

BREAKING FROM THE PACK

Habib Bank Limited

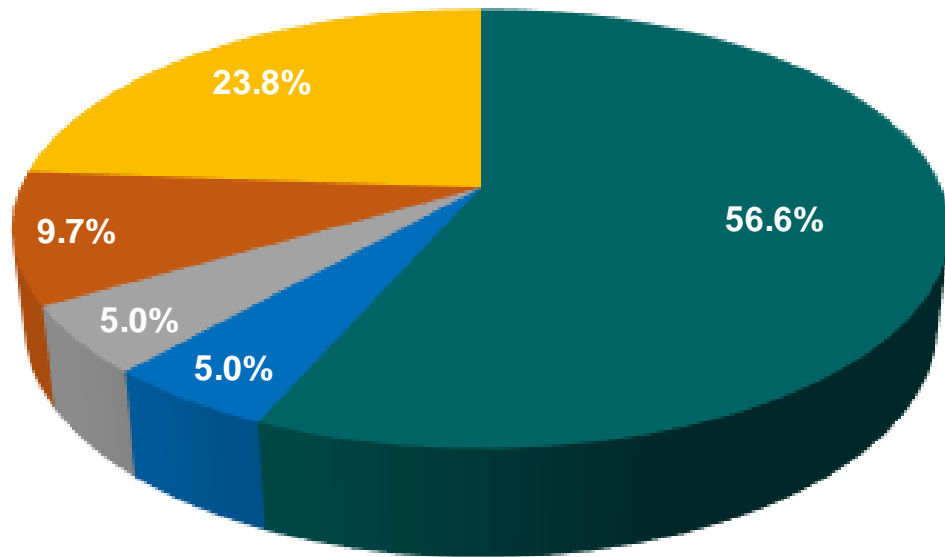
Delivering a Technology Company with a banking license

7th December 2023



Expanding digital outreach by delivering innovative client solutions

Our Shareholders



■ AKFED ■ BII ■ Related Entities ■ Others - Foreign ■ Others - Local

Our Universal Banking Model

HBL

HBL ASSET MANAGEMENT LTD.
ایس ایٹ منیجمنٹ لمیٹڈ

100%

HBL CURRENCY EXCHANGE
کرنسی ایکسچینج

100%

HBL MICROFINANCE BANK
مائیکرو فنانس بینک

79.92%

 **Himalayan Bank Ltd**
हिमालय बैंक लिमिटेड

12.93%

Jubilee
GENERAL INSURANCE

19.8%

Jubilee
LIFE INSURANCE

18.52%

 **KICB**
KYRGYZ INVESTMENT
AND CREDIT BANK

18%

DTB
DIAMOND
TRUST
BANK

16.15%

HBL Foundation 

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

HBL continues to lead the pack across most metrics

Expanding Reach



#1

Touchpoints



151,586

#1

Branch Network



1,726

#1

ATMs



2,317

#1

Konnect Agents



54,437

#1

POS Terminals



46,754

QR Codes



46,352

Contributing to development



#1

Agri Finance

Rs. 52 Bn



Market share

#1

SME Finance

Rs. 84 Bn



Market share

#1

Employee Banking

2.6Mn Salary Accounts



Market share

#1

Transaction Banking

8,500+ Mandates



Market share



Market share

Financial Stability



#1

Customers Served

36 Mn+



#1

Advances

Rs. 1.8 T



Market share

#1

Deposits

Rs. 4.0 T



Market share

#1

Assets

Rs. 5.5 T



2023 Banking Awards



**Best Domestic Bank
Best Bank for Digital
Solutions**



**Best Digital
Banking Services
Award 2022**



**Best
Microfinance
Bank**



**Best Consumer
Bank in
Pakistan**



**Best
Microfinance
Bank**



**Best Bank for
Agriculture
Financing**



**Digital
Leadership
Award**

Diversity & Inclusion Awards



**Access to Finance
Champion 2023**



**HBL ranked #1
HBLMFB ranked #2**

Investment Banking Awards 2023



- Best Project Finance Bank Pakistan 2023
- Best Infrastructure Project Finance Deal
- Best Syndicated Loan Deal of Pakistan
- Largest Power Project Deal of Pakistan
- Best Telecom Deal of Pakistan
- Best Infrastructure Project Finance Deal of Pakistan
- Project Finance House of the Year
- Telecom Deal of the Year
- Private Public Partnership (PPP) Deal of the Year
- Best Structured Finance Deal



- Domestic Project Finance Bank of the Year
- Corporate & Investment Bank of the Year
- Equity Deal of the Year Pakistan.
- Mergers & Acquisition Deal of the year

Best Investment Bank



Business Awards 2023



- Analytics Initiative of the Year
- Digital Business Banking Initiative of the Year in Pakistan
- Digital Consumer Banking Initiative of the Year in Pakistan
- Domestic Cash Management Bank of the Year in Pakistan

Other Awards



**Best Social Media
Marketing Campaign**



**Most Innovative
Bank in Asia**



**Best Bank in
Pakistan**



**Excellence in Digital
Transformation**



**Best Digital
Payment
Processor**



**Global
Diversity & Inclusion
Benchmarks**

**Most Inclusive
Organization in 2022***

**HBL is the only bank to win an
award in all 15 categories*

#JahanFansWahanStadium

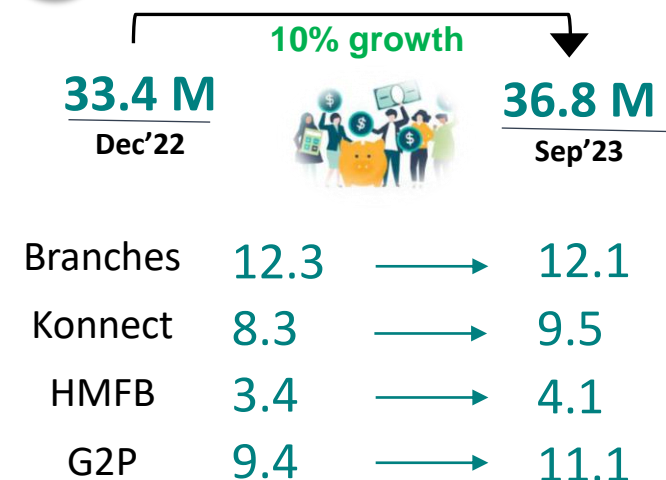
**First Branded Hashtag Challenge by a
Bank in Pakistan**



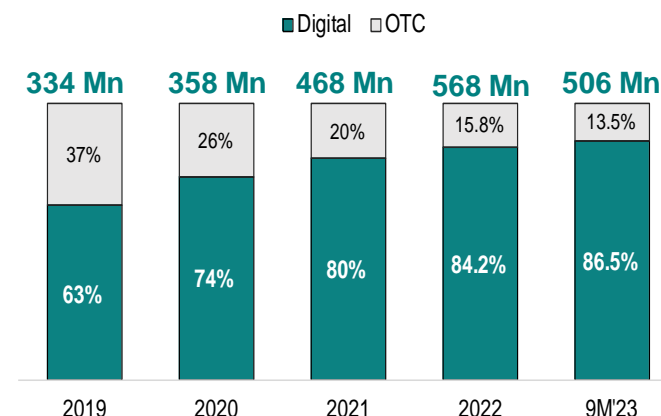
**TikTok published a global case study on
HBL PSL.**

HBL continues its momentum in areas of strategic focus

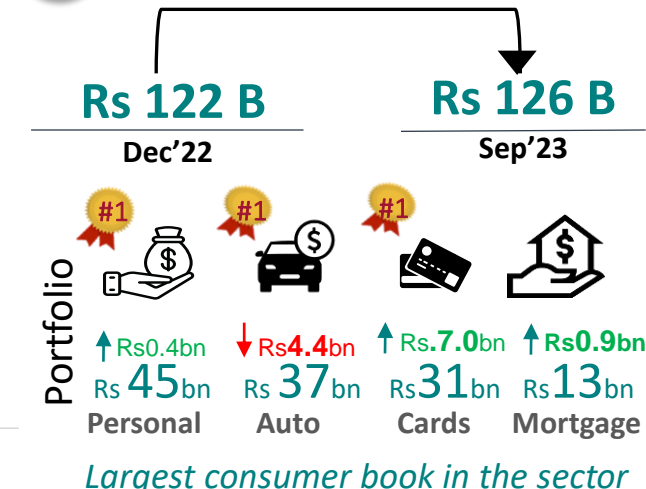
1 Non-branch channels continue to drive customer growth – **3.4 million customers** added....



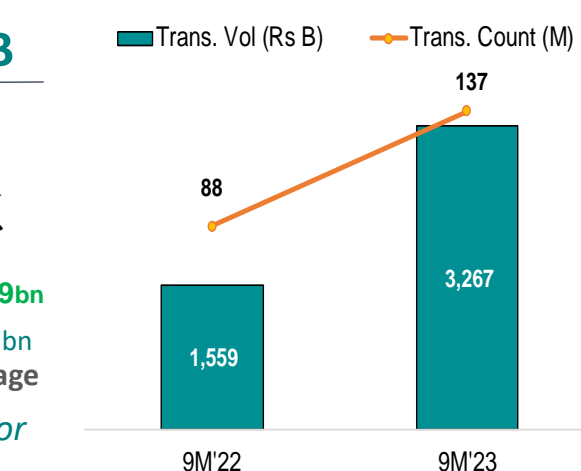
2 ...and we continue to digitize more and more transactions



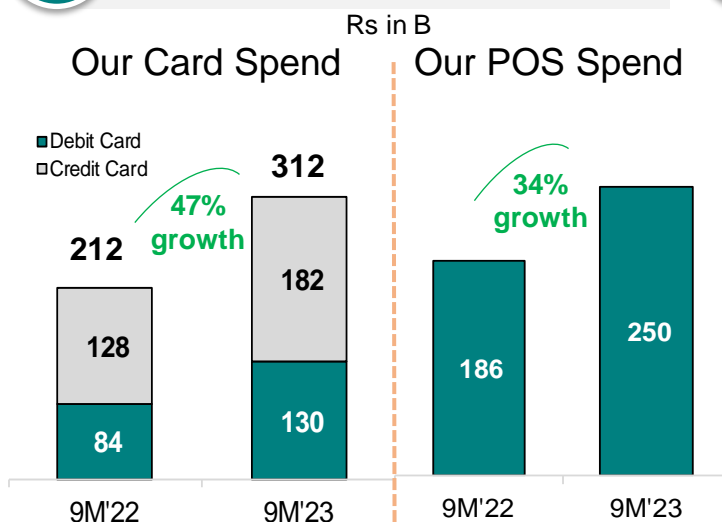
3 Consumer lending grows on higher spend



