

BankIslami

Corporate Briefing Session

For the year ended December 31, 2018

Contents



- Introductory Briefing– as of Dec 2018
- Key Highlights
- Achievements and New Initiatives
- Financial Performance for the year ended Dec 31, 2018
- Six Years' Financial Summary 2013-2018
- Strategic Plans
- Capital Adequacy Ratio

Introductory Briefing– as of Dec 2018

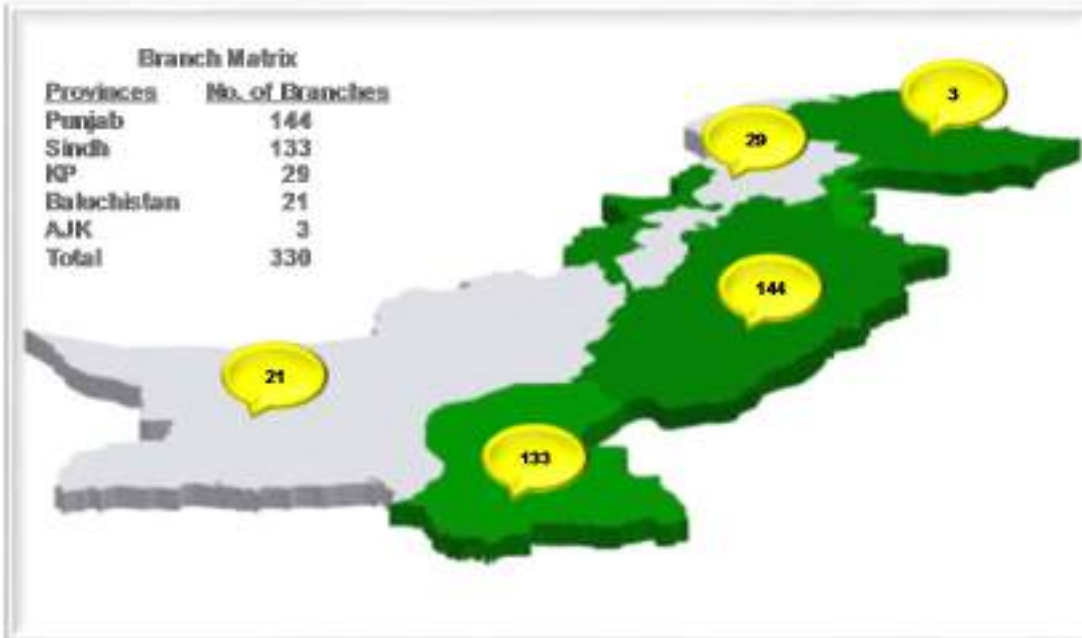
Introductory Briefing



Introductory Briefing– Data as of December 31 2018

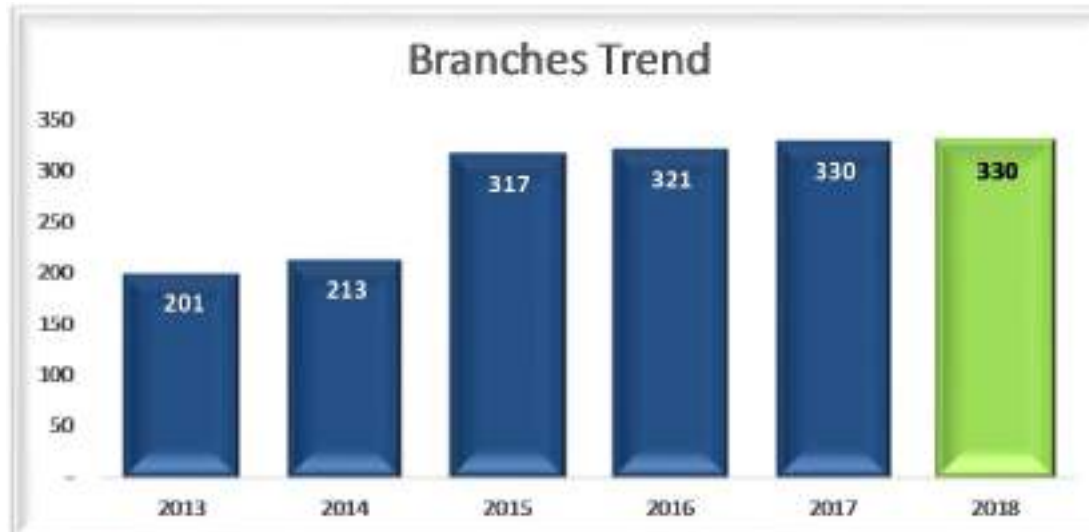
Commencement of Operations	2004
Head Quarters	Karachi
Major Sponsors	1. Jahangir Siddiqui & Co. Ltd. 21.26% 2. Randree Family 19.64% 3. Ali Hussain 15.77% 4. Dubai Bank PJSC 14.31%
Credit Rating (Long Term / Short Term)	A+ / A1
Branches	330
ATMs	309
Cities Covered	113
Assets	PKR 216 bn
Deposits	PKR 185 bn
Islamic financing and Advances - net	PKR 119 bn
Capital Adequacy Ratio	15.10%
Staff Strength	Permanent 2252 Contractual 800
Client Relationships	708,368

