



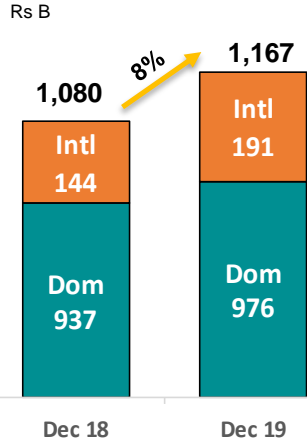
# Financial Results – December 2019

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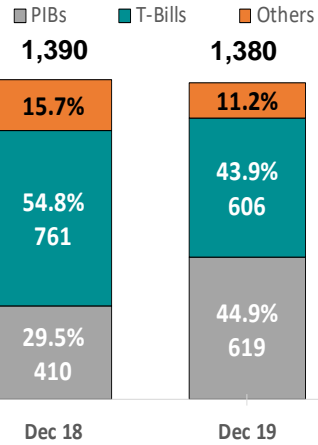
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## Investor Presentation

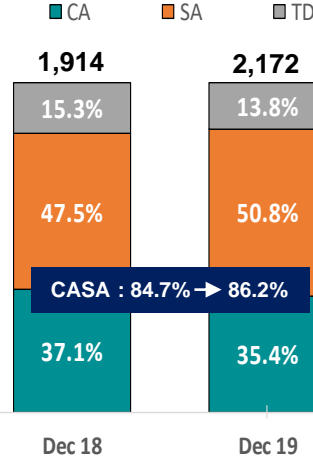
## Advances - Rs 1.2 Trillion, with ADR at 47.9%



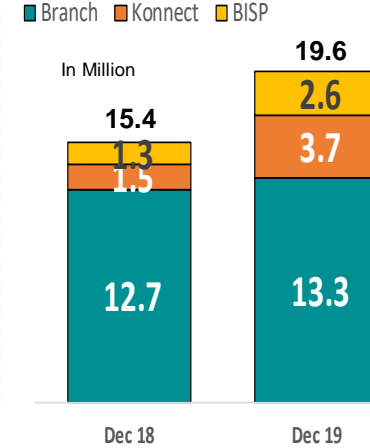
## Investments: Rs 1.4 Trillion Building the PIB Book



## Dom. Deposits > Rs 2.2 tn. CA deposits up 8% to Rs 768b

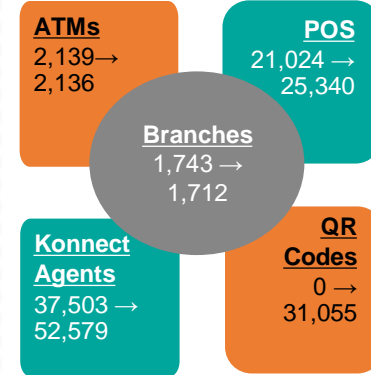


## Customer base ~ 20M



## Touchpoints

Dec 18: 62,409 → Dec 19: 112,822



### Market Share

12.18% → 12.44%

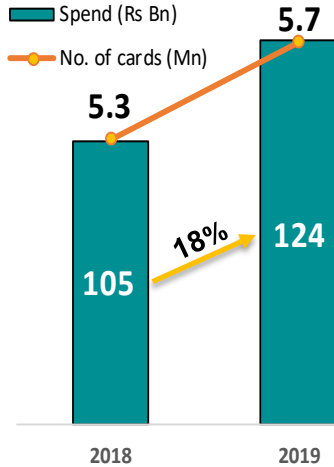
### Market Share

13.90% → 13.92%

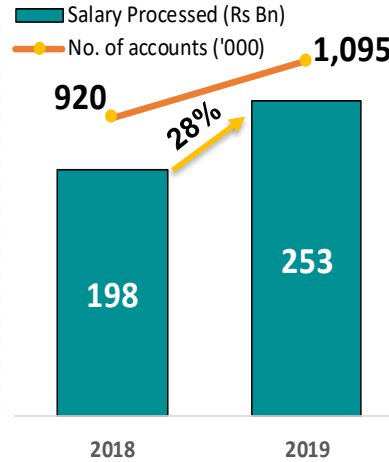
## Growing Trade



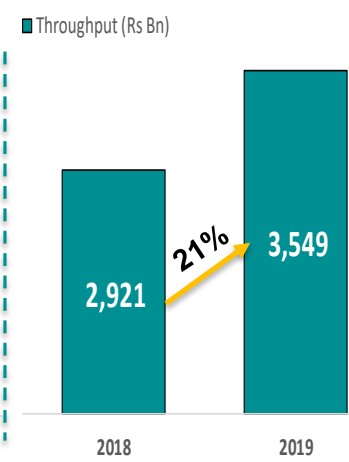
## Cards base of over 5.7 Mn (Credit Cards at 170K)



