

United Bank Limited

Performance Review

FY 2010

February 21, 2011

Abu Dhabi

Key Highlights

- PBT up by 26% at 17.7B while PAT up 21% yoy at Rs.11.2B. Consolidated PAT up by 16% at 11.0B
 - On standalone basis Q4 10 PAT is higher since last eight quarters
- Net Interest income up 4%
 - Mainly due to lower cost of funds (2009: 5.4%; 2010: 4.7%)
 - Increase in average core deposits by 6.7%
 - Net interest margin (NIM) up to 7.1% (2009: 6.9%)
- Non Interest income down 11% to Rs. 10.1B
 - Fee & commission income up by 7.0% to Rs.6.3B. Major increase is due to overall growth in trade commission, income generated on home remittances, commission on Bancassurance and higher corporate service charges and finance fee.
 - Exchange income up by 36% to Rs. 1.7 B as a result of higher transaction volumes & leveraging of market opportunities.
 - Other income down by 53% to Rs 1.4B mainly due to exceptional derivative gain booked last year

Key Highlights

- Provision charge of Rs 8.1 B, lower by 39%,
 - Significant improvement in net provision charge on QoQ basis.
 - Coverage ratio stand at 69%.
 - Net credit loss ratio (NCL) improved from 3.2% in Dec'09 to 2.3% in Dec'10

- Operating expenses up by 7%;
 - Almost 60% (or Rs. 692 M) increase was mainly due to spending in business building activities such as advertising & investment in IT.
 - Average inflation at 15.5% yoy; Intl rupee exp. up by +5% due to rupee devaluation while Intl dollar exp. down by -0.6%.

- Advances reduced to Rs. 334B; Domestic -5%; Intl -9% ; Intl \$ -10%
 - Reflecting reduction in systemic credit off-take and Bank's conscious strategy of risk containment

- Deposits increased by 12% to Rs 551B; Domestic +13% ; Intl +8% ; Intl \$ +6%
 - CASA ratio maintained at 69%
 - Rs 33B increase in low cost deposits; expensive deposits shed by 21bn on an average basis

Share Info

	Standalone		Consolidated	
	Dec 2010	Dec 2009	Dec 2010	Dec 2009
EPS (Rs/share-annual.)	9.1	7.5	9.0	7.8
BV/share (Rs/share)	55.9	49.8	61.4	55.0
Price* - (Rs /share)	63.5	58.6	63.5	58.6
P/E	7.0x	7.8x	7.0x	7.5x
P/BV	1.1x	1.2x	1.0x	1.1x
# of shares	1,224M	1,224M	1,224M	1,224M

**Dec-10 Price dated February 17, 2011 & Dec-09 Price dated February 18, 2010*

**All figures have been adjusted for bonus shares*

Income Statement (Standalone)

PKR bn	Q4 10	Q3 10	Var %	FY 10	FY 09	Var %
Interest Earned	16.08	14.77	+9%	59.33	61.11	-3%
Interest Expensed	(7.05)	(6.20)	-14%	(25.22)	(28.16)	+10%
Net Interest Income	9.03	8.57	+5%	34.11	32.94	+4%
Provision Exp./Other writeoffs	(1.95)	(2.14)	+9%	(8.07)	(13.26)	+39%
Non Interest Income	2.83	2.57	+10%	10.12	11.42	-11%
Total Revenue	9.91	8.99	+10%	36.16	31.11	+16%
Operating Expense	(4.91)	(4.43)	-11%	(17.77)	(16.61)	-7%
Operating Profit	5.00	4.56	+10%	18.40	14.50	+27%
Workers welfare fund	(0.11)	(0.12)	+8%	(0.41)	(0.40)	-4%
Other charges	(0.07)	(0.07)	+6%	(0.24)	(0.06)	-272%
Profit Before Tax	4.82	4.36	+11%	17.74	14.03	+26%
Profit After Tax	3.10	2.86	+8%	11.16	9.19	+21%

Income Statement - Consolidated

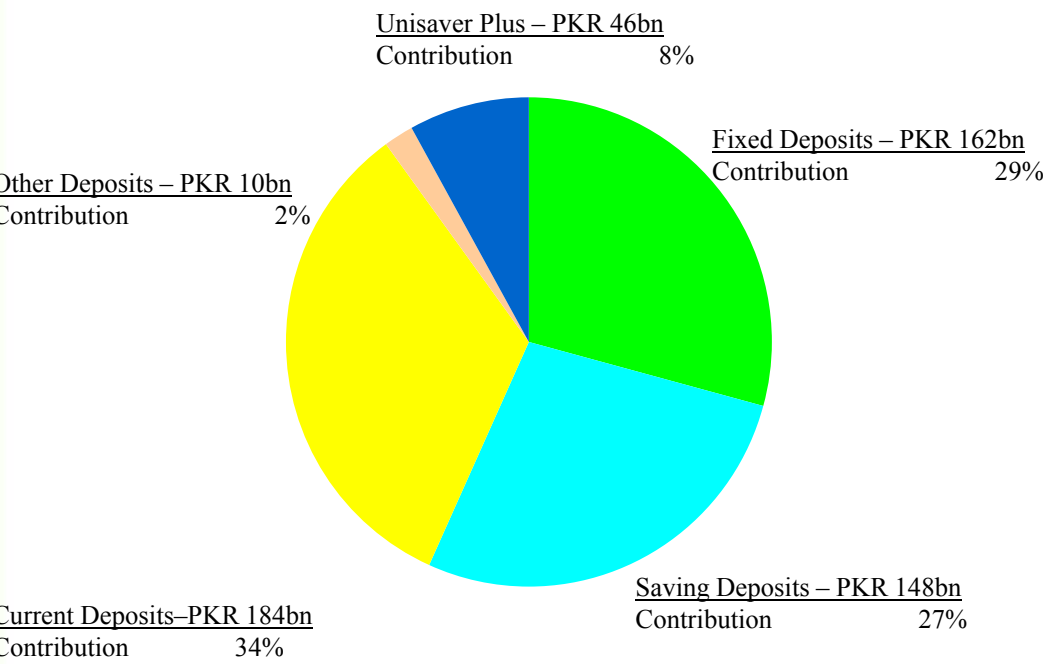
PKR bn	Q4 10	Q3 10	Var %	FY 10	FY 09	Var %
Net Interest Income	9.16	8.72	+5%	34.67	33.42	+4%
Provision Exp./Other writeoffs	(2.06)	(2.15)	+4%	(8.22)	(13.52)	+39%
Non Interest Income	3.15	2.66	+18%	10.89	12.76	-15%
Total Revenue	10.25	9.23	+11%	37.34	32.66	+14%
Operating Expense	(5.18)	(4.74)	-9%	(19.00)	(17.80)	-7%
Operating Profit	5.07	4.49	+13%	18.34	14.86	+23%
Workers welfare fund	(0.11)	(0.12)	+9%	(0.41)	(0.40)	-3%
Other Charges	(0.07)	(0.07)	+6%	(0.24)	(0.06)	-272%
Profit Before Tax	4.88	4.29	+14%	17.69	14.39	+23%
Profit After Tax	3.11	2.78	+12%	11.02	9.49	+16%

Key Ratios

UBL	2010	2009
Advances / Deposits	67%	78%
Asset Quality	13.2%	10.2%
Coverage	69.0%	70.8%
NCL Ratio	2.3%	3.2%
Yield on Advances	12.5%	13.3%
Cost of Deposits	4.0%	4.8%
Net Interest Margin	7.1%	6.9%
Revenue / Expense Ratio	2.5	2.7
Non Fund Inc. / Total Revenue	23%	26%
Return on Avg Assets	1.7%	1.5%
Return on Shareholders' Equity	19.8%	19.5%

Deposits Structure (Bank Level)

Deposit Mix (YTD Dec 2010) - Bank (Parent Company)



Total Deposits = PKR 551 bn

CASA = 69%

Cost of Deposits

	YTD Dec'10		YTD Dec'09	
	Period end Rs B	Avg.Yield /Cost	Period end Rs B	Avg.Yield /Cost
Saving deposits	148	3.8%	134	3.8%
Unisaver Plus	46	9.3%	45	9.9%
Current deposits	184	0.0%	153	0.0%
Fixed deposits	162	7.1%	151	8.3%
Other deposits	10	0.2%	10	0.4%
Total deposits	551	4.0%	492	4.8%

