



Financial Results – December 2016

Investor Presentation

Consolidated PAT is Rs 34.2 Bn, 3% lower than 2015

- PBT is Rs 56.5 Bn, 6% lower than 2015 due to one-off capital gains realized last year. **Excluding capital gains, PBT is 4% higher than for 2015 and PAT is 10% higher.**

Net interest income has increased by 5% YoY to Rs 82.0 Bn in 2016

- The average balance sheet has grown by 10% over 2015.
- Lower interest rates, the repricing of the PIB portfolio after the first set of maturities and competition driven reductions in lending spreads have compressed margins.
- However, average domestic current deposits have increased by 19% YoY. Average domestic advances also grew by 9%, with significant growth in higher yielding SME, Consumer and Agriculture loans.
- Consequently, the reduction in net interest margin has been contained to 30 bps, with NIM at 4.3%.

Non markup income at Rs 31.1 Bn, down 15% YoY (Ex-Capital Gains, up 1% YoY)

- Fees and commissions have grown by 8% to Rs 18.7 Bn. The increase is primarily driven from Bancassurance, account operations and asset management. General banking charges, trade, investment banking and home remittances continued to remain major contributors.
- Capital gains are Rs 5.3 Bn, lower by Rs 5.7 Bn YoY. 2015 included one-off capital gains on sale of government bonds (Rs 6.2 Bn) and unlisted equities and mutual funds (Rs 1.2 Bn).

Administrative expenses are up 12% YoY to Rs 54.4 Bn

- The growth is primarily due to full impact of increase in the branch network, certain 1-off costs and the consolidation impact of First Microfinance Bank.
- The cost to income ratio has increased from 42.2% in 2015 to 48.2% in 2016.

Provisions

- Gross NPLs have reduced by Rs 1.3 Bn over Dec'15, due to reduction in domestic NPLs.
- Asset quality has improved from 10.9% in Dec'15 to 9.2% in Dec'16 as a result of significant growth in the loan book.
- Total provisions are Rs 0.9 Bn in 2016, down Rs 3.9 Bn (81%) YoY.
- The coverage ratio has improved from 90.1% in Dec'15 to 91.2% in Dec'16.

In Dec'16, the Balance Sheet has grown by 13% over Dec'15 to Rs 2.5 trillion

Deposits have increased by 15.4% over Dec'15 to Rs 1.9 trillion

- Domestic current deposits have increased by 17% over Dec'15 to Rs 550 Bn, current deposit mix has improved from 34.3% in Dec'15 to 34.8% in Dec'16. Total current deposits have reached nearly Rs 700 Bn
- Consequently, the cost of domestic deposits has reduced by 84bps to 2.8% in 2016.
- Total CASA has been maintained at over 82% in Dec'16 while adding total deposits of Rs 250 Bn.
- Domestic market share has been maintained at 14.1%.

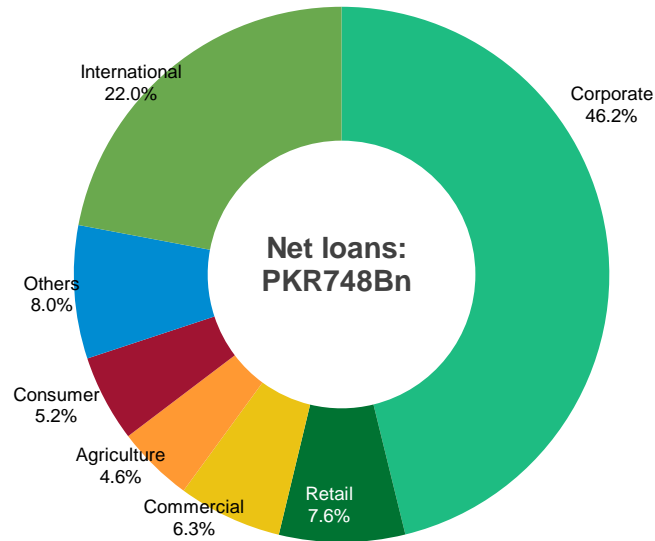
Net advances increased by 17% to Rs 748 Bn in Dec'16

- Domestic advances grew by Rs 97 Bn (20%) over Dec'15, with growth in all business segments.
- Average domestic advances have increased by Rs 39 Bn (9%) over 2015, mainly driven by corporate and consumer loans.
- International advances have grown by 4% to Rs 165 Bn in Dec'16.

