

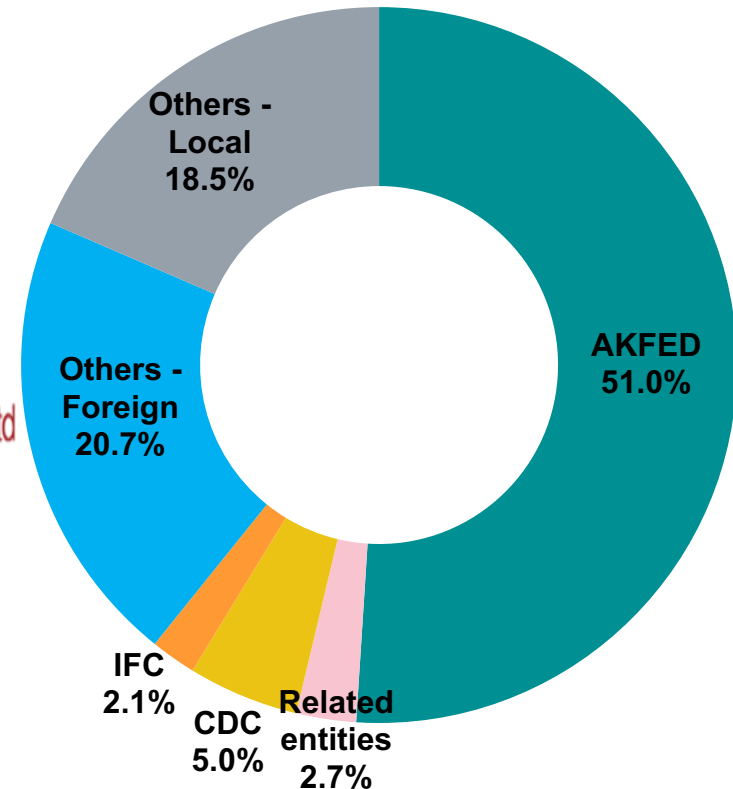
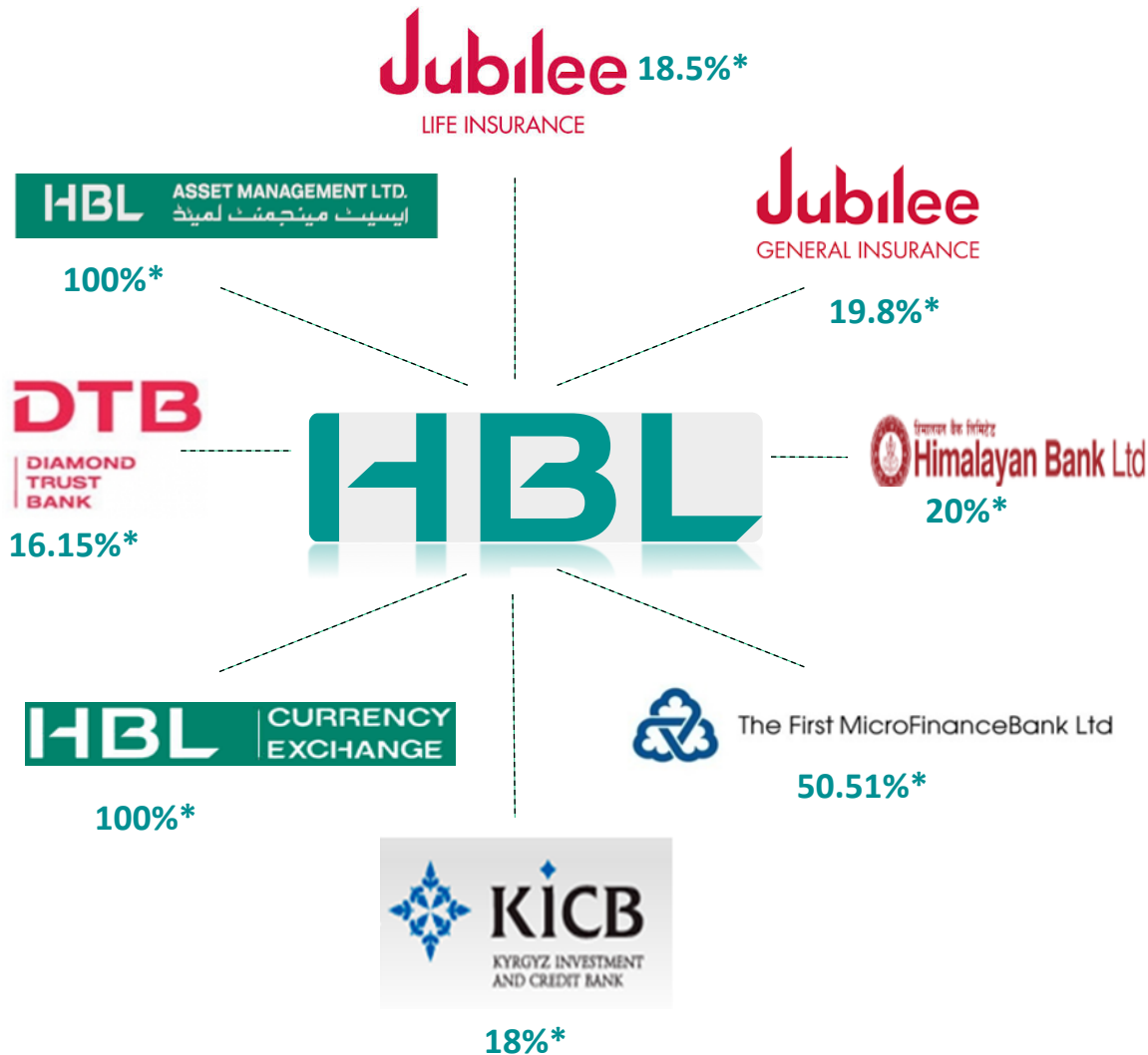
Doing First Class business in a First Class way

Corporate Briefing
10th December, 2019

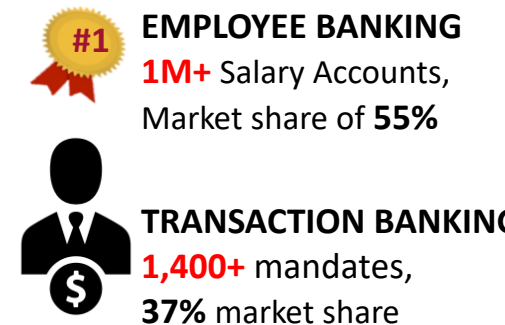
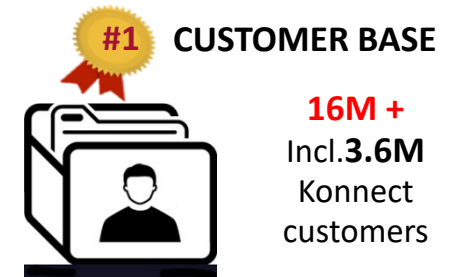
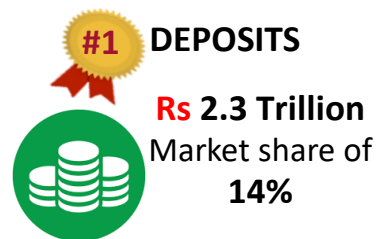


More than just a bank

Shareholding Pattern



* HBL holding



Major awards and accolades - 2019

EUROMONEY

Pakistan's Best Bank



Best Investment Bank
Best Sukuk Deal



Project Finance House of the Year
Utility deal of the Year
Power deal of the Year
Transport deal of the Year



Brand of the Year for
banking in Pakistan

ASIAMONEY

Best Domestic Bank
Best Corporate and Investment Bank
Best Bank for CSR
Best Local Bank in the Region for BRI (South Asia)
Best Individual BRI Project or Initiative in the Region (South Asia)



- Pakistan Domestic -
Cash Management Bank of the year
Trade Finance Bank of the year
Project Finance Bank of the year

THE ASIAN BANKER®
STRATEGIC BUSINESS INTELLIGENCE FOR THE FINANCIAL SERVICES COMMUNITY

Excellence in Retail Financial Services



Gender Champion Award

FinanceAsia

Best Investment Bank

HBL

Major Certifications



HBL is Pakistan's first bank to have its Business Continuity Management System (BCMS) certified as ISO 22301:2012 compliant



HBL is the only Bank in Pakistan to be ISO 27001 certified



HBL is the only bank in Pakistan to have achieved and maintained PCI DSS* certification, the security standard for the payment cards industry

*Payment Card Industry Data Security Standard

An experienced Executive Committee

HBL

The senior team represents a good balance between continuity and fresh blood



Muhammad Aurangzeb
President & CEO
2 / 33 / 33 ⁽¹⁾

*

Front Office

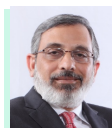


Amer Aziz
Head Development
Finance
1 / 33 / 33 ⁽¹⁾

*



Aamir Irshad
Head Branch Banking
15 / 29 / 32 ⁽¹⁾



Muhammad Afaq Khan
Head Islamic Banking
1 / 27 / 31 ⁽¹⁾

*



Aamir Kureshi
Head Consumer Banking
13 / 30 / 30 ⁽¹⁾



Faisal Lalani
Head International Banking
2 / 31 / 31 ⁽¹⁾

*



Risha A. Mohyeddin
Global Treasurer
2 / 23 / 23 ⁽¹⁾

*



Khalid Mohsin Shaikh
Head Remedial & Structured
Credits
6 / 25 / 34 ⁽¹⁾



Farhan Talib
Head Corporate and
Investment Banking
10 / 23 / 23 ⁽¹⁾

Business Support



Naeem Bashir Ahmed
Head Business
Transformation
2 / 18 / 33 ⁽¹⁾

*



Rizwan Haider
Chief Risk Officer
18 / 39 / 40 ⁽¹⁾



Rayomond Kotwal
Chief Financial Officer
5 / 22 / 33 ⁽¹⁾



Sagheer Mufti
Chief Operating Officer
2 / 38 / 38 ⁽¹⁾

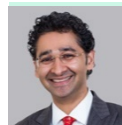
*



Jamal Nasir
Chief Human Resources
Officer
5 / 22 / 32 ⁽¹⁾



Nauman Riaz
Chief Compliance Officer
3 / 26 / 26 ⁽¹⁾



Adnan Pasha Siddiqui
Chief of Staff
2 / 24 / 24 ⁽¹⁾

*



Neelofar Hameed
Company Secretary
1 / 31 / 35 ⁽¹⁾

*

Reporting to Chairman / Board



Armughan Ahmed Kausar
Chief Internal Auditor
2 / 23 / 23 ⁽¹⁾

*

Reporting to BAC

(1) Number of Years in HBL / Years in Financial Industry / Total Work Experience

* Joined in last 18-24 months

1

Commitment to deliver on P&L

- Sustainable revenue growth on the back of top league table positions
- Strict cost discipline including cost initiatives
- Optimal deployment of Balance Sheet, with enhanced focus on cross-sell
- Maintain high portfolio quality

