

Habib Bank Limited

Investor Presentation – EFG Hermes

Mar'22

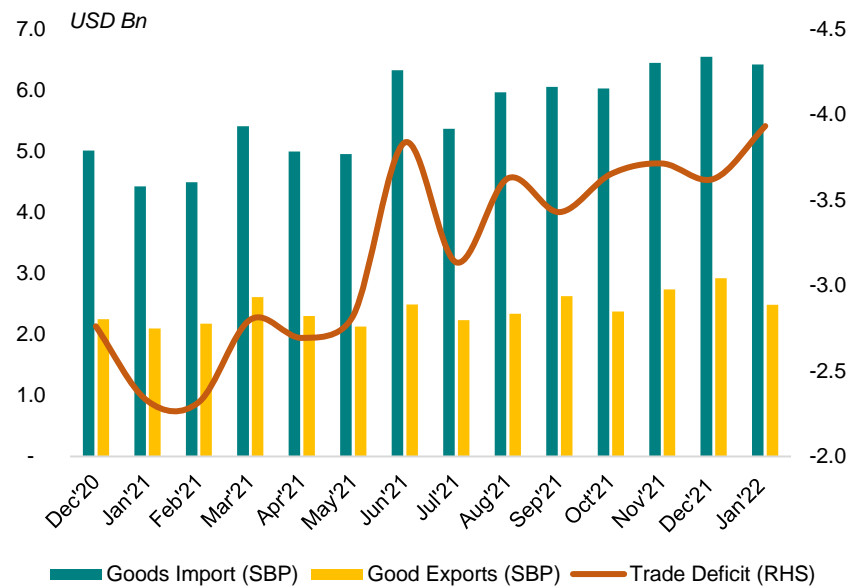


A WORLD OF
— DIGITAL POSSIBILITIES

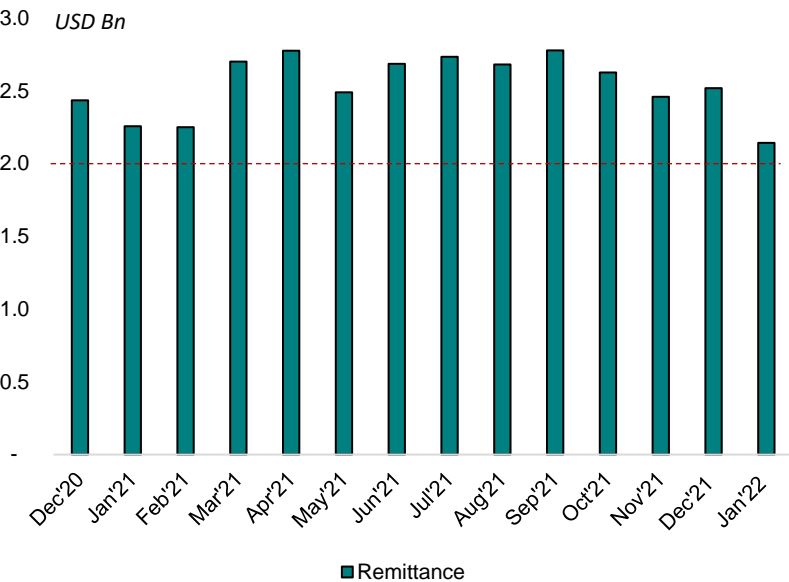
Key Indicators	<i>Economy has done well but many headwinds on the horizon</i>
Resilient in the face of an unprecedented shock	<ul style="list-style-type: none"> ▪ Pakistan's economy has shown resilience in the face of the COVID shock, faring better than most emerging and developed economies. GDP growth for 2021 has been strong at 5.6%. With economic activity picking up post COVID, fast moving indicators such as cement, fertilizer, vehicles and petroleum sales showing strong double-digit growth, supported by accelerating demand. ▪ Mobility indicators improving rapidly pointing to strong performance from services ▪ GDP growth for FY22 projected at 4.0-5.0%. Monetary and fiscal tightening, along with IMF-agreed structural reforms will moderate growth.
Trade deficit widening despite stronger exports..	<ul style="list-style-type: none"> ▪ Exports grew strongly at 27%, but lag import growth of 55% amid strong consumption and higher commodity prices, translating into a trade deficit of \$ 25 B in 7MFY'22, up 83% (highest in 4Yrs).
.. Leading to a vulnerable CAD despite remittances	<ul style="list-style-type: none"> ▪ Strong import growth has impacted the external account with CAD for 7MFY22 at \$ 11.6 B versus a surplus of \$ 1.0 B in SPLY. This is despite encouraging remittances of \$ 17.9 B, up 9.1% YoY. ▪ Successful IMF 6th review and \$ 1B tranche release, and international Sukuk issuance of \$ 1B have supported reserves. Roshan Digital Account inflows of \$ 3.4 B as of Jan'22 have supported external account.
Rising Inflation - A 'key' risk	<ul style="list-style-type: none"> ▪ CPI has been on upward trajectory fueled by rising food and other commodity prices and due to low base effect. Feb'22 CPI at 12.2% down from 13.0% in Jan'22 as base effect wanes; Avg inflation for 8MFY'22 already at 10.5% vs SBP forecast of 9 - 11% for FY'22. ▪ Current spike in oil on the back of crisis in Europe, poses a serious threat to inflation expectations.
Central bank leading proactively	<ul style="list-style-type: none"> ▪ SBP, after 15 months of status quo, raised rates by 275 bps since Sep'21 to 9.75%. ▪ To prevent economy from overheating SBP, along with tightening of monetary policy, has tightened consumer finance regulations, raised reserve requirements and imposed margin requirement on imports .
Budget balance	<ul style="list-style-type: none"> ▪ On the fiscal side, 30% increase in tax collection has kept the fiscal deficit for 1HFY'22 at 2.1% of GDP, flat to last year.

Key economic indicators

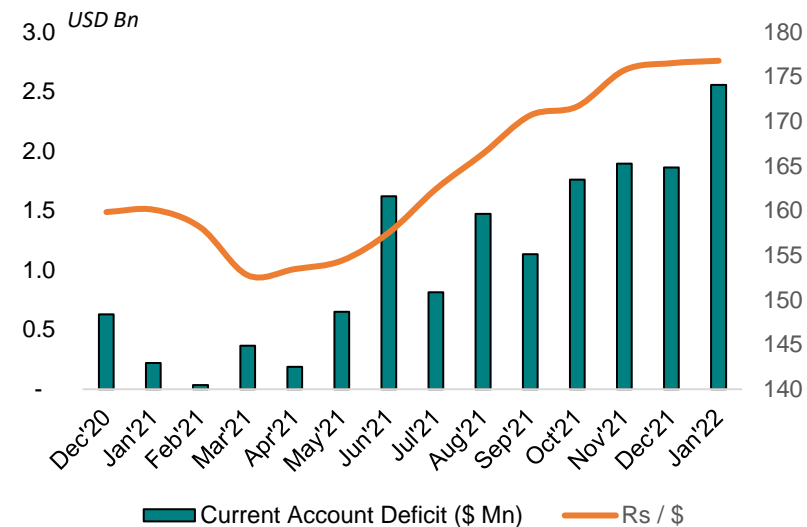
Consumption & Commodity price led trade deficit



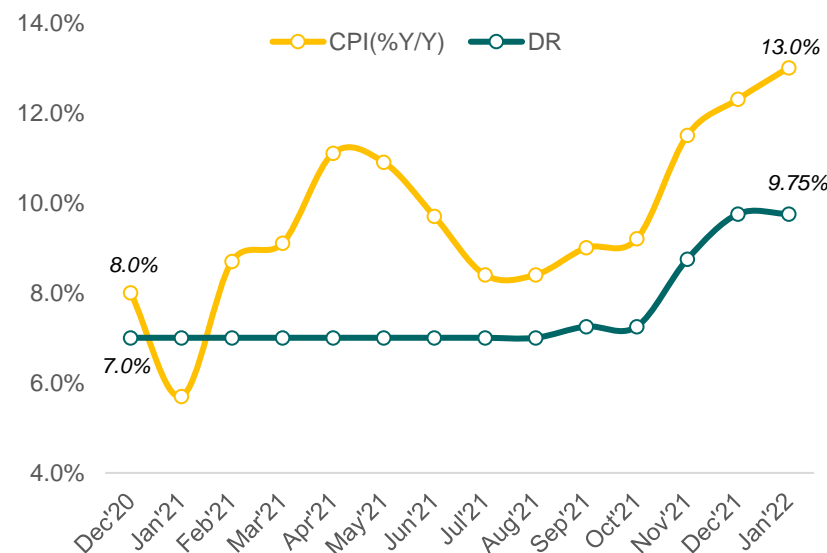
Remittances – Mean reversion possible but still above \$ 2 B



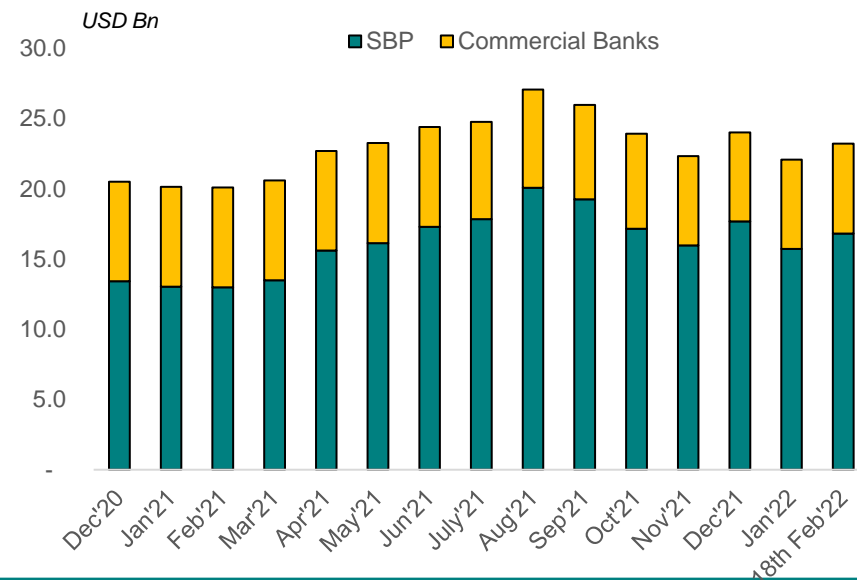
CAD reached a record high in Jan'22 – currency bearing the brunt



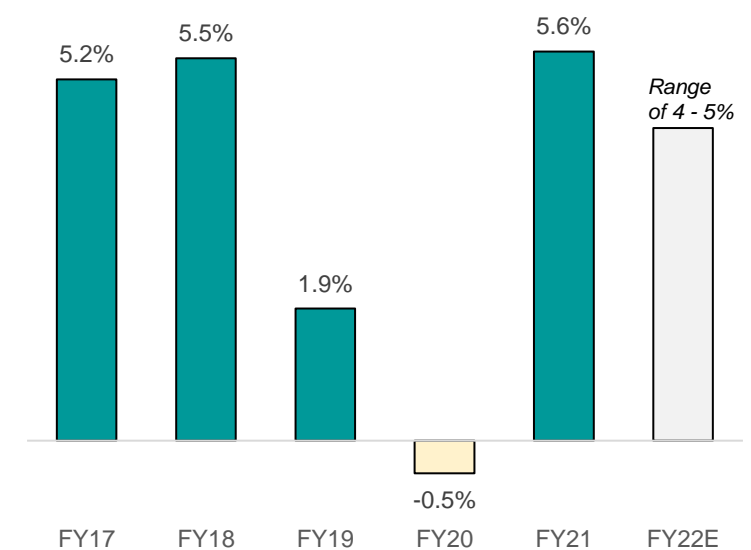
Upward trending inflation – continued negative real rate likely



