

# **United Bank Limited**

## **Performance Review (Consolidated)**

### **FY 2008**

March 12, 2009

# Key Highlights

## Profitability

- PBT up 2% yoy at Rs. 14.1B
- Non Interest Income up 9%; strong exchange and fee income
- Net Interest income up 16%; growth in advances
- Provision charge of Rs 8.2 B, 23% up yoy
  - Impairment loss – 2.2B (50% of total exposure)
- Reversal on unrealized gain on derivatives due to change in accounting methodology
  - After tax impact of Rs 384M (net of exchange income)
- Dom. expenses up by 9% excl. one-offs despite inflation at 22% yoy
- Bank expenses up by 10% excl. currency devaluation & one-offs

## Balance Sheet

- Advances up 23% to Rs. 378 B; Domestic +15% ; Intl +51% ; Intl \$ +18%
- Deposits up 20% to Rs 492 B; Domestic +15% ; Intl +46% ; Intl \$ +14%

# Market Developments

System loan growth 18.5%; deposit growth 6.6%

- Discount rate raised three times from 10% to 15%
- CRR / SLR reduced from 28%
  - to 5% on DTL over 1 yr
  - to 24% on DTL less than 1 yr
- NSS rates raised from 13% to 15%
- Minimum 9% CAR under Basel II by Dec 2008 and 10% by Dec 2009
- Pakistan enters into \$7.6b IMF Program; first tranche of \$3.1b disbursed

# Summary

	Dec 2008	Dec 2007	Change
Assets (PKR bn)	620	547	+13%
Advances (PKR bn)	378	308	+23%
Market Share-Adv-DOM	9.2%	9.4%	
Deposits (PKR bn)	492	411	+20%
Market Share-Deposits-DOM	9.6%	9.1%	
Branches (all automated)	1,136	1,095	+41
Online branches	894	802	+92
ATMs	354	313	+41
ROAA	1.4%	1.9%	
ROAE	17%	23%	
CAR Ratio (Basel II)	10.5%	10.2%	
Credit Rating (JCR-VIS)	AA+/A-1+	AA+/A-1+	re-affirmed

# Share Info

	Dec 2008	Dec 2007
EPS (Rs/share-annual.)	8.3	8.9
BV/share (Rs/share)	48.8	47.3
Price* - (Rs /share)	43.3	162.9
P/E	5.2x	18.4x
P/BV	0.9x	3.4x
# of shares	1,012M	1,012M

\* Price dated March 04, 2009

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

# Income Statement (PKR bn)

	QTD Dec'08	QTD Sep'08	% Change	FY Dec'08	FY Dec'07	% Change
Net Interest Income	7.47	7.78	-4%	28.79	24.80	+16%
Non Interest Income	1.22	3.00	-59%	10.79	9.93	+9%
<b>Operating Revenue</b>	<b>8.68</b>	<b>10.78</b>	<b>-19%</b>	<b>39.59</b>	<b>34.73</b>	<b>+14%</b>
Operating Expense	(4.43)	(4.45)	-0%	(16.68)	(14.26)	+17%
<b>Pre-Provision Oper.Profit</b>	<b>4.25</b>	<b>6.33</b>	<b>-33%</b>	<b>22.91</b>	<b>20.47</b>	<b>+12%</b>
Provision Exp./Other writeoffs	(4.07)	(1.42)	+188%	(8.22)	(6.66)	+23%
WWF / SBP Penalty	(0.15)	(0.10)	+41%	(0.63)	(0.02)	-
<b>Profit Before Tax</b>	<b>0.03</b>	<b>4.81</b>	<b>-99%</b>	<b>14.05</b>	<b>13.80</b>	<b>+2%</b>
<b>Profit After Tax</b>	<b>(0.61)</b>	<b>3.20</b>	<b>-119%</b>	<b>8.45</b>	<b>9.24</b>	<b>-9%</b>

# Balance Sheet (PKR bn)

	Dec'08	Dec'07	% Change	Mix- Dec'08	Mix- Dec'07
Cash & bank balances	64.7	68.6	-6%	10%	13%
Investments	115.0	114.0	+1%	19%	21%
Advances	378.3	308.3	+23%	61%	56%
Fixed assets	19.9	19.0	+5%	3%	3%
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<b>Total Assets</b>	<b>620.2</b>	<b>546.8</b>	<b>+13%</b>	<b>100%</b>	<b>100%</b>
Deposits	492.3	411.5	+20%	86%	82%
Borrowings	44.7	59.5	-25%	8%	12%
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<b>Total Liabilities</b>	<b>570.8</b>	<b>498.9</b>	<b>+14%</b>	<b>100%</b>	<b>100%</b>
Shareholder equity	47.1	38.5	+22%	95%	80%
Surpl/(Def.) on reval.of assets	2.3	9.4	-76%	5%	20%
<b>Total Equity</b>	<b>49.4</b>	<b>47.9</b>	<b>+3%</b>	<b>100%</b>	<b>100%</b>



# Financial Ratios

	FY Dec'08	FY Dec'07
Loan/Deposits	77%	75%
ROAE	17%	23%
ROAA	1.4%	1.9%
Cost/Income Ratio	53%	51%
Gross NPLs/Gross Advances	7.3%	6.9%
Net NPLs/Gross Advances	2.6%	1.9%
Coverage Ratio	68%	78%
CAR Ratio (Basel II)	10.5%	10.2%
Tier 1 CAR (Basel II)	6.1%	7.3%



# Deposit Structure

## Deposit Mix (FY Dec 08) - Bank (Parent Company)

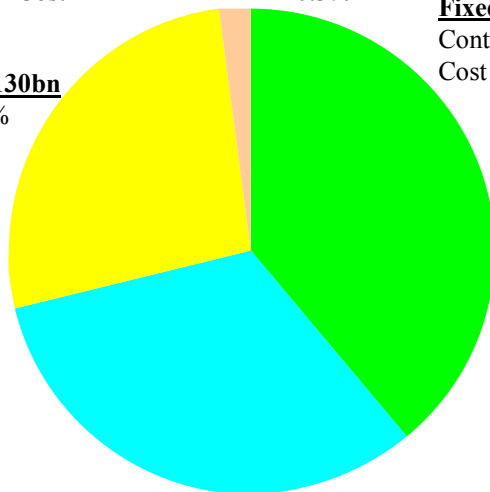
## Cost of Deposits

### Other Deposits – PKR 10bn

Contribution 2%  
Cost 0.3%

### Fixed Deposits – PKR 187bn

Contribution 39%  
Cost 7.5%



### Current Deposits – PKR 130bn

Contribution 27%  
Cost 0%

### Saving Deposits – PKR 156bn

Contribution 32%  
Cost 4.4%

**Total Deposits = PKR 484 bn**

**Cost of Deposits = 4.3%**

**CASA = 59%**

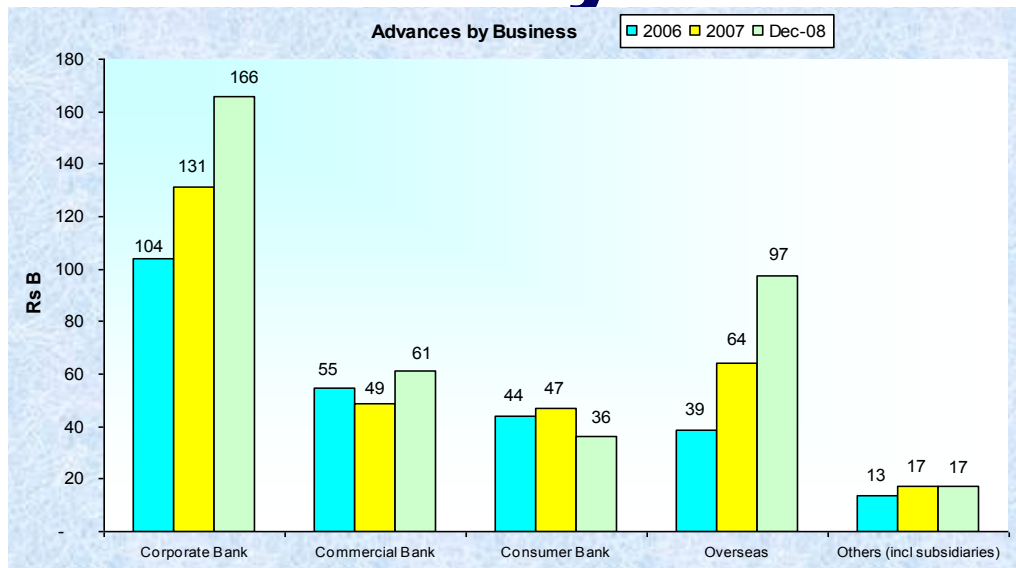
	FY Dec'08		FY Dec'07	
	Period end Rs B	Avg.Yield /Cost	Period end Rs B	Avg.Yield /Cost
Saving deposits	156	4.4%	153	2.8%
Current deposits	130	0.0%	108	0.0%
Term deposits	187	7.5%	127	7.4%
Other deposits	10	0.3%	13	0.3%
<b>Total deposits</b>	<b>484</b>	<b>4.3%</b>	<b>402</b>	<b>3.6%</b>

