

# Flash Note

Friday, 20 April 2018



## Commercial Banks

### BAFL: 2018 starts of on impressive earning of PKR 2.0/share; up by +17%YoY

- Bank Al-falah Limited (BAFL) reported unconsolidated earnings of PKR 2.0/share or PKR 3.3bn for the 1QCY18, compared to PKR 1.7/share or PKR 2.8bn last year showing a growth of +17%YoY. On a quarterly basis, earnings are up 2.7x.
- On a yearly basis, bank's total revenue increased by +6%, led by +4% growth in interest income and an impressive +12% growth in non-interest income.
- Moreover, bank's opex showed a meagre increase of PKR 24mn YoY (cost-income ratio dropped a by a good 300bpsYoY to 54%, which helped the bank lift its pre-provisioning profits by +14%.
- For the quarter the bank booked in a provisioning reversal of PKR 200mn against loan book.
- The bank also notified to convene an Extra Ordinary General Meeting (EOGM) of the shareholders on 27<sup>th</sup> May 2018 for the purposes of election of directors.

Exhibit:

#### BAFL Result Highlights

PKRmn (Period end=Dec)	1QCY18	1QCY17	YoY	4QCY17	QoQ
Interest Earned	14,269	13,862	3%	14,837	-4%
Interest Expensed	6,715	6,600	2%	7,241	-7%
<b>Net Interest Income</b>	<b>7,554</b>	<b>7,262</b>	<b>4%</b>	<b>7,596</b>	<b>-1%</b>
Fee Income	1,516	1,216	25%	1,945	-22%
Capital Gain & Div. Income	838	814	3%	(323)	n.m
<b>Non-Interest Income</b>	<b>2,865</b>	<b>2,553</b>	<b>12%</b>	<b>1,927</b>	<b>49%</b>
Total Revenue	10,419	9,815	6%	9,524	9%
Operating Expenses	5,631	5,607	0%	7,340	-23%
Pre-Provisioning Profits	4,788	4,208	14%	2,184	2.19x
Provision (Rev.) / Charge	(287)	(82)	3.48x	276	n.m
Pre-Tax Profits	5,075	4,290	18%	1,908	2.66x
Taxation	1,811	1,502	21%	716	2.53x
<b>Profit After Tax</b>	<b>3,264</b>	<b>2,788</b>	<b>17%</b>	<b>1,192</b>	<b>2.73x</b>
EPS (PKR)	2.03	1.73		0.74	
DPS (PKR)	-	-		1.50	
BVPS (PKR) Est.	41.4	38.7		40.9	

#### KEY RATIOS

Cost-To-Income Ratio	54%	57%	77%
Effective Tax Rate	36%	35%	38%
Non-II / Total Income	27%	26%	20%

SOURCE: IGI Research, Company accounts, PSX

No. of shares (mn): 1607.6

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