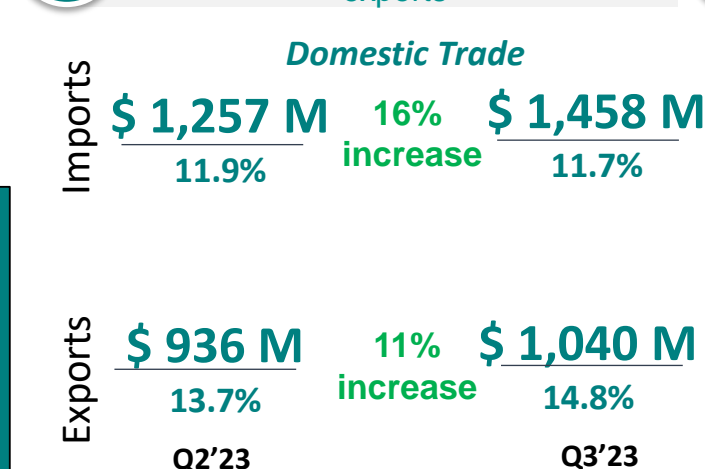
4 MB/IB – Strong growth in user base(>3.7m)& higher ticket size have more than doubled volumes



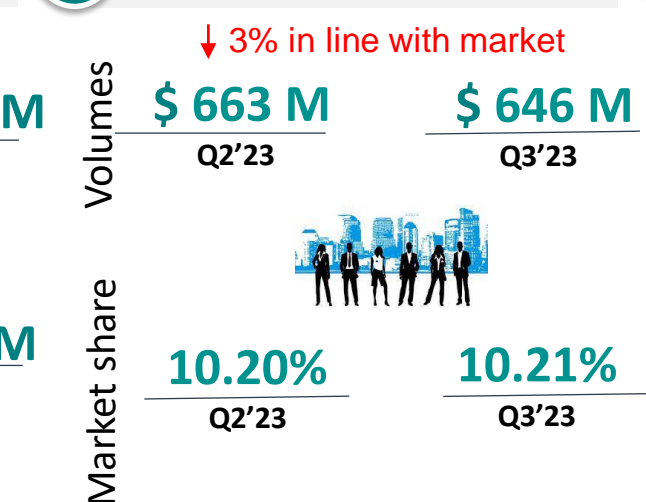
5 Cards base 8.6Mn. 1/3 of country's credit card volume / spend are on HBL



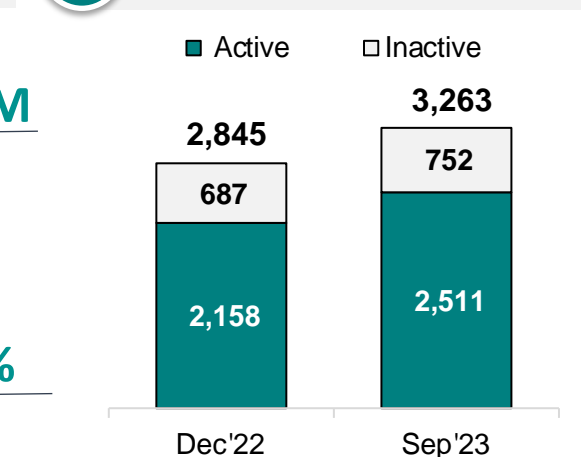
6 Trade Volumes – Overall market share up to 12.8% through higher share of exports



7 Country Remittances decline due to large interbank/kerb gap. Market share maintained at 10%+



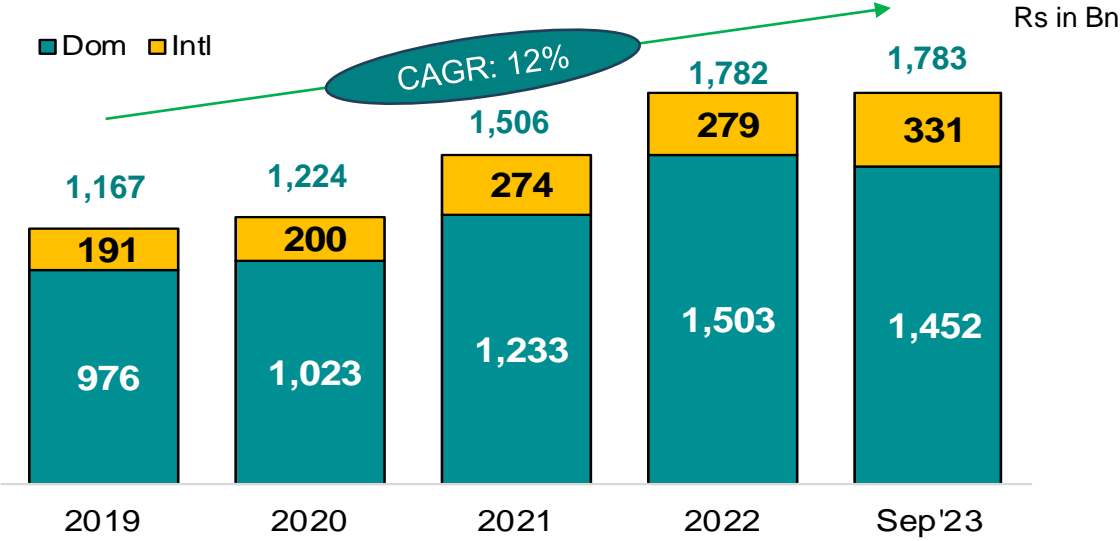
8 Monthly Active Users Mobile : 77%



HBL's Fortress Balance sheet....

