

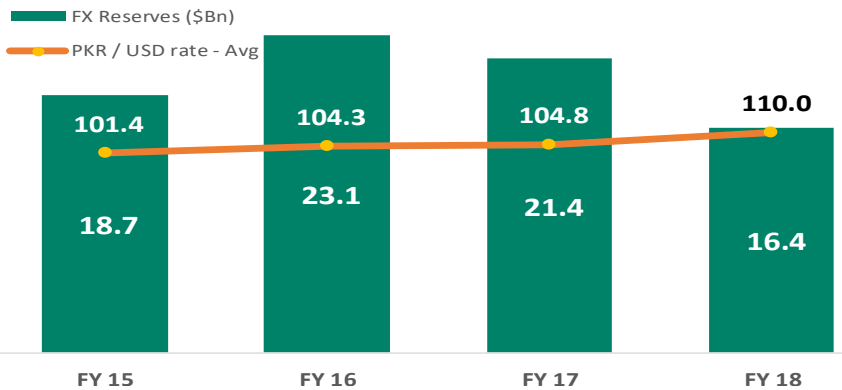
Investor Presentation

November 2018

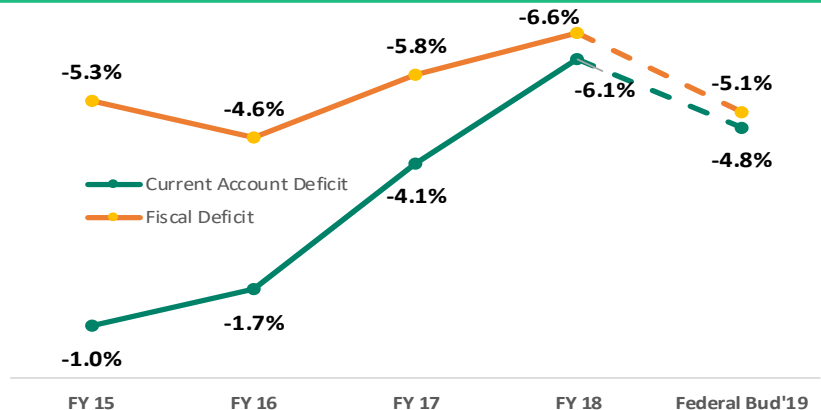
**Doing First Class business
in a First Class way**



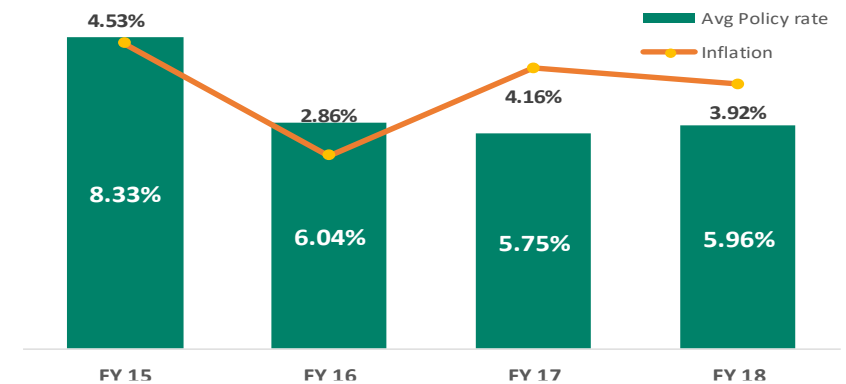
FX reserves / FX rate



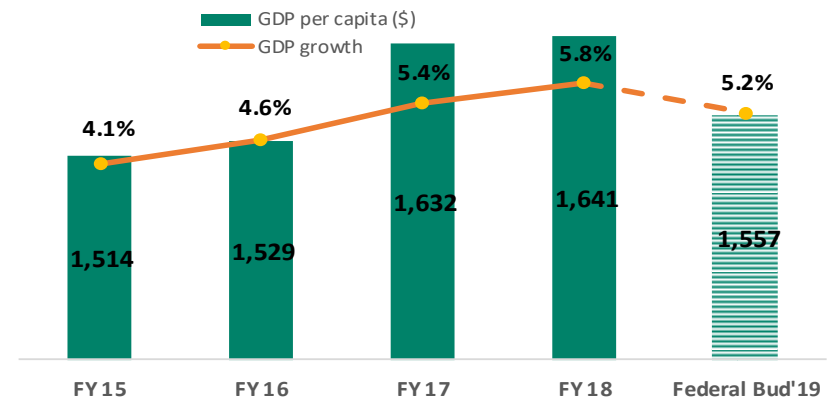
C/A & Fiscal Deficit



Policy rate / Inflation



GDP per capita / GDP Growth



- Pakistan has gone through its 3rd smooth democratic political transition.
- The government has taken steps to obtain economic assistances from friendly countries like Saudi Arabia and China. A package of approx. USD 6B has been offered by Saudi Arabia. While of assistance from China appears to be forthcoming, details have still not been disclosed.
- The IMF team is in talks with the Government. As per informal reports, Pakistan expects a USD 6-8B Extended Fund Facility program for the course of the next 3 years.
- Key concerns remain law and order and persistent energy shortages which have exacerbated the circular debt issue.

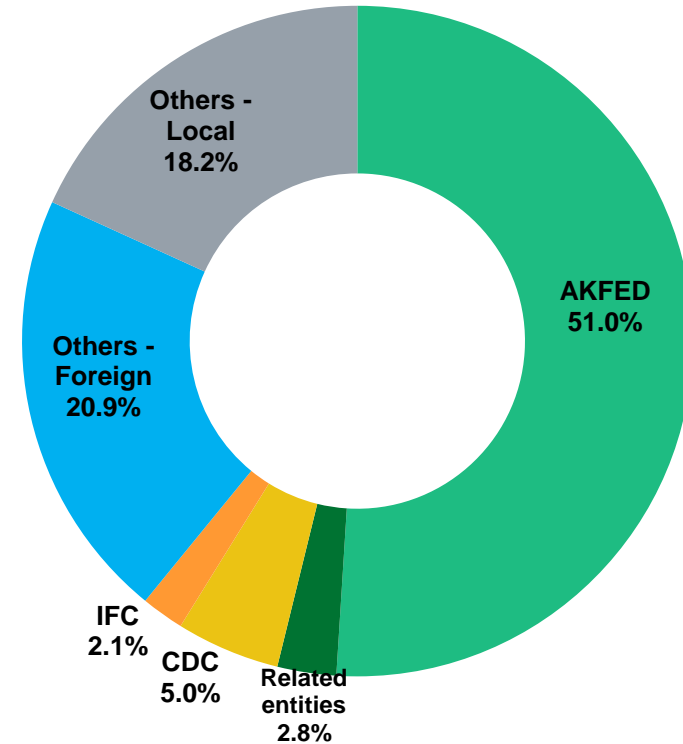
Pakistan's No. 1, AAA rated, Commercial Bank

HBL

1 bank in Pakistan ⁽¹⁾ :

Shareholding Pattern

#1	Advances	➤	US\$ 8Bn
#1	Assets	➤	US\$ 21Bn
#1	Deposits	➤	US\$ 17Bn
#1	Domestic Branches	➤	1,703
#1	ATMs	➤	2,133
#1	POS Terminals	➤	18,606
#1	Customers	➤	12Mn +



Major awards and accolades



A Seasoned Board

HBL

Chairman



Sultan Ali Allana
Chairman

- Mr. Sultan Ali Allana has served as the Chairman of the Board of Directors of HBL since February 2004. He has over 33 years of experience in the financial and banking sector.
- Mr. Allana also serves on the Boards of The Aga Khan Fund for Economic Development S.A, AQA Holding S.p.A, Geasar S.p.A, Jubilee Holdings Limited (East Africa), Jubilee Life Insurance Company Limited, Industrial Promotion Services (Pakistan) Limited and Tourism Promotion Services (Pakistan) Limited.

President & CEO



Muhammad Aurangzeb
President & CEO

- Mr. Muhammad Aurangzeb joined HBL on April 30, 2018 as the President & CEO of HBL. He obtained his Bachelors of Science in Economics and MBA from The Wharton School, University of Pennsylvania. Mr. Aurangzeb possesses an overall banking experience of more than 30 years in both domestic and international locations.
- He has held senior positions in ABN AMRO Bank and Royal Bank of Scotland and was Chief Executive Officer – Global Corporate Bank, Asia Pacific at JP Morgan prior to joining HBL.

Directors



Shaffiq Dharamshi
Non-Executive Director

- Mr. Dharamshi joined the Board in 2015. He is a banker with over 25 years of banking experience in the Middle East and Africa.
- He also currently serves on the Boards of Diamond Trust Bank, Tanzania, Diamond Trust Bank, Uganda, Diamond Trust Bank, Kenya DCB Bank Limited, India, Kyrgyz Investment and Credit Bank, Kyrgyzstan and First Microfinance Bank, Tajikistan.



Moez Ahamed Jamal
Non-Executive Director

- Mr. Moez Ahamed Jamal has been on the Board of HBL since 2009. He has over 39 years of experience in the financial sector.
- He currently serves on the Boards of Diamond Trust Bank Kenya, Marcuard Family Office, Switzerland and Global Finanz Agency AG.

Directors



Sadia Khan
Non-Executive Director

- Ms. Sadia Khan joined the Board in March, 2018. She has pursued a versatile career path traversing investment banking, financial regulation, family businesses and entrepreneurship across three continents. Ms. Khan has Masters degrees in Economics from both Cambridge University and Yale University and started her career at Lehman Brothers in New York.
- Since then she has worked with various international institutions and local regulatory authorities, including Asian Development Bank in the Philippines, the Securities & Exchange Commission of Pakistan and SBP. Ms Khan currently serves on the Boards of Engro Fertilizers & Pakistan Cables.



Salim Raza
Independent Director

- Mr. Salim Raza joined the Board in 2017. He has over 40 years of experience in the banking and financial sector. He has held various positions at Citibank NA in Pakistan and abroad and has also held the position of Governor of the State Bank of Pakistan.
- He currently serves on the Board of International Steels Limited and is an adjunct professor at the Institute of Business Administration (IBA), Karachi for Political Economy.



