

# Bank Alfalah Limited

## Analyst Briefing

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### 2022 – Performance Review & Outlook

*March 2023*

CORPORATE BRANCH  
I.I. CHUNDRIGAR ROAD KARACHI



### Major Sponsor

**Dhabi Group** (56%)



### 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 **~5.8 million** customers



### Profits

Record profitability in 2022, benefitting from interest rate hikes and volumetric growth



### Market Share

Deposits (**6.0%**), Advances (**6.1%**), Trade (**7.9%**), Remittances (**19.2%**)



### Branches

**894** Branches including **285 Islamic Branches**



### Touchpoints

**+68K** touchpoints in addition to Alfa/IB



### Capital Adequacy Ratio

CAR stands at **13.83%** as of Dec 31, 2022



### Staff Strength

Staff strength of **13,862** as of Dec 31, 2022



### ATM

### ATMs/ CDMs

**1,374 ATMS & CDMs/ CDDMs** across Pakistan

# Financial Results – 2022

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## Balance Sheet Snapshot



Amount PKR mn	Dec-21	Sep-22	Dec-22	YoY	QoQ
Cash	105,606	120,744	140,613	33%	16%
Bal with banks	9,783	19,457	9,485	-3%	-51%
Lending to FI	35,982	19,226	115,354	221%	500%
Advances (net)	673,881	744,877	732,375	9%	-2%
Investments (net)	809,214	1,123,421	1,114,407	38%	-1%
Fixed & Others	99,856	157,869	140,963	41%	-11%
<b>Total Assets</b>	<b>1,734,321</b>	<b>2,185,594</b>	<b>2,253,197</b>	<b>30%</b>	<b>3%</b>
Deposits	1,139,045	1,385,452	1,486,845	31%	7%
Sub Loans/ADT1	7,000	7,000	14,000	100%	100%
Borrowings	383,809	537,264	491,180	28%	-9%
Other Liabilities	104,465	152,595	161,157	54%	6%
<b>Total Liabilities</b>	<b>1,634,319</b>	<b>2,082,311</b>	<b>2,153,182</b>	<b>32%</b>	<b>3%</b>
Paid up Capital	17,772	17,772	15,772	-11%	-11%
Reserves	70,790	79,753	79,384	12%	0%
Reval Surplus	11,441	5,758	4,859	-58%	-16%
<b>Total Equity</b>	<b>100,003</b>	<b>103,282</b>	<b>100,015</b>	<b>0%</b>	<b>-3%</b>
<b>Book Value per Share</b>	<b>56.27</b>	<b>58.12</b>	<b>63.41</b>	<b>13%</b>	<b>9%</b>

- Deposits up 31% YoY – resultant of branch network expansion, improved staff productivity in line with strategy of regaining market share.
- Advances up 9% YoY – driven by Corporate & Islamic, mostly SBP refinance.
- Investments up 38%; portfolio remained skewed towards floating rate PIBs and GoP Sukuks.
- Borrowing: higher Repo & SBP refinance (TERF).
- PKR 7bn ADT 1 issued.
- Reval. surplus reflects price move in bond/equity markets.
- Book value per share improves to PKR63.4/sh, as shares outstanding drops after buyback.

