

HBL



**BAML - AHL Pakistan roadshow
18 - 19 July 2016**

Pakistan's No. 1 commercial bank

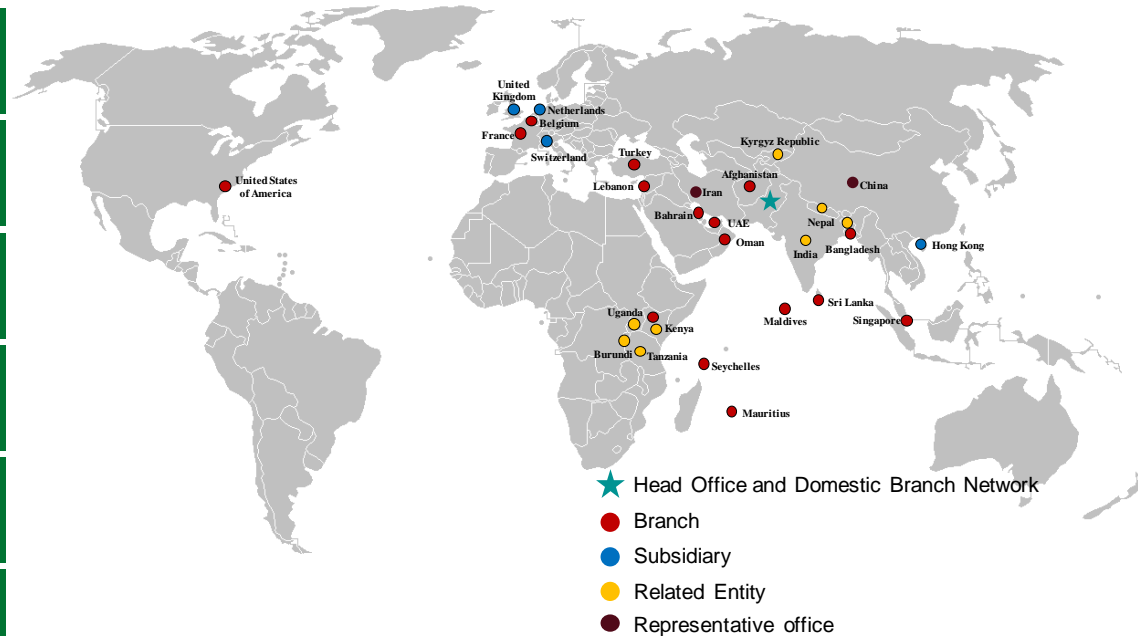


1 bank in Pakistan by⁽¹⁾:

#1	Assets	PKR 2,208bn (US\$ 21bn)
#1	Deposits	PKR 1,595bn (US\$ 15bn)
#1	Net profit	PKR 35bn (US\$ 334mn)
#1	# of Domestic Branches	1,664
#1	# of ATMs	1,983
#1	# of Customers	9mn +
#1	Market capitalization	PKR 291bn (US\$ 2.8bn)

- HBL maintains a AAA/A-1+ rating (JCR-VIS)⁽²⁾ with a stable outlook
- Track record of 75 years
- Universal banking model across financial services including asset management and insurance segments

International footprint



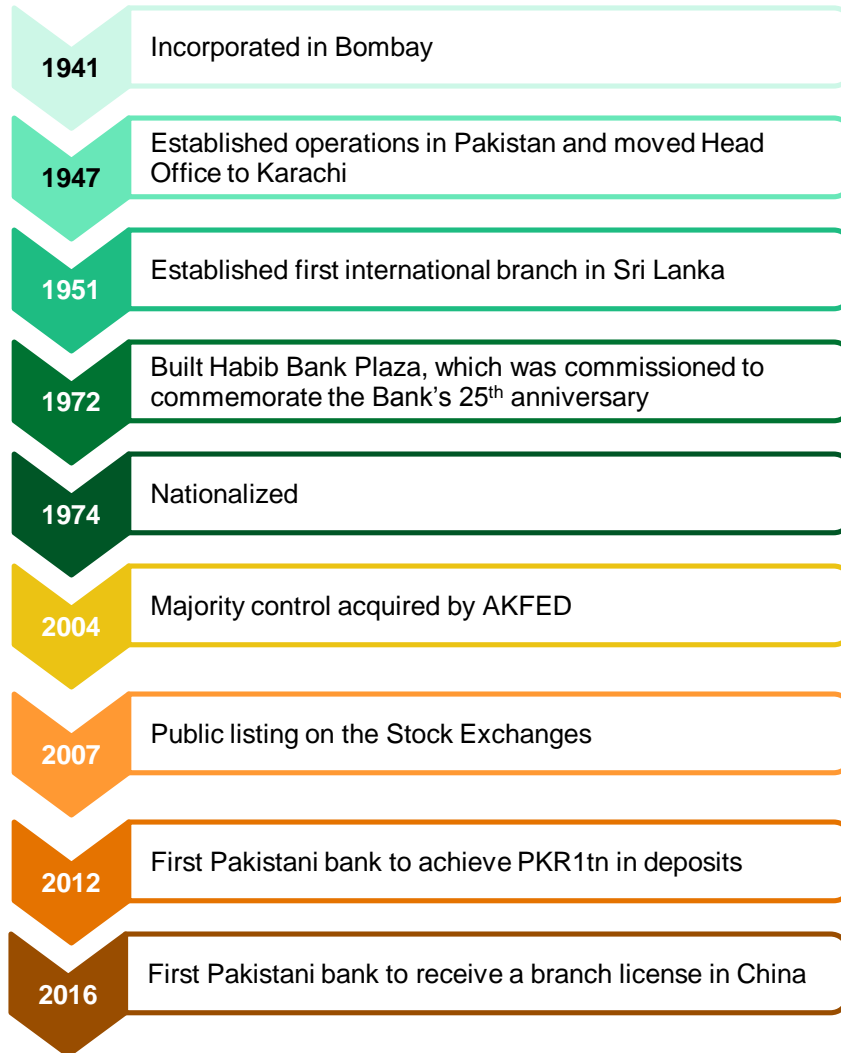
- One of the largest banking networks in South Asia
- Overseas coverage in 28 countries
- Network covers major financial hubs and 65 international branches

Note: Based on US\$1.00: PKR 104.83

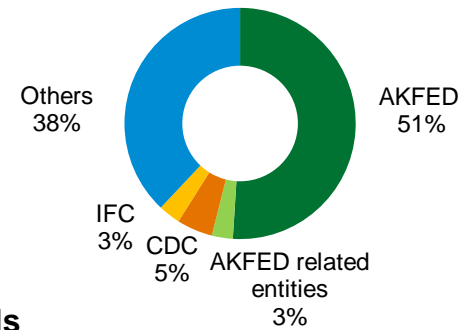
(1) As of March 31, 2016 except:
 - Net profit for the year ended December 31, 2015 and
 - Market capitalization as of July 11, 2016

(2) Japan Credit Rating Agency - Vital Information Services.

