

Flash Note

Friday, 14 February 2020

Commercial Banks

Bank Al-falah Limited (BAFL)

Pre-provision profits in 4q up +82%y/y; Full year EPS stands at 7.14/share (+20%y/y) Cash dividend of PKR 2.0/share (total payout 4.0/share)

- ✓ On an unconsolidated basis, bank posted earnings of PKR 12.7bn or PKR 7.14/share up by +19.5% y/y for 2019. On a quarterly basis, earnings up by +73% y/y to PKR 3.5bn or PKR 2.3/share.
- ✓ The bank announced a final cash dividend of PKR 2.0/share in addition to PKR 2.0/share interim dividend taking total payout to PKR 4.00/share.
- ✓ Bank's total revenue increased by a +22% y/y to PKR 55.3bn (+22% y/y in 4q) led by a +42% y/y growth in net interest income and a 1.9% y/y increase in non-funded income. Interest earned increased by a +56% y/y (+59% y/y in 4q) compared to interest expense up by +72% y/y, (80% y/y in 4q). Break-up wise of NFI shows fee income up by +12% y/y (+11%/y/y in 4q) and FX income up by +30% y/y (+14% y/y in 4q), while dividend income and capital gain were a drag on overall NFI growth. Admin expenses recorded a +21% y/y growth (+20%/y/y in 4q), taking overall opex to PKR 24.4bn and C/I coming-off to stand at ~54% in 2019 (53% in 4q) compared to ~58% in 2018. On pre-provisioning profits basis, bank reported a growth of +46% y/y (+82% in 4q). Cumulative provision charge for the year stood at PKR 3.0bn (PKR 1.0bn in 4q 2019) compared to PKR 06bn last year.

Exhibit: Bank Al-Falah Limited (BAFL) Financial highlights										
Period end (Dec) - PKRbn	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Earned	92.5	26.0	24.8	20.9	20.8	59.3	16.4	14.8	13.8	14.3
Interest Expense	47.6	14.5	13.1	10.4	9.6	27.7	8.1	6.9	6.0	6.7
Interest Income	44.9	11.5	11.7	10.5	11.2	31.6	8.3	7.9	7.8	7.6
NII Growth YoY	42.0%	38.3%	47.9%	34.5%	47.8%	9.0%	9.9%	14.9%	3.2%	4.0%
Fee Income	7.0	1.8	1.7	1.8	1.7	6.3	1.6	1.5	1.6	1.5
Other NFI	3.4	1.5	0.4	0.9	0.6	3.9	0.4	0.9	1.3	1.3
Non-Interest Income	10.4	3.3	2.1	2.7	2.3	10.2	2.0	2.4	2.9	2.9
NFI Growth YoY	1.9%	61.2%	-11.9%	-6.6%	-20.1%	12.4%	5.9%	-3.6%	-1.0%	12.2%
Total Revenue	55.3	14.8	13.8	13.2	13.4	41.8	10.4	10.3	10.7	10.4
Non-II / Total Revenue	18.8%	22.2%	15.3%	20.5%	17.0%	24.4%	19.6%	23.3%	27.1%	27.5%
Total Revenue Growth YoY	32.2%	42.8%	33.9%	23.3%	29.1%	9.8%	9.1%	10.0%	2.0%	6.2%
Admin	29.1	7.6	7.5	7.2	6.9	24.0	6.3	6.0	5.7	6.0
Operating Expenses	29.8	7.9	7.7	7.4	6.9	24.4	6.6	6.1	6.1	5.6
OPEX Growth YoY	22.5%	20.2%	26.1%	21.8%	22.0%	-2.4%	-10.0%	-0.1%	-4.7%	0.4%
Cost-To-Income Ratio	54%	53%	56%	56%	51%	58%	64%	59%	57%	54%
PPOP	25.4	6.9	6.1	5.8	6.6	17.4	3.8	4.2	4.6	4.8
PPOP Growth YoY	45.8%	82.2%	45.3%	25.3%	37.4%	33.1%	73.4%	28.8%	12.5%	13.8%
Provisioning Charge	3.0	1.0	1.0	0.5	0.4	0.6	1.2	(0.0)	(0.3)	(0.3)
EO/one-offs	-	-	-	-	-	(0.5)	-	-	-	-
Pre-Tax Profits	22.4	5.9	5.1	5.3	6.1	16.8	2.6	4.3	4.9	5.1
Taxation	9.7	2.4	2.0	2.2	3.0	6.7	1.1	1.7	2.2	1.8
Effective Tax Rate	43.3%	41.3%	40.3%	41.6%	49.1%	39.7%	41.0%	39.1%	43.7%	35.7%
Profit After Tax	12.7	3.5	3.0	3.1	3.1	10.6	2.0	2.6	2.8	3.3
PAT Growth YoY	19.5%	72.9%	17.1%	11.2%	-4.3%	27.0%	67.5%	12.9%	32.6%	17.1%
EPS	7.14	2.32	1.71	1.74	1.76	5.98	1.12	1.46	1.56	1.84
DPS	4.00	2.00	-	2.00	-	2.50	1.50	-	1.00	-
BVPS*	48.84	48.84	46.52	46.25	43.30	42.57	42.57	39.16	38.69	37.50
Interest Earned	92.5	26.0	24.8	20.9	20.8	59.3	16.4	14.8	13.8	14.3
Interest Expense	47.6	14.5	13.1	10.4	9.6	27.7	8.1	6.9	6.0	6.7
Interest Earned growth	56%	59%	67%	51%	45%	6%	11%	6%	-3%	3%
Interest Expense growth	72%	80%	90%	72%	43%	2%	11%	-3%	-9%	2%

No. of shares: 1777.2mn

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