

The HBL logo consists of the letters 'HBL' in a bold, white, sans-serif font, centered within a teal square background.

HBL

H1 2015 Financial Results

Investor Presentation

Consolidated PBT up 41% YoY to Rs. 31.2 Bln, PAT 18% higher YoY

- Growth in PAT is lower primarily as a result of the retrospective application of various changes in tax laws in new Finance Act

Net Interest income has increased by 23% to reach Rs. 39.3Bln

- 19% growth in average balance sheet funded by low cost deposits, particularly current deposits, remains the major driver behind enhanced earnings
- Overall margins in H1'15 improved by 12bps over H1'14 despite 218bps decline in average KIBOR over the same period
 - Yield on advances reduced by 75bps to 9.1% in H1'15
 - Overall cost of deposits reduced by 97bps to 3.5% in H1'15
- Average growth of 4% in domestic loans along with a near doubling of PIBs compared to H1'14 have supported the top line

Non markup income at Rs. 18.1Bn up by 60%

- Fees and Commissions have grown 43% YoY to Rs. 7.9Bn. Major growth areas remain home remittances, Bancassurance and Investment banking, along with a consistent build up in general banking fees.
- Capital gains stood at Rs. 5.9Bn with major contribution from sale of government bonds
- Dividend income doubled to Rs 1.0Bn
- FX income down by 28% on YoY basis to Rs 1.2Bn, as the relatively stable exchange rate has resulted in fewer trading opportunities

Administrative expenses are up 16% to Rs 23.7Bn

- The rise is primarily due to bank's continued investment in its people, brand and technology
- However, cost to income ratio has improved to 41.3% in H1'15 (H1'14: 47.2%) as a result of strong revenue delivery

Provisions

- Gross NPLs down Rs 1.4 Bln (1.8%). Consequently asset quality has improved to 11.8% in Jun'15 (Dec'14: 12.0%)
- Provisions of Rs 1.9 Bln are higher YoY primarily due to downgrading of previously classified names as well as a conservative view taken by the Bank on certain borrowers
- Consequently, coverage ratio has improved to 86.9% in Jun'15 (Dec'14: 83.2%)

In June 2015, the Balance Sheet has crossed Rs 2.0 trillion

Deposits increased to Rs 1.6 trillion, up 5% from Dec'14

- Current deposits remain focus of the Bank – with 24% YoY average growth in domestic
- Domestic CASA ratio has improved to 84.4% in Jun'15 (Dec'14: 80.8%)
- Domestic cost of deposits reduced to 4.0% in H1'15 vs 5.2% in H1'14
- Domestic market share has reduced to 14.1% in Jun'15 (Dec'14: 14.8%) primarily due to shedding of expensive term deposits

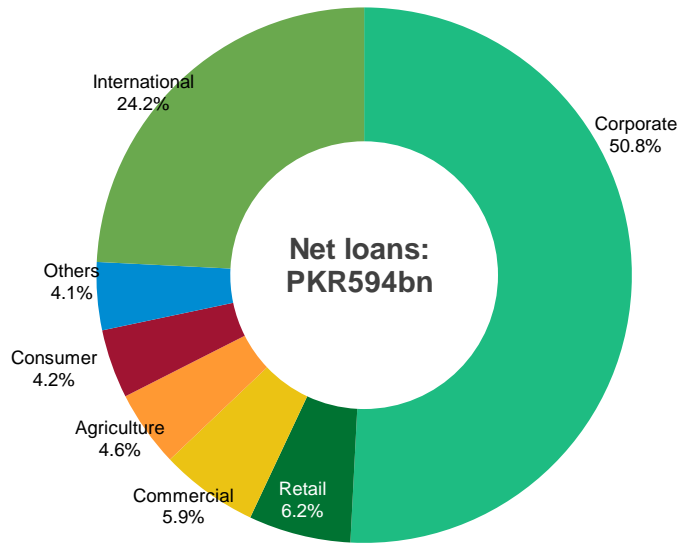
Advances

- Overall advances are almost flat at Dec'14 levels. Domestic advances have grown by 3% (Var. of Rs. 14 Bln) primarily due to increase in Islamic and corporate bank advances.
- However, International advances have reduced by 10% (Var. of Rs 15 Bln) over Dec'14.

