

# Bank Alfalah Limited

## Analyst Briefing

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### 1Q 2022 – Quarterly Performance Review & Outlook

*May 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 **~5.0 million** customers



### Profits

Amongst highest growth in the industry



### Market Share

Domestic Deposits (**5.3%**); Domestic Advances (**6.5%**); Trade Flows **7.7%**



### Branches

**796** Branches including **234 Islamic Branches**



### Touchpoints

**~55,000** touchpoints in addition to Alfa/IB



### Capital Adequacy Ratio

CAR stands at **14.8%** as of Mar 31, 2022



### Staff Strength

Staff strength of **12,389** as of Mar 31, 2022



### ATM ATMs/ CDMs

**1,055 ATMS & 226 CDMs/ CCDMs** across Pakistan

# Financial Results – 1Q 2022

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## Key Highlights



### Deposits share grows to 5.3%

**29% YoY growth** as deposits clocked at PKR1.18 tn – with 46.5% current account and 80.6% CASA

### Profitability Jumps 45% YoY, 34% QoQ

**Robust Interest and Non-Interest Income** helped income growth to record high

### Trade & Remittances growth continues

**Upward trajectory** continued with a growth momentum in home remittance business & trade flows. Market Shares: Remittances (18.2%), Trade (7.7%)

### Leading position in Consumer Assets

Market Share: Credit Card (19.4%), Autos (14.1%)

### Broad based growth in loans; up 18% YoY

**Notable growth** in retail (29%) and Islamic (36%). ADR 60.4% places bank comfortably above the threshold of penal tax rate.

### NPL ratio falls to 3.4%; Coverage 105%

**NPLs shrinks** to PKR 24.3 bn (-4% YoY), while 1Q provisions on subjective downgrade of some loans takes coverage to 105%. Covid GP Fund stands at PKR 2.55 bn.



# Financial Results – 1Q 2022

## Balance Sheet Snapshot



Amount PKR mn	Mar-21	Dec-21	Mar-22	YoY	QoQ
Cash	88,556	105,606	111,097	25%	5%
Bal with banks	12,445	9,783	14,223	14%	45%
Lending to FI	35,612	35,982	13,202	-63%	-63%
Advances (net)	583,005	673,881	686,446	18%	2%
Investments (net)	589,705	809,214	905,174	53%	12%
Fixed & Others	78,669	99,856	118,233	50%	18%
<b>Total Assets</b>	<b>1,387,992</b>	<b>1,734,321</b>	<b>1,848,376</b>	<b>33%</b>	<b>7%</b>
Deposits	913,213	1,139,045	1,178,159	29%	3%
Sub Loans/ADT1	7,000	7,000	7,000	0%	0%
Borrowings	287,063	383,809	443,376	54%	16%
Other Liabilities	92,673	104,465	118,627	28%	14%
<b>Total Liabilities</b>	<b>1,299,949</b>	<b>1,634,319</b>	<b>1,747,162</b>	<b>34%</b>	<b>7%</b>
Paid up Capital	17,772	17,772	17,772	0%	0%
Reserves	61,516	70,790	72,900	19%	3%
Reval Surplus	8,755	11,441	10,542	20%	-8%
<b>Total Equity</b>	<b>88,043</b>	<b>100,003</b>	<b>101,214</b>	<b>15%</b>	<b>1%</b>
<b>Book Value per Share</b>	<b>49.54</b>	<b>56.27</b>	<b>56.95</b>	<b>15%</b>	<b>1%</b>

- Deposits grew 29% YoY. CASA improved to 80.6% and CA to 46.5% .
- Advances are up 18% YoY – notable growth in Retail, Islamic.
- Investments are up 53%; portfolio skewed towards floating rate PIBs and Tbills.
- Borrowing numbers reflect higher TERF and Repo being partially offset by retirement of SBP salary refinance scheme.
- Reval. Surplus 20% YoY jump reflects reval. of fixed assets being partially offset by realization of gain/price move in equity/bond markets.
- Book value per share clocked in at PKR56.95/sh, after accounting for 4Q 2021 dividend of PKR2/sh.