CASA	378	69%	331	67%
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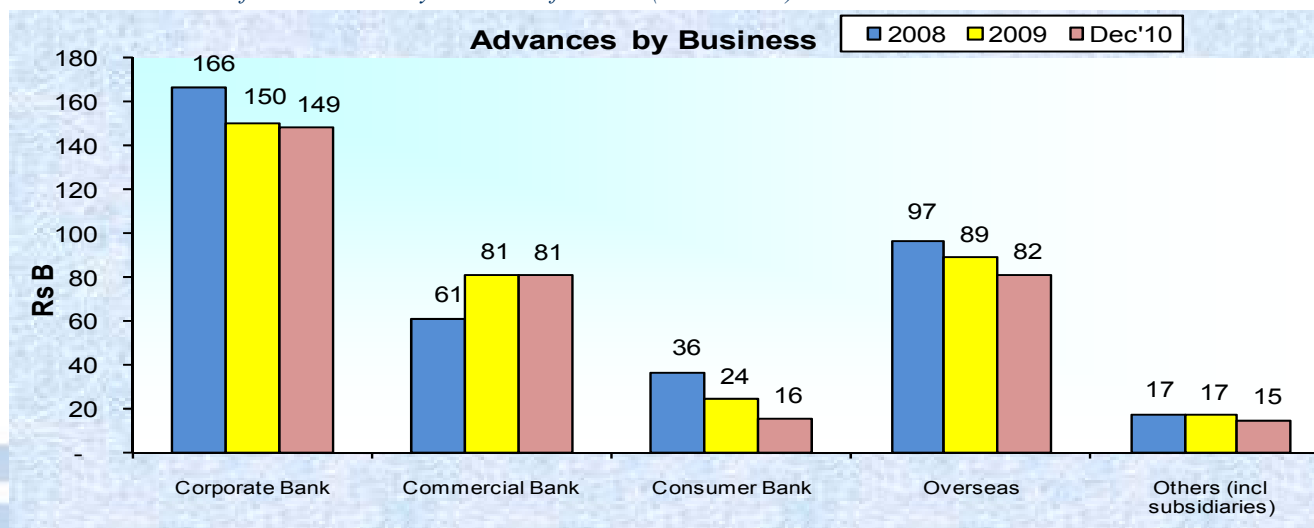
Domestic deposits	442	4.4%	392	5.2%
International deposits	108	2.4%	100	3.2%
Intl. deposits -US\$ M	1,263	2.4%	1,186	3.2%

Domestic CASA	78%	76%
International CASA	33%	33%

Net Advances

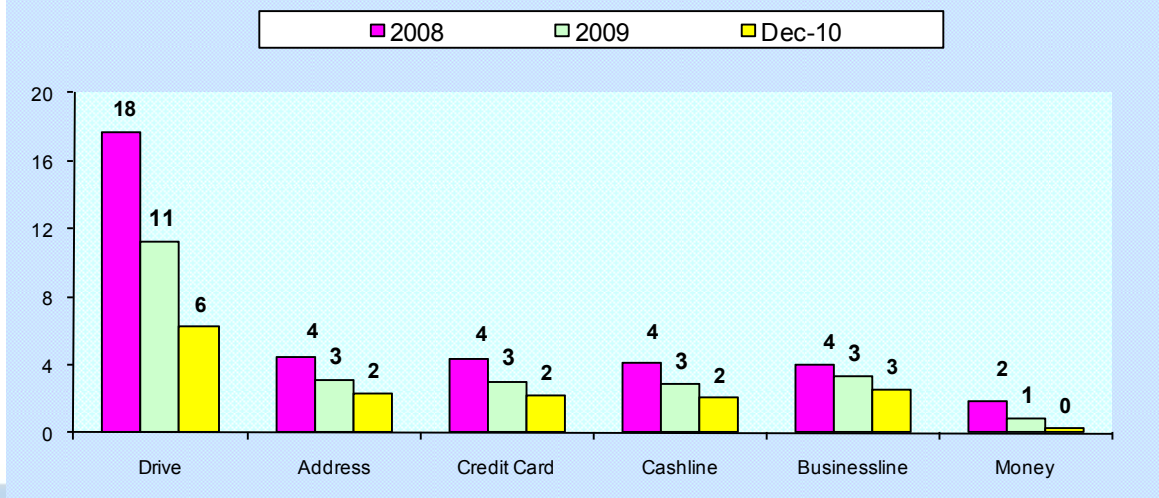
Net Advances-Rs.B	%			Yield	
	Dec'10	Dec'09	Change	Yield 10	Yield 09
Corporate Bank	148.5	150.1	-1%	13.4%	14.3%
Commercial Bank *	80.7	81.2	-1%	15.1%	16.0%
Consumer Bank	15.7	24.3	-35%	17.0%	17.9%
Others	7.3	9.3	-22%	10.2%	12.6%
Domestic	252.2	264.9	-5%	14.1%	15.1%
International	81.5	89.2	-9%	7.9%	8.1%
Bank	333.7	354.1	-6%	12.5%	13.3%
Subsidiaries	7.8	8.0	-3%		
Bank-Consolidated	341.5	362.1	-6%		
International (US\$ M)	952	1,059	-10%		

* of which commodity advances of Rs. 54B (Dec'09: 50B)



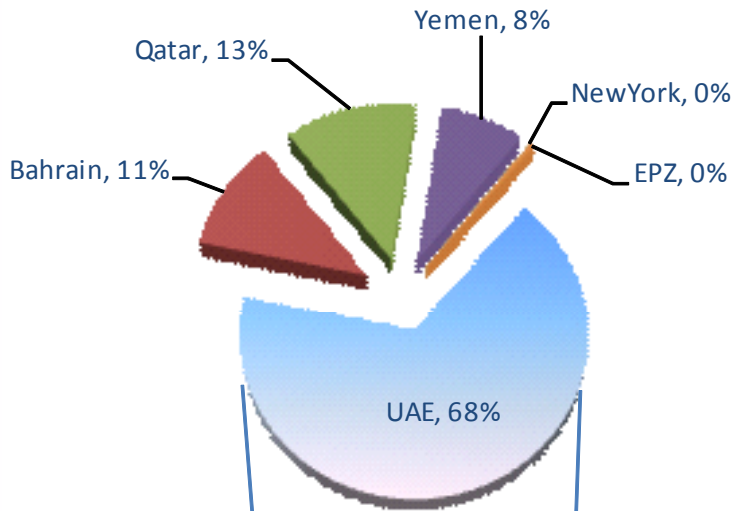
Consumer Advances by Product

	Dec'10	Dec'09	% Change	Yield 10	Yield 09
Drive	6.2	11.2	-44%	15.8%	16.7%
Address	2.4	3.1	-24%	19.8%	17.7%
Credit Card	2.2	3.0	-27%	20.7%	21.4%
Cashline	2.1	2.8	-27%	12.8%	17.7%
Businessline	2.6	3.3	-22%	14.8%	17.1%
Money	0.3	0.8	-67%	35.2%	22.1%
Total	15.7	24.3	-35%	17.0%	17.9%

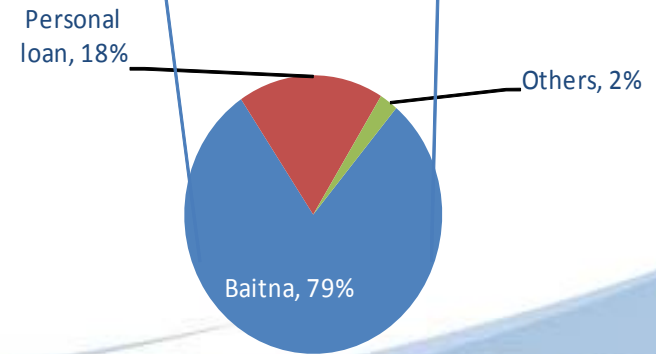
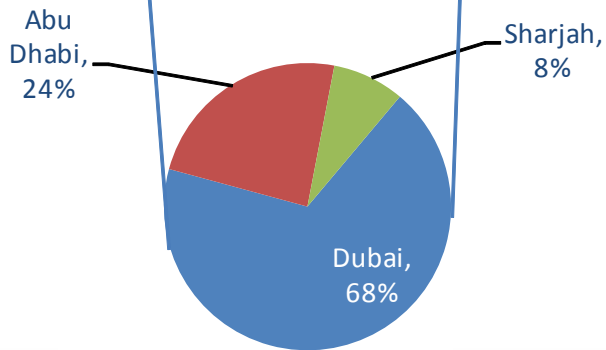
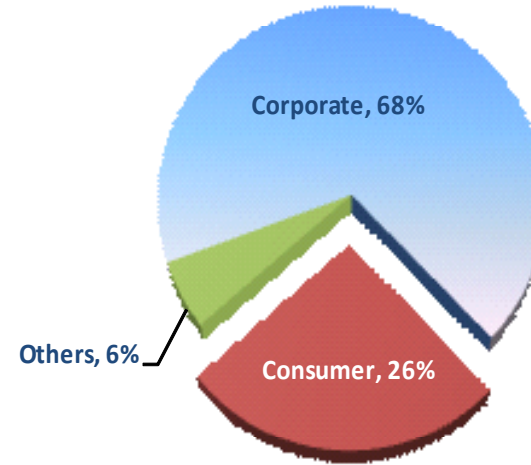