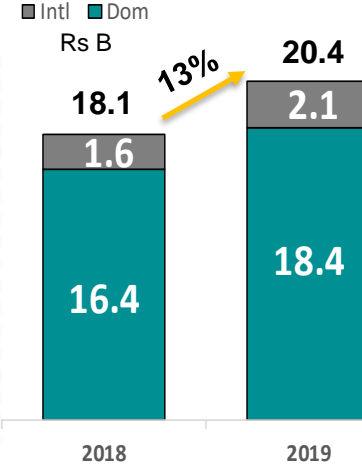
## Employee Banking



## Cash Management Throughput



## Maintaining Fee Leadership



- Profit before tax for 2019 is Rs 28.9b, 34% higher than in 2018
- Capital loss in 2019 includes Rs 2.4b (2018: Rs 0.7b) realized loss on sale of previously impaired securities, with a corresponding reversal in provisions line – hence no impact on PBT. The normalized P&L, adjusted for this impact, is as follows:

Normalized P/L - Group (Rs M)	FY 19	FY 18	Var	Var %
<b>Net Interest Income</b>	<b>101,323</b>	<b>81,676</b>	<b>19,647</b>	<b>24%</b>
Fee and commission	20,448	18,058	2,390	13%
FX income	6,620	4,442	2,177	49%
Revaluation loss on FX open position	(4,962)	(6,835)	1,873	27%
Share of associates' profit	3,484	2,723	761	28%
Capital gain / (loss)	(285)	1,708	(1,993)	-117%
Loss from Derivatives	(186)	(907)	721	80%
Other income	1,416	1,384	31	2%
<b>Non Fund Income</b>	<b>26,534</b>	<b>20,574</b>	<b>5,960</b>	<b>29%</b>
<b>Total Revenue</b>	<b>127,858</b>	<b>102,250</b>	<b>25,608</b>	<b>25%</b>
Admin. Expenses	(92,236)	(77,381)	(14,856)	-19%
<b>Total Expenses</b>	<b>(93,290)</b>	<b>(74,978)</b>	<b>(18,312)</b>	<b>-24%</b>
<b>Pre Provision operating profit</b>	<b>34,568</b>	<b>27,272</b>	<b>7,296</b>	<b>27%</b>
Investments	(2,926)	(4,000)	1,074	27%
Credit Provisions	(2,761)	(1,687)	(1,074)	-64%
<b>Core Business PBT</b>	<b>28,881</b>	<b>21,585</b>	<b>7,296</b>	<b>34%</b>

- Core domestic business drivers remain strong – PBT grew by 18% to Rs 50.3b
- PAT, at Rs 15.5b, is 25% higher than in 2018. 2019 includes Rs 1.9b of 2017 Super Tax, excluding which, PAT has grown by 40%.

## Net Interest income (NII) increased by 24% over 2018 to Rs 101.3b

- Domestic NII grew by 23% to Rs 92.3b
  - NIMs improved by 83bps YoY to 5.2% –
    - Earning asset yields, at 11.60%, increased by 364bps due to repricing of loans and rollover of maturing investments at higher rates
    - The rise in cost of funds contained at 280bps on the back of strong growth in current accounts
  - The average balance sheet grew by Rs 164b (7.5%) – Average loans up 21%, average deposits 5.6%
- International NII increased by 10% YoY (in \$ terms), driven by asset growth in GCC & UK – 35% growth in rupee terms

## Normalized non-fund income increased by 29% to Rs 26.5b

- Fee income has increased by 13% to Rs 20.4b – investment banking income, consumer finance, cards and trade fees were the major contributors
- FX income is Rs 2.2b higher – as trading revenue grew by Rs 0.8b and due to unrealized FX gains of Rs 1.4b on CCS (offsetting impact in derivatives line).
- There is a swing of Rs 2.0b in normalized capital gains – driven from both fixed income (Rs 1.1b) and equities (Rs 0.9b)
- Revaluation loss on open FX position is Rs 1.9b lower on the back of lower rupee devaluation and as the open position has been reduced by 30%.

