



Analyst Briefing – 9M 2014 Performance Review & Outlook

07 November 2014

Basic Data & Market Positioning

Commencement of operations	1997
Head Quarters	Karachi
Major Sponsors	Dhabi Group
Credit Rating (Long Term/ Short Term)	AA / A1+
Branches	605 (including 148 Islamic Branches)
Cities Covered	208 cities in Pakistan, 7 cities overseas
International Presence	11 International Branches in 3 countries
Market Share	7.0% of deposits (6 th Largest by size)
Assets (PRsbn/US\$bn)	Rs. 667 Bn / US\$ 6.5 Bn
Deposits (PRsbn/US\$bn)	Rs. 564 Bn / US\$ 5.5 Bn
Net Advances (PRsbn/US\$m)	Rs. 273 Bn / US\$ 2.7 Bn
Staff Strength	7,874

Data as of September 2014

Balance Sheet Snapshot

Amount PRs Mn	Sep-13	Dec-13	Sep-14	YoY	YTD
Cash	62,375	61,205	44,844	-28%	-27%
Bal with banks	28,542	35,180	13,796	-52%	-61%
Lending to FI	2,480	2,522	40,690	1541%	1513%
Advances (net)	236,297	260,780	272,574	15%	5%
Investments (net)	215,120	219,690	260,132	21%	18%
Fixed & Others	31,105	31,237	35,132	13%	12%
Total Assets	575,919	610,614	667,168	16%	9%
Deposits	493,006	525,526	563,599	14%	7%
Sub Loans	10,432	9,991	9,988	-4%	0%
Other Liabilities	41,959	43,196	60,327	44%	40%
Total Liabilities	545,397	578,713	633,914	16%	10%
Paid up Capital	13,492	13,492	13,492	0%	0%
Retain & Reserves	13,383	14,774	16,025	20%	8%
Reval Surplus	3,647	3,636	3,737	2%	3%
Total Equity	30,522	31,902	33,254	9%	4%

- Balance sheet size increased by 16% YoY to PRs667bn.
- Lending to FIs has improved with excess Islamic liquidity deployed towards Islamic products and Reverse Repo.
- Deposits increased 14% YoY with CASA at 70%.
- Net Advances increased by 15% YoY to PRs273bn.
- Investment book grew by 21% YoY. Investment mix shifted towards longer duration govt paper.

Profit & Loss Snapshot

Amount PRs Mn	3Q13	3Q14	YoY	9M13	9M14	YoY
Interest Income	10,851	14,796	36%	32,291	39,834	23%
Interest Expenses	6,195	8,892	44%	19,772	24,362	23%
Net Int Income	4,656	5,904	27%	12,519	15,472	24%
NPL provisions	204	509	149%	687	712	4%
Inv. Impairment	0	-5	NA	390	20	-95%
Post Provision Int	4,452	5,400	21%	11,441	14,741	29%
Non Int Income	2,066	2,069	0%	5,958	6,444	8%
Op. Expenses	4,479	5,317	19%	12,614	15,055	19%
Profit before tax	2,039	2,151	6%	4,785	6,129	28%
Taxation	665	747	12%	1,467	2,114	44%
Profit after tax	1,374	1,405	2%	3,318	4,015	21%
EPS (Rupees)	1.02	1.04	2%	2.46	2.98	21%

- Net Interest Income (NII) increased 24% YoY, backed by volumetric growth.
- Revenue improved due to earning assets mix shifting towards longer duration bonds.
- Despite growth in interest cost, NIM continues to show improvement
- 9M 2014 NPL Provisions are up marginally. Total provision came down in absence of investment provisions (Warid).
- Non interest income growth led by fee income, FX & capital market gains.
- Opex up 19% YoY due to branch expansion and inflationary pressures.

