

## Commercial Banks

### UBL: CY25 Management Call Takeaways

- United Bank Limited (UBL) held an investor briefing session to discuss the CY25 financial results and provide key insights on the future outlook for the Bank.
- To recall, the Bank reported CY25 earnings of PKR 128.0bn (EPS PKR 51.3), compared to earnings of PKR 80.5bn (EPS PKR 32.9) in the similar period last year. On quarterly basis, the bank reported earnings of PKR 28.0bn (EPS PKR 11.2) during 4QCY25 reflecting a decrease of -23%q/q.
- The management highlighted that the Bank's total deposits witnessed exceptional growth of +96%/y/y reaching PKR 5.6tn. The bank's CASA ratio stood at 86% by the end of CY25 vs. 94% at year-end 2024. Whereas, the proportion of current deposits to total deposits stood at 52%.
- In terms of future outlook in terms of interest rates, the management does not expect a sharp increase but limited adjustments of 50-100bps. However, prolonged tensions in the Middle East and the continuation of US-Iran could trigger inflationary pressures.

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#### Key highlights from management conference call

- The management highlighted that the Bank's total deposits witnessed exceptional growth of +96%/y/y reaching PKR 5.6tn. The bank's CASA ratio stood at 86% by the end of CY25 vs. 94% at year-end 2024. Whereas, the proportion of current deposits to total deposits stood at 52%.
- The Bank's investments portfolio increased by an impressive +69%/y/y reaching PKR 9.9tn, highest in the industry. The management highlighted that the bank has a well-diversified portfolio of fixed and floating rate investments with a greater proportion allocated to floating rate PIBs.

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- The management informed that the spreads on floating rate instruments remained firm recording at ~63bps in Dec-2025. The management believes that spreads are expected to decrease further to ~50bps and in case of 100bps increase in interest rates, the earnings impact is estimated to be limited to PKR 8bn. However, on the fixed income side, 69% of PIBs are classified as Available for Sale while the remaining at amortized cost. The average duration of the fixed PIBs portfolio is 2.5 years with a yield of 12.8%. A 100bps rise in interest rates is estimated to result in approx. PKR 21bn post-tax equity impact, which will be largely offset by gains on floating rate instruments.
- The bank's CAR stood at 21.0% for CY25 with a buffer of 8% above the regulatory limit of 13%, higher as compared to 20.3% at year-end 2024. Based on sensitivity analysis, a 100bps increase in interest rates is expected to reduce the CAR by around 40bps. However, management believes that such a rate adjustment is already priced into the market, suggesting limited further downside risk.
- The management also highlighted that UBL operates one of the largest branch networks with 2,017 branches including 752 Islamic branches and 596 Islamic windows which reflects the bank's strong market footprint and potential for deposit growth.
- The bank also highlighted that it remained the market leader in home remittances with over USD 10bn inflows in CY25.
- Moreover, the management also commented on the 1QCY26 results and disclosed that the bank booked capital gains of PKR 33bn during the period through selective PIB disposals.
- In terms of future outlook in terms of interest rates, the management does not expect a sharp increase but limited adjustments of 50-100bps. However, prolonged tensions in the Middle East and the continuation of US-Iran could trigger inflationary pressures.

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