

# Bank Alfalah Limited

## Analyst Briefing

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### 9M 2023 – Performance Review & Outlook

*November 2023*

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 **~6.2 million** customers



### Profits

Profitability remains robust, benefitting from interest rate hikes and volumetric growth



### Market Share

Deposits (**6.3%**), Advances (**5.6%**), Trade (**8.8%**), Remittances (**14.2%**)



### Branches

**957** Branches including: **317** Islamic Branches and **1** Digital Lifestyle Branch



### Touchpoints

**84K+** touchpoints in addition to Alfa/IB



### Capital Adequacy Ratio

CAR stands at **15.50%** as of Sep 30, 2023



### Staff Strength

Staff strength of **14,568** as of Sep 30, 2023



### ATM

### ATMs/ CDMs

**1,024 ATMS**  
**399 CDMs/ CCDMs** across Pakistan

# Bank Alfalah Limited

Dominant Player Across Our Integrated Business Functions



## Deposits

Highest growth of 31% YOY, (Mkt Share: 6.3%)



## Current deposits

3<sup>rd</sup> highest growth of 24% YOY. (est. Mkt Share: 6.6%)



## Home Finance

2<sup>nd</sup> Largest ENR (Mkt share: 14.5%)  
Highest acquisitions (Mkt share: 19.8%)



## Credit Cards

2<sup>nd</sup> Largest ENR (Mkt share: 26.5%)  
2<sup>nd</sup> Highest acquisitions (23.5% share)



## Auto Finance

3<sup>rd</sup> Largest ENR (Mkt share: 14.6%)  
2<sup>nd</sup> Highest acquisitions (Mkt share: 15.6%)



## Primary Dealer

Ranked as no.1 Primary Dealer by SBP for FY 2022-23



## Trade

Improved Market Share of 8.8%



## Advances

5.6% share in Advances. Consumers, SMEs and Islamic leading the growth



## Remittance

Market share: 14.2%



## Digital Banking

Throughput crossed PKR 2.7 tn

Ranking on Growth  
 Ranking on Size

# **Financial Results – 9M 2023**

# Financial Results – 9M 2023

## Balance Sheet Snapshot



Amount PKR mn	Sep-22	Dec-22	Jun-23	Sep-23	YoY	QoQ
Cash & Bal with Treasury Bank	120,744	140,613	197,029	198,021	64%	1%
Bal with banks	19,457	9,485	16,188	17,412	-11%	8%
Lending to FI	19,226	115,354	13,716	60,246	213%	339%
Advances (net)	744,877	732,375	759,498	665,596	-11%	-12%
Investments (net)	1,123,421	1,114,407	1,437,833	1,506,084	34%	5%
Fixed & Others	157,689	140,963	195,492	228,231	45%	17%
<b>Total Assets</b>	<b>2,185,594</b>	<b>2,253,197</b>	<b>2,619,757</b>	<b>2,675,589</b>	<b>22%</b>	<b>2%</b>
Deposits	1,385,452	1,486,845	1,775,954	1,821,313	31%	3%
Sub Loans/ADT1	7,000	14,000	14,000	14,000	100%	0%
Borrowings	537,264	491,180	505,894	505,793	-6%	0%
Other Liabilities	152,595	161,157	210,109	214,741	41%	2%
<b>Total Liabilities</b>	<b>2,082,311</b>	<b>2,153,182</b>	<b>2,505,957</b>	<b>2,555,847</b>	<b>23%</b>	<b>2%</b>
Paid up Capital	17,772	15,772	15,772	15,772	-11%	0%
Reserves	79,753	79,384	98,539	102,344	28%	4%
Reval Surplus	5,758	4,859	-511	1,626	-72%	-418%
<b>Total Equity</b>	<b>103,282</b>	<b>100,015</b>	<b>113,800</b>	<b>119,742</b>	<b>16%</b>	<b>5%</b>
<b>Book Value per Share</b>	<b>58.12</b>	<b>63.41</b>	<b>72.16</b>	<b>75.92</b>		

- Deposits up 31% YoY (CASA up 25%) – resulting in improved market share, amid branch network expansion and improved staff productivity.

