

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Investors' Briefing Session

Financial Performance – June'23



Date: September 1, 2023
Place: Karachi
Presented by: Syed Majid Ali

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FBL – At a glance

Size

2nd Largest Islamic Bank in Pakistan
Network: 700 branches with presence in 270 cities
Customers: 1.3 million
Staff strength: 8,353

Diversified offerings

Full-fledge, Sharia-compliant financial services offerings across all segments.

Ownership

Ithmaar Holdings B.S.C is the parent holding directly and indirectly 66.78% of shareholding.
Dar Al-Maal Al—Islami Trust is the ultimate parent

Rating

Credit rating: Jun 2023
 Long Term: AA & Short Term: A1+
 Given by JCR and PACRA

Resilient

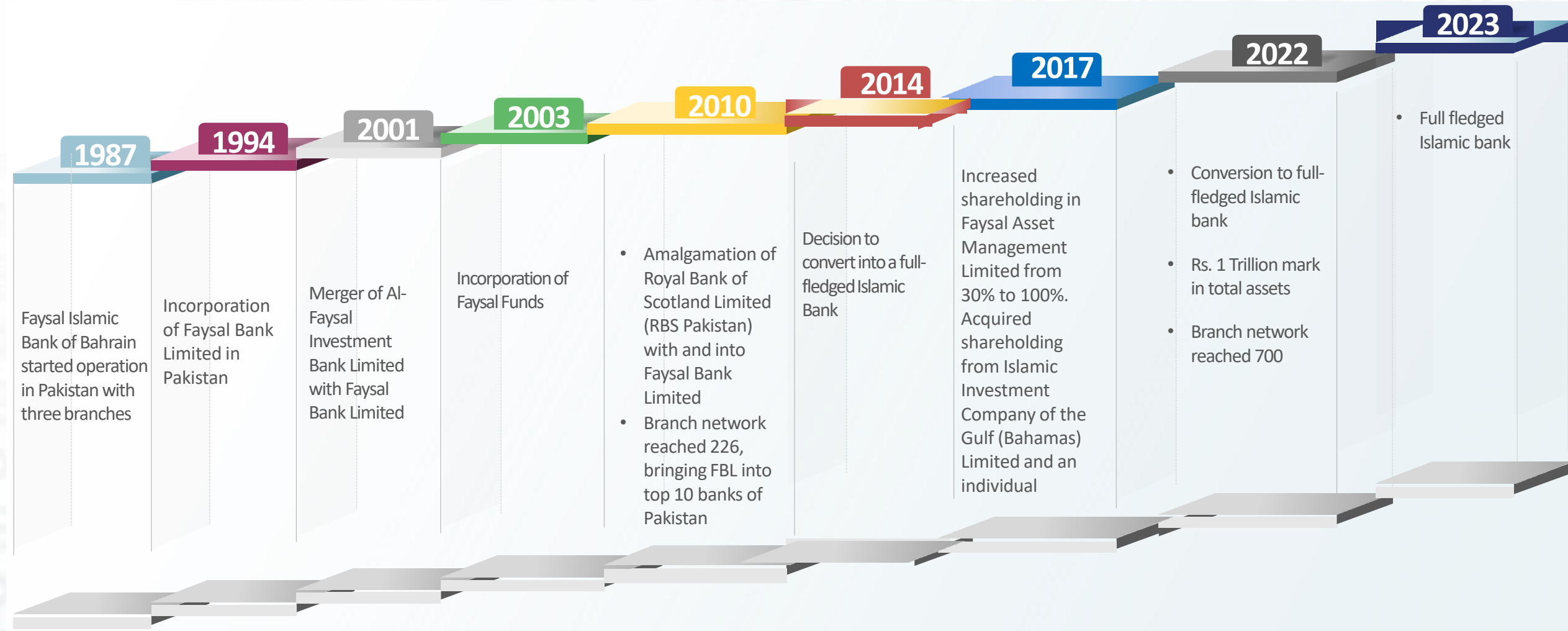
Assets: Rs. 1.2 Trillion
Deposits: Rs. 908 Billion
Deposits Market share: 3.6%
PAT: Rs. 7.5 Billion ↑72%
CAR: 17.5%

Shariah Compliant

Deeply rooted in our values
Islamic Int'l Rating Agency
 Shariah Compliance and fiduciary Rating of "SCFR (PK)1"



Journey of FBL highlighting the key events from 1987 to 2023





**FBL's
Vision, Mission
and Core Values**

Vision

To be the best **customer centric** Islamic bank, driven by passion and belief.

Mission

Achieve leadership in providing Shariah compliant financial services with **customer care and employee focus**, at the heart of our business ethos together with **innovation and technology** being the pillars of our growth.

Core Values

Accountability

Innovation

Teamwork

Integrity

Care

Respect



Strategic Focus

Positioning	Strategic Actions	Strategic Targets	Status		
Strong Contender in Retail	<ul style="list-style-type: none"> Grow low-cost CASA deposits by focusing on mass-affluent customer segment Network expansion 	<p>CASA Ratio: Improve</p> <p>Market Share: Increase network & deposit market share.</p>		Dec 2022	Jun 2023
			Branches	700	700
			Deposits*	781,571	907,900
			CASA	80.00%	77.34%
High Quality Lender	<ul style="list-style-type: none"> Drive volume from large corporates Drive new business growth from smaller corporates Consumer financing - Branch-focus and cross-sell propositions 	<p>Lending: Grow. (underwrite cautiously – maintain low NPL levels).</p>	Advances*	473,590	541,847
			NPLs*	21,698	21,699
			Infection Ratio	4.58%	4.00%

Positioning

Strategic Actions

Improved Customer Experience –Digital

- Use technology to differentiate from competitors
- Manage branch traffic through diversion to Digital Channels
- Use advanced analytics to leverage data to support sales/ cross sales/ loyalty programs

To Be the Leading Islamic Bank

- Offer innovative, Shariah compliant solutions for Retail, Corporate and Commercial banking
- Develop the best-in-class human resource capital
- Re-align service standards & improve service levels

Increased shareholder value with capital stability

- Improve top-line/ core income & NFI in all segments
- Better cost management on both staff / non-staff side
- Maintain healthy CAR levels to support business growth



Business Developments

Business	Performance
1 Retail Banking & CBSME	<ul style="list-style-type: none"> ➤ Added 94 branches to reach 700 branches with increase in deposits market share from 3.5% to 3.6% in Jun'23 ➤ CBSME crossed Rs. 59 billion.
2 Consumer	<ul style="list-style-type: none"> ➤ Noor Card is the most desirable card in the market, and its list of alliance partners currently are over 300 with spends also grew by 37% to Rs. 36 billion on June 2023.
3 Corporate and Investment banking	<ul style="list-style-type: none"> ➤ FBL – IBG acted as Joint Mandated Lead Advisor & Arranger for Syndicated Term Finance Facility (in combination of conventional and Islamic facilities) of PKR 15,000 million for gas marketing company to finance short-term working capital requirement of the Company. ➤ Remittance market share remained in the range of 3.8% while transaction count increased by 53% (compare from last year)
4 Treasury	<ul style="list-style-type: none"> ➤ Treasury has robustly performed and have increased the FX volumes by offering competitive pricing.

