

HBL

Integrating the Agriculture Value Chain to Create a Double Bottomline Impact



LEADING THE MARKET



Market leadership with a 32% share in farmer financing amongst Commercial Banks



Country-wide outreach with 650+ Rural lending branches



Largest on-ground Field Force (600+)



Convenient account access via Branchless agents and Mobile Banking



Field teams equipped with hand held devices



HBL became the first bank to finance EWR in Pakistan

DIVERSIFIED PRODUCT SUITE

HBL

جیوٹاؤپ-ویب HBL

HBL

جیوٹاؤپ-ویب HBL

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جیوٹاؤپ-ویب HBL

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HBL زرعی کا عزم،
کاروبار کی ترقی میں ہم قدم
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قرض و سرمایہ کار

**Farm Production
(Running Finance for
Crop Input)**

**Poultry Financing
(Working Capital and
Asset Purchase)**

**Dairy & Livestock Financing
(Working Capital and Asset
Purchase)**

**Tractor Financing
(Conventional and Islamic)**

**Fisheries Financing
(Working Capital and
Asset Purchase)**

**Farm Irrigation Solutions
(Purchase and Installation
of Irrigation equipment)**



Scope

- Organized structured programs of town halls where farmers are informed about agricultural finance products
- Value added discussions on agronomy and better farm management techniques
- Enhanced financial literacy amongst the prospective farming community in underserved rural regions