2

Relentless focus on customer experience

- “Delighting our clients” has to become the rallying cry
- Mindset needs to get embedded into the DNA of the organization, front-to-back

3

People Agenda to be our top priority

- Culture Change – Increase investment in training and development
- Staff Engagement – Frequent interaction with teams across the network
- Succession Planning – Nurture and retain top talent and improve bench strength
- Gender Diversity – Make HBL the employer of choice for women, with greater participation at senior management level

4

Embedding Risk, Compliance and Control in our Business Principles

- Successful completion of Business Transformation Program - *Doing first class business in a first class way*
- Strengthening our first, second and third lines of defense across all disciplines

5

Making Innovation the Driving Force

- Proactively reinvent - *We are a technology company with a Banking License*
- Continuous process improvement – *good is never good enough*

6

Giving back to the Country and the Communities that we Serve

- Robust Development Finance agenda, driven by Board level Committee
- Strong CSR agenda backed by proactive employee volunteerism

Startups

- Increased Emphasis on
- Branchless Banking
 - Digital Banking

Sustaining Success

- Maintain Dominant Position in
- Deposits
 - Corporate & Investment Banking
 - Treasury
 - Rural Banking

Realignment

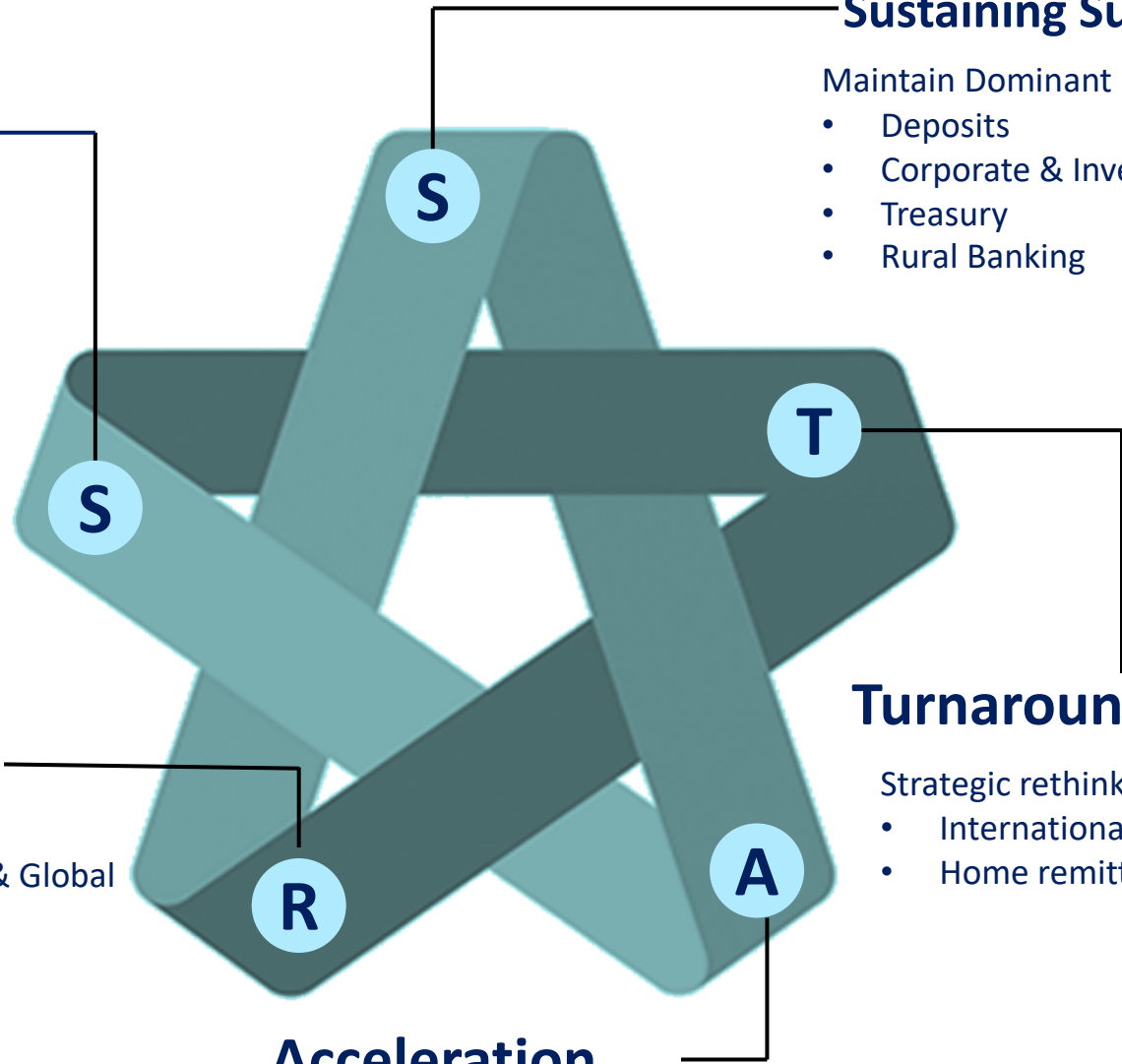
- Commercial Banking
- Financial Institutions & Global Transaction Services
- Islamic Banking
- SME

Turnaround

- Strategic rethink of
- International
 - Home remittances

Acceleration

- Consumer Finance
- Microfinance



Key Initiatives Underway

Pakistan Landscape

Population: 217m

Millennials: 80m

SIM subscribers: 162m

Smartphone users: 60m

Facebook: 35m

Bank Branches: ~14,000

ATMs: 14,500 +

POS: 48,000

Agents: 100,000

Banked: 45m

Servicing Channels

HBPS* Agent Mobile App Internet QR ATMs

Businesses

Data,
Payments,
Lending

Individuals

Agents

Mobile App

Corporate
Banking

Retail
Banking

Customer Acquisition Vehicles

- Banking solutions outside branches: agents / digital channels
- A high-impact & cost-effective alternate solution:
 - Acquisition of low ticket customers
 - Millennials
 - Bottom of the Pyramid
 - Ecosystem partnerships
 - Large distribution footprint
 - Greater accessibility

Value Proposition

Payments

Collections &
Disbursement

eCommerce

Investments

Account
opening

Fee

Insurance

Impact so far

3.6M+
Accounts

24%
Female
Customers

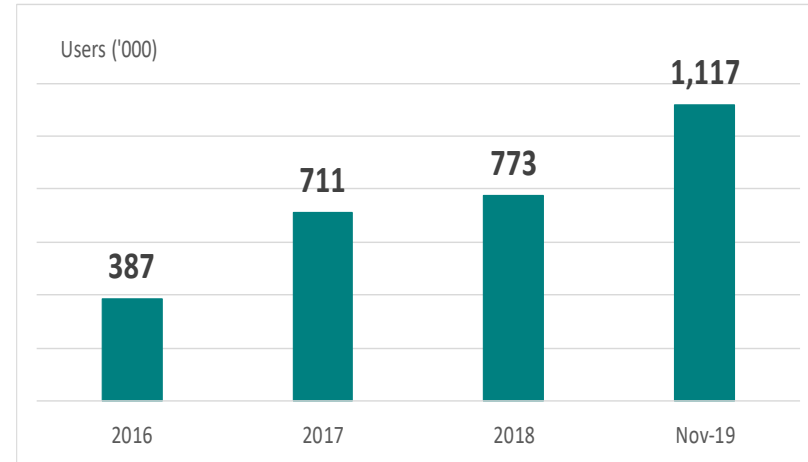
Rs 17B
Monthly
Turnover

1M
Social Protection
Payments



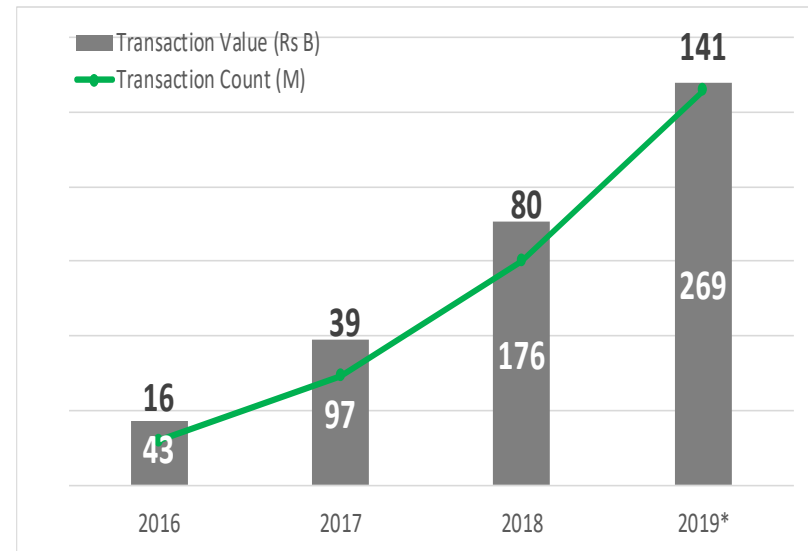
Mobile & Internet Banking

- More than 1.1 million users for Mobile & Internet
- Average monthly transactions - Count: 11.7m, Value: Rs 22b
- 265+ internet merchants
- First bank to introduce mVISA QR payments in Pakistan
- First in market to offer loan on Mobile. Over Rs 2.2b disbursed to date to more than 15,000 customers
- 6000+ Credit Cards issued since August 2019 through the industry's first card issuance through Mobile app



Ecosystem Integration

- Open API to enable faster integration by ecosystem players; while enabling them to use the API to create new business models
- Payment API partnership with largest e-commerce website in Pakistan already executed. Enables HBL customers to carry out e-commerce transactions without the need for a card
- Increasing number of partnership based services enabled from within the Mobile App e.g. doctors appointments and consultation, cinema and travel tickets, food delivery etc.



