

Bank Alfalah Limited

Corporate Briefing

3Q 2020 Performance Review & Outlook

November 2020

Bank Alfalah Limited

Introductory Snapshot



Commencement of Operations	1997
Head Quarters	Karachi
Major Sponsors	Dhabi Group (50%); IFC (15%)
Credit Rating (Long Term / Short Term)	AA+ / A1+
Branches	710 (including 170 Islamic Branches)
ATMs/ CDMs	801/137
Cities Covered	225 cities in Pakistan, 7 cities overseas
International Presence	11 International Branches in 4 countries
Market Share	4.6% of deposits
Assets	PKR 1,244bn / USD 7.5bn
Deposits	PKR 820bn / USD 5.0bn
Net Advances	PKR 495bn / USD 3.0bn
Capital Adequacy Ratio	18.35%
Staff Strength	10,721

Note - Data as of September 30, 2020

Financial Results – 3Q20



Financial Results – 3Q20

Profit & Loss Snapshot



Amount PKR mn	9M19	9M20	YoY	3Q19	2Q20	3Q20	YoY	QoQ
Interest Income	66,465	71,736	8%	24,806	24,043	21,787	-12%	-9%
Interest Expenses	33,123	37,269	13%	13,146	12,462	10,681	-19%	-14%
Net Int. Income	33,342	34,467	3%	11,660	11,580	11,106	-5%	-4%
Non Int. Income	7,076	10,024	42%	2,110	4,173	3,142	49%	-25%
Total Income	40,417	44,491	10%	13,770	15,753	14,248	3%	-10%
Admin expenses	21,357	23,383	9%	7,469	7,485	7,844	5%	5%
Other charges	551	494	-10%	187	167	176	-6%	5%
Non int. expense	21,908	23,877	9%	7,656	7,652	8,019	5%	5%
Profit before prov	18,509	20,614	11%	6,114	8,101	6,229	2%	-23%
Provisions	2,012	6,279	212%	1,033	3,261	1,490	44%	-54%
Profit before tax	16,497	14,335	-13%	5,082	4,840	4,738	-7%	-2%
Taxation	7,254	6,004	-17%	2,048	2,077	1,991	-3%	-4%
Profit after tax	9,243	8,331	-10%	3,033	2,763	2,747	-9%	-1%
Diluted EPS (PKR)	5.20	4.69	-10%	1.71	1.55	1.55	-10%	-1%
DPS (Rupees)	2.00	2.00	0%	-	-	2.0	NM	NM

- QoQ decline of 4% in NII for 3Q20 due to downward re-pricing of assets.
- Recovery of Bangladesh related suspended mark-up in 3Q20.
- Fee income grew 40% QoQ in 3Q20. Lower Capital Gains however dragged total non interest income down 25% QoQ.
- Admin cost inched up QoQ due to re-opening of branches post Covid.
- 3Q20 Provisions include equity impairment reversal of ~ PKR 0.3bn and general provision charge of ~PKR 1.5bn, taking total general provisions to PKR3.5bn.
- EPS at PKR1.55 is flat QoQ. With SBP moratorium* ending, BAFL announced a dividend of PKR2/sh.

*As part of the overall Covid plan of SBP, all banks were asked to restrict dividends for two quarters. For BAFL it corresponded to 1Q20 and 2Q20.