Dr Najeeb Samie
Independent Director

- Dr. Najeeb Samie was appointed to the Board in 2013. He has over 37 years of experience in the corporate and financial sector.
- He is currently the Managing Director of Roosevelt Hotel Corporation and is a Director of PIA Investments Limited and Minhal France, S.A, amongst other tourism related companies.



Agha Sher Shah
Independent Director

- Mr. Agha Sher Shah has been on the Board since 2013. He has over 26 years of experience in the financial sector.
- He is currently Chairman and Chief Executive of Bandhi Sugar Mills (Private) Limited. He is also Director of HBL Asset Management Limited, Attock Cement Pakistan Limited, Sui Southern Gas Company Limited, Thatta Cement Company Limited, Benazirabad Facilities (Private) Limited, Bandhi Powergen (Private) Limited and Triton LPG (Private) Limited.

Committee	Chairman	Member	Secretary
Audit Committee	Dr. Najeeb Samie	Mr. Moez Jamal Ms. Sadia Khan	Chief Internal Auditor
Board Compliance and Conduct Committee	Mr. Moez Jamal	Ms. Sadia Khan Chief Operating Officer (Non-voting member)	Chief Compliance Officer
Board Risk Management Committee	Mr. Salim Raza	Mr. Shaffiq Dharamshi Mr. Muhammad Aurangzeb	Chief Risk Officer
Board Human Resource & Remuneration Committee	Mr. Agha Sher Shah	Mr. Sultan Ali Allana Mr. Shaffiq Dharamshi Ms. Sadia Khan	Chief Human Resources Officer
Board Development Finance Committee	Mr. Salim Raza	Mr. Sultan Ali Allana Mr. Muhammad Aurangzeb	Chief Financial Officer
Board IT Committee	Mr. Salim Raza	Mr. Agha Sher Shah Mr. Muhammad Aurangzeb	Chief Operating Officer
Board Oversight Committee	Mr. Shaffiq Dharamshi	Dr. Najeeb Samie	Company Secretary

An experienced Executive Committee

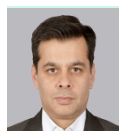


The senior team represents a well balanced bench strength between continuity and new inductions

Front Office



Amir Irshad
Head Branch Banking
13 / 27 / 30 ⁽¹⁾



Aamir Kureshi
Head Consumer Banking
11 / 28 / 28 ⁽¹⁾



Faisal Lalani
Head International Banking
1 / 30 / 30 ⁽¹⁾ *



Risha A. Mohyeddin
Global Treasurer
1 / 23 / 23 ⁽¹⁾ *



Zahid Parekh
Head Islamic Banking
2 / 31 / 31 ⁽¹⁾



Khalid Mohsin Shaikh
Head Remedial & Structured
Credits
5 / 24 / 33 ⁽¹⁾



Farhan Talib
Head Corporate and
Investment Banking
9 / 22 / 22 ⁽¹⁾



Neelofar Hameed *
Company Secretary
1 / 31 / 35 ⁽¹⁾

**Reporting to Chairman /
Board**

Business Support



Rizwan Haider
Chief Risk Officer
16 / 37 / 38 ⁽¹⁾



Rayomond Kotwal
Chief Financial Officer
4 / 21 / 32 ⁽¹⁾



Sagheer Mufti
Chief Operating Officer
1 / 37 / 37 ⁽¹⁾ *



Jamal Nasir
Chief Human Resources
Officer
4 / 21 / 31 ⁽¹⁾



Nauman Riaz
Chief Compliance Officer *
1 / 24 / 24 ⁽¹⁾



Adnan Pasha Siddiqui
Chief of Staff
1 / 24 / 24 ⁽¹⁾ *



Armughan Ahmed Kausar *
Chief Internal Auditor
1 / 22 / 22 ⁽¹⁾

Reporting to BAC

1

Commitment to deliver on P&L

- Sustainable revenue growth on the back of top league table positions
- Strict cost discipline including cost initiatives
- Optimal deployment of Balance Sheet, with enhanced focus on cross-sell
- Maintain high portfolio quality

2

Relentless focus on customer experience

- “Delighting our clients” has to become the rallying cry
- Mindset needs to get embedded into the DNA of the organization, front-to-back

3

People Agenda to be our top priority

- Culture Change – Increase investment in training and development
- Staff Engagement – Frequent interaction with teams across the network
- Succession Planning – Nurture and retain top talent and improve bench strength
- Gender Diversity – Make HBL the employer of choice for women, with greater participation at senior management level

4

Embedding Risk, Compliance and Control in our Business Principles

- Successful completion of Business Transformation Program - *Doing first class business in a first class way*
- Strengthening our first, second and third lines of defense across all disciplines

5

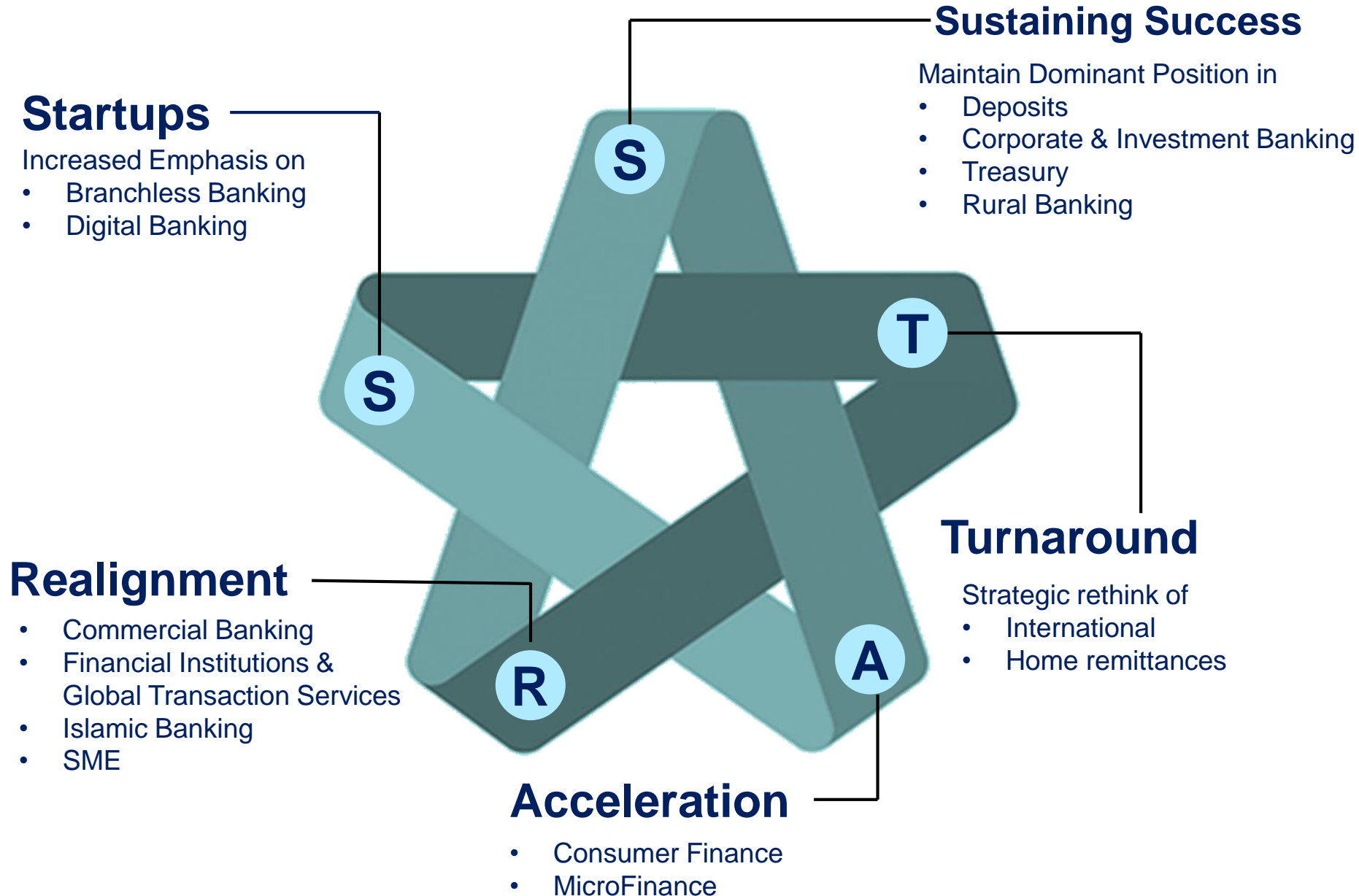
Making Innovation the Driving Force

- Proactively reinvent - *We are a technology company with a Banking License*
- Continuous process improvement – *good is never good enough*

6

Giving back to the Country and the Communities that we Serve

- Robust Development Finance agenda, driven by Board level Committee
- Strong CSR agenda backed by proactive employee volunteerism



Key Initiatives Underway

Following New York, we set out to deliver a group-wide business transformation programme (BTP) covering ...



Governance: Enforcement of new & enhanced controls ensuring a robust governance framework, Board level Compliance & Conduct committee (BC&C) formed.



