# Financial Results – September 2017

Investor Presentation

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## Reported Consolidated PBT for 9M'17 is Rs 18.8 Bn vs Rs 43.5 Bn for 9M'16. PAT for 9M'17 is Rs 1.6 Bn against Rs 25.8 Bn in 9M'16

- Profit numbers are lower primarily due to the settlement payment to NYSDFS. – Rs 23.7 Bn
- Excluding the impact of the settlement payment, PBT (Rs 42.5 Bn) and PAT (Rs 25.3 Bn) are both 2% lower than for 9M'16.

## Net interest income for 9M'17 is 62.0 Bn, slightly lower than the Rs 62.2 Bn in 9M'16

- Average balance sheet in 9M'17 is Rs 239 Bn (11%) higher than 9M'16
- Average domestic deposits have grown by Rs 194 Bn (14.4%) over 9M'16, largely driven by a growth of Rs 174 Bn in CASA deposits.
- Average domestic advances grew by Rs 129 Bn (28.4%) YoY, with growth across all segments.
- However net interest margin fell by 38 bps YoY, from 4.3% in 9M'16 to 3.9% in 9M'17, mainly due to lower lending spreads and falling investment yields.

## Non markup income for 9M'17 is Rs 26.3 Bn, an increase of 18% over 9M'16

- Fees and commissions have increased by 13% YoY to Rs 15.5 Bn. The main drivers of the growth are home remittances, card and consumer financing fees and asset management.
- Income from treasury related activities has increased 43% to Rs 7.8 Bn in 9M'17.

## Administrative expenses are up 12% YoY to Rs 43.5 Bn

- The growth is primarily due to the consolidation impact of First MicroFinanceBank and higher spend on remediation efforts in New York.
- Excluding these, expense growth has been contained to less than 7%.

## Provisions

- Gross NPLs have reduced by Rs 0.1 Bn over Dec'16.
- As a result of growth in the loan book, asset quality has improved further, to 8.2% in Sep'17.
- Provisions for 9M'17 are Rs 1.5 Bn, Rs 0.3 Bn higher YoY. This is primarily as a result of higher impairment charge on listed shares.
- The coverage ratio has improved from 91.2% in Dec'16 to 91.4% in Sep'17.

## In Sep’17, the Balance sheet has grown by 6% over Dec’16 to Rs 2.6 trillion

## Total deposits have increased by 7% over Dec’16, to over Rs 2.0 trillion

- Domestic current accounts have increased by 9.6% over Dec’16, and **crossed Rs 600 Bn.** Consequently, the mix of current accounts has improved to 35.0% in Sep’17 (Dec’16: 34.8%)
- Total domestic deposits grew by 9.2% over Dec’16 and by 2.5% over Jun’17, to Rs 1.7 trillion. Market share has improved from 14.1% in Dec’16 to 14.4% in Sep’17.
- Average current deposits grew by Rs 74 Bn (16.3%) over 9M’16.
- The cost of domestic deposits has reduced by 12 bps, from 2.78% in 9M’16 to 2.66% in 9M’17.

## Net advances increased by 13% to Rs 847 Bn in Sep’17

- Domestic advances have grown by 14% (Rs 81 Bn) over Dec’16. The growth is mainly driven from higher corporate and Islamic lending.
- International advances have increased by $114 Mn (7.1%) over Dec’16. This is mainly because of an increase in FI loans in the UAE and UK.

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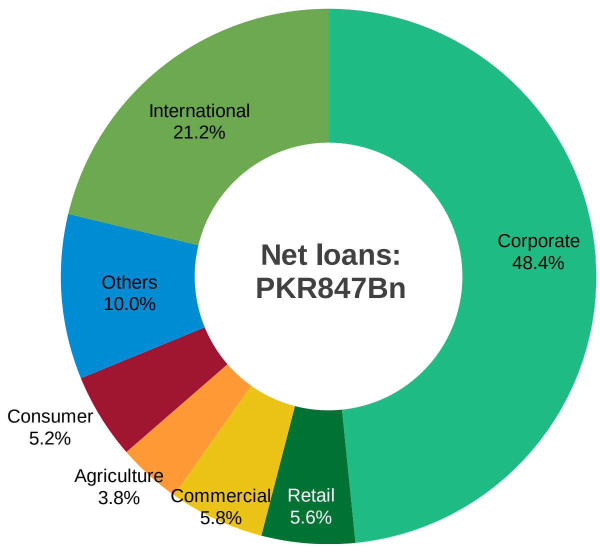
# Balance Sheet

| PKR Bln | Sep'17 | Dec'16 | Var% |
|---|---|---|---|
| Cash & Bank Balances | 275.3 | 284.4 | -3% |
| Lending to Financial Institutions | 14.2 | 34.0 | -58% |
| Investments | 1,399.6 | 1,344.4 | 4% |
| Performing Advances | 840.2 | 741.8 | 13% |
| Non Performing advances - net of provision | 6.4 | 6.7 | -3% |
| **Net Advances** | **846.6** | **748.5** | **13%** |
| Others | 111.8 | 95.9 | 17% |
| **Total Assets** | **2,647.5** | **2,507.2** | **6%** |

