

United Bank Limited Performance Review March 2011

April 27, 2011

Abu Dhabi

Key Highlights

- On standalone basis, PAT up by 18% at Rs.3.3 Bn YoY and consolidated 24% at 3.4 Bn YoY
- Net interest income up by 11% to Rs 9.1 Bn
 - NIM increased by 10 bps to 7.2% in Mar'11
 - Increase in yield on earning assets by 60 bps
 - Increase in cost of funds by 50 bps
- Non markup income increased by 27% to Rs 3.0 Bn (Consolidated :32% to Rs. 3.3 Bn)
 - Fee from core banking services increased by 9% to Rs 1.6 Bn mainly due to higher corporate banking fee, commission on Bancassurance, income generated on remittances
 - Exchange income increased by more than 100% due to higher trade volumes and better market opportunities
 - Derivative income increased by 75%, mainly due to favorable market movements.

Key Highlights

- Total provisions increased by 10% to Rs 2.3 Bn, due to downgrading of previously classified accounts.
- Administrative expenses reduced QoQ by 6%, up 14% YoY
 - Cost to income ratio improved (Q1 11: 38.3%, Q1 10: 38.7%, Q4 10: 41.4%)
 - YoY expenses are up due to inflationary environment (CPI YoY up 13.2%), escalating utilities costs and the bank's significant investments in business building activities and IT.
- Net Advances remained flat at December level to Rs 334 Bn
- Period end deposits reduced by 4% to Rs 529 Bn
 - Domestic deposits reduced by 3% due to seasonality, Int'l deposits reduced by 7% due to shedding of expensive deposits
 - Average deposits increased by 5% over the previous quarter
- The total capital adequacy ratio (post dividend) improved from 13.2% in Mar'10 to 13.8% in Mar'11. While, Tier I CAR stands at 9.8% (Mar'10: 8.9%)
- Return on equity improved from 21.0% in Q4'10 to 22.4% in Q1'11

Share Info

	Standalone		Consolidated	
	Mar 2011	Dec 2010	Mar 2011	Dec 2010
EPS (Rs/share-annual.)	10.7	9.1	11.1	9.0
BV/share (Rs/share)	54.6	55.9	60.4	61.4
Price* - (Rs /share)	64.2	63.5	64.2	63.5
P/E	6.0x	7.0x	5.8x	7.0x
P/BV	1.2x	1.1x	1.1x	1.0x
# of shares	1,224M	1,224M	1,224M	1,224M

**Mar-11 Price dated April 21, 2011 & Dec-10 Price dated February 17, 2011*

Income Statement (Standalone)

PKR Bn	Q1'11	Q1'10	Var %	Q4'10	Var %
Interest Earned	16.70	14.20	18%	16.08	4%
Interest Expensed	(7.60)	(6.00)	-27%	(7.05)	-8%
Net Interest Income	9.11	8.20	11%	9.03	1%
Non Interest Income	3.01	2.36	27%	2.83	6%
Total Revenue	12.11	10.56	15%	11.85	2%
Operating Expense	(4.77)	(4.18)	-14%	(5.09)	6%
Pre Prov. Operating Profit	7.35	6.38	15%	6.77	9%
Provision Exp./Other writeoffs	(2.33)	(2.12)	-10%	(1.95)	-20%
Profit Before Tax	5.01	4.26	18%	4.82	4%
Profit After Tax	3.27	2.78	18%	3.10	6%

Income Statement - Consolidated

PKR Bn	Q1'11	Q1'10	Var %	Q4'10	Var %
Interest Earned	16.92	14.37	18%	16.30	4%
Interest Expensed	(7.64)	(6.03)	-27%	(7.14)	-7%
Net Interest Income	9.27	8.34	11%	9.16	1%
Non Interest Income	3.33	2.52	32%	3.15	6%
Total Revenue	12.60	10.85	16%	12.31	2%
Operating Expense	(5.12)	(4.49)	-14%	(5.36)	4%
Pre Prov. Operating Profit	7.48	6.37	17%	6.94	8%
Provision Exp./Other writeoffs	(2.34)	(2.14)	-9%	(2.06)	-13%
Profit Before Tax	5.14	4.23	22%	4.88	5%
Profit After Tax	3.40	2.74	24%	3.11	9%

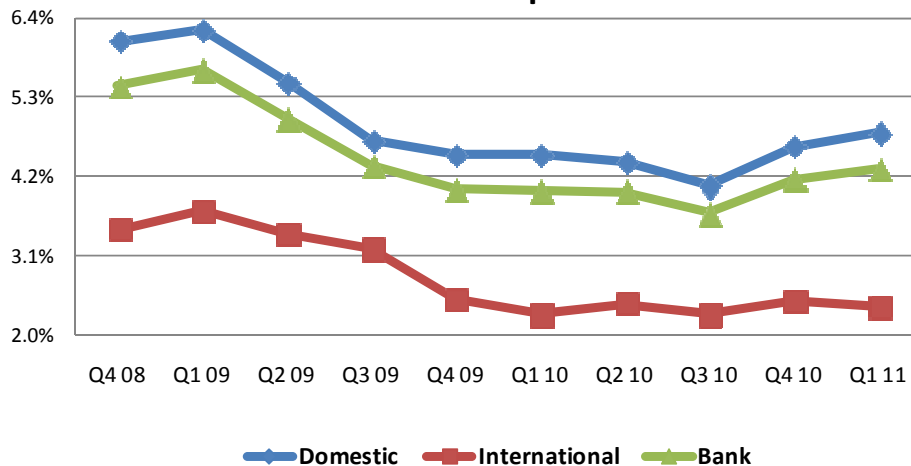
Key Ratios

UBL	Q1 11	Q1 10	Q4 10
Advances / Deposits	70%	80%	67%
Asset Quality	14.3%	11.3%	13.2%
Coverage	70.3%	73.1%	71.9%
NCL Ratio	2.8%	2.5%	2.3%
Yield on Advances	13.1%	12.4%	12.7%
Cost of Deposits	4.3%	4.0%	4.2%
Net Interest Margin	7.2%	7.1%	7.2%
Revenue / Expense Ratio	2.61	2.59	2.42
Non Fund Inc. / Total Revenue	25%	22%	24%
Return on Avg Assets	1.93%	1.87%	1.86%
Return on Shareholders' Equity	22.4%	21.6%	21.0%

Deposits Structure (Bank Level)

Cost of Deposits

Cost of Deposits

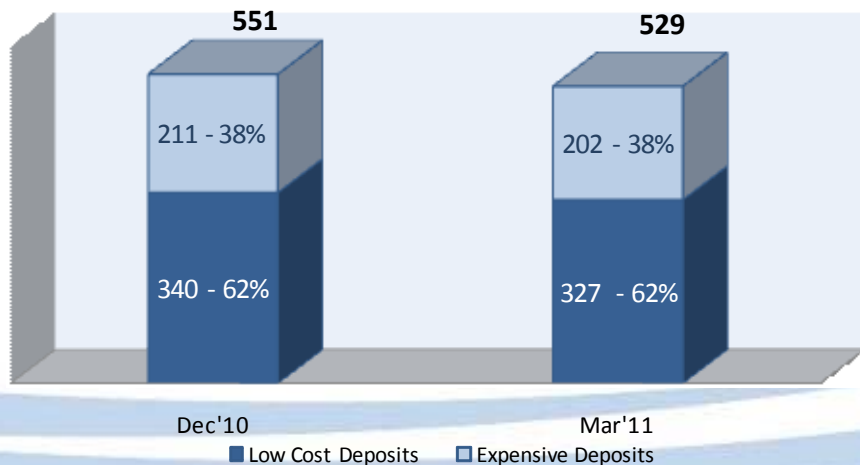


Deposits - Bank

Bank - Rs. Bn	Mar'11		Dec'10	
	PE	COF%	PE	COF%
Domestic deposits	428	4.8%	443	4.6%
International deposits	101	2.4%	108	2.5%
Total Bank	529	4.3%	551	4.2%
International \$ Mn	1,178	2.4%	1,263	2.5%
Domestic CASA	74%		78%	

Total Deposits

Rs. Billion



- Cost of deposits increased marginally to 4.3% due to rising rate environment and a deliberate strategy to grow the balance sheet through acquisition of profitable, albeit higher cost deposits.
- Domestic deposits reduced by 3% due to seasonality, Int'l deposits reduced by 7% due to shedding of expensive deposits
- Average deposits increased by 5% over the previous quarter
- Bank has maintained low cost and expensive deposits mix at Dec'10 level.
- Domestic market share of deposits increased by 30bps YoY to 8.4% in Mar'11

