

HBL



**Pakistan Investor Conference
23rd May 2016**

Pakistan's No. 1 commercial bank

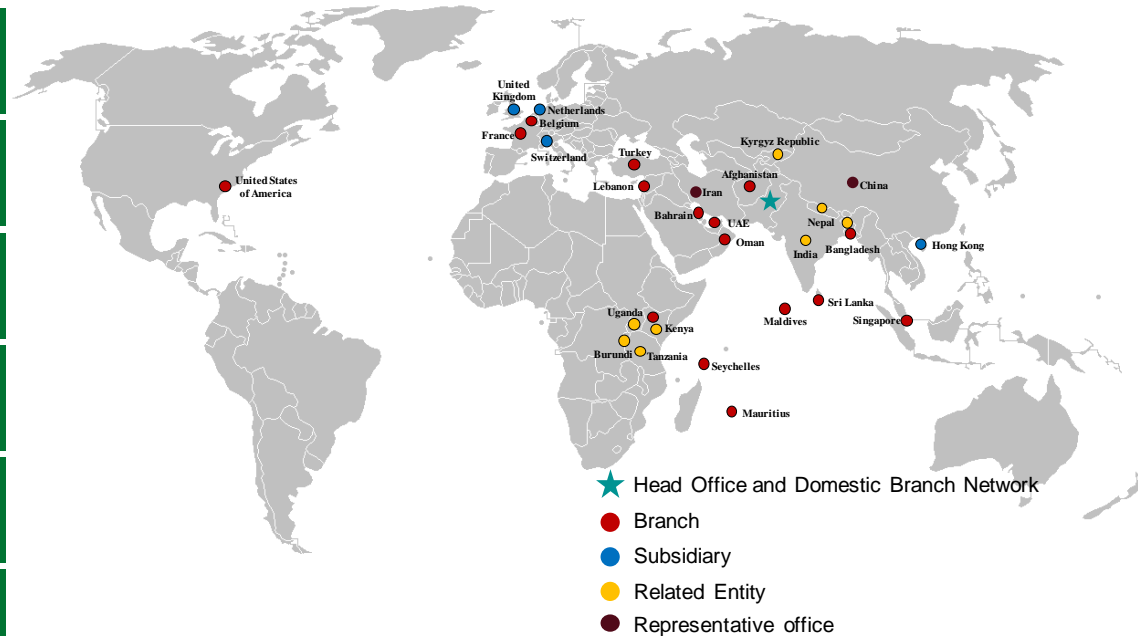


1 bank in Pakistan by⁽¹⁾:

#1	Assets	PKR 2,218bn (US\$ 21bn)
#1	Deposits	PKR 1,635bn (US\$ 16bn)
#1	Net profit	PKR 35bn (US\$ 335mn)
#1	# of Domestic Branches	1,663
#1	# of ATMs	1,947
#1	# of Customers	8.5mn +
#1	Market capitalization	PKR 290bn (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



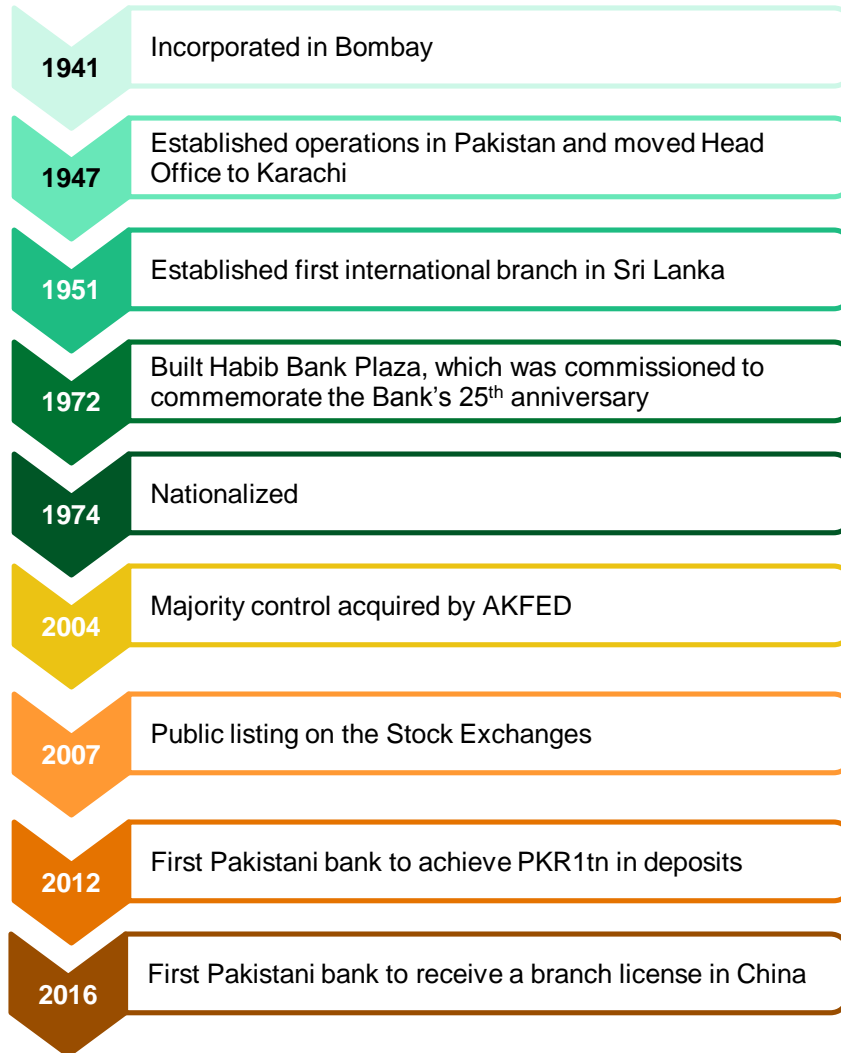
- One of the largest banking networks in South Asia
- Overseas coverage in 28 countries
- Network covers major financial hubs and 65 international branches

Note: Based on US\$1.00: PKR 104.74

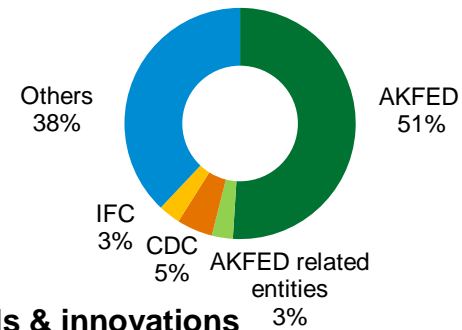
(1) As of 31 December 2015 except market capitalization as of May 11, 2016

