

Bank Alfalah Limited

Corporate Briefing Session 2022

Performance Review & Outlook

Aug 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 **~5.5 million** customers



Profits

Strong profitability trend amid well aligned asset book to optimize taxation



Market Share

Deposits (**5.3%**), Advances (**6.6%**);
Trade (**7.8%**);
Remittances (**20.1%**)



Branches

839 Branches including **252 Islamic Branches**



Touchpoints

~60K touchpoints in addition to Alfa/IB



Capital Adequacy Ratio

CAR stands at **14.6%** as of June 30, 2022



Staff Strength

Staff strength of **12,762** as of June 30, 2022



ATM ATMs/ CDMs

1,281 ATMS & CDMs/ CCDMs across Pakistan

Bank Alfalah Limited

Dominant Player Across Our Integrated Business Functions



Deposits

Highest growth of 29%,
(5.3% Mkt Share)



Current deposits

3rd highest growth,
3rd largest CA Mix of 45%. CASA at 73%



Primary Dealer

Ranked as No. 1 Primary Dealer by SBP for FY2021-22



Home Finance

3rd largest on ENR basis,
3rd highest acquisitions in 1H (13% share)



Credit Cards

2nd largest in share,
2nd highest acquisitions in 1H (24% share)



Auto Finance

Market Leader,
2nd highest acquisitions in 1H (16% share)



Roshan Digital Acc.

Amongst Top 5 in RDA and NPC, with 49k accounts and ~USD450m inward remittances



Trade

16% growth in trade flows in USD terms.
Market Share jumped to 7.8%



Advances

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



Remittance

2nd largest inflows Remittances share up 570bp to 20.1% in 2Q 2022



Digital Banking

Throughput of ~PKR 1.0 tn in 1H

★ Ranking on Growth
★ Ranking on Size

Financial Results – 1H 2022

Financial Results – 1H 2022

Balance Sheet Snapshot



Amount PKR mn	Jun-21	Dec-21	Mar-22	Jun-22	YoY	QoQ
Cash	97,485	105,606	111,097	131,807	35%	19%
Bal with banks	19,778	9,783	14,223	12,610	-36%	-11%
Lending to FI	55,359	35,982	13,202	90,530	64%	586%
Advances (net)	613,400	673,881	686,446	726,488	18%	6%
Investments (net)	765,028	809,214	905,174	946,632	24%	5%
Fixed & Others	85,608	99,856	118,233	129,520	51%	10%
Total Assets	1,636,657	1,734,321	1,848,376	2,037,587	24%	10%
Deposits	1,025,762	1,139,045	1,178,159	1,318,874	29%	12%
Sub Loans/ADT1	7,000	7,000	7,000	7,000	0%	0%
Borrowings	406,255	383,809	443,376	465,529	15%	5%
Other Liabilities	104,726	104,465	118,627	141,639	35%	19%
Total Liabilities	1,543,743	1,634,319	1,747,162	1,933,042	25%	11%
Paid up Capital	17,772	17,772	17,772	17,772	0%	0%
Reserves	65,651	70,790	72,900	77,575	18%	6%
Reval Surplus	9,491	11,441	10,542	9,198	-3%	-13%
Total Equity	92,914	100,003	101,214	104,545	13%	3%
Book Value per Share	52.28	56.27	56.95	58.83	13%	3%

- Deposits grew 29% YoY, (Current Accounts grew 26%) as focus on market penetration and branch expansion continued.
- Advances are up 18% YoY – driven by Retail & Islamic; mainly SBP backed loans.
- Investments are up 24%; portfolio remained skewed towards floating rate PIBs and Tbills.
- Borrowing numbers reflect higher Repo, TERF being partially offset by retirement of SBP salary refinance scheme.
- Reval. surplus reflects price move in bond/equity markets.
- Book value per share clocked in at PKR58.83/sh, after accounting for 4Q 2021 dividend of PKR2/sh.

