

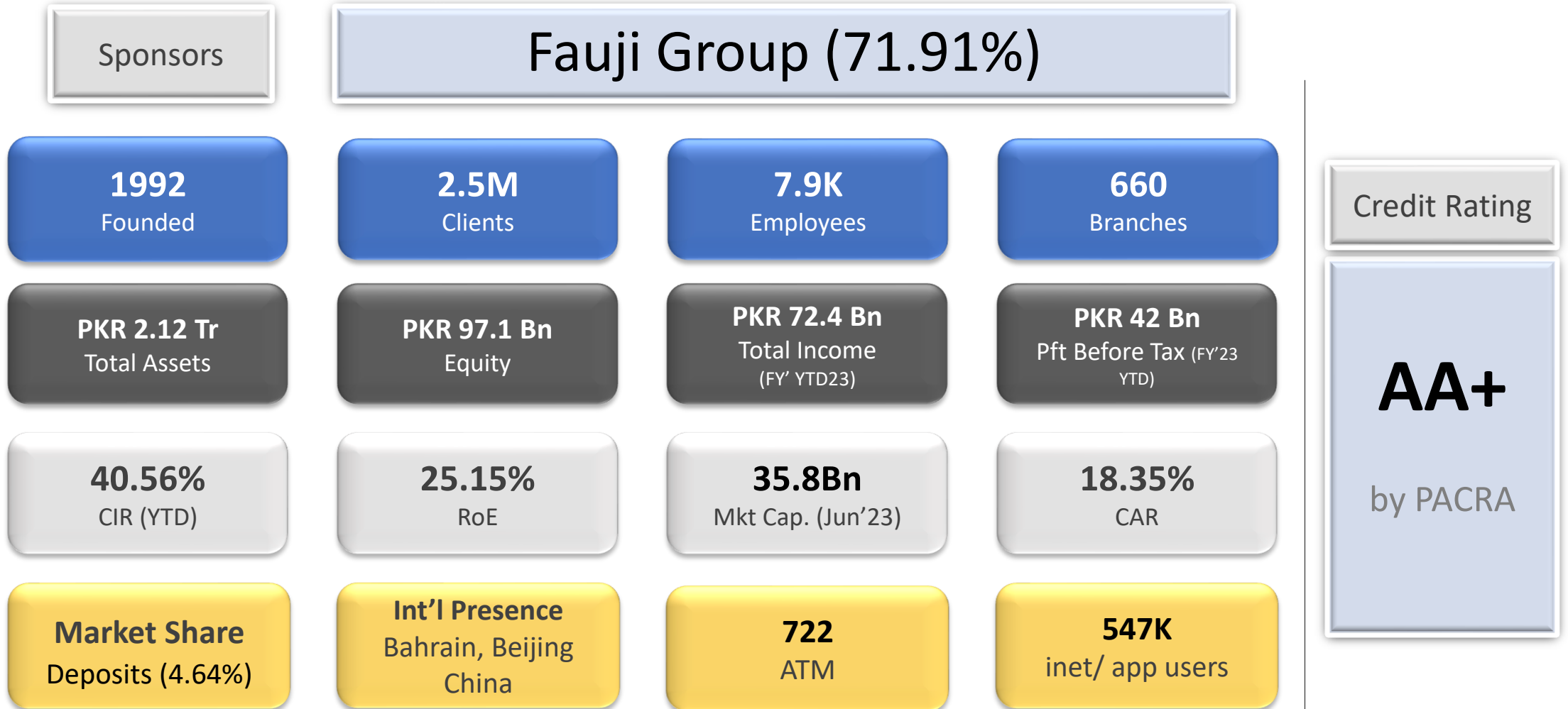


# **Analyst Briefing**

**For the year ended December 31, 2023**

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# Overview



## Balance Sheet – Rupees in billion

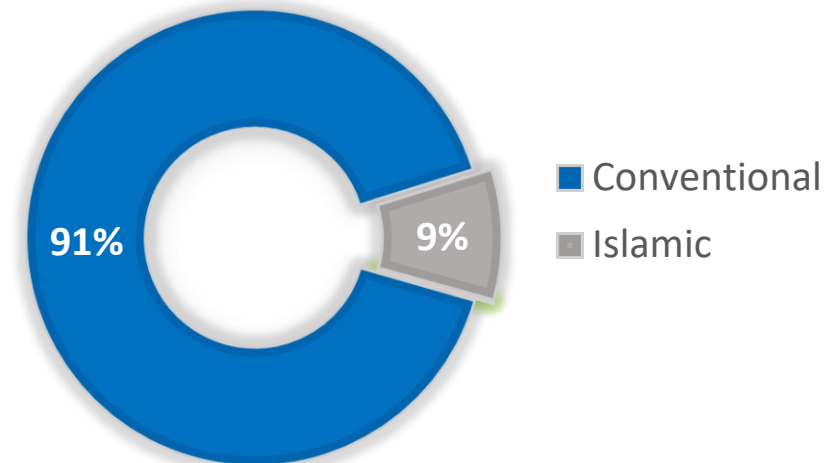
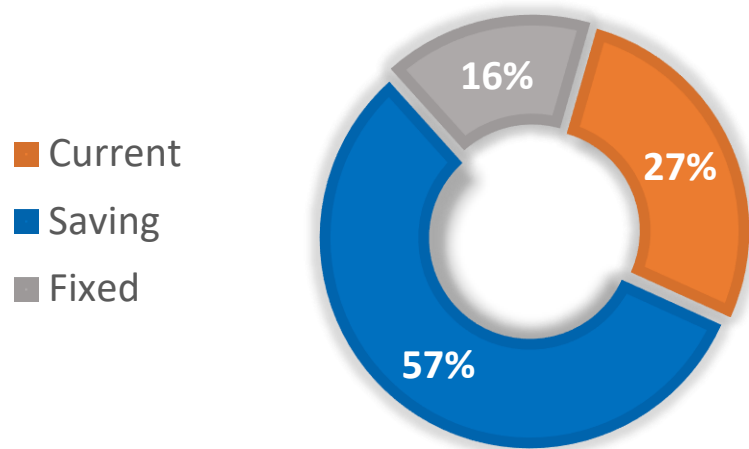
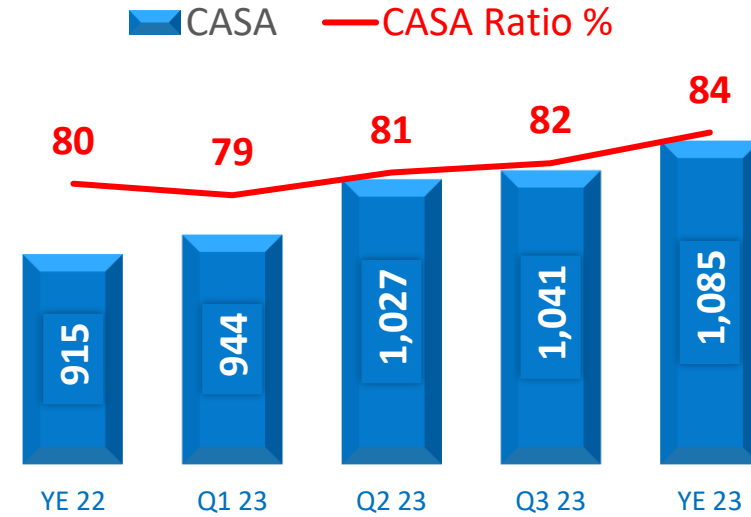
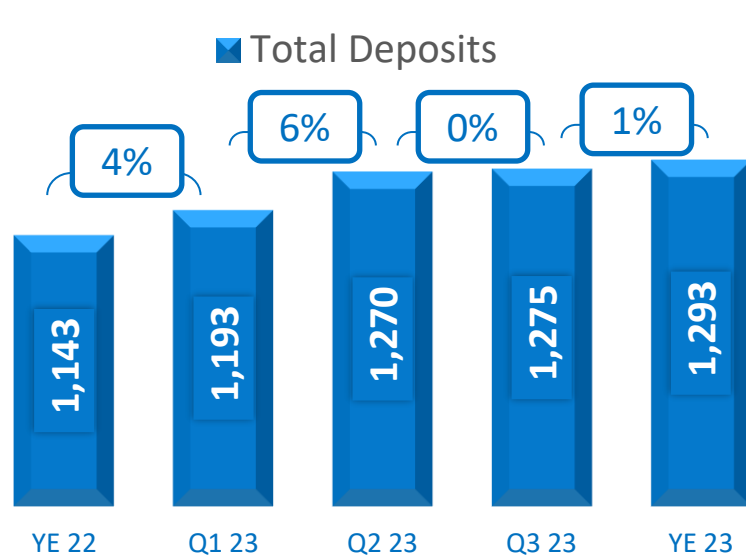
|                                  | Dec-22       | Sep-23       | Dec-23       | YoY        | QoQ        |   |
|----------------------------------|--------------|--------------|--------------|------------|------------|---|
| Cash & bank balances             | 81           | 127          | 174          | 116%       | 37%        | <ul style="list-style-type: none"> <li>Total deposit grew by 13% yoy, higher growth in retail segment 26% yoy. CASA deposit constitutes 84% of the total deposit</li> </ul>                     |
| Lending to FIs                   | 0            | 9            | -            | -100%      | -100%      |   |
