

Flash Note

Wednesday, July 19, 2023



Commercial Banks

United Bank Limited (UBL)

Earnings: United Bank Limited (UBL) announced its financial result for the second quarter of the year 2023. As per the financial result, the Bank reported earnings of PKR 12.4bn (PKR 10.14/share) during 2QCY23 compared to PKR 2.3bn (PKR 1.91/share) last year, a decrease of 11%q/q and an increase of +5.3x%/y/y. This brings total profitability for 1HCY23 to PKR 26.3bn (PKR 21.5/share), up by +22%/y/y.

Dividend/Payout: The Company announced a cash dividend of PKR 11/share along with the result this quarter compared to PKR 4/share last year's same period. This brings total dividend for the 1HCY23 to PKR 22/share compared to PKR 9/share in the similar period last year.

Operating Performance: During the 2QCY23 period under review, the Bank reported net-interest income of PKR 36bn (up by +51%/y/y) and non-interest income of PKR 3bn (down by 57%/y/y). As a result, the total revenue of the bank stood at PKR 39bn (up by +24%/y/y). Moreover, UBL recorded operating expenses of PKR 16bn (up by +25%/y/y), which deteriorated the bank's cost/income ratio to 41% (last year: 40%). The bank booked a provision reversal of PKR 3.1bn during 2QCY23 compared to a provision charge of PKR 0.4bn in the same period last year. The tax charge for this quarter came at PKR 14bn (effective tax rate of 53% compared to 87% in 2QCY22).

Exhibit: Financial Highlights United Bank Limited (UBL)								
Latest result published for 2Q'/23								
Period (PKRbn)	2Q'/23	1Q'/23	2022	4Q'/22	3Q'/22	2Q'/22	1Q'/22	2021
Net Interest Income	36	33	103	30	28	24	21	72
Fee Income	4	4	16	4	4	4	4	13
Treasury Income	(1)	4	11	1	3	4	3	10
Non-Interest Income	3	9	34	12	7	8	7	23
Total Revenue	39	42	138	43	35	32	28	95
Op. Exp.	(16)	(15)	(54)	(15)	(14)	(13)	(12)	(44)
Provision charge	3.1	(2.6)	(16)	(10)	(5)	(0.4)	(0.3)	1
Profit Before Tax	26	24	68	18	16	18	16	52
Tax	(14)	(10)	(36)	(4)	(10)	(16)	(6)	(9)
Profit After tax	12.42	13.90	32.06	13.30	6.90	2.33	9.53	42.76
EPS	10.14	11.36	26.19	10.87	5.63	1.91	7.78	34.93
DPS	11.00	11.00	22.00	9.00	4.00	4.00	5.00	18.00

Source: Company accounts, IGI Research. No. of shares: 1224.2mn

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