



HBL

More  
than just a bank

*Habib Bank Limited*

*H1'23 Performance*

*2<sup>nd</sup> August, 2023*



# HBL continues to lead the pack across most metrics

## Expanding Reach



#1

Touchpoints



152,714

#1

Branch Network



1,758

#1

ATMs



2,291

#1

Konnect Agents



55,121

#1

POS Terminals



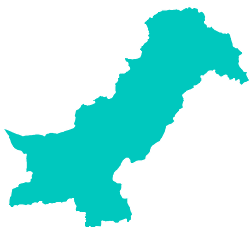
46,514

QR Codes



47,032

## Contributing to development



#1



Agri Finance

Rs. 50 Bn



36%

Market share

#1



SME Finance

Rs. 79 Bn



17.5%

Market share

#1



Employee Banking

2.6Mn Salary Accounts



31.6%

Market share\*

#1



Transaction Banking

8,500+ Mandates



28.5%

Market share\*



34.1%

Market share\*

## Financial Stability



#1



Customers Served

36 Mn+

#1



Advances

Rs. 1.7 T



11.3%

Market share

#1



Deposits

Rs. 3.7 T



12.1%

Market share

#1



Assets

Rs. 4.95 T

# HBL continues its momentum in areas of strategic focus

1

Non-branch channels drive customer growth – 2.9 million customers added....

Customers

33.4 M

Dec'22

9% growth



36.3 M

Jun'23

Branches 12.3 → 12.1\*

Konnect 8.3 → 9.3

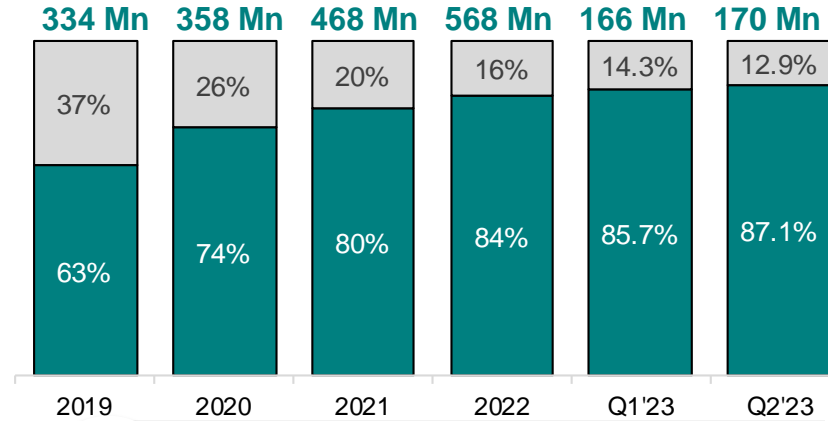
HMFB 3.4 → 3.8

G2P 9.4 → 11.1

2

...and we continue to digitize more and more transactions

■ Digital □ Counter



3

Consumer lending holding up against macro headwinds

Rs 122 B

Dec'22



Rs 122 B

Jun'23

Portfolio



#1  
↑Rs0.4bn  
Rs 45 bn  
Personal



#1  
↓Rs4bn  
Rs 37 bn  
Auto



#1  
↑Rs3.3bn  
Rs 27 bn  
Cards



↑Rs0.4bn  
Rs 13 bn  
Mortgage

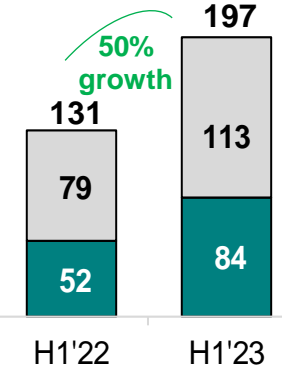
Largest consumer book in the sector

4

Cards base 8.4Mn. 1/3 of country's credit card volume / spend are on HBL

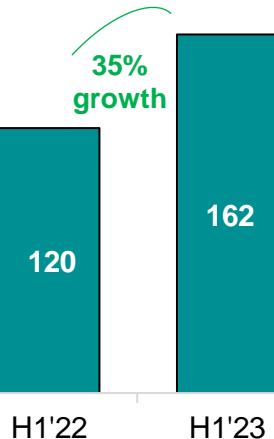
Our Card Spend

□ HBL Credit Card  
■ HBL Debit Card



Rs in B

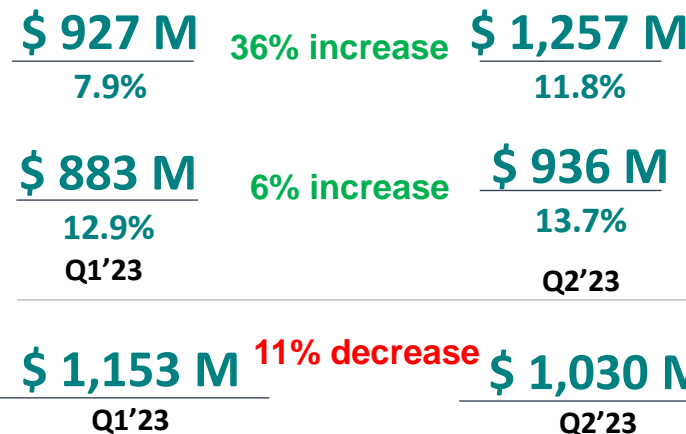
Our POS Spend



5

Trade Volumes – Domestic share rebounds

Imports  
Exports  
Overseas



6

Remittance market share recovered >10%

Volumes

\$ 637 M

Q1'23

4% increase

\$ 663 M

Q2'23



Market share

9.93%

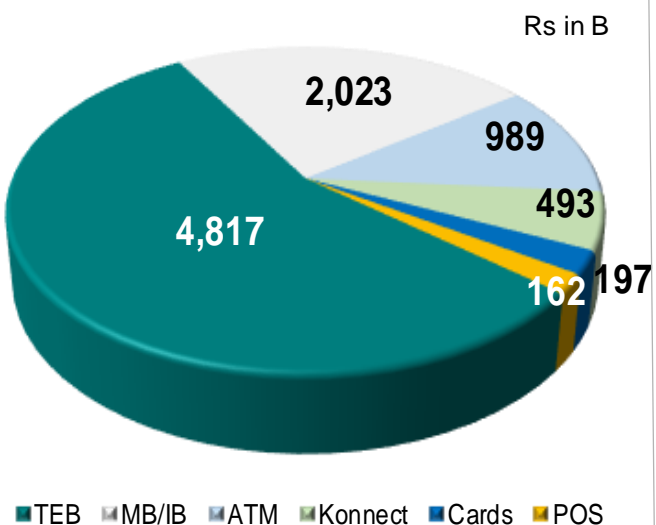
Q1'23

10.20%

Q2'23

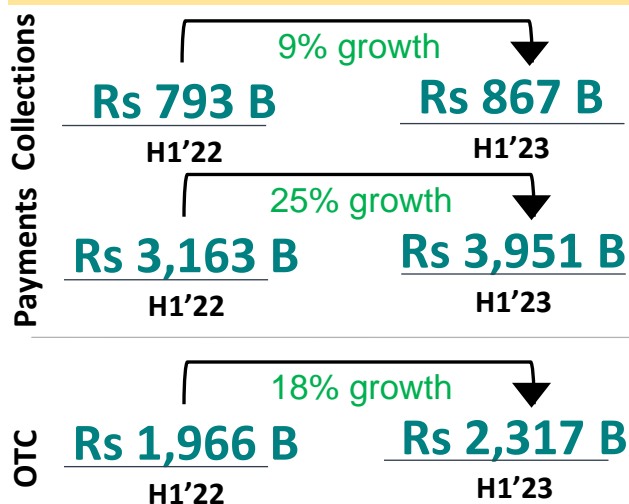
# HBL Digital – Throughput up 40% YoY to Rs 8.7T