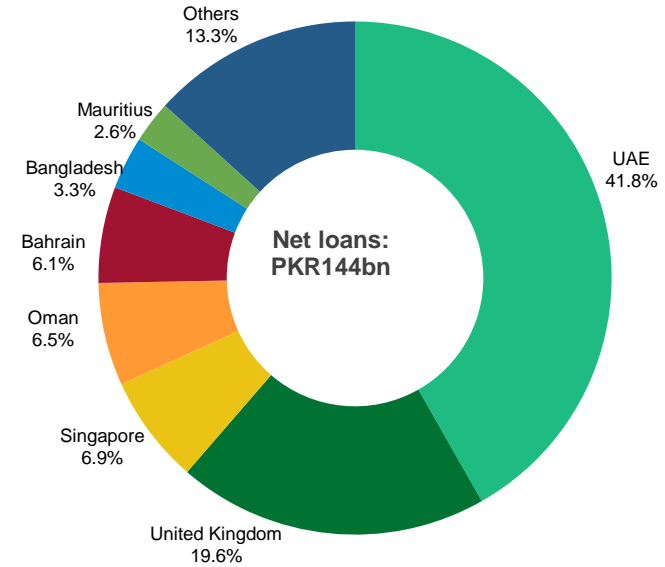
Balance Sheet Summary - PKR Mln

	Dec'14	Jun'15	Chg. %
Cash & Bank Balances	202,968	214,197	6%
Lending to Financial Institutions	34,314	16,142	-53%
Investments	924,307	1,161,292	26%
Performing Advances	579,275	581,024	0%
Non Performing advances - net of provision	16,021	13,361	-17%
Others	110,119	104,624	-5%
Total Assets	1,867,003	2,090,641	12%
Deposits - Domestic	1,256,220	1,341,052	7%
Deposits - International	268,318	262,128	-2%
Total Deposits	1,524,538	1,603,180	5%
Borrowings	103,411	231,000	123%
Other Liabilities	68,952	78,702	14%
Shareholders' equity	147,265	151,043	3%
Non - controlling interest	1,185	1,227	4%
Surplus on revaluation of assets - net of tax	21,652	25,490	18%
Total Liabilities and Capital	1,867,003	2,090,641	12%

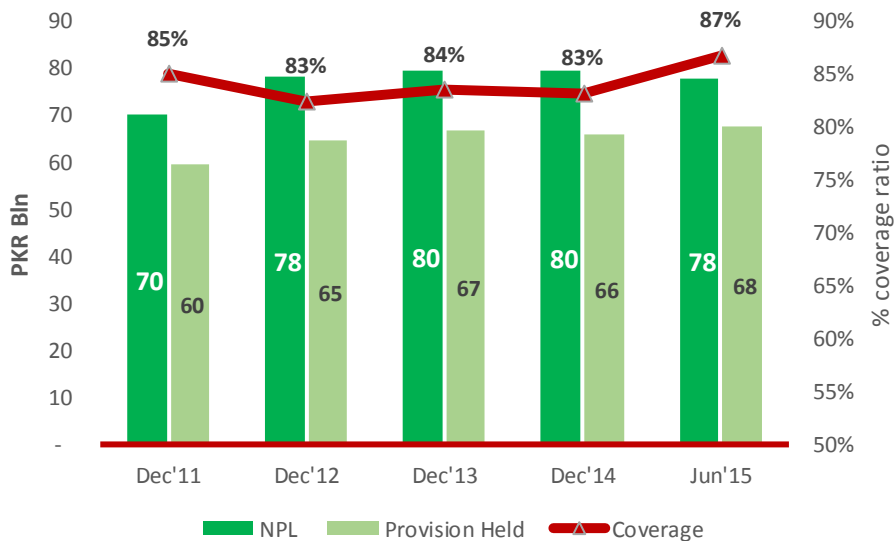
Loan portfolio composition by line of business



