

Flash Note

Tuesday, 24 October 2017

Commercial Banks

ABL: Despite lower operating expenses, 12%YoY drop in interest income dragged profitability down to PKR 2.85/share

- Allied Bank Limited (ABL) reported unconsolidated earnings for 3QCY17 of PKR 3.3bn (EPS PKR 2.85) down by 10%YoY (or up by +14%QoQ). This brings 9M CY17 total earnings to PKR 9.7bn (EPS PKR 8.51), down by 25%YoY.
- The bank announced a cash dividend of PKR 1.75/share, bringing 9M CY17 total cash dividend to PKR 5.25/share.
- During the quarter, lower interest income (down 12%YoY) dented the bottom-line, while falling operating expenses (down 4%QoQ), higher provision reversal (PKR 532mn vs PKR 472mn) and higher fee income (up by +10%YoY) provided some support. Yet, pre-tax profits declined by 11%YoY.
- However, taxation fell by 13%YoY with profit after tax registering a decline of 10%YoY.

Exhibit:

ABL Result Highlights

PKRmn (Period end=Dec)	3QCY17	3QCY16	YoY	2QCY17	QoQ	9M CY17	9M CY16	YoY
Interest Earned	15,842.9	15,393.8	3%	16,615.7	-5%	48,205.0	49,990.7	-4%
Interest Expensed	8,556.4	7,152.7	20%	8,320.9	3%	24,624.4	24,044.9	2%
Net Interest Income	7,286.5	8,241.2	-12%	8,294.7	-12%	23,580.5	25,945.8	-9%
Fee Income	972.0	884.8	10%	954.6	2%	3,063.1	3,023.3	1%
Capital Gain & Div. Income	628.9	776.9	-19%	1,097.1	-43%	2,445.6	5,200.7	-53%
Non-Interest Income	1,903.6	1,854.1	3%	2,334.0	-18%	6,307.2	8,824.2	-29%
Total Revenue	9,190.2	10,095.2	-9%	10,628.8	-14%	29,887.7	34,770.0	-14%
Operating Expenses	4,714.4	4,928.4	-4%	5,221.0	-10%	14,846.6	14,655.0	1%
Pre-Provisioning Profits	4,475.8	5,166.8	-13%	5,407.7	-17%	15,041.1	20,115.0	-25%
NPL (Rev.) / Prov.	- 532.0	- 472.0	n.m.	310.3	n.m.	- 1,236.0	- 228.9	n.m.
Pre-Tax Profits	5,007.8	5,638.8	-11%	5,718.0	-12%	16,277.1	20,343.9	-20%
Taxation	1,746.5	2,012.7	-13%	2,845.8	-39%	6,535.2	8,116.38	-19%
Profit After Tax	3,261.3	3,626.1	-10%	2,872.2	14%	9,741.8	12,227.5	-20%
EPS (PKR)	2.85	3.17		2.51		8.51	10.68	
DPS (PKR)	1.75	1.75		1.75		5.25	5.25	
BVPS (PKR)	88.5	86.6		87.4				

KEY RATIOS

Cost-To-Income Ratio	51%	49%		49%		50%	42%	
Effective Tax Rate	35%	36%		50%		40%	40%	
Non-Il / Total Income	21%	18%		22%		21%	25%	

SOURCE: IGI Research, Company accounts, PSX notifications

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