

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 80th Annual General Meeting of Habib Bank Limited will be held on Wednesday, March 30, 2022 at 10:00 a.m. at HBL Tower, Islamabad, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Accounts (consolidated and unconsolidated) of the Bank for the year ended December 31, 2021, together with the Reports of the Directors and Auditors thereon.
2. To appoint Auditors for a term ending at the conclusion of the next Annual General Meeting at a fee of Rs. 37.086 million. In addition, any Federal or Provincial taxes and reimbursements of out of pocket expenses will be paid at actuals. The retiring Auditors, KPMG Taseer Hadi & Co. Chartered Accountants, being eligible, have offered themselves for reappointment.
3. To approve payment of a Final Cash Dividend of Rs. 2.25 per share, i.e. 22.5% for the year ended December 31, 2021, as recommended by the Board of Directors to Shareholders as at close of business on March 22, 2022, which is in addition to the 52.5% Interim Cash Dividend (i.e. Rs. 5.25/- per share) already paid.

Special Business:

4. To approve and authorize the purchase of entire shareholding of Allied Bank Limited ("ABL") in Habib Allied Holding Limited, UK ("HAHL"), subject to approval of the State Bank of Pakistan.

HAHL, UK is a subsidiary of Habib Bank Limited ("HBL"). Currently, HBL holds 90.50% of shareholding in HAHL, while the remaining 9.5% shareholding is owned by Allied Bank Limited. HBL proposes to purchase ABL's entire 9.5% shareholding in HAHL, this will result in HAHL becoming a wholly owned subsidiary of HBL. Also, HAHL is the holding company of HBL Bank UK. Subsequent to the acquisition of the proposed shareholding from ABL, HAHL will be a wholly owned subsidiary of HBL. This will enable HBL to collapse the two entities (HAHL & HBL Bank UK) as one, which would simplify the statutory compliance and enhance operational efficiency by reducing one layer.

For the aforesaid purpose to consider, and if deemed fit, to pass the following Resolution as a Special Resolution with or without modification:

"RESOLVED THAT the Habib Bank Limited ("the Bank") be and is hereby authorized to purchase 9.5% shares of Habib Allied Holding Limited ("HAHL") from Allied Bank Limited ("ABL"), subject to approval of the State Bank of Pakistan."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board of Directors of the Bank or such person or persons as may be authorised by the Board of Directors of the Bank, be and each of them is hereby authorised to do all such acts, deeds and things and to execute and deliver for and on behalf and in the name of the Bank all such deeds, agreements, declarations and undertakings as may be necessary or required or as they or any of them may think fit for or in connection with the aforesaid investment, including without limiting the generality of the foregoing, any approval, sanction or permission required thereof or in connection therewith."

The information as required under Section 134(3) of the Companies Act, 2017 is annexed.

The Directors of the Bank have no direct or indirect interest in the above-mentioned resolutions except in their capacity as directors of the Bank.

Any Other Business:

5. To consider any other business with the permission of the Chair.

By Order of the Board

March 9, 2022
Karachi

Neelofar Hameed
Company Secretary

Notes:

1. The Register of Members and the Share Transfer Books will be closed from March 24, 2022 to March 30, 2022 (both days inclusive) for the purpose of the Annual General Meeting.
2. Only those persons whose names appear in the Register of Members of the Bank as at March 22, 2022 are entitled to attend and vote at the Annual General Meeting.
3. A Member entitled to attend and vote at the Annual General Meeting may appoint another Member as his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a Member but is duly authorised by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Annual General Meeting.
4. Members are requested to notify immediately any changes in their registered address to our Share Registrar, CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', Sindhi Muslim Cooperative Housing Society (S.M.C.H.S), Main Shahra-e-Faisal, Karachi - 74400.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Pursuant to Section 150 of the Income Tax Ordinance, 2001 and Finance Act, 2021 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders at 15% and 30% respectively. All shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names along with their valid CNICs/ NTN are entered into ATL before the date of payment of cash dividend i.e., March 30, 2022; enabling the Bank to make tax deduction on the amount of cash dividend @ 15% instead of 30%.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, CDC Share Registrar Services Limited in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

A. Requirements for attending the Annual General Meeting:

- (i) In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall authenticate his/her identity by showing his/ her valid original Computerized National Identity Card (CNIC) or original passport at the time of attending the Annual General Meeting.
- (ii) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be produced at the time of the Annual General Meeting, unless it has been provided earlier.

