

## **HBL delivers profit of Rs 77 billion in 2022, up 24% YoY, with enhanced focus and commitment to its clients**

**Karachi, Pakistan – 24 February 2023:** HBL today declared a consolidated profit before tax of Rs 77 billion for the year ended December 31, 2022, an increase of 24% over last year. Along with the results, the Bank declared a final dividend of Rs 1.50 per share taking total payout for 2022 to Rs 6.75 per share. Profit after tax however declined by 3% to Rs 34.4 billion, as a result of retrospective taxation and an effective increase of 10% in the income tax rate for banks, from 39% to 49%.

HBL's balance sheet grew by 7.4% to Rs 4.6 trillion with total deposits at Rs 3.5 trillion. The Bank increased current accounts by over Rs 200 billion and low-cost savings by Rs 136 billion, closing the year with total domestic deposits of Rs 2.9 trillion; the CASA ratio improved to 86.5%. In line with its stated intent of supporting clients through the cycle, HBL continued its supply of credit, growing domestic advances by Rs 241 billion to Rs 1.4 trillion, a growth of more than 20% over 2021. The Bank's Advances to Deposit Ratio (ADR) rose to 52.9%.

The flagship consumer business, increased lending by Rs 20 billion to Rs 122 billion, while Commercial lending crossed a key milestone of Rs 100 billion. HBL Microfinance also continued to support the most vulnerable, increasing its inclusion efforts and growing loans by 50% to Rs 85 billion.

Net Interest Income increased by 26% to Rs 166 billion, driven by a Rs 540 billion growth in average balance sheet volumes and margin expansion of 81 bps. The Bank continues to retain its leadership in fee income, which posted a double-digit growth of 24% to reach Rs 31.5 billion. Nearly 50% of the growth came from its market leading Cards business, where HBL's Platinum Card is in constant demand. This helped total non-fund income to rise by 29% to Rs 46.7 billion. Total revenue thus grew by 27% over 2021 to Rs 212 billion, HBL's highest ever.

HBL's total administrative expenses were Rs 124.8 billion as persistent inflation and rapidly escalating fuel and utility costs created pressure across all categories. The Bank's infection ratio improved from 5.1% to an all-time low of 4.8% while provision coverage was prudently maintained at above 100%.

Commenting on the Bank's performance, Muhammad Aurangzeb, President & CEO - HBL said, "The Bank has delivered excellent results despite the challenging macroeconomic environment. As a testament to our client-centric approach, HBL's performance was propelled by strong organic growth across all business segments and activity drivers, solidifying our leading position in all client segments. Moreover, HBL is actively working on financial inclusion initiatives supported by significant investments in technology and digitalization. During 2022, HBL

remained conscious of its responsibility to support clients and the broader economy.”

## **Business Developments**

HBL’s digital channels continued to play a significant role in shaping Pakistan’s financial landscape in 2022, processing over 310 million financial transactions worth more than Rs 4.3 trillion. Throughput saw a collective growth of over 55%, a testament to our commitment to becoming a ‘Technology Company with a Banking License’.

During the year, Mobile Banking witnessed a growth of 107% YoY. The Bank launched the HBL Islamic Mobile app to provide convenience for clients with Shariah-compliant needs. In another industry first, HBL enabled financial transactions through the HBL WhatsApp banking channel; it continues to grow with a 43% increase in the user base in 2022.

Maintaining its streak of bringing innovative solutions to Pakistan, HBL commercialized the conversion of mobile phones into POS terminals, thus enabling smartphones to accept card-based payments at the time of delivery and revolutionizing the delivery payments process. Through bypassing the need for cash on delivery, merchants get real-time information and 24-hour settlement, thus saving them the hassle of handling cash while freeing up their working capital. For this first-to-market initiative the Bank won – the ‘Best Payments Initiative’ award at the Pakistan Digital Awards and the ‘Point of Sale Initiative for the Year’ at the Asian Retail Finance Awards.

