

Flash Note

Wednesday, 07 August 2019

Commercial Banks

United Bank Limited (UBL)

Held back by higher provisioning charge; EPS still manages to register a growth of +48%/y/y to PKR 4.4/share in 2q (PKR 7.8/share in 1h up by +52%/y/y)

- On unconsolidated basis, UBL posted earnings of PKR 5.4bn (or PKR 4.4/share) up by +48% y/y for the period 2q, taking its 1h 2019, cumulative earnings to PKR 9.5bn (or PKR 7.8/share) an increase of +52% from last year same period.
- The bank announced a cash dividend of PKR 2.5/share, bringing a 1h total payout to PKR 5.0/share.
- Bank's interest earned increased by a healthy +35% to PKR 35.2bn during 2q, while interest expense grew by +68% to PKR 20.0bn restricting overall NII growth to +7% on y/y basis
- NFI is up by +3% to PKR 7.2bn, thanks to PKR 2.9bn received under FX and other income. However, fee income slowed down to PKR 3.5bn from 3.6bn last quarter (-4%q/q). Operating expenses stayed flattish y/y to take C/I ratio ~47% down from 49% last year same qtr.
- On pre-provisioning profits basis, bank reported a steady growth of +12% y/y during the quarter under review. Provisioning charge for the qtr came at PKR 3.2bn compared to PKR 1.3bn last qtr.

Exhibit: United Bank Limited (UBL) financial highlights

Period end (Dec) - PKRbn	2Q'19	1Q'19	2H'19	2H'18	2018	4Q'18	3Q'18	2Q'18	1Q'18	2017	4Q'17	3Q'17	2Q'17	1Q'17	2016
Interest Earned	35.2	31.4	66.6	54.2	113.2	29.3	29.7	26.0	28.1	107.2	29.0	28.5	25.8	23.9	98.2
Interest Expense	19.9	16.7	36.6	26.1	57.0	15.0	15.9	11.8	14.3	50.8	14.8	14.3	11.5	10.2	41.2
Interest Income	15.3	14.7	29.9	28.1	56.2	14.4	13.8	14.2	13.9	56.4	14.2	14.2	14.3	13.7	57.0
NII Growth YoY	7%	6%	7%	0%	0%	1%	-2%	-1%	1%	-1%	1%	4%	-9%	1%	2%
Fee Income	3.5	3.6	7.1	6.7	13.9	3.9	3.3	3.8	2.9	12.6	3.9	2.9	3.1	2.8	12.3
Non-Interest Income	7.2	5.0	12.1	14.3	25.1	5.7	5.1	7.0	7.3	22.2	6.0	3.8	6.1	6.3	23.6
NFI Growth YoY	3%	-32%	-15%	16%	13%	-7%	36%	15%	16%	-6%	16%	-16%	9%	-25%	7%
Total Revenue	22.4	19.6	42.1	42.3	81.3	20.0	19.0	21.2	21.2	78.6	20.3	17.9	20.4	20.0	80.7
Non-II / Total Income	0%	0%	29%	34%	0%	0%	0%	0%	0%	0%	-	-	-	-	0%
Total Revenue Growth YoY	6%	-7%	-1%	5%	3%	-1%	6%	4%	6%	-3%	5%	-1%	-5%	-9%	4%
Operating Expenses	10.4	9.1	19.6	19.1	36.8	7.7	9.9	10.4	8.7	36.2	9.0	9.0	9.1	8.7	33.2
OPEX Growth YoY	0%	5%	2%	7%	2%	-14%	10%	15%	0%	9%	6%	18%	12%	-2%	4%
Cost-To-Income Ratio	47%	47%	47%	45%	45%	38%	52%	49%	41%	46%	44%	50%	45%	44%	41%
PPOP	12.0	10.5	22.5	23.2	44.5	12.3	9.0	10.7	12.5	42.4	11.3	8.9	11.3	11.3	47.5
PPOP Growth YoY	12%	-16%	-3%	3%	5%	9%	1%	-5%	11%	-11%	5%	-15%	-15%	-14%	4%
Provisioning Charge	3.2	1.3	4.5	4.2	12.9	5.9	2.8	2.2	2.0	2.4	2.6	0.5	(0.6)	0.1	1.5
EO/one-offs	-	-	-	8.4	6.7	(2.0)	0.3	2.0	6.4	-	-	-	-	-	-
Pre-Tax Profits	8.8	9.2	18.0	19.0	31.6	6.4	6.2	8.5	10.5	39.9	8.8	8.4	11.8	11.2	46.0
Taxation	3.5	5.0	8.5	4.3	9.7	3.0	2.4	2.9	1.4	14.7	2.5	2.6	5.8	3.9	18.3
Effective Tax Rate	39%	55%	47%	23%	31%	47%	39%	34%	14%	37%	28%	30%	49%	35%	40%
Profit After Tax	5.4	4.2	9.5	6.3	15.2	5.5	3.5	3.6	2.6	25.2	6.3	5.9	6.0	7.3	27.7
PAT Growth YoY	48%	57%	52%	-53%	-40%	-14%	-40%	-39%	-64%	-9%	-2%	-16%	-14%	-1%	8%

EPS	4.4	3.4	7.8	5.1	12.4	4.5	2.9	3.0	2.2	20.6	5.2	4.8	4.9	5.9	22.7
DPS	2.5	2.5	5.0	6.0	11.0	3.0	2.0	3.0	3.0	13.0	4.0	3.0	3.0	3.0	13.0
BVPS		126.7		123.9	123.6	123.6	122.7	123.9	126.7	130.1	130.1	124.5	125.3	125.9	124.0
Interest Earned growth	35%	12%	23%	9%	6%	1%	4%	1%	18%	9%	17%	19%	-1%	2%	4%
Interest Expense growth	68%	17%	40%	20%	12%	1%	11%	3%	40%	23%	37%	41%	11%	3%	7%

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