



Bank Alfalah Limited

Analyst Briefing

2021 – Annual Performance Review & Outlook

March 2022

CORPORATE BRANCH
I.I. CHUNDRIGAR ROAD KARACHI



Major Sponsors

Sponsors include **Dhabi Group** (50%); **IFC** (15%)



Credit Rating

Rated **AA+ (Long Term)** and **A1+ (Short Term)**



Domestic Coverage

Presence in over **225 cities** across Pakistan



Global Presence

11 International Branches in **4 countries**



Our Customers

Serving around **~4.8 million** customers



Profits

PKR 14bn in 2021, **2nd highest** growth in the industry



Market Share

5.4% share in domestic deposits
6.6% share in domestic advances



Branches

790 Branches including **230 Islamic Branches**



Digital Footprint

~50,000 touch points in addition to Alfa/IB



Capital Adequacy Ratio

CAR stands at **14.4%** as of Dec 31, 2021



Staff Strength

Staff strength of **12,118** as of Dec 31, 2021



ATM

ATMs/ CDMs

934 ATMs & 227 CDMs/ CCDMs across Pakistan

Bank Alfalah Limited

Dominant Player Across Our Integrated Business Functions



Deposits

Highest growth of 29%,
(5.4% Mkt Share)



Current deposits

4th highest growth,
3rd largest CA of 44%.
CASA at 77%



Bancassurance

Highest growth of 40% in industry,
(11% share)



Home Finance

2nd highest acquisitions
(9% share)



Credit Cards

2nd highest growth
(19% share)



Auto Finance

Highest growth +11k
new acquisition
(14% share)



Roshan Digital Acc.

4th in RDA, Top3 in NPC, with 34k accounts and ~USD350m inward remittances



Trade

44% growth in trade flows.
Market Share jumped to 7.3%



Advances

6.6% share in Advances.
Consumers, SMEs and Islamic leading the growth



Remittance

2nd largest inflows
Remittances share up 525bp to 14.4% in 2021;
(4Q share: +16%)



Digital Banking

Throughput crossed
PKR 1.3 tn

Ranking on Growth
 Ranking on Size

Annual Results - 2021

Annual Results - 2021

Balance Sheet Snapshot



Amount PKR mn	Dec-20	Sep-21	Dec-21	YoY	QoQ
Cash	99,348	87,561	105,606	6%	21%
Bal with banks	6,234	8,979	9,783	57%	9%
Lending to FI	77,306	47,094	35,982	-53%	-24%
Advances (net)	577,316	645,817	673,881	17%	4%
Investments (net)	547,090	700,147	809,214	48%	16%
Fixed & Others	77,580	91,248	99,856	29%	9%
Total Assets	1,384,874	1,580,847	1,734,321	25%	10%
Deposits	881,767	1,036,054	1,139,045	29%	10%
Sub Loans/ADT1	7,000	7,000	7,000	0%	0%
Borrowings	314,960	336,474	383,809	22%	14%
Other Liabilities	90,129	108,800	104,465	16%	-4%
Total Liabilities	1,293,856	1,488,328	1,634,319	26%	10%
Paid up Capital	17,772	17,772	17,772	0%	0%
Reserves	62,737	66,135	70,790	13%	7%
Reval Surplus	10,509	8,613	11,441	9%	33%
Total Equity	91,017	92,519	100,003	10%	8%
Book Value per Share	51.21	52.06	56.27	10%	8%

- Crossing PKR1 trillion mark in Jun-21, deposits continued growing with 29% YoY growth.
- Advances are up 17% YoY – notable growth in Retail, Islamic. Sector-wise, textiles & food were major contributor.
- Investments are up 48%, skewed towards floating rate PIBs.
- Borrowing numbers reflect higher TERF being partially offset by retirement of SBP salary refinance scheme.
- Realization of gain & impact of price move in equity / bond markets, offset by reval of fixed assets.
- Book value per share clocked in at PKR56.3/sh, after accounting for 2Q21 dividend of PKR2/sh.

Annual Results - 2021

Profit & Loss Snapshot



Amount PKR mn	4Q20	3Q21	4Q21	YoY	QoQ	2020	2021	YoY
Interest Income	20,880	25,751	28,518	37%	11%	92,616	100,182	8%
Interest Expenses	10,643	13,843	16,363	54%	18%	47,911	54,134	13%
Net Int Income	10,238	11,908	12,155	19%	2%	44,705	46,048	3%
Non Int Income	2,679	3,613	4,885	82%	35%	12,795	16,474	29%
Total Income	12,917	15,521	17,040	32%	10%	57,499	62,522	9%
Admin expenses	8,060	9,202	9,724	21%	6%	31,443	36,316	15%
Other charges	95	129	147	54%	14%	589	524	-11%
Non int expense	8,155	9,332	9,870	21%	6%	32,032	36,840	15%
Profit before prov	4,761	6,190	7,170	51%	16%	25,468	25,682	1%
Provisions	1,310	269	893	-32%	232%	7,589	2,312	-70%
Profit before tax	3,451	5,921	6,277	82%	6%	17,878	23,370	31%
Taxation	1,399	2,374	2,542	82%	7%	7,403	9,154	24%
Profit after tax	2,051	3,548	3,735	82%	5%	10,475	14,217	36%
Diluted EPS (Rupees)	1.15	2.00	2.10	82%	5%	5.89	8.00	36%
DPS (Rupees)	2.00	0.00	2.00	0%		4.00	4.00	0%