International Advances

By Geography



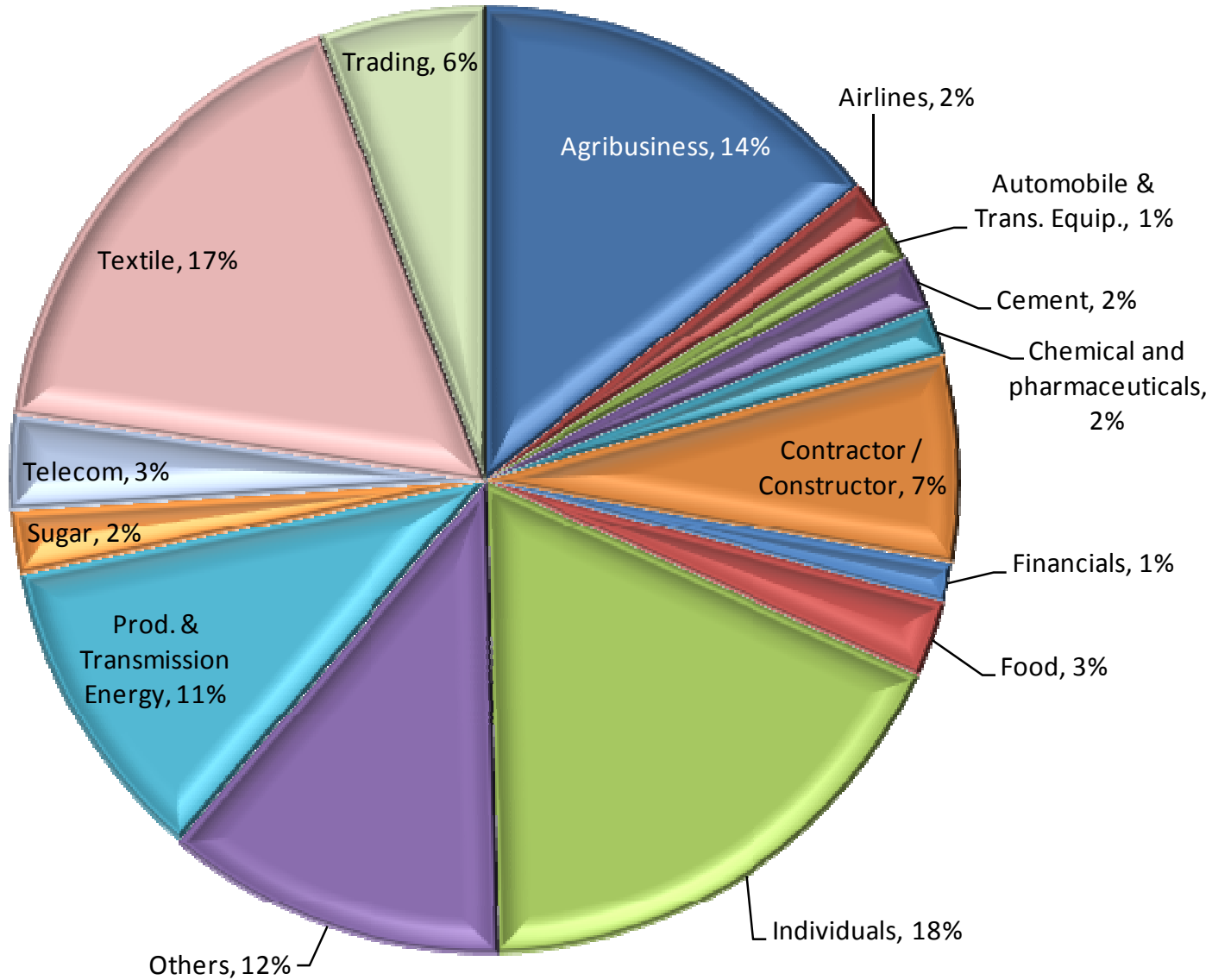
By Business - UAE



Spread Analysis – Bank Level

Bank	FY 2010				FY 2009			
	PE	AVG	IE	Avg.Yield /Cost	PE	AVG	IE	Avg.Yield /Cost
Rs B								
Avg Kibor - 6M				12.7%				13.1%
Interest Earning Assets								
Performing Advances	313	319	40.0	12.5%	335	342	45.5	13.3%
Corporate	135	137	18.3	13.4%	137	142	20.3	14.3%
Commercial	25	23	3.4	14.5%	29	29	4.6	16.2%
Commodity	54	53	8.2	15.4%	50	44	7.0	16.0%
Consumer	14	18	3.0	17.0%	23	29	5.2	17.9%
International	80	80	6.3	7.9%	87	90	7.3	8.1%
Others (staff, FAS, IMB)	5	8	0.8	10.2%	9	9	1.1	12.6%
Investments (earning)	187	125	13.8	11.0%	101	107	11	10.3%
Corporate Bonds (TFC)	29	28	4.0	14.3%	27	18	3	15.3%
Lending To Financial Institution	12	13	1.2	9.4%	24	16	1.7	10.8%
Others	17	16	0.3	1.6%	11	13	0.1	1.1%
Total int. earning assets (a)	558	501	59.3	11.8%	497	495	61.1	12.3%
Non earning assets	140	115	-	0.0%	122	103	-	0.0%
Total Assets (A)	699	616	59.3	9.6%	620	599	61.1	10.2%
Interest bearing liabilities								
Total deposits	551	477	(19.0)	4.0%	492	465	(22.2)	4.8%
Core Deposits	469	410	(12.1)	3.0%	412	384	(12.6)	3.3%
Unisaver Plus	46	34	(3.1)	9.3%	45	36	(3.5)	9.9%
UTTIP	36	33	(3.7)	11.3%	36	45	(6.1)	13.6%
Subordinated Debts - TFC	12	12	(1.4)	11.9%	12	12	(1.5)	12.6%
Swap cost (net)	-	-	(0.9)	0.0%	-	-	(0.2)	0.0%
Borrowings	45	42	(3.7)	8.9%	35	45	(4.1)	9.0%
Total interest bearing liab (b)	608	531	(25.2)	4.7%	539	521	(28.2)	5.4%
Non int. bearing liabilities & equity	91	85	-	0.0%	81	77	-	0.0%
Total Liabilities+Equity (B)	699	616	(25.2)	4.1%	620	599	(28.2)	4.7%
Net Interest Margin (a-b)	-	-	34.1	7.1%	-	-	32.9	6.9%
Spread (A-B)			-	5.5%			-	5.5%

Concentration of Advances - Standalone



Non Markup / Return / Interest Income

Non Interest Income - Rs. M	Q4'10	Q3'10	Var %	FY'10	FY'09	Var %
Fee, commission and brokerage income	1,627	1,603	2%	6,338	5,925	7%
Dividend income	144	170	-15%	591	606	-3%
Income from dealing in foreign currencies	456	505	-10%	1,654	1,214	36%
Gain on sale of securities	10	9	13%	159	629	-75%
Unrealized loss on revaluation of Investments classified as held for trading	(14)	(2)	533%	(38)	(3)	1176%
Other income	604	281	115%	1,418	3,048	-53%
Total Non Interest Income	2,827	2,565	10%	10,121	11,420	-11%

Operating Expenses

Operating Expenses - Rs. M	Q4'10	Q3'10	Var %	FY'10	FY'09	Var %
Personnel cost	1,859	1,842	-1%	7,465	7,751	4%
Premises cost	752	745	-1%	2,909	2,665	-9%
Outsourced service charges including sales commission	418	428	2%	1,516	1,313	-15%
Advertisement and publicity	451	143	-215%	766	221	-246%
Communications	212	177	-20%	742	722	-3%
Depreciation	247	208	-19%	933	918	-2%
Legal and professional charges	65	59	-10%	276	218	-27%
Banking service charges	115	107	-8%	409	355	-15%
Stationery and printing	131	108	-21%	431	337	-28%
Travelling	57	44	-30%	177	161	-10%
Cash transportation charges	85	71	-20%	288	339	15%
Repairs and maintenance	28	27	-2%	102	83	-24%
Maintenance contracts	145	169	14%	509	362	-41%
Vehicle expenses	47	27	-72%	132	107	-24%
Amortization	61	51	-20%	221	184	-20%
Office running expenses	69	42	-62%	200	152	-31%
Donations	6	30	80%	82	56	-47%
Others	158	154	-3%	606	664	9%
Total Operating Cost	4,905	4,432	-11%	17,765	16,609	-7%

