



Bank Alfalah

Analyst Briefing – 2014 Performance Review & Outlook

13th March 2015

Basic Data & Market Positioning

Commencement of operations	1997
Head Quarters	Karachi
Major Sponsors	Dhabi Group
Credit Rating (Long Term/ Short Term)	AA / A1+
Branches	648 (including 157 Islamic Branches)
Cities Covered	222 cities in Pakistan, 7 cities overseas
International Presence	11 International Branches in 3 countries
Market Share	7.3% of deposits (6 th Largest by size)
Assets	PKR743 Bn / US\$ 7.3 Bn
Deposits	PKR606 Bn / US\$ 5.6 Bn
Net Advances	PKR290 Bn / US\$ 2.9 Bn
Staff Strength	7,785

Data as of December 2014



Balance Sheet Snapshot

Amount PKR Mn	Dec-13	Sep-14	Dec-14	YoY	QoQ
Cash	61,205	44,844	50,516	-17%	13%
Bal with banks	35,180	13,796	12,332	-65%	-11%
Lending to FI	2,522	40,690	18,313	626%	-55%
Advances (net)	260,780	272,574	290,597	11%	7%
Investments (net)	219,690	260,132	324,319	48%	25%
Fixed & Others	31,237	35,132	47,051	51%	34%
Total Assets	610,614	667,168	743,128	22%	11%
Deposits	525,526	563,599	605,963	15%	8%
Sub Loans	9,991	9,988	9,987	0%	0%
Borrowings	23,115	33,144	55,233	139%	67%
Other Liabilities	20,081	27,183	27,126	35%	0%
Total Liabilities	578,713	633,914	698,309	21%	10%
Paid up Capital	13,492	13,492	15,872	18%	18%
Reserves	14,774	16,025	21,951	49%	37%
Reval Surplus	3,636	3,737	6,995	92%	87%
Total Equity	31,902	31,902	44,419	40%	35%

- Balance sheet size increased by 22% YoY to PKR743bn.
- Other asset increased due to accrued markup on investments and Islamic Advances reported as part of other assets
- Investment book grew by 48% YoY. Investment mix shifted towards PIBs. Gross advances improved by 11.3% YoY.
- Deposits increased 15% YoY, outpacing the industry growth of 11%.
- Equity base increased subsequent to IFC shares and increase in surplus. This augmented CAR to 12.8%.

Profit & Loss Snapshot

Amount PKR Mn	3Q14	4Q14	QoQ	2013	2014	YoY
Interest Income	14,796	15,545	5%	43,961	55,378	26%
Interest Expenses	8,892	9,143	3%	27,066	33,505	24%
Net Int Income	5,904	6,401	8%	16,895	21,873	29%
NPL provisions	509	736	45%	959	1,448	51%
Inv. Impairment	-5	66	NA	95	86	-9%
Post Provision Int	5,400	5,599	4%	15,841	20,340	28%
Non Int Income	2,069	2,593	25%	8,279	9,036	9%
Op. Expenses	5,317	5,807	9%	17,313	20,863	21%
Profit before tax	2,151	2,385	11%	6,807	8,514	25%
Taxation	747	758	2%	2,131	2,873	35%
Profit after tax	1,405	1,626	16%	4,676	5,641	21%
EPS (Rupees)	1.02	1.18	15%	3.41	4.09	20%

- Net Interest Income (NII) increased 29% YoY, backed by volumetric growth and NIMs expansion due to asset mix shifting towards PIBs.
- Provision charge takes into account the impact of FSV expiries.
- Non interest income increased 9% YoY on higher fee and Fx income. Excluding capital gains, non interest income grew 19% YoY.
- Adjusting for branch expansion and one-offs, operating expenses grew 11% YoY.