Corporate milestones



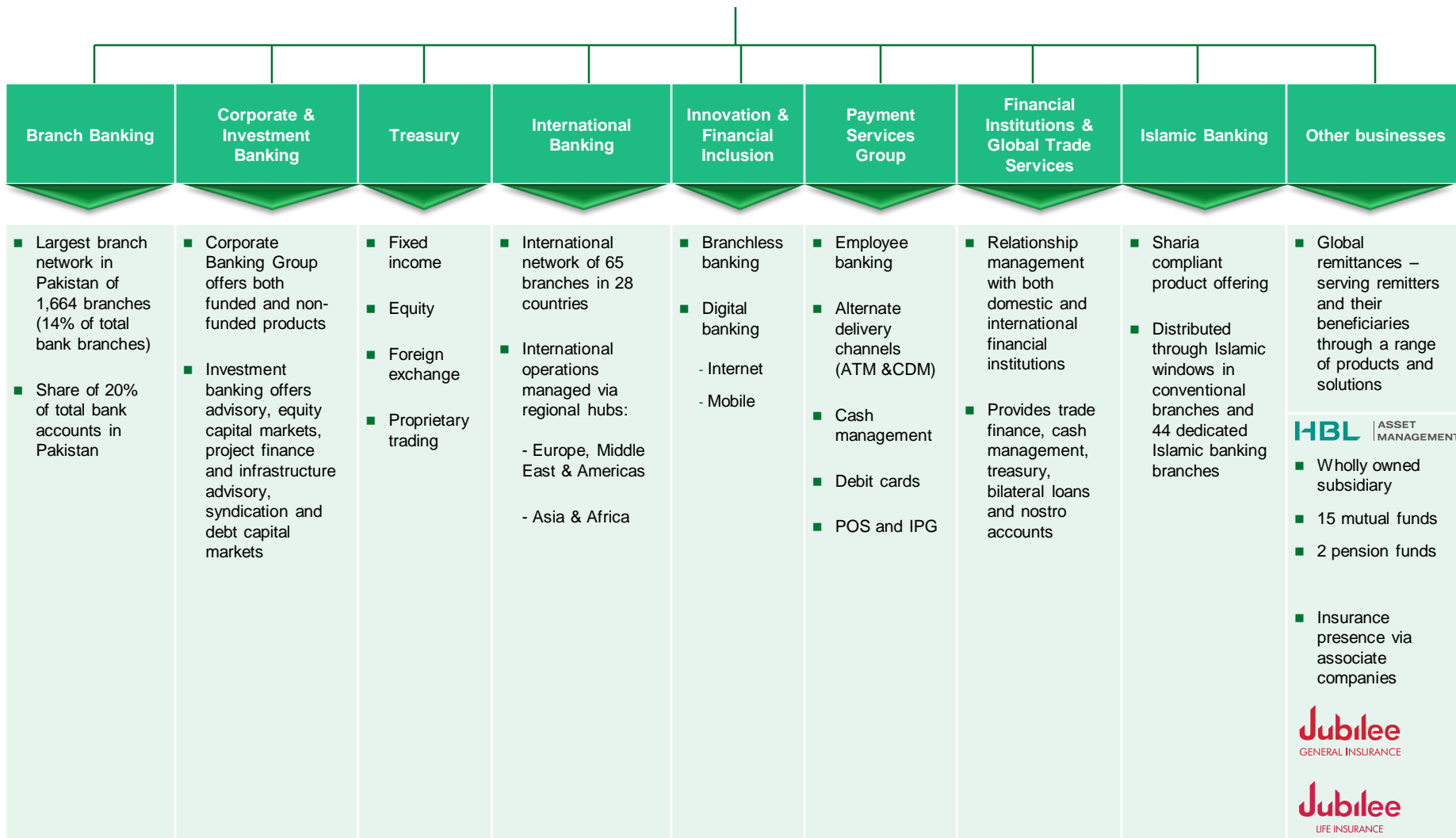
Current shareholders



Major awards



HBL



Visionary and accomplished Board



Chairman



Sultan Ali Allana
Chairman

- Mr. Sultan Ali Allana has been Chairman of the Board of Directors of HBL since February 2004. He has over 30 years of experience in the financial and banking industry
- He also serves on the Boards of The Aga Khan Fund for Economic Development, Tourism Promotion Services Pakistan Ltd, Jubilee Holdings Ltd (East Africa), Jubilee Life Insurance Company Ltd and Industrial Promotion Services (Pakistan) Limited.
- Mr. Allana has also served as the Chairman of the First Microfinance Bank and been a member of the Executive Committee of the Aga Khan Agency for Microfinance.

President & CEO



Nauman K Dar
President & CEO

- Mr. Nauman K Dar, President & CEO of Habib Bank Limited, is a banker with over 32 years of banking experience
- He also serves as Chairman of Habibsons Bank Limited, UK, Habib Allied Holding Limited UK, and Habib Finance International Limited, Hong Kong
- In the past Mr. Dar has also held senior positions in Habib Allied Bank Plc, Citibank and Bank of America.

Directors



Sajid Zahid
Director

- Mr. Sajid Zahid is a Barrister with over 39 years experience in Corporate and Commercial Law.
- He is Joint Senior Partner at Orr, Dignam & Co.
- Mr. Zahid has previously served as a Director on the Boards of various companies including Pakistan Petroleum Limited.



Moez Ahamed Jamal
Director

- Mr. Moez Ahamed Jamal has experience of over 36 years in the financial sector.
- He currently serves on the Boards of Diamond Trust Bank Kenya Limited, Marcuard Family Office, Switzerland, Jubilee Holdings Limited (East Africa) and Global Finanz Agency AG. He is a Partner of JAAM AG, an investment advisory company in Switzerland.
- Mr. Jamal has also held senior positions in Credit Suisse and Lloyds Bank International.

Directors



Shaffiq Dharamshi
Director

- Mr. Dharamshi is a banker with over 23 years of banking experience in the Middle East and Africa
- He currently holds the position of Head of Banking at AKFED, and is responsible for overseeing the operations of banks in AKFED's portfolio across Asia and Africa
- He also currently serves on the Boards of Diamond Trust Bank Tanzania Limited, Diamond Trust Bank Uganda Limited, Diamond Trust Bank Kenya Limited, Kyrgyz Investment and Credit Bank and DCB Bank Limited, India.



Agha Sher Shah
Director

- Mr. Agha Sher Shah has over 28 years of experience in the financial sector
- He is currently Chairman and Chief Executive of Bandhi Sugar Mills (Pvt) Limited. He also serves on the Boards of Attock Cement Limited, Sui Southern Gas Company Limited, Thatta Cement Company Limited, Newport Containers Terminal (Private) Limited and Triton LPG (Private) Limited.
- Mr. Sher Shah has also held the position of Senior Portfolio Manager at the Abu Dhabi Investment Authority.



Dr Najeed Samie
Director

- Dr Najeed Samie has over 34 years of experience in the corporate and financial sector
- He is currently the Managing Director of PIA Investments Limited and is a Director of the Roosevelt Hotel Corporation and the Parisien Management Company Limited, amongst other tourism related companies.
- Dr. Samie has also served as the Chairman of State Life Insurance Corporation of Pakistan, Alpha Insurance Company Limited and PICIC.

First class senior management team



- Experienced management team with significant experience with HBL and other local and international banks
- Strong track record of growth and profitability overseeing HBL's net profit increasing from PKR17bn to PKR35bn between 2010 and 2015 (+16% CAGR)

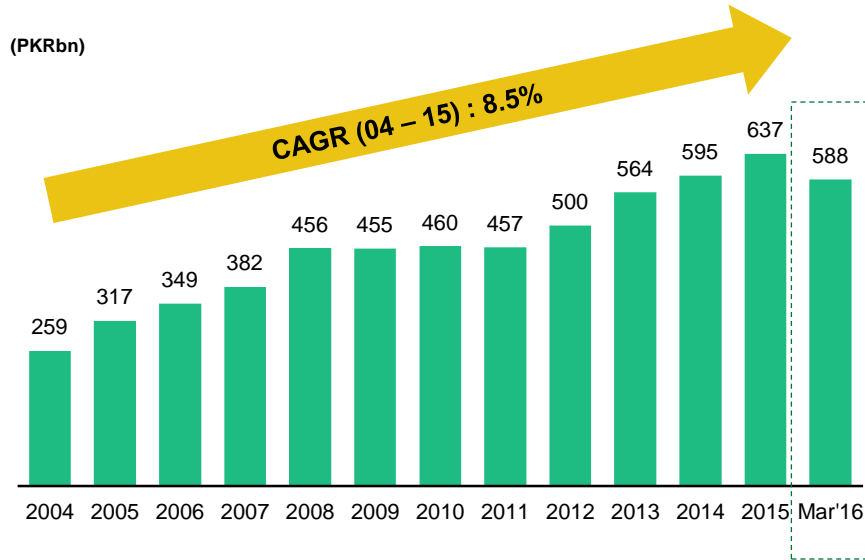
 <p>Nausheen Ahmad Company Secretary & Head Legal 10 / 10 / 28⁽¹⁾</p>	 <p>Tariq M. Akbar Head, Global Operations 16 / 40 / 41⁽¹⁾</p>	 <p>Salim Amlani Chief Compliance Officer 11 / 40 / 40⁽¹⁾</p>	 <p>Naveed Asghar Chief Marketing Officer 2 / 2 / 23⁽¹⁾</p>
 <p>Mirza Saleem Baig Head, Islamic Banking 15 / 31 / 33⁽¹⁾</p>	 <p>Rizwan Haider Chief Risk Officer 14 / 35 / 36⁽¹⁾</p>	 <p>Abbas Hasan Head International Banking Europe, Middle East & Americas 4 / 31 / 32⁽¹⁾</p>	 <p>Aamir Irshad Head, Corporate & Investment Banking 11 / 25 / 28⁽¹⁾</p>
 <p>Sima Kamil Head, Branch Banking 15 / 30 / 30⁽¹⁾</p>	 <p>Rayomond Kotwal Chief Financial Officer 2 / 19 / 30⁽¹⁾</p>	 <p>Salahuddin Manzoor Global Treasurer 6 / 33 / 33⁽¹⁾</p>	 <p>Dr. Aamir Matin Head Technology Strategy 1 / 5 / 30⁽¹⁾</p>
 <p>Abrar Mir Chief Innovation & Financial Inclusion Officer 1 / 15 / 21⁽¹⁾</p>	 <p>Jamal Nasir Global Head Human and Organizational Development 2 / 19 / 29⁽¹⁾</p>	 <p>Faiq Sadiq Chief Internal Auditor 16 / 26 / 26⁽¹⁾</p>	 <p>Abid Sattar Head International Banking Asia & Africa 11 / 33 / 33⁽¹⁾</p>
	 <p>Khalid Mohsin Shaikh Head, Structured Credits 3 / 22 / 31⁽¹⁾</p>	 <p>Anwar Zaidi Head, Financial Institutions & Global Trade Services 14 / 35 / 35⁽¹⁾</p>	