Key Ratios

Amount PRs Mn	3Q13	4Q13	1Q14	2Q14	3Q14
IS & Bal Sheet					
ROA	1.0%	0.9%	0.7%	0.9%	0.8%
ROE exc. surplus	21.2%	19.7%	16.6%	22.0%	19.6%
NIM	3.9%	3.5%	3.3%	3.9%	4.1%
Cost: income	66.0%	71.1%	68.2%	67.2%	66.0%
Gross ADR	51.0%	52.1%	53.5%	52.0%	50.8%
CASA*	75.3%	71.1%	73.2%	71.0%	69.3%
YoY Growth					
Net Loans	11.6%	11.5%	9.6%	17.6%	15.4%
Deposits	17.7%	15.0%	11.3%	15.9%	14.3%
Asset Quality					
NPL ratio	8.5%	6.6%	6.8%	6.2%	6.5%
Coverage	68.2%	69.3%	68.2%	70.3%	69.9%
Capital Base					
CAR	12.7%	12.1%	11.4%	11.0%	11.5%

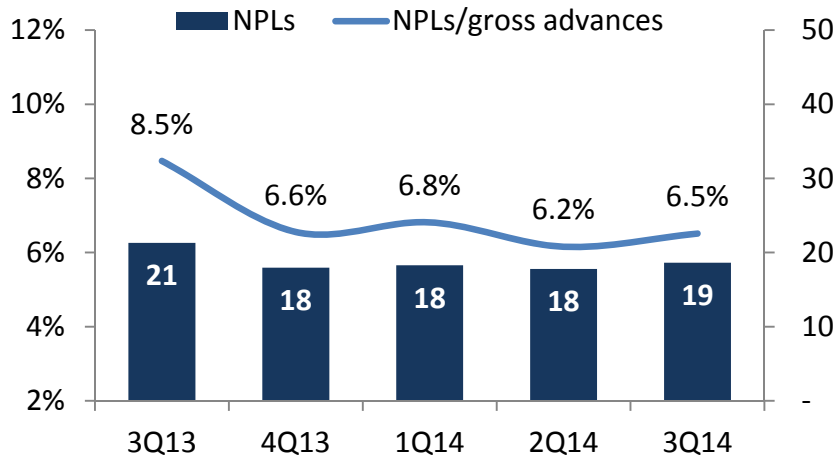
- NIMs improved due to shift in investment mix and deployment of excess liquidity in Islamic banking.
- Cost to income ratio has remained stable despite full year impact of 100 branches opened last year and some one-offs.
- Volatility in CASA due to:
 - *Ramazan factor coinciding with fiscal year end in June 2014*
 - *Seasonality*
 - *Islamic deposits re-profiling*
 - *Opportunistic fixed deposit raised (one-off)*
- Capital Adequacy ratio improved to 11.5% from last quarter of 11.0%.

