

Commercial Banks

BAFL: CY25 Management Call Takeaways

- Bank Alfalah Limited (BAFL) held an investor briefing session to discuss the CY25 financial results and provide key insights on the future outlook for the Bank.
- To recall, the Bank reported CY25 earnings of PKR 28.3bn (EPS PKR 17.97), compared to earnings of PKR 38.3bn (EPS PKR 24.3) in the similar period last year. On quarterly basis, the bank reported earnings of PKR 6.9bn (EPS PKR 4.4) during 4QCY25 reflecting an increase of +12%q/q.
- The management highlighted that the Bank's total deposits increased by +17%/y/y to PKR 2.5tn during CY25. The bank's deposits market share stood at ~6.2% with over 9mn customer base and 1100+ branches. The bank's CASA ratio stood at 69.5% by the end of CY25 vs. 77.1% at year-end 2024. Moreover the bank's cost of deposits stood at 5.7% for CY25.
- In terms of future outlook, the management is of the view that the interest have bottomed out and there can be a potential rate hike in April or June 2026.

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Key highlights from management conference call

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- The Bank's investments portfolio increased by 9.2% reaching PKR 2.2tn. The management highlighted that the investment book is skewed towards floating rate bonds and T-Bills as interest rates are expected to have bottomed out. 27% of the total portfolio is

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held in fixed rate instruments while 33% is held in T-Bills and 40% in floating rate instruments.

- The bank's CAR stood at 15.9% for CY25 well above the regulatory limit of 11.5% however lower as compared to 18% at year-end 2024.
- Advances have grown by an average of 22% during CY25, and lending to SME and Agriculture segments increased by 33%/y/y leading to a market share of 8.1% and 4.7% respectively.
- The bank also witnessed a 38%/y/y increase in admin expenses which the management attributed to remittances related marketing costs, branch expansion, HR related expenses and inflationary pressures.
- The management noted that given the current geopolitical situation and economic slowdown in GCC, a potential decline of 20% in remittances inflows is expected.
- With regards to branch expansion, the bank aims to open 50 new branches subject to geopolitical situation.
- In terms of future outlook, the management is of the view that the interest have bottomed out and there can be a potential rate hike in April or June 2026.

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