HBL

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi

March 4, 2021

Dear Sir,

Transmission of Annual Report 2020 for the Year Ended December 31, 2020

We have to inform you that the Annual Report of Habib Bank Limited for the year ended December 31, 2020 have been transmitted through PUCARS in Soft Copy form and is also available on the Bank's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,

Neelofar Hameed
Company Secretary

CC:

1. Management Executive (Enforcement), Securities & Exchange Commission of Pakistan, NIC Building, 63 Jinnah Avenue, Islamabad (with 3 printed copies of the Annual Report 2020 of the Bank for the year ended December 31, 2020)

2. The Registrar, Company Registration Office, State Life Building 7, Jinnah Avenue, Blue Area, Islamabad (with 3 printed copies of the Annual Report 2020 of the Bank for the year ended December 31, 2020)

3. The Director, Banking Policy & Regulation Department, State Bank of Pakistan, I.I. Chundrigar Road, Karachi (with 3 printed copies of the Annual Report 2020 of the Bank for the year ended December 31, 2020)

Habib Bank Limited
(Registered Office)
9th Floor,
Habib Bank Tower,
Jinnah Avenue, Blue
Area, Islamabad

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051-2821183
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HBL

CONNECTING LIVES DIGITALLY

ANNUAL REPORT 2020

HBL is transforming itself into a 'Technology Company with a Banking License'. The Bank offers the largest suite of digital banking products in the market from Konnect® by HBL to HBL Pay, from HBL Infinity® to HBL Mobile - all ensuring convenience for our customers. Digitalization efforts are complemented by data-driven decision making across our business and support functions. HBL's digital journey is underpinned by a strong Cybersecurity protocol as the key to building trust with the Bank's clients.

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Corporate Information

Board of Directors

Mr. Sultan Ali Allana	Chairman
Mr. Shaffiq Dharamshi	Director
Mr. Moez Ahamed Jamal	Director
Mr. Salim Raza	Director
Dr. Najeeb Samie	Director
Ms. Diane Elizabeth Moore	Director
Mr. Salim Yahya Chinoy	Director
Mr. Muhammad Aurangzeb	President & CEO

Board Committees

Board Audit Committee

Dr. Najeeb Samie	Chairman
Mr. Moez Ahamed Jamal	Member
Mr. Salim Yahya Chinoy	Member
Mr. Armughan Ahmed Kausar	Secretary

Board Compliance and Conduct Committee

Mr. Moez Ahamed Jamal	Chairman
Ms. Diane Elizabeth Moore	Member
Mr. Salim Yahya Chinoy	Member
Mr. Abdul Waheed Rathore	Secretary

Board Development Finance Committee

Mr. Salim Raza	Chairman
Mr. Sultan Ali Allana	Member
Mr. Muhammad Aurangzeb	Member
Mr. Amer Aziz	Secretary

Board Human Resource and Remuneration Committee

Dr. Najeeb Samie	Chairman
Mr. Sultan Ali Allana	Member
Mr. Shaffiq Dharamshi	Member
Mr. Jamal Nasir	Secretary

Board IT Committee

Mr. Salim Raza	Chairman
Ms. Diane Elizabeth Moore	Member
Mr. Muhammad Aurangzeb	Member
Mr. Sagheer Mufti	Secretary

Board Oversight Committee – International Governance

Mr. Sultan Ali Allana	Chairman
Dr. Najeeb Samie	Member
Mr. Muhammad Aurangzeb	Member
Ms. Neelofar Hameed	Secretary

Board Risk Management Committee

Mr. Salim Raza	Chairman
Mr. Shaffiq Dharamshi	Member
Mr. Muhammad Aurangzeb	Member
Mr. Tariq Masaud	Secretary

Board Nomination and Remuneration Committee

Mr. Salim Raza	Chairman
Mr. Moez Ahamed Jamal	Member
Dr. Najeeb Samie	Member
Mr. Shaffiq Dharamshi	Member
Ms. Neelofar Hameed	Secretary

Chief Operating Officer
Mr. Sagheer Mufti

Chief Financial Officer
Mr. Rayomond Kotwal

Company Secretary
Ms. Neelofar Hameed

Legal Advisors
Mandviwalla and Zafar
Legal Consultants and Advocates

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Share Registrar
CDC Share Registrar Services Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Karachi – 74400, Pakistan
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

HBL Corporate Secretariat
Phone: (92-21) 37137543
Fax: (92-21) 35148370

Principal Office
Habib Bank Limited
HBL Tower, Plot No. G-4,
KDA Scheme 5, Block 7 Clifton,
Karachi, Pakistan
Phone: (92-21) 33116030

Registered Office
Habib Bank Limited
9th Floor, Habib Bank Tower,
Jinnah Avenue, Blue Area, Islamabad, Pakistan
Phone: (92-51) 2270856, (92-51) 2821183
Fax: (92-51) 2872205

Corporate Website
www.hbl.com

Internet Banking
www.hbl.com/personal/digital-banking/hbl-internetbanking

Konnect
www.hbl.com/konnect

hblbank | HBLPak

Management

Muhammad Aurangzeb
President & CEO

Sagheer Mufti
Chief Operating Officer

Naeem Bashir Ahmad
Head Corporate Strategy

Mohammad Ali
Head Branch Banking

Amer Aziz
Head Development Finance

Sami Aziz
Head Remedial & Structured Credits

Neelofar Hameed
Company Secretary

Aamir Irshad
Head Corporate, Commercial & Investment Banking

Armughan Ahmed Kausar
Chief Internal Auditor

Muhammad Afaq Khan
Head Islamic Banking

Rayomond Kotwal
Chief Financial Officer

Aamir Kureshi
Head Consumer, Rural and SME Banking

Faisal Lalani
Head International Banking

Tariq Masaud
Chief Risk Officer

Aamir Matin
Head Technology

Abrar Ahmed Mir
Chief Innovation & Financial Inclusion Officer

Risha A. Mohyeddin
Global Treasurer

Jamal Nasir
Chief Human Resources Officer

Abdul Waheed Rathore
Chief Compliance Officer

Muhammad Nassir Salim
Head Global Operations

Rehan Nabi Shaikh
Head External Affairs

Adnan Pasha Siddiqui
Chief of Staff

Farhan Talib
Regional General Manager China & Singapore

VISION

Enabling people to advance with confidence and success.

MISSION

To make our customers prosper, our staff excel and create value for stakeholders.

VALUES

Our values are the fundamental principles that define our culture and are brought to life in our attitudes and behaviour. It is our values that make us unique.

INTEGRITY - Be Ethical and Fair

- We honour our commitments and do what is right
- We are fair, respectful and honest at all times
- We are ethical in our decisions and interactions
- We take responsibility for our actions
- We are prudent and responsible with the assets entrusted to HBL

CUSTOMER CENTRIC - Deliver Great Experiences

- We value our clients and develop products and services around their needs
- We provide exceptional service to all we serve
- We understand and respect our customers
- We deliver solutions that add value to our customers' lives
- We consider the impact of our policies and decisions on our customers
- We are fully transparent with our customers

VALUE PEOPLE - Respect, Empower, Appreciate

- We treat our people equitably and make decisions on merit
- We invest in people and provide opportunities for learning and growth
- We empower people to do what is needed for success
- We provide a positive and collaborative work environment
- We celebrate our successes and recognise people for their contributions
- We encourage and embrace diversity

PROGRESSIVE - Innovate and Challenge

- We challenge our thinking to raise the bar
- We encourage our team members to question the status quo
- We innovate and adapt to change
- We positively impact and serve the communities in which we live

EXCELLENCE - Be Your Best

- We lead in our industry
- We take ownership of what we do
- We relentlessly pursue quality without compromise
- We consistently adhere to measurable standards and look for ways to exceed them
- We benchmark against the best

6-Point Business Agenda

1 Relentless focus on customer experience

- "Delighting our clients" has to become the rallying cry
- Mindset needs to get embedded into the DNA of the organization
- 'Technology, with a human touch' is how we plan to excel in serving our customers

2 People Agenda to be our top priority

- Culture Change – Increase investment in training and development
- Staff Engagement – Frequent interaction with teams across the network
- Succession Planning – Nurture and retain top talent and improve bench strength
- Gender Diversity – Make HBL the employer of choice for women, with greater participation at Senior Management level

3 Making Innovation the Driving Force

- Proactively reinvent – 'We are a Technology Company with a Banking License'
- Continuous process improvement – good is never good enough

Embedding Risk, Compliance and Control in our Business Principles

- Successful completion of Business Transformation Program – doing first class business in a first class way
- Strengthening our first, second and third lines of defense across all disciplines

Commitment to deliver on P&L

- Sustainable revenue growth on the back of top league table positions
- Strict cost discipline including cost initiatives
- Optimal deployment of Balance Sheet, with enhanced focus on cross-sell
- Maintain high portfolio quality

Giving back to the Country and the Communities that we serve

- Robust Development Finance agenda, driven by Board level Committee
- Strong CSR agenda backed by proactive employee volunteerism

Environment Social Governance (ESG) at HBL

Recognizing our role as a responsible financial institution, HBL is committed to sustainable development and the maintenance of high levels of Environment, Social and Governance (ESG) practices in the banking ecosystem. These ESG practices are embedded in our DNA and drive our business through robust governance systems and risk management protocols, enabling us to structure and implement sustainable solutions for our clients across our global network.

HBL's Social and Environmental Management System (SEMS)

Founded upon International Finance Corporation's (IFC) Sustainability Framework, HBL has approved its Social and Environmental Policy with a focus on ensuring a robust system that safeguards against credit, liability and reputational risks in line with IFC's Performance Standards. This system has further been augmented and developed over the years by increasing focus on environmental risk management, green business facilitation and own impact reduction streams in line with the State Bank of Pakistan's (SBP) Green Banking Guidelines.

Initiatives and Achievements

Through our proactive approach and pursuit for sustainability we have been able to achieve some of the following initiatives:

1. "No New Coal" Policy

In line with the Bank's vision for environmental protection and green financing, HBL approved a "No New Coal" Policy in 2020, which represents a very significant commitment by the Bank towards the reduction of greenhouse gas emissions, and is the first of its kind by any commercial bank in Pakistan.

2. Financing Renewable Energy (RE) Solutions

During 2020, HBL significantly increased engagement with the CDC Group and international development finance institutions for promoting RE financing, through various solar Photo Voltaic and wind energy initiatives.

3. Supporting Low Cost Housing

HBL is actively supporting the *Naya Pakistan Housing Program* – a Public Private Partnership approach to make housing affordable for all, financing various low cost housing projects that will cater to the low-income group of the population.

4. Environmental & Social Interventions

HBL played an instrumental role in developing and implementing ESG plans for an infrastructure project at Tharparkar, which included resettlement of villages and provision of basic amenities including housing, clean drinking water, education, health and vocational training of the local residents.

5. Resource Efficiency and Own Impact Reduction

The Bank has undertaken various initiatives aimed at reducing own impact through efficient utilization of resources. With a view to reduce greenhouse gas emissions, renewable energy solar Photo Voltaic solutions have been installed at 138 sites. We have been able to reduce our paper consumption by 10% in 2020 as compared to 2019 and continue to encourage the digitization of communication channels. Initiatives have been undertaken for cost-effective, fuel efficient sourcing and replacement of ageing gensets. Embarking on its vision for green buildings, HBL Mega Tower is a silver LEED *(Leadership in Energy and Environmental Design)* certified building. Also, First Micro Finance Bank (FMFB) new Regional Headquarter building being constructed in Gilgit is being built to LEED and EDGE standards.

6. Green BRI Initiative

Under the flagship Belt and Road Initiative (BRI), HBL represented Pakistan at a global forum in China geared towards promoting green investment. This resulted in the development of a 'Green Light System', which seeks to evaluate and minimize the potential eco-environmental implications of BRI projects. HBL is honored for being the only Pakistani bank as a signatory of the Green Investment Principles, China. Furthermore, as Pakistan's largest bank, and the largest executor of China Pakistan Economic Corridor (CPEC) related financing in Pakistan, HBL intends to play an integral role towards a greener CPEC, with the ultimate goal of a greener BRI.

Way Forward and Future Outlook

Our vision is to make HBL Pakistan's first fully Integrated Green Financial Institution built upon the foundation of ESG principles. We intend to achieve this objective by:

- Having a clear ESG-driven strategy through which we benchmark our customers against exclusion lists supporting environmental framework integration. We will continue to strive for thought leadership in the ESG area and provide clients with solutions to facilitate ESG improvements.
- Aspiring to increase the number of solar installations in our global network to 250 sites by 2023.
- Conducting various in-house and external trainings and seminars geared towards increasing ESG-related awareness and implications, and the importance of sustainability.

HBL recognizes the need to play a role to support the communities we operate in and will continue to assist them in taking measures to protect our environment.

International Footprint

HBL Branches:

• Bahrain • Bangladesh • Belgium • Urumqi - China
• Lebanon • Maldives • Mauritius • Oman • Pakistan
• Singapore • Sri Lanka • Turkey • UAE

HBL Representative Office:

Beijing - China

Branches of Subsidiaries:

• UK • Switzerland

Affiliates:

- Diamond Trust Bank - Kenya/Tanzania/Uganda/Burundi
- Kyrgyz Investment and Credit Bank - Kyrgyz Republic
- Himalayan Bank - Nepal

Accolades

Asia's Best Bank Transformation
Pakistan's Best Bank
by Euromoney

Best Domestic Bank
by Asiamoney 2020

Best Investment Bank
Best Customer Franchise
Best Bank for Small and Medium Businesses
by Pakistan Banking Awards 2020

Best Investment Bank - Pakistan
by Global Finance Magazine

Best Project Finance House - Pakistan
by The Asset Triple A (Asia Infrastructure) Awards 2020

Best Local Bank in the Region for BRI (South Asia)
Best Bank for BRI-related Financing in the Region (South Asia)
Best Bank for Infrastructure/Project Finance in the Region (South Asia)
by Asiamoney New Silk Road Finance Awards

No. 1 Primary Dealer in Government Securities
by State Bank of Pakistan

Best Islamic Bank for Trade Finance
by Global Islamic Finance Awards (GIFA) 2020

Best Mobile Banking App
Best Digital Consumer Bank
Best Use of Social Media
by World Finance Digital Banking Awards

Best Banking Tech of the Year
Best Digital Campaign for Konnect by HBL
by Pakistan Digital Awards 2020

Key Performance Indicators

PKR 3.8 TRILLION
ASSET BASE

PKR 7 TRILLION THROUGHPUT
477 MILLION
DIGITAL TRANSACTIONS

117,671
TOUCHPOINTS
ATMS - 2,157
BRANCHES - 1,697
KONNECT AGENTS - 48,038
POS - 30,459
QR CODES - 35,320

PKR 53.0
BILLION
PROFIT
BEFORE TAXATION

PKR 2.8 TRILLION
DEPOSIT BASE

OVER 30
MILLION
CUSTOMERS WORLDWIDE

Board of Directors

Mr. Sultan Ali Allana
Chairman

Mr. Sultan Ali Allana has been the Chairman of the Board of Directors of HBL since February 2004. He has over 35 years of experience in the financial and banking sectors. Mr. Allana also serves on the Boards of the Aga Khan Fund for Economic Development S.A, AQA Holding S.p.A, Geasar S.p.A, Alisarda S.p.A, Jubilee Holdings Limited (East Africa), Jubilee Life Insurance Company Limited, Industrial Promotion Services (Pakistan) Limited and Tourism Promotion Services (Pakistan) Limited.

Mr. Moez Ahamed Jamal
Director

Mr. Moez Ahamed Jamal has been on the Board of HBL since 2009. He has over 39 years of experience in the financial sector. He currently serves on the Boards of Diamond Trust Bank Kenya and Pension Fund for Aga Khan Foundation.

Dr. Najeeb Samie
Director

Dr. Najeeb Samie joined the Board in 2013. He has over 37 years of experience in the corporate and financial sectors. He is currently the Managing Director of Roosevelt Hotel Corporation N.V, and is a Director of Minhal Incorporated, Parisien Management Company B.V., Roosevelt Hotel Corporation LLC, and Avant Hotels (Pvt.) Limited.

Mr. Shaffiq Dharamshi
Director

Mr. Shaffiq Dharamshi joined the Board in 2015. He is a banker with over 25 years of banking experience in the Middle East and Africa. He also currently serves on the Boards of Diamond Trust Bank, Tanzania, Diamond Trust Bank, Uganda, Diamond Trust Bank, Kenya, DCB Bank Limited, India, Kyrgyz Investment and Credit Bank, Kyrgyzstan and First Microfinance Bank, Tajikistan.

Mr. Salim Raza
Director

Mr. Salim Raza joined the Board in 2017. He has over 40 years of experience in the banking and financial sectors. He has held various positions at Citibank NA in Pakistan and abroad and has also held the position of Governor of the State Bank of Pakistan. He currently serves on the Boards of Karandaaz Pakistan, Manzil Pakistan, Indus Earth Trust, Habib University, the Layton Rahmatulla Benevolent Trust and is an adjunct professor at the Institute of Business Administration (IBA), Karachi for Political Economy.

Mr. Salim Yahya Chinoy
Director

Mr. Salim Yahya Chinoy joined the Board in February 2020. Mr. Chinoy is a seasoned chartered accountant and remained associated with EY Ford Rhodes since many years and retired as Country Managing Partner in 2017. He has extensive exposure of auditing local, multinational companies and banks.

Ms. Diane Elizabeth Moore
Director

Ms. Diane Elizabeth Moore is an experienced financial services professional and executive coach with diversified experience over more than 35 years in range of senior regulatory and banking positions in UK and Austria. Over the past ten years, she has served on commercial and not for profit Boards, including investment banking, retail and commercial banking, and Fintech. She currently serves on the Boards of Cantor Fitzgerald Europe, Cantor Fitzgerald Ireland, Axis Bank UK Limited, and Habib Bank Limited Pakistan, as an independent non-executive director, and was previously the independent Chair of Fintech start-up SteadyPay in the UK.

Mr. Muhammad Aurangzeb
President & CEO

Mr. Muhammad Aurangzeb joined HBL on April 30, 2018 as the President & CEO. Prior to this responsibility at HBL, he was the CEO for JP Morgan's Global Corporate Bank based in Asia, with a rich international banking experience of over 30 years in other senior management roles at ABN AMRO and RBS based in Amsterdam and Singapore. He is the only Pakistani to be invited to the exclusive membership of the Global CEO Council organised by WSJ / DowJones group. He is also Chairman of the Pakistan Banks Association, Vice Chairman of the Pakistan Business Council, and Council Member at the Institute of Bankers Pakistan. He received his BS and MBA degrees from the Wharton School (University of Pennsylvania).

Chairman's Message

2020 has been a year of disruption and adaption. The COVID-19 pandemic effectively put the world in reset mode, redefining life. HBL adjusted its way of working to address the challenging situation and ensured that the Bank continued to deliver seamless service to all its customers. This is where the Bank's technology investments came to fruition. The Bank was able to accelerate the migration of its customers to alternate delivery channels with relative ease, which positioned the Bank to grow its customer base manifold, thereby enhancing coverage and serving over 30 million people in 2020.

Despite the pandemic and the lockdown challenges, most of our 1600+ branches remained open and accessible for customers. This was possible only because of the dedication and determination of our staff who continued to serve at the frontline in these challenging circumstances. On behalf of the Board of Directors and myself, I would like to pay tribute to our champions. We salute them for keeping HBL's flag flying high.

Banking the unbanked

Targeted and focused investments in technology have enabled HBL to lead the industry in terms of financial inclusion and have enhanced its capacity to provide access to finance to those who need it the most. During the unprecedented lockdowns, HBL powered the delivery of the Ehsaas Emergency Cash program, the largest social safety net initiative in Pakistan and South Asia's history. The program was launched by the Government of Pakistan to support the daily wage earners and piece-rate workers as they saw their livelihoods come to a halt. HBL rapidly setup more than 7,000 touchpoints across the length and breadth of the country, in addition to its branch networks, thus ensuring that over 12 million families received a cumulative PKR 145 billion over a period of two months.

In addition to the Ehsaas program, HBL partnered with the Government to disburse social safety net payments under the Kafalat program, wherein disbursements were made under defined criteria to over 3.3 million of the most deserving women across the country. In line with our commitment of improving the quality of lives of the people that we serve, HBL also developed and launched savings products for these vulnerable welfare recipients providing them with tools to build financial resilience against economic shocks.

HBL's digital initiative "Konnect" has gained unprecedented traction. It now provides coverage through 48,000+ agents across the country, serving 5.3 million customers. Daily transactions of 165,000+ are processed through this mode of service delivery and Konnect is swiftly becoming a preferred choice for the unbanked.

Nation Building

HBL as the largest commercial bank in the country, is embedded in the nation's fabric. HBL's leadership has promoted Development Finance initiatives for financial inclusion of the underserved population associated with the Agriculture and SME sectors. Agri-sector innovations include implementing farm-to-processor interventions to disintermediate the middlemen at both the sowing and harvesting stage and providing direct access for the farmers to the market. Additionally, the Bank is helping small-holder farmers improve crop yield through interventions, which include expert agronomic advisory, sourcing and providing agricultural equipment, fertilizers and seeds.

Another important milestone has been the embedding of mortgage finance as a priority asset class in Pakistan. HBL displayed another example of thought leadership by partnering with the Naya Pakistan Housing & Development Authority (NAPHDA) and the State Bank of Pakistan (SBP) to develop the framework for promotion of low-cost housing in the country. The Bank also continues to play an important role in providing investment banking solutions to government and private sector enterprises that are focused on infrastructure projects in power, roads and manufacturing.

Promoting regional trade flows has been a priority area for the Bank with its initiatives under the China Pakistan Economic Corridor (CPEC) serving as a cornerstone. Now with presence in Beijing and Urumqi, the Bank is in a position to provide the widest possible China coverage to its customers. HBL is a member of the SCO-IBA, which allows it to participate and advocate the need for higher trade flows within the region. As a part of our strategy, HBL's international franchises are supporting this major initiative by focusing on capturing the Pakistan-centric trade flows along with servicing Chinese customers in those locations.

Building a sustainable and inclusive business

We fully realise the importance of ensuring that our customers experience and journey is fast, efficient, seamless and cost effective. This is the very ethos that drives our strategic direction. In tandem with the Bank's focus on digitizing products and services, HBL is emphasising "Ease of Doing Business" across every aspect of its operations. The Bank is actively working to realign product programs with an aim to simplifying processes for customer convenience and for achieving and benchmarking output to international best practices.

Environmental and Social Governance (ESG) issues are increasingly gaining importance and there is an urgent need for systemic change in addressing the broader ESG agenda along with the pressing challenge of the climate emergency. HBL is leading the industry in renewable financing and has worked to develop the Green Banking Guidelines with SBP. In 2020, the HBL Board took an important decision to not finance any new coal projects, the first such initiative in this country. The Bank is actively working on reducing its carbon footprint and is now ensuring that its new buildings are built to high environmental standards.

Financial inclusion without the active engagement of women who lag behind in the overall banking coverage is impossible. HBL has therefore taken it upon itself and has committed to women empowerment, not only by developing banking products for women customers and entrepreneurs but also ensuring a gender inclusive workplace. HBL has made concerted efforts at becoming a preferred employer for women – the Bank has recruited an all-women batch of cash officers from across Pakistan as well as another batch of women software developers. Additionally, the Bank has made efforts to increase diversity by recruiting 22 differently-abled people as cash officers at the frontline of our branches.

Towards a better tomorrow

We remain committed to serving our customers better and faster, continually innovating, while always keeping their needs and convenience at the forefront of our efforts. Over 30 million people have reposed their trust in us and have patronised our counters and services. We thank our customers and assure them that we will do whatever it takes to provide them services that are best-in-class.

We also thank our shareholders who have shown their confidence in our institution and we are committed to doing our best to enhance their investment value as we progress and chart a promising future for the Bank.

We will be pleased to present before our shareholders at the forthcoming AGM, a final cash dividend of Rs. 3.00 per share for the year ended December 31, 2020, bringing the total cash dividend for the year to Rs. 4.25 per share.

Sultan Ali Allana
Chairman

Directors' Report 2020

On behalf of the Board of Directors, we are pleased to present the Consolidated Financial Statements for the year ended December 31, 2020.

Macroeconomic Review

In 2020, the performance of the domestic economy has been a tale of two halves. At the start of the year, the economy was showing nascent signs of a recovery from the slowdown caused by the stabilization program. With the breakout of the global pandemic and the consequent lockdowns and collapse of business activity, Pakistan's GDP contracted by 0.4% in FY'20, the first negative return in 70 years. As Pakistan began to emerge relatively unscathed from the pandemic, the domestic economy staged a turnaround, supported by fiscal and monetary stimulus. The revival of Large-Scale Manufacturing (LSM) has been broad-based, with most sub-sectors showing improvements and the LSM index growing by 8.2% in H1FY'21. While cotton shortfalls are expected, this is expected to be offset by improved growth in wheat and other crops. GDP growth projections for FY'21 are 2.0%, a reasonable outcome considering the ongoing pandemic. Supply side shocks kept food prices volatile during H1FY'21, leading to higher levels of inflation; these have since moderated, with inflation falling to a 2-year low of 5.7% in January 2021 and averaging 8.2% for 7MFY'21 compared to 11.6% for the same period last year.

Exports for H1FY'21, although 4.8% lower, are inching back towards pre-Covid levels. Imports, on the other hand increased by 4.8%, with a resurgence in non-oil imports. Consequently, the trade deficit increased by 17% YoY, to USD 11.4 billion, in H1FY'21. Remittances have remained above $2 billion per month for the last seven months, growing by 25% YoY in H1FY'21; travel restrictions and supportive policy measures by the SBP and the government have increased the use of official channels. This has more than offset the rising trade deficit and resulted in a current account surplus of USD 1.1 billion for the first six months of FY'21.

Pakistan secured debt repayment relief of USD 1.7 billion for the period May – December 2020 from G-20 creditors and expects another USD 800 – 900 million relief till June 2021. Coupled with the current account surplus, this has kept the external account stable, with foreign exchange reserves staying above USD 20 billion. Consequently, during the fourth quarter of 2020, the Rupee appreciated by ~3%. Furthermore, the recently launched Roshan Digital Accounts have received an overwhelming response, as balances in these accounts have crossed USD 500 million.

The fiscal deficit was recorded at 2.5% of GDP in H1 FY'21, vs. 2.3% in the same period last year. The government's resolve for fiscal discipline is reflected in a primary surplus of 0.7%; however, a 15% increase in debt servicing has resulted in the higher deficit. FBR performance has been on track, with revenue collection up 6% and the H1FY'21 target nearly achieved. Pakistan has reached a staff-level agreement with the IMF to resume the EFF program which was in abeyance following the Rapid Financing Instrument disbursement in April 2020. After IMF Board approval, Pakistan could see an inflow of USD 500 million in early Q2'21. It is expected that the IMF will continue to emphasize more autonomy for banking and energy regulators, fiscal consolidation, and reiterate the necessity of broadening the tax base and resolving the circular debt.

After touching 5-year lows following a sharp sell-off in the first quarter, the equity markets turned bullish in the second half of the year, posting a return of 7.4% for the full year. The recovery was driven by accommodative monetary and fiscal policies, which improved economic activity and corporate earnings.

With the onset of the pandemic, the SBP moved quickly and proactively with several measures to support the economy, introducing a range of concessionary finance schemes and rapidly reducing the policy rate by 625 bps through a number of off-cycle monetary policy announcements. Since June 2020, the policy rate has remained unchanged at 7.0%, to continue providing a conducive environment for the recovering domestic economy. The central bank has recently given forward-looking guidance for the first time, stating that interest rates are expected to remain unchanged in the short-term. Demand for private sector credit remained muted for most of 2020, with industry loans growing by only 4%; however, the SBP's Temporary Economic Relief Facility has received an overwhelming response during the second half of the year, with total financing of Rs 278 billion approved. Industry deposits continued their growth, rising by 22% from December 2019 levels. Banking spreads during the year reduced by 73 bps over 2019 mainly due to asset repricing.

Financial Performance

In 2020, HBL has doubled its profit after tax over the previous year, to Rs 30.9 billion. Profit before tax for 2020 is Rs 53.0 billion compared to Rs 28.9 billion in 2019. Earnings per share increased from 10.45 in 2019 to Rs 21.06 in 2020. The Bank's domestic franchise, the mainstay of the institution, has delivered record profits while improving its market position across all business lines.

HBL added Rs 400 billion to its domestic deposits, which crossed Rs 2.5 trillion, resulting in market share improving to 14.05%. Most of the growth was in current and savings accounts, which increased by Rs 116 billion and Rs 218 billion respectively. Total deposits of the Bank increased by 16.1% to over Rs 2.8 trillion, with total current accounts at nearly Rs 1 trillion. In the last quarter of the year, as the economy began to recover, HBL grew domestic advances by 10%, crossing a landmark of Rs 1.0 trillion; in 2020, our leading consumer portfolio increased by 25% to over Rs 75 billion. Total advances reached Rs 1.2 trillion, 5% higher than in December 2019.

HBL's average domestic balance sheet grew by nearly Rs 400 billion over 2019, led by the strong deposit growth. Despite a steep drop in the rate environment, domestic net interest margin improved to 5.7% as deposit repricing was immediate, while assets were only fully repriced by Q4'20. Consequently, domestic net interest income rose to a record level of Rs 123 billion in 2020. The international balance sheet also showed signs of a turnaround in Q4'20 with revenue beginning to uptick. The Bank's total net interest income for 2020 has therefore increased by 28% over 2019, to Rs 130 billion. Total non-fund income increased by 27% to Rs 30.6 billion, boosted by capital gains of Rs 7.8 billion realized on fixed income instruments. HBL's total revenue thus reached an all-time high of Rs 160 billion in 2020.

HBL accelerated investment in its digital infrastructure and in the hiring and retention of best-in-class talent. The Bank spent over Rs 600 million on safeguarding its people and customers, and in supporting affected communities in this time of unprecedented crisis. However, with New York and Business transformation costs having receded, growth in the Bank's administrative expenses was contained to 2% over 2019. The Bank's cost to income ratio has started moving towards industry norms, reducing from a peak of 73.5% in 2019 to 58.5% for 2020.

HBL has prudently recorded a discretionary general provision of Rs 6.4 billion in its domestic business to reserve against provisions that might arise from pandemic-affected customers, once SBP relaxations and waivers are rolled back in 2021. In 2020, a steady recovery performance resulted in a decline in domestic credit provisions; however international provisions increased by $ 31 million, mostly due to industry-wide problem credit in one of the international locations. HBL's coverage ratio has improved from 93.2% in December 2019 to 100% in December 2020, and the infection ratio reduced to an all-time low of 6.3% in December 2020.

Movement in Reserves

	2020	2019
	Rupees in million	
Profit after tax	**30,913**	15,500
Unappropriated profit brought forward	**114,550**	101,606
Profit attributable to equity holders of the Bank	**30,892**	15,333
Deferred tax asset (reversed)/recognized on subsidiary under liquidation	**(109)**	109
Re-measurement (loss)/gain on defined benefit obligations – net of tax	**(149)**	86
Transferred from General Reserve	**-**	6,074
Transferred from surplus on revaluation of assets – net of tax	**51**	415
	30,686	22,016
Profit available for appropriation	**145,236**	123,622
Appropriations:		
Transferred to statutory reserves	**(3,360)**	(1,738)
Cash dividend – Final	**(1,834)**	(1,834)
1st interim cash dividend	**(1,834)**	(1,834)
2nd interim cash dividend	**-**	(1,834)
3rd interim cash dividend	**-**	(1,834)
Total appropriations	**(7,028)**	(9,072)
Unappropriated profit carried forward	**138,208**	114,550
Earnings per share (Rupees)	**21.06**	10.45

Capital Ratios

In Q1'20, with the onset of the pandemic, the SBP reduced the Capital Conservation Buffer (CCB) requirement by 100bps to ensure the continued flow of credit to industries and businesses. This resulted in an additional Rs 5.7 billion (42bps) of Tier II capital becoming eligible for recognition. As at Dec'20, HBL's Tier I CAR had increased by 102 bps over Dec'19 to 13.47%, while total CAR improved from 15.35% to 17.24% over the same period. Strong profits, regulatory restrictions on dividend payouts and the CCB relaxation all contributed to the strengthening CAR.

In Dec'20, the Bank exercised its call option on the existing Tier 2 subordinated debt TFCs. These will stand fully redeemed on Feb 19, 2021. Consequently, these are not included in total Tier 2 capital.

Business Developments

In 2020, HBL has maintained a deposit market share of over 14%, adding more than 650,000 new customers through its branch network. This included 114,000 new customers of HBL Asaan Account, a key product for inclusion of the unbanked population; the Bank now has nearly 1 million Asaan account customers who have a total deposit balance of over Rs. 12.3 billion.

HBL proudly serves 3.3 million women customers, including 630,000 under its women's market program, Nisa. This program has been recognized internationally at various forums as one of the most successful models of women-centric programs. Over the last few years, the program has evolved to a dedicated initiative that now offers a complete suite of deposit products. HBL Nisa was refreshed and relaunched in late 2020 with features tailored to the varied needs of women in Pakistan. The distinguishing aspect of the new product is the bundling of free insurance services designed to empower women by providing a unique combination of health and financial protection riders. Within two months of its re-launch, over 650 new women customers have been added to the client base with a deposit balance of over Rs 100 million.

The launch of Prestige is a holistic strategy focused on offering the Bank's High Net Worth customers a wide array of products and customized solutions in line with their sophisticated needs. The physical footprint will take the shape of lounges within existing branches as well as state-of-the-art standalone flagship locations supported by a robust digital platform. This will accelerate customer acquisition in this important segment, improve product cross-sell and drive service excellence, all of which will contribute to improving the HBL brand.

HBL Rural Banking leads the industry as the largest farmer finance provider with a market share of ~ 30% amongst commercial banks. With a challenging macroeconomic situation, poor crop yields and lockdown related restrictions, lending growth in 2020 remained subdued. HBL supported more than 2,000 affected farmers through active usage of SBP relief measures.

The Bank's formal agreement with the Punjab Land Record Authority to access central records online was expanded to 35 districts. HBL's pioneering efforts in this area have been recognized by the SBP, at whose request the Bank provided training to FIs across the sector. The business is also leveraging HBL Konnect for farmers' loan repayments, giving them the convenience of repayments at the closest HBL Konnect agent rather than travelling to the branch; to date, more than Rs 800 million in repayments have been made through Konnect agents.

HBL "Kissan ki Awaz" is a flagship discussion platform for farmers to meet HBL through a series of structured town halls, enabling HBL to receive feedback directly from its customers. In these sessions, agronomists and academic experts are also invited to provide advice and input. After holding several face-to-face sessions during the first quarter of 2020, the Bank moved to virtual sessions during the pandemic. HBL plans to continue both versions of this very popular program in 2021.

Within a year of its creation, HBL's unique Development Finance Group designed and successfully implemented two farm-to-processor pilot interventions targeting underserved farmers in rural Sahiwal and Gujranwala. Farmers improved productivity by receiving in-kind loans packaged as quality agricultural inputs, access to latest mechanization and impartial agronomic advisory. The loans were settled by pre-determined corporate bulk buyers of the produce. Another pioneering feature was the inclusion of small, tenant farmers who were offered facilities collateralized by crops. With a 'double bottom line' impact as its ethos, these interventions yielded substantial uplift in farmers' income. This agriculture value chain will be scaled up significantly during 2021, with greater emphasis on digitization of the customer journey, including on-boarding 'in the field' via HBL Pay, to improve turnaround times.

Meeting changing expectations of our customers across all channels is a strategic priority for HBL. As we adapted to restrictions and also opportunities presented by the pandemic, our customer satisfaction level was maintained above 80% with problem resolution satisfaction score at 50%. During 2020, 209,767 complaints were received by the Bank. These were resolved, on average, within 7 days.

Fair Treatment to Customers (FTC) remained a key area of focus in 2020. Training sessions on incorporating FTC components into staff goals, improvements in process transparency and complaint resolution journey for customers were some of the initiatives taken by the Bank during the year. The Bank's Service Quality Council had previously launched the Presidential Award for Service Excellence to reward exceptional service at all levels and across functions. This has become a point of pride for recipients and incentivized staff to continually exceed service standards.

HBL's Consumer Banking business had another stellar year, growing by 25% to Rs 75 billion, despite the disruption caused by the pandemic. Personal loans remained the largest product, at 50% of the total Consumer lending portfolio. With a drive to achieve industry leadership, relentless focus on auto loans resulted in this product growing by more than 52% during the year. Consequently, HBL's market position in this segment improved from fourth to second. The consumer bank also supported more than 24,000 customers through active usage of the SBP's Covid relief measures.

HBL Platinum continues to be the most sought-after credit card in the market with total spend increasing by 12% over 2019, despite lockdown-related restrictions and lower international use due to reduced travel. The credit card business grew by 22% despite the headwinds, as organic growth was supplemented by greater e-commerce usage. The focus on digital channels resulted in the processing time for personal loans and credit cards via HBL Mobile reducing from a few hours to minutes. Consequently, the share of this booking channel increased from 8% to 14% for personal loans and from 16% to 23% for credit cards.

The Merchant Acquiring business retained market leadership, expanding the POS network to more than 30,000 terminals; HBL now accounts for more than 30% of the country's total sales volume, at Rs 117 billion. HBL's debit card remains the market leader with 5.8 million cards and a 21% market share; spend increased by 12% over 2019 to Rs 47 billion. Going forward, all new card issuances will be contactless cards as the Bank continues to innovate for customer convenience.

HBL is focused on serving the SME segment, in which it is the industry leader, as these businesses remain the backbone of the economy. In 2020, over 800 new customers were added, resulting in additional financing of more than Rs 7 billion. SMEs were most impacted by the pandemic due to complete or partial closure; through participating in various SBP relief schemes, the Bank supported more than 250 customers, mainly for the continued provision of salaries to their employees, for which the Bank disbursed Rs 1.2 billion. HBL also fully utilized the limits available to it under SBP schemes for Women Entrepreneurs and for Working Capital for SMEs.

Islamic banking continues to grow, increasing cross-sell to corporate customers and growing the consumer finance business with a fuller product suite. During the year, HBL opened 369 additional Islamic windows in order to support the Government's Low Cost Housing initiative; at least 50% of branches in each and every district of Pakistan now offer this product. As a result, HBL's Islamic distribution network of 915 branches and windows is the largest in the industry. In line with its trade focus, HBL has also increased its trade hubs in Karachi and opened one in Islamabad to facilitate customers. HBL plans to expand its dedicated Islamic branch network by converting 200 Islamic windows to Islamic branches, thus increasing coverage from under 200 cities to over 300 cities. This journey commenced during the year with a pilot of 10 branches, and the full conversion is targeted by the end of 2021.

In a year of economic turbulence, maintaining credit quality of the Corporate client portfolio was of paramount importance. Extensive industry and client reviews, and close interaction with the SBP on stress points in the economy, helped the Bank in navigating through the challenges posed by the pandemic. The business continued to focus on deepening customer relationships through increased product cross-sell and trade, which has resulted in a substantial increase in the Bank's trade business and market share. HBL took a leadership role in supporting and utilizing SBP relief schemes, disbursing Rs 36 billion for salary support and deferring / restructuring Rs 118 billion under the SBP programme for providing additional liquidity to the economy. HBL continues to grow its lead in transaction banking, and cash management throughput increased by 43% to a record Rs 5.1 trillion. Through its proprietary employee banking solution, HBL At Work, the Bank processed salary and pension payments of over Rs 300 billion, an increase of nearly 20% over 2019.

HBL maintained its leadership position in Investment Banking, spearheading several transactions despite weak economic conditions. HBL successfully managed debt arrangement and advisory deals in the pharmaceuticals, power and utilities sectors while on the equity advisory and underwriting front, HBL concluded transactions for companies in the tertiary healthcare, oil & gas and FMCG sectors. Keeping its position at the forefront of the CPEC initiative, HBL closed CPEC mandates valuing over USD 1 billion during the year. In line with the SBP's initiative of promoting low-cost house finance and real estate development, HBL is engaged in a number of transactions in this space. As the preferred domestic investment bank for clients and partnering with global investment banks, HBL has been appointed as co-manager for the issuance of the first ever USD 500 million Eurobond for a public sector enterprise and continues to advise the Ministry of Finance and the Government of Pakistan in other capital raising / privatization transactions.

HBL has consistently led the market in adopting Environmental, Social & Governance (ESG) principles in its undertakings. With environmental and climate change concerns taking priority on the Bank's agenda, HBL approved its “No New Coal” policy in June 2020, under which the Bank has stopped financing any new coal projects. This is a very significant commitment by the Bank towards the reduction of greenhouse gas emissions, and is the first of its kind by any bank in Pakistan. During 2020, HBL has also significantly increased engagement with International Financial Institutions / Development Finance Institutions and is jointly financing a number of solar and wind energy projects.

HBL's Treasury team continued to enhance the value addition to its stakeholders in 2020. Digitization initiatives continued to gain traction; the Bank's FX portal, HBL Infinity®, has been rolled out to over 200 corporate clients in Pakistan, as well as to 11 banks and 11 international branches. The platform has brought greater transparency and convenience to a large swathe of the Bank's foreign exchange customers. HBL's FX business remains robust with the Bank processing over $ 7 billion in client volumes during the year. In the Fixed Income market, HBL extended its leadership position, processing over Rs. 6.3 trillion in client volumes and nearly Rs. 4 trillion in interbank volumes; overall, this represents a 27% market share. This relentless focus on client service helped HBL regain the coveted #1 position in the State Bank of Pakistan's Primary Dealer rankings.

As the pandemic forced a more remote interaction upon the world, 2020 saw tremendous growth in the take-up of HBL's digital offerings. The user base of HBL Mobile and Internet banking increased by 52% to 1.8 million users. Transaction count and volumes both doubled, to 44 million transactions and Rs 560 billion, respectively.

Following global trends, Pakistan saw a significant increase in e-commerce volumes during 2020. HBL continued its market leadership in terms of enabling e-commerce entities to accept online payments and witnessed a substantial growth in transactions processed through HBL Pay – the payment gateway. Transactions reached 2.4 million, a 42% increase, and volumes grew 18% to Rs 15 billion, over 2019.

HBL Konnect remains the primary vehicle for offering easy access to the unbanked and under-banked segments of society, with women continuing to make up 25% of the client base. In 2020, 1.6 million new accounts were opened, taking the total Konnect account base to 5.3 million. Users of the refreshed Konnect App more than doubled to 1.6 million, while throughput through the platform quadrupled to nearly Rs 600 billion.

In pursuit of its ambition to have a lifestyle app, HBL had launched partner widgets for HBL Mobile and Konnect in late 2019; these widgets leverage APIs to enable partner platforms to market their goods and services via the Bank's digital platforms. Utilizing these, HBL launched industry first, new use cases, including bus and air travel, online shopping, food delivery and online doctor consultation. In 2020, more than 115,000 transactions worth nearly Rs 250 million were processed across both apps.

HBL's national presence and robust technology platforms have enabled it to be a core partner for the Government of Pakistan in the disbursal of social safety net payments. Under the Ehsaas Kafalat program, HBL distributes quarterly payments to over 3.3 million deserving women across the country. During the unprecedented, pandemic-induced lockdowns, based on HBL's proven track record, Ehsaas selected HBL to enable the delivery of the Ehsaas Emergency Cash program, the largest social safety net initiative in Pakistan's history. At extremely short notice, and at the peak of the first Covid wave with all its associated challenges, the Bank deployed over 7,000 touch points nationwide, in addition to its large branch network. Over a period of two months, HBL distributed Rs 145 billion under the Emergency Cash program, thus bringing support and relief to more than 12 million families. Overall, HBL disbursed Rs 175 billion under the Ehsaas programme in 2020.

The Infrastructure foundation for the data driven bank was set up in Q4 2019 with the set up of a data lake. To date, data from the Core Banking, Konnect, HBL Mobile and Debit Card systems has been integrated into the data lake. By the end of 2021, the Bank is targeting the centralization of data from all banking systems into the data lake to empower units to perform most analytics on a self-service basis. The data lake and associated infrastructure will also enable HBL to move towards offering hyper-personalised engagement with customers, and also achieve the goal of intelligent process automation.

In line with the strategic rationalization of its footprint, HBL exited its business in Hong Kong, The Bank is reshaping its International Business to deliver sustainable profitability and become more relevant to its global clients. The strategic focus remains on expanding the China franchise, growing network business, strengthening corporate origination, and building out stronger transaction banking and treasury capabilities. HBL's strong relationships with Chinese clients, the imminent commencement of the Beijing branch and cross-selling of RMB capability, will allow the Bank to gain a leading share in this corridor.

There has been a strong positive trajectory of the underlying business drivers in core markets; albeit financial results were impacted by the pandemic as low interest rates and slower lending growth were prevalent across most countries. In 2020, growth in the corporate segment, deepening relationships with Chinese clients across multiple markets, and growing trade volumes, have all set the foundation for 2021. International business from network Chinese and Pakistani clients has doubled over 2019 and the deepening of the FI business across locations has also set up a good platform to drive further growth in this asset class.

During much of the year, HBL's Urumqi branch operations were impacted due to lockdowns; however, in Q4'20 the branch commenced RMB trade transactions. As one of only 3 banks in MENA and South Asia to offer end-to-end RMB intermediation, HBL is uniquely positioned to undertake this activity. After successfully completing all inspections, HBL received the license for its Beijing branch in Oct'20 and is expected to formally commence business by the end of Q1'21. HBL's successful China coverage model was extended from Pakistan to UAE, and plans are to extend this to Sri Lanka and Bangladesh in 2021.

HBL's subsidiary, The First Microfinance Bank Ltd (FMFB), grew steadily despite an extremely challenging external environment and cemented its position as the second largest microfinance bank in Pakistan. While lockdowns in the first half of the year created additional stress on borrowers, FMFB supported the restructuring of loans in line with the SBP's relief package. With the resumption of economic activities in H2'20, FMFB has increased its loan portfolio by 37% to Rs. 43.4 billion; 70% of this is in rural areas, in support of its mission of catering to the needs of the unbanked. Maintaining adequate liquidity remained a priority, with deposits increasing by 61% to Rs. 61.7 billion – more than half of this is CASA deposits. Client-centricity remained at the forefront during the pandemic as FMFB ensured uninterrupted provision of banking services to all its customers. FMFB also extended full support to its employees through industry-leading medical facilities which mirrored those of HBL.

FMFB continues to invest in its digital journey. During the year, the in-house developed tablet-based Loan Origination System was enhanced with additional features and will be rolled out to 130 branches across Pakistan. FMFB successfully piloted the First Pay - Branchless Banking application in its branches; FMFB is already linked to HBL Konnect, allowing its customers to make deposits and pay loan instalments at Konnect Agents. During 2020, FMFB's physical footprint increased to 210 locations with conversion of all Pakistan Post sub-offices into wholly owned permanent booths and branches.

In 2020, FMFB was recognized by the CFA Society, Pakistan, as runner-up in the category of the Best Microfinance Bank. FMFB's efforts were also recognized by Global Diversity & Inclusion Benchmarks Standards Awards. FMFB's focus on client-protection principles were re-affirmed through the Bank's successful completion of a mid-term review / surveillance audit for "Client Protection Certification" from Smart campaign by MicroFinanza Rating Agency.

HBL – Asset Management Limited (HBL AML), geared up efforts to gain market share by increasing Assets Under Management (AUMs) by 67% to Rs 78 billion, with market share rising from 6.9% to 8.2%. During the year, the management quality rating was upgraded to AM2++ by VIS Credit Rating Company Limited.

On the operational side, from the very start of the pandemic, HBL's response was swift and all-encompassing. A senior level Crisis Management Team met twice daily to ensure rapid reactions to fluid situations and to coordinate the overall response to the pandemic. Immediate actions were taken to develop a supply chain for pandemic-related consumables and safeguard business continuity at multi-site operations. The pandemic also required a swift response in terms of technology capabilities. Shortly after the lockdown, nearly 1,800 bank staff were provided with laptops and secure VPN internet connectivity. The technology team successfully moved all test and development environments to the cloud. Extensive use was made of collaboration tools such as Teams and Zoom.

2020 was also the year in which digital onboarding of customers came into its own, driven by the Roshan Digital Account initiative, which allows customers to open accounts within minutes without the need to visit branches in person. In 2021 we expect that account opening for regular branch customers will also move towards a channel-agnostic digitally enabled self-service model. On the infrastructure side, a software defined wide area network, the first of its kind in the country, was successfully implemented across all branches. HBL also championed a successful channel migration strategy to migrate customers from branch counter transactions to alternate channels including ATMs, Mobile Banking, Konnect and IVR. This initiative succeeded in reducing routine counter transactions by 23%. Additionally, it provided the ease and convenience of self-service to customers, eased crowding in branches and also enabled branch staff to provide better customer service for non-routine transactions.

With the conclusion of its Business Transformation program in Pakistan, focus turned to implementation at international locations. Several workstreams were implemented in a number of countries and the remaining will be completed in 2021. HBL also established a Risk, Compliance and Control Unit. This will function as a centralized unit, drawing together existing resources under one coherent umbrella to streamline and realize efficiencies in the control testing process.

In 2020, HBL's flagship platform, HBLPSL, took place in Pakistan in its entirety, serving to create an even more positive brand association. This was the fifth edition of HBL's sponsorship of the single largest sporting event in the country. Unfortunately, due to the pandemic, the last four matches, including the final, had to be postponed and were held in Nov '20 in a no-spectators environment to safeguard the health and safety of players and fans. HBL is proud to have won the prestigious Effie Award 2020 for Passion for Pakistan for its efforts behind the mission to bring international cricket back home through HBLPSL.

In line with its spirit of public private partnership, HBL supported several Government and SBP initiatives. The Bank partnered with the SBP on a TV campaign for the Pakistan Remittance Initiative to market digital remittance channels and continues to promote the Roshan Digital Account. HBL launched its first ever Islamic positioning campaign; this was delivered via Home Finance and the GoP's Mera Ghar, Mera Pakistan campaigns.

In 2020, the Bank's brand building efforts took a conscious turn towards profiling the Bank's digital products and services. The Bank invested heavily in its first ever TV campaign for HBL Mobile, while a digital-centric campaign promoted instant personal loans through HBL Mobile. Other significant campaigns announced the introduction of tap & pay/contactless cards and the expansion of HBL's POS network. HBL won two prestigious accolades held under the aegis of the Pakistan Digital Awards, including Best Banking Tech of the Year and Best Digital Campaign for Konnect by HBL. The Bank continued to enhance its use of social media to market its products and services and served more than 2 billion impressions, a growth of 75% over 2019. The Bank's digital marketing efforts were recognized locally and internationally as evident by a prestigious win for Best Use of Social Media at the World Finance Awards.

Human Resources

2020 brought with it numerous Covid-related people challenges. HBL responded swiftly to safeguard its employees and their financial well-being. With banking considered as an essential service during the pandemic, a majority of the branch network remained operational, with 70% of employees working from their branches and offices to provide uninterrupted service to customers. Robust safety protocols were implemented, and continuous support was extended to staff and their families through strict enforcement of Standard Operating Procedures and enhanced communication, including a mandatory e-learning module on Covid. Remote working, flexible work arrangements and split team rotation plans were rapidly implemented early on in the pandemic. This ensured that critical employees were able to work remotely from their homes, thus seamlessly managing work and also minimizing the risk of exposure, while enabling the Bank to provide effective delivery of banking services to customers and timely regulatory compliance. The Bank also adopted a process of aggressive testing for staff who showed symptoms and those who may have been exposed to the virus. With a team of doctors, over 6,000 staff and their family members were supported. An industry-leading Employee Assistance Program was launched which provided complete financial support to employees for all covid-related medical expenses and an interest free loan to help employees with covid-related medical expenses for their close relatives.

The Bank leveraged technology to automate processes and moved learning from classroom to virtual instruction mode. The end-to-end process for hiring of Management Trainees as well as front-line cash officers was automated with the inclusion of an online application submission, gamified simulation for selection, online assessment centres and virtual interview sessions. The 21 Management Trainees of 'The League' and other employees onboarded were trained virtually, prior to deploying them in the roles. 253 programs were delivered through over 2,700 virtual sessions covering over 66,500 participants.

Our efforts in promoting women in the workforce continued during the year with directed interventions for recruiting and retaining women. Resultantly, we were able to reach a diversity ratio of 18.2% by year end. We will continue to strive towards our aspirational target of 25% women in HBL by 2025. These efforts culminated in HBL winning the Recruitment & Development award by GDIB Awards in recognition of the Bank's efforts towards consistently driving the diversity and inclusion agenda.

As part of the cultural transformation, the refreshed organizational values and related behaviours for employees and leaders were rolled out as planned. Over 16,000 employees went through virtual sessions to understand the behaviours that are expected of them as employees and leaders. This will continue to be a focus area in the years ahead with the planned incorporation of these behaviours into the annual assessment process.

Risk Management Framework

HBL has a well-developed, robust, risk management framework given its operational complexity, its size, and geographical and target market diversification. The Bank's risk management framework is based on strong Board oversight, multi-tier management supervision, efficient systems, documented risk appetite, and clearly articulated policies and procedures. The Bank continuously evaluates its risk architecture and governance framework through the Board Risk Management Committee (BRMC) which monitors, assesses and manages the risk profile of the Bank on an ongoing basis. Various risk committees at the senior management level are responsible for oversight and execution while day-to-day risk management activities are delegated to different levels through multi-tier management supervision and clearly articulated policies and procedures.

Given the prevailing stressed economic scenario, the Bank has strengthened its credit management practices through regular Early Alert Committee meetings and rapid portfolio reviews in order to ascertain the impact of stress variables on its credit portfolio. The Covid pandemic has taken a toll on businesses and economies. To closely monitor the situation and gauge portfolio quality, the Bank regularly conducts Covid impact assessments for both its domestic and international credit portfolios.

Market risk and liquidity risk indicators are reviewed on a monthly basis by the Market & Liquidity Risk Committee and by Global ALCO at the trading book as well as at the balance sheet level. A comprehensive structure is in place to ensure that the Bank does not exceed its qualitative and quantitative tolerance for market risk.

Policies and procedures are in place to govern operational risk management practices in a systematic and consistent manner. Key tools such as Risk & Control Self-Assessment, Key Risk Indicators and Operational Loss Data Management are used to gauge the likelihood and severity of operational risk incidents. The Bank's operational risk profile and fraud risk assessment are regularly shared with senior management and the BRMC.

The consumer lending business maintained its growth momentum despite Covid. To minimize the impact of lending in high-risk areas which were directly impacted, several policy measures were adopted, and collections monitoring was enhanced to avoid slippages. Lending through digital channels has also shown growth, both for personal loans as well as for credit cards. To manage losses arising due to fraud risk inherent in the cards business and to enhance customer satisfaction, transaction monitoring systems by VISA, MasterCard and 1-LINK have been deployed. New initiatives to expand the car loan product have resulted in substantial increase in new business. The program-based lending team has partnered with the business in the development of policies and procedures for low cost housing, and displayed industry thought leadership by designing credit worthiness assessment tools and data analytics of the NAPHDA data. New application scorecards have been developed and implemented for the Small Business Finance Portfolio and for Rural Lending, to strengthen underwriting and portfolio management.

Recent changes have included the introduction of a Risk Governance function. An Enterprise Risk Management department has also been established to consolidate and align risk approaches across HBL. This is expected to bring synergies and strengthen the risk monitoring and controlling mechanism in the Bank.

The Bank continued to strengthen the management of Compliance and Financial Crime risk at home and in international markets. Compliance programs, policies and systems were aligned to global best practices and also to local regulatory standards where needed, duly reflecting the outcomes of National Risk Assessments, as applicable. The alignment of

HBL's existing portfolio and de-risking in line with the Bank's risk appetite and Financial Crime Risk Assessment remains an ongoing activity.

Capacity building and skills enhancement remained an area of focus across HBL markets. Awareness building was extended to the first line functions in line with the spirit of the three lines of defence model that is integral to sustainable execution of HBL's Compliance program. The Compliance Committee of Management served as senior management's link to the Board Compliance and Conduct Committee (BCNC) which maintains oversight of Compliance risk.

HBL's Whistleblowing program is directed at safeguarding the Bank's integrity and reputation and aims to increase employee empowerment in reporting suspected cases of fraud, corruption, harassment and other serious infringements of the Bank's Code of Conduct. During the year, further efforts were made to spread awareness of the various communication channels available for lodging complaints.

The above measures have collectively led to the evolution of a compliance-sensitive culture at HBL. The tone at the top is clear, as evidenced by the support from the Board, the BCNC and the President.

It is vitally important for HBL to protect its customers and their data from cyberattacks and large-scale data breaches. Information Security plays a pivotal role in protecting HBL's data assets from both internal and external threats through effective cyber security risk management, supported by preventive and detective controls capable of responding to emerging external threats.

The new remote-working models under the pandemic offered opportunities to cyber-criminals. This was compounded by the Bank's digitization initiative, the changing threat landscape and the rise of social engineering frauds. An extensive internal awareness campaign was launched to provide specific training and guidance on information security related matters. This was supplemented by targeted awareness campaigns for customers. Security protocols for remote working were implemented, enabling employees to work in a secure and seamless manner, thus ensuring continuity of business.

Our sustained efforts to provide secure banking services to our customers led to the protection of our entire network. We retained our PCI DSS certification, which is the de facto security standard for the Payment Card Industry. We also successfully passed our annual audit for the ISO 27001 Information Security Management System Certification.

Strong authentication and behavioural analytics of customers over digital channels are essential controls against prevention of rising cyber/fraud threat. In line with the expected increase in adoption of cloud-based computing, the Bank plans to increase its focus on cloud security. Enhancement of data loss prevention measures, identity and access management, and strengthening security controls over alternate delivery channels will remain key focus areas. Customers themselves are an important component of the security process and their continuous education about cyber-risks will remain an important component of the Bank's defense strategy. These measures will allow HBL to offer innovative digital solutions to its clients while ensuring them protection and peace of mind.

Corporate Social Responsibility (CSR)

Giving back to the country and the communities that we serve is part of HBL's strategic agenda. The Bank continues to support multi-sectoral initiatives in health, education and community welfare that encourage financial inclusion, particularly focusing on important linkages between health and education as sustainable pillars. To promote sustained economic and social uplift of the communities it serves, HBL contributes 1% of its annual profit after tax to the HBL Foundation, which was established in 2009 to promote the development of the underserved and underprivileged sections of society, empowering them to improve their quality of life. During 2020, the Bank donated Rs 527 million, both to the Foundation and directly to deserving causes; this is an 84% increase over the Bank's 2019 commitment. HBL collaborates closely with non-profit organizations, government, and other community partners to deliver upon its corporate social responsibility and sustainable banking agenda.

In 2020, the Foundation has contributed Rs. 133m to health-related projects, which included developing state-of-the-art medical facilities in Chitral and public and private sector hospitals in Karachi, that are bringing in path-breaking technologies for cancer treatment and pediatrics. In addition to this, HBL and the Foundation have together given over Rs. 190 m towards improving curriculum and teacher training in Government schools and establishing facilities for faculties of arts and sciences. The Foundation has also helped develop a football facility in the underprivileged area of Lyari to contribute to improving the quality of life of the children of the area.

2020 was an extremely challenging year and giving back to the communities was especially critical as the Covid pandemic wreaked havoc across the country. HBL ably demonstrated its commitment to go to extraordinary lengths to help the communities it operates in. Access to food was one of the fundamental social challenges resulting from the crisis as lockdowns resulted in increased unemployment. With a presence across the country, the Bank distributed ration bags to deserving families, benefitting over 180,000 people from this effort. The entire initiative was undertaken by HBL staff volunteers while the distribution was led by HBL's branch network. Employee volunteering is a point of pride for the Bank.

HBL and Serena joined hands to provide 30,000 meal-boxes over a period of one month across seven cities, to front-line medical professionals. The collaboration provided specially prepared meal-boxes twice a day, at 20 Covid-designated hospitals and health camps. The Bank also donated 50,000 face masks to the National Disaster Management Authority as part of its relief efforts.

Donations to the HBL Foundation and others are disclosed in Note 28.3 to the financial statements.

Credit Ratings

In June 2020, the Bank's credit ratings were re-affirmed by VIS Credit Rating Company Limited at AAA/A-1+ for long term and short term respectively. The rating of its subordinated Tier II TFC was also reaffirmed at AAA and the rating of the TFCs issued as Additional Tier 1 Capital in September 2019 have been reaffirmed as AA+. The Outlook on all ratings is Stable. The ratings incorporate HBL's position as the largest commercial bank in the country and the strong momentum in its domestic business, and reflect its sound asset quality, robust liquidity and systemic importance. Moody's also reaffirmed HBL's local currency deposit ratings at B3, the baseline credit assessment at caa1 and upgraded the foreign currency deposit rating from Caa1 to B3 in line with rating actions taken on the sovereign.

Future Outlook

Despite the obvious linkage to the pandemic, the economic downturn in 2020 pre-dates Covid and was in large part due to structural issues, many of which have, or are in the process of, being addressed. Consequently, economic indicators such as fuel consumption, auto sales and cement offtake are indicating a reasonably strong economic recovery. A large part of the import growth in H1FY'21 was admittedly in "good" imports such as capital goods; the focus on the housing and construction sector – spurred by mandatory lending targets – will help in sustaining growth across the economy. The IMF is projecting 4% growth for FY'22 which, given the structural and cyclical tailwinds, could even be exceeded.

Inflation remains the key risk to this relatively positive outlook. The SBP expects inflation to average within the range of 7% – 9% for FY21; however, inflation is likely to end FY'21 well into double digits as the base effect kicks in. While core inflation remains benign, the increase in international oil prices, revision in utility tariff rates and future uptick in food prices all pose upside risks to the inflation outlook. The positive surprise of remittances could normalize in 2H'21, putting pressure on the current account. The imminent resumption of the IMF programme – expected by Q2'21 – is a positive development as it could open doors for further capital inflows, providing continued stability to the external account and the currency.

While the second wave of infections has been more elongated, there is cause for optimism. The authorities have learned to respond to outbreaks with targeted lockdowns which have a relatively limited impact on economic activity. The expected distribution of the Covid vaccine in March should help engender confidence and an improvement in health statistics.

HBL's results for the year are a reflection of its commitment and focus on customers who are the reason for our existence and have supported us through generations. Our several years of technology investment have borne fruit in this most tumultuous of years – enabling us to seamlessly adapt to the demands of a new way of life. At HBL, the technology company with a banking license, as we see an acceleration of digital usage, we are responding with speed and agility to ensure that our customers are provided with innovative and state-of-the-art solutions tailored to their unique needs.

HBL and Pakistan are intertwined – as the country's pre-eminent bank, HBL has, and always will be in the forefront of supporting the country. At this critical juncture caused by the pandemic, HBL has stepped up across all facets of its business. With our model of public-private partnership, we have provided thought leadership across a swathe of areas, from low-cost housing to supporting the Government in developing a national compliance framework to attracting inflows through the Roshan Digital Account, for which we have just received an award for our leadership. HBL has been the leader in using the liquidity and funding assistance made available by the SBP to ensure the continued flow of credit to the real sector. We are particularly humbled and honoured to have been chosen to assist the Government in its efforts to protect the poorest segments of society through the Ehsaas program.

Over the past three years, HBL has transformed – its people, its processes and its philosophy. We move forward, having laid the platform for growth, with healthy capital, a strong sense of purpose and responsibility, and all key vectors aligned – Insha Allah towards a brighter future for us all.

Dividend

It is HBL's stated intention to support the real economy and its generations of clients. We plan to continue deepening existing relationships as well as developing new business streams, both of which will require strong capital buffers. HBL believes that this approach will create greater shareholder value over the longer term, and hence there is a need for a higher level of profit retention than previously.

The Board has recommended a final cash dividend of Rs 3.00 per share for the year ended December 31, 2020, bringing the total cash dividend for the year to Rs 4.25 per share. The Board had earlier declared and paid an interim cash dividend of Rs 1.25 per share.

Meetings of the Board

	Board Meeting	
	Meetings held during tenure	Attendance
Mr. Sultan Ali Allana	8	8
Mr. Salim Yahya Chinoy	8	8
Mr. Shaffiq Dharamshi	8	8
Mr. Moez Ahamed Jamal	8	8
Ms. Diane Elizabeth Moore	8	8
Mr. Salim Raza	8	8
Dr. Najeeb Samie	8	8
Mr. Muhammad Aurangzeb	8	8

Meetings of Board Committees

	Board Audit Committee		Board Risk Management Committee		Board Human Resource and Remuneration Committee		Board Compliance & Conduct Committee	
	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance
Mr. Sultan Ali Allana	N/A	N/A	N/A	N/A	5	5	N/A	N/A
Mr. Salim Yahya Chinoy	8	8	N/A	N/A	N/A	N/A	8	8
Mr. Shaffiq Dharamshi	N/A	N/A	7	7	5	5	N/A	N/A
Mr. Moez Ahamed Jamal	8	8	N/A	N/A	N/A	N/A	8	8
Ms. Diane Elizabeth Moore	N/A	N/A	N/A	N/A	N/A	N/A	8	8
Mr. Salim Raza	N/A	N/A	7	7	N/A	N/A	N/A	N/A
Dr. Najeeb Samie	8	8	N/A	N/A	5	5	N/A	N/A
Mr. Muhammad Aurangzeb	N/A	N/A	7	7	N/A	N/A	N/A	N/A

	Board Development Finance Committee		Board Nomination & Remuneration Committee*		Board IT Committee		Board Oversight Committee – International Governance	
	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance
Mr. Sultan Ali Allana	3	3	N/A	N/A	N/A	N/A	5	5
Mr. Salim Yahya Chinoy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Shaffiq Dharamshi	N/A	N/A	1	1	N/A	N/A	N/A	N/A
Mr. Moez Ahamed Jamal	N/A	N/A	1	1	N/A	N/A	N/A	N/A
Ms. Diane Elizabeth Moore	N/A	N/A	N/A	N/A	4	4	N/A	N/A
Mr. Salim Raza	3	3	1	1	4	4	N/A	N/A
Dr. Najeeb Samie	N/A	N/A	1	1	N/A	N/A	5	5
Mr. Muhammad Aurangzeb	3	2	N/A	N/A	4	3	5	5

*The Board Remuneration Committee (BRC), formed in 2019, was dissolved when the Board of Directors, in its meeting held on June 17, 2020, formed the Board Nomination & Remuneration Committee (BNRC) to cover the scope of both the BRC and Board nominations. No meetings of the BRC were held in 2020, prior to that date.

The Board Oversight Committee – New York (BOC-NY) was dissolved on April 22, 2020. No meeting was held in 2020, prior to that date

The Board of Directors, in its meeting held on July 24, 2020, formed the Board Oversight Committee – HBL UAE as a non-remunerative committee with the specific purpose of monitoring the implementation of the action plan on issues identified by the UAE Central Bank in its Inspection Report. This Committee comprised of 3 members: Mr. Sultan Ali Allana, Mr. Moez Ahamed Jamal and Mr. Muhammad Aurangzeb. Six (6) meetings of the committee were held and were attended by all members. The committee was dissolved on December 18, 2020.

Meetings of the Shariah Board

	Shariah Board Meeting	
	Meetings held during tenure	Attendance
Dr. Muhammad Zubair Usmani (Chairman)	4	4
Dr. Ejaz Ahmed Samadani (Member)	4	4
Mufti Muhammad Yahya Asim (Resident Shariah Board Member)	4	4

Auditors

The current auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, retire and, having completed a 5 year term, are no longer eligible for reappointment as per the Code of Corporate Governance. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommends the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2021 at a fee of Rs 27.901 million with out of pocket expenses and taxes to be paid at actuals.

Statement on Corporate and Financial Reporting

The Board is committed to ensuring that the requirements of corporate governance set by the Securities and Exchange Commission of Pakistan are fully met and the Directors are pleased to report that:

a) The financial statements prepared by the management of the Bank present a true and fair view of the state of its affairs, operational results, cash flows and changes in equity.

b) Proper books of accounts of the Bank have been maintained.

c) Accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) The Bank has followed International Financial Reporting Standards (as applicable to Banks in Pakistan) in the preparation of its financial statements and there is no departure from the said standards.

e) As a continuous process, efforts have been made to effectively implement the internal control system. HBL follows the SBP Internal Control Guidelines, including the roadmap and the guidelines for Internal Controls over Financial Reporting (ICFR). The Bank has evaluated its ICFR process and developed a Framework document for the management of ICFR, including a Management Testing and Reporting Framework.

f) There are no doubts about the Bank's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance as detailed in the Code.

h) Key operating and financial data for the last six years is presented in the financial statements under the section "Growth 2015 to 2020 – Consolidated".

i) The Directors, CEO, CFO and Company Secretary have confirmed that neither they nor their spouses are engaged in the business of stock brokerage.

j) Audit, Human Resource and Remuneration, Risk Management, IT, Compliance and Conduct, Development Finance, Board Oversight for International Governance, and Nomination & Remuneration Committees constituted by the Board are functioning efficiently in accordance with their Terms of Reference. The Board has held eight meetings in the year, including at least once in every quarter.

The Board is pleased to endorse the statement made by the management relating to Internal Controls. The Statement of Internal Control, the Statement of Compliance with the Code, the Review Report on Statement of Compliance with the Code and the Auditors' Reports are attached to the Financial Statements.

Value of Investments in Employee Retirement Benefits Funds

The table below shows the value of the investments of the provident, pension, gratuity and benevolent funds maintained by the Bank, based on their audited financial statements as at December 31, 2020.

	Rupees in million
Employees' Provident Fund	5,636
Employees' Pension Fund	6,056
Employees' Gratuity Fund	2,289
Employees' Benevolent Fund – Executives and Officers	1,677
Employees' Benevolent Fund – Clerical and Non-Clerical	841

Pattern of Shareholding

The pattern of shareholding as at December 31, 2020 and the trading in the Bank's shares by Executives, as defined by the Board of Directors under the Code, is given in the Annual Report under the requirements of the Code.

Parent Company

As disclosed in Note 1.1 of the financial statements, the Aga Khan Fund for Economic Development (AKFED) S.A., is the parent company of the Bank and its registered office is in Geneva, Switzerland.

Training programs attended by Directors

A majority of the Directors have previously attended an SECP approved Directors' Training program and are certified as Directors in accordance with the Code.

In October 2020, a training session on the Shariah Governance Framework for Islamic Banking Institutions was conducted for the Board by a recognized external trainer. The session encompassed various aspects of the Framework and trends in Islamic Banking at the domestic as well as the global level.

In December 2020, a Board training session was conducted by an International AML expert and focused on the latest developments in the continuously evolving AML/CFT landscape and the role of FATF.

Board Performance Evaluation

HBL's Board has opted for an annual evaluation of the Board and its Committees, which was carried out by the Pakistan Institute for Corporate Governance in 2020. The evaluation assessed performance both as a Board as well as at the individual Director level, and covered Board Composition, Strategic Planning, Board & CEO Effectiveness, Board Information, Board Committees, Board Procedures and the Control Environment.

Composition of the Board and Board Committees

The composition of the Board and details of Board Committees are given in the Statement of Compliance with the Code of Corporate Governance.

The Board has the following committees for providing support in strategic direction and enhanced oversight. The board committees function as per their respective Terms of Reference (TORs) approved by the Board. A brief description of the functions of each sub-committee, is as follows:

Board Audit Committee (BAC): The BAC facilitates the Board in setting the 'tone at the top' for a strong and effective system of internal controls. The Committee reviews the adequacy and effectiveness of the Bank's internal control environment, including operational controls, provides oversight to the Bank's Internal Audit function and monitors the progress of the risk-based annual audit plan. The BAC also reviews the Bank's financial statements and associated matters before recommending them to the Board for approval; as part of this process, the Committee also interacts with the External Auditors of the Bank and recommends the appointment, both of the statutory auditors, as well as of overseas auditors, to the Board. The BAC is also responsible for monitoring the implementation of new accounting standards; in particular, the Board has designated the BAC as the Committee responsible for oversight of the implementation of IFRS 9 in HBL. For areas that are under its purview, the BAC recommends policies to the Board for approval.

Board Risk Management Committee (BRMC): The Committee is responsible for oversight and advice to the Board on risk related matters, including governance, with respect to the Bank's risk appetite and profile. The BRMC also ensures the structure and completeness of the Bank's internal risk framework in relation to the risk profile, and the development and maintenance of an independent, supportive and proactive risk management culture. The Committee also takes a forward-looking approach to ensure that evolving risks are identified and mitigated.

Board Human Resource and Remuneration Committee (BHRRC): The Committee recommends key Human Resources and Remuneration policies including major terms of employment and benefits, Performance Management and Compensation Plans for all key executives and other staff members of the Bank. It also reviews and recommends policies for staff training, career development, talent management and succession planning in line with relevant regulatory requirements and best practices.

Board Compliance & Conduct Committee (BCNC): The Committee supports the Board in inculcating a strong compliance and conduct culture across the Bank. It acts as an oversight authority for monitoring the Bank's compliance with legal and regulatory requirements and internal policies and procedures, including the code of conduct/ethics. The Committee also reviews compliance and conduct related controls, escalation mechanisms and the reporting of various compliance matters including financial crime, regulatory and conduct risks. The area of addressing and investigating whistleblowing complaints also falls mainly within the ambit of the BCNC.

Board Development Finance Committee (BDFC): The Committee assists the Board in providing strategic oversight for financial inclusion objectives, products and services for the underserved and unbanked segments and areas of the country, and initiatives that support the development of capital markets. A key focus area is to promote financial inclusion in the highly productive but underserved communities throughout the agriculture value chain.

Board IT Committee (BITC): The Board IT Committee reviews, evaluates and makes recommendations to the Board regarding the Company's major technology investment plans and strategies. The BITC also reviews the benefits and returns derived from technology spend. The Committee also focuses on digital initiatives that can help customer centricity, reduce costs and enhance revenues, and provides guidelines on engaging with Fintechs and using Cloud services. Further, the BITC ensures that effective oversight is provided to the Information Security function of the Bank and that the Information Security posture is aligned with the Bank's risk appetite.

Board Oversight Committee – International Governance (BOC-IG): The Committee assists the Board in providing oversight of governance in overseas business operations, including subsidiaries in accordance with the SBP's Governance Framework for Banks' Overseas Operations.

Board Nomination & Remuneration Committee (BNRC): The Committee assists the Board in identifying an appropriate structure, size and balance of skills on the Board as deemed necessary to support the strategic objectives and values of HBL for sustainable growth. The BNRC also recommends to the Board, the remuneration arrangements for Directors in line with the regulatory framework.

Appointment and Composition of the Shariah Board

To appoint a Shariah scholar, the management first conducts the screening of the proposed Shariah Board member in line with the SBP's Fit and Proper Criteria (FAPC). This is then forwarded to HBL's Board of Directors for approval, after which it is submitted to the SBP along with the filled FAPC form and Board approval and other supporting documents. After receipt of SBP's clearance, the management engages the member Shariah Board, executes the contract and informs SBP.

HBL's Shariah Board comprises of three members

Dr. Muhammad Zubair Usmani is amongst the most experienced Shariah Board Members. He completed his Takhassus fil Iftaa (Islamic Jurisprudence) and Shahdat ul Aalimiyah from Jamia Dar ul Uloom, Karachi. He holds a PhD in Islamic Finance from University of Karachi and a Masters degree in International Relations. He has been associated with the banking and financial services industry since 1999 and has provided Shariah Advisory services to various financial institutions. He also served as a member of the Shariah Board of the State Bank of Pakistan. Currently, he serves as Chairman of the Shariah Boards of HBL, UBL and Habib Metropolitan Bank and also provides Shariah Advisory services to MCB-Arif Habib Savings & Investments Ltd and Adamjee Family Takaful.

Dr. Ejaz Ahmed Samadani is an eminent Shariah scholar. He received his religious qualifications of Takhassus fil Iftaa (Islamic Jurisprudence) and Shahdat ul Aalimiyah from Jamia Dar ul Uloom, Karachi. He holds a PhD in Islamic Studies from Karachi University, a Masters degree in Islamic Studies from Bahauddin Zakariya University and an LLB from Sindh Muslim Government College. He has been associated with the banking and the financial services industry since 2004 and has provided Shariah Advisory services to various financial institutions locally and globally. Currently, he serves as a Shariah Board Member of HBL, UBL, Bank of Punjab and MCB-Arif Habib Savings & Investments Ltd. He also serves as the Chairman, Shariah Board of Maldives Islamic Bank.

Mufti Muhammad Yahya Asim received his religious qualifications of Takhassus fil Iftaa (Islamic Jurisprudence) and Shahdat ul Aalimiyah from Jamia Dar ul Uloom, Karachi. He also holds a Masters degree in International Relations, Arabic and Islamic Studies. Currently, he is pursuing a PhD from the University of Karachi. He has been associated with Islamic Banking and the financial services industry since 2004 and has provided Shariah Advisory services to HBL, Habib Metropolitan Bank, Atlas Asset Management, HBL Asset Management and TPL Window Takaful. Currently, he serves as the Resident Shariah Board Member of the HBL Shariah Board.

The Terms of Reference of the Shariah Board (SB) are in accordance with the Shariah Governance Framework issued by the SBP. These include, inter alia, the following:

- The SB is empowered to consider, decide and supervise all Shariah related matters of HBL. All decisions, rulings, fatawas of the SB shall be binding on the Bank whereas the SB shall be responsible and accountable for all its Shariah-related decisions.
- The SB shall ensure the development of a comprehensive Shariah compliance framework for all areas of operations of HBL Islamic Banking. All products or services to be offered by HBL Islamic Banking shall have prior approval of the SB.
- The SB shall approve all procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures so that they are in conformity with the rules and principles of Shariah.

Compensation of Directors

Pursuant to SBP's BPRD Circular No. 3 dated August 17, 2019, the shareholders of the Bank approved the Board Remuneration policy at the Annual General Meeting held on March 30, 2020. Under this policy, the Directors' fee for attending Board and Committee meetings is Rs. 600,000 per meeting. The policy also provides travel and daily allowance entitlements for Non-Executive Directors for business related travel.

The details of fees paid to the Directors are disclosed in Note 39.2 to the consolidated financial statements.

Compensation of Shariah Board Members

The Head, Islamic Banking recommends the compensation of Shariah Board members, based on industry practice, to the President. After approval of the President, it is forwarded to the Head HR for recommendation to the Board Human Resource and Remuneration Committee. The Committee reviews and recommends the compensation of Shariah Board members to the Board of Directors for approval.

At the 212th meeting of the Board of Directors, held on February 20 & 21, 2019, the Board had approved monthly remuneration of Rs. 350,000, Rs. 325,000 and Rs. 300,000 for the Chairman, Shariah Board, Resident Shariah Board Member and Member Shariah Board, respectively. The Resident Shariah Board Member is also entitled to fuel reimbursement and car allowance.

As per their contract of employment, The Shariah Board members are entitled to travel and daily allowance as per the Bank's Travel Policy in accordance with their grades.

The details of remuneration paid to Shariah Board Members are disclosed in Note 39.3 to the consolidated financial statements.

Appreciation and Acknowledgement

On behalf of the Board and management, we would like to place on record our appreciation for the efforts of our regulators and the Government of Pakistan, in particular the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan. In these unprecedented times, they have stepped up throughout the year with policies and measures that are prudent, proactive and balanced, protecting the economy, customers and people of Pakistan, while also safeguarding the integrity and soundness of the banking and financial services industry.

We are indebted to our customers, many of whom have banked with us for generations, and who continue to entrust us with their business and confidence. Our shareholders have provided steadfast support and to them, and to all our stakeholders, we are deeply grateful. The Board and the management remain committed to maintaining the highest standards of governance and we assure our stakeholders that we will be industry leaders in this area.

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches, who continue to brave these hazardous conditions to ensure that our customers are able to meet their critical needs in this time of crisis. They are our heroes and heroines and we salute them for their dedication and tireless efforts.

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

February 17, 2021

ڈائریکٹرز رپورٹ-2020ء

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے سال مختتمہ 31 دسمبر 2020ء کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

2020ء میں ملکی معیشت کی کارکردگی دو حصّوں میں بٹی رہی۔ سال کے آغاز میں، معیشت کی بحالی کی ابتدائی علامات نظر آنا شروع ہوئیں جو اس سے پہلے استحکامی منصوبوں کے باعث سست روی کا شکار تھی۔ عالمی وبا پھوٹنے کے بعد لاک ڈاؤن کے نفاذ اور کاروباری سرگرمیاں متاثر ہونے کے باعث، مالی سال 2020ء میں پاکستان کے GDP میں 0.4٪ سے کمی ہوئی اور 70 سالوں میں پہلی بار شرحِ نمو منفی میں جا پہنچی۔ جیسے جیسے پاکستان وبا سے نسبتاً محفوظ رہتے ہوئے اُبھرنا شروع ہوا تو ملکی معیشت نے بھی مالی اور زری محرکات کی مدد سے دوسری طرف کروٹ لی۔ بڑے پیمانے پر اشیا سازی کی صنعت (LSM) کے احیا کا دائرہ کار وسیع رہا، جس کے بیشتر ذیلی شعبوں میں بہتری نظر آئی اور مالی سال 2021ء کی پہلی ششماہی میں LSM انڈیکس میں 8.2٪ کا اضافہ ہوا۔ اگرچہ کپاس میں خسارے کی توقع ہے، لیکن امکان ہے کہ گندم اور دیگر فصلوں کی بہتر پیداوار اس نقصان کی تلافی کردے گی۔ مالی سال 2021ء کے لیے GDP میں اضافے کا تخمینہ 2.0٪ ہے جو موجودہ وبا کے پیشِ نظر خاصے معقول نتائج ہیں۔ مالی سال 2021ء کی پہلی ششماہی کے دوران رسد کے مسائل کے باعث اشیائے خورد و نوش کی قیمتیں غیر مستحکم رہیں اور افراطِ زر میں انتہائی اضافے کا سبب بنیں؛ جو اس سے پہلے خاصا معتدل رہا تھا اور جنوری 2021ء میں افراطِ زر 2 سالوں کی کم ترین شرح 5.7٪ تک آ گیا جبکہ مالی سال 2021ء کے 7 مہینوں کا افراطِ زر اوسطاً 8.2٪ تک پہنچ چکا ہے جو گزشتہ سال کے اسی عرصے میں 11.6٪ رہا تھا۔

مالی سال 2021ء کی پہلی ششماہی کے لیے برآمدات اگرچہ 4.8٪ کم ہیں لیکن کورونا وائرس سے پہلے والی صورتِ حال کے قریب قریب پہنچ چکی ہیں۔ دوسری جانب، درآمدات میں 4.8٪ اضافہ ہوا، جس میں تیل کے علاوہ دیگر درآمدی اشیا کو ایک نئی زندگی ملی ہے۔ نتیجتاً، تجارتی خسارہ سال بسال 17٪ اضافے کے ساتھ مالی سال 2021ء کی پہلی ششماہی میں 11.4 ارب امریکی ڈالر ہو گیا۔ ترسیلاتِ زر گزشتہ سات مہینوں سے مسلسل 2 ارب ڈالر ماہانہ سے زیادہ رہی ہیں اور مالی سال 2021ء کی پہلی ششماہی میں سال بسال 25٪ سے بڑھی ہیں؛ نیز سفری پابندیوں اور SBP اور حکومت کے معاون پالیسی اقدامات نے سرکاری چینلوں کے استعمال میں اضافہ کیا ہے۔ یہ بڑھتے ہوئے تجارتی خسارے کی تلافی سے کہیں زیادہ ہے اور اس کے نتیجے میں پہلے چھ مہینوں میں کرنٹ اکاؤنٹ سرپلس 1.1 ارب امریکی ڈالر ہو گیا ہے۔

قرض کی ادائیگی کے ضمن میں، پاکستان G-20 کے قرض دہندگان سے مئی تا دسمبر 2020ء کے عرصے کے لیے 1.7 ارب امریکی ڈالر کا ریلیف حاصل کرنے میں کامیاب رہا اور جون 2021ء تک مزید 800 سے 900 ملین امریکی ڈالر کا ریلیف ملنے کی توقع ہے۔ اس کے اور کرنٹ اکاؤنٹ سرپلس کے اشتراک نے، بیرونی اکاؤنٹ کو مستحکم رکھا جہاں غیر ملکی زرِ مبادلہ کے ذخائر 20 ارب امریکی ڈالر سے زائد رہے ہیں۔ نتیجتاً، 2020ء کی چوتھی سہ ماہی میں روپے کی قدر میں 3٪ سے اضافہ ہوا۔ اس کے علاوہ حال ہی میں پیش کردہ روشن ڈیجیٹل اکاؤنٹس پر بھرپور ردِ عمل سامنے آیا اور ان اکاؤنٹس میں موجود رقم 500 ملین امریکی ڈالر سے تجاوز کر چکی ہے۔

مالی سال 2021ء کی پہلی ششماہی میں مالی خسارہ GDP کا 2.5٪ ریکارڈ کیا گیا جو گزشتہ سال اسی عرصے میں 2.3٪ تھا۔ مالی نظم و ضبط کے لیے حکومتی عزم 0.7٪ کے بنیادی سرپلس کی صورت میں ظاہر ہوا؛ جبکہ قرض کے واجب الادا سود میں 15٪ اضافے کا نتیجہ اضافی خسارے کی شکل میں نکلا۔ FBR کی کارکردگی درست سمت میں گامزن رہی اور محصولات کی وصولی 6٪ زیادہ رہی اور مالی سال 2021ء کی پہلی ششماہی کے اہداف تقریباً حاصل ہو چکے ہیں۔ EFF پروگرام کے دوبارہ آغاز کے لیے پاکستان اور آئی ایم ایف کے درمیان عملے کی سطح تک معاہدہ ہو چکا ہے جو اپریل 2020ء میں ریپڈ فنانس انسٹرومنٹ کی تقسیم کے بعد سے معطل تھا۔ آئی ایم ایف بورڈ کی منظوری کے بعد سال 2021ء کی دوسری سہ ماہی کے آغاز میں 500 ملین امریکی ڈالر وصول ہو سکتے ہیں۔ توقع ہے کہ آئی ایم ایف بینکوں اور انرجی ریگولیٹرز کی مزید خود مختاری، اور مالی استحکام پر زور جاری رکھے گا اور محصولات کا دائرہ کار بڑھانے اور گردشی قرضے ختم کرنے کی ضرورت کی تاکید کرے گا۔

پہلی سہ ماہی میں شرحِ فروخت میں تیزی سے کمی کے باعث 5 سالوں کی کم ترین شرح پر آنے کے بعد، سال کی دوسری ششماہی میں ایکویٹی مارکیٹ میں ترقی کا رجحان رہا اور مکمل سال کے لیے 7.4٪ کی شرح حاصل ہوئی۔ بحالی کا یہ عمل سازگار زری اور مالی پالیسیوں کے مرہونِ منت تھا، جس نے معاشی سرگرمی اور کارپوریٹ منافع کو بہتر بنایا۔

وبا کے آغاز کے ساتھ، SBP نے فوراً پیش قدمی کی اور معیشت کو سہارا دینے کے لیے کئی اقدامات کرتے ہوئے رعایتی فنانس اسکیموں کی بڑی تعداد متعارف کروائی اور معمول سے ہٹ کر متعدد زری پالیسی کے اعلانات کے ذریعے تیزی کے ساتھ پالیسی ریٹ میں 625 بی پی ایس کی کمی کی۔ جون 2020ء سے، پالیسی ریٹ 7.0٪ کی شرح پر برقرار رہا ہے تاکہ ملکی معیشت کی بحالی کے لیے سازگار ماحول کی فراہمی جاری رکھی جائے۔ مرکزی بینک نے حال ہی میں پہلی بار مستقبل کے بارے میں رہنمائی فراہم کرتے ہوئے بیان دیا ہے کہ مختصر مدت میں شرحِ سود برقرار رہنے کی توقع ہے۔ 2020ء کے بیشتر عرصے میں نجی شعبے کی جانب سے قرض کی طلب معمولی رہی، جہاں

ذخائر میں اُتار چڑھاؤ

	2020	2019
	ملین روپے	
بعد از محصول منافع	**30,913**	15,500
افتتاحی غیر تخصیص شدہ منافع	**114,550**	101,606
بینک ایکویٹی کے حامل افراد کے لیے قابلِ ادائیگی منافع	**30,892**	15,333
لیکویڈیشن کے تحت سبسڈری پر (محفوظ)/ شناخت کردہ موخر ٹیکس اثاثہ جات	**(109)**	109
وضاحت شدہ منفعت کی ذمہ داریوں پر (نقصان)/ منافع کی دوبارہ پیمائش۔ محصول کا خالص	**(149)**	86
عمومی ذخائر سے منتقل شدہ	**–**	6,074
اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ۔ محصول کا خالص	**51**	415
	30,686	22,016
مناسب کارروائی کے لیے دستیاب منافع	**145,236**	123,622
مختلف مدوں میں رکھی گئی رقوم:		
قانونی ذخائر میں منتقل شدہ	**(3,360)**	(1,738)
نقد منافع منقسمہ۔ حتمی	**(1,834)**	(1,834)
پہلا نقد عبوری منافع منقسمہ	**(1,834)**	(1,834)
دوسرا نقد عبوری منافع منقسمہ	**–**	(1,834)
تیسرا نقد عبوری منافع منقسمہ	**–**	(1,834)
مجموعی مناسب کارروائیاں	**(7,028)**	(9,072)
اختتامی غیر تخصیص شدہ منافع	**138,208**	114,550
فی حصص (شیئر) آمدنی (روپے)	**21.06**	10.45

سرمائے کا تناسب

2020ء کی پہلی سہ ماہی میں، وبا کے آغاز کے ساتھ ہی، SBP نے صنعتوں اور کاروباروں کو کریڈٹ کی فراہمی یقینی بنانے کے لیے کیپٹل کنورزیشن بفر (CCB) کی شرائط میں 100 بی پی ایس کی کمی کر دی۔ اس کے نتیجے میں TierII سرمائے کے اضافی 5.7 ارب روپے (42 بی پی ایس) پیمائش کے اہل ہو گئے۔ دسمبر 2020ء میں، HBL کا Tier1 CAR دسمبر 2019ء کے مقابلے میں 102 بی پی ایس کے اضافے کے ساتھ 13.47٪ ہو گیا، جبکہ مجموعی CAR اسی دورانیے کے لیے 15.35٪ سے بڑھ کر 17.24٪ ہو گیا۔ مضبوط منافع، منافع منقسمہ کی ادائیگی پر ریگولیٹری پابندیوں اور CCB کی رعایت نے CAR کی مضبوطی میں کردار ادا کیا۔

دسمبر 2020ء میں، بینک نے موجودہ Tier2 کے سب آرڈینیٹڈ ڈیٹ TFCs پر اپنا کال آپشن استعمال کیا۔ یہ 19 فروری 2021ء کو مکمل طور پر قابلِ ادا ہوں گے۔ نتیجتاً یہ مجموعی Tier2 سرمائے میں شامل نہیں ہیں۔

کاروباری ترقی

2020ء میں HBL نے اپنے برانچ نیٹ ورک کے ذریعے 650,000 سے زائد نئے کسٹمرز شامل کر کے ڈپازٹ مارکیٹ کا 14٪ سے زائد شیئر برقرار رکھا۔ اس میں HBL آسان اکاؤنٹ کے 114,000 نئے کسٹمرز شامل ہیں، جو بینکاری سے محروم طبقے کی شمولیت کے لیے ایک اہم پروڈکٹ ہے؛ اب بینک کے آسان اکاؤنٹ کسٹمرز کی تعداد تقریباً 1 ملین ہو چکی ہے جن کا مجموعی ڈپازٹ بیلنس 12.3 ارب روپے سے زیادہ ہے۔

صنعتی قرضوں میں اضافہ صرف 4٪ رہا؛ جبکہ SBP کی عارضی معاشی امدادی سہولت کو سال کی دوسری ششماہی میں بھرپور ردِ عمل ملا اور مجموعی طور پر 278 ارب روپے کی فنانسنگ کی منظوری دی گئی۔ صنعتی ڈپازٹس کی افزائش جاری رہی جن میں دسمبر 2019ء کی سطح سے 22٪ اضافہ ہوا۔ بالخصوص اثاثہ جات کی قیمتوں میں ردّوبدل کے باعث، بینکنگ اسپریڈ میں 2019ء کے مقابلے میں 73 بی پی ایس کی کمی واقع ہوئی۔

مالیاتی کارکردگی

2020ء میں HBL کا بعد از محصول منافع 30.9 ارب روپے رہا جو گزشتہ سال کے مقابلے میں دگنا ہے۔ 2020ء کا منافع قبل از محصول 53.0 ارب روپے ہے جو 2019ء میں 28.9 ارب روپے تھا۔ فی حصص آمدن 2019ء کے 10.45 سے بڑھ کر 2020ء میں 21.06 ہوگئی۔ بینک کی مقامی فرنچائز نے، جو ادارے کی بنیاد ہے، تمام کاروباری شعبوں میں اپنی مارکیٹ پوزیشن بہتر بناتے ہوئے ریکارڈ منافع دیا۔

HBL نے اپنے ملکی ڈپازٹس میں 400 ارب روپے کا اضافہ کیا، جو اب 2.5 کھرب روپے سے تجاوز کر چکے ہیں، جس کے نتیجے میں مارکیٹ شیئر بڑھ کر 14.05٪ ہوگیا ہے۔ زیادہ تر ترقی کرنٹ اور بچت اکاؤنٹس میں ہوئی جن میں بالترتیب 116 ارب روپے اور 218 ارب روپے اضافہ ہوا۔ مجموعی کرنٹ اکاؤنٹس تقریباً 1 کھرب روپے ہوگئے اور بینک کے مجموعی ڈپازٹس 16.1٪ اضافے کے ساتھ 2.8 کھرب روپے سے تجاوز کرگئے۔ سال کی آخری سہ ماہی میں، جب معیشت کی بحالی کا آغاز ہوا تو HBL کے ملکی ایڈوانسز 10٪ اضافے کے بعد 1.0 کھرب روپے کا سنگِ میل عبور کرگئے؛ 2020ء میں ہمارا نمایاں کنزیومر پورٹ فولیو 25٪ اضافے کے ساتھ 75 ارب روپے سے بڑھ گیا۔ مجموعی ایڈوانسز 1.2 کھرب روپے تک پہنچ چکے ہیں جو دسمبر 2019ء سے 5٪ زائد ہیں۔

HBL کی اوسط ملکی بیلنس شیٹ میں 2019ء کے مقابلے میں تقریباً 400 ارب روپے اضافہ ہوا، جس میں ڈپازٹس میں بھرپور اضافے نے نمایاں کردار ادا کیا۔ شرح میں تیزی سے کمی کے ماحول کے باوجود، ڈپازٹ کی فوراً دوبارہ قدرپیمائی کے باعث، ملکی خالص سود کا مارجن بہتر ہوکر 5.7٪ ہوگیا، جبکہ اثاثہ جات کی دوبارہ قدرپیمائی 2020ء کی چوتھی سہ ماہی تک ہی مکمل ہوسکی۔ نتیجتاً مقامی خالص منافع آمدنی 2020ء میں 123 ارب روپے کی ریکارڈ سطح پر پہنچ گئی۔ بین الاقوامی بیلنس شیٹ میں بھی 2020ء کی چوتھی سہ ماہی میں تبدیلی کے اشارے نظر آئے اور آمدنی میں اضافے کا آغاز ہوا۔ چنانچہ 2020ء کے لیے بینک کی مجموعی خالص منافع آمدنی 2019ء کے مقابلے میں 28٪ اضافے کے ساتھ، 130 ارب روپے ہوگئی۔ مجموعی غیر سرمایہ آمدنی 27٪ اضافے کے بعد 30.6 ارب روپے ہوگئی، یہ اضافہ 7.8 ارب روپے کے حاصلاتِ سرمایہ کے باعث رہا جو مقررہ آمدن انسٹرومنٹس پر حاصل ہوئے۔ یوں 2020ء میں HBL کی مجموعی آمدنی 160 ارب روپے تک پہنچ گئی جو تاریخ میں سب سے زیادہ ہے۔

HBL نے اپنے ڈیجیٹل انفراسٹرکچر میں اور بہترین صلاحیتوں کے حامل افراد بھرتی کرنے اور برقرار رکھنے میں سرمایہ کاری میں اضافہ کیا۔ بینک نے اپنے لوگوں اور کسٹمرز کے تحفظ کے لیے، نیز اس غیر معمولی بحران کے موقع پر متاثرہ معاشروں کی مدد کے لیے 600 ارب روپے خرچ کیے۔ البتہ، نیویارک اور بزنس ٹرانفارمیشن کی لاگت میں کمی کے باعث، بینک کے انتظامی اخراجات کی نمو 2019ء کے مقابلے میں 2٪ تک محدود رہی۔ بینک کی لاگت سے آمدن کا تناسب اس صنعت کے معیارات کی جانب بڑھنا شروع ہوچکا ہے، اور 2019ء میں 73.5٪ کی بلند سطح تک پہنچنے کے بعد کم ہوکر 2020ء میں 58.5٪ تک آگیا ہے۔

2021ء میں جب SBP کی جانب سے رعایتوں اور چھوٹ کا خاتمہ ہوگا تو اس کے بعد وبا سے متاثرہ کسٹمرز کو پیش آسکنے والی صورتِ حال سے بچاؤ کے لیے HBL نے مصلحت اندیشی کے ساتھ اپنے مقامی بزنس میں 6.4 ارب روپے کا صوابدیدی عمومی پروویژن رکھا۔ 2020ء میں، مستحکم وصولیوں کی کارکردگی کا نتیجہ ملکی کریڈٹ کی مقامی قرضوں میں کمی کی صورت میں نکلا؛ البتہ بین الاقوامی کارروائیوں میں 31 ملین امریکی ڈالر کا اضافہ ہوا، جس کی بڑی وجہ ایک بین الاقوامی مقام پر پوری انڈسٹری میں پیش آنے والے کریڈٹ مسائل کے باعث تھا۔ HBL کی کوریج کا تناسب دسمبر 2019ء میں 93.2٪ سے بہتر ہوکر دسمبر 2020ء میں 100٪ ہوچکا ہے، اور انفیکشن کا تناسب دسمبر 2020ء میں تاریخ کی کم ترین سطح 6.3٪ پر آگیا ہے۔

HBL کے کنزیومر بینکنگ بزنس کے لیے یہ ایک اور تابناک سال تھا، جو وبا کے باعث خلل پڑنے کے باوجود 25٪ اضافے کے ساتھ 75 ارب روپے تک پہنچ گیا۔ پرسنل لون کے پاس سب سے بڑی پروڈکٹ ہونے کا اعزاز برقرار رہا، جو مجموعی کنزیومر قرضوں کے پورٹ فولیو کا 50٪ ہے۔ صنعت میں قائدانہ مقام حاصل کرنے کے لیے، آٹو لون پر انتہائی توجہ دی گئی جس کے نتیجے میں سال کے دوران اس پروڈکٹ میں 52٪ سے زیادہ اضافہ ہوا۔ نتیجتاً، اس میدان میں HBL کی مارکیٹ پوزیشن بہتری کے ساتھ چوتھی سے دوسری ہوگئی۔ کنزیومر بینکنگ نے SBP کے کورونا وائرس سے متعلقہ امدادی اقدامات کا بھرپور استعمال کرتے ہوئے 24,000 سے زائد کسٹمرز کو معاونت بھی فراہم کی۔

HBL پلاٹینم کو مارکیٹ میں سب سے مقبول کریڈٹ کارڈ کا مقام حاصل رہا، جس کے مجموعی خرچ میں لاک ڈاؤن سے متعلقہ پابندیوں اور محدود سفر کے باعث بین الاقوامی پیمانے پر کم استعمال کے باوجود 2019ء کے مقابلے میں 12٪ اضافہ ہوا۔ مخالف فضا کے باوجود کریڈٹ کارڈ کے کاروبار میں 22٪ اضافہ ہوا، اور اس بنیادی ترقی کو ای-کامرس میں بھرپور استعمال کا ساتھ میسر رہا۔ ڈیجیٹل چینلوں پر توجہ دیے جانے کے نتیجے میں HBL موبائل کے ذریعے پرسنل لون اور کریڈٹ کارڈ کے لیے پروسیسنگ کا وقت چند گھنٹوں سے کم ہو کر منٹوں تک رہ گیا۔ لہٰذا، اس بکنگ چینل کا شیئر بڑھ کر پرسنل لون کے لیے 8٪ سے 14٪ تک اور کریڈٹ کارڈز کے لیے 16٪ سے 23٪ تک پہنچ گیا۔

مرچنٹ ایکوائرنگ کے کاروبار میں مارکیٹ میں قائدانہ مقام برقرار رہا، اور POS نیٹ ورک کا دائرہ کار وسیع ہو کر 30,000 سے زائد ٹرمینل تک پہنچ گیا؛ یوں اب ملک کی مجموعی خریداری کے حجم کا 30٪ سے زائد حصہ HBL کے پاس ہے، جو 117 ارب روپے ہے۔ HBL کا ڈیبٹ کارڈ 5.8 ملین کارڈز اور 21٪ مارکیٹ شیئر کے ساتھ مارکیٹ میں سرِفہرست رہا؛ جس کا استعمال 2019ء کے مقابلے میں 12٪ اضافے کے ساتھ 47 ارب روپے ہوگیا۔ بینک نے کسٹمر کی سہولت کے لیے جدید طریقے اپنانے کا سلسلہ جاری رکھا ہوا ہے اور آئندہ، نئے جاری کیے جانے والے تمام کارڈز 'رابطے سے آزاد' (contactless) کارڈز ہوں گے۔

HBL نے SME کے شعبے میں خدمات کی فراہمی پر توجہ مرکوز رکھی ہے، کیونکہ یہ کاروبار معیشت کے لیے ریڑھ کی ہڈی کی حیثیت رکھتے ہیں اور HBL کو اس صنعت میں رہنما کا مقام حاصل ہے۔ 2020ء میں، 800 سے زائد نئے کسٹمرز شامل ہوئے، جس کا نتیجہ 7 ارب روپے سے زیادہ اضافی فنانسنگ کی صورت میں نکلا۔ وبا کے باعث مکمل یا جزوی بندش سے SMEs سب سے زیادہ متاثر ہوئے تھے؛ چنانچہ SBP کی متعدد امدادی اسکیموں میں حصہ لیتے ہوئے، بینک نے 250 سے زائد کسٹمرز کو معاونت فراہم کی، جس کا بڑا حصہ اُن کے عملے کو تنخواہوں کو ادائیگی جاری رکھنے کے سلسلے میں تھی، اور اس ضمن میں بینک نے 1.2 ارب روپے جاری کیے۔ خواتین انٹرپرینیور کے لیے اور SMEs کے کاروباری سرمائے کے لیے SBP کی اسکیموں کے تحت جس قدر سہولتیں دی گئی تھیں، HBL نے اُنھیں مکمل استعمال کیا۔

اسلامک بینکنگ کی ترقی کا سفر جاری رہا اور کارپوریٹ کسٹمر کو باہمی پیشکش اور مکمل پروڈکٹ پیکیج کے ساتھ کنزیومر فنانس میں اضافہ ہوا۔ سال کے دوران، HBL نے حکومتی کم لاگت ہاؤسنگ اقدام میں معاونت کے لیے 369 اضافی اسلامک وِنڈوز کھولیں؛ اب پاکستان کے ہر ایک ضلع میں تقریباً 50٪ برانچوں پر یہ پروڈکٹ دستیاب ہے۔ اس کے نتیجے میں، 915 برانچوں اور وِنڈوز پر مشتمل HBL کا اسلامک ڈسٹری بیوشن نیٹ ورک صنعت کا سب سے بڑا نیٹ ورک ہے۔ تجارت پر اپنی توجہ مرکوز رکھتے ہوئے، HBL نے کراچی میں اپنے ٹریڈ ہب میں بھی اضافہ کیا اور کسٹمرز کی سہولت کے لیے ایک ہب اسلام آباد میں بھی کھولا۔ HBL اپنے مخصوص اسلامک برانچ نیٹ ورک کو توسیع دینے کے لیے 200 اسلامک وِنڈوز کو اسلامک برانچوں میں تبدیل کرنے کا ارادہ رکھتا ہے، اور یوں 300 سے زائد شہروں میں کوریج ہوگی جو ابھی 200 سے کم شہروں میں ہے۔ اس سفر کا آغاز سال کے دوران 10 آزمائشی برانچوں کے ساتھ کیا گیا، اور مکمل سرگرمی 2021ء کے آخر تک مکمل کرنے کا ہدف ہے۔

معاشی اعتبار سے عدم استحکام کے اس سال میں، کارپوریٹ کلائنٹ پورٹ فولیو کی کریڈٹ کوالٹی کو برقرار رکھنا انتہائی اہمیت کا حامل تھا۔ صنعت اور کلائنٹس کے بھرپور جائزوں اور معیشت پر دباؤ ڈالنے والے نکات پر SBP کے ساتھ قریبی رابطے میں رہتے ہوئے بینک کو وبا کے باعث پیش آنے والی مشکلات کو عبور کرنے میں مدد ملی۔ بینک نے پروڈکٹس کی باہمی فروخت اور ٹریڈ کے ذریعے کسٹمر کے ساتھ تعلقات کو مضبوط بنانے پر توجہ مرکوز رکھی، جس کے نتیجے میں بینک کے ٹریڈ بزنس اور مارکیٹ شیئر میں نمایاں اضافہ ہوا۔ HBL نے SBP کی امدادی اسکیموں کی معاونت اور بھرپور استعمال میں قائدانہ کردار ادا کیا اور تنخواہوں میں معاونت کے لیے 36 ارب روپے جاری کیے جبکہ معیشت کو اضافی لیکویڈیٹی فراہم کرنے کے لیے SBP کے پروگرام کے تحت 118 ارب روپے کو موخر / ری اسٹرکچر کیا۔ ٹرانزیکشن بینکنگ میں HBL کے سرِفہرست مقام میں بہتری جاری رہی، اور کیش مینجمنٹ کے ذریعے آنے والی رقم 43٪ اضافے کے ساتھ 5.1 کھرب روپے پر پہنچ گئے۔ اپنے خصوصی ایمپلائی بینکنگ پروڈکٹ، HBL ایٹ وَرک کے ذریعے، بینک نے 300 ارب روپے سے زائد کی تنخواہوں اور پنشن کی ادائیگیاں پروسیس کیں جو 2019ء کے مقابلے میں تقریباً 20٪ زیادہ ہے۔

HBL نے انویسٹمنٹ بینکنگ میں اپنا قائدانہ مقام برقرار رکھا اور کمزور معاشی حالات کے باوجود متعدد ٹرانزیکشنز میں سرِفہرست رہا۔ HBL نے دواسازی، توانائی اور یوٹیلیٹی شعبوں میں قرضوں کے انتظام اور مشاورتی سودوں میں کامیابی حاصل کی، جبکہ ایکویٹی ایڈوائزری اور مذکورہ محاذ پر، HBL نے صحتِ عامہ، تیل اور گیس اور FMCG شعبوں سے وابستہ کمپنیوں کی ٹرانزیکشنز انجام دیں۔ CPEC منصوبے میں نمایاں مقام برقرار رکھتے ہوئے، HBL نے سال کے دوران 1 ارب امریکی ڈالر

HBL کو فخر ہے کہ وہ 3.3 ملین خواتین کسٹمرز کو خدمات فراہم کر رہا ہے، جن میں 630,000 کسٹمرز اس کے ویمن مارکیٹ پروگرام، نساء کے تحت ہیں۔ یہ پروگرام بین الاقوامی سطح پر متعدد فورمز میں خواتین مرکز پروگراموں کے انتہائی کامیاب ماڈل کے طور پر شمار کیا جاتا ہے۔ گزشتہ چند سالوں کے دوران، یہ پروگرام ایک مکمل صورت میں ڈھل چکا ہے اور اب ڈپازٹ پروڈکٹس کا مکمل پیکیج فراہم کرتا ہے۔ HBL نساء 2020ء کے آخر میں نئے انداز سے دوبارہ پیش کیا گیا ہے جو پاکستان میں خواتین کی مختلف ضروریات کو پورا کرنے کی خصوصیات رکھتا ہے۔ نئی پروڈکٹ کا نمایاں پہلو مفت انشورنس سروسز کی شمولیت ہے جو صحت اور مالی تحفظ کے پہلوؤں کا امتزاج فراہم کرتے ہوئے خواتین کو اختیارات دینے کے لیے ترتیب دی گئی ہے۔ اپنی دوبارہ پیشکش کے دو مہینوں کے اندر، 650 سے زائد نئی خواتین کسٹمرز 100 ملین سے زائد ڈپازٹ بیلنس کے ساتھ اس کے کلائنٹس میں شامل ہو چکی ہیں۔

پرسٹیج کا آغاز ایک مکمل حکمتِ عملی ہے جس کا مقصد بینک کو بھاری منافع دینے والے کسٹمرز کو ایسی وسیع پروڈکٹس اور خصوصی سہولتیں فراہم کرنے پر توجہ مرکوز کرنا ہے جو اُن کی اعلیٰ درجے کی ضروریات سے ہم آہنگ ہوں۔ اس کے تحت موجودہ برانچوں میں لاؤنج بنانے کے ساتھ ساتھ اس کے اپنے خصوصی شاندار مقامات بھی تیار کیے جائیں گے جو مضبوط ڈیجیٹل پلیٹ فارم سے آراستہ ہوں گے۔ یہ اس اہم شعبے میں کسٹمرز کے اضافے میں مددگار ہوگا، پروڈکٹ کی باہمی فروخت کو بہتر بنائے گا اور خدمات کی فراہمی کا معیار بلند کرے گا، اور یہ سب پہلو مل کر HBL کے برانڈ کو بہتر بنانے میں اپنا کردار ادا کریں گے۔

HBL دیہی بینکاری، کاشت کاروں کو سب سے زیادہ فنانس فراہم کنندہ کی حیثیت سے اپنے شعبے میں سرِفہرست ہے اور کمرشل بینکوں کے درمیان تقریباً 30٪-کا مارکیٹ شیئر رکھتی ہے۔ مجموعی معاشی صورتِ حال کی مشکلات، فصلوں کی کم پیداوار اور لاک ڈاؤن سے وابستہ پابندیوں کی وجہ سے 2020ء میں قرضوں کی نمو پر دباؤ رہا۔ HBL نے SBP کے امدادی اقدامات کا بھرپور استعمال کرتے ہوئے 2,000 سے زائد متاثرہ کاشت کاروں کی معاونت کی۔

پنجاب لینڈ ریکارڈ اتھارٹی کے ساتھ بینک کا رسمی معاہدہ 35 ضلعوں کے مرکزی ریکارڈ کی آن لائن رسائی تک وسیع ہوا۔ اس شعبے میں HBL کی اوّلین کوششوں کا اعتراف SBP کی جانب سے بھی کیا گیا ہے، جس کی درخواست پر بینک نے اس سیکٹر کے مالیاتی اداروں کو تربیت فراہم کی۔ یہ کاروبار کسانوں کے قرض کی ادائیگیوں کے لیے بھی HBLKonnect سے فائدہ اٹھا رہا ہے، جس کے ذریعے کسان سفر کر کے برانچ تک جانے کی بجائے اپنے قریبی HBLKonnect ایجنٹ کے پاس سہولت کے ساتھ قرض کی ادائیگی کر سکتے ہیں؛ تاحال 800 ملین روپے سے زائد کے قرضوں کی ادائیگی Konnect ایجنٹوں کے ذریعے کی گئی ہے۔

HBL "کسان کی آواز" HBL سے کسانوں کے تبادلۂ خیال کا پلیٹ فارم ہے جس کے تحت منظّم ٹاؤن ہال ملاقاتوں کا انعقاد کیا جاتا ہے جہاں HBL کو اپنے کسٹمرز کی جانب سے براہِ راست فیڈبیک موصول ہوتا ہے۔ ان اجلاسوں میں، مشورے اور رائے دینے کے لیے ماہرینِ کاشت کاری اور ماہرینِ تعلیم بھی مدعو کیے جاتے ہیں۔ 2020ء کی پہلی سہ ماہی کے دوران کئی بالمشافہ اجلاسوں کے انعقاد کے بعد، بینک نے وبا کے دوران ورچوئل اجلاسوں کا سلسلہ شروع کیا۔ HBL کا منصوبہ ہے کہ 2021ء میں اس انتہائی مقبول پروگرام کو دونوں طریقوں کے تحت جاری رکھا جائے۔

اپنی تشکیل کے ایک سال کے اندر، HBL کے منفرد ڈویلپمنٹ فنانس گروپ دو 'فارم-ٹو-پروسیسر' آزمائشی منصوبے ڈیزائن اور نافذ کرنے میں کامیاب رہا جن کا ہدف دیہی ساہیوال اور گوجرانوالہ کے پسماندہ کسان ہیں۔ اس منفرد قرضے میں معیاری زرعی سامان، جدید مشینوں تک رسائی اور غیر جانب دارانہ زرعی رہنمائی شامل تھی، جس کے نتیجے میں کسانوں کی پیداوار بہتر ہوئی۔ یہ قرضے پیداوار کے پہلے سے مقررہ کارپوریٹ خریداروں کی جانب سے چُکائے گئے۔ ایک اور اوّلین خصوصیت چھوٹے، مزارع کاشت کاروں کی شمولیت تھی جنھیں فصلوں کی ضمانت پر سہولتیں فراہم کی گئیں۔ اپنے آپ میں 'ڈبل باٹم لائن' اثرات کے حامل، ان منصوبوں نے کسانوں کی آمدنی میں نمایاں اضافہ کیا۔ زرعی اقدار کے اس سلسلے میں 2021ء کے دوران نمایاں طور پر اضافہ ہوگا، جس میں کسٹمر کے سفر کی ڈیجیٹائزیشن بشمول تکمیلی مدت کو بہتر بنانے کے لیے HBLPay کے ذریعے کھیتوں میں آن بورڈنگ پر بھرپور زور دیا جائے گا۔