- Advances dropped 11% YoY on back of cautious lending and provisions, while maintaining a strong credit discipline amid challenging market fundamentals.

- Investments up 34% YoY; portfolio remained skewed towards floater PIBs & T-bills.

- Reval. Surplus QoQ is mainly due to yield curve movement, loss realised on realignment of book in view of interest rates outlook and fixed rate bonds portfolio being built.

- Book value per share improves to PKR 75.92/sh.

# Financial Results – 9M 2023

## Profit & Loss Snapshot



Amount PKR mn	9M 2022	9M 2023	YoY	3Q 2022	2Q 2023	3Q 2023	YoY	QoQ
Interest Income	144,101	286,233	99%	61,676	100,868	109,776	78%	9%
Interest Expenses	90,089	195,247	117%	39,807	69,614	77,982	96%	12%
<b>Net Int Income</b>	<b>54,012</b>	<b>90,985</b>	<b>68%</b>	<b>21,869</b>	<b>31,254</b>	<b>31,794</b>	<b>45%</b>	<b>2%</b>
Non Int Income	17,456	18,519	6%	6,555	6,437	5,531	-16%	-14%
<b>Total Income</b>	<b>71,467</b>	<b>109,504</b>	<b>53%</b>	<b>28,424</b>	<b>37,691</b>	<b>37,325</b>	<b>31%</b>	<b>-1%</b>
Admin expenses	35,010	46,258	32%	13,299	15,778	15,895	20%	1%
Other charges	678	1,330	96%	247	541	379	54%	-30%
Non int expense	35,688	47,587	33%	13,546	16,320	16,274	20%	0%
<b>Profit before prov</b>	<b>35,780</b>	<b>61,917</b>	<b>73%</b>	<b>14,878</b>	<b>21,371</b>	<b>21,050</b>	<b>41%</b>	<b>-1%</b>
Provisions	8,137	9,164	13%	4,095	4,480	4,162	2%	-7%
<b>Profit before tax</b>	<b>27,643</b>	<b>52,753</b>	<b>91%</b>	<b>10,783</b>	<b>16,891</b>	<b>16,888</b>	<b>57%</b>	<b>0%</b>
Taxation	13,553	25,501	88%	5,396	9,013	8,256	53%	-8%
<b>Profit after tax</b>	<b>14,090</b>	<b>27,252</b>	<b>93%</b>	<b>5,387</b>	<b>7,877</b>	<b>8,632</b>	<b>60%</b>	<b>10%</b>
Diluted EPS (Rupees) *	8.93	17.28	93%	3.42	5.00	5.47	60%	9%
DPS (Rupees)	2.50	3.00	20%	0.00	3.00	0.00		

\* EPS is calculated using current number of the shares

- On 9M basis, NII grows 68% YoY; growth in balance sheet size and improved spreads after re-pricing of the well positioned asset book.
- Non-interest income
  - Fee and Commission Income is up 33%, led by Cards, ADC, followed by Trade, Guarantees, BISP & Remittances.
  - YoY decrease in 9M forex income on back of lower flows.
  - Capital loss realised on government securities due to realignment of book in view of interest rate outlook.
- Increase in admin cost due to new branches, donations, inflation, PKR volatility and marketing activities.
- Provisions represent additional charge mainly on the back of subjective downgrades and increase in GP.
- Q2 was higher due to super tax. 6

