



Bank Alfalah

Analyst Briefing – 3Q 2015 Performance Review & Outlook

30th October 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	649 (including 158 Islamic Branches)
Cities Covered	222 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 789 Bn / US\$ 7.5 Bn
Deposits	PKR 586 Bn / US\$ 5.6 Bn
Net Advances	PKR 302 Bn / US\$ 2.9 Bn
Staff Strength	7,693

Data as of September 2015

Balance Sheet Snapshot

Amount PKR Mn	Sep-14	Dec-14	Sep-15	YoY	YTD
Cash	44,844	50,516	43,020	-4%	-15%
Bal with banks	13,796	12,332	9,678	-30%	-22%
Lending to FI	40,690	18,313	32,854	-19%	79%
Advances (net)	272,574	290,597	302,113	11%	4%
Investments (net)	260,132	324,319	365,439	40%	13%
Fixed & Others	35,132	47,051	36,308	3%	-23%
Total Assets	667,168	743,128	789,413	18%	6%
Deposits	563,599	605,963	585,997	4%	-3%
Sub Loans	9,988	9,987	9,984	0%	0%
Borrowings	33,144	55,233	113,001	241%	105%
Other Liabilities	27,183	27,126	29,624	9%	9%
Total Liabilities	633,914	698,309	738,607	17%	6%
Paid up Capital	13,492	15,872	15,898	18%	0%
Reserves	16,025	21,951	24,985	56%	14%
Reval Surplus	3,737	6,995	9,923	166%	42%
Total Equity	33,254	44,819	50,806	53%	13%

- Balance sheet size increased by 18% YoY to PKR 789bn, mainly reflected in investments and advances.
- Lending to FI stands at PKR33bn, including PKR25bn under Bai-Muajjal.
- Investment book grew by 40% YoY to PKR365bn mainly tilted towards PIBs.
- Advances growth also picked up to 11% YoY.
- Slower deposit growth (up 4% YoY) is due to impact of WHT tax on non-filers and re-profiling of deposits mix.
- Other borrowings mainly reflects repo borrowings.
- Share capital increased on account of IFC and ESOS shares issuance.

Profit & Loss Snapshot

Amount PKR Mn	3Q14	3Q15	YoY	9M14	9M15	YoY
Interest Income	14,796	14,981	1%	39,834	46,231	16%
Interest Expenses	8,892	7,640	-14%	24,362	24,976	3%
Net Int Income	5,904	7,341	24%	15,472	21,255	37%
NPL provisions	509	124	-76%	712	1,260	77%
Inv. Impairment	-5	19	NM	20	93	372%
Post Provision Int	5,400	7,198	33%	14,741	19,902	35%
Non Int Income	1,998	2,045	2%	6,234	6,773	9%
Op. Expenses	5,246	5,538	6%	14,846	16,393	10%
Profit before tax	2,151	3,705	72%	6,129	10,283	68%
Taxation	747	1,366	83%	2,114	4,238	100%
Profit after tax	1,405	2,340	67%	4,015	6,045	51%
EPS (Rupees)	1.02	1.47	44%	2.92	3.80	30%
Prior Period Tax	-	-		-	568	
PAT ex. prior Tax	1,405	2,340	67%	4,015	6,613	65%
EPS ex. prior tax	1.02	1.47	44%	2.92	4.16	

- Net Interest Income increased 24% YoY due to decline in cost of funds.
- Provisions against NPLs dropped to PKR124mn in 3Q2015.
- Non interest income is up 2.0% YoY, as lower FX income offset the growth in fee income.
- Core fees income increased by 13% YoY in 3Q2015 to PKR1.1bn.
- YoY growth in operating expenses contained at 6% in 3Q2015, despite impact of 74 new branches.
- Profit after tax grew 67% in 3Q2015 to PKR2.3bn and 51% in 9M2015 to PKR6.0bn.

