

Bank Alfalah Limited

Corporate Briefing

2023 – Performance Review & Outlook

21 March 2024

CORPORATE BRANCH
I.I. CHUNDRIGAR ROAD KARACHI



Major Sponsor

Dhabi Group (56.1%)



Credit Rating

Rated **AA+ (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 interest rate hikes and volumetric growth



Market Share

Deposits (**6.9%**), Advances (**5.9%**), Trade (**8.5%**), Remittances (**14.2%**)



Branches

1,024 Branches including: **350+** Islamic and **1** Digital Lifestyle Branch



Touchpoints

85K+ touchpoints in addition to Alfa/IB



Capital Adequacy Ratio

CAR stands at **16.74%** as of 31 Dec 2023



Staff Strength

Staff strength of **14,728** as of 31 Dec 2023



ATM ATMs/ CDMs

1,132 ATMS
398 CDMs/ CCDMs across Pakistan

Bank Alfalah Limited

Dominant Player Across Our Integrated Business Functions



Deposits

Highest growth
of 40% YOY,
(Mkt Share: 6.9%)



Current deposits

Growth
of 19.5% YOY.
(est. Mkt Share: 7.2%)



Home Finance

2nd Largest ENR
(Mkt share: 14.9%)
Highest acquisitions
(Mkt share: 20.6%)



Credit Cards

2nd Largest ENR
(Mkt share: 25.9%)
2nd Highest
acquisitions
(23.2% share)



Auto Finance

3rd Largest ENR
(Mkt share: 14.2%)
2nd Highest
acquisitions
(Mkt share: 15.0%)



Primary Dealer

Ranked as no.1
Primary Dealer by
SBP for FY 2022-23



Trade

Market Share:
8.5%
Imports: 10.0%
Exports: 6.0%



Advances

Market share:
5.9%



Remittance

Market share:
14.2%



Digital Banking

Throughput around
PKR 4.0 tn

Ranking on Growth
 Ranking on Size

Financial Results – 2023

Financial Results – 2023

Balance Sheet Snapshot



Amount PKR mn	Dec-22	Sep-23	Dec-23	YoY	QoQ
Cash	140,613	198,021	202,692	44%	2%
Bal with banks	9,485	17,412	16,618	75%	-5%
Lending to FI	115,354	60,246	119,554	4%	98%
Advances (net)	732,375	665,596	735,052	0%	10%
Investments (net)	1,114,407	1,506,084	2,067,263	86%	37%
Fixed & Others	140,963	228,231	204,738	45%	-10%
Total Assets	2,253,197	2,675,589	3,345,917	48%	25%
Deposits	1,486,845	1,821,313	2,084,997	40%	14%
Sub Loans/ADT1	14,000	14,000	14,000	0%	0%
Borrowings	491,180	505,793	909,543	85%	80%
Other Liabilities	161,157	214,741	199,453	24%	-7%
Total Liabilities	2,153,182	2,555,847	3,207,994	49%	26%
Paid up Capital	15,772	15,772	15,772	0%	0%
Reserves	79,384	102,344	110,883	40%	8%
Reval Surplus	4,859	1,626	11,268	132%	593%
Total Equity	100,015	119,742	137,923	38%	15%
Book Value per Share	63.41	75.92	87.45	38%	15%

- Deposits crossed PKR 2trn mark, with 40% YoY growth, resulting in improved market share. This was backed by branch network expansion, improved staff productivity and effectively executed strategy.

- Advances remained flat YoY on the back of cautious lending. Bank maintained a strong credit discipline amid challenging market fundamentals. Further, Bank has continued with its prudent provisioning.

- Investments up 86% YoY; portfolio remained skewed towards floater PIBs & T-bills.

- Reval. Surplus growth QoQ is mainly due to PKR yield curve movement, as well as recovery in Pak Euro Bonds.

- Book value per share improved to PKR 87.45/sh.