Key Ratios

	4Q13	1Q14	2Q14	3Q14	4Q14
Yield on Advances	9.9%	10.2%	10.1%	10.2%	10.4%
Yield on Investments	9.1%	9.0%	10.0%	10.5%	10.3%
Cost of Deposits	5.0%	5.1%	5.0%	5.3%	5.2%
NIM	3.3%	3.3%	3.9%	4.1%	4.2%
ROA	0.9%	0.7%	0.9%	0.8%	0.9%
ROE exc. surplus	19.7%	16.6%	22.0%	19.6%	19.3%
Admin Cost : income	71.1%	68.2%	67.2%	66.0%	61.9%
Gross ADR	52.1%	53.5%	52.0%	50.8%	50.3%
CASA*	71.1%	73.2%	71.0%	69.3%	69.1%
Net Loans (YoY)	11.5%	9.6%	17.6%	15.4%	11.4%
Deposits (YoY)	15.0%	11.3%	15.9%	14.3%	15.3%
NPL ratio	6.6%	6.8%	6.2%	6.5%	6.4%
Coverage	69.3%	68.2%	70.3%	69.9%	70.1%
CAR	12.1%	11.4%	11.0%	11.5%	12.8%

* Includes CASA deposits of FIs

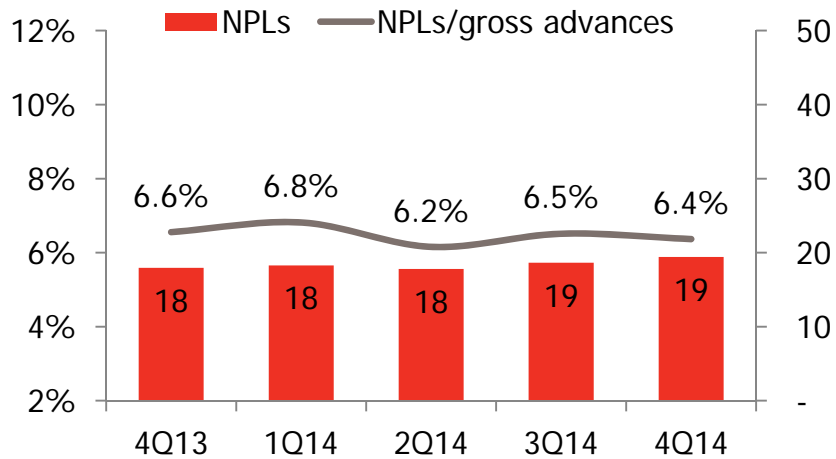
- NIMs improved due to shift in investment mix and re-profiling of Islamic Banking Balance Sheet.
- Cost to income ratio improved despite the bank absorbing the full impact of 103 branches opened last year.
- Overall CASA ratio of 69.1% takes into account one off opportunistic increase in fixed deposits.
- NPL ratio improved slightly to 6.4% from 6.6% in the last year.
- Capital Adequacy Ratio improved to 12.8% with injection of IFC capital.

The background features a large white shape on the left side, which is partially obscured by several overlapping, semi-transparent red shapes of varying shades. These shapes create a layered, geometric effect against the white background.