تمام چینلوں سے متعلق اپنے کسٹمرز کی بدلتی ہوئی توقعات کو پورا کرنا HBL کی حکمتِ عملی کی ترجیح ہے۔ ہم پابندیوں کے مطابق ڈھلتے گئے اور وبا کے باعث مواقع بھی فراہم ہوتے گئے اور یوں ہمارے کسٹمرز کے اطمینان کی سطح 80٪ سے زائد بلند پر برقرار رہی جبکہ مسائل حل ہونے سے متعلق اطمینان کا اسکور 50٪ رہا۔ 2020ء کے دوران، بینک کو 209,767 شکایات موصول ہوئیں۔ یہ شکایات، اوسطاً، 7 دِنوں کے اندر حل کر دی گئیں۔

کسٹمرز کے ساتھ منصفانہ برتاؤ (FTC) کے پہلو پر 2020ء میں توجہ مرکوز رکھی گئی۔ FTC کے عناصر کو عملے کے اہداف میں شامل کرنے سے متعلق تربیتی نشستیں، طریقہ کار کی شفافیت اور مسئلہ حل ہونے سے متعلق کسٹمر کا تجربہ ان چند اقدامات میں سے ہیں جو اس سال کے دوران بینک کے جانب سے کیے گئے۔ بینک کی سروس کوالٹی کونسل پہلے ہی صدارتی ایوارڈ برائے اعلیٰ سروس (PASE) پیش کر چکی ہے جو تمام سطح پر اور ہر فنکشن میں غیر معمولی سروس فراہم کرنے والوں کو دیے جاتے ہیں۔ یہ ایوارڈ یافتگان کے لیے فخر کا باعث ہیں اور عملے کو سروس کے معیارات سے آگے بڑھنے کی ترغیب دیتے ہیں۔

ڈیٹا کو بنیادی اہمیت دینے والے بینک کے لیے انفراسٹرکچر کی بنیاد 2019ء کی چوتھی سہ ماہی میں رکھی گئی جب ایک ڈیٹا لیک (datalake) سیٹ اپ کی گئی۔ تاحال، کور بینکنگ، Konnect، HBL موبائل اور ڈیبٹ کارڈ سسٹمز سے حاصل ہونے والے ڈیٹا کو ڈیٹا لیک سے مربوط کردیا گیا ہے۔ 2021ء کے اواخر تک، بینک تمام بینکنگ سسٹمز سے حاصل ہونے والے ڈیٹا کو مرکزی سطح پر ڈیٹا لیک سے مربوط کرنے کا ارادہ رکھتا ہے تاکہ یونٹس خودکار طریقے سے بھرپور اینالیٹکس انجام دینے کے قابل ہوسکیں۔ ڈیٹا لیک اور اس سے منسلک انفراسٹرکچر کی مدد سے HBL کسٹمرز کے ساتھ اُن کے لحاظ سے مخصوص اور ذاتی سروسز فراہم کرنے کے قابل ہوسکے گا اور انٹیلیجنٹ پروسیس آٹومیشن کا ہدف بھی حاصل کرسکے گا۔

اپنے نقشِ قدم کی حکمتِ عملی کو منطقی بنانے کے تحت، HBL نے ہانگ کانگ میں اپنا کاروبار ختم کردیا۔ پائیدار منافع کی فراہمی اور اپنے عالمی کلائنٹس کے لیے زیادہ بامقصد ثابت ہونے کے لیے، بینک اپنے بین الاقوامی کاروبار کو نئی صورت میں ڈھال رہا ہے۔ حکمتِ عملی کے تحت توجہ کا مرکز چین میں موجود فرنچائز کی توسیع، نیٹ ورک بزنس میں اضافہ، کارپوریٹ روابط کی مضبوطی، اور مستحکم ٹرانزیکشن بینکنگ اور ٹریژری کی استعداد بڑھانا ہے۔ چینی کلائنٹس کے ساتھ HBL کے مضبوط تعلق، بیجنگ برانچ کا عنقریب آغاز اور RMB کی باہمی فروخت کی صلاحیت بینک کو اس راہداری میں نمایاں مقام حاصل کرنے کے قابل کرے گی۔

مرکزی مارکیٹوں میں کاروباری بنیاد کے عناصر سے متعلق انتہائی مثبت اشارے رہے ہیں؛ اگرچہ وبا کے باعث بیشتر ممالک میں کم شرحِ سود اور قرضوں میں سست رفتار ترقی کے باعث مالی نتائج متاثر ہوئے۔ 2020ء میں، کارپوریٹ شعبے میں ترقی، متعدد مارکیٹوں میں چینی کلائنٹس کے ساتھ مضبوط تعلقات، اور تجارتی حجم میں اضافے نے 2021ء کے لیے بنیاد فراہم کردی ہے۔ چینی اور پاکستانی کلائنٹ کے نیٹ ورک سے بین الاقوامی کاروبار 2019ء کے مقابلے میں دگنا ہوچکا ہے اور مختلف مقامات پر FI کاروبار کے استحکام کے باعث اس اثاثہ جاتی شعبے میں مزید ترقی کے لیے بہترین پلیٹ فارم تیار ہوچکا ہے۔

سال کے بیشتر عرصے میں، HBL اروچی برانچ کے آپریشنز لاک ڈاؤن کے باعث متاثر رہے، البتہ 2020ء کی چوتھی سہ ماہی میں برانچ نے RMB ٹریڈ ٹرانزیکشنز کا آغاز کیا۔ چونکہ MENA اور جنوبی ایشیا میں صرف 3 بینک مکمل RMB سہولت کی پیشکش کرتے ہیں، لہٰذا HBL کو اس حوالے سے منفرد مقام حاصل ہے۔ تمام جانچ پڑتال کامیابی سے مکمل ہونے کے بعد، HBL کو اکتوبر 2020ء میں اپنی بیجنگ برانچ کا لائسنس موصول ہوچکا ہے اور 2021ء کی پہلی سہ ماہی کے اختتام تک باقاعدہ بزنس شروع ہونے کی توقع ہے۔ چین کی کوریج سے متعلق HBL کے کامیاب ماڈل کا دائرہ پاکستان سے متحدہ عرب امارات تک وسیع کیا گیا، اور اسے 2021ء میں سری لنکا اور بنگلہ دیش تک توسیع دینے کا منصوبہ ہے۔

HBL کا ذیلی ادارہ، فرسٹ مائکروفنانس بینک (FMFB) انتہائی مشکل بیرونی صورتِ حال کے باوجود ثابت قدمی سے آگے بڑھتا رہا اور پاکستان میں دوسرے بڑے مائیکروفنانس بینک کے طور پر اپنا مقام مستحکم کیا۔ سال کی پہلی ششماہی کے دوران لاک ڈاؤن کے باعث قرض داروں پر اضافی دباؤ آیا تو FMFB نے SBP کے امدادی پیکیج کے تحت قرضوں کی ری اسٹرکچرنگ میں معاونت کی۔ 2020ء کی دوسری ششماہی میں معاشی سرگرمیوں کے دوبارہ آغاز کے ساتھ، FMFB کا لون پورٹ فولیو 37٪ اضافے کے ساتھ 43.4 ارب روپے تک پہنچ گیا؛ جس کا 70٪ دیہی علاقوں سے تعلق رکھتا ہے، جو بینکاری سے محروم طبقے کی ضروریات پوری کرنے کے لیے اس کے مشن سے ہم آہنگ ہے۔ مناسب لیکویڈیٹی کی فراہمی کو ترجیح حاصل رہی، اور ڈپازٹس 61٪ اضافے کے ساتھ 61.7 ارب روپے ہوگئے- جس کا نصف سے زائد CASA ڈپازٹس ہیں۔ کلائنٹ کو مرکزی اہمیت دینا اس وبا کے دوران ترجیحات میں رہا اور FMFB نے اپنے تمام کسٹمرز کو بلاتعطل بینکاری خدمات کی فراہمی یقینی بنائی۔ HBL کی مانند، FMFB نے صنعت میں بہترین طبی سہولتوں کے ذریعے اپنے عملے کو مکمل معاونت فراہم کی۔

FMFB نے اپنے ڈیجیٹل منصوبوں میں سرمایہ کاری جاری رکھی۔ سال کے دوران، بینک ہی میں تیار کردہ ٹیبلٹ پر مبنی لون اور یجنیشن سسٹم کو اضافی خصوصیات کے ساتھ بہتر بنایا گیا جسے پاکستان بھر کی 130 برانچوں میں فراہم کیا جائے گا۔ FMFB نے اپنی برانچوں میں برانچ لیس بینکنگ ایپلی کیشن- 'فرسٹ پے' کی کامیاب آزمائش کی؛ FMFB پہلے ہی HBLKonnect سے منسلک ہے، جس کے ذریعے اس کے کسٹمرز Konnect ایجنٹوں کے پاس ڈپازٹ کرواسکتے ہیں اور قرض کی اقساط ادا کرسکتے ہیں۔ 2020ء کے دوران، FMFB کے فزیکل نقشِ قدم 210 مقامات تک پہنچ گئے جہاں پاکستان پوسٹ کے تمام ذیلی دفاتر کو مستقل بوتھ اور برانچوں میں تبدیل کردیا گیا جو مکمل طور پر اس کی ملکیت ہیں۔

2020ء میں، CFA سوسائٹی، پاکستان کی جانب سے بہترین مائیکروفنانس بینک کے زمرے میں FMFB کو دوسرے نمبر پر رکھا گیا ہے۔ گلوبل ڈائیورسٹی اینڈ انکلیوژن بینچ مارک اسٹینڈرڈز ایوارڈز کے ذریعے بھی FMFB کی کوششوں کا اعتراف کیا گیا۔ بینک نے مائیکروفنانز ریٹنگ ایجنسی کی جانب سے اسمارٹ کمپین کی طرف سے "کلائنٹ پروٹیکشن سرٹیفکیشن" کے لیے درمیانی مدت کا جائزہ / سرویلنس آڈٹ کامیابی سے مکمل کیا جو کلائنٹ کے تحفظ کے اُصول سے متعلق FMFB کی کوششوں کی ایک اور تصدیق ہے۔

سے زائد مالیت کے CPEC مینڈیٹ مکمل کیے۔ کم لاگت گھروں کی فنانس اور رئیل اسٹیٹ ڈویلپمنٹ کے فروغ کے لیے SBP کے اقدامات کی روشنی میں، HBL اس ضمن میں کئی ٹرانزیکشنز میں شامل ہے۔ کلائنٹس کے لیے ترجیحی ملکی انویسٹمنٹ بینک کی حیثیت سے اور عالمی انویسٹمنٹ بینکوں کے ساتھ شراکت داری کے باعث، HBL کو پبلک سیکٹر انٹرپرائز کے لیے تاریخ میں پہلے 500 ملین امریکی ڈالر مالیت کے یورو بونڈ کے اجرا کے لیے شریک مینجر کے طور پر مقرر کیا گیا ہے اور بینک دیگر سرمایہ کاری کے حصول / نج کاری کے سودوں میں وزارتِ خزانہ اور حکومتِ پاکستان کو مشاورت فراہم کرنا جاری رکھے ہوئے ہے۔

HBL نے اپنے منصوبوں میں ماحولیاتی، سماجی اور گورننس (ESG) اصولوں کو اپنانے کے عمل میں باقاعدگی کے ساتھ اوّلین مقام برقرار رکھا ہے۔ بینک کے ایجنڈا میں ماحولیاتی اور فضائی تبدیلیوں سے متعلقہ خدشات کو ترجیح حاصل ہے اور اسی کے پیشِ نظر بینک نے جون 2020ء میں اپنی (NoNewCoal) پالیسی منظور کی، جس کے تحت بینک نے کوئلے کے کسی بھی نئے منصوبے میں فنانسنگ بند کردی ہے۔ گرین ہاؤس گیسوں کے اخراج کو کم کرنے کے لیے بینک کی جانب سے یہ عزم انتہائی اہمیت کا حامل ہے اور پاکستان میں کسی بھی بینک کی جانب سے ایسا پہلا قدم ہے۔ 2020ء کے دوران، HBL نے بین الاقوامی مالیاتی اداروں / ڈویلپمنٹ فنانس کے اداروں کے ساتھ اپنے تعلقات میں نمایاں اضافہ کیا اور متعدد شمسی اور بادی توانائی کے منصوبوں میں مشترکہ فنانسنگ کررہا ہے۔

HBL کی ٹریژری ٹیم نے 2020ء میں اپنے اسٹیک ہولڈرز کو اضافی سہولتوں کی فراہمی میں بہتری کا سلسلہ جاری رکھا۔ ڈیجیٹائزیشن کے منصوبوں کی طرف توجہ مرکوز رہی؛ بینک کا FX پورٹل، HBLInfinity پاکستان میں 200 سے زائد کارپوریٹ کلائنٹس، نیز 11 بینکوں اور 11 بین الاقوامی برانچوں کو فراہم کیا جاچکا ہے۔ اس پلیٹ فارم کی مدد سے بینک کے غیر ملکی زرِ مبادلہ کے بڑے کسٹمرز کو انتہائی شفافیت اور سہولت حاصل ہوئی ہے۔ HBL کا FX کاروبار مستحکم رہا اور بینک نے سال کے دوران کلائنٹ والیوم میں 7 ارب امریکی ڈالر سے زائد رقم پروسیس کی۔ فکسڈ انکم مارکیٹ میں، HBL نے اپنے قائدانہ کردار کو مزید توسیع دی اور کلائنٹ والیوم میں 6.3 کھرب روپے اور انٹربینک والیوم میں تقریباً 4 کھرب روپے کی پروسیسنگ کی، بحیثیتِ مجموعی یہ 27% مارکیٹ شیئرز کی نمائندگی کرتی ہے۔ کلائنٹ سروس پر اس بھرپور توجہ کے نتیجے میں HBL کو اسٹیٹ بینک آف پاکستان کی پرائمری ڈیلر رینکنگ میں دوبارہ سرِ فہرست مقام حاصل ہوگیا۔

وبا کے باعث 2020ء میں لوگ زیادہ فاصلے سے تعلقات رکھنے پر مجبور ہوئے جس کے نتیجے میں HBL کے ڈیجیٹل پلیٹ فارمز کے استعمال میں غیر معمولی اضافہ دیکھنے میں آیا۔ HBL موبائل اور انٹرنیٹ بینکنگ کے صارفین کی تعداد 52% اضافے کے ساتھ 1.8 ملین ہوچکی ہے۔ ٹرانزیکشن کی تعداد اور حجم دگنے ہوگئے اور 44 ملین ٹرانزیکشن جبکہ 560 ارب روپے مالیت کی ٹرانزیکشن انجام دی گئیں۔

عالمی رجحانات کے تحت، پاکستان میں 2020ء کے دوران ای-کامرس کے حجم میں نمایاں اضافہ نظر آیا۔ ای-کامرس اداروں کو آن لائن ادائیگیاں وصول کرنے کی سہولت فراہم کرنے کے اعتبار سے مارکیٹ میں HBL کی قیادت برقرار رہی اور پیمنٹ گیٹ وے-HBLPay کے ذریعے پروسیس کی جانے والی ٹرانزیکشن کے حجم میں خاصے اضافے کا مشاہدہ کیا گیا۔ یہ ٹرانزیکشن 2.4 ملین تک پہنچ گئیں جو 2019ء کے مقابلے میں 42% اضافہ ہے، اور حجم 18% اضافے کے ساتھ 15 ارب روپے ہوگیا۔

معاشرے میں بینکاری سے محروم یا پسماندہ طبقات کو آسان رسائی فراہم کرنے کے لیے HBLKonnect بنیادی عنصر رہا، جس کے کلائنٹ کی تقریباً 25% تعداد خواتین کی رہی۔ 2020ء میں 1.6 ملین نئے اکاؤنٹ کھولے گئے جن کے بعد Konnect اکاؤنٹ کی مجموعی تعداد 5.3 ملین ہوگئی۔ نئی Konnect ایپ کے صارفین کی تعداد دُگنی سے زائد ہوکر 1.6 ملین ہوچکی ہے جبکہ اس پلیٹ فارم کے ذریعے تھروپٹ چار گنا بڑھ کر تقریباً 600 ارب روپے ہوگیا۔

لائف اسٹائل ایپ سے متعلق اپنے خواب کو شرمندۂ تعبیر کرنے کے لیے، HBL نے 2019ء کے آخر میں HBL موبائل اور Konnect کے لیے پارٹنر ویجٹس متعارف کروائے تھے؛ APIs کی مدد سے ان ویجٹس کے ذریعے پارٹنر پلیٹ فارم اپنی اشیا اور خدمات بینک کے ڈیجیٹل پلیٹ فارم پر پیش کرسکتے ہیں۔ ان کا استعمال کرتے ہوئے، HBL نے انڈسٹری میں پہلی بار نئے استعمال متعارف کروائے جن میں بس اور فضائی سفر، آن لائن خریداری، کھانے کی فراہمی اور آن لائن ڈاکٹر سے مشاورت شامل ہے۔ 2020ء میں دونوں ایپس پر تقریباً 250 ملین روپے مالیت کی 115,000 سے زائد ٹرانزیکشنز انجام دی گئیں۔

HBL کی قومی سطح پر موجودگی اور مضبوط ٹیکنالوجی پلیٹ فارم کے باعث بینک سماجی تحفظ کی رقوم کی تقسیم میں حکومتِ پاکستان کا مرکزی شراکت دار بن سکا۔ احساس کفالت پروگرام کے تحت، HBL نے ملک بھر میں 3.3 ملین مستحق خواتین میں سہ ماہی بنیاد پر رقم تقسیم کی اور غیر معمولی لاک ڈاؤن کے باعث، HBL کی ماضی کی کارکردگی کی بنیاد پر، پاکستان کی تاریخ کے سب سے بڑے سماجی تحفظ کے منصوبے، احساس ایمرجنسی کیش پروگرام کی فراہمی کے لیے HBL کو منتخب کیا گیا۔ انتہائی کم وقت میں، اور کورونا وائرس کی پہلی لہر کی انتہائی شدت اور اس سے متعلقہ تمام تر مشکلات میں، بینک نے ملک بھر میں، اپنے وسیع برانچ نیٹ ورک کے ساتھ ساتھ، 7,000 سے زائد رابطے کے مراکز قائم کیے۔ دو مہینے کے عرصے میں، HBL نے ایمرجنسی کیش پروگرام کے تحت 145 ارب روپے تقسیم کیے، اور 12 ملین سے زیادہ خاندانوں کو معاونت اور امداد کی فراہمی یقینی بنائی۔ مجموعی طور پر، HBL نے 2020ء میں احساس پروگرام کے تحت 175 ارب روپے تقسیم کیے۔

بشمول کوروناوائرس پر ایک لازمی ای-لرننگ ماڈیول کے ذریعے عملے اور اُن کے اہلِ خانہ کی معاونت جاری رکھی گئی۔ وبا کی ابتدا ہی میں دفاتر کے علاوہ مقامات سے کام کی سہولت، کام کے متبادل انتظامات اور ٹیم کو ٹکڑوں میں تقسیم کرکے باری باری دفتر بلانے کے منصوبوں کا فوری نفاذ کیا گیا۔ اس قدم نے یہ بات یقینی بنائی کہ اہم عملہ اپنے گھروں سے کام جاری رکھے، یوں ہموار طریقے سے کام چلتا رہا اور وبا سے متاثر ہونے کا خطرہ بھی کم رہا، جبکہ بینک کے لیے کسٹمرز کو بینکاری خدمات کی موثر انداز میں فراہمی اور ریگولیٹری ہدایات پر بروقت عمل درآمد ممکن ہوا۔ عملے کے جن افراد میں وائرس کی علامات ظاہر ہوئیں یا جنھیں وائرس سے متاثر ہونے کا امکان تھا، بینک نے فعال انداز میں اُن کی تشخیص کا طریقہ کار بھی اپنایا۔ ڈاکٹرز کی ایک ٹیم کی مدد سے، 6,000 سے زائد عملے اور اُن کے اہلِ خانہ کو مدد فراہم کی گئی۔ عملے کی معاونت کے لیے انڈسٹری کا بہترین پروگرام شروع کیا گیا جس کے تحت کوروناوائرس سے متعلقہ تمام طبّی اخراجات کے لیے اُن کی مکمل مالی معاونت کی گئی جبکہ اُن کے قریبی رشتے داروں کے کوروناوائرس سے متعلقہ طبّی اخراجات میں مدد کے لیے عملے کو سود کے بغیر قرض کی سہولت دی گئی۔

بینک نے پروسیس خودکار کرنے کے لیے ٹیکنالوجی کا سہارا لیا اور لرننگ کا عمل کلاس روم سے ورچوئل تدریسی طریقہ کار پر منتقل کر دیا۔ مینجمنٹ ٹرینیز اور فرنٹ لائن کیش افسران کی بھرتی کا مکمل عمل خودکار کر دیا گیا، جس میں درخواستوں کی آن لائن وصولی، سلیکشن کے لیے گیم کے انداز کی سیمولیشن، آن لائن اسیسمنٹ مراکز اور ورچوئل انٹرویو سیشن شامل تھے۔ 'دی لیگ' کے 21 مینجمنٹ ٹرینیز اور دیگر آن بورڈ کیے جانے والے عملے کو اپنی ذمہ داریوں پر تعیناتی سے پہلے ورچوئل ٹریننگ فراہم کی گئی۔ 253 پروگراموں کے 2,700 سے زائد ورچوئل سیشن منعقد ہوئے جن میں 66,500 سے زائد افراد نے شرکت کی۔

افرادی قوت میں خواتین کی شمولیت کو فروغ دینے سے متعلق ہماری کوششیں اس سال کے دوران بھی جاری رہیں جن کے تحت خواتین کی بھرتی اور انھیں برقرار رکھنے کے لیے براہِ راست دخل اندازی کی گئی۔ نتیجتاً، سال کے اختتام تک ہماری شرحِ تنوع 18.2٪ تک پہنچنے میں کامیاب رہی۔ 2025ء تک HBL میں 25٪ خواتین کی موجودگی کا ہدف حاصل کرنے کے لیے ہم اپنی جدوجہد جاری رکھیں گے۔ انھی کوششوں کے باعث، GDIB ایوارڈز کی جانب سے HBL کو ریکریوٹمنٹ اینڈ ڈویلپمنٹ ایوارڈ دیا گیا جو تنوع اور شمولیت کے ایجنڈا کے تسلسل کے لیے بینک کی کوششوں کا اعتراف تھا۔

بینک کے کلچر میں تبدیلی لانے کی مہم کے طور پر، منصوبے کے مطابق عملے اور لیڈرز کے لیے نئی ادارہ جاتی اقدار اور ان سے متعلقہ طرزِ عمل کے بارے میں رہنمائی جاری کی گئی۔ عملے اور لیڈر کی حیثیت سے جس طرزِ عمل کی توقع کی جاتی ہے، اسے سمجھنے کے لیے 16,000 سے زائد عملے کے افراد نے ورچوئل سیشن میں شرکت کی۔ آئندہ سالوں میں بھی اس طرف توجہ مرکوز رکھی جائے گی اور اس طرزِ عمل کو سالانہ اسیسمنٹ کے عمل میں منصوبہ بندی کے ساتھ شامل کیا جائے گا۔

رِسک مینجمنٹ فریم وَرک

اپنے آپریشنز کی پیچیدگی، اس کے حجم، اور جغرافیائی اور ہدف مارکیٹ کے تنوع کے پیشِ نظر HBL کا رِسک مینجمنٹ فریم وَرک نہایت عمدہ اور مضبوط ہے۔ بینک کے رِسک مینجمنٹ فریم وَرک کی بنیاد بورڈ کی بھرپور رہنمائی، مینجمنٹ کے کئی درجوں کی طرف سے نگرانی، موثر سسٹمز، قابلِ برداشت رِسک کی دستاویز بندی، اور واضح ترتیب شدہ پالیسیوں اور طریقہ کار پر ہے۔ بینک اپنی بورڈ رِسک مینجمنٹ کمیٹی (BRMC) کے ذریعے باقاعدگی سے اپنے رِسک آرکیٹیکچر اور گورننس فریم ورک کی جانچ کرتا ہے۔ مذکورہ کمیٹی مستقل بنیادوں پر بینک کی رِسک پروفائل کی نگرانی، تشخیص اور انتظام کی ذمہ داری سنبھالتی ہے۔ روزمرہ کی رِسک مینجمنٹ سرگرمیاں مختلف سطح پر تفویض کرتے ہوئے، متعدد درجات پر مشتمل مینجمنٹ کی نگرانی اور واضح بیان کردہ پالیسیوں اور طریقہ کار کے ذریعے سینئر مینجمنٹ کی سطح پر بہت سی رِسک کمیٹیاں رہنمائی اور عمل درآمد کی ذمہ دار ہیں۔

موجودہ دباؤ کا شکار معاشی منظرنامے کے پیشِ نظر، بینک نے باقاعدگی کے ساتھ 'EarlyAlert کمیٹی' کے اجلاسوں اور پورٹ فولیو کے تیز رفتار جائزوں کے ذریعے اپنے کریڈٹ مینجمنٹ کے طریقوں کو مضبوط بنایا تاکہ اپنے کریڈٹ پورٹ فولیو پر دباؤ کے اثرات کا پتا چلایا جاسکے۔ کوروناوائرس کی وبا نے کاروباروں اور معیشتوں کو دھچکا پہنچایا ہے۔ صورتِ حال پر کڑی نظر رکھنے اور پورٹ فولیو کے معیار کی پیمائش کے لیے، بینک نے اپنے ملکی اور بین الاقوامی کریڈٹ پورٹ فولیو کے لیے باقاعدگی کے ساتھ کوروناوائرس کے اثرات سے متعلقہ جانچ کی سرگرمی انجام دی۔

مارکیٹ اینڈ لیکویڈیٹی رِسک کمیٹی اور عالمی ALCO کی جانب سے ٹریڈنگ بُک اور بیلنس شیٹ کی سطح پر مارکیٹ کے خطرے اور لیکویڈیٹی کے خطرے کے اشاریوں کا ماہانہ بنیادوں پر جائزہ لیا جاتا ہے۔ اس بات کو یقینی بنانے کے لیے ایک جامع اسٹرکچر قائم کیا گیا ہے کہ بینک مارکیٹ رِسک کے لیے اپنی خاصیتی اور مقداری استعداد سے تجاوز نہ کرجائے۔

منظّم اور یکساں انداز میں آپریشنل رِسک مینجمنٹ کے طریقوں کے انتظام کے لیے پالیسیاں اور طریقہ کار ترتیب دیے گئے ہیں۔ آپریشنل رِسک کے واقعات کے امکانات اور شدت کی پیمائش کے لیے اہم ذرائع جیسے کہ رِسک اینڈ کنٹرول سیلف اسیسمنٹ، رِسک کے کلیدی اشاریے اور آپریشنل خسارے کی ڈیٹا مینجمنٹ کا استعمال کیا جاتا ہے۔ بینک کی آپریشنل رِسک پروفائل اور فراڈ رِسک اسیسمنٹ باقاعدگی کے ساتھ سینئر مینجمنٹ اور BRMC کو فراہم کی جاتی ہے۔

HBL–ایسیٹ مینجمنٹ لمیٹڈ (HBLAML) نے مارکیٹ شیئر حاصل کرنے کی کوششوں کو تیز کیا اور ایسیٹ انڈر مینجمنٹ (AUMs) میں 67٪ اضافے کے ساتھ 78 ارب روپے تک پہنچ گئے، جبکہ مارکیٹ شیئر 6.9٪ سے بڑھ کر 8.2٪ ہو گیا۔ سال کے دوران، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے مینجمنٹ کوالٹی ریٹنگ بہتر کرکے ++AM2 کر دی گئی۔

آپریشنل محاذ پر، وبا کے آغاز ہی سے، HBL نے فوری اور بھرپور ردِ عمل کا مظاہرہ کیا۔ سینئر سطح کی کرائسز مینجمنٹ ٹیم دن میں دوبار اکٹھی ہوتی تاکہ رواں صورتِ حال پر فوری کارروائی اور وبا سے متعلق مجموعی ردِّ عمل پر باہمی ربط کو یقینی بنایا جائے۔ وبا سے متعلقہ اشیا کی فراہمی کا سلسلہ تشکیل دینے کے لیے فوری اقدامات کیے گئے اور متعدد مقامات پر آپریشنز کا کاروباری تسلسل محفوظ بنایا گیا۔ اس وبا کے باعث ٹیکنالوجی کی استعداد کے اعتبار سے بھی فوری ردِّ عمل کی ضرورت تھی۔ لاک ڈاؤن کے کچھ ہی عرصے بعد، بینک عملے کے تقریباً 1,800 افراد کو لیپ ٹاپ اور محفوظ VPN انٹرنیٹ کنکشن فراہم کیا گیا۔ ٹیکنالوجی ٹیم نے کامیابی کے ساتھ تمام ٹیسٹ اور ڈویلپمنٹ انوائرنمنٹ کو کلاؤڈ پر منتقل کیا۔ ٹیمز اور زوم جیسے رابطے کے ذریعوں کا بھرپور استعمال کیا گیا۔

2020ء ہی وہ سال تھا جب روشن ڈیجیٹل اکاؤنٹ منصوبے کے تحت کسٹمرز کی ڈیجیٹل آن بورڈنگ کا آغاز ہوا، جس کے ذریعے کسٹمرز برانچ میں جائے بغیر چند منٹوں میں اپنا اکاؤنٹ کھول سکتے ہیں۔ 2021ء میں، ہمیں توقع ہے کہ معمول کے برانچ کسٹمرز کے لیے اکاؤنٹ کھولنے کا عمل بھی سیلف سروس ماڈل کے تحت ڈیجیٹل چینل پر منتقلی کی جانب بڑھے گا۔ انفراسٹرکچر کے میدان میں، وائڈ ایریا نیٹ ورک کے طور پر بیان کیا جانے والا ایک سوفٹ ویئر، جو ملک میں اپنی نوعیت کا پہلا سوفٹ ویئر ہے، کامیابی کے ساتھ تمام برانچوں میں نصب کیا گیا۔ HBL نے برانچ کاؤنٹر کی ٹرانزیکشنز کو متبادل چینلوں، بشمول ATMs، موبائل بینکنگ، Konnect اور IVR پر کامیابی سے منتقلی میں بھی اوّلین مقام حاصل کیا۔ اس منصوبے سے کاؤنٹر پر معمول کی ٹرانزیکشنز میں 23٪ تک کمی کرنے میں مدد ملی۔ علاوہ ازیں، اس کے ذریعے کسٹمرز کو سیلف سروس کی آسانی اور سہولت، برانچوں میں ہجوم کی کمی کے ساتھ ساتھ برانچ کے عملے کو معمول سے ہٹ کر ٹرانزیکشنز کے لیے بہتر کسٹمر سروس فراہم کرنے کا موقع ملا۔

پاکستان میں اپنے بزنس ٹرانسفارمیشن پروگرام کی تکمیل کے ساتھ، اب بین الاقوامی مقامات پر اس کے نفاذ پر توجہ مبذول ہو چکی ہے۔ کئی ممالک میں متعدد وَرک اسٹریم نافذ کی گئیں اور باقی 2021ء میں مکمل ہو جائیں گی۔ HBL نے رِسک، کمپلائنس اینڈ کنٹرول یونٹ بھی قائم کیا۔ یہ شعبہ مرکزی یونٹ کے طور پر کام کرے گا اور موجودہ وسائل کو ایک مربوط سائبان کے نیچے اکٹھا کرے گا تاکہ کنٹرول ٹیسٹنگ کے عمل کو اسٹریم لائن اور موثر بنایا جائے۔

2020ء میں HBL کا معروف پلیٹ فارم، HBLPSL مکمل طور پر پاکستان میں منعقد ہوا، جس کے ذریعے برانڈ کی مزید مستحکم وابستگی قائم ہوئی۔ یہ ملک میں کھیلوں کے سب سے بڑے واحد ایونٹ کے لیے HBL کی اسپانسر شپ کا پانچواں ایڈیشن تھا۔ بد قسمتی سے، وبا کے باعث، آخری چار میچ بشمول فائنل مقابلہ ملتوی کرنا پڑے اور کھلاڑیوں اور شائقین کی صحت اور تحفظ کی حفاظت کے لیے انھیں تماشائیوں کے بغیر نومبر 2020ء میں منعقد کیا گیا۔ HBLPSL کے ذریعے بین الاقوامی کرکٹ کو ملک میں واپس لانے کے مشن کے لیے اپنی کوششوں کے باعث HBL پاکستان سے وابستہ جذبے کے لیے انتہائی معروف ایفی ایوارڈ 2020ء جیتنے میں کامیاب رہا۔

عوامی و نجی شراکت داری کے جذبے کے تحت، HBL نے متعدد سرکاری اور SBP کے اقدامات میں ساتھ دیا۔ بینک نے ڈیجیٹل ریمٹنس چینلوں کی تشہیر کرنے اور روشن ڈیجیٹل اکاؤنٹ کے فروغ کے لیے ٹی وی کمپین میں SBP کے ساتھ شراکت کی۔ HBL نے اسلامی مارکیٹ میں اپنی پہلی کمپین کا آغاز کیا؛ جو ہوم فنانس اور حکومتِ پاکستان کی 'میرا گھر میرا پاکستان' مہم کے ذریعے پیش کی گئی۔

2020ء میں بینک کے برانڈ کو مستحکم کرنے کی کوششوں نے بینک کی ڈیجیٹل پروڈکٹس اور سروسز کی پروفائلنگ کی طرف رُخ کیا۔ بینک نے HBL موبائل کے لیے اپنی پہلی ٹی وی کمپین میں بھاری سرمایہ کاری کی، جبکہ HBL موبائل کے ذریعے فوری پرسنل لون کی تشہیر کے لیے ڈیجیٹل میدان میں مہم چلائی گئی۔ دیگر اہم کمپین میں Tap &Pay / کونٹیکٹ لیس کارڈز کا تعارف اور HBL کے POS نیٹ ورک کی توسیع کا اعلان شامل تھا۔ HBL نے پاکستان ڈیجیٹل ایوارڈز کی جانب سے دو اہم اعزازات حاصل کیے جن میں سال کی بہترین بینکنگ ٹیک اور KonnectbyHBL کے لیے بہترین ڈیجیٹل کمپین کے اعزازات شامل تھے۔ بینک نے اپنی پروڈکٹس اور سروسز کی تشہیر کے لیے سوشل میڈیا کے استعمال میں اضافہ کیا اور تقریباً 2 ارب سے زائد امپریشن فراہم کیے، جو 2019ء کے مقابلے میں 75٪ اضافہ ہے۔ بینک کی ڈیجیٹل مارکیٹنگ کی کوششوں کا اعتراف مقامی اور بین الاقوامی سطح پر کیا گیا اور ورلڈ فنانس ایوارڈز میں سوشل میڈیا کے بہترین استعمال کے اہم اعزاز کا حصول اس کا منہ بولتا ثبوت ہے۔

ہیومن ریسورسز

2020ء اپنے ہمراہ کورونا وائرس (COVID-19) کے باعث لوگوں کے لیے کئی مشکلات لے کر آیا۔ HBL نے اپنے عملے اور اُن کی مالی بہبود کے تحفظ کے لیے فوری اقدامات کیے۔ چونکہ وبا کے دوران بینکاری کو ضروری خدمات کے درجے میں رکھا گیا تھا، لہٰذا برانچ نیٹ ورک کا بیشتر حصّہ فعال رہا اور کسٹمرز کو بلا تعطل خدمات کی فراہمی کے لیے 70٪ عملہ اپنی برانچوں اور دفاتر سے کام کرتا رہا۔ مضبوط حفاظتی پروٹوکول نافذ کیے گئے، اور معیاری ضابطہ کار پر سخت عمل درآمد اور بھرپور آگاہی

متعلق اُنھیں مسلسل آگاہی فراہم کرنا بینک کی دفاعی حکمتِ عملی کا اہم حصّہ رہے گا۔ ان اقدامات کی مدد سے بینک اپنے کلائنٹس کے تحفظ اور ذہنی سکون کو یقینی بناتے ہوئے انھیں جدید ڈیجیٹل خدمات پیش کر سکے گا۔

سماجی بہبود کی ذمہ داری (CSR)

ہمارے ملک اور معاشرے نے ہماری تعمیر میں جو کردار ادا کیا، اپنی خدمات کی صورت میں انھیں واپس کرنا HBL کے اسٹریٹجک ایجنڈا کا ایک حصہ ہے۔ بینک صحت، تعلیم اور سماجی فلاح و بہبود کے لیے ایسی کثیر جہاتی پیش رفت میں مسلسل معاونت کرتا ہے جس میں مالی شمولیت کی حوصلہ افزائی ہو، بالخصوص صحت و تعلیم کے شعبے کے اہم روابط پر توجہ مرکوز رکھتے ہوئے جو دوپائیدار ستون ہیں۔ اپنے معاشرے کی مستقل معاشی اور سماجی ترقی کے فروغ کے لیے، بینک اپنے سالانہ بعد از منافع کا 1٪، HBL فاؤنڈیشن کو دیتا ہے، جو 2009ء میں پسماندہ افراد کی ترقی اور فلاح و بہبود اور ان کا معیارِ زندگی بہتر بنانے کے لیے قائم کی گئی تھی۔ 2020ء کے دوران، بینک نے مستحق مقاصد کے لیے، براہِ راست اور فاؤنڈیشن کے ذریعے، 527 ملین روپے کی امداد دی۔ یہ بینک کے 2019ء کے عہد سے 84٪ اضافی ہے۔ غیر منافع بخش تنظیموں، حکومت اور دیگر سماجی شراکت داروں سے HBL کے دیرینہ اشتراک کے ذریعے بینک اپنے سماجی بہبود کی ذمہ داری اور پائیدار بینکاری ایجنڈا پر کاربند ہے۔

سال 2020ء میں فاؤنڈیشن نے صحت سے متعلق شعبوں میں 133 ملین روپے کی معاونت کی، جن میں چترال میں جدید ترین طبی سہولیات کی فراہمی اور کراچی میں پبلک پرائیویٹ سیکٹر ہسپتالوں کا قیام شامل ہیں جو بچوں اور کینسر کے علاج کے سلسلے میں جدید ٹیکنالوجی متعارف کروا رہے ہیں۔ اس کے ساتھ ساتھ HBL اور فاؤنڈیشن نے مل کر نصاب اور سرکاری اسکول کے اساتذہ کی تربیت سمیت فن و سائنس کے شعبوں میں سہولیات کی فراہمی کے لیے 190 ملین روپے دیے ہیں۔ فاؤنڈیشن نے لیاری کے پسماندہ علاقے میں بچوں کا معیارِ زندگی بہتر بنانے کی غرض سے فٹ بال کھیل کی سہولیات کی فراہمی میں بھی معاونت کی ہے۔

2020ء ایک انتہائی مشکل سال تھا جس میں اپنے معاشرے کو خدمات لوٹانا نہایت اہم تھا کیونکہ COVID کی وبا نے ملک بھر میں انتشار برپا کر دیا تھا۔ HBL نے اپنی سماجی کمیونٹیز کی مدد کے لیے بساط سے بڑھ کر کام کرتے ہوئے بڑی مہارت سے اپنے سماجی عہد سے وابستگی کا مظاہرہ کیا۔ لاک ڈاؤن کے نتیجے میں بے روزگاری میں اضافے سے بحرانی صورتحال میں خوراک تک رسائی ایک اور بنیادی سماجی مسئلہ تھا۔ ملک بھر میں موجودگی کے سبب بینک نے مستحق خاندانوں میں راشن کے تھیلے تقسیم کیے جس سے 180,000 افراد مستفید ہوئے۔ یہ HBL اسٹاف کی رضاکارانہ پیش رفت تھی جسے تقسیم کے مرحلے سے HBL برانچ نیٹ ورک نے آگے بڑھایا۔ عملے کی رضاکارانہ پیش کش بینک کے لیے مقامِ فخر ہے۔

HBL اور سرینا نے مل کر سات شہروں میں پہلی صف کے طبی عملے کو ایک ماہ سے زائد عرصے تک 30,000 کھانے کے ڈبے فراہم کیے۔ اس اشتراک سے COVID کے لیے وقف 20 ہسپتالوں اور ہیلتھ کیمپس میں دن میں دوبار خصوصاً تیار کھانے کے ڈبے پہنچائے گئے۔ بینک نے بحالی کے اقدامات میں شمولیت کے طور پر نیشنل ڈزاسٹر مینجمنٹ اتھارٹی کو 50,000 فیس ماسک بھی عطیہ کیے۔

HBL فاؤنڈیشن اور دیگر کو عطیات مالیاتی بیان کے نوٹ 28.3 میں درج ہیں۔

کریڈٹ ریٹنگ

بینک کی کریڈٹ ریٹنگ کی دوبارہ تصدیق جون 2020ء میں VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کے ذریعے بالترتیب طویل المیعاد اور قلیل المیعاد کے لیے +AAA/A-1 ہوئی۔ Tier II TFC کے ماتحت قرضوں کی ریٹنگ بھی بدستور AAA ہے جبکہ بینک کے Additional Tier I سرمائے کے TFCs کو ستمبر 2020ء میں +AA ریٹنگ دی گئی۔ تمام ریٹنگ میں منظر نامہ مستحکم ہے۔ ریٹنگ سے HBL کی ملک کے سب سے بڑے کمرشل بینک کی حیثیت کے ساتھ مقامی کاروباری رفتار میں استحکام اور بینک کے مستحکم اثاثوں کے معیار، مضبوط لیکویڈیٹی اور انتظامی اہمیت کی عکاسی ہوئی۔ Moody's نے HBL کی مقامی کرنسی ڈپازٹ کی ریٹنگ B3 کی دوبارہ تصدیق کی، caa1 میں بیس لائن کریڈٹ اسیسمنٹ اور Caa1 میں غیر ملکی کرنسی کے ذخائر کی درجہ بندی بھی اپ گریڈ کر کے B3 کر دی، جو خود مختار ریٹنگ کی کارروائی کے خطوط پر کیا گیا۔

مستقبل کی صورتِ حال

وبا سے ایک واضح تعلق کے باوجود، 2020ء کی معاشی بدحالی کا آغاز COVID سے قبل ہو چکا تھا اور اس کا بڑا حصہ ساختی مسائل کے سبب تھا جن میں سے کئی حل ہونے کے مرحلے میں تھے اور کچھ پر غور کیا جانا تھا۔ نتیجتاً اقتصادی اشاریوں جیسا کہ ایندھن کی کھپت، آٹو سیلز اور سیمنٹ کے آف ٹیک سے معقول حد تک مضبوط اقتصادی بحالی ظاہر ہو رہی ہے۔ سال 21 کی پہلی ششماہی میں درآمدی نمو کا ایک بڑا حصہ "اشیا" کی درآمد کے طفیل تھا جیسا کہ سرمایہ کاری اشیا؛ رہائشی اور تعمیراتی شعبے پر توجہ–لازمی قرضہ جات کے اہداف کی حوصلہ افزائی–سے تمام اقتصادی شعبوں میں مستحکم نمو میں مدد ملے گی۔ IMF کے تخمینے کے مطابق GDP کی نمو مالی سال 22 کے لیے 4٪ ہوگی جس میں ساختی اور دورانیے کی تیزی کے سبب اضافہ ہو سکتا ہے۔

کنزیومر قرضوں کے کاروبار نے کورونا وائرس کے باوجود اپنی ترقی کی رفتار برقرار رکھی۔ براہِ راست متاثرہ زیادہ خطروں کے شعبوں میں قرض دینے کے اثرات کم سے کم رکھنے کے لیے، بہت سے پالیسی اقدامات اپنائے گئے اور ضائع ہونے سے بچانے کے لیے وصولیوں کی نگرانی کو مزید بہتر بنایا گیا۔ ڈیجیٹل چینلوں کے ذریعے پرسنل لون اور کریڈٹ کارڈز، دونوں کے لیے قرض حاصل کرنے کی سرگرمی میں بھی اضافہ ہوا۔ کارڈ بزنس میں موجود دھوکا دہی کے خطرے کے باعث بڑھتے ہوئے نقصانات سے بچاؤ اور کسٹمرز کی تسلی کے لیے، ویزا، ماسٹر کارڈ اور 1–لنک کی جانب سے ٹرانزیکشن کی نگرانی کا نظام نافذ کیا گیا۔ کار لون پروڈکٹ کو وسعت دینے کے لیے نئے اقدامات کے نتیجے میں نئے بزنس میں نمایاں اضافہ ہوا۔ پروگرام پر مبنی قرض دینے والی ٹیم نے کم لاگت گھروں کے لیے پالیسیاں اور طریقہ کار ترتیب دینے کے لیے بزنس کے ساتھ شراکت کی، اور کریڈٹ کی اہلیت کے اسیسمنٹ ٹول اور NAPHDA ڈیٹا کے ڈیٹا اینالیٹکس ڈیزائن کرتے ہوئے انڈسٹری میں قیادت کا مظاہرہ کیا۔ پورٹ فولیو کے استحکام اور انتظام کے لیے، چھوٹے کاروباروں کے فنانس پورٹ فولیو اور دیہی قرضوں کے لیے درخواستوں کے نئے اسکور کارڈ تیار اور نافذ کر دیے گئے ہیں۔

حالیہ تبدیلیوں میں رِسک گورننس کے شعبے کا آغاز شامل ہے۔ پورے HBL میں رِسک سے متعلق نقطۂ نظر یکجا اور ہم آہنگ کرنے کے لیے ایک انٹرپرائز رِسک مینجمنٹ کا شعبہ بھی قائم کیا گیا ہے۔ توقع ہے کہ یہ بینک میں رِسک کی نگرانی اور کنٹرول کے طریقہ کار میں ہم آہنگی اور استحکام کا باعث ہو گا۔

بینک نے مقامی اور بین الاقوامی مارکیٹ میں کمپلائنس اور مالی جرائم کے رِسک کا انتظام مضبوط بنانے کا عمل جاری رکھا۔ جہاں ضرورت تھی وہاں کمپلائنس پروگرام، پالیسیاں اور سسٹم بہترین عالمی طرزِ کار اور مقامی ریگولیٹری معیارات سے ہم آہنگ کیے گئے، جو نافذ العمل نیشنل رِسک اسیسمنٹ کے نتائج سے نمایاں ہیں۔ بینک کی رِسک برداشت کرنے کی استعداد اور مالی جرائم کے رِسک کی اسیسمنٹ کی روشنی میں HBL کے موجودہ پورٹ فولیو کی ہم آہنگی اور خطرات میں کمی لانا ایک مستقل سرگرمی رہی ہے۔

استعداد میں اضافے اور مہارتوں میں بہتری لانا HBL کی تمام مارکیٹ میں ایک مرکزی نقطہ رہا۔ تین صفوں پر مشتمل دفاعی ماڈل کے تحت، جو HBL کے کمپلائنس پروگرام کی مستقل تعمیل کا لازمی جزو ہے، پہلی صف میں شمار ہونے والے شعبوں کی آگاہی کو وسعت دی گئی۔ مینجمنٹ کی کمپلائنس کمیٹی، کمپلائنس رِسک پر نظر رکھنے والی بورڈ کمپلائنس اینڈ کنڈکٹ کمیٹی (BCNC) کے ساتھ سینئر مینجمنٹ کے رابطے کے طور پر کام کرتی ہے۔

HBL کا وِسل بلوئنگ پروگرام بینک کی سالمیت اور ساکھ کا تحفظ کرتا ہے اور اس کا مقصد دھوکا دہی، غبن، ہراسانی اور بینک کے ضابطۂ اخلاق کی دیگر سنگین خلاف ورزیوں کے مشتبہ واقعات رپورٹ کرنے کے لیے عملے کے اختیارات میں اضافہ ہے۔ شکایات کے اندراج کے لیے دستیاب متعدد چینلوں کے بارے میں آگاہی کے لیے، سال کے دوران، کئی کوششیں کی گئیں۔

مذکورہ بالا اقدامات نے مجموعی طور پر HBL کے کمپلائنس سے متعلق حساس کلچر کے ارتقا میں نمایاں کردار ادا کیا۔ اعلیٰ سطح کا نقطۂ نظر نہایت واضح رہا جو بورڈ، BCNC اور پریزیڈنٹ کی جانب سے تعاون کی صورت میں نمایاں تھا۔

سائبر حملوں اور بڑے پیمانے پر ڈیٹا میں خلل سے اپنے کسٹمرز اور ڈیٹا کا تحفظ HBL کے لیے انتہائی اہم ہے۔ بیرونی خطرات کا مقابلہ کرنے کی صلاحیت رکھنے والے حفاظتی اور سراغ رساں کنٹرول سے لیس موثر سائبر سکیورٹی رِسک مینجمنٹ کے ذریعے، انفارمیشن سکیورٹی HBL کے ڈیٹا کو اندرونی اور بیرونی خطرات سے محفوظ رکھنے میں مرکزی کردار ادا کرتی ہے۔

وبا کی صورتِ حال میں دفاتر کے علاوہ مقامات سے کام کرنے کے نئے ماڈل نے سائبر مجرموں کو مواقع فراہم کیے۔ بینک کی جانب سے ڈیجیٹائزیشن کے منصوبے، خطرات کے بدلتے ہوئے منظرنامے اور سوشل انجینئرنگ فراڈ میں اضافے کے باعث یہ مزید سنگین ہو گیا۔ انفارمیشن سکیورٹی سے متعلقہ معاملات کے لیے مخصوص تربیت اور رہنمائی فراہم کرنے کے لیے اندرونی طور پر ایک بھرپور آگاہی مہم کا آغاز کیا گیا۔ اس کے ساتھ کسٹمرز کے لیے بھی خصوصی آگاہی مہم چلائی گئی۔ دفاتر کے علاوہ مقامات پر کام کرنے کے لیے سکیورٹی پروٹوکول نافذ کیے گئے جن کے ذریعے عملہ محفوظ اور ہموار انداز میں کام جاری رکھ سکا، اور یوں بزنس کے تسلسل کو یقینی بنایا گیا۔

اپنے کسٹمرز کو محفوظ بینکاری خدمات کی فراہمی کے لیے ہماری مستقل کوششوں کے باعث ہمارے مکمل نیٹ ورک کا تحفظ یقینی ہوا۔ ہماری PCSIDSS سرٹیفکیشن برقرار رہی جو پیمنٹ کارڈ انڈسٹری کے لیے بنیادی سکیورٹی معیار ہے۔ ہم نے ISO 27001 انفارمیشن سکیورٹی مینجمنٹ سسٹم سرٹیفکیشن کے لیے اپنے سالانہ آڈٹ میں بھی کامیابی حاصل کی۔

ڈیجیٹل چینلوں پر کسٹمرز کی کڑی تصدیق اور رویّوں کی اینالیٹکس سائبر / دھوکا دہی کے بڑھتے ہوئے خطرات کے خلاف اہم کنٹرول ہیں۔ کلاؤڈ پر مبنی کمپیوٹنگ کے طریقہ کار میں متوقع اضافے کے پیشِ نظر، بینک کلاؤڈ سکیورٹی پر اپنی توجہ مرکوز رکھنے کا منصوبہ رکھتا ہے۔ ڈیٹا ضائع ہونے سے بچانے کے لیے اقدامات، شناخت اور رسائی کا انتظام، اور آلٹرنیٹ ڈیلیوری چینلز پر سکیورٹی کنٹرولز کی مضبوطی میں بہتری توجہ کا مرکز رہیں گی۔ کسٹمرز بذاتِ خود سکیورٹی کے عمل کا اہم جزو ہیں اور سائبر خطرات سے

بورڈ کے اجلاس

	بورڈ اجلاس	
	دورانِ مدت منعقدہ اجلاس	حاضری
محترم سلطان علی الانہ	8	8
محترم سلیم یحیٰ چنائے	8	8
محترم شفیق دھرمشی	8	8
محترم معیز احمد جمال	8	8
محترمہ ڈیان الزبتھ مور	8	8
محترم سلیم رضا	8	8
ڈاکٹر نجیب سمیع	8	8
محترم محمد اورنگزیب	8	8

بورڈ کمیٹیوں کے اجلاس

	بورڈ آڈٹ کمیٹی		بورڈ رِسک مینجمنٹ کمیٹی		بورڈ ہیومن ریسورس اینڈ ریمونریشن کمیٹی		بورڈ کمپلائنس اور کنڈکٹ کمیٹی	
	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری
محترم سلطان علی الانہ	N/A	N/A	N/A	N/A	5	5	N/A	N/A
محترم سلیم یحیٰ چنائے	8	8	N/A	N/A	N/A	N/A	8	8
محترم شفیق دھرمشی	N/A	N/A	7	7	5	5	N/A	N/A
محترم معیز احمد جمال	8	8	N/A	N/A	N/A	N/A	8	8
محترمہ ڈیان الزبتھ مور	N/A	N/A	N/A	N/A	N/A	N/A	8	8
محترم سلیم رضا	N/A	N/A	7	7	N/A	N/A	N/A	N/A
ڈاکٹر نجیب سمیع	8	8	N/A	N/A	5	5	N/A	N/A
محترم محمد اورنگزیب	N/A	N/A	7	7	N/A	N/A	N/A	N/A

	بورڈ ڈویلپمنٹ فنانس کمیٹی		بورڈ نامینیشن اینڈ ریمونریشن کمیٹی*		بورڈ IT کمیٹی		بورڈ اوورسائٹ کمیٹی– انٹرنیشنل گورننس	
	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری
محترم سلطان علی الانہ	3	3	N/A	N/A	N/A	N/A	5	5
محترم سلیم یحیٰ چنائے	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
محترم شفیق دھرمشی	N/A	N/A	1	1	N/A	N/A	N/A	N/A
محترم معیز احمد جمال	N/A	N/A	1	1	N/A	N/A	N/A	N/A
محترمہ ڈیان الزبتھ مور	N/A	N/A	N/A	N/A	4	4	N/A	N/A
محترم سلیم رضا	3	3	1	1	4	4	N/A	N/A
ڈاکٹر نجیب سمیع	N/A	N/A	1	1	N/A	N/A	5	5
محترم محمد اورنگزیب	3	2	N/A	N/A	4	3	5	5

اس نسبتاً مثبت منظر نامے کے لیے افراطِ زر بدستور ایک خطرہ ہے۔ SBP کو توقع ہے کہ مالی سال 21 کے لیے افراطِ زر کی اوسط 7%-9% کے درمیان رہے گی تاہم افراطِ زر سے مالی سال 21 کا اختتام بنیادی اثرات (base effect) کے سامنے آنے سے دوہندسوں پر آنے کا امکان ہے۔ گو کہ بنیادی مہنگائی ہنوز بے ضرر ہے تاہم افراطِ زر کے منظر نامے پر تیل کی بین الاقوامی قیمت میں اضافے، یوٹیلیٹی ٹیرف پر نظرِ ثانی، اور مستقبل میں اشیائے خورد ونوش کی قیمتوں میں اضافے سے چڑھاؤ کا خطرہ نظر آرہا ہے۔ ترسیلاتِ زر کا مثبت سرپرائز سال 21 کی دوسری ششماہی میں نارمل ہوسکتا ہے جس سے جاری کھاتوں پر دباؤ ہوگا۔ سال 21 کی دوسری سہ ماہی میں IMF پروگرام کی نمایاں بحالی ایک مثبت تبدیلی ہے کیونکہ اس سے خارجی کھاتوں اور کرنسی کو مسلسل پائیداری کی فراہمی کے لیے اندرونی سرمایہ کاری کے بہاؤ کے لیے در کھُل سکتے ہیں۔

اگرچہ انفیکشن کی دوسری لہر زیادہ طویل ہوگئی ہے تاہم امید قائم ہے۔ حکام نے ہدف پر مبنی لاک ڈاؤن کے ذریعے وبا پر قابو کا طریقہ ڈھونڈ لیا ہے جس سے معاشی سرگرمیوں پر نسبتاً کم اثرات مرتب ہورہے ہیں۔ مارچ میں متوقع COVID ویکسین کی تقسیم سے اعتماد بحال ہونے میں مدد ملے گی اور صحت کے اعداد و شمار میں بہتری آئے گی۔

HBL کے اس سال کے نتائج اس کے عہد اور کسٹمر زپر توجہ کے غماز ہیں جو ہماری موجودگی کی وجہ ہیں اور نسلوں سے ہماری معاونت کررہے ہیں۔ ہماری ٹیکنالوجی میں سالہا سال کی سرمایہ کاری اور اس افراتفری کے دور میں اب بار آور ثابت ہورہی ہے۔ جس سے ہم غیر محسوس انداز میں نئے طرزِ زندگی کے تقاضے پورے کرتے جا رہے ہیں۔ ایک بینکنگ لائسنس والی ٹیکنالوجی کمپنی کی حیثیت سے HBL میں ہم ڈیجیٹل استعمال میں تیزی دیکھ رہے ہیں۔ ہم اپنے صارفین کے لیے ان کی مخصوص ضروریات کے مطابق متنوع اور فنِ مہارت سے آراستہ حل کی فراہمی یقینی بنانے کے لیے تیزی اور پھُرتی سے کام کررہے ہیں۔

HBL اپنے آپ کو قومی تانے بانے کا ایک لازمی جُز تصور کرتا ہے۔ پہلے مشہور ملکی بینک کی حیثیت سے HBL ملکی فلاح و بہبود کے لیے ہمیشہ پیش پیش رہا ہے۔ وبا کے سبب اس اہم موڑ پر بھی HBL اپنے کاروبار کے ہر شعبے میں آگے بڑھا۔ ہم نے اپنے پبلک پرائیویٹ پارٹنر شپ ماڈل کے ساتھ وسیع تر شعبوں میں پُر سوچ ماہرانہ قیادت فراہم کی، جس میں باکفایت ہاؤسنگ فنانس اسکیم میں رہبری سے لے کر حکومت کی نیشنل کمپلائنس فریم ورک کی تیاری میں معاونت اور نئے روشن ڈیجیٹل اکاؤنٹ اسکیم کے ذریعے کیش کے اندرونی بہاؤ کو اپنی جانب راغب کرنا شامل ہیں، جس کے لیے ہم نے حال ہی میں اپنے قائدانہ کردار کے لیے اعزاز حاصل کیا ہے۔ HBL ریئل سیکٹر میں SBP کے ذریعے دستیاب لیکویڈیٹی اور فنڈنگ امداد استعمال کرنے میں ایک سرکردہ ادارہ رہا ہے تاکہ یقینی بنایا جاسکے کہ کاروبار میں کیش کا بہاؤ جاری رہے۔ ہم شکر گزار ہیں اور ہمیں فخر ہے کہ حکومت کی جانب سے ہمیں احساس پروگرام کے تحت معاشرے کے غریب اور پسماندہ طبقے کے تحفظ کی کوششوں کے لیے منتخب کیا گیا۔

گزشتہ تین سال کے عرصے میں HBL نے اپنے افراد، طرزِ کار اور فلسفے کی صورت تبدیل کردی ہے۔ ہم ترقی کے پائیدان پر آگے بڑھ رہے ہیں، ایک مستحکم سرمائے، عزمِ مصمم اور احساسِ ذمہ داری سمیت تمام اہم شعبوں کی ہم آہنگی کے ساتھ، ان شاء اللہ ایک روشن مستقبل ہم سب کا خیر مقدم کرے گا۔

منافع منقسمہ

یہ HBL کا بیانیہ ارادہ ہے کہ وہ اصل معیشت اور اپنے صارفین کی نسلوں کی معاونت کرے۔ ہم نئے کاروباری دھارے کی ترقی کے ساتھ موجودہ تعلقات مزید گہرے بنانے کا منصوبہ رکھتے ہیں جن کے لیے مستحکم سرمایہ درکار ہے۔ HBL کا ماننا ہے کہ اس نظریے سے شیئر ہولڈر کی مستقبل میں قدر افزائی ہوگی لہٰذا اس کے لیے ماضی کے مقابلے میں منافع کے اعلیٰ سطح بر قرار رکھنے کی ضرورت ہے۔

بورڈ نے سال مختتمہ 31 دسمبر 2020ء کے لیے 3.00 روپے فی حصص (شیئر) کے حتمی نقد منافع منقسمہ کی تجویز دی، جس سے سال کا مجموعی نقد منافع منقسمہ 4.25 روپے فی حصص (شیئر) تک پہنچ گیا۔ اس سے قبل بورڈ مجموعی طور پر 1.25 روپے فی حصص کے عبوری منافع منقسمہ کا اعلان اور ادائیگی کرچکا تھا۔

i) ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکریٹری نے تصدیق کی ہے کہ وہ اور اُن کے ازواج کسی طرح کے بھی اسٹاک بروکریج کے کاروبار میں شامل نہیں ہیں۔

j) بورڈ کی طرف سے قائم کردہ آڈٹ، ہیومن ریسورس اور ریمونریشن، رِسک مینجمنٹ، IT، کمپلائنس اور کنڈکٹ، ڈویلپمنٹ فنانس، بورڈ اوور سائٹ فار انٹرنیشنل گورننس، بورڈ اوور سائٹ برائے نیویارک اور ریمونریشن کمیٹیاں اپنے اختیارات کے مطابق موثر انداز میں کام کر رہی ہیں۔ بورڈ باقاعدگی سے اس سال کے دوران 8 اجلاس کر چکا ہے، جن میں ہر سہ ماہی میں کم از کم ایک اجلاس شامل ہے۔

بورڈ انٹرنل کنٹرولز سے متعلق انتظامیہ کی جانب سے دیے گئے بیان کی توثیق کرتے ہوئے خوشی محسوس کر رہا ہے۔ انٹرنل کنٹرول کا گوشوارہ، ضابطے پر عمل درآمد کا گوشوارہ برائے جائزہ رپورٹ، آڈیٹر کی رپورٹس، مالیاتی گوشوارے کے ساتھ منسلک ہیں۔

ایمپلائی ریٹائرمنٹ بینیفٹ فنڈز میں سرمایہ کاریوں کی رقم

31 دسمبر 2020ء کے مطابق بینک کی جانب سے برقرار پروویڈنٹ، پنشن، گریجویٹی اور بینوولنٹ فنڈز میں سرمایہ کاریوں کی رقم، آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر درج ذیل جدول میں ظاہر کی گئی ہے:

	ملین روپے
ایمپلائز پروویڈنٹ فنڈ	5,636
ایمپلائز پنشن فنڈ	6,056
ایمپلائز گریجویٹی فنڈ	2,289
ایمپلائز بینوولنٹ فنڈز–ایگزیکٹیوز اور افسران	1,677
ایمپلائز بینوولنٹ فنڈز–کلریکل اور نان کلریکل	841

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2020ء کو پیٹرن آف شیئر ہولڈنگ اور ایگزیکٹیو کی جانب سے بینک کے حصص میں کاروبار، جس کی بورڈ آف ڈائریکٹرز نے ضابطے کے تحت وضاحت کی ہے، ضابطے پر عمل درآمد کرتے ہوئے سالانہ رپورٹ میں دی گئی ہے۔

پیرنٹ کمپنی

جیسا کہ مالیاتی گوشوارے کے نوٹ 1.1 میں بیان کیا گیا ہے، آغا خان فنڈ فار اکنامک ڈویلپمنٹ (AKFED) S.A، بینک کی پیرنٹ کمپنی ہے اور اس کا رجسٹرڈ دفتر جنیوا، سوئٹزرلینڈ میں ہے۔

تربیتی پروگراموں میں ڈائریکٹرز کی شرکت

ڈائریکٹرز کی اکثریت SECP سے منظور شدہ ڈائریکٹر کے تربیتی پروگرام میں پہلے ہی شرکت کر چکی ہے اور ضابطے کے مطابق ڈائریکٹر کی حیثیت سے سند یافتہ ہے۔

اکتوبر 2020ء میں تسلیم شدہ بیرونی ٹرینرز نے بورڈ کے لیے شریعہ گورننس فریم ورک فار اسلامک بینکنگ انسٹی ٹیوشنز ٹریننگ سیشن منعقد کیا۔ سیشن میں فریم ورک کے کئی پہلوؤں اور عالمی و بین الاقوامی سطح پر اسلامک بینکنگ کے رجحانات کا احاطہ کیا گیا۔

دسمبر 2020ء میں بورڈ کے لیے بین الاقوامی AML ماہرین کے ذریعے ٹریننگ سیشن منعقد کیا گیا۔ جس میں AML / CFT کے منظرنامے میں مسلسل ارتقاء اور جدید تبدیلی و ترقی کے ساتھ FATF کے کردار پر توجہ مرکوز کی گئی۔

بورڈ کی کارکردگی کا جائزہ

HBL کے بورڈ نے اپنے بورڈ اور اس کی کمیٹیوں کے لیے سالانہ جائزے کا انتخاب کیا جو پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس نے 2020ء میں سرانجام دیا۔ جائزے میں بورڈ اور انفرادی دونوں حیثیتوں کے مدِ نظر کارکردگی کا تجزیہ کیا گیا اور بورڈ کے مشمولات، لائحہ عمل اور منصوبہ بندی، بورڈ اور سی ای او کی تاثیر، بورڈ کی معلومات، بورڈ کمیٹیوں، بورڈ کا طرزِ کار اور ماحولیاتی ضابطوں کا احاطہ کیا گیا۔

* 2019ء میں قائم کی گئی بورڈ ریمونریشن کمیٹی (BRC) 17 جون 2020ء کو منعقدہ بورڈ کے اجلاس میں بورڈ نامینیشن اینڈ ریمونریشن کمیٹی (BNRC) کے قیام کے بعد تحلیل کر دی گئی تھی۔ جس کا مقصد BRC اور بورڈ نامینیشنز کے دائرہ کار کا احاطہ تھا۔ 2020ء میں اس تاریخ سے قبل BRC کا کوئی اجلاس منعقد نہیں ہوا۔

بورڈ اوور سائٹ کمیٹی - نیویارک (BOC-NY) 22 اپریل 2020ء کو تحلیل کر دی گئی۔ 2020ء میں اس تاریخ سے قبل اس کا کوئی اجلاس منعقد نہیں ہوا۔

بورڈ آف ڈائریکٹرز نے اپنے 24 جولائی 2020 کو منعقدہ اجلاس میں بورڈ اوور سائٹ کمیٹی - HBL UAE قائم کی جو ایک نان ریمونریٹیو کمیٹی ہے، جس کا مخصوص مقصد UAE سینٹرل بینک کی انسپکشن رپورٹ میں ایکشن پلان کے اطلاق کے حوالے سے نشاندہ مسائل کی نگرانی ہے۔ یہ کمیٹی 3 ارکان پر مشتمل ہے: محترم سلطان علی الانا، محترم معیز احمد جمال اور محترم محمد اورنگزیب۔ اس کمیٹی کے اب تک 6 اجلاس منعقد ہو چکے ہیں جن میں تمام ارکان شامل تھے۔ یہ کمیٹی 18 دسمبر 2020 کو تحلیل کر دی گئی۔

شریعہ بورڈ کے اجلاس

	شریعہ بورڈ اجلاس	
	دورانِ مدت منعقدہ اجلاس	حاضری
ڈاکٹر محمد زبیر عثمانی (چیئرمین)	4	4
ڈاکٹر اعجاز احمد صمدانی (رکن)	4	4
مفتی محمد یحییٰ عاصم (ریزیڈنٹ شریعہ بورڈ رکن)	4	4

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس اپنی 5 سالہ مدت کی تکمیل کے بعد ریٹائر ہو رہے ہیں اور کوڈ آف کارپوریٹ گورننس کے مطابق وہ دوبارہ انتخاب کے اہل نہیں۔ چنانچہ بورڈ آف ڈائریکٹرز نے، بورڈ آڈٹ کمیٹی کی تجویز پر، میسرز کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کے 27.901 ملین روپے کی فیس پر مالی سال 2021ء کے لیے بینک کے آڈیٹرز کے طور پر انتخاب کی سفارش کی ہے، جبکہ دیگر اخراجات اور ٹیکس حقیقی بنیاد پر ادا کیے جائیں گے۔

کارپوریٹ اور مالیاتی رپورٹنگ پر بیان

بورڈ اس بات کے لیے پُرعزم ہے کہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے مرتب کردہ کارپوریٹ گورننس کی ضروریات کو پورا کیا جائے اور ڈائریکٹرز یہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں کہ:

a) بینک کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، بینک کے معاملات کی صورتِ حال، انتظامی نتائج، کیش فلوز اور ایکویٹی میں تبدیلی صحیح اور منصفانہ انداز میں پیش کیے گئے ہیں۔

b) بینک کے اکاؤنٹس کی بُکس باقاعدہ طور پر برقرار رکھی گئی ہیں۔

c) مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ پالیسیوں کا یکساں اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط اندازے پر مبنی ہیں۔

d) بینک نے مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (جو پاکستان میں بینکوں پر لاگو ہیں) کی پیروی کی ہے اور کہیں بھی مذکورہ معیارات کی خلاف ورزی نہیں کی گئی۔

e) ایک مستقل عمل کے طور پر انٹرنل کنٹرول سسٹم پر موثر انداز میں عمل درآمد کرنے کی کوششیں کی جا رہی ہیں۔ HBL، اسٹیٹ بینک آف پاکستان کی انٹرنل کنٹرول کی ہدایات سمیت انٹرنل کنٹرولز اوور فنانشل رپورٹنگ (ICFR) کی ہدایات اور روڈ میپ پر عمل کرتا ہے۔ بینک نے اپنے ICFR طریقہ کار کا جائزہ لیا ہے اور ICFR کی مینجمنٹ کی فریم ورک دستاویز بشمول مینجمنٹ ٹیسٹنگ اور رپورٹنگ فریم ورک تیار کی ہے۔

f) بینک کے اپنے امور کو جاری رکھنے کی صلاحیت پر کسی قسم کے شکوک و شبہات نہیں ہیں۔

g) ضابطے میں بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کا بنیادی انحراف نہیں کیا گیا ہے۔

h) مالیاتی گوشواروں کے سیکشن "گروتھ 2015ء تا 2020ء - مجموعی" میں گزشتہ 6 سالوں کے اہم عملیاتی اور مالیاتی گوشوارے پیش کیے گئے ہیں۔

شریعہ بورڈ کی تقرری اور تشکیل

شریعہ اسکالر کی تقرری کے لیے، مینجمنٹ پہلے SBP فِٹ اینڈ پراپر کرائٹیریا (FAPC) کے مطابق مجوزہ شریعہ بورڈ رُکن کی اسکریننگ کرتی ہے۔ بعد ازاں، اسے منظوری کے لیے HBL بورڈ آف ڈائریکٹرز کے پاس بھیجا جاتا ہے جس کے بعد اسے پُر FAPC فارم اور بورڈ کی منظوری نیز معاون دستاویزات کے ساتھ SBP میں جمع کروایا جاتا ہے۔ SBP کی جانب سے کلیئرنس ملنے کے بعد، مینجمنٹ شریعہ بورڈ کے رکن سے رابطہ کرتی ہے، معاہدہ کرتی ہے اور SBP کو اطلاع دیتی ہے۔

HBL کا شریعہ بورڈ تین اراکین پر مشتمل ہے:

ڈاکٹر محمد زبیر عثمانی، شریعہ بورڈ کے سب سے تجربہ کار رکن ہیں۔ اُنھوں نے اپنا تخصص فی الافتاء (اسلامی فقہ) اور شہادۃ العالمیہ جامعہ دارالعلوم، کراچی سے مکمل کیا۔ آپ جامعہ کراچی سے اسلامک فنانس میں پی ایچ ڈی اور بین الاقوامی تعلقات میں ماسٹرز کی ڈگری بھی رکھتے ہیں۔ آپ 1999ء سے بینکاری اور مالی خدمات کے شعبے سے وابستہ ہیں اور متعدد مالیاتی اداروں کو شرعی مشاورت کی خدمات فراہم کرچکے ہیں۔ آپ نے اسٹیٹ بینک آف پاکستان کے شریعہ بورڈ کے رُکن کی حیثیت سے بھی خدمات انجام دیں۔ فی الحال، آپ UBL، HBL اور حبیب میٹروپولیٹن بینک کے شریعہ بورڈ کے چیئرمین ہیں اور MCB–عارف حبیب سیونگز اینڈ انویسٹمنٹ لمیٹڈ اور آدمجی فیملی تکافل کو بھی شرعی مشاورت فراہم کررہے ہیں۔

ڈاکٹر اعجاز احمد صمدانی ممتاز شریعہ اسکالر ہیں۔ آپ نے تخصص فی الافتاء (اسلامی فقہ) اور شہادۃ العالمیہ کی اسلامی تعلیم جامعہ دارالعلوم، کراچی سے حاصل کی۔ آپ جامعہ کراچی سے اسلامک بینکنگ اور غرر (عدم یقین) پر پی ایچ ڈی ہیں، بہاؤ الدین زکریا یونیورسٹی سے اسلامک اسٹڈیز میں ماسٹرز اور سندھ مسلم گورنمنٹ کالج سے LLB کی اسناد بھی رکھتے ہیں۔ آپ 2004ء سے بینکاری اور مالیاتی خدمات کے شعبے سے وابستہ ہیں اور متعدد مقامی اور عالمی مالیاتی اداروں کے شریعہ بورڈ کو شرعی مشاورت کی خدمات فراہم کرچکے ہیں۔ آپ فی الحال UBL، HBL، بینک آف پنجاب اور MCB–عارف حبیب سیونگز اینڈ انویسٹمنٹ لمیٹڈ کے شریعہ بورڈ رُکن کے طور پر خدمات انجام دے رہے ہیں۔ آپ مالدیپ اسلامک بینک کے شریعہ بورڈ کے چیئرمین بھی ہیں۔

مفتی محمد یحیٰ عاصم نے تخصص فی الافتاء (اسلامی فقہ) اور شہادۃ العالمیہ کی دینی تعلیم جامعہ دارالعلوم، کراچی سے حاصل کی۔ آپ بین الاقوامی تعلقات، عربی اور اسلامک اسٹڈیز میں ماسٹرز کی ڈگری بھی رکھتے ہیں۔ آپ اس وقت جامعہ کراچی سے پی ایچ ڈی کررہے ہیں۔ آپ اسلامی بینکاری اور مالیاتی خدمات کے شعبے سے 2004ء سے وابستہ ہیں اور HBL، حبیب میٹروپولیٹن بینک، اٹلس ایسیٹ مینجمنٹ، HBL ایسیٹ مینجمنٹ، TPL وِنڈو تکافل کو شرعی مشاورت کی خدمات فراہم کرچکے ہیں۔ فی الحال آپ HBL شریعہ بورڈ کے ریزیڈنٹ شریعہ بورڈ رُکن کے طور پر کام کررہے ہیں۔

شریعہ بورڈ (SB) کے حوالے کی شرائط SBP کے جاری کردہ شریعہ گورننس فریم وَرک کے مطابق ہیں۔ ان میں، دیگر اُمور کے ساتھ ساتھ، درج ذیل شامل ہیں:

- شریعہ بورڈ کو HBL کے شریعہ سے متعلق تمام معاملات پر غور، فیصلے اور نگرانی کا اختیار دیا گیا ہے۔ بینک، شریعہ بورڈ کی تمام آراء، فیصلے اور فتاویٰ کا پابند ہوگا جبکہ شریعہ بورڈ شریعہ سے متعلق اپنے تمام فیصلوں کا ذمہ دار اور جوابدہ ہوگا۔
- شریعہ بورڈ HBL اسلامک بینکنگ کے آپریشنز کے تمام شعبوں کے لیے جامع شریعہ کمپلائنس فریم وَرک کی تیاری یقینی بنائے گا۔ HBL اسلامک بینکنگ کی پیش کردہ تمام مصنوعات یا خدمات کے لیے شریعہ بورڈ کی پیشگی منظوری درکار ہوگی۔
- شریعہ بورڈ تمام پروسیجر مینول، پروڈکٹ پروگرامز / اسٹرکچرز، پروسیس فلوز، متعلقہ معاہدے، مارکیٹنگ ایڈورٹائزمنٹ، سیلز السٹریشن اور بروشرز کی منظوری دے گا تاکہ یہ شرعی اصولوں کے مطابق ہوں۔

ڈائریکٹرز کا معاوضہ

SBP کے BPRD سرکلر نمبر 3 بتاریخ 17 اگست 2020ء کے تسلسل میں 30 مارچ 2020ء کو ہونے والے سالانہ اجلاس میں بینک کے حصص یافتگان نے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کو ادا کی جانے والی فیس کے طور پر 600,000 روپے کی منظوری دی تھی۔ پالیسی میں نان ایگزیکٹیو ڈائریکٹرز کے فدرتی سفر کے لیے سفری اخراجات اور روزانہ الاؤنسز بھی بیان کیے گئے ہیں۔

ڈائریکٹرز کو مجموعی ادا شدہ فیس کی تفصیلات مجموعی مالیاتی رپورٹ کے نوٹ 39.2 میں ظاہر کی گئی ہیں۔

بورڈ اور کمیٹیوں کی تشکیل

بورڈ کی تشکیل اور بورڈ کمیٹیوں کی تفصیلات کارپوریٹ گورننس کے ضابطے کے ساتھ اسٹیٹمنٹ آف کمپلائنس میں دی گئیں ہیں۔

بورڈ کے پاس حکمتِ عملی کی سمت اور بہتر نگرانی میں معاونت کے لیے درج ذیل کمیٹیاں موجود ہیں۔ بورڈ کمیٹی، بورڈ کی جانب سے منظور شدہ متعلقہ حوالہ کی شرائط (TORs) کے مطابق کام کرتی ہیں۔ ہر ذیلی کمیٹی کے فرائض کی ایک مختصر وضاحت درج ذیل ہے۔

بورڈ آڈٹ کمیٹی (BAC): BAC بینک کے داخلی کنٹرولز کے کے مضبوط اور موثر نظام کے لیے اعلیٰ سطح پر طرز کار کا تعین کرتی ہے۔ کمیٹی آپریشنل کنٹرولز سمیت بینک کے داخلی کنٹرولز کے ماحول کی اہلیت اور افادیت کا جائزہ لیتی ہے، بینک کے داخلی آڈٹ فنکشن کی نگرانی اور رسک پر مبنی سالانہ آڈٹ کے منصوبے کی نگرانی کرتی ہے۔ BAC بورڈ کو منظوری کی درخواست سے پہلے بینک کے مالی بیانات اور اس سے وابستہ امور کا جائزہ لیتی ہے۔ اس عمل کے ایک حصے کے طور پر، کمیٹی بینک کے بیرونی آڈیٹرز سے بھی بات چیت کرتی ہے اور اسٹیٹیوٹری آڈیٹرز کے ساتھ بیرونِ ملک آڈیٹرز کی تقرری کے لیے بھی سفارشات پیش کرتی ہے۔ کمیٹی نئے اکاؤنٹنگ کے معیارات کے اطلاق کی بھی ذمہ دار ہے، بالخصوص HBL میں IFRS9 کے اطلاق کے لیے بورڈ نے BAC کو ذمہ داری سونپی ہے۔ اس کے دائرہ کار میں شعبوں کے لیے BAC بورڈ کو منظوری کے لیے پالیسیز پیش کرتی ہے۔

بورڈ رسک مینجمنٹ کمیٹی (BRMC): یہ کمیٹی رسک سے متعلق معاملات کی نگرانی اور تجاویز کی ذمہ دار ہے، جس میں بینک کی رسک کی سکت اور رسک پروفائل کا انتظام شامل ہیں۔ BRMC بینک کے رسک پروفائل کی مناسبت سے اندرونی رسک فریم ورک کی تشکیل اور تکمیل کی یقین دہانی بھی کرتی ہے اور رسک پروفائل کے ساتھ ایک آزاد، مددگار اور فعال رسک مینجمنٹ کلچر کی ترویج اور بحالی کی ذمہ دار ہے۔ کمیٹی روز افزوں بڑھتے ہوئے خطرات کی شناخت اور تدارک یقینی بنانے کے لیے دوررس نظریہ اختیار کرتی ہے۔

بورڈ ہیومن ریسورس اور ریمونریشن کمیٹی (BHRRC): کمیٹی اہم ہیومن ریسورس اور معاوضہ پالیسیاں تجویز کرتی ہے جس میں بینک میں ملازمت کی اہم شرائط اور فوائد کے ساتھ تمام عملے اور اہم افسران کے لیے پرفارمنس مینجمنٹ اور معاوضے کے منصوبے شامل ہیں۔ اس میں عملے کی تربیت، پیشہ ورانہ ترقی، ٹیلنٹ مینجمنٹ اور جانشینی کی منصوبہ بندی سے متعلق شرائط وضوابط اور بہترین طرز کار کے مطابق جائزہ بھی لیا جاتا ہے۔

بورڈ کمپلائنس اور کنڈکٹ کمیٹی (BCNC): کمیٹی پورے بینک میں مضبوط کمپلائنس اور بہتر طرز عمل کی ثقافت اپنانے میں بورڈ کی حمایت کرتی ہے۔ یہ ضابطہ اخلاق / تہذیب سمیت قانونی اور ریگولیٹری تقاضوں، داخلی پالیسیوں اور طریقہ کار کے ساتھ بینک کے کمپلائنس کی نگرانی کے لیے ایک نگران اتھارٹی کے طور پر کام کرتی ہے۔ کمیٹی کمپلائنس اور اخلاقی ضوابط، اسکیلیشن میکانزم اور کمپلائنس سے متعلق امور کی رپورٹنگ بشمول مالیاتی جرائم، ریگولیٹری اور طرز عمل کے خطرات کی رپورٹنگ کا بھی جائزہ لیتی ہے۔ وسل بلوئنگ کی شکایات بھی بنیادی طور پر BCNC کے دائرۂ عمل میں آتی ہیں۔

بورڈ ڈویلپمنٹ فنانس کمیٹی (BDFC): یہ کمیٹی ملک کے پسماندہ اور غیر بینکاری طبقات اور علاقوں کے لیے مالی شمولیت کے مقاصد، مصنوعات اور خدمات کے لیے لائحۂ عمل و نگرانی اور سرمایہ کی منڈیوں کی ترقی کے اقدامات میں بورڈ کی مدد کرتی ہے۔ ایک اہم توجہ کا مرکز زرعی ویلیو چین میں انتہائی پیداواری لیکن پسماندہ معاشرے کے ذریعے دستیاب اضافہ کے مواقع استعمال کرنا ہے۔

بورڈ IT کمیٹی (BITC): بورڈ کی IT کمیٹی کمپنی کے اہم ٹیکنالوجی سرمایہ کاری منصوبوں اور حکمت عملیوں سے متعلق بورڈ کی سفارشات کا جائزہ لیتی ہے، جانچتی ہے اور سفارشات پیش کرتی ہے۔ BITC ٹیکنالوجی کی مد میں خرچ کے فوائد اور منافع کا جائزہ بھی لیتی ہے۔ کمیٹی ڈیجیٹل پیش رفت پر توجہ مرکوز رکھتی ہے تاکہ کسٹمر کی مرکزیت، لاگت میں کمی اور محصولات میں اضافہ کیا جاسکے اور کلاؤڈ سروس اور Fintech کے استعمال کے لیے ہدایات بھی فراہم کرتی ہے۔ BITC یہ بھی یقینی بناتی ہے کہ بینک کے اندر انفارمیشن سیکیورٹی فنکشن کو موثر نگرانی فراہم کی جائے اور انفارمیشن سیکیورٹی کی ساخت رسک کی سکت سے ہم آہنگ ہو۔

بورڈ اوورسائٹ کمیٹی– بین الاقوامی گورننس (BOC-IG): یہ کمیٹی ماتحت اداروں سمیت بیرونِ ملک کاروباری کاموں میں گورننس کی نگرانی میں بورڈ کی مدد کرتی ہے، جو SBP کے بینک کے بیرونِ ملک آپریشنز کے لیے گورننس فریم ورک کے مطابق ذیلی اداروں کے لیے بھی ہے۔

بورڈ نامینیشن اینڈ ریمونریشن کمیٹی (BNRC): یہ کمیٹی HBL کی پائدار ترقی کے لیے موزوں ڈھانچے، حجم اور مہارتوں کے توازن کی شناخت میں بورڈ کی معاونت کرتی ہے جو بورڈ کے لیے لازمی تصور کیے جاتے ہیں۔ BNRC ریگولیٹری فریم ورک کے مطابق ڈائریکٹرز کی ریمونریشن کے انتظامات کے لیے ہدایات بھی فراہم کرتی ہے۔

شریعہ بورڈ کے اراکین کا معاوضہ

ہیڈ، اسلامک بینکنگ شریعہ بورڈ کے اراکین کا معاوضہ انڈسٹری پریکٹس کی بنیاد پر صدر کو تجویز کرتا ہے۔ صدر کی منظوری کے بعد، اسے ہیڈ HR کو بھیجا جاتا ہے تاکہ وہ بورڈ ہیومن ریسورس اور ریمونریشن کمیٹی کو سفارش کر سکے۔ کمیٹی شریعہ بورڈ کے اراکین کے معاوضے کا جائزہ لیتی ہے اور اسے منظوری کے لیے بورڈ آف ڈائریکٹرز کے پاس بھیجتی ہے۔

بورڈ آف ڈائریکٹرز کے 20 اور 21 فروری 2019ء کو منعقدہ 212 اجلاس میں بورڈ نے بالترتیب چیئرمین شریعہ بورڈ، ریذیڈنٹ شریعہ بورڈ ممبر اور ممبر شریعہ بورڈ کے لیے 350,000 روپے، 325,000 روپے اور 300,000 روپے کی منظوری دی گئی ہے۔ ریذیڈنٹ شریعہ بورڈ ممبر کار الاؤنس اور فیول ری امبرسمنٹ کے بھی اہل ہوں گے۔

اپنی ملازمت کے معاہدے کی رو سے شریعہ بورڈ ممبر بینک کی ٹریول پالیسی کے مطابق گریڈ کے تحت سفری اور روزانہ الاؤنس کے اہل ہوں گے۔

شریعہ بورڈ کے اراکین کو ادا کردہ فیس کی تفصیلات مجموعی مالیاتی رپورٹ کے نوٹ 39.3 میں ظاہر کی گئی ہیں۔

اظہارِ تشکر

بورڈ اور انتظامیہ کی جانب سے ہم اپنے ریگولیٹرز اور حکومتِ پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارتِ مالیات اور سکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کاوشوں کا اعتراف کرتے ہیں۔ اس غیر معمولی وقت میں، انھوں نے ایسی پالیسیاں بنائیں اور اقدامات کیے جو مصلحت اندیش اور متوازن ہیں، معیشت، کسٹمرز اور پاکستان کے عوام کی حفاظت کرتے ہیں، اور بینکنگ اور فنانشل سروسز انڈسٹری کی سالمیت اور بہتری کا تحفظ بھی کرتے ہیں۔

ہم اپنے صارفین کے احسان مند ہیں جن میں سے کئی نسلوں سے ہمارے ساتھ منسلک ہیں اور اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسا جاری رکھے ہوئے ہیں۔ ہمارے حصص یافتگان نے ثابت قدمی سے ہمارا ساتھ دیا اور اس کے ساتھ ہم تمام اسٹیک ہولڈرز کے انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُرعزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، ہم اپنے تمام ملازمین اور اُن کے اہلِ خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے تہِ دل سے شکر گزار ہیں، جنھوں نے ان خطرناک حالات میں بہادری کا مظاہرہ کرتے ہوئے اس بحران میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انھیں خراجِ تحسین پیش کرتے ہیں۔

منجانب بورڈ

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

معیز احمد جمال
ڈائریکٹر

17 فروری، 2021ء

Growth at a Glance - 2015 to 2020 (Consolidated)

	2015	2016	2017	2018	2019	2020
Balance Sheet (Rs M)						
Investments	1,270,824	1,344,405	1,374,816	1,390,052	1,379,607	1,948,577
Advances	637,384	748,466	851,502	1,080,440	1,166,957	1,223,510
Total Assets	**2,218,433**	**2,519,077**	**2,696,218**	**3,025,853**	**3,227,132**	**3,849,063**
Total Deposits	1,634,944	1,885,959	1,998,935	2,137,293	2,437,597	2,830,371
Borrowings	314,319	331,727	397,803	523,319	382,206	544,108
Total Equity	**182,620**	**196,269**	**188,751**	**199,252**	**224,752**	**265,495**
Operating Results (Rs M)						
Net Interest Income	78,169	81,951	81,833	81,676	101,323	130,104
Non Fund Income	36,584	31,435	34,116	19,895	24,162	30,595
Total Revenue	**114,753**	**113,387**	**115,949**	**101,571**	**125,485**	**160,699**
Total Expenditure	49,713	55,970	62,371	74,978	93,290	95,449
Operating Profit	**65,040**	**57,417**	**53,578**	**26,593**	**32,195**	**65,250**
Provisions	4,754	892	374	5,009	3,314	12,220
Extraordinary and unusual item	-	-	23,717	-	-	-
Profit before taxation	**60,286**	**56,525**	**29,487**	**21,585**	**28,881**	**53,031**
Profit after taxation	**35,102**	**34,206**	**8,848**	**12,441**	**15,500**	**30,913**
Profitability ratios						
Return on average assets (RoA)	1.7%	1.4%	0.3%	0.4%	0.5%	0.9%
Return on average equity (RoE)	19.9%	18.1%	5.2%	7.1%	8.1%	14.4%
Cost : Income ratio	42.2%	48.3%	52.9%	76.2%	73.5%	58.5%
NFI : Gross revenue	31.9%	27.7%	29.4%	19.6%	19.3%	19.0%
Asset Quality & Liquidity ratios						
Advances to deposits ratio	39.0%	39.7%	42.6%	50.6%	47.9%	43.2%
Investment to deposits ratio	77.7%	71.3%	68.8%	65.0%	56.6%	68.8%
NPLs to Gross Advances	10.9%	9.2%	8.2%	7.0%	6.6%	6.3%
Net NPLs to Net Advances	1.7%	1.4%	1.1%	1.1%	0.8%	0.9%
Coverage - Specific	85.8%	86.4%	87.6%	84.7%	88.7%	86.3%
Coverage - Total	90.1%	91.2%	91.6%	89.1%	93.2%	99.7%
Current deposits mix	36.7%	37.0%	36.7%	38.0%	36.0%	35.2%
Share information						
Earnings per share	23.9	23.2	5.8	8.2	10.5	21.1
Cash dividend per share	14.0	14.0	8.0	4.3	5.0	4.3
Dividend yield	6.8%	6.8%	3.4%	2.5%	3.8%	3.3%
Dividend payout ratio	58.0%	60.0%	138.2%	51.7%	47.8%	20.2%
Breakup value per share	124.5	133.8	128.7	135.8	153.2	181.0
Market value per share - as at	200.1	273.3	167.1	120.5	157.4	132.3
High during the year	236.9	284.0	314.0	229.7	168.4	176.5
Low during the year	167.5	169.0	148.3	117.3	102.0	93.0
Market Capitalisation (Rs Bn)	293.5	400.8	245.1	176.7	230.9	194.0
Price to book value ratio (times)	1.6	2.0	1.3	0.9	1.0	0.7
Price to earning ratio (times)	8.6	8.8	40.3	20.7	12.5	6.1
Industry Share						
Deposits	14.1%	14.1%	14.3%	13.9%	13.9%	14.0%
Advances	10.7%	11.3%	11.6%	12.2%	12.4%	12.5%

Growth at a Glance - 2015 to 2020 (Consolidated)

	2015	2016	2017	2018	2019	2020
Trade (Rs M)						
Import volume	421,884	436,328	474,087	472,856	573,174	710,111
Export volume	465,504	386,623	359,274	348,095	488,692	509,652
Capital Adequacy						
CET1 to RWA	13.1%	12.0%	12.0%	12.0%	11.5%	12.6%
Tier-1 to RWA	13.1%	12.0%	12.0%	12.0%	12.5%	13.5%
Total capital to RWA	17.0%	15.5%	16.0%	16.2%	15.4%	17.2%
RWA to Total Assets	47.8%	48.1%	43.1%	39.0%	39.4%	35.8%
Touchpoints						
No. of Branches	1,716	1,731	1,751	1,743	1,712	1,697
No. of ATMs	1,947	2,000	2,007	2,139	2,136	2,157
No. of branchless banking agents	17,268	18,699	27,000	37,503	52,579	48,038
No. of POS terminals	12,300	14,926	18,015	21,024	25,340	30,459
No. of QR codes	-	-	-	-	31,055	35,320
Customer base						
No. of customers (In million)	9.8	11.3	12.7	15.4	19.6	31.1
Women customers (% of total)	32%	32%	30%	32%	34%	36%
No. of Mobile & Internet Banking subscribers ('000)	168	387	711	773	1,154	1,782
No. of debit cards ('000)	4,736	4,233	4,636	5,168	5,516	5,860
No. of credit cards ('000)	119	132	142	162	193	224
Headcount						
No. of permanent employees	15,042	17,220	18,085	20,093	21,005	20,795
Gender Diversity	12.5%	12.3%	14.8%	15.7%	16.7%	18.2%

Annual Statement on Internal Controls 2020

An internal control system is a combination of a comprehensive framework along with robust processes, effective communication and a resilient monitoring mechanism, all designed to work in tandem to identify and mitigate the risk of failure to meet the business objectives of the Bank. It is the responsibility of the Bank's management to establish an internal control system to maintain an effective internal control environment.

The management of the Bank has formulated, implemented, and maintained a system of internal controls approved by the Board of Directors, to achieve effectiveness and efficiency of operations while adhering to applicable laws and regulations and preserving the reliability of financial reporting. However, even a well-designed system of internal controls has inherent limitations and therefore can only provide reasonable but not absolute assurance against material misstatement and loss. Internal controls also require continuous improvement to align them with the changing environment and needs of the business. The Bank continues to place importance on the increasing use of technology and automation to further enhance its evolving control environment.

The Bank's internal control structure comprises of different levels of monitoring activities. The Bank follows the "three lines of defense" model with the first line comprising of front-office, customer-facing and enabling functions, the second line being Compliance, Risk and other control functions and the third line of defense being Internal Audit.

The first line's role is to ensure that business risks are properly identified and mitigated, control breaches are identified on a timely basis and corrective actions are promptly implemented. The Bank's control units, housed within both the first and the second lines conduct both on-site and off-site reviews of Operations processes mainly in branches. Their role is to monitor and identify design and implementation gaps in processes and ensures that timely remedial actions are undertaken.

The second line has an oversight role, sets policies, defines risk tolerances, and ensures that they are met. The Compliance function's role is to strengthen the compliance environment and manage compliance risk across the institution through effective adherence to applicable laws, regulations, guidelines and the Bank's internal policies and procedures. In line with regulatory guidelines, the Bank has accordingly developed a comprehensive Compliance Risk Management (CRM) framework during the year.

Risk Management is responsible for the development and implementation of risk policies and for monitoring the risks associated with various activities of the Bank. During the year, the Bank further strengthened its risk management by setting up an Enterprise Risk Management (ERM) function in accordance with SBP guidelines. To augment the risk identification and control environment, a centralized repository of all risks and controls will be put in place using an automated platform. This repository will feed into the Bank's recently formulated Risk Compliance & Control Unit (RCCU) which aims to bring together existing control related units of the Bank under one centralized unit to streamline and realize efficiencies in the control process.

A Compliance Committee of Management and a Controls Committee, both chaired by the President, monitor, review and provide oversight of compliance and control related matters at a franchise level and have resulted in gaps being addressed in a more timely manner. Where known gaps exist, corrective action plans are in place to address them and these are reviewed / monitored by the respective Committees on a periodic basis. In addition, the HBL Board Compliance & Conduct (BCNC) Committee acts as an oversight body and supports the Board in embedding a compliance and conduct culture in the Bank. Compliance tracks progress of all significant issues raised in regulatory examinations and the status is reported at the Compliance Committee of Management and the BCNC.

Internal Audit being the third line, provides independent assurance by conducting risk based audits of activities and processes to evaluate the adequacy and effectiveness of the control environment of the Bank. All significant / material findings of Internal Audit and External Audit are reported to the Board Audit Committee (BAC) with agreed management actions and timelines. Internal Audit tracks closure of all findings through validation of agreed management actions and the status is regularly reported at the Control Committee and at the BAC. The BAC oversees implementation of internal controls to ensure that any identified risks are mitigated to safeguard the interest of the Bank. The Bank complies with the SBP guidelines on the Internal Audit function.

The Bank follows the SBP's instructions on Internal Controls over Financial Reporting (ICFR) and has complied with the SBP's stage-wise implementation roadmap. As part of this exercise, the Bank has documented a comprehensive ICFR Framework which has been approved by the Board of Directors. The Bank's external auditors are engaged annually to provide a Long Form Report on ICFR, which is submitted to the SBP within the required timelines. During the year, the Bank conducted testing of financial reporting controls for ensuring the effectiveness of ICFR throughout the year. None of the deficiencies identified are expected to have a material impact on financial reporting.

Based on the results achieved from ongoing testing of internal controls and audits conducted during the year 2020, the management considers that the Bank's existing system of internal controls, including ICFR, is adequate and has been effectively implemented and monitored, although room for improvement always exists.

The Board of Directors has duly endorsed management's evaluation of internal controls, including ICFR, in the Directors' Report.

Rayomond Kotwal	**Waheed Rathore**	**Armughan Ahmed Kausar**	**Sagheer Mufti**
Chief Financial Officer	**Chief Compliance Officer**	**Chief Internal Auditor**	**Chief Operating Officer**

Independent Auditor's Review Report

To the members of Habib Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Habib Bank Limited for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2020.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Salman Hussain
Karachi.
Date: February 24, 2021

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations, 2019
For the year ended December 31, 2020

Habib Bank Limited (hereinafter referred to as 'the Bank') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") for the year ended December 31, 2020 in the following manner:

1. The total number of Directors is 8 as shown in the following table:

	Category	Number of Directors
a.	Male Director*	7
b.	Female Director	1

** including the President & CEO, who is an Executive Director.*

2. The composition of the Board of Directors is as follows:

Categories	Names of Directors
Independent Directors	1- Mr. Salim Raza 2- Dr. Najeeb Samie 3- Ms. Diane Elizabeth Moore 4- Mr. Salim Yahya Chinoy
Non-executive Directors	5- Mr. Sultan Ali Allana 6- Mr. Shaffiq Dharamshi 7- Mr. Moez Ahamed Jamal
Executive Director	8- Mr. Muhammad Aurangzeb

3. The Directors have confirmed that none of them is serving as a Director on more than seven (7) listed companies including the Bank.

4. The Bank has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.

5. The Board has approved a Vision / Mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and the Regulations.

7. The meetings of the Board of directors were presided over by the Chairman of the Board and the Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the SBP BPRD Circular No. 3 dated August 17, 2019, the Act and the Regulations.

9. A majority of the Directors have already attended SECP approved Directors' Training Programs in previous years and are certified as Directors in accordance with the Regulations.

10. The Board has approved appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.

11. The Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before the approval of the Board.

12. The Board has the following committees as of December 31, 2020 comprising of the members listed against each committee:

Name of Committee*	Composition*
a) Board Audit Committee (BAC)	1. Dr. Najeeb Samie, Chairman 2. Mr. Moez Ahamed Jamal, Member 3. Mr. Salim Yahya Chinoy, Member
b) Board Compliance and Conduct Committee (BCNC)	1. Mr. Moez Ahamed Jamal, Chairman 2. Ms. Diane Elizabeth Moore, Member 3. Mr. Salim Yahya Chinoy, Member
c) Board Development Finance Committee (BDFC)	1. Mr. Salim Raza, Chairman 2. Mr. Sultan Ali Allana, Member 3. Mr. Muhammad Aurangzeb, Member
d) Board Human Resource & Remuneration Committee (BHR&RC)	1. Dr. Najeeb Samie, Chairman 2. Mr. Sultan Ali Allana, Member 3. Mr. Shaffiq Dharamshi, Member
e) Board IT Committee (BITC)	1. Mr. Salim Raza, Chairman 2. Ms. Diane Elizabeth Moore, Member 3. Mr. Muhammad Aurangzeb, Member
f) Board Oversight Committee – International Governance (BOC-IG)	1. Mr. Sultan Ali Allana, Chairman 2. Dr. Najeeb Samie, Member 3. Mr. Muhammad Aurangzeb, Member
g) Board Risk Management Committee (BRMC)	1. Mr. Salim Raza, Chairman 2. Mr. Shaffiq Dharamshi, Member 3. Mr. Muhammad Aurangzeb, Member
h) Board Nomination and Remuneration Committee (BNRC)	1. Mr. Salim Raza, Chairman 2. Dr. Najeeb Samie, Member 3. Mr. Moez Ahamed Jamal, Member 4. Mr. Shaffiq Dharamshi, Member

** During 2020, the BOC NY and BOC UAE (non-remunerative Committee) were dissolved on April 22, 2020 and December 18, 2020 respectively after satisfactorily fulfilling their purposes as per TORs, while the scope of BRC was merged and BNRC was formed on June 17, 2020.*

13. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The number of meetings of the below committees held during the year were as per the following table:

Name of Committee	Number of Meetings
a) Board Audit Committee	8
b) Board Compliance and Conduct Committee	8
c) Board Development Finance Committee	3
d) Board Human Resource and Remuneration Committee	5
e) Board IT Committee	4
f) Board Oversight Committee – International Governance	5
g) Board Risk Management Committee	7
h) Board Nomination and Remuneration Committee	1

15. The Board has set up an effective Internal Audit function. The Internal Auditors are conversant with the policies and procedures of the Bank and are considered suitably qualified and experienced for the purpose.

16. The Statutory Auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, the regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Muhammad Aurangzeb
President & CEO

Sultan Ali Allana
Chairman

Date: February 17, 2021

Shariah Board Report 2020

For the year ended December 31, 2020
Presented to the Board of Directors

All praises to Allah (Subhanahu Wata'ala), Habib Bank Limited - Islamic Banking (HBL-IB or the Bank) has completed its sixteenth year of successful operations, which is under review. The 2020 was a unique year for banking industry world over including Pakistan due to global pandemic Coronavirus. Despite the challenging times of the global pandemic, the HBL-IB registered continued growth in terms of business and network expansion. The Business transformation through technology remained on top priority of HBL-IB to provide unrelenting support to its Customers.

During the year, Shariah Board (SB) of HBL-IB held four meetings to review:

a. Policies and procedures, new products/ renewals of existing products, transaction structures, Shariah queries, process flows, business and marketing material, etc.

b. SBP report, Shariah Compliance review reports, Internal/External Shariah Audit Reports

During the year 2020, SB extended its full support to HBL-IB to ensure business sustainability in hard times and leverage upon the refinance schemes launched by SBP to support economy. SB approved existing as well as new IB Business products including Low Cost Housing Scheme, HAW Konnect & Nisa Tawfir and Investment facilities like Roshan digital account, Islamic Naya Pakistan Certificates etc. Apart from products & policies various financing agreements and transaction structures were also approved by the SB. It would be worth-while to mention that HBL-IB launched the first fixed rate mortgage financing facility in 2020 and added different variants of housing segment to make it affordable, thereby addressing needs of all the income classes.

Keeping in view the extensive growth in terms of outreach of HBL-IB, availability of skilled human resource is equally critical for the success of Islamic Banking. Despite the COVID-19 limitations, HBL-IB focus on development of skilled resources remained as one of the top priorities. During the year more than 75 in-house physical and virtual training sessions were conducted in coordination with Learning and Development Department, whereby staff participated across the country from IBBs/IBWs, business and support functions. Further, considering the national importance of 'Low Cost Housing Scheme', bank arranged around 17 training sessions across the country, attended by more than 3500 staff from branches and related departments. To create Islamic Banking awareness in the industry, HBL-IB hosted a Client-Webinar, "Islamic Banking Outlook in the New Normal" attended by more than 400 participants. The webinar also included President & CEO, Chairman Shariah Board, Head Islamic Banking and renowned Corporate Customers. The Bank also arranged an orientation session on SBP Shariah Governance Framework to enhance the understanding of Bank's staff, attended by 84 participants from IBD and support functions.

Shariah Compliance

The Board of Directors and Executive Management is committed and solely responsible to ensure that the operations of HBL are conducted in a manner that complies with Shariah principles at all the times. The on-going support and commitment of BOD and EM towards Islamic Banking enabled SB to ensure an overall acceptable Shariah compliance environment of HBL.

The Shariah Compliance Department (SCD) of the bank is equipped with a team of qualified professionals including a Shariah Scholar, working under the supervision of Shariah Board. The core objective of SCD is to ensure that the business and operations of IB are being performed strictly as per the principles of Shariah whether in its pre or post execution stages. For ensuring Shariah compliance in pre-execution stage, SCD under the supervision of RSBM evaluated policies and procedures, new products/ renewal of existing products, transaction structures, Shariah queries, process flows, business and marketing material, etc. before its submission to Shariah Board. For post-execution stage, the Shariah Compliance Department carried out Shariah reviews, on test check basis, of each class of transactions, the relevant documentation and process flows to ensure the execution of facilities are in line with approved Product Program and Shariah Board guidelines. We appreciate the role of Shariah Compliance Department in strengthening the Shariah compliance environment in the Bank.

To strengthen the Shariah environment and ensure Shariah Compliance, a separate Shariah Audit Department is in place and working under the supervision of Chief Internal Auditor to conduct post audit of the overall Bank's Shariah compliance activities. The Shariah Audit Department team consists of qualified professionals having appropriate understanding of Islamic banking product and processes. To form our opinion in addition to the SCD Shariah review reports, we have also reviewed the reports of the internal Shariah audit and external and offsite Shariah review report on Islamic Banking operation at SriLanka.

Charity

During the year-2020, the charity amount of PKR 2.827 million (opening balance PKR 10.375 million) was received from clients on account of delay in payments and credited to the charity account. Further, the management also credited an amount of PKR 1.032 million as profit payment including prior years to the charity account on monthly basis. As per approved charity policy, HBL-IB has approved and disbursed a charity amount of PKR 10 million to the Health sector from the Charity Fund Account. The period under review has no income that was identified as charity due to Shariah non-compliance of financial transactions. (Refer note 7 of Annexure I of this financial statement)

Recommendation

Based on the opinion formed in light of the Shariah compliance reviews of local and international locations and Internal/External Shariah Audit reports, we have the following recommendations:

- For effective controls, parameters are required to be defined in the Core Banking System used by Islamic Banking to limit its utility to park only Islamic Banking transactions in Islamic Banking books and fully translate the product features in Core Banking System.

Conclusion

Based on Shariah compliance reviews of both local/international locations, External & Internal Shariah Audit reports, and explanations & realistic assurances given by the management, the SB is of the view that;

i. HBL-IB has overall complied with Shariah rules and principles in the light of fatawa, rulings and guidelines issued by the Shariah Board.

ii. HBL-IB has overall complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by the SBP in accordance with the rulings of SBP's Shariah Board.

iii. HBL-IB has a mechanism in place to ensure Shariah compliance in their overall operations.

iv. HBL-IB has placed a satisfactory system to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to the charity account. HBL-IB has a well-defined system in place to utilize the charity properly.

v. HBL-IB has overall complied with the SBP instructions on profit and loss distribution and pool management.

vi. The level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of the bank.

vii. SB has been provided adequate resources enabling it to discharge its duties effectively.

