

Saving
Humanity
From **Riba**

BankIslami 

Corporate Briefing Session **2022**

FINANCIAL SERVICES | CORPORATE BANKING | INVESTMENT BANKING | RETAIL BANKING | CONSUMER BANKING

1 Introduction

Introduction to the Bank, its Vision, Mission and Core Values, Network Size, Range of Services and Products, Credit Rating

2 Key Financial Highlights

Journey of a Turn-around, PBT, PAT, Total Assets, Financing, Deposits, etc.

3 Financial Performance

Investment portfolio, Financing Portfolio, Non-performing Financing, Provision Coverage, Deposits, Operating Profits

4 Achievements & Initiatives

External Recognition & Accolades, CSR initiatives

5 Areas in Focus

Future Strategic Direction, Products in Focus, Growth Plan

SINCE

2004

October 2004 Incorporated as Public Limited Company to carry out business of an Islamic Commercial Bank

March 2005 Granted 'Scheduled Islamic Commercial Bank' license by Central Bank

April 2006 Commencement of Operations as an Islamic Bank listed on Stock Exchange

PRODUCTS & SERVICES

The Bank offers a full range of financial services in corporate, commercial, consumer, retail banking and investment banking activities.

CREDIT RATING

The Pakistan **Credit Rating** Agency Limited (PACRA) has assigned **BankIslami's** long-term entity **rating** at A+ and short term **rating** at A1 with a **Positive Outlook**. The **ratings** reflect **BankIslami's** sustained risk profile.

BRANCH NETWORK

The Bank now operates 380 branches including 80 sub branches in 140 plus cities of Pakistan

LISTING INFORMATION

Listed on Pakistan Stock Exchange on April 17, 2006 as BIPL ticker post IPO.

OUR VISION

The Vision of BankIslami is to be recognized as the leading Authentic Islamic Bank.

OUR CORE VALUES

- Product authenticity
- Customer focus
- Meritocracy
- Integrity
- Team work
- Humility
- Innovation

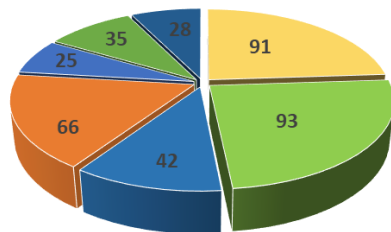
OUR MISSION

To create value for our stakeholders by offering Authentic, Shariah Compliant and Technologically advanced products and services. We differentiate ourselves through:

- Authenticity
- Understanding our client's needs
- Fast, efficient and seamless delivery of solutions.
- Innovation
- Commitment to excellence, and

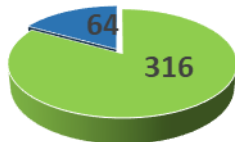
As a growing institution, the foundation for our performance lies on our human capital and BankIslami remains committed to becoming an employer of choice, attracting, nurturing and developing talent in a transparent and performance driven culture.

Distribution



■ North ■ Central ■ South East ■ South West
■ Balochistan ■ South Punjab ■ Interior Sindh

Presence



■ Urban ■ Rural



**Presence
in over 140
Cities**

**380
Branches**

372 ATMs

Nationwide Presence with focus to reach Unbanked Areas to encourage financial inclusion

Cash Management & Employee Banking

Embracing fast pace of technology, BankIslami is offering Corporate Payments, Corporate Bill/ Tax Payments, Bulk Real Time Gross Settlement – RTGS, introduction of Payment voucher for mutual funds redemption, off-site pay-order printing, MT-940 availability and collections via POS solution. Besides this, also offering payroll processing, bike financing and consumer durable goods financing.

SME FINANCING

Small and Medium-sized Enterprises (SMEs) drive economic growth by stimulating innovation, acting as a critical value chain partner to existing businesses to increase their productivity and making a disproportionately large contribution to job creation. BankIslami is dedicated in supporting SME business with all the products and services available through its branch banking network. The products and services are offered to SME clients strictly under Shariah modes.

AGRI FINANCING

BankIslami provides solution where farmers can purchase tractors & equipment for their farm, based on Diminishing Musharakah under Shirkat-ul-Milk arrangement. This segment also offers financing to farmers to fulfill their short term working capital requirements.

PERSONAL BANKING

BankIslami offers a wide variety of accounts fulfilling all the financial needs of its diverse customer base.