# Financial Results – 1Q 2022

## Profit & Loss Snapshot



Amount PKR mn	1Q21	4Q21	1Q22	YoY	QoQ
Interest Income	21,388	28,518	35,942	68%	26%
Interest Expenses	11,061	16,363	21,653	96%	32%
<b>Net Int Income</b>	<b>10,327</b>	<b>12,155</b>	<b>14,289</b>	<b>38%</b>	<b>18%</b>
Non Int Income	3,833	4,885	4,382	14%	-10%
<b>Total Income</b>	<b>14,160</b>	<b>17,040</b>	<b>18,671</b>	<b>32%</b>	<b>10%</b>
Admin expenses	8,458	9,724	10,282	22%	6%
Other charges	116	147	162	39%	10%
Non int expense	8,574	9,870	10,444	22%	6%
<b>Profit before prov</b>	<b>5,586</b>	<b>7,170</b>	<b>8,226</b>	<b>47%</b>	<b>15%</b>
Provisions	216	893	387	79%	-57%
<b>Profit before tax</b>	<b>5,370</b>	<b>6,277</b>	<b>7,839</b>	<b>46%</b>	<b>25%</b>
Taxation	1,899	2,542	2,821	49%	11%
<b>Profit after tax</b>	<b>3,471</b>	<b>3,735</b>	<b>5,019</b>	<b>45%</b>	<b>34%</b>
Diluted EPS (Rupees)	1.95	2.10	2.82	45%	34%
DPS (Rupees)	0.00	2.00	0.00		

- NII improved due to well positioned ALM book along with strong earning assets growth.
- Non-interest income up 14% YoY, supported by Fee and Forex income as trade, remittances and consumer portfolio grows.
- Increase in admin expense due to new branches, growth initiatives and inflation. Sequential increase reflect impact of increments.
- Provisions in 1Q on account of some loans subjectively downgraded.
- No reversal in Covid GP fund in 1Q.
- Outstanding Covid GP stands at PKR 2.55bn (4.61% of exposure to restructured customers, vs. 2.88% in Dec'21 and 2.76% in Dec'20).

# Financial Results – 1Q 2022

## Key Ratios



	1Q21	2Q21	3Q21	4Q21	1Q22
Yield on Advances	7.2%	7.5%	7.2%	7.6%	8.6%
Yield on Investments	7.3%	7.5%	7.3%	8.0%	9.7%
Cost of Deposits	3.0%	3.0%	3.2%	3.8%	4.7%
Cost of Funds	3.8%	4.0%	4.0%	4.5%	5.5%
NIM	3.4%	3.5%	3.3%	3.3%	3.6%
ROA	1.0%	1.0%	0.9%	0.9%	1.1%
ROE exc. Surplus	17.6%	17.1%	16.8%	17.2%	22.7%
Admin Cost : income	59.7%	56.5%	59.3%	57.1%	55.1%
Gross ADR	66.5%	62.2%	64.8%	61.4%	60.4%
CASA	78.2%	78.5%	78.6%	76.9%	80.6%
CA	45.8%	46.5%	44.9%	44.0%	46.5%
Net Loans (YoY)	16.4%	19.2%	30.2%	16.7%	17.7%
Deposits (YoY)	20.9%	26.9%	26.3%	29.2%	29.0%
NPL ratio	4.2%	3.9%	3.7%	3.5%	3.4%
Coverage	94.0%	99.3%	100.8%	101.9%	104.9%
CAR	15.6%	15.4%	14.7%	14.4%	14.8%

- Quick spread increase post interest rate hike as Floating Rate PIBs/ T-Bills dominate investment book.
- Cost to income drops to 55.1%; NII growth outpaces admin costs.
- ROA and ROE recorded at 1.1% & 22.7% respectively.
- Decent 29% growth in deposits while CASA improved to 80.6%, CA to 46.5% as focus remains on low cost deposits.
- ADR drops to 60.4%, (above threshold of attracting penal tax rates).
- NPL ratio down to 3.4%. Coverage at 105%.
- CAR improves to 14.8%; comfortably above the regulatory limit.