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

Corporate milestones



Current shareholders

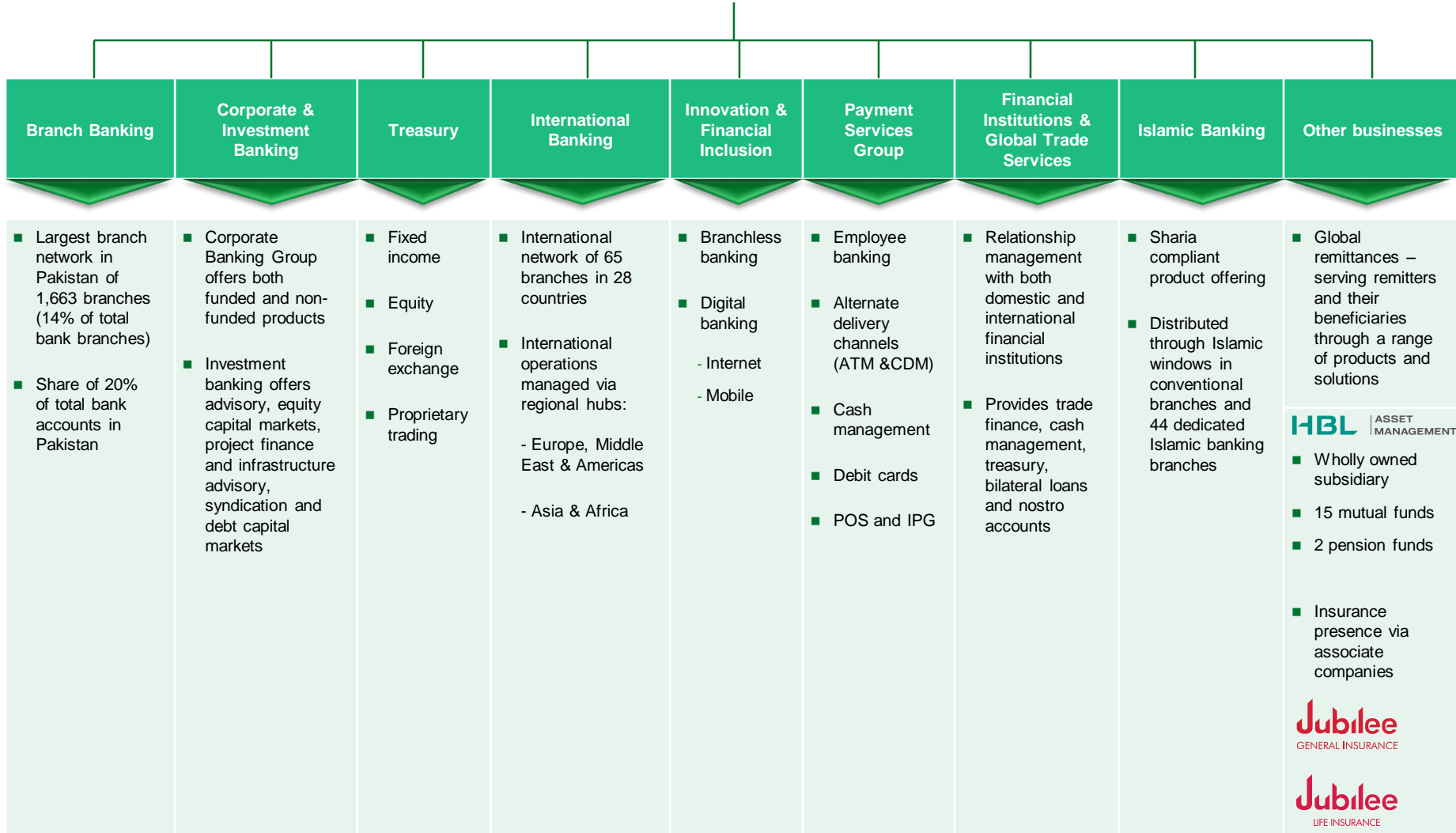


Major awards & innovations

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 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 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)

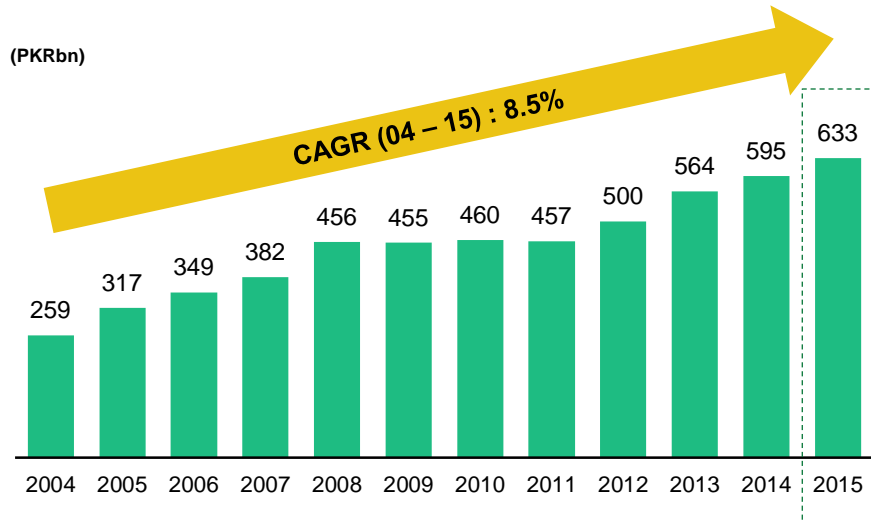
 <p>Nausheen Ahmad Company Secretary & Head Legal 10 / 10 / 28⁽¹⁾</p>	 <p>Tariq M. Akbar Head, Global Operations 16 / 40 / 41⁽¹⁾</p>	 <p>Salim Amlani Chief Compliance Officer 11 / 40 / 40⁽¹⁾</p>	 <p>Naveed Asghar Chief Marketing Officer 2 / 2 / 23⁽¹⁾</p>
 <p>Mirza Saleem Baig Head, Islamic Banking 15 / 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

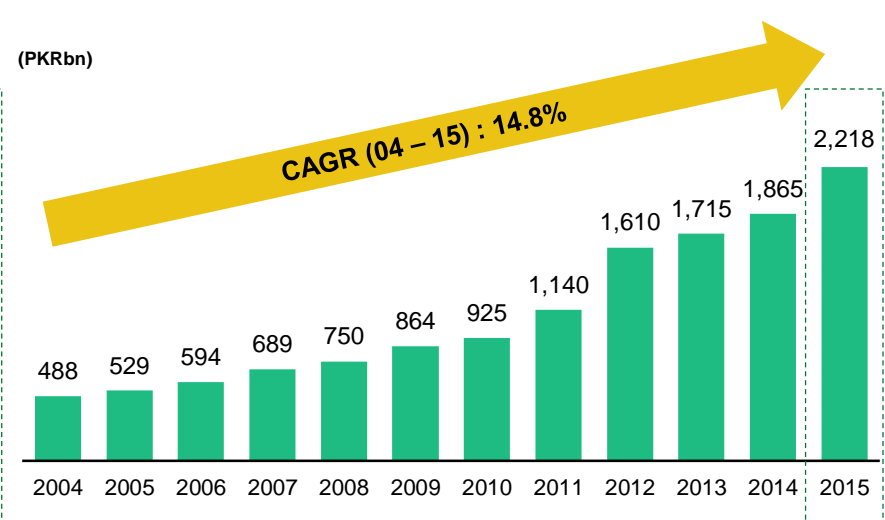
(1) Number of years in HBL / years in banking / Total work experience .

