



Bank Alfalah

Analyst Briefing –2015 Performance Review & Outlook

14th March 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	222 cities in Pakistan, 7 cities overseas
International Presence	11 International Branches in 3 countries
Market Share	6.6% of deposits (6 th Largest by size)
Assets	PKR 903 Bn / US\$ 8.6 Bn
Deposits	PKR 640 Bn / US\$ 6.1 Bn
Gross Advances	PKR 343 Bn / US\$ 3.3 Bn (4 th Largest by size)
Staff Strength	7,798

Data as of December 2015

Balance Sheet Snapshot

Amount PKR Mn	Dec-14	Sep-15	Dec-15	YoY	QoQ
Cash	50,516	43,020	62,369	23%	45%
Bal with banks	12,332	9,678	16,552	34%	71%
Lending to FI	18,313	32,854	53,629	193%	63%
Advances (net)	290,597	302,113	327,298	13%	8%
Investments (net)	324,319	365,439	397,097	22%	9%
Fixed & Others	47,051	36,308	45,663	-3%	26%
Total Assets	743,128	789,413	902,608	21%	14%
Deposits	605,963	585,997	640,189	6%	9%
Sub Loans	9,987	9,984	9,983	0%	0%
Borrowings	55,233	113,001	172,393	212%	53%
Other Liabilities	27,126	29,624	26,690	-2%	-10%
Total Liabilities	698,309	738,607	849,255	22%	15%
Paid up Capital	15,872	15,898	15,898	0%	0%
Reserves	21,951	24,985	26,527	21%	6%
Reval Surplus	6,995	9,923	10,928	56%	10%
Total Equity	44,819	50,806	53,353	19%	5%

- Balance sheet footing increased by 21% YoY to PKR 903bn.
- Advances growth picked up to 13% YoY. Major growth remained in energy sector.
- Lending to FI stands at PKR54bn, incl PKR38bn under Bai-Muajjal versus PKR15bn last year.
- Investment book grew 22% to PKR365bn mainly tilted towards PIBs.
- Slower deposit growth (up 6% YoY) is due to deposit re-profiling, as CASA ratio improved more than 500bp to 75%
- Other borrowings mainly reflects repo borrowings of PKR129bn.

Profit & Loss Snapshot

Amount PKR Mn	3Q15	4Q15	QoQ	2014	2015	YoY
Interest Income	14,981	15,227	2%	55,378	61,458	11%
Interest Expenses	7,640	7,835	3%	33,505	32,811	-2%
Net Int Income	7,341	7,392	1%	21,873	28,647	31%
NPL provisions	124	890	617%	1,448	2,150	48%
Inv. Impairment	19	44	133%	86	137	59%
Post Provision Int	7,198	6,458	-10%	20,340	26,360	30%
Non Int Income	2,045	2,067	1%	8,876	8,841	0%
Op. Expenses	5,538	6,205	12%	20,702	22,598	9%
Profit before tax	3,705	2,319	-37%	8,514	12,604	48%
Taxation	1,366	843	-38%	2,873	5,081	77%
Profit after tax	2,340	1,476	-37%	5,640	7,522	33%
EPS (PKR) – Basic	1.47	0.93	-37%	4.09	4.73	16%
DPS (PKR)				2.0	1.0	-50%

- Net Interest Income increased 31% YoY, reflecting increase in NIMs and 28% increase in average earnings assets.
- NPL provisions up 48% to PKR2.2bn; higher charge reflects early retirement of FSV benefit and hence ramping up specific coverage to 84% from 70%.
- Non interest income almost flat YoY, drop in FX income compensated by gain on sales of securities.
- YoY growth in operating expenses contained at 9%, despite impact of 74 new branches and one-off impact of 180bps on YoY growth.
- Profit after tax grew 33% to PKR7.5bn with EPS at PKR4.73. Excluding prior tax impact and early FSV retirement, PAT would have been higher by PKR1.1bn