INVESTMENT BANKING

Investment Banking is a high Economic Value-Added franchise of the Bank, specialized in tailoring and structuring varied complex deals in an innovative and Shariah Compliant manner to meet the on-going critical needs of large corporate clientele. Such deals may range from short-term to long-term syndicated deals, raising of redeemable capital through Islamic debt instruments i.e. Islamic Commercial Paper (ICP) and Sukuk, offering of securities to raise equity or typical project & structured financing.

CORPORATE BANKING

BankIslami offers a world class Shariah compliant financing solutions to its corporate customers. Various products and services are offered to help its clients' in achieving their business objectives.

CONSUMER FINANCE

BankIslami offers a range of house financing, auto financing, takaful and remittance products to its customers.



SPECIALIZED PRODUCTS



One Touch Banking



Islamic Housing Finance



Islamic Auto Loans



Wealth Management



Home Remittance



Shariah Compliant Investment Solutions

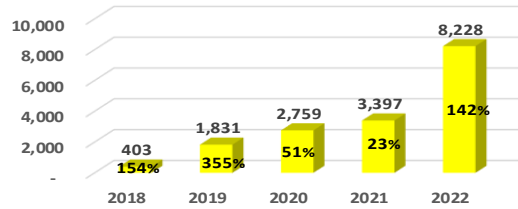


Digital Delivery Channel

Particulars	2018	2022	Absolute Growth %	CAGR %
	--- Rupees in Mn ---			
Operating Profit before Provisions	439	12,041	2643%	129%
Profit Before Tax	403	8,228	1942%	113%
Profit After Tax	213	4,440	1985%	114%
Total Deposits	185,945	415,912	124%	22%
Current A/c Deposits	59,746	170,645	186%	30%
Total Assets	215,743	487,239	126%	23%
Investments-net	38,832	179,741	363%	47%
Financing-net	118,571	201,328	70%	14%
Total Equity	14,515	26450	82%	16%
Capital Adequacy Ratio (CAR) %	3.87%	17.92%	363%	47%
Operating expenses per employee	2.2	2.62	19%	4%
Total income per employee	2.4	5.3	122%	22%

