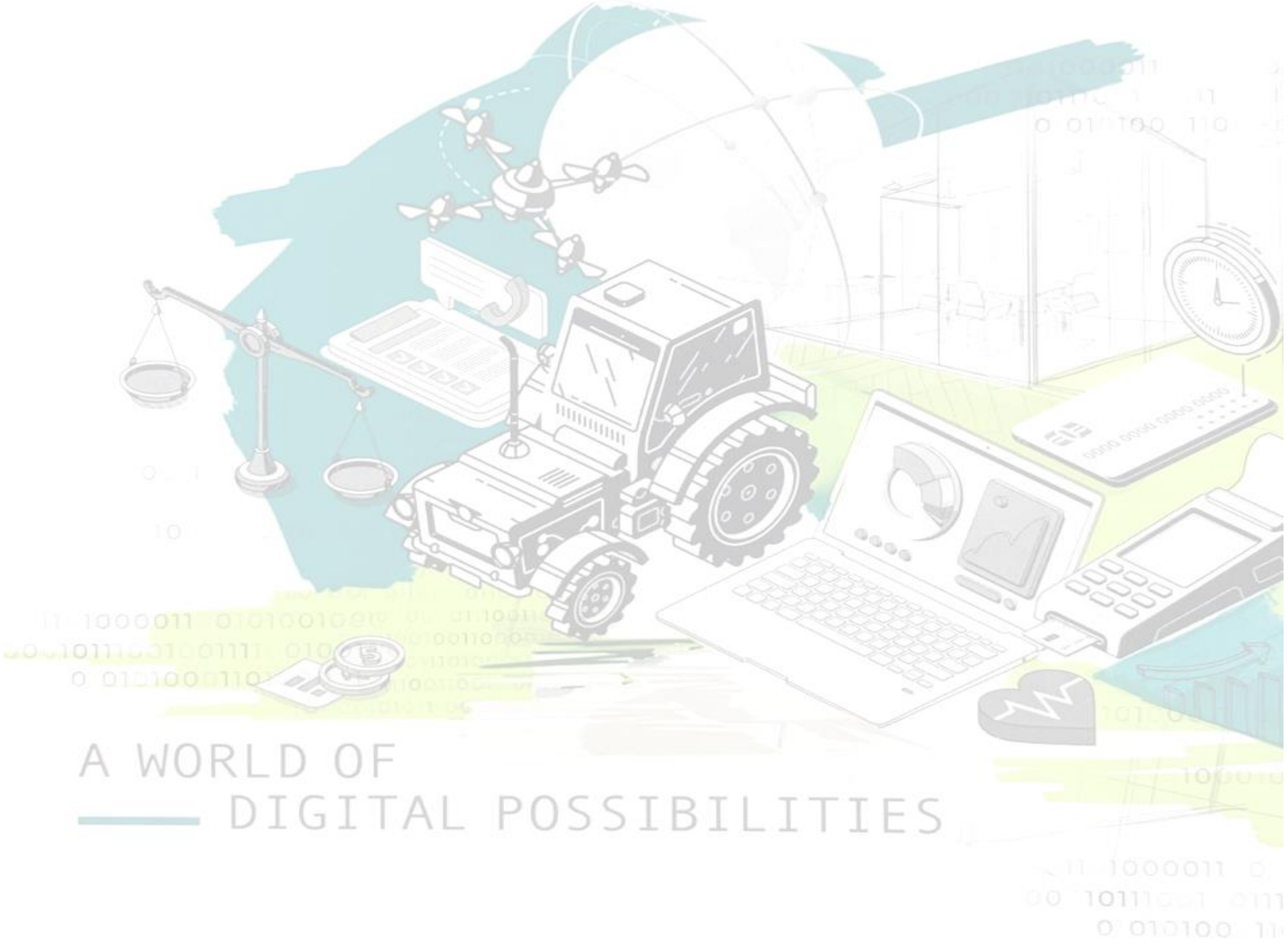
Habib Bank Limited

2022 performance review

Investor Presentation

March 02nd , 2023



HBL continues its momentum in areas of strategic focus

1 6.0 million **customers** added, mostly through non-branch channels

Customers

22% growth

2021	2022
27.4 M	**33.4 M**

	2021		2022
Branches	11.8	→	12.3
Konnect	7.1	→	8.3
HMFB	2.3	→	3.4
BISP *	6.2	→	9.4

2 Strong **Consumer lending** momentum

19% growth

2021	2022
Rs 103 B	**Rs 122 B**

Portfolio

	Personal	Auto	Cards	Mortgage
	#1	#1	#1	
Increase	↑Rs**3**bn	↑Rs**2**bn	↑Rs**8**bn	↑**Rs7bn**
Portfolio	Rs 44 bn	Rs 42bn	Rs 24bn	Rs 13bn

Largest consumer book in the sector

3 **Secondary Market Volumes** up 33%; share increased from 25.4% to 27.8%

Volumes

33% growth

2021	2022
Rs 9,606 B	**Rs 12,776 B**

Market share

2021	2022
25.4%	**27.8%**

4 **HBL Infinity** volumes impacted by constrained FX market in Q4'22.

