

Sector

## Commercial Banks

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Symbol: HBL

Current Price: **PKR 102.20**

Market Cap (PKR bn): **149.91**

Total Shares (bn): **1.466**

Free Float (mn): **660.08**

52 Week High: **PKR 103.90**

52 Week Low: **PKR 59.21**

## Habib Bank Limited (HBL)

On a consolidated basis, HBL achieved a remarkable profit of PKR 26.34 billion (EPS: PKR 17.86) in 1HCY23, showing an impressive 117.5% year-on-year growth, compared to PKR 12.11 billion (EPS: PKR 8.10) in the same period last year. As a result of higher profitability, the Capital Adequacy Ratio (CAR) stood at 15.2% in 1HCY23, compared to 14.8% in SPLY.

Profit before tax reached PKR 51.51 billion, marking a significant 49% year-on-year increase, compared to PBT of PKR 34.59 billion in SPLY. The growth in fees and administrative expenses was 31% and 30%, respectively, during the said period.

HBL witnessed an impressive 54.21% increase in Net Interest Income (NII) to PKR 113.95 billion in 1HCY23, compared to NII of PKR 73.90 billion in SPLY. This surge in NII was mainly driven by a 70.12% YoY increase in interest earnings, reaching PKR 131.56 billion.

On the other hand, a steep policy rate hike in 1QCY23 led to a slight 1.71% YoY rise in Net Interest Margins (NIMs) to PKR 24.08 billion, compared to PKR 23.68 billion in SPLY. Other income witnessed significant growth, reaching PKR 4.17 billion in 1HCY23 compared to PKR 236.54 million in SPLY.

Loss from derivatives and securities amounted to PKR 5.15 billion and PKR 227.3 million, respectively, in 1HCY23. Additionally, HBL incurred provision expenses of PKR 6 billion in 1HCY23, compared to PKR 2.80 billion in SPLY.

HBL's market share in various sectors was as follows: Agri Finance (36%, PKR 50 billion), SME Finance (17.5%, PKR 79 billion), Employee Banking (31.6%, PKR 2.6 million accounts), Transaction Banking (28.5% in collections and 34.1% in business payments). Moreover, the market share

in advances stood at 11.3% (PKR 1.7 trillion) and in deposits at 12.1% (PKR 3.7 trillion).

Despite facing economic headwinds, HBL reported flat consumer lending at PKR 122 billion, with a 9% growth in customers.

However, the bank's Return on Equity (ROE) and Return on Assets (ROA) increased by 17.5% and 1.10%, respectively, in 1H CY23. The cost-to-income ratio decreased by 57.5% due to higher inflation costs in 1H CY23.

HBL's Agriculture portfolio increased to PKR 99 billion, capturing a 36% market share in the said period.

Looking ahead, HBL plans to launch digital lending in August after a successful pilot program. The management aims to increase the Advance to Deposit Ratio (ADR) to 50% in the upcoming quarter.

## **Important Disclosures**

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