# BAFL participation in GoP Initiatives



# Bank Alfalah Limited

Key Player in supporting GoP and SBP initiatives



01

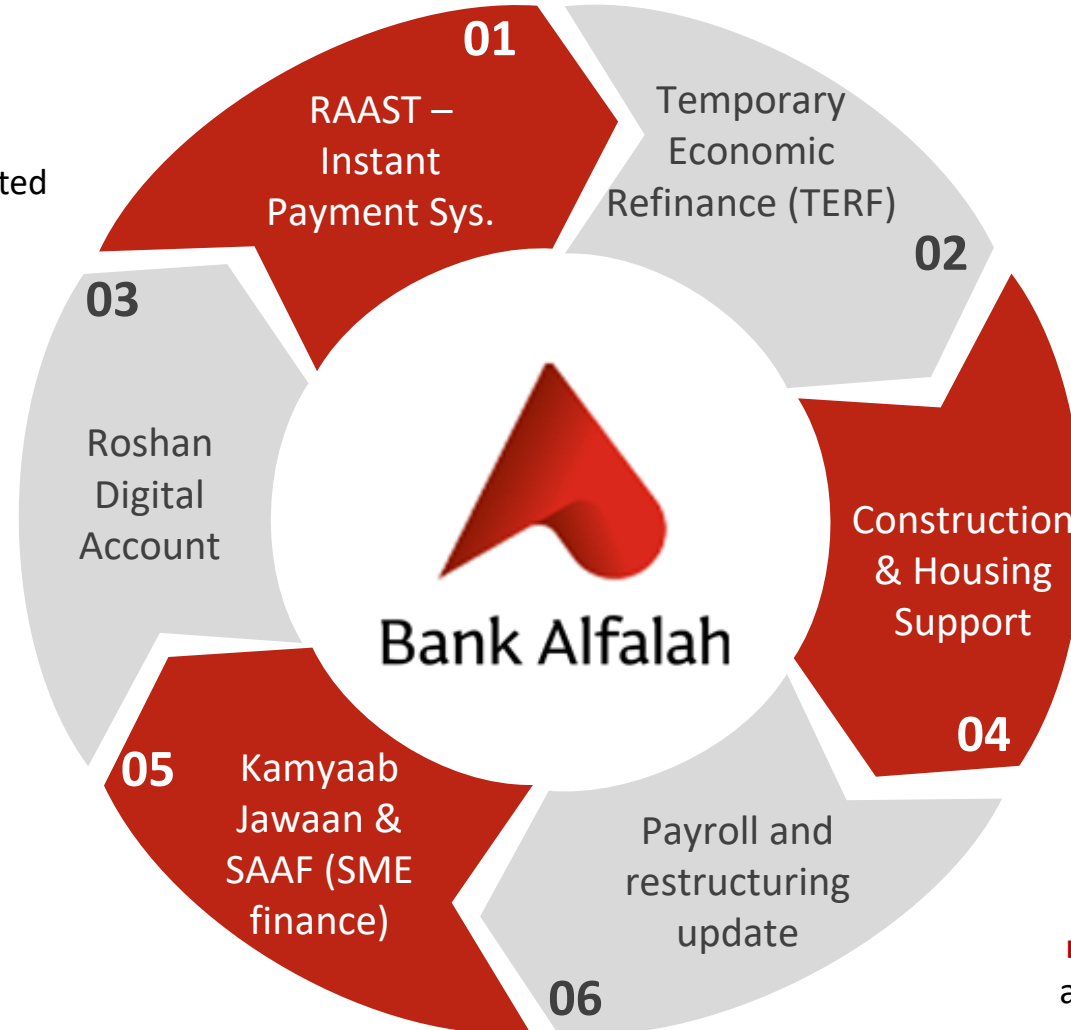
Launched Raast to promote digital financial services & financial inclusion. Service integrated in Alfa App and Internet Banking. **~48K BAFL customers** registered with Raast by April' 22

03

Promoting NRP flows via Roshan Digital Accounts. **~39k RDA** accounts opened – more than 9.0% throughput share.

05

**PKR2.42 bn disbursed** under Kamyab Jawaan. Awarded **PKR22bn refinance limit** under SAAF (SME Financing with GoP sharing 40-60% credit risk). Disb. initiated - 54 cases processed.



