

# Bank Alfalah Limited

## Corporate Briefing

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### 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

2<sup>nd</sup> Largest ENR (Mkt share: 14.9%)  
Highest acquisitions (Mkt share: 20.6%)



## Credit Cards

2<sup>nd</sup> Largest ENR (Mkt share: 25.9%)  
2<sup>nd</sup> Highest acquisitions (23.2% share)



## Auto Finance

3<sup>rd</sup> Largest ENR (Mkt share: 14.2%)  
2<sup>nd</sup> 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%
<b>Total Assets</b>	<b>2,253,197</b>	<b>2,675,589</b>	<b>3,345,917</b>	<b>48%</b>	<b>25%</b>
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%
<b>Total Liabilities</b>	<b>2,153,182</b>	<b>2,555,847</b>	<b>3,207,994</b>	<b>49%</b>	<b>26%</b>
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%
<b>Total Equity</b>	<b>100,015</b>	<b>119,742</b>	<b>137,923</b>	<b>38%</b>	<b>15%</b>
<b>Book Value per Share</b>	<b>63.41</b>	<b>75.92</b>	<b>87.45</b>	<b>38%</b>	<b>15%</b>

- 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%
<b>Net Int Income</b>	<b>77,242</b>	<b>126,070</b>	<b>63%</b>	<b>23,230</b>	<b>31,794</b>	<b>35,085</b>	<b>51%</b>	<b>10%</b>
Non Int Income	21,883	28,064	28%	4,428	5,531	9,545	116%	73%
<b>Total Income</b>	<b>99,126</b>	<b>154,134</b>	<b>55%</b>	<b>27,658</b>	<b>37,325</b>	<b>44,630</b>	<b>61%</b>	<b>20%</b>
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%
<b>Profit before prov</b>	<b>48,629</b>	<b>87,637</b>	<b>80%</b>	<b>12,849</b>	<b>21,050</b>	<b>25,720</b>	<b>100%</b>	<b>22%</b>
Provisions	12,468	9,462	-24%	4,332	4,162	298	-93%	-93%
<b>Profit before tax</b>	<b>36,160</b>	<b>78,175</b>	<b>116%</b>	<b>8,517</b>	<b>16,888</b>	<b>25,422</b>	<b>198%</b>	<b>51%</b>
Taxation	17,954	41,719	132%	4,401	8,256	16,218	269%	96%
<b>Profit after tax</b>	<b>18,206</b>	<b>36,456</b>	<b>100%</b>	<b>4,117</b>	<b>8,632</b>	<b>9,205</b>	<b>124%</b>	<b>7%</b>
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%	

\* EPS is calculated using current number of the shares

- 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.

# 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 10<sup>th</sup> 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

1<sup>st</sup> prize in Best Digitization Initiative of Banking Channels



### United Nations Global Compact

2<sup>nd</sup> Prize: Sustainability Efforts



engageconsulting

### Pakistan Society of Human Resource Management

Recognised as Best Place to Work for Women



### Institute of Chartered Accountants of Pakistan

- 1<sup>st</sup> Prize: Best Annual Report in Banking Sector
- Merit Certificate for Sustainability Reporting
- 2<sup>nd</sup> 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

1<sup>st</sup> prize in Corporate Excellence (Commercial Banking Sector)



### Pakistan Stock Exchange (PSX)

Recognised in Top 25 Companies (Elevated to 10<sup>th</sup> position from 16<sup>th</sup> 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 serve ~45% (up from ~20%) of the BISP portfolio (4.4 Mn beneficiaries of which 1.9 Mn beneficiaries are via a joint venture)

