NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES

In the Matter of HABIB BANK LIMITED Karachi, Pakistan and HABIB BANK LIMITED NEW YORK BRANCH New York, New York	ORDER ISSUED UPON CONSENT PURSUANT TO SECTION 39 OF THE NEW YORK BANKING LAW

WHEREAS, Habib Bank Limited, Karachi, Pakistan (the "Bank") is a foreign bank that conducts operations in the United States through a branch in New York, New York (the "Branch");

WHEREAS, the New York State Department of Financial Services (the "Department") is the licensing agency of the Branch pursuant to Article II of the New York Banking Law ("NYBL") and is responsible for its supervision and regulation;

WHEREAS, the most recent examination of the Branch conducted by the Federal Reserve Bank of New York (the "Reserve Bank") and the Department identified significant breakdowns in the Branch's risk management and compliance with applicable federal and state laws, rules, and regulations relating to anti-money laundering ("AML") compliance, including the Bank Secrecy Act ("BSA") (31 U.S.C. § 5311 et seq.); the rules and regulations issued thereunder by the United States Department of the Treasury (31 C.F.R. Chapter X); the requirements of Regulation K of the Board of Governors of the Federal Reserve System (the

"Board of Governors") to report suspicious activity and to maintain an adequate BSA/AML compliance program (12 C.F.R. §§211.24(f) and 211.24(j)) (collectively, the "BSA/AML Requirements") resulting in a compliance program violation; and the laws and regulations of the Department (NYBL § 200-c and 3 N.Y.C.R.R. Parts 116 and 300) (the "State Laws and Regulations");

WHEREAS, on December 19, 2006 the Bank and the Branch entered into a Written Agreement with the Reserve Bank and the predecessor of the Department, the New York State Banking Department, designed to correct certain deficiencies in the Branch's compliance with the BSA/AML Requirements and the State Laws and Regulations;

WHEREAS, the Bank and the Branch have not achieved full compliance with each and every provision of the Written Agreement;

WHEREAS, it is the common goal of the Department, the Bank and the Branch that the Branch operates in compliance with all applicable federal and state laws, rules, and regulations;

WHEREAS, the Bank, the Branch, and the Department have mutually agreed to enter into this Consent Order (the "Order"); and

WHEREAS, on December 3, 2015, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing Mr. Abbas Hasan and Mr. Manochere Alamgir to enter into this Order on behalf of the Bank and the Branch, respectively, and consenting to compliance with each and every provision of this Order by the Bank and the Branch, and waiving all rights that the Bank and the Branch may have, including, but not limited to: (i) the issuance of a notice of charges on any and all matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Order; (iii)

judicial review of this Order; and (iv) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provision hereof.

NOW, THEREFORE, IT IS HEREBY ORDERED that, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, the Bank and the Branch shall not engage in unsafe or unsound banking practices and not commit apparent violations of the law and/or regulation.

IT IS FURTHER ORDERED that the Bank, the Branch, their institution-affiliated parties, and their successors and assigns, shall take affirmative action as follows:

Corporate Governance and Management Oversight

1. Within 60 days of this Order, the Bank's board of directors and the Branch's management shall jointly submit to the Department a written plan to enhance oversight, by the management of the Bank and Branch, of the Branch's compliance with the BSA/AML Requirements, the State Laws and Regulations, and the regulations issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") (31 C.F.R. Chapter V) (the "OFAC Regulations") acceptable to the Department. The plan shall provide for a sustainable governance framework that, at a minimum, addresses, considers, and includes:

(a) actions the board of directors will take to maintain effective control over, and oversight of, Branch management's compliance with the BSA/AML Requirements, the State Laws and Regulations, and the OFAC Regulations;

(b) measures to improve the management information systems reporting of the Branch's compliance with the BSA/AML Requirements, the State Laws and Regulations, and the OFAC Regulations to senior management of the Bank and the Branch;

(c) clearly defined roles, responsibilities, and accountability regarding compliance with the BSA/AML Requirements, the State Laws and Regulations, and the OFAC Regulations for the Bank's and the Branch's respective management, compliance personnel, and internal audit staff;

(d) measures to ensure BSA/AML issues are appropriately tracked, escalated, and reviewed by the Branch's senior management;

(e) measures to ensure that the person or groups at the Bank and the Branch charged with the responsibility of overseeing the Branch's compliance with the BSA/AML Requirements, the State Laws and Regulations, and the OFAC Regulations possess appropriate subject matter expertise and are actively involved in carrying out such responsibilities;

(f) adequate resources to ensure the Branch's compliance with this Order, the BSA/AML Requirements, the State Laws and Regulations, and the OFAC Regulations; and

(g) a direct reporting line between the Branch's BSA/AML compliance officer and the board of directors or committee thereof.