- NII – Strong volumes growth in earning assets compensates for the spreads compression amid interest rate cycle.
- Non-interest inc up 29%, growth visible across all lines.
- Provisions include charge against an OMC and Afghanistan.
- Timely repayments of restructured loans led to PKR 1.7bn reversal of Covid related GP.
- PKR 2.55bn Covid GP covers 3.55% exposure to restructured customers. At Dec'20, GP of PKR 4.25 bn covered 2.76%.
- Sequential increase in expense due to growth initiatives and inflation.
- Last quarter DPS at PKR2.0, taking full year DPS to PKR4.0 (50% payout).

Annual Results - 2021

Key Ratios



	2020	4Q20	1Q21	2Q21	3Q21	4Q21	2021
Yield on Advances	9.4%	7.2%	7.2%	7.5%	7.2%	7.6%	7.4%
Yield on Investments	8.7%	7.5%	7.3%	7.5%	7.3%	8.0%	7.5%
Cost of Deposits	4.1%	3.1%	3.0%	3.0%	3.2%	3.8%	3.3%
Cost of Funds	4.8%	3.9%	3.8%	4.0%	4.0%	4.5%	4.1%
NIM	4.3%	3.6%	3.4%	3.5%	3.3%	3.3%	3.4%
ROA	0.9%	0.7%	1.0%	1.0%	0.9%	0.9%	1.0%
ROE exc. Surplus	13.2%	10.6%	17.6%	17.1%	16.8%	17.2%	17.1%
Admin Cost : income	54.7%	62.0%	59.7%	56.5%	59.3%	57.1%	58.1%
Gross ADR	68.1%	68.1%	66.5%	62.2%	64.8%	61.4%	61.4%
CASA	77.9%	77.9%	78.2%	78.5%	78.6%	76.9%	76.9%
CA	44.7%	44.7%	45.8%	46.5%	44.9%	44.0%	44.0%
Net Loans (YoY)	12.9%	12.9%	16.4%	19.2%	30.2%	16.7%	16.7%
Deposits (YoY)	12.7%	12.7%	20.9%	26.9%	26.3%	29.2%	29.2%
NPL ratio	4.3%	4.3%	4.2%	3.9%	3.7%	3.5%	3.5%
Coverage	91.2%	91.2%	94.0%	99.3%	100.8%	101.9%	101.9%
CAR	16.5%	16.5%	15.6%	15.4%	14.7%	14.4%	14.4%

- NIMs dropped ~90bps in 2021, reflecting full year impact of lower rates/spread while impact of recent rate hikes to reflect in Q1 2022.
- Cost to income increased to 58.1%, due to i) NIMs compression, ii) growth initiatives, iii) full year impact of new branches and iv) inflation.
- ROA and ROE recorded at 1.0% & 17.1% respectively.
- CASA decline reflects transition towards remunerative deposits as rates become attractive.
- ADR drops to 61.4% - well above threshold of attracting penal tax rates.
- NPL ratio down to 3.5%. Coverage at 102%, even as the bank partially reversed the GP held against Covid restructured loans.
- CAR at 14.4%; comfortably above the regulatory limit.