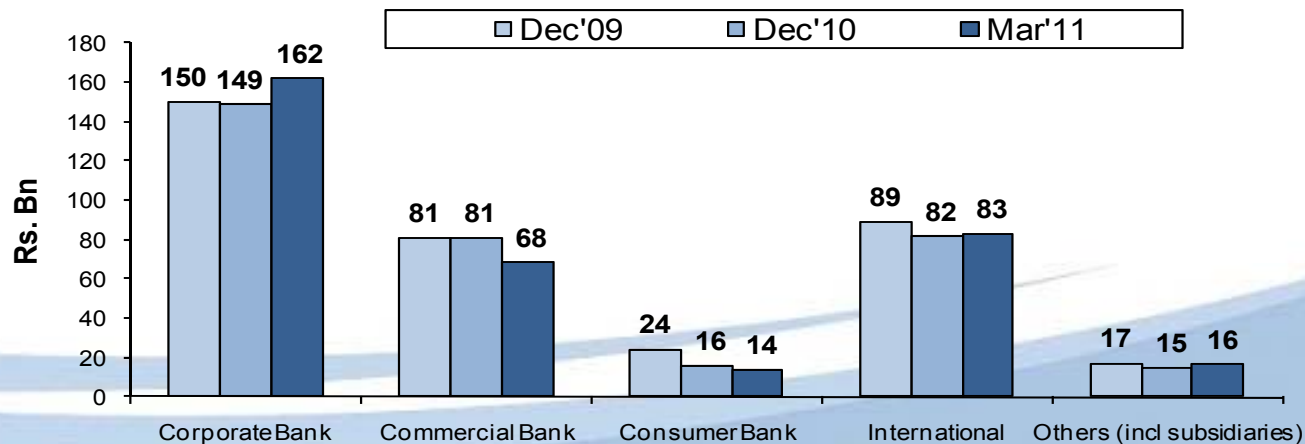
Net Advances

Net Advances - Rs. Bn	Mar'11	Dec'10	% Change	Yield *	
				Q1 11	Q4 '10
Corporate Bank	161.7	148.5	9%	14.5%	13.4%
Commercial **	68.4	80.7	-15%	16.1%	15.9%
Consumer	13.8	15.7	-12%	18.6%	19.4%
Others	7.1	7.3	-2%	8.4%	3.3%
Domestic	251.0	252.2	0%	15.1%	14.3%
International	82.9	81.5	2%	7.6%	8.0%
Bank	333.9	333.7	0%	13.1%	12.7%
Subsidiaries	9.3	7.8	19%		
Bank-Consolidated	343.2	341.5	0%		

International (US\$ Mn)	971.2	951.7	2%
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*Yield on Performing advances

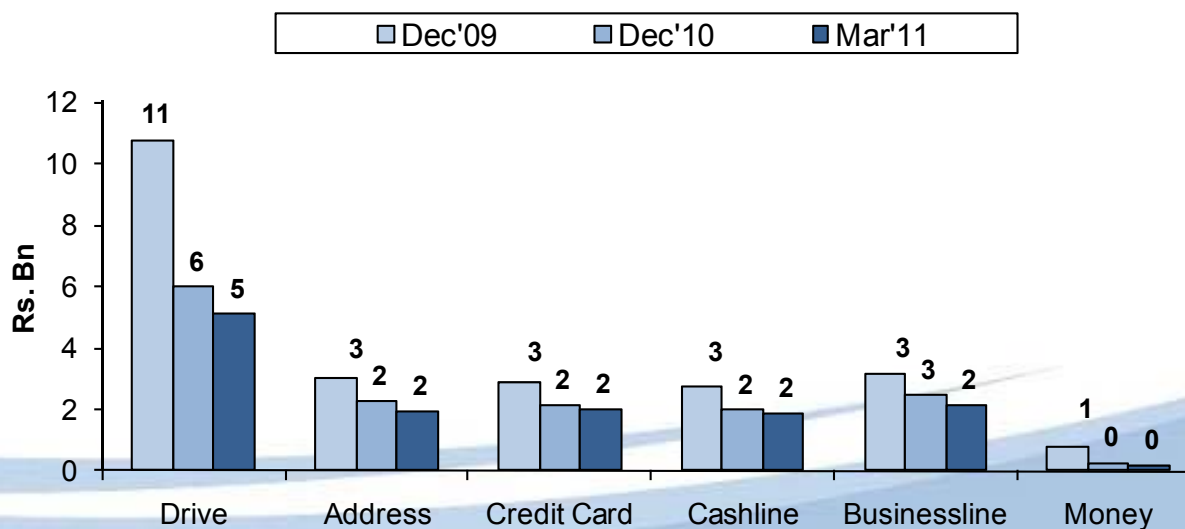
**of which commodity advances of Rs. 46Bn (Dec'10: 54Bn)



Consumer Advances by Product

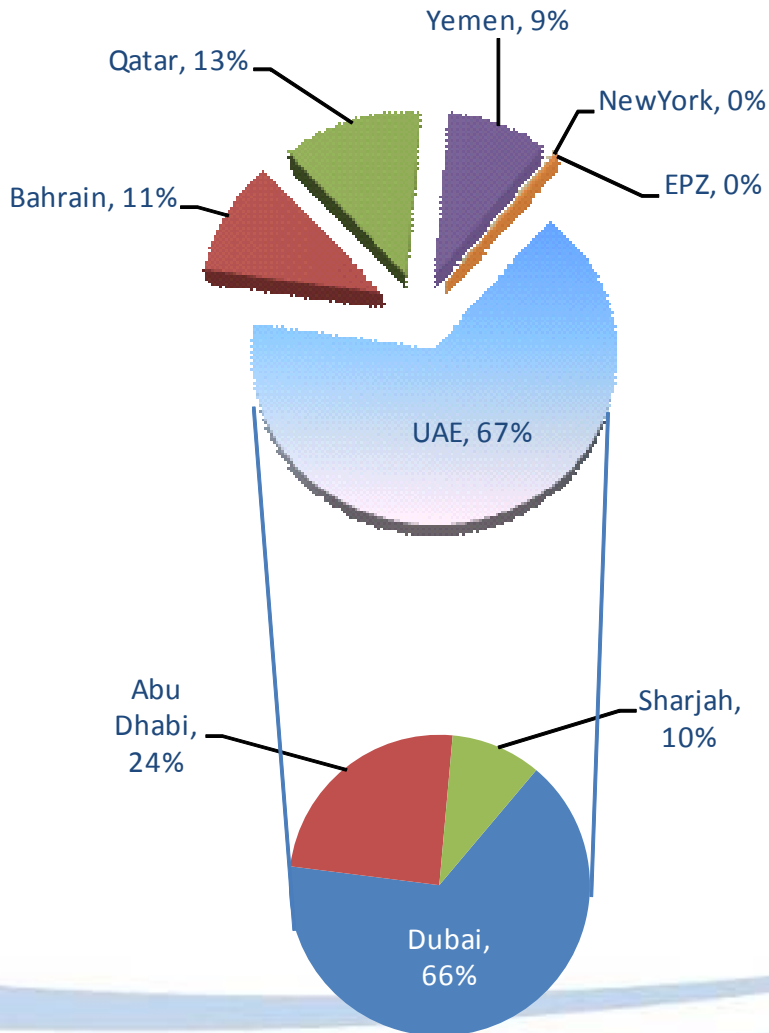
Rs. Bn	Mar'11	Dec'10	Change	Yield*	
				Q1 11	Q4 10
Drive	5.3	6.2	-15%	17.3%	16.3%
Address	2.0	2.4	-14%	23.7%	29.0%
Credit Card	2.1	2.2	-5%	22.3%	22.9%
Cashline	1.9	2.1	-6%	15.4%	11.7%
Businessline	2.2	2.6	-14%	17.3%	15.2%
Money	0.2	0.3	-32%	28.3%	98.6%
Total	13.8	15.7	-12%	18.6%	19.4%

