



Bank Alfalah

Analyst Briefing – 1Q 2016

Performance Review & Outlook

4th May 2016

Basic Data & Market Positioning

Commencement of operations	1997
Head Quarters	Karachi
Major Sponsors	Dhabi Group
Credit Rating (Long Term/ Short Term)	AA / A1+
Branches	653 (including 158 Islamic Branches)
Cities Covered	225 cities in Pakistan, 7 cities overseas
International Presence	11 International Branches in 3 countries
Market Share	6.5% of deposits (6 th Largest by size)
Assets	PKR 861 Bn / US\$ 8.2 Bn
Deposits	PKR 623 Bn / US\$ 6.0 Bn
Net Advances	PKR 323 Bn / US\$ 3.0 Bn (4 th Largest by size)
Staff Strength	7,886

Data as of March 2016

Balance Sheet Snapshot

Amount PKR Mn	Mar-15R	Dec-15R	Mar-16	YoY	YTD
Cash	51,052	62,370	43,761	-14%	-30%
Bal with banks	11,990	16,552	14,272	19%	-14%
Lending to FI	26,809	27,626	12,533	-53%	-55%
Advances (net)	283,755	334,159	323,481	14%	-3%
Investments (net)	336,189	423,100	434,959	29%	3%
Fixed & Others	32,398	38,802	32,273	0%	-17%
Total Assets	742,193	902,609	861,278	16%	-5%
Deposits	575,138	640,189	623,359	8%	-3%
Sub Loans	9,986	9,983	9,982	0%	0%
Borrowings	91,500	182,127	154,329	69%	-15%
Other Liabilities	19,452	16,955	18,565	-5%	9%
Total Liabilities	696,077	738,607	849,255	22%	15%
Paid up Capital	15,872	15,898	15,898	0%	0%
Reserves	20,971	26,527	27,445	31%	3%
Reval Surplus	9,273	10,928	11,700	26%	7%
Total Equity	46,117	50,806	53,353	16%	5%

- Balance sheet footing increased 16% YoY to PKR 861bn.
- Cash Balances declined 14% YoY, reflecting minimization of non-earning assets.
- Advances picked up 14% YoY to PKR323bn. YTD drop in loans is due to seasonal impact of commodity and agri loans.
- Certain items in the Balance Sheet of Dec 2015 and Mar 2016 have been reclassified as per directives of the SBP.
- Deposits grew 8% YoY to PKR 623bn, while CASA deposits increased 15% enhancing CASA to 77%.
- Other borrowings at PKR154bn, mainly reflect repo borrowings of PKR104bn.

Profit & Loss Snapshot

Amount PKR Mn	1Q15	4Q15	1Q16	YoY	QoQ
Interest Income	15,900	15,227	14,944	-6%	-2%
Interest Expenses	9,098	7,835	7,850	-14%	0%
Net Int Income	6,802	7,392	7,095	4%	-4%
NPL provisions	684	890	229	-67%	-74%
Inv. Impairment	14	44	12	-16%	-74%
Post Provision Int	6,105	6,458	6,854	12%	6%
Non Int Income	2,187	2,068	2,362	8%	14%
Op. Expenses	5,253	6,205	5,422	3%	-13%
Profit before tax	3,039	2,320	3,794	25%	64%
Taxation	1,057	843	1,327	26%	57%
Profit after tax	1,982	1,477	2,467	24%	67%
EPS (Rupees)	1.25	0.93	1.55	24%	67%
DPS (Rupees)	-	1.0	-	NA	NA

- Net Interest Income grew 4% YoY, reflecting increase in average earnings assets, compensating drop in yields.
- NPL provisions declined 67% YoY, despite subjective classification of a PKR1.3bn loan.
- Excluding the subjective provisioning, NPL provisions would have seen a net reversal of PKR224mn.
- Non interest income increased 8%, drop in FX income compensated by fees and dividend income.
- YoY growth in operating expenses contained at 3% to PKR5.4bn.
- Profit After Tax increased by 67% to PKR2.5bn while Earnings Per Share was recorded at PKR1.55.