	FY Dec'08	FY Dec'07
CASA	59%	65%

	FY Dec'08	FY Dec'07
Domestic deposits	380 6.1%	331 3.5%
International deposits	104 3.5%	71 3.8%
Intl. deposits -US\$ M	1,311 3.5%	1,147 3.8%

	FY Dec'08	FY Dec'07
Domestic CASA	67%	73%
International CASA	25%	29%

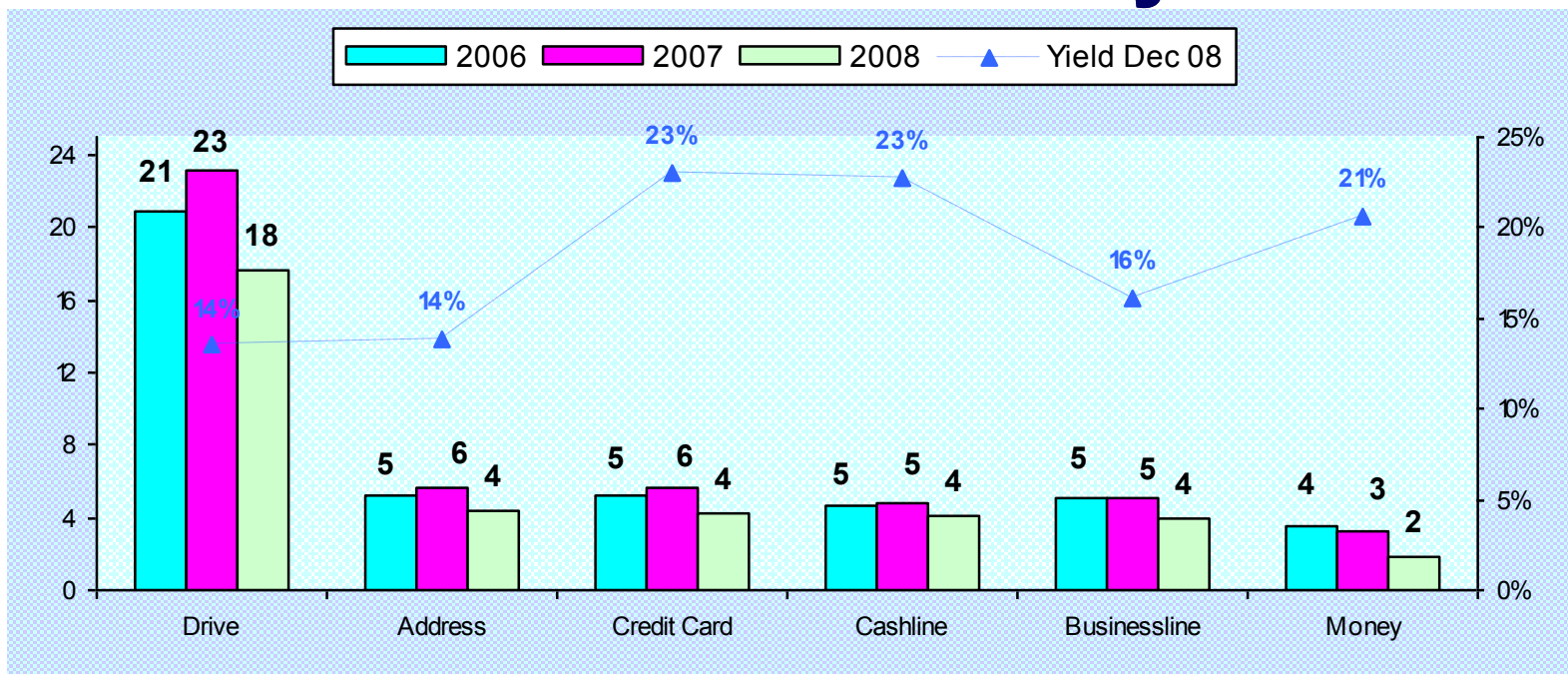
# Advances by Business



Net Advances	Dec'08	Dec'07	% Change	Mix 08	Yield 08	Yield 07
Corporate Bank	165.9	131.1	+27%	61%	12.6%	10.4%
Commercial Bank	61.4	48.8	+26%	22%	14.3%	12.4%
Consumer Bank	36.4	47.2	-23%	13%	16.4%	15.5%
Others (COT / Staff)	10.2	8.0	+27%	4%	11.2%	8.4%
<b>Domestic</b>	<b>273.9</b>	<b>235.0</b>	<b>+17%</b>	<b>100%</b>	<b>13.6%</b>	<b>11.9%</b>
International	97.2	64.3	+51%		7.5%	8.1%
<b>Bank</b>	<b>371.1</b>	<b>299.4</b>	<b>+24%</b>		<b>12.1%</b>	<b>11.1%</b>
Subsidiaries	7.2	8.9	-20%			
<b>Bank-Consolidated</b>	<b>378.3</b>	<b>308.3</b>	<b>+23%</b>			

International (US\$ M)	1,229	1,037	+18%			
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# Consumer Advances by Product



	Dec'08	Dec'07	% Change	Mix 08	Yield 08	Yield 07
Drive	17.7	23.2	-24%	49%	13.5%	12.6%
Address	4.4	5.6	-21%	12%	13.9%	13.0%
Credit Card	4.3	5.6	-23%	12%	23.1%	25.0%
Cashline	4.1	4.8	-15%	11%	22.7%	19.0%
Businessline	4.0	4.8	-17%	11%	16.1%	14.4%
Money	1.8	3.2	-43%	5%	20.7%	19.6%
<b>Total</b>	<b>36.4</b>	<b>47.2</b>	<b>-23%</b>	<b>100%</b>	<b>16.4%</b>	<b>15.5%</b>

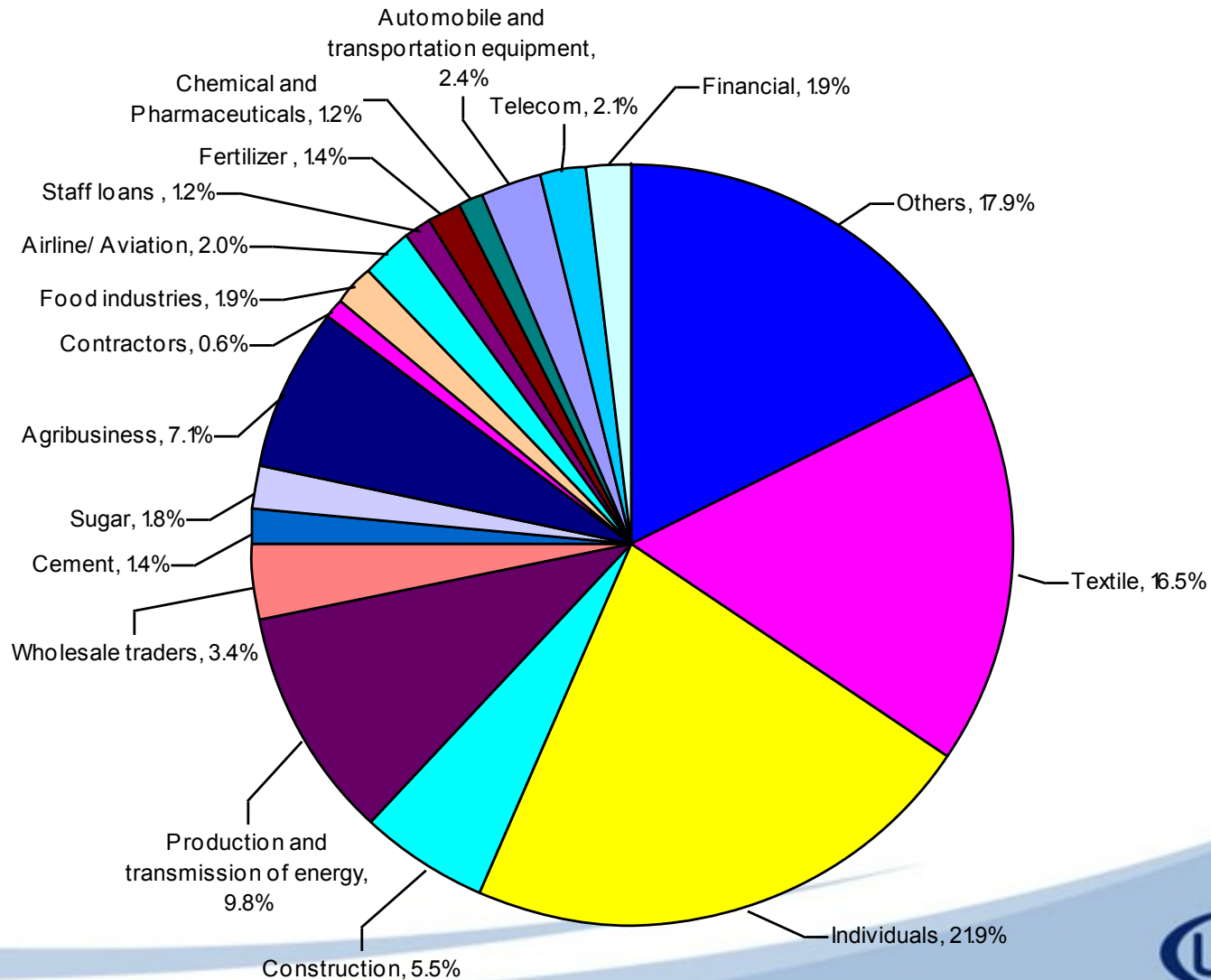
# QTD – Net Interest Income (Bank Level)