Audience



Financial Literacy

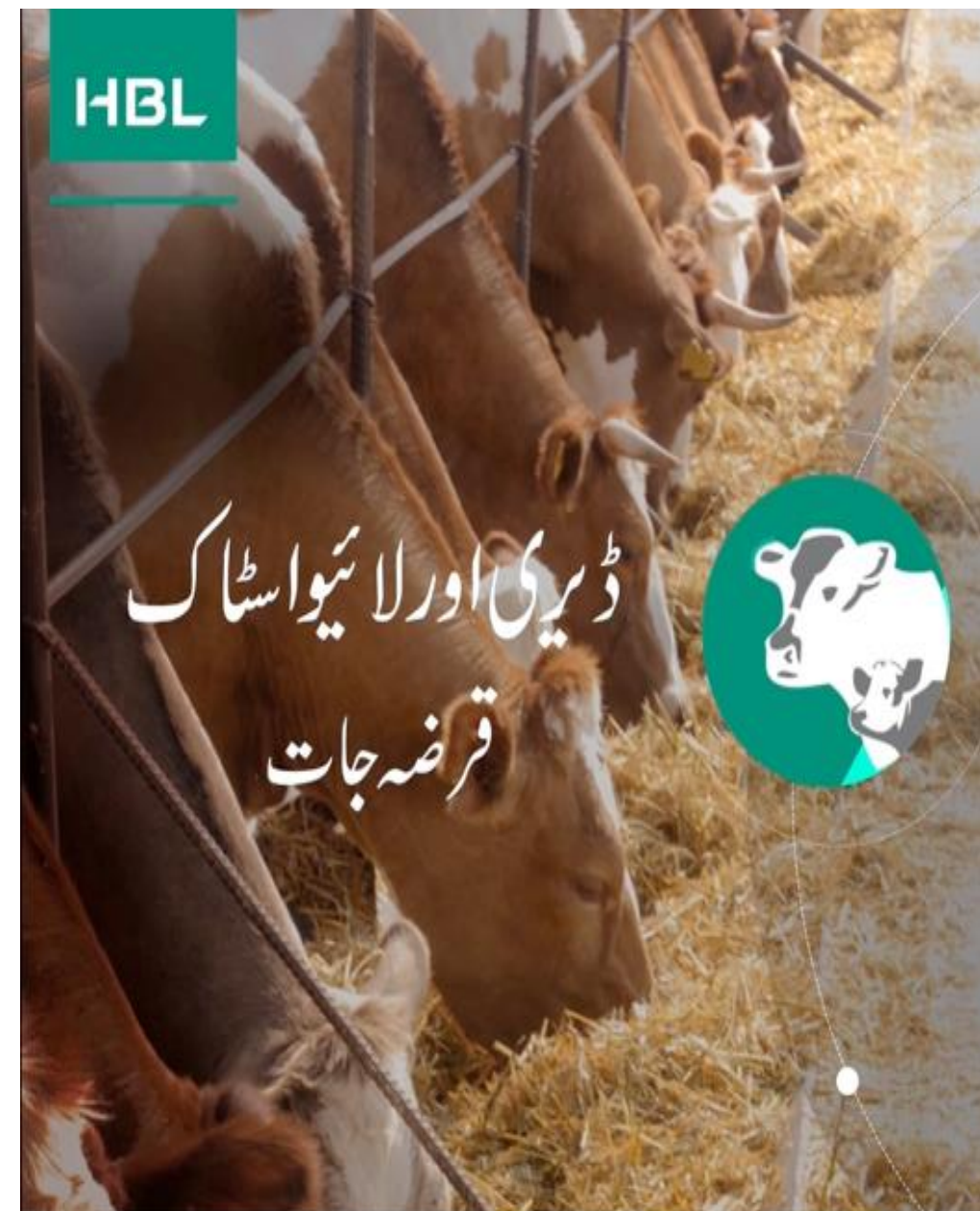


Sessions

Kissan Ki Aawaz

- Progressive farmers engaged in various parts of the rural value chain
- Imparting knowledge and understanding to farmers about financial concepts, banking/financial products and services
- Virtual and on-site sessions held with farmers and industry stakeholders which included:
 - Jaffer Agro Services
 - Naymat Collateral
 - NRSP
 - National Foods
 - Farm Irrigation Solution Providers

- Non-Crop contributes 61% of Agriculture GDP
- More than 10 million farm households involved in Dairy
- Dairy financing product launched in January 2021, targeting farmers with a herd size > 50 animals
- Financed 800+ Dairy & Livestock Farmers to date, disbursing PKR 1.2 billion
- These Dairy farmers have improved their herd management and husbandry practices resulting in enhanced milk yields
- Financing product for working capital & animal purchase:
 - ✓ Working capital for feed, medicines, inoculation, etc.
 - ✓ Term loans for purchase of local, exotic and hybrid breeds



Electronic Warehouse Receipt Financing

- An EWR is a document issued to farmers, traders, and processors, etc. against storage of their agriculture commodities in accredited warehouses
- Real time access to banks with information on Agricultural commodities and creation of an online lien, reducing transaction and operational risk
- The ecosystem provides ease in access to finance, reduce wastage, improve quality and gives market-based price discovery
- HBL has invested in Naymat Collateral Management Ltd for the development of an Electronic Warehouse Receipt (EWR) ecosystem
- Disbursed PKR 67 Million under this financing

LEVERAGING LAND RECORD DIGITIZATION

- HBL is the 1st bank in industry to have integrated its system with Punjab Land Record Authority.
- Implemented in 200+ HBL branches across Punjab – the highest in the banking industry.
- HBL is the leading user in the industry, accounting for 85% of document and 74% of land record retrievals
- Recognized by SBP – on their invitation, HBL conducted various trainings for the banking industry

2019



INCEPTION PHASE

Program was conceived and relevant approvals along with the value chain partnerships were established.

2020



PROOF OF CONCEPT

Program was piloted with **444 acres** in Sahiwal and Gujranwala.

2021



MID-SCALE INTERVENTIONS

Program was scaled up to **10,497 crop acres** in same regions, with anticipated **~7,500 more acres** for fall crops.