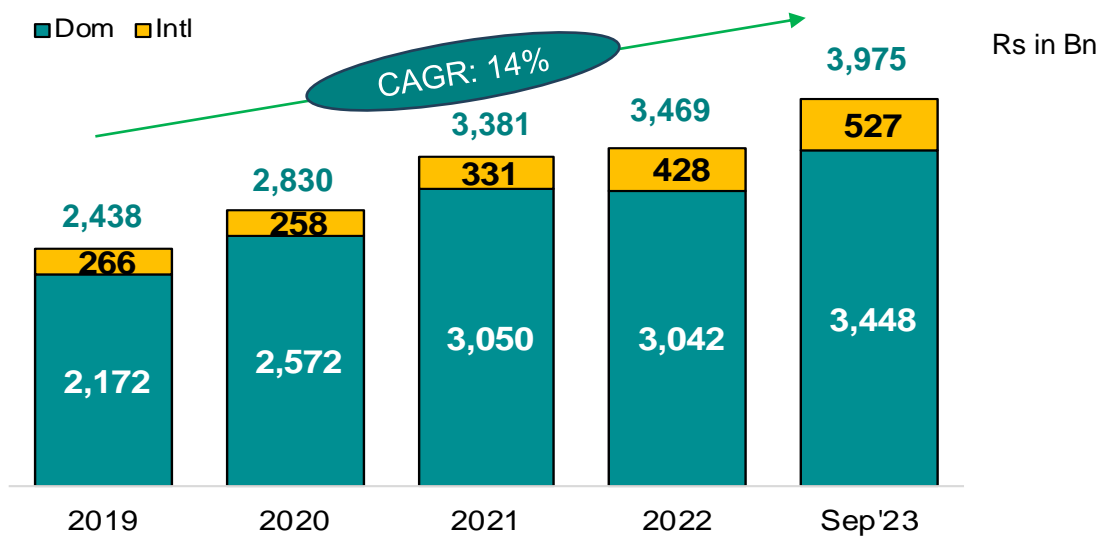
Advances

Supporting customers through cycles



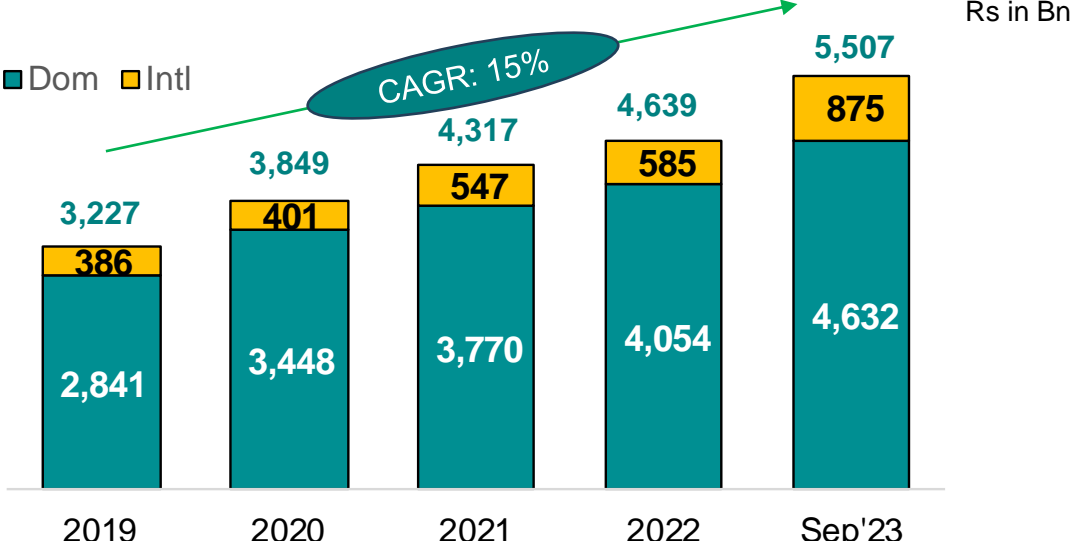
Deposits

Consistent double-digit growth



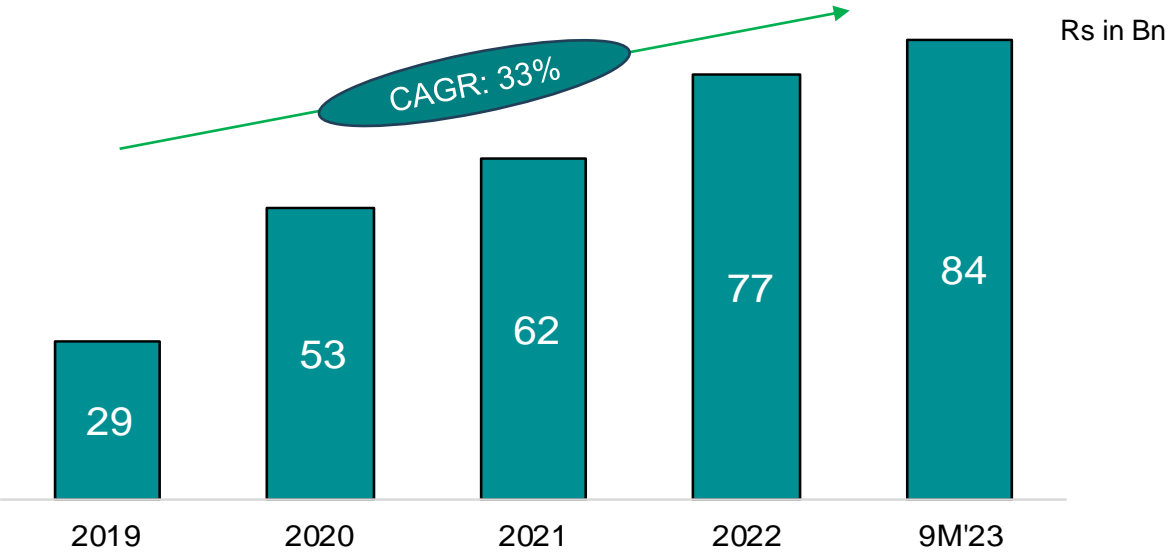
Total Assets

The largest commercial bank Balance Sheet

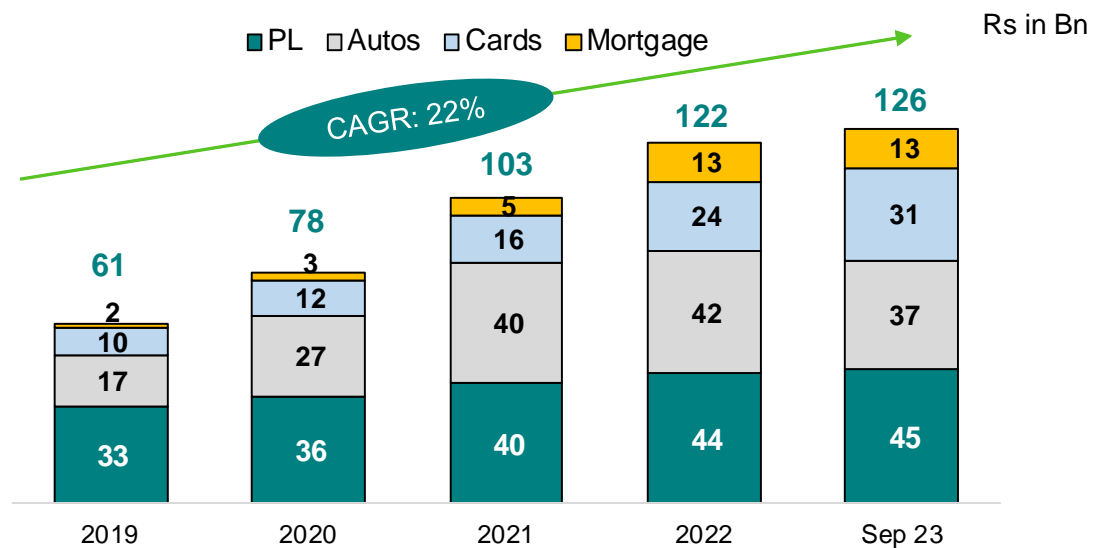


PBT

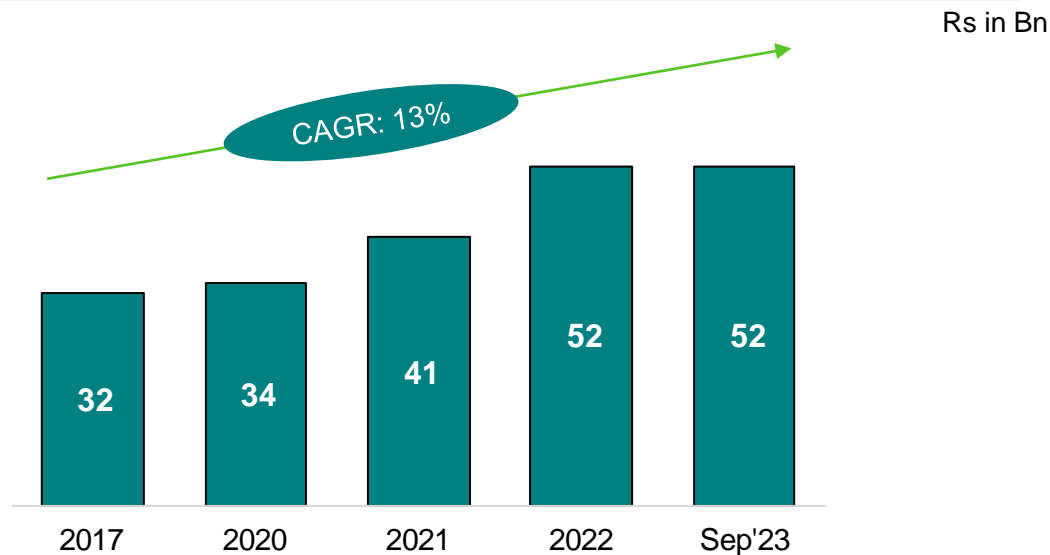
fueling sustainable profitability growth.



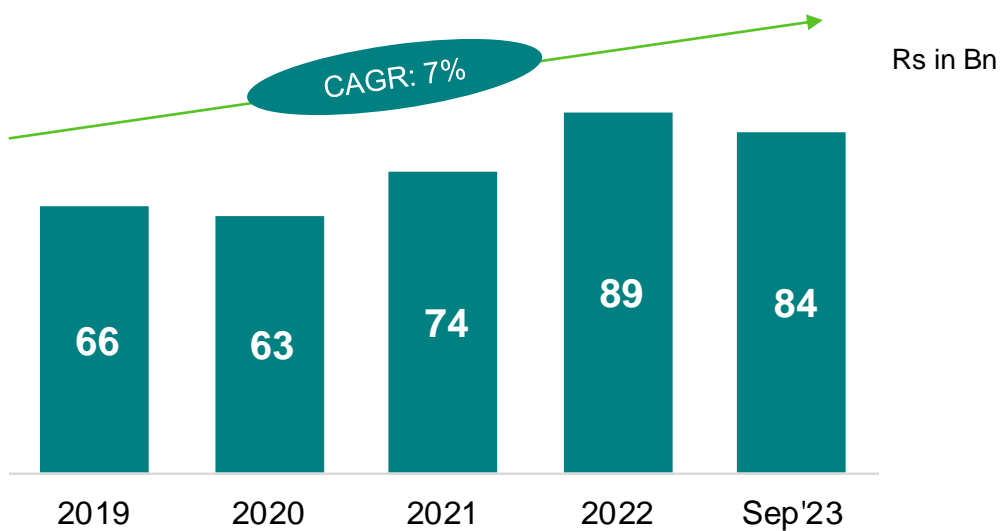
Consumer Lending *Largest consumer book in the industry*



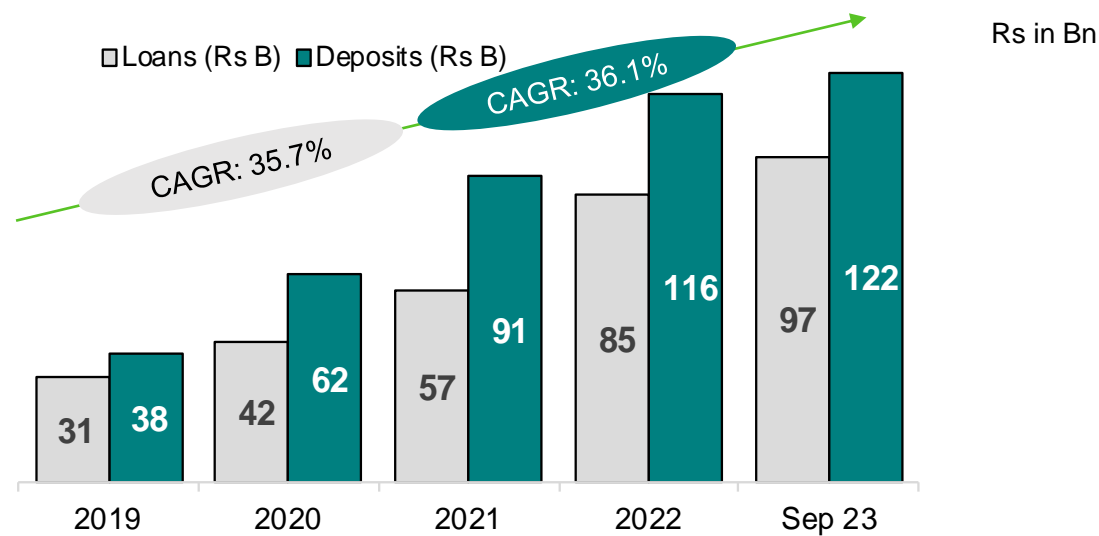
Agriculture *Supporting the mainstay of Pakistan's economy*



