



Financial Results – June 2019

Investor Presentation

- **PBT for H1'19 is Rs 9.9b, Rs 4.2b lower than the Rs 14.1b in H1'18.** The profitability has been impacted by the following market events:
 - Revaluation loss on FX open position (Rs 21/\$ depreciation in 2019) – Rs 3.6b higher
 - Impairment charge on listed equities [Index 9%(3,165 points) down] – Rs 1.3b higher
- Excluding the above, PBT is 17.8b, 3% higher than H1'18
- Capital loss in H1'19 includes Rs 1.8b realized loss on sale of previously impaired securities – so no impact on PBT
- The P&L, normalized for these 3 items is as follows:

Normalized P/L (Group) - PKR Mln	H1 2019	H1 2018	Var Amt	Var %
Net Interest Income	47,703	39,905	7,798	20%
Fee and commission income	10,677	9,235	1,442	16%
Capital Gain	(315)	612	(927)	-152%
FX income	4,417	1,831	2,586	141%
Income from Derivatives	(1,024)	(116)	(907)	-779%
Share of associates' profit	1,328	1,659	(330)	-20%
Other income	717	723	(5)	-1%
Non Fund Income	15,801	13,943	1,858	13%
Total Revenue	63,504	53,848	9,656	18%
Admin. Expenses	(44,968)	(36,191)	(8,777)	-24%
Total Expenses	(45,252)	(36,768)	(8,483)	-23%
Pre Provision operating profit	18,253	17,080	1,173	7%
Provisions	(447)	142	(590)	-414%
Core Business PBT	17,805	17,222	583	3%

- Core domestic performance remains strong – PBT improved by 14% (Rs 3.1b) to Rs 25.3b
- PAT for H1'19 is Rs 3.9b compared to Rs 8.1b in H1'18 – PAT includes impact of Rs 1.9b relating to the retrospective imposition of super tax on 2017 earnings

Net Interest income (NII) increased by 20% over H1'18 by Rs 7.8b

- Domestic NII grew by 18% by Rs 6.5b
 - NIMs improved by 59bps – Earning assets yield rose by 309bps to 10.50% due to full re-pricing of 2018 rate hikes and maturing investments rolling over at higher rates
 - Cost of funds increased by 250bps to 5.51% as a Rs 62b growth in average current deposits helped to contain rise in the cost of deposits
 - The average balance sheet grew by Rs 135b as average deposits grew by Rs 107b
- International NII increased by 14% (\$3.8mn), with improvements in Bahrain, UK and UAE

Normalized Non fund income increased by 13% to Rs 13.9b

- Fees are Rs 1.4b (16%) higher YoY – led by higher investment banking fees, trade and loan fees and card related fees. This is despite lost SMS fees of Rs 0.4b as these are no longer chargeable to customers
- FX income is up Rs 2.6b. Customer revenue rose by 13% and trading results were also strong. Rs 1.1b of FX is related to revaluation gains on cross currency swaps and is offset by MTM losses on the derivatives line

Normalized administrative expenses increased by 10% (Rs 3.3b) – In addition, the following factors have resulted in headline growth of 24% :

- Higher costs in New York – Rs 3.4b
- Rupee devaluation impact on overseas expenses – Rs 1.2b
- Investment in Konnect and the Incremental cost of the new Head Office – Rs 0.9b

Provisions

- Despite improved recovery performance, net reversals in the domestic business have reduced YoY. As a result, total provision charge for H1'19 is Rs 0.5b compared to Rs 0.1b in H1'18

