

# Flash Note

Wednesday, 22 April 2020

## Commercial Banks

### Askari Bank Limited (AKBL)

#### Banks off to a strong start, quarter result; EPS 1.5/share and Cash dividend (nil)

- ✓ On an unconsolidated basis, bank posted earnings of PKR 1.9bn or PKR 1.47/share up by a mere 1.5% y/y for 1q 2020. On a quarterly basis, earnings are down by 30%q/q.
- ✓ The bank did not announce any cash dividend
- ✓ From results, bank's total revenue increased by a +10% y/y to PKR 7.8bn (down by 6% q/q in 1q) led by a +2% y/y growth in net interest income and a 41% y/y in non-funded income. Interest earned increased by a +52% y/y (+3% q/q in 1q) compared to interest expense up by +85% y/y, (+5% q/q in 1q). Break-up wise of NFI shows fee income declined by 13% y/y (up by +1% q/q in 1q) and FX income is down by 41% y/y (5% q/q decline in 1q). Admin expenses recorded a +12% y/y growth (down by 6%q/q in 1q), taking overall Opex to PKR 4.8bn and C/I stand at ~62% (62% and 66% in 2019 / 2018 respectively). On pre-provisioning profits basis, bank reported an increase of +6.6% y/y (down by 8%q/q in 1q). During the quarter bank reported net provisioning reversal at PKR 0.1bn compared to PKR 0.8bn and PKR 1.5bn net charge reported in 2019 and 2018.

Exhibit: Askari Bank Limited (AKBL) 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	21.7	71.7	21.0	20.5	15.9	14.3	43.7	12.7	11.9	10.0	9.1
Interest Expense	15.8	49.6	15.1	15.2	10.8	8.5	25.1	7.9	7.0	5.3	4.9
<b>Interest Income</b>	<b>5.8</b>	<b>22.1</b>	<b>5.9</b>	<b>5.4</b>	<b>5.1</b>	<b>5.7</b>	<b>18.6</b>	<b>4.8</b>	<b>4.9</b>	<b>4.7</b>	<b>4.2</b>
NII Growth YoY	2.1%	18.9%	23.1%	10.2%	9.2%	35.2%	14.9%	15.0%	16.5%	16.4%	11.5%
-- Fee Income	0.9	3.6	1.0	0.8	1.0	0.8	3.1	0.9	0.8	0.8	0.7
-- Fx Income	0.4	2.5	0.6	0.6	0.8	0.4	1.6	0.4	0.3	0.6	0.3
-- Dividend Income	0.1	0.3	0.1	0.1	0.1	0.1	0.2	0.1	0.0	0.1	0.0
Other NFI	1.1	1.0	1.4	0.8	1.0	0.5	2.5	0.5	0.6	0.9	0.5
<b>Non-Interest Income</b>	<b>1.9</b>	<b>7.4</b>	<b>2.4</b>	<b>1.6</b>	<b>2.0</b>	<b>1.4</b>	<b>5.6</b>	<b>1.3</b>	<b>1.3</b>	<b>1.7</b>	<b>1.2</b>
NFI Growth YoY	40.6%	31.7%	75.9%	22.2%	18.6%	11.8%	-8.0%	4.6%	-9.0%	-22.0%	-6.2%
<b>Total Revenue</b>	<b>7.8</b>	<b>29.5</b>	<b>8.3</b>	<b>7.0</b>	<b>7.1</b>	<b>7.1</b>	<b>24.2</b>	<b>6.1</b>	<b>6.2</b>	<b>6.4</b>	<b>5.5</b>
Non-II / Total Revenue	25.0%	25.1%	28.6%	23.4%	28.1%	19.5%	23.2%	21.9%	21.6%	26.4%	22.6%
Total Revenue Growth YoY	9.6%	21.9%	34.6%	12.8%	11.7%	29.9%	8.6%	12.5%	9.9%	3.0%	6.9%
Admin	4.8	18.2	5.1	4.4	4.5	4.3	16.4	4.4	4.1	3.9	3.8
<b>Operating Expenses</b>	<b>4.8</b>	<b>18.4</b>	<b>5.1</b>	<b>4.5</b>	<b>4.5</b>	<b>4.3</b>	<b>15.9</b>	<b>4.5</b>	<b>3.6</b>	<b>3.9</b>	<b>3.9</b>
OPEX Growth YoY	11.6%	15.6%	11.6%	26.1%	14.7%	11.7%	4.9%	22.8%	-10.1%	0.0%	8.0%
Cost-To-Income Ratio	62%	62%	61%	64%	63%	61%	66%	74%	57%	61%	71%
<b>PPOP</b>	<b>3.0</b>	<b>11.2</b>	<b>3.2</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>	<b>8.3</b>	<b>1.6</b>	<b>2.7</b>	<b>2.5</b>	<b>1.6</b>
PPOP Growth YoY	6.6%	33.8%	99.4%	-5.1%	6.9%	73.8%	16.5%	-8.9%	56.5%	8.1%	4.4%
Provisioning Charge	(0.1)	0.8	0.0	0.5	0.6	(0.3)	1.5	0.9	0.8	0.2	(0.5)
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-
<b>Pre-Tax Profits</b>	<b>3.0</b>	<b>10.4</b>	<b>3.2</b>	<b>2.0</b>	<b>2.0</b>	<b>3.1</b>	<b>6.9</b>	<b>0.7</b>	<b>1.8</b>	<b>2.3</b>	<b>2.1</b>
Taxation	1.2	3.4	0.5	0.8	0.8	1.3	2.4	(0.1)	0.7	1.1	0.7
Effective Tax Rate	39.0%	32.5%	17.0%	38.0%	36.9%	41.7%	35.6%	-19.2%	39.3%	49.6%	35.0%
<b>Profit After Tax</b>	<b>1.9</b>	<b>7.0</b>	<b>2.6</b>	<b>1.3</b>	<b>1.3</b>	<b>1.8</b>	<b>4.4</b>	<b>0.8</b>	<b>1.1</b>	<b>1.1</b>	<b>1.4</b>
PAT Growth YoY	1.5%	58.4%	226.5%	14.1%	13.3%	32.5%	-15.9%	-23.1%	-7.4%	-36.5%	12.2%
<b>EPS</b>	<b>1.5</b>	<b>5.6</b>	<b>2.1</b>	<b>1.0</b>	<b>1.0</b>	<b>1.5</b>	<b>3.5</b>	<b>0.6</b>	<b>0.9</b>	<b>0.9</b>	<b>1.1</b>
<b>DPS</b>	<b>-</b>	<b>1.5</b>	<b>1.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>BVPS</b>	<b>33.5</b>	<b>33.5</b>	<b>33.5</b>	<b>30.0</b>	<b>27.3</b>	<b>27.3</b>	<b>26.6</b>	<b>26.6</b>	<b>27.1</b>	<b>26.7</b>	<b>26.1</b>
Interest Earned growth	52%	64%	65%	73%	60%	56%	20%	36%	27%	11%	5%
Interest Expense growth	85%	98%	91%	117%	105%	74%	25%	54%	36%	7%	1%

No. of shares: 1260.3mn

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