August 20, 2021

Pakistan Banking Sector

Riba Free- On the Winning Spree

We initiate coverage on Meezan Bank Limited (MEBL) with a 'BUY' call on the scrip and a Jun'22 target price of PKR 177/share, offering a lucrative upside of 44% from last closing (bonus adjusted). Our buy call on the stock is sourced from i) Higher-than-peers ROE, ii) Improved asset quality profile, iii) Build-up of low cost deposit portfolio, iv) Major beneficiary of Ijarah Sukuk that is expected to be issued in FY22, and v) Exceptional brand value as a premier Islamic Bank. The stock currently trades at a forward CY21E PER / PB of 7.7x / 2.3x.

Superior ROE remains prevailing theme

MEBL is one of the few banks in the universe of Pakistan Banking Sector that has an exceptional ROE to offer to its investors (MEBL: 35%; Banking Sector: 21% as of Mar'21). With interest rates expected to rise again in CY21/22, Pakistani banks will again witness improving ROEs from the same period. MEBL too will be a beneficiary of rate hikes due to an uptick in the advances as business activities continue their momentum, and no minimum rate on deposits. We see MEBL posting ROE of 32% in CY21E (compared to big five banks' ROE which is below 20%).

Improved asset quality profile

We remain positive on the bank's asset quality profile as their coverage ratio currently stands at 136% as at 1HCY21. The management said that most of the stress in the loan book is customer specific not sector specific. However, oil and gas clients indicate stress while textile and cement clients initially showed stress but post lifting of lockdown, have shown good revival. MEBL had, at the start of the year, anticipated reversals in CY21 which we recently witnessed in the 2QCY21 result as well, as the bank booked a reversal of PKR 1.17bn during the period. With this, we expect MEBL to end CY21E with a coverage ratio of 132%, while infection ratio is expected to come down to 2.45% (CY20: 2.8%). The bank has an exposure of around PKR 4.2bn in Hascol and has fully provided for it already.

Build-up of low cost deposit portfolio

MEBL deposits are still going strong, standing at PKR 1.37trn as of June'21 as compared to PKR 1.25trn CY20 close, marking a 9.6% jump. With this growth, the market share of MEBL's deposits increased to 7% in 1HCY21 from previously recorded 5.85% in 1HCY20. On the cost side, MEBL along with other Islamic Banks, enjoys no minimum deposit rate limit as mandated by SBP via IBD Circular No. 03 of 2012. MEBL's cost of deposits stood at 3.4% in CY20 as compared to 5% industry's average. The management targets a deposit growth of 15-18% for CY21.

Major beneficiary of Ijarah Sukuk that is expected to be issued in FY22

MEBL's total investments stood at PKR 476bn in 1HCY21 against PKR 310bn in 1HCY20, increasing by 53% YoY. Out of this 23% pertains to Government of Pakistan (GoP) Bai Muajjal worth PKR 109bn, 25% Pakistan Energy Sukuk worth PKR 119bn and 45% GoP Ijarah Sukuk worth PKR 214bn. Moreover, it is expected that the government will issue PKR 1.2trn worth of Ijarah Sukuk in FY22 (as mentioned in the Budget FY22). This will help improve the overall investment position of the bank and result in a better IDR which currently stands at 35%.

Last Closing as of 17-Aug-21

	MEBL PA
Recommendation	**BUY**
Target Price (Jun'22)	177.4
Current Price*	123.2
Upside (%)	44.0
Shares (mn)*	1,627
Market Cap. (PKR mn)	200,438
Market Cap. (USD mn)	1,222

** Bonus adjusted*

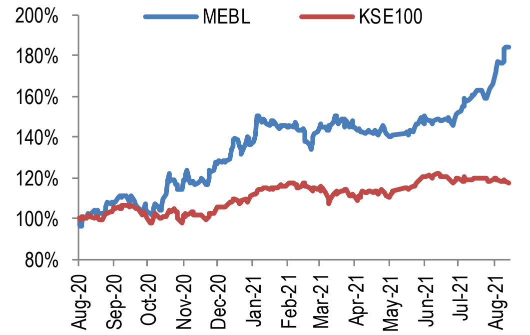
Major Shareholders

- Noor Financial Investment Co Kuwait

Price Performance

	3M	6M	12M
Return (%)	30.6	34.5	78.6
Avg. Volume (000)	541	709	930
High Price - PKR	141.7	141.7	141.7
Low Price - PKR	108.0	102.1	77.7

Relative Performance



Source: Bloomberg

Analyst:

Sana Tawfik | Agha Mohammad Shah

D:+92 21 3246 2589

UAN: +92 21 111 245 111, Ext: 248

F:+92 21 3242 0742

E: sana.tawfik@arifhabibltd.com

Pioneer in Islamic Banking

Meezan Bank Limited is the first Islamic Bank of Pakistan and the 5th strongest Islamic bank in the world (as per the Asian Banker) and 1st in terms of market capitalization in Pakistan. Over the years, it has built its strong foothold and image in the banking industry. Meezan has a competitive edge over other Islamic Banks as 65% of its deposits holders are individuals as of June'21 which shows high granularity of deposits and strong brand image amongst this investor class. What goes in favor of Meezan bank is the strong branch image (Sticky Deposits) resulting in it being able to keep the cost of deposits low. Moreover, what started as a commercial bank with a small network of four branches, has now grown to become one of the largest banking networks in the country with more than 830 branches in over 220 cities.

