

HBL



**Company Presentation
September 2015**

Pakistan's No. 1 commercial bank

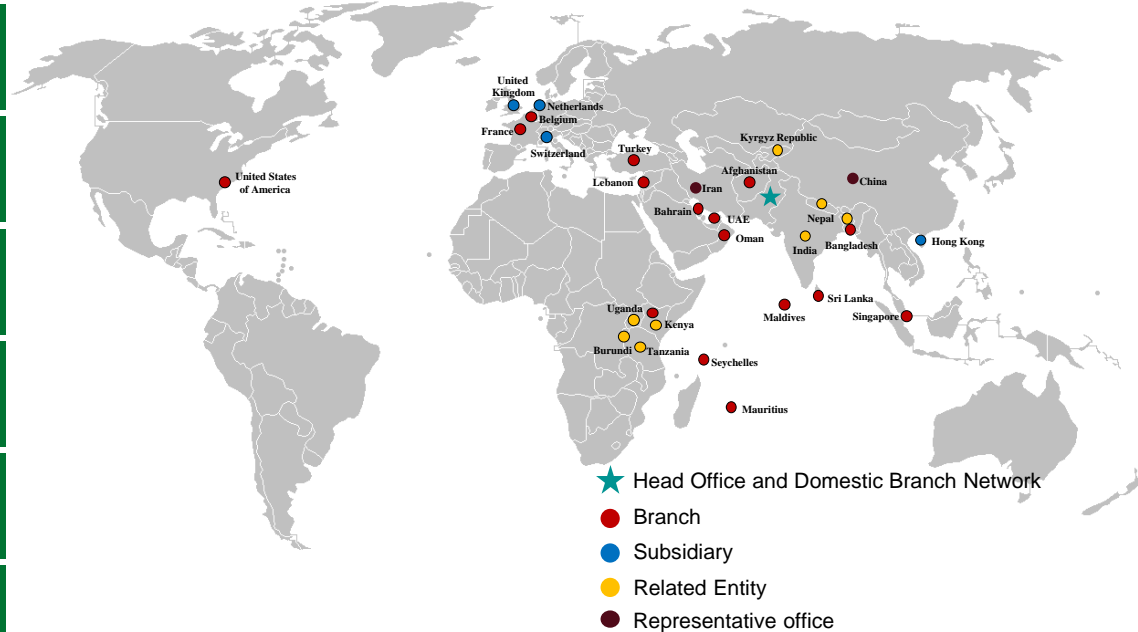


1 bank in Pakistan by⁽¹⁾:

#1	Assets (bn)	PKR 2,090 (US\$ 20.0)
#1	Deposits (bn)	PKR 1,603 (US\$ 15.4)
#1	Net profit (mn) - Half year	PKR17,156 (US\$164)
#1	# of Domestic Branches	1,624
#1	# of ATMs	1,876
#1	# of Customers	9 million approx.
#1	Market capitalization (bn)	PKR 311 (US\$ 3.0)

- 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 of 64 international branches (including branches of subsidiaries)
- Presence in key financial hubs; London, New York, Brussels, Singapore, Dubai and Hong Kong
- Positioned as a regional player to increase market share in
 - Remittances
 - Trade finance
 - Investment banking
 - Islamic banking

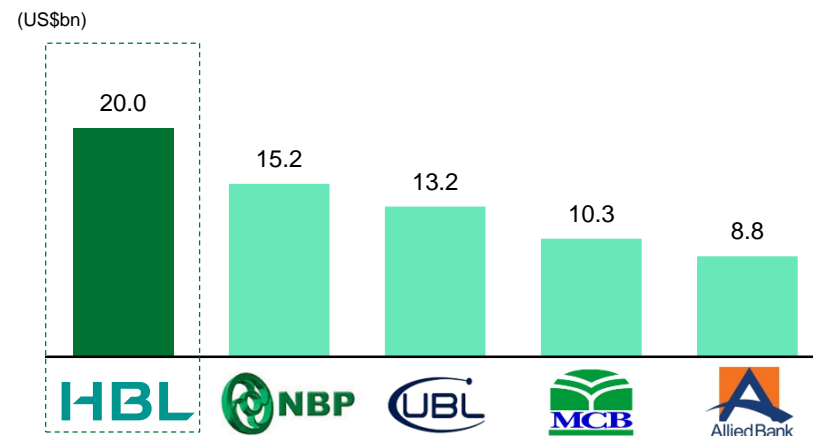
Note: Based on US\$1.00: PKR 104.36

- (1) As of 30 June 2015 except
no. of branches, ATMs & market capitalization as of Sep 15, 2015
- (2) Japan Credit Rating Agency - Vital Information Services.

Sector overview

- Pakistan has a total of 44 banks including Government Owned Banks, Privatized Banks, Development Financial Institutions, Private Banks and Foreign Banks
- Since 1991, 4 of the top 5 banks (HBL, UBL, MCB, and ABL) in Pakistan have been privatized
- State Bank of Pakistan (“SBP”), the main regulatory body of Pakistan banks, is generally viewed as one of the most prudent regulators in the region
- All banks in Pakistan are currently under transitional Basel III regime
- A strong public central credit information bureau and four private credit bureaus allow for effective credit origination and monitoring

The five largest banks in Pakistan by total assets⁽¹⁾



Privatisation of Pakistan banks

Divestments by the GoP of holdings in Pakistan banks

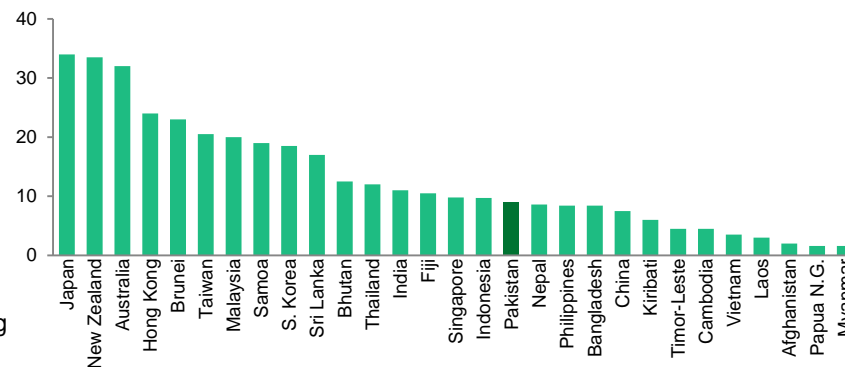
	HBL	UBL	AlliedBank
Sale date	Apr 2015	Jun 2014	Dec 2014
% stake sold	41.5%	19.8%	10.1%
Proceeds raised (US\$m)	1,010	388	143

Secondary Public offering of HBL

- Secondary sale of HBL shares by the GoP was the largest ever equity offering in Asian Frontier Markets
- Oversubscribed by 1.6 times at the final offer price
- 76% of the offering size allocated to foreign investors
- CDC and IFC came in as “anchor” investors
- Many major global institutional investors participated, taking a >1% stake

(1) Based on 30 June 2015 financials

One of the lowest bank penetrations offers room for growth

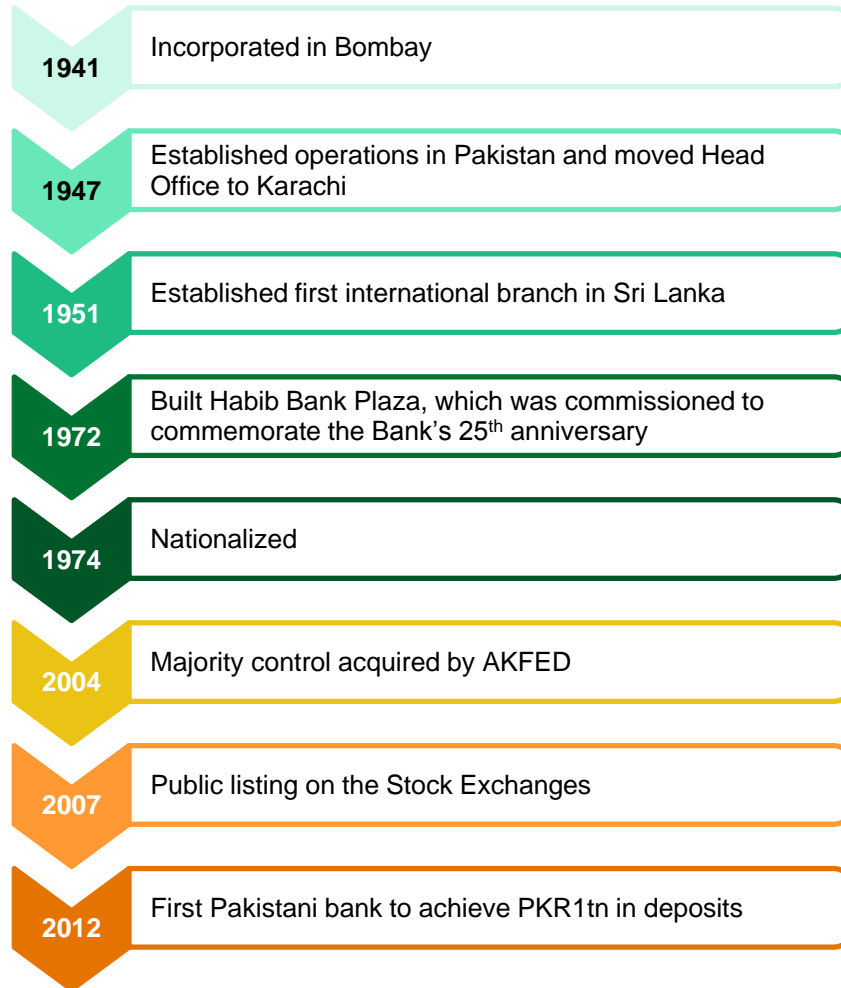


Source: Business Monitor
Note: Selected Asian countries only

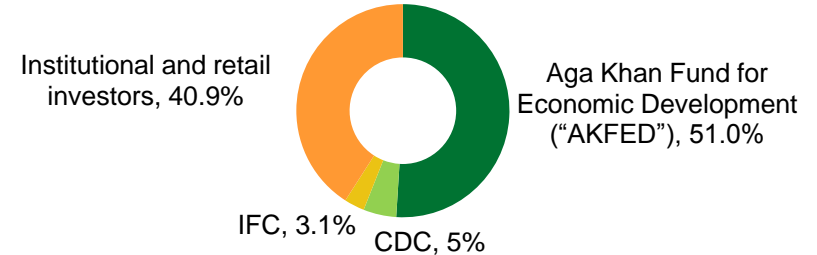
HBL – the foundation of Pakistan’s financial sector