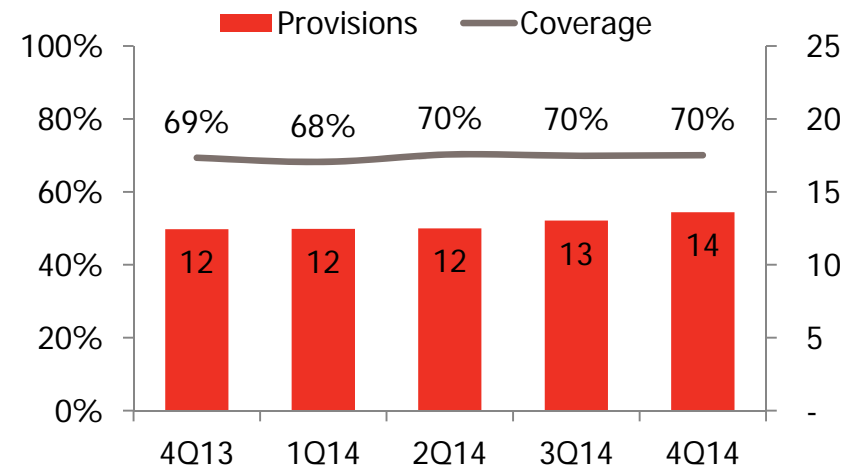
2014 Performance Review

Advances & Asset Quality Trends

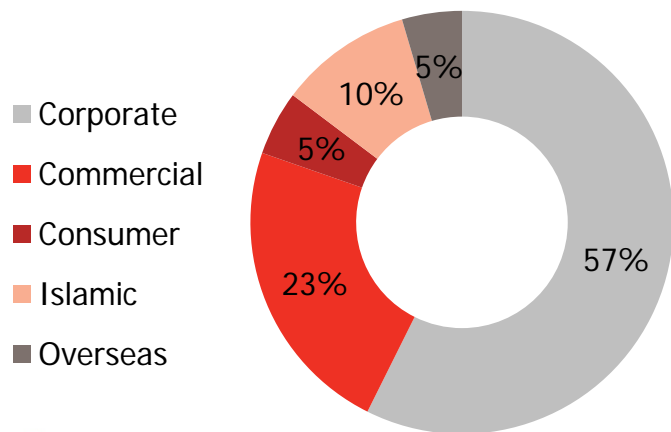
Contained NPL accretion



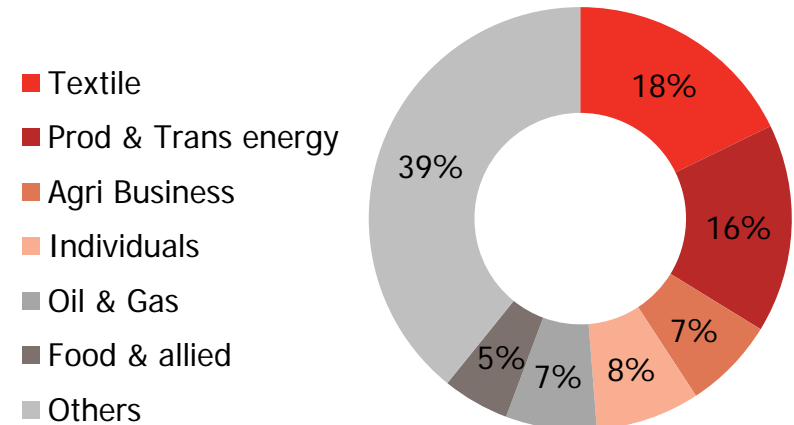
Coverage maintained at 70%



Advances composition December 2014

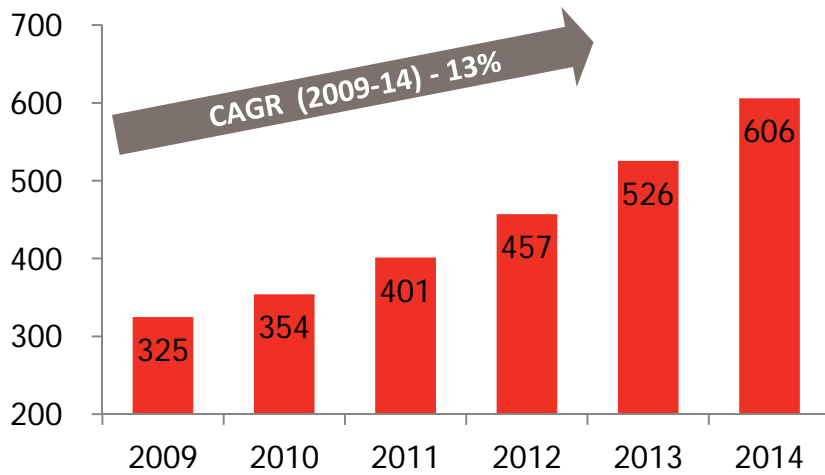


Advances concentration December 2014

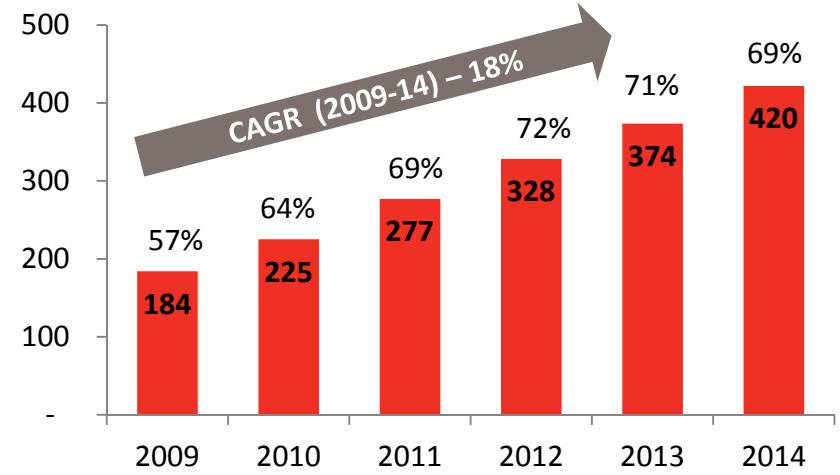


Deposit Mix & Cost

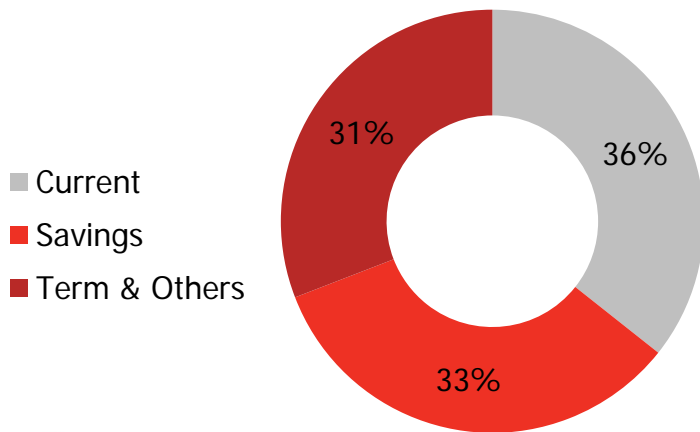
Continuous deposit growth (PKRbn)