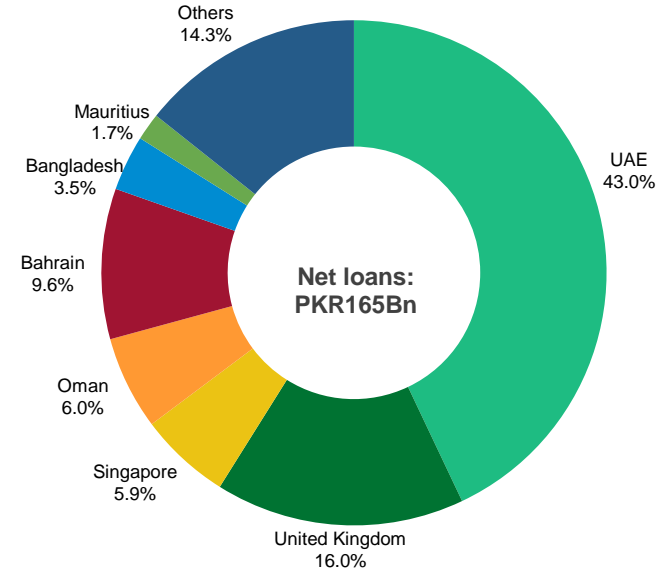
| PKR Bln | Dec'16 | Dec'15 | Var% |
|--------------------------------------------|----------------|----------------|------------|
| Cash & Bank Balances | 284.4 | 207.7 | 37% |
| Lending to Financial Institutions | 34.0 | 18.4 | 85% |
| Investments | 1,344.4 | 1,270.8 | 6% |
| Performing Advances | 741.8 | 629.8 | 18% |
| Non Performing advances - net of provision | 6.7 | 7.6 | -12% |
| Others | 95.9 | 84.1 | 14% |
| Total Assets | 2,507.2 | 2,218.4 | 13% |

| | | | |
|-----------------------------------------------|----------------|----------------|------------|
| Deposits - Domestic | 1,578.1 | 1,367.2 | 15% |
| Deposits - International + Dom Subs | 307.9 | 267.8 | 15% |
| Total Deposits | 1,886.0 | 1,634.9 | 15% |
| Borrowings | 332.8 | 314.3 | 6% |
| Subordinated loan | 10.0 | 10.0 | 0% |
| Others | 82.1 | 76.5 | 7% |
| Total Liabilities | 2,310.9 | 2,035.8 | 14% |
| Shareholders' equity | 168.8 | 158.4 | 7% |
| Non - controlling interest | 3.4 | 1.7 | 102% |
| Surplus on revaluation of assets - net of tax | 24.1 | 22.6 | 7% |
| Total Liabilities & Equity | 2,507.2 | 2,218.4 | 13% |

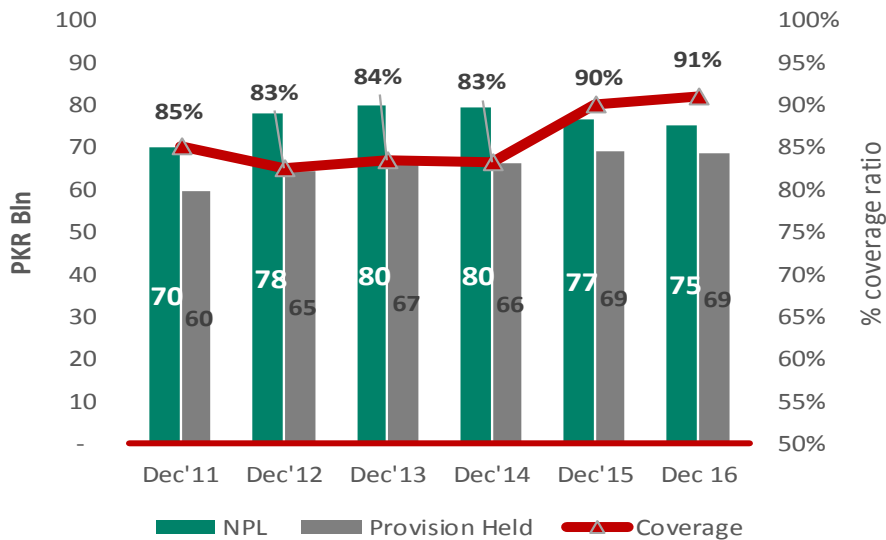
Loan portfolio composition by line of business



