

Allied Bank Limited (ABL)

Notified Research Entity
www.JamaPunji.pk

Result Review

KEY DATA

PSX Ticker	ABL
Bloomberg Code	ABL.PA
Reuters Code	ABL.KA
Sector	Commercial Banks
Current Price PkR	105.26
Market Cap (PkR mn)	120,530
Market Cap (US\$ mn)	980
52 weeks High	109.95
52 weeks Low	76.72
Shares Outstanding (mn)	1,145
Free Float (%)	15%

Source: PSX/Darson Research

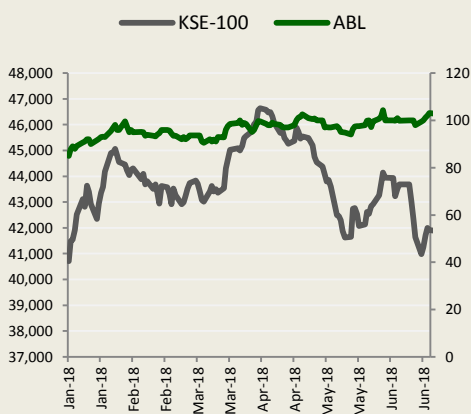
EPS up by +10%YoY on the back of +52% increase in Non-Markup Income

Allied Bank Limited has declared its half year result for CY18, in which the bank posted an unconsolidated earning of PKR 6.24/share against an EPS of PKR 5.65/share same period last year, surge by +10%YoY. In conjunction with results, the bank announced a 2nd interim cash dividend of PKR 2/share, taking cumulative dividend to PKR 4/share, which was in line with the market's expectation.

For HCY18, net interest income declined, owed to an increase in markup expense by 9%YoY. The factors which pushed up ABL's profitability was non-mark-up interest income which augmented by +52%YoY, followed by gain on sales of securities which tremendously amplified by +636%YoY

ABL booked unusual/extraordinary expense of PKR 265mn during half year. Eventually, NPAT, in HCY18, inclined by +10%YoY which translating into an EPS of PKR 6.24 per share, up +10%YoY.

Relative Performance (HY-CY'18)



ABL	No. of shares: 1,145mn					
PKR mn	HCY'18	HCY'17	YoY%	2QCY'18	2QCY'17	YoY%
Markup Interest Earned	33,320	32,345	3%	17,646	16,606	6%
Markup Expense	17,508	16,068	9%	9,846	8,321	18%
Net Income Before Provision	15,812	16,277	-3%	7,799	8,285	-6%
Net Income After Provision	16,693	16,981	-2%	8,175	8,595	-5%
Non Markup Income	6,704	4,404	52%	3,344	2,334	43%
Non Markup Expense	11,332	10,115	12%	5,795	5,211	11%
EBT	11,799	11,269	5%	5,724	5,718	0%
Tax	4,656	4,795	-3%	2,352	2,846	-17%
PAT	7,143	6,474	10%	3,373	2,872	17%
EPS	6.24	5.65	10%	2.95	2.51	18%

Source: Darson Research, Company Accounts

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Any inability to compete successfully in their markets may harm the business. This could be a result of many factors which may include geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices.

Rating System:

- | | |
|---|---------------------|
| If; | |
| • Expected return >15% | - Buy Call |
| • Expected Return is in between 0% to 15% | - Neutral/Hold Call |
| • Expected Return <0% | - Sell Call |

Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: www.JamaPunji.pk

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