HBL's management team is highly experienced in managing domestic and international banks

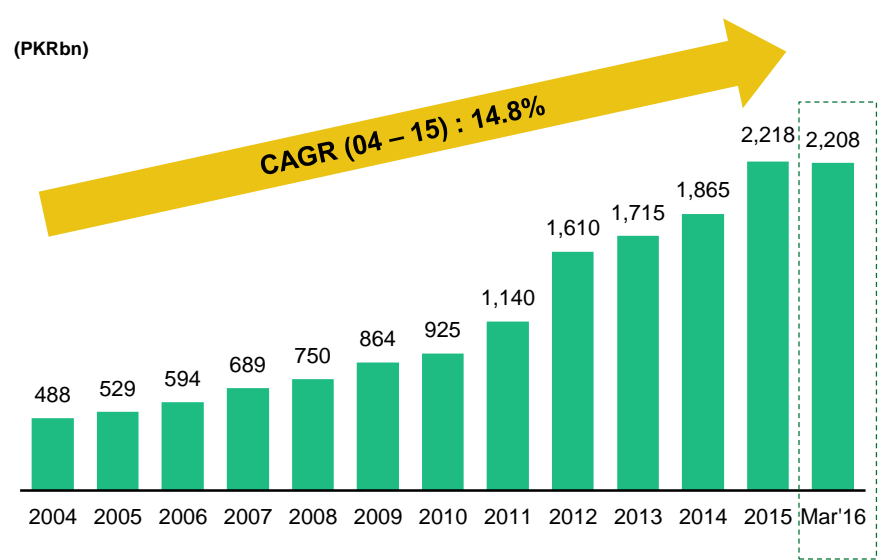
(1) Number of years in HBL / years in banking / Total work experience .

Progress since privatization – Balance sheet **HBL**

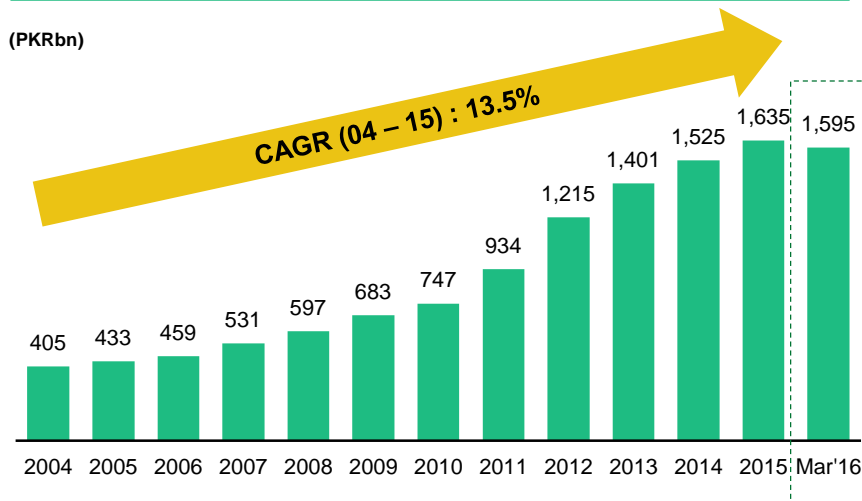
Net Advances



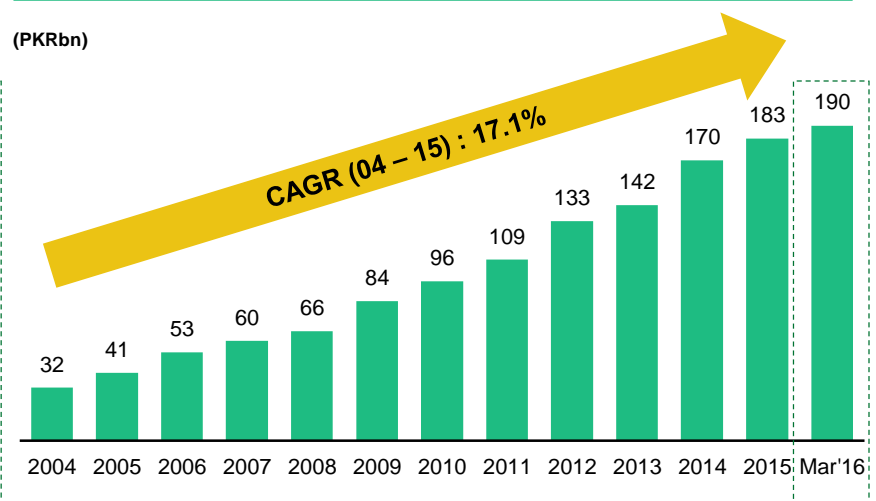
Total assets



Deposits



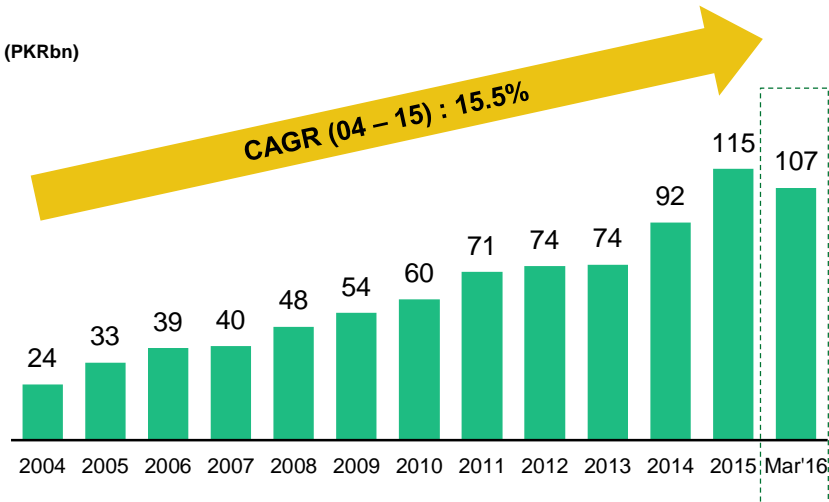
Shareholders equity



Progress since privatization – Operating results **HBL**

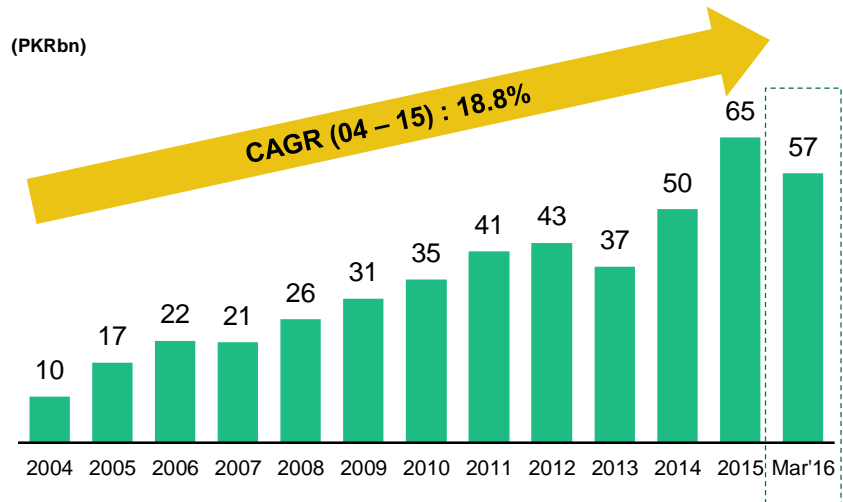
Total Revenue ⁽¹⁾

(PKRbn)



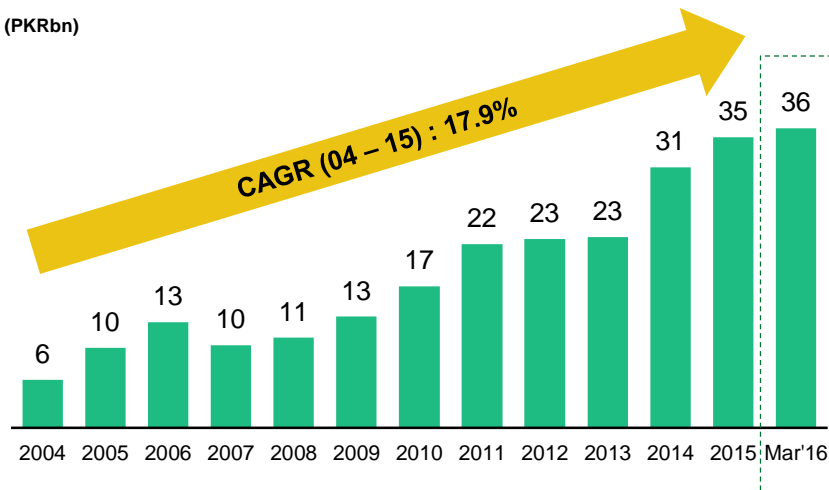
Operating profit ⁽¹⁾

(PKRbn)

