



BAFL – Awesome results 1HCY15

Mark-up growth ~ 24%; EPS growth 42%

BAFL top line has been sanguine in 1HCY15 i.e. Rs31.25bn as against Rs 25bn reported in the same period last year. Bank reported EPS of Rs2.3/sh as against Rs1.9/sh in the corresponding period last year.

~ Asset growth is one of the reasons behind growth story wherein advances increased upto Rs340bn from Rs324bn reported in CY14. More importantly, investments continued to remain higher especially exposure in government bonds viz. PIBs.

~ BAFL branch led growth is one of the prime reasons behind sound footing of the bank (conventional branches 480). BAFL deposits remained impressive i.e. Rs604.7 up to 1HCY15.

Room for growth is immense...

~BAFL *advances to deposit* ratio ADR is currently standing at 56% and thus provide room to build up asset base. We believe that beneath any event of drop in interest rates in State Bank's routine statement, BAFL could increase loan book by further taking exposure in the private sector.

~The *cash to deposit* ratio of 8.6% (CY14: 8.8%) strengthen our belief that BAFL would make concerted assets to build asset book. Current macro economic situation of the country in the wake of China-Pakistan Economic Corridor (CPEC) is also exciting & thus provide opportunity to take exposure in various sectors.

Expected price to book is 0.87x;

~ The expected book value remains Rs31/sh wherein BAFL yields expected price to book of 0.87 which is indeed lowest.

~ Also expected dividend yield comes out to 11% at the premise of Rs3/sh final dividend in CY15.

Valuations compelling

Price Rs 27.65
Chg Re 0.53+

CY14 EPS Rs 3.55
CY15E EPS Rs 4.6 – 4.75

CY14 PE 7.5x
CY15E PE 5.5x

CY14 PBV 0.92x
CY15E PBV 0.87

CY14 DPS Rs 2
CY15E DPS Rs 3
CY14 Div.yield 7.5%
CY15E Div.yield 11%

BAFL relative index ~ looks good



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