* Includes CASA deposits of FIs

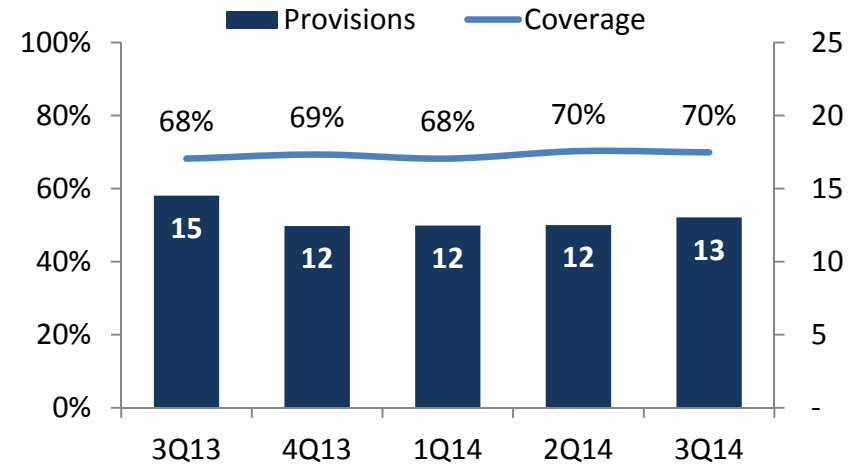
3Q14 Performance Review

Advances & Asset Quality Trends

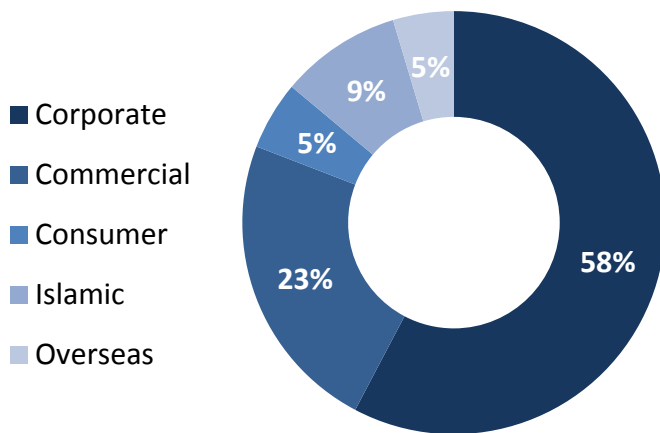
Contained NPL accretion



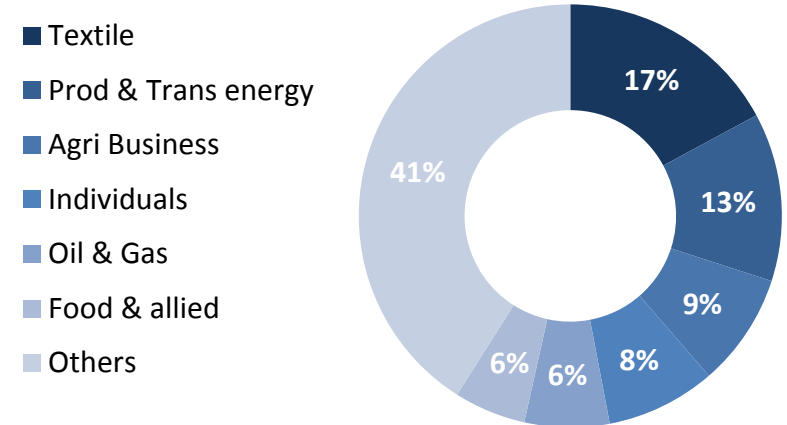
Coverage maintained at 70%



Advances composition September 2014

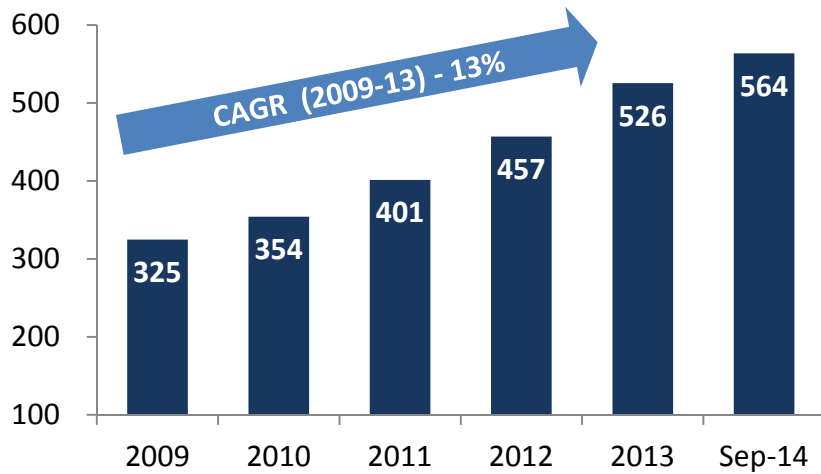


Advances concentration December 2013

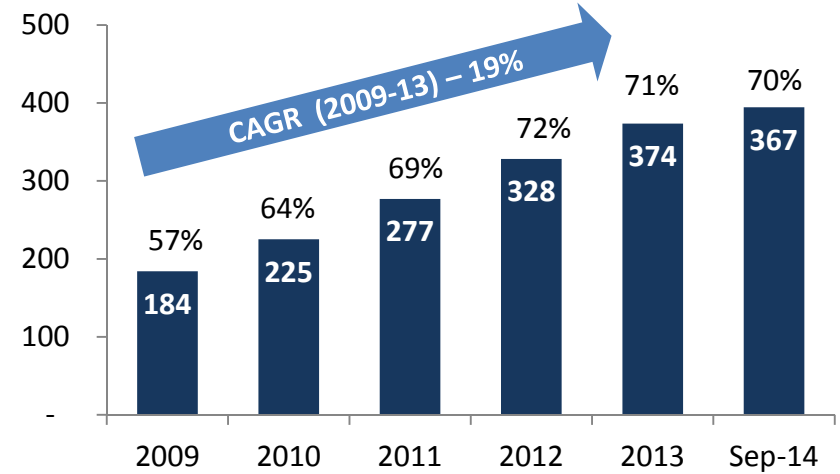


Deposit Mix & Cost

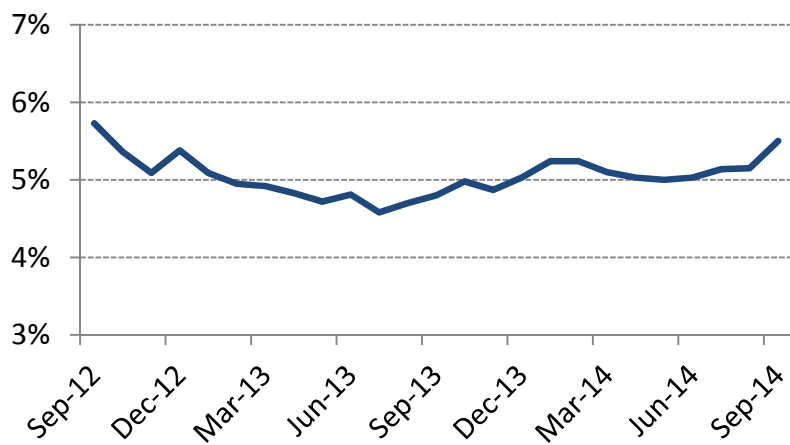
Continuous deposit growth



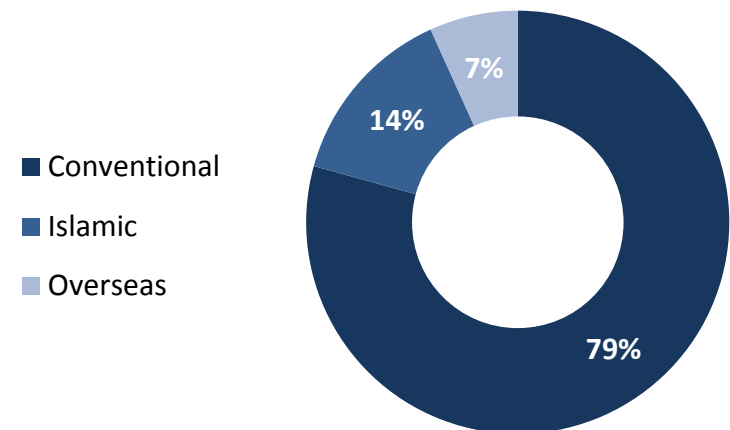
CASA continues to remain strong



Cost of deposits trend



Deposits composition September 2014



Appendix

Balance Sheet Summary

Amount in PRs Mn	2009	2010	2011	2012	2013	CAGR (2009-13)
Cash & Bal. with treasury bank	35,056	41,198	50,883	58,044	61,205	15%
Balances with other banks	22,723	16,179	17,424	26,721	35,180	12%
Lending to FIs	14,947	6,498	7,765	877	2,522	-36%
Advances (net)	188,042	207,153	198,469	233,933	260,780	9%
Investments (net)	99,160	113,426	166,532	189,487	219,690	22%
Fixed & Other Assets	29,142	27,031	27,221	27,506	31,237	2%
Total Assets	389,070	411,484	468,294	536,468	610,614	12%
Deposits	324,760	354,015	401,233	457,044	525,526	13%
Subordinated Loans	7,570	7,567	7,149	5,875	9,991	7%