Financial Results – 1H 2022

Profit & Loss Snapshot



Amount PKR mn	1H 2021	1H 2022	YoY	2Q 2021	1Q 2022	2Q 2022	QoQ	YoY
Interest Income	46,012	82,631	80%	24,624	35,942	46,688	30%	90%
Interest Expenses	23,929	50,488	111%	12,867	21,653	28,835	33%	124%
Net Int Income	22,083	32,143	46%	11,757	14,289	17,854	25%	52%
Non Int Income	7,877	10,901	38%	4,044	4,382	6,519	49%	61%
Total Income	29,960	43,044	44%	15,801	18,671	24,373	31%	54%
Admin expenses	17,390	21,711	25%	8,932	10,282	11,429	11%	28%
Other charges	248	431	74%	132	162	269	66%	103%
Non int expense	17,638	22,142	26%	9,064	10,444	11,698	12%	29%
Profit before prov	12,322	20,902	70%	6,736	8,226	12,675	54%	88%
Provisions	1,150	4,041	251%	934	387	3,654	844%	291%
Profit before tax	11,172	16,860	51%	5,802	7,839	9,021	15%	55%
Taxation	4,238	8,157	92%	2,339	2,821	5,336	89%	128%
Profit after tax	6,934	8,703	26%	3,463	5,019	3,685	-27%	6%
Diluted EPS (Rupees)	3.90	4.90	26%	1.95	2.82	2.08	-27%	6%
DPS (Rupees)*	2.00	2.50	25%	2.00	0.00	2.50		25%

- NII grows 46% YoY; solid growth in earning assets and margins expansion after re-pricing of the well positioned asset book.

- Non-interest income

- Fee Income is up 34% led by card business, Trade/Remittances flows, Banca and ADC.
- Increase in forex income on stronger flows and market volatility.

- New branches, growth initiatives, inflation & PKR depreciation drove op. cost.

- Provisions includes additional GP of PKR 2.75 bn in 2Q and some subjectively downgraded clients. Covid GP fund stands at PKR 1.45bn (5.0% of exposure to restructured customers).

- 2Q taxation reflects impact of higher super tax and corporate tax for 1H.

- Interim DPS of PKR 2.5/sh

Financial Results – 1H 2022

Key Ratios



	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022
Yield on Advances	7.2%	7.5%	7.2%	7.6%	8.6%	10.1%
Yield on Investments	7.3%	7.5%	7.3%	8.0%	9.7%	11.7%
Cost of Deposits	3.0%	3.0%	3.2%	3.8%	4.7%	5.7%
Cost of Funds	3.8%	4.0%	4.0%	4.5%	5.5%	6.9%
NIM	3.4%	3.5%	3.3%	3.3%	3.6%	4.2%
ROA	1.0%	1.0%	0.9%	0.9%	1.1%	0.8%
ROE exc. Surplus	17.6%	17.1%	16.8%	17.2%	22.7%	15.9%
Admin Cost : income	59.7%	56.5%	59.3%	57.1%	55.1%	46.9%
Gross ADR	66.5%	62.2%	64.8%	61.4%	60.4%	57.3%
CASA	78.2%	78.5%	78.6%	76.9%	80.6%	73.4%
CA	45.8%	46.5%	44.9%	44.0%	46.5%	45.5%
Net Loans (YoY)	16.4%	19.2%	30.2%	16.7%	17.7%	18.4%
Deposits (YoY)	20.9%	26.9%	26.3%	29.2%	29.0%	28.6%
NPL ratio	4.2%	3.9%	3.7%	3.5%	3.4%	3.5%
Coverage	94.0%	99.3%	100.8%	101.9%	104.9%	109.8%
CAR	15.6%	15.4%	14.7%	14.4%	14.8%	14.6%

- Spread expansion in line with interest rate hike as Floating Rate PIBs/ T-Bills dominate investment book. Full impact of recent 275bps rate hike to reflect in next quarters.
- Cost to income drops to 47%.
- Drop in ROA & ROE in 2Q is because of higher taxation impact for 1H, booked in 2Q.
- Terms deposits were mobilized to benefit from opportunities during rising interest rates; helping overall NII.
- ADR drops to 57.3% (above threshold of attracting penal tax rates).
- Stable NPL ratio at 3.5%. Prudent provisioning improves Coverage to 110%.
- CAR comfortably above the regulatory limit.

