Digital base enhancing at an accelerated pace – Total Customers ~ 27M

Employee Banking maintaining dominance with 1.13m accounts

Key Indicators

HBL Mobile & Internet Banking - 1.4M Subscribers

- Trans. Vol (Rs B) - H1 19: 125, H1 20: 215
- Trans. Count (M) - H1 19: 9.5, H1 20: 16.8

Cash Management throughput up 35% despite lockdowns

- Collection Volumes - H1 19: 1,557, H1 20: 2,107
- Payment Volumes - H1 19: 231, H1 20: 673

HBL Konnect – volumes more than doubled

- Spend (Rs Bn) - H1'19: 42.1, H1'20: 94.4
- Trans. Vol (Rs Bn) - H1'19: 10.7, H1'20: 11.2

Cards base 5.8m – Industry leadership

- Spend (Rs Bn) - H1 19: 47, H1 20: 49
**Domestic Deposits** - leadership maintained, reached nearly Rs 2.4t

- Dec 19: 2,172, 13.8%, 50.8%, 35.4%
- Jun 20: 2,391, 14.3%, 49.7%, 36.0%

**Trade Volumes** – H1’20 market share increased to 10%; Jun’20 at 14%

- Dec 19: 4.3, 0.6, 9.3%, 3.7
- H1 19: 3.7
- Jun 20: 4.2, 0.7, 9.9%, 3.4
- H1 20: 3.4

**Advances - Rs 1.1 Trillion, with ADR at 43.2%**

- H1 19: Intl 1,167, Dom 976
- Jun 20: Intl 1,149, Dom 937

**Investments - Rs 1.6 Trillion, mix skewed towards PIBs**

- H1 19: PIBs 1,380, T-Bills 623, Others 27.0%
- Jun 20: PIBs 1,587, T-Bills 754, Others 38.5%

**HBL Treasury** – Consistent top-performing Primary Dealer for the past decade

- H1 19: Vol (Rs b) 2,195
- H1 20: Vol (Rs b) 4,035

**Home Remittance** – New partnerships restoring volumes

- H1 19: Vol ($Mn) 806
- H1 20: Vol ($Mn) 996
Key Highlights

Profitability

- Profit after tax for H1’20, at Rs 15.2 billion, a nearly fourfold increase over the Rs 3.9 billion in H1’19
- Profit before tax for H1’20 is Rs 25.8 billion, more than 2.5 times the Rs 9.9 billion in H1’19
- Core domestic PBT has increased by 50% over H1’19 to Rs 38.0 billion

Total Revenue increased by 43% over H1’19 to nearly Rs 80 billion

- Net interest income rose by 32% over H1’19 to Rs 63.1 billion
  - Domestic NII grew by 36% to Rs 58.9 billion
  - NIMs improved by 79bps to 5.8% due to immediate downward repricing of deposits while asset yields maintained due to long investments book.
  - Average balance sheet grew by Rs 294 billion driven by 11% growth in average deposits

- Non-fund income more than doubled to Rs 16.6 billion
  - There is a swing of Rs 8.8 billion in capital gains – In H1’20, there is a Rs 6.9 billion gain on fixed income bonds due to timely realization of surplus. In H1’19, there was a loss of Rs 2.2 billion on equities.
  - Fees declined by 17% to Rs 8.9 billion as a result of slowdown in overall business activity – the reductions were mainly in Bancassurance, and investment banking fees. However, consumer finance, trade/loan fees and income from G2P payments have shown a steady growth.
**Administrative expenses** reduced by 14% from Q1’20 and have increased by only 6% YoY to Rs 47.7 billion

- With the closure of New York branch and completion of the business transformation program, the costs have now started to normalize.
- The Bank’s cost to income ratio reduced from 80.8% in H1’19 to 59.8% in H1’20
- The domestic cost to income ratio reduced from 56.8% to 46.1% in H1’20 (Ex. Capital gains: 50.4% in H1’20)

