

# Flash Note

Monday, 15 February 2021

## Commercial Banks

### Askari Bank Limited (AKBL)

#### Higher revenue pushed bank's eps to PKR 8.6 (up by +54%); Cash dividend PKR 3.0/share

- On an unconsolidated basis, Askari Bank Limited (AKBL) posted earnings of PKR 11bn or PKR 8.6/share up by +54% y/y for full year ending 2020. On a quarterly basis profitability is down by 17%q/q to PKR 2.6bn or PKR 2.1/share.
- Bank announced a PKR 3.0/share cash dividend.
- For the year 2020, bank's total revenue increased by a +35% y/y to PKR ~40bn led by a +37% increase in interest income and +31% increase in non-interest income. Fee income reported at PKR 3.9bn (up by +6%y/y) and treasury income rose to PKR 5.5bn (up +56%y/y). Interest earned increased by 8%, whereas interest expense dropped by 5%, pushing the net interest income to PKR 30bn. Nevertheless, bank's admin expenses showed a growth of +10%y/y to PKR 20bn, taking its C/I under at 51% (62%, 66% in 2019, 2018). Bank's pre-provisioning profit increased to PKR 20bn compared to PKR 11.2bn last year (up by +77%y/y). Net provisioning charge as expected has more than doubled to PKR 2bn compared to PKR 0.8bn last year.

Exhibit: Askari Bank Limited (AKBL) Financial highlights											
Period end (Dec) - PKRbn	2020	4q/20	3q/20	2q/20	1q/20	2019	4q/19	3q/19	2q/19	1q/19	2018
<b>Interest Income</b>	<b>30.3</b>	<b>7.8</b>	<b>8.1</b>	<b>8.6</b>	<b>5.8</b>	<b>22.1</b>	<b>5.9</b>	<b>5.4</b>	<b>5.1</b>	<b>5.7</b>	<b>18.6</b>
NII Growth YoY	37%	32%	50%	67%	2%	19%	23%	10%	9%	35%	15%
Fee Income	3.9	1.3	1.0	0.7	0.9	3.6	1.0	0.8	1.0	0.8	3.1
Treasury Income	5.5	1.1	1.7	1.7	1.0	3.5	1.3	0.7	0.9	0.5	2.1
- - Capital Gain	2.6	0.2	1.0	0.8	0.6	0.7	0.6	0.1	0.0	0.0	0.3
- - Fx Income	2.7	0.8	0.7	0.8	0.4	2.5	0.6	0.6	0.8	0.4	1.6
- - Dividend Income	0.3	0.1	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.2
<b>Non-Interest Income</b>	<b>9.7</b>	<b>2.5</b>	<b>2.8</b>	<b>2.4</b>	<b>1.9</b>	<b>7.4</b>	<b>2.4</b>	<b>1.6</b>	<b>2.0</b>	<b>1.4</b>	<b>5.6</b>
NFI Growth YoY	31%	7%	71%	20%	41%	32%	76%	22%	19%	12%	-8%
<b>Total Revenue</b>	<b>40.0</b>	<b>10.3</b>	<b>10.9</b>	<b>11.0</b>	<b>7.8</b>	<b>29.5</b>	<b>8.3</b>	<b>7.0</b>	<b>7.1</b>	<b>7.1</b>	<b>24.2</b>
Total Revenue Growth YoY	35%	24%	55%	54%	10%	22%	35%	13%	12%	30%	9%
Admin	20.1	5.3	4.9	5.2	4.8	18.2	5.1	4.4	4.5	4.3	16.4
<b>Operating Expenses</b>	<b>20.2</b>	<b>5.3</b>	<b>4.9</b>	<b>5.2</b>	<b>4.8</b>	<b>18.4</b>	<b>5.1</b>	<b>4.5</b>	<b>4.5</b>	<b>4.3</b>	<b>15.9</b>
OPEX Growth YoY	10%	5%	10%	15%	12%	16%	12%	26%	15%	12%	5%
Cost-To-Income Ratio	-51%	-51%	-45%	-47%	-62%	-62%	-61%	-64%	-63%	-61%	-66%
<b>PPOP</b>	<b>19.7</b>	<b>5.0</b>	<b>6.0</b>	<b>5.8</b>	<b>3.0</b>	<b>11.2</b>	<b>3.2</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>	<b>8.3</b>
PPOP Growth YoY	77%	56%	136%	120%	7%	34%	99%	-5%	7%	74%	16%
Provisioning Charge	2.0	0.7	0.7	0.7	(0.1)	0.8	0.0	0.5	0.6	(0.3)	1.5
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-
<b>Pre-Tax Profits</b>	<b>17.8</b>	<b>4.4</b>	<b>5.3</b>	<b>5.1</b>	<b>3.0</b>	<b>10.4</b>	<b>3.2</b>	<b>2.0</b>	<b>2.0</b>	<b>3.1</b>	<b>6.9</b>
Taxation	7.0	1.7	2.1	2.0	1.2	3.4	0.5	0.8	0.8	1.3	2.4
Effective Tax Rate	39%	39%	39%	39%	39%	32%	17%	38%	37%	42%	36%
<b>Profit After Tax</b>	<b>10.8</b>	<b>2.6</b>	<b>3.2</b>	<b>3.1</b>	<b>1.9</b>	<b>7.0</b>	<b>2.6</b>	<b>1.3</b>	<b>1.3</b>	<b>1.8</b>	<b>4.4</b>
PAT Growth YoY	54%	0%	155%	139%	2%	58%	227%	14%	13%	33%	-16%
<b>EPS</b>	<b>8.6</b>	2.1	2.5	2.5	1.5	<b>5.57</b>	2.1	1.0	1.0	1.5	<b>3.52</b>
<b>DPS</b>	<b>3.00</b>	3.0	-	-	-	<b>1.50</b>	1.5	-	-	-	<b>1.00</b>
Interest Earned growth	8%	-18%	-14%	30%	52%	64%	65%	73%	60%	56%	20%
Interest Expense growth	-5%	-37%	-37%	13%	85%	98%	91%	117%	105%	74%	25%

Source: PSX, IGI Research

#### Analyst

Saad Khan

[Saad.khan@igi.com.pk](mailto:Saad.khan@igi.com.pk)

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

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IGI Finex Securities Limited

**Research Analyst(s)**

Research Identity Number: BRP009

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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
Shumail Rauf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	shumail.rauf@igi.com.pk
Bharat Kishore	Database Officer	Tel: (+92-21) 111-234-234 Ext: 974	bharat.kishore@igi.com.pk

### Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaem.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

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

### 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

### Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,  
Stock Exchange Road, Karachi.  
Tel: (+92-21) 32429613-4, 32462651-2  
Fax: (+92-21) 32429607

<p><b>Lahore Office</b> Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559</p>	<p><b>Islamabad Office</b> Mezzanine Floor, Office 5, 6 &amp; 7, Kashmir Plaza, Block- B, Jinnah Avenue, Blue Area Tel: (+92-51) 2604861-2, 2604864, 2273439 Fax: (+92-51) 2273861</p>
<p><b>Faisalabad Office</b> Room #: 515-516, 5th Floor, State Life Building, 2- Liaqat Road Tel: (+92-41) 2540843-45 Fax: (+92-41) 2540815</p>	<p><b>Rahim Yar Khan Office</b> Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651</p>
<p><b>Multan Office</b> Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183</p>	

IGI Finex Securities Limited

### Research Analyst(s)

Research Identity Number: BRP009

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