B. Requirements for appointing Proxies:

- (iii) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.
- (iv) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (v) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
- (vi) The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.
- (vii) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Bank along with the proxy form unless the same has been provided earlier.

C. Electronic dividend mandate:

Under the Section 242 of the Act, it is mandatory for all listed companies to pay cash dividend to its shareholders through electronic mode directly in to the bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Bank's website and send it duly signed along with a copy of valid CNIC to the Share Registrar, CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', Sindhi Muslim Cooperative Housing Society (S.M.C.H.S), Main Shahra-e-Faisal, Karachi - 74400, in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Bank will be constrained to withhold payment of dividend to shareholders.

D. Submission of valid CNIC (Mandatory):

As per SECP directives the dividend of shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', Sindhi Muslim Cooperative Housing Society (S.M.C.H.S), Main Shahra-e-Faisal, Karachi - 74400 without any further delay.

E. Unclaimed Dividend:

As per the provision of section 244 of the Act, any shares issued or dividend declared by the Bank which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued, and dividend declared by the Bank which have remained due for more than three years were sent to shareholders. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Bank in the given time, the Bank shall after giving notice in the newspaper proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

F. Circulation/Transmission of Annual Audited Financial Statements and Notice of AGM to Members in Electronic Form:

The Bank's Annual Report is also being circulated to the members through DVD in compliance of section 223(6) of the Act and as approved by the shareholders in their Extra-Ordinary General Meeting held on February 3, 2017. The same is being placed on the Bank's website: <https://www.hbl.com/investor-relations/annual-accounts> and the web-link is also e-mailed to the members whose registered e-mail addresses are available in the members' register.

Members are also requested to intimate change (if any) in their registered e-mail addresses to our Share Registrar for the above-mentioned purpose through consent form available on the Bank's website.

G. Conversion of Physical Shares into CDC Account:

The Shareholders having physical shareholding are encouraged to place their physical shares into scripless form as defined in Section 72(2) of the Act i.e.; "Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act."

H. Participation in AGM through Electronic Means:

In light of the continuing threats posed due to COVID-19 pandemic and to protect wellbeing of the Shareholders, the Securities & Exchange Commission of Pakistan ("SECP") has vide its Circulars issued from time to time directed the listed companies to hold general meetings through video link, webinar, zooming etc. in addition to the requirements of holding physical meeting.

Accordingly, the AGM would be held at the venue/ via webinar and would be attended by the directors of HBL, those who are available in Pakistan, by way of video link and by shareholders including holders of proxies assembling at the HBL Tower, Islamabad. The shareholders are encouraged to consolidate

their physical attendance and voting at the AGM into as few people as possible through proxies. The following arrangements have been made by the Bank to further facilitate the participation of the shareholders in the 80th AGM:

- The shareholders interested in attending the HBL's AGM through webinar are requested to get themselves registered by sending their particulars to the Company Secretary HBL, at the designated email address (general.meetings@hbl.com), mentioning their names, folio number, email address by the close of business hours on **March 22, 2022**. The webinar link would be provided to the registered shareholders. The shareholders are also encouraged to send their comments / suggestions, related to the agenda items of the AGM on the above mentioned email address by **March 25, 2022**.
- As always, HBL intends, and undertakes, to hold the meeting in compliance with all applicable laws, and requirements, including for quorums, the keeping of minutes and voting while ensuring the safety of its shareholders, employees, directors and the public at large.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017, RELATING TO THE SPECIAL BUSINESS REFERRED TO IN THE NOTICE ABOVE:

This Statement sets out the material facts pertaining to the Special Resolutions described in Item 4 of the Notice of the Annual General Meeting ("AGM"), intended to be passed at the 80th AGM of Habib Bank Limited ("Bank") scheduled to be held on March 30, 2022 at 10 am.

Special Business

Agenda Item 4 – Purchase of Allied Bank Limited's Shareholding in Habib Allied Holding Limited:

1. Habib Allied Holding Limited, UK ("HAHL") is a subsidiary of HBL.
2. Currently, HBL holds 90.50% of shareholding in HAHL, while the remaining 9.5% shareholding is owned by Allied Bank Limited ("ABL").
3. HAHL is incorporated in England and Wales and was engaged in commercial banking services until December 2014, when the entire banking business was transferred to HBL Bank UK Limited ("HBL UK"), a wholly owned subsidiary of HAHL.
4. HBL proposes to purchase ABL's entire 9.5% shareholding in HAHL, subject to the approval of the State Bank of Pakistan ("SBP").