Financial Results – 2023

Profit & Loss Snapshot



Amount PKR mn	2022	2023	YoY	4Q 2022	3Q 2023	4Q 2023	YoY	QoQ
Interest Income	214,054	411,948	92%	69,873	109,776	125,715	80%	15%
Interest Expenses	136,812	285,877	109%	46,642	77,982	90,630	94%	16%
Net Int Income	77,242	126,070	63%	23,230	31,794	35,085	51%	10%
Non Int Income	21,883	28,064	28%	4,428	5,531	9,545	116%	73%
Total Income	99,126	154,134	55%	27,658	37,325	44,630	61%	20%
Admin expenses	49,562	64,503	30%	14,552	15,895	18,245	25%	15%
Other charges	907	1,715	89%	257	379	665	159%	75%
Non int expense	50,497	66,497	32%	14,809	16,274	18,910	28%	16%
Profit before prov	48,629	87,637	80%	12,849	21,050	25,720	100%	22%
Provisions	12,468	9,462	-24%	4,332	4,162	298	-93%	-93%
Profit before tax	36,160	78,175	116%	8,517	16,888	25,422	198%	51%
Taxation	17,954	41,719	132%	4,401	8,256	16,218	269%	96%
Profit after tax	18,206	36,456	100%	4,117	8,632	9,205	124%	7%
Diluted EPS (Rupees) *	11.54	23.12	100%	2.61	5.47	5.84	124%	7%
DPS (Rupees)	5.00	8.00	60%	2.50	0.00	5.00	100%	

- NII grew by 63% YoY; which was a function of growth in balance sheet size and improved spreads after re-pricing of the well positioned asset book.

- Non-interest income +28% YoY
 - Fee and Commission Income is up 37%, mainly led by Cards, ADC, and Trade.
 - Higher derivatives income.
 - Capital gains on shares and foreign securities

- Increase in admin cost mainly due to branch expansion, technology costs, flood donations/CSR initiatives, marketing activities, inflation and PKR volatility.

- Provisions mainly relate to additional charge on the back of prudent provisioning including subjective downgrades and increase in GP; partly offset by investment provision reversal and recovery against written off debts.

- Higher tax rate was mainly on account of prudent windfall tax booked on FX income.

* EPS is calculated using current number of the shares

Financial Results – 2023

Key Ratios



	2022	1Q 23	2Q 23	3Q 23	4Q 23	2023
Yield on Advances	10.8%	14.2%	16.2%	16.1%	16.6%	15.8%
Yield on Investments	12.7%	15.9%	18.6%	19.4%	20.2%	18.8%
Cost of Deposits	6.3%	8.0%	9.9%	10.9%	11.8%	10.3%
Cost of Funds	7.6%	9.6%	12.1%	13.0%	13.8%	12.3%
NIM	4.2%	5.6%	5.4%	5.3%	5.3%	5.4%
ROA	0.9%	1.9%	1.2%	1.3%	1.3%	1.4%
ROE exc. Surplus	19.5%	43.3%	28.6%	29.5%	29.8%	32.5%
Admin Cost : income	50.0%	42.3%	41.9%	42.5%	40.9%	41.8%
Gross ADR	51.5%	47.1%	44.9%	38.9%	37.3%	37.3%
CASA	71.7%	68.0%	71.3%	70.6%	69.3%	69.3%
CA	44.5%	43.7%	42.8%	41.0%	37.9%	37.9%
Net Loans (YoY)	8.7%	1.7%	4.5%	-10.6%	0.4%	0.4%
Deposits (YoY)	30.5%	31.9%	34.7%	31.5%	40.2%	40.2%
NPL ratio	4.0%	4.5%	4.7%	5.4%	4.8%	4.8%
Coverage	107.6%	103.2%	102.2%	112.5%	112.2%	112.2%
CAR	13.8%	14.7%	14.5%	15.5%	16.7%	16.7%

- NIMs expanded owing to deposits growth and higher interest rates.
- Cost to income ratio decreased to 41.8% as revenue growth outpaced expenses growth.
- ROE jumped on a YoY basis with improved profitability and shares buyback.
- CA reported around 38%, due to shift from Current to Savings and Term Deposits to capitalize on market opportunities.
- Declining trend in ADR due to cautious lending in view of prevailing economic / business conditions and strong deposits base.
- NPL ratio increased to 4.8% mainly due to subjective classification/downgrading. The coverage is sufficient at 112.2%.
- CAR comfortably above the regulatory requirement.