Recommendation & Valuation

We value Meezan Bank Limited using a Justified Price to Book ratio with our estimated average ROE of 32% for the three year period CY21-23F. We estimate a sustainable growth in earnings through a constant retention rate at 50% and ROE-g and COE-g kept at 27% and 9%, respectively. In addition, we use our CY21E estimated book value per share of PKR 54.3. Our Target Price of PKR 177 per share (Jun'22) implies a CY21E P/B of 2.3x and P/E of 7.7x which is 12% | 23% discount to historical average (5 Yr Average) PB/PE ratio of 2.6x | 10.0x, respectively. With a potential upside of 44% from last closing (bonus adjusted), we rate the stock as Buy.

Exhibit: 01 **Valuation Snapshot**

		CY19A	CY20A	CY21E	CY22F
EPS*	PKR	9.6	13.8	16.0	18.7
DPS	PKR	5.0	7.0	8.0	9.5
Dividend Yield	%	5.3	6.7	6.5	7.7
P/E	x	12.9	8.9	7.7	6.6
P/B	x	1.9	2.0	2.3	1.9

Source: Company Financials, AHL Research, * @ 1,627mn shares

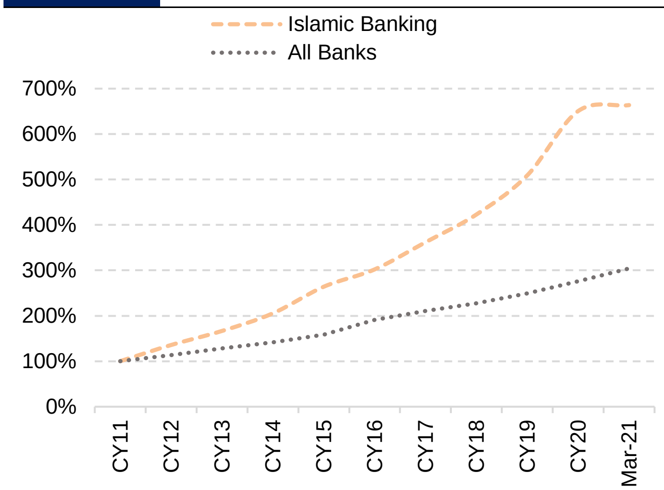
Islamic Banking Sector- An Overview

According to S&P report, the Islamic banking sector was worth USD 2.2trn by the end of CY20. Furthermore, the industry is expected to grow at around 10-12% during CY21-CY22. This strong growth rate is due to increased Islamic bond issuance and economic recovery in the main Islamic finance markets such as GCC. The industry continued to grow last year despite the COVID-19 pandemic, with global Islamic assets expanding by 10.6% in CY20 verses 17.3% the previous year. It is forecasted that global issuance of Islamic bonds, or Sukuk, will reach USD 140-155bn this year, up from roughly USD 140 bn in CY20, on the back of excess liquidity and sustained financing needs among various financial institutions.

Islamic Banking Industry in Pakistan

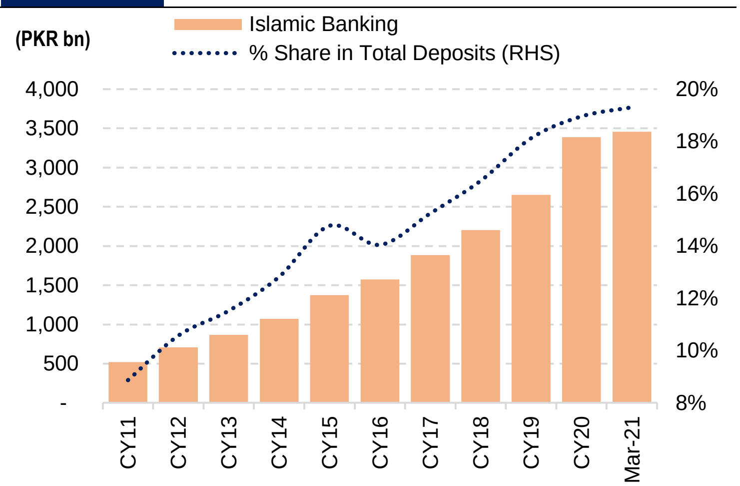
As per the SBP's Islamic Bulletin March 2021, total assets of Islamic banking industry increased by 30.6% during 1QCY21 to PKR 4.3trn. Similarly, deposits exhibited a yearly growth of 28.4% (PKR 3.4trn) during the same period. Out of the total assets and deposits of the overall Banking sector, market share of Islamic banking assets and deposits stood at 17% and 18.7%, respectively by the end of 1QCY21. On the profitability side, Islamic banking industry posted a profit before tax of PKR 21.3bn in 1QCY21, compared to PKR 20.6bn recorded in the SPLY, owing to healthy growth in financing and investments. Resultantly, return on assets (ROA) and return on equity (ROE) before tax were recorded at 2% and 31.9%, respectively (RoA: 2.5%, RoE: 36.7% as of 1QCY20). During the same period i.e. 1QCY21, the Islamic banking sector's operating expense to gross income ratio stood at 51.5%, compared to 47.4% in the previous quarter. Asset quality indicators of Islamic banking industry including non-performing finances (NPFs) to financing (gross) and net NPFs to net financing increased to 3.5% and 0.6%, respectively owing to increase in Non-Performing Loans. Net Investments registered an increase of PKR 84bn in 1QCY21. At the end of 1QCY21, financing & related assets (net) of IBIs increased by PKR 72bn to PKR 1.9trn compared to PKR 1.8trn in the previous quarter.