People: Upscaling our people via continuous training and development of constant communication for reinforcing transformation initiatives

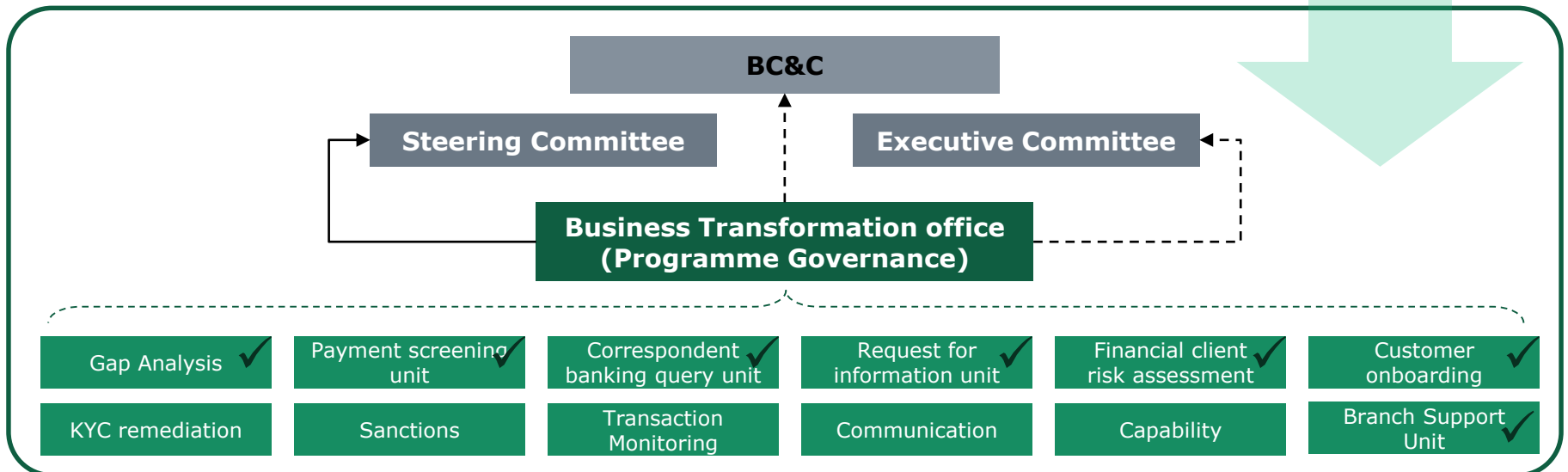


Processes: Significant enhancement in end to end customer on-boarding & related processes ensuring a robust control framework for safeguarding HBL against AML/KYC risks



Technology: Upgrading technology for Sanctions and Transaction Monitoring to ensure that AML/CFT risks are adequately managed

Formulation of a **comprehensive business transformation programme** encompassing sponsorship and accountability at all levels, i.e. strategic (Board & Executive management.), tactical (Business Transformation Office) and execution level (individual work stream/initiative owners within business and compliance function)



... with key accomplishments across four pillars of the programme via several initiatives within the BTP


Gov.		<ul style="list-style-type: none"> ✓ De-risking high risk customers – MSBs (100% closed), Nominee Accounts (100% closed), Offshore/Free Zone Accounts (82% closed). ✓ Revamping KYC standards – Based on regulatory requirement & international practices ✓ Revamping Customer Risk Rating Methodology (CRRM) – Risk regularization of Bank's portfolio ✓ Completed Financial Crime Risk Assessment and documented enterprise-wide FC Risk Appetite
People		<ul style="list-style-type: none"> ✓ Augmented BOD Structure, on boarded new Senior Management ✓ Development of a well-defined communication infrastructure for communicating BTP changes ✓ Revamping of International Team ✓ Delivering Change – Focused training via Branch Support Unit (BSU) & Change agents
Process		<ul style="list-style-type: none"> ✓ Enhanced PEP & Adverse media risk assessment process - 38% PEP accounts closed ✓ Go-live Digital Customer On-boarding process – embedding controls as per new KYC Standards ✓ Formally initiated the KYC Remediation exercise targeting high risk/high profile customers ✓ Real time risk rating of customers for assessing AML/KYC risks ✓ Continuous improvement - goal to achieve International Standards – revamping processes and related controls
Tech.		<ul style="list-style-type: none"> ✓ Finalized TMS & Sanctions hits investigation workflows ✓ Developed TMS Alert Risk Scoring Model & Customer Segmentation Model including thresholds ✓ Implementation of SafeWatch 4.0 & FCCM 8.0 ✓ Training staff on Sanction & TMS optimization including screening new staff to augment FTEs

Next Steps	<p>Stabilization of new account opening process</p> <p>Implementation of real time sanctions screening and transaction monitoring</p> <p>International roll-out of business transformation programme initiatives</p> <p>Sustainability via embedding the BTP across the group (training and KPIs alignment)</p>
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Business Model

- Banking solutions outside the branches, leveraging agents & Mobile for mass acquisition
- Launched in July 2018; QR payments launched in September 2018
- Real time Sanctions Screening – Prevented 119 account opening / transaction attempts
- Real Time Biometric authentication against GoP database for account opening and Over the Counter funds transfer requests
- Over 1 million accounts since launch ; 25% women
- Enables Large scale G2P payments
- Monthly transactions - #: 1.7m, value: Rs 6.5b


Channels




Customer Mobile App




SMS Inquiries




Agent Location



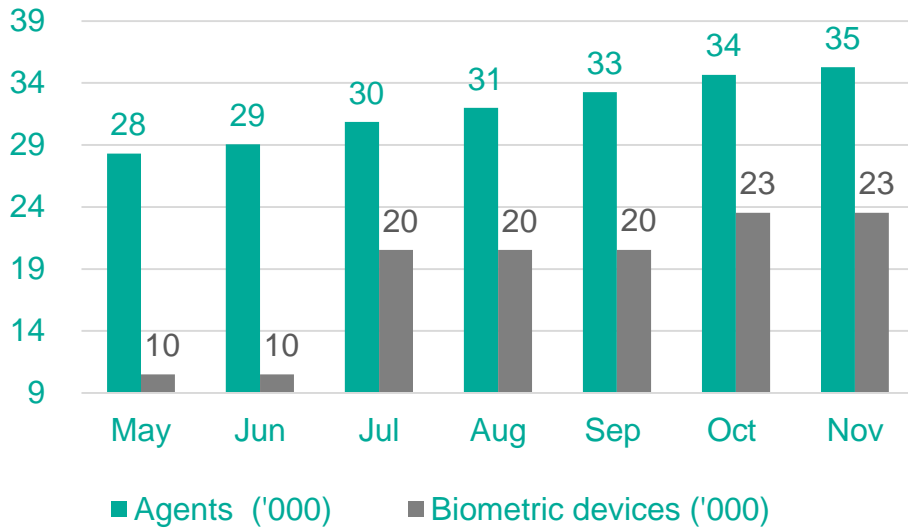
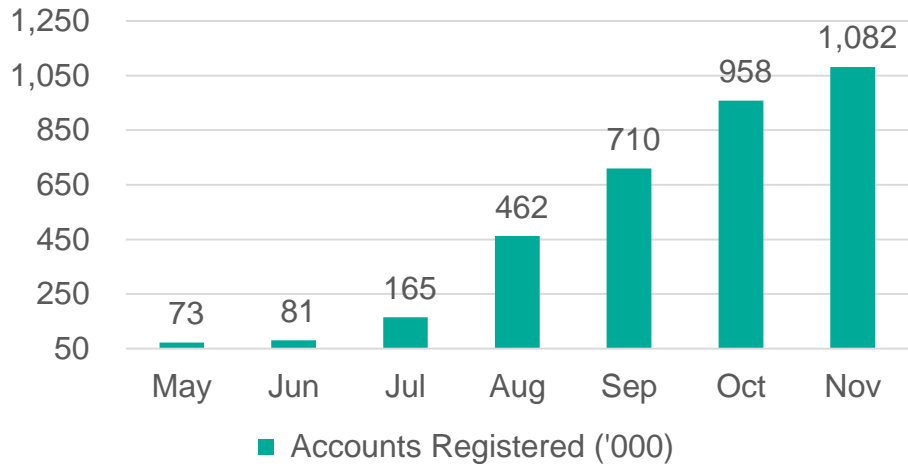
24/7 Dedicated Helpline



ATM



Debit cards



Mobile & Internet Banking, Internet Payment Gateway



- 1 Mn users for Mobile & Internet
- 200+ IPG Merchants
- Largest self-service menu
- Lifestyle app: Partnering with merchants to enable in-app shopping experience
- 1st in market mobile loan offering
- More than Rs 150b worth of transactions processed this year

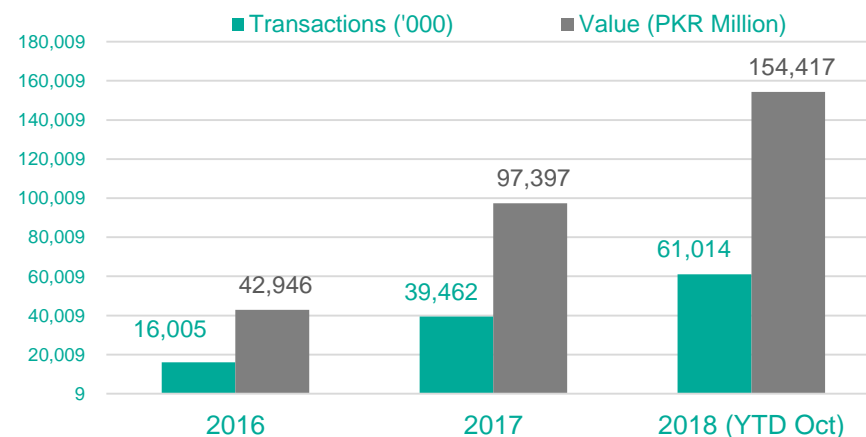
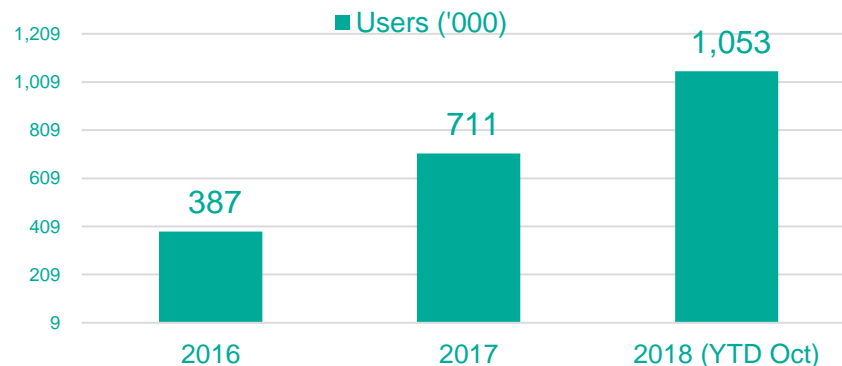
Data