* Yield on Performing advances

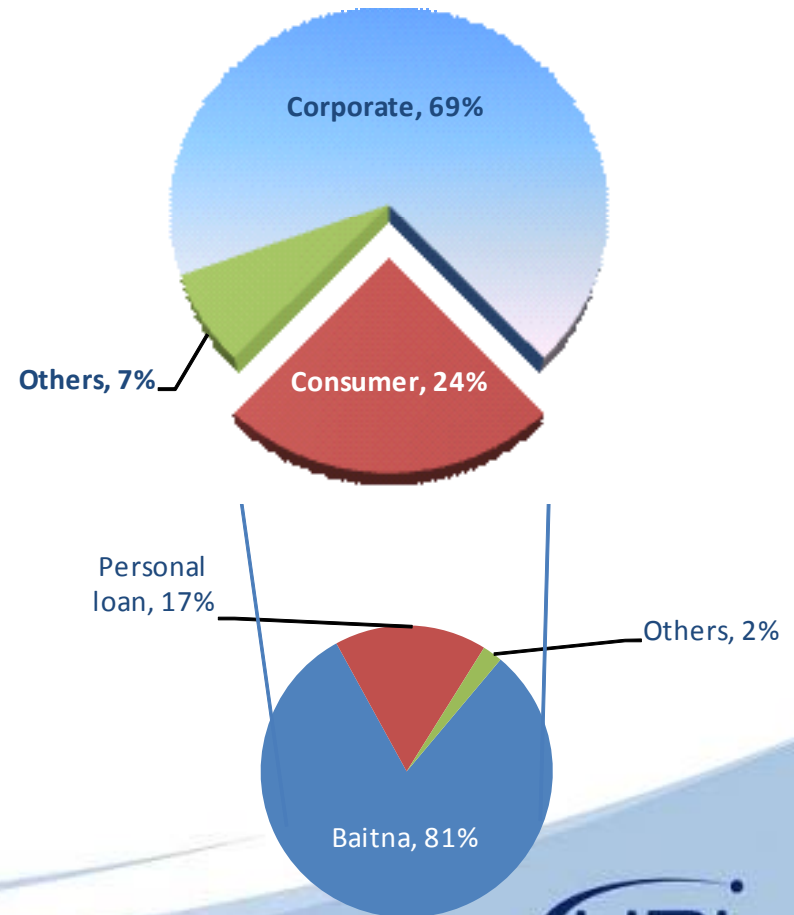


International Advances

By Geography



By Business - UAE



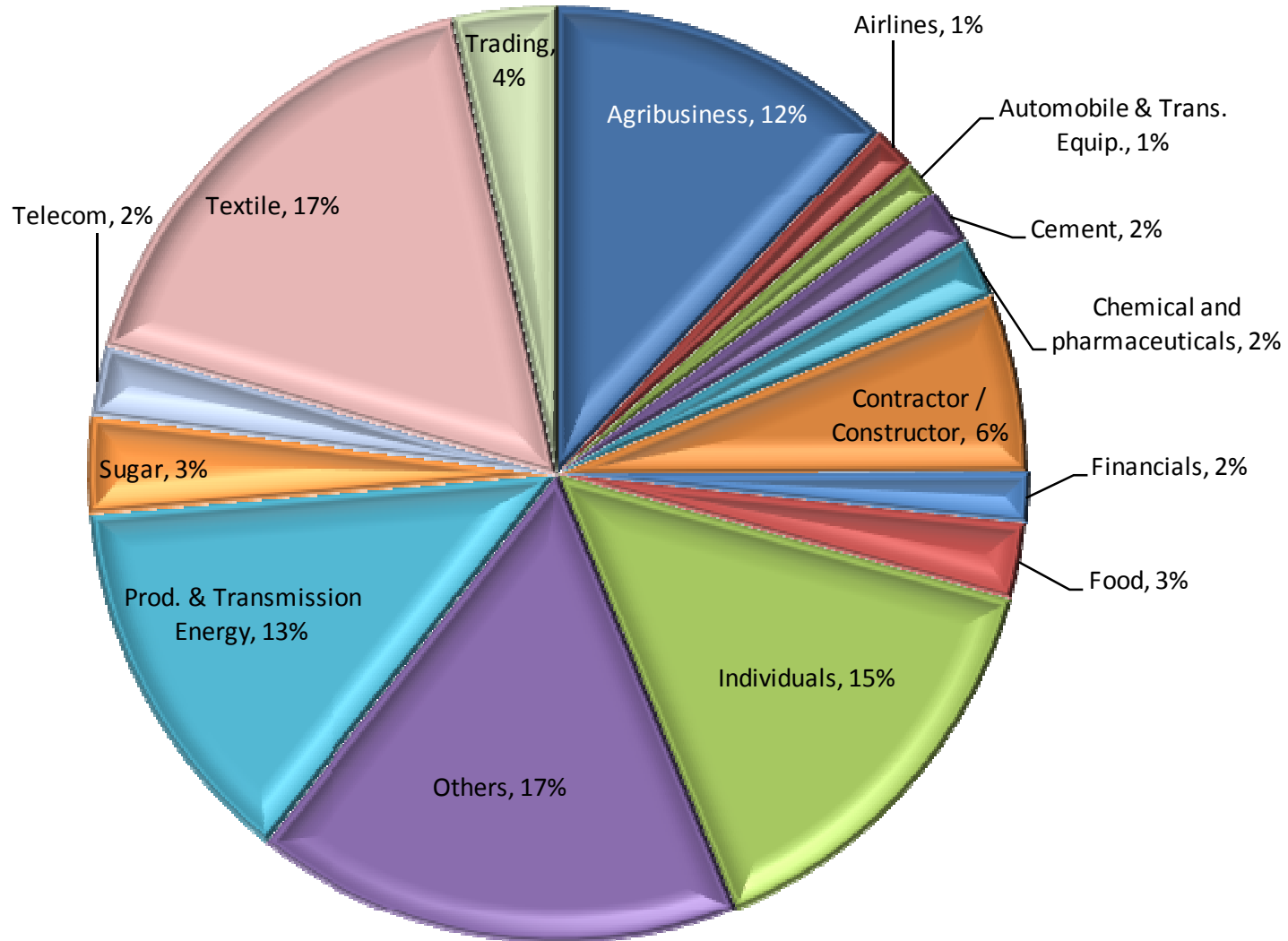
Spread Analysis – Bank Level

Bank	Mar-11				Mar-10			
	PE	AVG	IE	Avg.Yield /Cost	PE	AVG	IE	Avg.Yield /Cost
Rs Bn								
Avg Kibor - 6M				13.8%				12.4%
Interest Earning Assets								
Performing Advances	310	302	9.8	13.1%	313	325	10.0	12.4%
Corporate	144	132	4.7	14.5%	138	140	4.6	13.4%
Commercial	20	21	0.8	15.6%	24	25	0.9	14.0%
Commodity	46	50	2.0	16.3%	44	47	1.8	15.1%
Consumer	13	13	0.6	18.6%	20	21	0.9	17.3%
International	81	80	1.5	7.6%	79	82	1.6	8.0%
Others (staff, FAS, IMB)	6	6	0.1	8.4%	8	8	0.2	8.3%
Investments (earning)	185	191	5.6	11.9%	107	106	2.7	10.4%
Corporate Bonds (TFC)	29	27	1.1	16.0%	27	27	1.0	14.4%
Lending To Financial Institution	13	11	0.2	7.4%	14	15	0.4	10.4%
Others	11	16	0.1	2.1%	17	15	0.1	3.6%
Total int. earning assets (a)	548	547	16.7	12.4%	478	488	14.2	11.8%
<i>Non earning assets</i>	131	125	-	0.0%	108	108	-	0.0%
Total Assets (A)	679	672	16.7	10.1%	586	596	14.2	9.7%
Interest bearing liabilities								
Total deposits	529	535	(5.7)	4.3%	451	462	(4.6)	4.0%
Core Deposits	461	457	(3.5)	3.1%	394	392	(2.8)	2.9%
Unisaver Plus	30	41	(1.1)	10.8%	28	39	(0.9)	9.2%
UTTIP	38	38	(1.2)	12.4%	30	31	(0.9)	11.5%
Subordinated Debts - TFC	12	12	(0.4)	12.5%	12	12	(0.4)	13.5%
Swap cost (net)	-	-	(0.5)	0.0%	-	-	(0.2)	0.0%
Borrowings	44	41	(1.0)	10.3%	40	43	(0.8)	7.7%
Total interest bearing liab (b)	585	588	(7.6)	5.2%	503	517	(6.0)	4.7%
<i>Non int. bearing liabilities & equity</i>	94	84	-	0.0%	83	79	-	0.0%
Total Liabilities+Equity (B)	679	672	(7.6)	4.6%	586	596	(6.0)	4.1%
Net Interest Margin (a-b)	-	-	9.1	7.2%	-	-	8.2	7.1%
Spread (A-B)			-	5.5%			-	5.6%

