

## BAFL expected to post 1HCY19 EPS of Rs4.03

BAFL is scheduled to announce its 1HCY19 result on Monday. We expect BAFL to post 1HCY19 profit after tax of Rs7.14bn (EPS: Rs4.03) as compared to profit after tax of Rs6.03bn (EPS: Rs3.40) in SPLY. We expect net interest income to grow by 52% YoY in 1HCY19 on the back of increase in asset base and higher interest rate. Non interest income is likely to post the decline of 16% due to absence of higher capital gain. We estimate provisions of around Rs1.4bn both on advances and equity portfolio in 1HCY19. In 2QCY19 we expect BAFL to post profit after tax of Rs4.02bn (EPS: Rs2.27) as compared to profit of Rs2.7bn (EPS: Rs1.56bn) in 2QCY18. We also expect the BAFL to announce DPS of Rs1.5 along with result.

Income Statement (Rs in Mn)	2QCY19E	2QCY18A	YoY	1HCY19E	1HCY18A	YoY
Interest Income	24,443	13,823	76.8%	45,200	28,092	60.9%
Interest Expense	-12,323	-6,021	104.7%	-21,919	-12,736	72.1%
<b>NII</b>	<b>12,120</b>	<b>7,802</b>	<b>55.3%</b>	<b>23,282</b>	<b>15,356</b>	<b>51.6%</b>
Non Interest Income	2,562	2,900	-11.6%	4,850	5,765	-15.9%
Operating Expense	-7,108	-6,060	17.3%	-13,977	-11,691	19.6%
Provisions	-983	291	N/M	-1,429	578	N/M
<b>PBT</b>	<b>6,592</b>	<b>4,932</b>	<b>33.6%</b>	<b>12,726</b>	<b>10,008</b>	<b>27.2%</b>
Taxation	-2,571	-2,157	19.2%	-5,582	-3,969	40.7%
<b>PAT</b>	<b>4,021</b>	<b>2,775</b>	<b>44.9%</b>	<b>7,143</b>	<b>6,039</b>	<b>18.3%</b>
<b>EPS</b>	<b>2.27</b>	<b>1.56</b>		<b>4.03</b>	<b>3.40</b>	
<b>DPS</b>	<b>1.50</b>	<b>1.00</b>		<b>1.50</b>	<b>1.00</b>	

Source: Co. Financials, Darson Research

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If;

- **Expected return >15%** - Buy Call
- **Expected Return is in between 0% to 15%** - Neutral/Hold Call
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### Valuation Methodology

To arrive at our period end target prices, DSL uses different valuation methodologies including:

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: [www.JamaPunji.pk](http://www.JamaPunji.pk)

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