

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

faysalbank



**Investors' Briefing Session
Financial Performance – Dec'23**

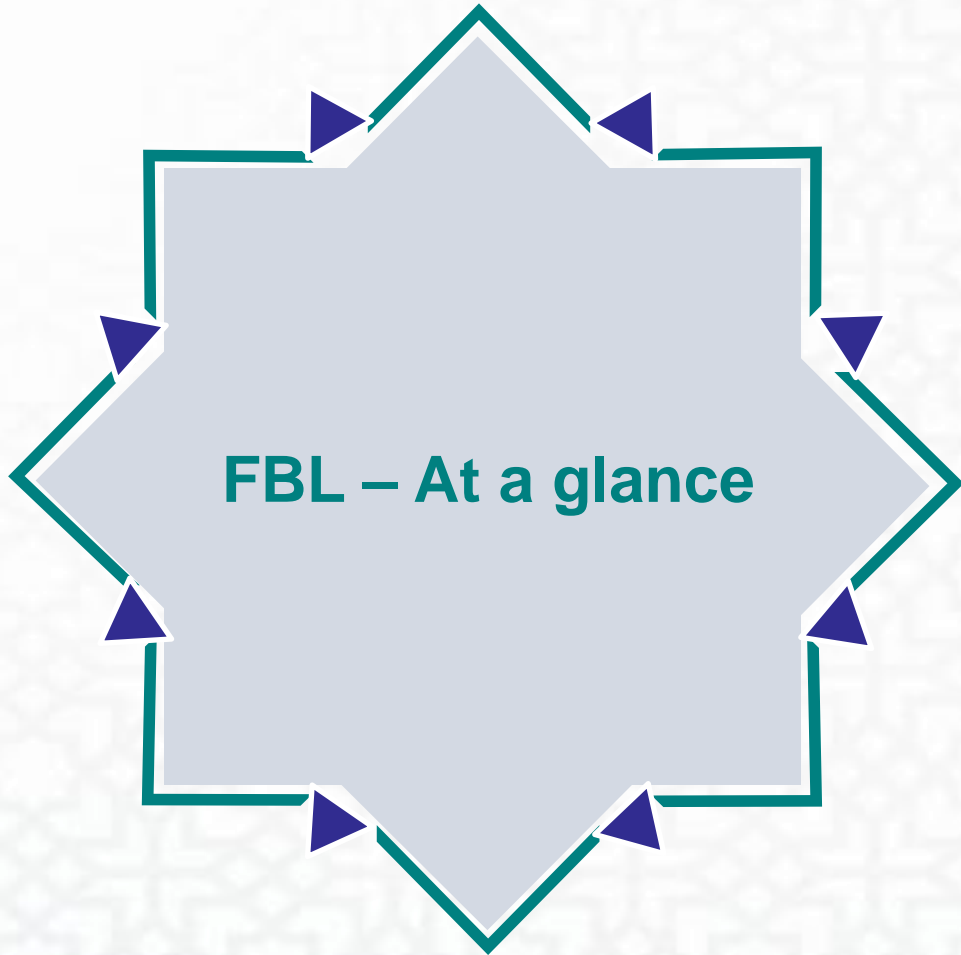
Date: March 01, 2024

Place: Karachi

Presented by: Syed Majid Ali – Chief Financial Officer



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FBL – At a glance



KPIs

Assets: Rs. 1.4 Trillion
Deposits: Rs. 1 Trillion
Deposits Market share: 3.7%
PAT: Rs. 20 Billion ↑79%
CAR: 17.46%



Ownership

Ithmaar Holdings B.S.C (66.78%)
Dar Al-Maal Al-Islami Trust – ultimate parent



Credit Rating

Long Term: AA
Short Term: A1+



Diversified offerings

Full-fledge, Sharia-compliant financial services offerings across all segments.



Footprint

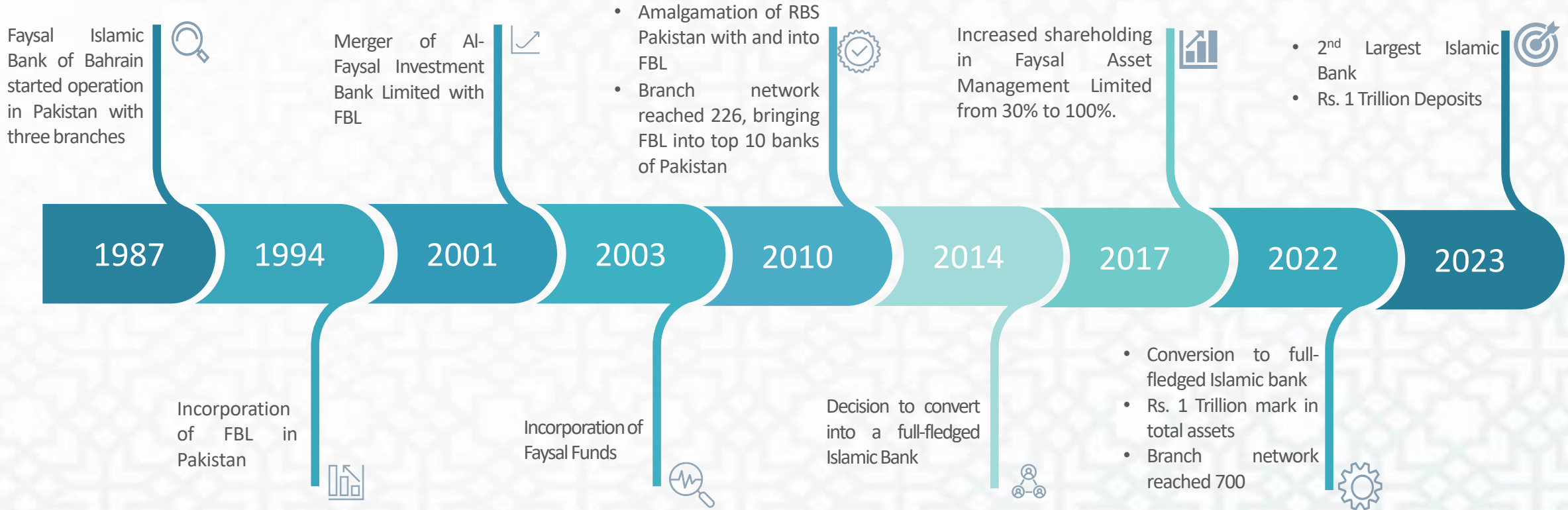
2nd Largest Islamic Bank in Pakistan
Network: 722 branches, 280 cities
ATMs: 711
Customers: 1.5 million
Staff strength: 8,787



Shariah Compliant

International Shariah Compliance and fiduciary Rating of **"SCFR (PK)1"**

Journey of FBL highlighting the key events from 1987 to 2023





**FBL's
Vision, Mission
and Core Values**

Vision

To be the best **customer centric** Islamic bank, driven by passion and belief.