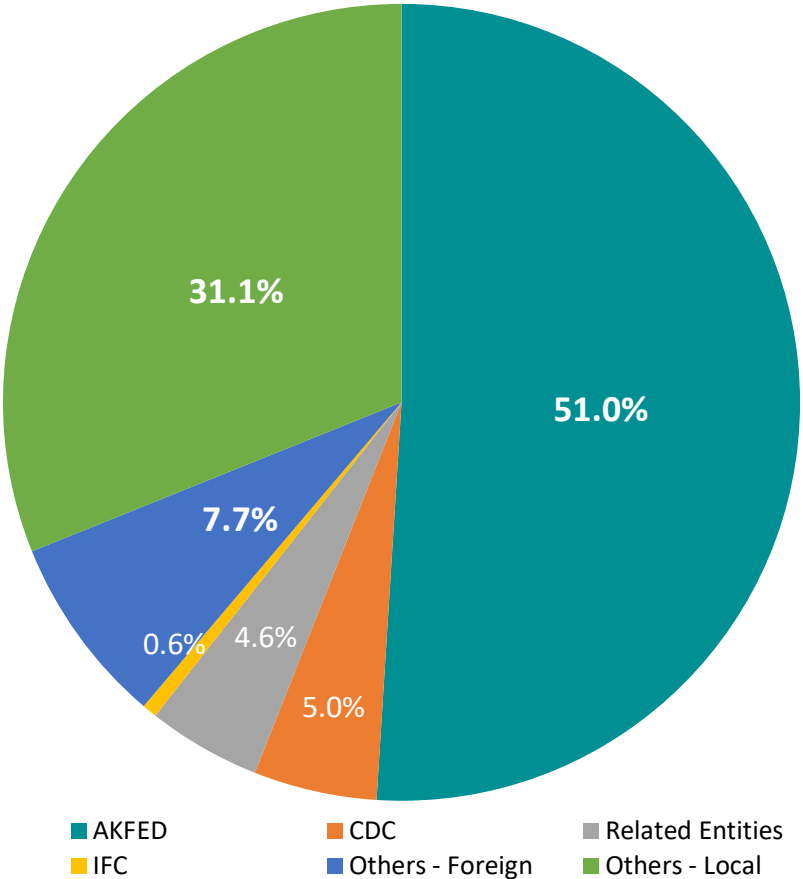
SBP reserves reinforced by recent IMF & Sukuk issuance



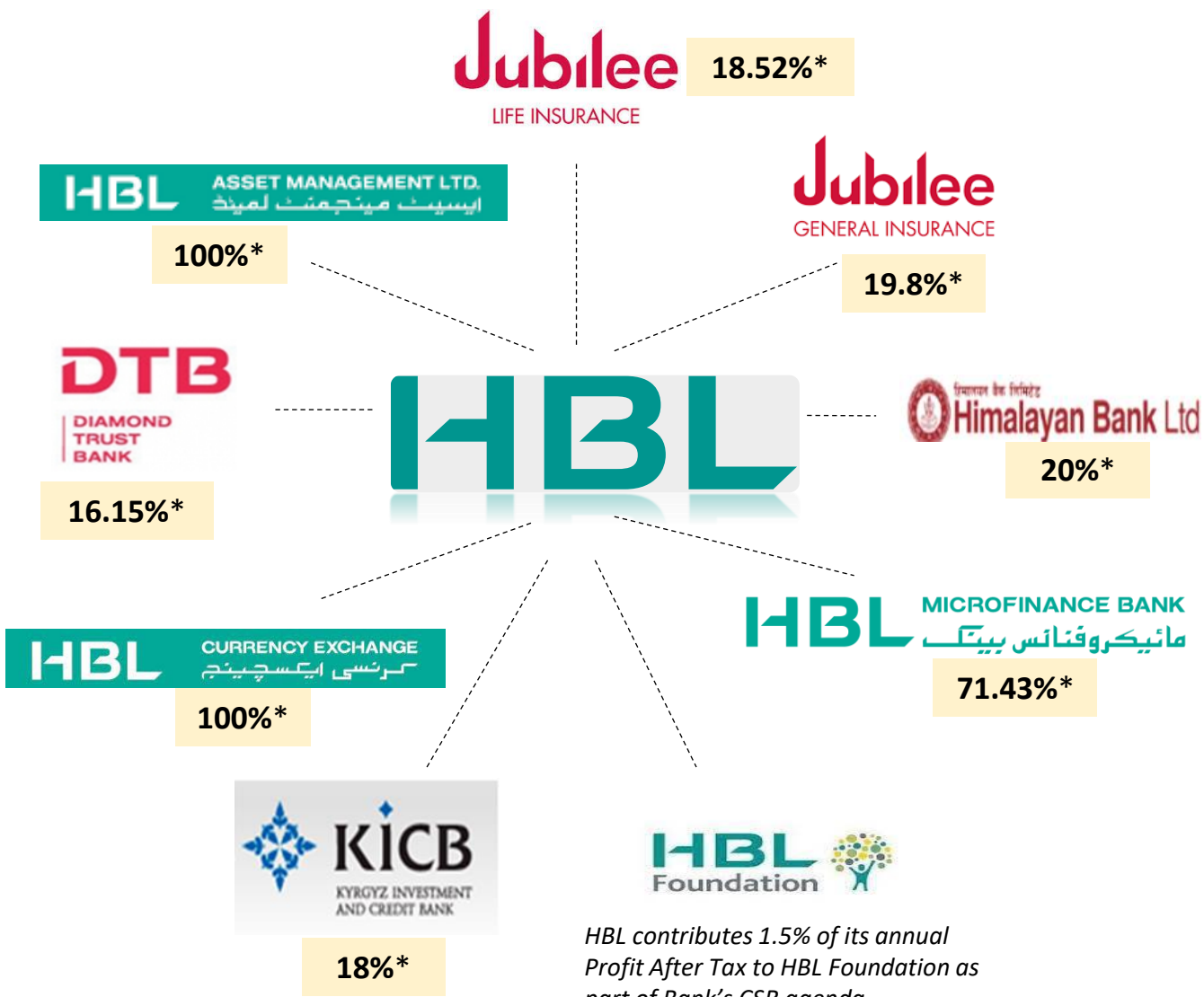
External headwinds a key challenge to 4-5% GDP growth



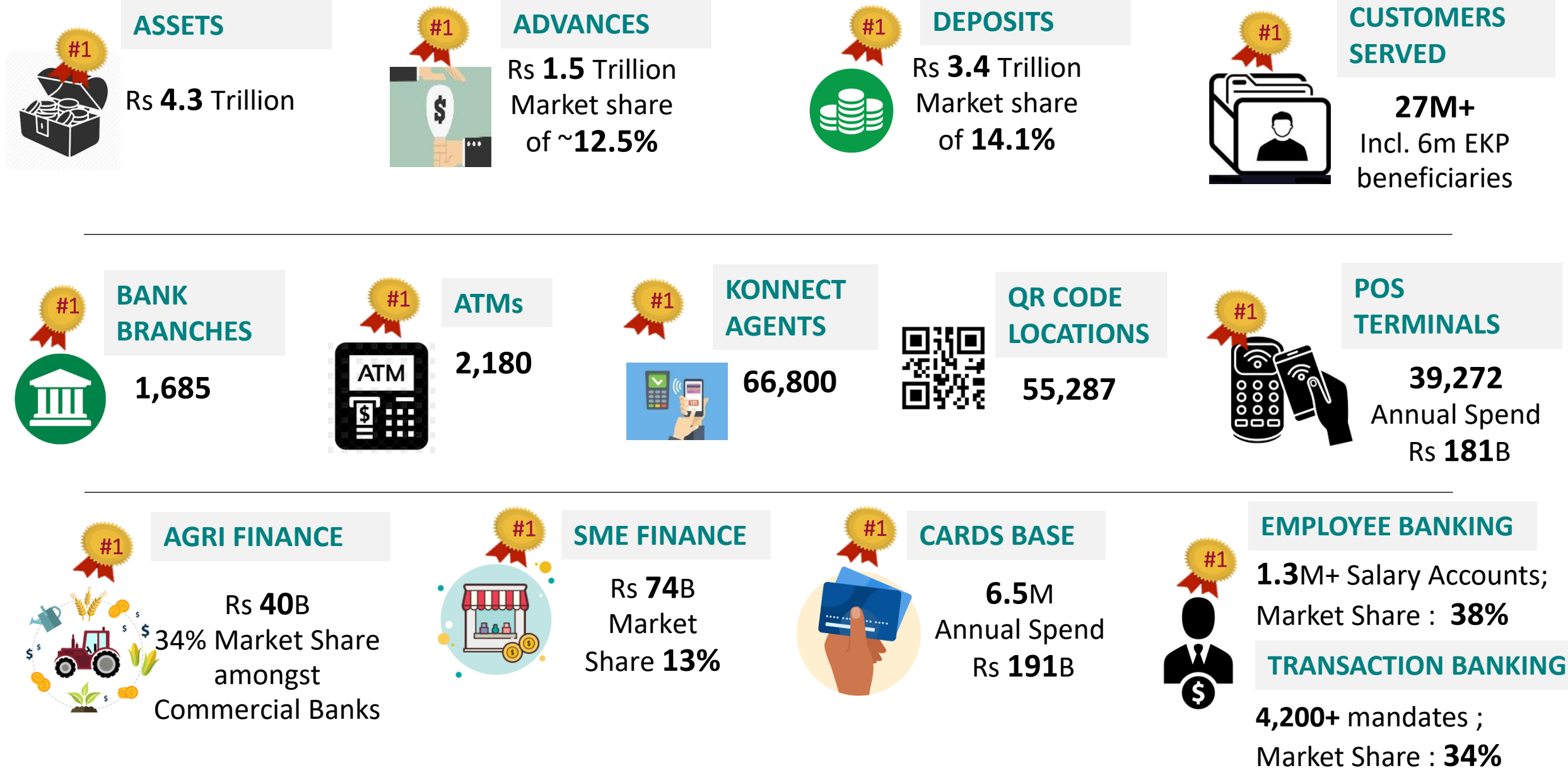
Shareholding Pattern



More than just a Bank

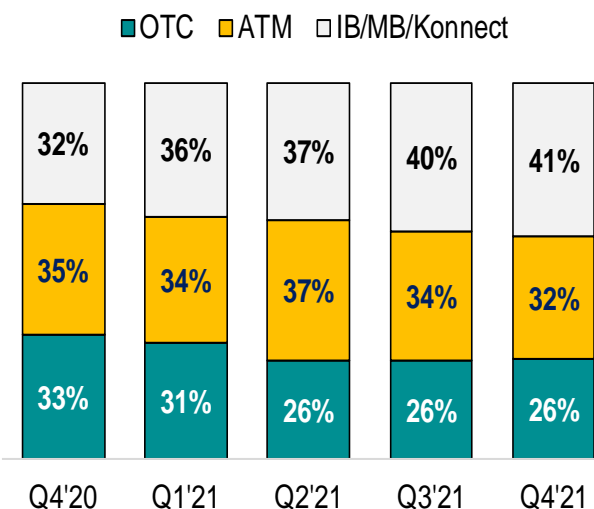


HBL contributes 1.5% of its annual Profit After Tax to HBL Foundation as part of Bank's CSR agenda.