E-banking Statistics

<i>E-Banking</i>	<i>Dec-10</i>	<i>Dec-09</i>	<i>Dec-08</i>	<i>% Change</i>	<i>Dec-07</i>
# of ATMs	436	412	354	+6%	326
# of Transactions (M)	16.4	14.6	11.7	+12%	9.5
Average transactions per day	45k	40k	32k	+13%	26k
Total transaction amount (Rs B)	101	84	63	+20%	48
Average transaction size (Rs 000)	6.1	5.7	5.4	+7%	5.0
Average monthly trans.per ATM (Rs M)	19	17	15	+14%	12
<i>Internet Banking</i>					
Users	82,082	70,834	52,766	+16%	37,408
Total # of transactions (000)	615	450	253	+37%	148
Total transaction amount (000)	67,895	22,403	8,746	+203%	2,089
Average transaction size (Rs 000)	110	50	35	+122%	14
<i>Click N Remit</i>					
Users	32,607	28,379	23,255	+15%	19,950
Total # of transactions (000)	76	74	78	+3%	79
Total transaction amount (US\$ M)	58	56	65	+4%	70
Average transaction size (US\$)	767	759	834	+1%	885

Financial ratios – Consolidated – 1/3

DuPont	Full Year				QTD (Annualized)				
	2007	2008	2009	2010	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
Spread ¹	5.2%	5.1%	5.5%	5.5%	6.2%	5.6%	5.6%	5.5%	5.5%
Net Interest Margin ²	6.0%	6.1%	6.9%	7.1%	7.6%	7.1%	7.1%	7.0%	7.2%
Non Interest Yield ³	2.0%	1.9%	2.1%	1.6%	2.2%	1.7%	1.6%	1.6%	1.8%
Operating Exp./Avg Assets	2.9%	2.9%	2.8%	2.8%	2.9%	2.9%	3.0%	2.9%	3.1%
Cost Income Ratio	40.1%	42.1%	38.6%	41.7%	36.9%	40.5%	42.5%	41.6%	42.1%
Loan Loss / Assets	1.3%	1.0%	1.9%	1.2%	1.9%	1.4%	1.3%	1.3%	1.1%
Loan Loss / RWA ⁴	1.8%	1.2%	2.4%	1.6%	2.4%	1.7%	1.6%	1.8%	1.5%
Effective Tax Rate	33.0%	39.9%	34.2%	37.7%	33.7%	35.2%	44.3%	35.2%	36.3%
Pre-Provision ROA ⁵	2.8%	2.3%	2.9%	2.4%	3.2%	2.6%	2.2%	2.5%	2.5%
ROA	1.9%	1.4%	1.5%	1.6%	1.6%	1.8%	1.5%	1.7%	1.8%
Return on RWA	2.6%	1.8%	1.9%	2.1%	2.0%	2.2%	1.9%	2.3%	2.4%
Pre-Provision ROE ⁶	33.4%	27.5%	31.4%	22.6%	31.4%	24.6%	20.5%	23.7%	23.4%
ROE (Including Surplus)	22.8%	17.4%	16.2%	15.5%	15.5%	16.4%	14.0%	15.7%	16.9%

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 – Consolidated – 2/3

Asset Quality	Full Year				QTD (Annualized)				
	2007	2008	2009	2010	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
Gross NPLs / Gross Loan	6.9%	7.2%	10.3%	12.9%	10.3%	11.3%	11.1%	12.6%	12.9%
Net NPLs / Gross Loan	1.9%	2.2%	3.0%	4.0%	3.0%	3.6%	3.1%	4.0%	4.0%
Coverage Ratio	77.9%	69.3%	70.9%	71.9%	70.9%	71.7%	74.5%	70.5%	71.9%
Prov. held / Gross loan	4.9%	5.0%	7.3%	8.9%	7.3%	7.8%	8.0%	8.6%	8.9%
Net Credit Loss ratio	2.3%	1.7%	3.2%	2.2%	3.2%	2.4%	2.2%	2.4%	1.9%

Growth	Full Year				QTD (Annualized)				
	2007	2008	2009	2010	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
Growth in Loan Book	21.0%	22.6%	-4.3%	-5.7%	0.0%	-6.2%	3.6%	-2.2%	-0.7%
Growth in Deposits	19.9%	19.6%	2.3%	12.7%	7.9%	-8.2%	11.4%	-1.5%	11.9%
Operating Revenue	21.3%	14.0%	16.6%	-1.4%	11.9%	-13.2%	1.5%	3.3%	8.1%
Operating Expense	22.5%	17.0%	6.7%	6.6%	1.8%	-5.2%	6.6%	1.7%	9.0%
Pre-provision Oper.Profit	20.6%	11.9%	23.8%	-7.2%	18.9%	-17.4%	-3.4%	4.9%	7.7%
Provision exp.+ Other prov	170.0%	23.5%	64.5%	-39.2%	28.6%	-45.2%	-12.4%	15.1%	-4.3%
Profit After Tax	-4.4%	-8.6%	12.3%	16.1%	9.0%	11.0%	-13.1%	16.7%	11.9%

Financial ratios – Consolidated – 3/3

Other Metrics	Yearly				QTD (Annualized)				
	2007	2008	2009	2010	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
Capital Adequacy Ratio (St)	10.2%	9.9%	13.2%	14.5%	13.2%	13.2%	13.7%	14.4%	14.5%
Tier-I CAR (St)	7.4%	5.8%	9.0%	10.3%	9.0%	8.9%	9.4%	10.0%	10.3%
Loan / Deposits	74.8%	76.8%	72.0%	60.2%	72.0%	73.4%	68.3%	67.8%	60.2%
Loan / Assets	56.4%	58.3%	53.7%	47.1%	53.7%	56.1%	52.6%	52.9%	47.1%
RWA / Assets	73.1%	77.0%	75.9%	72.7%	75.9%	83.0%	72.7%	76.6%	72.7%
Average Headcount ²	9,702	9,192	8,639	8,474	8,457	8,386	8,282	8,296	8,426
Personnel cost / Headcount (000)	679.4	736.4	863.9	867.0	880.7	905.6	868.7	884.7	861.8
Yield on Earning Assets ³	10.2%	11.0%	12.3%	11.8%	11.9%	11.8%	11.8%	11.6%	12.2%
Cost of Funds ⁴	4.1%	4.9%	5.4%	4.7%	4.7%	4.7%	4.6%	4.6%	5.0%
Yield on Performing Adv	11.1%	12.1%	13.3%	12.5%	12.8%	12.6%	12.5%	12.3%	12.8%
Cost of Deposits	3.6%	4.3%	4.8%	4.0%	4.0%	4.1%	4.0%	3.7%	4.2%