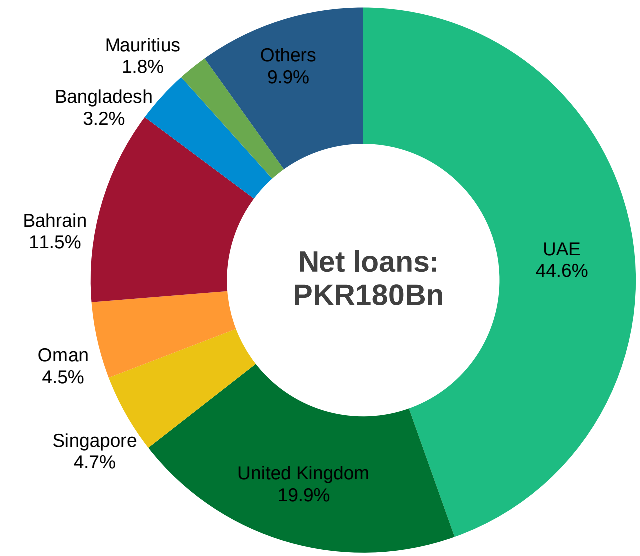
| | | | |
|---|---|---|---|
| Deposits - Domestic | 1,722.8 | 1,578.1 | 9% |
| Deposits - International + FMFB | 302.6 | 307.9 | -2% |
| Total Deposits | 2,025.4 | 1,886.0 | 7% |
| Borrowings | 349.8 | 332.8 | 5% |
| Subordinated loan | 10.0 | 10.0 | 0% |
| Others | 87.6 | 82.1 | 7% |
| **Total Liabilities** | **2,472.7** | **2,310.9** | **7%** |
| Shareholders' equity | 155.9 | 168.8 | -8% |
| Non - controlling interest | 3.4 | 3.4 | -2% |
| Surplus on revaluation of assets - net of tax | 15.5 | 24.1 | -35% |
| **Total Liabilities & Equity** | **2,647.5** | **2,507.2** | **6%** |

# Net Advances

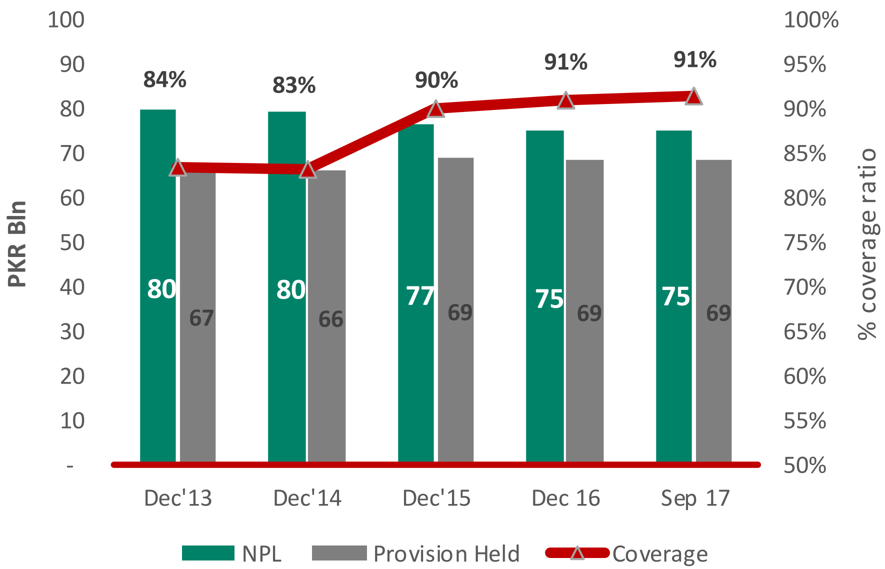
## Loan portfolio composition by line of business