Key Ratios

	3Q14	4Q14	1Q15	2Q15	3Q15
Yield on Advances	10.2%	10.4%	9.8%	8.6%	7.6%
Yield on Investments	10.5%	10.3%	9.9%	9.4%	9.0%
Cost of Deposits	5.3%	5.2%	4.9%	4.1%	3.5%
NIM	4.1%	4.2%	4.2%	4.2%	4.2%
ROA	0.8%	0.9%	1.1%	0.9%	1.20%
ROA exc prior tax				1.2%	
ROE exc. Surplus	19.6%	19.3%	21.2%	18.3%	23.6%
ROE exc prior tax				24.3%	
Admin Cost : income	66.0%	61.9%	56.7%	54.7%	58.0%
Gross ADR	50.8%	50.3%	51.1%	52.8%	54.2%
CASA*	69.3%	69.1%	72.7%	75.6%	73.4%
Net Loans (YoY)	15.4%	11.4%	9.3%	10.1%	10.8%
Deposits (YoY)	14.3%	15.3%	14.7%	8.8%	4.0%
NPL ratio	6.5%	6.4%	6.4%	5.9%	5.8%
Coverage	69.9%	70.1%	76.5%	77.6%	80.0%
CAR	11.5%	12.8%	12.9%	13.4%	14.1%

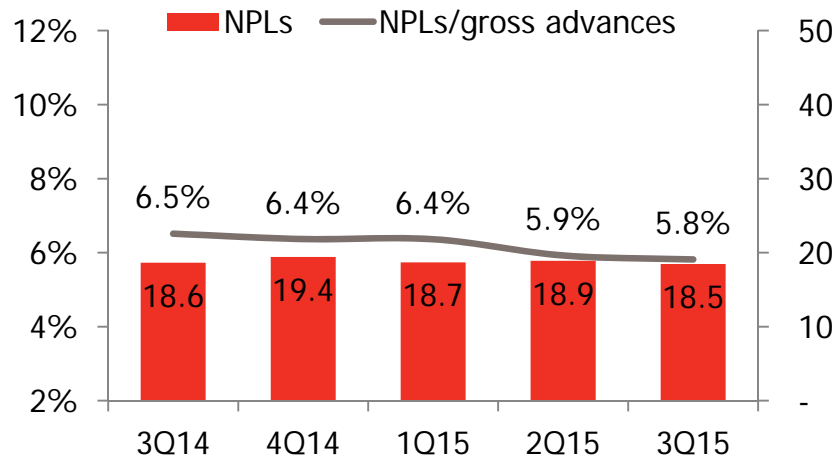
- NIMs remained stable at 4.2% in 3Q2015 as lower cost of deposits offset the decline in asset yields.
- ROA improved to 1.2% in 3Q2015 while ROE also increased to 23.6%
- Contained growth in admin expenses supporting cost to income ratio.
- CASA mix increased to 73.4% vs 69% at end 2014.
- NPL ratio further improved to 5.8%, whereas coverage reached 80.0%.
- CAR also strengthened to 14.1% from 12.8% at the end of 2014.

The slide features a background of overlapping, semi-transparent geometric shapes in various shades of red and orange. A large white shape, resembling a stylized arrow or a speech bubble, points from the left side towards the center. The text "3Q15 Performance Review" is written in a red, sans-serif font within this white shape.

