

Flash Note

Tuesday, 23 October 2018

Commercial Banks

Askari Bank Limited (AKBL)

PPOP increased by +56%YoY, higher investment loss provisions of PKR 0.6/share during 3QCY18 led to lower profitability of PKR 0.87/share

- On unconsolidated basis, Askari Bank Limited (AKBL) posted earnings of PKR 0.87/share down by 7%YoY (down by 3% on a quarterly basis). This takes 9MCY18 cumulative earnings to PKR 2.88/share compared to PKR 3.35/share same period last year, a decline of 14%.
- During 9MCY18, bank's interest income improved by +15%YoY, however lower capital gain led to an 85% decline in bank's in non-interest income, leading to a +6%YoY growth in total revenue. Nevertheless, operating expenses remained intact showing a decline of 1%YoY, however higher investment loss provisions PKR 767mn during the 3QCY18 (PKR 930mn during 9MCY18) dented bank's bottom-line with EPS clocking in at PKR 2.88/share compared to PKR 3.35/share, a decline of 14%YoY during 9MCY18.

Exhibit:

AKBL Result Highlights

PKRmn (Period end=Dec)	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY	2QCY18	QoQ
Interest Earned	11,871	9,321	27%	30,992	26,963	15%	9,987	19%
Interest Expensed	6,996	5,138	36%	17,184	14,944	15%	5,284	32%
Net Interest Income	4,875	4,184	17%	13,808	12,019	15%	4,703	4%
Fee Income	764	670	14%	2,235	1,789	25%	779	-2%
Capital Gain & Div. Income	85	499	-83%	334	2,192	-85%	119	-29%
Non-Interest Income	1,346	1,479	-9%	4,274	4,967	-14%	1,691	-20%
Total Revenue	6,221	5,663	10%	18,082	16,986	6%	6,394	-3%
Operating Expenses	3,565	3,965	-10%	11,356	11,472	-1%	3,931	-9%
Pre-Provisioning Profits	2,657	1,698	56%	6,726	5,514	22%	2,464	8%
Provision (Rev.) / Charge	843	(144)	n.m.	524	(1,361)	n.m.	199	3.22x
Pre-Tax Profits	1,814	1,842	-2%	6,202	6,875	-10%	2,264	-20%
Extraordinary Item	-	-	n.m.	-	-	n.m.	-	n.m.
Taxation	712	653	9%	2,578	2,658	-3%	1,123	-37%
Profit After Tax	1,102	1,190	-7%	3,623	4,217	-14%	1,141	-3%
EPS (PKR)	0.87	0.94		2.88	3.35		0.91	
DPS (PKR)	-	1.0		-	1.0		-	
BVPS (PKR) Est.	27.6	26.4					26.7	
Key Ratio								
Cost-To-Income Ratio	57%	70%		63%	68%		61%	
Effective Tax Rate	39%	35%		42%	39%		50%	
Non-II / Total Income	22%	26%		24%	29%		26%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1260.26

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