

HBL 2023 profit rises to a record Rs 114 billion, up 47%, with a focus on Agriculture, digitally-led Financial Inclusion and Sustainability

Pakistan, Karachi – 23 February 2024: HBL today declared a record profit before tax of Rs 113.6 billion for the year ended December 31, 2023, 47% higher than the PBT recorded in 2022. Profit after tax has increased to Rs 57.8 billion, a commendable 68% growth over last year. Earnings per share for 2023 increased to Rs 39.32, compared to Rs 23.23 in 2022. Along with the results, the Bank declared a final dividend of Rs 4.00 per share, bringing the total dividend for 2023 to Rs 9.75 per share.

HBL grew its balance sheet by 19% to Rs 5.5 trillion. Deposits displayed a robust growth of 19% over 2022, closing at Rs 4.1 trillion with domestic deposits increasing by Rs 533 billion to Rs 3.5 trillion. Despite macroeconomic headwinds, HBL's total advances increased to Rs 1.9 trillion over December 2022, with Consumer loans, agriculture lending and microfinance all setting new benchmarks. Average deposits increased by nearly Rs 350 billion mostly from low-cost deposit growth.

HBL's average balance sheet increased by an impressive Rs 700 billion, while rising rates translated into a 159 bps improvement in net interest margin. This drove a 46% rise in HBL's total net interest income which grew to Rs 242 billion, the highest in the industry. The Bank continued to dominate the realm of fee income, which posted yet another stellar growth of 34%, clocking in at Rs 42.3 billion in 2023. Fee growth was once again dominated by HBL's pre-eminent Cards business while trade, cash management and retail banking all delivered more than 20% increases. Total revenue thus grew by 41% to Rs 300 billion, the highest ever for HBL and in the Pakistan banking sector.

The strong revenue base helped to reduce the cost / income ratio to 56.8% in 2023. The Bank's prudent provisioning ensures that the coverage remains well above 100%. The record results also boosted the Bank's Capital Adequacy Ratio (CAR), which moved up by 118bps to over 16%, well ahead of regulatory requirements.

Commenting on the Bank's performance, Muhammad Aurangzeb, President & CEO - HBL said, "HBL navigated another year of economic challenges successfully, with exceptional results. This achievement stems from our unwavering commitment to client-centricity, innovation, and responsible banking practices. The Bank remained focused on delivering on three strategic pillars, which underpin its medium-term strategy namely; Growing Pakistan's Economy, Shaping the Financial Industry and Achieving Regional Relevance. We have further solidified our impact beyond profit margins through strategic partnerships and impactful initiatives. We remain grateful for the trust of our clients and are committed to exceeding their expectations. HBL is well-positioned to navigate the future and create lasting value for all stakeholders."

Under the guidance of the Aga Khan Development Network (AKDN) and in line with Pakistan's strategic priorities, HBL is committed to playing a leading role in developing the agricultural sector and promoting food security. HBL, together with HBL Microfinance, have extended over Rs 100 billion in loans to small farmers. Following on from its transformative initiatives in agriculture, HBL has recently incorporated HBL Zarai Services Limited an agriculture services extension company – yet another first in Pakistan. This year HBL was awarded the Best Bank for Agriculture for the 5th time in the 9 year history of the Pakistan Banking Awards.

At HBL increasing digitalization of every aspect of our businesses has become a way of life. This year, we have again introduced trailblazing products to shape Pakistan's financial services landscape – Digital Invoicing, an Urdu mobile app, TalkBack for the visually impaired. HBL has partnered with P@SHA in a landmark opportunity to showcase one of Pakistan's premier but under-celebrated sectors. From HBL Mobile to Konnect, from QR to HBL Pay, the Bank continues to raise the bar in delivering creative, first-of-a-kind solutions for its customers, cementing its position as a technology company with a banking

license. In 2023, Asiamoney named HBL as the Best Bank for Digital Solutions Pakistan and the CFA Society Pakistan awarded us with the Best Digital Banking Services award.

We launched our 2nd Sustainability Report to critical acclaim by stakeholders, embarked on our progress to Net Zero and reduced our carbon footprint through solarization and a number of other activities. HBL is the first and only Pakistani bank to be a member of the Capacity-building Alliance of Sustainable Investment (CASI), launched at the recent COP28 in Dubai, which promotes best practices for sustainable finance. HBL also became a signatory to the United Nations Women's Empowerment Principles (WEPs), aligning its efforts with global initiatives to promote gender equality and women's empowerment. For its achievements in increasing women participation in the financial sector through HBL Nisa, was also awarded the '2023 Access to Finance Champion Award' by the Financial Alliance for Women. We provided an array of opportunities to the differently-abled, both as staff and customers. For the second year running, the Bank was recognized by the Global Diversity, Equity, and Inclusion Benchmarks (GDEIB) as the Most Inclusive Organization in Pakistan, an award we truly cherish.