VIS
Credit Rating Company Limited

UNITED BANK LIMTED

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RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY RATING	AAA	A1+	AAA	A1+
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Reaffirmed		Reaffirmed	
RATING DATE	June 30, 2026		June 30, 2025	

Shareholding (5% or More)	Other Information
Bestway Group (BG) – 64.00%	Privatized in 2002
	Public Limited Company
	External Auditors: EY Ford Rhodes Chartered Accountants
	Chairman of the Board: Lord Zameer M. Choudrey, CBE, SI Pk
	President & CEO: Mr. Muhammad Jawaid Iqbal

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Financial Institutions

https://docs.vis.com.pk/Methodologies-2026/FI-Methodology-26.pdf

Instrument Rating

https://docs.vis.com.pk/Methodologies-2025/IRM-Apr-25.pdf

Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

The ratings assigned to United Bank Limited ('UBL' or the 'Bank') reflect the Bank's strong franchise, systemic importance, and established market position within Pakistan's banking sector. The ratings also reflect sound governance practices. During the review period, the Bank demonstrated significant balance sheet expansion, primarily driven by growth in deposits, particularly current accounts, as well as expanded treasury operations. With an extensive domestic footprint and improving market share the Bank has also advanced its international book in recent reporting period. Profitability indicators strengthened materially on the back of robust core earnings generation, improved spreads on account of lower funding costs, and reversal in provisioning charges, while operating efficiency improved despite higher administrative and technology-related expenses. Asset quality indicators remained manageable, with improvement in net infection levels, strong specific and general provisioning coverage, and limited residual pressure of delinquent exposures on Tier-1 capital. Although relatively high exposure to longer-duration, fixed rate treasury securities and interest rate swap positions expose the Bank to unexpected upward movements in interest rates, a sizable volume of non-interest rate sensitive liabilities substantially hedges the risk from such interest rate movements. The investment portfolio remained predominantly concentrated in sovereign exposures, thereby containing credit risk, Liquidity indicators remained strong, supported by a sizeable liquid asset base, a granular deposit franchise, and liquidity metrics significantly above regulatory requirements. Capitalization indicators also remained sound, underpinned by strong internal capital generation and adequate buffers over minimum regulatory thresholds despite growth in risk-weighted assets. Going forward, the ratings remain dependent on the Bank's ability to maintain asset quality in the context of the present elevated credit risks in the domestic and international market, preserve profitability in a lower interest rate environment, and manage concentration and market risks associated with its expanding investment portfolio.

Company Profile

United Bank Limited ('UBL' or the 'Bank') was incorporated in Pakistan on November 7, 1959 as a private sector bank. The Bank is principally engaged in commercial banking and related financial services in accordance with the provisions of the Banking Companies Ordinance, 1962. It has been designated as a Domestic Systemically Important Bank (D-SIB) by the State Bank of Pakistan (SBP). Listed on the Pakistan Stock Exchange (PSX), the Bank operates through domestic and international branches network comprising 2,033 (Dec'25: 2,009; Dec'24: 1,474) branches in Pakistan, including 775 (Dec'25: 752; Dec'24: 496) Islamic Banking branches, 02 (Dec'25: 02; Dec'24: 02) branches in Export Processing Zones, in addition to 08 (Dec'25: 08; Dec'24: 08) branches outside Pakistan. The Bank's branch network expanded significantly following the amalgamation of Silk Bank Limited during CY25. UBL is a subsidiary of Bestway International Holdings Limited, which held 64.00% of the Bank's issued share capital as at Dec'25.

Table 1: Shareholding Pattern

Shareholders	Dec'25
Bestway Group (BG)	64.00%
General Public & Others	29.20%
Banks, DFIs & NBFIs	1.54%
Insurance Companies	3.37%
Mutual Funds	1.83%
International GDRs (non-voting shares)	0.06%
Total Outstanding Shares	**100.00%**

Sponsor Profile

Bestway Group is the ultimate sponsor of UBL and holds its investment in the Bank through Bestway International Holdings Limited (BIHL), a Guernsey-incorporated holding company. Established in 1976, Bestway Group is a UK-based diversified conglomerate with business interests spanning wholesale, pharmacy, cement manufacturing, banking, and real estate, with operations across the United Kingdom and Pakistan. As at end-CY25, BIHL held 50.45% of UBL's voting shares, while Bestway Cement Limited held 9.61%. The Sponsor remains represented on the Board through nominee directors and provides oversight on the Bank's strategic direction, governance framework, and long-term business objectives.

Management and Governance

CHAIRMAN PROFILE

Lord Zameer Mohammed Choudrey, CBE, SI Pk serves as the Chairman. He has been associated with the Bank's Board since October 2002 and has extensive experience in finance, corporate management, and international business. A Chartered Accountant by profession and Fellow of the Institute of Chartered Accountants in England and Wales, Lord Zameer Mohammed Choudrey joined Bestway Group in 1984 and held various senior leadership positions before being appointed Chairman of the Board of Directors of the Bestway Group in 2024. He has played a key role in the Group's diversification and expansion across multiple sectors in the United Kingdom and Pakistan. In recognition of his considerable contributions to the business and philanthropy, he has been honored with several distinctions, including Commander of the Order of the British Empire (CBE) and the Sitara-e-Imtiaz (SI). In 2019, he was appointed to the House of Lords of the United Kingdom.

