



Financial Results – Q1 2016

Investor Presentation

Consolidated PBT is down 9% YoY to Rs 13.9 Bn. PAT is Rs 9.0 Bn, down 9% YoY

- PBT is down primarily due to exceptional capital gains of Rs 2.2 Bn in Q1'15. Excluding capital gains, PBT has increased by 3% and PAT by 4% over Q1'15

Net interest income has increased by 6% to Rs 20.2 Bn

- Average balance sheet has grown by 15% over Q1'15
- Average domestic current deposits are up 23% YoY with average domestic loan growth of 7.5%
- Significant expansion in PIB volumes - up 63% YoY
- Consequently margins are down by only 36 bps from 4.0% in Q1'15 to 3.6% in Q1'16, despite a 226 bps reduction in average interest rates.

Non markup income at Rs 6.5 Bn, down 16% YoY

- Excluding capital gains, non mark up income is up by 12% YoY
- Fees and commissions have grown by 25% to Rs 4.3 Bn. Main contributors were fees related to debit and credit cards which have doubled over Q1'15. Home remittances income also exhibited substantial growth.
- Capital gains of Rs 0.4 Bn in Q1'16 are Rs 1.9 Bn lower YoY. This is primarily due to one-off capital gain on sale of government bonds in Q1'15 (impact Rs 1.3 Bn). Equity capital gains are also lower by Rs 0.6 Bn YoY as the stock market has remained rangebound.

Administrative expenses are up 15% (Rs 1.6 Bn) YoY to Rs 12.1 Bn, but down 6% QoQ

- The rise is primarily due to higher marketing expense, as a result of HBL's sponsorship of the Pakistan Super League, increase in the branch network and certain timing differences
- On a normalized basis, the growth in admin. expenses were contained to 8.1%.
- Consequently, the cost to income ratio has increased from 39.1% in Q1'15 to 45.3% in Q1'16, however, down from 45.7% in Q4'15

Provisions

- Provisions have reduced by 36% to Rs 0.5 Bn for Q1'16, despite additional subjective provisioning based on the Bank's conservative view on certain borrowers.
- Gross NPLs have increased by Rs. 1.8 Bn in Q1'16, primarily due to increase in overseas NPLs
- As a result, asset quality ratio has deteriorated from 10.9% in Dec'15 to 12.0% in Mar'16 primarily due to reduction in loans. The coverage ratio in Mar'16 is 88.5%.

In Mar'16, the Balance Sheet has remained flat to Dec'15 peak levels of Rs 2.2 trillion

Deposits have reduced by 2% to Rs 1.59 trillion, due to 19% reduction in term deposits

- Domestic current deposits have increased from Rs 470 Bn in Dec'15 to Rs 472 Bn in Mar'16, current account mix now at 35.9% (Dec'15: 34.4%)
- Domestic average current deposits are Rs 81 Bn (23%) higher YoY
- Consequently, the cost of domestic deposits reduced by 157 bps to 2.8% in Q1'16
- Domestic CASA ratio has improved to 89.0% in Mar'16 (Dec'15: 85.6%)

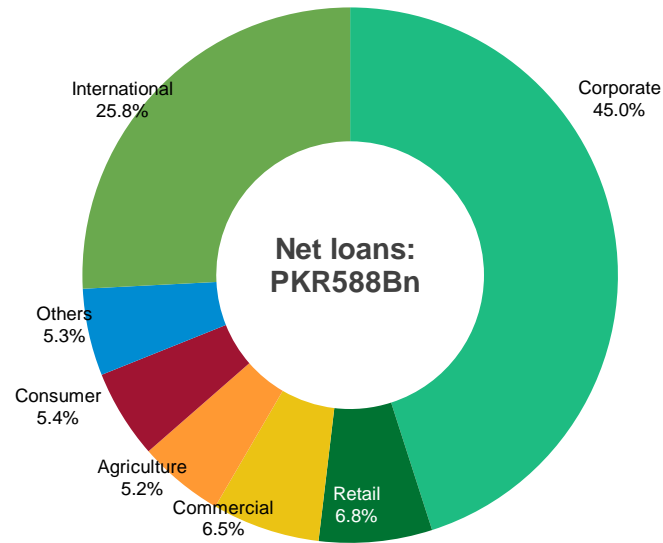
Net advances reduced by Rs 50 Bn(8%) to Rs 588 Bn in Mar'16

- Domestic advances have reduced by Rs 43Bn (9%) primarily due to reduction in commodity, corporate and retail loans
- International advances have reduced by Rs 7Bn (5%) as compared to Dec'15, primarily due to reduction in the UAE loan book