Introductory Briefing



The Bank offers following facilities:

1. Deposits
2. Financing
 - * Auto
 - * Housing
 - * Corporate/Commercial
 - * SME/Agri
3. Cash Management
4. BancaTakaful
5. Home Remittances
6. Utilities Payments
7. Fund Transfers



Key Highlights

Key Highlights of BS



Financing

- Gross Financing reduced by 2.3% due to adjustment of certain GoP Commodity Operation Financing.
- Composition of consumer financing in Gross Islamic financing has increased from 17% to 20%.
 - Housing is Rs. 13.5 Bn in 2018 & Rs. 11.2 Bn in 2017
 - Auto is Rs. 10.7 Bn in 2018 & Rs. 8.8 Bn in 2017
- Overall Infection ratio has reduced from 15% to 12% (Industry 8.0%; IB Industry 2.7%).
- Total NPL of the Bank is Rs. 15.4 Bn in 2018 (Rs. 15.8 in 2017).
- Out of total NPL, 55% represents defunct KASB Bank portfolio.
- Coverage ratio is at 71% (Industry 87%; IB Industry 80%).
- NPL portfolio of defunct KASB bank is fully provided.

Deposits

- Deposit grew with a CAGR of 20% in 5 years (IB Industry 18%).
- Overall CASA mix dropped due to reduction in high cost FI deposits.
- CASA (Non-FI) remained over 65% of total deposits.

Key Highlights of Profit & Loss



- **Operating Profit is Rs. 439 mn for 2018 compared to a operating loss of Rs. (235) mn in 2017.**

The PAT for 2018 is Rs. 213 mn vs Rs 1,563 mn in 2017.

- Total revenue improved by 20% vs increase in total expenses is 9%.

- **Net Revenue from Funds is Rs. 6.03 bn which is 18% higher than Rs. 5.10 bn in 2017.**

Balance Sheet spread also improved by 46 bps.

- Financing income increased by 25.10% due to increase in average financing by 10.44% and partial impact of rise in SBP discount rate by 425bps during 2018.
- Average investments decreases by 2.63% during 2018 due to maturities of GoP Sukuks.
- Cost of deposits increased to 3.11% in 2018 compared to 2.88% in 2017 i.e. increase of 23 bps. Average deposits increased by 6.26%.

Key Highlights of Profit & Loss



- **Non Funded Income increased by 31% from Rs. 965 mn in 2017 to Rs. 1,264 mn in 2018.**
 - Commission from investment banking activities were around Rs. 150 mn v/s Rs. 20 mn in 2017
 - Dividend from Subsidiary company is Rs. 40 mn.
 - Income from foreign exchange & forward contracts is Rs. 231 mn in 2018 vs Rs. 88 mn in 2017.