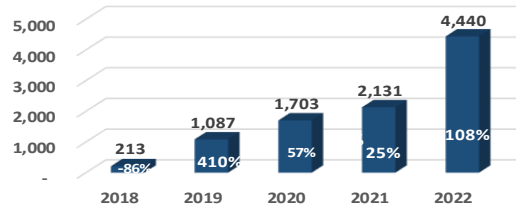
BANKISLAMI PAKISTAN LIMITED – JOURNEY OF A TURN-AROUND

Profit Before Tax



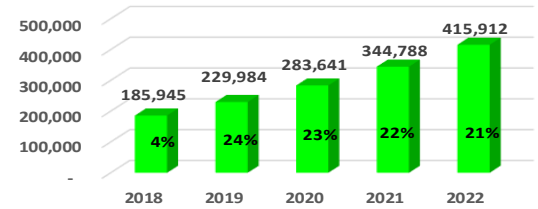
CAGR 113% Profit Before Tax

Profit after Tax



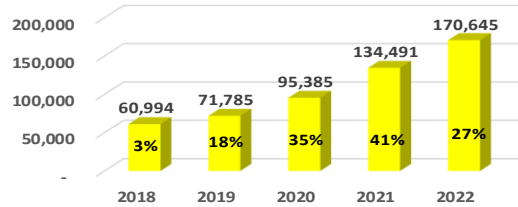
CAGR 114% Profit after Tax

Total Deposits



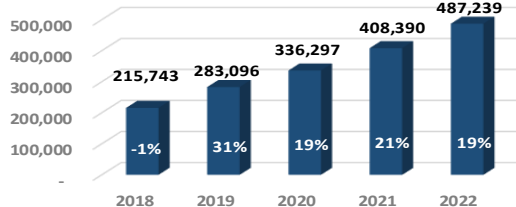
CAGR 22% Total Deposits

Current Account



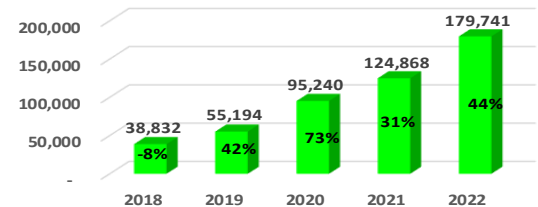
CAGR 29% Current Account

Total Assets



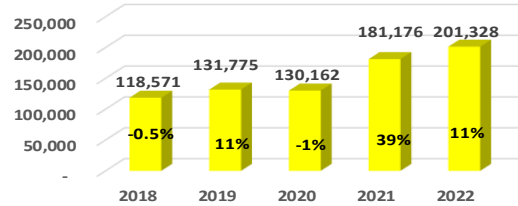
CAGR 23% Total Assets

Investments



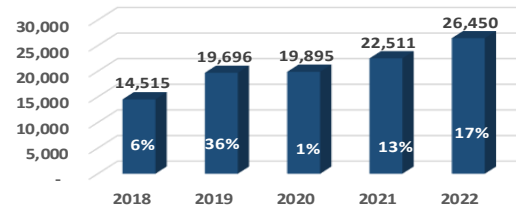
CAGR 47% Investments

Total Financing - Net



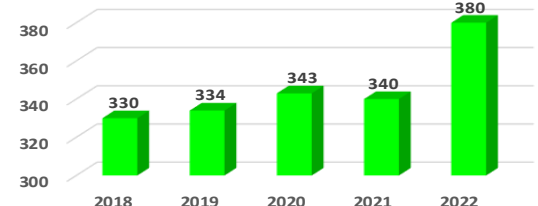
CAGR 14% Total Financing - Net

Total Equity



CAGR 16% Total Equity

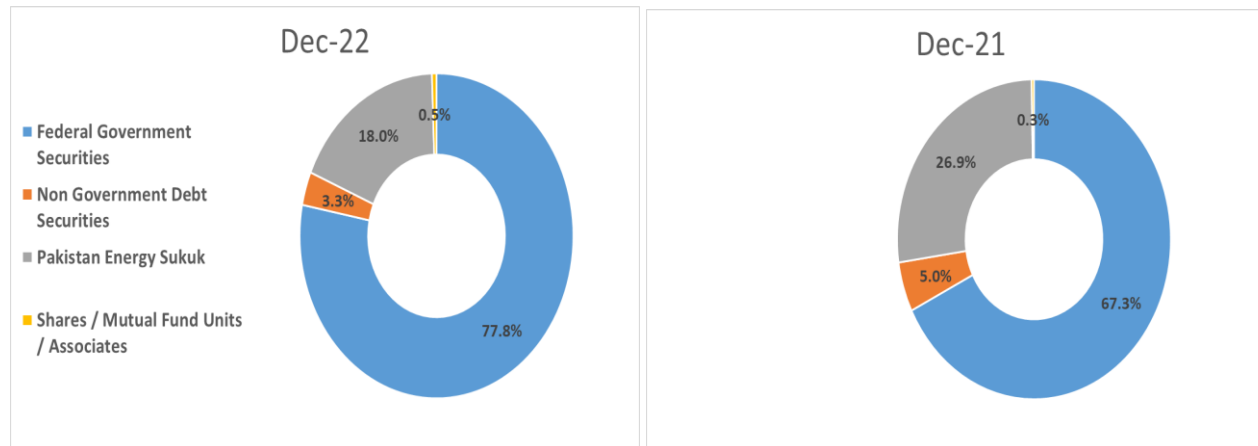
Branch Network



Branch Network

Rs. in Millions

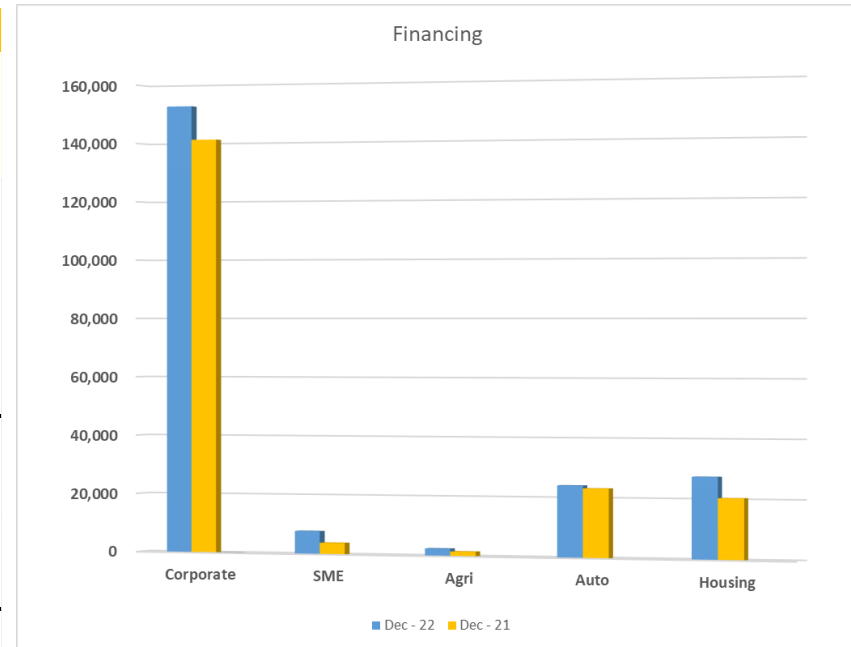
INVESTMENTS - Net	Dec - 22	Dec - 21	Growth
			Dec - 22 vs Dec 21
Federal Government Securities	139,820	83,637	67%
Non Government Securities	5,954	7,221	-18%
Pakistan Energy Sukuk	32,377	32,414	0%
Shares / Sukuks / Associates	1,591	1,566	2%
	179,741	124,838	44%



All investments are floater with repricing in 6 months.