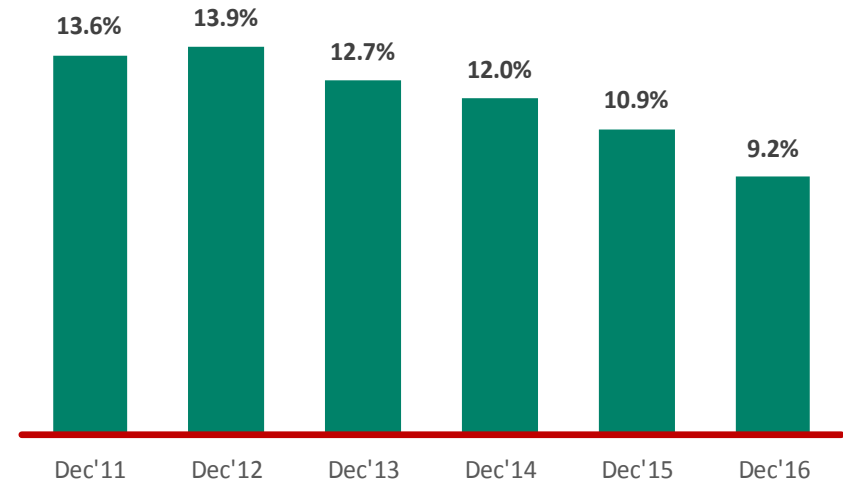
International Advances – Location wise



Coverage ratio



Asset quality



Growth in Period End Deposits

| PKR Bln | Dec'16 | Dec'15 | Var% |
|--------------------------|----------------|----------------|------------|
| Current | 549.7 | 469.0 | 17% |
| Saving | 800.1 | 701.9 | 14% |
| Term | 228.2 | 196.2 | 16% |
| Domestic | 1,578.1 | 1,367.2 | 15% |
| International + Dom Subs | 307.9 | 267.8 | 15% |
| Group | 1,886.0 | 1,634.9 | 15% |

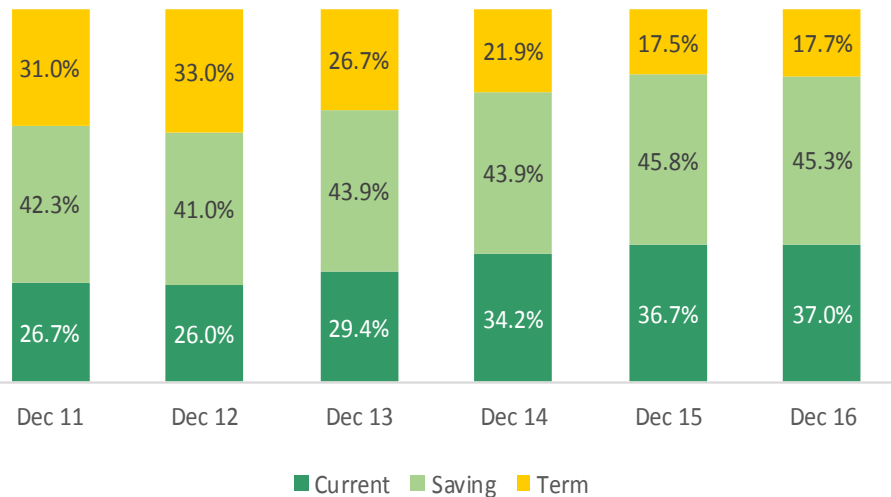
Growth in Average Deposits

| PKR Bln | 2016 (Actual) | 2015 (Actual) | Var% |
|--------------------------|----------------|----------------|-----------|
| Current | 461.7 | 388.0 | 19% |
| Saving | 737.1 | 663.9 | 11% |
| Term | 173.2 | 209.3 | -17% |
| Domestic | 1,372.1 | 1,261.2 | 9% |
| International + Dom Subs | 282.7 | 256.3 | 10% |
| Group | 1,654.8 | 1,517.5 | 9% |

| | | | |
|-------------------|--------------|--------------|--------------|
| CASA Ratio | 82.3% | 82.5% | -0.1% |
|-------------------|--------------|--------------|--------------|