## Digital throughput composition

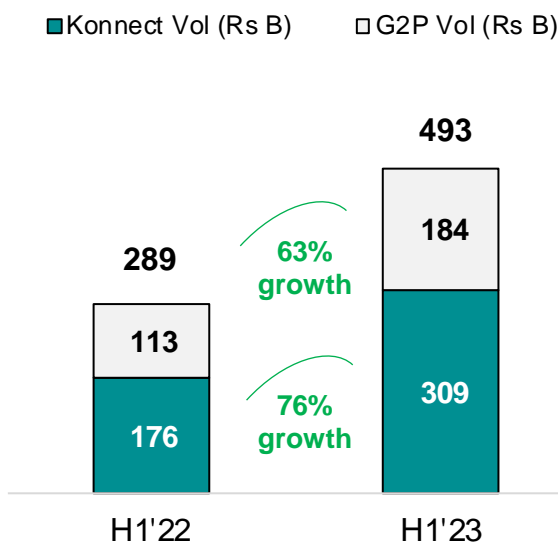


**Cash management** – Throughput up 20% to Rs 7.1T, digital transactions up to 68%

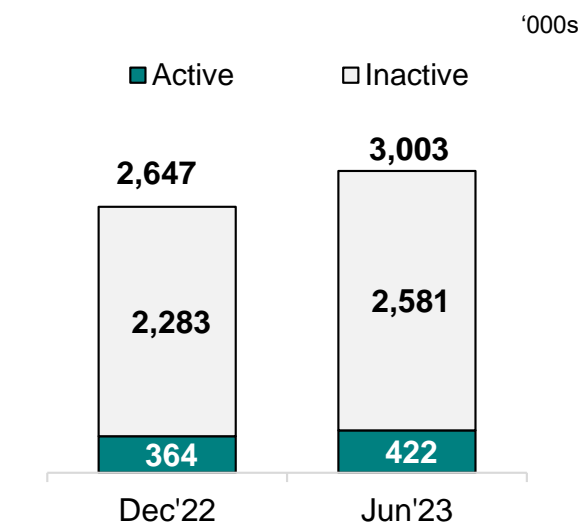
## Digital



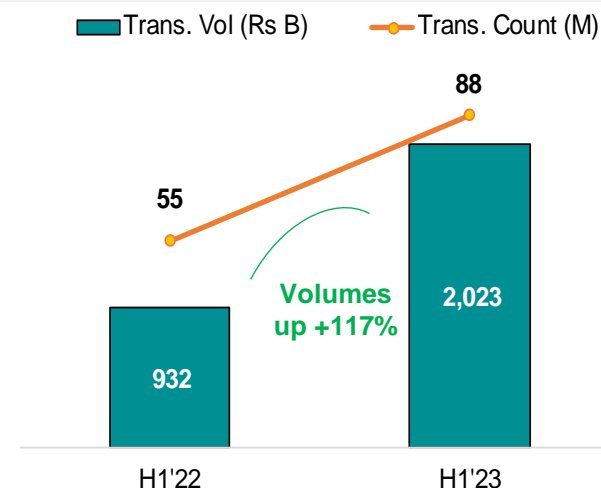
## Konnect – Total volumes up 71% YoY



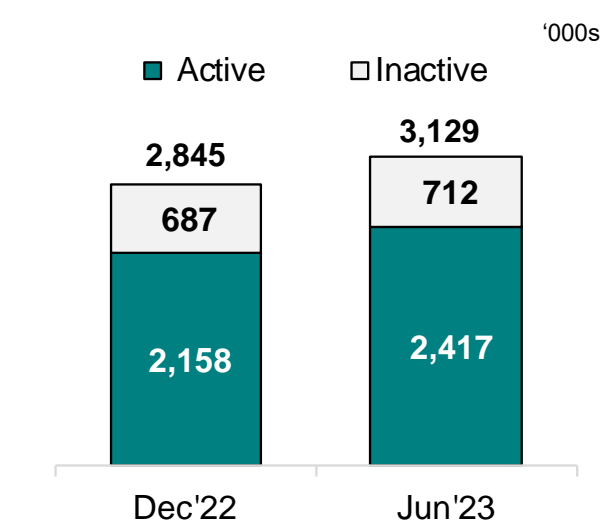
Monthly Active Users\*  
Konnect App : 14.1%



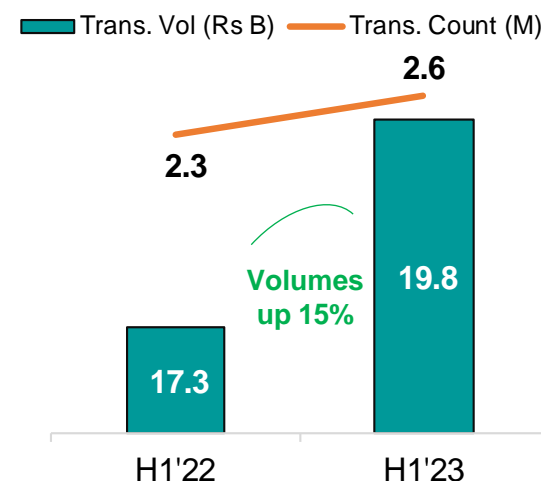
## MB/IB – Growing user base(>3.4m) and ticket size have more than doubled volumes



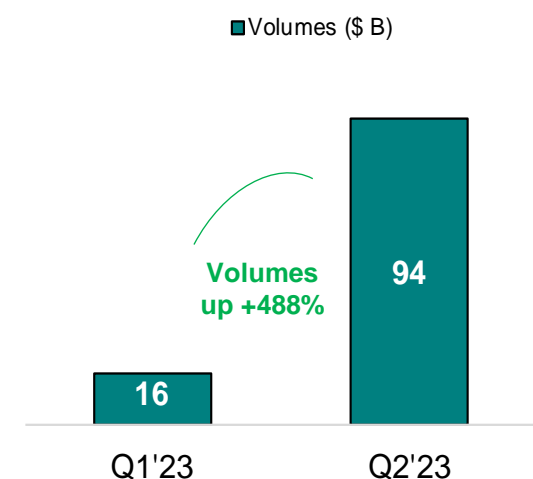
Monthly Active Users\*  
Mobile : 77%



## HBL Pay Checkout – Higher ticket size drives volume growth



**HBL Symphony®** - Fixed income portal - volumes now picking up after Q4'22 launch



## 2023 Banking Awards

 <p><b>Best Domestic Bank</b> <b>Best Bank for Digital Solutions</b></p>	 <p><b>Most Innovative Bank in Asia</b></p>	 <p><b>Excellence in Digital Transformation</b></p>	 <p><b>Best Digital Payment Processor</b></p>	    <p><b>Best Investment Bank</b></p>	 <p><b>BANKING ON EQUALITY</b> برابری پر بینکاری</p> <p><b>HBL ranked #1</b> <b>HBLMFB ranked #2</b></p>
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## Business awards 2023

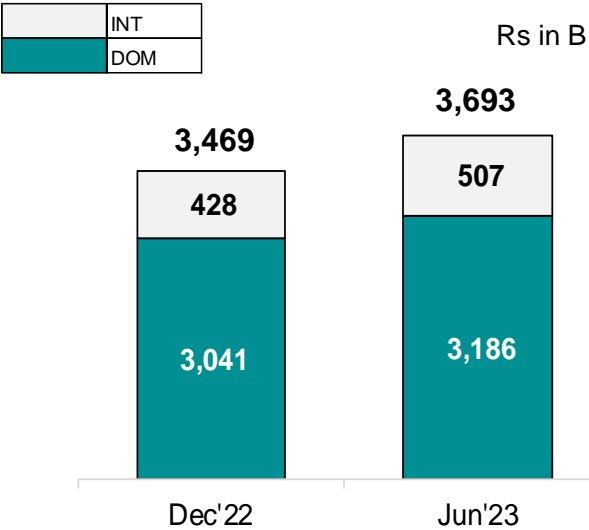
 <ul style="list-style-type: none"> <li>Best Project Finance Bank Pakistan 2023</li> <li>Best Infrastructure Project Finance Deal</li> <li>Best Syndicated Loan Deal of Pakistan</li> <li>Largest Power Project Deal of Pakistan</li> <li>Best Telecom Deal of Pakistan</li> <li>Best Infrastructure Project Finance Deal of Pakistan</li> </ul>	 <ul style="list-style-type: none"> <li>Analytics Initiative of the Year</li> <li>Digital Business Banking Initiative of the Year in Pakistan</li> <li>Digital Consumer Banking Initiative of the Year in Pakistan</li> <li>Domestic Cash Management Bank of the Year in Pakistan</li> <li>Domestic Project Finance Bank of the Year</li> <li>Corporate &amp; Investment Bank of the Year</li> <li>Equity Deal of the Year Pakistan.</li> <li>Mergers &amp; Acquisition Deal of the year</li> </ul>	  <ul style="list-style-type: none"> <li>Project Finance House of the Year</li> <li>Telecom Deal of the Year</li> <li>Private Public Partnership (PPP) Deal of the Year</li> <li>Best Structured Finance Deal</li> </ul>
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## Best bank & other awards