# Financial Results – 9M 2023

## Key Ratios



	2Q 22	3Q 22	4Q 22	1Q 23	2Q 23	3Q 23
Yield on Advances	10.1%	11.9%	12.4%	14.2%	16.2%	16.1%
Yield on Investments	11.7%	13.7%	14.6%	15.9%	18.6%	19.4%
Cost of Deposits	5.7%	7.0%	7.6%	8.0%	9.9%	10.9%
Cost of Funds	6.9%	8.4%	9.1%	9.6%	12.1%	13.0%
NIM	4.2%	4.5%	4.6%	5.6%	5.4%	5.3%
ROA	0.8%	1.0%	0.7%	1.9%	1.2%	1.3%
ROE exc. Surplus	15.9%	22.2%	17.0%	43.3%	28.6%	29.5%
Admin Cost : income	46.9%	46.8%	52.6%	42.3%	41.9%	42.5%
Gross ADR	57.3%	56.1%	51.5%	47.1%	44.9%	38.9%
CASA	73.4%	74.0%	71.7%	68.0%	71.3%	70.6%
CA	45.5%	43.6%	44.5%	43.7%	42.8%	41.0%
Net Loans (YoY )	18.4%	15.3%	8.7%	1.7%	4.5%	-10.6%
Deposits (YoY)	28.6%	33.7%	30.5%	31.9%	34.7%	31.5%
NPL ratio	3.5%	4.1%	4.0%	4.5%	4.7%	5.4%
Coverage	109.8%	103.9%	107.6%	103.2%	102.2%	112.5%
CAR	14.6%	14.5%	13.8%	14.7%	14.5%	15.5%

- Improved NIMs owing to interest rate hikes supported by volumetric growth.
- Cost to income increases to 42.5% due to growth initiatives including marketing activities and inflationary pressure.
- ROE jumps on a YoY basis with improved profitability.
- CA reported around 41%, 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 and business conditions.
- QoQ NPL is flat; infection is up since advances have dropped; Coverage healthy at 112.5%.
- CAR comfortably above the regulatory requirement.



# Other Initiatives





## Awards and Recognition During the Year 2023

# Awards

## Awards



### 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



Management Association of Pakistan

### MAP - Corporate Excellence Award

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



### 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



### 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



### 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



### Professional Network - CSR Summit & Awards

Award for Sustainability Initiatives



### Pakistan Stock Exchange (PSX)

Recognised in Top 25 Companies  
(Elevated to 10<sup>th</sup> position from 16<sup>th</sup> position last year)



### Pakistan Business Council (PBC) & International Finance Corporation (IFC)

Winner for Top 10 Employer of Choice Awards for Gender Diversity



### National Forum for Environment & Health

Recognition for Remarkable Efforts and Initiatives under Corporate Social Responsibility



### Mastercard Payment Gateway Innovation Award

Recognition for enabling used case for freelancers to receive payments from their customers digitally



### Global Diversity, Equity and Inclusion Benchmark (GDEIB) Awards

- 8 Best Practice Awards
- 3 Progressive Awards



# Our Digital Snapshot

## BAFL's digital initiatives

### Digital Lifestyle Branch – First in Pakistan



BAFL's Digital Lifestyle branch offers digital banking & lifestyle solutions under one roof:

- Biometrically secured digital lockers
- Digital floor with self service kiosks (ATM / CDM / CCDM)
- Conventional & Islamic Buy-Now-Pay-Later (BNPL) store
- Virtual Service Machine for account opening
- Digital Facilitation Desk
- Wealth Management Partner Facilitation Desk
- Shared workspaces and dining facility available

### Digital Banking Portfolio – Highlights & Key Features

Digital Throughput:  
**PKR 2.7 Tn**  
( ↑ 84% from Sept-22)

Digital Migration Ratio:  
**76%** YTD Average  
(conversion of OTC transactions to digital channels)

ALFA Mall offers BNPL with self pick up, same day delivery, cash on delivery (COD) and easy returns  
**PKR 6 Bn**  
( ↑ 76% from Sept-22)

Digital Network:  
ATMs: **1,024**  
CDMs: **399**  
Agent Network: **25,027**  
QR Merchants: **27,605**  
Online Merchants: **2,621**

G2P Payments: **PKR 102 Bn**  
( ↑ 40% from Sept-22)  
Digital Lending: **PKR 14 Bn**  
( ↑ 70% from Sept-22)  
Includes Consumer & SME disbursements via digital channels

ALFA app:  
**669,316** users  
(30 day active)  
ALFAChat / WhatsApp Bot for customer facilitation



# The 'Sustainable' Way Forward

## Highlights of sustainability efforts



### UN SUSTAINABILITY DEVELOPMENT GOALS

- BAFL is ahead of the curve, contributing towards 15 of the 17 UN SDG goals.
- PSX has set a target of 6 SDGs for listed companies



### ENVIRONMENT *Our impact on the planet*

Total Green Assets - PKR22.3 Bn. 10 Renewable Projects with a total generation capacity of 1,426 MW

Responsible waste management, conservative paper printing and use of sustainably sourced paper.