Rs. in Millions

FINANCINGS - Net	Dec - 22	Dec - 21	Growth
			Dec - 22 vs Dec - 21
Corporate	152,646	141,147	8%
SME	7,716	3,812	102%
Agri	2,423	1,513	60%
Auto	24,181	23,243	4%
Housing	27,495	20,477	34%
Islamic Portfolio - Gross	214,461	190,192	13%
Provisioning - Islamic	(12,589)	(9,199)	37%
Islamic Portfolio - Net	201,872	180,993	12%
Conventional portfolio – Net	167	184	-9%
Total Portfolio – Net	202,039	181,177	12%



Segment	Composition	
	2022	2021
Corporate	71%	74%
SME	4%	2%
Agri	1%	1%
Consumer	24%	23%

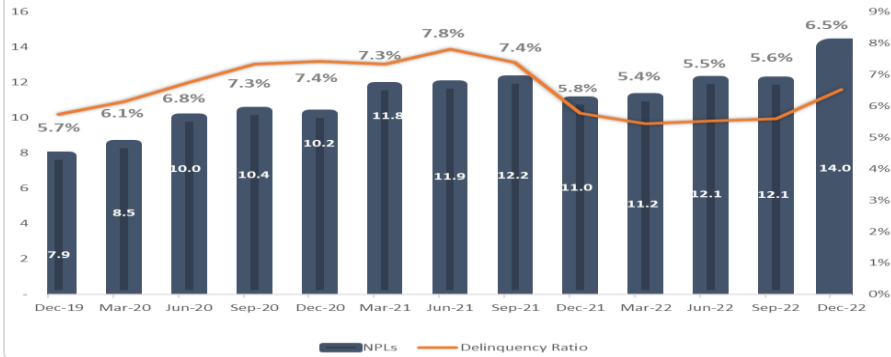
Financing – SBP Schemes

Rs. In Millions

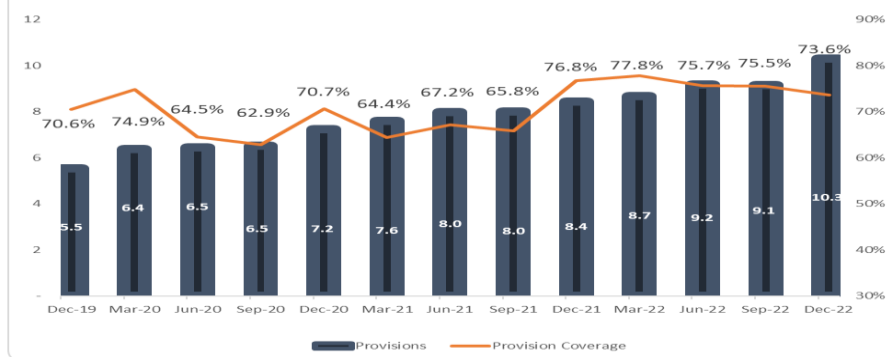
SBP Schemes	Number of Customers	Amount Outstanding
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	121	7,478.40
Islamic Long-Term Financing Facility	7	952.69
Islamic Refinance For Renewable Energy	37	627.67
Islamic refinance scheme for payment of wages and salaries	71	438.04
Islamic refinance scheme for combating COVID (IRFCC)	2	271.26
RM EFS - Rupee Based Discounting (TFA)	3	223.13
Modernization of SME	2	71.93
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)	4	59.71
Islamic Refinance and Credit Guarantee Scheme For Women	2	9.28
Total	249	10,132.11

