

# Bank Alfalah Limited

## Analyst Briefing

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### 1H 2024 – Performance Review & Outlook

*22 August 2024*



### Major Sponsor

**Dhabi Group** (56.1%)



### Credit Rating

Upgraded to **AAA (Long Term)**  
and **A1+ (Short Term)**



### Domestic Coverage

Presence in over **225 cities**  
across Pakistan



### Global Presence

**10** International Branches and **1**  
offshore banking unit  
in **4 countries**



### Our Customers

Serving around  
**~6.8 million** customers



### Profits

Profitability remains robust,  
benefitting from volumetric  
growth



### Market Share

Deposits **(6.3%)**, Advances **(6.3%)**,  
Trade **(8.5%)**,  
Remittances **(16.7%)**



### Branches

**1,051** Branches including:  
**350+** Islamic and  
**1** Digital Lifestyle Branch



### Touchpoints

**91K+** touchpoints in  
addition to Alfa/IB



### Capital Adequacy Ratio

CAR stands at **17.13%**  
as at 30 Jun 2024



### Staff Strength

Staff strength of **14,500+**  
as at 30 Jun 2024



### ATM

### ATMs/ CDMs

**1,500+**  
**ATMs/CDMs/ CCDMs**  
across Pakistan

# Bank Alfalah Limited

Dominant Player Across Our Integrated Business Functions



## Deposits

Growth  
of **18.3% YoY**  
(Mkt Share: 6.3%)



## Current deposits

Growth  
of **15.0% YoY**  
(est. Mkt Share: 7.1%)



## Home Finance

**Highest ENR**  
(Mkt share: 17.2%)  
**2<sup>nd</sup> Highest acquisitions**  
(Mkt share: 22.1%)



## Credit Cards

**2<sup>nd</sup> Highest ENR**  
(Mkt share: 29.2%)  
**2<sup>nd</sup> Highest acquisitions**  
(22.6% share)



## Auto Finance

**3<sup>rd</sup> Highest ENR**  
(Mkt share: 14.8%)  
**2<sup>nd</sup> Highest acquisitions**  
(Mkt share: 19.2%)



## Primary Dealer

**Ranked as no.1**  
Primary Dealer by  
SBP for FY 2022-23  
**3<sup>rd</sup> year of being no.1**



## Trade

Market Share:  
**8.5%**  
Imports: 10.4%  
Exports: 5.0%



## Advances

Market share:  
**6.3%**



## Remittance

Market share:  
**16.7%**



## Digital Banking

Throughput around  
**PKR 2.6 Tn**



Ranking on Growth

Ranking on Size

Note: Some numbers / calculations are based on the top Banks data collated from informal sources.

# **Financial Results – 1H 2024**

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# Financial Results – 1H 2024

## Balance Sheet Snapshot



Amount PKR mn	Jun-23	Mar-24	Jun-24	YoY	QoQ
Cash	197,029	186,677	235,367	19%	26%
Bal with banks	16,188	23,932	16,270	1%	-32%
Lending to FI	13,716	19,718	57,924	322%	194%
Advances (net)	759,498	708,029	772,121	2%	9%
Investments (net)	1,437,833	1,813,008	2,037,735	42%	12%
Fixed & Others	195,492	233,322	234,492	20%	1%
<b>Total Assets</b>	<b>2,619,757</b>	<b>2,984,685</b>	<b>3,353,908</b>	<b>28%</b>	<b>12%</b>
Deposits	1,775,954	2,043,329	2,101,808	18%	3%
Sub Loans/ADT1	14,000	14,000	14,000	0%	0%
Borrowings	505,894	581,464	851,103	68%	46%
Other Liabilities	210,109	205,557	239,026	14%	16%
<b>Total Liabilities</b>	<b>2,505,957</b>	<b>2,844,350</b>	<b>3,205,938</b>	<b>28%</b>	<b>13%</b>
Paid up Capital	15,772	15,772	15,772	0%	0%
Reserves	98,539	110,057	115,918	18%	5%
Reval Surplus	-511	14,506	16,281	n.m.	12%
<b>Total Equity</b>	<b>113,800</b>	<b>140,335</b>	<b>147,971</b>	<b>30%</b>	<b>5%</b>
<b>Book Value per Share</b>	<b>72.16</b>	<b>88.98</b>	<b>93.82</b>	<b>30%</b>	<b>5%</b>