Other Liabilities	34,607	27,596	34,359	43,590	43,196	6%
Total Liabilities	366,937	389,178	442,741	506,509	578,713	12%
Paid up Capital	13,492	13,492	13,492	13,492	13,492	0%
Reserves & Retained Profit	6,279	6,235	9,125	12,010	14,774	24%
Revaluation Surplus	2,363	2,579	2,937	4,558	3,636	11%
Total Equity	22,133	22,306	25,554	30,059	31,902	10%

Profit & Loss Summary

Amount in PRs Mn	2009	2010	2011	2012	2013	CAGR (2009-13)
Interest income	35,561	37,530	44,298	46,080	43,961	5%
Interest expense	24,654	23,855	25,687	27,500	27,066	2%
Net interest income	10,907	13,675	18,611	18,580	16,895	12%
NPL Provisions	3,754	2,269	1,870	1,850	959	-29%
Investment impairment	317	1,991	2,459	1,709	95	-26%
Post Provisions Interest Income	6,836	9,414	14,281	15,021	15,841	23%
Non interest income	5,182	4,708	5,368	7,281	8,279	12%
Operating expenses	11,002	12,754	14,215	15,519	17,313	12%
Profit before taxation	1,016	1,369	5,434	6,783	6,807	61%
Taxation	119	400	1,931	2,227	2,131	106%
Profit after taxation	897	968	3,503	4,556	4,676	51%
EPS (Rupees) Diluted	0.66	0.72	2.60	3.38	3.47	51%
DPS (Rupees) Diluted	0.80	-	1.75	2.00	2.00	26%

Key Ratios

	2009	2010	2011	2012	2013
Capital Adequacy Ratio (Tier-I)	8.1%	7.1%	8.6%	8.5%	8.4%