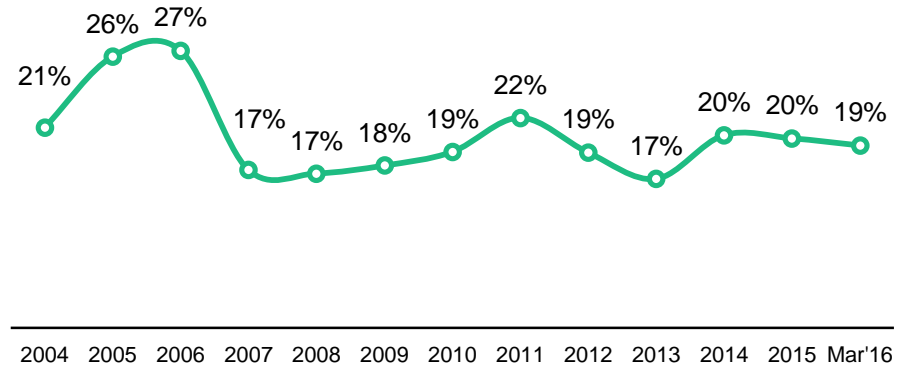


Profit after taxation ⁽¹⁾

(PKRbn)



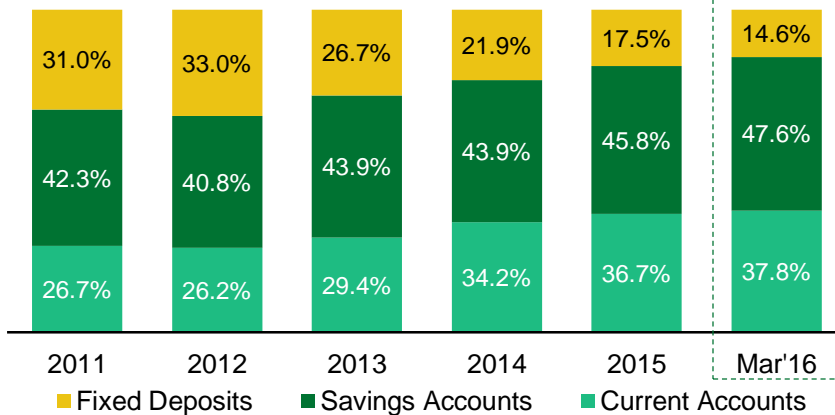
Return on Equity ⁽¹⁾



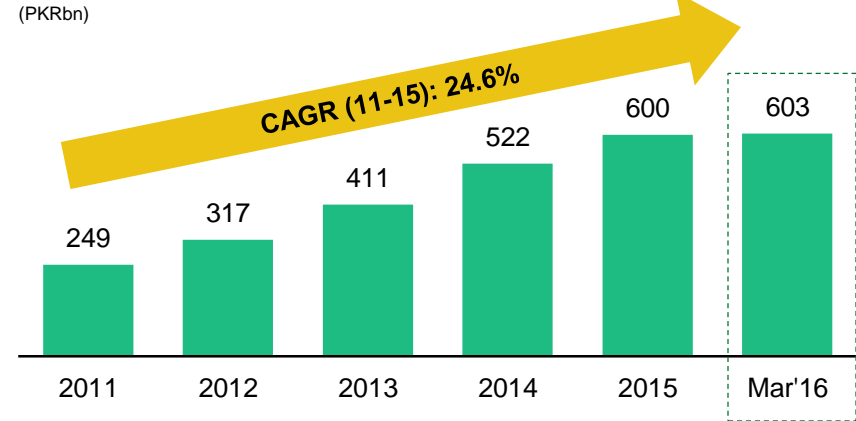
(1) March'16 numbers have been annualized.

Deposits remain the growth engine

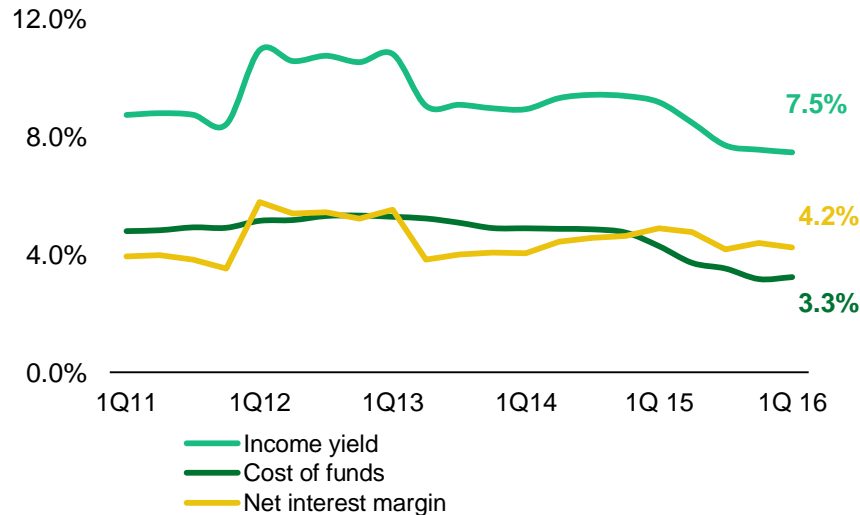
Deposit composition



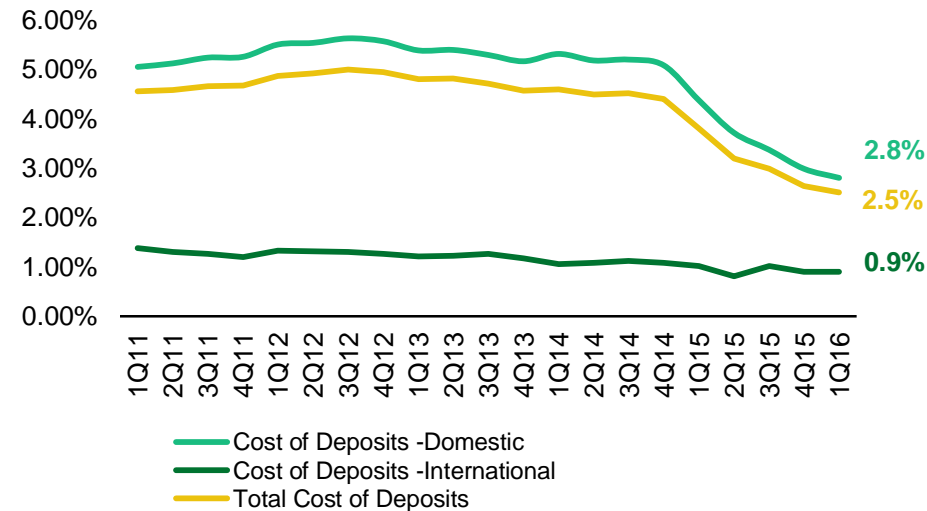
Growth in current deposits



Net interest margin⁽¹⁾

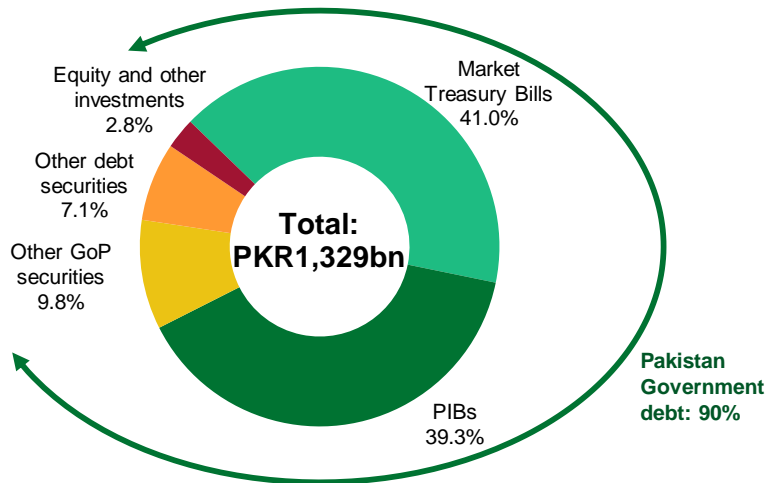


Cost of deposits

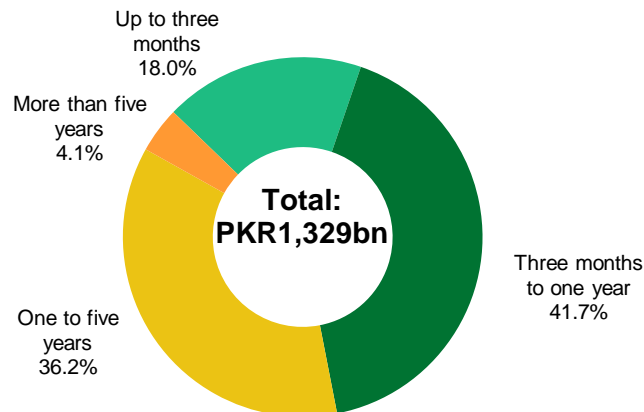


(1) Income Yield = (Interest Income + Investment Income) / Net Earning Assets.
 Cost of Funds = Interest Expense / Total Liabilities.
 Net Interest Margin = Income Yield - Cost of Funds.