PRESIDENT & CEO PROFILE

Mr. Muhammad Jawaid Iqbal serves as the President & Chief Executive Officer since May 2023. He possesses over two decades of experience in banking and capital markets, having served in senior management roles across leading financial institutions. Mr. Muhammad Jawaid Iqbal holds a Master of Business Administration degree, is a Chartered Financial Analyst (CFA), and has completed the Advanced Management Program from Harvard Business School, USA.

BOARD COMPOSITION & PROFILE

As at Mar'26, the Board of Directors comprised nine members, including eight male directors and one female director. The Board consisted of one executive director, five non-executive directors, and three independent directors. During 1QCY26, the Board underwent changes. Lord Zameer M. Choudrey was appointed Chairman of the Board, while Sir Mohammed Anwar Pervez continued as a Non-Executive Director. In addition, Mr. Tariq Rashid ceased to serve as an Independent Director and Mr. Ariful Islam was inducted to the Board as an Independent Director. The remaining Board composition remained unchanged. The Board is in alignment with the PSX listed company and SBP Prudential Regulations.

Table 2: Board of Directors

Name	Category
Lord Zameer Mohammed Choudrey, CBE, SI Pk	Chairman/ Non-Executive Director
Mr. Muhammad Jawaid Iqbal	President & CEO
The Honourable Haider Zameer Choudrey	Non-Executive Director
Sir Mohammed Anwar Pervez, OBE, H Pk	
Mr. Rizwan Pervez	
Mr. Muhammad Irfan A. Sheikh	
Ms. Shazia Syed	Independent Director
Mr. Ariful Islam	
Mr. Daniel Michael Howlett	

In order to facilitate specialized oversight and effective discharge of its responsibilities, the Board has constituted six key committees: the Board Audit Committee (BAC), Board Human Resource & Compensation Committee (HRCC), Board Risk & Compliance Committee (BRCC), Board Information Technology Committee (BITC), Board Nomination Committee (BNC), and Board International Committee (BIC). The committees are appropriately constituted with the requisite number of members and are predominantly chaired by Independent Directors, ensuring adherence to regulatory requirements. The terms of reference of the aforesaid committees have been approved by the Board and communicated to the respective committees.

Table 3: Board Committees

Committees	Meetings (2025)
Board Audit Committee (BAC)	5
Board Human Resource & Compensation Committee (HRCC)	4
Board Risk & Compliance Committee (BRCC)	4
Board Information Technology Committee (BITC)	4
Board Nomination Committee (BNC)	1
Board International Committee (BIC)	4

Attendance of directors at committee meetings remained satisfactory and in accordance with the applicable regulatory requirements. Furthermore, the Bank has implemented a formal process for evaluating the performance of the Board as a whole and its committees. The evaluation framework is designed in accordance with applicable regulatory requirements and is conducted periodically to assess Board effectiveness.

MANAGEMENT TEAM

The management team is headed by Mr. Muhammad Jawaid Iqbal, President & CEO, and is supported by two Deputy CEOs, Mr. Abdul Aleem Qureshi and Mr. Ijaz Farooq, along with senior executives responsible for key business, operational, risk, control, and support functions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Bank has established an Environmental, Social & Governance (ESG) Division responsible for managing environmental, social, and climate-related financial risks. The ESG risk management framework is governed through approved policies and procedures, supported by environmental and social risk screening, due diligence processes, and designated coordinators across relevant functions. During CY25, the Bank continued to strengthen ESG awareness through training and capacity-building initiatives. UBL's sustainability framework is structured around the pillars of People, Planet, Clients, and Communities, with oversight of ESG and climate-related risks integrated within the Bank's risk management framework.

KEY DIGITAL INITIATIVES

During CY25, the Bank continued to strengthen its digital banking and technology infrastructure. The Bank operates a 24/7 Security Operations Center (SOC) and maintains a dedicated Information Security Division within the Risk & Credit Policy Group, responsible for managing information security risks through governance, infrastructure and system security, vulnerability assessment, cyber threat monitoring, and incident response. The Bank also progressed its Payment Card Industry Data Security Standard (PCI-DSS) compliance program to enhance the security of customer card data. In addition, UBL continued investments in digital channels, application security, cloud computing controls, and information security architecture, while undertaking regular risk assessments and compliance reviews to support digital banking operations, cybersecurity resilience, and operational continuity.

SHARIAH GOVERNANCE FRAMEWORK

Table 3: Shariah Supervisory Board

Name	Designation
Mufti Muhammad Ibrahim Essa	Chairman – Shariah Board
Mufti Muhammad Sadiq	Shariah Board Member
Dr. Mufti Muhammad Awais Naeem	Resident Shariah Board Member

UBL's Islamic Banking operations are governed through an independent Shariah Board comprising Mufti Muhammad Ibrahim Essa, Mufti Muhammad Sadiq, and Dr. Mufti Muhammad Awais, along with a dedicated Shariah Compliance Department (SCD) operating under the Board's supervision. Mufti Muhammad Ibrahim Essa, a recognized Shariah scholar with extensive experience in Islamic banking, Takaful, and Shariah advisory services, chairs the Shariah Board. The SCD is responsible for facilitating implementation of Shariah-compliant products, policies, and procedures, conducting Shariah reviews, coordinating with management, and ensuring adequate training of Islamic Banking staff. During CY25, the Shariah Board held four meetings, reviewing matters relating to product development, conversion of conventional financing into Shariah-compliant alternatives, investment strategies, Shariah compliance, branch operations, and Shariah audit activities.

