

# Bank Alfalah Limited

## Analyst Briefing

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### 9M 2024 – Performance Review & Outlook

24 October 2024

CORPORATE BRANCH  
I.I. CHUNDRIGAR ROAD KARACHI



### Major Sponsor

**Dhabi Group** (56.1%)



### Credit Rating

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



### Domestic Coverage

Presence in over **240 cities**  
across Pakistan



### Global Presence

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



### Our Customers

Serving around  
**~7.1 million** customers



### Profits

Profitability remains robust,  
benefitting from volumetric  
growth



### Market Share

Deposits (**6.3%**), Advances (**7.0%**),  
Trade (**8.1%**),  
Remittances (**16.5%**)



### Branches

**1,070** Branches including:  
**375** Islamic and  
**1** Digital Lifestyle Branch



### Touchpoints

**96K+** touchpoints in  
addition to Alfa/IB



### Capital Adequacy Ratio

CAR stands at **19.04%**  
as at 30 Sept. 2024



### Staff Strength

Staff strength of **15,000+**  
as at 30 Sept 2024



### ATM ATMs/ CDMs

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

# Bank Alfalah Limited

Dominant Player Across Our Integrated Business Functions



## Deposits

Growth rate  
of 17.3% YOY,  
(Mkt Share: 6.3%)



## Current deposits

Growth  
of 14.6% YOY.



## Home Finance

Highest ENR  
(Mkt share: 16.4%)  
2<sup>nd</sup> Highest  
acquisitions  
(Mkt share: 23.0%)



## Credit Cards

2<sup>nd</sup> Highest ENR  
(Mkt share: 29.2%)  
2<sup>nd</sup> Highest  
acquisitions  
(24.7% share)



## Auto Finance

3<sup>rd</sup> Highest ENR  
(Mkt share: 15.8%)  
Highest acquisitions  
(Mkt share: 21.1%)



## 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:  
8.1%  
Imports: 9.5%  
Exports: 5.5%



## Advances

Market share:  
7.0%



## Remittance

Market share:  
16.5%



## Digital Banking

Throughput  
PKR 4.0 tn

Ranking on Growth  
 Ranking on Size

# Financial Results – 9M 2024

# Financial Results – 9M 2024

## Balance Sheet Snapshot



Amount PKR mn	Sep-23	Dec-23	Jun-24	Sep-24	YoY	QoQ
Cash	198,021	202,692	235,367	207,107	5%	-12%
Bal with banks	17,412	16,618	16,270	13,207	-24%	-19%
Lending to FI	60,246	119,554	57,924	22,406	-63%	-61%
Advances (net)	665,596	735,052	772,121	855,964	29%	11%
Investments (net)	1,506,084	2,067,263	2,037,735	1,918,262	27%	-6%
Fixed & Others	228,231	204,738	234,492	261,195	14%	11%
<b>Total Assets</b>	<b>2,675,589</b>	<b>3,345,917</b>	<b>3,353,908</b>	<b>3,278,140</b>	<b>23%</b>	<b>-2%</b>
Deposits	1,821,313	2,084,997	2,101,808	2,136,416	17%	2%
Sub Loans/ADT1	14,000	14,000	14,000	14,000	0%	0%
Borrowings	505,793	909,543	851,103	724,729	43%	-15%
Other Liabilities	214,741	199,453	239,026	235,808	10%	-1%
<b>Total Liabilities</b>	<b>2,555,847</b>	<b>3,207,994</b>	<b>3,205,938</b>	<b>3,110,954</b>	<b>22%</b>	<b>-3%</b>
Paid up Capital	15,772	15,772	15,772	15,772	0%	0%
Reserves	102,344	110,883	115,918	125,573	23%	8%
Reval Surplus	1,626	11,268	16,281	25,841	n.m	59%
<b>Total Equity</b>	<b>119,742</b>	<b>137,923</b>	<b>147,971</b>	<b>167,186</b>	<b>40%</b>	<b>13%</b>
<b>Book Value per Share</b>	<b>75.92</b>	<b>87.45</b>	<b>93.82</b>	<b>106.00</b>	<b>40%</b>	<b>13%</b>

- Deposits remained around Rs. 2.1 Tn, with 17% YoY growth.
- Net advances increased by 29% YoY as Bank looks to meet ADR targets. BAFL continues to focus on asset quality in achieving the targets.
- Investments up 27% YoY; portfolio remained skewed towards floater PIBs & T-bills. Investments declined QoQ due to lower borrowings.
- Reserves include impact of 2023 final dividend of Rs. 7.9 Bn, and impact of interim dividends of Rs. 6.3 Bn as well as IFRS9 opening ECL adjustment.
- IFRS9: Impact on opening equity is Rs. 2.0 bn (net of tax) positive on adoption date.
- Increase in reval. surplus due to recent rate cuts which have enhanced the market value of existing debt portfolio.
- Book value per share improved to PKR 106.00/sh.