Mission

Achieve leadership in providing Shariah compliant financial services with **customer care and employee focus**, at the heart of our business ethos together with **innovation and technology** being the pillars of our growth.

FBL's core values – its building blocks





Strategic Focus

Positioning	Strategic Actions	Strategic Targets	Status				
Strong Retail Franchise	<ul style="list-style-type: none"> Grow low-cost CASA deposits by focusing on mass-affluent customer segment Offer complete and innovative Shariah compliant product suite 	<p>CASA Ratio: Improve</p> <p>Market Share: Increase network & deposit market share</p>		Dec 2020	Dec 2021	Dec 2022	Dec 2023
			Branches	576	606	700	722
			Deposits*	540,636	644,089	781,571	1,018,276
			CASA	71.75%	75.42%	80.00%	75.05%
High Quality Lender	<ul style="list-style-type: none"> Drive volume from large corporates Drive new business growth from smaller corporates and SME segment Consumer financing - Branch-focus and cross-sell propositions 	<p>Lending: Grow. (underwrite cautiously – maintain low NPL levels).</p>	Advances*	339,745	416,785	473,590	580,771
			NPLs*	26,225	23,407	21,698	23,060
			Infection Ratio	7.72%	5.62%	4.58%	3.84%

* PKR in million

Positioning

Strategic Actions

Improved Customer Experience –Digital

- Use technology to differentiate from competitors
- Manage branch traffic through diversion to Digital Channels
- Through advanced analytics leverage data to support sales/ cross sales/ loyalty programs

To Be the Leading Islamic Bank

- Offer innovative, Shariah compliant solutions for Retail, Corporate and Commercial banking
- Develop the best-in-class human resource capital
- Re-align service standards & improve service levels

Increased shareholder value with capital stability

- Improve top-line/ core income & NFI in all segments
- Improve efficiencies in procurement, expenditure and optimize costs
- Maintain healthy CAR levels to support business growth



**Business
Developments**

Business	Performance
<p>1 Retail Banking & CBSME</p>	<ul style="list-style-type: none"> ➤ Added 22 branches to reach 722 branches with increase in deposits market share from 3.5% to 3.7% in Dec'23 ➤ Launched Amal a branded account for women ➤ CBSME surpassed the PKR 63 billion milestone with a remarkable 36% increase
<p>2 Consumer</p>	<ul style="list-style-type: none"> ➤ Noor Card is the most desirable card in the market, with over 50K new customers during the year and spends also growing by 38% to Rs. 81 billion
<p>3 Corporate and Investment banking</p>	<ul style="list-style-type: none"> ➤ The Bank successfully negotiated and led transactions worth more than Rs. 35 billion, comprising deals in infrastructure, power, telecommunications, etc. ➤ The corporate financing book grew by 28% during 2023 ➤ Remittance market share witnessed a surge from around 3% to 4.5% while transaction volume increased by 30% (compared from last year)
<p>4 Treasury</p>	<ul style="list-style-type: none"> ➤ Treasury has robustly performed and have increased the FX volumes by offering competitive pricing.

Business

Performance

- A strong shift in customer transaction behavior towards digital modes persuaded the Digital Banking Group to continue innovating to ensure that the customers have a seamless banking experience, on digital channels.
- WhatsApp Banking has seen sizeable growth in 2023, with over 500,000 retail customers. WhatsApp banking caters to over 200,000 service requests every month
- Below are the details of traffic migration to digital channels:

Description

Value

Traffic Migration to Digital Channels

80%

YoY Increase in Digi bank Registered Customers

45%

YoY Increase in Digi bank Penetration (% of active clients)

20%

App. Login attempts - Mn

95M

Super Customers (3 Trnx/Month) - 30 Days '000

215

App Active Customers - 30 Days '000

396

5

Digital Banking



FBL gets **Global Recognition** as the “Best Emerging Islamic Bank” at Global Islamic Finance Awards.

FBL was awarded the "**Best Emerging Bank**" at Pakistan Banking Awards

Secured 4th place at the **Best Corporate Report Awards** organized by ICAP & ICMAP

Faysal Bank has been honoured with **seven accolades** at the Global Diversity, Equity, and Inclusion Awards.





Consistent improvement in spreads YoY to 6.0%, from 4.0%

Record PBT of PKR 41 billion, 85% higher than the PKR 22 billion in Dec'22

Continuous decrease in cost to income ratio and stands at 49% (Dec 2022 : 56%)

PAT
PKR 20 Billion
+79% YoY

PBT
PKR 41 Billion
+85% YoY

Deposits
PKR 1 Trillion
+30%



Market Share
Deposits: 3.7%
Dec'22: 3.5%

Infection Ratio
3.8%
LY: 4.6%

CIR
49%
LY: 56%

CASA Mix stands at 75%, decline since Dec 22 - 80%, due to growth in term deposits

Strong current deposit momentum continued and reached PKR 326 billion, 18% growth over Dec'22

Reduction in Infection ratio to 3.8%, total coverage at 87% (Dec 2022 : 89%)

Description Rs in millions		Actual		YoY Variance	
		Dec'23	Dec'22	Amount	%
Cash and Bank balances	1	85,849	58,916	26,933	45.7%
Due from financial institutions		-	9,815	(9,815)	-100.0%
Investments	2	589,545	469,451	120,094	25.6%
Financing	3	580,711	454,261	126,450	27.8%
Other assets	4	113,969	81,909	32,060	39.1%
Total assets		1,370,074	1,074,352	295,722	27.5%
Due to financial institutions	5	166,887	150,134	16,753	11.2%
Deposits	6	1,018,276	781,571	236,705	30.3%
Other liabilities	7	94,713	72,564	22,149	30.5%
Total liabilities		1,279,876	1,004,269	275,607	27.4%
Net assets		90,198	70,083	20,115	28.7%
Share Capital		15,177	15,177	-	0.0%
Reserves and Unappropriated profit		59,870	44,257	15,613	35.3%
Revaluation of assets	8	15,151	10,649	4,502	42.3%
Total equity		90,198	70,083	20,115	28.7%

