



# Financial Results – June 2016

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## Investor Presentation

**Consolidated PAT is Rs 16.0 Bn, 1% higher than H1'15**

- PBT is Rs 28.3 Bn, down 8% YoY, primarily due to significant capital gains of Rs 5.3 Bn in H1'15. Excluding capital gains, PBT is 4% higher than H1'15

**Net interest income has increased by 6% to Rs 41.4Bn**

- Average balance sheet has grown by 14% over H1'15
- Average domestic current deposits are up 21% YoY (Rs 78 Bn) with average domestic loan growth of 7.7%
- Significant expansion in average PIB volumes - up 62% YoY
- Despite a 165bps reduction in average interest rates, overall net interest margins are down by only 29bps from 4.6% in H1'15 to 4.3% in H1'16,

**Non markup income at Rs 14.3 Bn, down 18% YoY (Ex-Capital Gains, up 4% YoY)**

- Fees and commissions have exhibited strong growth, rising 15% to Rs 9.3 Bn. Bancassurance, Investment Banking, trade and general banking remained major contributors to the overall fee income
- Capital gains are Rs 1.8 Bn, lower by Rs 3.5Bn YoY
  - Exceptional capital gains on sale of government bonds in H1'15, mainly due to re-profiling of PIB portfolio (Impact Rs 2.2 Bn)
  - Equity gains are also lower by Rs 1.0 Bn

## Administrative expenses are up 10% YoY to Rs 25.4 Bn

- The rise is primarily due to the full impact of increase in the branch network (60 branches), certain 1-off costs and the rupee devaluation impact on international expenses
- Growth in BAU admin expenses contained to 5.5%
- The cost to income ratio has increased from 40.9% in H1'15 to 45.5% in H1'16 as revenues have remained flat

## Provisions

- Gross NPLs have increased by Rs 1.7 Bn over Dec'15, primarily due to increase in overseas NPLs
- As a result of growth in the loan book, asset quality has improved marginally from 10.9% in Dec'15 to 10.8% in Jun'16 despite the increase in NPLs.
- Overall provisions are Rs 1.5 Bn in H1'16, down 19% YoY, entirely driven from International business
- The coverage ratio has reduced from 90.1% in Dec'15 to 89.2% in Jun'16

**In Jun'16, the Balance Sheet has grown by 6% over Dec'15 to Rs 2.4 trillion**

**Deposits have increased by 8% over Dec'15 to Rs 1.8 trillion**

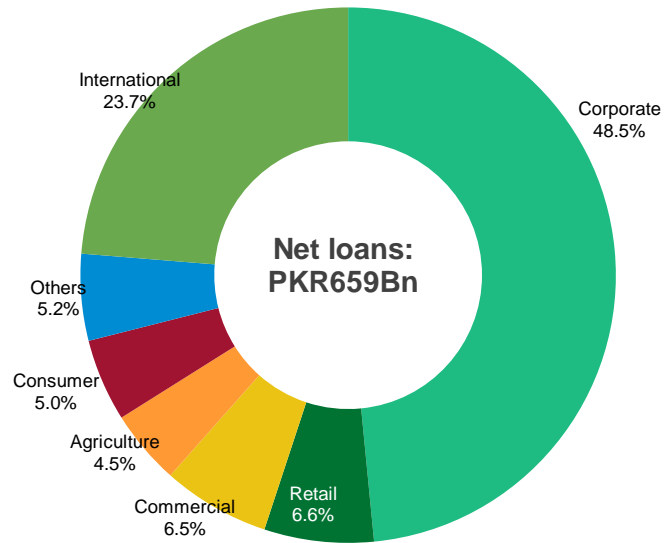
- Domestic deposits grew by 9% over Dec'15 and by 13.7% over Mar'16.
- Domestic market share has increased from 14.1% in Dec'15 to 14.3% in Jun'16
- Domestic current deposits have increased from Rs 470 Bn in Dec'15 to Rs 518 Bn in Jun'16 and the current account mix has improved to 34.7% (Dec'15: 34.4%)
- Consequently, the cost of domestic deposits has reduced by 129bps to 2.8% in H1'16

