

United Bank Limited

Performance Review

FY 2011

February 21, 2012

Abu Dhabi

Key Highlights

- Standalone PAT up 39% YoY to Rs.15.5 Bn. Consolidated PAT up 35% YoY to Rs 14.9 Bn
- Net interest income up by 15% to Rs 39.4 Bn YoY
 - NIM increased by 20 bps to 7.2% YoY
 - Yield on earning assets increased YoY by 55 bps
 - Cost of funds increased YoY by 35 bps
- Non markup income up 26% to Rs 12.7 Bn YoY
 - Core banking fees increased by 10% to Rs 6.9 Bn mainly due to higher corporate service charges, FI Commissions, commission on Bancassurance and income generated on remittances
 - Capital gains increased threefold to Rs 475 Mn in 2011, primarily due to gains on fixed income securities
 - Exchange income up 26% to Rs 2.1 Bn mainly due to higher transaction volumes and opportunistic leveraging of higher market volatility
 - Derivatives income more than doubled to Rs 1.6 Bn as a result of timely anticipation of rate movements.

Key Highlights

- Provisions down YoY by 7% to Rs 7.5 Bn
 - 73% of 2011 provisions from previously classified names
 - Coverage ratio improved from 72% in Dec'10 to 80% in Dec'11
 - Growth in NPL reduced to 5.2% in 2011 (2009: 41%, 2010: 24%) ; NPL formation down from 4% to 2.6%
- Admin expenses increased YoY by 10.5% to Rs 19.8 Bn but remained flat QoQ
 - Cost to income ratio improved from 40.4% in 2010 to 37.9% in 2011; the ratio also improved QoQ – from 37.5% in Q3'11 to 37.0% in Q4'11
- Net advances down to Rs 325 Bn in Dec'11 compared to Rs 334 Bn in Dec'10. ADR decreased from 67% to 60%.
- Deposits increased by 11.3% to Rs 613 Bn in Dec'11
 - Domestic deposits increased by 11.9% to Rs 495 Bn whilst International deposits increased by 9.1% to Rs 118 Bn
 - Domestic CASA improved from 79% in Dec'10 to 80% in Dec'11 while domestic low cost deposit ratio improved by 30 bps
- Tier 1 CAR improved by 22 bps to 10.5% in Dec'11; total CAR down from 14.5 to 14.3% in Dec 11
- Return on equity improved from 19.8% in 2010 to 23.7% in 2011
- Return on assets improved from 1.7% in 2010 to 2.1% in 2011

Income Statement (Standalone)

PKR Bn	FY 11	FY 10	Var %	Q4'11	Q3'11	Var %
Interest Earned	70.45	59.28	19%	17.92	18.47	-3%
Interest Expensed	(31.03)	(25.00)	-24%	(8.13)	(8.15)	0%
Net Interest Income	39.42	34.28	15%	9.79	10.32	-5%
Non Interest Income	12.72	10.09	26%	3.78	3.04	24%
Total Revenue	52.14	44.37	18%	13.57	13.36	2%
Admin. Expenses	(19.78)	(17.91)	-10%	(5.03)	(5.02)	0%
Operating Expenses	(20.40)	(18.56)	-10%	(5.10)	(5.24)	3%
Pre Prov. Operating Profit	31.74	25.81	23%	8.48	8.12	4%
Provision Exp./Other writeoffs	(7.52)	(8.07)	7%	(1.01)	(1.60)	37%
Profit Before Tax	24.22	17.74	37%	7.47	6.52	15%
Profit After Tax	15.50	11.16	39%	4.55	4.25	7%

Income Statement - Consolidated

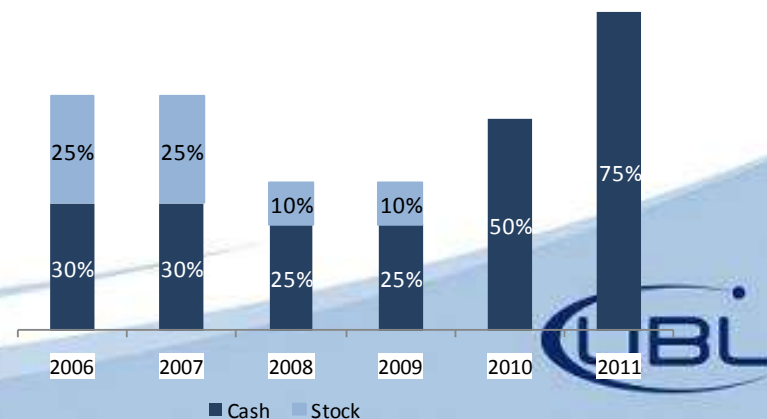
PKR Bn	FY 11	FY 10	Var %	Q4'11	Q3'11	Var %
Interest Earned	71.37	60.05	19%	18.18	18.71	-3%
Interest Expensed	(31.34)	(25.21)	-24%	(8.27)	(8.22)	-1%
Net Interest Income	40.03	34.84	15%	9.91	10.49	-5%
Non Interest Income	12.97	10.86	19%	3.73	3.19	17%
Total Revenue	53.01	45.70	16%	13.64	13.68	0%
Admin. Expenses	(21.23)	(19.14)	-11%	(5.34)	(5.39)	1%
Operating Expenses	(21.85)	(19.79)	-10%	(5.41)	(5.61)	4%
Pre Prov. Operating Profit	31.15	25.91	20%	8.23	8.07	2%
Provision Exp./Other writeoffs	(7.52)	(8.22)	8%	(1.01)	(1.60)	37%
Profit Before Tax	23.63	17.69	34%	7.23	6.47	12%
Profit After Tax	14.89	11.02	35%	4.29	4.19	2%

Share Info

	Standalone		Consolidated	
	Dec 2011	Dec 2010	Dec 2011	Dec 2010
EPS (Rs/share-annual.)	12.7	9.1	12.1	9.0
BV/share (Rs/share)	64.7	55.9	70.1	61.4
Price* - (Rs /share)	63.6	63.5	63.6	63.5
P/E	5.0x	7.0x	5.3x	7.0x
P/BV	1.0x	1.1x	0.9x	1.0x
# of shares	1,224M	1,224M	1,224M	1,224M

*Dec-11 Price dated February 21, 2012 & Dec-10 Price dated February 17, 2011

Dividend Payout as a % of par value of shares



Dividend Yield (based on full year 2011 avg. share price) :
 2011-12.3% (2010 : 8.5%)
 Dividend payout (as a % of PAT) : 2011-59% (2010 : 55%)

Key Ratios - Bank

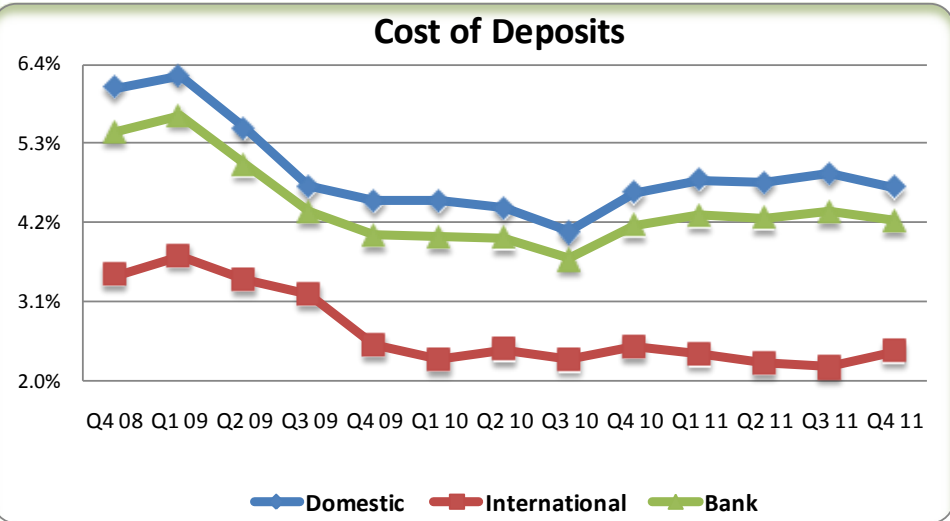
Balance Sheet Ratios	Dec-10	Dec-11
Advances / Deposits	67%	60%
Asset Quality	13.2%	14.0%
Coverage	72%	80%

Financial Ratios	FY'10	FY'11	Q3 11	Q4 11
Yield on P. Advances	12.4%	12.9%	13.1%	12.8%
Cost of Deposits	4.0%	4.3%	4.4%	4.2%
Net Interest Margin	7.0%	7.2%	7.2%	7.0%
NCL Ratio	2.3%	2.1%	1.9%	0.8%
Return on Avg Assets	1.69%	2.10%	2.29%	2.40%
Return on Shareholders' Equity	19.8%	23.7%	26.4%	26.5%