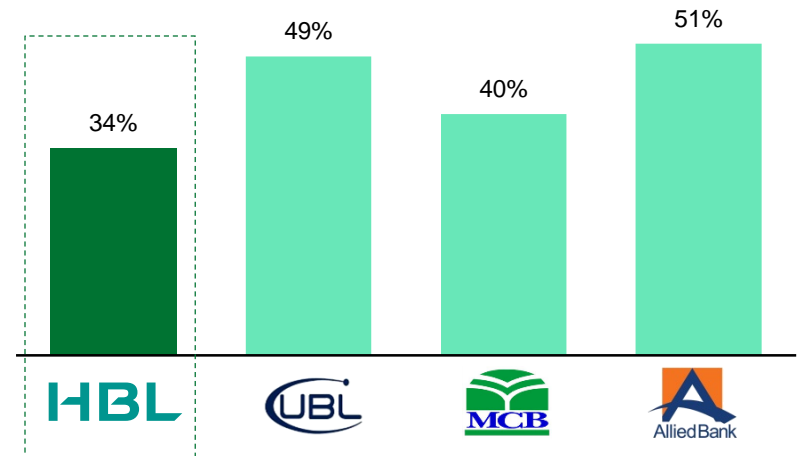
Split of investment by type



Split of government and other debt securities by maturity



PIBs vs Total deposits (1)



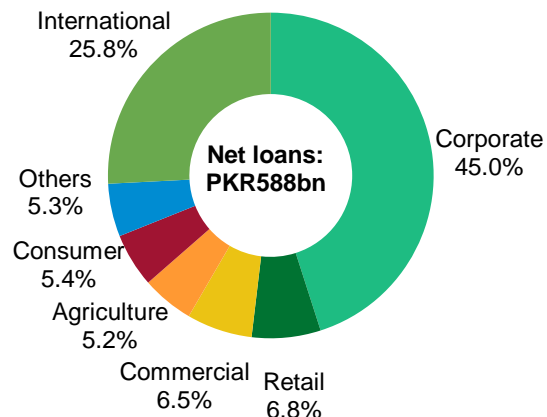
(1) MCB is as of December 31, 2015.

Increasing investments in PIBs

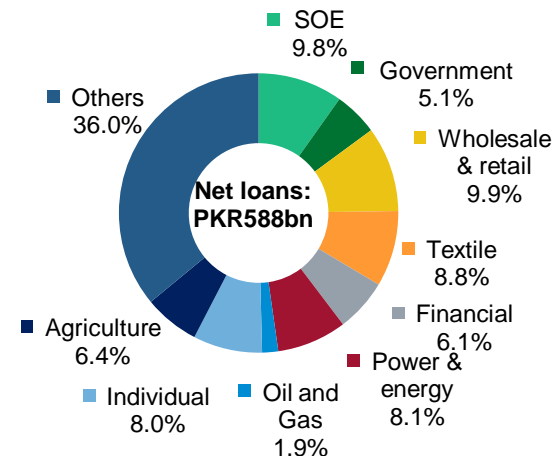
- GoP securities have historically remained an attractive investment due to their spread over the cost of deposits.
- Since 2013, banks have been building their PIB portfolios in anticipation of falling interest rates. This has helped to alleviate the severe spread compression.
- HBL has the lowest relative PIB holdings due to conservative market risk limits.

A diversified loan portfolio...

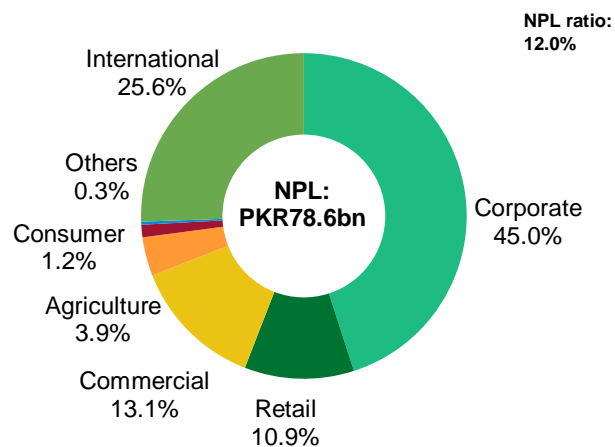
Loan portfolio composition by line of business



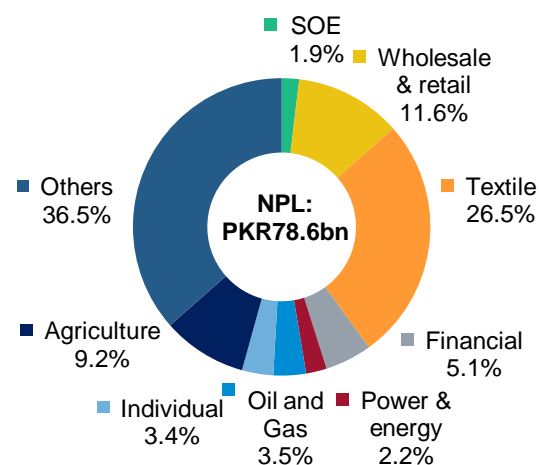
Loan portfolio composition by industry segments



NPL composition by line of business

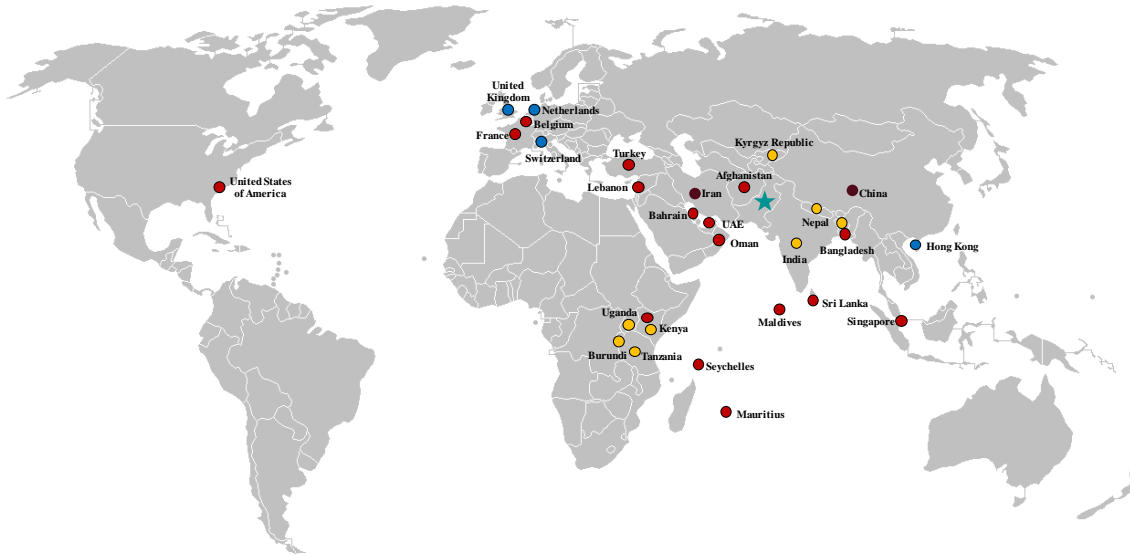


NPL composition by industry segments



Large and diversified international presence which is unique among regional peers

International footprint



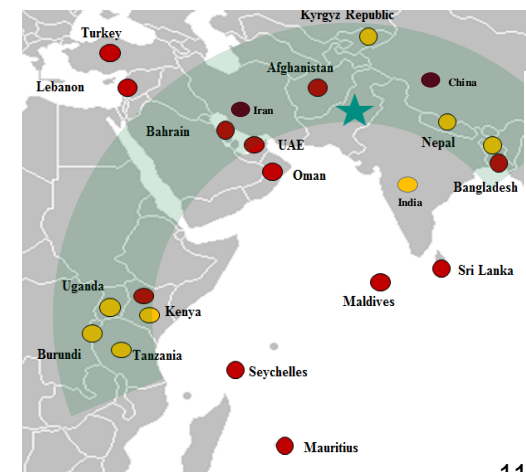
- Direct presence in 22 countries
- Network of 65 branches
- Presence in key financial hubs; London, New York, Brussels, Singapore, Dubai and Hong Kong
- Presence in 6 countries through associates and related entities

