

HBL



MARKET

Changing consumer trends and technological advancements have transformed the financial sector globally, and Pakistan is no exception. Banks, with a share of 72% in total assets, continue to dominate the asset base of the financial sector. Soaring profit margins have resulted in a substantial increase of new entrants with a corresponding rise in the number of players in the market.

Recently, there has been a trend towards international banks acquiring smaller, local banks in order to gain market breadth. This has created an intensely competitive environment with both local and international banks playing an active role. Brand loyalty is being eroded as customers move to banks that offer the best deals. This has resulted in a focus on non-traditional banking and a mushrooming of product offerings. Proximity to the customer has become a central decision-making factor in their choice of a bank, lending ever more importance to the size of an institution's network.

Hence, the need to differentiate in an arena where expanding networks are supporting a host of increasingly similar products has become imperative. Being the first bank of Pakistan, HBL enjoys a legacy of trust and tradition. Research has shown that HBL has highest top of mind at 32% and highest household penetration at 34%. With over 1,450 branches across Pakistan and in 25 countries around the world, HBL is clearly the market leader in sheer size as well as being the largest multinational organisation in Pakistan.

ACHIEVEMENTS

In 2007, Global Finance declared HBL the Best Bank in Pakistan. The Corporate Banking Group is the largest corporate lender in the country, outstripping the market with a record growth of 24% in funded assets, which reached PKR 238 billion in 2007. HBL Investment Bank has also been a market leader, exemplified by its role in a number of significant transactions, including PKR 15.14 billion Term Finance Certificate issue, the largest privately placed issue in Pakistan, and the

largest local currency financing in Pakistan of PKR 23 billion in the fertiliser sector.

In 2007, HBL Investment Bank maintained its leading market position, closing a total of 42 transactions with a value of over PKR 250 billion. HBL structured and advised on the successful private placement of Term Finance Certificates worth PKR 4.5 billion that approximate the characteristics of a Payment-in-Kind Bond – a first of its kind transaction in Pakistan. HBL also structured a convertible debt note with a built-in put feature for a US-based client selling agriculture technology and dairy solutions – also a first of its kind transaction in Pakistan. In addition, HBL arranged the first bond offering for any microfinance institution on the Asian mainland.

HISTORY

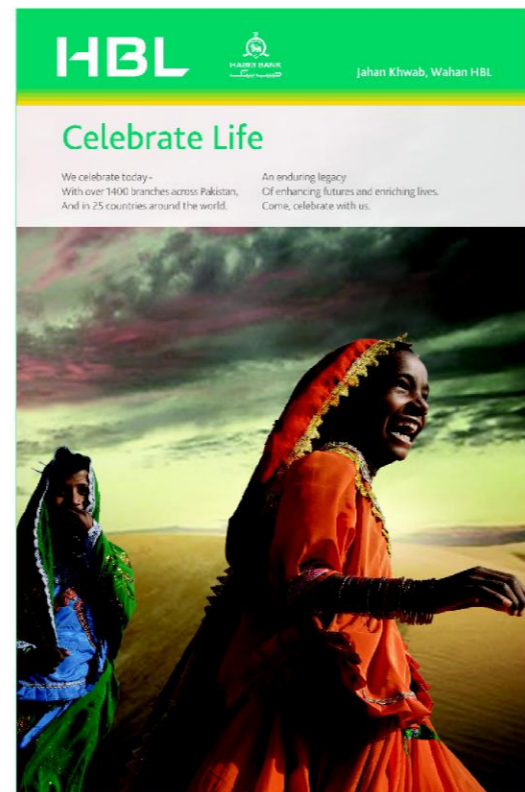
HBL established operations in Pakistan in 1947 with its head office in Karachi. Its first international branch was established in Colombo, Sri Lanka in 1951, and Habib Bank Plaza, a local landmark, was built in 1972.

With a domestic market share of over 40%, HBL was nationalised in 1974 and it continued to dominate the commercial banking sector with a major market share in inward foreign remittances and loans to small industries, traders and farmers.

International operations were expanded to include the USA, Singapore, Oman, Belgium, Seychelles, Maldives and the Netherlands, making it a multinational bank that was truly Pakistani. Today, HBL operates in 25 countries around the world.

On June 13, 2002, Pakistan's Privatisation Commission announced that the Government of Pakistan had formally granted the Aga Khan Fund for Economic Development (AKFED) rights to 51% of the shareholdings in HBL, against an investment of PKR 22.409 billion. On February 26, 2004, management control was handed over to AKFED.

HBL has always been a bank and a brand for the masses, having a history that is inextricably linked with the history of Pakistan itself. As it



continues to grow, both locally and abroad, it strives to embody its brand personality: honest, approachable and inclusive.

THE PRODUCT

HBL played a significant role in developing the small and medium enterprises sector (SME) in Pakistan after its independence in 1947. This resulted in a deep penetration of the Bank in the SME, corporate and agricultural sector and over the years the Bank has become a seasoned player in the market. Adhering to its vision of 'enabling people to advance with confidence and success,' it has expanded its scope to become a finance house in Pakistan as well as for expatriates living abroad.