BSA/AML Compliance Review

2. Within 60 days of this Order, the Bank and the Branch shall retain an independent third party acceptable to the Department (the "Compliance Review Consultant") to: (i) conduct a comprehensive review of the effectiveness of the Branch's program for compliance with the BSA/AML Requirements and the State Laws and Regulations (the "Compliance Review"); and

(ii) prepare a written report of findings, conclusions, and recommendations (the "Compliance Report").

3. Within 10 days of the engagement of the Compliance Review Consultant, but prior to the Compliance Review, the Bank and Branch shall jointly submit to the Department for approval an engagement letter that provides, at a minimum, for the Compliance Review Consultant to:

(a) identify all of the Branch's business lines, activities, and products to ensure that such business lines, activities, and products are appropriately risk-rated and included in the Branch's BSA/AML compliance program, policies, and procedures;

(b) conduct a comprehensive assessment of the Branch's BSA/AML compliance program, policies, and procedures;

(c) complete the Compliance Review within 60 days of the Department's approval of the engagement letter;

(d) provide to the Department a copy of the Compliance Report at the same time that the report is provided to the Bank and the Branch; and

(e) commit that any and all interim reports, drafts, workpapers, or other supporting materials associated with the Compliance Review will be made available to the Department upon request.

BSA/AML Compliance Program

4. Within 60 days of the submission of the Compliance Report, the Bank and the Branch shall jointly submit a written revised BSA/AML compliance program for the Branch acceptable to the Department. At a minimum, the program shall provide for:

(a) a system of internal controls designed to ensure compliance with the BSA/AML Requirements and the State Laws and Regulations;

(b) controls designed to ensure compliance with all requirements relating to correspondent accounts for foreign financial institutions;

(c) a comprehensive BSA/AML risk assessment that identifies and considers all products and services of the Branch, customer types, geographic locations, and transaction volumes, as appropriate, in determining inherent and residual risks;

(d) management of the Branch's BSA/AML compliance program by a qualified compliance officer, who is given full autonomy, independence, and responsibility for implementing and maintaining an effective BSA/AML compliance program that is commensurate with the Branch's size and risk profile, and is supported by adequate staffing levels and resources;

(e) identification of management information systems used to achieve compliance with the BSA/AML Requirements and the State Laws and Regulations and a timeline to review key systems to ensure they are configured to mitigate BSA/AML risks;

(f) comprehensive and timely independent testing for the Branch's compliance with applicable BSA/AML Requirements and the State Laws and Regulations; and

(g) effective training for all appropriate Branch personnel and appropriate personnel of affiliates that perform BSA/AML compliance-related functions for the Branch in all aspects of the BSA/AML Requirements, the State Laws and Regulations, and internal policies and procedures.

Customer Due Diligence

5. Within 60 days of the submission of the Compliance Report, the Bank and the

Branch shall jointly submit a written enhanced customer due diligence program acceptable to the Department. At a minimum, the program shall include:

(a) policies, procedures, and controls to ensure that the Branch collects, analyzes, and retains complete and accurate customer information for all account holders, including, but not limited to, affiliates;

(b) a plan to remediate deficient due diligence for existing customers accounts;

(c) a revised methodology for assigning risk ratings to account holders that considers factors such as type of customer, type of products and services, geographic locations, and transaction volume;

(d) for each customer whose transactions require enhanced due diligence, procedures to:

(i) determine the appropriate documentation necessary to verify the identity and business activities of the customer; and

(ii) understand the normal and expected transactions of the customer;

(e) policies, procedures, and controls to ensure that foreign correspondent accounts are accorded the appropriate due diligence and, where necessary, enhanced due diligence; and

(f) periodic reviews and evaluations of customer and account information for the entire customer base to ensure that information is current, complete, and that the risk rating reflects the current information, and if applicable, documenting rationales for any revisions made to the customer risk rating.

Suspicious Activity Monitoring and Reporting

6. Within 60 days of the submission of the Compliance Report, the Bank and the

Branch shall jointly submit a written program to reasonably ensure the identification and timely, accurate, and complete reporting by the Branch of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations acceptable to the Department. At a minimum, the program shall include:

(a) a well-documented methodology for establishing monitoring rules and thresholds appropriate for the Branch's profile which considers factors such as type of customer, type of product or service, geographic location, and foreign correspondent banking activities, including U.S. dollar clearing activities;

(b) policies and procedures for analyzing, testing, and documenting changes to monitoring rules and thresholds;

(c) enhanced monitoring and investigation criteria and procedures to ensure the timely detection, investigation, and reporting of all known or suspected violations of law and suspicious transactions, including, but not limited to:

(i) effective monitoring of customer accounts and transactions, including but not limited to, transactions conducted through foreign correspondent accounts;

(ii) appropriate allocation of resources to manage alert and case inventory;

(iii) adequate escalation of information about potentially suspicious activity through appropriate levels of management;

(iv) maintenance of sufficient documentation with respect to the investigation and analysis of potentially suspicious activity, including the resolution and escalation of concerns; and

(v) maintenance of accurate and comprehensive customer and transactional data and ensuring that it is utilized by the Branch's compliance program.