Total deposits increased by 8% over Dec'18 to Rs 2.3 trillion

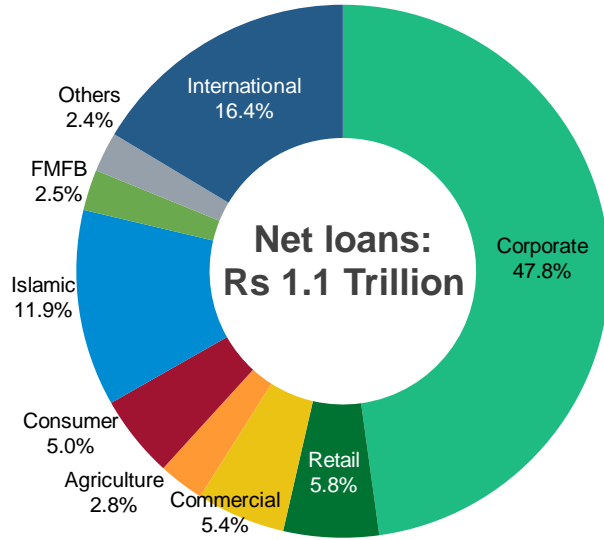
- Domestic deposits grew by 7% and crossed Rs 2.0 trillion. Market share stood at 13.8% due to an unexpected spurt of Rs 400b in market in the last week of June.
- Domestic current accounts grew by 9% over Dec'18 to Rs 768b; the mix improved from 37.6% in Dec'18 to 38.2% in Jun'19
- Consequently, the cost of domestic deposits is only 232bps higher YoY despite a 492bps increase in the average policy rate

Total advances increased by 5% over Dec'18 to Rs 1.1 trillion

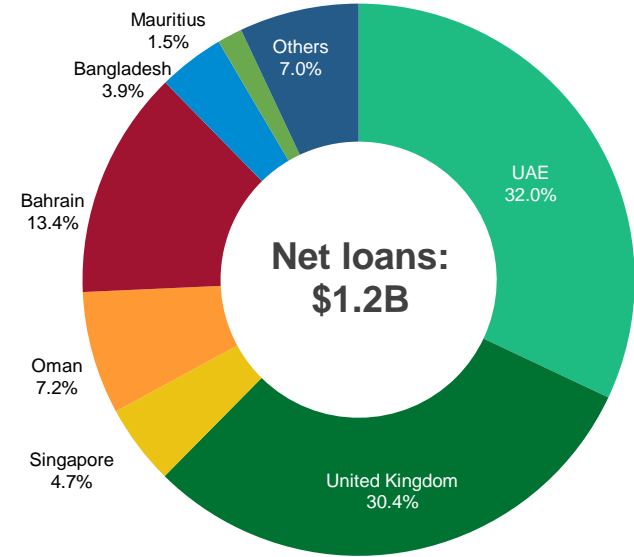
- Domestic advances increased marginally over Dec'18 to Rs 921b
- Overseas advances grew by 12.6% over Dec'18 to \$ 1.2b, with growth mostly driven from FI/ trade loans

PKR Bln	Jun'19	Dec'18	Var%
Cash & Bank Balances	422.4	322.1	31%
Lending to Financial Institutions	70.6	51.3	38%
Investments	1,351.1	1,390.1	-3%
Net Advances	1,135.5	1,080.4	5%
Others	216.0	182.0	19%
Total Assets	3,195.7	3,025.9	6%
Deposits - Domestic	2,009.7	1,882.4	7%
Deposits - FMFB	35.1	31.1	13%
Deposits - International	259.8	223.7	16%
Total Deposits	2,304.6	2,137.3	8%
Borrowings	490.7	523.3	-6%
Subordinated loan	18.4	10.0	84%
Others	172.2	156.0	10%
Total Liabilities	2,986.0	2,826.6	6%
Shareholders' equity	193.6	184.7	5%
Surplus on revaluation (Net)	16.1	14.5	11%
Total Liabilities & Equity	3,195.7	3,025.9	6%

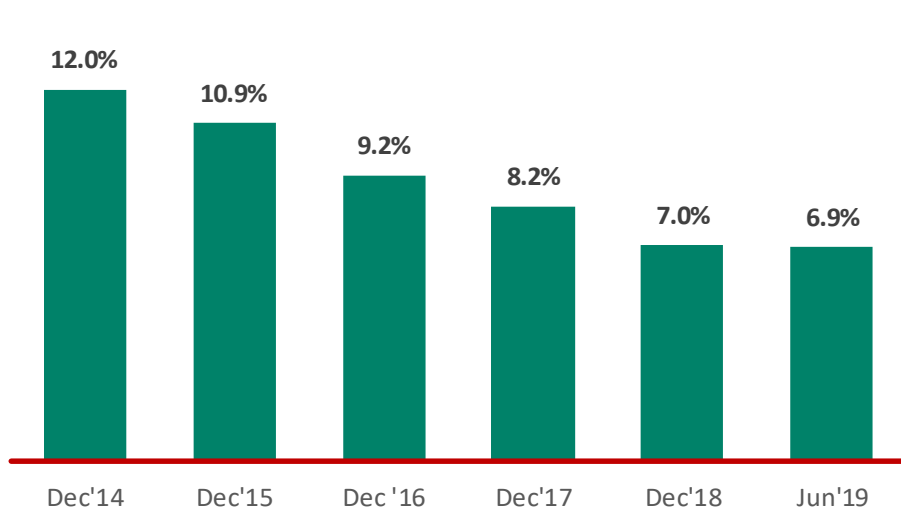
Loan portfolio composition by line of business