SME Lending *Focusing on the 'S'*

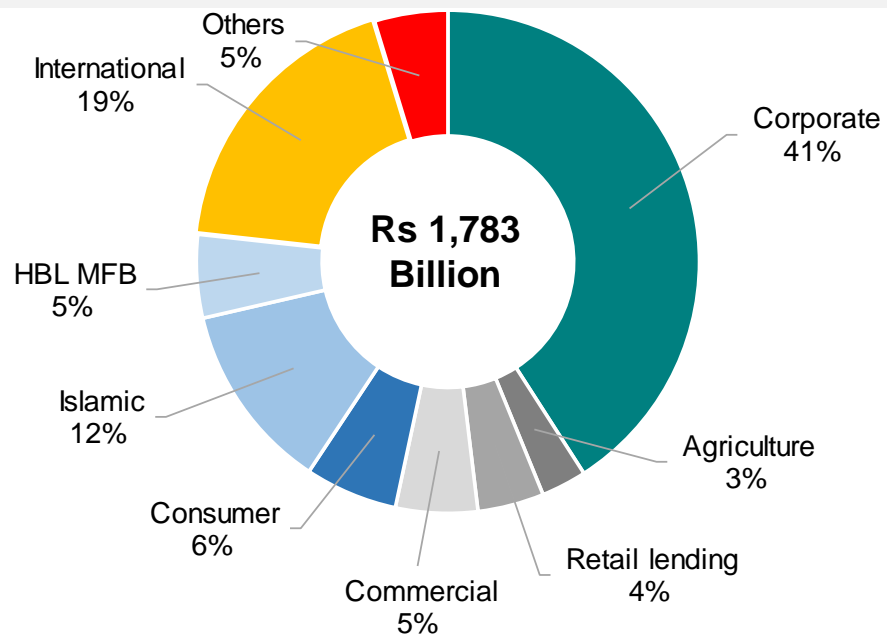


Microfinance *Leading the microfinance landscape*

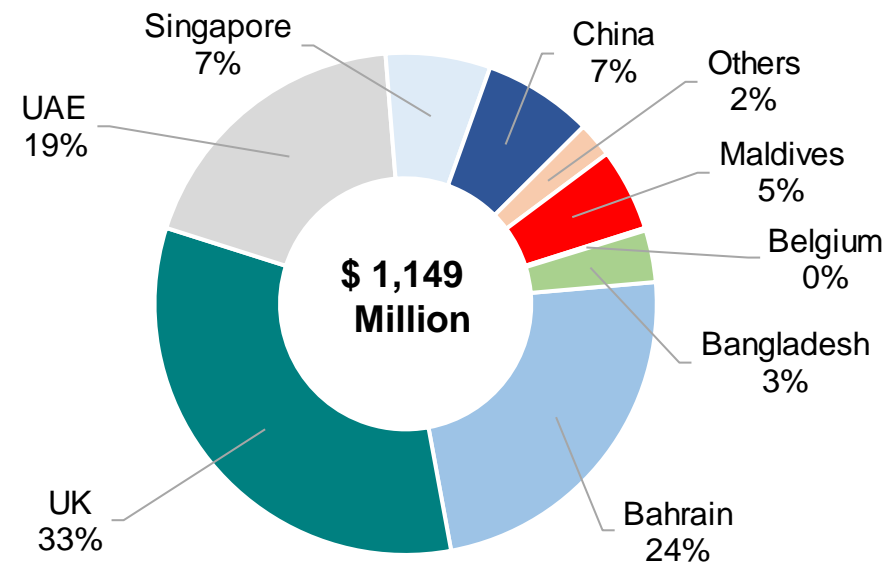


Lending Portfolio holding ground in a turbulent macro-economic environment

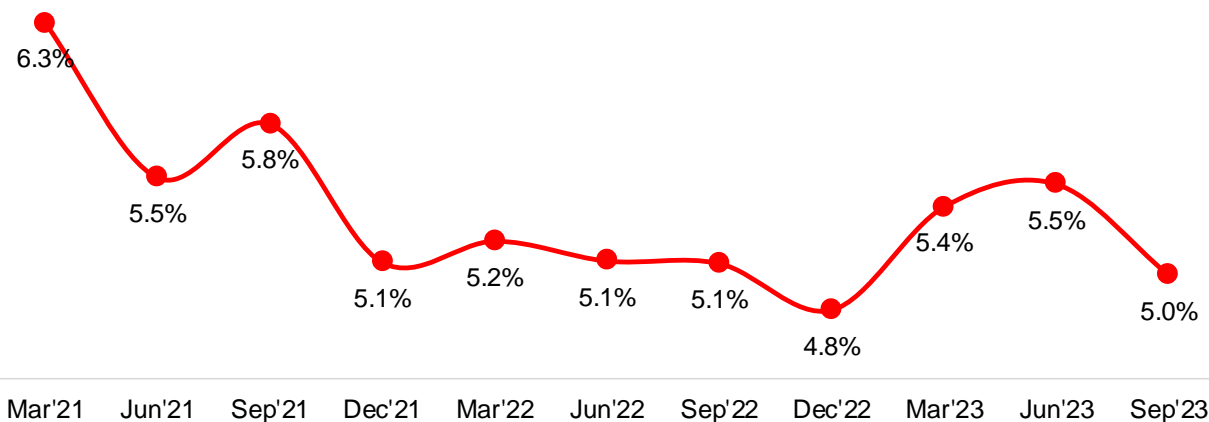
Loan Portfolio composition by line of business



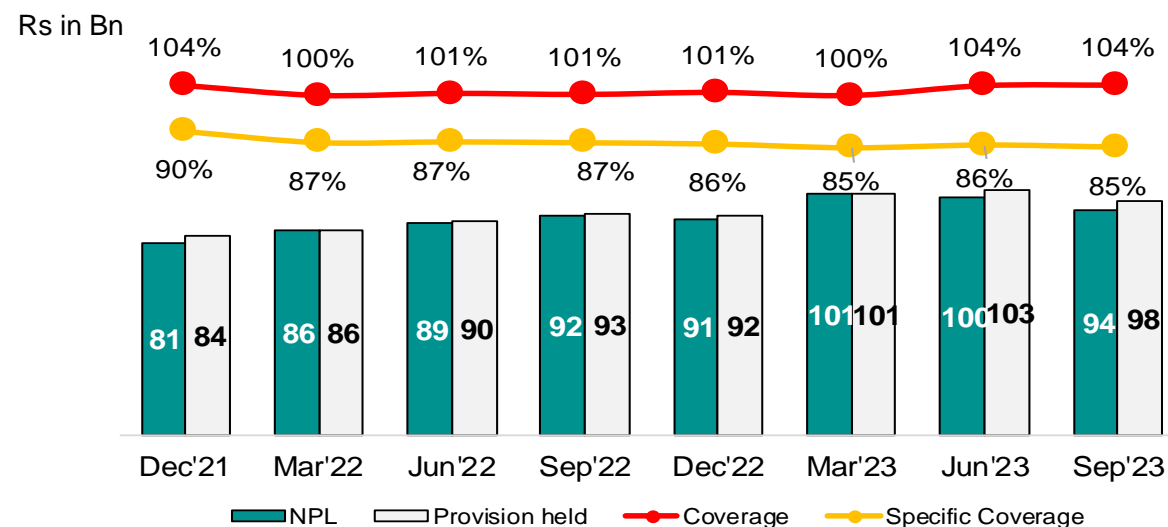
International Loan Portfolio – Location wise



NPLs reducing in real terms. **Infection ratio** improves to 5.0% as lending picks up

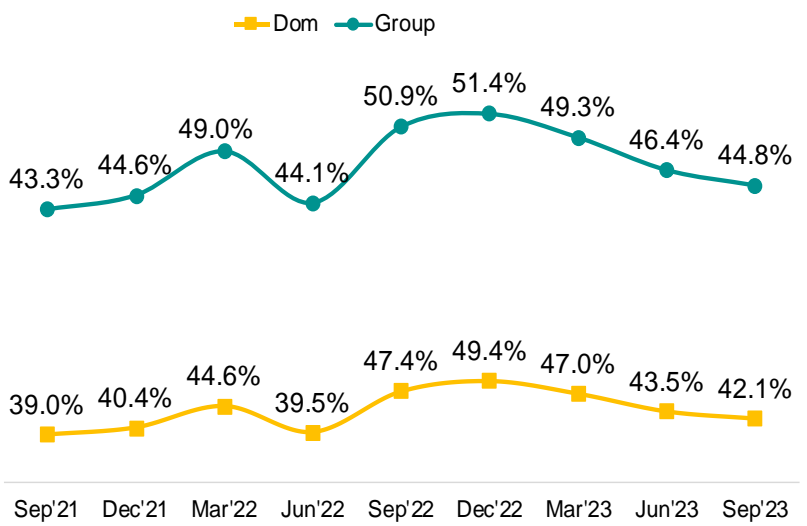


Specific coverage at 85% and total coverage > 100%

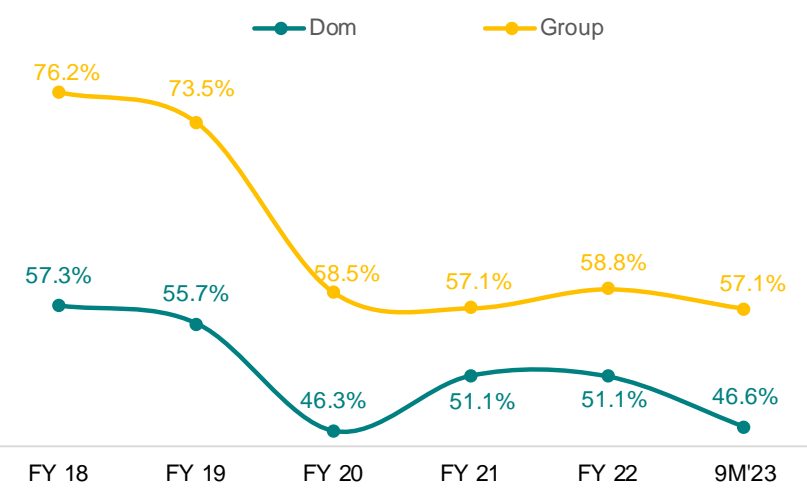


Key Performance Metrics

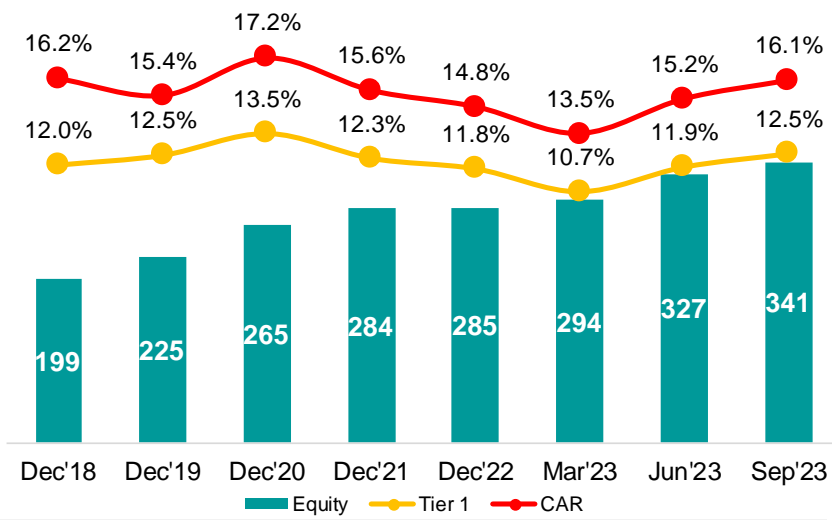
Slowdown in credit demand softens **ADR** to **44.8%**