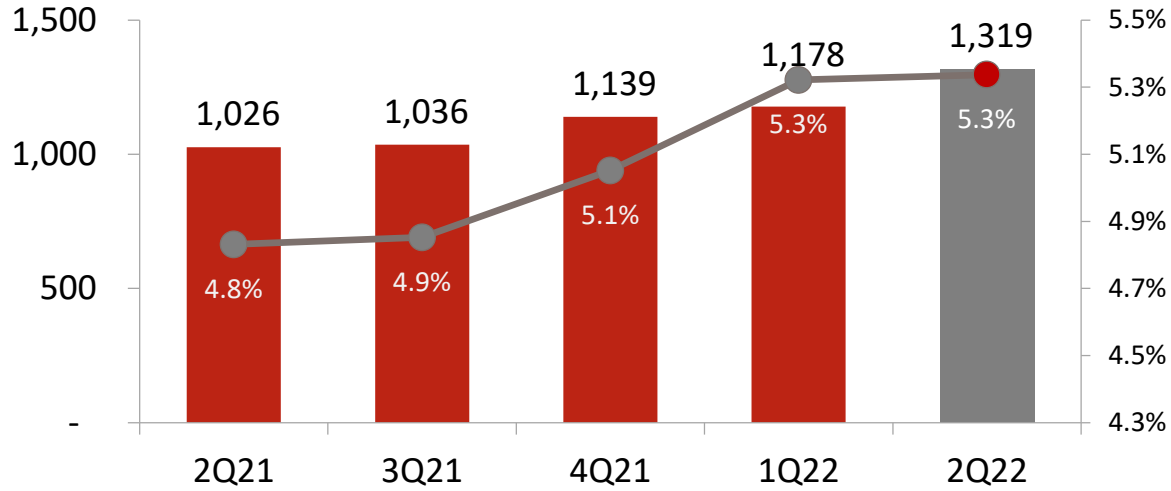
Trends Analysis

Trends Analysis

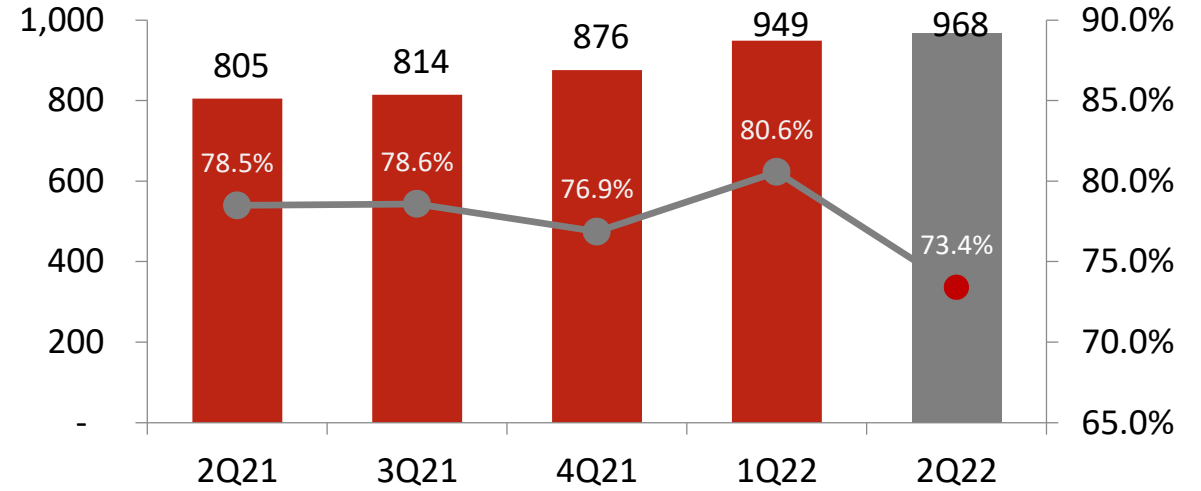
Financial Snapshot



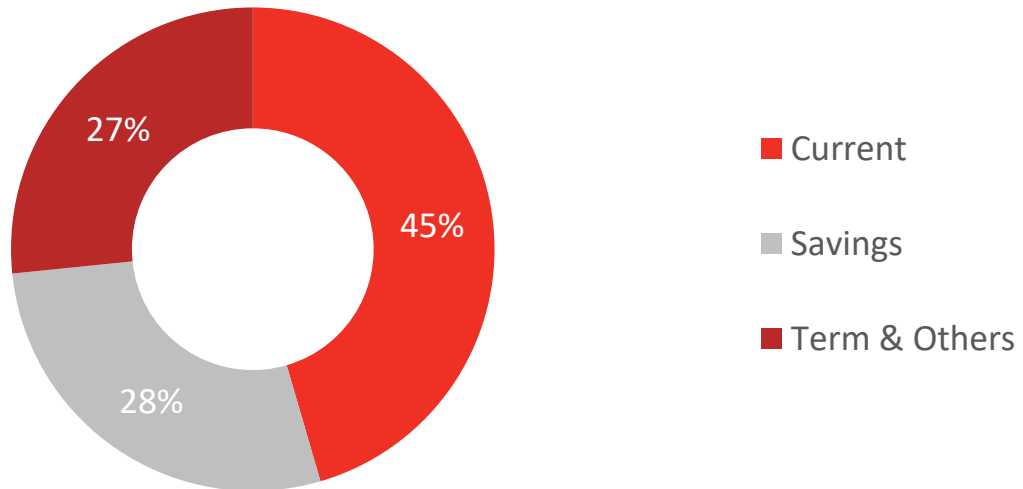