- ★ Head Office and Domestic Branch Network
- Branch
- Subsidiary
- Related Entity
- Representative office

Comprehensive regional coverage

- HBL currently holds complete banking licenses in key regional locations
- Well-positioned regional player to increase market share in:
 - Remittances
 - Trade finance
 - Investment banking
- First Pakistani bank to receive a branch license in China. Branch expected to be operational by end of 2016

Strategic development area for the bank

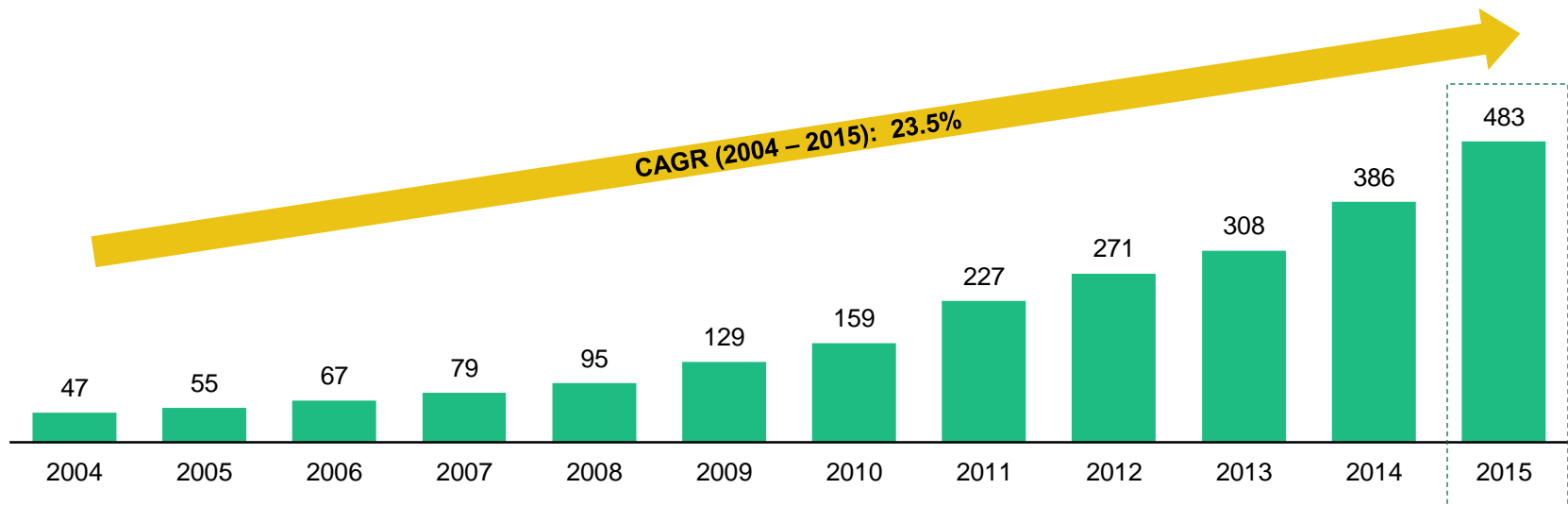


Well positioned to serve a growing remittance market

Pakistani remittance market

- International remittances form the mainstay of Pakistan's Balance of Payments with double digit growth over the last several years
- In the 11 months of FY16, overseas workers remitted more than US\$17bn back to Pakistan, up 6% year-on-year
- Of this amount, the leading source nations are Saudi Arabia (30%), UAE (22%), USA (13%) and UK (13%)
- Given its strong international network, HBL is well placed to serve the home remittance market and as of Dec'15 had a 24.0% (Dec'14: 22.5%) market share
- Home remittances provide a plethora of opportunities for cross-selling (deposits, loans etc.). Banks are also incentivized by the SBP for remittances channeled through their counters.

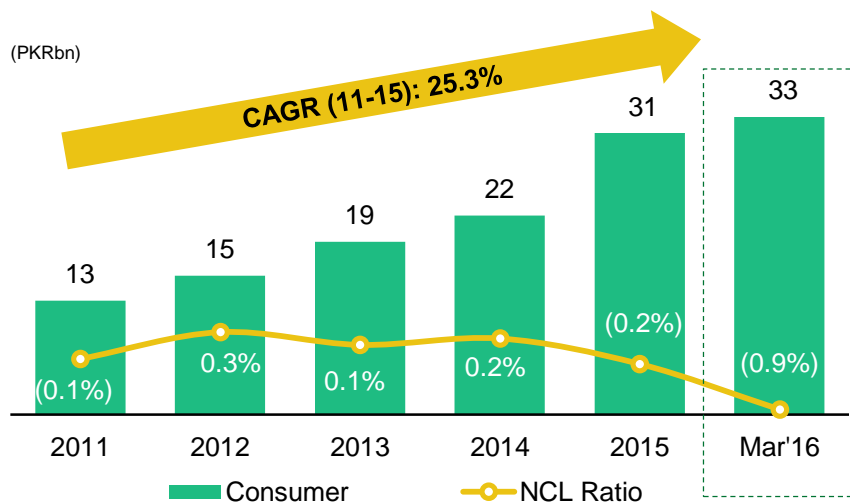
HBL home remittance volumes (2004 – 2015), PKRbn



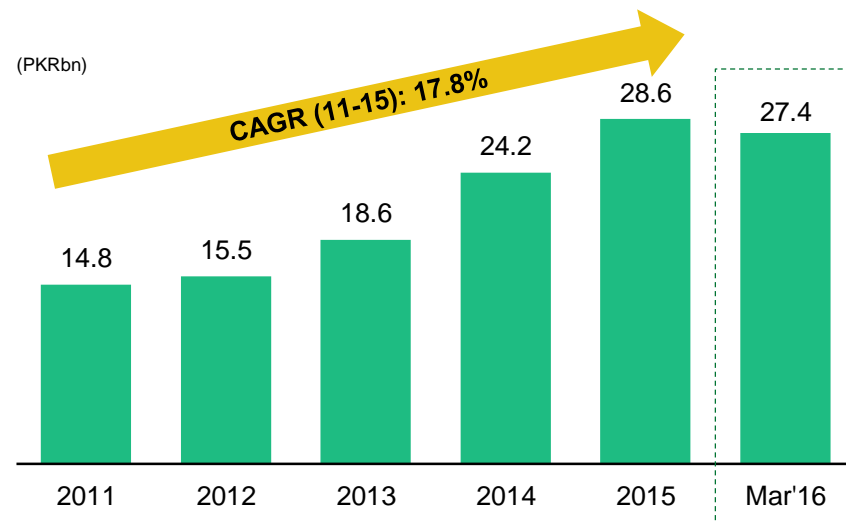
Strategic initiatives to continue driving growth



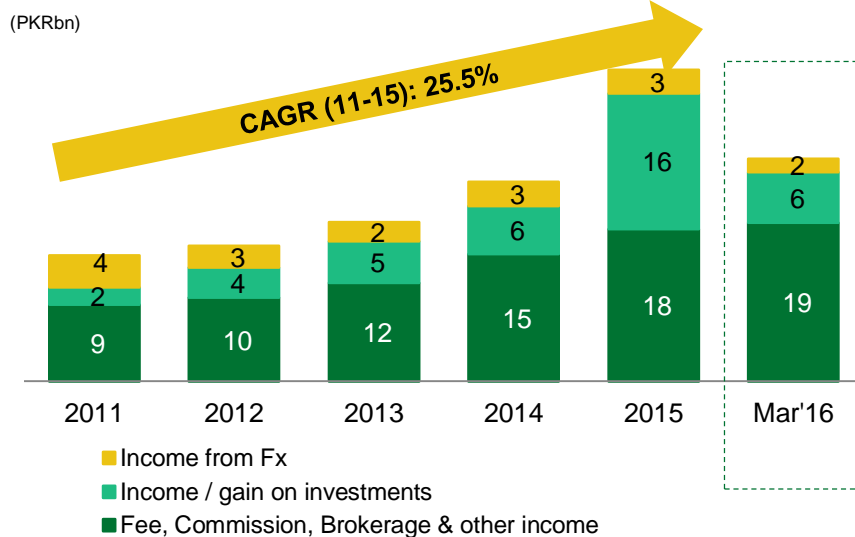
Growth in Consumer Lending (1)



Growth in Agricultural Financing



Increasing fee and other non-interest income (1)