02

PKR50bn+ limit of SBP's TERF Facility provided to more than 100 customers. **PKR39.1bn outstanding as on Mar 31, 2022**

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 drops to PKR10.9bn in 1Q 22 from PKR29bn in Dec 20

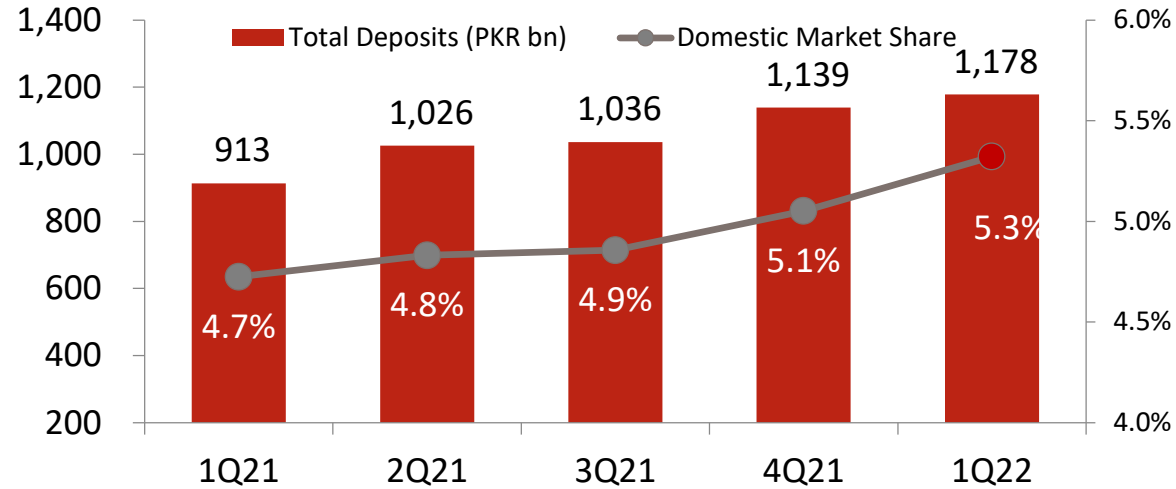
# Trends Analysis

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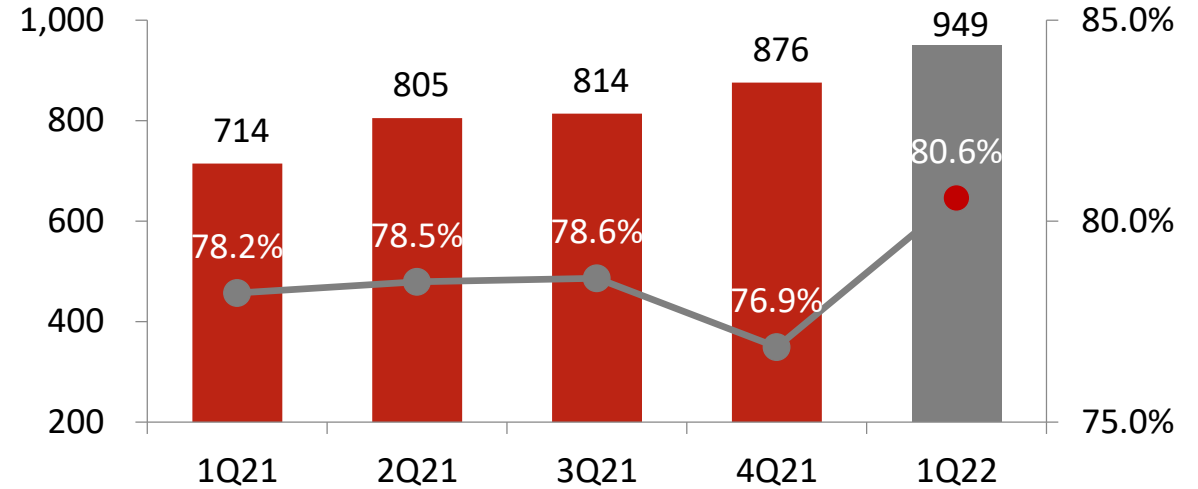
## Financial Snapshot



