HBL

Habib Bank Limited

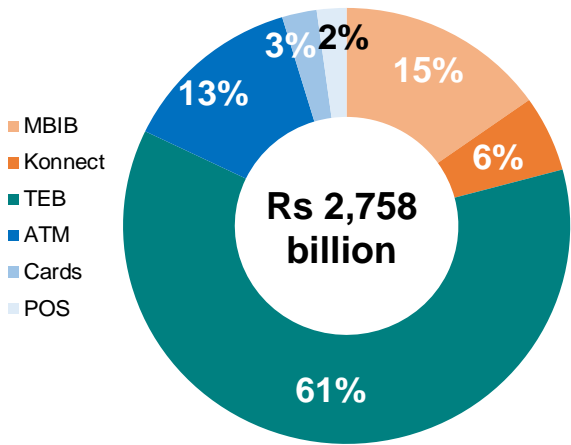*Q1'22 performance review*

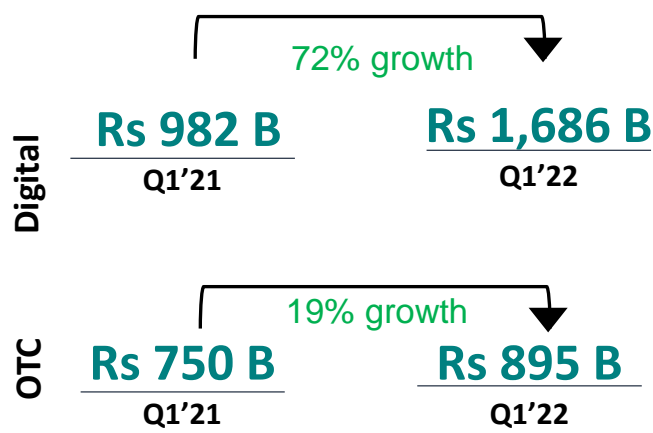*Investor Presentation*

April 21st, 2022

A WORLD OF
DIGITAL POSSIBILITIES

HBL Digital – Throughput touching nearly Rs 2.8 trillion in Q1'22, up 64% YoY
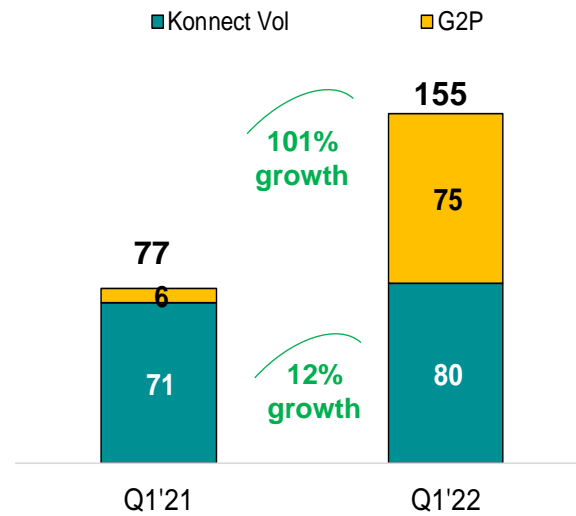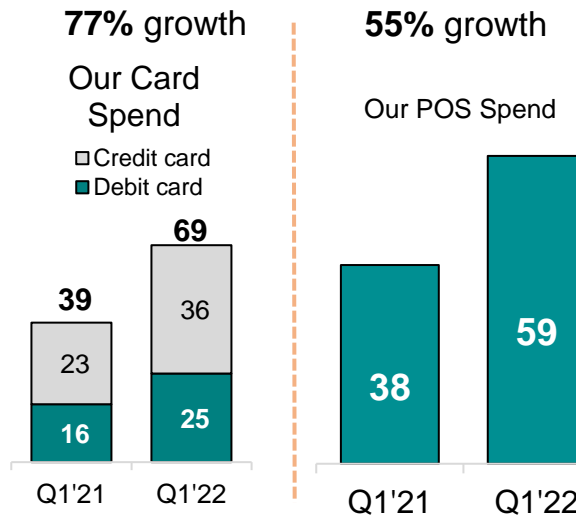
Digital throughput composition

Rs 2,758 billion

- MBIB — 15%
- Konnect — 6%
- TEB — 61%
- ATM — 13%
- Cards — 3%
- POS — 2%

HBL Konnect – volumes more than doubled, with customer base now at 7.4m

Legend: Konnect Vol, G2P

Q1'21: 77 (Konnect Vol 71, G2P 6)
Q1'22: 155 (Konnect Vol 80, G2P 75)

101% growth
12% growth

MB/IB – volumes continue to grow, user base increased to 2.7m (Dec'21 : 2.5m)

Legend: Trans. Vol (Rs B), Trans. Count (M)

Q1'21: Trans. Vol 212, Trans. Count 16
Q1'22: Trans. Vol 418, Trans. Count 26

97% Volume growth

Monthly Active Users Mix
Mobile App – MAUs levels at 64%+
Konnect App – increased from 13% to 18%

MB/IB
Legend: Inactive, *Active

Q1'21: 1,965 (Inactive 706, *Active 1,259)
Q1'22: 2,686 (Inactive 962, *Active 1,723)

*Financial trx. past 30 days

Konnect '000s
Legend: Inactive, *Active

Q1'21: 1,620 (Inactive 1,407, *Active 213)
Q1'22: 2,797 (Inactive 2,302, *Active 495)

*Login in past 90 days.