P/L Ratios	FY'10	FY'11	Q3 11	Q4 11
Cost to Income Ratio	40.4%	37.9%	37.5%	37.0%
Non Fund Inc. / Total Revenue	23%	24%	23%	28%

Deposits Structure (Bank level)

Cost of Deposits



Deposits - Bank

Bank	Dec'10		Dec'11	
	PE-Rs.Bn	Yield %	PE-Rs.Bn	Yield %
Domestic deposits	442	4.4%	495	4.8%
International deposits	108	2.4%	118	2.3%
Total Bank	551	4.0%	613	4.3%

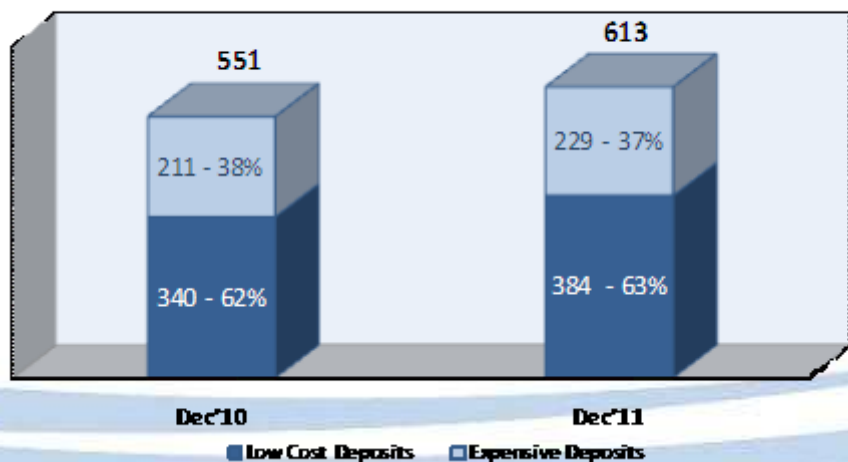
International \$	PE-Rs.Bn	Yield %	PE-Rs.Bn	Yield %
	1,263	2.4%	1,313	2.3%

Domestic CASA	Dec'10 (%)	Dec'11 (%)
	79%	80%

- Cost of deposits increased marginally to 4.3% mainly due to a deliberate strategy to grow the balance sheet through acquisition of profitable, albeit higher cost of deposits
- Average deposits increased by 16% YoY
- Domestic CASA increased to 80% in Dec 11 from 79% in Dec 10
- Domestic market share of deposits stands at 8.4% as on 31st December 2011

Total Deposits

Rs. Billion

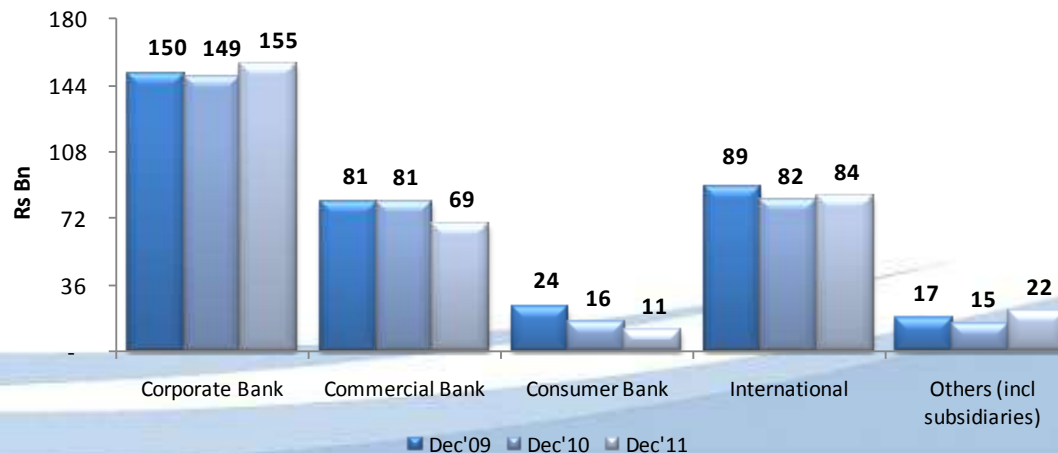


Net Advances

Net Advances - Rs. Bn	Dec'10	Dec'11	% Change	YTD Yield *	
				2010	2011
Corporate Bank	148.5	155.2	+4%	13.4%	14.4%
Commercial **	80.7	69.0	-15%	15.1%	16.1%
Consumer	15.7	11.3	-28%	17.0%	19.3%
Others	7.3	6.0	-18%	7.2%	8.1%
Total Domestic	252.2	241.4	-4%	14.0%	15.0%
International	81.5	83.9	+3%	7.9%	7.2%
Bank	333.7	325.3	-3%	12.4%	12.9%
Subsidiaries	7.8	15.8	+103%		
Bank - Consolidated	341.5	341.1	0%		
International US\$ Mn	951.7	933.0	-2%		

* Yield on performing advances

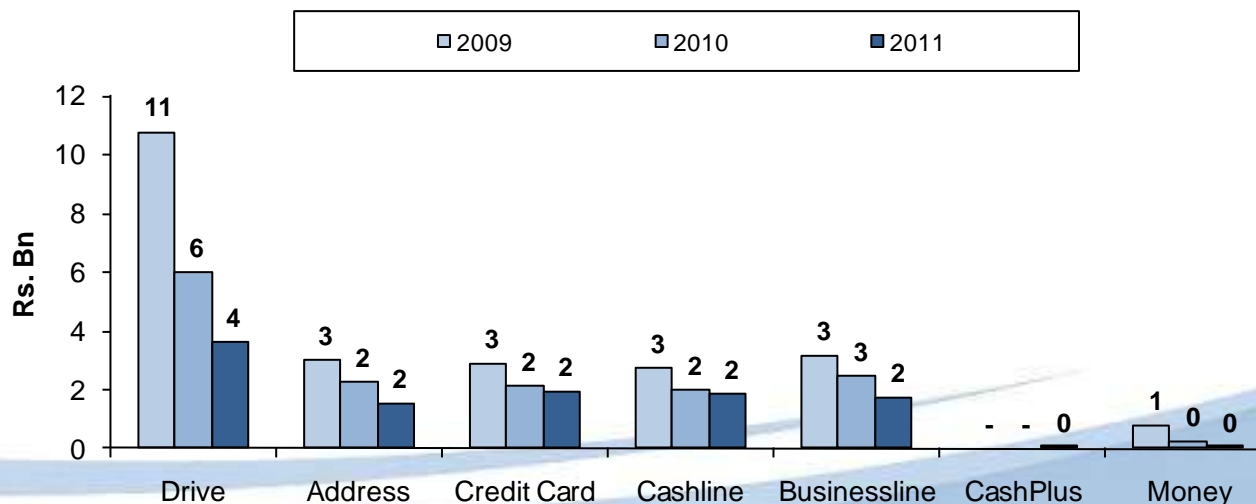
** of which commodity advances of Rs. 46Bn (Dec'10: 54Bn)



Consumer Advances by Product

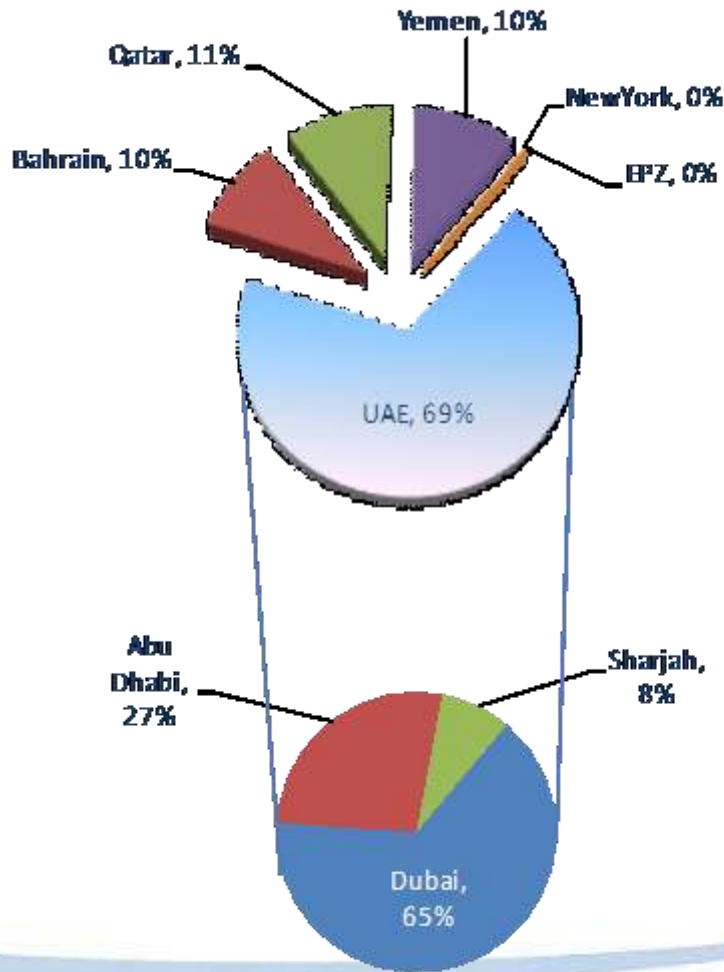
Rs. Bn	Dec'10	Dec'11	Change	YTD Yield*	
				2010	2011
Drive	6.2	3.8	-40%	15.8%	19.0%
Address	2.4	1.6	-32%	19.9%	21.4%
Credit Card	2.2	2.0	-8%	21.5%	23.0%
Cashline	2.1	1.9	-6%	12.9%	16.2%
Businessline	2.6	1.8	-29%	14.8%	17.1%
CashPlus	-	0.1	+100%	-	22.1%
Money	0.3	0.0	-85%	36.8%	29.3%
Total	15.7	11.3	-28%	17.0%	19.3%

