

Flash Note

Wednesday, 21 October 2020

Commercial Banks

Bank Al-Falah Limited (BAFL)

Qtrly EPS declined by 9%/y to PKR 1.5/share; Cash dividend PKR 2.0/share

- On an unconsolidated basis, Bank Alfalah Limited (BAFL) posted earnings of PKR 2.7bn or PKR 1.5/share down by 9% y/y for 3q 2020. On a quarterly basis profitability is down by a mere 1%q/q. This takes 9m'20 cumulative earnings to PKR 8.3bn or PKR 4.6/share down by 10%y/y.
- Bank announced PKR 2.0/share cash dividend.
- For the Sep-20 ending quarter, bank's total revenue increased by a +3% y/y to PKR ~14.2bn led by +49% y/y growth in non-interest income. Fee income increased to PKR 1.8bn up by +5% and treasury income increased 3x to PKR 1.3bn helped by healthy capital gains to the tune of PKR 0.5bn. However, interest income dropped by 5% to PKR 11.1bn. Nevertheless, bank's admin expenses increased by +5%y/y to PKR 7.8bn, which brings bank's C/I to ~56% (56% in 3q 2019). Bank's pre-provisioning profit increased slightly to PKR 6.2bn compared to PKR 6.1bn last year (up by +2%y/y). On a 9m basis total PPOP is up by +11%. Net provisioning charge reduced by PKR 1.5bn from last qtr to PKR 3.3bn.

Exhibit: Bank Al-Falah Limited (BAFL) Financial highlights													
Period end (Dec) - PKRbn	3q/20	2q/20	1q/20	2019	4q/19	3q/19	2q/19	1q/19	2018	4q/18	3q/18	2q/18	1q/18
Interest Income	11.1	11.6	11.8	44.9	11.5	11.7	10.5	11.2	31.9	8.7	7.9	7.8	7.6
NII Growth YoY	-5%	10%	6%	41%	33%	48%	34%	48%	10%	14%	15%	3%	4%
Fee Income	1.8	1.3	1.7	7.0	1.8	1.7	1.8	1.7	6.5	1.8	1.5	1.6	1.5
Treasury Income	1.3	2.8	1.0	3.2	1.5	0.3	0.8	0.5	3.7	0.6	0.8	1.1	1.3
-- Capital Gain	0.5	1.8	(0.1)	0.0	0.5	(0.4)	(0.1)	(0.0)	1.0	(0.4)	0.2	0.4	0.8
-- Fx Income	0.8	1.0	1.1	2.8	0.9	0.7	0.8	0.5	2.2	0.8	0.5	0.5	0.4
-- Dividend Income	0.1	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.6	0.2	0.1	0.2	0.1
Non-Interest Income	3.1	4.2	2.7	10.4	3.3	2.1	2.7	2.3	10.4	2.3	2.4	2.9	2.9
NFI Growth YoY	49%	54%	18%	0%	45%	-12%	-7%	-20%	15%	18%	-4%	-1%	12%
Total Revenue	14.2	15.8	14.5	55.3	14.8	13.8	13.2	13.4	42.4	10.4	10.3	10.7	10.4
Total Revenue Growth YoY	3%	19%	8%	30%	43%	34%	23%	29%	11%	9%	10%	2%	6%
Admin	(7.8)	(7.5)	(8.1)	(29.1)	(7.6)	(7.5)	(7.2)	(6.9)	(24.3)	(6.7)	(6.0)	(5.7)	(6.0)
Operating Expenses	(8.0)	(7.7)	(8.2)	(29.8)	(7.9)	(7.7)	(7.4)	(6.9)	(24.7)	(6.9)	(6.1)	(6.1)	(5.6)
OPEX Growth YoY	5%	4%	19%	21%	14%	26%	22%	22%	-1%	-5%	0%	-5%	0%
Cost-To-Income Ratio	-56%	-49%	-57%	-54%	-53%	-56%	-56%	-51%	-58%	-67%	-59%	-57%	-54%
PPOP	6.2	8.1	6.3	25.4	6.9	6.1	5.8	6.6	17.6	4.0	4.2	4.6	4.8
PPOP Growth YoY	1.9%	39.3%	-4.5%	44.0%	72.3%	45.3%	25.3%	37.4%	34.8%	83.5%	28.8%	12.5%	13.8%
Provisioning Charge	(1.5)	(3.3)	(1.5)	(3.0)	(1.0)	(1.0)	(0.5)	(0.4)	(0.0)	(0.6)	0.0	0.3	0.3
EO/one-offs	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-Tax Profits	4.7	4.8	4.8	22.4	5.9	5.1	5.3	6.1	17.6	3.4	4.3	4.9	5.1
Taxation	(2.0)	(2.1)	(1.9)	(9.7)	(2.4)	(2.0)	(2.2)	(3.0)	(7.0)	(1.4)	(1.7)	(2.2)	(1.8)
Effective Tax Rate	-42%	-43%	-41%	-43%	-41%	-40%	-42%	-49%	-40%	-41%	-39%	-44%	-36%
Profit After Tax	2.7	2.8	2.8	12.7	3.5	3.0	3.1	3.1	10.6	2.0	2.6	2.8	3.3
PAT Growth YoY	-9%	-10%	-10%	19%	73%	17%	11%	-4%	27%	67%	13%	33%	17%
EPS	1.5	1.5	1.6	7.08	1.9	1.7	1.7	1.7	5.92	1.1	1.4	1.5	1.8
DPS	2.0	-	-	4.00	2.0	-	2.0	-	2.50	1.5	-	1.0	-
Interest Earned growth	-12%	15%	25%	55%	55%	67%	51%	45%	6%	13%	6%	-3%	3%
Interest Expense growth	-19%	20%	47%	72%	79%	90%	72%	43%	2%	12%	-3%	-9%	2%

Source: PSX, IGI Research

No. of shares: 1785.6mn

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