5

Digital Banking

Business

Performance

- A strong shift in customer transaction behavior towards digital modes persuaded the Digital Banking Group to continue innovating to ensure that the customers have a seamless banking experience, on digital channels.
- WhatsApp Banking has seen sizeable growth in 2023, with 500,000 retail customers. WhatsApp banking caters to over 200,000 service requests every month
- Below are the details of traffic migration to digital channels:

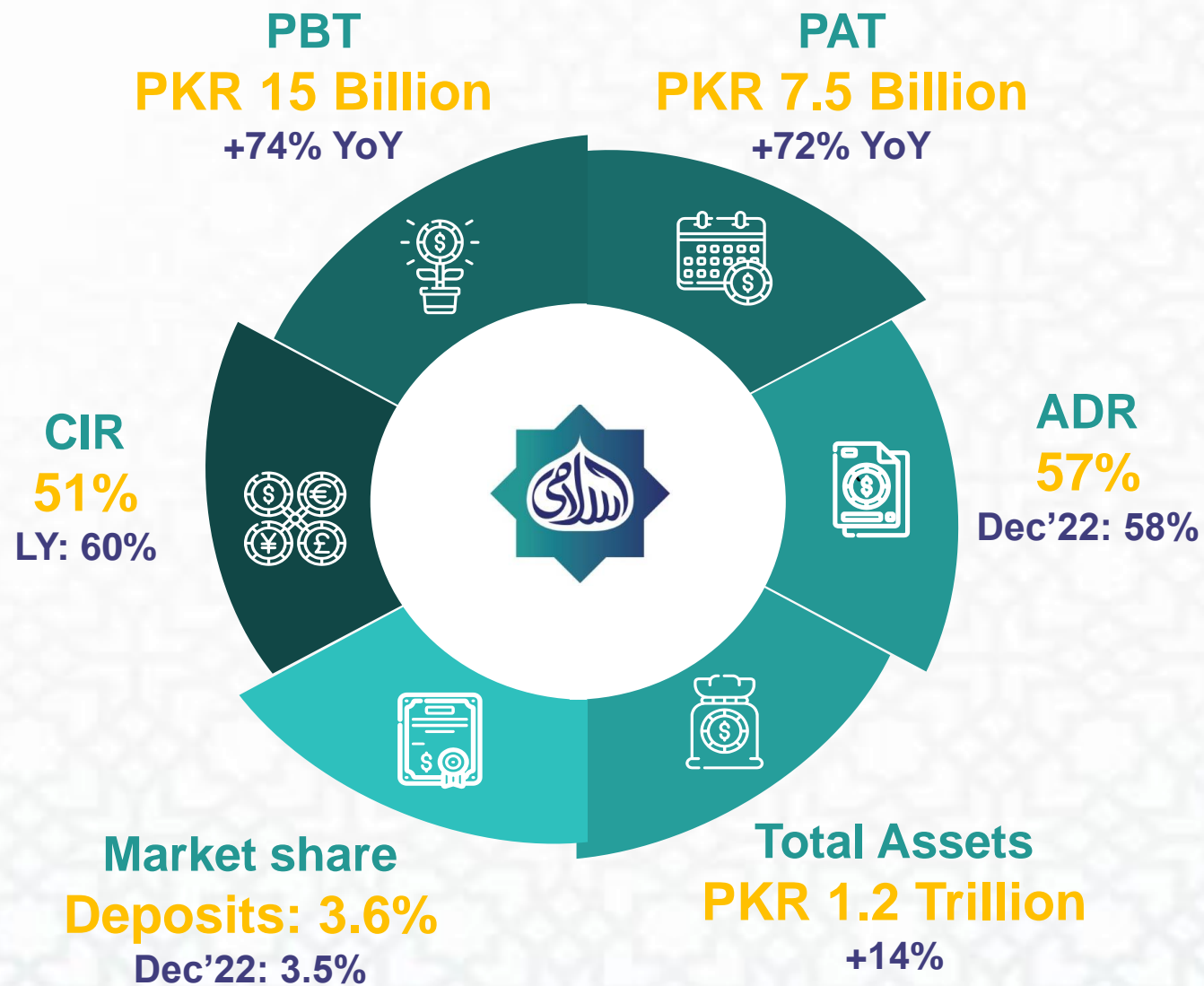
Description	Value
Traffic Migration to Digital Channels	83%
YoY Increase in Digi bank Registered Customers	33%
YoY Increase in Digi bank Penetration (% of active clients)	15%
App. Login attempts - Mn	54M
Super Customers (3 Trnx/Month) - 30 Days '000	131
App Active Customers - 30 Days '000	374








- FBL was named "Best Islamic Retail Bank in Pakistan 2022" at Islamic Retail Banking Awards (IRBA) held by Cambridge IFA
- Best Bank of the Year 2021" by Chartered Financial Analyst (CFA) Society Pakistan amongst mid-size banks in the country
- FBL bags 7 Global Diversity, Equity & Inclusion Benchmarks 2022 Awards and is the only Islamic Bank to be awarded the GDEIB Awards.





Key Performance Highlights



-  **Record PBT of PKR 15 billion**, 74% higher than the PKR 8.7 billion in June'22
-  **Consistent improvement in spreads** YoY to 5.3%, from 3.5%
-  **Strong current deposit momentum** continued and reached PKR 330 billion, 19% growth over Dec'22
-  **CASA Mix stands at 77%**, decline since Dec 22 - 80% due to growth in term deposits
-  **Reduction in Infection ratio** to 4%, total coverage at 95% (Dec 2022 : 89%)
-  **Continuous decrease in cost to income ratio** and stands at 51% (June 2022 : 60%)
-  **Volatile stock market** in first six months resulted in loss on equity portfolio of PKR 0.8 billion and impairment of PKR 1.3 billion

Description Rs in millions		Actual		YoY Variance	
		Jun'23	Dec'22	Amount	%
Cash and Bank balances	1	93,474	58,916	34,558	58.7%
Due from financial institutions	2	25,500	9,815	15,685	159.8%
Investments	3	481,439	469,451	11,988	2.6%
Financing	4	521,300	454,261	67,039	14.8%
Other assets	5	107,149	81,909	25,240	30.8%
Total assets		1,228,862	1,074,352	154,510	14.4%
Due to financial institutions	6	162,888	150,134	12,754	8.5%
Deposits	7	907,900	781,571	126,329	16.2%
Other liabilities	8	82,714	72,564	10,150	14.0%
Total liabilities		1,153,502	1,004,269	149,233	14.9%
Net assets		75,360	70,083	5,277	7.5%
Share Capital		15,177	15,177	-	0.0%
Reserves and Unappropriated profit		50,289	44,257	6,032	13.6%
Revaluation of assets	9	9,894	10,649	(755)	-7.1%
Total equity		75,360	70,083	5,277	7.5%