Corporate milestones



Current shareholders⁽¹⁾



Major awards & innovations

Major awards

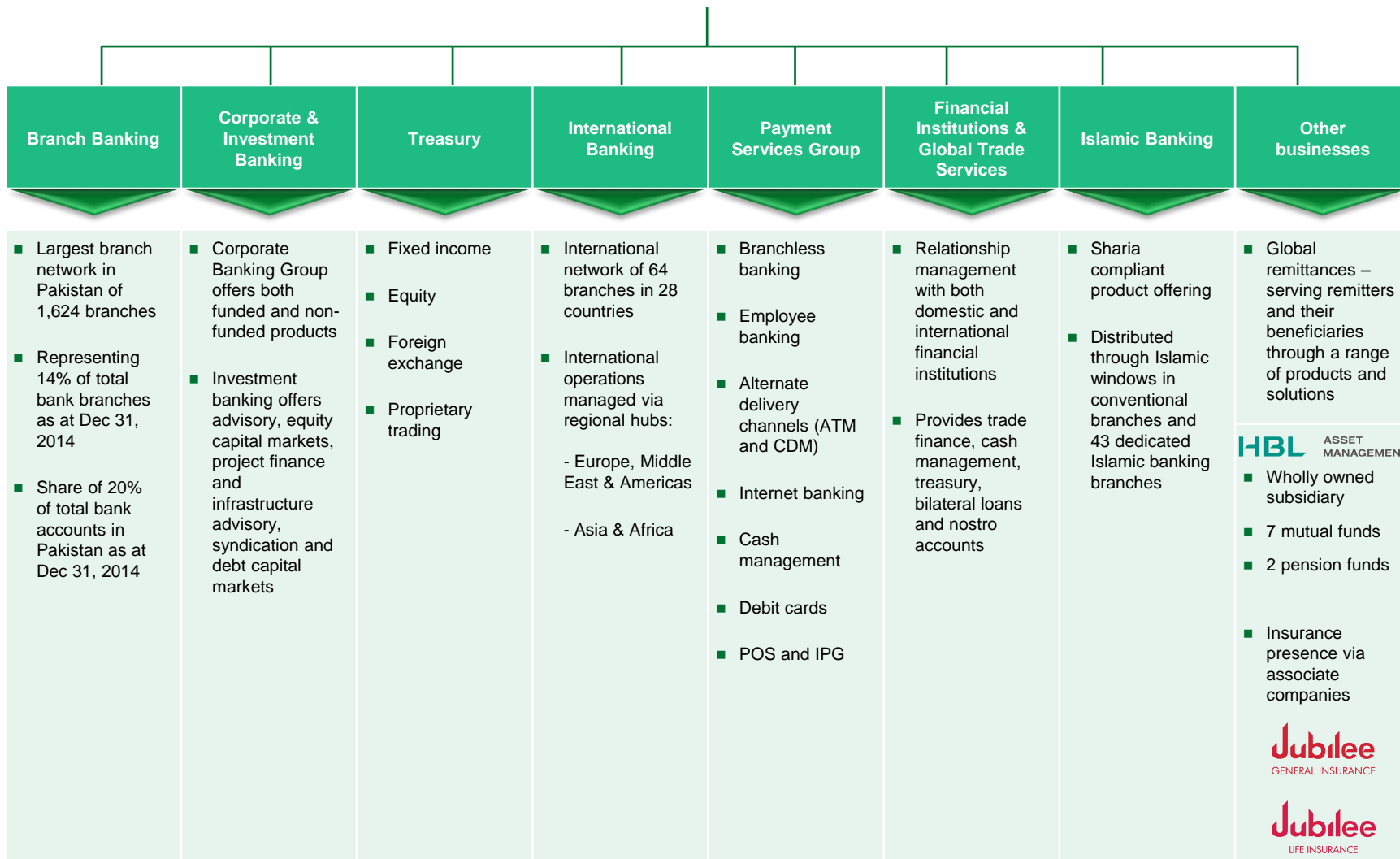


Innovations



(1) Data as of 30 June 2015.

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 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 Ltd, is a banker with over 32 years of banking experience
- He also serves as Chairman of Habibsons Bank Ltd, UK, Chairman of Habib Finance International Ltd, Hong Kong and Chairman of Habib Allied Holding Limited
- 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 Ltd, Marcuard Family Office, Switzerland, Jubilee Holdings Limited (East Africa) and Global Finanz Agency. 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, Industrial Promotion and Development Company of Bangladesh Limited 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. He also serves on the Boards of Attock Cement Limited, Sui Southern Gas Company Limited, Thatta Cement Company Limited, Newport Containers Terminal (Private) Limited, Triton LPG (Private) Limited, Bandhi Powergen Company (Pvt) Ltd. and Benazirabad Facilities (Pvt.) Ltd.
- Mr. Sher Shah has also held the position of Senior Portfolio Manager at the Abu Dhabi Investment Authority.



Dr Najeeb Samie
Director

- Dr Najeeb Samie has over 34 years of experience in the corporate and financial sector
- He is currently the Managing Director of PIA Investments Ltd and is a Director of the Roosevelt Hotel Corporation and the Parisien Management Company Ltd, 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 PKR13bn to PKR32bn between 2009 and 2014 (+19% CAGR)
- Acquired Barclays' Pakistan business to add high-quality talent to the Bank, similar to that experienced following the Bank's purchase of Citi Pakistan's consumer business.



Nauman K. Dar
President
& Chief Executive Officer
13 / 33 / 33⁽¹⁾



Raymond Kotwal
Chief Financial Officer
1 / 18 / 29⁽¹⁾



Ayaz Ahmed
Head, Acquisitions &
Investments
15 / 23 / 33⁽¹⁾



Nausheen Ahmad
Company Secretary
& Head Legal
9 / 9 / 27⁽¹⁾



Sima Kamil
Head, Branch Banking
14 / 29 / 29⁽¹⁾



Aamir Irshad
Head, Corporate
& Investment Banking
10 / 24 / 27⁽¹⁾



Salahuddin Manzoor
Global Treasurer
5 / 32 / 32⁽¹⁾



Anwar Zaidi
Head, Financial Institutions
& Global Trade Services
13 / 34 / 34⁽¹⁾



Faiq Sadiq
Head, Payment Services
15 / 25 / 25⁽¹⁾



Mirza Saleem Baig
Head, Islamic Banking
14 / 30 / 32⁽¹⁾



Hassan Raza
Head, Structured Credits
3 / 23 / 23⁽¹⁾



Abrar Mir
Chief Innovation & Financial
Inclusion Officer
1 / 15 / 21⁽¹⁾



Tariq M. Akbar
Head, Global Operations
15 / 39 / 40⁽¹⁾



Rizwan Haider
Chief Risk Officer
13 / 34 / 35⁽¹⁾



Fareed Hosain
Chief Information Officer
2 / 28 / 33⁽¹⁾



Jamal Nasir
Global Head Human and
Organizational Development
1 / 18 / 28⁽¹⁾



Salim Amlani
Chief Internal Auditor
10 / 39 / 39⁽¹⁾



Faisal Anwar
Chief Compliance Officer
2 / 30 / 30⁽¹⁾



Abbas Hassan
Head International Banking
Europe, Middle East &
Americas
3 / 30 / 31⁽¹⁾



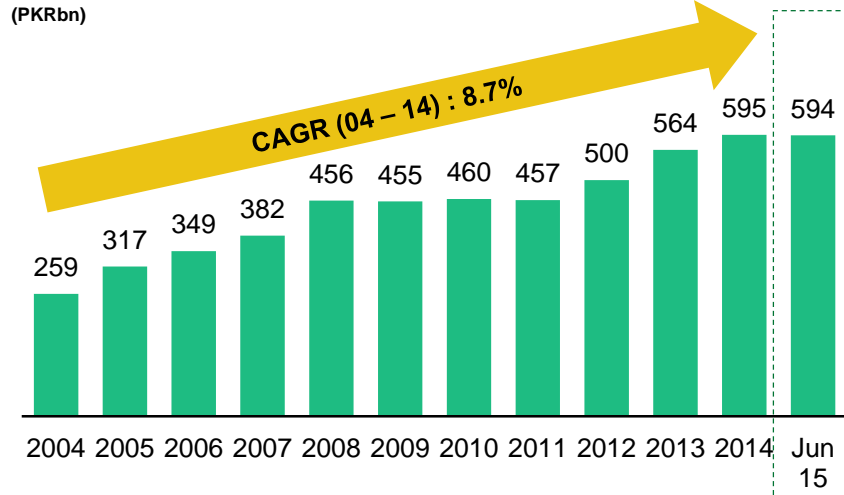
Abid Sattar
Head International Banking
Asia & Africa
10 / 32 / 32⁽¹⁾

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

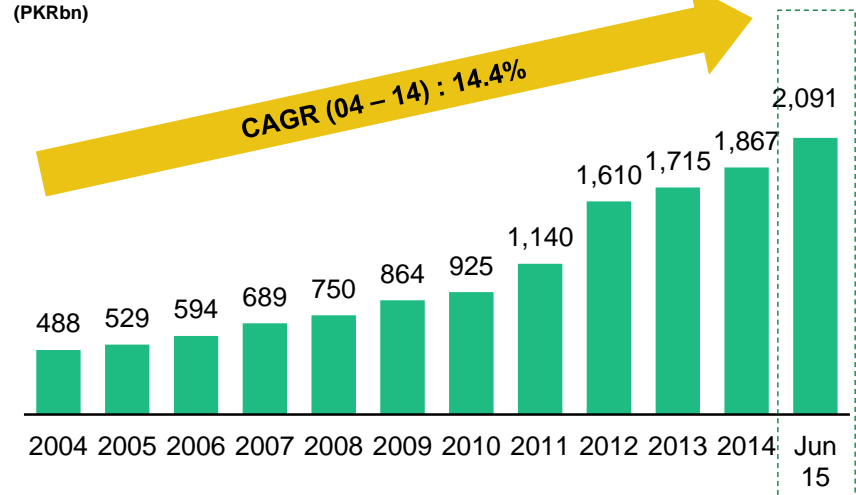
(1) Number of years in HBL / years in banking / Total work experience .