Progress since privatization – Balance sheet **HBL**

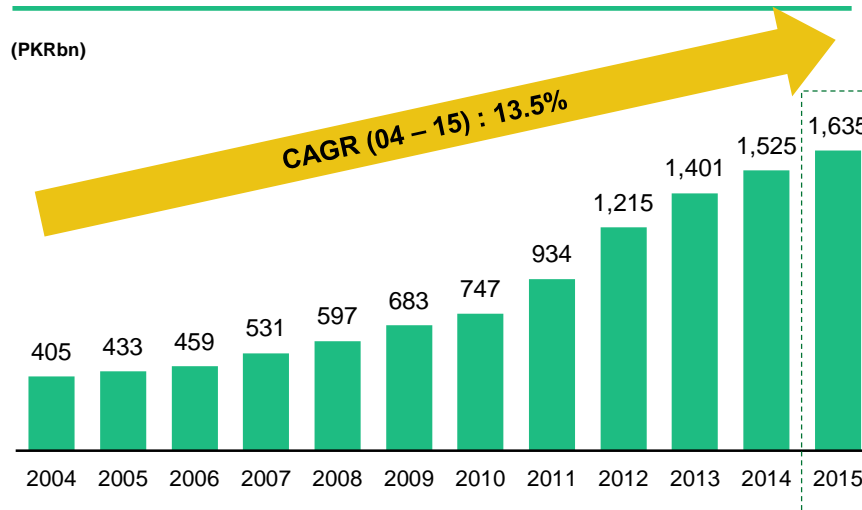
Net Advances



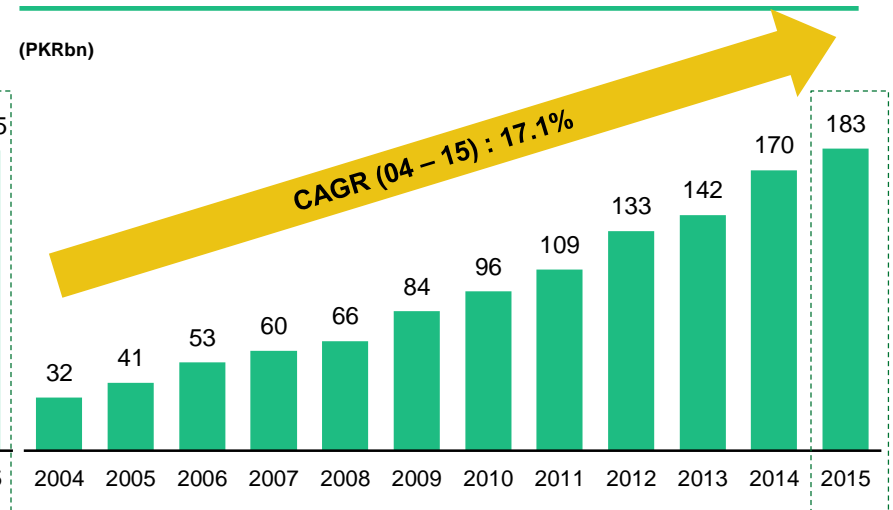
Total assets



Deposits



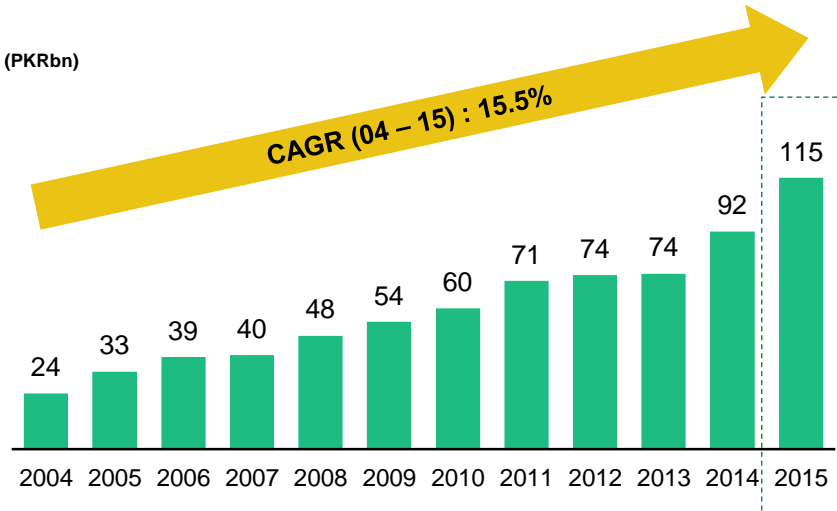
Shareholders equity



Progress since privatization – Operating results **HBL**

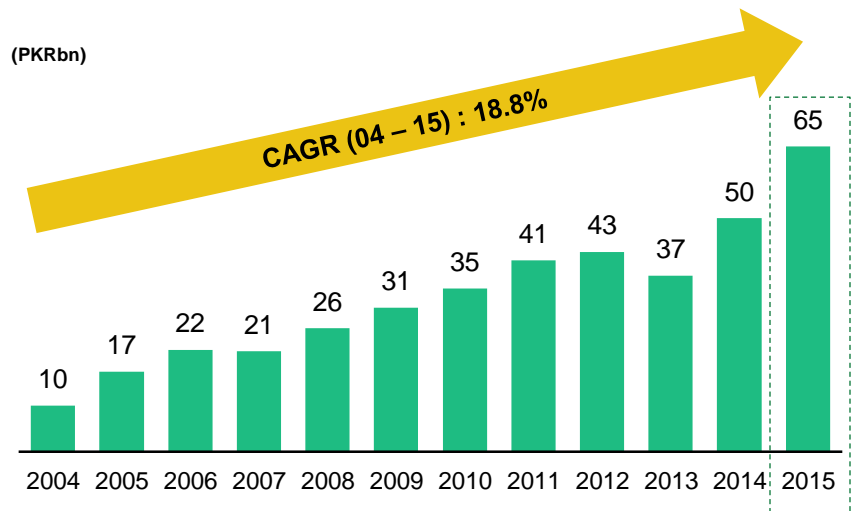
Total Revenue

(PKRbn)



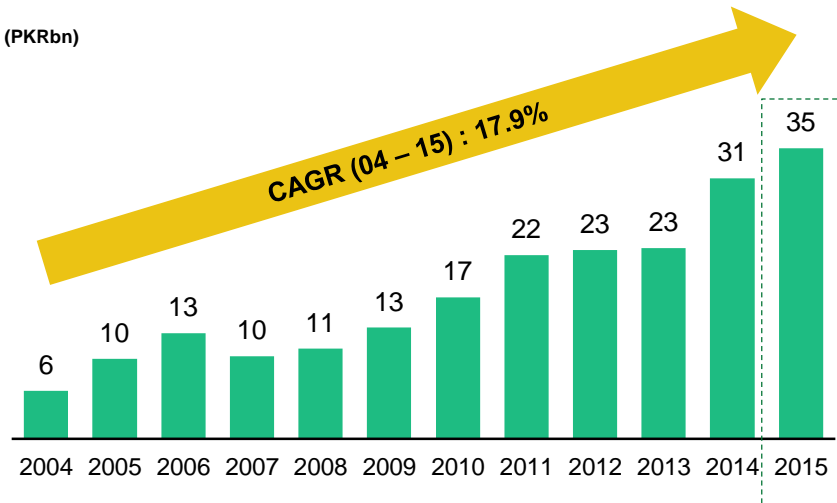
Operating profit

(PKRbn)

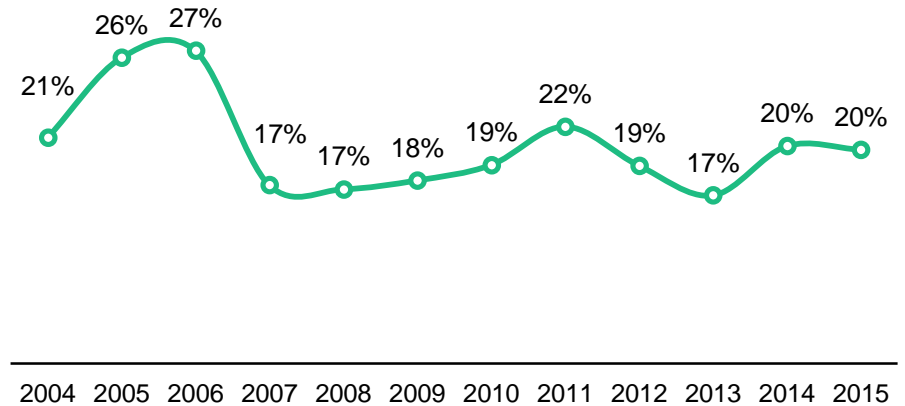


Profit after taxation

(PKRbn)