# Financial Results – 9M 2024

## Profit & Loss Snapshot



Amount PKR mn	9M 2023	9M 2024	YoY	3Q 2023	2Q 2024	3Q 2024	YoY	QoQ
Interest Income	286,233	387,133	35%	109,776	127,214	131,340	20%	3%
Interest Expenses	195,247	292,001	50%	77,982	96,572	97,565	25%	1%
<b>Net Int Income</b>	<b>90,985</b>	<b>95,132</b>	<b>5%</b>	<b>31,794</b>	<b>30,641</b>	<b>33,774</b>	<b>6%</b>	<b>10%</b>
Non Int Income	18,573	32,761	76%	5,531	12,080	12,907	133%	7%
<b>Total Income</b>	<b>109,559</b>	<b>127,893</b>	<b>17%</b>	<b>37,325</b>	<b>42,721</b>	<b>46,682</b>	<b>25%</b>	<b>9%</b>
Admin expenses	46,312	58,085	25%	15,895	19,603	20,128	27%	3%
Other charges	1,330	1,579	19%	379	495	451	19%	-9%
Non int expense	47,642	59,665	25%	16,274	20,098	20,579	26%	2%
<b>Profit before prov</b>	<b>61,917</b>	<b>68,228</b>	<b>10%</b>	<b>21,050</b>	<b>22,623</b>	<b>26,103</b>	<b>24%</b>	<b>15%</b>
Provisions	9,164	1,746	-81%	4,162	1,514	439	-89%	-71%
<b>Profit before tax</b>	<b>52,753</b>	<b>66,482</b>	<b>26%</b>	<b>16,888</b>	<b>21,109</b>	<b>25,664</b>	<b>52%</b>	<b>22%</b>
Taxation	25,501	32,840	29%	8,256	10,412	12,630	53%	21%
<b>Profit after tax</b>	<b>27,252</b>	<b>33,643</b>	<b>23%</b>	<b>8,632</b>	<b>10,697</b>	<b>13,034</b>	<b>51%</b>	<b>22%</b>
Diluted EPS (Rupees) *	17.28	21.33	23%	5.47	6.79	8.26	51%	22%
DPS (Rupees)	3.00	6.00	100%	0.00	2.00	2.00	n.m	0%

- NII increased by 5% YoY in 9M 2024; volume growth outpaced decline in spreads.

- Non-interest income grew by 76% YoY, where key highlights were:

- Fee and Commission Income posted 27% YoY growth, led by Remittances, Cards, and Trade.

- Gains mostly on government securities due to sharp fall in yields.

- Increase in Admin expenses is in line with inflationary pressures coupled with higher staff payouts and the Banks ongoing expansion.

- Provisions dropped by 81% YoY due to recoveries & reversals.

- The bottom-line increased by 23% YoY.

