

HBL's Balance Sheet crosses Rs 5.0 trillion in H1 2022 as the Bank continues to support clients and the economy – excessive taxation reduces PAT by 33% over H1 2021 to Rs 12.1 billion

Karachi – 28 July 2022: HBL today declared a consolidated profit after tax (PAT) of Rs 12.1 billion for H1 2022, lower than the Rs 18.0 billion in H1 2021 as a result of the extremely high and retrospective taxes announced in the Federal Budget. Earnings per share for the quarter were Rs 2.32, bringing earnings per share for the half year to Rs 8.10. Along with the results, the Bank declared a dividend of Rs 1.50 per share (15%) for the second quarter ended on June 30, 2022, more in line with the results. The Bank's profit before tax was Rs 34.6 billion for H1 2022, 11% higher than the profit of Rs 31.2 billion in the same period last year.

HBL has become the first bank to achieve a Balance Sheet size of Rs 5.0 trillion, driven by strong deposit mobilization. Total deposits reached Rs 3.8 trillion, a growth of Rs 370 billion over December 2021. Strong mobilization efforts resulted in a 10% growth in domestic deposits, which reached Rs 3.4 trillion with market share growing to 14.32%. In line with its stated intent and commitment, HBL continues to support customers through these difficult times, standing ready and willing to meet clients' demand for credit. In just the first six months, the Bank's total advances grew by 10% over December 2021 to Rs 1.7 trillion with growth across all lending businesses.

The Bank's net interest income grew by 14% over H1 2021 to Rs 73.9 billion as the average balance sheet grew by over Rs 500 billion although spreads declined marginally. Fee income continued on an upward trajectory, increasing by 28% over the first six months of the previous year. While all business segments showed growth in fees, this was predominantly driven from the Bank's flagship cards business, aided by strong contributions from cash management, branchless banking, home remittances and trade services. The Bank's total revenue thus increased by 18% over H1 2021 to Rs 97.6 billion.

Despite high double-digit inflation and HBL's continued investment in people, technology and infrastructure, administrative expenses remained flat to the previous quarter with the cost / income ratio reduced from 59.6% in Q1 2022 to 55.1% in Q2 2022. Total credit-related provisions of the Bank reduced by 43% over H1 2021 to Rs 2.6 billion which includes incremental general provisions of Rs 1.3 billion. The Bank's prudent risk management enabled HBL to maintain the Infection ratio at its all-time low level of 5.1% with total coverage at over 100%.

Commenting on the Bank's H1 2022 performance, Muhammad Aurangzeb, President & CEO – HBL said "For HBL, client centricity is the bedrock of both our business and culture. Our business results are the outcome of delivering on the Bank's strategic objectives of supporting clients and playing our part in supporting the country's economy. HBL has made remarkable progress in digitalization, financial inclusion and, as the 'Champion Bank for Balochistan', stepped up to play its part for the province on the back of many developmental firsts."

HBL's flagship Consumer Banking business continues to dominate the market across a wide range of metrics. During the first six months of 2022, lending increased to Rs 118 billion; simultaneously HBL became the first bank in Pakistan to have a credit card portfolio of over Rs 20 billion. 1 out of every 3 Rupees spent on credit cards in Pakistan is on the HBL Credit Card. During H1 2022, HBL Prestige branches were inaugurated in Faisalabad, Multan and Karachi, taking the total footprint to 29 lounges in 12 cities.

Lending to the agriculture sector, where the Bank remains dominant, reached a record high of Rs 44 billion. HBL microfinance stepped up its support to those most in need of financing with a 27% growth in lending with total loans crossing Rs 72 billion. HBL and HBL Microfinance Bank have both been declared by SBP as "Top Ranked Agri Lending Bank" amongst large banks and microfinance banks respectively.

The Bank continues to lead in innovation. In yet another "industry-first", HBL has enabled customers to perform basic financial transactions through the Conversational Banking channel on WhatsApp. HBL Mobile and Internet Banking users reached nearly 3 million; in June 2022, over 10 million financial

transactions were processed through Mobile/Internet and so far this year, we have processed transactions totaling over Rs 1 trillion, the same throughput as for the whole of last year. HBL maintained its leading position in cash management, with throughput rising by 66% to nearly Rs. 6 trillion in H1 2022. Digital payments through HBL Pay Business Banking grew to around Rs 3.2 trillion with 19 million transactions successfully processed. HBL Konnect remains the preferred delivery partner for the GoP, helping the Government disburse fuel subsidies to more than 6 million beneficiaries.

HBL maintains its leadership in the ESG area, in particular on environmental issues. During H1 2022, HBL disbursed Rs 7.8 billion under the SBP's Renewable Energy scheme. HBL has contributed to several reforestation projects in Pakistan; recently, our staff volunteered in a drive for mangrove reforestation to protect Karachi's endangered coastline. During this quarter, HBL issued its first Sustainability Report, highlighting the full scale of its activities over the last several years. In 2022, the Bank also increased its contribution to the HBL Foundation by 50%, from 1% of PAT to 1.5% of PAT, enabling us to further strengthen support to deserving causes.

The Bank's diversity ratio continues to improve with 20.7% of our employees being women. HBL won eight awards in the 2021 Global Diversity and Inclusion Benchmark awards in the categories of Best Practice in Pakistan and Most Progressive in Pakistan. During H1 2022, HBL won the 2022 Euromoney Award for "Best Bank in Pakistan" and the 2021 Asiamoney Award for "Best Domestic Bank." HBL also won awards for Best Green Bond and Best Structured Finance Deal 2021 from The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021. Apart from the recognition, these are gratifying as they represent independent validation of our efforts from internationally recognized publications.