Progress since privatization – Balance sheet **HBL**

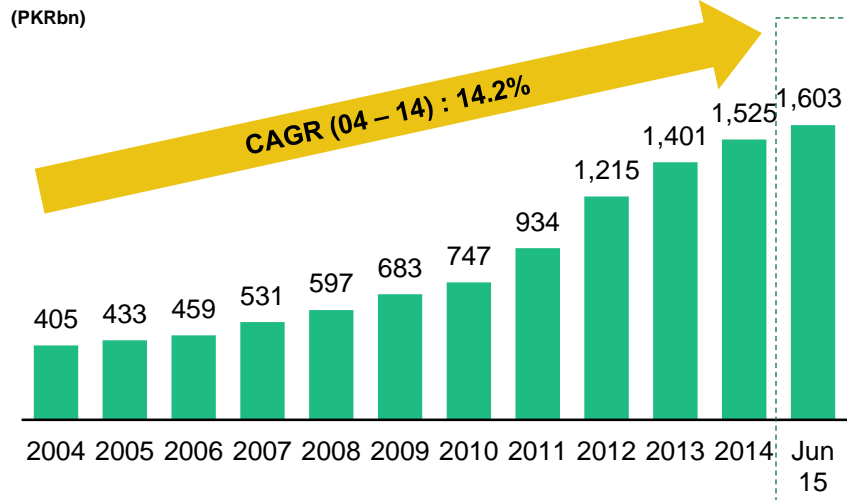
Net Advances



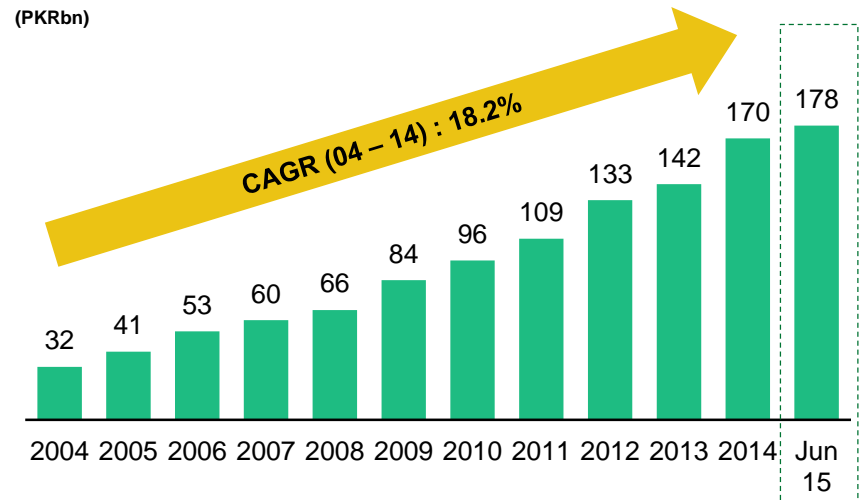
Total assets



Deposits

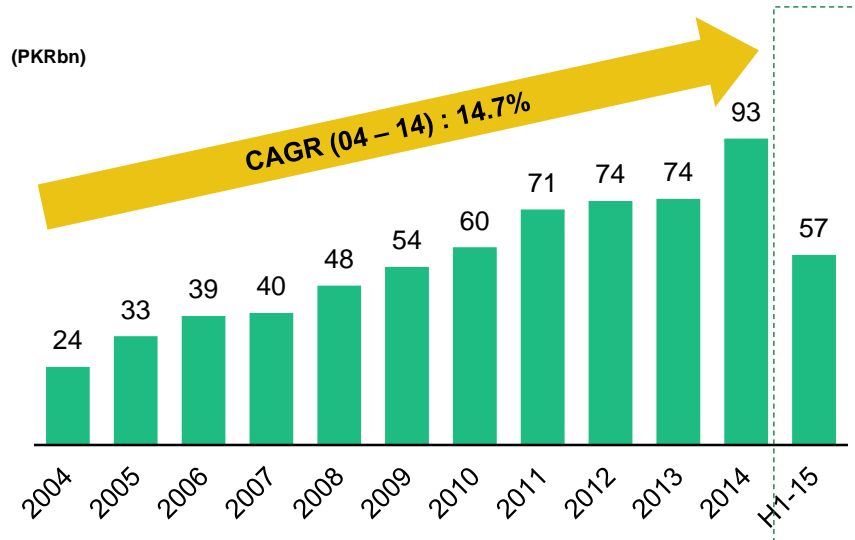


Shareholders equity

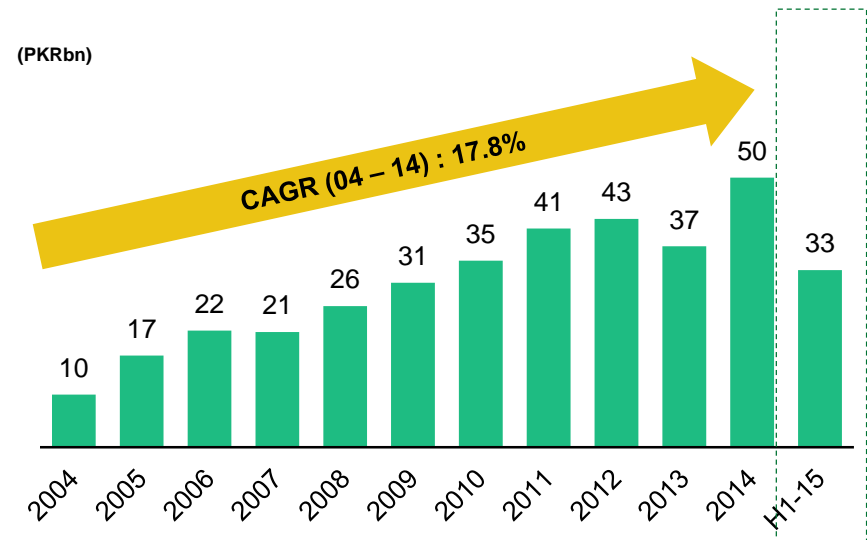


Progress since privatization – Operating results **HBL**

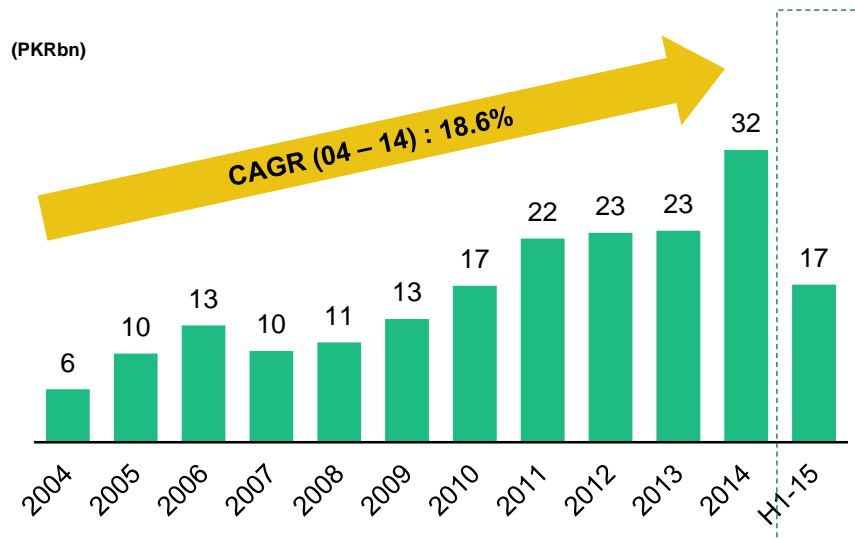
Total Revenue



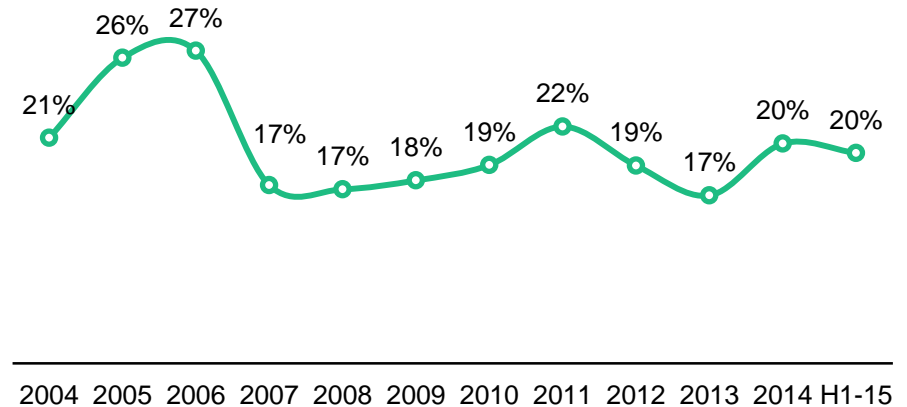
Operating profit



Profit after taxation

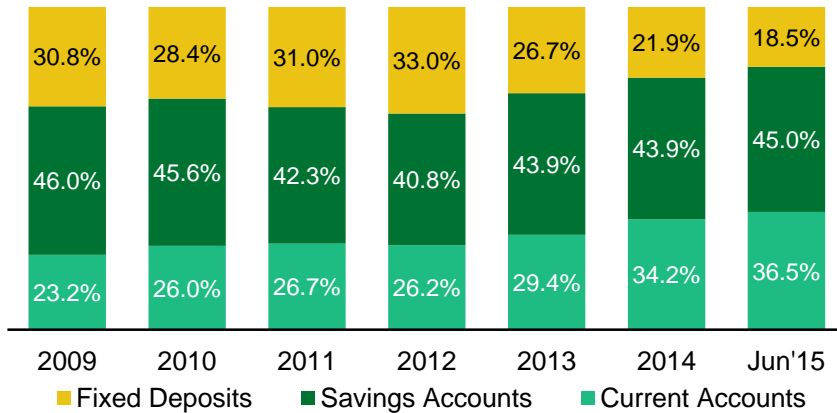


Return on Equity