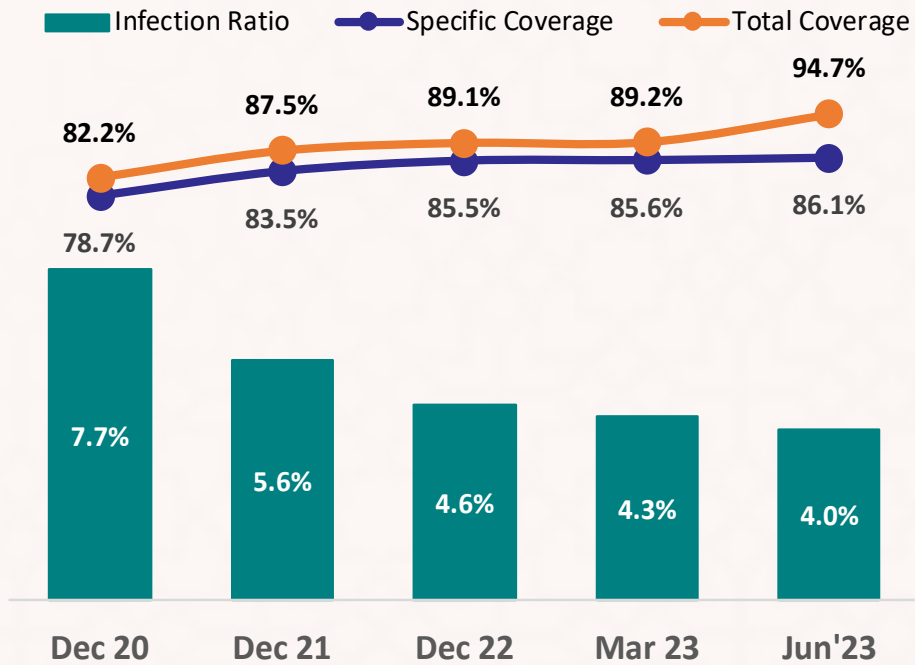
- Cash & Bank Balances** – Higher due to mobilization of deposits at period, subsequently regularized.
- Due to FIs** – short term liquidity deployment in interbank market.
- Investments** – Purchase of Ijara Sukuk Bonds during the year partially offset by disposal of PIBs.
- Financing** – Increase mainly in commodity financing and government guaranteed exposure
- Other assets** – The balance sheet growth and policy rate hikes increased accrued profit by PKR 11 Bn and increase of acceptances by PKR 8 Bn.
- Due to FIs** – Liquidity generated from SBP under new Mudaraba based OMO (PKR 39 Bn) to fund asset growth.
- Deposits** – Focus was to increase CA and TD (sticky deposit); Increase in CA by PKR 52 Bn, SA by PKR 24 Bn and TD by PKR 50 Bn.
- Other Liabilities** – Accrued profit payable higher by PKR 4.3 Bn in line with higher policy rates, and increase in acceptances by PKR 8 Bn.
- Revaluation of assets** – Net surplus decreased due to the increase in deficit on Ijara Sukuk caused by further increase in policy rate

Description Rs in millions	Actual		YoY Variance	
	Jun'23	Jun'22	Amount	%
Profit / return earned	82,104	40,814	41,290	101.2%
Profit / return expensed	(51,372)	(24,578)	(26,794)	-109.0%
Net profit / return earned 1	30,732	16,236	14,496	89.3%
Total Non-Funded income	4,679	4,425	254	5.7%
Gross revenue	35,411	20,661	14,750	71.4%
Total Expenses	(18,030)	(12,391)	(5,639)	-45.5%
Operating Profit	17,381	8,270	9,111	110.2%
Provisions (charge) / reversals	(2,325)	405	(2,730)	-674.1%
Profit Before Tax	15,056	8,675	6,381	73.6%
Taxation	(7,531)	(4,293)	(3,238)	-75.4%
Profit After Tax	7,525	4,382	3,143	71.7%
PAT excl. GP	8,061	4,382	3,679	84.0%

72% growth in PAT

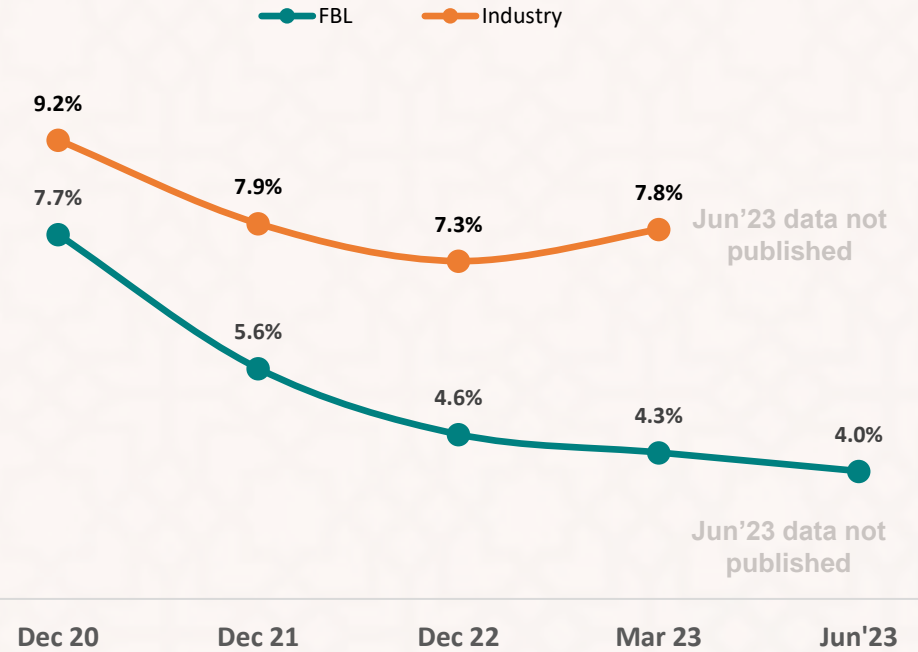
- Net profit / return earned** – Grown by 89% YoY underpinned by improvement in overall spreads (Impact: PKR 9.9 Bn) and strong balance sheet expansion (Impact: PKR 4.6 Bn).
- Non-Funded income** – Increased by 6%, growth in fee and FX income helped to offset the loss on securities amounting to PKR 831 Mn. Excluding this loss, the growth in non-fund income is 21%.
- Admin. Expenses** – Increased by 45% on the back of high inflation, PKR devaluation against USD and increase in branch network.
- Provisions** – Q2 '23 includes impairment on Equity securities amounting to Rs. 1.3 Bn due to volatile stock market and general provision of PKR 1.1 Bn booked as a matter of prudence owing to difficult economic conditions.