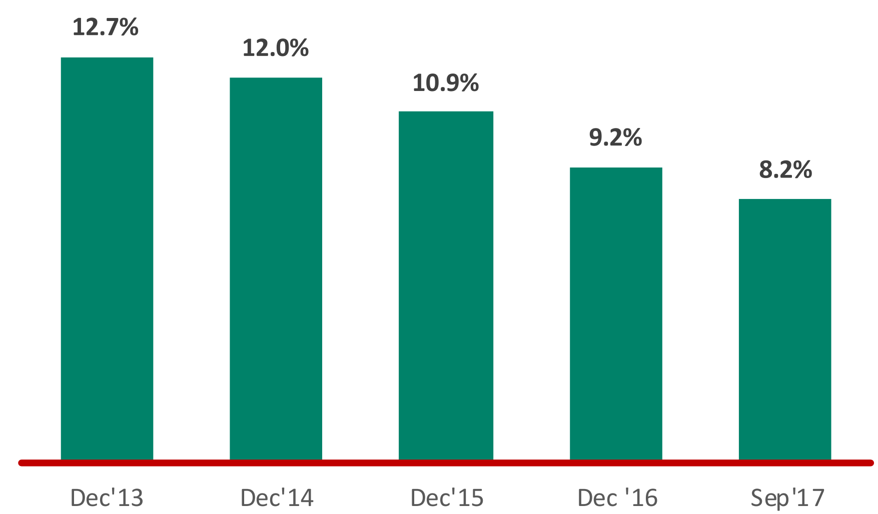

## International Advances – Location wise




## Coverage ratio




## Asset quality



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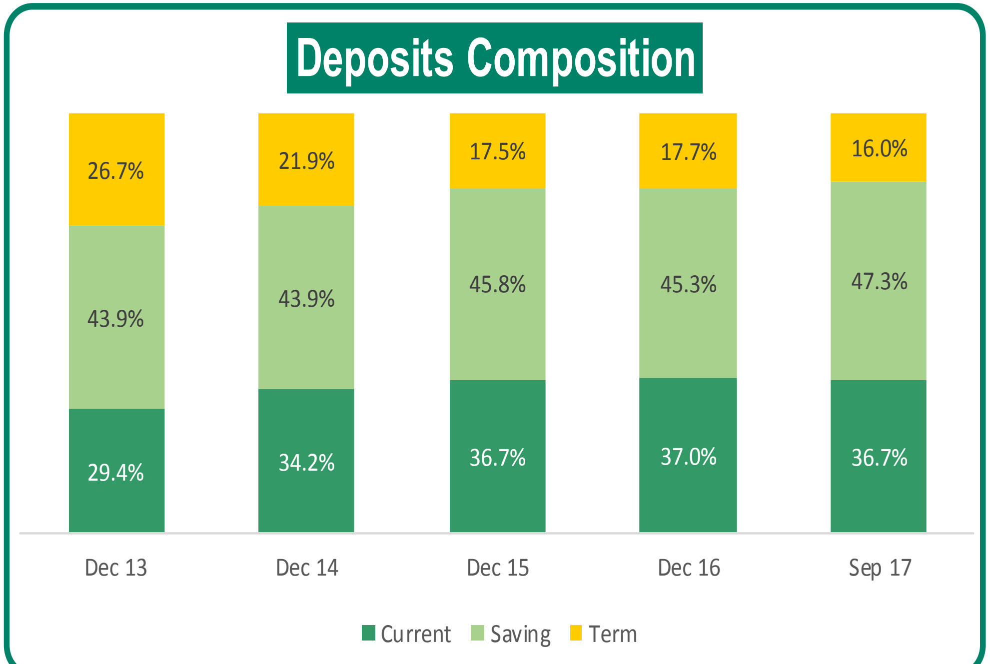
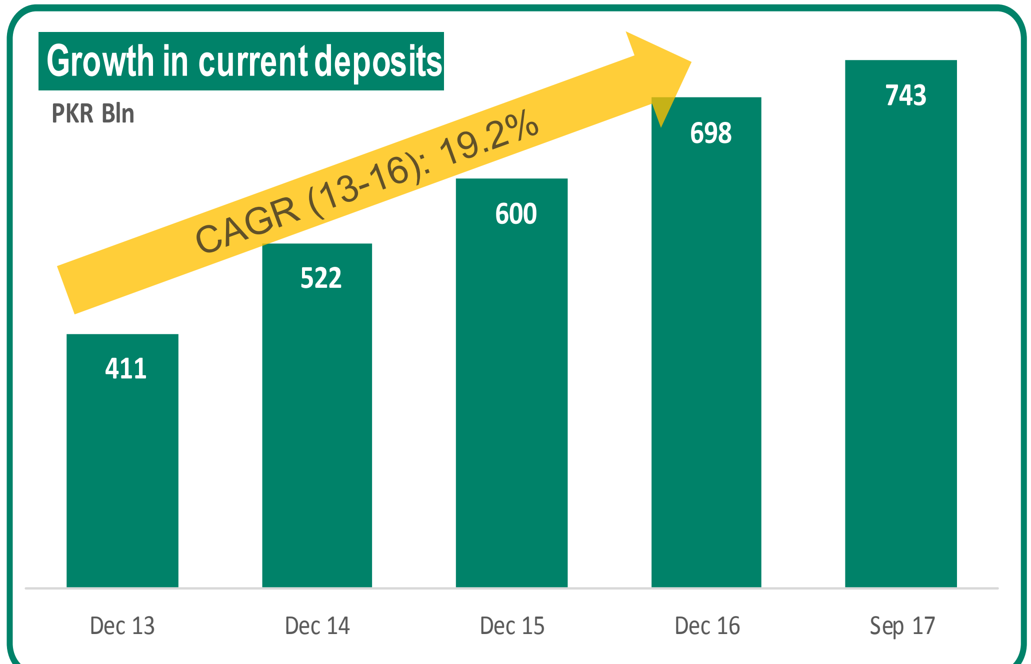
# Deposits

