



Bank Alfalah

Analyst Briefing – 1Q 2015 Performance Review & Outlook

12th May 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	6.8% of deposits (6 th Largest by size)
Assets	PKR 742 Bn / US\$ 7.3 Bn
Deposits	PKR 575 Bn / US\$ 5.6 Bn
Net Advances	PKR 279 Bn / US\$ 2.7 Bn
Staff Strength	7,920

Data as of March 2015



Balance Sheet Snapshot

Amount PKR Mn	Mar-14	Dec-14	Mar-15	YoY	QoQ
Cash	64,217	50,516	51,052	-21%	1%
Bal with banks	20,337	12,332	11,990	-41%	-3%
Lending to FI	16,159	18,313	26,809	66%	46%
Advances (net)	255,125	290,597	278,737	9%	-4%
Investments (net)	229,600	324,319	336,189	46%	4%
Fixed & Others	30,448	47,051	37,416	23%	-20%
Total Assets	615,886	743,128	742,193	21%	0%
Deposits	501,477	605,963	575,138	15%	-5%
Sub Loans	9,990	9,987	9,986	0%	0%
Borrowings	48,171	55,233	80,720	68%	46%
Other Liabilities	25,804	27,126	30,232	17%	11%
Total Liabilities	585,442	698,309	696,077	19%	0%
Paid up Capital	13,492	15,872	15,872	18%	0%
Reserves	12,737	21,951	20,971	65%	-4%
Reval Surplus	4,215	6,995	9,273	120%	33%
Total Equity	30,444	44,419	46,116	51%	3%

- Balance sheet size increased by 21% YoY to PRs742bn.
- Lending to FI grew due to Bai Muajjal lending.
- Investment book increased 46% YoY to PKR336bn, further enhancing exposure to PIBs.
- Other assets increased YoY on account of markup receivables on Investments.
- Deposits dropped 5% from year end due to seasonal retirement and shedding of expensive deposits.
- Other borrowings mainly reflects repo borrowings.

Profit & Loss Snapshot

Amount PKR Mn	1Q14	4Q14	1Q15	YoY	QoQ
Interest Income	11,919	15,545	15,900	33%	2%
Interest Expenses	7,630	9,143	9,098	19%	0%
Net Int Income	4,288	6,401	6,802	59%	6%
NPL provisions	62	736	684	1000%	-7%
Inv. Impairment	67	66	14	-79%	-79%
Post Provision Int	4,159	5,599	6,105	47%	9%
Non Int Income	2,055	2,593	2,156	5%	-17%
Op. Expenses	4,511	5,807	5,221	16%	-10%
Profit before tax	1,704	2,385	3,039	78%	27%
Taxation	575	758	1,057	84%	39%
Profit after tax	1,128	1,626	1,982	76%	22%
EPS (Rupees)*	0.71	1.02	1.25	76%	22%

* On current number of shares

- Net Interest Income (NII) increased 59% YoY, backed by 42% growth in average earning assets and expansion in NIMs.
- Provision charges remained higher due to accelerated FSV retirement (>PKR400mn).
- Non interest income grew 5% YoY backed by gain on sale of securities.
- Fee income dropped 16% YoY but likely to pickup in in later half.
- Operating expenses are up 16% YoY due to branch expansion. However, QoQ, operating expenses are down 10%.

Key Ratios

	1Q14	2Q14	3Q14	4Q14	1Q15
Yield on Advances	10.2%	10.1%	10.2%	10.4%	9.8%
Yield on Investments	9.0%	10.0%	10.5%	10.3%	9.9%
Cost of Deposits	5.1%	5.0%	5.3%	5.2%	4.9%
NIM	3.3%	3.9%	4.1%	4.2%	4.2%
ROA	0.7%	0.9%	0.8%	0.9%	1.1%
ROE exc. surplus	16.6%	22.0%	19.6%	19.3%	21.2%
Admin Cost : income	68.2%	67.2%	66.0%	61.9%	56.7%
Gross ADR	53.5%	52.0%	50.8%	50.3%	51.1%
CASA*	73.2%	71.0%	69.3%	69.1%	72.7%
Net Loans (YoY)	9.6%	17.6%	15.4%	11.4%	9.3%
Deposits (YoY)	11.3%	15.9%	14.3%	15.3%	14.7%
NPL ratio	6.8%	6.2%	6.5%	6.4%	6.4%
Coverage	68.2%	70.3%	69.9%	70.1%	76.5%
CAR	11.4%	11.0%	11.5%	12.8%	12.9%