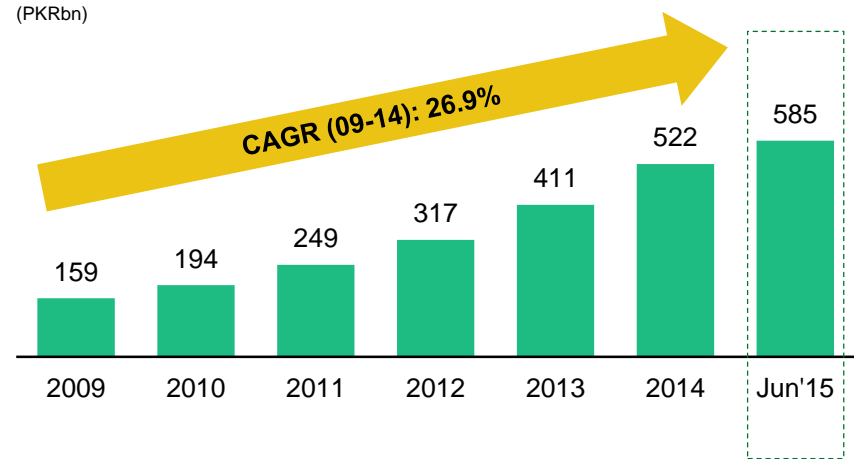


Deposits remain the growth engine

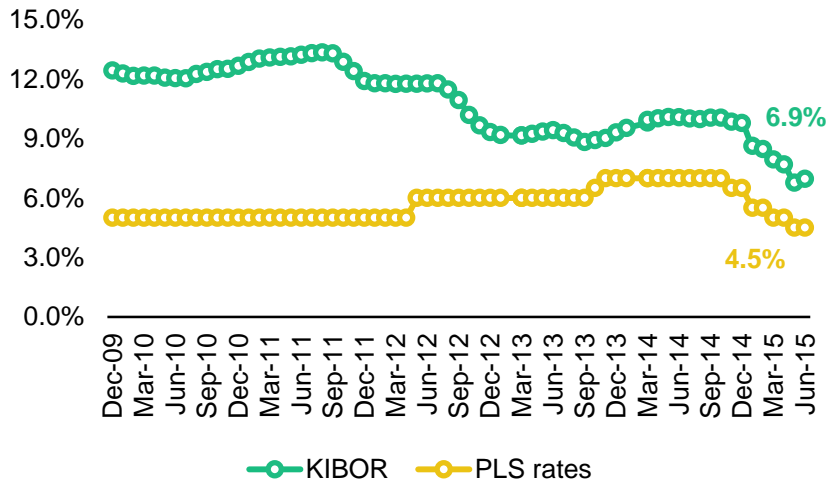
Deposit composition



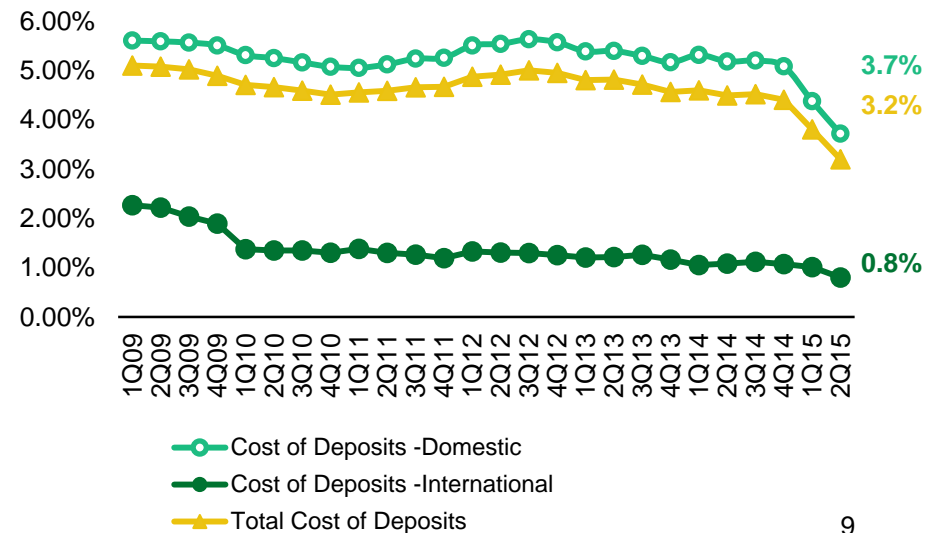
Growth in current deposits



Key rates

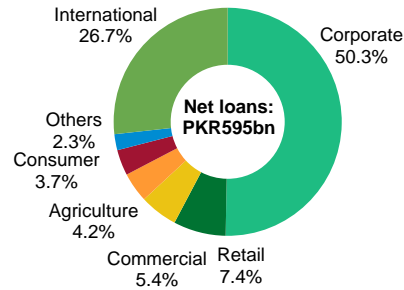


Cost of deposits

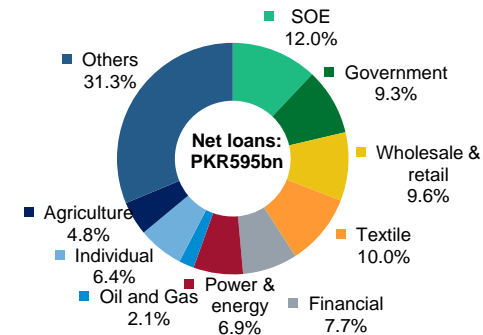


A diversified loan portfolio...

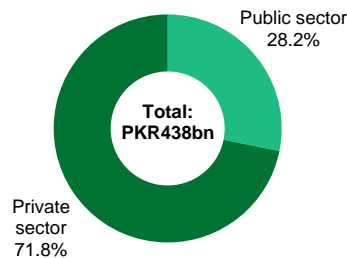
Loan portfolio composition by line of business



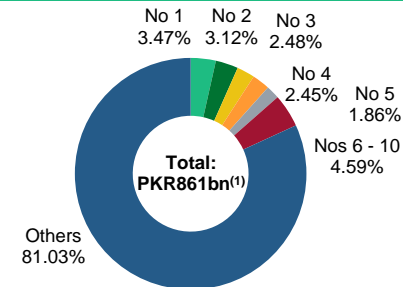
Loan portfolio composition by industry segments