Digital Banking – Data Strategy



Govern

Challenges



Acquire

Non standardized and time consuming integration processes



Manage

No centrally managed data repository



Use

No Enterprise Reporting capability & limited analytics

Govern

No dedicated Data Governance practice in place

Solutions

Establish an authoritative **Data Architecture** practice



50%

Invest in **Data Technology**



25%

Set up **Data Governance** practice



33%

Set up **Analytics center of excellence**



15%

Outcomes

Enable the use of data as a strategic asset :

Ensure better controls and stronger compliance

Micro-segmentation & tailored offerings for individuals

Product & price optimization models

Predictive analytics

Use-Cases

AML Scenario threshold calibration

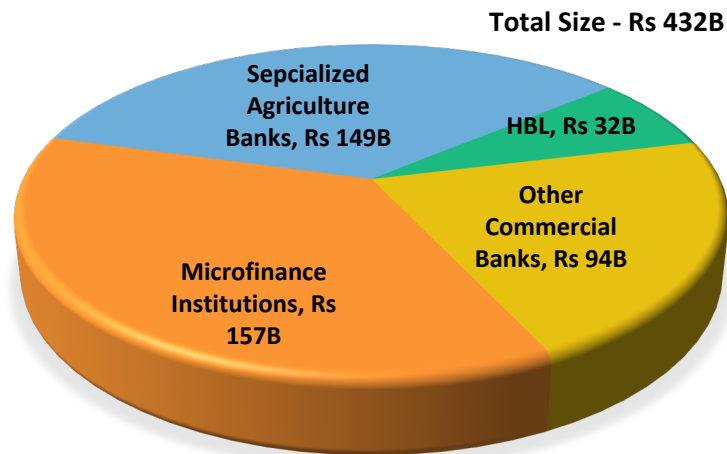
Behavioral segmentation based on transactions

ATM cash optimization

Deposit attrition model for branch banking

Rural Banking

Agriculture Finance Market (Rs B)



Voice of the Farmer - Kisaan Ke Awaz

- Focus group platform connecting HBL and the farmer
- Enhanced and direct communication aimed at understanding farmers' needs and perspective
- Brainstorming on best agronomic practices through collaboration with leading Agriculture Input providers

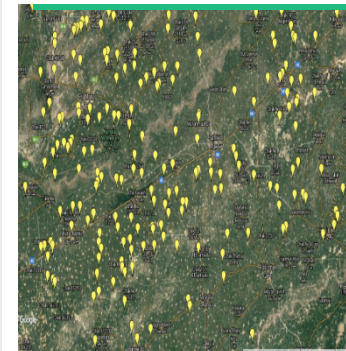


HBL serves over **50,000** farmers through more than **600** designated Rural Banking branches with a field force of **500+**

Digitizing Agriculture Finance

- Geotagging of farms, with aerial view accessed from Google Maps
- Image of farmer and farm to evaluate condition of agricultural lands
- Centralized storage of important data points along with time and date stamp
- HBL is the first bank in the industry to have integrated its system with Punjab Land Record Authority. Will enable on-line extraction of title documents to improve turnaround and risk management
- Loan repayment options now being made available to farmers through Konnect agents

Geotagging of Farms



Farmer and Farm image



The largest Corporate & Investment Bank in the country with total credit exposure of over Rs 900B to over 600 corporate customers. At the forefront of all major transactions

Major Deals

Power Sector



K-Electric Limited
Financial Advisor,
Mandated Lead Arranger
& Equity Arranger

Rs 264B

Project Finance
Advisory &
Arrangement
Ongoing



**Indus Wind Energy
Limited**
LCY Mandated Lead
Arranger

Rs 6B

Project Financing Debt
Arrangement
Ongoing



**ThalNova Power
Thar Limited**
Financial Advisor & LCY
Mandated Lead
Arranger

Rs 82B

Project Finance Debt
Arrangement and
Financial Advisory
Ongoing



**Siddiqsons
Energy**
Lead Arranger

Rs 61B

Project Financing Debt
Arrangement
Ongoing



**Pak Matiari Lahore
Transmission Line
Company (Pvt.) Ltd**
Financial Advisor &
Mandated Lead Arranger

Rs 264B

Project Finance Advisory
& Arrangement
2019



**Lucky Electric
Power Limited**
FCY Lead Arranger

Rs 99B

Project Financing Debt
Arrangement
2018

Others



**Mitchell's Fruit
Farms Limited**

Financial Advisor

Amount Undisclosed

Financial advisor for
equity arrangement to
a strategic investor

Ongoing



**Panda Bond
Issue**

Joint Lead Manager

Rs 155B

Inaugural Panda Bond
Issue by
Government of
Pakistan
Ongoing



**Khyber Refinery
Limited**

LCY Mandated Lead
Arranger

Rs 25B

Project Financing Debt
Arrangement
Ongoing

**Luna Pakistan
(Private) Limited**

Mandated Lead
Arrangers

Rs 13B

Shariah Complaint
Term Finance Facility
based on Istisna
2019



**Pakistan National
Shipping
Corporation**

Lead Advisor &
Arranger

Rs 12B

Syndicated Term
Finance Facility
(Islamic/Conventional)
2018

Digitization initiatives

Digitizing collections and payments by bringing clients to digital platform at both sending and receiving end via internet, mobile and branchless banking

Providing customized solutions to educational institutions, digitizing collections and payments

Capitalizing on the CPEC initiative, to penetrate CPEC corridor in underserved areas - KPK, Balochistan, Gilgit - Baltistan

Financial inclusion via tapping the unbanked population through branchless banking

Digitizing the unstructured pension payments process

TEB Landscape

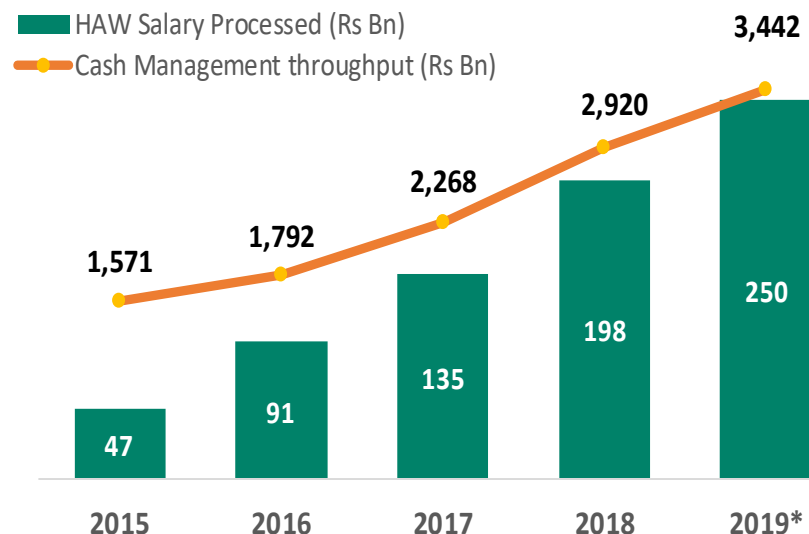
Cash Management:

- Collection active mandates – 884
- Payment active mandates – 591
- Market share – 37%

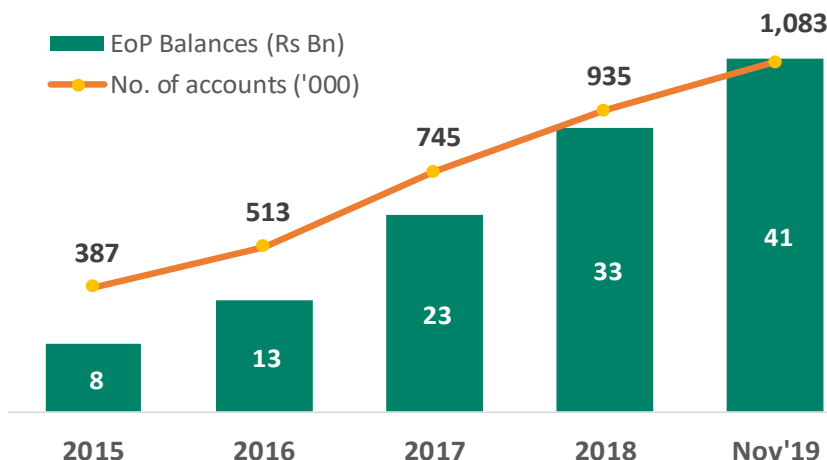
Employee Banking / HBL At Work (HAW):

- Total mandates – 1,534
- Market share – 55%

Throughput – Cash Management & HAW

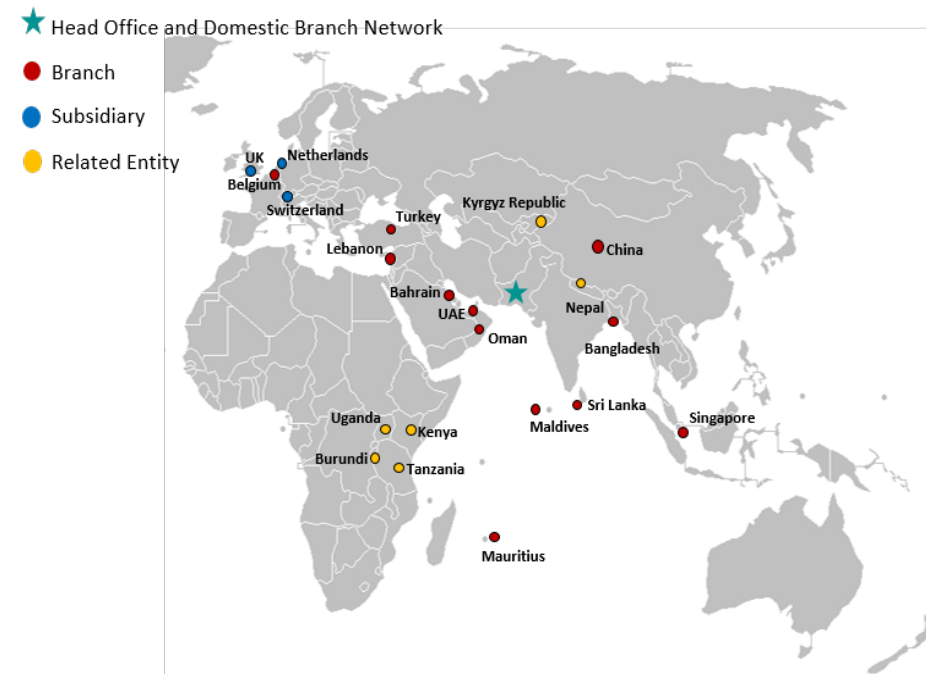


HAW – 1.1 Million Salary Accounts



* YTD November 2019 numbers have been annualized

International Footprint



Strategic Focus

Economic currents moving eastwards - with China and the emergence of Central Asia
HBL footprint - opportunity to gain relevant share in these markets and flows between these corridors.