Decrease in infection ratio with increase in coverage



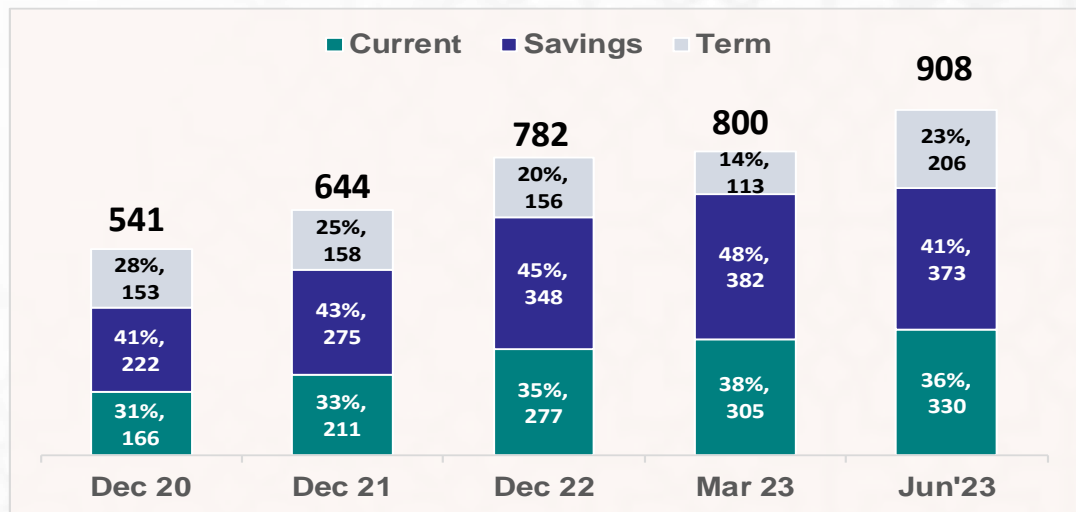
Increase in Total Coverage due to increase in general provision owing to economic conditions