**Provisions** are Rs 5.0 billion higher than H1’19

- Total NPLs have increased by Rs 1.7 billion over Dec’19 as a result of rupee devaluation impact of Rs 2.7 billion on overseas NPLs. With a lower loan book and higher NPLs, the infection ratio slightly increased to 6.8% in Jun’20 (Dec’19: 6.6%)
- In H1’20, the Bank has taken a general provision of Rs 2.4 billion to cater to the potential impact of Covid-19
- International provisions, at $17.2 million, are $15.9 million higher than H1’19 - driven by 1 large ticket exposure and a $ 4.2 million IFRS-9 related ECL charge
- The coverage ratio has improved from 93.2% in December 2019 to 95.0% in June 2020
**Key Highlights**

**Balance Sheet has increased by 6% over Dec’19 to Rs 3.4 trillion**

**Total deposits** have increased by 9.2% (Rs 227 billion) over Dec’19 to Rs 2.7 trillion

- Total domestic deposits grew by Rs 219 billion (10.1%) to Rs 2.4 trillion – market share improved from 13.9% in Dec’19 to 14.1% in Jun’20
  - Current accounts increased by Rs 92 billion (12.0%) to Rs 860 billion, with the mix improving from 35.4% in Dec’19 to 36.0% in Jun’20.
  - Low cost savings deposits have grown by 14.3% (Rs 91 billion) to Rs 728 billion
- Average domestic deposits have increased by Rs 203 billion (11.1%) to Rs 2.0 trillion.
- International deposits have increased by 2.3% to Rs 272 billion

**Total advances** have declined by 1.5% over Dec’19 to Rs 1.1 trillion

- Domestic advances reduced by 4.0% from Dec’19 to Rs 937 billion due to a seasonal reduction in commodity financing and lower corporate lending
- International advances increased by 2.2% to $ 1.3 billion (Rs 212 billion)
Major awards and accolades - 2020

- Pakistan’s Best Bank
- Best Investment Bank
- Best Investment Bank
- Asia’s Best Bank Transformation
- Best Project Finance House – Pakistan
- Awards for Recruitment, Retention, Development & Advancement
- Best Domestic Bank
- Best Investment Bank
- Best Bank for Small and Medium Businesses
- #1 Primary Dealer in Government Securities
<table>
<thead>
<tr>
<th>PKR Bln</th>
<th>Jun 20</th>
<th>Dec 19</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Bank Balances</td>
<td>397.7</td>
<td>408.8</td>
<td>-3%</td>
</tr>
<tr>
<td>Lending to Financial Institutions</td>
<td>80.7</td>
<td>45.3</td>
<td>78%</td>
</tr>
<tr>
<td>Investments</td>
<td>1,586.7</td>
<td>1,379.6</td>
<td>15%</td>
</tr>
<tr>
<td>Net Advances</td>
<td>1,149.3</td>
<td>1,167.0</td>
<td>-2%</td>
</tr>
<tr>
<td>Others</td>
<td>216.5</td>
<td>226.4</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>3,430.9</strong></td>
<td><strong>3,227.1</strong></td>
<td><strong>6%</strong></td>
</tr>
<tr>
<td>Deposits - Domestic</td>
<td>2,390.5</td>
<td>2,171.7</td>
<td>10%</td>
</tr>
<tr>
<td>Deposits - International</td>
<td>272.1</td>
<td>265.9</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td><strong>2,662.6</strong></td>
<td><strong>2,437.6</strong></td>
<td><strong>9%</strong></td>
</tr>
<tr>
<td>Borrowings</td>
<td>310.0</td>
<td>382.2</td>
<td>-19%</td>
</tr>
<tr>
<td>Subordinated loan</td>
<td>22.4</td>
<td>22.4</td>
<td>0%</td>
</tr>
<tr>
<td>Others</td>
<td>181.3</td>
<td>160.2</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>3,176.3</strong></td>
<td><strong>3,002.4</strong></td>
<td><strong>6%</strong></td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>215.0</td>
<td>199.9</td>
<td>8%</td>
</tr>
<tr>
<td>Surplus on revaluation (Net)</td>
<td>39.6</td>
<td>24.9</td>
<td>59%</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Equity</strong></td>
<td><strong>3,430.9</strong></td>
<td><strong>3,227.1</strong></td>
<td><strong>6%</strong></td>
</tr>
</tbody>
</table>
### Loan portfolio composition by line of business