* Includes CASA deposits of FIs

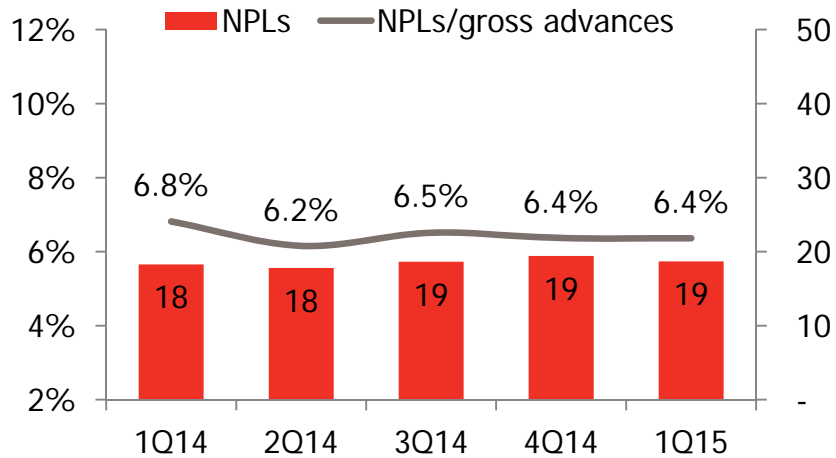
- NIMs improved YoY due to shift in investment mix and re-profiling of Islamic Banking Balance Sheet.
- ROA increased to 1.1% in 1Q 2015 as compared to 0.7% in 1Q 2014.
- Double digit growth in deposits continued with 14.7% YoY growth in 1Q 2015 and CASA mix at 72.7%
- While NPLs trended marginally lower QoQ, coverage improved to 76.5% due to accelerated FSV retirement.
- Capital Adequacy Ratio improved to 12.9% 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.