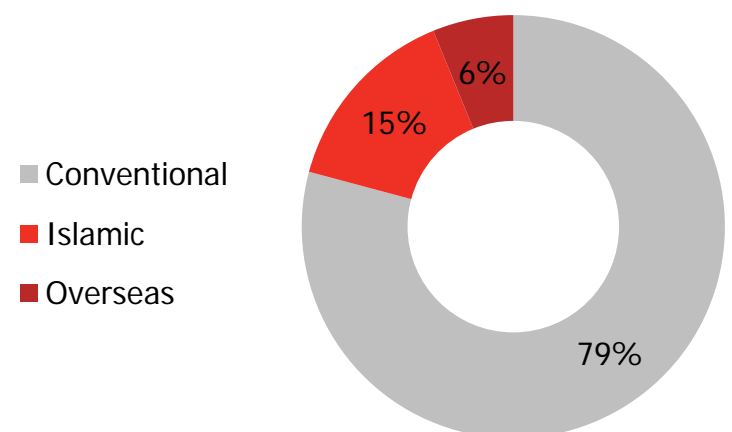
CASA continues to remain strong (PKRbn)



Deposit Mix (December 2014)



Deposits composition (December 2014)



Appendix

The background features a large, abstract composition of overlapping shapes. On the left, a white, rounded rectangular shape is partially visible. To its right, several overlapping, semi-transparent red shapes in various shades of red and maroon create a layered, geometric effect. The overall aesthetic is clean and modern.