- HBL as Data company that leverages technology to deliver seamless solutions for customers
- Data strategy developed; Data lake/ warehouse being deployed
- In house advanced analytics team developing algorithms for customer churn management & AML related Transaction monitoring

Ecosystem Partnerships

- Startup partnerships:
 - Innovation challenge 2017; 3 finalists working with HBL
- Active engagement with startup community to identify potential partnerships
- Committed funds for early stage investments

Mobile & Internet Banking



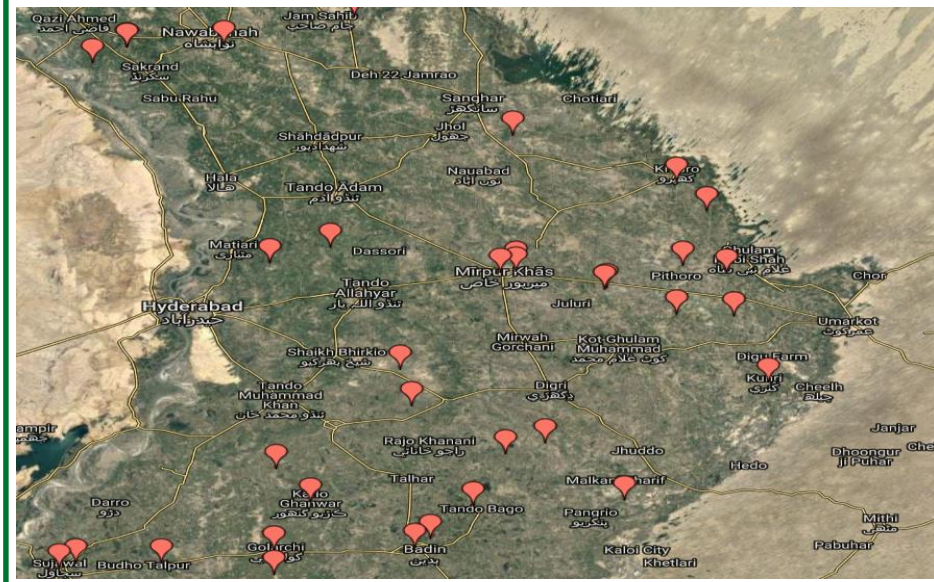
Open API



- Holistic API strategy being finalised
- 1st commercial bank to enable a payments API
- Partner with the biggest e-commerce website and a ticketing solution start up
- Developer portal being developed to enable easy consumption by ecosystem

- Geotagging of farms
- Aerial view of farms to be accessed from Google Maps
- Image of farmer and farm
- Condition of agricultural lands to be evaluated from images
- Centralized storage of important data points along with time and date stamp

Aerial View of Farms Hyderabad Region



Farmer and Farm image



Longitude : 74.46556805555556
Latitude : 31.226844999999997
Captured Date : 2018:08:16 12:35:08



View

Rotate Left

Rotate Right

Digitization is the key!

Digitizing collections and payments by bringing clients to digital platform at both sending and receiving end via internet, mobile and branchless banking

Provide customized solutions to educational institutions, digitize collections and payments

Capitalizing on the CPEC initiative, to penetrate CPEC corridor in underserved areas - KPK, Balochistan, Gilgit - Baltistan

Financial inclusion via tapping the unbanked population through branchless banking

Digitizing the unstructured pension payments process

TEB Landscape

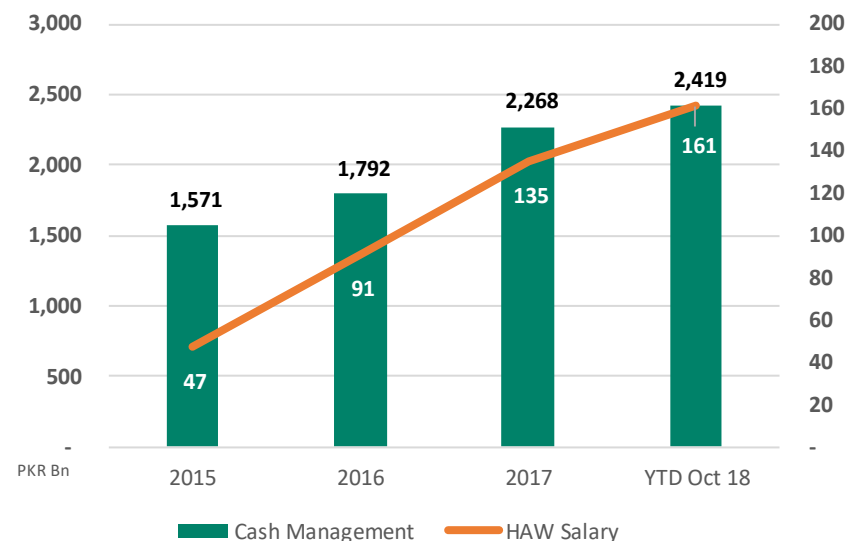
Cash Management:

- Collection mandates – 731
- Payment mandates – 300
- Market share – 37%

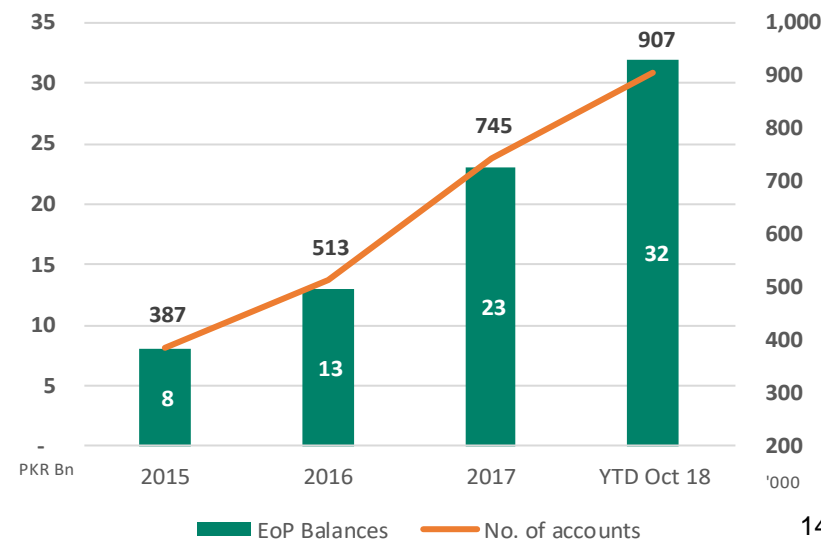
Employee Banking / HBL At Work (HAW)