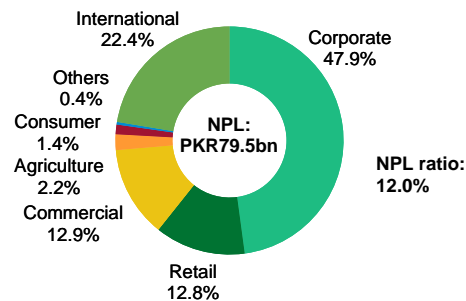
Domestic corporate customer loans



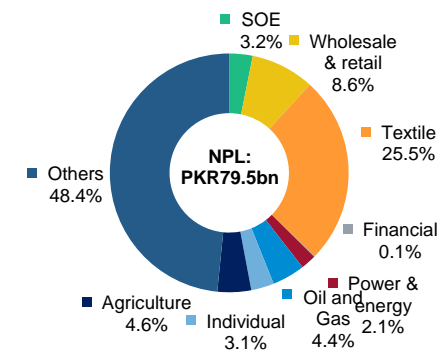
Top 10 client concentration



NPL composition by line of business

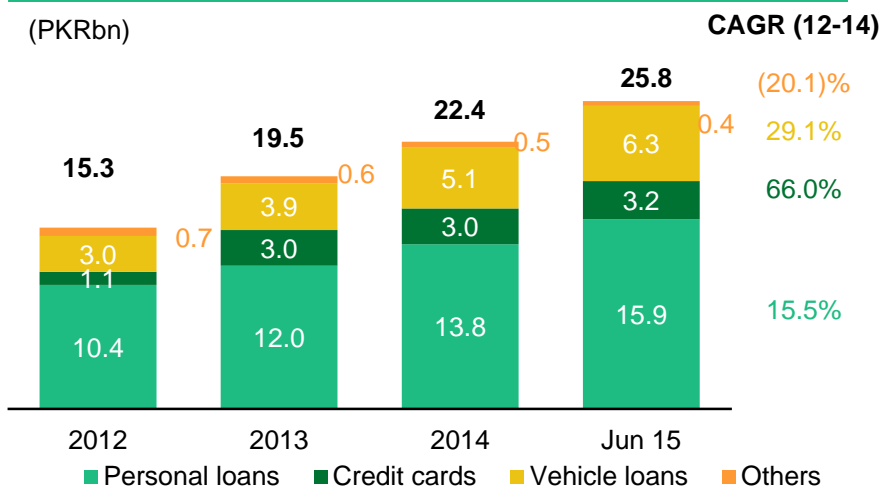


NPL composition by industry segments



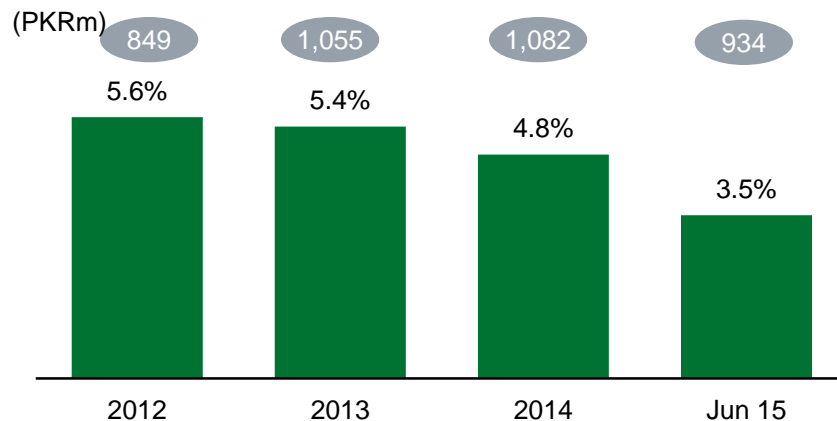
Data as at 31 December 2014.
 (1) Total gross cash and non-cash advances

Growth in consumer lending



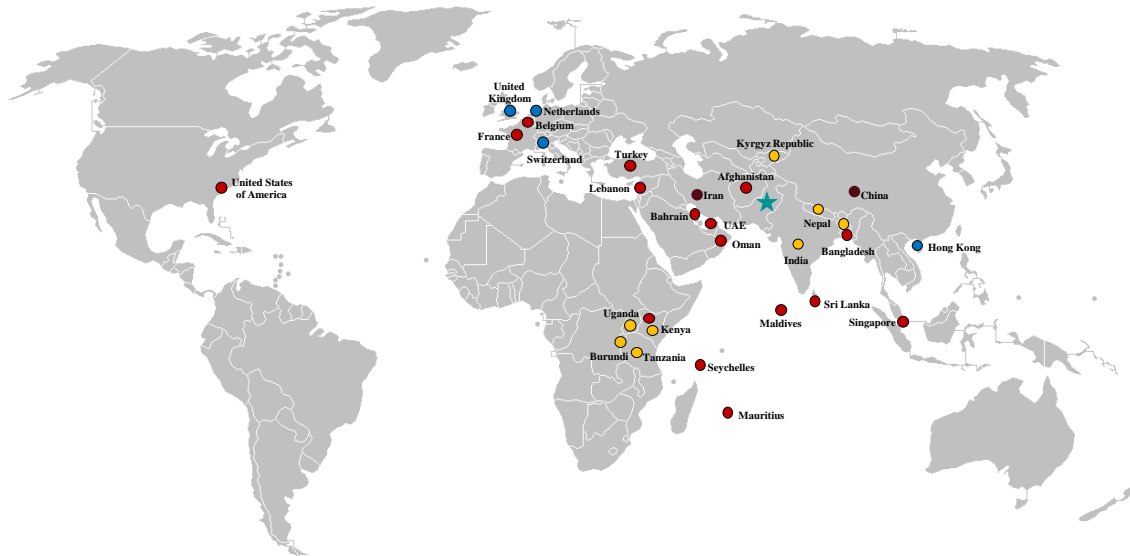
- Consumer lending portfolio reached R25.8bn at 30 June, 2014.
- Tested model offers opportunity for growth, supported by HBL@Work program
- While the Bank plans to rapidly scale up Consumer Lending, this will be underpinned by a strong focus on credit quality and operating efficiency

Decreasing consumer NPL ratio



Large and diversified international presence which is unique among regional peers

International footprint

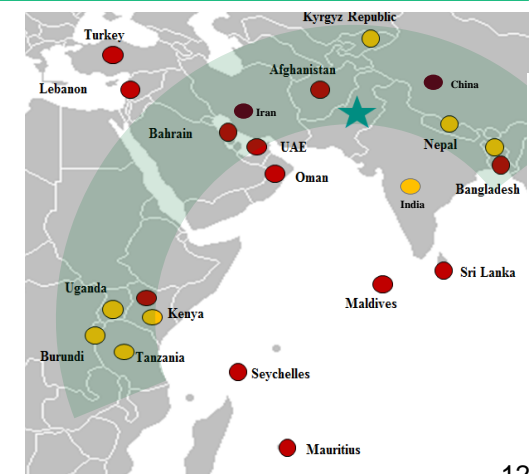


- Direct presence in 28 countries
- Network of 64 branches⁽¹⁾
- Presence in key financial hubs; London, New York, Brussels, Singapore, Dubai and Hong Kong
- Presence in 5 countries through associates and related entities

- ★ 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 including Sri Lanka, Afghanistan, Oman, UAE, Bahrain and Bangladesh
- Well-positioned regional player to increase market share in:
 - Remittances
 - Trade finance
 - Investment banking
 - Islamic banking



Strategic development area for the bank

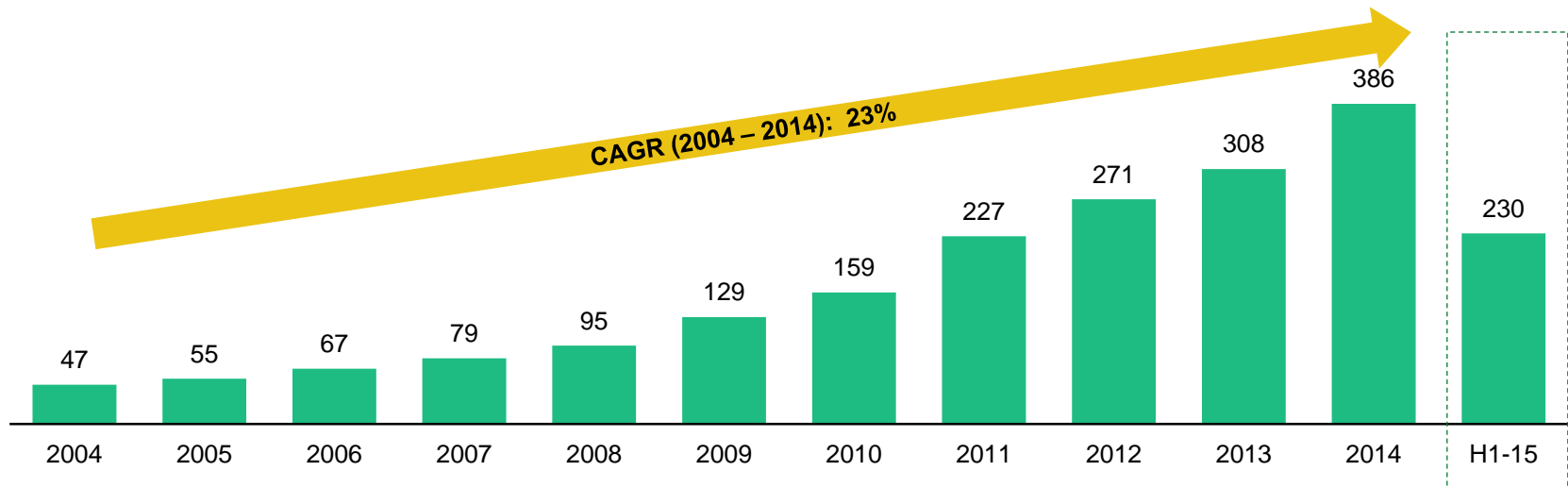
(1) Includes branches of HBL's subsidiaries.

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 FY15, overseas workers remitted more than US\$18.4bn back to Pakistan, up 16.5% year-on-year
- Of this amount, the leading source nations are Saudi Arabia (31%), UAE (23%), USA (14%) and UK (12%)
- Given its strong international network, HBL is well placed to serve the home remittance market and as of Jun'15 had a 23.9% (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.