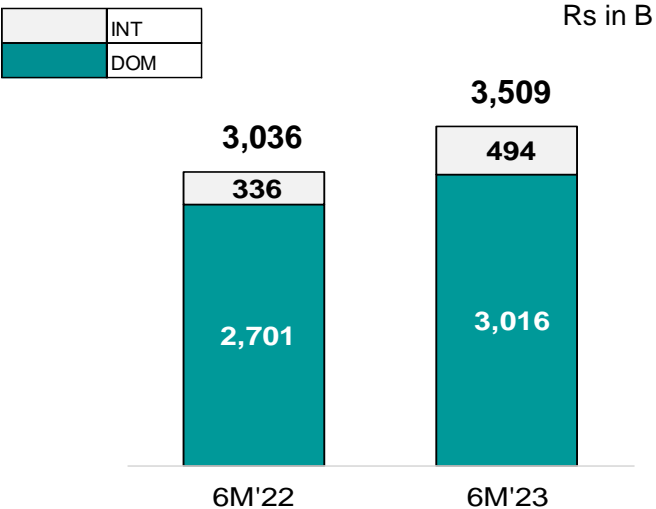
  <p><b>Best Bank in Pakistan</b></p>	  <p><b>Best Microfinance Bank</b></p>	 <p><b>Best Social Media Marketing Campaign</b></p>	 <p><b>Most Inclusive Organization in 2022</b> <i>HBL is the only bank to win an award in all 15 categories</i></p>	 <p><b>Best Bank for Agriculture Financing</b></p>
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# Loan trajectory reflects slowdown in a challenging macro landscape

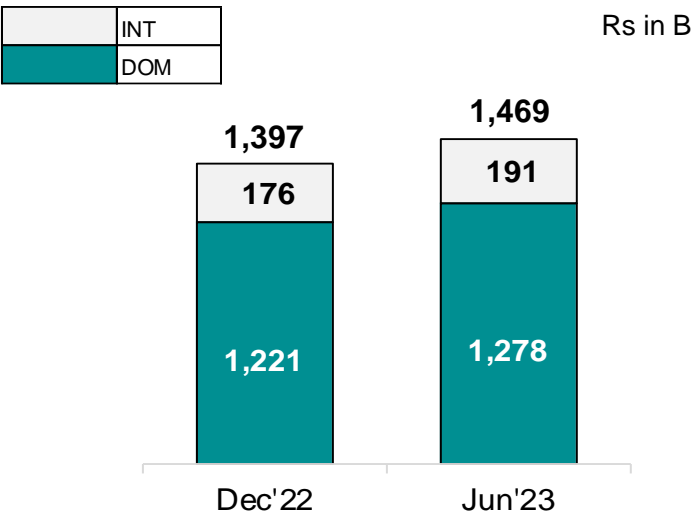
Deposits increased by 6.5%...



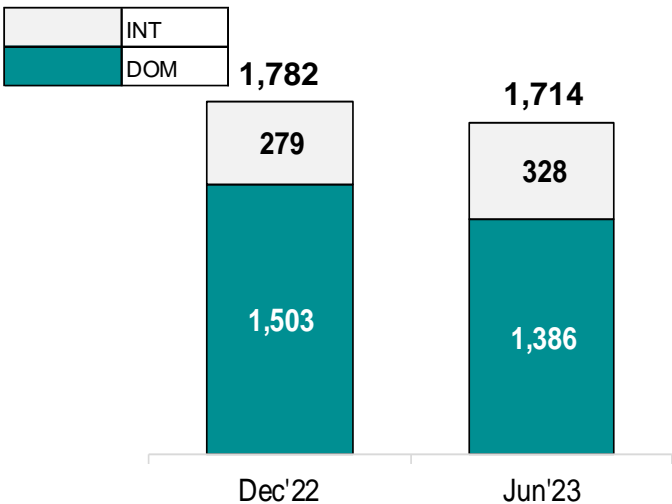
Average domestic deposits up by 11.9% (~Rs 300b) to Rs 2.95T



.. with increase in Current deposits



Advances declined to Rs 1.7T amid slowdown



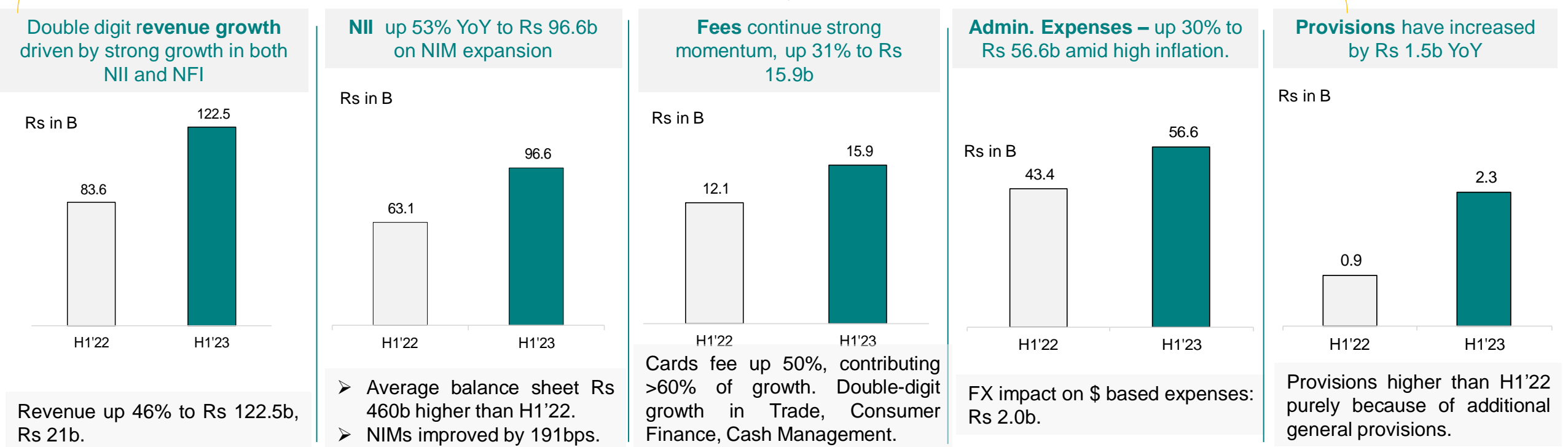
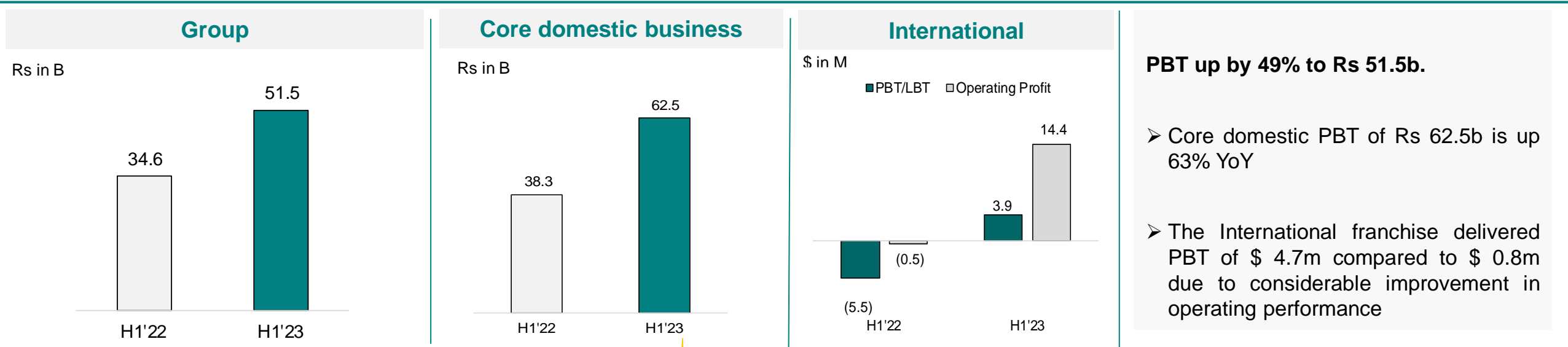
## Deposits

- Total domestic deposits grew to Rs 3.2T, increasing by 4.7% from Dec'22 – growth entirely from low-cost deposits.
- Domestic current deposits up to Rs 1.3b; CA mix at 40.1%.
- Average domestic deposits of Rs 3.0T are Rs 315B higher than H1'22. Low-cost deposits contributed 91% of growth (Current : Rs 134 B, low-cost savings : Rs 152 B).