For this purpose, the Board of Directors have recommended that the Members consider and, if thought fit, pass the Resolution with or without modification set forth at Agenda Item 4 of the Notice convening the 80th Annual General Meeting of HBL.

Information required under Section 199 (3) of the Companies Act, 2017 and regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Habib Allied Holding Limited, UK

(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking	Habib Allied Holding Limited, UK
(ii)	Basis of Relationship	Habib Allied Holding Limited, UK is a subsidiary of HBL. HBL currently holds 90.50% of shareholding in HAHL
(iii)	Earnings / (Loss) per Share for the last three years	2018: GBP (0.06) 2019: GBP (0.10) 2020: GBP (0.20)
(iv)	Break-up value per Share, based on last audited financial statements	2018: GBP 1.10 2019: GBP 1.03 2020: GBP 0.82

(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements		The financial information is shown in the table below.																																																
			£ in Million																																																
			<table border="1"> <thead> <tr> <th>Particulars</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td>17.03</td> <td>17.49</td> <td>13.68</td> </tr> <tr> <td>Operating expense</td> <td>20.02</td> <td>25.07</td> <td>25.71</td> </tr> <tr> <td>Operating loss</td> <td>(2.99)</td> <td>(7.59)</td> <td>(12.02)</td> </tr> <tr> <td>Provisions</td> <td>(0.73)</td> <td>0.36</td> <td>(2.07)</td> </tr> <tr> <td>Loss Before Tax</td> <td>(3.72)</td> <td>(7.23)</td> <td>(14.09)</td> </tr> <tr> <td>Loss After Tax</td> <td>(3.59)</td> <td>(5.94)</td> <td>(12.20)</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Deposits</td> <td>519.11</td> <td>493.36</td> <td>464.71</td> </tr> <tr> <td>Loans and Advances to banks and customers</td> <td>308.85</td> <td>345.06</td> <td>357.21</td> </tr> <tr> <td>Cash, Balances and Investments</td> <td>297.81</td> <td>233.24</td> <td>180.28</td> </tr> <tr> <td>Equity</td> <td>87.22</td> <td>82.75</td> <td>70.59</td> </tr> </tbody> </table>	Particulars	2018	2019	2020	Revenues	17.03	17.49	13.68	Operating expense	20.02	25.07	25.71	Operating loss	(2.99)	(7.59)	(12.02)	Provisions	(0.73)	0.36	(2.07)	Loss Before Tax	(3.72)	(7.23)	(14.09)	Loss After Tax	(3.59)	(5.94)	(12.20)					Deposits	519.11	493.36	464.71	Loans and Advances to banks and customers	308.85	345.06	357.21	Cash, Balances and Investments	297.81	233.24	180.28	Equity	87.22	82.75	70.59
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(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		Not applicable																																																
	I	Description of the project and its history since conceptualization	Not applicable																																																
	II	Starting date and expected date of completion of work	Not applicable																																																
	III	Time by which such project shall become commercially operational	Not applicable																																																
	IV	Expected time by which the project shall start paying return on investment	Not applicable																																																
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not applicable																																																

(B) General Disclosures:			
(i)	Maximum amount of investment to be made		The PKR equivalent of £6.75 Mn after converting the GBP amount into PKR at the SBP published mid-rate revaluation on the transaction date.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		The proposed transaction will result in HAHL becoming a wholly owned subsidiary of HBL. This would result in operational efficiencies and simplification.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Cash generated from own operations
	(I)	Justification for investment through borrowings	Not Applicable
	(II)	Detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not Applicable
	(III)	Cost of benefit analysis	Not Applicable

(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Not Applicable
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	None, except as Directors of HBL.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	HBL UK strategy has been refreshed in-line with the HBL's International business strategy, and a new management team is in place. The focus is on three broad areas: a) leveraging the network to support intra-group clientele b) Wealth Management proposition for fee growth without adding to capital requirements and c) grow trade and Financial Institutions business. Significant progress has been achieved in 2021, which will become the foundation for business growth over the next 12 months, allowing revenue to be built up and returning the business to sustainable profitability.
(vii)	Any other important details necessary for the members to understand the transaction	No pre-approval is required from either the Prudential Regulatory Authority (PRA) or the Financial Conduct Authority (FCA) in accordance with UK regulations (either for HBL or ABL); no "control band" is being crossed as HBL already holds 90.5% of the shares. However, we are required to notify the PRA/FCA as soon as the transaction is likely to proceed.