QTD NIM – Bank Level

Bank Rs Bn	Q1 2011				Q4 2010			
	PE	AVG	IE	Avg.Yield /Cost	PE	AVG	IE	Avg.Yield /Cost
Avg Kibor - 6M				13.8%				13.4%
Interest Earning Assets								
Performing Advances	310	302	9.8	13.1%	313	312	10.0	12.7%
Corporate	144	132	4.7	14.5%	135	133	4.5	13.4%
Commercial	20	21	0.8	15.6%	25	23	0.9	15.7%
Commodity	46	50	2.0	16.3%	54	55	2.2	16.0%
Consumer	13	13	0.6	18.6%	14	15	0.7	19.4%
International	81	80	1.5	7.6%	80	80	1.6	8.0%
Others (staff, FAS, IMB)	6	6	0.1	8.4%	5	7	0.1	3.3%
Investments (earning)	185	191	5.6	11.9%	187	157	4.6	11.6%
Corporate Bonds (TFC)	29	27	1.1	16.0%	29	29	1.1	14.7%
Lending To Financial Institution	13	11	0.2	7.4%	12	12	0.3	9.0%
Others	11	16	0.1	2.1%	18	14	0.1	2.6%
Total int. earning assets (a)	548	547	16.7	12.4%	559	525	16.1	12.2%
<i>Non earning assets</i>	131	125	-	0.0%	140	126	-	0.0%
Total Assets (A)	679	672	16.7	10.1%	699	651	16.1	9.8%
Interest bearing liabilities								
Total deposits	529	535	(5.7)	4.3%	551	509	(5.3)	4.2%
Core Deposits	461	457	(3.5)	3.1%	469	431	(3.3)	3.0%
Unisaver Plus	30	41	(1.1)	10.8%	46	37	(0.9)	9.8%
UTTIP	38	38	(1.2)	12.4%	36	40	(1.1)	11.3%
Subordinated Debts - TFC	12	12	(0.4)	12.5%	12	12	(0.4)	12.3%
Swap cost (net)	-	-	(0.5)	0.0%	-	-	(0.3)	0.0%
Borrowings	44	41	(1.0)	10.3%	45	41	(1.0)	9.7%
Total interest bearing liab (b)	585	588	(7.6)	5.2%	608	562	(7.1)	5.0%
<i>Non int. bearing liabilities & equity</i>	94	84	-	0.0%	91	89	-	0.0%
Total Liabilities+Equity (B)	679	672	(7.6)	4.6%	699	651	(7.1)	4.3%
Net Interest Margin (a-b)	-	-	9.1	7.2%	-	-	9.0	7.2%
Spread (A-B)			-	5.5%			-	5.5%

Concentration of Advances - Standalone



Non Markup / Return / Interest Income

Non Fund Income - Rs. Mn	Q1'11	Q1'10	Var %	Q4'10	Var %
Fee, commission and brokerage income	1,599	1,473	9%	1,627	-2%
Dividend income	101	138	-26%	144	-30%
Income from dealing in foreign currencies	749	361	107%	456	64%
Gain on sale of securities	180	78	130%	(4)	100%
Other income	379	311	22%	604	-37%
Total Non Fund Income	3,009	2,361	27%	2,827	6%

Fee, Commission and Brokerage Income

Fee, Commission Income - Rs. Mn	Q1'11	Q1'10	Var %	Q4'10	Var %
Commission on trade	406	393	3%	407	0%
Commission on consumer loan	232	241	-4%	267	-13%
Commission on remittance / uniremote	224	212	5%	186	20%
Corporate finance fee / service charges	146	110	33%	166	-12%
Commission on ATM / utility / cheque books	152	140	8%	151	1%
Minimum balance charges	83	92	-11%	131	-37%
Commission on home remittance	89	95	-6%	82	8%
Commission on cash management	46	46	0%	47	-2%
Commission income - Bancassurance	44	17	163%	29	52%
Commission others	177	127	40%	162	9%
Total	1,599	1,473	9%	1,627	-2%

Administrative Expenses

Administrative Expenses - Rs. Mn	Q1'11	Q1'10	Var %	Q4'10	Var %
Personnel cost	2,084	1,952	-7%	1,859	-12%
Premises cost	729	677	-8%	752	3%
Outsourced service charges including sales commission	362	318	-14%	418	13%
Advertisement and publicity	128	34	-282%	451	72%
Communications	197	172	-15%	212	7%
Depreciation	301	294	-2%	308	2%
Legal and professional charges	38	57	34%	65	42%
Banking service charges	118	91	-30%	115	-3%
Stationery and printing	84	91	8%	131	36%
Travelling	60	28	-111%	57	-5%
Cash transportation charges	76	63	-21%	85	11%
Repairs and maintenance	30	20	-50%	28	-6%
Maintenance contracts	137	66	-107%	145	5%
Vehicle expenses	34	31	-11%	47	28%
Office running expenses	66	53	-26%	69	3%
Others	196	136	-44%	171	-15%
Total	4,640	4,082	-14%	4,912	6%

E-banking Statistics

<i>E-Banking</i>	<i>Mar'11</i>	<i>Mar'10</i>	<i>% Change</i>	<i>2010</i>	<i>2009</i>
# of ATMs	462	412	12%	436	412
# of Transactions (Mn)	4.5	4.1	9%	16.4	14.6
Average transactions per day	50k	46k	9%	45k	40k
Total transaction amount (Rs Bn)	28	24	18%	101	84
Average transaction size (Rs 000)	6.3	5.8	8%	6.1	5.7
Average monthly trans.per ATM (Rs Mn)	21	19	5%	19	17
<i>Internet Banking</i>					
Users	85,026	74,910	14%	82,082	70,834
Total # of transactions (000)	180	154	17%	615	450
Total transaction amount (Rs 000)	22,646	14,784	53%	67,895	22,403
Average transaction size (Rs 000)	126	96	31%	110	50
<i>Click N Remit</i>					
Users	33,128	28,995	14%	32,607	28,379
Total # of transactions (000)	18	18	0%	76	74
Total transaction amount (US\$ Mn)	14	14	1%	58	56
Average transaction size (US\$)	773	768	1%	767	759

Financial ratios – Consolidated – 1/3

DuPont	Full Year			QTD (Annualized)	
	2008	2009	2010	Dec-10	Mar-11
Spread ¹	5.1%	5.5%	5.5%	5.5%	5.5%
Net Interest Margin ²	6.1%	6.9%	7.1%	7.2%	7.2%
Non Interest Yield ³	1.9%	2.1%	1.6%	1.8%	1.9%
Operating Exp./Avg Assets	2.9%	2.8%	2.8%	3.1%	2.9%
Cost Income Ratio	42.1%	38.6%	41.7%	42.1%	39.6%
Loan Loss / Assets	1.0%	1.9%	1.2%	1.1%	1.3%
Loan Loss / RWA ⁴	1.2%	2.4%	1.6%	1.5%	1.8%
Effective Tax Rate	39.9%	34.2%	37.7%	36.3%	34.0%
Pre-Provision ROA ⁵	2.3%	2.9%	2.4%	2.5%	2.8%
ROA	1.4%	1.5%	1.6%	1.8%	1.9%
Return on RWA	1.8%	1.9%	2.1%	2.4%	2.6%
Pre-Provision ROE ⁶	27.5%	31.4%	22.6%	23.4%	26.5%
ROE (Including Surplus)	17.4%	16.2%	15.5%	16.9%	18.2%

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 – Consolidated – 2/3

Asset Quality	Full Year			QTD (Annualized)	
	2008	2009	2010	Dec-10	Mar-11
Gross NPLs / Gross Loan	7.2%	10.3%	12.9%	12.9%	13.9%
Net NPLs / Gross Loan	2.2%	3.0%	4.0%	4.0%	4.1%
Coverage Ratio	69.3%	70.9%	71.9%	71.9%	70.3%
Prov. held / Gross loan	5.0%	7.3%	8.9%	8.9%	9.6%
Net Credit Loss ratio	2.4%	3.7%	2.3%	2.4%	2.7%

Growth	Full Year			QTD (Annualized)	
	2008	2009	2010	Dec-10	Mar-11
Growth in Loan Book	22.6%	-4.3%	-5.7%	-0.7%	0.5%
Growth in Deposits	19.6%	2.3%	12.7%	11.9%	-3.8%
Operating Revenue	14.0%	16.6%	-1.4%	8.1%	2.4%
Operating Expense	17.0%	6.7%	6.6%	9.0%	-3.7%
Pre-provision Oper.Profit	11.9%	23.8%	-7.2%	7.7%	7.7%
Provision exp.+ Other prov	23.5%	64.5%	-39.2%	-4.3%	13.4%
Profit After Tax	-8.6%	12.3%	16.1%	11.9%	9.1%

Financial ratios – Consolidated – 3/3

Other Metrics	Yearly			QTD (Annualized)	
	2008	2009	2010	Dec-10	Mar-11
Capital Adequacy Ratio (St)	9.9%	13.2%	14.5%	14.5%	13.8%
Tier-I CAR (St)	5.8%	9.0%	10.3%	10.3%	9.8%
Loan / Deposits	80.8%	77.5%	66.3%	66.3%	69.7%
Loan / Assets	58.3%	53.7%	47.1%	47.1%	48.7%
RWA / Assets	77.0%	75.9%	72.7%	72.7%	73.8%
Average Headcount ²	9,192	8,639	8,474	8,426	8,476
Personnel cost / Headcount (000)	736.4	863.9	867.0	861.8	969.3
Yield on Earning Assets ³	11.0%	12.3%	11.8%	12.2%	12.4%
Cost of Funds ⁴	4.9%	5.4%	4.7%	5.0%	5.2%
Yield on Performing Adv	12.1%	13.3%	12.5%	12.7%	13.1%
Cost of Deposits	4.3%	4.8%	4.0%	4.2%	4.3%