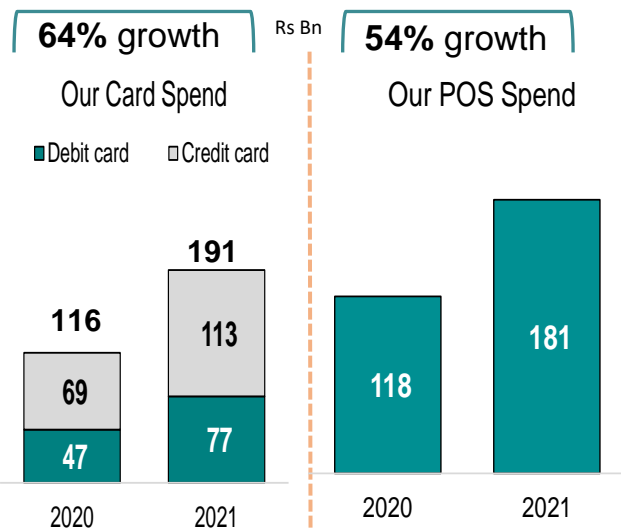


Digital channels usage depicting exponential growth - Won 6 awards globally and in Pakistan

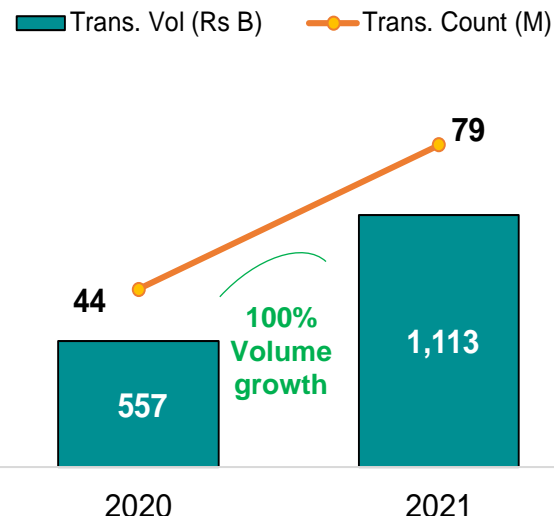
OTC trx. mix maintained at target level of ~25%



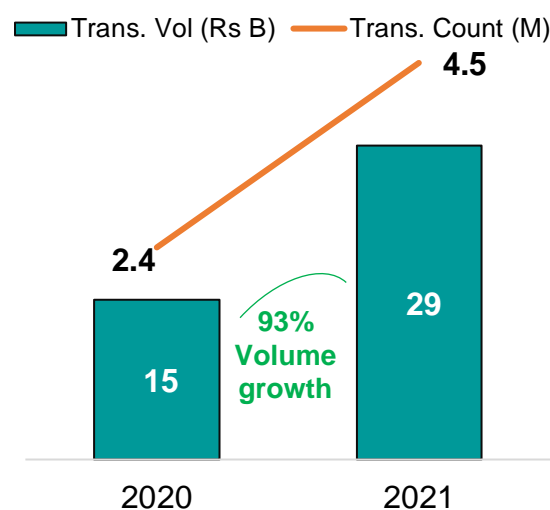
Cards base up by 7% YoY to 6.5M



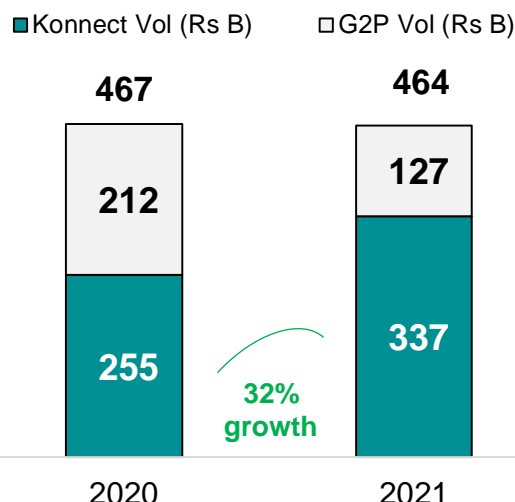
Mobile/IB user base up nearly 40% YoY to 2.5m – volumes up 2x YoY



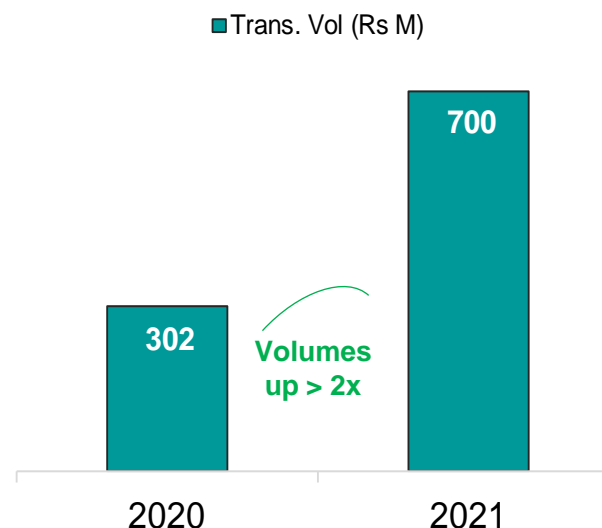
HBL Pay Checkout – 2x growth in both transaction count and volumes



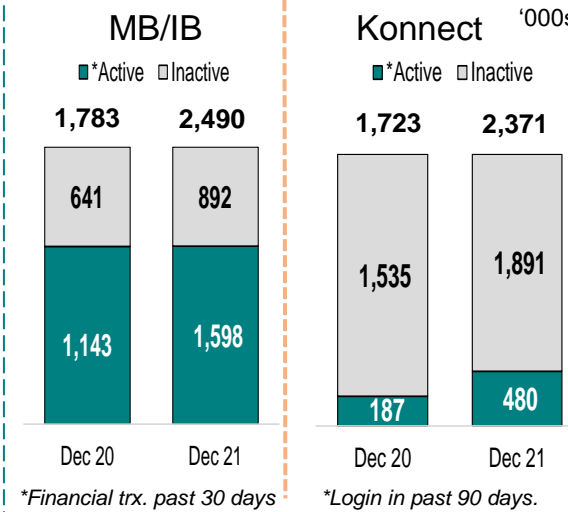
HBL Konnect accounts up 1.3x to 7.1m. Volumes +32% to Rs 337b



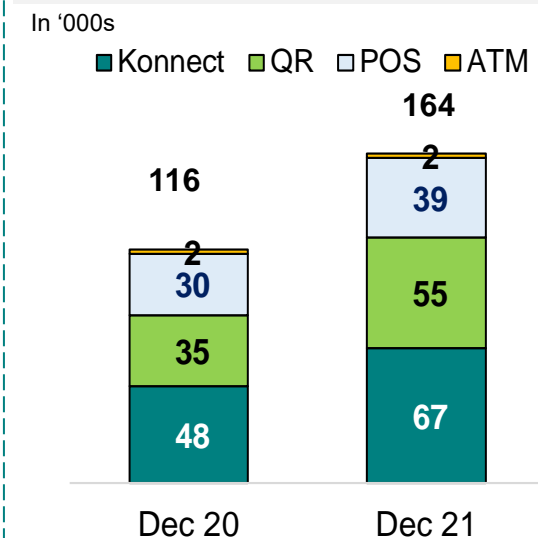
QR Code locations – volumes more than doubled to Rs 700m



Monthly Active Users Mix
MobileApp – at 64% on par with Dec'20
Konnect App – from 10.8% to 20.4%

