

# China – Our Second Home

中国 – 我们的第二本土

# Unique Positioning

## HBL's China Edge

### China Coverage

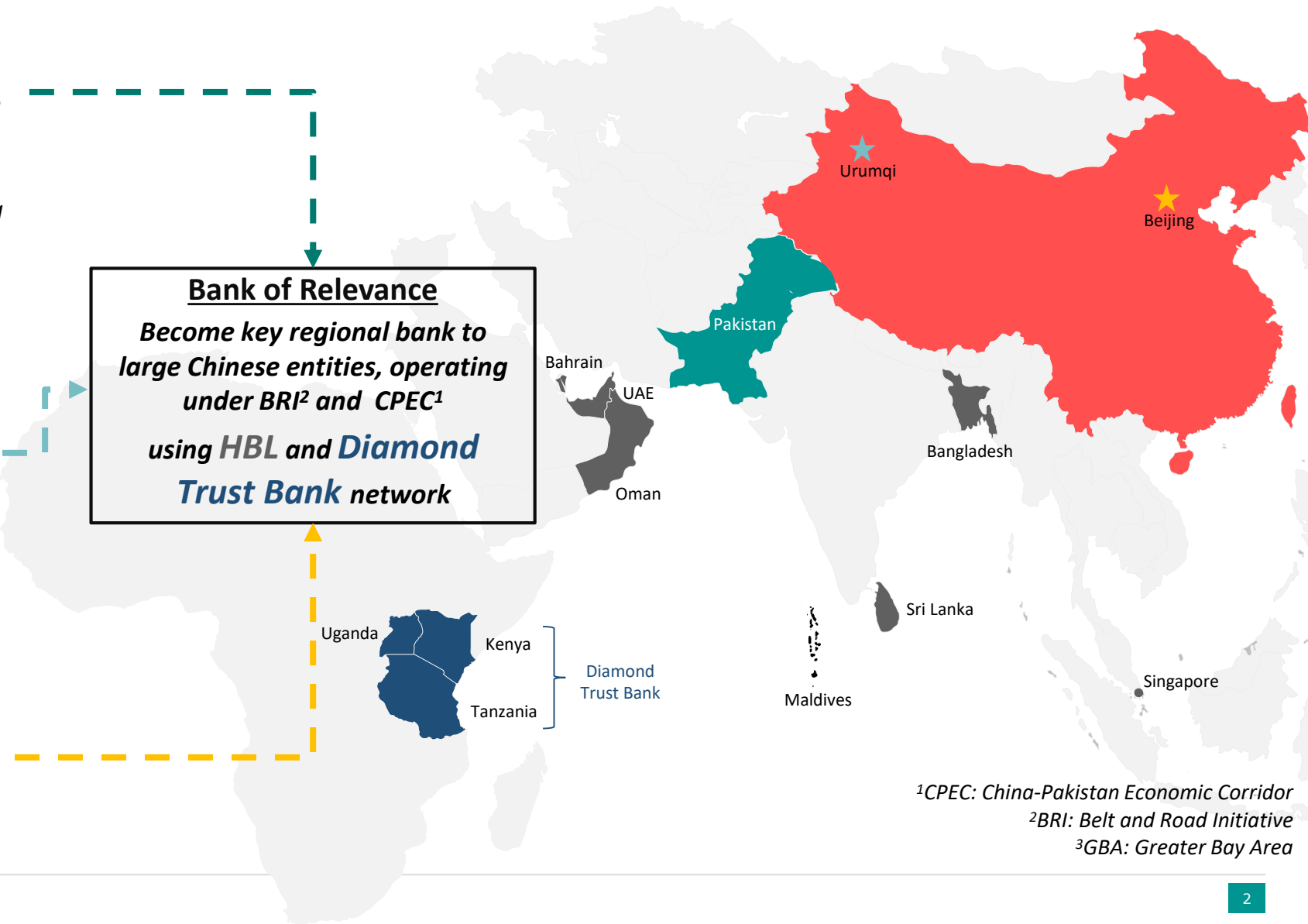
- Expand customer base by focusing on locally registered Chinese companies to market regional connectivity
- Engagement with public stakeholders on CPEC<sup>1</sup> phase 2
- Capture investors in Gwadar expansion projects through Gwadar Free Zone Branch
- Target large infrastructure projects and direct financing of Chinese entities in Pakistan under CPEC<sup>1</sup> phase 2.