# Financial Results – 2022

## Profit & Loss Snapshot



Amount PKR mn	2021	2022	YoY	4Q 2021	3Q 2022	4Q 2022	QoQ	YoY
Interest Income	100,402	213,897	113%	28,573	61,586	69,681	13%	144%
Interest Expenses	54,134	136,558	152%	16,363	39,717	46,353	17%	183%
<b>Net Int Income</b>	<b>46,268</b>	<b>77,340</b>	<b>67%</b>	<b>12,210</b>	<b>21,869</b>	<b>23,328</b>	<b>7%</b>	<b>91%</b>
Non Int Income	16,254	21,786	34%	4,830	6,555	4,330	-34%	-10%
<b>Total Income</b>	<b>62,522</b>	<b>99,126</b>	<b>59%</b>	<b>17,040</b>	<b>28,424</b>	<b>27,658</b>	<b>-3%</b>	<b>62%</b>
Admin expenses	36,316	49,562	36%	9,724	13,299	14,552	9%	50%
Other charges	524	935	78%	147	247	257	4%	75%
Non int expense	36,840	50,497	37%	9,870	13,546	14,809	9%	50%
<b>Profit before prov</b>	<b>25,682</b>	<b>48,629</b>	<b>89%</b>	<b>7,170</b>	<b>14,878</b>	<b>12,849</b>	<b>-14%</b>	<b>79%</b>
Provisions	2,312	12,468	439%	893	4,095	4,332	6%	385%
<b>Profit before tax</b>	<b>23,370</b>	<b>36,160</b>	<b>55%</b>	<b>6,277</b>	<b>10,783</b>	<b>8,517</b>	<b>-21%</b>	<b>36%</b>
Taxation	9,154	17,954	96%	2,542	5,396	4,401	-18%	73%
<b>Profit after tax</b>	<b>14,217</b>	<b>18,206</b>	<b>28%</b>	<b>3,735</b>	<b>5,387</b>	<b>4,117</b>	<b>-24%</b>	<b>10%</b>
EPS (Rupees)	9.01	11.54	28%	2.37	3.42	2.61	-24%	10%
DPS (Rupees)	4.00	5.00	25%	2.00	0.00	2.50		25%

- NII grows 67% YoY; solid growth in earning assets and margin expansion after re-pricing of the well positioned asset book.

- Non-interest income

- Fee Income is up led by Trade/Remittances and consumer banking volumes (Card, ADC, fee etc.)

- Increase in forex income on stronger Trade/Remittances flows and market volatility.

- Increase in admin cost due to cost of living allowance, new branches, inflation & PKR depreciation.

- 4Q provisions includes additional ECL on overseas investments and cross border risk provision.

\* EPS is calculated using current number of outstanding shares

# Financial Results – 2022

## Key Ratios



	2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	2022
Yield on Advances	7.4%	8.6%	10.1%	11.9%	12.4%	10.8%
Yield on Investments	7.5%	9.7%	11.7%	13.7%	14.6%	12.7%
Cost of Deposits	3.3%	4.7%	5.7%	7.0%	7.6%	6.3%
Cost of Funds	4.1%	5.5%	6.9%	8.4%	9.1%	7.6%
NIM	3.4%	3.6%	4.2%	4.5%	4.6%	4.2%
ROA	1.0%	1.1%	0.8%	1.0%	0.7%	0.9%
ROE exc. Surplus	17.1%	22.7%	15.9%	22.2%	17.0%	19.5%
Admin Cost : income	58.1%	55.1%	46.9%	46.8%	52.6%	50.0%
Gross ADR	61.4%	60.4%	57.3%	56.1%	51.5%	51.5%
CASA	76.9%	80.6%	73.4%	74.0%	71.7%	71.7%
CA	44.0%	46.5%	45.5%	43.6%	44.5%	44.5%
Net Loans (YoY )	16.7%	17.7%	18.4%	15.3%	8.7%	8.7%
Deposits (YoY)	29.2%	29.0%	28.6%	33.7%	30.5%	30.5%
NPL ratio	3.5%	3.4%	3.5%	4.1%	4.0%	4.0%
Coverage	101.9%	104.9%	109.8%	103.9%	107.6%	107.6%
CAR	14.4%	14.8%	14.6%	14.5%	13.8%	13.8%

- Improved spreads owing to interest rate hikes supported by volumetric growth, particularly Current Accounts.
- Cost to income falls to 50% in 2022 on the back of revenue growth.
- ROE recovers in 2022 with improved profitability.
- CA maintained despite higher interest rates. Shift from Savings to Term Deposits visible.
- ADR at 51.5% due to cautious lending but still above threshold of attracting penal tax rates.
- NPL ratio at 4.0% due to few subjective classifications, Coverage at 107.6%.
- CAR comfortably above the regulatory requirement.