We aim to be:

- In the top 5 foreign banks for trade volumes between China & Central Asia, the GCC, Turkey and South Asia.
- No.1 bank for Pakistan Inbound and Outbound flows from these corridors / markets

Strategy

Follow domestic clients internationally and vice versa

Corporate, Trade Finance and Financial Institutions (FI)

- Upgrade global trade finance capability
- Embed Belt and Road initiative to capture GCC and SAARC flows to and from Pakistan, China and Central Asia
- Focus on trade and working capital needs; build cross-sell of deposits and treasury products
- Grow FI as a global business with strong sell-side offering

Liabilities and Remittances

- Build liabilities to stabilize balance sheet
- Enhance customer experience through digital roll-out
- Recapture lost space in remittances and become go-to Bank for non-resident Pakistanis

People

- Increase indigenization, improve diversity

Right-size core locations, exit non-core

Internal Initiatives

- Diversity Council set-up with cross functional members
- Champions identified to drive the diversity agenda
- HBL 'Beacon'- engagement sessions with female colleagues sharing their journey to success
- HBL 'Elevate' - leadership training for high potential women
- HBL 'Falak' - mentoring program for women seniors
- Continuing mandatory Anti-Harassment e-Learning; clear communication on Zero tolerance
- Piloting part-time & flexible-time options
- Gender sensitization training for all employees pan-Pakistan

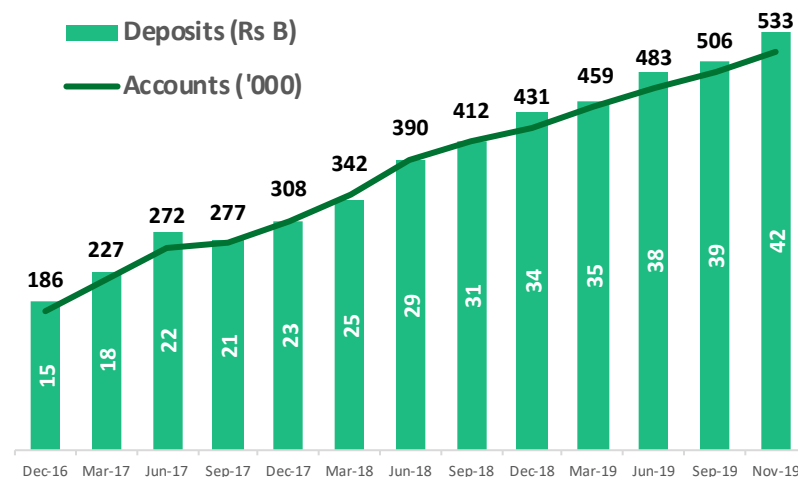
External Focus

- Batch hiring of all women software developers and IT interns
- Key sponsors for women-centric business and technology conferences
- Campus drives with senior HBL women presenters, career fairs, to increase female intake

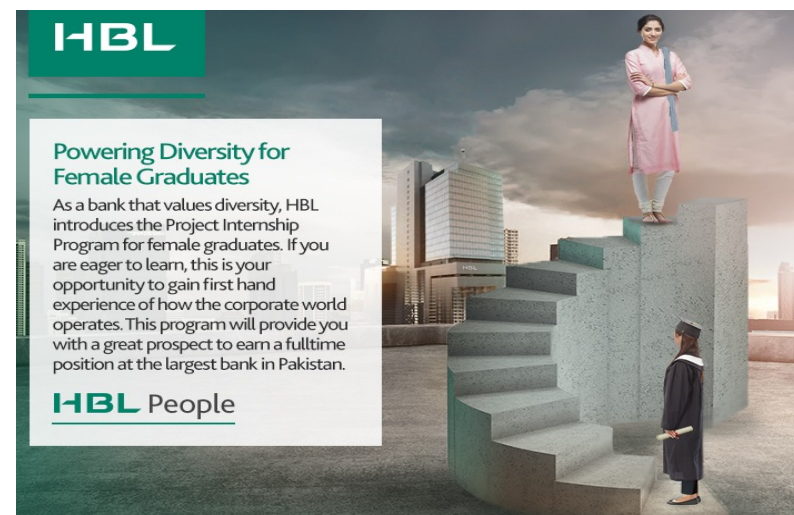
Diversity initiatives recognized externally

- Employer of choice award for gender balance from IFC and Pakistan Banking Council (PBC)
- IFC / PBC partnering with HBL on peer learning for family friendly workplaces
- CFA Institute award for Gender Diversity
- Gender Champion Award from Asian Development Bank

HBL Nisa – Banking platform for women



**Target to get to 20% women employees by 2020
vs. 16.6% today**



Environmental & Social (E&S)

- Worked proactively with CDC to ensure that the Bank's environmental and social risk management policies are compliant with international best practices
- Product development and client workshops for E&S being pursued in collaboration with CDC – one workshop on renewable energy already conducted
- Social and Environmental Management System (SEMS) developed and implemented since 2014, compliant with UK and IFC standards
- Played a leading role in development of the Green Banking Guidelines in Pakistan. HBL continues to be the lead bank in the SBP Consultative Committee on the Implementation of the guidelines
- ESG due diligence process embedded in all Corporate & Commercial Banking credit approvals
- Environment Committee formed to create focus on Green Finance and environmental risks in lending
- HBL is the only Pakistani Bank to have signed up to the voluntary Green Investment Principles to promote green investments in the Belt and Road region

Governance

- Organized trainings on Financial Crime Governance and Risk Appetite for the Board and Management
- Strengthened policy for Prohibition of Insider Trading
- Policy for Prohibition of Bribery and Corrupt practices implemented – mandatory e-learning module developed, 98% staff certified
- Two dedicated management committees for oversight of the control environment - Compliance Committee and Controls Committee

The programme ensures that HBL is able to implement and instill global practices across its business & control processes



Achieving
**Gold
Standard**



Doing business
the **right way**



Creating
sustainability



Instilling
cultural
change



Governance: Enforcement of new & enhanced controls ensuring a robust governance framework, which is 'fit for purpose'



Processes: Significant enhancement in customer on-boarding and related processes (end to end) ensuring a robust control framework for safeguarding HBL against Financial Crime related risks



People: Improving bench strength and quality via continuous training and development as well as consistent communication towards reinforcing transformation initiatives



Technology: Upgrading technology for Sanctions and Transaction Monitoring ensuring AML/CFT and Sanctions risks are appropriately managed

Key Achievements

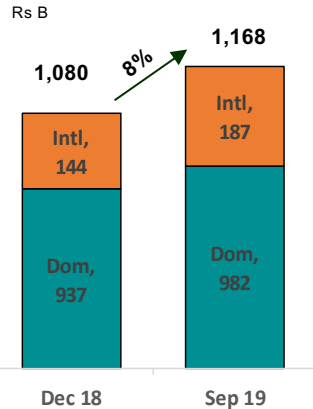
- Conducted comprehensive gap analysis - mapped to distinct workstreams
- Established monitoring mechanism for tracking and escalation
- Completely revamped account opening process with "smart" forms
- Established real-time customer risk rating
- Rationalized sanctions screening watchlists
- Transformation program in UK at an advanced stage. UAE, Bahrain in progress.
- Launched KYC e-learning module
- Revamped compliance training
- Started sustainability initiatives for branch network
- Upgraded Transaction Monitoring / Sanctions Screening / Core Banking systems
- Integrated Trade Finance platform with core banking system

The Bank's **Committed, visible & interactive** leadership ensures new ways of undertaking business (transformation) is embedded throughout the organization; becoming the part of **HBL's DNA**

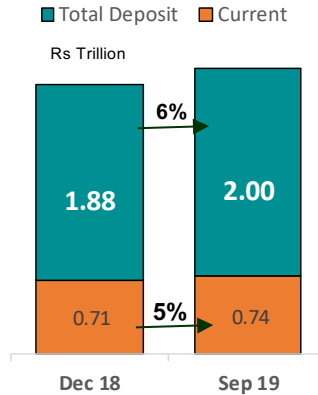
Financial Performance

Positive Momentum Continues in Key Drivers

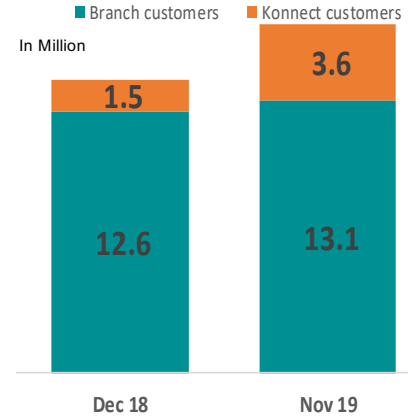
Advances > Rs 1.0 Trillion



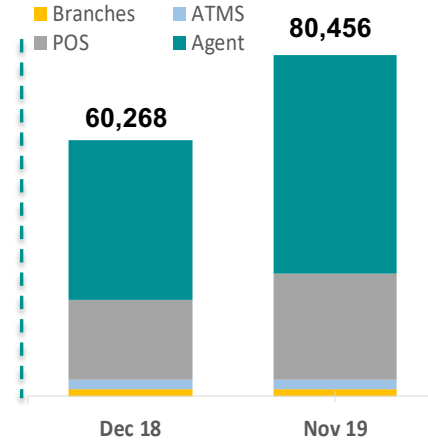
Dom. Deposits crossed Rs 2.0 tn. CA mix at 37.1%