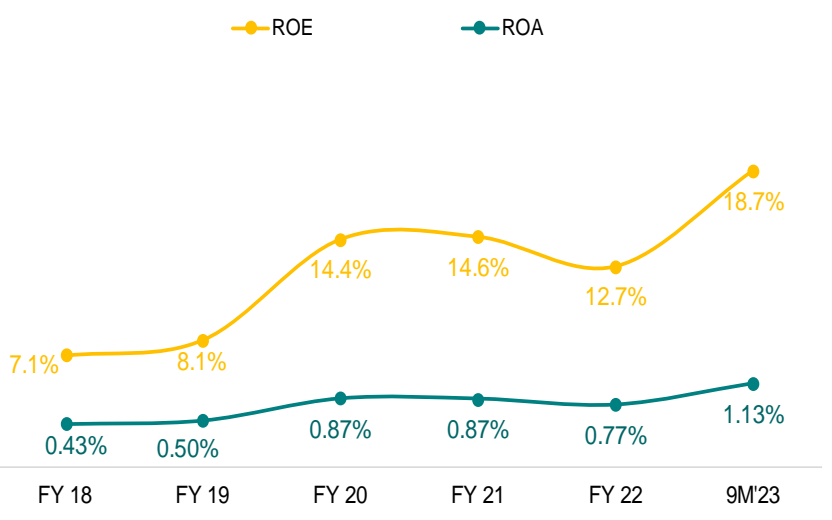
Cost to income ratio – impacted by inflation and devaluation



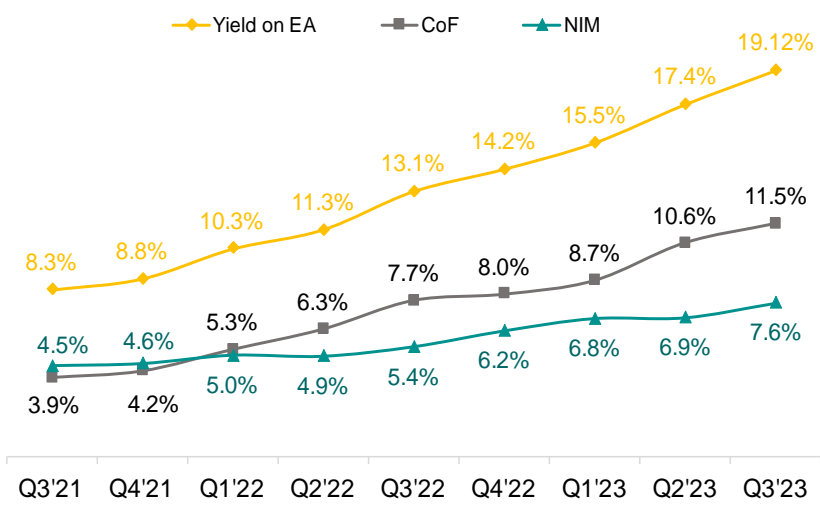
CAR – recovered to Dec'18 levels supported by profitability and asset revaluation



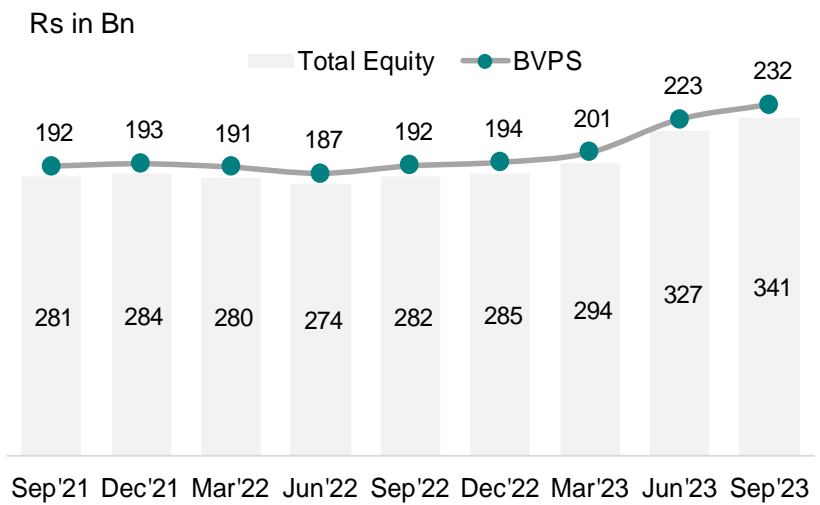
ROA & ROE – Strong profitability boosts returns



NIM – As expected NIMs have increased >70bps in Q3'23 over Q2'23

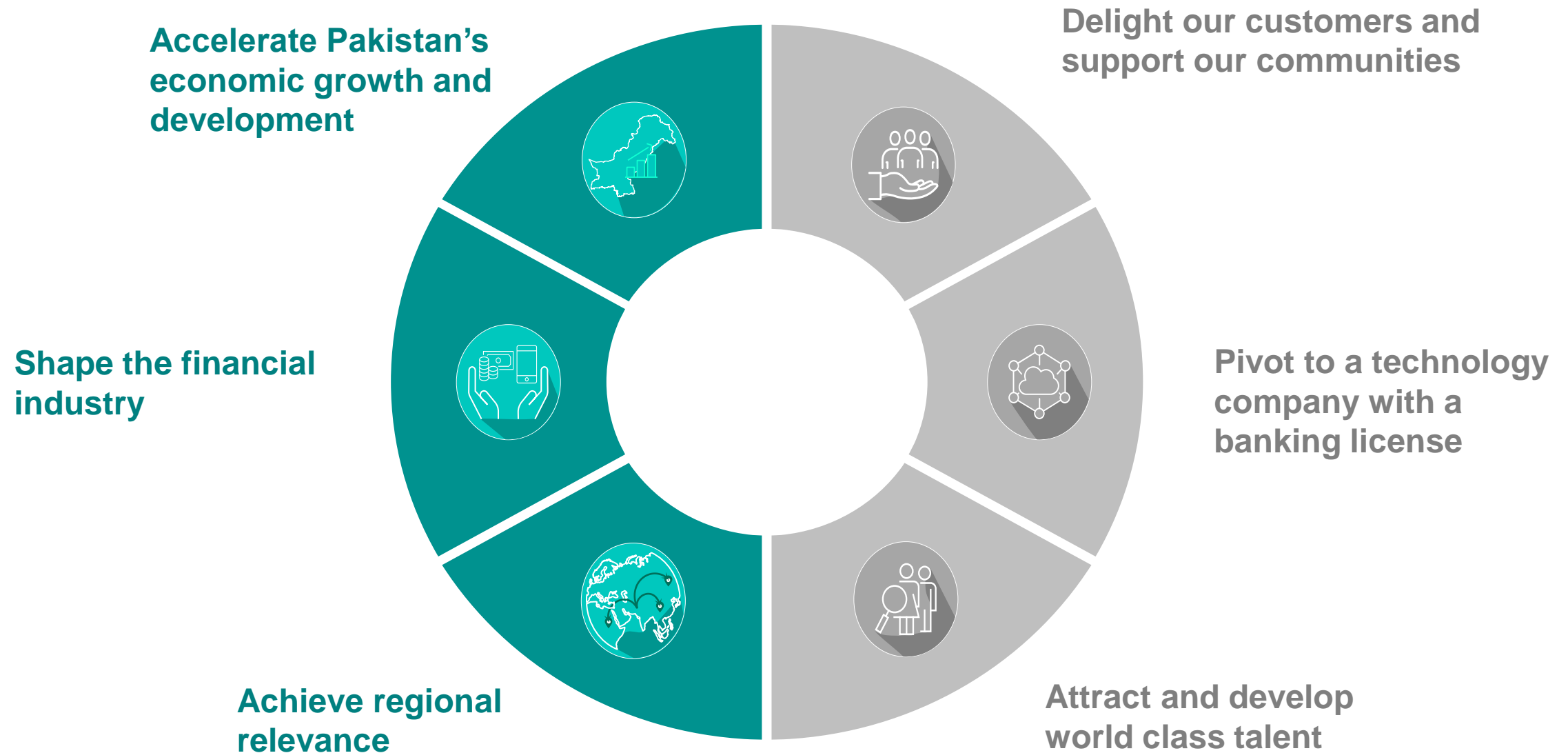


Revaluation of assets and strong profitability supports Book Value



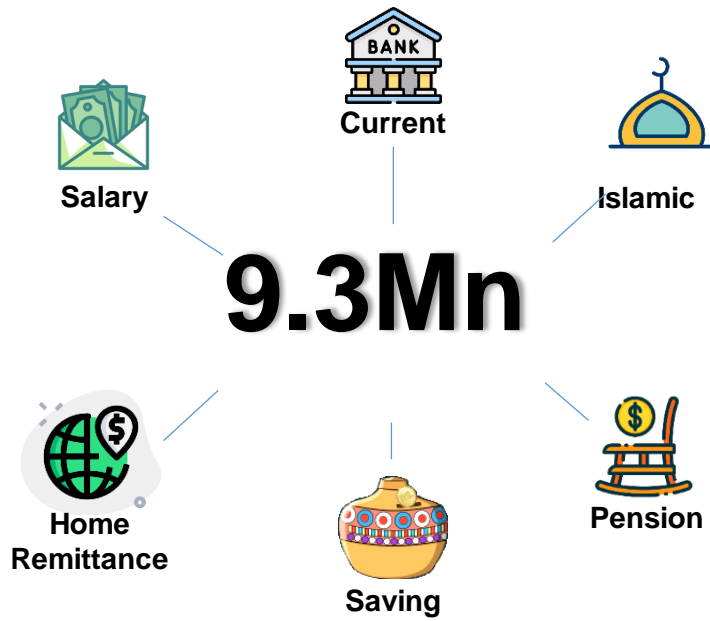
KEY BUSINESS UPDATES





Konnect – the Torch Bearer of Financial Inclusion

Account Services



Digital Lending



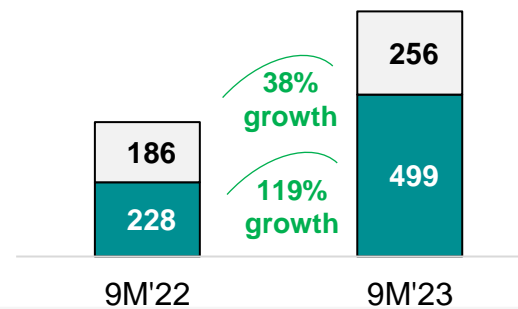
- Small ticket (< 50K), short tenor (1-4 weeks) algorithmic lending.
- Targeted at the most vulnerable with short term cash-bridging needs
- Pilot completed successfully. Commercially launched in September.