	QTD Sep'08			QTD Dec'08		
	Average Balances	Interest income / (expense)	Avg.Yield /Cost	Average Balances	Interest income / (expense)	Avg.Yield /Cost
<b>Interest Earning Assets</b>						
Performing Advances	335,834	10,547	12.5%	363,898	12,072	13.2%
<i>Domestic</i>	247,452	8,976	14.4%	263,575	10,084	15.2%
<i>International</i>	88,381	1,571	7.0%	100,324	1,987	7.9%
Investments (earning)	111,019	2,629	9.4%	102,906	2,484	9.6%
Lending to FI	20,205	465	9.1%	22,622	616	10.8%
Others	17,593	110	2.5%	15,997	95	2.4%
<b>Total int. earning assets (a)</b>	<b>484,650</b>	<b>13,749</b>	<b>11.3%</b>	<b>505,423</b>	<b>15,267</b>	<b>12.0%</b>
<b>Interest bearing liabilities</b>						
Saving deposits	155,932	(2,007)	5.1%	149,742	(2,146)	5.7%
Current deposits	122,987	-	0.0%	116,245	-	0.0%
Term deposits	162,097	(2,703)	6.6%	183,736	(4,195)	9.1%
Other deposits	11,395	(3)	0.1%	11,839	(18)	0.6%
<b>Total deposits</b>	<b>452,411</b>	<b>(4,713)</b>	<b>4.1%</b>	<b>461,562</b>	<b>(6,359)</b>	<b>5.5%</b>
Sub-ordinated loan	11,995	(349)	11.6%	12,010	(386)	12.8%
REPO	20,892	(601)	11.4%	13,901	(374)	10.7%
Other Borrowings	23,115	(478)	8.2%	28,844	(836)	11.5%
<b>Total int. bearing liabilities (b)</b>	<b>508,414</b>	<b>(6,141)</b>	<b>4.8%</b>	<b>516,316</b>	<b>(7,955)</b>	<b>6.1%</b>
<b>Net Interest Margin (a-b)</b>		<b>7,608</b>	<b>6.5%</b>		<b>7,312</b>	<b>5.9%</b>

# Spread Analysis (bank level)

	FY December 2007			FY December 2008		
	Average Balances	Interest income / (expense)	Avg.Yield /Cost	Average Balances	Interest income / (expense)	Avg.Yield /Cost
<b>Interest Earning Assets</b>						
Performing Advances	266,336	29,663	11.1%	331,148	40,347	12.2%
<i>Domestic</i>	210,457	25,139	11.9%	251,540	34,346	13.7%
<i>International</i>	55,879	4,524	8.1%	79,608	6,001	7.5%
Investments (earning)	92,465	8,280	9.0%	103,392	9,487	9.2%
Lending to Financial Institutions	22,702	1,974	8.7%	22,925	2,123	9.3%
Others	22,602	1,129	5.0%	15,890	296	1.9%
<b>Total interest earning assets (a)</b>	<b>404,105</b>	<b>41,046</b>	<b>10.2%</b>	<b>473,355</b>	<b>52,253</b>	<b>11.0%</b>
<b>Non Interest Earning Assets</b>						
Non -performing Advances (Net)	5,349	-	-	6,152	-	0.0%
Non- interest bearing Investments	9,331	-	-	7,688	-	0.0%
Fixed Assets	5,908	-	-	17,211	-	0.0%
Other Assets	40,140	-	-	45,166	-	0.0%
<b>Total Assets (A)</b>	<b>464,833</b>	<b>41,046</b>	<b>8.8%</b>	<b>549,572</b>	<b>52,253</b>	<b>9.5%</b>
<b>Interest bearing liabilities</b>						
Saving deposits	140,582	(3,905)	2.8%	152,778	(6,788)	4.4%
Current deposits	92,242	-	0.0%	114,659	-	0.0%
Term deposits	126,356	(9,342)	7.4%	158,021	(11,781)	7.5%
Other deposits	9,980	(35)	0.3%	10,756	(30)	0.3%
<b>Total deposits</b>	<b>369,160</b>	<b>(13,282)</b>	<b>3.6%</b>	<b>436,214</b>	<b>(18,598)</b>	<b>4.3%</b>
Sub-ordinated loan	6,000	(597)	9.9%	10,654	(1,348)	12.7%
Borrowings	36,386	(3,058)	8.4%	44,630	(4,171)	9.3%
<b>Total interest bearing liabilities (b)</b>	<b>411,546</b>	<b>(16,936)</b>	<b>4.1%</b>	<b>491,498</b>	<b>(24,118)</b>	<b>4.9%</b>
<b>Non Interest bearing liabilities</b>						
Equity	33,484	-		44,964	-	
Bills Payable	5,501	-		6,541	-	
Other liabilities	14,302	-		6,570	-	
<b>Total non interest bearing liabilities</b>	<b>53,287</b>	<b>-</b>		<b>58,075</b>	<b>-</b>	
<b>Total Liabilities (B)</b>	<b>464,833</b>	<b>(16,936)</b>	<b>3.6%</b>	<b>549,572</b>	<b>(24,118)</b>	<b>4.4%</b>
<b>Net Interest Margin (a-b)</b>	<b>-</b>	<b>-</b>	<b>6.0%</b>	<b>-</b>	<b>-</b>	<b>6.1%</b>
<b>NRFF / Spread (A-B)</b>	<b>-</b>	<b>24,109</b>	<b>5.2%</b>	<b>-</b>	<b>28,136</b>	<b>5.1%</b>

# Concentration of Advances





# Non Interest Income (PKR mm)

	QTD Dec'08	QTD Sep'08	% Change	FY Dec 08	FY Dec 07	% Change
Commission on consumer loan	406	497	-18%	1,686	1,478	+14%
Minimum balance charges	159	129	+24%	561	518	+8%
Commission on trade	390	345	+13%	1,385	1,022	+36%
Commission on remittances/uniremote	162	166	-2%	591	434	+36%
Commission on ATM/debit card	38	42	-10%	167	142	+17%
Corp.service charges / facility fee (Intl)	123	26	+365%	241	175	+38%
Corporate finance fee	35	136	-74%	494	311	+59%
Other commission	301	298	+1%	1,181	1,087	+9%
<b>Sub total - fee, commission income</b>	<b>1,615</b>	<b>1,639</b>	<b>-1%</b>	<b>6,305</b>	<b>5,166</b>	<b>+22%</b>
Capital gain / Dividend Income	196	73	+169%	822	1,382	-41%
Exchange income	610	482	+26%	1,819	827	+120%
Gain / loss on Derivatives	(1,199)	400	-400%	164	281	-42%
Ijarah rental income	59	55	+7%	214	18	+100%
Income from unclaimed deposits	11	13	-15%	145	378	-62%
Other income	223	192	+16%	932	940	-1%
<b>Total non funded income</b>	<b>1,515</b>	<b>2,855</b>	<b>-47%</b>	<b>10,401</b>	<b>8,992</b>	<b>+16%</b>
Subsidiaries	(350)	299	-217%	520	616	-16%
Share of (loss) / income of associates	54	(156)	-135%	(128)	323	-140%
<b>Total non funded income-Consol.</b>	<b>1,218</b>	<b>2,998</b>	<b>-59%</b>	<b>10,792</b>	<b>9,931</b>	<b>+9%</b>