Infection ratio lower than industry

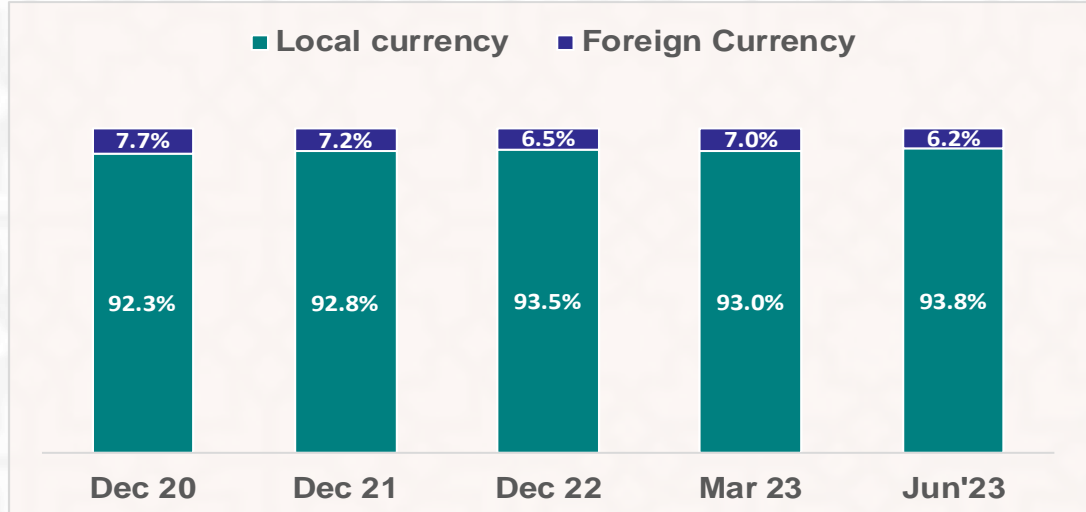


FBL's infection ratio has consistently improved and is in line with peer banks

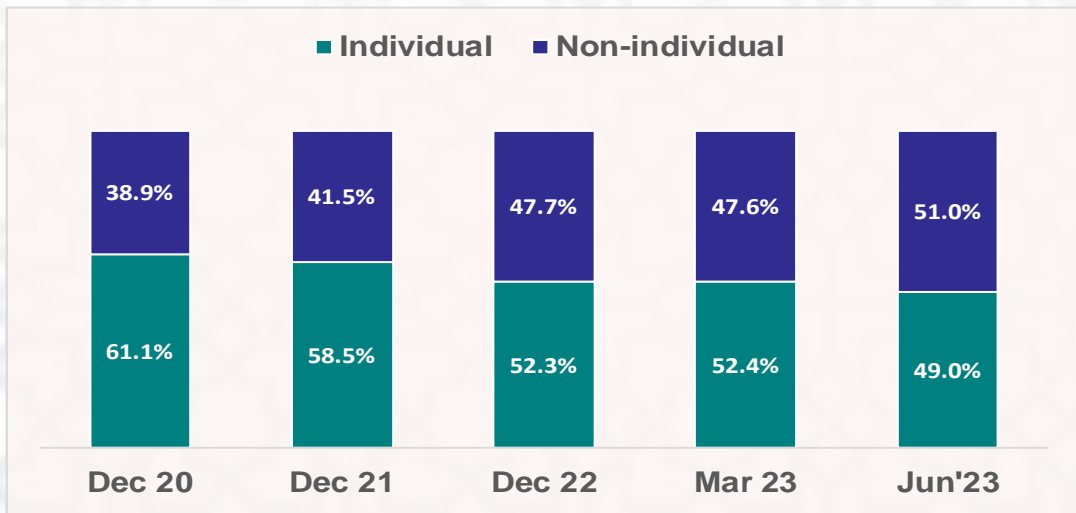
Consistent growth in deposit base



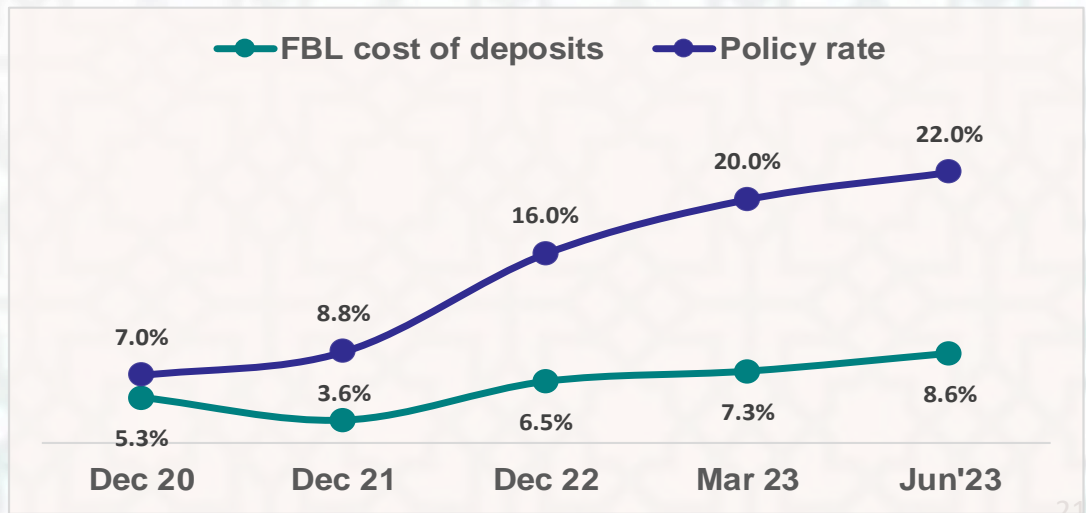