- **Corporate**: 45.5%
- **Islamic**: 11.4%
- **Consumer**: 5.3%
- **Commercial**: 6.3%
- **Agriculture**: 2.6%
- **Retail**: 8.8%
- **FMFB**: 2.9%
- **Others**: 3.6%
- **International**: 18.4%

**Net loans:** Rs 1.1 Trillion

### International Advances – Location wise

- **United Kingdom**: 28.8%
- **UAE**: 28.2%
- **Bahrain**: 20.2%
- **Singapore**: 5.8%
- **Oman**: 6.9%
- **Bangladesh**: 3.1%
- **Maldives**: 1.8%
- **Others**: 5.1%

**Net loans:** $1.3B

### Asset quality

- **Dec'14**: 12.0%
- **Dec'15**: 10.9%
- **Dec'16**: 9.2%
- **Dec'17**: 8.2%
- **Dec'18**: 7.0%
- **Dec'19**: 6.6%
- **Jun'20**: 6.8%

### Coverage ratio

- **Dec'14**: 83%
- **Dec'15**: 90%
- **Dec'16**: 91%
- **Dec'17**: 92%
- **Dec'18**: 89%
- **Dec'19**: 93%
- **Jun'20**: 95%

- **NPL**: 80, 66, 77, 69, 75, 69, 70, 76, 81, 72, 84, 79
- **Provision Held**: 66, 77, 69, 75, 69, 70, 76, 81, 72, 84, 79
- **Coverage**: 83, 90, 91, 92, 89, 93, 95

**% coverage ratio**
## Deposits

### Period End Deposits

<table>
<thead>
<tr>
<th>PKR Bln</th>
<th>Jun 20</th>
<th>Dec 19</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>859.8</td>
<td>768.4</td>
<td>12%</td>
</tr>
<tr>
<td>Saving</td>
<td>1,187.9</td>
<td>1,102.9</td>
<td>8%</td>
</tr>
<tr>
<td>Term</td>
<td>342.8</td>
<td>300.3</td>
<td>14%</td>
</tr>
<tr>
<td>Domestic</td>
<td>2,390.5</td>
<td>2,171.7</td>
<td>10%</td>
</tr>
<tr>
<td>International</td>
<td>272.1</td>
<td>265.9</td>
<td>2%</td>
</tr>
<tr>
<td>Group</td>
<td>2,662.6</td>
<td>2,437.6</td>
<td>9%</td>
</tr>
</tbody>
</table>

### Average Deposits

<table>
<thead>
<tr>
<th>PKR Bln</th>
<th>H1 20</th>
<th>H1 19</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>725.7</td>
<td>665.1</td>
<td>9%</td>
</tr>
<tr>
<td>Saving</td>
<td>1,010.8</td>
<td>887.8</td>
<td>14%</td>
</tr>
<tr>
<td>Term</td>
<td>289.6</td>
<td>270.2</td>
<td>7%</td>
</tr>
<tr>
<td>Domestic</td>
<td>2,026.0</td>
<td>1,823.2</td>
<td>11%</td>
</tr>
<tr>
<td>International</td>
<td>253.9</td>
<td>223.0</td>
<td>14%</td>
</tr>
<tr>
<td>Group</td>
<td>2,279.9</td>
<td>2,046.1</td>
<td>11%</td>
</tr>
</tbody>
</table>

### CASA - Deposits Composition

<table>
<thead>
<tr>
<th></th>
<th>Jun 20</th>
<th>Dec 19</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASA - Domestic</td>
<td>85.7%</td>
<td>86.2%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>CASA - Group</td>
<td>82.3%</td>
<td>82.6%</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

### CoD - Deposits Composition

<table>
<thead>
<tr>
<th></th>
<th>Jun 20</th>
<th>Dec 19</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>CoD - Dom</td>
<td>5.84%</td>
<td>5.15%</td>
<td>+ 69 bps</td>
</tr>
<tr>
<td>CoD - Group</td>
<td>5.45%</td>
<td>4.80%</td>
<td>+ 65 bps</td>
</tr>
</tbody>
</table>