Deposits (PKR bn) – Domestic Market Share reaches 5.3%



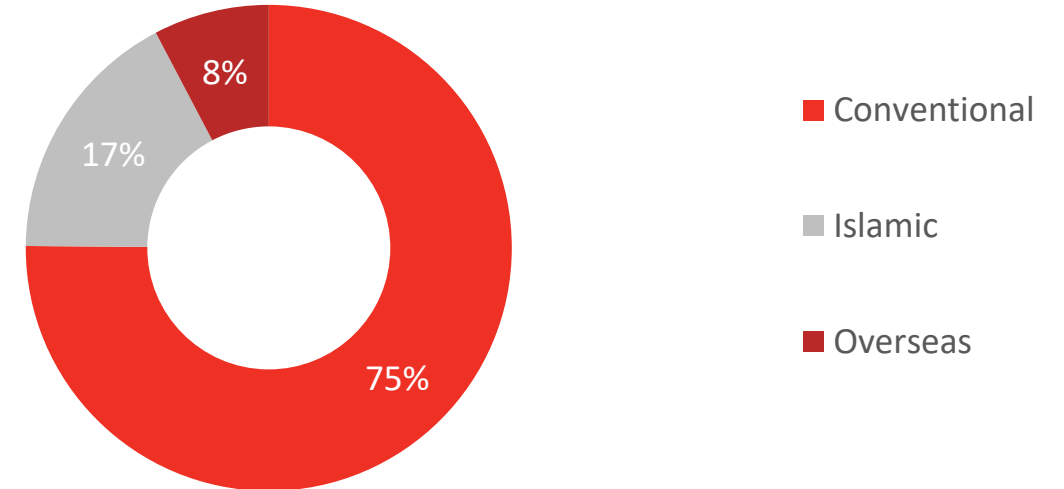
CASA Deposits (PKR bn) – CASA Ratio at 73.4%