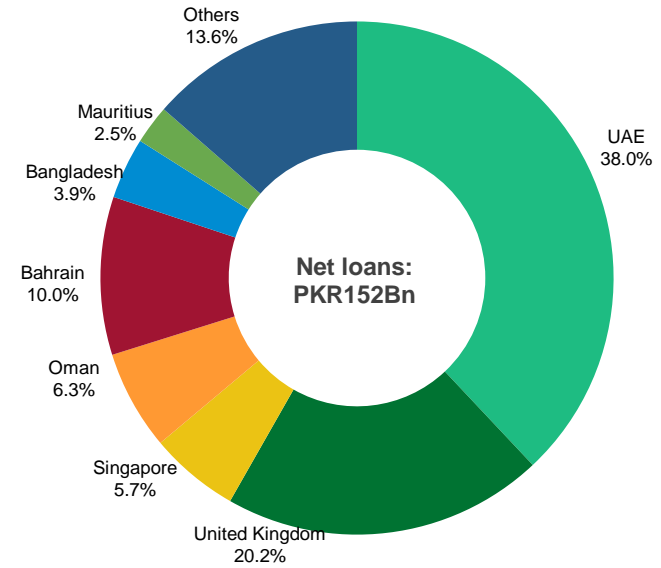
PKR Bln	Dec'15	Mar'16	Var%
Cash & Bank Balances	207.7	196.8	-5%
Lending to Financial Institutions	18.4	11.5	-37%
Investments	1,270.8	1,329.2	5%
Performing Advances	629.8	578.6	-8%
Non Performing advances - net of provision	7.6	9.0	19%
Others	84.1	82.6	-2%
Total Assets	2,218.4	2,207.8	0%

Deposits - Domestic	1,367.2	1,313.7	-4%
Deposits - International	267.8	281.2	5%
Total Deposits	1,634.9	1,594.9	-2%
Borrowings	314.3	324.3	3%
Subordinated loan	10.0	10.0	0%
Others	76.5	88.2	15%
Total Liabilities	2,035.8	2,017.4	-1%
Shareholders' equity	158.4	162.1	2%
Non - controlling interest	1.7	1.7	-1%
Surplus on revaluation of assets - net of tax	22.6	26.7	18%
Total Liabilities & Equity	2,218.4	2,207.8	0%

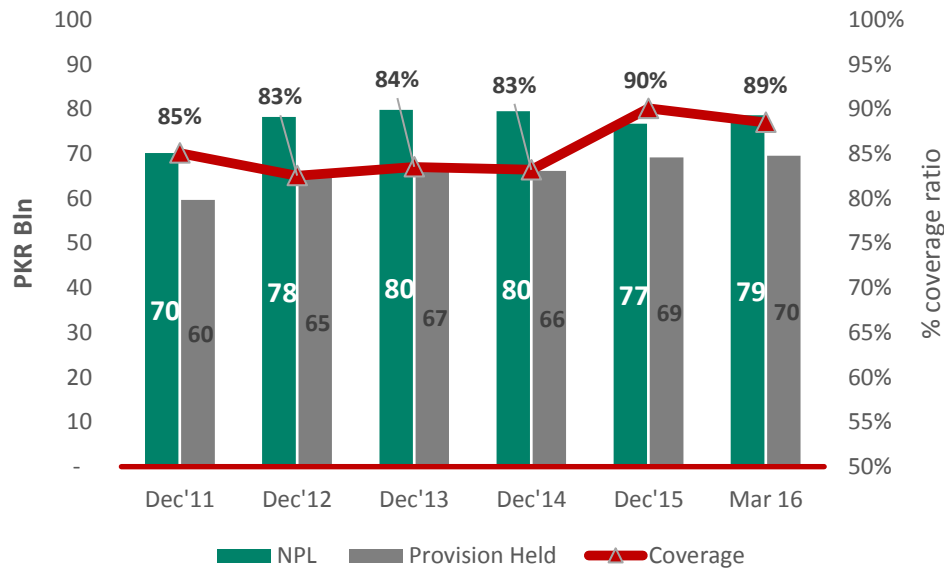
Loan portfolio composition by line of business