Payments

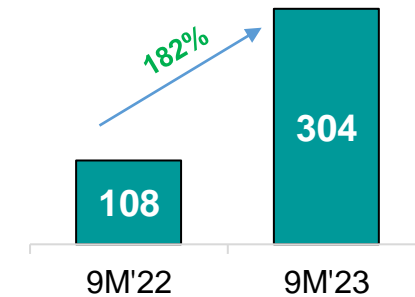


Konnect – Total volumes up 71% YoY

■ Konnect Vol (Rs B) □ G2P Vol (Rs B)



Collections Volume (Bn) - Up ~3x



Channels



App Users
3.0 Mn



Agents
54,000+



ATMs
17,600+ Nationwide



USSD
No smartphone or internet access needed



POS
112k+ machines Nationwide



Branch
1,400+

A preferred partner to the government



Rs 256 Bn+

Subsidy disbursed



11.1 Mn+

Unique beneficiaries



Social Sector



BISP



CARE
International



IRC



Agri Sector



Punjab



KPK



Baluchistan



UN



UNHCR



WFP



WHO



BISP



Regular



Waseela-e-Taleem

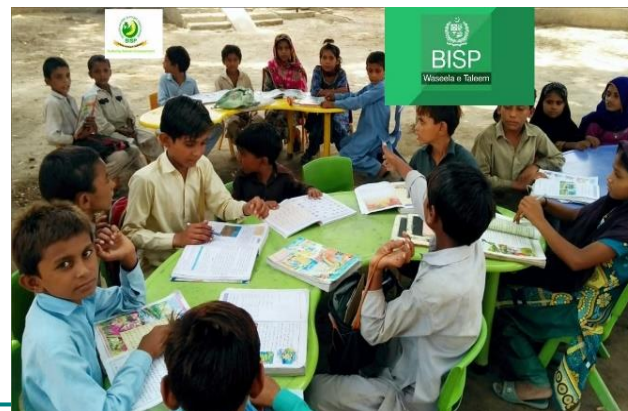


Seed



Wheat

Waseela-e-taleem (*Education*)



Regular



2016

2023

Key Metrics

HBL Mobile

Countries



Customer Segments



Conventional



Islamic



Prestige

Support For Businesses



Corporate Payment



Payoneer



Edu Payment



Tax Payment



QR Payment

Lending & Investment Products



RDA



Loans



Car Loans



Credit Cards



Term Deposit



Mutual Funds



Insurance

Support for Individuals



RAAST



Bill Payments



Account Certificates &
Statements



CNIC Update

Lifestyle Features



Travel



Lifestyle



News



Donations

Users (Mn.)

2.7

↑21%

3.3

Financial Txn. & Service Requests (Mn.)

450

↑48%

667

PKR Value (Tn.)

1.6

↑110%

3.3

Financial Transactions Per User

49

↑23%

60

Daily Engagement

27%

↑15%

31%

No. of days logged in

8.2















↑12%

9.2

9M 2022

9M 2023

Enabling quick and convenient e-commerce transactions

	Payment Gateway	Tap & Pay (mobile POS)
 Customer Segment	 Card, Account & Wallet based	 Card based
 Partners	 Global Card schemes, 19 banks	 Global Card schemes
 Category	 Merchants from 40+ business lines	 Cash on Delivery businesses
 Value Addition	 Enabling e-commerce	 Digitizing Last Mile payments for Payments on Delivery customers
	670+ Merchants	30% PKR Value Market Share
	13% Merchant Market Share	 700+ Daraz Riders using Tap & Pay
		 150+ Paramedics using Tap & Pay

Enabling ecosystem integration and collaboration to future-proof the bank



APIs

- Direct Transfer – Merchant Payments
- Direct Transfer – Merchant Payments from Other Bank Accounts
- MTO – Remittances
- Bill Payments
- Corporate Payments
- Government to People Payments

KEY AUTOMATION THEMES

RULE-BASED DECISIONING



Conversion of human judgment into business rules

AML Alert Monitoring

Basic Eligibility Check

DBR Calculation

Credit Decision

DATA ENTRY



Read Customer Request forms and reduce manual entry

AML Data Preparation

Customer Data Capture

DATA EXTRACTIONS



Bureau and third party system extractions/uploads

Customer Tax Information

Regulatory Report Submission

e-CIB extraction

SCREENING



Customer screening against watchlists and internal systems

International List Management

Adverse Media Screening

Name Screening

WORKSTREAMS



COMPLIANCE



OPERATION SERVICES



ACCOUNT SERVICES



CREDIT ADMINISTRATION



CONSUMER



FINANCE



GOVERNANCE

Improving financial access for Women



28%
Branch Accounts
@ HBL

Rs 569 Bn
Total Deposit in
women accounts



HBL NISA

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



Accounts



Deposit



% of total women
accounts @ HBL

Konnect



Women share of
Konnect accounts

Microfinance

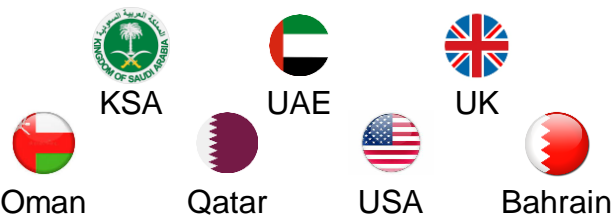


Women customers

Remittances

Market share improved
to 10.21%

Major Corridors



New corridors



New Partners



Payoneer Integration in Mobile app to pull
freelance remittances in account

SME Banking – fueling the Economy

17,956
Accounts



Rs 84bn
Loan Book



Leading Market Share



Cashflow-based lending to creditworthy
customers who cannot offer collateral



Focus on the ‘S’ segment of SME through
Small Business Finance



Digital lending through fintech partnerships



Scoring models for quick decisioning

Asaan Accounts



1.2 Mn+

Rs 20bn
Deposits

Leading Pakistan's agricultural landscape...

Agriculture Value Chain



Financing for businesses with linkages to agriculture e.g. processing units and cold storage

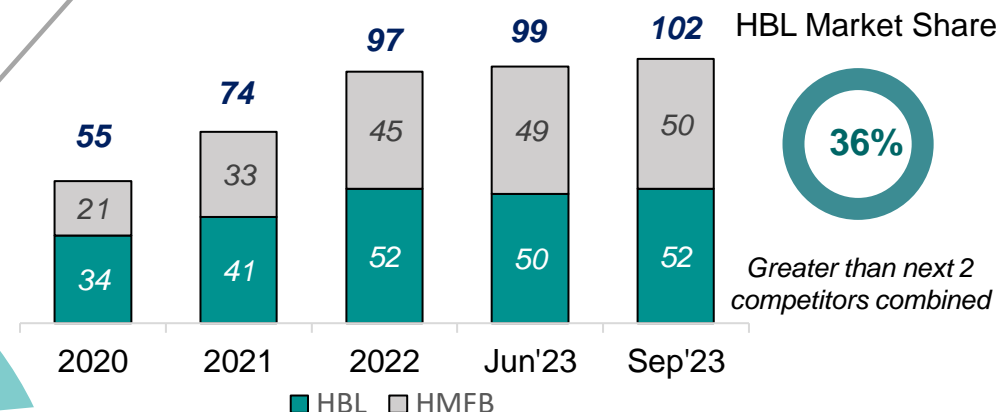
3 Bn+

Portfolio size in **first 2 years**

Innovative Agriculture solutions

- **Invested in Naymat Collateral Management** which accredits warehouses – enables better storage of produce and ability to finance against secure collateral
- **1st bank to fund Electronic Warehouse Receipt.** 70% share of EWR financing for Maize
- **Yield Insurance:** This provides insurance to farmers in-case crop yields are impacted by climate events.

Agriculture Portfolio (Rs. Bn)



Mobile App - Salesflo

- Agri field team provided with **Handheld devices with 4G connectivity** to digitally capture field visits
- **Improved sales management & monitoring** of field activities



Dairy & Livestock Financing



2K+ Dairy Farmers and
125K+ Animals financed



Livestock loan
insurance launched

HBL continues to innovate and transform farmers' lives...

...after a successful proof of concept in delivering Agri interventions, since 2020...



Farmer count up **35x** to 550



Portfolio volumes up **86x** to
Rs 1.3 Bn



60x growth in crop acres to
26,512

Princeton/Yale/CERP
Impact Assessment

Yield per acre

↑ 14% - 118%

Farmers' profit

↑ 15% - 611%

Previous model

HBL Pay



26

Handoffs

-14



12



- Cross-functional team led by technologists and HBL agronomists
- Simplifying processes to reduce hand-offs from the time farmers open an account **at their own farm** to loan approval and disbursement.



8

Farmer Visits

-6



2



18 days

Turnaround Time

-11



7 days

Tablet-based account opening at the farmer's premises



..With HBL Zarai to play key role

First of its kind Agri Extension Services subsidiary of HBL incorporated to uplift & turnaround the agriculture landscape of Pakistan.
To be operational from Q1'24.