Problem
Identification



Reviewing a
Rice Nursery



Soil
Sampling



Senior Agronomists



HBL – Bulk Buyer –
Farmer Engagement



Farmers
Day



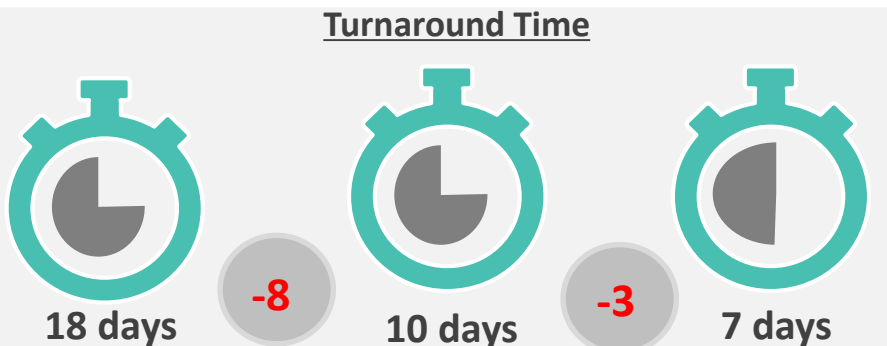
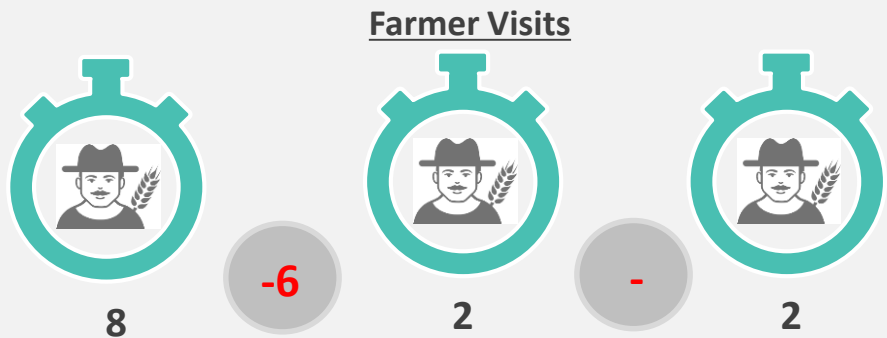
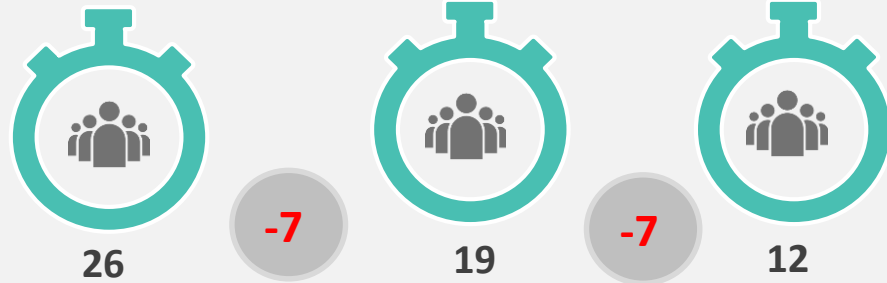
Rice Field
Inspection

Most farmers are unbanked. They are being made aware of how they will receive payments from processors via HBL branchless banking solutions **KONNECT** and **HBLPay**.

Using Technology to solve Customers' Problems

HBL Pay facilitates end-to-end digital journey for farmers 'at the farm' by Agronomists, from digital onboarding to crop plan generation for loan approval in centralized LOS

Post-Simplification Impact



Konnect Account Opening



Document Procurement



Filling of Application



Biometric Verification



Application Submission



Moving towards Mid-scaled Interventions in 2021

After a successful proof of concept in 2020, HBL's engagement with farmers has increased manifold