Formulas

2. Permanent Staff

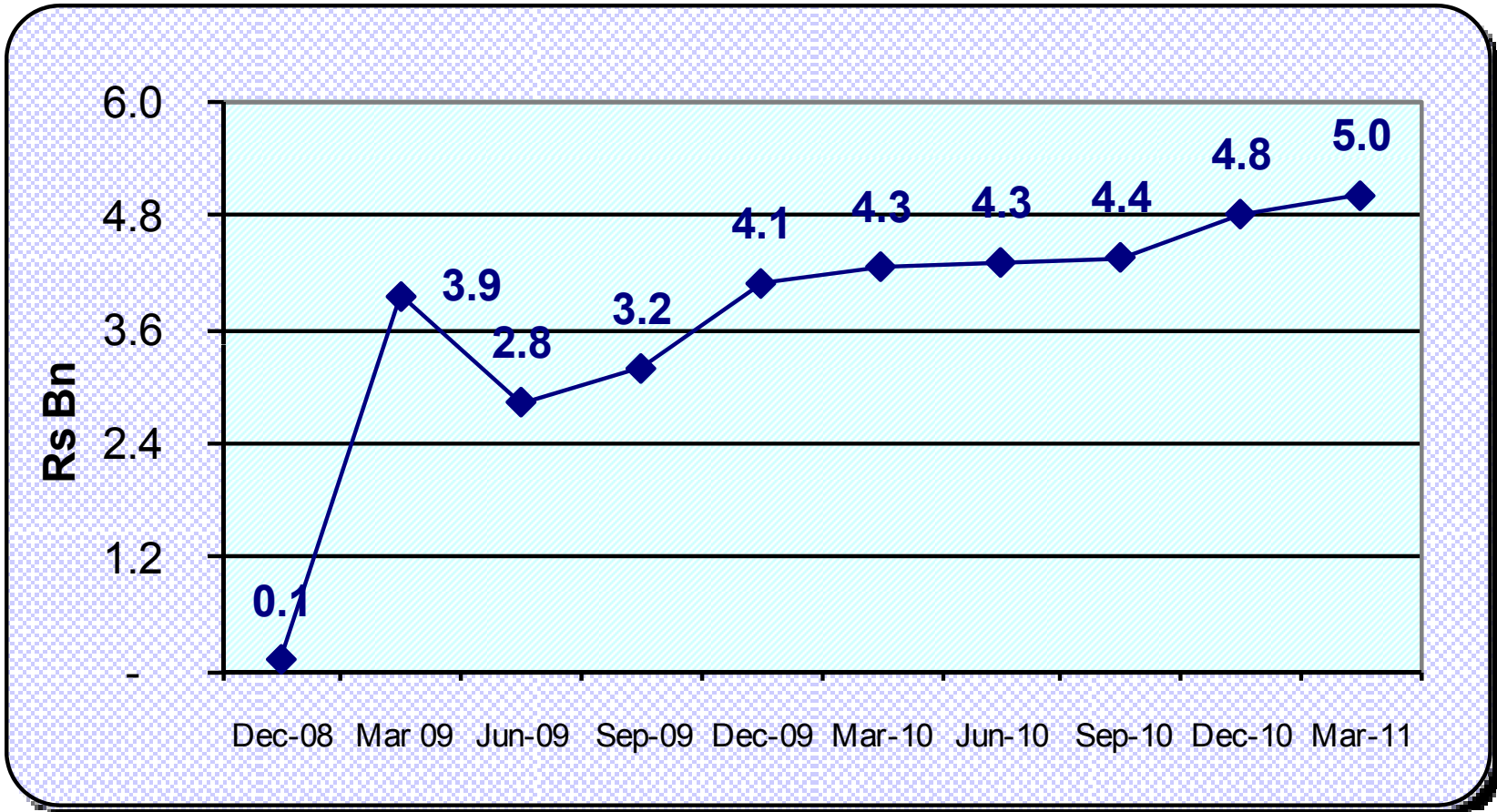
3. Earning assets incl bal.with other banks, lending to F.I., investments & perf adv