# Operating Expenses (PKR mm)

	QTD Dec'08	QTD Sep'08	% Change	FY Dec 08	FY Dec 07	% Change
Personnel cost	1,750	1,711	+2%	6,769	6,190	+9%
Early Retirement Scheme	92	70	+30%	271	345	-22%
Premises cost	540	596	-9%	2,224	1,491	+49%
Outsourced serv.chgs incl. sales comm	325	295	+10%	1,365	1,293	+6%
Advertisement and publicity	121	70	+73%	319	590	-46%
Communications / courier charges	194	176	+10%	667	548	+22%
Depreciation	220	253	-13%	880	581	+52%
Legal and professional charges	61	96	-37%	243	401	-39%
Banking service charge	139	111	+26%	445	361	+23%
Stationery and printing	99	62	+60%	289	286	+1%
Traveling	49	65	-25%	182	164	+11%
Repairs and maintenance	52	56	-7%	172	120	+44%
Insurance expense	49	21	+133%	117	116	+1%
Office running expenses	33	32	+4%	115	81	+43%
Entertainment	26	19	+35%	88	67	+30%
Cartage, freight and conveyance	22	18	+20%	72	60	+19%
Sub-Debt cost	2	1	+137%	26	20	+32%
Comm. & brokerage to dealers / bank	16	(38)	-142%	46	115	-60%
Amortized Commission - Sales/Dealer	179	322	-44%	501	-	+100%
Other expenses	220	165	+33%	729	592	+23%
<b>Total Operating Cost - Bank</b>	<b>4,189</b>	<b>4,101</b>	<b>+2%</b>	<b>15,520</b>	<b>13,420</b>	<b>+16%</b>
Subsidiaries	242	352	-31%	1,160	836	+39%
<b>Total Operating Cost - Consolidate</b>	<b>4,431</b>	<b>4,453</b>	<b>-0%</b>	<b>16,680</b>	<b>14,257</b>	<b>+17%</b>

# E-Banking

<b>E-Banking</b>	<b>Dec-08</b>	<b>Dec-07</b>	<b>% Change</b>	<b>Dec-06</b>
# of ATMs	354	313	+13%	210
# of Transactions (M)	11.7	9.5	+23%	5.9
Average transactions per day	32k	26k	+19%	16k
Total transaction amount (Rs B)	63	48	+33%	29
Average transaction size (Rs 000)	5.4	5.0	+8%	4.9
Average monthly trans.per ATM (Rs M)	15	13	+17%	11
<b>Internet Banking</b>				
Users	52,766	37,408	+41%	23,472
Total # of transactions (000)	253	148	+71%	64
Total transaction amount (Rs M)	8,746	2,089	+319%	404
Average transaction size (Rs 000)	35	14	+145%	6
<b>Click N Remit</b>				
Users	23,255	19,950	+17%	16,800
Total # of transactions (000)	78	79	-2%	65
Total transaction amount (US\$ M)	65	70	-7%	65
Average transaction size (US\$)	834	885	-6%	989
<b>Home Remittances</b>				
Total # of transactions (000)	636	595	+7%	544
Total transaction amount (US\$ M)	823	709	+16%	562
Average transaction size (US\$)	1,295	1,192	+9%	1,033

# Financial Ratios (1 of 3)

DuPont	Yearly			
	2005	2006	2007	2008
Net Interest Yield <sup>1</sup>	4.5%	5.4%	5.0%	4.9%
Net Interest Margin <sup>2</sup>	5.4%	6.4%	6.0%	6.1%
Non Interest Yield <sup>3</sup>	1.7%	1.8%	2.0%	1.8%
Operating Exp. / Assets	2.6%	2.9%	2.9%	2.9%
Cost Income Ratio	46.4%	44.5%	50.8%	53.2%
Loan Loss / Assets	0.4%	0.6%	1.3%	1.3%
Loan Loss / RWA <sup>4</sup>	0.7%	0.8%	1.7%	1.7%
Effective Tax Rate	36.5%	33.3%	33.0%	39.9%
Pre-Provision ROA <sup>5</sup>	2.2%	2.8%	2.8%	2.2%
ROA	1.9%	2.4%	1.9%	1.4%
Return on RWA	3.0%	3.5%	2.5%	1.8%
Pre-Provision ROE <sup>6</sup>	32.4%	38.9%	33.4%	26.9%
ROE	28.3%	33.7%	22.8%	17.4%

### 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			
	2005	2006	2007	2008
Gross NPLs / Gross Loan	7.7%	6.2%	6.9%	7.3%
Net NPLs / Gross Loan	1.7%	1.6%	1.9%	2.6%
Coverage Ratio	84.8%	82.6%	77.9%	68.5%
Prov. held / Gross loan	6.0%	4.6%	4.9%	4.7%
Prov. Exp. / Gross loan	0.6%	0.8%	2.0%	1.9%

Growth	Yearly			
	2005	2006	2007	2008
Growth in Loan Book	41.8%	21.2%	21.0%	22.7%
Growth in Deposits	25.1%	16.0%	19.7%	19.6%
Operating Revenue	57.0%	43.8%	21.3%	14.0%
Operating Expense	14.6%	38.3%	22.5%	17.0%
Pre-provision Oper.Profit	115.7%	47.8%	20.6%	8.9%
Provision exp./Other prov.	466.0%	39.3%	170.0%	23.5%
Profit After Tax	61.4%	56.7%	-4.4%	-8.6%

# Financial Ratios (3 of 3)

Other Metrics	Yearly			
	2005	2006	2007	2008
Capital Adequacy Ratio <sup>5</sup>	10.7%	12.2%	10.2%	10.5%
Tier-I CAR <sup>5</sup>	7.7%	8.9%	7.3%	6.1%
Loan / Deposits	70.9%	74.1%	74.9%	76.8%
Loan / Assets	58.7%	58.4%	56.4%	61.0%
RWA / Assets	66.8%	72.6%	79.0%	80.0%
Average Headcount <sup>2</sup>	9,366	9,658	9,702	9,192
Personnel cost / Headcount (000)	474.2	627.7	679.4	736.4
Yield on Earning Assets <sup>3</sup>	7.6%	10.0%	10.3%	10.9%
Cost of Funds <sup>4</sup>	2.1%	3.4%	4.0%	4.7%
Yield on Performing Adv	8.4%	11.2%	10.9%	12.2%
Cost of Deposits	1.9%	3.1%	3.6%	4.3%

