

# Flash Note

Monday, 27 August 2018



## Commercial Banks

### Bank Al-Falah Limited (BAFL)

#### Profitability up +33%YoY to PKR 2.78bn or EPS PKR 1.57, 10%bonus, PKR 1.0/share dividend

- On unconsolidated basis, Bank Al-falah Limited (BAFL) reported earnings of PKR 2.78 or PKR 1.57/share (adjusted for 10%bonus shares) for the 2QCY18, compared to PKR 2.09 or PKR 1.18/share last year same quarter, posting a growth of +33%YoY. However, on a quarterly basis, earnings are down by 15%.
- Along with the result, the bank also announced a cash dividend of PKR 1.0/share for the 2QCY18 and 10%bonus shares. Moreover, the bank's management has authorized further issue of capital by a way of right for its subsidiary Alfalah Securities Limited (private) 'AFS' in respect of new inventors.
- Total revenue for the quarter recorded 2%YoY growth led by +3%YoY growth in net interest income, with non-interest income down by 1% on account of lower capital gain. On provisioning, the bank booked reversal of PKR 0.3bn for the second consecutive quarter under non-performing loans.

Exhibit:

#### BAFL Result Highlights

PKRmn (Period end=Dec)	2QCY18	2QCY17	YoY	1HCY18	1HCY17	YoY	1QCY18	QoQ
Interest Earned	13,823	14,187	-3%	28,092	28,049	0%	14,269	-3%
Interest Expensed	6,021	6,629	-9%	12,736	13,229	-4%	6,715	-10%
<b>Net Interest Income</b>	<b>7,802</b>	<b>7,558</b>	<b>3%</b>	<b>15,356</b>	<b>14,820</b>	<b>4%</b>	<b>7,554</b>	<b>3%</b>
Fee Income	1,637	1,593	3%	3,153	2,810	12%	1,516	8%
Capital Gain & Div. Income	616	851	-28%	1,455	1,665	-13%	838	-26%
<b>Non-Interest Income</b>	<b>2,900</b>	<b>2,930</b>	<b>-1%</b>	<b>5,765</b>	<b>5,483</b>	<b>5%</b>	<b>2,865</b>	<b>1%</b>
Total Revenue	10,702	10,488	2%	21,121	20,303	4%	10,419	3%
Operating Expenses	6,060	6,362	-5%	11,691	11,969	-2%	5,631	8%
Pre-Provisioning Profits	4,641	4,126	12%	9,429	8,334	13%	4,788	-3%
Provision (Rev.) / Charge	(291)	(54)	4.42x	(578)	(136)	3.24x	(287)	1%
Extraordinary Item	-	-	n.m.	-	-	n.m.	-	n.m.
Taxation	2,157	2,087	3%	3,969	3,589	11%	1,811	19%
<b>Profit After Tax</b>	<b>2,775</b>	<b>2,093</b>	<b>33%</b>	<b>6,039</b>	<b>4,881</b>	<b>24%</b>	<b>3,264</b>	<b>-15%</b>
EPS (PKR)	1.57	1.18		3.42	2.76		1.85	
DPS (PKR)	1.00	-		1.00	-		-	
BVPS (PKR) Est.	39.3	36.1		39.3	36.1		37.7	
<b>Key Ratio</b>								
Cost-To-Income Ratio	57%	61%		55%	59%			
Effective Tax Rate	44%	50%		40%	42%			
Non-II / Total Income	27%	28%		27%	27%			

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1768.33

#### Analyst

Saad Khan

[saad.khan@igi.com.pk](mailto:saad.khan@igi.com.pk)

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

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## 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
Suleman Ashraf	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 957	suleman.ashraf@igi.com.pk
Muhammad Saad	Research Analyst	Tel: (+92-21) 111-234-234 Ext: 816	muhammad.saad@igi.com.pk
Umesh Solanki	Database Manager	Tel: (+92-21) 111-234-234 Ext: 974	umesh.solanki@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) 35777863-70	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
Zeeshan Kayani	Branch Manager (Abbottabad)	Tel: (+92-992) 408243-44	zeeshan.kayani@igi.com.pk
Ihsan Mohammad	Branch Manager (Peshawar)	Tel: (92-91) 5253035	ihsan.mohammad@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

### Lahore Office

5-F.C.C. Ground Floor,  
Syed Maratib Ali Road, Gulberg II  
Tel: (+92-42) 35777863-70, 35876075-76  
Fax: (+92-42) 35763542

### 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

### 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

### Faisalabad Office

Room #: 515-516, 5th Floor, State Life  
Building, 2- Liaqat Road  
Tel: (+92-41) 2540843-45  
Fax: (+92-41) 2540815

### Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,  
Model Town, Town Hall Road  
Tel: (+92-68) 5871653-6, 5871652  
Fax: (+92-68) 5871651

### Multan Office

Mezzanine Floor, Abdali Tower,  
Abdali Road  
Tel: (92-992) 408243 - 44

### Abbottabad Office

Ground Floor, Al Fatah Shopping Center,  
Opp. Radio Station, Mansehra Road  
Tel: (+92-99) 2408243 - 44

### Stock Exchange Office

Room # 719, 7th Floor, PSX Building,  
Stock Exchange Road, Karachi.  
Tel: (+92-21) 32429613-4, 32462651-2  
Fax: (+92-21) 32429607

### Peshawar Office

2nd Floor, The Mall Tower,  
35 The Mall Peshawar Cantt.  
Tel: (92-91) 5253035, 5278448

### Sialkot Office

Suite No. 10 & 11, 1st Floor, Soni Square,  
Mubarik Pura  
Tel: (+92-52) 3258437, 3258762