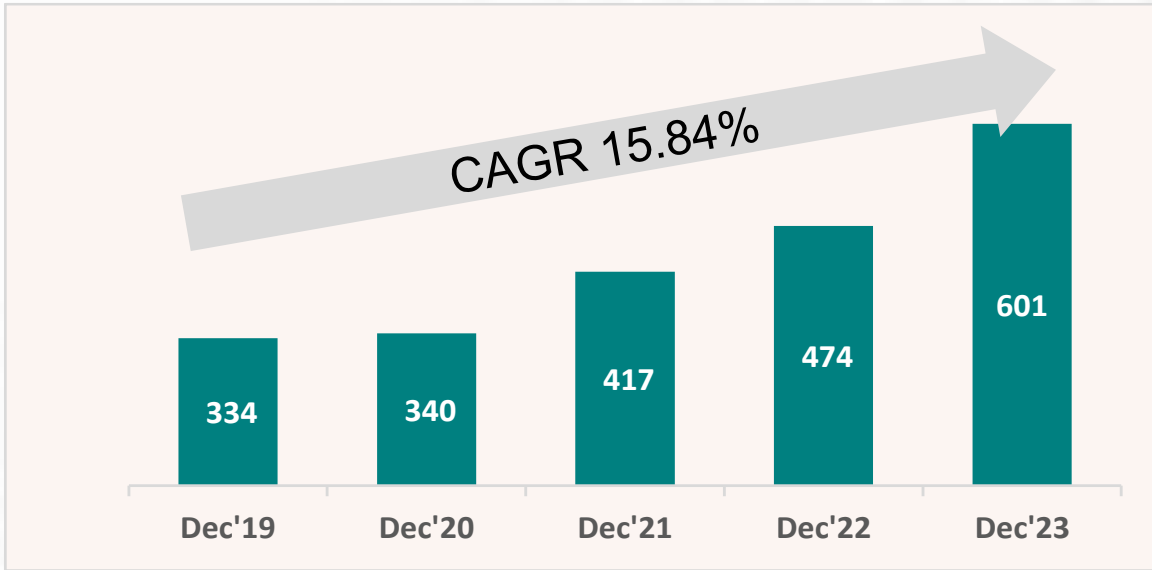
- Cash & Bank Balances** – Higher statutory cash reserve requirement in line with increase in deposits (PKR 14 Bn) and higher NBP balances (PKR 9 Bn)
- Investments** – Ijara Sukuk Bonds increased by PKR 135 Bn during the year partially offset by disposal of PIBs PKR 14 Bn
- Financing** – Increase in Commodity financing (PKR 84 Bn)
- Other assets** – Strong balance sheet growth and policy rate hikes increased accrued profit by PKR 17 Bn. Acceptances are also higher by PKR 6 Bn
- Due to FIs** – Increase in OMO borrowings by PKR 45 Bn partially offset by decrease in Interbank Borrowings by PKR 22 Bn. Repo borrowing of PKR 5 Bn also got settled due to disposal of PIBs
- Deposits** – Focus was to increase CA and TD (sticky deposit); Increase in CA by PKR 49 Bn, SA by PKR 89 Bn and TD by PKR 98 Bn
- Other Liabilities** – Accrued profit payable higher by PKR 10 Bn in line with higher policy rates, and increase in acceptances by PKR 6 Bn
- Revaluation of assets** – Surplus on Ijara Sukuk and shares increased

Description Rs in millions	Actual		YoY Variance		
	Dec'23	Dec'22	Amount	%	
Profit / return earned	189,448	104,521	84,927	81.3%	
Profit / return expensed	(118,395)	(64,533)	(53,862)	-83.5%	
Net profit / return earned	1	71,053	39,988	31,065	77.7%
Total Non-Funded Income	2	12,089	8,959	3,130	34.9%
Gross revenue		83,142	48,947	34,195	69.9%
Total Expenses	3	(40,807)	(27,494)	(13,313)	-48.4%
Operating Profit		42,335	21,453	20,882	97.3%
Provisions (charge) / reversal	4	(914)	940	(1,854)	-197.2%
Profit Before Tax		41,421	22,393	19,028	85.0%
Taxation	5	(21,375)	(11,160)	(10,215)	-91.5%
Profit After Tax		20,046	11,233	8,813	78.5%

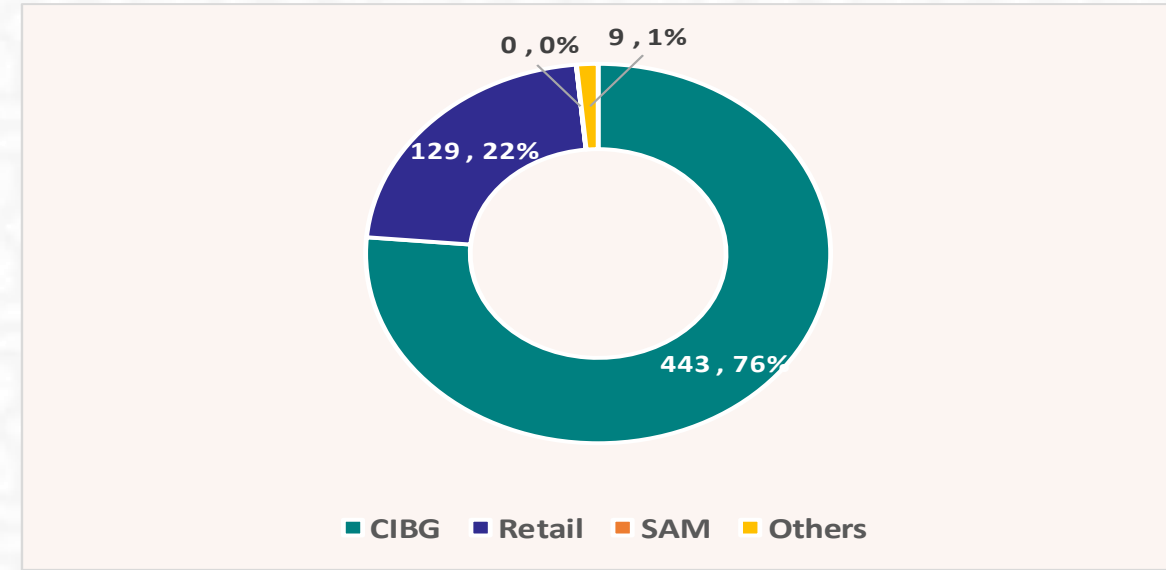
79% growth in PAT

- 1. Net profit / return earned** – Grown by 78% YoY underpinned by improvement in overall spreads (Impact: PKR 23.3 Bn) and strong balance sheet expansion (Impact: PKR 7.8 Bn).
- 2. Non-Funded income** – Despite of loss on disposal of equity securities (Swing of PKR 0.4 billion) NFI increased by 35% on the back of FX and Fee based income.
- 3. Admin. Expenses** – Increased by 48% due to high inflation, PKR devaluation against USD and increase in branch network.
- 4. Provisions** – Higher due to impairment on equity securities book in 1H of 2023 (PKR 1.3 Bn) and specific provision because of FSV benefit withdrawal (PKR 1.1 Bn).
- 5. Taxation** – Includes tax on windfall income PKR 622 million. Excluding this impact, the growth in PAT would have been 84%.