**Net advances increased by Rs 22 Bn (3%) to Rs 659 Bn in Jun'16**

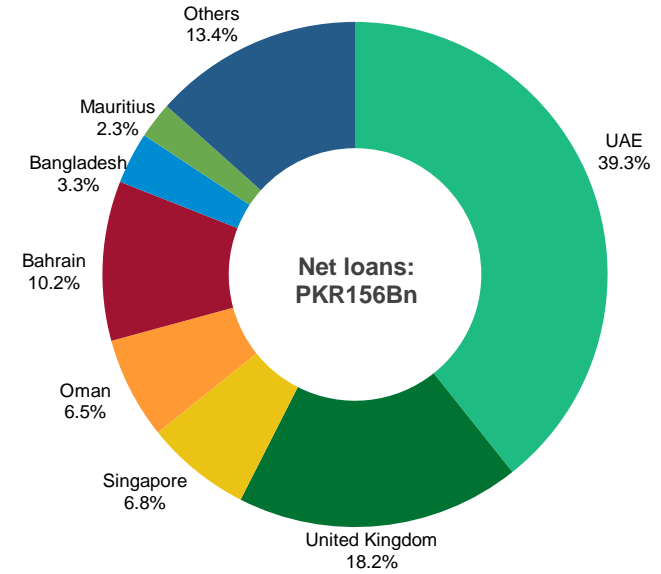
- Domestic advances have increased by Rs 24 Bn (5%) over Dec'15, largely driven from seasonal increase in commodity financing
- International advances have reduced marginally by 2% (\$27 Mn), as a result of continued containment of the portfolio in UAE

PKR Bln	Dec'15	Jun'16	Var%
Cash & Bank Balances	207.7	203.6	-2%
Lending to Financial Institutions	18.4	14.6	-20%
Investments	1,270.8	1,385.7	9%
Performing Advances	629.8	650.6	3%
Non Performing advances - net of provision	7.6	8.5	12%
Others	84.1	94.8	13%
<b>Total Assets</b>	<b>2,218.4</b>	<b>2,357.9</b>	<b>6%</b>
Deposits - Domestic	1,367.2	1,493.5	9%
Deposits - International	267.8	277.1	3%
<b>Total Deposits</b>	<b>1,634.9</b>	<b>1,770.6</b>	<b>8%</b>
Borrowings	314.3	293.0	-7%
Subordinated loan	10.0	10.0	0%
Others	76.5	88.7	16%
<b>Total Liabilities</b>	<b>2,035.8</b>	<b>2,162.3</b>	<b>6%</b>
Shareholders' equity	158.4	163.3	3%
Non - controlling interest	1.7	3.4	104%
Surplus on revaluation of assets - net of tax	22.6	28.8	28%
<b>Total Liabilities &amp; Equity</b>	<b>2,218.4</b>	<b>2,357.9</b>	<b>6%</b>

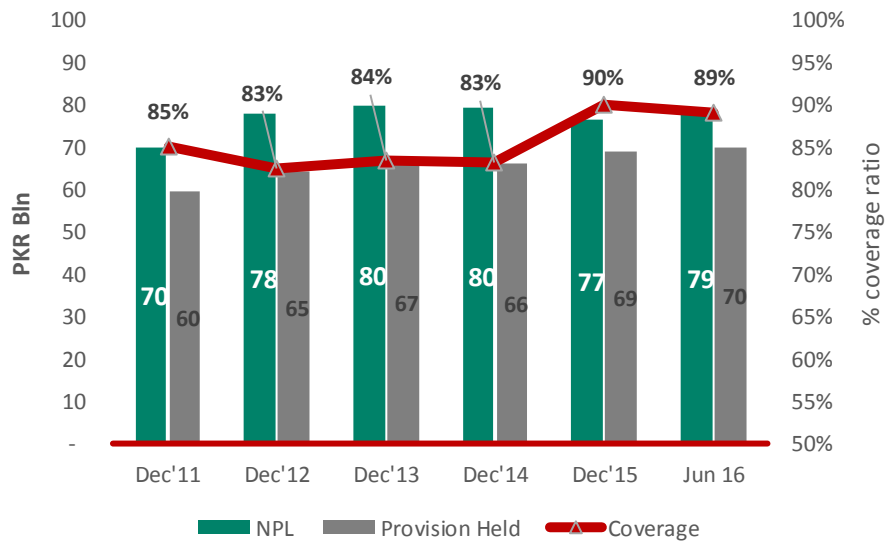
## Loan portfolio composition by line of business



