



Financial Results – December 2017

Investor Presentation

Consolidated PBT for 2017 is Rs 28.8 Bn compared to Rs 56.5 Bn in 2016. PAT is Rs 8.2 Bn compared to Rs 34.2 Bn in 2016

- Profit numbers are impacted by the extraordinary / unusual item of the \$225 Mn (Rs 23.7 Bn) settlement payment to NYSDFS.
- Excluding the impact of the extra ordinary / unusual item, PBT and PAT are both 7% lower than 2016.

Net interest income for 2017 is Rs 83.1 Bn, 1% higher than the Rs 82.0 Bn for 2016

- Average balance sheet in 2017 is Rs 251 Bn (11%) higher than 2016.
- Average domestic deposits have grown by Rs 204 Bn (15%) over 2016, largely driven by a growth of Rs 179 Bn in CASA deposits.
- Average domestic advances grew by Rs 135 Bn (29%) YoY, with growth across all segments.
- However net interest margin fell by 30 bps YoY, from 4.2% in 2016 to 3.9% in 2017, mainly due to lower lending spreads and falling investment yields.

Non markup income for 2017 is Rs 32.9 Bn, an increase of 5% over 2016

- Fees and commissions have increased by 3% to Rs 19.5 Bn. The growth in fees is largely driven by an increase in account operations and card related fees and higher fees from the asset management subsidiary.
- Income from treasury related activities has increased by 31% to Rs 10.5 Bn in 2017.

Administrative expenses are up 13% YoY to Rs 62.0 Bn

- The growth is primarily due to the consolidation impact of FMFB and higher US remediation costs
- Excluding these, expense growth has been contained to under 9%.

Provisions

- Gross NPLs have increased by Rs 0.4 Bn over Dec'16, as there is a Rs 1.3 Bn impact of Rupee devaluation on overseas NPLs. Domestic NPLs have reduced by Rs 2.1 Bn.
- However, asset quality has improved further, from 9.2% in Dec'16 to 8.2% in Dec'17 as a result of growth in the loan book.
- Overall provisions for 2017 are Rs 0.4 Bn, 57% lower than the Rs 0.9 Bn last year. The provisions in 2017 are due to a Rs 0.5 Bn impairment charge on listed shares.
- The coverage ratio has improved from 91.2% in Dec'16 to 91.6% in Dec'17.

HBL's balance sheet has grown by 7% over Dec'16 to Rs 2.7 trillion

Total deposits have increased by 6% over Dec'16, to nearly Rs 2.0 trillion.

Domestic deposits grew by 11.7%

- Domestic current deposits have increased by 14.2% over Dec'16 to Rs 628 Bn and the mix has improved from 34.8% in Dec'16 to 35.6% in Dec'17.
- Domestic market share has increased from 14.1% in Dec'16 to 14.3% in Dec'17.
- Average current deposits have continued to show strong growth and have increased by 16.4% (Rs 76 Bn) YoY.
- The cost of domestic deposits has reduced by 9 bps, from 2.78% in 2016 to 2.69% in 2017.

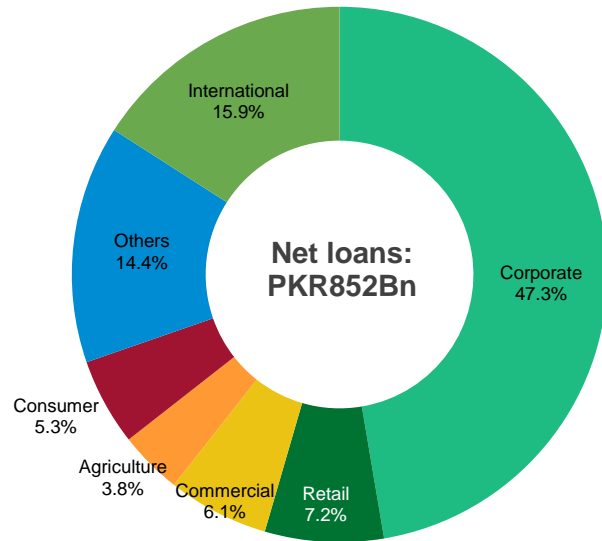
Net advances increased by 14% to Rs 852 Bn in Dec'17

- Domestic advances have grown by 22.3% (Rs 128 Bn) over Dec'16. While the growth is spread across all segments, the main drivers behind increase were large ticket corporate and Islamic advances
- International advances have reduced by \$364 Mn (23%) from Dec'16.