| Growth in Period End Deposits | | | |
|---|---|---|---|
| PKR Bln | Sep'17 | Dec'16 | Var% |
| Current | 602.4 | 549.7 | 10% |
| Saving | 903.9 | 800.1 | 13% |
| Term | 216.5 | 228.2 | -5% |
| **Domestic** | **1,722.8** | **1,578.1** | **9%** |
| International + FMFB | 302.6 | 307.9 | -2% |
| **Group** | **2,025.4** | **1,886.0** | **7%** |
| **CASA Ratio** | **84.0%** | **82.3%** | **1.7%** |

| Growth in Average Deposits | | | |
|---|---|---|---|
| PKR Bln | 9M'17 (Actual) | 9M'16 (Actual) | Var% |
| Current | 531.9 | 457.4 | 16% |
| Saving | 821.4 | 721.5 | 14% |
| Term | 192.9 | 173.1 | 11% |
| **Domestic** | **1,546.3** | **1,352.0** | **14%** |
| International + FMFB | 310.9 | 272.3 | 14% |
| **Group** | **1,857.2** | **1,624.3** | **14%** |
| **Cost of deposits - Group** | **2.41%** | **2.48%** | **-7bps** |



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# Income Statement

| PKR Bn | 9M'2017 (Actual) | 9M'2016 (Actual) | Var% |
|---|---|---|---|
| Interest Income | 109.4 | 106.8 | 2% |
| Interest expensed | (47.4) | (44.6) | -6% |
| **Net Interest Income** | **62.0** | **62.2** | **0%** |
| Non Interest Income | 26.3 | 22.3 | 18% |
| **Gross Revenue** | **88.3** | **84.6** | **4%** |
| Admin Expenses | (43.5) | (39.0) | -12% |
| **Operating Expenses** | **(44.3)** | **(39.9)** | **-11%** |
| **Pre Provision Operating Profit** | **44.0** | **44.7** | **-2%** |
| Provisions | (1.5) | (1.2) | -22% |
| **Profit before extra ordinary item** | **42.5** | **43.5** | **-2%** |
| Extra ordinary / unusual item | (23.7) | - | -100% |
| **Profit Before Tax** | **18.8** | **43.5** | **-57%** |
| Tax | (17.2) | (17.7) | 3% |
| **Profit After Tax** | **1.6** | **25.8** | **-94%** |

| | | | |
|---|---|---|---|
| **PAT excluding extra ordinary / unusual item** | **25.3** | **25.8** | **-2%** |

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# Non Fund Income

| PKR Mln | 9M'2017 (Actual) | 9M'2016 (Actual) | Var% |
|---|---|---|---|
| Fees and commissions | 15,520 | 13,791 | 13% |
| Capital Gains | 4,942 | 3,502 | 41% |
| Dividend income | 959 | 905 | 6% |
| FX Income | 1,932 | 1,066 | 81% |
| Share of profit of associates | 2,277 | 2,496 | -9% |
| Other income | 663 | 579 | 14% |
| **Total non interest income** | **26,295** | **22,339** | **18%** |

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# Key Ratios

| Ratios | Sep'17 | Dec'16 |
|---|---|---|
| Advances : Deposits | 45.2% | 43.3% |
| Asset Quality | 8.2% | 9.2% |
| Coverage | 91.4% | 91.2% |
| Capital Adequacy | 13.6% | 15.5% |

| Ratios | 9M 2017 | 9M 2016 |
|---|---|---|
| Yield on advances | 7.4% | 8.1% |
| Cost of deposits | 2.4% | 2.5% |
| Net Interest Margin | 3.9% | 4.3% |
| Spreads | 3.3% | 3.7% |
| NCL ratio | 0.1% | 0.2% |
| Return on average assets | 0.1% | 1.5% |
| Return on shareholders' equity* | 1.3% | 20.8% |
| Cost : Income ratio | 49.3% | 46.1% |
| NFI : Gross revenue | 29.8% | 26.4% |

| Normalized Ratios ** | 9M 2017 | 9M 2016 |
|---|---|---|
| Return on average assets | 1.3% | 1.5% |
| Return on shareholders' equity* | 19.0% | 20.8% |

**** excluding surplus on revaluation***

*****9M'17 normalized for extra ordinary / unusual item***