Cash management – Total throughput at 2.6 T, up nearly 50% YoY

Digital
Q1'21: Rs 982 B
Q1'22: Rs 1,686 B
72% growth

OTC
Q1'21: Rs 750 B
Q1'22: Rs 895 B
19% growth

Cards base at 6.3m. Highest ever monthly spend in Mar'22 (Rs 23.2b)

77% growth
Our Card Spend
Legend: Credit card, Debit card

Q1'21: 39 (Debit card 16, Credit card 23)
Q1'22: 69 (Debit card 25, Credit card 36)

55% growth
Our POS Spend

Q1'21: 38
Q1'22: 59

QR Codes – volumes nearly doubling to Rs 243 M, transaction count +46%

Legend: Trans. Vol (Rs M), Trans. Count - '000s

Q1'21: Trans. Vol 127, Trans. Count 23
Q1'22: Trans. Vol 243, Trans. Count 34

Volumes up 91%

HBL Pay Checkout – volumes up ~60% to Rs 8.0b

Legend: Trans. Vol (Rs B), Trans. Count (M)

Q1'21: Trans. Vol 5.1, Trans. Count 0.9
Q1'22: Trans. Vol 8.1, Trans. Count 1.2

59% Volume growth
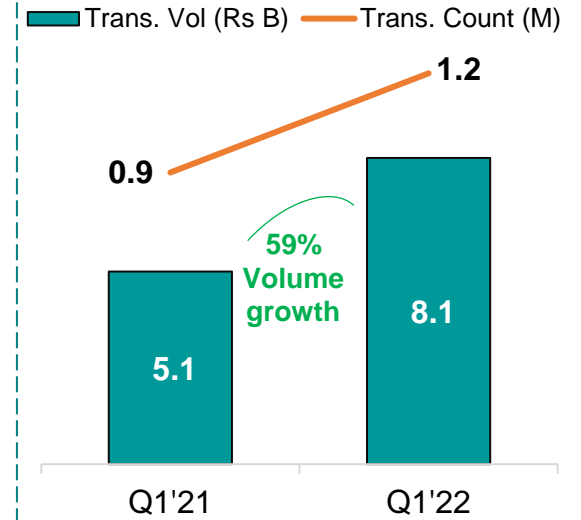
Core business segments continuing their growth story

1 1.7 million+ **customers** added
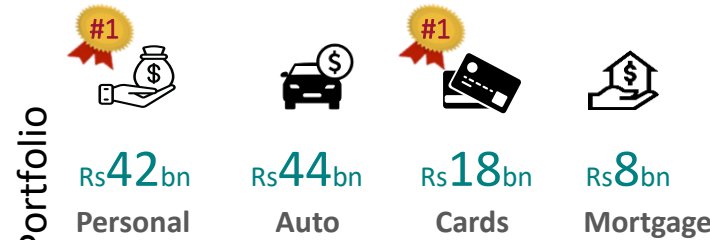
Customers

6% growth

27.4 M → **29.1 M**
Dec'21 — Mar'22

Branches	11.8 →	11.9
Konnect	7.1 →	7.4
MFB	2.3 →	2.5
EKP	6.2 →	7.3

2 Strong **Consumer lending** momentum

8% growth

Rs 102 B → **Rs 110 B**
Dec'21 — Mar'21

Portfolio

#1		#1	
Rs42bn	Rs44bn	Rs18bn	Rs8bn
Personal	**Auto**	**Cards**	**Mortgage**

Largest consumer book in the sector

3 85% growth in **Secondary Market Volumes** – market share up to 35%

Volumes

85% growth

Rs 2,469 B → **Rs 4,562 B**
Q1'21 — Q1'22

Market share

23.3% **35.3%**
Q1'21 — Q1'22

4 HBL Infinity – more clients transacting more

86% growth

$ 1,147 M → **$ 2,138 M**
Q1'21 — Q1'22

HBL ∞INFINITY

239 **315**
Q1'21 — Q1'22

32% increase in clientele

5 Trade Volumes – up 48% to $ 4.9 B

Overseas

88% growth

$ 492 M → **$ 923 M**
Q1'21 — Q1'22

Domestic

41% growth

$ 2,805 M → **$ 3,945 M**
Q1'21 — Q1'22

Market share

13.06 % **13.61 %**
YTD Feb'21 — YTD Feb'22
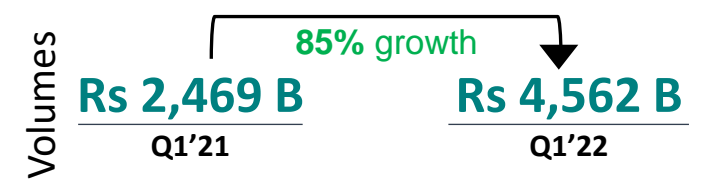
6 Remittance – volumes up 31% to $750m – Mar '22 market share reached 11.1%