* Yield on performing advances

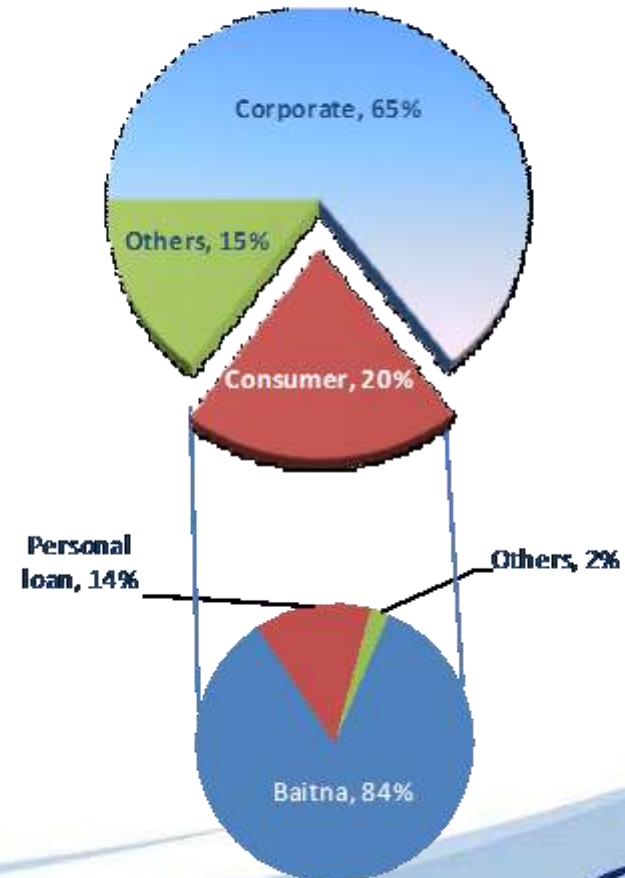


International Advances

By Geography



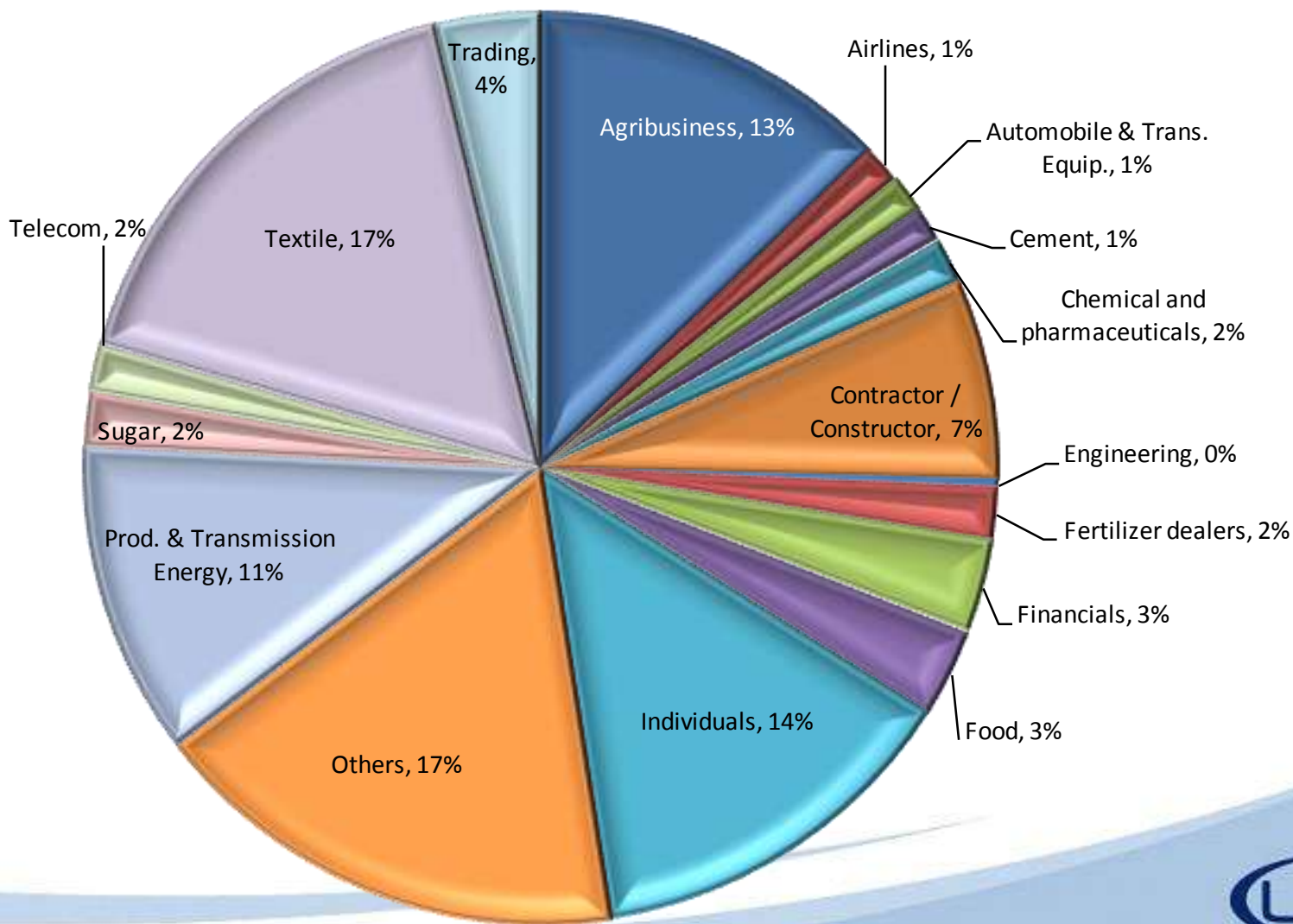
By Business - UAE



Spread Analysis – Bank Level

Bank	FY 2011				FY 2010			
	PE	AVG	IE	Avg.Yield /Cost	PE	AVG	IE	Avg.Yield /Cost
Rs Bn								
Avg KIBOR - 3M				13.1%				12.6%
Interest Earning Assets								
Performing Advances	306	302	39.0	12.9%	313	319	39.7	12.4%
Corporate	141	132	18.9	14.4%	135	137	18.3	13.4%
Commercial	21	21	3.3	15.8%	25	23	3.4	14.4%
Commodity	46	52	8.4	16.2%	54	53	8.2	15.4%
Consumer	10	12	2.3	19.3%	14	18	3.0	17.0%
International	82	80	5.8	7.2%	79	80	6.3	7.9%
Others	6	6	0.4	6.3%	5	8	0.4	5.4%
Investments (earning)	266	218	26.4	12.1%	187	125	13.8	11.0%
Corporate Bonds (TFC)	6	25	3.7	15.0%	29	28	4.0	14.3%
Lending To Financial Institution	10	14	0.9	6.0%	12	13	1.2	9.6%
Others	18	14	0.4	2.7%	21	20	0.5	2.6%
Total int. earning assets (a)	605	573	70.4	12.3%	562	505	59.2	11.7%
<i>Non earning assets</i>	173	133	0.1	0.1%	138	116	0.1	0.0%
Total Assets (A)	778	707	70.5	10.0%	700	621	59.3	9.5%
Interest bearing liabilities								
Total deposits	613	553	(23.7)	4.3%	551	477	(19.0)	4.0%
Low Cost Deposits	384	332	(5.6)	1.7%	340	293	(5.2)	1.8%
Expensive Deposits	229	221	(18.1)	8.2%	211	184	(13.8)	7.5%
Subordinated Debts - TFC	11	12	(1.5)	12.8%	12	12	(1.4)	11.9%
Swap cost (net)	-	-	(0.8)	0.0%	-	-	(0.9)	0.0%
Borrowings	50	47	(4.9)	10.4%	45	42	(3.7)	8.7%
Total interest bearing liab (b)	674	613	(31.0)	5.1%	608	531	(25.0)	4.7%
<i>Non int. bearing liabilities & equity</i>	104	94	-	0.0%	92	90	-	0.0%
Total Liabilities+Equity (B)	778	707	(31.0)	4.4%	700	621	(25.0)	4.0%
Net Interest Margin (a-b)	-	-	39.4	7.2%	-	-	34.3	7.0%
Spread (A-B)				5.6%				5.5%