### Urumqi Branch

- Utilize RMB License to capitalize on remittances & trade flows
- Drive increased remittances between China and HBL network both in RMB & USD
- Capture end-to-end trade business – Trade advising and Beneficiary Marketing

### Beijing Branch

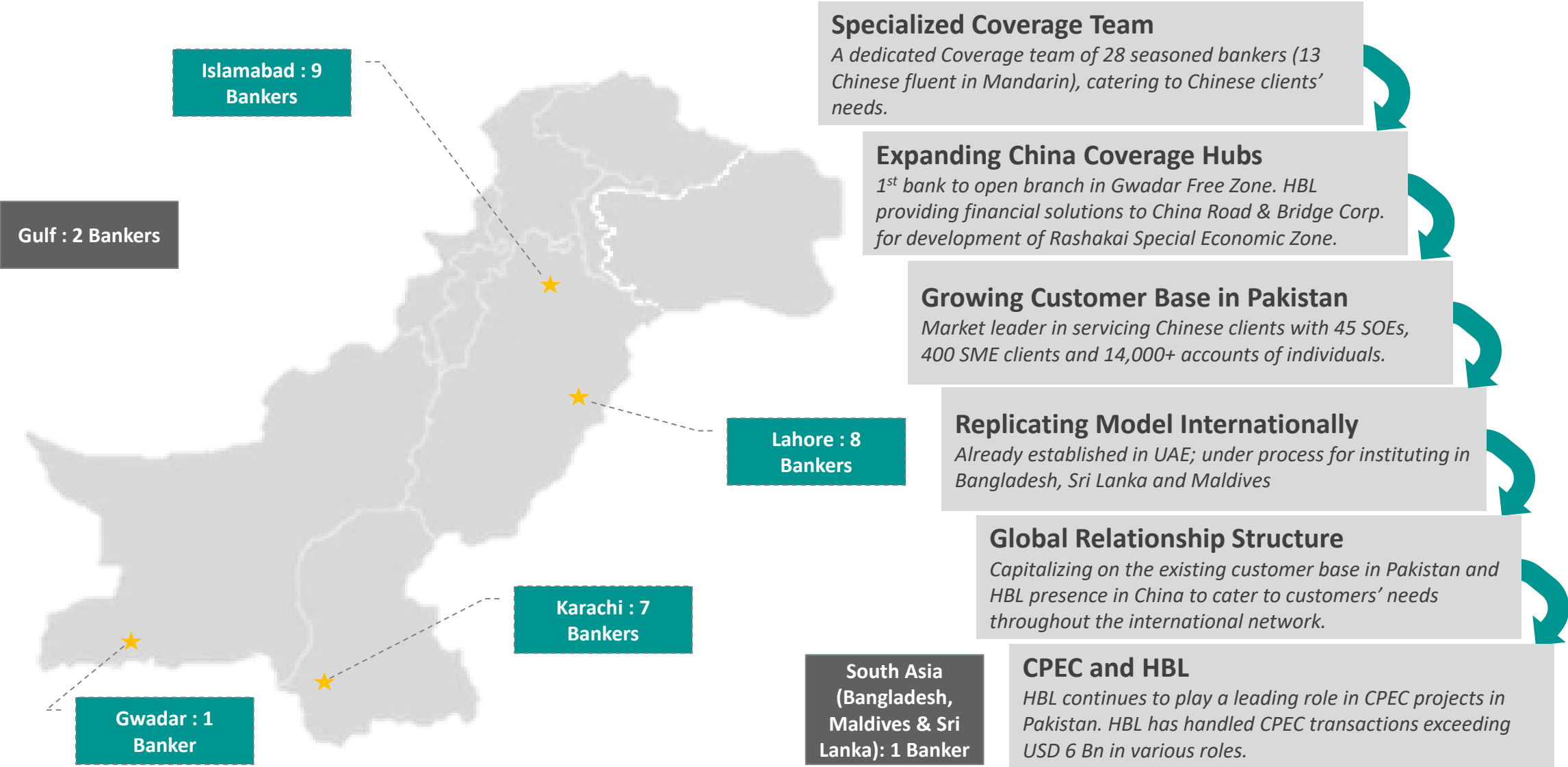
- To serve as origination engine for Trade, Investment and Corporate deals for the entire HBL network
- Market network capability to enter into relationships with large SOEs and other companies under BRI<sup>2</sup>, GBA<sup>3</sup>, CPEC<sup>1</sup>
- Leverage unique preferential access to Financial Institutions (banking and non-banking) and Regulators
- Provide banking services for CPEC<sup>1</sup> projects in Pakistan.