- Deposits remained above Rs. 2 Tn, with 18% YoY growth.
- Net advances increased by 2% YoY on the back of prudent and cautious credit origination amidst challenging market conditions.
- Investments up 42% YoY; portfolio remained skewed towards floater PIBs & T-bills.
- Borrowings increased to capitalize on declining interest rates.
- IFRS9: Impact on opening equity is Rs. 2.0 bn (net of tax) positive on adoption date.
- Reserves include impact of 2023 final dividend of Rs. 7.9 Bn, and impact of Q1 interim dividend of Rs. 3.1 Bn as well as IFRS9 opening ECL adjustment.
- Book value per share improved to PKR 93.82/sh.

# Financial Results – 1H 2024

## Profit & Loss Snapshot



Amount PKR mn	1H 2023	1H 2024	YoY	2Q 2023	1Q 2024	2Q 2024	YoY	QoQ
Interest Income	176,456	255,793	45%	100,868	128,579	127,214	26%	-1%
Interest Expenses	117,265	194,435	66%	69,614	97,863	96,572	39%	-1%
<b>Net Int Income</b>	<b>59,191</b>	<b>61,358</b>	<b>4%</b>	<b>31,254</b>	<b>30,717</b>	<b>30,641</b>	<b>-2%</b>	<b>0%</b>
Non Int Income	13,043	19,854	52%	6,467	7,774	12,080	87%	55%
<b>Total Income</b>	<b>72,234</b>	<b>81,211</b>	<b>12%</b>	<b>37,721</b>	<b>38,491</b>	<b>42,721</b>	<b>13%</b>	<b>11%</b>
Admin expenses	30,417	37,957	25%	15,808	18,354	19,603	24%	7%
Other charges	950	1,129	19%	541	634	495	-9%	-22%
Non int expense	31,367	39,086	25%	16,349	18,988	20,098	23%	6%
<b>Profit before prov</b>	<b>40,867</b>	<b>42,126</b>	<b>3%</b>	<b>21,371</b>	<b>19,503</b>	<b>22,623</b>	<b>6%</b>	<b>16%</b>
Provisions	5,002	1,307	-74%	4,480	-207	1,514	-66%	n.m.
<b>Profit before tax</b>	<b>35,865</b>	<b>40,819</b>	<b>14%</b>	<b>16,891</b>	<b>19,710</b>	<b>21,109</b>	<b>25%</b>	<b>7%</b>
Taxation	17,245	20,210	17%	9,013	9,798	10,412	16%	6%
<b>Profit after tax</b>	<b>18,620</b>	<b>20,609</b>	<b>11%</b>	<b>7,878</b>	<b>9,912</b>	<b>10,697</b>	<b>36%</b>	<b>8%</b>
Diluted EPS (Rupees) *	11.81	13.07	11%	4.99	6.28	6.78	36%	8%
DPS (Rupees)	3.00	4.00	33%	3.00	2.00	2.00	-33%	0%

\* EPS is calculated using current number of the shares

- NII increased by 4% YoY in 1H 2024; volume growth offsets decline in spreads.
- Non-interest income grew by 52% YoY, where key highlights were:
  - Fee and Commission Income shored by 40% YoY, led by Remittances, Cards, and Trade.
  - Capital gains were realized, mainly on government securities.
  - Admin cost increased as bank added over 130 branches since Jan-23, while inflation remained high.
- Provisions dropped by 74% YoY due to recoveries & reversals.
- The bottom-line increased by 11% YoY.