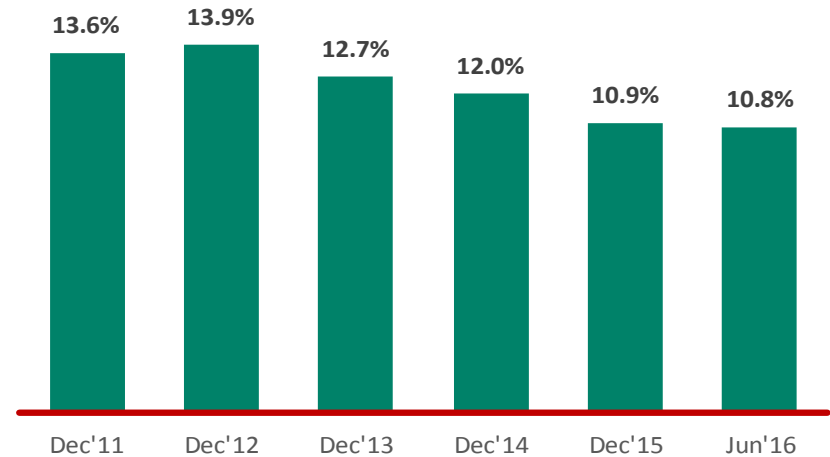
## International Advances – Location wise



## Coverage ratio



## Asset quality



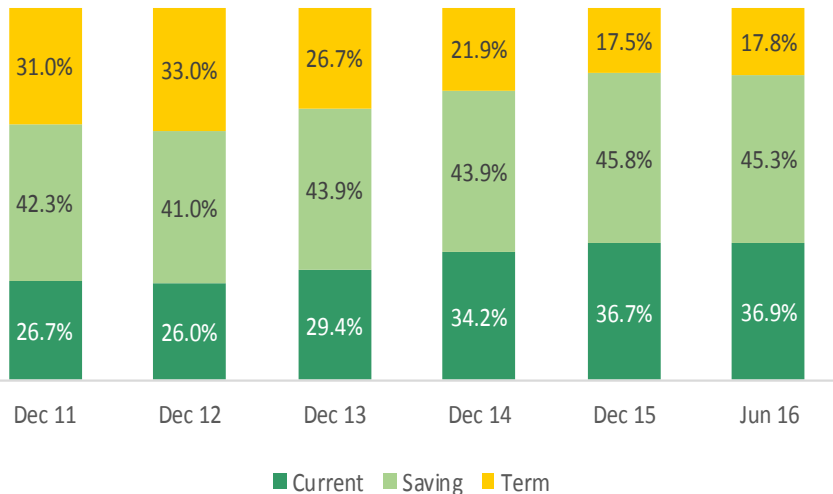
### Growth in Period End Deposits

PKR Bln	Dec'15	Jun'16	Var%
Current	469.7	518.2	10%
Saving	701.0	752.3	7%
Term	196.5	223.0	14%
<b>Domestic</b>	<b>1,367.2</b>	<b>1,493.5</b>	<b>9%</b>
International	267.8	277.1	3%
<b>Group</b>	<b>1,634.9</b>	<b>1,770.6</b>	<b>8%</b>
<b>CASA Ratio</b>	<b>82.5%</b>	<b>82.2%</b>	<b>-0.3%</b>