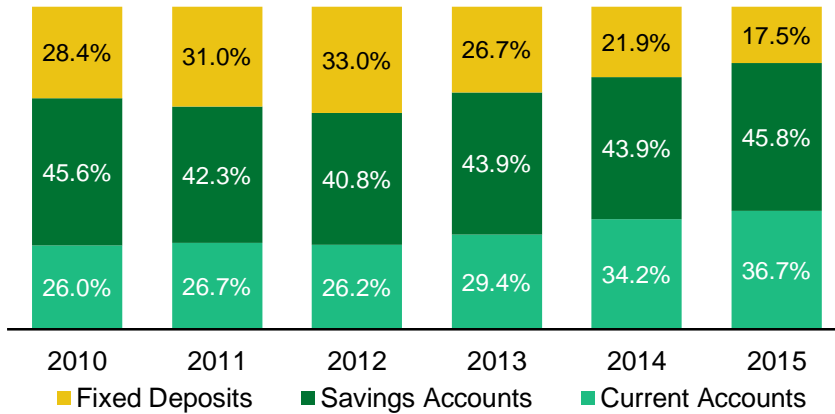
Return on Equity



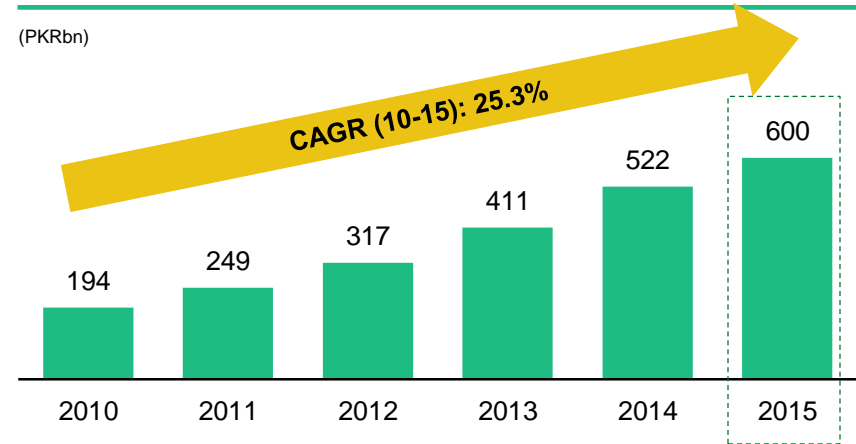
Deposits remain the growth engine



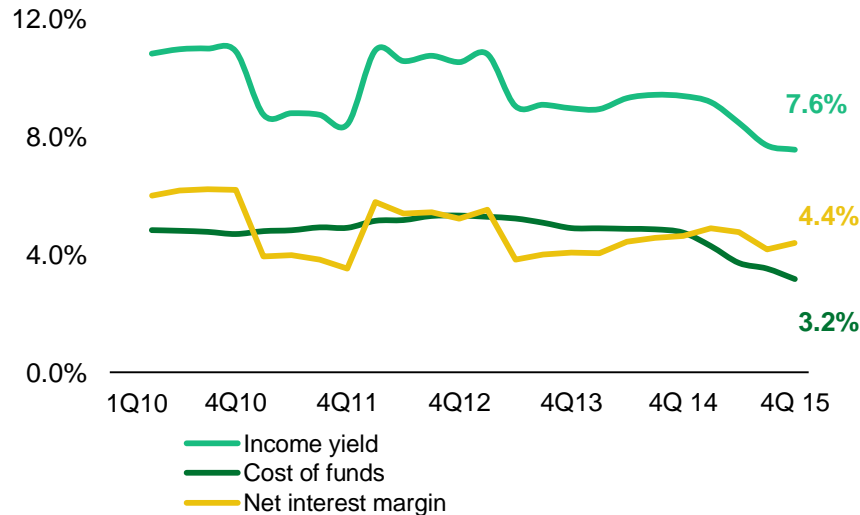
Deposit composition



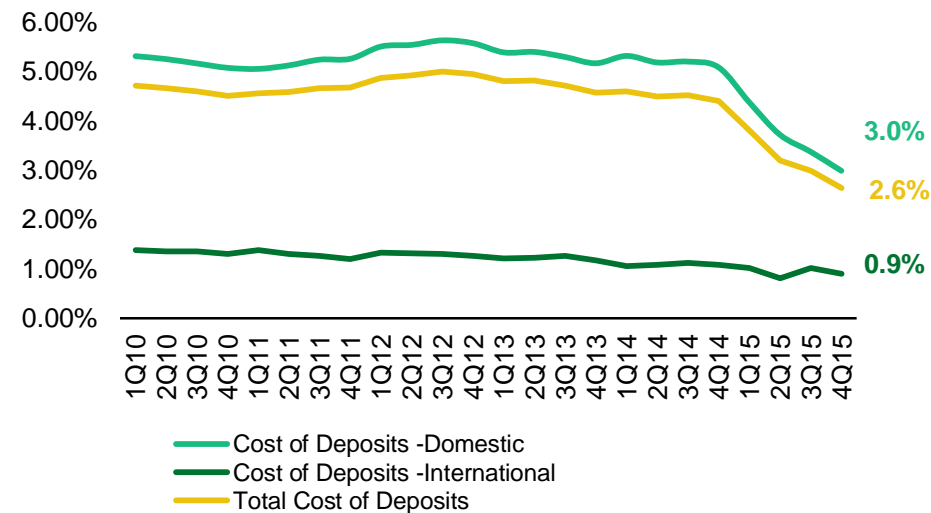
Growth in current deposits



Net interest margin⁽¹⁾

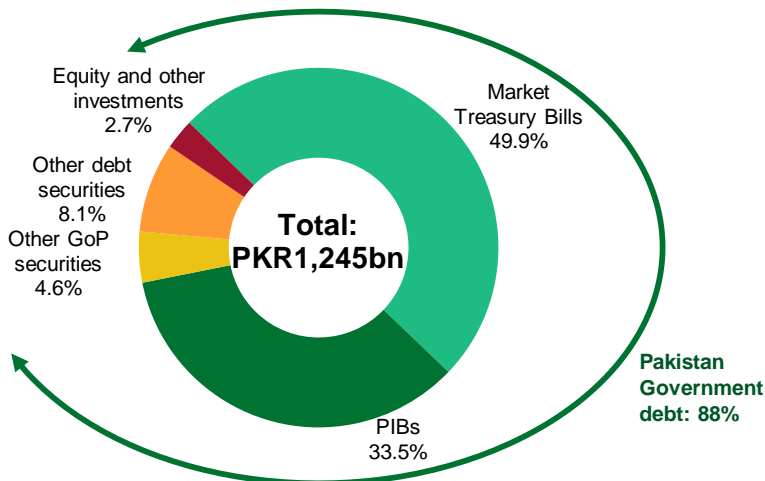


Cost of deposits

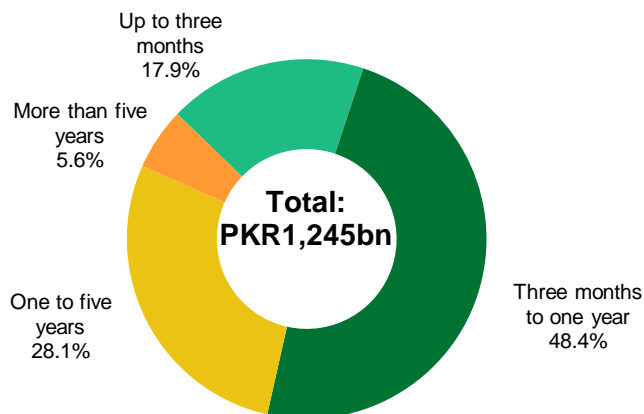


(1) Income Yield = (Interest Income + Investment Income) / Net Earning Assets.
 Cost of Funds = Interest Expense / Total Liabilities.
 Net Interest Margin = Income Yield - Cost of Funds.