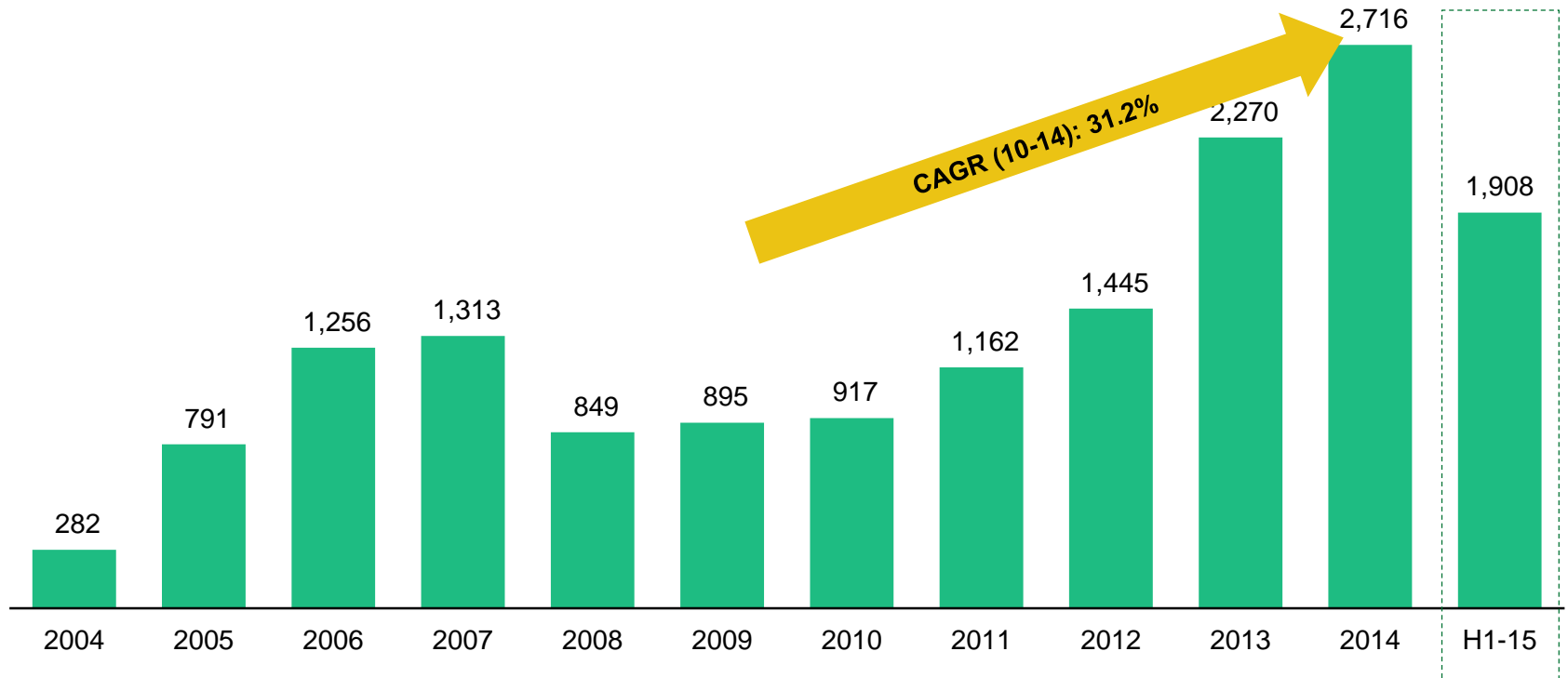
HBL home remittance volumes (2004 – H1-15), PKRbn



Strong investment in technology underpins commitment to the future

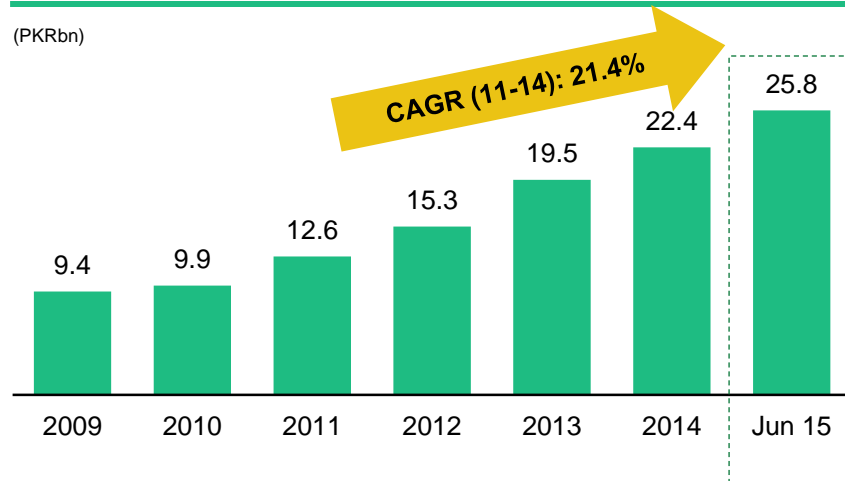
Investment in IT infrastructure

(PKRmn)

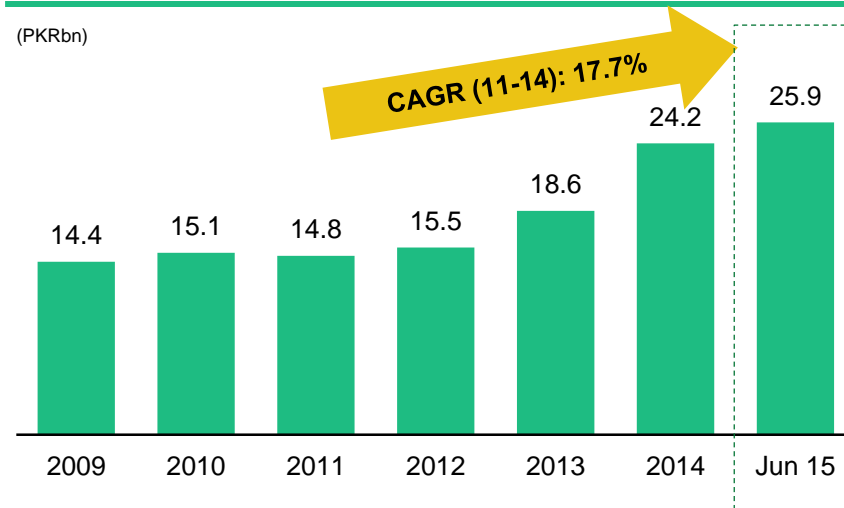


- 1** Development & implementation of core banking systems
- 2** Strengthening & consolidation of IT systems
- 3** New systems for delivery channels & efficiency, system upgrades

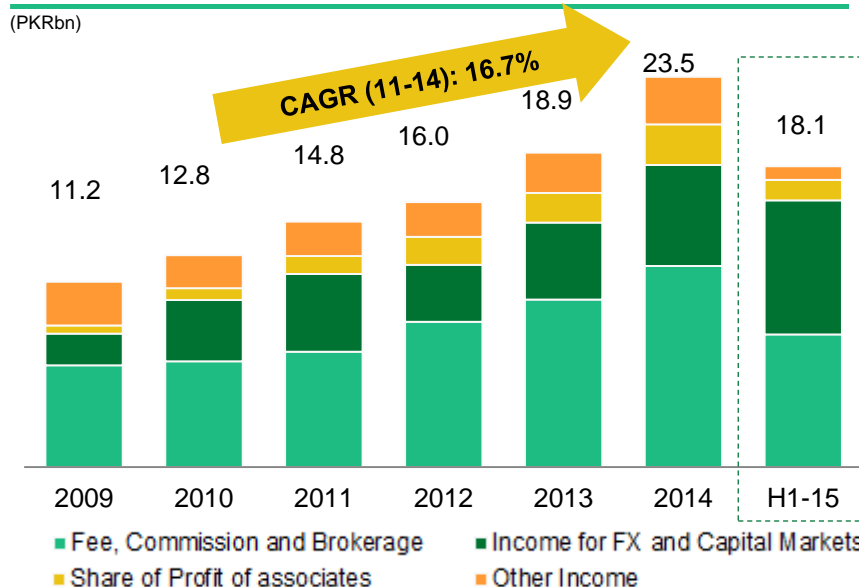
Growth in Consumer Lending



Growth in Agricultural Financing



Increasing fee and other non-interest income



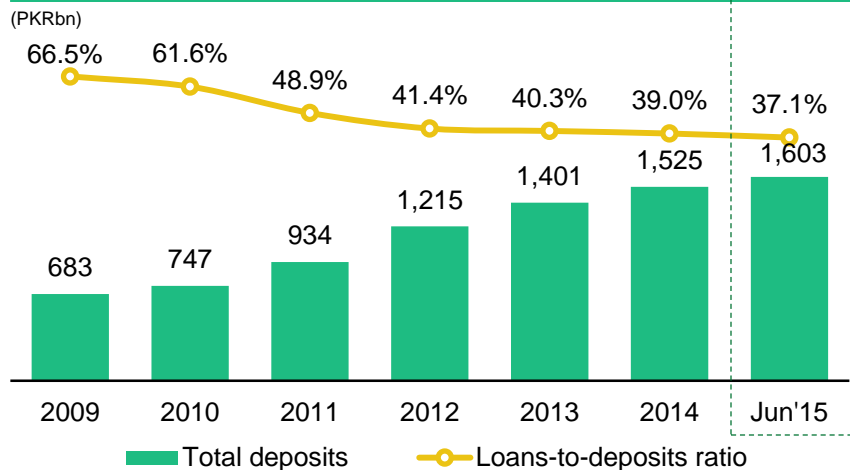
Other growth vectors

- Drive growth in agricultural / rural lending through unique sales force of Agriculture Field Officers. Expand product range to cover entire value chain.
- Enhance presence in the Islamic Banking space, the fastest growing segment in the Pakistan market.
- Strengthen and fully leverage international network. Grow regional presence by investing in local brands (DTB, KICB)
- Enter microfinance space through potential acquisition of First Microfinance Bank
- Launch a unique product offering for women and women-owned businesses, to improve their access to financial services

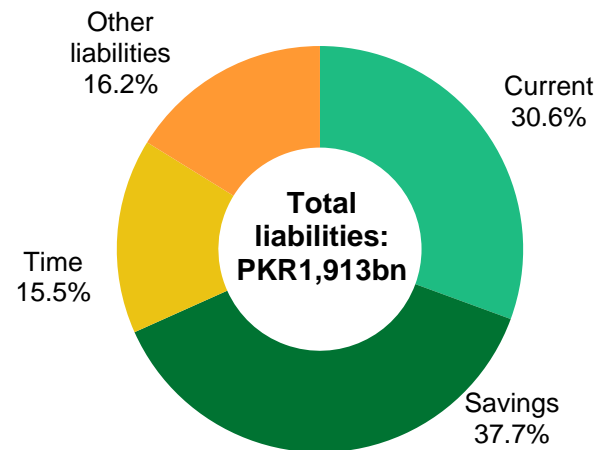
Strong balance sheet with ample liquidity, high capitalization and conservative risk management