Formulas

2. Permanent Staff

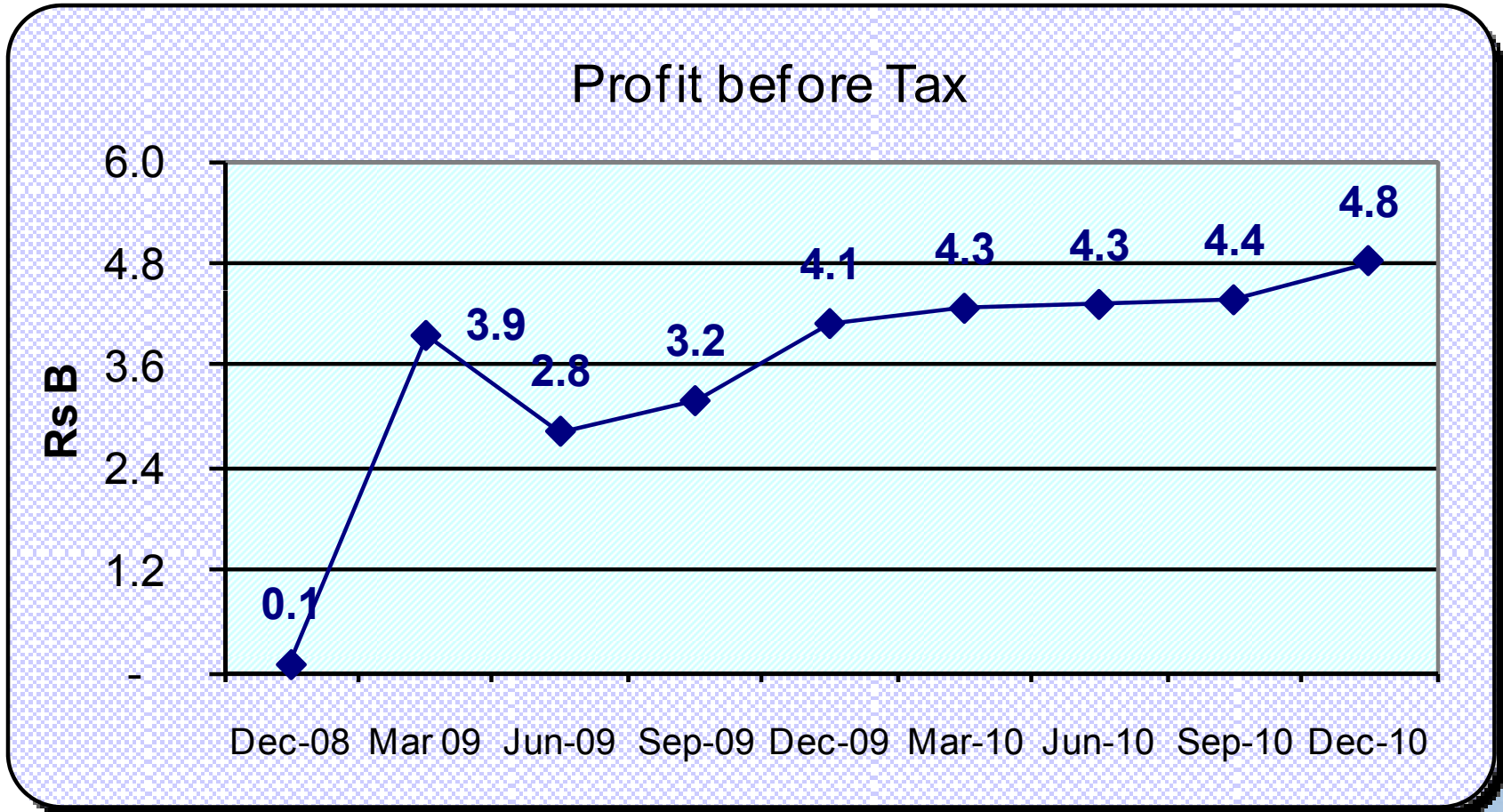
3. Earning assets incl bal. with other banks, lending to F.I., investments & perf adv