| Advances                         | 584          | 524          | 633          | 8%         | 21%        |   |
| Investments                      | 763          | 1,042        | 1,183        | 55%        | 13%        |   |
| Fixed & other assets             | 98           | 132          | 134          | 37%        | 2%         |   |
| <b>Total Assets</b>              | <b>1,526</b> | <b>1,835</b> | <b>2,124</b> | <b>39%</b> | <b>16%</b> | <ul style="list-style-type: none"> <li>Advances +8% yoy; Strong credit discipline maintained amid challenging market fundamentals</li> </ul>  |
| Deposits                         | 1,143        | 1,275        | 1,293        | 13%        | 1%         |   |
| Borrowings                       | 233          | 379          | 643          | 176%       | 70%        |   |
| Sub. Ord debt TFCs               | 12           | 12           | 12           | -          | -          |   |
| Other Liabilities                | 65           | 84           | 78           | 21%        | -7%        | <ul style="list-style-type: none"> <li>Advance deposit ratio stood at 51%</li> </ul>  |
| <b>Total Liabilities</b>         | <b>1,453</b> | <b>1,750</b> | <b>2,027</b> | <b>40%</b> | <b>16%</b> |   |
| Paid up Capital                  | 12.6         | 14.5         | 14.5         | 15%        | -          | <ul style="list-style-type: none"> <li>Investments grew by 55% yoy; fixed bond portfolio reduced to 19% of total, PIB floaters and MTBs constitute 79% of total investment portfolio</li> </ul> |
| Reserves                         | 56.8         | 71.4         | 78.2         | 38%        | 9%         |   |
| Reval Surplus                    | 4.0          | (1.2)        | 4.5          | 13%        | -475%      |   |
| <b>Total Equity</b>              | <b>73.3</b>  | <b>84.7</b>  | <b>97.1</b>  | <b>32%</b> | <b>15%</b> | <ul style="list-style-type: none"> <li>Book value per share improved to Rs.67 / share</li> </ul>  |
| <b>Book Value per share - Rs</b> | <b>50.6</b>  | <b>58.5</b>  | <b>67.0</b>  | <b>32%</b> | <b>15%</b> |   |

