

Flash Note

Wednesday, 17 February 2021



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Commercial Banks

Allied Bank Limited (ABL)

Higher revenue and provision reversal in 4q, pushed year eps to PKR 15.6 (up by +28%); Cash dividend PKR 6.0/share (1q PKR 2.0/share)

- On an unconsolidated basis, Allied Bank Limited (ABL) posted earnings of PKR 18bn or PKR 15.75/share up by +28% y/y for full year ending 2020. On a quarterly basis profitability is down by +41%q/q to PKR 5.6bn or PKR 4.9/share.
- Bank announced a final cash dividend of PKR 6.0/share along with interim cash dividend of PKR 2.0 taking total payout to PKR 8.0/share.
- For the year 2020, bank's total revenue increased by a +16% y/y to PKR 61bn led by a +17% increase in interest income and +15% increase in non-interest income. Fee income reported at PKR 5.4bn (up by +7%y/y) and treasury income rose to PKR 6.7bn (up +25%y/y). Interest earned declined by 10%, whereas interest expense dropped by 23%, pushing the net interest income to PKR 48bn. Bank's admin expenses showed a growth of +11%y/y to PKR 30bn, taking its C/I 50%. Bank's pre-provisioning profit increased to PKR 30bn compared to PKR 25bn last year (up by +22%y/y). Net provisioning charge during the year came at PKR 0.8bn (PKR 1.6bn reversal in 4q likely on account equity investment) compared to PKR 0.5bn last year.

Exhibit: Allied Bank Limited (ABL) 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
Interest Income	48.4	11.2	12.2	13.4	11.6	41.5	12.7	10.0	9.1	9.6	32.1
NII Growth YoY	17%	-12%	21%	46%	21%	29%	50%	29%	17%	20%	2%
Fee Income	5.4	1.4	1.3	1.2	1.5	5.1	1.4	1.1	1.1	1.4	4.4
Treasury Income	6.7	1.8	1.2	2.5	1.3	5.4	1.6	1.2	1.5	1.1	6.7
-- Capital Gain	3.4	0.6	0.4	1.3	1.1	1.6	0.7	0.5	0.4	(0.0)	2.4
-- Fx Income	1.7	0.4	0.6	0.9	(0.2)	2.0	0.4	0.4	0.6	0.6	1.5
-- Dividend Income	1.7	0.8	0.1	0.3	0.4	1.8	0.5	0.4	0.5	0.4	2.8
Non-Interest Income	12.5	3.4	2.4	3.8	2.8	10.9	3.1	2.5	2.8	2.5	11.3
NFI Growth YoY	15%	11%	-2%	38%	12%	-4%	21%	14%	-17%	-21%	27%
Total Revenue	61.0	14.6	14.6	17.2	14.5	52.4	15.8	12.5	11.9	12.1	43.4
Total Revenue Growth YoY	16%	-7%	17%	44%	19%	21%	43%	25%	7%	8%	7%
Admin	(29.9)	(8.1)	(7.4)	(7.4)	(7.0)	(28.2)	(8.2)	(6.9)	(7.1)	(5.9)	(24.5)
Operating Expenses	(30.6)	(8.1)	(7.6)	(7.6)	(7.2)	(27.6)	(7.2)	(7.2)	(7.2)	(6.1)	(23.5)
OPEX Growth YoY	11%	13%	7%	6%	19%	18%	16%	26%	24%	5%	9%
Cost-To-Income Ratio	50%	56%	52%	44%	50%	53%	46%	57%	60%	50%	54%
PPOP	30.4	6.5	7.0	9.6	7.3	24.8	8.6	5.4	4.8	6.0	19.9
PPOP Growth YoY	22%	-24%	30%	102%	20%	24%	78%	25%	-11%	11%	5%
Provisioning Charge	(0.8)	1.6	(0.2)	(1.5)	(0.7)	(0.5)	(0.9)	0.1	0.1	0.2	1.1
EO/one-offs	-	-	-	-	-	-	-	-	-	-	(6.7)
Pre-Tax Profits	29.5	8.1	6.8	8.1	6.6	24.2	7.7	5.5	4.8	6.2	21.0
Taxation	(11.5)	(2.5)	(2.8)	(3.7)	(2.6)	(10.1)	(3.0)	(2.1)	(1.7)	(3.3)	(8.1)
Effective Tax Rate	-39%	-30%	-41%	-46%	-39%	-42%	-39%	-39%	-36%	-52%	-39%
Profit After Tax	18.0	5.6	4.0	4.4	4.0	14.1	4.7	3.3	3.1	3.0	12.9
PAT Growth YoY	28%	19%	20%	42%	35%	10%	52%	18%	-8%	-17%	1%
EPS	15.7	4.9	3.5	3.8	3.5	12.32	4.1	2.9	2.7	2.6	11.25
DPS	8.00	6.0	-	-	2.0	8.00	2.0	2.0	2.0	2.0	8.00
Interest Earned growth	-10%	-33%	-29%	8%	32%	67%	78%	76%	57%	55%	12%
Interest Expense growth	-23%	-45%	-50%	-11%	39%	97%	98%	106%	88%	93%	21%

Source: PSX, IGI Research

No. of shares: 1145.1mn

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