Key Ratios

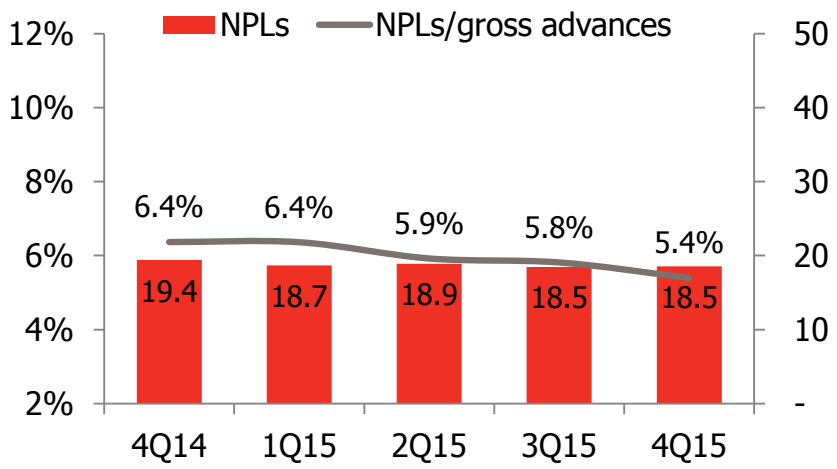
	1Q15	2Q15	3Q15	4Q15	2014	2015
Yield on Advances	9.8%	8.6%	7.6%	7.3%	10.2%	8.4%
Yield on Inv	9.9%	9.4%	9.0%	8.7%	9.2%	10.0%
Cost of Deposits	4.9%	4.1%	3.5%	3.4%	5.2%	4.0%
NIM	4.2%	4.2%	4.2%	4.2%	3.9%	4.2%
ROA	1.1%	0.9%	1.20%	0.7%	0.9%	0.9%
ROA exc prior tax		1.2%				1.0%
ROE exc. Surplus	21.2%	18.3%	23.6%	14.2%	18.9%	19.0%
ROE exc prior tax		24.3%				20.4%
Admin Cost : inc	56.7%	54.7%	58.0%	64.9%	65.4%	58.6%
Gross ADR	51.1%	52.8%	54.2%	53.7%	50.3%	53.7%
CASA*	72.7%	75.6%	73.4%	74.5%	69.1%	74.5%
Net Loans (YoY)	9.3%	10.1%	10.8%	12.6%	11.4%	12.6%
Deposits (YoY)	14.7%	8.8%	4.0%	5.6%	15.3%	5.6%
NPL ratio	6.4%	5.9%	5.8%	5.4%	6.4%	5.4%
Coverage	76.5%	77.6%	80.0%	83.7%	70.1%	83.7%
CAR	12.9%	13.4%	14.1%	13.4%	12.8%	13.4%

- NIMs remained stable at 4.2% helped by lower cost of deposits offsetting the drop in advances yield.
- ROA remained stable at 0.9% despite tax impact and early retirement charge of FSV benefit. Excluding prior tax and FSV impact, ROA & ROE would have been 1.1% and 21.7%, respectively.
- Cost to income ratio depicted improvement in 2015 at 58.6% versus 65.4% in the last year.
- Deposit reprofiling enhanced CASA mix to 74.5% vs 69.1% at the end of 2014.
- NPL ratio further improved to 5.4%, whereas specific coverage reached 83.7% (88% incl general provisions).
- CAR also strengthened to 13.4% from 12.8% at the end of 2014.