## Profit & Loss – Rupees in billion

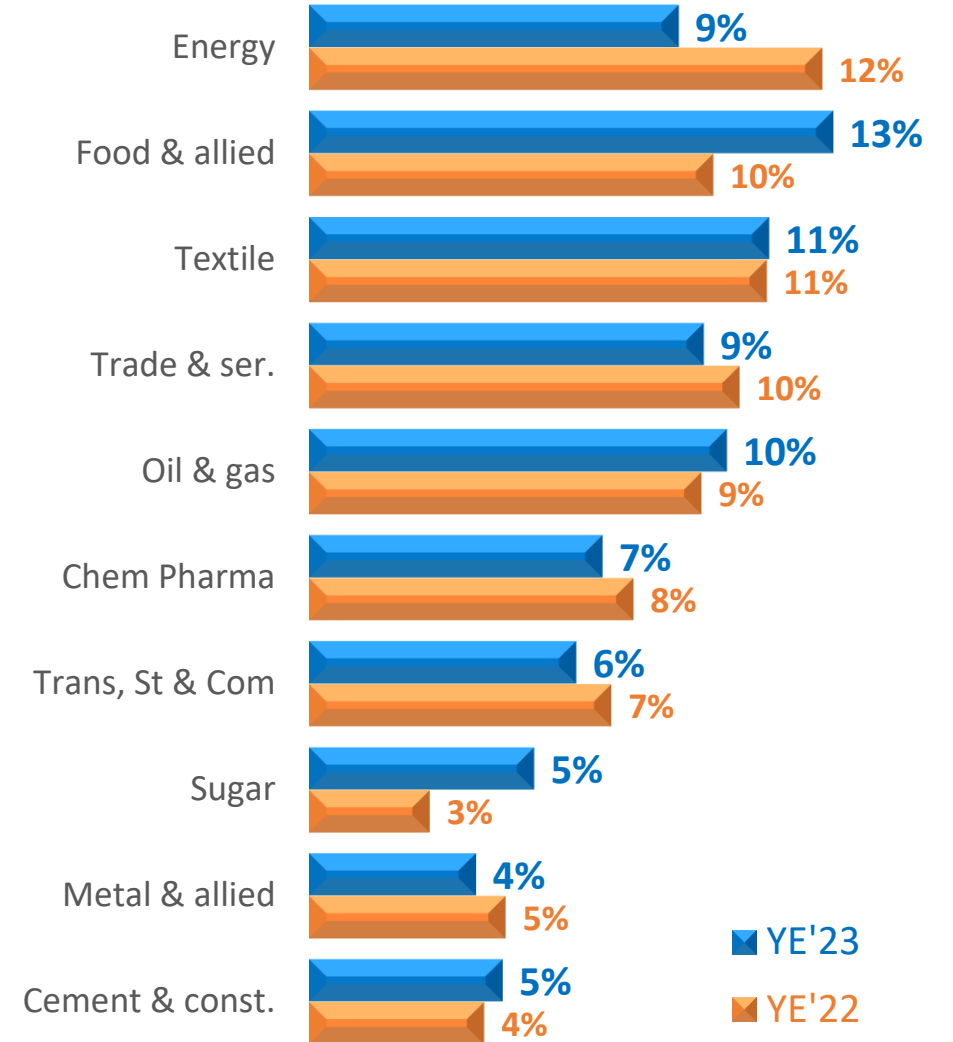
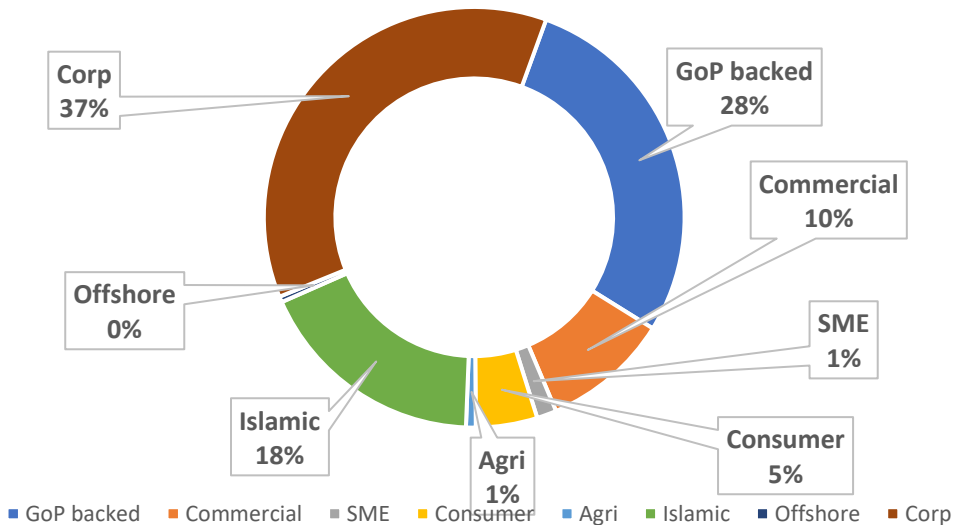
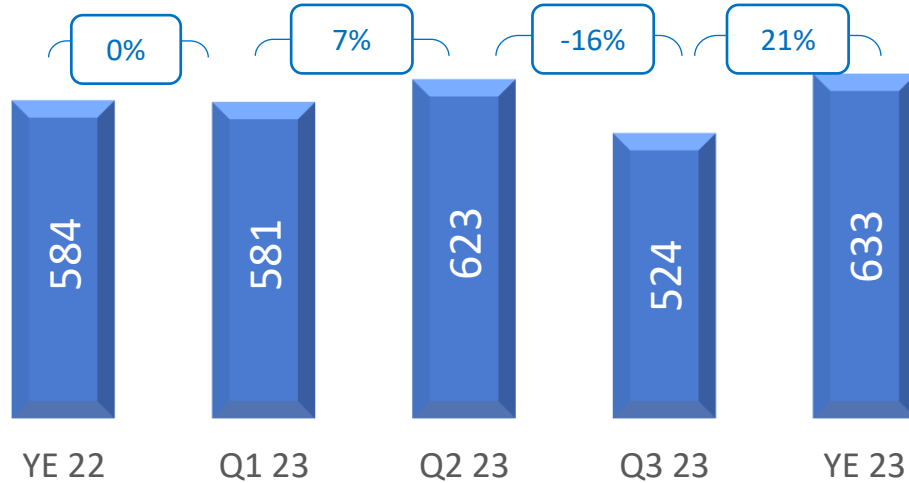
|                           | Quarterly   |             |             |             |            | Annual      |             |            |
|---------------------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|------------|
|                           | Q4'22       | Q3'23       | Q4'23       | YoY         | QoQ        | FY'22       | FY'23       | YoY        |
| Mark-up earned            | 56.0        | 88.8        | 88.8        | 59%         | 0%         | 165.8       | 305.6       | 84%        |
| Mark-up expensed          | 45.1        | 73.1        | 69.9        | 55%         | -4%        | 125.8       | 246.2       | 96%        |
| <b>Net mark-up income</b> | <b>10.9</b> | <b>15.7</b> | <b>18.9</b> | <b>74%</b>  | <b>20%</b> | <b>40.0</b> | <b>59.4</b> | <b>49%</b> |
| Fee & com                 | 1.7         | 1.8         | 1.9         | 14%         | 4%         | 5.4         | 7.1         | 30%        |
| FX income                 | 1.1         | 0.9         | 0.3         | -75%        | -69%       | 5.5         | 3.9         | -29%       |
| Gain / (loss) - net       | (0.6)       | 0.2         | 0.6         | ^           | 192%       | (0.3)       | 0.8         | -409%      |