Figure: 01 **Deposits Growth (Base Year: 2011)**



Source (s): SBP, AHL Research

Figure: 02 **Share of Islamic Banking Deposits**

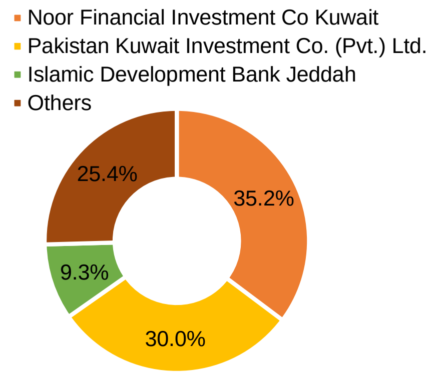


Source (s): SBP, AHL Research

Meezan Bank Limited

The Bank is headquartered at Meezan House in Karachi, Pakistan. It has a network of over 830 branches in more than 220 cities of Pakistan. Meezan Bank is the largest Pakistani Islamic commercial bank which is a subsidiary of Kuwaiti company Noor Financial Investment. Meezan bank commenced operations in 1997 as Al Meezan Investment Bank Limited. It converted to Meezan Bank Limited, a full-fledged Islamic commercial bank in 2002, when the State Bank of Pakistan issued it Pakistan's first Islamic Commercial Banking license. Concurrently, the Bank acquired the Pakistan operations of Societe Generale, and started commercial banking with a small network of four branches, that has now grown to become one of the largest banking networks in the country with more than 800 branches in over 220 cities. Meezan Bank is a publicly listed company sponsored by leading financial institutions from Pakistan and the Middle East. Moreover, MEBL is rated triple A (AAA) for long term and A One Plus (A1+) for short term.

Figure: 03 Shareholding Pattern (Dec'20)



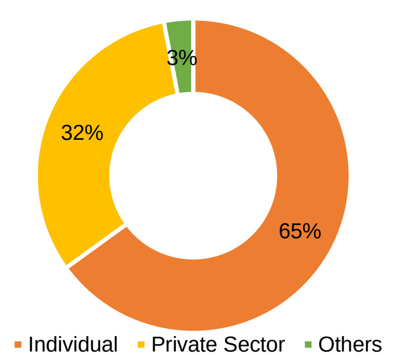
Source (s): Company Financials, AHL Research

Trillion worth Deposits, 20% 5Yr CAGR in Financing and Investment tilt towards Risk Free

Deposits still going strong

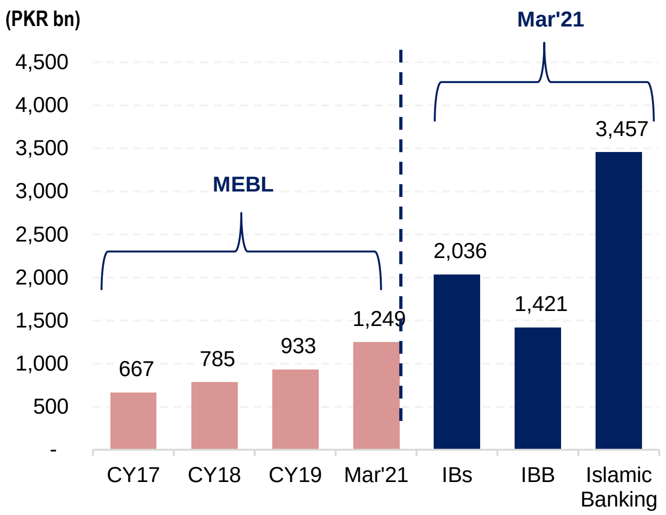
MEBL deposits increased to PKR 1.37trn as of Jun'21 as compared to PKR 1.25trn CY20 close, marking a 9% jump. With this growth the market share of deposits increased to 7% in 1HCY21 from previously recorded 5.85% in 1HCY20. Current Account ratio stands at 42% (1HCY21) as compared to 39% in CY20. With this the CASA mix of the Bank also improved to 80% in 1HCY21 as compared to 75% in same period last year. MEBL's 65% deposits belong to individuals, followed by 32% holding with Private sector, 1% government and 1% Public Sector. On the cost side of deposits which is influential on earning asset yield, MEBL can efficiently compete with conventional banks for catering to financing requirements as Islamic Banks enjoy no minimum deposit rate limit as mandated by SBP via IBD Circular No. 03 of 2012. MEBL's cost of deposits stood at 3.4% in CY20 and we project costs to settle at an average of 4.4% during CY21-CY22F. With the interest rates down at the moment, this is an opportune time for MEBL to increase CASA, focusing on improving current account proportion. However, the management expects that there will be a slowdown in its growth since business activity has picked up resulting in higher demand for money. Therefore, we don't see a major change in the mix of deposits in near term and expect total deposits to clock in at PKR 1.57trn by CY21E (with CASA modelled at an average of 79% during CY21-CY23F).