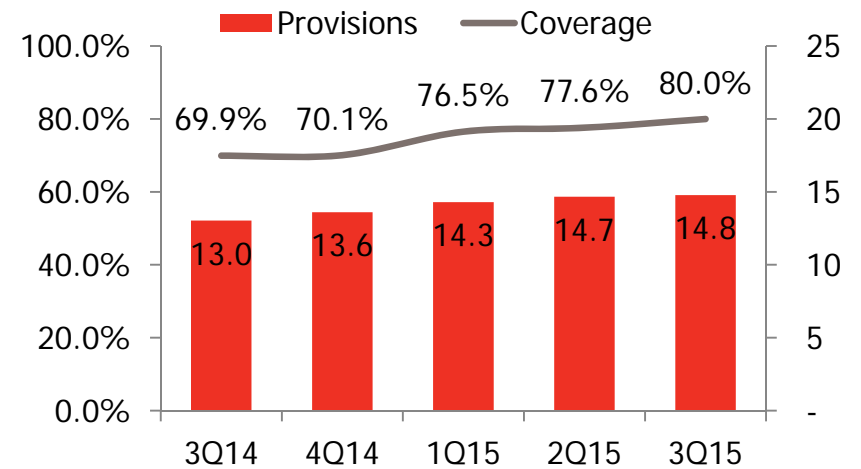
3Q15 Performance Review

Advances & Asset Quality Trends

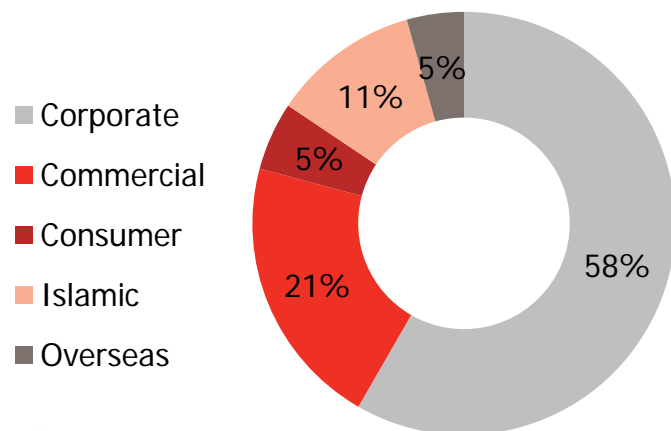
NPLs mostly contained



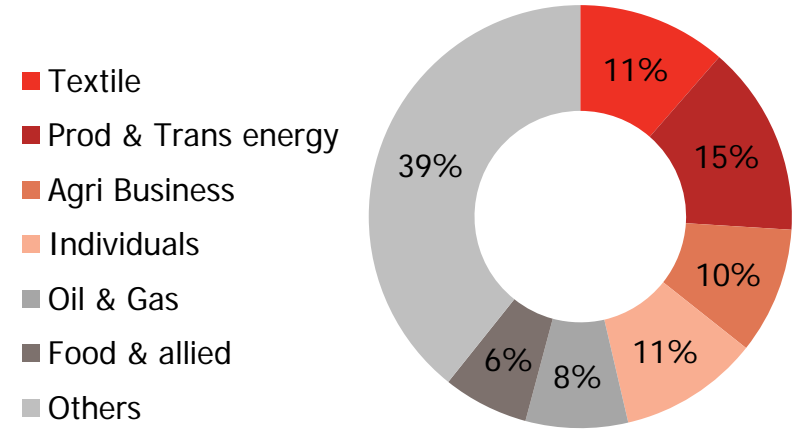
Coverage improved to 80%



Advances composition (Sep 2015)

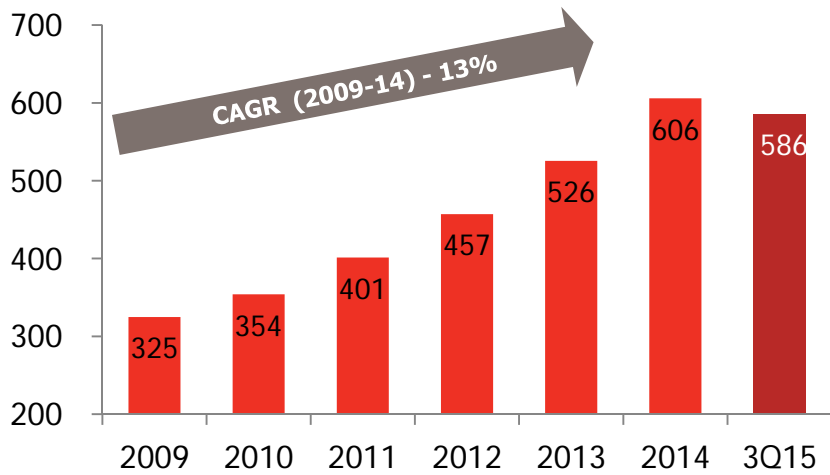


Advances concentration (Sep 2015)