Volumes

31% growth

$ 571 M → **$ 751M**
Q1'21 — Q1'22

Market share

7.9% **10.5%**
Q1'21 — Q1''22

HBL
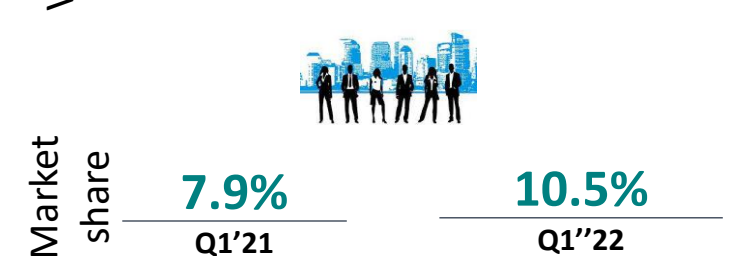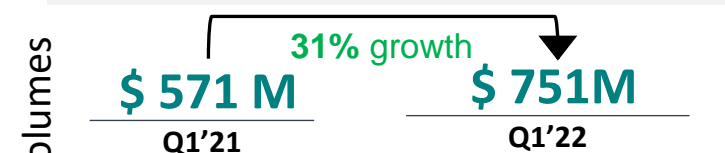
HBL's fortress balance sheet at > 4.5 trillion, up 5% over Dec'21

Deposits at Rs 3.2T, down 6%

Rs in B

INT	
DOM	

Dec'21: 3,382 (INT 331, DOM 3,051)
Mar'22: 3,194 (INT 331, DOM 2,863)
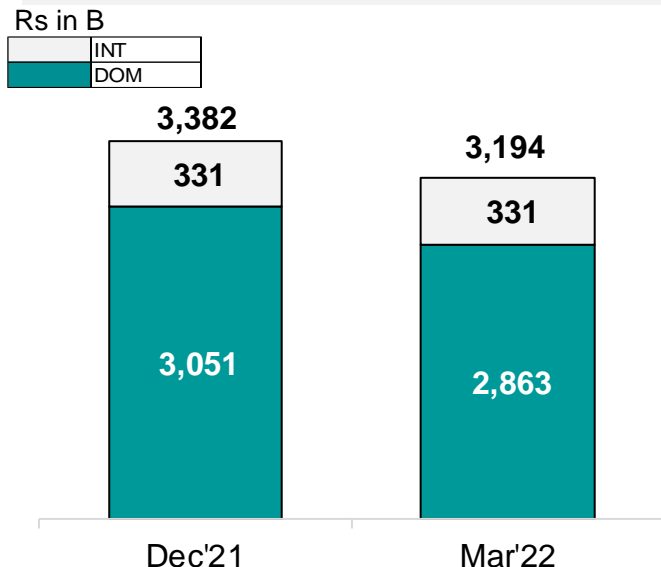
Current deposits up 2% to Rs 1.2T

Rs in B

INT	
DOM	

Dec'21: 1,171 (INT 154, DOM 1,016)
Mar'22: 1,194 (INT 156, DOM 1,037)
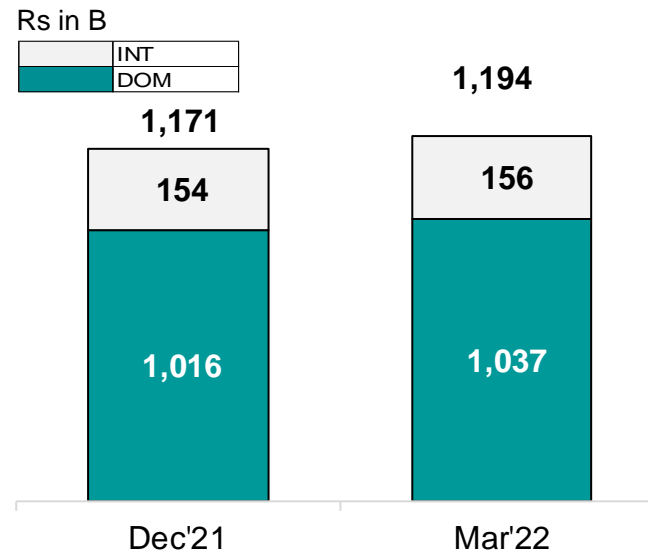
Average deposits up 14%+ to Rs 2.9 T