Mufti Muhammad Yahya Asim
Resident Shariah Board Member

Dr. Ejaz Ahmed Samadani
Member - Shariah Board

Dr. Muhammad Zubair Usmani
Chairman - Shariah Board

Date: February 17, 2021

شریعہ بورڈ رپورٹ

برائے بورڈ آف ڈائریکٹرز مالی سال 2020ء

الحمدللہ، اللہ تعالیٰ کے فضل و کرم سے HBL اسلامک بینکنگ نے اپنے آپریشنز کا سولہواں سال کامیابی کے ساتھ مکمل کر لیا ہے۔ رپورٹ میں اس سال کا جائزہ پیش کرنا مقصود ہے۔ سال 2020ء اس اعتبار سے ایک منفرد سال ہے جس میں کرونا وائرس نے پاکستان سمیت پوری دنیا کی بینکنگ انڈسٹری کو متاثر کیا ہے۔ اس عالمی وبا کے وقتی اثرات سے قطعِ نظر HBL اسلامک بینکنگ نے بزنس اور برانچ نیٹ ورک میں توسیع کا سلسلہ جاری رکھا۔ ٹیکنالوجی کے ذریعے کاروبار میں بہتری HBL اسلامک بینکنگ کی ترجیحات میں شامل رہی، تاکہ وہ اپنے کسٹمرز کو تسلسل کے ساتھ بہترین سہولیات فراہم کر سکے۔

دورانِ سال HBL اسلامک بینکنگ کے شریعہ بورڈ کے چار اجلاس منعقد ہوئے، جن میں مندرجہ ذیل امور کا جائزہ لیا گیا-

(الف) پالیسیز، طریقہ کار، نئی پراڈکٹس کی منظوری، موجودہ پراڈکٹس کی تجدید، ٹرانزیکشن اسٹرکچرز، شرعی سوالات، پراسس فلوز اور مارکیٹنگ مٹیریل وغیرہ۔

(ب) شریعہ کمپلائنس جائزہ رپورٹ، داخلی اور خارجی شریعہ آڈٹ رپورٹس اور اسٹیٹ بینک انسپیکشن رپورٹ-

دورانِ سال 2020ء کے دشوار حالات کے باوجود شریعہ بورڈ نے تسلسل کے ساتھ اپنی خدمات فراہم کیں تاکہ مرکزی بینک کی طرف سے جاری کی جانے والی Refinance اسکیموں کے ذریعے معیشت اور کاروبار کو استحکام دیا جاسکے۔ شریعہ بورڈ نے موجودہ اور کئی نئی بینکنگ پراڈکٹس کی منظوری دی جس میں کم قیمت ہاؤسنگ اسکیم، HBL at Work، Konnect اور نساء توفیر اکاؤنٹ کے ساتھ ساتھ سرمایہ کاری کی سہولیات جیسے روشن ڈیجیٹل اکاؤنٹ اور اسلامک نیا پاکستان سرٹیفیکیٹ جیسی سہولیات شامل ہیں۔ اسلامک بینکنگ سہولیاتی پراڈکٹس اور پالیسیز کے علاوہ مختلف فائنانسنگ کے معاہدے اور اسٹرکچر بھی شریعہ بورڈ نے منظور کئے ۔ یہ بات بھی قابل ذکر ہے کہ HBL اسلامک بینکنگ نے ہوم فائنانسنگ کی سہولت فکسڈ ریٹ کی بنیاد پر متعارف کرانے میں پہل کی اور اس کے علاوہ مختلف نوعیت کی سستی ہاؤسنگ اسکیم پیش کیں تاکہ ہر طرح کی انکم کلاس سے تعلق رکھنے والے افراد کی ضرورت کو پورا کر سکے۔

اسلامک بینکنگ کی وسیع پیمانے پر رسائی کے لئے HBL اسلامک بینکنگ برانچوں میں مسلسل اضافہ اور تجربہ کار افراد کا منسلک ہونا دونوں اسلامک بینکنگ کی ترقی میں اہمیت کے حامل ہیں۔ Covid-19 کی دشواریوں کے باوجود اسٹاف کی ٹریننگ HBL اسلامک بینکنگ کی ترجیحات میں شامل رہی۔ دورانِ سال لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ کے تعاون سے 75 سے زائد فیزیکل اور آن لائن ٹریننگ سیشن منعقد کئے گئے جس میں پورے ملک کی اسلامک برانچوں اور ونڈوز کے ساتھ ساتھ بزنس اور بینک کے مختلف ڈپارٹمنٹس نے شرکت کی مزید یہ کہ 'کم قیمت ہاؤسنگ اسکیم' کی قومی اہمیت کے پیش نظر بینک نے ملکی سطح پر 17 ٹریننگ سیشن منعقد کئے جن میں 3500 سے زائد افراد نے برانچوں اور مختلف ڈپارٹمنٹس سے شرکت کی۔ HBL اسلامک بینکنگ نے انڈسٹری کو اسلامک بینکنگ سے آگاہی کے لئے موجودہ تناظر میں "اسلامک بینکنگ کا جائزہ" کے موضوع Webinar منعقد کیا۔ اس Webinar میں 400 سے زائد افراد بشمول بینک کے صدر، شریعہ بورڈ، ہیڈ اسلامک بینکنگ اور بہت سے معروف کسٹمرز نے شرکت کی۔ بینک نے اسٹیٹ بینک کے شریعہ گورننس فریم ورک پر ایک سیشن کا انعقاد کیا تاکہ اسٹاف کی گورننس فریم ورک سے متعلق معلومات میں اضافہ کر سکے، جس میں اسلامک بینکنگ اور متعلقہ شعبوں کے 84 اسٹاف نے شرکت کی۔

شریعہ کمپلائنس:

بورڈ آف ڈائریکٹرز، بینک ایگزیکٹو اور انتظامیہ مکمل طور پر پُرعزم اور ذمہ دار ہے کہ وہ اس بات کو یقینی بنائیں کہ HBL اسلامک بینکنگ کے تمام آپریشنز مجموعی طور پر شرعی اصولوں کے مطابق انجام دیئے جارہے ہیں۔ بورڈ آف ڈائریکٹرز اور ایگزکٹو کا عزم اور شریعہ بورڈ کے ساتھ اسلامک بینکنگ کے فروغ کیلئے تعاون کو یقینی بناتا ہے کہ HBL اسلامک بینکنگ کی مجموعی فضاء شریعہ کمپلائنس کے اعتبار سے قابلِ قبول ہے۔

بینک کا شریعہ کمپلائنس ڈپارٹمنٹ تعلیم یافتہ پروفیشنل افراد بشمول شریعہ اسکالر پر مشتمل ہے جو شریعہ بورڈ کی زیر نگرانی اپنے فرائض انجام دے رہے ہیں۔ شریعہ کمپلائنس ڈپارٹمنٹ کا بنیادی مقصد اس بات کو یقینی بنانا ہے کہ بینک کا کاروبار اور آپریشنز شریعہ کے اصولوں کے مطابق انجام دئے جارہے ہیں۔ خواہ ان معاملات کا تعلق ٹرانزیکشن کی تکمیل سے پہلے یا بعد میں ہو۔ بینکنگ معاملات میں شریعہ کو یقینی بنانے کے لئے شریعہ کمپلائنس ڈپارٹمنٹ RSBM کے زیر نگرانی اسلامک بینکنگ کی تمام سہولیات کیلئے پراڈکٹس، پالیسی ، ٹرانزیکشن اسٹرکچر، بینکنگ ٹرانزیکشن سے متعلق شرعی سوالات، پراسس فلوز، بزنس اور مارکیٹنگ سے متعلق تمام دستاویزات اور طریقہ کار کی شریعہ کے اصولوں کے مطابق جانچ پڑتال کرنے کے بعد شریعہ بورڈ کو منظوری کے لئے پیش کرتا ہے۔ ٹرانزیکشنز کی تکمیل کے بعد بھی شریعہ کمپلائنس ڈپارٹمنٹ سیمپل کی بنیاد پر ہر طرح کی ٹرانزیکشنز کی جانچ پڑتال کرتا ہے تاکہ اس بات کو یقینی بنایا جائے کہ بینکنگ ٹرانزیکشنز کی انجام دہی شریعہ بورڈ کے منظور شدہ پراڈکٹ پروگرام کے مطابق کی گئی ہے۔ ہم شریعہ کمپلائنس ڈپارٹمنٹ کے اس کردار کو سراہتے ہیں جو انہوں نے بینک کے شریعہ کمپلائنس کی فضاء کو بہتر بنانے کے لئے انجام پائے۔

شرعی فضاء اور کمپلائنس کو یقینی اور مستحکم بنانے کے لئے بینک میں انٹرنل شریعہ آڈٹ کا ایک مستقل شعبہ قائم ہے جو چیف انٹرنل آڈیٹر کے زیر نگرانی خدمات انجام دیتا ہے تاکہ اس بات کا جائزہ لیا جاسکے کہ بینک کی مجموعی سرگرمیاں شرعی اصولوں کے مطابق انجام دی گئی ہیں۔ شریعہ آڈٹ ڈپارٹمنٹ ایسے افراد پر مشتمل ہے جو اسلامک بینکنگ پراڈکٹس اور طریقہ کار کے بارے میں مناسب معلومات رکھتے ہیں۔ شریعہ بورڈ نے اپنی حتمی رائے قائم کرنے کے لئے شریعہ کمپلائنس کی جائزہ رپورٹ بشمول سری لنکا کے آپریشنز کی جائزہ رپورٹ کے ساتھ ساتھ داخلی اور خارجی شریعہ آڈٹ رپورٹ کا جائزہ لیا۔

چیریٹی

سال 2020 میں اپنے کسٹمرز سے ادائیگی میں تاخیر کی بنیاد پر 2.827 ملین روپے (ابتدائی بیلنس 10.375 ملین روپے) چیریٹی کی مد میں وصول کر کے متعلقہ اکاؤنٹ میں جمع کرائی۔ مزید یہ کہ بینک انتظامیہ نے رواں اور گذشتہ سال کی چیریٹی اکاؤنٹ سے ماہانہ بنیاد پر حاصل ہونے والے منافع کی رقم 1.032 ملین روپے چیریٹی اکاؤنٹ میں جمع کرائے۔ منظور شدہ چیریٹی پالیسی کے مطابق HBL اسلامک بینکنگ نے چیریٹی اکاؤنٹ سے 10 ملین روپے کی رقم صحت کے شعبے کو ادا کرنے کی منظوری دی۔ دورانِ سال کسی بھی مالی معاملے کے غیر شرعی ہونے کی وجہ سے آمدنی کا کوئی حصہ چیریٹی اکاؤنٹ میں منتقل نہیں کیا گیا (حوالہ نوٹ AnnexureI,7 سالانہ مالیاتی گوشوارہ)۔

سفارشات

شریعہ کمپلائنس جائزہ رپورٹ (ملکی اور بین الاقوامی)، داخلی اور خارجی شریعہ آڈٹ رپورٹ کی روشنی میں شریعہ بورڈ مندرجہ ذیل سفارشات پیش کرتا ہے:

- مؤثر کنٹرول کے حصول کے لئے ایسے اقدامات کی ضرورت ہے جو بینک کے CoreBankingSystem کو صرف اسلامک بینکنگ کے استعمال کے لئے مخصوص کرے تاکہ اسلامک بینکنگ ٹرانزیکشنز کو صرف اور صرف اسلامک بینکنگ کی کتابوں کی حد تک محدود کیا جاسکے اور پراڈکٹ کی تمام خصوصیات CoreBankingSystem میں مکمل طور پر آپریشنل ہوں۔

شرعی جائزہ / رائے

شریعہ کمپلائنس جائزہ رپورٹ (ملکی اور بین الاقوامی)، داخلی اور خارجی شریعہ آڈٹ رپورٹ اور انتظامیہ کی طرف سے دی جانے والی وضاحتوں اور یقین دہانیوں کی بنیاد پر شریعہ بورڈ نے مندرجہ ذیل رائے قائم کی ہے:

۱۔ HBL اسلامک بینکنگ مجموعی طور پر شرعی اصولوں اور ان تعلیمات کے مطابق اسلامی بینکاری کر رہا ہے، جو شریعہ بورڈ نے وقتاً فوقتاً جاری کیں۔

۲۔ HBL اسلامک بینکنگ مجموعی طور پر ان اصولی ہدایات، تعلیمات اور قواعد و ضوابط پر بھی عمل پیرا رہا ہے جو اسٹیٹ بینک آف پاکستان کے شریعہ بورڈ نے شریعہ کمپلائنس کے سلسلے میں جاری کیں۔

۳۔ HBL اسلامک بینکنگ میں شریعہ کمپلائنس کا ایسا نظام موجود ہے جو اس کے آپریشنز کے اسلامی بنیادوں پر ہونے کو یقینی بناتا ہے۔

۴۔ HBL اسلامک بینکنگ نے ایسا قابل اطمینان نظام بنایا ہے جو اس بات کو یقینی بناتا ہے کہ اگر کوئی آمدنی غیر شرعی ذرائع سے حاصل ہو تو وہ چیریٹی اکاؤنٹ میں منتقل کی جائے۔ ساتھ ساتھ چیریٹی اکاؤنٹ کے فنڈ کو صحیح طور پر استعمال کرنے کے لئے بھی جامع اور مکمل نظام موجود ہے۔

۵۔ HBL اسلامک بینکنگ عمومی طور پر نفع اور نقصان کی تقسیم کے طریقہ کار اور اسٹیٹ بینک آف پاکستان کی پول مینیجمنٹ کی ہدایات پر عمل پیرا رہا ہے۔

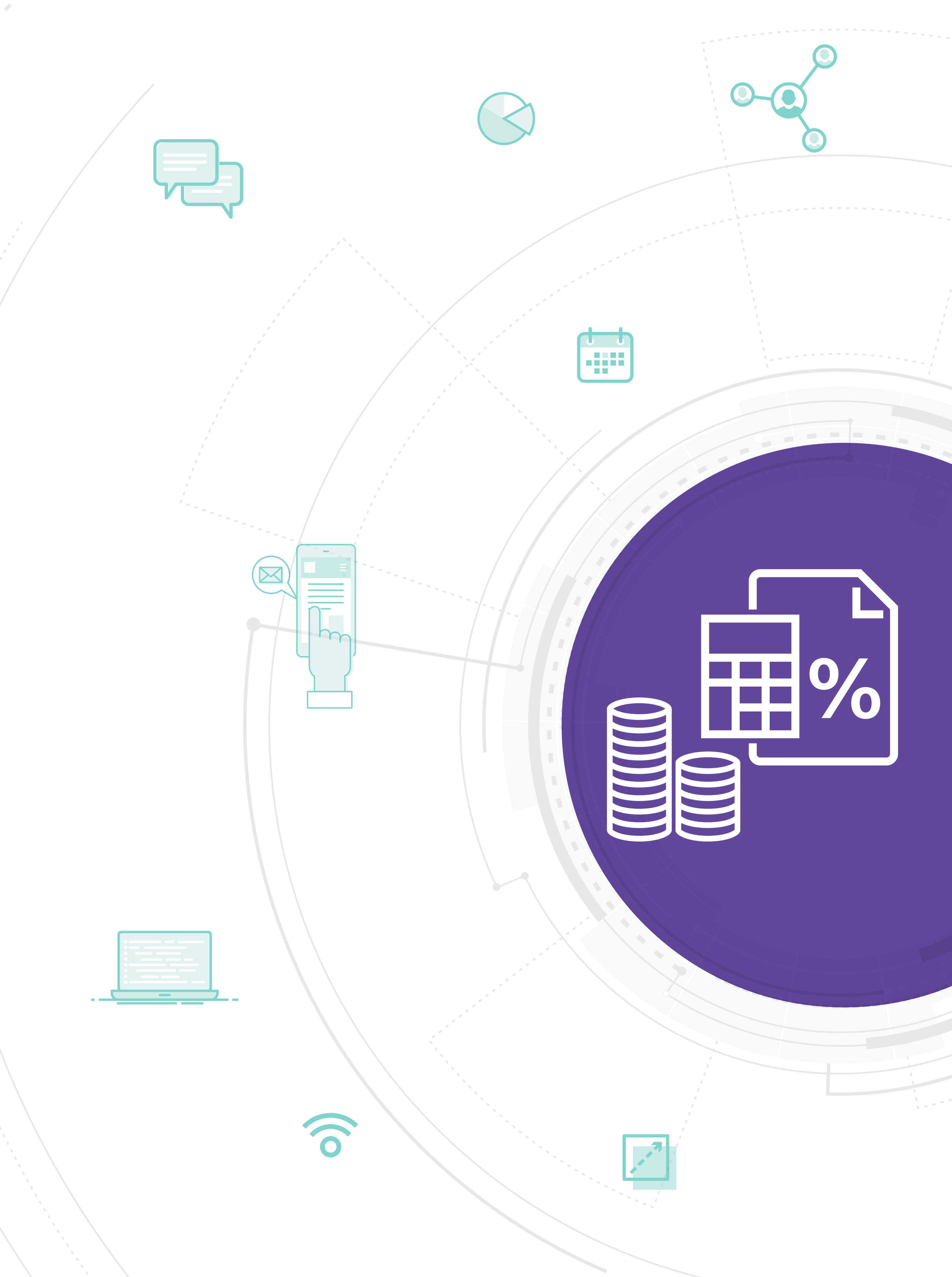
۶۔ بحیثیتِ مجموعی HBL اسلامک بینکنگ اسٹاف، انتظامیہ اور بورڈ آف ڈائریکٹرز کی اسلامک بینکنگ پراڈکٹس، اس کی ضرورت واہمیت اور شریعہ کمپلائنس کی افادیت سے آگاہی قابلِ اطمینان ہے، ساتھ ساتھ انتظامیہ بھرپور طریقے سے اپنے اسٹاف کی تربیت اور تعلیم کے لئے خدمات انجام دے رہی ہے۔

۷۔ شریعہ بورڈ کو بینک کی طرف سے اپنی ذمہ داریوں کی ادائیگی کے لئے اطمینان بخش وسائل فراہم کئے گئے ہیں۔

مفتی محمد یحییٰ عاصم	ڈاکٹر اعجاز احمد صمدانی	ڈاکٹر محمد زبیر عثمانی
ریزیڈنٹ شریعہ بورڈ ممبر	ممبر شریعہ بورڈ	چیئرمین شریعہ بورڈ

تاریخ: 17 فروری 2021ء

CONSOLIDATED FINANCIAL STATEMENTS



Independent Auditor's Report

To the members of Habib Bank Limited

Opinion

We have audited the annexed consolidated financial statements of Habib Bank Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No	Key Audit Matters	How the matter was addressed in our audit
1	**Provision against advances** (Refer notes 4.4 and 9.5 to the consolidated financial statements)	
	The Group makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP). In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.	Our audit procedures to verify provision against domestic advances included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances. The testing of controls included testing of: ■ controls over correct classification of non-performing advances on time-based criteria;

S.No	Key Audit Matters	How the matter was addressed in our audit
	The PRs also require the creation of general provision for certain categories of advances. Provision against advances of overseas branches and subsidiaries is made as per the requirements of the respective regulatory regimes. Further, during the year, several borrowers have availed the SBP enabled deferment / restructuring and rescheduling relief given as a result of the COVID-19 pandemic. The Group expects that the repayment capacity of several borrowers could be impacted due to the pandemic and has accordingly recognised additional general provision against the domestic funded, performing credit portfolio. The provision has been recognised based on management's best estimate. The Group has recognized a net provision against advances amounting to Rs. 12,059.829 million in the consolidated profit and loss account in the current year. As at December 31, 2020, the Group holds a provision of Rs 81,899.047 million against advances. The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.	■ controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; ■ controls over accurate computation and recording of provisions; and ■ controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of loan accounts and performed the following substantive procedures: ■ checked repayments of loan / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and ■ evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation, discussions with the management and management's consideration of the impact of COVID-19 on the borrower. We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs. We also checked that the general provision made against performing advances due to the pandemic is in accordance with the criteria defined by the Group. We issued instructions to auditors of those overseas branches and subsidiaries which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches and subsidiaries performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

A. F. Ferguson & Co.
Chartered Accountants

Karachi

Dated: February 24, 2021

Consolidated Statement of Financial Position

As at December 31, 2020

2020	2019		Note	2020	2019
(US $ in '000)				(Rupees in '000)	
		ASSETS			
2,347,930	2,299,841	Cash and balances with treasury banks	5	**375,280,120**	367,593,717
353,703	258,071	Balances with other banks	6	**56,533,829**	41,248,554
188,659	283,438	Lendings to financial institutions	7	**30,154,193**	45,303,199
12,191,223	8,631,480	Investments	8	**1,948,576,822**	1,379,607,379
7,654,862	7,301,038	Advances	9	**1,223,510,222**	1,166,956,994
558,016	503,411	Fixed assets	10	**89,190,210**	80,462,410
65,148	56,867	Intangible assets	11	**10,412,880**	9,089,345
-	-	Deferred tax assets		-	-
722,025	856,329	Other assets	12	**115,404,542**	136,870,799
24,081,566	20,190,475			**3,849,062,818**	3,227,132,397
		LIABILITIES			
290,514	185,699	Bills payable	13	**46,434,199**	29,681,108
3,404,197	2,391,264	Borrowings	14	**544,107,826**	382,206,306
17,708,149	15,250,767	Deposits and other accounts	15	**2,830,371,390**	2,437,597,169
-	-	Liabilities against assets subject to finance lease		-	-
139,870	139,895	Subordinated debt	16	**22,356,000**	22,360,000
64,991	38,726	Deferred tax liabilities	17	**10,387,859**	6,189,687
812,781	777,972	Other liabilities	18	**129,910,297**	124,346,615
22,420,502	18,784,323			**3,583,567,571**	3,002,380,885
1,661,064	1,406,152	**NET ASSETS**		**265,495,247**	224,751,512
		REPRESENTED BY			
		Shareholders' equity			
91,773	91,773	Share capital	19	**14,668,525**	14,668,525
450,854	414,557	Reserves		**72,062,025**	66,260,511
225,264	155,632	Surplus on revaluation of assets - net of tax	20	**36,004,914**	24,875,383
864,696	716,680	Unappropriated profit		**138,208,223**	114,550,097
1,632,587	1,378,642	Total equity attributable to the equity holders of the Bank		**260,943,687**	220,354,516
28,477	27,510	Non-controlling interest		**4,551,560**	4,396,996
1,661,064	1,406,152			**265,495,247**	224,751,512
		CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 48 and annexures I to III form an integral part of these consolidated financial statements.

Muhammad Aurangzeb	Rayomond Kotwal	Dr. Najeeb Samie	Salim Yahya Chinoy	Salim Raza
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Consolidated Profit and Loss Account

For the year ended December 31, 2020

2020	2019		Note	2020	2019
(US $ in '000)				(Rupees in '000)	
1,696,990	1,614,883	Mark-up / return / profit / interest earned	23	**271,237,258**	258,113,896
882,995	980,957	Mark-up / return / profit / interest expensed	24	**141,132,940**	156,790,596
813,995	633,926	Net mark-up / return / profit / interest income		**130,104,318**	101,323,300
		Non mark-up / interest income			
117,596	127,931	Fee and commission income	25	**18,795,739**	20,447,851
3,061	3,669	Dividend income		**489,303**	586,353
18,538	21,795	Share of profit of associates and joint venture		**2,963,090**	3,483,593
(1,012)	10,371	Foreign exchange (loss) / income		**(161,688)**	1,657,595
6,744	(1,163)	Gain / (loss) from derivatives		**1,077,945**	(185,867)
44,139	(16,626)	Gain / (loss) on securities - net	26	**7,054,874**	(2,657,256)
2,350	5,189	Other income	27	**375,597**	829,310
191,416	151,166	Total non mark-up / interest income		**30,594,860**	24,161,579
1,005,411	785,092	Total income		**160,699,178**	125,484,879
		Non mark-up / interest expenses			
588,224	577,074	Operating expenses	28	**94,018,405**	92,236,328
6,943	3,588	Workers' Welfare Fund - charge	29	**1,109,730**	573,492
2,007	3,003	Other charges	30	**320,793**	480,056
597,174	583,665	Total non mark-up / interest expenses		**95,448,928**	93,289,876
408,237	201,427	**Profit before provisions and taxation**		**65,250,250**	32,195,003
76,452	20,734	Provisions and write offs - net	31	**12,219,614**	3,314,081
331,785	180,693	**Profit before taxation**		**53,030,636**	28,880,922
138,376	83,719	**Taxation**	32	**22,117,287**	13,381,127
193,409	96,974	**Profit after taxation**		**30,913,349**	15,499,795
		Attributable to:			
193,277	95,929	Equity holders of the Bank		**30,892,271**	15,332,792
132	1,045	Non-controlling interest		**21,078**	167,003
193,409	96,974			**30,913,349**	15,499,795
				--------------Rupees--------------	
		Basic and diluted earnings per share	33	**21.06**	10.45

The annexed notes 1 to 48 and annexures I to III form an integral part of these consolidated financial statements.

Muhammad Aurangzeb President and Chief Executive Officer	**Rayomond Kotwal** Chief Financial Officer	**Dr. Najeeb Samie** Director	**Salim Yahya Chinoy** Director	**Salim Raza** Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2020

2020 (US $ in '000)	2019 (US $ in '000)		2020 (Rupees in '000)	2019 (Rupees in '000)
		Profit after taxation for the year attributable to:		
193,277	95,929	Equity holders of the Bank	**30,892,271**	15,332,792
132	1,045	Non-controlling interest	**21,078**	167,003
193,409	96,974		**30,913,349**	15,499,795
		Other comprehensive income / (loss)		
		Items that may be reclassified to the profit and loss account in subsequent periods		
		Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax, attributable to:		
14,500	38,489	Equity holders of the Bank	**2,317,496**	6,151,913
480	1,056	Non-controlling interest	**76,720**	168,861
14,980	39,545		**2,394,216**	6,320,774
343	682	Increase in share of exchange translation reserve of associates- net of tax	**54,866**	108,994
		Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:		
31,147	69,985	Equity holders of the Bank	**4,978,206**	11,186,146
120	289	Non-controlling interest	**19,147**	46,132
31,267	70,274		**4,997,353**	11,232,278
218	(2,059)	Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	**34,977**	(329,110)
		Items that are not to be reclassified to the profit and loss account in subsequent periods		
		Remeasurement (loss) / gain on defined benefit obligations - net of tax, attributable to:		
(967)	550	Equity holders of the Bank	**(154,494)**	87,715
3	33	Non-controlling interest	**486**	5,255
(964)	583		**(154,008)**	92,970
32	(13)	Share of remeasurement gain / (loss) on defined benefit obligations of associate - net of tax	**5,168**	(2,109)
		Movement in surplus / deficit on revaluation of fixed assets - net of tax, attributable to:		
38,275	(804)	Equity holders of the Bank	**6,117,647**	(128,422)
236	(1)	Non-controlling interest	**37,697**	(171)
38,511	(805)		**6,155,344**	(128,593)
-	(36)	Movement in share of surplus / deficit on revaluation of fixed assets of associates - net of tax	**-**	(5,784)
310	219	Movement in surplus / deficit on revaluation of non-banking assets - net of tax	**49,570**	35,000
278,106	205,364	**Total comprehensive income**	**44,450,835**	32,824,215
		Total comprehensive income attributable to:		
277,135	202,942	Equity holders of the Bank	**44,295,707**	32,437,135
971	2,422	Non-controlling interest	**155,128**	387,080
278,106	205,364		**44,450,835**	32,824,215

The annexed notes 1 to 48 and annexures I to III form an integral part of these consolidated financial statements.

Muhammad Aurangzeb
President and Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2020

	Attributable to shareholders of the Bank											Non-controlling interest	Total
		Reserves							Surplus/(Deficit) on revaluation of				
		Statutory		Capital			Revenue						
	Share capital	Joint venture and subsidiary	Bank (note 19.5)	Exchange translation (note 19.6)	Non-distributable capital	Capital reserve on acquisition of common control entity	General	Unappropriated profit	Investments	Fixed / Non Banking Assets	Sub Total		
	(Rupees in '000)												
Balance as at December 31, 2018	14,668,525	1,007,988	31,957,440	25,005,594	547,115	(156,706)	6,073,812	101,606,320	(7,326,886)	21,858,529	195,241,731	4,010,480	199,252,211
Comprehensive income for the year													
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	-	-	15,332,792	-	-	15,332,792	167,003	15,499,795
Other comprehensive income / (loss)													
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	6,151,913	-	-	-	-	-	-	6,151,913	168,861	6,320,774
Increase in share of exchange translation reserve of associates- net of tax	-	-	-	108,994	-	-	-	-	-	-	108,994	-	108,994
Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	-	-	87,715	-	-	87,715	5,255	92,970
Share of remeasurement loss on defined benefit obligations of associates- net of tax	-	-	-	-	-	-	-	(2,109)	-	-	(2,109)	-	(2,109)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	-	11,186,146	(93,422)	11,092,724	45,961	11,138,685
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	-	(329,110)	(5,784)	(334,894)	-	(334,894)
	-	-	-	6,260,907	-	-	-	15,418,398	10,857,036	(99,206)	32,437,135	387,080	32,824,215
Transferred to statutory reserves	-	231,225	1,506,419	-	-	-	-	(1,737,644)	-	-	-	-	-
Transferred to unappropriated profit	-	-	-	-	-	-	(6,073,812)	6,073,812	-	-	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	414,654	-	(414,090)	564	(564)	-
Deferred tax asset recognised on subsidiary under liquidation	-	-	-	-	-	-	-	108,817	-	-	108,817	-	108,817
Exchange gain realised on closure of Bank branch - net of tax	-	-	-	(99,471)	-	-	-	-	-	-	(99,471)	-	(99,471)
Transactions with owners, recorded directly in equity													
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2018	-	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
2nd interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
3rd interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
	-	-	-	-	-	-	-	(7,334,260)	-	-	(7,334,260)	-	(7,334,260)
Balance as at December 31, 2019	14,668,525	1,239,213	33,463,859	31,167,030	547,115	(156,706)	-	114,550,097	3,530,150	21,345,233	220,354,516	4,396,996	224,751,512
Comprehensive income for the year													
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	-	-	30,892,271	-	-	30,892,271	21,078	30,913,349
Other comprehensive income / (loss)													
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	-	-	2,317,496	-	-	-	-	-	-	2,317,496	76,720	2,394,216
Increase in share of exchange translation reserve of associates - net of tax	-	-	-	54,866	-	-	-	-	-	-	54,866	-	54,866
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(154,494)	-	-	(154,494)	486	(154,008)
Share of remeasurement gain on defined benefit obligations of associates - net of tax	-	-	-	-	-	-	-	5,168	-	-	5,168	-	5,168
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	-	4,978,206	6,167,217	11,145,423	56,844	11,202,267
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	-	34,977	-	34,977	-	34,977
	-	-	-	2,372,362	-	-	-	30,742,945	5,013,183	6,167,217	44,295,707	155,128	44,450,835
Transferred to statutory reserves	-	207,937	3,152,368	-	-	-	-	(3,360,305)	-	-	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	51,433	-	(50,869)	564	(564)	-
Exchange gain realised on capital reduction in subsidiary under liquidation - net of tax	-	-	-	(1,082,350)	-	-	-	-	-	-	(1,082,350)	-	(1,082,350)
Reversal of deferred tax asset recognised on subsidiary under liquidation	-	-	-	-	-	-	-	(108,817)	-	-	(108,817)	-	(108,817)
Exchange loss realised on closure of Bank branch - net of tax	-	-	-	1,151,197	-	-	-	-	-	-	1,151,197	-	1,151,197
Transactions with owners, recorded directly in equity													
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019	-	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)	-	(1,833,565)
	-	-	-	-	-	-	-	(3,667,130)	-	-	(3,667,130)	-	(3,667,130)
Balance as at December 31, 2020	14,668,525	1,447,150	36,616,227	33,608,239	547,115	(156,706)	-	138,208,223	8,543,333	27,461,581	260,943,687	4,551,560	265,495,247

The annexed notes 1 to 48 and annexures I to III form an integral part of these consolidated financial statements.

Muhammad Aurangzeb
President and Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

Consolidated Cash Flow Statement

For the year ended December 31, 2020

2020 (US $ in '000)	2019 (US $ in '000)		Note	2020 (Rupees in '000)	2019 (Rupees in '000)
		CASH FLOWS FROM OPERATING ACTIVITIES			
331,785	180,693	Profit before taxation		**53,030,636**	28,880,922
(3,061)	(3,669)	Dividend income		**(489,303)**	(586,353)
(18,538)	(21,795)	Share of profit of associates and joint venture		**(2,963,090)**	(3,483,593)
(21,599)	(25,464)			**(3,452,393)**	(4,069,946)
310,186	155,229			**49,578,243**	24,810,976
		Adjustments:			
37,305	33,133	Depreciation		**5,962,553**	5,295,777
23,747	21,439	Depreciation on right-of-use assets		**3,795,518**	3,426,648
5,001	3,360	Amortisation		**799,329**	537,026
12,018	12,246	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		**1,920,912**	1,957,331
(1,935)	3,460	(Reversal) / provision for diminution in value of investments		**(309,323)**	553,086
75,452	21,122	Provision against loans and advances		**12,059,829**	3,376,099
4,117	564	Provision against other assets		**658,088**	90,219
2,407	(308)	Reversal against off-balance sheet obligations		**384,791**	(49,233)
(235)	523	Unrealised (gain) / loss on held-for-trading securities		**(37,528)**	83,591
(1,159)	(2,050)	Exchange gain on goodwill		**(185,219)**	(327,684)
7,202	(622)	Exchange loss / (gain) realized on closure of Bank branch - net of tax		**1,151,197**	(99,471)
(6,772)	-	Exchange gain realised on reduction in capital of subsidiary under liquidation - net of tax		**(1,082,350)**	-
(542)	(655)	Gain on sale of fixed assets - net		**(86,580)**	(104,762)
(16)	(1,014)	Gain on sale of non-banking assets		**(2,500)**	(162,045)
6,943	3,588	Workers' Welfare Fund - charge		**1,109,730**	573,492
163,533	94,786			**26,138,447**	15,150,074
473,719	250,015			**75,716,690**	39,961,050
		(Increase) / decrease in operating assets			
94,779	37,377	Lendings to financial institutions		**15,149,006**	5,974,137
848,735	(1,631,248)	Held-for-trading securities		**135,657,036**	(260,729,470)
(429,276)	(562,413)	Advances		**(68,613,057)**	(89,892,873)
85,229	(277,407)	Other assets (excluding advance taxation)		**13,622,475**	(44,339,157)
599,467	(2,433,691)			**95,815,460**	(388,987,363)
		Increase / (decrease) in operating liabilities			
104,815	(79,954)	Bills payable		**16,753,091**	(12,779,460)
1,012,933	(882,868)	Borrowings from financial institutions		**161,901,520**	(141,112,749)
2,457,382	1,878,845	Deposits and other accounts		**392,774,221**	300,304,104
10,014	(33,874)	Other liabilities		**1,600,506**	(5,414,223)
3,585,144	882,149			**573,029,338**	140,997,672
4,658,330	(1,301,527)			**744,561,488**	(208,028,641)
(91,099)	17,314	Income tax (paid) / refund		**(14,560,805)**	2,767,314
4,567,231	(1,284,213)	**Net cash flows generated from / (used in) operating activities**		**730,000,683**	(205,261,327)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(3,955,466)	1,721,821	Net investment in available-for-sale securities		**(632,219,576)**	275,206,190
(390,342)	84,874	Net investment in held-to-maturity securities		**(62,390,077)**	13,565,739
9,911	13,327	Net investment in associates		**1,584,070**	2,130,167
2,967	3,696	Dividend received		**474,277**	590,796
(42,676)	(37,658)	Investment in fixed assets		**(6,821,050)**	(6,019,021)
(12,050)	(8,968)	Investment in intangible assets		**(1,926,046)**	(1,433,326)
1,305	2,657	Proceeds from sale of fixed assets		**208,630**	424,536
266	9,900	Proceeds from sale of non-banking assets		**42,500**	1,582,300
14,843	39,171	Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax		**2,372,362**	6,260,907
(4,371,242)	1,828,820	**Net cash flows (used in) / generated from investing activities**		**(698,674,910)**	292,308,288
		CASH FLOWS FROM FINANCING ACTIVITIES			
(25)	(25)	Repayment of subordinated debt		**(4,000)**	(4,000)
-	77,418	Proceeds from issuance of subordinated debt		**-**	12,374,000
(29,797)	(32,936)	Payment of lease liability against right-of-use assets		**(4,762,581)**	(5,264,295)
(22,926)	(47,436)	Dividend paid		**(3,664,234)**	(7,581,966)
480	1,056	Effect of translation of net investment by non-controlling interest in subsidiary		**76,720**	168,861
(52,268)	(1,923)	**Net cash flows used in financing activities**		**(8,354,095)**	(307,400)
143,721	542,684	**Increase in cash and cash equivalents during the year**		**22,971,678**	86,739,561
2,525,708	1,935,483	Cash and cash equivalents at the beginning of the year		**403,695,027**	309,356,796
32,204	79,745	Effect of exchange rate changes on cash and cash equivalents		**5,147,244**	12,745,914
2,557,912	2,015,228			**408,842,271**	322,102,710
2,701,633	2,557,912	**Cash and cash equivalents at the end of the year**	34	**431,813,949**	408,842,271

The annexed notes 1 to 48 and annexures I to III form an integral part of these consolidated financial statements.

Muhammad Aurangzeb	Rayomond Kotwal	Dr. Najeeb Samie	Salim Yahya Chinoy	Salim Raza
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

1 **THE GROUP AND ITS OPERATIONS**

1.1 **Holding company**

Habib Bank Limited, Pakistan

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at HBL Tower, Plot no. G-4, KDA Scheme 5, Block 7 Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,659 (2019: 1,667) branches inside Pakistan including 62 (2019: 48) Islamic Banking Branches and 38 (2019: 45) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A. (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.

1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.

1.4 **Subsidiaries**

- Habib Allied Holding Limited – 90.50% shareholding

Habib Allied Holding Limited (HAHL) is a private company incorporated in the United Kingdom with its registered office at 9 Portman Street, London W1H6DZ, UK. HAHL is the holding company of HBL Bank UK Limited.

- HBL Bank UK Limited – 90.50% effective shareholding

HBL Bank UK Limited (HBL UK) is a wholly owned subsidiary of HAHL and is incorporated in the United Kingdom. HBL UK provides a range of commercial banking services to individuals as well as to businesses. The registered office of HBL UK is at 9 Portman Street, London, UK W1H6DZ, UK. HBL UK operates a network of 4 branches in the UK and one in Switzerland.

- Habib Finance International Limited – 100% shareholding

Habib Finance International Limited was registered as a deposit taking company under the Hong Kong Banking Ordinance and its principal activities were the taking of deposits and the provision of loans and trade financing. In 2019, the company voluntarily surrendered its banking license and is currently under voluntary liquidation. The entire capital has been repatriated to Pakistan. The registered office of the company is at 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.

- Habib Currency Exchange (Private) Limited – 100% shareholding

HBL Currency Exchange (Private) Limited (HCEL) is a private limited company, incorporated in Pakistan. HCEL is licensed by the Securities and Exchange Commission of Pakistan (SECP) to carry out the business of dealing in foreign exchange. The registered office of the company is at Plot No. 49-A, Block-6, PECHS Nursery, Main Shahrah-e-Faisal, Karachi, Pakistan.

- HBL Asset Management Limited – 100% shareholding

HBL Asset Management Limited (HBL AML) is an unlisted public limited company, incorporated in Pakistan. HBL AML is licensed by the Securities and Exchange Commission of Pakistan (SECP) to carry out asset management and investment advisory services. The registered office of the company is at 7th Floor, Emerald Tower, G-19, Block 5, Main Clifton Road, Clifton, Karachi.

- The First MicroFinanceBank Limited - 50.51% shareholding

The First MicroFinanceBank Limited (FMFB) is a public limited company, incorporated in Pakistan. The registered office of FMFB is at 16th-17th Floor, Habib Bank Tower, Blue Area, Islamabad, Pakistan. FMFB's principal business is to provide microfinance services to the poor and under-served segments of society as envisaged under the Microfinance Institutions Ordinance, 2001. FMFB has 210 (2019: 206) business locations comprising of 210 (2019: 199) branches/Permanent Booths (PBs) and nil (2019: 7) Pakistan Post Office (PPO) sub-offices in operation.

- Habib Bank Financial Services (Private) Limited – 100% shareholding

Habib Bank Financial Services (Private) Limited is a private limited company, incorporated in Pakistan under the Companies Act, 2017. It is registered as a Modaraba Management Company with the Registrar of Modaraba Companies and Modarabas, Islamabad. The registered office of the company is at 1st floor, Bank House No-1, Habib Bank Square, M.A. Jinnah Road, Karachi, Pakistan.

2 BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic mode, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

Key financial figures of the Islamic banking branches are disclosed in Annexure I to the unconsolidated financial statements.

The US Dollar amounts shown in these consolidated financial statements are stated solely for information. The statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement as at and for the years ended December 31, 2020 and 2019 have all been converted using an exchange rate of Rupees 159.8344 per US Dollar.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the financial statements of subsidiaries from the date on which control of the subsidiary by the Group commences until the date control ceases. The financial statements of the subsidiaries are incorporated on a line-by-line basis and the investment held by the Bank is eliminated against the corresponding share capital and pre-acquisition reserve of subsidiaries in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are generally consistent with those of the Holding Company. However:

- Non-banking subsidiaries in Pakistan follow the requirements of IFRS 9, Financial Instruments or International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement as applicable to these entities, IAS 40, Investment Property and IFRS 7, Financial Instruments: Disclosures.

- Overseas subsidiaries comply with local regulations enforced within their respective jurisdictions.

Material intra-group balances and transactions are eliminated.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control established by contractual agreement. Associates and joint ventures are accounted for using the equity method.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. These comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS 10, Consolidated Financial Statements, was notified by the SECP as applicable for accounting periods beginning from January 1, 2015. However, the SECP, through SRO 56(I)/2016 dated January 28, 2016, has directed that the requirement of consolidation under this standard and under Section 228 of the Companies Act, 2017 is not applicable in the case of investments by a bank in mutual funds managed by its own asset management company and established under the trust structure. Therefore, investments by the Bank in mutual funds managed by HBL Asset Management Limited (HBL AML) are not consolidated as would otherwise be required under the definition of control specified in IFRS 10.

2.3 Amendments to existing accounting and reporting standards that have become effective in the current year.

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or to not have any significant impact on these consolidated financial statements.

2.4 Accounting and reporting standards that are not yet effective.

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Bank’s financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and implementation guidelines are awaited.

2.5 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgement was exercised in the application of accounting policies are as follows:

i) Classification of investments (note 4.3)
ii) Valuation and impairment of associates, joint venture and investments (note 4.3)
iii) Provision against advances (note 4.4)
iv) Valuation and depreciation of fixed assets (note 4.5)
v) Valuation of right-of-use assets and their related lease liability (note 4.6)
vi) Valuation and amortization of intangible assets (note 4.7)
vii) Valuation of non-banking assets acquired in satisfaction of claims (note 4.8)
viii) Valuation of defined benefit plans (note 4.12)
ix) Taxation (note 4.15)
x) Fair value of derivatives (note 4.21)

Till December 31, 2019, the Group was maintaining a general provision against its domestic portfolio of loans and advances in accordance with the Prudential Regulations which require a general provision only against the consumer finance and microfinance portfolios. During the year, the Group has also made general provision against its remaining domestic portfolio of loans and advances and additional general provision against its microfinance portfolio as more fully explained in note 4.4 to these consolidated financial statements.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for:

- Certain classes of fixed assets and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale which are measured at fair value.
- Derivative financial instruments, including forward foreign exchange contracts which are measured at fair value.
- Right-of-use assets and their related lease liability which are measured at their present values.
- Net obligations in respect of defined benefit schemes which are measured at their present values.

These consolidated financial statements are presented in Pakistani rupees, which is the Group's functional currency. Amounts are rounded to the nearest thousand Rupees.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks.

4.2 Lending / borrowing transactions with financial institutions

The Group enters into transactions of reverse repos and repos at contracted rates for a specified period of time. These are recorded as under:

4.2.1 Purchase under resale agreements (reverse repo)

Securities purchased under agreement to resale are not recognised as investments in these consolidated financial statements and the amount extended to the counterparty is included in lendings to financial institutions. The difference between the purchase price and the contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as markup income.

4.2.2 Sale under repurchase agreement (repo)

Securities sold subject to a repurchase agreement are retained as investments in these consolidated financial statements and the liability to the counterparty is included in borrowings. The difference between the sale price and the contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as markup expense.

4.2.3 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.3 Investments

The Group classifies its investment portfolio, other than its investments in associates and joint ventures, into the following categories:

Held-for-trading

These are securities included in a portfolio in which a pattern of short-term trading exists, or which are acquired for generating a profit from short-term fluctuations in market prices or interest rate movements.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments, other than investments in associates and joint ventures, that do not fall under the held-for-trading or held-to-maturity categories.

4.3.1 Initial measurement

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. The trade date is the date on which the Group commits to purchase or sell the investment.

In the case of investments classified as held-for-trading, transaction costs are expensed through the profit and loss account. Transaction costs associated with investments other than those classified as held-for-trading are included in the cost of the investments.

4.3.2 Subsequent measurement

Held-for-trading

Investments classified as held-for-trading are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is taken to the profit and loss account.

Held-to-maturity

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest rate method, less any impairment recognised to reflect irrecoverable amounts.

Available-for-sale

Listed securities classified as available-for-sale are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is recorded in the surplus / deficit on revaluation of securities account (shown as part of equity in the statement of financial position) and is taken to the profit and loss account either when realised upon disposal or when the investment is considered to be impaired.

Unlisted equity securities are carried at the lower of cost and break-up value. The break-up value is calculated with reference to the net assets of the investee company as per its latest available audited financial statements. The Bank may also use unaudited or management accounts to determine if any additional impairment needs to be charged beyond amounts already charged based on audited financial statements. Other unlisted securities are valued at cost less impairment, if any.

4.3.3 Investments in associates and joint ventures

Associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost. The carrying amount is subsequently increased / decreased to recognize the investor's share of the profit and loss / reserves of the investee subsequent to the date of acquisition. The investor's share of the profit and loss of the investee is recognised through the profit and loss account while the share of reserves is recognised through Other Comprehensive Income.

4.3.4 **Impairment**

The Group determines that available-for-sale listed equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the investee, industry and sector performance and changes in technology. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

A decline in the carrying value of unlisted equity securities is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account.

Provision for diminution in the value of debt securities is made as per the Prudential Regulations issued by the SBP. Provision against investments by the Group's overseas branches is made as per the requirements of the respective regulatory regimes in which the overseas branches operate.

When a debt security, classified as available-for-sale, is considered to be impaired, the balance in the surplus / deficit on revaluation of securities account is transferred to the profit and loss account as an impairment charge. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the profit and loss account.

When a debt security, classified as held-to-maturity, is considered to be impaired, the impairment is directly charged to the profit and loss account as held-to-maturity securities are carried at amortized cost. Any subsequent reversal of an impairment loss, up to the cost of the investment in the debt security is credited to the profit and loss account.

Provision for diminution in the value of other securities is made after considering objective evidence of impairment.

The Group considers that a decline in the recoverable value of its investments in associates and joint ventures below their carrying value may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable amount falls below the carrying value and is charged to the profit and loss account. Any subsequent reversal of an impairment loss, up to the carrying value of the investment in associates and joint ventures, is credited to the profit and loss account.

4.4 **Advances**

Advances are stated net of specific and general provisions. Provision against advances by the Group's branches in Pakistan is made in accordance with the requirements of the Prudential Regulations. Provision against advances by the Group's overseas branches is made as per the requirements of the respective regulatory regimes in which the overseas branches operate. Advances are written off in line with the Bank’s policy when there are no realistic prospects of recovery.

In addition, the Group expects that several borrowers may be severely impacted by the COVID-19 pandemic. The potential impact of the economic stress is difficult to predict, as many of such borrowers have availed the SBP enabled deferment / restructuring & rescheduling relief. Hence, management feels that it is appropriate to maintain an additional general provision of up to 1% on the domestic, funded performing credit portfolio excluding:

- Government guaranteed exposure
- Consumer and staff lending
- Exposure secured by cash / near cash collateral

FMFB maintains an additional general provision, based on management's estimates, in respect of the portion of its microfinance portfolio which has been deferred, restructured or rescheduled under the SBP scheme.

This additional provision is based on management’s best estimate. During the year, the Group has recognised an additional provision of Rs 6,419.052 million in the profit and loss account.

4.4.1 **Finance lease receivables**

Leases where the Group transfers a substantial portion of the risks and rewards incidental to the ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payments including any guaranteed residual value. The net investment in finance lease is included in advances.

4.4.2 Islamic financing and related assets

Murabaha financing is a cost plus profit transaction. Funds disbursed for the purchase of goods are recorded as an advance against Murabaha. Once the goods are sold to the customers, the transaction is recorded as financing. Goods purchased by the Bank but remaining unsold are recorded as inventories.

The financing is recorded at the deferred sale price. Profit earned on financing is recognised as unearned income and amortised into the profit and loss account over the term of the Murabaha financing. It is possible for Bank to buy the inventory on a customer's behalf and sell it to the customers on spot basis. In this case, the entire profit is recognised immediately in the profit and loss account.

Under Ijarah financing, the Bank transfers the rights to use an asset to the customer for an agreed period for an agreed consideration. Assets given under Ijarah are stated at cost less accumulated depreciation. The depreciation is calculated on a reducing balance basis over the term of the Ijarah after taking into account the estimated residual value. The entire Ijarah rental is recognised as income on an accrual basis.

Gains or losses on disposal of Ijarah assets are taken to the profit and loss account in the period in which they arise.

Running Musharakah is the economic equivalent of conventional running finance. The Bank and the customer enter a Musharakah (transaction or business partnership arrangement) where the Bank agrees to finance the operating activities of the customer's business and share the profit or loss at a pre-agreed ratio. Profit is provisionally recognised on an accrual basis and is adjusted once the customer declares the final profit after issuance of audited financial statements.

Under Diminishing Musharakah financing, the Bank and the customer create joint beneficial ownerships over tangible assets to fulfill the customer's capital expenditure / project requirements. The Bank receives periodic payments, partly for renting its portion of the assets to the customer and partly for the gradual transfer / sale of its share of ownership to the customer. The rental payment is recognised as profit while the asset transfer / sale payments are applied towards reducing the outstanding principal.

Under Istisna financing, the Bank gives an advance to customers for manufacturing goods and may allow their sale immediately after the goods are manufactured or allow a pre-agreed time to sell the goods on deferred payment basis as the Bank's agent to a third party. Profit is recognised at the time when the goods are sold to the third party. In case of a deferred sale, the profit is recognised on an accrual basis over the term of the financing.

Under Tijarah, the Bank purchases finished goods from the customer against payment, takes possession and appoints the customer as an agent to sell these goods to the ultimate buyer, generally on a deferred payment basis. Goods purchased by the Bank and sold by the customer on a deferred payment basis are recognised as financing while goods purchased by the Bank but remaining unsold by the customer are recorded as inventories. Profit on the financing is recognised on an accrual basis over the period of transaction.

Wakalah is an agency contract in which the Bank provides funds to a customer to invest in a Shariah compliant manner. This is recorded as financing and profit is recognised on an accrual basis and is adjusted once the customer declares Wakalah business performance.

Salam is a sale whereby the Bank undertakes to supply some specific commodity (ies) or asset (s) to the customer at a future date in exchange for an advance price fully paid on spot. Currency Salam is an exchange or sale of a currency with another currency at a future date, at conversion rate within the spot range on the day of such contract execution.

4.5 Fixed Assets

Fixed assets are stated at cost, except for land and buildings which are carried at revalued amounts, less any applicable accumulated depreciation and accumulated impairment losses (if any).

Land, capital work-in-progress and works of art are not depreciated. Other items included in fixed assets are depreciated over their expected useful lives using the straight-line method. Depreciation is calculated so as to write down the assets to their residual values over their expected useful lives at the rates specified in note 10.2 to these consolidated financial statements. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month in which the assets are disposed off. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Land and buildings are revalued by independent professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. If an asset's carrying value increases as a result of revaluation, such increase or surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. However, if the increase reverses a deficit on the same asset previously recognised in the profit and loss account, such increase is also recognised in the profit and loss account to the extent of the previous deficit and thereafter in the surplus on the revaluation of fixed assets account.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major repairs and renovations that increase the useful life of an asset are capitalised.

Gains or losses arising on the disposal of fixed assets are charged to the profit and loss account. Surplus on revaluation (net of deferred tax) realised on disposal of fixed assets is transferred directly to unappropriated profit.

4.6 Right-of-use assets and their related lease liability

4.6.1 Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.6.2 Lease liability against right-of-use assets

The lease liabilities are initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, then at the applicable incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.7 Intangible assets

4.7.1 Intangible assets other than goodwill

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised over their estimated useful lives using the straight-line method. Amortisation is calculated so as to write down the assets to their residual values over their expected useful lives at the rates stated in note 11.1 to these consolidated financial statements. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month in which the assets are disposed off. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Intangible assets which arise from contractual or other legal rights on the acquisition of another entity and are deemed separable are considered as part of the net identifiable assets acquired. These are initially measured at fair value. Intangible assets with a finite useful life are amortized over their expected useful lives. Intangible assets having an indefinite useful life are stated at cost less impairment, if any. Such Intangible assets are tested for impairment annually or whenever there is an indication of impairment, as per the requirements of IAS 36, Impairment of Assets. An impairment charge in respect of intangible assets is recognised through the profit and loss account. Any subsequent reversal of an impairment loss, up to the extent of the impairment, is credited to the profit and loss account.

4.7.2 Goodwill

Goodwill arises in a business combination is initially recognised at fair value and subsequently is carried at this amount less any impairment measured. Goodwill is tested for impairment annually or whenever there is an indication of impairment, as per the requirements of IAS 36, Impairment of Assets. An impairment charge in respect of goodwill is recognised through the profit and loss account.

4.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and revalued at each year-end date of the statement of financial position. An increase in market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset, if any, or if no surplus exists, is charged to the profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the impairment and thereafter credited to the surplus on revaluation of that asset. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Group's owned fixed assets.

If the recognition of such assets results in a reduction in non-performing loans, such reductions and the corresponding reductions in provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realized on disposal of these assets is transferred directly to unappropriated profit.

However, if such an asset is subsequently used by the Group for its own operations, the asset, along with any related surplus (which remains within the surplus), is transferred to fixed assets.

4.9 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised as an expense on an accrual basis in the period in which it is incurred.

4.10 Subordinated debt

Subordinated debt is recorded at the amount of proceeds received. Mark-up accrued on subordinated debt is charged to the profit and loss account.

4.11 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. Acceptances are recognised as a financial liability in the statement of financial position with the contractual right of reimbursement from the customer recognised as a financial asset.

4.12 Employee benefits

The Bank operates a number of post-retirement benefit plans, which include both defined contribution plans and defined benefit plans.

For defined contribution plans, the Bank pays contributions to the fund on a periodic basis, and such amounts are charged to the profit and loss account when the payment obligation is established. The Bank has no further payment obligations once the contributions have been paid.

For funded defined benefit plans, the liability recognised in the statement of financial position is the present value of the defined benefit obligations less the fair value of plan assets as at the statement of financial position date. Contributions to the fund are made by the Bank on a periodic basis.

For non-funded defined benefit plans, the liability recognised in the statement of financial position is the present value of the defined benefit obligations as at the statement of financial position date.

The liability in respect of all obligations under defined benefit schemes is calculated annually by an independent actuary using the Projected Unit Credit Method.

Actuarial gains and losses

Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling through the profit and loss account. Gains and losses on remeasurement of the liability for compensated absences are recognised in the profit and loss account.

Past Service Cost

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment. The Bank recognises past service cost as an expense when the plan is amended.

4.13 Foreign currency

4.13.1 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing on the transaction date. Assets and liabilities denominated in foreign currency are translated into rupees at the rates of exchange prevailing on the date of the statement of financial position. Forward transactions in foreign currencies and foreign bills purchased are translated at forward foreign exchange rates applicable to their respective maturities.

4.13.2 Foreign operations

The assets and liabilities of foreign operations are translated to Pakistani rupees at exchange rates prevailing at the date of the statement of financial position. The income and expenses of foreign operations are translated to Pakistani Rupees at average rates of exchange prevailing during the year.

Goodwill arising on the acquisition of an entity by an overseas subsidiary is treated as an asset of the overseas subsidiary and is translated at foreign exchange rates prevailing as at the date of the statement of financial position.

4.13.3 Translation gains and losses

Gains and losses arising from foreign currency translations are taken to the profit and loss account, except those arising from the translation of the net investment in foreign branches, associates, joint ventures and subsidiaries, which are recorded within equity as an Exchange Translation Reserve (ETR). Balances in the ETR are only taken to the profit and loss account on the disposal of the investment.

4.13.4 Contingencies and Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in the financial statements at contracted rates. Contingent liabilities / commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing on the date of statement of financial position.

4.14 Income recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Group and the revenue can be reliably measured.

4.14.1 Advances and investments

Income on performing advances and debt securities is recognised on a time proportion basis as per the terms of the contract. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining maturity of the debt security or the next repricing date using the effective yield method.

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Group operates.

4.14.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised through the profit and loss account when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

4.14.3 Fee, Commission and Brokerage Income

Fee, Commission and Brokerage income is recognised on an accrual basis.

4.14.4 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

4.15 Taxation

Income tax expense comprises of the charge for current and prior years and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity.

4.15.1 Current

The charge for current taxation is calculated on taxable income earned during the year from local as well as foreign operations using tax rates enacted as at the date of the statement of financial position.

4.15.2 Prior years

The charge for prior years represents adjustments to the tax charge for prior years, arising from assessments, changes in estimates, and retrospectively applied changes to law, made during the current year.

4.15.3 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deductible temporary differences (deferred tax assets) are temporary differences that are deductible from the taxable income of future periods when the carrying amount of the asset or liability is recovered or settled.

Taxable temporary differences (deferred tax liabilities) are temporary differences that will result in a tax liability in future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax is calculated at the tax rates that are expected to be applicable to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted as at the date of the statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Where objective evidence exists that the carrying value of a deferred tax asset may not be recoverable, the deferred tax asset is reduced to its recoverable value. The difference between the carrying value and the recoverable value is recognised through the profit and loss account as a deferred tax expense.

4.16 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised through the profit and loss account whenever the recoverable amount of an asset is lower than its carrying amount.

A subsequent increase in the recoverable value of the asset results in a reversal of the impairment loss through the profit and loss account, up to the original carrying value of the asset, if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

4.17 Provisions

Provisions are recognised when the Group has present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision for off balance sheet obligations is recognised when intimated and reasonable certainty exists that the Group will settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.18 Contingent Liabilities

Contingent liabilities are not recognised in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, it is not disclosed as a contingent liability.

4.19 Off setting

Financial assets and financial liabilities are set-off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set-off and the Group intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.20 Financial Assets and Liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain other receivables, bills payable, borrowings, deposits, subordinated debt and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the relevant policy notes.

4.21 Derivative Financial Instruments

Derivative financial assets and liabilities are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at their fair value using appropriate valuation techniques. Derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken directly to the profit and loss account.

4.22 Dividends paid

Declarations of dividends to shareholders are recognised as a liability in the period in which they are approved.

4.23 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is not calculated separately, as the Bank does not have any convertible instruments in issue.

4.24 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing unique products or services (business segment), or in providing products or services within a particular geographic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4.24.1 **Business segments**

The Group is managed along the following business lines for monitoring and reporting purposes:

i) *Branch banking*

This segment pertains to the branch distribution network, its related deposit products and general banking services.

ii) *Consumer, SME and rural banking*

This segment pertains to loan products offered to the Consumer, SME and Rural business segments.

iii) *Islamic banking*

This segment pertains to all business lines of the Islamic banking network and includes all Islamic products offered by the bank.

iv) *Corporate, commercial and investment banking*

This segment provides a wide variety of financial products and services to top and medium tier clients, across a wide spectrum of industrial sectors.

v) *International and correspondent banking*

This segment includes the results of all international branches and subsidiaries, correspondent banking business and global remittances.

vi) *Treasury*

This segment includes all treasury related products such as money market, FX and derivatives.

vii) *Asset management*

This segment pertains to HBL Asset Management Limited.

viii) *Microfinance*

This segment pertains to First MicroFinanceBank Limited

ix) *Head Office / Others*

This segment includes numbers related to HBL Konnect, Head office functions and Habib Currency Exchange.

4.24.2 **Geographical segments**

The Group is managed along the following geographic lines for monitoring and reporting purposes:

i) *Pakistan (including KEPZ)*

This includes the domestic operations and HBL's KEPZ branch.

ii) *Middle East and Africa*

This includes UAE, Bahrain, Oman, Lebanon and Mauritius.

iii) *Asia*

This includes Afghanistan, Bangladesh, China, Hong Kong, Maldives, Singapore and Sri Lanka.

iv) *Europe and North America*

This includes Belgium, Turkey, United Kingdom (including Switzerland) and the United States of America (USA).

		Note	2020	2019
			(Rupees in '000)	
5	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand			
	Local currency		**41,262,666**	32,439,852
	Foreign currencies		**16,341,859**	4,494,979
			57,604,525	36,934,831
	With State Bank of Pakistan in			
	Local currency current accounts	5.1	**130,745,447**	124,839,494
	Foreign currency current accounts	5.2	**6,788,327**	6,497,792
	Foreign currency deposit accounts	5.3	**13,768,677**	19,321,075
			151,302,451	150,658,361
	With other Central Banks in			
	Foreign currency current accounts	5.4	**47,941,657**	62,151,099
	Foreign currency deposit accounts	5.5	**11,120,595**	16,988,678
			59,062,252	79,139,777
	With National Bank of Pakistan in			
	Local currency current accounts		**104,866,634**	99,821,234
	Local currency deposit account	5.6	**697,247**	451,515
	National Prize Bonds		**1,747,011**	587,999
			375,280,120	367,593,717

5.1 These represent local currency current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.

5.3 These represent foreign currency deposit accounts maintained under the Special Cash Reserve Requirement of the SBP and a US Dollar Settlement account maintained with the SBP. These carry mark-up at rates ranging from 0.00% to 0.76% per annum (2019: 0.00% to 1.51% per annum).

5.4 These represent balances held with the Central Banks of the countries in which the Group operates, in accordance with local regulatory requirements. These include balances in remunerative accounts amounting to Rs 21,164.318 million (2019: Rs 32,403.898 million), which carry mark-up at rates ranging from 0.01% to 0.19% per annum (2019: 0.75% to 2.00% per annum).

5.5 These represent balances held with the Central Banks of the countries in which the Group operates, in accordance with local regulatory requirements. These carry mark-up at rates ranging from 0.00% to 12.00% per annum (2019: 0.00% to 15.00% per annum).

5.6 This represents a deposit account maintained with the National Bank of Pakistan. This carries mark-up at 5.00% per annum (2019: 8.25% per annum).

		Note	2020	2019
			(Rupees in '000)	
6	**BALANCES WITH OTHER BANKS**			
	In Pakistan			
	In current accounts		**2,284,347**	190,077
	In deposit accounts	6.1	**7,060,497**	2,907,156
			9,344,844	3,097,233
	Outside Pakistan			
	In current accounts	6.2	**30,271,581**	19,623,240
	In deposit accounts	6.3	**16,917,404**	18,528,081
			47,188,985	38,151,321
			56,533,829	41,248,554

6.1 These carry mark-up at rates ranging from 3.75% to 8.50% per annum (2019: 3.75% to 14.25% per annum).

6.2 The 2019 balance includes an amount of Rs 5,419.666 million in a remunerative current account which carries mark-up at 0.60% per annum. There is no remunerative balance in the current year.

6.3 These carry mark-up at rates ranging from 0.01% to 17.30% per annum (2019: 0.05% to 11.75% per annum).

		Note	2020	2019
7	**LENDINGS TO FINANCIAL INSTITUTIONS**		(Rupees in '000)	
	Call money lendings		**-**	300,000
	Repurchase agreement lendings (reverse repo)	7.2	**24,896,835**	24,514,015
	Bai Muajjal receivables with State Bank of Pakistan	7.3	**5,257,358**	20,489,184
			30,154,193	45,303,199

7.1 Lending to financial institutions are all in local currency.

7.2 Repurchase agreement lendings carry mark-up at rates ranging from 6.95% to 7.30% per annum (2019: 13.20% to 13.55% per annum) and are due to mature latest by March 24, 2021.

7.2.1 **Securities held as collateral against lendings to financial institutions**

	2020			2019		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	**3,959,681**	**-**	**3,959,681**	980,222	-	980,222
Pakistan Investment Bonds	**20,937,154**	**-**	**20,937,154**	23,533,793	-	23,533,793
	24,896,835	**-**	**24,896,835**	24,514,015	-	24,514,015

7.2.2 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs 25,026.011 million (2019: Rs 24,529.447 million).

7.3 Bai Muajjal receivables with State Bank of Pakistan carry profit at 12.66% per annum (2019: 10.63% per annum) and are due to mature latest by January 29, 2021.

8 INVESTMENTS

8.1 Investments by type

	Note	2020				2019			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		---------- (Rupees in '000) ----------							
Held-for-trading (HFT) securities									
Federal Government securities									
- Market Treasury Bills	8.3	105,568,935	-	(13,658)	105,555,277	254,388,566	-	(127,306)	254,261,260
- Pakistan Investment Bonds	8.3	25,655,331	-	19,066	25,674,397	12,596,388	-	33,166	12,629,554
Shares									
- Listed companies		137,682	-	8,542	146,224	-	-	-	-
Foreign securities									
- Government debt securities		102,884	-	23,578	126,462	99,386	-	10,549	109,935
		131,464,832	-	37,528	131,502,360	267,084,340	-	(83,591)	267,000,749
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills	8.3	525,077,889	-	1,445,950	526,523,839	350,848,825	-	82,500	350,931,325
- Pakistan Investment Bonds	8.3	784,493,994	-	10,689,727	795,183,721	449,714,794	-	3,837,538	453,552,332
- Ijarah Sukuks		67,678,595	-	(322,645)	67,355,950	4,667,551	-	(46,478)	4,621,073
- Government of Pakistan US Dollar Bonds		11,116,445	(413,330)	694,690	11,397,805	4,813,973	(138,672)	307,929	4,983,230
- Other Federal Government securities		530,538	-	-	530,538	-	-	-	-
Shares									
- Listed companies		7,975,054	(2,983,143)	846,869	5,838,780	9,626,801	(4,198,407)	1,225,135	6,653,529
- Unlisted companies		4,899,328	(87,125)	-	4,812,203	4,820,042	(82,274)	-	4,737,768
Non-Government debt securities									
- Listed		46,943,545	-	321,860	47,265,405	1,750,000	-	(27,251)	1,722,749
- Unlisted		1,671,878	(270,877)	22,500	1,423,501	2,286,134	(270,877)	-	2,015,257
Foreign securities									
- Government debt securities		45,617,541	(565,331)	(10,504)	45,041,706	33,895,775	(186,259)	346,033	34,055,549
- Non-Government debt securities									
- Listed		14,601,331	(927,366)	76,457	13,750,422	16,245,897	(620,914)	74,576	15,699,559
- Unlisted		-	-	-	-	348,686	(1,713)	2,411	349,384
- Equity securities - Unlisted		5,913	(321)	-	5,592	5,912	-	-	5,912
National Investment Unit Trust		11,113	-	35,726	46,839	11,113	-	31,691	42,804
Real Estate Investment Trust units		55,000	-	(2,000)	53,000	55,000	-	7,450	62,450
Preference shares		744,400	-	155,400	899,800	44,400	-	-	44,400
		1,511,422,564	(5,247,493)	13,954,030	1,520,129,101	879,134,903	(5,499,116)	5,841,534	879,477,321
Held-to-maturity (HTM) securities	8.6								
Federal Government securities									
- Market Treasury Bills		292,316	-	-	292,316	274,477	-	-	274,477
- Pakistan Investment Bonds	8.3, 8.4 & 8.5	216,844,554	-	-	216,844,554	157,029,540	-	-	157,029,540
- Other Federal Government securities		10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
Non-Government debt securities									
- Listed		4,277,922	-	-	4,277,922	5,799,373	-	-	5,799,373
- Unlisted		17,826,657	-	-	17,826,657	19,705,186	-	-	19,705,186
Foreign Securities									
- Government debt securities		13,617,545	(13)	-	13,617,532	7,373,574	(2,459)	-	7,371,115
- Non-Government debt securities									
- Listed		1,197,341	(14,650)	-	1,182,691	1,280,682	-	-	1,280,682
- Unlisted		312,842	(1,516)	-	311,326	516,268	(3,335)	-	512,933
		265,163,177	(16,179)	-	265,146,998	202,773,100	(5,794)	-	202,767,306
Investments in associates and joint venture	8.12	31,742,084	-	56,279	31,798,363	30,363,064	-	(1,061)	30,362,003
Total Investments		1,939,792,657	(5,263,672)	14,047,837	1,948,576,822	1,379,355,407	(5,504,910)	5,756,882	1,379,607,379

8.2 Investments by segments

	Note	2020				2019			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		---------- (Rupees in '000) ----------							
Federal Government securities									
Market Treasury Bills		630,939,140	-	1,432,292	632,371,432	605,511,868	-	(44,806)	605,467,062
Pakistan Investment Bonds		1,026,993,879	-	10,708,793	1,037,702,672	619,340,722	-	3,870,704	623,211,426
Ijarah Sukuks		67,678,595	-	(322,645)	67,355,950	4,667,551	-	(46,478)	4,621,073
Government of Pakistan US Dollar Bonds		11,116,445	(413,330)	694,690	11,397,805	4,813,973	(138,672)	307,929	4,983,230
Other Federal Government securities		11,324,538	-	-	11,324,538	10,794,000	-	-	10,794,000
		1,748,052,597	(413,330)	12,513,130	1,760,152,397	1,245,128,114	(138,672)	4,087,349	1,249,076,791
Shares									
Listed companies		8,112,736	(2,983,143)	855,411	5,985,004	9,626,801	(4,198,407)	1,225,135	6,653,529
Unlisted companies		4,899,328	(87,125)	-	4,812,203	4,820,042	(82,274)	-	4,737,768
		13,012,064	(3,070,268)	855,411	10,797,207	14,446,843	(4,280,681)	1,225,135	11,391,297
Non-Government debt securities									
Listed		51,221,467	-	321,860	51,543,327	7,549,373	-	(27,251)	7,522,122
Unlisted		19,498,535	(270,877)	22,500	19,250,158	21,991,320	(270,877)	-	21,720,443
		70,720,002	(270,877)	344,360	70,793,485	29,540,693	(270,877)	(27,251)	29,242,565
Foreign securities									
Government debt securities		59,337,970	(565,344)	13,074	58,785,700	41,368,735	(188,718)	356,582	41,536,599
Non-Government debt securities									
Listed		15,798,672	(942,016)	76,457	14,933,113	17,526,579	(620,914)	74,576	16,980,241
Unlisted		312,842	(1,516)	-	311,326	864,954	(5,048)	2,411	862,317
Equity securities - Unlisted		5,913	(321)	-	5,592	5,912	-	-	5,912
		75,455,397	(1,509,197)	89,531	74,035,731	59,766,180	(814,680)	433,569	59,385,069
National Investment Unit Trust		11,113	-	35,726	46,839	11,113	-	31,691	42,804
Real Estate Investment Trust units		55,000	-	(2,000)	53,000	55,000	-	7,450	62,450
Preference shares		744,400	-	155,400	899,800	44,400	-	-	44,400
Investments in associates and joint venture	8.2.1								
Diamond Trust Bank Kenya Limited		15,353,094	-	(62,532)	15,290,562	14,737,817	-	7,395	14,745,212
Himalayan Bank Limited, Nepal		5,053,848	-	(6,805)	5,047,043	4,908,010	-	(10,037)	4,897,973
Kyrgyz Investment and Credit Bank, Kyrgyz Republic		2,083,544	-	-	2,083,544	1,867,678	-	-	1,867,678
Jubilee General Insurance Company Limited		3,116,085	-	114,185	3,230,270	2,899,687	-	25,228	2,924,915
Jubilee Life Insurance Company Limited		2,292,854	-	5,718	2,298,572	2,048,841	-	(1,421)	2,047,420
HBL Cash Fund		302,279	-	-	302,279	55,907	-	-	55,907
HBL Energy Fund		223,898	-	-	223,898	307,632	-	-	307,632
HBL Equity Fund		128,085	-	-	128,085	-	-	-	-
HBL Income Fund		224,634	-	-	224,634	223,994	-	-	223,994
HBL Islamic Asset Allocation Fund		156,744	-	-	156,744	210,927	-	-	210,927
HBL Islamic Equity Fund		30,624	-	-	30,624	97,356	-	-	97,356
HBL Islamic Money Market Fund		127,557	-	-	127,557	228,902	-	-	228,902
HBL Islamic Pension Fund - Equity Sub Fund		55,789	-	-	55,789	51,303	-	-	51,303
HBL Islamic Stock Fund		297,457	-	-	297,457	280,905	-	-	280,905
HBL Money Market Fund		435,488	-	-	435,488	475,932	-	-	475,932
HBL Multi Asset Fund		89,564	-	-	89,564	91,141	-	-	91,141
HBL Pension Fund - Equity Sub Fund		81,245	-	-	81,245	78,139	-	-	78,139
HBL Stock Fund		896,170	-	-	896,170	968,613	-	-	968,613
HBL Investment Fund Class A		333,967	-	5,713	339,680	345,720	-	(22,226)	323,494
HBL Investment Fund Class B		459,158	-	-	459,158	484,560	-	-	484,560
		31,742,084	-	56,279	31,798,363	30,363,064	-	(1,061)	30,362,003
Total Investments		1,939,792,657	(5,263,672)	14,047,837	1,948,576,822	1,379,355,407	(5,504,910)	5,756,882	1,379,607,379

8.2.1 This represents the Group's share of surplus / (deficit) on investments held by these entities.

		2020	2019
		(Rupees in '000)	
8.2.2	**Investments given as collateral**		
	The market value of investments given as collateral against borrowings is as follows:		
	Federal Government securities		
	- Market Treasury Bills	**113,807,278**	128,024,805
	- Pakistan Investment Bonds	**207,400,499**	71,061,088
		321,207,777	199,085,893

8.3 Investments include securities amounting to Rs 405,618.042 million (2019: Rs 339,606.770 million) which are held to comply with the SBP's statutory liquidity requirements as set out under section 29 of the Banking Companies Ordinance, 1962.

8.4 Investments include Rs 227.500 million (2019: Rs 225.167 million) pledged with the SBP against TT/DD discounting facilities and demand loan facilities.

8.5 Investments include Rs 10.000 million (2019: Rs 9.897 million) pledged with the Controller of Military Accounts against Regimental Fund accounts being maintained at various branches of the Bank.

8.6 The market value of investments classified as held-to-maturity amounted to Rs 267,655.188 million (2019: Rs 194,167.529 million).

		2020	2019
		(Rupees in '000)	
8.7	**Particulars of provision held against diminution in the value of investments**		
	Opening balance	**5,504,910**	4,866,232
	Exchange adjustments	**68,085**	85,592
	Charge / (reversal)		
	Charge for the year	**1,400,035**	2,986,488
	Reversal for the year	**(15,065)**	(64,476)
	Reversal on disposal during the year	**(1,694,293)**	(2,368,926)
	Net (reversal) / charge	**(309,323)**	553,086
	Closing balance	**5,263,672**	5,504,910

8.8 **Particulars of provision against debt securities**

Category of classification	2020 Non Performing Investments	2020 Provision	2019 Non Performing Investments	2019 Provision
	(Rupees in '000)			
Domestic				
Loss	**270,877**	**270,877**	270,877	270,877
Overseas				
Not past due but impaired	-	-	826,324	599,126
Overdue by:				
181 to 365 days	**878,616**	**878,616**	-	-
	1,149,493	**1,149,493**	1,097,201	870,003

8.8.1 In addition to the above, certain overseas branches hold a provision of Rs 1,043.590 million (2019: Rs 354.226 million) against investments in accordance with the ECL requirements of IFRS 9.

8.9 **Quality of available-for-sale securities**

Details regarding the quality of AFS securities are as follows:

	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
Federal Government securities - Government guaranteed		
Market Treasury Bills	**525,077,889**	350,848,825
Pakistan Investment Bonds	**784,493,994**	449,714,794
Ijarah Sukuks	**67,678,595**	4,667,551
Government of Pakistan US Dollar Bonds	**11,116,445**	4,813,973
Other Federal Government securities - Islamic Naya Pakistan Certificates	**530,538**	-
	1,388,897,461	810,045,143

Shares	2020	2019
	Cost	
Listed companies	(Rupees in '000)	
Automobile Assembler	**191,695**	-
Automobile Parts and Accessories	**21,569**	122,869
Cement	**503,103**	179,510
Chemicals	**247,328**	290,558
Commercial Banks	**796,397**	562,338
Engineering	**5,162**	13,765
Fertilizer	**1,128,380**	1,020,171
Food and Personal Care Products	**-**	62,871
Insurance	**138,635**	263,526
Investment Banks / Investment Companies / Securities Companies	**1,122,067**	1,122,067
Oil and Gas Exploration Companies	**538,717**	952,594
Oil and Gas Marketing Companies	**334,450**	549,246
Pharmaceuticals	**182,117**	-
Power Generation and Distribution	**2,217,903**	3,134,533
Refinery	**-**	80,532
Technology and Communication	**133,405**	561,362
Textile Composite	**414,126**	710,859
	7,975,054	9,626,801

	2020		2019	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Unlisted companies				
Central Depository Company of Pakistan Limited	**256,347**	**741,556**	256,347	690,272
Engro Powergen Thar (Private) Limited	**2,086,591**	**3,158,884**	2,086,591	3,231,413
Sindh Engro Coal Mining Company Limited	**1,888,274**	**2,865,390**	1,888,274	2,312,341
Pakistan Mortgage Refinance Company Limited	**500,000**	**810,616**	500,000	594,508
DHA Cogen Limited	**-**	**-**	-	(2,497,155)
First Women Bank Limited	**63,300**	**203,928**	63,300	203,928
SME Bank Limited	**13,474**	**(9,778)**	13,474	(9,778)
National Institutional Facilitation Technologies (Private) Limited	**1,527**	**51,998**	1,527	69,766
National Investment Trust Limited	**100**	**857,153**	100	856,227
Pak Agriculture Storage and Services Corporation Limited	**5,500**	**2,725,903**	5,500	1,622,928
Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T)	**4,929**	**48,385**	4,929	39,295
Naymat Collateral Management Company Limited	**29,286**	**25,491**	-	-
1 LINK (Private) Limited	**50,000**	**165,767**	-	-
	4,899,328	**11,645,293**	4,820,042	7,113,745

8.9.1 The breakup value of unlisted companies is calculated using the latest available financial statements as descibed in note 4.3.2.

Non-Government debt securities	Note	2020	2019
		Cost / amortised cost	
		(Rupees in '000)	
Listed			
AA+, AA, AA-		**6,450,000**	1,450,000
A+, A, A-		**493,545**	300,000
Unrated	8.9.2	**40,000,000**	-
		46,943,545	1,750,000
Unlisted			
AA+, AA, AA-		**1,401,001**	801,000
Unrated		**270,877**	1,485,134
		1,671,878	2,286,134
		48,615,423	4,036,134

8.9.2 Non-Government debt security amounting to Rs 40 billion is guaranteed by the Government.

Foreign securities	2020		2019	
	Cost / amortised cost	Rating	Cost / amortised cost	Rating
Government debt securities	(Rupees in '000)		(Rupees in '000)	
Bahrain	**6,230,488**	**B2**	3,334,917	B2, B+
Egypt	**2,944,771**	**B2**	2,094,746	B2
Germany	**-**	**-**	693,098	Aa1
Indonesia	**31,360**	**Baa2**	30,775	Baa2
Kenya	**1,245,335**	**B2**	833,012	B2
Lebanon	**-**	**-**	766,390	Caa2
Maldives	**12,747,974**	**B+, B3**	8,376,859	B2
Mauritius	**5,129,373**	**Baa1**	5,314,476	Baa1
Netherlands	**1,531,719**	**Aaa**	1,432,543	Aaa
Oman	**3,582,345**	**Ba3, BB-**	1,214,022	Ba1
Singapore	**2,298,258**	**Aaa**	2,640,462	Aaa
Sri Lanka	**6,124,854**	**CCC+ and below**	3,013,877	B2
Turkey	**863,161**	**B2**	-	B2
United States of America	**2,887,903**	**Aaa**	4,150,598	Aaa
	45,617,541		33,895,775	

Non-Government debt securities	2020	2019
	Cost / amortised cost	
Listed	(Rupees in '000)	
AAA	**5,198,402**	3,061,627
AA+, AA, AA-	**2,065,929**	3,089,462
A+, A, A-	**801,529**	2,974,532
BBB+, BBB, BBB-	**2,027,105**	3,186,119
BB+, BB, BB-	**2,824,657**	2,326,404
B+, B, B-	**805,093**	781,429
CCC and below	**-**	826,324
Unrated	**878,616**	-
	14,601,331	16,245,897
Unlisted		
Unrated	**-**	348,686
	-	348,686

Equity securities - Unlisted	2020		2019	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
The Benefit Company, Bahrain	**3,392**	**23,661**	3,285	20,002
Credit Information Bureau, Sri Lanka	**69**	**14,387**	69	11,358
LankaClear (Private) Limited, Sri Lanka	**429**	**643,544**	427	681,086
SME Equity Fund Limited, Mauritius	**2,023**	**1,703**	2,131	2,503
	5,913	**683,295**	5,912	714,949

	2020	2019
	Cost	
	(Rupees in '000)	
National Investment Unit Trust - Listed	**11,113**	11,113
Real Estate Investment Trust units - Listed	**55,000**	55,000
Preference shares - Listed		
Chemicals	**700,000**	-
Textile Composite	**44,400**	44,400
	744,400	44,400

8.10 **Particulars relating to held-to-maturity securities are as follows:**

	2020	2019
	Cost / amortised cost	
Federal Government securities - Government guaranteed	(Rupees in '000)	
Market Treasury Bills	**292,316**	274,477
Pakistan Investment Bonds	**216,844,554**	157,029,540
Other Federal Government securities - Bai Muajjal with Government of Pakistan	**10,794,000**	10,794,000
	227,930,870	168,098,017
Non-Government debt securities		
Listed		
AA+, AA, AA-	**2,098,083**	3,564,480
A+, A, A-	**2,179,839**	2,234,893
	4,277,922	5,799,373
Unlisted		
AAA	**9,944,438**	10,639,578
AA+, AA, AA-	**149,850**	149,910
A+, A, A-	**2,901,689**	3,250,139
Unrated	**4,830,680**	5,665,559
	17,826,657	19,705,186

Foreign securities	2020		2019	
	Cost / amortised cost	Rating	Cost / amortised cost	Rating
Government debt securities	(Rupees in '000)		(Rupees in '000)	
Bahrain	**857,719**	**B2**	1,225,625	B+
Bangladesh	**8,015,727**	**Ba3**	1,497,431	Ba3
Lebanon	-	-	143,425	Caa2
Mauritius	-	-	213,289	Baa1
Oman	**2,239,515**	**BB-**	2,580,917	Ba1
Sri Lanka	**2,504,584**	**CCC+ and below**	1,712,887	B2
	13,617,545		7,373,574	

	2020	2019
Non-Government debt securities	Cost / amortised cost	
Listed	(Rupees in '000)	
BBB+, BBB, BBB-	**800,202**	770,140
Unrated	**397,139**	510,542
	1,197,341	1,280,682
Unlisted		
A+, A, A-	**312,842**	-
AA+, AA, AA-	**-**	516,268
	312,842	516,268

8.11 **Summary of financial information of associates and joint venture**

	2020							
	Based on the annual / interim financial statements as on	Country of incorpora-tion	Percentage of holding	Assets	Liabilities	Revenue	Profit / (loss) after tax	Total compre-hensive income / (loss)
				--(Rupees in '000)--				
Diamond Trust Bank Kenya, Limited	September 30, 2020	Kenya	16.15%	577,158,999	475,952,921	58,448,347	8,341,208	8,493,901
Himalayan Bank Limited	October 16, 2020	Nepal	20.00%	222,658,643	196,545,825	18,479,419	3,037,726	3,080,635
Kyrgyz Investment and Credit Bank	December 31, 2020	Kyrgyzstan	18.00%	66,376,927	55,272,117	5,617,052	833,183	833,183
Jubilee General Insurance Company Limited	September 30, 2020	Pakistan	19.80%	26,220,342	17,095,863	7,414,086	1,659,669	2,083,273
Jubilee Life Insurance Company Limited	September 30, 2020	Pakistan	18.52%	184,379,051	172,462,696	75,021,278	2,631,376	2,689,081
HBL Cash Fund	December 31, 2020	Pakistan	1.08%	28,209,727	122,250	1,768,747	1,634,300	1,634,300
HBL Energy Fund	December 31, 2020	Pakistan	30.71%	785,786	56,637	(80,123)	(112,630)	(112,630)
HBL Equity Fund	December 31, 2020	Pakistan	11.66%	1,206,117	107,429	146,918	115,700	115,700
HBL Growth Fund Class B	December 31, 2020	Pakistan	0.00%	2,102,528	344,382	33,180	(38,575)	(38,575)
HBL Income Fund	December 31, 2020	Pakistan	8.98%	2,571,148	70,075	214,808	172,522	172,522
HBL Islamic Asset Allocation Fund	December 31, 2020	Pakistan	41.38%	388,749	9,981	26,101	12,063	12,063
HBL Islamic Equity Fund	December 31, 2020	Pakistan	8.59%	401,328	44,821	16,316	2,188	2,188
HBL Islamic Money Market Fund	December 31, 2020	Pakistan	1.80%	7,130,081	29,338	478,626	434,701	434,701
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2020	Pakistan	35.04%	163,667	4,438	17,672	13,883	13,883
HBL Islamic Stock Fund	December 31, 2020	Pakistan	38.96%	796,529	33,097	46,454	17,299	17,299
HBL Money Market Fund	December 31, 2020	Pakistan	2.56%	17,122,226	116,747	1,055,019	946,815	946,815
HBL Multi Asset Fund	December 31, 2020	Pakistan	44.74%	213,213	13,037	14,284	6,500	6,500
HBL Pension Fund - Equity Sub Fund	December 31, 2020	Pakistan	38.00%	217,738	3,930	18,056	12,062	12,062
HBL Stock Fund	December 31, 2020	Pakistan	41.15%	2,304,226	126,190	(2,747)	(90,621)	(90,621)
HBL Investment Fund Class A	December 31, 2020	Pakistan	17.13%	2,385,054	18,853	13,653	(68,621)	94,508
HBL Investment Fund Class B	December 31, 2020	Pakistan	33.71%	1,560,869	198,738	20,031	(34,839)	(34,839)

	2019							
	Based on the annual / interim financial statements as on	Country of incorpora-tion	Percentage of holding	Assets	Liabilities	Revenue	Profit after tax	Total compre-hensive income
				--(Rupees in '000)--				
Diamond Trust Bank Kenya, Limited	September 30, 2019	Kenya	16.15%	584,109,024	485,309,301	57,285,610	9,936,479	11,570,919
Himalayan Bank Limited	October 17, 2019	Nepal	20.00%	195,908,622	172,018,493	18,076,897	3,858,708	3,832,206
Kyrgyz Investment and Credit Bank	December 31, 2019	Kyrgyzstan	18.00%	62,262,671	52,017,799	5,421,912	487,574	487,574
Jubilee General Insurance Company Limited	September 30, 2019	Pakistan	19.80%	22,055,796	14,473,251	6,162,214	1,028,004	190,939
Jubilee Life Insurance Company Limited	September 30, 2019	Pakistan	18.52%	151,688,551	141,128,277	47,723,104	1,953,507	1,989,635
HBL Cash Fund	December 31, 2019	Pakistan	0.52%	10,732,333	69,118	1,292,981	1,159,066	1,159,066
HBL Energy Fund	December 31, 2019	Pakistan	35.51%	897,354	31,046	59,575	29,558	29,558
HBL Equity Fund	December 31, 2019	Pakistan	0.00%	339,519	12,446	52,357	39,712	39,712
HBL Income Fund	December 31, 2019	Pakistan	16.98%	1,380,433	61,616	198,740	160,519	160,519
HBL Islamic Asset Allocation Fund	December 31, 2019	Pakistan	45.92%	547,679	88,389	136,361	92,760	92,760
HBL Islamic Equity Fund	December 31, 2019	Pakistan	18.54%	552,302	27,161	63,864	42,867	42,867
HBL Islamic Money Market Fund	December 31, 2019	Pakistan	13.22%	1,744,596	12,766	152,489	131,230	131,230
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	33.11%	159,397	4,456	23,836	19,332	19,332
HBL Islamic Stock Fund	December 31, 2019	Pakistan	39.83%	725,650	20,371	94,779	50,865	50,865
HBL Money Market Fund	December 31, 2019	Pakistan	5.20%	9,278,647	123,042	934,027	817,822	817,822
HBL Multi Asset Fund	December 31, 2019	Pakistan	44.64%	237,015	32,828	34,293	25,811	25,811
HBL Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	32.88%	241,494	3,847	36,741	30,685	30,685
HBL Stock Fund	December 31, 2019	Pakistan	38.99%	2,582,072	98,066	390,973	288,390	288,390
HBL Investment Fund Class A	December 31, 2019	Pakistan	17.13%	2,281,918	10,202	112,932	51,108	87,568
HBL Investment Fund Class B	December 31, 2019	Pakistan	32.52%	2,334,657	844,639	275,410	186,902	186,902

		2020	2019
		(Rupees in '000)	
8.12	**Investment in associates and Joint venture**		
	Diamond Trust Bank Kenya, Limited - Listed		
	Opening balance	14,745,212	11,717,187
	Share of profit - net of tax	1,347,227	1,605,033
	Movement in share of surplus / deficit on investments - net of tax	(69,927)	7,395
	Share of other comprehensive income - net of tax	94,589	171,216
	Exchange translation impact	(639,709)	1,424,422
	Dividend received	(186,830)	(180,041)
	Closing balance	15,290,562	14,745,212
	Himalayan Bank Limited, Nepal - Listed		
	Opening balance	4,897,973	3,777,862
	Share of profit - net of tax	607,545	771,742
	Movement in share of surplus / deficit on investments - net of tax	3,232	(8,447)
	Share of other comprehensive income - net of tax	5,351	-
	Exchange translation impact	51,909	356,816
	Dividend received	(518,967)	-
	Closing balance	5,047,043	4,897,973
	Kyrgyz Investment and Credit Bank, Kyrgyz Republic - Unlisted		
	Opening balance	1,867,678	1,594,778
	Share of profit - net of tax	149,973	87,763
	Exchange translation impact	65,893	205,041
	Dividend received	-	(19,904)
	Closing balance	2,083,544	1,867,678
	Jubilee General Insurance Company Limited - Listed		
	Opening balance	2,924,915	3,073,705
	Share of profit - net of tax	328,671	202,108
	Movement in share of surplus / deficit on investments - net of tax	88,957	(207,746)
	Share of other comprehensive income - net of tax	(5,069)	(214)
	Dividend received	(107,204)	(142,938)
	Closing balance	3,230,270	2,924,915
	Jubilee Life Insurance Company Limited - Listed		
	Opening balance	2,047,420	1,938,389
	Share of profit - net of tax	487,254	361,732
	Movement in share of surplus / deficit on investments - net of tax	7,139	702
	Share of other comprehensive income - net of tax	3,546	3,667
	Dividend received	(246,787)	(257,070)
	Closing balance	2,298,572	2,047,420
	HBL Cash fund		
	Opening balance	55,907	28,573
	Investment	1,261,352	936,652
	Share of profit	13,297	12,630
	Redemption	(1,019,751)	(913,565)
	Dividend received	(8,526)	(8,165)
	Other movement	-	(218)
	Closing balance	302,279	55,907

	2020	2019
	(Rupees in '000)	
HBL Energy Fund		
Opening balance	**307,632**	301,246
Investment	**-**	75,000
Share of (loss) / profit	**(33,008)**	7,892
Redemption	**(50,726)**	(74,388)
Other movement	**-**	(2,118)
Closing balance	**223,898**	307,632
HBL Equity Fund		
Opening balance	**-**	54,057
Investment	**377,395**	25,000
Share of profit / (loss)	**9,101**	(176)
Redemption	**(258,411)**	(77,103)
Other movement	**-**	(1,778)
Closing balance	**128,085**	-
HBL Growth Fund - Class B		
Opening balance	**-**	-
Investment	**81,079**	-
Share of loss	**(5,836)**	-
Redemption	**(75,243)**	-
Closing balance	**-**	-
HBL Income Fund		
Opening balance	**223,994**	821,090
Share of profit	**24,640**	31,300
Redemption	**-**	(515,082)
Dividend received	**(24,000)**	(18,000)
Other movement	**-**	(95,314)
Closing balance	**224,634**	223,994
HBL Islamic Asset Allocation Fund		
Opening balance	**210,927**	627,500
Share of profit	**4,592**	36,334
Redemption	**(50,000)**	(451,520)
Dividend received	**(8,775)**	-
Other movement	**-**	(1,387)
Closing balance	**156,744**	210,927
HBL Islamic Equity Fund		
Opening balance	**97,356**	59,059
Investment	**55,000**	490,332
Share of profit	**5,188**	19,914
Redemption	**(126,920)**	(467,382)
Other movement	**-**	(4,567)
Closing balance	**30,624**	97,356
HBL Islamic Money Market Fund		
Opening balance	**228,902**	321,276
Investment	**70,549**	15
Share of profit	**17,279**	25,956
Redemption	**(171,135)**	(80,649)
Dividend received	**(18,038)**	(29,193)
Other movement	**-**	(8,503)
Closing balance	**127,557**	228,902

	2020	2019
	(Rupees in '000)	
HBL Islamic Pension Fund - Equity Sub Fund		
Opening balance	51,303	94,712
Share of profit	4,486	5,446
Redemption	-	(61,302)
Other movement	-	12,447
Closing balance	55,789	51,303
HBL Islamic Stock Fund		
Opening balance	280,905	699,518
Investment	100,000	-
Share of profit	10,525	5,136
Redemption	(93,160)	(378,415)
Dividend received	(813)	-
Other movement	-	(45,334)
Closing balance	297,457	280,905
HBL Money Market Fund		
Opening balance	475,932	992,934
Investment	153,297	100,021
Share of profit	42,786	100,785
Redemption	(185,074)	(575,000)
Dividend received	(51,453)	(74,022)
Other movement	-	(68,786)
Closing balance	435,488	475,932
HBL Multi Asset Fund		
Opening balance	91,141	174,950
Share of profit	1,385	13,260
Redemption	-	(55,618)
Dividend received	(2,962)	-
Other movement	-	(41,451)
Closing balance	89,564	91,141
HBL Pension Fund - Equity Sub Fund		
Opening balance	78,139	103,565
Share of profit	3,106	10,696
Redemption	-	(31,701)
Other movement	-	(4,421)
Closing balance	81,245	78,139
HBL Stock Fund		
Opening balance	968,613	1,903,200
Investment	50,000	150,000
Share of (loss) / profit	(28,774)	112,823
Redemption	(93,669)	(962,950)
Other movement	-	(234,460)
Closing balance	896,170	968,613
HBL Investment Fund - Class A		
Opening balance	323,494	308,497
Share of (loss) / profit	(11,753)	8,753
Movement in share of surplus / deficit on investments	27,939	6,244
Closing balance	339,680	323,494

	2020	2019
	(Rupees in '000)	
HBL Investment Fund - Class B		
Opening balance	**484,560**	360,152
Investment	**70,000**	-
Share of (loss) / profit	**(14,594)**	51,919
Redemption	**(67,669)**	-
Dividend received	**(13,139)**	-
Other movement	**-**	72,489
Closing balance	**459,158**	484,560
	31,798,363	30,362,003

8.12.1 The Group has significant influence in Diamond Trust Bank Kenya, Limited, Kyrgyz Investment and Credit Bank, Jubilee General Insurance Company Limited and Jubilee Life Insurance Company Limited because of AKFED's holding in these entities.

9 ADVANCES

	Note	Performing		Non - performing		Total	
		2020	2019	2020	2019	2020	2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	1,002,683,523	924,157,670	76,761,340	76,663,717	1,079,444,863	1,000,821,387
Islamic financing and related assets	9.2	154,081,348	153,061,117	337,107	262,402	154,418,455	153,323,519
Bills discounted and purchased		66,540,022	84,198,315	5,005,929	4,979,731	71,545,951	89,178,046
Advances - gross		1,223,304,893	1,161,417,102	82,104,376	81,905,850	1,305,409,269	1,243,322,952
Provision against advances							
- Specific	9.5	-	-	(70,835,763)	(72,634,967)	(70,835,763)	(72,634,967)
- General		(11,063,284)	(3,730,991)	-	-	(11,063,284)	(3,730,991)
		(11,063,284)	(3,730,991)	(70,835,763)	(72,634,967)	(81,899,047)	(76,365,958)
Advances - net of provision		1,212,241,609	1,157,686,111	11,268,613	9,270,883	1,223,510,222	1,166,956,994

9.1 This includes net investment in finance lease as disclosed below:

	2020				2019			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	(Rupees in '000)							
Total minimum lease payments	2,071,145	18,344,618	16,886,606	37,302,369	1,564,701	15,516,076	9,332,835	26,413,612
Financial charges for future periods	(206,620)	(3,144,813)	(4,560,644)	(7,912,077)	(185,399)	(2,606,227)	(2,964,213)	(5,755,839)
Net investment in finance lease	1,864,525	15,199,805	12,325,962	29,390,292	1,379,302	12,909,849	6,368,622	20,657,773

9.2 Information related to Islamic financing and related assets is given in note 3 of Annexure I to the unconsolidated financial statements and is an integral part of these consolidated financial statements.

9.3 Particulars of advances (Gross)

	2020	2019
	(Rupees in '000)	
In local currency	**1,054,929,659**	984,282,028
In foreign currencies	**250,479,610**	259,040,924
	1,305,409,269	1,243,322,952

9.4 Advances include Rs 82,104.376 million (2019: Rs 81,905.850 million) which have been placed under non-performing status as detailed below:

Category of classification	2020		2019	
	Non-performing advances	Provision	Non-performing advances	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**1,228,797**	**-**	934,211	-
Substandard	**5,541,896**	**1,355,443**	2,409,093	576,601
Doubtful	**1,383,002**	**690,474**	1,894,866	944,565
Loss	**42,291,448**	**41,073,885**	43,692,805	42,625,135
	50,445,143	**43,119,802**	48,930,975	44,146,301
Overseas				
Not past due but impaired	**592,400**	**355,535**	48,676	23,643
Overdue by:				
Upto 90 days	**105,684**	**36,925**	215,921	101,186
91 to 180 days	**225,844**	**51,457**	1,719,141	483,043
181 to 365 days	**5,895**	**3,110**	755,391	343,117
> 365 days	**30,729,410**	**27,268,934**	30,235,746	27,537,677
	31,659,233	**27,715,961**	32,974,875	28,488,666
Total	**82,104,376**	**70,835,763**	81,905,850	72,634,967

9.5 **Particulars of provision against advances**

	Note	2020			2019		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		**72,634,967**	**3,730,991**	**76,365,958**	68,465,249	3,528,347	71,993,596
Exchange adjustment		**974,252**	**47,701**	**1,021,953**	3,108,243	183,081	3,291,324
Charge for the year		**9,301,182**	**7,636,845**	**16,938,027**	7,524,537	528,694	8,053,231
Reversal for the year		**(4,525,945)**	**(352,253)**	**(4,878,198)**	(4,256,484)	(420,648)	(4,677,132)
Net charge against advances		**4,775,237**	**7,284,592**	**12,059,829**	3,268,053	108,046	3,376,099
Charged off during the year - agriculture financing	9.7	**(750,824)**	**-**	**(750,824)**	(604,496)	-	(604,496)
Written off during the year	9.8	**(6,797,869)**	**-**	**(6,797,869)**	(1,602,082)	-	(1,602,082)
Other movements		**-**	**-**	**-**	-	(88,483)	(88,483)
Closing balance		**70,835,763**	**11,063,284**	**81,899,047**	72,634,967	3,730,991	76,365,958

9.5.1 **Particulars of provision against advances**

	2020			2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	**42,015,212**	**9,077,990**	**51,093,202**	43,053,907	2,185,312	45,239,219
In foreign currencies	**28,820,551**	**1,985,294**	**30,805,845**	29,581,060	1,545,679	31,126,739
	70,835,763	**11,063,284**	**81,899,047**	72,634,967	3,730,991	76,365,958

9.6 General provision includes provision amounting to Rs 2,237.187 million (2019: Rs 1,879.055 million) against consumer finance portfolio and Rs 421.751 million (2019: Rs 306.257 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 1,985.294 million (2019: Rs 1,545.679 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates. General provision also includes Rs 6,419.052 million (2019: Nil) as discussed in Note 4.4.

9.7 These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

	Note	2020	2019
		(Rupees in '000)	
9.8 **Particulars of write offs**			
9.8.1 Against provisions	9.5	**6,797,869**	1,602,082
Directly charged to the Profit & Loss account		**99,452**	-
	9.8.2	**6,897,321**	1,602,082
Against charge off		**-**	500
		6,897,321	1,602,582

9.8.2 **Analysis of write offs**

	Note	2020	2019
		(Rupees in '000)	
Write offs of Rs 500,000 and above			
- Domestic		**657,812**	159,784
- Domestic subsidiaries		**12,880**	6,062
		670,692	165,846
- Overseas	9.9.2	**5,481,290**	710,767
		6,151,982	876,613
Write offs of below Rs 500,000		**745,339**	725,469
		6,897,321	1,602,082

9.9 **Details of written off advances of Rs 500,000 and above**

9.9.1 The statement required under sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 in respect of written off advances or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2020 is given in Annexure II to the unconsolidated financial statements.

9.9.2 These also include write offs or financial relief allowed to borrowers in those countries where there are disclosure restrictions.

10 **FIXED ASSETS**

	Note	2020	2019
		(Rupees in '000)	
Capital work-in-progress	10.1	**2,639,430**	1,921,589
Property and equipment	10.2	**86,550,780**	78,540,821
		89,190,210	80,462,410

10.1 **Capital work-in-progress**

	2020	2019
Civil works	**762,188**	464,028
Equipment	**1,243,270**	423,120
Advances to suppliers and contractors	**633,972**	1,034,441
	2,639,430	1,921,589

10.2 **Property and equipment**

2020

	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Machinery	Leasehold Improve-ments	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use assets	Total
	(Rupees in '000)										
At January 1, 2020											
Cost / revalued amount	693,597	27,833,786	571,851	16,741,781	3,572,650	8,280,278	4,346,578	25,394,240	1,148,380	19,305,071	107,888,212
Accumulated depreciation	-	-	(219,989)	(475,963)	(477,468)	(5,511,564)	(2,110,150)	(16,602,761)	(620,089)	(3,329,407)	(29,347,391)
Net book value	693,597	27,833,786	351,862	16,265,818	3,095,182	2,768,714	2,236,428	8,791,479	528,291	15,975,664	78,540,821
Year ended December 31, 2020											
Opening net book value	693,597	27,833,786	351,862	16,265,818	3,095,182	2,768,714	2,236,428	8,791,479	528,291	15,975,664	78,540,821
Additions	-	981,325	37	92,040	60,979	1,060,870	628,020	3,111,496	168,442	5,915,679	12,018,888
Disposals	-	-	(31,919)	-	-	(47,585)	(13,491)	(27,821)	(1,234)	(1,381,585)	(1,503,635)
Movement in surplus on assets revalued during the year	97,049	4,991,467	269,026	1,479,871	-	-	-	-	-	-	6,837,413
Impairment reversed during the year	-	114,124	-	44,584	-	-	-	-	-	-	158,708
Depreciation charge	-	-	(41,817)	(327,767)	(415,316)	(907,342)	(595,720)	(3,521,004)	(153,587)	(3,795,518)	(9,758,071)
Exchange rate adjustments	27,985	-	9,346	588	-	32,301	11,505	21,318	1,943	166,475	271,461
Other adjustments / transfers	-	-	5,767	(591)	13,371	(29,695)	28,920	(7,639)	(79)	(24,859)	(14,805)
Closing net book value	818,631	33,920,702	562,302	17,554,543	2,754,216	2,877,263	2,295,662	8,367,829	543,776	16,855,856	86,550,780
At December 31, 2020											
Cost / revalued amount	818,631	33,920,702	841,418	17,569,518	3,643,428	9,263,184	4,948,100	28,305,688	1,261,856	23,674,564	124,247,089
Accumulated depreciation	-	-	(279,116)	(14,975)	(889,212)	(6,385,921)	(2,652,438)	(19,937,859)	(718,080)	(6,818,708)	(37,696,309)
Net book value	818,631	33,920,702	562,302	17,554,543	2,754,216	2,877,263	2,295,662	8,367,829	543,776	16,855,856	86,550,780
Rate of depreciation (%)	-	-	3 - 5	1.67 - 4	10	10 - 20	10 - 20	10 - 33	10 - 20	1.61 - 100	

	2019										
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Machinery	Leasehold Improve-ments	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use assets	Total
	(Rupees in '000)										
At January 1, 2019											
Cost / revalued amount	615,939	27,833,786	506,433	16,855,390	3,499,213	6,890,382	3,673,141	21,530,199	1,018,085	-	82,422,568
Accumulated depreciation	-	-	(146,924)	(160,750)	(72,256)	(4,626,404)	(1,512,292)	(13,696,094)	(551,021)	-	(20,765,741)
Net book value	615,939	27,833,786	359,509	16,694,640	3,426,957	2,263,978	2,160,849	7,834,105	467,064	-	61,656,827
Year ended December 31, 2019											
Opening net book value	615,939	27,833,786	359,509	16,694,640	3,426,957	2,263,978	2,160,849	7,834,105	467,064	-	61,656,827
Impact of adoption of IFRS 16	-	-	-	-	-	-	-	-	-	17,810,109	17,810,109
Additions	-	-	4,384	187,919	73,046	1,226,844	590,276	3,979,930	207,933	1,098,325	7,368,657
Disposals	-	-	-	(285,114)	-	(3,956)	(5,491)	(5,779)	(19,434)	-	(319,774)
Depreciation charge	-	-	(46,762)	(322,440)	(405,385)	(807,582)	(519,842)	(3,060,430)	(133,336)	(3,426,648)	(8,722,425)
Exchange rate adjustments	77,658	-	34,999	1,912	-	68,664	26,200	45,584	6,064	493,878	754,959
Other adjustments / transfers	-	-	(268)	(11,099)	564	20,766	(15,564)	(1,931)	-	-	(7,532)
Closing net book value	693,597	27,833,786	351,862	16,265,818	3,095,182	2,768,714	2,236,428	8,791,479	528,291	15,975,664	78,540,821
At December 31, 2019											
Cost / revalued amount	693,597	27,833,786	571,851	16,741,781	3,572,650	8,280,278	4,346,578	25,394,240	1,148,380	19,305,071	107,888,212
Accumulated depreciation	-	-	(219,989)	(475,963)	(477,468)	(5,511,564)	(2,110,150)	(16,602,761)	(620,089)	(3,329,407)	(29,347,391)
Net book value	693,597	27,833,786	351,862	16,265,818	3,095,182	2,768,714	2,236,428	8,791,479	528,291	15,975,664	78,540,821
Rate of depreciation (%)	-	-	3 - 5	1.67 - 3.33	10	10 - 20	10 - 20	10 - 33	10 - 20	1.61 - 100	

10.3 Revaluation of properties

The properties of the Group were revalued by independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s Iqbal A. Nanjee & Co. (Private) Limited (Pakistan), M/s United Valuers (Pte) Limited (Singapore), M/s Sunil Fernando & Associates (Private) Limited (Sri Lanka), M/s AKTİF Real Estate Appraisal and Consultancy Inc. (Turkey), M/s Al-Amrousiya Real Estate (Lebanon), M/s Shepherd Commercial (UK) and M/s AJP Chartered Surveyors Limited (UK) on the basis of assessment of present market values. The revaluation resulted in an increase of Rs 6,837.413 million in the surplus. The total surplus arising against revaluation of fixed assets as at December 31, 2020 amounts to Rs 29,031.454 million.

10.4 Had there been no periodic revaluations, the carrying amounts of revalued assets would have been as follows:

	2020	2019
	(Rupees in '000)	
Freehold land	**428,369**	394,934
Leasehold land	**9,780,805**	8,632,036
Building on freehold land	**202,566**	240,785
Building on leasehold land	**13,533,218**	13,606,892
	23,944,958	22,874,647

10.5 Details of disposal of fixed assets

The information relating to disposal of fixed assets to related parties is given in Annexure III and is an integral part of these consolidated financial statements.

10.6 The carrying amount of fixed assets held for disposal amounted to Rs 3.253 million (2019: Rs 4.701 million).

10.7 The cost of fully depreciated fixed assets that are still in the Group's use is as follows:

	Note	2020	2019
		(Rupees in '000)	
Leasehold Improvements		**3,339,338**	2,851,501
Furniture and fixtures		**826,623**	733,931
Electrical, office and computer equipment		**9,841,869**	7,592,310
Vehicles		**278,041**	228,880
		14,285,871	11,406,622

11 INTANGIBLE ASSETS

	Note	2020	2019
Capital work-in-progress - computer software		**1,620,539**	1,074,544
Intangible assets	11.1	**8,792,341**	8,014,801
		10,412,880	9,089,345

11.1 **Intangible Assets**

	2020				2019			
	Computer Software	Management Rights (note 11.3.2)	Goodwill (note 11.3)	Total	Computer Software	Management Rights	Goodwill	Total
	(Rupees in '000)							
At January 1,								
Cost	**6,510,581**	**2,367,577**	**2,866,444**	**11,744,602**	5,201,329	2,367,577	2,538,760	10,107,666
Accumulated amortisation	**(3,729,801)**	**-**	**-**	**(3,729,801)**	(3,074,196)	-	-	(3,074,196)
Net book value	**2,780,780**	**2,367,577**	**2,866,444**	**8,014,801**	2,127,133	2,367,577	2,538,760	7,033,470
Year ended December 31,								
Opening net book value	**2,780,780**	**2,367,577**	**2,866,444**	**8,014,801**	2,127,133	2,367,577	2,538,760	7,033,470
Purchased during the year	**1,380,051**	**-**	**-**	**1,380,051**	1,172,694	-	-	1,172,694
Disposal / Write-off	**(10,544)**	**-**	**-**	**(10,544)**	-	-	-	-
Amortisation charge	**(799,329)**	**-**	**-**	**(799,329)**	(537,026)	-	-	(537,026)
Exchange rate adjustments	**24,472**	**-**	**185,219**	**209,691**	12,507	-	327,684	340,191
Other adjustments	**(2,329)**	**-**	**-**	**(2,329)**	5,472	-	-	5,472
Closing net book value	**3,373,101**	**2,367,577**	**3,051,663**	**8,792,341**	2,780,780	2,367,577	2,866,444	8,014,801
At December 31,								
Cost	**7,826,687**	**2,367,577**	**3,051,663**	**13,245,927**	6,510,581	2,367,577	2,866,444	11,744,602
Accumulated amortisation	**(4,453,586)**	**-**	**-**	**(4,453,586)**	(3,729,801)	-	-	(3,729,801)
Net book value	**3,373,101**	**2,367,577**	**3,051,663**	**8,792,341**	2,780,780	2,367,577	2,866,444	8,014,801
Rate of amortisation (%)	**10 - 33.33**	**-**	**-**		10 - 33.33	-	-	
Useful life (years)	**3 - 10**	**-**	**-**		3 - 10	-	-	

11.2 The cost of fully amortised intangible assets that are still in the Group's use amounted to Rs 2,122.165 million (2019: Rs 1,729.694 million).

11.3 **Goodwill arising on acquisition of**

	Note	2020	2019
		(Rupees in '000)	
- Habibsons Bank Limited	11.3.1	**2,696,156**	2,510,937
- PICIC AMC	11.3.2	**355,507**	355,507
		3,051,663	2,866,444

11.3.1 The carrying value of goodwill is determined in accordance with IFRS 3, Business Combinations and IAS 36, Impairment of Assets. Goodwill has arisen on the acquisition of Habibsons Bank Limited and represents the excess of the purchase consideration over the fair value of Habib Allied Holdings Limited's (HAHL) share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

Goodwill is allocated to the Wealth Management segment cash generating unit (CGU) which is expected to benefit from the synergies of the acquisition. Goodwill is tested annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill is considered to be impaired if the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount is calculated as the higher of the CGU’s value-in-use (VIU) and its fair value less costs to sell.

The recoverable value of goodwill was determined based on VIU calculations. VIU is calculated as the present value of the CGU’s approved pre-tax cash flows, covering a period of five years and an estimated terminal value based on a perpetuity, calculated using long term GDP growth rates. All cash flows are discounted using a discount rate which reflects the risks appropriate to the CGU. As at December 31, 2020, the recoverable value of the CGU exceeds its carrying amount.

The following table sets out the key assumptions which were used for the determination of the value-in-use of goodwill. These are consistent with industry forecasts and are management's best estimates of the future performance of the segment.

	2020	2019
Advances growth rate (%)	**7.63**	23.11
Yield on advances (%)	**2.70**	3.65
Yield on surplus funds (%)	**1.90**	3.07
Deposits growth rate (%)	**8.02**	9.53
Cost of deposits (%)	**0.20**	0.60
Long term weighted average growth rate (%)	**1.50**	1.48
Pre-tax discount rate (%)	**11.86**	8.27

11.3.2 The carrying value of goodwill and management rights is determined in accordance with IFRS 3, Business Combinations and IAS 36, Impairment of Assets. Goodwill and management rights have arisen on the acquisition of PICIC Asset Management Limited by HBL Asset Management Limited (HBL AML). Management rights represent the present value of the income stream from the rights to manage the acquired funds. Goodwill represents the excess of the purchase consideration over the fair value of the tangible and intangible assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

The funds under management acquired from PICIC have been considered as one cash generation unit (CGU). Goodwill and management rights are tested annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill and management rights are considered to be impaired if the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount for both goodwill and management rights is calculated as the higher of the CGU's value-in-use (VIU) and its fair value less costs to sell.

The recoverable value was determined based on VIU calculations. VIU is calculated as the present value of the CGU's approved pre-tax cash flows, covering a period of ten years and an estimated terminal value based on a perpetuity, calculated using long term GDP growth rates. All cash flows are discounted using a discount rate which reflects the risks appropriate to the CGU. As at December 31, 2020, the recoverable value of the CGU exceeds its carrying amount.

The management has determined the values assigned to key assumptions as follows:

Discount rate
The discount rate reflects specific risks relating to the relevant segment and the country in which the company operates.

Growth rate
This is the growth rate used to project cash flows from assets under management within the budget period.

Terminal growth rate
This is the growth rate used to project cash flows beyond the budget period. The rates are consistent with forecasts included in relevant reports.

	2020	2019
Discount rate (%)	**14.25**	16.95
AUMs growth rate (%)	**-19.00 to 84.00**	8.00 to 50.00
Terminal growth rate (%)	**9.00**	9.00

12 OTHER ASSETS

	Note	2020	2019
		(Rupees in '000)	
Mark-up / return / profit / interest accrued in local currency		**49,348,579**	51,719,277
Mark-up / return / profit / interest accrued in foreign currency		**2,878,167**	3,002,765
Advances, deposits, advance rent and other prepayments		**2,645,730**	2,307,470
Advance taxation		**21,124,536**	28,059,796
Advances against subscription of securities		**1,096,000**	5,246,000
Stationery and stamps on hand		**154,121**	90,271
Accrued fees and commissions		**476,113**	720,819
Due from Government of Pakistan / SBP		**1,532,223**	1,547,851
Mark to market gain on forward foreign exchange contracts		**4,101,950**	6,707,335
Mark to market gain on derivative instruments	22.2	**182,917**	54,454
Non-banking assets acquired in satisfaction of claims	12.1	**432,937**	468,719
Receivable from defined benefit plan	36.4.4	**-**	24,419
Acceptances		**27,539,046**	23,750,896
Clearing and settlement accounts		**3,220,084**	12,636,565
Dividend receivable		**15,026**	-
Claims receivable against fraud and forgeries		**553,356**	450,086
Others		**1,022,072**	741,768
		116,322,857	137,528,491
Provision held against other assets	12.2	**(1,127,909)**	(821,996)
Other assets - net of provision		**115,194,948**	136,706,495
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20.2	**209,594**	164,304
Other assets - total		**115,404,542**	136,870,799

12.1 Details of revaluation of non-banking assets acquired in satisfaction of claims

	2020	2019
Market value of non-banking assets acquired in satisfaction of claims	**639,379**	626,000

12.1.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s Colliers, International Pakistan (Private) Limited and M/s Joseph Lobo (Private) Limited on the basis of an assessment of present market values and resulted in an increase of Rs 49.570 million in the surplus. The total surplus arising on revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2020 amounts to Rs 209.594 million (2019: Rs 164.304 million).

		Note	2020	2019
			(Rupees in '000)	
12.1.2	**Non-banking assets acquired in satisfaction of claims**			
	Opening balance		**626,000**	1,995,169
	Revaluation during the year	20.2	**49,570**	35,000
	Depreciation		**(63)**	(43)
	Disposal during the year		**(40,000)**	(1,420,255)
	Reversal of impairment		**3,872**	16,129
	Closing balance		**639,379**	626,000
12.1.3	**Gain on disposal of non-banking assets acquired in satisfaction of claims**			
	Disposal proceeds		**42,500**	1,582,300
	Less:			
	Cost		**35,720**	1,127,817
	Surplus realized on disposal	20.2	**4,280**	292,438
			40,000	1,420,255
			2,500	162,045
12.2	**Provision held against other assets**			
	Acceptances		**419,923**	-
	Non-banking assets acquired in satisfaction of claims		**3,152**	7,023
	Claim receivables against fraud and forgeries		**553,356**	450,086
	Suit filed cases		**4,998**	323,759
	Others		**146,480**	41,128
			1,127,909	821,996
12.2.1	**Movement in provision against other assets**			
	Opening balance		**821,996**	923,201
	Exchange adjustment		**19,735**	34,901
	Charge for the year		**691,987**	139,759
	Reversal for the year		**(33,899)**	(49,540)
	Net charge		**658,088**	90,219
	Written off during the year		**(49,042)**	(224,820)
	Transferred out		**(322,868)**	(1,505)
	Closing balance		**1,127,909**	821,996
13	**BILLS PAYABLE**			
	In Pakistan		**44,875,620**	28,425,034
	Outside Pakistan		**1,558,579**	1,256,074
			46,434,199	29,681,108
14	**BORROWINGS**			
	Secured			
	Borrowings from the SBP under			
	- Export refinance scheme	14.2	**60,068,212**	42,762,668
	- Long term financing facility	14.3	**25,922,575**	18,474,945
	- Financing facility for renewable energy power plants	14.4	**1,716,425**	831,448
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	14.5	**152,893**	28,743
	- Refinance and Credit Guarantee Scheme for Women Entrepreneurs	14.6	**163,416**	2,400
	- Financing facility for storage of agricultural produce	14.7	**292,211**	104,167
	- Refinance facility for working capital of SMEs	14.8	**135,625**	-
	- Refinance scheme for payment of wages and salaries	14.9	**30,928,363**	-
	- Refinance facility for combating COVID-19	14.10	**1,300,000**	-
	- Temporary economic refinance facility	14.11	**4,917,263**	-
			125,596,983	62,204,371
	Repurchase agreement borrowings	14.12	**321,070,809**	197,503,793
			446,667,792	259,708,164
	Unsecured			
	- Call money borrowings	14.13	**13,450,000**	4,900,000
	- Overdrawn nostro accounts		**194,244**	171,982
	- Borrowings of overseas branches and subsidiaries	14.14	**30,376,372**	54,588,086
	- Other long-term borrowings	14.15	**53,419,418**	62,838,074
			97,440,034	122,498,142
			544,107,826	382,206,306

		2020	2019
14.1	**Particulars of borrowings with respect to currencies**	(Rupees in '000)	
	In local currency	**464,233,561**	266,775,775
	In foreign currencies	**79,874,265**	115,430,531
		544,107,826	382,206,306

14.2 The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP.These carry mark-up at rates ranging from 1.00% to 3.00% per annum (2019: 1.00% to 2.00% per annum) and are due to mature latest by June 28, 2021.