Figure: 04 Deposits Breakdown



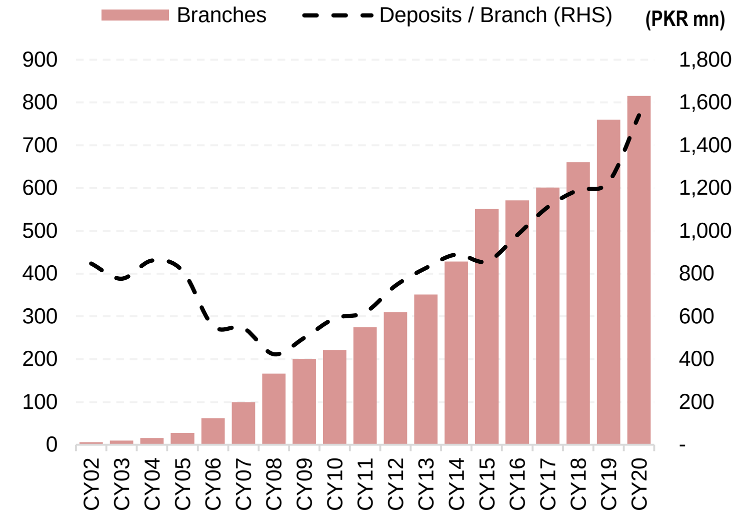
Source (s): Analyst Briefing, AHL Research

Figure: 05 **Deposits**



Source (s): Company Financials, AHL Research

Figure: 06 **MEBL: Leads in Deposits Mobilization**

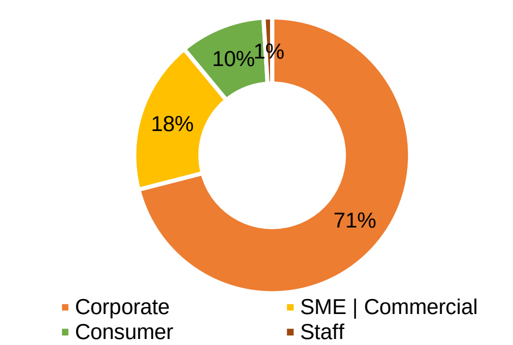


Source (s): Company Financials, AHL Research

High Provision Coverage and Improvement in Asset Quality

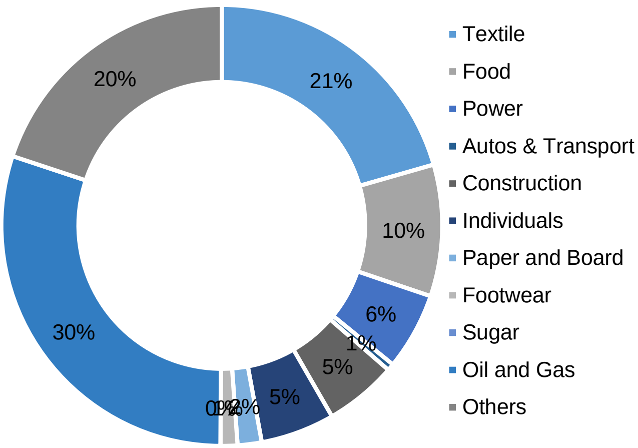
Total assets of MEBL stood at PKR 1.68trn in 1HCY21 against PKR 1.26trn recorded in 1HCY20, depicting a growth of 33%. Out the total assets, PKR 570bn relates to financing in 1HCY21 compared to PKR 478bn recorded in 1HCY20, up 19%. The financing mix comprises of 71% exposure on the corporate sector, 18% on SME/retail, 10% on consumer and 1% staff. Currently the Advance to Deposit Ratio (ADR) of MEBL stands at 42% (1HCY21) against Dec'20 end figure of 41%. Alongside the impressive expansion in its Islamic Financing (Advances) book, MEBL has consistently managed to improve its asset quality. The bank has managed to grow its Islamic Financing (Advances) at a 5Yr CAGR of 10.5%. Infection for the bank hovers in the range of 2%-2.8%. However, we expect it to clock-in lower (from last year's 2.8%) at around 2.45% in CY21E as bank will be reversing the buffer of general provisioning that it had booked in CY20 as a part of their strategy of a prudent and conservative approach towards coverage. The improvement in asset quality has come about as a result of effective risk management and credit control strategies of the bank. Stringent asset quality policy of the bank helped keep a check on NPLs in the last few years. We remain positive on the bank's asset quality profile as their coverage ratio currently stands at 136% and expect it to clock-in at 132% by CY21 end.

Figure: 07 **Financing Breakdown (Jun'21)**



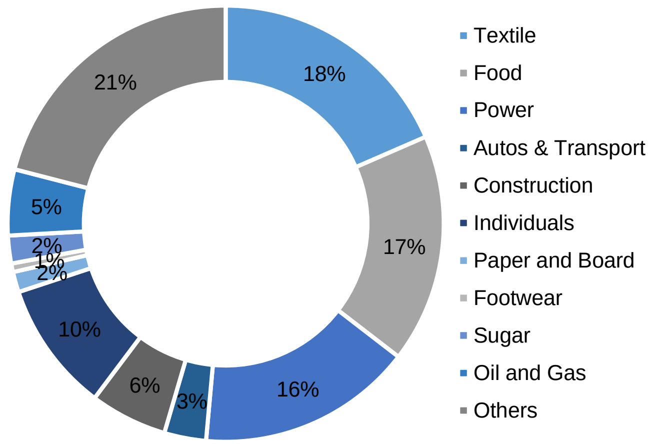
Source (s): Analyst Briefing, AHL Research