\* EPS is calculated using current number of the shares

\*n.m. denotes not meaningful

# Financial Results – 9M 2024

## Key Ratios - Quarterly



	2Q 23	3Q 23	4Q 23	1Q 24	2Q 24	3Q 24
Yield on Advances	16.2%	16.1%	16.6%	16.8%	16.2%	16.0%
Yield on Investments	18.6%	19.4%	20.2%	19.7%	19.5%	18.7%
Cost of Deposits	9.9%	10.9%	11.8%	12.2%	12.0%	11.3%
Cost of Funds	12.1%	13.0%	13.8%	14.2%	13.8%	13.1%
NIM	5.4%	5.3%	5.3%	4.5%	4.4%	4.6%
Spreads	5.5%	5.2%	5.1%	4.5%	4.6%	4.8%
ROA	1.2%	1.3%	1.3%	1.3%	1.4%	1.6%
ROE exc. Surplus	28.6%	29.5%	29.8%	31.6%	33.4%	38.0%
Admin Cost : income	41.9%	42.5%	40.9%	47.6%	46.0%	43.1%
Gross ADR	44.9%	38.9%	37.3%	36.9%	39.0%	42.3%
CASA	71.3%	70.6%	69.3%	68.6%	68.9%	72.4%
CA	42.8%	41.0%	37.9%	38.3%	41.4%	40.1%
Net Loans (YoY )	4.5%	-10.6%	0.4%	1.5%	1.7%	28.6%
Deposits (YoY)	34.7%	31.5%	40.2%	31.5%	18.3%	17.3%
NPL ratio	4.7%	5.4%	4.8%	4.9%	4.9%	4.6%
Coverage	102.2%	112.5%	112.2%	124.5%	118.5%	114.3%
CAR	14.6%	15.5%	16.7%	17.0%	17.1%	19.0%
Dividend	30%	-	50%	20%	20%	20%

- NIMs have contracted YoY as cost of funds increased by higher quantum than asset yields.
- ROE expanded to 38%, reflecting robust performance.
- Cost to income ratio has started to normalize. Revenue growth impacted due to shrinking spreads; however, it remains below 50%.
- ADR increased to reflect the Banks' strategy to achieve the 50% benchmark.
- CASA ratio increased as the bank looks to improve the deposit mix. The CA ratio declined slightly amid high-interest rate environment.
- NPL ratio dropped to 4.6%, while coverage also improved to 114.3%.
- CAR remains well above the regulatory requirement at 19.0%.

# Other Initiatives



# Our Digital Snapshot

## BAFL's Digital Banking Momentum Continues



### Digital Banking Portfolio – Highlights & Key Features



Digital Throughput:  
**PKR 4.0 Tn**  
↑ 48% from Sep-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 & Corp. solutions throughput:  
**PKR 184.9 Bn** ↑ 18% from Sep-23



Digital Lifestyle Branch:  
Digital Transaction Ratio  
of **95%**  
Branch throughput of  
**PKR 3.6 Bn.**



Digital Payment throughput:  
**PKR 47.5 Bn**  
↑ 60% from Sep-23

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

ALFA App:  
**Over 929 K users**  
(30 day active)



ALFAChat / WhatsApp Bot for  
customer facilitation



Digital Network:  
ATMs/CCDMs: **1,235**  
CDMs: **354**  
Agent Network: **33,646**  
QR Scanners: **28,132**  
E-Com. Merchants: **3,305**



Digital Migration Ratio:  
**85% YTD Average**  
(conversion of branch OTC  
transactions to digital channels)

Digital Lending  
disbursement:  
**PKR 23.6 Bn**



↑ 68% from Sep-23

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

Sales & Service Centers: 2\*  
YTD throughput: **PKR 2.9 Bn**



Location: Gulshan & Badar Commercial (Cash Rich market  
areas where digital adoption needs to be improved)