Deposit Mix



Deposits Composition

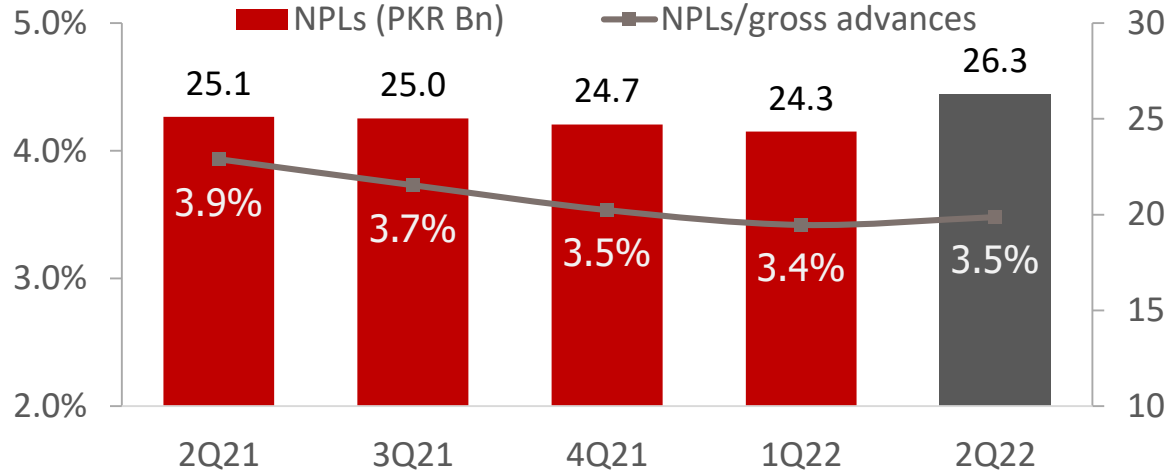


Trends Analysis

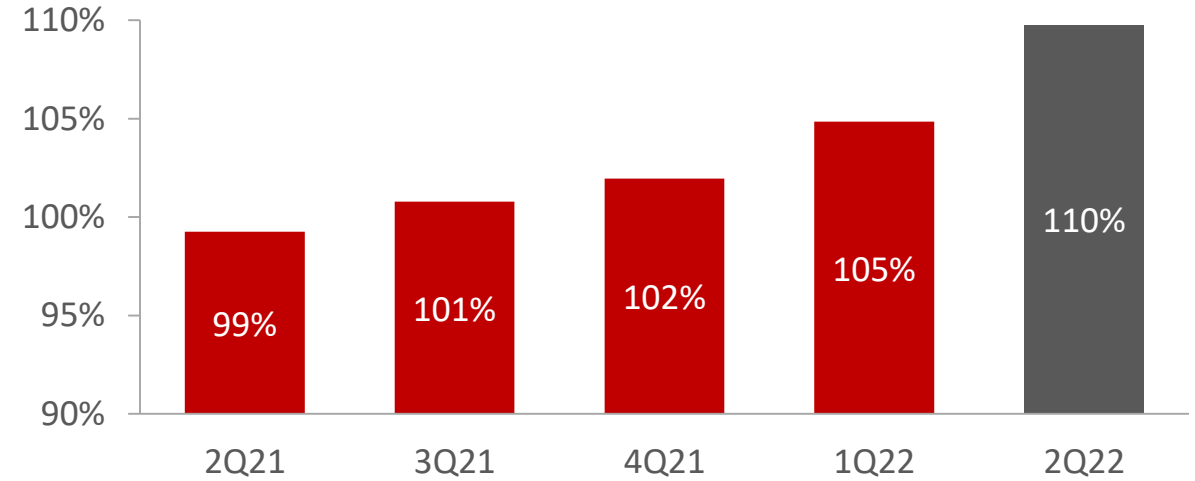
Quarterly Advances & Asset quality trends