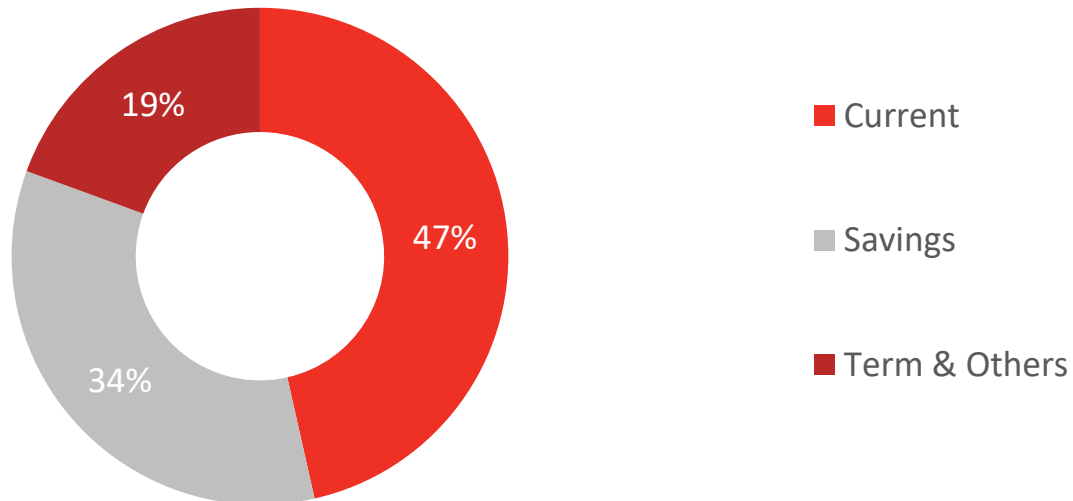
### Deposits (PKR bn) – Domestic Market Share reaches 5.3%



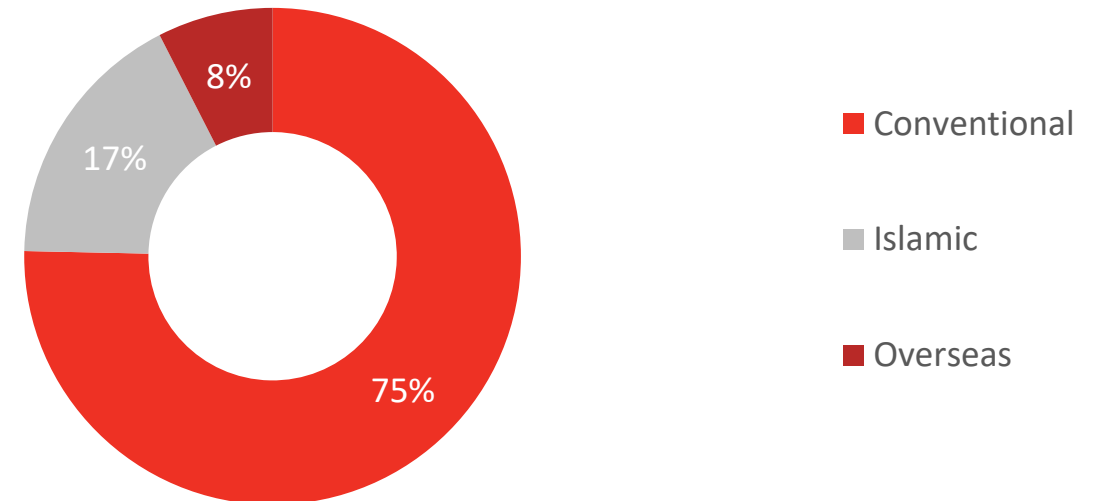
### CASA Deposits (PKR bn) – CASA Ratio at 80.6%