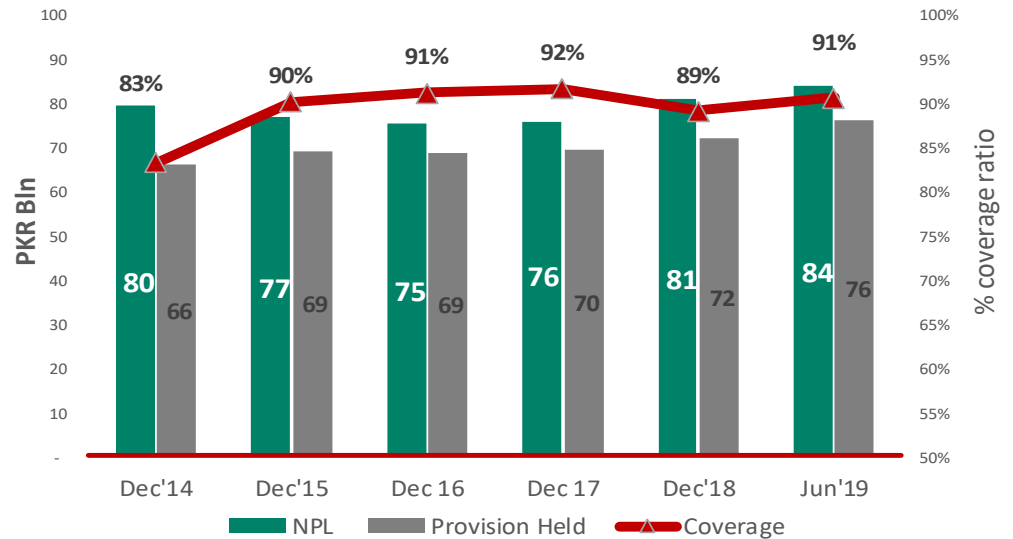
International Advances – Location wise



Asset quality



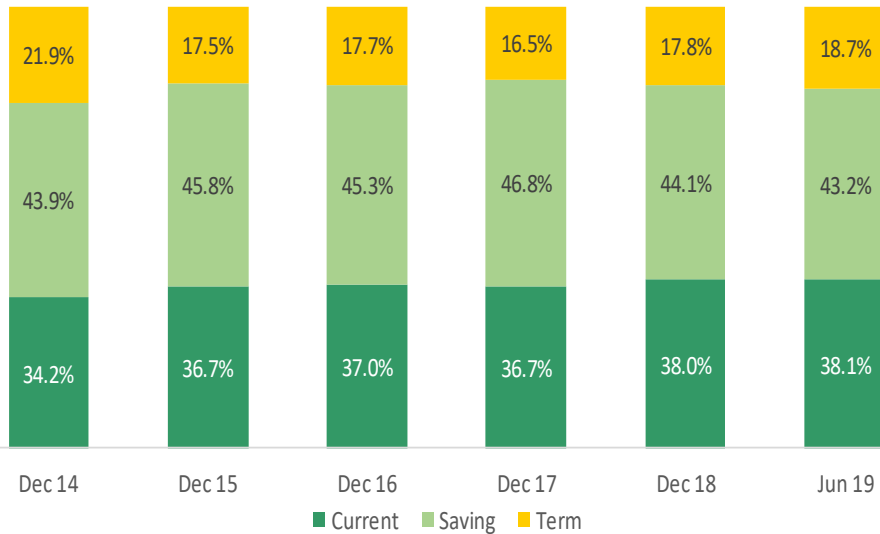
Coverage ratio



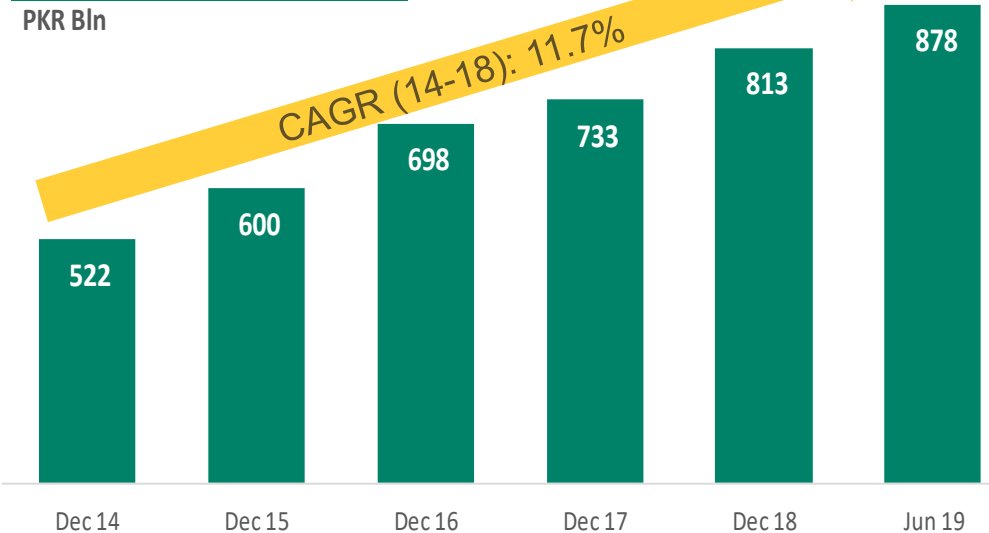
Period End Deposits			
PKR Bln	Jun'19	Dec'18	Var%
Current	768.4	707.3	9%
Saving	944.7	900.3	5%
Term	296.6	274.9	8%
Domestic	2,009.7	1,882.4	7%
International	259.8	223.7	16%
FMFB	35.1	31.1	13%
Group	2,304.6	2,137.3	8%
CASA - Domestic	85.2%	85.4%	-0.2%
CASA - Group	81.3%	82.2%	-0.9%

Average Deposits			
PKR Bln	H1-19 (Actual)	H1-18 (Actual)	Var%
Current	662.3	600.3	10%
Saving	876.0	874.5	0%
Term	252.9	218.1	16%
Domestic	1,791.2	1,692.9	6%
Current	223.4	199.5	12%
Term	31.5	22.7	39%
Group	2,046.1	1,915.1	7%
CoD - Dom	5.15%	2.83%	+ 232 bps
CoD - Group	4.80%	2.68%	+ 212 bps

Deposits Composition



Growth in current deposits



PKR Mn	H1 19	H1 18	Var%
Net Interest Income	47,703	39,905	20%
Core Non Fund Income	14,003	13,608	3%