Energy efficiency steps: 150 solar powered ATM's, solar grid system at three main buildings, use of energy efficient products ie, LED lights, inverter ACs and eco friendly gasses in ACs.

Financing for modernised farming resulting in more crops with less water utilisation.

#GreenWayForward initiative: 15,000 mangrove trees plantation (approx. CO2 saving: ~280 Tons p.a.)

Sustainable procurement guidelines to foster green sourcing via responsible vendors / suppliers.

### SOCIAL *How we treat internal & external communities*

Impact on community: Flood Donation - PKR 1.2 Bn till date, in addition to other CSR activities.

Staff volunteering for blood donation campaigns in major cities.

Dedicated Health & Safety teams for employees and customers; conducive working environment.

Responsible sourcing: Providing safe working practices trainings for external partners (vendors)

Employee friendly policies: Educational assistance to 200 staff; Medical assistance PKR 459 Mn; Childcare for female / single parent staff; diversity and inclusion.

Branch & ATM accessibility: Wheelchair & braille keys; Welfare collaborations for blind & autistic persons.

### GOVERNANCE *Our practices, controls & procedures to aid decisions & meet stakeholder demands*

Board diversity and governance: members with varied experience and extensive background.

Avid monitoring of stakeholder relationships and stakeholder engagement with the Bank.

Fair policies, governance structure and transparent disclosures to ensure effective and informed decision making in order to protect the rights of our shareholders.

BAFL adopts fair business practices; the utmost objective is to protect the rights of customers.