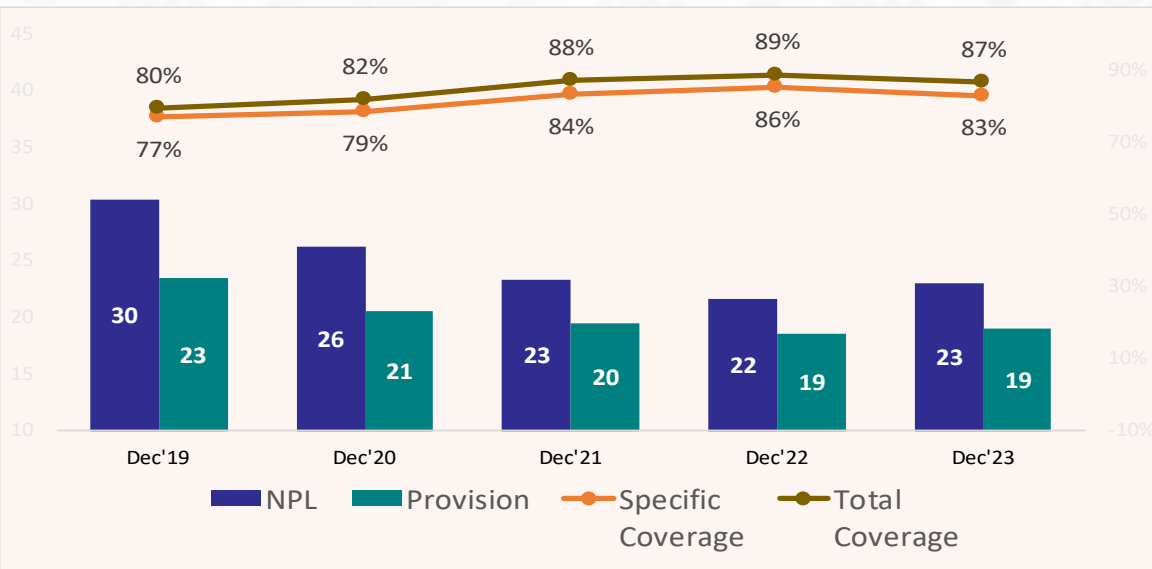
Gross Financing – Rs in Billions



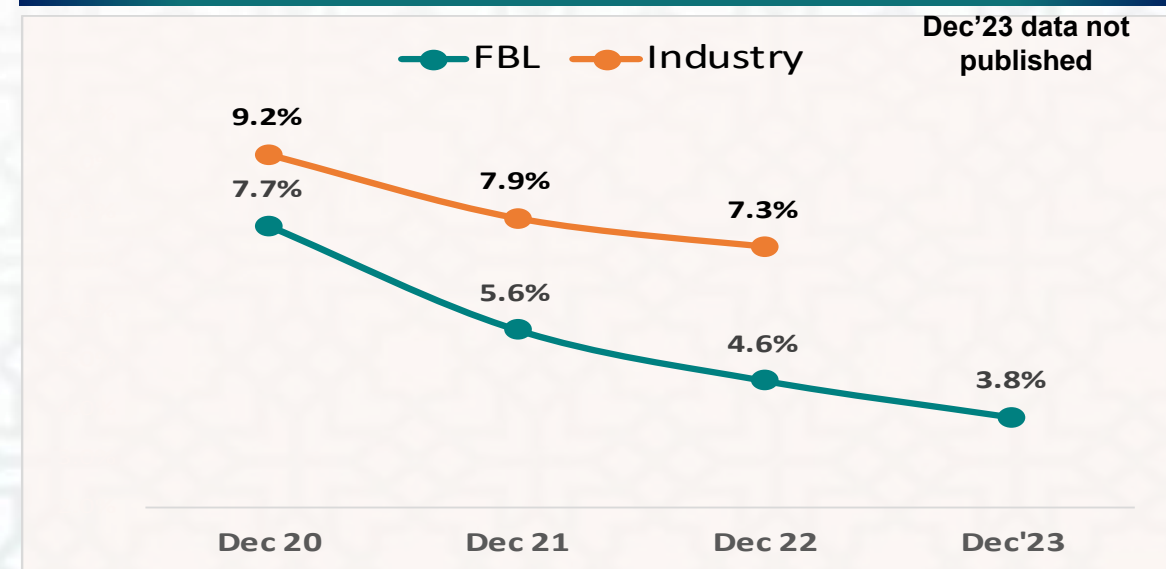
Gross Financing – Business segment wise composition