Reval. loss on open position	(6,049)	(2,493)	-143%
Total Non Fund Income	7,953	11,115	-28%
Gross Revenue	55,657	51,020	9%
Operating Expenses	(45,252)	(36,768)	-23%
Pre Provision Operating Profit	10,405	14,251	-27%
Provisions	(511)	(123)	-316%
Profit Before Tax	9,894	14,129	-30%
Tax	(5,966)	(6,001)	1%
Profit After Tax	3,927	8,128	-52%

Ratios	Jun'19	Dec'18
Advances : Deposits	52.6%	53.9%
Capital Adequacy - Tier I	12.0%	12.0%
Capital Adequacy - Total	15.1%	16.2%

Ratios	H1 2019	H1 2018
Yield on advances	11.0%	8.0%
Cost of deposits	4.8%	2.7%
Net Interest Margin	4.3%	3.7%
Spreads	3.5%	3.1%
NCL ratio	0.1%	-0.1%
Return on average assets	0.3%	0.6%
Return on shareholders' equity*	4.2%	9.4%
NFI : Gross revenue	14.3%	21.8%
Cost : Income ratio	80.8%	70.9%
Cost : Income ratio - Normalized ^	70.8%	67.2%

^ Normalized C/I ratio excludes:

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

*excluding revaluation surplus