Financial Results – 3Q20

Balance Sheet Snapshot



Amount PKR mn	Sep-19	Dec-19	Sep-20	YoY	YTD
Cash	74,457	100,732	79,502	7%	-21%
Bal with banks	5,284	4,710	3,192	-40%	-32%
Lending to FI	76,269	71,435	53,161	-30%	-26%
Advances (net)	473,077	511,236	495,888	5%	-3%
Investments (net)	350,065	299,098	539,707	54%	80%
Fixed & Others	69,581	78,100	72,332	4%	-7%
Total Assets	1,048,732	1,065,311	1,243,782	19%	17%
Deposits	711,262	782,284	820,066	15%	5%
Sub Loans/ADT1	11,987	11,987	7,000	-42%	-42%
Borrowings	173,108	102,842	234,175	35%	128%
Other Liabilities	69,709	80,170	88,807	27%	11%
Total Liabilities	966,065	977,284	1,150,048	19%	18%
Paid up Capital	17,772	17,772	17,772	0%	0%
Reserves	55,693	58,889	65,009	17%	10%
Reval. Surplus	9,203	11,367	10,952	19%	-4%
Total Equity	82,667	88,028	93,733	13%	6%
Book Value per Share	46.52	49.53	52.74	13%	6%

- Cash decreased 21% YTD, primarily on the basis of seasonal and one-off increase in Dec-19.
- Advances grew 5% YoY with a marginal decline of 3% YTD, primarily attributable to Covid related slowdown.
- Investments grew 80% YTD driven by 1.3x growth in PIB's and 2.6x growth in T-Bills.
- Deposits reflected growth of 5% YTD (15% YoY) with CA ratio recorded at 46%.
- Decline in Sub Loans reflects exercise of Call Option on outstanding TFC during 2Q20.
- Borrowings grew by 2.3x on YTD basis, corresponding to an increase in Investments
- BVPS stands at PKR 52.7/sh, up 13% YoY.

Financial Results – 3Q20

Key Ratios



	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Yield on Advances	10.9%	12.6%	12.7%	12.5%	9.7%	8.2%
Yield on Investments	8.8%	10.6%	10.6%	10.6%	9.6%	8.2%
Cost of Deposits	4.6%	5.1%	5.9%	5.8%	4.2%	3.3%
Cost of Funds	5.2%	6.4%	6.9%	6.6%	5.1%	4.2%
NIM	5.2%	5.5%	5.3%	5.3%	4.6%	4.1%
ROA	1.4%	1.2%	1.4%	1.1%	1.0%	0.9%
ROE exc. Surplus	17.3%	16.3%	18.3%	14.7%	14.1%	14.2%
Admin Cost : income	54.2%	54.2%	52.0%	55.6%	47.5%	49.4%
Gross ADR	69.0%	69.0%	67.7%	68.9%	66.5%	63.4%
CASA	82.5%	78.9%	75.9%	79.3%	79.9%	81.2%
CA	49.6%	45.1%	43.4%	44.2%	46.3%	46.0%
Net Loans (YoY)	3.0%	0.0%	1.9%	7.6%	4.1%	4.8%
Deposits (YoY)	9.0%	4.6%	8.2%	9.8%	9.1%	15.3%
NPL ratio	3.5%	4.2%	4.2%	4.5%	4.7%	4.8%
Coverage	89.2%	80.6%	79.1%	79.3%	80.5%	80.0%
Coverage (incl. Gen Provision)	94.6%	85.0%	83.6%	83.3%	92.1%	97.7%
CAR	16.8%	16.9%	16.9%	17.3%	17.67%	18.35%

- NIM for 3Q20 reflected compression from re-pricing of assets following the 625bp easing in 2020.
- ROA and ROE remained relatively stable QoQ at 0.9% and 14.2% respectively.
- Cost to Income Ratio inched up QoQ but remained under the 50% mark.
- NPLs were flat QoQ but contraction in loan book led to higher NPL ratio at 4.8%.
- Specific coverage remained at 80% (no provision required for GoP backed loans).
- Additional PKR1.5bn general provisions, however, took total coverage to 98%.
- CAR for 3Q20 reported at 18.35%.