## 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

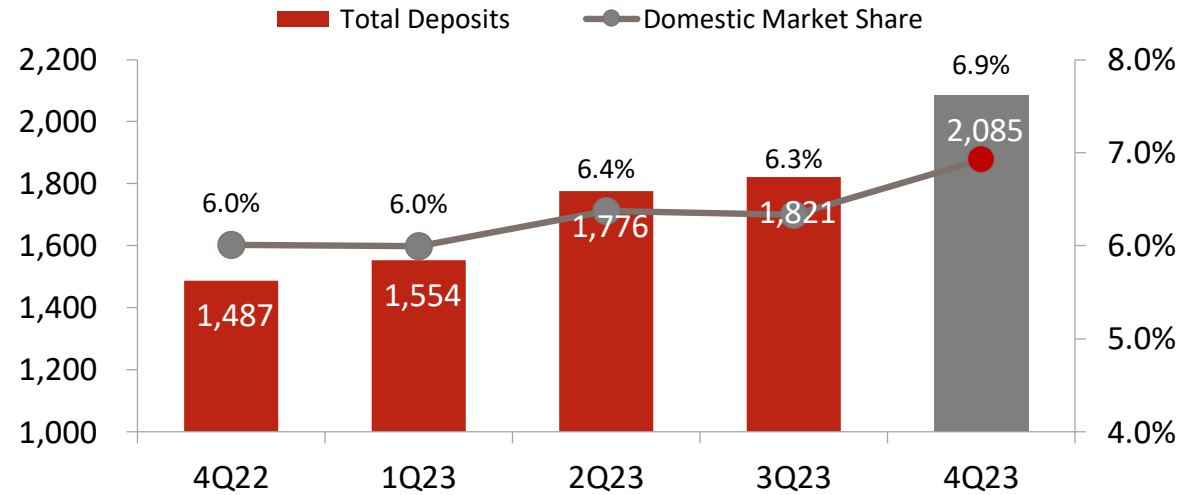
# Trends Analysis

# Trends Analysis

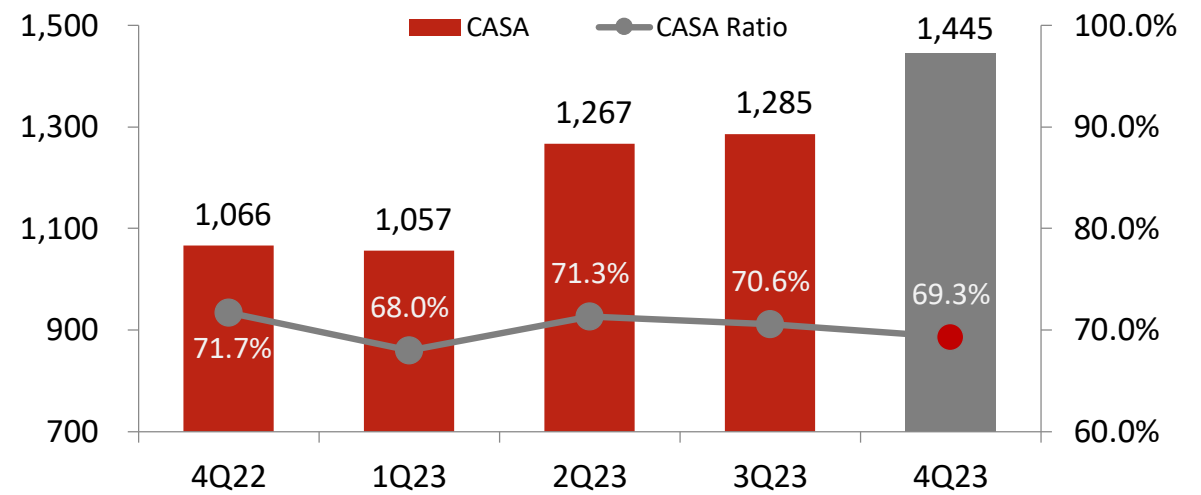
## Financial Snapshot



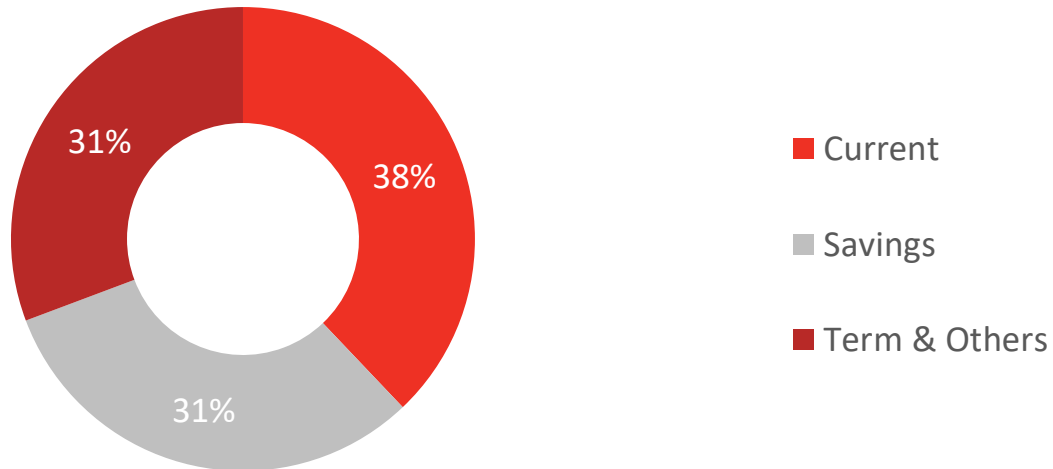
### Deposits (PKR bn) – Domestic Market Share at 6.9%



