

Bank Alfalah Limited

Result review: EPS @ PKR 6.31 in 1QCY24

- BAFL announced its earnings (Profit After Tax) today for 1QCY24 at PKR 9.95bn, with an EPS of PKR 6.31. This reflects a decrease of 8% YoY but an increase of 10% QoQ (4QCY23 EPS: PKR 5.74).
- On a YoY basis, higher operating expenses and interest expenses dragged down the overall profitability. However, on a QoQ basis, lower income was the primary factor affecting profitability. Support on a QoQ basis was provided by provisioning reversal.
- Along with the result, BAFL announced a cash dividend of PKR 2.0 per share.
- The Net Interest Income of the bank amounted to PKR 30.8bn, indicating a 10% increase from the same period in the previous year but a 12% decrease from the preceding quarter.
- On a YoY basis, interest income and interest expense saw significant increases of 70% and 105%, respectively. However, on a QoQ basis, the jump in interest expense of 8% outweighed the increase in interest income, which was up only 2%.
- Furthermore, the non-markup income saw a 20% YoY increase but experienced a 22% decrease sequentially on a QoQ basis. This YoY growth was primarily driven by a jump in Fee and Dividend income, which increased by 31% and 43%, respectively. However, there was a 31% YoY decline in FX income during the same period. Additionally, the bank recorded a marginal gain of PKR 66mn on the sale of its securities.
- The bank posted provisioning reversals during the first quarter of CY24 to the tune of PKR 112mn as compared to a provisioning charge of PKR 522mn recorded in the same period last year.
- The operating expense of the bank clocked-in at PKR 19.2bn in 1QCY24, up 27% YoY, and 1% QoQ. With this, the Cost/Income ratio stood at 49.5% for 1QCY24, up from 43.5% in the same period last year.
- The effective tax rate for the bank was set at 50% during 1QCY24, showing an increase from 43% in the same period last year.

Exhibit: Financial Highlights (Consolidated)

| (PKR mn) | 1QCY24 | 1QCY23 | YoY | QoQ |
|--|---------|--------|------|------|
| Mark-up/interest revenue | 128,652 | 75,601 | 70% | 2% |
| Mark-up/interest expense | 97,867 | 47,687 | 105% | 8% |
| Net markup-up/interest income | 30,786 | 27,914 | 10% | -12% |
| Total non-mark-up/interest income | 8,075 | 6,757 | 20% | -22% |
| - Fees, comm. & Brokerage | 4,535 | 3,450 | 31% | 2% |
| - Dividend Income | 298 | 208 | 43% | -7% |
| - Income fee dealing in foreign currencies | 2,304 | 3,325 | -31% | 13% |
| - Gain/(loss) on sale of securities | 66 | (312) | nm | -97% |
| Total Revenue | 38,861 | 34,670 | 12% | -14% |
| Total provisions | (112) | 522 | nm | nm |
| Operating Expense | 19,158 | 15,119 | 27% | 1% |
| Profit before tax | 19,815 | 19,029 | 4% | -21% |
| Total taxation | 9,887 | 8,258 | 20% | -40% |
| Effective Tax | 50% | 43% | | |
| Profit after tax* | 9,954 | 10,772 | -8% | 10% |
| EPS (PKR)** | 6.31 | 6.83 | | |
| DPS (PKR) | 2.00 | - | | |

Source (s): Company Financials, AHL Research, *profit attributable to equity shareholders of the bank, **@current no. of shares

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