Concentration of Advances - Standalone



Non Markup / Return / Interest Income

Non Fund Income - Rs. Mn	FY' 11	FY' 10	Var %	Q4'11	Q3'11	Var %
Fee, commission and brokerage income	6,949	6,338	10%	1,958	1,712	14%
Dividend income	786	591	33%	357	108	231%
Income from dealing in foreign currencies	2,078	1,654	26%	561	441	27%
Gain / (loss) on sale of securities	475	121	294%	175	155	13%
Other income	2,429	1,387	75%	730	622	17%
Total Non Fund Income	12,718	10,090	26%	3,781	3,038	24%

Fee Commission and Brokerage Income

Fee Commission Income - Rs. Mn	FY' 11	FY' 10	Var %	Q4'11	Q3'11	Var %
Commission on trade	1,471	1,686	-13%	407	292	39%
Commission on consumer loan	994	1,047	-5%	299	242	24%
Commission on remittance / Uniremote	833	793	5%	211	209	1%
Corporate service charges/finance fee	768	616	25%	252	176	43%
Comm. on ATM / utility / cheque books	754	587	28%	232	187	24%
Minimum balance charges	318	419	-24%	66	62	6%
Commission on home remittance	494	330	50%	142	155	-8%
Commission on cash management	248	210	18%	65	67	-3%
Commission income - Bancassurance	219	105	109%	67	47	43%
Commission others	851	545	56%	215	274	-21%
Total	6,949	6,338	10%	1,958	1,712	14%

Administrative Expenses

Other Operating Cost - Rs. Mn	FY' 11	FY' 10	Var %	Q4'11	Q3'11	Var %
Personnel Cost	8,573	7,465	-15%	2,251	2,163	-4%
Premises Cost	2,888	2,909	1%	519	832	38%
Outsourced service charges including sales commission	1,603	1,485	-8%	424	425	0%
Advertisement and publicity	578	766	25%	169	104	-63%
Communications	799	742	-8%	218	196	-11%
Depreciation	1,242	1,154	-8%	333	299	-11%
Legal and professional charges	231	276	16%	59	65	10%
Banking service charges	712	580	-23%	167	168	0%
Stationery and printing	406	431	6%	110	93	-19%
Travelling	244	177	-38%	66	49	-36%
Cash transportation charges	314	288	-9%	80	78	-2%
Repairs and maintenance	228	102	-123%	64	56	-15%
Maintenance contracts	638	509	-25%	158	179	12%
Vehicle expenses	152	132	-15%	42	39	-8%
Office running expenses	330	231	-43%	125	70	-80%
Others	847	657	-29%	239	201	-19%
Total	19,785	17,906	-10%	5,027	5,016	0%

E-banking Statistics

<i>E-Banking</i>	<i>2011</i>	<i>2010</i>	<i>% Change</i>	<i>2009</i>
# of ATMs	476	436	9%	412
# of Transactions (Mn)	19.5	16.4	19%	14.6
Average transactions per day	53k	45k	18%	40k
Total transaction amount (Rs Bn)	125	101	24%	84
Average transaction size (Rs 000)	6.4	6.1	4%	5.7
Average monthly trans.per ATM (Rs Mn)	22	19	13%	17
<i>Internet Banking</i>				
Users	93,102	82,082	13%	70,834
Total # of transactions (000)	871	615	41%	450
Total transaction amount (Rs 000)	128,957	67,895	90%	22,403
Average transaction size (Rs 000)	148	110	34%	50
<i>Click N Remit</i>				
Users	34,783	32,607	7%	28,379
Total # of transactions (000)	73	76	-3%	74
Total transaction amount (US\$ Mn)	57	58	-3%	56
Average transaction size (US\$)	773	767	1%	759

Financial ratios – Consolidated (1/3)

DuPont	Full Year				QTD (Annualized)				
	2008	2009	2010	2011	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Spread ¹	5.1%	5.5%	5.5%	5.6%	5.5%	5.5%	5.9%	5.7%	5.3%
Net Interest Margin ²	6.1%	6.9%	7.0%	7.2%	7.2%	7.2%	7.4%	7.2%	6.9%
Non Interest Yield ³	1.9%	2.1%	1.6%	1.7%	1.8%	1.9%	1.5%	1.7%	1.9%
Admin Exp./Avg Assets	2.9%	2.8%	2.8%	2.8%	2.9%	2.8%	2.9%	2.8%	2.7%
Cost Income Ratio	42.1%	38.5%	41.7%	40.1%	41.5%	40.0%	41.8%	39.4%	39.2%
Loan Loss / Assets	1.0%	1.9%	1.2%	1.0%	1.1%	1.3%	1.4%	0.8%	0.4%
Loan Loss / RWA ⁴	1.2%	2.4%	1.6%	1.3%	1.5%	1.8%	2.0%	1.2%	0.6%
Effective Tax Rate	39.9%	34.2%	37.7%	37.1%	36.3%	34.0%	37.2%	35.2%	40.8%
Pre-Provision ROA ⁵	2.3%	2.9%	2.4%	2.5%	2.5%	2.8%	2.5%	2.7%	2.4%
ROA	1.4%	1.5%	1.6%	1.9%	1.8%	1.9%	1.6%	2.2%	2.2%
Return on RWA	1.8%	2.0%	2.1%	2.7%	2.4%	2.6%	2.3%	3.2%	3.0%
Pre-Provision ROE ⁶	31.3%	34.9%	26.0%	27.5%	27.4%	30.2%	27.8%	29.9%	26.3%
ROE	19.7%	18.0%	17.7%	20.9%	19.2%	20.7%	18.1%	24.0%	23.1%

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	2011	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Gross NPLs / Gross Loan	7.2%	10.3%	12.9%	13.4%	12.9%	13.9%	13.4%	14.4%	13.4%
Net NPLs / Gross Loan	2.2%	3.0%	3.6%	2.7%	3.6%	4.1%	3.5%	3.7%	2.7%
Coverage Ratio	69.3%	70.9%	71.9%	80.1%	71.9%	70.3%	75.7%	74.6%	80.1%
Prov. held / Gross loan	5.0%	7.3%	8.9%	10.5%	8.9%	9.6%	9.9%	10.4%	10.5%
Net Credit Loss ratio	1.9%	3.3%	2.2%	2.1%	2.2%	2.7%	2.8%	1.8%	1.0%

Growth	Full Year				QTD (Annualized)				
	2008	2009	2010	2011	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Growth in Loan Book	22.6%	-4.3%	-5.7%	-0.1%	-0.7%	0.5%	0.7%	-2.1%	0.9%
Growth in Deposits	19.6%	2.3%	12.7%	11.7%	11.9%	-3.8%	11.8%	-5.6%	10.0%
Operating Revenue	14.0%	16.6%	-1.4%	16.3%	6.6%	4.0%	2.8%	5.1%	-0.5%
Operating Expense	17.0%	6.7%	6.6%	12.0%	5.3%	0.0%	7.7%	-0.3%	-1.1%
Pre-provision Oper.Profit	11.9%	23.8%	-7.2%	20.1%	7.7%	7.7%	-1.4%	9.4%	1.7%
Provision exp.+ Other prov.	23.5%	64.5%	-39.2%	-8.5%	-4.3%	13.4%	10.3%	-37.8%	-37.2%
Profit After Tax	-8.6%	12.3%	16.1%	34.8%	11.9%	9.1%	-11.2%	39.0%	1.7%