14.3 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These carry mark-up at rates ranging from 2.00% to 8.60% per annum (2019: 2.00% to 8.40% per annum) and are due to mature latest by July 31, 2032.

14.4 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00% to 3.00% per annum (2019: 2.00% to 3.00% per annum) and are due to mature latest by March 31, 2032.

14.5 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises. These carry mark-up at 2.00% per annum (2019: 2.00% to 3.50% per annum) and are due to mature latest by November 07, 2025.

14.6 These borrowings have been obtained from the SBP under a scheme to finance women entrepreneurs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at rates ranging from 0.00% to 2.00% per annum (2019: 0.00% per annum) and are due to mature latest by October 17, 2025.

14.7 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rates ranging from 2.00% to 3.50% per annum (2019: 2.00% to 3.50% per annum) and are due to mature latest by December 22, 2025.

14.8 These borrowings have been obtained from the SBP under a scheme for financing short term financing facilities for selected SME sectors. These carry mark-up at 0.00% and are due to mature latest by March 30, 2025.

14.9 These borrowings have been obtained from the SBP under a scheme to help businesses in payment of wages and salaries to their employees during the pandemic and thereby support continued employment. These carry mark-up at rates ranging from 0.00% to 2.00% per annum and are due to mature latest by October 01, 2022.

14.10 These borrowings have been obtained from the SBP to provide emergency refinance facility to hospitals & medical centres to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% per annum and are due to mature latest by September 30, 2025. The maximum financing limit under the facility is Rs 200 million per hospital / medical centre with a tenor of 5 years including a grace period of up to 6 months.

14.11 These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries during the pandemic. These carry mark-up at 1.00% per annum and are due to mature latest by December 14, 2030. The maximum limit granted under this facility is Rs 5 billion per project with a tenor of 10 years including a grace period of 2 years.

14.12 Repurchase agreement borrowings carry mark-up at rates ranging from 6.20% to 7.02% per annum (2019: 13.00% to 13.31% per annum) and are due to mature latest by January 15, 2021. The market value of securities given as collateral against these borrowings is given in note 8.2.2.

14.13 Call money borrowings carry mark-up at rates ranging from 6.05% to 7.15% per annum (2019: 9.50% to 13.25% per annum) and are due to mature latest by January 13, 2021.

14.14 Borrowings by overseas branches and subsidiaries carry mark-up at rates ranging from 1.00% to 2.44% per annum (2019: 1.50% to 5.00% per annum) and are due to mature latest by September 15, 2021.

14.15 This includes the following:

14.15.1 A loan from the International Finance Corporation amounting to US$ 150 million (2019: US$ 150 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.

14.15.2 HBL has entered into a long-term financing facility arrangement of US$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US$ 165.975 million (2019: US$ 62.890 million) has been utilized by the Bank with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to 4 years from the date of initial drawdown. The entire drawn amount is payable in semi-annual installments over a period of 10 years starting from January 31, 2023. Interest is charged at a fixed spread over LIBOR and is payable semi-annually.

14.15.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 194.309 million (2019: Nil) for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually from August 2020.

14.15.4 A mortgage refinancing facility on Musharakah basis from PMRC amounting to Rs 300 million (2019: Nil) for on-lending to customers in low and middle income groups. Any balance not disbursed to customers at the end of one year from the initial drawdown on February 12, 2020 (the pre-finance period) shall be repayable to PMRC in a bullet installment. The remaining amount is payable semi-annually over a period equal to the weighted average tenor of mortgage loans to customers, up to a maximum of 25 years. Profit during the pre-finance period ranges from 10.00% to 11.00% and is payable semi-annually from August 2020. Profit post this period will be payable semi-annually at a rate to be determined based on an agreed formula including, inter alia, the amount of pre-finance facility utilized for further disbursements of mortgage loans to customers.

14.15.5 A loan from Allied Bank Limited to HBL AML amounting to Rs 1.6 billion (2019: Rs 2 billion). The principal amount is payable in ten equal semi-annual installments from June 2020 to December 2024. Interest at KIBOR + 0.75% is payable semi-annually.

14.15.6 Mortgage refinancing facilities from PMRC utilised by First MicrofinanceBank Limited amounting to Rs 821.434 million (2019: Nil) to extend mortgage finance to low income groups. The principal amount is payable in twenty quarterly installments on dates ranging from June 2020 to June 2025. Interest at 7.14% on these facilities is payable quarterly.

15 DEPOSITS AND OTHER ACCOUNTS

	Note	2020 In local currency	2020 In foreign currencies	2020 Total	2019 In local currency	2019 In foreign currencies	2019 Total
		(Rupees in '000)					
Customers							
Current deposits		**823,057,044**	**157,417,183**	**980,474,227**	721,389,866	150,213,474	871,603,340
Savings deposits		**995,229,006**	**94,756,615**	**1,089,985,621**	913,501,109	92,981,084	1,006,482,193
Term deposits		**315,226,455**	**141,767,942**	**456,994,397**	272,716,595	144,891,926	417,608,521
		2,133,512,505	**393,941,740**	**2,527,454,245**	1,907,607,570	388,086,484	2,295,694,054
Financial institutions							
Current deposits		**13,072,383**	**1,408,220**	**14,480,603**	4,737,653	2,051,645	6,789,298
Savings deposits		**267,728,866**	**657,250**	**268,386,116**	129,386,923	18,008	129,404,931
Term deposits		**13,163,008**	**6,887,418**	**20,050,426**	4,796,630	912,256	5,708,886
		293,964,257	**8,952,888**	**302,917,145**	138,921,206	2,981,909	141,903,115
	15.2	**2,427,476,762**	**402,894,628**	**2,830,371,390**	2,046,528,776	391,068,393	2,437,597,169

15.1 Composition of deposits

	2020	2019
	(Rupees in '000)	
- Individuals	**1,531,356,075**	1,297,816,546
- Government (Federal and Provincial)	**154,362,518**	131,104,435
- Banking companies	**9,119,704**	8,514,224
- Non-Banking Financial Institutions	**293,797,441**	133,388,891
- Other public sector entities	**135,997,229**	133,885,627
- Other private sector entities	**705,738,423**	732,887,446
	2,830,371,390	2,437,597,169

15.2 This includes deposits amounting to Rs 1,438,322.953 million (2019: Rs 1,395,051.707 million) which are eligible to be covered under insurance arrangements.

16 SUBORDINATED DEBT

	Note	2020	2019
		(Rupees in '000)	
Tier II Term Finance Certificates	16.1	**9,982,000**	9,986,000
Additional Tier I Term Finance Certificates	16.2	**12,374,000**	12,374,000
		22,356,000	22,360,000

16.1 The Bank has issued Over The Counter (OTC) listed Term Finance Certificates (TFCs) as instruments of redeemable capital under Section 66 of the Companies Act, 2017 and the Basel III Guidelines set by the SBP. The key features of the issue are as follows:

Issue Date	February 19, 2016
Issue amount	Rs 10 billion
Rating	AAA (Triple A) [December 31, 2019: AAA (Triple A)]
Original Tenor	10 years from the Issue Date
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors but not including the Bank's Additional Tier I TFCs.
Profit payment frequency	Semi-annually in arrears
Redemption	The instrument has been structured to redeem 0.02% of the issue amount semi-annually during the first 108 months after the issue and 99.64% of the issue amount in two equal semi-annual installments in the 114th and 120th months.
Mark-up	Floating rate of return at Base Rate + 0.50%. The Base Rate is defined as the average “Ask Side” rate of the six months Karachi Interbank Offered Rate (KIBOR).
Call option	The Bank may call the TFCs, with the prior written approval of the SBP, on any profit payment date falling on or after the fifth anniversary of the Issue Date, subject to at least 60 days prior notice being given to the investors through the Trustee. The call option, once announced, will be irrevocable.
Lock-in clause	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

16.1.1 In accordance with Sub-Section 1.1.6 of Article 1 read with Condition 4 in Schedule 3 of the Trust Deed dated December 15, 2015 executed between the Issuer and the Trustee, the Bank has exercised the call option in full with respect to all outstanding Tier II Term Finance Certificates. The Bank has received a “No Objection” letter from the State Bank of Pakistan dated November 18, 2020 and accordingly, on February 19, 2021, the 5th anniversary of the issue date, (the "Call Option Exercise Date”), the entire principal outstanding amount of Rs 9,982.000 million, along with accrued profit, shall be redeemed in full.

16.2 The Bank has issued listed, fully paid up, rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (AT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013.

The key features of the issue are as follows:

Issue Date	September 26, 2019
Issue amount	Rs 12.374 billion
Rating	AA+ (Double A plus) [December 31, 2019: AA+ (Double A plus)]
Original Tenor	Perpetual
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors, general creditors and holders of the Tier II TFCs. However, they shall rank superior to the claims of ordinary shareholders.
Profit payment frequency	Quarterly in arrears
Redemption	Perpetual, hence not applicable.
Mark-up	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average “Ask Side” rate of the three months Karachi Interbank Offered Rate (KIBOR).
Call option	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised. If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and Investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the “Call Option Exercise Date”).
Lock-in clause	Mark-up will only be paid from the current year’s earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

	Note	2020	2019
		(Rupees in '000)	

17 DEFERRED TAX ASSETS / (LIABILITIES)

	Note	2020	2019
Deductible temporary differences on			
- Tax losses of subsidiary		**469,486**	445,141
- Provision against investments		**1,141,429**	1,616,500
- Provision against doubtful debts and off-balance sheet obligations		**4,480,082**	4,354,960
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		**1,940,800**	1,670,344
- Provision against other assets		**45,062**	50,989
- Deficit on revaluation of fixed assets		**72,832**	163,960
- Ijarah financing		**199,225**	150,674
- Losses of subsidiary under liquidation		**-**	108,817
		8,348,916	8,561,385
Taxable temporary differences on			
- Accelerated tax depreciation		**(1,667,333)**	(2,011,063)
- Surplus on revaluation of fixed assets	20	**(1,827,924)**	(1,175,641)
- Surplus on revaluation of fixed assets of associates	20	**(56,392)**	(56,392)
- Surplus on revaluation of investments	20	**(5,430,518)**	(2,291,567)
- Surplus on revaluation of investments of associates	20	**(21,949)**	414
- Management rights and goodwill		**(237,741)**	(182,914)
- Share of profit of associates		**(6,728,003)**	(6,049,041)
- Exchange translation reserve		**(2,740,997)**	(2,982,429)
- Others		**(25,918)**	(2,439)
		(18,736,775)	(14,751,072)
Net deferred tax liabilities		**(10,387,859)**	(6,189,687)

17.1 Movement in temporary differences during the year

	Balance as at January 1, 2019	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2019	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2020
	(Rupees in '000)						
Deductible temporary differences on							
- Tax losses of subsidiary	83,496	327,913	33,732	445,141	4,716	19,629	469,486
- Tax losses of overseas branches	249,991	(249,991)	-	-	-	-	-
- Provision against investments	1,403,506	212,994	-	1,616,500	(475,071)	-	1,141,429
- Provision against doubtful debts and off-balance sheet obligations	3,295,092	1,059,868	-	4,354,960	125,122	-	4,480,082
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001	1,383,110	287,234	-	1,670,344	270,366	90	1,940,800
- Provision against other assets	45,760	5,229	-	50,989	(5,927)	-	45,062
- Deficit on revaluation of fixed assets	147,144	16,816	-	163,960	(91,128)	-	72,832
- Ijarah financing	101,123	49,551	-	150,674	48,551	-	199,225
- Recognised on subsidiary under liquidation	-	-	108,817	108,817	-	(108,817)	-
Taxable temporary differences on							
- Accelerated tax depreciation	(1,849,670)	(166,199)	4,806	(2,011,063)	341,004	2,726	(1,667,333)
- Surplus on revaluation of fixed assets	(1,125,186)	78,138	(128,593)	(1,175,641)	29,786	(682,069)	(1,827,924)
- Surplus on revaluation of fixed assets of associates	(50,608)	-	(5,784)	(56,392)	-	-	(56,392)
- Surplus / deficit on revaluation of investments	3,508,219	-	(5,799,786)	(2,291,567)	-	(3,138,951)	(5,430,518)
- Surplus on revaluation of investments of associates	(176,864)	-	177,278	414	-	(22,363)	(21,949)
- Management rights and goodwill	(157,939)	(24,975)	-	(182,914)	(54,827)	-	(237,741)
- Share of profit of associates	(4,880,054)	(1,168,987)	-	(6,049,041)	(678,962)	-	(6,728,003)
- Exchange translation reserve	(1,821,634)	-	(1,160,795)	(2,982,429)	-	241,432	(2,740,997)
- Others	61,503	(74,121)	10,179	(2,439)	(36,077)	12,598	(25,918)
Net deferred tax (liabilities) / assets	216,989	353,470	(6,760,146)	(6,189,687)	(522,447)	(3,675,725)	(10,387,859)

		Note	2020	2019
			(Rupees in '000)	
18	**OTHER LIABILITIES**			
	Mark-up / return / profit / interest payable in local currency		**11,846,712**	12,184,119
	Mark-up / return / profit / interest payable in foreign currency		**2,362,314**	3,039,180
	Security deposits		**974,790**	1,138,813
	Accrued expenses		**19,271,148**	15,435,270
	Mark to market loss on forward foreign exchange contracts		**6,359,622**	8,140,461
	Mark to market loss on derivative instruments	22.2	**1,449,800**	1,708,824
	Unclaimed dividends		**693,700**	405,966
	Dividends payable		**115,626**	400,464
	Provision for post retirement medical benefits	36.4.4	**3,763,654**	3,872,768
	Provision for employees' compensated absences	36.4.4	**2,492,992**	2,644,978
	Provision against off-balance sheet obligations	18.1	**1,138,648**	437,795
	Acceptances		**27,539,046**	23,750,896
	Branch adjustment account		**816,307**	188,410
	Provision for staff retirement benefits		**1,239,418**	1,051,518
	Payable to defined benefit plans	36.4.4 & 36.1.6	**1,182,639**	577,964
	Provision for Workers' Welfare Fund	29	**6,379,456**	5,269,726
	Unearned income		**4,229,811**	3,777,028
	Qarza-e-Hasna Fund		**338,542**	338,923
	Levies and taxes payable		**7,073,633**	7,510,391
	Insurance payable		**887,519**	656,671
	Provision for rewards program expenses		**1,391,392**	1,249,725
	Liability against trading of securities		**902,755**	7,883,792
	Clearing and settlement accounts		**4,538,525**	2,037,252
	Payable to HBL Foundation		**315,431**	158,202
	Contingent consideration payable		**500,000**	500,000
	Charity fund		**4,234**	10,375
	Lease liability against right-of-use asset		**18,213,249**	15,996,664
	Unclaimed deposits		**91,752**	670,374
	Others		**3,797,582**	3,310,066
			129,910,297	124,346,615

		2020	2019
18.1	**Provision against off-balance sheet obligations**		
	Opening balance	**437,795**	479,510
	Exchange adjustment	**(25,452)**	7,518
	Charge for the year	**480,696**	53,677
	Reversal for the year	**(95,905)**	(102,910)
	Net charge / (reversal)	**384,791**	(49,233)
	Written off during the year	**(4,053)**	-
	Transferred in	**345,567**	-
	Closing balance	**1,138,648**	437,795

19 SHARE CAPITAL

19.1 Authorised capital

2020	2019		2020	2019
Number of shares in '000			(Rupees in '000)	
2,900,000	2,900,000	Ordinary shares of Rs 10 each	**29,000,000**	29,000,000

19.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
Number of shares in '000			(Rupees in '000)	
		Ordinary shares of Rs 10 each		
690,000	690,000	Fully paid in cash	**6,900,000**	6,900,000
776,852	776,852	Issued as bonus shares	**7,768,525**	7,768,525
1,466,852	1,466,852		**14,668,525**	14,668,525

19.3 **Major shareholders**
(holding more than 5% of total paid-up capital)

	2020		2019	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Name of shareholder				
Aga Khan Fund for Economic Development	**748,094,778**	**51.00%**	748,094,778	51.00%

19.4 **Shares of the Bank held by associated companies**

	2020	2019
	(Number of shares)	
Jubilee General Insurance Company Limited	**4,270,000**	4,270,000
Jubilee Life Insurance Company Limited	**12,910,000**	13,025,000
HBL Equity Fund	**231,000**	61,100
HBL Growth Fund Class B	**420,500**	447,500
HBL Investment Fund Class B	**326,600**	335,100
HBL Multi Asset Fund	**62,971**	46,971
HBL Stock Fund	**530,504**	444,419

19.5 **Statutory reserve**

Every banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve equals the paid-up share capital. Thereafter, 10% of the profit after tax of the Bank is required to be transferred to this reserve. Accordingly, the Bank transfers 10% of its profit after tax every year to the statutory reserve.

19.6 **Exchange translation reserve**

This comprises of all foreign currency differences arising from the translation of the net investment in foreign branches, associates, joint venture and subsidiaries.

20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	2020			2019		
		Attributable to			Attributable to		
		Equity holders	Non-controlling interest	Total	Equity holders	Non-controlling interest	Total
		(Rupees in '000)					
Surplus / (deficit) arising on revaluation of assets on:							
- Fixed assets	20.1	**28,987,958**	**43,496**	**29,031,454**	22,267,064	3,352	22,270,416
- Fixed assets of associates		**144,596**	**-**	**144,596**	144,596	-	144,596
- Available-for-sale securities	8.1	**13,932,014**	**22,016**	**13,954,030**	5,843,347	(1,813)	5,841,534
- Available-for-sale securities held by associates	8.1	**56,279**	**-**	**56,279**	(1,061)	-	(1,061)
- Non-banking assets acquired in satisfaction of claims	20.2	**209,594**	**-**	**209,594**	164,304	-	164,304
		43,330,441	**65,512**	**43,395,953**	28,418,250	1,539	28,419,789
Deferred tax on surplus / (deficit) on revaluation of:							
- Fixed assets	20.1	**1,824,175**	**3,749**	**1,827,924**	1,174,339	1,302	1,175,641
- Fixed assets of associates		**56,392**	**-**	**56,392**	56,392	-	56,392
- Available-for-sale securities	17.1	**5,423,011**	**7,507**	**5,430,518**	2,312,550	2,825	2,315,375
- Available-for-sale securities held by associates	17.1	**21,949**	**-**	**21,949**	(414)	-	(414)
- Non-banking assets acquired in satisfaction of claims		**-**	**-**	**-**	-	-	-
		7,325,527	**11,256**	**7,336,783**	3,542,867	4,127	3,546,994
Surplus on revaluation of assets - net of tax		**36,004,914**	**54,256**	**36,059,170**	24,875,383	(2,588)	24,872,795

		2020	2019
		(Rupees in '000)	
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01		**22,270,416**	22,470,770
Surplus recognised during the year		**6,837,413**	-
Surplus realised on disposal of revalued properties during the year - net of deferred tax		**-**	(72,824)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		**(46,589)**	(49,392)
Related deferred tax liability on surplus realised on disposal of revalued properties		**-**	(46,560)
Related deferred tax liability on incremental depreciation charged during the year		**(29,786)**	(31,578)
Surplus on revaluation of fixed assets as at December 31		**29,031,454**	22,270,416
Less: related deferred tax liability on			
- Revaluation as at January 01		**1,175,641**	1,125,186
- Surplus recognised during the year		**682,069**	-
- Effect of change in tax rate		**-**	128,593
- Surplus realised on disposal of revalued properties during the year		**-**	(46,560)
- Incremental depreciation charged during the year		**(29,786)**	(31,578)
		1,827,924	1,175,641
Surplus on revaluation of fixed assets of associates		**144,596**	144,596
Related deferred tax liability		**(56,392)**	(56,392)
		88,204	88,204
		27,291,734	21,182,979
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01		**164,304**	421,742
Surplus recognised during the year		**49,570**	35,000
Surplus realised on disposal during the year		**(4,280)**	(292,438)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		**-**	-
Related deferred tax liability on incremental depreciation charged during the year		**-**	-
Surplus on revaluation as at December 31		**209,594**	164,304
Less: related deferred tax liability on			
- Revaluation as at January 01		**-**	-
- Amount transferred to surplus on revaluation of fixed assets		**-**	-
- Incremental depreciation charged during the year		**-**	-
		-	-
		209,594	164,304
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	**202,220,786**	152,908,830
- Commitments	21.2	**795,974,261**	849,362,191
- Other contingent liabilities	21.3	**23,966,530**	23,527,781
		1,022,161,577	1,025,798,802
21.1 Guarantees			
Financial guarantees		**64,395,790**	36,061,515
Performance guarantees		**126,593,020**	108,406,776
Other guarantees		**11,231,976**	8,440,539
		202,220,786	152,908,830

		Note	2020	2019
			(Rupees in '000)	
21.2	**Commitments**			
	Trade-related contingent liabilities		**153,394,723**	112,023,350
	Commitments in respect of			
	- forward foreign exchange contracts	21.2.1	**436,716,313**	591,509,497
	- forward Government securities transactions	21.2.2	**150,757,178**	107,869,401
	- derivatives	21.2.3	**38,504,637**	29,437,457
	- forward lending	21.2.4	**11,085,983**	7,098,062
			637,064,111	735,914,417
	Commitments for acquisition of			
	- fixed assets		**4,389,650**	661,877
	- intangible assets		**1,125,777**	762,547
			795,974,261	849,362,191
21.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**261,220,544**	343,848,106
	Sale		**175,495,769**	247,661,391
			436,716,313	591,509,497
21.2.2	**Commitments in respect of forward Government Securities transactions**			
	Purchase		**96,427,590**	45,771,399
	Sale		**54,329,588**	62,098,002
			150,757,178	107,869,401
21.2.3	**Commitments in respect of derivatives**			
	Cross Currency swaps			
	Purchase		**14,662,810**	9,525,572
	Sale		**16,007,336**	10,882,712
			30,670,146	20,408,284
	Interest rate swaps			
	Purchase		-	-
	Sale		**7,834,491**	9,029,173
			7,834,491	9,029,173
21.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		**11,085,983**	7,098,062

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring any significant penalty or expense.

		2020	2019
		(Rupees in '000)	
21.3	**Other contingent liabilities**		
21.3.1	Claims against the Group not acknowledged as debts	**23,966,530**	23,527,781

These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Group and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these consolidated financial statements.

21.3.2 In Q1 2020, by agreement with the New York State Department of Financial Services (NYSDFS) and the U.S. Federal Reserve, HBL surrendered its New York State license to operate HBL's New York branch office (HBLNY) and completed the voluntary liquidation of HBLNY under the New York Banking Law.

The successful closure and liquidation of HBLNY satisfied or suspended all remaining terms of the September 7, 2017 Consent Order between NYSDFS, HBL, and HBLNY, which Consent Order was disclosed in Note 21.3.2 to the Financial Statements for the year ended December 31, 2019 and in similar notes for the 2017 and 2018 financial statements. Similarly, on September 29, 2020, the Federal Reserve formally announced the termination of all Federal Reserve enforcement actions with HBL and HBLNY. Accordingly, HBL does not expect any further actions or proceedings from NYSDFS or the Federal Reserve.

In 2017, the U.S. Department of Justice (DOJ) requested documents relating to the NYSDFS Consent Order. It is not known whether DOJ will have any further questions about those documents.

22 DERIVATIVE INSTRUMENTS

A derivative is a financial instrument whose value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or a similar variable, sometimes called the underlying. Derivatives include forwards, futures, swaps, options and structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.

The Bank, as an Authorized Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market. The ADD license covers only the transactions mentioned below which are permitted under the Financial Derivatives Business Regulations issued by the SBP.

(a) Foreign Currency Options
(b) Forward Rate Agreements
(c) Interest Rate Swaps
(d) Cross Currency Swaps

However, the Bank also offers other derivative products to satisfy customer requirements, specific approval of which is sought from the SBP on a transaction by transaction basis.

These transactions cover the aspects of both market making and hedging. The risk management processes and policies related to derivatives are disclosed in note 45.5 to these consolidated financial statements.

22.1 Product Analysis

Counterparties	2020			
	Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market loss	Notional principal	Mark to market gain / (loss)
	(Rupees in '000)			
With Banks for				
Hedging	-	-	-	-
Market Making	3,025,355	(347,559)	-	-
With FIs other than banks for				
Hedging	-	-	-	-
Market Making	-	-	1,125,000	(5,039)
With other entities for				
Hedging	-	-	-	-
Market Making	27,644,791	(992,706)	6,709,491	78,421
Total				
Hedging	-	-	-	-
Market Making	30,670,146	(1,340,265)	7,834,491	73,382

Counterparties	2019 Cross currency swaps Notional principal	Mark to market loss	Interest rate swaps Notional principal	Mark to market loss
	------------------------- (Rupees in '000)			-------------------------
With Banks for				
Hedging	-	-	-	-
Market Making	4,975,984	(459,903)	-	-
With FIs other than banks for				
Hedging	-	-	-	-
Market Making	-	-	1,375,000	(97,388)
With other entities for				
Hedging	-	-	-	-
Market Making	15,432,300	(772,574)	7,654,173	(324,505)
Total				
Hedging	-	-	-	-
Market Making	20,408,284	(1,232,477)	9,029,173	(421,893)

22.2 **Maturity Analysis**

Remaining Maturity	No. of Contracts	2020 Notional Principal	Mark to Market Loss	Gain	Net
		---------------------------------- (Rupees in '000)			----------------------------------
Upto 1 Month	**2**	**1,327,861**	**(93,873)**	**-**	**(93,873)**
1 to 3 Months	**-**	**-**	**-**	**-**	**-**
3 Months to 6 Months	**1**	**223,403**	**(43,194)**	**-**	**(43,194)**
6 Months to 1 Year	**3**	**1,743,055**	**(188,796)**	**11,652**	**(177,144)**
1 to 2 Years	**3**	**1,861,623**	**(27,955)**	**1,360**	**(26,595)**
2 to 3 Years	**2**	**5,016,822**	**(68,160)**	**86,547**	**18,387**
3 to 5 Years	**19**	**7,522,290**	**(18,820)**	**40,599**	**21,779**
5 to 10 Years	**10**	**20,809,583**	**(1,009,002)**	**42,759**	**(966,243)**
	40	**38,504,637**	**(1,449,800)**	**182,917**	**(1,266,883)**

Remaining Maturity	No. of Contracts	2019 Notional Principal	Mark to Market Loss	Gain	Net
		---------------------------------- (Rupees in '000)			----------------------------------
Upto 1 Month	-	-	-	-	-
1 to 3 Months	-	-	-	-	-
3 Months to 6 Months	1	410,516	(49,135)	-	(49,135)
6 Months to 1 Year	-	-	-	-	-
1 to 2 Years	6	4,996,996	(428,703)	29,709	(398,994)
2 to 3 Years	3	2,384,410	(100,534)	10,940	(89,594)
3 to 5 Years	16	6,500,000	(268,975)	13,805	(255,170)
5 to 10 Years	8	15,145,535	(861,477)	-	(861,477)
	34	29,437,457	(1,708,824)	54,454	(1,654,370)

23 **MARK-UP / RETURN / PROFIT / INTEREST EARNED**

	2020	2019
	(Rupees in '000)	
On:		
Loans and advances	**116,793,732**	132,394,180
Investments	**148,742,484**	110,142,418
Lendings to financial institutions	**5,027,219**	14,180,501
Balances with banks	**673,823**	1,396,797
	271,237,258	258,113,896

		Note	2020	2019
			(Rupees in '000)	
24	**MARK-UP / RETURN / PROFIT / INTEREST EXPENSED**			
	On:			
	Deposits		**108,385,506**	114,247,880
	Securities sold under repurchase agreement borrowings		**15,423,539**	23,252,416
	Borrowings		**7,131,338**	9,124,238
	Subordinated debt		**2,603,244**	2,038,901
	Cost of foreign currency swaps against foreign currency deposits / borrowings		**5,668,401**	6,169,830
	Lease liability against right-of-use assets		**1,920,912**	1,957,331
			141,132,940	156,790,596
25	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**3,631,131**	4,450,329
	Consumer finance related fees		**1,530,759**	1,107,307
	Card related fees (debit and credit cards)		**4,180,720**	4,625,153
	Credit related fees		**1,417,506**	1,452,528
	Investment banking fees		**1,159,272**	1,577,115
	Commission on trade related products and guarantees		**3,235,790**	2,967,745
	Commission on cash management		**778,417**	708,003
	Commission on remittances including home remittances		**354,348**	424,742
	Commission on bancassurance		**1,171,097**	2,252,763
	Commission on Government to Person (G2P) payments		**578,707**	444,031
	Management fee		**593,808**	656,786
	Merchant discount and interchange fees		**2,311,195**	1,991,276
	Wealth management fees		**540,951**	268,835
	Others		**114,601**	86,016
			21,598,302	23,012,629
	Less: Sales tax / Federal Excise Duty on fee and commission income		**(2,802,563)**	(2,564,778)
			18,795,739	20,447,851
26	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	26.1	**7,017,346**	(2,573,665)
	Unrealised - held-for-trading	8.1	**37,528**	(83,591)
			7,054,874	(2,657,256)
26.1	**Gain / (loss) on securities - realised**			
	On:			
	Federal Government securities			
	- Market Treasury Bills		**3,063,002**	240,615
	- Pakistan Investment Bonds		**5,223,854**	(194,133)
	- Ijarah Sukuks		**(148,619)**	(23,857)
	Shares		**(1,027,158)**	(2,614,518)
	Non-Government debt securities		**(109,067)**	(25,211)
	Foreign securities		**15,334**	43,439
			7,017,346	(2,573,665)
27	**OTHER INCOME**			
	Incidental charges		**353,878**	255,730
	Exchange gain realised on reduction in capital of subsidiary		**1,743,205**	-
	Exchange (loss) / gain realised on closure of Bank branch		**(1,887,208)**	182,112
	Gain on sale of fixed assets - net		**86,580**	104,762
	Gain on sale of non-banking assets	27.1	**2,500**	162,045
	Rent on properties		**75,490**	71,886
	Liabilities no longer required written back		**1,152**	52,775
			375,597	829,310

27.1 The group earned an income of Rs 2.500 million (2019: 162.045 million) against the sale of the following non-banking assets.

	Note	2020	2019
		(Rupees in '000)	
Open plots situated in Lahore		**2,500**	151,345
Open plots situated in Karachi		**-**	10,700
		2,500	162,045

28 OPERATING EXPENSES

	Note	2020	2019
Total compensation expense	28.1	**39,982,379**	34,799,251
Property expense			
Rent and taxes		**1,344,128**	546,658
Insurance		**115,447**	121,069
Utilities cost		**2,176,574**	2,322,658
Security (including guards)		**2,051,647**	1,933,780
Repairs and maintenance (including janitorial charges)		**2,111,535**	1,761,745
Depreciation on owned fixed assets	10.2	**3,134,963**	2,945,678
Depreciation on right-of-use assets	10.2	**3,795,518**	3,426,648
Reversal of impairment	10.2	**(158,708)**	-
		14,571,104	13,058,236
Information technology expenses			
Software maintenance		**3,218,990**	2,630,352
Hardware maintenance		**760,728**	720,476
Depreciation	10.2	**1,976,999**	1,564,196
Amortisation	11.1	**799,329**	537,026
Network charges		**1,257,260**	1,381,512
Consultancy charges		**699,542**	598,329
		8,712,848	7,431,891
Other operating expenses			
Legal and professional charges		**3,133,505**	5,676,629
Outsourced services costs		**1,704,932**	1,554,268
Travelling and conveyance		**728,746**	1,096,850
Insurance		**843,709**	793,118
Remittance charges		**568,978**	655,207
Security charges		**1,612,002**	1,486,797
Repairs and maintenance		**1,341,562**	1,289,896
Depreciation	10.2	**850,591**	785,903
Training and development		**203,348**	419,969
Postage and courier charges		**662,311**	967,628
Communication		**766,346**	752,394
Stationery and printing		**1,640,255**	2,294,276
Marketing, advertisement and publicity		**3,146,245**	3,088,792
Donations	28.3	**527,573**	286,247
Auditors' remuneration	28.4	**315,673**	281,962
Brokerage and commission		**758,724**	572,190
Subscription		**280,824**	219,414
Documentation and processing charges		**2,558,739**	2,449,263
Entertainment		**331,083**	386,808
Consultancy charges		**3,870,799**	8,271,143
Deposit insurance premium expense		**2,232,083**	2,090,433
Product feature cost		**699,017**	714,073
COVID-19 related expenses	28.5	**608,015**	-
Others		**1,367,014**	813,690
	28.2	**30,752,074**	36,946,950
		94,018,405	92,236,328

		Note	2020	2019
28.1	**Total compensation expense**		(Rupees in '000)	
	Non-Executive Directors' fees	39.2	**84,000**	50,600
	Shariah Board's fees and allowances	39.3	**12,807**	16,316
	Managerial Remuneration			
	i) Fixed		**22,811,698**	21,191,268
	ii) Variable		**3,585,780**	2,350,702
	Charge for defined benefit plan		**1,810,611**	1,279,151
	Contribution to defined contribution plan		**1,164,948**	1,055,142
	Rent & house maintenance		**4,131,721**	3,710,020
	Utilities		**954,781**	859,273
	Medical		**2,025,173**	1,671,673
	Conveyance		**2,330,296**	2,248,277
	General group staff insurance		**39,703**	188,442
	Hajj Allowance		**39,918**	20,202
	Others		**-**	67
	Sub-total		**38,991,436**	34,641,133
	Sign-on bonus		**134,710**	44,285
	Severance payments		**856,233**	113,833
	Grand Total		**39,982,379**	34,799,251

	No of persons	
	2020	2019
Sign-on bonus	**52**	75
Severance payments	**106**	45

28.2 The total cost for the year included in other operating expenses relating to outsourced activities is Rs 2,359.744 million (2019: Rs 2,157.208 million). This cost includes outsourced services costs, which are disclosed specifically in note 28. Of the total cost, Rs 2,061.597 million (2019: Rs 1,830.982 million) pertains to companies incorporated in Pakistan and Rs 298.147 million (2019: Rs 326.226 million) pertains to companies incorporated outside Pakistan. The material outsourcing arrangements along with their nature of services are as follows:

Name of company	Nature of service	2020	2019
		(Rupees in '000)	
APEX Printry (Private) Limited	Cheque book printing services	**157,898**	171,890
Insource (Private) Limited	Cheque book printing services	**82,770**	90,576
Euronet Pakistan (Private) Limited	Host environment configuration, POS terminal and card outsourcing services	**74,824**	72,214
Iron Mountain Information Management LLC	Document archival and storage	**3,017**	-
First Solutions	Document archival and storage	**4,464**	-
		322,973	334,680

28.3 **Details of Donations**

Donations individually exceeding Rs 500,000

	2020	2019
HBL Foundation	**315,431**	158,202
The Aga Khan Hospital & Medical College Foundation	**157,360**	77,575
International Parliamentarians' Congress	**30,000**	-
Zindagi Trust	**10,000**	-
Covid-19 fund established by Government of Bahrain	**6,439**	-
Progressive Education Network	**5,000**	-
Patients' Aid Foundation	**2,000**	-
The Citizens Foundation	**831**	-
Frontier Works Organization - Clean Karachi campaign	**-**	50,000
Donations individually not exceeding Rs 500,000	**512**	470
	527,573	286,247

Mr. Muhammad Aurangzeb, President and Chief Executive Officer, Mr. Sagheer Mufti, Chief Operating Officer, Mr. Rayomond Kotwal, Chief Financial Officer and Mr. Jamal Nasir, Chief Human Resources Officer are Trustees of the HBL Foundation.

28.4 **Auditors' remuneration**

	2020			2019		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)					
Audit and audit related fees						
Audit fee of the Bank	27,901	78,615	106,516	25,954	82,509	108,463
Audit fee of subsidiaries	4,164	51,998	56,162	3,006	34,225	37,231
Fees for other statutory and related certifications	24,763	6,682	31,445	21,958	6,309	28,267
Fees for other statutory certifications of subsidiaries	650	17,658	18,308	2,600	13,385	15,985
Out of pocket expenses on audit fees	6,016	413	6,429	5,557	1,075	6,632
Sales tax on audit fees	2,713	1,638	4,351	2,521	1,103	3,624
	66,207	157,004	223,211	61,596	138,606	200,202
Other services						
Special certifications and sundry advisory services	27,571	44,401	71,972	23,150	35,841	58,991
Tax services	10,407	5,996	16,403	9,977	9,755	19,732
Out of pocket expenses	557	-	557	978	116	1,095
Sales tax on other services	3,407	123	3,530	1,841	102	1,942
	41,942	50,520	92,462	35,946	45,814	81,760
	108,149	207,524	315,673	97,542	184,420	281,962

28.5 These represent expenses incurred for the health and safety of employees and customers and other CSR activities during the on-going pandemic including face masks, sanitisers and other related materials.

29 WORKERS' WELFARE FUND

The Group has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

30 OTHER CHARGES

	Note	2020	2019
		(Rupees in '000)	
Penalties imposed by the State Bank of Pakistan		296,416	476,156
Penalties imposed by other regulatory bodies		24,377	3,900
		320,793	480,056

31 PROVISIONS AND WRITE OFFS - NET

	Note	2020	2019
(Reversal of) / provision for diminution in value of investments	8.7	(309,323)	553,086
Provision against loans and advances	9.5	12,059,829	3,376,099
Provision against other assets	12.2.1	658,088	90,219
Provision / (reversal) against off-balance sheet obligations	18.1	384,791	(49,233)
Recoveries against written off / charged off bad debts		(609,603)	(613,294)
Recoveries against other assets written off		(63,620)	(42,796)
Bad debts written off directly	9.8.1	99,452	-
		12,219,614	3,314,081

32 TAXATION

	Note	2020	2019
- Current			
- For the year		21,848,281	11,801,568
- Prior years		(253,441)	1,933,029
		21,594,840	13,734,597
- Deferred			
- For the year		(280,043)	(353,470)
- Prior years		802,490	-
	17.1	522,447	(353,470)
		22,117,287	13,381,127

32.1 **Relationship between tax expense and accounting profit**

	2020	2019
Accounting profit for the current year	53,030,636	28,880,922
Tax on income @ 39% (2019: 39%)	20,681,948	11,263,560
Permanent differences		
- Impact of different tax rates of subsidiaries	636,185	97,622
- Penalties imposed by the SBP and other regulatory bodies	125,109	187,222
- Additional tax @ 2.5% on additional income from Federal Government Securities	177,770	-
- Others	(52,774)	(32,290)
	886,290	252,554
Prior years - charge	549,049	1,933,029
Impact of change in tax rate	-	(68,016)
Tax charge for the current year	22,117,287	13,381,127

		2020	2019
		(Rupees in '000)	
33	**BASIC AND DILUTED EARNINGS PER SHARE**		
	Profit for the year attributable to equity holders of the Bank	**30,892,271**	15,332,792
		(Number)	
	Weighted average number of ordinary shares	**1,466,852,508**	1,466,852,508
		(Rupees)	
	Basic and diluted earnings per share	**21.06**	10.45

33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

		Note	2020	2019
34	**CASH AND CASH EQUIVALENTS**		(Rupees in '000)	
	Cash and balances with treasury banks	5	**375,280,120**	367,593,717
	Balances with other banks	6	**56,533,829**	41,248,554
			431,813,949	408,842,271

34.1 **Reconciliation of movement in liabilities to cash flows arising from financing activities**

	2020				
	Liabilities		Equity		
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit	Non-controlling interest
	(Rupees in '000)				
Balance as at January 01, 2020	22,360,000	124,346,615	66,260,511	114,550,097	4,396,996
Changes from financing cash flows					
Repayment of subordinated debt	(4,000)	-	-	-	-
Dividend paid	-	-	-	(3,664,234)	-
Payment of lease liability against right-of-use assets	-	(4,762,581)	-	-	-
Effect of translation of net investment by non-controlling interest in subsidiary	-	-	-	-	76,720
	(4,000)	(4,762,581)	-	(3,664,234)	76,720
Other changes:					
Liability-related					
Changes in other liabilities					
- Cash based	-	1,600,506	-	-	-
- Dividend payable	-	2,896	-	(2,896)	-
- Non-cash based	-	8,722,861	-	-	-
Transfer of profit to statutory reserve	-	-	3,360,305	(3,360,305)	-
Total liability related other changes	-	10,326,263	3,360,305	(3,363,201)	-
Equity related	-	-	2,441,209	30,685,561	77,844
Balance as at December 31, 2020	22,356,000	129,910,297	72,062,025	138,208,223	4,551,560

	2019				
	Liabilities		Equity		
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit	Non-controlling interest
	(Rupees in '000)				
Balance as at January 01, 2019	9,990,000	113,538,251	64,435,243	101,606,320	4,010,480
Changes from financing cash flows					
Repayment of subordinated debt	(4,000)	-	-	-	-
Proceeds from new issue of subordinated debt	12,374,000	-	-	-	-
Payment of lease liability against right-of-use assets	-	(5,264,295)			
Dividend paid	-	-	-	(7,581,966)	-
Effect of translation of net investment by non-controlling interest in subsidiary	-	-	-	-	168,861
	12,370,000	(5,264,295)	-	(7,581,966)	168,861
Other changes:					
Liability-related					
Changes in other liabilities					
- Cash based	-	(5,414,223)	-	-	-
- Dividend payable	-	(247,706)	-	247,706	-
- Non-cash based	-	21,734,588	-	-	-
Transfer of profit to statutory reserve	-	-	1,737,644	(1,737,644)	-
Total liability related other changes	-	16,072,659	1,737,644	(1,489,938)	-
Equity related	-	-	87,624	22,015,681	217,655
Balance as at December 31, 2019	22,360,000	124,346,615	66,260,511	114,550,097	4,396,996

35 STAFF STRENGTH

	2020	2019
	(Number)	
Permanent	**20,795**	21,005
On contract	**94**	104
Total staff strength	**20,889**	21,109

35.1 In addition to the above, 3,175 employees (2019: 3,246 employees) of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

35.2 Staff strength bifurcation

	2020	2019
	(Number)	
Domestic	**20,149**	20,316
Overseas	**740**	793
	20,889	21,109

36 DEFINED BENEFIT PLANS AND OTHER BENEFITS

36.1 General Information

The Bank operates the following schemes:

36.1.1 Pension Fund (defined benefit scheme)

The Bank operates an approved pension scheme for those of its employees who opted for this scheme when it was introduced in 1977. This scheme is applicable to:

- All clerical employees
- Executives and officers who joined the Bank during the period from May 01, 1977 till December 31, 2001 and those who joined the Bank prior to introduction of the scheme and opted for this scheme when it was introduced.

For clerical employees, the benefit is based on their actual years of service as of the statement of financial position date and their current salary. For executives and officers, the benefit is based on their years of service up to March 31, 2005 and their basic salary as on March 31, 2014. For service subsequent to this date (i.e. from April 01, 2005), they are entitled to the Bank's contributory gratuity fund (refer note 37.2) and the Bank's contributory provident fund (refer note 37.1). Eligible clerical employees as well as eligible executives and officers are entitled to a certain minimum pension as per applicable rules.

36.1.2 Benevolent Fund (defined benefit scheme)

The Bank operates an approved funded benevolent scheme for all employees who retire from the Bank and who joined on or before December 31, 2018. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction and a matching monthly subscription is made by the Bank. Post retirement, all eligible employees are entitled to receive a fixed monthly amount or one-time lump sum payment in lieu of a fixed monthly amount as per the rules of the Fund. Clerical employees are additionally entitled to certain grants during the period of their service subject to the fulfilment of certain conditions as specified in the rules of the Fund.

36.1.3 Post-Retirement Medical Benefits (defined benefit scheme)

The Bank provides a non-funded scheme for post-retirement medical benefits to all employees.

Executives and officers who have retired from January 01, 2006 onwards receive lump sum payments as a full and final settlement in lieu of post-retirement medical benefits. Executives and officers who retired prior to this date, and all clerical employees receive these benefits as reimbursements when incurred.

36.1.4 Compensated Absences (defined benefit scheme)

The Bank maintains a non-funded scheme for compensated absences. This is applicable to those employees who were in the service of the Bank as of December 31, 2008 and who had accumulated leave balances up to a maximum of 365 days as at that date. Employees are entitled to proceed on Leave Prior to Retirement (LPR) upto the amount of their accrued leave while continuing to receive gross salary. This benefit vests on retirement or, in the case of premature retirement, on the completion of 30 years of service.

Employees may be required by the Bank to continue working during the whole or a part of their LPR period. Such employees are entitled to gross salary and certain benefits during the period they are required to work and, additionally, to leave encashment amounting to 50% of this period.

Clerical employees have the option of not proceeding on LPR and instead encashing 50% of their accumulated leave balance upto a maximum of 180 days.

36.1.5 Other Post-Retirement Benefits (defined benefit scheme)

The Bank offers an additional benefit to all executives on retirement. Under this scheme, a lump sum amount equal to six months of house rent allowance, utilities allowance, car benefit allowance and conveyance allowance is paid to the executive on retirement. However, in case of the death in service of an executive prior to retirement, the lump sum amount includes an additional six months of house rent allowance.

36.1.6 Pension and Life Assurance Scheme (defined benefit scheme)

The Bank operates a pension and life assurance scheme for those employees who joined its UK operations prior to December 26, 2001. The scheme was established with effect from May 01, 1978 under a Trust Deed of that date and is governed by that Trust Deed together with various supplemental and amending deeds executed over the lifetime of the scheme.

The triennial actuarial valuation as at May 01, 2019 revealed a deficit of £1.7 million under the Statement of Funding Principles (SFP). In order to address this deficit, the Bank will pay £50,500 per month for three years starting from September 01 ,2020.

36.1.7 Other schemes

Employee benefit schemes offered by the Bank’s overseas branches are governed by the laws of the respective countries in which the branches operate.

36.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2020	2019
	(Per annum)	
Valuation discount rate	**9.75%**	11.25%
Expected rate of increase in salary level	**8.75%**	10.25%
Expected rate of increase in pension	**5.00%**	5.00%
Expected rate of increase in medical benefit	**7.75%**	9.25%
Expected rate of return on funds invested	**9.75%**	11.25%

36.3 Number of employees under the scheme

	(Number)	
Pension fund	**1,709**	1,902
Benevolent fund	**12,087**	13,835
Post retirement medical benefit scheme	**18,708**	16,708
Compensated absences	**3,975**	4,578
Other Post-Retirement Benefits	**2,188**	2,077

36.4 Pension, gratuity, benevolent fund schemes and other benefits

36.4.1 The fair value of plan assets and the present value of defined benefit obligations of these schemes as at December 31, 2020 are as follows:

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	**6,218,050**	**-**	**2,583,853**	**-**	**-**	**-**
Present value of defined benefit obligations	**(7,003,540)**	**-**	**(1,079,752)**	**(3,763,654)**	**(2,492,992)**	**(585,038)**
(Payable to) / receivable from the fund	**(785,490)**	**-**	**1,504,101**	**(3,763,654)**	**(2,492,992)**	**(585,038)**

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	5,565,467	24,419	2,372,581	-	-	-
Present value of defined benefit obligations	(6,143,431)	-	(993,646)	(3,872,768)	(2,644,978)	(508,589)
(Payable to) / receivable from the fund	(577,964)	24,419	1,378,935	(3,872,768)	(2,644,978)	(508,589)

36.4.2 Movement in the present value of defined benefit obligations

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	**6,143,431**	**-**	**993,646**	**3,872,768**	**2,644,978**	**508,589**
Current service cost	**75,580**	**-**	**31,162**	**138,076**	**68,744**	**92,450**
Interest cost	**681,720**	**-**	**108,910**	**432,948**	**280,079**	**58,845**
Benefits paid by the Bank	**(461,582)**	**-**	**(139,344)**	**(286,937)**	**(430,515)**	**(73,503)**
Past service cost	**-**	**-**	**-**	**-**	**-**	**-**
Remeasurement (gains) / losses	**564,391**	**-**	**85,378**	**(393,201)**	**(70,294)**	**(1,343)**
Obligations at the end of the year	**7,003,540**	**-**	**1,079,752**	**3,763,654**	**2,492,992**	**585,038**

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	5,404,742	4,257	1,090,293	3,945,133	3,080,403	504,466
Current service cost	72,542	349	25,384	157,504	80,465	89,088
Interest cost	713,148	428	138,763	523,400	320,427	67,618
Benefits paid by the Bank	(498,490)	(3,972)	(136,728)	(322,059)	(488,510)	(74,478)
Past service cost	-	-	-	-	-	-
Remeasurement (gains) / losses	451,489	(1,062)	(124,066)	(431,210)	(347,807)	(78,105)
Obligations at the end of the year	6,143,431	-	993,646	3,872,768	2,644,978	508,589

36.4.3 Movement in fair value of plan assets

	2020			2019		
	Pension Fund	Gratuity Fund	Benevolent Fund	Pension Fund	Gratuity Fund	Benevolent Fund
	(Rupees in '000)					
Fair value at the beginning of the year	**5,565,467**	**24,419**	**2,372,581**	4,434,303	39,550	2,190,450
Expected return on plan assets	**620,075**	**-**	**255,987**	585,646	4,822	275,741
Contribution by the Bank	**577,964**	**-**	**38,752**	970,439	(13,952)	45,155
Contributions by the employees	**-**	**-**	**38,752**	-	-	45,155
Benefits paid by the Bank	**(461,582)**	**-**	**(139,344)**	(498,490)	(3,972)	(136,728)
Excess funds returned to the Bank	**-**	**(24,419)**	**-**	-	-	-
Remeasurement (losses) / gains	**(83,874)**	**-**	**17,125**	73,569	(2,029)	(47,192)
Fair value at the end of the year	**6,218,050**	**-**	**2,583,853**	5,565,467	24,419	2,372,581

36.4.4 Movement in amounts payable to / (receivable from) defined benefit plans

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Opening balance	**577,964**	**(24,419)**	**(1,378,935)**	**3,872,768**	**2,644,978**	**508,589**
Charge / (reversal) for the year	**137,225**	**-**	**(154,667)**	**571,024**	**278,529**	**151,295**
Contribution by the Bank - net	**(577,964)**	**-**	**(38,752)**	**-**	**-**	**-**
Remeasurement losses / (gains) recognised in OCI during the year	**648,265**	**-**	**68,253**	**(393,201)**	**-**	**(1,343)**
Benefits paid by the Bank	**-**	**-**	**-**	**(286,937)**	**(430,515)**	**(73,503)**
Excess funds returned to the Bank	**-**	**24,419**	**-**	**-**	**-**	**-**
Closing balance	**785,490**	**-**	**(1,504,101)**	**3,763,654**	**2,492,992**	**585,038**

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Opening balance	970,439	(35,293)	(1,100,157)	3,945,133	3,080,403	504,466
Charge / (reversal) for the year	200,044	(4,045)	(156,749)	680,904	53,085	156,706
Contribution by the Bank - net	(970,439)	13,952	(45,155)	-	-	-
Remeasurement losses / (gains) recognised in OCI during the year	377,920	967	(76,874)	(431,210)	-	(78,105)
Benefits paid by the Bank	-	-	-	(322,059)	(488,510)	(74,478)
Closing balance	577,964	(24,419)	(1,378,935)	3,872,768	2,644,978	508,589

36.4.5 Charge for defined benefit plans

36.4.5.1 Cost recognised in profit and loss

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Current service cost	**75,580**	**-**	**31,162**	**138,076**	**68,744**	**92,450**
Net interest on defined benefit asset / liability	**61,645**	**-**	**(147,077)**	**432,948**	**280,079**	**58,845**
Past service cost	**-**	**-**	**-**	**-**	**-**	**-**
Actuarial losses recognised	**-**	**-**	**-**	**-**	**(70,294)**	**-**
Contributions by the employees	**-**	**-**	**(38,752)**	**-**	**-**	**-**
	137,225	**-**	**(154,667)**	**571,024**	**278,529**	**151,295**

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Current service cost	72,542	349	25,384	157,504	80,465	89,088
Net interest on defined benefit asset / liability	127,502	(4,394)	(136,978)	523,400	320,427	67,618
Past service cost	-	-	-	-	-	-
Actuarial losses recognised	-	-	-	-	(347,807)	-
Contributions by the employees	-	-	(45,155)	-	-	-
	200,044	(4,045)	(156,749)	680,904	53,085	156,706

36.4.5.2 Remeasurements recognised in OCI during the year

	2020				
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	**663,792**	**-**	**62,527**	**(26,683)**	**(4,638)**
- Demographic assumptions	**-**	**-**	**-**	**-**	**-**
- Experience adjustment	**(99,400)**	**-**	**22,851**	**(366,518)**	**3,295**
	564,392	**-**	**85,378**	**(393,201)**	**(1,343)**
Losses / (gains) on plan assets	**83,873**	**-**	**(17,125)**	**-**	**-**
Total remeasurement losses / (gains) recognised in OCI	**648,265**	**-**	**68,253**	**(393,201)**	**(1,343)**

	2019				
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	494,696	-	71,969	(36,421)	(5,255)
- Demographic assumptions	9,649	-	-	-	-
- Experience adjustment	(52,856)	(1,062)	(196,035)	(394,789)	(72,850)
	451,489	(1,062)	(124,066)	(431,210)	(78,105)
Losses / (gains) on plan assets	(73,569)	2,029	47,192	-	-
Total remeasurement losses / (gains) recognised in OCI	377,920	967	(76,874)	(431,210)	(78,105)

36.4.6 Components of fair value of plan assets

	2020			2019		
	Pension Fund	Gratuity Fund	Benevolent Fund	Pension Fund	Gratuity Fund	Benevolent Fund
	(Rupees in '000)					
Cash and cash equivalents - net	**5,164**	**-**	**68,856**	5,068	24,419	79,331
Government securities	**5,253,313**	**-**	**2,448,137**	3,917,714	-	2,226,390
Shares	**959,573**	**-**	**-**	1,642,685	-	-
Non-Government debt securities	**-**	**-**	**66,860**	-	-	66,860
	6,218,050	**-**	**2,583,853**	5,565,467	24,419	2,372,581

The funds primarily invest in Government securities (Market Treasury Bills, Pakistan Investment Bonds and Special Savings Certificates) which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

36.4.7 Sensitivity analysis of defined benefit obligations

A sensitivity analysis has been performed by varying one assumption while keeping all other assumptions constant and calculating the impact on the present value of defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of changes in each assumption is summarized below:

	2020				
	Pension Fund	Benevolent Fund	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
1% increase in discount rate	**(461,585)**	**(42,700)**	**(385,518)**	**(96,175)**	**(42,236)**
1% decrease in discount rate	**675,348**	**47,341**	**468,487**	**103,971**	**48,147**
1% increase in expected rate of salary increase	**119,655**	**-**	**-**	**115,315**	**51,052**
1% decrease in expected rate of salary increase	**(111,016)**	**-**	**-**	**(108,358)**	**(45,468)**
1% increase in expected rate of increase in minimum pension	**286,113**	**-**	**-**	**-**	**-**
1% decrease in expected rate of increase in minimum pension	**(238,236)**	**-**	**-**	**-**	**-**
1% increase in expected rate of increase in medical benefit	**-**	**-**	**164,872**	**-**	**-**
1% decrease in expected rate of increase in medical benefit	**-**	**-**	**(146,390)**	**-**	**-**

36.4.8 Expected contributions to the schemes in the next financial year

The Bank contributes to the pension fund according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme.

	2021				
	Pension Fund	Benevolent Fund	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
Expected charge / (reversal) for the year	155,515	(145,042)	522,451	291,360	165,447

36.4.9 Maturity profile

	2020				
	Pension Fund	Benevolent Fund	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
The weighted average duration of the obligation (in years)	**6.59**	**7.91**	**10.06**	**7.72**	**7.69**

36.4.10 Funding Policy

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by the assets of the Fund on any valuation date, based on actuarial assumptions.

36.4.11 The significant risks associated with the staff retirement benefit schemes are as follows:

Mortality risks

The risk that the actual mortality experience is different. The impact depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk that the investments of the Funds will underperform and not be sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

37 DEFINED CONTRIBUTION PLANS

37.1 Provident Fund

For employees hired on or after January 01, 2002, the Bank operates an approved provident fund under which both the Bank and the employees make monthly contributions as follows:

For executives and officers	6% of basic salary
For clerical staff	12% of basic salary

Executives and officers hired upto December 31, 2001, who are covered by the Bank's pension scheme (refer note 36.1.1 above) also became eligible for Bank's contributory provident fund benefits effective April 01, 2005.

This scheme covers 15,509 employees (2019: 15,047 employees).

Payments are made to employees on retirement, death, resignation and discharge as specified in the rules of the Fund.

37.2 Contributory Gratuity Fund

For employees hired on or after January 01, 2002, the Bank operates an approved funded Bank contributory gratuity scheme. Executives and officers hired up to December 31, 2001, who are covered by the Bank's pension scheme (refer note 36.1.1 above) also became eligible for Bank's contributory gratuity fund benefits effective April 01, 2005.

The Bank contributes an amount equal to half of the employees' monthly basic salary for each completed year of service and, on a pro-rata basis, for partially completed years of service. Payments are made to the employees on retirement, death, resignation after completion of at least 10 years of continuous service, and discharge as specified in the rules of the Fund.

This scheme covers 15,100 employees (2019: 15,361 employees).

38 DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS OF SUBSIDIARY COMPANIES

38.1 General information

Employee benefits offered by subsidiary companies are as follows:

38.1.1 HBL Bank UK Limited

Pension Fund (defined contribution scheme)

HBL Bank UK (HBL UK) operates a defined contribution pension scheme for its employees. Under current UK legislation, employees have the right to opt out of the pension scheme. HBL UK contributes an amount equal to 5% of each member's monthly basic salary and the cost is recognised when the contributions are made. The minimum employee contribution is 3% of basic salary, but the contribution can be increased at the discretion of the employee. The total amount contributed by the bank and the employee is capped at £40,000 per annum.

38.1.2 HBL Asset Management Limited (HBL AML)

Gratuity Fund (defined benefit scheme)

HBL AML operates an approved defined benefit gratuity fund for all employees with a vesting period of 5 years. Eligible employees are entitled to half of one month's basic salary for each completed year of service, with partially completed years rounded up or down to the nearest year. Payments are made to employees upon retirement, resignation or death. Actuarial valuations are conducted annually by an independent actuary, using the Projected Unit Credit Method.

Provident Fund (defined contribution scheme)

HBL AML also operates a defined contribution provident fund scheme for its eligible employees. Monthly contributions are made by HBL AML and its employees at 8.33% of basic salary in accordance with the rules of the Fund.

38.1.3 First MicroFinanceBank Limited (FMFB)

Gratuity Fund (defined benefit scheme)

FMFB operates an approved defined benefit gratuity fund for all employees with a vesting period of 5 years. Eligible employees are entitled to one month's basic salary for each completed year of service, with partially completed years beyond the vesting period rounded up or down to the nearest year. Payments are made to employees upon retirement, resignation or death. Actuarial valuations are conducted annually by an independent actuary, using the Projected Unit Credit Method.

Provident Fund (defined contribution scheme)

FMFB also operates a defined contribution provident fund scheme for its eligible employees. Monthly contributions are made by FMFB and its employees at 10% of basic salary in accordance with the rules of the Fund.

38.1.4 Habib Currency Exchange (Private) Limited (HCEL)

Gratuity Fund (defined contribution scheme)

HCEL operates a defined contribution gratuity scheme for eligible employees. HCEL contributes an amount equal to half of the employees' monthly basic salary for each completed year of service and on a pro-rata basis, for partially completed years of service. Payments are made to the employees on retirement, death, resignation after completion of at least 10 years of continuous service and discharge as specified in the rules of the Fund.

Provident Fund (defined contribution scheme)

HCEL also operates a defined contribution provident fund scheme for its eligible employees. Monthly contributions are made by HCEL and its employees at 6% of basic salary, in accordance with the rules of the Fund.

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

2020

Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	(Rupees in '000)						
Fees and Allowances etc.	12,600	-	71,400	12,807	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	138,669	812,435	1,019,471
ii) Total Variable							
- Cash Bonus	-	-	-	-	63,000	364,113	211,946
- Guaranteed Bonus	-	-	-	-	-	-	2,699
Charge for defined benefit plan	-	-	-	-	-	1,217	1,814
Contribution to defined contribution plan	-	-	-	-	-	36,161	58,140
Rent & house maintenance	-	-	-	-	12,900	223,024	284,814
Utilities	-	-	-	-	1,229	44,498	60,763
Medical	-	-	-	-	2,632	44,347	59,971
Conveyance	-	-	-	-	3,992	76,329	213,443
Others	-	-	-	-	-	-	43
Sub-total	12,600	-	71,400	12,807	222,422	1,602,124	1,913,104
Sign-on bonus	-	-	-	-	-	78,000	23,000
Severance payments	-	-	-	-	-	26,510	-
Grand Total	12,600	-	71,400	12,807	222,422	1,706,634	1,936,104
Total Number of Persons	1	-	5	3	1	32	135
Sign-on bonus - Number of Persons	-	-	-	-	-	2	6
Severance payments - Number of Persons	-	-	-	-	-	1	-
Guaranteed bonus - Number of Persons	-	-	-	-	-	-	1

2019

Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non-Executive				
	(Rupees in '000)						
Fees and Allowances etc.	6,800	-	43,800	16,316	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	128,200	624,349	981,785
ii) Total Variable - Cash Bonus	-	-	-	-	70,000	314,515	236,684
Charge for defined benefit plan	-	-	-	-	-	2,027	3,144
Contribution to defined contribution plan	-	-	-	-	-	33,218	53,089
Rent & house maintenance	-	-	-	-	13,301	189,219	265,285
Utilities	-	-	-	-	948	39,809	59,500
Medical	-	-	-	-	3,438	46,278	53,574
Conveyance	-	-	-	-	3,408	72,414	196,551
Others	-	-	-	-	-	-	164
Sub-total	6,800	-	43,800	16,316	219,295	1,321,829	1,849,776
Sign-on bonus	-	-	-	-	-	22,700	5,000
Grand Total	6,800	-	43,800	16,316	219,295	1,344,529	1,854,776
Total Number of Persons	1	-	5	3	1	32	131
Sign-on bonus - Number of Persons	-	-	-	-	-	2	4

The total amount of deferred bonus outstanding as at December 31, 2020 for the President / Chief Executive Officer (CEO), Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs 256.626 million (2019: Nil).

The CEO and certain Executives are provided with free club memberships. The CEO and the Chief Operating Officer (COO) are also provided with free use of Bank maintained cars in accordance with their entitlements.

39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	2020 Meeting Fees and Allowances Paid									
		For Board Meetings	For Board Committees								Total Amount Paid
			Board Audit Committee (BAC)	Board Risk Management Committee (BRMC)	Board Compliance and Conduct Committee (BCNC)	Board Human Resource & Remuneration Committee (BHRRC)	Board IT Committee (BITC)	Board Development Finance Committee (BDFC)	Board Nomination & Remuneration Committee (BNRC)**	Board Oversight Committee - International Governance (BOC IG)	
		(Rupees in '000)									
1	Mr. Sultan Ali Allana	4,800	-	-	-	3,000	-	1,800	-	3,000	12,600
2	Mr. Salim Chinoy	4,800	4,800	-	4,800	-	-	-	-	-	14,400
3	Mr. Shaffiq Dharamshi*	-	-	-	-	-	-	-	-	-	-
4	Mr. Moez Ahamed Jamal	4,800	4,800	-	4,800	-	-	-	600	-	15,000
5	Ms. Diane Elizabeth Moore	4,800	-	-	4,800	-	2,400	-	-	-	12,000
6	Mr. Salim Raza	4,800	-	4,200	-	-	2,400	1,800	600	-	13,800
7	Dr. Najeeb Samie	4,800	4,800	-	-	3,000	-	-	600	3,000	16,200
	Total Amount Paid	28,800	14,400	4,200	14,400	6,000	4,800	3,600	1,800	6,000	84,000

In addition to the above, as per the Bank's policy, Rs 0.925 million was also paid to the Directors on account of daily allowance for attending Board and Committee meetings during the year.

* Mr. Shaffiq Dharamshi is an employee of AKFED (the parent company of the Bank) and is not paid meeting fees or any other allowances.

** The Board Remuneration Committee (BRC) was merged into the BNRC, as disclosed in the Directors' Report.

39.2.1 Note: The Board Oversight Committee - New York (BOC NY) was dissolved on April 22, 2020 and no meetings were held during the year.

Sr. No.	Name of Director	2019 Meeting Fees and Allowances Paid									
		For Board Meetings	For Board Committees								Total Amount Paid
			Board Audit Committee (BAC)	Board Risk Management Committee (BRMC)	Board Compliance and Conduct Committee (BCNC)	Board Human Resource & Remuneration Committee (BHRRC)	Board IT Committee (BITC)	Board Development Finance Committee (BDFC)	Board Oversight Committee - New York (BOC NY)	Board Oversight Committee - International Governance (BOC IG)	
		(Rupees in '000)									
1	Mr. Sultan Ali Allana	3,000	-	-	-	1,800	-	800	-	1,200	6,800
2	Mr. Shaffiq Dharamshi*	-	-	-	-	-	-	-	-	-	-
3	Mr. Moez Ahamed Jamal	3,400	3,400	-	3,000	-	-	-	400	-	10,200
4	Ms. Sadia Khan**	2,400	2,800	-	2,400	2,000	-	-	-	-	9,600
5	Mr. Salim Raza	3,400	-	2,200	-	-	1,800	1,200	-	-	8,600
6	Dr. Najeeb Samie	3,400	3,400	-	-	600	-	-	1,600	1,200	10,200
7	Mr. Agha Sher Shah***	2,400	-	-	-	1,600	1,200	-	-	-	5,200
	Total Amount Paid	18,000	9,600	2,200	5,400	6,000	3,000	2,000	2,000	2,400	50,600

In addition to the above, Rs 5.359 million was also paid to the Directors, where applicable as per the Bank's policy, on account of daily allowance for attending Board and Committee meetings, official visits and foreign trainings during the year.

* Mr. Shaffiq Dharamshi is an employee of AKFED (the parent company of the Bank) and is not paid meeting fees or any other allowances.

** Ms. Sadia Khan resigned from the Board with effect from November 15, 2019.

*** Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019.

39.2.2 Note: A Board Remuneration Committee was formed in the Board Meeting held on September 17, 2019 to comply with the SBP's BPRD Circular No. 3 of 2019 "Amendments in Prudential Regulation G-1" relating to remuneration of Board members. The Committee included Dr. Najeeb Samie and Mr. Salim Raza as its members. The Committee did not hold any formal meeting in 2019.

39.3 **Remuneration paid to Shariah Board Members**

Items	2020				2019			
	Chairman	Resident Member	Non-Resident Member	Total	Chairman	Resident Member	Non-Resident Member	Total
	(Rupees in '000)							
Fixed Remuneration	**4,200**	**3,886**	**3,600**	**11,686**	5,190	5,025	4,500	14,715
Allowances	**50**	**1,071**	**-**	**1,121**	46	1,555	-	1,601
Total Amount	**4,250**	**4,957**	**3,600**	**12,807**	5,236	6,580	4,500	16,316
Total Number of Persons	**1**	**1**	**1**	**3**	1	1	1	3

40 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements using inputs that are not based on observable market data.

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Non-Government debt securities	Investments in non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in non-Government debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Foreign Government debt securities	The fair values of foreign Government debt securities are determined on the basis of rates taken from Bloomberg / Reuters.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Derivatives	The Group enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

40.1 **Fair value of financial assets**

The following table provides the fair values of those of the Group's financial assets and liabilities that are recognised or disclosed at fair value in these consolidated financial statements:

On balance sheet financial instruments	As at December 31, 2020 Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,531,690,989	-	1,531,690,989	-	1,531,690,989
- Shares - listed companies	5,985,004	5,985,004	-	-	5,985,004
- Non-Government debt securities					
- Listed	47,265,405	40,240,000	7,025,405	-	47,265,405
- Unlisted	622,501	-	622,501	-	622,501
- Foreign securities					
Government debt securities	45,168,168	-	45,168,168	-	45,168,168
- Non-Government debt securities - listed	13,750,422	-	13,750,422	-	13,750,422
- National Investment Unit Trust	46,839	-	46,839	-	46,839
- Real Estate Investment Trust units	53,000	53,000	-	-	53,000
- Preference Shares	855,400	855,400	-	-	855,400
	1,645,437,728	47,133,404	1,598,304,324	-	1,645,437,728
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	227,930,870	-	228,022,102	-	228,022,102
- Non-Government debt securities					
- Listed	4,277,922	-	4,304,568	-	4,304,568
- Unlisted	17,826,657	-	17,826,657	-	17,826,657
- Foreign securities					
Government debt securities	13,617,532	-	15,850,104	-	15,850,104
Non-Government debt securities					
- Listed	1,182,691	-	1,338,915	-	1,338,915
- Unlisted	311,326	-	312,842	-	312,842
	265,146,998	-	267,655,188	-	267,655,188
	1,910,584,726	47,133,404	1,865,959,512	-	1,913,092,916

Off-balance sheet financial instruments - measured at fair value	As at December 31, 2020 Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	436,716,313	-	(2,257,672)	-	(2,257,672)
- Forward Government securities transactions	150,757,178	-	(52,974)	-	(52,974)
- Derivative instruments	38,504,637	-	(1,266,883)	-	(1,266,883)

On balance sheet financial instruments	As at December 31, 2019 Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,080,978,774	-	1,080,978,774	-	1,080,978,774
- Shares - listed companies	6,653,529	6,653,529	-	-	6,653,529
- Non-Government debt securities - listed	1,722,749	-	1,722,749	-	1,722,749
- Foreign securities					
Government debt securities	34,165,484	-	34,165,484	-	34,165,484
Non-Government debt securities					
- Listed	15,699,559	-	15,699,559	-	15,699,559
- Unlisted	349,384	-	349,384	-	349,384
- National Investment Unit Trust	42,804	-	42,804	-	42,804
- Real Estate Investment Trust units	62,450	62,450	-	-	62,450
	1,139,674,733	6,715,979	1,132,958,754	-	1,139,674,733
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	168,098,017	-	159,201,649	-	159,201,649
- Non-Government debt securities					
- Listed	5,799,373	-	5,839,857	-	5,839,857
- Unlisted	19,705,186	-	19,705,185	-	19,705,185
- Foreign securities					
Government debt securities	7,371,115	-	7,615,906	-	7,615,906
Non-Government debt securities					
- Listed	1,280,682	-	1,288,664	-	1,288,664
- Unlisted	512,933	-	516,268	-	516,268
	202,767,306	-	194,167,529	-	194,167,529
	1,342,442,039	6,715,979	1,327,126,283	-	1,333,842,262

Off-balance sheet financial instruments - measured at fair value	As at December 31, 2019 Notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	591,509,497	-	(1,433,126)	-	(1,433,126)
- Forward Government securities transactions	107,869,401	-	25,258	-	25,258
- Derivative instruments	29,437,457	-	(1,654,370)	-	(1,654,370)

40.2 Fair value of non-financial assets

	As at December 31, 2020				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Fixed assets	52,856,178	-	-	52,856,178	52,856,178
- Non-banking assets acquired in satisfaction of claims	639,379	-	-	639,379	639,379
	53,495,557	-	-	53,495,557	53,495,557

	As at December 31, 2019				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Fixed assets	45,145,063	-	-	45,145,063	45,145,063
- Non-banking assets acquired in satisfaction of claims	626,000	-	-	626,000	626,000
	45,771,063	-	-	45,771,063	45,771,063

41 SEGMENT INFORMATION

41.1 Segment details with respect to Business Activities

	For the year ended December 31, 2020									
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspon-dent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account	(Rupees in million)									
Net mark-up / return / profit / interest income	(71,459)	25,449	12,414	38,471	117,575	6,288	(231)	6,484	(4,887)	130,104
Inter segment revenue / (expense) - net	121,878	(13,763)	-	(23,270)	(96,858)	3,028	-	-	8,985	-
Non mark-up / interest income	3,647	6,193	376	3,360	10,439	3,075	604	876	2,025	30,595
Total Income	54,066	17,879	12,790	18,561	31,156	12,391	373	7,360	6,123	160,699
Segment direct expenses	25,491	7,366	1,783	3,398	1,333	22,196	294	4,978	28,610	95,449
Inter segment expense allocation	12,646	1,796	635	1,678	271	7,128	-	-	(24,154)	-
Total expenses	38,137	9,162	2,418	5,076	1,604	29,324	294	4,978	4,456	95,449
Provisions - charge / (reversal)	73	2,160	907	3,034	(1,215)	5,563	-	1,567	130	12,219
Profit / (loss) before tax	15,856	6,557	9,465	10,451	30,767	(22,496)	79	815	1,537	53,031

	As At December 31, 2020									
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspon-dent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position	(Rupees in million)									
Cash and bank balances	179,590	-	12,771	293	125,940	101,353	3	11,425	439	431,814
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	-	-	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	93,245	461	14,542	31,888	1,948,577
Advances - performing	-	163,801	153,152	618,911	-	218,573	-	40,784	17,021	1,212,242
Advances - non-performing	-	1,960	211	4,308	-	3,943	-	844	3	11,269
Others	15,636	3,946	7,295	25,006	30,760	25,208	2,987	8,635	95,534	215,007
Total assets	1,625,739	169,707	318,396	657,193	1,841,744	626,214	3,451	76,230	290,590	5,609,264
Borrowings	-	4,011	32,183	100,397	324,181	79,714	1,600	2,022	-	544,108
Subordinated debt	-	-	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	465,866	-	61,726	6,884	2,830,371
Inter-segment borrowing	-	159,043	-	98,870	1,502,288	-	-	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	39,165	390	5,817	74,679	186,733
Total liabilities	1,625,739	169,707	295,629	657,193	1,835,282	584,745	1,990	69,565	103,919	5,343,769
Equity	-	-	22,767	-	6,462	41,469	1,461	6,665	186,671	265,495
Total equity and liabilities	1,625,739	169,707	318,396	657,193	1,841,744	626,214	3,451	76,230	290,590	5,609,264
Contingencies and commitments	13,104	-	9,416	321,938	551,311	97,502	-	-	28,891	1,022,162

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

	For the year ended December 31, 2019									
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspon-dent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account	(Rupees in million)									
Net mark-up / return / profit / interest income	(83,974)	26,235	10,463	58,352	83,323	7,805	(277)	4,875	(5,479)	101,323
Inter segment revenue / (expense) - net	146,160	(15,262)	-	(46,372)	(93,182)	2,828	-	-	5,828	-
Non mark-up / interest income	5,287	6,297	587	4,209	1,695	4,701	691	798	(103)	24,162
Total Income	67,473	17,270	11,050	16,189	(8,164)	15,334	414	5,673	246	125,485
Segment direct expenses	25,349	7,726	1,540	3,243	474	26,979	315	4,098	23,565	93,289
Inter segment expense allocation	10,970	1,403	577	1,418	225	5,260	-	-	(19,853)	-
Total expenses	36,319	9,129	2,117	4,661	699	32,239	315	4,098	3,712	93,289
Provisions - charge / (reversal)	37	1,237	86	443	(66)	333	-	853	392	3,315
Profit/ (loss) before tax	31,117	6,904	8,847	11,085	(8,797)	(17,238)	99	722	(3,858)	28,881

	As At December 31, 2019									
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspon-dent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position	(Rupees in million)									
Cash and bank balances	144,856	-	17,199	228	121,382	118,659	11	5,855	652	408,842
Lendings to financial institutions	-	-	20,489	-	24,814	-	-	-	-	45,303
Inter segment lending	1,306,601	-	40,224	-	-	84,588	-	-	134,236	1,565,649
Investments	-	-	33,594	9,944	1,232,755	72,183	283	4,513	26,335	1,379,607
Advances - performing	-	146,129	153,042	596,652	-	218,743	-	30,201	12,919	1,157,686
Advances - non-performing	-	1,807	75	2,168	-	4,486	-	735	-	9,271
Others	18,566	4,810	11,591	37,868	40,458	33,481	3,012	5,907	70,731	226,424
Total assets	1,470,023	152,746	276,214	646,860	1,419,409	532,140	3,306	47,211	244,873	4,792,782
Borrowings	-	2,426	10,780	79,370	199,964	87,666	2,000	-	-	382,206
Subordinated debt	-	-	-	-	-	-	-	-	22,360	22,360
Deposits and other accounts	1,451,434	198	242,604	318,013	20	384,586	-	38,404	2,338	2,437,597
Inter segment borrowing	-	145,451	-	227,143	1,193,055	-	-	-	-	1,565,649
Others	18,589	4,671	6,122	22,334	25,056	8,023	400	2,745	72,278	160,218
Total liabilities	1,470,023	152,746	259,506	646,860	1,418,095	480,275	2,400	41,149	96,976	4,568,030
Equity	-	-	16,708	-	1,314	51,865	906	6,062	147,897	224,752
Total equity and liabilities	1,470,023	152,746	276,214	646,860	1,419,409	532,140	3,306	47,211	244,873	4,792,782
Contingencies and commitments	10,219	-	3,776	247,336	661,004	78,220	-	-	25,244	1,025,799

41.1.1 Comparative figures have been restated resulting from a reorganisation and subsequent changes in segment definitions during the year.

41.2 Segment details with respect to geographical locations

	For the year ended December 31, 2020				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
Profit and loss account	(Rupees in million)				
Net mark-up / return / profit / interest income	122,060	4,088	2,120	1,836	130,104
Non mark-up / interest income	28,184	1,376	(77)	1,112	30,595
Total Income	150,244	5,464	2,043	2,948	160,699
Segment direct expenses	73,546	6,866	3,435	11,602	95,449
Provisions - charge	6,837	3,958	971	453	12,219
Profit / (loss) before tax	69,861	(5,360)	(2,363)	(9,107)	53,031

	As at December 31, 2020				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe	Total
Statement of financial position	---------------------------- (Rupees in million) --------------------------------				
Cash and bank balances	330,991	38,343	21,995	40,485	431,814
Lendings to financial institutions	30,154	-	-	-	30,154
Investments	1,863,143	35,743	32,956	16,735	1,948,577
Advances - performing	1,016,840	99,131	25,536	70,735	1,212,242
Advances - non-performing	7,325	1,010	852	2,082	11,269
Others	199,834	3,408	6,331	5,434	215,007
Total assets	3,448,287	177,635	87,670	135,471	3,849,063
Borrowings	464,394	68,234	5,487	5,993	544,108
Subordinated debt	22,356	-	-	-	22,356
Deposits and other accounts	2,572,488	117,369	36,324	104,191	2,830,372
Others	201,488	(35,495)	9,430	11,309	186,732
Total liabilities	3,260,726	150,108	51,241	121,493	3,583,568
Equity	187,561	27,527	36,429	13,978	265,495
Total equity and liabilities	3,448,287	177,635	87,670	135,471	3,849,063
Contingencies and commitments	925,335	44,376	16,497	35,954	1,022,162

	For the year ended December 31, 2019				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
Profit and loss account	---------------------------- (Rupees in million) --------------------------------				
Net mark-up / return / profit / interest income	92,343	4,989	1,697	2,294	101,323
Non mark-up / interest income	20,105	1,595	553	1,909	24,162
Total Income	112,448	6,584	2,250	4,203	125,485
Segment direct expenses	66,646	5,610	2,562	18,472	93,290
Provisions - charge / (reversal)	2,981	390	(69)	12	3,314
Profit / (loss) before tax	42,821	584	(243)	(14,281)	28,881

	As at December 31, 2019				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
Statement of financial position	---------------------------- (Rupees in million) --------------------------------				
Cash and bank balances	290,489	50,375	22,925	45,053	408,842
Lendings to financial institutions	45,303	-	-	-	45,303
Investments	1,316,035	24,948	18,022	20,602	1,379,607
Advances - performing	971,779	99,863	22,999	63,045	1,157,686
Advances - non-performing	4,785	1,245	602	2,639	9,271
Others	213,585	4,564	3,622	4,653	226,424
Total assets	2,841,976	180,995	68,170	135,992	3,227,133
Borrowings	294,541	83,762	2,013	1,890	382,206
Subordinated debt	22,360	-	-	-	22,360
Deposits and other accounts	2,171,663	136,614	26,330	102,990	2,437,597
Others	193,782	(76,206)	7,693	34,949	160,218
Total liabilities	2,682,346	144,170	36,036	139,829	3,002,381
Equity	159,630	36,825	32,134	(3,837)	224,752
Total equity and liabilities	2,841,976	180,995	68,170	135,992	3,227,133
Contingencies and commitments	948,250	44,754	3,285	29,510	1,025,799

42 TRUST ACTIVITIES

The Group undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in the consolidated financial statements. Assets held under trust are shown in the table below:

Category	No. of IPS Accounts	As at December 31, 2020 Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
		(Rupees in '000)			
Asset Management companies	5	72,000	75,000	49,500	196,500
Charitable institutions	2	40,000	170,000	-	210,000
Companies	66	24,238,125	49,761,200	-	73,999,325
Employee funds	67	17,808,665	20,016,780	-	37,825,445
Individuals	126	3,971,220	1,675,768	-	5,646,988
Insurance companies	5	18,338,340	299,671,600	8,138,200	326,148,140
Non-Government organizations	1	10,135	-	-	10,135
Others	14	3,910,950	819,400	-	4,730,350
	286	68,389,435	372,189,748	8,187,700	448,766,883

Category	No. of IPS Accounts	As at December 31, 2019 Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
		(Rupees in '000)			
Asset Management companies	1	-	600,000	-	600,000
Charitable institutions	2	65,000	170,000	-	235,000
Companies	50	18,693,330	39,036,100	-	57,729,430
Employee funds	68	19,987,830	18,878,380	-	38,866,210
Individuals	143	4,543,720	2,766,718	150	7,310,588
Insurance companies	3	4,641,270	235,244,900	675,000	240,561,170
Non-Government organizations	2	12,570	-	-	12,570
Others	13	4,013,275	977,700	-	4,990,975
	282	51,956,995	297,673,798	675,150	350,305,943

43 RELATED PARTY TRANSACTIONS

The Group has related party relationships with various parties including its Directors, Key Management Personnel, Group entities, associated companies, joint venture and employee benefit schemes of the Group.

Transactions with related parties, other than those under the terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

Contributions to and accruals in respect of staff retirement and other benefit schemes are made in accordance with the actuarial valuations / terms of the schemes.

Details of transactions and balances with related parties as at the year end are as follows:

	As at December 31, 2020					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Statement of financial position						
Balances with other banks						
In current accounts	-	-	25,483	-	4,177	-
Investments						
Opening balance	-	-	-	25,464,030	4,897,973	4,775,603
Investment made during the year	-	-	-	2,218,672	-	-
Share of profit - net of tax	-	-	-	2,355,545	607,545	-
Equity method related adjustments	-	-	-	(426,642)	60,492	-
Investment redeemed / disposed off during the year	-	-	-	(2,191,758)	-	-
Dividend received during the period	-	-	-	(668,527)	(518,967)	-
Revaluation of investment during the year	-	-	-	-	-	68,121
Closing balance	-	-	-	26,751,320	5,047,043	4,843,724
Advances						
Opening balance	1,144	302,682	3,853,355	1,375,000	-	7,924,895
Addition during the year	10,157	222,404	7,294,502	-	-	7,668,197
Repaid during the year	(11,062)	(162,557)	(6,729,728)	(250,000)	-	(6,242,581)
Transfer in / (out) - net	10	(56,693)	-	-	-	(1,601,517)
Other movements	-	-	86,400	-	-	-
Closing balance	249	305,836	4,504,529	1,125,000	-	7,748,994
Other assets						
Interest / mark-up accrued	-	710	23,444	30,556	-	198,970
Advance to contractor	-	-	10,214	-	-	-
Other receivable / prepayments	-	-	3,488	305,588	-	3,679
	-	710	37,146	336,144	-	202,649
Borrowings						
Opening balance	-	-	2,787,405	929,086	1,548,476	-
Borrowings during the year	-	-	9,160,032	2,913,226	4,855,377	1,400,000
Settled during the year	-	-	(8,543,252)	(2,913,226)	(4,855,377)	(84,257)
Other movements	-	-	234,313	29,920	49,868	-
Closing balance	-	-	3,638,498	959,006	1,598,344	1,315,743
Deposits and other accounts						
Opening balance	97,816	193,679	10,999,321	11,245,398	-	3,183,114
Received during the year	687,076	2,384,726	258,689,238	652,057,799	-	60,738,998
Withdrawn during the year	(667,490)	(2,123,156)	(257,004,084)	(626,978,755)	-	(62,159,850)
Transfer in / (out) - net	4,619	35,680	-	-	-	(3,237)
Other movements	42	4,132	296,947	(5,694)	-	55,209
Closing balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
Other liabilities						
Interest / mark-up payable	1,384	1,734	231,174	129,999	6,251	13,334
Payable to staff retirement fund	-	-	-	-	-	1,182,639
Other payables	-	-	8,711	37,931	-	347,986
	1,384	1,734	239,885	167,930	6,251	1,543,959
Contingencies and commitments						
Letter of credit	-	-	145,085	-	-	1,576,326
Letter of guarantee	-	-	134,121	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	316,416
Commitments in respect of forward lending	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	1,125,000	-	-
	-	-	2,000,329	1,125,000	-	7,836,215
Others						
Securities held as custodian	-	17,745	5,457,675	30,978,500	-	13,662,385

	For the year ended December 31, 2020					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	-	22,866	306,870	250,523	-	1,086,137
Fee and commission income	-	-	122,969	1,092,755	352	42,573
Share of profit	-	-	-	2,355,545	607,545	-
Dividend income	-	-	-	-	-	85,633
Loss from derivatives	-	-	(20,978)	(19,556)	-	-
Expenses						
Mark-up / return / profit / interest expensed	7,151	8,116	724,355	799,417	26,085	142,578
Operating expenses						
Total compensation expense	-	1,929,056	-	-	-	1,478,173
Non-Executive Directors' fees	84,000	-	-	-	-	-
Insurance premium expense	-	-	-	1,372,382	-	-
Advertisement and publicity	-	-	105,850	-	-	-
Travelling	-	-	16,845	-	-	-
Subscription	-	-	-	-	-	72,178
Donation	-	-	157,360	-	-	315,431
Brokerage and Commission	-	-	-	-	-	197,720
Other expenses	-	-	17,194	-	-	19,147
Reversal of provision against advances	-	-	-	-	-	(124,920)
Others						
Purchase of Government securities	-	-	155,206,248	26,699,197	-	8,586,622
Sale of Government securities	-	31,716	160,624,591	85,382,672	-	12,496,840
Purchase of foreign currencies	-	1,034	1,792,352	3,867	-	1,864
Sale of foreign currencies	10,402	205,942	2,817,044	130,800	-	6,510,605
Insurance claims settled	-	-	-	195,894	-	-

	As at December 31, 2019					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Statement of financial position						
Balances with other banks						
In current accounts	-	-	215	-	2,569	-
Investments						
Opening balance	-	-	-	25,741,115	3,777,862	4,004,502
Investment made during the year	-	-	-	1,875,925	-	1,095,511
Share of profit	-	-	-	2,711,851	771,742	-
Equity method related adjustments	-	-	-	442,535	348,369	-
Investment redeemed / disposed off during the year	-	-	-	(5,307,396)	-	(158,960)
Transfer in / (out) - net	-	-	-	-	-	(165,450)
Closing balance	-	-	-	25,464,030	4,897,973	4,775,603
Advances						
Opening balance	825	240,198	3,536,393	1,500,000	-	13,376,593
Addition during the year	17,838	251,640	5,302,656	-	-	350,670,513
Repaid during the year	(17,519)	(184,933)	(4,985,694)	(125,000)	-	(347,326,871)
Transfer in / (out) - net	-	(4,223)	-	-	-	(8,795,340)
Closing balance	1,144	302,682	3,853,355	1,375,000	-	7,924,895
Provision held against advances	-	-	-	-	-	(1,726,437)
Other assets						
Interest / mark-up accrued	-	665	49,194	44,448	-	224,553
Receivable from staff retirement fund	-	-	-	-	-	24,419
Advance to contractor	-	-	10,214	-	-	-
Other receivable	-	3,195	403	277,865	-	1,852
	-	3,860	59,811	322,313	-	250,824

	As at December 31, 2019					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	---------- (Rupees in '000) ----------					
Borrowings						
Opening balance	-	-	2,621,585	2,499,514	1,388,619	-
Borrowings during the year	-	-	10,646,717	2,754,171	4,750,143	-
Settled during the year	-	-	(10,480,897)	(4,324,599)	(4,590,286)	-
Closing balance	-	-	2,787,405	929,086	1,548,476	-
Deposits and other accounts						
Opening balance	148,728	48,094	12,066,522	4,524,664	-	819,634
Received during the year	2,253,960	1,500,940	334,234,988	383,502,207	-	135,641,633
Withdrawn during the year	(2,301,166)	(1,359,961)	(335,302,189)	(376,781,473)	-	(133,242,500)
Transfer in / (out) - net	(3,706)	1,739	-	-	-	(40,428)
Other movement	-	2,867	-	-	-	4,775
Closing balance	97,816	193,679	10,999,321	11,245,398	-	3,183,114
Other liabilities						
Interest / mark-up payable	1,373	863	171,567	40,441	7,076	11,602
Payable to staff retirement fund	-	-	-	-	-	577,964
Other payables	-	-	71,914	126,626	-	160,974
	1,373	863	243,481	167,067	7,076	750,540
Contingencies and Commitments						
Letter of credit	-	-	502,087	-	-	2,655,788
Letter of guarantee	-	-	142,888	-	-	-
Forward purchase of Government securities	-	-	-	-	-	386,193
Forward sale of Government securities	-	-	-	-	-	-
Interest rate swaps	-	-	1,154,173	1,375,000	-	-
	-	-	1,799,148	1,375,000	-	3,041,981
Others						
Securities held as custodian	-	8,730	7,195,675	28,665,515	-	8,526,920

	For the year ended December 31, 2019					
Profit and loss account	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	---------- (Rupees in '000) ----------					
Income						
Mark-up / return / profit / interest earned	-	16,621	360,548	315,760	-	1,466,550
Fee and commission income	-	-	141,466	2,222,376	330	34,416
Share of Profit	-	-	-	2,711,851	771,742	-
Dividend income	-	-	-	-	-	174,749
Loss from derivatives	-	-	(32,287)	(55,369)	-	-
Expense						
Mark-up / return / profit / interest expensed	13,817	5,025	1,071,648	580,656	57,993	130,259
Operating expenses						
Total compensation expense	-	1,563,824	-	-	-	1,000,571
Non-Executive Directors' fees	50,600	-	-	-	-	-
Insurance premium expense	-	-	-	1,292,663	-	-
Advertisement and publicity	-	-	102,203	-	-	-
Travelling	-	-	28,230	-	-	-
Subscription	-	-	-	-	-	60,702
Donation	-	-	77,575	-	-	158,202
Other expenses	-	-	1,785	-	-	179,282
Reversal of provision for diminution in value of investments	-	-	-	-	-	(106,885)
Others						
Purchase of Government securities	-	33,130	193,633,855	70,582,819	-	360,883,492
Sale of Government securities	-	32,952	182,070,271	72,183,407	-	359,267,758
Purchase of foreign currencies	15,863	6,126	2,227,261	2,763	-	1,016,117
Sale of foreign currencies	19,497	208,088	2,596,850	68,874	-	6,397,104
Insurance claims settled	-	-	-	210,571	-	-

43.1 Balances and transactions with group entities include deposits of Rs 0.296 million (2019: Rs 0.284 million) from the parent and Rs 4.223 thousand (2019: 1.000 thousand) as mark-up expense thereon.

44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**14,668,525**	14,668,525
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**172,930,425**	145,776,218
Eligible Additional Tier 1 (ADT 1) Capital	**12,533,284**	12,645,453
Total Eligible Tier 1 Capital	**185,463,709**	158,421,671
Eligible Tier 2 Capital	**51,969,228**	36,890,259
Total Eligible Capital (Tier 1 + Tier 2)	**237,432,937**	195,311,930
Risk Weighted Assets (RWAs):		
Credit Risk	**1,042,434,363**	959,412,841
Market Risk	**131,554,475**	133,614,588
Operational Risk	**203,276,223**	178,963,586
Total	**1,377,265,061**	1,271,991,015
Common Equity Tier 1 Capital Adequacy Ratio	**12.56%**	11.46%
Tier 1 Capital Adequacy Ratio	**13.47%**	12.45%
Total Capital Adequacy Ratio	**17.24%**	15.35%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	**9.50%**	10.50%
of which: capital conservation buffer requirement	**1.50%**	2.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB or G-SIB buffer requirement	**2.00%**	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)	**6.56%**	5.46%

Other information:	2020	2019
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	**9.50%**	10.50%
Tier 1 minimum ratio (%)	**11.00%**	12.00%
Total capital minimum ratio (%)	**13.50%**	14.50%

Leverage Ratio (LR)	2020	2019
	(Rupees in '000)	
Eligible Tier-1 Capital	**185,463,709**	158,421,671
Total Exposures	**4,364,466,103**	3,587,065,060
Leverage Ratio (%)	**4.25%**	4.42%
Minimum Requirement (%)	**3.00%**	3.00%

Liquidity Coverage Ratio (LCR)	2020	2019
	Total Adjusted Value (Rupees in '000)	
Average High Quality Liquid Assets	**1,343,833,391**	906,731,376
Average Net Cash Outflow	**525,626,841**	585,290,046
Average Liquidity Coverage Ratio (%)	**255.66%**	154.92%
Minimum Requirement (%)	**100.00%**	100.00%

Net Stable Funding Ratio (NSFR)	2020	2019
	Total Weighted Value (Rupees in '000)	
Total Available Stable Funding	**2,637,965,349**	2,354,284,645
Total Required Stable Funding	**1,448,252,363**	1,337,084,320
Net Stable Funding Ratio (%)	**182.15%**	176.08%
Minimum Requirement (%)	**100.00%**	100.00%

The SBP, through BPRD circular 12, dated March 26, 2020 has provided the following relaxations to banks to enable them to continue providing credit to the real economy:

- The Capital Conservation Buffer (CCB) has been reduced from 2.50% to 1.50%. This has resulted in a 1.00% decline in capital adequacy requirements for all tiers.

- The regulatory retail portfolio limit has been increased from Rs 125 million to Rs 180 million.

44.1 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, depositor, creditor and market confidence and to sustain future development of the business, while providing adequate returns to shareholders.

The Group's lead regulator, the SBP, sets and monitors capital requirements for the Bank and the Group. The Group's branches and subsidiaries outside Pakistan are also required to follow capital requirements applicable in their respective jurisdictions.

The SBP, through BSD Circular No. 07 dated April 15, 2009 has required that Banks should maintain a minimum paid-up capital of Rs. 10 billion (net of accumulated losses). The paid-up capital of the Bank as at December 31, 2020 stood at Rs. 14.669 billion (2019: Rs. 14.669 billion) and is in compliance with SBP requirements.

The Group and its individually regulated operations have complied with all capital requirements throughout the year.

The Group's regulatory capital is classified as follows:

- Tier 1 capital comprises of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT 1) capital.

- CET1 capital includes fully paid-up capital, balance in share premium account, reserves (excluding exchange translation reserves), unappropriated profit and non-controlling interest meeting the eligibility criteria.

- AT 1 capital includes perpetual TFCs meeting the prescribed SBP criteria.

- Tier 2 capital includes general provisions for loan losses, surplus / (deficit) on revaluation of fixed assets and investments, exchange translation reserves and subordinated debt (meeting the eligibility criteria).

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to on and off-balance sheet exposures.

- On and off-balance sheet exposures in the banking book are segregated into various asset classes for the calculation of credit risk. Ratings reflecting the credit worthiness of counterparties are applied using various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Collateral, if any, is used as an outflow adjustment. Risk weights notified by the SBP are applied to arrive at risk weighted assets. Eligible collateral used includes Government of Pakistan (GoP) guarantees, GoP issued securities, bank guarantees, lien on deposits and margin accounts.

- The Group calculates capital requirements for market risk in its trading book based on the methodology provided by the SBP which takes into account interest rate risk using the maturity method, equity position risk and foreign exchange risk.

44.2 The full disclosures on the Capital Adequacy Ratio, Leverage Ratio & Liquidity Requirements calculated as per SBP instructions issued from time to time have been placed on the Bank's website. The link to the full disclosure is available at https://www.hbl.com/capitalandliquidity.

45 RISK MANAGEMENT FRAMEWORK

HBL has a well-developed, robust, risk management framework given the high degree of complexity of its operations, its size, and regional and target market diversification. The Bank's risk management framework is based on strong Board oversight, multi-tier management supervision, efficient systems, documented risk appetite, and clearly articulated policies and procedures.

The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework is in place including the required human resources, policies, procedures and systems. It is supported in this task by the Board Risk Management Committee (BRMC) as well as by various management committees.

The risk management policies continue to remain robust and the Bank regularly conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on all economies globally. To reduce the impact on businesses and economies in general, regulators / governments have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 impacts banks in Pakistan on a number of fronts including:

- increase in overall credit risk pertaining to the loans and advances portfolio;
- reduced fee income due to overall slowdown in economic activity;
- continuity of business operations; and
- managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are using digital channels.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate in 2020 by 625 basis points to 7%. Other regulatory measures to provide an impetus to economic activity include the following:

- Reducing the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introducing refinancing schemes for payment of wages and salaries, setting up of COVID-19 related facilities / new hospitals and import of plant and machinery for new/existing industrial projects.

For effective implementation of the risk management framework, the Risk Management function, headed by the Chief Risk Officer (CRO), operates independently of business units within the Bank. Risk Management is responsible for the development and implementation of risk policies and monitoring the risks associated with various activities of the Bank. The CRO reports to the President, with a functional reporting line to the BRMC.

The Risk Management function comprises of the following areas:

- Credit Policy & Analytics
- Credit Approvals
- Credit Administration
- Program Based Lending Risk
- Market & Liquidity Risk Management
- Operational Risk Management
- Enterprise Risk Management

Risk Management alignment with Basel framework

The Bank has adopted the Standardized Approach for credit risk and the Alternate Standardized Approach for operational risk. In addition, the Bank has adopted the simple approach for recognizing eligible collateral for credit risk mitigation. The Bank's goal is to develop resources internally to embed Basel related processes and methodologies in its risk practices.

The Bank is following the Standardized Approach for market risk and is engaged in capacity building for adoption of the Internal Models Approach (IMA).

45.1 Credit Risk

Credit risk is defined as the risk of financial loss stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. While loans are the largest and most obvious source of credit risk, it also stems from activities both on and off-balance sheet. The credit process at the Bank is governed by well-defined and documented credit policies and procedures including separate policies for consumer loans, rural banking and SME financing. Certain types of exposures/ facilities are managed under product programs that contain their own detailed credit criteria, compliance and documentation requirements.

The Bank's credit risk appetite is defined through a Risk Appetite Statement that is approved by the Board. It also covers the concentration risk the Bank is willing to take with reference to risk ratings, sectors and large exposures.

The core pillars of credit risk management at the Bank are:

- Approval rules based on a three-initial system and joint Business / Risk sign-offs.
- An independent Internal Audit function which includes a Business Risk Review (BRR) function.

Credit approval authorities are delegated to individuals based on their qualification and experience. Disbursement authorization, collateral and security management, documentation and monitoring are managed by the Credit Administration Department. Proactive monitoring is ensured for assets under stress. This enables the Bank to put in place viable solutions to prevent further deterioration in credit quality. A special Structured Credits function is in place to handle stressed assets and to ensure a focused remedial strategy.

Credit risk management software to automate loan origination has been implemented for Corporate and Commercial customers and the Bank is extending the same to other business segments. The software is designed to improve approval efficiency, capture, storage and retrieval of approval data, and generation of MIS for decision making.

Stress testing on the credit portfolio is performed in line with SBP guidelines. In addition to the mandatory stress tests defined by the regulator, the Bank has also developed advanced stress tests including macroeconomic stress tests, shock scenarios and reverse stress tests to test the capital against shocks to the credit portfolio.

The Bank has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor risk rating and facility risk rating) for the portfolio, and the development of transition & migration matrices to develop Probability of Default (PD) estimates and test these against actual default rates. The performance of the risk rating models over the years is continuously monitored.

BRR performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, the efficacy of processes for acquisition of risk assets, regulatory / policy compliance and appropriateness of classification and risk rating.

The Risk Management function of the Group has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to be affected due to changes in the business and economic environment.

45.1.1 Credit risk - General disclosures

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of exposure. The Bank utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody’s and Standard & Poor's (S&P). The Bank also utilizes rating scores of Export Credit Agencies (ECAs).

Types of exposure and ECAIs used

	FITCH	Moody's	S&P	PACRA	JCR-VIS	ECA scores
Corporates	-	✓	-	✓	✓	-
Banks	✓	✓	✓	✓	✓	-
Sovereigns	-	✓	-	-	-	✓
Public sector enterprises	-	-	-	✓	✓	-

Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

Long Term Rating Grades mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Short Term Rating Grades mapping

SBP Rating Grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

45.1.2 Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardized Approach

The Bank has adopted the Simple Approach for Credit Risk Mitigation in the Banking Book. Under this approach, cash, lien on deposits, Government securities and eligible guarantees etc. are considered as eligible collaterals. The Bank has in place detailed guidelines with respect to the valuation and management of each of these types of collaterals. Where the Bank's exposure on an obligor is wholly or partially guaranteed by an eligible guarantee, the risk weight / credit rating of the guarantor is substituted for the risk weight of the obligor.

No credit risk mitigation benefit is taken in the Trading Book.

For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of Risk Weighted Assets.

45.1.3 Country Risk

The Bank has in place a comprehensive Country Risk Policy. Limits are established for Cross Border Transfer Risk (CBTR) based on the ratings assigned by international rating agencies. CBTR arises from exposure to counterparties in countries other than the jurisdiction of the lender. Transfer risk arises where an otherwise solvent and willing debtor is unable to meet its obligation due to the imposition of governmental or regulatory controls restricting its ability to perform under its obligation towards meeting its foreign liabilities. The limit utilization is controlled at Head Office level and country risk exposures are reported to the BRMC at defined frequencies.

Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

45.1.4 Lendings to financial institutions

	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
Credit risk by public / private sector	(Rupees in '000)					
Public / Government	**14,253,781**	37,031,364	-	-	-	-
Private	**15,900,412**	8,271,835	-	-	-	-
	30,154,193	45,303,199	-	-	-	-

45.1.5 **Investment in debt securities**

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	---- (Rupees in '000) ----					
Chemical and pharmaceuticals	203,025	406,050	-	-	-	-
Textile	106,548	106,548	106,548	106,548	106,548	106,548
Automobile and transportation equipment	775,313	1,788,199	-	-	-	-
Financial	1,839,344,825	1,309,609,553	-	-	-	-
Oil and gas	3,698,844	4,362,557	-	-	-	-
Power and energy	57,555,652	14,858,864	-	-	-	-
Telecommunication	164,329	164,329	164,329	164,329	164,329	164,329
Construction	2,046,000	2,101,000	-	-	-	-
Wholesale and retail trade	878,616	826,322	878,616	826,324	878,616	599,126
Metal and allied	900,000	900,000	-	-	-	-
Others	1,496,273	3,799,320	-	-	-	-
	1,907,169,425	1,338,922,742	1,149,493	1,097,201	1,149,493	870,003

Credit risk by public / private sector

Public / Government	1,878,708,348	1,314,189,052	-	-	-	-
Private	28,461,077	24,733,690	1,149,493	1,097,201	1,149,493	870,003
	1,907,169,425	1,338,922,742	1,149,493	1,097,201	1,149,493	870,003

45.1.6 **Advances**

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	---- (Rupees in '000) ----					
Chemical and pharmaceuticals	49,371,190	35,958,686	2,551,951	1,403,409	2,519,264	1,403,264
Agribusiness	127,157,187	110,489,722	2,419,370	4,203,626	993,849	3,068,640
Textile	139,530,678	114,999,106	18,227,451	20,111,710	17,230,252	19,460,081
Cement	30,742,220	31,163,363	788,694	788,694	788,694	788,694
Sugar	11,836,435	8,801,685	1,230,342	1,395,262	1,295,262	1,395,262
Shoes and leather garments	3,905,696	4,294,310	950,036	932,766	908,274	891,562
Automobile and transportation equipment	16,637,257	18,795,700	3,210,723	3,181,685	3,197,282	3,069,030
Financial	96,955,150	102,155,209	1,875,133	1,801,480	1,875,133	1,801,480
Hotel and tourism	7,426,584	8,504,050	675,707	2,170,111	560,200	2,106,195
Insurance	2,892,710	3,493,016	-	-	-	-
Electronics and electrical appliances	7,141,707	9,438,310	2,401,210	2,365,430	2,401,210	2,339,421
Oil and gas	58,927,284	58,156,756	3,036,551	136,799	786,797	131,800
Power and energy	186,637,376	223,744,793	1,615,585	1,741,772	1,615,585	1,741,772
Education and medical	7,184,376	3,218,593	198,943	165,074	195,356	162,984
Telecommunication	29,265,551	25,746,572	1,130,701	1,221,933	1,130,701	1,221,933
Printing and publishing	6,912,534	13,082,360	355,966	397,393	355,949	397,393
Construction	42,792,545	32,532,808	448,012	798,643	306,613	702,760
Mining and quarrying	5,730,014	4,710,985	119	119	119	119
Food, tobacco and beverages	64,115,867	49,500,481	4,873,122	4,421,311	3,104,874	2,560,627
Wholesale and retail trade	71,000,356	63,481,156	14,018,874	14,546,899	12,475,825	13,069,286
Metal and allied	20,435,579	20,766,413	3,231,792	3,137,264	2,161,387	2,059,101
Individuals	105,894,937	102,021,430	3,762,358	4,478,163	2,927,271	3,639,382
Farming, cattle and dairy	23,835,304	15,868,423	1,153,012	1,311,043	625,296	752,387
Trust funds and non profit organisations	1,614,536	1,279,404	2,991	2,991	2,991	748
Others	187,466,196	181,119,621	13,945,733	11,192,273	13,377,579	9,871,046
	1,305,409,269	1,243,322,952	82,104,376	81,905,850	70,835,763	72,634,967

Credit risk by public / private sector

Public / Government	281,674,755	306,804,018	2,906,470	2,843,957	1,840,779	1,778,266
Private	1,023,734,514	936,518,934	79,197,906	79,061,893	68,994,984	70,856,701
	1,305,409,269	1,243,322,952	82,104,376	81,905,850	70,835,763	72,634,967

45.1.7 **Contingencies and Commitments**

	2020	2019
	(Rupees in '000)	
Credit risk by industry sector		
Chemical and Pharmaceuticals	**125,589,265**	42,881,370
Agribusiness	**7,834,336**	1,645,056
Textile	**37,795,440**	43,115,779
Cement	**9,534,715**	13,761,821
Defence	**13,597,579**	13,774,890
Sugar	**2,425,872**	2,352,890
Shoes and leather garments	**2,051,318**	518,364
Automobile and transportation equipment	**12,864,675**	6,683,249
Financial	**505,175,258**	695,394,485
Hotel and tourism	**1,371,892**	1,768,596
Research and development	**1,322,523**	894,653
Insurance	**1,653,258**	2,174,627
Electronics and electrical appliances	**16,114,947**	11,690,009
Oil and gas	**63,355,245**	36,938,590
Power and energy	**73,530,933**	44,295,311
Education and medical	**1,934,974**	1,713,651
Telecommunication	**9,425,449**	12,258,865
Printing and publishing	**1,238,472**	3,301,979
Construction	**15,202,900**	6,700,258
Mining and quarrying	**4,563,574**	2,025,652
Food, tobacco and beverages	**11,181,197**	12,472,202
Wholesale and retail trade	**16,675,728**	4,432,373
Metal and allied	**10,748,845**	9,944,293
Individuals	**17,898,989**	19,016,887
Farming, cattle and dairy	**2,106,305**	684,724
Ports and shipping	**2,554,655**	95,252
Trust funds and non profit organisations	**11,175,272**	5,221,951
Others	**43,237,961**	30,041,025
	1,022,161,577	1,025,798,802

	2020	2019
	Rupees in '000	
Credit risk by public / private sector		
Public / Government	**201,203,863**	181,197,039
Private	**820,957,714**	844,601,763
	1,022,161,577	1,025,798,802

45.1.8 **Concentration of Advances**

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposure aggregated to Rs 380,572.960 million (2019: Rs 339,064.071 million).

	2020	2019
	Rupees in '000	
Funded	**280,605,421**	276,525,114
Non - funded	**99,967,539**	62,538,957
Total exposure	**380,572,960**	339,064,071

The sanctioned limits against these top 10 expsoures aggregated to Rs 550,392.787 million (2019 : 467,543.289 milion).

45.1.9 Advances - Province / Region-wise disbursement and utilisation

	2020						
		Utilization					
Province / Region	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	2,410,597,613	2,286,396,401	31,989,237	1,144,980	-	90,850,813	216,182
Sindh	6,461,338,740	145,218,707	6,273,125,982	3,912,615	5,562,663	32,079,834	1,438,939
KPK including FATA	52,907,682	1,185,242	1,346,987	50,375,453	-	-	-
Balochistan	5,107,283	-	-	-	5,107,283	-	-
Islamabad	727,015,532	43,618,837	125,045,659	-	-	558,351,036	-
AJK including Gilgit-Baltistan	14,589,228	-	-	-	-	-	14,589,228
Total	9,671,556,079	2,476,419,187	6,431,507,865	55,433,048	10,669,946	681,281,683	16,244,349

	2019						
		Utilization					
Province / Region	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	2,656,570,955	2,349,249,854	180,256,437	8,650,419	-	109,764,470	8,649,775
Sindh	6,209,388,497	661,258,007	5,461,859,947	19,745,059	7,923,779	52,420,939	6,180,766
KPK including FATA	104,990,940	4,890,600	60,135,281	39,804,336	-	-	160,723
Balochistan	9,309,007	-	-	-	9,309,007	-	-
Islamabad	606,817,276	61,653,914	179,906,538	585	-	365,132,480	123,759
AJK including Gilgit-Baltistan	19,368,940	631,108	5,893	1,500	-	-	18,730,439
Total	9,606,445,615	3,077,683,483	5,882,164,096	68,201,899	17,232,786	527,317,889	33,845,462

45.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. Each of these components of market risk consists of a general market risk and a specific market risk that is driven by the nature and composition of the portfolio.

The Bank is exposed to market risk through its trading activities which are carried out by Treasury and Global Markets (TGM) and through investments / structural positions parked in the Banking Book. Market risk also arises from market making, facilitation of client business and proprietary positions. The objective of the Bank's market risk management strategy is to reduce exposure to these risks and minimize volatility in capital resources, cash flows and distributable reserves in line with its risk appetite statement approved by the Board. The Market risk for the Bank is monitored under the supervision of the Global Asset and Liability Committee (ALCO).

A comprehensive structure is in place, aimed at ensuring that the Bank does not exceed its qualitative and quantitative tolerance for market risk. The risk associated with fluctuations in market prices is managed through:

- Maintaining a balanced approach towards risk taking while keeping exposures within the defined risk acceptance criteria.

- Using tools like Value at Risk, sensitivity analysis, various types of limits and Management Action Triggers with monitoring at different levels of granularity.

- Performing stress testing to estimate the impact on profitability, market value of equity and capital adequacy of the Bank.