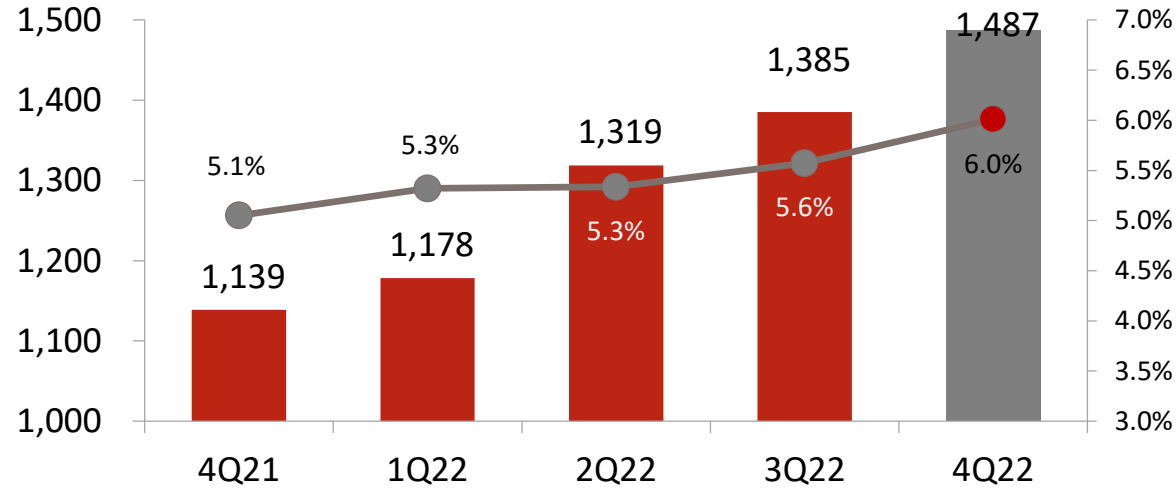
# Trends Analysis

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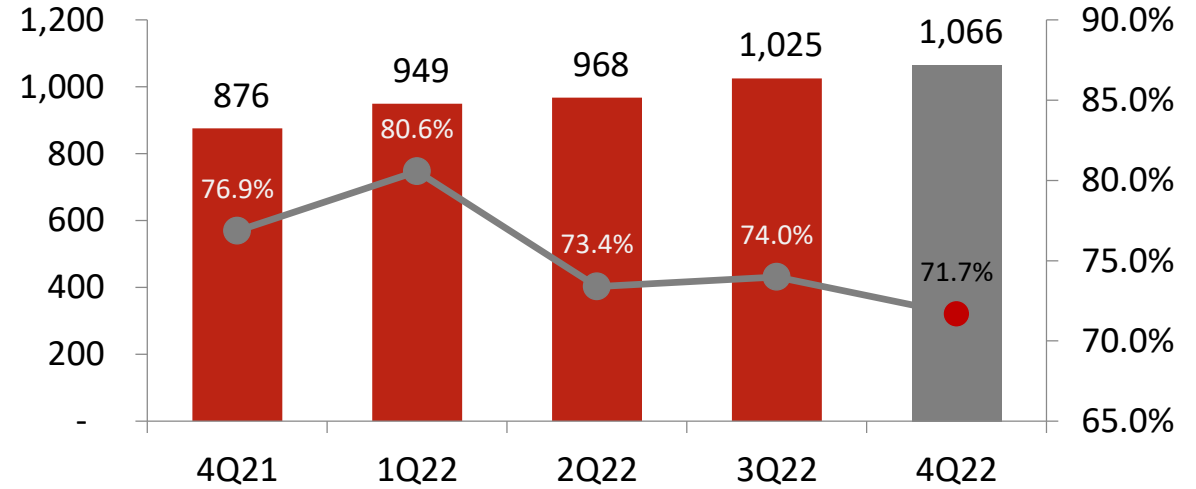
## Financial Snapshot