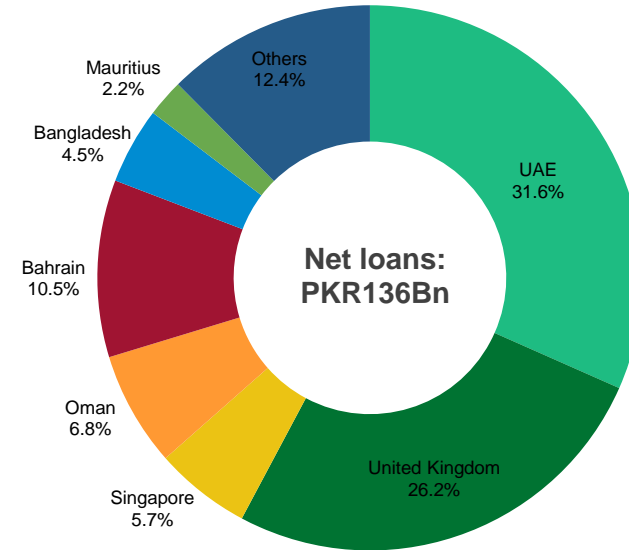
PKR Bln	Dec'17	Dec'16	Var%
Cash & Bank Balances	286.8	284.4	1%
Lending to Financial Institutions	33.9	33.0	3%
Investments	1,374.8	1,344.4	2%
Performing Advances	845.2	741.8	14%
Non Performing advances - net of provision	6.3	6.7	-5%
Net Advances	851.5	748.5	14%
Others	137.0	95.9	43%
Total Assets	2,684.1	2,506.1	7%

Deposits - Domestic	1,762.3	1,578.1	12%
Deposits - International + FMFB	236.6	307.9	-23%
Total Deposits	1,998.9	1,886.0	6%
Borrowings	397.8	331.7	20%
Subordinated loan	10.0	10.0	0%
Others	88.6	82.1	8%
Total Liabilities	2,495.3	2,309.8	8%
Shareholders' equity	164.0	168.8	-3%
Non - controlling interest	3.5	3.4	2%
Surplus on revaluation of assets - net of tax	21.3	24.1	-12%
Total Liabilities & Equity	2,684.1	2,506.1	7%

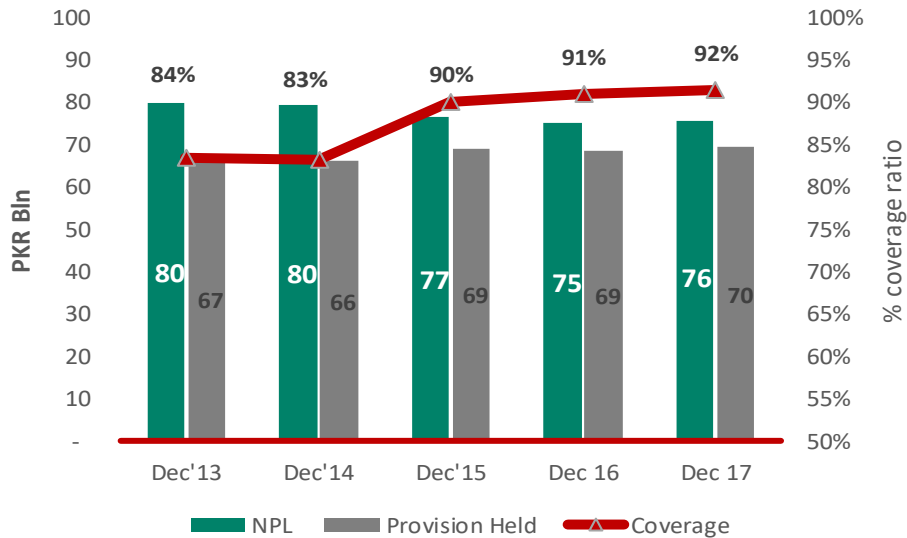
Loan portfolio composition by line of business