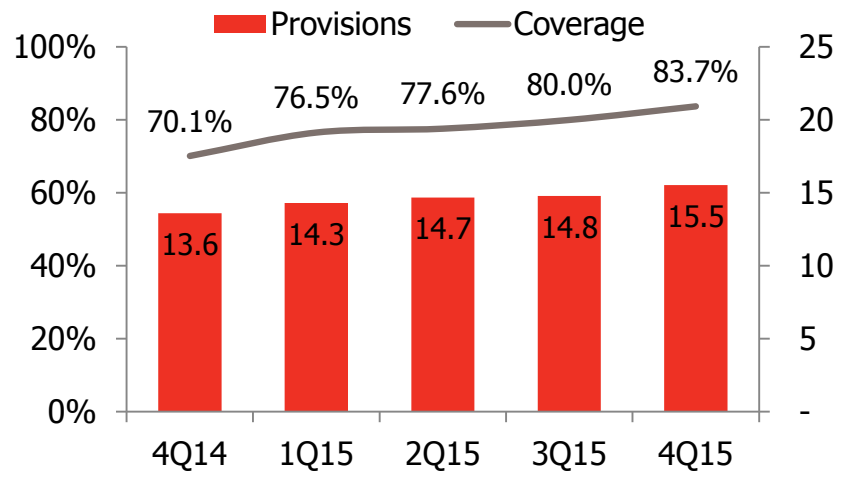
4Q15 Performance Review

Advances & Asset Quality Trends

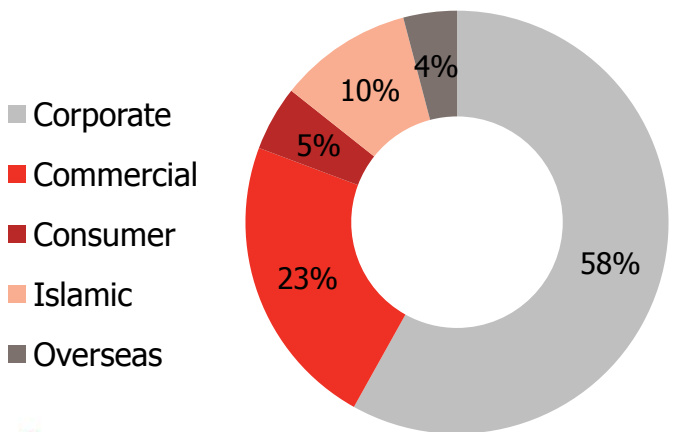
NPLs mostly contained



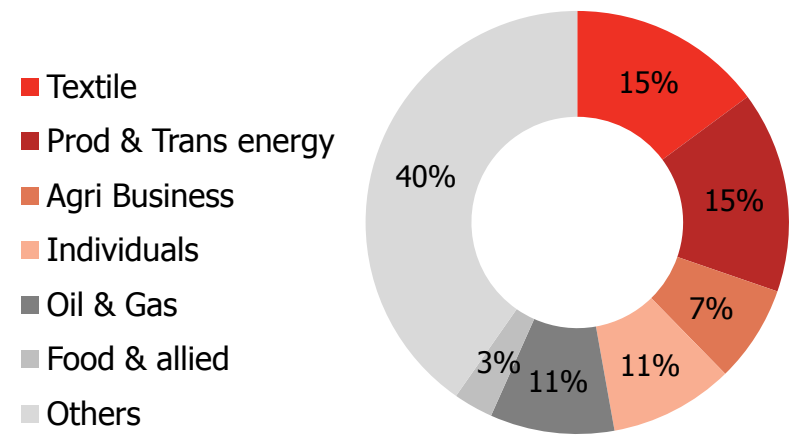
Specific Coverage improved to 84%



Advances composition (Dec 2015)

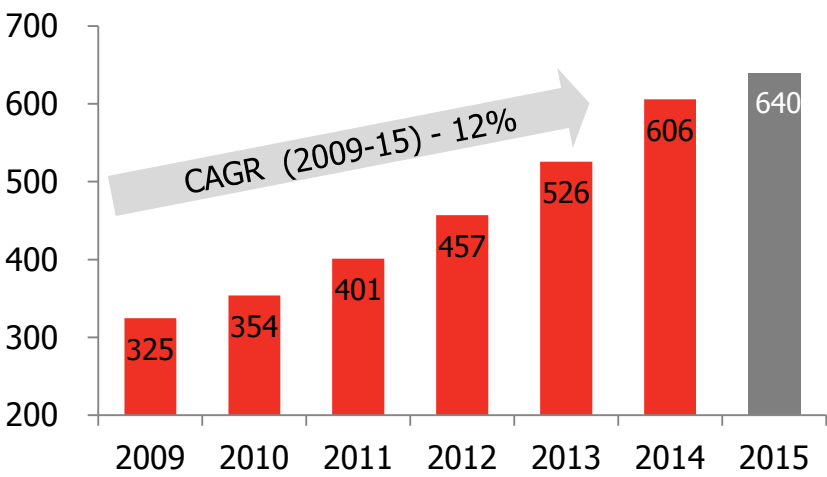


Advances concentration (Dec 2015)