Appendix

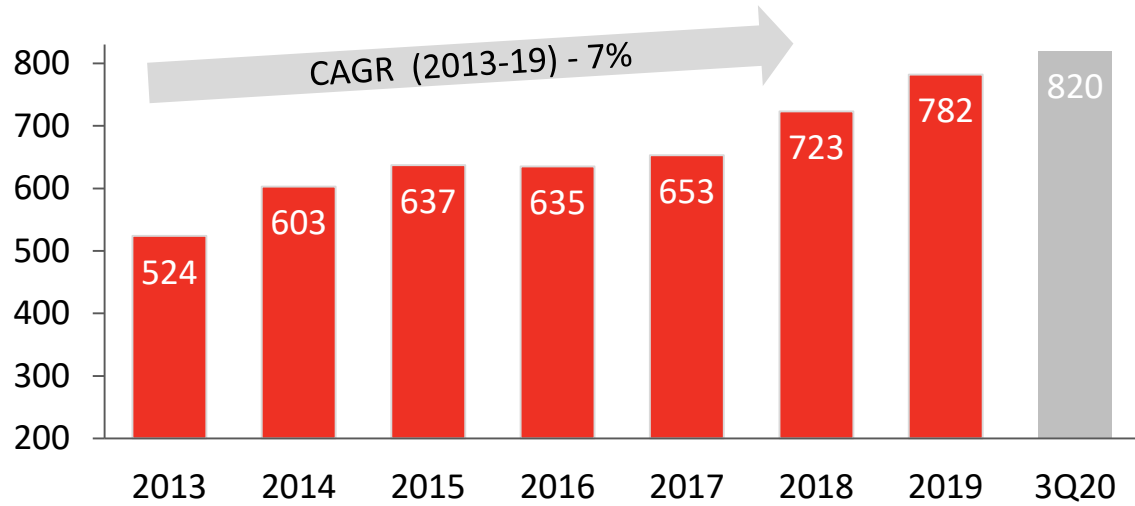


Appendix

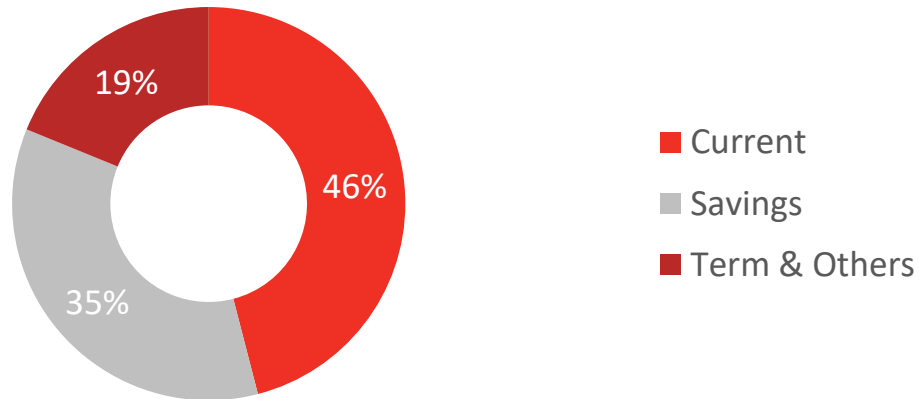
Quarterly Deposit Mix



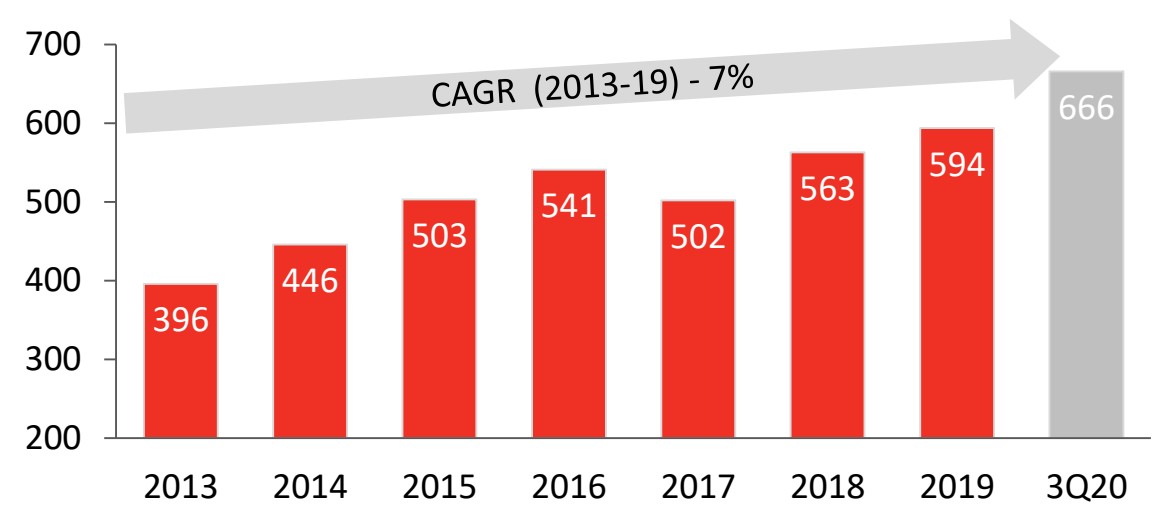
Deposit Growth Trend* (PKR bn)



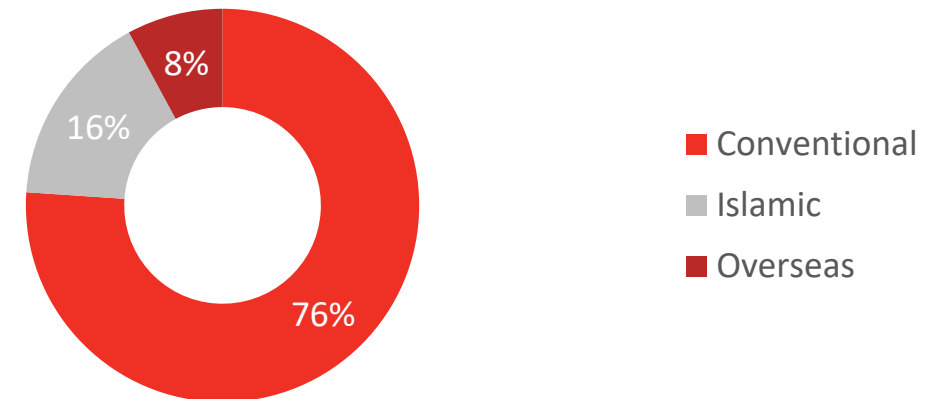