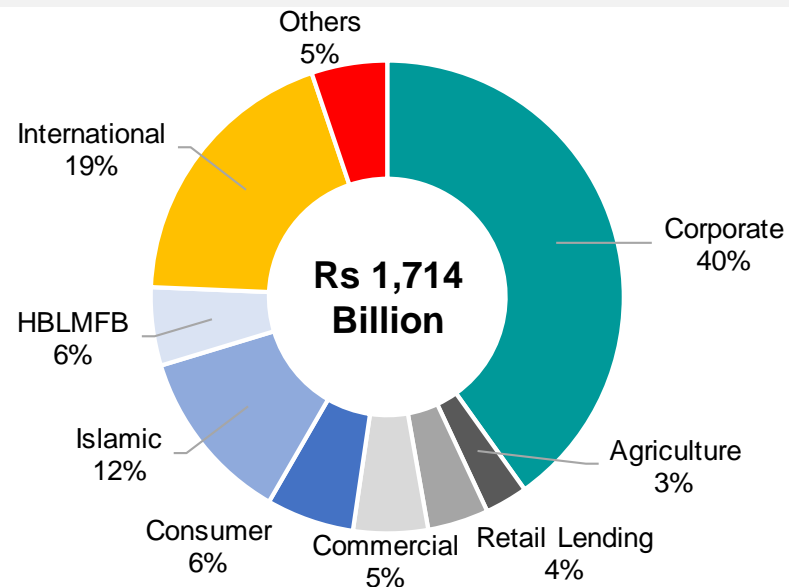
## Advances

- Due to economic slowdown, domestic advances decreased over Dec'22 by 7.8% to Rs 1.4T.
- Due to the economic slowdown, domestic advances decreased over Dec'22 to Rs 1.4T.
- Decline mainly in corporate / commercial lending. Agri / Consumer holding steady.
- Overseas advances at \$1.2 B are \$86 M down from Dec'22.

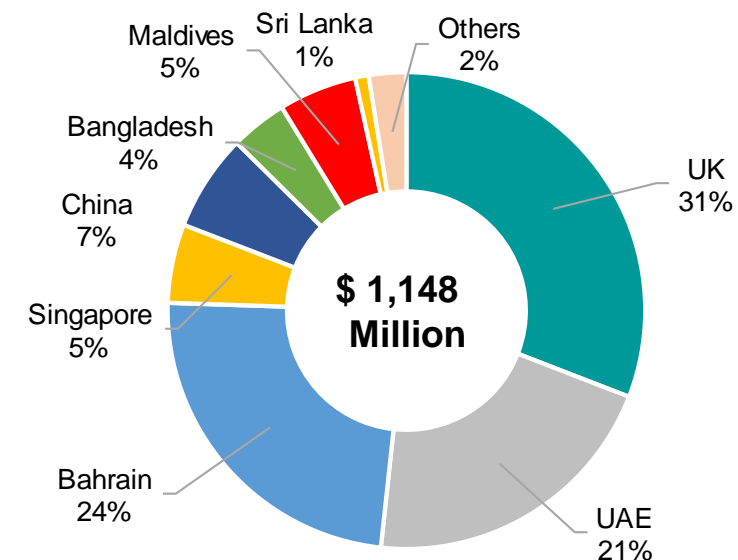
# Highest ever quarter with Q2'23 PBT > Rs 30B. H1'23 PBT up 49% to Rs 51.5b



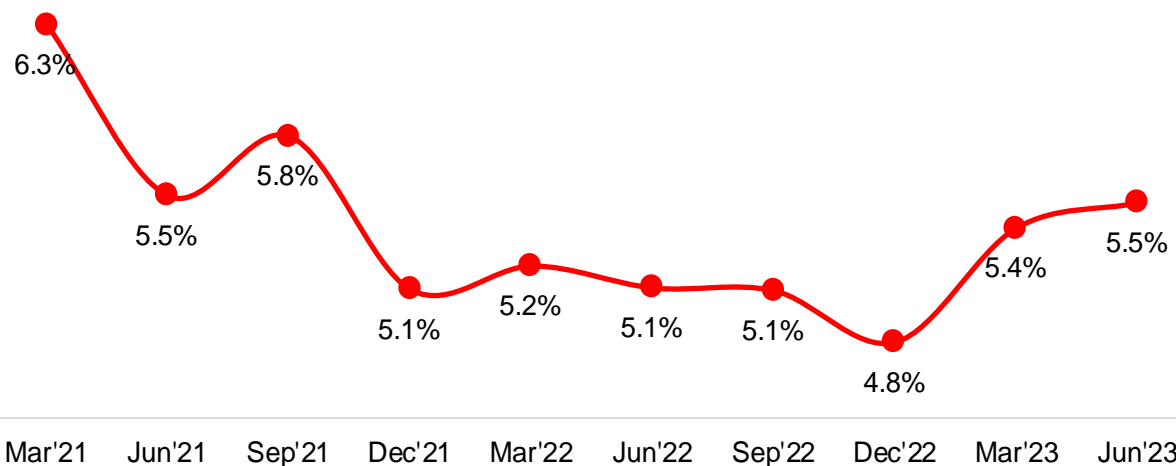
## Loan Portfolio composition by line of business



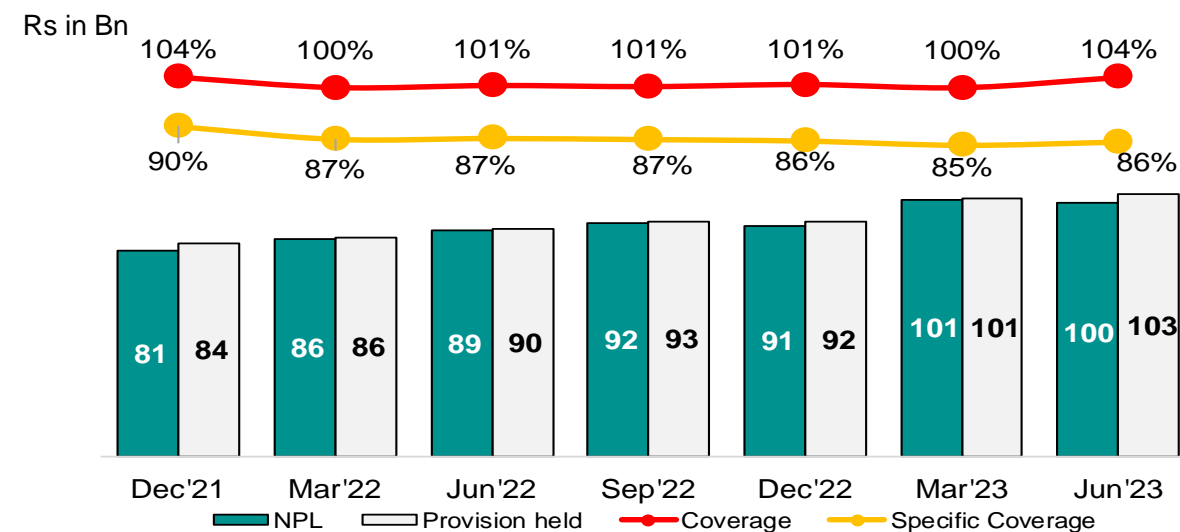
## International Loan Portfolio – Location wise



NPLs reducing in real terms. Infection ratio up to 5.5% due to decline in lending