## Formulas

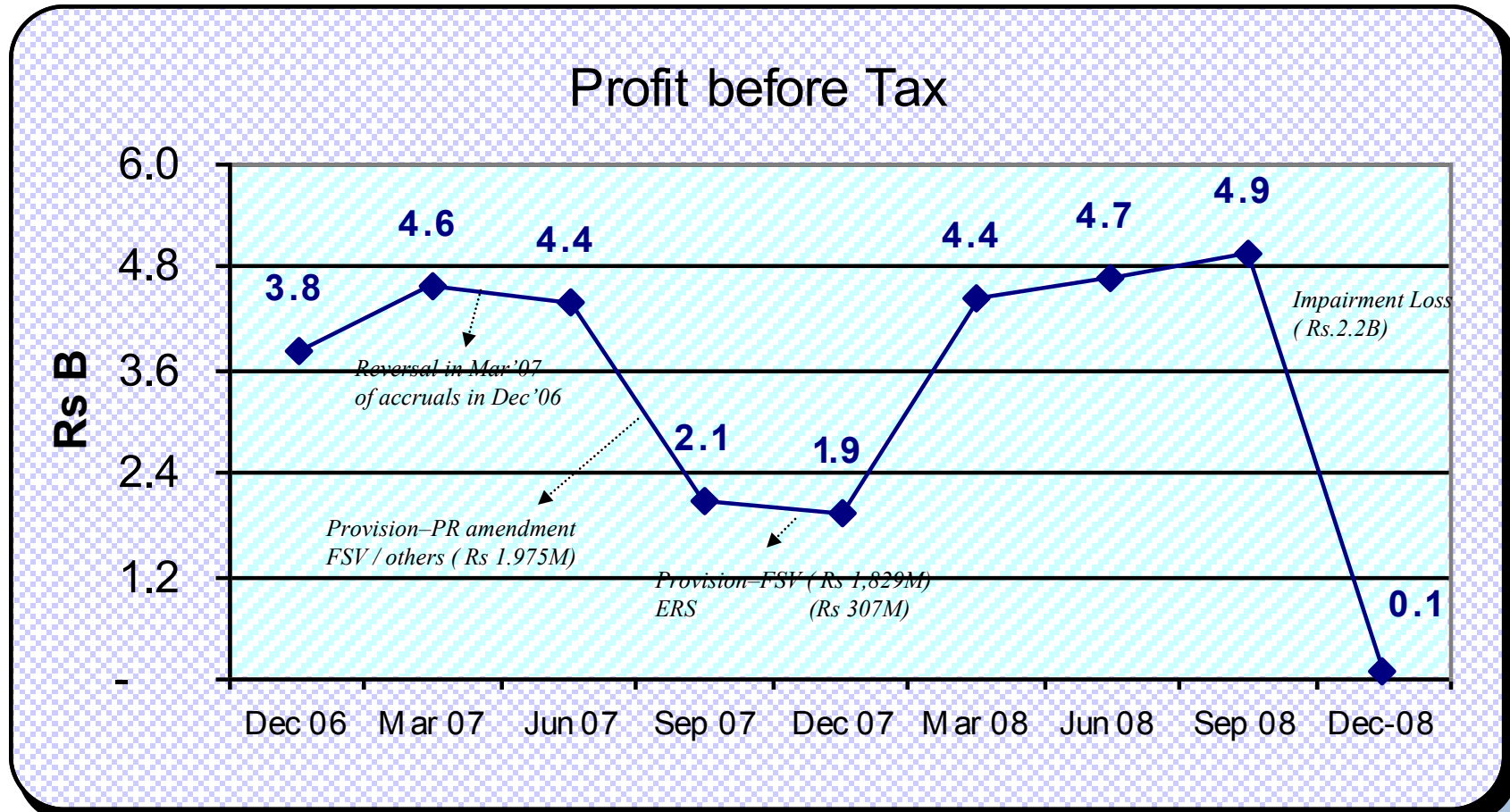
2. *Permanent Staff*
3. *Earning assets incl bal.with other banks, lending to F.I., investments & perf adv*
4. *Funds includes deposits, borrowings & sub-ordinated loans*
5. *CAR ratio for 2008 are reported under Basel II framework*