Following the acquisition of Silk Bank, UBL further expanded its Islamic Banking footprint and, as at end-CY25, operated 752 Islamic Banking Branches (IBBs) and 596 Islamic Banking Windows (IBWs) under the UBL Ameen brand. During the year, the Bank renewed and launched various Islamic liability and financing products, while its dedicated treasury function continued to undertake Shariah-compliant transactions through Musharakah, Mudaraba, Wakalah, and Government of Pakistan Ijarah Sukuk structures.

The Bank maintains a dedicated Internal Shariah Audit Unit (ISAU), which conducted audits of Islamic Banking branches, windows, financing activities, profit distribution mechanisms, and relevant head office functions during the year. In addition, the Shariah Compliance Department performed periodic reviews and verified profit and loss distribution prior to disbursement to depositors.

AUDIT OPINION

EY Ford Rhodes, Chartered Accountants, a Category 'A' firm on SBP's panel of auditors with a satisfactory QCR rating from ICAP, has expressed an unqualified opinion on the Bank's CY25 financial statements.

Business Risk

INDUSTRY

The banking sector in 2025 demonstrated notable resilience and moderate growth, underpinned by strong capitalization, stable profitability, and improving asset quality. The sector maintained a robust capital adequacy ratio of approximately 20.6% as of December 2025, reflecting a solid buffer against potential financial shocks.

Profitability indicators remained stable, with return on assets (ROA) around 1.2% and return on equity (ROE) close to 19.8%, highlighting consistent earnings performance despite prevailing economic challenges. The sector also experienced significant expansion in its balance sheet, as deposits grew by nearly 25% year-on-year, indicating sustained public confidence in the banking system.

Asset quality showed improvement, with non-performing loans (NPLs) contained at approximately 6.0%, suggesting that credit risk remained manageable. Lending activity continued to be concentrated in the corporate and SME segments, which together accounted for more than half of total loans, reflecting banks' focus on productive sectors of the economy. Additionally, there was a slight increase in foreign currency exposure, pointing toward evolving portfolio dynamics.

Overall, in 2025, the banking sector remained stable, liquid, and well-capitalized, playing a critical role in supporting economic activity and facilitating financial intermediation.

Asset Mix

Table 4: Asset Mix (all figures in PKR Bn, unless stated otherwise)

Asset Mix	Dec'24	Dec'25	Mar'26

Cash and Cash Equivalents*	388.2	636.4	640.7
	4.8%	5.0%	5.0%
Investments	5,886.9	9,951.1	9,924.2
	73.0%	78.9%	78.0%
Advances	1,443.5	1,369.7	1,479.1
	17.9%	10.9%	11.6%
Other assets	344.5	663.4	682.0
	4.3%	5.3%	5.4%
Total	**8,063.1**	**12,620.5**	**12,726.1**

**Cash & Cash Equivalent include Cash & Balances with Treasury Banks, Balances with other Banks and Due from FIs*

As of Dec'25, the Bank's asset base expanded significantly by PKR 4.6 tn, reaching PKR 12.6 tn (Dec'24: PKR 8.1 tn). Enhanced contribution from the international branch operation which rose from 7.9% as of Dec'24 to 10.1% as of Dec'25 is noteworthy. The expansion was predominantly reflected in a sizeable increase in the investment portfolio, which grew by PKR 4.1 tn, resulting in investments constituting 78.9% of total assets (Dec'24: 73.0%). The increase in investments was largely financed through a combination of incremental borrowings and deposit mobilization, which rose to PKR 6.5 tn (Dec'24: PKR 4.9 tn) and PKR 5.2 tn (Dec'24: PKR 2.6 tn), respectively. SBP repo borrowings continued to form the major portion of the funding mix, increasing to PKR 6.3 tn (Dec'24: PKR 4.5 tn).

In contrast to the exceptional surge in advances witnessed during CY24, the advances portfolio contracted by PKR 74.1 bn by Dec'25, with its share in the overall asset mix declining materially to 10.9% (Dec'24: 17.9%). The reduction in advances reflects the normalization of the Bank's balance sheet following the temporary expansion undertaken to comply with the regulatory ADR requirement during the prior year. Consequently, the Gross Advances to Deposit Ratio (ADR)[1] declined sharply to 28.1% (Dec'24: 57.0%).

By Mar'26, the Bank's asset base had expanded marginally to PKR 12.7 tn, reflecting a QoQ growth of 0.8%. During the period, advances rebounded to PKR 1.5 tn, while investments remained broadly stable at PKR 9.9 tn. Funding growth continued to emanate from both borrowings and deposits, which increased to PKR 6.6 tn and PKR 5.4 tn, respectively. Meanwhile, SBP repo borrowings remained elevated at PKR 6.3 tn, underscoring the Bank's continued high utilization of treasury operations as a key revenue generating activity.