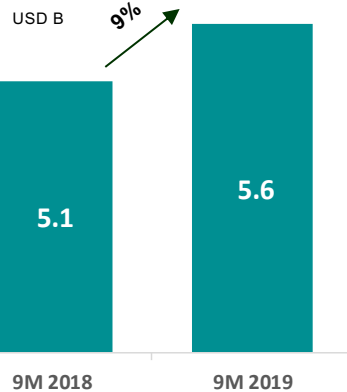
Customer base > 16.0M



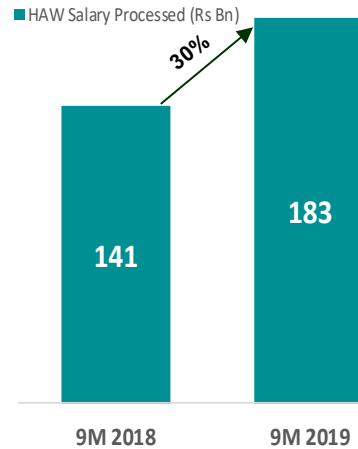
Touchpoints



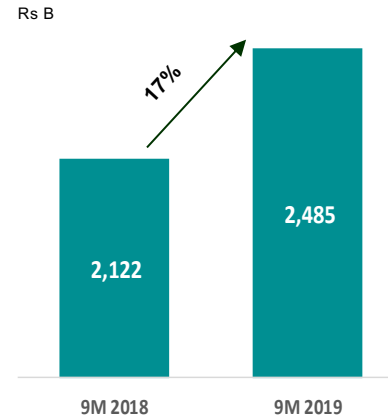
Domestic Trade volumes up by 9%



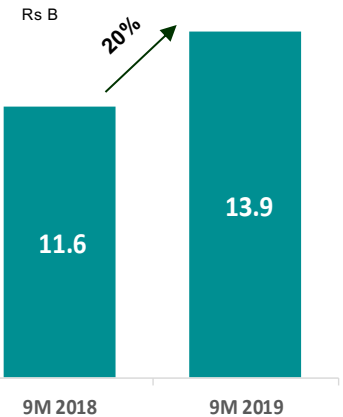
Employee Banking



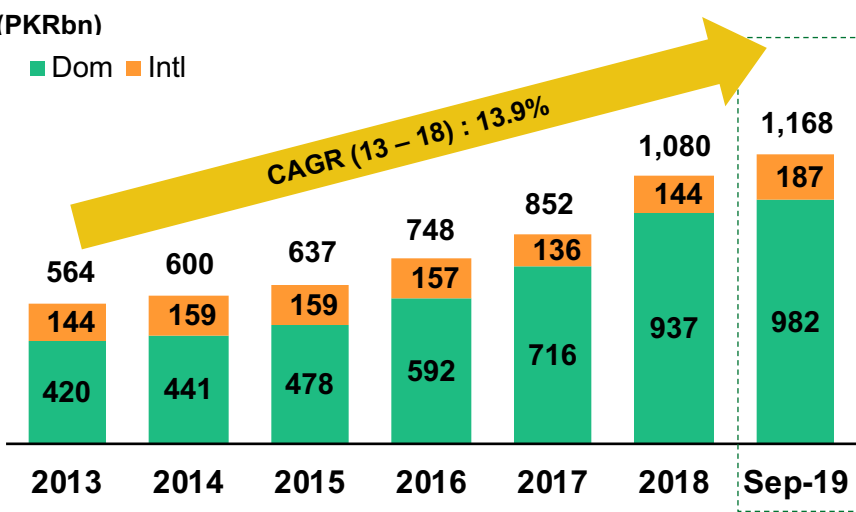
Cash Management Throughput



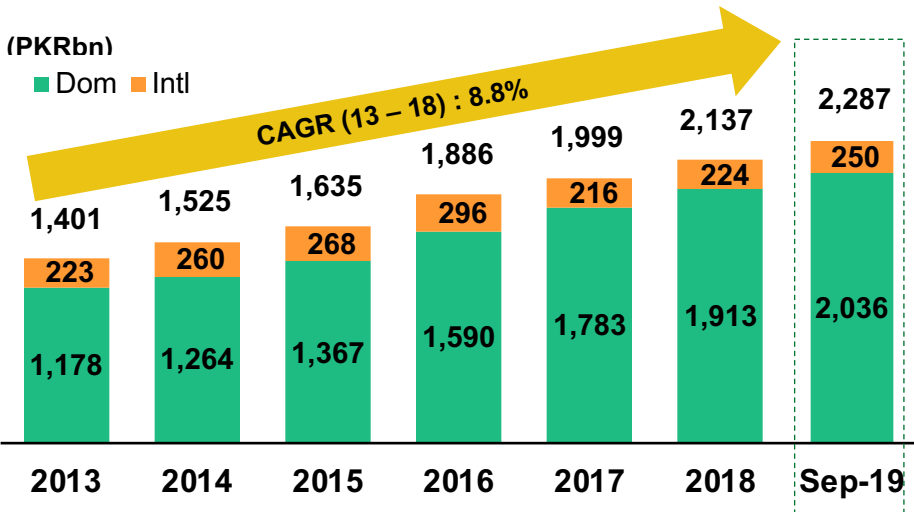
Fee and Commissions



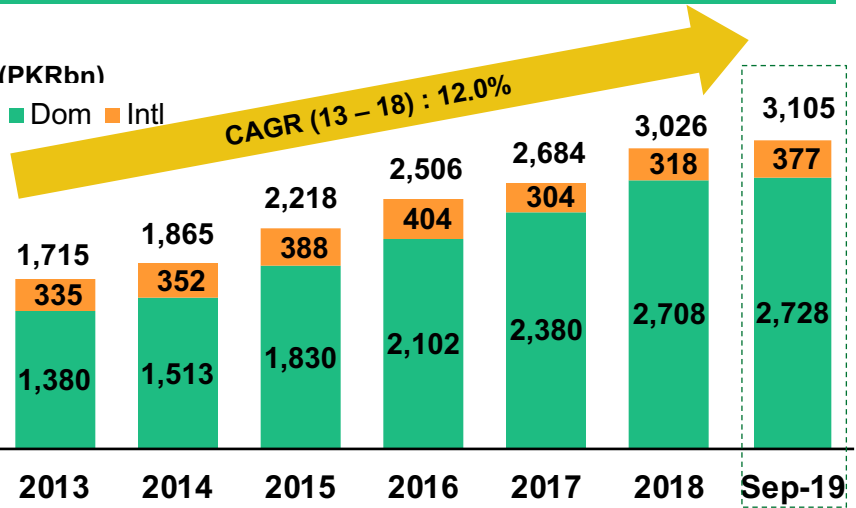
Net Advances – Crossed PKR 1 Trillion



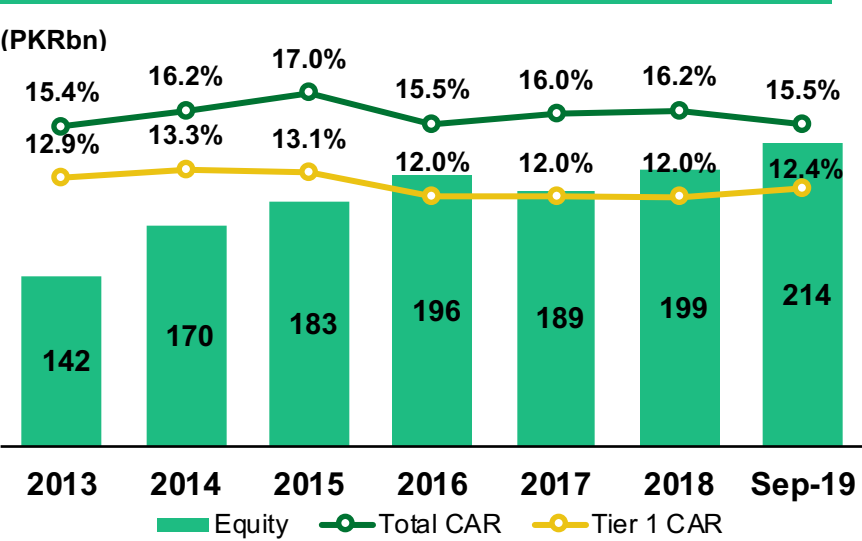
Deposits – Crossed PKR 2 Trillion



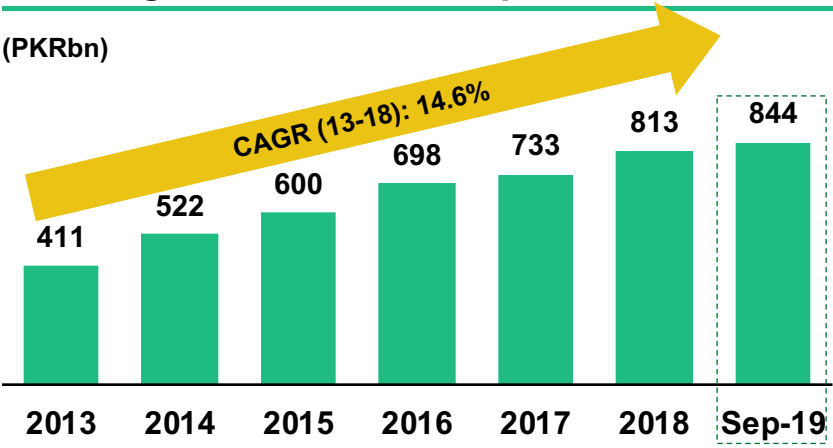
Total Assets – Crossed PKR 3 Trillion