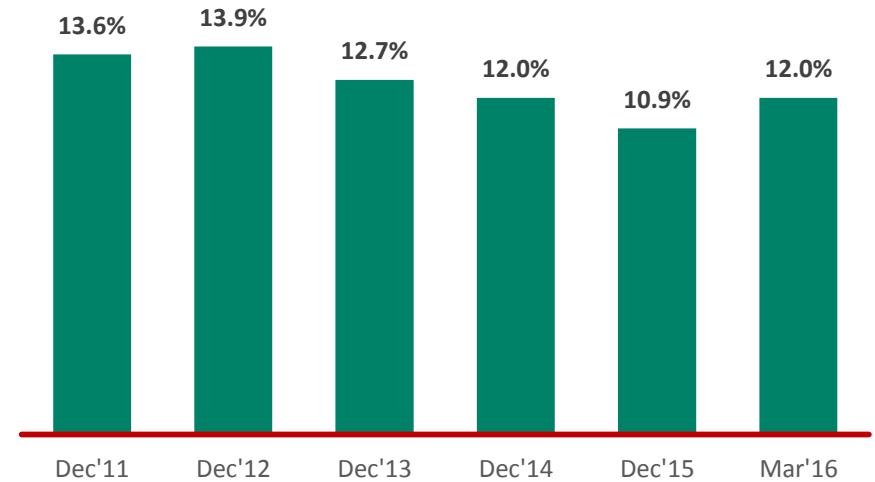
International Advances – Location wise



Coverage ratio



Asset quality



Growth in Period End Deposits

PKR Bln	Dec'15	Mar'16	Var%
Current	469.7	472.0	0%
Saving	701.0	697.6	0%
Term	196.5	144.2	-27%
Domestic	1,367.2	1,313.7	-4%
International	267.8	281.2	5%
Group	1,634.9	1,594.9	-2%

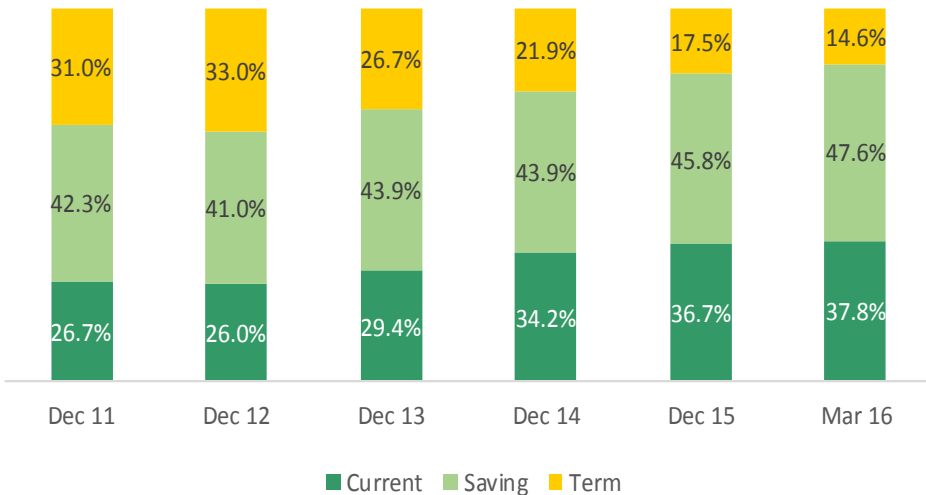
CASA Ratio	82.5%	85.4%	2.9%
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Growth in Average Deposits

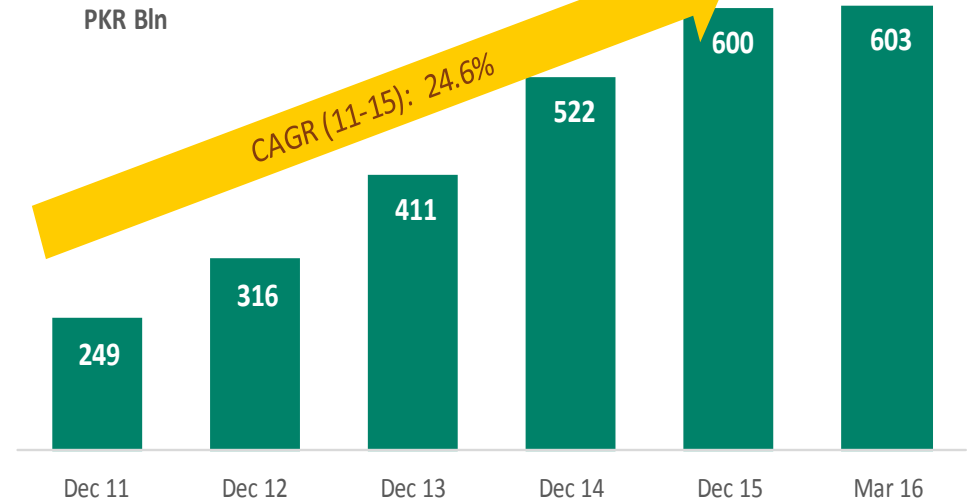
PKR Bln	Q1'15	Q1'16	Var%	Q4'15	Var%
Current	353.1	434.3	23%	412.4	5%
Saving	638.1	702.8	10%	687.7	2%
Term	226.2	165.5	-27%	183.0	-10%
Domestic	1,217.5	1,302.5	7%	1,283.2	2%
International	250.2	271.1	8%	262.8	3%
Group	1,467.7	1,573.5	7%	1,545.9	2%