**Administrative expenses increased by 19.2% (Rs 14.9b) to Rs 92.2b** – the growth is primarily attributable to the following:

- Higher costs in New York – Rs 3.5b
- Rupee devaluation impact on overseas expenses – Rs 2.5b
- Regulatory initiatives (1<sup>st</sup> full year of deposit protection insurance, Re-carding of entire debit and credit card base to EMV compliant chip-and-pin, biometric verification of all account holders) – Rs 2.5b
- 1<sup>st</sup> year depreciation of the new Head Office – Rs 1.0b

### **Provisions –**

- Overall provisions of Rs 5.7b in 2019 are flat to 2018 levels, as lower impairment on equities is offset by higher credit provisions.
- Credit Provisions – An improved recovery performance resulted in a reversal of Rs 2.6b. However, there is a net charge of Rs 2.8b in the domestic business, mainly driven from Corporate and branch banking businesses.
- International NPLs have reduced by \$ 17.6m over Dec'18, however, in rupee terms, they have gone up by Rs 1.0b. Resultantly, total NPLs are Rs 1.1b higher than in Dec'18.
- However, asset quality has improved further to 6.6% in Dec'19 (Dec'18: 7.0%) due to growth in the loan book.
- The coverage ratio has also increased by 89.1% in Dec'18 to 93.2% in Dec'19.

## **Balance Sheet increased by 7% over Dec'18 to Rs 3.2 trillion**

### **Total deposits grew by 14.1% over Dec'18 to Rs 2.4 trillion**

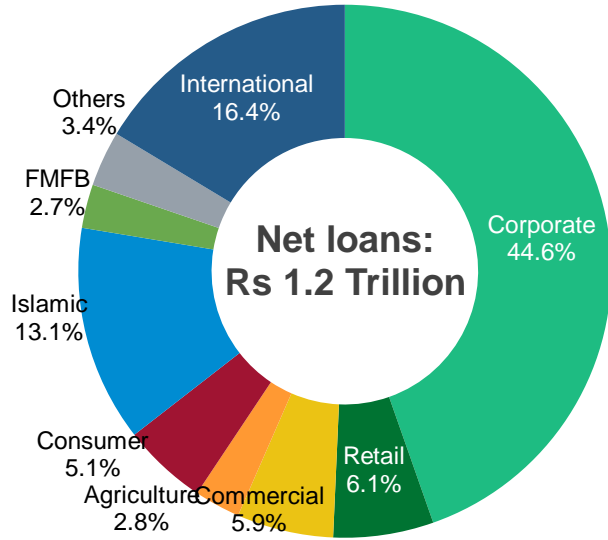
- Total domestic deposits increased by 13.5% over Dec'18 to Rs 2.2 trillion, as market share improved to 13.92%.
- Domestic current deposits increased by 8.0% to Rs 768b with domestic savings growing by 21%. The domestic CASA ratio thus improved from 84.7% to 86.2% in Dec'19
- Average current account mix improved by 90bps to 36.1%
- Consequently, the increase in cost of domestic deposits was contained to 254bps YoY despite a 484bps increase in average KIBOR
- Overseas deposits, at \$ 1.7b, have grown by 6.6% (19% in rupee terms) over Dec'18.

### **Total advances increased by 8.0% over Dec'18 to Rs 1.2 trillion**

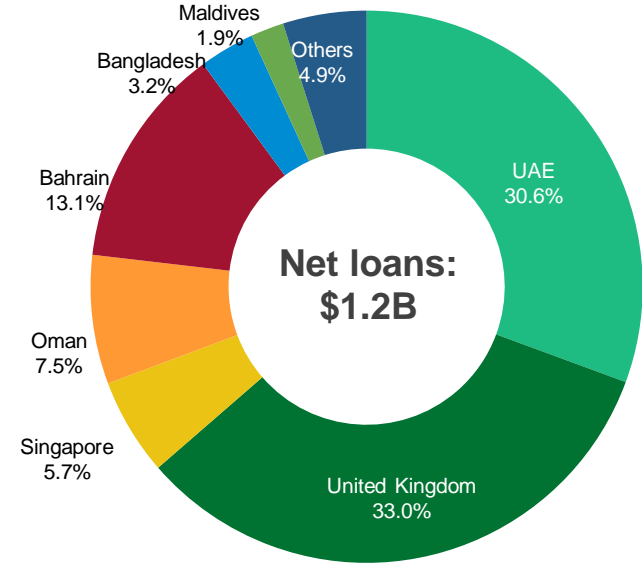
- With strong performances from corporate, commercial and consumer segments, domestic advances grew by 4.2% to Rs 976b, ahead of the market growth.
- HBL's market leading positions in the Agriculture and SME segments, with advances of Rs 33b and Rs 66b respectively, underpin its special focus towards the development of these sectors.
- International advances have grown by 19.4% to \$ 1.2b, mainly in UK, Bahrain and Singapore.