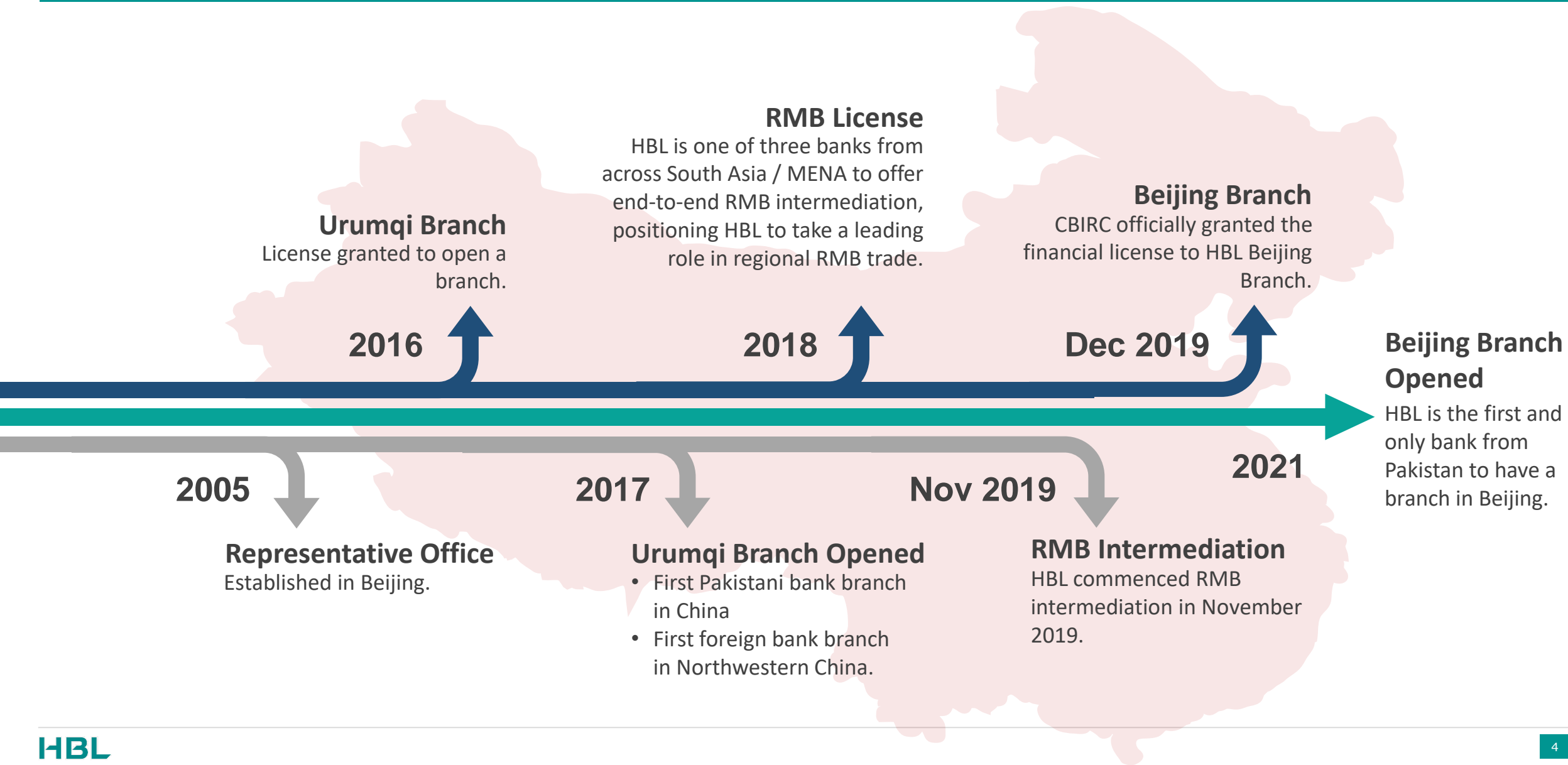


<sup>1</sup>CPEC: China-Pakistan Economic Corridor  
<sup>2</sup>BRI: Belt and Road Initiative  
<sup>3</sup>GBA: Greater Bay Area

# China Coverage

Established in 2012





# Strong Partnerships with Chinese Institutions

## HBL's Unique Experience

- HBL has handled transactions of USD 6 Bn+ under CPEC in various roles of Advisor, Arranger, Lender and Equity Investor.
- In April 2016, HBL closed the first 2 CPEC projects in Pakistan (EPTL and SECMC) with Sinosure backed funding under their buyer's credit policy
- HBL was the financial advisor for the 660 KV HVDC Transmission Line Project – the first transmission line project in Pakistan of this scale and capacity, which is also privately owned.
- Obtained a dedicated on-lending facility from China Development Bank (CDB) for financing energy projects under CPEC.
- Collaborating with Dr. Pan Gongsheng, Deputy Governor of the People's Bank of China (PBOC) and Administrator of the State Administration of Foreign Exchange (SAFE) for promoting RMB-PKR direct business.
- Entered into a strategic relationship with CICC, the largest investment bank in China

## Major Chinese Partners

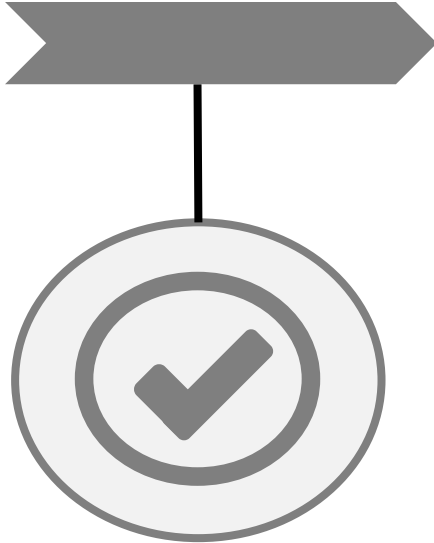