-9% decline

2021	2022
$ 5,989 M	**$ 5,465 M**

HBL INFINITY

2021	2022
295	**364**

23% ↑in clientele

5 **Trade Volumes** – up 11% to $ 18.6B, domestic share up from 12.6% to 12.9%

Domestic

- 0.4% decline due to import restrictions

2021	2022
$ 13,965 M	**$ 13,915 M**

Overseas

68% growth

2021	2022
$ 2,856 M	**$ 4,790 M**

6 **Remittance –** volumes up 17% to $ 3.1B; share improved from 8.6% to 10.6%

Volumes

17% growth

2021	2022
$ 2,650M	**$ 3,102 M**

Market share

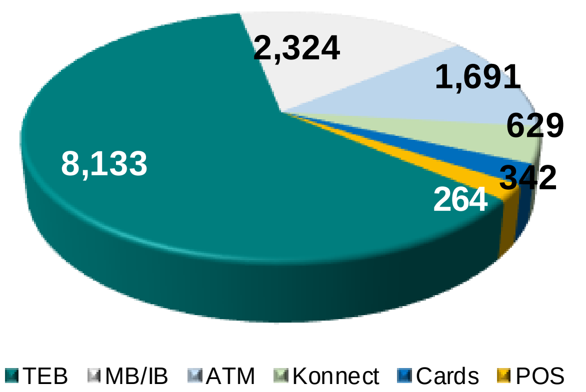
2021	2022
8.56%	**10.55%**

**Includes 0.7 million customers pertaining to fuel subsidy*

HBL Digital – Throughput up 67% YoY to Rs 13.4 T

Digital throughput composition

Rs in B



Cash management – Leadership fortified; throughput up 54%, crossing Rs 12T milestone

Digital

Collections

19% growth

Rs 1,214 B (2021) → **Rs 1,447 B** (2022)

Payments

95% growth

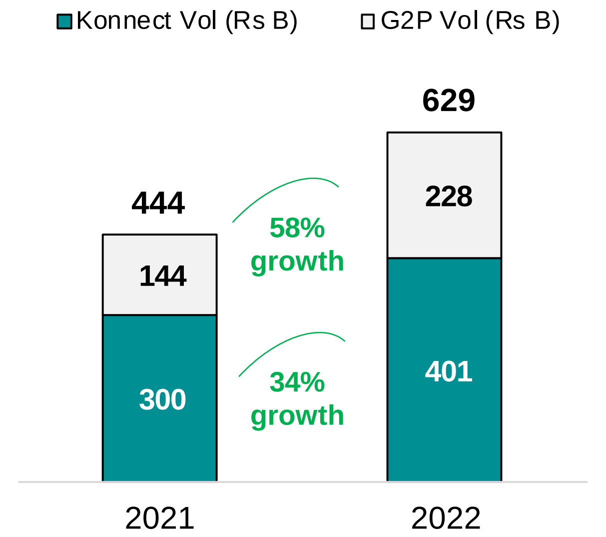
Rs 3,422 B (2021) → **Rs 6,686 B** (2022)

OTC

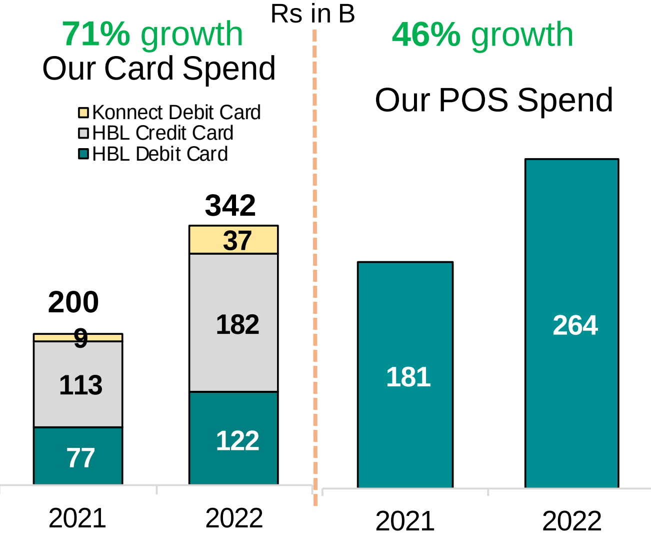
25% growth

Rs 3,312 B (2021) → **Rs 4,124 B** (2022)

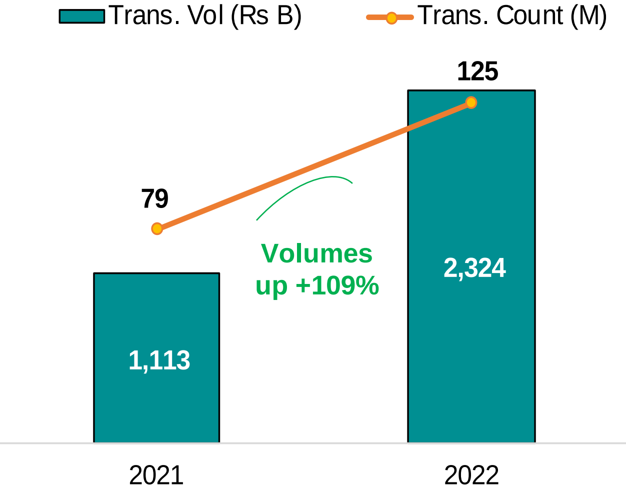
Konnect – Total volumes up 42% YoY



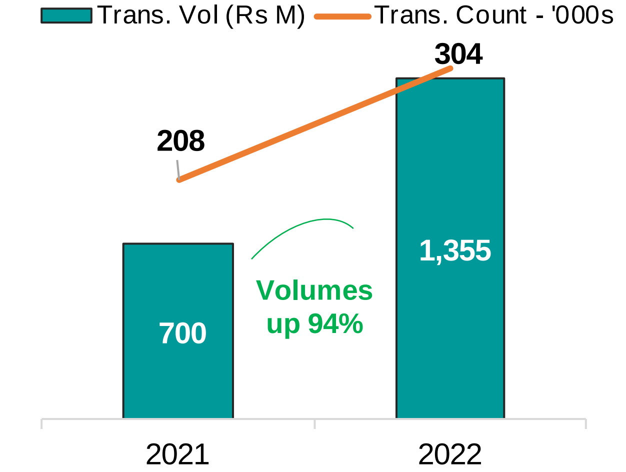
Cards base > 8.3 Mn. 1/3 of country's credit card volume / spend are on HBL