- Total mandates – 1,273
- Market share – 55%

Throughput – Cash Management & HAW

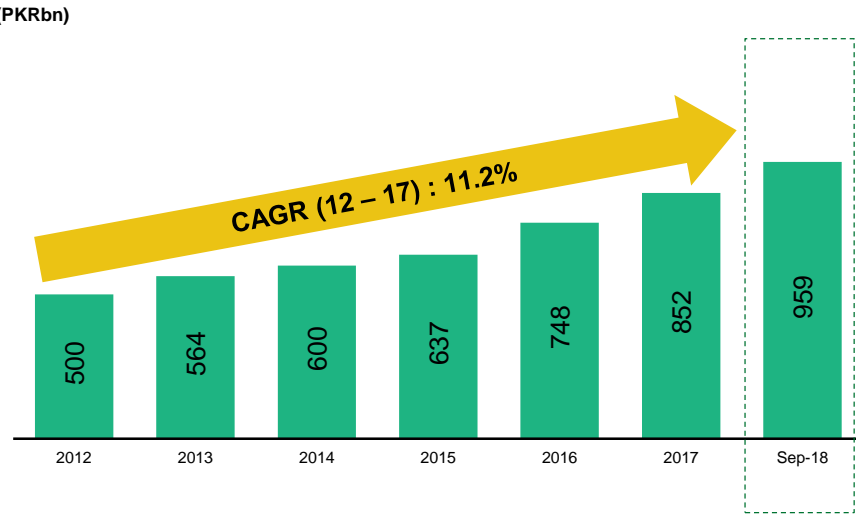


HAW – Portfolio Snapshot

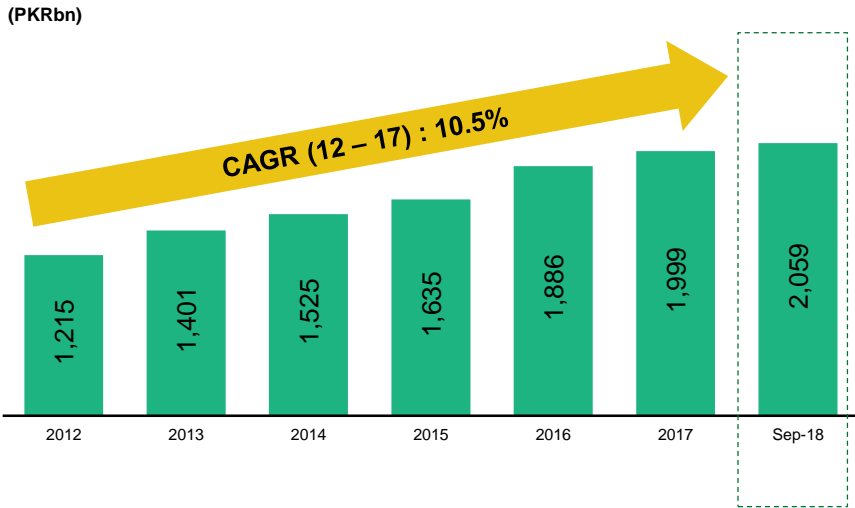


Financial Performance

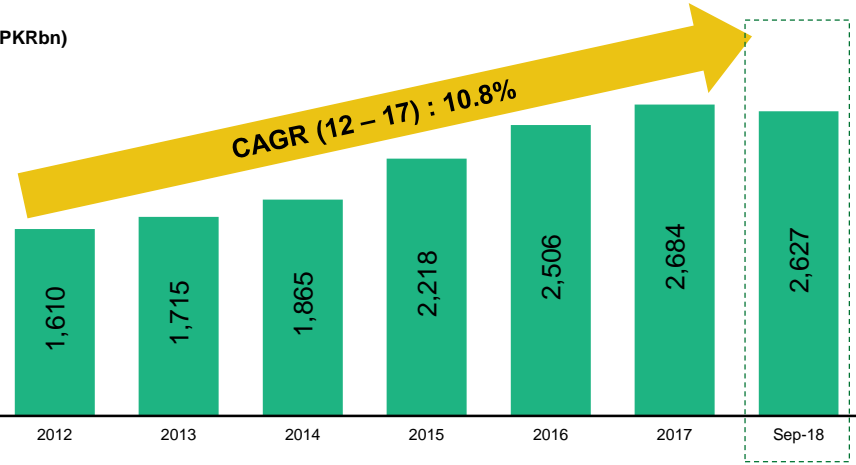
Net Advances



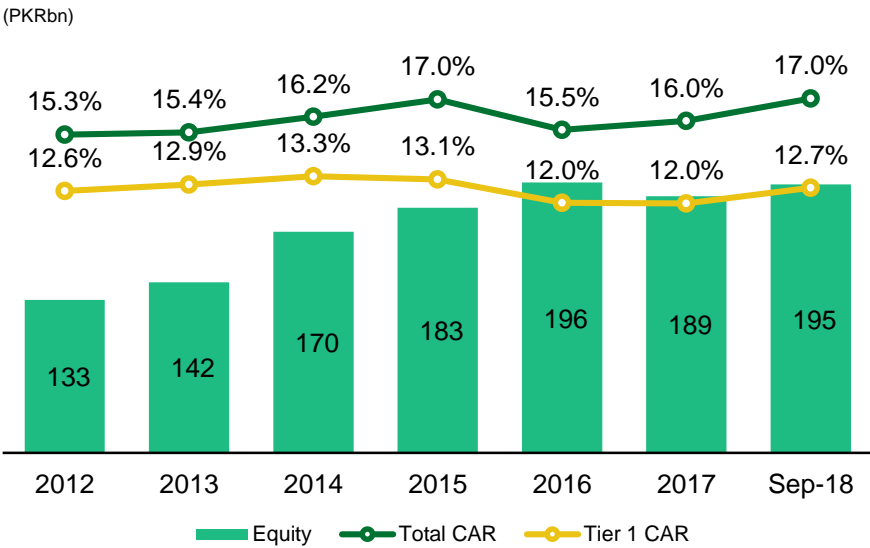
Deposits



Total assets

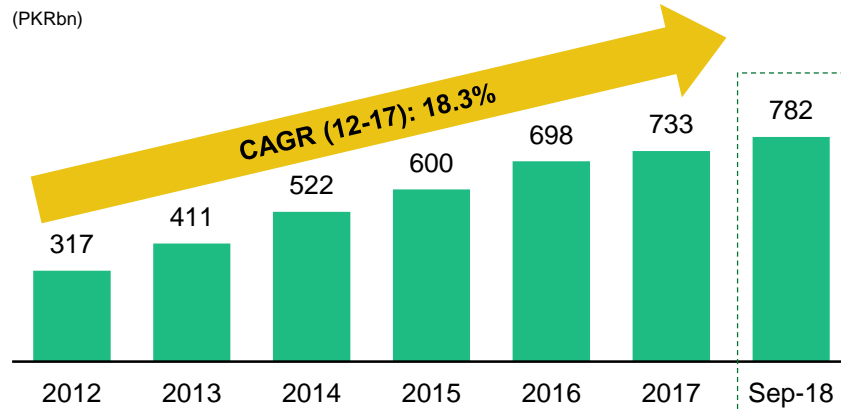


Strong capital base

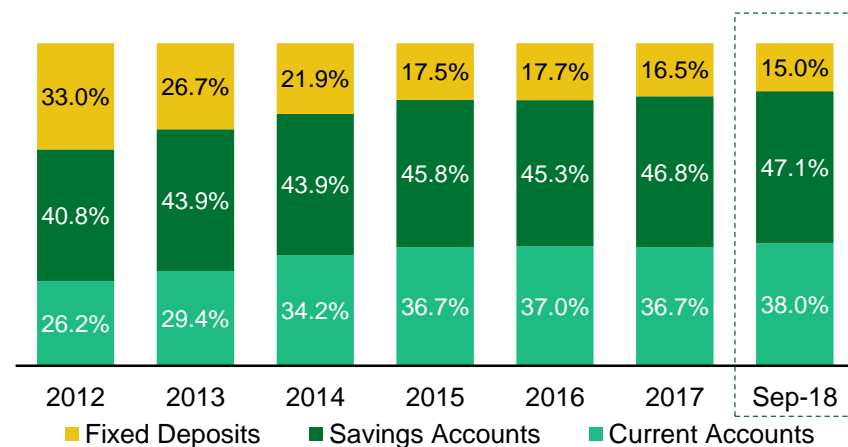


Deposits remain the growth engine

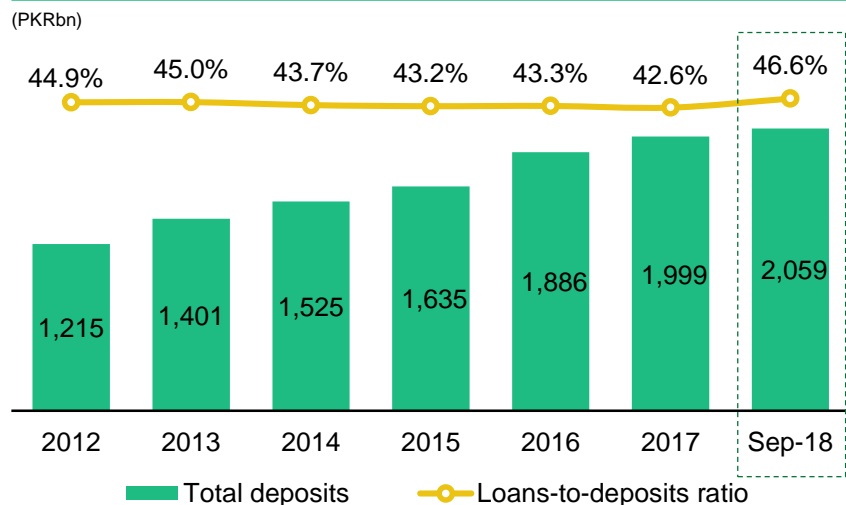
Growth in current deposits



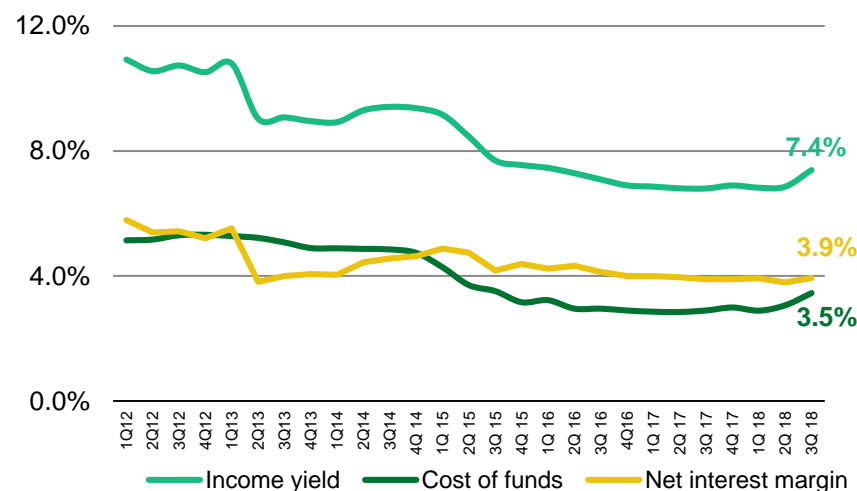
Deposit composition



Strong deposit growth



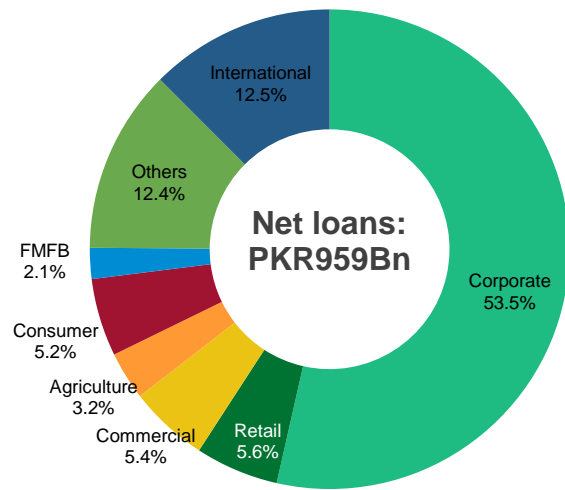
Net interest margin ⁽¹⁾



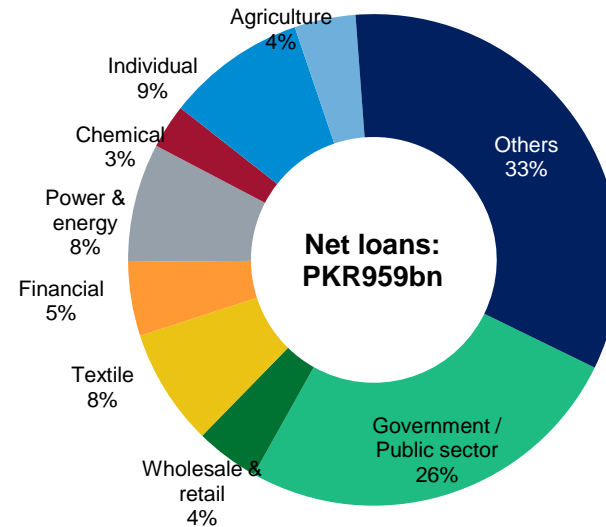
(1) Income Yield = (Interest Income + Investment Income) / Net Earning Assets.
 Cost of Funds = Interest Expense / Total Liabilities.
 Net Interest Margin = Income Yield – Cost of Funds.

