

HBL H1'24 Profit rises to Rs 57.8 billion, an increase of 12%, driven by strong business fundamentals and client focus

Pakistan, Karachi – 26 August 2024: HBL today declared a consolidated profit before tax of Rs 57.8 billion for the first half of 2024, 12% higher than in the same period last year. All businesses continued to demonstrate strong growth in drivers, leading to record profit. Profit after tax increased by 10% YoY, to Rs 29.1 billion, as earnings per share improved from Rs 17.86 in H1'23 to Rs 20.18 in H1'24. Along with the results, the Bank declared an interim Cash Dividend of Rs 4 per share (i.e. 40%) for the second quarter. This is in addition to the interim Cash Dividend already paid of Rs 4 per share (i.e. 40%).

HBL's balance sheet footing increased to Rs 6.2 trillion with total deposits closing at Rs 4.8 trillion, an impressive growth of more than Rs 700 billion over December 2023. This was largely driven by domestic deposit growth which enabled HBL to increase its market share from 12.4% in December 2023 to 13.3% in June 2024. Low-cost deposits steered ~60% of the growth, with the CASA ratio improving to 87%. Credit demand in the country has remained low. Nevertheless, domestic advances increased by 2.2% during the quarter, with total advances at Rs 1.8 trillion. The Bank's market-leading Consumer business continued marching on its growth trajectory, reaching Rs 133.8 billion in June 2024.

Volumetric expansion in both the domestic and international markets helped drive a growth in net interest income, to Rs 121.6 billion. Non-fund income increased by 64% over the same period last year, to nearly Rs 40 billion. HBL continued to maintain leadership in fee income, which posted a stellar growth of 22% increasing to Rs 24.2 billion in H1'24. The flagship Cards business contributed nearly half of the fee growth, while branch fees also rebounded. Consequently, HBL's total revenue increased by 17% to Rs 161.1 billion.

Despite persistent high inflation, a focus on costs enabled HBL to reduce expenses over the previous quarter, with the cost / income ratio declining from 57.2% in Q1'24 to 56.7% in Q2'24. The strong results led to growth in internally generated capital, raising the Tier-1 Capital Adequacy Ratio to 12.65% and total CAR to 16.32%, and also enabling a continued higher dividend payout.

Commenting on the Bank's results, Muhammad Nassir Salim, President & CEO – HBL, said, "HBL's strong H1'24 performance reflects our commitment to innovation, expanding our digital footprint, and providing best-in-class financial solutions for all segments of our client base. In recognition of these efforts, Euromoney, the prestigious international publication, declared HBL Pakistan's Best Bank. Looking ahead, the Bank will continue to prioritize its clients' financial well-being and play its part in Pakistan's economic development."

Business Developments

HBL's digital transformation, led by Konnect by HBL and HBL Mobile, continues at an accelerated pace. HBL's mobile and internet banking witnessed a year-on-year growth of 36% in financial transactions and 29% in service requests, with Rs 3.5 trillion processed in H1'24. Konnect by HBL, the Bank's branchless banking platform, processed a volume of Rs 560 billion, reflecting a year-on-year growth of 12%.

The credit cards business further consolidated its leadership with a growth of over 34% in card usage, achieving Rs 151 billion in spend and a portfolio size of Rs 37 billion, up by 36% over the previous year. HBL's momentum of growth carried into the POS merchant acquiring business, where HBL terminals' throughput grew by 28% to Rs 208 billion from the same period last year.

Agriculture and SME are the Bank's strategic imperatives. HBL's Agriculture Financing Portfolio reached nearly Rs 60 billion. HBL's resolve to grow the SME business has led to accelerated growth in advances registering a year-on-year growth of 25%.

At the product end, the Bank's financial inclusion efforts are being led by HBL Nisa, a platform dedicated to developing financial solutions for women. In H1'24, HBL Nisa onboarded over 50,000 new accounts, generating a deposit volume of Rs 42 billion.

HBL continues to provide innovative value-added services to its corporate and institutional clients. HBL Symphony®, the Bank's fixed-income trading platform, achieved significant growth with trading volumes surpassing Rs 1.2 trillion at the end of H1'24, marking a substantial 5.5 times increase compared to the total volume traded on the platform last year.

The Bank's efforts in making a difference in the communities it serves are underscored through different initiatives in H1'24. To promote diversity, equity & inclusion (DEI), HBL organized an in-person sign language learning session for the staff.

HBL achieved a first-of-its-kind accomplishment in the banking sector by completing two modular pilot branches in Karachi and Peshawar during H1'24. The technology, verified by the NED University in Karachi, is an innovative approach that has resulted in a 35% reduction in construction time (from 90 to 60 days), water conservation, and use of cement per branch. HBL has also discontinued single-use plastic water bottles in line with its pledge to have net zero emissions by 2030.

Moreover, the HBL Foundation allocated Rs 150 million for healthcare initiatives and Rs 45 million for educational programs.

As part of its continued efforts to engage with the youth, HBL is excited to lead Pakistan's Esports landscape with its 'Aur Khelo' tournaments. The Bank's journey began with the EAFC Gaming Tournament and continued with the Tekken 8

Women's Gaming Tournament, showcasing its dedication to fostering an inclusive and vibrant Esports ecosystem within the country. The recent 'Valorant' tournament, the third in the 'Aur Khelo' series, further solidifies HBL's position as a pivotal player in shaping the future of Esports in Pakistan.

In recognition of the Bank's leadership performance and innovative approach, Euromoney Awards for Excellence 2024 awarded HBL the accolades of Pakistan's Best Bank, Pakistan's Best Bank for Corporates, and Pakistan's Best Bank for ESG.