

Flash Note

Wednesday, 24 October 2018

Commercial Banks

Allied Bank Limited (ABL)

Higher opex restricted bottom-line growth, 3QCY18 EPS down by 13% to PKR 2.47/share

- On unconsolidated basis, Allied Bank Limited (ABL) posted earnings of PKR 2.47/share down by 13%YoY (down by 16% on a quarterly basis). This takes 9MCY18 cumulative earnings to PKR 8.7/share compared to PKR 8.51/share same period last year, showing a mere growth of 2%. The bank along with the result also announced a cash dividend of PKR 2.0/share (PKR 1.75/share last year same quarter), taking total payout during CY18 so far to PKR 6.0/share (PKR 5.25/share last year 9MCY17).
- During 9MCY18, bank's interest income remained flattish at PKR 23.6bn, while higher capital gain pushed non-interest income to PKR 8.9bn, up by +41%YoY, leading to a +9%YoY growth in total revenues to PKR 32.5bn. However, despite this decent growth, bank's opex surged by +14%YoY causing a mere a 3%YoY growth in bank's PPOPs.

Exhibit:

ABL Result Highlights

PKRmn (Period end=Dec)	3QCY18	3QCY17	YoY	9MCY18	9MCY17	YoY	2QCY18	QoQ
Interest Earned	19,893	15,843	26%	53,213	48,205	10%	17,646	13%
Interest Expensed	12,084	8,556	41%	29,592	24,624	20%	9,846	23%
Net Interest Income	7,809	7,287	7%	23,621	23,581	0%	7,799	0%
Fee Income	940	972	-3%	3,189	3,063	4%	1,092	-14%
Capital Gain & Div. Income	683	629	9%	4,260	2,446	74%	1,684	-59%
Non-Interest Income	2,188	1,904	15%	8,892	6,307	41%	3,344	-35%
Total Revenue	9,997	9,190	9%	32,513	29,888	9%	11,144	-10%
Operating Expenses	5,662	4,714	20%	16,994	14,847	14%	5,795	-2%
Pre-Provisioning Profits	4,335	4,476	-3%	15,519	15,041	3%	5,349	-19%
Provision (Rev.) / Charge	(276)	(532)	-48%	(1,156)	(1,236)	-6%	(375)	-27%
Pre-Tax Profits	4,611	5,008	-8%	16,410	16,277	1%	5,724	-19%
Extraordinary Item	-	-	n.m.	(265)	-	n.m.	-	n.m.
Taxation	1,786	1,747	2%	6,442	6,535	-1%	2,352	-24%
Profit After Tax	2,825	3,261	-13%	9,968	9,742	2%	3,373	-16%
EPS (PKR)	2.47	2.85		8.70	8.51		2.95	
DPS (PKR)	2.0	1.8		6.0	5.3		2.0	
BVPS (PKR) Est.	94.5	87.8					94.1	

Key Ratio

Cost-To-Income Ratio	57%	51%		52%	50%		52%	
Effective Tax Rate	39%	35%		39%	40%		41%	
Non-II / Total Income	22%	21%		27%	21%		30%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1145.07

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