A diversified loan portfolio...

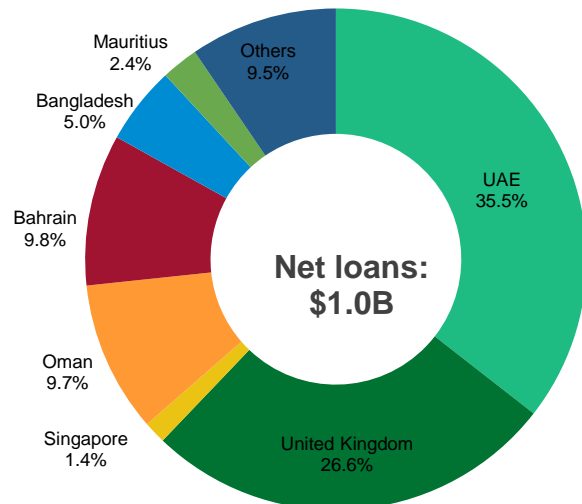
Loan portfolio composition by line of business



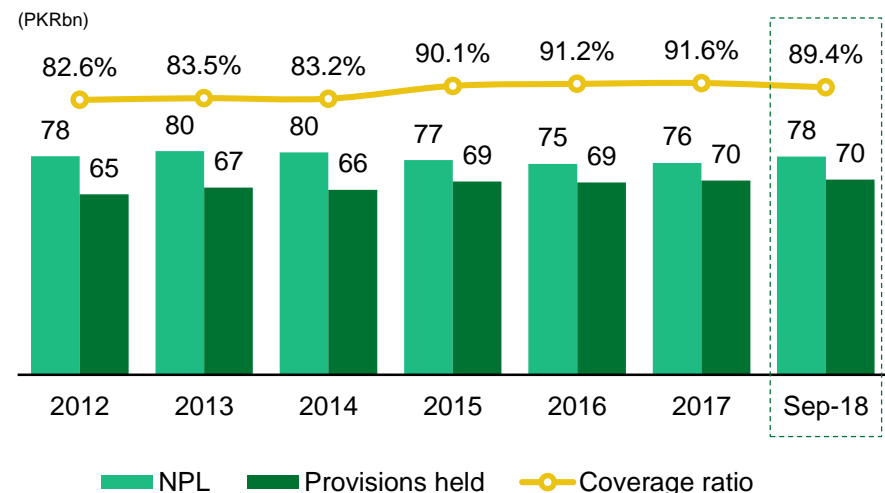
Loan portfolio composition by industry segments



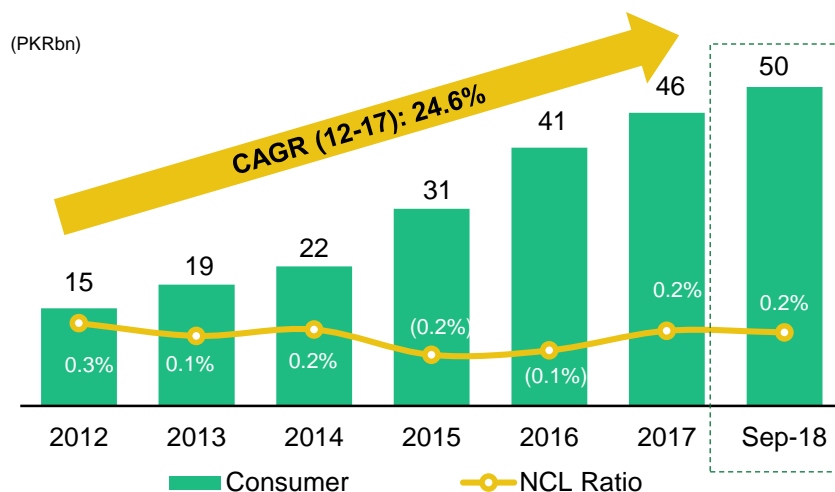
International advances composition by location



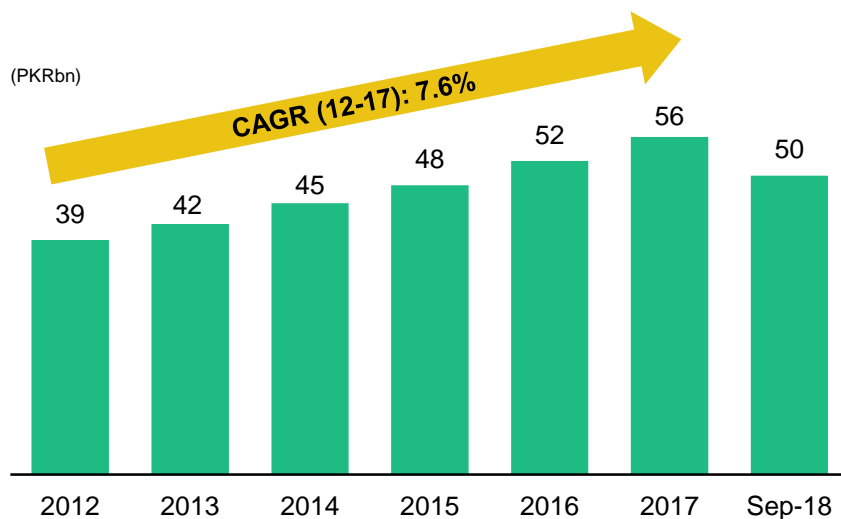
Conservative risk management



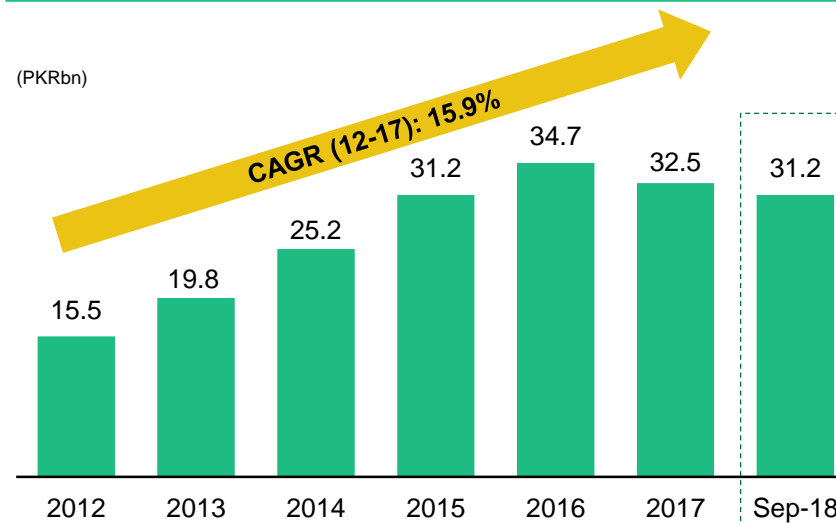
Growth in Consumer Lending



SME Portfolio



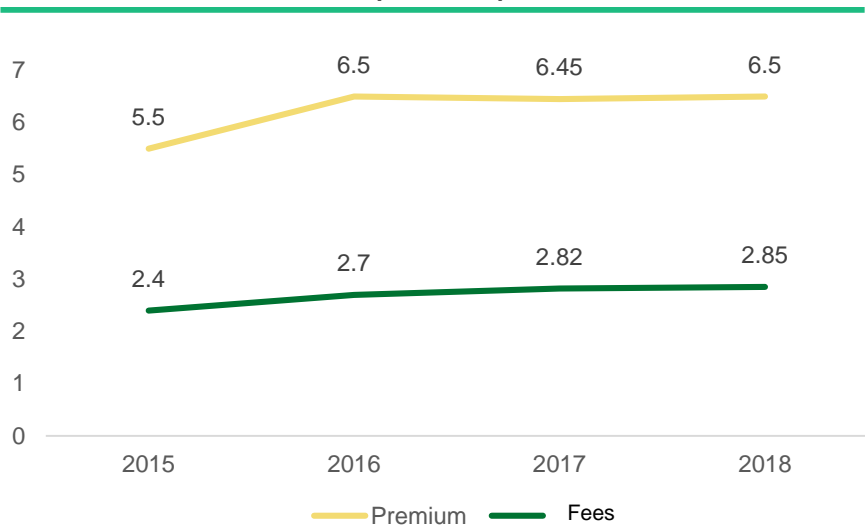
Renewing focus on Agricultural Financing



Improving Inclusion

- Consumer business growth accelerating but with tight controls and enviable loss norms.
- Market leadership in private sector Agri financing. Revitalizing through focused approach on development initiatives.
- Maintain leadership with 12% market share in SME. 1,165 branches offer SME banking with 593 staff.
- HBL Nisa, a unique product offering, improves access to financial services for women and women-owned businesses.
- First MicroFinance Bank – scaling up customer acquisition and directly driving inclusion. Loans and deposits have more than doubled since acquisition.