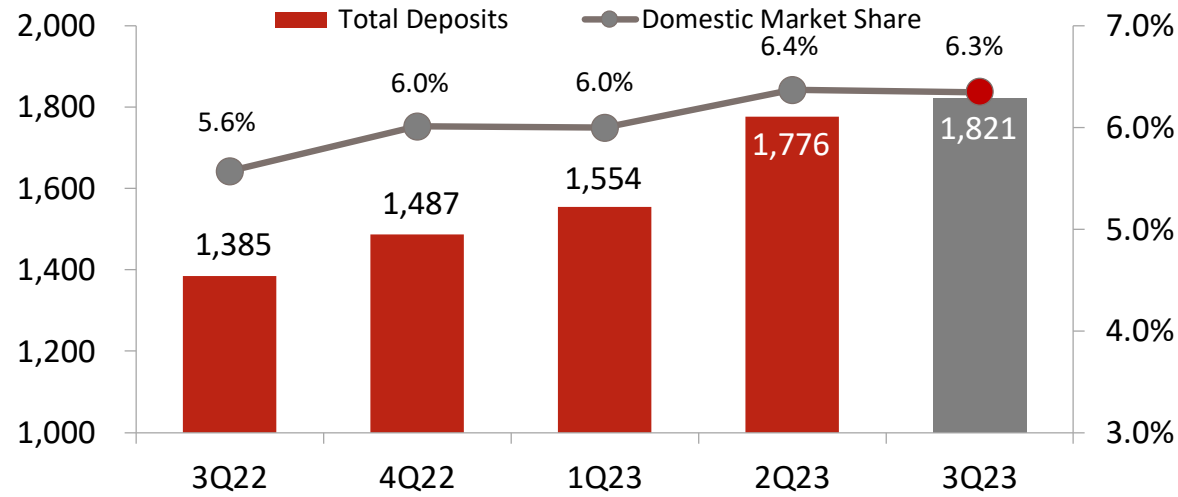
# Trends Analysis

# Trends Analysis

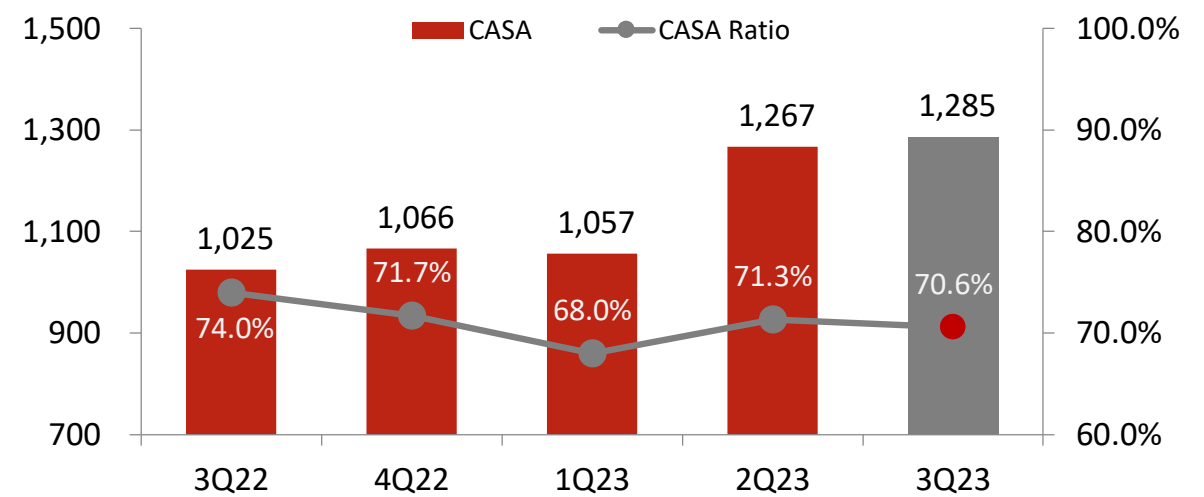
## Financial Snapshot



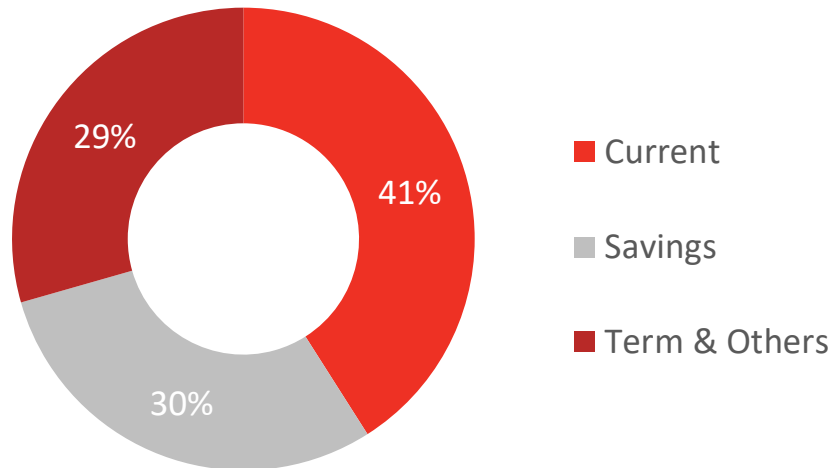
### Deposits (PKR bn) – Domestic Market Share at 6.3%



