

Flash Note

Monday, 26 February 2018

Commercial Banks

AKBL: 4QCY17 earnings clocked in at PKR 0.83/share, up +2%YoY

- Askari Bank Limited (AKBL) reported unconsolidated earnings of PKR 1.1bn (or PKR 0.83/share) for 4QCY17, up by +2%YoY (down 12%QoQ), bringing CY17 total earnings to PKR 5.3bn (or PKR 4.18/share), up by +1%YoY.
- During the quarter, net interest income rose by +5%YoY. This brings total net interest income growth to +8%YoY in CY17 on the back of falling interest expense and moderately higher interest earned.
- Non-interest income fell by 7%YoY in 4QCY17 due to fall in capital gains and dividend income, despite a significant increase in fee income (up +92%YoY). For CY17, fee income grew by +26%YoY and capital gains and dividend income fell by 38%YoY. We await analyst briefing to gain an insight into the reasons for the rise in fee income.
- Operating expense declined by 5%YoY, containing expense growth in CY17 to 6%YoY. We expect details in annual report and analyst briefing to shed some light on the reasons for the halt in expense growth during the quarter.
- The bank booked a provision charge of PKR 156mn which included PKR 51mn NPL provision and PKR 81mn under investment diminution charge.

Exhibit:

AKBL Result Highlights

PKRmn (Period end=Dec)	4QCY17	4QCY16	YoY	CY17	CY16	YoY
Interest Earned	9,305	9,118	2%	36,267	35,512	2%
Interest Expensed	5,128	5,152	0%	20,072	20,497	-2%
Net Interest Income	4,176	3,966	5%	16,195	15,015	8%
Fee Income	917	478	92%	2,707	2,156	26%
Capital Gain & Div. Income	167	604	-72%	2,358	3,832	-38%
Non-Interest Income	1,289	1,389	-7%	6,255	7,106	-12%
Total Revenue	5,465	5,355	2%	22,451	22,122	1%
Operating Expenses	3,692	3,907	-5%	15,164	14,304	6%
Pre-Provisioning Profits	1,773	1,449	22%	7,287	7,818	-7%
Provision (Rev.) / Charge	156	(150)	n.m	(1,205)	(659)	83%
Pre-Tax Profits	1,617	1,599	1%	8,492	8,477	0%
Taxation	566	565	0%	3,224	3,256	-1%
Profit After Tax	1,051	1,033	2%	5,268	5,221	1%
EPS (PKR)	0.83	0.82		4.18	4.14	
DPS (PKR)	-	1.50		1.00	1.50	
BVPS (PKR) Est.	26.20	25.85				

KEY RATIOS

Cost-To-Income Ratio	68%	73%		68%	65%	
Effective Tax Rate	35%	35%		38%	38%	
Non-II / Total Income	24%	26%		28%	32%	

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1260.3

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