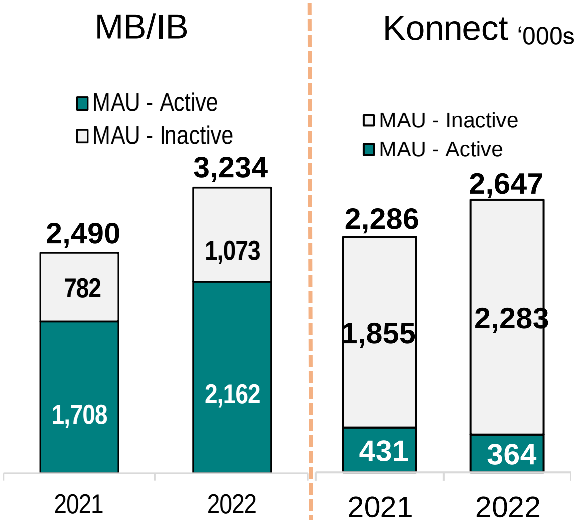
MB/IB – Growing user base(>3.2m) and ticket size have more than doubled volumes



QR Codes – increasing ticket size has doubled volumes

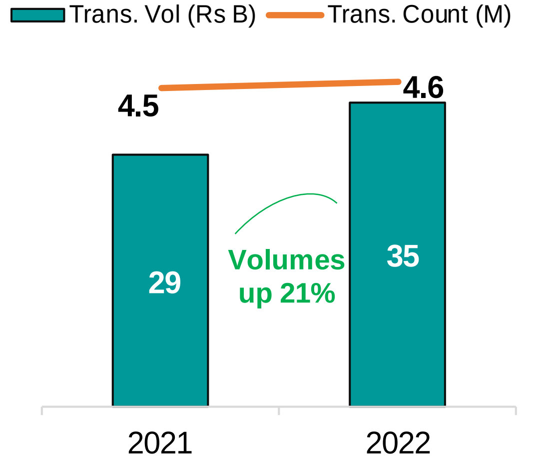


Monthly Active Users Mobile : 69%, Konnect App : 14%



*Login past 90 days.

HBL Pay Checkout – higher ticket size drives 21% growth in volumes



Independent Recognition – *A testament to HBL's continued endeavors to raise the bar*

Best bank awards

Best Bank in Pakistan

Best Domestic Bank

Best Investment Bank

Best Bank for Agriculture Financing

Business awards

- Best Project Finance Bank Pakistan 2022
- Infrastructure Project Finance Deal
- Syndicated Loan Deal of Pakistan
- Power Project Finance Deal of Pakistan
- Equity Deal of the Year
- Power/Utilities Project Finance Deal of the Year

ASIAN BANKING & FINANCE

- Domestic Trade Finance Bank of the Year
- Voted as Market Leader for Cash Management in Pakistan
- Voted for Best Services for Cash Management in Pakistan
- Domestic Cash Management Bank of the Year
- Domestic Project Finance Bank of the Year
- Corporate & Investment Bank of the Year
- Equity Deal of the Year Pakistan.
- Green Deal of the Year Pakistan
- Point of Sale Initiative for the year

- Project Finance House of the Year
- Renewable Energy Deal of the Year
- Power/Utilities Deal of the Year
- Transport Deal of the Year
- Best Syndicated Loan - Pakistan
- Water Deal of the Year