Key Ratios

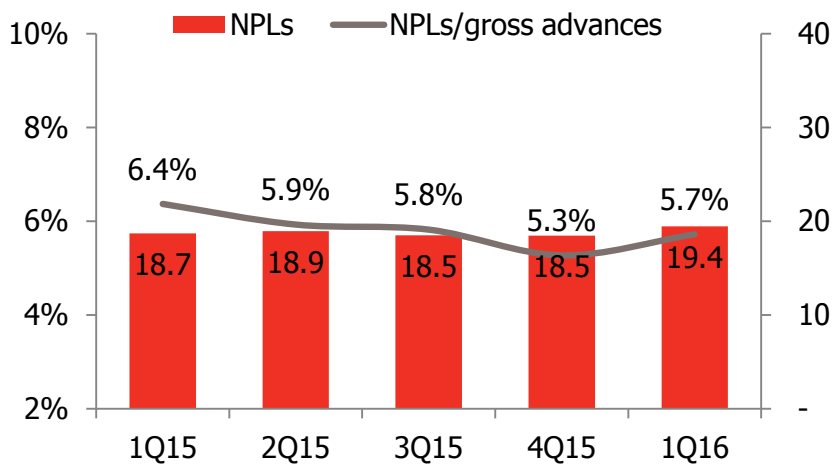
	1Q15	2Q15	3Q15	4Q15	1Q16
Yield on Advances	9.8%	8.6%	7.6%	7.3%	6.9%
Yield on Investments	9.9%	9.4%	9.0%	8.7%	8.2%
Cost of Deposits	4.9%	4.1%	3.5%	3.4%	3.3%
NIM	4.2%	4.2%	4.2%	3.9%	3.6%
ROA	1.1%	0.9%	1.20%	0.7%	1.1%
ROE exc. Surplus	21.2%	18.3%	23.6%	14.2%	23.0%
Admin Cost : income	56.7%	54.7%	58.0%	64.9%	57.8%
Gross ADR	51.1%	52.8%	54.2%	54.7%	54.5%
CASA	72.7%	75.6%	73.4%	74.5%	77.4%
Net Loans (YoY)	9.3%	10.1%	10.8%	12.6%	16.1%
Deposits (YoY)	14.7%	8.8%	4.0%	5.6%	8.4%
NPL ratio	6.4%	5.9%	5.8%	5.3%	5.7%
Coverage	76.5%	77.6%	80.0%	83.7%	80.6%
CAR	12.9%	13.4%	14.1%	13.4%	13.9%

- Despite 220bps drop in average DR, NIMs decline contained to 60bps YoY.
- ROA remained stable at 1.1% in 1Q16 while ROE increased to 23.0% versus 21.2% in 1Q of last year.
- Admin cost to income ratio stands at 57.8%, slightly higher YoY, amid slower growth in total income.
- CASA mix further enhanced to 77.4%, up 480bps from last year and 290bps from Dec 2015.
- NPL ratio inched up to 5.7%, due to subjective classification; which also reduced specific coverage to 81%.
- CAR also strengthened to 13.9% (post-dividend) from 13.4% at the end of 2015.