Figure: 08 **NPLs (2020)**



Source (s): Company Financials, AHL Research

Figure: 09 **Infection (2020)**



Source (s): Company Financials, AHL Research

Exhibit 02 **Non-Performing Loans (Dec'2020)**

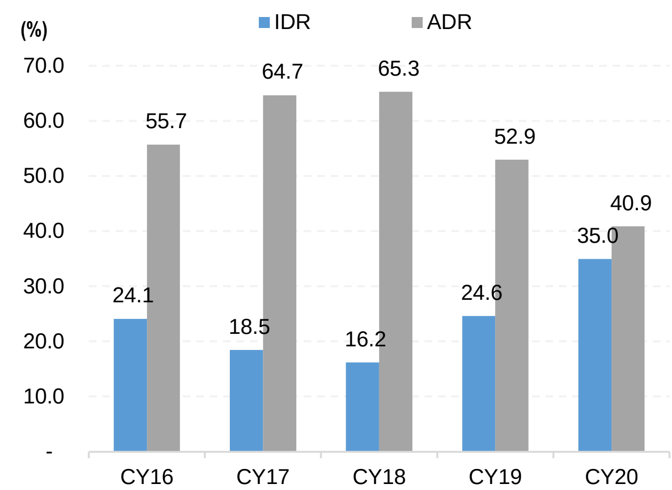
PKR mn	Meezan Bank Ltd.				Industry			
	Gross Loan	**Share**	**NPL**	**Infection**	**Gross Loan**	**Share**	**NPL**	**Infection**
Textile	98,527	18.5%	3,069	3.1%	1,342,880	14.9%	169,519	12.6%
Autos & Transport	16,104	3.0%	76	0.5%	142,754	1.6%	17,596	12.3%
Construction	30,351	5.7%	791	2.6%	203,770	2.3%	6,190	3.0%
Individuals	50,751	9.5%	810	1.6%	815,411	9.0%	64,666	7.9%
Sugar	10,645	2.0%	-	0.0%	238,455	2.6%	56,958	23.9%
Others	325,208	61.2%	4,250	1.3%	6,280,468	69.6%	513,972	8.2%
Total	***531,588***	***100.0%***	***8,996***	***1.7%***	**9,023,738**	***100.0%***	**828,902**	***9.2%***

Source (s): Company Financials, SBP, AHL Research

Sukuk Issuance to enhance asset deployment opportunities

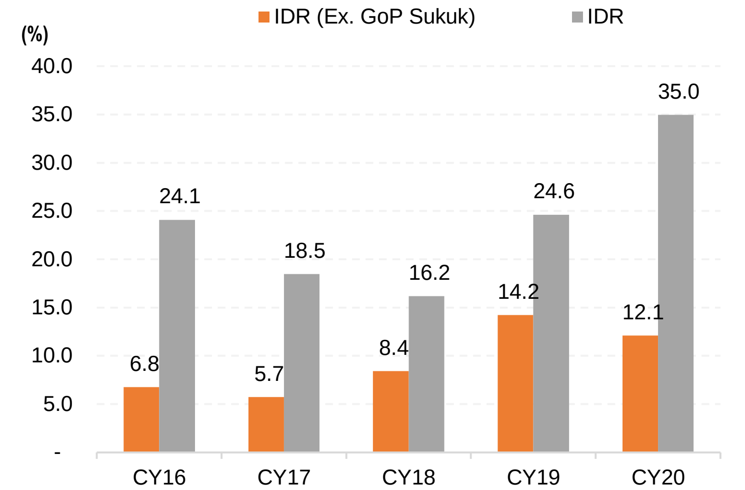
With limited options available for investments to an Islamic Bank (Shariah Compliant Instruments such as Sukuks), MEBL's total investment stood at PKR 476bn in 1HCY21 against PKR 310bn in SPLY, increasing by 53% YoY. Out of this 23% pertains to Government of Pakistan (GoP) Bai Muajjal PKR 107bn, Pakistan Energy Sukuk (25%) PKR 119bn and 45% GoP Ijarah Sukuk worth PKR 211bn. The yields on these instruments were: Pakistan Energy Sukuk II (6M KIBOR minus 10bps), Government Ijara Sukuk (yields ranging from 6M TBill minus 10 to minus 125bps). It is expected that the Sukuk program will resume in Oct'21. Government had projected around PKR 1.2trn for issuance of Sukuks in the Budget FY22. This will help provide investment opportunities for the Islamic Banking industry. This will help improve the overall investment position of the bank and result in a better IDR which we expect to clock-in at 36% in CY21E.

