

United Bank Limited (UBL)

- UBL announced its 9MCY18 result wherein posted profit after tax of Rs9.49bn (EPS: Rs7.92) as compared to profit after tax of Rs19.15bn (EPS: Rs15.65) in same period last year, down by 50% YoY. The decline in profitability is due to provision charges on international loan book (Rs7.5bn) and pension cost (Rs8.7bn)
- On quarterly basis UBL posted PAT of Rs3.8bn (EPS: Rs2.90) in 3QCY18 as compared to Rs5.8bn (EPS: Rs4.75) in 3QCY17, down by 42%
- In 9MCY18 UBL interest income increased by 8% YoY but the increase is offset by 17% increase in interest expense result in constant growth in net interest income
- UBL posted Rs7.5bn provision charges in 9MCY18 as compared to Rs442mn in 9MCY17 on account of foreign advances
- Non interest income increased by 18% due to higher FX income (up by 85%) and capital gain (up by 20%)
- UBL charged Rs8.7bn on account of past pension cost in 9MCY18
- UBL also announced dividend of Rs2/share in 3QCY18

Rs in Mn	9MCY18	9MCY17	YOY % Δ	3QCY18	3QCY17	YOY % Δ
Interest earned	86,991	80,622	8%	30,833	29,316	5%
Interest expensed	(43,553)	(37,245)	17%	(16,458)	(14,758)	12%
Net Interest Income	43,438	43,377	0%	14,375	14,559	-1%
Provisions	(7,515)	(442)	1602%	(3,109)	(633)	391%
Total Non Interest income	20,763	17,612	18%	5,600	4,418	27%
Total Non-Interest expense	(31,675)	(29,237)	8%	(10,783)	(9,852)	9%
Pension Cost	(8,747)	-		(342)	-	
PBT	16,718	31,653	-47%	5,896	8,465	-30%
Taxation	(7,225)	(12,499)	-42%	(2,515)	(2,602)	-3%
PAT	9,493	19,154	-50%	3,381	5,863	-42%
EPS	7.92	15.65		2.90	4.75	

Source: Company Announcement, PSX, AS Research

* Consolidated

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Valuation Methodology

To arrive at period end target price, Abbasi Securities uses different valuation methodologies:

- Comparable Method (P/E, P/B etc.)
- Discounted Cash flow Method
- Equity and Asset based valuation

Rating

BUY	Total return more than 20% from last closing of market price
HOLD	Total return is in between 10% and 20% from last closing of market price
REDUCE	Total return is less than 10% from last closing market price