

HBL posts record profit of Rs. 62.0 billion for 2021, focused on client centricity and financial inclusion driven by digitalization

Karachi - 24 February 2022: HBL today declared a record consolidated profit before tax of Rs. 62.0 billion for 2021, achieving a growth of 17% over 2020. Profit after tax increased to Rs. 35.5 billion in 2021, also the highest ever, and earnings per share increased from Rs. 21.06 in 2020 to Rs. 23.88. The Bank declared a final dividend of Rs. 2.25 per share (22.5%).

During the year, HBL became the first bank with a Rs. 4 trillion balance sheet, with year-end footings of Rs. 4.3 trillion, a 12% growth over Dec'20. Domestic current deposits achieved the Rs. 1 trillion landmark, and total domestic deposits crossed the Rs. 3 trillion mark, improving market share to 14.14%. With a turnaround in the international businesses, HBL's total deposits increased by 19% to Rs. 3.4 trillion.

Advances continued their growth trajectory, rising by 23% to reach Rs. 1.5 trillion with double digit growth across all lending units. HBL's leading position in the Consumer business was further reinforced as the portfolio crossed the landmark number of Rs. 100 billion. HBL's focus on priority sectors led to agriculture lending reaching an all-time high of Rs. 40 billion. Despite the strong growth in advances, the Bank's Tier I and Total CAR remained well above regulatory requirements.

HBL delivered a record revenue of Rs. 168 billion in 2021, on the back of a Rs. 450 billion expansion in the average balance sheet and an impressive growth in non-fund income. The Bank's net interest income increased to Rs. 131 billion, and non-fund income grew by nearly 20% to Rs. 36 billion; the latter was driven by a stellar growth of 35% in fees and commissions, which increased to Rs. 25 billion. While the increase in fees was broad-based, the flagship cards and consumer businesses alone delivered a phenomenal growth of 58%; this was supported by exceptional performances in trade, remittances, and investment banking.

Total expenses of the Bank remained well managed, rising only marginally by 2%. With rising revenue and more efficient operations, HBL was able to achieve a substantial reduction in its cost to income ratio (excluding capital gains) which fell from 61.2% to 57.5%. Asset quality, through the pandemic, was closely monitored and prudently managed with the infection ratio improving further, to an all-time low of 5.1%.

Commenting on the Bank's performance, Muhammad Aurangzeb, President & CEO – HBL said, "HBL's 2021 results, underpinned by client centricity, were driven by strong organic growth. Exceptional performance across all business segments and activity drivers further cemented the Bank's leading position across all client segments. HBL

remains at the forefront of supporting government initiatives for economic development, and the Bank continued to increase private and public sector credit. HBL continues to provide innovative products and financial solutions to its clients whose banking needs are moving beyond traditional channels. The trust and confidence that our clients repose in us is a validation of our business strategy.”

The Bank maintained its leadership position in personal loans, merchant acquiring, credit cards and debit cards. Auto finance grew by 45% and achieved an industry leadership position in 2021. HBL Cards was the first choice for clients which can be seen by the 63% growth in Credit Card spend from Rs. 69 billion to Rs. 113 billion. HBL’s debit card remains the market leader with 6.2 million cards and a 21% market share. Spend volumes increased by 64% over last year, with e-commerce volumes growing by 81%. The Bank’s SME segment grew by 17% in 2021 i.e., from Rs. 63.0 billion in 2020 to Rs. 74.0 billion in 2021. The Bank’s focus on supporting trade transactions of retail clients led to a YOY growth of 20% in trade volume during 2021.

HBL serves over 3.5 million women clients, including 750,000 under its women’s market program, Nisa. In 2021, the program added over 110,000 new accounts with a deposit volume of Rs. 16 billion. HBL is amongst the highest contributors to the Roshan Digital Account (RDA) initiative with USD 0.5 billion channeled into the country and a market leading share of 20% of RDA accounts. HBL Prestige services the unique needs of high-net-worth clients; the Bank ended 2021 with 24 Prestige touchpoints. The Islamic Banking branch network was increased to 260, the 4th largest in Pakistan.