PKR Bln	Dec 19	Dec'18	Var%
Cash & Bank Balances	408.8	322.1	27%
Lending to Financial Institutions	45.3	51.3	-12%
Investments	1,379.6	1,390.1	-1%
Net Advances	1,167.0	1,080.4	8%
Others	226.4	182.0	24%
<b>Total Assets</b>	<b>3,227.1</b>	<b>3,025.9</b>	<b>7%</b>
Deposits - Domestic	2,133.3	1,882.4	13%
Deposits - FMFB	38.4	31.1	23%
Deposits - International	265.9	223.7	19%
<b>Total Deposits</b>	<b>2,437.6</b>	<b>2,137.3</b>	<b>14%</b>
Borrowings	382.2	523.3	-27%
Subordinated loan	22.4	10.0	124%
Others	160.2	156.0	3%
<b>Total Liabilities</b>	<b>3,002.4</b>	<b>2,826.6</b>	<b>6%</b>
Shareholders' equity	199.9	184.7	8%
Surplus on revaluation (Net)	24.9	14.5	71%
<b>Total Liabilities &amp; Equity</b>	<b>3,227.1</b>	<b>3,025.9</b>	<b>7%</b>

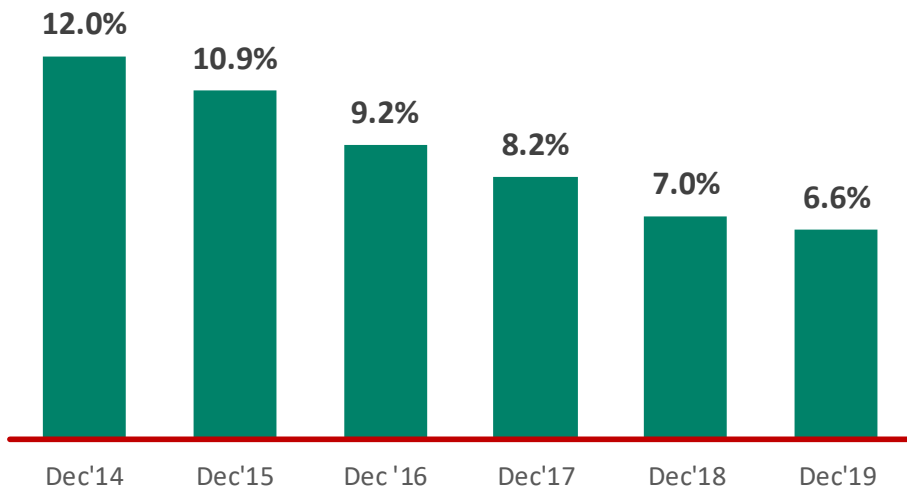
## Loan portfolio composition by line of business