*Total Approved Limit of TERF was Rs. 9,100 Million

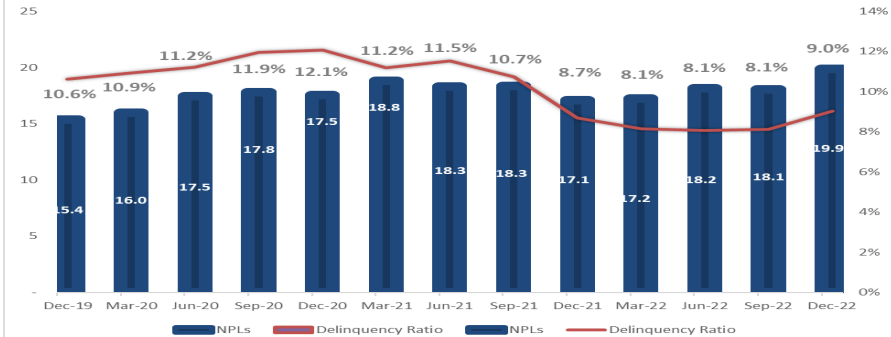
NPL Trend - Islamic Portfolio



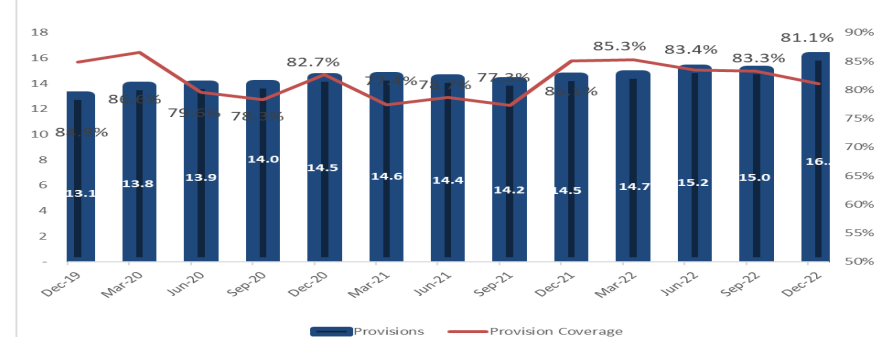
Provision Coverage - Islamic



NPL Trend - Total Portfolio



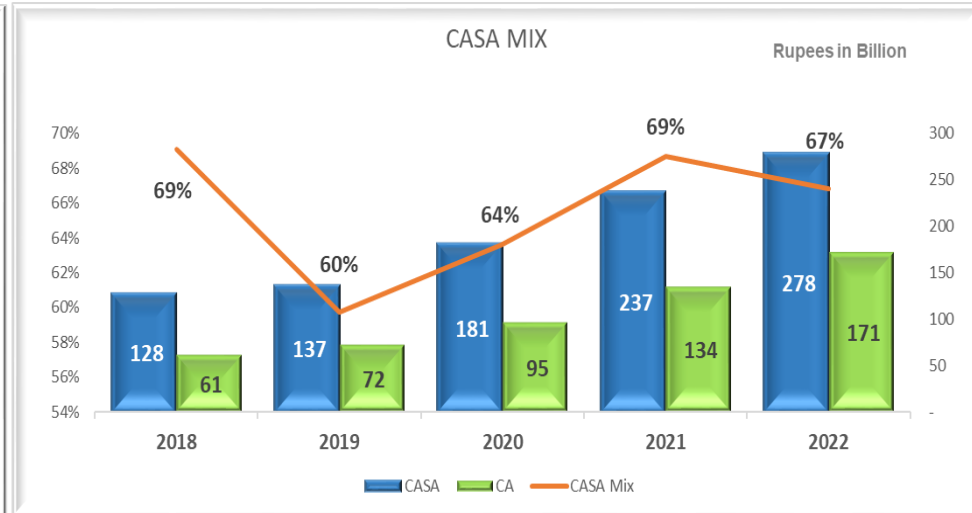
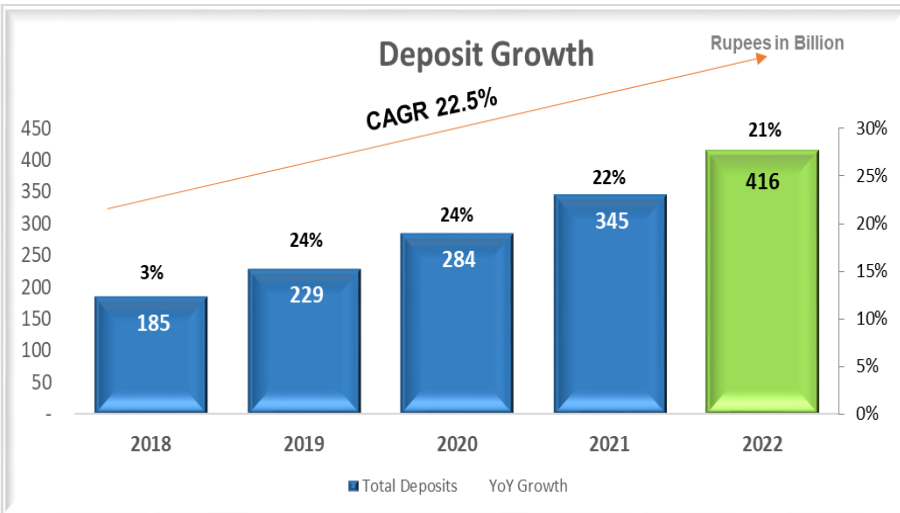
Provision Coverage - Total



Coverage ratio (incl. general provision) of total portfolio is **96.1%**, while Islamic portfolio is **95.0%**.

Total Delinquency ratio of the Bank (including defunct KASB Bank portfolio) has remained the same at **9.0%** in Dec 22 as compared to Dec 21 however, Delinquency ratio of Islamic Portfolio has slightly increased to **6.5%** in Dec 22 despite robust risk management mainly due to prevailing economic conditions

Deposits	December - 22		December - 21		Rs. In Billions
	Amount	%	Amount	%	YoY Growth %
Current Deposit	171	41%	134	38%	26.88%
Saving Deposit	108	26%	102	31%	5.13%
Term Deposit	138	33%	108	31%	27.52%
Total Deposit	416	100%	345	100%	20.66%
CASA	278	67%	237	69%	17.59%



Deposit grew with a **CAGR of 22%** in 4 years, while **CA composition** has improved from 33% in 2018 to **41%** in 2022.

Average 6-M Kibor	Dec - 22 14.51%	Dec - 21 7.85%	Growth
