

Flash Note

Wednesday, 22 April 2020

Commercial Banks

Allied Bank Limited (ABL)

Thanks to better NII 1q earnings up +35%y/y to EPS 3.5/share; Cash dividend PKR 2.0/share

- ✓ On an unconsolidated basis, bank posted earnings of PKR 4.0bn or PKR 3.51/share up by +35% y/y for 1q 2020. On a quarterly basis, earnings are down by 15%q/q.
- ✓ The bank announced a cash dividend of PKR 2.0/share.
- ✓ From result bank's total revenue increased by a +20% y/y to PKR 14.5bn led by a strong growth of +21% y/y in net interest income and a +12% y/y in non-funded income. Key reason for a strong growth in net interest income is tepid growth in interest expense up by +39% y/y while interest earned increased by a +32% y/y. Break-up wise of under NFI, fee income increased by +11% y/y, while FX income posted a loss of PKR 0.2bn. Admin expenses recorded a +19% y/y growth taking overall C/I to ~50% (53% and 54% in 2019 / 2018 respectively). On pre-provisioning profits basis, bank reported an increase of +20% y/y while a provision charge of PKR 0.7bn compared to PKR 0.5bn in 2019 kept profit growth at 35%/y/y.

Exhibit: Allied Bank Limited (ABL) Financial highlights											
Period end (Dec) - PKRbn	1q/20	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Earned	32.1	122.6	35.7	35.0	27.7	24.3	73.3	20.1	19.9	17.6	15.7
Interest Expense	20.5	81.1	22.9	24.9	18.5	14.8	41.2	11.6	12.1	9.8	7.7
Interest Income	11.6	41.5	12.7	10.0	9.1	9.6	32.1	8.5	7.8	7.8	8.0
NII Growth YoY	21.2%	29.2%	49.8%	28.7%	17.3%	19.6%	1.7%	6.2%	7.2%	-6.0%	0.2%
-- Fee Income	1.5	5.1	1.4	1.1	1.1	1.4	4.4	1.2	0.9	1.1	1.2
-- Fx Income	(0.2)	2.0	0.4	0.4	0.6	0.6	1.5	0.5	0.4	0.4	0.3
-- Dividend Income	0.4	1.8	0.5	0.4	0.5	0.4	2.8	0.7	0.6	0.9	0.5
Other NFI	1.3	2.0	1.6	1.3	1.7	1.2	6.9	1.4	1.2	2.3	2.1
Non-Interest Income	2.8	10.9	3.1	2.5	2.8	2.5	11.3	2.5	2.2	3.3	3.2
NFI Growth YoY	12.2%	-3.5%	20.5%	13.9%	-16.5%	-21.0%	27.3%	-0.7%	14.9%	43.3%	55.1%
Total Revenue	14.5	52.4	15.8	12.5	11.9	12.1	43.4	11.0	10.0	11.1	11.2
Non-II / Total Revenue	19.7%	20.8%	19.4%	19.9%	23.4%	20.9%	26.0%	23.1%	21.9%	30.0%	28.6%
Total Revenue Growth YoY	19.3%	20.7%	43.1%	25.4%	7.1%	8.0%	7.3%	4.5%	8.8%	4.8%	11.5%
Admin	7.0	28.2	8.2	6.9	7.1	5.9	24.5	7.7	5.6	5.7	5.5
Operating Expenses	7.2	27.6	7.2	7.2	7.2	6.1	23.5	6.2	5.7	5.8	5.8
OPEX Growth YoY	18.6%	17.6%	16.1%	25.6%	23.8%	5.1%	9.1%	-7.1%	20.7%	11.0%	17.7%
Cost-To-Income Ratio	50%	53%	46%	57%	60%	50%	54%	56%	57%	52%	52%
PPOP	7.3	24.8	8.6	5.4	4.8	6.0	19.9	4.8	4.3	5.3	5.4
PPOP Growth YoY	20.1%	24.4%	77.7%	25.2%	-10.9%	11.1%	5.3%	24.6%	-3.8%	-1.1%	5.5%
Provisioning Charge	0.7	0.5	0.9	(0.1)	(0.1)	(0.2)	(1.1)	0.0	(0.3)	(0.4)	(0.4)
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	6.6	24.2	7.7	5.5	4.8	6.2	21.0	4.8	4.6	5.7	5.9
Taxation	2.6	10.1	3.0	2.1	1.7	3.3	8.1	1.7	1.8	2.4	2.3
Effective Tax Rate	39.0%	41.8%	38.8%	39.2%	36.1%	52.2%	38.7%	35.3%	38.7%	41.1%	39.1%
Profit After Tax	4.0	14.1	4.7	3.3	3.1	3.0	12.9	3.1	2.8	3.4	3.6
PAT Growth YoY	34.5%	9.6%	52.0%	17.5%	-8.1%	-16.8%	1.1%	3.5%	-13.4%	17.4%	-0.6%
EPS	3.5	12.3	4.1	2.9	2.7	2.6	11.2	2.7	2.5	2.9	3.1
DPS	2.0	8.0	2.0	2.0	2.0	2.0	8.0	2.0	2.0	2.0	2.0
BVPS	102.2	100.7	100.7	94.4	94.0	93.9	93.7	93.7	94.2	94.1	97.1
Interest Earned growth	32%	67%	78%	76%	57%	55%	12%	15%	26%	6%	0%
Interest Expense growth	39%	97%	98%	106%	88%	93%	21%	22%	41%	18%	-1%

No. of shares: 1145.1mn

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