*\* 3 More under development*

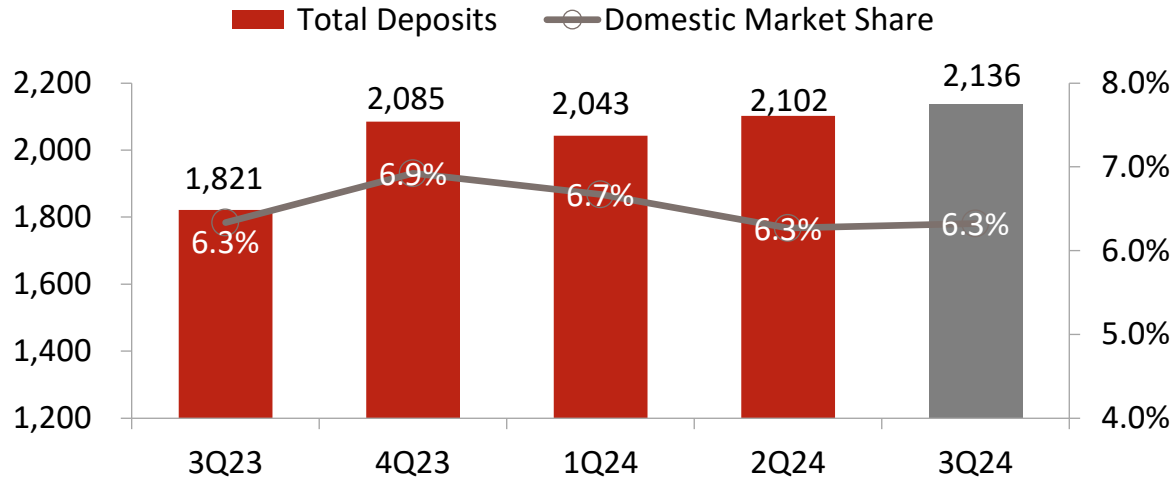
# Trends Analysis

# Trends Analysis

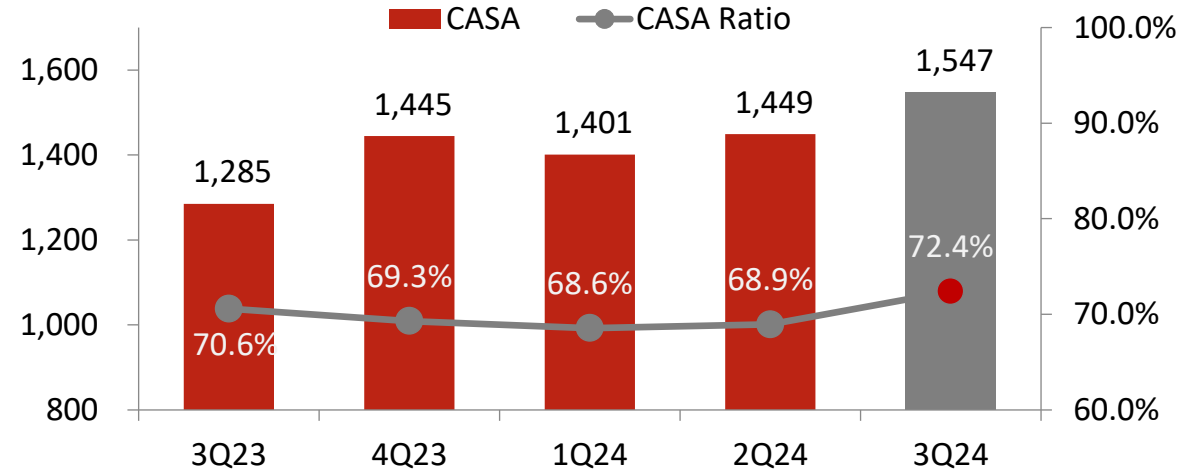
## Financial Snapshot



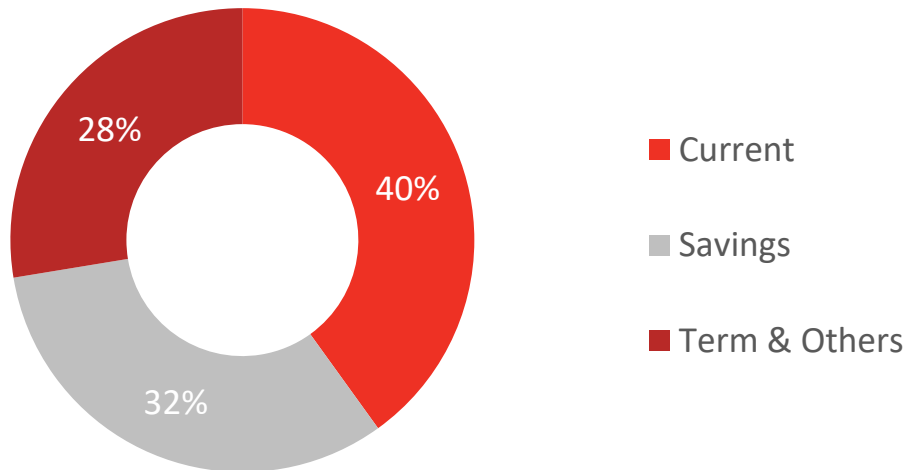
**Deposits (PKR bn) – Domestic Market Share at 6.3%**



