

Pakistan Equity | Banks | Sector Research

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Pakistan Listed Banks profitability 2022

Pre-tax profits up 42%(+13% in US\$) ; After tax profits up 15% YoY (-8% in US\$)



Best Local Brokerage
House 2015-16, FY2020

ASIAMONEY

Best Local Brokerage House
Brokers Poll 2011-14, 2016-22



Best Brokerage
House 2018,19-20



Best Research
House 2019-20



Best Brokerage
House 2019-21

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NII up 40%; provisions up 3 times; taxation up 81%

- Pakistan listed banks profitability (PAT) increased by 15% YoY to Rs307bn in 2022. Despite record high interest rates, slowdown in profit growth is primarily due to higher provisions and taxations. Pre-tax profitability (PBT) was up 42% YoY in 2022 while Pre-tax profits before provisioning was up 50% YoY.
- In US\$ terms listed banks PAT fall 8% YoY to US\$1.5bn while PBT up 13% YoY to US\$3.1bn.
- Net Interest Income (NII) of the sector clocked in at Rs1.1trn in 2022 vs. Rs758bn in 2021 as average policy rates during 2022 clocked in at 13.52% vs. 7.42% in 2021.
- Non-interest income of the sector improved by 27% to Rs307bn driven by growth in Foreign exchange income. On other hand, non-markup expenses were also up 27% to Rs658bn due to higher admin expense.
- Provision expense clocked in at Rs69bn in 2022 up 3x from Rs22bn recorded in 2021 primarily on the back of Eurobond repricing as per the IFRS-9.
- Tax expense of sector were up 81% YoY to Rs334bn in 2022 from Rs185bn in 2021 where effective tax rate clocked in at 52% in 2022 vs 41% in 2021. To recall in federal budget government increased tax rate from 39% to 49% (including super tax) along with higher tax on low Advance to Deposit Ratio (ADR).
- In terms of NII growth, all banks reported growth except for Summit Bank (SMBL) where as BankIslami (BIPL), Meezan Bank (MEBL), Standard Chartered Bank (SCBPL), and Bank Alfalah (BAFL) reported highest growth of 67-86%.
- In 2022, BIPL, and MEBL and reported highest earnings growth of 128% and 59% respectively. On other hand, (SMBL) and Samba Bank (SBL) reported loss of Rs3.2bn and Rs428mn respectively while Soneri Bank (SNBL) and Bank of Punjab (BOP) reported earnings decline of 34% and 14%, respectively in 2022.

Pakistan Listed Banks: Income Statement

Rsmn	2022	2021	YoY
Net interest income	1,060,665	758,337	40%
Non-interest income	307,110	241,153	27%
Non-interest expense	657,558	518,018	27%
Provision/Reversal charge	69,349	22,256	212%
Profit before tax	641,023	450,787	42%
Tax	334,127	184,829	81%
Profit after tax	306,896	265,958	15%

Source: PSX, Company Accounts, Topline Research

Pakistan Banks: Key Statics 2022

Pakistan Banks: 2022 Financial Results (Rsmn)

Name	Symbol	Net Interest Income	YoY	Non Interest Income	YoY	Non Interest Expenses	YoY	Provisions / Reversals	YoY	Profit Before Tax	YoY	Profit After Tax	YoY	EPS/(LPS) (Rs/sh)
Allied Bank	ABL	66,710	46%	21,403	28%	41,591	21%	(261)	NM	46,782	63%	21,247	21%	18.6
Askari Bank	AKBL	39,990	23%	11,698	23%	23,175	9%	1,042	-79%	27,471	75%	14,073	45%	11.2
Bank Al Habib	BAHL	77,319	39%	21,581	49%	52,964	34%	12,881	NM	33,055	9%	16,686	-10%	15.0
Bank Alfalah	BAFL	77,271	67%	22,707	33%	50,833	37%	12,467	439%	36,677	53%	18,397	27%	11.7
Bank of Punjab	BOP	30,890	3%	10,603	33%	27,995	32%	(4,879)	NM	18,377	0%	10,669	-14%	3.6
BankIslami	BIPL	20,402	86%	3,599	87%	11,961	24%	3,812	NM	8,273	156%	4,484	128%	4.0
Faysal Bank	FABL	39,991	55%	9,532	7%	27,864	32%	(940)	NM	22,689	66%	11,438	37%	7.5
Habib Bank	HBL	165,563	26%	46,732	29%	126,783	30%	8,482	5%	77,030	24%	34,398	-3%	23.2
Habib Metropolitan	HMB	41,665	38%	13,560	21%	22,997	33%	3,760	83%	28,469	29%	14,924	8%	13.7
MCB Bank	MCB	95,968	40%	25,913	25%	49,853	18%	(2,641)	NM	75,340	41%	34,451	10%	29.0
Meezan Bank*	MEBL	121,704	77%	19,103	28%	48,245	37%	4,177	321%	88,385	86%	45,007	59%	25.1
National Bank	NBP	117,102	20%	39,273	1%	79,661	30%	13,116	12%	63,597	18%	30,949	8%	14.5
Samba Bank	SBL	4,734	10%	244	-83%	4,059	19%	1,845	76%	-926	NM	-428	NM	(0.4)
Soneri Bank	SNBL	11,267	3%	5,157	20%	12,245	20%	(375)	NM	4,554	-12%	1,883	-34%	1.7
Standard Chartered	SCBPL	44,602	70%	18,048	62%	13,845	14%	(1,319)	NM	50,123	102%	19,844	45%	5.1
Summit Bank	SMBL	(2,255)	103%	1,450	5%	5,921	7%	584	NM	-7,310	NM	-3,188	NM	(1.2)
United Bank	UBL	107,743	44%	36,507	50%	57,566	18%	17,599	NM	68,435	31%	32,061	4%	25.8
Sector		1,060,665	40%	307,110	27%	657,558	27%	69,349	212%	641,023	42%	306,896	15%	

Source: PSX, Topline Research, *unconsolidated

we have taken 17 banks out of the total 20 banks that have announced their results

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