

## **HBL continues its strong business momentum in Q3 2021; Profit rises to Rs 46.4 billion while focusing on expanding its digital footprint**

**Karachi, 15 October 2021:** HBL today declared a consolidated profit before tax of Rs 46.4 billion for 9M'21, a growth of 8% over the same period last year. Profit after tax increased to Rs 27.0 billion, with earnings per share increasing to Rs 18.21 in 9M'21 compared to Rs 17.17 in 9M'20. The Bank declared an Interim Cash Dividend for the third quarter ended September 30, 2021 at Rs 1.75/- per share i.e. 17.5%. This is in addition to the Interim Cash Dividend already paid at Rs 3.5/- per share i.e. 35%.

HBL has the industry's largest balance sheet which further increased to Rs 4.1 trillion, in the nine months of 2021. This was achieved by continued strong growth in deposits, which increased by more than Rs 330 billion (12%) during 2021 to Rs 3.2 trillion; the Bank's industry leading current account book exceeded Rs 1.1 trillion. With HBL ready and willing to lend in support of economic growth, domestic advances continued to increase, rising by 9.0% over Dec'20 and surpassing Rs 1.1 trillion. Our flagship Consumer assets have continued their strong, well-managed growth and crossed Rs 95 billion in the current quarter. With international franchises on a growth trajectory, HBL's total advances increased by 12% over Dec'20, to Rs 1.4 trillion.

HBL registered total revenue of Rs 123 billion as the strong growth in fees and balance sheet volumes were able to offset the impact of industry-wide margin compression. The Bank recorded a net interest income of Rs 97.2 billion, driven by a Rs 400 billion growth in average balance sheet volumes. Fee income showed an impressive growth of 34% to Rs 17.9 billion, driven by stellar performance from the Cards and Consumer businesses and a strong growth in domestic trade volumes which surpassed the \$10 billion mark for the first time.

Total expenses remained flat year-on-year despite the Bank's continued investment in technology and digital initiatives and in contributing to Pakistan's economic growth and development. The Bank's cost to income ratio (excluding capital gains) thus reduced from 60.9% in 9M'20 to 57.7% in 9M'21.

Commenting on the Bank's performance, Muhammad Aurangzeb, President & CEO – HBL said, "HBL maintained its robust performance across all business fronts and continued its strong business momentum in Q3 2021. The period saw significant gains, owing to the Bank's strong core banking performance, transformative digitalization efforts, strategic partnerships and groundbreaking interventions on financial inclusion and development finance initiatives."

The Bank remains a market leader in personal loans, merchant acquiring, credit cards and debit cards. The throughput of both debit and credit cards was over Rs 129 billion, up by 63% over the same period last year. The Bank's merchant acquiring business has the largest Point of Sale network of 35,000 terminals in the country and recorded a growth of 50% by managing a throughput of Rs 125 billion which is the highest in the country.

The Bank's SME and Rural Banking businesses have an Advances portfolio of Rs 58 billion and Rs 38 billion respectively which is a testament of the Bank's commitment to serve the real sectors of the economy. SME trade volume recorded a YoY growth of 23%. Supporting the country's agenda to promote exports, the export trade volume recorded a YOY growth of 28%.

HBL crossed Rs 1 billion for disbursements in the Dairy financing business. The Bank also became the first bank in the country to lend against an Electronic Warehouse Receipt, thereby enhancing financial inclusion of the supply chain ecosystem.

HBL serves 6 million clients globally to make their payments through the Bank's cutting-edge digital platforms. HBL Mobile and Internet Banking has maintained its leadership position, with a record milestone of more than 7 million transactions and throughput of Rs 100 billion in a single month.

Konnect by HBL, the Bank's branchless banking platform, continued its momentum, doubling transactions to 49 million and volumes reaching Rs 707 billion in Q3 2021. A focused strategy led to a 41% increase in in-app registrations and 32% increase in overall account portfolio. Konnect has strengthened its digital product offering with the launch of 'Gulak' – a first of its kind digital saving product.

Financial inclusion is at the heart of HBL's business philosophy which manifested itself with the continuation of the Ehsaas Kafalat Program and the Punjab Agri Kissan Card mandate. Konnect by HBL has impacted 1.4 million farmers, and digitally empowered 460,000 of them through the Kissan Cards.

HBL has been pursuing its client centricity agenda aggressively across multiple client segments.

The Roshan Digital Account (RDA) portfolio maintained its growth momentum and has been ranked # 1 in accounts opened across the industry with a market share of 20%. HBL has brought in close to \$330 million through the proposition.

HBL Prestige, a banking proposition for High-Net-Worth Individuals, expanded its footprint to 8 touch points in Karachi, Lahore and Islamabad. HBL Prestige has delivered positive results with 25% growth in the portfolio through an incremental deposit of Rs 4.2 billion within 6 months of launch.

HBL Islamic Banking is operating over 250 dedicated branches, the 4th largest Islamic banking network in the country. Islamic Banking continues to focus on Commercial and SME businesses by expanding trade hubs to provide ease of service to these segments.

The HBL Development Finance team through its pilot programs have delivered enhanced yields for farmers. The Bank scaled up its Development Finance 2020 proof-of-concept interventions by over 30 times through mid-scale pilots led by field-based, full-time agronomists who use handheld tablets to digitally on-board farmers onto HBL Pay. Pilot projects of over 3,200 acres (maize crop) were completed and over 7,200 acres (rice crop) will be completed with the harvest in October, followed by the wheat and potatoes pilots in Q3 over 7,000 acres.

HBL Corporate, Commercial & Investment Banking Group closed a first of its kind Syndicated Transaction of Rs 7.5 billion to develop a real estate project. Additionally, the Bank also closed the largest rights issue in the domestic corporate sector of Rs 11.6 billion. The Bank continues to pursue infrastructure projects under the Public Private Partnership (PPP) mode.

HBL's presence in China has also played a significant role in enhancing trade flows as over 43% of CNY trade has been routed through HBL China, delivering on the strategy of developing trade corridors utilizing the Bank's network presence.

Q3 2021 saw the Bank celebrate the 50<sup>th</sup> Anniversary of the HBL Plaza building, an iconic landmark of the country.

HBL in collaboration with the Government of Sindh set up a COVID-19 Drive-through Vaccination Facility in Karachi. More than 28,000 citizens have so far been vaccinated. The Bank remains committed to the Government of Pakistan's vision of Sustainable Development; during Q3 2021, as its contribution to the 10 billion Tree Plantation initiative, HBL commenced a plantation drive with the Federal Minister for Climate Change and members of the diplomatic community.

During Q3 2021, HBL won multiple awards from international and local publications/platforms. These include, among others, the awards for contribution to the Roshan Digital Account initiative, Equity Deal of the Year, Best Acquisition Financing, Best Corporate Sukuk and the Environment Excellence Award. Moreover, the Bank also won the Best Mobile Bank Application Award and was also recognized as the # 1 Primary Dealer in Government Securities by the State Bank of Pakistan (SBP) for a second year in a row.