# Quarterly Trend Analysis

## Bank Level

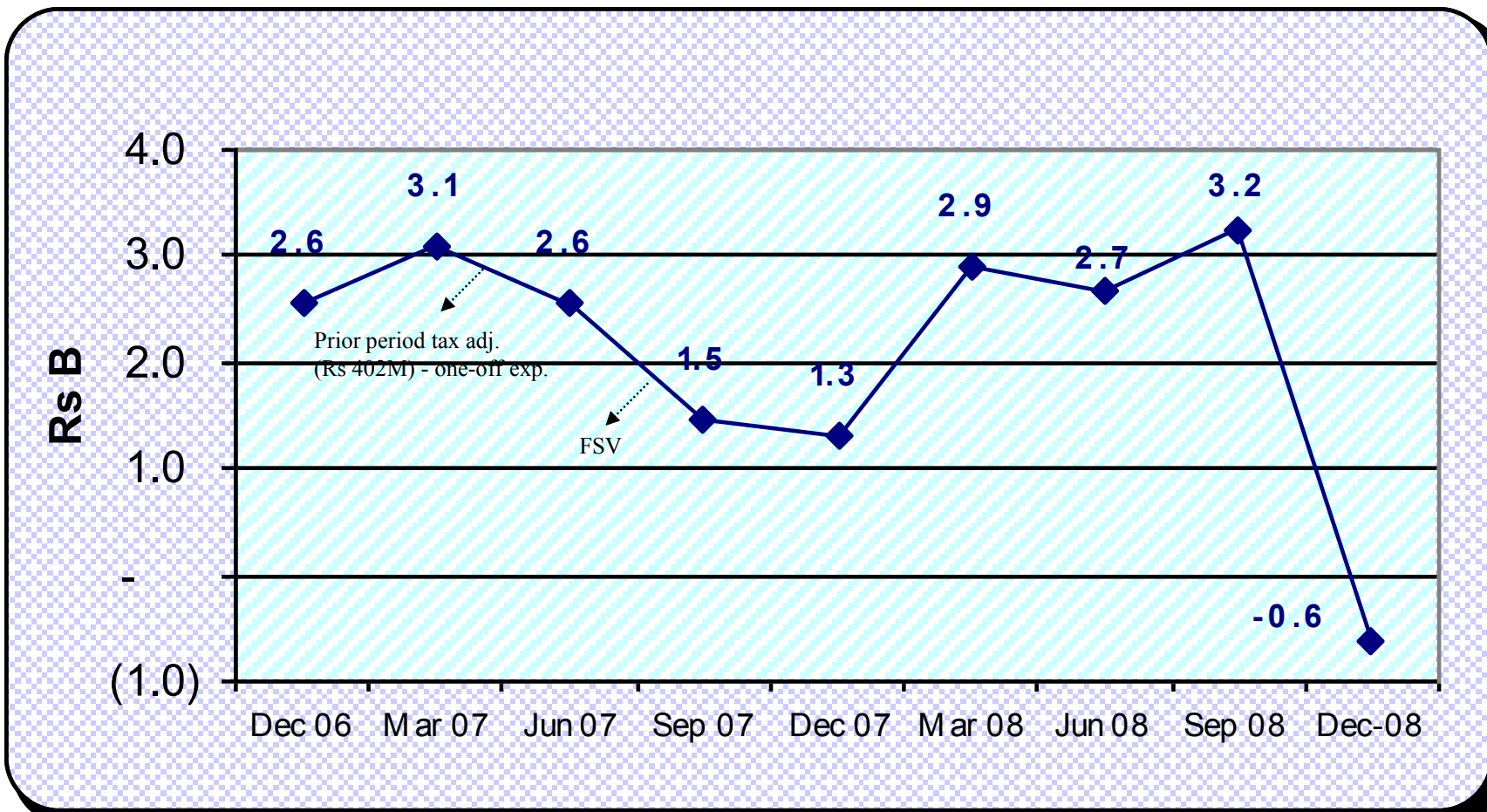


# Profit Before Tax

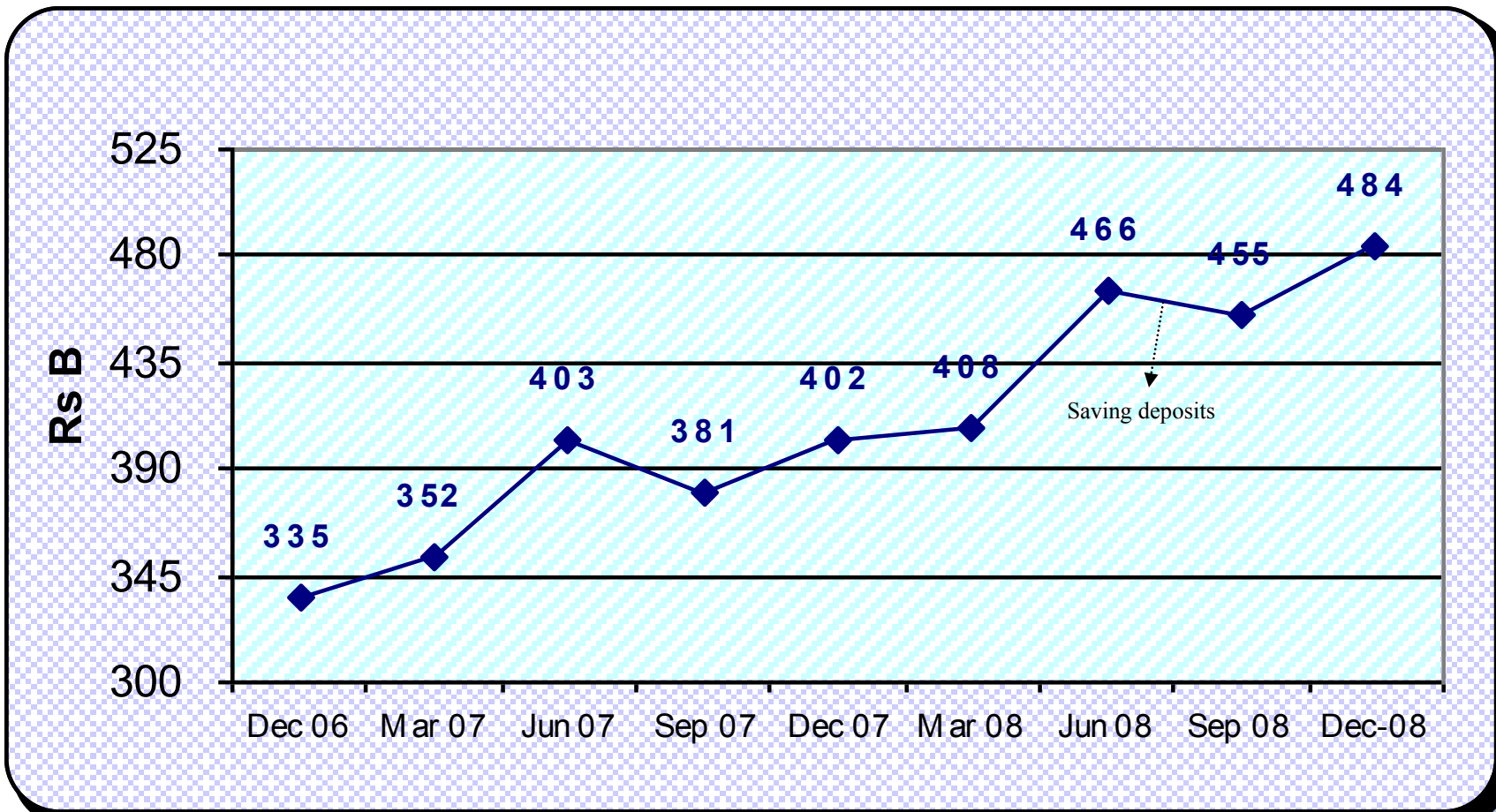




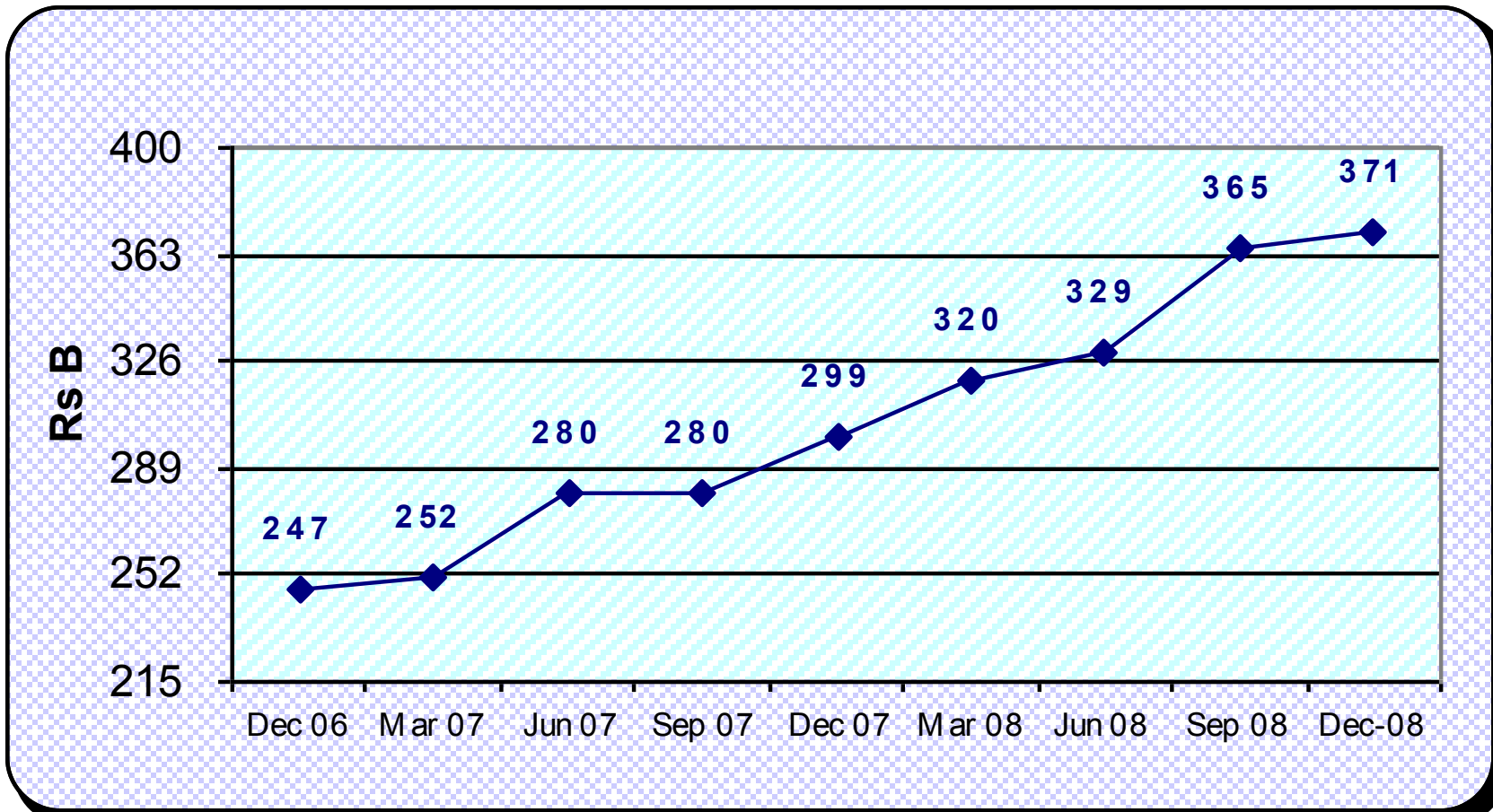