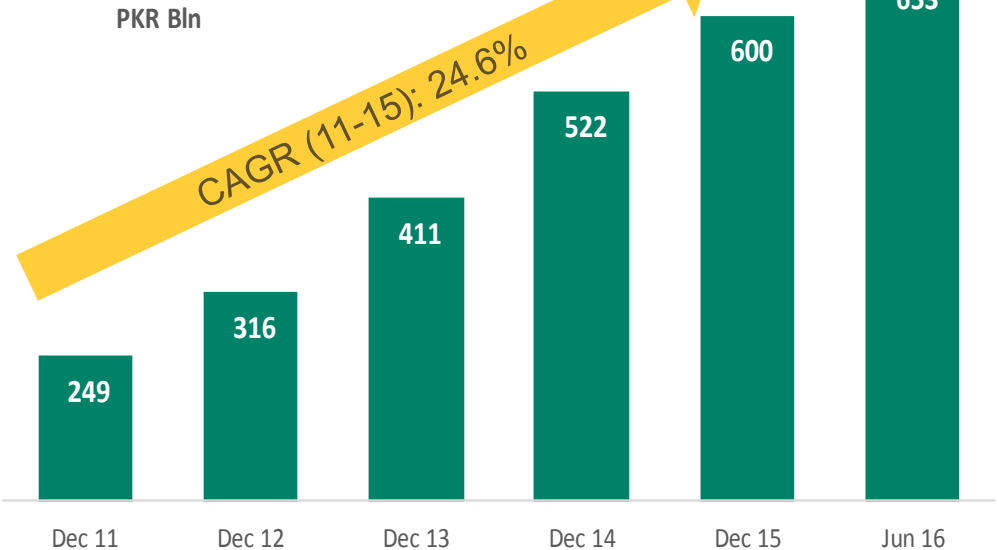
### Growth in Average Deposits

PKR Bln	H1'16	H1'15	Var%	Q2'16	Q1'16	Var%
Current	446.2	367.7	21%	458.1	434.3	5%
Saving	703.3	642.5	9%	703.8	702.8	0%
Term	167.6	227.6	-26%	169.8	165.5	3%
<b>Domestic</b>	<b>1,317.1</b>	<b>1,237.8</b>	<b>6%</b>	<b>1,331.7</b>	<b>1,302.5</b>	<b>2%</b>
International	273.6	253.9	8%	276.1	271.1	2%
<b>Group</b>	<b>1,590.7</b>	<b>1,491.7</b>	<b>7%</b>	<b>1,607.8</b>	<b>1,573.5</b>	<b>2%</b>
<b>Cost of deposits - Group</b>	<b>2.5%</b>	<b>3.5%</b>	<b>-1.0%</b>	<b>2.4%</b>	<b>2.5%</b>	<b>-0.1%</b>

### Deposits Composition



### Growth in current deposits



PKR Bn	H1'16 (Actual)	H1'15 (Actual)	Var%
Interest Income	70.7	71.6	-1%
Interest expensed	(29.3)	(32.7)	10%
<b>Net Interest Income</b>	<b>41.4</b>	<b>38.9</b>	<b>6%</b>
Capital Gain	1.8	5.3	-65%
NFI Ex Capital Gain	12.5	12.0	4%
Non Interest Income	14.3	17.4	-18%
<b>Gross Revenue</b>	<b>55.8</b>	<b>56.3</b>	<b>-1%</b>
Admin Expenses	(25.4)	(23.1)	-10%
<b>Operating Expenses</b>	<b>(25.9)</b>	<b>(23.7)</b>	<b>-9%</b>
<b>Pre Provision Operating Profit</b>	<b>29.8</b>	<b>32.6</b>	<b>-9%</b>
Provisions	(1.5)	(1.9)	19%
<b>Profit Before Tax</b>	<b>28.3</b>	<b>30.7</b>	<b>-8%</b>
Tax	(12.3)	(15.0)	18%
<b>Profit After Tax</b>	<b>16.0</b>	<b>15.7</b>	<b>1%</b>



PKR Mln	H1'16 (Actual)	H1'15 (Actual)	Var%
Fee, commission and brokerage income	9,271	8,080	15%
Gain on sale of securities	1,847	5,345	-65%
Share of profit of associates and joint venture	1,475	1,529	-4%
Dividend income	631	915	-31%
Income from dealing in foreign currencies	737	1,196	-38%
Other income	371	325	14%
<b>Total non interest income</b>	<b>14,331</b>	<b>17,390</b>	<b>-18%</b>

Ratios	Dec'15	Jun'16
Advances : Deposits	43.2%	41.2%
Asset Quality	10.9%	10.8%
Coverage	90.1%	89.2%
Capital Adequacy	17.0%	16.8%

Ratios	H1'15	H1'16
Yield on advances	9.1%	8.0%
Cost of deposits	3.5%	2.5%
Net Interest Margin	4.6%	4.3%
Spreads	4.0%	3.7%
NCL ratio	0.5%	0.4%
Return on average assets	1.6%	1.4%
Return on shareholders' equity*	21.0%	19.6%
Cost : Income ratio	40.9%	45.5%
NFI : Gross revenue	30.9%	25.7%

*\*excluding surplus on revaluation*