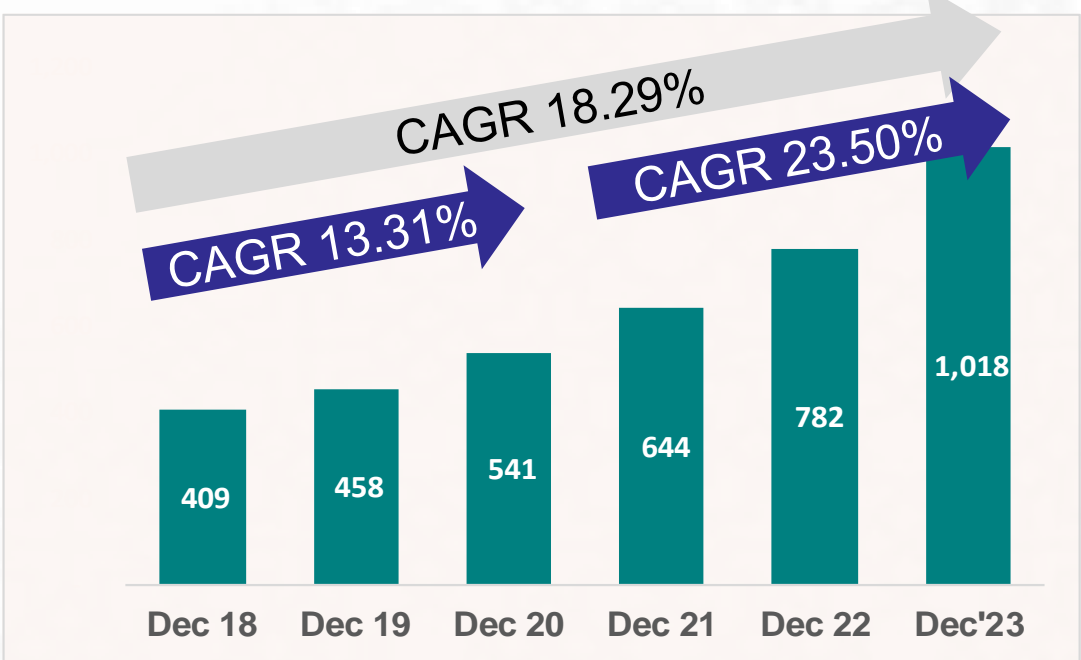
Stable coverage ratio



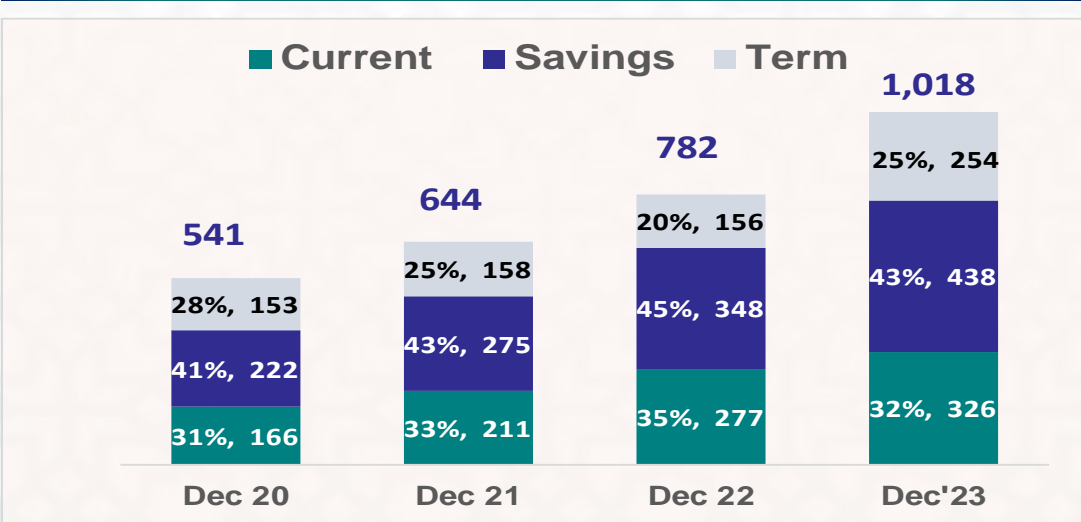
Infection ratio lower than industry



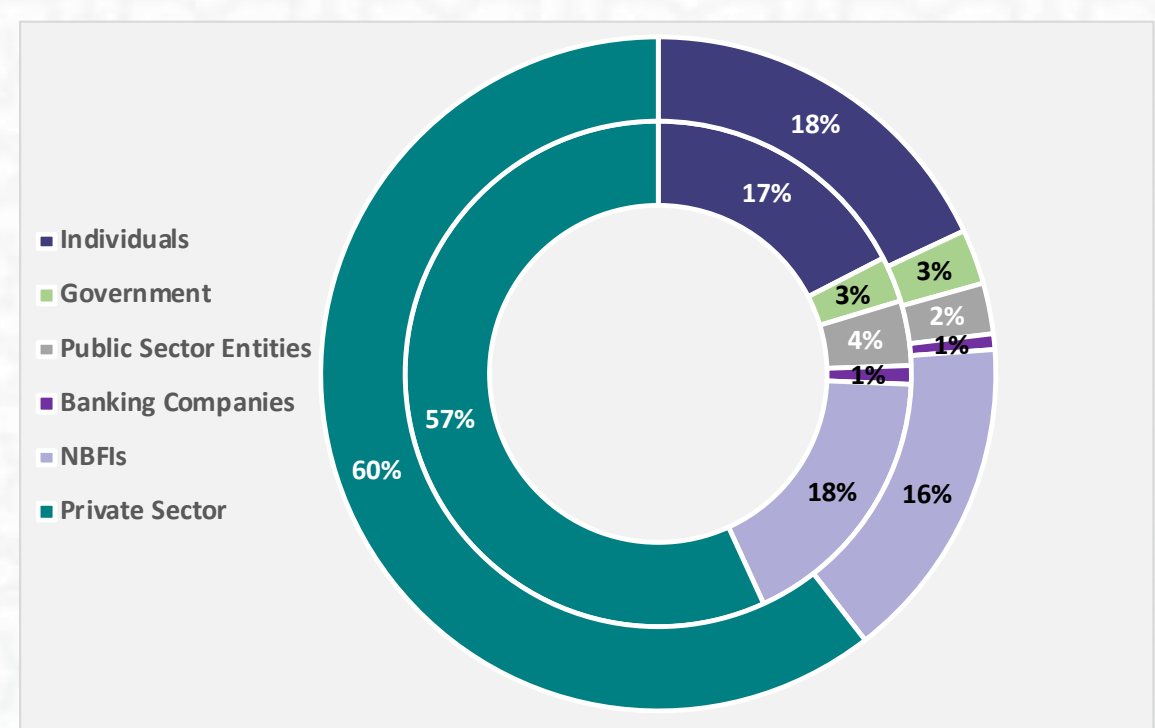
The growth momentum has doubled in the last 3 years



Consistent growth in deposit base



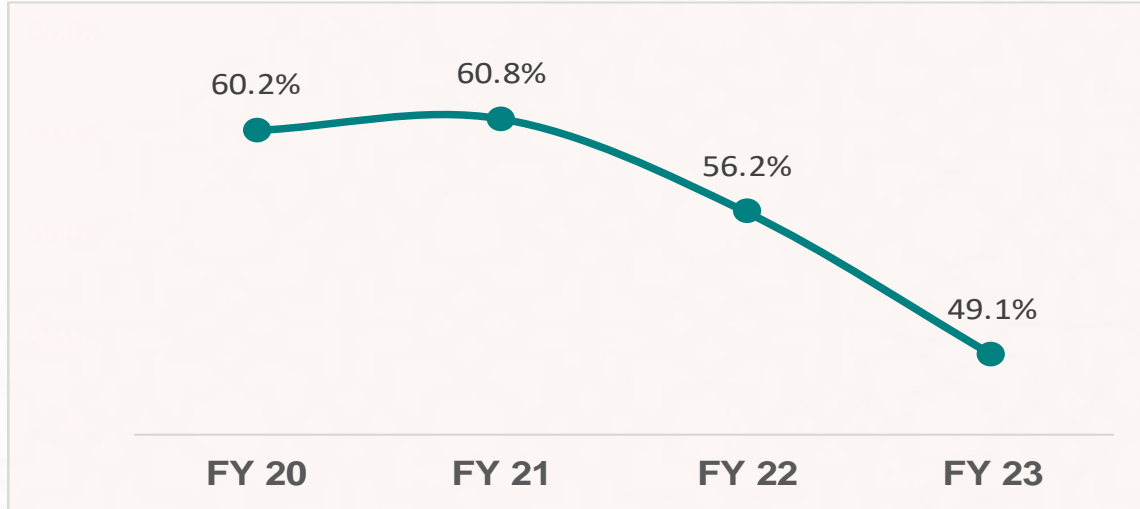
Deposit composition relatively remained unchanged