Other growth vectors

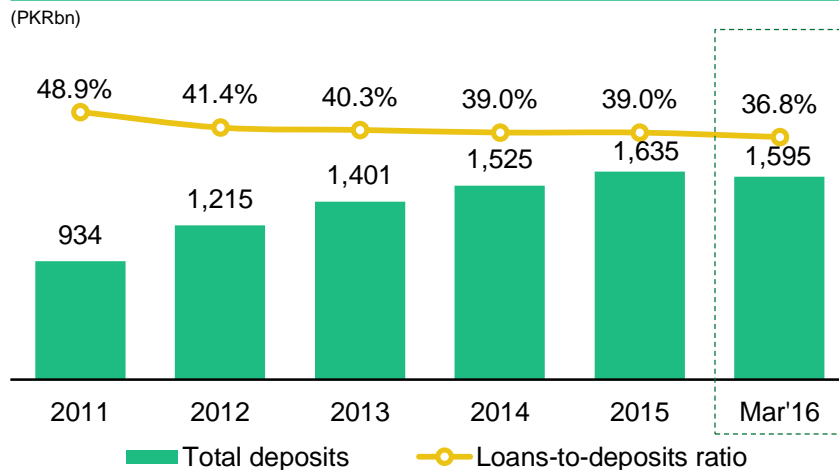
- Drive growth in agricultural / rural lending through unique sales force of Agriculture Field Officers. Expand product range to cover entire value chain.
- Recently launched HBL Nisa, a unique product offering for women and women-owned businesses, to improve their access to financial services
- Enhance cross-sell of savings and investment products as fee driver:
 - Bancassurance where we have market leadership with estimated 45% share
 - Asset management – acquisition of PICIC AMC has doubled AUMs
- Completed acquisition of First MicroFinance Bank – will scale-up customer acquisition and leverage synergies
- Strengthen and fully leverage international network. Grow regional presence by investing in local brands (DTB, KICB, Himalayan Bank)

(1) March'16 numbers have been annualized.

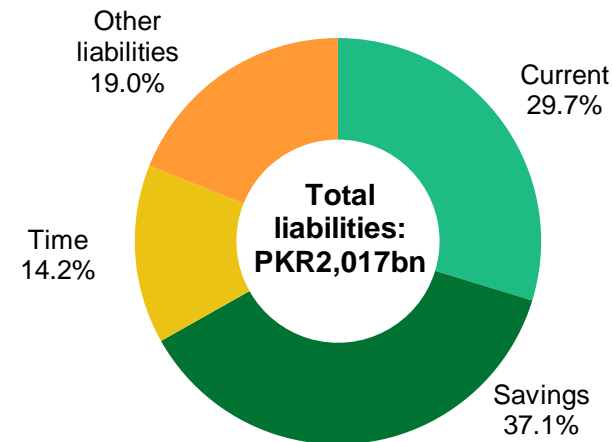
Strong balance sheet with ample liquidity, high capitalization and conservative risk management



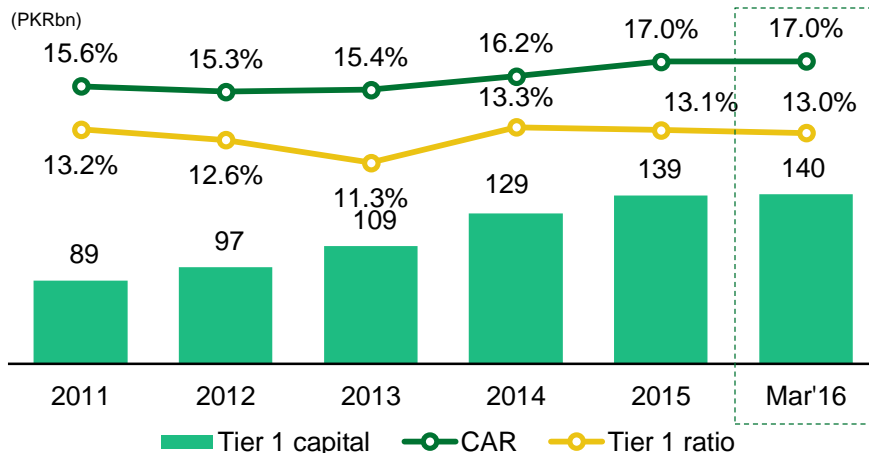
Strong deposit growth



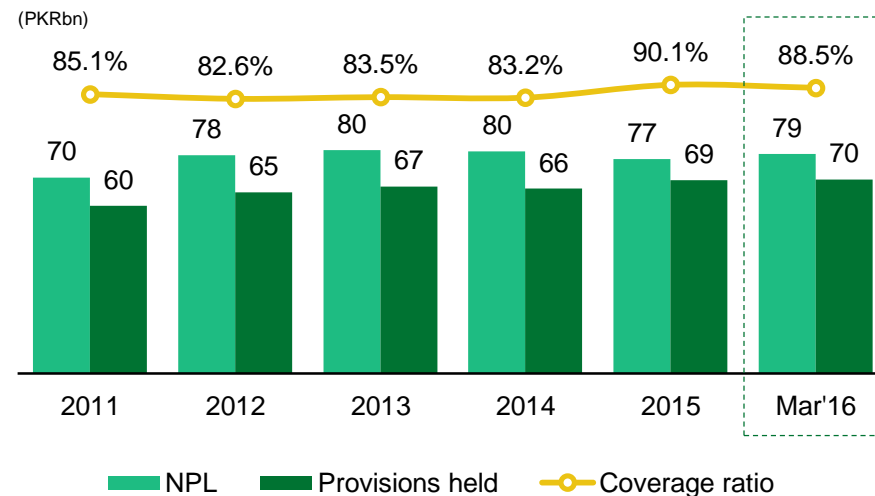
Liabilities composed mainly of sticky deposits



Robust capital base...