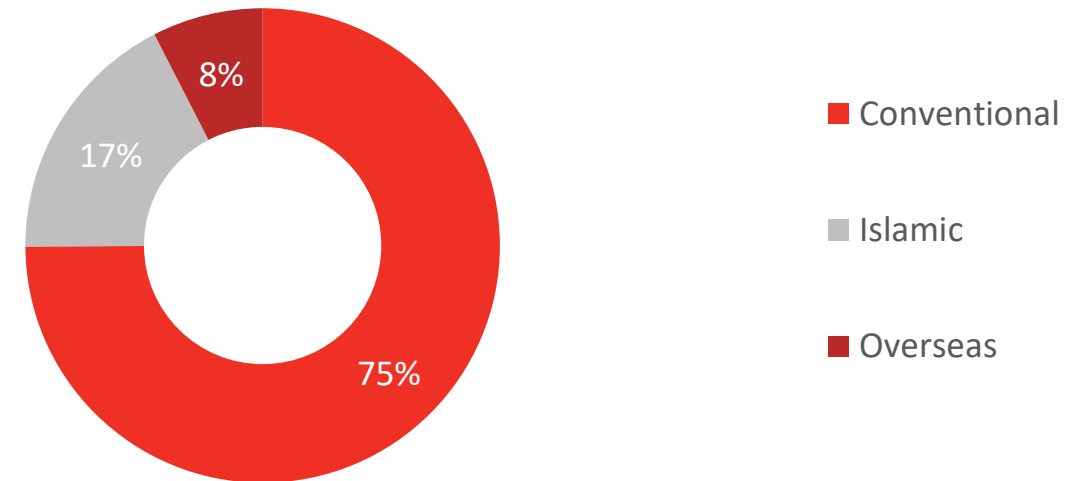
### CASA Deposits (PKR bn) – CASA Ratio at 69.3%



### Deposit Mix



### Deposits Composition

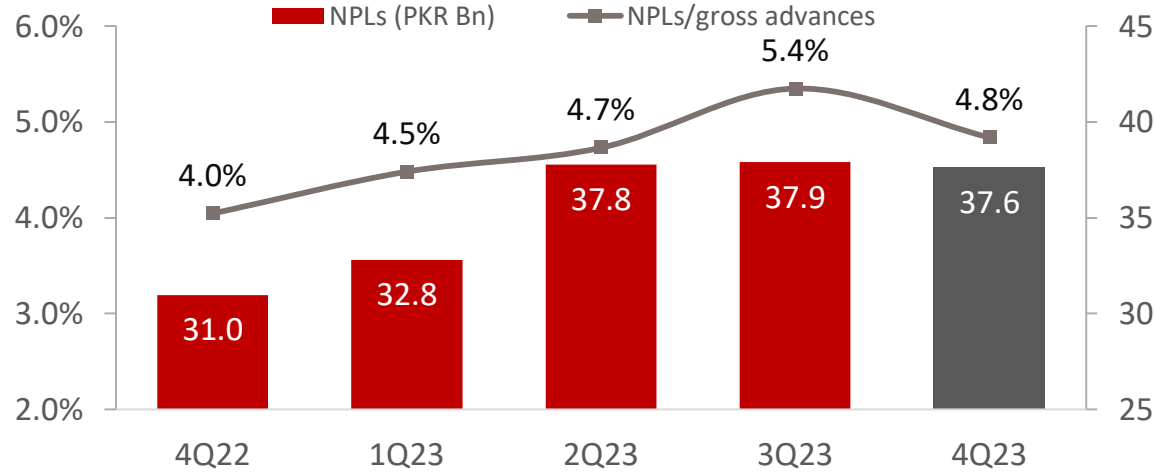


# Trends Analysis

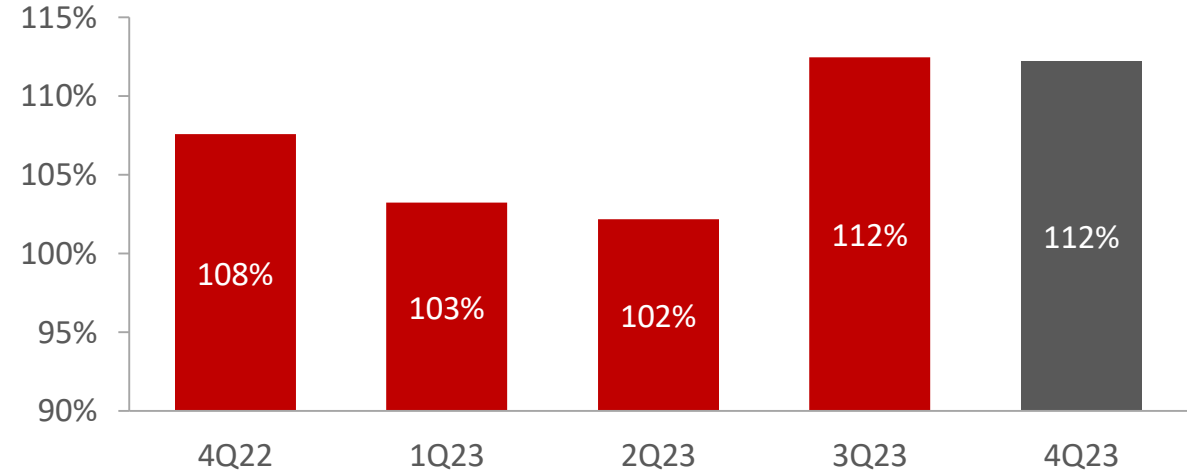
## Quarterly Advances & Asset quality trends