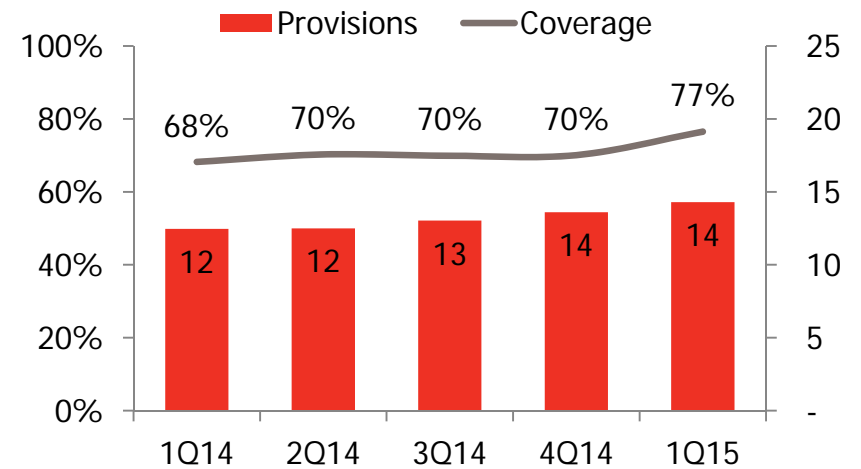
1Q15 Performance Review

Advances & Asset Quality Trends

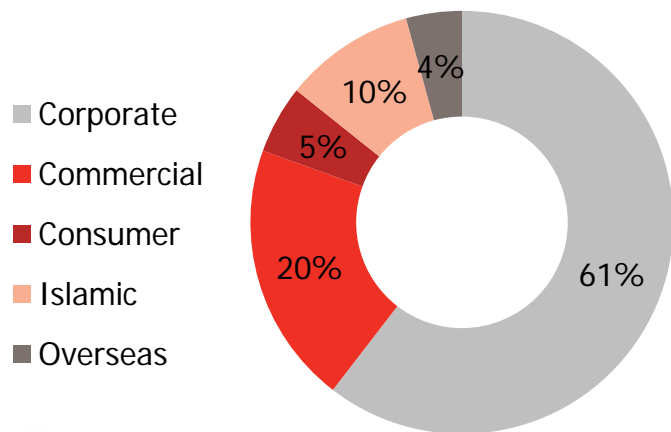
NPL accretion mostly contained



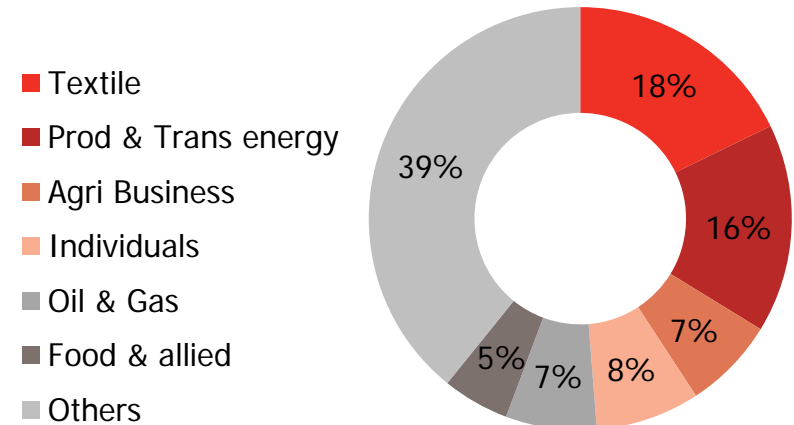
Coverage improved to 77%



Advances composition (March 2015)