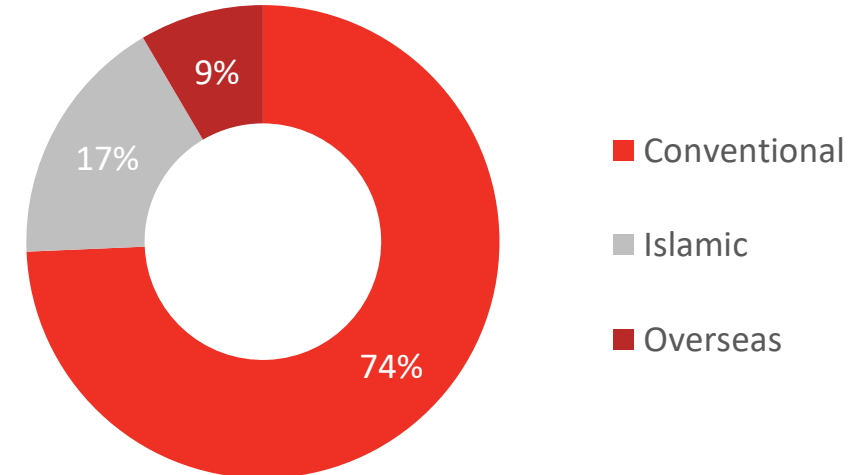
### CASA Deposits (PKR bn) – CASA Ratio at 70.6%



### Deposit Mix



### Deposits Composition

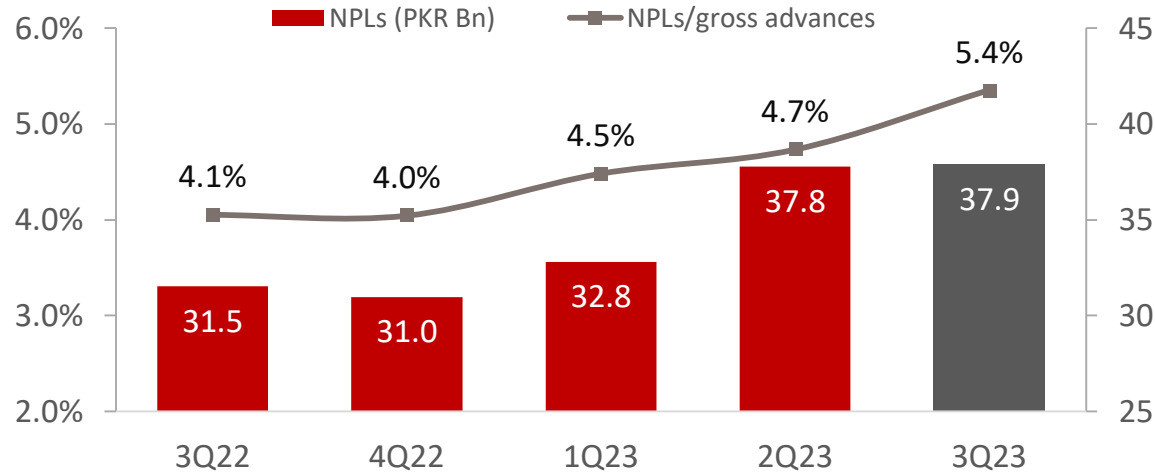


# Trends Analysis

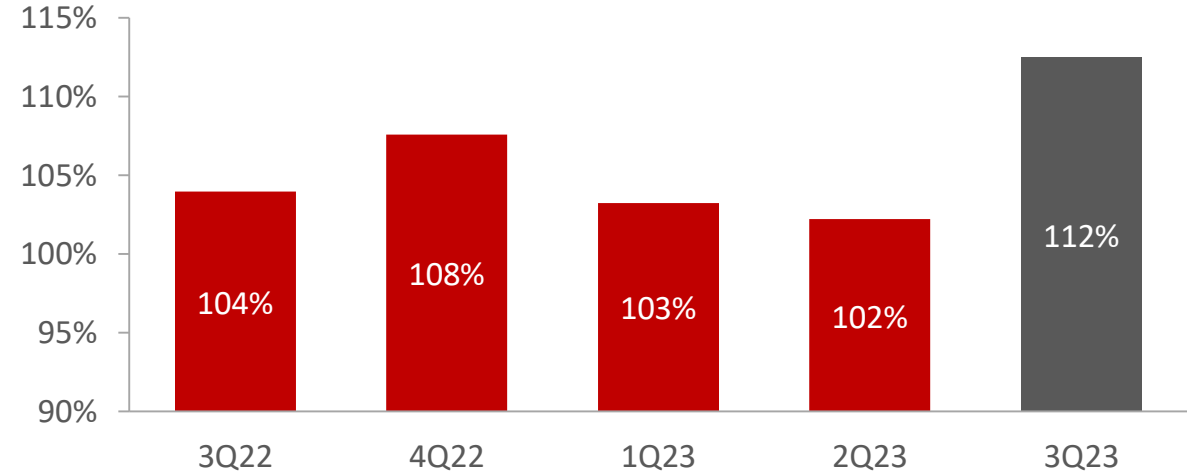
## Quarterly Advances & Asset quality trends