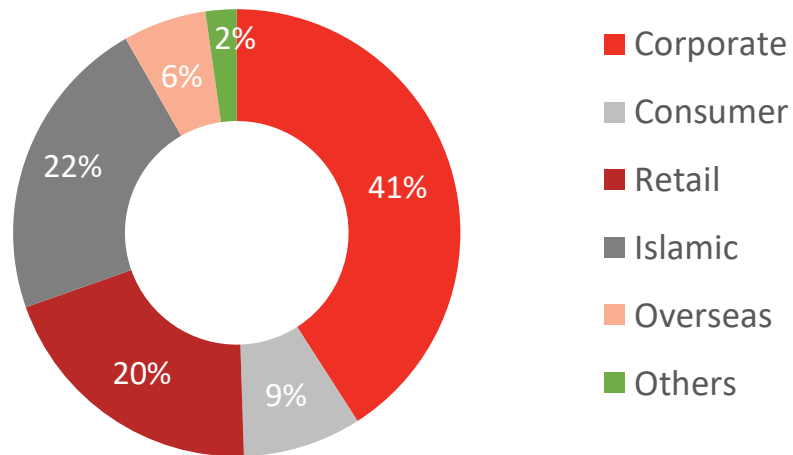
### Infection Ratio at 4.8%



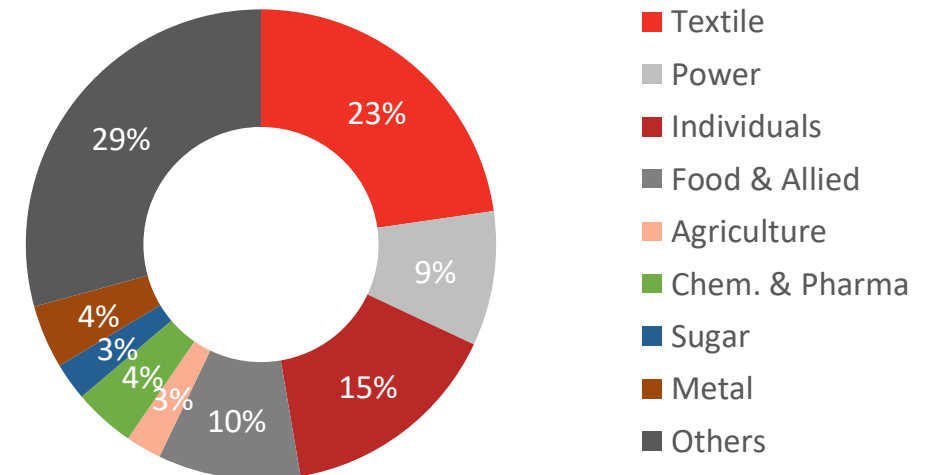
### Coverage remains above 100%



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

**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%
<b>Net Int. Income</b>	<b>31,926</b>	<b>44,896</b>	<b>44,705</b>	<b>46,268</b>	<b>77,242</b>	<b>126,070</b>	<b>31.6%</b>
Non Int. Income	10,431	10,357	12,795	16,254	21,883	28,064	21.9%
<b>Total Income</b>	<b>42,357</b>	<b>55,253</b>	<b>57,499</b>	<b>62,522</b>	<b>99,126</b>	<b>154,134</b>	<b>29.5%</b>
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%
<b>Profit before provisions</b>	<b>17,645</b>	<b>25,410</b>	<b>25,468</b>	<b>25,682</b>	<b>48,629</b>	<b>87,637</b>	<b>37.8%</b>
Provisions	27	3,029	7,589	2,312	12,468	9,462	222.8%
<b>Profit before tax</b>	<b>17,618</b>	<b>22,382</b>	<b>17,878</b>	<b>23,370</b>	<b>36,160</b>	<b>78,175</b>	<b>34.7%</b>
Taxation	6,993	9,686	7,403	9,154	17,954	41,719	42.9%
<b>Profit after Tax</b>	<b>10,625</b>	<b>12,696</b>	<b>10,475</b>	<b>14,217</b>	<b>18,206</b>	<b>36,456</b>	<b>28.0%</b>
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:**

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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