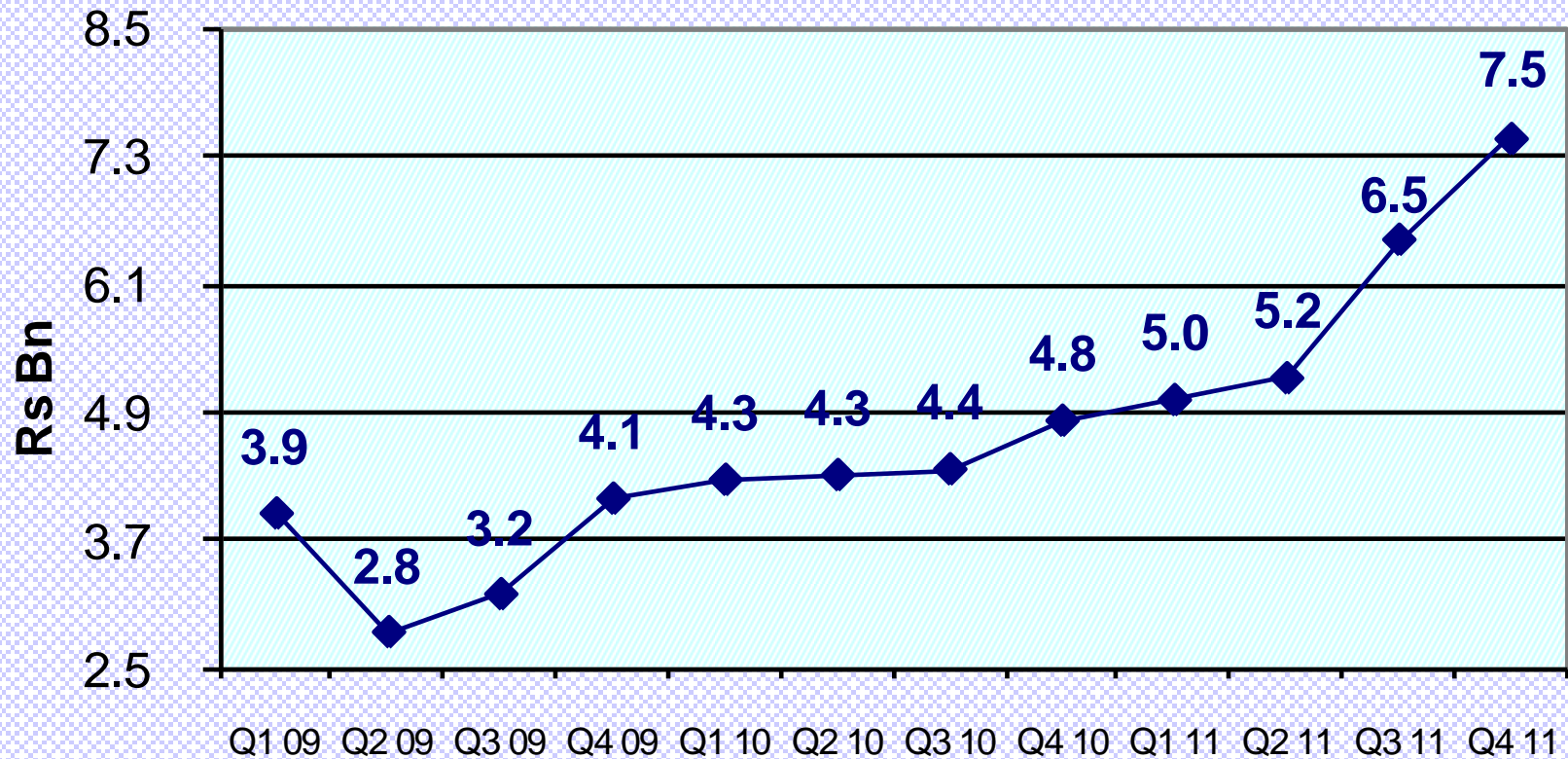
Financial ratios – Consolidated (3/3)

Other Metrics	Yearly				QTD (Annualized)				
	2008	2009	2010	2011	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
Capital Adequacy Ratio	10.4%	14.0%	15.0%	14.9%	15.0%	14.7%	15.5%	15.9%	14.9%
Tier-I CAR	6.1%	9.5%	10.4%	10.6%	10.4%	10.2%	10.8%	11.2%	10.6%
Loan / Deposits	77.3%	73.7%	62.8%	57.5%	62.8%	66.2%	60.3%	62.9%	57.5%
Loan / Assets	58.3%	53.7%	47.1%	42.3%	47.1%	48.7%	44.7%	44.9%	42.3%
RWA / Assets	77.0%	75.9%	72.7%	72.9%	72.7%	73.8%	67.8%	70.1%	72.9%
Average Headcount ²	9,192	8,639	8,474	8,655	8,426	8,476	8,414	8,434	8,652
Personnel cost / Headcount (000)	736.4	863.9	879.3	988.9	861.8	969.3	997.7	1,024.3	1,038.8
Yield on Earning Assets ³	11.0%	12.3%	11.7%	12.3%	12.2%	12.4%	12.3%	12.4%	12.1%
Cost of Funds ⁴	4.9%	5.4%	4.7%	5.1%	5.0%	5.2%	4.8%	5.2%	5.1%
Yield on Performing Adv	12.3%	13.4%	12.4%	12.9%	12.8%	13.2%	12.8%	13.1%	12.8%
Cost of Deposits	4.3%	4.8%	4.0%	4.3%	4.2%	4.3%	4.3%	4.4%	4.2%