Other Initiatives



Awards and Recognition during the Year 2023

Awards

Awards



Pakistan Banking Association

Winner: Best Digital Banking 2023



Annual CFA Pakistan Excellence Awards

- Winner: Gender Diversity in FI's
- Winner: Best Investor Relations in FI's (won for the 10th consecutive time)
- Winner: Best Reporting in Environment, Social and Governance
- Runner up: Best Bank of the Year (Large)
- Runner up: Best Digital Banking Services



National Forum for Environment & Health

Recognition for Remarkable Efforts and Initiatives under Corporate Social Responsibility



Future Banking Summit

1st prize in Best Digitization Initiative of Banking Channels



United Nations Global Compact

2nd Prize: Sustainability Efforts



engageconsulting

Pakistan Society of Human Resource Management

Recognised as Best Place to Work for Women



Institute of Chartered Accountants of Pakistan

- 1st Prize: Best Annual Report in Banking Sector
- Merit Certificate for Sustainability Reporting
- 2nd Prize: Use of Technology in Auditing



Pakistan Remittance Initiative

- Highest Remittance Growth Bank of Pakistan
- Leading Remittance Mobilizing Bank of Pakistan



Cambridge IFA - Islamic Retail Banking Awards

- Most Innovative Islamic Retail Banking Window in Pakistan
- Excellence Award: Premier Banking in Pakistan



Pakistan Digital Award

- Best Digital Advertiser of the Year
- Best SEO Campaign for Roshan Digital Account
- Best e-commerce website for AlfaMall



Rising Women Pakistan (Women Business Network)

Recognised by the President of Pakistan for facilitating women entrepreneurs in the SME sector through Financial Inclusion



Management Association of Pakistan

MAP - Corporate Excellence Award

1st prize in Corporate Excellence (Commercial Banking Sector)



Pakistan Stock Exchange (PSX)

Recognised in Top 25 Companies (Elevated to 10th position from 16th position last year)



South Asian Federation of Accountants

Joint Second Position for Best Presented Annual Report across South Asia



Pakistan Business Council (PBC) & International Finance Corporation (IFC)

Winner for Top 10 Employer of Choice Awards for Gender Diversity



Mastercard

- Payment Gateway Innovation Award: Recognition for enabling used case for freelancers to receive payments from their customers digitally
- Mastercard MENA East Business Forum: Best Youth Credit Card Proposition Award



Global Diversity, Equity and Inclusion Benchmark (GDEIB) Awards

Won awards in 15 categories



Professional Network - CSR Summit & Awards

Award for Sustainability Initiatives



Our Digital Snapshot

BAFL's digital initiatives

Digital Lifestyle Branch – First in Pakistan

The Bank's Digital Lifestyle branch offers digital banking & lifestyle solutions under one roof:

- 96% transactions occur via portals / machines, only 4% via teller
- Biometrically secured digital lockers
- Digital floor with self service kiosks (ATM / CDM / CCDM) + digital account opening kiosks
- Conventional & Islamic Buy-Now-Pay-Later store
- Digital Facilitation Desk
- Wealth Management Partner Facilitation Desk
- Shared workspaces and dining facility available



Digital Sales and Service Centers (SnSC)

The Bank has introduced SnSC's at two locations in Karachi. These SnSC's are compact shops housing self-service kiosks (ATM / CDM / CCDM digital account opening tabs) and are strategically located in cash-heavy market areas, with a particular focus on serving MSMEs and digital savvy merchants.

Buy-Now-Pay-Later (BNPL) - Islamic

Customers with credit cards of any bank can shop from Alfa Mall or Bank registered online merchants and pay in easy Riba-free instalments with 0% processing fee.