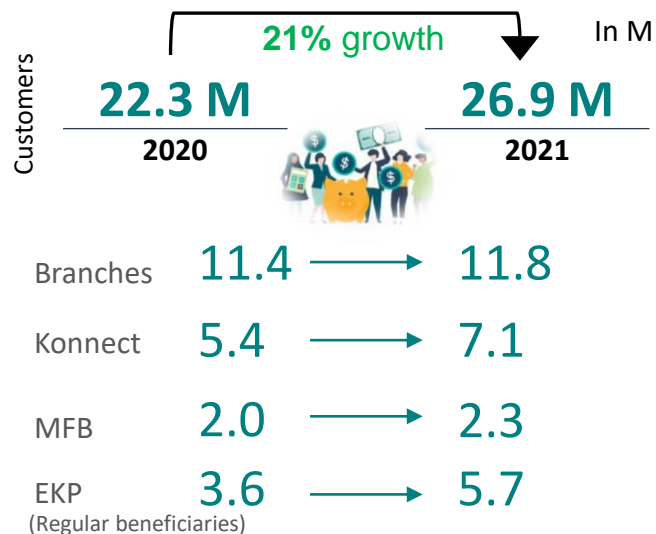


ADCs growing: +47k touchpoints added in 2021

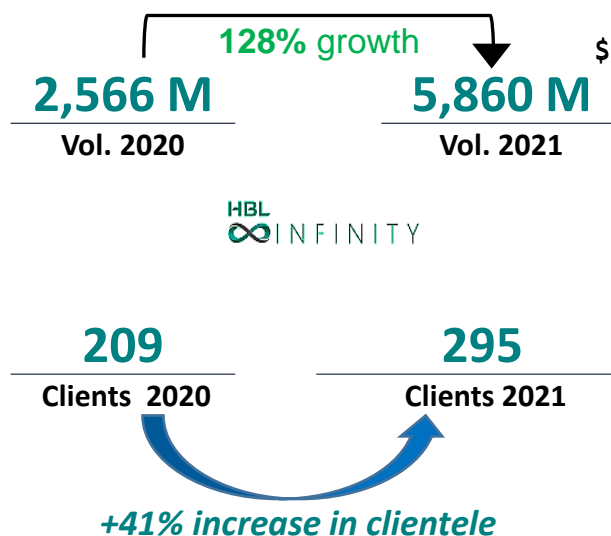


Core business performance remains exceptional

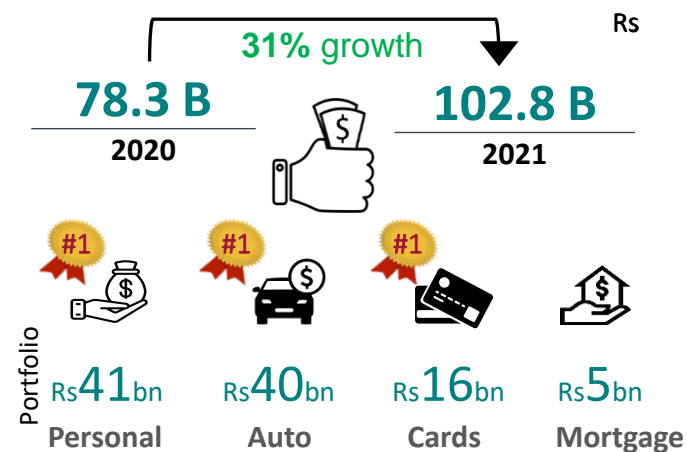
1 4.5 million+ customers added in 2021



4 HBL Infinity >2x increase in volumes

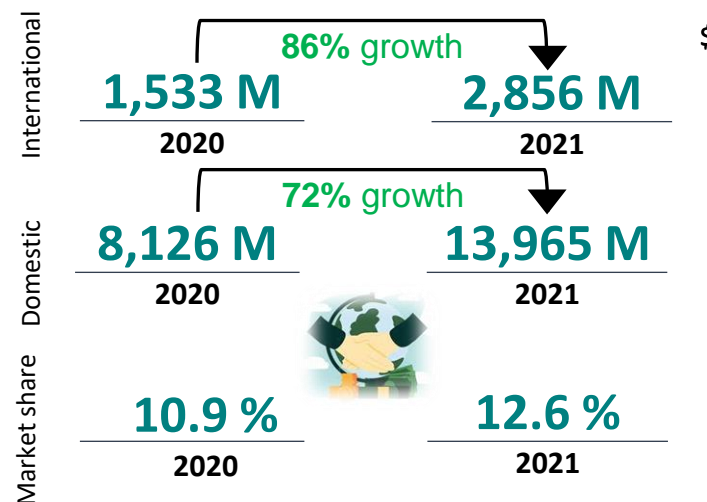


2 Consumer loans cross Rs 100 B

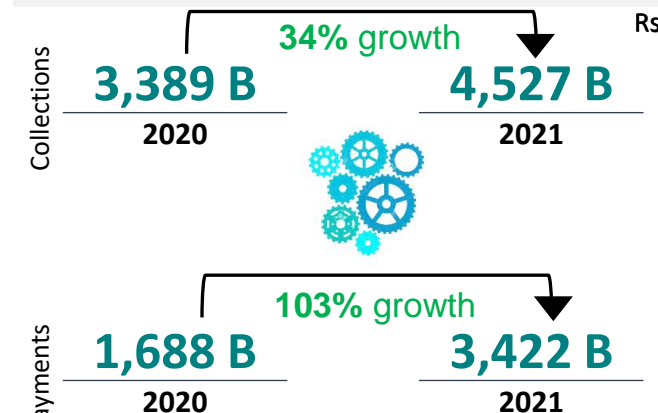


Largest consumer book in the sector

5 Trade Volumes up 75% to record \$ 16.8b

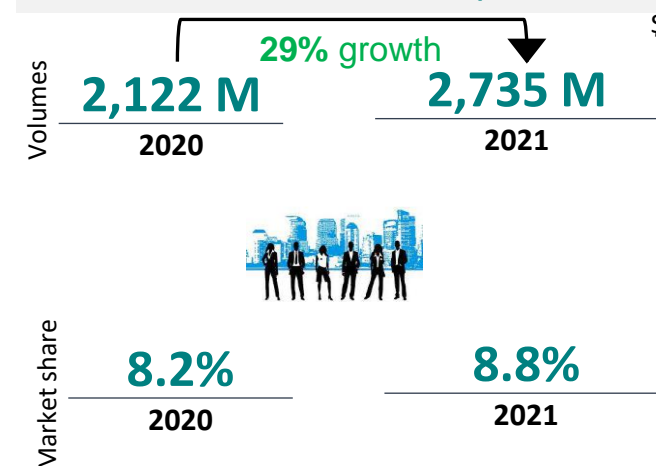


3 Cash management throughput nearly Rs 8.0 T



2021 Collection mandates 87 (2020: 75)
2021 Payment mandates 1,203 (2020: 990)

6 Monthly Remittance market share – 10%+ since Sep'21





Digital and Technology initiatives



Best Website of the Year
Best Mobile Bank Application
Web Series of the Year –
HBLPSL Jang Ki Jeet
Best Digital Payment Processor



Best Mobile Bank
Application
Pakistan



Paytech
Leadership Award



Mobile Banking and
Payment initiative of the
year

Best Bank Accreditation



Best Bank in
Pakistan



Best Domestic Bank in Pakistan



Pakistan's Best Bank

Best Bank for Small and Medium
Businesses

Corporate & Investment Banking



Best
Investment
Bank



Best Acquisition
Financing

Best Corporate Sukuk
Best Green Bond
Best Structured Finance
Deal for Pakistan



Pakistan Domestic Cash
Management Bank of the Year
Pakistan Domestic Project Finance
Bank of the Year



Best Investment Bank
Best Bank for Small and
Medium Businesses



Power Deal of the
Year (Punjab
Thermal)



Equity Deal Of The
Year - Pakistan



Best Investment Bank
Deal of the year Syndicated Loan
Deal of the year Bond
Deal of the year Equity
Deal of the year Project Finance



Pakistan Domestic Bank
Market Leader 2021

Pakistan Best Service Bank
2021

Other categories



1 Primary Dealer in
Government Securities
Best Performing Bank –
RDA 2nd Position



Best Influencer
Marketing Campaign –
HBLPSL 6

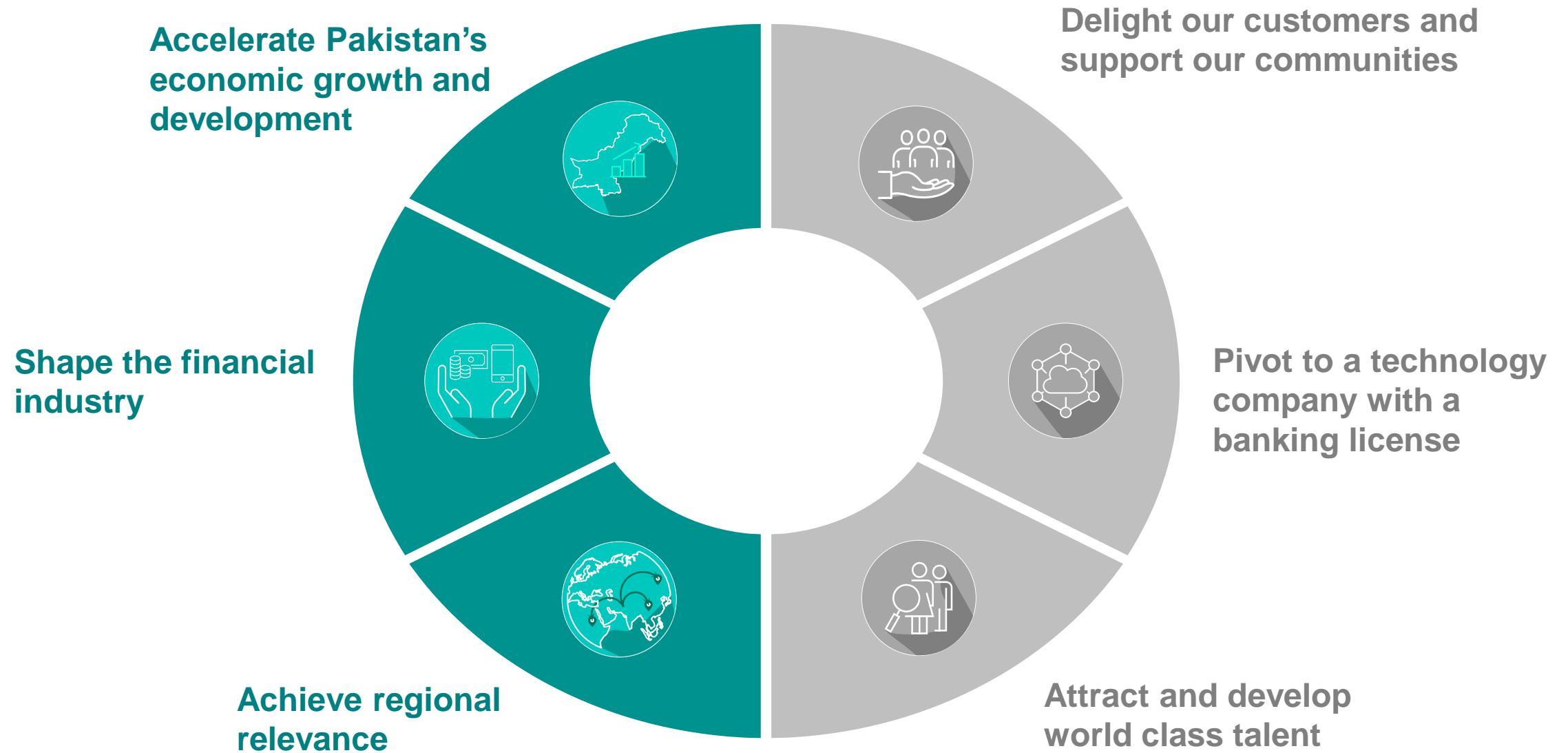


Environment
Excellence Awards



Global Diversity & Inclusion
Benchmarks Award-
Progressive in Recruitment &
Development

Our Strategic Pillars



Improving Financial Health of Women

Refreshed product suite launched under HBL NISA to provide tailored-financial solutions for the unique needs of women

110K+

Accounts

Rs 16bn

Deposits



Higher Savings rate –Making NISA the most competitive savings product

FINANCIAL ALLIANCE FOR WOMEN

Strategic Alliances

24%

NISA share—of total women accounts in HBL



37%



Rs 557bn

Female Accountholders in Bank (2020: 36%) Deposits in women’s accounts (2020: Rs 520bn)

Asaan Accounts



2021

Rs 15bn+

2020: 13 Bn

Deposits (Rs)

+1mn

↑11% Y/Y

2021

100k+

2020: 115k

NTB Accounts

Investment in Finja

Supporting digital financial inclusion



HBL invested in Finja a digital lending platform for SMEs.

Ehsaas Kafalat Program

2021

5.7mn

2020: 12mn*

Beneficiaries

2021

Rs 127bn

2020: Rs 212bn*

Amount disbursed

*Includes emergency funds disbursed for Covid relief

Digital Savings Account

Launched Konnect Micro Savings Product “Gulak”, enabling people to earn bonuses.



Deploying HBL MFB to create opportunities for the marginalized

Deposits

Rs 91bn

↑48% Y/Y

21.6% Market Share

1.77mn customers (↑26% Y/Y)

Loan Book

30%
Borrowing by Women

Rs 59bn

↑36% Y/Y

74%
Rural Financing

15.1% Market Share

↑200bps Y/Y

555k
Active Borrowers

Branchless Banking Solution – 330K wallets opened in 2021

Launched tablet-based loan approval system for instant decision making (implemented in 127 branches) - 238K+ loans processed with 90% loans processed in 48 hours

Mobile App – users now > 26 K (16 K in 2020)

Largest MFB PayPak card issuer - 448K+ cards issued since inception

Double Down on ‘S’

Booked 3000+ NTB Small Business Loans in 2021 compared to 860 NTB in 2020

2021

Rs 74bn

↑17% Y/Y

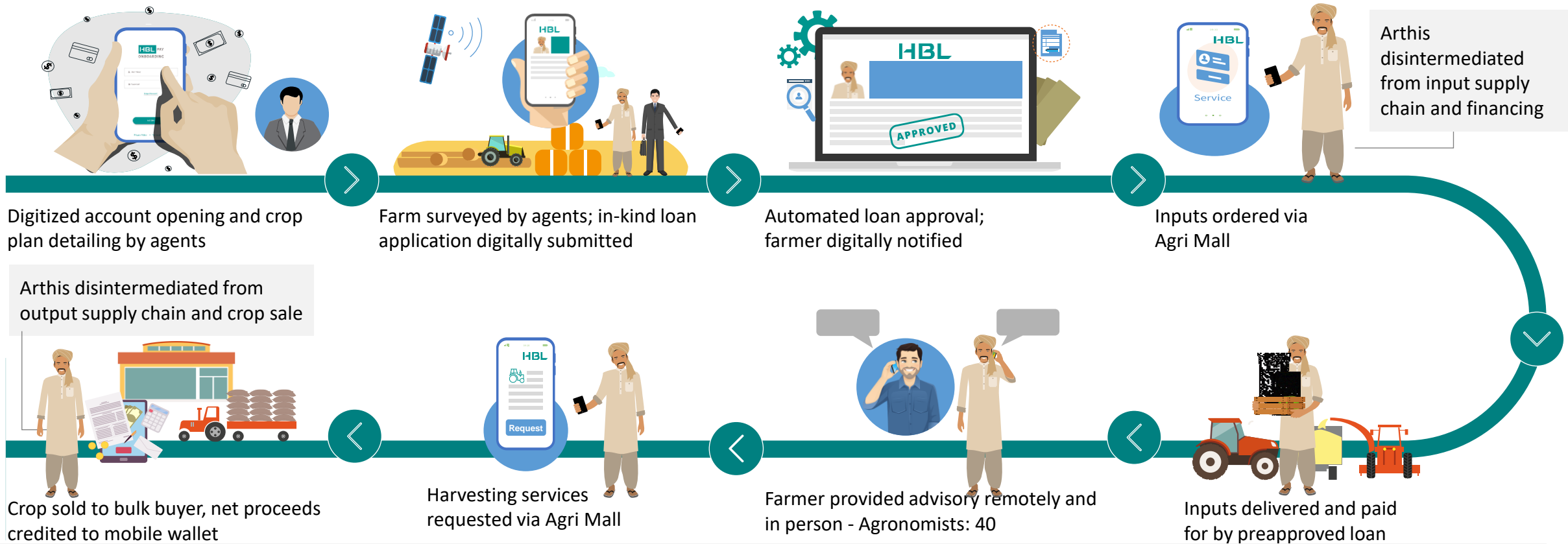


2021

14%

SME Market Share

Helping small farmers grow by disintermediating Arthis (middlemen) and connecting farmers directly to markets