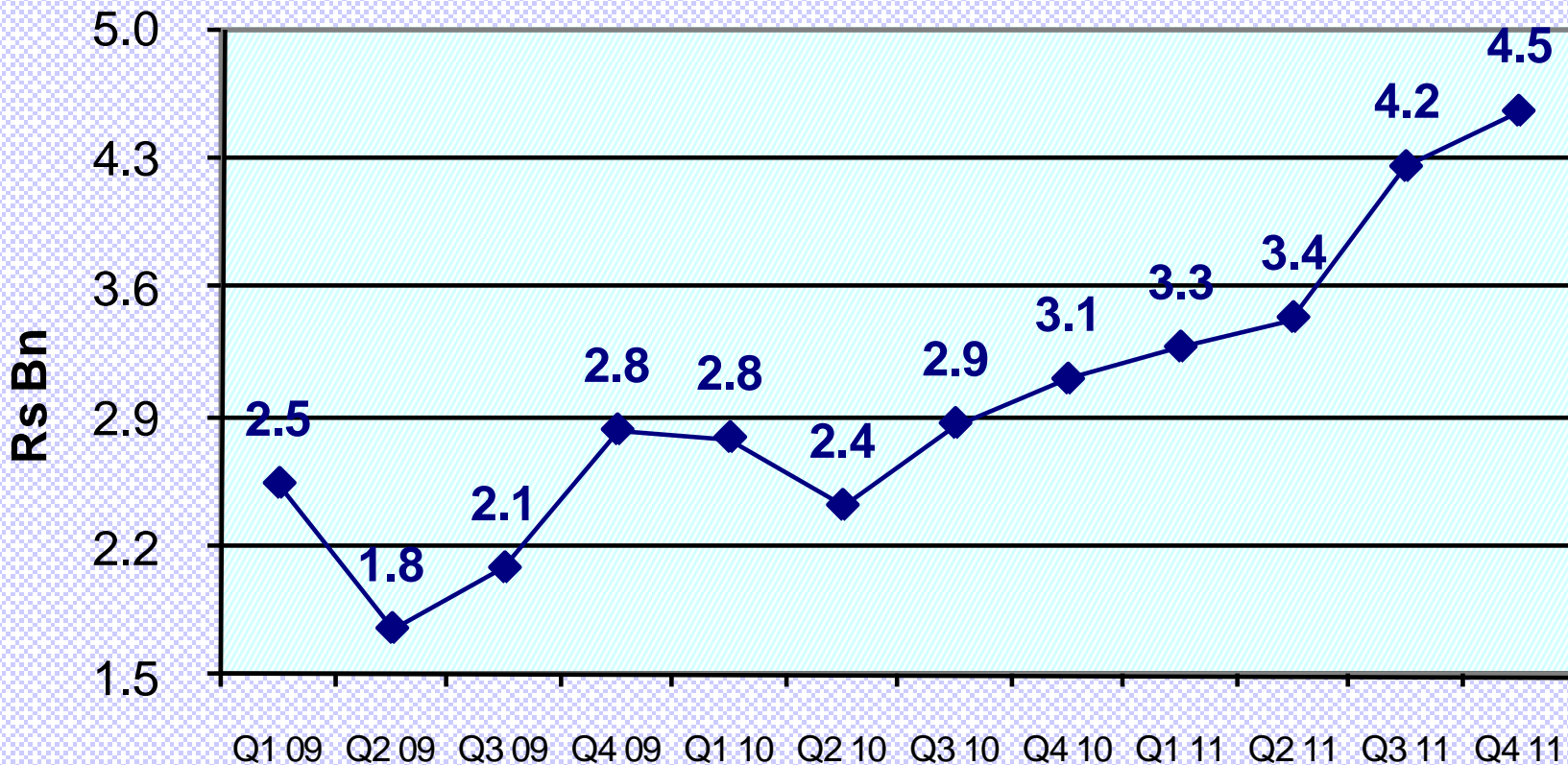
Quarterly Trend Analysis

Bank Level

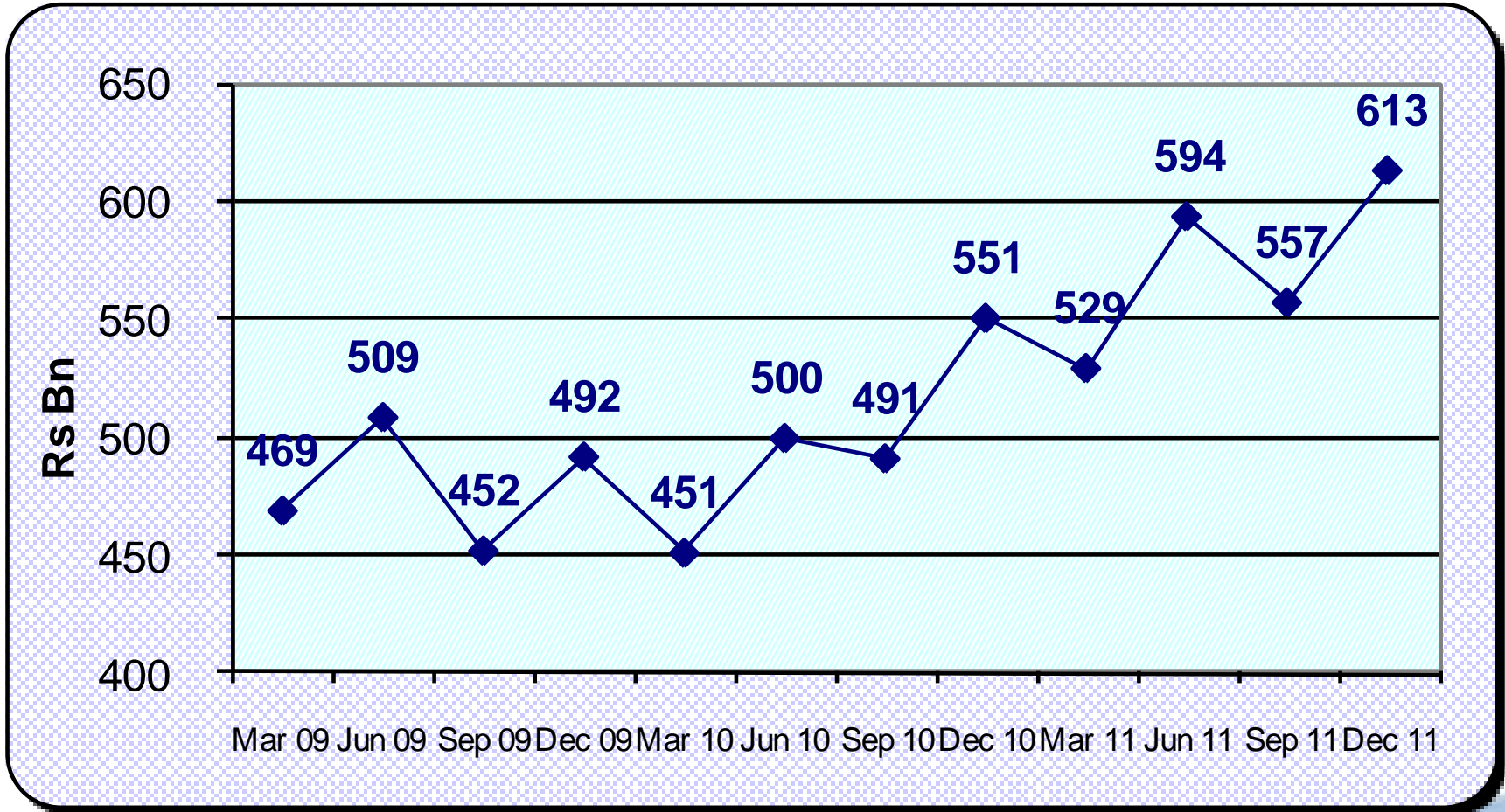
Profit before Tax



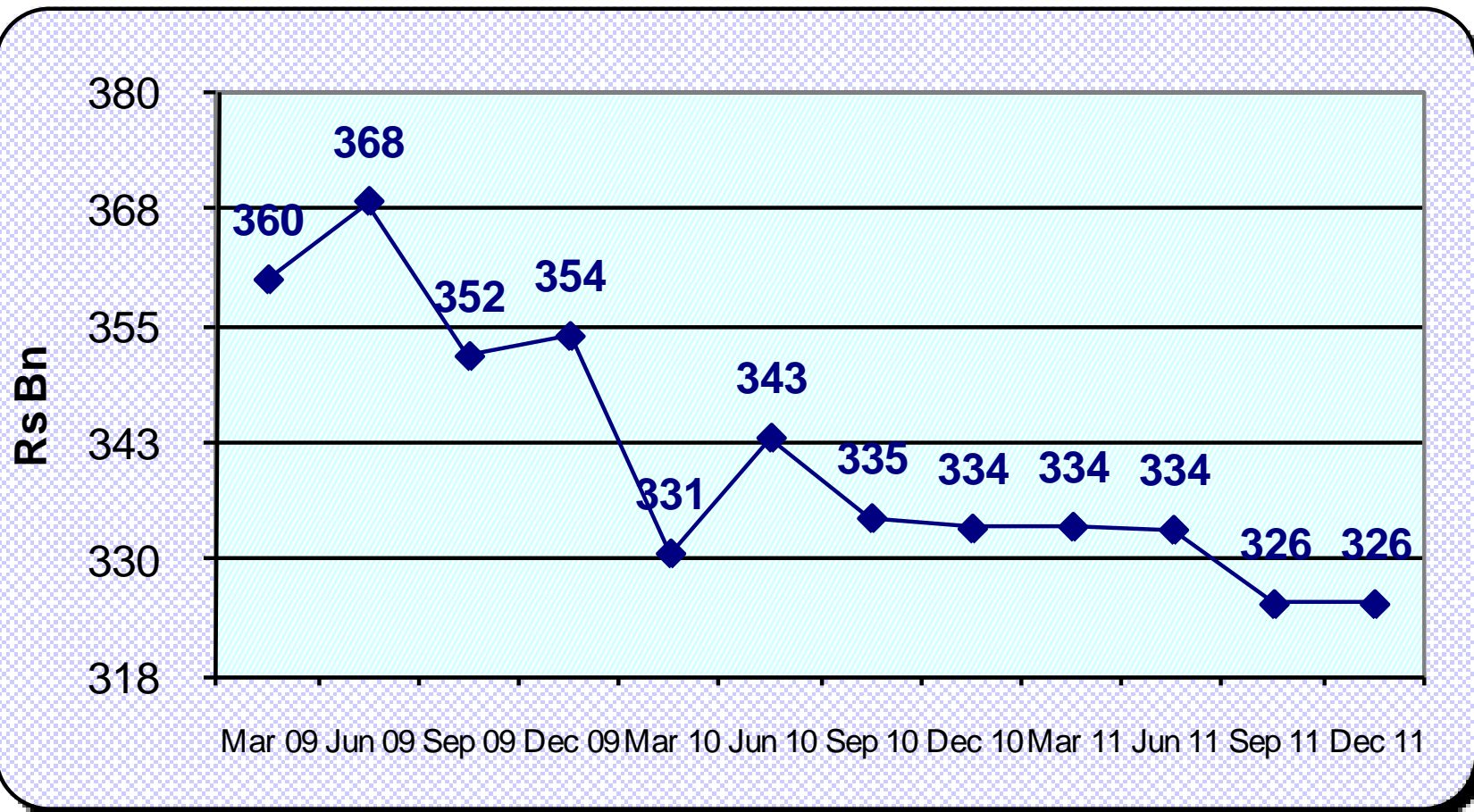
Profit after Tax