(C) Additional disclosure regarding Equity Investment:

(i)	Maximum price at which securities will be acquired	GBP 1.15 per share.
(ii)	In case the purchase price is higher than fair value in case of unlisted securities, justification thereto	Not Applicable
(iii)	Maximum number of securities to be acquired	5,874,525
(iv)	Number of securities and percentage thereof held before and after the proposed investment.	HBL currently holds 90.50% (55,961,307) shares in HAHL. After the proposed acquisition HBL will own 100% (61,835,832) shares of HAHL
(v)	Fair value of the security	Valuation is in process.

UPDATE

Under Regulations 4 and 6 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

This Statement provides information as required under Regulations 4 and 6 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 in respect of the investments authorised by the Shareholders in the previous Annual General Meetings of the Bank.

Summary / Overview

Company name	Approvals taken in Annual General Meeting	Date of Annual General Meeting	Update for 2021
HBL Microfinance Bank Limited (formerly The First Microfinance Bank Limited)	Capital injection of up to Rs 4 billion in HBL Microfinance Bank Ltd (HBL MFB) over a period of three (3) years through subscription of rights shares of HBL MFB.	March 26, 2021.	<p>The Bank has made an investment of Rs 2 billion, subscribing to 200 million rights shares at par on July 15, 2021.</p> <p>On January 24, 2022, HBL MFB has offered a second tranche of 100 million rights shares to the existing shareholders. All shareholders other than HBL have renounced the rights, which HBL has agreed to take up. The Bank has agreed to subscribe to 100,000,000 shares at par, further committing Rs 1 billion as investment, subject to SBP approval.</p>
HBL Bank UK Limited (HBL UK)	Investment in perpetual, unsecured, subordinated, non-cumulative, contingent convertible, privately placed Additional Tier-I (AT-I) capital eligible Variable Rate Subordinated Loan Notes (Loan Notes) up to US\$ 30 million to be issued by HBL Bank UK Limited (HBL UK) over the next three (3) years. HBL seeks to invest in these Loan Notes through its Bahrain branch.	March 30, 2020	<p>During 2021, HBL, through its Bahrain branch, has invested a further US \$3 million in Additional Tier-I instruments issued by HBL Bank UK. The cumulative investment in Additional Tier-I instrument has reached US\$ 13 Mn.</p>

(i) HBL Microfinance Bank Limited (formerly The First Microfinance Bank Limited):

1	Total Investment approved:	Approved by the shareholders in the Annual General Meeting held on March 26, 2021, to invest up to Rs 4 billion in HBL Microfinance Bank Limited (HBL MFB) over a period of three (3) years through subscription to rights shares subject to the approval of SBP.
2	Maximum amount of investment made	The Bank has made an investment of Rs 2 billion, subscribing to 200 million rights shares at par on July 15, 2021.
3	Further investment to be made	On January 24, 2022, HBL MFB has offered a second tranche of 100 million rights shares to the existing shareholders. All shareholders other than HBL have renounced the rights, which HBL has agreed to take up. The Bank has agreed to subscribe to 100,000,000 shares at par, further committing Rs 1 billion as investment, subject to SBP approval. The Bank's investment will increase by Rs 1 billion and its shareholding will increase from 71.43% to 76.42%.
4	Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	The timeframe specified for making the complete investment is March 2024.
5	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	The financial position of the company is given in the table below.

Rs in million

Financial Position	2019	2020
Revenue	5,821.7	7,539.9
Operating expense	4,267.7	5,157.5
Operating profit	1,554.0	2,382.5
Customer deposits	38,403.6	61,726.2
Customer loans and advances	30,936.3	41,628.2
Cash, Balances with Banks and Investments	10,793.7	26,266.1
Equity	6,047.4	6,688.3

(ii) HBL Bank UK Limited (HBL UK):

1	Total Investment approved	Approved by the Shareholders in the Annual General Meeting held on March 30, 2020, to invest up to US\$ 30 million in Loan Notes issued by HBL Bank UK limited (HBL UK) over the next three (3) years.
2	Amount of investment made to date	HBL has so far invested \$ 13 Million.
3	Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	The timeframe specified for making the complete investment is March 2023.
4	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	The financial position of the company is given in the table below.

GBP in millions

Financial Position	2019	2020
Revenues	17.5	13.7
Operating expense	25.1	25.7
Operating loss	7.6	12.0
Deposits	493.4	464.7
Loans and Advances to banks and customers	345.1	357.2
Cash, Balances at Central Banks and Investments	233.2	180.3
Equity	82.8	70.6