...Doubling the bottom-line impact for both the Bank and the farmers

Net income per acre

Rs 44K

↑253%

Crop Acres

20,148

↑45x Y/Y

Portfolio volume

Rs1.0bn

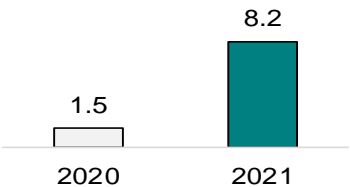
↑68x Y/Y

Farmers

397

↑26x Y/Y

HBL Pay/Konnect -
Volumes in Bn



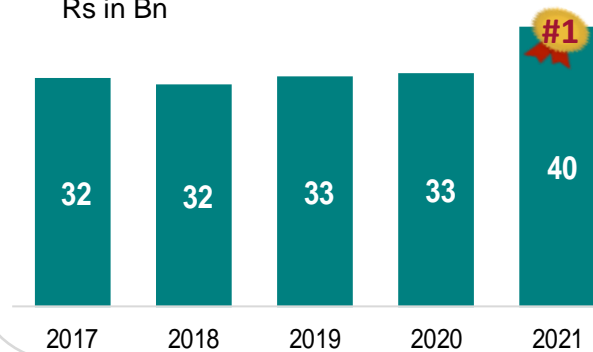
Leveraging **HBL Pay/Konnect** platform for unified digital onboarding

**Revalidated by Princeton University*

Agri Portfolio | Reached all-time high in 2021

Market share at 34% vs. 31% in 2020

Rs in Bn

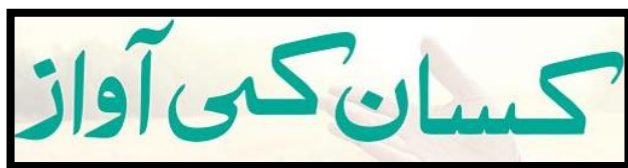


Country-wide outreach with 600+ Rural lending branches coupled with largest on-ground field force (600+)

Re-launch of Dairy Financing



Booked portfolio of Rs 1.5 billion. Reached out to 900+ dairy farmers.

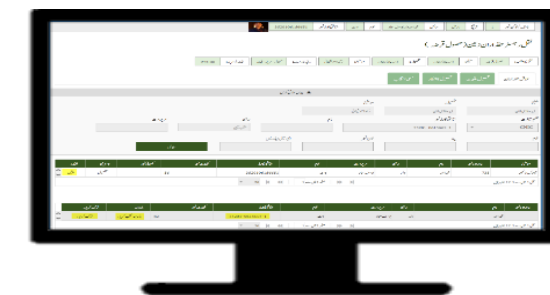


Financial Literacy 13 sessions

Kissan Ki Awaz - Virtually facilitating farmers with innovative product developments and advisory.



- In 2020, HBL invested Rs 29.3 mn in Naymat Collateral Management (NCM)
- NCM accredits warehouses to international storage standards and issues Electronic Warehouse Receipts (EWRs) against stored crops.
- HBL is 1st Bank in Pakistan to fund an EWR - Rs 400 mn approved.



HBL-PLRA partnership
60% of total extractions from PLRA portal are by HBL

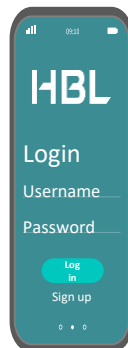
HBL Pay - Key initiatives 2021

HBL Mobile

- HBL Mobile rolled out to 6 international locations



- 31% of new credit cards and 20% of fresh personal loan disbursements made through HBL MobileApp
- Processed > Rs 1.0 trillion transactions in 2021, representing >30% market share (count)
- Largest customer base of > 2.5m with 18%+ market share



Konnect

- Banking solution outside bank branches using agent locations
- Customer base of > 7 million with ~ 25% women
- Leading the G2P payment space –
 - Disbursed Rs 127b to 5.7m beneficiaries under EKP program
 - Digitized subsidy payments to farmers in Punjab and KPK – disbursed > Rs 11b to 1.0m+ farmers
 - Opened 750k farmers' accounts – all given Kisaan cards, making HBL the largest issuer of PayPak cards
- Providing collection services to corporates and microfinance institutions – monthly volumes > Rs 6 b

Merchant Acquiring

- Transactions volume exceeded Rs 180b, up 53% YoY and representing 1/3rd of the country's total sales volume
- "Tap n Pay acceptance" launched and enabled on > 10k POS terminals



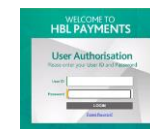
IPG

- Partnered with leading fintechs to accept payments from millions of customers directly through bank accounts without the need for a debit or credit card.
- Expanding partnership base – 500k+ merchants, up 31% YoY
- Enabled cardless transactions for customers of some local banks and locally operated digital wallets



Business Payments

- RAAST: Mobile Banking, Internet Banking and Konnect rolled out as per SBP directives for P2P payments
- CDC: API Integration for processing dividends.
- HBL Pay Business Banking Platform:
 - Launched in Pakistan in 2020 and is being introduced in 6 international locations
 - Digital payments up >100% to Rs 3.4T



Conversational Banking



Whatsapp, a convenient **24/7 digital channel** to chat, inquire balance and for other nonfinancial usage.

Users

475k+

Hits

640k+



Facebook Chatbox introduced with banking features such as **Bill Payment, Mobile Top Up, Account balance view, Transaction History** and **Swift Code Information**

QR Code

Dynamic QR – HBL became the first bank in Pakistan to launch the Dynamic QR code transaction process in partnership with Visa



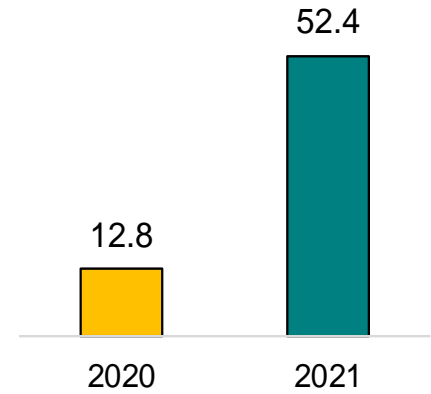
The new transaction process offers a seamless, safe, and convenient payment mechanism.

Accelerating China Centric Business...

China – Key Performance Indicators

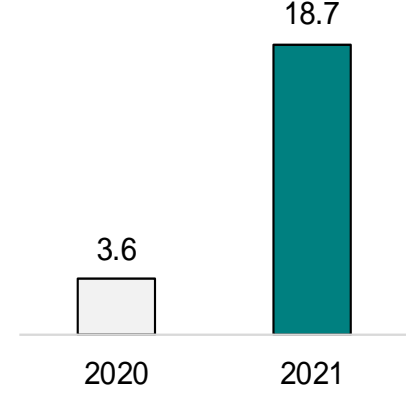
Advances – 4x growth

\$ Mn



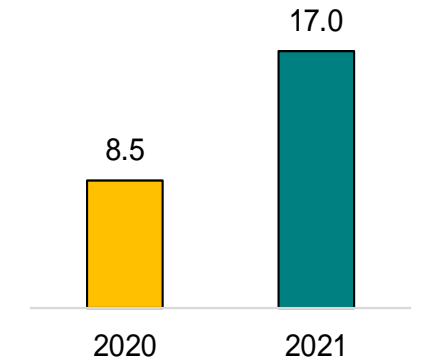
Deposits – up 110%

\$ Mn



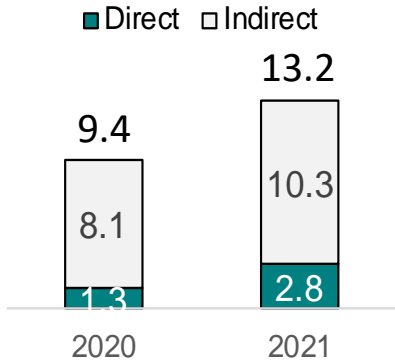
Trade volumes – up 2x

\$ Mn



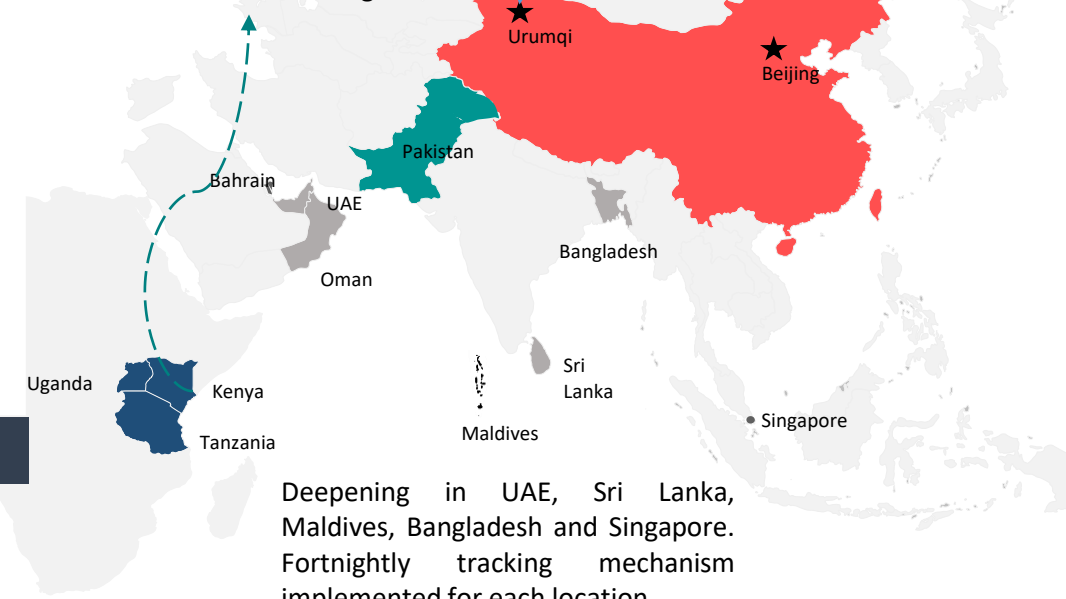
Revenue – up 39%

\$ Mn



Increased the percentage of HBL's China bound LCs routed through Urumqi from 45% to 76% in 2021

Engagement with Chinese customers in East Africa via Diamond Trust Bank. DTB has launched its China coverage unit.



Deepening in UAE, Sri Lanka, Maldives, Bangladesh and Singapore. Fortnightly tracking mechanism implemented for each location.