Balance Sheet Summary

Amount in PKR Mn	2010	2011	2012	2013	2014	4yr-CAGR
Cash & Bal. with treasury bank	41,198	50,883	58,044	61,205	55,378	5%
Balances with other banks	16,179	17,424	26,721	35,180	12,332	-7%
Lending to FIs	6,498	7,765	877	2,522	18,313	30%
Advances (net)	207,153	198,469	233,933	260,780	290,597	9%
Investments (net)	113,426	166,532	189,487	219,690	324,319	30%
Fixed & Other Assets	27,031	27,221	27,506	31,237	47,051	15%
Total Assets	411,484	468,294	536,468	610,614	743,128	16%
Deposits	354,015	401,233	457,044	525,526	605,963	14%
Subordinated Loans	7,567	7,149	5,875	9,991	9,987	7%
Borrowings	13,700	18,169	21,228	23,115	55,233	42%
Other Liabilities	13,896	16,190	22,362	20,081	27,126	18%
Total Liabilities	389,178	442,741	506,509	578,713	698,309	16%
Paid up Capital	13,492	13,492	13,492	13,492	15,872	4%
Reserves & Retained Profit	6,235	9,125	12,010	14,774	21,951	37%
Revaluation Surplus	2,579	2,937	4,558	3,636	6,995	28%
Total Equity	22,306	25,554	30,059	31,902	44,819	19%

Profit & Loss Summary

Amount in PKR Mn	2010	2011	2012	2013	2014	4yr-CAGR
Interest income	37,530	44,298	46,080	43,961	55,378	10%
Interest expense	23,855	25,687	27,500	27,066	33,505	9%
Net interest income	13,675	18,611	18,580	16,895	21,873	12%
NPL Provisions	2,269	1,870	1,850	959	1,448	-11%
Investment impairment	1,991	2,459	1,709	95	86	-54%
Post Provisions Interest Income	9,414	14,281	15,021	15,841	20,340	21%
Non interest income	4,708	5,368	7,281	8,279	9,036	18%
Operating expenses	12,754	14,215	15,519	17,313	20,863	13%
Profit before taxation	1,369	5,434	6,783	6,807	8,513	58%
Taxation	400	1,931	2,227	2,131	2,873	64%
Profit after taxation	968	3,503	4,556	4,676	5,641	55%
EPS (Rupees)	0.72	2.60	3.38	3.41	4.09	55%
Dividend (%)	-	17.5%	20.0%	20.0%	20.0%	NA

Key Ratios

	2010	2011	2012	2013	2014
Capital Adequacy Ratio (Tier-I)	7.1%	8.6%	8.5%	8.4%	9.6%
Capital Adequacy Ratio Total	10.5%	11.6%	12.6%	12.1%	12.8%
Net Interest Margins	4.1%	5.1%	4.4%	3.5%	3.8%
Admin Cost to Income Ratio	68.4%	57.7%	58.8%	68.7%	65.6%
Non Interest Income as % of total	25.6%	22.4%	28.2%	32.9%	29.2%
Advance to Deposit Ratio (ADR)	61.7%	52.7%	54.3%	52.1%	50.3%
YoY Deposit Growth	9.0%	13.3%	13.9%	15.0%	15.3%
YoY Advances Growth	10.2%	-4.2%	17.9%	11.5%	11.4%
YoY Investments Growth	14.4%	46.8%	13.8%	15.9%	47.6%
CASA Ratio*	63.6%	69.0%	71.8%	71.1%	69.1%
NPL Ratio	8.4%	9.0%	8.9%	6.6%	6.4%
Coverage Ratio	58.0%	64.6%	62.5%	69.3%	70.1%
ROA	0.3%	0.8%	0.9%	0.8%	0.9%
ROE exc. Reval surplus	4.8%	16.4%	19.4%	18.0%	18.9%
ROE inc. Reval surplus	4.3%	14.5%	16.8%	15.6%	16.4%
Book Value /share (incl Rev)	16.53	18.94	22.28	23.65	28.24

* Includes CASA deposits of Fis

Stock Market Related Data

Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1587.24
Market Capitalization (PKRbn)	46.92
Market Capitalization (US\$m) [*]	461.35
Average Daily Turnover (mn shares)	3.09
Average Daily Turnover (US\$m) [*]	0.90
Current Stock Price (PKR) ^{**}	29.56
12M High/Low ^{**}	34.88/25.05

* Using PRs/US\$ parity of PRs101.7

** Stock Price as of 12th March 2015

Disclaimer

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 Al Falah.

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

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