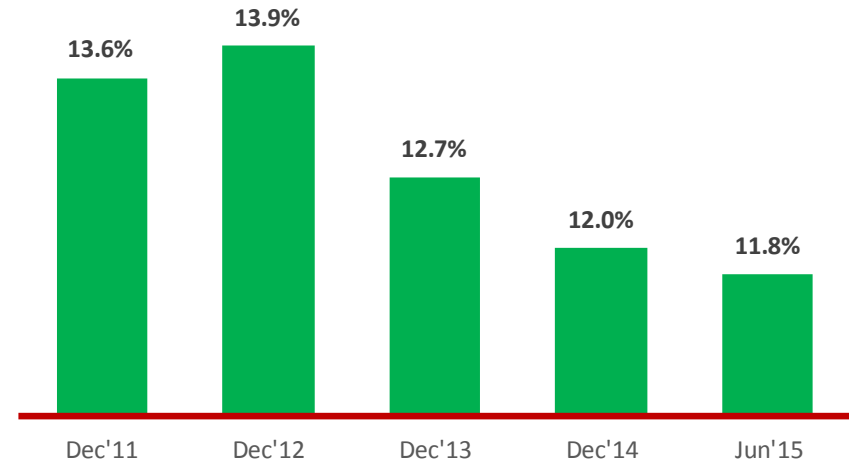
International Advances – Location wise



Improving coverage ratio



... with improved asset quality



Growth in Deposits - Period End

Bank - PKR Bln	Period End			Mar'15	
	Jun'15	Dec'14	Var. %	Mar'15	Var. %
Current	454	395	15%	400	13%
Saving	679	620	9%	640	6%
Term	209	242	-14%	229	-9%
Domestic	1,341	1,256	7%	1,269	6%
International	262	268	-2%	250	5%
Bank	1,603	1,525	5%	1,518	6%

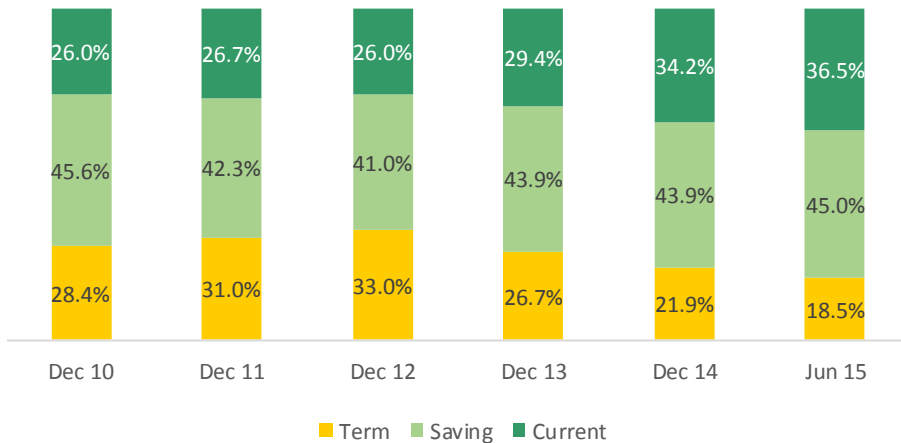
CASA Ratio	Jun'15	Dec'14	Mar'15
	81.5%	78.1%	79.4%
			2.1%

Average Deposits

Bank - PKR Bln	YoY		
	H1-15	H1-14	Var. %
Current	373	302	24%
Saving	643	567	13%
Term	228	232	-2%
Domestic	1,244	1,101	13%
International	247	222	11%
Bank	1,492	1,323	13%

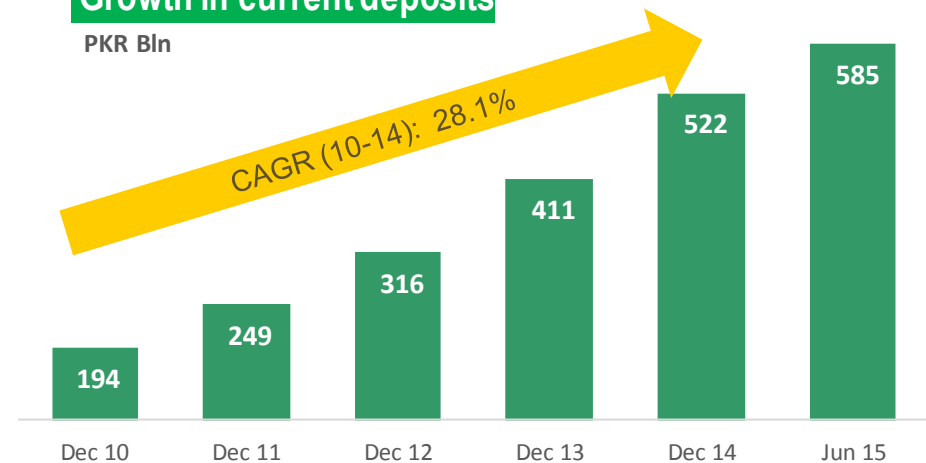
Cost of Deposits	H1-15	H1-14	Var. %
	3.5%	4.5%	-1.0%

