

HBL 9M 2024 profit rises to record Rs 85.9 billion, driven by strong business fundamentals and client focus

Pakistan, Karachi – 16 October 2024: HBL today declared a consolidated profit before tax of Rs 85.9 billion for the first nine months of 2024, 3% higher than in the same period last year. All domestic businesses delivered excellent results which, coupled with sustained improvements in the international franchise, drove profit after tax up to Rs 43.3 billion. The Bank's earnings per share increased to Rs 30.03 in 9M'24. Along with the results, the Bank declared an interim dividend of Rs 4 per share i.e. 40%. This is in addition to the interim Cash Dividend already paid at Rs 8 per share i.e. 80%. HBL is also proud to report that it has contributed Rs 52.9 billion in taxes to the national exchequer.

HBL's balance sheet footings grew by 12% over December 2023 to Rs 6.2 trillion resulting from a Rs 660 billion growth in deposits, which rose to Rs 4.8 trillion. Domestic deposits increased by 18% over December 2023 to Rs 4.1 trillion; low-cost deposits steered in more than 65% of the growth, with the CASA ratio improving to 87.3%. Policy rate cuts have led to an overall uptick in lending; as a result, the Bank's advances increased by 3.9% during the quarter to Rs 1.8 trillion.

Volumetric expansion in both domestic and international markets helped drive a 4.2% growth in net interest income, to Rs 185.3 billion. Non-fund income increased to Rs 60.7 billion – a growth of nearly 60% over the same period last year. HBL continued its leadership in fees which increased by 20% to Rs 36.6 billion in 9M'24. The Bank's flagship Cards business contributed 43% of the growth, with branch fees, remittances and Bancassurance boosting total fee income. Consequently, HBL's total revenue increased by 14% to Rs 246.0 billion.

The Bank's focus on cost optimization has helped contain expenses and further reduce the cost-to-income ratio to 55.6% for Q3'24. The Bank's Capital Adequacy Ratio (CAR) continued to rise, to a 4-year high of 16.39%, while the Tier-1 CAR increased by 11 bps over Dec'23 to 12.55%, well above minimum requirements.

Commenting on the Bank's results, Muhammad Nassir Salim, President & CEO – HBL, said, "HBL's 9M'24 results, were driven by leadership position across all business segments, and a focus on serving our clients better. HBL continues to accelerate its digital journey, with majority of its transactions and volumes now being channeled through its digital platforms. We remain committed to our strategic priorities such as Agriculture, SMEs, and Sustainability. HBL continues to contribute to the national exchequer through its significant tax payments. HBL was honoured with the 'Best Board of the Year' award by the Pakistan Institute of Corporate Governance (PICG), in recognition of its exemplary leadership, outstanding governance, and strategic oversight".

Business Developments

HBL's mobile and internet banking witnessed a year-on-year growth of 34% in financial transactions and 26% in service requests, with over Rs 2 trillion processed in Q3'24.

Konnect by HBL, processed a significant volume of Rs 586 billion, reflecting a year-on-year growth of 16%.

With the highest acquisition, spend volumes, and ENR, the credit cards business led the market with a growth of 30% in card usage, achieving Rs 237 billion in spend and a portfolio size of Rs 40 billion. Throughput at HBL's POS terminals throughput grew by 27% over the same period last year, to Rs 318 billion.

HBL's support to the agriculture sector remains strong with total lending exceeding Rs 57 billion. HBL's resolve to grow the SME business has led to accelerated growth in advances registering a year-on-year increase of 19% to Rs 91 billion.

HBL maintained its leadership in Transaction and Employee Banking. The transaction banking business recorded a throughput of Rs 13.7 trillion, representing a 28% increase compared to the same period last year. Digital transactions grew by 12% to 36 million, accounting for 84% of the overall business.

HBL's Investment Banking team closed multiple mandates valuing over Rs 145 billion. The team continues to go from strength to strength having received 16 accolades already from international bodies such as Global Finance and The Asset Triple A."

HBL Symphony® has experienced remarkable growth, with trading volumes exceeding Rs 2.2 trillion in the nine months of 2024. This represents an impressive increase of nearly 14 times the total volume traded on the platform during the same period of the previous year, highlighting the platform's expanding influence in fixed-income trading.

Under the guidelines of the Aga Khan Development Network, HBL remains focused on sustainability and green operations. HBL has implemented its Social and Environmental Management system at all its international locations, allowing these locations to analyze the environmental and social risk of their lending portfolio.

The Bank's efforts in making a difference in the communities it serves are underscored through a variety of initiatives in Q3'24. The HBL Employee Volunteering Program crossed a milestone of 2,800 volunteering hours in giving back to the community.

Moreover, HBL Foundation allocated over Rs 128 million to various healthcare initiatives during the quarter, benefiting over 50,000 individuals. In the education sector, the Foundation invested nearly Rs 23 million.