## Selected Transactions

<p><b>CPEC Project</b></p> <p>USD 527 PKR 63,779</p> <p><b>ThalNova Power Thar Limited</b></p> <p>Financial Advisor &amp; LCY Mandated Lead Arranger</p> <p>2020</p> <p>330 MW Mine Mouth Power Project to be run on Thar Coal</p>	<p><b>CPEC Project</b></p> <p>USD 1,700 PKR 205,700</p> <p><b>Pak Matiari Lahore Transmission Line Company (Pvt.) Ltd.</b></p> <p>Financial Advisor</p> <p>2019</p> <p>First Private Sector Transmission Line Project</p>	<p><b>CPEC Project</b></p> <p>USD 520 PKR 62,920</p> <p><b>Thar Energy Limited</b></p> <p>Financial Advisor &amp; LCY Mandated Lead Arranger</p> <p>2019</p> <p>330 MW Mine Mouth Power Project to be run on Thar Coal</p>	<p>USD 638 PKR 77,198</p> <p><b>Lucky Electric Power Limited</b></p> <p>FCY Lead Arranger</p> <p>2018</p> <p>660 MW Power Project to be run on Thar Coal.</p>	<p><b>CPEC Project</b></p> <p>USD 700 PKR 73,500</p> <p><b>Sindh Engro Coal Mining Company</b></p> <p>LCY Mandated Lead Arranger &amp; LCY Financial Advisor</p> <p>2016</p> <p>First Coal Mine Project in the Thar coalfields in Pakistan</p>	<p><b>CPEC Project</b></p> <p>USD 831 PKR 87,255</p> <p><b>Engro Powergen Thar</b></p> <p>LCY Mandated Lead Arranger &amp; Financial Advisor</p> <p>2016</p> <p>Largest Mine Mouth Power Project in Pakistan Thar Coal</p>
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# Initiatives