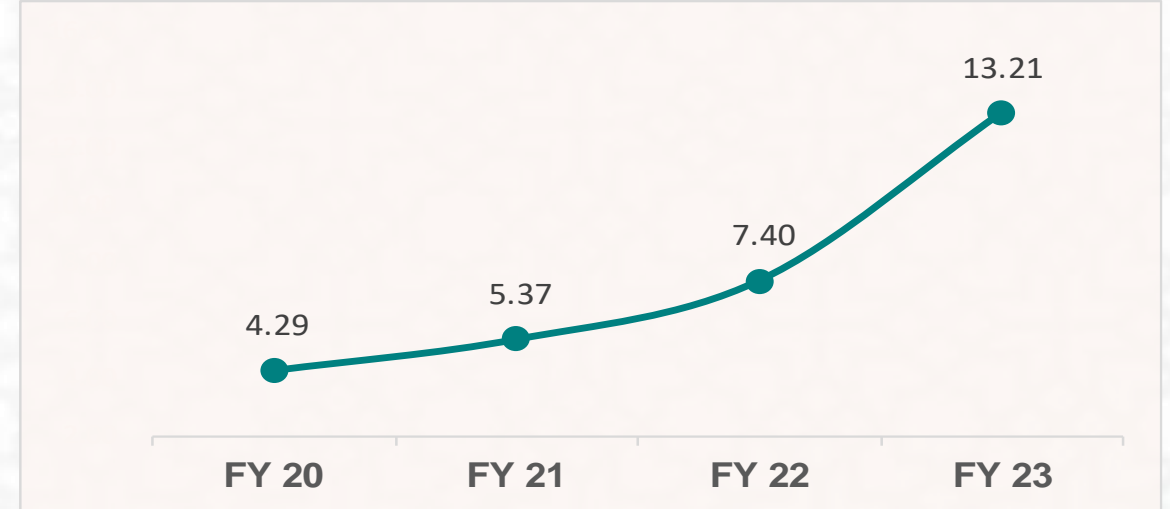
Outer ring: 2023
Inner ring: 2022



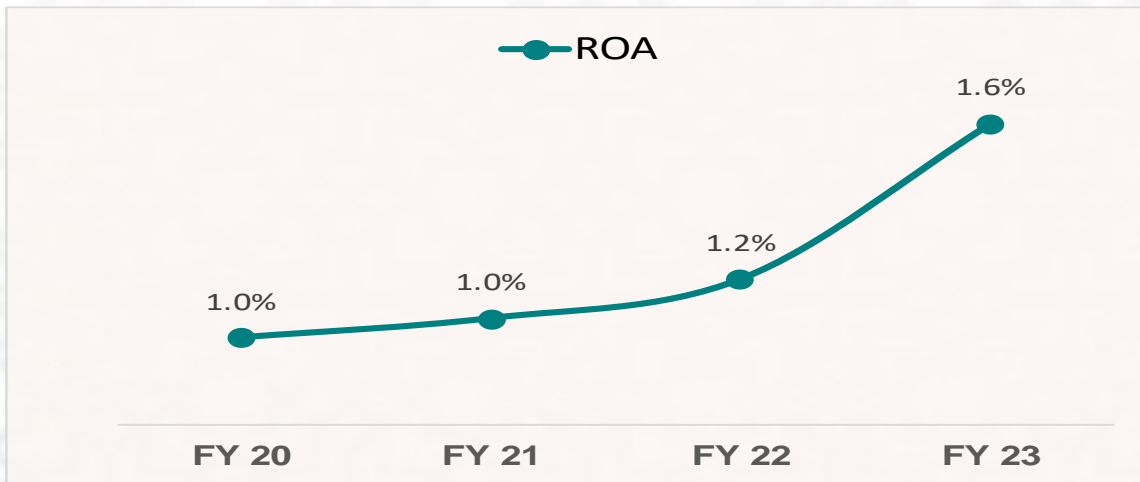
Cost to Income ratio – Reduced to 49%



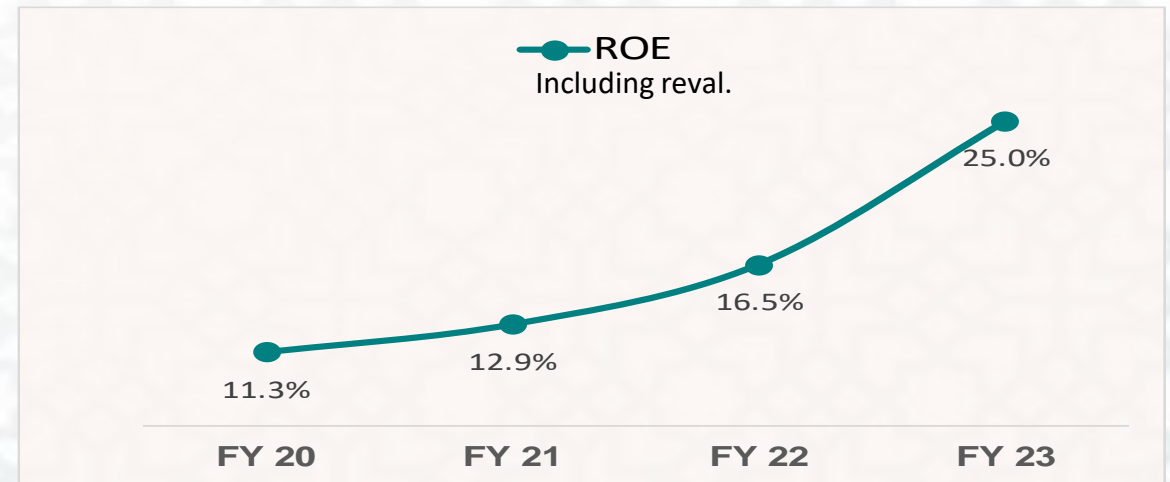
Earning Per Share – Consistent growth in profitability