Transaction and OFAC Sanctions Review

7. (a) Within 20 days of this Order, the Bank and the Branch shall engage an independent third party acceptable to the Department to conduct a review of the Branch's U.S. dollar clearing transaction activity from October 1, 2014 to March 31, 2015 to determine whether transactions inconsistent with or in violation of the OFAC Regulations, or suspicious activity involving high risk customers or transactions at, by, or through the Branch were properly identified and reported in accordance with the OFAC Regulations and suspicious activity reporting regulations (the "Transaction and OFAC Sanctions Review") and to prepare a written report detailing the independent third party's findings (the "Transaction and OFAC Sanctions Review Report") to be shared with the Department and the Reserve Bank.

(b) Based on the Department's evaluation of the results of the Transaction and OFAC Sanctions Review, the Department may direct the Bank and the Branch to engage the independent third party to conduct a review of the types of transactions and activity described in paragraph 7(a) for additional time periods.

8. Within 10 days of the engagement of the independent third party, but prior to the commencement of the Transaction and OFAC Sanctions Review, the Bank and the Branch shall jointly submit to the Department for approval an engagement letter that sets forth:

(a) the scope of the Transaction and OFAC Sanctions Review;

(b) the methodology for conducting the Transaction and OFAC Sanctions Review, including any sampling procedures to be followed;

(c) the expertise and resources to be dedicated to the Transaction and OFAC Sanctions Review;

(d) the anticipated date of completion of the Transaction and OFAC Sanctions Review and the Transaction and OFAC Sanctions Review Report; and

(e) a commitment that supporting material and drafts associated with the Transaction and OFAC Sanctions Review will be made available to the Department and the Reserve Bank upon request.

9. The Bank and the Branch shall provide to the Department and the Reserve Bank a copy of the Transaction and OFAC Sanctions Review Report at the same time that the report is provided to the Bank and the Branch.

10. Throughout the Transaction and OFAC Sanctions Review, the Bank and the Branch shall ensure that all matters or transactions required to be reported that have not previously been reported are reported in accordance with applicable rules and regulations.

U.S. Dollar Clearing Activities Growth

11. (a) The Branch shall not, without the prior written approval of the Department, take any action that would result in an increase in the aggregate dollar value of the Branch's U.S. dollar clearing activities above the aggregate dollar value balance as of the date of this Order

(b) The Branch shall not, without the prior written approval of the Department, take any action that would result in an increase in the aggregate transaction volume of the Branch's U.S. dollar clearing activities above the aggregate transaction volume as of the date of this Order.

(c) As of the date of this Order, the Branch shall not, without the prior written approval of the Department, accept any new foreign correspondent accounts or new customer accounts for U.S. dollar clearing.

(d) For the purposes of this Order, U.S. dollar clearing activities include, but are not limited to, wire transfers, letters of credit, and trade finance activities undertaken on behalf of the Bank, its affiliates, customers thereof, or third parties.

(e) The restrictions of paragraphs 11(a), (b), and (c) of this Order shall continue in force and effect until the Bank and the Branch:

(i) submit to the Department the written plan and programs described in paragraphs 1, 4, 5, and 6 of this Order and a written plan to manage the growth in the Branch's U.S. dollar clearing activities;

(ii) are notified in writing by the Department that the aforesaid plans and programs are acceptable;

(iii) adopt and fully implement the aforesaid plans and programs; and

(iv) are notified in writing by the Department that all the above-described conditions have been met.

(f) Within 10 days after the end of each calendar month following the date of this Order, the Bank and the Branch shall jointly submit to the Department written reports detailing the aggregate transaction U.S. dollar value and the aggregate transaction volume of the Branch's U.S. dollar clearing activities.

Interaction with Regulatory Authorities

12. Within 30 days of this Order, the Bank and the Branch shall jointly submit written policies and procedures that govern the conduct of the Branch's personnel in all supervisory and

regulatory matters, including, but not limited to, interaction with and requests for information by examiners for the Branch, acceptable to the Department. The policies and procedures shall, at a minimum, ensure that all Branch personnel provide prompt, complete, and accurate information to examiners and provide for employee training that emphasizes the importance of full cooperation with banking regulators by all employees.