Cost of deposits	3.8%	2.5%	-1.3%	2.6%	-0.1%
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Deposits Composition



Growth in current deposits



PKR Bn	Q1'16 (Actual)	Q1'15 (Actual)	Var%
Interest Income	35.705	36.829	-3%
Interest expensed	(15.520)	(17.749)	13%
Net Interest Income	20.184	19.079	6%
Capital Gain	0.364	2.233	-84%
NFI Ex Capital Gain	6.168	5.524	12%
Non Interest Income	6.532	7.757	-16%
Gross Revenue	26.716	26.837	0%
Admin Expenses	(12.106)	(10.485)	-15%
Operating Expenses	(12.376)	(10.793)	-15%
Pre Provision Operating Profit	14.340	16.044	-11%
Provisions	(0.487)	(0.762)	36%
Profit Before Tax	13.853	15.282	-9%
Tax	(4.819)	(5.348)	10%
Profit After Tax	9.035	9.935	-9%

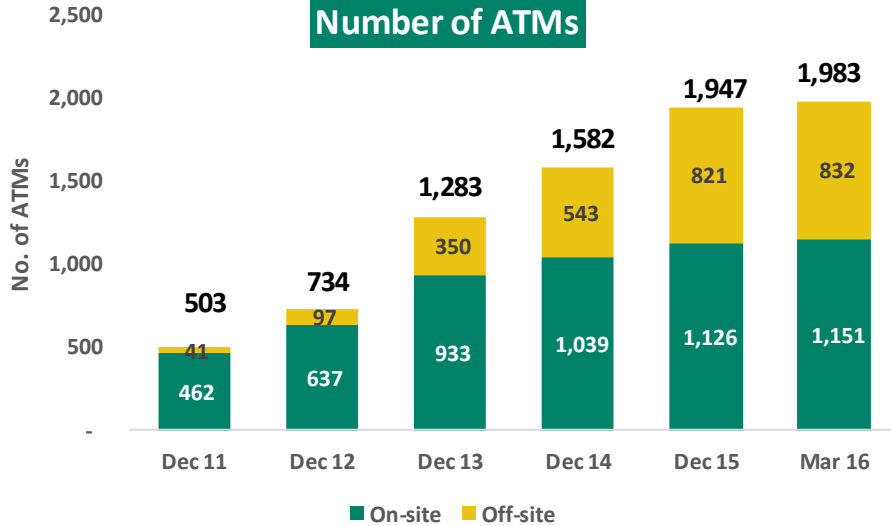
PKR Mln	Q1'16 (Actual)	Q1'15 (Actual)	Var%
Fee, commission and brokerage income	4,281	3,412	25%
Gain on sale of securities	364	2,233	-84%
Share of profit of associates and joint venture	736	812	-9%
Dividend income	390	390	0%
Income from dealing in foreign currencies	389	705	-45%
Other income	371	205	81%
Total non interest income	6,532	7,757	-16%

Ratios	Dec'15	Mar'16
Advances : Deposits	43.2%	41.0%
Asset Quality	10.9%	12.0%
Coverage	90.1%	88.5%
Capital Adequacy	17.0%	17.0%

Ratios	Q1'15	Q1'16
Yield on advances	9.2%	7.9%
Cost of deposits	3.8%	2.5%
Net Interest Margin	4.0%	3.7%
NCL ratio	0.3%	0.3%
Return on average assets	2.1%	1.6%
Return on shareholders' equity*	26.7%	22.3%
Cost : Income ratio	39.1%	45.3%
NFI : Gross revenue	28.9%	24.4%

**excluding surplus on revaluation*

Number of ATMs



ATM Transactions

Particulars	Q1'15	Q1'16	Var %
No. of ATMs	1,706	1,983	16.2%
No. of Transactions (in million)	11.76	16.51	40.4%
Total Cash withdrawal (PKR million)	104,938	152,025	44.9%
Average transaction size (PKR)	8,923	9,208	3.2%
Average monthly no. of transactions per ATM	574	694	20.9%

Internet Banking

Particulars	Q1'15	Q1'16	Var %
No. of Users	103,000	191,180	85.6%
Total No. of transactions (in million)	225,487	347,494	54.1%
Total transaction amount (PKR million)	4,606	7,790	69.1%
Average transaction size	20,428	22,418	9.7%

Phone Banking

Particulars	Q1'15	Q1'16	Var %
No. of Users (in million)	4.202	5.686	35.3%
Total No. of financial transactions (excl. IVR)	7,553	12,411	64.3%
Total transaction amount (PKR million)	166	313	88.6%
Average transaction size	21,999	25,220	14.6%