Loan Portfolio

As of Dec'25, UBL's gross advances portfolio reflected a marginal contraction of 4.6% YoY. The Bank maintained its focus on private sector financing, which constituted 73.3% (CY24: 69.4%) of the total advances portfolio. Within the lending segments, the decline in the advances was primarily attributable to lower exposures in the corporate (↓PKR 123.6bn) and 'commodity' (↓PKR 60.8bn) segments. Conversely, the Bank increased its lending towards international operations (↑PKR 70.8bn), consumer finance (↑PKR 24.9bn), and commercial finance (↑PKR 10.6bn). In proportional terms, the corporate segment remained the largest component of the portfolio, although its share reduced to 37.7% (CY24: 43.8%) by end-Dec'25. This was followed by the international portfolio, accounting for 32.3% (CY24: 26.3%) of total advances.

Table 5: Segment-wise Breakup of Gross Advances (all figures in PKR Bn, unless stated otherwise)

Segments (Rs. in billions)	2024		2025	
	GA	GI	GA	GI
Corporate	685.6	2.7%	562.0	11.8%
Commodity	393.6	1.0%	332.8	1.2%
Commercial	15.9	9.2%	26.5	10.6%
Consumer	26.8	3.6%	51.7	3.9%
Others	32.3	1.9%	37.7	1.3%
International	410.9	22.1%	481.7	7.5%
Total	**1,565.1**		**1,492.4**	

GA- Gross Advances
GI- Gross Infection

The GI ratio in the corporate segment increased materially to 11.8% (CY24: 2.7%), while the commercial portfolio also depicted deterioration with the GI ratio rising to 10.6% (CY24: 9.2%). In contrast, the international portfolio exhibited considerable improvement, with the GI ratio declining to 7.5% (CY24: 22.1%), supported by recoveries in legacy non-performing accounts and relative stability in foreign exchange conditions. The "others" segment also reflected improvement, with the GI ratio declining to 1.3% (CY24: 1.9%). Commodity financing maintained relatively sound asset quality metrics, with the GI ratio contained at 1.2% (CY24: 1.0%).

Consumer lending continued to represent a modest portion of the Bank's advances portfolio, accounting for 3.5% (CY24: 1.7%) of gross advances by end-Dec'25. The consumer book expanded significantly to PKR 51.7bn (Dec'24: PKR 26.8bn), primarily reflected in growth across

[1] *Adjusted for SBP refinancing schemes*

auto loans, credit cards, mortgage financing, and personal loans, potentially supported by the integration of Silkbank Limited's portfolio following the amalgamation. Within the consumer segment, auto loans remained the dominant product category, constituting 42.7% (CY24: 49.3%) of consumer advances, followed by credit cards at 27.9% (CY24: 17.5%). The credit card portfolio increased materially to PKR 14.4bn (Dec'24: PKR 4.7bn), while personal loan also expanded considerably to PKR 8.0bn (Dec'24: PKR 2.2bn).

Table 6: Product-wise Breakup of Consumer Advances (all figures in PKR Bn, unless stated otherwise)

Products (Rs. in Billions)	2024		2025	
	GA	GI	GA	GI
Auto Loans	13.2	1.6%	22.1	1.0%
Credit Cards	4.7	1.1%	14.4	3.3%
Mortgage Loans	6.7	5.9%	7.2	5.5%
Personal Loans	2.2	14.1%	8.0	11.3%
Total	**26.8**		**51.7**	

GA- Gross Advances
GI- Gross Infection

Auto loans continued to exhibit relatively sound performance, with the GI ratio improving to 1.0% (CY24: 1.6%). Mortgage financing also reflected improvement, with the GI ratio declining to 5.5% (CY24: 5.9%). However, the personal loan portfolio remained comparatively stressed, with the GI ratio increasing to 11.3% (CY24: 14.1%), while the credit card portfolio saw deterioration of GI to 3.3% (CY24: 1.1%).

The sector-wise composition of the advances portfolio indicates that the contraction in overall lending was primarily driven by lower exposures towards the 'Agriculture' (↓PKR 72.2bn), 'Education and Medical' (↓PKR 115.4bn), 'Chemical and Pharmaceuticals' (↓PKR 101.2bn), 'Cement' (↓PKR 32.1bn), 'Telecommunication' (↓PKR 19.6bn), and 'Automobile and Transportation Equipment' (↓PKR 21.5bn) sectors. On the other hand, lending increased notably towards the 'Construction' (↑PKR 104.0bn), 'Production and Transmission of Energy' (↑PKR 29.6bn), 'Textile' (↑PKR 20.0bn), 'Others' (↑PKR 114.2bn), and 'Wholesale and Retail Trade' (↑PKR 10.5bn) sectors.

Elevated infection levels persisted in sectors such as 'Wholesale and Retail Trade' (GI: 45.0%), 'Construction' (GI: 16.2%), and 'Automobile and Transportation Equipment' (GI: 36.6%). The 'Airlines' sector reflected full impairment at 100.0%; however, exposure remained immaterial. Meanwhile, improvement in infection levels was observed across sectors including 'Telecommunication', 'Food, Tobacco and Beverages', and 'Metal and Allied', where the GI ratios reduced to nil by end-Dec'25. The textile-related sectors continued to exhibit comparatively elevated but improving impairment metrics, particularly in 'Textile' and 'Textile Composite', where GI ratios declined to 5.2% (CY24: 10.2%) and 6.5% (CY24: 6.8%), respectively.