BAFL participation in GoP Initiatives

Bank Alfalah Limited

Key Player in supporting GoP and SBP initiatives



01

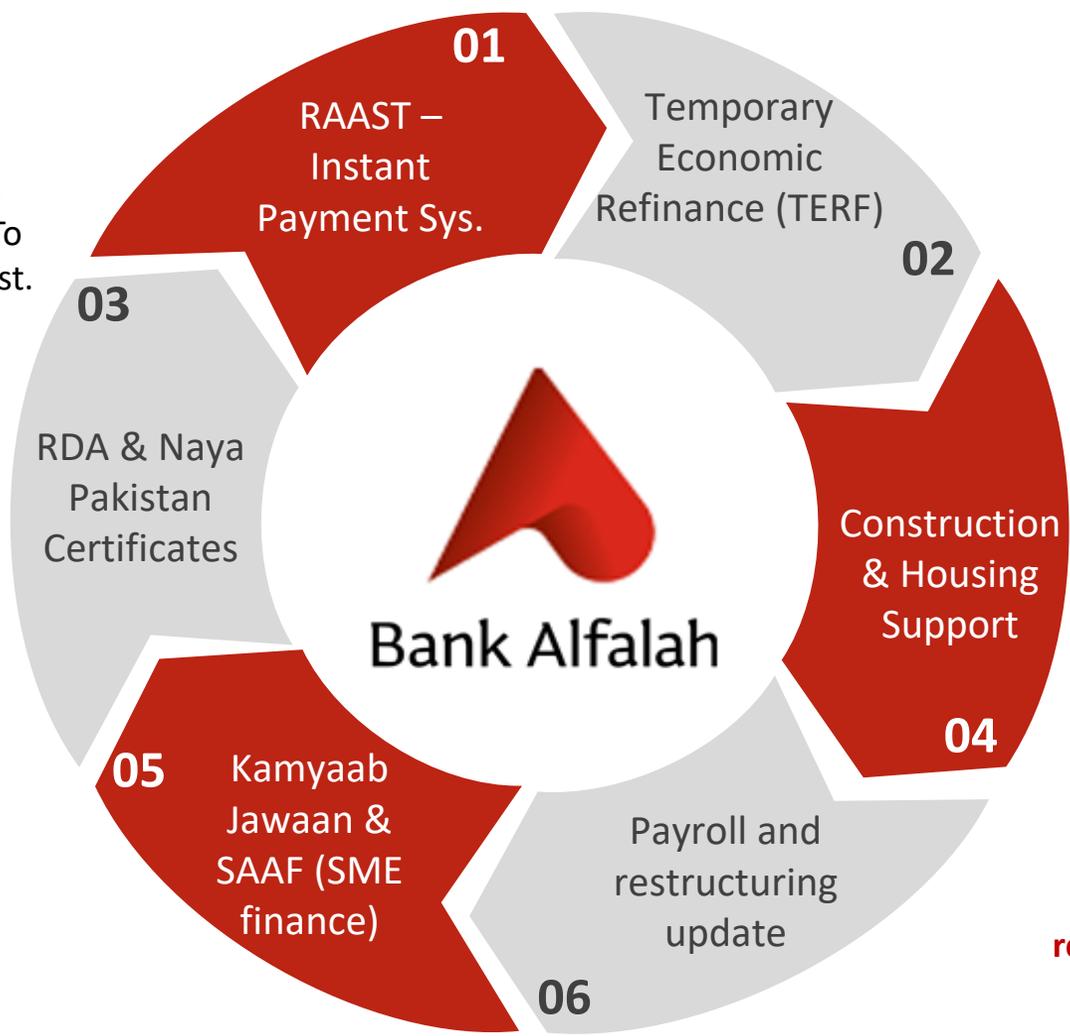
Launched Raast to promote digital financial services and financial inclusion. The service is integrated in Alfa App and Internet Banking. To date 26K BAFL customers registered with Raast.

03

Promoting NRP flows via Roshan Digital Accounts. ~34k RDA accounts opened – 11% share. Among top 3 in terms of investment in Naya Pakistan Certificates.

05

PKR1.75bn disbursed to 1,431 customers under Kamyab Jawaan. Awarded PKR22bn refinance limit under SAAF (SME Financing with GoP sharing 40-60% credit risk)



02

PKR50bn+ of SBP's TERF Facility provided to more than 100 customers. **PKR32.7bn as on Dec 31, 2021**

04

Construction sector target achieved with loans to both developers and end users. This allows BAFL to avail **SBP's CRR incentive linked to these targets**

06

No credit headwinds **on PKR50bn+ Covid restructured loans**. Payroll financing repayment also on track as outstanding amount down to PKR14bn from PKR29bn in Dec 20

Digital Banking

Digital Banking

Key Wins across the 5 verticals



Digital Banking

2.8mn Customers and **30K merchants**



2nd largest marketplace (banking channels) in Pakistan, vol **PKR1.8 bn.** 85% payments on **BNPL**

Digital Throughput

PKR 1.3tn in 2021 vs. PKR 0.8tn



Proximity Payments

Focus on larger merchants, **throughput PKR1.8 bn.** **10k QR merchants**



Alfa App

335k Active users **Among Top App Rating** 4.4 Android & 4.2 IOS

Digital Lending

Alfa and Alfa Business App allow **Merchant Financing**, **Agent Financing** and **Instant Loan.**



ATMs



934 ATMS & 227 CDMs/CCDMs across Pakistan

AlfaChat/ Whatapp

Launched AlfaChat (P2P) and Whatsapp BOT (Customer Support)



4th largest, 26k new accounts in 2021 resulting in USD 350mn remittances inflows



PKR **14.5 bn** throughput (up 3x in 2021), +15K agents, bringing Alfa Pay Money Transfer's market share to 2.0% in first year



G2P Disbursement



PKR 41bn Ehsas Kifalat funds to **1.8 mn beneficiaries**, most on Alfa Pay network. **PKR 39bn paid** to total 460k EOBI pensioners in 2021