# Financial Results – 1H 2024

## Key Ratios



	1Q 23	2Q 23	3Q 23	4Q 23	1Q 24	2Q 24
Yield on Advances	14.2%	16.2%	16.1%	16.6%	16.8%	16.2%
Yield on Investments	15.9%	18.6%	19.4%	20.2%	19.7%	19.5%
Cost of Deposits	8.0%	9.9%	10.9%	11.8%	12.2%	12.0%
Cost of Funds	9.6%	12.1%	13.0%	13.8%	14.2%	13.8%
NIM	5.6%	5.4%	5.3%	5.3%	4.5%	4.4%
ROA	1.9%	1.2%	1.3%	1.3%	1.3%	1.4%
ROE exc. Surplus	43.3%	28.6%	29.5%	29.8%	31.6%	33.4%
Admin Cost : income	42.3%	41.9%	42.5%	40.9%	47.6%	46.0%
Gross ADR	47.1%	44.9%	38.9%	37.3%	36.9%	39.0%
CASA	68.0%	71.3%	70.6%	69.3%	68.6%	68.9%
CA	43.7%	42.8%	41.0%	37.9%	38.3%	41.4%
Net Loans (YoY )	1.7%	4.5%	-10.6%	0.4%	1.5%	1.7%
Deposits (YoY)	31.9%	34.7%	31.5%	40.2%	31.5%	18.3%
NPL ratio	4.5%	4.7%	5.4%	4.8%	4.9%	4.9%
Coverage	103.2%	102.2%	112.5%	112.2%	124.5%	118.5%
CAR	14.7%	14.5%	15.5%	16.7%	17.0%	17.1%
Dividend	-	30%	-	50%	20%	20%

- NIMs have contracted YoY as cost of funds increased by higher quantum than asset yields.
- Cost to income ratio has increased as the bank continues to expand amid high inflationary environment.
- ROE remains strong at 33.4%, reflecting robust performance.
- CA witnessed sequential increase to reach 41.4%, showing focus on improving deposit mix amid high-interest rate environment.
- NPL ratio slightly up to 4.9%. The coverage is comfortable at 118.5%; NPL's were impacted by IFRS 9 related clarification issued by SBP, now requiring classification at customer level.
- CAR at 17.1%, comfortably above regulatory requirement.



# Other Initiatives

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# Our Digital Snapshot

## BAFL's Digital Banking Momentum Continues



### Digital Banking Portfolio – Highlights & Key Features

Digital Throughput:

**PKR 2.6 Tn**

↑ 52% from Jun-23



**BISP: Pakistan's largest mandate**

~**45%** of the BISP portfolio  
(4.4 Mn beneficiaries of which 1.9 Mn beneficiaries are via a joint venture)



**G2P**

G2P throughput: **PKR 133.0 Bn**

↑ 31% from Jun-23

Digital Lifestyle Branch:  
Digital Transaction Ratio  
of **95%**



Digital throughput of  
**PKR 2.0 Bn.**

Digital Payment throughput:

**PKR 29.7 Bn**

↑ 62% from Jun-23

*[includes Alfa Mall, QR Acquiring,  
VDC & School fee]*



ALFA App:  
**Over 850 K users**  
(30 day active)



ALFAChat / WhatsApp Bot for  
customer facilitation

Digital Network:

ATMs: **1,210**

CDMs/CCDMs: **352**

Agent Network: **29,940**

QR Merchants: **25,350**

Online Merchants: **3,133**



Digital Migration Ratio:

**84.7% YTD Average**

(conversion of branch OTC  
transactions to digital channels)



Digital Lending  
disbursement:

**PKR 14.7 Bn**

↑ 66% from Jun-23

*[includes Consumer & SME  
disbursements via digital channels]*



Cattle farm project throughput:

**PKR 526 Mn**

Digital Agri Financing disbursement:

**PKR 117.6 Mn**



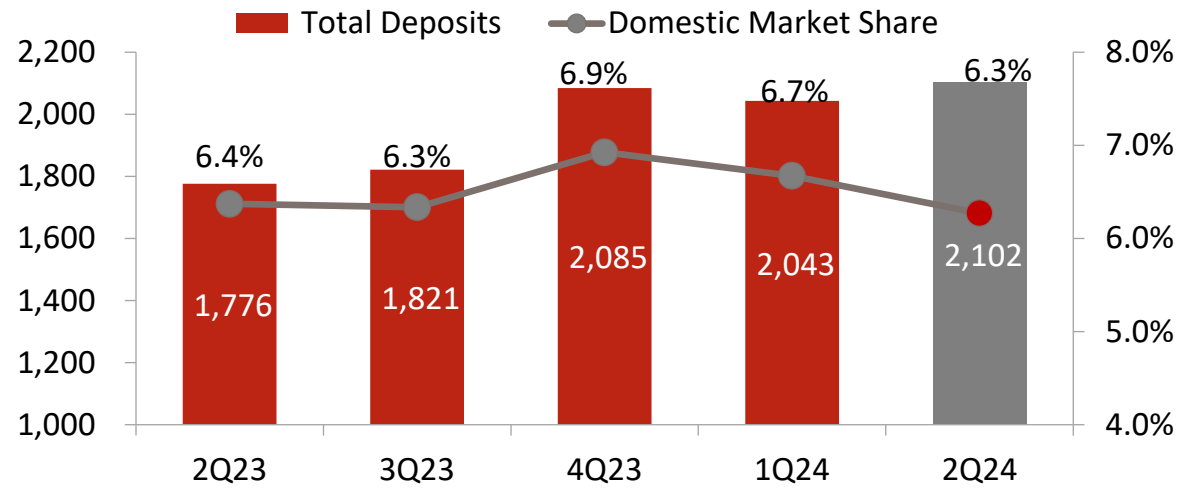
# Trends Analysis

# Trends Analysis

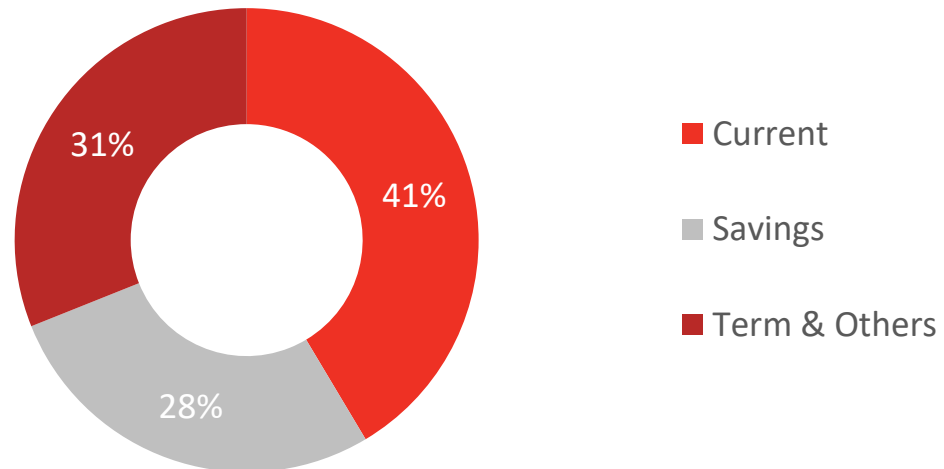
## Financial Snapshot



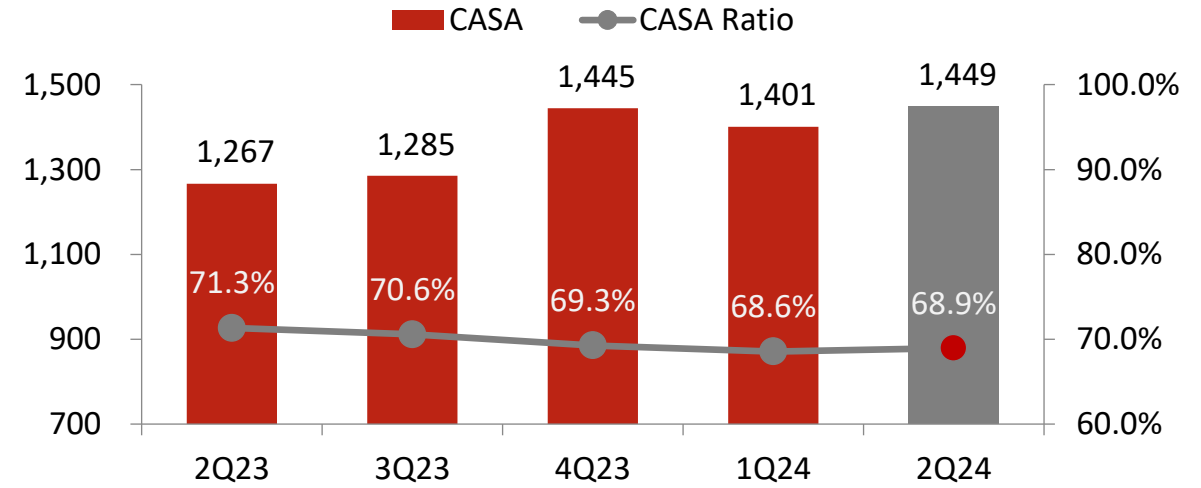
### Deposits (PKR bn) – Domestic Market Share at 6.3%