# Profit after Tax



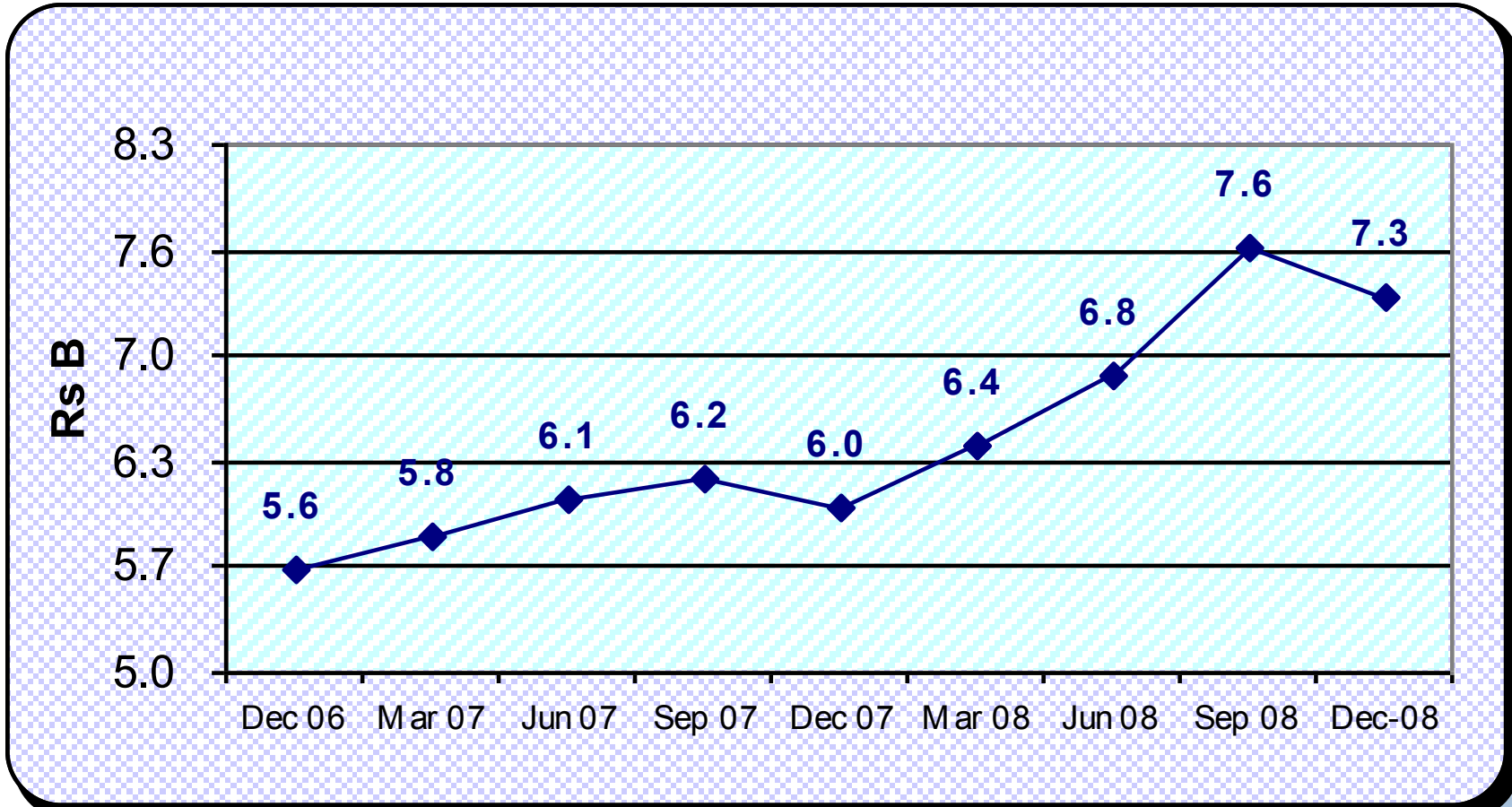
# Deposits



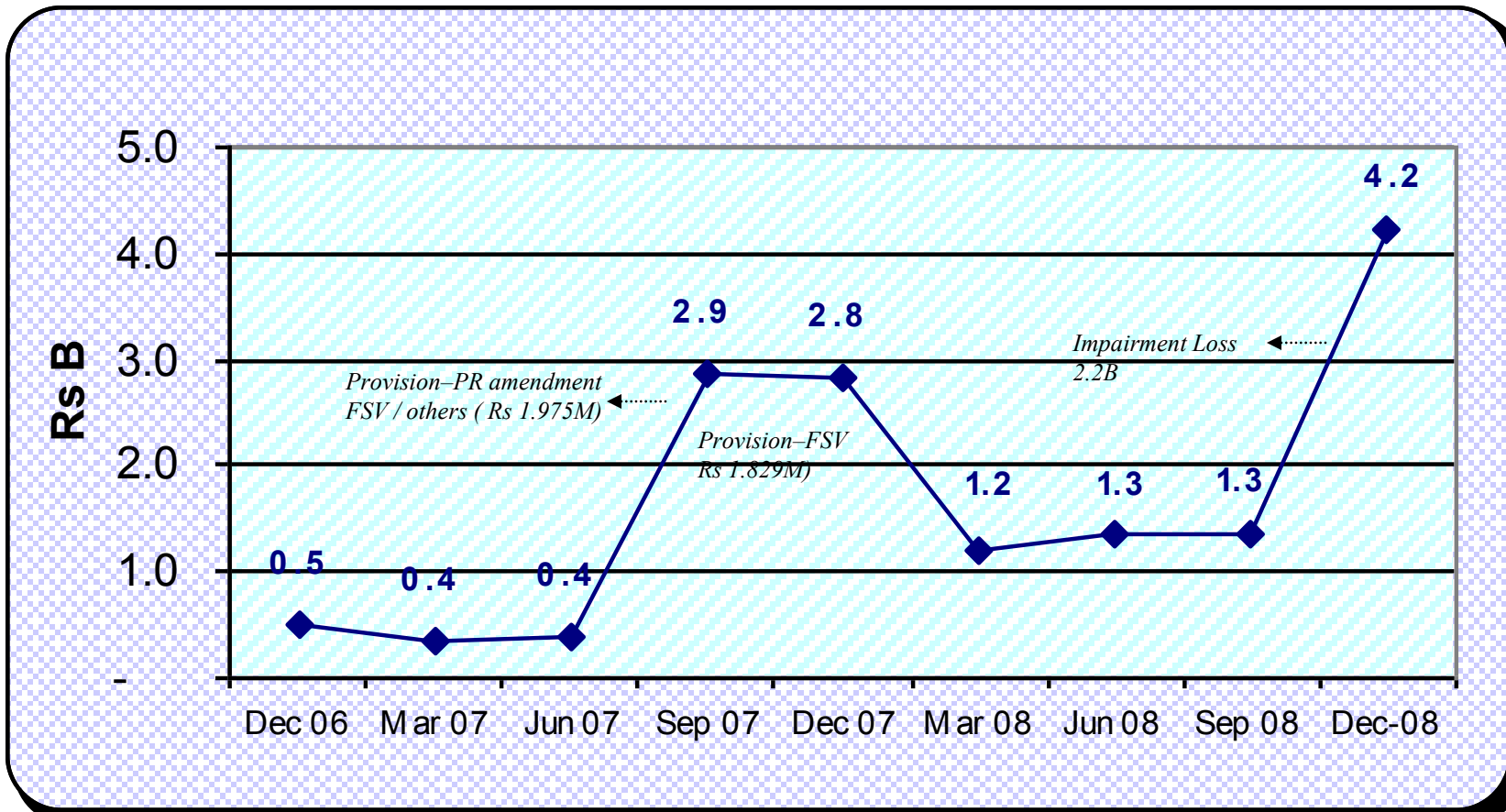
# Advances



# Net Interest Income

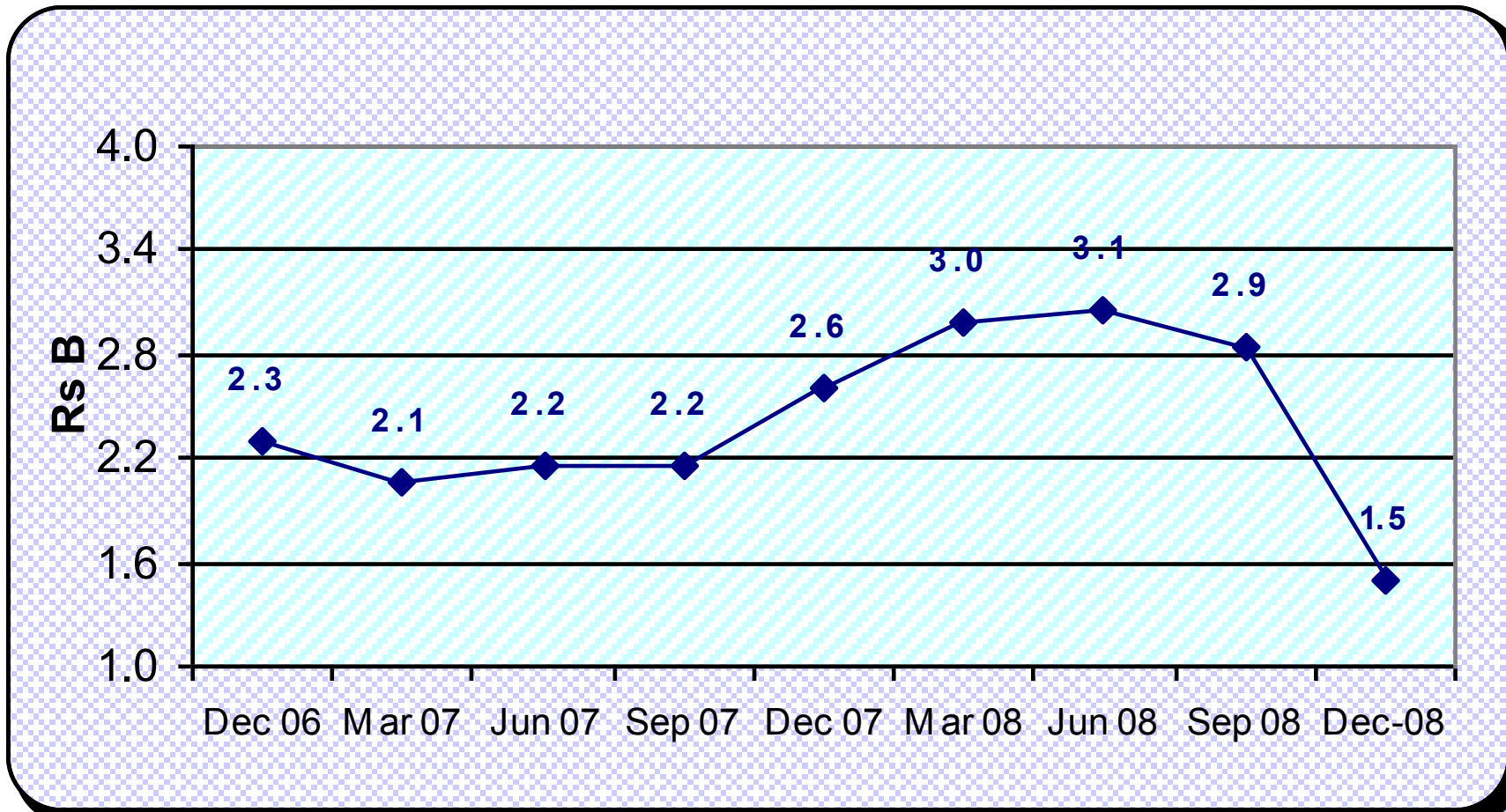


# Net Provision \*

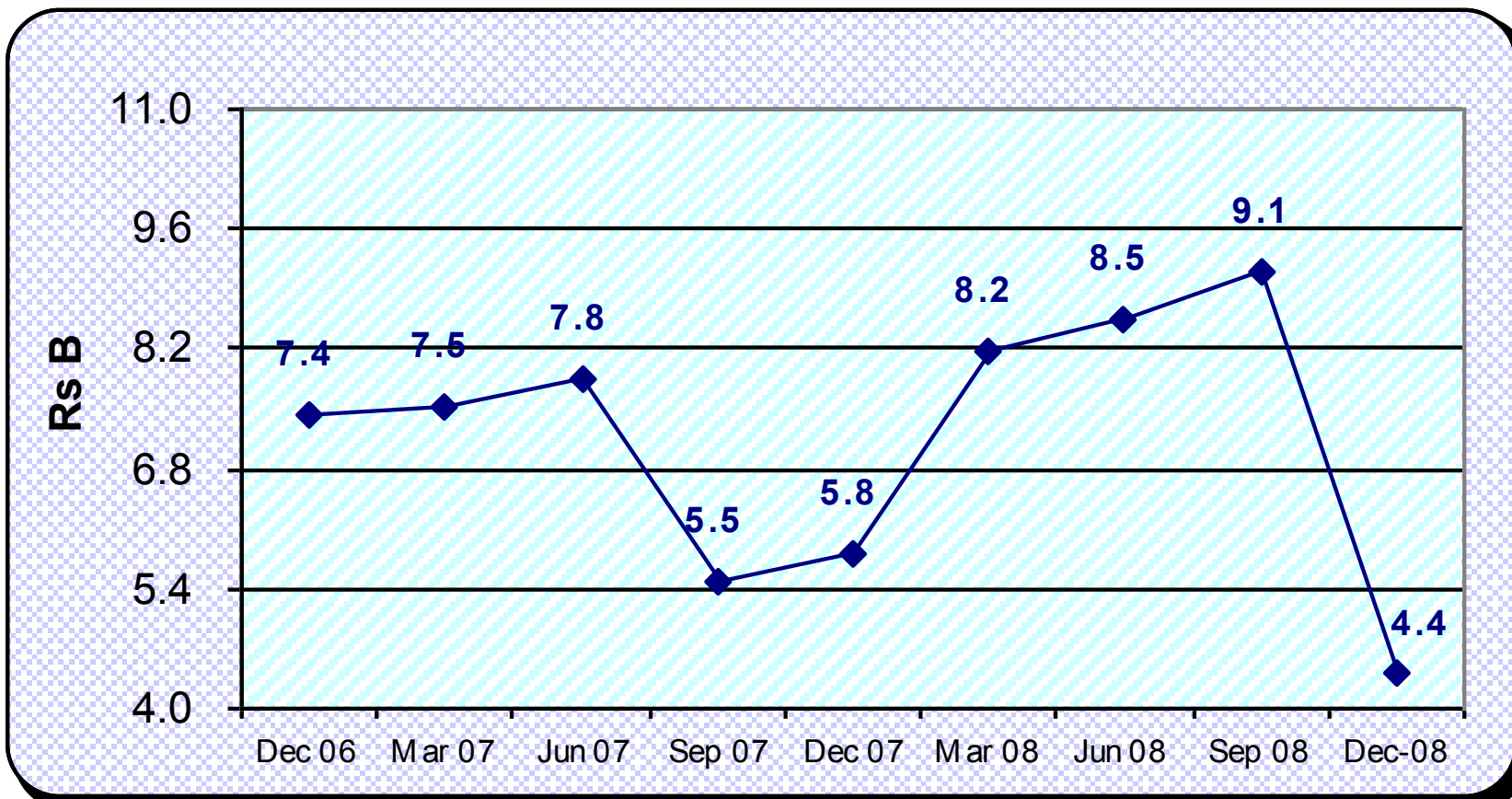


