



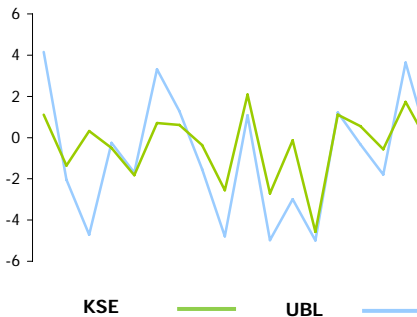
ST STRATEGY: Buy
LT STRATEGY: Hold

SAAO Rating SO
SAAO Weightage OW
SAAO Target Price (PKR) 172

STOCK DATA

Current Price (PKR)	163.00
52 week high (PKR)	217.5
52 week low (PKR)	115.08
Exchange Rate (US \$)	61.23
Index Weightage	3.80%
Average Turnover(mn)	1.67
Mkt Cap (PKR) (bn)	129.66
Mkt Cap (US \$) (mn)	2161.03
Outstanding Shares (mn)	809.38
KSE Ticker	UBL
Sector	Commercial Banks

UBL Rel to KSE



Stock Performance

	1M	3M	YTD
Absolute (%)	-19.98%	0.31%	35.29%
Absolute (PKR)	-40.70	-3.25	33.56
Rel. Index	12.03%	4.47%	-3.02%

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United Bank Ltd.

PKR 163; Target PKR 172 +7% "HOLD"

UBL recently announced its 9 month ending 2007 results. The company posted profit after tax of 7,083 million which is up by 2.6% over the corresponding period last year. Earnings per share were 8.75 for the nine months this year. Currently the stocks trade at PER of 16.5x and PBV of 3.8x respectively, looking fairly priced. We estimate the EPS to be at PKR 10.17 for the CY07, with a price target of PKR 172 and upside of 7% from current price levels.

P&L Snapshot

Rsmn	9 month ended 09/2007	9 month ended 09/2006	Change %
Markup/return/Interest earned	30,195	23,763	27%
Markup/return/Interest expensed	12,103	8,525	42%
	18,092	15,238	19%
Provisions against NPL	3,024	1,601	89%
Net Markup/Interest Income after Provisions	14,492	13,433	8%
Non-Markup/Interest income	6,379	4,650	37%
	20,871	18,082	15%
Non-Markup interest Expense	9,814	7,595	29%
Profit before taxation	11,057	10,487	5%
Taxation	3,974	3,580	11%
PAT	7,083	6,907	3%

EPS

8.75 8.53

Nine Months Results Review

The company showed positive growth in Markup/Interest income which was 18,092 millions up 18.7% from the corresponding period last year loans and advances to customers were also up by 23%. Non-markup/Interest income showed a healthy growth also which was up 37% to 6,379 millions. This increase was across all the non markup income categories which include Fees, brokerage commission, dividend income, foreign currencies and other income. The highest income was in dividend income / gain in securites which jumped to 1,114 million almost 100% as compared to the corresponding period last year.

Majority of the banks are showing less earnings as the provisions against non performing loans have gone up, UBL also had to increase its share which is visible by the increased 88.9% change from last year coupled with the UBLs expansion and improvement of its human resources; this showed a 28% increase under expenses over the current period.

Currently UBL asset management is also doing very well along with its bank. They are now the second largest fund manager after NIT in Pakistan. This side of their business also shows encouraging signs for UBL to grow more.

RECOMMENDATION

We recommend a 'Hold' on UBL with a PO of PKR 172. Based on our valuations currently the stock is trading at PBV of 3.8x, and the earnings are not expected to jump twofolds for the CY07.

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