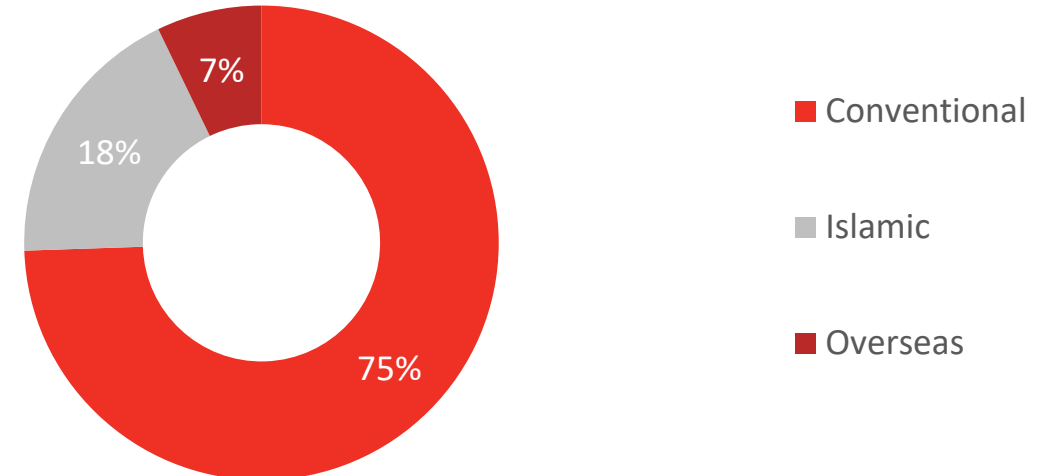
### Deposit Mix



### CASA Deposits (PKR bn) – CASA Ratio at 68.9%



### Deposits Composition

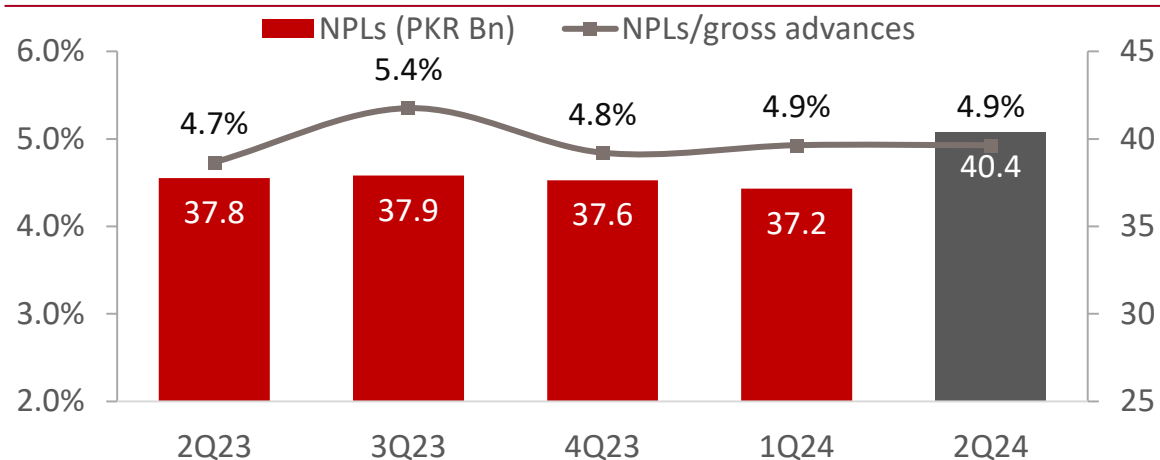


# Trends Analysis

## Quarterly Advances & Asset quality