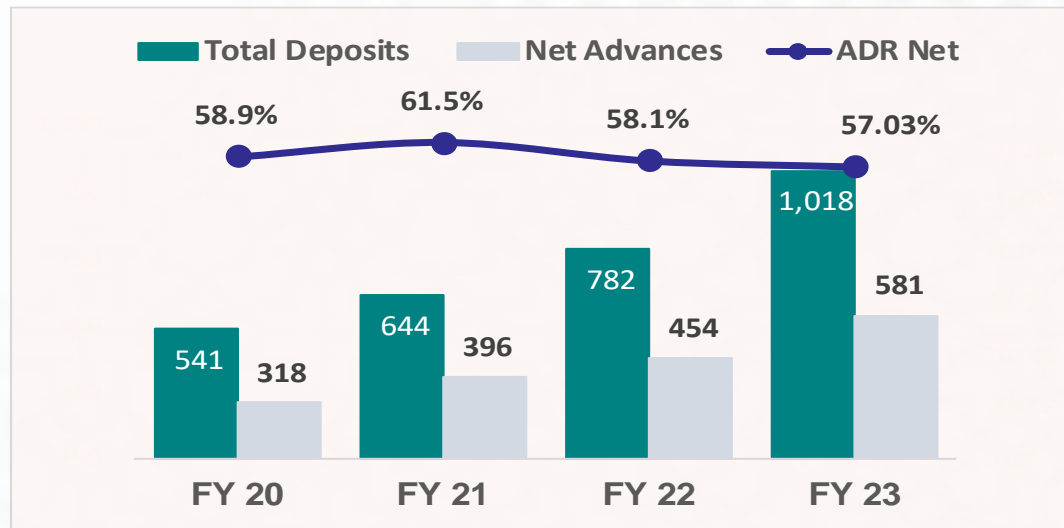
ROA on a rising trajectory



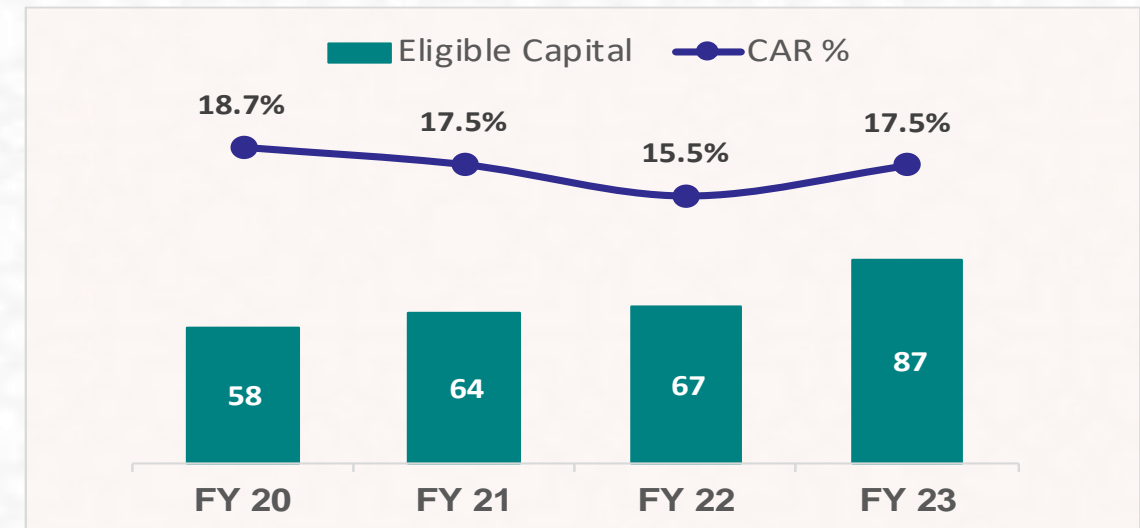
Consistent growth in ROE



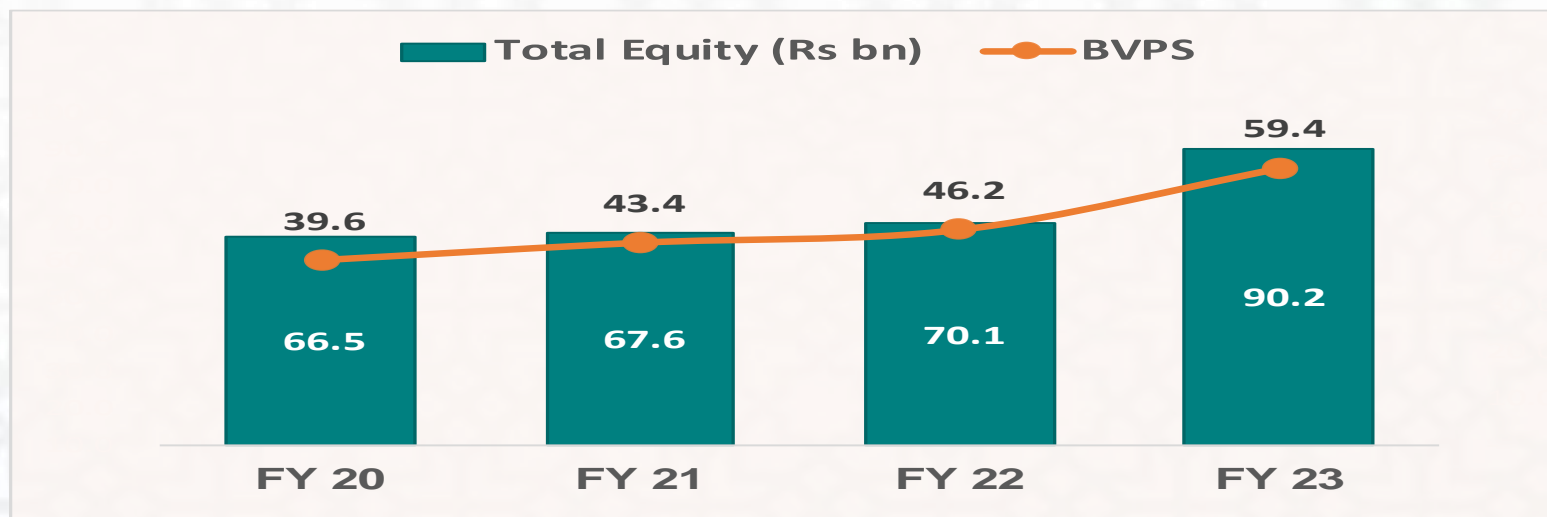
Advances to Deposits Ratio - Among the highest