Other awards

- Best Green Bond
- Best Structured Finance Deal

Safest Bank in Pakistan

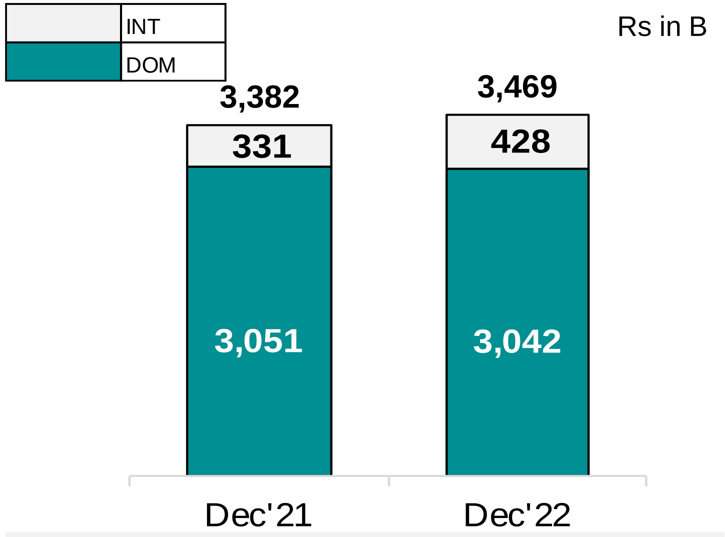
Best Emerging Technology

Best Social Media Marketing Campaign

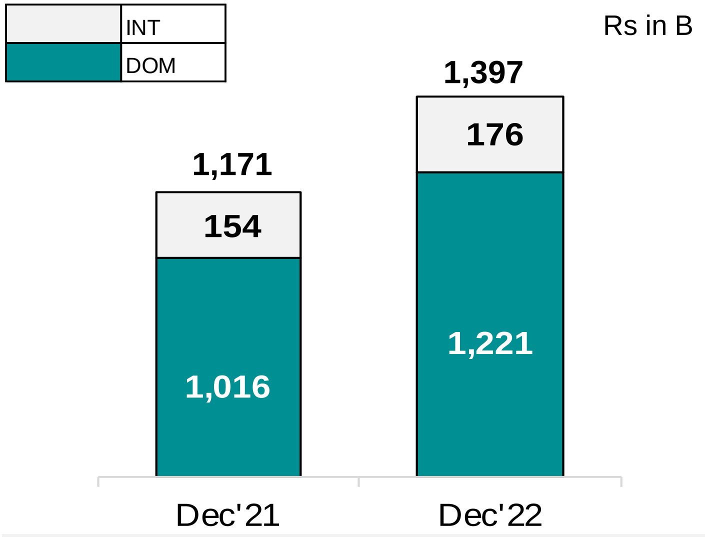
Most Inclusive Organization in 2022*

*HBL bagged 15 awards under different categories

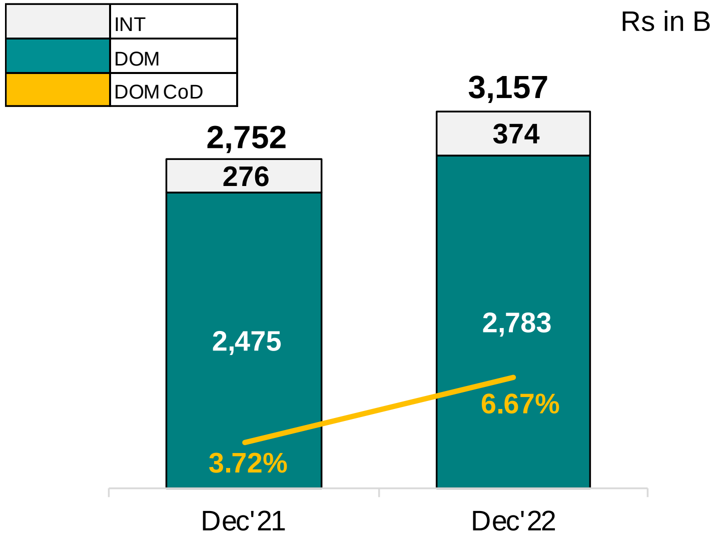
Deposits increased slightly by Rs 87b



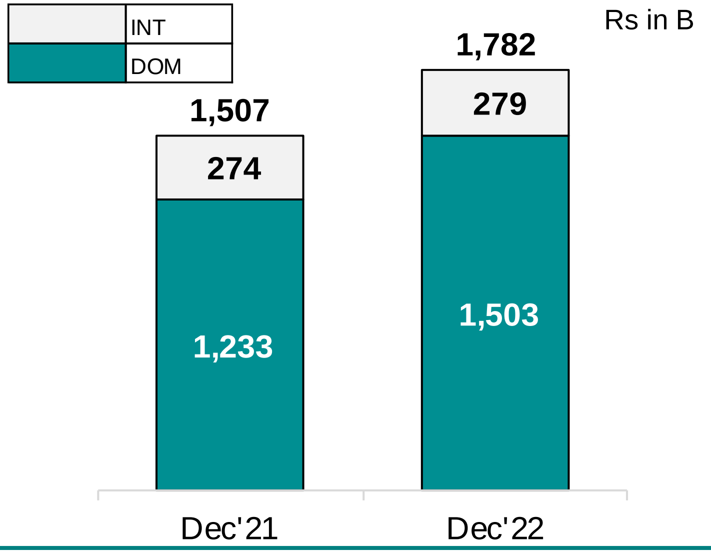
Domestic current deposits up 20%, crossing Rs 1.2T mark



Average deposits up by 15.9% (Rs 400b +) to Rs 3.1 T



Advances up by 18% to Rs 1.8 T



Deposits

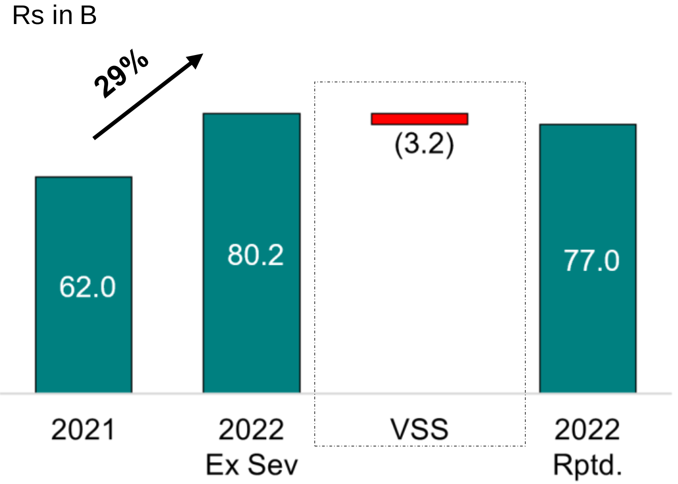
- The Bank continued its strategy of focusing on low-cost funds.
- Domestic current deposits are up 20% (Rs 205 billion) crossing Rs 1.2T. The CA mix improved to a record 40%.
- Total domestic deposits, at Rs 3.0T, have remained flat to Dec'21 due to a lower level of high-cost deposits.
- International deposits remained flat at $ 1.9b, but in Rupee terms, rose by Rs 97b.

