

Flash Note

Thursday, 20 August 2020

Commercial Banks

Allied Bank Limited (ABL)

Pre-provision profits doubled on y/y basis; EPS up by +42% y/y to PKR 3.84/share; Cash dividend -nil-

- On an unconsolidated basis, Allied Bank Limited (ABL) posted earnings of PKR 4.4bn or PKR 3.84/share up by a +42% y/y for 2q 2020. On a quarterly basis profitability is up by +9%q/q. This takes 1h'20 cumulative earnings to PKR 8.4bn or PKR 7.35/share up by +38%y/y.
- The bank did not announce any cash dividend.
- For the June ending quarter, bank's total revenue increased by a +44% y/y to PKR ~17bn led by +46% y/y growth in net interest income, while non-interest income increased by +38%y/y to PKR 3.8bn, amid a) +8%y/y increase in fee income and b) +70% increase in treasury income (2q'20 capital gain against securities held: PKR 1.3bn). Bank's admin expenses increased by +6%y/y to PKR 7.4bn, which combined with healthy revenue pulled down its C/I to ~44% (60% in last year same qtr.). On pre-provisioning profit basis, bank reported an increase of +2x y/y to PKR 9.6bn (PKR 7.3bn in 1q 2020). Net provisioning charge recorded by the bank stood at PKR 1.5bn compared to PKR 0.7bn last qtr. and a net reversal of PKR 0.1bn in 2q'19.

Exhibit: Allied Bank Limited (ABL) Financial highlights												
Period end (Dec) - PKRbn	2q/20	1q/20	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Income	13.4	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	46%	21%	29%	50%	29%	17%	20%	2%	6%	7%	-6%	0%
-- Fee Income	1.2	1.5	5.1	1.4	1.1	1.1	1.4	4.4	1.2	0.9	1.1	1.2
-- Treasury Income	2.5	1.3	5.4	1.6	1.2	1.5	1.1	6.7	1.4	1.1	2.1	2.2
-- Other	0.1	0.0	0.4	0.0	0.1	0.2	0.1	0.3	0.0	0.2	0.2	(0.1)
Non-Interest Income	3.8	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	38%	12%	-4%	21%	14%	-17%	-21%	27%	-1%	15%	43%	55%
Total Revenue	17.2	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	22%	20%	21%	19%	20%	23%	21%	26%	23%	22%	30%	29%
Total Revenue Growth YoY	44%	19%	21%	43%	25%	7%	8%	7%	5%	9%	5%	11%
Admin	7.4	7.0	28.2	8.2	6.9	7.1	5.9	24.5	7.7	5.6	5.7	5.5
Operating Expenses	7.6	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	6%	19%	18%	16%	26%	24%	5%	9%	-7%	21%	11%	18%
Cost-To-Income Ratio	44%	50%	53%	46%	57%	60%	50%	54%	56%	57%	52%	52%
PPOP	9.6	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	101.7%	20.1%	24.4%	77.7%	25.2%	-10.9%	11.1%	5.3%	24.6%	-3.8%	-1.1%	5.5%
Provisioning Charge	1.5	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	8.1	6.6	24.2	7.7	5.5	4.8	6.2	21.0	4.8	4.6	5.7	5.9
Taxation	3.7	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	46%	39%	42%	39%	39%	36%	52%	39%	35%	39%	41%	39%
Profit After Tax	4.40	4.01	14.1	4.71	3.32	3.10	2.98	12.9	3.1	2.8	3.4	3.6
PAT Growth YoY	42%	35%	10%	52%	18%	-8%	-17%	1%	4%	-13%	17%	-1%
EPS	3.84	3.51	12.32	4.11	2.90	2.71	2.61	11.25	2.70	2.47	2.95	3.13
DPS	-	2.00	8.00	2.00	2.00	2.00	2.00	8.00	2.00	2.00	2.00	2.00
BVPS	104.08	102.24	100.74	100.74	94.41	93.97	93.95	93.71	93.71	94.17	94.06	97.11
Interest Earned growth	8%	32%	67%	78%	76%	57%	55%	12%	15%	26%	6%	0%
Interest Expense growth	-11%	39%	97%	98%	106%	88%	93%	21%	22%	41%	18%	-1%

Source: PSX, IGI Research, *Bvps for latest estimated

No. of shares: 1145.1mn

Analyst

Saad Khan

Saad.khan@igi.com.pk

Tel: (+92-21) 111-234-234 Ext.: 810

Contact Details

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@igi.com.pk
Shumail Rauf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	shumail.rauf@igi.com.pk
Bharat Kishore	Database Officer	Tel: (+92-21) 111-234-234 Ext: 974	bharat.kishore@igi.com.pk

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Irfan Ali	Regional Manager (Faisalabad)	Tel: (+92-41) 2540843-45	irfan.ali@igi.com.pk
Asif Saleem	Branch Manager (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Branch Manager (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of
Pakistan Stock Exchange Limited |
Corporate member of Pakistan Mercantile Exchange Limited

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
Khayaban-e-Jami Block-09, Clifton, Karachi-75600
UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
Fax: (+92-21) 35309169, 35301780
Website: www.igisecurities.com.pk

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
Stock Exchange Road, Karachi.
Tel: (+92-21) 32429613-4, 32462651-2
Fax: (+92-21) 32429607

<p>Lahore Office Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559</p>	<p>Islamabad Office Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza, Block- B, Jinnah Avenue, Blue Area Tel: (+92-51) 2604861-2, 2604864, 2273439 Fax: (+92-51) 2273861</p>
<p>Faisalabad Office Room #: 515-516, 5th Floor, State Life Building, 2- Liaqat Road Tel: (+92-41) 2540843-45 Fax: (+92-41) 2540815</p>	<p>Rahim Yar Khan Office Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651</p>
<p>Multan Office Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183</p>	

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2020 IGI Finex Securities Limited

Important Disclaimer and Disclosures

Research Analyst(s) Certification: The Research Analyst(s) hereby certify that the views about the company/companies and the security/securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

Disclaimer: The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to subject company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

Rating system: IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

Recommendation	Rating System
Buy	If target price on aforementioned security(ies) is more than 10%, from its last closing price(s)
Hold	If target price on aforementioned security(ies) is in between -10% and 10%, from its last closing price(s)
Sell	If target price on aforementioned security(ies) is less than -10%, from its last closing price(s)

Risk: Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

Basic Definitions and Terminologies used: **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2020 IGI Finex Securities Limited



Jama Punji
 سرمایہ کاری سمجھداری کے ساتھ
<http://www.jamapunji.pk>