Stable FCY deposits

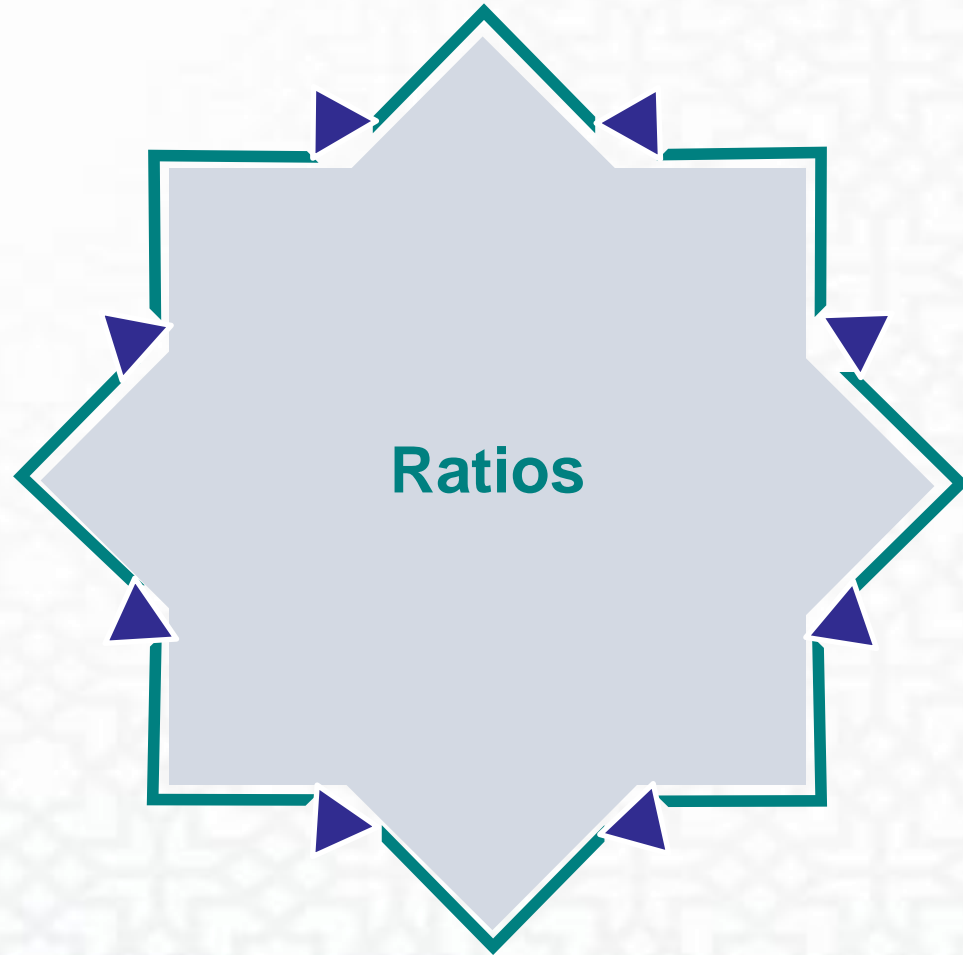


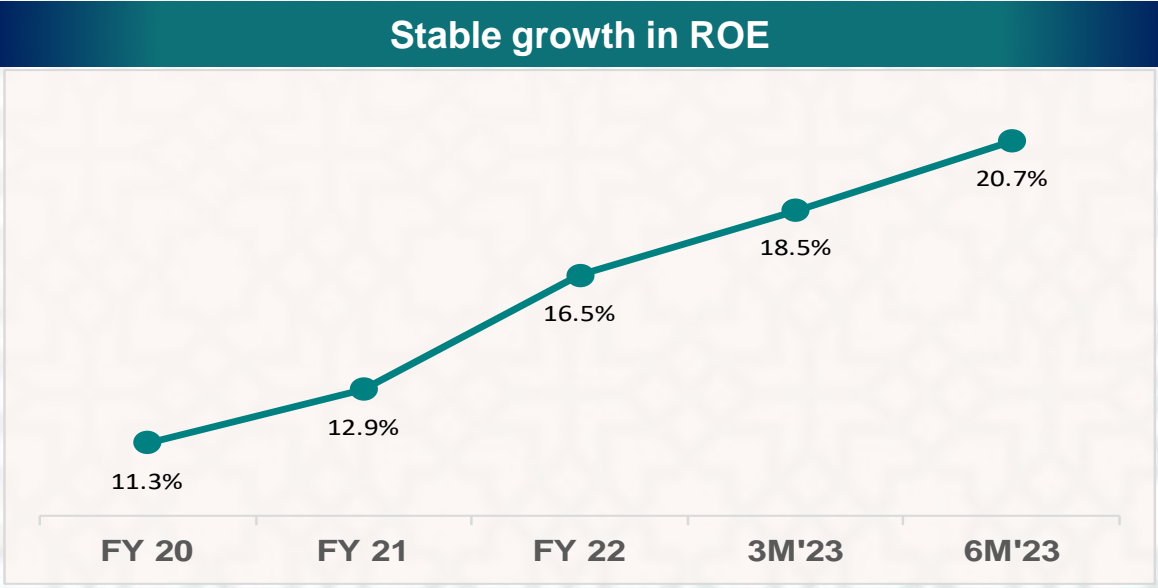
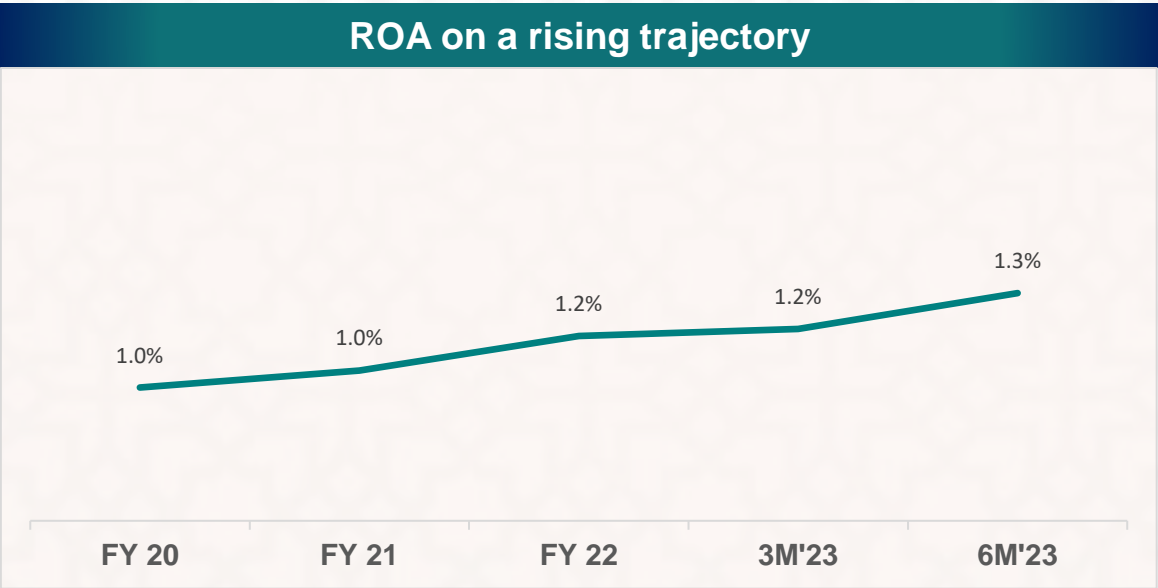
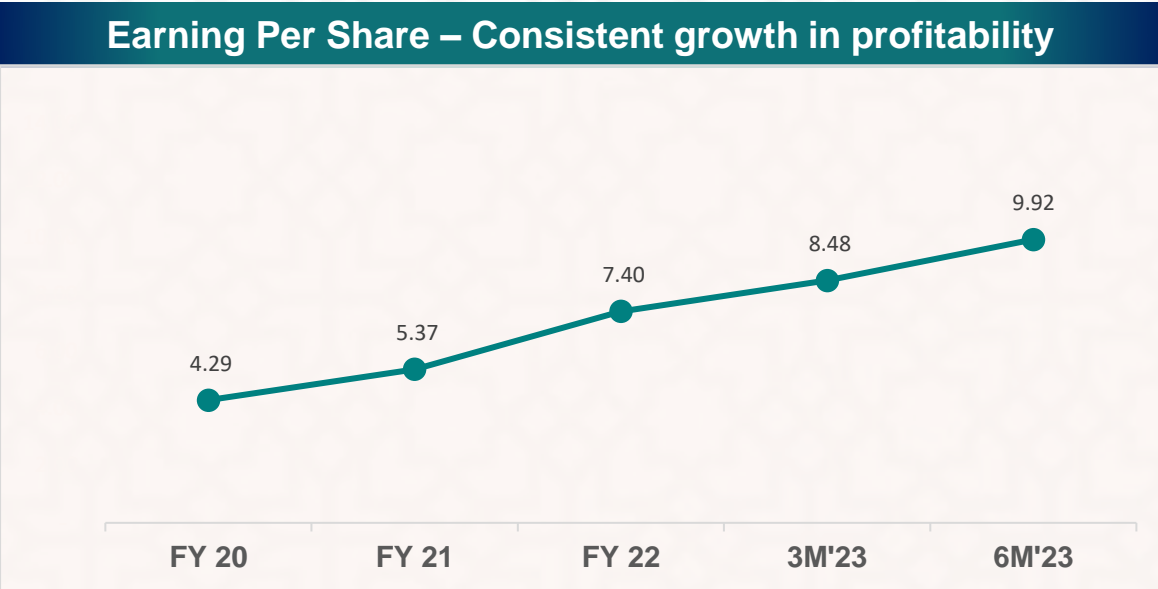
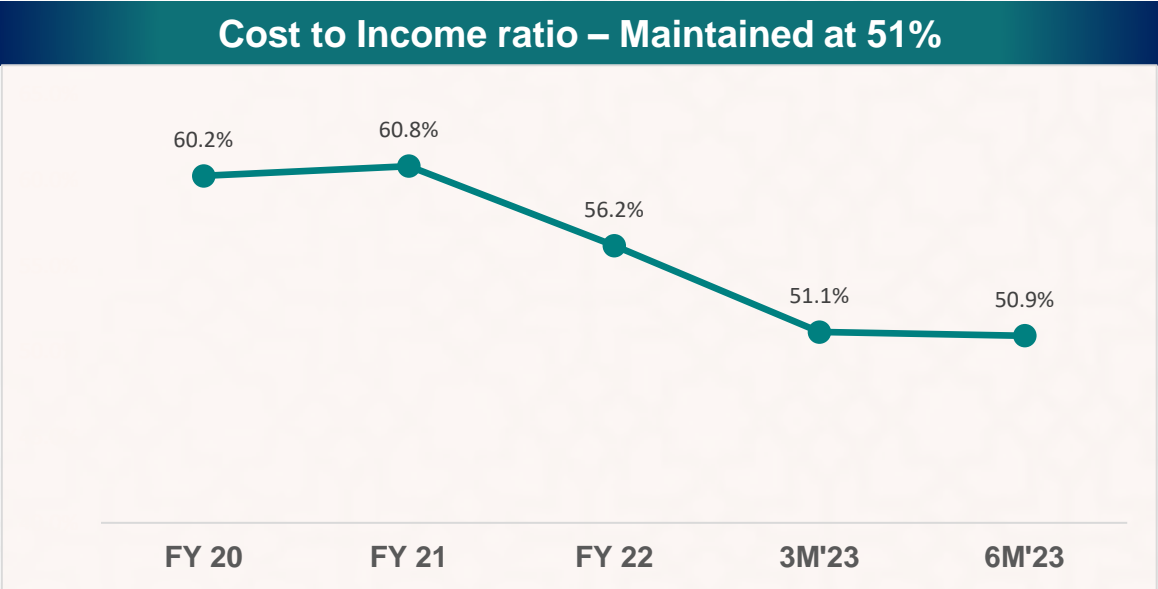
Non-individual mix increased to 51%