| Other income              | 0.5         | 0.3         | 0.3         | -26%        | 18%        | 0.9         | 1.2         | 27%        |
| <b>Non fund income</b>    | <b>2.6</b>  | <b>3.1</b>  | <b>3.0</b>  | <b>17%</b>  | <b>-3%</b> | <b>11.6</b> | <b>12.9</b> | <b>11%</b> |
| <b>Total Income</b>       | <b>13.5</b> | <b>18.8</b> | <b>21.9</b> | <b>63%</b>  | <b>17%</b> | <b>51.6</b> | <b>72.4</b> | <b>40%</b> |
| Operating expenses        | 6.2         | 7.4         | 8.0         | 28%         | 8%         | 23.1        | 29.3        | 27%        |
| Profit before provision   | 7.3         | 11.4        | 13.9        | 92%         | 22%        | 28.5        | 43.0        | 51%        |
| Provisions - net          | 0.9         | 0.1         | 0.3         | -68%        | 278%       | 1.0         | 1.0         | -7%        |
| <b>PBT</b>                | <b>6.4</b>  | <b>11.4</b> | <b>13.7</b> | <b>113%</b> | <b>20%</b> | <b>27.5</b> | <b>42.0</b> | <b>53%</b> |
| Tax                       | 3.1         | 5.6         | 6.8         | 120%        | 21%        | 13.4        | 20.6        | 54%        |
| <b>PAT</b>                | <b>3.3</b>  | <b>5.7</b>  | <b>6.9</b>  | <b>108%</b> | <b>20%</b> | <b>14.1</b> | <b>21.4</b> | <b>52%</b> |
| EPS - Rs / share          | 2.63        | 3.95        | 4.74        | 80%         | 20%        | 9.70        | 14.79       | 52%        |