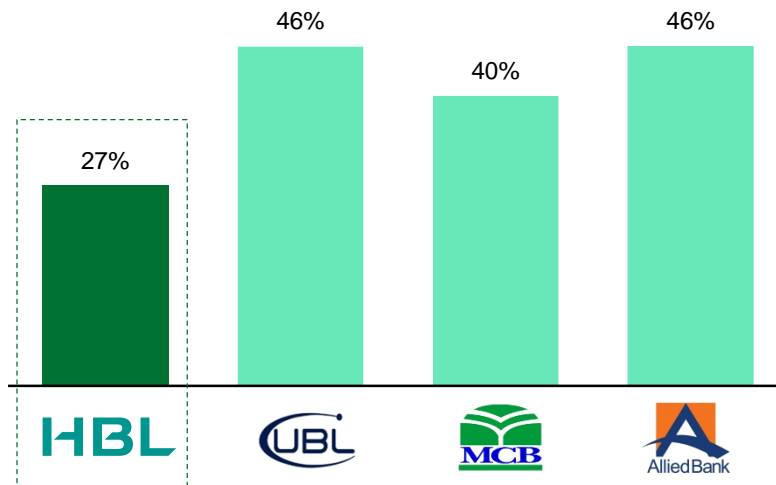
Split of investment by type



Split of government and other debt securities by maturity



PIBs vs Total deposits

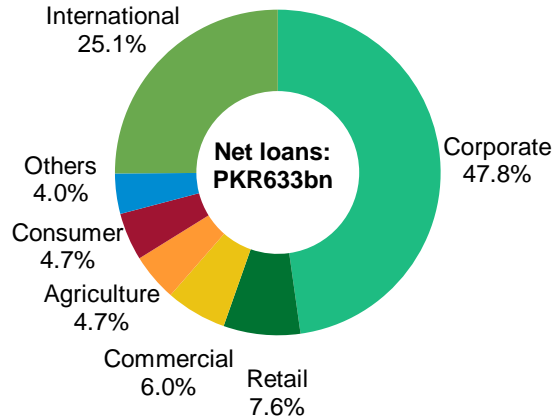


Increasing investments in PIBs

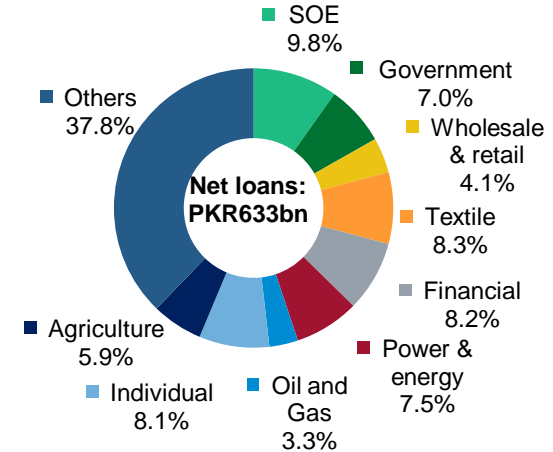
- GoP securities have historically remained an attractive investment due to their spread over the cost of deposits.
- Since 2013, banks have been building their PIB portfolios in anticipation of falling interest rates. This has helped to alleviate the severe spread compression.
- HBL has the lowest relative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

A diversified loan portfolio...

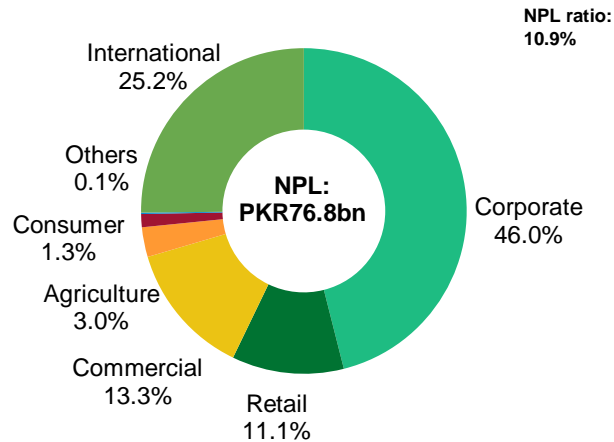
Loan portfolio composition by line of business



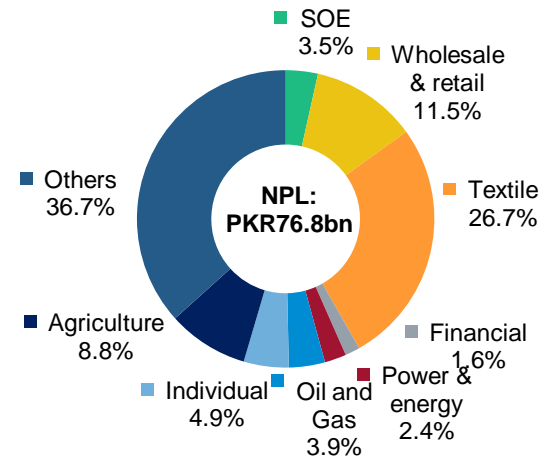
Loan portfolio composition by industry segments



NPL composition by line of business

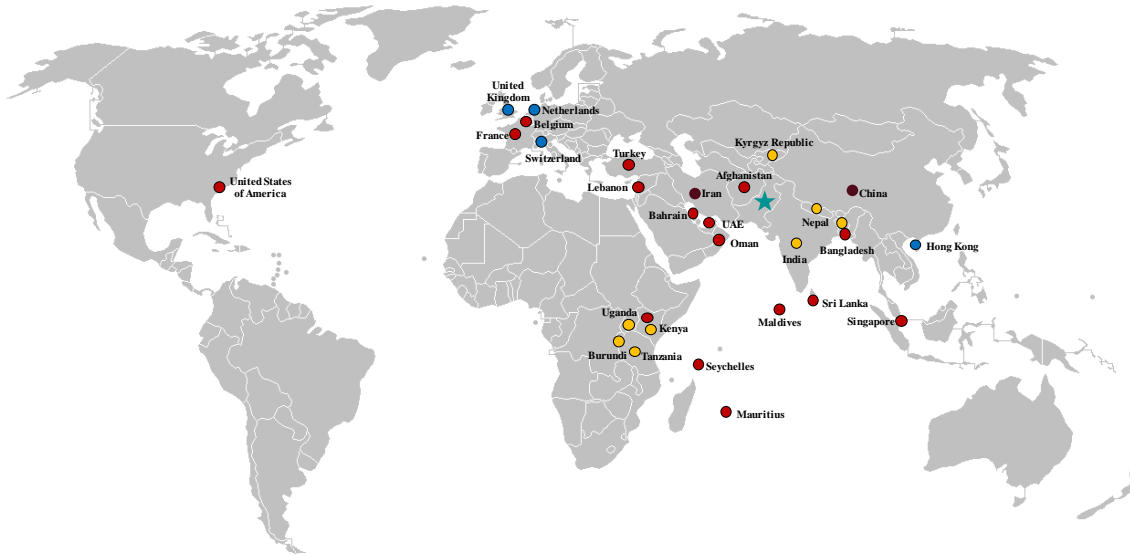


NPL composition by industry segments



Large and diversified international presence which is unique among regional peers

International footprint



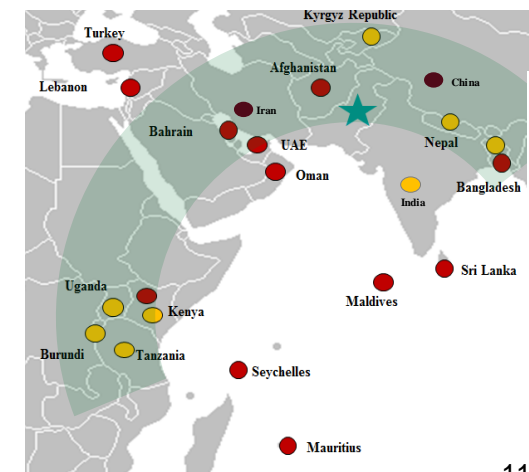
- Direct presence in 22 countries
- Network of 65 branches
- Presence in key financial hubs; London, New York, Brussels, Singapore, Dubai and Hong Kong
- Presence in 6 countries through associates and related entities