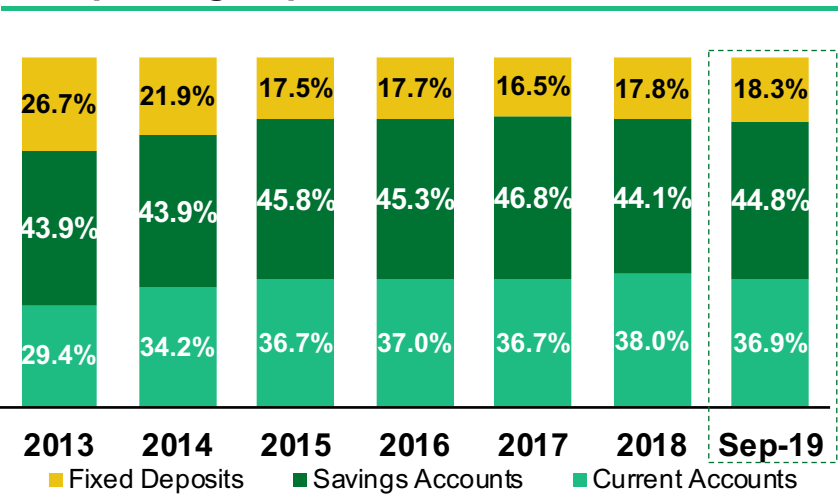
Capital and CAR



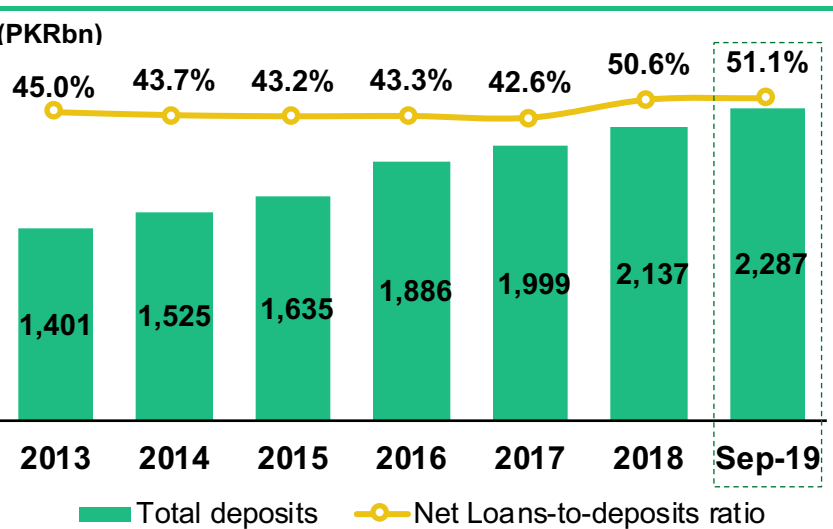
Robust growth in current deposits...



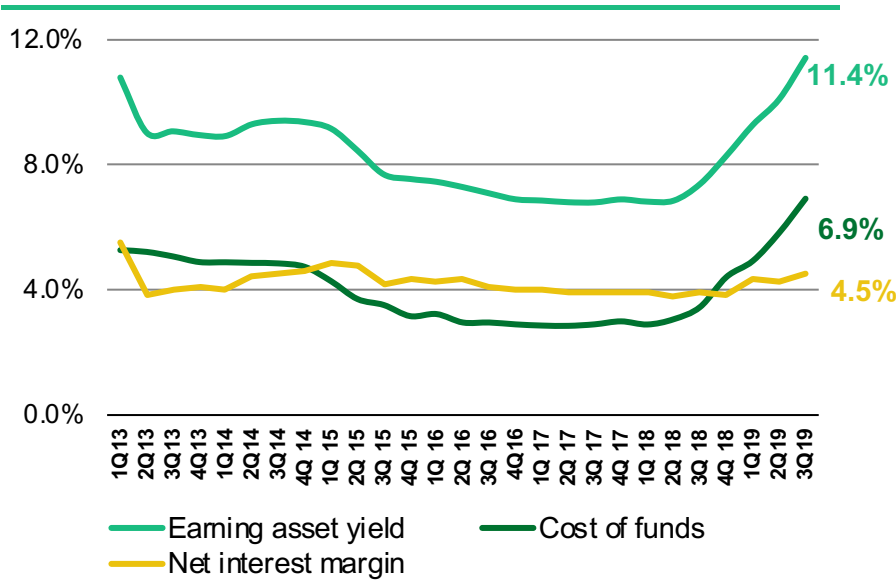
... Improving Deposit mix



Deployment now skewing to lending

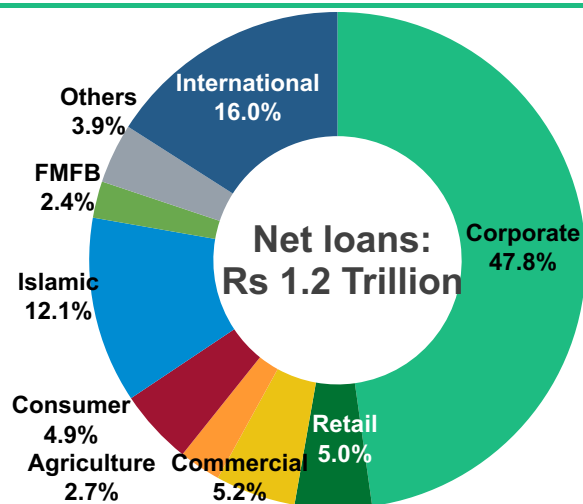


Net interest margin

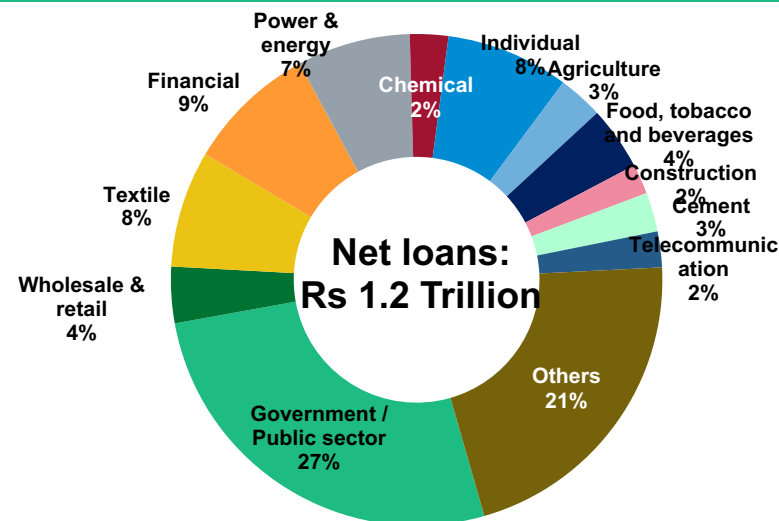


A diversified loan portfolio...

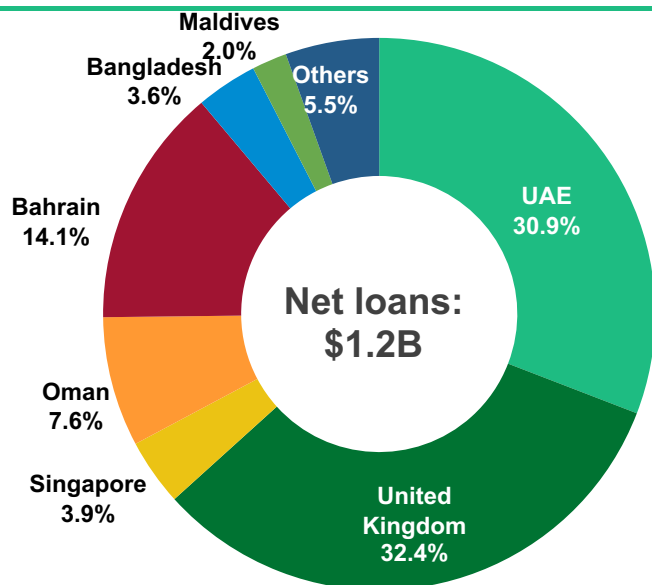
Loan portfolio composition by line of business



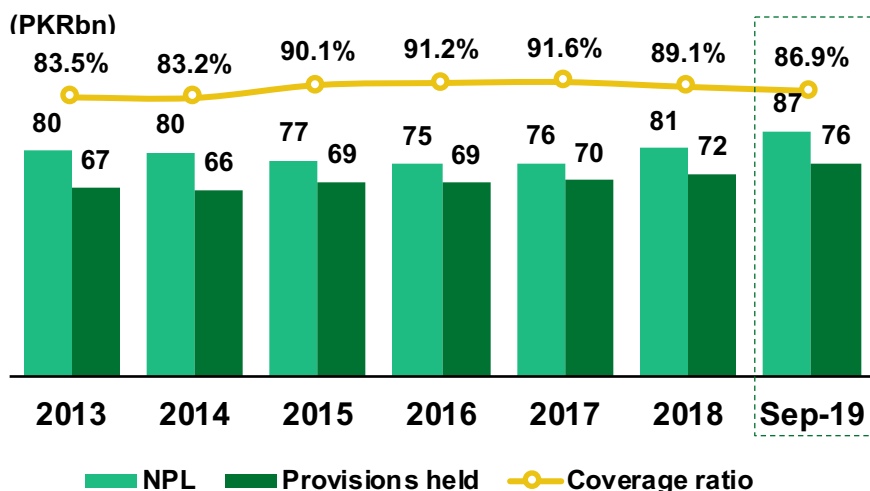
Loan portfolio composition by industry segments



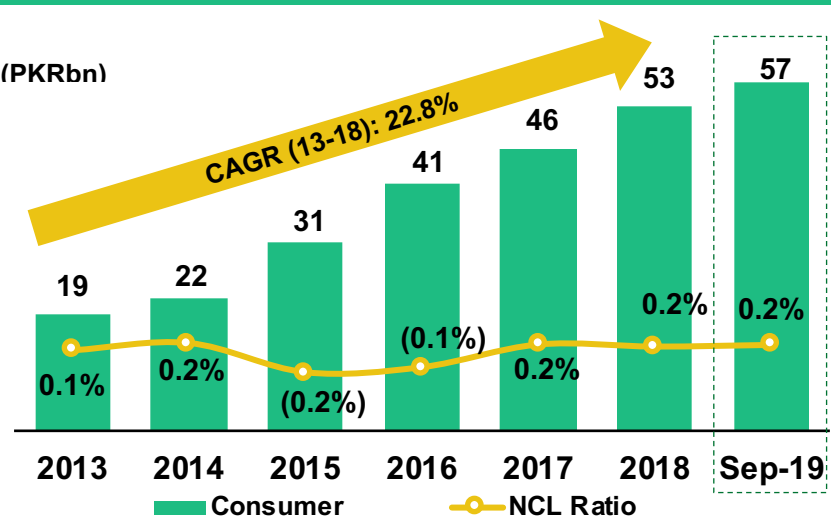
International advances composition by location