Contained cost of deposits due to improved CASA mix



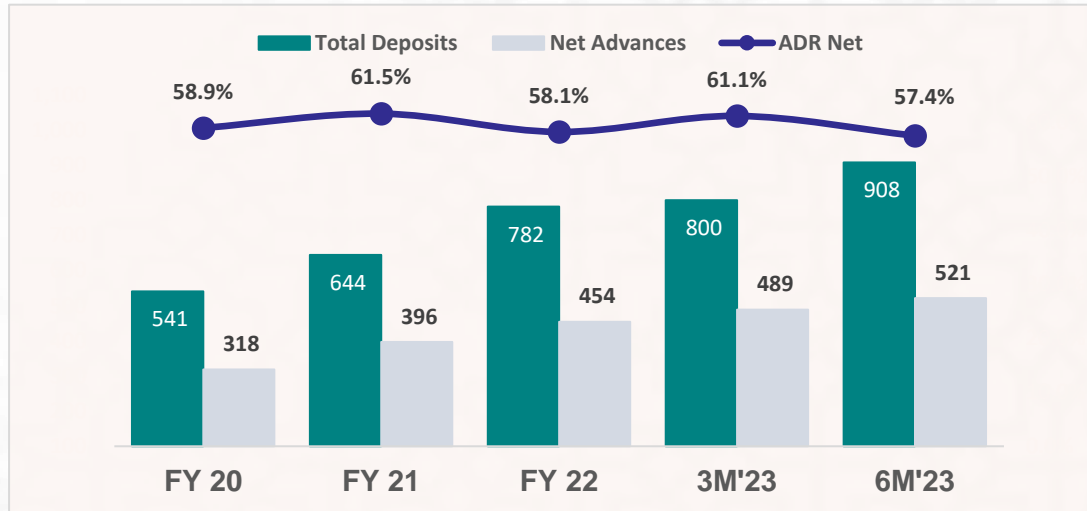




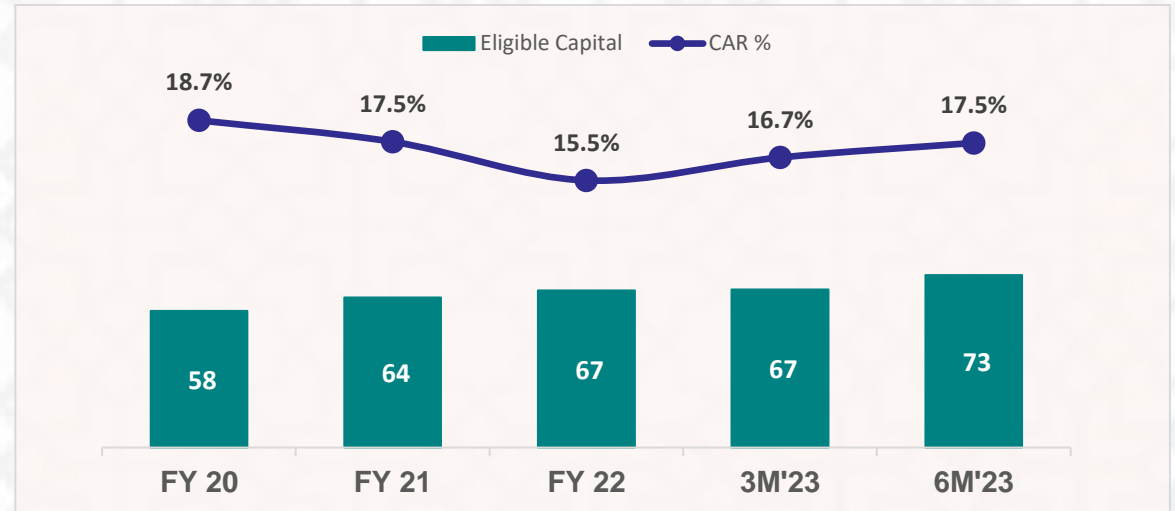
* Peer banks excl. Meezan

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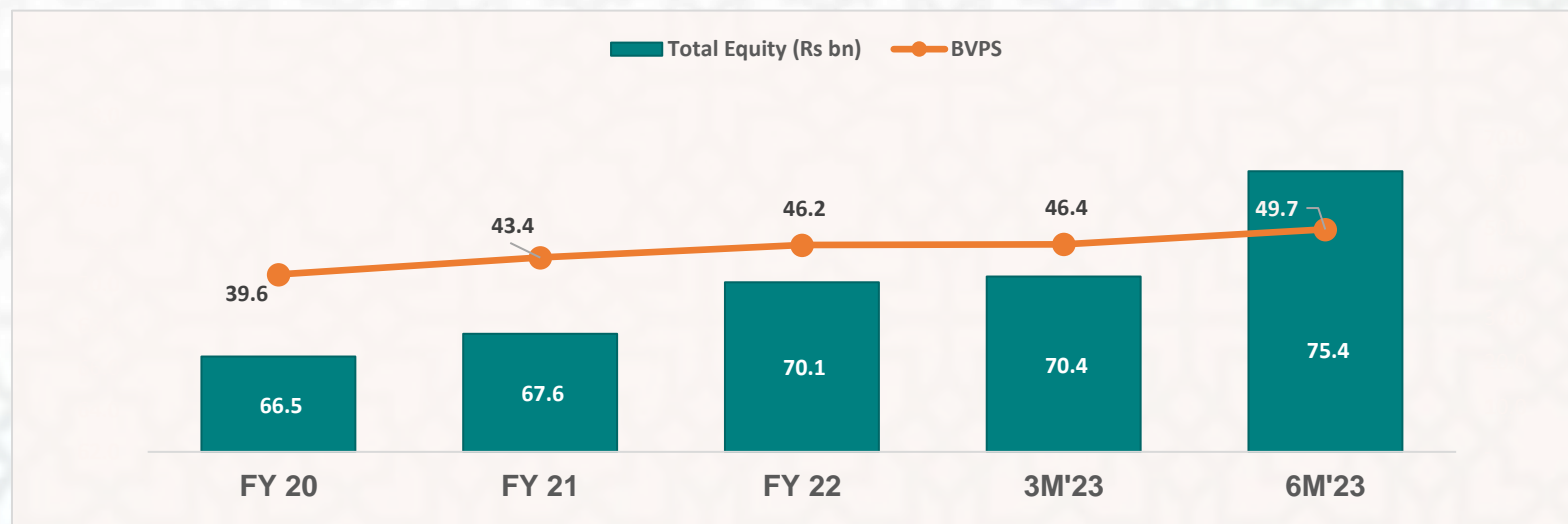
Advances to Deposits Ratio - Among the highest