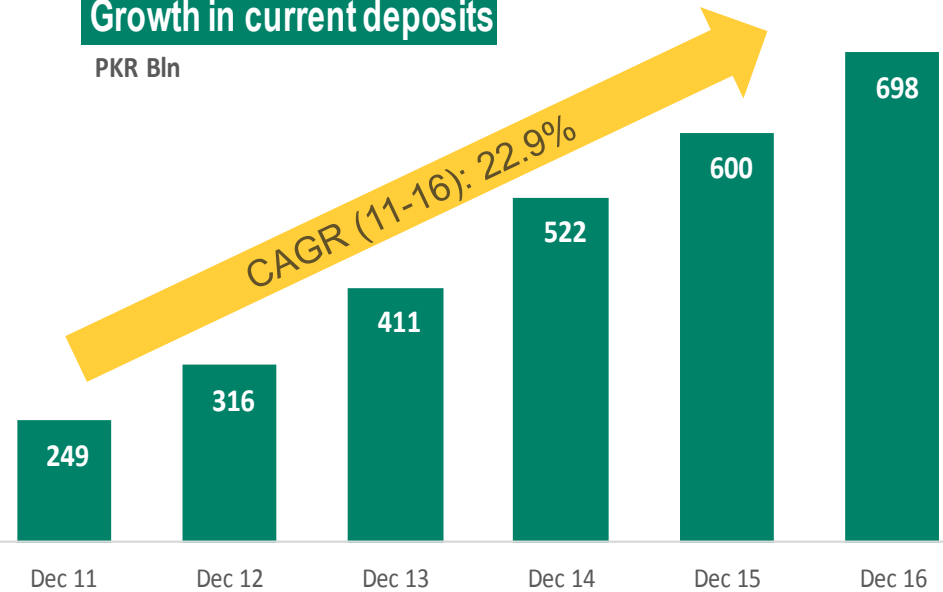
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|---------------------------------|-------------|-------------|--------------|
| Cost of deposits - Group | 2.5% | 3.2% | -0.7% |
|---------------------------------|-------------|-------------|--------------|

Deposits Composition



Growth in current deposits

PKR Bln



| PKR Bn | 2016 (Actual) | 2015 (Actual) | Var% |
|---------------------------------------|------------------|------------------|-------------|
| Interest Income | 141.1 | 141.1 | 0% |
| Interest expensed | (59.1) | (62.9) | 6% |
| Net Interest Income | 82.0 | 78.2 | 5% |
| Capital Gain | 5.3 | 11.1 | -52% |
| NFI Ex Capital Gain | 25.7 | 25.5 | 1% |
| Non Interest Income | 31.1 | 36.6 | -15% |
| Gross Revenue | 113.0 | 114.8 | -2% |
| Admin Expenses | (54.4) | (48.4) | -12% |
| Operating Expenses | (55.6) | (49.7) | -12% |
| Pre Provision Operating Profit | 57.4 | 65.0 | -12% |
| Provisions | (0.9) | (4.8) | 81% |
| Profit Before Tax | 56.5 | 60.3 | -6% |
| Tax | (22.3) | (25.2) | 11% |
| Profit After Tax | 34.2 | 35.1 | -3% |

| PKR Mln | 2016 (Actual) | 2015 (Actual) | Var% |
|-------------------------------------------------|------------------|------------------|-------------|
| Fee, commission and brokerage income | 18,653 | 17,194 | 8% |
| Dividend income | 1,286 | 1,543 | -17% |
| FX Income | 1,399 | 2,749 | -49% |
| Share of profit of associates and joint venture | 3,768 | 3,399 | 11% |
| Other income | 625 | 639 | -2% |
| Gain on sale of securities | 5,330 | 11,060 | -52% |
| Total non interest income | 31,062 | 36,584 | -15% |

| Balance Sheet Ratios | | |
|----------------------|--------|--------|
| Ratios | Dec'16 | Dec'15 |
| Advances : Deposits | 43.3% | 43.2% |
| Asset Quality | 9.2% | 10.9% |
| Coverage | 91.2% | 90.1% |
| Capital Adequacy | 15.5% | 17.0% |

| Ratios | 2016 | 2015 |
|---------------------------------|-------|-------|
| Yield on advances | 8.0% | 8.4% |
| Cost of deposits | 2.5% | 3.2% |
| Net Interest Margin | 4.3% | 4.6% |
| Spreads | 3.6% | 3.8% |
| NCL ratio | 0.1% | 0.8% |
| Return on average assets | 1.4% | 1.7% |
| Return on shareholders' equity* | 20.6% | 22.8% |
| Cost : Income ratio | 48.2% | 42.2% |
| NFI : Gross revenue | 27.5% | 31.9% |

**excluding surplus on revaluation*