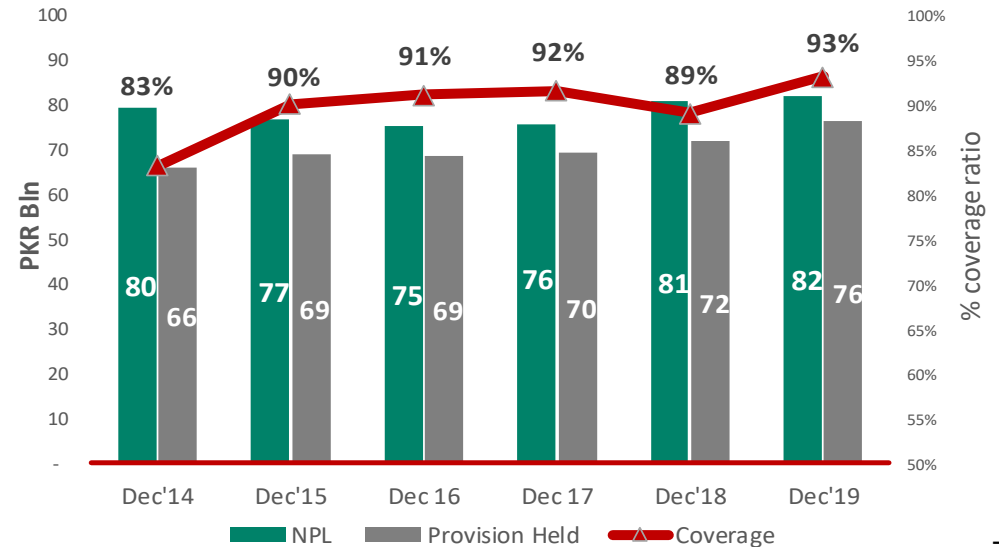
## International Advances – Location wise



## Asset quality



## Coverage ratio

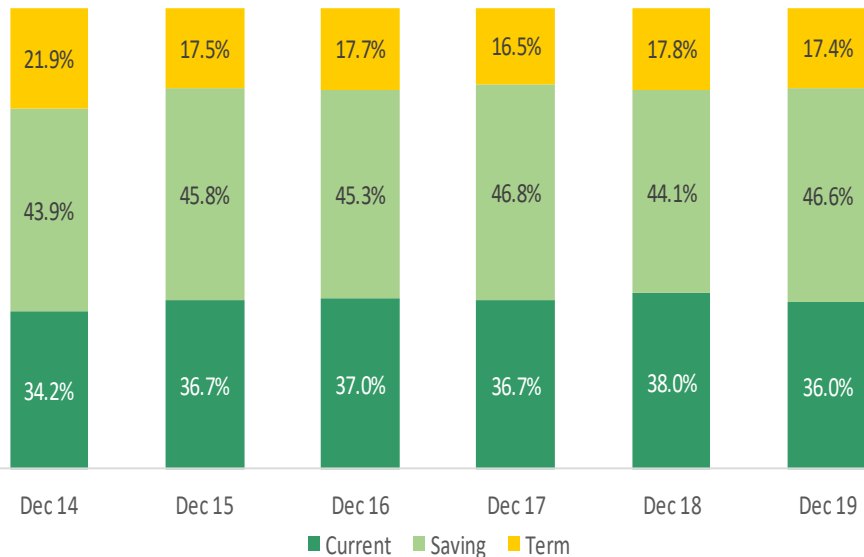




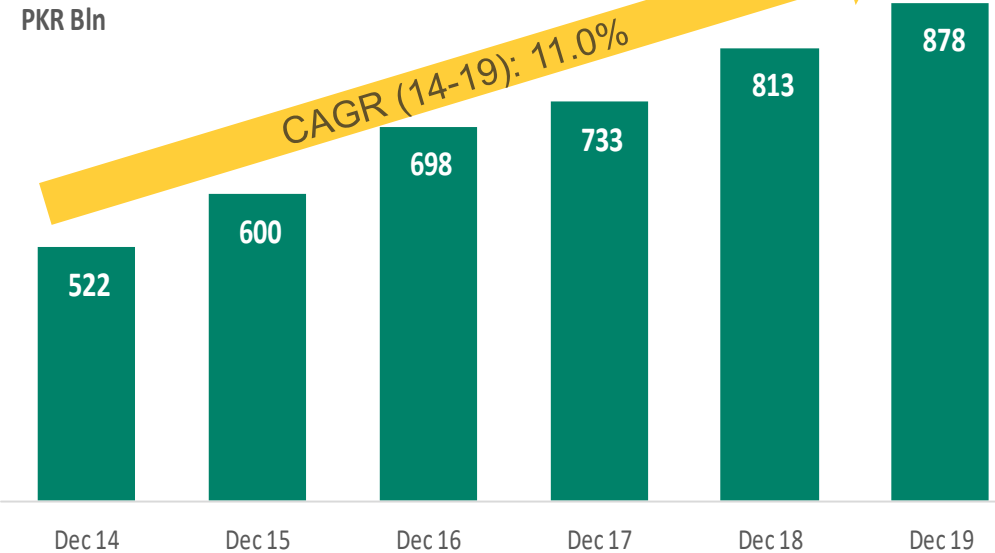
Period End Deposits			
PKR Bln	Dec 19	Dec'18	Var%
Current	764.9	707.3	8%
Saving	1,087.7	900.3	21%
Term	280.6	274.9	2%
<b>Domestic</b>	<b>2,133.3</b>	<b>1,882.4</b>	<b>13%</b>
International	265.9	223.7	19%
FMFB	38.4	31.1	23%
<b>Group</b>	<b>2,437.6</b>	<b>2,137.3</b>	<b>14%</b>
CASA - Domestic	86.8%	85.4%	1.4%
CASA - Group	82.6%	82.2%	0.5%

