

HBL's 9M'22 profit rises to Rs 55.6 billion, up 20% YoY, with a continued focus on supporting the real economy

Karachi, Pakistan – 26 October 2022: HBL today declared a consolidated profit before tax of Rs 55.6 billion for the first nine months of 2022, an increase of 20% over the same period last year. Along with the results, the Bank declared an interim dividend of Rs 1.50 per share (15%), taking the total payout for 9M'22 to Rs 5.25 per share. Profit after tax, however, declined by 12% to Rs 23.6 billion due to higher, excessive, and retrospectively applied taxation introduced in the Federal Budget which impacted EPS by Rs 6.42/share. The Bank's earnings per share of Rs 15.95 is thus lower than the EPS of Rs 18.21 in the same period last year.

HBL's balance sheet grew by 5% to Rs 4.5 trillion with total deposits at Rs 3.4 trillion. The Bank grew its total advances by 14% to Rs 1.7 trillion. The Bank's leading consumer portfolio of Rs 120 billion is 17% higher than in December 2021, and lending to the agriculture sector achieved another all-time high of Rs 45 billion, an impressive growth of 14%; HBL's Commercial lending portfolio also crossed a milestone of Rs 100 billion. HBL Microfinance increased loans by 36%, underlining the Bank's progress on its financial inclusion objectives.

HBL's total revenue grew by 23% over the nine months of 2021 to cross Rs 150 billion. Net interest income increased by 19% to Rs 116 billion as the average balance sheet increased by Rs 564 billion. Non-fund income outperformed expectations, increasing by 38% to Rs 35.6 billion. This was largely driven by an exceptional growth of 27% in fees and commissions, led by HBL's flagship Cards business with strong contributions from consumer finance, trade, and branchless banking activities.

Commenting on the Bank's 9M'22 performance, Muhammad Aurangzeb, President & CEO - HBL said, "HBL demonstrated its continued and stated commitment to support its clients and keep lending to the real economy, so important in these difficult times, compounded by the devastating floods. The Bank continues to invest in its people, digital infrastructure, and business expansion, aligned with the key pillars of the Bank's strategic vision. In consideration of the pressure on employees by the high level of inflation, escalating fuel prices and excessive taxation, particularly at the junior level, HBL provided support through a cost-of-living adjustment. In 9M'22, HBL also took the landmark step of raising the staff service age to 65, another first in the industry, which has been applauded by all stakeholders."

HBL Cards remain the clients' preferred choice; usage grew by 63% over last year with spend surpassing Rs 200 billion in the nine months of 2022. Digitalizing the client journey remains a priority with 35% of credit cards and 24% of personal loans acquired through HBL Mobile.

HBL Prestige expanded its presence to 36 lounges across 14 cities, serving 11,000 clients with deposits of Rs 140 billion. The proposition has now been expanded to those high net-worth clients who prefer Shariah-compliant banking solutions. HBL continued to dominate the Roshan Digital Initiative maintaining its market share of 20% of accounts opened and being the top bank for channeling investments in Naya Pakistan Certificates. The Bank crossed the Rs 2 billion mark in Roshan Apni Car, setting an industry record for financing car loans for non-resident Pakistanis. HBL Nisa, the Bank's leading platform for women customers, added over 43,000 new accounts; 25% of these were under its Nisa Asaan product, targeted towards the unbanked and underbanked women of Pakistan.

The Konnect Islamic app was launched in August 2022 and has onboarded 81,000 accounts. Total number of transactions by the end of 9M'22 stands at 167,000 with volume exceeding Rs 700 million. The app provides clients an opportunity to open a shariah compliant variant of the product through a nation-wide network of 45,000 agents. Approximately 47% of clients onboarded via the Konnect Islamic app are women which also furthers the Bank's agenda of inclusivity.

HBL being the largest SME lender has grown its business by 20% on YoY basis. The Bank launched "HBL Asaan Finance" aimed at small businesses for collateral free financing.

HBL remains by far the dominant player in agriculture lending which increased by 22%, to Rs 45 billion. The Bank strengthened its leadership position in Electronic Warehouse Receipt (EWR) financing and Dairy and Livestock financing. As the Champion Bank for Balochistan, HBL has led the industry for the highest ever disbursements for the province for FY'22 with a growth of 78%. HBL scaled up its agriculture pilot interventions significantly in 2022, covering 19,000 crop acres. HBL was ranked as the "Top Agri Lending Bank" by SBP in the Large Banks category for FY'22.

HBL maintained its leading position in cash management, with throughput rising by 66% to over Rs 9 trillion in 9M'22. Digital payments through the HBL Pay Business Banking platform grew to nearly Rs 5 trillion, with 27 million transactions. HBL is at the forefront of the Investment Banking landscape having closed transactions of over Rs 60 billion whilst securing various new mandates during Q3'22, maintaining its strategic focus towards capital markets, Mergers & Acquisitions (M&A) and project finance across telecom, oil & gas, water and renewable energy sectors.

Building on the success of its FX portal, HBL Infinity, the Bank launched its Fixed Income Portal, HBL Symphony®, an in-house developed digitized solution for institutions and corporates to execute transactions in GoP securities.

HBL Mobile and Internet Banking's user base crossed the 3 million milestone. In 9M'22, approximately 87 million transactions valued at over Rs 1.5 trillion were processed through these digital channels, up 57% and 106% respectively, compared to 9M'21. The Bank's WhatsApp Banking processed over 1.8 million transactions in 9M'22. Konnect by HBL's client base crossed 7.9 million, with a throughput of Rs 469 billion. Konnect remains the preferred service provider for the Government, serving more than 2.1 million people affected by the floods and over 6 million for targeted fuel subsidy. HBL Pay Checkout, HBL's internet payment gateway for e-commerce merchants also witnessed its e-commerce merchants base increase by 22% and processed transactions of Rs 26 billion during 9M'22, recording a growth of 34% vs 9M'21. HBL also enabled freelancers and online sellers to get deposits from their global wallets directly into HBL bank accounts, with a few taps on the HBL Mobile.

Through the efforts of the HBL Foundation, the Bank provided more than 14,000 food rations across Balochistan and Sindh and distributed 3,100 tents as well as 400 mosquito nets to the flood affected population.

As an affirmation of its industry leading status and delivery, HBL's Investment Banking received 4 awards during the period from various international publications taking the total to 20 awards to date. HBL was Awarded Best Progress Award by Green Investment Principles Secretariat in its 4th Plenary meeting on 14th September 2022.