45.2.1 Statement of financial position split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	375,280,120	-	375,280,120	367,593,717	-	367,593,717
Balances with other banks	56,533,829	-	56,533,829	41,248,554	-	41,248,554
Lendings to financial institutions	30,154,193	-	30,154,193	45,303,199	-	45,303,199
Investments	1,236,947,862	711,628,960	1,948,576,822	670,652,846	708,954,533	1,379,607,379
Advances	1,223,510,222	-	1,223,510,222	1,166,956,994	-	1,166,956,994
Fixed assets	89,190,210	-	89,190,210	80,462,410	-	80,462,410
Intangible assets	10,412,880	-	10,412,880	9,089,345	-	9,089,345
Deferred tax assets	-	-	-	-	-	-
Other assets	111,119,675	4,284,867	115,404,542	130,109,010	6,761,789	136,870,799
	3,133,148,991	715,913,827	3,849,062,818	2,511,416,075	715,716,322	3,227,132,397

45.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank manages this risk by setting and monitoring currency-wise limits. The Bank's assets in a particular currency are typically funded in the same currency to minimize foreign currency exposure. However, the Bank maintains a net open position in various currencies resulting from its transactions. Foreign exchange risk is controlled and monitored through the limits approved by the Global ALCO, within the overall limit advised by the SBP.

	2020				2019			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	(Rupees in '000)							
United States Dollars	287,180,010	341,631,642	46,661,472	(7,790,160)	243,026,146	322,827,134	47,949,715	(31,851,273)
Great Britain Pounds	70,939,576	77,452,102	17,360,019	10,847,493	72,595,662	68,888,960	9,824,729	13,531,431
UAE Dirhams	26,217,896	38,860,193	26,334,763	13,692,466	47,491,825	63,723,028	32,122,570	15,891,367
Japanese Yen	72,254	153,610	117,785	36,429	90,299	54,156	(220)	35,923
Euros	21,449,910	17,214,314	(2,301,794)	1,933,802	16,723,276	18,020,871	1,723,815	426,220
Other Currencies	89,664,567	26,772,282	(2,448,107)	60,444,178	106,606,985	65,974,129	4,572,769	45,205,625
	495,524,213	502,084,143	85,724,138	79,164,208	486,534,193	539,488,278	96,193,378	43,239,293

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	791,642	-	432,393
- Other comprehensive income	733,030	-	629,828	-

45.2.3 Equity Position Risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or the levels of equity indices. The Bank holds equity investments in both the AFS and HFT portfolios. The AFS portfolio takes a medium-term market view of capital gains and dividend income while the realization of short term capital gains is the principal objective of the HFT portfolio. The portfolios are managed by the Bank through the Equity Investment Policy approved by the Board. The policy defines various position limits, portfolio limits and loss triggers for the equity desk. The Bank also applies stress tests on the equity portfolio which is part of the Bank's overall market risk exposure limit on the trading book.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	-	7,311	-	-
- Other comprehensive income		339,701	-	337,939

45.2.4 Interest Rate Risk

Interest rate risk arises due to changes in interest rates, including changes in the shape of the yield curve. It is inherent in the Bank's business due to investment in interest rate sensitive assets and mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank is exposed to interest rate risk in both the Trading and Banking Books.

Interest rate sensitivity is conducted at both banking book and trading book levels. The analysis is performed at least on a monthly basis or more frequently, if required. The analysis helps in estimating and managing the impact of interest rate volatility on the Bank's earnings and the economic value of equity within the defined tolerance limits. Limits are also in place for fixed income investments of the treasury portfolio at various levels (i.e. Dealer, Transaction, Portfolio, Trading and Banking Book). Regulatory stress testing is conducted on a quarterly basis. Metrics to assess Interest Rate Risk include Interest Rate Gap Reports, Earnings at Risk (EAR) and Economic value of Equity (EVE) based on different stress scenarios.

To further strengthen the interest rate risk management in the Bank, an initiative has been undertaken by developing a standardized framework for computing the Interest Rate Risk in the Banking Book (IRRBB) under the updated guidelines issued by the Bank for International Settlements (BIS): Basel Committee on Banking Supervision Standards (BCBS). Full scope implementation will commence from 2021 onward. The outcomes will be to fully segregate the risks on the Trading Books and the Banking Books, in line with international best practices.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	(8,208,300)	(1,020,854)	(4,002,873)	(1,423,184)
- Other comprehensive income	(4,515,237)	(1,935,019)	(1,593,620)	(1,826,956)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

45.2.4.1 Mismatch of interest rate sensitive assets and liabilities

Interest rate sensitivity gaps for assets and liabilities which have contractual maturities have been reported based on the earlier of the re-pricing date or maturity date. However, assets and liabilities which do not have any contractual maturities have been bucketed on the basis of a behavioural study approved by ALCO.

	2020										
	Effective yield / interest rate	Total	Exposed to yield / interest risk								Not exposed to yield / interest risk
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	
On-balance sheet assets		(Rupees in '000)									
Financial assets											
Cash and balances with treasury banks	0.05%	375,280,120	46,725,598	25,239	-	-	-	-	-	-	-	328,529,283
Balances with other banks	1.51%	56,533,829	21,393,489	2,584,412	-	-	-	-	-	-	-	32,555,928
Lendings to financial institutions	7.63%	30,154,193	23,154,193	7,000,000	-	-	-	-	-	-	-	-
Investments	9.73%	1,948,576,822	183,977,129	547,455,585	461,860,011	286,415,772	160,814,714	54,766,507	101,302,978	77,927,299	30,264,314	43,792,513
Advances	10.15%	1,223,510,222	367,984,680	508,948,810	139,312,757	54,708,221	39,619,642	28,932,814	34,565,374	36,890,725	1,278,587	11,268,612
Other assets		90,840,776	-	-	-	-	-	-	-	-	-	90,840,776
		3,724,895,962	643,235,089	1,066,014,046	601,172,768	341,123,993	200,434,356	83,699,321	135,868,352	114,818,024	31,542,901	506,987,112
Financial liabilities												
Bills payable		46,434,199	-	-	-	-	-	-	-	-	-	46,434,199
Borrowings	5.89%	544,107,826	380,762,920	51,421,564	45,457,922	292,380	31,434,293	612,514	8,256,069	25,743,587	126,577	-
Deposits and other accounts	4.49%	2,830,371,390	220,027,084	1,411,196,912	73,941,674	87,443,591	10,918,601	7,069,805	17,172,974	6,789,770	856,148	994,954,831
Subordinated debt	11.64%	22,356,000	-	22,356,000	-	-	-	-	-	-	-	-
Other liabilities												
Lease Liability against right-of-use asset	10.55%	18,213,249	154,717	309,433	464,150	928,300	1,856,600	1,856,600	3,713,201	8,930,248	-	-
Others		98,243,959	-	-	-	-	-	-	-	-	-	98,243,959
		3,559,726,623	600,944,721	1,485,283,909	119,863,746	88,664,271	44,209,494	9,538,919	29,142,244	41,463,605	982,725	1,139,632,989
On-balance sheet gap		165,169,339	42,290,368	(419,269,863)	481,309,022	252,459,722	156,224,862	74,160,402	106,726,108	73,354,419	30,560,176	(632,645,877)
Net non - financial assets		100,325,908										
Total net assets		265,495,247										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		261,220,544	76,517,705	107,834,983	65,916,710	10,951,146	-	-	-	-	-	-
Foreign exchange contracts - forward sales		(175,495,769)	(69,125,826)	(65,129,830)	(27,580,297)	(13,659,816)	-	-	-	-	-	-
Government Securities transactions - forward purchases		96,427,590	96,380,176	47,414	-	-	-	-	-	-	-	-
Government Securities transactions - forward sales		(54,329,588)	(54,329,588)	-	-	-	-	-	-	-	-	-
Cross Currency Swaps - purchases		14,662,810	616,598	-	90,208	787,250	482,671	1,543,489	1,235,520	9,907,074	-	-
Cross Currency Swaps - sales		(16,007,336)	(711,263)	-	(133,195)	(955,805)	(519,461)	(1,598,333)	(1,186,770)	(10,902,509)	-	-
Interest rate swaps - sales		(7,834,491)	-	-	-	-	(859,491)	(1,875,000)	(5,100,000)	-	-	-
Off-balance sheet gap		118,643,760	49,347,802	42,752,567	38,293,426	(2,877,225)	(896,281)	(1,929,844)	(5,051,250)	(995,435)	-	-
Total yield / interest rate risk sensitivity gap			91,638,170	(376,517,296)	519,602,448	249,582,497	155,328,581	72,230,558	101,674,858	72,358,984	30,560,176	(632,645,877)
Cumulative yield / Interest rate risk sensitivity gap			91,638,170	(284,879,126)	234,723,322	484,305,819	639,634,400	711,864,958	813,539,816	885,898,800	916,458,976	283,813,099

	Effective yield / interest rate	2019 Total	Exposed to yield / interest risk: Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	Not exposed to yield / interest risk
		(Rupees in '000)										
On-balance sheet assets												
Financial assets												
Cash and balances with treasury banks	0.22%	367,593,717	69,147,007	18,159	-	-	-	-	-	-	-	298,428,551
Balances with other banks	2.67%	41,248,554	17,172,986	2,874,904	1,334,224	5,472,789	-	-	-	-	-	14,393,651
Lendings to financial institutions	10.01%	45,303,199	24,614,015	20,689,184	-	-	-	-	-	-	-	-
Investments	9.89%	1,379,607,379	146,650,053	318,338,016	186,126,051	368,752,268	134,802,663	84,956,220	77,915,044	21,536,528	3,096,324	37,434,212
Advances	11.73%	1,166,956,994	59,758,009	713,388,972	163,030,765	132,309,299	19,921,378	11,221,120	33,835,907	28,325,423	533,101	4,633,020
Other assets		105,787,262	-	-	-	-	-	-	-	-	-	105,787,262
		3,106,497,105	317,342,070	1,055,309,235	350,491,040	506,534,356	154,724,041	96,177,340	111,750,951	49,861,951	3,629,425	460,676,696
Financial liabilities												
Bills payable		29,681,108	-	-	-	-	-	-	-	-	-	29,681,108
Borrowings	8.62%	382,206,306	232,781,875	53,266,743	48,624,440	3,080,495	544,283	8,783,662	19,635,291	15,489,517	-	-
Deposits and other accounts	5.44%	2,437,597,169	160,908,279	1,176,113,219	79,431,993	82,580,848	18,042,140	12,917,995	19,111,061	8,550,226	110,834	879,830,574
Subordinated debt	13.12%	22,360,000	-	22,360,000	-	-	-	-	-	-	-	-
Other liabilities												
Lease Liability against right-of-use asset	11.87%	15,996,664	135,887	271,775	407,662	815,324	1,630,649	1,630,649	3,261,297	7,843,421	-	-
Others		95,569,834	-	-	-	-	-	-	-	-	-	95,569,834
		2,983,411,081	393,826,041	1,252,011,737	128,464,095	86,476,667	20,217,072	23,332,306	42,007,649	31,883,164	110,834	1,005,081,516
On-balance sheet gap		123,086,024	(76,483,971)	(196,702,502)	222,026,945	420,057,689	134,506,969	72,845,034	69,743,302	17,978,787	3,518,591	(544,404,820)
Net non - financial assets		101,665,488										
Total net assets		224,751,512										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		343,848,106	100,477,945	168,985,525	56,518,985	17,865,651	-	-	-	-	-	-
Foreign exchange contracts - forward sales		(247,661,391)	(104,335,832)	(64,260,695)	(68,243,490)	(10,821,374)	-	-	-	-	-	-
Government Securities transactions - forward purchases		45,771,399	20,175,622	17,417,558	-	50,912	-	-	-	8,127,307	-	-
Government Securities transactions - forward sales		(62,098,002)	-	(9,036,720)	(2,356,023)	(24,860,019)	(19,316,118)	(579,422)	(778,645)	(5,171,055)	-	-
Cross Currency Swaps - purchases		9,525,572	-	-	180,572	-	2,298,008	597,945	-	6,449,047	-	-
Cross Currency Swaps - sales		(10,882,712)	-	-	(229,944)	-	(2,698,989)	(632,292)	-	(7,321,487)	-	-
Interest rate swaps - sales		(9,029,173)	-	-	-	-	-	(1,154,173)	(6,500,000)	(1,375,000)	-	-
Off-balance sheet gap		69,473,799	16,317,735	113,105,668	(14,129,900)	(17,764,830)	(19,717,099)	(1,767,942)	(7,278,645)	708,812	-	-
Total yield / interest rate risk sensitivity gap			(60,166,236)	(83,596,834)	207,897,045	402,292,859	114,789,870	71,077,092	62,464,657	18,687,599	3,518,591	(544,404,820)
Cumulative yield / Interest rate risk sensitivity gap			(60,166,236)	(143,763,070)	64,133,975	466,426,834	581,216,704	652,293,796	714,758,453	733,446,052	736,964,643	192,559,823

45.3 **Operational Risk Management**

Operational Risk is the risk of loss resulting from an inadequate or failed internal processes, people and systems or from external events.

The Operational Risk Management department (ORMD) is housed within Risk Management. A comprehensive ORM Framework is in place across the Bank. A SAS software for ORM has been deployed that facilitates loss data management, risk and control assessment and tracking of Key Risk Indicators (KRIs). Operational Risk Coordinators have been assigned from all relevant departments of the Bank and are responsible for implementation of the ORM Framework in coordination with ORMD. SBP has granted permission to the Bank to move from the Basic Indicator Approach (BIA) to the Alternative Standardized Approach (ASA) under Basel II with a capital floor i.e., the operational risk capital charge under ASA should not fall below a certain percentage of the operational risk capital charge calculated under BIA. HBL is the first Pakistani bank to achieve this milestone.

The Bank's ORM framework and practices address all the significant aspects of ORM i.e. people, processes, systems and external events. Key ORM tools such as Risk Control Self-Assessment (RCSA), KRIs and Operational Loss Data Management are used to gauge the likelihood and severity of operational risk. The Bank uses stress testing and scenario analysis to proactively assess the impact of scenarios. Detailed RCSA exercises are conducted at regular intervals across the Bank, the results of which are continually evaluated against actual losses, control violations and gaps. The Bank has also established KRIs and monitors them at regular intervals. Operational risk reports are regularly submitted to the senior management and the BRMC.

45.3.1 **Business Continuity**

It is the policy of the Bank to maintain a well-defined business continuity program which comprises of policy and procedures and plans with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Continuity and IT Disaster Recovery. The Bank's Business Continuity Steering Committee, represented by the senior management of the Bank, is the governing body of BCP matters that meets on a periodic basis to review key initiatives, testing results and related action plans for strengthening the Bank's ability to manage crisis situations. The Bank's business continuity program complies with the regulatory framework and the leading Business Continuity Management standard, ISO 22301, and is subject to regular internal, external and regulatory reviews and audits.

During the COVID-19 pandemic, the Crisis Management Team of the bank, that includes the President & CEO, has been continuously monitoring the situation and analyzing the ever changing and dynamic situation (both domestically and internationally) in order to respond in a manner that ensures and exhibits institutional readiness. The Business Continuity Plans (BCP) for respective areas have been extensively utilized and successfully executed by all the critical departments under an actual and prolonged BCP scenario, hence reflecting the effectiveness and sustainability of the BCP structure of the bank.

45.3.2 **IT related controls**

During the year, Bank's IT controls were further strengthened, with special focus on controls around remote access due to the challenges that were seen during the year. Enhanced focus and visibility was given to IT Audit and Compliance area, several control/monitoring initiatives were launched in close coordination with the Internal Audit function of the Bank. Formal procedure for IT Risk Management was introduced to identify and mitigate potential risk areas in a centralized manner. New initiative of implementing COBIT-2019 was launched to ensure IT is equipped with the right controls and standards as per the guidelines given by the internationally recognized body for IT Controls (ISACA). Controls around 'Cloud Computing' were put in place as per the directives and framework provided by SBP. IT introduced better visibility of its Services Management function by revamping of existing processes and introducing new processes for effective controls and visibility across the Bank. IT Steering Committee discipline was established at all international territories that brought efficiency and effectiveness in technology governance and operations.

45.3.3 **Information Security Risk**

It is vitally important for Bank to protect its customers and their data from cyberattacks and provide secure banking services. Information Security plays a pivotal role in protecting Bank's data assets from both internal and external threats through effective cyber security risk management, supported by preventive and detective controls capable of responding to emerging external threats.

Year 2020, largely dominated by COVID 19 pandemic, offered opportunities to cyber criminals or fraudsters to take advantage of new lifestyles and working models in order to steal sensitive data and commit fraudulent activities. Moreover, the digitization drive, changing threat landscape, rise of social engineering frauds, and stringent oversight of regulator demanded that essential measures are undertaken to strengthen the overall information security posture of the Bank.

- Security controls for remote working were extensively implemented this year enabling the employees to work remotely in a secure and seamless manner ensuring continuity of business requirements are adequately met.

- Strong focus in improving customer experience and strengthening coverage and control of user access management led us to implement automated workflow based access request mechanisms, dedicated helpdesk with online self-service portal for problem tickets, centralized user administrator's activity monitoring and recording, engaging model for user access recertification, targeted email advisories and webinars, development of access matrices, and re-structuring of team according to needs of the organization.

- An extensive awareness campaign was launched earlier this year to provide specific training and guidance on information security related matters such as working from home, phishing, identity theft, online frauds, etc. through various mechanisms such as TV Ad, print media, social media, website, email advisories, SMS, webinars, video based trainings, phishing simulation exercises, new joiners orientation, information security booklets, intranet updates, and targeted awareness messages for executive leaderships etc. These initiatives were focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges.

- Significant progress has been made in securing the international territories consistent with the policies, standards, and controls implemented in the rest of the Bank. Ensured regulatory compliance, remediated audit findings, deployed security solutions, implemented controls, delivered security awareness, and conducted security assessments to identify areas of improvement.

Moving forward, the Bank plans to strengthen our cyber-defenses through the use of automation and modern technologies, AI and machine learning, targeted customer and staff awareness, adoption of international best practices, security orchestration-based analysis while proactively mitigating against advanced security threats. Furthermore, enhancement of data loss prevention measures, identity and access management, cyber fraud prevention, privileged access management, as well as strengthening ATM security controls besides further alignment of security operation center with international best practices would be the key focus of 2021.

Customers are an important component of the security process and continuous customer education about cyber risks will remain an important component of our defense strategy. These security measures will allow Bank to continue offering innovative digital solutions to its clients while ensuring them protection and peace of mind.

45.4 Liquidity Risk Management

Liquidity risk is the risk that the Bank may be unable to meet its cash obligations as they become due, or to fund assets, at a reasonable cost, because of the inability to liquidate assets, or to obtain adequate funding.

The Bank follows a comprehensive global liquidity risk management policy duly approved by the Board. The policy provides necessary guidelines to establish a robust liquidity risk management framework which helps in identifying the key liquidity and funding risks to which the bank is exposed; describes how these risks are identified, measured, monitored and reported and prescribes the techniques and resources used to manage and mitigate these risks. The policy stipulates maintenance of various ratios, funding preferences, and evaluation of the Bank's liquidity under normal and crisis situations (stress testing). The Bank also has a Contingency Funding Plan in place to address liquidity issues in times of crisis. This plan helps to identify early warning indicators to pre-empt unforeseen liquidity crises. Triggers are used to ascertain potential stress scenarios.

The Bank's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by Market Risk Management. Liquidity Risk is reviewed by global ALCO on a monthly basis and an update is provided to the BRMC on a quarterly basis.

An overdraft is a part of the loan portfolio that is short-term in nature, however, due to its use for working capital financing is rolled-over periodically. Current and saving deposits do not have contractual maturity dates. Expected maturities of such assets and liabilities are estimated by applying statistical techniques. The outcome is used for balance sheet maturity profiling and liquidity gap analysis.

In view of the relaxation granted by SBP for deferral of principal and mark-up and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

	2020													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	375,280,120	351,496,396	9,510,305	-	14,248,180	-	25,239	-	-	-	-	-	-	-
Balances with other banks	56,533,829	39,616,425	10,782,775	2,116,860	1,433,357	1,146,421	1,437,991	-	-	-	-	-	-	-
Lendings to financial institutions	30,154,193	-	3,959,681	3,300,000	15,894,512	-	7,000,000	-	-	-	-	-	-	-
Investments	1,948,576,822	639,619	695,248	3,677,888	58,209,184	41,092,361	345,539,736	162,096,764	277,163,355	10,437,198	178,053,042	124,129,943	257,096,448	489,746,036
Advances	1,223,510,222	282,525,053	52,736,716	9,357,584	22,356,733	32,464,101	61,502,930	75,636,302	55,824,155	58,911,740	143,725,303	124,066,445	130,161,711	174,241,449
Fixed assets	89,190,210	2,656,636	103,237	120,443	275,298	516,185	516,184	1,548,553	1,548,553	1,548,553	6,194,213	6,194,213	7,667,639	60,300,503
Intangible assets	10,412,880	1,622,612	12,409	14,477	33,090	62,044	62,044	186,131	186,131	186,131	744,524	744,524	1,139,528	5,419,235
Other assets	115,404,542	1,456,255	8,737,514	10,193,766	23,438,259	9,307,796	9,307,796	17,425,333	6,884,762	7,268,336	-	21,384,725	-	-
	3,849,062,818	680,012,996	86,537,885	28,781,018	135,888,613	84,588,908	425,391,920	256,893,083	341,606,956	78,351,958	328,717,082	276,519,850	396,065,326	729,707,223
Liabilities														
Bills payable	46,434,199	46,434,199	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	544,107,826	543,764	286,134,658	24,084,799	37,998,397	10,253,298	42,845,090	23,348,315	52,250	42,934	39,920,322	9,771,489	22,276,861	46,835,649
Deposits and other accounts	2,830,371,390	2,249,084,865	48,668,898	57,029,430	146,591,263	65,883,833	50,838,861	73,159,095	45,408,644	45,408,644	13,663,854	9,815,111	17,172,974	7,645,918
Subordinated debt	22,356,000	-	-	-	-	9,982,000	-	-	-	-	-	-	-	12,374,000
Deferred tax liabilities	10,387,859	6,282	37,697	43,980	100,525	434,937	434,937	378,998	343,139	343,139	(719,857)	(369,670)	(723,357)	10,077,109
Other liabilities														
Lease Liability against right-of-use asset	18,213,249	5,157	30,943	36,101	82,516	154,717	154,717	464,150	464,150	464,150	1,856,600	1,856,600	3,713,200	8,930,248
Others	111,697,048	3,723,234	22,339,410	26,062,645	59,571,759	-	-	-	-	-	-	-	-	-
	3,583,567,571	2,299,797,501	357,211,606	107,256,955	244,344,460	86,708,785	94,273,605	97,350,558	46,268,183	46,258,867	54,720,919	21,073,530	42,439,678	85,862,924
Net assets	265,495,247	(1,619,784,505)	(270,673,721)	(78,475,937)	(108,455,847)	(2,119,877)	331,118,315	159,542,525	295,338,773	32,093,091	273,996,163	255,446,320	353,625,648	643,844,299
Share capital	14,668,525													
Reserves	72,062,025													
Surplus on revaluation of assets - net of tax	36,004,914													
Unappropriated profit	138,208,223													
Non-controlling interest	4,551,560													
	265,495,247													

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	2019													
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	367,593,717	332,630,595	14,807,528	351,817	19,785,618	-	18,159	-	-	-	-	-	-	-
Balances with other banks	41,248,554	24,791,773	2,635,277	1,532,146	2,794,051	1,515,038	1,210,172	1,335,153	15,278	5,419,666	-	-	-	-
Lendings to financial institutions	45,303,199	-	10,442,180	7,971,835	6,200,000	20,489,184	200,000	-	-	-	-	-	-	-
Investments	1,379,607,379	-	1,130,610	10,231,329	42,669,545	77,119,855	134,791,806	79,244,287	46,635,175	319,465,838	178,859,816	126,243,716	109,214,092	254,001,310
Advances	1,166,956,994	294,652,716	89,701,804	7,570,309	33,373,347	40,043,355	43,137,110	125,082,533	30,478,322	41,260,711	72,205,426	71,093,185	145,803,256	172,554,920
Fixed assets	80,462,410	85,987	515,926	601,915	1,212,876	495,114	495,114	1,485,342	1,485,341	1,485,342	5,941,366	5,941,366	11,467,658	49,249,063
Intangible assets	9,089,345	39,969	239,809	279,777	559,554	44,564	44,564	133,691	133,691	133,691	534,765	534,765	1,069,531	5,340,974
Other assets	136,870,799	1,667,977	10,932,777	12,004,076	28,911,927	13,632,651	13,117,238	21,336,173	7,556,551	6,342,054	29,709	21,325,861	13,805	-
	3,227,132,397	653,869,017	130,405,911	40,543,204	135,506,918	153,339,761	193,014,163	228,617,179	86,304,358	374,107,302	257,571,082	225,138,893	267,568,342	481,146,267
Liabilities														
Bills payable	29,681,108	28,648,909	3,048	-	912,561	-	59,070	57,520	-	-	-	-	-	-
Borrowings	382,206,306	171,982	116,686,436	50,701,044	55,866,373	29,192,465	18,411,427	53,896,670	2,326,298	761,056	642,182	8,848,197	22,186,352	22,515,824
Deposits and other accounts	2,437,597,169	1,942,143,864	27,853,846	26,660,572	116,152,169	45,098,910	47,295,106	82,621,554	36,705,934	53,887,863	17,763,697	13,112,572	20,351,341	7,949,741
Subordinated debt	22,360,000	-	-	-	-	2,000	-	-	2,000	-	4,000	4,000	8,000	22,340,000
Deferred tax liabilities	6,189,687	1,109	6,659	7,769	17,584	61,319	61,319	67,276	118,035	118,035	(854,125)	(434,720)	(1,010,519)	8,029,946
Other liabilities														
Lease Liability against right-of-use asset	15,996,664	4,530	27,177	31,707	72,473	135,887	135,887	407,662	407,662	407,662	1,630,649	1,630,649	3,261,297	7,843,422
Others	108,349,951	3,869,640	23,217,847	27,087,488	54,174,976	-	-	-	-	-	-	-	-	-
	3,002,380,885	1,974,840,034	167,795,013	104,488,580	227,196,136	74,490,581	65,962,809	137,050,682	39,559,929	55,174,616	19,186,403	23,160,698	44,796,471	68,678,933
Net assets	224,751,512	(1,320,971,017)	(37,389,102)	(63,945,376)	(91,689,218)	78,849,180	127,051,354	91,566,497	46,744,429	318,932,686	238,384,679	201,978,195	222,771,871	412,467,334
Share capital	14,668,525													
Reserves	66,260,511													
Surplus on revaluation of assets - net of tax	24,875,383													
Unappropriated profit	114,550,097													
Non-controlling interest	4,396,996													
	224,751,512													

Notes to the Consolidated Financial Statements

For the year ended December 31, 2020

45.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

Assets and liabilities which have contractual maturities have been reported as per the remaining maturities, whereas assets and liabilities which do not have any contractual maturities have been reported as per their expected maturities calculated on the basis of an objective and systematic behavioral study approved by the ALCO.

	2020									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	-----(Rupees in '000)-----									
Assets										
Cash and balances with treasury banks	375,280,120	284,407,384	5,913,911	5,495,033	13,107,319	15,135,918	7,150,285	10,841,125	17,393,550	15,835,595
Balances with other banks	56,533,829	53,949,417	2,584,412	-	-	-	-	-	-	-
Lendings to financial institutions	30,154,193	23,154,193	7,000,000	-	-	-	-	-	-	-
Investments	1,948,576,822	63,221,939	386,632,097	162,096,764	293,439,335	178,053,042	124,129,943	257,096,448	411,973,845	71,933,409
Advances	1,223,510,222	132,073,904	118,712,650	92,969,161	151,932,033	196,845,905	165,239,472	192,649,961	101,287,366	71,799,770
Fixed assets	89,190,210	3,155,614	1,032,369	1,548,553	3,097,106	6,194,213	6,194,213	7,667,639	11,012,636	49,287,867
Intangible assets	10,412,880	1,682,587	124,087	186,131	372,262	744,523	744,523	1,139,527	-	5,419,240
Other assets	115,404,542	18,705,619	29,730,219	36,666,681	15,483,523	242,476	14,212,314	320,950	42,760	-
	3,849,062,818	580,350,657	551,729,745	298,962,323	477,431,578	397,216,077	317,670,750	469,715,650	541,710,157	214,275,881
Liabilities										
Bills payable	46,434,199	9,139,014	884,373	36,410,812	-	-	-	-	-	-
Borrowings	544,107,826	350,323,442	51,536,565	23,348,315	95,184	39,920,322	9,771,489	22,276,861	38,843,367	7,992,281
Deposits and other accounts	2,830,371,390	783,593,713	160,920,659	154,864,162	315,410,899	326,073,671	156,534,635	231,085,373	367,392,028	334,496,250
Subordinated debt	22,356,000	-	9,982,000	-	-	-	-	-	-	12,374,000
Deferred tax liabilities	10,387,859	146,051	867,743	378,998	686,278	(719,857)	(369,670)	(722,890)	4,320,561	5,800,645
Other liabilities										
Lease Liability against right-of-use asset	18,213,249	154,717	309,433	464,150	928,300	1,856,600	1,856,600	3,713,201	8,930,248	-
Others	111,697,048	28,414,176	34,965,344	15,933,805	15,437,544	1,965,178	1,215,782	2,547,145	11,026,234	191,840
	3,583,567,571	1,171,771,113	259,466,117	231,400,242	332,558,205	369,095,914	169,008,836	258,899,690	430,512,438	360,855,016
Net assets	265,495,247	(591,420,456)	292,263,628	67,562,081	144,873,373	28,120,163	148,661,914	210,815,960	111,197,719	(146,579,135)
Share capital	14,668,525									
Reserves	72,062,025									
Surplus on revaluation of assets - net of tax	36,004,914									
Unappropriated profit	138,208,223									
Non-controlling interest	4,551,560									
	265,495,247									

	2019									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	367,593,717	106,163,622	45,873,020	65,021,377	8,920,206	2,381,699	1,647,479	3,539,688	67,257,650	66,788,976
Balances with other banks	41,248,554	21,840,375	7,871,679	6,101,556	5,434,944	-	-	-	-	-
Lendings to financial institutions	45,303,199	24,614,015	20,689,184	-	-	-	-	-	-	-
Investments	1,379,607,379	54,025,691	348,135,723	8,807,586	313,031,894	178,827,127	122,131,445	109,181,441	187,993,526	57,472,946
Advances	1,166,956,994	155,116,573	93,079,006	139,951,222	101,424,798	72,205,426	71,091,658	361,575,560	112,665,750	59,847,001
Fixed assets	80,462,410	2,416,704	990,228	1,485,342	2,970,683	5,941,366	5,941,366	8,010,134	10,747,035	41,959,552
Intangible assets	9,089,345	1,119,108	89,128	133,691	241,482	534,765	534,765	1,069,531	132,854	5,234,021
Other assets	136,870,799	53,564,668	26,797,801	21,336,173	13,802,782	29,709	21,325,861	13,805	-	-
	3,227,132,397	418,860,756	543,525,769	242,836,947	445,826,789	259,920,092	222,672,574	483,390,159	378,796,815	231,302,496
Liabilities										
Bills payable	29,681,108	5,755,277	9,696,144	14,229,687	-	-	-	-	-	-
Borrowings	382,206,306	223,424,098	47,660,391	53,899,163	3,087,353	642,182	8,848,196	22,186,931	18,512,006	3,945,986
Deposits and other accounts	2,437,597,169	276,182,027	123,675,102	129,547,007	184,437,210	45,493,317	33,844,205	61,669,157	795,240,782	787,508,362
Subordinated debt	22,360,000	-	2,000	-	2,000	4,000	4,000	8,000	9,966,000	12,374,000
Deferred tax liabilities	6,189,687	31,108	188,864	32,236	208,935	(856,538)	(439,122)	(999,024)	3,136,267	4,886,961
Other liabilities										
Lease Liability against right-of-use asset	15,996,664	135,887	271,775	407,662	815,324	1,630,649	1,630,649	3,261,297	7,843,421	-
Others	108,349,951	44,717,715	23,916,167	10,952,541	13,599,592	1,518,438	1,307,211	2,992,009	9,346,278	-
	3,002,380,885	550,246,112	205,410,443	209,068,296	202,150,414	48,432,048	45,195,139	89,118,370	844,044,754	808,715,309
Net assets	224,751,512	(131,385,356)	338,115,326	33,768,651	243,676,375	211,488,044	177,477,435	394,271,789	(465,247,939)	(577,412,813)
Share capital	14,668,525									
Reserves	66,260,511									
Surplus on revaluation of assets - net of tax	24,875,383									
Unappropriated profit	114,550,097									
Non-controlling interest	4,396,996									
	224,751,512									

45.5 Derivatives Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BoD) on the recommendation of the Board Risk Management Committee (BRMC).

The responsibility for derivatives trading activity lies with Treasury and Global Markets. Measurement and monitoring of market and credit risk exposure, associated limits and its reporting to senior management and the BoD is done by the Treasury Middle Office (TMO). TMO coordinates with the business regarding approvals for derivatives risk limits. Treasury Operations records derivatives activity in the Bank's books, and is responsible for reporting to the SBP.

45.5.1 Credit Risk

Credit risk is the risk of non-performance by a counterparty which could result in an adverse impact on the Bank's profitability. Credit risk associated with derivative transactions is categorized into settlement risk and pre-settlement risk. A pre-settlement risk limit for derivative transactions is recommended by TMO for approval to the appropriate Credit Approval Authority. The exposure of all counterparties is estimated and monitored by TMO.

45.5.2 Market Risk

The Bank, as a policy, hedges back-to-back all Options transactions. The Bank minimizes the exchange rate risk on its Cross Currency Swaps portfolio by hedging the exposure in the interbank market. The Bank also manages the interest rate risk of Interest Rate Derivatives and Cross Currency Swaps through Price Value of a Basis Point (PVBP) limits which are monitored and reported by TMO to senior management on daily basis. These limits are approved by Global ALCO on annual basis. However interim limit enhancements/amendments may also be sought.

45.5.3 Operational Risk

The staff involved in the process of trading, settlement and risk management of derivatives are carefully trained. Adequate systems and controls are in place to carry out derivative transactions smoothly. Each transaction is processed in accordance with the product program or transaction memo, which contains detailed accounting and operational aspects of the transaction to further mitigate operational risk. In addition, the TMO and the Global Compliance Group are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Internal Audit also reviews this function, which covers a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Bank uses a derivatives system which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, and carry out stress tests and sensitivity analysis. TMO produces various reports for senior management on a periodic basis. These reports provide details of outstanding positions, profitability, risk exposures and the status of compliance with limits.

45.5.4 Liquidity Risk

Derivative transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk. The liquidity risk would arise only when the Bank has a payable resulting from a transaction. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on- and off-balance sheet positions in the interbank market, where available.

45.6 Enterprise Risk

During the year, the Bank further strengthened its risk management function by setting up an Enterprise Risk Management (ERM) vertical in accordance with SBP guidelines. The ERM function provides an integrated approach to comprehensive risk management and includes a Model Risk Management (MRM) arm that aims to provide independent review and validation of all models being used in the Bank.

46 **NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

46.1 The Board of Directors, in its meeting held on February 17, 2021, has proposed a final cash dividend of Rs 3.00 per share for the year 2020. This is in addition to Rs 1.25 already paid during the year bringing the total dividend for the year to Rs 4.25 per share (2019: Rs 5.00 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2020 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2021.

47 **DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on February 17, 2021.

48 **GENERAL**

48.1 These consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

48.2 Comparative figures have been re-arranged and reclassified for comparison purposes.

Muhammad Aurangzeb **President and Chief Executive Officer**	**Rayomond Kotwal** **Chief Financial Officer**	**Dr. Najeeb Samie** **Director**	**Salim Yahya Chinoy** **Director**	**Salim Raza** **Director**

Islamic banking business - Consolidated Financial Statements **ANNEXURE-I**
For The Year Ended December 31, 2020

Details of islamic banking business for the year ended December 31, 2020 is disclosed in Annexure I of the unconsolidated financial statements.

Details of advances written-off - Consolidated Financial Statements **ANNEXURE-II**
For The Year Ended December 31, 2020

Details of advances written-off for the year ended December 31, 2020 is disclosed in Annexure II of the unconsolidated financial statements.

Details of disposal of fixed assets to related parties - Consolidated Financial Statements **ANNEXURE-III**
For The Year Ended December 31, 2020

The particulars of disposal of fixed assets to related parties are given below:

Description	Original cost	Accumulated depreciation	Book Value	Sale proceeds	Mode of disposal	Particulars of buyer
	----------(Rupees in '000)----------					
Electrical, Office and Computer Equipment	145	112	33	39	Insurance Claim	Jubilee General Insurance Limited
Leasehold improvements	163	35	128	94	Insurance Claim	Jubilee General Insurance Limited
Vehicles	1,730	1,694	36	1,606	Insurance Claim	Jubilee General Insurance Limited
Total	2,038	1,841	197	1,739		

HBL Domestic Network

As at December 31, 2020

- Retail Branches Conventional

Name of Region	Number of Branches
Bahawalpur	58
Faisalabad	93
Gujranwala	69
Gujrat	71
Hyderabad	57
Islamabad	138
Jhelum	77
Karachi	156
Lahore	113
Mardan	94
Mirpur A.K.	59
Multan	104
Muzaffarabad	42
Peshawar	103
Quetta	46
Sahiwal	80
Sargodha	74
Sialkot	79
Sukkur	53
- Islamic Banking	62
- Commercial	20
- Corporate (Including KEPZ)	12
	1,660

Subsidiaries

- The First MicroFinance Bank (FMFB) Limited

Name of Region	Number of Branches
Sindh	40
Punjab	78
Balochistan	6
Khyber Pakhtunkhwa	16
Capital Territory	1
Gilgit Baltistan	22
Azad Kashmir	2
	165

- Habib Bank Financial Services (Private) Limited
- HBL Currency Exchange (Private) Limited
- HBL Asset Management Limited

Associates

- Jubilee General Insurance Company Limited
- Jubilee Life Insurance Company Limited

UNCONSOLIDATED FINANCIAL STATEMENTS

Directors' Report 2020

On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the year ended December 31, 2020.

Macroeconomic Review

In 2020, the performance of the domestic economy has been a tale of two halves. At the start of the year, the economy was showing nascent signs of a recovery from the slowdown caused by the stabilization program. With the breakout of the global pandemic and the consequent lockdowns and collapse of business activity, Pakistan's GDP contracted by 0.4% in FY'20, the first negative return in 70 years. As Pakistan began to emerge relatively unscathed from the pandemic, the domestic economy staged a turnaround, supported by fiscal and monetary stimulus. The revival of Large-Scale Manufacturing (LSM) has been broad-based, with most sub-sectors showing improvements and the LSM index growing by 8.2% in H1FY'21. While cotton shortfalls are expected, this is expected to be offset by improved growth in wheat and other crops. GDP growth projections for FY'21 are 2.0%, a reasonable outcome considering the ongoing pandemic. Supply side shocks kept food prices volatile during H1FY'21, leading to higher levels of inflation; these have since moderated, with inflation falling to a 2-year low of 5.7% in January 2021 and averaging 8.2% for 7MFY'21 compared to 11.6% for the same period last year.

Exports for H1FY'21, although 4.8% lower, are inching back towards pre-Covid levels. Imports, on the other hand increased by 4.8%, with a resurgence in non-oil imports. Consequently, the trade deficit increased by 17% YoY, to USD 11.4 billion, in H1FY'21. Remittances have remained above $2 billion per month for the last seven months, growing by 25% YoY in H1FY'21; travel restrictions and supportive policy measures by the SBP and the government have increased the use of official channels. This has more than offset the rising trade deficit and resulted in a current account surplus of USD 1.1 billion for the first six months of FY'21.

Pakistan secured debt repayment relief of USD 1.7 billion for the period May – December 2020 from G-20 creditors and expects another USD 800 – 900 million relief till June 2021. Coupled with the current account surplus, this has kept the external account stable, with foreign exchange reserves staying above USD 20 billion. Consequently, during the fourth quarter of 2020, the Rupee appreciated by ~3%. Furthermore, the recently launched Roshan Digital Accounts have received an overwhelming response, as balances in these accounts have crossed USD 500 million.

The fiscal deficit was recorded at 2.5% of GDP in H1 FY'21, vs. 2.3% in the same period last year. The government's resolve for fiscal discipline is reflected in a primary surplus of 0.7%; however, a 15% increase in debt servicing has resulted in the higher deficit. FBR performance has been on track, with revenue collection up 6% and the H1FY'21 target nearly achieved. Pakistan has reached a staff-level agreement with the IMF to resume the EFF program which was in abeyance following the Rapid Financing Instrument disbursement in April 2020. After IMF Board approval, Pakistan could see an inflow of USD 500 million in early Q2'21. It is expected that the IMF will continue to emphasize more autonomy for banking and energy regulators, fiscal consolidation, and reiterate the necessity of broadening the tax base and resolving the circular debt.

After touching 5-year lows following a sharp sell-off in the first quarter, the equity markets turned bullish in the second half of the year, posting a return of 7.4% for the full year. The recovery was driven by accommodative monetary and fiscal policies, which improved economic activity and corporate earnings.

With the onset of the pandemic, the SBP moved quickly and proactively with several measures to support the economy, introducing a range of concessionary finance schemes and rapidly reducing the policy rate by 625 bps through a number of off-cycle monetary policy announcements. Since June 2020, the policy rate has remained unchanged at 7.0%, to continue providing a conducive environment for the recovering domestic economy. The central bank has recently given forward-looking guidance for the first time, stating that interest rates are expected to remain unchanged in the short-term. Demand for private sector credit remained muted for most of 2020, with industry loans growing by only 4%; however, the SBP's Temporary Economic Relief Facility has received an overwhelming response during the second half of the year, with total financing of Rs 278 billion approved. Industry deposits continued their growth, rising by 22% from December 2019 levels. Banking spreads during the year reduced by 73 bps over 2019 mainly due to asset repricing.

Financial Performance

In 2020, HBL has doubled its profit after tax over the previous year, to Rs 31.5 billion. Profit before tax for 2020 has also nearly doubled, to Rs 53.0 billion compared to Rs 27.1 billion in 2019. Earnings per share increased from 10.27 in 2019 to Rs 21.49 in 2020. The Bank's domestic franchise, the mainstay of the institution, has delivered record profits while improving its market position across all business lines.

HBL added over Rs 375 billion to its domestic deposits, which crossed Rs 2.5 trillion, resulting in market share improving to 14.05%. Most of the growth was in current and savings accounts, which increased by Rs 115 billion and Rs 207 billion respectively. Total deposits of the Bank increased by 16.0% to over Rs 2.7 trillion. In the last quarter of the year, as the economy began to recover, HBL grew domestic advances by 10%, to Rs 982 billion; in 2020, our leading consumer portfolio increased by 25% to over Rs 75 billion. Total advances reached Rs 1.1 trillion, 4% higher than in December 2019.

HBL's average domestic balance sheet grew by Rs 375 billion over 2019, led by the strong deposit growth. Despite a steep drop in the rate environment, domestic net interest margin improved to 5.5% as deposit repricing was immediate, while assets were only fully repriced by Q4'20. Consequently, domestic net interest income rose to a record level of Rs 116 billion in 2020. The international balance sheet also showed signs of a turnaround in Q4'20 with revenue beginning to uptick. The Bank's total net interest income for 2020 has therefore increased by 29% over 2019, to Rs 122 billion. Total non-fund income increased by 37% to Rs 25.7 billion, boosted by capital gains of Rs 7.8 billion realized on fixed income instruments. HBL's total unconsolidated revenue thus reached an all-time high of Rs 148 billion in 2020.

HBL accelerated investment in its digital infrastructure and in the hiring and retention of best-in-class talent. The Bank spent over Rs 600 million on safeguarding its people and customers, and in supporting affected communities in this time of unprecedented crisis. However, with New York and Business transformation costs having receded, growth in the Bank's administrative expenses was contained to 1% over 2019. The Bank's cost to income ratio has started moving towards industry norms, reducing from a peak of 72.9% in 2019 to 56.3% for 2020.

HBL has prudently recorded a discretionary general provision of Rs 5.4 billion in its domestic business to reserve against provisions that might arise from pandemic-affected customers, once SBP relaxations and waivers are rolled back in 2021. In 2020, a steady recovery performance resulted in a decline in domestic credit provisions; however international provisions increased by $ 28 million, mostly due to industry-wide problem credit in one of the international locations. HBL's coverage ratio has improved from 96.3% in December 2019 to over 100% in December 2020, and the infection ratio reduced to an all-time low of 6.3% in December 2020.

Movement in Reserves

	2020	2019
	Rupees in million	
Profit after tax	**31,524**	15,064
Unappropriated profit brought forward	**104,668**	91,883
Profit after tax	**31,524**	15,064
Re-measurement (loss)/gain on defined benefit obligations – net of tax	**(155)**	80
Transferred from General Reserve	**-**	6,074
Transferred from surplus on revaluation of assets – net of tax	**45**	409
	31,415	21,627
Profit available for appropriation	**136,083**	113,510
Appropriations:		
Transferred to statutory reserves	**(3,152)**	(1,506)
Cash dividend – Final	**(1,834)**	(1,834)
1st interim cash dividend	**(1,834)**	(1,834)
2nd interim cash dividend	**-**	(1,834)
3rd interim cash dividend	**-**	(1,834)
Total appropriations	**(6,820)**	(8,842)
Unappropriated profit carried forward	**129,263**	104,668
Earnings per share (Rupees)	**21.49**	10.27

Capital Ratios

In Q1'20, with the onset of the pandemic, the SBP reduced the Capital Conservation Buffer (CCB) requirement by 100bps to ensure the continued flow of credit to industries and businesses. This resulted in an additional Rs 5.2 billion (42bps) of Tier II capital becoming eligible for recognition. As at Dec'20, HBL's Tier I CAR had increased by 114 bps over Dec'19 to 14.83%, while total CAR improved from 17.07% to 19.20% over the same period. Strong profits, regulatory restrictions on dividend payouts and the CCB relaxation all contributed to the strengthening CAR.

In Dec'20, the Bank exercised its call option on the existing Tier 2 subordinated debt TFCs. These will stand fully redeemed on Feb 19, 2021. Consequently, these are not included in total Tier 2 capital.

Business Developments

In 2020, HBL has maintained a deposit market share of over 14%, adding more than 650,000 new customers through its branch network. This included 114,000 new customers of HBL Asaan Account, a key product for inclusion of the unbanked population; the Bank now has nearly 1 million Asaan account customers who have a total deposit balance of over Rs. 12.3 billion.

HBL proudly serves 3.3 million women customers, including 630,000 under its women's market program, Nisa. This program has been recognized internationally at various forums as one of the most successful models of women-centric programs. Over the last few years, the program has evolved to a dedicated initiative that now offers a complete suite of deposit products. HBL Nisa was refreshed and relaunched in late 2020 with features tailored to the varied needs of women in Pakistan. The distinguishing aspect of the new product is the bundling of free insurance services designed to empower women by providing a unique combination of health and financial protection riders. Within two months of its re-launch, over 650 new women customers have been added to the client base with a deposit balance of over Rs 100 million.

The launch of Prestige is a holistic strategy focused on offering the Bank's High Net Worth customers a wide array of products and customized solutions in line with their sophisticated needs. The physical footprint will take the shape of lounges within existing branches as well as state-of-the-art standalone flagship locations supported by a robust digital platform. This will accelerate customer acquisition in this important segment, improve product cross-sell and drive service excellence, all of which will contribute to improving the HBL brand.

HBL Rural Banking leads the industry as the largest farmer finance provider with a market share of ~ 30% amongst commercial banks. With a challenging macroeconomic situation, poor crop yields and lockdown related restrictions, lending growth in 2020 remained subdued. HBL supported more than 2,000 affected farmers through active usage of SBP relief measures.

The Bank's formal agreement with the Punjab Land Record Authority to access central records online was expanded to 35 districts. HBL's pioneering efforts in this area have been recognized by the SBP, at whose request the Bank provided training to FIs across the sector. The business is also leveraging HBL Konnect for farmers' loan repayments, giving them the convenience of repayments at the closest HBL Konnect agent rather than travelling to the branch; to date, more than Rs 800 million in repayments have been made through Konnect agents.

HBL "Kissan ki Awaz" is a flagship discussion platform for farmers to meet HBL through a series of structured town halls, enabling HBL to receive feedback directly from its customers. In these sessions, agronomists and academic experts are also invited to provide advice and input. After holding several face-to-face sessions during the first quarter of 2020, the Bank moved to virtual sessions during the pandemic. HBL plans to continue both versions of this very popular program in 2021.

Within a year of its creation, HBL's unique Development Finance Group designed and successfully implemented two farm-to-processor pilot interventions targeting underserved farmers in rural Sahiwal and Gujranwala. Farmers improved productivity by receiving in-kind loans packaged as quality agricultural inputs, access to latest mechanization and impartial agronomic advisory. The loans were settled by pre-determined corporate bulk buyers of the produce. Another pioneering feature was the inclusion of small, tenant farmers who were offered facilities collateralized by crops. With a 'double bottom line' impact as its ethos, these interventions yielded substantial uplift in farmers' income. This agriculture value chain will be scaled up significantly during 2021, with greater emphasis on digitization of the customer journey, including on-boarding 'in the field' via HBL Pay, to improve turnaround times.

Meeting changing expectations of our customers across all channels is a strategic priority for HBL. As we adapted to restrictions and also opportunities presented by the pandemic, our customer satisfaction level was maintained above 80% with problem resolution satisfaction score at 50%. During 2020, 209,767 complaints were received by the Bank. These were resolved, on average, within 7 days.

Fair Treatment to Customers (FTC) remained a key area of focus in 2020. Training sessions on incorporating FTC components into staff goals, improvements in process transparency and complaint resolution journey for customers were some of the initiatives taken by the Bank during the year. The Bank's Service Quality Council had previously launched the Presidential Award for Service Excellence to reward exceptional service at all levels and across functions. This has become a point of pride for recipients and incentivized staff to continually exceed service standards.

HBL's Consumer Banking business had another stellar year, growing by 25% to Rs 75 billion, despite the disruption caused by the pandemic. Personal loans remained the largest product, at 50% of the total Consumer lending portfolio. With a drive to achieve industry leadership, relentless focus on auto loans resulted in this product growing by more than 52% during the year. Consequently, HBL's market position in this segment improved from fourth to second. The consumer bank also supported more than 24,000 customers through active usage of the SBP's Covid relief measures.

HBL Platinum continues to be the most sought-after credit card in the market with total spend increasing by 12% over 2019, despite lockdown-related restrictions and lower international use due to reduced travel. The credit card business grew by 22% despite the headwinds, as organic growth was supplemented by greater e-commerce usage. The focus on digital channels resulted in the processing time for personal loans and credit cards via HBL Mobile reducing from a few hours to minutes. Consequently, the share of this booking channel increased from 8% to 14% for personal loans and from 16% to 23% for credit cards.

The Merchant Acquiring business retained market leadership, expanding the POS network to more than 30,000 terminals; HBL now accounts for more than 30% of the country's total sales volume, at Rs 117 billion. HBL's debit card remains the market leader with 5.8 million cards and a 21% market share; spend increased by 12% over 2019 to Rs 47 billion. Going forward, all new card issuances will be contactless cards as the Bank continues to innovate for customer convenience.

HBL is focused on serving the SME segment, in which it is the industry leader, as these businesses remain the backbone of the economy. In 2020, over 800 new customers were added, resulting in additional financing of more than Rs 7 billion. SMEs were most impacted by the pandemic due to complete or partial closure; through participating in various SBP relief schemes, the Bank supported more than 250 customers, mainly for the continued provision of salaries to their employees, for which the Bank disbursed Rs 1.2 billion. HBL also fully utilized the limits available to it under SBP schemes for Women Entrepreneurs and for Working Capital for SMEs.

Islamic banking continues to grow, increasing cross-sell to corporate customers and growing the consumer finance business with a fuller product suite. During the year, HBL opened 369 additional Islamic windows in order to support the Government's Low Cost Housing initiative; at least 50% of branches in each and every district of Pakistan now offer this product. As a result, HBL's Islamic distribution network of 915 branches and windows is the largest in the industry. In line with its trade focus, HBL has also increased its trade hubs in Karachi and opened one in Islamabad to facilitate customers. HBL plans to expand its dedicated Islamic branch network by converting 200 Islamic windows to Islamic branches, thus increasing coverage from under 200 cities to over 300 cities. This journey commenced during the year with a pilot of 10 branches, and the full conversion is targeted by the end of 2021.

In a year of economic turbulence, maintaining credit quality of the Corporate client portfolio was of paramount importance. Extensive industry and client reviews, and close interaction with the SBP on stress points in the economy, helped the Bank in navigating through the challenges posed by the pandemic. The business continued to focus on deepening customer relationships through increased product cross-sell and trade, which has resulted in a substantial increase in the Bank's trade business and market share. HBL took a leadership role in supporting and utilizing SBP relief schemes, disbursing Rs 36 billion for salary support and deferring / restructuring Rs 118 billion under the SBP programme for providing additional liquidity to the economy. HBL continues to grow its lead in transaction banking, and cash management throughput increased by 43% to a record Rs 5.1 trillion. Through its proprietary employee banking solution, HBL At Work, the Bank processed salary and pension payments of over Rs 300 billion, an increase of nearly 20% over 2019.

HBL maintained its leadership position in Investment Banking, spearheading several transactions despite weak economic conditions. HBL successfully managed debt arrangement and advisory deals in the pharmaceuticals, power and utilities sectors while on the equity advisory and underwriting front, HBL concluded transactions for companies in the tertiary healthcare, oil & gas and FMCG sectors. Keeping its position at the forefront of the CPEC initiative, HBL closed CPEC mandates valuing over USD 1 billion during the year. In line with the SBP's initiative of promoting low-cost house finance and real estate development, HBL is engaged in a number of transactions in this space. As the preferred domestic investment bank for clients and partnering with global investment banks, HBL has been appointed as co-manager for the issuance of the first ever USD 500 million Eurobond for a public sector enterprise and continues to advise the Ministry of Finance and the Government of Pakistan in other capital raising / privatization transactions.

HBL has consistently led the market in adopting Environmental, Social & Governance (ESG) principles in its undertakings. With environmental and climate change concerns taking priority on the Bank's agenda, HBL approved its "No New Coal" policy in June 2020, under which the Bank has stopped financing any new coal projects. This is a very significant commitment by the Bank towards the reduction of greenhouse gas emissions, and is the first of its kind by any bank in Pakistan. During 2020, HBL has also significantly increased engagement with International Financial Institutions / Development Finance Institutions and is jointly financing a number of solar and wind energy projects.

HBL's Treasury team continued to enhance the value addition to its stakeholders in 2020. Digitization initiatives continued to gain traction; the Bank's FX portal, HBL Infinity®, has been rolled out to over 200 corporate clients in Pakistan, as well as to 11 banks and 11 international branches. The platform has brought greater transparency and convenience to a large swathe of the Bank's foreign exchange customers. HBL's FX business remains robust with the Bank processing over $ 7 billion in client volumes during the year. In the Fixed Income market, HBL extended its leadership position, processing over Rs. 6.3 trillion in client volumes and nearly Rs. 4 trillion in interbank volumes; overall, this represents a 27% market share. This relentless focus on client service helped HBL regain the coveted #1 position in the State Bank of Pakistan's Primary Dealer rankings.

As the pandemic forced a more remote interaction upon the world, 2020 saw tremendous growth in the take-up of HBL's digital offerings. The user base of HBL Mobile and Internet banking increased by 52% to 1.8 million users. Transaction count and volumes both doubled, to 44 million transactions and Rs 560 billion, respectively.

Following global trends, Pakistan saw a significant increase in e-commerce volumes during 2020. HBL continued its market leadership in terms of enabling e-commerce entities to accept online payments and witnessed a substantial growth in transactions processed through HBL Pay – the payment gateway. Transactions reached 2.4 million, a 42% increase, and volumes grew 18% to Rs 15 billion, over 2019.

HBL Konnect remains the primary vehicle for offering easy access to the unbanked and under-banked segments of society, with women continuing to make up 25% of the client base. In 2020, 1.6 million new accounts were opened, taking the total Konnect account base to 5.3 million. Users of the refreshed Konnect App more than doubled to 1.6 million, while throughput through the platform quadrupled to nearly Rs 600 billion.

In pursuit of its ambition to have a lifestyle app, HBL had launched partner widgets for HBL Mobile and Konnect in late 2019; these widgets leverage APIs to enable partner platforms to market their goods and services via the Bank's digital platforms. Utilizing these, HBL launched industry first, new use cases, including bus and air travel, online shopping, food delivery and online doctor consultation. In 2020, more than 115,000 transactions worth nearly Rs 250 million were processed across both apps.

HBL's national presence and robust technology platforms have enabled it to be a core partner for the Government of Pakistan in the disbursal of social safety net payments. Under the Ehsaas Kafalat program, HBL distributes quarterly payments to over 3.3 million deserving women across the country. During the unprecedented, pandemic-induced lockdowns, based on HBL's proven track record, Ehsaas selected HBL to enable the delivery of the Ehsaas Emergency Cash program, the largest social safety net initiative in Pakistan's history. At extremely short notice, and at the peak of the first Covid wave with all its associated challenges, the Bank deployed over 7,000 touch points nationwide, in addition to its large branch network. Over a period of two months, HBL distributed Rs 145 billion under the Emergency Cash program, thus bringing support and relief to more than 12 million families. Overall, HBL disbursed Rs 175 billion under the Ehsaas programme in 2020.

The Infrastructure foundation for the data driven bank was set up in Q4 2019 with the set up of a data lake. To date, data from the Core Banking, Konnect, HBL Mobile and Debit Card systems has been integrated into the data lake. By the end of 2021, the Bank is targeting the centralization of data from all banking systems into the data lake to empower units to perform most analytics on a self-service basis. The data lake and associated infrastructure will also enable HBL to move towards offering hyper-personalised engagement with customers, and also achieve the goal of intelligent process automation.

In line with the strategic rationalization of its footprint, HBL exited its business in Hong Kong, The Bank is reshaping its International Business to deliver sustainable profitability and become more relevant to its global clients. The strategic focus remains on expanding the China franchise, growing network business, strengthening corporate origination, and building out stronger transaction banking and treasury capabilities. HBL's strong relationships with Chinese clients, the imminent commencement of the Beijing branch and cross-selling of RMB capability, will allow the Bank to gain a leading share in this corridor.

There has been a strong positive trajectory of the underlying business drivers in core markets; albeit financial results were impacted by the pandemic as low interest rates and slower lending growth were prevalent across most countries. In 2020, growth in the corporate segment, deepening relationships with Chinese clients across multiple markets, and growing trade volumes, have all set the foundation for 2021. International business from network Chinese and Pakistani clients has doubled over 2019 and the deepening of the FI business across locations has also set up a good platform to drive further growth in this asset class.

During much of the year, HBL's Urumqi branch operations were impacted due to lockdowns; however, in Q4'20 the branch commenced RMB trade transactions. As one of only 3 banks in MENA and South Asia to offer end-to-end RMB intermediation, HBL is uniquely positioned to undertake this activity. After successfully completing all inspections, HBL received the license for its Beijing branch in Oct'20 and is expected to formally commence business by the end of Q1'21. HBL's successful China coverage model was extended from Pakistan to UAE, and plans are to extend this to Sri Lanka and Bangladesh in 2021.

On the operational side, from the very start of the pandemic, HBL's response was swift and all-encompassing. A senior level Crisis Management Team met twice daily to ensure rapid reactions to fluid situations and to coordinate the overall response to the pandemic. Immediate actions were taken to develop a supply chain for pandemic-related consumables and safeguard business continuity at multi-site operations. The pandemic also required a swift response in terms of technology capabilities. Shortly after the lockdown, nearly 1,800 bank staff were provided with laptops and secure VPN internet connectivity. The technology team successfully moved all test and development environments to the cloud. Extensive use was made of collaboration tools such as Teams and Zoom.

2020 was also the year in which digital onboarding of customers came into its own, driven by the Roshan Digital Account initiative, which allows customers to open accounts within minutes without the need to visit branches in person. In 2021 we expect that account opening for regular branch customers will also move towards a channel-agnostic digitally enabled self-service model. On the infrastructure side, a software defined wide area network, the first of its kind in the country, was successfully implemented across all branches. HBL also championed a successful channel migration strategy to migrate customers from branch counter transactions to alternate channels including ATMs, Mobile Banking, Konnect and IVR. This initiative succeeded in reducing routine counter transactions by 23%. Additionally, it provided the ease and convenience of self-service to customers, eased crowding in branches and also enabled branch staff to provide better customer service for non-routine transactions.

With the conclusion of its Business Transformation program in Pakistan, focus turned to implementation at international locations. Several workstreams were implemented in a number of countries and the remaining will be completed in 2021. HBL also established a Risk, Compliance and Control Unit. This will function as a centralized unit, drawing together existing resources under one coherent umbrella to streamline and realize efficiencies in the control testing process.

In 2020, HBL's flagship platform, HBLPSL, took place in Pakistan in its entirety, serving to create an even more positive brand association. This was the fifth edition of HBL's sponsorship of the single largest sporting event in the country. Unfortunately, due to the pandemic, the last four matches, including the final, had to be postponed and were held in Nov '20 in a no-spectators environment to safeguard the health and safety of players and fans. HBL is proud to have won the prestigious Effie Award 2020 for Passion for Pakistan for its efforts behind the mission to bring international cricket back home through HBLPSL.

In line with its spirit of public private partnership, HBL supported several Government and SBP initiatives. The Bank partnered with the SBP on a TV campaign for the Pakistan Remittance Initiative to market digital remittance channels and continues to promote the Roshan Digital Account. HBL launched its first ever Islamic positioning campaign; this was delivered via Home Finance and the GoP's Mera Ghar, Mera Pakistan campaigns.

In 2020, the Bank's brand building efforts took a conscious turn towards profiling the Bank's digital products and services. The Bank invested heavily in its first ever TV campaign for HBL Mobile, while a digital-centric campaign promoted instant personal loans through HBL Mobile. Other significant campaigns announced the introduction of tap & pay/contactless cards and the expansion of HBL's POS network. HBL won two prestigious accolades held under the aegis of the Pakistan Digital Awards, including Best Banking Tech of the Year and Best Digital Campaign for Konnect by HBL. The Bank continued to enhance its use of social media to market its products and services and served more than 2 billion impressions, a growth of 75% over 2019. The Bank's digital marketing efforts were recognized locally and internationally as evident by a prestigious win for Best Use of Social Media at the World Finance Awards.

Human Resources

2020 brought with it numerous Covid-related people challenges. HBL responded swiftly to safeguard its employees and their financial well-being. With banking considered as an essential service during the pandemic, a majority of the branch network remained operational, with 70% of employees working from their branches and offices to provide uninterrupted service to customers. Robust safety protocols were implemented, and continuous support was extended to staff and their families through strict enforcement of Standard Operating Procedures and enhanced communication, including a mandatory e-learning module on Covid. Remote working, flexible work arrangements and split team rotation plans were rapidly implemented early on in the pandemic. This ensured that critical employees were able to work remotely from their homes, thus seamlessly managing work and also minimizing the risk of exposure, while enabling the Bank to provide effective delivery of banking services to customers and timely regulatory compliance. The Bank also adopted a process of aggressive testing for staff who showed symptoms and those who may have been exposed to the virus. With a team of doctors, over 6,000 staff and their family members were supported. An industry-leading Employee Assistance Program was launched which provided complete financial support to employees for all covid-related medical expenses and an interest free loan to help employees with covid-related medical expenses for their close relatives.

The Bank leveraged technology to automate processes and moved learning from classroom to virtual instruction mode. The end-to-end process for hiring of Management Trainees as well as front-line cash officers was automated with the inclusion of an online application submission, gamified simulation for selection, online assessment centres and virtual interview sessions. The 21 Management Trainees of 'The League' and other employees onboarded were trained virtually, prior to deploying them in the roles. 253 programs were delivered through over 2,700 virtual sessions covering over 66,500 participants.

Our efforts in promoting women in the workforce continued during the year with directed interventions for recruiting and retaining women. Resultantly, we were able to reach a diversity ratio of 18.2% by year end. We will continue to strive towards our aspirational target of 25% women in HBL by 2025. These efforts culminated in HBL winning the Recruitment & Development award by GDIB Awards in recognition of the Bank's efforts towards consistently driving the diversity and inclusion agenda.

As part of the cultural transformation, the refreshed organizational values and related behaviours for employees and leaders were rolled out as planned. Over 16,000 employees went through virtual sessions to understand the behaviours that are expected of them as employees and leaders. This will continue to be a focus area in the years ahead with the planned incorporation of these behaviours into the annual assessment process.

Risk Management Framework

HBL has a well-developed, robust, risk management framework given its operational complexity, its size, and geographical and target market diversification. The Bank's risk management framework is based on strong Board oversight, multi-tier management supervision, efficient systems, documented risk appetite, and clearly articulated policies and procedures. The Bank continuously evaluates its risk architecture and governance framework through the Board Risk Management Committee (BRMC) which monitors, assesses and manages the risk profile of the Bank on an ongoing basis. Various risk committees at the senior management level are responsible for oversight and execution while day-to-day risk management activities are delegated to different levels through multi-tier management supervision and clearly articulated policies and procedures.

Given the prevailing stressed economic scenario, the Bank has strengthened its credit management practices through regular Early Alert Committee meetings and rapid portfolio reviews in order to ascertain the impact of stress variables on its credit portfolio. The Covid pandemic has taken a toll on businesses and economies. To closely monitor the situation and gauge portfolio quality, the Bank regularly conducts Covid impact assessments for both its domestic and international credit portfolios.

Market risk and liquidity risk indicators are reviewed on a monthly basis by the Market & Liquidity Risk Committee and by Global ALCO at the trading book as well as at the balance sheet level. A comprehensive structure is in place to ensure that the Bank does not exceed its qualitative and quantitative tolerance for market risk.

Policies and procedures are in place to govern operational risk management practices in a systematic and consistent manner. Key tools such as Risk & Control Self-Assessment, Key Risk Indicators and Operational Loss Data Management are used to gauge the likelihood and severity of operational risk incidents. The Bank's operational risk profile and fraud risk assessment are regularly shared with senior management and the BRMC.

The consumer lending business maintained its growth momentum despite Covid. To minimize the impact of lending in high-risk areas which were directly impacted, several policy measures were adopted, and collections monitoring was enhanced to avoid slippages. Lending through digital channels has also shown growth, both for personal loans as well as for credit cards. To manage losses arising due to fraud risk inherent in the cards business and to enhance customer satisfaction, transaction monitoring systems by VISA, MasterCard and 1-LINK have been deployed. New initiatives to expand the car loan product have resulted in substantial increase in new business. The program-based lending team has partnered with the business in the development of policies and procedures for low cost housing, and displayed industry thought leadership by designing credit worthiness assessment tools and data analytics of the NAPHDA data. New application scorecards have been developed and implemented for the Small Business Finance Portfolio and for Rural Lending, to strengthen underwriting and portfolio management.

Recent changes have included the introduction of a Risk Governance function. An Enterprise Risk Management department has also been established to consolidate and align risk approaches across HBL. This is expected to bring synergies and strengthen the risk monitoring and controlling mechanism in the Bank.

The Bank continued to strengthen the management of Compliance and Financial Crime risk at home and in international markets. Compliance programs, policies and systems were aligned to global best practices and also to local regulatory standards where needed, duly reflecting the outcomes of National Risk Assessments, as applicable. The alignment of HBL's existing portfolio and de-risking in line with the Bank's risk appetite and Financial Crime Risk Assessment remains an ongoing activity.

Capacity building and skills enhancement remained an area of focus across HBL markets. Awareness building was extended to the first line functions in line with the spirit of the three lines of defence model that is integral to sustainable execution of HBL's Compliance program. The Compliance Committee of Management served as senior management's link to the Board Compliance and Conduct Committee (BCNC) which maintains oversight of Compliance risk.

HBL's Whistleblowing program is directed at safeguarding the Bank's integrity and reputation and aims to increase employee empowerment in reporting suspected cases of fraud, corruption, harassment and other serious infringements of the Bank's Code of Conduct. During the year, further efforts were made to spread awareness of the various communication channels available for lodging complaints.

The above measures have collectively led to the evolution of a compliance-sensitive culture at HBL. The tone at the top is clear, as evidenced by the support from the Board, the BCNC and the President.

It is vitally important for HBL to protect its customers and their data from cyberattacks and large-scale data breaches. Information Security plays a pivotal role in protecting HBL's data assets from both internal and external threats through effective cyber security risk management, supported by preventive and detective controls capable of responding to emerging external threats.

The new remote-working models under the pandemic offered opportunities to cyber-criminals. This was compounded by the Bank's digitization initiative, the changing threat landscape and the rise of social engineering frauds. An extensive internal awareness campaign was launched to provide specific training and guidance on information security related matters. This was supplemented by targeted awareness campaigns for customers. Security protocols for remote working were implemented, enabling employees to work in a secure and seamless manner, thus ensuring continuity of business.

Our sustained efforts to provide secure banking services to our customers led to the protection of our entire network. We retained our PCI DSS certification, which is the de facto security standard for the Payment Card Industry. We also successfully passed our annual audit for the ISO 27001 Information Security Management System Certification.

Strong authentication and behavioural analytics of customers over digital channels are essential controls against prevention of rising cyber/fraud threat. In line with the expected increase in adoption of cloud-based computing, the Bank plans to increase its focus on cloud security. Enhancement of data loss prevention measures, identity and access management, and strengthening security controls over alternate delivery channels will remain key focus areas. Customers themselves are an important component of the security process and their continuous education about cyber-risks will remain an important component of the Bank's defense strategy. These measures will allow HBL to offer innovative digital solutions to its clients while ensuring them protection and peace of mind.

Corporate Social Responsibility (CSR)

Giving back to the country and the communities that we serve is part of HBL's strategic agenda. The Bank continues to support multi-sectoral initiatives in health, education and community welfare that encourage financial inclusion, particularly focusing on important linkages between health and education as sustainable pillars. To promote sustained economic and social uplift of the communities it serves, HBL contributes 1% of its annual profit after tax to the HBL Foundation, which was established in 2009 to promote the development of the underserved and underprivileged sections of society, empowering them to improve their quality of life. During 2020, the Bank donated Rs 527 million, both to the Foundation and directly to deserving causes; this is an 84% increase over the Bank's 2019 commitment. HBL collaborates closely with non-profit organizations, government, and other community partners to deliver upon its corporate social responsibility and sustainable banking agenda.

In 2020, the Foundation has contributed Rs. 133m to health-related projects, which included developing state-of-the-art medical facilities in Chitral and public and private sector hospitals in Karachi, that are bringing in path-breaking technologies for cancer treatment and pediatrics. In addition to this, HBL and the Foundation have together given over Rs. 190 m towards improving curriculum and teacher training in Government schools and establishing facilities for faculties of arts and sciences. The Foundation has also helped develop a football facility in the underprivileged area of Lyari to contribute to improving the quality of life of the children of the area.

2020 was an extremely challenging year and giving back to the communities was especially critical as the Covid pandemic wreaked havoc across the country. HBL ably demonstrated its commitment to go to extraordinary lengths to help the communities it operates in. Access to food was one of the fundamental social challenges resulting from the crisis as lockdowns resulted in increased unemployment. With a presence across the country, the Bank distributed ration bags to deserving families, benefitting over 180,000 people from this effort. The entire initiative was undertaken by HBL staff volunteers while the distribution was led by HBL's branch network. Employee volunteering is a point of pride for the Bank.

HBL and Serena joined hands to provide 30,000 meal-boxes over a period of one month across seven cities, to front-line medical professionals. The collaboration provided specially prepared meal-boxes twice a day, at 20 Covid-designated hospitals and health camps. The Bank also donated 50,000 face masks to the National Disaster Management Authority as part of its relief efforts.

Donations to the HBL Foundation and others are disclosed in Note 28.3 to the financial statements.

Credit Ratings

In June 2020, the Bank's credit ratings were re-affirmed by VIS Credit Rating Company Limited at AAA/A-1+ for long term and short term respectively. The rating of its subordinated Tier II TFC was also reaffirmed at AAA and the rating of the TFCs issued as Additional Tier 1 Capital in September 2019 have been reaffirmed as AA+. The Outlook on all ratings is Stable. The ratings incorporate HBL's position as the largest commercial bank in the country and the strong momentum in its domestic business, and reflect its sound asset quality, robust liquidity and systemic importance. Moody's also reaffirmed HBL's local currency deposit ratings at B3, the baseline credit assessment at caa1 and upgraded the foreign currency deposit rating from Caa1 to B3 in line with rating actions taken on the sovereign.

Future Outlook

Despite the obvious linkage to the pandemic, the economic downturn in 2020 pre-dates Covid and was in large part due to structural issues, many of which have, or are in the process of, being addressed. Consequently, economic indicators such as fuel consumption, auto sales and cement offtake are indicating a reasonably strong economic recovery. A large part of the import growth in H1FY'21 was admittedly in "good" imports such as capital goods; the focus on the housing and construction sector – spurred by mandatory lending targets – will help in sustaining growth across the economy. The IMF is projecting 4% growth for FY'22 which, given the structural and cyclical tailwinds, could even be exceeded.

Inflation remains the key risk to this relatively positive outlook. The SBP expects inflation to average within the range of 7% – 9% for FY21; however, inflation is likely to end FY'21 well into double digits as the base effect kicks in. While core inflation remains benign, the increase in international oil prices, revision in utility tariff rates and future uptick in food prices all pose upside risks to the inflation outlook. The positive surprise of remittances could normalize in 2H'21, putting pressure on the current account. The imminent resumption of the IMF programme – expected by Q2'21 – is a positive development as it could open doors for further capital inflows, providing continued stability to the external account and the currency.

While the second wave of infections has been more elongated, there is cause for optimism. The authorities have learned to respond to outbreaks with targeted lockdowns which have a relatively limited impact on economic activity. The expected distribution of the Covid vaccine in March should help engender confidence and an improvement in health statistics.

HBL's results for the year are a reflection of its commitment and focus on customers who are the reason for our existence and have supported us through generations. Our several years of technology investment have borne fruit in this most tumultuous of years – enabling us to seamlessly adapt to the demands of a new way of life. At HBL, *the technology company with a banking license*, as we see an acceleration of digital usage, we are responding with speed and agility to ensure that our customers are provided with innovative and state-of-the-art solutions tailored to their unique needs.

HBL and Pakistan are intertwined – as the country's pre-eminent bank, HBL has, and always will be in the forefront of supporting the country. At this critical juncture caused by the pandemic, HBL has stepped up across all facets of its business. With our model of public-private partnership, we have provided thought leadership across a swathe of areas, from low-cost housing to supporting the Government in developing a national compliance framework to attracting inflows through the Roshan Digital Account, for which we have just received an award for our leadership. HBL has been the leader in using the liquidity and funding assistance made available by the SBP to ensure the continued flow of credit to the real sector. We are particularly humbled and honoured to have been chosen to assist the Government in its efforts to protect the poorest segments of society through the Ehsaas program.

Over the past three years, HBL has transformed – its people, its processes and its philosophy. We move forward, having laid the platform for growth, with healthy capital, a strong sense of purpose and responsibility, and all key vectors aligned – Insha Allah towards a brighter future for us all.

Dividend

It is HBL's stated intention to support the real economy and its generations of clients. We plan to continue deepening existing relationships as well as developing new business streams, both of which will require strong capital buffers. HBL believes that this approach will create greater shareholder value over the longer term, and hence there is a need for a higher level of profit retention than previously.

The Board has recommended a final cash dividend of Rs 3.00 per share for the year ended December 31, 2020, bringing the total cash dividend for the year to Rs 4.25 per share. The Board had earlier declared and paid an interim cash dividend of Rs 1.25 per share.

Meetings of the Board

	Board Meeting	
	Meetings held during tenure	Attendance
Mr. Sultan Ali Allana	8	8
Mr. Salim Yahya Chinoy	8	8
Mr. Shaffiq Dharamshi	8	8
Mr. Moez Ahamed Jamal	8	8
Ms. Diane Elizabeth Moore	8	8
Mr. Salim Raza	8	8
Dr. Najeeb Samie	8	8
Mr. Muhammad Aurangzeb	8	8

Meetings of Board Committees

	Board Audit Committee		Board Risk Management Committee		Board Human Resource and Remuneration Committee		Board Compliance & Conduct Committee	
	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance
Mr. Sultan Ali Allana	N/A	N/A	N/A	N/A	5	5	N/A	N/A
Mr. Salim Yahya Chinoy	8	8	N/A	N/A	N/A	N/A	8	8
Mr. Shaffiq Dharamshi	N/A	N/A	7	7	5	5	N/A	N/A
Mr. Moez Ahamed Jamal	8	8	N/A	N/A	N/A	N/A	8	8
Ms. Diane Elizabeth Moore	N/A	N/A	N/A	N/A	N/A	N/A	8	8
Mr. Salim Raza	N/A	N/A	7	7	N/A	N/A	N/A	N/A
Dr. Najeeb Samie	8	8	N/A	N/A	5	5	N/A	N/A
Mr. Muhammad Aurangzeb	N/A	N/A	7	7	N/A	N/A	N/A	N/A

	Board Development Finance Committee		Board Nomination & Remuneration Committee *		Board IT Committee		Board Oversight Committee – International Governance	
	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance	Meetings held during tenure	Attendance
Mr. Sultan Ali Allana	3	3	N/A	N/A	N/A	N/A	5	5
Mr. Salim Yahya Chinoy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Shaffiq Dharamshi	N/A	N/A	1	1	N/A	N/A	N/A	N/A
Mr. Moez Ahamed Jamal	N/A	N/A	1	1	N/A	N/A	N/A	N/A
Ms. Diane Elizabeth Moore	N/A	N/A	N/A	N/A	4	4	N/A	N/A
Mr. Salim Raza	3	3	1	1	4	4	N/A	N/A
Dr. Najeeb Samie	N/A	N/A	1	1	N/A	N/A	5	5
Mr. Muhammad Aurangzeb	3	2	N/A	N/A	4	3	5	5

*The Board Remuneration Committee (BRC), formed in 2019, was dissolved when the Board of Directors, in its meeting held on June 17, 2020, formed the Board Nomination & Remuneration Committee (BNRC) to cover the scope of both the BRC and Board nominations. No meetings of the BRC were held in 2020, prior to that date.

The Board Oversight Committee – New York (BOC-NY) was dissolved on April 22, 2020. No meeting was held in 2020, prior to that date

The Board of Directors, in its meeting held on July 24, 2020, formed the Board Oversight Committee – HBL UAE as a non-remunerative committee with the specific purpose of monitoring the implementation of the action plan on issues identified by the UAE Central Bank in its Inspection Report. This Committee comprised of 3 members: Mr. Sultan Ali Allana, Mr. Moez Ahamed Jamal and Mr. Muhammad Aurangzeb. Six (6) meetings of the committee were held and were attended by all members. The committee was dissolved on December 18, 2020.

Meetings of the Shariah Board

	Shariah Board Meeting	
	Meetings held during tenure	Attendance
Dr. Muhammad Zubair Usmani (Chairman)	4	4
Dr. Ejaz Ahmed Samadani (Member)	4	4
Mufti Muhammad Yahya Asim (Resident Shariah Board Member)	4	4

Auditors

The current auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, retire and, having completed a 5 year term, are no longer eligible for reappointment as per the Code of Corporate Governance. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommends the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2021 at a fee of Rs 27.901 million with out of pocket expenses and taxes to be paid at actuals.

Statement on Corporate and Financial Reporting

The Board is committed to ensuring that the requirements of corporate governance set by the Securities and Exchange Commission of Pakistan are fully met and the Directors are pleased to report that:

a) The financial statements prepared by the management of the Bank present a true and fair view of the state of its affairs, operational results, cash flows and changes in equity.

b) Proper books of accounts of the Bank have been maintained.

c) Accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) The Bank has followed International Financial Reporting Standards (as applicable to Banks in Pakistan) in the preparation of its financial statements and there is no departure from the said standards.

e) As a continuous process, efforts have been made to effectively implement the internal control system. HBL follows the SBP Internal Control Guidelines, including the roadmap and the guidelines for Internal Controls over Financial Reporting (ICFR). The Bank has evaluated its ICFR process and developed a Framework document for the management of ICFR, including a Management Testing and Reporting Framework.

f) There are no doubts about the Bank's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance as detailed in the Code.

h) Key operating and financial data for the last six years is presented in the financial statements under the section "Growth 2015 to 2020 – Consolidated".

i) The Directors, CEO, CFO and Company Secretary have confirmed that neither they nor their spouses are engaged in the business of stock brokerage.

j) Audit, Human Resource and Remuneration, Risk Management, IT, Compliance and Conduct, Development Finance, Board Oversight for International Governance, and Nomination & Remuneration Committees constituted by the Board are functioning efficiently in accordance with their Terms of Reference. The Board has held eight meetings in the year, including at least once in every quarter.

The Board is pleased to endorse the statement made by the management relating to Internal Controls. The Statement of Internal Control, the Statement of Compliance with the Code, the Review Report on Statement of Compliance with the Code and the Auditors' Reports are attached to the Financial Statements.

Value of Investments in Employee Retirement Benefits Funds

The table below shows the value of the investments of the provident, pension, gratuity and benevolent funds maintained by the Bank, based on their audited financial statements as at December 31, 2020.

	Rupees in million
Employees' Provident Fund	5,636
Employees' Pension Fund	6,056
Employees' Gratuity Fund	2,289
Employees' Benevolent Fund – Executives and Officers	1,677
Employees' Benevolent Fund – Clerical and Non-Clerical	841

Pattern of Shareholding

The pattern of shareholding as at December 31, 2020 and the trading in the Bank's shares by Executives, as defined by the Board of Directors under the Code, is given in the Annual Report under the requirements of the Code.

Parent Company

As disclosed in Note 1.1 of the financial statements, the Aga Khan Fund for Economic Development (AKFED) S.A., is the parent company of the Bank and its registered office is in Geneva, Switzerland.

Training programs attended by Directors

A majority of the Directors have previously attended an SECP approved Directors' Training program and are certified as Directors in accordance with the Code.

In October 2020, a training session on the Shariah Governance Framework for Islamic Banking Institutions was conducted for the Board by a recognized external trainer. The session encompassed various aspects of the Framework and trends in Islamic Banking at the domestic as well as the global level.

In December 2020, a Board training session was conducted by an International AML expert and focused on the latest developments in the continuously evolving AML/CFT landscape and the role of FATF.

Board Performance Evaluation

HBL's Board has opted for an annual evaluation of the Board and its Committees, which was carried out by the Pakistan Institute for Corporate Governance in 2020. The evaluation assessed performance both as a Board as well as at the individual Director level, and covered Board Composition, Strategic Planning, Board & CEO Effectiveness, Board Information, Board Committees, Board Procedures and the Control Environment.

Composition of the Board and Board Committees

The composition of the Board and details of Board Committees are given in the Statement of Compliance with the Code of Corporate Governance.

The Board has the following committees for providing support in strategic direction and enhanced oversight. The board committees function as per their respective Terms of Reference (TORs) approved by the Board. A brief description of the functions of each sub-committee, is as follows:

Board Audit Committee (BAC): The BAC facilitates the Board in setting the 'tone at the top' for a strong and effective system of internal controls. The Committee reviews the adequacy and effectiveness of the Bank's internal control environment, including operational controls, provides oversight to the Bank's Internal Audit function and monitors the progress of the risk-based annual audit plan. The BAC also reviews the Bank's financial statements and associated matters before recommending them to the Board for approval; as part of this process, the Committee also interacts with the External Auditors of the Bank and recommends the appointment, both of the statutory auditors, as well as of overseas auditors, to the Board. The BAC is also responsible for monitoring the implementation of new accounting standards; in particular, the Board has designated the BAC as the Committee responsible for oversight of the implementation of IFRS 9 in HBL. For areas that are under its purview, the BAC recommends policies to the Board for approval.

Board Risk Management Committee (BRMC): The Committee is responsible for oversight and advice to the Board on risk related matters, including governance, with respect to the Bank's risk appetite and profile. The BRMC also ensures the structure and completeness of the Bank's internal risk framework in relation to the risk profile, and the development and maintenance of an independent, supportive and proactive risk management culture. The Committee also takes a forward-looking approach to ensure that evolving risks are identified and mitigated.

Board Human Resource and Remuneration Committee (BHRRC): The Committee recommends key Human Resources and Remuneration policies including major terms of employment and benefits, Performance Management and Compensation Plans for all key executives and other staff members of the Bank. It also reviews and recommends policies for staff training, career development, talent management and succession planning in line with relevant regulatory requirements and best practices.

Board Compliance & Conduct Committee (BCNC): The Committee supports the Board in inculcating a strong compliance and conduct culture across the Bank. It acts as an oversight authority for monitoring the Bank's compliance with legal and regulatory requirements and internal policies and procedures, including the code of conduct/ethics. The Committee also reviews compliance and conduct related controls, escalation mechanisms and the reporting of various compliance matters including financial crime, regulatory and conduct risks. The area of addressing and investigating whistleblowing complaints also falls mainly within the ambit of the BCNC.

Board Development Finance Committee (BDFC): The Committee assists the Board in providing strategic oversight for financial inclusion objectives, products and services for the underserved and unbanked segments and areas of the country, and initiatives that support the development of capital markets. A key focus area is to promote financial inclusion in the highly productive but underserved communities throughout the agriculture value chain.

Board IT Committee (BITC): The Board IT Committee reviews, evaluates and makes recommendations to the Board regarding the Company's major technology investment plans and strategies. The BITC also reviews the benefits and returns derived from technology spend. The Committee also focuses on digital initiatives that can help customer centricity, reduce costs and enhance revenues, and provides guidelines on engaging with Fintechs and using Cloud services. Further, the BITC ensures that effective oversight is provided to the Information Security function of the Bank and that the Information Security posture is aligned with the Bank's risk appetite.

Board Oversight Committee – International Governance (BOC-IG): The Committee assists the Board in providing oversight of governance in overseas business operations, including subsidiaries in accordance with the SBP's Governance Framework for Banks' Overseas Operations.

Board Nomination & Remuneration Committee (BNRC): The Committee assists the Board in identifying an appropriate structure, size and balance of skills on the Board as deemed necessary to support the strategic objectives and values of HBL for sustainable growth. The BNRC also recommends to the Board, the remuneration arrangements for Directors in line with the regulatory framework.

Appointment and Composition of the Shariah Board

To appoint a Shariah scholar, the management first conducts the screening of the proposed Shariah Board member in line with the SBP's Fit and Proper Criteria (FAPC). This is then forwarded to HBL's Board of Directors for approval, after which it is submitted to the SBP along with the filled FAPC form and Board approval and other supporting documents. After receipt of SBP's clearance, the management engages the member Shariah Board, executes the contract and informs SBP.

HBL's Shariah Board comprises of three members

Dr. Muhammad Zubair Usmani is amongst the most experienced Shariah Board Members. He completed his Takhassus fil Iftaa (Islamic Jurisprudence) and Shahdat ul Aalimiyah from Jamia Dar ul Uloom, Karachi. He holds a PhD in Islamic Finance from University of Karachi and a Masters degree in International Relations. He has been associated with the banking and financial services industry since 1999 and has provided Shariah Advisory services to various financial institutions. He also served as a member of the Shariah Board of the State Bank of Pakistan. Currently, he serves as Chairman of the Shariah Boards of HBL, UBL and Habib Metropolitan Bank and also provides Shariah Advisory services to MCB-Arif Habib Savings & Investments Ltd and Adamjee Family Takaful.

Dr. Ejaz Ahmed Samadani is an eminent Shariah scholar. He received his religious qualifications of Takhassus fil Iftaa (Islamic Jurisprudence) and Shahdat ul Aalimiyah from Jamia Dar ul Uloom, Karachi. He holds a PhD in Islamic Studies from Karachi University, a Masters degree in Islamic Studies from Bahauddin Zakariya University and an LLB from Sindh Muslim Government College. He has been associated with the banking and the financial services industry since 2004 and has provided Shariah Advisory services to various financial institutions locally and globally. Currently, he serves as a Shariah Board Member of HBL, UBL, Bank of Punjab and MCB-Arif Habib Savings & Investments Ltd. He also serves as the Chairman, Shariah Board of Maldives Islamic Bank.

Mufti Muhammad Yahya Asim received his religious qualifications of Takhassus fil Iftaa (Islamic Jurisprudence) and Shahdat ul Aalimiyah from Jamia Dar ul Uloom, Karachi. He also holds a Masters degree in International Relations, Arabic and Islamic Studies. Currently, he is pursuing a PhD from the University of Karachi. He has been associated with Islamic Banking and the financial services industry since 2004 and has provided Shariah Advisory services to HBL, Habib Metropolitan Bank, Atlas Asset Management, HBL Asset Management and TPL Window Takaful. Currently, he serves as the Resident Shariah Board Member of the HBL Shariah Board.

The Terms of Reference of the Shariah Board (SB) are in accordance with the Shariah Governance Framework issued by the SBP. These include, inter alia, the following:

- The SB is empowered to consider, decide and supervise all Shariah related matters of HBL. All decisions, rulings, fatawas of the SB shall be binding on the Bank whereas the SB shall be responsible and accountable for all its Shariah-related decisions.
- The SB shall ensure the development of a comprehensive Shariah compliance framework for all areas of operations of HBL Islamic Banking. All products or services to be offered by HBL Islamic Banking shall have prior approval of the SB.
- The SB shall approve all procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures so that they are in conformity with the rules and principles of Shariah.

Compensation of Directors

Pursuant to SBP's BPRD Circular No. 3 dated August 17, 2019, the shareholders of the Bank approved the Board Remuneration policy at the Annual General Meeting held on March 30, 2020. Under this policy, the Directors' fee for attending Board and Committee meetings is Rs. 600,000 per meeting. The policy also provides travel and daily allowance entitlements for Non-Executive Directors for business related travel.

The details of fees paid to the Directors are disclosed in Note 38.2 to the unconsolidated financial statements.

Compensation of Shariah Board Members

The Head, Islamic Banking recommends the compensation of Shariah Board members, based on industry practice, to the President. After approval of the President, it is forwarded to the Head HR for recommendation to the Board Human Resource and Remuneration Committee. The Committee reviews and recommends the compensation of Shariah Board members to the Board of Directors for approval.

At the 212th meeting of the Board of Directors, held on February 20 & 21, 2019, the Board had approved monthly remuneration of Rs. 350,000, Rs. 325,000 and Rs. 300,000 for the Chairman, Shariah Board, Resident Shariah Board Member and Member Shariah Board, respectively. The Resident Shariah Board Member is also entitled to fuel reimbursement and car allowance.

As per their contract of employment, The Shariah Board members are entitled to travel and daily allowance as per the Bank's Travel Policy in accordance with their grades.

The details of remuneration paid to Shariah Board Members are disclosed in Note 38.3 to the unconsolidated financial statements.

Appreciation and Acknowledgement

On behalf of the Board and management, we would like to place on record our appreciation for the efforts of our regulators and the Government of Pakistan, in particular the State Bank of Pakistan, the Ministry of Finance and the Securities and Exchange Commission of Pakistan. In these unprecedented times, they have stepped up throughout the year with policies and measures that are prudent, proactive and balanced, protecting the economy, customers and people of Pakistan, while also safeguarding the integrity and soundness of the banking and financial services industry.

We are indebted to our customers, many of whom have banked with us for generations, and who continue to entrust us with their business and confidence. Our shareholders have provided steadfast support and to them, and to all our stakeholders, we are deeply grateful. The Board and the management remain committed to maintaining the highest standards of governance and we assure our stakeholders that we will be industry leaders in this area.

Lastly, but certainly not the least, we express our deepest appreciation and gratitude to our employees and their families, especially in customer facing units and branches, who continue to brave these hazardous conditions to ensure that our customers are able to meet their critical needs in this time of crisis. They are our heroes and heroines and we salute them for their dedication and tireless efforts.

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

February 17, 2021

کرتے ہوئے بیان دیا ہے کہ مختصر مدت میں شرحِ سود برقرار رہنے کی توقع ہے۔ 2020ء کے بیشتر عرصے میں نجی شعبے کی جانب سے قرض کی طلب معمولی رہی، جہاں صنعتی قرضوں میں اضافہ صرف 4% رہا؛ جبکہ SBP کی عارضی معاشی امدادی سہولت کو سال کی دوسری ششماہی میں بھرپور ردِ عمل ملا اور مجموعی طور پر 278 ارب روپے کی فنانسنگ کی منظوری دی گئی۔ صنعتی ڈپازٹس کی افزائش جاری رہی جن میں دسمبر 2019ء کی سطح سے 22% اضافہ ہوا۔ بالخصوص اثاثہ جات کی قیمتوں میں ردّوبدل کے باعث، بینکنگ اسپریڈ میں 2019ء کے مقابلے میں 73 بی پی ایس کی کمی واقع ہوئی۔

مالیاتی کارکردگی

2020ء میں HBL کا بعد از محصول منافع 31.5 ارب روپے رہا جو گزشتہ سال کے مقابلے میں دگنا ہے۔ 2020ء کا منافع قبل از محصول بھی تقریباً دگنا 53.0 ارب روپے ہے جو 2019ء میں 27.1 ارب روپے تھا۔ فی حصص آمدن 2019ء کے 10.27 سے بڑھ کر 2020ء میں 21.49 ہو گئی۔ بینک کی مقامی فرنچائز نے، جو ادارے کی بنیاد ہے، تمام کاروباری شعبوں میں اپنی مارکیٹ پوزیشن بہتر بناتے ہوئے ریکارڈ منافع دیا۔

HBL نے اپنے ملکی ڈپازٹس میں 375 ارب روپے سے زائد کا اضافہ کیا، جو اب 2.5 کھرب روپے سے تجاوز کر چکے ہیں، جس کے نتیجے میں مارکیٹ شیئر بڑھ کر 14.05% ہو گیا ہے۔ زیادہ تر ترقی کرنٹ اور بچت اکاؤنٹس میں ہوئی جن میں بالترتیب 115 ارب روپے اور 207 ارب روپے اضافہ ہوا۔ بینک کے مجموعی ڈپازٹس 16.0% اضافے کے ساتھ 2.7 کھرب روپے سے تجاوز کر گئے۔ سال کی آخری سہ ماہی میں، جب معیشت کی بحالی کا آغاز ہوا تو HBL کے ملکی ایڈوانسز 10% اضافے کے بعد 982 ارب روپے ہو گئے؛ 2020ء میں ہمارا نمایاں کنزیومر پورٹ فولیو 25% اضافے کے ساتھ 75 ارب روپے سے بڑھ گیا۔ مجموعی ایڈوانسز 1.1 کھرب روپے تک پہنچ چکے ہیں جو دسمبر 2019ء سے 4% زائد ہیں۔

HBL کی اوسط ملکی بیلنس شیٹ میں 2019ء کے مقابلے میں 375 ارب روپے اضافہ ہوا، جس میں ڈپازٹس میں بھرپور اضافے نے نمایاں کردار ادا کیا۔ شرح میں تیزی سے کمی کے ماحول کے باوجود، ڈپازٹ کی فوراً دوبارہ قدر پیمائی کے باعث، ملکی خالص سود کا مارجن بہتر ہو کر 5.5% ہو گیا، جبکہ اثاثہ جات کی دوبارہ قدر پیمائی 2020ء کی چوتھی سہ ماہی تک ہی مکمل ہو سکی۔ نتیجتاً مقامی خالص منافع آمدنی 2020ء میں 116 ارب روپے کی ریکارڈ سطح پر پہنچ گئی۔ بین الاقوامی بیلنس شیٹ میں بھی 2020ء کی چوتھی سہ ماہی میں تبدیلی کے اشارے نظر آئے اور آمدنی میں اضافے کا آغاز ہوا۔ چنانچہ 2020ء کے لیے بینک کی مجموعی خالص منافع آمدنی 2019ء کے مقابلے میں 29% اضافے کے ساتھ، 122 ارب روپے ہو گئی۔ مجموعی غیر سرمایہ آمدنی 37% اضافے کے بعد 25.7 ارب روپے ہو گئی، یہ اضافہ 7.8 ارب روپے کے حاصلاتِ سرمایہ کے باعث رہا جو مقررہ آمدن انسٹرومنٹس پر حاصل ہوئے۔ یوں 2020ء میں HBL کی مجموعی آمدنی 148 ارب روپے تک پہنچ گئی جو تاریخ میں سب سے زیادہ ہے۔

HBL نے اپنے ڈیجیٹل انفراسٹرکچر میں اور بہترین صلاحیتوں کے حامل افراد بھرتی کرنے اور برقرار رکھنے میں سرمایہ کاری میں اضافہ کیا۔ بینک نے اپنے لوگوں اور کسٹمرز کے تحفظ کے لیے، نیز اس غیر معمولی بحران کے موقع پر متاثرہ معاشروں کی مدد کے لیے 600 ارب روپے خرچ کیے۔ البتہ، نیویارک اور بزنس ٹرانفارمیشن کی لاگت میں کمی کے باعث، بینک کے انتظامی اخراجات کی نمو 2019ء کے مقابلے میں 1% تک محدود رہی۔ بینک کی لاگت سے آمدن کا تناسب اس صنعت کے معیارات کی جانب بڑھنا شروع ہو چکا ہے، اور 2019ء میں 72.9% کی بلند سطح تک پہنچنے کے بعد کم ہو کر 2020ء میں 56.3% تک آ گیا ہے۔

2021ء میں جب SBP کی جانب سے رعایتوں اور چھوٹ کا خاتمہ ہو گا تو اس کے بعد وبا سے متاثرہ کسٹمرز کو پیش آسکنے والی صورتِ حال سے بچاؤ کے لیے HBL نے مصلحت اندیشی کے ساتھ اپنے مقامی بزنس میں 5.4 ارب روپے کا صوابدیدی عمومی پرووژن رکھا۔ 2020ء میں، مستحکم وصولیوں کی کارکردگی کا نتیجہ ملکی کریڈٹ کی مقامی قرضوں میں کمی کی صورت میں نکلا؛ البتہ بین الاقوامی کارروائیوں میں 28 ملین امریکی ڈالر کا اضافہ ہوا، جس کی بڑی وجہ ایک بین الاقوامی مقام پر پوری انڈسٹری میں پیش آنے والے کریڈٹ مسائل کے باعث تھا۔ HBL کی کوریج کا تناسب دسمبر 2019ء میں 96.3% سے بہتر ہو کر دسمبر 2020ء میں 100% سے زائد ہو چکا ہے، اور انفیکشن کا تناسب دسمبر 2020ء میں تاریخ کی کم ترین سطح 6.3% پر آ گیا ہے۔

ڈائریکٹرز رپورٹ-2020ء

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے سال مختتمہ 31 دسمبر 2020ء کے غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

2020ء میں ملکی معیشت کی کارکردگی دو حصّوں میں بٹی رہی۔ سال کے آغاز میں، معیشت کی بحالی کی ابتدائی علامات نظر آنا شروع ہوئیں جو اس سے پہلے استحکامی منصوبوں کے باعث سست روی کا شکار تھی۔ عالمی وبا پھوٹنے کے بعد لاک ڈاؤن کے نفاذ اور کاروباری سرگرمیاں متاثر ہونے کے باعث، مالی سال 2020ء میں پاکستان کے GDP میں 0.4٪ سے کمی ہوئی اور 70 سالوں میں پہلی بار شرحِ نمو منفی میں جا پہنچی۔ جیسے جیسے پاکستان وبا سے نسبتاً محفوظ رہتے ہوئے اُبھرنا شروع ہوا تو ملکی معیشت نے بھی مالی اور زری محرکات کی مدد سے دوسری طرف کروٹ لی۔ بڑے پیمانے پر اشیا سازی کی صنعت (LSM) کے احیا کا دائرہ کار وسیع رہا، جس کے بیشتر ذیلی شعبوں میں بہتری نظر آئی اور مالی سال 2021ء کی پہلی ششماہی میں LSM انڈیکس میں 8.2٪ کا اضافہ ہوا۔ اگرچہ کپاس میں خسارے کی توقع ہے، لیکن امکان ہے کہ گندم اور دیگر فصلوں کی بہتر پیداوار اس نقصان کی تلافی کر دے گی۔ مالی سال 2021ء کے لیے GDP میں اضافے کا تخمینہ 2.0٪ ہے جو موجودہ وبا کے پیشِ نظر خاصے معقول نتائج ہیں۔ مالی سال 2021ء کی پہلی ششماہی کے دوران رسد کے مسائل کے باعث اشیائے خورد و نوش کی قیمتیں غیر مستحکم رہیں اور افراطِ زر میں انتہائی اضافے کا سبب بنیں؛ جو اس سے پہلے خاصا معتدل رہا تھا اور جنوری 2021ء میں افراطِ زر 2 سالوں کی کم ترین شرح 5.7٪ تک آ گیا جبکہ مالی سال 2021ء کے 7 مہینوں کا افراطِ زر اوسطاً 8.2٪ تک پہنچ چکا ہے جو گزشتہ سال کے اسی عرصے میں 11.6٪ رہا تھا۔

مالی سال 2021ء کی پہلی ششماہی کے لیے برآمدات اگرچہ 4.8٪ کم ہیں لیکن کورونا وائرس سے پہلے والی صورتِ حال کے قریب قریب پہنچ چکی ہیں۔ دوسری جانب، درآمدات میں 4.8٪ اضافہ ہوا، جس میں تیل کے علاوہ دیگر درآمدی اشیا کو ایک نئی زندگی ملی ہے۔ نتیجتاً، تجارتی خسارہ سال بسال 17٪ اضافے کے ساتھ مالی سال 2021ء کی پہلی ششماہی میں 11.4 ارب امریکی ڈالر ہو گیا۔ ترسیلاتِ زر گزشتہ سات مہینوں سے مسلسل 2 ارب ڈالر ماہانہ سے زیادہ رہی ہیں اور مالی سال 2021ء کی پہلی ششماہی میں سال بسال 25٪ سے بڑھی ہیں؛ نیز سفری پابندیوں اور SBP اور حکومت کے معاون پالیسی اقدامات نے سرکاری چینلوں کے استعمال میں اضافہ کیا ہے۔ یہ بڑھتے ہوئے تجارتی خسارے کی تلافی سے کہیں زیادہ ہے اور اس کے نتیجے میں پہلے چھ مہینوں میں کرنٹ اکاؤنٹ سرپلس 1.1 ارب امریکی ڈالر ہو گیا ہے۔

قرض کی ادائیگی کے ضمن میں، پاکستان G-20 کے قرض دہندگان سے مئی تا دسمبر 2020ء کے عرصے کے لیے 1.7 ارب امریکی ڈالر کا ریلیف حاصل کرنے میں کامیاب رہا اور جون 2021ء تک مزید 800 سے 900 ملین امریکی ڈالر کا ریلیف ملنے کی توقع ہے۔ اس کے اور کرنٹ اکاؤنٹ سرپلس کے اشتراک نے، بیرونی اکاؤنٹ کو مستحکم رکھا جہاں غیر ملکی زرِ مبادلہ کے ذخائر 20 ارب امریکی ڈالر سے زائد رہے ہیں۔ نتیجتاً، 2020ء کی چوتھی سہ ماہی میں روپے کی قدر میں 3٪ سے اضافہ ہوا۔ اس کے علاوہ حال ہی میں پیش کردہ روشن ڈیجیٹل اکاؤنٹس پر بھرپور ردِ عمل سامنے آیا اور ان اکاؤنٹس میں موجود رقم 500 ملین امریکی ڈالر سے تجاوز کر چکی ہے۔

مالی سال 2021ء کی پہلی ششماہی میں مالی خسارہ GDP کا 2.5٪ ریکارڈ کیا گیا جو گزشتہ سال اسی عرصے میں 2.3٪ تھا۔ مالی نظم و ضبط کے لیے حکومتی عزم 0.7٪ کے بنیادی سرپلس کی صورت میں ظاہر ہوا؛ جبکہ قرض کے واجب الادا سود میں 15٪ اضافے کا نتیجہ اضافی خسارے کی شکل میں نکلا۔ FBR کی کارکردگی درست سمت میں گامزن رہی اور محصولات کی وصولی 6٪ زیادہ رہی اور مالی سال 2021ء کی پہلی ششماہی کے اہداف تقریباً حاصل ہو چکے ہیں۔ EFF پروگرام کے دوبارہ آغاز کے لیے پاکستان اور آئی ایم ایف کے درمیان عملے کی سطح تک معاہدہ ہو چکا ہے جو اپریل 2020ء میں ریپڈ فنانس انسٹرومنٹ کی تقسیم کے بعد سے معطل تھا۔ آئی ایم ایف بورڈ کی منظوری کے بعد سال 2021ء کی دوسری سہ ماہی کے آغاز میں 500 ملین امریکی ڈالر وصول ہو سکتے ہیں۔ توقع ہے کہ آئی ایم ایف بینکوں اور انرجی ریگولیٹرز کی مزید خود مختاری اور مالی استحکام پر زور جاری رکھے گا اور محصولات کا دائرہ کار بڑھانے اور گردشی قرضے ختم کرنے کی ضرورت کی تاکید کرے گا۔

پہلی سہ ماہی میں شرحِ فروخت میں تیزی سے کمی کے باعث 5 سالوں کی کم ترین شرح پر آنے کے بعد، سال کی دوسری ششماہی میں ایکویٹی مارکیٹ میں ترقی کا رجحان رہا اور مکمل سال کے لیے 7.4٪ کی شرح حاصل ہوئی۔ بحالی کا یہ عمل سازگار زری اور مالی پالیسیوں کے مرہونِ منت تھا، جس نے معاشی سرگرمی اور کارپوریٹ منافع کو بہتر بنایا۔

وبا کے آغاز کے ساتھ، SBP نے فوراً پیش قدمی کی اور معیشت کو سہارا دینے کے لیے کئی اقدامات کرتے ہوئے رعایتی فنانس اسکیموں کی بڑی تعداد متعارف کروائی اور معمول سے ہٹ کر متعدد زری پالیسی کے اعلانات کے ذریعے تیزی کے ساتھ پالیسی ریٹ میں 625 بی پی ایس کی کمی کی۔ جون 2020ء سے، پالیسی ریٹ 7.0٪ کی شرح پر برقرار رہا ہے تاکہ ملکی معیشت کی بحالی کے لیے سازگار ماحول کی فراہمی جاری رکھی جائے۔ مرکزی بینک نے حال ہی میں پہلی بار مستقبل کے بارے میں رہنمائی فراہم

الاقوامی سطح پر متعدد فورمز میں خواتین مرکز پروگراموں کے انتہائی کامیاب ماڈل کے طور پر شمار کیا جاتا ہے۔ گزشتہ چند سالوں کے دوران، یہ پروگرام ایک مکمل صورت میں ڈھل چکا ہے اور اب ڈپازٹ پروڈکٹس کا مکمل پیکیج فراہم کرتا ہے۔ HBL نساء 2020ء کے آخر میں نئے انداز سے دوبارہ پیش کیا گیا ہے جو پاکستان میں خواتین کی مختلف ضروریات کو پورا کرنے کی خصوصیات رکھتا ہے۔ نئی پروڈکٹ کا نمایاں پہلو مفت انشورنس سروسز کی شمولیت ہے جو صحت اور مالی تحفظ کے پہلوؤں کا امتزاج فراہم کرتے ہوئے خواتین کو اختیارات دینے کے لیے ترتیب دی گئی ہے۔ اپنی دوبارہ پیشکش کے دو مہینوں کے اندر، 650 سے زائد نئی خواتین کسٹمرز 100 ملین سے زائد ڈپازٹ بیلنس کے ساتھ اس کے کلائنٹس میں شامل ہو چکی ہیں۔

پرسٹیج کا آغاز ایک مکمل حکمتِ عملی ہے جس کا مقصد بینک کو بھاری منافع دینے والے کسٹمرز کو ایسی وسیع پروڈکٹس اور خصوصی سہولتیں فراہم کرنے پر توجہ مرکوز کرنا ہے جو اُن کی اعلیٰ درجے کی ضروریات سے ہم آہنگ ہوں۔ اس کے تحت موجودہ برانچوں میں لاؤنج بنانے کے ساتھ ساتھ اس کے اپنے خصوصی شاندار مقامات بھی تیار کیے جائیں گے جو مضبوط ڈیجیٹل پلیٹ فارم سے آراستہ ہوں گے۔ یہ اس اہم شعبے میں کسٹمرز کے اضافے میں مددگار ہوگا، پروڈکٹ کی باہمی فروخت کو بہتر بنائے گا اور خدمات کی فراہمی کا معیار بلند کرے گا، اور یہ سب پہلو مل کر HBL کے برانڈ کو بہتر بنانے میں اپنا کردار ادا کریں گے۔

HBL دیہی بینکاری، کاشت کاروں کو سب سے زیادہ فنانس فراہم کنندہ کی حیثیت سے اپنے شعبے میں سرِفہرست ہے اور کمرشل بینکوں کے درمیان تقریباً 30٪ - کا مارکیٹ شیئر رکھتی ہے۔ مجموعی معاشی صورتِ حال کی مشکلات، فصلوں کی کم پیداوار اور لاک ڈاؤن سے وابستہ پابندیوں کی وجہ سے 2020ء میں قرضوں کی نمو پر دباؤ رہا۔ HBL نے SBP کے امدادی اقدامات کا بھرپور استعمال کرتے ہوئے 2,000 سے زائد متاثرہ کاشت کاروں کی معاونت کی۔

پنجاب لینڈ ریکارڈ اتھارٹی کے ساتھ بینک کا رسمی معاہدہ 35 ضلعوں کے مرکزی ریکارڈ کی آن لائن رسائی تک وسیع ہوا۔ اس شعبے میں HBL کی اوّلین کوششوں کا اعتراف SBP کی جانب سے بھی کیا گیا ہے، جس کی درخواست پر بینک نے اس سیکٹر کے مالیاتی اداروں کو تربیت فراہم کی۔ یہ کاروبار کسانوں کے قرض کی ادائیگیوں کے لیے بھی HBLKonnect سے فائدہ اٹھا رہا ہے، جس کے ذریعے کسان سفر کر کے برانچ تک جانے کی بجائے اپنے قریبی HBLKonnect ایجنٹ کے پاس سہولت کے ساتھ قرض کی ادائیگی کر سکتے ہیں؛ تاحال 800 ملین روپے سے زائد کے قرضوں کی ادائیگی Konnect ایجنٹوں کے ذریعے کی گئی ہے۔

HBL ''کسان کی آواز'' HBL سے کسانوں کے تبادلۂ خیال کا پلیٹ فارم ہے جس کے تحت منظّم ٹاؤن ہال ملاقاتوں کا انعقاد کیا جاتا ہے جہاں HBL کو اپنے کسٹمرز کی جانب سے براہِ راست فیڈبیک موصول ہوتا ہے۔ ان اجلاسوں میں، مشورے اور رائے دینے کے لیے ماہرینِ کاشت کاری اور ماہرینِ تعلیم بھی مدعو کیے جاتے ہیں۔ 2020ء کی پہلی سہ ماہی کے دوران کئی بالمشافہ اجلاسوں کے انعقاد کے بعد، بینک نے وبا کے دوران ورچوئل اجلاسوں کا سلسلہ شروع کیا۔ HBL کا منصوبہ ہے کہ 2021ء میں اس انتہائی مقبول پروگرام کو دونوں طریقوں کے تحت جاری رکھا جائے۔

اپنی تشکیل کے ایک سال کے اندر، HBL کے منفرد ڈویلپمنٹ فنانس گروپ دو 'فارم–ٹو–پروسیسر' آزمائشی منصوبے ڈیزائن اور نافذ کرنے میں کامیاب رہا جن کا ہدف دیہی ساہیوال اور گوجرانوالہ کے پسماندہ کسان ہیں۔ اس منفرد قرضے میں معیاری زرعی سامان، جدید مشینوں تک رسائی اور غیر جانب دارانہ زرعی رہنمائی شامل تھی، جس کے نتیجے میں کسانوں کی پیداوار بہتر ہوئی۔ یہ قرضے پیداوار کے پہلے سے مقررہ کارپوریٹ خریداروں کی جانب سے چُکائے گئے۔ ایک اور اوّلین خصوصیت چھوٹے، مزارع کاشت کاروں کی شمولیت تھی جنھیں فصلوں کی ضمانت پر سہولتیں فراہم کی گئیں۔ اپنے آپ میں 'ڈبل باٹم لائن' اثرات کے حامل، ان منصوبوں نے کسانوں کی آمدنی میں نمایاں اضافہ کیا۔ زرعی اقدار کے اس سلسلے میں 2021ء کے دوران نمایاں طور پر اضافہ ہوگا، جس میں کسٹمر کے سفر کی ڈیجیٹائزیشن بشمول تکمیلی مدت کو بہتر بنانے کے لیے HBLPay کے ذریعے کھیتوں میں آن بورڈنگ پر بھرپور زور دیا جائے گا۔

تمام چینلوں سے متعلق اپنے کسٹمرز کی بدلتی ہوئی توقعات کو پورا کرنا HBL کی حکمتِ عملی کی ترجیح ہے۔ ہم پابندیوں کے مطابق ڈھلتے گئے اور وبا کے باعث مواقع بھی فراہم ہوتے گئے اور یوں ہمارے کسٹمرز کے اطمینان کی سطح 80٪ سے زائد بلند پر برقرار رہی جبکہ مسائل حل ہونے سے متعلق اطمینان کا اسکور 50٪ رہا۔ 2020ء کے دوران، بینک کو 209,767 شکایات موصول ہوئیں۔ یہ شکایات، اوسطاً، 7 دِنوں کے اندر حل کر دی گئیں۔