### Deposit Mix



### Deposits Composition

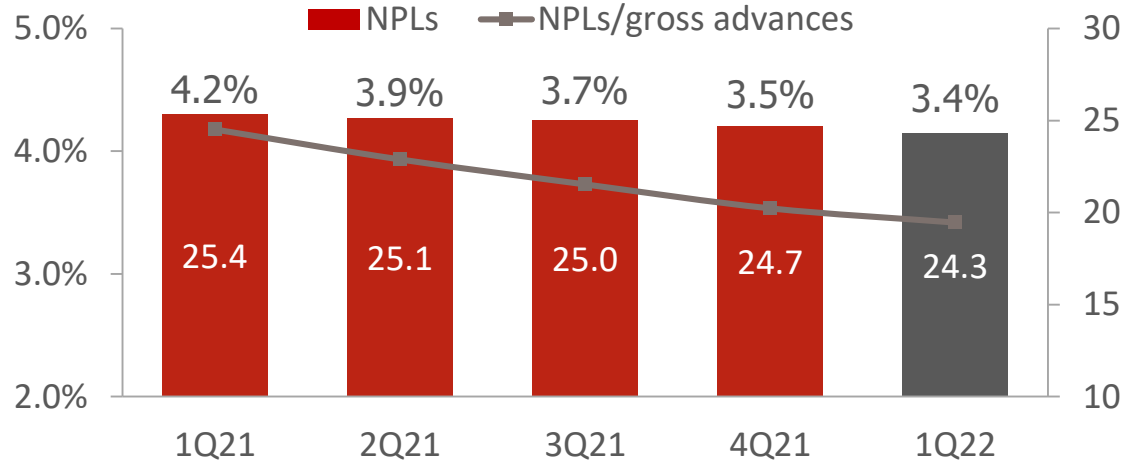


# Trends Analysis

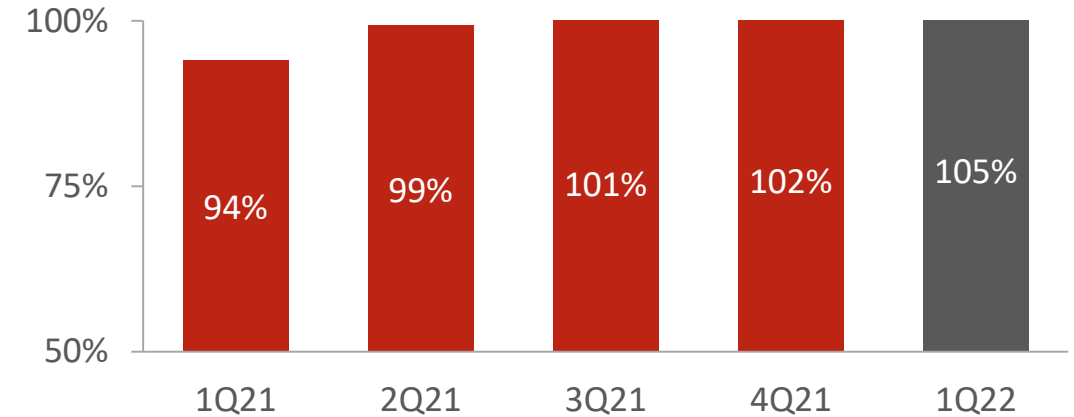
## Quarterly Advances & Asset quality trends



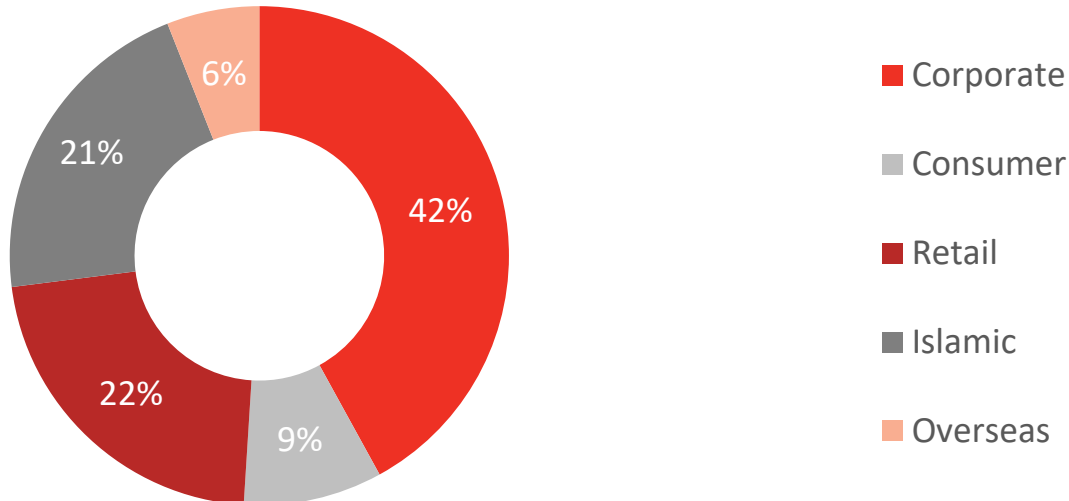
### Marginal decline in NPLs lowers infection ratio to 3.4%