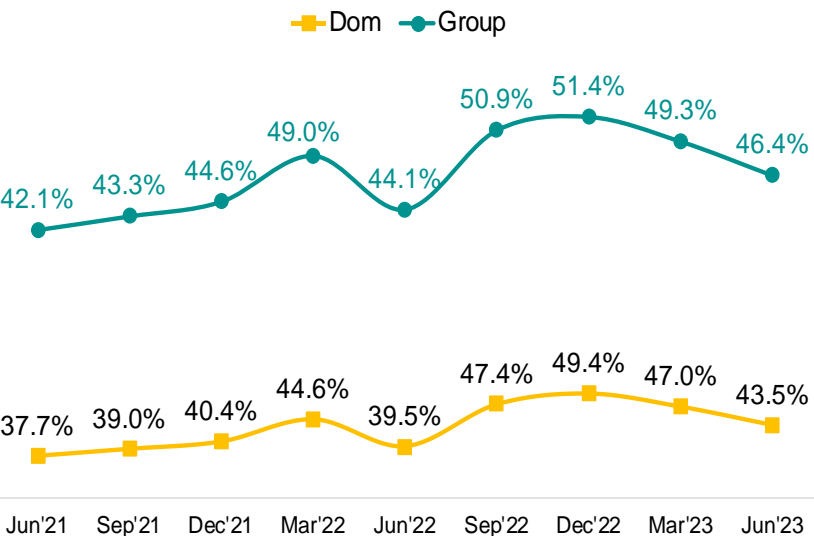
Specific coverage now at 86% and total coverage > 100%



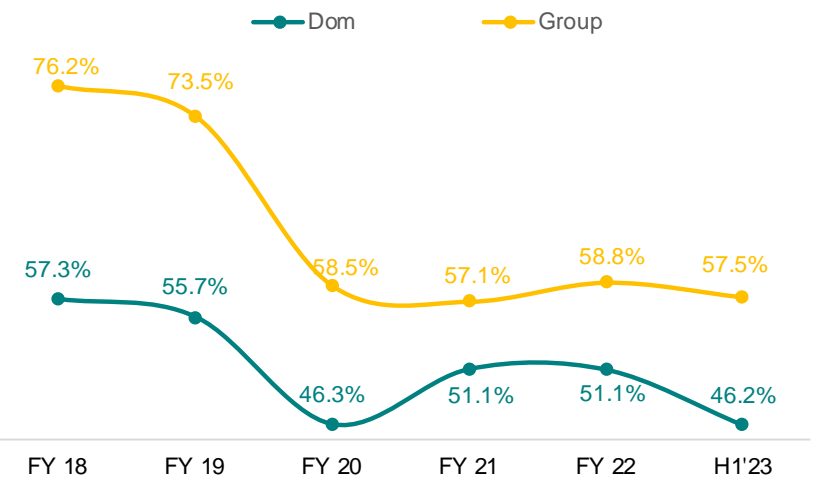


# Key Performance Metrics

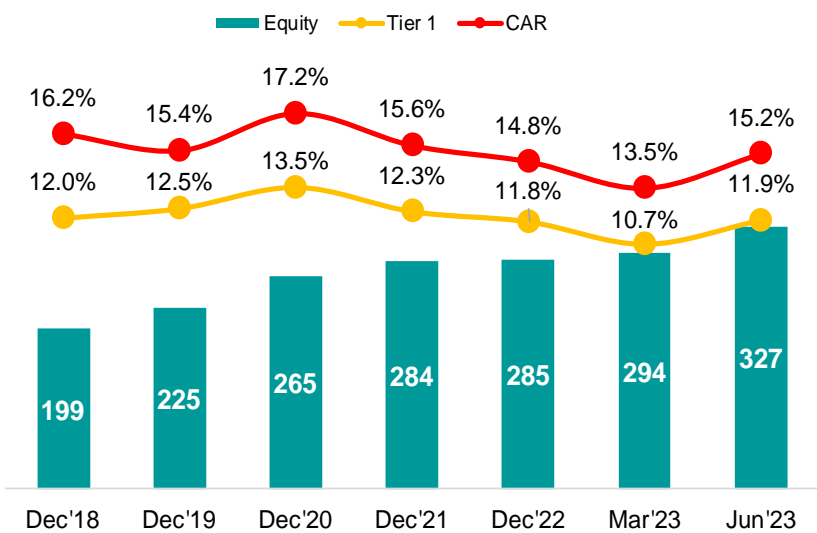
Slowdown in credit demand softens **ADR** to **46.4%**



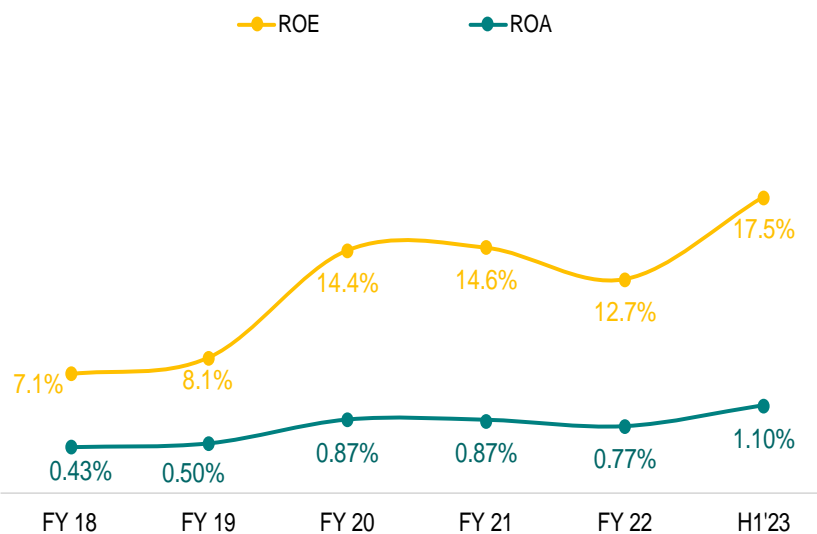
**Cost to income ratio – impacted by inflation and devaluation impact**



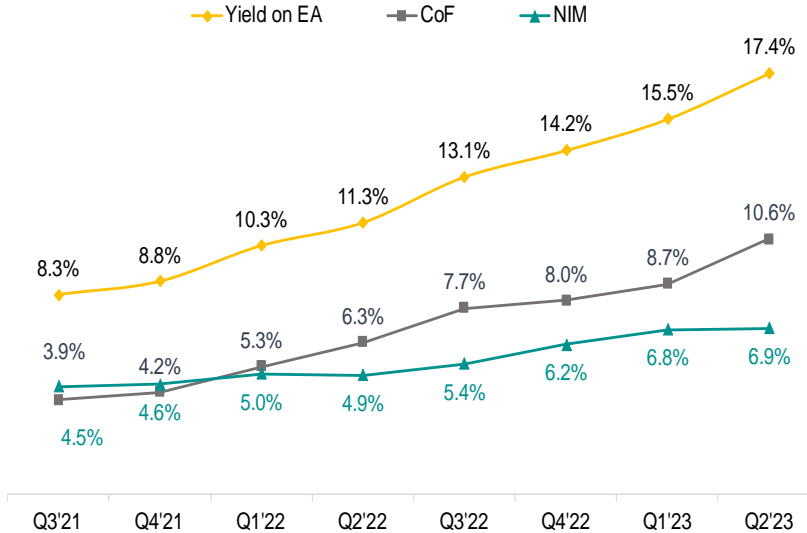
**CAR – recovered to above Dec'22 level supported by profitability**



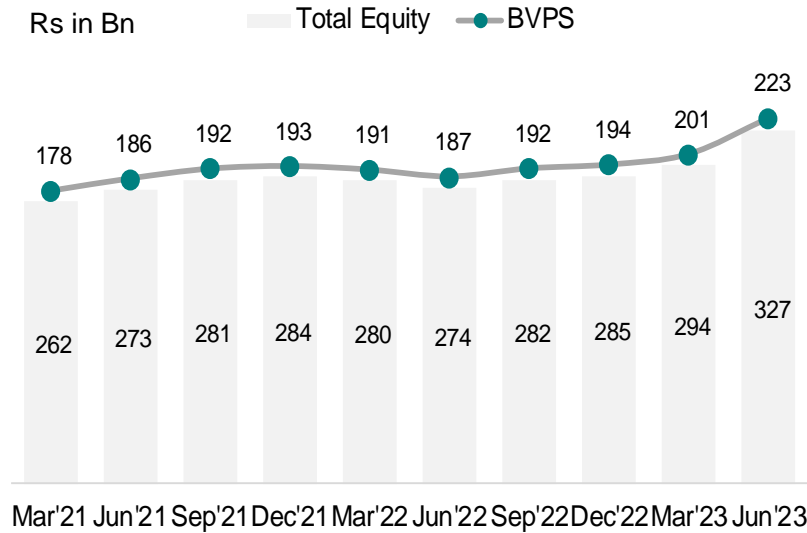
**ROA & ROE – Strong profitability boosts returns**