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

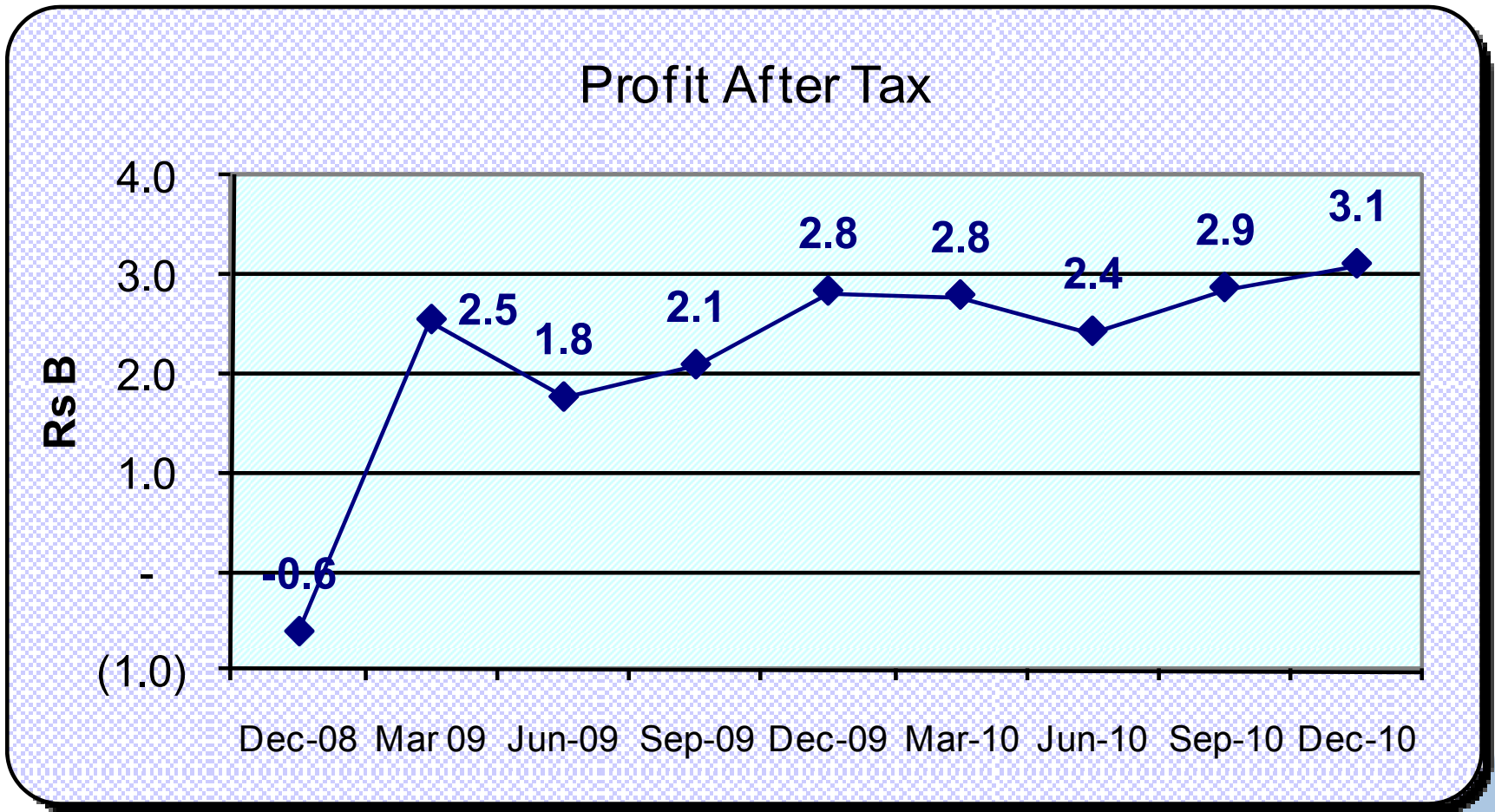
Quarterly Trend Analysis

Bank Level

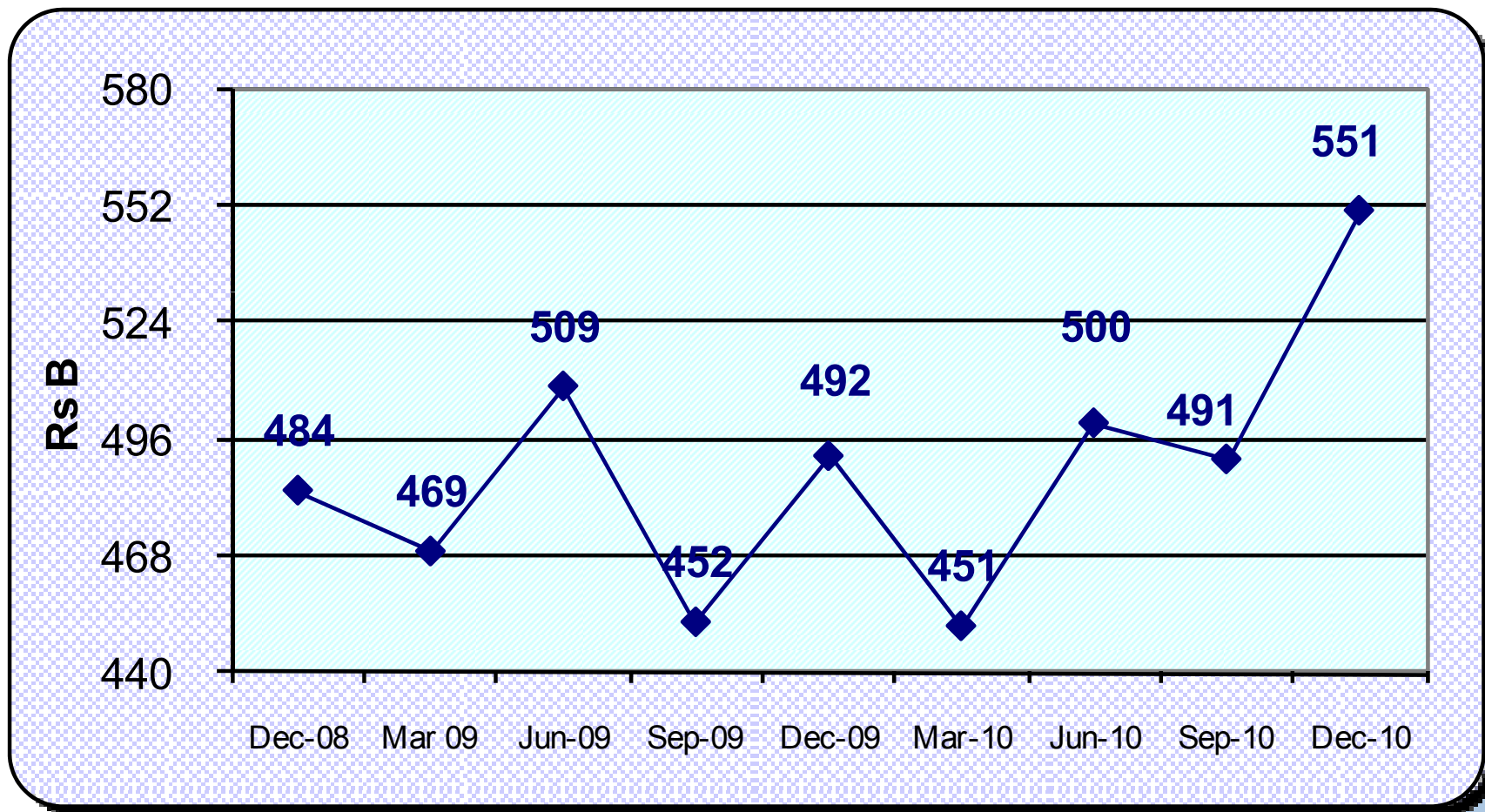
Profit before Tax



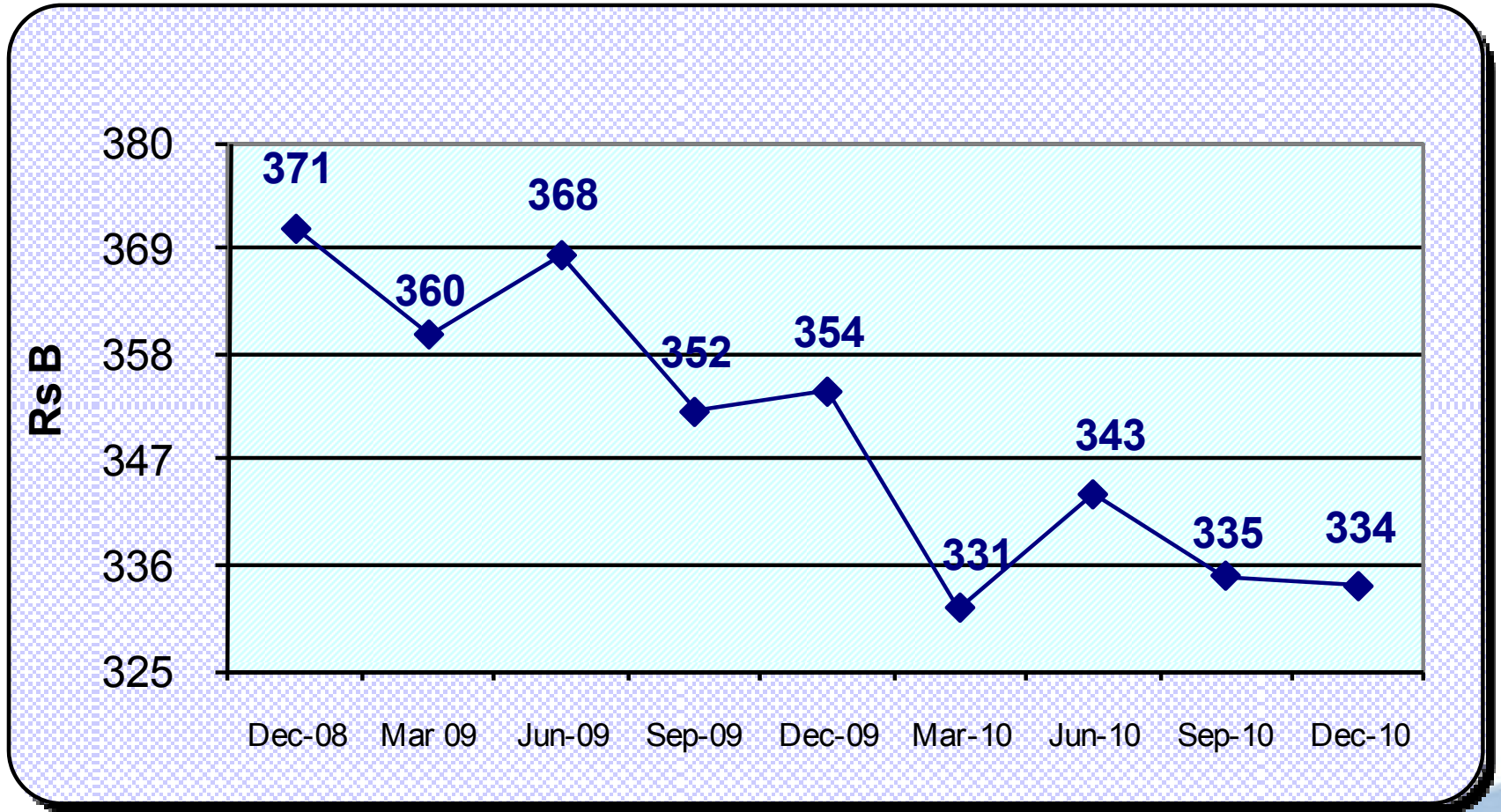
Profit after Tax