Figure: 10 IDR vs ADR



Source (s): Company Financials, AHL Research

Figure: 11 IDR Increased with introduction of Sukuk

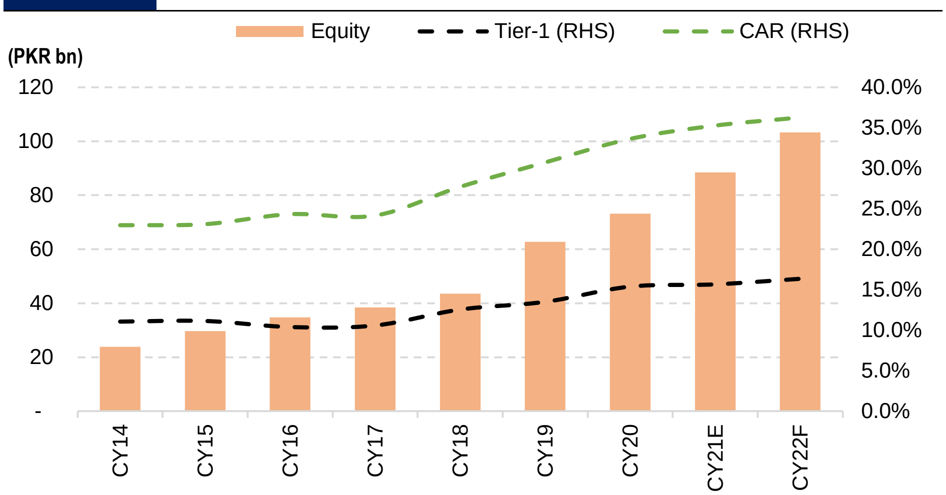


Source (s): Company Financials, AHL Research

Bank's sufficient capital base and lower growth in RWA to safely incubate CAR

The bank's solid retail (individual) deposit base (65% of total deposits) is expected to guard the bank from liquidity shocks; sustainable growth and solid market presence are key factors on which we capitalize our outlook. Room for lending growth is dependent on an adequate capital base (1HCY21 CAR at 18.7%) and moderate lending utilization coupled with projected healthy growth in deposits base. Previously, MEBL had capital adequacy issues (back in CY15-16) which were later sorted by issuance of instruments like Additional Tier 1 Sukuk. The bank is now well capitalized with a capital adequacy ratio of 18.7% (verses minimum requirement of 11.5%) to support any financial position growth and maintain a dividend payout ratio at an average of 50%. Moreover, in a recent announcement, MEBL has exercised their call option on the Tier II capital Sukuk issued back in 2016. However, they have authorized the raising of fresh Tier 2 Capital through issuance of Subordinated Instrument to the extent of PKR 10bn.

Figure: 12 Breakdown of Equity vs. CAR



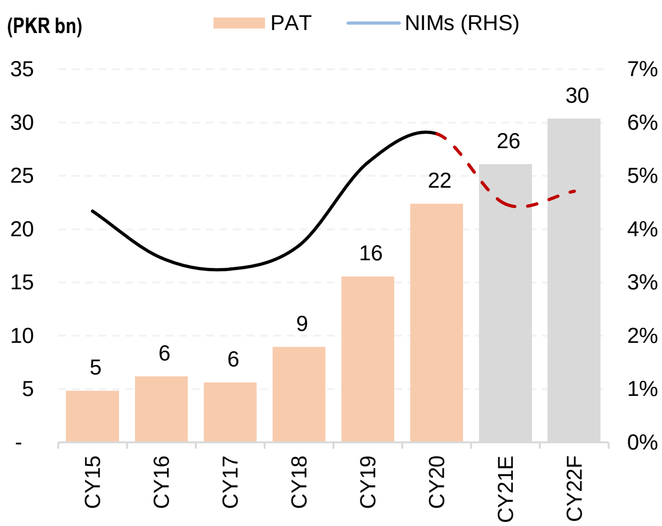
Source (s): Company Financials, AHL Research

Improved Non-Funded Income and reduced provisioning navigating economic headwinds

Core Banking Income to decline

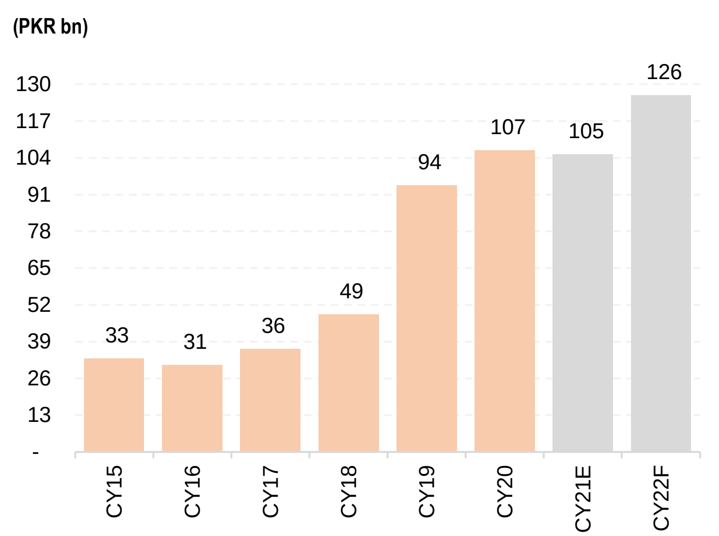
MEBL depicted a 29% 5 Yr CAGR during CY16-CY20 in Net Profit Earned (NII). This was on the back of Profit Earnings (Mark-up Income) posting a 5Yr CAGR of 28% despite, it's Profit Expense (Mark-up Expense) increasing at c26% 5Yr CAGR during the same period. The bank has also managed to register a steady uptick in NIMs (Net Interest Margins) from 3.5% in CY16 to 5.8% in CY20. The onset of COVID-19 led to policy rate downward revision (-625 bps CYTD) and a slowdown in international trade activities, subsequently levying exogenous and unforeseen pressures on the bank's current and projected performance. In CY20, NIMs improved significantly reaching 5.8% due to increase in interest earning assets. We don't expect this level to sustain and is projected to come down to 4.5% in CY21E. However, this can somewhat be neutralized by lower cost of funds as the bank has room to grow in non-interest bearing (CA) deposits, which constitute 42% of its deposit base.

Figure: 13 **Profit of MEBL**



Source (s): Company Financials, AHL Research

Figure: 14 **Profit Earned**



Source (s): Company Financials, AHL Research

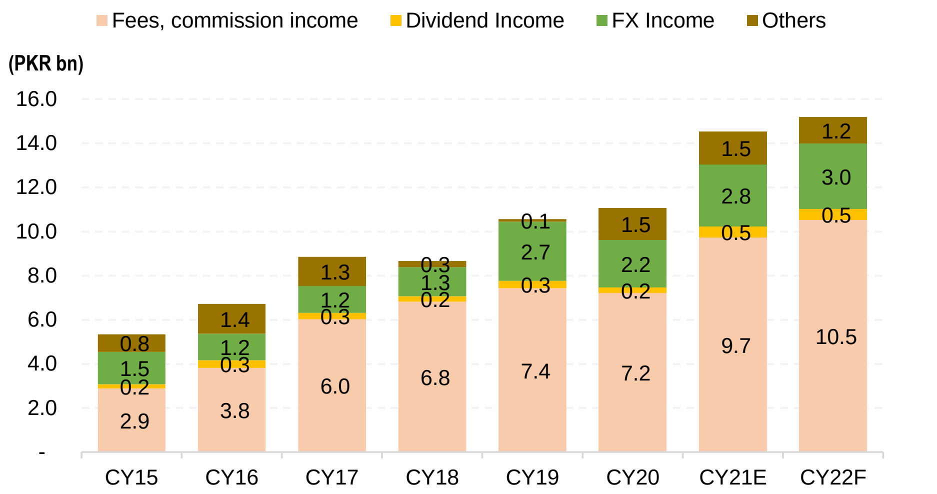
Branch expansion to continue despite growth in digital banking