## Network Connectivity



Connecting within the network to identify business opportunities. Actively engaged with HBL Bangladesh, UAE, Singapore, Maldives and Sri Lanka and Diamond Trust Bank to establish connectivity and flow business.

## RMB Intermediation



Leverage the RMB license for RMB clearing and settlement services for HBL network. Focus on establishing cross border RMB denominated trade businesses to capture end to end business of HBL customers

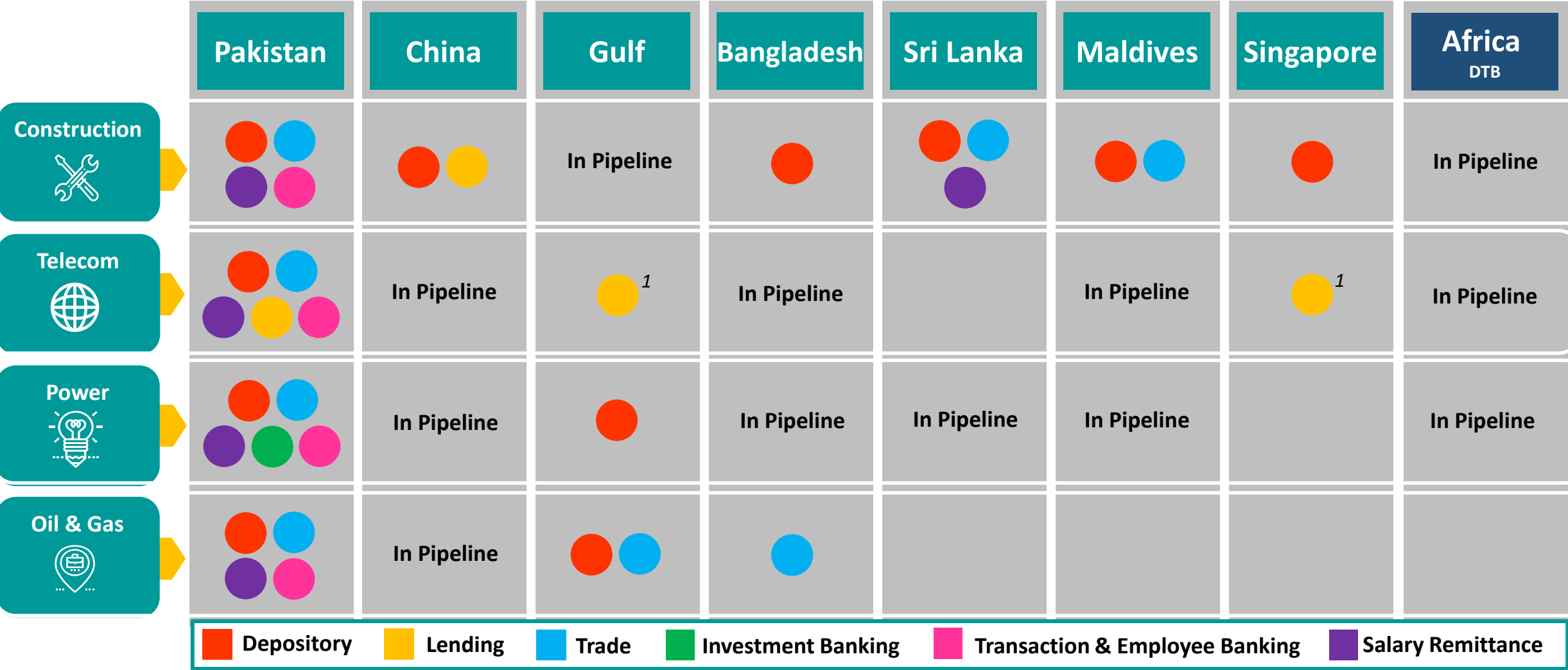
## Expanding Domestically



Focus on CPEC phase 2 projects of industrial parks, agriculture & people's livelihoods, by leveraging on the China Coverage connectivity in supporting Chinese companies in investing in Pakistan.

# Network Connectivity

## Becoming a Bank of Relevance across countries, industry sectors and products



<sup>1</sup>Discounting against Promissory note

# Deepening customer relationships across borders

## Multi-product and Multi-region relationship with a leading Chinese State Owned Entity

### Corporate & Investment Banking

- Exclusive financial advisor & LCY arranger for the Thar Coal Project of USD 527 Mn - the largest private sector Mine Mouth Power Project in Pakistan and the first coal mine in the Thar Coalfields.
- Credit Facility under process in China for onshore and offshore utilization

### Transaction & Employee Banking

- HAW product to service employee needs.
- Salary accounts opened for Chinese employees without requiring branch visits.
- Chinese employee salaries remitted in RMB to their accounts in China.
- Payment portal for their domestic business.

### Agri –Development

HBL is collaborating with the SOE for the development of an Agri ecosystem in Pakistan

- Identification of Corporate Farming opportunities with local business partners
- Mechanization of Agriculture services (including drones and other precision agriculture)
- Water Administration through high efficiency Irrigation Systems
- Seed research and biogenetics