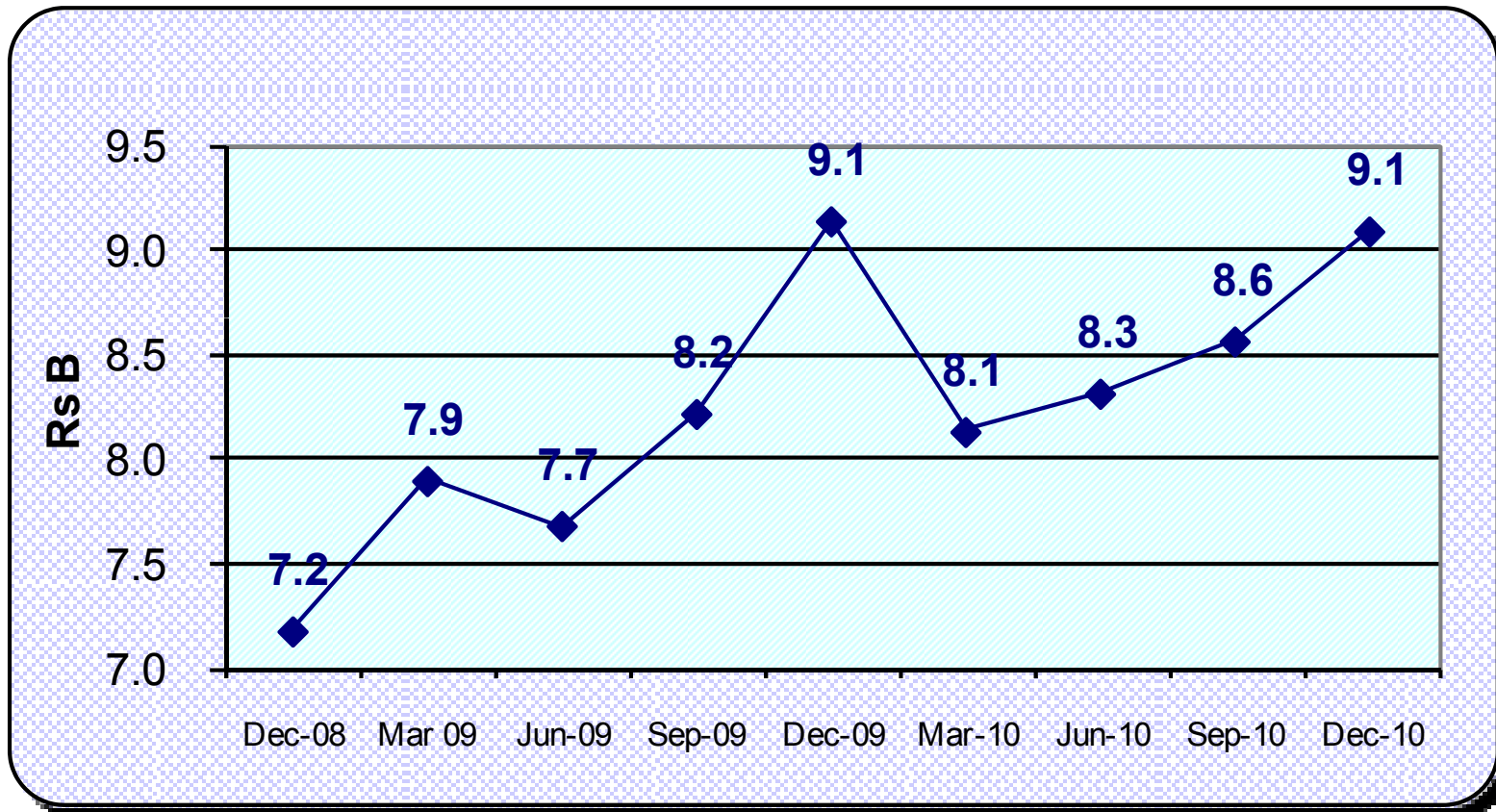
Deposits



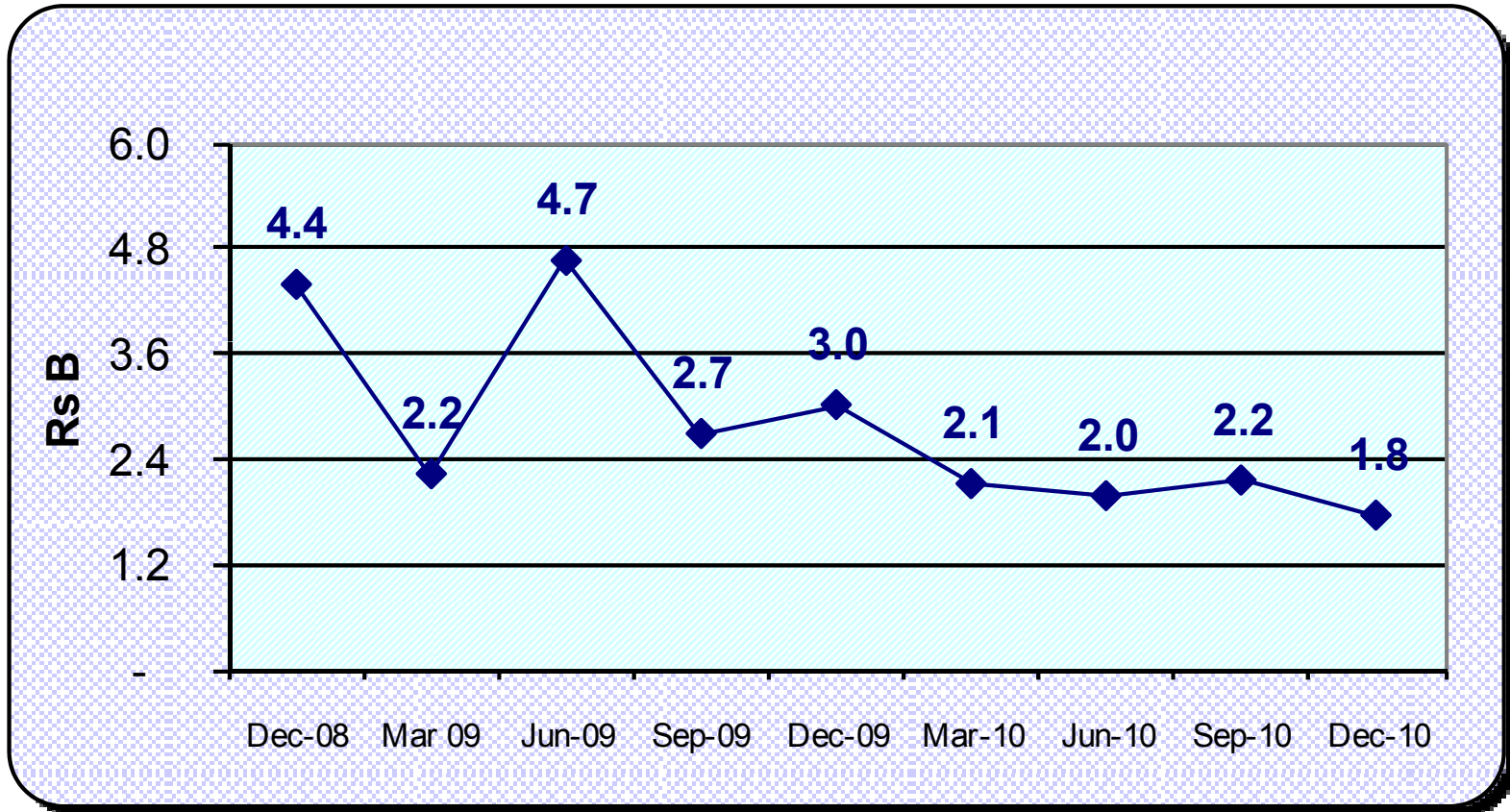
Net Advances



Net Interest Income

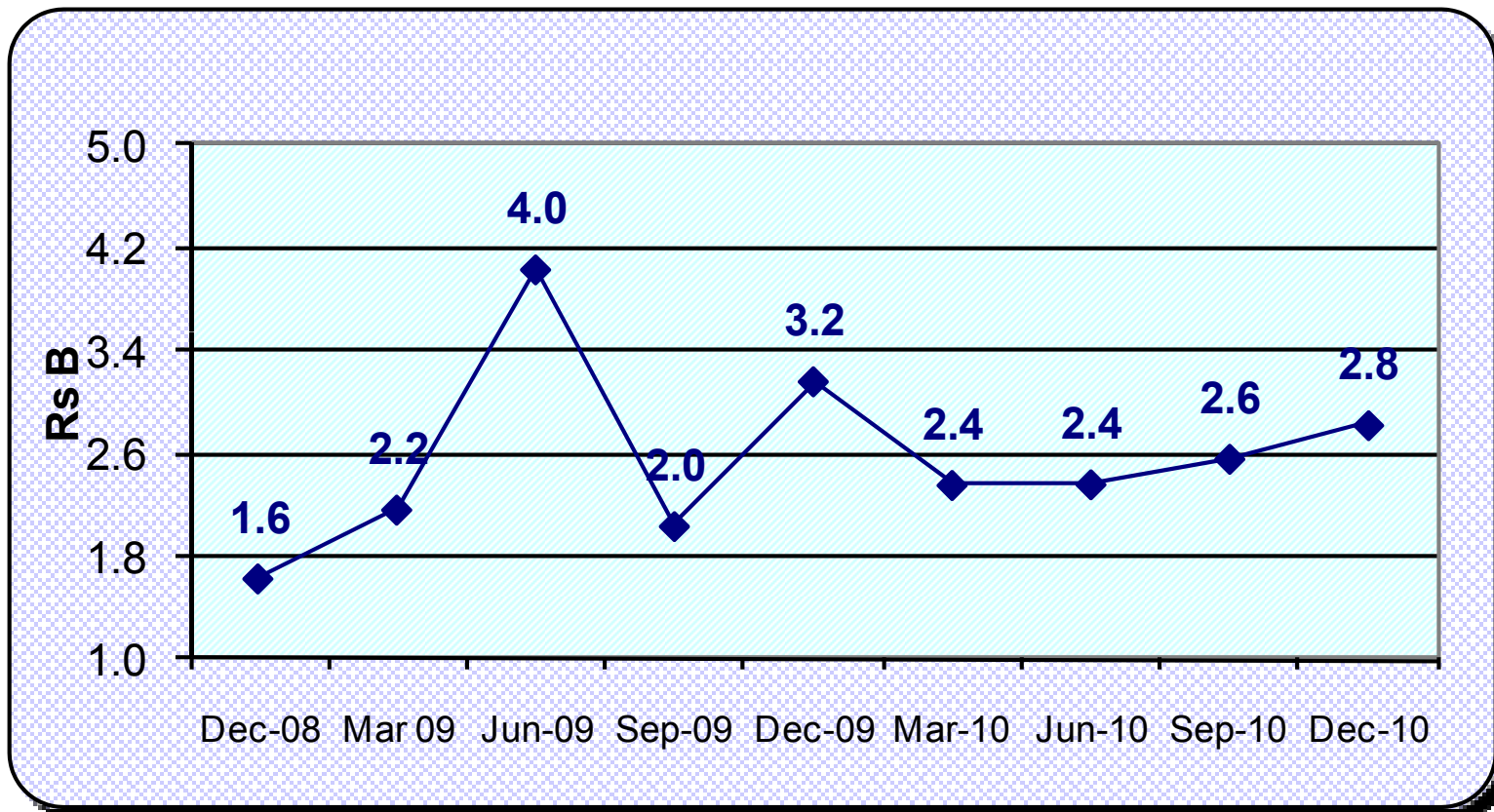


Net Provision *

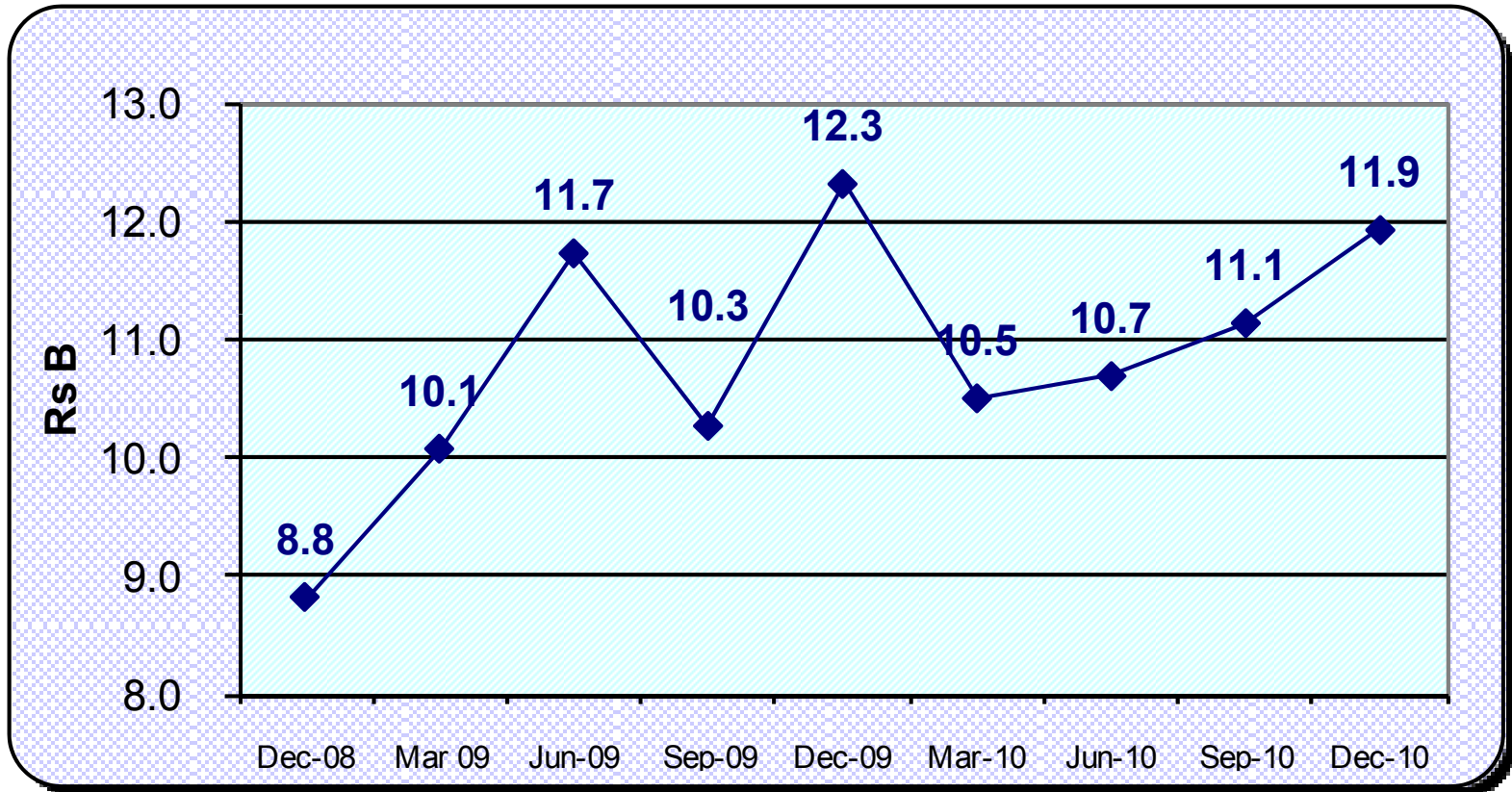