- NIM increased by 49% yoy enabled by a 21% increase in average earning assets and improved interest spreads and effective duration management
- Fee commission income increased by 30% yoy mainly contributed by trade and guarantee commissions along with card and credit related fees
- Foreign exchange income declined by 29% due to contained volumes and relatively stable exchange rates
- 27% increase in operating exp due to inflation, Rupee depreciation and cost of new branches
- Provisions reflect additional charge on objective and subjective classification, and general provision

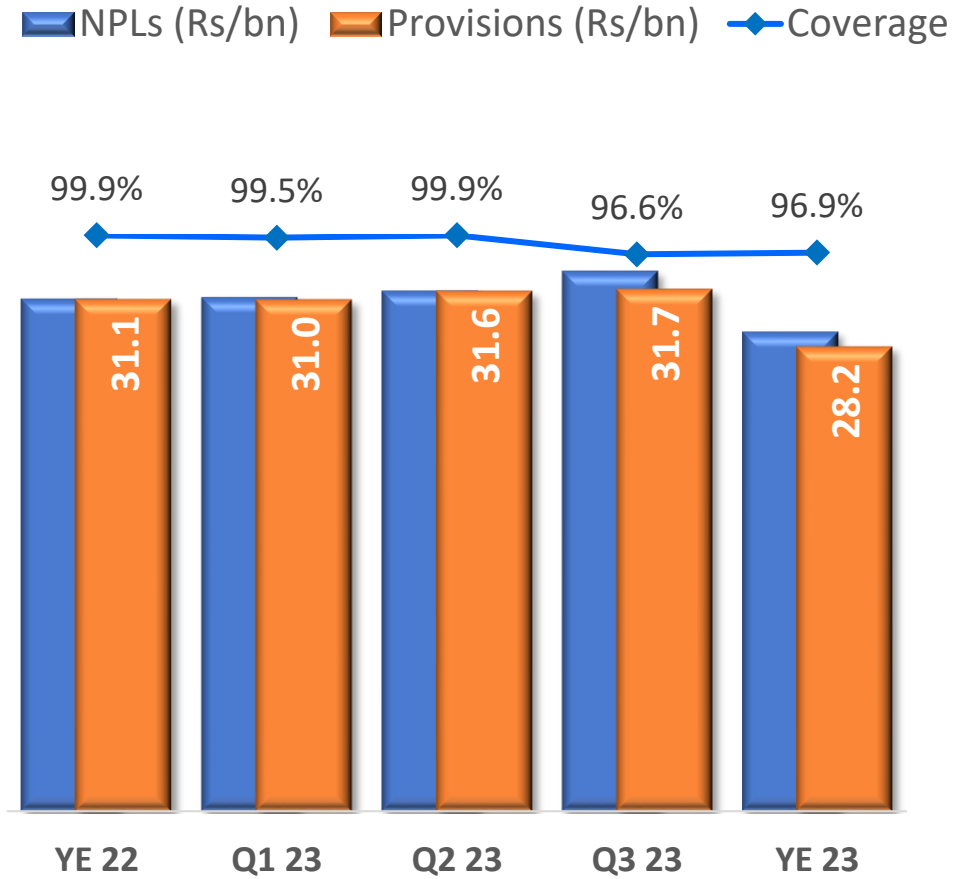
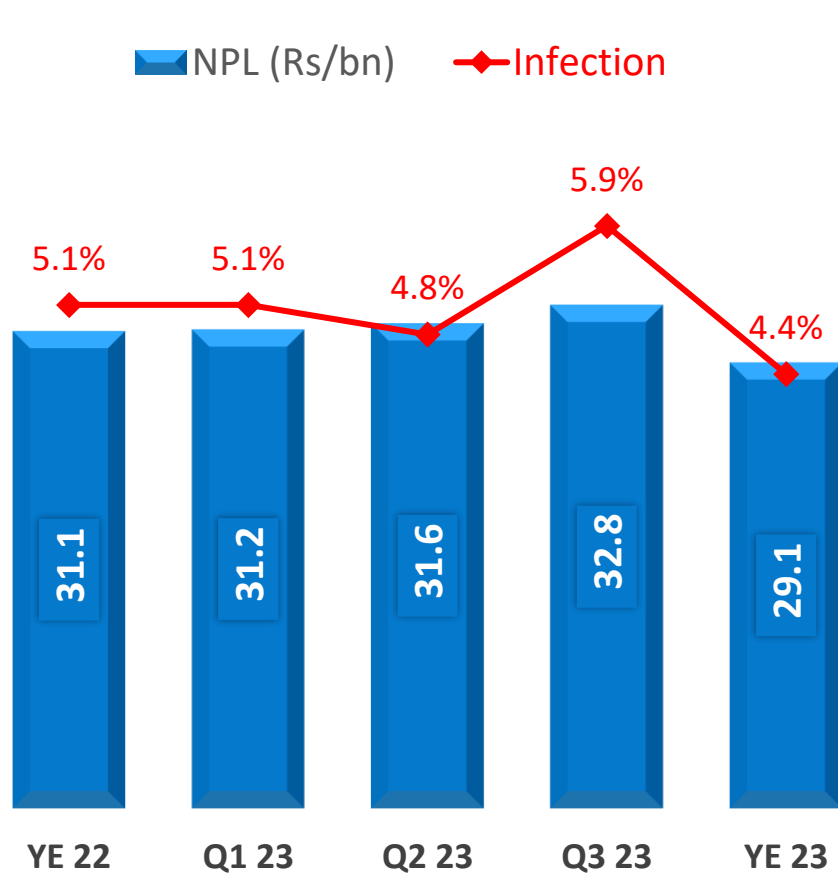
# Deposits – Rupees in billion