کسٹمرز کے ساتھ منصفانہ برتاؤ (FTC) کے پہلو پر 2020ء میں توجہ مرکوز رکھی گئی۔ FTC کے عناصر کو عملے کے اہداف میں شامل کرنے سے متعلق تربیتی نشستیں، طریقہ کار کی شفافیت اور مسئلہ حل ہونے سے متعلق کسٹمر کا تجربہ ان چند اقدامات میں سے ہیں جو اس سال کے دوران بینک کے جانب سے کیے گئے۔ بینک کی سروس کوالٹی کونسل پہلے ہی صدارتی ایوارڈ برائے اعلیٰ سروس (PASE) پیش کر چکی ہے جو تمام سطح پر اور ہر فنکشن میں غیر معمولی سروس فراہم کرنے والوں کو دیے جاتے ہیں۔ یہ ایوارڈ یافتگان کے لیے فخر کا باعث ہیں اور عملے کو سروس کے معیارات سے آگے بڑھنے کی ترغیب دیتے ہیں۔

HBL کے کنزیومر بینکنگ بزنس کے لیے یہ ایک اور تابناک سال تھا، جو وبا کے باعث خلل پڑنے کے باوجود 25٪ اضافے کے ساتھ 75 ارب روپے تک پہنچ گیا۔ پرسنل لون کے پاس سب سے بڑی پروڈکٹ ہونے کا اعزاز برقرار رہا، جو مجموعی کنزیومر قرضوں کے پورٹ فولیو کا 50٪ ہے۔ صنعت میں قائدانہ مقام حاصل کرنے کے لیے،

ذخائر میں اُتار چڑھاؤ

	2020	2019
	ملین روپے	
بعد از محصول منافع	**31,524**	15,064
افتتاحی غیر تخصیص شدہ منافع	**104,668**	91,883
بعد از محصول منافع	**31,524**	15,064
وضاحت شدہ منفعت کی ذمہ داریوں پر (نقصان) / منافع کی دوبارہ پیمائش – محصول کا خالص	**(155)**	80
عمومی ذخائر سے منتقل شدہ	**-**	6,074
اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ – محصول کا خالص	**45**	409
	31,415	21,627
مناسب کارروائی کے لیے دستیاب منافع	**136,083**	113,510
مختلف مدوں میں رکھی گئی رقوم:		
قانونی ذخائر میں منتقل شدہ	**(3,152)**	(1,506)
نقد منافع منقسمہ – حتمی	**(1,834)**	(1,834)
پہلا نقد عبوری منافع منقسمہ	**(1,834)**	(1,834)
دوسرا نقد عبوری منافع منقسمہ	**-**	(1,834)
تیسرا نقد عبوری منافع منقسمہ	**-**	(1,834)
مجموعی مناسب کارروائیاں	**(6,820)**	(8,842)
اختتامی غیر تخصیص شدہ منافع	**129,263**	104,668
فی حصص (شیئر) آمدنی (روپے)	**21.49**	10.27

سرمائے کا تناسب

2020ء کی پہلی سہ ماہی میں، وبا کے آغاز کے ساتھ ہی، SBP نے صنعتوں اور کاروباروں کو کریڈٹ کی فراہمی یقینی بنانے کے لیے کیپٹل کنورزیشن بفر (CCB) کی شرائط میں 100 بی پی ایس کی کمی کر دی۔ اس کے نتیجے میں TierII سرمائے کے اضافی 5.2 ارب روپے (42 بی پی ایس) پیمائش کے اہل ہو گئے۔ دسمبر 2020ء میں، HBL کا Tier1 CAR دسمبر 2019ء کے مقابلے میں 114 بی پی ایس کے اضافے کے ساتھ 14.83٪ ہو گیا، جبکہ مجموعی CAR اسی دورانیے کے لیے 17.07٪ سے بڑھ کر 19.20٪ ہو گیا۔ مضبوط منافع، منافع منقسمہ کی ادائیگی پر ریگولیٹری پابندیوں اور CCB کی رعایت نے CAR کی مضبوطی میں کردار ادا کیا۔

دسمبر 2020ء میں، بینک نے موجودہ Tier2 کے سب آرڈینیٹڈ ڈیٹ TFCs پر اپنا کال آپشن استعمال کیا۔ یہ 19 فروری 2021ء کو مکمل طور پر قابلِ ادا ہوں گے۔ نتیجتاً یہ مجموعی Tier2 سرمائے میں شامل نہیں ہیں۔

کاروباری ترقی

2020ء میں HBL نے اپنے برانچ نیٹ وَرک کے ذریعے 650,000 سے زائد نئے کسٹمرز شامل کر کے ڈپازٹ مارکیٹ کا 14٪ سے زائد شیئر برقرار رکھا۔ اس میں HBL آسان اکاؤنٹ کے 114,000 نئے کسٹمرز شامل ہیں، جو بینکاری سے محروم طبقے کی شمولیت کے لیے ایک اہم پروڈکٹ ہے؛ اب بینک کے آسان اکاؤنٹ کسٹمرز کی تعداد تقریباً 1 ملین ہو چکی ہے جن کا مجموعی ڈپازٹ بیلنس 12.3 ارب روپے سے زیادہ ہے۔

HBL کو فخر ہے کہ وہ 3.3 ملین خواتین کسٹمرز کو خدمات فراہم کر رہا ہے، جن میں 630,000 کسٹمرز اس کے ویمن مارکیٹ پروگرام، نساء کے تحت ہیں۔ یہ پروگرام بین

کو پبلک سیکٹر انٹرپرائز کے لیے تاریخ میں پہلے 500 ملین امریکی ڈالر مالیت کے یوروبونڈ کے اجرا کے لیے شریک مینجر کے طور پر مقرر کیا گیا ہے اور بینک دیگر سرمایہ کاری کے حصول / نج کاری کے سودوں میں وزارتِ خزانہ اور حکومتِ پاکستان کو مشاورت فراہم کرنا جاری رکھے ہوئے ہے۔

HBL نے اپنے منصوبوں میں ماحولیاتی، ساجی اور گورننس (ESG) اصولوں کو اپنانے کے عمل میں باقاعدگی کے ساتھ اوّلین مقام برقرار رکھا ہے۔ بینک کے ایجنڈا میں ماحولیاتی اور فضائی تبدیلیوں سے متعلقہ خدشات کو ترجیح حاصل ہے اور اسی کے پیشِ نظر بینک نے جون 2020ء میں اپنی (NoNewCoal) پالیسی منظور کی، جس کے تحت بینک نے کوئلے کے کسی بھی نئے منصوبے میں فنانسنگ بند کردی ہے۔ گرین ہاؤس گیسوں کے اخراج کو کم کرنے کے لیے بینک کی جانب سے یہ عزم انتہائی اہمیت کا حامل ہے اور پاکستان میں کسی بھی بینک کی جانب سے ایسا پہلا قدم ہے۔ 2020ء کے دوران، HBL نے بین الاقوامی مالیاتی اداروں / ڈویلپمنٹ فنانس کے اداروں کے ساتھ اپنے تعلقات میں نمایاں اضافہ کیا اور متعدد شمسی اور بادی توانائی کے منصوبوں میں مشترکہ فنانسنگ کررہا ہے۔

HBL کی ٹریژری ٹیم نے 2020ء میں اپنے اسٹیک ہولڈرز کو اضافی سہولتوں کی فراہمی میں بہتری کا سلسلہ جاری رکھا۔ ڈیجیٹائزیشن کے منصوبوں کی طرف توجہ مرکوز رہی؛ بینک کا FX پورٹل، HBLInfinity پاکستان میں 200 سے زائد کارپوریٹ کلائنٹس، نیز 11 بینکوں اور 11 بین الاقوامی برانچوں کو فراہم کیا جاچکا ہے۔ اس پلیٹ فارم کی مدد سے بینک کے غیر ملکی زرِ مبادلہ کے بڑے کسٹمرز کو انتہائی شفافیت اور سہولت حاصل ہوئی ہے۔ HBL کا FX کاروبار مستحکم رہا اور بینک نے سال کے دوران کلائنٹ والیوم میں 7 ارب امریکی ڈالر سے زائد رقم پروسیس کی۔ فکسڈ انکم مارکیٹ میں، HBL نے اپنے قائدانہ کردار کو مزید توسیع دی اور کلائنٹ والیوم میں 6.3 کھرب روپے اور انٹربینک والیوم میں تقریباً 4 کھرب روپے کی پروسیسنگ کی، بحیثیتِ مجموعی یہ 27٪ مارکیٹ شیئرز کی نمائندگی کرتی ہے۔ کلائنٹ سروس پر اس بھرپور توجہ کے نتیجے میں HBL کو اسٹیٹ بینک آف پاکستان کی پرائمری ڈیلر رینکنگ میں دوبارہ سرِفہرست مقام حاصل ہوگیا۔

وبا کے باعث 2020ء میں لوگ زیادہ فاصلے سے تعلقات رکھنے پر مجبور ہوئے جس کے نتیجے میں HBL کے ڈیجیٹل پلیٹ فارمز کے استعمال میں غیر معمولی اضافہ دیکھنے میں آیا۔ HBL موبائل اور انٹرنیٹ بینکنگ کے صارفین کی تعداد 52٪ اضافے کے ساتھ 1.8 ملین ہوچکی ہے۔ ٹرانزیکشن کی تعداد اور حجم دگنے ہوگئے اور 44 ملین ٹرانزیکشن جبکہ 560 ارب روپے مالیت کی ٹرانزیکشن انجام دی گئیں۔

عالمی رجحانات کے تحت، پاکستان میں 2020ء کے دوران ای-کامرس کے حجم میں نمایاں اضافہ نظر آیا۔ ای-کامرس اداروں کو آن لائن ادائیگیاں وصول کرنے کی سہولت فراہم کرنے کے اعتبار سے مارکیٹ میں HBL کی قیادت برقرار رہی اور پیمنٹ گیٹ وے-HBLPay کے ذریعے پروسیس کی جانے والی ٹرانزیکشن کے حجم میں خاصے اضافے کا مشاہدہ کیا گیا۔ یہ ٹرانزیکشن 2.4 ملین تک پہنچ گئیں جو 2019ء کے مقابلے میں 42٪ اضافہ ہے، اور حجم 18٪ اضافے کے ساتھ 15 ارب روپے ہوگیا۔

معاشرے میں بینکاری سے محروم یا پسماندہ طبقات کو آسان رسائی فراہم کرنے کے لیے HBLKonnect بنیادی عنصر رہا، جس کے کلائنٹ کی تقریباً 25٪ تعداد خواتین کی رہی۔ 2020ء میں 1.6 ملین نئے اکاؤنٹ کھولے گئے جن کے بعد Konnect اکاؤنٹ کی مجموعی تعداد 5.3 ملین ہوگئی۔ نئی Konnect ایپ کے صارفین کی تعداد دُگنی سے زائد ہوکر 1.6 ملین ہوچکی ہے جبکہ اس پلیٹ فارم کے ذریعے تھروپٹ چار گنا بڑھ کر تقریباً 600 ارب روپے ہوگیا۔

لائف اسٹائل ایپ سے متعلق اپنے خواب کو شرمندۂ تعبیر کرنے کے لیے، HBL نے 2019ء کے آخر میں HBL موبائل اور Konnect کے لیے پارٹنر ویجٹس متعارف کروائے تھے؛ APIs کی مدد سے ان ویجٹس کے ذریعے پارٹنر پلیٹ فارم اپنی اشیا اور خدمات بینک کے ڈیجیٹل پلیٹ فارم پر پیش کرسکتے ہیں۔ ان کا استعمال کرتے ہوئے، HBL نے انڈسٹری میں پہلی بار نئے استعمال متعارف کروائے جن میں بس اور فضائی سفر، آن لائن خریداری، کھانے کی فراہمی اور آن لائن ڈاکٹر سے مشاورت شامل ہے۔ 2020ء میں دونوں ایپس پر تقریباً 250 ملین روپے مالیت کی 115,000 سے زائد ٹرانزیکشنز انجام دی گئیں۔

HBL کی قومی سطح پر موجودگی اور مضبوط ٹیکنالوجی پلیٹ فارم کے باعث بینک ساجی تحفظ کی رقوم کی تقسیم میں حکومتِ پاکستان کا مرکزی شراکت دار بن سکا۔ احساس کفالت پروگرام کے تحت، HBL نے ملک بھر میں 3.3 ملین مستحق خواتین میں سہ ماہی بنیاد پر رقم تقسیم کی اور غیر معمولی لاک ڈاؤن کے باعث، HBL کی ماضی کی کارکردگی کی بنیاد پر، پاکستان کی تاریخ کے سب سے بڑے ساجی تحفظ کے منصوبے، احساس ایمرجنسی کیش پروگرام کی فراہمی کے لیے HBL کو منتخب کیا گیا۔ انتہائی کم وقت میں، اور کورونا وائرس کی پہلی لہر کی انتہائی شدت اور اس سے متعلقہ تمام تر مشکلات میں، بینک نے ملک بھر میں، اپنے وسیع برانچ نیٹ ورک کے ساتھ ساتھ، 7,000 سے زائد رابطے کے مراکز قائم کیے۔ دو مہینے کے عرصے میں، HBL نے ایمرجنسی کیش پروگرام کے تحت 145 ارب روپے تقسیم کیے، اور 12 ملین سے زیادہ خاندانوں کو معاونت اور امداد کی فراہمی یقینی بنائی۔ مجموعی طور پر، HBL نے 2020ء میں احساس پروگرام کے تحت 175 ارب روپے تقسیم کیے۔

ڈیٹا کو بنیادی اہمیت دینے والے بینک کے لیے انفرااسٹرکچر کی بنیاد 2019ء کی چوتھی سہ ماہی میں رکھی گئی جب ایک ڈیٹا لیک (datalake) سیٹ اپ کی گئی۔ تاحال، کور بینکنگ، Konnect، HBL موبائل اور ڈیبٹ کارڈ سسٹمز سے حاصل ہونے والے ڈیٹا کو ڈیٹا لیک سے مربوط کردیا گیا ہے۔ 2021ء کے اواخر تک، بینک تمام

آٹو لون پر انتہائی توجہ دی گئی جس کے نتیجے میں سال کے دوران اس پروڈکٹ میں 52٪ سے زیادہ اضافہ ہوا۔ نتیجتاً، اس میدان میں HBL کی مارکیٹ پوزیشن بہتری کے ساتھ چوتھی سے دوسری ہوگئی۔ کنزیومر بینکنگ نے SBP کے کورونا وائرس سے متعلقہ امدادی اقدامات کا بھرپور استعمال کرتے ہوئے 24,000 سے زائد کسٹمرز کو معاونت بھی فراہم کی۔

HBL پلاٹینم کو مارکیٹ میں سب سے مقبول کریڈٹ کارڈ کا مقام حاصل رہا، جس کے مجموعی خرچ میں لاک ڈاؤن سے متعلقہ پابندیوں اور محدود سفر کے باعث بین الاقوامی پیمانے پر کم استعمال کے باوجود 2019ء کے مقابلے میں 12٪ اضافہ ہوا۔ مخالف فضا کے باوجود کریڈٹ کارڈ کے کاروبار میں 22٪ اضافہ ہوا، اور اس بنیادی ترقی کو ای-کامرس میں بھرپور استعمال کا ساتھ میسر رہا۔ ڈیجیٹل چینلوں پر توجہ دیے جانے کے نتیجے میں HBL موبائل کے ذریعے پرسنل لون اور کریڈٹ کارڈ کے لیے پروسیسنگ کا وقت چند گھنٹوں سے کم ہو کر منٹوں تک رہ گیا۔ لہٰذا، اس بکنگ چینل کا شیئر بڑھ کر پرسنل لون کے لیے 8٪ سے 14٪ تک اور کریڈٹ کارڈز کے لیے 16٪ سے 23٪ تک پہنچ گیا۔

مرچنٹ ایکوائرنگ کے کاروبار میں مارکیٹ میں قائدانہ مقام برقرار رہا، اور POS نیٹ ورک کا دائرہ کار وسیع ہو کر 30,000 سے زائد ٹرمینل تک پہنچ گیا؛ یوں اب ملک کی مجموعی خریداری کے حجم کا 30٪ سے زائد حصہ HBL کے پاس ہے، جو 117 ارب روپے ہے۔ HBL کا ڈیبٹ کارڈ 5.8 ملین کارڈز اور 21٪ مارکیٹ شیئر کے ساتھ مارکیٹ میں سرِفہرست رہا؛ جس کا استعمال 2019ء کے مقابلے میں 12٪ اضافے کے ساتھ 47 ارب روپے ہو گیا۔ بینک نے کسٹمر کی سہولت کے لیے جدید طریقے اپنانے کا سلسلہ جاری رکھا ہوا ہے اور آئندہ، نئے جاری کیے جانے والے تمام کارڈز 'رابطے سے آزاد' (contactless) کارڈز ہوں گے۔

HBL نے SME کے شعبے میں خدمات کی فراہمی پر توجہ مرکوز رکھی ہے، کیونکہ یہ کاروبار معیشت کے لیے ریڑھ کی ہڈی کی حیثیت رکھتے ہیں اور HBL کو اس صنعت میں رہنما کا مقام حاصل ہے۔ 2020ء میں، 800 سے زائد نئے کسٹمرز شامل ہوئے، جس کا نتیجہ 7 ارب روپے سے زیادہ اضافی فنانسنگ کی صورت میں نکلا۔ وبا کے باعث مکمل یا جزوی بندش سے SMEs سب سے زیادہ متاثر ہوئے تھے؛ چنانچہ SBP کی متعدد امدادی اسکیموں میں حصہ لیتے ہوئے، بینک نے 250 سے زائد کسٹمرز کو معاونت فراہم کی، جس کا بڑا حصہ اُن کے عملے کو تنخواہوں کو ادائیگی جاری رکھنے کے سلسلے میں تھی، اور اس ضمن میں بینک نے 1.2 ارب روپے جاری کیے۔ خواتین انٹرپرینیور کے لیے اور SMEs کے کاروباری سرمائے کے لیے SBP کی اسکیموں کے تحت جس قدر سہولتیں دی گئی تھیں، HBL نے اُنھیں مکمل استعمال کیا۔

اسلامک بینکنگ کی ترقی کا سفر جاری رہا اور کارپوریٹ کسٹمر کو باہمی پیشکش اور مکمل پروڈکٹ پیکیج کے ساتھ کنزیومر فنانس میں اضافہ ہوا۔ سال کے دوران، HBL نے حکومتی کم لاگت ہاؤسنگ اقدام میں معاونت کے لیے 369 اضافی اسلامک وِنڈوز کھولیں؛ اب پاکستان کے ہر ایک ضلع میں تقریباً 50٪ برانچوں پر یہ پروڈکٹ دستیاب ہے۔ اس کے نتیجے میں، 915 برانچوں اور وِنڈوز پر مشتمل HBL کا اسلامک ڈسٹری بیوشن نیٹ ورک صنعت کا سب سے بڑا نیٹ ورک ہے۔ تجارت پر اپنی توجہ مرکوز رکھتے ہوئے، HBL نے کراچی میں اپنے ٹریڈ ہب میں بھی اضافہ کیا اور کسٹمرز کی سہولت کے لیے ایک ہب اسلام آباد میں بھی کھولا۔ HBL اپنے مخصوص اسلامک برانچ نیٹ ورک کو توسیع دینے کے لیے 200 اسلامک وِنڈوز کو اسلامک برانچوں میں تبدیل کرنے کا ارادہ رکھتا ہے، اور یوں 300 سے زائد شہروں میں کوریج ہو گی جو ابھی 200 سے کم شہروں میں ہے۔ اس سفر کا آغاز سال کے دوران 10 آزمائشی برانچوں کے ساتھ کیا گیا، اور مکمل سرگرمی 2021ء کے آخر تک مکمل کرنے کا ہدف ہے۔

معاشی اعتبار سے عدم استحکام کے اس سال میں، کارپوریٹ کلائنٹ پورٹ فولیو کی کریڈٹ کوالٹی برقرار رکھنا انتہائی اہمیت کا حامل تھا۔ صنعت اور کلائنٹس کے بھرپور جائزوں اور معیشت پر دباؤ ڈالنے والے نکات پر SBP کے ساتھ قریبی رابطے میں رہتے ہوئے بینک کو وبا کے باعث پیش آنے والی مشکلات کو عبور کرنے میں مدد ملی۔ بینک نے پروڈکٹس کی باہمی فروخت اور ٹریڈ کے ذریعے کسٹمر کے ساتھ تعلقات کو مضبوط بنانے پر توجہ مرکوز رکھی، جس کے نتیجے میں بینک کے ٹریڈ بزنس اور مارکیٹ شیئر میں نمایاں اضافہ ہوا۔ HBL نے SBP کی امدادی اسکیموں کی معاونت اور بھرپور استعمال میں قائدانہ کردار ادا کیا اور تنخواہوں میں معاونت کے لیے 36 ارب روپے جاری کیے جبکہ معیشت کو اضافی لیکویڈیٹی فراہم کرنے کے لیے SBP کے پروگرام کے تحت 118 ارب روپے کو موخر / ری اسٹرکچر کیا۔ ٹرانزیکشن بینکنگ میں HBL کے سرِفہرست مقام میں بہتری جاری رہی، اور کیش مینجمنٹ کے ذریعے آنے والی رقم 43٪ اضافے کے ساتھ 5.1 کھرب روپے پر پہنچ گئے۔ اپنے خصوصی ایمپلائی بینکنگ پروڈکٹ، HBL ایٹ وَرک کے ذریعے، بینک نے 300 ارب روپے سے زائد کی تنخواہوں اور پنشن کی ادائیگیاں پروسیس کیں جو 2019ء کے مقابلے میں تقریباً 20٪ زیادہ ہے۔

HBL نے انویسٹمنٹ بینکنگ میں اپنا قائدانہ مقام برقرار رکھا اور کمزور معاشی حالات کے باوجود متعدد ٹرانزیکشنز میں سرِفہرست رہا۔ HBL نے دواسازی، توانائی اور یوٹیلیٹی شعبوں میں قرضوں کے انتظام اور مشاورتی سودوں میں کامیابی حاصل کی، جبکہ ایکویٹی ایڈوائزری اور مذکورہ محاذ پر، HBL نے صحتِ عامہ، تیل اور گیس اور FMCG شعبوں سے وابستہ کمپنیوں کی ٹرانزیکشنز انجام دیں۔ CPEC منصوبے میں نمایاں مقام برقرار رکھتے ہوئے، HBL نے سال کے دوران 1 ارب امریکی ڈالر سے زائد مالیت کے CPEC مینڈیٹ مکمل کیے۔ کم لاگت گھروں کی فنانس اور رئیل اسٹیٹ ڈویلپمنٹ کے فروغ کے لیے SBP کے اقدامات کی روشنی میں، HBL اس ضمن میں کئی ٹرانزیکشنز میں شامل ہے۔ کلائنٹس کے لیے ترجیحی ملکی انویسٹمنٹ بینک کی حیثیت سے اور عالمی انویسٹمنٹ بینکوں کے ساتھ شراکت داری کے باعث، HBL

عوامی و نجی شراکت داری کے جذبے کے تحت، HBL نے متعدد سرکاری اور SBP کے اقدامات میں ساتھ دیا۔ بینک نے ڈیجیٹل ریمٹنس چینلوں کی تشہیر کرنے اور روشن ڈیجیٹل اکاؤنٹ کے فروغ کے لیے ٹی وی کمپین میں SBP کے ساتھ شراکت کی۔ HBL نے اسلامی مارکیٹ میں اپنی پہلی کمپین کا آغاز کیا؛ جو ہوم فنانس اور حکومتِ پاکستان کی 'میرا گھر میرا پاکستان' مہم کے ذریعے پیش کی گئی۔

2020ء میں بینک کے برانڈ کو مستحکم کرنے کی کوششوں نے بینک کی ڈیجیٹل پروڈکٹس اور سروسز کی پروفائلنگ کی طرف رُخ کیا۔ بینک نے HBL موبائل کے لیے اپنی پہلی ٹی وی کمپین میں بھاری سرمایہ کاری کی، جبکہ HBL موبائل کے ذریعے فوری پرسنل لون کی تشہیر کے لیے ڈیجیٹل میدان میں مہم چلائی گئی۔ دیگر اہم کمپین میں Tap &Pay / کونٹیکٹ لیس کارڈز کا تعارف اور HBL کے POS نیٹ ورک کی توسیع کا اعلان شامل تھا۔ HBL نے پاکستان ڈیجیٹل ایوارڈز کی جانب سے دو اہم اعزازات حاصل کیے جن میں سال کی بہترین بینکنگ ٹیک اور KonnectbyHBL کے لیے بہترین ڈیجیٹل کمپین کے اعزازات شامل تھے۔ بینک نے اپنی پروڈکٹس اور سروسز کی تشہیر کے لیے سوشل میڈیا کے استعمال میں اضافہ کیا اور تقریباً 2 ارب سے زائد امپریشن فراہم کیے، جو 2019ء کے مقابلے میں 75٪ اضافہ ہے۔ بینک کی ڈیجیٹل مارکیٹنگ کی کوششوں کا اعتراف مقامی اور بین الاقوامی سطح پر کیا گیا اور ورلڈ فنانس ایوارڈز میں سوشل میڈیا کے بہترین استعمال کے اہم اعزاز کا حصول اس کا منہ بولتا ثبوت ہے۔

ہیومن ریسورسز

2020ء اپنے ہمراہ کورونا وائرس (COVID-19) کے باعث لوگوں کے لیے کئی مشکلات لے کر آیا۔ HBL نے اپنے عملے اور اُن کی مالی بہبود کے تحفظ کے لیے فوری اقدامات کیے۔ چونکہ وبا کے دوران بینکاری کو ضروری خدمات کے درجے میں رکھا گیا تھا، لٰہذا برانچ نیٹ ورک کا بیشتر حصّہ فعال رہا اور کسٹمرز کو بلا تعطل خدمات کی فراہمی کے لیے 70٪ عملہ اپنی برانچوں اور دفاتر سے کام کرتا رہا۔ مضبوط حفاظتی پروٹوکول نافذ کیے گئے، اور معیاری ضابطہ کار پر سخت عمل درآمد اور بھرپور آگاہی بشمول کورونا وائرس پر ایک لازمی ای۔لرننگ ماڈیول کے ذریعے عملے اور اُن کے اہلِ خانہ کی معاونت جاری رکھی گئی۔ وبا کی ابتداہی میں دفاتر کے علاوہ مقامات سے کام کی سہولت، کام کے متبادل انتظامات اور ٹیم کو ٹکڑوں میں تقسیم کرکے باری باری دفتر بلانے کے منصوبوں کا فوری نفاذ کیا گیا۔ اس قدم نے یہ بات یقینی بنائی کہ اہم عملہ اپنے گھروں سے کام جاری رکھے، یوں ہموار طریقے سے کام چلتا رہا اور وبا سے متاثر ہونے کا خطرہ بھی کم رہا، جبکہ بینک کے لیے کسٹمرز کو بینکاری خدمات کی موثر انداز میں فراہمی اور ریگولیٹری ہدایات پر بروقت عمل درآمد ممکن ہوا۔ عملے کے جن افراد میں وائرس کی علامات ظاہر ہوئیں یا جنھیں وائرس سے متاثر ہونے کا امکان تھا، بینک نے فعال انداز میں اُن کی تشخیص کا طریقہ کار بھی اپنایا۔ ڈاکٹرز کی ایک ٹیم کی مدد سے، 6,000 سے زائد عملے اور اُن کے اہلِ خانہ کو مدد فراہم کی گئی۔ عملے کی معاونت کے لیے انڈسٹری کا بہترین پروگرام شروع کیا گیا جس کے تحت کورونا وائرس سے متعلقہ تمام طبّی اخراجات کے لیے اُن کی مکمل مالی معاونت کی گئی جبکہ اُن کے قریبی رشتے داروں کے کورونا وائرس سے متعلقہ طبّی اخراجات میں مدد کے لیے عملے کو سود کے بغیر قرض کی سہولت دی گئی۔

بینک نے پروسیس خود کار کرنے کے لیے ٹیکنالوجی کا سہارا لیا اور لرننگ کا عمل کلاس روم سے ورچوئل تدریسی طریقہ کار پر منتقل کردیا۔ مینجمنٹ ٹرینیز اور فرنٹ لائن کیش افسران کی بھرتی کا مکمل عمل خود کار کردیا گیا، جس میں درخواستوں کی آن لائن وصولی، سلیکشن کے لیے گیم کے انداز کی سیمولیشن، آن لائن اسیسمنٹ مراکز اور ورچوئل انٹرویو سیشن شامل تھے۔ 'دی لیگ' کے 21 مینجمنٹ ٹرینیز اور دیگر آن بورڈ کیے جانے والے عملے کو اپنی ذمہ داریوں پر تعیناتی سے پہلے ورچوئل ٹریننگ فراہم کی گئی۔ 253 پروگراموں کے 2,700 سے زائد ورچوئل سیشن منعقد ہوئے جن میں 66,500 سے زائد افراد نے شرکت کی۔

افرادی قوت میں خواتین کی شمولیت کو فروغ دینے سے متعلق ہماری کوششیں اس سال کے دوران بھی جاری رہیں جن کے تحت خواتین کی بھرتی اور انھیں برقرار رکھنے کے لیے براہِ راست دخل اندازی کی گئی۔ نتیجتاً، سال کے اختتام تک ہماری شرحِ تنوع 18.2٪ تک پہنچنے میں کامیاب رہی۔ 2025ء تک HBL میں 25٪ خواتین کی موجودگی کا ہدف حاصل کرنے کے لیے ہم اپنی جدوجہد جاری رکھیں گے۔ انھی کوششوں کے باعث، GDIB ایوارڈز کی جانب سے HBL کو ریکریوٹمنٹ اینڈ ڈویلپمنٹ ایوارڈ دیا گیا جو تنوع اور شمولیت کے ایجنڈا کے تسلسل کے لیے بینک کی کوششوں کا اعتراف تھا۔

بینک کے کلچر میں تبدیلی لانے کی مہم کے طور پر، منصوبے کے مطابق عملے اور لیڈرز کے لیے نئی ادارہ جاتی اقدار اور ان سے متعلقہ طرزِ عمل کے بارے میں رہنمائی جاری کی گئی۔ عملے اور لیڈر کی حیثیت سے جس طرزِ عمل کی توقع کی جاتی ہے، اسے سمجھنے کے لیے 16,000 سے زائد عملے کے افراد نے ورچوئل سیشن میں شرکت کی۔ آئندہ سالوں میں بھی اس طرف توجہ مرکوز رکھی جائے گی اور اس طرزِ عمل کو سالانہ اسیسمنٹ کے عمل میں منصوبہ بندی کے ساتھ شامل کیا جائے گا۔

رِسک مینجمنٹ فریم وَرک

اپنے آپریشنز کی پیچیدگی، اس کے حجم، اور جغرافیائی اور ہدف مارکیٹ کے تنوع کے پیشِ نظر HBL کا رِسک مینجمنٹ فریم وَرک نہایت عمدہ اور مضبوط ہے۔ بینک کے رِسک مینجمنٹ فریم وَرک کی بنیاد بورڈ کی بھرپور رہنمائی، مینجمنٹ کے کئی درجوں کی طرف سے نگرانی، موثر سسٹمز، قابلِ برداشت رِسک کی دستاویز بندی، اور واضح ترتیب شدہ پالیسیوں اور طریقہ کار پر ہے۔ بینک اپنی بورڈ رِسک مینجمنٹ کمیٹی (BRMC) کے ذریعے باقاعدگی سے اپنے رِسک آرکیٹیکچر اور گورننس فریم ورک کی جانچ کرتا

بینکنگ سسٹمز سے حاصل ہونے والے ڈیٹا کو مرکزی سطح پر ڈیٹالیک سے مربوط کرنے کا ارادہ رکھتا ہے تاکہ یونٹس خود کار طریقے سے بھرپور اینالیٹکس انجام دینے کے قابل ہو سکیں۔ ڈیٹالیک اور اس سے منسلک انفراسٹرکچر کی مدد سے HBL کسٹمرز کے ساتھ اُن کے لحاظ سے مخصوص اور ذاتی سروسز فراہم کرنے کے قابل ہو سکے گا اور انٹلیجنٹ پروسیس آٹومیشن کا ہدف بھی حاصل کر سکے گا۔

اپنے نقشِ قدم کی حکمتِ عملی کو منطقی بنانے کے تحت، HBL نے ہانگ کانگ میں اپنا کاروبار ختم کر دیا۔ پائیدار منافع کی فراہمی اور اپنے عالمی کلائنٹس کے لیے زیادہ بامقصد ثابت ہونے کے لیے، بینک اپنے بین الاقوامی کاروبار کو نئی صورت میں ڈھال رہا ہے۔ حکمتِ عملی کے تحت توجہ کا مرکز چین میں موجود فرنچائز کی توسیع، نیٹ ورک بزنس میں اضافہ، کارپوریٹ روابط کی مضبوطی، اور مستحکم ٹرانزیکشن بینکنگ اور ٹریژری کی استعداد بڑھانا ہے۔ چینی کلائنٹس کے ساتھ HBL کے مضبوط تعلق، بیجنگ برانچ کا عنقریب آغاز اور RMB کی باہمی فروخت کی صلاحیت بینک کو اس راہداری میں نمایاں مقام حاصل کرنے کے قابل کرے گی۔

مرکزی مارکیٹوں میں کاروباری بنیاد کے عناصر سے متعلق انتہائی مثبت اشارے رہے ہیں؛ اگرچہ وبا کے باعث بیشتر ممالک میں کم شرحِ سود اور قرضوں میں سست رفتار ترقی کے باعث مالی نتائج متاثر ہوئے۔ 2020ء میں، کارپوریٹ شعبے میں ترقی، متعدد مارکیٹوں میں چینی کلائنٹس کے ساتھ مضبوط تعلقات، اور تجارتی حجم میں اضافے نے 2021ء کے لیے بنیاد فراہم کر دی ہے۔ چینی اور پاکستانی کلائنٹ کے نیٹ ورک سے بین الاقوامی کاروبار 2019ء کے مقابلے میں دگنا ہو چکا ہے اور مختلف مقامات پر FI کاروبار کے استحکام کے باعث اس اثاثہ جاتی شعبے میں مزید ترقی کے لیے بہترین پلیٹ فارم تیار ہو چکا ہے۔

سال کے بیشتر عرصے میں، HBL ارومچی برانچ کے آپریشنز لاک ڈاؤن کے باعث متاثر رہے، البتہ 2020ء کی چوتھی سہ ماہی میں برانچ نے RMB ٹریڈ ٹرانزیکشنز کا آغاز کیا۔ چونکہ MENA اور جنوبی ایشیا میں صرف 3 بینک مکمل RMB سہولت کی پیشکش کرتے ہیں، لہٰذا HBL کو اس حوالے سے منفرد مقام حاصل ہے۔ تمام جانچ پڑتال کامیابی سے مکمل ہونے کے بعد، HBL کو اکتوبر 2020ء میں اپنی بیجنگ برانچ کا لائسنس موصول ہو چکا ہے اور 2021ء کی پہلی سہ ماہی کے اختتام تک باقاعدہ بزنس شروع ہونے کی توقع ہے۔ چین کی کوریج سے متعلق HBL کے کامیاب ماڈل کا دائرہ پاکستان سے متحدہ عرب امارات تک وسیع کیا گیا، اور اسے 2021ء میں سری لنکا اور بنگلہ دیش تک توسیع دینے کا منصوبہ ہے۔

آپریشنل محاذ پر، وبا کے آغاز ہی سے، HBL نے فوری اور بھرپور ردِعمل کا مظاہرہ کیا۔ سینئر سطح کی کرائسز مینجمنٹ ٹیم دن میں دوبار اکٹھی ہوتی تاکہ رواں صورتِ حال پر فوری کارروائی اور وبا سے متعلق مجموعی ردِّعمل پر باہمی ربط کو یقینی بنایا جائے۔ وبا سے متعلقہ اشیا کی فراہمی کا سلسلہ تشکیل دینے کے لیے فوری اقدامات کیے گئے اور متعدد مقامات پر آپریشنز کا کاروباری تسلسل محفوظ بنایا گیا۔ اس وبا کے باعث ٹیکنالوجی کی استعداد کے اعتبار سے بھی فوری ردِّعمل کی ضرورت تھی۔ لاک ڈاؤن کے کچھ ہی عرصے بعد، بینک عملے کے تقریباً 1,800 افراد کو لیپ ٹاپ اور محفوظ VPN انٹرنیٹ کنکشن فراہم کیا گیا۔ ٹیکنالوجی ٹیم نے کامیابی کے ساتھ تمام ٹیسٹ اور ڈویلپمنٹ انوائرنمنٹ کو کلاؤڈ پر منتقل کیا۔ ٹیمز اور زوم جیسے رابطے کے ذریعوں کا بھرپور استعمال کیا گیا۔

2020ء ہی وہ سال تھا جب روشن ڈیجیٹل اکاؤنٹ منصوبے کے تحت کسٹمرز کی ڈیجیٹل آن بورڈنگ کا آغاز ہوا، جس کے ذریعے کسٹمرز برانچ میں جائے بغیر چند منٹوں میں اپنا اکاؤنٹ کھول سکتے ہیں۔ 2021ء میں، ہمیں توقع ہے کہ معمول کے برانچ کسٹمرز کے لیے اکاؤنٹ کھولنے کا عمل بھی سیلف سروس ماڈل کے تحت ڈیجیٹل چینل پر منتقلی کی جانب بڑھے گا۔ انفراسٹرکچر کے میدان میں، وائڈ ایریا نیٹ ورک کے طور پر بیان کیا جانے والا ایک سوفٹ ویئر، جو ملک میں اپنی نوعیت کا پہلا سوفٹ ویئر ہے، کامیابی کے ساتھ تمام برانچوں میں نصب کیا گیا۔ HBL نے برانچ کاؤنٹر کی ٹرانزیکشنز کو متبادل چینلوں، بشمول ATMs، موبائل بینکنگ، Konnect اور IVR پر کامیابی سے منتقلی میں بھی اوّلین مقام حاصل کیا۔ اس منصوبے سے کاؤنٹر پر معمول کی ٹرانزیکشنز میں 23٪ تک کمی کرنے میں مدد ملی۔ علاوہ ازیں، اس کے ذریعے کسٹمرز کو سیلف سروس کی آسانی اور سہولت، برانچوں میں ہجوم کی کمی کے ساتھ ساتھ برانچ کے عملے کو معمول سے ہٹ کر ٹرانزیکشنز کے لیے بہتر کسٹمر سروس فراہم کرنے کا موقع ملا۔

پاکستان میں اپنے بزنس ٹرانسفارمیشن پروگرام کی تکمیل کے ساتھ، اب بین الاقوامی مقامات پر اس کے نفاذ پر توجہ مبذول ہو چکی ہے۔ کئی ممالک میں متعدد ورک اسٹریم نافذ کی گئیں اور باقی 2021ء میں مکمل ہو جائیں گی۔ HBL نے رِسک، کمپلائنس اینڈ کنٹرول یونٹ بھی قائم کیا۔ یہ شعبہ مرکزی یونٹ کے طور پر کام کرے گا اور موجودہ وسائل کو ایک مربوط سائبان کے نیچے اکٹھا کرے گا تاکہ کنٹرول ٹیسٹنگ کے عمل کو اسٹریم لائن اور موثر بنایا جائے۔

2020ء میں HBL کا معروف پلیٹ فارم، HBLPSL مکمل طور پر پاکستان میں منعقد ہوا، جس کے ذریعے برانڈ کی مزید مستحکم وابستگی قائم ہوئی۔ یہ ملک میں کھیلوں کے سب سے بڑے واحد ایونٹ کے لیے HBL کی اسپانسرشپ کا پانچواں ایڈیشن تھا۔ بدقسمتی سے، وبا کے باعث، آخری چار میچ بشمول فائنل مقابلہ ملتوی کرنا پڑے اور کھلاڑیوں اور شائقین کی صحت اور تحفظ کی حفاظت کے لیے انھیں تماشائیوں کے بغیر نومبر 2020ء میں منعقد کیا گیا۔ HBLPSL کے ذریعے بین الاقوامی کرکٹ کو ملک میں واپس لانے کے مشن کے لیے اپنی کوششوں کے باعث HBL پاکستان سے وابستہ جذبے کے لیے انتہائی معروف ایفی ایوارڈ 2020ء جیتنے میں کامیاب رہا۔

سائبر حملوں اور بڑے پیمانے پر ڈیٹا میں خلل سے اپنے کسٹمرز اور ڈیٹا کا تحفظ HBL کے لیے انتہائی اہم ہے۔ بیرونی خطرات کا مقابلہ کرنے کی صلاحیت رکھنے والے حفاظتی اور سراغ رساں کنٹرول سے لیس موثر سائبر سکیورٹی رِسک مینجمنٹ کے ذریعے، انفارمیشن سکیورٹی HBL کے ڈیٹا کو اندرونی اور بیرونی خطرات سے محفوظ رکھنے میں مرکزی کردار ادا کرتی ہے۔

وبا کی صورتِ حال میں دفاتر کے علاوہ مقامات سے کام کرنے کے نئے ماڈل نے سائبر مجرموں کو مواقع فراہم کیے۔ بینک کی جانب سے ڈیجیٹائزیشن کے منصوبے، خطرات کے بدلتے ہوئے منظر نامے اور سوشل انجینیئرنگ فراڈ میں اضافے کے باعث یہ مزید سنگین ہو گیا۔ انفارمیشن سکیورٹی سے متعلقہ معاملات کے لیے مخصوص تربیت اور رہنمائی فراہم کرنے کے لیے اندرونی طور پر ایک بھرپور آگاہی مہم کا آغاز کیا گیا۔ اس کے ساتھ کسٹمرز کے لیے بھی خصوصی آگاہی مہم چلائی گئی۔ دفاتر کے علاوہ مقامات پر کام کرنے کے لیے سکیورٹی پروٹوکول نافذ کیے گئے جن کے ذریعے عملہ محفوظ اور ہموار انداز میں کام جاری رکھ سکا، اور یوں بزنس کے تسلسل کو یقینی بنایا گیا۔

اپنے کسٹمرز کو محفوظ بینکاری خدمات کی فراہمی کے لیے ہماری مستقل کوششوں کے باعث ہمارے مکمل نیٹ ورک کا تحفظ یقینی ہوا۔ ہماری PCSIDSS سرٹیفکیشن برقرار رہی جو پیمنٹ کارڈ انڈسٹری کے لیے بنیادی سکیورٹی معیار ہے۔ ہم نے ISO 27001 انفارمیشن سکیورٹی مینجمنٹ سسٹم سرٹیفکیشن کے لیے اپنے سالانہ آڈٹ میں بھی کامیابی حاصل کی۔

ڈیجیٹل چینلوں پر کسٹمرز کی کڑی تصدیق اور رویّوں کی اینالیٹکس سائبر / دھوکا دہی کے بڑھتے ہوئے خطرات کے خلاف اہم کنٹرول ہیں۔ کلاؤڈ پر مبنی کمپیوٹنگ کے طریقہ کار میں متوقع اضافے کے پیشِ نظر، بینک کلاؤڈ سکیورٹی پر اپنی توجہ مرکوز رکھنے کا منصوبہ رکھتا ہے۔ ڈیٹا ضائع ہونے سے بچانے کے لیے اقدامات، شناخت اور رسائی کا انتظام، اور آلٹرنیٹ ڈیلیوری چینلز پر سکیورٹی کنٹرولز کی مضبوطی میں بہتری توجہ کا مرکز رہیں گی۔ کسٹمرز بذاتِ خود سکیورٹی کے عمل کا اہم جزو ہیں اور سائبر خطرات سے متعلق اُنھیں مسلسل آگاہی فراہم کرنا بینک کی دفاعی حکمتِ عملی کا اہم حصّہ رہے گا۔ ان اقدامات کی مدد سے بینک اپنے کلائنٹس کے تحفظ اور ذہنی سکون کو یقینی بناتے ہوئے انھیں جدید ڈیجیٹل خدمات پیش کر سکے گا۔

سماجی بہبود کی ذمہ داری (CSR)

ہمارے ملک اور معاشرے نے ہماری تعمیر میں جو کردار ادا کیا، اپنی خدمات کی صورت میں انھیں واپس کرنا HBL کے اسٹریٹجک ایجنڈا کا ایک حصہ ہے۔ بینک صحت، تعلیم اور سماجی فلاح و بہبود کے لیے ایسی کثیر جہاتی پیش رفت میں مسلسل معاونت کرتا ہے جس میں مالی شمولیت کی حوصلہ افزائی ہو، بالخصوص صحت و تعلیم کے شعبے کے اہم روابط پر توجہ مرکوز رکھتے ہوئے جو دوپائیدار ستون ہیں۔ اپنے معاشرے کی مستقل معاشی اور سماجی ترقی کے فروغ کے لیے، بینک اپنے سالانہ بعد از منافع کا 1٪، HBL فاؤنڈیشن کو دیتا ہے، جو 2009ء میں پسماندہ افراد کی ترقی اور فلاح و بہبود اور ان کا معیارِ زندگی بہتر بنانے کے لیے قائم کی گئی تھی۔ 2020ء کے دوران، بینک نے مستحق مقاصد کے لیے، براہِ راست اور فاؤنڈیشن کے ذریعے، 527 ملین روپے کی امداد دی۔ یہ بینک کے 2019ء کے عہد سے 84٪ اضافی ہے۔ غیر منافع بخش تنظیموں، حکومت اور دیگر سماجی شراکت داروں سے HBL کے دیرینہ اشتراک کے ذریعے بینک اپنے سماجی بہبود کی ذمہ داری اور پائیدار بینکاری ایجنڈا پر کاربند ہے۔

سال 2020ء میں فاؤنڈیشن نے صحت سے متعلق شعبوں میں 133 ملین روپے کی معاونت کی، جن میں چترال میں جدید ترین طبی سہولیات کی فراہمی اور کراچی میں پبلک پرائیویٹ سیکٹر ہسپتالوں کا قیام شامل ہیں جو بچوں اور کینسر کے علاج کے سلسلے میں جدید ٹیکنالوجی متعارف کروا رہے ہیں۔ اس کے ساتھ ساتھ HBL اور فاؤنڈیشن نے مل کر نصاب اور سرکاری اسکول کے اساتذہ کی تربیت سمیت فن و سائنس کے شعبوں میں سہولیات کی فراہمی کے لیے 190 ملین روپے دیے ہیں۔ فاؤنڈیشن نے لیاری کے پسماندہ علاقے میں بچوں کا معیارِ زندگی بہتر بنانے کی غرض سے فٹ بال کھیل کی سہولیات کی فراہمی میں بھی معاونت کی ہے۔

2020ء ایک انتہائی مشکل سال تھا جس میں اپنے معاشرے کو خدمات لوٹانا نہایت اہم تھا کیونکہ COVID کی وبا نے ملک بھر میں انتشار برپا کر دیا تھا۔ HBL نے اپنی سماجی کمیونٹیز کی مدد کے لیے بساط سے بڑھ کر کام کرتے ہوئے بڑی مہارت سے اپنے سماجی عہد سے وابستگی کا مظاہرہ کیا۔ لاک ڈاؤن کے نتیجے میں بے روزگاری میں اضافے سے بحرانی صورتحال میں خوراک تک رسائی ایک اور بنیادی سماجی مسئلہ تھا۔ ملک بھر میں موجودگی کے سبب بینک نے مستحق خاندانوں میں راشن کے تھیلے تقسیم کیے جس سے 180,000 افراد مستفید ہوئے۔ یہ HBL اسٹاف کی رضاکارانہ پیش رفت تھی جسے تقسیم کے مرحلے سے HBL برانچ نیٹ ورک نے آگے بڑھایا۔ عملے کی رضاکارانہ پیش کش بینک کے لیے مقامِ فخر ہے۔

HBL اور سرینا نے مل کر سات شہروں میں پہلی صف کے طبی عملے کو ایک ماہ سے زائد عرصے تک 30,000 کھانے کے ڈبے فراہم کیے۔ اس اشتراک سے COVID کے لیے وقف 20 ہسپتالوں اور ہیلتھ کیمپس میں دن میں دوبار خصوصاً تیار کھانے کے ڈبے پہنچائے گئے۔ بینک نے بحالی کے اقدامات میں شمولیت کے طور پر نیشنل ڈزاسٹر مینجمنٹ اتھارٹی کو 50,000 فیس ماسک بھی عطیہ کیے۔

ہے۔ مذکورہ کمیٹی مستقل بنیادوں پر بینک کی رِسک پروفائل کی نگرانی، تشخیص اور انتظام کی ذمہ داری سنبھالتی ہے۔ روزمرہ کی رِسک مینجمنٹ سرگرمیاں مختلف سطح پر تفویض کرتے ہوئے، متعدد درجات پر مشتمل مینجمنٹ کی نگرانی اور واضح بیان کردہ پالیسیوں اور طریقہ کار کے ذریعے سینئر مینجمنٹ کی سطح پر بہت سی رِسک کمیٹیاں رہنمائی اور عمل درآمد کی ذمہ دار ہیں۔

موجودہ دباؤ کا شکار معاشی منظرنامے کے پیشِ نظر، بینک نے باقاعدگی کے ساتھ 'Early Alert کمیٹی' کے اجلاسوں اور پورٹ فولیو کے تیز رفتار جائزوں کے ذریعے اپنے کریڈٹ مینجمنٹ کے طریقوں کو مضبوط بنایا تاکہ اپنے کریڈٹ پورٹ فولیو پر دباؤ کے اثرات کا پتا چلایا جاسکے۔ کورونا وائرس کی وبا نے کاروباروں اور معیشتوں کو دھچکا پہنچایا ہے۔ صورتِ حال پر کڑی نظر رکھنے اور پورٹ فولیو کے معیار کی پیمائش کے لیے، بینک نے اپنے ملکی اور بین الاقوامی کریڈٹ پورٹ فولیو کے لیے باقاعدگی کے ساتھ کورونا وائرس کے اثرات سے متعلقہ جانچ کی سرگرمی انجام دی۔

مارکیٹ اینڈ لیکویڈیٹی رِسک کمیٹی اور عالمی ALCO کی جانب سے ٹریڈنگ بُک اور بیلنس شیٹ کی سطح پر مارکیٹ کے خطرے اور لیکویڈیٹی کے خطرے کے اشاریوں کا ماہانہ بنیادوں پر جائزہ لیا جاتا ہے۔ اس بات کو یقینی بنانے کے لیے ایک جامع اسٹرکچر قائم کیا گیا ہے کہ بینک مارکیٹ رِسک کے لیے اپنی خاصیتی اور مقداری استعداد سے تجاوز نہ کرجائے۔

منظّم اور یکساں انداز میں آپریشنل رِسک مینجمنٹ کے طریقوں کے انتظام کے لیے پالیسیاں اور طریقہ کار ترتیب دیے گئے ہیں۔ آپریشنل رِسک کے واقعات کے امکانات اور شدت کی پیمائش کے لیے اہم ذرائع جیسے کہ رِسک اینڈ کنٹرول سیلف اسیسمنٹ، رِسک کے کلیدی اشاریے اور آپریشنل خسارے کی ڈیٹا مینجمنٹ کا استعمال کیا جاتا ہے۔ بینک کی آپریشنل رِسک پروفائل اور فراڈ رِسک اسیسمنٹ باقاعدگی کے ساتھ سینئر مینجمنٹ اور BRMC کو فراہم کی جاتی ہے۔

کنزیومر قرضوں کے کاروبار نے کورونا وائرس کے باوجود اپنی ترقی کی رفتار برقرار رکھی۔ براہِ راست متاثرہ زیادہ خطروں کے شعبوں میں قرض دینے کے اثرات کم سے کم رکھنے کے لیے، بہت سے پالیسی اقدامات اپنائے گئے اور ضائع ہونے سے بچانے کے لیے وصولیوں کی نگرانی کو مزید بہتر بنایا گیا۔ ڈیجیٹل چینلوں کے ذریعے پرسنل لون اور کریڈٹ کارڈز، دونوں کے لیے قرض حاصل کرنے کی سرگرمی میں بھی اضافہ ہوا۔ کارڈ بزنس میں موجود دھوکا دہی کے خطرے کے باعث بڑھتے ہوئے نقصانات سے بچاؤ اور کسٹمرز کی تسلی کے لیے، ویزا، ماسٹر کارڈ اور 1-لنک کی جانب سے ٹرانزیکشن کی نگرانی کا نظام نافذ کیا گیا۔ کار لون پروڈکٹ کو وسعت دینے کے لیے نئے اقدامات کے نتیجے میں نئے بزنس میں نمایاں اضافہ ہوا۔ پروگرام پر مبنی قرض دینے والی ٹیم نے کم لاگت گھروں کے لیے پالیسیاں اور طریقہ کار ترتیب دینے کے لیے بزنس کے ساتھ شراکت کی، اور کریڈٹ کی اہلیت کے اسیسمنٹ ٹول اور NAPHDA ڈیٹا کے ڈیٹا اینالیٹکس ڈیزائن کرتے ہوئے انڈسٹری میں قیادت کا مظاہرہ کیا۔ پورٹ فولیو کے استحکام اور انتظام کے لیے، چھوٹے کاروباروں کے فنانس پورٹ فولیو اور دیہی قرضوں کے لیے درخواستوں کے نئے اسکور کارڈ تیار اور نافذ کردیے گئے ہیں۔

حالیہ تبدیلیوں میں رِسک گورننس کے شعبے کا آغاز شامل ہے۔ پورے HBL میں رِسک سے متعلق نقطۂ نظر یکجا اور ہم آہنگ کرنے کے لیے ایک انٹرپرائز رِسک مینجمنٹ کا شعبہ بھی قائم کیا گیا ہے۔ توقع ہے کہ یہ بینک میں رِسک کی نگرانی اور کنٹرول کے طریقہ کار میں ہم آہنگی اور استحکام کا باعث ہوگا۔

بینک نے مقامی اور بین الاقوامی مارکیٹ میں کمپلائنس اور مالی جرائم کے رِسک کا انتظام مضبوط بنانے کا عمل جاری رکھا۔ جہاں ضرورت تھی وہاں کمپلائنس پروگرام، پالیسیاں اور سسٹم بہترین عالمی طرزِکار اور مقامی ریگولیٹری معیارات سے ہم آہنگ کیے گئے، جو نافذ العمل نیشنل رِسک اسیسمنٹ کے نتائج سے نمایاں ہیں۔ بینک کی رِسک برداشت کرنے کی استعداد اور مالی جرائم کے رِسک کی اسیسمنٹ کی روشنی میں HBL کے موجودہ پورٹ فولیو کی ہم آہنگی اور خطرات میں کمی لانا ایک مستقل سرگرمی رہی ہے۔

استعداد میں اضافے اور مہارتوں میں بہتری لانا HBL کی تمام مارکیٹ میں ایک مرکزی نقطہ رہا۔ تین صفوں پر مشتمل دفاعی ماڈل کے تحت، جو HBL کے کمپلائنس پروگرام کی مستقل تعمیل کا لازمی جزو ہے، پہلی صف میں شمار ہونے والے شعبوں کی آگاہی کو وسعت دی گئی۔ مینجمنٹ کی کمپلائنس کمیٹی، کمپلائنس رِسک پر نظر رکھنے والی بورڈ کمپلائنس اینڈ کنڈکٹ کمیٹی (BCNC) کے ساتھ سینئر مینجمنٹ کے رابطے کے طور پر کام کرتی ہے۔

HBL کا وِسل بلوئنگ پروگرام بینک کی سالمیت اور ساکھ کا تحفظ کرتا ہے اور اس کا مقصد دھوکا دہی، غبن، ہراسانی اور بینک کے ضابطۂ اخلاق کی دیگر سنگین خلاف ورزیوں کے مشتبہ واقعات رپورٹ کرنے کے لیے عملے کے اختیارات میں اضافہ ہے۔ شکایات کے اندراج کے لیے دستیاب متعدد چینلوں کے بارے میں آگاہی کے لیے، سال کے دوران، کئی کوششیں کی گئیں۔

مذکورہ بالا اقدامات نے مجموعی طور پر HBL کے کمپلائنس سے متعلق حساس کلچر کے ارتقا میں نمایاں کردار ادا کیا۔ اعلیٰ سطح کا نقطۂ نظر نہایت واضح رہا جو بورڈ، BCNC اور پریزیڈنٹ کی جانب سے تعاون کی صورت میں نمایاں تھا۔

منافع منقسمہ

یہ HBL کا بیانیہ ارادہ ہے کہ وہ اصل معیشت اور اپنے صارفین کی نسلوں کی معاونت کرے۔ ہم نئے کاروباری دھارے کی ترقی کے ساتھ موجودہ تعلقات مزید گہرے بنانے کا منصوبہ رکھتے ہیں جن کے لیے مستحکم سرمایہ درکار ہے۔ HBL کا ماننا ہے کہ اس نظریے سے شیئر ہولڈر کی مستقبل میں قدر افزائی ہوگی لہٰذا اس کے لیے ماضی کے مقابلے میں منافع کے اعلیٰ سطح بر قرار رکھنے کی ضرورت ہے۔

بورڈ نے سال مختتمہ 31 دسمبر 2020ء کے لیے 3.00 روپے فی حصص (شیئر) کے حتمی نقد منافع منقسمہ کی تجویز دی، جس سے سال کا مجموعی نقد منافع منقسمہ 4.25 روپے فی حصص (شیئر) تک پہنچ گیا۔ اس سے قبل بورڈ مجموعی طور پر 1.25 روپے فی حصص کے عبوری منافع منقسمہ کا اعلان اور ادائیگی کر چکا تھا۔

بورڈ کے اجلاس

	بورڈ اجلاس	
	دورانِ مدت منعقدہ اجلاس	حاضری
محترم سلطان علی الانہ	8	8
محترم سلیم یحییٰ چنائے	8	8
محترم شفیق دھرمشی	8	8
محترم معیز احمد جمال	8	8
محترمہ ڈیان الزبتھ مور	8	8
محترم سلیم رضا	8	8
ڈاکٹر نجیب سمیع	8	8
محترم محمد اورنگزیب	8	8

بورڈ کمیٹیوں کے اجلاس

	بورڈ آڈٹ کمیٹی		بورڈ رِسک مینجمنٹ کمیٹی		بورڈ ہیومن ریسورس اینڈ ریمونریشن کمیٹی		بورڈ کمپلائنس اور کنڈکٹ کمیٹی	
	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری
محترم سلطان علی الانہ	N/A	N/A	N/A	N/A	5	5	N/A	N/A
محترم سلیم یحییٰ چنائے	8	8	N/A	N/A	N/A	N/A	8	8
محترم شفیق دھرمشی	N/A	N/A	7	7	5	5	N/A	N/A
محترم معیز احمد جمال	8	8	N/A	N/A	N/A	N/A	8	8
محترمہ ڈیان الزبتھ مور	N/A	N/A	N/A	N/A	N/A	N/A	8	8
محترم سلیم رضا	N/A	N/A	7	7	N/A	N/A	N/A	N/A
ڈاکٹر نجیب سمیع	8	8	N/A	N/A	5	5	N/A	N/A
محترم محمد اورنگزیب	N/A	N/A	7	7	N/A	N/A	N/A	N/A

HBL فاؤنڈیشن اور دیگر کو عطیات مالیاتی بیان کے نوٹ 28.3 میں درج ہیں۔

کریڈٹ ریٹنگ

بینک کی کریڈٹ ریٹنگ کی دوبارہ تصدیق جون 2020ء میں VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کے ذریعے بالترتیب طویل المیعاد اور قلیل المیعاد کے لیے AAA/A-1+ ہوئی۔ Tier II TFC کے ماتحت قرضوں کی ریٹنگ بھی بدستور AAA ہے جبکہ بینک کے Additional Tier I سرمائے کے TFCs کو ستمبر 2020ء میں AA+ ریٹنگ دی گئی۔ تمام ریٹنگ میں منظر نامہ مستحکم ہے۔ ریٹنگ سے HBL کی ملک کے سب سے بڑے کمرشل بینک کی حیثیت کے ساتھ مقامی کاروباری رفتار میں استحکام اور بینک کے مستحکم اثاثوں کے معیار، مضبوط لیکویڈیٹی اور انتظامی اہمیت کی عکاسی ہوئی۔ Moody's نے HBL کی مقامی کرنسی ڈپازٹ کی ریٹنگ B3 کی دوبارہ تصدیق کی، caa1 میں بیس لائن کریڈٹ اسیسمنٹ اور Caa1 میں غیر ملکی کرنسی کے ذخائر کی درجہ بندی بھی اپ گریڈ کرکے B3 کردی، جو خود مختار ریٹنگ کی کارروائی کے خطوط پر کیا گیا۔

مستقبل کی صورتِ حال

وبا سے ایک واضح تعلق کے باوجود، 2020ء کی معاشی بدحالی کا آغاز COVID سے قبل ہوچکا تھا اور اس کا بڑا حصہ ساختی مسائل کے سبب تھا جن میں سے کئی حل ہونے کے مرحلے میں تھے اور کچھ پر غور کیا جانا تھا۔ نتیجتاً اقتصادی اشاریوں جیسا کہ ایندھن کی کھپت، آٹو سیلز اور سیمنٹ کے آف ٹیک سے معقول حد تک مضبوط اقتصادی بحالی ظاہر ہورہی ہے۔ سال 21 کی پہلی ششماہی میں درآمدی نمو کا ایک بڑا حصہ ''اشیا'' کی درآمد کے طفیل تھا جیسا کہ سرمایہ کاری اشیا؛ رہائشی اور تعمیراتی شعبے پر توجہ - لازمی قرضہ جات کے اہداف کی حوصلہ افزائی - سے تمام اقتصادی شعبوں میں مستحکم نمو میں مدد ملے گی۔ IMF کے تخمینے کے مطابق GDP کی نمو مالی سال 22 کے لیے 4٪ ہوگی جس میں ساختی اور دورانیے کی تیزی کے سبب اضافہ ہوسکتا ہے۔

اس نسبتاً مثبت منظر نامے کے لیے افراطِ زر بدستور ایک خطرہ ہے۔ SBP کو توقع ہے کہ مالی سال 21 کے لیے افراطِ زر کی اوسط 9٪-7٪ کے درمیان رہے گی تاہم افراطِ زر سے مالی سال 21 کا اختتام بنیادی اثرات (base effect) کے سامنے آنے سے دو ہندسوں پر آنے کا امکان ہے۔ گو کہ بنیادی مہنگائی ہنوز بے ضرر ہے تاہم افراطِ زر کے منظر نامے پر تیل کی بین الاقوامی قیمت میں اضافے، یوٹیلیٹی ٹیرف پر نظر ثانی، اور مستقبل میں اشیائے خوردونوش کی قیمتوں میں اضافے سے چڑھاؤ کا خطرہ نظر آرہا ہے۔ ترسیلاتِ زر کا مثبت سرپرائز سال 21 کی دوسری ششماہی میں نارمل ہوسکتا ہے جس سے جاری کھاتوں پر دباؤ ہوگا۔ سال 21 کی دوسری سہ ماہی میں IMF پروگرام کی نمایاں بحالی ایک مثبت تبدیلی ہے کیونکہ اس سے خارجی کھاتوں اور کرنسی کو مسلسل پائیداری کی فراہمی کے لیے اندرونی سرمایہ کاری کے بہاؤ کے لیے در کھُل سکتے ہیں۔

اگرچہ انفیکشن کی دوسری لہر زیادہ طویل ہوگئی ہے تاہم امید قائم ہے۔ حکام نے ہدف پر مبنی لاک ڈاؤن کے ذریعے وبا پر قابو کا طریقہ ڈھونڈ لیا ہے جس سے معاشی سرگرمیوں پر نسبتاً کم اثرات مرتب ہورہے ہیں۔ مارچ میں متوقع COVID ویکسین کی تقسیم سے اعتماد بحال ہونے میں مدد ملے گی اور صحت کے اعداد و شمار میں بہتری آئے گی۔

HBL کے اس سال کے نتائج اس کے عہد اور کسٹمر زپر توجہ کے غماز ہیں جو ہماری موجودگی کی وجہ ہیں اور نسلوں سے ہماری معاونت کررہے ہیں۔ ہماری ٹیکنالوجی میں سالہاسال کی سرمایہ کاری اور اس افراتفری کے دور میں اب بار آور ثابت ہورہی ہے - جس سے ہم غیر محسوس انداز میں نئے طرزِ زندگی کے تقاضے پورے کرتے جا رہے ہیں۔ ایک بینکنگ لائسنس والی ٹیکنالوجی کمپنی کی حیثیت سے HBL میں ہم ڈیجیٹل استعمال میں تیزی دیکھ رہے ہیں۔ ہم اپنے صارفین کے لیے ان کی مخصوص ضروریات کے مطابق متنوع اور فنِ مہارت سے آراستہ حل کی فراہمی یقینی بنانے کے لیے تیزی اور پھُرتی سے کام کررہے ہیں۔

HBL اپنے آپ کو قومی تانے بانے کا ایک لازمی جُز تصور کرتا ہے۔ پہلے مشہور ملکی بینک کی حیثیت سے HBL ملکی فلاح و بہبود کے لیے ہمیشہ پیش پیش رہا ہے۔ وبا کے سبب اس اہم موڑ پر بھی HBL اپنے کاروبار کے ہر شعبے میں آگے بڑھا۔ ہم نے اپنے پبلک پرائیویٹ پارٹنر شپ ماڈل کے ساتھ وسیع تر شعبوں میں پُرسوچ ماہرانہ قیادت فراہم کی، جس میں باکفایت ہاؤسنگ فنانس اسکیم میں رہبری سے لے کر حکومت کی نیشنل کمپلائنس فریم ورک کی تیاری میں معاونت، اور نئے روشن ڈیجیٹل اکاؤنٹ اسکیم کے ذریعے کیش کے اندرونی بہاؤ کو اپنی جانب راغب کرنا شامل ہیں، جس کے لیے ہم نے حال ہی میں اپنے قائدانہ کردار کے لیے اعزاز حاصل کیا ہے۔ HBL ریئل سیکٹر میں SBP کے ذریعے دستیاب لیکویڈیٹی اور فنڈنگ امداد استعمال کرنے میں ایک سرکردہ ادارہ رہا ہے تاکہ یقینی بنایا جاسکے کہ کاروبار میں کیش کا بہاؤ جاری رہے۔ ہم شکر گزار ہیں اور ہمیں فخر ہے کہ حکومت کی جانب سے ہمیں احساس پروگرام کے تحت معاشرے کے غریب اور پسماندہ طبقے کے تحفظ کی کوششوں کے لیے منتخب کیا گیا۔

گزشتہ تین سال کے عرصے میں HBL نے اپنے افراد، طرزِ کار اور فلسفے کی صورت تبدیل کردی ہے۔ ہم ترقی کے پائیدان پر آگے بڑھ رہے ہیں، ایک مستحکم سرمائے، عزمِ مصمم اور احساسِ ذمہ داری سمیت تمام اہم شعبوں کی ہم آہنگی کے ساتھ، ان شاءاللہ ایک روشن مستقبل ہم سب کا خیر مقدم کرے گا۔

d) بینک نے مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (جو پاکستان میں بینکوں پر لاگو ہیں) کی پیروی کی ہے اور کہیں بھی مذکورہ معیارات کی خلاف ورزی نہیں کی گئی۔

e) ایک مستقل عمل کے طور پر انٹرنل کنٹرول سسٹم پر موثر انداز میں عمل درآمد کرنے کی کوششیں کی جارہی ہیں۔ HBL، اسٹیٹ بینک آف پاکستان کی انٹرنل کنٹرول کی ہدایات سمیت انٹرنل کنٹرولز اوور فنانشل رپورٹنگ (ICFR) کی ہدایات اور روڈمیپ پر عمل کرتا ہے۔ بینک نے اپنے ICFR طریقہ کار کا جائزہ لیا ہے اور ICFR کی مینجمنٹ کی فریم ورک دستاویز بشمول مینجمنٹ ٹیسٹنگ اور رپورٹنگ فریم ورک تیار کی ہے۔

f) بینک کے اپنے امور کو جاری رکھنے کی صلاحیت پر کسی قسم کے شکوک و شبہات نہیں ہیں۔

g) ضابطے میں بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کا بنیادی انحراف نہیں کیا گیا ہے۔

h) مالیاتی گوشواروں کے سیکشن "گروتھ 2015ء تا 2020ء – مجموعی" میں گزشتہ 6 سالوں کے اہم عملیاتی اور مالیاتی گوشوارے پیش کیے گئے ہیں۔

i) ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکریٹری نے تصدیق کی ہے کہ وہ اور اُن کے ازواج کسی طرح کے بھی اسٹاک بروکریج کے کاروبار میں شامل نہیں ہیں۔

j) بورڈ کی طرف سے قائم کردہ آڈٹ، ہیومن ریسورس اور ریمونریشن، رِسک مینجمنٹ، IT، کمپلائنس اور کنڈکٹ، ڈویلپمنٹ فنانس، بورڈ اوورسائٹ فار انٹرنیشنل گورننس، بورڈ اوورسائٹ برائے نیویارک اور ریمونریشن کمیٹیاں اپنے اختیارات کے مطابق موثر انداز میں کام کررہی ہیں۔ بورڈ باقاعدگی سے اس سال کے دوران 8 اجلاس کرچکا ہے، جن میں ہر سہ ماہی میں کم از کم ایک اجلاس شامل ہے۔

بورڈ انٹرنل کنٹرولز سے متعلق انتظامیہ کی جانب سے دیے گئے بیان کی توثیق کرتے ہوئے خوشی محسوس کررہا ہے۔ انٹرنل کنٹرول کا گوشوارہ، ضابطے پر عمل درآمد کا گوشوارہ برائے جائزہ رپورٹ، آڈیٹر کی رپورٹس، مالیاتی گوشوارے کے ساتھ منسلک ہیں۔

ایمپلائی ریٹائرمنٹ بینیفٹ فنڈز میں سرمایہ کاریوں کی رقم

31 دسمبر 2020ء کے مطابق بینک کی جانب سے برقرار پرووِیڈنٹ، پنشن، گریجویٹی اور بینوولنٹ فنڈز میں سرمایہ کاریوں کی رقم، آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر درج ذیل جدول میں ظاہر کی گئی ہے:

	ملین روپے
ایمپلائز پرووِیڈنٹ فنڈ	5,636
ایمپلائز پنشن فنڈ	6,056
ایمپلائز گریجویٹی فنڈ	2,289
ایمپلائز بینوولنٹ فنڈز – ایگزیکٹیوز اور افسران	1,677
ایمپلائز بینوولنٹ فنڈز – کلریکل اور نان کلریکل	841

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2020ء کو پیٹرن آف شیئر ہولڈنگ اور ایگزیکٹیو کی جانب سے بینک کے حصص میں کاروبار، جس کی بورڈ آف ڈائریکٹرز نے ضابطے کے تحت وضاحت کی ہے، ضابطے پر عمل درآمد کرتے ہوئے سالانہ رپورٹ میں دی گئی ہے۔

پیرنٹ کمپنی

جیسا کہ مالیاتی گوشوارے کے نوٹ 1.1 میں بیان کیا گیا ہے، آغا خان فنڈ فار اکنامک ڈویلپمنٹ (AKFED) S.A، بینک کی پیرنٹ کمپنی ہے اور اس کا رجسٹرڈ دفتر جنیوا، سوئٹزرلینڈ میں ہے۔

تربیتی پروگراموں میں ڈائریکٹرز کی شرکت

ڈائریکٹرز کی اکثریت SECP سے منظور شدہ ڈائریکٹر کے تربیتی پروگرام میں پہلے ہی شرکت کرچکی ہے اور ضابطے کے مطابق ڈائریکٹر کی حیثیت سے سند یافتہ ہے۔

اکتوبر 2020ء میں تسلیم شدہ بیرونی ٹریننرز نے بورڈ کے لیے شریعہ گورننس فریم ورک فار اسلامک بینکنگ انسٹی ٹیوشنز ٹریننگ سیشن منعقد کیا۔ سیشن میں فریم ورک کے کئی پہلوؤں اور عالمی و بین الاقوامی سطح پر اسلامک بینکنگ کے رجحانات کا احاطہ کیا گیا۔

	بورڈ ڈویلپمنٹ فنانس کمیٹی		بورڈ نامینیشن اینڈ ریمونریشن کمیٹی*		بورڈ IT کمیٹی		بورڈ اوور سائٹ کمیٹی- انٹرنیشنل گورننس	
	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری	دورانِ مدت منعقدہ اجلاس	حاضری
محترم سلطان علی الانہ	3	3	N/A	N/A	N/A	N/A	5	5
محترم سلیم یحیٰ چنائے	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
محترم شفیق دھرمشی	N/A	N/A	1	1	N/A	N/A	N/A	N/A
محترم معیز احمد جمال	N/A	N/A	1	1	N/A	N/A	N/A	N/A
محترمہ ڈیان الزبتھ مور	N/A	N/A	N/A	N/A	4	4	N/A	N/A
محترم سلیم رضا	3	3	1	1	4	4	N/A	N/A
ڈاکٹر نجیب سمیع	N/A	N/A	1	1	N/A	N/A	5	5
محترم محمد اورنگزیب	3	2	N/A	N/A	4	3	5	5

*2019ء میں قائم کی گئی بورڈ ریمونریشن کمیٹی (BRC) 17 جون 2020ء کو منعقدہ بورڈ کے اجلاس میں بورڈ نامینیشن اینڈ ریمونریشن کمیٹی (BNRC) کے قیام کے بعد تحلیل کردی گئی تھی۔ جس کا مقصد BRC اور بورڈ نامینیشنز کے دائرہ کار کا احاطہ تھا۔ 2020ء میں اس تاریخ سے قبل BRC کا کوئی اجلاس منعقد نہیں ہوا۔

بورڈ اوور سائٹ کمیٹی - نیویارک (BOC-NY) 22 اپریل 2020ء کو تحلیل کردی گئی۔ 2020ء میں اس تاریخ سے قبل اس کا کوئی اجلاس منعقد نہیں ہوا۔

بورڈ آف ڈائریکٹرز نے اپنے 24 جولائی 2020 کو منعقدہ اجلاس میں بورڈ اوور سائٹ کمیٹی - HBLUAE قائم کی جو ایک نان ریمونریٹیو کمیٹی ہے، جس کا مخصوص مقصد UAE سینٹرل بینک کی انسپکشن رپورٹ میں ایکشن پلان کے اطلاق کے حوالے سے نشاندہ مسائل کی نگرانی ہے۔ یہ کمیٹی 3 ارکان پر مشتمل ہے: محترم سلطان علی الانا، محترم معیز احمد جمال اور محترم محمد اورنگزیب۔ اس کمیٹی کے اب تک 6 اجلاس منعقد ہو چکے ہیں جن میں تمام ارکان شامل تھے۔ یہ کمیٹی 18 دسمبر 2020 کو تحلیل کردی گئی۔

شریعہ بورڈ کے اجلاس

	شریعہ بورڈ اجلاس	
	دورانِ مدت منعقدہ اجلاس	حاضری
ڈاکٹر محمد زبیر عثمانی (چیئرمین)	4	4
ڈاکٹر اعجاز احمد صمدانی (رکن)	4	4
مفتی محمد یحیٰ عاصم (ریزیڈنٹ شریعہ بورڈ رکن)	4	4

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس اپنی 5 سالہ مدت کی تکمیل کے بعد ریٹائر ہو رہے ہیں اور کوڈ آف کارپوریٹ گورننس کے مطابق وہ دوبارہ انتخاب کے اہل نہیں۔ چنانچہ بورڈ آف ڈائریکٹرز نے، بورڈ آڈٹ کمیٹی کی تجویز پر، میسرز کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کے 27.901 ملین روپے کی فیس پر مالی سال 2021ء کے لیے بینک کے آڈیٹرز کے طور پر انتخاب کی سفارش کی ہے، جبکہ دیگر اخراجات اور ٹیکس حقیقی بنیاد پر ادا کیے جائیں گے۔

کارپوریٹ اور مالیاتی رپورٹنگ پر بیان

بورڈ اس بات کے لیے پُرعزم ہے کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے مرتب کردہ کارپوریٹ گورننس کی ضروریات کو پورا کیا جائے اور ڈائریکٹرز یہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں کہ:

a) بینک کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، بینک کے معاملات کی صورتِ حال، انتظامی نتائج، کیش فلوز اور ایکویٹی میں تبدیلی صحیح اور منصفانہ انداز میں پیش کیے گئے ہیں۔

b) بینک کے اکاؤنٹس کی بکس باقاعدہ طور پر برقرار رکھی گئی ہیں۔

c) مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ پالیسیوں کا یکساں اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط اندازے پر مبنی ہیں۔

بورڈ اوور سائٹ کمیٹی- بین الاقوامی گورننس (BOC-IG): یہ کمیٹی ماتحت اداروں سمیت بیرونِ ملک کاروباری کاموں میں گورننس کی نگرانی میں بورڈ کی مدد کرتی ہے، جو SBP کے بینک کے بیرونِ ملک آپریشنز کے لیے گورننس فریم ورک کے مطابق ذیلی اداروں کے لیے بھی ہے۔

بورڈ نامینیشن اینڈ ریمونریشن کمیٹی (BNRC): یہ کمیٹی HBL کی پائدار ترقی کے لیے موزوں ڈھانچے، حجم اور مہارتوں کے توازن کی شناخت میں بورڈ کی معاونت کرتی ہے جو بورڈ کے لیے لازمی تصور کیے جاتے ہیں۔ BNRC ریگولیٹری فریم ورک کے مطابق ڈائریکٹرز کی ریمونریشن کے انتظامات کے لیے ہدایات بھی فراہم کرتی ہے۔

شریعہ بورڈ کی تقرری اور تشکیل

شریعہ اسکالر کی تقرری کے لیے، مینجمنٹ پہلے SBP فِٹ اینڈ پراپر کرائٹیریا (FAPC) کے مطابق مجوزہ شریعہ بورڈ رُکن کی اسکریننگ کرتی ہے۔ بعد ازاں، اسے منظوری کے لیے HBL بورڈ آف ڈائریکٹرز کے پاس بھیجا جاتا ہے جس کے بعد اسے پُر FAPC فارم اور بورڈ کی منظوری نیز معاون دستاویزات کے ساتھ SBP میں جمع کروایا جاتا ہے۔ SBP کی جانب سے کلیئرنس ملنے کے بعد، مینجمنٹ شریعہ بورڈ کے رکن سے رابطہ کرتی ہے، معاہدہ کرتی ہے اور SBP کو اطلاع دیتی ہے۔

HBL کا شریعہ بورڈ تین اراکین پر مشتمل ہے:

ڈاکٹر محمد زبیر عثمانی، شریعہ بورڈ کے سب سے تجربہ کار رکن ہیں۔ اُنھوں نے اپنا تخصص فی الافتاء (اسلامی فقہ) اور شہادۃ العالمیہ جامعہ دارالعلوم، کراچی سے مکمل کیا۔ آپ جامعہ کراچی سے اسلامک فنانس میں پی ایچ ڈی اور بین الاقوامی تعلقات میں ماسٹرز کی ڈگری بھی رکھتے ہیں۔ آپ 1999ء سے بینکاری اور مالی خدمات کے شعبے سے وابستہ ہیں اور متعدد مالیاتی اداروں کو شرعی مشاورت کی خدمات فراہم کرچکے ہیں۔ آپ نے اسٹیٹ بینک آف پاکستان کے شریعہ بورڈ کے رُکن کی حیثیت سے بھی خدمات انجام دیں۔ فی الحال، آپ UBL، HBL اور حبیب میٹروپولیٹن بینک کے شریعہ بورڈ کے چیئرمین ہیں اور MCB-عارف حبیب سیونگز اینڈ انویسٹمنٹ لمیٹڈ اور آدمجی فیملی تکافل کو بھی شرعی مشاورت فراہم کررہے ہیں۔

ڈاکٹر اعجاز احمد صمدانی ممتاز شریعہ اسکالر ہیں۔ آپ نے تخصص فی الافتاء (اسلامی فقہ) اور شہادۃ العالمیہ کی اسلامی تعلیم جامعہ دارالعلوم، کراچی سے حاصل کی۔ آپ جامعہ کراچی سے اسلامک بینکنگ اور غرر (عدم یقین) پر پی ایچ ڈی ہیں، بہاؤ الدین زکریا یونیورسٹی سے اسلامک اسٹڈیز میں ماسٹرز اور سندھ مسلم گورنمنٹ کالج سے LLB کی اسناد بھی رکھتے ہیں۔ آپ 2004ء سے بینکاری اور مالیاتی خدمات کے شعبے سے وابستہ ہیں اور متعدد مقامی اور عالمی مالیاتی اداروں کے شریعہ بورڈ کو شرعی مشاورت کی خدمات فراہم کرچکے ہیں۔ آپ فی الحال UBL، HBL، بینک آف پنجاب اور MCB-عارف حبیب سیونگز اینڈ انویسٹمنٹ لمیٹڈ کے شریعہ بورڈ رُکن کے طور پر خدمات انجام دے رہے ہیں۔ آپ مالدیپ اسلامک بینک کے شریعہ بورڈ کے چیئرمین بھی ہیں۔

مفتی محمد یحیٰ عاصم نے تخصص فی الافتاء (اسلامی فقہ) اور شہادۃ العالمیہ کی دینی تعلیم جامعہ دارالعلوم، کراچی سے حاصل کی۔ آپ بین الاقوامی تعلقات، عربی اور اسلامک اسٹڈیز میں ماسٹرز کی ڈگری بھی رکھتے ہیں۔ آپ اس وقت جامعہ کراچی سے پی ایچ ڈی کررہے ہیں۔ آپ اسلامی بینکاری اور مالیاتی خدمات کے شعبے سے 2004ء سے وابستہ ہیں اور HBL، حبیب میٹروپولیٹن بینک، اٹلس ایسیٹ مینجمنٹ، HBL ایسیٹ مینجمنٹ، TPL وِنڈو تکافل کو شرعی مشاورت کی خدمات فراہم کرچکے ہیں۔ فی الحال آپ HBL شریعہ بورڈ کے ریزیڈنٹ شریعہ بورڈ رُکن کے طور پر کام کررہے ہیں۔

شریعہ بورڈ (SB) کے حوالے کی شرائط SBP کے جاری کردہ شریعہ گورننس فریم وَرک کے مطابق ہیں۔ ان میں، دیگر اُمور کے ساتھ ساتھ، درج ذیل شامل ہیں:

- شریعہ بورڈ کو HBL کے شریعہ سے متعلق تمام معاملات پر غور، فیصلے اور نگرانی کا اختیار دیا گیا ہے۔ بینک، شریعہ بورڈ کی تمام آرا، فیصلے اور فتاویٰ کا پابند ہوگا جبکہ شریعہ بورڈ شریعہ سے متعلق اپنے تمام فیصلوں کا ذمہ دار اور جواب دہ ہوگا۔
- شریعہ بورڈ HBL اسلامک بینکنگ کے آپریشنز کے تمام شعبوں کے لیے جامع شریعہ کمپلائنس فریم وَرک کی تیاری یقینی بنائے گا۔ HBL اسلامک بینکنگ کی پیش کردہ تمام مصنوعات یا خدمات کے لیے شریعہ بورڈ کی پیشگی منظوری درکار ہوگی۔
- شریعہ بورڈ تمام پروسیجر منیول، پروڈکٹ پروگرامز / اسٹرکچرز، پروسیس فلوز، متعلقہ معاہدے، مارکیٹنگ ایڈورٹائزمنٹ، سیلز السٹریشن اور بروشرز کی منظوری دے گا تاکہ یہ شرعی اصولوں کے مطابق ہوں۔

ڈائریکٹرز کا معاوضہ

SBP کے BPRD سرکلر نمبر 3 بتاریخ 17 اگست 2020ء کے تسلسل میں 30 مارچ 2020ء کو ہونے والے سالانہ اجلاس میں بینک کے حصص یافتگان نے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کو ادا کی جانے والی فیس کے طور پر 600,000 روپے کی منظوری دی تھی۔ پالیسی میں نان ایگزیکٹیو ڈائریکٹرز کے فدتری سفر کے لیے سفری اخراجات اور روزانہ الاؤنسز بھی بیان کیے گئے ہیں۔

دسمبر 2020ء میں بورڈ کے لیے بین الاقوامی AML ماہرین کے ذریعے ٹریننگ سیشن منعقد کیا گیا۔ جس میں AML / CFT کے منظر نامے میں مسلسل ارتقاء اور جدید تبدیلی وترقی کے ساتھ FATF کے کردار پر توجہ مرکوز کی گئی۔

بورڈ کی کارکردگی کا جائزہ

HBL کے بورڈ نے اپنے بورڈ اور اس کی کمیٹیوں کے لیے سالانہ جائزے کا انتخاب کیا جو پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس نے 2020ء میں سرانجام دیا۔ جائزے میں بورڈ اور انفرادی دونوں حیثیتوں کے مدِ نظر کارکردگی کا تجزیہ کیا گیا اور بورڈ کے مشمولات، لائحہ عمل اور منصوبہ بندی، بورڈ اور سی ای او کی تاثیر، بورڈ کی معلومات، بورڈ کمیٹیوں، بورڈ کا طرزِ کار اور ماحولیاتی ضابطوں کا احاطہ کیا گیا۔

بورڈ اور کمیٹیوں کی تشکیل

بورڈ کی تشکیل اور بورڈ کمیٹیوں کی تفصیلات کارپوریٹ گورننس کے ضابطے کے ساتھ اسٹیٹمنٹ آف کمپلائنس میں دی گئیں ہیں۔

بورڈ کے پاس حکمتِ عملی کی سمت اور بہتر نگرانی میں معاونت کے لیے درج ذیل کمیٹیاں موجود ہیں۔ بورڈ کمیٹی، بورڈ کی جانب سے منظور شدہ متعلقہ حوالہ کی شرائط (TORs) کے مطابق کام کرتی ہیں۔ ہر ذیلی کمیٹی کے فرائض کی ایک مختصر وضاحت درج ذیل ہے۔

بورڈ آڈٹ کمیٹی (BAC): BAC بینک کے داخلی کنٹرولز کے کے مضبوط اور موثر نظام کے لیے اعلیٰ سطح پر طرزِ کار کا تعین کرتی ہے۔ کمیٹی آپریشنل کنٹرولز سمیت بینک کے داخلی کنٹرولز کے ماحول کی اہلیت اور افادیت کا جائزہ لیتی ہے، بینک کے داخلی آڈٹ فنکشن کی نگرانی اور رسک پر مبنی سالانہ آڈٹ کے منصوبے کی نگرانی کرتی ہے۔BAC بورڈ کو منظوری کی درخواست سے پہلے بینک کے مالی بیانات اور اس سے وابستہ امور کا جائزہ لیتی ہے۔ اس عمل کے ایک حصے کے طور پر، کمیٹی بینک کے بیرونی آڈیٹرز سے بھی بات چیت کرتی ہے اور اسٹیٹیوٹری آڈیٹرز کے ساتھ بیرونِ ملک آڈیٹرز کی تقرری کے لیے بھی سفارشات پیش کرتی ہے۔ کمیٹی نئے اکاؤنٹنگ کے معیارات کے اطلاق کی بھی ذمہ دار ہے، بالخصوص HBL میں IFRS9 کے اطلاق کے لیے بورڈ نے BAC کو ذمہ داری سونپی ہے۔ اس کے دائرہ کار میں شعبوں کے لیے BAC بورڈ کو منظوری کے لیے پالیسیز پیش کرتی ہے۔

بورڈ رسک مینجمنٹ کمیٹی (BRMC): یہ کمیٹی رسک سے متعلق معاملات کی نگرانی اور تجاویز کی ذمہ دار ہے، جس میں بینک کی رسک کی سکت اور رسک پروفائل کا انتظام شامل ہیں۔BRMC بینک کے رسک پروفائل کی مناسبت سے اندرونی رسک فریم ورک کی تشکیل اور تکمیل کی یقین دہانی بھی کرتی ہے اور رسک پروفائل کے ساتھ ایک آزاد، مددگار اور فعال رسک مینجمنٹ کلچر کی ترویج اور بحالی کی ذمہ دار ہے۔ کمیٹی روز افزوں بڑھتے ہوئے خطرات کی شناخت اور تدارک یقینی بنانے کے لیے دوررس نظریہ اختیار کرتی ہے۔

بورڈ ہیومن ریسورس اور ریمونریشن کمیٹی (BHRRC): کمیٹی اہم ہیومن ریسورس اور معاوضہ پالیسیاں تجویز کرتی ہے جس میں بینک میں ملازمت کی اہم شرائط اور فوائد کے ساتھ تمام عملے اور اہم افسران کے لیے پرفارمنس مینجمنٹ اور معاوضے کے منصوبے شامل ہیں۔ اس میں عملے کی تربیت، پیشہ ورانہ ترقی، ٹیلنٹ مینجمنٹ اور جانشینی کی منصوبہ بندی سے متعلق شرائط وضوابط اور بہترین طرزکار کے مطابق جائزہ بھی لیا جاتا ہے۔

بورڈ کمپلائنس اور کنڈکٹ کمیٹی (BCNC): کمیٹی پورے بینک میں مضبوط کمپلائنس اور بہتر طرزِ عمل کی ثقافت اپنانے میں بورڈ کی حمایت کرتی ہے۔ یہ ضابطہ اخلاق / تہذیب سمیت قانونی اور ریگولیٹری تقاضوں، داخلی پالیسیوں اور طریقہ کار کے ساتھ بینک کے کمپلائنس کی نگرانی کے لیے ایک نگران اتھارٹی کے طور پر کام کرتی ہے۔ کمیٹی کمپلائنس اور اخلاقی ضوابط، اسکیلیشن میکانزم اور کمپلائنس سے متعلق امور کی رپورٹنگ بشمول مالیاتی جرائم، ریگولیٹری اور طرزِ عمل کے خطرات کی رپورٹنگ کا بھی جائزہ لیتی ہے۔ وسل بلوئنگ کی شکایات بھی بنیادی طور پر BCNC کے دائرۂ عمل میں آتی ہیں۔

بورڈ ڈویلپمنٹ فنانس کمیٹی (BDFC): یہ کمیٹی ملک کے پسماندہ اور غیر بینکاری طبقات اور علاقوں کے لیے مالی شمولیت کے مقاصد، مصنوعات اور خدمات کے لیے لائحۂ عمل ونگرانی اور سرمایہ کی منڈیوں کی ترقی کے اقدامات میں بورڈ کی مدد کرتی ہے۔ ایک اہم توجہ کا مرکز زرعی ویلیو چین میں انتہائی پیداواری لیکن پسماندہ معاشرے کے ذریعے دستیاب اضافہ کے مواقع استعمال کرنا ہے۔

بورڈ IT کمیٹی (BITC): بورڈ کی IT کمیٹی کمپنی کے اہم ٹیکنالوجی سرمایہ کاری منصوبوں اور حکمت عملیوں سے متعلق بورڈ کی سفارشات کا جائزہ لیتی ہے، جانچتی ہے اور سفارشات پیش کرتی ہے۔BITC ٹیکنالوجی کی مد میں خرچ کے فوائد اور منافع کا جائزہ بھی لیتی ہے۔ کمیٹی ڈیجیٹل پیش رفت پر توجہ مرکوز رکھتی ہے تاکہ کسٹمر کی مرکزیت، لاگت میں کمی اور محصولات میں اضافہ کیا جاسکے اور کلاؤڈ سروس اور Fintech کے استعمال کے لیے ہدایات بھی فراہم کرتی ہے۔BITC یہ بھی یقینی بناتی ہے کہ بینک کے اندر انفارمیشن سیکیورٹی فنکشن کو موثر نگرانی فراہم کی جائے اور انفارمیشن سیکیورٹی کی ساخت رسک کی سکت سے ہم آہنگ ہو۔

ڈائریکٹرز کو مجموعی اداشدہ فیس کی تفصیلات غیر مجموعی مالیاتی رپورٹ کے نوٹ 38.2 میں ظاہر کی گئی ہیں۔

شریعہ بورڈ کے اراکین کا معاوضہ

ہیڈ، اسلامک بینکنگ شریعہ بورڈ کے اراکین کا معاوضہ انڈسٹری پریکٹس کی بنیاد پر صدر کو تجویز کرتا ہے۔ صدر کی منظوری کے بعد، اسے ہیڈ HR کو بھیجا جاتا ہے تاکہ وہ بورڈ ہیومن ریسورس اور ریمونریشن کمیٹی کو سفارش کر سکے۔ کمیٹی شریعہ بورڈ کے اراکین کے معاوضے کا جائزہ لیتی ہے اور اسے منظوری کے لیے بورڈ آف ڈائریکٹرز کے پاس بھیجتی ہے۔

بورڈ آف ڈائریکٹرز کے 20 اور 21 فروری 2019ء کو منعقدہ 212 اجلاس میں بورڈ نے بالترتیب چیئرمین شریعہ بورڈ، ریذیڈنٹ شریعہ بورڈ ممبر اور ممبر شریعہ بورڈ کے لیے 350,000 روپے، 325,000 روپے اور 300,000 روپے کی منظوری دی گئی ہے۔ ریذیڈنٹ شریعہ بورڈ ممبر کار الاؤنس اور فیول ری امبرسمنٹ کے بھی اہل ہوں گے۔

اپنی ملازمت کے معاہدے کی رو سے شریعہ بورڈ ممبر بینک کی ٹریول پالیسی کے مطابق گریڈ کے تحت سفری اور روزانہ الاؤنس کے اہل ہوں گے۔

شریعہ بورڈ کے اراکین کو ادا کردہ فیس کی تفصیلات غیر مجموعی مالیاتی رپورٹ کے نوٹ 38.3 میں ظاہر کی گئی ہیں۔

اظہارِ تشکر

بورڈ اور انتظامیہ کی جانب سے ہم اپنے ریگولیٹرز اور حکومتِ پاکستان، بالخصوص اسٹیٹ بینک آف پاکستان، وزارتِ مالیات اور سکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کاوشوں کا اعتراف کرتے ہیں۔ اس غیر معمولی وقت میں، انھوں نے ایسی پالیسیاں بنائیں اور اقدامات کیے جو مصلحت اندیش اور متوازن ہیں، معیشت، کسٹمرز اور پاکستان کے عوام کی حفاظت کرتے ہیں، اور بینکنگ اور فنانشل سروسز انڈسٹری کی سالمیت اور بہتری کا تحفظ بھی کرتے ہیں۔

ہم اپنے صارفین کے احسان مند ہیں جن میں سے کئی نسلوں سے ہمارے ساتھ منسلک ہیں اور اپنے کاروبار اور اعتماد کے ذریعے اپنا بھروسا جاری رکھے ہوئے ہیں۔ ہمارے حصص یافتگان نے ثابت قدمی سے ہمارا ساتھ دیا اور اس کے ساتھ ہم تمام اسٹیک ہولڈرز کے انتہائی شکر گزار ہیں۔ بورڈ اور انتظامیہ گورننس کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے پُرعزم ہے اور ہم اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ اس خطے میں ہم اپنی کاروباری صنعت میں عروج پر ہوں گے۔

آخر میں، ہم اپنے تمام ملازمین اور اُن کے اہلِ خانہ، بالخصوص کسٹمر کا سامنا کرنے والے یونٹس اور برانچوں میں موجود عملے کے تہِ دل سے شکر گزار ہیں، جنھوں نے ان خطرناک حالات میں بہادری کا مظاہرہ کرتے ہوئے اس بحران میں ہمارے کسٹمرز کی بنیادی ضروریات کی تکمیل یقینی بنائی۔ یہ ہمارے ہیرو اور ہیروئن ہیں اور ہم اُن کے عزم اور انتھک محنت کے لیے انھیں خراجِ تحسین پیش کرتے ہیں۔

منجانب بورڈ

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

معیز احمد جمال
ڈائریکٹر

17 فروری، 2021ء

Independent Auditor's Report

To the members of Habib Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Habib Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 115 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S.No	Key Audit Matters	How the matter was addressed in our audit
1	**Provision against advances** (Refer notes 4.4 and 9.5 to the unconsolidated financial statements)	
	The Bank makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP). In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances. The PRs also require the creation of general provision for certain categories of advances. Provision against advances of overseas branches is made as per the requirements of the respective regulatory regimes. Further, during the year, several borrowers have availed the SBP enabled deferment / restructuring and rescheduling relief given as a result of the COVID-19 pandemic. The Bank expects that the repayment capacity of several borrowers could be impacted due to the pandemic and has accordingly recognised additional general provision against the domestic funded, performing credit portfolio. The provision has been recognised based on management's best estimate. The Bank has recognized a net provision against advances amounting to Rs. 10,237.475 million in the unconsolidated profit and loss account in the current year. As at December 31, 2020, the Bank holds a provision of Rs 76,566.202 million against advances. The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements/ estimations and the materiality of advances relative to the overall statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.	Our audit procedures to verify provision against domestic advances included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances. The testing of controls included testing of: ■ controls over correct classification of non-performing advances on time-based criteria; ■ controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; ■ controls over accurate computation and recording of provisions; and ■ controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of loan accounts and performed the following substantive procedures: ■ checked repayments of loan / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and ■ evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation, discussions with the management and management's consideration of the impact of COVID-19 on the borrower. We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs. We also checked that the general provision made against performing advances due to the pandemic is in accordance with the criteria defined by the Bank. We issued instructions to auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed audit procedures to check compliance with regulatory requirements and reported the results thereof to us. We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

    a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

    b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

    c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

    d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.

A. F. Ferguson & Co.
Chartered Accountants

Karachi

Dated: February 24, 2021

Unconsolidated Statement of Financial Position

As at December 31, 2020

2020	2019		Note	2020	2019
(US $ in '000)				(Rupees in '000)	
		ASSETS			
2,177,183	2,109,944	Cash and balances with treasury banks	5	**347,988,749**	337,241,623
240,391	201,081	Balances with other banks	6	**38,422,719**	32,139,733
188,659	283,438	Lendings to financial institutions	7	**30,154,193**	45,303,199
11,963,870	8,458,514	Investments	8	**1,912,237,993**	1,351,961,513
6,990,491	6,713,315	Advances	9	**1,117,320,960**	1,073,018,669
527,737	472,625	Fixed assets	10	**84,350,518**	75,541,769
28,760	22,074	Intangible assets	11	**4,596,807**	3,528,218
-	11,880	Deferred tax assets	12	**-**	1,898,828
679,702	832,738	Other assets	13	**108,639,781**	133,100,201
22,796,793	19,105,609			**3,643,711,720**	3,053,733,753
		LIABILITIES			
288,563	184,781	Bills payable	14	**46,122,344**	29,534,303
3,379,093	2,390,421	Borrowings	15	**540,095,253**	382,071,512
16,701,603	14,401,775	Deposits and other accounts	16	**2,669,490,716**	2,301,899,086
-	-	Liabilities against assets subject to finance lease		**-**	-
139,870	139,895	Subordinated debt	17	**22,356,000**	22,360,000
18,575	-	Deferred tax liabilities	12	**2,968,857**	-
750,488	728,548	Other liabilities	18	**119,953,785**	116,446,906
21,278,192	17,845,420			**3,400,986,955**	2,852,311,807
1,518,601	1,260,189	**NET ASSETS**		**242,724,765**	201,421,946
		REPRESENTED BY			
		Shareholders' equity			
91,773	91,773	Share capital	19	**14,668,525**	14,668,525
394,412	358,334	Reserves		**63,040,638**	57,274,159
223,687	155,229	Surplus on revaluation of assets - net of tax	20	**35,752,856**	24,810,855
808,729	654,853	Unappropriated profit		**129,262,746**	104,668,407
1,518,601	1,260,189			**242,724,765**	201,421,946
		CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb President and Chief Executive Officer	Rayomond Kotwal Chief Financial Officer	Dr. Najeeb Samie Director	Salim Yahya Chinoy Director	Salim Raza Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2020

2020 (US $ in '000)	2019 (US $ in '000)		Note	2020 (Rupees in '000)	2019 (Rupees in '000)
1,612,774	1,541,749	Mark-up / return / profit / interest earned	23	**257,776,834**	246,424,529
849,160	949,726	Mark-up / return / profit / interest expensed	24	**135,725,021**	151,798,914
763,614	592,023	Net mark-up / return / profit / interest income		**122,051,813**	94,625,615
		Non mark-up / interest income			
102,314	113,849	Fee and commission income	25	**16,353,273**	18,196,995
10,433	8,202	Dividend income		**1,667,625**	1,311,021
(2,637)	1,101	Foreign exchange (loss) /income		**(421,527)**	176,050
6,744	(1,163)	Gain / (loss) from derivatives		**1,077,945**	(185,867)
43,967	(9,799)	Gain / (loss) on securities - net	26	**7,027,427**	(1,566,249)
239	5,176	Other income	27	**38,211**	827,325
161,060	117,366	Total non mark-up / interest income		**25,742,954**	18,759,275
924,674	709,389	Total income		**147,794,767**	113,384,890
		Non mark-up / interest expenses			
520,236	517,468	Operating expenses	28	**83,151,607**	82,709,202
6,907	3,548	Workers' Welfare Fund - charge	29	**1,104,030**	567,167
2,007	3,003	Other charges	30	**320,793**	480,056
529,150	524,019	Total non mark-up / interest expenses		**84,576,430**	83,756,425
395,524	185,370	**Profit before provisions and taxation**		**63,218,337**	29,628,465
63,965	15,827	Provisions and write offs - net	31	**10,223,853**	2,529,752
331,559	169,543	**Profit before taxation**		**52,994,484**	27,098,713
134,332	75,294	**Taxation**	32	**21,470,802**	12,034,524
197,227	94,249	**Profit after taxation**		**31,523,682**	15,064,189
				------------Rupees-----------------	
		Basic and diluted earnings per share	33	**21.49**	10.27

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb	Rayomond Kotwal	Dr. Najeeb Samie	Salim Yahya Chinoy	Salim Raza
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2020

2020	2019		2020	2019
(US $ in '000)			(Rupees in '000)	
197,227	94,249	**Profit after taxation for the year**	**31,523,682**	15,064,189
		Other comprehensive income / (loss)		
		Items that may be reclassified to the profit and loss account in subsequent periods		
9,153	25,062	Effect of translation of net investment in foreign branches - net of tax	**1,462,914**	4,005,771
30,636	67,250	Movement in surplus / deficit on revaluation of investments - net of tax	**4,896,687**	10,748,898
		Items that are not to be reclassified to the profit and loss account in subsequent periods		
(968)	498	Remeasurement (loss) / gain on defined benefit obligations - net of tax	**(154,770)**	79,561
37,793	(794)	Movement in surplus / deficit on revaluation of fixed assets - net of tax	**6,040,669**	(126,798)
310	219	Movement in surplus / deficit on revaluation of non-banking assets - net of tax	**49,570**	35,000
274,151	186,484	**Total comprehensive income**	**43,818,752**	29,806,621

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb	Rayomond Kotwal	Dr. Najeeb Samie	Salim Yahya Chinoy	Salim Raza
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2020

	Share capital	Reserves				Unappropriated profit	Surplus / (deficit) on revaluation of		Total
			Capital		Revenue				
		Statutory (note 19.5)	Exchange translation (note 19.6)	Non - distributable capital	General		Investments	Fixed / Non-banking assets	
	---------- (Rupees in '000) ----------								
Balance as at December 31, 2018	14,668,525	31,957,440	19,356,885	547,115	6,073,812	91,882,814	(7,175,543)	21,738,008	179,049,056
Comprehensive income for the year									
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	15,064,189	-	-	15,064,189
Other comprehensive income / (loss)									
- Effect of translation of net investment in foreign branches - net of tax	-	-	4,005,771	-	-	-	-	-	4,005,771
- Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	-	79,561	-	-	79,561
- Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	10,748,898	(91,798)	10,657,100
	-	-	4,005,771	-	-	15,143,750	10,748,898	(91,798)	29,806,621
Transferred to statutory reserve	-	1,506,419	-	-	-	(1,506,419)	-	-	-
Transferred to unappropriated profit	-	-	-	-	(6,073,812)	6,073,812	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	408,710	-	(408,710)	-
Exchange gain realised on closure of Bank branch - net of tax	-	-	(99,471)	-	-	-	-	-	(99,471)
Transactions with owners, recorded directly in equity									
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2018	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
2nd interim cash dividend - Rs 1.25 per share	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
3rd interim cash dividend - Rs 1.25 per share	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
	-	-	-	-	-	(7,334,260)	-	-	(7,334,260)
Balance as at December 31, 2019	14,668,525	33,463,859	23,263,185	547,115	-	104,668,407	3,573,355	21,237,500	201,421,946
Comprehensive income for the year									
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	31,523,682	-	-	31,523,682
Other comprehensive income / (loss)									
- Effect of translation of net investment in foreign branches - net of tax	-	-	1,462,914	-	-	-	-	-	1,462,914
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	(154,770)	-	-	(154,770)
- Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	4,896,687	6,090,239	10,986,926
	-	-	1,462,914	-	-	31,368,912	4,896,687	6,090,239	43,818,752
Transferred to statutory reserve	-	3,152,368	-	-	-	(3,152,368)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	44,925	-	(44,925)	-
Exchange loss realised on closure of Bank branch - net of tax	-	-	1,151,197	-	-	-	-	-	1,151,197
Transactions with owners, recorded directly in equity									
Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
1st interim cash dividend - Rs 1.25 per share	-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
	-	-	-	-	-	(3,667,130)	-	-	(3,667,130)
Balance as at December 31, 2020	**14,668,525**	**36,616,227**	**25,877,296**	**547,115**	-	**129,262,746**	**8,470,042**	**27,282,814**	**242,724,765**

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2020

2020	2019		Note	2020	2019
(US $ in '000)				(Rupees in '000)	
		CASH FLOWS FROM OPERATING ACTIVITIES			
331,559	169,543	Profit before taxation		52,994,484	27,098,713
(10,433)	(8,202)	Dividend income		(1,667,625)	(1,311,021)
321,126	161,341			51,326,859	25,787,692
		Adjustments:			
34,200	30,405	Depreciation		5,466,280	4,859,840
20,007	18,242	Depreciation on right-of-use assets		3,197,780	2,915,763
4,640	3,043	Amortisation		741,559	486,389
10,603	10,863	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		1,694,796	1,736,236
(3,335)	2,491	(Reversal) / provision for diminution in value of investments		(533,085)	398,100
64,051	16,940	Provision against loans and advances		10,237,475	2,707,632
4,117	564	Provision against other assets		658,088	90,219
2,407	(308)	Provision / (reversal) against off-balance sheet obligations		384,791	(49,233)
(235)	522	Unrealised (gain) / loss on held-for-trading securities		(37,550)	83,371
7,202	(622)	Exchange loss / (gain) realized on closure of Bank branch - net of tax		1,151,197	(99,471)
(8,731)	-	Exchange gain realized on reduction in capital of subsidiary - net of tax		(1,395,593)	-
(483)	(642)	Gain on sale of fixed assets - net		(77,204)	(102,645)
(16)	(1,014)	Gain on sale of non - banking assets		(2,500)	(162,045)
6,907	3,548	Workers' Welfare Fund - charge		1,104,030	567,167
141,334	84,032			22,590,064	13,431,323
462,460	245,373			73,916,923	39,219,015
		Decrease / (increase) in operating assets			
94,779	37,377	Lendings to financial institutions		15,149,006	5,974,137
847,703	(1,627,868)	Held-for-trading securities		135,492,098	(260,189,354)
(341,227)	(374,590)	Advances		(54,539,766)	(59,872,375)
109,262	(280,063)	Other assets (excluding advance taxation)		17,463,821	(44,763,520)
710,517	(2,245,144)			113,565,159	(358,851,112)
		Increase / (decrease) in operating liabilities			
103,783	(80,026)	Bills payable		16,588,041	(12,790,951)
988,672	(856,042)	Borrowings from financial institutions		158,023,741	(136,824,885)
2,299,828	1,763,645	Deposits and other accounts		367,591,630	281,891,107
(3,224)	(37,097)	Other liabilities		(515,341)	(5,929,150)
3,389,059	790,480			541,688,071	126,346,121
4,562,036	(1,209,291)			729,170,153	(193,285,976)
(87,117)	20,744	Income tax refund / (paid)		(13,924,234)	3,315,619
4,474,919	(1,188,547)	**Net cash flows generated from / (used in) operating activities**		715,245,919	(189,970,357)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(3,916,887)	1,588,649	Net investment in available-for-sale securities		(626,053,217)	253,920,707
(389,207)	62,480	Net investment in held-to-maturity securities		(62,208,709)	9,986,460
(4,064)	(3,000)	Net investment in subsidiaries		(649,603)	(479,571)
722	14,057	Net investment in associates		115,334	2,246,739
10,339	8,230	Dividend received		1,652,599	1,315,464
(38,858)	(33,250)	Investment in fixed assets		(6,210,883)	(5,314,547)
(11,269)	(8,109)	Investment in intangible assets		(1,801,173)	(1,296,051)
18,902	-	Proceeds realised on reduction in capital of subsidiary		3,021,200	-
961	2,604	Proceeds from sale of fixed assets		153,674	416,137
266	9,900	Proceeds from sale of non-banking assets		42,500	1,582,300
9,153	25,062	Effect of translation of net investment in foreign branches - net of tax		1,462,914	4,005,771
(4,319,942)	1,666,623	**Net cash flows (used in) / generated from investing activities**		(690,475,364)	266,383,409
		CASH FLOWS FROM FINANCING ACTIVITIES			
(25)	(25)	Repayment of subordinated debt		(4,000)	(4,000)
-	77,418	Proceeds from issuance of subordinated debt		-	12,374,000
(25,478)	(28,313)	Payment of lease liability against right-of-use assets		(4,072,209)	(4,525,316)
(22,925)	(47,436)	Dividend paid		(3,664,234)	(7,581,966)
(48,428)	1,644	**Net cash flows (used in) / generated from financing activities**		(7,740,443)	262,718
106,549	479,720	**Increase in cash and cash equivalents during the year**		17,030,112	76,675,770
2,293,970	1,771,415	Cash and cash equivalents at the beginning of the year		366,655,443	283,133,096
17,055	59,890	Effect of exchange rate changes on cash and cash equivalents		2,725,913	9,572,490
2,311,025	1,831,305			369,381,356	292,705,586
2,417,574	2,311,025	**Cash and cash equivalents at the end of the year**	34	386,411,468	369,381,356

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb **President and Chief Executive Officer**	Rayomond Kotwal **Chief Financial Officer**	Dr. Najeeb Samie **Director**	Salim Yahya Chinoy **Director**	Salim Raza **Director**

1 **STATUS AND NATURE OF BUSINESS**

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at HBL Tower, Plot number G-4, KDA Scheme 5, Block 7 Clifton, Karachi . The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,659 (2019: 1,667) branches inside Pakistan including 62 (2019: 48) Islamic Banking Branches and 38 (2019: 45) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

1.1 Habib Finance International Limited (subsidiary), In 2019, the company voluntarily surrendered its banking license and is currently under voluntary liquidation. As part of a capital reduction plan prior to final liquidation, entire capital has been repatriated to Pakistan.

1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.

1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.

2 **BASIS OF PRESENTATION**

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic mode, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

Key financial figures of the Islamic banking branches are disclosed in Annexure I to these unconsolidated financial statements.

The US Dollar amounts shown in these unconsolidated financial statements are stated solely for information. The statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement as at and for the years ended December 31, 2020 and 2019 have all been converted using an exchange rate of Rupees 159.8344 per US Dollar.

2.1 **Statement Of Compliance**

These unconsolidated financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. These comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS 10, Consolidated Financial Statements, was notified by the SECP as applicable for accounting periods beginning from January 1, 2015. However, the SECP, through SRO 56(I)/2016 dated January 28, 2016, has directed that the requirement of consolidation under this standard and under Section 228 of the Companies Act, 2017, is not applicable in the case of investments by a bank in mutual funds managed by its own asset management company and established under the trust structure. Therefore, investments by the Bank in mutual funds managed by HBL Asset Management Limited (HBL AML) are not consolidated as would otherwise be required under the definition of control specified in IFRS 10.

2.2 Amendments to existing accounting and reporting standards that have become effective in the current year.

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or to not have any significant impact on these unconsolidated financial statements.

2.3 Accounting and reporting standards that are not yet effective.

IFRS 9 has been applicable in several overseas jurisdictions from January 1, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Bank's financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 1, 2021. The impact of the application of IFRS 9 in Pakistan on the Bank's financial statements is being assessed and implementation guidelines are awaited.

2.4 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgement was exercised in the application of accounting policies are as follows:

i) Classification of investments (note 4.3)
ii) Valuation and impairment of subsidiaries, associates, joint venture and investments (note 4.3)
iii) Provision against non-performing advances (note 4.4)
iv) Valuation and depreciation of fixed assets (note 4.5)
v) Valuation of right-of-use assets and their related lease liability (note 4.6)
vi) Valuation and amortization of intangible assets (note 4.7)
vii) Valuation of non-banking assets acquired in satisfaction of claims (note 4.8)
viii) Valuation of defined benefit plans (note 4.12)
ix) Taxation (note 4.15)
x) Fair value of derivatives (note 4.21)

Till December 31, 2019, the Bank was maintaining a general provision against its domestic portfolio of loans and advances in accordance with the Prudential Regulations which require a general provision only against the consumer finance portfolio. During the year, the Bank has also made general provision against its remaining domestic portfolio of loans and advances as more fully explained in note 4.4 to these unconsolidated financial statements.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- Certain classes of fixed assets and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale which are measured at fair value.
- Derivative financial instruments, including forward foreign exchange contracts which are measured at fair value.
- Right-of-use assets and their related lease liability which are measured at their present values.
- Net obligations in respect of defined benefit schemes which are measured at their present values.

