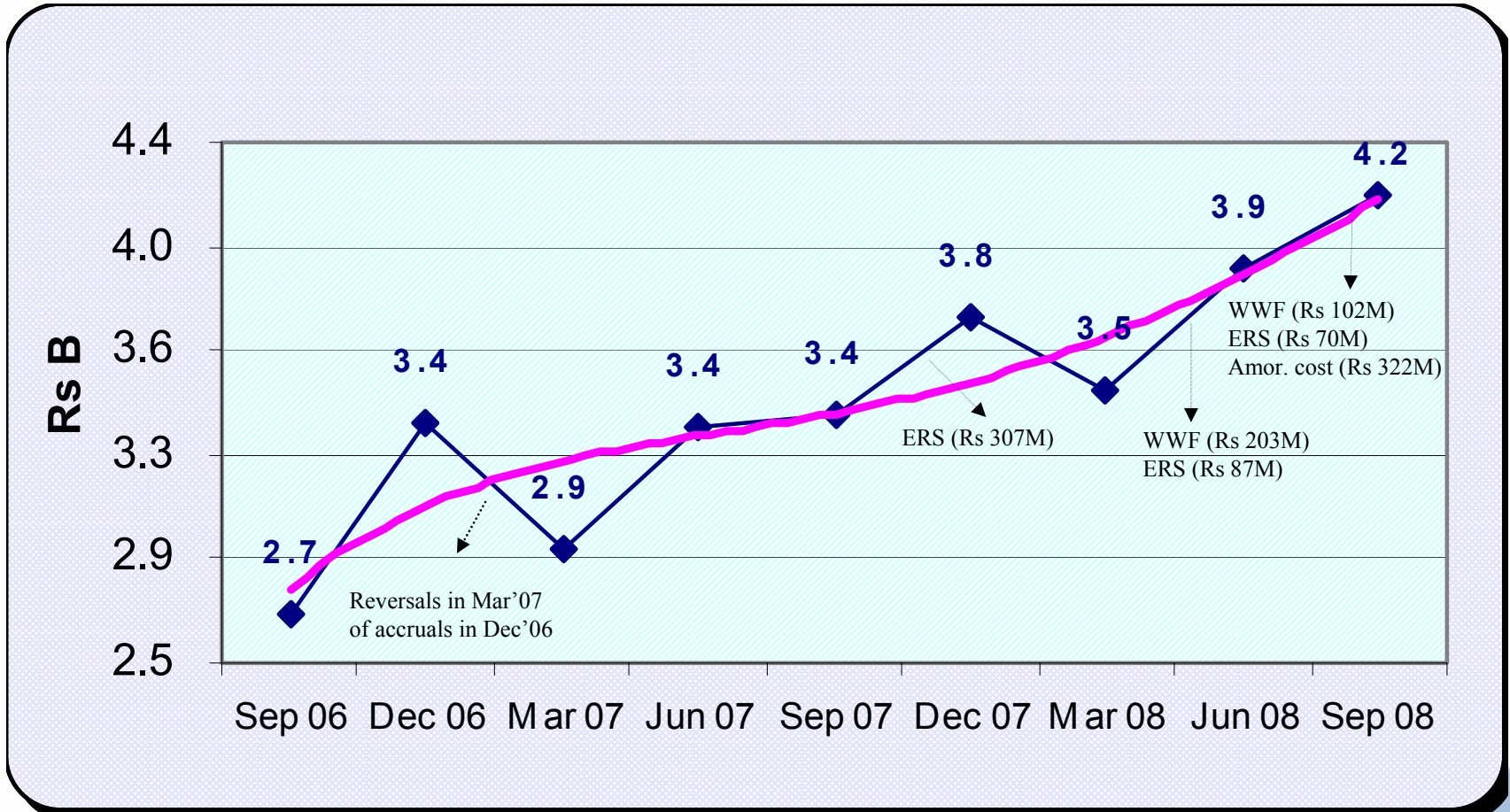
Non-Funded Income



Total Revenue



Administrative Expenses



The information contained herein reflects our latest business statement as at September 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