PROFITABILITY

Table 8: Profitability Indicators

	CY24	CY25	1QCY26
ROAA	1.2%	1.2%	1.5%*
ROAE	35.8%	45.3%	57.1%*
Spread	3.1%	4.0%	3.8%
- Return on Earning Assets	17.1%	12.4%	11.3%*
- Cost of Funding	14.1%	8.4%	7.5%*
Efficiency Ratio	45.9%	31.8%	34.1%

**Annualized*

In CY25, the Bank's profitability profile strengthened materially, primarily supported by a sharp reduction in funding costs amid declining interest rates to 11.3% (CY24: 19.4%). With asset yields also repriced downward, return on advances declined to 10.3% (CY24: 14.6%) and return on investments moderated to 12.8% (CY24: 17.5%), notwithstanding which net markup income still increased substantially to PKR 361.6 bn (CY24: PKR 173.4 bn), reflecting both balance sheet repricing benefits and a notable expansion in spreads to 4.0% (CY24: 3.1%), as well as volume growth. The reduction in funding cost was broad-based, with the cost of deposits declining to 4.4% (CY24: 7.7%) and the cost of borrowings easing to 11.2% (CY24: 18.4%).

Despite a decline in non-markup income to PKR 58.0 bn (CY24: PKR 87.5 bn), owing to the absence of sizeable treasury gains and one-off income recorded in the previous year, the Bank's overall profitability remained strong on the back of robust core earnings generation. Non-markup expenses increased to PKR 135.9 bn (CY24: PKR 98.0 bn), reflecting continued inflationary pressures, branch expansion, and technology-related investments. Nevertheless, growth in recurring income significantly outpaced the increase in operating expenses, resulting in a notable improvement in the efficiency ratio to 31.8% (CY24: 45.9%).

Asset quality indicators also supported earnings during the year, as the Bank reported a net reversal in credit loss allowance and write-offs amounting to PKR 4.7 bn, compared to a charge of PKR 12.8 bn in CY24. The lower provisioning burden, combined with stronger spread income, translated into Profit after Tax (PaT) of PKR 128.0 bn in CY25 (CY24: PKR 80.5 bn). Consequently, profitability metrics improved materially, with ROAE increasing to 45.3% (CY24: 35.8%), while ROAA remained stable at 1.2%.

In 1QCY26, the Bank sustained its earnings momentum despite a relatively stable interest rate environment. Net markup income stood at PKR 99.4 bn (1QCY25: PKR 84.2 bn), supported by spreads of 3.8%, as the decline in return on earning assets to 11.3% was partially offset by a further reduction in funding cost to 7.5%. The Bank continued to benefit from low-cost deposits, with the cost of deposits remaining contained at 4.3%, while borrowing costs declined further to 10.0%. Non-markup income increased to PKR 42.2 bn (1QCY25: PKR 15.5bn), providing additional support to revenues, while non-markup expenses amounted to PKR 40.0 bn (1QCY25: PKR 26.1). The efficiency ratio remained healthy at 34.1%, albeit slightly higher than the full-year CY25 level. Meanwhile, continued recoveries and contained asset quality stress resulted in another net reversal of credit loss allowances amounting to PKR 455 mn (1QCY25: reversal PKR 1.6 bn) during the quarter. Accordingly, the Bank reported a bottom line of PKR 49.0 bn (1QCY25: PKR 35.6) in 1QCY26, translating into annualized ROAE and ROAA of 57.1% and 1.5%, respectively.

Going forward, profitability is expected to remain supported by low and stable funding costs, a granular deposit base with a large current account component, and steady non-funded income generation. However, with policy rates expected to stabilize at relatively lower levels, despite the recent reversal, further expansion in spreads may remain constrained, while the sustainability of higher earnings will depend on the Bank's ability to maintain asset quality in an environment of heightened credit risk, even though reserves built against potential losses in prior periods mitigate risks on this front.

Financial Risk

Asset Quality

Table 9: Asset Quality Indicators

	Dec'24	Dec'25	Mar'26
NPL (PKR Bn)	116.0	112.0	110.0
Gross Infection	7.4%	7.5%	6.9%
Net Infection*	0.6%	0.4%	0.4%
Stage-3 Provisioning Coverages	93.0%	95.2%	95.2%
General Provisioning Coverages**	0.9%	1.2%	1.2%
Net NPFs to Tier 1 Capital***	3.2%	1.3%	1.2%

**Only takes into account Stage 3 provisions*
***General provisioning coverage: (Stage-1 ECL + Stage-2 ECL)/ (Gross Advances – NPLs)*
****Adjusted for Stage 1 & Stage 2*

As of Dec'25, the Bank's Non-Performing Loans (NPLs) declined to PKR 112.0 bn (Dec'24: PKR 116.0 bn), along with a contraction in the gross advances portfolio. Consequently, the Gross Infection (GI) ratio remained largely stable at 7.5% (CY24: 7.4%), reflecting continued pressure in the credit portfolio albeit with gradual containment of incremental infection. During Mar'26, the gross advances expanded to PKR 1,601.5 bn, while NPLs further declined to PKR 110.0 bn, leading to an improvement in the GI ratio to 6.9%.

