

HBL's Q1'24 profit up 40% YoY to Rs 30.1 Billion, starting the year with robust business fundamentals

Pakistan, Karachi – 23 April 2024: HBL today declared a consolidated profit before tax of Rs 30.1 billion for the quarter ended March 31, 2024, 40% higher than in the same period last year. Profit after tax has increased from Rs 13.3 billion in the first quarter of 2023 to Rs 15.0 billion. EPS for Q1'24 was Rs 10.37, compared to Rs 9.00 in Q1'23. Along with the results, the Bank declared an interim Cash dividend of Rs 4 per share (i.e 40%) for the quarter.

HBL's balance sheet stood at Rs 5.5 trillion with total deposits closing at Rs 4.4 trillion. Domestic deposits grew by more than Rs 220 billion reaching Rs 3.7 trillion, with current accounts recording their highest first-quarter growth in the last 5 years. Total advances declined by 6% over December 2023 to Rs 1.75 trillion as credit demand continues to remain subdued. However, the Bank's market-leading Consumer business maintained its growth trajectory, reaching Rs 130 billion in March 2024.

The average domestic balance sheet grew by Rs 522 billion, leading to a 6% increase in net interest income despite falling market yields. This was well supported by growth in revenue from the international business, helped by rising spreads in most markets. The Bank's total net interest income thus rose by 8% to Rs 60.5 billion. HBL continued to lead the market in fees, which posted a stellar growth of 27% increasing to Rs 11.9 billion in Q1'24. The flagship Cards business continued to lead, contributing 35% of the fee growth, while trade and branch banking also registered strong double digit fee growth. Consequently, HBL's total revenue increased by 25% to Rs 80.7 billion.

Despite persistent high inflation, a strong revenue base helped to reduce the cost to income ratio from 60.8% in Q1'23 to 57.2% in Q1'24. The Tier-1 Capital Adequacy Ratio remained at December 2023 levels of 12.4%, while the total CAR stood at 16.0%.

Commenting on the Bank's performance, Muhammad Nassir Salim, President & CEO – HBL, said, "HBL's strong Q1'24 results showcase our unwavering commitment to client-centricity. The Bank saw significant growth across digital channels, while enjoying a leadership position in

the credit cards business. HBL's dedication to SME and agriculture was highlighted by exceeding Rs 100 billion in SME advances and launching HBL Zarai Services. In the period ahead, the Bank's focus will be on operationalizing its strategy. This means putting its client segmentation approach into action; each segment will be managed as a distinct stream, with defined propositions, channels, and products. HBL will continue accelerating the momentum in its business trajectory."

Business Developments

HBL's mobile and internet Banking witnessed a year-on-year growth of 36% in financial transactions and service requests, with Rs 1.64 trillion processed in Q1'24.

To cater to freelancers and IT exporters, Konnect by HBL, the Bank's branchless banking platform, launched a USD debit card linked to their Exporter's Special Foreign Currency Account (ESFCA), allowing them to make seamless international payments, both inbound and outbound.

HBL's momentum of growth carried into the POS merchant acquiring business, where HBL terminals' throughput grew by 26% to Rs 102.5 billion from the same period last year, accounting for more than 27% of the country's total sales volume.

HBL Zarai Services Limited – a fully owned agriculture services extension subsidiary – launched its first Dera in Burewala. HBL's Agriculture Financing Portfolio expanded to Rs 57 billion (an 18% increase over Q1'23), driven by fresh disbursements of around Rs 4 billion in Q1'24 (up 5% from Q1'23).

On the SME front, HBL became the first in the industry to cross Rs 100 billion in advances in Q1'24. HBL's ambition to grow the SME business has led to delivering accelerated growth with both advances and the number of borrowers, registering a YoY growth of 16% and 20%, respectively during Q1'24.

The Prestige network expanded with coverage across all 19 regions of the Bank. The business showcased a record growth in Assets Under Management (AUMs) of Rs 10.2 billion, a 30% increase over the same period last year. The Bancassurance business witnessed a record quarter with Rs 878 million of insurance premiums written.

HBL Islamic successfully launched two new liability products, HBL Mahana Amdan and HBL Nisa Tawfir Plus, the latter being in line with

HBL's strategic agenda to increase women's participation in the financial sector.

In Q1'24, HBL maintained its leading position in cash management, with a throughput of Rs 4.08 trillion, increasing by 13% over the corresponding period last year. Digital payments through HBL Pay Business Banking surged to around Rs 2.2 trillion, facilitating 10.3 million transactions.

HBL's International Business continued to deliver strong results across its core markets.