- **Operating Expense for 2018 are Rs 6,796 mn for 2018 vs Rs 6,282 mn in 2017. Primarily due to;**
 - Contractual increase in rent by 10% amounting to Rs. 81 mn
 - Expense on account of Deposit Protection is Rs. 86 mn
 - Business Branding cost of Rs. 37 mn
 - Increase in I. T. related cost by Rs. 103 mn
 - Inflationary increase in Admin expenses

Achievements and New Initiatives

Achievements and New Initiatives



- BankIslami has received an award from International Finance Awards 2018 in the category of – **“Most Innovative Banking Solution Provider - Biometric – Pakistan 2018”**. It has acknowledged the Bank’s unique offering of banking services through Biometric – now launched as **‘One Touch Banking’**.
- The Bank successfully entered into Strategic Alliances with Audi Pakistan, Indus Motor Company, Honda Atlas and Al-Haj FAW for its Islami Auto Finance.
- Investment Banking services of the Bank depicted stellar growth, generating fee income of Rs. 150 million during the year 2018.
- The Bank successfully migrated its ADC applications on Oracle’s 11g data management system so that the Bank can provide faster and efficient services to its customers.
- Considering the Cyber Threat the Bank improve and strengthen the Bank’s Security posture, by acquiring and installing next generation data center firewall, web firewall, virtual patching mechanism, network level sand boxing and advance threat protection & breach detection systems.

