

Flash Note

Thursday, 09 August 2018

Commercial Banks

Allied Bank Limited (ABL)

Higher capital gains lift bottom-line by +17%YoY (+10%YoY 1H), Net interest income dropped on higher cost; EPS PKR 2.95 – up by +17%YoY / DPS PKR 2.0

- On unconsolidated basis, Allied Bank Limited (ABL) reported earnings of PKR 2.95/share or PKR 3.4bn for the 2QCY18, compared to PKR 2.51/share or PKR 2.9bn last year same quarter, posting a growth of +17%YoY. However, on a quarterly basis, earnings are down by 11%.
- The bank also announced a cash dividend of PKR 2.0/share for the 2QCY18, taking 1HCY18 total payout to PKR 4.00/share
- Bank recorded a +43%YoY growth in non-funded income to PKR 3.3bn of which, PKR 1.7bn pertains to capital gains and dividend income.
- However, higher interest expense relative to interest earning income, dragged bank's net interest income down by 6%YoY (down by 3%QoQ).
- 2QCY18, makes it the 9th quarter whereby bank continue to book provisioning reversals under non-performing loans.

Exhibit:

ABL Result Highlights

PKRmn (Period end=Dec)	2QCY18	2QCY17	YoY	1HCY18	1HCY17	YoY	1QCY18	QoQ
Interest Earned	17,646	16,616	6%	33,320	32,362	3%	15,674	13%
Interest Expensed	9,846	8,321	18%	17,508	16,068	9%	7,662	29%
Net Interest Income	7,799	8,295	-6%	15,812	16,294	-3%	8,012	-3%
Fee Income	1,092	955	14%	2,248	2,091	8%	1,156	-6%
Capital Gain & Div. Income	1,684	1,097	54%	3,577	1,817	97%	1,893	-11%
Non-Interest Income	3,344	2,334	43%	6,704	4,404	52%	3,360	0%
Total Revenue	11,144	10,629	5%	22,516	20,698	9%	11,372	-2%
Operating Expenses	5,795	5,221	11%	11,332	10,132	12%	5,537	5%
Pre-Provisioning Profits	5,349	5,408	-1%	11,184	10,565	6%	5,835	-8%
Provision (Rev.) / Charge	(375)	(310)	21%	(881)	(704)	25%	(506)	-26%
Extraordinary Item	-	-	n.m.	(265)	-	n.m.	(265)	-100%
Taxation	2,352	2,846	-17%	4,656	4,789	-3%	2,305	2%
Profit After Tax	3,373	2,872	17%	7,143	6,481	10%	3,771	-11%
EPS (PKR)	2.95	2.51		6.24	5.66		3.29	
DPS (PKR)	2.00	1.75		4.00	3.50		2.00	
BVPS (PKR) Est.	98.1	87.4		98.1	87.4		97.1	
Key Ratio								
Cost-To-Income Ratio	52%	49%		50%	49%			
Effective Tax Rate	41%	50%		39%	42%			
Non-II / Total Income	30%	22%		30%	21%			

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1145.07

Analyst

Saad Khan

saad.khan@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 810

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Contact Details

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Suleman Ashraf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	suleman.ashraf@igi.com.pk
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@igi.com.pk
Umesh Solanki	Database Manager	Tel: (+92-21) 111-234-234 Ext: 974	umesh.solanki@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 35777863-70	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk
Zeeshan Kayani	Branch Manager (Abbottabad)	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk
Ihsan Mohammad	Branch Manager (Peshawar)	Tel: (92-91) 5253035	ihsan.mohammad@igi.com.pk

IGI Finex Securities Limited

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Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Lahore Office

5-F.C.C. Ground Floor,
Syed Maratib Ali Road, Gulberg II
Tel: (+92-42) 35777863-70, 35876075-76
Fax: (+92-42) 35763542

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza,
Block- B, Jinnah Avenue, Blue Area
Tel: (+92-51) 2604861-2, 2604864, 2273439
Fax: (+92-51) 2273861

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Faisalabad Office

Room #: 515-516, 5th Floor, State Life
Building, 2- Liaqat Road
Tel: (+92-41) 2540843-45
Fax: (+92-41) 2540815

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
Model Town, Town Hall Road
Tel: (+92-68) 5871653-6, 5871652
Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
Abdali Road
Tel: (92-992) 408243 - 44

Abbottabad Office

Ground Floor, Al Fatah Shopping Center,
Opp. Radio Station, Mansehra Road
Tel: (+92-99) 2408243 - 44

Stock Exchange Office

Room # 719, 7th Floor, PSX Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

Peshawar Office

2nd Floor, The Mall Tower,
35 The Mall Peshawar Cantt.
Tel: (92-91) 5253035, 5278448

Sialkot Office

Suite No. 10 & 11, 1st Floor, Soni Square,
Mubarik Pura
Tel: (+92-52) 3258437, 3258762