Average Deposits			
PKR Bln	FY 19	FY 18	Var%
Current	670.4	619.4	8%
Saving	901.6	891.3	1%
Term	257.6	229.0	12%
<b>Domestic</b>	<b>1,829.5</b>	<b>1,739.8</b>	<b>5%</b>
International	237.7	201.5	18%
FMFB	33.7	24.5	38%
<b>Group</b>	<b>2,100.9</b>	<b>1,965.7</b>	<b>7%</b>
CoD - Dom	5.86%	3.32%	+ 254 bps
CoD - Group	5.44%	3.13%	+ 231 bps

## Deposits Composition



## Growth in current deposits



PKR Mn	FY 19	FY 18	Var%
<b>Net Interest Income</b>	<b>101,323</b>	<b>81,676</b>	<b>24%</b>
Core Non Fund Income	29,124	26,731	9%
Reval. loss on open position	(4,962)	(6,835)	27%
<b>Total Non Fund Income</b>	<b>24,162</b>	<b>19,895</b>	<b>21%</b>
<b>Gross Revenue</b>	<b>125,485</b>	<b>101,571</b>	<b>24%</b>
Operating Expenses	(93,290)	(74,978)	-24%
<b>Pre Provision Operating Profit</b>	<b>32,195</b>	<b>26,594</b>	<b>21%</b>
Provisions	(3,314)	(5,009)	34%
<b>Profit Before Tax</b>	<b>28,881</b>	<b>21,585</b>	<b>34%</b>
Tax	(13,381)	(9,144)	-46%
<b>Profit After Tax</b>	<b>15,500</b>	<b>12,441</b>	<b>25%</b>

Ratios	Dec'19	Dec'18
Advances : Deposits	47.9%	50.6%
Asset Quality	6.6%	7.0%
Coverage	93.2%	89.1%
Capital Adequacy - Tier I	12.5%	12.0%
Capital Adequacy - Total	15.4%	16.2%

Ratios	FY 2019	FY 2018
Yield on advances	11.9%	8.6%
Cost of deposits	5.4%	3.1%
Net Interest Margin	4.4%	3.7%
Spreads	3.5%	3.1%
NCL ratio	0.2%	0.1%
Return on average assets	0.5%	0.4%
Return on shareholders' equity*	8.1%	7.1%
NFI : Gross revenue	19.3%	19.6%
Cost : Income ratio	73.5%	76.2%

Cost : Income ratio - Normalized <sup>^</sup>	69.4%	70.9%
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<sup>^</sup> Normalized C/I ratio  
excludes:

- Revaluation loss on open position
- Realized capital loss on sale of previously impaired equities

\*excluding revaluation surplus



**Pakistan's Best Bank**



**Best Investment Bank**  
**Best Sukuk Deal**



**Project Finance House of the Year**  
**Utility deal of the Year**  
**Power deal of the Year**  
**Transport deal of the Year**



**Best Domestic Bank**  
**Best Corporate and Investment Bank**  
**Best Bank for CSR**  
**Best Local Bank in South Asia for BRI**  
**Best Individual BRI Project or Initiative in South Asia**



**Brand of the Year, Banking – Pakistan**



**Best Investment Bank**



**Best Corporate Finance House – Fixed Income**



**Gender Champion Award**



**- Pakistan Domestic -**  
**Cash Management Bank of the year**  
**Trade Finance Bank of the year**  
**Project Finance Bank of the year**  
**Debt Deal of the Year**  
**Best Corporate & Investment Bank**



**Excellence in Retail Financial Services**



**Pakistan Banking Awards**  
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