**NIM – backloaded steep policy rate hike in Q1'23 kept NIMs flat – should trend up in Q3'23**



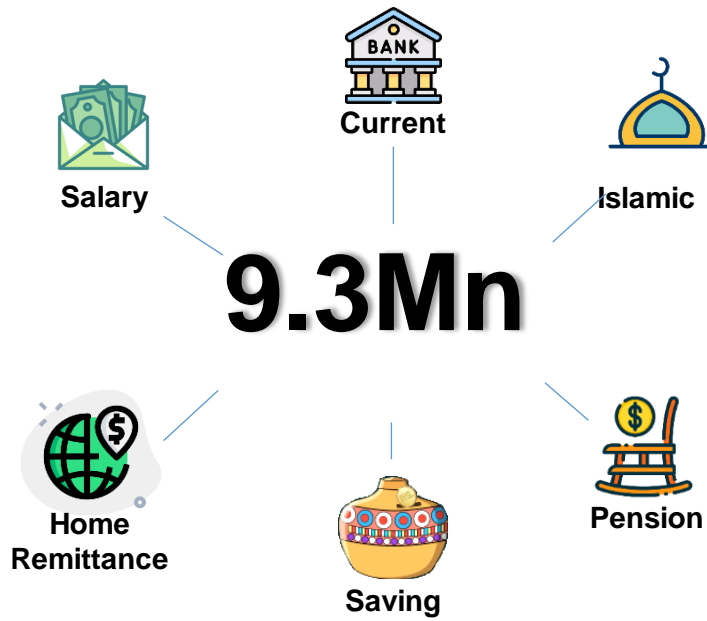
**Revaluation of assets and strong profitability supports Book Value**



## *KEY BUSINESS UPDATES*



## Account Services

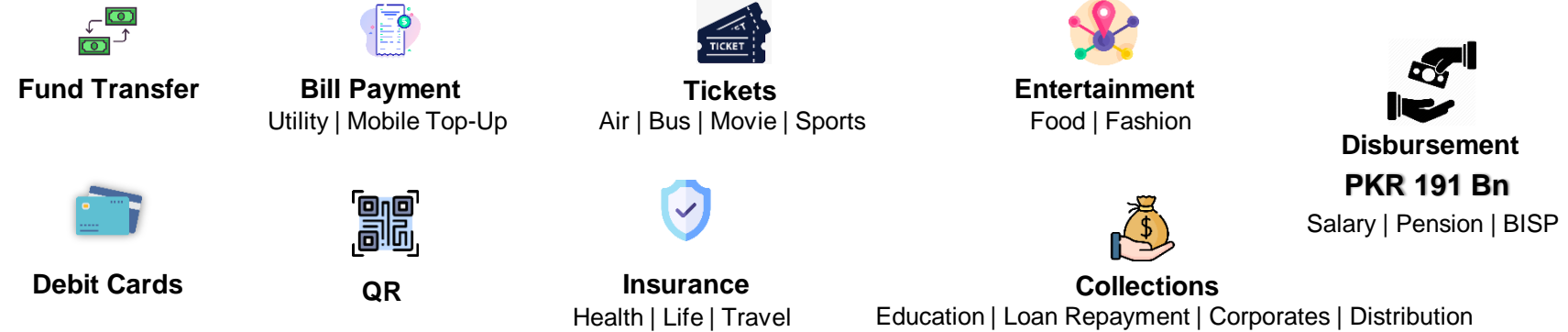


## Digital Lending

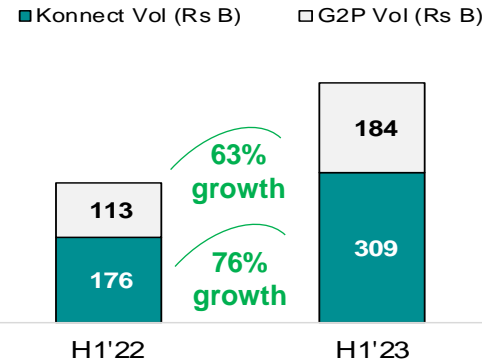


- Small ticket (< 50K), short tenor (1-4 weeks) algorithmic lending.
- Targeted at the most vulnerable with short term cash-bridging needs
- Pilot completed successfully. Commercial launch planned in August.

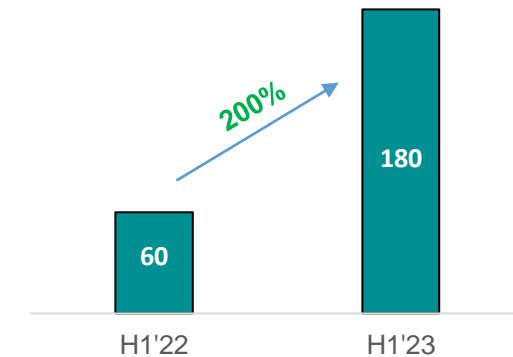
## Payments



### Konnect – Total volumes up 71% YoY



### Collections Volume (Bn) - Up 3x



## Channels



**App Users**  
3.0 Mn



**Agents**  
46,000+



**ATMs**  
17,600+ Nationwide



**USSD**  
No smartphone or internet access needed



**POS**  
112k+ machines Nationwide



**Branch**  
1,400+

# A preferred partner to the government



**Rs 184 Bn+**

Subsidy disbursed



**10.5 Mn+**

Unique beneficiaries



**Social Sector**



BISP



CARE  
International



IRC



**Agri Sector**



Punjab



KPK



Baluchistan



UN



UNHCR



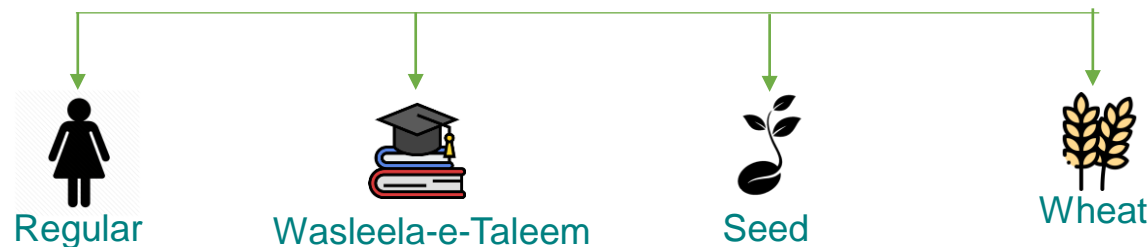
WFP



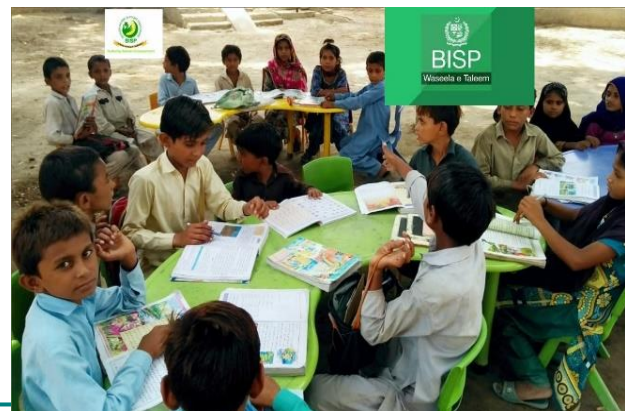
WHO



BISP



**Waseela-e-taleem (Education)**



**Regular**





2016

2023

Key Metrics

HBL Mobile

## Countries



## Customer Segments



Conventional



Islamic



Prestige

## Support For Businesses



Corporate Payment



Payoneer



Edu Payment



Tax Payment



QR Payment

## Lending & Investment Products



RDA



Loans



Car Loans



Credit Cards



Term Deposit



Mutual Funds



Insurance

## Support for Individuals



RAAST



Bill Payments



Account Certificates & Statements



CNIC Update

## Lifestyle Features



Travel



Lifestyle



News



Donations

## Users (Mn.)

2.6

↑23%

3.1

## Financial Txn. & Service Requests (Mn.)

286

↑50%

428

## PKR Value (Tn.)

0.9

↑117%

2.0

## Financial Transactions Per User

35

↑20%

42

## Daily Engagement

26%

↑18%

31%

## No. of days logged in

7.9















↑18%

9.3

H1 2022

H1 2023

# Enabling quick and convenient e-commerce transactions

	Payment Gateway	Tap & Pay (mobile POS)
 Customer Segment	 Card, Account & Wallet based	 Card based
 Partners	 Global Card schemes, 19 banks	 Global Card schemes
 Category	 Merchants from 40+ business lines	 Cash on Delivery businesses
 Value Addition	 Enabling e-commerce	 Digitizing Last Mile payments for Payments on Delivery customers
	<div><div>650+</div><div>Merchants</div></div> <div><div>13%</div><div>Merchant Market Share</div></div> <div><div>31%</div><div>PKR Value Market Share</div></div>	<div><div>Daraz Riders using Tap &amp; Pay</div></div> <div><div>150+</div><div>Paramedics using Tap &amp; Pay</div></div>