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-----Rs in Millions-----			
Description	Dec - 22	Dec - 21	Dec - 22 vs Dec - 21
Profit Earned	46,345	23,235	99%
Profit Expensed	25,943	12,303	111%
Net spread earned	20,402	10,932	87%
Other Income			
Fee and commission income	1,459	1,227	19%
Dividend income	26	25	5%
Foreign exchange income	1,350	482	180%
Gain on sale of securities	80	292	-73%
Other income	684	94	624%
Non Funded Income	3,599	2,119	70%
Total Income	24,001	13,052	84%
Total administrative expenses	11,961	9,623	24%
Operating Profit Before Tax & Provision	12,040	3,429	251%
Provisions	3,812	32	11889%
Taxation	3,788	1,266	199%
Profit After Tax	4,440	2,131	108%

RECENT ACCOLADES



8th International Retail Banking Awards 2022

BankIslami Pakistan Limited was nominated as most Innovative Islamic Retail Bank in Pakistan.



Global Finance Awards

President & CEO, Syed Amir Ali was awarded the Islamic Banker of the year 2022 in 12th GIFA Awards.



IFN Award-Deals of the Year

BankIslami Pakistan Limited secured IFN 2022 award for best Musharakah Deal of the year for acting as “Lead Arranger” and “Shariah Advisor” for Rs. 1.2 billion Syndicated Diminishing Musharakah Facility for one of its prestigious client.