These unconsolidated financial statements are presented in Pakistani rupees, which is the Bank's functional currency. Amounts are rounded to the nearest thousand Rupees.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks.

4.2 Lending / borrowing transactions with financial institutions

The Bank enters into transactions of reverse repos and repos at contracted rates for a specified period of time. These are recorded as under:

4.2.1 Purchase under resale agreements (reverse repo)

Securities purchased under agreement to resale are not recognised as investments in these unconsolidated financial statements and the amount extended to the counterparty is included in lendings to financial institutions. The difference between the purchase price and the contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as markup income.

4.2.2 Sale under repurchase agreement (repo)

Securities sold subject to a repurchase agreement are retained as investments in these unconsolidated financial statements and the liability to the counterparty is included in borrowings. The difference between the sale price and the contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as markup expense.

4.2.3 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

4.3 Investments

The Bank classifies its investment portfolio, other than its investments in subsidiaries, associates and joint ventures, into the following categories:

Held-for-trading

These are securities included in a portfolio in which a pattern of short-term trading exists, or which are acquired for generating a profit from short-term fluctuations in market prices or interest rate movements.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments, other than investments in subsidiaries, associates and joint ventures, that do not fall under the held-for-trading or held-to-maturity categories.

4.3.1 Initial measurement

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. The trade date is the date on which the Bank commits to purchase or sell the investment.

In the case of investments classified as held-for-trading, transaction costs are expensed through the profit and loss account. Transaction costs associated with investments other than those classified as held-for-trading are included in the cost of the investments.

4.3.2 **Subsequent measurement**

Held-for-trading

Investments classified as held-for-trading are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is taken to the profit and loss account.

Held-to-maturity

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest rate method, less any impairment recognised to reflect irrecoverable amounts.

Available-for-sale

Listed securities classified as available-for-sale are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is recorded in the surplus / deficit on revaluation of securities account (shown as part of equity in the statement of financial position) and is taken to the profit and loss account either when realised upon disposal or when the investment is considered to be impaired.

Unlisted equity securities are carried at the lower of cost and break-up value. The break-up value is calculated with reference to the net assets of the investee company as per its latest available audited financial statements. The Bank may also use unaudited or management accounts to determine if any additional impairment needs to be charged beyond amounts already charged based on audited financial statements. Other unlisted securities are valued at cost less impairment, if any.

4.3.3 **Investments in subsidiaries, associates and joint ventures**

Investments in subsidiaries, associates and joint ventures are recorded at cost less impairment, if any.

4.3.4 **Impairment**

The Bank determines that available-for-sale listed equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates, among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the investee, industry and sector performance and changes in technology. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

A decline in the carrying value of unlisted equity securities is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account.

Provision for diminution in the value of debt securities is made as per the Prudential Regulations issued by the SBP. Provision against investments by the Bank's overseas branches is made as per the requirements of the respective regulatory regimes in which the overseas branches operate.

When a debt security, classified as available-for-sale, is considered to be impaired, the balance in the surplus / deficit on revaluation of securities account is transferred to the profit and loss account as an impairment charge. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the profit and loss account.

When a debt security, classified as held-to-maturity, is considered to be impaired, the impairment is directly charged to the profit and loss account as held-to-maturity securities are carried at amortized cost. Any subsequent reversal of an impairment loss, up to the cost of the investment in the debt security is credited to the profit and loss account.

Provision for diminution in the value of other securities is made after considering objective evidence of impairment.

The Bank considers that a decline in the recoverable value of its investments in subsidiaries, associates and joint ventures below their carrying value may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable amount falls below the carrying value and is charged to the profit and loss account. Any subsequent reversal of an impairment loss, up to the carrying value of the investment in subsidiaries, associates and joint ventures, is credited to the profit and loss account.

4.4 Advances

Advances are stated net of specific and general provisions. Provision against advances by the Bank's branches in Pakistan is made in accordance with the requirements of the Prudential Regulations. Provision against advances by the Bank's overseas branches is made as per the requirements of the respective regulatory regimes in which the overseas branches operate. Advances are written off in line with the Bank's policy when there are no realistic prospects of recovery.

In addition, the Bank expects that several borrowers may be severely impacted by the COVID-19 pandemic. The potential impact of the economic stress is difficult to predict, as many of such borrowers have availed the SBP enabled deferment / restructuring & rescheduling relief. Hence, management feels that it is appropriate to maintain an additional general provision of up to 1% on the domestic, funded performing credit portfolio excluding:

- Government guaranteed exposure
- Consumer and staff lending
- Exposure secured by cash / near cash collateral

This additional provision is based on management's best estimate. During the year, the Bank has recognised an additional provision of Rs 5,417.950 million in the profit and loss account.

4.4.1 Finance lease receivables

Leases where the Bank transfers a substantial portion of the risks and rewards incidental to the ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payments including any guaranteed residual value. The net investment in finance lease is included in advances.

4.4.2 Islamic financing and related assets

Murabaha financing is a cost plus profit transaction. Funds disbursed for the purchase of goods are recorded as an advance against Murabaha. Once the goods are sold to the customers, the transaction is recorded as financing. Goods purchased by the Bank but remaining unsold are recorded as inventories.

The financing is recorded at the deferred sale price. Profit earned on financing is recognised as unearned income and amortised into the profit and loss account over the term of the Murabaha financing. It is possible for Bank to buy the inventory on a customer's behalf and sell it to the customers on spot basis. In this case, the entire profit is recognised immediately in the profit and loss account.

Under Ijarah financing, the Bank transfers the rights to use an asset to the customer for an agreed period for an agreed consideration. Assets given under Ijarah are stated at cost less accumulated depreciation. The depreciation is calculated on a reducing balance basis over the term of the Ijarah after taking into account the estimated residual value. The entire Ijarah rental is recognised as income on an accrual basis.

Gains or losses on disposal of Ijarah assets are taken to the profit and loss account in the period in which they arise.

Running Musharakah is the economic equivalent of conventional running finance. The Bank and the customer enter a Musharakah (transaction or business partnership arrangement) where the Bank agrees to finance the operating activities of the customer's business and share the profit or loss at a pre-agreed ratio. Profit is provisionally recognised on an accrual basis and is adjusted once the customer declares the final profit after issuance of audited financial statements.

Under Diminishing Musharakah financing, the Bank and the customer create joint beneficial ownerships over tangible assets to fulfill the customer's capital expenditure / project requirements. The Bank receives periodic payments, partly for renting its portion of the assets to the customer and partly for the gradual transfer / sale of its share of ownership to the customer. The rental payment is recognised as profit while the asset transfer / sale payments are applied towards reducing the outstanding principal.

Under Istisna financing, the Bank gives an advance to customers for manufacturing goods and may allow their sale immediately after the goods are manufactured or allow a pre-agreed time to sell the goods on deferred payment basis as the Bank's agent to a third party. Profit is recognised at the time when the goods are sold to the third party. In case of a deferred sale, the profit is recognised on an accrual basis over the term of the financing.

Under Tijarah, the Bank purchases finished goods from the customer against payment, takes possession and appoints the customer as an agent to sell these goods to the ultimate buyer, generally on a deferred payment basis. Goods purchased by the Bank and sold by the customer on a deferred payment basis are recognised as financing while goods purchased by the Bank but remaining unsold by the customer are recorded as inventories. Profit on the financing is recognised on an accrual basis over the period of transaction.

Wakalah is an agency contract in which the Bank provides funds to a customer to invest in a Shariah compliant manner. This is recorded as financing and profit is recognised on an accrual basis and is adjusted once the customer declares Wakalah business performance.

Salam is a sale whereby the Bank undertakes to supply some specific commodity (ies) / asset(s) to the customer at a future date in exchange for an advance price fully paid on spot.

Currency Salam is exchange / sale of a currency with another currency at a future date, at conversion rate within the spot range on the day of such contract execution.

4.5 Fixed Assets

Fixed assets are stated at cost, except for land and buildings which are carried at revalued amounts, less any applicable accumulated depreciation and accumulated impairment losses (if any).

Land, capital work-in-progress and works of art are not depreciated. Other items included in fixed assets are depreciated over their expected useful lives using the straight-line method. Depreciation is calculated so as to write down the assets to their residual values over their expected useful lives at the rates specified in note 10.2 to these unconsolidated financial statements. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month in which the assets are disposed off. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Land and buildings are revalued by independent professionally qualified valuers with sufficient regularity to ensure that their net carrying amount does not differ materially from their fair value. If an asset's carrying value increases as a result of revaluation, such increase or surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. However, if the increase reverses a deficit on the same asset previously recognised in the profit and loss account, such increase is also recognised in the profit and loss account to the extent of the previous deficit and thereafter in the surplus on the revaluation of fixed assets account.

Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major repairs and renovations that increase the useful life of an asset are capitalised.

Gains or losses arising on the disposal of fixed assets are charged to the profit and loss account. Surplus on revaluation (net of deferred tax) realised on disposal of fixed assets is transferred directly to unappropriated profit.

4.6 Right-of-use assets and their related lease liability

4.6.1 Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.6.2 Lease liability against right-of-use assets

The lease liabilities are initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, then at the applicable incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.7 Intangible assets

4.7.1 Intangible assets other than goodwill

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised over their estimated useful lives using the straight-line method. Amortisation is calculated so as to write down the assets to their residual values over their expected useful lives at the rates stated in note 11.1 to these unconsolidated financial statements. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month in which the assets are disposed off. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Intangible assets which arise from contractual or other legal rights on the acquisition of another entity and are deemed separable are considered as part of the net identifiable assets acquired. These are initially measured at fair value. Intangible assets with a finite useful life are amortized over their expected useful lives. Intangible assets having an indefinite useful life are stated at cost less impairment, if any. Such Intangible assets are tested for impairment annually or whenever there is an indication of impairment, as per the requirements of IAS 36, Impairment of Assets. An impairment charge in respect of intangible assets is recognised through the profit and loss account. Any subsequent reversal of an impairment loss, up to the extent of the impairment, is credited to the profit and loss account.

4.7.2 Goodwill

Goodwill arises in a business combination is initially recognised at fair value and subsequently is carried at this amount less any impairment measured. Goodwill is tested for impairment annually or whenever there is an indication of impairment, as per the requirements of IAS 36, Impairment of Assets. An impairment charge in respect of goodwill is recognised through the profit and loss account.

4.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and revalued at each year-end date of the statement of financial position. An increase in market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset, if any, or if no surplus exists, is charged to the profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the impairment and thereafter credited to the surplus on revaluation of that asset. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Bank's owned fixed assets.

If the recognition of such assets results in a reduction in non-performing loans, such reductions and the corresponding reductions in provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realized on disposal of these assets is transferred directly to unappropriated profit.

However, if such an asset is subsequently used by the Bank for its own operations, the asset, along with any related surplus (which remains within the surplus), is transferred to fixed assets.

4.9 Borrowings / deposits

Borrowings / deposits are recorded at the amount of proceeds received. The cost of borrowings / deposits is recognised as an expense on an accrual basis in the period in which it is incurred.

4.10 Subordinated debt

Subordinated debt is recorded at the amount of proceeds received. Mark-up accrued on subordinated debt is charged to the profit and loss account.

4.11 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. Acceptances are recognised as a financial liability in the statement of financial position with the contractual right of reimbursement from the customer recognised as a financial asset.

4.12 Employee benefits

The Bank operates a number of post-retirement benefit plans, which include both defined contribution plans and defined benefit plans.

For defined contribution plans, the Bank pays contributions to the fund on a periodic basis, and such amounts are charged to the profit and loss account when the payment obligation is established. The Bank has no further payment obligations once the contributions have been paid.

For funded defined benefit plans, the liability recognised in the statement of financial position is the present value of the defined benefit obligations less the fair value of plan assets as at the statement of financial position date. Contributions to the fund are made by the Bank on a periodic basis.

For non-funded defined benefit plans, the liability recognised in the statement of financial position is the present value of the defined benefit obligations as at the statement of financial position date.

The liability in respect of all obligations under defined benefit schemes is calculated annually by an independent actuary using the Projected Unit Credit Method.

Actuarial gains and losses

Actuarial gains and losses that arise out of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income with no subsequent recycling through the profit and loss account. Gains and losses on remeasurement of the liability for compensated absences are recognised in the profit and loss account.

Past Service Cost

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment. The Bank recognises past service cost as an expense when the plan is amended.

4.13 Foreign currency

4.13.1 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevailing on the transaction date. Assets and liabilities denominated in foreign currency are translated into rupees at the rates of exchange prevailing on the date of the statement of financial position. Forward transactions in foreign currencies and foreign bills purchased are translated at forward foreign exchange rates applicable to their respective maturities.

4.13.2 Foreign operations

The assets and liabilities of foreign operations are translated to Pakistani rupees at exchange rates prevailing at the date of the statement of financial position. The income and expenses of foreign operations are translated to Pakistani Rupees at average rates of exchange prevailing during the year.

4.13.3 Translation gains and losses

Gains and losses arising from foreign currency translations are taken to the profit and loss account, except those arising from the translation of the net investment in foreign branches, associates, joint ventures and subsidiaries, which are recorded within equity as an Exchange Translation Reserve (ETR). Balances in the ETR are only taken to the profit and loss account on the disposal of the investment.

4.13.4 **Contingencies and Commitments**

Commitments for outstanding forward foreign exchange contracts are disclosed in the financial statements at contracted rates. Contingent liabilities / commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing on the date of statement of financial position.

4.14 **Income recognition**

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured.

4.14.1 **Advances and investments**

Income on performing advances and debt securities is recognised on a time proportion basis as per the terms of the contract. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining maturity of the debt security or the next repricing date using the effective yield method.

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Bank operates.

4.14.2 **Lease financing**

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised through the profit and loss account when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

4.14.3 **Fee, Commission and Brokerage Income**

Fee, Commission and Brokerage income is recognised on an accrual basis.

4.14.4 **Dividend income**

Dividend income is recognised when the right to receive the dividend is established.

4.15 **Taxation**

Income tax expense comprises of the charge for current and prior years and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity.

4.15.1 **Current**

The charge for current taxation is calculated on taxable income earned during the year from local as well as foreign operations using tax rates enacted as at the date of the statement of financial position.

4.15.2 **Prior years**

The charge for prior years represents adjustments to the tax charge for prior years, arising from assessments, changes in estimates, and retrospectively applied changes to law, made during the current year.

4.15.3 **Deferred**

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deductible temporary differences (deferred tax assets) are temporary differences that are deductible from the taxable income of future periods when the carrying amount of the asset or liability is recovered or settled.

Taxable temporary differences (deferred tax liabilities) are temporary differences that will result in a tax liability in future periods when the carrying amount of the asset or liability is recovered or settled.

Deferred tax is calculated at the tax rates that are expected to be applicable to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted as at the date of the statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Where objective evidence exists that the carrying value of a deferred tax asset may not be recoverable, the deferred tax asset is reduced to its recoverable value. The difference between the carrying value and the recoverable value is recognised through the profit and loss account as a deferred tax expense.

4.16 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised through the profit and loss account whenever the recoverable amount of an asset is lower than its carrying amount.

A subsequent increase in the recoverable value of the asset results in a reversal of the impairment loss through the profit and loss account, up to the original carrying value of the asset, if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

4.17 Provisions

Provisions are recognised when the Bank has present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision for off balance sheet obligations is recognised when intimated and reasonable certainty exists that the Bank will settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.18 Contingent Liabilities

Contingent liabilities are not recognised in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, it is not disclosed as a contingent liability.

4.19 Off setting

Financial assets and financial liabilities are set-off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set-off and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.20 Financial Assets and Liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain other receivables, bills payable, borrowings, deposits, subordinated debt and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the relevant policy notes.

4.21 Derivative Financial Instruments

Derivative financial assets and liabilities are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at their fair value using appropriate valuation techniques. Derivative financial instruments are carried as an asset when the fair value is positive and as a liability when the fair value is negative. Any change in the fair value of derivative financial instruments is taken directly to the profit and loss account.

4.22 Dividends paid

Declarations of dividends to shareholders are recognised as a liability in the period in which they are approved.

4.23 **Earnings per share**

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is not calculated separately, as the Bank does not have any convertible instruments in issue.

4.24 **Segment reporting**

A segment is a distinguishable component of the Bank that is engaged in providing unique products or services (business segment), or in providing products or services within a particular geographic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4.24.1 **Business segments**

The Bank is managed along the following business lines for monitoring and reporting purposes:

i) *Branch banking*

This segment pertains to the branch distribution network, its related deposit products and general banking services.

ii) *Consumer, SME and rural banking*

This segment pertains to loan products offered to the Consumer, SME and Rural business segments.

iii) *Islamic banking*

This segment pertains to all business lines of the Islamic banking network and includes all Islamic products offered by the bank.

iv) *Corporate, commercial and investment banking*

This segment provides a wide variety of financial products and services to top and medium tier clients, across a wide spectrum of industrial sectors.

v) *International and correspondent banking*

This segment includes the results of all international branches, correspondent banking business and global remittances.

vi) *Treasury*

This segment includes all treasury related products such as money market, FX and derivatives.

vii) *Head Office / Others*

This segment includes numbers related to HBL Konnect, Head office functions.

4.24.2 **Geographical segments**

The Bank is managed along the following geographic lines for monitoring and reporting purposes:

i) *Pakistan (including KEPZ)*

This includes the domestic operations and HBL's KEPZ branch.

ii) *Middle East and Africa*

This includes UAE, Bahrain, Oman, Lebanon and Mauritius.

iii) *Asia*

This includes Afghanistan, Bangladesh, China, Maldives, Singapore and Sri Lanka.

iv) *Europe*

This includes Belgium,Turkey and United States of America (USA).

5	CASH AND BALANCES WITH TREASURY BANKS	Note	2020	2019
			(Rupees in '000)	
	In hand			
	Local currency		**39,840,558**	31,165,412
	Foreign currencies		**15,979,300**	3,878,652
			55,819,858	35,044,064
	With State Bank of Pakistan in			
	Local currency current accounts	5.1	**128,439,933**	123,468,479
	Foreign currency current accounts	5.2	**6,788,327**	6,497,792
	Foreign currency deposit accounts	5.3	**13,768,677**	19,321,075
			148,996,937	149,287,346
	With other Central Banks in			
	Foreign currency current accounts	5.4	**25,437,714**	35,512,302
	Foreign currency deposit accounts	5.5	**11,120,595**	16,988,678
			36,558,309	52,500,980
	With National Bank of Pakistan in local currency current accounts		**104,866,634**	99,821,234
	National Prize Bonds		**1,747,011**	587,999
			347,988,749	337,241,623

5.1 These represent local currency current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.

5.3 These represent foreign currency deposit accounts maintained under the Special Cash Reserve Requirement of the SBP and a US Dollar Settlement account maintained with the SBP. These carry mark-up at rates ranging from 0.00 % to 0.76% per annum (2019: 0.00% to 1.51% per annum).

5.4 These represent balances held with the central banks of the countries in which the Bank operates, in accordance with local regulatory requirements. These include balances in remunerative current accounts amounting to Rs 341.744 million (2019: Rs 7,321.707 million), which carry mark-up at rates ranging from 0.01% to 0.19% per annum (2019: 0.89% to 2.00% per annum).

5.5 These represent balances held with the central banks of the countries in which the Bank operates, in accordance with local regulatory requirements. These carry mark-up at rates ranging from 0.00% to 12.00% per annum (2019: 0.00% to 15.00% per annum).

6	BALANCES WITH OTHER BANKS	Note	2020	2019
			(Rupees in '000)	
	In Pakistan			
	In current accounts		**1,977,022**	81,517
	Outside Pakistan			
	In current accounts	6.1	**25,349,080**	16,208,323
	In deposit accounts	6.2	**11,096,617**	15,849,893
			36,445,697	32,058,216
			38,422,719	32,139,733

6.1 The 2019 balance includes an amount of Rs 5,419.666 million in a remunerative current account which carries mark-up at a 0.60% per annum. There is no remunerative balance in the current year.

6.2 These carry mark-up at rates ranging from 0.05% to 17.30% per annum (2019: 0.05% to 11.75% per annum).

7	LENDINGS TO FINANCIAL INSTITUTIONS	Note	2020	2019
			(Rupees in '000)	
	Call money lendings		**-**	300,000
	Repurchase agreement lendings (reverse repo)	7.2	**24,896,835**	24,514,015
	Bai Muajjal receivables with State Bank of Pakistan	7.3	**5,257,358**	20,489,184
			30,154,193	45,303,199

7.1 Lending to financial institutions are all in local currency.

7.2 Repurchase agreement lendings carry mark-up at rates ranging from 6.95% to 7.30% per annum (2019: 13.20% to 13.55% per annum) and are due to mature latest by March 24, 2021.

7.2.1 Securities held as collateral against lendings to financial institutions

	2020			2019		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	**3,959,681**	**-**	**3,959,681**	980,222	-	980,222
Pakistan Investment Bonds	**20,937,154**	**-**	**20,937,154**	23,533,793	-	23,533,793
	24,896,835	**-**	**24,896,835**	24,514,015	-	24,514,015

7.2.2 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs 25,026.011 million (2019: Rs 24,529.447 million).

7.3 Bai Muajjal receivables with State Bank of Pakistan carry profit at 12.66% per annum (2019: 10.63% per annum) and are due to mature latest by January 29, 2021.

8 INVESTMENTS

8.1 Investments by type

	Note	2020				2019			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)							
Held-for-trading (HFT) securities									
Federal Government securities									
- Market Treasury Bills	8.3	**105,072,858**	**-**	**(13,636)**	**105,059,222**	253,848,450	-	(127,086)	253,721,364
- Pakistan Investment Bonds	8.3	**25,655,331**	**-**	**19,066**	**25,674,397**	12,596,388	-	33,166	12,629,554
Shares									
- Listed companies		**137,682**	**-**	**8,542**	**146,224**	-	-	-	-
Foreign securities									
- Government debt securities		**102,884**	**-**	**23,578**	**126,462**	99,386	-	10,549	109,935
		130,968,755	**-**	**37,550**	**131,006,305**	266,544,224	-	(83,371)	266,460,853
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills	8.3	**514,554,259**	**-**	**1,445,967**	**516,000,226**	348,638,371	-	83,133	348,721,504
- Pakistan Investment Bonds	8.3	**782,920,795**	**-**	**10,650,864**	**793,571,659**	449,714,794	-	3,837,538	453,552,332
- Ijarah Sukuks		**67,678,595**	**-**	**(322,645)**	**67,355,950**	4,667,551	-	(46,478)	4,621,073
- Government of Pakistan US Dollar Bonds		**10,348,511**	**(413,330)**	**673,381**	**10,608,562**	4,116,230	(138,672)	294,334	4,271,892
- Other Federal Government securities		**530,538**	**-**	**-**	**530,538**	-	-	-	-
Shares									
- Listed companies		**7,975,054**	**(2,983,143)**	**846,869**	**5,838,780**	9,626,801	(4,198,407)	1,225,135	6,653,529
- Unlisted companies		**4,899,328**	**(87,125)**	**-**	**4,812,203**	4,820,042	(82,274)	-	4,737,768
Non-Government debt securities									
- Listed		**46,943,545**	**-**	**321,860**	**47,265,405**	1,750,000	-	(27,251)	1,722,749
- Unlisted		**1,671,878**	**(270,877)**	**22,500**	**1,423,501**	2,286,134	(270,877)	-	2,015,257
Foreign securities									
- Government debt securities		**40,682,649**	**(565,331)**	**(24,325)**	**40,092,993**	27,279,426	(186,259)	341,939	27,435,106
- Non-Government debt securities									
- Listed		**3,520,736**	**(48,750)**	**81,717**	**3,553,703**	3,112,280	(21,788)	108,057	3,198,549
- Unlisted		**-**	**-**	**-**	**-**	348,686	(1,713)	2,411	349,384
- Equity securities - Unlisted		**5,913**	**(321)**	**-**	**5,592**	5,912	-	-	5,912
National Investment Unit Trust		**11,113**	**-**	**35,726**	**46,839**	11,113	-	31,691	42,804
Real Estate Investment Trust units		**55,000**	**-**	**(2,000)**	**53,000**	55,000	-	7,450	62,450
Preference shares		**744,400**	**-**	**155,400**	**899,800**	44,400	-	-	44,400
		1,482,542,314	**(4,368,877)**	**13,885,314**	**1,492,058,751**	856,476,740	(4,899,990)	5,857,959	857,434,709
Held-to-maturity (HTM) securities	8.6								
Federal Government securities									
- Pakistan Investment Bonds	8.3, 8.4 & 8.5	**216,669,214**	**-**	**-**	**216,669,214**	156,928,486	-	-	156,928,486
- Other Federal Government securities		**10,794,000**	**-**	**-**	**10,794,000**	10,794,000	-	-	10,794,000
Non-Government debt securities									
- Listed		**4,277,922**	**-**	**-**	**4,277,922**	5,799,373	-	-	5,799,373
- Unlisted		**16,209,049**	**-**	**-**	**16,209,049**	18,146,759	-	-	18,146,759
Foreign securities									
- Government debt securities		**13,617,545**	**(13)**	**-**	**13,617,532**	7,373,574	(2,459)	-	7,371,115
- Non-Government debt securities									
- Listed		**397,139**	**(14,650)**	**-**	**382,489**	510,542	-	-	510,542
- Unlisted		**312,842**	**(1,516)**	**-**	**311,326**	516,268	(3,335)	-	512,933
		262,277,711	**(16,179)**	**-**	**262,261,532**	200,069,002	(5,794)	-	200,063,208
Investment in associates and joint venture	8.6	**9,296,779**	**-**	**-**	**9,296,779**	9,412,113	-	-	9,412,113
Investment in subsidiary companies	8.7	**17,614,626**	**-**	**-**	**17,614,626**	18,590,630	-	-	18,590,630
Total Investments		**1,902,700,185**	**(4,385,056)**	**13,922,864**	**1,912,237,993**	1,351,092,709	(4,905,784)	5,774,588	1,351,961,513

8.2 Investments by segments

	Note	2020 Cost / amortised cost	2020 Provision for diminution	2020 Surplus / (deficit)	2020 Carrying value	2019 Cost / amortised cost	2019 Provision for diminution	2019 Surplus / (deficit)	2019 Carrying value
		---------- (Rupees in '000) ----------							
Federal Government securities									
Market Treasury Bills		619,627,117	-	1,432,331	621,059,448	602,486,821	-	(43,953)	602,442,868
Pakistan Investment Bonds		1,025,245,340	-	10,669,930	1,035,915,270	619,239,668	-	3,870,704	623,110,372
Ijarah Sukuks		67,678,595	-	(322,645)	67,355,950	4,667,551	-	(46,478)	4,621,073
Government of Pakistan US Dollar Bonds		10,348,511	(413,330)	673,381	10,608,562	4,116,230	(138,672)	294,334	4,271,892
Other Federal Government securities		11,324,538	-	-	11,324,538	10,794,000	-	-	10,794,000
		1,734,224,101	(413,330)	12,452,997	1,746,263,768	1,241,304,270	(138,672)	4,074,607	1,245,240,205
Shares									
Listed companies		8,112,736	(2,983,143)	855,411	5,985,004	9,626,801	(4,198,407)	1,225,135	6,653,529
Unlisted companies		4,899,328	(87,125)	-	4,812,203	4,820,042	(82,274)	-	4,737,768
		13,012,064	(3,070,268)	855,411	10,797,207	14,446,843	(4,280,681)	1,225,135	11,391,297
Non-Government debt securities									
Listed		51,221,467	-	321,860	51,543,327	7,549,373	-	(27,251)	7,522,122
Unlisted		17,880,927	(270,877)	22,500	17,632,550	20,432,893	(270,877)	-	20,162,016
		69,102,394	(270,877)	344,360	69,175,877	27,982,266	(270,877)	(27,251)	27,684,138
Foreign securities									
Government debt securities		54,403,078	(565,344)	(747)	53,836,987	34,752,386	(188,718)	352,488	34,916,156
Non-Government debt securities									
- Listed		3,917,875	(63,400)	81,717	3,936,192	3,622,822	(21,788)	108,057	3,709,091
- Unlisted		312,842	(1,516)	-	311,326	864,954	(5,048)	2,411	862,317
Equity securities-Unlisted		5,913	(321)	-	5,592	5,912	-	-	5,912
		58,639,708	(630,581)	80,970	58,090,097	39,246,074	(215,554)	462,956	39,493,476
National Investment Unit Trust		11,113	-	35,726	46,839	11,113	-	31,691	42,804
Real Estate Investment Trust units		55,000	-	(2,000)	53,000	55,000	-	7,450	62,450
Preference shares		744,400	-	155,400	899,800	44,400	-	-	44,400
Investment in associates and joint venture									
Diamond Trust Bank Kenya, Limited		3,999,244	-	-	3,999,244	3,999,244	-	-	3,999,244
Himalayan Bank Limited, Nepal		135,665	-	-	135,665	135,665	-	-	135,665
Kyrgyz Investment and Credit Bank, Kyrgyz Republic		256,231	-	-	256,231	256,231	-	-	256,231
Jubilee General Insurance Company Limited		2,006,142	-	-	2,006,142	2,006,142	-	-	2,006,142
Jubilee Life Insurance Company Limited		677,739	-	-	677,739	677,739	-	-	677,739
HBL Energy Fund		279,125	-	-	279,125	279,125	-	-	279,125
HBL Income Fund		143,753	-	-	143,753	143,753	-	-	143,753
HBL Investment Fund Class A		302,886	-	-	302,886	302,886	-	-	302,886
HBL Investment Fund Class B		334,501	-	-	334,501	334,501	-	-	334,501
HBL Islamic Asset Allocation Fund		136,223	-	-	136,223	182,216	-	-	182,216
HBL Islamic Money Market Fund		88,398	-	-	88,398	157,739	-	-	157,739
HBL Islamic Pension Fund- Equity Sub Fund		12,833	-	-	12,833	12,833	-	-	12,833
HBL Islamic Stock Fund		121,179	-	-	121,179	121,179	-	-	121,179
HBL Money Market Fund		386,436	-	-	386,436	386,436	-	-	386,436
HBL Multi Asset Fund		32,366	-	-	32,366	32,366	-	-	32,366
HBL Pension Fund- Equity Sub Fund		20,308	-	-	20,308	20,308	-	-	20,308
HBL Stock Fund		363,750	-	-	363,750	363,750	-	-	363,750
		9,296,779	-	-	9,296,779	9,412,113	-	-	9,412,113
Investment in subsidiary companies									
Habib Allied Holding Limited	8.7	14,558,890	-	-	14,558,890	14,409,287	-	-	14,409,287
Habib Finance International Limited, Hong Kong		23,236	-	-	23,236	1,648,843	-	-	1,648,843
Habib Bank Financial Services (Private) Limited		32,500	-	-	32,500	32,500	-	-	32,500
HBL Currency Exchange (Private) Limited		400,000	-	-	400,000	400,000	-	-	400,000
HBL Asset Management Limited		600,000	-	-	600,000	100,000	-	-	100,000
The First MicroFinance Bank Limited		2,000,000	-	-	2,000,000	2,000,000	-	-	2,000,000
		17,614,626	-	-	17,614,626	18,590,630	-	-	18,590,630
Total Investments		1,902,700,185	(4,385,056)	13,922,864	1,912,237,993	1,351,092,709	(4,905,784)	5,774,588	1,351,961,513

	2020	2019
	(Rupees in '000)	

8.2.1 **Investments given as collateral**

The market value of investments given as collateral against borrowings is as follows:

	2020	2019
Federal Government securities		
- Market Treasury Bills	**113,807,278**	128,024,805
- Pakistan Investment Bonds	**207,400,499**	71,061,088
	321,207,777	199,085,893

8.3 Investments include securities amounting to Rs 405,618.042 million (2019: Rs 339,606.770 million) which are held to comply with the SBP's statutory liquidity requirements as set out under section 29 of the Banking Companies Ordinance, 1962.

8.4 Investments include Rs 227.500 million (2019: Rs 225.167 million) pledged with the SBP against TT/DD discounting facilities and demand loan facilities.

8.5 Investments include Rs 10.000 million (2019: Rs 9.897 million) pledged with the Controller of Military Accounts against Regimental Fund Accounts being maintained at various branches of the Bank.

8.6 The market value of investments classified as held-to-maturity and investment in associates and joint venture is as follows:

	2020		2019	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	**262,261,532**	**264,661,267**	200,063,208	191,461,438
- Investment in listed associates and joint venture	**9,040,549**	**31,042,377**	9,155,882	30,712,471

8.7 This includes investment in the Variable Rate Subordinated Loan Notes issued by HBL Bank, UK Limited, a subsidiary company, amounting to Rs 3.197 billion equivalent US $ 20 million (2019: Rs 4.645 billion equivalent US $ 30 million). These notes are perpetual and are repayable at the option of the subsidiary after five years have passed from the date of issuance. The Financial Conduct Authority (FCA) / The Prudential Authority (PRA) approval is required prior to repayment. Interest is payable on a six monthly basis at 6 month LIBOR+ 4% (2019: 6 month LIBOR+4%).

HBL UK has issued an Additional Tier 1 instrument amounting to Rs 1.598 billion equivalent US $10 million (2019: nil) to support the capital resources of the bank. HBL UK has decided to utilize the proceeds to repay the Tier II capital issued in 2013.These notes are perpetual and are repayable at the option of the subsidiary after five years have passed from the date of issuance. The Financial Conduct Authority (FCA) / The Prudential Authority (PRA) approval is required prior to repayment. Interest is payable on a six monthly basis at 6 month LIBOR+ 4.75%.

During the year, instrument of $10 million issued in 2013 and classified as Tier II capital has been repaid. Prior approval for the repayment of Tier II Capital from the PRA has been obtained.

8.8 **Particulars of provision held against diminution in the value of investments**

	2020	2019
	(Rupees in '000)	
Opening balance	**4,905,784**	4,488,683
Exchange adjustments	**12,357**	19,001
Charge / (reversal)		
Charge for the year	**1,176,274**	2,831,502
Reversal for the year	**(15,066)**	(64,476)
Reversal on disposal during the year	**(1,694,293)**	(2,368,926)
Net (reversal) / charge	**(533,085)**	398,100
Closing balance	**4,385,056**	4,905,784

8.8.1 **Particulars of provision against debt securities**

Category of classification	2020 Non-Performing Investment	2020 Provision	2019 Non-Performing Investment	2019 Provision
	(Rupees in '000)			
Domestic				
Loss	**270,877**	**270,877**	270,877	270,877

8.8.1.1 In addition to the above, certain overseas branches hold a provision of Rs 1,043.590 million (2019: Rs 354.226 million) against investment in accordance with the requirements of IFRS 9.

8.9 **Quality of available-for-sale securities**

Details regarding the quality of AFS securities are as follows:

	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
Federal Government securities - Government guaranteed		
Market Treasury Bills	**514,554,259**	348,638,371
Pakistan Investment Bonds	**782,920,795**	449,714,794
Ijarah Sukuks	**67,678,595**	4,667,551
Government of Pakistan US Dollar Bonds	**10,348,511**	4,116,230
Other Federal Government securities - Islamic Naya Pakistan Certificates	**530,538**	-
	1,376,032,698	807,136,946

Shares	2020	2019
	Cost	
Listed companies	(Rupees in '000)	
Automobile Assembler	**191,695**	-
Automobile Parts and Accessories	**21,569**	122,869
Cement	**503,103**	179,510
Chemicals	**247,328**	290,558
Commercial Banks	**796,397**	562,338
Engineering	**5,162**	13,765
Fertilizer	**1,128,380**	1,020,171
Food and Personal Care Products	-	62,871
Insurance	**138,635**	263,526
Investment Banks / Investment Companies / Securities Companies	**1,122,067**	1,122,067
Oil and Gas Exploration Companies	**538,717**	952,594
Oil and Gas Marketing Companies	**334,450**	549,246
Pharmaceuticals	**182,117**	-
Power Generation and Distribution	**2,217,903**	3,134,533
Refinery	-	80,532
Technology and Communication	**133,405**	561,362
Textile Composite	**414,126**	710,859
	7,975,054	9,626,801

Unlisted companies	2020 Cost	2020 Breakup value	2019 Cost	2019 Breakup value
	(Rupees in '000)			
Central Depository Company of Pakistan Limited	**256,347**	**741,556**	256,347	690,272
Engro Powergen Thar (Private) Limited	**2,086,591**	**3,158,884**	2,086,591	3,231,413
Sindh Engro Coal Mining Company Limited	**1,888,274**	**2,865,390**	1,888,274	2,312,341
Pakistan Mortgage Refinance Company Limited	**500,000**	**810,616**	500,000	594,508
DHA Cogen Limited	-	-	-	(2,497,155)
First Women Bank Limited	**63,300**	**203,928**	63,300	203,928
SME Bank Limited	**13,474**	**(9,778)**	13,474	(9,778)
National Institutional Facilitation Technologies (Private) Limited	**1,527**	**51,998**	1,527	69,766
National Investment Trust Limited	**100**	**857,153**	100	856,227
Pak Agriculture Storage and Services Corporation Limited	**5,500**	**2,725,903**	5,500	1,622,928
Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T)	**4,929**	**48,385**	4,929	39,295
Naymat Collateral Management Company Limited	**29,286**	**25,491**	-	-
1 LINK (Private) Limited	**50,000**	**165,767**	-	-
	4,899,328	**11,645,293**	4,820,042	7,113,745

8.9.1 The breakup value of unlisted companies is calculated using latest the available financial statements as described in note 4.3.2.

Non-Government debt securities	Note	2020	2019
		Cost / amortised cost (Rupees in '000)	
Listed			
AA+, AA, AA-		**6,450,000**	1,450,000
A+, A, A-		**493,545**	300,000
Unrated	8.9.2	**40,000,000**	-
		46,943,545	1,750,000
Unlisted			
AA+, AA, AA-		**1,401,001**	801,000
Unrated		**270,877**	1,485,134
		1,671,878	2,286,134
		48,615,423	4,036,134

8.9.2 Non-Government debt security amounting to Rs 40 billion is guaranteed by the Government.

Foreign securities

Government debt securities	2020 Cost / amortised cost (Rupees in '000)	2020 Rating	2019 Cost / amortised cost (Rupees in '000)	2019 Rating
Bahrain	**6,230,488**	**B2**	3,334,917	B2 , B+
Lebanon	**-**	**-**	766,390	Caa2
Maldives	**12,747,974**	**B+ , B3**	8,376,859	B2
Mauritius	**5,129,373**	**Baa1**	5,314,476	Baa1
Oman	**3,261,693**	**Ba3 , BB-**	904,687	Ba1
Singapore	**2,298,258**	**Aaa**	2,640,462	Aaa
Srilanka	**6,124,854**	**CCC+ and below**	3,013,877	B2
Kenya	**1,245,335**	**B2**	833,012	B2
Egypt	**2,781,513**	**B2**	2,094,746	B2
Turkey	**863,161**	**B2**	-	-
	40,682,649		27,279,426	

Non-Government debt securities	2020	2019
	Cost / amortised cost (Rupees in '000)	
Listed		
BBB+, BBB, BBB-	**692,859**	779,120
BB+, BB, BB-	**2,022,783**	1,551,731
B+, B, B-	**805,094**	781,429
	3,520,736	3,112,280
Unlisted		
Unrated	**-**	348,686
	-	348,686

Equity securities - Unlisted	2020 Cost	2020 Breakup value	2019 Cost	2019 Breakup value
	---------- (Rupees in '000) ----------			
The Benefit Company, Bahrain	**3,392**	**23,661**	3,285	20,002
Credit Information Bureau, Sri Lanka	**69**	**14,387**	69	11,358
LankaClear (Private) Limited, Sri Lanka	**429**	**643,544**	427	681,086
SME Equity Fund Limited, Mauritius	**2,023**	**1,703**	2,131	2,503
	5,913	**683,295**	5,912	714,949

	2020	2019
	Cost	
	(Rupees in '000)	
National Investment Unit Trust - Listed	11,113	11,113
Real Estate Investment Trust units - Listed	55,000	55,000
Preference shares - Listed		
Chemicals	700,000	-
Textile Composite	44,400	44,400
	744,400	44,400

8.10 **Particulars relating to held-to-maturity securities are as follows:**

	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
Federal Government securities - Government guaranteed		
Pakistan Investment Bonds	216,669,214	156,928,486
Other Federal Government securities - Bai Muajjal with Government of Pakistan	10,794,000	10,794,000
	227,463,214	167,722,486
Non-Government debt securities		
Listed		
AA+, AA, AA-	2,098,083	3,564,480
A+, A, A-	2,179,839	2,234,893
	4,277,922	5,799,373
Unlisted		
AAA	9,944,438	10,631,938
AA+, AA, AA-	149,850	149,910
A+, A, A-	1,284,081	1,699,352
Unrated	4,830,680	5,665,559
	16,209,049	18,146,759

Foreign securities

	2020		2019	
	Cost / amortised cost	Rating	Cost / amortised cost	Rating
	(Rupees in '000)		(Rupees in '000)	
Government debt securities				
Bahrain	857,719	B2	1,225,625	B+
Bangladesh	8,015,727	Ba3	1,497,431	Ba3
Lebanon	-	-	143,425	Caa2
Mauritius	-	-	213,289	Baa1
Oman	2,239,515	BB-	2,580,917	Ba1
Sri Lanka	2,504,584	CCC+ and below	1,712,887	B2
	13,617,545		7,373,574	

	2020	2019
Non-Government debt securities	Cost / amortised cost	
	(Rupees in '000)	
Listed		
Unrated	397,139	510,542
	397,139	510,542
Unlisted		
AA+, AA, AA-	312,842	516,268
	312,842	516,268

8.11 Summary of financial information of associates, joint venture and subsidiaries

2020

	Based on the annual / interim financial statements as on	Country of Incorporation	Percentage of Holding	Assets	Liabilities	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)
				(Rupees in '000)				
Diamond Trust Bank Kenya, Limited	September 30, 2020	Kenya	16.15%	577,158,999	475,952,921	58,448,347	8,341,208	8,493,901
Himalayan Bank Limited	October 16, 2020	Nepal	20.00%	222,658,643	196,545,825	18,479,419	3,037,726	3,080,635
Kyrgyz Investment and Credit Bank	December 31, 2020	Kyrgyzstan	18.00%	66,376,927	55,272,117	5,617,052	833,183	833,183
Jubilee General Insurance Company Limited	September 30, 2020	Pakistan	19.80%	26,220,342	17,095,863	7,414,086	1,659,669	2,083,273
Jubilee Life Insurance Company Limited	September 30, 2020	Pakistan	18.52%	184,379,051	172,462,696	75,021,278	2,631,376	2,689,081
HBL Energy Fund	December 31, 2020	Pakistan	30.71%	785,786	56,637	(80,123)	(112,630)	(112,630)
HBL Growth Fund Class B	December 31, 2020	Pakistan	0.00%	21,025,287	344,382	33,180	(38,575)	(38,575)
HBL Income Fund	December 31, 2020	Pakistan	8.98%	2,571,148	70,075	214,808	172,522	172,522
HBL Islamic Asset Allocation Fund	December 31, 2020	Pakistan	41.38%	388,749	9,981	26,101	12,063	12,063
HBL Islamic Money Market Fund	December 31, 2020	Pakistan	1.80%	7,130,081	29,338	478,626	434,701	434,701
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2020	Pakistan	35.04%	163,667	4,438	17,672	13,883	13,883
HBL Islamic Stock Fund	December 31, 2020	Pakistan	38.96%	796,529	33,097	46,454	17,299	17,299
HBL Money Market Fund	December 31, 2020	Pakistan	2.56%	17,122,226	116,747	1,055,019	946,815	946,815
HBL Multi Asset Fund	December 31, 2020	Pakistan	44.74%	213,213	13,037	14,284	6,500	6,500
HBL Pension Fund - Equity Sub Fund	December 31, 2020	Pakistan	38.00%	217,738	3,930	18,056	12,062	12,062
HBL Stock Fund	December 31, 2020	Pakistan	41.15%	2,304,226	126,190	(2,747)	(90,621)	(90,621)
HBL Investment Fund Class A	December 31, 2020	Pakistan	17.13%	2,385,054	18,853	13,653	(68,621)	94,508
HBL Investment Fund Class B	December 31, 2020	Pakistan	33.71%	1,560,869	198,738	20,031	(34,839)	(34,839)
Habib Allied Holding Limited	December 31, 2020	United Kingdom	90.50%	122,002,854	110,884,093	3,212,965	(2,797,989)	(2,981,792)
Habib Finance International Limited	December 31, 2020	Hong Kong	100.00%	36,736	-	204	(16,197)	(16,197)
Habib Bank Financial Services (Private) Limited	December 31, 2020	Pakistan	100.00%	52,111	54,782	4,423	(2,671)	(2,671)
HBL Currency Exchange (Private) Limited	December 31, 2020	Pakistan	100.00%	1,854,684	133,431	593,289	180,337	180,337
HBL Asset Management Limited	December 31, 2020	Pakistan	100.00%	3,417,545	3,408,614	610,484	9,243	9,243
The First MicroFinance Bank Limited	December 31, 2020	Pakistan	50.51%	75,950,178	69,270,525	12,279,939	581,054	604,750

2019

	Based on the annual / interim financial statements as on	Country of Incorporation	Percentage of Holding	Assets	Liabilities	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)
				(Rupees in '000)				
Diamond Trust Bank Kenya , Limited	September 30, 2019	Kenya	16.15%	584,109,024	485,309,301	57,285,610	9,936,485	11,570,919
Himalayan Bank Limited	October 17, 2019	Nepal	20.00%	195,908,622	172,018,493	18,076,897	3,858,707	3,832,206
Kyrgyz Investment and Credit Bank	December 31, 2019	Kyrgyzstan	18.00%	62,262,671	52,017,799	5,421,912	487,574	487,574
Jubilee General Insurance Company Limited	September 30, 2019	Pakistan	19.80%	22,055,796	14,473,251	6,162,214	1,028,004	190,939
Jubilee Life Insurance Company Limited	September 30, 2019	Pakistan	18.52%	151,688,551	141,128,277	47,723,104	1,953,507	1,989,635
HBL Energy Fund	December 31, 2019	Pakistan	29.73%	897,354	31,046	59,575	29,558	29,558
HBL Income Fund	December 31, 2019	Pakistan	16.98%	1,380,433	61,616	198,740	160,519	160,519
HBL Islamic Asset Allocation Fund	December 31, 2019	Pakistan	45.92%	547,679	88,389	136,361	92,760	92,760
HBL Islamic Money Market Fund	December 31, 2019	Pakistan	13.19%	1,744,596	12,766	152,489	131,230	131,230
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	33.11%	159,397	4,456	23,836	19,332	19,332
HBL Islamic Stock Fund	December 31, 2019	Pakistan	39.83%	725,650	20,371	94,779	50,865	50,865
HBL Money Market Fund	December 31, 2019	Pakistan	4.89%	9,278,647	123,042	934,027	817,822	817,822
HBL Multi Asset Fund	December 31, 2019	Pakistan	44.64%	237,015	32,828	34,293	25,811	25,811
HBL Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	32.88%	241,494	3,847	36,741	30,685	30,685
HBL Stock Fund	December 31, 2019	Pakistan	36.96%	2,582,072	98,066	390,973	288,390	288,390
HBL Investment Fund Class A	December 31, 2019	Pakistan	17.13%	2,281,918	10,202	112,932	51,108	87,568
HBL Investment Fund Class B	December 31, 2019	Pakistan	32.52%	2,334,657	844,639	275,410	186,902	186,902
Habib Allied Holding Limited	December 31, 2019	United Kingdom	90.50%	121,261,005	109,031,937	5,277,339	(648,348)	(131,335)
Habib Finance International Limited	December 31, 2019	Hong Kong	100.00%	85,869	(2,788,185)	-	(65,243)	(65,243)
Habib Bank Financial Services (Private) Limited	December 31, 2019	Pakistan	100.00%	54,604	60,093	5,747	(5,490)	(5,490)
HBL Currency Exchange (Private) Limited	December 31, 2019	Pakistan	100.00%	1,688,314	150,472	620,651	193,007	193,007
HBL Asset Management Limited	December 31, 2019	Pakistan	100.00%	3,306,077	3,298,371	694,315	7,706	10,495
The First MicroFinance Bank Limited	December 31, 2019	Pakistan	50.51%	46,792,065	40,740,807	9,319,439	547,156	555,855

8.11.1 The Bank has significant influence in Diamond Trust Bank Kenya, Limited, Kyrgyz Investment and Credit Bank, Jubilee General Insurance Company Limited and Jubilee Life Insurance Company Limited because of AKFED's holding in these entities.

9 ADVANCES

	Note	Performing 2020	Performing 2019	Non - performing 2020	Non - performing 2019	Total 2020	Total 2019
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	**915,997,978**	860,334,857	**70,107,569**	67,166,193	**986,105,547**	927,501,050
Islamic financing and related assets	9.2	**154,081,348**	153,061,117	**337,107**	262,402	**154,418,455**	153,323,519
Bills discounted and purchased		**48,357,231**	56,966,128	**5,005,929**	4,979,731	**53,363,160**	61,945,859
Advances - gross		**1,118,436,557**	1,070,362,102	**75,450,605**	72,408,326	**1,193,887,162**	1,142,770,428
Provision against advances							
- Specific	9.5	**-**	-	**(67,067,637)**	(66,459,144)	**(67,067,637)**	(66,459,144)
- General		**(9,498,565)**	(3,292,615)	**-**	-	**(9,498,565)**	(3,292,615)
		(9,498,565)	(3,292,615)	**(67,067,637)**	(66,459,144)	**(76,566,202)**	(69,751,759)
Advances - net of provision		**1,108,937,992**	1,067,069,487	**8,382,968**	5,949,182	**1,117,320,960**	1,073,018,669

9.1 This includes net investment in finance lease as disclosed below:

	2020 Not later than one year	2020 Later than one and upto five years	2020 More than five years	2020 Total	2019 Not later than one year	2019 Later than one and upto five years	2019 More than five years	2019 Total
	(Rupees in '000)							
Total minimum lease payments	**2,071,145**	**18,344,618**	**16,886,606**	**37,302,369**	1,564,701	15,516,076	9,332,835	26,413,612
Financial charges for future periods	**(206,620)**	**(3,144,813)**	**(4,560,644)**	**(7,912,077)**	(185,399)	(2,606,227)	(2,964,213)	(5,755,839)
Net investment in finance lease	**1,864,525**	**15,199,805**	**12,325,962**	**29,390,292**	1,379,302	12,909,849	6,368,622	20,657,773

9.2 Information related to Islamic financing and related assets is given in note 3 of Annexure I and is an integral part of these unconsolidated financial statements.

9.3 Particulars of advances (Gross)

	2020	2019
	(Rupees in '000)	
In local currency	**1,013,517,803**	952,668,278
In foreign currencies	**180,369,359**	190,102,150
	1,193,887,162	1,142,770,428

9.4 Advances include Rs 75,450.605 million (2019: Rs 72,408.326 million) which have been placed under non-performing status as detailed below:

Category of Classification	2020 Non - performing advances	2020 Provision	2019 Non - performing advances	2019 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**723,200**	**-**	580,891	-
Substandard	**5,298,716**	**1,294,860**	2,164,790	516,168
Doubtful	**1,077,034**	**538,517**	1,509,387	754,694
Loss	**42,141,393**	**40,925,622**	43,569,902	42,504,212
	49,240,343	**42,758,999**	47,824,970	43,775,074
Overseas				
Not past due but impaired	**592,400**	**355,535**	48,676	23,643
Overdue by:				
Up to 90 days	**105,684**	**36,925**	215,921	101,186
91 to 180 days	**225,844**	**51,457**	278,341	209,604
181 to 365 days	**3,622**	**3,110**	755,391	343,117
> 365 days	**25,282,712**	**23,861,611**	23,285,027	22,006,520
	26,210,262	**24,308,638**	24,583,356	22,684,070
Total	**75,450,605**	**67,067,637**	72,408,326	66,459,144

9.5 **Particulars of provision against advances**

	Note	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
		(Rupees in '000)					
Opening balance		66,459,144	3,292,615	69,751,759	63,193,300	3,083,530	66,276,830
Exchange adjustment		743,861	37,955	781,816	2,394,415	158,049	2,552,464
Charge for the year		7,989,721	6,450,039	14,439,760	6,297,991	421,194	6,719,185
Reversal for the year		(3,920,241)	(282,044)	(4,202,285)	(3,729,878)	(281,675)	(4,011,553)
Net charge against advances		4,069,480	6,167,995	10,237,475	2,568,113	139,519	2,707,632
Charged off during the year- agriculture financing	9.7	(750,824)	-	(750,824)	(604,496)	-	(604,496)
Written off during the year	9.8	(3,454,024)	-	(3,454,024)	(1,092,188)	-	(1,092,188)
Other movements		-	-	-	-	(88,483)	(88,483)
Closing balance		67,067,637	9,498,565	76,566,202	66,459,144	3,292,615	69,751,759

9.5.1 **Particulars of provision against advances**

	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
In local currency	41,654,408	7,655,137	49,309,545	42,682,682	1,879,055	44,561,737
In foreign currencies	25,413,229	1,843,428	27,256,657	23,776,462	1,413,560	25,190,022
	67,067,637	9,498,565	76,566,202	66,459,144	3,292,615	69,751,759

9.6 General provision includes provision amounting to Rs 2,237.187 million (2019: Rs 1,879.055 million) against consumer finance portfolio. General provision also includes Rs 1,843.428 million (2019: Rs 1,413.560 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates.General provision also includes Rs 5,417.950 million (2019: Nil) as discussed in Note 4.4.

9.7 These represent non-performing advances for agriculture finance which have been classified as loss, are fully provided and are in default for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with the SBP's Prudential Regulations for Agriculture Financing. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

9.8 **Particulars of write offs**

	Note	2020	2019
		(Rupees in '000)	
9.8.1 Against provisions	9.5	3,454,024	1,092,188
Directly charged to the Profit & Loss account		98,525	-
	9.8.2	3,552,549	1,092,188
Against charge off		-	500
		3,552,549	1,092,688

9.8.2 **Analysis of write offs**

	Note	2020	2019
Write offs of Rs 500,000 and above			
- Domestic		657,812	159,784
- Overseas	9.9.2	2,648,980	710,767
		3,306,792	870,551
Write offs of below Rs 500,000		245,757	221,637
		3,552,549	1,092,188

9.9 **Details of written off advances of Rs 500,000 and above**

9.9.1 The statement required under sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 in respect of written off advances or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2020 is given in Annexure II to these unconsolidated financial statements.

9.9.2 These also include write offs or financial relief allowed to borrowers in those countries where there are disclosure restrictions.

10 **FIXED ASSETS**

	Note	2020	2019
		(Rupees in '000)	
Capital work-in-progress	10.1	2,309,644	1,819,077
Property and equipment	10.2	82,040,874	73,722,692
		84,350,518	75,541,769

10.1 **Capital work-in-progress**

	2020	2019
Civil works	602,868	381,666
Equipment	1,182,896	412,507
Advances to suppliers and contractors	523,880	1,024,904
	2,309,644	1,819,077

10.2 Property and equipment

	2020										
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Machinery	Leasehold Improve-ments	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right -of - use assets	Total
	(Rupees in '000)										
At January 1, 2020											
Cost / revalued amount	685,785	27,833,786	269,500	16,741,781	3,572,650	6,808,273	3,900,490	23,600,922	897,483	15,688,263	99,998,933
Accumulated depreciation	-	-	(107,512)	(475,963)	(477,468)	(4,764,516)	(1,805,389)	(15,344,567)	(495,963)	(2,804,863)	(26,276,241)
Net book value	685,785	27,833,786	161,988	16,265,818	3,095,182	2,043,757	2,095,101	8,256,355	401,520	12,883,400	73,722,692
Year ended December 31, 2020											
Opening net book value	685,785	27,833,786	161,988	16,265,818	3,095,182	2,043,757	2,095,101	8,256,355	401,520	12,883,400	73,722,692
Additions	-	981,325	37	92,040	60,979	1,004,196	585,747	2,885,225	110,767	5,722,853	11,443,169
Disposals	-	-	(2,077)	-	-	(46,560)	(6,244)	(20,638)	(951)	(1,351,128)	(1,427,598)
Movement in surplus on assets revalued during the year	97,049	4,923,031	193,226	1,479,870	-	-	-	-	-	-	6,693,176
Impairment reversed during the year	-	114,124	-	44,584	-	-	-	-	-	-	158,708
Depreciation charge	-	-	(12,922)	(327,767)	(415,316)	(771,856)	(548,986)	(3,263,178)	(126,255)	(3,197,780)	(8,664,060)
Exchange rate adjustments	27,983	-	1,860	588	-	20,651	7,249	18,486	1,943	69,743	148,503
Other adjustments / transfers	-	-	692	(590)	13,371	(440)	1,486	(15,521)	(78)	(32,636)	(33,716)
Closing net book value	810,817	33,852,266	342,804	17,554,543	2,754,216	2,249,748	2,134,353	7,860,729	386,946	14,094,452	82,040,874
At December 31, 2020											
Cost / revalued amount	810,817	33,852,266	394,428	17,569,518	3,643,428	7,691,997	4,445,674	26,244,815	971,491	19,789,587	115,414,021
Accumulated depreciation	-	-	(51,624)	(14,975)	(889,212)	(5,442,249)	(2,311,321)	(18,384,086)	(584,545)	(5,695,135)	(33,373,147)
Net book value	810,817	33,852,266	342,804	17,554,543	2,754,216	2,249,748	2,134,353	7,860,729	386,946	14,094,452	82,040,874
Rate of depreciation (%)	-	-	3-5	1.67-4	10	20	10-20	10-33	10-20	1.61-100	

	2019										
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Machinery	Leasehold Improve-ments	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use assets	Total
	(Rupees in '000)										
At January 1, 2019											
Cost / revalued amount	608,127	27,833,786	244,784	16,855,390	3,499,213	5,747,123	3,348,491	19,957,414	831,636	-	78,925,964
Accumulated depreciation	-	-	(83,961)	(160,750)	(72,256)	(4,040,332)	(1,313,097)	(12,559,288)	(443,356)	-	(18,673,040)
Net book value	608,127	27,833,786	160,823	16,694,640	3,426,957	1,706,791	2,035,394	7,398,126	388,280	-	60,252,924
Year ended December 31, 2019											
Opening net book value	608,127	27,833,786	160,823	16,694,640	3,426,957	1,706,791	2,035,394	7,398,126	388,280	-	60,252,924
Impact of adoption of IFRS 16	-	-	-	-	-	-	-	-	-	14,749,440	14,749,440
Additions	-	-	4,384	187,919	73,046	972,197	518,609	3,655,789	139,785	765,929	6,317,658
Disposals	-	-	-	(285,114)	-	(2,239)	(2,581)	(4,358)	(19,200)	-	(313,492)
Depreciation charge	-	-	(18,854)	(322,440)	(405,385)	(686,271)	(478,192)	(2,835,286)	(113,412)	(2,915,763)	(7,775,603)
Exchange rate adjustments	77,658	-	15,929	1,912	-	43,674	21,098	40,062	6,067	283,794	490,194
Other adjustments / transfers	-	-	(294)	(11,099)	564	9,605	773	2,022	-	-	1,571
Closing net book value	685,785	27,833,786	161,988	16,265,818	3,095,182	2,043,757	2,095,101	8,256,355	401,520	12,883,400	73,722,692
At December 31, 2019											
Cost / revalued amount	685,785	27,833,786	269,500	16,741,781	3,572,650	6,808,273	3,900,490	23,600,922	897,483	15,688,263	99,998,933
Accumulated depreciation	-	-	(107,512)	(475,963)	(477,468)	(4,764,516)	(1,805,389)	(15,344,567)	(495,963)	(2,804,863)	(26,276,241)
Net book value	685,785	27,833,786	161,988	16,265,818	3,095,182	2,043,757	2,095,101	8,256,355	401,520	12,883,400	73,722,692
Rate of depreciation (%)	-	-	3-5	1.67-3.33	10	20	10-20	10-33	10-20	1.61-100	

10.3 Revaluation of properties

The properties of the Bank were revalued by independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s Iqbal A. Nanjee & Co. (Private) Limited (Pakistan), M/s United Valuers (Pte) Limited (Singapore), M/s Sunil Fernando & Associates (Private) Limited (Sri Lanka), M/s AKTİF Real Estate Appraisal and Consultancy Inc. (Turkey) and M/s Al-Amrousiya Real Estate (Lebanon) on the basis of assessment of present market values. The revaluation resulted in an increase of Rs 6,693.176 million in the surplus. The total surplus arising against revaluation of fixed assets as at December 31, 2020 amounts to Rs 28,861.681 million.

10.4 Had there been no periodic revaluation, the carrying amounts of revalued assets would have been as follows:

	2020	2019
	(Rupees in '000)	
Freehold land	**420,555**	394,934
Leasehold land	**9,780,805**	8,632,036
Building on freehold land	**84,405**	78,379
Building on leasehold land	**13,533,218**	13,606,892
	23,818,983	22,712,241

10.5 **Details of disposal of fixed assets**

The information relating to disposal of fixed assets to related parties is given in Annexure III and is an integral part of these unconsolidated financial statements.

10.6 The carrying amount of fixed assets held for disposal amounted to Rs 3.253 million (2019: Rs 4.701 million).

10.7 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:

	Note	2020	2019
		(Rupees in '000)	
Leasehold Improvements		**3,231,303**	2,755,299
Furniture and fixtures		**774,620**	692,826
Electrical, office and computer equipment		**9,568,867**	7,393,522
Vehicles		**238,479**	170,810
		13,813,269	11,012,457

11 INTANGIBLE ASSETS

	Note	2020	2019
Capital work-in-progress - computer software		**1,553,039**	1,016,808
Intangible assets	11.1	**3,043,768**	2,511,410
		4,596,807	3,528,218

11.1 **Intangible assets**

	2020	2019
Computer software		
At January 1,		
Cost	**5,977,122**	4,856,332
Accumulated amortisation	**(3,465,712)**	(2,969,667)
Net book value	**2,511,410**	1,886,665
Year ended December 31,		
Opening net book value	**2,511,410**	1,886,665
Purchased during the year	**1,264,942**	1,105,586
Disposal / Write-off	**(10,544)**	-
Amortisation charge	**(741,559)**	(486,389)
Exchange rate adjustments	**19,742**	8,376
Other adjustments	**(223)**	(2,828)
Closing net book value	**3,043,768**	2,511,410
At December 31,		
Cost	**7,163,490**	5,977,122
Accumulated amortisation	**(4,119,722)**	(3,465,712)
Net book value	**3,043,768**	2,511,410
Rate of amortisation (%)	**10-33.33**	10-33.33
Useful life (years)	**3-10**	3-10

11.2 The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs 2,095.682 million (2019: Rs 1,706.931 million).

	Note	2020	2019
		(Rupees in '000)	
12 DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Provision against investments		**1,143,042**	1,616,995
- Provision against doubtful debts and off-balance sheet obligations		**3,591,810**	4,158,485
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		**1,938,319**	1,671,011
- Provision against other assets		**45,062**	50,989
- Deficit on revaluation of fixed assets		**72,832**	163,960
- Ijarah financing		**199,225**	150,674
		6,990,290	7,812,114
Taxable temporary differences on			
- Accelerated tax depreciation		**(1,851,784)**	(2,092,012)
- Surplus on revaluation of fixed assets	20	**(1,788,461)**	(1,161,940)
- Surplus on revaluation of investments	20	**(5,415,272)**	(2,284,604)
- Exchange translation reserve		**(903,630)**	(374,730)
		(9,959,147)	(5,913,286)
Net deferred tax (liabilities) / assets		**(2,968,857)**	1,898,828

12.1 Movement in temporary differences during the year

	Balance as at January 1, 2019	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2019	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2020
	(Rupees in '000)						
Deductible temporary differences on							
-Tax losses of overseas branches	249,991	(249,991)	-	-	-	-	**-**
- Provision against investments	1,397,101	219,894	-	1,616,995	(473,953)	-	**1,143,042**
- Provision against doubtful debts and off-balance sheet obligations	3,210,350	948,135	-	4,158,485	(566,675)	-	**3,591,810**
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001	1,382,428	288,583	-	1,671,011	267,308	-	**1,938,319**
- Provision against other assets	45,760	5,229	-	50,989	(5,927)	-	**45,062**
- Deficit on revaluation of fixed assets	147,144	16,816		163,960	(91,128)	-	**72,832**
- Ijarah financing	101,123	49,551	-	150,674	48,551	-	**199,225**
Taxable temporary differences on							
- Accelerated tax depreciation	(1,857,153)	(234,859)	-	(2,092,012)	240,228	-	**(1,851,784)**
- Surplus on revaluation of fixed assets	(1,109,480)	74,338	(126,798)	(1,161,940)	25,986	(652,507)	**(1,788,461)**
- Surplus on revaluation of investments	3,863,754	-	(6,148,358)	(2,284,604)	-	(3,130,668)	**(5,415,272)**
- Exchange translation reserve	(347,300)	-	(27,430)	(374,730)	-	(528,900)	**(903,630)**
Net deferred tax (liability) / assets	7,083,718	1,117,696	(6,302,586)	1,898,828	(555,610)	(4,312,075)	**(2,968,857)**

		Note	2020	2019
13	**OTHER ASSETS**		(Rupees in '000)	
	Mark-up / return / profit / interest accrued in local currency		**44,804,538**	49,739,889
	Mark-up / return / profit / interest accrued in foreign currency		**2,448,754**	2,364,455
	Advances, deposits, advance rent and other prepayments		**2,355,787**	1,882,477
	Advance taxation		**21,183,176**	28,075,183
	Advances against subscription of securities		**1,096,000**	5,246,000
	Stationery and stamps on hand		**113,476**	77,106
	Accrued fees and commissions		**464,201**	689,984
	Due from Government of Pakistan / SBP		**1,441,901**	1,444,977
	Mark to market gain on forward foreign exchange contracts		**3,358,985**	6,548,555
	Mark to market gain on derivative instruments	22.2	**182,917**	54,454
	Non-banking assets acquired in satisfaction of claims	13.1	**432,937**	468,719
	Receivable from defined benefit plan	36.4.4	**-**	24,419
	Branch adjustment account		**538,852**	789,446
	Acceptances		**26,702,624**	22,771,310
	Clearing and settlement accounts		**3,220,084**	12,636,565
	Dividend receivable		**15,026**	-
	Claims receivable against fraud and forgeries		**553,356**	450,086
	Others		**645,482**	494,268
			109,558,096	133,757,893
	Provision held against other assets	13.2	**(1,127,909)**	(821,996)
	Other assets - net of provision		**108,430,187**	132,935,897
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20.2	**209,594**	164,304
	Other assets - total		**108,639,781**	133,100,201

13.1 **Details of revaluation of non-banking assets acquired in satisfaction of claims**

Market value of non-banking assets acquired in satisfaction of claims	**639,379**	626,000

13.1.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s Colliers, International Pakistan (Private) Limited and M/s Joseph Lobo (Private) Limited on the basis of an assessment of present market values and resulted in an increase of Rs 49.570 million in the surplus. The total surplus arising on revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2020 amounts to Rs 209.594 million (2019: Rs 164.304 million).

		Note	2020	2019
13.1.2	**Non-banking assets acquired in satisfaction of claims**		(Rupees in '000)	
	Opening balance		**626,000**	1,995,169
	Revaluation during the year	20.2	**49,570**	35,000
	Depreciation		**(63)**	(43)
	Disposal during the year		**(40,000)**	(1,420,255)
	Reversal of impairment		**3,872**	16,129
	Closing balance		**639,379**	626,000

13.1.3 **Gain on disposal of non-banking assets acquired in satisfaction of claims**

	Note	2020	2019
Disposal proceeds		**42,500**	1,582,300
Less:			
Cost		**35,720**	1,127,817
Surplus realized on disposal	20.2	**4,280**	292,438
		40,000	1,420,255
		2,500	162,045

13.2 **Provision held against other assets**

	2020	2019
Acceptances	**419,923**	-
Non-banking assets acquired in satisfaction of claims	**3,152**	7,023
Claims receivable against fraud and forgeries	**553,356**	450,086
Suit filed cases	**4,998**	323,759
Others	**146,480**	41,128
	1,127,909	821,996

	Note	2020	2019
		(Rupees in '000)	
13.2.1 Movement in provision against other assets			
Opening balance		**821,996**	923,201
Exchange adjustment		**19,735**	34,901
Charge for the year		**691,987**	139,759
Reversal for the year		**(33,899)**	(49,540)
Net charge		**658,088**	90,219
Written off during the year		**(49,042)**	(224,820)
Transferred out		**(322,868)**	(1,505)
Closing balance		**1,127,909**	821,996

14 BILLS PAYABLE

		2020	2019
In Pakistan		**44,792,798**	28,344,335
Outside Pakistan		**1,329,546**	1,189,968
		46,122,344	29,534,303

15 BORROWINGS

	Note	2020	2019
Secured			
Borrowings from the SBP under			
- Export refinance scheme	15.2	**60,068,212**	42,762,668
- Long term financing facility	15.3	**25,922,575**	18,474,945
- Financing facility for renewable energy power plants	15.4	**1,716,425**	831,448
- Refinance facility for modernization of Small & Medium Enterprises (SMEs)	15.5	**152,893**	28,743
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs	15.6	**163,416**	2,400
- Financing facility for storage of agricultural produce	15.7	**292,211**	104,167
- Financing facility for working capital of SMEs	15.8	**135,625**	-
- Refinance scheme for payment of wages and salaries	15.9	**30,928,363**	-
- Refinance facility for combating COVID-19	15.10	**1,300,000**	-
- Temporary economic refinance facility	15.11	**4,917,263**	-
		125,596,983	62,204,371
Repurchase agreement borrowings	15.12	**321,070,809**	197,503,793
		446,667,792	259,708,164
Unsecured			
- Call money borrowings	15.13	**13,450,000**	4,900,000
- Overdrawn nostro accounts		**164,928**	100,623
- Borrowings of overseas branches	15.14	**28,814,549**	56,524,651
- Other long-term borrowings	15.15	**50,997,984**	60,838,074
		93,427,461	122,363,348
		540,095,253	382,071,512

15.1 Particulars of borrowings with respect to currencies

		2020	2019
In local currency		**460,612,127**	264,608,165
In foreign currencies		**79,483,126**	117,463,347
		540,095,253	382,071,512

15.2 The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These carry mark-up at rates ranging from 1.00% to 3.00% per annum (2019: 1.00% to 2.00% per annum) and are due to mature latest by June 28, 2021.

15.3 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These carry mark-up at rates ranging from 2.00% to 8.60% per annum (2019: 2.00% to 8.40% per annum) and are due to mature latest by July 31, 2032.

15.4 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00% to 3.00% per annum (2019: 2.00% to 3.00% per annum) and are due to mature latest by March 31, 2032.

15.5 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises. These carry mark-up at 2.00% per annum (2019: 2.00% to 3.50 % per annum) and are due to mature latest by November 07, 2025.

15.6 These borrowings have been obtained from the SBP under a scheme to finance women entrepreneurs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at the rates ranging from 0.00% to 2.00% per annum and are due to mature latest by October 17, 2025.

15.7 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rates ranging from 2.00% to 3.50% per annum (2019: 2.00% to 3.50% per annum) and are due to mature latest by December 22, 2025.

15.8 These borrowings have been obtained from the SBP under a scheme for financing short term financing facilities for selected SME sectors. These carry mark-up at 0.00% and are due to mature latest by March 30, 2025.

15.9 These borrowings have been obtained from the SBP under a scheme to help businesses in payment of wages and salaries to their employees during the pandemic and thereby support continued employment. These carry mark-up at rates ranging from 0.00% to 2.00% per annum and are due to mature latest by October 01, 2022.

15.10 These borrowings have been obtained from the SBP under a scheme to provide combat the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% per annum and are due to mature latest by September 30, 2025. The maximum financing limit under the facility is Rs 200 million per hospital / medical centre with a tenor of 5 years including a grace period of up to 6 months.

15.11 These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries during the pandemic. These carry mark-up at 1.00% per annum and are due to mature latest by December 14, 2030. The maximum limit granted under this facility is Rs 5 billion per project with a tenor of 10 years including a grace period of 2 years.

15.12 Repurchase agreement borrowings carry mark-up at rates ranging from 6.20% to 7.02% per annum (2019: 13.00% to 13.31% per annum) and are due to mature latest by January 15, 2021. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

15.13 Call money borrowings carry mark-up at rates ranging from 6.05% to 7.15% per annum (2019: 9.50% to 13.25% per annum) and are due to mature latest by January 13, 2021.

15.14 Borrowings by overseas branches carry mark-up at rates ranging from 0.01% to 2.44% per annum (2019: 0.00% to 3.88% per annum) and are due to mature latest by June 14, 2021.

15.15 This includes the following:

15.15.1 A loan from the International Finance Corporation amounting to US$ 150 million (2019:US$ 150 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.

15.15.2 HBL has entered into a long-term financing facility arrangement of US$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US$ 165.975 million (2019: US$ 62.890 million) has been utilized by the Bank with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to 4 years from the date of initial drawdown. The entire drawn amount is payable in semi-annual installments over a period of 10 years starting from January 31, 2023. Interest is charged at a fixed spread over LIBOR and is payable semi-annually.

15.15.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 194.309 million (2019: Nil) for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually from August 2020.

15.15.4 A mortgage refinancing facility on Musharakah basis from PMRC amounting to Rs 300 million (2019: Nil) for on-lending to customers in low and middle income groups. Any balance not disbursed to customers at the end of one year from the initial drawdown on February 12, 2020 (the pre-finance period) shall be repayable to PMRC in a bullet installment. The remaining amount is payable semi-annually over a period equal to the weighted average tenor of mortgage loans to customers, up to a maximum of 25 years. Profit during the pre-finance period ranges from 10.00% to 11.00% and is payable semi-annually from August 2020. Profit post this period will be payable semi-annually at a rate to be determined based on an agreed formula including, inter alia, the amount of pre-finance facility utilized for further disbursements of mortgage loans to customers.

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2020 In local currency	2020 In foreign currencies	2020 Total	2019 In local currency	2019 In foreign currencies	2019 Total
		(Rupees in '000)					
Customers							
Current deposits		**818,376,303**	**95,804,417**	**914,180,720**	718,531,993	101,140,482	819,672,475
Savings deposits		**976,981,942**	**85,041,111**	**1,062,023,053**	904,288,563	84,593,001	988,881,564
Term deposits		**292,861,588**	**112,812,988**	**405,674,576**	255,854,893	104,894,494	360,749,387
		2,088,219,833	**293,658,516**	**2,381,878,349**	1,878,675,449	290,627,977	2,169,303,426
Financial institutions							
Current deposits		**14,003,219**	**1,310,351**	**15,313,570**	4,726,555	1,079,041	5,805,596
Savings deposits		**259,670,600**	**657,250**	**260,327,850**	123,858,010	18,008	123,876,018
Term deposits		**5,083,529**	**6,887,418**	**11,970,947**	2,001,790	912,256	2,914,046
		278,757,348	**8,855,019**	**287,612,367**	130,586,355	2,009,305	132,595,660
	16.2	**2,366,977,181**	**302,513,535**	**2,669,490,716**	2,009,261,804	292,637,282	2,301,899,086

16.1 Composition of deposits

	2020	2019
	(Rupees in '000)	
- Individuals	**1,463,176,079**	1,231,350,613
- Government (Federal and Provincial)	**153,554,052**	130,749,258
- Banking Companies	**10,105,943**	7,545,730
- Non-Banking Financial Institutions	**277,506,424**	125,049,930
- Other public sector entities	**135,083,271**	132,916,400
- Other private sector entities	**630,064,947**	674,287,155
	2,669,490,716	2,301,899,086

16.2 This includes deposits amounting to Rs 1,438,322.953 million (2019: Rs 1,395,051.707 million) which are eligible to be covered under insurance arrangements.

17 SUBORDINATED DEBT

	Note	2020	2019
		(Rupees in '000)	
Tier II Term Finance Certificates	17.1	**9,982,000**	9,986,000
Additional Tier I Term Finance Certificates	17.2	**12,374,000**	12,374,000
		22,356,000	22,360,000

17.1 The Bank has issued Over The Counter (OTC) listed, Term Finance Certificates (TFCs) as instruments of redeemable capital under Section 66 of the Companies Act, 2017 and the Basel III Guidelines set by the SBP. The key features of the issue are as follows:

Issue date	February 19, 2016
Issue amount	Rs 10 billion
Rating	AAA (Triple A) [December 31, 2019: AAA (Triple A)]
Original Tenor	10 years from the Issue Date
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors and general creditors but not including the Bank's Additional Tier I TFCs.
Profit payment frequency	Semi-annually in arrears
Redemption	The instrument has been structured to redeem 0.02% of the issue amount semi-annually during the first 108 months after the issue and 99.64% of the issue amount in two equal semi-annual installments in the 114th and 120th months.
Mark-up	Floating rate of return at Base Rate + 0.50%. The Base Rate is defined as the average “Ask Side” rate of the six months Karachi Interbank Offered Rate (KIBOR).
Call option	The Bank may call the TFCs, with the prior written approval of the SBP, on any profit payment date falling on or after the fifth anniversary of the Issue Date, subject to at least 60 days prior notice being given to the investors through the Trustee. The call option, once announced, will be irrevocable.
Lock-in clause	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

17.1.1 In accordance with Sub-Section 1.1.6 of Article 1 read with Condition 4 in Schedule 3 of the Trust Deed dated December 15, 2015 executed between the Issuer and the Trustee, the Bank has exercised the call option in full with respect to all outstanding Tier II Term Finance Certificates. The Bank has received a “No Objection” letter from the State Bank of Pakistan dated November 18, 2020 and accordingly, on February 19, 2021, the 5th anniversary of the issue date, (the "Call Option Exercise Date”), the entire principal outstanding amount of Rs 9,982.000 million, along with accrued profit, shall be redeemed in full.

17.2 The Bank has issued listed, fully paid up, rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (AT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013.

The key features of the issue are as follows:

Issue date	September 26, 2019
Issue amount	Rs 12.374 billion
Rating	AA+ (Double A plus) [December 31, 2019: AA+ (Double A plus)]
Original Tenor	Perpetual
Security	Unsecured and subordinated to all other indebtedness of the Bank including depositors, general creditors and holders of the Tier II TFCs. However, they shall rank superior to the claims of ordinary shareholders.
Profit payment frequency	Quarterly in arrears
Redemption	Perpetual, hence not applicable.
Mark-up	Floating rate of return at Base Rate + 1.60%. The Base Rate is defined as the average “Ask Side” rate of the three months Karachi Interbank Offered Rate (KIBOR).
Call option	The Bank may, at its sole discretion, call the TFCs any time after five years from the Issue Date subject to the following: (a) Prior approval of the SBP having been obtained; and (b) The Bank replacing the TFCs with capital of the same or better quality and the capital position of the Bank being above the minimum capital requirement after the Call Option is exercised. If the Bank decides to exercise the Call Option, the Bank shall notify the Trustee and Investors not less than 30 calendar days prior to the date of exercise of such Call Option, which notice shall specify the date fixed for the exercise of the Call Option (the “Call Option Exercise Date”).
Lock-in clause	Mark-up will only be paid from the current year’s earnings and only if the Bank is in compliance with regulatory capital and liquidity requirements.
Loss absorbency clause	The TFCs will be subject to a loss absorbency clause as stipulated under the SBP's "Instructions for Basel III Implementation in Pakistan".

		Note	2020	2019
18	**OTHER LIABILITIES**		(Rupees in '000)	
	Mark-up / return / profit / interest payable in local currency		**9,964,075**	11,253,838
	Mark-up / return / profit / interest payable in foreign currency		**2,209,403**	2,537,607
	Security deposits		**974,790**	1,138,813
	Accrued expenses		**17,984,739**	14,585,462
	Mark to market loss on forward foreign exchange contracts		**5,996,571**	7,924,799
	Mark to market loss on derivative instruments	22.2	**1,449,800**	1,708,824
	Unclaimed dividends		**693,700**	405,966
	Dividends payable		**115,626**	400,464
	Provision for post retirement medical benefits	36.4.4	**3,763,654**	3,872,768
	Provision for employees' compensated absences	36.4.4	**2,492,992**	2,644,978
	Provision against off-balance sheet obligations	18.1	**1,138,648**	437,795
	Acceptances		**26,702,624**	22,771,310
	Provision for staff retirement benefits		**1,239,418**	1,063,338
	Payable to defined benefit plans	36.4.4 & 36.1.6	**1,182,639**	577,964
	Provision for Workers' Welfare Fund	29	**6,324,325**	5,220,295
	Unearned income		**4,229,811**	3,777,028
	Qarz-e-Hasna Fund		**338,542**	338,923
	Levies and taxes payable		**6,977,533**	7,347,626
	Insurance payable		**868,971**	645,817
	Provision for rewards program expenses		**1,391,392**	1,249,725
	Liability against trading of securities		**902,755**	7,883,792
	Clearing and settlement accounts		**4,538,482**	2,037,252
	Payable to HBL Foundation		**315,431**	158,202
	Contingent consideration payable		**500,000**	500,000
	Charity fund		**4,234**	10,375
	Lease liability against right-of-use assets		**15,300,909**	12,861,471
	Unclaimed deposits		**91,752**	670,374
	Others		**2,260,969**	2,422,100
			119,953,785	116,446,906

		2020	2019
18.1	**Provision against off-balance sheet obligations**		
	Opening balance	**437,795**	479,510
	Exchange adjustment	**(25,452)**	7,518
	Charge for the year	**480,696**	53,677
	Reversal for the year	**(95,905)**	(102,910)
	Net charge / (reversal)	**384,791**	(49,233)
	Written off during the year	**(4,053)**	-
	Transferred in	**345,567**	-
	Closing balance	**1,138,648**	437,795

19 SHARE CAPITAL

19.1 Authorised capital

2020	2019		2020	2019
Number of shares in '000				
2,900,000	2,900,000	Ordinary shares of Rs 10 each	**29,000,000**	29,000,000

19.2 **Issued, subscribed and paid-up capital**

2020	2019		2020	2019
Number of shares in '000			(Rupees in '000)	
		Ordinary shares of Rs 10 each		
690,000	690,000	Fully paid in cash	**6,900,000**	6,900,000
776,852	776,852	Issued as bonus shares	**7,768,525**	7,768,525
1,466,852	1,466,852		**14,668,525**	14,668,525

19.3 **Major shareholders**

(holding more than 5% of total paid-up capital)	2020		2019	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Name of shareholder				
Aga Khan Fund for Economic Development	**748,094,778**	**51.00%**	748,094,778	51.00%

19.4 **Shares of the Bank held by associated companies**

	2020	2019
	(Number of shares)	
Jubilee General Insurance Company Limited	**4,270,000**	4,270,000
Jubilee Life Insurance Company Limited	**12,910,000**	13,025,000
HBL Equity Fund	**231,000**	61,100
HBL Growth Fund Class B	**420,500**	447,500
HBL Investment Fund Class B	**326,600**	335,100
HBL Multi Asset Fund	**62,971**	46,971
HBL Stock Fund	**530,504**	444,419

19.5 **Statutory reserve**

Every banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve equals the paid-up share capital. Thereafter, 10% of the profit after tax of the Bank is required to be transferred to this reserve. Accordingly, the Bank transfers 10% of its profit after tax every year to the statutory reserve.

19.6 **Exchange translation reserve**

This comprises off all foreign currency differences arising from the translation of the net investment in foreign branches.

20 **Surplus on revaluation of assets - net of tax**

	Note	2020	2019
		(Rupees in '000)	
Surplus arising on revaluation of assets, on:			
- Fixed assets	20.1	**28,861,681**	22,235,136
- Available-for-sale securities	8.1	**13,885,314**	5,857,959
- Non-banking assets acquired in satisfaction of claims	20.2	**209,594**	164,304
		42,956,589	28,257,399
Deferred tax on surplus on revaluation of:			
- Fixed assets	20.1	**1,788,461**	1,161,940
- Available-for-sale securities	12.1	**5,415,272**	2,284,604
- Non-banking assets acquired in satisfaction of claims	12.1	**-**	-
		7,203,733	3,446,544
Surplus on revaluation of assets - net of tax		**35,752,856**	24,810,855

		Note	2020	2019
			(Rupees in '000)	

20.1 Surplus on revaluation of fixed assets

	2020	2019
Surplus on revaluation of fixed assets as at January 01	**22,235,136**	22,425,746
Surplus recognised during the year	**6,693,176**	-
Surplus realised on disposal of revalued properties during the year - net of deferred tax	-	(72,824)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	**(40,645)**	(43,448)
Related deferred tax liability on surplus realised on disposal of revalued properties	-	(46,560)
Related deferred tax liability on incremental depreciation charged during the year	**(25,986)**	(27,778)
Surplus on revaluation of fixed assets as at December 31	**28,861,681**	22,235,136
Less: related deferred tax liability on		
- Revaluation as at January 01	**1,161,940**	1,109,480
- Revaluation recognised during the year	**652,507**	-
- Effect of change in tax rate	-	126,798
- Surplus realised on disposal of revalued properties during the year	-	(46,560)
- Incremental depreciation charged during the year	**(25,986)**	(27,778)
	1,788,461	1,161,940
	27,073,220	21,073,196

20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

	2020	2019
Surplus on revaluation as at January 01	**164,304**	421,742
Surplus recognised during the year	**49,570**	35,000
Surplus realised on disposal during the year	**(4,280)**	(292,438)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	-	-
Related deferred tax liability on incremental depreciation charged during the year	-	-
Surplus on revaluation as at December 31	**209,594**	164,304
Less: related deferred tax liability on		
- Revaluation as at January 01	-	-
- Revaluation recognised during the year	-	-
- Amount transferred to surplus on revaluation of fixed assets	-	-
- Incremental depreciation charged during the year	-	-
	-	-
	209,594	164,304

21 CONTINGENCIES AND COMMITMENTS

	Note	2020	2019
- Guarantees	21.1	**201,448,496**	151,961,169
- Commitments	21.2	**762,895,459**	822,473,567
- Other contingent liabilities	21.3	**23,888,069**	23,458,521
		988,232,024	997,893,257

		Note	2020	2019
			(Rupees in '000)	
21.1	**Guarantees**			
	Financial guarantees		**63,750,853**	35,102,960
	Performance guarantees		**126,465,667**	108,417,670
	Other guarantees		**11,231,976**	8,440,539
			201,448,496	151,961,169
21.2	**Commitments**			
	Trade-related contingent liabilities		**151,147,102**	110,535,832
	Commitments in respect of			
	- forward foreign exchange contracts	21.2.1	**405,885,132**	569,780,600
	- forward Government securities transactions	21.2.2	**150,757,178**	107,869,401
	- derivatives	21.2.3	**38,504,637**	29,437,457
	- forward lending	21.2.4	**11,085,983**	3,425,853
			606,232,930	710,513,311
	Commitments for acquisition of			
	- fixed assets		**4,389,650**	661,877
	- intangible assets		**1,125,777**	762,547
			5,515,427	1,424,424
			762,895,459	822,473,567

21.2.1 **Commitments in respect of forward foreign exchange contracts**

	2020	2019
Purchase	**245,614,763**	333,012,340
Sale	**160,270,369**	236,768,260
	405,885,132	569,780,600

21.2.2 **Commitments in respect of forward Government Securities transactions**

	2020	2019
Purchase	**96,427,590**	45,771,399
Sale	**54,329,588**	62,098,002
	150,757,178	107,869,401

21.2.3 **Commitments in respect of derivatives**

	2020	2019
Cross Currency swaps		
Purchase	**14,662,810**	9,525,572
Sale	**16,007,336**	10,882,712
	30,670,146	20,408,284
Interest rate swaps		
Purchase	-	-
Sale	**7,834,491**	9,029,173
	7,834,491	9,029,173

21.2.4 **Commitments in respect of forward lending**

	2020	2019
Undrawn formal standby facilities, credit lines and other commitments to extend credit	**11,085,983**	3,425,853

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring any significant penalty or expense.

		2020	2019
		(Rupees in '000)	
21.3	**Other contingent liabilities**		
21.3.1	Claims against the Bank not acknowledged as debts	**23,888,069**	23,458,521

These mainly represent counter claims by borrowers for damages, claims filed by former employees of the Bank and other claims relating to banking transactions. Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these unconsolidated financial statements.

21.3.2 In Q1 2020, by agreement with the New York State Department of Financial Services (NYSDFS) and the U.S. Federal Reserve, HBL surrendered its New York State license to operate HBL's New York branch office (HBLNY) and completed the voluntary liquidation of HBLNY under the New York Banking Law.

The successful closure and liquidation of HBLNY satisfied or suspended all remaining terms of the September 7, 2017 Consent Order between NYSDFS, HBL, and HBLNY, which Consent Order was disclosed in Note 21.3.2 to the Financial Statements for the year ended December 31, 2019 and in similar notes for the 2017 and 2018 financial statements. Similarly, on September 29, 2020, the Federal Reserve formally announced the termination of all Federal Reserve enforcement actions with HBL and HBLNY. Accordingly, HBL does not expect any further actions or proceedings from NYSDFS or the Federal Reserve.

In 2017, the U.S. Department of Justice (DOJ) requested documents relating to the NYSDFS Consent Order. It is not known whether DOJ will have any further questions about those documents.

22 DERIVATIVE INSTRUMENTS

A derivative is a financial instrument whose value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or a similar variable, sometimes called the underlying. Derivatives include forwards, futures, swaps, options and structured financial products that have one or more of the characteristics of forwards, futures, swaps and options.

The Bank, as an Authorized Derivative Dealer (ADD), is an active participant in the Pakistan derivatives market. The ADD license covers only the transactions mentioned below which are permitted under the Financial Derivatives Business Regulations issued by the SBP.

(a) Foreign Currency Options
(b) Forward Rate Agreements
(c) Interest Rate Swaps
(d) Cross Currency Swaps

However, the Bank also offers other derivative products to satisfy customer requirements, specific approval of which is sought from the SBP on a transaction by transaction basis.

These transactions cover the aspects of both market making and hedging. The risk management processes and policies related to derivatives are disclosed in note 44.5 to these unconsolidated financial statements.

22.1 Product Analysis

	2020			
	Cross currency swaps		Interest rate swaps	
Counterparties	Notional principal	Mark to market loss	Notional principal	Mark to market gain / (loss)
	(Rupees in '000)			
With Banks for				
Hedging	-	-	-	-
Market Making	3,025,355	(347,559)	-	-
With FIs other than banks for				
Hedging	-	-	-	-
Market Making	-	-	1,125,000	(5,039)
With other entities for				
Hedging	-	-	-	-
Market Making	27,644,791	(992,706)	6,709,491	78,421
Total				
Hedging	-	-	-	-
Market Making	30,670,146	(1,340,265)	7,834,491	73,382

Counterparties	2019 Cross currency swaps Notional principal	2019 Cross currency swaps Mark to market loss	2019 Interest rate swaps Notional principal	2019 Interest rate swaps Mark to market loss
	(Rupees in '000)			
With Banks for				
Hedging	-	-	-	-
Market Making	4,975,984	(459,903)	-	-
With FIs other than banks for				
Hedging	-	-	-	-
Market Making	-	-	1,375,000	(97,388)
With other entities for				
Hedging	-	-	-	-
Market Making	15,432,300	(772,574)	7,654,173	(324,505)
Total				
Hedging	-	-	-	-
Market Making	20,408,284	(1,232,477)	9,029,173	(421,893)

22.2 **Maturity Analysis**

2020

Remaining Maturity	No. of contracts	Notional principal	Mark to market Loss	Mark to market Gain	Mark to market Net
		(Rupees in '000)			
Up to 1 Month	**2**	**1,327,861**	**(93,873)**	**-**	**(93,873)**
1 to 3 Months	**-**	**-**	**-**	**-**	**-**
3 Months to 6 Months	**1**	**223,403**	**(43,194)**	**-**	**(43,194)**
6 Months to 1 Year	**3**	**1,743,055**	**(188,796)**	**11,652**	**(177,144)**
1 to 2 Years	**3**	**1,861,623**	**(27,955)**	**1,360**	**(26,595)**
2 to 3 Years	**2**	**5,016,822**	**(68,160)**	**86,547**	**18,387**
3 to 5 Years	**19**	**7,522,290**	**(18,820)**	**40,599**	**21,779**
5 to 10 Years	**10**	**20,809,583**	**(1,009,002)**	**42,759**	**(966,243)**
	40	**38,504,637**	**(1,449,800)**	**182,917**	**(1,266,883)**

2019

Remaining Maturity	No. of contracts	Notional principal	Mark to market Loss	Mark to market Gain	Mark to market Net
		(Rupees in '000)			
Up to 1 Month	-	-	-	-	-
1 to 3 Months	-	-	-	-	-
3 Months to 6 Months	1	410,516	(49,135)	-	(49,135)
6 Months to 1 Year	-	-	-	-	-
1 to 2 Years	6	4,996,997	(428,703)	29,709	(398,994)
2 to 3 Years	3	2,384,410	(100,534)	10,940	(89,594)
3 to 5 Years	16	6,500,000	(268,975)	13,805	(255,170)
5 to 10 Years	8	15,145,534	(861,477)	-	(861,477)
	34	29,437,457	(1,708,824)	54,454	(1,654,370)

23 **MARK-UP / RETURN / PROFIT / INTEREST EARNED**

	2020	2019
	(Rupees in '000)	
On:		
Loans and advances	**104,325,731**	122,230,492
Investments	**147,908,621**	109,001,680
Lendings to financial institutions	**5,013,438**	14,178,434
Balances with banks	**529,044**	1,013,923
	257,776,834	246,424,529

24 **MARK-UP / RETURN / PROFIT / INTEREST EXPENSED**

	2020	2019
On:		
Deposits	**103,554,048**	110,064,741
Securities sold under repurchase agreement borrowings	**15,423,539**	23,226,834
Borrowings	**6,773,553**	8,732,254
Subordinated debt	**2,603,244**	2,038,901
Cost of foreign currency swaps against foreign currency deposits / borrowings	**5,675,841**	5,999,948
Lease liability against right-of-use assets	**1,694,796**	1,736,236
	135,725,021	151,798,914

		Note	2020	2019
			(Rupees in '000)	
25	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**3,468,860**	4,251,069
	Consumer finance related fees		**1,530,759**	1,107,307
	Card related fees (debit and credit cards)		**4,079,011**	4,512,760
	Credit related fees		**605,013**	688,070
	Investment banking fees		**1,159,272**	1,577,115
	Commission on trade related products and guarantees		**3,017,918**	2,719,465
	Commission on cash management		**778,417**	708,003
	Commission on remittances (including home remittances)		**354,348**	424,742
	Commission on bancassurance		**1,170,557**	2,251,920
	Commission on Government to Person (G2P) Payments		**578,707**	444,031
	Merchant discount and interchange fees		**2,311,195**	1,991,276
	Others		**101,779**	86,015
			19,155,836	20,761,773
	Less: Sales tax / Federal Excise Duty on fee and commission income		**(2,802,563)**	(2,564,778)
			16,353,273	18,196,995
26	**GAIN / (LOSS) ON SECURITIES - NET**			
	Realised	26.1	**6,989,877**	(1,482,878)
	Unrealised - held-for-trading	8.1	**37,550**	(83,371)
			7,027,427	(1,566,249)
26.1	**Gain / (Loss) on securities - realised**			
	On:			
	Federal Government securities			
	- Market Treasury Bills		**3,063,002**	240,395
	- Pakistan Investment Bonds		**5,223,854**	(194,133)
	- Ijarah Sukuks		**(148,619)**	(23,857)
	Shares		**(1,027,158)**	(2,635,218)
	Non-Government debt securities		**(111,481)**	(25,211)
	Foreign securities		**(44,386)**	11,616
	Associates		**34,665**	1,143,530
			6,989,877	(1,482,878)
27	**OTHER INCOME**			
	Incidental charges		**335,141**	213,541
	Exchange gain realised on reduction in capital of subsidiary		**1,395,593**	-
	Exchange (loss) / gain realised on closure of bank's branch		**(1,887,208)**	182,112
	Gain on sale of fixed assets - net		**77,204**	102,645
	Gain on sale of non-banking assets	27.1	**2,500**	162,045
	Rent on properties		**113,829**	114,207
	Liabilities no longer required written back		**1,152**	52,775
			38,211	827,325

27.1 The bank earned an income of 2.500 million (2019: Rs 162.045 million) against the sale of the following non - banking assets.

		Note	2020	2019
			(Rupees in '000)	
	Open plots situated in Lahore		**2,500**	151,345
	Open plots situated in Karachi		**-**	10,700
			2,500	162,045
28	**OPERATING EXPENSES**			
	Total compensation expense	28.1	**33,639,523**	29,757,054
	Property expense			
	Rent and taxes		**1,215,396**	415,784
	Insurance		**81,322**	74,967
	Utilities cost		**1,976,039**	2,123,880
	Security (including guards)		**1,801,273**	1,733,124
	Repairs and maintenance (including janitorial charges)		**1,986,959**	1,651,434
	Depreciation on owned fixed assets	10.2	**2,917,336**	2,744,302
	Depreciation on right-of-use assets	10.2	**3,197,780**	2,915,763
	Reversal of impairment	10.2	**(158,708)**	-
			13,017,397	11,659,254

	Note	2020	2019
		(Rupees in '000)	
Information technology expenses			
Software maintenance		2,917,759	2,401,692
Hardware maintenance		723,597	696,375
Depreciation	10.2	1,845,181	1,456,548
Amortisation	11.1	741,559	486,389
Network charges		1,147,093	1,287,784
Consultancy charges		699,542	598,329
		8,074,731	6,927,117
Other operating expenses			
Legal and professional charges		2,885,260	5,498,700
Outsourced services costs		1,704,932	1,554,268
Travelling and conveyance		521,093	840,484
Insurance		550,769	567,726
Remittance charges		425,034	518,722
Security charges		1,613,183	1,444,992
Repairs and maintenance		1,315,774	1,270,530
Depreciation	10.2	703,763	658,990
Training and development		167,970	362,060
Postage and courier charges		579,199	889,468
Communication		707,919	693,753
Stationery and printing		1,442,349	2,136,640
Marketing, advertisement and publicity		3,347,662	3,210,973
Donations	28.3	526,717	285,977
Auditors' remuneration	28.4	187,520	190,356
Brokerage and commission		758,724	572,190
Subscription		166,399	147,149
Documentation and processing charges		2,464,759	2,368,800
Entertainment		267,823	312,774
Consultancy charges		3,490,727	7,419,303
Deposits insurance premium expense		2,232,083	2,090,433
Product feature cost		699,017	714,073
COVID-19 related expenses	28.5	602,919	-
Others		1,058,361	617,416
	28.2	28,419,956	34,365,777
		83,151,607	82,709,202

28.1 **Total compensation expense**

	Note	2020	2019
Non-Executive Directors' fees	38.2	84,000	50,600
Shariah Board's fees and allowances	38.3	12,807	16,316
Managerial Remuneration			
i) Fixed		17,320,927	16,574,974
ii) Variable		3,242,595	2,244,252
Charge for defined benefit plan		1,707,297	1,212,296
Contribution to defined contribution plan		1,070,864	943,591
Rent & house maintenance		4,131,721	3,710,020
Utilities		954,781	859,273
Medical		1,986,001	1,636,562
Conveyance		2,330,296	2,246,724
General group staff Insurance		18,569	180,234
Hajj Allowance		39,918	20,202
Others		-	67
Sub-total		32,899,776	29,695,111
Sign-on bonus		134,710	44,285
Severance payments		605,037	17,658
Grand Total		33,639,523	29,757,054

	No of persons	
Sign on bonus	52	75
Severance payments	78	40

28.2 The total cost for the year included in other operating expenses relating to outsourced activities is Rs 2,303.497 million (2019: Rs 2,094.900 million). This cost includes outsourced services costs, which are disclosed specifically in note 28. Of the total cost, Rs 2,061.597 million (2019: Rs 1,830.982 million) pertains to companies incorporated in Pakistan and Rs 241.901 million (2019: Rs 263.918 million) pertains to companies incorporated outside Pakistan. The material outsourcing arrangements along with their nature of services are as follows:

Name of company	Nature of service	2020	2019
		(Rupees in '000)	
APEX Printry (Private) Limited	Cheque book printing services	**157,898**	171,890
Insource (Private) Limited	Cheque book printing services	**82,770**	90,576
Euronet Pakistan (Private) Limited	Host environment configuration, POS terminal and card outsourcing services	**74,824**	72,214
Iron Mountain Information Management LLC	Document archival and storage	**3,017**	-
First Solutions	Document archival and storage	**4,464**	-
		322,973	334,680

28.3 **Details of donations**

Donations individually exceeding Rs 500,000.

	2020	2019
HBL Foundation	**315,431**	158,202
The Aga Khan Hospital & Medical College Foundation	**157,360**	77,575
International Parliamentarians' Congress	**30,000**	-
Zindagi Trust	**10,000**	-
Covid-19 fund established by Government of Bahrain	**6,439**	-
Progressive Education Network	**5,000**	-
Patients' Aid Foundation	**2,000**	-
Frontier Works Organization - Clean Karachi campaign	**-**	50,000
Donations individually not exceeding Rs 500,000	**487**	200
	526,717	285,977

Mr. Muhammad Aurangzeb, President and Chief Executive Officer, Mr. Sagheer Mufti, Chief Operating Officer, Mr. Rayomond Kotwal, Chief Financial Officer and Mr. Jamal Nasir, Chief Human Resources Officer are Trustees of the HBL Foundation.

28.4 **Auditors' remuneration**

	2020			2019		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)					
Audit and audit related fees						
Audit fee of the Bank	**27,901**	**78,615**	**106,516**	25,954	82,509	108,463
Fees for other statutory and related certifications	**24,763**	**6,682**	**31,445**	21,958	6,309	28,267
Out of pocket expenses on audit fees	**6,016**	**413**	**6,429**	5,557	1,075	6,632
Sales tax on audit fees	**2,713**	**1,638**	**4,351**	2,521	1,103	3,624
	61,393	**87,348**	**148,741**	55,990	90,996	146,986
Other services						
Special certifications and sundry advisory services	**19,506**	**5,553**	**25,059**	22,945	7,027	29,972
Tax services	**8,000**	**1,634**	**9,634**	6,467	3,894	10,361
Out of pocket expenses	**557**	**-**	**557**	978	116	1,094
Sales tax on other services	**3,406**	**123**	**3,529**	1,841	102	1,943
	31,469	**7,310**	**38,779**	32,231	11,139	43,370
	92,862	**94,658**	**187,520**	88,221	102,135	190,356

28.5 These represent expenses incurred for the health and safety of employees and customers and other CSR activities during the on-going pandemic including face masks, sanitisers and other related materials.

29 WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

		Note	2020	2019
			(Rupees in '000)	
30	**OTHER CHARGES**			
	Penalties imposed by the State Bank of Pakistan		**296,416**	476,156
	Penalties imposed by other regulatory bodies		**24,377**	3,900
			320,793	480,056
31	**PROVISIONS AND WRITE OFFS - NET**			
	(Reversal of) / provision for diminution in value of investments	8.8	**(533,085)**	398,100
	Provision against loans and advances	9.5	**10,237,475**	2,707,632
	Provision against other assets	13.2.1	**658,088**	90,219
	Provision / (reversal) against off-balance sheet obligations	18.1	**384,791**	(49,233)
	Recoveries against written off / charged off bad debts		**(558,320)**	(574,170)
	Recoveries against other assets written off		**(63,621)**	(42,796)
	Bad debts written off directly	9.8.1	**98,525**	-
			10,223,853	2,529,752
32	**TAXATION**			
	- Current			
	- For the year		**21,168,634**	11,219,191
	- Prior years		**(253,442)**	1,933,029
			20,915,192	13,152,220
	- Deferred			
	- For the year	12.1	**(246,880)**	(1,117,696)
	- Prior years		**802,490**	-
			555,610	(1,117,696)
			21,470,802	12,034,524
32.1	**Relationship between tax expense and accounting profit**			
	Accounting profit for the current year		**52,994,484**	27,098,713
	Tax on income @ 39% (2019: 39%)		**20,667,849**	10,568,498
	Permanent differences			
	- Penalties imposed by the SBP and other regulatory bodies		**125,109**	187,222
	- Additional tax @ 2.5% on additional income from Federal Government Securities		**177,770**	-
	- Others		**(48,974)**	(28,489)
			253,905	158,733
	Prior years - charge		**549,048**	1,933,029
	Impact of change in tax rate		**-**	(625,736)
	Tax charge for the current year		**21,470,802**	12,034,524
33	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit for the year		**31,523,682**	15,064,189
			(Number)	
	Weighted average number of ordinary shares		**1,466,852,508**	1,466,852,508
			(Rupees)	
	Basic and diluted earnings per share		**21.49**	10.27

33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

	Note	2020	2019
34 CASH AND CASH EQUIVALENTS		(Rupees in '000)	
Cash and balances with treasury banks	5	**347,988,749**	337,241,623
Balances with other banks	6	**38,422,719**	32,139,733
		386,411,468	369,381,356

34.1 **Reconciliation of movement in liabilities to cash flows arising from financing activities**

	2020			
	Liabilities		Equity	
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit
	(Rupees in '000)			
Balance as at January 1, 2020	22,360,000	116,446,906	57,274,159	104,668,407
Changes from financing cash flows				
Repayment of subordinated debt	(4,000)	-	-	-
Payment of lease liability against right-of-use assets	-	(4,072,209)	-	-
Dividend paid	-	-	-	(3,664,234)
	(4,000)	(4,072,209)	-	(3,664,234)
Other changes:				
Liability-related				
Changes in other liabilities				
- Cash based	-	(515,341)	-	-
- Dividend payable	-	2,896	-	(2,896)
- Non-cash based	-	8,091,533	-	-
Transfer of profit to statutory reserve	-	-	3,152,368	(3,152,368)
Total liability related other changes	-	7,579,088	3,152,368	(3,155,264)
Equity related	-	-	2,614,111	31,413,837
Balance as at December 31, 2020	22,356,000	119,953,785	63,040,638	129,262,746

	2019			
	Liabilities		Equity	
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit
	(Rupees in '000)			
Balance as at January 1, 2019	9,990,000	109,226,173	57,935,252	91,882,814
Changes from financing cash flows				
Repayment of subordinated debt	(4,000)	-	-	-
Payment of lease liability against right-of-use assets	-	(4,525,316)	-	-
Proceeds from new issue of subordinated debt	12,374,000	-	-	-
Dividend paid	-	-	-	(7,581,966)
	12,370,000	(4,525,316)	-	(7,581,966)
Other changes:				
Liability-related				
Changes in other liabilities				
- Cash based	-	(5,929,150)	-	-
- Dividend payable	-	(247,706)	-	247,706
- Non-cash based	-	17,922,905	-	-
Transfer of profit to statutory reserve	-	-	1,506,419	(1,506,419)
Total liability related other changes	-	11,746,049	1,506,419	(1,258,713)
Equity related	-	-	(2,167,512)	21,626,272
Balance as at December 31, 2019	22,360,000	116,446,906	57,274,159	104,668,407

		2020	2019
35	**STAFF STRENGTH**	(Number)	
	Permanent	**16,912**	17,313
	On contract	**42**	40
	Total staff strength	**16,954**	17,353

35.1 In addition to the above, 3,175 employees (2019: 3,246 employees) of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

		2020	2019
35.2	**Staff strength bifurcation**	(Number)	
	Domestic	**16,351**	16,711
	Overseas	**603**	642
		16,954	17,353

36 DEFINED BENEFIT PLANS AND OTHER BENEFITS

36.1 General Information

The Bank operates the following schemes:

36.1.1 Pension Fund (defined benefit scheme)

The Bank operates an approved pension scheme for those of its employees who opted for this scheme when it was introduced in 1977. This scheme is applicable to:

- All clerical employees
- Executives and officers who joined the Bank during the period from May 1, 1977 till December 31, 2001 and those who joined the Bank prior to introduction of the scheme and opted for this scheme when it was introduced.

For clerical employees, the benefit is based on their actual years of service as of the statement of financial position date and their current salary. For executives and officers, the benefit is based on their years of service up to March 31, 2005 and their basic salary as on March 31, 2014. For service subsequent to this date (i.e. from April 01, 2005), they are entitled to the Bank's contributory gratuity fund (refer note 37.2) and the Bank's contributory provident fund (refer note 37.1). Eligible clerical employees as well as eligible executives and officers are entitled to a certain minimum pension as per applicable rules.

36.1.2 Benevolent Fund (defined benefit scheme)

The Bank operates an approved funded benevolent scheme for all employees who retire from the Bank and who joined on or before December 31, 2018. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction and a matching monthly subscription is made by the Bank. Post retirement, all eligible employees are entitled to receive a fixed monthly amount or one-time lump sum payment in lieu of a fixed monthly amount as per the rules of the Fund. Clerical employees are additionally entitled to certain grants during the period of their service subject to the fulfilment of certain conditions as specified in the rules of the Fund.

36.1.3 Post-Retirement Medical Benefits (defined benefit scheme)

The Bank provides a non-funded scheme for post-retirement medical benefits to all employees.

Executives and officers who have retired from January 01, 2006 onwards receive lump sum payments as a full and final settlement in lieu of post-retirement medical benefits. Executives and officers who retired prior to this date, and all clerical employees receive these benefits as reimbursements when incurred.

36.1.4 Compensated Absences (defined benefit scheme)

The Bank maintains a non-funded scheme for compensated absences. This is applicable to those employees who were in the service of the Bank as of December 31, 2008 and who had accumulated leave balances up to a maximum of 365 days as at that date. Employees are entitled to proceed on Leave Prior to Retirement (LPR) up to the amount of their accrued leave while continuing to receive gross salary. This benefit vests on retirement or, in the case of premature retirement, on the completion of 30 years of service.

Employees may be required by the Bank to continue working during the whole or a part of their LPR period. Such employees are entitled to gross salary and certain benefits during the period they are required to work and, additionally, to leave encashment amounting to 50% of this period.

Clerical employees have the option of not proceeding on LPR and instead encashing 50% of their accumulated leave balance up to a maximum of 180 days.

36.1.5 Other Post-Retirement Benefits (defined benefit scheme)

The Bank offers an additional benefit to all executives on retirement. Under this scheme, a lump sum amount equal to six months of house rent allowance, utilities allowance, car benefit allowance and conveyance allowance is paid to the executive on retirement. However, in case of the death in service of an executive prior to retirement, the lump sum amount includes an additional six months of house rent allowance.

36.1.6 Pension and Life Assurance Scheme (defined benefit scheme)

The Bank operates a pension and life assurance scheme for those employees who joined its UK operations prior to December 26, 2001. The scheme was established with effect from May 01, 1978 under a Trust Deed of that date and is governed by that Trust Deed together with various supplemental and amending deeds executed over the lifetime of the scheme.

The triennial actuarial valuation as at May 01, 2019 revealed a deficit of £1.7 million under the Statement of Funding Principles (SFP). In order to address this deficit, the Bank will pay £50,500 per month for three years starting from September 1, 2020.

36.1.7 Other schemes

Employee benefit schemes offered by the Bank's overseas branches are governed by the laws of the respective countries in which the branches operate.