# Advances – Rupees in billion



# Asset Quality



## 2023 – Quarterly Ratios

|                          | Q1    | Q2    | Q3    | Q4    | FY'23 |
|--------------------------|-------|-------|-------|-------|-------|
| Yield on earning assets  | 16.7% | 17.9% | 21.4% | 21.1% | 18.6% |
| Cost of funds            | 12.6% | 13.7% | 16.6% | 15.5% | 14.8% |
| NIM                      | 4.2%  | 4.1%  | 4.8%  | 5.5%  | 3.8%  |
| RoA                      | 1.2%  | 0.9%  | 1.2%  | 1.4%  | 1.2%  |
| RoE - incl reval surplus | 26.3% | 22.1% | 28.1% | 30.3% | 25.2% |
| RoE - excl reval surplus | 26.4% | 21.3% | 27.5% | 30.9% | 26.5% |
| CIR                      | 45.0% | 43.5% | 39.3% | 36.4% | 40.6% |
| ADR                      | 51.3% | 51.5% | 43.6% | 51.1% | 51.1% |
| CA ratio                 | 26.8% | 32.2% | 26.8% | 27.3% | 27.3% |
| CASA ratio               | 79.2% | 80.9% | 81.6% | 83.9% | 83.9% |
| NPL ratio                | 5.1%  | 4.8%  | 5.9%  | 4.4%  | 4.4%  |
| Coverage                 | 99.5% | 99.9% | 96.6% | 96.9% | 96.9% |
| CAR                      | 14.6% | 15.1% | 17.3% | 18.4% | 18.4% |

## 6 Year Trend – Balance Sheet

| December 31 - Rs/M             | '18            | '19            | '20            | '21              | '22              | '23              | CAGR       |
|--------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------|
| Cash & bal with treasury bank  | 53,281         | 91,332         | 81,606         | 92,887           | 81,034           | 173,876          | 27%        |
| Investments - net              | 260,234        | 305,436        | 449,687        | 616,361          | 762,697          | 1,182,538        | 35%        |
| Advances - net                 | 343,107        | 372,914        | 395,374        | 477,588          | 583,811          | 633,133          | 13%        |
| Fixed and intangible assets    | 13,533         | 20,506         | 22,357         | 21,350           | 25,860           | 28,867           | 16%        |
| Other assets                   | 36,377         | 43,020         | 43,493         | 50,957           | 72,269           | 105,592          | 24%        |
| <b>Total assets</b>            | <b>706,532</b> | <b>833,208</b> | <b>992,517</b> | <b>1,259,143</b> | <b>1,525,671</b> | <b>2,124,006</b> | <b>25%</b> |
| Deposits                       | 573,636        | 679,299        | 791,187        | 1,015,430        | 1,142,575        | 1,293,146        | 18%        |
| Sub-ordinated loans            | 9,994          | 9,992          | 12,000         | 12,000           | 12,000           | 12,000           | 4%         |
| Refinance borrowings           | 18,967         | 19,713         | 38,644         | 47,252           | 49,240           | 48,448           | 21%        |
| Borrowings / other liabilities | 70,426         | 81,948         | 96,140         | 128,560          | 248,534          | 673,289          | 57%        |
| <b>Total liabilities</b>       | <b>673,023</b> | <b>790,952</b> | <b>937,971</b> | <b>1,203,242</b> | <b>1,452,349</b> | <b>2,026,883</b> | <b>25%</b> |
| Share capital                  | 12,603         | 12,603         | 12,603         | 12,603           | 12,603           | 14,493           | 3%         |
| Reserves and retain profits    | 19,257         | 25,353         | 34,306         | 41,336           | 56,767           | 78,172           | 32%        |
| Revaluation surplus            | 1,649          | 4,300          | 7,638          | 1,964            | 3,952            | 4,458            | 22%        |
| <b>Total equity</b>            | <b>33,509</b>  | <b>42,256</b>  | <b>54,546</b>  | <b>55,902</b>    | <b>73,322</b>    | <b>97,123</b>    | <b>24%</b> |