- ★ 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

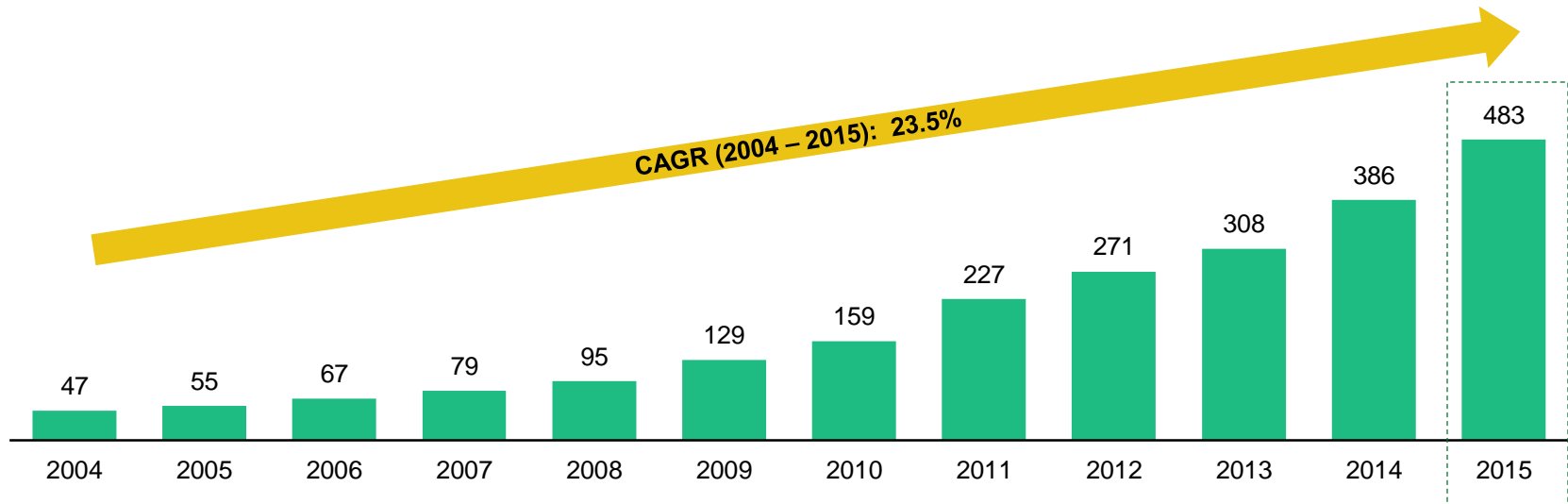


Well positioned to serve a growing remittance market

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 10 months of FY16, overseas workers remitted more than US\$16bn back to Pakistan, up 5% 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.

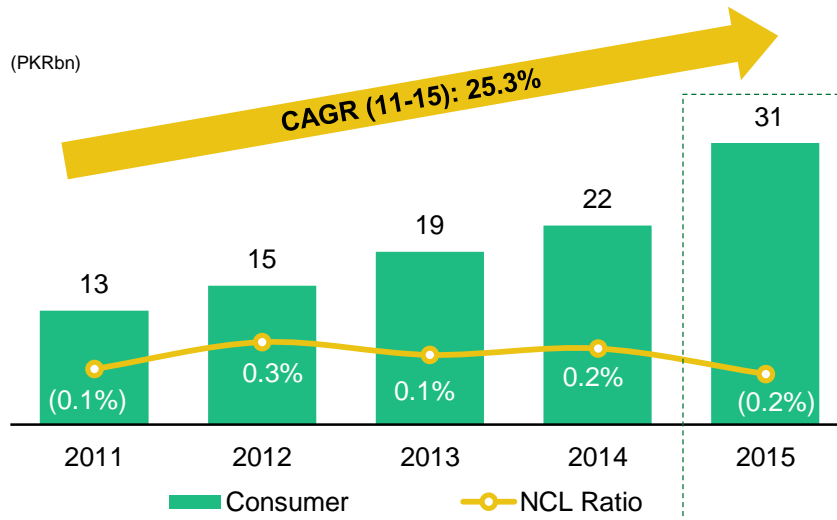
HBL home remittance volumes (2004 – 2015), PKRbn



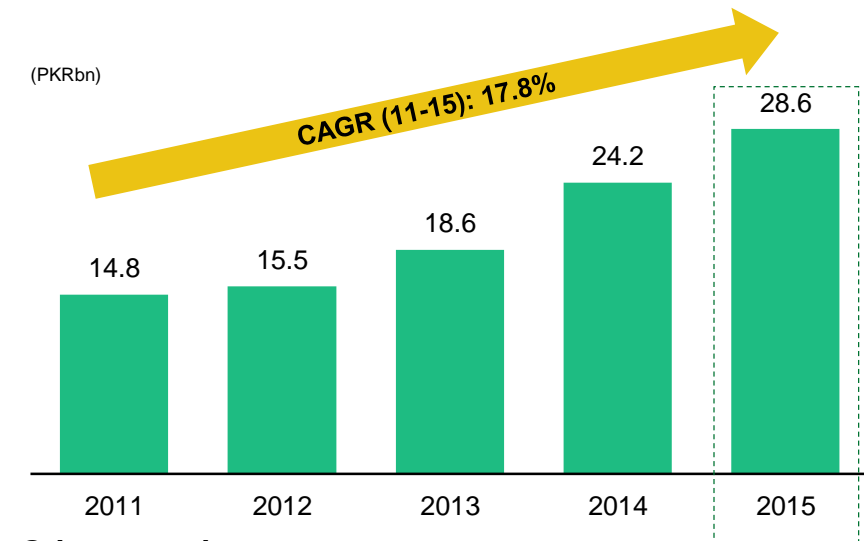
Strategic initiatives to continue driving growth