Deposit Composition



Growth in current deposits

PKR Bln



Profit and Loss Summary - PKR Mln

	H1-15	H1-14	Chg. %
Interest Income	73,521	66,218	11%
Interest Expensed	(34,227)	(34,254)	0%
Net Interest Income	39,294	31,964	23%
Non Interest Income	18,127	11,319	60%
Gross Revenue	57,421	43,283	33%
Operating Expenses	(24,377)	(20,902)	-17%
Pre Provision Operating Profit	33,044	22,381	48%
Provisions	(1,859)	(235)	-690%
Profit Before Tax	31,184	22,146	41%
Tax	(14,029)	(7,556)	-86%
Profit After Tax	17,156	14,589	18%

Non Interest Income - PKR Mln

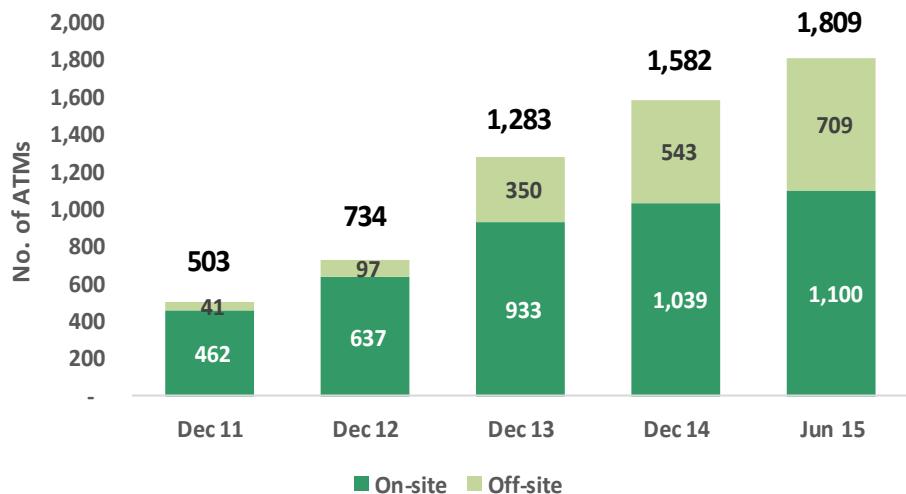
	H1-15	H1-14	Chg. %
Fee, commission and brokerage income	7,987	5,577	43%
Dividend income	1,037	546	90%
Share of profit of associates and joint venture	1,227	1,268	-3%
Income from dealing in foreign currencies	1,196	1,660	-28%
Gain on sale of securities	5,853	1,388	322%
Other income	828	879	-6%
Total Non Interest Income	18,127	11,319	60%

Key Financial Ratios

	Dec'14	Jun'15
Advances : Deposits	43.4%	41.3%
Asset Quality	12.0%	11.8%
Coverage	83.2%	86.9%
Capital Adequacy	16.2%	15.7%
	H1-14	H1-15
Yield on advances	9.9%	9.1%
Cost of deposits	4.5%	3.5%
Net Interest Margin	4.7%	4.8%
Return on average assets	1.7%	1.7%
Return on shareholders' equity*	21.5%	22.8%
Cost : Income ratio	47.2%	41.3%
NFI : Gross revenue	26.2%	31.6%

* excluding surplus on revaluation

Number of ATMs



ATM Transactions

Particulars	H1-14	H1-15	Var %
No. of ATMs	1,402	1,809	29.0%
No. of Transactions (in million)	20.15	25.86	28.3%
Total Cash withdrawal (PKR million)	164,593	226,798	37.8%
Average transaction size (PKR)	8,168	8,770	7.4%
Average monthly no. of transactions per ATM	2,395	2,415	0.8%

Internet Banking

Particulars	H1-14	H1-15	Var %
No. of Users	93,021	149,456	60.7%
Total No. of transactions (in million)	0.348	0.502	44.2%
Total transaction amount (PKR million)	7,010	10,197	45.5%
Average transaction size	20,124	20,305	0.9%

Phone Banking

Particulars	H1-14	H1-15	Var %
No. of Users (in million)	6.044	8.792	45.5%
Total No. of financial transactions (excl. IVR)	10,148	12,964	27.7%
Total transaction amount (PKR million)	218.375	359.466	64.6%
Average transaction size	21,519	27,728	28.9%