The Bank maintained a conservative provisioning stance during the review period, with Stage-3 provisioning coverage strengthening to 95.2% in CY25 (CY24: 93.0%) and remaining stable as of 1QCY26. General provisioning coverage against Stage-1 and Stage-2 exposures also improved to 1.2% (CY24: 0.9%).

Consequently, net infection levels remained contained at 0.4% as of Dec'25 and Mar'26, reflecting the adequacy of provisioning reserves maintained by the Bank. Furthermore, Net NPFs to Tier-1 Capital improved materially to 1.3% as of Dec'25 (Dec'24: 3.2), and further to 1.2% by Mar'26, highlighting the limited residual pressure of delinquent loans on the Bank's core capitalization. Going forward, heightened risk in credit markets is notable, as higher inflation and policy rates potentially exert pressure on borrower repayment capacity, particularly on small ticket players.

MARKET RISK

Table 10: Net Investment Portfolio (all figures in PKR Billions, unless stated otherwise)

Investments by segments (in PKR bn)	Dec'24	Dec'25
Federal Govt Securities	5,704.8	9,488.4

- MTBs	409.7	23.1
- PIBs	4,941.3	8,647.2
- GoP Ijarah Sukuk	299.1	604.4
- GoP Eurobond	4.4	98.8
- Other Federal Govt Securities	50.3	114.8
Shares	22.1	22.7
- Listed	20.5	18.4
- Unlisted	1.6	4.3
Non-Government Debt Securities	21.5	20.3
- Listed	2.2	2.2
- Unlisted	19.3	18.1
Foreign Securities	135.3	415.7
- Govt Debt Securities	23.0	270.1
- Other Securities	112.3	145.6
Associates & Subsidiaries	2.3	2.3
Others	1.0	1.6
Total	**5,886.9**	**9,951.1**

As of end-Dec'25, the Bank's investment portfolio increased significantly to PKR 10.0tn from PKR 5.9tn as of end-Dec'24, and hovering at PKR 9.9tn by end-Mar'26. The portfolio remained predominantly concentrated in sovereign exposures, with Federal Government securities accounting for 95.7% of total investments as of Mar'26 (Dec'25: 95.4%; Dec'24: 96.9%), thereby limiting the overall credit risk profile of investment. Within the sovereign portfolio, PIBs continued to constitute the largest component at 86.9% of total investments as of Dec'25 (Dec'24: 83.9%), reflecting the Bank's preference at the time for longer-tenor instruments amidth then declining interest rate environment. Meanwhile, exposure to Market Treasury Bills (MTBs) reduced sharply from PKR 409.7bn as of Dec'24 to PKR 23.1bn by Dec'25, indicating a strategic shift from short-duration instruments toward higher-yielding PIBs. Exposure to GoP Ijarah Sukuk also increased to PKR 604.4bn as of Dec'25 (Dec'24: PKR 299.1bn). Foreign securities witnessed notable growth to PKR 415.7bn as of Dec'25 before moderating to PKR 370.5bn by Mar'26, primarily driven by government debt securities.

The investment portfolio reported sizeable unrealized gains of PKR 281.5bn as of end-Dec'25 (Dec'24: PKR 80.9bn), before declining to PKR 33.7bn by end-Mar'26.

In terms of duration profile, the weighted average duration of fixed-rate PIBs increased to 3.04 years as of Dec'25 from 1.97 years as of Dec'24 and remained broadly stable at 2.98 years by Mar'26, indicating relatively higher sensitivity to changes in interest rates. Conversely, floating-rate PIBs maintained a significantly lower duration at 0.25 years as of Mar'26 (Dec'25: 0.26 years; Dec'24: 0.33 years), thereby partially mitigating overall duration risk. The TFC portfolio also reflected a relatively short average duration of 0.50 years. Despite the increased allocation towards longer-tenor PIBs, the high proportion of floating-rate instruments (79%) and a balance sheet supported by a significant proportion of non-interest rate sensitive liabilities (24%) results in notable but still manageable market risk positions. The recent reversal in interest rate trajectory may erode valuation gains, while also affecting valuations in the swap transactions undertaken by the Bank. Large upward swings in the interest rate, could expose the Bank to moderate re-pricing and valuation sensitivity.

FUNDING AND LIQUIDITY

Table 12: Deposit Mix & Granularity (all figures in PKR Billions, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Current Accounts	1,525.4	2,622.0	2,989.6
	57.8%	50.7%	55.4%
Saving Accounts	889.9	1,733.1	1,652.8
	33.7%	33.5%	30.6%
Term Deposits	168.2	725.8	598.2
	6.4%	14.0%	11.1%
Others	56.8	87.6	153.9
	2.2%	1.7%	2.9%
Total Deposits	**2,640.2**	**5,168.4**	**5,394.4**
Liquid Assets	6,250.9	10,561.0	10,935.4
Borrowings	4,855.4	6,530.0	6,604.8
CASA	93.7%	86.0%	89.0%
ADR*	57.0%	28.1%	28.9%
LADB **	57.2%	77.9%	78.8%

LCR	250.9%	218.9%	210.3%
NSFR	106.7%	136.6%	119.6%

**Gross Financings to Deposit Ratio (adjusted for SBP refinancing schemes)*
***Liquid Assets to Deposit & Borrowings (adjusted for repo and collateral)*

As of end-Dec'25, UBL's deposit base exhibited significant growth, increasing by 95.8%, primarily driven by substantial accretion in current and savings accounts, which collectively contributed over 76% of the incremental deposits mobilized during the year. In parallel, term deposits also expanded materially to PKR 725.8bn (Dec'24: PKR 168.2bn). Consequently, the Bank's market share improved notably to 10.9% as of Dec'25 (Dec'24: 7.1%), reflecting stronger deposit mobilization momentum compared to peers. Contributing from International operation also increased to 21% as of Dec'25 from 19% as of Dec'24. By Mar'26, deposits further increased to PKR 5.4tn, supported mainly by growth in current accounts, while savings and term deposits moderated sequentially.