Deposit Mix



CASA Continues to Remain Strong* (PKR bn)



Deposits Composition



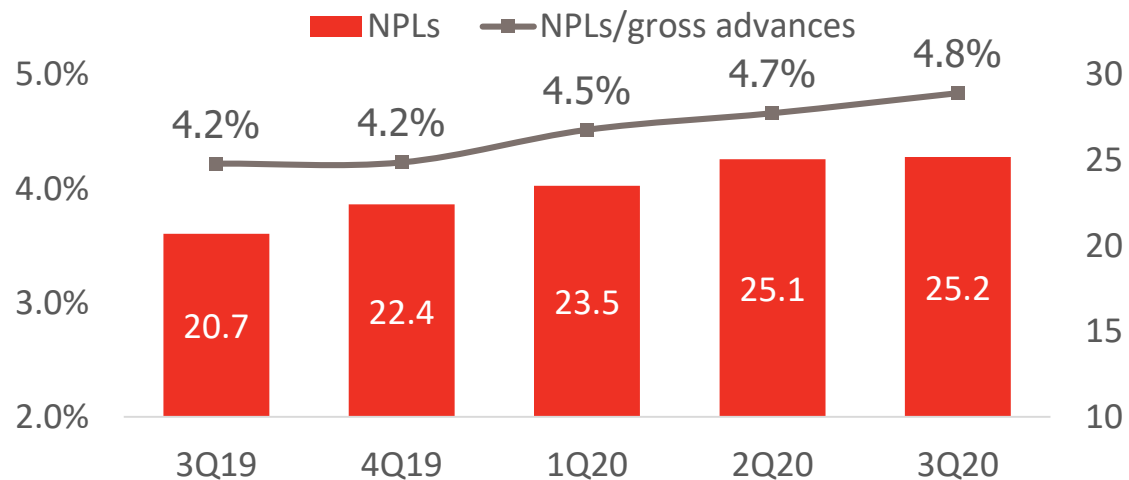
*Afghanistan Operations added back on line-by-line basis for ease of comparison