trends

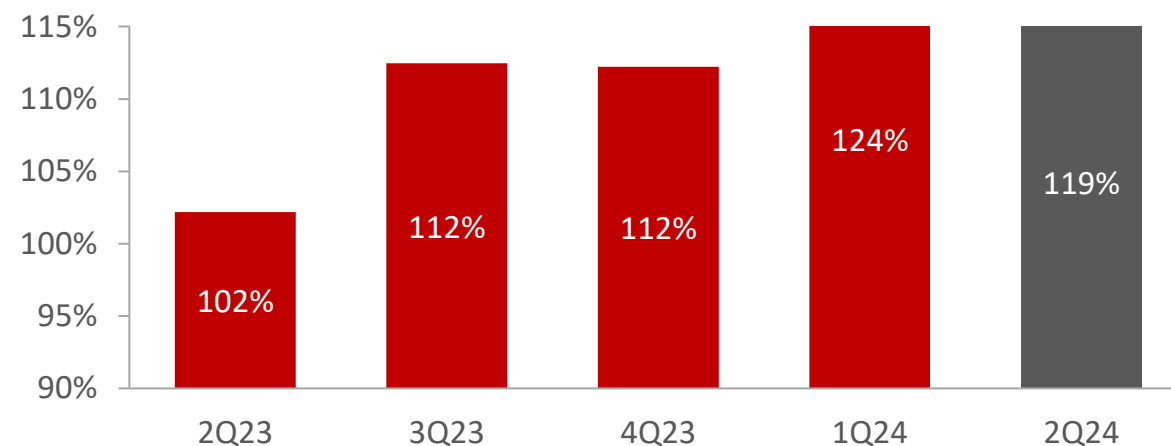


### Infection Ratio at 4.9%

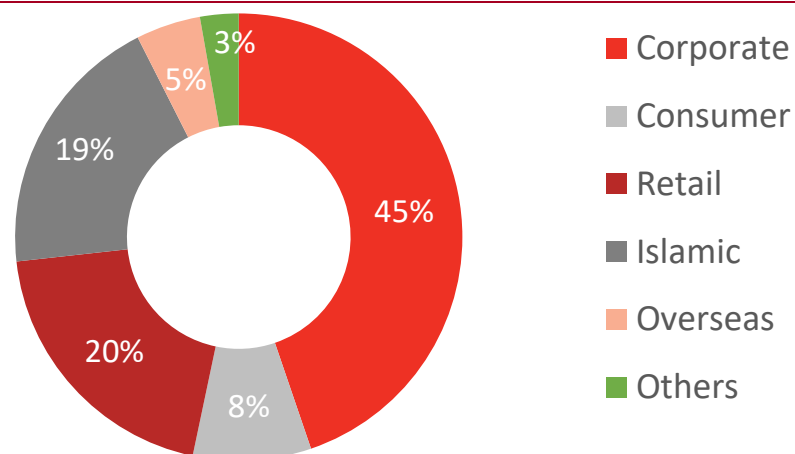


Note: NPL's were impacted by SBP's clarification over IFRS9; figures prior to Q2 were computed on different conventions.