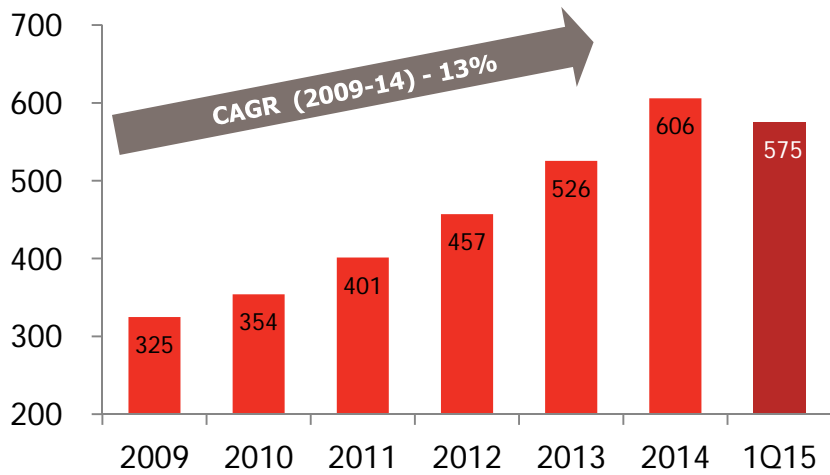


Advances concentration December 2014

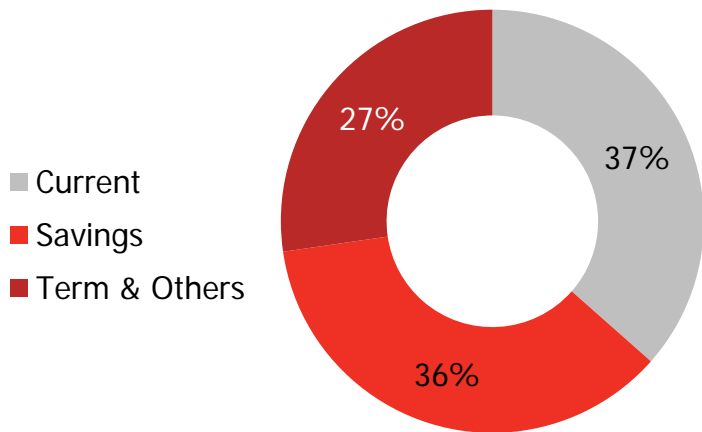


Deposit Mix & Cost

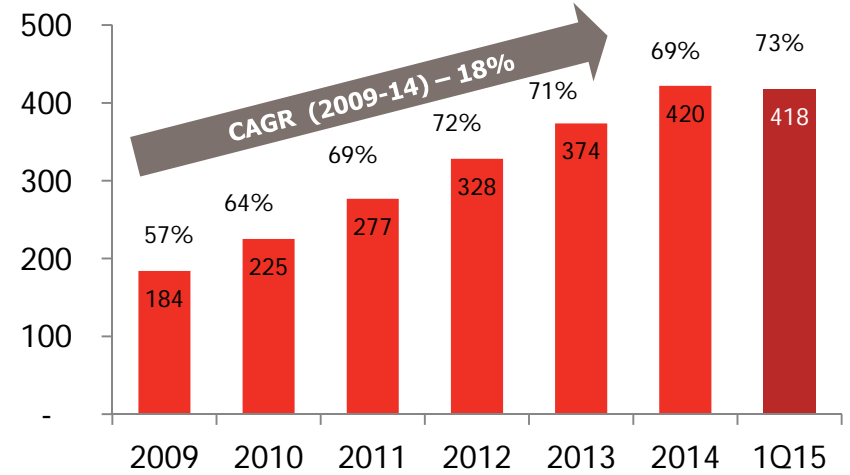
Continuous deposit growth (PKR bn)



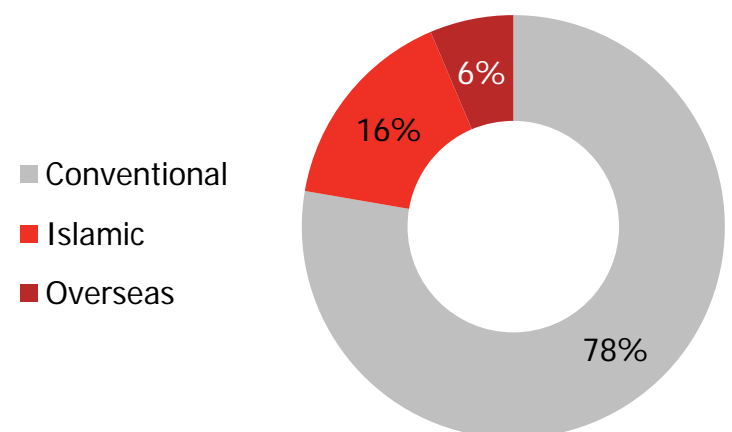
Deposit Mix (March 2015)



CASA continues to remain strong (PKR bn)



Deposits composition (March 2015)



Appendix

The background features a large white shape on the left side, resembling a stylized letter 'C' or a bracket, which overlaps with a dark red area. The right side of the image is filled with various shades of red, from dark maroon to bright orange-red, arranged in a pattern of overlapping, semi-transparent geometric shapes that create a sense of depth and movement.

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 (% of paid up)	-	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 (PRsbn)	44.73
Market Capitalization (US\$m) [*]	439.59
Average Daily Turnover (mn shares)	2.75
Average Daily Turnover (US\$m) [*]	0.81
Current Stock Price ^{**}	28.18
12M High/Low ^{**}	34.88/24.42

* Using PRs/US\$ parity of PRs101.75

** Stock Price as of 11th May 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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