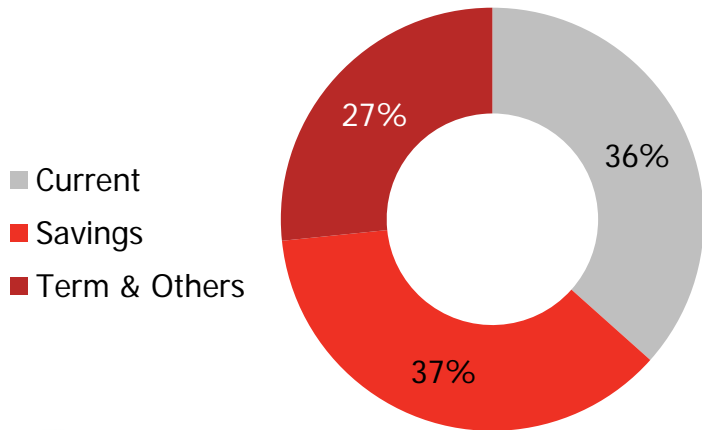


Deposit Mix & Cost

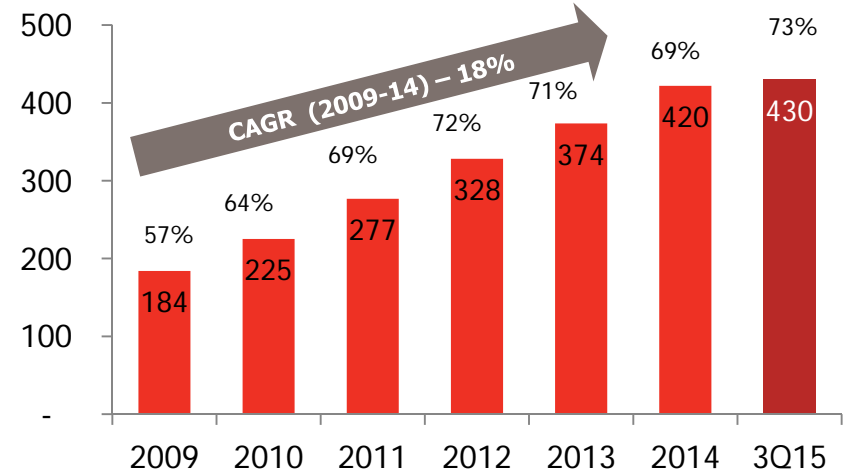
Deposit growth trend (PKR bn)



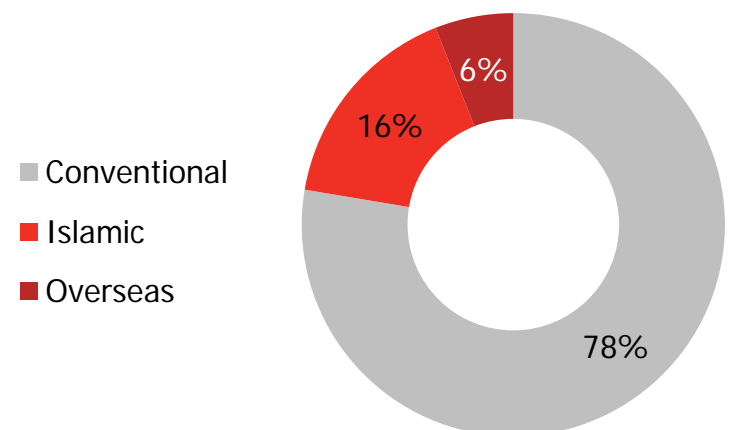
Deposit Mix (Sep 2015)



CASA continues to remain strong (PKR bn)



Deposits composition (Sep 2015)



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 (% 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)	1589.81
Market Capitalization (PRsbn)	46.23
Market Capitalization (US\$m) [*]	438.17
Average Daily Turnover (mn shares)	2.11
Average Daily Turnover (US\$m) [*]	0.60
Current Stock Price ^{**}	29.08
12M High/Low ^{**}	34.88/23.90

* Using PRs/US\$ parity of PRs105.5

** Stock Price as of 29th October 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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