RMB Intermediation

CNY ready deals routed through HBL China

46%



4% in 2020

Focused on increasing CNY based transactions. Worked with business segments in Pakistan to route cross border CNY transactions through China



>4x

Remittance Transactions
3,190 in 2021
702 in 2020

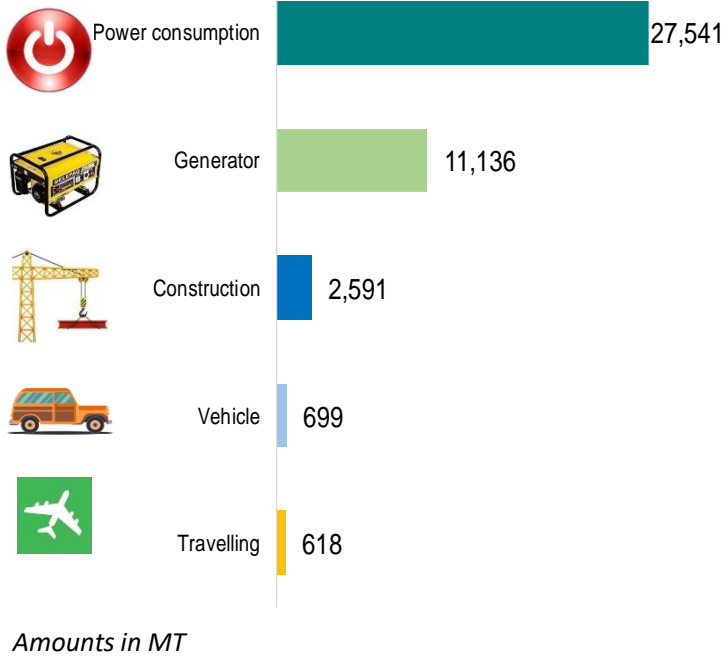
China Coverage

- **Specialized Coverage Team** – A dedicated Coverage team of 28 seasoned bankers (13 Chinese nationals fluent in Mandarin), catering to Chinese clients' needs.
- **Growing Customer Base in Pakistan** – Market leader in servicing Chinese clients with 14,000+ individuals' accounts.
- **Replicating Model Internationally** - Already established in UAE; being established in Bangladesh, Sri Lanka and Maldives.

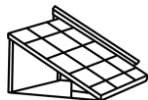
Reduce carbon footprint and mitigate risks

In recognition of its effort towards reducing Own carbon footprint, HBL was awarded the Environmental Excellence Award by National Forum for Environment and Health and Health and Fire Safety Award from the Fire Protection Association

Green House Gas (GHG) Emissions Break-up (2021)



Forefront of utilizing SBP's renewable energy financing, over Rs 5.5 bn disbursed



26

Solar panels installed at offsite ATMs



Energy Audits conducted at HBL facilities for load optimization

Identify opportunities and adopt best practices to increase energy efficiency



Procurement via Fuel Cards
Co2 Reduction 411.7 MT /yr

Gensets : Reduction 80L / Branch / Month

Vehicles : Reduction of 10L /Vehicle/ Month



163

Branches with Solar panels
Co2 Reduction of 373MT/yr



Light Automation System for energy conservation during off-peak non-operating hours

HBL MICROFINANCE BANK
مائيڪروفنانس بينڪ
Formerly – The First MicroFinanceBank Ltd

HBL MFB's Gilgit RHQ is LEED & EDGE certified. First building in AKDN network globally.

Fuel sustainable industries



Zhenfa Solar Project
Initiated in 2021 having capacity of 100 MW



No further exposure being undertaken by HBL for new coal mining and coal-based power projects.



Executed **WAPDA's USD 500m Green Bond – Pakistan's 1st**



The Bank has announced that it would cease to do business with industries that contribute towards deforestation

Sustainability report



HBL's numerous ESG initiatives over the years being showcased in the Bank's 1st ever Sustainability Report, due in Q1'22

External Partnerships



Engagement initiated with IFC for technical assistance on enhancement of Environmental Social Risk Management of high-risk projects



HBL and WWF to develop sustainable tourism, agriculture, and the coastal environment



Initiated Green Taxonomy Exercise - Consultants from China hired to initiate the Green Taxonomy exercise for HBL



Values and Ethics

- 360-degree feedback on “How” the values have been lived by the top executives.
- Value Rating introduced as part of performance evaluation to drive cultural change.
- Celebrated “Global Ethics Week” to spread awareness amongst employees on maintaining Ethical Culture. Annual Ethics Town Hall held for senior leaders.

Health & Wellbeing

- Introduced HBL Raabta – providing individual counselling as well as group-based awareness for employees’ well being.
- Launched Online 24*7 doctors’ consultation with Sehat Kahani
- COVID Vaccination facility for employees and their family members - 100% staff vaccinated and Medical loan for non-dependent family members
- First bank to launch flexi-work and flexi-rewards & benefits in Pakistan – employees can choose how they want to work and what benefits suit their life-stage needs

Valuing our People

- The Mercer Employee Survey was repeated after a 3-year period, with over 83% of the employees participating.
- Employee engagement score : 86% (2020 : 78%)
- 90% of employees say they are very proud to work for HBL.



Diversity Agenda

Gender Diversity

- Targeted batch hiring for women
- Mentoring for senior women employees
- Women in HBL now make up 19.7% of the workforce. Targeting 25% by 2025.
- Won 8 awards as part of the prestigious Global Diversity & Inclusion Benchmark (GDIB) for 2021

Inclusion of PWDs (Together We Are Strong)

- Onboarding and training of PWDs and sensitization training for employees – 80 PWDs serving in various roles.
- Buddy program to facilitate inclusion
- Accessible infrastructure / services – 1,200 branches with ramps, 175+ Talking ATMs, Braille forms at RHQs

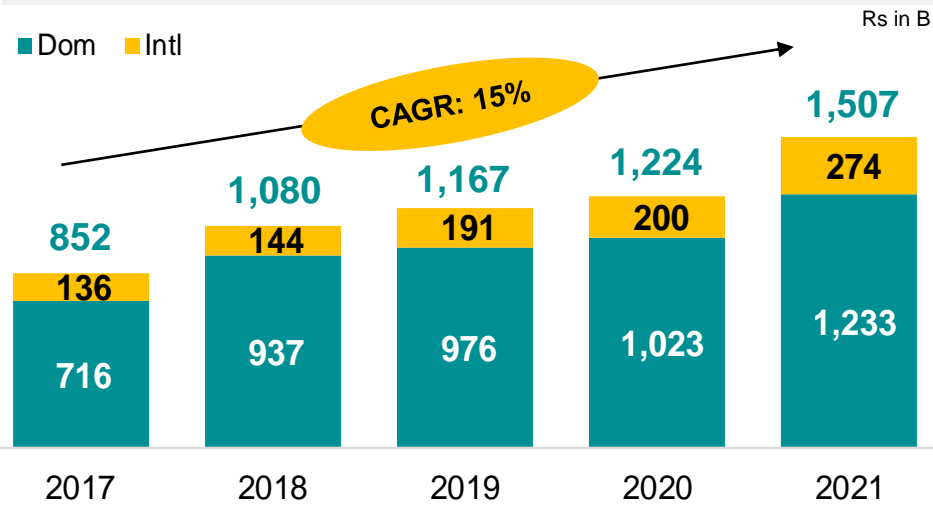
HBL and Art

- HBL is committed to celebrating the outstanding artists that the country has produced.
- HBL promoting public awareness of Pakistani art and artists through sponsoring exhibitions of internationally recognized artists
- Supported restoration and renovation of the Galerie Sadequain, enabling it to become a permanent, international standard, public exhibition space

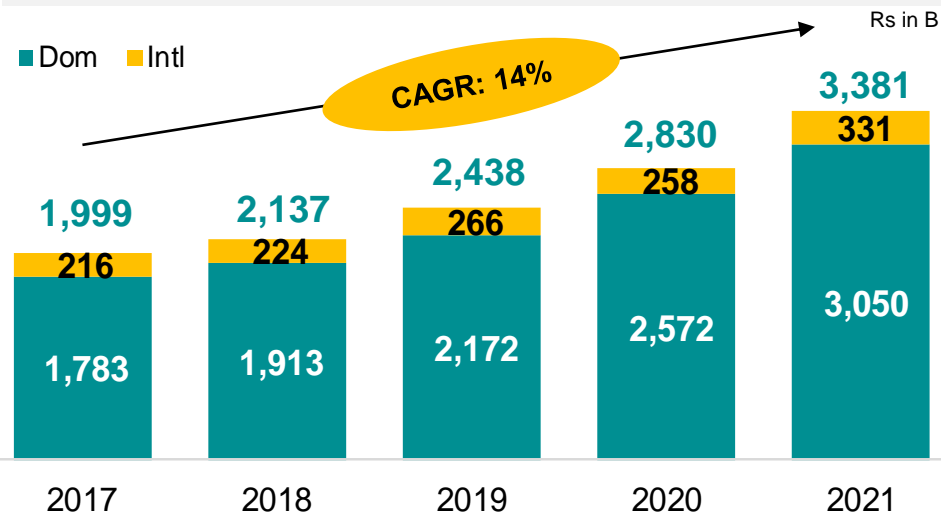


Financial Performance

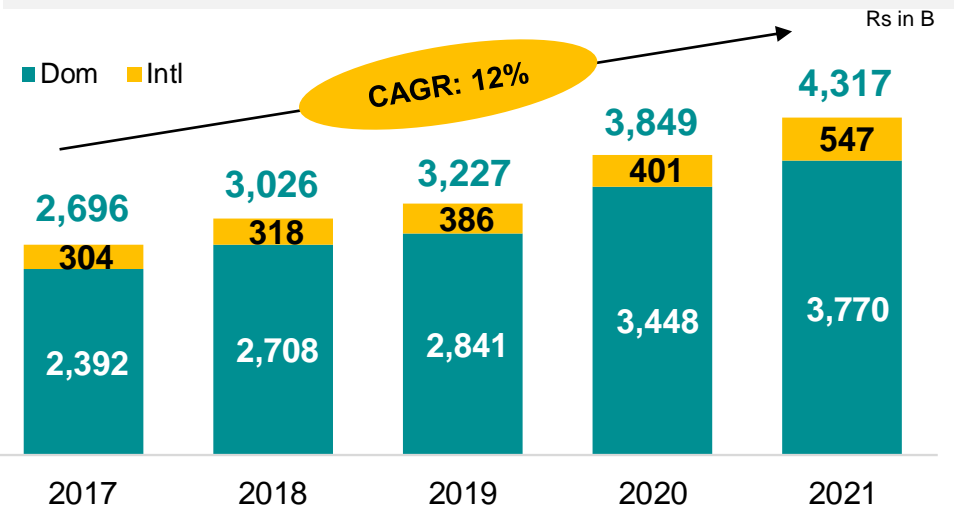
Advances | Strong momentum - Dom market share at 12.5%



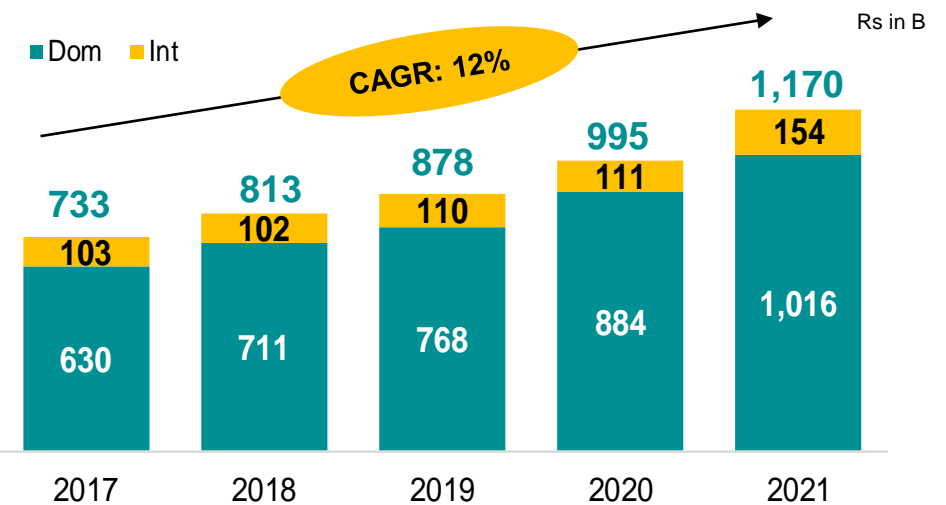
Total Deposits | 1st Bank to cross Rs 3.0 trillion mark in 2021