Advances

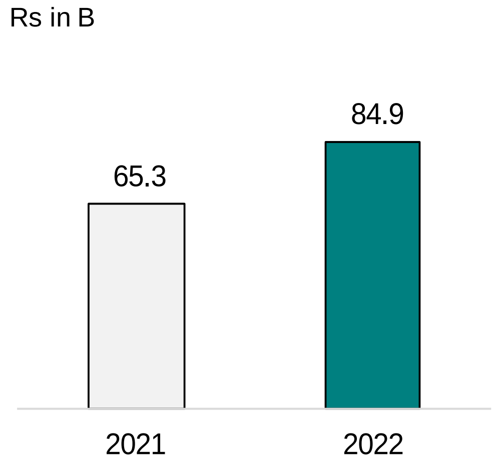
- Domestic advances grew strongly, by Rs 270b over Dec'21, to Rs 1.5T with all businesses performing.
  - Agriculture lending crossed Rs 50b, up 27%.
  - Consumer loans grew by Rs 20b to Rs 122b.
  - Commercial lending crossed Rs 100b, closing at Rs 108b.
  - Microfinance delivered 50% growth in advances to Rs 85b backed by an industry-leading mortgage portfolio.
- Overseas advances at $ 1.2b are $317m down over Dec'21 due to a more conservative risk posture.

Record breaking results throughout 2022, PBT up 24% YoY to Rs 77b; PAT down 3% to Rs 34b impacted by retrospective and higher taxation

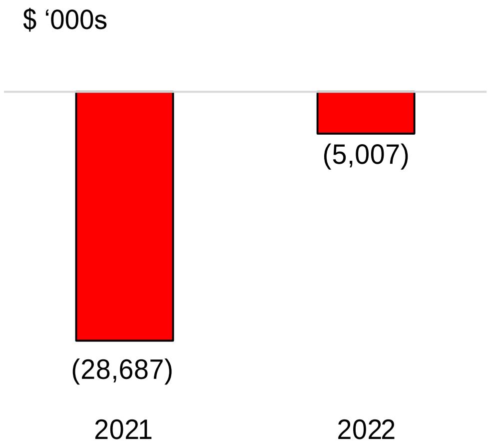
Group



Core domestic business



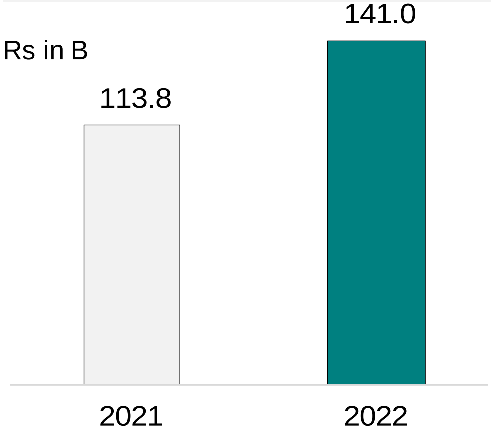
International



PBT (ex-VSS) up 29% to Rs 80.2b.

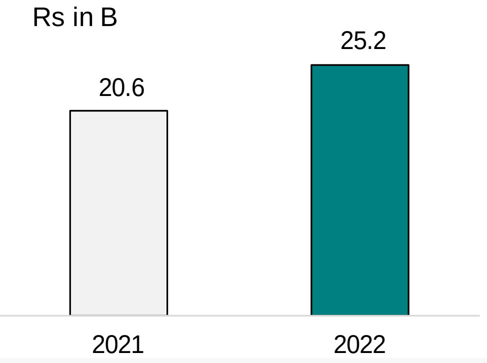
- Core domestic PBT up 30% to Rs 84.9b due to strong performance across all business lines
- The International franchise delivered an operating profit, reducing losses from $28.6 million in 2021 to $5.0 million.
- Nevertheless, PAT is lower by Rs 1.1b due to (i) retrospective tax (ii) 10% increase in tax rate.

NII grew by 24% YoY



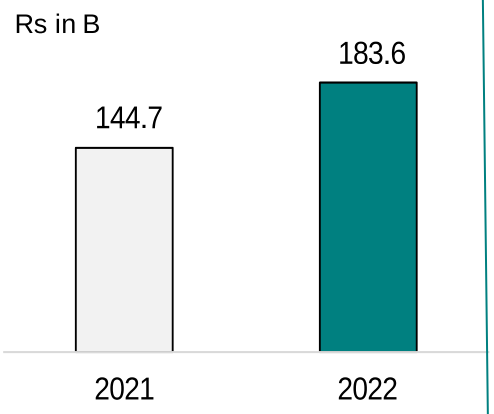
- Average balance sheet up Rs 351b.
- NIMs improved by 69 bps to 5.36%

Stellar **Fee** performance continues, up 23% to Rs 25.2b



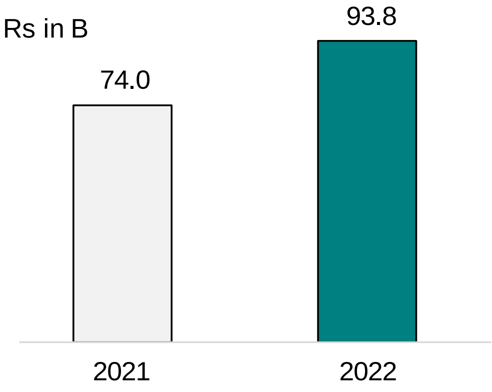
- Cards up 34% YoY, accounts for half of fee growth.
- Consumer finance, Konnect and trade made significant contributions.