+180 companies with annual disbursement of PKR 23 bn



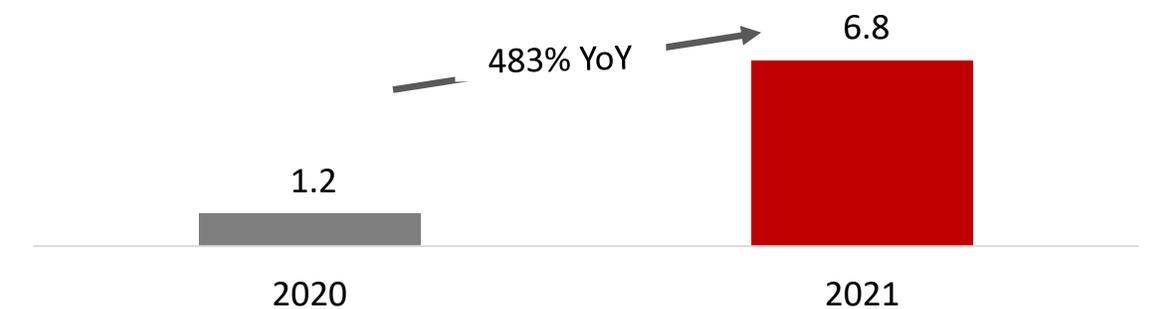
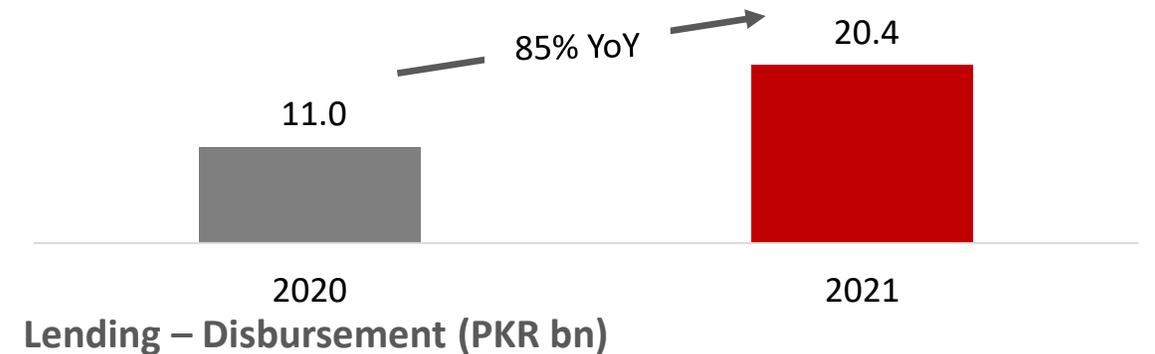
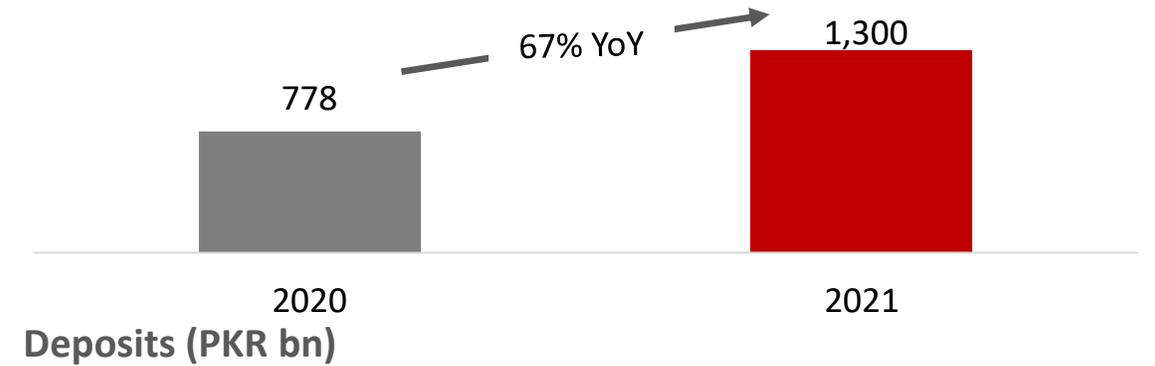
Digital/ Branch ratio for Relevant Products