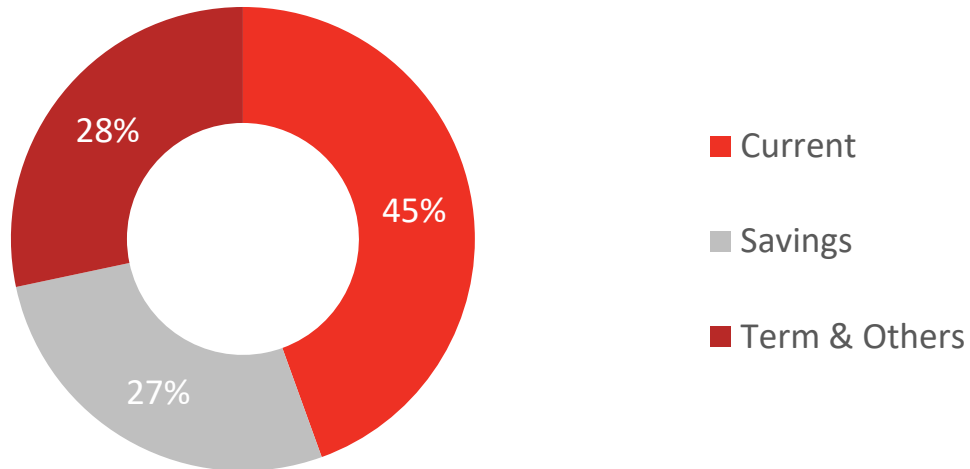
### Deposits (PKR bn) – Domestic Market Share reaches 6.0%



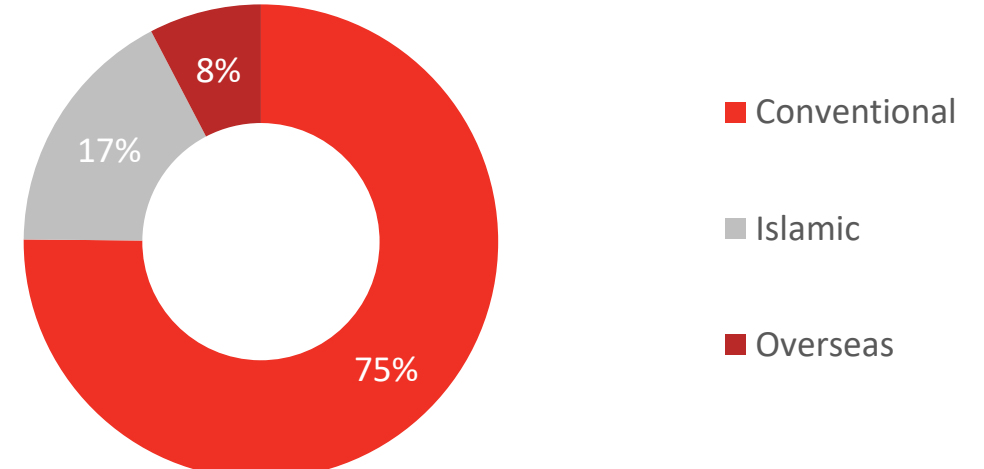
### CASA Deposits (PKR bn) – CASA Ratio at 71.7%