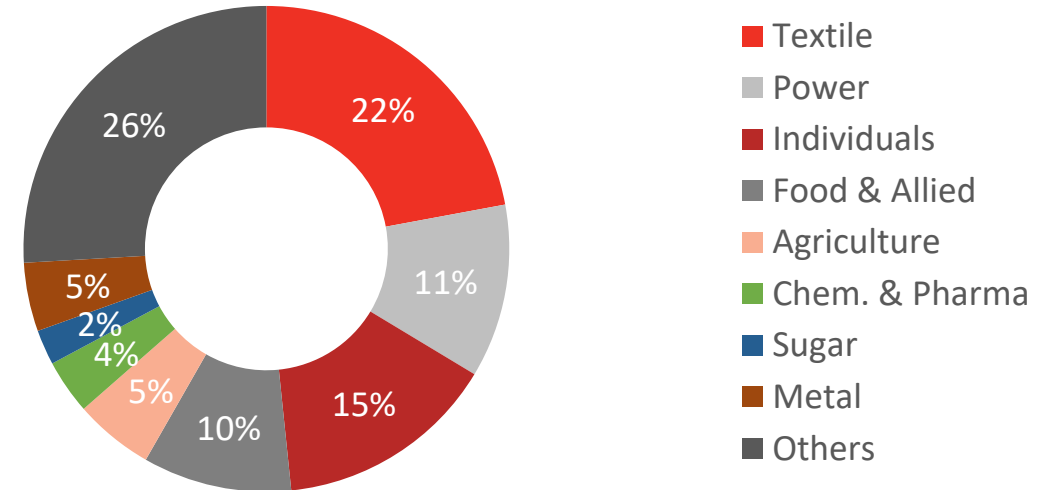
### Coverage improves to 105%



### Performing Advances composition



### Advances concentration (Dec 2021)



Islamic book comprises of:  
54% corporate; 17% commodity finance, 11% 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%
<b>Total Assets</b>	<b>929,645</b>	<b>998,828</b>	<b>1,006,218</b>	<b>1,065,311</b>	<b>1,384,874</b>	<b>1,734,321</b>	<b>13.3%</b>
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%
<b>Total Liabilities</b>	<b>869,520</b>	<b>933,028</b>	<b>930,571</b>	<b>977,284</b>	<b>1,293,856</b>	<b>1,634,319</b>	<b>13.5%</b>
Paid - up Capital	15,952	16,076	17,744	17,772	17,772	17,772	2.2%
Reserves & Retained Profit	33,203	42,411	50,520	58,889	62,737	70,790	16.3%
Revaluation Surplus	10,970	7,313	7,383	11,367	10,509	11,441	0.8%
<b>Total Equity</b>	<b>60,125</b>	<b>65,800</b>	<b>75,647</b>	<b>88,028</b>	<b>91,017</b>	<b>100,003</b>	<b>10.7%</b>

**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%
<b>Net Int. Income</b>	<b>28,991</b>	<b>29,565</b>	<b>31,926</b>	<b>44,896</b>	<b>44,705</b>	<b>46,048</b>	<b>9.7%</b>
Non Int. Income	8,907	9,381	10,431	10,357	12,795	16,474	13.1%
<b>Total Income</b>	<b>37,899</b>	<b>38,946</b>	<b>42,357</b>	<b>55,253</b>	<b>57,499</b>	<b>62,522</b>	<b>10.5%</b>
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%
<b>Profit before provisions</b>	<b>14,097</b>	<b>13,522</b>	<b>17,645</b>	<b>25,410</b>	<b>25,468</b>	<b>25,682</b>	<b>12.7%</b>
Provisions	1,073	(523)	27	3,029	7,589	2,312	16.6%
<b>Profit before tax</b>	<b>13,023</b>	<b>14,045</b>	<b>17,618</b>	<b>22,382</b>	<b>17,878</b>	<b>23,370</b>	<b>12.4%</b>
Taxation	5,123	5,678	6,993	9,686	7,403	9,154	12.3%
<b>Profit after Tax</b>	<b>7,900</b>	<b>8,367</b>	<b>10,625</b>	<b>12,696</b>	<b>10,475</b>	<b>14,217</b>	<b>12.5%</b>
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%	-

\* EPS is calculated using current number of the shares

\*\* 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	90.1%	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

# Awards

## Awards 2021



**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)**	62,378
Market Capitalization (USD mn)*	331
Average Daily Turnover (mn shares) - 12M	1.72
Average Daily Turnover (USD mn) - 12M	0.35
Current Stock Price** (PKR)	35.10
High / Low** (PKR) - 12M	38.55/28.87

\*Using PKR / USD parity of PKR 188.66

\*\*Stock Price as of May 10, 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