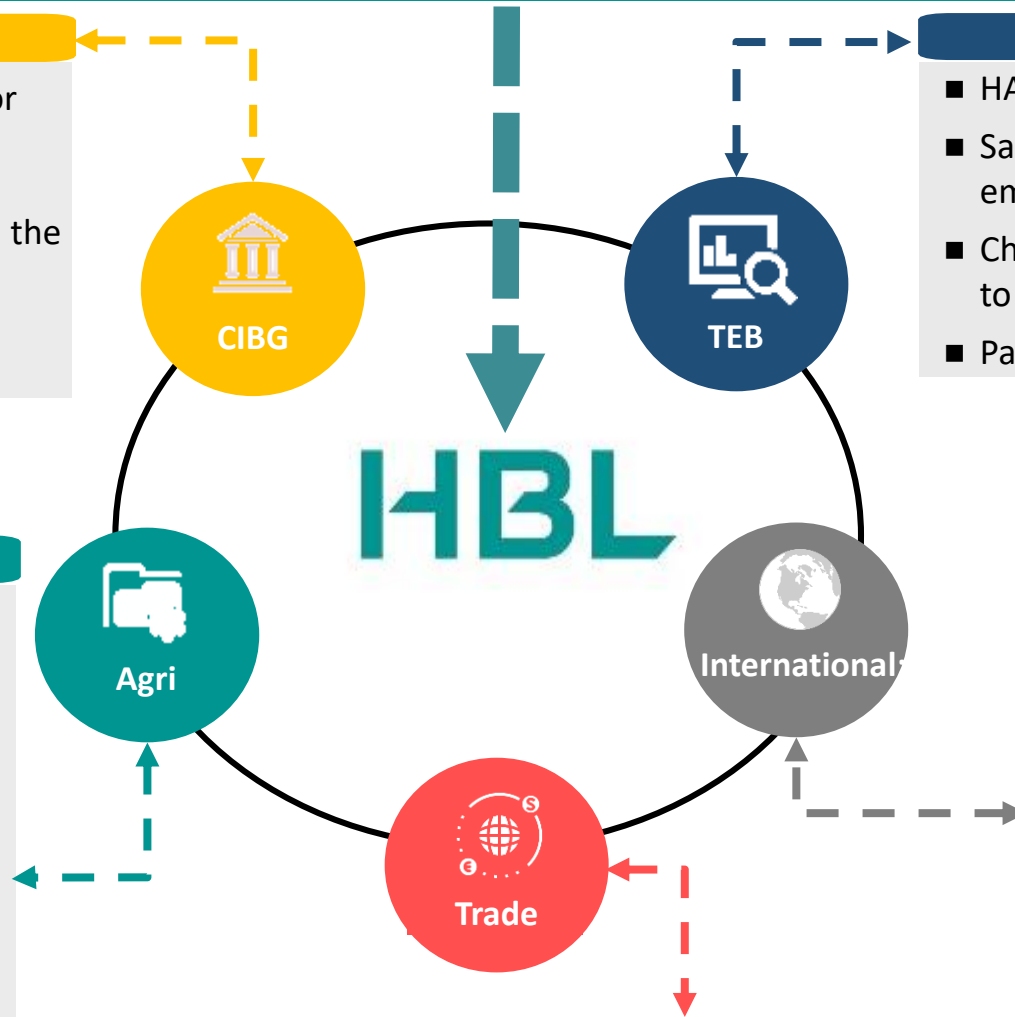
### International Banking

HBL is collaborating with this SOE in a number of countries on joint pitches / mandates

- USD 430 Mn project in Bangladesh for energy generation from waste
- EPC project account (USD 450 Mn) and Guarantee business (USD 100 Mn) for power projects in Sri Lanka
- Housing construction project in Bahrain (USD 680 Mn)

### Trade & FI Business

- Over USD 75 Mn Guarantee Business executed domestically







## Trade Services    LC Advising    Confirmation    Discounting    RMB Liquidity

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A leading local manufacturer wanted to import plant and machinery (RMB 100 Mn) and approached HBL to establish a usance LC

HBL Pakistan issued a Usance LC in favor of the exporter in China. HBL Urumqi marketed the confirmation proposition to the beneficiary in coordination with the business team and customer in Pakistan.

Connection on both sides of the border gave HBL an opportunity to liaise with the supplier and discount the LC.

At the time of payment, the importer can avail HBL's RMB liquidity offering for settlement of their payments.

LC Advising



Channeling domestic business through Urumqi Branch.

HBL Trade Business to China

**Doubled**

in Q1' 21 over Q1'20

Increased the percentage of HBL's China bound LCs routed through Urumqi from 43% to

**73%**



Marketing LC advising capability to other banks; and increasing RMAs, especially with banks in Pakistan and Bangladesh

Discounting

Focusing on Beneficiary Marketing

FY'20 USD 21 Mn

Vs.

