

# United Bank Limited

## Result review: UBL continues PKR 11 dividend, hits profit peak

### UBL kicks off CY24 with an exceptional start

UBL announced earnings (PAT) today for 1QCY24 at PKR 16bn (EPS: PKR 13.05), depicting an increase of 12% YoY | 19% QoQ (4QCY23 EPS: PKR 11.0). The bank's earnings reached a peak this quarter, fueled by a substantial QoQ rise in non-interest income, despite a decrease in interest income during the same period. Along with the result, UBL announced a cash dividend of PKR 11/share.

### Result Highlights

- In the outgoing quarter of CY24, the bank reported its Net Interest Income at PKR 28.1bn, marking a decrease of 20% compared to the same period last year and a 24% reduction from the previous quarter. The bank experienced a significant increase in interest earned, which jumped by 163% YoY and 29% QoQ. Simultaneously, the bank faced a substantial rise in interest expenses, which escalated by 273% YoY and 42% compared to the last quarter.
- During the outgoing quarter, a significant factor in the overall profitability of the bank was the substantial increase in Non-Funded Income, primarily driven by gains on securities. These gains were recorded at PKR 12.9bn, a significant turnaround from a loss of PKR 637mn in the same period last year and a substantial increase from PKR 1.2bn in the previous quarter. Additionally, Fee income also saw an uptick, rising by 24% YoY and 16% QoQ. On the contrary, FX income experienced a downturn, declining by 39% YoY and 19% QoQ.
- The bank also continued its trend of posting provisioning reversals, which stood at PKR 1.7bn for 1QCY24, slightly higher than the PKR 1.6bn recorded in the previous quarter, and a reversal from the charge of PKR 2.7bn recorded in the same period last year.
- Another factor contributing to the bank's earnings this quarter was the stability in OPEX, which remained steady at PKR 20bn, the same as the last quarter. However, on a YoY basis, OPEX was up by 22%. With this, the Cost/Income ratio stood at 40.2% for 1QCY24, up from 36.7% in the same period last year.
- The effective tax rate for the bank was set at 48.2% during 1QCY24, showing a decrease from 52.8% in the previous quarter.

### Exhibit: Financial Highlights (Consolidated)

(PKR mn)	1QCY24a	1QCY23a	YoY	QoQ
Interest Earned	243,024	92,568	163%	29%
Interest Expense	214,922	57,621	273%	42%
NII	28,101	34,947	-20%	-24%
NFI	21,276	9,255	130%	96%
Total Income	49,377	44,203	12%	3%
OPEX	19,867	16,222	22%	0%
Provisions	(1,718)	2,715	nm	8%
PBT	31,180	25,108	24%	6%
Taxation	15,041	10,637	41%	-3%
PAT	15,977	14,227	12%	19%
EPS (PKR)	13.05	11.62		
DPS (PKR)	11	11		

Source (s): Company Financials, AHL Research

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