Counter to CDM Migration at Relevant Sites



Throughput (PKR bn) – Crossed Trillion rupee mark



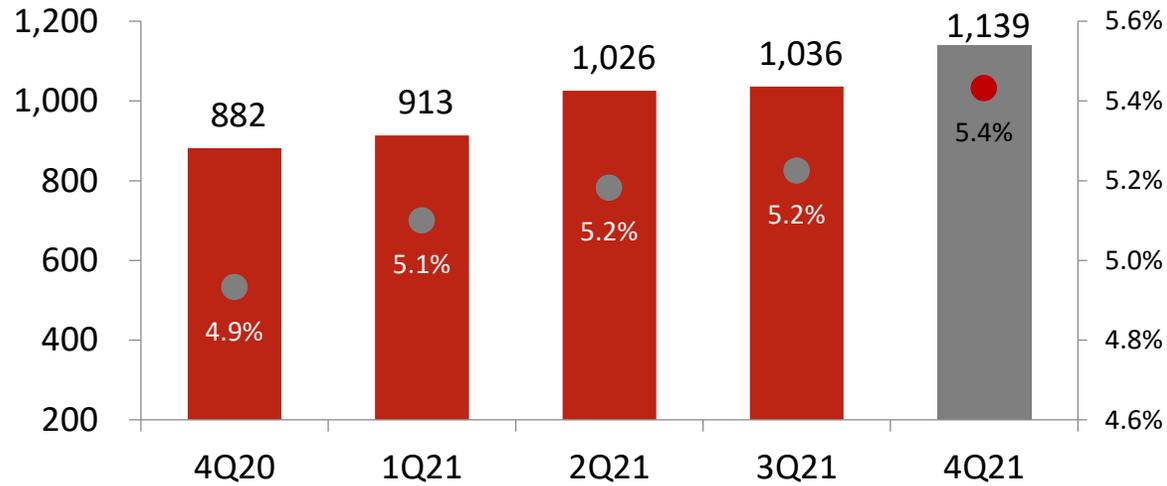
Trends Analysis

Trends Analysis

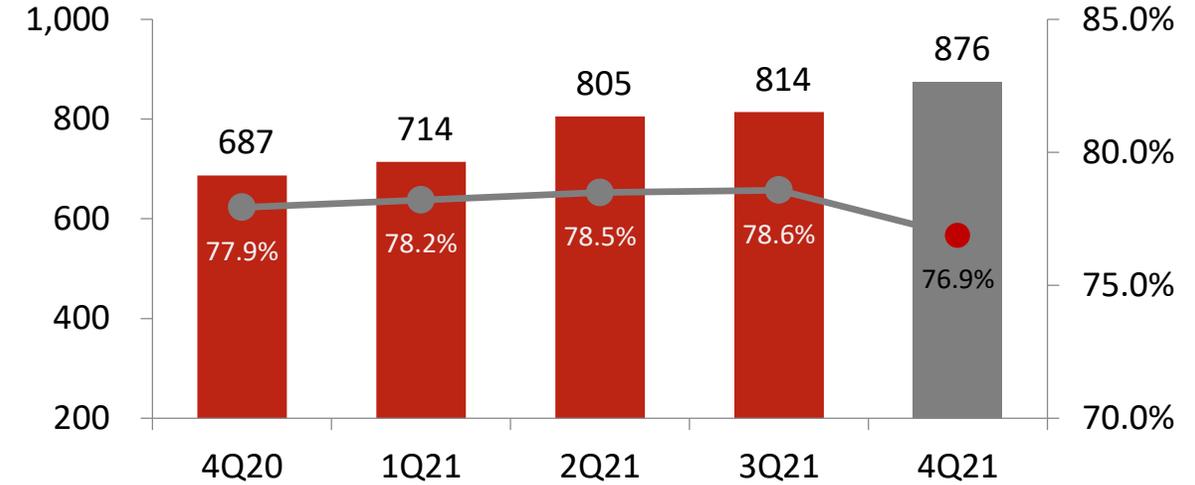
Financial Snapshot



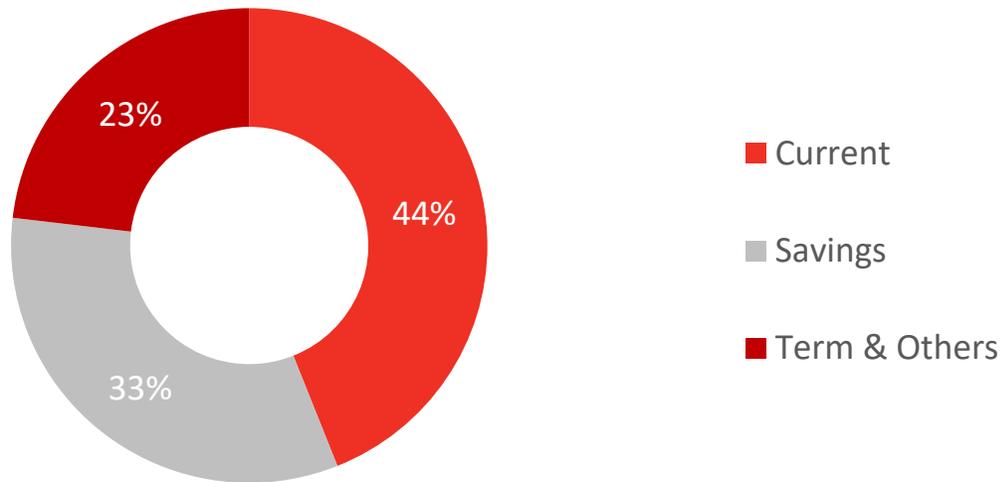
Deposits (PKR bn) - Market Share reached 5.4%