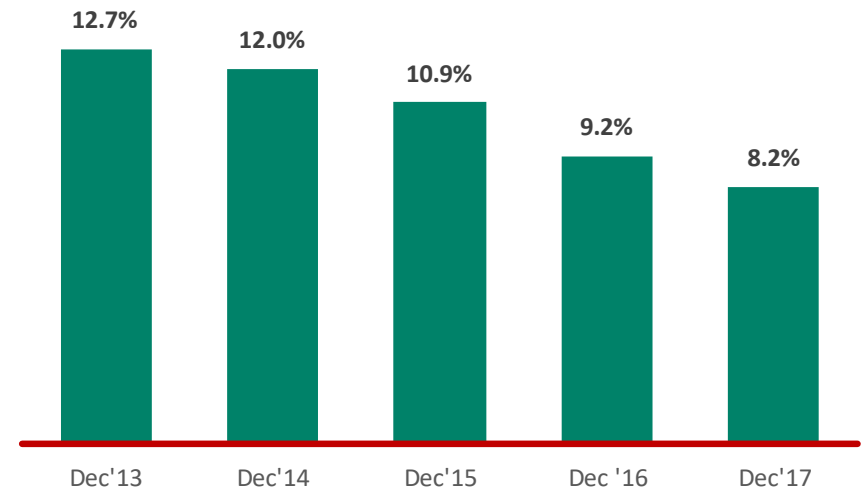
International Advances – Location wise



Coverage ratio



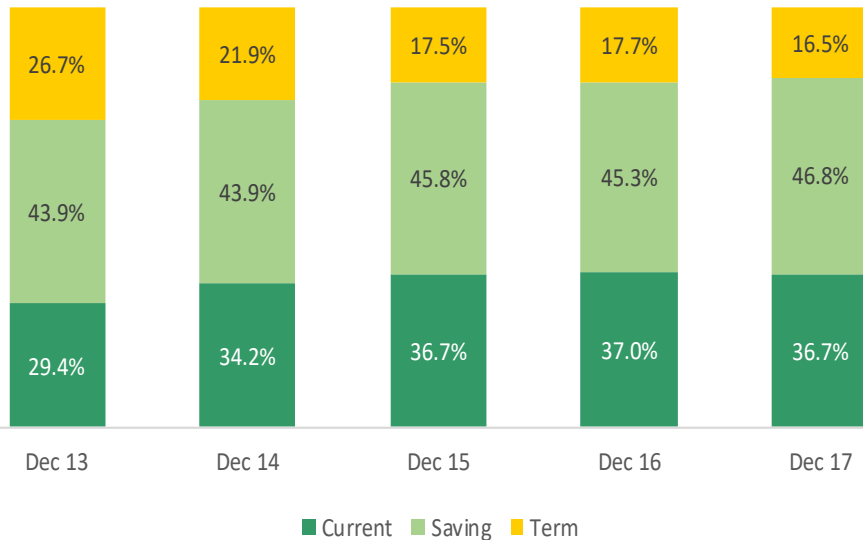
Asset quality



Period End Deposits			
PKR Bln	Dec'17	Dec'16	Var%
Current	627.8	549.7	14%
Saving	894.3	800.1	12%
Term	240.2	228.2	5%
Domestic	1,762.3	1,578.1	12%
International + FMFB	236.6	307.9	-23%
Group	1,998.9	1,886.0	6%
CASA Ratio	83.5%	82.3%	1.2%