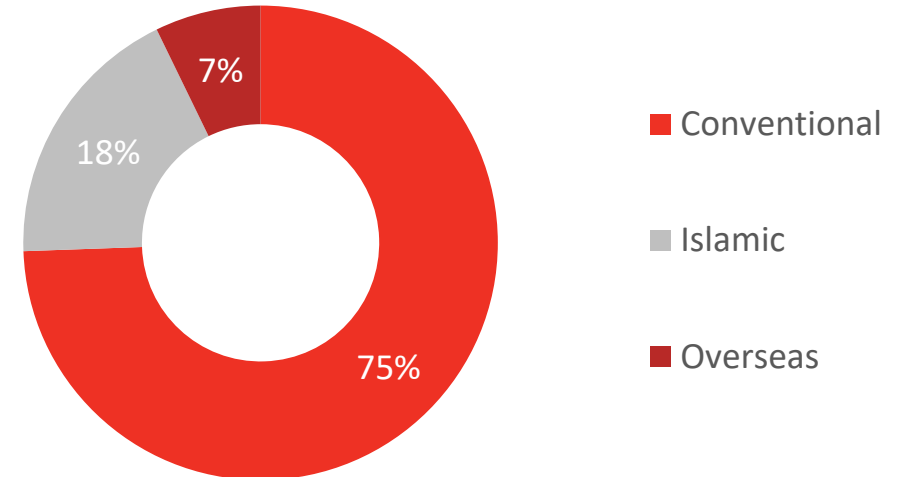
**CASA Deposits (PKR bn) – CASA Ratio at 72.4%**