BISP

Bank Alfalah won Pakistan's largest mandate to service ~45% (up from ~20%) of the BISP portfolio (4.4 Mn beneficiaries)

Digital Banking Portfolio – Highlights & Key Features

Digital Throughput:
~ **PKR 4.0 Tn**
(↑ 84% from Dec-22)

Digital Migration Ratio:
~**77%** YTD Average
(conversion of branch OTC transactions to digital channels)

ALFA Mall offers BNPL with self pick up, same day delivery, cash on delivery (COD) and easy returns
PKR 9.8 Bn
(↑ 94% from Dec-22)

Digital Network:
ATMs: **1,132**
CDMs/CCDMs: **398**
Agent Network: **26,014**
QR Merchants: **27,657**
Online Merchants: **2,792**

G2P Payments: **PKR 137 Bn**
(↑ 39% from Dec-22)

Digital Lending: **PKR 19.5 Bn**
(↑ 74% from Dec-22)
includes Consumer & SME disbursements via digital channels

ALFA App:
Over 730 K users
(30 day active)

ALFAChat / WhatsApp Bot for customer facilitation

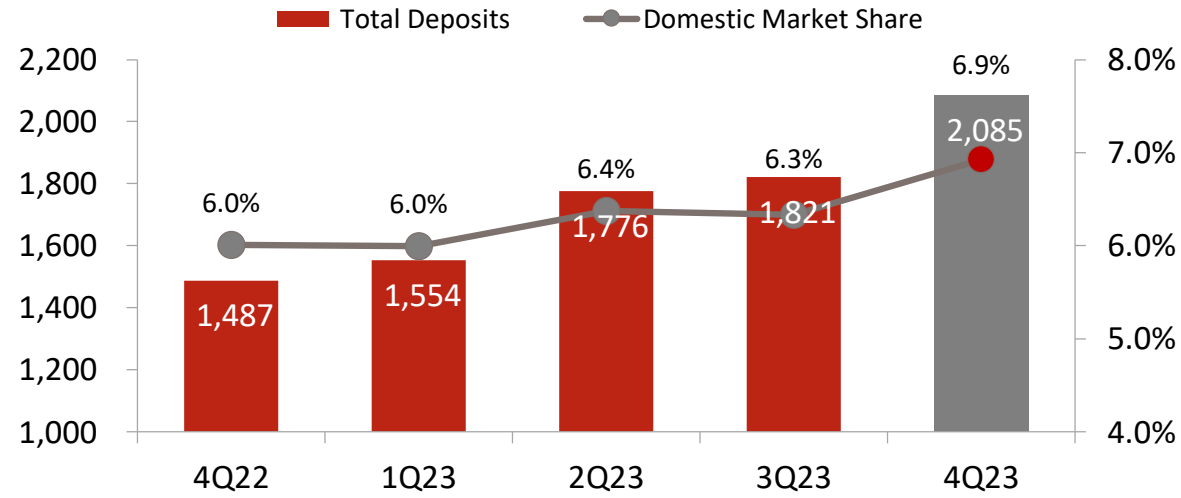
Trends Analysis

Trends Analysis

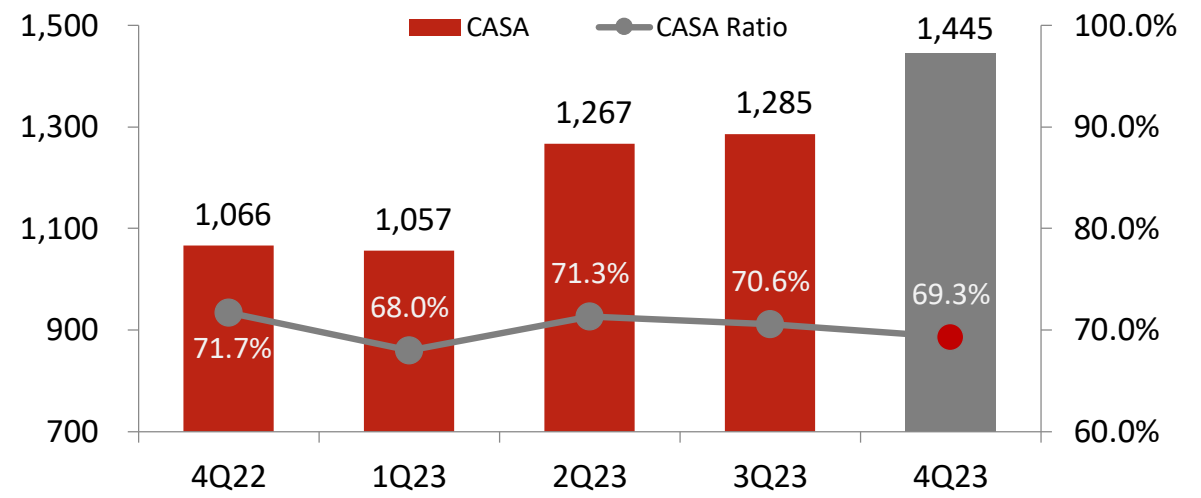
Financial Snapshot



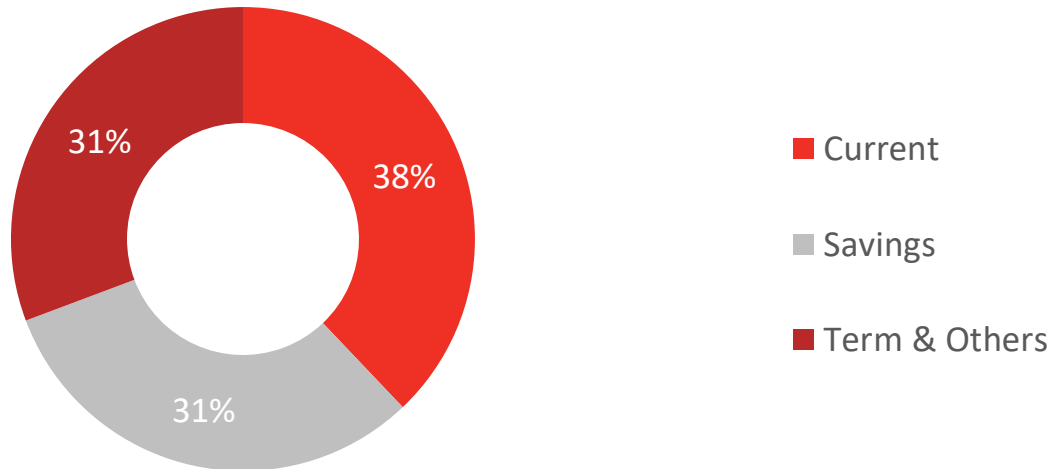
Deposits (PKR bn) – Domestic Market Share at 6.9%



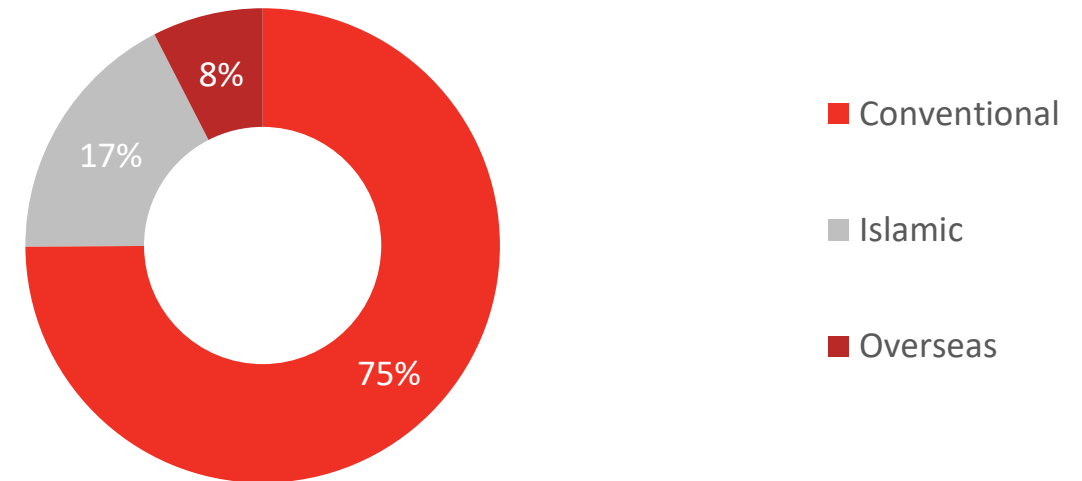
CASA Deposits (PKR bn) – CASA Ratio at 69.3%



