

Flash Note

Thursday, 17 October 2019

Commercial Banks

Allied Bank Limited (ABL)

Recovery in NFI uplifted quarterly EPS by ~6% q/q to PKR 2.9/share up; DPS PKR 2.0 taking 9m 2019 result to PKR 8.21/share down -8% y/y; DPS 6.0

- On unconsolidated basis, ABL posted earnings of PKR 3.3bn (or PKR 2.9/share) up by 6% q/q for 3q 2019, taking its 9m cumulative earnings to PKR 9.4bn (or PKR 8.2/share) a decline of ~8% y/y compared to last year. Keeping up with the payout trend, the bank announced a cash dividend of PKR 2.0/share, bringing 9m total payout to PKR 6.0/share compared to a similar payout of PKR 6.0/share last year same period.
- Bank's interest income printed a growth of +22% y/y to PKR 28.8bn during 9m compared to a flattish growth last year in 9m 2018. On a quarterly basis, NII is up by +29%y/y to PKR 10.0bn. break-up wise, interest expense shot up by 2.0x to PKR 23bn from PKR 12.1bn last year 3q. Under Non-Funded Income (NFI), Fee, FX and dividend income cumulatively showed an increase of +5% y/y to PKR 6.6bn during 9m versus PKR 6.3bn last year, which helped to lift overall revenue growth by +13% y/y to PKR 37bn.
- Bank's administration cost has started to normalise registering a decline of 2% q/q (9m 2019: admin 19.9bn up by +20% y/y) helping in bringing down C/I ratio to ~57%. Moreover, bank continue to report a net provision reversal; for the qtr bank took a reversal of PKR 0.1bn.

Exhibit: Allied Bank Limited (ABL) Financial highlights

Period end (Dec) - PKRbn	3Q'19	2Q'19	1Q'19	9m' 19	9m' 18	2018	4Q'18	3Q'18	2Q'18	1Q'18	2017	4Q'17	3Q'17	2Q'17	1Q'17	2016
Interest Income	10.0	9.1	9.6	28.8	23.6	32.1	8.5	7.8	7.8	8.0	31.6	8.0	7.3	8.3	8.0	33.3
NII Growth YoY	29%	17%	20%	22%	0%	2%	6%	7%	-6%	0%	-5%	9%	-12%	-10%	-6%	-8%
Fee Income	1.1	1.1	1.4	3.7	3.2	4.4	1.2	0.9	1.1	1.2	3.9	0.9	1.0	1.0	1.1	4.0
Non-Interest Income	2.5	2.8	2.5	7.8	8.9	11.3	2.4	2.2	3.3	3.4	8.9	2.6	1.9	2.3	2.1	11.2
NFI Growth YoY	14%	-17%	-24%	-12%	41%	27%	-7%	15%	43%	62%	-21%	7%	3%	-27%	-45%	15%
Total Revenue	12.5	11.9	12.1	36.6	32.5	43.4	10.9	10.0	11.1	11.4	40.5	10.6	9.2	10.6	10.1	44.5
Non-II / Total Revenue	20%	23%	21%	21%	27%	26%	22%	22%	30%	30%	22%	24%	21%	22%	21%	25%
Total Revenue Growth YoY	25%	7%	7%	13%	9%	7%	3%	9%	5%	13%	-9%	9%	-9%	-14%	-18%	-3%
Admin	6.9	7.1	5.9	19.9	16.6	24.3	7.8	5.6	5.7	5.2	21.4	6.6	5.1	5.1	4.7	20.3
Operating Expenses	7.2	7.2	6.1	20.4	17.0	23.3	6.3	5.7	5.8	5.5	21.5	6.7	4.7	5.2	4.9	20.9
OPEX Growth YoY	26%	24%	10%	20%	14%	8%	-6%	20%	11%	13%	3%	7%	-4%	3%	6%	11%
Cost-To-Income Ratio	57%	60%	50%	56%	52%	54%	58%	57%	52%	49%	53%	63%	51%	49%	49%	47%
PPOP	5.4	4.8	6.0	16.2	15.5	20.1	4.6	4.3	5.3	5.8	18.9	3.9	4.5	5.4	5.2	23.6
PPOP Growth YoY	24%	-11%	4%	4%	3%	6%	18%	-3%	-1%	13%	-20%	12%	-13%	-26%	-33%	-13%
Provisioning Charge	(0.1)	(0.1)	(0.2)	(0.4)	(1.2)	(1.1)	0.1	(0.3)	(0.4)	(0.5)	(2.0)	(0.7)	(0.5)	(0.3)	(0.4)	(0.3)
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	5.5	4.8	6.2	16.6	16.7	21.2	4.5	4.6	5.7	6.3	20.9	4.6	5.0	5.7	5.6	23.8
Taxation	2.1	1.7	3.3	7.2	6.4	8.1	1.7	1.8	2.4	2.3	8.1	1.6	1.7	2.8	1.9	9.4
Effective Tax Rate	39%	36%	52%	43%	39%	38%	37%	39%	41%	36%	39%	35%	35%	50%	35%	39%
Profit After Tax	3.3	3.1	3.0	9.4	10.2	13.1	2.8	2.8	3.4	4.0	12.7	3.0	3.3	2.9	3.6	14.4
PAT Growth YoY	18%	-8%	-26%	-8%	5%	3%	-6%	-13%	17%	12%	-12%	36%	-10%	-25%	-25%	-5%
EPS	2.90	2.71	2.61	8.21	8.94	11.40	2.47	2.47	2.95	3.52	11.12	2.61	2.85	2.51	3.15	12.60
DPS	2.00	2.00	2.00	6.00	6.00	8.00	2.00	2.00	2.00	2.00	7.00	1.75	1.75	1.75	1.75	7.00
BVPS	94.9	94.0	93.9	94.9	94.1	93.7	93.7	94.2	94.1	97.1	93.2	93.2	87.8	87.4	88.6	87.9
Interest Earned	35.0	27.7	24.3	87.0	53.2	73.3	20.1	19.9	17.6	15.7	65.7	17.5	15.8	16.6	15.7	64.6
Interest Expense	24.9	18.5	14.8	58.2	29.6	41.2	11.6	12.1	9.8	7.7	34.1	9.5	8.6	8.3	7.7	31.3
Interest Earned growth	76%	57%	55%	63%	64%	12%	15%	26%	6%	0%	2%	20%	3%	-5%	-8%	-10%
Interest Expense growth	106%	88%	93%	97%	84%	21%	22%	41%	18%	-1%	9%	30%	20%	0%	-10%	-13%

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