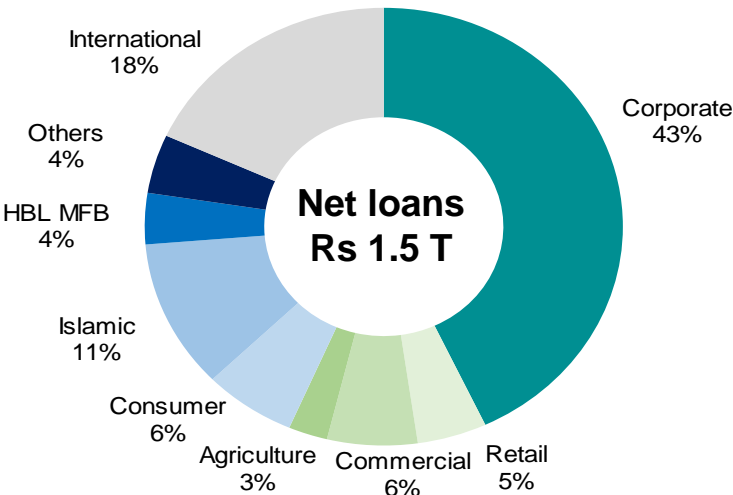
Total Assets | Balance sheet footing crossing Rs 4.3 T



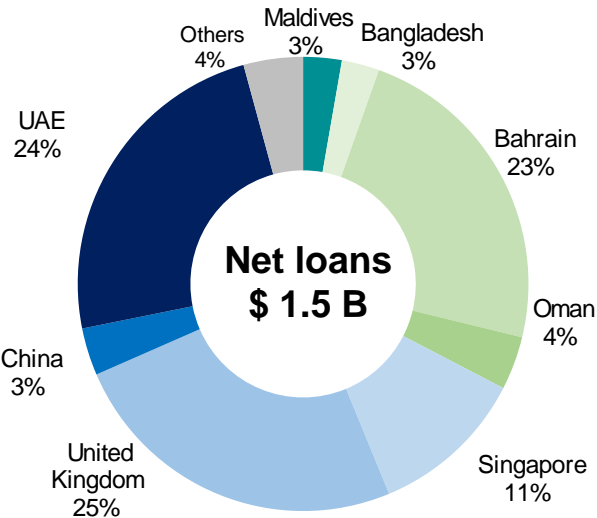
Current Deposits | 1st Bank to surpass Rs 1.0 trillion landmark