35 farmers
given unsecured
financing in
2021

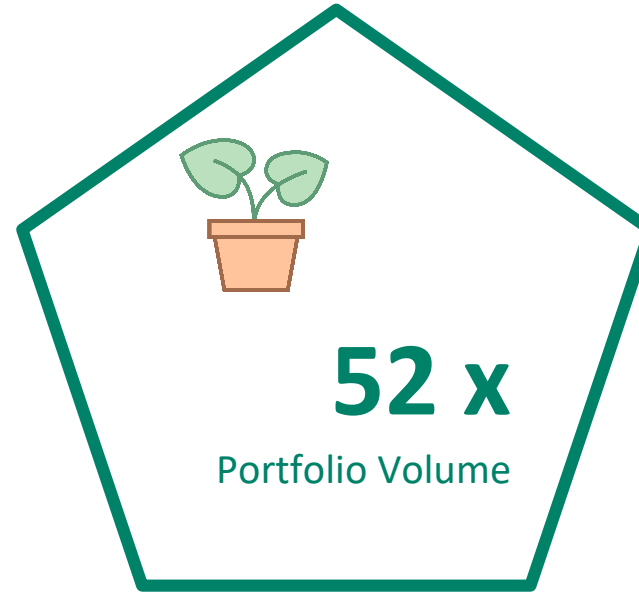


2020	15 farmers
2021	150 farmers

Current Impact

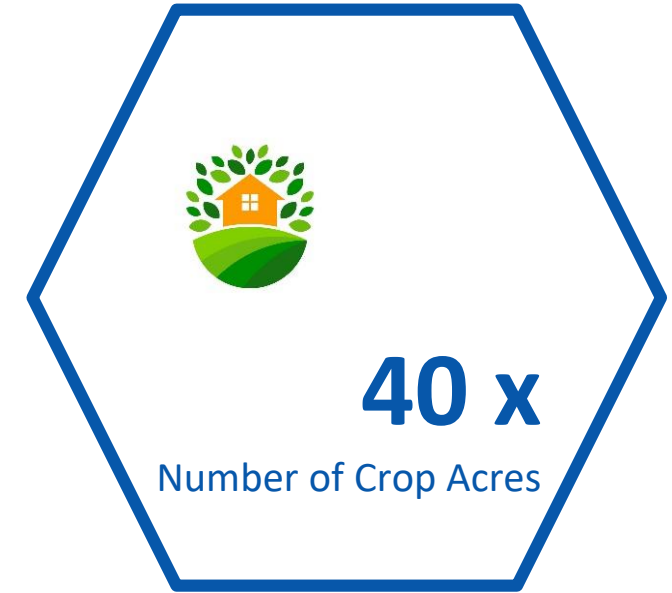
2021	190 farmers
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Tentative Closing



2020	PKR 15 million
2021	PKR 469 million

2021	PKR 850 million
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2020	444 crop acres
2021	10,497 crop acres

2021	17,000 Crop acres
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Per Acre Impact of 2021 Midscale Interventions

For Spring Maize 2021, HBL launched a midscale intervention in Okara



Farmers = 78

Acres = 3,218

Amount = Rs
151 Mn

Average Yield [Maund]

Gross Revenue [PKR]

Total Cost [PKR]

Net Income

**Traditional
Model**

HBL Model

% Change

**Revalidated by
Princeton/ CERP**

87

106

22%



22%



113,760

138,907

22%



67,930

39,856

-41%



45,830

99,052

116%



117%



For Spring Maize 2021, HBL focused on **small farmers**.

- Average landholding of the participating farmers was 3 acres per farmer, with average land cultivation of 36 acres per farmer

HBL disbursed its **FIRST unsecured financing** to spearhead **financial inclusion**

- 26% of participating farmers received unsecured lending. Traditionally, farmers who do not cultivate on owned lands are excluded from the formal financial sector due to lack of collateral.



1



Mechanical sowing of Rice nursery

2



Trays for transplanting

3



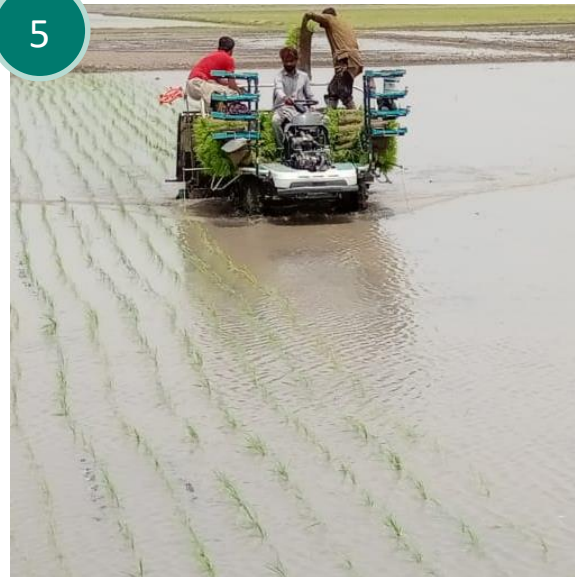
Transporting of Trays

4



Trays loading on the transplanter

5



Mechanized transplanting

6



Transplanted field



Maize



Rice



Potato



Wheat

Crop Inputs Suppliers



Agrimall
زرعی مرکز



Fatima
Fertilizer Company Limited

Mechanization Services Providers



GARIBSONS (PVT) LTD



JAFFER



engro fertilizers



Bulk Buyers



MATCO FOODS LIMITED