HBL's Role



Equity



Banking facilities
and operational
support



Integration with
customers and
business verticals



Farmer's handholding on production and off-take of the produce



Lynchpin of HBL Zarai – 55 Zarai **Deras** (distribution centers over 5 years)

HBL Zarai's Role

Benefits for the farmers

High quality, competitively priced **crop inputs**
at the doorstep through Zarai Deras

Farm mechanization through pay-per-use
model

Creating an efficient marketplace for scientifically
tested and graded Agriculture produce –
connecting farmers directly with bulk buyers`



Input Aggregation



Agronomy

Scientific agronomy advice tailored to
their needs



Mechanization

State of the art storage facilities to
improve storability, avoid panic selling
and facilitate leveraging of crops through
EWR



Warehousing



E-Marketplace









Improving efficiency across agri value chain





Logistics

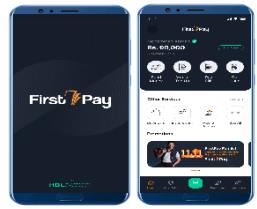
HBL Microfinance – from Pioneers to Leaders

The Largest Microfinance Bank in Pakistan

-  Largest network in **GBC & Baluchistan**
-  **Best Performing Bank** for **Gilgit-Baltistan & Baluchistan** under the National Financial Literacy Program
-  **31 Citi Micro-Entrepreneurship** client recognition awards
-  **Gender inclusion** – 35% women customers
-  **Largest housing portfolio** in the microfinance industry (Rs. 33 billion)
-  **Customer convenience** for loan repayment through Konnect agents
-  **AKDN First – LEED & Advanced EDGE Certified RHQ** in Gilgit
-  **Largest issuer** of PayPak debit cards in the industry for the last 4 years

In-house developed branchless banking system

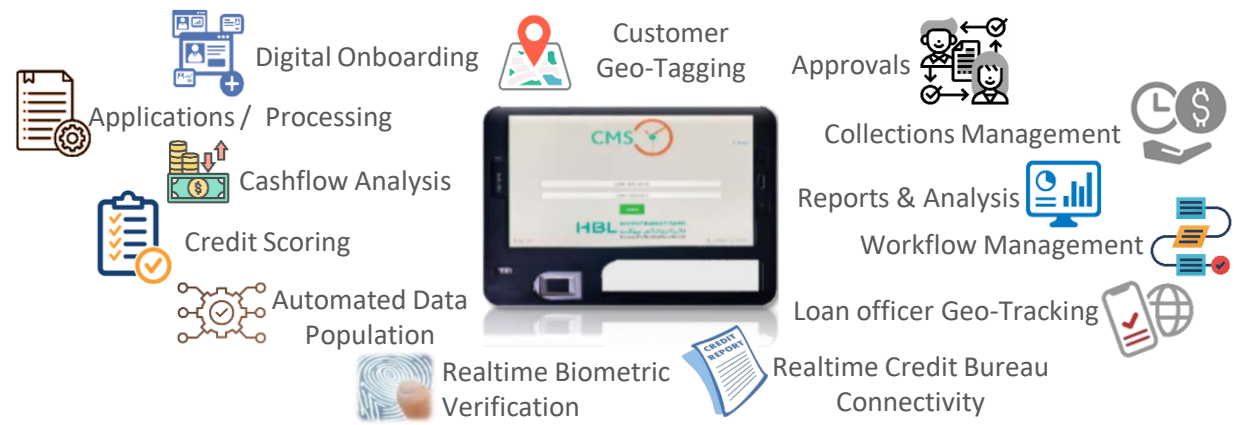
-  **2.0m wallets** as of Sep 2023
LTD 10m transactions worth Rs 24 billion
-  **Nano Loans - scorecard based instant lending**
LTD 130K disbursements worth Rs 702M



First Pay

Taking the BANK to the CUSTOMER

Customer Management Solution - in-house developed tablet-based solution



Deployed in
203 Locations

89% of total YTD 2023
disbursements through CMS

Customer request to disbursement
90% within 48 Hours

Customers

Serving +3.3m

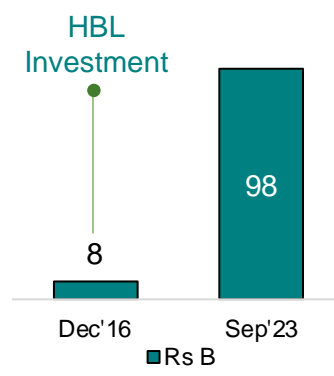


Branch Network

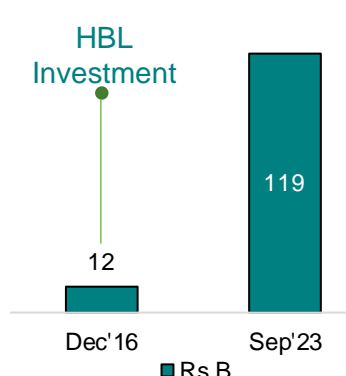
217 Branches



Advances



Deposits



Financial Stability

89%

customers feel that they are more financially stable and empowered after taking a loan



Quality of Life

79%

customers reported that their quality of life has been improved after taking loans from HBL MfB



Improvement in Household

91%

customers feel improvement in their household circumstances after taking loans from HBL MfB



Social Stability

91%

customers feel that they are more socially stable after taking a loan



Business Growth

90%

customers believed that they are able to meet their financial needs though business growth after taking loans from HBL MfB



Reduce carbon footprint and mitigate risks

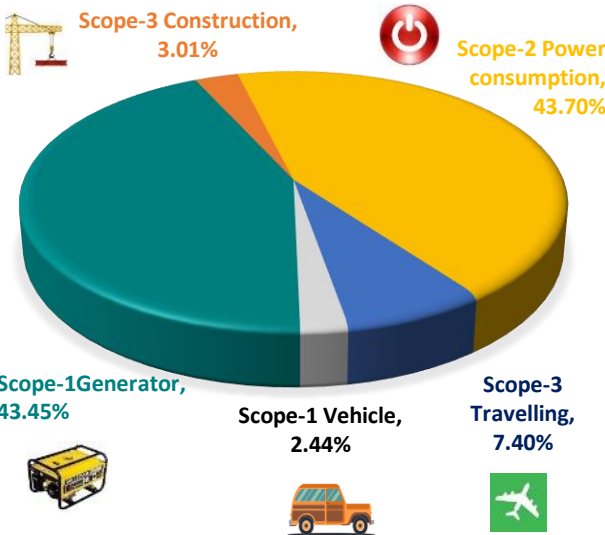
Green House Gas Emissions H1 = 20,410 MT of CO₂

Reducing Own Emissions



Solar Panels at 203 branches and 31 offsite ATMS

Light Automation System for energy conservation



Key Developments



PRINCIPLES FOR RESPONSIBLE BANKING

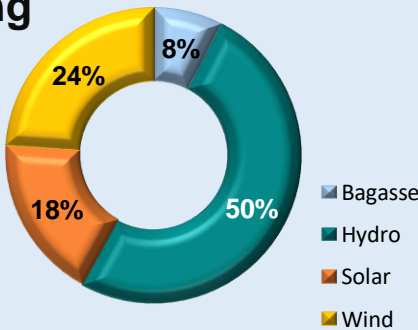
HBL became a signatory to the UN's **Principles of Responsible Banking** and Net Zero Banking Alliance.



First CASI (Capacity Building Alliance of Sustainable Investment) member in Pakistan.

Green Financing

Renewable Energy Exposure of PKR 34bn

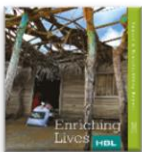


Initiatives & HBL firsts...



Net Zero by 2030

Initiated journey to Net Zero by 2030 for scope 1 & 2 (Own Impact). Engagement with South pole kicked off for preparation of HBL's GHG inventory and Net Zero roadmap



Launched Second Impact and **Sustainability Report**



Sustainability Summit held covering importance of sustainability and HBL's journey towards achieving Net Zero



Three-bin Waste Management arrangement implemented in certain high-value premises.



WWF Green Office certification in process for two pilot branches.



Aga Khan Agency for Habitat (AKAH)

AKAH energy audits completed in Lahore, Multan and Karachi. Suggested energy conservation measures being implemented in a phased manner.



86,130 saplings, including mangroves, planted in Punjab, Baluchistan and Port Qasim, Karachi.

HBL Initiatives



CSR
Corporate Social Responsibility
PKR 556 Mn

Rebuild & rehabilitate (Rs 126 Mn)



Partnered with the Government of Pakistan to fund construction of 100 prefabricated houses in village in Sindh.

HBL Philanthropic funding (Rs 420 Mn)



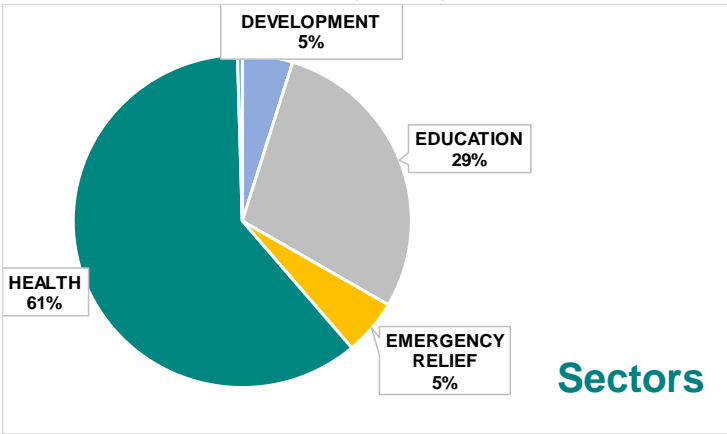
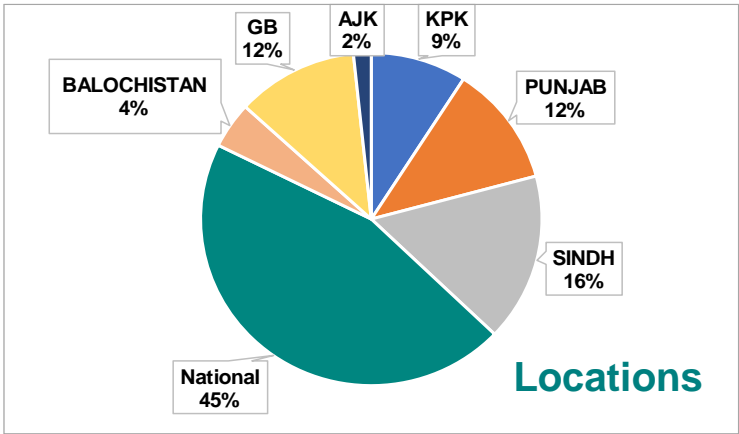
HBL has increased its philanthropic funding to HBL Foundation to Rs 395Mn for H1'23.