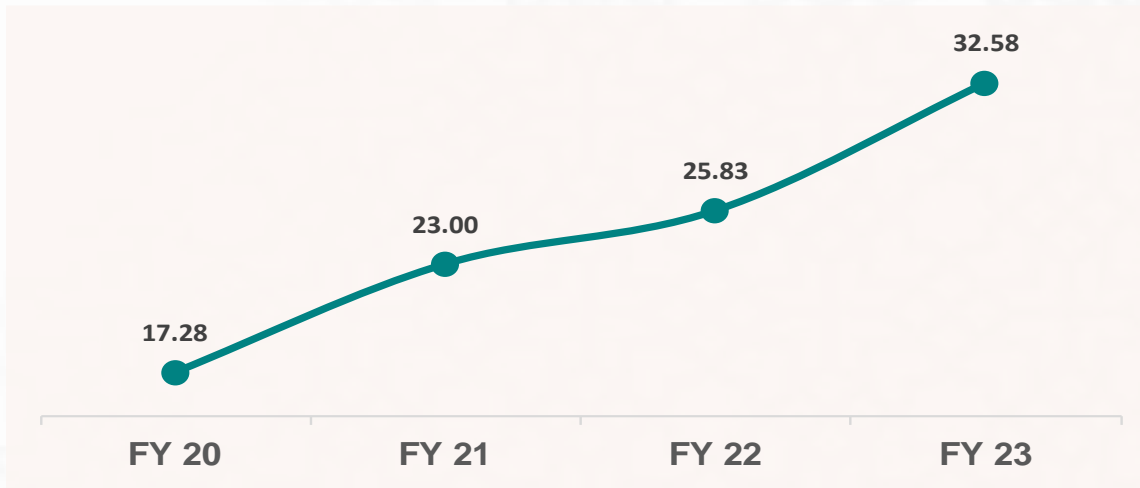
Strong Capital Position



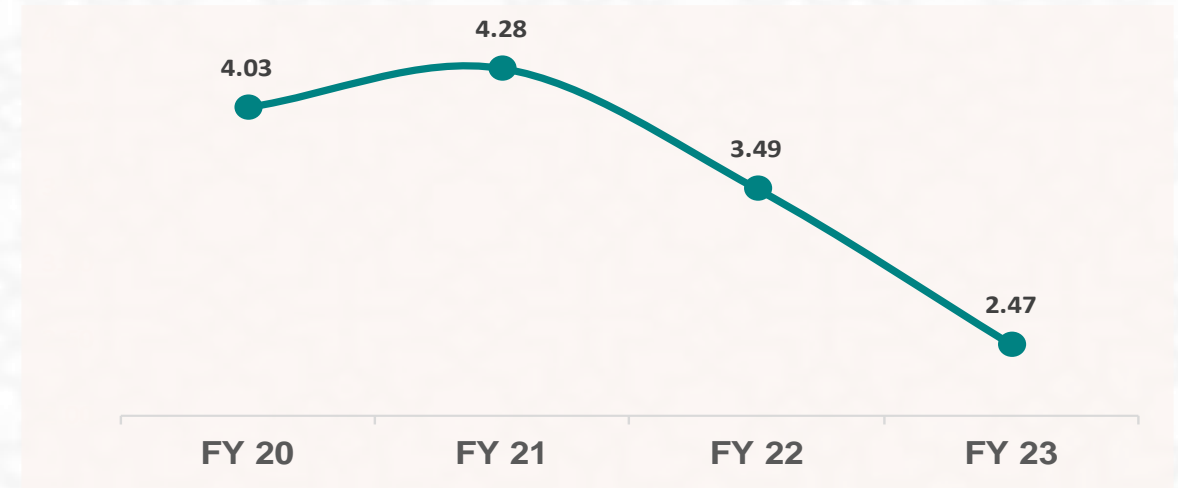
Equity & Book Value Per Share (BVPS) on increasing trajectory



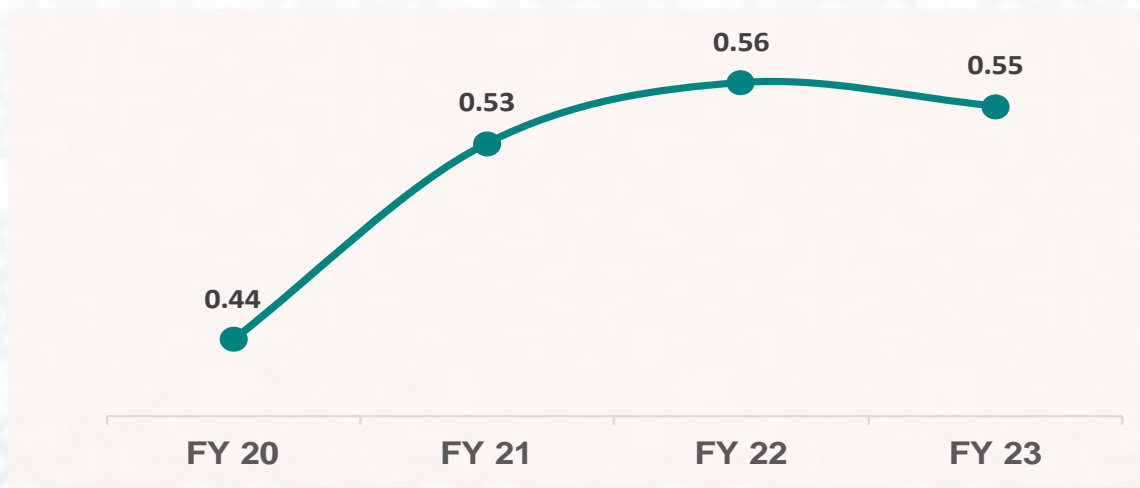
Share price



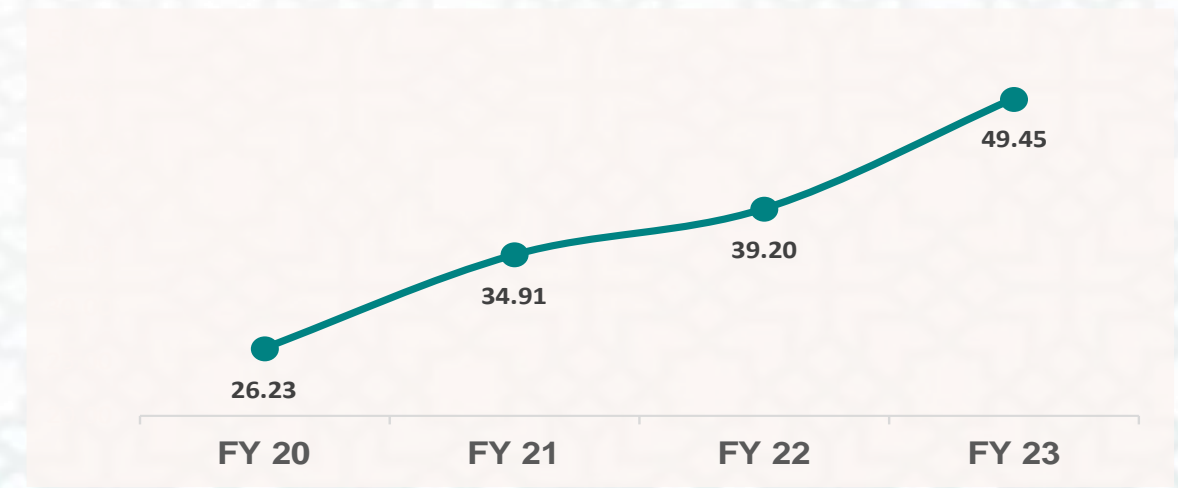
Price Earning Ratio



Price to Book Ratio



Market Capitalization – Rs in Bn





Environment – Our Impact on the Environment

FBL has been at the forefront in financing the renewable energy sector

Life cycle replacement plan to replace traditional lighting, ACs & other electrical equipment with LED lights, inverter ACs & energy efficient appliances.

Responsible waste management, conservative paper printing & use of sustainably sourced paper

Social – Our Impact on the Community

Faysal Bank donated a total of PKR 120 Million in 2023 through Waqf Faisal

18% of CSR budget spent on the cause of quality education

The Bank sponsored the 8th Special Olympics Pakistan Unified Marathon

19% diversity rate, including two female Board Directors

Qabil Internship fostering disability inclusion

Governance – Our Impact on the Stakeholders

Committed to the highest standards of corporate governance, meeting the legal requirements in Pakistan, as well as the best practices recommended by PSX & SECP

Strong policies & strict procedures ensure meticulous compliance of applicable laws, rules & regulations

**FBL is contributing towards following UN SDG goals
PSX has set a target of 6 SDGs for listed companies**



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Thank You