

Meezan Bank Ltd. (MEBL)

Result Review

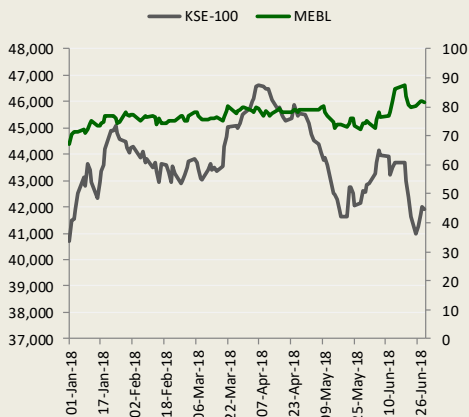
 Notified Research Entity
www.JamaPunji.pk

KEY DATA

PSX Ticker	MEBL
Sector	Commercial Banks
Current Price PkR	94.12
Market Cap (PKR mn)	100,040
Market Cap (US\$ mn)	806.78
52 weeks High	93.10
52 weeks Low	61.93
Shares Outstanding	1,062.90
Free Float	10%

Source: PSX/Darson Research

KEY DATA



EPS grew by +38%YoY in HCY18

MEBL announced its half year result today, in which the bank posted a bottom-line of PKR 4,143mn against PKR 3,008mn in HCY17, increased by +38%YoY, translating into an EPS of PKR 3.90 versus PKR 2.83 in SPLY. In addition to this, the bank also announced interim cash dividend of PKR 1.50/share, nevertheless, the bank announced PKR 1.75/share, an interim cash dividend in HCY17.

Top-line of the bank in the period of HCY18 inclined to +24%YoY to PKR 20,977 on the back of significant surge in net spread, while, return on deposits also swelled by +17%YoY in HCY18. Nonetheless, other income witnessed a decline of -8%YoY in HCY18 which clocked in at PKR 4,318mn against PKR 4,673mn, mainly due to the loss on sale of securities during 2QCY18 even though income from dealing in FX grew by +60%YoY to PKR 714mn in HCY18, whereas expenses also inclined in the discussed time period.

All in all, the NPAT of the bank showed growth of +50%YoY while a fall of -13%QoQ in 2QCY18 which was recorded at PKR 1,926mn translating into an EPS of PKR 1.81.

PKR mn – Consolidated	HCY'18	HCY'17	YoY%	2Q-CY'18	YoY%
Prof it Earned	20,977	16,948	24%	10,988	25%
Return on deposits	8,497	7,233	17%	4,353	19%
Net spread earned	12,480	9,715	28%	6,635	29%
Provisioning Expense	125	107	16%	2	-96%
Against Loans and Advances	112	-21	NM	-58	33%
Against Investments	11	128	91%	60	-35%
Other Income	4,318	4,673	-8%	2,197	-10%
Operating expenses	9,590	8,554	12%	4,880	7%
PBT	7,229	5,519	31%	3,667	32%
Tax	2,943	2,391	23%	1,724	17%
PAT - of Holding Company	4,143	3,008	38%	1,926	50%
EPS	3.90	2.83	38%	1.81	50%

Source: Darson Research, Company Accounts

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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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