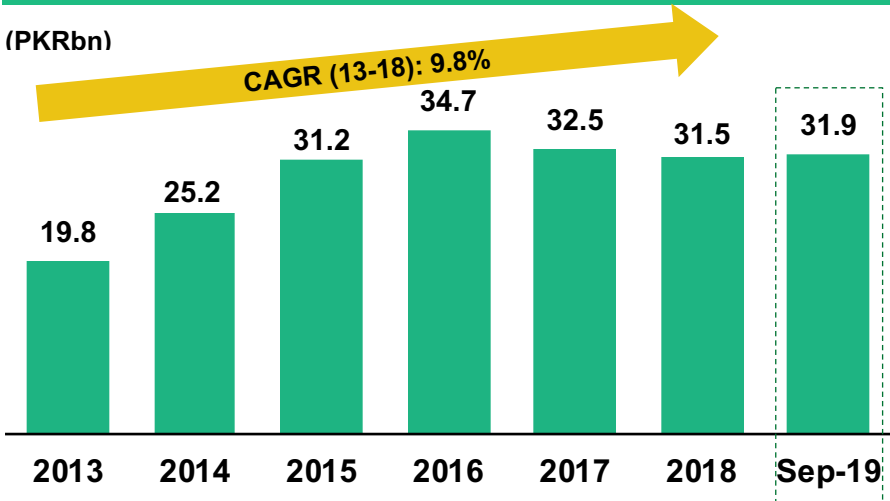
Conservative risk management



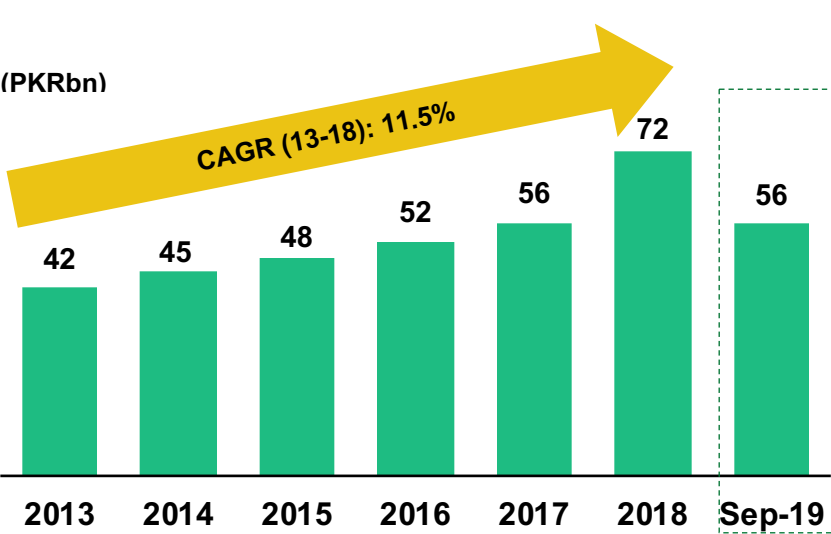
Growth in Consumer Lending



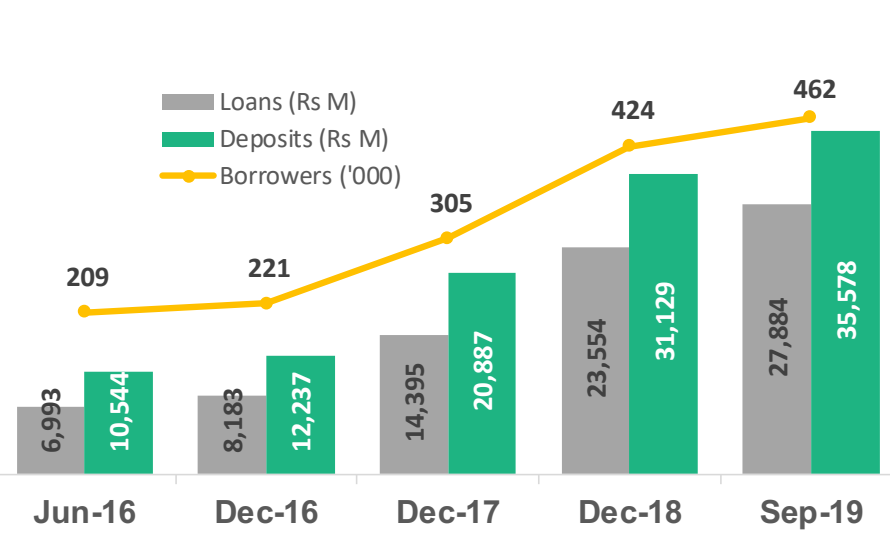
Agriculture Financing – Leadership in a challenging market



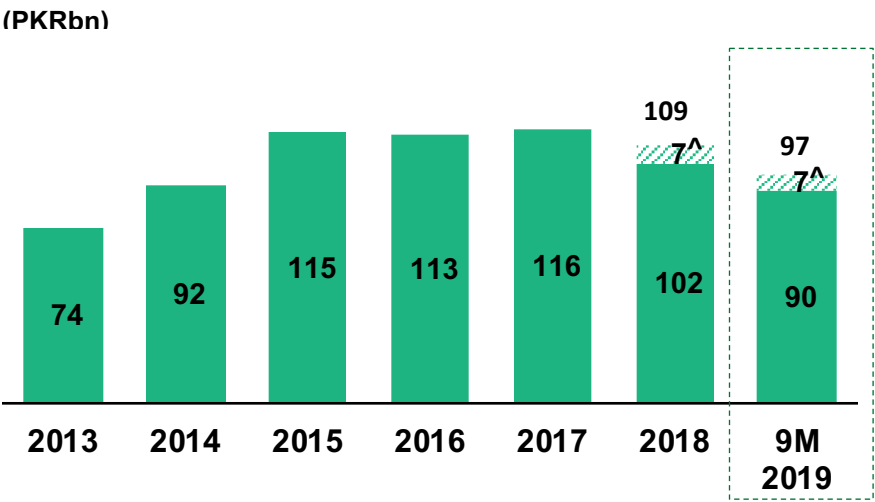
SME Portfolio



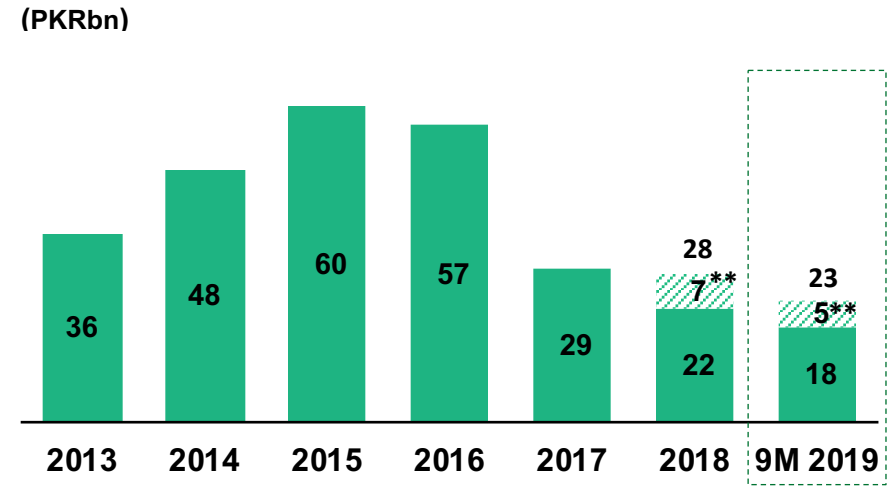
The First MicroFinanceBank (>3x growth since acquisition)



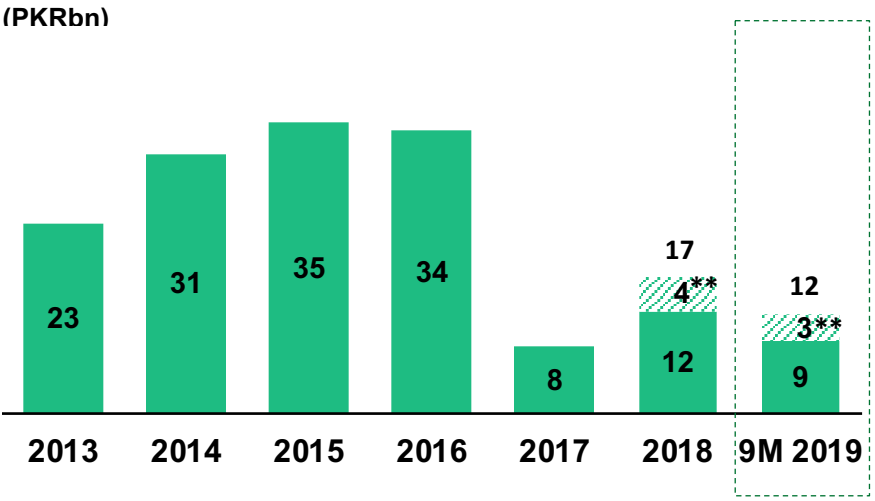
Total Revenue



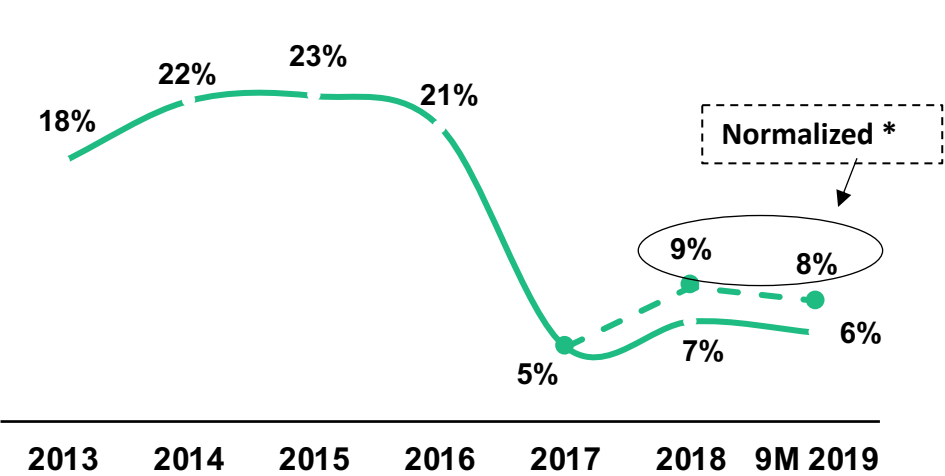
Profit before tax



Profit after tax



Return on Equity



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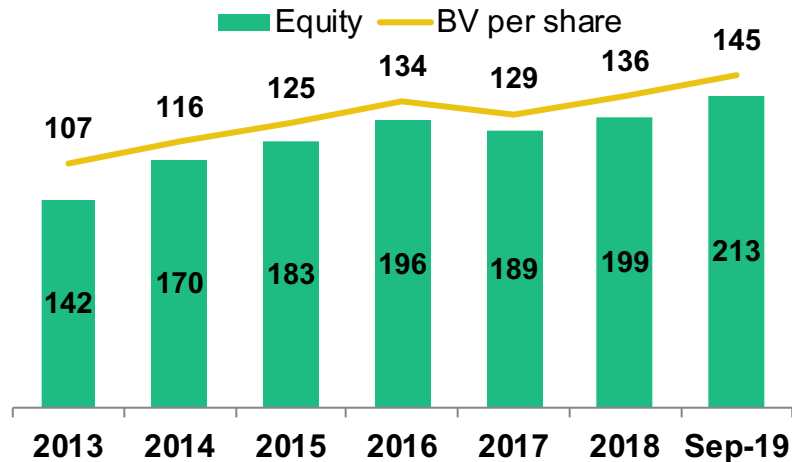
Shaded portion represents the impact of revaluation loss on open position and impairment reversal netted off against realized capital loss

