

Flash Note

Thursday, 13 August 2020

Commercial Banks

Askari Bank Limited (AKBL)

Impressive revenue growth and curtailed expense kept earnings upbeat, EPS 2.46/share (up by +1.4x y/y); Cash dividend -nil-

- ✓ On an unconsolidated basis, Askari Bank Limited (AKBL) posted earnings of PKR 3.1bn or PKR 2.5/share up by a +1.4x y/y for 2q 2020. On a quarterly basis and up by 67% on q/q basis.
- ✓ The bank did not announce any cash dividend.
- ✓ From result bank's total revenue increased by a +54% y/y to PKR 11bn led by a growth of +67% y/y in net interest income and +20% y/y growth in non-interest income. Under non-funded income, bank posted PKR ~1.7bn income on treasury income and PKR 0.7bn under fee income, which help lift non-fund income. Bank's admin expenses increased by +15%y/y to PKR 5.2bn pulling down its C/I to ~47% (62% in previous qtr). On pre-provisioning profit basis, bank reported an increase of +1.2x y/y to PKR 5.8bn nearly half of last year PPOP of PKR 11.2bn in CY19. Net provisioning charge stood at PKR 0.7bn against net reversal of PKR 0.1bn last quarter.

Exhibit: Askari Bank Limited (AKBL) 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	8.6	5.8	22.1	5.9	5.4	5.1	5.7	18.6	4.8	4.9	4.7	4.2
NII Growth YoY	67%	2%	19%	23%	10%	9%	35%	15%	15%	17%	16%	11%
-- Fee Income	0.7	0.9	3.6	1.0	0.8	1.0	0.8	3.1	0.9	0.8	0.8	0.7
-- Treasury Income	1.7	1.0	3.5	1.3	0.7	0.9	0.5	2.1	0.5	0.4	0.7	0.5
-- Other	0.1	0.1	0.3	0.0	0.1	0.1	0.0	0.4	(0.1)	0.2	0.2	0.1
Non-Interest Income	2.4	1.9	7.4	2.4	1.6	2.0	1.4	5.6	1.3	1.3	1.7	1.2
NFI Growth YoY	20%	41%	32%	76%	22%	19%	12%	-8%	5%	-9%	-22%	-6%
Total Revenue	11.0	7.8	29.5	8.3	7.0	7.1	7.1	24.2	6.1	6.2	6.4	5.5
Non-II / Total Revenue	22%	25%	25%	29%	23%	28%	19%	23%	22%	22%	26%	23%
Total Revenue Growth YoY	54%	10%	22%	35%	13%	12%	30%	9%	13%	10%	3%	7%
Admin	5.2	4.8	18.2	5.1	4.4	4.5	4.3	16.4	4.4	4.1	3.9	3.8
Operating Expenses	5.2	4.8	18.4	5.1	4.5	4.5	4.3	15.9	4.5	3.6	3.9	3.9
OPEX Growth YoY	15%	12%	16%	12%	26%	15%	12%	5%	23%	-10%	0%	8%
Cost-To-Income Ratio	47%	62%	62%	61%	64%	63%	61%	66%	74%	57%	61%	71%
PPOP	5.8	3.0	11.2	3.2	2.5	2.6	2.8	8.3	1.6	2.7	2.5	1.6
PPOP Growth YoY	120.3%	6.6%	33.8%	99.4%	-5.1%	6.9%	73.8%	16.5%	-8.9%	56.5%	8.1%	4.4%
Provisioning Charge	0.7	(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	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	5.1	3.0	10.4	3.2	2.0	2.0	3.1	6.9	0.7	1.8	2.3	2.1
Taxation	2.0	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%	39%	32%	17%	38%	37%	42%	36%	-19%	39%	50%	35%
Profit After Tax	3.10	1.86	7.0	2.64	1.26	1.29	1.83	4.4	0.8	1.1	1.1	1.4
PAT Growth YoY	139%	2%	58%	227%	14%	13%	33%	-16%	-23%	-7%	-36%	12%
EPS	2.46	1.47	5.57	2.09	1.00	1.03	1.45	3.52	0.64	0.87	0.91	1.10
DPS	-	-	1.50	1.50	-	-	-	1.00	1.00	-	-	-
BVPS	39.26	36.80	33.53	33.53	30.04	27.33	27.33	26.59	26.59	27.10	26.72	26.15
Interest Earned growth	30%	52%	64%	65%	73%	60%	56%	20%	36%	27%	11%	5%
Interest Expense growth	13%	85%	98%	91%	117%	105%	74%	25%	54%	36%	7%	1%

No. of shares: 1260.3mn

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