HBL offers a variety of products and services designed to meet the needs of individual customers and businesses of all sizes. HBL focuses on small investors with its savings accounts and was the first to launch hybrid accounts, including Value Account and SuperValue Account. Current, Term and Foreign currency accounts are tailored to fit a variety of individual needs, from basic to specialist. For commercial customers, HBL offers a BusinessValue Account that earns interest while providing all the benefits of a transactional account. It acts as a mini cash management system for clients and is augmented by a team of dedicated Relationship Managers present at all commercial centers. HBL's offering of personal loans and car loans are targeted to the middle income group and

help bridge financial gaps in their lifestyles. To further this offering, HBL Credit Card was relaunched in 2007 while the existing Debit Card remains a favourite with loyal clientele. Additionally, HBL has introduced Internet and Phone Banking to provide 24/7 services for its customers. Recognising that customers want other products from their bank, HBL has partnered with specialist organisations to ensure value and variety. Partnering with Bancassurance in the insurance sector, HBL now includes pension and child education plans, called Amaan and Tabeer respectively, in its product repertoire.

RECENT DEVELOPMENTS

With the local market becoming increasingly more competitive, HBL sought to distinguish itself not only through its products and services, but also through its brand. While Habib Bank is one of the oldest and best-respected brands in Pakistan, the abbreviation 'HBL' was adopted to build a progressive and contemporary image, while retaining the strength of a glorious heritage. HBL's identity was overhauled with the adoption of a distinctive aqua green as its central corporate colour, supplemented by a gradient bar that represents the rising sun. This is the graphic representation of HBL's brand essence – Enriching Life. HBL itself is written in a font inspired by the Kufic script and the new logo displays the Bank's name in both English and the local language of the country in which the Bank is present.

To maintain consistency through every manifestation of the HBL brand, all 1,450+ branches are receiving new fascia as well as complete internal and external branding materials. Everything that carries the HBL brand has been updated, from signage to advertising, from stationery to plastic cards. A brand identity manual has been developed to ensure streamlined and synergistic graphics and communication across all media.

Branches are undergoing refurbishment to bring them up to date, not only in terms of look and feel, but in terms of services, systems and processes as well. Additionally, all branches are inter-connected to enhance our delivery capabilities.

HBL is sensitive to a trend towards a de-personalisation of services and will maintain its team of dedicated Relationship Managers to provide personal services and custom solutions.

HBL Corporate Banking Group, in consultation with the HBL Treasury, actively marketed Treasury derivatives during the second half of 2007. New and restructured derivative deals in FX Options and Interest Rate Derivatives totalling PKR 4 billion were concluded with corporate customers. In July 2007, HBL was listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Government of Pakistan offered 5% with a green shoe option of 2.5% of its shareholding to the public. HBL's IPO raised over PKR 12 billion and was deemed the largest public offering in Pakistan as part of the privatisation process.

PROMOTION

HBL's strategy and brand values emphasise a straightforward approach in all communication. From its corporate brand to its individual products, the communication is lucid, the message is simple and the look and feel is consistent. The aim has always been to have a message that is clear, precise and relevant to both the audience and the market. Its tag line, "Jahan Khwab, Wahan HBL," is used on all marketing collateral and across all media. These parameters ensure that the brand identity is cohesive, credible and helpful throughout the organisation.

HBL's approach to advertising strategy is product-specific. All communication aims to cut-through the financial jargon to speak directly to the consumer in a language that he can understand and relate to. Launched in the UAE, the HBL Fast Transfer campaign was based on the single-minded fact that it is a free service. Real-life testimonials were filmed in overseas locations to establish authenticity. Similarly, Value Account and SuperValue Account also employed testimonials that communicated the essentials – tenor and interest rate. HBL PhoneBanking evinced the ease of use and convenience of a system that is available anytime, anywhere for free.

HBL is always sensitive to its heritage. The corporate thematic for 2007 was launched prior to the days leading to 14 August (Independence Day). The ad, aimed at increasing top of mind and spontaneous recall, captured aspects of celebration through indigenous dances across the nation. Not only was it a celebration of the country's rich heritage, but also a portrayal of the way HBL's extensive reach has enriched lives.

In addition to sponsorships and donations, HBL



supports cricket as its primary sport. Taking the theme of Enriching Life further, the

cricketers' campaign brought to light the little known fact that Shahid Afridi and Younus Khan are employees of HBL. In its role as an enabler, HBL has helped launch their careers, making it possible for them to play the sport professionally.

BRAND VALUES

The essence of HBL's brand is that it is an enabler in the lives of ordinary people everywhere. This is the central thought that guides all its communication and expresses that the bank has always sought to be wherever there are people.



HBL's values are the fundamental principles that define its culture and are brought to life in its everyday attitude and behaviour. Excellence is at the core of the products and services we provide, Integrity is maintained through relationships built on trust. Customer Focus ensures we put the customer first. Meritocracy fosters a work environment based on ability and achievement. Progressiveness leads to innovation, enlightenment and the spirit of enterprise.

These five values are at the heart of everything the Bank does and stands for, both within the organisation and at any customer touch point.

www.hbl.com

THINGS YOU DIDN'T KNOW ABOUT HBL

- Quaid-e-Azam, the founder of Pakistan, was the first account holder of the Bank.
- HB Plaza, the head office in Karachi, was designed in the shape of a pile of coins, giving it its signature look.
- On October 5, 2005 an earthquake with a magnitude of 7.6 struck the city of Balakot in Kashmir, virtually wiping out the village. In order to meet local banking needs, and to ensure the continuing supply of funds in an emergency situation, HBL set up a branch in a container within 24 hours. HBL offered services to consumers of any bank.
- HBL was the first bank in Pakistan to introduce credit cards in 1966, ATMs in 1986, and foreign currency accounts in 1973.