### Coverage comfortable at 119%

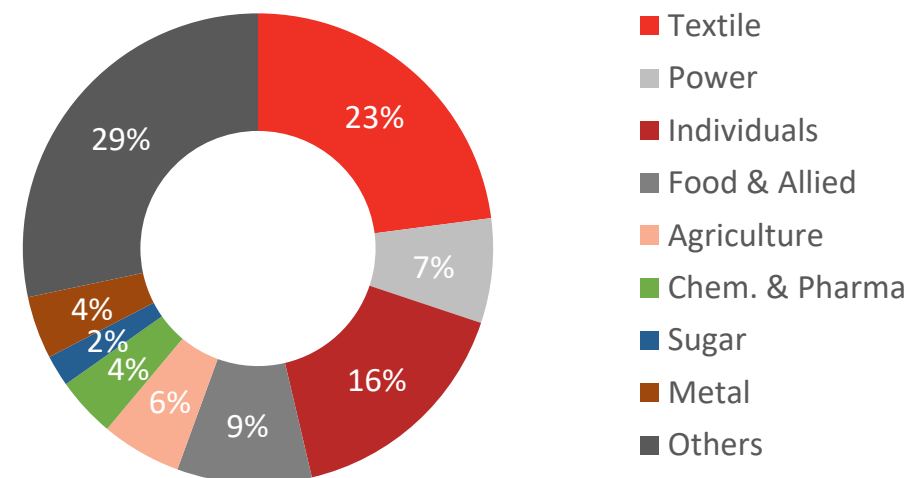


### Performing Advances composition



Islamic book comprises of: 67% corporate; 18% consumer loans & 15% others

### Advances concentration (Dec 2023)



# Trends Analysis

## Balance Sheet



Amounts in PKR mn	2018	2019	2020	2021	2022	2023	5yr CAGR
Cash & Bal. With Treasury Bank	82,408	100,732	99,348	105,606	140,613	202,692	19.7%
Balances With Other Banks	3,875	4,710	6,234	9,783	9,485	16,618	33.8%
Lending to FIs	62,172	71,435	77,306	35,982	115,354	119,554	14.0%
Advances (Net)	501,636	511,236	577,316	673,881	732,375	735,052	7.9%
Investments (Net)	277,660	299,098	547,090	809,214	1,114,407	2,067,263	49.4%
Fixed & Other Assets	78,466	78,100	77,580	99,856	140,963	204,738	21.1%
<b>Total Assets</b>	<b>1,006,218</b>	<b>1,065,311</b>	<b>1,384,874</b>	<b>1,734,321</b>	<b>2,253,197</b>	<b>3,345,917</b>	<b>27.2%</b>
Deposits	702,895	782,284	881,767	1,139,045	1,486,845	2,084,997	24.3%
Subordinated Loans	11,989	11,987	7,000	7,000	14,000	14,000	3.1%
Borrowings	123,738	102,842	314,960	383,809	491,180	909,543	49.0%
Bills Payable & Other Liabilities	91,948	80,170	90,129	104,465	161,157	199,453	16.8%
<b>Total Liabilities</b>	<b>930,571</b>	<b>977,284</b>	<b>1,293,856</b>	<b>1,634,319</b>	<b>2,153,182</b>	<b>3,207,994</b>	<b>28.1%</b>
Paid - up Capital	17,744	17,772	17,772	17,772	15,772	15,772	-2.3%
Reserves & Retained Profit	50,520	58,889	62,737	70,790	79,384	110,883	17.0%
Revaluation Surplus	7,383	11,367	10,509	11,441	4,859	11,268	8.8%
<b>Total Equity</b>	<b>75,647</b>	<b>88,028</b>	<b>91,017</b>	<b>100,003</b>	<b>100,015</b>	<b>137,923</b>	<b>12.8%</b>

