

HBL delivers stellar performance with Q1 2021 profit doubling to Rs. 14.5 billion, with an enhanced focus on serving its customers

Karachi, 20 April 2021: HBL today declared a consolidated profit before tax of Rs 14.5 billion for the quarter ended March 31, 2021, more than double that for the same period last year. Profit after tax recorded a growth of 108% over Q1 2020 to Rs 8.6 billion. The Bank's earnings per share increased from Rs 2.79 to Rs 5.68 in Q1 2021. Along with the results, the Bank declared a dividend of Rs 1.75 per share (17.5%). Helped by the strong profitability, the Bank's Tier 1 CAR rose to 13.9%, with Total CAR increasing to 17.9%.

The Bank's total deposit base closed at Rs 2.8 trillion, with robust CA and CASA ratios of 35.1% and 83.1% respectively. Average domestic deposits increased by a multi-year high of nearly 20% over Q1 2020, with average current accounts rising by more than Rs 120 billion. This led to a nearly Rs 500 billion expansion in the Bank's average balance sheet in Q1 2021. Consequently, despite a much lower interest rate environment, net interest income rose to Rs 32.5 billion, a 16% growth over Q1 2020.

HBL's market-leading Consumer business continues to outperform in multiple aspects, with loans growing to nearly Rs 85 billion; total advances of the Bank were maintained at Dec 2020 levels of Rs 1.2 trillion. Total non-fund income of the Bank has grown by 42% over Q1 2020 to Rs 8.2 billion. Fees and commissions continued to accelerate, increasing by 25% over Q1 2020 to Rs 5.9 billion.

Expenses remain well contained despite the Bank's continued investments in people and technology. The Bank reduced its administrative expenses by 7% over Q1 2020 as the cost to income ratio (excluding capital gains) improved to 58.4% in Q1 2021 from 81.4% in Q1 2020. Total NPLs of the Bank declined by Rs 0.7 billion over Dec 2020, with the infection ratio remaining stable at a record low of 6.3%. The Bank's total coverage improved to over 100%, with the specific coverage at 86%.

Commenting on the bank's performance, Muhammad Aurangzeb, President & CEO – HBL said, "The Bank's growth momentum continues in the new year with all activity drivers showing an upward trajectory. The growth was broad-based across all business lines, with strong performance from the deposits, cards, trade and consumer finance businesses. The revenue growth was ably supported by a more stringent operating cost regime. Q1 2021 saw the landmark opening of HBL's Beijing branch in China. Continuing with our response to the challenge of the Pandemic, with the strong support of the Board, HBL arranged to make available Covid-19 vaccines to all staff working at the Bank, adding to its industry-leading benefits for its employees."

HBL is actively working on enhancing the digital experience of its clients across the network. Digital transactions continue exponential growth with HBL's Mobile Banking and Internet Banking volumes more than doubling from Rs 95 billion in Q1 2020 to Rs 212 billion in Q1 2021. Konnect App users reached 1.8 million with transaction volumes portraying a 77% growth over Q1 2020. HBL Mobile app users also reached 2 million with a 127% growth in traction volume over the same period last year. Transactions through the Bank's E-commerce merchants also doubled over the same period last year. HBL expanded its POS network to nearly 31,000 terminals and spend on the Bank's 6.2 million debit and credit cards grew nearly 40%. In Q1 2021, the Bank increased its trade market share to over 12% with a nearly 50% YoY growth in volumes, while home remittances and cash management also exhibited high double-digit growth.

Under 'HBL Pay' all onboarding and payment solutions for businesses were consolidated under a single platform. In Q1 2021, the Bank launched a Cognitive Robotics initiative for internal process digitization, to complement the digital initiatives being undertaken for customer channels. HBL continues to be the only bank in Pakistan enabling its customers to avail both a credit card and personal loan through its app.

In Q1 2021 the Bank successfully launched a refreshed website. The new easy-to-navigate UI and UX helps customers find products and services best suited to their needs and enjoy a seamless banking experience.

HLB retained its #1 position in Consumer Finance. The Bank came first in Credit Cards, Debit Cards, Merchant Acquiring, Personal Loans and second in Auto Loans. Personal loans at Rs. 38.7 billion, delivered a growth of 16% over the same period last year. Auto finance recorded an increase of Rs. 3 billion, 57% over the same period last year. Credit and Debit Cards business recorded the highest ever spend / usage generated on any card in Pakistan.

Through the eBanc Roshan Digital Account (RDA), a special investment account created for overseas Pakistanis, since its launch over 21,000 Pakistanis from 130 countries have set up RDA accounts and remitted more than USD 130 million in a short span of three months.

HLB's Islamic Banking, with the addition of a dedicated HBL Islamic Commercial Centre, Trade Hub and Branch in Karachi, now provides Shariah compliant financial services from over 911 branches/windows nationwide. Supporting the Government of Pakistan's vision of providing Affordable Housing Units, to underserved segments of society through Naya Pakistan Housing and Development Authority, HBL also became the first bank in Pakistan to enter a partnership with Akhuwat Foundation.

HLB maintained its position as the lead private sector financier of the agriculture sector, with a 30% market share. The Bank's Development Finance Group (DFG) has successfully launched pilots on major food crops involving optimized agronomy advisory for each farmer by agronomists employed by HBL.

HLB continues to retain its leadership position in the corporate and investment banking space in Pakistan. In Q1 2021 the Bank successfully concluded several transactions across various sectors including oil & gas, real estate and renewable / conventional power generation, and maintained momentum by securing several advisory & arrangement mandates. HBL maintains its lead in the market in adopting Environmental, Social & Governance (ESG) principles. During Q1 2021 HBL successfully completed a series of modules on Social Risk Management led by CDC UK under its capacity building initiative. The Bank has also initiated a phase wise roll out of its SEMS Policy across its international network.

In Q1 2021, HBL extended its international footprint by becoming the first Pakistani bank to open a branch in Beijing, China. HBL Beijing has become HBL's second branch and its managing branch in China; both branches in Beijing and Urumqi are equipped with foreign exchange and RMB license to better facilitate customers' requirements in multiple currencies.

During Q1 2021, HBL won the 2021 Asiamoney Award for Best Domestic Bank. HBL also won the "Best Customer Franchise", "Best Bank for SME" and "Best Investment Banking" by the Pakistan Banking Awards.