CSR Award of Pakistan

BankIslami Pakistan Limited was awarded the 11th Annual International Corporate Social Responsibility Award.



Year 2022 proved to be the allmark year for the Bank where it crossed Rs.400 billion landmark and closed deposit base at Rs.416 billion with a healthy growth rate of 20.6%. Bank also introduced one of its kind product, *Islami Khair Current Account* offering its account holders to become part of the Bank's philanthropic initiatives. In a very short span of time, it generated over Rs. 10 billion with opening of 34,000 plus new accounts.



The year 2022 proved to be a challenging year for consumer financing particularly auto financing where the demand was hampered due to changes in regulations as well as hike in policy rates. Despite, these challenges, the Bank performed well and achieved 88% of its disbursement targets. Total disbursements in auto finance during 2022 were Rs. 8.77 billion.



During the year, the Bank managed to successfully achieve SBP's assigned targets under Government subsidized scheme, '*Mera Pakistan Mera Ghar (MPMG)*'. The Bank stood first in achieving SBP's assigned Housing & Construction Target by disbursing more than Rs. 24 billion under the scheme during the year.



In order to remain in the main league, the Bank has successfully launched its Classic and Titanium Debit MasterCard along with introduction of 3D Security for internet shopping. The Bank has launched Digital Service Centre with an aim to provide round the clock banking services. The Centre offers variety of automated services such as cheque encashment through a virtual teller, cheque deposit, instant cash deposit and much more.



In Corporate Banking, the Bank continued momentum while adopting cautious approach and managed to improve its footprint in the market. Concentration was improved in rated customers by more than 50% as compared to 34% in 2021. This is evident from the fact that more than 86% of the Corporate financing portfolio carried risk weight less than 100%.



SME team of BankIslami also continued its focus towards onboarding NTBs. The Bank introduced a customized product '*Islami Karobar Assaan*' to target customers mostly falling under Small Enterprises category. During the year 2022, around Rs. 500 million were disbursed under the Program. The Bank also introduced '*Commodity Finance Product Program for Wheat*' to facilitate flour millers.



In Investment Banking area, the Bank successfully closed four capital market transactions and three syndicate financing transactions aggregating to the tune of more than Rs. 31 billion for reputable corporate entities. The Bank secured *IFN 2022* award for best Musharakah Deal of the year for acting as "Lead Arranger" and "Shariah Advisor" for Rs. 1.2 billion Syndicated Diminishing Musharakah Facility for one of its prestigious client.

KEY CSR INITIATIVES

• Flood Relief Activities

Last year, our country faced one of the biggest and deadliest crises of the decade in the form of flash floods. The Bank took following initiatives:

a. Collaborated with Pakistan Air Force, AFAD (Turkish Disaster and Emergency Management Authority), Bait-us-Salam Welfare Trust and Karachi Relief Trust for establishment of a Tent City (200 tents) for flood affected at Bolari (near Jamshoro, Sindh); and

b. Collaborated with different institutions to organize nine (9) medical camps for the flood affectees across Pakistan along with medicines.

• Initiatives for Differently-Abled Persons:

a. Released videos pertaining to Islamic Finance in sign language with English voice-over and Urdu subtitles;

b. Launching of Islamic banking booklet in Braille in Urdu language after its English version for visually impaired persons;

c. Conducted Islamic Banking Awareness seminars in Sign language for Differently Abled Persons and staff of 'Ida Rieu Welfare Association'.





Growth in Current Account

Growth in Current Accounts to improve spreads



Regulatory Compliance

Ensure Continued Regulatory Compliance



Deposit Base

Grow overall Deposit base to improve deposit per branch ratio



Branch Network

Expansion of Branch Network (60 new branches in 2023)



Financing Portfolio

Grow Financing portfolio in GoP, Agri, Consumer and Commercial segment to enhance asset yields



Digital Delivery Channels

To increase Digital footprint through our revamped Digital Delivery Channels



Cash management & Employee Banking

For healthy deposit base, focus will be placed on cash management and payroll mandates



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Annexures

1. Market share Deposits and Financing *(done in annexure)*
2. IFRS 9 impact *(Done in notes to NPL slide)*
3. What is the target to take no. of branches as per strategic business plan *(done in annexure)*
4. What is the break down of Govt deposits 14bn in note 19.1 of financials. *(done in annexure)*
5. Add slide on key ratios, minimum Board slide of ratio to be covered. *(done in annexure)*