**Note:** Afghanistan operations are classified as Held for Sale under Other Assets / Liabilities for 2018

# Trends Analysis

## Profit & Loss



Amounts in PKR mn	2018	2019	2020	2021	2022	2023	5yr CAGR
Interest Income	59,672	92,519	92,616	100,402	214,054	411,948	47.2%
Interest Expenses	27,746	47,623	47,911	54,134	136,812	285,877	59.4%
<b>Net Int. Income</b>	<b>31,926</b>	<b>44,896</b>	<b>44,705</b>	<b>46,268</b>	<b>77,242</b>	<b>126,070</b>	<b>31.6%</b>
Non Int. Income	10,431	10,357	12,795	16,254	21,883	28,064	21.9%
<b>Total Income</b>	<b>42,357</b>	<b>55,253</b>	<b>57,499</b>	<b>62,522</b>	<b>99,126</b>	<b>154,134</b>	<b>29.5%</b>
Admin expenses	24,313	29,066	31,443	36,316	49,562	64,503	21.5%
Other charges	400	777	589	524	935	1,994	37.9%
Non int. expense	24,713	29,843	32,032	36,840	50,497	66,497	21.9%
<b>Profit before provisions</b>	<b>17,645</b>	<b>25,410</b>	<b>25,468</b>	<b>25,682</b>	<b>48,629</b>	<b>87,637</b>	<b>37.8%</b>
Provisions	27	3,029	7,589	2,312	12,468	9,462	222.8%
<b>Profit before tax</b>	<b>17,618</b>	<b>22,382</b>	<b>17,878</b>	<b>23,370</b>	<b>36,160</b>	<b>78,175</b>	<b>34.7%</b>
Taxation	6,993	9,686	7,403	9,154	17,954	41,719	42.9%
<b>Profit after Tax</b>	<b>10,625</b>	<b>12,696</b>	<b>10,475</b>	<b>14,217</b>	<b>18,206</b>	<b>36,456</b>	<b>28.0%</b>
EPS (PKR) *	6.74	8.05	6.64	9.01	11.54	23.12	
Stock Dividend	10.00%	-	-	-	-		
Dividend (% of Paid-up) **	25.00%	40.00%	40.00%	40.00%	50.00%	80.00%	

\* EPS is calculated using current number of the shares

\*\* Percentage of paid up capital at time of declaration

# Trends Analysis

## Key Ratios



	2018	2019	2020	2021	2022	2023
Capital Adequacy Ratio (Tier - I)	12.2%	13.3%	12.7%	11.1%	11.1%	13.1%
Capital Adequacy Ratio Total	15.0%	16.9%	16.5%	14.4%	13.8%	16.7%
Net Interest Margins	4.0%	5.3%	4.3%	3.4%	4.2%	5.4%
Admin Cost to Income Ratio	57.3%	52.6%	54.7%	58.1%	50.0%	41.8%
Non - Interest Income as % of Total	24.4%	18.7%	22.3%	26.3%	22.1%	18.2%
Advance to Deposit Ratio (ADR) - Gross	71.4%	67.7%	68.1%	61.4%	51.5%	37.3%
YoY Deposit Growth	9.0%	8.2%	12.7%	29.2%	30.5%	40.2%
YoY Advances Growth	25.2%	1.9%	12.9%	16.7%	8.7%	0.4%
YoY Investments Growth	-30.7%	6.0%	82.9%	47.9%	37.7%	85.5%
Current Deposits Ratio	40.9%	43.4%	44.7%	44.0%	44.5%	37.9%
CASA Ratio	75.4%	75.9%	77.9%	76.9%	71.7%	69.3%
NPL Ratio	3.6%	4.2%	4.3%	3.5%	4.0%	4.8%
Coverage Ratio	89.0%	83.6%	91.2%	101.9%	107.6%	112.2%
ROA	1.2%	1.3%	0.9%	1.0%	0.9%	1.3%
ROE Excluding Reval. Surplus	16.9%	17.6%	13.2%	17.1%	19.5%	32.5%
ROE Including Reval. Surplus	15.3%	15.4%	11.5%	15.3%	18.2%	26.4%
Diluted BVPS (Incl. Reval.)	47.96	55.81	57.71	63.41	63.41	87.45

**Note:** Afghanistan operations are classified as Held for Sale under Other Assets / Liabilities for 2018





Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1,577.17
Market Capitalization (PKR bn)**	93,636
Market Capitalization (USD mn)*	336
Average Daily Turnover (mn shares) - 12M	1.78
Average Daily Turnover (USD mn) - 12M	309.56
Current Stock Price** (PKR)	59.37
High / Low** (PKR) - 12M	70.94 / 37.71

\*Using PKR / USD parity of PKR 278.52

\*\*Stock Price as of August 21, 2024



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This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Bank Alfalah Limited.

Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement

# Thank You

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