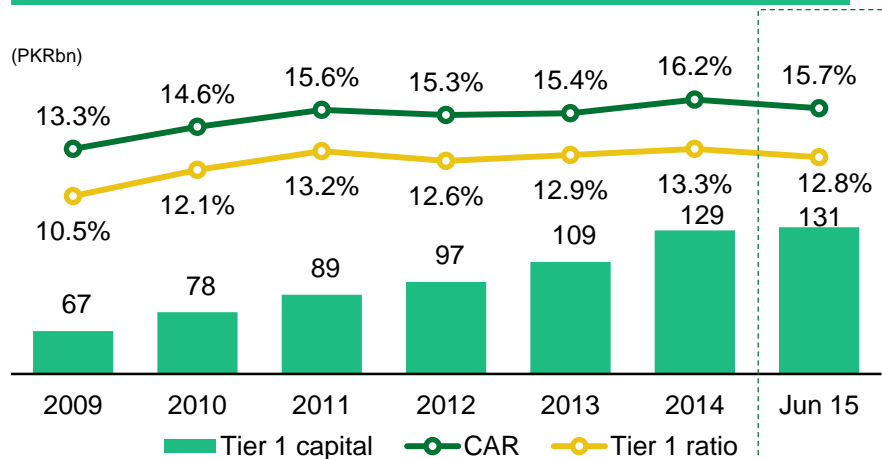
Strong deposit growth



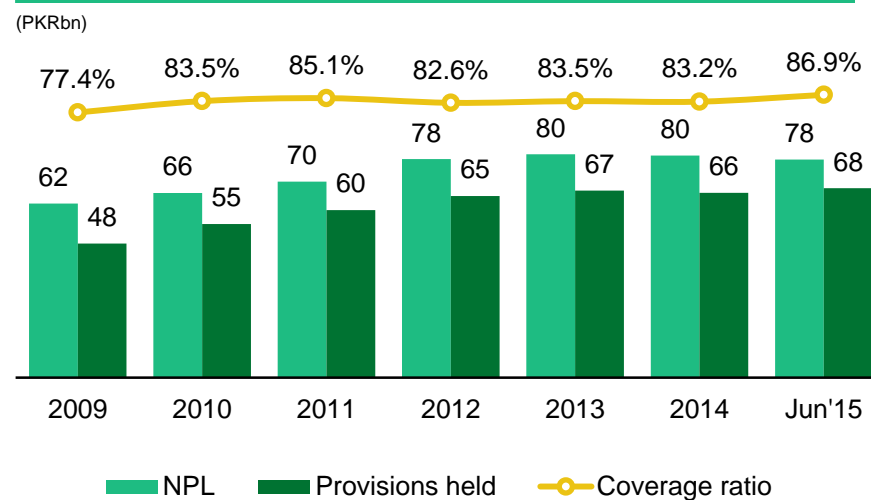
Liabilities composed mainly of sticky deposits



Robust capital base...



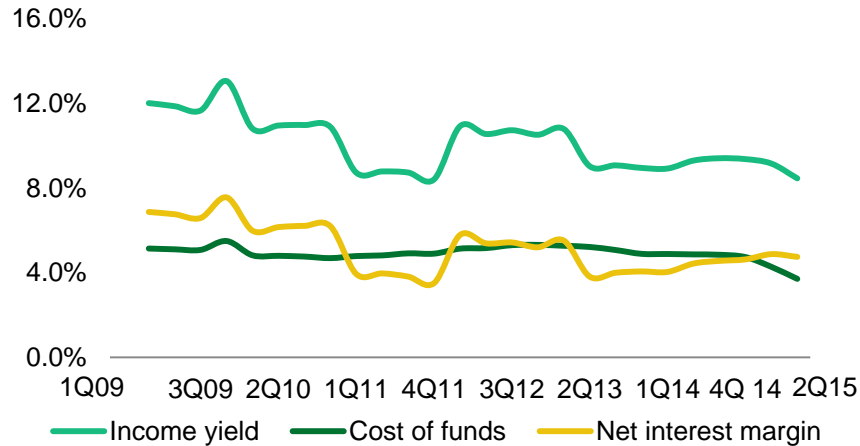
Conservative risk management practices



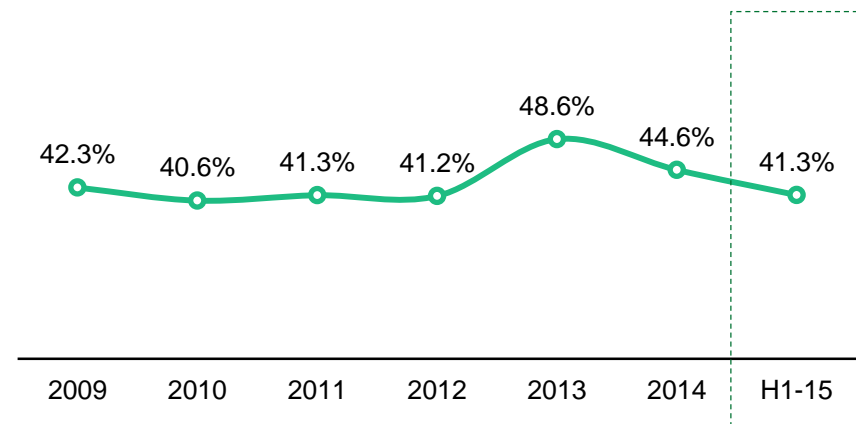
Delivering consistently strong profitability



Net interest margin⁽¹⁾

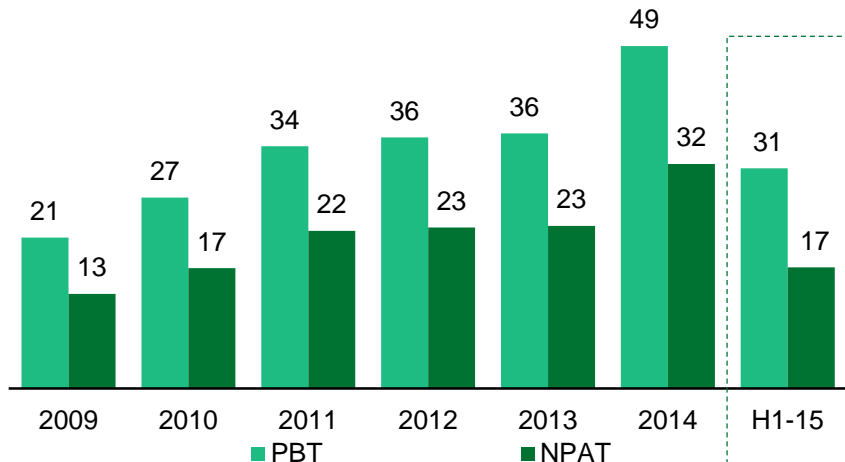


Cost to income ratio

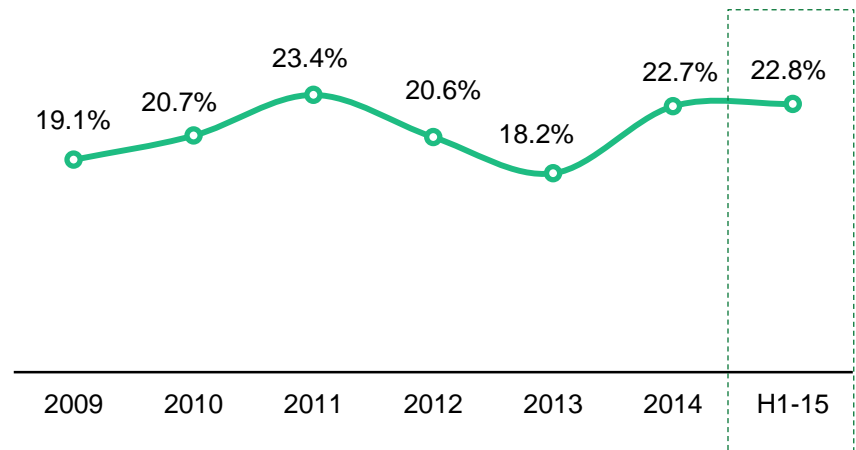


Profit before tax ("PBT") / Net profit after tax ("NPAT")

(PKRbn)



Return on Equity⁽²⁾

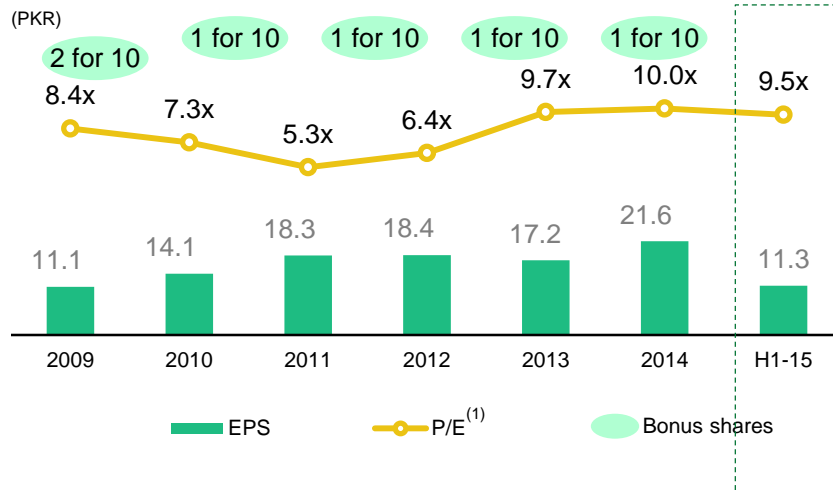


(1) Income Yield = (Interest Income + Investment Income) / Net Earning Assets.
 Cost of Funds = Interest Expense / Total Liabilities.
 Net Interest Margin = Income Yield - Cost of Funds.

