

MCB & UBL Result Previews

MCB: 1HCY19 EPS Expected at Rs4.71

MCB is scheduled to announce its 1HCY19 result tomorrow. We expect MCB to post 1HCY19 consolidated profit after tax of Rs10.5bn (EPS: Rs8.92) as compared to Rs9.4bn (EPS: Rs7.95) in SPLY, up by 12% YoY. Net interest income is expected to grow 26% YoY in 1HCY19 due to increase in asset base and increased interest rate along with repricing of assets at higher rate. Non interest income is likely to decline by 5.5% in 1HCY19 due to lower capital gain and other income. We estimate provisions to remain on lower side while impairment charge on equity portfolio can't be rule out. In 2QCY19 we expect MCB to post profit after tax of Rs5.5bn (EPS: Rs4.71) as compared to Rs4.7bn in SPLY. We also expect the MCB to announce DPS of Rs4 along with result which would take the 1HCY19 DPS to Rs8.

Income Statement (Rs in Mn)	2QCY19E	2QCY18A	YoY	1HCY19E	1HCY18A	YoY
Interest Income	34,010	20,326	67.3%	63,346	39,272	61.3%
Interest Expense	-19,105	-8,406	127.3%	-34,103	-16,014	113.0%
NII	14,904	11,919	25.0%	29,243	23,259	25.7%
Non Interest Income	4,339	4,248	2.1%	8,129	8,607	-5.5%
Operating Expense	-10,529	-8,596	22.5%	-20,220	-15,903	27.1%
Provisions	392	667	-41.3%	840	1,396	-39.9%
PBT	9,203	8,396	9.6%	18,248	15,691	16.3%
Taxation	-3,616	-3,636	-0.5%	-7,651	-6,220	23.0%
PAT	5,587	4,760	17.4%	10,597	9,471	11.9%
EPS	4.71	3.99		8.92	7.95	
DPS	4.00	4.00		8.00	8.00	

Source: Co. Financials, Darson Research

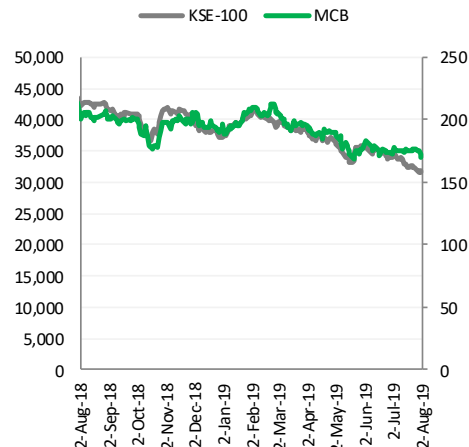
UBL: 1HCY19 Result Preview

UBL is scheduled to announce its 1HCY19 result on 7th August 2019. Bank is likely to post a 1HCY19 consolidated profit after tax of Rs10.9bn, translating into EPS of Rs8.26 as compared to a profit of Rs6.1bn (EPS: Rs10.9) in SPLY. The surge in profit is expected due improvement in net interest income, absence of pension charge which bank took last year of Rs8.4bn and lower provision charges on international business. Non interest income is anticipated to decline by 26% YoY due to absence of large capital gains. On quarterly basis we expect UBL to post 2QCY19 PAT of Rs4.95bn (EPS: Rs4.95) as compared to PAT of Rs3.3bn (EPS: Rs2.78) in SPLY, up by 81% YoY. We expect DPS of Rs3 to be announced by bank which is in addition to DPS of Rs2.50 already announced in 1QCY19 taking half year dividend to Rs5.50/share.

Income Statement (Rs in Mn)	2QCY19E	2QCY18A	YoY	1HCY19E	1HCY18A	YoY
Interest Income	36,971	27,104	36.4%	69,109	56,158	23.1%
Interest Expense	-21,195	-12,346	71.7%	-38,366	-27,096	41.6%
NII	15,776	14,758	6.9%	30,743	29,063	5.8%
Non Interest Income	5,756	7,167	-19.7%	11,268	15,163	-25.7%
Operating Expense	-10,175	-11,329	-10.2%	-20,124	-20,893	-3.7%
Provisions	-1,546	-2,397	-35.5%	-2,429	-4,407	-44.9%
PBT	9,942	6,314	57.5%	19,833	10,822	83.3%
Taxation	-3,877	-2,962	30.9%	-8,930	-4,710	89.6%
PAT	6,065	3,352	80.9%	10,903	6,112	78.4%
EPS	4.95	2.78		8.26	5.02	
DPS	3.00	3.00		5.50	6.00	

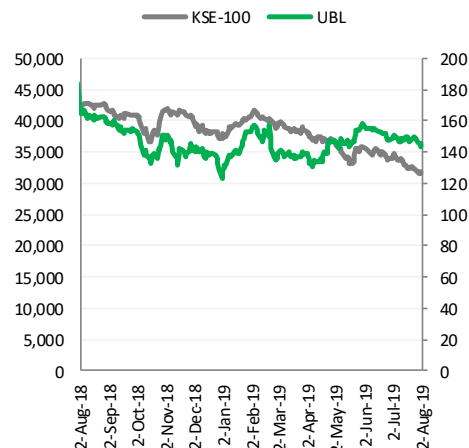
Source: Co. Financials, Darson Research

MCB vs KSE100



Source: PSX, Darson Research

UBL vs KSE100



Source: PSX, Darson Research

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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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