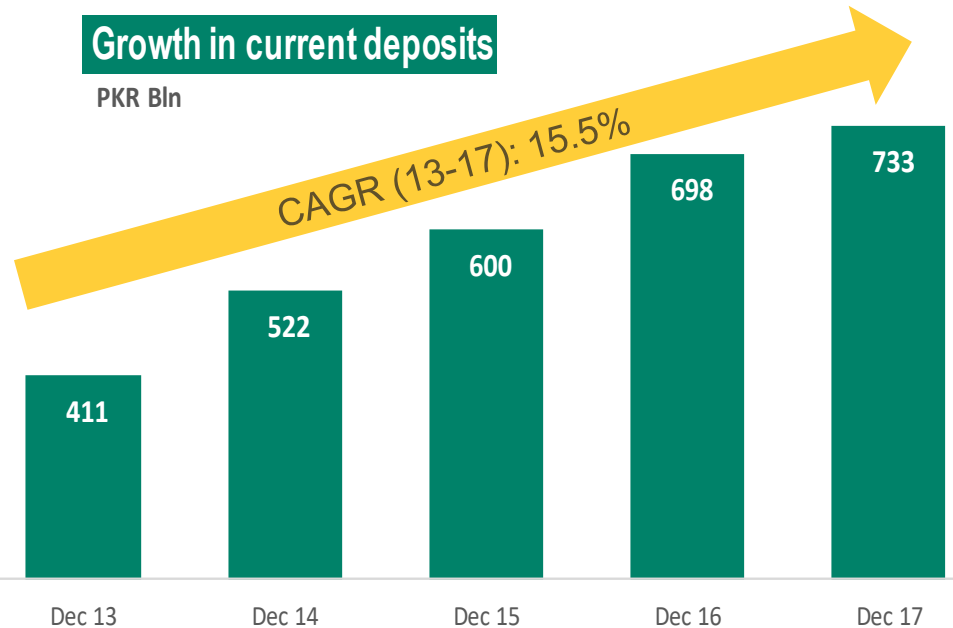
Average Deposits			
PKR Bln	2017 (Actual)	2016 (Actual)	Var%
Current	539.1	463.0	16%
Saving	839.0	735.9	14%
Term	198.6	173.3	15%
Domestic	1,576.7	1,372.2	15%
International + FMFB	301.4	279.5	8%
Group	1,878.1	1,651.7	14%
Cost of deposits - Group	2.44%	2.49%	-5bps

Deposits Composition



Growth in current deposits

PKR Bln



PKR Bn	2017 (Actual)	2016 (Actual)	Var%
Interest Income	148.0	141.1	5%
Interest expensed	(64.9)	(59.1)	-10%
Net Interest Income	83.1	82.0	1%
Non Interest Income	32.9	31.4	5%
Gross Revenue	116.0	113.4	2%
Admin Expenses	(62.0)	(54.8)	-13%
Operating Expenses	(63.0)	(56.0)	-13%
Pre Provision Operating Profit	52.9	57.4	-8%
Provisions	(0.4)	(0.9)	57%
Profit before extra ordinary / unusual item	52.5	56.5	-7%
Extra ordinary / unusual item - settlement payment to New York State Department of Financial Services	(23.7)	-	-100%
Profit Before Tax	28.8	56.5	-49%
Tax	(20.6)	(22.3)	8%
Profit After Tax	8.2	34.2	-76%
PAT Ex. Extra ordinary / unusual item	31.9	34.2	-7%

PKR Mln	2017 (Actual)	2016 (Actual)	Var%
Fees and commissions	19,519	19,026	3%
Gain on sale of securities	7,765	5,330	46%
Dividend income	1,220	1,286	-5%
FX Income	1,519	1,399	9%
Share of profit of associates	2,052	3,768	-46%
Other income	815	625	30%
Total non interest income	32,889	31,435	5%

Ratios	Dec'17	Dec'16
Advances : Deposits	46.1%	43.3%
Asset Quality	8.2%	9.2%
Coverage	91.6%	91.2%
Capital Adequacy - Tier I	12.0%	12.0%
Capital Adequacy - Total	15.9%	15.5%

Ratios	2017	2016
Yield on advances	7.6%	8.0%
Cost of deposits	2.4%	2.5%
Net Interest Margin	3.9%	4.2%
Spreads	3.3%	3.6%
NCL ratio	0.0%	0.1%
Return on average assets	0.3%	1.4%
Return on shareholders' equity*	4.8%	20.6%
Cost : Income ratio	53.4%	48.3%
NFI : Gross revenue	28.4%	27.7%

Ratios Ex. Extra ordinary / Unusual item	2017	2016
Return on average assets	1.2%	1.4%
Return on shareholders' equity*	17.6%	20.6%

* *excluding surplus on revaluation*