

# Flash Note

Wednesday, 19 February 2020

## Commercial Banks

### United Bank Limited (UBL)

#### Full year EPS stands at 15.6/share (+26%y/y); Cash dividend of PKR 4.0/share (total payout 12.0/share)

- ✓ On an unconsolidated basis, bank posted earnings of PKR 19.1bn or PKR 15.6/share up by +26% y/y for 2019. On a quarterly basis, earnings down by 13% y/y to PKR 4.7bn or PKR 3.9/share.
- ✓ The bank announced a final cash dividend of PKR 4.0/share in addition to PKR 8.0/share interim dividend taking total payout to PKR 12.00/share.
- ✓ Bank's total revenue increased by a +2.6% y/y to PKR 83.5bn (+3.4% y/y in 4q) led by a +10% y/y growth in net interest income and a 13.5% y/y decline in non-funded income. Interest earned increased by a +36% y/y (+42% y/y in 4q) compared to interest expense up by +61% y/y, (69% y/y in 4q). Break-up wise of NFI shows fee income is down by 2% y/y (21%y/y decline in 4q) and FX income up by +31% y/y (+48% y/y in 4q), while dividend income and capital gain were a drag on overall NFI growth. Admin expenses recorded a +4% y/y growth (+3%y/y in 4q), taking overall opex to PKR 41bn (up by +11%y/y) and C/I coming-off to stand at ~49% in 2019 (54% in 4q) compared to ~45% in 2018. Nevertheless, on pre-provisioning profits basis, bank reported a decline of 4.7% y/y (-23%y/y in 4q). Cumulative provision charge for the year stood at PKR 8.2bn (PKR 1.5bn in 4q 2019) compared to PKR 12.9bn last year.

Exhibit: United Bank Limited (UBL) 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	153.7	41.7	45.4	35.2	31.4	113.2	29.3	29.7	26.0	28.1
Interest Expense	91.9	25.3	30.0	19.9	16.7	57.0	15.0	15.9	11.8	14.3
<b>Interest Income</b>	<b>61.8</b>	<b>16.4</b>	<b>15.4</b>	<b>15.3</b>	<b>14.7</b>	<b>56.2</b>	<b>14.4</b>	<b>13.8</b>	<b>14.2</b>	<b>13.9</b>
NII Growth YoY	9.9%	14.5%	11.5%	7.5%	5.8%	-0.3%	0.8%	-2.4%	-0.7%	1.0%
-- Fee Income	13.7	3.1	3.5	3.5	3.6	13.9	3.9	3.3	3.8	2.9
-- Fx Income	4.5	1.2	1.1	1.3	0.9	3.5	0.8	1.2	0.9	0.5
-- Dividend Income	1.5	0.6	0.1	0.5	0.2	2.1	0.7	0.2	0.6	0.6
Other NFI	1.9	1.1	1.8	3.7	1.4	11.1	1.7	1.9	3.2	4.4
<b>Non-Interest Income</b>	<b>21.7</b>	<b>4.3</b>	<b>5.3</b>	<b>7.2</b>	<b>5.0</b>	<b>25.1</b>	<b>5.7</b>	<b>5.1</b>	<b>7.0</b>	<b>7.3</b>
NFI Growth YoY	-13.5%	-24.6%	2.7%	2.8%	-31.9%	13.1%	-6.5%	36.2%	14.9%	16.5%
<b>Total Revenue</b>	<b>83.5</b>	<b>20.7</b>	<b>20.7</b>	<b>22.4</b>	<b>19.6</b>	<b>81.3</b>	<b>20.0</b>	<b>19.0</b>	<b>21.2</b>	<b>21.2</b>
Non-Il / Total Revenue	26.0%	20.6%	25.5%	32.0%	25.3%	30.8%	28.3%	27.1%	32.9%	34.5%
Total Revenue Growth YoY	2.6%	3.4%	9.2%	5.9%	-7.2%	3.5%	-1.4%	5.7%	4.0%	5.9%
Admin	40.2	11.0	10.0	10.3	9.0	38.8	10.7	9.6	9.9	8.7
<b>Operating Expenses</b>	<b>41.0</b>	<b>11.2</b>	<b>10.2</b>	<b>10.4</b>	<b>9.1</b>	<b>36.8</b>	<b>7.7</b>	<b>9.9</b>	<b>10.4</b>	<b>8.7</b>
OPEX Growth YoY	11.5%	46.1%	2.6%	0.0%	4.9%	1.5%	-14.3%	10.3%	14.6%	-0.3%
Cost-To-Income Ratio	49%	54%	49%	47%	47%	45%	38%	52%	49%	41%
<b>PPOP</b>	<b>42.5</b>	<b>9.5</b>	<b>10.5</b>	<b>12.0</b>	<b>10.5</b>	<b>44.5</b>	<b>12.3</b>	<b>9.0</b>	<b>10.7</b>	<b>12.5</b>
PPOP Growth YoY	-4.7%	-23.1%	16.4%	11.7%	-15.7%	5.1%	8.8%	1.1%	-4.6%	10.7%
Provisioning Charge	8.2	1.5	2.2	3.2	1.3	12.9	5.9	2.8	2.2	2.0
EO/one-offs	-	-	-	-	-	6.7	(2.0)	0.3	2.0	6.4
<b>Pre-Tax Profits</b>	<b>34.2</b>	<b>7.9</b>	<b>8.3</b>	<b>8.8</b>	<b>9.2</b>	<b>31.6</b>	<b>6.4</b>	<b>6.2</b>	<b>8.5</b>	<b>10.5</b>
Taxation	15.1	3.2	3.4	3.5	5.0	9.7	3.0	2.4	2.9	1.4
Effective Tax Rate	44.1%	40.4%	41.4%	39.1%	54.6%	30.8%	46.7%	39.0%	34.1%	13.6%
<b>Profit After Tax</b>	<b>19.1</b>	<b>4.7</b>	<b>4.9</b>	<b>5.4</b>	<b>4.2</b>	<b>15.2</b>	<b>5.5</b>	<b>3.5</b>	<b>3.6</b>	<b>2.6</b>
PAT Growth YoY	25.7%	-13.3%	38.8%	48.4%	57.4%	-39.5%	-13.8%	-40.2%	-39.5%	-63.5%
<b>EPS</b>	<b>15.6</b>	3.9	4.0	4.4	3.4	<b>12.4</b>	4.5	2.9	3.0	2.2
<b>DPS</b>	<b>12.0</b>	4.0	3.0	2.5	2.5	<b>11.0</b>	3.0	2.0	3.0	3.0
<b>BVPS</b>	<b>135.9</b>	135.9	135.0	132.3	126.7	<b>123.6</b>	123.6	122.7	123.9	126.7
Interest Earned growth	36%	42%	53%	35%	12%	6%	1%	4%	1%	18%
Interest Expense growth	61%	69%	89%	68%	17%	12%	1%	11%	3%	40%

No. of shares: 1224.2mn

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