Capital Adequacy Ratio Total	12.5%	10.5%	11.6%	12.6%	12.1%
Net Interest Margins	3.5%	4.1%	5.1%	4.4%	3.5%
Admin Cost to Income Ratio	67.9%	68.4%	57.7%	58.8%	68.7%
Non Interest Income as % of total	32.2%	25.6%	22.4%	28.2%	32.9%
Advance to Deposit Ratio (ADR)	60.5%	61.7%	52.7%	54.3%	52.1%
YoY Deposit Growth	8.0%	9.0%	13.3%	13.9%	15.0%
YoY Advances Growth	-2.4%	10.2%	-4.2%	17.9%	11.5%
YoY Investments Growth	30.5%	14.4%	46.8%	13.8%	15.9%
CASA Ratio*	56.7%	63.6%	69.0%	71.8%	71.1%
NPL Ratio	8.2%	8.4%	9.0%	8.9%	6.6%
Coverage Ratio	53.1%	58.0%	64.6%	62.5%	69.3%
ROA	0.2%	0.2%	0.8%	0.9%	0.8%
ROE exc. Reval surplus	5.2%	4.9%	16.5%	18.9%	17.4%
ROE inc. Reval surplus	4.6%	4.4%	14.6%	16.4%	15.1%
Book Value /share (incl Rev)**	16.4	16.5	19.1	22.3	23.6

* Includes CASA deposits of FIs

** Diluted in PRs

Stock Market Related Data

Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1349.16
Market Capitalization (PRsbn)	41.96
Market Capitalization (US\$m)*	409.39
Average Daily Turnover (mn shares)	3.65
Average Daily Turnover (US\$m)*	1.0
Current Stock Price**	31.10
12M High/Low**	31.10/24.41

* Using PRs/US\$ parity of PRs102.5

** Stock Price as of 6th November 2014

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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