Deposit Mix



Deposits Composition

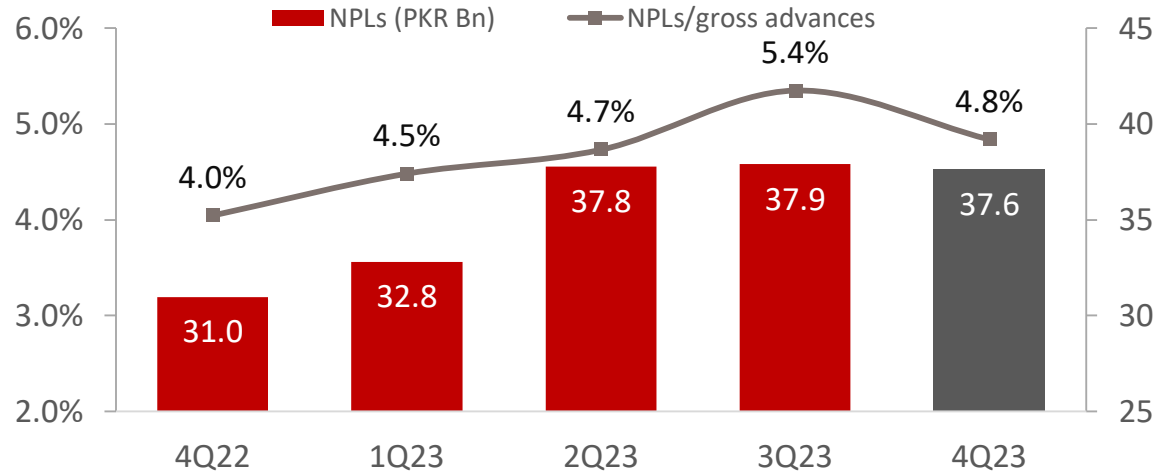


Trends Analysis

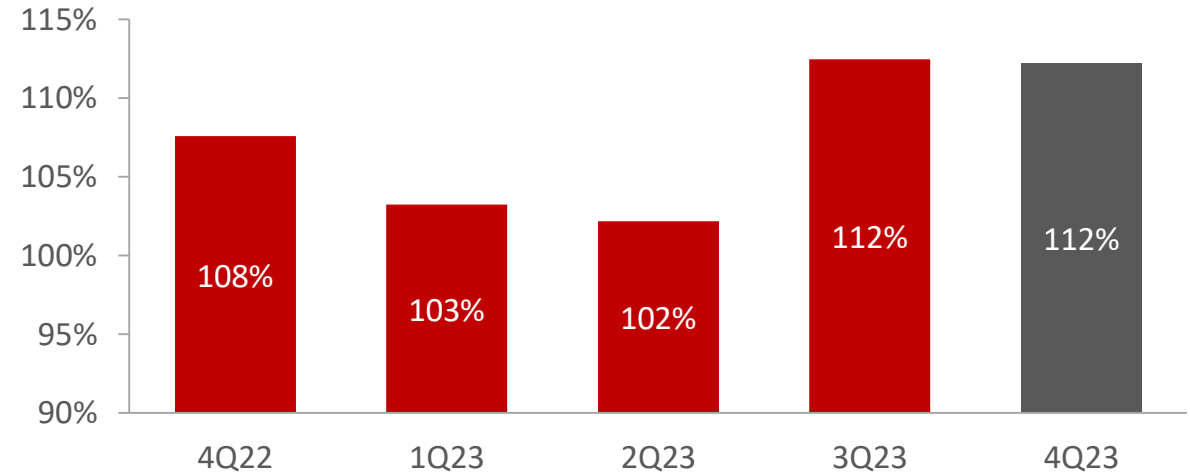
Quarterly Advances & Asset quality trends