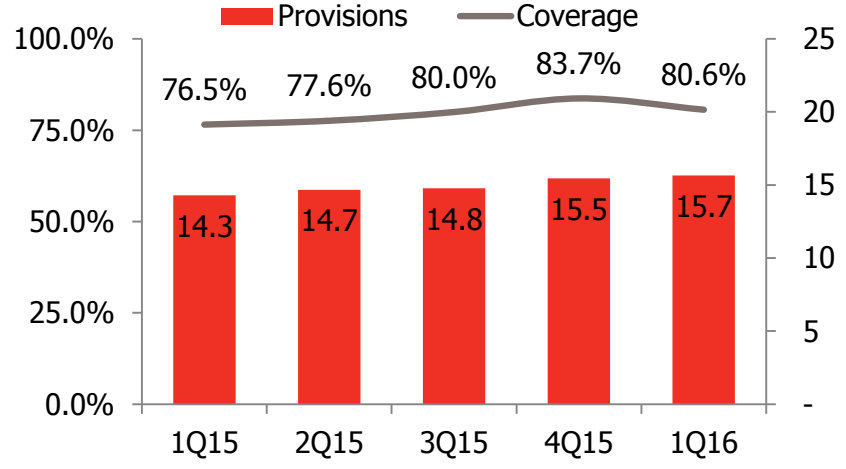
1Q16 Performance Review

Advances & Asset Quality Trends

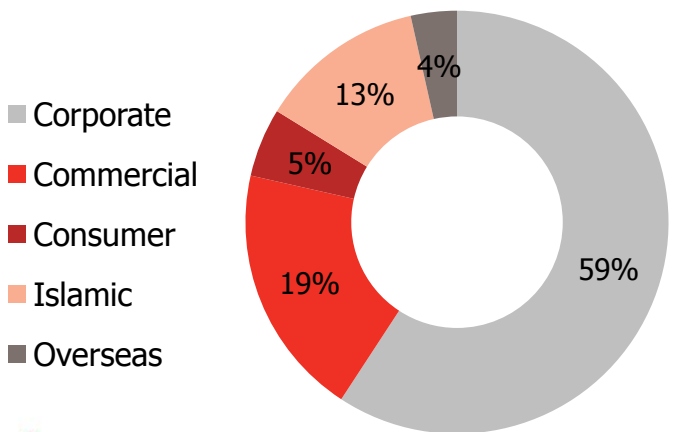
NPLs mostly contained



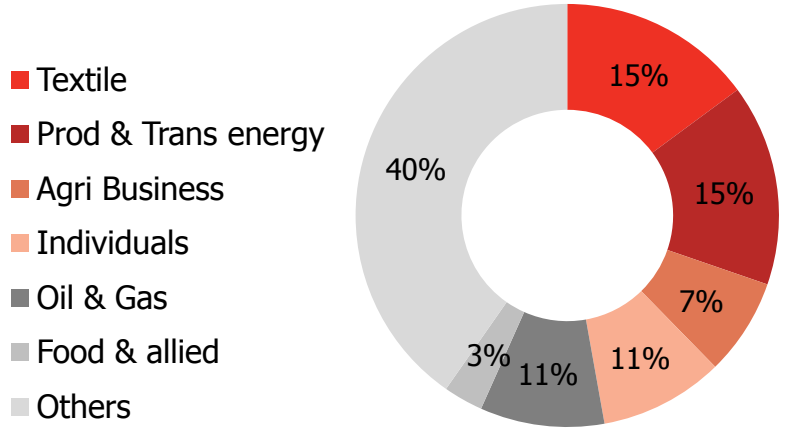
Specific Coverage improved to 81%



Advances composition (Mar 2016)

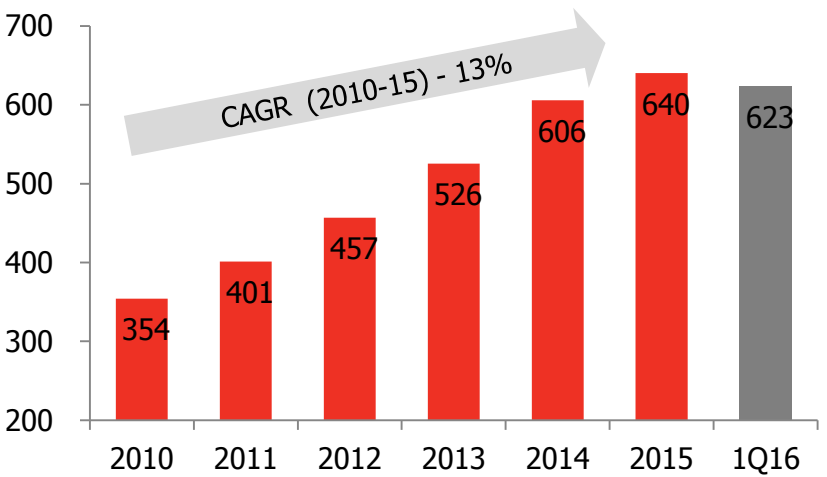


Advances concentration (Dec 2015)

