Flash Note

Friday, July 24, 2026

IGI Securities
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Commercial Banks

United Bank Limited (UBL)

Earnings: United Bank Limited (UBL) announced its financial result for the second quarter of the year 2026. As per the financial result, the Bank reported unconsolidated earnings of PKR 36.0bn (PKR 14.4/share) during 2QCY26 compared to PKR 28.2bn (PKR 11.3/share) last year, increasing by +28%y/y while declining by -27%q/q.

Dividend/Payout: The Bank announced a cash dividend of PKR 8/share along with the result taking the cumulative dividend per share to PKR 16/share for 1HCY26.

Operating Performance: During the 2QCY26 period under review, UBL reported net-interest income of PKR 90.3bn (down by -1%y/y) as compared to PKR 91.2 billion recorded in the same period last year. Non-interest income clocked in at PKR 28.9bn (surging by +90%y/y) due to a +3.0xy/y increase in treasury income as compared to same period last year mainly on the back of significant gain recorded on securities, however the treasury income declined by -41%q/q due to decline in gain on securities. As a result, the total revenue of the bank clocked in at PKR 119.2bn (up by +12%y/y). Moreover, UBL recorded operating expenses of PKR 47.6bn (up by +35%y/y). The bank's cost/income ratio inclined to 40% (2QCY25: 33%) on the back of higher expenses. UBL booked a provision reversal of PKR 3.8bn during 2QCY26 compared to a provision reversal of PKR 2.3bn in the same period last year. The tax charge for this quarter came at PKR 39.3bn (effective tax rate of 52% compared to 62% in the same period last year).

Exhibit: Financial Highlights United Bank Limited (UBL)

Latest result published for 2Q'26

Period (PKRbn)	2Q'26	2Q'25	1Q'26	1H'26	1H'25
Net Interest Income	90.3	91.2	99.4	189.7	175.4
Fee Income	7.3	8.0	7.8	15.1	14.5
Treasury Income	20.6	6.9	34.6	55.2	15.8
Non-Interest Income	28.9	15.2	42.2	71.1	30.8
Total Revenue	**119.2**	**106.4**	**141.6**	**260.8**	**206.2**
Op. Exp.	(47.6)	(35.3)	(40.0)	(87.6)	(61.4)
Provision charge	3.8	2.3	0.5	4.2	3.9
Profit Before Tax	75.3	73.3	102.1	177.4	148.7
Tax	(39.3)	(45.1)	(53.1)	(92.4)	(84.9)
Profit After tax	**36.0**	**28.2**	**49.0**	**85.0**	**63.8**
EPS	**14.4**	**11.3**	**19.6**	**33.9**	**25.5**
DPS	**8.0**	**8.0**	**8.0**	**16.0**	**19.0**

Source: Company accounts, IGI Research. No. of shares: 2,504.2mn

Material Information: Along with the result, the Bank has announced the following information:

- Subject to corporate and regulatory approvals, UBL will establish a private limited company as a subsidiary in which the bank will invest PKR 8bn. This Company will provide advisory and research services for the agriculture sector.
- Subject to corporate and regulatory approvals, a further equity investment in Khushhali Microfinance Bank, an associated company of the Bank, of up to PKR 22bn through participation in the rights issue and the acquisition of additional shares. KMBL had negative equity of PKR 16.15bn as on December 31, 2025 and this equity injection is aimed to strengthen the financial of the associated company.
- Subject to corporate and regulatory approvals, the establishment of a University by UBL as a not-for-profit company or charitable trust with contribution of PKR 10bn by UBL over a period of 3 to 5 years. The university would be set up in collaboration with Bestway Foundation.

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Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)
Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)
Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

Valuation Methodology: To arrive at Target Prices, IGI Finex Securities uses different valuation methodologies including

- Discounted Cash Flow (DCF)
- Reserve Based DCF
- Dividend Discount Model (DDM)
- Justified Price to Book
- Residual Income (RI)
- Relative Valuation (Price to Earning, Price to Sales, Price to Book)

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