

Flash Note

Wednesday, 21 February 2018

Commercial Banks

ABL: Profits decline 12%YoY in CY17 despite +37%YoY increase in 4QCY17 income

- Allied Bank Limited (ABL) reported unconsolidated earnings for 4QCY17 of PKR 3.0bn (EPS PKR 2.63), up by +37%YoY (down 7%QoQ). This brings CY17 total earnings to PKR 12.7bn (EPS PKR 11.12), down by 12%YoY.
- The bank announced a cash dividend of PKR 1.75/share for 4QCY17, accumulating to PKR 7.00/share for CY17.
- During the quarter, net interest income rose by +9%YoY which helped contain CY17 decline in net interest income to 5%YoY.
- Non-interest income, during the quarter, rose by +7%YoY due to higher capital gains and dividend income. However, 40%YoY decline in capital gains and dividend income for CY17 dragged down cumulative non-interest revenue by 21%YoY.
- Operating expenses were up +7%YoY for 4QCY17 but full year expenses were contained to a +3%YoY growth.
- Provision reversals supported bottom-line wherein, the bank reported an increase of +22.6xYoY in reversals, which cumulatively increased reversal by +6.51xYoY in CY17 to PKR 2.0bn.

Exhibit:

ABL Result Highlights

PKRmn (Period end=Dec)	4QCY17	4QCY16	YoY	CY17	CY16	YoY
Interest Earned	17,504	14,615	20%	65,709	64,606	2%
Interest Expensed	9,506	7,300	30%	34,130	31,345	9%
Net Interest Income	7,998	7,315	9%	31,578	33,261	-5%
Fee Income	854	991	-14%	3,917	4,014	-2%
Capital Gain & Div. Income	1,423	1,248	14%	3,869	6,449	-40%
Non-Interest Income	2,565	2,386	7%	8,872	11,210	-21%
Total Revenue	10,562	9,701	9%	40,450	44,471	-9%
Operating Expenses	6,683	6,245	7%	21,530	20,900	3%
Pre-Provisioning Profits	3,879	3,456	12%	18,921	23,571	-20%
Provision (Rev.) / Charge	(747)	(32)	22.6x	(1,958)	(260)	6.51x
Pre-Tax Profits	4,627	3,487	33%	20,879	23,831	-12%
Taxation	1,610	1,288	25%	8,145	9,404	-13%
Profit After Tax	3,017	2,200	37%	12,734	14,427	-12%
EPS (PKR)	2.63	1.92		11.12	12.60	
DPS (PKR)	1.75	1.75		7.00	7.00	
BVPS (PKR) Est.	88.69	87.92				

KEY RATIOS

Cost-To-Income Ratio	63%	64%		53%	47%	
Effective Tax Rate	35%	37%		39%	39%	
Non-II / Total Income	24%	25%		22%	25%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1145.1

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