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

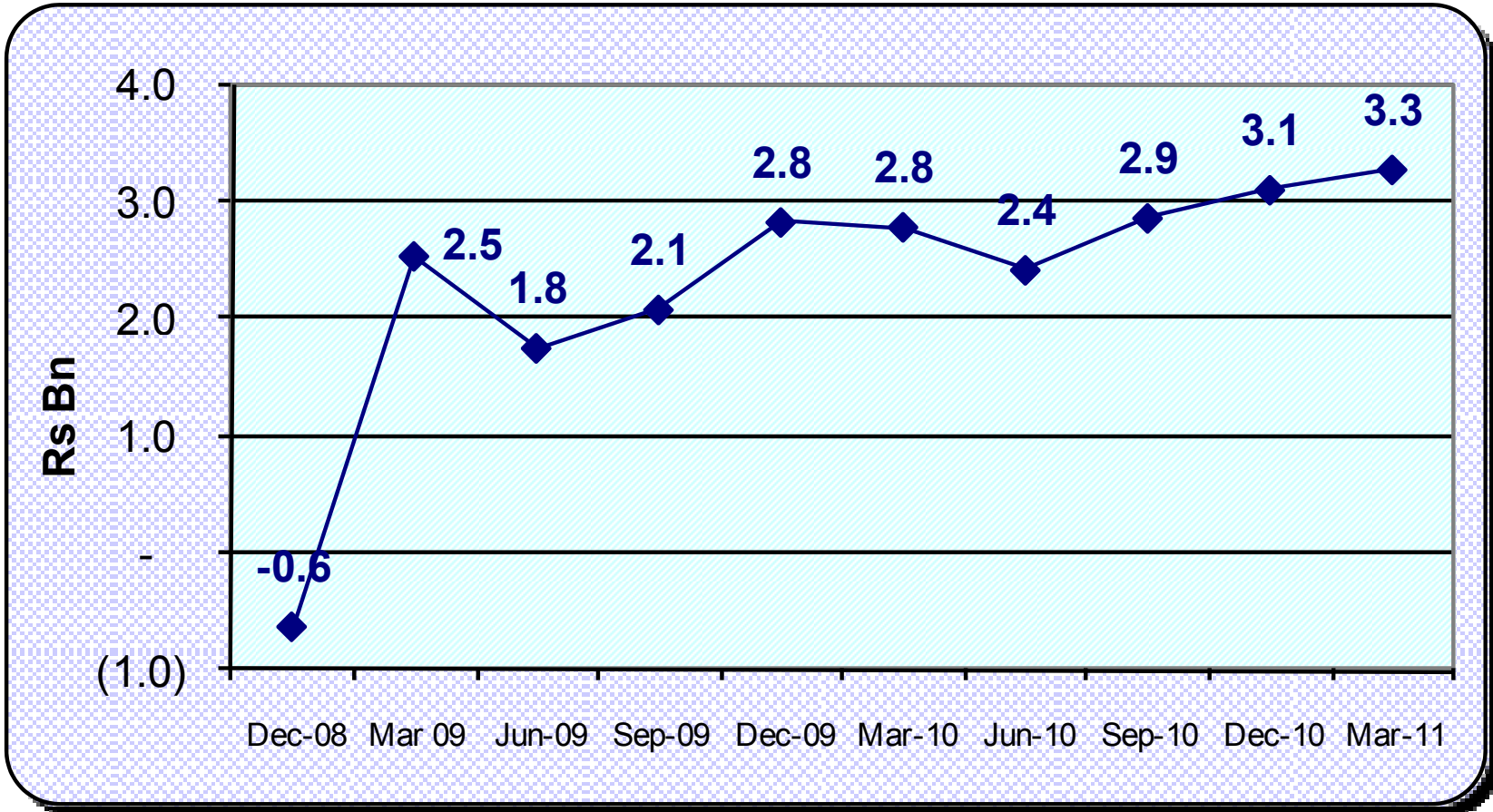
Quarterly Trend Analysis

Bank Level

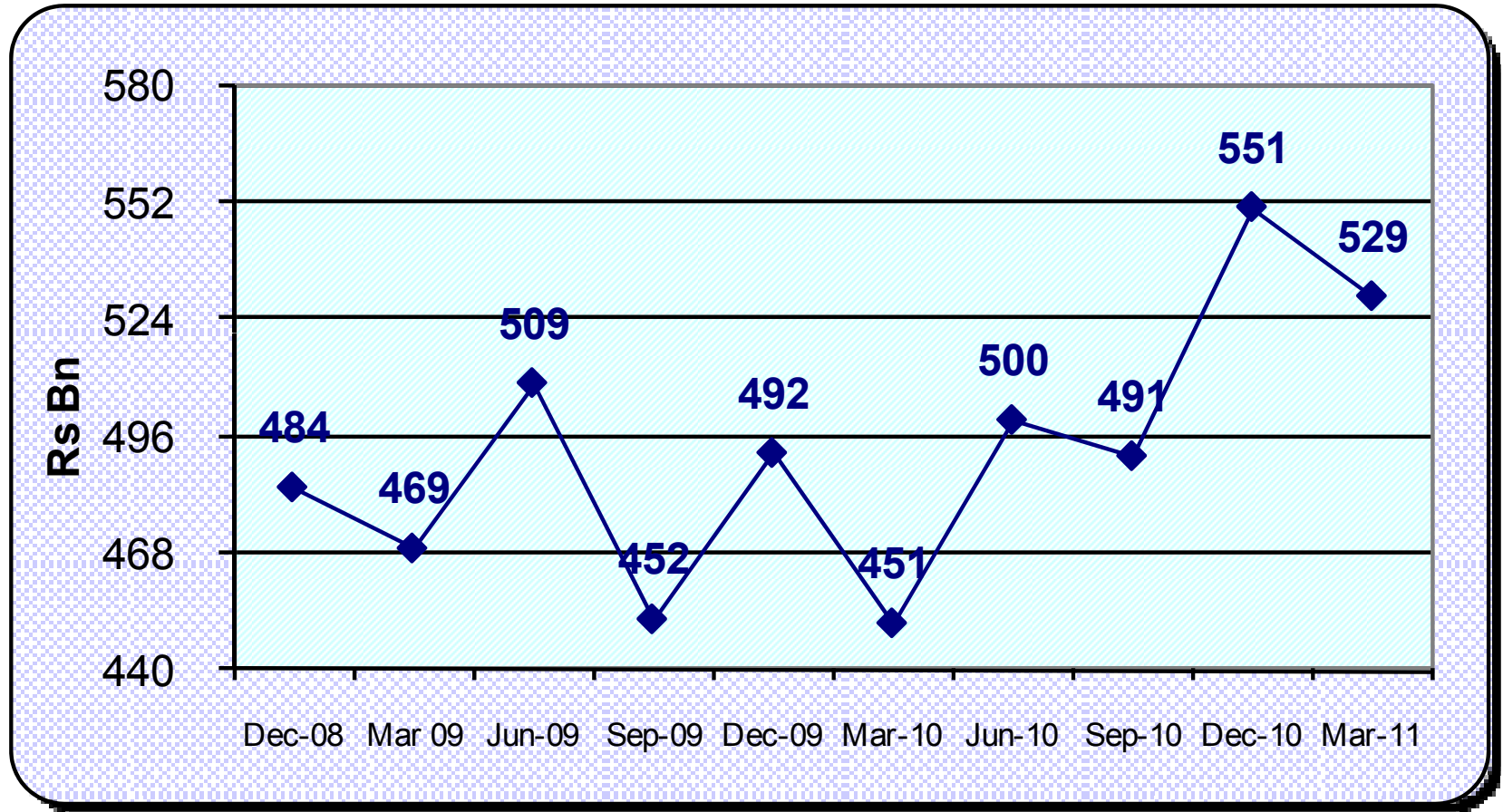
Profit before Tax



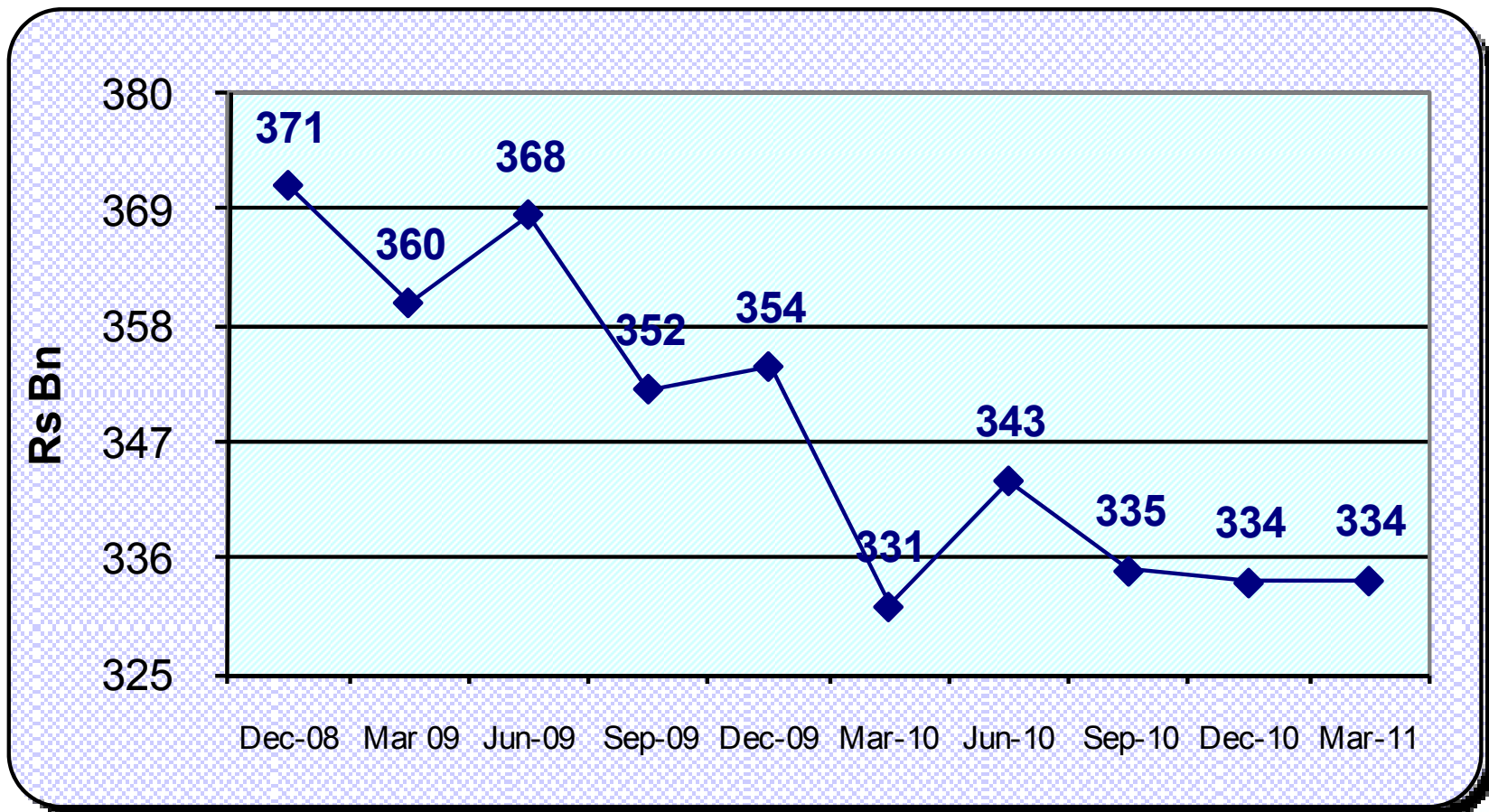
Profit after Tax