### Growth in current deposits

- **CAGR (14-19): 11.0%**
<table>
<thead>
<tr>
<th>PKR Mn</th>
<th>H1 20</th>
<th>H1 19</th>
<th>Var%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>63,075</td>
<td>47,703</td>
<td>32%</td>
</tr>
<tr>
<td>Core Non Fund Income</td>
<td>19,552</td>
<td>14,003</td>
<td>40%</td>
</tr>
<tr>
<td>Reval. loss on open position</td>
<td>(2,908)</td>
<td>(6,049)</td>
<td>52%</td>
</tr>
<tr>
<td><strong>Total Non Fund Income</strong></td>
<td>16,644</td>
<td>7,953</td>
<td>109%</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>79,719</td>
<td>55,656</td>
<td>43%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(48,421)</td>
<td>(45,252)</td>
<td>-7%</td>
</tr>
<tr>
<td><strong>Pre Provision Operating Profit</strong></td>
<td>31,298</td>
<td>10,405</td>
<td>201%</td>
</tr>
<tr>
<td>Provisions</td>
<td>(5,468)</td>
<td>(511)</td>
<td>-970%</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>25,829</td>
<td>9,894</td>
<td>161%</td>
</tr>
<tr>
<td>Tax</td>
<td>(10,641)</td>
<td>(5,966)</td>
<td>-78%</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td>15,189</td>
<td>3,927</td>
<td>287%</td>
</tr>
</tbody>
</table>
**Key Ratios**

**Increasing CAR** driven by higher profitability and CCB relaxation

- **Equity**
  - Mar’19: 15.4%
  - Jun’19: 15.1%
  - Sep’19: 15.5%
  - Dec’19: 15.4%
  - Mar’20: 15.4%
  - Jun’20: 16.5%

- **Tier-I**
  - Mar’19: 12.0%
  - Jun’19: 12.0%
  - Sep’19: 12.4%
  - Dec’19: 12.5%
  - Mar’20: 12.2%
  - Jun’20: 13.0%

- **Total CAR**
  - Mar’19: 204
  - Jun’19: 210
  - Sep’19: 213
  - Dec’19: 225
  - Mar’20: 236
  - Jun’20: 255

**Net Interest Margins – Q2’20** at multi-year high due to timing

- **H1’19**
  - Yield on EA: 4.3%
  - CoF: 9.3%
  - NIM: 5.2%

- **H1’20**
  - Yield on EA: 4.9%
  - CoF: 10.4%
  - NIM: 5.3%

**Cost to Income** starting to normalize

- **Group**
  - Q1’19: 71.5%
  - Q2’19: 71.5%
  - Q3’19: 70.2%
  - Q4’19: 65.3%
  - Q1’20: 75.9%
  - Q2’20: 75.9%

- **Group Norm**
  - Q1’19: 59.3%
  - Q2’19: 58.6%
  - Q3’19: 63.7%
  - Q4’19: 56.0%
  - Q1’20: 61.8%
  - Q2’20: 50.5%

**Higher profits have improved ROA**

- **H1’19**
  - ROA: 0.3%
  - ROE (Ex. Surplus): 58.9%

- **H1’20**
  - ROA: 0.9%
  - ROE (Ex. Surplus): 55.6%

**Leading to higher ROE**

- **H1’19**
  - ROE: 4.2%
  - ROE (Ex. Surplus): 4.3%

- **H1’20**
  - ROE: 14.6%
  - ROE (Ex. Surplus): 21.1%

---

*Normalized C/I ratio excludes revaluation loss on open position, capital gains and USA*

---

**Strong deposits growth and lower loan demand reducing ADR**

- Mar’19: 50.4%
- Jun’19: 51.1%
- Sep’19: 51.1%
- Dec’19: 49.6%
- Mar’20: 43.2%
- Jun’20: 39.2%

- **Group**
  - Mar’19: 50.8%
  - Jun’19: 49.3%
  - Sep’19: 46.4%
  - Dec’19: 48.2%
  - Mar’20: 44.9%
  - Jun’20: 45.0%

- **Dom**
  - Mar’19: 46.4%
  - Jun’19: 48.2%
  - Sep’19: 44.9%
  - Dec’19: 45.0%
  - Mar’20: 45.0%
  - Jun’20: 45.0%