Financial Performance for the year ended Dec 31, 2018

Investment Analysis



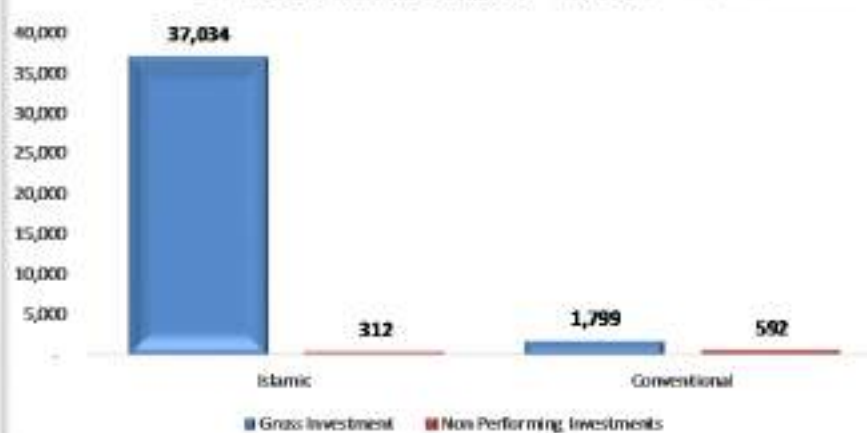
Investment Composition - 2018



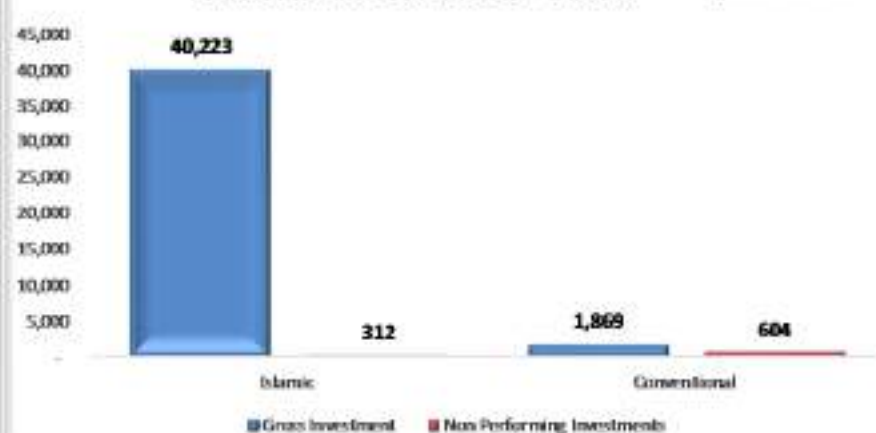
Investment Composition - 2017



Investment Status - 2018 Rupees in Millions



Investment Status - 2017 Rupees in Millions



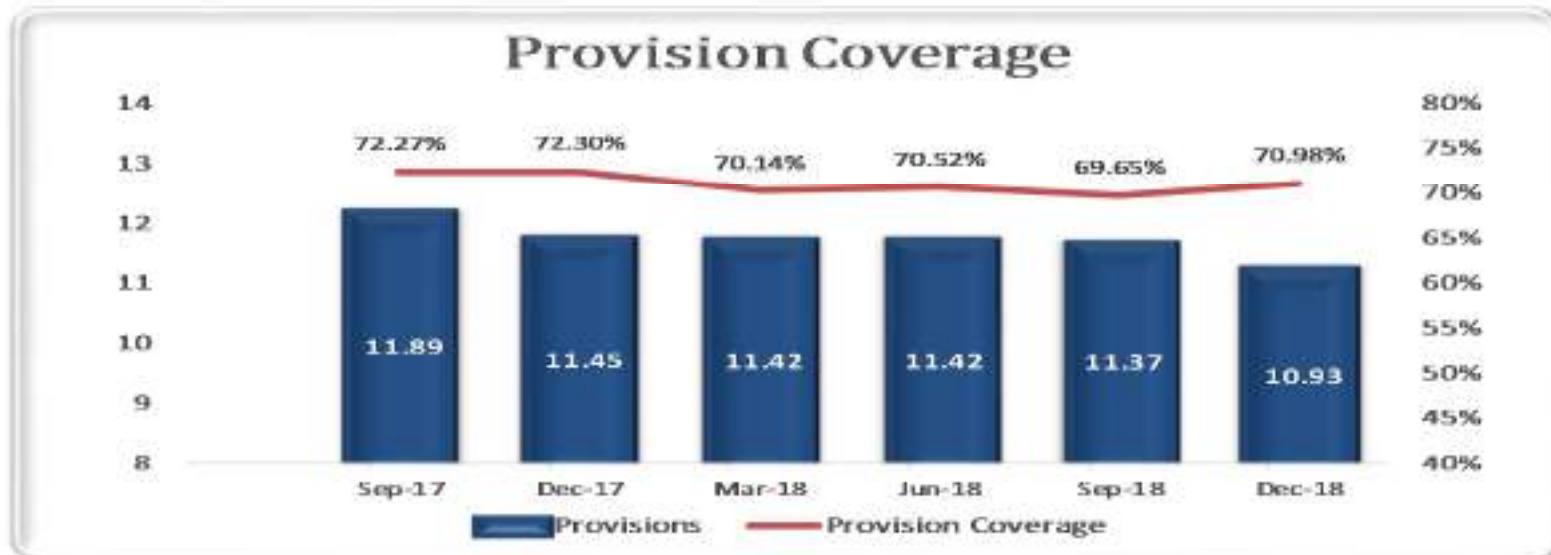
Financing Analysis



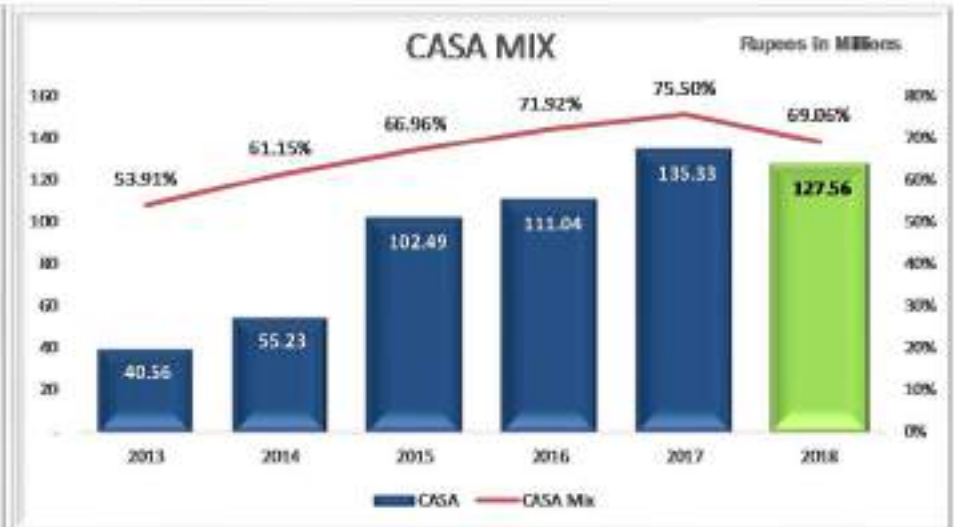
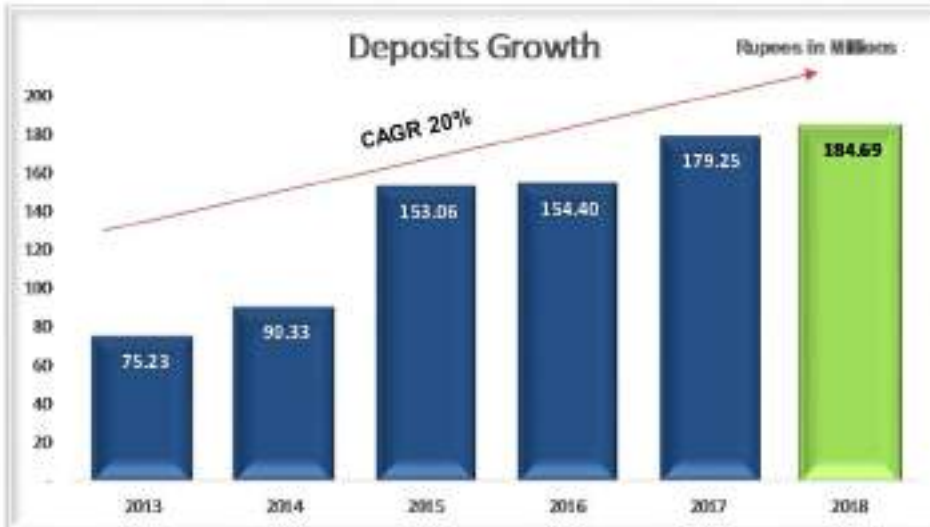
----- Rupees in '000 -----

Description	Dec-18	Dec-17	Variance	%
Corporate	90,241,446	93,828,794	(3,587,349)	-3.8%
SME	3,008,529	3,549,171	(540,641)	-15.2%
Agri	787,434	1,026,765	(239,330)	-23.3%
Auto	10,722,846	8,798,634	1,924,212	21.9%
Muskun	13,500,207	11,153,530	2,346,678	21.0%
Staff	2,604,041	2,270,601	333,439	14.7%
Islamic Portfolio	120,864,504	120,627,495	237,009	15.2%
Conventional portfolio	8,869,900	10,201,491	(1,331,591)	-13.1%
Total Portfolio-Gross	129,734,404	130,828,986	(1,094,582)	2.2%
Provisioning	(11,163,593)	(11,673,947)	510,354	-4.4%
Total Portfolio-Net	118,570,811	119,155,039	(584,228)	-2.2%

NPLs & Provision Trend



Deposit Trend



Quarterly Operating Results



	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr
	-----Rupees in 000 -----				
	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17
Profit Earned	3,624,782	2,945,520	2,777,327	2,856,609	2,695,991
Profit Expensed	1,793,884	1,473,321	1,401,591	1,501,479	1,349,800
Net Spread earned	1,830,898	1,472,199	1,375,736	1,355,130	1,346,191
Other Income					
Fee, commission and brokerage income	256,238	217,463	197,970	170,564	178,746
Dividend Income	44,449	10,791	6,618	-	31,985
Income from dealing in foreign currencies	95,048	37,330	67,929	30,548	21,962
Gain on sale of securities	(7,462)	22,655	26,329	5,296	-
Unrealised gain / (loss) on revaluation of investments	(2,538)	320	1,373	845	132
Other Income	14,548	24,391	11,425	31,882	34,199
Non Funded Income	400,283	312,950	311,644	239,135	267,024
	2,231,181	1,785,149	1,687,380	1,594,265	1,613,215
Administrative expenses	1,974,769	1,710,772	1,610,947	1,562,084	1,590,214
Operating (Loss) / Profit Before Tax & Provision	256,412	74,377	76,433	32,181	23,001