Rs in B

INT	
DOM	
DOM CoD	

Q1'21: 2,600 (INT 251, DOM 2,348), 3.9%
Q1'22: 2,972 (INT 317, DOM 2,655), 5.3%
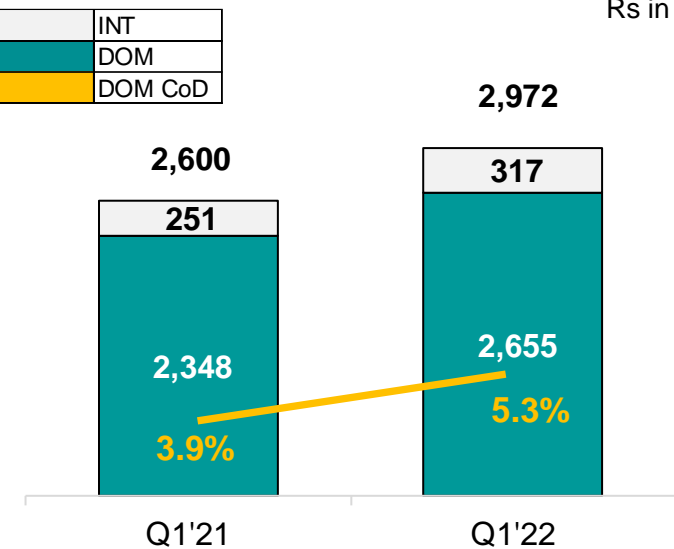
Advances up 4% to Rs 1.6T – broad-based growth across all businesses

Rs in B

Dec'21: 1,507 (274, DOM 1,233)
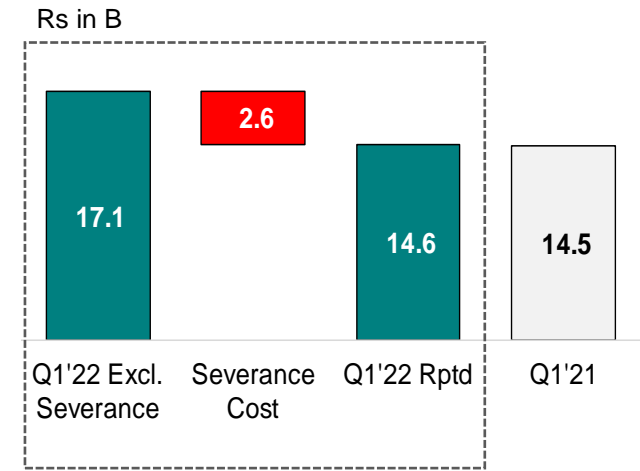Mar'22: 1,565 (288, DOM 1,276)
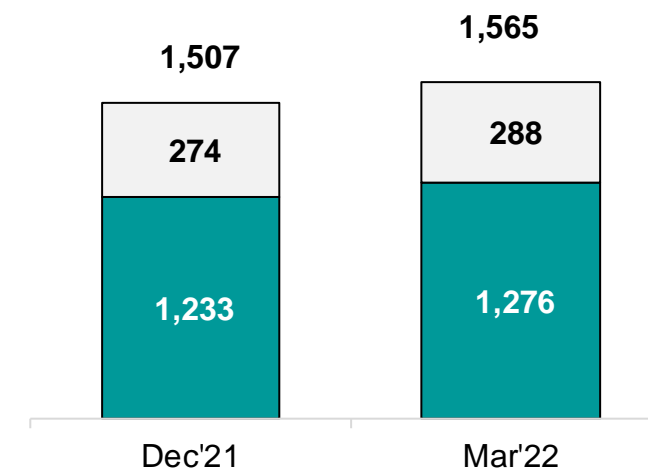
Deposits

➤ Domestic deposits declined by 6.2% to Rs 2.9T, due to shedding of expensive deposits.

 ▪ HBL MFB's total deposits crossed the Rs 100b mark in Mar'22, a growth of 14% over Dec'21

➤ Bucking historical trends, domestic current accounts grew 2% over Dec'21 to Rs 1.03T.

➤ International deposits declined by 4% to $ 1.8b, although they are flat in Rupee terms.

➤ Average current accounts increased by Rs 165b over Q1'21 to Rs 1.1T, with mix improving from 35.6% to 36.7%
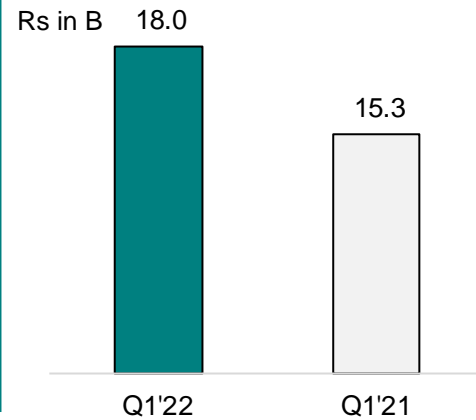
Advances

➤ Domestic advances up 3.5% to Rs 1.3T

 ▪ Microfinance up by 11.3% to Rs 64b

 ▪ Agri portfolio reached all-time high of Rs 41b

➤ International advances up $ 21m to $ 1.6b

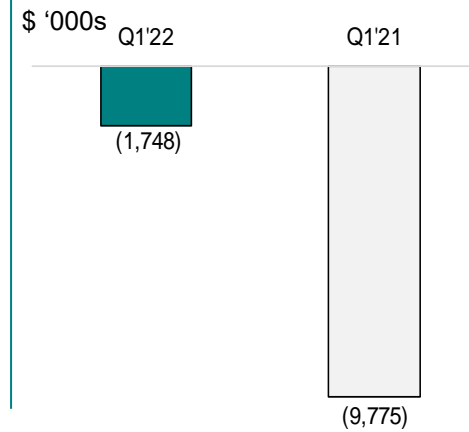# PBT and PAT flat to Q1'21 levels of Rs 14.6b and Rs 8.6b respectively