Shaded portion represents the impact of revaluation loss on open position

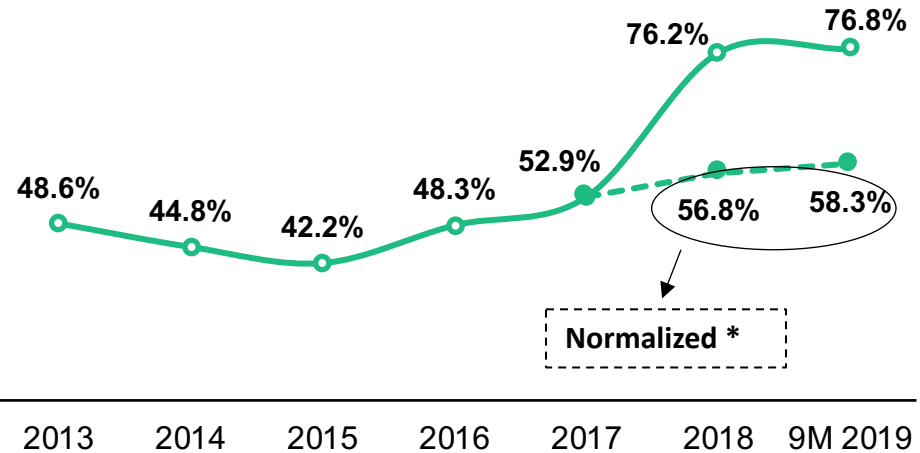
Normalized for revaluation loss on open position

24

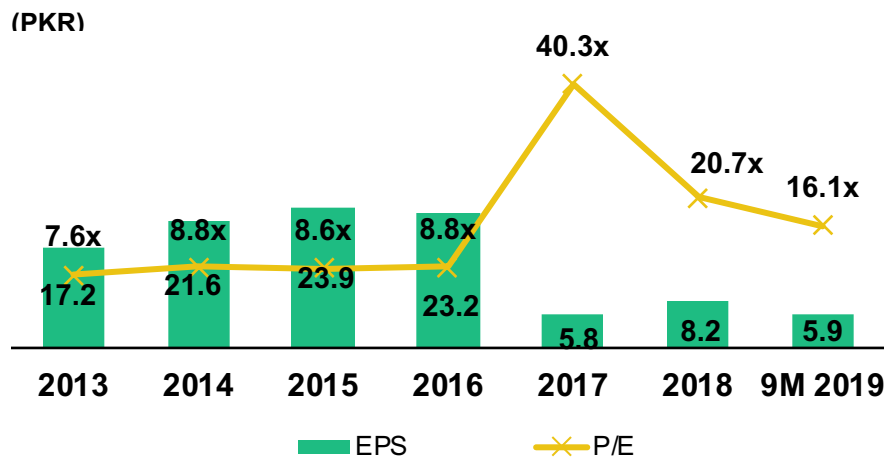
Book Value Per Share



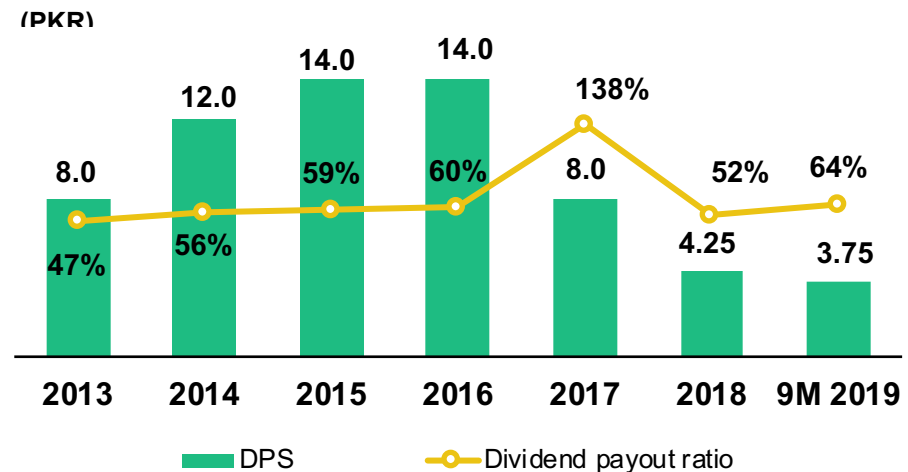
Cost to income ratio



Earnings



Dividend payout



* Normalized for 1) Revaluation loss on open position 2) Impairment reversal netted off against realized capital loss 3) New York costs 4) Business Transformation consultancy costs

Appendix

PKR Bn	2013	2014	2015	2016	2017	2018	Sep-19
Assets							
Cash & Bank Balances	193	203	208	284	287	322	305
Lendings to financial institutions	35	34	18	34	34	51	42
Investments	826	923	1,271	1,344	1,375	1,390	1,388
Advances	564	600	637	749	852	1,080	1,168
Others	97	105	84	96	149	182	200
Total Assets	1,715	1,865	2,218	2,507	2,696	3,026	3,105
Liabilities							
Bills payable	19	22	28	31	34	42	29
Borrowings	108	103	314	333	398	523	419
Deposits and other accounts	1,401	1,525	1,635	1,886	1,999	2,137	2,287
Subordinated loan	3	-	10	10	10	10	22
Other liabilities	42	45	48	51	67	114	134
Total Liabilities	1,573	1,695	2,036	2,311	2,507	2,827	2,891
Equity	142	170	183	196	189	199	213
Total Liabilities + Equity	1,715	1,865	2,218	2,507	2,696	3,026	3,105

PKR Mn	2013	2014	2015	2016	2017	2018	9M 2019
Interest Income	120,605	137,416	141,101	141,089	148,010	165,283	182,631
Interest Expensed	65,207	68,833	62,933	59,138	66,177	83,606	108,573
Net Interest Income	55,397	68,583	78,169	81,951	81,833	81,677	74,058
Fee and commission income	11,686	14,025	17,194	19,026	19,519	18,024	15,457
Dividends / Capital Gains	3,060	2,359	12,603	6,616	8,984	2,016	(2,044)
Share of profit from associates	1,785	3,267	3,399	3,768	2,052	2,723	2,213
FX Income	1,574	2,847	2,749	1,399	3,880	4,437	5,283
Reval. loss on open position	-	-	-	-	(1,127)	(6,835)	(4,980)
Other income	836	926	639	625	808	(471)	(151)
Non Fund Income	18,941	23,425	36,584	31,435	34,116	19,894	15,777
Gross Revenue	74,339	92,008	114,753	113,387	115,949	101,571	89,835
Administrative expenses	36,110	41,254	48,400	54,790	61,300	77,380	68,970
Other expenses	744	973	1,312	1,180	1,071	(2,403)	797
Total Expenses	36,854	42,227	49,713	55,970	62,371	74,978	69,767
Operating profit	37,485	49,781	65,040	57,417	53,578	26,593	20,069
Provisions - net	1,351	1,531	4,754	892	374	5,009	1,783
Profit before extraordinary item	36,133	48,250	60,286	56,525	53,204	21,585	18,285
Extra ordinary / unusual item	-	-	-	-	23,717	-	-
Profit before tax	36,133	48,250	60,286	56,525	29,487	21,585	18,285
Taxation	13,106	16,768	25,185	22,319	20,639	9,144	9,461
Profit after tax	23,027	31,483	35,102	34,206	8,848	12,441	8,825

	2013	2014	2015	2016	2017	2018	Sep 2019
Profitability							
Return on average assets (RoA)	1.4%	1.8%	1.7%	1.4%	0.3%	0.6%*	0.5%*
Return on shareholders' equity (RoE)	16.8%	20.2%	19.9%	18.1%	5.2%	9.4%*	8.3%*
Cost : Income ratio	48.6%	44.8%	42.2%	48.3%	52.9%	76.2%	76.8%
NFI : Gross revenue	25.5%	25.5%	31.9%	27.7%	29.4%	19.6%	17.6%
Asset Quality & Liquidity							
Gross Advances to deposits ratio	45.0%	43.7%	43.2%	43.3%	46.1%	53.9%	54.4%
CA %	29.4%	34.2%	36.7%	37.0%	36.7%	38.0%	36.9%
CASA %	73.3%	78.1%	82.5%	82.3%	83.5%	82.2%	81.7%
NPLs to Gross Advances	12.7%	11.9%	10.9%	9.2%	8.2%	7.0%	7.0%
Coverage - Specific	80.8%	79.9%	85.8%	86.4%	87.6%	84.7%	82.7%
Coverage - Total	83.5%	83.2%	90.1%	91.2%	91.6%	89.1%	86.9%
Capital Adequacy							
Tier I CAR	12.9%	13.3%	13.1%	12.0%	12.0%	12.0%	12.4%
Total CAR	15.4%	16.2%	17.0%	15.5%	16.0%	16.2%	15.5%
Industry Share							
Deposits	15.1%	14.8%	14.1%	14.1%	14.3%	13.9%	14.0%
Advances	10.7%	11.0%	10.7%	11.3%	11.6%	12.2%	12.5%

* Normalized for revaluation loss on open position