As a part of their strategic plan, MEBL witnessed aggressive branch expansion few years back resulting in higher OPEX (+16% YoY in CY20). By 1HCY21, total number of branches stood at 835 which were around 428 in CY14. Cost control has been managed efficiently at MEBL over the years as depicted by the continuous downward trajectory of the cost/income ratio, coming down from a towering 63% in CY16 to 40% in CY20. This has been a result of faster rate of growth in total income vis-à-vis rate of growth of OPEX. Going forward, although MEBL has been aggressively working on digital channels with heavy investments done in this area in the recent past, we do not expect any slowdown in the bank's branch expansion plan. That said, cost to income is expected to remain slightly above 40% for next three years.

Rebound in Trade Related Income to support Non-Funded Income (NFI)

NFI is expected to increase by 31% YoY on the back of a rise in fee income which is expected to grow by 35% YoY due to higher trade related volume. This is on account of economic demand picking up around the world as COVID infection rates decrease. The bank has witnessed 76% growth YoY in fees and commission. A major reason for this boost is the rise in digital transactions which have increased by 142% YoY during 1HCY21. Additionally, trade business volumes have increased by 77% YoY, from PKR 447bn in 1HCY20 to PKR 793bn in 1HCY21. Moreover, the bank had realized a major chunk of its capital gains in 1HCY21, recording PKR 446mn. With interest rates reversal expected going forward, we don't see bank posting same level of capital gains in the remaining part of CY21.

Figure: 15 Breakdown of Non-Funded Income



Source (s): Company Financials, AHL Research

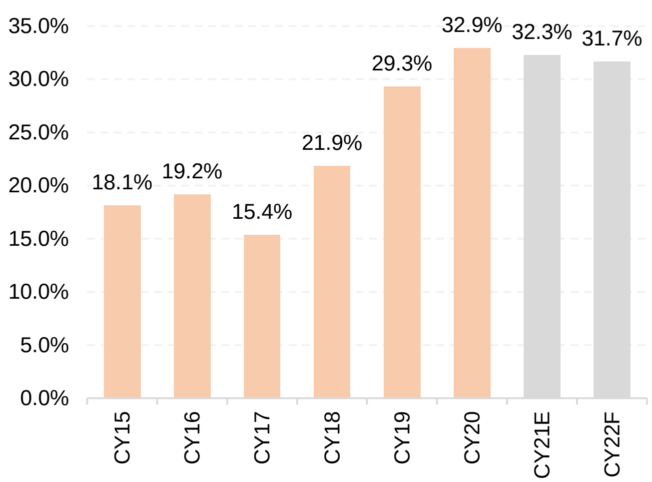
Earnings growth likely to improve owing to improved NFI and reduced provisioning

Although the bank has been able to achieve an earnings growth of 20% (CAGR CY16-20), we think going forward this growth is likely to take a respite. We say this as the base effect wades off and NIMs start to normalize. However, as mentioned earlier, we anticipate improvement in NFI and lower provisioning on account of reversals to support overall earnings of the bank. Bank's earnings are expected to grow by 17% in CY21E and 16% in CY22F (EPS: PKR 16.04 | 18.66 in CY20E | CY21F), we view. With this, we expect MEBL to pay cash dividend of PKR 8.0/share (Payout: 50%) in CY21. The bank has already paid PKR 3.0/share and 15% bonus CY21TD.

Current valuations are an attractive entry point

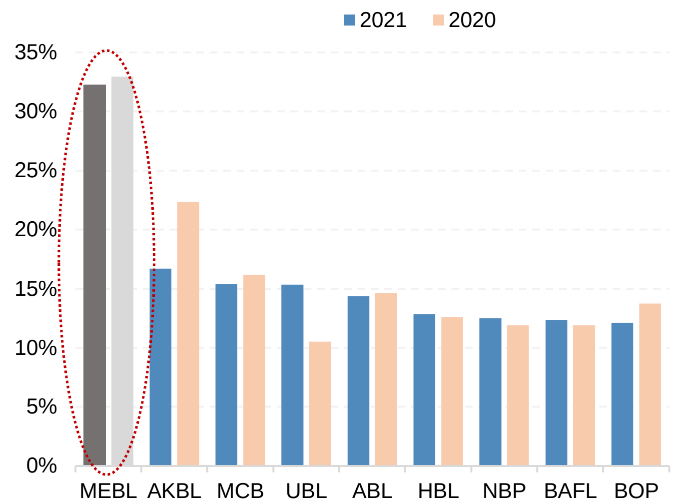
MEBL currently trades at a P/B of 2.0x whilst operating a ROE of 32%. MEBL is one of the few banks in the universe of Pakistan Banking Sector that has an exceptional ROE to offer to its investors. Where we saw ROEs compressing of majority of the banks in last few years due to lower profitability on account of lower interest rates (excluding CY19), MEBL was still able to post an ROE in the range of 19%-24%, recording a high of 34.6% in CY20. With interest rates expected to rise again in CY21/22, Pakistani banks will again witness improving ROEs from CY21/22F. MEBL too will be beneficiary of rate hikes due to strong asset quality, no minimum rate on deposits and decelerating OPEX as branch expansion is expected to slow down. We see MEBL posting ROE of 32.3% in 2021E. Our ROE projection, as stated above, along with a healthy coverage ratio of 132% and bank prudently providing for doubtful recoveries (due to COVID) and improving asset quality/deployment justifies MEBL's trading at a higher P/B. The valuation appears attractive as peer banks are trading at an average ROE of 20% (1HCY21, MEBL: 34.7%) and MEBL is currently trading at a discount of 12% from its historical average P/B of 2.6x (CY16-20). Therefore, we find the current valuations of the bank a lucrative entry point and thus, we initiate our coverage of the bank with a 'BUY' call.