Group

Rs in B

17.1	2.6	14.6	14.5
Q1'22 Excl. Severance	Severance Cost	Q1'22 Rptd	Q1'21

Domestic business

Rs in B

18.0	15.3
Q1'22	Q1'21

International

$ '000s

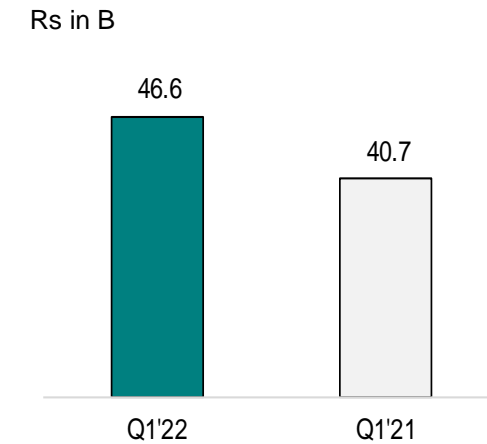| Q1'22	Q1'21
(1,748)	(9,775)

Ex. severance, PBT up 18% to Rs 17.1b

➢ Domestic PBT up 17% to Rs 18.0b driven from strong revenue growth

➢ International loss reduced by 80% to $ 1.7m – balance sheet expansion, controlled expenses and substantially lower provisioning
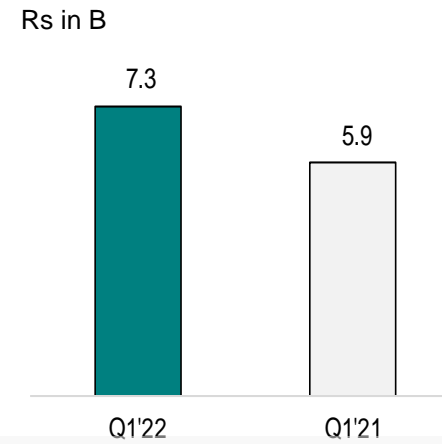

Gross Revenue

Rs in B

46.6	40.7
Q1'22	Q1'21

➢ Revenue up 15% to Rs 46.6b driven across all heads

NII up 12% to Rs 36.3b

Rs in B

36.3	32.5
Q1'22	Q1'21
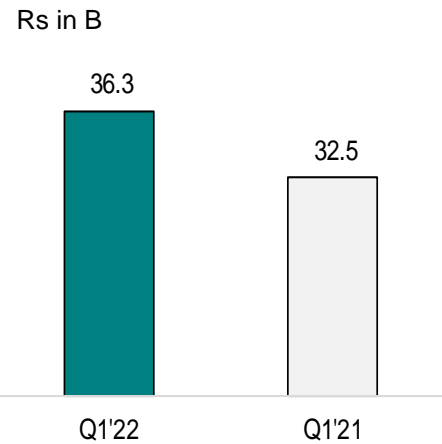
➢ Average balance sheet volume grew by Rs 450b+

Fees up 24% to Rs 7.3b

Rs in B

7.3	5.9
Q1'22	Q1'21

➢ 50%+ growth from Cards; Konnect fees up 7x; double-digit growth in consumer finance, trade and cash management

Expenses (ex-severance) up 16%

Rs in B

27.8	23.9
Q1'22	Q1'21
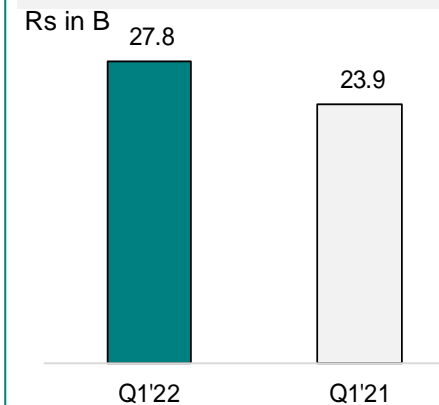
➢ Base expenses up 11.6% over SPLY. Rupee devaluation impact (Rs 0.4b) and higher sales-driven cost (Rs 0.9b) contribute to higher growth,

Provisions declined by 35% YoY to Rs 1.2b

Rs in B

1.2	1.9
Q1'22	Q1'21
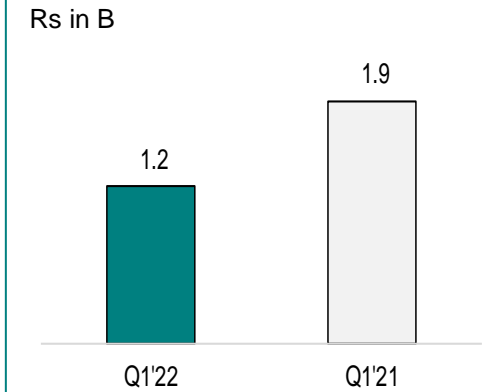
➢ Q1'22 charge mainly driven from subjective provisioning.

