

AHL Alert: Commercial Banks

Bank Alfalah Limited

Result Review: EPS arrives at PKR 13.9 in 1HCY24

2QCY24: Gain on securities fuels earnings

BAFL announced earnings (PAT) today for 2QCY24 at PKR 11.9bn (EPS: PKR 7.59), depicting an increase of 53% YoY | 20% QoQ (2QCY23 EPS: PKR 4.97). In addition, the profit before tax was also up by 31% YoY | 14% QoQ during the quarter. During 2QCY24, the earnings were enhanced by gain on securities. With this, total earnings for 1HCY24 increased to PKR 21.9bn, marking a 18% YoY increase. Alongside the result, BAFL announced a DPS of PKR 2.0.

Result Highlights

- Net Interest Income of the bank settled at PKR 30.6bn during 2QCY24, down by 2% YoY, while remained stagnant on QoQ basis. With this, total NII for 1HCY24 went up to PKR 61.3bn, marking an 4% YoY jump. Interest earned saw a jump of 26% YoY while Interest expense saw jump of 39% YoY, in the out-going quarter.
- NFI increased by 76% YoY, taking 1HCY24's total NFI to PKR 20.3bn (+48% YoY). This jump in 1HCY24 is primarily due to a huge fee and commission income of PKR 9.5bn (+35% YoY) possibly on the back increase in trade volumes. In addition, dividend income posted a 94% YoY, clocking-in at PKR 905mn during 1HCY24. Further more, during the 1HCY24, the bank recorded extraordinary gain on securities of PKR 2.4bn vs a loss on securities of PKR 247mn in the SPLY.
- Provisioning reversal for the bank clocked in at PKR 25mn during 2QCY24 compared to a provisioning charge of PKR 4.5bn in SPLY. This takes total provisioning reversal to PKR 232mn during 1HCY24.
- The bank's OPEX increased by 25% YoY in 1HCY24 clocking-in at PKR 39.5bn (2QCY24: PKR 20.3bn, 24% YoY | 6% QoQ). With this, Cost/Income stood at 47.4% in 2QCY24 against 43.1% same period last year.
- Effective tax rate was set at 47% during 2QCY24 compared to 54% SPLY.

Exhibit: Financial Highlights (Consolidated)

(PKR mn)	1HCY24a	1HCY23a	YoY	2QCY24a	2QCY23a	YoY	QoQ
Interest Earned	255,937	176,478	45%	127,379	100,877	26%	-1%
Interest Expensed	194,621	117,345	66%	96,754	69,658	39%	-1%
NII	61,316	59,133	4%	30,625	31,219	-2%	0%
NFI	20,327	13,701	48%	12,252	6,944	76%	52%
Total Income	81,644	72,833	12%	42,877	38,163	12%	11%
Total provisions	(232)	5,002	nm	(25)	4,480	nm	-88%
OPEX	39,476	31,571	25%	20,318	16,452	24%	6%
PBT	42,399	36,260	25%	22,584	17,231	31%	14%
Taxation	20,469	17,635	19%	10,582	9,377	13%	7%
Profit after tax*	21,928	18,614	18%	11,974	7,841	53%	20%
EPS (PKR)	13.90	11.80		7.59	4.97		
DPS (PKR)	4	3		2	3		

Source (s): Company Financials, AHL Research, *profit attributable to equity shareholders of the bank

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