Konnect by HBL has maintained its dominant position in the Branchless Banking space with over 8 million clients; it is a point of pride that women continue to make up 24% of the client base. During the year, HBL launched an Islamic Konnect Account enabling clients in this segment to fulfill all their banking needs in a Shariah-compliant way. This unique product has received widespread acceptance, with over 200,000 accounts opened since launch. Konnect remains the Government’s preferred partner on key initiatives such as the Benazir Income Support Program, and disbursements of emergency relief funds and subsidies.

HBL’s clients’ usage of both debit and credit cards, grew by 71% over last year with spend reaching nearly Rs 300 billion in 2022. HBL’s credit cards remain the most sought-after in the industry, with one in every three Rupees being spent on an HBL Credit Card or on an HBL POS machine.

The Bank made significant strides in Agriculture financing, increasing its portfolio by 27% YoY and surpassing the Rs 50 billion milestone, a new record. HBL was declared the ‘Best Bank in Agriculture’ under the Large Banks category for 2021-22 by SBP, while HBL Microfinance received the same award in the Microfinance Banks segment. As the champion Bank for Balochistan, HBL led the industry with

the highest-ever disbursements in the province. HBL also scaled up its agriculture pilot interventions in three districts in Punjab. These covered more than 25,000 acres and resulted in yield enhancements of more than 14%.

HBL Prestige, the Bank's exclusive proposition for high-net-worth clients went international with the inauguration of its first lounge in Dubai. In Pakistan, the Prestige presence now extends to 38 lounges across 16 cities.

HBL continued to reinforce its leadership position across its multiple business areas. It became the first Bank to cross 100,000 RDA accounts, with over USD 900 million channeled into the country. In cash management, the Bank maintained its dominant position, increasing throughput by 56% to Rs 12.3 trillion. HBL remains the "go-to" bank for Investment Banking transactions and closed deals valued at over Rs 200 billion in 2022. The Bank also advised and closed Pakistan's first and largest hybrid REIT issuance.

HBL's International Banking returned to operating profitability this year despite high volatility and a challenging macroeconomic environment in our markets. This performance will provide the impetus for growth in 2023.

### **Environment Social Governance (ESG)**

HBL announced its commitment to Net Zero by 2030 in line with AKDN's own targets. To reduce the impact of the Bank's own operations, solar panels were installed at several premises leading to a reduction of 288 metric tons in HBL's carbon footprint. The Bank also undertook a nationwide Tree Plantation Drive under which more than 25,000 trees were planted across nine locations in Pakistan. HBL has also worked extensively with Tsinghua University in China on developing a Green Taxonomy Framework and this was formally rolled out in 2022.

### **Bank with a Soul**

After several ground-breaking initiatives to support its staff during COVID-19, HBL this year raised the staff service age to 65, another industry first. In the prevailing socio-economic environment, this is a game-changer for many of our senior staff who have years of valuable experience, giving them the ability to both continue contributing to the Bank as well as maintain a standard of living for themselves and their families. In the wake of the floods, the Bank, through the HBL Foundation, facilitated the on-ground distribution of rations worth Rs 100 million, providing more than 1 million meals to over 14,000 families. Additionally, 3,100 tents and 400 mosquito nets were distributed in flood-affected areas across Balochistan and Sindh. HBL also donated Rs 128 million to support the impacted population in affected areas by sponsoring the construction of prefabricated homes.

### **Awards & Accolades**

HBL won the 'Best Bank in Pakistan' from Euromoney Awards for Excellence 2022 and the 'Best Domestic Bank Award 2022' by Asiamoney. At the Pakistan Banking Awards, HBL was adjudged 'Pakistan's Best Bank' and 'Best Bank for Agriculture Financing' while HBL Microfinance Bank was awarded the 'Best Microfinance Bank'. HBL was awarded the 'Best Investment Bank in Pakistan' by World Finance Awards 2022.

HBL won 'The Most Inclusive Organization 2022' Award by the Global Diversity, Equity, and Inclusion Benchmarks (GDEIB).

The Bank remains committed to raise the bar of excellence in service and product innovation in 2023 and beyond.