HBL

Lending portfolio remains resilient

Loan Portfolio composition by line of business

Rs 1,564 billion

- International 18%
- Others 4%
- HBL MFB 4%
- Islamic 13%
- Consumer 6%
- Commercial 6%
- Retail lending 4%
- Agriculture 3%
- Corporate 42%

International Loan Portfolio – location wise

$ 1,570 million

- Others 9%
- Maldives 3%
- Belgium 2%
- China 6%
- Singapore 9%
- Bahrain 29%
- UK 22%
- UAE 20%

Infection Ratio well controlled …
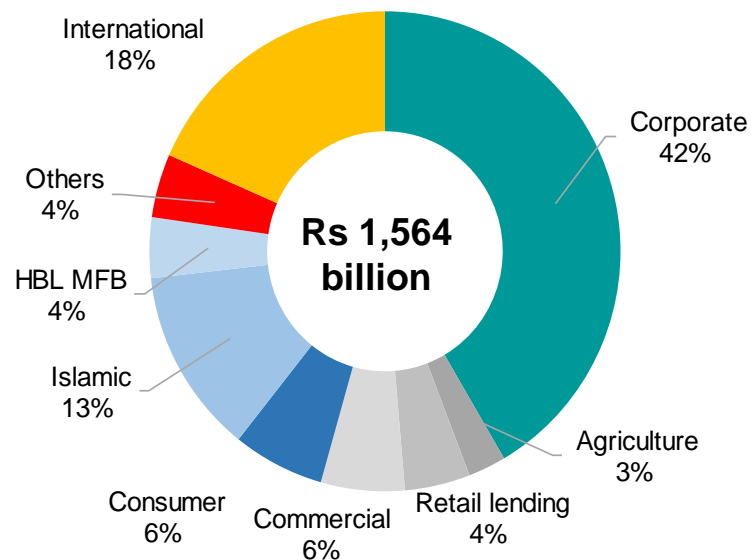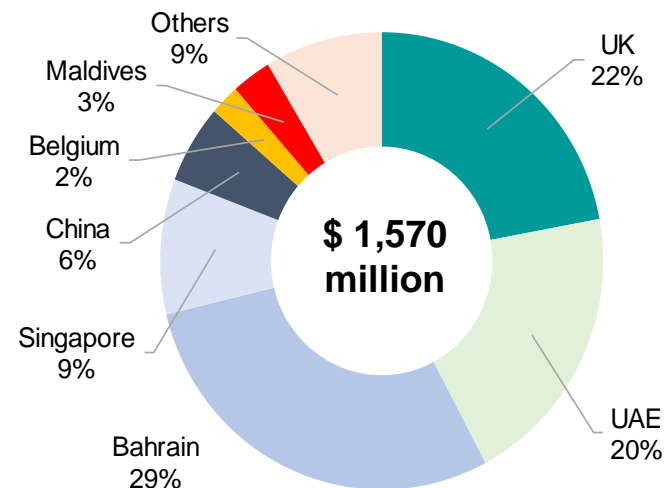

Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	Mar'22
6.3%	6.3%	5.5%	5.8%	5.1%	5.2%
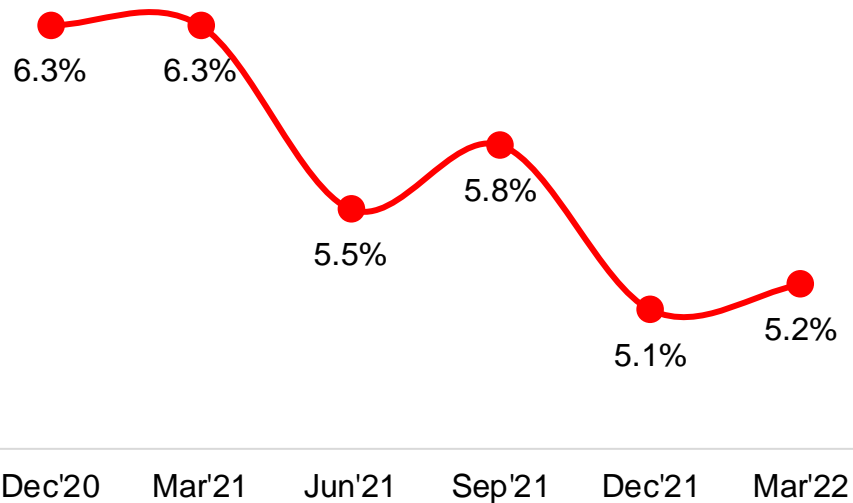
…. with **coverage ratio** dipping slightly due to subjective classification at lower coverage. Total remains > 100%