Premium and Revenues (PKR bn)



Business Summary – Lifetime to date

Total Premium sold	31.2 Bn
No. of Policies	514,000, 30% women
Persistency	3 Years at over 83%
Insurance Partners	Jubilee Life, EFU Life, Jubilee General

HBLHABIB BANKحبيب بینک

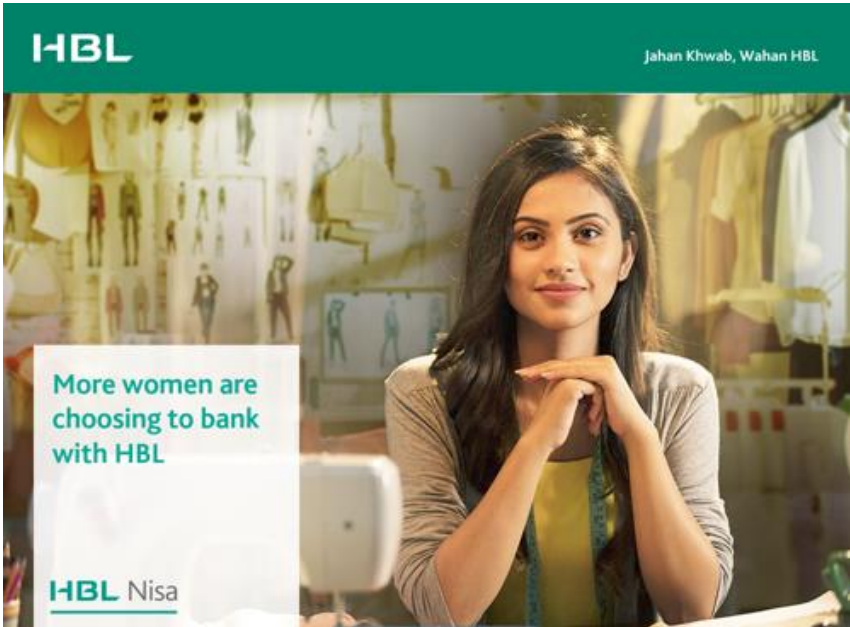
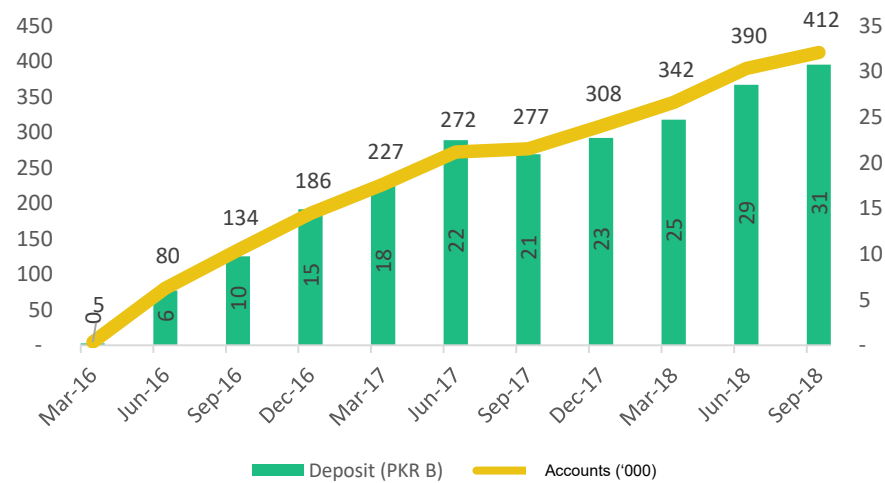
Jubilee

LIFE INSURANCE

For a secure tomorrow

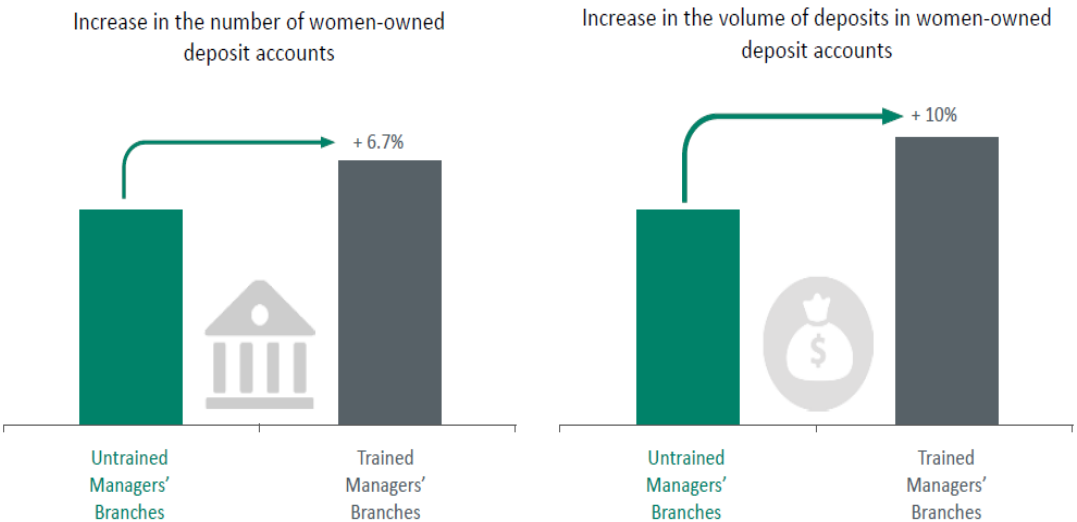
Hifazat

HBL Nisa – Banking platform for women

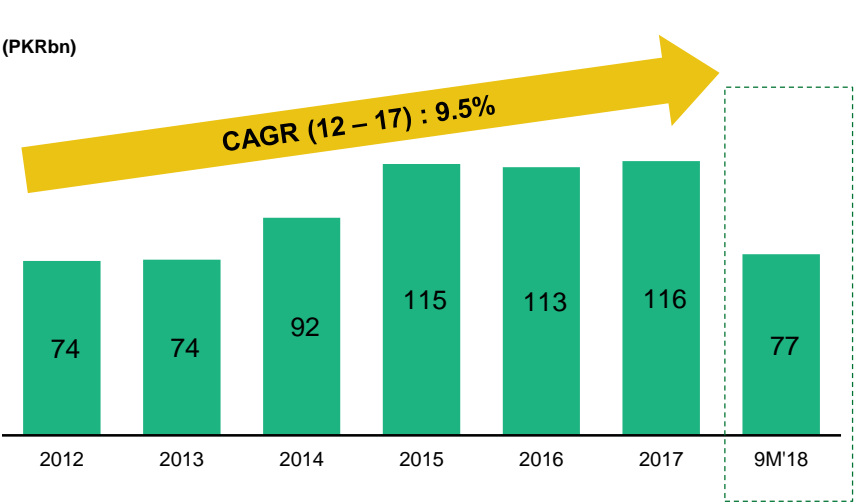


Gender Intelligence Training

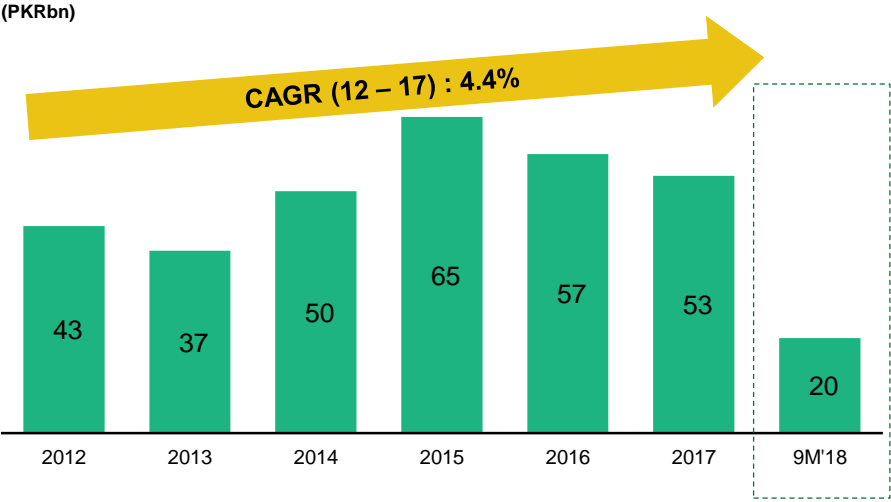
- Online survey administered to all employees of HBL – 8,482 trained
- Measurable increase in positive gender awareness
- Improved perception of equal performance capacity at the workplace
- Trained branches are associated with an increase in number and volume of deposit accounts



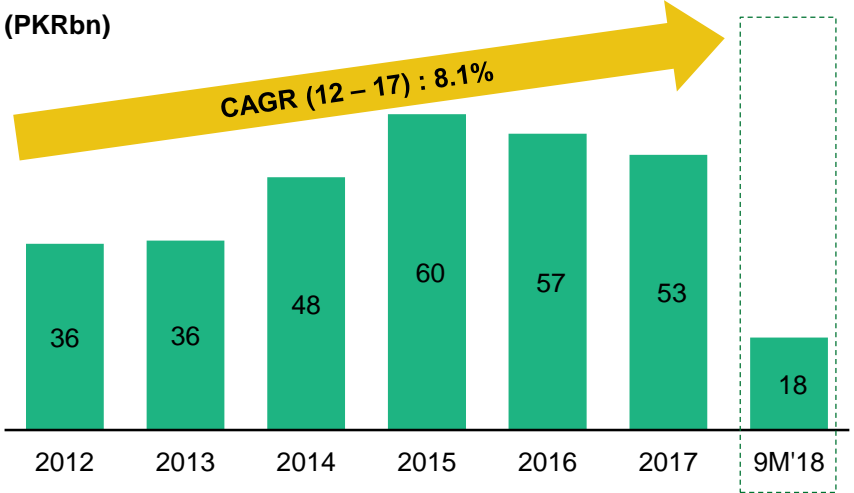
Total Revenue



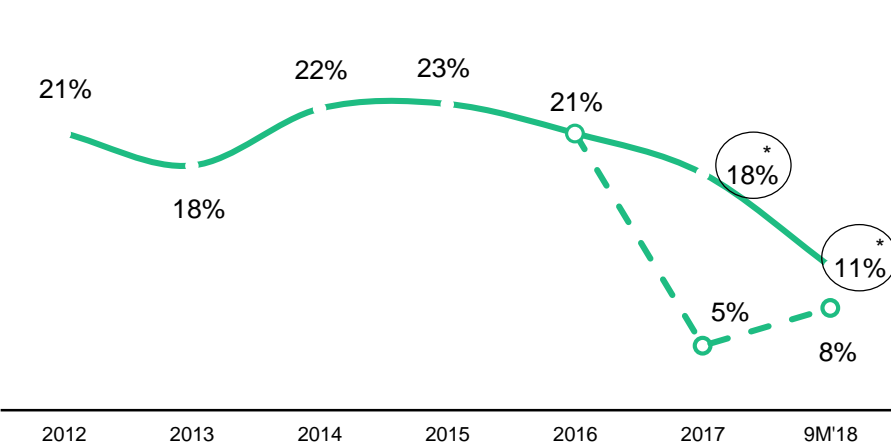
Pre-Provision Operating profit



Profit before tax (excl. extra ordinary item in 2017^)