Figure: 16 Return on Equity



Source (s): Company Financials, AHL Research

Figure: 17 MEBL: Best in our AHL Universe w.r.t RoE



Source (s): Company Financials, AHL Research

Key Risks

- Slower-than-expected recovery in economic activities and international trade may postpone SME expansion plans and hence slow down the expected growth in SME lending portfolio. Financing mix of the bank comprises of 71% corporate clients and 18% SME/Commercial clients.
- Current Account ratio stands at 42% but the management expects that there will be a slowdown in its growth since business activity has restarted.
- Intensifying competition among existing market players (whether banks or financing companies) may magnify the negative impact on interest margins and further fragment the market share.
- Weaker-than-expected revival in trade finance activities, due to recurring waves of the pandemic, will weaken the bank's non-interest income. This includes lower trade related income and prolonged exemptions on IBFT related charges contributing to lower Fee income.
- Implementation of IFRS-9 may result in higher NPLs accretion and higher impairment losses. However, as per MEBL management, they have done impact testing of IFRS 9 and don't see any major impact on profitability as of now.
- Management expects continuation of super tax in coming years, therefore, effective tax rate is to remain at 39%. Also, additional tax in case of ADR falling below 50% will result in higher effective tax.

Meezan Bank Limited (MEBL)

Current Price*	123.2	Upside	44.0%
Target Price	177.4	Recommendation	BUY

PKR mn	CY19A	CY20A	CY21E	CY22F
Income Statement Items				
Profit Earned	94,279	106,594	105,179	126,073
Profit Expensed	47,746	41,765	41,834	48,900
Net Profit Earned	46,533	64,829	63,345	77,173
Other Income	10,495	11,061	14,522	15,171
Total Revenue	57,028	75,890	77,868	92,344
Operating Expenses	26,165	30,258	34,142	39,497
Provisioning Charge	4,186	8,210	957	3,078
Profit before Tax	26,978	37,790	42,768	49,770
Profit after Tax	15,584	22,397	26,088	30,359
Balance Sheet Items				
Paid-up Capital	12,861	14,147	16,269	16,269
Total Equity	62,781	73,231	88,426	103,330
Total Deposits	932,569	1,254,412	1,570,988	1,723,924
Net Investments	229,667	438,796	565,619	620,676
Islamic Financing	493,775	512,532	596,628	698,379
Total Assets	1,126,114	1,526,561	1,816,337	2,037,310

	Unit	CY19A	CY20A	CY21E	CY22F
Key Ratios					
EPS**	PKR	9.6	13.8	16.0	18.7
DPS	PKR	5.0	7.0	8.0	9.5
BVPS	PKR	48.8	51.8	54.4	63.5
P/E	x	12.9	8.9	7.7	6.6
Dividend Yield	%	5.3	6.7	6.5	7.7
P/B	x	1.9	2.0	2.3	1.9
ADR	%	52.9	40.9	38.0	40.5
IDR	%	24.6	35.0	36.0	36.0
RoE	%	29.3	32.9	32.3	31.7
RoA	%	1.5	1.7	1.6	1.6
Infection	%	1.78	2.81	2.45	2.50
Coverage	%	141.6	127.6	132.5	128.0
CASA	%	73.4	76.0	79.5	79.0
NIMs	%	5.3	5.8	4.5	4.7
CAR	%	17.2	18.2	19.6	19.9
Cost to Income	%	45.9	39.9	43.8	42.8

Source: Company Financials, AHL Research, * Bonus adjusted, ** @ 1,627mn shares

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Equity Research Ratings

Arif Habib Limited (AHL) uses three rating categories, depending upon return form current market price, with Target period as June 2022 for Target Price. In addition, return excludes all type of taxes. For more details kindly refer the following table;

Rating	Description
BUY	Upside* of subject security(ies) is more than +10% from last closing of market price(s)
HOLD	Upside* of subject security(ies) is between -10% and +10% from last closing of market price(s)
SELL	Upside* of subject security(ies) is less than -10% from last closing of market price(s)

* Upside for Power Generation Companies is upside plus dividend yield.

Equity Valuation Methodology

AHL Research uses the following valuation technique(s) to arrive at the period end target prices;

- **Discounted Cash Flow (DCF)**
- **Dividend Discounted Model (DDM)**
- **Sum of the Parts (SoTP)**
- **Justified Price to Book (JPTB)**
- **Reserve Base Valuation (RBV)**

Risks

The following risks may potentially impact our valuations of subject security (ies);

- **Market risk**
- **Interest Rate Risk**
- **Exchange Rate (Currency) Risk**

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