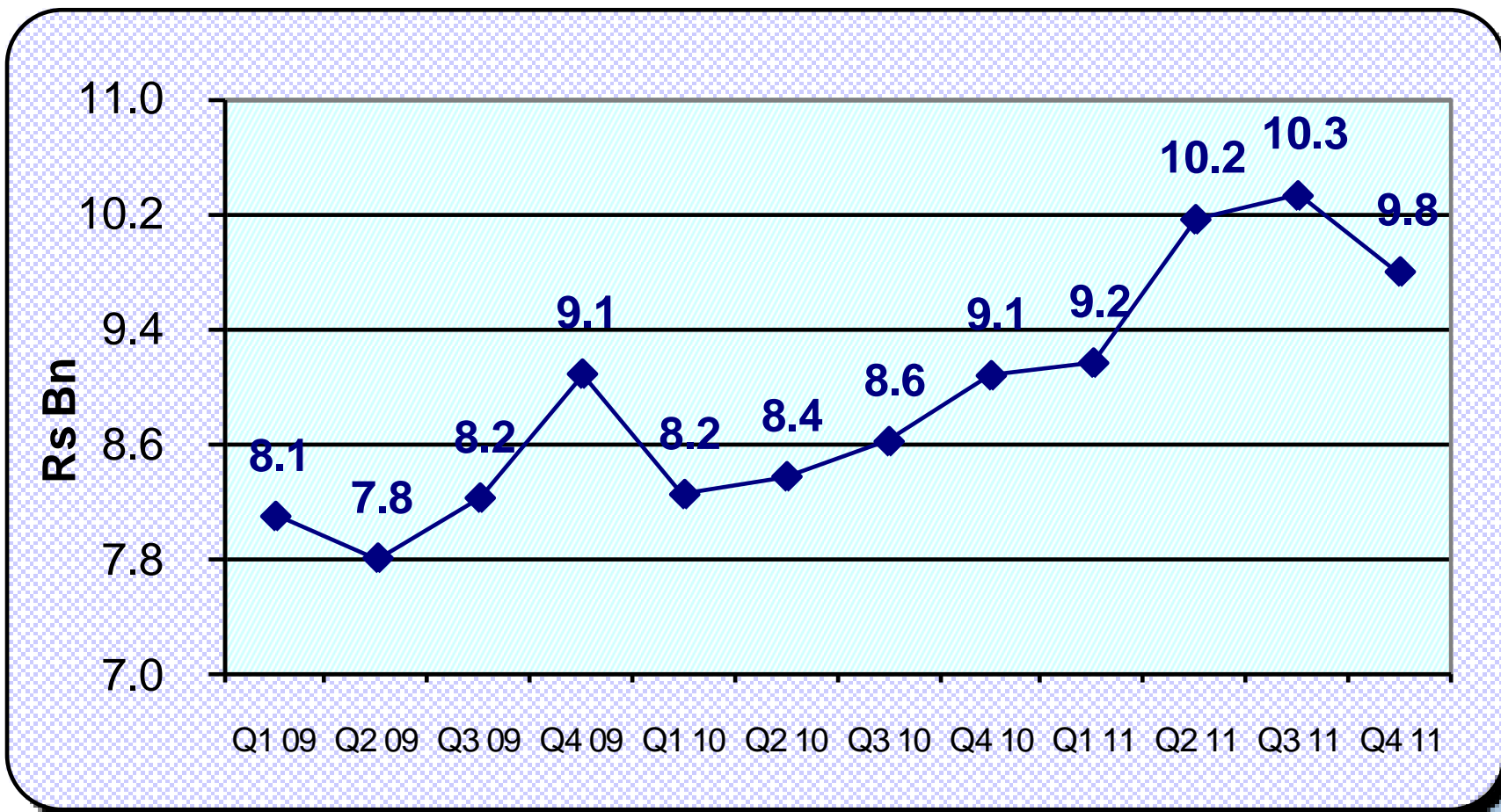
Deposits



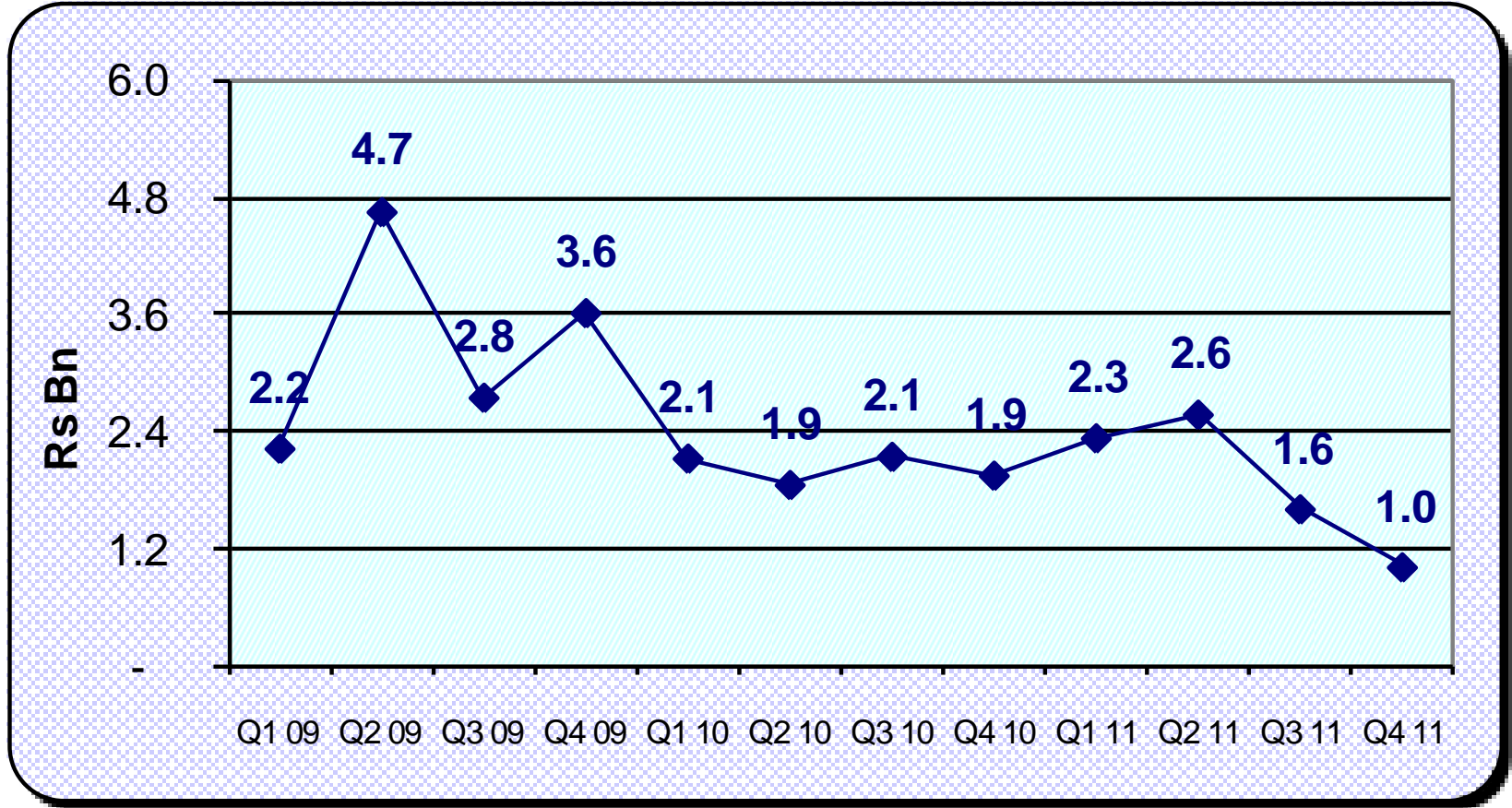
Net Advances



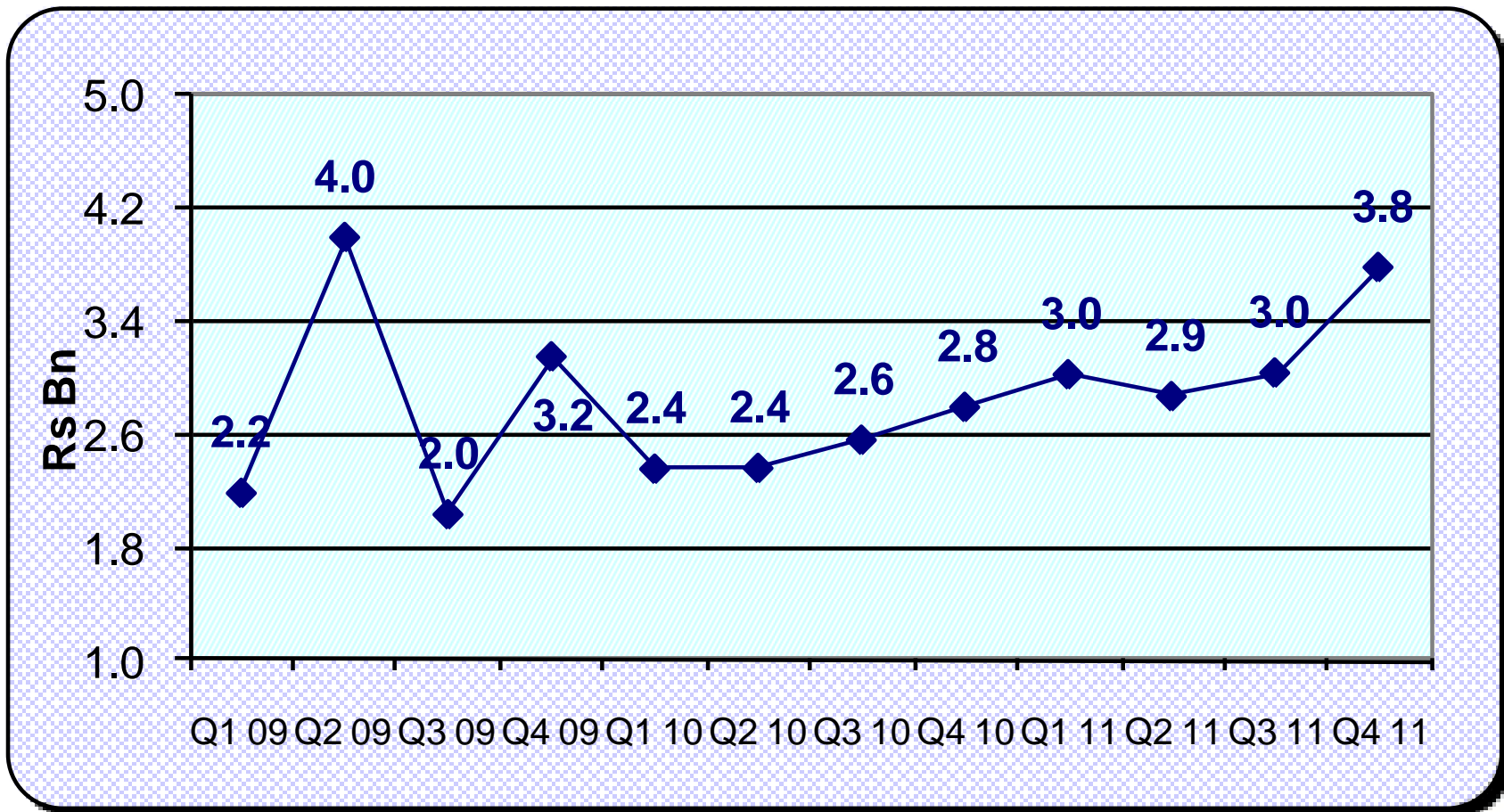
Net Interest Income