Conservative risk management practices

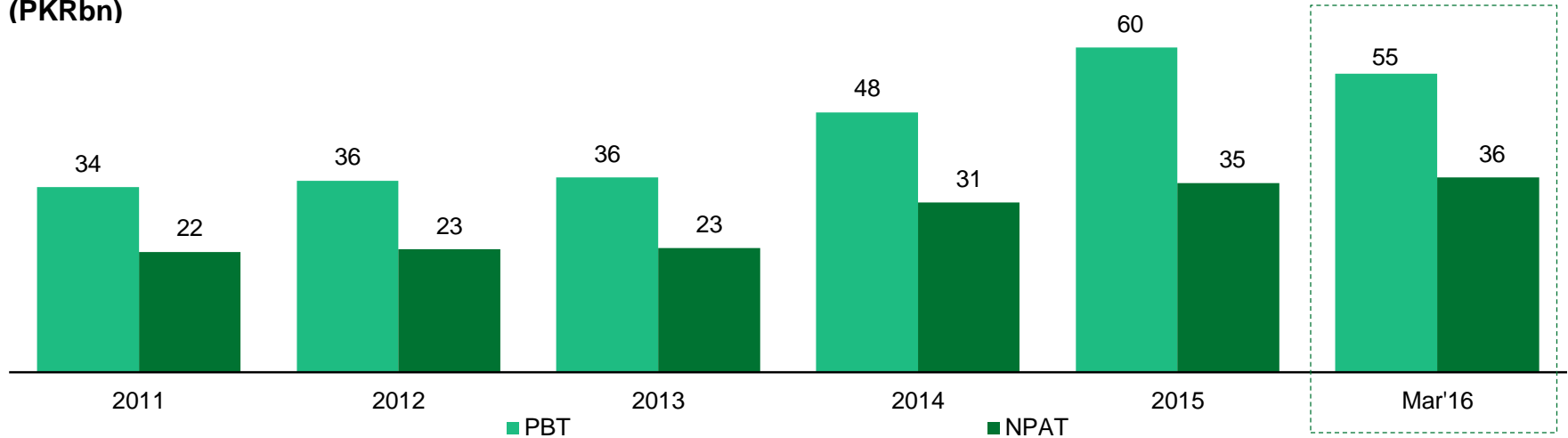


Delivering consistently strong profitability

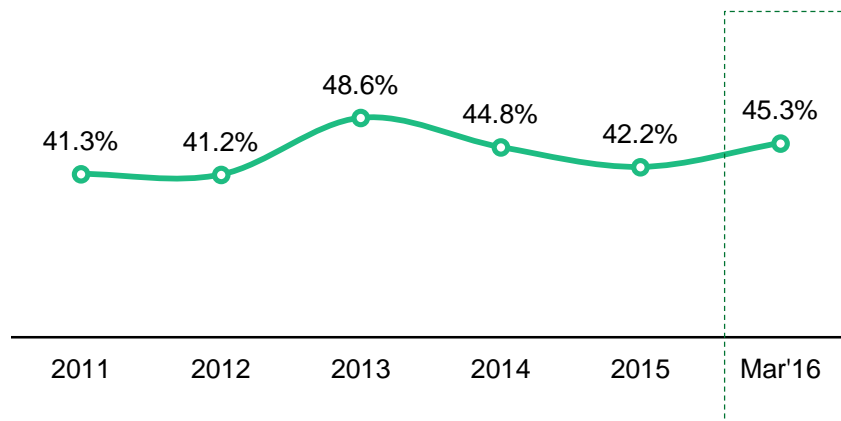


Profit before tax ("PBT") / Net profit after tax ("NPAT") ⁽¹⁾

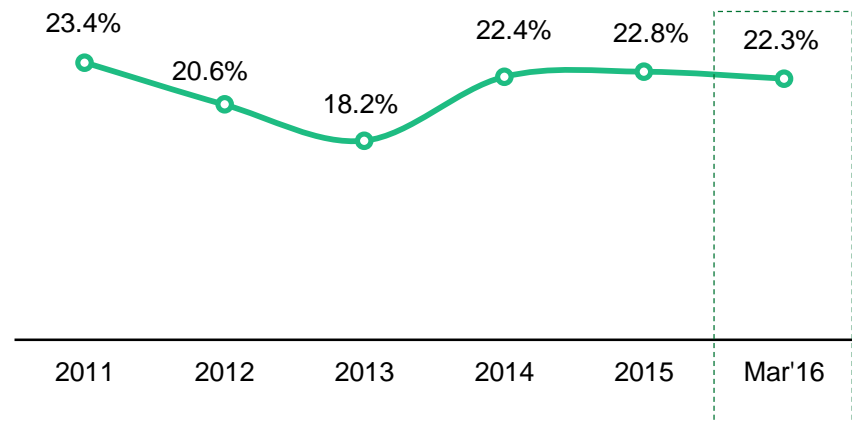
(PKRbn)



Cost to income ratio



Return on Equity ⁽²⁾

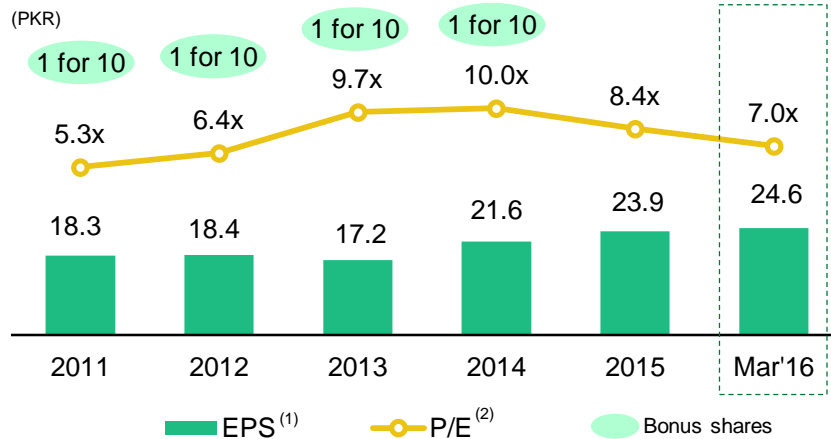


(1) March'16 numbers have been annualized.

(2) ROE is calculated excluding Surplus on Revaluation of assets.

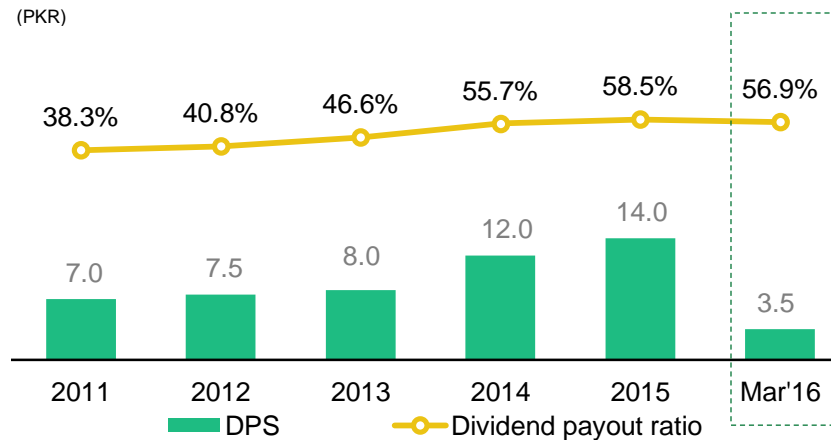
Strong earnings and dividends

Strong set of earnings even with bonus shares issued



- HBL's net profit has grown at a CAGR of 11% from 2010 to 2015
- The return on equity and return on assets for HBL were 19.4% and 1.6% respectively for March 2016 vs 16.3% and 1.5% respectively for the Pakistani banking sector

Growing dividend payments



- The Board will determine future dividend payments while striking a balance between:
 - ensuring that sufficient capital is available for HBL to achieve its strategic objectives and
 - providing shareholders with an attractive return on investment

(1) March'16 number has been annualized
 (2) Based on share price as of respective period ends and full year EPS

Appendix

Consolidated balance sheet



	(PKR Bln)					
	2011	2012	2013	2014	2015	Mar'16
Assets						
Cash & Bank Balances	150.7	205.2	192.8	202.6	207.7	196.8
Lending to Financial Institutions	41.6	24.8	35.3	34.3	18.4	11.5
Investments	418.6	797.1	826.1	922.7	1,270.8	1,329.2
Advances	457.4	499.8	563.7	595.3	637.4	587.6
Others	71.3	83.5	97.4	109.8	84.1	82.6
Total Assets	1,139.6	1,610.5	1,715.3	1,864.6	2,218.4	2,207.8
Liabilities						
Bills payable	13.9	18.9	19.4	22.0	28.1	28.2
Borrowings	39.5	196.6	107.9	103.4	314.3	324.3
Deposit and other accounts	933.6	1,215.0	1,401.2	1,524.6	1,634.9	1,594.9
Subordinated loans	5.0	5.4	2.6	-	10.0	10.0
Other liabilities	37.9	41.8	41.7	45.0	48.5	60.0
Total liabilities	1,030.0	1,477.7	1,572.8	1,695.0	2,035.8	2,017.4
Shareholders' equity						
Share capital	11.0	12.1	13.3	14.7	14.7	14.7
Reserves	89.1	106.6	117.3	132.3	143.7	147.4
Equity attributable to the bank	100.1	118.7	130.6	146.9	158.4	162.1
Non controlling interest	1.2	1.2	1.9	1.2	1.7	1.7
Surplus on revaluation of assets - net of deferred tax	8.2	12.8	9.9	21.5	22.6	26.7
Total equity	109.6	132.7	142.4	169.6	182.6	190.5

Consolidated statement of profit and loss



(PKR Bln)

	2011	2012	2013	2014	2015	Mar'16	% change SPLY
Mark-up/ return/ profit/ interest earned	98.6	116.8	120.6	137.4	144.2	35.7	-3%
Mark-up/ return/ profit/ interest expensed	42.2	59.0	65.2	68.8	66.1	15.5	13%
Net mark-up/ profit/ interest income	56.4	57.8	55.4	68.6	78.2	20.2	6%
Non mark-up/ interest income							
Fee, commission, brokerage and other income	9.0	9.8	11.6	15.0	17.8	4.7	29%
Investment income	2.0	3.6	4.8	5.6	16.0	1.5	-57%
Income from dealing in foreign currencies	3.8	2.6	2.3	2.8	2.7	0.4	-45%
Total non mark-up / interest income	14.7	15.9	18.7	23.4	36.6	6.5	-16%
Total income	71.1	73.7	74.1	92.0	114.8	26.7	0%
Non mark-up/ interest expense							
Administrative expenses	29.4	30.4	36.1	41.3	48.4	12.1	-15%
Other expenses	0.7	0.7	0.7	1.0	1.3	0.3	12%
Total non mark-up / interest expenses	30.1	31.1	36.9	42.2	49.7	12.4	-15%
Profit before tax and provisions	41.0	42.6	37.2	49.8	65.0	14.3	-11%
Net provisions	6.7	7.0	1.1	1.5	4.8	0.5	36%
Profit before tax	34.3	35.6	36.1	48.3	60.3	13.9	-9%
Taxation	12.0	12.8	13.1	16.8	25.2	4.8	10%
Profit after tax	22.3	22.8	23.0	31.5	35.1	9.0	-9%

Net Advances (By Line of Business)



Group	PKR Bln			
	31-Dec-15	%	31-Mar-16	%
Corporate	258.5	41%	235.2	40%
Commodity	44.0	7%	29.5	5%
Retail (excluding Agriculture)	48.3	8%	40.2	7%
Commercial	38.2	6%	38.3	7%
Agriculture	29.9	5%	30.4	5%
Consumer	30.0	5%	31.5	5%
Others (Islamic&FI)	29.3	5%	30.9	5%
Domestic	478.4	75%	435.9	74%
International banking	159.0	25%	151.7	26%
Bank	637.4	100%	587.6	100%

International banking	US\$ Mln			
	31-Dec-15	%	31-Mar-16	%
Middle East	889	59%	803	56%
South Asia	116	8%	123	9%
UK / Europe	275	18%	317	22%
Others	237	16%	204	14%
International banking	1,516	100%	1,447	100%