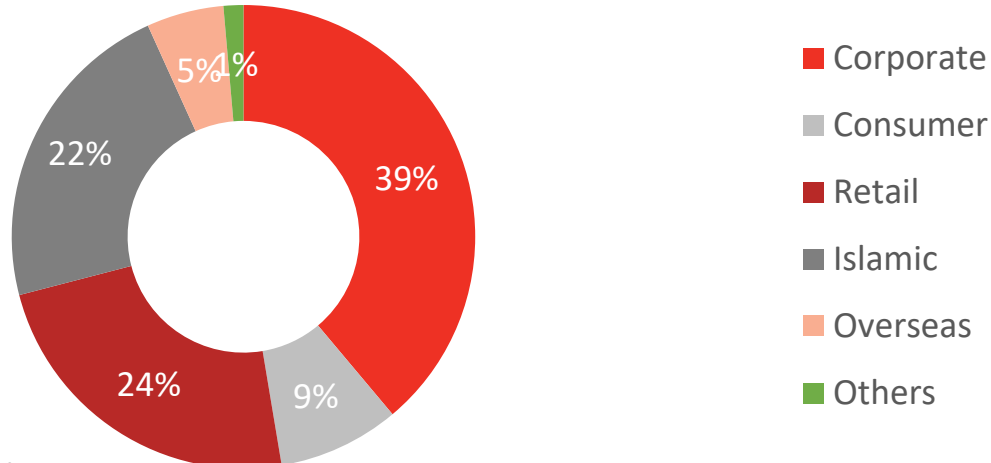
Marginal rise in NPL Ratio to comfortable 3.5%



Coverage improves to 110%

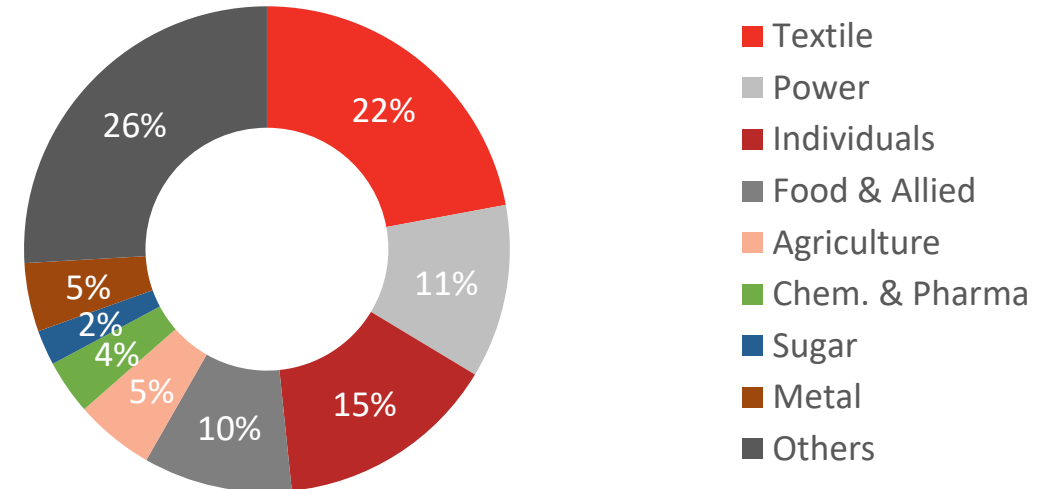


Performing Advances composition



Islamic book comprises of:
55% corporate; 15% commodity finance, 18% consumer loans & 12% others

Advances concentration (Dec 2021)



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	99,855	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	42,411	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%
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	37,898	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	25,425	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%	-

* 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) - Gross	62.4%	64.7%	73.8%	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



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 2022

- Best High Impact Campaign Award for Savings Account Campaign
- Best Digital Campaign Award for Home Remittance Campaign
- Best Payment Technology Solution Award for Alfa Business App
- Best Mobile Banking App Award 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)**	58,096
Market Capitalization (USD mn)*	262
Average Daily Turnover (mn shares) - 12M	1.40
Average Daily Turnover (USD mn) - 12M	0.27
Current Stock Price** (PKR)	32.69
High / Low** (PKR) - 12M	38.55/29.81

*Using PKR / USD parity of PKR 221.91

**Stock Price as of August 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