Total Revenue



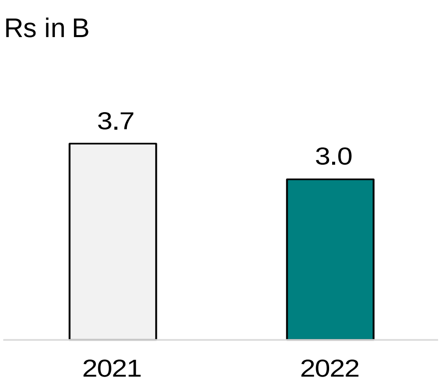
Revenue is up 27% over 2021 to Rs 184b supported by both NII and NFI.

Admin. Expenses – up 27% to Rs 93.8b; Rs 1b deval impact



Increase driven by higher premises and variable costs resulting from devaluation and extremely high inflation.

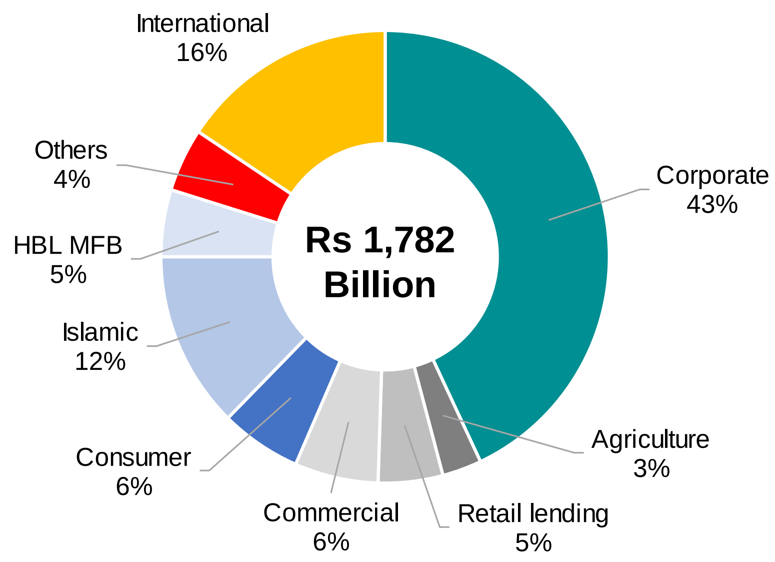
Provisions at Rs 3.0b



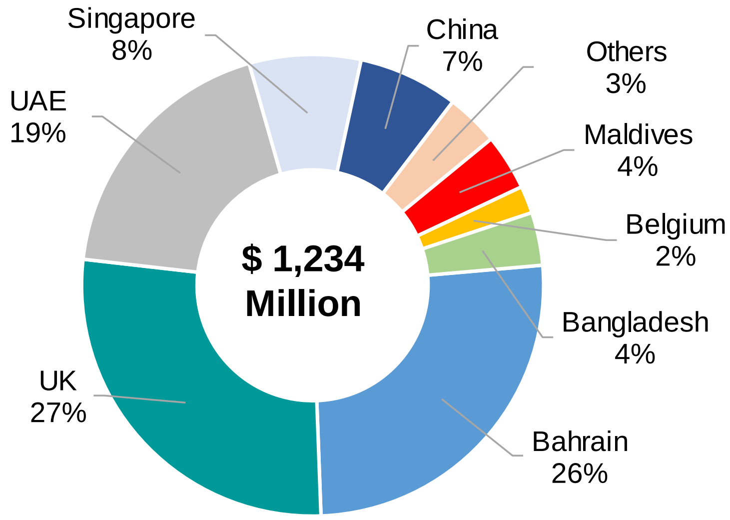
- Specific charge Rs 3.3b lower
- GP Rs 2.2b higher (build of Rs 1b in 2022 vs release of Rs 1.2b in 2021).

Lending Portfolio remains resilient

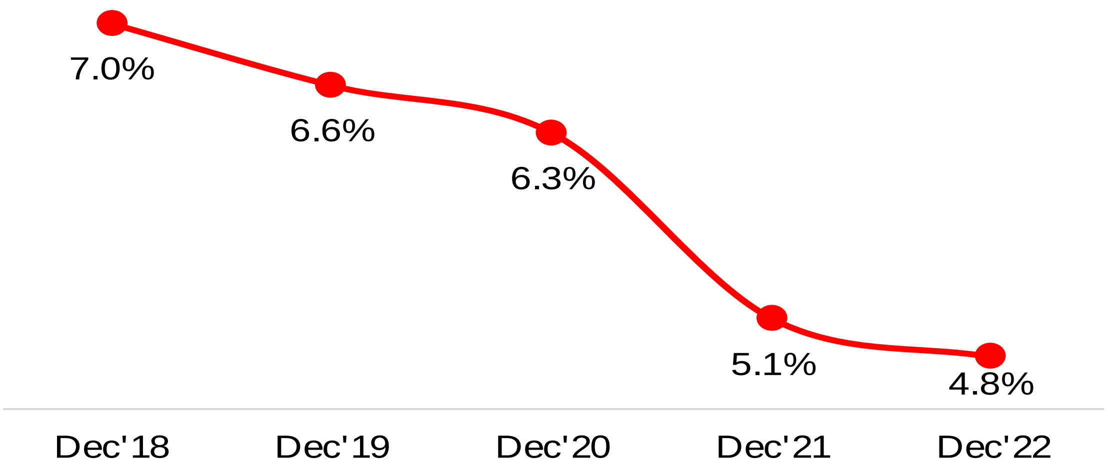
Loan Portfolio composition by line of business



