



Banks | Previews | 1HCY24



Date: 24th Jul'24

REP # 048



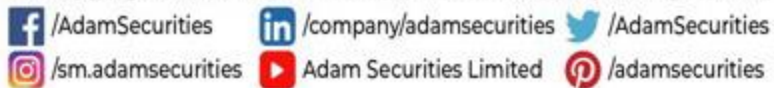
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- ASL Banking Universe profitability to robustly surge on average of c.4.9% during 2QCY24. We believe the earnings to rise mainly on the lower than anticipated ME during Jun'24. Further, we also believe the QoQ rise in profitability will likely be the resultant effect of higher capital gains mainly from KSE100 and KMI30 indices, marking remarkable returns of c.89% and c.73% during FY24. Further on the Fixed Income instruments side, we believe the easing off PKRV yields within the range of c.11bps-c.19bps during 4QFY24, along with the lowering interest rates to 20.5%, may likely benefit the Banking system to mark capital gains. We also believe the banks to mark higher NIMs during Jun'24 on YoY mainly on the higher IDR ratio which was noticed at c.97% during 2QCY24. Though, the deposits base remained strong during Jun'24, surging by c.22%YoY to Rs.31.12trn, earning assets to generate higher income of c.185%YoY during 1HCY24.
- Additionally, we also believe the higher Dividend income from subsidiary and associate companies may also provide boost to the non-interest income of the system during 1HCY24. During 1HCY24, we believe earnings to rise on average by c.25.4%YoY, mainly on the remarkable rise in average before tax profitability of the system, rising by c.19.5%YoY. On the NPLS, front, we believe the segment to remain concerning, on account of reduced purchasing power and lower running finance. We believe the NPLs and Provisions to remains sticky, probably staying at Mar'24 levels.
- On the dividend yielding scenario, the Universe yields an average of c.6.3% during 1HCY24, where MCB, UBL and MEBL are amongst our picky stocks in the banking system.

Scrips	EPS					DPS				
	2QCY24F	YoY	QoQ	1HCY24F	YoY	2QCY24F	YoY	QoQ	1HCY24F	YoY
BAFL	7.0	40.9%	12.0%	13.3	12.8%	1.4	-53.1%	-29.6%	3.4	13.6%
BAHL	9.1	33.8%	0.9%	18.1	11.2%	3.2	-29.3%	-9.1%	6.7	48.4%
BIPL	2.9	-3.7%	-1.2%	5.8	25.5%	0.0	NA	NA	0.0	NA
HBL	10.8	22.1%	4.2%	21.2	18.7%	4.3	116.3%	8.1%	8.3	137.9%
MCB	15.0	30.4%	7.4%	29.0	28.7%	13.5	92.9%	50.0%	22.5	73.1%
MEBL	14.7	52.9%	3.3%	28.8	58.5%	10.3	156.4%	46.5%	17.3	146.5%
UBL	13.7	34.9%	7.4%	26.4	22.9%	15.0	36.8%	36.8%	26.0	18.4%

Source: Financials, ASL Research

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1) Discounted Cash flow method 2) SOTP method 3) Justified Price to Book Value method and 4) FCFE or FCFF method.

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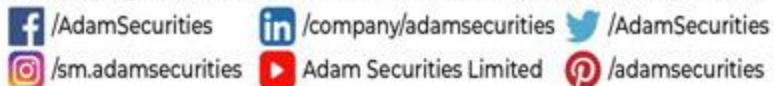
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