Appendix

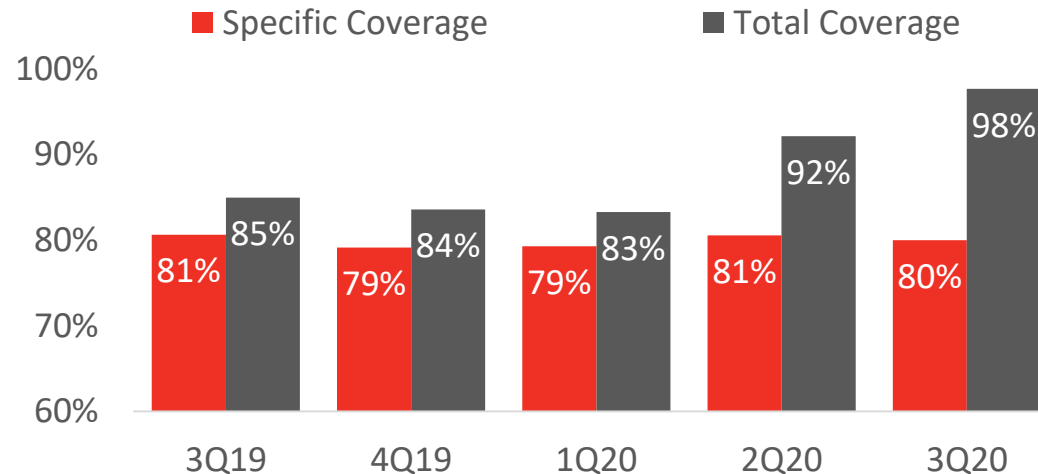
Quarterly Advances & Asset quality trends



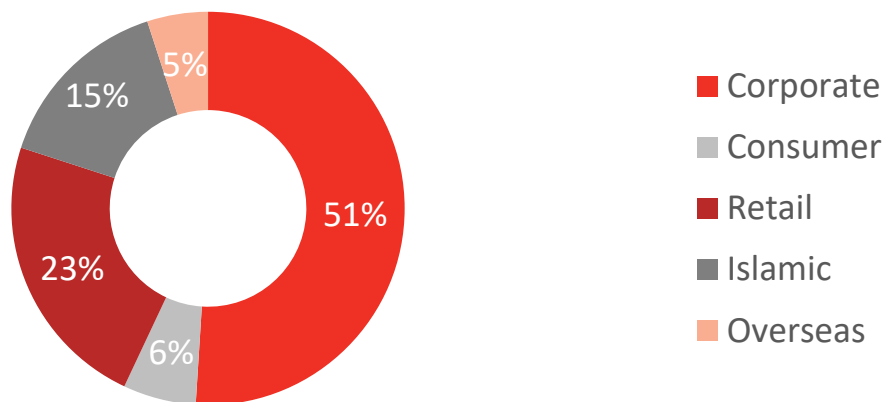
NPL ratio inched up on contraction of loan book, amid flat NPLs



