

Flash Note

Friday, 07 February 2020



Securities

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Commercial Banks

Allied Bank Limited (ABL)

Better Pre-provision profits in 4q lifted EPS by +52% y/y to PKR 3.2/share; Full year EPS at 12.3/share (+10%y/y) Cash dividend of PKR 2.0/share (total payout 8.0/share)

- ✓ On an unconsolidated basis, bank posted earnings of PKR 14.1bn or PKR 12.32/share up by +10% y/y for 2019. On a quarterly basis, earnings up by +52%y/y to PKR 4.7bn or PKR 3.2/share.
- ✓ The bank announced a final cash dividend of PKR 2.0/share in addition to cumulative PKR 6.0/share interim dividends
- ✓ Bank's total revenue increased by a +21% y/y to PKR 52.4bn (+19% y/y in 4q) led by a +29% y/y growth in net interest income and a 3.5% y/y decline in non-funded income. Interest earned increased by a +67% y/y (+78% y/y in 4q) compared to interest expense up by +97% y/y, (98% y/y in 4q). Break-up wise of NFI shows fee income up by +17% y/y (+22%y/y in 4q) and FX income up by +32% y/y (+1.6x y/y in 4q) improved, while lower dividend and capital gain were a drag on overall NFI growth. Admin expenses growth remained in-line with industry, increasing by +14% y/y to PKR 28.3bn (+7%y/y in 4q), but a reversal in WWF during 4q restricted overall opex to PKR 27.6bn, which simultaneously led to a low C/I of 46% in 4q and 53% in 2019 compared to 54% in 2018. On pre-provisioning profits basis, bank reported a growth of +24% y/y (78% in 4q). Cumulative provision charge for the year stood at PKR 0.5bn (PKR 0.9bn in 4q 2019) up from average reversals of PKR 0.3bn registered since Jun-2016.

Exhibit: Allied Bank Limited (ABL) Financial highlights

Period end (Dec) - PKRbn	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Earned	122.6	35.7	35.0	27.7	24.3	73.3	20.1	19.9	17.6	15.7
Interest Expense	81.1	22.9	24.9	18.5	14.8	41.2	11.6	12.1	9.8	7.7
Interest Income	41.5	12.7	10.0	9.1	9.6	32.1	8.5	7.8	7.8	8.0
NII Growth YoY	29.2%	49.8%	28.7%	17.3%	19.6%	1.7%	6.2%	7.2%	-6.0%	0.2%
Fee Income	5.1	1.4	1.1	1.1	1.4	4.4	1.2	0.9	1.1	1.2
Other NFI	5.8	1.6	1.3	1.7	1.2	6.9	1.4	1.2	2.3	2.1
Non-Interest Income	10.9	3.1	2.5	2.8	2.5	11.3	2.5	2.2	3.3	3.2
NFI Growth YoY	-3.5%	20.5%	13.9%	-16.5%	-21.0%	27.3%	-0.7%	14.9%	43.3%	55.1%
Total Revenue	52.4	15.8	12.5	11.9	12.1	43.4	11.0	10.0	11.1	11.2
Non-II / Total Revenue	20.8%	19.4%	19.9%	23.4%	20.9%	26.0%	23.1%	21.9%	30.0%	28.6%
Total Revenue Growth YoY	20.7%	43.1%	25.4%	7.1%	8.0%	7.3%	4.5%	8.8%	4.8%	11.5%
Admin	28.2	8.2	6.9	7.1	5.9	24.5	7.7	5.6	5.7	5.5
Operating Expenses	27.6	7.2	7.2	7.2	6.1	23.5	6.2	5.7	5.8	5.8
OPEX Growth YoY	17.6%	16.1%	25.6%	23.8%	5.1%	9.1%	-7.1%	20.7%	11.0%	17.7%
Cost-To-Income Ratio	53%	46%	57%	60%	50%	54%	56%	57%	52%	52%
PPOP	24.8	8.6	5.4	4.8	6.0	19.9	4.8	4.3	5.3	5.4
PPOP Growth YoY	24.4%	77.7%	25.2%	-10.9%	11.1%	5.3%	24.6%	-3.8%	-1.1%	5.5%
Provisioning Charge	0.5	0.9	(0.1)	(0.1)	(0.2)	(1.1)	0.0	(0.3)	(0.4)	(0.4)
EO/one-offs	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	24.2	7.7	5.5	4.8	6.2	21.0	4.8	4.6	5.7	5.9
Taxation	10.1	3.0	2.1	1.7	3.3	8.1	1.7	1.8	2.4	2.3
Effective Tax Rate	41.8%	38.8%	39.2%	36.1%	52.2%	38.7%	35.3%	38.7%	41.1%	39.1%
Profit After Tax	14.1	4.7	3.3	3.1	3.0	12.9	3.1	2.8	3.4	3.6
PAT Growth YoY	9.6%	52.0%	17.5%	-8.1%	-16.8%	1.1%	3.5%	-13.4%	17.4%	-0.6%
EPS	12.32	3.20	2.90	2.71	2.61	11.25	2.70	2.47	2.95	3.13
DPS	8.00	2.00	2.00	2.00	2.00	8.00	2.00	2.00	2.00	2.00
BVPS	94.0	95.6	94.4	94.0	93.9	93.7	93.7	94.2	94.1	97.1
Interest Earned	122.6	35.7	35.0	27.7	24.3	73.3	20.1	19.9	17.6	15.7
Interest Expense	81.1	22.9	24.9	18.5	14.8	41.2	11.6	12.1	9.8	7.7
Interest Earned growth	67%	78%	76%	57%	55%	12%	15%	26%	6%	0%
Interest Expense growth	97%	98%	106%	88%	93%	21%	22%	41%	18%	-1%

No. of shares: 1145.1mn

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