### Deposit Mix



### Deposits Composition



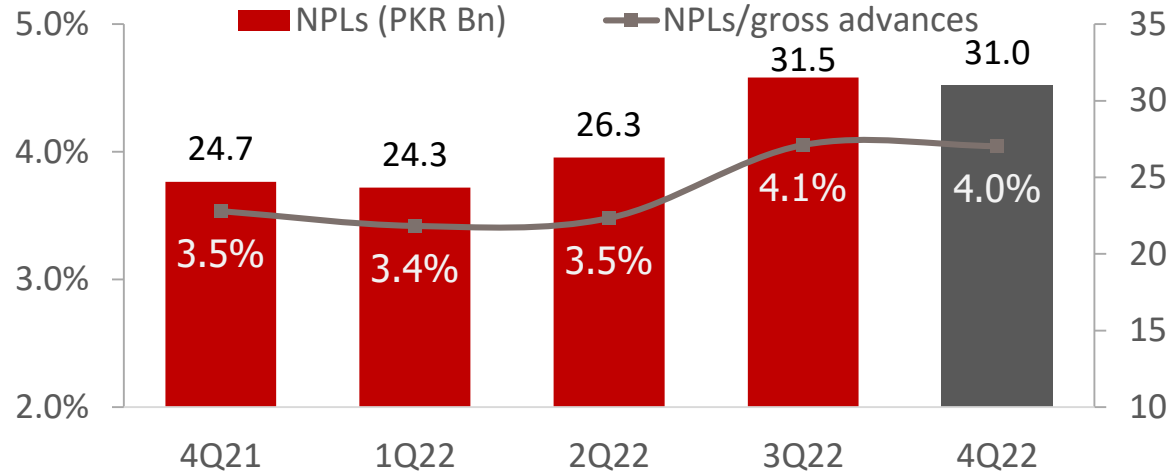


# Trends Analysis

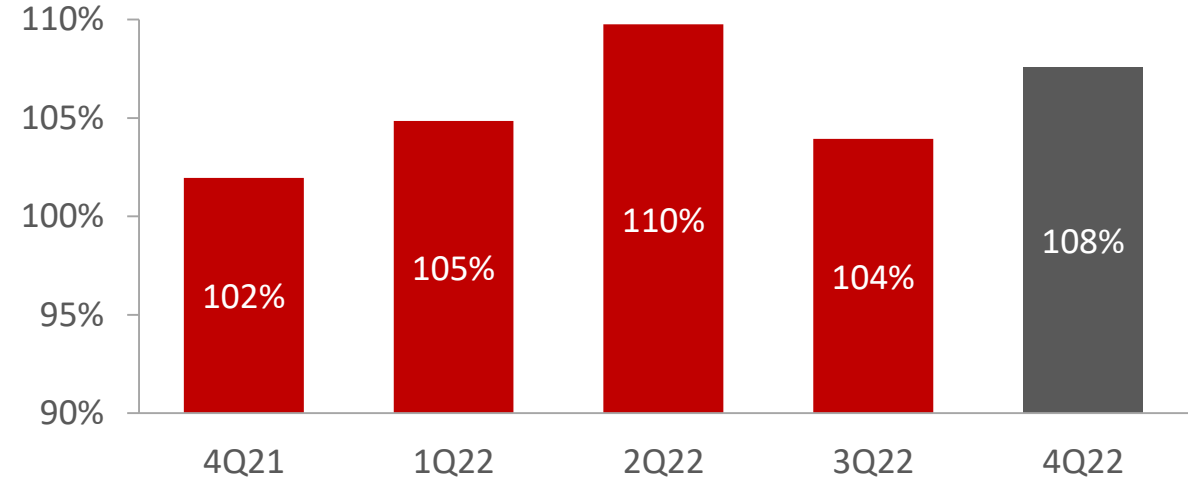
## Quarterly Advances & Asset quality trends



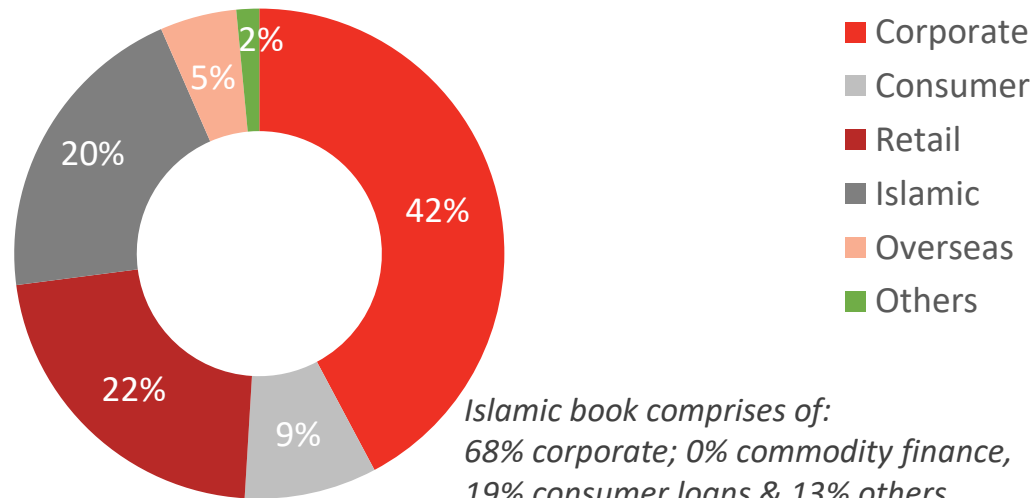
### Marginal rise in NPL Ratio to 4.0% on subjective classification