OFAC Compliance

13. Within 30 days of this Order, the Bank and the Branch shall jointly submit a plan to enhance the Bank's compliance with the OFAC Regulations acceptable to the Department, including but not limited to enhanced OFAC screening procedures, an improved methodology for assessing OFAC risks, timeliness of resolving alerts, and enhanced policies and procedures to ensure compliance with the OFAC Regulations.

Primary Contact

14. Within 10 days of this Order, the Bank and the Branch shall designate an officer to be responsible for coordinating and submitting to the Department the written plan, programs, and engagement letters required under the terms of this Order.

Approval and Implementation of Plan and Programs, and Progress Reports

15. (a) The Bank and the Branch shall jointly submit the written plan and programs that are acceptable to the Department within the applicable time periods set forth in paragraphs 1, 4, 5, 6, 11, 12, and 13 of this Order. Each plan or program shall contain a timeline for full implementation of the plan or program with specific deadlines for the completion of each component of the plan or program. Independent third parties acceptable to the Department shall be retained by the Bank and the Branch within the time periods set forth in paragraphs 2 and 7(a)

of this Order. Engagement letters acceptable to the Department shall be submitted within the time periods set forth in paragraphs 3 and 8 of this Order.

(b) Within 10 days of approval by the Department, the Bank and the Branch, as applicable, shall adopt the approved plan and programs. Upon adoption, the Bank and the Branch, as applicable, shall promptly implement the approved plan and programs, and thereafter fully comply with them.

(c) During the term of this Order, the approved plan, programs, and engagement letters shall not be amended or rescinded without the prior written approval of the Department.

16. Within 30 days after the end of each calendar quarter following the date of this Order, the Bank and the Branch shall jointly submit to the Department written progress reports detailing the form and manner of all actions taken to secure compliance with this Order, a timetable and schedule to implement specific remedial actions to be taken, and the results thereof. The Department may, in writing, discontinue the requirement for progress reports or modify the reporting schedule.

Communications

17. All communications regarding this Order shall be sent to:

(a) Mr. Jeffrey G. Raymond
Deputy Superintendent
New York State Department of Financial Services
One State Street
New York, New York 10004

(b) Ms. Hadas A. Jacobi
Office of General Counsel
New York State Department of Financial Services
One State Street
New York, New York 10004

(c) Ms. Elizabeth Nochlin
Senior Enforcement Counsel

New York State Department of Financial Services
One State Street
New York, New York 10004

(d) Ms. Megan Prendergast
Senior Enforcement Counsel
New York State Department of Financial Services
One State Street
New York, New York 10004

(e) Mr. Nauman K. Dar
President and Chief Executive Officer
Habib Bank Limited
Habib Bank Plaza
1.1 Chundrigar Road
Karachi-75650
Pakistan

(f) Mr. Manochere Alamgir
General Manager and Country Head
Habib Bank Limited
New York Branch
60 East 42nd Street, Suite 535
New York, New York 10165

Miscellaneous

18. Notwithstanding any provision of this Order to the contrary, the Department may, in its sole discretion, grant written extensions of time to the Bank and the Branch to comply with any provision of this Order.

19. The provisions of this Order shall be binding on the Bank and the Branch, and each of their institution-affiliated parties, as defined in section 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(4)), in their capacities as such, and their successors and assigns.

20. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Department.

21. The provisions of this Order shall not bar, estop, or otherwise prevent the Department, or any other federal or state agency from taking any other action affecting the Bank, the Branch, any of their subsidiaries, or any of their current or former institution-affiliated parties and their successors and assigns.

By order of the Superintendent of Financial Services effective this 15th day of December, 2015.

HABIB BANK LIMITED

By: See attached

HABIB BANK LIMITED
NEW YORK BRANCH

By: _____

MANOCHERE ALADYAIR
COUNTRY MANAGER
USA.

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

By: _____

Deputy Superintendent of Banks

21. The provisions of this Order shall not bar, estop, or otherwise prevent the Department, or any other federal or state agency from taking any other action affecting the Bank, the Branch, any of their subsidiaries, or any of their current or former institution-affiliated parties and their successors and assigns.

By order of the Superintendent of Financial Services effective this 15th day of December 2015.

HABIB BANK LIMITED

By: _____
S. ABBAS HASAN
HEAD / INTERNATIONAL BANKING
EMEA

HABIB BANK LIMITED
NEW YORK BRANCH

By: See attached

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

By: _____
DEPUTY SUPERINTENDENT OF BANKS