

BAFL posts 45%YoY growth in 1QCY22 earnings – Better than expectations

- BAFL announced a PAT of PKR5,019mn (EPS PKR2.82) for 1QCY22 compared to PKR3,471mn (EPS PKR1.95) of the same quarter last year, registering a mammoth growth of 45%.
- Sequentially also the earnings reported a growth of 34%QoQ.
- BAFL's earnings came above our expectations on the back of higher than expected total revenue, and lower than expected effective tax rate.
- NII of the bank marked improvement of 38%YoY/18%QoQ over-shooting our estimates, which we attribute to larger than expected balance sheet expansion and higher than expected investment yields.
- Non-interest income also marked a growth that was above our expectations led by above expected fee and commission income, and FX income, which reported growth of 33%YoY/11%QoQ and 117%YoY/7%QoQ, respectively.
- Operating expenses increased by 22%YoY/10%QoQ, while the cost/income ratio improved to 55% compared to 60% a year ago and 57% of the previous quarter.
- Provisions booked also came slightly lower than expected amounting to PKR387mn compared to PKR216mn of 1QCY21 and PKR893mn of the previous quarter.
- Effective tax rate also came down to 36% compared to 40% of the previous quarter. However, effective tax rate for 1QCY21 was also low at 35%.

BAFL Financial Highlights

PKRmn	1QCY22	1QCY21	YoY	4QCY21	QoQ
Interest Earned	35,942	21,388	68%	28,518	26%
Interest Expensed	21,653	11,061	96%	16,363	32%
Net Interest Income	14,289	10,327	38%	12,155	18%
Fee, Commission etc.	2,474	1,861	33%	2,233	11%
Dividend Income	225	133	69%	184	22%
FX Income	1,431	658	117%	1,332	7%
Capital Gains/(Losses)	12	1,095	-99%	939	-99%
Others	241	87	177%	198	22%
Non-Interest Income	4,382	3,833	14%	4,885	-10%
Total Income	18,671	14,160	32%	17,040	10%
Operating Expenses	10,282	8,458	22%	9,724	6%
Other Items	162	116	39%	147	10%
Provisions	387	216	79%	893	-57%
Profit Before Tax	7,839	5,370	46%	6,277	25%
Tax	2,821	1,899	49%	2,542	11%
PAT	5,019	3,471	45%	3,735	34%
EPS	2.82	1.95		2.10	
DPS	-	-		2.00	

Source: Company Accounts, NEXT Capital Research

Annexure

Disclaimer

Analyst Certification: All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Disclaimer

This information and opinion contained in this report have been compiled by our research department from sources believed by it to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates contained in the document constitute the department's judgment as of the date of this document and are subject to change without notice and are provided in good faith but without legal responsibility.

This report is not, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities. Next Capital Limited (the company) or persons connected with it may from time to time have an investment banking or other relationship, including but not limited to, the participation or investment in commercial banking transactions (including loans) with some or all of the issuers mentioned therein, either for their own account or the account of their customers. Persons connected with the company may provide or have provided corporate finance and other services to the issuer of the securities mentioned herein, including the issuance of options on securities mentioned herein or any related investment and may make a purchase and/or sale, or offer to make a purchase and/or sale of the securities or any related investment from time to time in the open market or otherwise, in each case either as principal or agent.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. NCEL expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Exchange rate fluctuations may affect the return to investors. Neither the company or any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained therein.

Next Capital Limited, its respective affiliate companies, associates, directors and/or employees may have investments in securities or derivatives of securities of companies mentioned in this report, and may make investment decisions that are inconsistent with the views expressed in this report.