** Excluding other operational Write-offs*

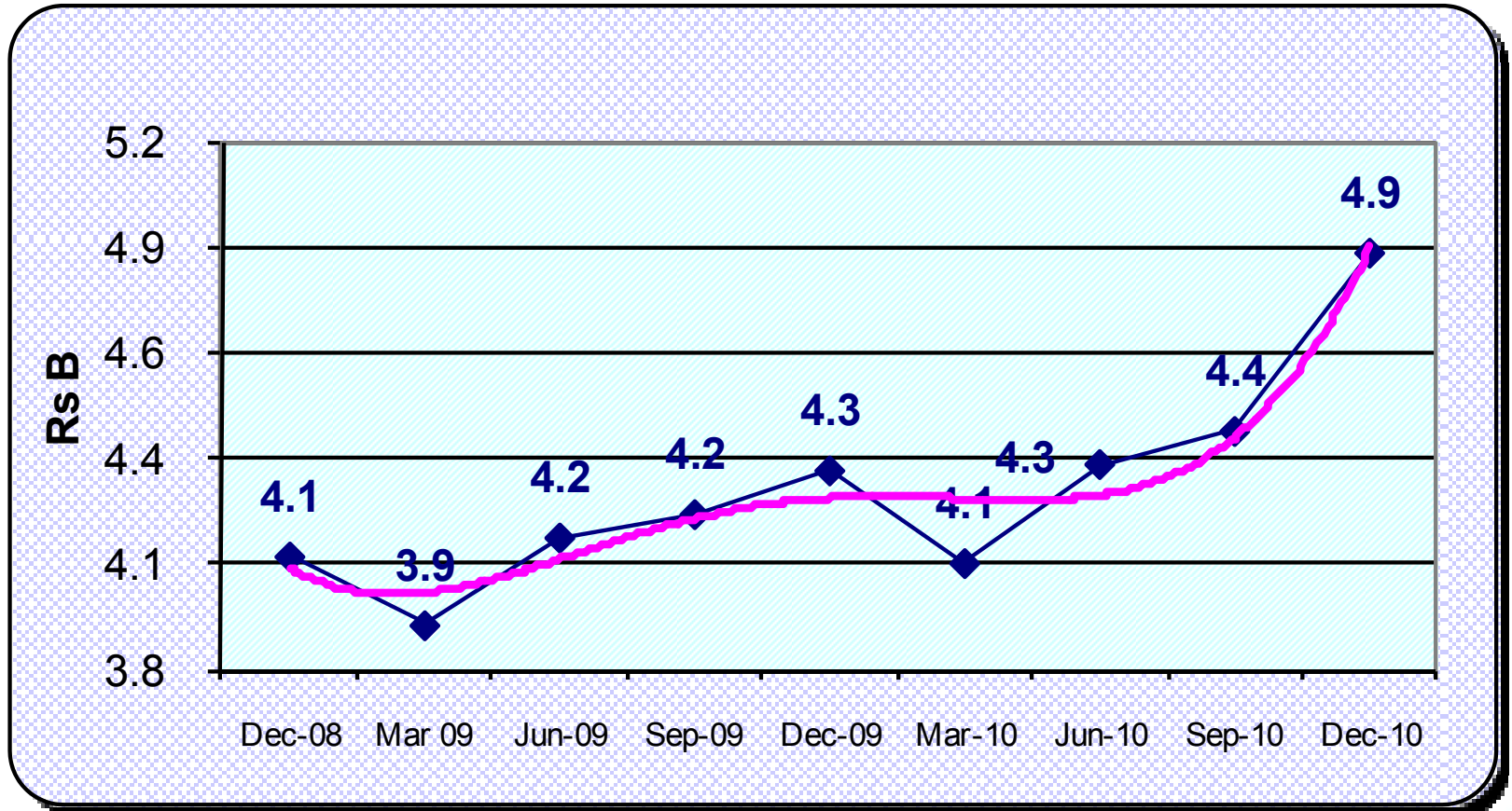
Non Fund Income



Gross Revenue



Administrative Expenses



The information contained herein reflects our latest business statement as at December 31, 2010

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