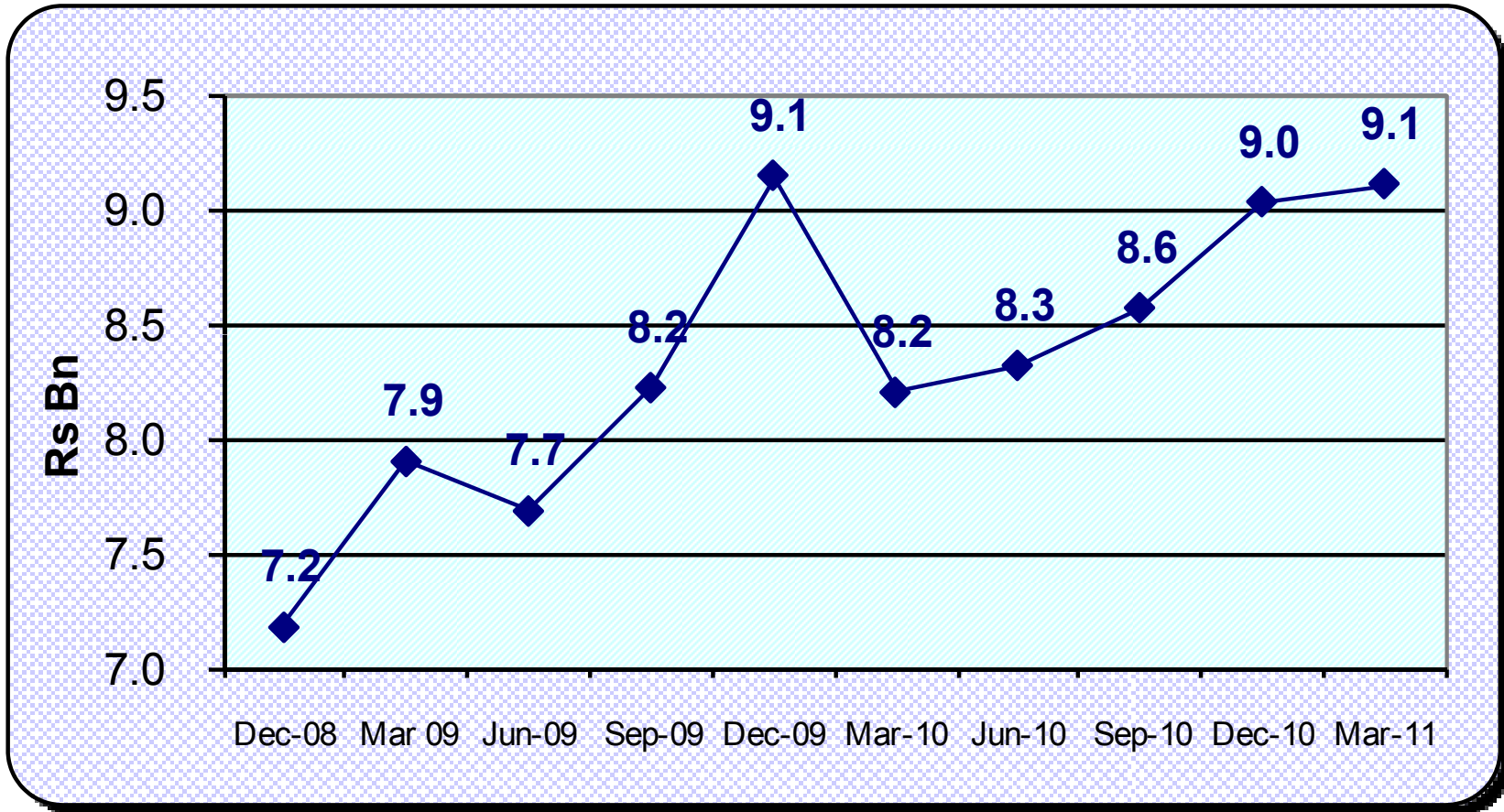
Deposits



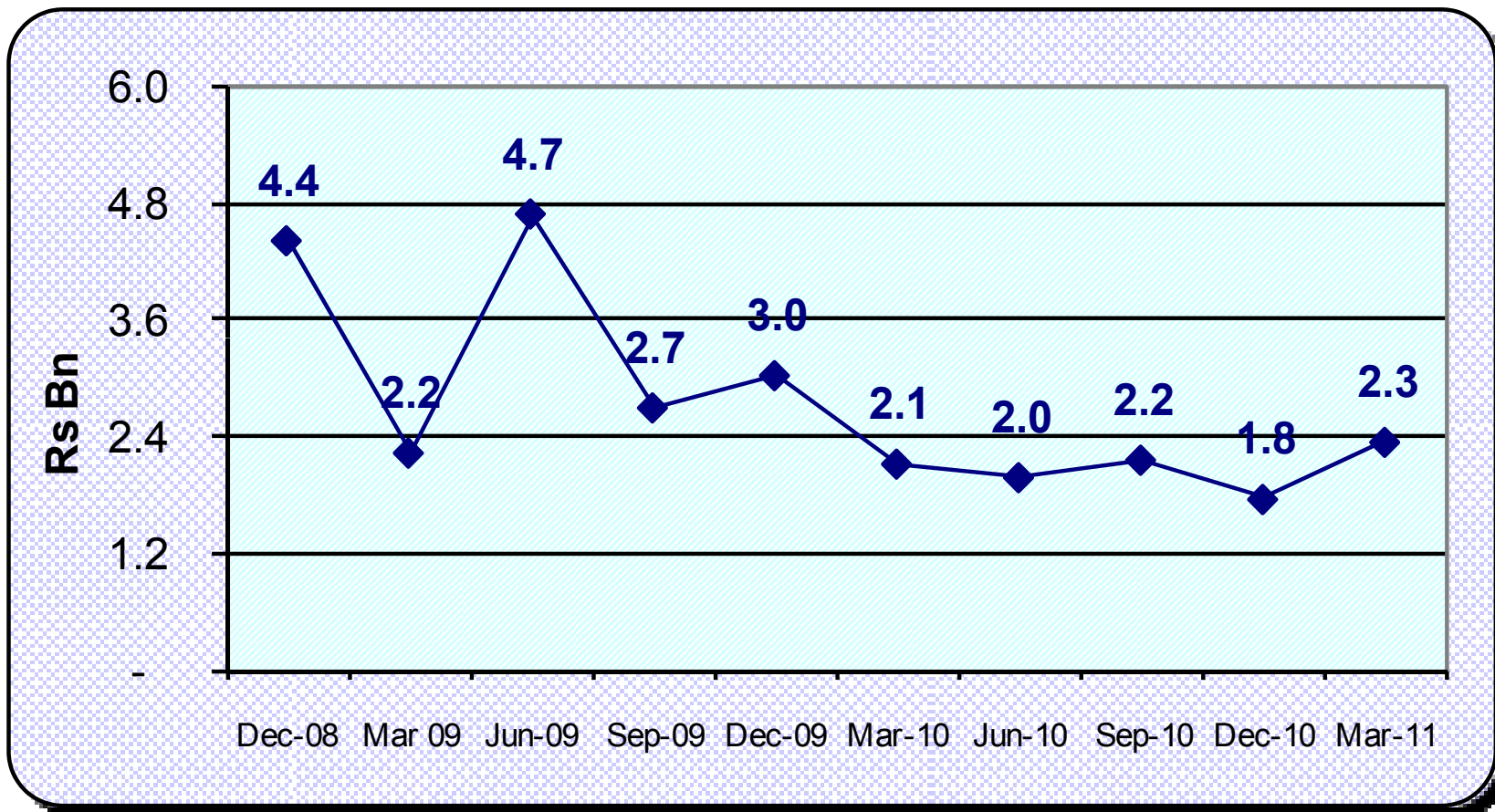
Net Advances



Net Interest Income

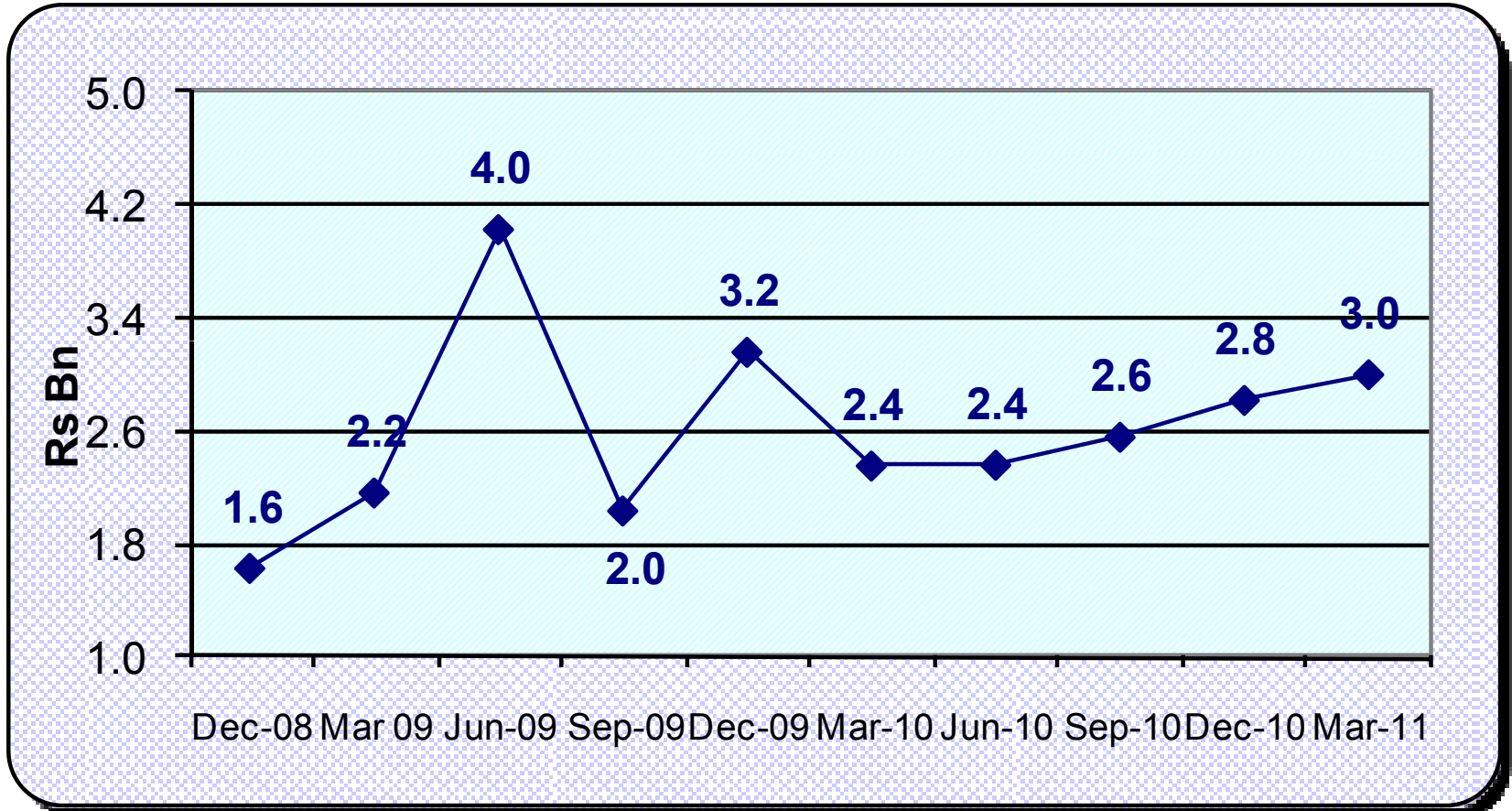


Net Provision *

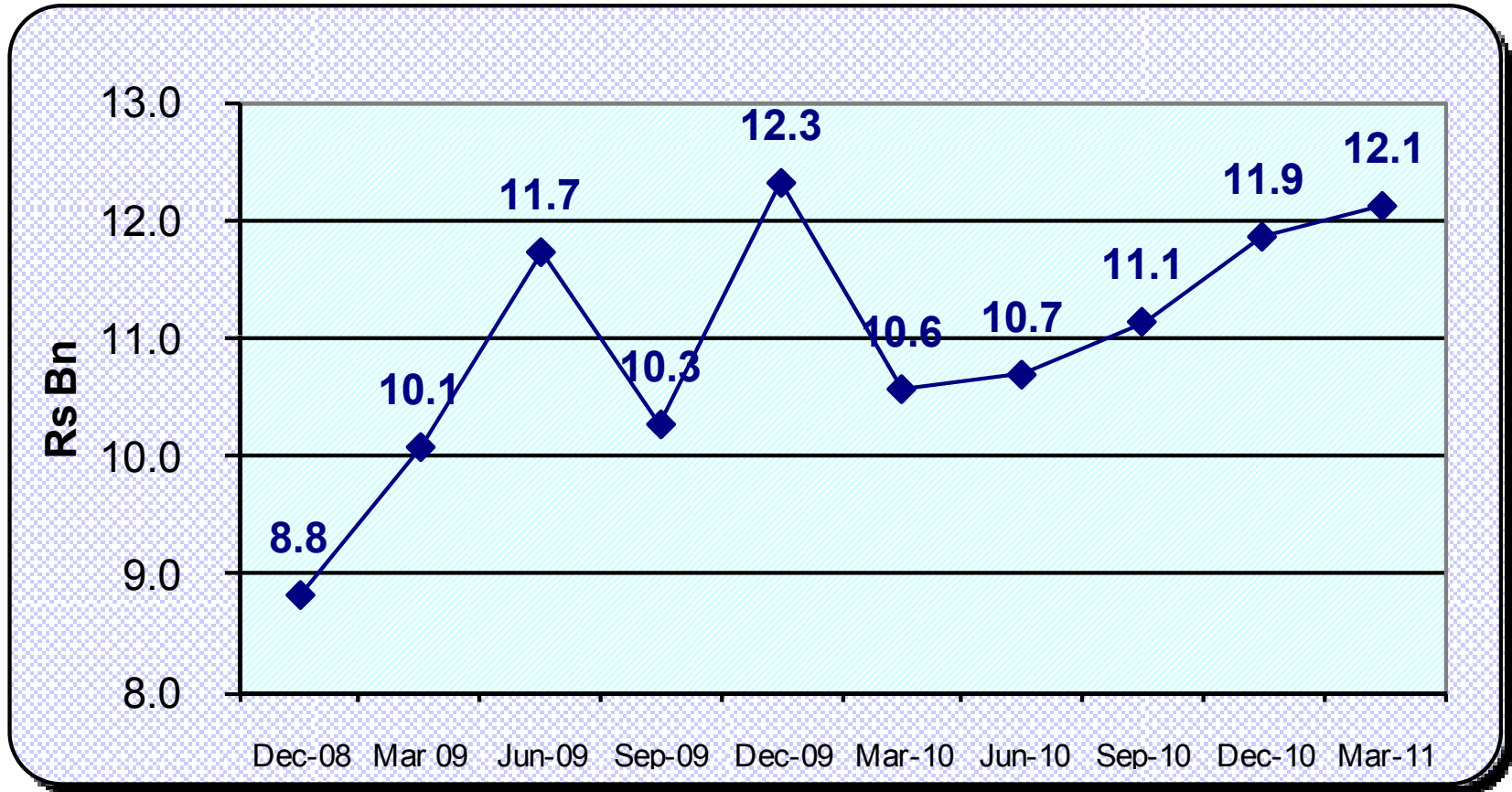


