

UBL United Bank Ltd.

PSX · BANK

UBL's 9M picture: a larger deposit base and PKR 1 trillion of markup earnings, set against a higher cost of deposits and a heavy 3Q tax charge

THE STORY

As you know, we have been following United Bank Ltd. (UBL) through the year, and the 9M figures give us a good deal to work with. Book value increased to **PKR208/sh** reported in 9M, versus **PKR 199/sh** reported on Dec 31, 2025. This translates into a PBV multiple of **2x**.

On the balance sheet, UBL contemplated deposit mobilization, which increased the deposit base by exactly **PKR 1.5 trillion** to **PKR 6.5 trillion** as at 9M. As you would expect, the deposit mobilization also resulted in a higher cost of deposits.

However, UBL markup earnings touched the **PKR 1 trillion** mark in 9M. UBL also booked a gain on securities amounting to **~PKR 48bn**. On the other side of the ledger, UBL reported a 3Q tax charge of **52%**.

UBL reported 9M EPS of **46/sh**, and we expect UBL may report **PKR60/sh** EPS in CY26. We would keep that as a tentative read rather than a firm forecast. UBL also announced the 3rd interim cash dividend of **PKR 8/sh**.

Taken together, we read the figures as a bank that grew its deposit base and book value, paid for part of that growth through a higher cost of deposits, and still lifted markup earnings. That is a fundamental reading of reported results for your portfolio context, not a trading signal.

THE NUMBERS

9M EPS

46/sh

we expect UBL may report PKR60/sh EPS in CY26

EPS expectation, CY26

PKR60/sh

our expectation, with the 'may' intact

Book value, 9M

PKR208/sh

versus PKR 199/sh reported on Dec 31, 2025

PBV multiple

2x

Deposit base, 9M

PKR 6.5 trillion

increased by exactly PKR 1.5 trillion

Markup earnings, 9M

PKR 1 trillion

touched this mark

Gain on securities

~PKR 48bn

Tax charge, 3Q

52%

3rd interim cash dividend

PKR 8/sh

WHAT WE ARE WATCHING

- ▶ Whether the higher cost of deposits, which followed the deposit mobilization, keeps weighing on margins in the coming quarters.
- ▶ Whether markup earnings can hold at the level reached in 9M as the larger deposit base is put to work.

- ▶ Whether the 3Q tax charge of 52% repeats, since it directly affects the EPS we expect UBL may report in CY26.
- ▶ Whether the gain on securities, a ~PKR 48bn contributor, recurs or proves a one-off in later quarters.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Price to book value (PBV)

Price to book value compares a company's market price per share with the net worth the company carries on its books for each share. For a bank, whose balance sheet is mostly financial assets and liabilities, book value is a commonly used anchor. A higher multiple means investors are paying more for each unit of net worth, usually because they expect strong returns on that equity. It is best read alongside earnings quality and dividend capacity, and compared against the bank's own history and its peers.

GENERAL CONCEPT · EDUCATION, NOT A VIEW ON THIS STOCK

Deposit mobilization and cost of deposits

A bank funds its lending and securities investments largely with customer deposits, so raising more deposits grows the balance sheet and the base on which it can earn markup income. Deposits are not free, though. The profit a bank pays to depositors is its cost of deposits, and attracting more funds can push that cost up. The key question is whether the extra markup earned on the larger base outweighs the extra cost of funding it.