**Deposit Mix**



**Deposits Composition**

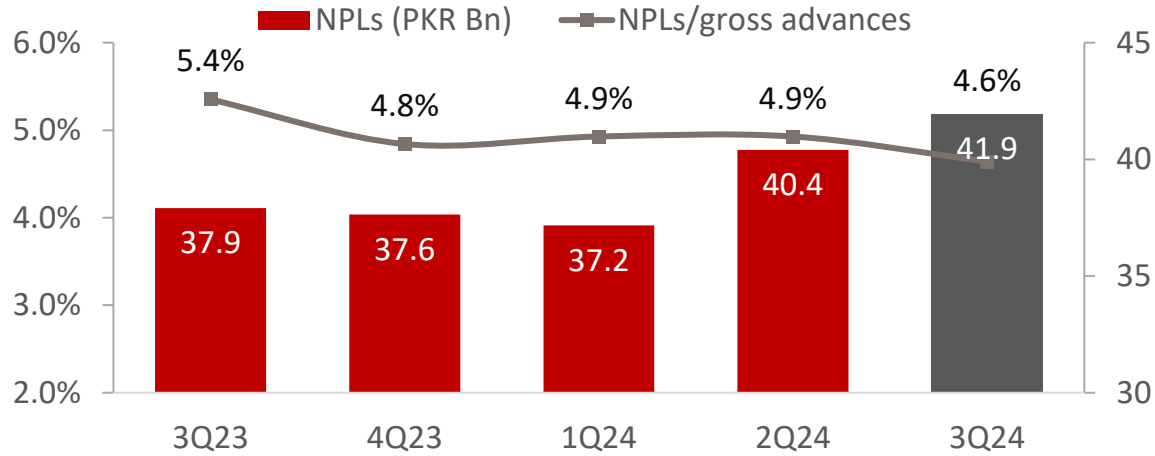


# Trends Analysis

## Quarterly Advances & Asset quality trends

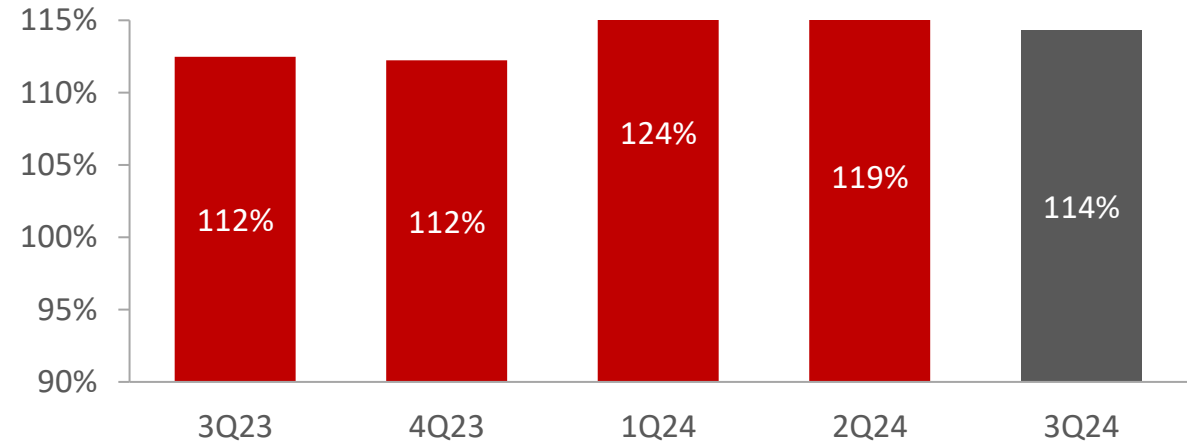


### Infection Ratio at 4.6%

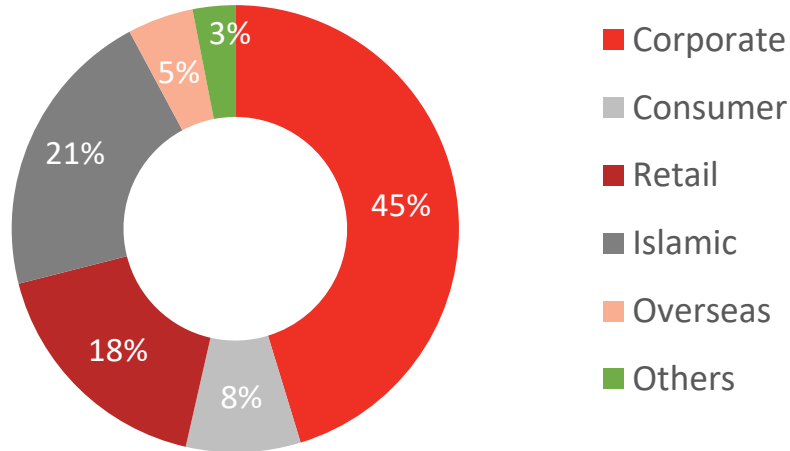


Note: NPL's were impacted by SBP's clarification over IFRS9; figures prior to Q2 were computed on different conventions.

### Coverage comfortable at 114%

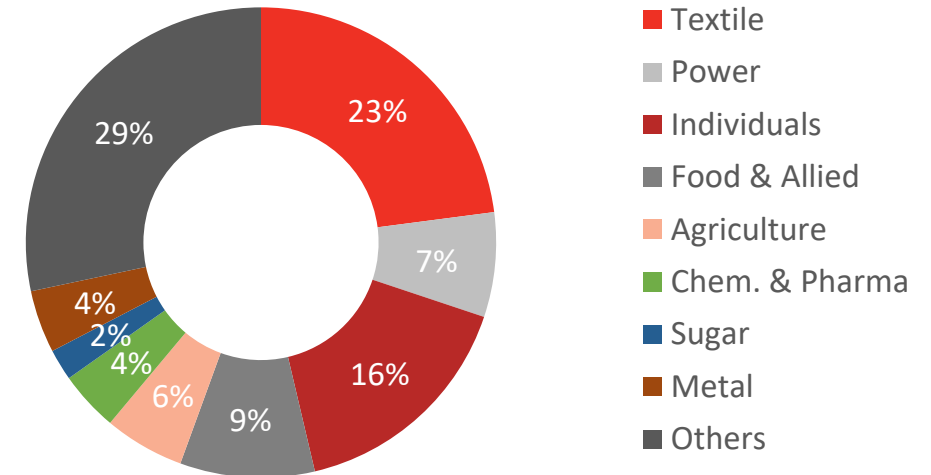


### Performing Advances composition



Islamic book comprises of: 55% corporate; 16% commodity, 15% consumer loans & 13% 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

# Highlights



## Highlights of the Banks' efforts and recognition

### AWARDS & RECOGNITION

The Bank earned **several prestigious awards** during the quarter, including notable recognition at the CFA Society's Annual Excellence Awards, the Global Islamic Finance Awards, the International Finance Corporation & Pakistan Business Council's Employer of Choice Awards and the PMAA's Dragons of Pakistan Awards.







Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1,577.17
Market Capitalization (PKR bn)**	106,932
Market Capitalization (USD mn)*	385
Average Daily Turnover (mn shares) - 12M	1.51
Average Daily Turnover (USD mn) - 12M	289.73
Current Stock Price** (PKR)	67.80
High / Low** (PKR) - 12M	70.94 / 38.36

\*Using PKR / USD parity of PKR 277.74

\*\*Stock Price as of October 22, 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