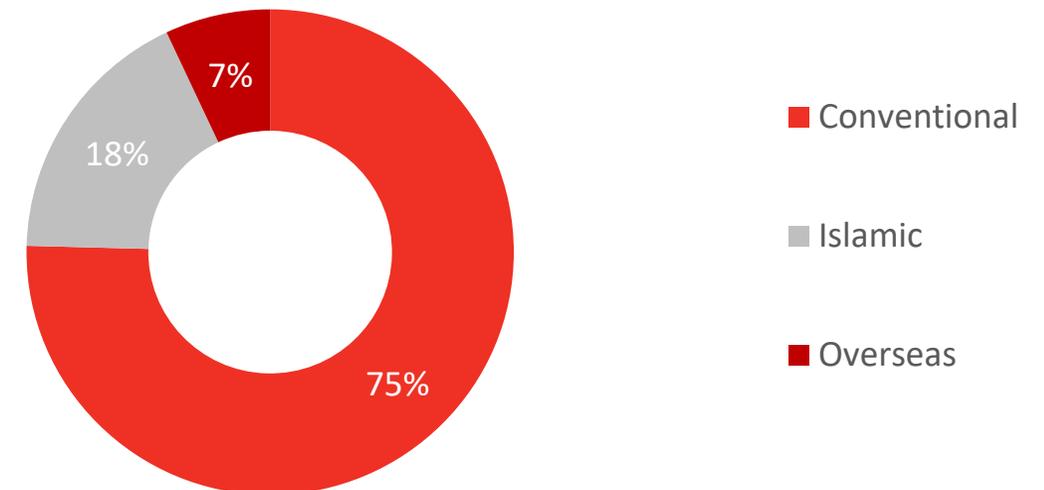
CASA Deposits (PKR bn) – CASA Ratio at 77%



Deposit Mix



Deposits Composition



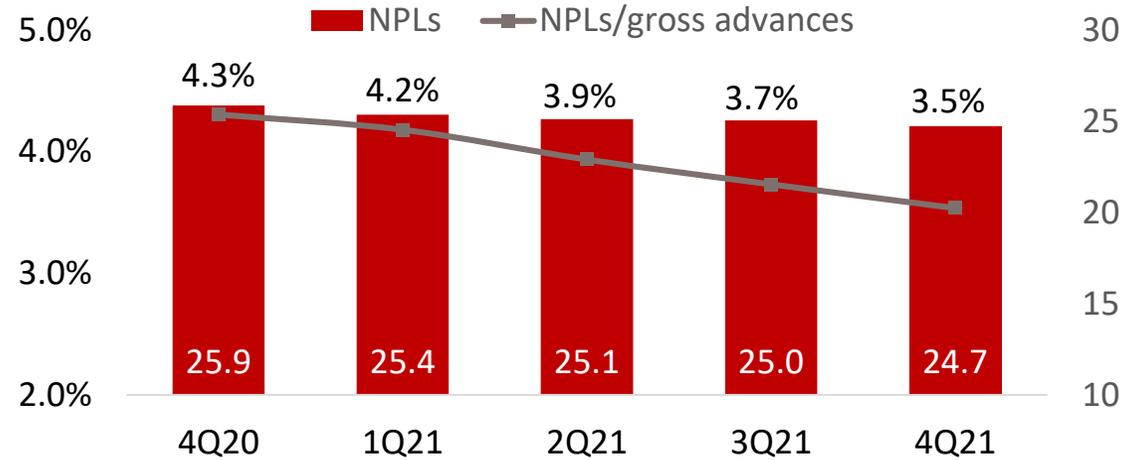
*Afghanistan Operations added back on line-by-line basis for ease of comparison

Trends Analysis

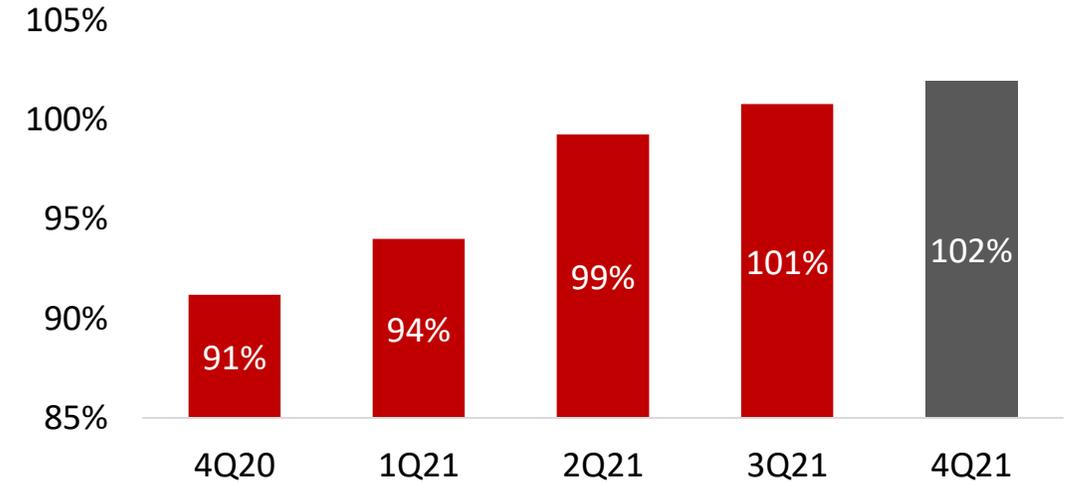
Quarterly Advances & Asset quality trends