Rs in B

	Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	Mar'22
Coverage	100%	100%	103%	100%	104%	100%
Specific Coverage	86%	86%	88%	88%	90%	87%
NPL	82	81	77	84	81	86
Provision held	82	82	79	84	84	86

■ NPL   ■ Provision held   ●— Coverage   ●— Specific Coverage

HBL
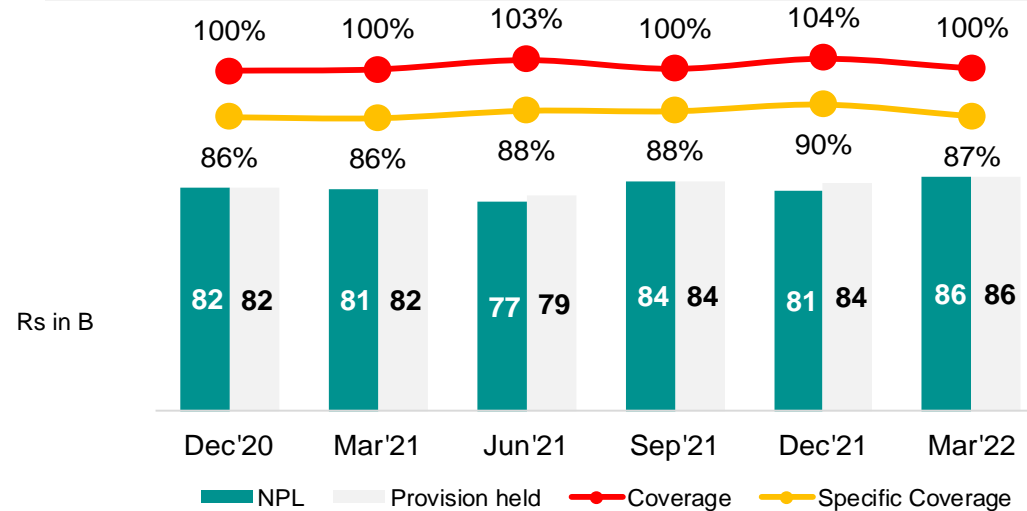
Consistently improving on all key indicators

ADR trend continues to improve

Legend: Dom, Group, Standalone*

	Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	Mar'22
Standalone*	44.7%	44.8%	43.0%	44.5%	45.9%	51.0%
Group	43.2%	43.6%	42.1%	43.3%	44.6%	49.0%
Dom	39.8%	39.6%	37.7%	39.0%	40.4%	44.5%
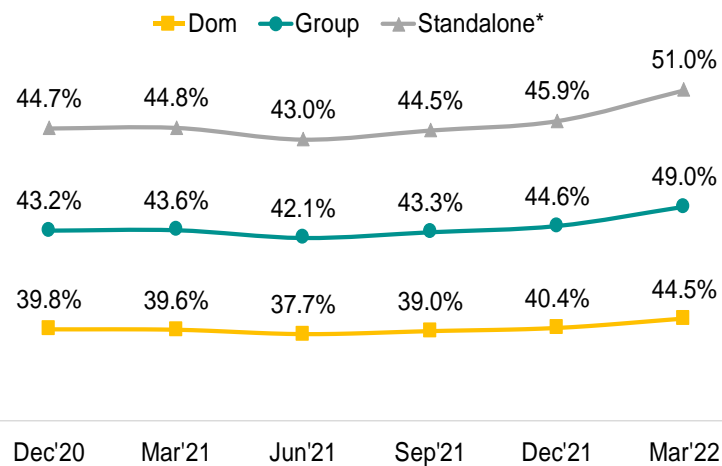
Gross advances / deposits as per tax definition

CAR declined on account of balance sheet growth and a continued rupee devaluation

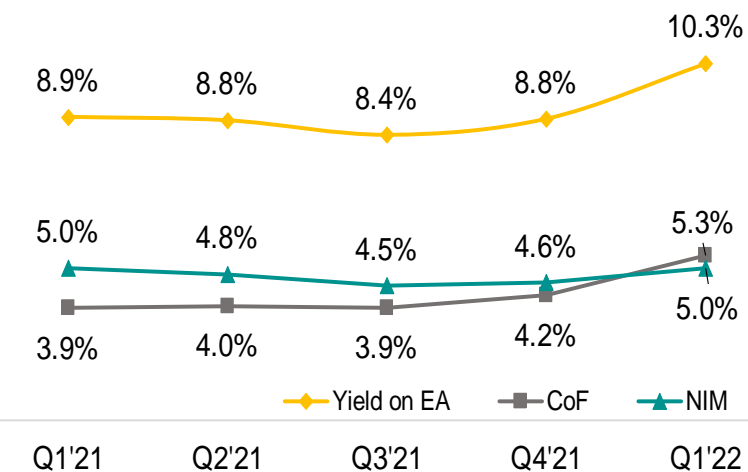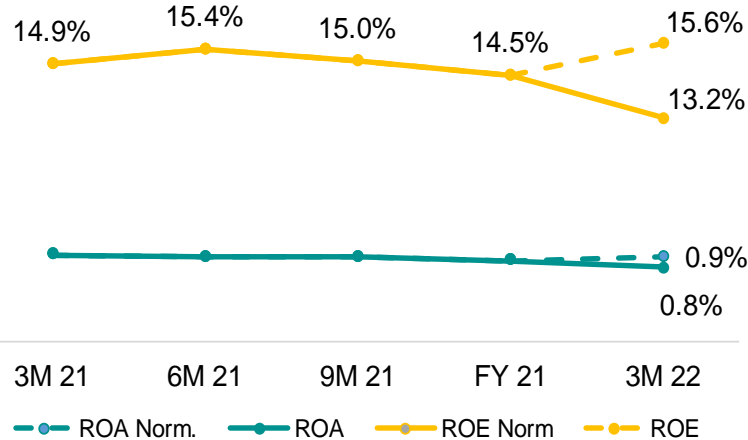|	Dec'20	Dec'21	Mar'22
CAR	17.2%	15.6%	15.3%
Tier 1	13.5%	12.3%	12.0%
Equity	265	284	280