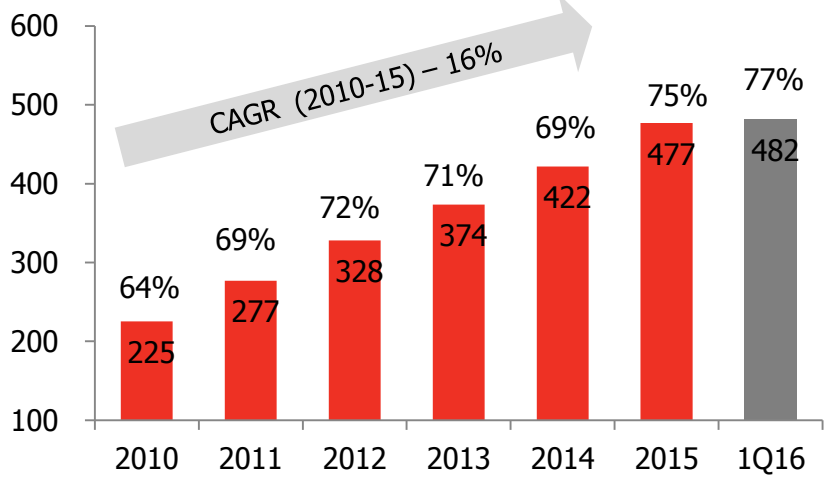


Deposit Mix & Cost

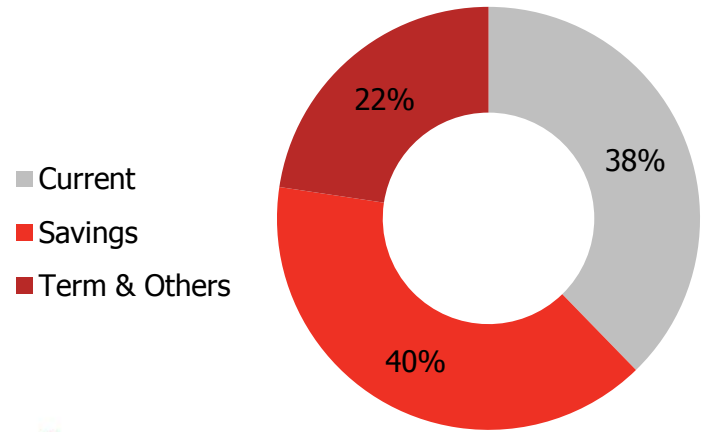
Deposit growth trend (PKR bn)



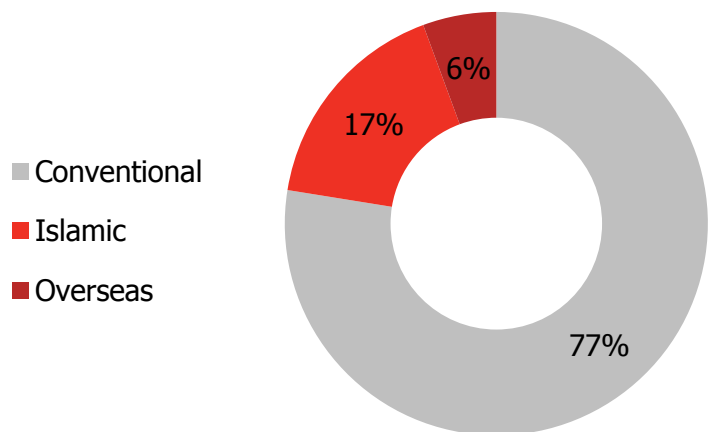
CASA continues to remain strong (PKR bn)



Deposit Mix (Mar 2016)



Deposits composition (Mar 2016)



Appendix

Balance Sheet Summary

Amount in PKR Mn	2010	2011	2012	2013	2014	2015	5yr-CAGR
Cash & Bal. with treasury bank	41,198	50,883	58,044	61,205	55,378	62,369	9%
Balances with other banks	16,179	17,424	26,721	35,180	12,332	16,552	0%
Lending to FIs	6,498	7,765	877	2,522	18,313	27,626	34%
Advances (net)	207,153	198,469	233,933	260,780	290,597	334,159	10%
Investments (net)	113,426	166,532	189,487	219,690	324,319	423,100	30%
Fixed & Other Assets	27,031	27,221	27,506	31,237	47,051	38,802	7%
Total Assets	411,484	468,294	536,468	610,614	743,128	902,608	17%
Deposits	354,015	401,233	457,044	525,526	605,963	640,189	13%
Subordinated Loans	7,567	7,149	5,875	9,991	9,987	9,983	6%
Borrowings	13,700	18,169	21,228	23,115	55,233	172,393	66%
Other Liabilities	13,896	16,190	22,362	20,081	27,126	26,690	14%
Total Liabilities	389,178	442,741	506,509	578,713	698,309	849,255	17%
Paid up Capital	13,492	13,492	13,492	13,492	15,872	15,898	3%
Reserves & Retained Profit	6,235	9,125	12,010	14,774	21,951	26,527	34%
Revaluation Surplus	2,579	2,937	4,558	3,636	6,995	10,928	33%
Total Equity	22,306	25,554	30,059	31,902	44,819	53,353	19%