Ratios



-----Rupees in 000 -----

Cost / Revenue Analysis	Dec-18	Dec-17
Net Spread to Profit Earned	49.44%	49.30%
Net Interest Margin - NIM	3.35%	3.04%
Advances to Deposits ratio *	62.83%	65.53%
Infection Ratio**	5.80%	5.22%
Average Deposits per Branch	559,677	540,333
Administrative Expenses Per Branch	20,594	19,035
Cost to Total Income Ratio	93.12%	103.51%
Capital Adequacy Ratio	15.10%	14.68%
Return on Average Equity ***	1.51%	0.39%
Return on Average assets ***	0.10%	0.05%

* Advances excluding Export Refinance

**Excluding defunct KASB Bank conventional portfolio.

***Excluding One off Deferred Tax adjustment in 2017

Six Years' Financial Summary 2013-2018

Six Years' Financial Summary 2013-2018



Rupees in Million

Profit & Loss Account	2018	2017	2016	2015	2014	2013
Profit/return Earned	12,204	10,353	10,127	8,834	7,812	6,289
Profit/return Expensed	6,170	5,250	5,791	5,119	4,459	3,790
Net Spread earned	6,034	5,103	4,336	3,715	3,353	2,500
Fee,commission,brokerage & exchange Income	1,073	735	404	490	560	368
Dividend and capital gains	109	151	122	15	32	7
Other Income	82	78	111	65	40	79
Total Other Income	1,264	964	638	570	632	454
Total Income	7,298	6,068	4,973	4,285	3,985	2,953
Expenses	6,859	6,303	6,160	5,039	3,475	2,518
Profit/(loss) before tax and provisions	439	(235)	(1,187)	(754)	510	435
Provisions	37	(392)	(2,030)	(482)	40	127
Profit/(loss) before tax	403	157	844	(273)	470	308
Profit/(loss) after tax	213	1,563	452	(196)	314	185

Six Years' Financial Summary 2013-2018



Rupees in Million

Statement of Financial Position	2018	2017	2016	2015	2014	2013
Paid up capital	10,000	10,000	10,000	10,000	5,680	5,280
Reserves	969	926	614	523	273	210
Unappropriated profit/(loss)	1,695	1,474	213	(171)	267	25
Shareholders' equity	12,664	12,400	10,827	10,352	6,220	5,515
Surplus on revaluation of assets-net of tax	1,851	1,276	1,618	834	647	727
Net Assets	14,515	13,676	12,445	11,186	6,867	6,242
Total Assets	215,743	217,791	182,474	174,231	101,984	86,856
Earning Assets	176,410	183,421	152,493	146,200	90,629	77,398
Gross Financings	129,734	130,829	89,949	82,361	41,698	38,932
Financings-net of provisions	118,571	119,155	77,817	68,709	41,097	38,309
Non-performing Loans (NPLs)	15,403	15,837	14,534	15,684	1,062	1,109
Investments - net	38,832	42,092	46,317	35,886	30,655	31,610
Total Liabilities	201,228	204,115	170,029	163,045	95,117	80,613
Deposits & other accounts	184,693	178,310	153,736	153,058	90,331	75,226
Current & Saving Deposits (CASA)	127,102	134,741	111,037	102,491	55,234	40,556
Borrowing	7,820	15,570	6,066	3,198	561	2,538
Cost bearing Liabilities	132,767	136,010	110,912	110,800	73,688	65,141
Contingencies and commitments	23,135	23,041	25,557	29,022	9,538	10,308

Strategic Plans

Strategic Plans



FINANCIAL GOALS

- i. Double the Deposit Base**
- ii. Maintain average ADR in the range of 60% to 70% by booking quality assets and keeping NPLs under 5%**
- iii. Maintain Capital Adequacy Ratio of 14% to 15%**
- iv. Steady Growth in Return On Equity (ROE)**
- v. Grow Trade Business to new heights and maintain it equivalent to deposit base**

BUSINESS PROCESS GOALS

- viii. Leverage technological innovation in a secured way to create customer value.**

CUSTOMER GOALS

- vi. Become a Customer Centric Bank**
- vi. Reinforce and strengthen Brand Image as Leading Islamic Bank**

LEARNING AND GROWTH GOALS

- ix. To become Employer of Choice by attracting, nurturing and developing talent in a transparent and performance driven culture**
- x. To develop and maintain an organizational culture based on learning, professionalism, ethics and Islamic values**

*Thank
You*