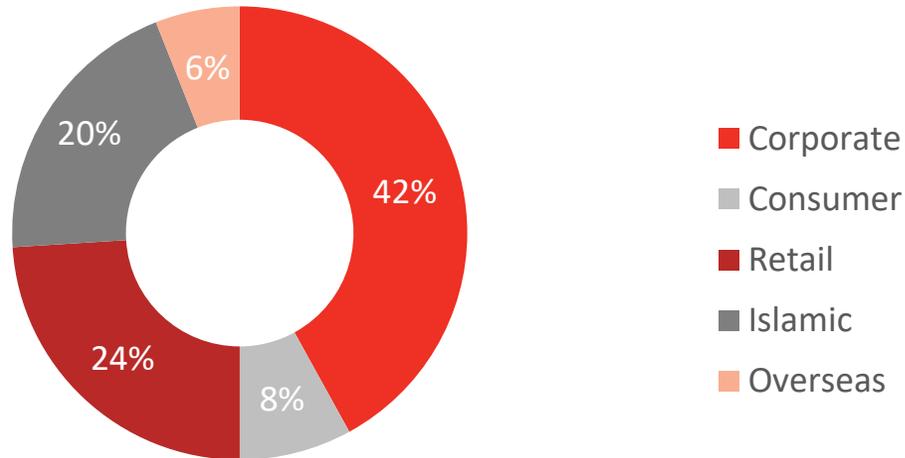
Marginal decline in NPLs lowers infection ratio to 3.5%



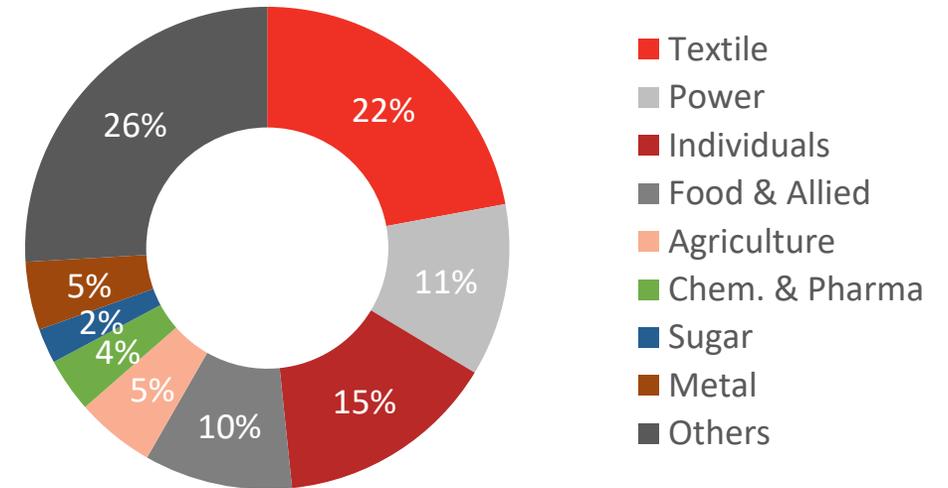
Coverage stands at 102%



Performing Advances composition



Advances concentration (Dec 2021)



Islamic book comprises of:

61% corporate; 15% commodity finance, 5% others & 19% consumer loans

Trends Analysis

Balance Sheet



Amounts in PKR mn	2016	2017	2018	2019	2020	2021	5yr CAGR
Cash & Bal. With Treasury Bank	74,071	70,381	82,408	100,732	99,348	105,606	7.4%
Balances With Other Banks	9,373	3,754	3,875	4,710	6,234	9,783	0.9%
Lending to FIs	30,149	48,896	62,172	71,435	77,306	35,982	3.6%
Advances (Net)	378,720	400,655	501,636	511,236	577,316	673,881	12.2%
Investments (Net)	389,093	400,733	277,660	299,098	547,090	809,214	15.8%
Fixed & Other Assets	48,239	74,408	78,466	78,100	77,580	99,856	15.7%
Total Assets	929,645	998,828	1,006,218	1,065,311	1,384,874	1,734,321	13.3%
Deposits	634,740	644,985	702,895	782,284	881,767	1,139,045	12.4%
Subordinated Loans	8,318	4,991	11,989	11,987	7,000	7,000	-3.4%
Borrowings	178,311	207,194	123,738	102,842	314,960	383,809	16.6%
Bills Payable & Other Liabilities	48,151	75,859	91,948	80,170	90,129	104,465	16.8%
Total Liabilities	869,520	933,028	930,571	977,284	1,293,856	1,634,319	13.5%
Paid - up Capital	15,952	16,076	17,744	17,772	17,772	17,772	2.2%
Reserves & Retained Profit	33,203	42,439	50,520	58,889	62,737	70,790	16.3%
Revaluation Surplus	10,970	7,285	7,383	11,367	10,509	11,441	0.8%
Total Equity	60,125	65,800	75,647	88,028	91,017	100,003	10.7%