Legend: Equity, Tier 1, CAR
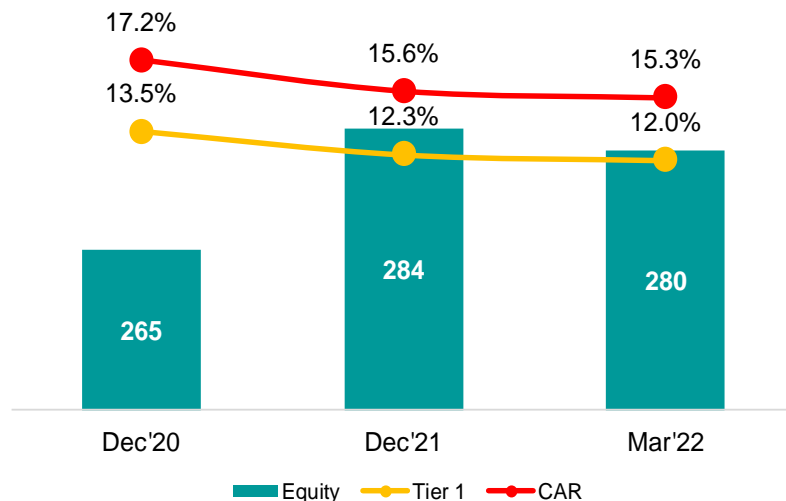
NIMs improved to 5.0% due to full quarter impact of 2021 rate hikes

	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
Yield on EA	8.9%	8.8%	8.4%	8.8%	10.3%
NIM	5.0%	4.8%	4.5%	4.6%	5.3%
CoF	3.9%	4.0%	3.9%	4.2%	5.0%

Legend: Yield on EA, CoF, NIM

Cost to income ratio essentially flat to SPLY

	3M 21	6M 21	9M 21	FY 21	3M22
Group	59.6%	57.8%	57.7%	57.5%	65.1%
Group Norm.					59.6%
Dom	54.9%	52.3%	51.8%	51.3%	61.1%
Dom Norm.					54.7%

Legend: Dom Norm., Dom, Group Norm., Group
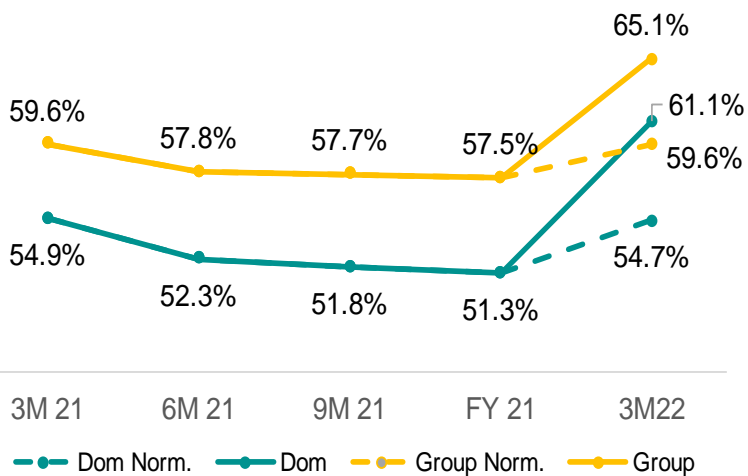
ROA flat at 0.9%, ROE improved to 15.6%

	3M 21	6M 21	9M 21	FY 21	3M 22
ROE Norm	14.9%	15.4%	15.0%	14.5%	15.6%
ROE					13.2%
ROA					0.9%
ROA Norm.					0.8%

Legend: ROA Norm., ROA, ROE Norm, ROE

Equity and book value declined slightly due to increase in MTM deficit on investments

Rs in Bn

Legend: Total Equity, BVPS

	Dec'20	Mar'21	Jun'21	Sep'21	Dec'21	Mar'22
BVPS	181	178	186	192	193	191
Total Equity	265	262	273	281	284	281

HBL

Normalized numbers excluding severance