International Loan Portfolio – Location wise

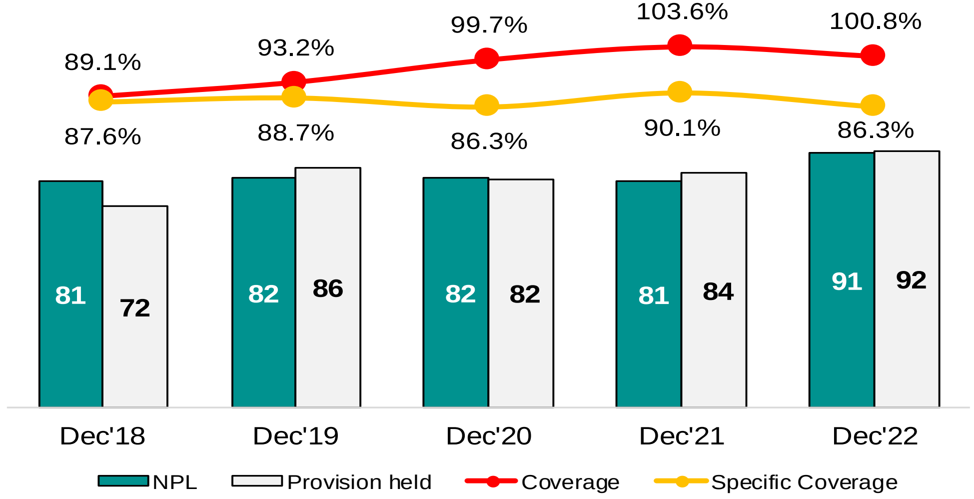


Infection ratio at historical low of 4.8%



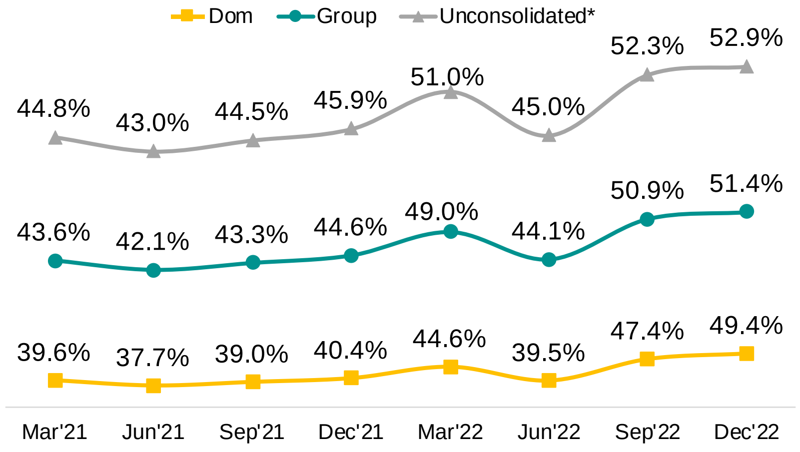
Specific coverage now at 86% and total coverage > 100%

Rs in Bn



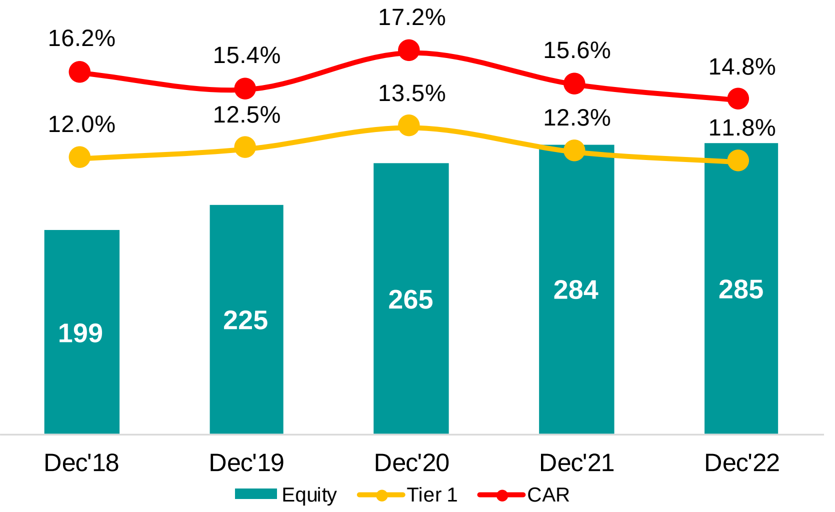
Key Performance Metrics

ADR above 50% in Dec'22 backed by strong growth in advances and prudent deposit mobilization