## Enabling ecosystem integration and collaboration to future-proof the bank



APIs

- Direct Transfer – Merchant Payments
- Direct Transfer – Merchant Payments from Other Bank Accounts
- MTO – Remittances
- Bill Payments
- Corporate Payments
- Government to People Payments

## KEY AUTOMATION THEMES

### RULE-BASED DECISIONING



Conversion of human judgment into business rules

AML Alert Monitoring

Basic Eligibility Check

DBR Calculation

Credit Decision

### DATA ENTRY



Read Customer Request forms and reduce manual entry

AML Data Preparation

Customer Data Capture

### DATA EXTRACTIONS



Bureau and third party system extractions/uploads

Customer Tax Information

Regulatory Report Submission

e-CIB extraction

### SCREENING



Customer screening against watchlists and internal systems

International List Management

Adverse Media Screening

Name Screening

## WORKSTREAMS



COMPLIANCE



OPERATION SERVICES



ACCOUNT SERVICES



CREDIT ADMINISTRATION



CONSUMER



FINANCE



GOVERNANCE

# Leading Pakistan's agricultural landscape...



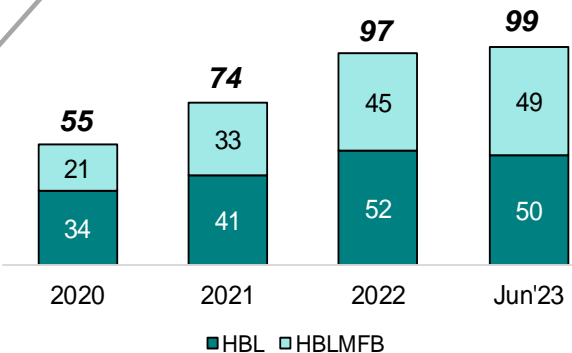
## Agriculture Value Chain

Financing for businesses with linkages to agriculture eg processing units and cold storage

3 Bn+

Portfolio size in **first 2 years**

## Agriculture Portfolio (Rs. Bn)



HBL Market Share

36%

Greater than next 2 competitors combined

## Innovative Agriculture solutions

- **Invested in Naymat Collateral Management** which accredits warehouses – enables better storage of produce and ability to finance against secure collateral
- **1st bank to fund Electronic Warehouse Receipt.** 70% share of EWR financing for Maize
- **Yield Insurance:** This provides insurance to farmers in-case crop yields are impacted by climate events.

## SBP Recognition

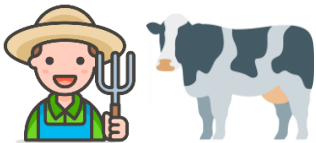
- HBL ranked #1 by SBP among large banks
- HBL MFB ranked #1 among microfinance banks



## Mobile App - Salesflo

- Agri field team provided with **Handheld devices with 4G connectivity** to digitally capture field visits
- **Improved sales management** & monitoring of field activities

## Dairy & Livestock Financing



**2K+** Dairy Farmers and **125K+** Animals financed



Livestock loan insurance launched



# HBL continues to innovate and transform farmers' lives...

...after a successful proof of concept in delivering Agri interventions, since 2020...



Farmer count up **35x** to 550



Portfolio volumes up **86x** to  
Rs 1.3 Bn



**60x** growth in crop acres to  
26,512

Princeton/Yale/CERP  
Impact Assessment

Yield per acre

↑ 14% - 118%

Farmers' profit

↑ 15% - 611%

Previous model

HBL Pay

Handoffs



26

-14



12



- Cross-functional team led by technologists and HBL agronomists
- Simplifying processes to reduce hand-offs from the time farmers open an account **at their own farm** to loan approval and disbursement.

Farmer Visits



8

-6



2

Turnaround Time



18 days

-11



7 days

Tablet-based account opening at the farmer's premises



# ..With HBL Zarai to play key role

First of its kind Agri Extension Services subsidiary of HBL – to uplift & turnaround the agriculture landscape of Pakistan

## HBL's Role



Equity



Banking facilities  
and operational  
support



Integration with  
customers and  
business verticals



Farmer's handholding on production and off-take of the produce



Lynchpin of HBL Zarai – 55 Zarai **Deras** (distribution centers over 5 years)

## Benefits for the farmers

**High quality**, competitively priced **crop inputs** at the doorstep through Zarai Deras

Farm mechanization through pay-per-use model

Creating an efficient marketplace for scientifically tested and graded Agriculture produce – connecting farmers directly with bulk buyers`



Input Aggregation



Agronomy

Scientific agronomy advice tailored to their needs



Mechanization

State of the art storage facilities to improve storability, avoid panic selling and facilitate leveraging of crops through EWR



Warehousing




E-Marketplace

Improving efficiency across agri value chain




Logistics

# HBL Microfinance – The Largest Microfinance Bank in Pakistan – from Pioneers to Leaders




Largest network in **GBC & Baluchistan**




**Best Performing Bank** for **Gilgit-Baltistan & Baluchistan** under the National Financial Literacy Program



**31 Citi Micro-Entrepreneurship** client recognition **awards**



**Largest housing portfolio** in the microfinance industry (Rs. 31 billion)



**Customer convenience** for loan repayment through Konnect agents



**Largest issuer** of PayPak debit cards in the industry for the last 4 years

## Taking the BANK to the CUSTOMER

**Customer Management Solution** - in-house developed tablet-based solution



Deployed in  
**188 Locations**


**88%** of total YTD 2023  
disbursements through CMS

**Customer request to disbursement**  
**90% within 48 Hours**

## In-house developed branchless banking system



**1.7m wallets** as of June 2023  
LTD 8m transactions worth Rs 21 billion



**Nano Loans - scorecard based instant lending**  
LTD 111K disbursements worth Rs 630M



First Pay

### Customers

**Serving +3m**

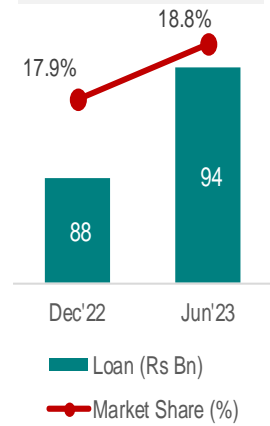


### Branch Network

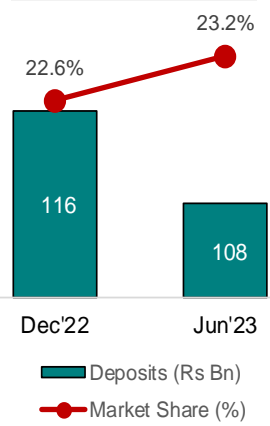
**271 Branches**



### Advances



### Deposits





## Financial Stability

89%

customers feel that they are more financially stable and empowered after taking a loan



## Quality of Life

79%

customers reported that their quality of life has been improved after taking loans from HBL MfB



## Improvement in Household

91%

customers feel improvement in their household circumstances after taking loans from HBL MfB



## Social Stability

91%

customers feel that they are more socially stable after taking a loan



## Business Growth

90%

customers believed that they are able to meet their financial needs though business growth after taking loans from HBL MfB