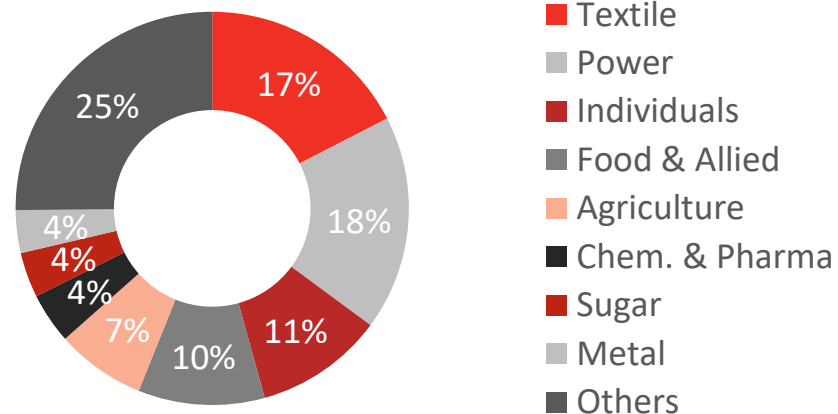
Specific coverage at 80% (GoP NPL factor); Total coverage at 98%



Performing Advances composition



Advances concentration (Dec 2019)



Appendix

Balance Sheet



Amounts in PKR mn	2014	2015	2016	2017	2018	2019	5yr CAGR
Cash & Bal. With Treasury Bank	50,516	62,369	74,071	70,381	82,408	100,732	15%
Balances With Other Banks	12,332	16,552	9,373	3,754	3,875	4,710	-18%
Lending to FIs	18,313	27,626	30,149	48,896	62,172	71,435	31%
Advances (Net)	290,597	334,159	378,720	400,733	501,636	511,236	12%
Investments (Net)	324,319	423,100	389,093	400,655	277,660	299,098	-2%
Fixed & Other Assets	59,825	54,598	48,239	74,408	78,466	78,100	5%
Total Assets	755,902	918,404	929,645	998,828	1,006,218	1,065,311	7%
Deposits	603,440	636,863	634,740	644,985	702,895	782,284	5%
Subordinated Loans	9,987	9,983	8,318	4,991	11,989	11,987	4%
Borrowings	55,233	172,393	178,311	207,194	123,738	102,842	13%
Bills Payable & Other Liabilities	42,423	45,812	48,151	75,859	91,948	80,170	13%
Total Liabilities	711,083	865,051	869,520	933,028	930,571	977,283	7%
Paid - up Capital	15,872	15,898	15,952	16,076	17,744	17,772	2%
Reserves & Retained Profit	21,951	26,527	33,203	42,439	50,520	58,889	22%
Revaluation Surplus	6,995	10,928	10,970	7,285	7,383	11,367	10%
Total Equity	44,818	53,353	60,125	65,800	75,647	88,028	14%

Note: Afghanistan operations are classified as Held for Sale under Other Assets / Liabilities for 2017 & 2018

Appendix

Profit & Loss



Amounts in PKR mn	2014	2015	2016	2017	2018	2019	5yr CAGR
Interest Income	55,378	61,439	57,144	56,920	59,672	92,481	11%
Interest Expense	33,505	32,811	28,153	27,354	27,746	47,623	7%
Net Interest Income	21,873	28,628	28,991	29,566	31,926	44,857	15%
NPL & Other Provisions	1,928	2,599	1,073	-523	27	3,029	9%
Post Provisions Interest Income	19,945	26,029	27,918	30,089	31,899	41,829	16%
Non - Interest Income	8,876	8,860	8,907	9,381	10,431	10,396	3%
Operating Expenses	20,308	22,286	23,802	25,425	24,713	29,843	8%
Profit Before Taxation	8,513	12,603	13,024	14,045	17,618	22,382	21%
Taxation	2,873	5,081	5,123	5,678	6,993	9,686	28%
PAT	5,640	7,522	7,900	8,367	10,625	12,696	18%
Profit for the Year	5,640	7,522	7,900	8,367	10,625	12,696	18%
EPS (PKR)	3.18	4.24	4.45	4.72	5.99	7.15	18%
Stock Dividend	-	-	-	-	10.00%	-	-
Dividend (% of Paid - up)*	20.00%	10.00%	0.00%	15.00%	25.00%	40.00%	15%