HBL expanded its farm-to-processor pilots to almost 18,000 acres in 2021, scaling up in-kind financing. Small leasehold farmers achieved a doubling in net income. HBL plays a leading role in farmer financing amongst commercial banks with a market share of approximately 34%. HBL grew its agriculture lending to a record Rs. 40 billion, re-entered the dairy sector with loans of Rs. 1.5 billion and disbursed Rs. 1 billion to clients. In 2021 HBL became the first bank to fund an Electronic Warehouse Receipt, approving Rs. 400 million.

HBL maintained its dominant position in cash management with throughput rising by 58% to nearly Rs. 8 trillion. HBL was awarded the Best Domestic Cash Management Bank by Asia Banking & Finance and was also ranked first in Asiamoney’s Cash Management Poll 2021 for Pakistan Market Leader and Best Service. Both awards were won based on votes by clients, a validation of HBL’s increasingly client-centric approach. Digital payments through HBL Pay Business Banking more than doubled, with 29 million transactions and Rs. 3.4 trillion in volume processed. In 2021, HBL closed landmark investment banking deals across the full spectrum of segments including co-managing the first-ever USD 500 million Green Eurobond for a large public sector utility. HBL partnered with the CDC Group, UK on financing a 100MW solar power project; in 2021 HBL disbursed over Rs. 5.5 billion to encourage and enhance the use of sustainable energy for business needs. To reduce the impact of the Bank’s own operations on the environment, solar panels were installed at several premises leading to a 220 metric ton reduction in HBL’s carbon footprint.

HBL Mobile and Internet Banking transactions have now surpassed even the over-the-counter transactions. HBL's tech-celARATION enables 2.5+ million clients in Pakistan and globally to unlock enormous value for their business and personal needs through cutting edge mobile and internet banking platforms. HBL's internet payment gateway service for ecommerce merchants, HBL Pay Checkout, grew its user base by 31% year on year. These new merchants brought in more transactions through HBL, surging by 85% since 2020.

Konnect by HBL, the Bank's branchless banking platform, doubled transactions to 84 million with volumes reaching Rs. 846 billion in 2021. A focused strategy led to an over 30% increase in overall account portfolio, from 5.4 million to 7.1 million, which supports the unbanked segments to access HBL with ease. Konnect also strengthened its partnership with Punjab and KPK Agri departments to digitize the government to farmer subsidy payments and disbursed Rs. 11 billion to more than 1 million farmers. In parallel, 790,000 Konnect accounts were opened, and Kissan Cards were subscribed by registered farmers making Konnect the largest issuer of PayPak Debit cards in the country. HBL was one of the first few banks chosen to become part of the pilot project run under the National Micro-Payment Gateway – RAAST.

HBL Treasury & Global Markets was a core contributor to the Bank's bottom line in 2021, with all business lines performing strongly. The Bank launched an upgraded version of HBL Infinity®, the Bank's unique online B2B FX portal. HBL commenced its branch in Beijing making it the only bank from Pakistan to have a presence in the Chinese capital. HBL's market share in home remittances increased from 8.2% in 2020 to 10%, driven by strong growth in volumes.

HBL renewed its commitment with PCB for another four years celebrating ten years of HBLPSL since its inception in 2016, and highlights HBL's efforts towards the development of youth and the discovery of talent for Pakistan.

HBL won multiple awards from international and local platforms including Best Bank in Pakistan from Euromoney Awards, Pakistan's Best Bank 2021 and Best Bank for Small and Medium Businesses 2021 from the Pakistan Banking Awards. It bagged eight awards from Global Diversity & Inclusion Benchmarks (GDIB) 2021 and won the Best Green Bond Award and Best Structured Finance Deal for Pakistan from The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021.