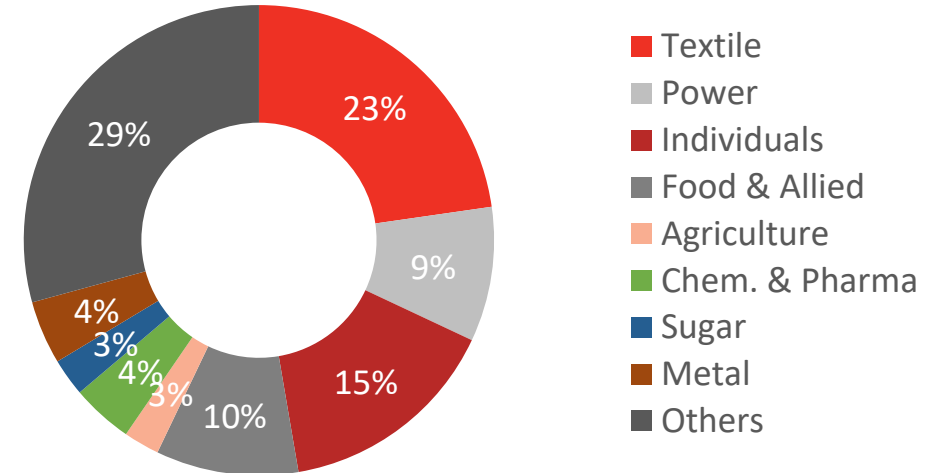
### Coverage stands at 108%



### Performing Advances composition



### Advances concentration (Dec 2022)



# Trends Analysis

## Balance Sheet



Amounts in PKR mn	2017	2018	2019	2020	2021	2022	5yr CAGR
Cash & Bal. With Treasury Bank	70,381	82,408	100,732	99,348	105,606	140,613	14.8%
Balances With Other Banks	3,754	3,875	4,710	6,234	9,783	9,485	20.4%
Lending to FIs	48,896	62,172	71,435	77,306	35,982	115,354	18.7%
Advances (Net)	400,655	501,636	511,236	577,316	673,881	732,375	12.8%
Investments (Net)	400,733	277,660	299,098	547,090	809,214	1,114,407	22.7%
Fixed & Other Assets	74,408	78,466	78,100	77,580	99,856	140,963	13.6%
<b>Total Assets</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>2,253,197</b>	<b>17.7%</b>
Deposits	644,985	702,895	782,284	881,767	1,139,045	1,486,845	18.2%
Subordinated Loans	4,991	11,989	11,987	7,000	7,000	14,000	22.9%
Borrowings	207,194	123,738	102,842	314,960	383,809	491,180	18.8%
Bills Payable & Other Liabilities	75,859	91,948	80,170	90,129	104,465	161,157	16.3%
<b>Total Liabilities</b>	<b>933,028</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>18.2%</b>
Paid - up Capital	16,076	17,744	17,772	17,772	17,772	15,772	-0.4%
Reserves & Retained Profit	42,411	50,520	58,889	62,737	70,790	79,384	13.4%
Revaluation Surplus	7,313	7,383	11,367	10,509	11,441	4,859	-7.9%
<b>Total Equity</b>	<b>65,800</b>	<b>75,647</b>	<b>88,028</b>	<b>91,017</b>	<b>100,003</b>	<b>100,015</b>	<b>8.7%</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	2017	2018	2019	2020	2021	2022	5yr CAGR
Interest Income	56,920	59,672	92,519	92,616	100,402	213,897	30.3%
Interest Expenses	27,354	27,746	47,623	47,911	54,134	136,558	37.9%
<b>Net Int. Income</b>	<b>29,565</b>	<b>31,926</b>	<b>44,896</b>	<b>44,705</b>	<b>46,268</b>	<b>77,340</b>	<b>21.2%</b>
Non Int. Income	9,381	10,431	10,357	12,795	16,254	21,786	18.4%
<b>Total Income</b>	<b>38,946</b>	<b>42,357</b>	<b>55,253</b>	<b>57,499</b>	<b>62,522</b>	<b>99,126</b>	<b>20.5%</b>
Admin expenses	25,131	24,313	29,066	31,443	36,316	49,562	14.5%
Other charges	294	400	777	589	524	935	26.0%
Non int. expense	25,425	24,713	29,843	32,032	36,840	50,497	14.7%
<b>Profit before provisions</b>	<b>13,522</b>	<b>17,645</b>	<b>25,410</b>	<b>25,468</b>	<b>25,682</b>	<b>48,629</b>	<b>29.2%</b>
Provisions	(523)	27	3,029	7,589	2,312	12,468	
<b>Profit before tax</b>	<b>14,045</b>	<b>17,618</b>	<b>22,382</b>	<b>17,878</b>	<b>23,370</b>	<b>36,160</b>	<b>20.8%</b>
Taxation	5,678	6,993	9,686	7,403	9,154	17,954	25.9%
<b>Profit after Tax</b>	<b>8,367</b>	<b>10,625</b>	<b>12,696</b>	<b>10,475</b>	<b>14,217</b>	<b>18,206</b>	<b>16.8%</b>
EPS (PKR) *	5.31	6.74	8.05	6.64	9.01	11.54	
Stock Dividend	-	10.00%	-	-	-	-	
Dividend (% of Paid-up) **	15.00%	25.00%	40.00%	40.00%	40.00%	50.00%	