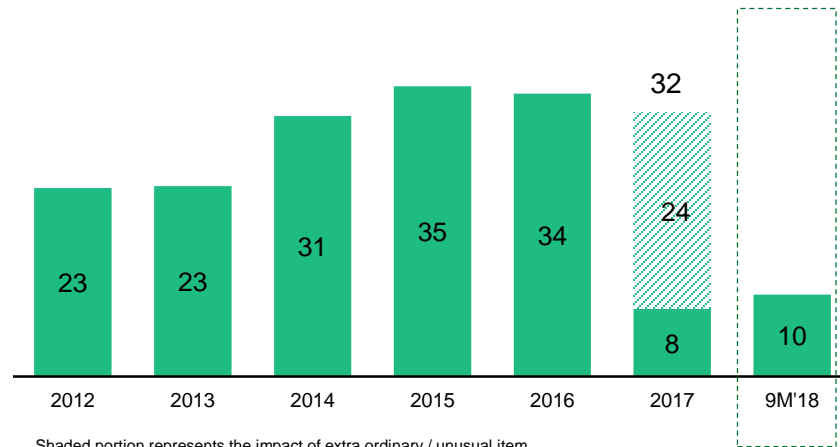
Return on Equity



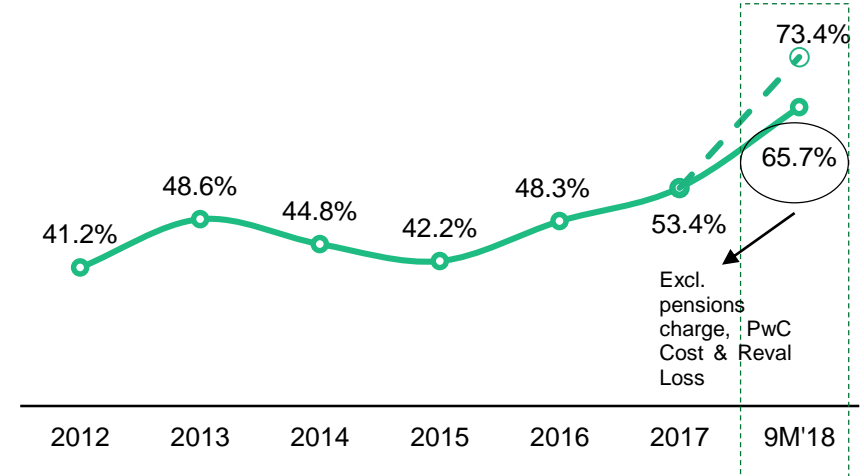
^ Represents settlement payment of \$225M to NYSDFS
* Normalized

Profit after taxation

(PKRbn)

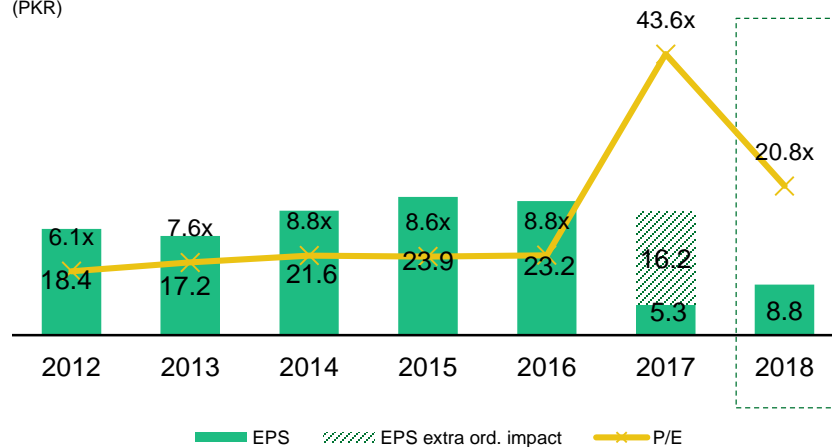


Cost to income ratio



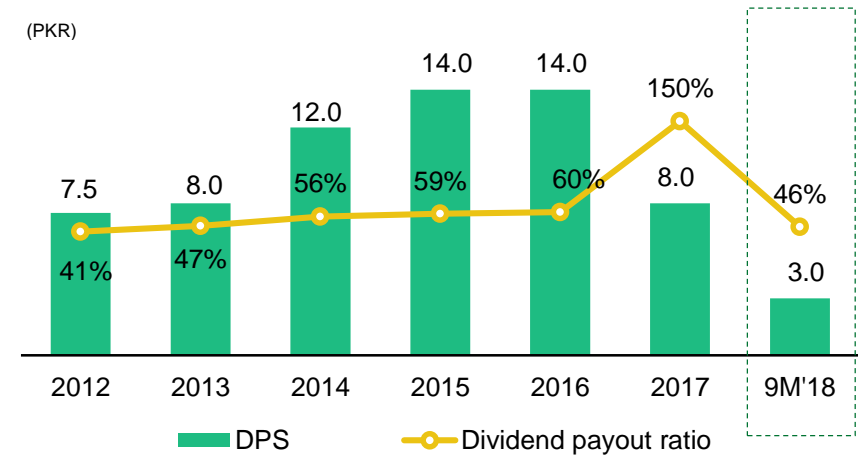
Earnings & Dividends

(PKR)



Dividend payouts

(PKR)



Appendix

Balance Sheet



PKR Bn	2012	2013	2014	2015	2016	2017	Sep'18
Assets							
Cash & Bank Balances	205	193	203	208	284	287	297
Lendings to financial institutions	25	35	34	18	34	34	29
Investments	797	826	923	1,271	1,344	1,375	1,201
Advances	500	564	600	637	749	852	959
Others	84	97	105	84	96	137	141
Total Assets	1,610	1,715	1,865	2,218	2,507	2,684	2,627
Liabilities							
Bills payable	19	19	22	28	31	34	28
Borrowings	197	108	103	314	333	398	242
Deposits and other accounts	1,215	1,401	1,525	1,635	1,886	1,999	2,059
Subordinated loan	5	3	-	10	10	10	10
Other liabilities	42	42	45	48	51	55	91
Total Liabilities	1,478	1,573	1,695	2,036	2,311	2,495	2,431
Equity	133	142	170	183	196	189	195
Total Liabilities + Equity	1,610	1,715	1,865	2,218	2,507	2,684	2,627

PKR Mn	2012	2013	2014	2015	2016	2017	9M'18
Interest Income	116,773	120,605	137,416	141,101	141,089	148,010	117,071
Interest Expensed	59,012	65,207	68,833	62,933	59,138	64,943	55,950
Net Interest Income	57,760	55,397	68,583	78,169	81,951	83,067	61,121
Fee, commission and other income	9,826	12,522	14,951	17,832	19,652	20,334	12,742
Dividends / Capital Gains	1,876	3,060	2,359	12,603	6,616	8,984	994
Share of profit from associates	1,690	1,785	3,267	3,399	3,768	2,052	2,325
FX Income	2,568	1,574	2,847	2,749	1,399	1,519	(569)
Non Fund Income	15,960	18,941	23,425	36,584	31,435	32,889	15,492
Gross Revenue	73,720	74,339	92,008	114,753	113,387	115,957	76,613
Administrative expenses	30,381	36,110	41,254	48,400	54,790	61,974	56,264
Other expenses	733	744	973	1,312	1,180	1,071	796
Total Expenses	31,114	36,854	42,227	49,713	55,970	63,045	57,060
Operating profit	42,607	37,485	49,781	65,040	57,417	52,912	19,554
Provisions - net	7,045	1,351	1,531	4,754	892	381	1,872
Profit before extra ordinary item	35,562	36,133	48,250	60,286	56,525	52,531	17,682
Extra ordinary / unusual item	-	-	-	-	-	23,717	-
Profit before tax	35,562	36,133	48,250	60,286	56,525	28,813	17,682
Taxation	12,770	13,106	16,768	25,185	22,319	20,631	7,771
Profit after tax	22,792	23,027	31,483	35,102	34,206	8,182	9,910

Key Ratios



	2012	2013	2014	2015	2016	2017	Sep'18
Profitability							
Return on average assets (RoA)	1.7%	1.4%	1.8%	1.7%	1.4%	0.3%	0.5%
Return on shareholders' equity (RoE)	18.8%	16.8%	20.2%	19.9%	18.1%	4.2%	7.6%
Cost : Income ratio	41.2%	48.6%	44.8%	42.2%	48.3%	53.4%	73.4%
NFI : Gross revenue	21.6%	26.0%	25.5%	31.9%	27.7%	28.4%	20.2%
Asset Quality & Liquidity							
Gross Advances to deposits ratio	44.9%	45.0%	43.7%	43.2%	43.3%	46.1%	49.9%
CA %	26.1%	29.4%	34.2%	36.7%	37.0%	36.7%	38.0%
CASA %	67.0%	73.3%	78.1%	82.5%	82.3%	83.5%	85.0%
NPLs to Gross Advances	10.9%	12.7%	11.9%	10.9%	9.2%	8.2%	7.6%
Net NPLs to Net Advances	3.2%	2.7%	2.7%	1.7%	1.4%	1.1%	1.2%
Coverage - Specific	73.4%	80.8%	79.9%	85.8%	86.4%	87.6%	85.0%
Coverage - Total	82.6%	83.5%	83.2%	90.1%	91.2%	91.6%	89.4%
Capital Adequacy							
Tier I CAR	12.6%	12.9%	13.3%	13.1%	12.0%	12.0%	12.7%
Total CAR	15.3%	15.4%	16.2%	17.0%	15.5%	16.0%	17.0%
Industry Share							
Deposits	15.5%	15.1%	14.8%	14.1%	14.1%	14.3%	14.1%
Advances	11.4%	10.7%	11.0%	10.7%	11.3%	11.6%	11.6%