Despite the increase in term deposits, CASA deposits continued to constitute a sizeable portion of the funding mix, with the CASA ratio at 86.0% in Dec'25 (Dec'24: 93.6%), improving to 88.9% by Mar'26, thereby supporting funding cost effectiveness. The composition of deposits also shifted during the period, with the share of individual deposits declining to 48.0% (Dec'24: 66.3%), while institutional and government-related deposits increased, including Government Deposits (10.0%), NBFIs (11.5%), and Private Sector deposits (25.7%). Deposit concentration remained manageable with retail deposit accouting for 91.8% (Dec'24: 94.7%).

UBL's borrowings increased to PKR 6.5tn by end-Dec'25 (Dec'24: PKR 4.9tn) and PKR 6.6tn by Mar'26, representing higher repo borrowings secured against investments. The Advances-to-Deposit Ratio (ADR) declined significantly to 28.1% (Dec'24: 57.0%), indicating a shift toward investment-led balance sheet expansion.

The Bank's liquidity profile strengthened during the review period, with the Liquid Assets to Deposits and Borrowings (LADB) ratio improving to 77.9% by Dec'25 (Dec'24: 57.2%) and remaining stable at 78.8% by Mar'26, supported by strong liquidity buffers and growth in investments. Although both LCR and NSFR moderated from the exceptionally elevated levels observed in Dec'24, they remained comfortably above regulatory requirements at 218.9% and 136.6%, respectively, as of Dec'25. By Mar'26, LCR and NSFR stood at 210.3% and 119.6%, respectively, continuing to reflect a strong liquidity and funding position in the prevailing operating environment.

A review of current maturities as of Dec'25 indicates an on-balance sheet gap within the one-year bracket. This gap stems from the maturity structure of investments, which are scheduled beyond the one-year horizon, compared to short term repo position. Nevertheless, the Bank regularly monitors asset and liability maturities to manage liquidity risk.

CAPITALIZATION

Table 12: Deposit Mix & Granularity (all figures in PKR Billions, unless stated otherwise)

	Dec'24	Dec'25	Mar'26
Share Capital	12.2	12.5	12.5
Reserves	114.7	138.5	145.0
Unappropriated Profit	112.0	174.7	203.1
Shareholders' Equity (excl. Revaluation Reserve)	238.9	325.7	360.6
Tier-1 Equity	241.3	403.7	422.1
Tier-1 CAR	15.3%	16.3%	15.7%
Total Eligible Capital	321.2	520.6	439.4
Risk Weighted Assets	1,581.4	2,478.5	2,684.5
Capital Adequacy Ratio (%)	20.3%	21.0%	16.4%
Leverage (%)	3.1%	3.1%	3.0%

UBL's shareholders' equity (excluding revaluation reserves) increased to PKR 325.7 bn by end-Dec'25 (Dec'24: PKR 238.9 bn), primarily supported by strong internal capital generation and continued growth in retained earnings. Consequently, Tier-1 equity strengthened to PKR 403.7 bn by end-Dec'25 (Dec'24: PKR 241.3 bn), reflecting the Bank's enhanced loss absorption capacity and sustained earnings retention during the year.

The Bank's total eligible capital rose significantly to PKR 520.6 bn in CY25 (CY24: PKR 321.2 bn). Despite a substantial increase in Risk Weighted Assets (RWAs) to PKR 2.5 tn (Dec'24: PKR 1.6 tn), mainly attributable to growth in credit risk, the Capital Adequacy Ratio (CAR) improved to 21.0% (CY24: 20.3%).

As of Mar'26, shareholders' equity further increased to PKR 360.6 bn, supported by continued profit retention, with unappropriated profits rising to PKR 203.1 bn and reserves increasing to PKR 145.0 bn. Tier-1 equity stood at PKR 422.1 bn, while total eligible capital moderated to PKR 439.4 bn. Concurrently, RWAs increased further to PKR 2.7 tn, resulting in a decline in CAR to 16.4% and Tier-1 CAR to 15.7%. The reduction primarily reflects accelerated growth in risk-weighted exposures relative to capital accretion during the quarter. Nonetheless, the Bank's capitalization indicators remain comfortably above the minimum regulatory requirements, indicating adequate capital buffers to support future business growth. Meanwhile the leverage ratio remained at regulatory limit and stable around 3.0%-3.1%.