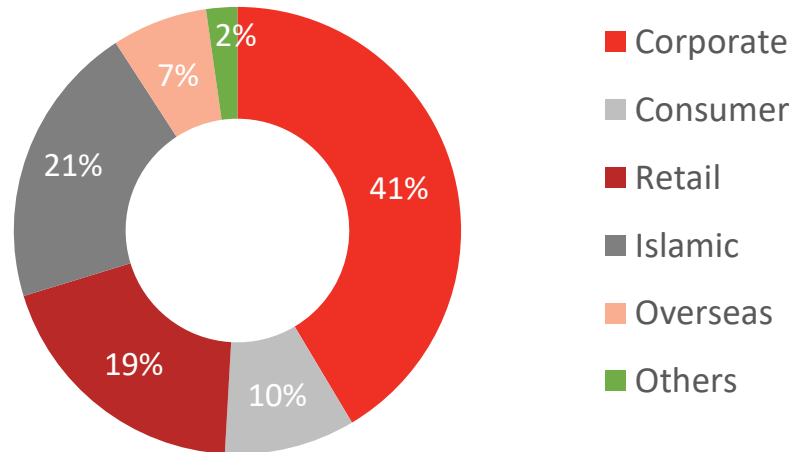
### Infection Ratio at 5.4%



### Coverage remains above 100%

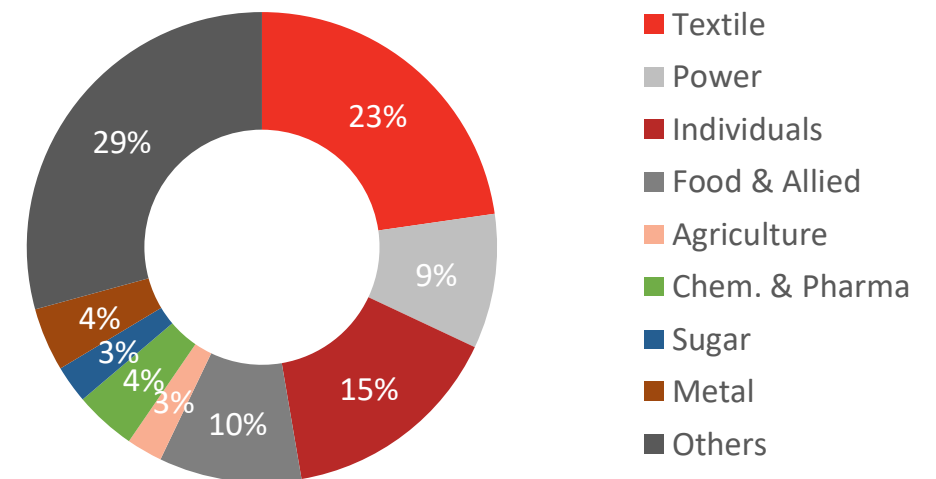


### Performing Advances composition



Islamic book comprises of:  
67% corporate; 0% commodity finance, 19% consumer loans & 14% others

### 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



Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1,577.17
Market Capitalization (PKR bn)**	62,077
Market Capitalization (USD mn)*	221
Average Daily Turnover (mn shares) - 12M	2.89
Average Daily Turnover (USD mn) - 12M	373.98
Current Stock Price** (PKR)	39.36
High / Low** (PKR) - 12M	43.14/ 28.31

\*Using PKR / USD parity of PKR 281.47

\*\*Stock Price as of October 31, 2023



**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