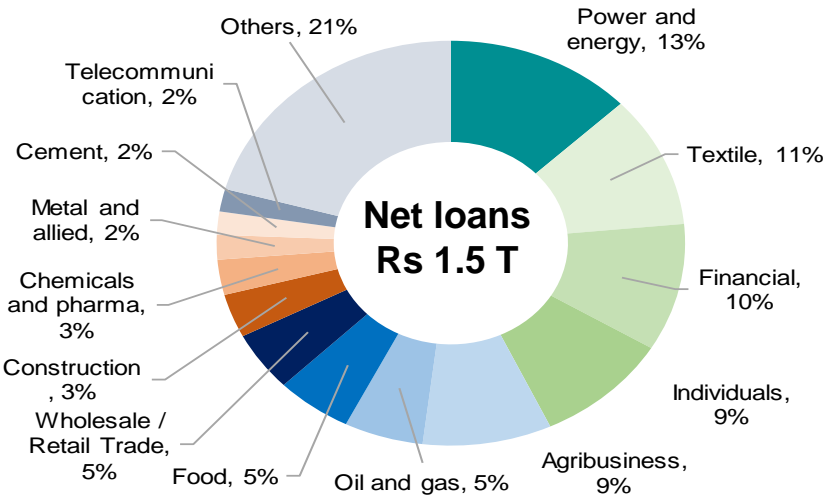
Loan portfolio by businesses



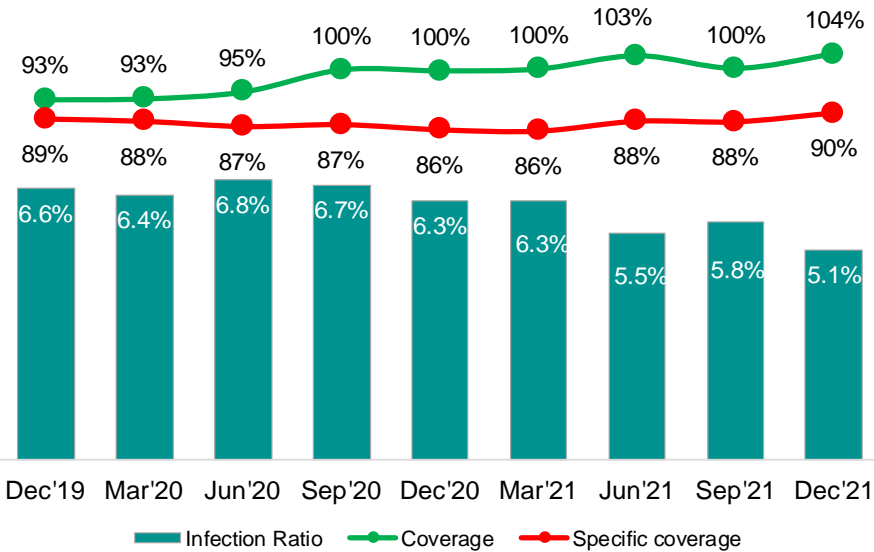
International advances by location



Advances concentration

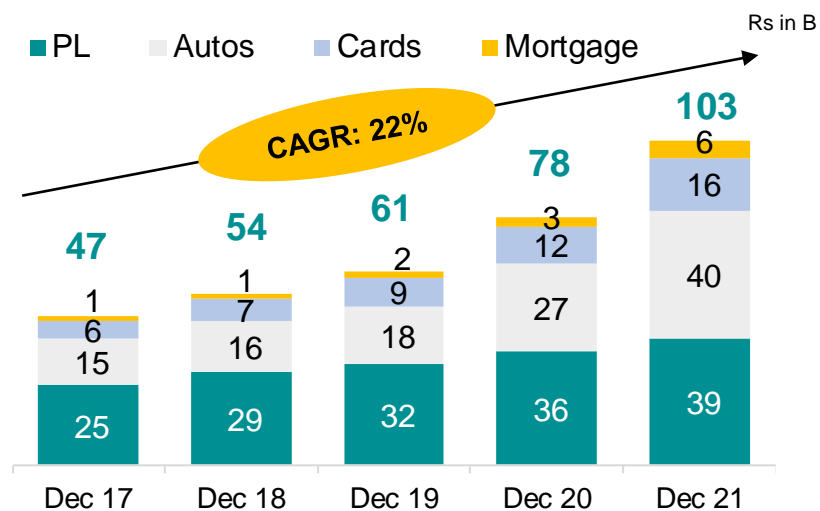


Infection ratio – at an all time low

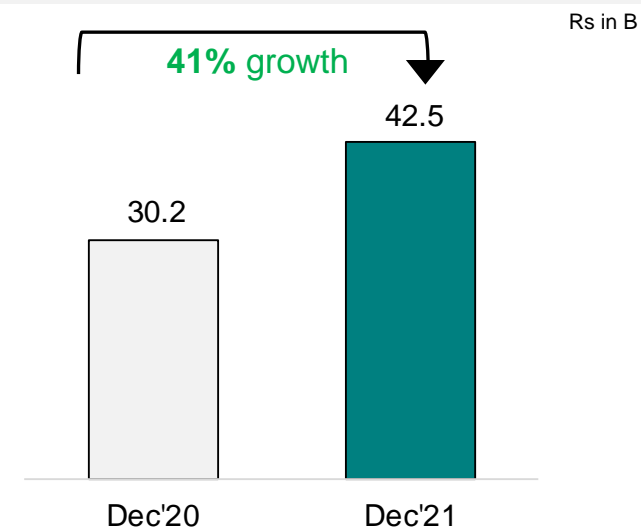


Consumer Lending |

Exceeding Rs 100 b milestone – NCL back to pre-covid low levels

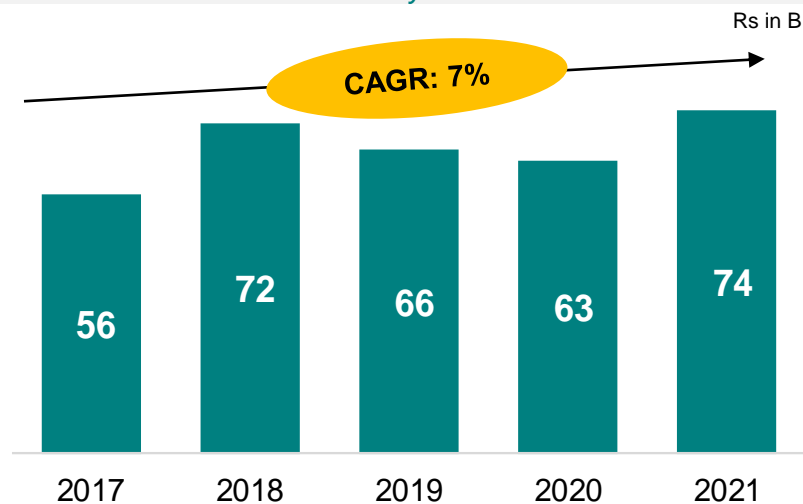


Housing and construction finance



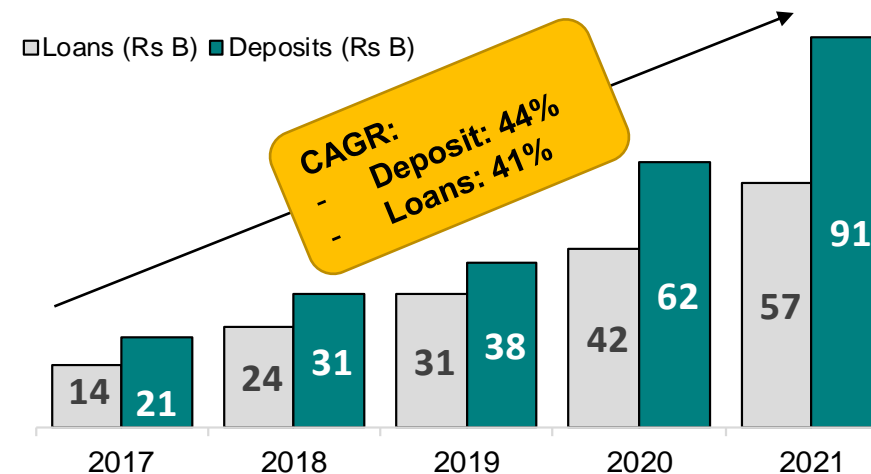
SME Lending |

3K NTB customers added in 2021, disbursed Rs 3.0b+ under Kamyab Jawan Scheme

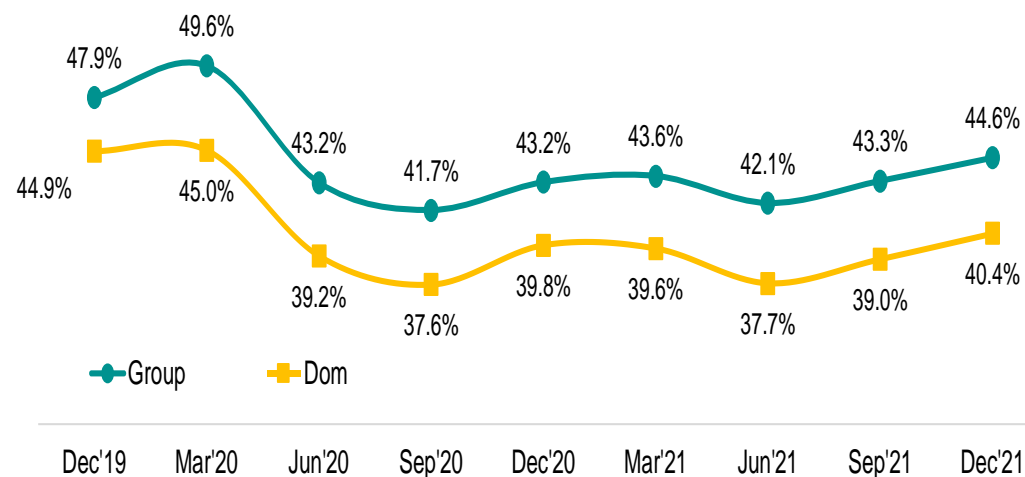


Microfinance |

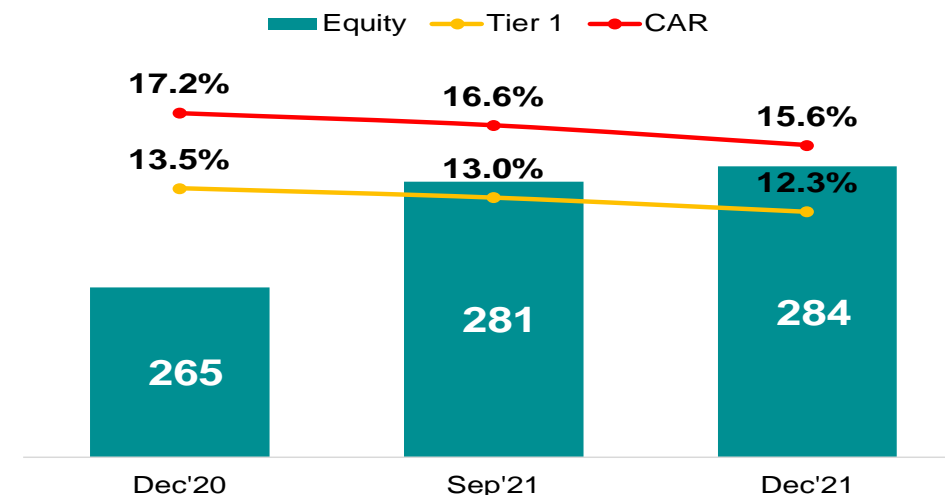
Loans and deposits continue to accelerate – aiming for market leadership



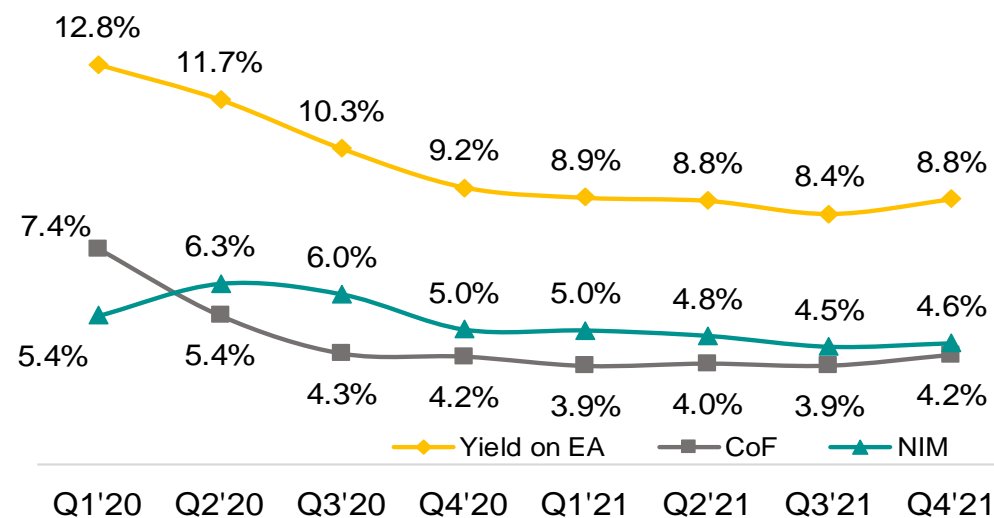
ADR trending upward – from 43.2% in Dec'20 to 44.6% in Dec'21



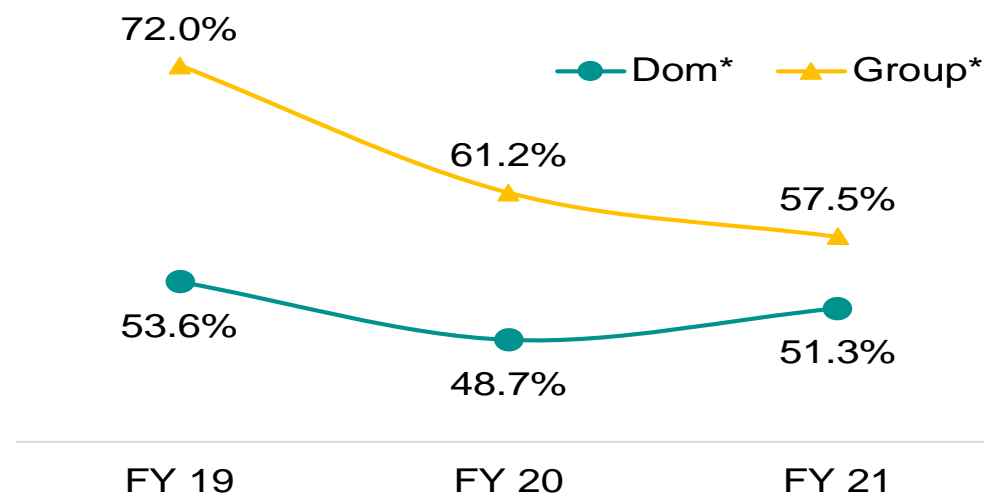
CAR declined over Sep 21 on the back of rupee devaluation and significant balance sheet growth



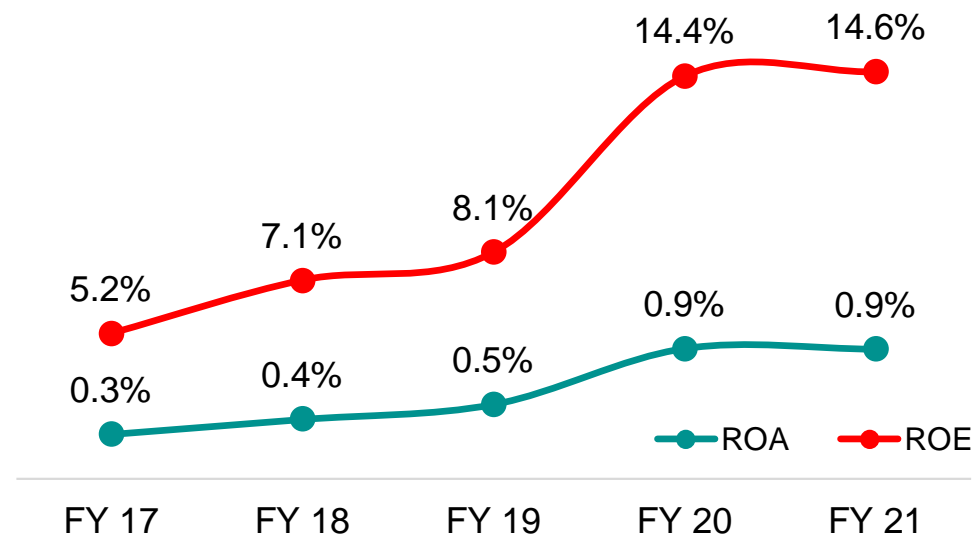
NIMs uptick seen in Q4'21; full impact to be realized in 2022



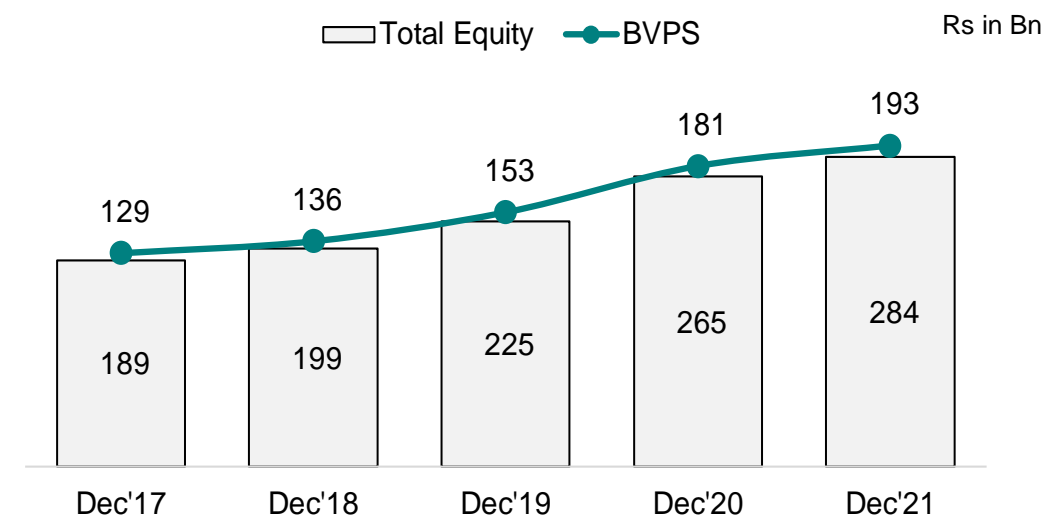
Cost to income ratio – steady improvement continues



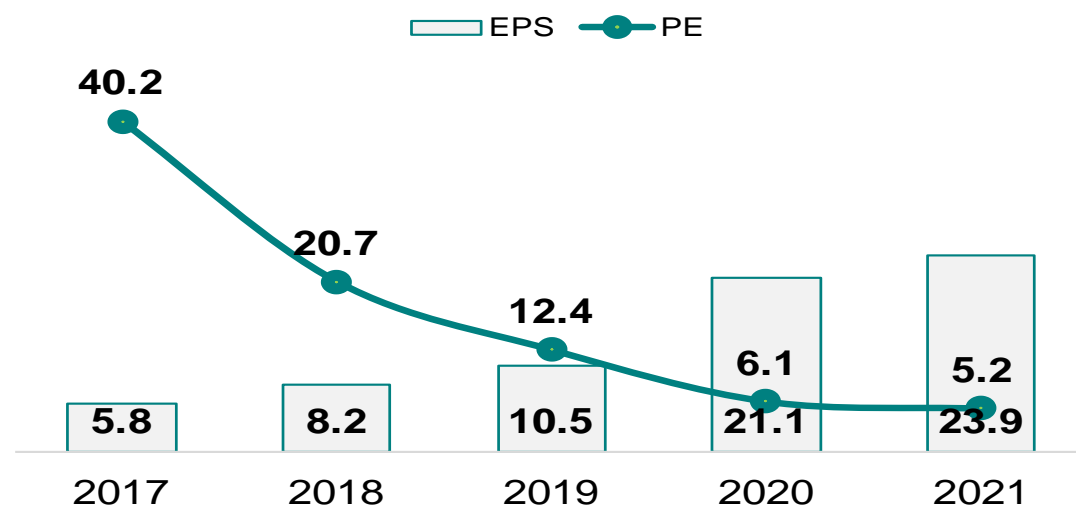
Strong profits have improved both ROA & ROE



Equity and book value – building steadily



Strong performance and improved earnings not yet reflected in price



Conservative payouts to shore up capital, given highest D-SIB