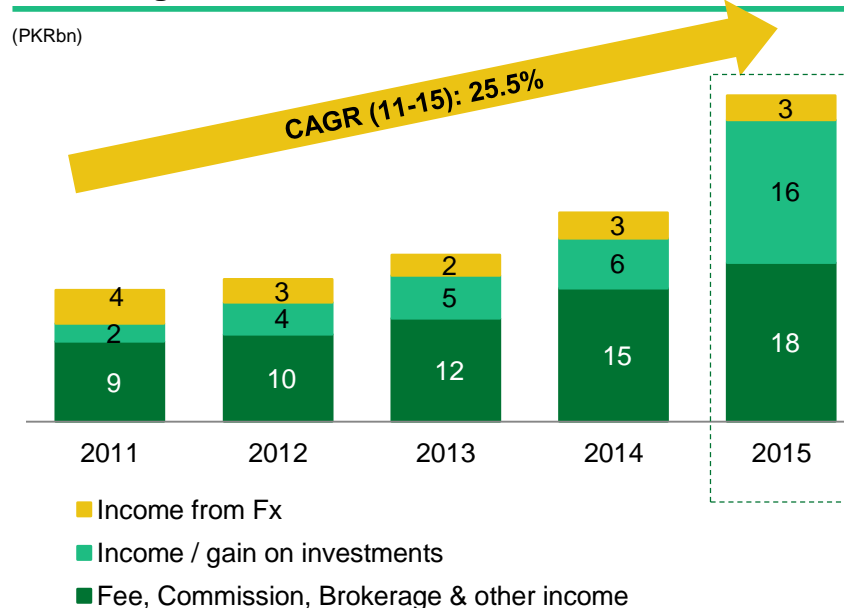
Growth in Consumer Lending



Growth in Agricultural Financing



Increasing fee and other non-interest income

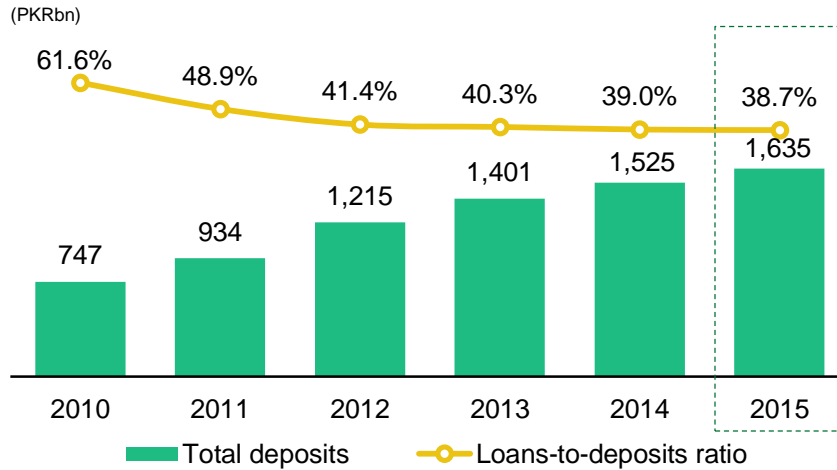


Other growth vectors

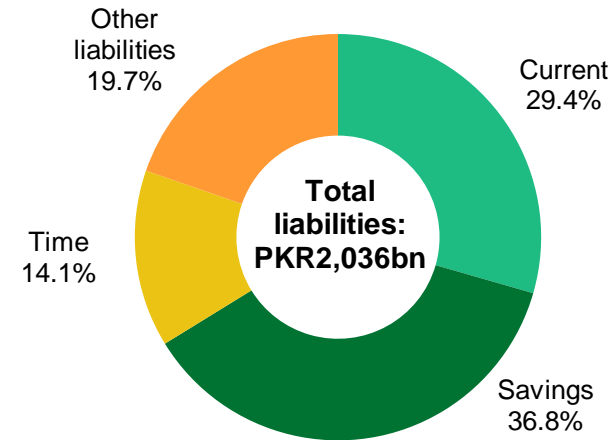
- Drive growth in agricultural / rural lending through unique sales force of Agriculture Field Officers. Expand product range to cover entire value chain.
- Recently launched HBL Nisa, a unique product offering for women and women-owned businesses, to improve their access to financial services
- Enhance 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
- Enter microfinance space through acquisition of First MicroFinance Bank
- Strengthen and fully leverage international network. Grow regional presence by investing in local brands (DTB, KICB, Himalayan Bank)

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

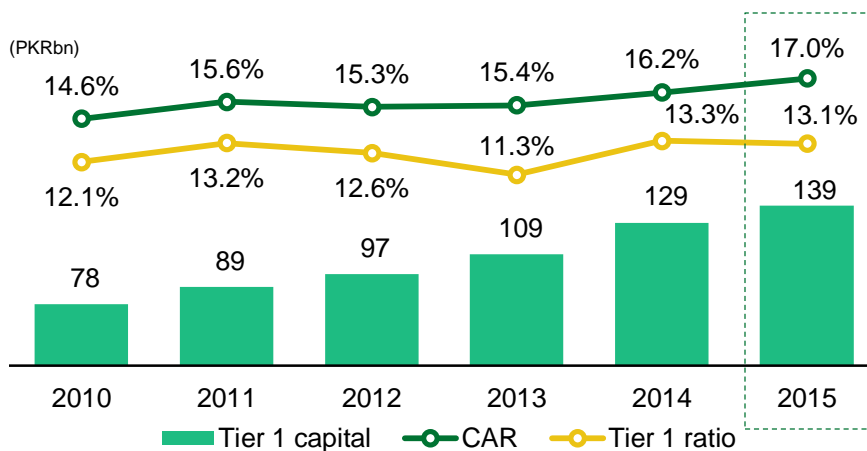
Strong deposit growth



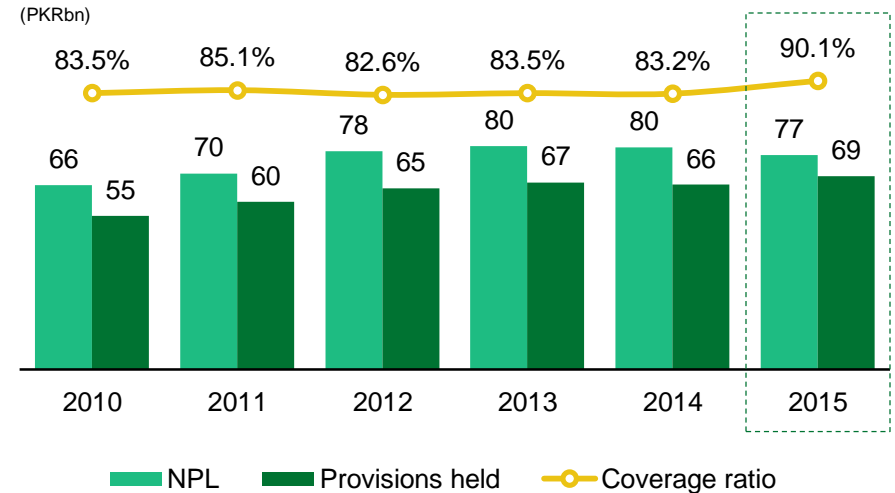
Liabilities composed mainly of sticky deposits



Robust capital base...



Conservative risk management practices

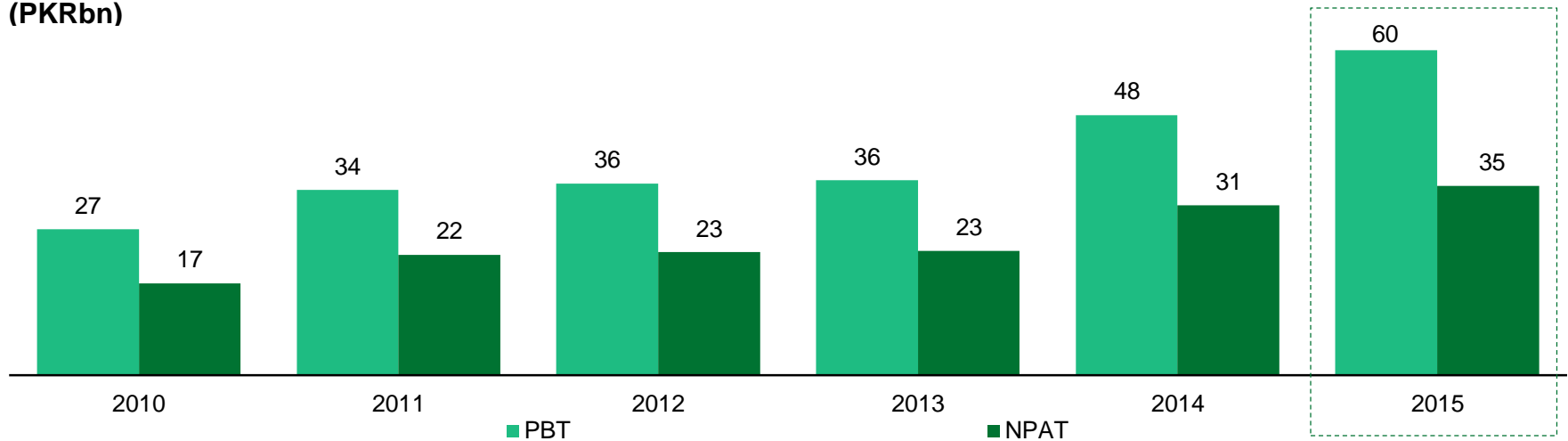


Delivering consistently strong profitability

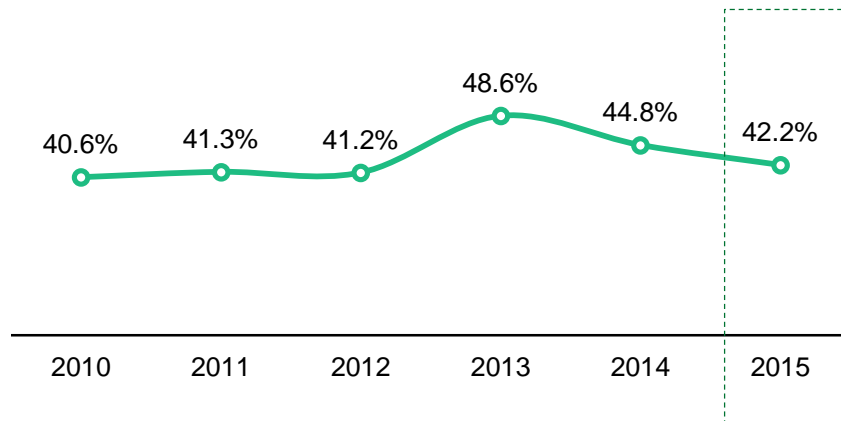


Profit before tax ("PBT") / Net profit after tax ("NPAT")