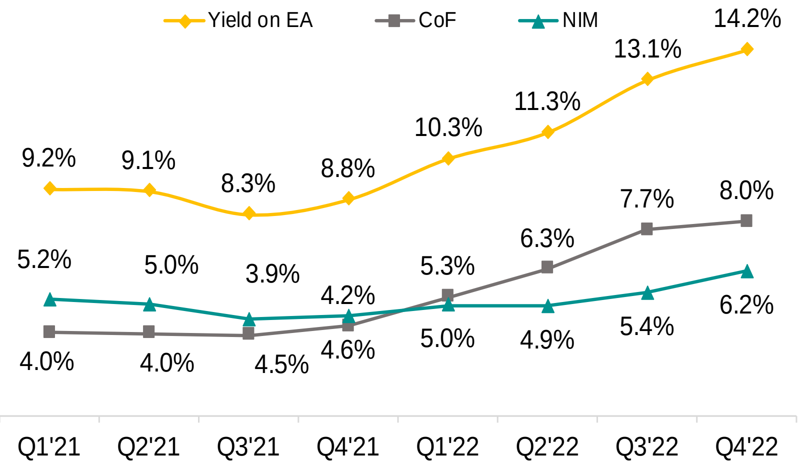


**Gross advances / deposits as per tax definition*

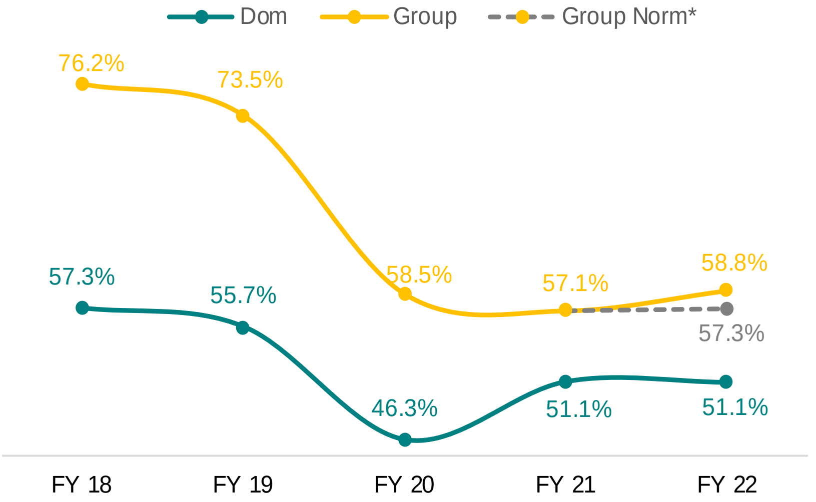
CAR – strong profitability mitigates impact of steep devaluation and higher tax



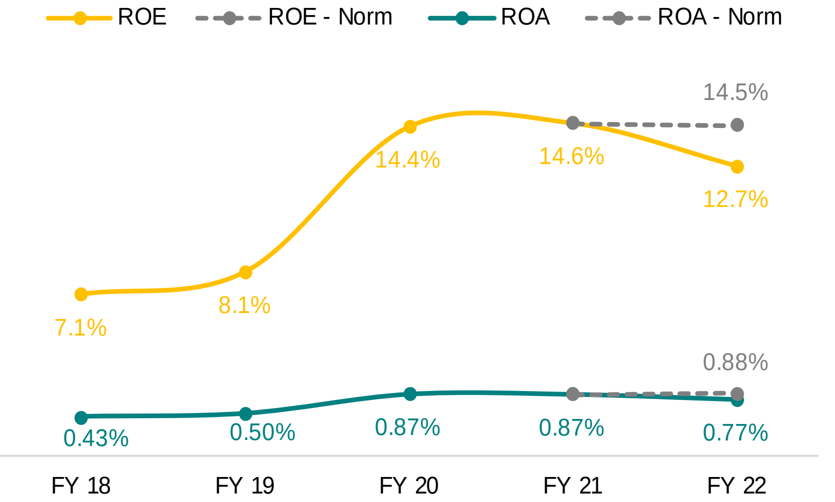
NIM – sharp improvement to 6.2% as impact of earlier rate hikes flows through to asset repricing



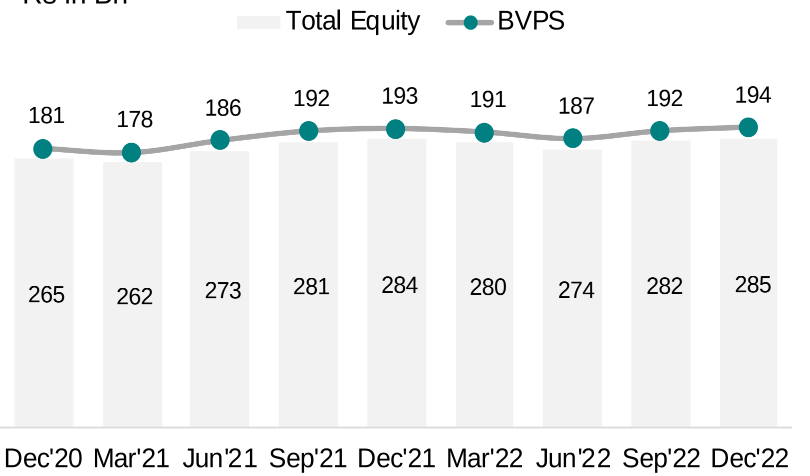
Cost to income ratio – impacted by high inflation and FX revaluation losses



ROA & ROE – normalized ROE maintained at 2021 levels despite 10% increase in tax rate.



Despite increase MTM deficits, **BV is now up from Dec'21 level backed by strong profitability**



** Normalized for 1-off VSS cost*

^ Normalized for 1-off VSS cost , and prior year tax charge