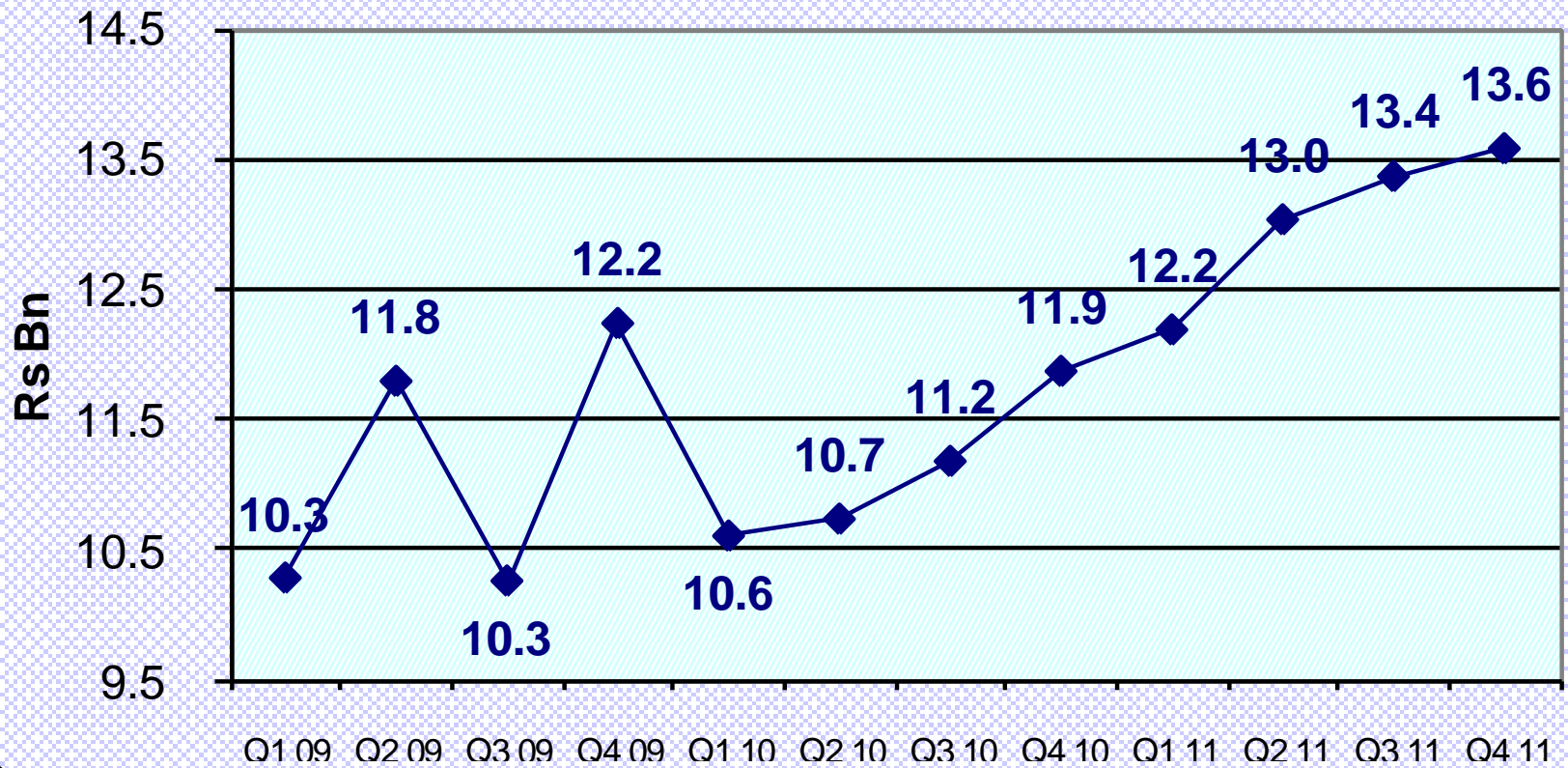
Net Provision



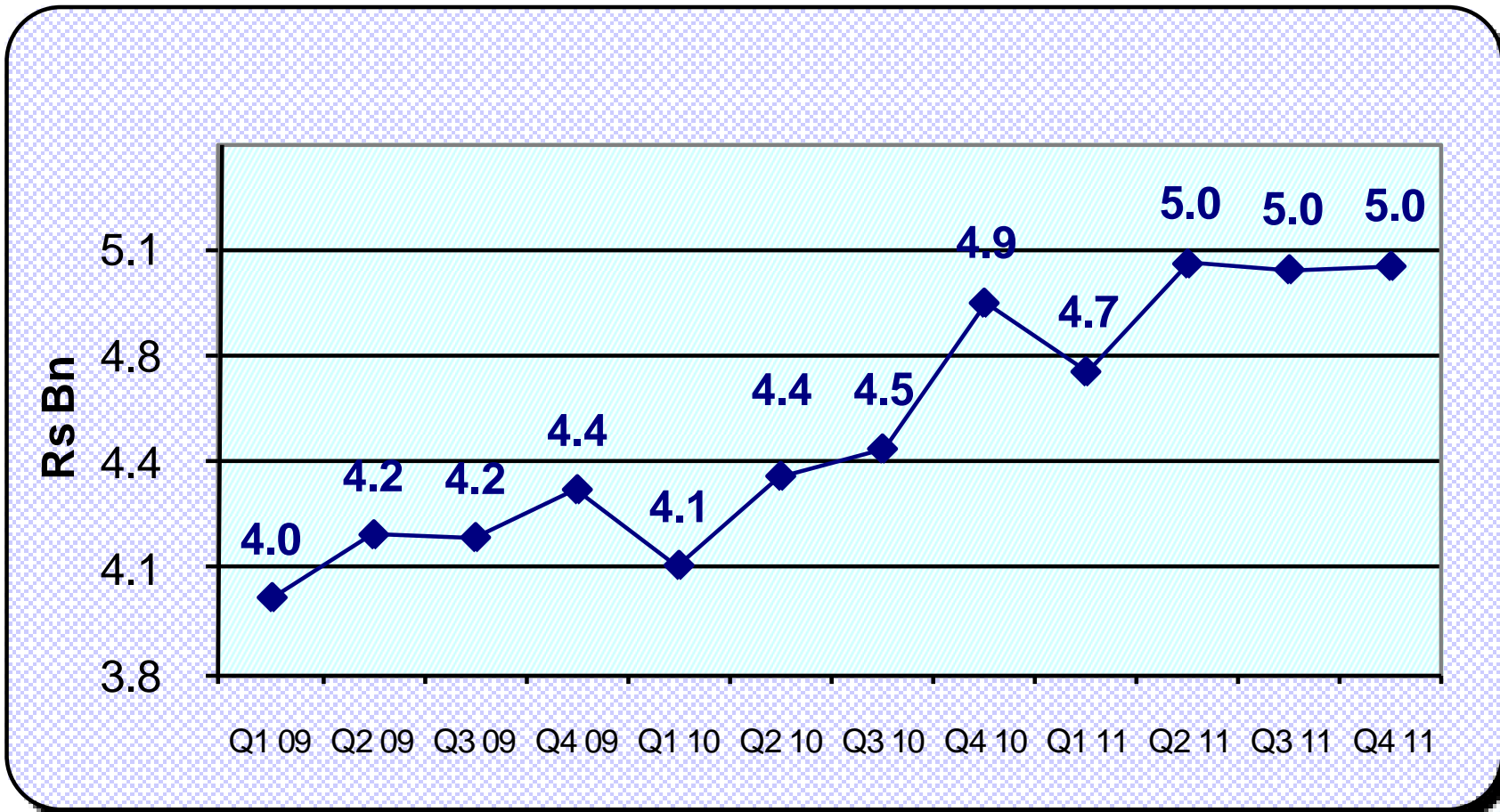
Non Fund Income



Gross Revenue



Administrative Expenses



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