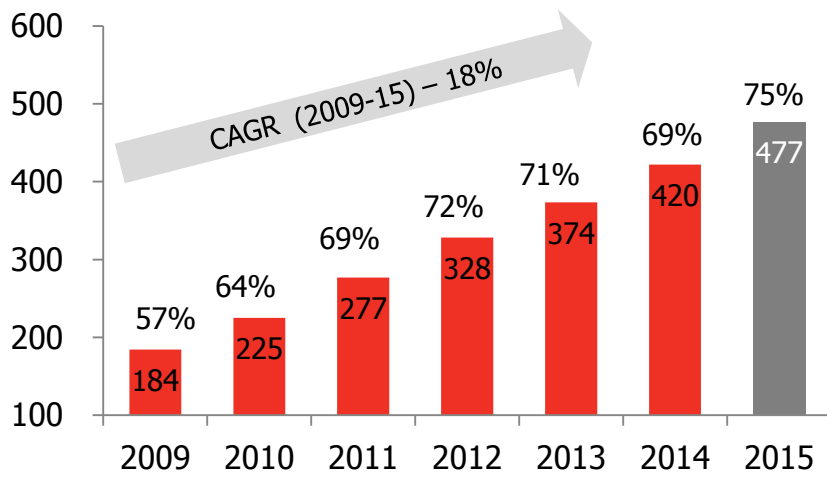


Deposit Mix & Cost

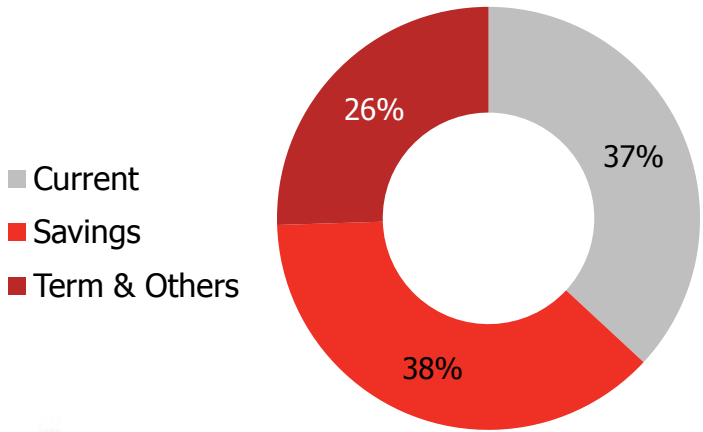
Deposit growth trend (PKR bn)



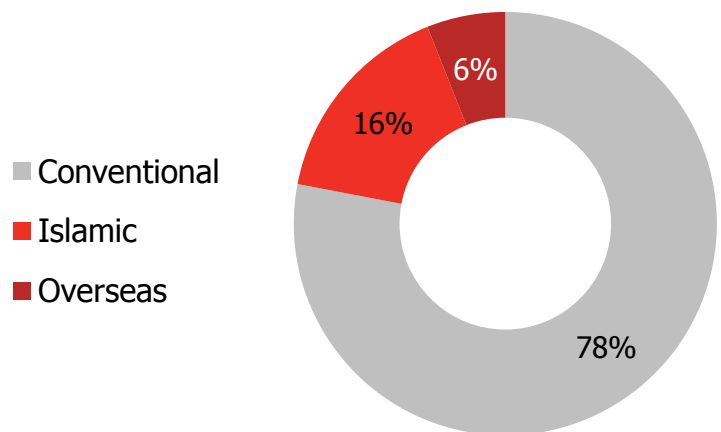
CASA continues to remain strong (PKR bn)



Deposit Mix (Dec 2015)



Deposits composition (Dec 2015)



Appendix

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. The red shapes are layered, creating a sense of depth and movement. The overall composition is modern and minimalist.

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	53,629	53%
Advances (net)	207,153	198,469	233,933	260,780	290,597	397,097	14%
Investments (net)	113,426	166,532	189,487	219,690	324,319	327,298	24%
Fixed & Other Assets	27,031	27,221	27,506	31,237	47,051	45,663	11%
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)	41.0
Market Capitalization (US\$m)*	391.4
Average Daily Turnover (mn shares)	1.2
Average Daily Turnover (US\$m)*	0.35
Current Stock Price**	25.80
12M High/Low**	30.91/23.82

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

** Stock Price as of 11th March 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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