Strong Capital Position

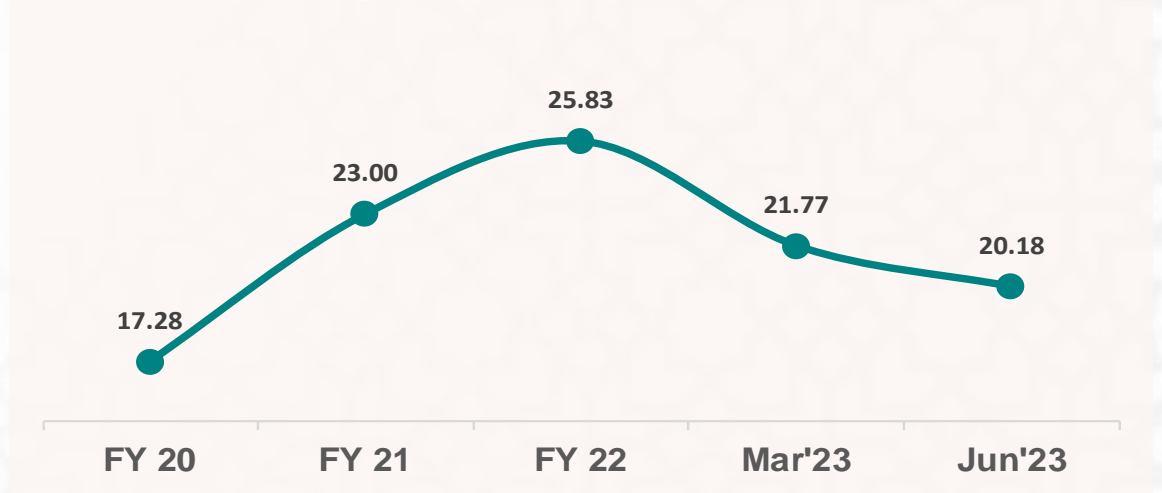


Equity & Book Value Per Share (BVPS) on increasing trajectory

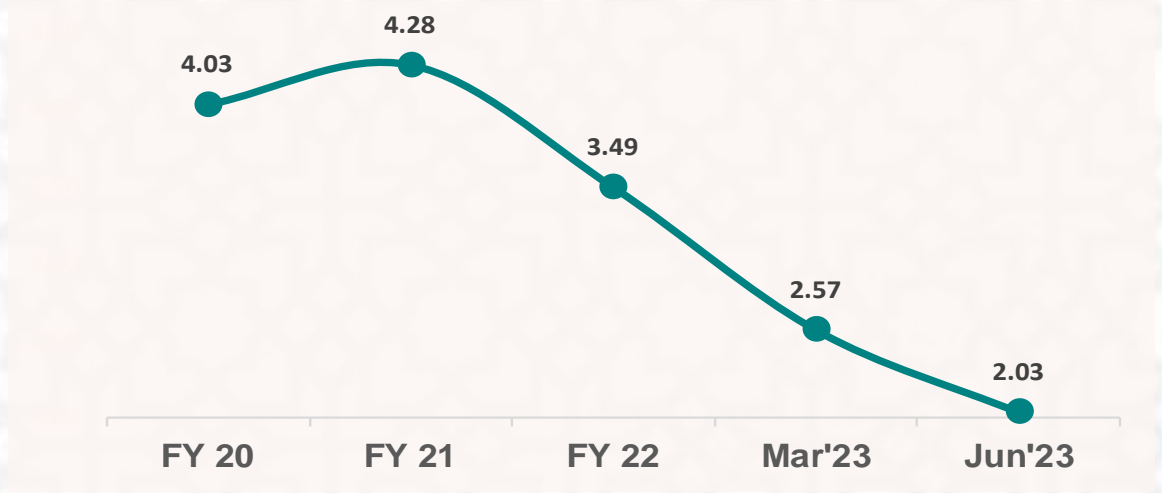


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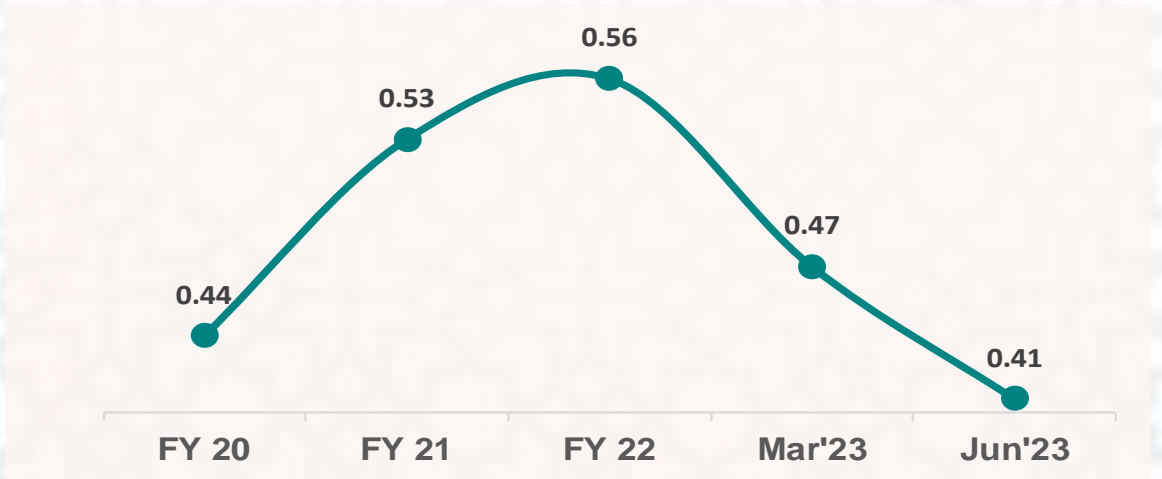
Share price



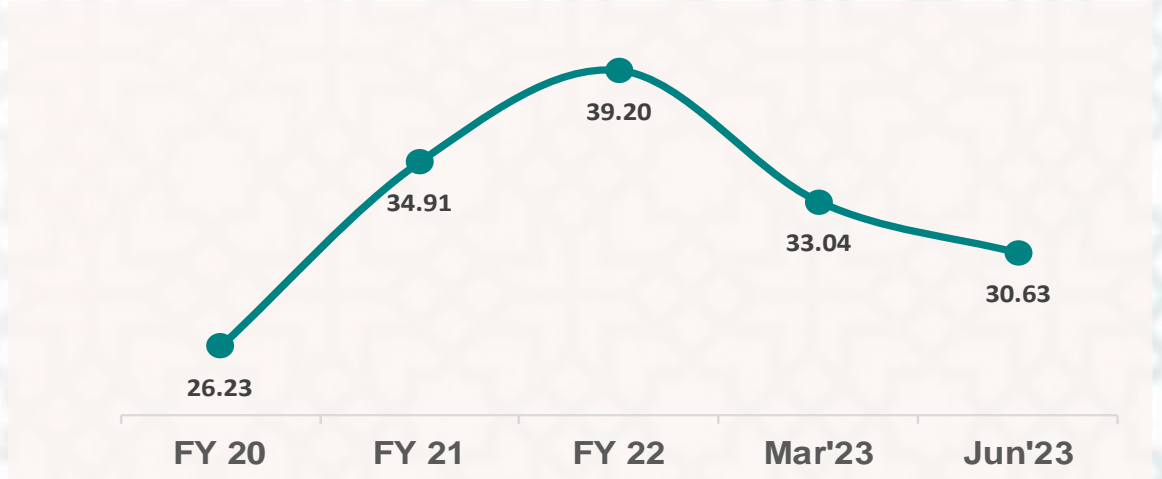
Price Earning Ratio



Price to Book Ratio



Market Capitalization – Rs in Bn



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Thank You