Despoits	2018	2022	Absolute Growth	CAGR
	Rs. in Million		%	
Industry	13,353,916	22,466,986	68%	14%
BIPL	185,945	415,912	124%	22%
BIPL Market Share	1.4%	1.9%		



XLSX Worksheet

Advances	2018	2022	Absolute Growth	CAGR
	Rs. in Million		%	
Industry	7,888,024	11,912,667	51%	11%
BIPL	118,571	201,328	70%	14%
BIPL Market Share	0.5%	1.0%		



XLSX Worksheet

Investments	2018	2022	Absolute Growth	CAGR
	Rs. in Million		%	
Industry	7,583,240	17,901,610	136%	24%
BIPL	38,832	179,741	363%	47%
BIPL Market Share	0.5%	1.0%		



XLSX Worksheet

Branch Opening Strategy:

- As per Plan it was '45' for 2023 but considering rising interest rate scenario, the Bank planned '60'.
- For 2024, total count planned was 475 i.e. opening of 50 branches however, as the bank has planned to open 60 in 2023 therefore, it has to open 35 branches in 2024 to make the no. 475 in total

Rs. In Millions

Heads	Dec-2022	Dec-2021
Net Spread to Profit Earned	44.02%	47.05%
Cost to Total Income Ratio	49.83%	73.73%
Administrative Expenses Per Branch	34.53	28.09
Return on Average Equity	20.78%	11.87%
Return on CET 1 (without relaxation)	22.72%	15.72%
Return on Earning Assets	1.19%	0.70%
Return on Average assets	0.99%	0.57%
Capital Adequacy Ratio	17.92%	14.15%
Capital Adequacy Ratio with IFRS 9 Adjustment	17.23%	11.96%
Average Deposits per Branch (Rs. in mn)	1,095	1,014
Infection Ratio **	6.53%	5.77%
Coverage Ratio (excl. general prov)	81.11%	85.08%
Advances to Deposits ratio - net	48.41%	52.55%
Advances to Deposits ratio - gross	52.98%	56.96%

** Excluding defunct KASB Bank conventional portfolio.

Break up of Government Deposit

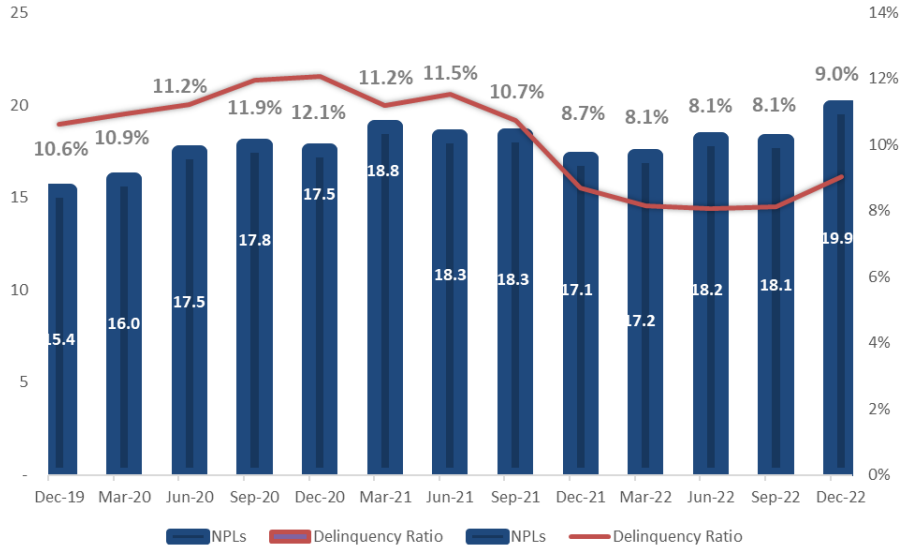
Rs. In Millions

Account Type	Federal	Provincial	Local
Current Account	474	418	-
Saving Account	2,657	263	2
TDR	9,954	995	-
Total	13,085	1,677	2

NPL Trends & Provision Coverage

NPL Trend - Total Portfolio

Rupees in Billion



Provision Coverage - Total

Rupees in Billion