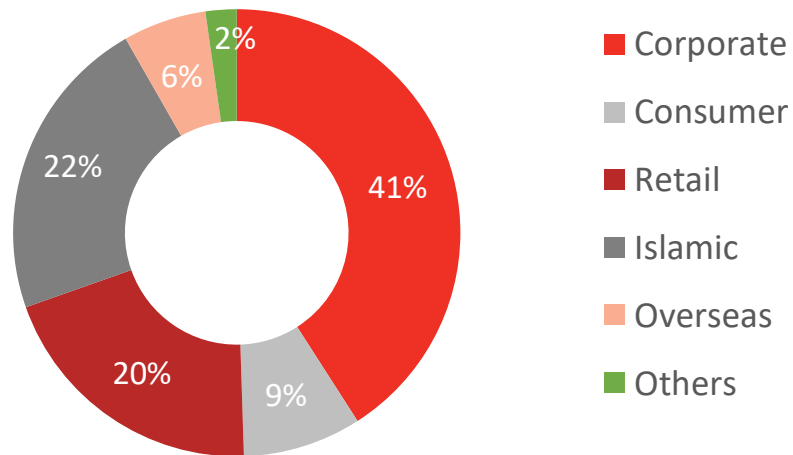
Infection Ratio at 4.8%



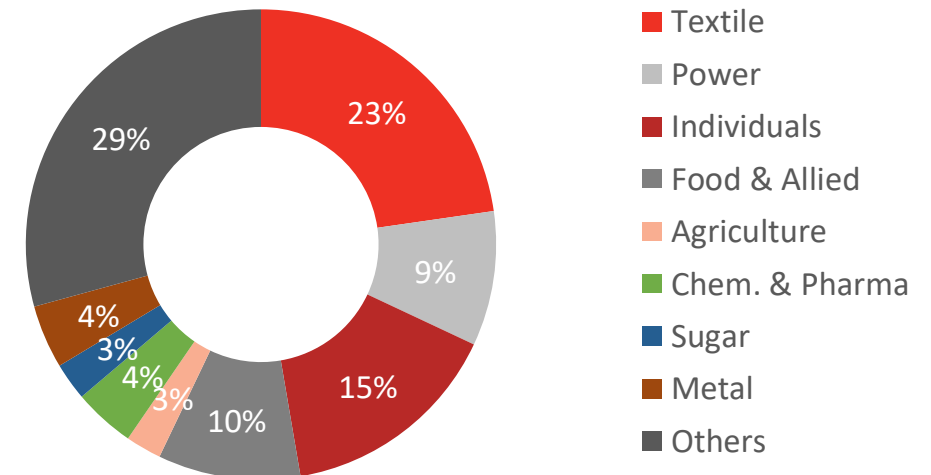
Coverage remains above 100%



Performing Advances composition



Advances concentration (Dec 2023)



Islamic book comprises of:
57% corporate; 15% commodity finance, 16% consumer loans & 12% others

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%
Total Assets	1,006,218	1,065,311	1,384,874	1,734,321	2,253,197	3,345,917	27.2%
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%
Total Liabilities	930,571	977,284	1,293,856	1,634,319	2,153,182	3,207,994	28.1%
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%
Total Equity	75,647	88,028	91,017	100,003	100,015	137,923	12.8%

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%
Net Int. Income	31,926	44,896	44,705	46,268	77,242	126,070	31.6%
Non Int. Income	10,431	10,357	12,795	16,254	21,883	28,064	21.9%
Total Income	42,357	55,253	57,499	62,522	99,126	154,134	29.5%
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%
Profit before provisions	17,645	25,410	25,468	25,682	48,629	87,637	37.8%
Provisions	27	3,029	7,589	2,312	12,468	9,462	222.8%
Profit before tax	17,618	22,382	17,878	23,370	36,160	78,175	34.7%
Taxation	6,993	9,686	7,403	9,154	17,954	41,719	42.9%
Profit after Tax	10,625	12,696	10,475	14,217	18,206	36,456	28.0%
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)**	81,618
Market Capitalization (USD mn)*	293
Average Daily Turnover (mn shares) - 12M	2.37
Average Daily Turnover (USD mn) - 12M	339.20
Current Stock Price** (PKR)	51.75
High / Low** (PKR) - 12M	58.43 / 28.31

*Using PKR / USD parity of PKR 278.63

**Stock Price as of March 18, 2024



For any queries:

Fahad Rauf, CFA

Unit Head - Capital Markets & Investor Relations

Bank Alfalah Limited

Phone: +92 (21) 3820 7697

E-mail: fahad.rauf@bankalfalah.com



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