

HBL Q1 2022 Profit rises to Rs. 14.6 billion driven by strong business volumes

Karachi, Pakistan – 20 April 2022: HBL today declared a consolidated profit before tax of Rs. 14.6 billion for the first quarter of 2022 and a profit after tax of Rs. 8.6 billion, both higher than in the same period last year. The Q1'22 results include a one-time severance charge of Rs. 2.6 billion. Excluding the impact of this one-time charge, the Bank's profit before tax is 18% more than in Q1'21. Along with the results, the Bank declared a dividend of Rs. 2.25 per share (22.5%).

Following a breakthrough performance in 2021, the Bank continued to build on its growth story, with its fortress balance sheet increasing by another 5% over December 2021 to Rs. 4.5 trillion. Beating historical trends, HBL was able to grow current accounts beyond the previous year-end peak to nearly Rs. 1.2 trillion, 37.4% of the total deposit base of Rs. 3.2 trillion. Advances grew by 4% in one quarter alone, well ahead of the market, to nearly Rs. 1.6 trillion, with broad-based growth across all segments. The Bank's flagship Consumer business continued to break records with loans crossing Rs. 110 billion; agriculture lending achieved a new high of Rs. 41 billion. HBL Microfinance Bank, the largest microfinance provider of housing loans, posted double-digit growth with deposits crossing Rs. 100 billion and a loan portfolio of Rs. 65 billion.

Net interest income of the Bank increased by Rs. 3.8 billion to Rs. 36.3 billion in the first three months of 2022, driven by an exceptional growth of over Rs. 450 billion in average volumes. Fee income continued to break barriers, rising 24% to Rs. 7.3 billion; the fee engine is firing on all cylinders, with an outstanding performance from the Cards business, and double-digit growth in all key businesses. A spectacular Treasury performance resulted in income rising by 42%. Total revenue of the Bank thus increased by Rs. 6 billion over Q1'21 to Rs. 46.6 billion.

Administrative expenses (excluding severance charge of Rs. 2.6 billion) increased to Rs. 27.8 billion on the back of rising inflationary pressures, higher sales-driven costs and a continued investment in people and technology. Total provisions reduced by 36% to Rs. 1.2 billion; the infection ratio remains well-controlled at 5.2% with total coverage at over 100%. Demonstrating its commitment to giving back to the community, the endowment fund of the HBL Foundation was doubled to Rs. 100 million, while the annual contribution was raised by 50%, to 1.5% of post-tax profits.

Commenting on the Bank's Q1'22 performance, Muhammad Aurangzeb, President & CEO – HBL said, "The Bank's business volumes have set new benchmarks on the back of a very strong performance across all client segments and activity drivers. We continue to work diligently on building technological innovation, working with the Government of Pakistan on public-private partnerships, and most importantly serving our clients with excellence. HBL's digital channels, being our strategic priority, processed an

unprecedented Rs. 2.8 trillion from 109 million transactions, representing a YoY growth of 64%.”

HBL solidified its dominant position in all aspects of its Consumer business. HBL Cards remained the first choice for clients, registering a 58% growth in Credit Card spend over same period last year. HBL’s Debit Card remains the market leader with 6.1 million cards and a 21% market share. Spend volumes increased by 53% over Q1’21, with e-commerce volumes growing by 56%.

There has been a considerable focus on formal finance to Small Enterprises under HBL POS finance and SBP’s SAAF scheme with disbursements of Rs. 1.4 billion under each program. HBL maintained its leadership position in Supply Chain Financing, registering a growth of 20% over Dec’21 to reach Rs. 7.4 billion. HBL’s total SME funded advances in Q1’22 stood at Rs. 73 billion.

During the quarter, HBL Nisa opened 37,000 new accounts with deposits of over Rs. 6 billion. HBL has remained amongst the highest contributors to the RDA initiative with 20% of all RDA accounts; during Q1’22, we channeled an additional USD 100 million into the country. HBL Prestige branches were inaugurated in Multan and Faisalabad, taking the total presence to 27 lounges in 12 cities.

HBL was also designated as the “Champion Bank for Balochistan” by SBP to lead the banking industry and enhance agricultural credit and financial inclusion in the province. The Bank has been focusing on broadening its agricultural outreach in the underserved regions of the country.

HBL maintained its pole position in cash management, with throughput rising by 49% to nearly Rs. 2.6 trillion in Q1’22. HBL has become the first bank in Pakistan to allow asset management companies to process real-time redemption payments by successfully integrating the HBL Pay Business Banking platform with CDC (Central Depository Company).

HBL Investment Banking maintained its dominant position and closed a number of offshore and onshore transactions across sectors, including a USD 35 million offshore leveraged buyout facility in the Telecom and Internet space. The Bank also arranged syndicate financing for an automobile manufacturer and provided a comprehensive advisory for a Public-Private-Partnership project in the mining space. HBL made major headway in its real estate initiatives, developer finance and low-cost housing.

HBL continues to be a thought leader in the Environmental Social Governance (ESG) space and is the first Bank to announce a “net-zero” emissions policy, which we are targeting to achieve by 2030. The Bank is piloting the adoption of the Taxonomy Common Ground (CGT), which is a tool to facilitate direct flows of capital to green projects. HBL supported the Ministry of Climate Change in its globally recognized “Ten Billion Tree Tsunami” initiative for ecosystem restoration and initiated the plantation of 20,000 trees across the country. During the quarter, HBL disbursed over Rs. 7 billion for sustainable

financing projects. Our diversity ratio continues to increase with 20% of our employees being women; our goal is to reach 22% by the end of this year. Recently, we opened our first women-only branch in Hyderabad.

Digital transactions continued exponential growth with HBL's Mobile Banking and Internet Banking registering a growth of 97% in transaction value, to Rs. 417 billion in Q1'22. HBL Mobile app users crossed 2.6 million with a 61% growth in transaction volume to 26 million in Q1'22.

The Konnect account portfolio witnessed a growth of 33% reaching a total of 7.4 million accounts at the end of Q1'22. Total throughput registered a growth of 103%, from Rs. 166 billion in Q1'21 to Rs. 337 billion in Q1'22. Total collections at Konnect channels crossed Rs. 25 billion during Q1'22. Konnect Debit Cards portfolio reached 1.2 million at the end of Q1 2022. The Bank also launched an Islamic Banking mobile app empowering Islamic banking clients to meet their digital banking needs via a dedicated solution.

The Bank processed e-commerce transactions worth Rs. 8 billion recording a 57% growth in volumes compared to the same period last year. In addition, 30% growth was recorded in the number of merchants. HBL also launched a state-of-the-art mPOS solution to accept e-commerce payments from clients at their doorstep.

HBL ended 2021 being recognized as Best Bank in Pakistan from Euromoney Awards, and Pakistan's Best Bank 2021 from the Pakistan Banking Awards. Continuing its winning streak in Q1'22, HBL won awards for Best Green Bond and Best Structured Finance Deal 2021 from The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021. Furthermore, HBL won eight awards in the 2021 Global Diversity and Inclusion Benchmark (GDIB) awards in the categories of Best Practice in Pakistan and Most Progressive in Pakistan.