\* Excluding other operational Writeoffs

# Non-Funded Income

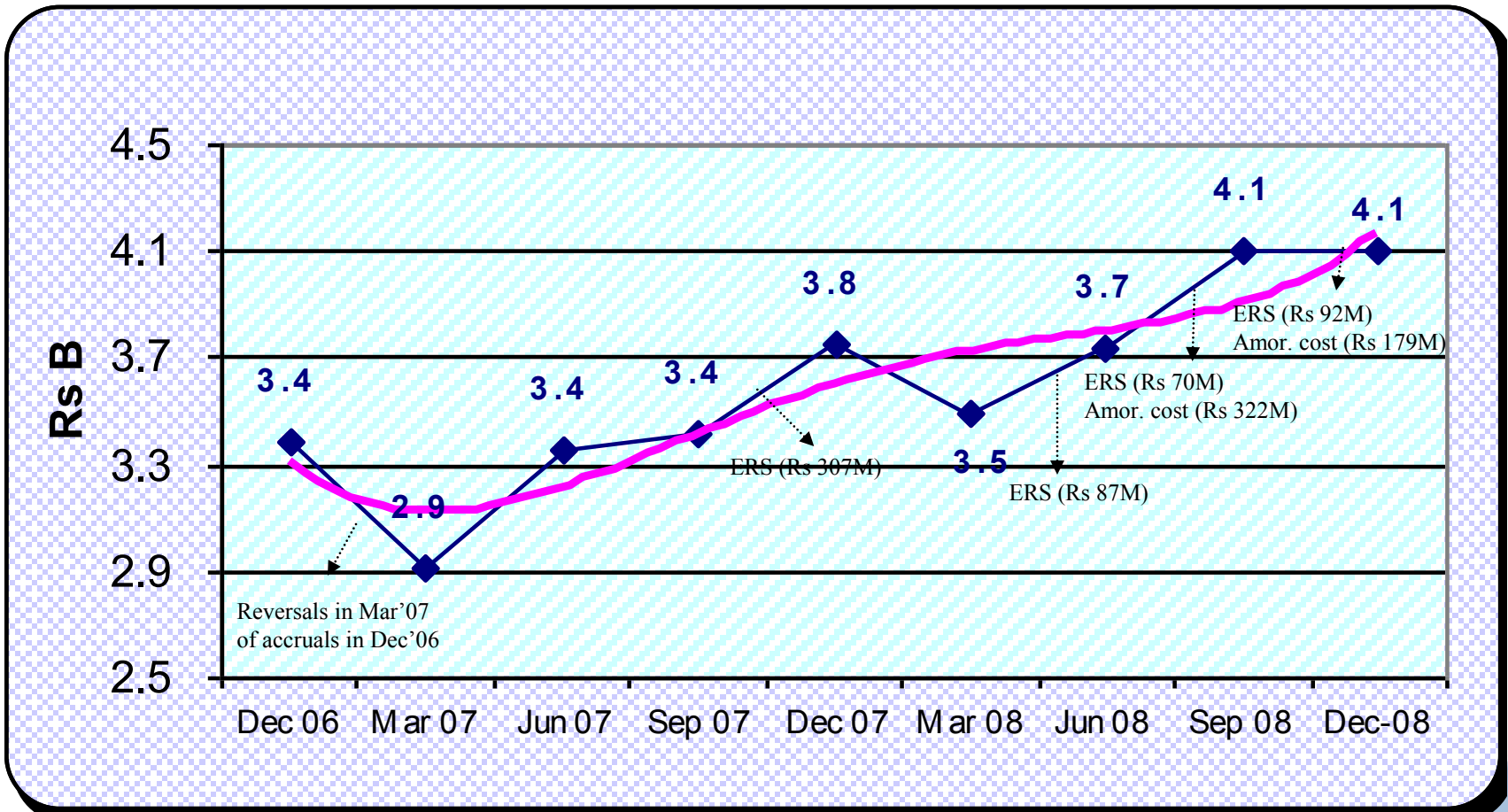


# Total Revenue





# Administrative Expenses



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