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

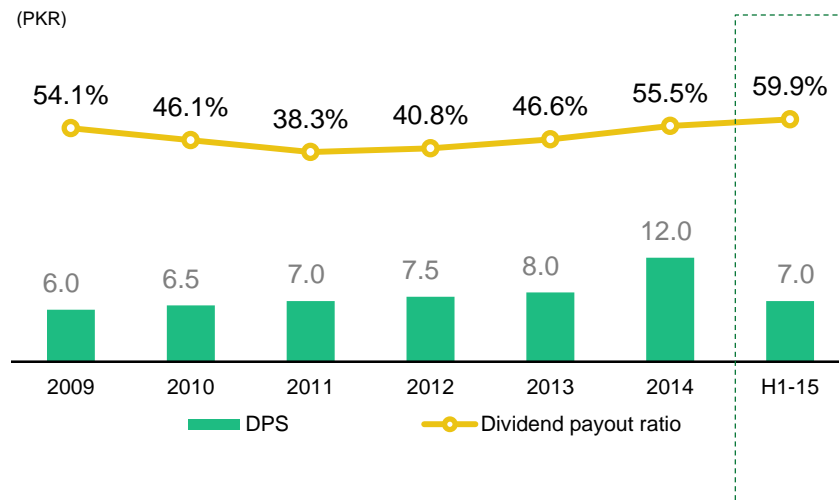
Strong earnings and dividends

Strong set of earnings even with bonus shares issued



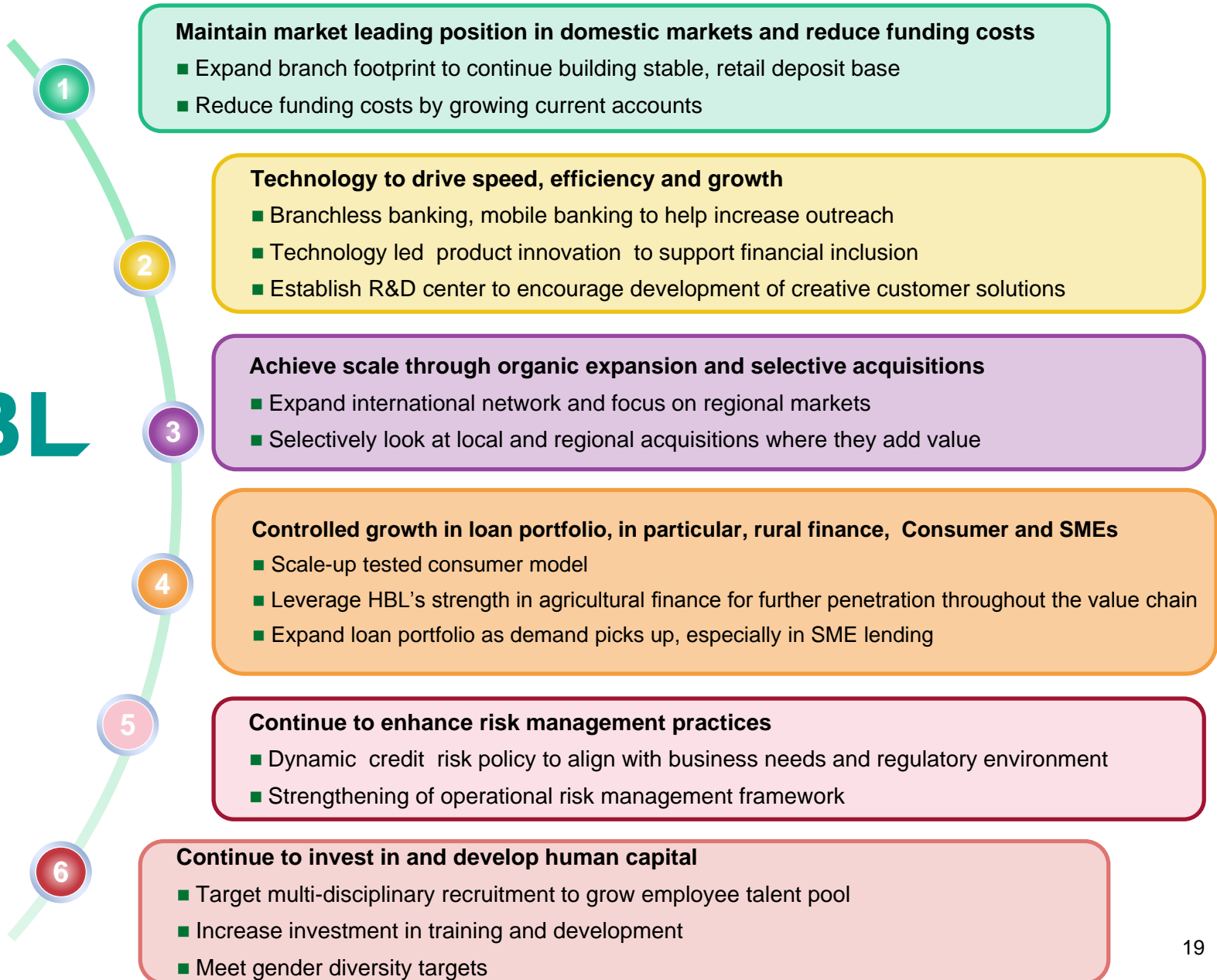
- HBL's net profit more than doubled between 2009 and 2014
- The return on equity and return on assets for HBL were 22.7% and 1.8% respectively for 2014 vs 16.0% and 1.4% respectively for the Pakistani banking sector

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) Based on share price as at 31 December of respective year ends (for H1-15, as at 30 Jun'15) and full year EPS



Appendix

Consolidated balance sheet



..... (PKR Mln)

	2009	2010	2011	2012	2013	2014	Jun 2015
Assets							
Cash & Bank Balances	120,207	119,053	150,749	205,210	192,818	202,968	214,197
Lending to Financial Institutions	5,353	30,339	41,581	24,828	35,271	34,313	16,142
Investments	216,468	254,909	418,604	797,095	826,062	924,307	1,161,292
Advances	454,662	459,750	457,368	499,818	563,700	595,295	594,386
Others	67,235	60,649	71,253	83,523	97,419	110,121	104,625
Total Assets	863,925	924,700	1,139,555	1,610,474	1,715,270	1,867,004	2,090,642
Liabilities							
Bills payable	10,042	9,775	13,895	18,943	19,422	21,990	24,025
Borrowings	52,543	40,460	39,474	196,588	107,864	103,411	231,000
Deposit and other accounts	682,750	747,375	933,632	1,214,964	1,401,230	1,524,538	1,603,180
Sub-ordinated loans	4,212	4,282	5,036	5,441	2,633	-	-
Other liabilities	30,008	26,557	37,931	41,809	41,687	46,962	54,677
Total liabilities	779,555	828,449	1,029,968	1,477,745	1,572,836	1,696,901	1,912,882
Shareholders' equity							
Share capital	9,108	10,019	11,021	12,123	13,335	14,669	14,669
Reserves	66,026	76,823	89,126	106,594	117,299	132,597	136,374
Equity attributable to the bank	75,134	86,842	100,147	118,717	130,634	147,266	151,043
Non controlling interest	1,143	1,213	1,236	1,227	1,886	1,185	1,227
Surplus on revaluation of assets - net of deferred tax	8,093	8,196	8,204	12,785	9,914	21,652	25,490
Total equity	84,370	96,251	109,587	132,729	142,434	170,103	177,760

Consolidated statement of profit and loss



..... (PKR Mln)

	2009	2010	2011	2012	2013	2014	H1-15
Mark-up/ return/ profit/ interest earned	76,076	81,325	98,580	116,773	120,223	137,842	73,521
Mark-up/ return/ profit/ interest expensed	33,406	34,330	42,182	59,012	65,207	68,755	34,227
Net mark-up/ profit/ interest income	42,670	46,995	56,398	57,761	55,016	69,087	39,294
Non mark-up/ interest income							
Fee, commission and brokerage income	5,316	5,433	6,086	6,786	8,292	12,119	7,987
Income / gain on investments	597	1,380	2,021	3,566	4,845	5,680	8,115
Income from dealing in foreign currencies	1,913	3,189	3,756	2,568	2,299	2,847	1,196
Other income	3,333	2,760	2,920	3,040	3,887	2,865	828
Total non mark-up/ interest income	11,160	12,762	14,783	15,960	19,323	23,511	18,126
Total income	53,830	59,757	71,181	73,721	74,339	92,598	57,420
Non mark-up/ interest expense							
Administrative expenses	22,746	24,253	29,372	30,381	36,110	41,307	23,727
Other expenses	613	879	631	1,011	696	1,284	649
Total non mark-up/ interest expenses	23,359	25,132	30,003	31,392	36,806	42,591	24,376
Profit before tax and provisions	30,471	34,625	41,178	42,329	37,533	50,007	33,044
Net provisions	9,090	7,586	6,857	6,767	1,400	1,493	1,859
Profit before tax	21,382	27,039	34,321	35,562	36,133	48,514	31,185
Taxation	7,981	10,006	11,988	12,770	13,106	16,695	14,029
Profit after tax	13,401	17,034	22,333	22,792	23,027	31,820	17,156

Net Advances (By Line of Business)



PKR MIn

Group	31-Dec-14	%	30-Jun-15	%
Corporate	295,199	50%	302,063	51%
Retail (excluding Agriculture)	45,014	8%	36,693	6%
Commercial	32,003	5%	35,191	6%
Agriculture	25,423	4%	27,427	5%
Consumer	22,510	4%	24,756	4%
Others (Islamic&FI)	10,960	2%	24,342	4%
Domestic	431,109	72%	450,472	76%
International banking	164,186	28%	143,914	24%
Bank	595,295	100%	594,386	100%