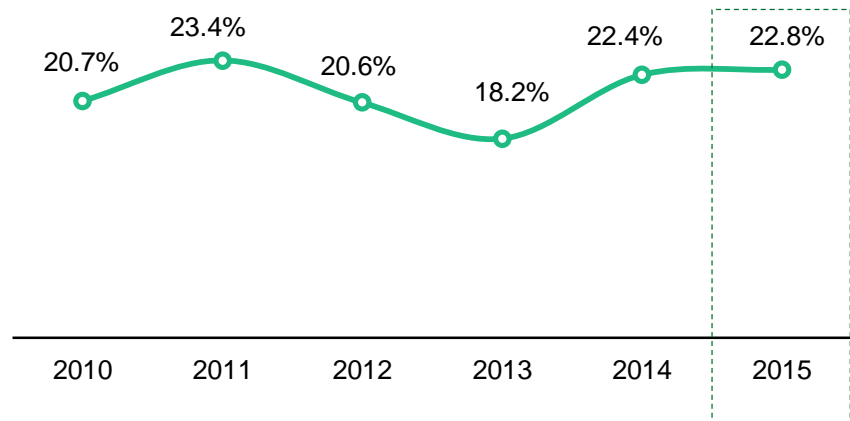
(PKRbn)



Cost to income ratio



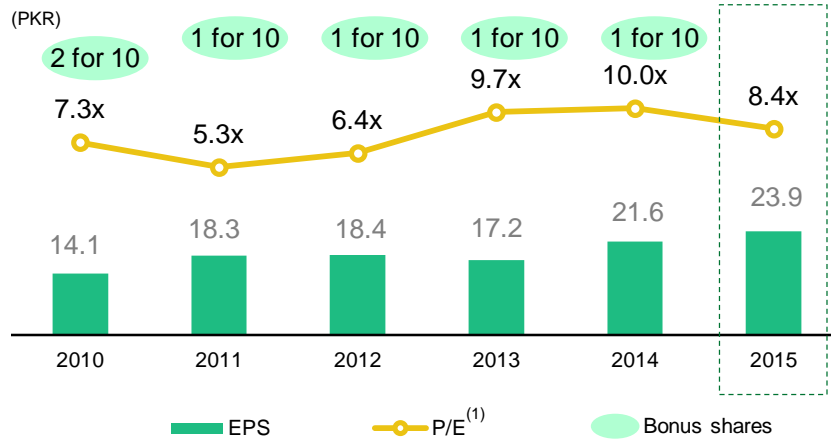
Return on Equity⁽¹⁾



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

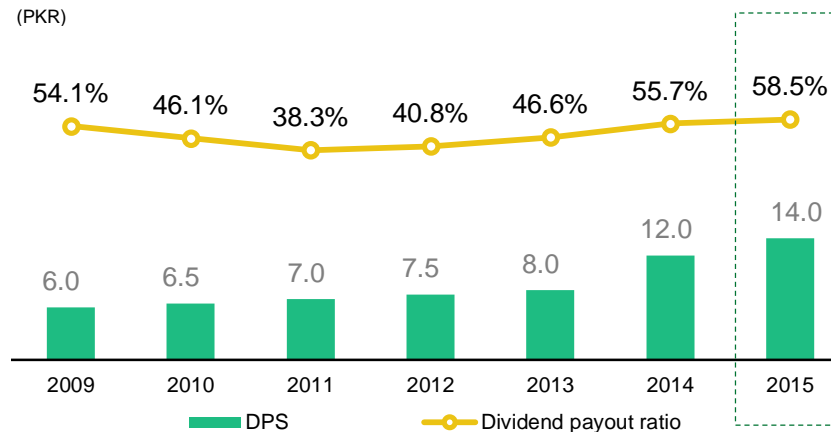
Strong earnings and dividends

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 19.9% and 1.7% respectively for 2015 vs 15.6% 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) Based on share price as at 31 December of respective year ends and full year EPS

Appendix

Consolidated balance sheet



(PKR Bln)

	2010	2011	2012	2013	2014	2015
Assets						
Cash & Bank Balances	119.1	150.7	205.2	192.8	202.6	207.7
Lending to Financial Institutions	30.3	41.6	24.8	35.3	34.3	44.3
Investments	254.9	418.6	797.1	826.1	922.7	1,244.9
Advances	459.8	457.4	499.8	563.7	595.3	633.4
Others	60.6	71.3	83.5	97.4	109.8	88.1
Total Assets	924.7	1,139.6	1,610.5	1,715.3	1,864.6	2,218.4
Liabilities						
Bills payable	9.8	13.9	18.9	19.4	22.0	28.1
Borrowings	40.5	39.5	196.6	107.9	103.4	314.3
Deposit and other accounts	747.4	933.6	1,215.0	1,401.2	1,524.6	1,634.9
Subordinated loans	4.3	5.0	5.4	2.6	-	10.0
Other liabilities	26.6	37.9	41.8	41.7	45.0	48.5
Total liabilities	828.4	1,030.0	1,477.7	1,572.8	1,695.0	2,035.8
Shareholders' equity						
Share capital	10.0	11.0	12.1	13.3	14.7	14.7
Reserves	76.8	89.1	106.6	117.3	132.3	143.7
Equity attributable to the bank	86.8	100.1	118.7	130.6	146.9	158.4
Non controlling interest	1.2	1.2	1.2	1.9	1.2	1.7
Surplus on revaluation of assets - net of deferred tax	8.2	8.2	12.8	9.9	21.5	22.6
Total equity	96.3	109.6	132.7	142.4	169.6	182.6

Consolidated statement of profit and loss



	(PKR Bln)					
	2010	2011	2012	2013	2014	2015
Mark-up/ return/ profit/ interest earned	81.3	98.6	116.8	120.6	137.4	144.2
Mark-up/ return/ profit/ interest expensed	34.3	42.2	59.0	65.2	68.8	66.1
Net mark-up/ profit/ interest income	47.0	56.4	57.8	55.4	68.6	78.2
Non mark-up/ interest income						
Fee, commission, brokerage and other income	8.0	9.0	9.8	11.6	15.0	17.8
Investment income	1.4	2.0	3.6	4.8	5.6	16.0
Income from dealing in foreign currencies	3.2	3.8	2.6	2.3	2.8	2.7
Total non mark-up / interest income	12.6	14.7	15.9	18.7	23.4	36.6
Total income	59.6	71.1	73.7	74.1	92.0	114.8
Non mark-up/ interest expense						
Administrative expenses	24.3	29.4	30.4	36.1	41.3	48.4
Other expenses	0.7	0.7	0.7	0.7	1.0	1.3
Total non mark-up / interest expenses	25.0	30.1	31.1	36.9	42.2	49.7
Profit before tax and provisions	34.7	41.0	42.6	37.2	49.8	65.0
Net provisions	7.6	6.7	7.0	1.1	1.5	4.8
Profit before tax	27.0	34.3	35.6	36.1	48.3	60.3
Taxation	10.0	12.0	12.8	13.1	16.8	25.2
Profit after tax	17.0	22.3	22.8	23.0	31.5	35.1

Net Advances (By Line of Business)



Group	PKR BIn			
	31-Dec-14	%	31-Dec-15	%
Corporate	245.2	41%	258.5	41%
Commodity	54.0	9%	44.0	7%
Retail (excluding Agriculture)	44.4	7%	48.3	8%
Commercial	32.0	5%	38.2	6%
Agriculture	25.2	4%	29.9	5%
Consumer	21.7	4%	30.0	5%
Others (Islamic&FI)	13.5	2%	25.3	4%
Domestic	436.1	73%	474.4	75%
International banking	159.2	27%	159.0	25%
Bank	595.3	100%	633.4	100%

International banking	US\$ MIn			
	31-Dec-14	%	31-Dec-15	%
Middle East	795	50%	890	59%
South Asia	112	7%	116	8%
UK / Europe	375	24%	275	18%
Others	302	19%	237	16%
International banking	1,584	100%	1,518	100%