# ESG initiatives actively being deployed in our workstreams

## Reduce carbon footprint and mitigate risks

### Green House Gas Emissions Q1 = 10,400 MT of CO<sub>2</sub>

#### Reducing Own Emissions



**Solar Panels** at 201 branches and 31 offsite ATMS

**Light Automation System** for energy conservation



#### Key Developments



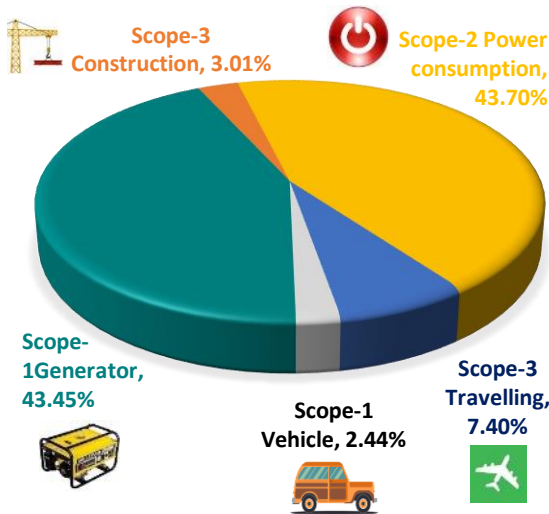
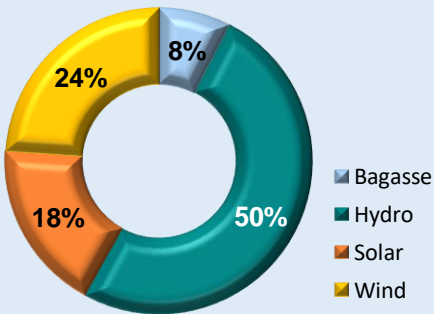
**858 Employees Trained** on Environment & Social Risk Management



Training session for Facility Management and janitorial staff to create awareness of energy conservation.

#### Green Financing

Renewable Energy Exposure of PKR 34bn



#### Upgrade of SEMS Policy and SOP

- ESRM Process alignment with SBP ESRM Implementation Manual
- Development of Green Finance Framework
- Bi-annual reporting to Board
- Annual Capacity Building
- Creation of Sustainability Forum

### Initiatives & HBL firsts...

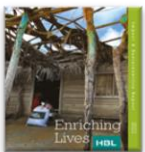


#### Net Zero by 2030

Initiated journey to Net Zero by 2030 for scope 1 & 2 (Own Impact)



Sustainability Summit held covering importance of sustainability and HBL's journey towards achieving Net Zero



Launched Second Impact and **Sustainability Report**



Initiated journey to become a signatory of Principles of Responsible Banking



Three-bin Waste Management arrangement implemented in certain high-value premises.



WWF Green Office certification in process for two pilot branches.



#### Aga Khan Agency for Habitat (AKAH)

AKAH energy audits completed in Lahore, Multan and Karachi. Suggested energy conservation measures being implemented in a phased manner.



81,280 saplings, including mangroves, planted in Punjab, Baluchistan and Port Qasim, Karachi.

## HBL Initiatives



**CSR**  
Corporate  
Social  
Responsibility

**PKR 556 Mn**

### Rebuild & rehabilitate (Rs 126 Mn)



Partnered with the Government of Pakistan to fund construction of 100 prefabricated houses in village in Sindh.

### HBL Philanthropic funding (Rs 420 Mn)



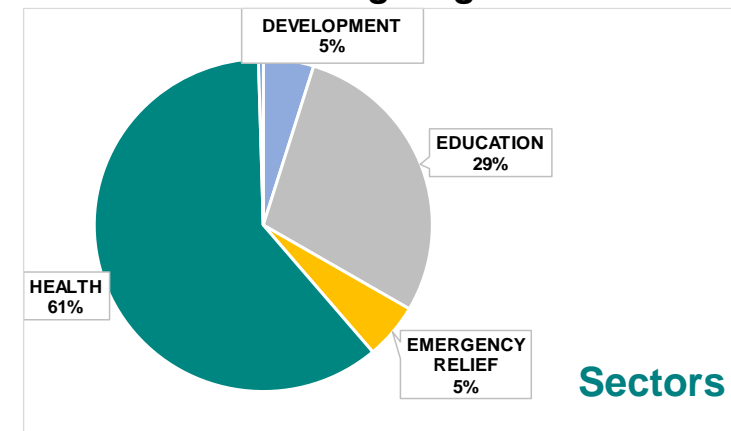
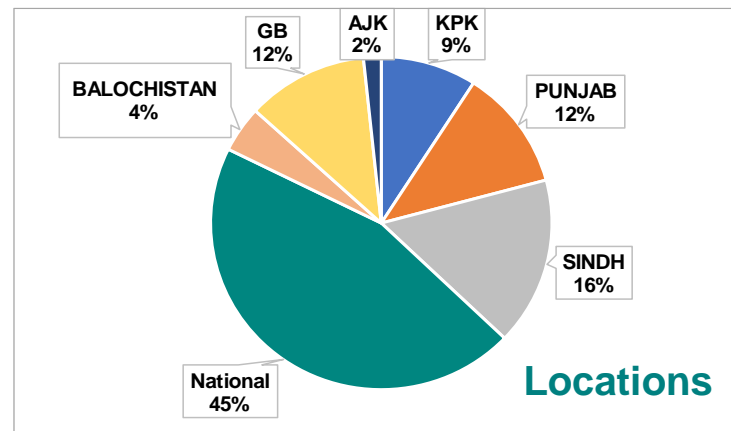
HBL has increased its philanthropic funding to HBL Foundation to Rs 395Mn for H1'23.



HBL also contributed directly to the plantation drive, Ramadan Relief drive and the Special Olympics.

## HBL Foundation Initiatives

**2023 – HBL Foundation crosses Rs 3 billion in giving**



### Healthcare | Rs 2 Billion – benefitting ~10 Mn people

- Supported 149 non-profit and government organizations across Pakistan
- Cyberknife and tomotherapy machines for free cancer treatment to patients from all over the world
- Equipping hospitals with latest medical equipment
- Supporting surgical eye and nutritional camps in the remotest areas of Pakistan



### Education | Rs 0.9 Billion – benefitting >0.5 Mn students

- Supported 125 educational institutions in all provinces across Pakistan
- Established a pool of STEAM scholarships for girls from underserved communities
- Supporting management of government schools and equipping science and technology labs in the community run schools



### Community Development

Support to other community development programs for long-term benefits such as installation of water pumps, emergency relief, provision of water filtration kits, and funding music and culture programs.



## Bank with a Soul

First of a kind move, increased service age of staff from **60 to 65 years**

Supported vulnerable and impacted population in flood affected areas.

Flood relief to affected employees

Cognizant of the current economic challenges HBL provided:

- Interest free motorcycle loan
- **Electric Bikes** at discounted rates
- **Share Sawari** – an in-house carpool app launched for employees to promote fuel saving & share travel costs

**Employee Volunteering Activities** rolled out to promote a culture of giving back to the community – Blood donation drives, tree plantations, book drives, clean-up drives etc.



## Employee Well-Being

**Engagement Survey** repeated after a 3-year period. Response rate > 83%. Employee engagement score : 86% (2020 : 78%). **90%** say they are **Very Proud to work for HBL**.

Flexible work arrangement policy

**HBL Raabta** - employee assistance program providing counselling and awareness sessions

Day care allowance of Rs 10k for women employees with children up to 3 years.

New leaves introduced: paternity, mourning and miscarriage.

Health & Wellness Series for awareness of employees



## Talent Management & Development

**Leadership Excellence program** for ExCO, GMs and Mid-level leaders launched

As part of capacity building over **500,000 man-hours of training** delivered

**HBL's Values Rating** now part of annual performance evaluation with monetary impact to drive cultural change

Collaboration with 15 universities to build future talent



## Promoting Art

Promoting Pakistani art and artists through sponsoring exhibitions of internationally recognized artists



Interactive Art Series to build awareness amongst employees and their children about our rich culture and promote art.



## Diversity

HBL won **15 global awards for Diversity, Equity and Inclusion** for the year 2022.

**SBP Banking on Equality:** HBL ranked #1  
HBL MFB Ranked # 2

2005  3% 2022  22%

HBL Waapsi: Opportunity for women to restart professional careers after a break.  
Gender sensitization training /engagement sessions to increase awareness



## Inclusion

Disability awareness trainings to facilitate inclusion of PWDs

Sign language training to facilitate understanding and support PWDs (customers and employees)

Accessible infrastructure / services – 1,200 branches with ramps, 400+ 'Talking' ATMs, Braille forms and stationery.

Launched PWD-only internship / work experience programs

PWDs grant facility of upto Rs100k for purchase of assistive devices

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