*Percentage of paid up capital at time of declaration

Appendix

Key Ratios



	2014	2015	2016	2017	2018	2019
Capital Adequacy Ratio (Tier - I)	9.6%	9.7%	9.9%	10.9%	12.2%	13.3%
Capital Adequacy Ratio Total	12.8%	13.4%	13.2%	13.4%	15.0%	16.9%
Net Interest Margins	3.8%	4.0%	3.6%	3.6%	4.0%	5.3%
Admin Cost to Income Ratio	67.3%	60.3%	62.5%	64.8%	57.3%	52.6%
Non - Interest Income as % of Total	28.9%	23.6%	23.6%	25.3%	24.4%	18.8%
Advance to Deposit Ratio (ADR)	48.2%	52.5%	59.7%	62.1%	71.4%	67.7%
YoY Deposit Growth	15.1%	5.5%	-0.3%	1.6%	9.0%	8.2%
YoY Advances Growth	11.4%	15.0%	13.3%	5.8%	25.2%	1.9%
YoY Investments Growth	47.6%	30.5%	-8.0%	3.0%	-30.7%	6.0%
Current Deposits Ratio	35.7%	38.0%	45.3%	40.1%	40.9%	43.4%
CASA Ratio	73.6%	78.5%	85.3%	76.9%	75.4%	75.9%
NPL Ratio	6.4%	5.4%	4.8%	4.2%	3.6%	4.2%
Coverage Ratio	70.1%	83.7%	86.1%	89.2%	84.4%	79.1%
ROA	0.9%	1.0%	0.9%	0.9%	1.2%	1.3%
ROE Excluding Reval. Surplus	18.9%	19.1%	17.4%	15.5%	16.9%	17.6%
ROE Including Reval. Surplus	16.4%	15.4%	13.9%	13.2%	15.3%	15.4%
Diluted BVPS (Incl. Reval.)	25.3	30.1	33.9	37.1	42.6	49.5

Note: Afghanistan operations are classified as Held for Sale under Other Assets / Liabilities for 2017 & 2018

Appendix

Stock Market Related Data



Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1,777.1
Market Capitalization (PKR bn)	58,770
Market Capitalization (USD mn)*	354.7
Average Daily Turnover (mn shares)	1.7
Average Daily Turnover (USD mn)*	0.6
Current Stock Price** (PKR)	33.07
12M High / Low** (PKR)	28.55/52.99

*Using PKR / USD parity of PKR 166.0

**Stock Price as of Sep 30, 2020

Appendix

Awards & Accolades



Best Debit & Credit Cards 2017

For winning the Customer Choice Award in Best Debt & Credit Cards for the fourth year in a row



Best Innovative Card 2017

For innovation in providing customers a new solution through Alfalah Ultra Cashback Card



Diversity & Inclusion Award 2017

For proactive and progressive organization that recognizes the value of diversity



Best Website of the Year 2017

For Innovation and distinction in the digital community



Bank Alfalah Islamic PAS Award 2017

For the "All you need is Faith" Islamic Banking Campaign in Best in Banking and Financial Services



Best Loyalty & Rewards Program

For Innovation of Alfalah Orbit Rewards Program



Best Investor Relations PSX Listed Companies

For the 6th Year Running



Best Corporate Reports of 2018 Awards

Best Corporate Report - Banks (3rd Position)



Pakistan Banking Awards 2017 Best Bank

For demonstrating the most significant contribution to national development & for the most effective management of its resources, including its employees, clients, franchises, community and financials



Pakistan Banking Awards Best Customer Franchise

For the most efficient service delivery and attention to customer requirements for the fourth consecutive year (2016-19)



Pakistan Banking Awards 2018 Best SME Bank

For providing financial support to SME's and helping them develop a sustainable growth strategy



Pakistan Banking Awards 2019 Best Bank

For demonstrating the most significant contribution to national development & for the most effective management of its resources, including its employees, clients, franchises, community and financials

Appendix

Disclaimer



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

Appendix

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