** Excluding other operational Write-offs*

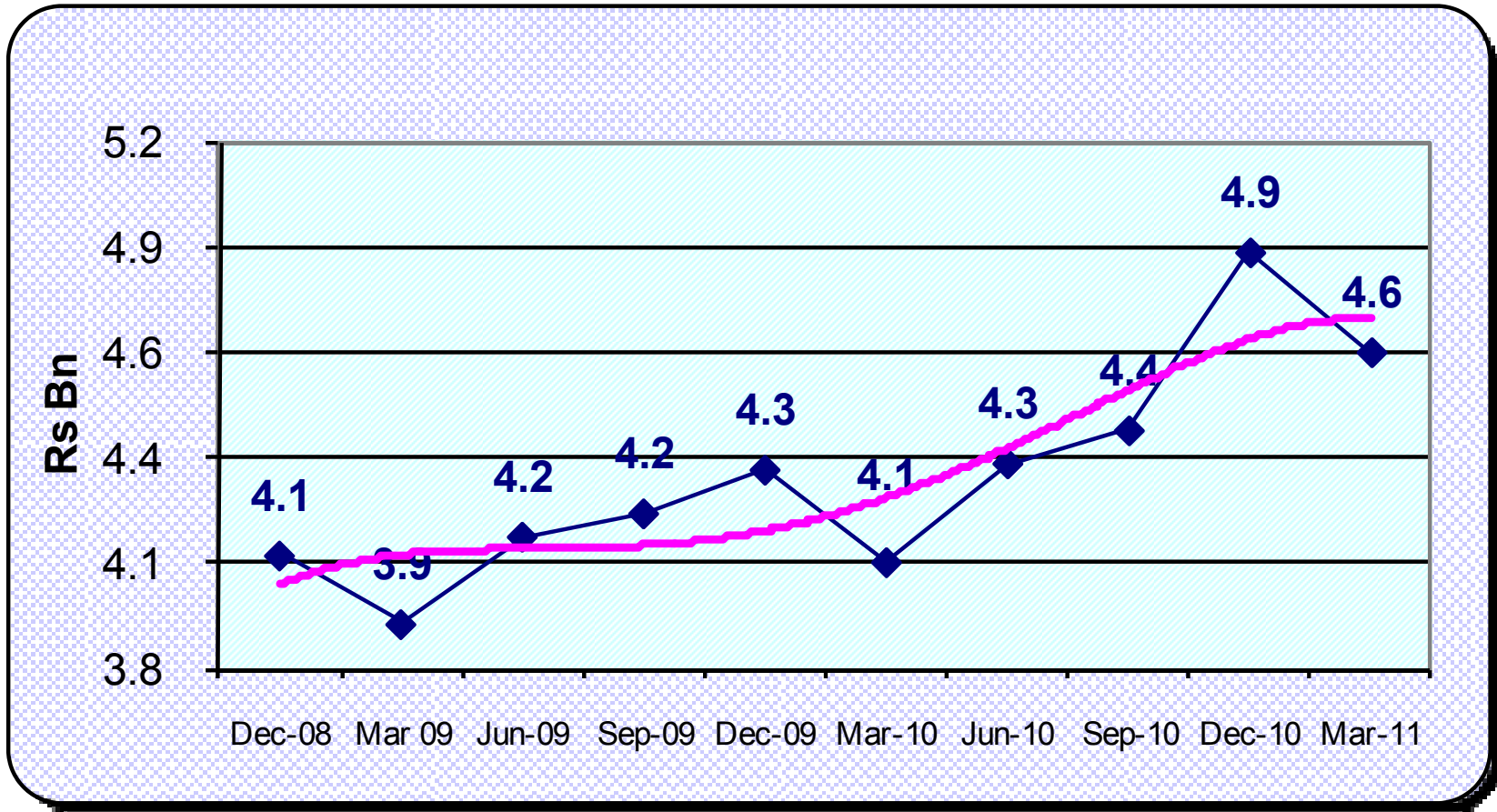
Non Fund Income



Gross Revenue



Administrative Expenses



The information contained herein reflects our latest business statement as at March 31, 2011

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