\* EPS is calculated using current number of the shares

\*\* Percentage of paid up capital at time of declaration

# Trends Analysis

## Key Ratios



	2017	2018	2019	2020	2021	2022
Capital Adequacy Ratio (Tier - I)	10.9%	12.2%	13.3%	12.7%	11.1%	11.1%
Capital Adequacy Ratio Total	13.4%	15.0%	16.9%	16.5%	14.4%	13.8%
Net Interest Margins	3.6%	4.0%	5.3%	4.3%	3.4%	4.2%
Admin Cost to Income Ratio	64.8%	57.3%	52.6%	54.7%	58.1%	50.0%
Non - Interest Income as % of Total	25.3%	24.4%	18.7%	22.3%	26.3%	22.0%
Advance to Deposit Ratio (ADR) - Gross	62.1%	71.4%	67.7%	68.1%	61.4%	51.5%
YoY Deposit Growth	1.6%	9.0%	8.2%	12.7%	29.2%	30.5%
YoY Advances Growth	5.8%	25.2%	1.9%	12.9%	16.7%	8.7%
YoY Investments Growth	3.0%	-30.7%	6.0%	82.9%	47.9%	37.7%
Current Deposits Ratio	40.1%	40.9%	43.4%	44.7%	44.0%	44.5%
CASA Ratio	76.9%	75.4%	75.9%	77.9%	76.9%	71.7%
NPL Ratio	4.2%	3.6%	4.2%	4.3%	3.5%	4.0%
Coverage Ratio	94.0%	89.0%	83.6%	91.2%	101.9%	107.6%
ROA	0.9%	1.2%	1.3%	0.9%	1.0%	0.9%
ROE Excluding Reval. Surplus	15.5%	16.9%	17.6%	13.2%	17.1%	19.5%
ROE Including Reval. Surplus	13.2%	15.3%	15.4%	11.5%	15.3%	17.9%
Diluted BVPS (Incl. Reval.)	41.72	47.96	55.81	57.71	63.41	63.41

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

# Awards

## Awards



### Best Customer Franchise Award 2021

by Pakistan Banking Awards



### PSX Top 25 Listed Companies Award 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



### Best Corporate Report Awards 2021

- 1st joint position in banking sector
- - 2nd joint position across all sectors



### 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



### Global Diversity and Inclusion Benchmarks (GDIB) Awards 2021



Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1,577.17
Market Capitalization (PKR bn)**	50,312
Market Capitalization (USD mn)*	180
Average Daily Turnover (mn shares) - 12M	2.00
Average Daily Turnover (USD mn) - 12M	286.61
Current Stock Price** (PKR)	31.90
High / Low** (PKR) - 12M	36.87 / 28.32

\*Using PKR / USD parity of PKR 279.12

\*\*Stock Price as of Mar 08, 2023



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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