Financial Summary (PKR Mn) *Appendix*
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Balance Sheet	**CY23**	**CY24**	**CY25**	**1QCY26**
Cash and Cash Equivalents*	342,479	388,207	636,401	640,661
Investments	4,385,217	5,886,895	9,951,055	9,924,233
Advances	613,566	1,443,482	1,369,366	1,479,131
Other Asset	233,736	344,549	663,371	682,049
Total Assets	**5,574,998**	**8,063,132**	**12,620,193**	**12,726,074**
Borrowings	2,815,471	4,855,374	6,530,015	6,604,789
Deposits & other accounts	2,350,541	2,640,211	5,168,424	5,394,449
Subordinated debt	10,000	10,000	10,000	10,000
Other Liabilities	146,486	241,325	413,023	300,661
Total Liabilities	**5,322,497**	**7,746,910**	**12,121,462**	**12,309,899**
Share capital	12,242	12,242	12,521	12,521
Net Shareholders Equity (excl. revaluation surplus)	**210,535**	**238,932**	**325,706**	**360,570**
Total Equity	**252,501**	**316,222**	**498,732**	**416,175**
Total Eligible Capital (Tier 1 + Tier 2)	202,985	321,249	520,577	439,394

Income Statement	**CY23**	**CY24**	**CY25**	**1QCY26**
Net Spread Earned	142,884	173,415	361,561	99,421
Net Provisioning/(Reversal)	1,298	12,752	-4,653	-455
Non-Markup Income	33,209	87,494	57,999	42,172
Operating Expenses	64,306	94,785	130,189	37,970
Profit/(Loss) Before Tax	108,118	150,192	288,270	102,068
Profit/(Loss) After Tax	53,180	80,528	128,009	48,978

Ratio Analysis	**CY23**	**CY24**	**CY25**	**1QCY26**
Market Share (Advances) (%)	4.2%	7.2%	6.8%	6.9%
Market Share (Deposits) (%)	7.2%	7.1%	10.9%	11.0%
Gross Infection (%)	14.7%	7.4%	7.5%	6.9%
Net Infection (%)	2.1%	0.6%	0.4%	0.4%
Specific Provisioning Coverage (%)	87.5%	93.0%	95.2%	95.2%
General Provisioning Coverage (%)	1.8%	0.9%	1.2%	1.2%
Net NPLs to Tier-1 Capital (%) (adj. for general prov.)	8.0%	3.2%	1.3%	1.2%
Cost of Deposits (%)	8.0%	7.7%	4.4%	4.3%**
NIM (%)	4.8%	3.1%	4.0%	3.8%**
Efficiency (%)	36.8%	45.9%	31.8%	34.1%
ROAA (%)	1.3%	1.2%	1.2%	1.5%**
ROAE (%) (excl. revaluation surplus)	26.6%	35.8%	45.3%	57.1%**
Liquid Coverage Ratio (%)	273.6%	250.9%	218.9%	210.3%
Net Stable Funding Ratio (%)	145.9%	106.7%	136.6%	119.6%
Leverage (%)	2.5%	3.1%	3.1%	3.0%
Liquid Assets to Deposits & Borrowings*** (%)	82.2%	57.2%	77.9%	78.8%
Gross Advances to Deposits Ratio (ADR) **** (%)	27.5%	57.0%	28.1%	28.9%
Tier-1 CAR (%)	12.6%	15.3%	16.3%	15.7%
Capital Adequacy Ratio (%)	16.6%	20.3%	21.0%	16.4%

**Cash & Cash Equivalent include Cash & Balances with Treasury Banks, Balances with other Banks and Due from FIs*

***Annualized*

**** Adjusted for repo and collateral*

***** Adjusted for SBP refinancing schemes*

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	United Bank Limited
Sector	Commercial Banks
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
6/30/2026	AAA	A1+	Stable	Reaffirmed
6/30/2025	AAA	A1+	Stable	Reaffirmed
6/26/2024	AAA	A1+	Stable	Reaffirmed
6/27/2023	AAA	A1+	Stable	Reaffirmed
6/30/2022	AAA	A1+	Stable	Reaffirmed
6/30/2021	AAA	A1+	Stable	Reaffirmed
6/29/2020	AAA	A1+	Stable	Reaffirmed
6/28/2019	AAA	A1+	Stable	Reaffirmed
6/29/2018	AAA	A1+	Stable	Reaffirmed
6/30/2017	AAA	A1+	Stable	Reaffirmed
6/29/2016	AAA	A1+	Stable	Upgrade
6/30/2015	AA+	A1+	Stable	Reaffirmed
6/24/2014	AA+	A1+	Stable	Reaffirmed
6/19/2013	AA+	A1+	Stable	Reaffirmed
6/11/2012	AA+	A1+	Stable	Reaffirmed
6/28/2011	AA+	A1+	Stable	Reaffirmed
6/24/2010	AA+	A1+	Stable	Reaffirmed
6/24/2014	AA+	A1+	Stable	Reaffirmed
6/19/2013	AA+	A1+	Stable	Reaffirmed

Instrument Structure	N/A
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
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Due Diligence Meeting Conducted

Name	Designation	Date
Mr. Syed Manzoor Hussain Zaidi	CFO	2nd June, 2026
Mr. Imran Sarwar	CRO	
Mr. Farrukh Karim Khan	Chief of Strategy	
Mr. Adil Haroon	Head of Treasury	
Ms. Nadia Tabassum	Head of CIBG	
Mr. Shaukat Ali	Head of Compliance	