Profit & Loss Summary

Amount in PKR Mn	2010	2011	2012	2013	2014	2015	5yr-CAGR
Interest income	37,530	44,298	46,080	43,961	55,378	61,458	10%
Interest expense	23,855	25,687	27,500	27,066	33,505	32,811	7%
Net interest income	13,675	18,611	18,580	16,895	21,873	28,648	16%
NPL Provisions	2,269	1,870	1,850	959	1,448	2,150	-1%
Investment impairment	1,991	2,459	1,709	95	86	137	-41%
Post Provisions Interest Inc	9,414	14,281	15,021	15,841	20,340	26,361	23%
Non interest income	4,708	5,368	7,281	8,279	9,036	8,841	13%
Operating expenses	12,754	14,215	15,519	17,313	20,863	22,598	12%
Profit before taxation	1,369	5,434	6,783	6,807	8,513	12,604	56%
Taxation	400	1,931	2,227	2,131	2,873	5,081	66%
Profit after taxation	968	3,503	4,556	4,676	5,641	7,523	51%
EPS (Rupees)	0.72	2.60	3.38	3.41	4.09	4.73	46%
Dividend (% of paid up)	-	17.5%	20.0%	20.0%	20.0%	10.0%	NA

Key Ratios

	2010	2011	2012	2013	2014	2015
Capital Adequacy Ratio (Tier-I)	7.1%	8.6%	8.5%	8.4%	9.6%	9.7%
Capital Adequacy Ratio Total	10.5%	11.6%	12.6%	12.1%	12.8%	13.4%
Net Interest Margins	4.1%	5.1%	4.4%	3.5%	3.9%	4.2%
Admin Cost to Income Ratio	68.4%	57.7%	58.8%	68.7%	65.4%	58.6%
Non Interest Income as % of total	25.6%	22.4%	28.2%	32.9%	28.9%	23.6%
Advance to Deposit Ratio (ADR)	61.7%	52.7%	54.3%	52.1%	50.3%	53.7%
YoY Deposit Growth	9.0%	13.3%	13.9%	15.0%	15.3%	5.6%
YoY Advances Growth	10.2%	-4.2%	17.9%	11.5%	11.4%	12.6%
YoY Investments Growth	14.4%	46.8%	13.8%	15.9%	47.6%	22.4%
CASA Ratio*	63.6%	69.0%	71.8%	71.1%	69.1%	74.5%
NPL Ratio	8.4%	9.0%	8.9%	6.6%	6.4%	5.4%
Coverage Ratio	58.0%	64.6%	62.5%	69.3%	70.1%	83.7%
ROA	0.3%	0.8%	0.9%	0.8%	0.9%	0.9%
ROE exc. Reval surplus	4.8%	16.4%	19.4%	18.0%	18.9%	19.0%
ROE inc. Reval surplus	4.3%	14.5%	16.8%	15.6%	16.1%	15.2%
Book Value /share (incl Rev)	16.53	18.94	22.28	23.65	28.24	33.56

* Includes CASA deposits of FIs

Stock Market Related Data

Bloomberg Code	BAFL PA
Reuters Code	BAFL.KA
Shares Outstanding (mn)	1589.81
Market Capitalization (PRsbn)	40.0
Market Capitalization (US\$m)*	383
Average Daily Turnover (mn shares)	1.1
Average Daily Turnover (US\$m)*	0.35
Current Stock Price**	25.17
12M High/Low**	30.25/23.70

* Using PRs/US\$ parity of PRs104.8

** Stock Price as of 3rd May 2016

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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