HBL also contributed directly to the plantation drive, Ramadan Relief drive and the Special Olympics.

HBL Foundation Initiatives

2023 – HBL Foundation crosses Rs 3 billion in giving



Healthcare | Rs 2 Billion – benefitting ~10 Mn people

- Supported 149 non-profit and government organizations across Pakistan
- Cyberknife and tomotherapy machines for free cancer treatment to patients from all over the world
- Equipping hospitals with latest medical equipment
- Supporting surgical eye and nutritional camps in the remotest areas of Pakistan



Education | Rs 0.9 Billion – benefitting >0.5 Mn students

- Supported 125 educational institutions in all provinces across Pakistan
- Established a pool of STEAM scholarships for girls from underserved communities
- Supporting management of government schools and equipping science and technology labs in the community run schools



Community Development

Support to other community development programs for long-term benefits such as installation of water pumps, emergency relief, provision of water filtration kits, and funding music and culture programs.



Bank with a Soul

First of a kind move, increased service age from **60 to 65 years**

Cognizant of the current economic challenges HBL provided:

- **Interest free** motorcycle loan
- **Electric Bikes** at discounted rates
- **Share Sawari** – an in-house carpool app launched for employees to promote fuel saving & share travel costs

Employee Volunteering Activities rolled out to promote a culture of giving back to the community:

- Blood donation drives
- Tree plantations
- Book drives
- Clean-up drives



Employee Well-Being

Engagement Survey:

- Response rate > 83%
- Engagement score : 86%
- **90%** say that they are **Very Proud to work for HBL**

Flexible work arrangement policy

HBL Raabta - employee assistance program providing counselling and awareness sessions

Day care allowance for women employees with children up to 3 years.

Health & Wellness series and events held for employee awareness



Talent Management & Development

Leadership Excellence program for the Executive Committee, General Managers, and mid-level leaders launched

As part of capacity building, over **500,000 man-hours of training** delivered

HBL's Values Rating now part of annual performance evaluation to drive cultural change

Collaboration with 15 universities to build future talent



Promoting Art & Culture

Promoting Pakistani art and artists through sponsoring exhibitions of internationally recognized artists

Interactive Art Series to build awareness amongst employees and their families about our rich culture and promote art.

Title sponsor of **Karachi Literature Festival**



Diversity

Gender Balance:

2005  3% **2022**  22%

HBL won 15 global awards for Diversity, Equity and Inclusion for the year 2022.

SBP Banking on Equality: HBL ranked #1; HBL MFB Ranked # 2

HBL Waapsi: Opportunity for women to restart professional careers after a break.

Gender sensitization training /engagement sessions to increase awareness



Inclusion for the differently-abled

Awareness trainings to facilitate inclusion.

Sign language training to facilitate understanding and support differently-abled customers and employees.

Accessible infrastructure / services – 1,200 branches with ramps, 400+ 'Talking' ATMs, Braille forms and stationery.

Dedicated internship / work experience programs

Grant facility of up to Rs100k for purchase of assistive devices

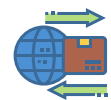
International Business – Achieving Regional Relevance

Deliver Sustainable Profitability



China – Second Home

China as a cornerstone of HBL's International strategy. Become a partner of choice for all China related business



Trade Volumes

Significant trade and payments share in target corridors, with a focus on emerging markets. Grow international trade up to USD 5bn by 2027

Become Relevant to our Global Clients



Footprint Strategy

International footprint revisited – non-core exits in process



Treasury Solutions

Enhance treasury product suite, provide FX solutions and roll-out HBL Infinity at select international locations



Global FI

Develop business opportunities through cultivating and deepening global partnerships



Wealth & Deposits

UAE and UK to spearhead wealth management solutions across the network, leveraging Prestige offerings and HNWI Pakistani client base

Contribute to Shareholder Value



Network relationships

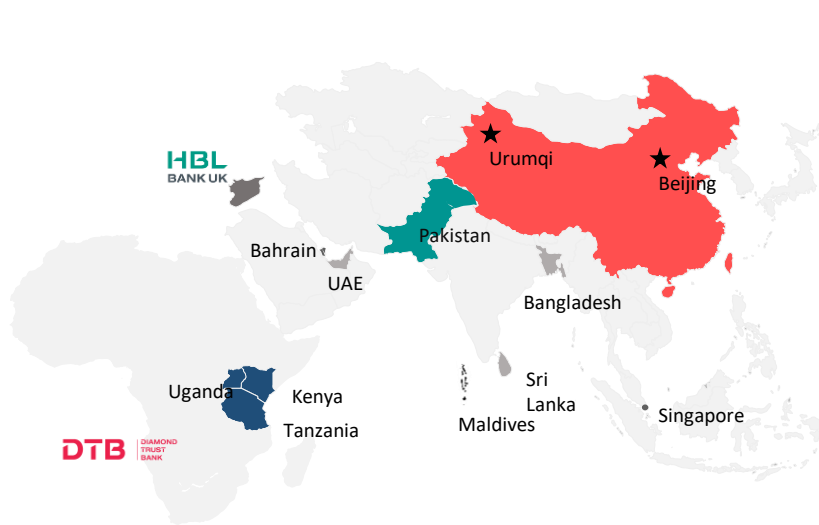
Become preferred banking partner for intra-network business, thereby expanding HBL's relevance across International markets



Home Remittances

Capture remittance share by growing across new corridors and forming strategic partnerships

Only bank in South Asia with presence in Eastern & Western China



Enhanced network connectivity

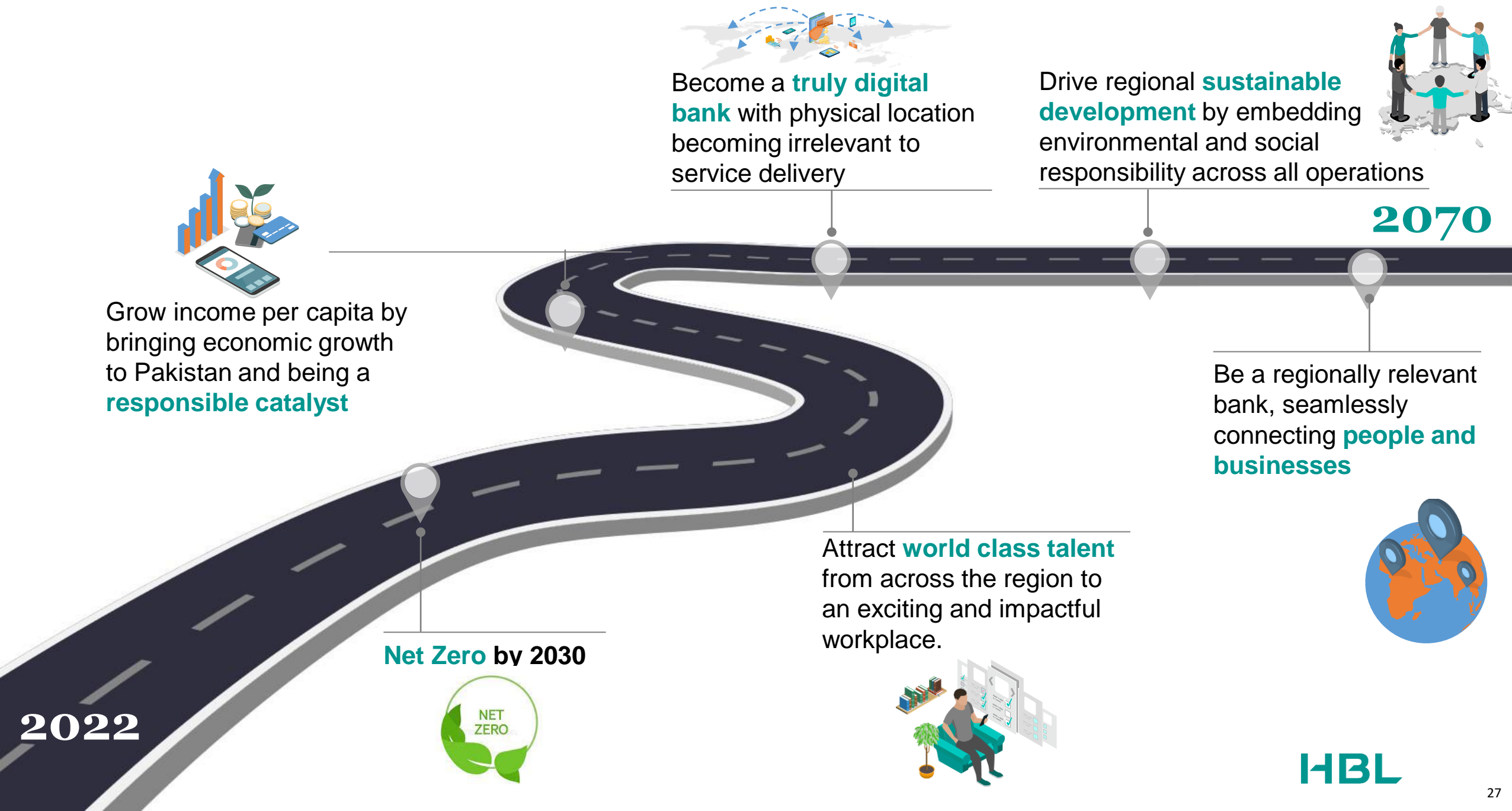
- HBL's successful China coverage model now covers Singapore, UAE, Bangladesh, Sri Lanka and Maldives.
- HBL has multi-location relationships with 22 Chinese companies.
- HBL China has the role of Global Relationship Manager for all Chinese clients to whom the credit line is given by HBL China.

Capitalizing on China presence

- One of the only 3 banks in MENA / South Asia to offer end-to-end RMB intermediation
- Leveraging presence in China to provide discounting to Chinese suppliers
- Focus on capturing salary remittances of Chinese employees from HBL locations.
- Capitalizing on RMB license in China to provide RMB liquidity to other FIs.

Expand Onshore

- China: Recently received access to online RMB borrowing platform – Will allow leveraging of RMB liquidity to increase lending.
- Pakistan: Dominant position as the leading bank for China business. 81 new Chinese customers onboarded in 2023.



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