Q1'21 USD 25 Mn

a certain portion of secondary is also primary

Q1 2021



■ Primary ■ Secondary

RMB Liquidity



Utilize the RMB license to provide RMB Liquidity

**33%**

of HBL domestic payment volume routed through Urumqi Branch

This was 4% in 2020

Pushing maximum business utilizing our RMB License

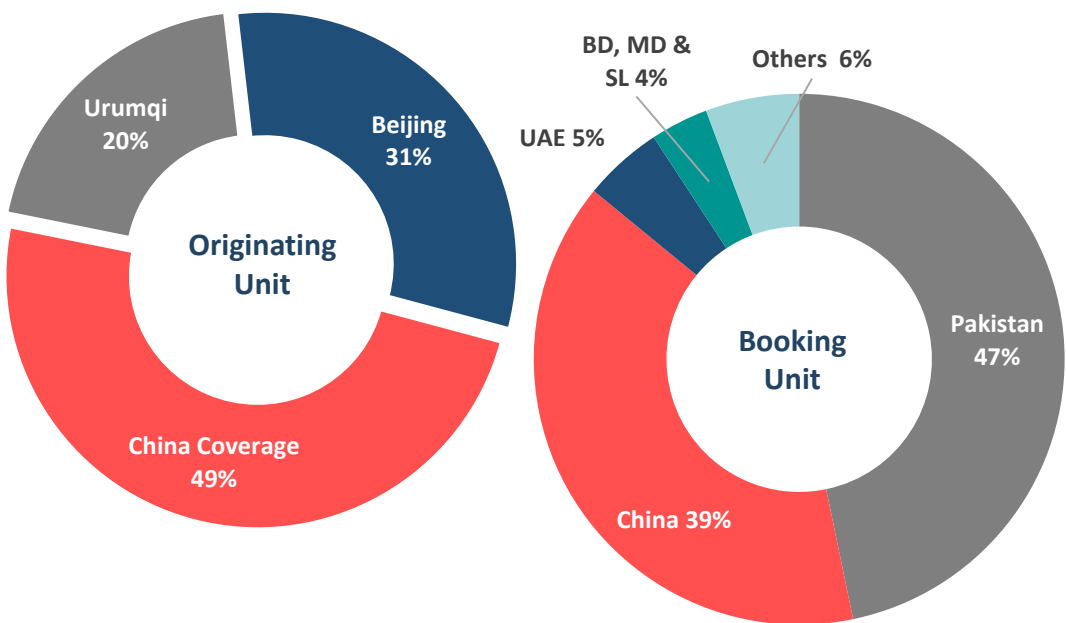
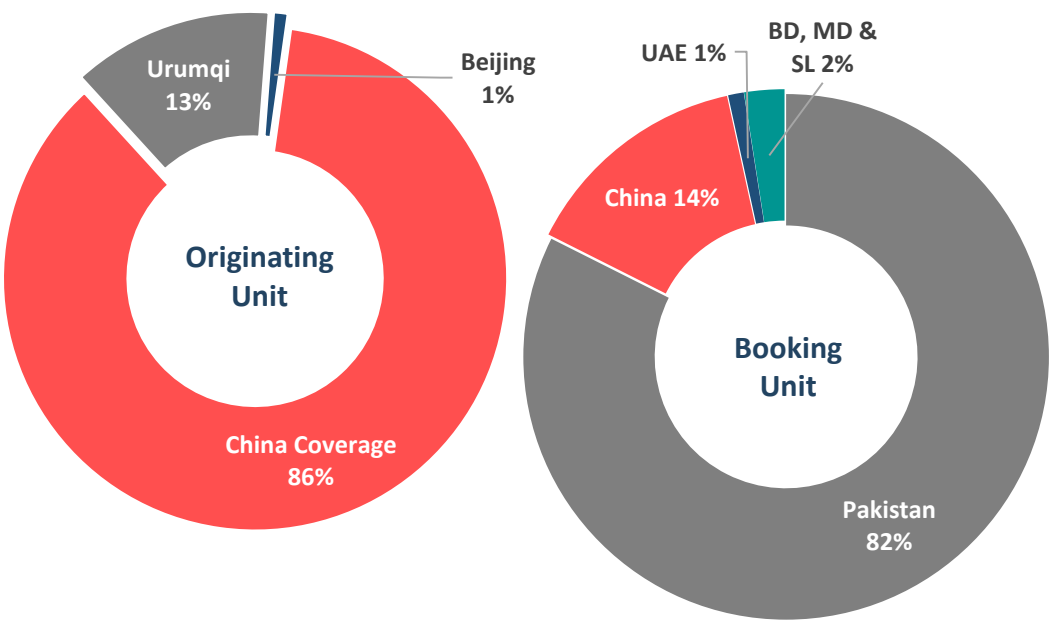


Developing a plug-and-play solution for salary remittance for Chinese employees in UAE

Become a regionally relevant bank for entities operating in CPEC and BRI countries

2020

2025



*By 2025, China Business aims to more than triple its revenue by deepening origination capacity and diversifying on-book exposure*

# Disclaimer

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