## 6 Year Trend – Profit & Loss

| Full Year - Rs/M          | '18    | '19    | '20    | '21    | '22     | '23     | CAGR |
|---------------------------|--------|--------|--------|--------|---------|---------|------|
| Interest income           | 43,670 | 71,704 | 79,105 | 77,550 | 165,796 | 305,636 | 48%  |
| Interest expenditure      | 25,060 | 49,569 | 48,842 | 45,140 | 125,834 | 246,214 | 58%  |
| Net interest income       | 18,610 | 22,136 | 30,263 | 32,410 | 39,962  | 59,423  | 26%  |
| Fee and commission income | 3,116  | 3,617  | 3,851  | 4,609  | 5,446   | 7,085   | 18%  |
| Other income              | 2,506  | 3,787  | 5,843  | 4,761  | 6,174   | 5,851   | 18%  |
| Non mark-up expenses      | 15,892 | 18,377 | 20,215 | 21,194 | 23,080  | 29,348  | 13%  |
| Operating profit          | 8,340  | 11,163 | 19,742 | 20,585 | 28,502  | 43,011  | 39%  |
| Provisions                | 1,461  | 773    | 1,975  | 4,940  | 1,042   | 966     | -8%  |
| PBT                       | 6,879  | 10,389 | 17,767 | 15,645 | 27,460  | 42,045  | 44%  |
| Tax                       | 2,448  | 3,372  | 6,967  | 5,944  | 13,398  | 20,610  | 53%  |
| PAT                       | 4,431  | 7,017  | 10,800 | 9,701  | 14,062  | 21,435  | 37%  |
| EPS - Rs                  | 3.5    | 5.6    | 8.6    | 7.7    | 9.7     | 14.8    |      |
| Stock dividend - %        | -      | -      | -      | -      | 15.0    | -       |      |
| Cash dividends - %        | 10.0   | 15.0   | 30.0   | -      | -       | 25.0    |      |

## 6 Year Trend – Key Ratios

|   | '18  | '19  | '20  | '21  | '22  | '23  |
|---|------|------|------|------|------|------|
| RoE - excl reval surplus - %                            | 15.0 | 20.1 | 25.5 | 19.2 | 22.8 | 26.5 |
| RoE - incl reval surplus - %                            | 13.4 | 18.5 | 22.3 | 17.6 | 21.8 | 25.2 |
| RoA - %   | 0.7  | 0.9  | 1.2  | 0.9  | 1.0  | 1.2  |
| Deposit growth % - YoY                                  | 9.1  | 18.4 | 16.5 | 28.3 | 12.5 | 13.2 |
| Advances growth % - YoY                                 | 32.6 | 8.7  | 6.0  | 20.8 | 22.2 | 8.4  |
| Gross yield on earning assets -<br>cost of deposits - % | 7.1  | 10.6 | 9.4  | 7.9  | 12.2 | 18.6 |
| CA to deposit - %                                       | 29.6 | 28.7 | 31.8 | 30.5 | 30.6 | 27.3 |
| ADR - %   | 64.4 | 58.7 | 53.3 | 50.0 | 53.8 | 51.1 |
| NPL ratio - %   | 7.2  | 7.1  | 6.8  | 6.1  | 5.1  | 4.4  |
| Coverage - %  | 98.1 | 91.1 | 92.0 | 97.0 | 99.9 | 96.9 |
| CIR - %   | 65.6 | 62.2 | 50.6 | 50.7 | 44.7 | 40.6 |
| CAR - %   | 12.5 | 13.4 | 15.5 | 13.4 | 15.9 | 18.4 |
| BV per share - Rs                                       | 26.6 | 33.5 | 43.3 | 44.4 | 58.2 | 67.0 |

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**Thank you**