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

Trends Analysis

Profit & Loss



Amounts in PKR mn	2016	2017	2018	2019	2020	2021	5yr CAGR
Interest Income	57,144	56,919	59,672	92,519	92,616	100,182	11.9%
Interest Expenses	28,153	27,354	27,746	47,623	47,911	54,134	14.0%
Net Int. Income	28,991	29,565	31,926	44,896	44,705	46,048	9.7%
Non Int. Income	8,907	9,381	10,431	10,357	12,795	16,474	13.1%
Total Income	37,899	38,946	42,357	55,253	57,499	62,522	10.5%
Admin expenses	23,684	25,131	24,313	29,066	31,443	36,316	8.9%
Other charges	118	294	400	777	589	524	34.7%
Non int. expense	23,802	25,424	24,713	29,843	32,032	36,840	9.1%
Profit before provisions	14,097	13,522	17,645	25,410	25,468	25,682	12.7%
Provisions	1,073	(523)	27	3,029	7,589	2,312	16.6%
Profit before tax	13,023	14,045	17,618	22,382	17,878	23,370	12.4%
Taxation	5,123	5,678	6,993	9,686	7,403	9,154	12.3%
Profit after Tax	7,900	8,367	10,625	12,696	10,475	14,217	12.5%
EPS (PKR)	4.45	4.72	5.99	7.15	5.89	8.00	-
Stock Dividend	-	-	10.00%	-	-	-	-
Dividend (% of Paid-up)*	0.00%	15.00%	25.00%	40.00%	40.00%	40.00%	-

*Percentage of paid up capital at time of declaration

Trends Analysis

Key Ratios



	2016	2017	2018	2019	2020	2021
Capital Adequacy Ratio (Tier - I)	9.9%	10.9%	12.2%	13.3%	12.7%	11.1%
Capital Adequacy Ratio Total	13.2%	13.4%	15.0%	16.9%	16.5%	14.4%
Net Interest Margins	3.6%	3.6%	4.0%	5.3%	4.3%	3.4%
Admin Cost to Income Ratio	62.5%	64.8%	57.3%	52.6%	54.7%	58.1%
Non - Interest Income as % of Total	23.6%	25.3%	24.4%	18.7%	22.3%	26.3%
Advance to Deposit Ratio (ADR)	59.7%	62.1%	71.4%	67.7%	68.1%	61.4%
YoY Deposit Growth	-0.3%	1.6%	9.0%	8.2%	12.7%	29.2%
YoY Advances Growth	13.3%	5.8%	25.2%	1.9%	12.9%	16.7%
YoY Investments Growth	-8.0%	3.0%	-30.7%	6.0%	82.9%	47.9%
Current Deposits Ratio	45.3%	40.1%	40.9%	43.4%	44.7%	44.0%
CASA Ratio	85.3%	76.9%	75.4%	75.9%	77.9%	76.9%
NPL Ratio	4.8%	4.2%	3.6%	4.2%	4.3%	3.5%
Coverage Ratio	89.9%	94.0%	89.0%	83.6%	91.2%	101.9%
ROA	0.9%	0.9%	1.2%	1.3%	0.9%	1.0%
ROE Excluding Reval. Surplus	17.4%	15.5%	16.9%	17.6%	13.2%	17.1%
ROE Including Reval. Surplus	13.9%	13.2%	15.3%	15.4%	11.5%	15.3%
Diluted BVPS (Incl. Reval.)	33.90	37.10	42.60	49.50	51.20	56.27

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



Best Customer Franchise Award 2021
by Pakistan Banking Awards



Global Diversity and Inclusion Benchmarks (GDIB) Awards 2021



Best Investor Relations, PSX Listed Companies

for the 8th consecutive time, by CFA Society Pakistan



Pakistan Digital Awards

- Best Lifestyle Application Award for Alfa App
- Best Digital Campaign for Roshan Digital Account
- Best Digital Innovation for Alfa App



Joint Second Runner-up – SAFA Best Presented Annual Report Awards 2020



Best Place to Work Awards 2021

- Best Place to Work in Financial Services – Runner Up
- Ranked amongst the Top 10 out of 102 Large Organizations for Best Place to Work



Global Transaction Banking Innovation Awards 2021

- Highly Acclaimed – Best API Initiative of the Year
- Winner – Best Bank for Transaction Banking Services – Pakistan



Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1,777.17
Market Capitalization (PKR bn)**	65,400
Market Capitalization (USD mn)*	368
Average Daily Turnover (mn shares) - 12M	1.76
Average Daily Turnover (USD mn) - 12M	0.35
Current Stock Price** (PKR)	36.80
High / Low** (PKR) - 12M	38.55/28.87

*Using PKR / USD parity of PKR 177.5

**Stock Price as of Mar 04, 2022



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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