36.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2020	2019
	(Per annum)	
Valuation discount rate	**9.75%**	11.25%
Expected rate of increase in salary level	**8.75%**	10.25%
Expected rate of increase in pension	**5.00%**	5.00%
Expected rate of increase in medical benefit	**7.75%**	9.25%
Expected rate of return on funds invested	**9.75%**	11.25%

36.3 Number of employees under the scheme

	2020	2019
	(Number)	
Pension fund	**1,709**	1,902
Benevolent fund	**12,087**	13,835
Post-retirement medical benefit scheme	**18,708**	16,708
Compensated absences	**3,975**	4,578
Other Post-Retirement Benefits	**2,188**	2,077

36.4 Pension, gratuity, benevolent fund schemes and other benefits

36.4.1 The fair value of plan assets and the present value of defined benefit obligations of these schemes as at December 31, 2020 are as follows:

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	6,218,050	-	2,583,853	-	-	-
Present value of defined benefit obligations	(7,003,540)	-	(1,079,752)	(3,763,654)	(2,492,992)	(585,038)
(Payable to) / receivable from the fund	(785,490)	-	1,504,101	(3,763,654)	(2,492,992)	(585,038)

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	5,565,467	24,419	2,372,581	-	-	-
Present value of defined benefit obligations	(6,143,431)	-	(993,646)	(3,872,768)	(2,644,978)	(508,589)
(Payable to) / receivable from the fund	(577,964)	24,419	1,378,935	(3,872,768)	(2,644,978)	(508,589)

36.4.2 Movement in the present value of defined benefit obligations

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	6,143,431	-	993,646	3,872,768	2,644,978	508,589
Current service cost	75,580	-	31,162	138,076	68,744	92,450
Interest cost	681,720	-	108,910	432,948	280,079	58,845
Benefits paid by the Bank	(461,582)	-	(139,344)	(286,937)	(430,515)	(73,503)
Past Service cost	-	-	-	-	-	-
Remeasurement (gains) / losses	564,391	-	85,378	(393,201)	(70,294)	(1,343)
Obligations at the end of the year	7,003,540	-	1,079,752	3,763,654	2,492,992	585,038

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	5,404,742	4,257	1,090,293	3,945,133	3,080,403	504,466
Current service cost	72,542	349	25,384	157,504	80,465	89,088
Interest cost	713,148	428	138,763	523,400	320,427	67,618
Benefits paid by the Bank	(498,490)	(3,972)	(136,728)	(322,059)	(488,510)	(74,478)
Past service cost	-	-	-	-	-	-
Remeasurement (gains) / losses	451,489	(1,062)	(124,066)	(431,210)	(347,807)	(78,105)
Obligations at the end of the year	6,143,431	-	993,646	3,872,768	2,644,978	508,589

36.4.3 Movement in fair value of plan assets

	2020			2019		
	Pension Fund	Gratuity Fund	Benevolent Fund	Pension Fund	Gratuity Fund	Benevolent Fund
	(Rupees in '000)					
Fair value at the beginning of the year	5,565,467	24,419	2,372,581	4,434,303	39,550	2,190,450
Expected return on plan assets	620,075	-	255,987	585,646	4,822	275,741
Contribution by the Bank	577,964	-	38,752	970,439	(13,952)	45,155
Contributions by the employees	-	-	38,752	-	-	45,155
Benefits paid by the Bank	(461,582)	-	(139,344)	(498,490)	(3,972)	(136,728)
Excess funds return to Bank	-	(24,419)	-	-	-	-
Remeasurement gains / (losses)	(83,874)	-	17,125	73,569	(2,029)	(47,192)
Fair value at the end of the year	6,218,050	-	2,583,853	5,565,467	24,419	2,372,581

36.4.4 Movement in amounts payable to / (receivable from) defined benefit plans

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Opening balance	577,964	(24,419)	(1,378,935)	3,872,768	2,644,978	508,589
Charge / (reversal) for the year	137,225	-	(154,667)	571,024	278,529	151,295
Contribution by the Bank - net	(577,964)	-	(38,752)	-	-	-
Remeasurement (gains) / losses recognised in OCI during the year	648,265	-	68,253	(393,201)	-	(1,343)
Benefits paid by the Bank	-		-	(286,937)	(430,515)	(73,503)
Excess funds return to Bank		24,419				
Closing balance	785,490	-	(1,504,101)	3,763,654	2,492,992	585,038

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Opening balance	970,439	(35,293)	(1,100,157)	3,945,133	3,080,403	504,466
Charge / (reversal) for the year	200,044	(4,045)	(156,749)	680,904	53,085	156,706
Contribution by the Bank - net	(970,439)	13,952	(45,155)	-	-	-
Remeasurement (gains) / losses recognised in OCI during the year	377,920	967	(76,874)	(431,210)	-	(78,105)
Benefits paid by the Bank	-	-	-	(322,059)	(488,510)	(74,478)
Closing balance	577,964	(24,419)	(1,378,935)	3,872,768	2,644,978	508,589

36.4.5 Charge for defined benefit plans

36.4.5.1 Cost recognised in profit and loss

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Current service cost	75,580	-	31,162	138,076	68,744	92,450
Net interest on defined benefit asset / liability	61,645	-	(147,077)	432,948	280,079	58,845
Past service cost	-	-	-	-	-	-
Actuarial losses recognised	-	-	-	-	(70,294)	-
Contributions by the employees	-	-	(38,752)	-	-	-
	137,225	-	(154,667)	571,024	278,529	151,295

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Current service cost	72,542	349	25,384	157,504	80,465	89,088
Net interest on defined benefit asset / liability	127,502	(4,394)	(136,978)	523,400	320,427	67,618
Past service cost	-	-	-	-	-	-
Actuarial losses recognised	-	-	-	-	(347,807)	-
Contributions by the employees	-	-	(45,155)	-	-	-
	200,044	(4,045)	(156,749)	680,904	53,085	156,706

36.4.5.2 Remeasurements recognised in OCI during the year

	2020				
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	663,792	-	62,527	(26,683)	(4,638)
- Demographic assumptions	-	-	-	-	-
- Experience adjustment	(99,400)	-	22,851	(366,518)	3,295
	564,392	-	85,378	(393,201)	(1,343)
(Gains) / losses on plan assets	83,873	-	(17,125)	-	-
Total remeasurement (gains) / losses recognised in OCI	648,265	-	68,253	(393,201)	(1,343)

	2019				
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	494,696	-	71,969	(36,421)	(5,255)
- Demographic assumptions	9,649	-	-	-	-
- Experience adjustment	(52,856)	(1,062)	(196,035)	(394,789)	(72,850)
	451,489	(1,062)	(124,066)	(431,210)	(78,105)
(Gains) / losses on plan assets	(73,569)	2,029	47,192	-	-
Total remeasurement (gains) / losses recognised in OCI	377,920	967	(76,874)	(431,210)	(78,105)

36.4.6 **Components of fair value of plan assets**

	2020			2019		
	Pension Fund	Gratuity Fund	Benevolent Fund	Pension Fund	Gratuity Fund	Benevolent Fund
	(Rupees in '000)					
Cash and cash equivalents - net	**5,164**	-	**68,856**	5,068	24,419	79,331
Government securities	**5,253,313**	-	**2,448,137**	3,917,714	-	2,226,390
Shares	**959,573**	-	-	1,642,685	-	-
Non-Government debt securities	-	-	**66,860**	-	-	66,860
	6,218,050	-	**2,583,853**	5,565,467	24,419	2,372,581

The funds primarily invest in Government securities (Market Treasury Bills, Pakistan Investment Bonds and Special Savings Certificates) which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

36.4.7 **Sensitivity analysis of defined benefit obligations**

A sensitivity analysis has been performed by varying one assumption while keeping all other assumptions constant and calculating the impact on the present value of defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of changes in each assumption is summarized below:

	2020				
	Pension Fund	Benevolent Fund	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
1% increase in discount rate	**(461,585)**	**(42,700)**	**(385,518)**	**(96,175)**	**(42,236)**
1% decrease in discount rate	**675,348**	**47,341**	**468,487**	**103,971**	**48,147**
1% increase in expected rate of salary increase	**119,655**	-	-	**115,315**	**51,052**
1% decrease in expected rate of salary increase	**(111,016)**	-	-	**(108,358)**	**(45,468)**
1% increase in expected rate of increase in minimum pension	**286,113**	-	-	-	-
1% decrease in expected rate of increase in minimum pension	**(238,236)**	-	-	-	-
1% increase in expected rate of increase in medical benefit	-	-	**164,872**	-	-
1% decrease in expected rate of increase in medical benefit	-	-	**(146,390)**	-	-

36.4.8 **Expected contributions to the schemes in the next financial year**

The Bank contributes to the pension fund according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme.

	2021				
	Pension Fund	Benevolent Fund	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
Expected charge / (reversal) for the year	155,515	(145,042)	522,451	291,360	165,447

36.4.9 **Maturity profile**

	2020				
	Pension Fund	Benevolent Fund	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
The weighted average duration of the obligation (in years)	6.59	7.91	10.06	7.72	7.69

36.4.10 **Funding Policy**

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by the assets of the Fund on any valuation date, based on actuarial assumptions.

36.4.11 The significant risks associated with the staff retirement benefit schemes are as follows:

Mortality risks

The risk that the actual mortality experience is different. The impact depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk that the investments of the Funds will underperform and not be sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

37 DEFINED CONTRIBUTION PLANS

37.1 Provident Fund

For employees hired on or after January 01, 2002, the Bank operates an approved provident fund under which both the Bank and the employees make monthly contributions as follows:

For executives and officers	6% of basic salary
For clerical staff	12% of basic salary

Executives and officers hired upto December 31, 2001, who are covered by the Bank's pension scheme (refer note 36.1.1 above) also became eligible for Bank's contributory provident fund benefits effective April 1, 2005.

This scheme covers 15,509 employees (2019: 15,047 employees)

Payments are made to employees on retirement, death, resignation and discharge as specified in the rules of the Fund.

37.2 Contributory Gratuity Fund

For employees hired on or after January 01, 2002, the Bank operates an approved funded Bank contributory gratuity scheme. Executives and officers hired up to December 31, 2001, who are covered by the Bank's pension scheme (refer note 36.1.1 above) also became eligible for Bank's contributory gratuity fund benefits effective April 01, 2005.

The Bank contributes an amount equal to half of the employees' monthly basic salary for each completed year of service and, on a pro-rata basis for partially completed years of service. Payments are made to the employees on retirement, death, resignation after completion of at least 10 years of continuous service, and discharge as specified in the rules of the Fund.

This scheme covers 15,100 employees (2019: 15,361 employees).

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

Items	Directors - Chairman	Directors - Executive (other than CEO)	Directors - Non-Executive	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	2020						
	(Rupees in '000)						
Fees and Allowances etc.	12,600	-	71,400	12,807	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	138,669	712,970	1,019,471
ii) Total Variable							
- Cash Bonus	-	-	-	-	63,000	337,250	211,946
- Guaranteed Bonus	-	-	-	-	-	-	2,699
Charge for defined benefit plan	-	-	-	-	-	-	1,814
Contribution to defined contribution plan	-	-	-	-	-	31,748	58,140
Rent & house maintenance	-	-	-	-	12,900	191,784	284,814
Utilities	-	-	-	-	1,229	41,577	60,763
Medical					2,632	41,500	59,971
Conveyance	-	-	-	-	3,992	67,319	213,443
Others	-	-	-	-	-	-	43
Sub-Total	12,600	-	71,400	12,807	222,422	1,424,148	1,913,104
Sign-on bonus	-	-	-	-	-	78,000	23,000
Severence Payments	-	-	-	-	-	26,510	-
Grand Total	12,600	-	71,400	12,807	222,422	1,528,658	1,936,104
Number of persons	1	-	5	3	1	28	135
Sign-on bonus - Number of Persons	-	-	-	-	-	2	6
Severance payments - Number of Persons	-	-	-	-	-	1	-
Guaranteed bonus - Number of Persons	-	-	-	-	-	-	1

Items	Directors - Chairman	Directors - Executive (other than CEO)	Directors - Non-Executive	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	2019						
	(Rupees in '000)						
Fees and Allowances etc.	6,800	-	43,800	16,316	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	128,200	534,918	963,000
ii) Total Variable - Cash Bonus	-	-	-	-	70,000	281,515	235,536
Charge for defined benefit plan	-	-	-	-	-	-	3,144
Contribution to defined contribution plan	-	-	-	-	-	30,474	51,263
Rent & house maintenance	-	-	-	-	13,301	176,762	265,285
Utilities	-	-	-	-	948	36,881	59,500
Medical	-	-	-	-	3,438	42,333	53,325
Conveyance	-	-	-	-	3,408	68,022	196,551
Others	-	-	-	-	-	-	164
Sub-Total	6,800	-	43,800	16,316	219,295	1,170,905	1,827,768
Sign-on bonus	-	-	-	-	-	22,700	5,000
Grand Total	6,800	-	43,800	16,316	219,295	1,193,605	1,832,768
Total Number of persons	1	-	5	3	1	26	130
Sign-on bonus - Number of Persons	-	-	-	-	-	2	4

The total amount of deferred bonus outstanding as at December 31, 2020 for the President / Chief Executive Officer (CEO), Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs 256.626 million (2019: Nil).

The CEO and certain Executives are provided with free club memberships. The CEO and the Chief Operating Officer (COO) are also provided with free use of Bank maintained cars in accordance with their entitlements.

38.2 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	2020									
		Meeting Fees and Allowances Paid									
		For Board Meetings	For Board Committees								Total Amount Paid
			Board Audit Committee (BAC)	Board Risk Management Committee (BRMC)	Board Compliance and Conduct Committee (BCNC)	Board Human Resource & Remuneration Committee (BHRRC)	Board IT Committee (BITC)	Board Development Finance Committee (BDFC)	Board Nomination & Remuneration Committee (BNRC)**	Board Oversight Committee - International Governance (BOC IG)	
		(Rupees in '000)									
1	Mr. Sultan Ali Allana	4,800	-	-	-	3,000	-	1,800	-	3,000	12,600
2	Mr. Salim Chinoy	4,800	4,800	-	4,800	-	-	-	-	-	14,400
3	Mr. Shaffiq Dharamshi*	-	-	-	-	-	-	-	-	-	-
4	Mr. Moez Ahamed Jamal	4,800	4,800	-	4,800	-	-	-	600	-	15,000
5	Ms. Diane Elizabeth Moore	4,800	-	-	4,800	-	2,400	-	-	-	12,000
6	Mr. Salim Raza	4,800	-	4,200		-	2,400	1,800	600	-	13,800
7	Dr. Najeeb Samie	4,800	4,800	-	-	3,000	-	-	600	3,000	16,200
	Total Amount Paid	**28,800**	**14,400**	**4,200**	**14,400**	**6,000**	**4,800**	**3,600**	**1,800**	**6,000**	**84,000**

In addition to the above, as per the Bank's policy, Rs 0.925 million was also paid to the Directors on account of daily allowance for attending Board and Committee meetings during the year.

* Mr. Shaffiq Dharamshi is an employee of AKFED (the parent company of the Bank) and is not paid meeting fees or any other allowances.

** The Board Remuneration Committee (BRC) was merged into the BNRC, as disclosed in the Directors' Report.

38.2.1 Note: The Board Oversight Committee - New York (BOC NY) was dissolved on April 22, 2020 and no meetings were held during the year.

Sr. No.	Name of Director	2019									
		Meeting Fees and Allowances Paid									
		For Board Meetings	For Board Committees								Total Amount Paid
			Board Audit Committee (BAC)	Board Risk Management Committee (BRMC)	Board Compliance and Conduct Committee (BCNC)	Board Human Resource & Remuneration Committee (BHRRC)	Board IT Committee (BITC)	Board Development Finance Committee (BDFC)	Board Oversight Committee - New York (BOC NY)	Board Oversight Committee - International Governance (BOC IG)	
		(Rupees in '000)									
1	Mr. Sultan Ali Allana	3,000	-	-	-	1,800	-	800	-	1,200	6,800
2	Mr. Shaffiq Dharamshi*	-	-	-	-	-	-	-	-	-	-
3	Mr. Moez Ahamed Jamal	3,400	3,400	-	3,000	-	-	-	400	-	10,200
4	Ms. Sadia Khan**	2,400	2,800	-	2,400	2,000	-	-	-	-	9,600
5	Mr. Salim Raza	3,400	-	2,200	-	-	1,800	1,200	-	-	8,600
6	Dr. Najeeb Samie	3,400	3,400	-	-	600	-	-	1,600	1,200	10,200
7	Mr. Agha Sher Shah***	2,400	-	-	-	1,600	1,200	-	-	-	5,200
	Total Amount Paid	**18,000**	**9,600**	**2,200**	**5,400**	**6,000**	**3,000**	**2,000**	**2,000**	**2,400**	**50,600**

In addition to the above, Rs 5.359 million was also paid to the Directors, where applicable as per the Bank's policy, on account of daily allowance for attending Board and Committee meetings, official visits and foreign trainings during the year.

* Mr. Shaffiq Dharamshi is an employee of AKFED (the parent company of the Bank) and is not paid meeting fees or any other

** Ms. Sadia Khan resigned from the Board with effect from November 15, 2019

*** Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019

38.2.2 Note: A Board Remuneration Committee was formed in the Board Meeting held on September 17, 2019 to comply with the SBP's BPRD Circular No. 3 of 2019 "Amendments in Prudential Regulation G-1" relating to remuneration of Board members. The Committee included Dr. Najeeb Samie and Mr. Salim Raza as its members. The Committee did not hold any formal meeting in 2019.

38.3 **Remuneration paid to Shariah Board Members**

Items	2020 Chairman	2020 Resident Member	2020 Non-Resident Member	2020 Total	2019 Chairman	2019 Resident Member	2019 Non-Resident Member	2019 Total
	(Rupees in '000)							
Fixed Remuneration	4,200	3,886	3,600	11,686	5,190	5,025	4,500	14,715
Allowances	50	1,071	-	1,121	46	1,555	-	1,601
Total Amount	4,250	4,957	3,600	12,807	5,236	6,580	4,500	16,316
Total Number of Persons	1	1	1	3	1	1	1	3

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments, are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these unconsolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements using inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements using inputs that are not based on observable market data.

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Non-Government debt securities	Investments in non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in non-Government debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Foreign Government debt securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg / Reuters.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Derivatives	The Bank enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

39.1 **Fair value of financial assets**

The following table provides the fair values of those of the Bank’s financial assets and liabilities that are recognised or disclosed at fair value in these unconsolidated financial statements:

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

On balance sheet financial instruments	As at December 31, 2020				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,518,270,016	-	1,518,270,016	-	1,518,270,016
- Shares - listed companies	5,985,004	5,985,004	-	-	5,985,004
Non-Government debt securities					
- Listed	47,265,405	40,240,000	7,025,405	-	47,265,405
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
Government debt securities	40,219,455	-	40,219,455	-	40,219,455
- Non-Government debt securities- listed	3,553,703	-	3,553,703	-	3,553,703
- National Investment Unit Trust	46,839	-	46,839	-	46,839
- Real Estate Investment Trust units	53,000	53,000	-	-	53,000
- Preference shares	855,400	855,400	-	-	855,400
	1,616,871,322	47,133,404	1,569,737,918	-	1,616,871,322
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	227,463,214	-	227,554,478	-	227,554,478
- Non-Government debt securities					
- Listed	4,277,922	-	4,304,568	-	4,304,568
- Unlisted	16,209,049	-	16,209,049	-	16,209,049
- Foreign securities					
Government debt securities	13,617,532	-	15,850,104	-	15,850,104
Non-Government debt securities					
- Listed	382,489	-	430,226	-	430,226
- Unlisted	311,326	-	312,842	-	312,842
- Associates and Joint venture	9,040,549	27,994,673	3,047,704	-	31,042,377
	271,302,081	27,994,673	267,708,971	-	295,703,644
	1,888,173,403	75,128,077	1,837,446,889	-	1,912,574,966

Off-balance sheet financial instruments - measured at fair value	As at December 31, 2020				
	Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	405,885,132	-	(2,637,586)	-	(2,637,586)
- Forward Government securities transactions	150,757,178	-	(52,974)	-	(52,974)
- Derivative instruments	38,504,637	-	(1,266,883)	-	(1,266,883)

On balance sheet financial instruments	As at December 31, 2019				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,077,517,719	-	1,077,517,719	-	1,077,517,719
- Shares - listed companies	6,653,529	6,653,529	-	-	6,653,529
Non-Government debt securities					
- Listed	1,722,749	-	1,722,749	-	1,722,749
- Foreign securities					
Government debt securities	27,545,041	-	27,545,041	-	27,545,041
Non-Government debt securities					
- Listed	3,198,549	-	3,198,549	-	3,198,549
- Unlisted	349,384	-	349,384	-	349,384
- National Investment Unit Trust	42,804	-	42,804	-	42,804
- Real Estate Investment Trust units	62,450	62,450	-	-	62,450
	1,117,092,225	6,715,979	1,110,376,246	-	1,117,092,225
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	167,722,486	-	158,832,106	-	158,832,106
- Non-Government debt securities					-
- Listed	5,799,373	-	5,839,857	-	5,839,857
- Unlisted	18,146,759	-	18,146,759	-	18,146,759
- Foreign securities					-
Government debt securities	7,371,115	-	7,615,906	-	7,615,906
Non-Government debt securities					-
- Listed	510,542	-	510,542	-	510,542
- Unlisted	512,933	-	516,268	-	516,268
- Associates and Joint venture	9,155,882	27,439,998	3,272,473	-	30,712,471
	209,219,090	27,439,998	194,733,911	-	222,173,909
	1,326,311,315	34,155,977	1,305,110,157	-	1,339,266,134

Off-balance sheet financial instruments - measured at fair value	As at December 31, 2019				
	Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	569,780,600	-	(1,376,244)	-	(1,376,244)
- Forward Government securities transactions	107,869,401	-	25,258	-	25,258
- Derivative instruments	29,437,457	-	(1,654,370)	-	(1,654,370)

39.2 **Fair value of non-financial assets**

	As at December 31, 2020				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed assets	52,560,430	-	-	52,560,430	52,560,430
Non-banking assets acquired in satisfaction of claims	639,379	-	-	639,379	639,379
	53,199,809	-	-	53,199,809	53,199,809

	As at December 31, 2019				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed assets	44,947,377	-	-	44,947,377	44,947,377
Non-banking assets acquired in satisfaction of claims	626,000	-	-	626,000	626,000
	45,573,377	-	-	45,573,377	45,573,377

40 SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

	For the year ended December 31, 2020							
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Head office / others	Total
	(Rupees in million)							
Profit and loss account								
Net mark-up / return / profit / interest income	(71,459)	25,449	12,414	38,471	117,575	4,520	(4,918)	122,052
Inter segment revenue / (expense) - net	121,878	(13,763)	-	(23,270)	(96,858)	3,028	8,985	-
Non mark-up / interest income	3,647	6,193	376	3,360	10,439	2,264	(536)	25,743
Total income	54,066	17,879	12,790	18,561	31,156	9,812	3,531	147,795
Segment direct expenses	25,491	7,366	1,783	3,398	1,333	16,854	28,351	84,576
Inter segment expense allocation	12,646	1,796	635	1,678	271	7,128	(24,154)	-
Total expenses	38,137	9,162	2,418	5,076	1,604	23,982	4,197	84,576
Provisions - charge / (reversal)	73	2,160	907	3,034	(1,215)	5,134	131	10,224
Profit / (loss) before tax	15,856	6,557	9,465	10,451	30,767	(19,304)	(797)	52,995

	As at December 31, 2020							
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Head office / others	Total
	(Rupees in million)							
Statement of financial position								
Cash and bank balances	179,590	-	12,771	293	125,940	67,818	-	386,412
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	81,305	22,492	1,912,238
Advances - performing	-	163,801	153,152	618,911	-	156,054	17,020	1,108,938
Advances - non-performing	-	1,960	211	4,308	-	1,902	2	8,383
Others	15,636	3,946	7,295	25,006	30,760	24,639	90,305	197,587
Total assets	1,625,739	169,707	318,396	657,193	1,841,744	515,610	275,524	5,403,913
Borrowings	-	4,011	32,183	100,397	324,181	79,323	-	540,095
Subordinated debt	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	365,484	8,112	2,669,491
Inter segment borrowing	-	159,043	-	98,870	1,502,288	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	44,329	58,034	169,045
Total liabilities	1,625,739	169,707	295,629	657,193	1,835,282	489,136	88,502	5,161,188
Equity	-	-	22,767	-	6,462	26,474	187,022	242,725
Total equity and liabilities	1,625,739	169,707	318,396	657,193	1,841,744	515,610	275,524	5,403,913
Contingencies and commitments	13,108	-	9,416	321,938	551,311	63,568	28,891	988,232

	For the year ended December 31, 2019							
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Head office / others	Total
	(Rupees in million)							
Profit and loss account								
Net mark-up / return / profit / interest income	(83,974)	26,235	10,463	58,352	83,323	5,727	(5,500)	94,626
Inter segment revenue / (expense) - net	146,160	(15,262)	-	(46,372)	(93,182)	2,828	5,828	-
Non mark-up / interest income	5,287	6,297	587	4,209	1,695	2,915	(2,231)	18,759
Total income	67,473	17,270	11,050	16,189	(8,164)	11,470	(1,903)	113,385
Segment direct expenses	25,349	7,726	1,540	3,243	474	22,142	23,282	83,756
Inter segment expense allocation	10,970	1,403	577	1,418	225	5,260	(19,853)	-
Total expenses	36,319	9,129	2,117	4,661	699	27,402	3,429	83,756
Provisions - charge / (reversal)	37	1,237	86	443	(66)	401	392	2,530
Profit / (loss) before tax	31,117	6,904	8,847	11,085	(8,797)	(16,333)	(5,724)	27,099

	As at December 31, 2019							
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Head office / others	Total
	(Rupees in million)							
Statement of financial position								
Cash and bank balances	144,856	-	17,199	228	121,382	85,716	-	369,381
Lendings to financial institutions	-	-	20,489	-	24,814	-	-	45,303
Inter segment lending	1,306,601	-	40,224	-	-	84,588	134,236	1,565,649
Investments	-	-	33,594	9,944	1,232,755	56,226	19,443	1,351,962
Advances - performing	-	146,129	153,042	596,652	-	158,328	12,918	1,067,069
Advances - non-performing	-	1,807	75	2,168	-	1,899	-	5,949
Others	18,566	4,810	11,591	37,868	40,458	28,717	72,060	214,070
Total assets	1,470,023	152,746	276,214	646,860	1,419,409	415,474	238,657	4,619,383
Borrowings	-	2,426	10,780	79,370	199,964	89,532	-	382,072
Subordinated debt	-	-	-	-	-	-	22,360	22,360
Deposits and other accounts	1,451,434	198	242,604	318,013	20	286,146	3,484	2,301,899
Inter segment borrowing	-	145,451	-	227,143	1,193,055	-	-	1,565,649
Others	18,589	4,671	6,122	22,334	25,056	7,654	61,555	145,981
Total liabilities	1,470,023	152,746	259,506	646,860	1,418,095	383,332	87,399	4,417,961
Equity	-	-	16,708	-	1,314	32,142	151,258	201,422
Total equity and liabilities	1,470,023	152,746	276,214	646,860	1,419,409	415,474	238,657	4,619,383
Contingencies and commitments	10,240	-	3,776	247,336	661,004	50,293	25,244	997,893

40.1.1 Comparative figures have been restated resulting from a reorganization and subsequent changes in segment definitions during the year.

40.2 Segment details with respect to geographical locations

	For the year ended December 31, 2020				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
	(Rupees in million)				
Profit and loss account					
Net mark-up / return / profit / interest income	115,775	3,837	2,120	320	122,052
Non mark-up / interest income	24,143	1,376	(77)	301	25,743
Total income	139,918	5,213	2,043	621	147,795
Segment direct expenses	68,014	6,866	3,419	6,277	84,576
Provisions - charge	5,270	3,958	971	25	10,224
Profit / (loss) before tax	66,634	(5,611)	(2,347)	(5,681)	52,995

	As at December 31, 2020				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe	Total
	(Rupees in million)				
Statement of financial position					
Cash and bank balances	319,124	38,343	21,995	6,950	386,412
Lendings to financial institutions	30,154	-	-	-	30,154
Investments	1,838,744	40,538	32,956	-	1,912,238
Advances - performing	978,055	99,131	25,536	6,216	1,108,938
Advances - non-performing	6,481	1,010	852	40	8,383
Others	151,836	41,924	2,735	1,092	197,587
Total assets	3,324,394	220,946	84,074	14,298	3,643,712
Borrowings	460,772	68,234	5,487	5,602	540,095
Subordinated debt	22,356	-	-	-	22,356
Deposits and other accounts	2,511,990	117,369	36,324	3,808	2,669,491
Others	158,297	3,273	5,943	1,533	169,046
Total liabilities	3,153,415	188,876	47,754	10,943	3,400,988
Equity	170,979	32,070	36,320	3,355	242,724
Total equity and liabilities	3,324,394	220,946	84,074	14,298	3,643,712
Contingencies and commitments	925,335	44,376	16,497	2,024	988,232

	For the year ended December 31, 2019				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
	(Rupees in million)				
Profit and loss account					
Net mark-up / return / profit / interest income	87,723	4,689	1,697	517	94,626
Non mark-up / interest income	16,488	1,595	553	123	18,759
Total income	104,211	6,284	2,250	640	113,385
Segment direct expenses	61,950	5,610	2,497	13,699	83,756
Provisions - charge / (reversal)	2,129	390	(69)	80	2,530
Profit / (loss) before tax	40,132	284	(178)	(13,139)	27,099

	As at December 31, 2019				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
	(Rupees in million)				
Statement of financial position					
Cash and bank balances	283,970	50,375	22,839	12,197	369,381
Lendings to financial institutions	45,303	-	-	-	45,303
Investments	1,304,346	29,594	18,022	-	1,351,962
Advances - performing	941,578	99,863	22,999	2,630	1,067,070
Advances - non-performing	4,049	1,245	602	53	5,949
Others	154,962	85,579	(4,736)	(21,736)	214,069
Total assets	2,734,208	266,656	59,726	(6,856)	3,053,734
Borrowings	292,582	86,550	2,013	927	382,072
Subordinated debt	22,360	-	-	-	22,360
Deposits and other accounts	2,134,406	136,614	26,330	4,549	2,301,899
Others	133,459	6,368	2,123	4,031	145,981
Total liabilities	2,582,807	229,532	30,466	9,507	2,852,312
Equity	151,401	37,124	29,260	(16,363)	201,422
Total equity and liabilities	2,734,208	266,656	59,726	(6,856)	3,053,734
Contingencies and commitments	948,250	44,754	3,285	1,604	997,893

41 **TRUST ACTIVITIES**

The Bank undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust are shown in the table below:

As at December 31, 2020

Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
		(Rupees in '000)			
Asset Management companies	5	72,000	75,000	49,500	196,500
Charitable institutions	2	40,000	170,000	-	210,000
Companies	66	24,238,125	49,761,200	-	73,999,325
Employee funds	67	17,808,665	20,016,780	-	37,825,445
Individuals	126	3,971,220	1,675,768	-	5,646,988
Insurance companies	5	18,338,340	299,671,600	8,138,200	326,148,140
Non-Government organizations	1	10,135	-	-	10,135
Others	14	3,910,950	819,400	-	4,730,350
Total	286	68,389,435	372,189,748	8,187,700	448,766,883

As at December 31, 2019

Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
		(Rupees in '000)			
Asset Management companies	1	-	600,000	-	600,000
Charitable institutions	2	65,000	170,000	-	235,000
Companies	50	18,693,330	39,036,100	-	57,729,430
Employee funds	68	19,987,830	18,878,380	-	38,866,210
Individuals	143	4,543,720	2,766,718	150	7,310,588
Insurance companies	3	4,641,270	235,244,900	675,000	240,561,170
Non-Government organizations	2	12,570	-	-	12,570
Others	13	4,013,275	977,700	-	4,990,975
Total	282	51,956,995	297,673,798	675,150	350,305,943

42 **RELATED PARTY TRANSACTIONS**

The Bank has related party relationships with various parties including its Directors, Key Management Personnel, Group entities, subsidiaries, associated companies, joint venture and employee benefit schemes of the Bank.

Transactions with the related parties, other than those under terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

Contributions to and accruals in respect of staff retirement and other benefit schemes are made in accordance with the actuarial valuations / terms of the schemes.

Details of transactions and balances with related parties as at the year end are as follows:

	As at December 31, 2020						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
Balances with other banks							
In current accounts	-	-	25,483	362,924	-	4,074	-
Investments							
Opening balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Investment made during the year	-	-	-	500,000	-	-	-
Investment redeemed / disposed off during the year	-	-	-	(1,625,607)	(115,334)	-	-
Revaluation of investment during the year	-	-	-	-	-	-	68,121
Exchange translation impact	-	-	-	149,603	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-
Closing balance	-	-	-	17,614,626	9,161,114	135,665	4,843,724
Advances							
Opening balance	1,144	302,682	3,853,355	52,035	1,375,000	-	7,924,895
Addition during the year	10,157	222,404	7,294,502	2,141,455	-	-	7,668,197
Repaid during the year	(11,062)	(162,557)	(6,729,728)	(121,823)	(250,000)	-	(6,242,581)
Transfer in / (out) - net	10	(56,693)	-	-	-	-	(1,601,517)
Other movement	-	-	86,399	2,218	-	-	-
Closing balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Other Assets							
Interest / mark-up accrued	-	710	23,444	92,882	30,556	-	198,970
Other receivable	-	-	-	-	305,198	-	3,335
	-	710	23,444	92,882	335,754	-	202,305
Borrowings							
Opening balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-
Borrowings during the year	-	-	6,992,840	6,016,905	2,913,226	4,855,377	500,000
Settled during the year	-	-	(6,473,832)	(9,919,751)	(2,913,226)	(4,855,377)	(5,691)
Other movement	-	-	206,272	183,374	29,920	49,868	-
Closing balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309
Deposits and other accounts							
Opening balance	26,259	192,845	7,803,875	1,076,088	11,245,324	-	716,890
Received during the year	223,185	2,338,236	234,970,772	206,571,000	651,783,633	-	60,058,254
Withdrawn during the year	(233,311)	(2,123,153)	(235,783,141)	(206,561,582)	(626,730,063)	-	(59,090,555)
Transfer in / (out) - net	4,619	35,680	-	-	-	-	(3,237)
Other movement	42	4,132	296,946	1,756	(5,691)	-	2,791
Closing balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
Other liabilities							
Interest / mark-up payable	10	1,734	52,208	1,715	128,470	6,251	8,048
Payable to staff retirement fund	-	-	-	-	-	-	1,182,639
Other payables	-	-	1,511	18	33,615	-	315,431
	10	1,734	53,719	1,733	162,085	6,251	1,506,118
Contingencies and Commitments							
Letter of credit	-	-	145,085	-	-	-	1,576,326
Letter of guarantee	-	-	134,121	4,320	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	-	316,416
Forward sale of Government securities	-	-	-	-	-	-	-
Commitments in respect of forward lending	-	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	-	1,125,000	-	-
	-	-	2,000,329	4,320	1,125,000	-	7,836,215
Others							
Securities held as custodians	-	17,745	5,457,675	-	30,978,500	-	13,662,385

	For the year ended December 31, 2020						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Profit and loss account							
Income							
Mark-up / return / profit / interest earned	-	22,866	306,870	332,424	250,523	-	1,086,137
Fee and commission income	-	-	122,969	35,044	1,092,473	352	42,573
Dividend income	-	-	-	-	668,527	518,967	85,633
Foreign exchange gain	-	-	-	260,682	-	-	-
Loss from derivatives	-	-	(20,978)	-	(19,556)	-	-
Net gain on sale of securities	-	-	-	-	34,666	-	-
Rent on properties	-	-	-	38,339	-	-	-
Other income	-	-	-	7,028	-	-	-
Expense							
Mark-up / return / profit / interest expensed	102	8,116	296,701	65,382	796,997	26,085	75,285
Operating expenses							
Total compensation expense	-	1,751,080	-	-	-	-	1,312,361
Non-Executive Directors' fees	84,000	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,277,349	-	-
Advertisement and publicity	-	-	105,850	-	-	-	-
Travelling	-	-	15,907	-	-	-	-
Subscription	-	-	-	-	-	-	59,868
Donation	-	-	157,360	-	-	-	315,431
Brokerage and Commission			-				197,720
Other expenses	-	-	7,450	40,965	-	-	17,785
Reversal of provision against advances	-	-	-	-	-	-	(124,920)
Others							
Purchase of Government securities	-	-	155,206,248	-	26,699,197	-	8,586,622
Sale of Government securities	-	31,716	160,624,591	3,616,705	85,382,672	-	12,496,840
Purchase of foreign currencies	-	-	1,792,352	13,703,571	3,867	-	1,864
Sale of foreign currencies	-	-	2,817,044	8,098,306	130,800	-	6,505,372
Insurance claims settled	-	-	-	-	195,894	-	-

	As at December 31, 2019						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Statement of financial position							
Balances with other banks							
In current accounts	-	-	215	350,881	-	2,569	-
Investments							
Opening balance	-	-	-	18,111,059	11,523,187	135,665	4,004,502
Investment made during the year	-	-	-	-	-	-	1,095,511
Investment redeemed / disposed off during the year	-	-	-	-	(2,246,739)	-	(158,960)
Exchange translation impact	-	-	-	479,571	-	-	-
Transfer (out) - net	-	-	-	-	-	-	(165,450)
Closing balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Advances							
Opening balance	825	240,198	3,536,393	40,806	1,500,000	-	13,376,593
Addition during the year	17,838	251,640	5,302,656	56,271	-	-	350,670,513
Repaid during the year	(17,519)	(184,933)	(4,985,694)	(45,042)	(125,000)	-	(347,326,871)
Transfer (out) - net	-	(4,223)	-	-	-	-	(8,795,340)
Closing balance	1,144	302,682	3,853,355	52,035	1,375,000	-	7,924,895
Provision held against advances	-	-	-	-	-	-	(1,726,437)
Other Assets							
Interest / mark-up accrued	-	665	49,194	56,948	44,448	-	224,553
Receivable from staff retirement fund	-	-	-	-	-	-	24,419
Other receivable	-	3,195	-	57,079	277,475	-	1,852
	-	3,860	49,194	114,027	321,923	-	250,824
Borrowings							
Opening balance	-	-	2,290,315	-	2,499,514	1,388,619	-
Borrowings during the year	-	-	8,423,723	10,370,969	2,754,171	4,750,143	-
Settled during the year	-	-	(8,238,462)	(6,183,115)	(4,324,599)	(4,590,286)	-
Closing balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-

	As at December 31, 2019						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Deposits and other accounts							
Opening balance	72,451	38,765	7,181,954	1,366,812	4,499,559	-	819,634
Received during the year	475,433	1,500,940	291,153,125	215,020,749	383,397,316	-	133,270,604
Withdrawn during the year	(517,919)	(1,351,466)	(290,531,204)	(215,311,473)	(376,651,551)	-	(133,337,696)
Transfer in / (out) - net	(3,706)	1,739	-	-	-	-	(40,428)
Other movement	-	2,867	-	-	-	-	4,776
Closing balance	26,259	192,845	7,803,875	1,076,088	11,245,324	-	716,890
Other liabilities							
Interest / mark-up payable	-	863	45,717	7,169	40,441	7,076	1,258
Payable to staff retirement fund	-	-	-	-	-	-	577,964
Other payables	-	-	69,334	35,669	123,558	-	158,202
	-	863	115,051	42,838	163,999	7,076	737,424
Contingencies and Commitments							
Letter of credit	-	-	502,087	-	-	-	2,655,788
Letter of guarantee	-	-	142,888	12,921	-	-	-
Forward purchase of Government securities	-	-	-	-	-	-	386,193
Forward sale of Government securities	-	-	-	181,610	-	-	-
Interest rate swaps	-	-	1,154,173	-	1,375,000	-	-
	-	-	1,799,148	194,531	1,375,000	-	3,041,981
Others							
Securities held as custodians	-	8,730	7,195,675	-	28,665,515	-	8,526,920

	For the year ended December 31, 2019						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Profit and loss account							
Income							
Mark-up / return / profit / interest earned	-	16,621	360,548	546,445	315,760	-	1,466,550
Fee and commission income	-	-	141,466	44,590	2,221,815	330	34,416
Dividend income	-	-	-	-	729,818	-	174,749
Foreign exchange gain	-	-	-	139,687	-	-	-
Loss from derivatives	-	-	(32,287)	-	(55,369)	-	-
Gain on sale of securities -net	-	-	-	-	1,143,531	-	-
Rent on properties	-	-	-	38,253	-	-	-
Other income	-	-	-	8,910	-	-	-
Expense							
Mark-up / return / profit / interest expensed	1,278	5,025	549,423	86,117	580,044	47,399	82,765
Operating expenses							
Total compensation expense	-	1,412,900	-	-	-	-	866,545
Non-Executive Directors' fees	50,600	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,202,625	-	-
Advertisement and publicity	-	-	102,203	-	-	-	-
Travelling	-	-	25,129	-	-	-	-
Subscription	-	-	-	-	-	-	60,702
Donation	-	-	77,575	-	-	-	158,202
Other expenses	-	-	-	5,582	-	-	178,383
Reversal of Provision for diminution in value of investments	-	-	-	-	-	-	(106,885)
Others							
Purchase of Government securities	-	33,130	193,633,855	-	70,582,819	-	360,883,492
Sale of Government securities	-	32,952	182,070,271	2,019,904	72,183,407	-	359,267,758
Purchase of foreign currencies	15,863	-	2,227,261	6,996,563	2,763	-	1,016,117
Sale of foreign currencies	-	-	2,596,850	2,900,740	68,874	-	6,396,938
Insurance claims settled	-	-	-	-	209,904	-	-

42.1 Balances and transactions with group entities include deposits of Rs 0.296 million (2019: Rs 0.284 million) from the parent and Rs 4.223 thousand (2019: Rs 1.000 thousand) as mark-up expense thereon.

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	14,668,525	14,668,525
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	172,940,364	142,980,287
Eligible Additional Tier 1 (ADT 1) Capital	10,438,063	12,270,890
Total Eligible Tier 1 Capital	183,378,427	155,251,177
Eligible Tier 2 Capital	54,025,763	38,318,243
Total Eligible Capital (Tier 1 + Tier 2)	237,404,190	193,569,420
Risk Weighted Assets (RWAs):		
Credit Risk	935,446,560	866,844,689
Market Risk	109,134,799	98,801,011
Operational Risk	191,948,129	168,054,363
Total	1,236,529,488	1,133,700,063
Common Equity Tier 1 Capital Adequacy Ratio	13.99%	12.61%
Tier 1 Capital Adequacy Ratio	14.83%	13.69%
Total Capital Adequacy Ratio	19.20%	17.07%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	9.50%	10.50%
of which: capital conservation buffer requirement	1.50%	2.50%
of which: countercyclical buffer requirement	-	-
of which: D-SIB or G-SIB buffer requirement	2.00%	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)	7.99%	6.61%
Other information:		
National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	9.50%	10.50%
Tier 1 minimum ratio (%)	11.00%	12.00%
Total capital minimum ratio (%)	13.50%	14.50%

	2020	2019
	(Rupees in '000)	
Leverage Ratio (LR)		
Eligible Tier-1 Capital	183,378,427	155,251,177
Total Exposures	4,167,230,907	3,417,160,879
Leverage Ratio (%)	4.40%	4.54%
Minimum Requirement (%)	3.00%	3.00%

	2020	2019
	Total Adjusted Value (Rupees in '000)	
Liquidity Coverage Ratio (LCR)		
Average High Quality Liquid Assets	1,343,833,391	906,731,376
Average Net Cash Outflow	525,626,841	585,290,046
Average Liquidity Coverage Ratio (%)	255.66%	154.92%
Minimum Requirement (%)	100.00%	100.00%

	2020	2019
	Total Weighted Value (Rupees in '000)	
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	2,637,965,349	2,354,284,645
Total Required Stable Funding	1,448,252,363	1,337,084,320
Net Stable Funding Ratio (%)	182.15%	176.08%
Minimum Requirement (%)	100.00%	100.00%

The SBP, through BPRD circular 12, dated March 26, 2020 has provided the following relaxations to banks to enable them to continue providing credit to the real economy:

- The Capital Conservation Buffer (CCB) has been reduced from 2.50% to 1.50%. This has resulted in a 1.00% decline in capital adequacy requirements for all tiers.

- The regulatory retail portfolio limit has been increased from Rs 125 million to Rs 180 million.

43.1 **Capital management**

The Bank's policy is to maintain a strong capital base so as to maintain investor, depositor, creditor and market confidence and to sustain future development of the business, while providing adequate returns to shareholders.

The Bank's lead regulator, the SBP, sets and monitors capital requirements for the Bank as a whole. The Bank's branches outside Pakistan are also required to follow capital requirements applicable in their respective jurisdictions.

The SBP, through BSD Circular No. 07 dated April 15, 2009 has required that Banks should maintain a minimum paid-up capital of Rs. 10 billion (net of accumulated losses). The paid-up capital of the Bank as at December 31, 2020 stood at Rs 14.669 billion (2019: Rs. 14.669 billion) and is in compliance with SBP requirements.

The Bank and its individually regulated operations have complied with all capital requirements throughout the year.

The Bank's regulatory capital is classified as follows:

- Tier 1 capital comprises of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT 1) capital.

- CET1 capital includes fully paid-up capital, balance in share premium account, reserves (excluding exchange translation reserves) and unappropriated profit meeting the eligibility criteria.

- AT 1 capital includes perpetual TFCs meeting the prescribed SBP criteria

- Tier 2 capital includes general provisions for loan losses, surplus / (deficit) on revaluation of fixed assets and investments, exchange translation reserves and subordinated debt (meeting the eligibility criteria).

  Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to on and off-balance sheet exposures.

- On and off-balance sheet exposures in the banking book are segregated into various asset classes for the calculation of credit risk. Ratings reflecting the credit worthiness of counterparties are applied using various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Collateral, if any, is used as an outflow adjustment. Risk weights notified by the SBP are applied to arrive at risk weighted assets. Eligible collateral used includes Government of Pakistan (GoP) guarantees, GoP issued securities, bank guarantees, lien on deposits and margin accounts.

- The Bank calculates capital requirements for market risk in its trading book based on the methodology provided by the SBP which takes into account interest rate risk using the maturity method, equity position risk and foreign exchange risk.

43.2 The full disclosures on the Capital Adequacy Ratio, Leverage Ratio & Liquidity Requirements calculated as per SBP instructions issued from time to time have been placed on the Bank's website. The link to the full disclosure is available at https://www.hbl.com/capitalandliquidity.

44 **RISK MANAGEMENT FRAMEWORK**

HBL has a well-developed, robust, risk management framework given the high degree of complexity of its operations, its size, and regional and target market diversification. The Bank's risk management framework is based on strong Board oversight, multi-tier management supervision, efficient systems, documented risk appetite, and clearly articulated policies and procedures.

The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework is in place including the required human resources, policies, procedures and systems. It is supported in this task by the Board Risk Management Committee (BRMC) as well as by various management committees.

The risk management policies continue to remain robust and the Bank regularly conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on all economies globally. To reduce the impact on businesses and economies in general, regulators / governments have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 impacts banks in Pakistan on a number of fronts including:

- increase in overall credit risk pertaining to the loans and advances portfolio;
- reduced fee income due to overall slowdown in economic activity;
- continuity of business operations; and
- managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are using digital channels.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate in 2020 by 625 basis points to 7%. Other regulatory measures to provide an impetus to economic activity include the following:

- Reducing the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introducing refinancing schemes for payment of wages and salaries, setting up of COVID-19 related facilities / new hospitals and import of plant and machinery for new/existing industrial projects.

For effective implementation of the risk management framework, the Risk Management function, headed by the Chief Risk Officer (CRO), operates independently of business units within the Bank. Risk Management is responsible for the development and implementation of risk policies and monitoring the risks associated with various activities of the Bank. The CRO reports to the President, with a functional reporting line to the BRMC.

The Risk Management function comprises of the following areas:

- Credit Policy & Analytics
- Credit Approvals
- Credit Administration
- Program Based Lending Risk
- Market & Liquidity Risk Management
- Operational Risk Management
- Enterprise Risk Management

Risk Management alignment with Basel framework

The Bank has adopted the Standardized Approach for credit risk and the Alternate Standardized Approach for operational risk. In addition, the Bank has adopted the simple approach for recognizing eligible collateral for credit risk mitigation. The Bank's goal is to develop resources internally to embed Basel related processes and methodologies in its risk practices.

The Bank is following the Standardized Approach for market risk and is engaged in capacity building for adoption of the Internal Models Approach (IMA).

44.1 Credit Risk

Credit risk is defined as the risk of financial loss stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. While loans are the largest and most obvious source of credit risk, it also stems from activities both on and off-balance sheet. The credit process at the Bank is governed by well-defined and documented credit policies and procedures including separate policies for consumer loans, rural banking and SME financing. Certain types of exposures / facilities are managed under product programs that contain their own detailed credit criteria, compliance and documentation requirements.

The Bank's credit risk appetite is defined through a Risk Appetite Statement that is approved by the Board. It also covers the concentration risk the Bank is willing to take with reference to risk ratings, sectors and large exposures.

The core pillars of credit risk management at the Bank are:

- Approval rules based on a three-initial system and joint Business / Risk sign-offs.
- An independent Internal Audit function which includes a Business Risk Review (BRR) function.

Credit approval authorities are delegated to individuals based on their qualification and experience. Disbursement authorization, collateral and security management, documentation and monitoring are managed by the Credit Administration Department. Proactive monitoring is ensured for assets under stress. This enables the Bank to put in place viable solutions to prevent further deterioration in credit quality. A special Structured Credits function is in place to handle stressed assets and to ensure a focused remedial strategy.

Credit risk management software to automate loan origination has been implemented for Corporate and Commercial customers and the Bank is extending the same to other business segments. The software is designed to improve approval efficiency, capture, storage and retrieval of approval data, and generation of MIS for decision making.

Stress testing on the credit portfolio is performed in line with SBP guidelines. In addition to the mandatory stress tests defined by the regulator, the Bank has also developed advanced stress tests including macroeconomic stress tests, shock scenarios and reverse stress tests to test the capital against shocks to the credit portfolio.

The Bank has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor risk rating and facility risk rating) for the portfolio, and the development of transition & migration matrices to develop Probability of Default (PD) estimates and test these against actual default rates. The performance of the risk rating models over the years is continuously monitored.

BRR performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, the efficacy of processes for acquisition of risk assets, regulatory / policy compliance and appropriateness of classification and risk rating.

The Risk Management function of the Bank has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to be affected due to changes in the business and economic environment.

44.1.1 Credit risk - General disclosures

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of exposure. The Bank utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poor's (S&P). The Bank also utilizes rating scores of Export Credit Agencies (ECAs).

Types of exposure and ECAIs used

	FITCH	Moody's	S&P	PACRA	JCR-VIS	ECA scores
Corporates	-	✓	-	✓	✓	-
Banks	✓	✓	✓	✓	✓	-
Sovereigns	-	✓	-	-	-	✓
Public sector enterprises	-	-	-	✓	✓	-

Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

Long Term Rating Grades mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA Scores
1	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	0 1
2	A+ A A-	A1 A2 A3	A+ A A-	A+ A A-	A+ A A-	2
3	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	3
4	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	4
5	B+ B B-	B1 B2 B3	B+ B B-	B+ B B-	B+ B B-	5 6
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Short Term Rating Grades mapping

SBP Rating Grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

44.1.2 Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardized Approach

The Bank has adopted the Simple Approach for Credit Risk Mitigation in the Banking Book. Under this approach, cash, lien on deposits, Government securities and eligible guarantees etc. are considered as eligible collaterals. The Bank has in place detailed guidelines with respect to the valuation and management of each of these types of collaterals. Where the Bank's exposure on an obligor is wholly or partially guaranteed by an eligible guarantee, the risk weight / credit rating of the guarantor is substituted for the risk weight of the obligor.

No credit risk mitigation benefit is taken in the Trading Book.

For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of Risk Weighted Assets.

44.1.3 Country Risk

The Bank has in place a comprehensive Country Risk Policy. Limits are established for Cross Border Transfer Risk (CBTR) based on the ratings assigned by international rating agencies. CBTR arises from exposure to counterparties in countries other than the jurisdiction of the lender. Transfer risk arises where an otherwise solvent and willing debtor is unable to meet its obligation due to the imposition of governmental or regulatory controls restricting its ability to perform under its obligation towards meeting its foreign liabilities. The limit utilization is controlled at Head Office level and country risk exposures are reported to the BRMC at defined frequencies.

Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	**14,253,781**	37,031,364	-	-	-	-
Private	**15,900,412**	8,271,835	-	-	-	-
	30,154,193	45,303,199	-	-	-	-

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Chemical and pharmaceuticals	**203,025**	406,050	-	-	-	-
Textile	**106,548**	106,548	**106,548**	106,548	**106,548**	106,548
Automobile and transportation equipment	-	-	-	-	-	-
Financial	**1,810,164,219**	1,287,776,816	-	-	-	-
Oil and gas	**3,698,844**	4,362,557	-	-	-	-
Power and energy	**57,555,652**	14,858,864	-	-	-	-
Telecommunication	**164,329**	164,329	**164,329**	164,329	**164,329**	164,329
Construction	**2,046,000**	2,101,000	-	-	-	-
Metal and allied	**900,000**	900,000	-	-	-	-
Others	-	2,360,846	-	-	-	-
	1,874,838,617	1,313,037,010	**270,877**	270,877	**270,877**	270,877

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	**1,855,397,137**	1,298,723,314	**-**	-	**-**	-
Private	**19,441,480**	14,313,696	**270,877**	270,877	**270,877**	270,877
	1,874,838,617	1,313,037,010	**270,877**	270,877	**270,877**	270,877

44.1.6 **Advances**

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Chemical and pharmaceuticals	**49,371,190**	35,958,686	**2,551,951**	1,403,409	**2,519,264**	1,403,264
Agribusiness	**123,153,141**	107,034,111	**2,355,186**	4,148,556	**978,050**	3,048,992
Textile	**137,638,144**	113,542,440	**18,227,451**	20,111,710	**17,230,252**	19,460,081
Cement	**30,742,220**	31,163,363	**788,694**	788,694	**788,694**	788,694
Sugar	**11,836,435**	8,801,685	**1,230,342**	1,395,262	**1,295,262**	1,395,262
Shoes and leather garments	**3,905,696**	4,294,310	**950,036**	932,766	**908,274**	891,562
Automobile and transportation equipment	**16,636,312**	18,794,707	**3,209,778**	3,180,692	**3,197,282**	3,069,030
Financial	**73,313,174**	76,460,122	**45,154**	39,414	**45,154**	39,414
Hotel and tourism	**5,686,305**	5,311,489	**675,707**	678,472	**560,200**	614,556
Insurance	**2,892,710**	3,493,016	**-**	-	**-**	-
Electronics and electrical appliances	**7,141,707**	9,438,310	**2,401,210**	2,365,430	**2,401,210**	2,339,421
Oil and gas	**58,927,284**	58,156,756	**3,036,551**	136,799	**786,797**	131,800
Power and energy	**186,637,376**	223,744,793	**1,615,585**	1,741,772	**1,615,585**	1,741,772
Education and medical	**6,996,217**	3,079,480	**194,869**	162,384	**194,091**	162,159
Telecommunication	**29,265,551**	25,746,572	**1,130,701**	1,221,933	**1,130,701**	1,221,933
Printing and publishing	**6,813,205**	12,985,337	**355,966**	397,393	**355,949**	397,393
Construction	**33,896,363**	27,508,121	**361,501**	754,814	**285,961**	691,547
Mining and quarrying	**5,730,014**	4,710,985	**119**	119	**119**	119
Food, tobacco and beverages	**62,250,021**	47,391,073	**3,495,089**	2,894,470	**2,811,264**	2,287,188
Wholesale and retail trade	**54,054,400**	53,430,769	**13,605,951**	14,183,741	**12,344,035**	12,949,511
Metal and allied	**20,339,605**	20,674,000	**3,231,792**	3,137,264	**2,161,387**	2,059,101
Individuals	**101,199,598**	95,536,201	**2,269,555**	2,724,828	**1,995,760**	2,334,223
Farming, cattle and dairy	**7,003,387**	3,717,354	**515,986**	698,661	**434,060**	546,172
Trust funds and non profit organisations	**1,614,536**	1,279,404	**2,991**	2,991	**2,991**	748
Others	**156,842,571**	150,517,344	**13,198,440**	9,306,752	**13,025,295**	8,885,202
	1,193,887,162	1,142,770,428	**75,450,605**	72,408,326	**67,067,637**	66,459,144

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	**276,485,672**	301,961,530	**1,076,491**	1,081,891	**10,800**	16,200
Private	**917,401,490**	840,808,898	**74,374,114**	71,326,435	**67,056,837**	66,442,944
	1,193,887,162	1,142,770,428	**75,450,605**	72,408,326	**67,067,637**	66,459,144

44.1.7 **Contingencies and Commitments**

Credit risk by industry sector

	2020	2019
	(Rupees in '000)	
Chemical and pharmaceuticals	**125,589,265**	42,881,371
Agribusiness	**5,914,848**	1,645,056
Textile	**37,747,380**	43,115,779
Cement	**9,534,715**	13,761,821
Defence	**13,597,579**	13,774,890
Sugar	**2,425,872**	2,352,890
Shoes and leather garments	**2,051,318**	518,364
Automobile and transportation equipment	**12,864,675**	6,683,249
Financial	**477,416,757**	671,421,865
Hotel and tourism	**1,371,892**	1,768,596
Research and Development	**1,322,523**	894,653
Insurance	**1,653,258**	2,174,627
Electronics and electrical appliances	**16,114,947**	11,690,009
Oil and gas	**63,355,245**	36,938,590
Power and energy	**72,438,664**	44,295,311
Education and medical	**1,934,974**	1,713,651
Telecommunication	**9,425,449**	10,834,739
Printing and publishing	**1,238,472**	3,301,979
Construction	**15,178,433**	4,991,307
Mining and quarrying	**4,563,574**	2,025,652
Food, tobacco and beverages	**11,181,197**	12,472,202
Wholesale and retail trade	**16,553,245**	4,056,029
Metal and allied	**10,748,845**	9,944,293
Individuals	**17,820,528**	18,947,627
Farming, cattle and dairy	**2,106,305**	684,724
Ports and shipping	**2,554,655**	95,252
Trust funds and non profit organisations	**11,175,272**	5,221,951
Others	**40,352,137**	29,686,780
	988,232,024	997,893,257

Credit risk by public / private sector

	2020	2019
Public / Government	**201,203,863**	181,197,039
Private	**787,028,161**	816,696,218
	988,232,024	997,893,257

44.1.8 **Concentration of Advances**

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 380,572.960 million (2019: Rs 339,064.071 million).

	2020	2019
	(Rupees in '000)	
Funded	**280,605,421**	276,525,114
Non-funded	**99,967,539**	62,538,957
Total exposure	**380,572,960**	339,064,071

The sanctioned limits against these top 10 exposures aggregated to Rs 550,392.787 million (2019: Rs 467,543.289 million).

44.1.9 Advances - Province / Region-wise disbursement and utilization

Province / Region	Disbursements	2020 Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	**2,393,166,304**	**2,268,965,092**	**31,989,237**	**1,144,980**	**-**	**90,850,813**	**216,182**
Sindh	**6,451,498,873**	**145,218,707**	**6,263,286,115**	**3,912,615**	**5,562,663**	**32,079,834**	**1,438,939**
KPK including FATA	**51,591,780**	**1,185,242**	**1,346,987**	**49,059,551**	**-**	**-**	**-**
Balochistan	**4,198,771**	**-**	**-**	**-**	**4,198,771**	**-**	**-**
Islamabad	**726,933,449**	**43,618,837**	**125,045,659**	**-**	**-**	**558,268,953**	**-**
AJK including Gilgit-Baltistan	**12,531,134**	**-**	**-**	**-**	**-**	**-**	**12,531,134**
Total	**9,639,920,311**	**2,458,987,878**	**6,421,667,998**	**54,117,146**	**9,761,434**	**681,199,600**	**14,186,255**

Province / Region	Disbursements	2019 Utilization: Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	2,636,807,922	2,329,486,821	180,256,437	8,650,419	-	109,764,470	8,649,775
Sindh	6,201,390,045	661,258,007	5,453,861,495	19,745,059	7,923,779	52,420,939	6,180,766
KPK including FATA	103,773,094	4,890,600	60,135,281	38,586,490	-	-	160,723
Balochistan	8,676,566	-	-	-	8,676,566	-	-
Islamabad	606,758,521	61,653,914	179,906,538	585	-	365,073,725	123,759
AJK including Gilgit-Baltistan	17,407,129	631,108	5,893	1,500	-	-	16,768,628
Total	9,574,813,277	3,057,920,450	5,874,165,644	66,984,053	16,600,345	527,259,134	31,883,651

44.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. Each of these components of market risk consists of a general market risk and a specific market risk that is driven by the nature and composition of the portfolio.

The Bank is exposed to market risk through its trading activities which are carried out by Treasury and Global Markets (TGM) and through investments / structural positions parked in the Banking Book. Market risk also arises from market making, facilitation of client business and proprietary positions. The objective of the Bank's market risk management strategy is to reduce exposure to these risks and minimize volatility in capital resources, cash flows and distributable reserves in line with its risk appetite statement approved by the Board. The Market risk for the Bank is monitored under the supervision of the Global Asset and Liability Committee (ALCO).

A comprehensive structure is in place, aimed at ensuring that the Bank does not exceed its qualitative and quantitative tolerance for market risk. The risk associated with fluctuations in market prices is managed through:

- Maintaining a balanced approach towards risk taking while keeping exposures within the defined risk acceptance criteria.
- Using tools like Value at Risk, sensitivity analysis, various types of limits and Management Action Triggers with monitoring at different levels of granularity.
- Performing stress testing to estimate the impact on profitability, market value of equity and capital adequacy of the Bank.

44.2.1 Statement of financial position split by trading and banking books

	2020 Banking book	2020 Trading book	2020 Total	2019 Banking book	2019 Trading book	2019 Total
	(Rupees in '000)					
Cash and balances with treasury banks	**347,988,749**	**-**	**347,988,749**	337,241,623	-	337,241,623
Balances with other banks	**38,422,719**	**-**	**38,422,719**	32,139,733	-	32,139,733
Lendings to financial institutions	**30,154,193**	**-**	**30,154,193**	45,303,199	-	45,303,199
Investments	**1,200,609,033**	**711,628,960**	**1,912,237,993**	645,082,830	706,878,683	1,351,961,513
Advances	**1,117,320,960**	**-**	**1,117,320,960**	1,073,018,669	-	1,073,018,669
Fixed assets	**84,350,518**	**-**	**84,350,518**	75,541,769	-	75,541,769
Intangible assets	**4,596,807**	**-**	**4,596,807**	3,528,218	-	3,528,218
Deferred tax assets	**-**	**-**	-	1,898,828	-	1,898,828
Other assets	**105,097,879**	**3,541,902**	**108,639,781**	126,497,192	6,603,009	133,100,201
	2,928,540,858	**715,170,862**	**3,643,711,720**	2,340,252,061	713,481,692	3,053,733,753

44.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank manages this risk by setting and monitoring currency-wise limits. The Bank's assets in a particular currency are typically funded in the same currency to minimize foreign currency exposure. However, the Bank maintains a net open position in various currencies resulting from its transactions. Foreign exchange risk is controlled and monitored through the limits approved by Global ALCO within the overall limit advised by the SBP.

	2020				2019			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	(Rupees in '000)							
United States Dollars	**238,888,630**	**300,913,676**	**53,131,027**	**(8,894,019)**	201,420,568	276,124,552	44,845,667	(29,858,317)
Great Britain Pounds	**2,800,324**	**13,824,627**	**10,658,965**	**(365,339)**	3,857,889	15,418,144	11,569,195	8,940
UAE Dirhams	**26,054,309**	**38,717,090**	**26,334,763**	**13,671,982**	47,327,071	63,603,696	31,152,455	14,875,830
Japanese Yen	**11,780**	**100,063**	**117,785**	**29,503**	35,670	3,840	(220)	31,610
Euros	**19,945,215**	**14,299,428**	**(3,906,039)**	**1,739,748**	15,042,869	15,314,521	1,723,815	1,452,163
Other Currencies	**68,233,534**	**24,263,390**	**(992,744)**	**42,977,400**	81,857,353	64,674,568	6,957,386	24,140,171
	355,933,792	**392,118,274**	**85,343,757**	**49,159,275**	349,541,420	435,139,321	96,248,298	10,650,397

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in foreign exchange rates on				
- Profit and loss account	**-**	**429,774**	-	241,402
- Other comprehensive income	**621,843**	**-**	471,485	-

44.2.3 Equity Position Risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or the levels of equity indices. The Bank holds equity investments in both the AFS and HFT portfolios. The AFS portfolio takes a medium-term market view of capital gains and dividend income while the realization of short term capital gains is the principal objective of the HFT portfolio. The portfolios are managed by the Bank through the Equity Investment Policy approved by the Board. The policy defines various position limits, portfolio limits and loss triggers for the equity desk. The Bank also applies stress tests on the equity portfolio which is part of the Bank's overall market risk exposure limit on the trading book.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on	(Rupees in '000)			
- Profit and loss account	**-**	**7,311**	-	-
- Other comprehensive income	**-**	**339,701**	-	337,939

44.2.4 Interest Rate Risk

Interest rate risk arises due to changes in interest rates, including changes in the shape of the yield curve. It is inherent in the Bank's business due to investment in interest rate sensitive assets and mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank is exposed to interest rate risk in both the Trading and Banking Books.

Interest rate sensitivity is conducted at both banking book and trading book levels. The analysis is performed at least on a monthly basis or more frequently, if required. The analysis helps in estimating and managing the impact of interest rate volatility on the Bank's earnings and the economic value of equity within the defined tolerance limits. Limits are also in place for fixed income investments of the treasury portfolio at various levels (i.e. Dealer, Transaction, Portfolio, Trading and Banking Book). Regulatory stress testing is conducted on a quarterly basis. Metrics to assess Interest Rate Risk include Interest Rate Gap Reports, Earnings at Risk (EAR) and Economic value of Equity (EVE) based on different stress scenarios.

To further strengthen the interest rate risk management in the Bank, an initiative has been undertaken by developing a standardized framework for computing the Interest Rate Risk in the Banking Book (IRRBB) under the updated guidelines issued by the Bank for International Settlements (BIS): Basel Committee on Banking Supervision Standards (BCBS). Full scope implementation will commence from 2021 onward. The outcomes will be to fully segregate the risks on the Trading Books and the Banking Books, in line with international best practices.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	**(7,285,526)**	**(1,221,907)**	(4,002,873)	(1,423,184)
- Other comprehensive income	**(4,275,920)**	**(2,274,260)**	(1,593,620)	(1,826,956)

44.2.4.1 **Mismatch of interest rate sensitive assets and liabilities**

Interest rate sensitivity gaps for assets and liabilities which have contractual maturities have been reported based on the earlier of the re-pricing date or maturity date. However, assets and liabilities which do not have any contractual maturities have been bucketed on the basis of a behavioural study approved by ALCO.

	2020											
	Effective yield / interest rate	Exposed to yield / interest risk										Not exposed to yield / interest risk
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	
On-balance sheet assets		(Rupees in '000)										
Financial Assets												
Cash and balances with treasury banks	0.06%	347,988,749	25,205,777	25,239	-	-	-	-	-	-	-	322,757,733
Balances with other banks	1.21%	38,422,719	9,560,783	1,535,834	-	-	-	-	-	-	-	27,326,102
Lendings to financial institutions	7.63%	30,154,193	23,154,193	7,000,000	-	-	-	-	-	-	-	-
Investments	9.90%	1,912,237,993	178,096,961	540,116,391	457,311,760	280,546,895	156,094,404	53,729,810	99,419,943	77,927,299	30,264,315	38,730,215
Advances	9.94%	1,117,320,960	359,330,915	503,959,608	125,788,144	32,203,551	25,462,862	15,598,421	23,007,942	22,960,314	626,236	8,382,967
Other assets		84,347,963	-	-	-	-	-	-	-	-	-	84,347,963
		3,530,472,577	595,348,629	1,052,637,072	583,099,904	312,750,446	181,557,266	69,328,231	122,427,885	100,887,613	30,890,551	481,544,980
Financial Liabilities												
Bills payable		46,122,344	-	-	-	-	-	-	-	-	-	46,122,344
Borrowings	5.87%	540,095,253	377,747,558	51,421,564	45,457,922	83,306	31,434,293	612,514	7,467,932	25,743,587	126,577	-
Deposits and other accounts	4.55%	2,669,490,716	162,761,588	1,401,476,865	65,832,696	74,101,408	8,576,914	4,482,830	15,118,205	6,789,770	856,148	929,494,292
Subordinated debt	11.64%	22,356,000	-	22,356,000	-	-	-	-	-	-	-	-
Other liabilities												
Lease Liability against right-of-use asset	11.08%	15,300,909	129,977	259,954	389,931	779,863	1,559,726	1,559,726	3,119,451	7,502,281	-	-
Others		91,351,018	-	-	-	-	-	-	-	-	-	91,351,018
		3,384,716,240	540,639,123	1,475,514,383	111,680,549	74,964,577	41,570,933	6,655,070	25,705,588	40,035,638	982,725	1,066,967,654
On-balance sheet gap		145,756,337	54,709,506	(422,877,311)	471,419,355	237,785,869	139,986,333	62,673,161	96,722,297	60,851,975	29,907,826	(585,422,674)
Net non - financial assets		96,968,428										
Total net assets		242,724,765										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		245,614,763	71,661,326	99,664,060	63,441,801	10,847,576	-	-	-	-	-	-
Foreign exchange contracts - forward sales		(160,270,369)	(64,307,220)	(57,234,188)	(25,172,656)	(13,556,305)	-	-	-	-	-	-
Government Securities transactions - forward purchases		96,427,590	96,380,176	47,414	-	-	-	-	-	-	-	-
Government Securities transactions - forward sales		(54,329,588)	(54,329,588)	-	-	-	-	-	-	-	-	-
Cross Currency Swaps - purchases		14,662,810	616,598	-	90,208	787,250	482,671	1,543,489	1,235,520	9,907,074	-	-
Cross Currency Swaps - sales		(16,007,336)	(711,263)	-	(133,195)	(955,805)	(519,461)	(1,598,333)	(1,186,770)	(10,902,509)	-	-
Interest rate swaps - sales		(7,834,491)	-	-	-	-	(859,491)	(1,875,000)	(5,100,000)	-	-	-
Off-balance sheet gap		118,263,379	49,310,029	42,477,286	38,226,158	(2,877,284)	(896,281)	(1,929,844)	(5,051,250)	(995,435)	-	-
Total yield / interest risk sensitivity gap			104,019,535	(380,400,025)	509,645,513	234,908,585	139,090,052	60,743,317	91,671,047	59,856,540	29,907,826	(585,422,674)
Cumulative yield / Interest rate risk sensitivity gap			104,019,535	(276,380,490)	233,265,023	468,173,608	607,263,660	668,006,977	759,678,024	819,534,564	849,442,390	264,019,716

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

	Effective yield / interest rate	2019										
		Exposed to yield / interest risk										Not exposed to yield / interest risk
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	
On-balance sheet assets		(Rupees in '000)										
Financial Assets												
Cash and balances with treasury banks	0.24%	337,241,623	43,613,301	18,159	-	-	-	-	-	-	-	293,610,163
Balances with other banks	2.32%	32,139,733	13,123,454	1,339,092	1,334,224	5,472,789	-	-	-	-	-	10,870,174
Lendings to financial institutions	10.01%	45,303,199	24,614,015	20,689,184	-	-	-	-	-	-	-	-
Investments	10.17%	1,351,961,513	144,064,630	316,827,366	180,965,821	366,653,772	125,071,358	83,715,248	75,126,286	21,536,528	3,096,324	34,904,180
Advances	11.70%	1,073,018,669	49,959,710	708,941,430	147,784,603	113,138,370	7,458,323	4,235,582	25,262,018	13,950,300	117,490	2,170,843
Other assets		102,439,435	-	-	-	-	-	-	-	-	-	102,439,435
		2,942,104,172	275,375,110	1,047,815,231	330,084,648	485,264,931	132,529,681	87,950,830	100,388,304	35,486,828	3,213,814	443,994,795
Financial Liabilities												
Bills payable		29,534,303	-	-	-	-	-	-	-	-	-	29,534,303
Borrowings	8.58%	382,071,512	232,800,412	55,738,263	48,553,143	2,326,940	144,283	8,383,663	18,835,291	15,289,517	-	-
Deposits and other accounts	5.58%	2,301,899,086	115,672,875	1,169,294,497	67,207,649	72,864,281	16,391,624	9,372,650	16,956,377	8,550,226	110,834	825,478,073
Subordinated debt	13.12%	22,360,000	-	22,360,000	-	-	-	-	-	-	-	-
Other liabilities												
Lease Liability against right-of-use asset	12.83%	12,861,471	109,255	218,510	327,764	655,529	1,311,057	1,311,057	2,622,114	6,306,185	-	-
Others		91,017,514	-	-	-	-	-	-	-	-	-	91,017,514
		2,839,743,886	348,582,542	1,247,611,270	116,088,556	75,846,750	17,846,964	19,067,370	38,413,782	30,145,928	110,834	946,029,890
On-balance sheet gap		102,360,286	(73,207,432)	(199,796,039)	213,996,092	409,418,181	114,682,717	68,883,460	61,974,522	5,340,900	3,102,980	(502,035,095)
Net non - financial assets		99,061,660										
Total net assets		201,421,946										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		333,012,340	93,382,586	165,245,117	56,518,985	17,865,652	-	-	-	-	-	-
Foreign exchange contracts - forward sales		(236,768,260)	(96,917,347)	(61,517,981)	(67,511,557)	(10,821,375)	-	-	-	-	-	-
Government Securities transactions - forward purchases		45,771,399	20,175,623	17,417,558	-	50,911	-	-	-	8,127,307	-	-
Government Securities transactions - forward sales		(62,098,002)	-	(9,036,722)	(2,356,023)	(24,860,017)	(19,316,118)	(579,422)	(778,645)	(5,171,055)	-	-
Cross Currency Swaps - purchases		9,525,572	-	-	180,572	-	2,298,008	597,945	-	6,449,047	-	-
Cross Currency Swaps - sales		(10,882,712)	-	-	(229,944)	-	(2,698,989)	(632,292)	-	(7,321,487)	-	-
Interest rate swaps - sales		(9,029,173)	-	-	-	-	-	(1,154,173)	(6,500,000)	(1,375,000)	-	-
Off-balance sheet gap		69,531,164	16,640,862	112,107,972	(13,397,967)	(17,764,829)	(19,717,099)	(1,767,942)	(7,278,645)	708,812	-	-
Total yield / interest risk sensitivity gap			(56,566,570)	(87,688,067)	200,598,125	391,653,352	94,965,618	67,115,518	54,695,877	6,049,712	3,102,980	(502,035,095)
Cumulative yield / Interest rate risk sensitivity gap			(56,566,570)	(144,254,637)	56,343,488	447,996,840	542,962,458	610,077,976	664,773,853	670,823,565	673,926,545	171,891,450

44.3 **Operational Risk Management**

Operational Risk is the risk of loss resulting from an inadequate or failed internal processes, people and systems or from external events.

The Operational Risk Management department (ORMD) is housed within Risk Management. A comprehensive ORM Framework is in place across the Bank. A SAS software for ORM has been deployed that facilitates loss data management, risk and control assessment and tracking of Key Risk Indicators (KRIs). Operational Risk Coordinators have been assigned from all relevant departments of the Bank and are responsible for implementation of the ORM Framework in coordination with ORMD. SBP has granted permission to the Bank to move from the Basic Indicator Approach (BIA) to the Alternative Standardized Approach (ASA) under Basel II with a capital floor i.e. the operational risk capital charge under ASA should not fall below a certain percentage of the operational risk capital charge calculated under BIA. HBL is the first Pakistani bank to achieve this milestone.

The Bank's ORM framework and practices address all the significant aspects of ORM i.e. people, processes, systems and external events. Key ORM tools such as Risk Control Self-Assessment (RCSA), KRIs and Operational Loss Data Management are used to gauge the likelihood and severity of operational risk. The Bank uses stress testing and scenario analysis to proactively assess the impact of scenarios. Detailed RCSA exercises are conducted at regular intervals across the Bank, the results of which are continually evaluated against actual losses, control violations and gaps. The Bank has also established KRIs and monitors them at regular intervals. Operational risk reports are regularly submitted to the senior management and the BRMC.

44.3.1 **Business Continuity**

It is the policy of the Bank to maintain a well-defined business continuity program which comprises of policy and procedures and plans with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Continuity and IT Disaster Recovery. The Bank's Business Continuity Steering Committee, represented by the senior management of the Bank, is the governing body of BCP matters that meets on a periodic basis to review key initiatives, testing results and related action plans for strengthening the Bank's ability to manage crisis situations. The Bank's business continuity program complies with the regulatory framework and the leading Business Continuity Management standard, ISO 22301, and is subject to regular internal, external and regulatory reviews and audits.

During the COVID-19 pandemic, the Crisis Management Team of the bank, that includes the President & CEO, has been continuously monitoring the situation and analyzing the ever changing and dynamic situation (both domestically and internationally) in order to respond in a manner that ensures and exhibits institutional readiness. The Business Continuity Plans (BCP) for respective areas have been extensively utilized and successfully executed by all the critical departments under an actual and prolonged BCP scenario, hence reflecting the effectiveness and sustainability of the BCP structure of the bank.

44.3.2 **IT related controls**

During the year, Bank's IT controls were further strengthened, with special focus on controls around remote access due to the challenges that were seen during the year. Enhanced focus and visibility was given to IT Audit and Compliance area, several control/monitoring initiatives were launched in close coordination with the Internal Audit function of the Bank. Formal procedure for IT Risk Management was introduced to identify and mitigate potential risk areas in a centralized manner. New initiative of implementing COBIT-2019 was launched to ensure IT is equipped with the right controls and standards as per the guidelines given by the internationally recognized body for IT Controls (ISACA). Controls around 'Cloud Computing' were put in place as per the directives and framework provided by SBP. IT introduced better visibility of its Services Management function by revamping of existing processes and introducing new processes for effective controls and visibility across the Bank. IT Steering Committee discipline was established at all international territories that brought efficiency and effectiveness in technology governance and operations.

44.3.3 **Information Security Risk**

It is vitally important for Bank to protect its customers and their data from cyberattacks and provide secure banking services. Information Security plays a pivotal role in protecting Bank's data assets from both internal and external threats through effective cyber security risk management, supported by preventive and detective controls capable of responding to emerging external threats.

Year 2020, largely dominated by COVID 19 pandemic, offered opportunities to cyber criminals or fraudsters to take advantage of new lifestyles and working models in order to steal sensitive data and commit fraudulent activities. Moreover, the digitization drive, changing threat landscape, rise of social engineering frauds, and stringent oversight of regulator demanded that essential measures are undertaken to strengthen the overall information security posture of the Bank.

- Security controls for remote working were extensively implemented this year enabling the employees to work remotely in a secure and seamless manner ensuring continuity of business requirements are adequately met.

- Strong focus in improving customer experience and strengthening coverage and control of user access management led us to implement automated workflow based access request mechanisms, dedicated helpdesk with online self-service portal for problem tickets, centralized user administrator's activity monitoring and recording, engaging model for user access recertification, targeted email advisories and webinars, development of access matrices, and re-structuring of team according to needs of the organization.

- An extensive awareness campaign was launched earlier this year to provide specific training and guidance on information security related matters such as working from home, phishing, identity theft, online frauds, etc. through various mechanisms such as TV Ad, print media, social media, website, email advisories, SMS, webinars, video based trainings, phishing simulation exercises, new joiners orientation, information security booklets, intranet updates, and targeted awareness messages for executive leaderships etc. These initiatives were focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges.

- Significant progress has been made in securing the international territories consistent with the policies, standards, and controls implemented in the rest of the Bank. Ensured regulatory compliance, remediated audit findings, deployed security solutions, implemented controls, delivered security awareness, and conducted security assessments to identify areas of improvement.

Moving forward, the Bank plans to strengthen our cyber-defenses through the use of automation and modern technologies, AI and machine learning, targeted customer and staff awareness, adoption of international best practices, security orchestration-based analysis while proactively mitigating against advanced security threats. Furthermore, enhancement of data loss prevention measures, identity and access management, cyber fraud prevention, privileged access management, as well as strengthening ATM security controls besides further alignment of security operation center with international best practices would be the key focus of 2021.

Customers are an important component of the security process and continuous customer education about cyber risks will remain an important component of our defense strategy. These security measures will allow Bank to continue offering innovative digital solutions to its clients while ensuring them protection and peace of mind.

44.4 Liquidity Risk Management

Liquidity risk is the risk that the Bank may be unable to meet its cash obligations as they become due, or to fund assets, at a reasonable cost, because of the inability to liquidate assets, or to obtain adequate funding.

The Bank follows a comprehensive global liquidity risk management policy duly approved by the Board. The policy provides necessary guidelines to establish a robust liquidity risk management framework which helps in identifying the key liquidity and funding risks to which the bank is exposed; describes how these risks are identified, measured, monitored and reported and prescribes the techniques and resources used to manage and mitigate these risks. The policy stipulates maintenance of various ratios, funding preferences, and evaluation of the Bank's liquidity under normal and crisis situations (stress testing). The Bank also has a Contingency Funding Plan in place to address liquidity issues in times of crisis. This plan helps to identify early warning indicators to pre-empt unforeseen liquidity crises. Triggers are used to ascertain potential stress scenarios.

The Bank's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by Market Risk Management. Liquidity Risk is reviewed by global ALCO on a monthly basis and an update is provided to the BRMC on a quarterly basis.

An overdraft is a part of the loan portfolio that is short-term in nature, however, due to its use for working capital financing is rolled-over periodically. Current and saving deposits do not have contractual maturity dates. Expected maturities of such assets and liabilities are estimated by applying statistical techniques. The outcome is used for balance sheet maturity profiling and liquidity gap analysis.

In view of the relaxation granted by SBP for deferral of principal and markup and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

44.4.1 **Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank**

	2020													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	347,988,749	324,205,024	9,510,305	-	14,248,180	-	25,240	-	-	-	-	-	-	-
Balances with other banks	38,422,719	27,326,103	6,555,344	1,572,082	1,433,357	97,843	1,437,990	-	-	-	-	-	-	-
Lendings to financial institutions	30,154,193	-	3,959,681	3,300,000	15,894,512	-	7,000,000	-	-	-	-	-	-	-
Investments	1,912,237,993	639,619	695,248	478,867	51,722,352	36,634,250	343,802,387	155,343,671	275,802,534	9,262,139	173,560,874	122,263,781	257,043,480	484,988,791
Advances	1,117,320,960	279,619,371	52,342,235	8,853,576	18,989,300	28,024,514	56,738,747	60,759,387	44,599,952	47,687,537	129,994,416	111,089,466	119,112,792	159,509,667
Fixed assets	84,350,518	2,325,055	92,466	107,877	246,576	462,330	462,330	1,386,990	1,386,990	1,386,990	5,547,962	5,547,962	6,724,578	58,672,412
Intangible assets	4,596,807	1,554,906	11,197	13,063	29,859	55,986	55,986	167,958	167,958	167,958	671,833	671,833	1,028,270	-
Other assets	108,639,781	2,286,591	8,344,844	9,187,558	20,170,802	8,550,580	8,550,580	16,249,421	6,711,748	6,711,748	242,476	21,269,722	320,950	42,761
	3,643,711,720	637,956,669	81,511,320	23,513,023	122,734,938	73,825,503	418,073,260	233,907,427	328,669,182	65,216,372	310,017,561	260,842,764	384,230,070	703,213,631
Liabilities														
Bills payable	46,122,344	46,122,344	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	540,095,253	514,446	286,134,660	24,084,799	37,998,397	10,253,298	41,283,267	23,348,315	52,250	42,934	39,920,322	9,771,489	19,855,427	46,835,649
Deposits and other accounts	2,669,490,716	2,177,792,506	36,961,738	47,450,323	117,109,291	60,616,600	46,386,048	64,397,763	38,731,011	38,731,011	11,322,167	7,228,136	15,118,205	7,645,917
Subordinated debt	22,356,000	-	-	-	-	9,982,000	-	-	-	-	-	-	-	12,374,000
Deferred tax liabilities	2,968,857	6,150	36,899	43,049	98,398	431,587	431,587	368,776	344,791	344,791	(152,386)	(266,991)	(517,312)	1,799,518
Other liabilities														
Lease Liability against right-of-use asset	15,300,909	4,333	25,995	30,328	69,321	129,977	129,977	389,931	389,931	389,931	1,559,726	1,559,726	3,119,451	7,502,282
Others	104,652,876	3,488,428	20,930,575	24,419,004	55,814,869	-	-	-	-	-	-	-	-	-
	3,400,986,955	2,227,928,207	344,089,867	96,027,503	211,090,276	81,413,462	88,230,879	88,504,785	39,517,983	39,508,667	52,649,829	18,292,360	37,575,771	76,157,366
Net assets	242,724,765	(1,589,971,538)	(262,578,547)	(72,514,480)	(88,355,338)	(7,587,959)	329,842,381	145,402,642	289,151,199	25,707,705	257,367,732	242,550,404	346,654,299	627,056,265
Share capital	14,668,525													
Reserves	63,040,638													
Surplus on revaluation of assets - net of tax	35,752,856													
Unappropriated profit	129,262,746													
	242,724,765													

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2019													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	337,241,623	302,278,501	14,807,528	351,817	19,785,618	-	18,159	-	-	-	-	-	-	-
Balances with other banks	32,139,733	18,361,140	2,603,329	1,505,746	1,717,397	525,791	656,233	1,335,153	15,278	5,419,666	-	-	-	-
Lendings to financial institutions	45,303,199	-	10,442,180	7,971,835	6,200,000	20,489,184	200,000	-	-	-	-	-	-	-
Investments	1,351,961,513	1,548,476	350,895	10,231,329	39,846,561	75,609,205	134,791,806	74,084,055	46,041,204	319,440,066	170,575,934	125,002,744	107,442,611	246,996,627
Advances	1,073,018,669	293,604,199	89,305,609	7,227,170	24,277,686	36,712,327	41,279,300	109,405,526	26,385,857	26,385,857	60,469,757	63,134,674	137,153,525	157,677,182
Fixed assets	75,541,769	80,377	482,260	562,637	1,132,571	438,768	438,768	1,316,304	1,316,304	1,316,304	5,265,216	5,265,216	6,922,615	51,004,429
Intangible assets	3,528,218	37,753	226,512	264,263	528,527	40,247	40,247	120,741	120,741	120,741	482,963	482,963	965,927	96,593
Deferred tax assets	1,898,828	(990)	(5,935)	(6,925)	(15,828)	(61,186)	(61,186)	(64,294)	(117,949)	(117,949)	19,001	416,235	977,104	938,730
Other assets	133,100,201	1,625,456	10,677,663	11,706,443	28,231,623	13,089,032	12,414,840	20,561,570	7,311,655	6,097,157	29,709	21,341,248	13,805	-
	3,053,733,753	617,534,912	128,890,041	39,814,315	121,704,155	146,843,368	189,778,167	206,759,055	81,073,090	358,661,842	236,842,580	215,643,080	253,475,587	456,713,561
Liabilities														
Bills payable	29,534,303	28,546,175	3,048	-	912,561	-	14,999	57,520	-	-	-	-	-	-
Borrowings	382,071,512	100,623	116,776,280	50,701,044	55,866,373	31,667,893	18,407,519	53,825,373	2,326,353	7,500	242,182	8,448,197	21,386,352	22,315,823
Deposits and other accounts	2,301,899,086	1,874,488,384	24,719,092	24,394,374	102,291,607	38,764,720	43,457,983	65,759,998	31,907,933	44,842,938	16,219,109	9,443,038	17,658,752	7,951,158
Subordinated debt	22,360,000	-	-	-	-	2,000	-	-	2,000	-	4,000	4,000	8,000	22,340,000
Other liabilities														
Lease Liability against right-of-use asset	12,861,471	3,642	21,851	25,493	58,269	109,255	109,255	327,764	327,764	327,764	1,311,057	1,311,057	2,622,114	6,306,186
Others	103,585,435	3,699,479	22,196,879	25,896,359	51,792,718	-	-	-	-	-	-	-	-	-
	2,852,311,807	1,906,838,303	163,717,150	101,017,270	210,921,528	70,543,868	61,989,756	119,970,655	34,564,050	45,178,202	17,776,348	19,206,292	41,675,218	58,913,167
Net assets	201,421,946	(1,289,303,391)	(34,827,109)	(61,202,955)	(89,217,373)	76,299,500	127,788,411	86,788,400	46,509,040	313,483,640	219,066,232	196,436,788	211,800,369	397,800,394

Share capital	14,668,525
Reserves	57,274,159
Surplus on revaluation of assets	
- net of tax	24,810,855
Unappropriated profit	104,668,407
	201,421,946

44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

Assets and liabilities which have contractual maturities have been reported as per their remaining maturities, whereas assets and liabilities which do not have any contractual maturities have been reported as per their expected maturities calculated on the basis of an objective and systematic behavioral study approved by the ALCO.

	2020									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	347,988,749	257,116,013	5,913,911	5,495,033	13,107,319	15,135,918	7,150,285	10,841,125	17,393,550	15,835,595
Balances with other banks	38,422,719	36,886,885	1,535,834	-	-	-	-	-	-	-
Lendings to financial institutions	30,154,193	23,154,193	7,000,000	-	-	-	-	-	-	-
Investments	1,912,237,993	53,536,086	380,436,637	155,343,671	290,903,455	173,560,874	122,263,781	257,043,480	411,973,846	67,176,163
Advances	1,117,320,960	124,902,300	109,508,882	78,092,246	129,483,627	183,115,018	152,262,493	181,601,042	87,101,111	71,254,241
Fixed assets	84,350,518	2,771,974	924,660	1,386,990	2,773,981	5,547,962	5,547,962	6,724,578	9,637,058	49,035,353
Intangible assets	4,596,807	1,609,025	111,972	167,958	335,916	671,833	671,833	1,028,270	-	-
Other assets	108,639,781	17,337,183	27,397,775	33,971,047	15,057,865	242,476	14,269,722	320,950	42,763	-
	3,643,711,720	517,313,659	532,829,671	274,456,945	451,662,163	378,274,081	302,166,076	457,559,445	526,148,328	203,301,352
Liabilities										
Bills payable	46,122,344	8,827,160	884,373	36,410,811	-	-	-	-	-	-
Borrowings	540,095,253	348,732,302	51,536,565	23,348,315	95,184	39,920,322	9,771,489	19,855,427	38,843,367	7,992,282
Deposits and other accounts	2,669,490,716	660,423,072	151,233,486	146,148,430	302,177,133	323,899,759	154,052,312	229,192,253	367,659,908	334,704,363
Subordinated debt	22,356,000	-	9,982,000	-	-	-	-	-	-	12,374,000
Deferred tax liabilities	2,968,857	126,218	863,173	368,776	689,582	(152,386)	(266,991)	(516,845)	(1,901,862)	3,759,192
Other liabilities										
Lease Liability against right-of-use asset	15,300,909	129,977	259,954	389,931	779,863	1,559,726	1,559,726	3,119,451	7,502,281	-
Others	104,652,876	25,808,069	32,249,734	14,706,096	15,005,555	1,965,178	1,214,285	2,540,986	10,971,133	191,840
	3,400,986,955	1,044,046,798	247,009,285	221,372,359	318,747,317	367,192,599	166,330,821	254,191,272	423,074,827	359,021,677
Net assets	242,724,765	(526,733,139)	285,820,386	53,084,586	132,914,846	11,081,482	135,835,255	203,368,173	103,073,501	(155,720,325)
Share capital	14,668,525									
Reserves	63,040,638									
Surplus on revaluation of assets - net of tax	35,752,856									
Unappropriated profit	129,262,746									
	242,724,765									

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

	2019									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	337,241,623	78,844,808	45,416,015	64,335,869	8,920,206	2,381,699	1,647,479	3,539,688	66,312,267	65,843,592
Balances with other banks	32,139,733	16,042,692	4,464,447	6,197,650	5,434,944	-	-	-	-	-
Lendings to financial institutions	45,303,199	24,614,015	20,689,184	-	-	-	-	-	-	-
Investments	1,351,961,513	51,971,468	346,385,066	3,887,360	312,412,151	170,543,245	120,890,473	107,409,961	190,244,436	48,217,353
Advances	1,073,018,669	144,233,060	87,890,169	124,274,216	82,457,478	60,469,757	63,133,147	352,925,829	97,788,012	59,847,001
Fixed assets	75,541,769	2,257,845	877,536	1,316,304	2,632,608	5,265,216	5,265,216	6,922,615	9,206,166	41,798,263
Intangible assets	3,528,218	1,057,055	80,494	120,741	241,482	482,963	482,963	965,927	96,593	-
Deferred tax assets	1,898,828	(27,641)	(189,122)	(29,032)	(208,496)	396,140	420,659	965,613	2,818,642	(2,247,935)
Other assets	133,100,201	52,241,185	25,503,873	20,561,570	13,408,811	29,709	21,341,248	13,805	-	-
	3,053,733,753	371,234,487	531,117,662	220,664,678	425,299,184	239,568,729	213,181,185	472,743,438	366,466,116	213,458,274
Liabilities										
Bills payable	29,534,303	5,652,544	9,652,073	14,229,686	-	-	-	-	-	-
Borrowings	382,071,512	223,442,635	50,131,911	53,827,866	2,333,798	242,182	8,448,197	21,386,931	18,312,006	3,945,986
Deposits and other accounts	2,301,899,086	187,830,518	113,530,916	112,726,146	170,675,673	43,972,616	30,190,804	59,005,346	795,850,434	788,116,633
Subordinated debt	22,360,000	-	2,000	-	2,000	4,000	4,000	8,000	9,966,000	12,374,000
Other liabilities										
Lease Liability against right-of-use asset	12,861,471	109,255	218,510	327,764	655,529	1,311,057	1,311,057	2,622,114	6,306,185	-
Others	103,585,435	42,651,354	22,314,890	10,420,184	13,087,283	1,520,073	1,306,312	2,984,846	9,300,493	-
	2,852,311,807	459,686,306	195,850,300	191,531,646	186,754,283	47,049,928	41,260,370	86,007,237	839,735,118	804,436,619
Net assets	201,421,946	(88,451,819)	335,267,362	29,133,032	238,544,901	192,518,801	171,920,815	386,736,201	(473,269,002)	(590,978,345)
Share capital	14,668,525									
Reserves	57,274,159									
Surplus on revaluation of assets - net of tax	24,810,855									
Unappropriated profit	104,668,407									
	201,421,946									

44.5 Derivatives Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BoD) on the recommendation of the Board Risk Management Committee (BRMC).

The responsibility for derivatives trading activity lies with Treasury and Global Markets. Measurement and monitoring of market and credit risk exposure, associated limits and its reporting to senior management and the BoD is done by the Treasury Middle Office (TMO). TMO coordinates with the business regarding approvals for derivatives risk limits. Treasury Operations records derivatives activity in the Bank's books, and is responsible for reporting to the SBP.

44.5.1 Credit Risk

Credit risk is the risk of non-performance by a counterparty which could result in an adverse impact on the Bank's profitability. Credit risk associated with derivative transactions is categorized into settlement risk and pre-settlement risk. A pre-settlement risk limit for derivative transactions is recommended by TMO for approval to the appropriate Credit Approval Authority. The exposure of all counterparties is estimated and monitored by TMO.

44.5.2 Market Risk

The Bank, as a policy, hedges back-to-back all Options transactions. The Bank minimizes the exchange rate risk on its Cross Currency Swaps portfolio by hedging the exposure in the interbank market. The Bank also manages the interest rate risk of Interest Rate Derivatives and Cross Currency Swaps through Price Value of a Basis Point (PVBP) limits which are monitored and reported by TMO to senior management on daily basis. These limits are approved by Global ALCO on annual basis. However interim limit enhancements / amendments may also be sought.

44.5.3 Operational Risk

The staff involved in the process of trading, settlement and risk management of derivatives are carefully trained. Adequate systems and controls are in place to carry out derivative transactions smoothly. Each transaction is processed in accordance with the product program or transaction memo, which contains detailed accounting and operational aspects of the transaction to further mitigate operational risk. In addition, the TMO and the Global Compliance Group are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Internal Audit also reviews this function, which covers a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Bank uses a derivatives system which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, and carry out stress tests and sensitivity analyses. TMO produces various reports for senior management on a periodic basis. These reports provide details of outstanding positions, profitability, risk exposures and the status of compliance with limits.

44.5.4 Liquidity Risk

Derivative transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk. The liquidity risk would arise only when the Bank has a payable resulting from a transaction. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on- and off-balance sheet positions in the interbank market, where available.

44.6 Enterprise Risk

During the year, the Bank further strengthened its risk management function by setting up an Enterprise Risk Management (ERM) vertical in accordance with SBP guidelines. The ERM function provides an integrated approach to comprehensive risk management and includes a Model Risk Management (MRM) arm that aims to provide independent review and validation of all models being used in the bank.

45 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

45.1 The Board of Directors, in its meeting held on February 17, 2021 has proposed a final cash dividend of Rs 3.00 per share for the year 2020. This is in addition to Rs 1.25 already paid during the year bringing the total dividend for the year to Rs 4.25 per share (2019: Rs 5.00 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2020 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2021.

46 **DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on February 17, 2021.

47 **GENERAL**

47.1 These unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

47.2 Comparative figures have been re-arranged and reclassified for comparison purposes.

Muhammad Aurangzeb **President and Chief Executive Officer**	**Rayomond Kotwal** **Chief Financial Officer**	**Dr. Najeeb Samie** **Director**	**Salim Yahya Chinoy** **Director**	**Salim Raza** **Director**

ANNEXURE I: ISLAMIC BANKING BUSINESS

The Bank operates 62 (2019: 48) Islamic Banking branches and 853 (2019: 493) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	2020	2019
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		**12,685,357**	17,113,303
Balances with other banks		**85,710**	85,710
Due from financial institutions	1	**5,257,358**	20,489,184
Investments	2	**139,619,025**	33,594,111
Islamic financing and related assets - net	3	**153,363,009**	153,117,099
Fixed assets		**1,163,176**	862,149
Intangible assets		**-**	-
Due from Head Office	4	**90,320**	40,224,245
Deferred tax assets		**-**	18,126
Other assets		**6,132,151**	10,710,387
		318,396,106	276,214,314
LIABILITIES			
Bills payable		**9,451**	18,048
Due to financial institutions	5	**32,183,448**	10,780,192
Deposits and other accounts	6	**257,414,395**	242,604,211
Due to Head Office		**12,444**	30,255
Subordinated debt		**-**	-
Deferred tax liabilities		**8,718**	-
Other liabilities		**6,000,269**	6,073,749
		295,628,725	259,506,455
NET ASSETS		**22,767,381**	16,707,859
REPRESENTED BY			
Islamic Banking Fund		**500,000**	250,000
Reserves		**-**	-
Surplus / (deficit) on revaluation of investments - net of tax		**13,637**	(28,352)
Unappropriated profit	8	**22,253,744**	16,486,211
		22,767,381	16,707,859
Contingencies and commitments	9		

PROFIT AND LOSS ACCOUNT	Note	2020	2019
Profit / return earned	10	**22,162,393**	20,248,102
Profit / return expensed	11	**9,748,864**	9,785,319
Net profit / return		**12,413,529**	10,462,783
Other income			
Fee and commission income		**616,406**	581,271
Foreign exchange (loss) / income		**(69,214)**	33,556
Loss on securities - net		**(180,839)**	(28,629)
Others		**9,383**	591
Total other income		**375,736**	586,789
Total income		**12,789,265**	11,049,572
Other expenses			
Operating expenses		**2,209,871**	1,932,854
Workers' Welfare Fund		**193,124**	180,525
Other charges		**14,111**	4,005
Total other expenses		**2,417,106**	2,117,384
Profit before provisions		**10,372,159**	8,932,188
Provisions and write offs - net		**907,348**	85,652
Profit before taxation		**9,464,811**	8,846,536
Taxation		**3,696,779**	3,451,712
Profit after taxation		**5,768,032**	5,394,824

ANNEXURE I: ISLAMIC BANKING BUSINESS

		2020	2019
1	**DUE FROM FINANCIAL INSTITUTIONS**	(Rupees in '000)	
	Bai Muajjal Receivable from State Bank of Pakistan	**5,257,358**	20,489,184
		5,257,358	20,489,184

1.1 Amounts due from financial institutions are all in local currency.

1.2 Bai Muajjal receivables from State Bank of Pakistan carry profit at 12.66% per annum (2019: 10.63% per annum) and are due to mature on January 29, 2021.

2 **INVESTMENTS BY SEGMENTS**

	2020				2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
-Ijarah Sukuks	**67,678,595**	**-**	**(322,645)**	**67,355,950**	4,667,551	-	(46,478)	4,621,073
Other Federal Government Securities	**11,324,538**	**-**	**-**	**11,324,538**	10,794,000	-	-	10,794,000
	79,003,133	**-**	**(322,645)**	**78,680,488**	15,461,551	-	(46,478)	15,415,073
Non-Government debt securities								
-Listed	**47,291,628**	**-**	**322,500**	**47,614,128**	3,564,480	-	-	3,564,480
-Unlisted	**13,301,909**	**-**	**22,500**	**13,324,409**	14,614,558	-	-	14,614,558
	60,593,537	**-**	**345,000**	**60,938,537**	18,179,038	-	-	18,179,038
Total Investments	**139,596,670**	**-**	**22,355**	**139,619,025**	33,640,589	-	(46,478)	33,594,111

	Note	2020	2019
3 **ISLAMIC FINANCING AND RELATED ASSETS - NET**		(Rupees in '000)	
Diminishing Musharakah		**71,127,412**	83,342,719
Running Musharakah		**45,034,254**	16,085,686
Wakalah		**10,000,000**	10,000,000
Ijarah	3.1	**2,341,651**	2,171,508
Murabaha	3.2	**1,517,711**	1,099,343
Currency Salam		**589,706**	-
Tijarah		**422,168**	-
Istisna		**271,460**	-
Home Financing		**2,060,742**	770,666
Advance for Diminishing Musharakah		**2,320,561**	6,295,177
Advance for Ijarah		**312,748**	276,530
Advance for Murabaha	3.2	**1,203,371**	973,239
Advance for Salam		**1,027,180**	400,000
Advance for Istisna		**11,874,971**	26,191,522
Inventories against Murabaha	3.2	**2,204,687**	3,808,372
Inventories against Tijarah		**824,156**	293,209
Inventories against Istisna		**1,285,677**	1,615,548
Islamic financing and related assets - gross		**154,418,455**	153,323,519
Provision against Islamic financing and related assets			
-Specific		**(126,457)**	(187,077)
-General		**(928,989)**	(19,343)
		(1,055,446)	(206,420)
Islamic financing and related assets - net of provision		**153,363,009**	153,117,099

ANNEXURE I: ISLAMIC BANKING BUSINESS

3.1 **Ijarah**

	2020						
	Cost			Accumulated Depreciation			Book value
	As at Jan 01, 2020	Additions / (deletions)	As at Dec 31, 2020	As at Jan 01, 2020	Charge for the year	As at Dec 31, 2020	as at Dec 31, 2020
	(Rupees in '000)						
Plant and machinery	**1,275,454**	**640,863**	**933,485**	**706,677**	**345,091**	**264,301**	**669,184**
		(982,832)			**(787,467)**		
Vehicles	**2,431,272**	**1,030,381**	**2,615,928**	**828,541**	**567,234**	**943,461**	**1,672,467**
		(845,725)			**(452,314)**		
Total	**3,706,726**	**1,671,244**	**3,549,413**	**1,535,218**	**912,325**	**1,207,762**	**2,341,651**
		(1,828,557)			**(1,239,781)**		

	2019						
	Cost			Accumulated Depreciation			Book value
	As at Jan 01, 2019	Additions / (deletions)	As at Dec 31, 2019	As at Jan 01, 2019	Charge for the year	As at Dec 31, 2019	as at Dec 31, 2019
	(Rupees in '000)						
Plant and machinery	990,516	404,400	1,275,454	527,517	254,092	706,677	568,777
		(119,462)			(74,932)		
Vehicles	2,193,289	706,291	2,431,272	577,839	472,382	828,541	1,602,731
		(468,308)			(221,680)		
Total	3,183,805	1,110,691	3,706,726	1,105,356	726,474	1,535,218	2,171,508
		(587,770)			(296,612)		

3.1.1 **Future Ijarah payments receivable**

	2020				2019			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	(Rupees in '000)							
Ijarah rentals receivable	**151,763**	**1,228,039**	**1,231,873**	**2,611,675**	608,523	1,536,676	43,322	2,188,521

	Note	2020	2019
3.2 **Murabaha**		(Rupees in '000)	
Murabaha financing	3.2.1	**1,517,711**	1,099,343
Advances for Murabaha		**1,203,371**	973,239
Inventories against Murabaha		**2,204,687**	3,808,372
		4,925,769	5,880,954
3.2.1 Murabaha receivable - gross	3.2.1.1	**1,526,183**	1,112,652
Deferred murabaha income	3.2.1.2	**(2,980)**	(9,825)
Profit receivable shown in other assets		**(5,492)**	(3,484)
Murabaha financings		**1,517,711**	1,099,343
3.2.1.1 The movement in Murabaha financing during the year is as follows			
Opening balance		**1,112,652**	696,701
Sales during the year		**14,035,709**	15,373,167
Adjusted during the year		**(13,622,178)**	(14,957,216)
Closing balance		**1,526,183**	1,112,652
3.2.1.2 Deferred Murabaha income			
Opening balance		**9,825**	13,131
Arising during the year		**611,469**	500,130
Recognised during the year		**(618,314)**	(503,436)
Closing balance		**2,980**	9,825
3.2.1.3 Murabaha sale price		**1,522,290**	1,108,634
Murabaha purchase price		**(1,513,818)**	(1,095,325)
		8,472	13,309

4 Due from Head Office mainly represents inter branch transactions.

5 DUE TO FINANCIAL INSTITUTIONS

	Note	2020	2019
		(Rupees in '000)	
Unsecured acceptances of funds	5.2	**10,500,000**	2,500,000
Acceptances from the SBP under Islamic Export Refinance Scheme	5.3	**12,185,727**	5,409,205
Acceptances from the SBP under Islamic Long Term Financing Facility	5.4	**4,774,050**	2,870,987
Acceptances from the SBP under Islamic Refinance Scheme for Payment of Wages and Salaries	5.5	**2,456,473**	-
Acceptances from the SBP under Islamic Financing Facility For Renewable Energy	5.6	**96,152**	-
Acceptances from the SBP under Islamic Temporary Economic Refinance Facility	5.7	**1,676,737**	-
Acceptances from Pakistan Mortgage Refinance Company	5.8	**494,309**	-
		32,183,448	10,780,192

5.1 Amounts due to financial institutions are all in local currency.

5.2 Unsecured acceptances of funds carry profit at rates ranging from 7.00% to 7.15% (2019: 9.50% to 12.00%) and are due to mature latest by January 13, 2021.

5.3 The Bank has entered into an agreement with the SBP for extending Islamic export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These carry profit at 2.00% per annum (2019: 2.00% per annum) and are due to mature by June 28, 2021.

5.4 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These carry mark-up at rates ranging from 2.00% to 2.50% per annum (2019: 2.00% per annum) and are due to mature latest by September 14, 2030.

5.5 These borrowings have been obtained from the SBP under a scheme to help businesses in payment of wages and salaries to their employees during the pandemic and thereby support continued employment. These carry mark-up at 0.00% and are due to mature latest by October 01, 2022.

5.6 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at 2.00% per annum and are due to mature latest by November 24, 2026.

5.7 These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries during the pendemic. These carry markup at 1.00% per annum and are due to mature latest by October 07, 2030.The maximum limit granted under this facility is Rs 5 billion per project with a tenor of 10 years including grace period of 2 years.

5.8 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 194.309 million (2019: Nil) for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. Profit at 11.21% is payable semi-annually from August 2020.

A mortgage refinancing facility on Musharakah basis from PMRC amounting to Rs 300 million (December 31, 2019: Nil) for on-lending to customers in low and middle income groups. Any balance not disbursed to customers at the end of one year from the initial drawdown on February 12, 2020 (the pre-finance period) shall be repayable to PMRC in a bullet installment. The remaining amount is payable semi-annually over a period equal to the weighted average tenor of mortgage loans to customers, up to a maximum of 25 years. Profit during the pre-finance period ranges from 10.00% to 11.00% and is payable semi-annually from August 2020. Profit post this period will be payable semi-annually at a rate to be determined based on an agreed formula including, inter alia, the amount of pre-finance facility utilized for further disbursements of mortgage loans to customers.

6 DEPOSITS AND OTHER ACCOUNTS

	Note	2020			2019		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		(Rupees in '000)					
Customers							
Current deposits		**62,427,114**	**1,975,423**	**64,402,537**	51,979,232	1,121,726	53,100,958
Savings deposits		**104,594,520**	**695,996**	**105,290,516**	107,247,794	912,395	108,160,189
Term deposits		**23,958,921**	**262,397**	**24,221,318**	14,434,830	219,925	14,654,755
		190,980,555	**2,933,816**	**193,914,371**	173,661,856	2,254,046	175,915,902
Financial Institutions							
Current deposits		**405,136**	-	**405,136**	302,467	-	302,467
Savings deposits		**61,847,142**	-	**61,847,142**	65,183,796	-	65,183,796
Term deposits		**1,247,746**	-	**1,247,746**	1,202,046	-	1,202,046
		63,500,024	-	**63,500,024**	66,688,309	-	66,688,309
	6.2	**254,480,579**	**2,933,816**	**257,414,395**	240,350,165	2,254,046	242,604,211

ANNEXURE I: ISLAMIC BANKING BUSINESS

		2020	2019
6.1	**Composition of deposits**	(Rupees in '000)	
	- Individuals	**111,256,207**	95,055,321
	- Government (Federal and Provincial)	**16,065,576**	31,463,037
	- Banking Companies	**1,202,181**	829,128
	- Non-Banking Financial Institutions	**62,297,843**	65,859,181
	- Other public sector entities	**4,346,517**	5,296,478
	- Other private sector entities	**62,246,071**	44,101,066
		257,414,395	242,604,211

6.2 This includes deposits amounting to Rs 126,981.706 million (2019: Rs 146,767.538 million) which are eligible to be covered under insurance arrangements .

		Note	2020	2019
7	**CHARITY FUND**		(Rupees in '000)	
	Opening balance		**10,375**	4,765
	Additions during the year			
	- Received from customers on account of delayed payment		**2,827**	4,843
	- Profit on charity saving account		**1,032**	6,767
			3,859	11,610
	Payments / Utilization during the year	7.1		
	- Health		**(10,000)**	(5,000)
	- Education		**-**	(1,000)
			(10,000)	(6,000)
	Closing balance		**4,234**	10,375

7.1 Details of charity payments

Details of charity individually exceeding Rs 500,000

	2020	2019
Indus Hospital	**5,000**	-
Layton Rahmatulla Benevolent Trust - LRBT	**5,000**	-
International Islamic University	**-**	1,000
Patients Aid Foundation	**-**	5,000
	10,000	6,000

8 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT

	2020	2019
Opening Balance	**16,486,211**	11,091,387
Add: Islamic Banking profit for the year	**9,464,811**	8,846,536
Less: Taxation	**(3,696,779)**	(3,451,712)
Less: Transferred / Remitted to Head Office	**(499)**	-
Closing Balance	**22,253,744**	16,486,211

9 CONTINGENCIES AND COMMITMENTS

	Note	2020	2019
- Guarantees	9.1	**1,498,665**	593,721
- Commitments	9.2	**7,917,674**	17,180,683
		9,416,339	17,774,404

9.1 Guarantees

	2020	2019
Performance guarantees	**1,435,850**	308,988
Other guarantees	**62,815**	284,733
	1,498,665	593,721

9.2 Commitments

	2020	2019
Trade-related contingent liabilities	**6,208,476**	3,456,851
Commitments in respect of forward foreign exchange contracts	**1,709,198**	13,723,832
	7,917,674	17,180,683

9.2.1 Commitments in respect of forward foreign exchange contracts

	2020	2019
Purchase	**740,199**	7,721,565
Sale	**968,999**	6,002,267
	1,709,198	13,723,832

ANNEXURE I: ISLAMIC BANKING BUSINESS

		Note	2020	2019
			(Rupees in '000)	
10	**PROFIT / RETURN EARNED**			
	On:			
	Financing		**12,702,055**	13,989,150
	Investments		**7,454,290**	4,131,602
	Due from financial institutions		**2,006,048**	2,127,350
			22,162,393	20,248,102
11	**PROFIT / RETURN EXPENSED**			
	On:			
	Deposits and other accounts		**8,596,732**	7,867,627
	Amounts due to financial institutions		**931,183**	1,526,884
	Foreign currency deposits for Wa'ad based transactions		**32,699**	290,876
	Lease liability against right-of-use assets		**188,250**	99,932
			9,748,864	9,785,319

12 The following pools are maintained by the Islamic Banking Business

General Pool PKR (Mudarabah)

Remunerative rupee deposits of customers form part of the General Pool.

The objective of this pool is to effectively manage rupee deposits of customers to earn and distribute returns from Rupee denominated earning assets. The funds in this pool are generally deployed in financing assets, placement with FIs and investments in Sukuks etc. Loss (if any) is borne by the depositors as per their proportionate share in the overall volume of the pool.

Special Pool(s) PKR (Mudarabah)

HBL also manages Rupee denominated Special pools, with the objective of offering higher returns for selected clients.

The objective of this pool is to effectively manage rupee deposits of customers to earn and distribute higher returns from rupee denominated earning assets. The funds in this pool are generally deployed in financing assets, placement with FIs and investments in Sukuks etc. Loss (if any) is borne by the depositors as per their proportionate share in the overall volume of the pool.

Treasury Pool(s) (Mudarabah / Wakalah / Musharakah)

Treasury pools are created when the Bank accepts placement of funds from Financial Institutions (FIs) for liquidity management. Treasury pools may be based on the principle of Mudarabah, Wakalah and Musharakah. These pool(s) are maintained separately from depositors' pools as these are from professional counterparties. These are generally obtained for a short tenor. The liquidity can also be deployed to fund earning assets in the depositor pools. HBL preferably accepts funds from Islamic Banking Institutions but is permitted to deal with conventional banks as well.

General Pool FCY (Mudarabah)

Remunerative foreign currency (FCY) deposits of customers form part of the FCY General Pool.

The objective of this pool is to effectively manage the FCY deposits of customers to earn and distribute returns, generally from FCY denominated assets. However, in case FCY denominated assets are not available, the Bank may invest these funds in local currency assets by converting the funds to local currency and charging the cost of Shariah compliant hedging to the pool. The funds in this pool are generally deployed in financing assets, placement with FIs and investments in Sukuks etc. Loss (if any) is borne by the depositors as per their proportionate share in the overall volume of the pool.

Special Pool FCY (Mudarabah)

HBL also manages FCY denominated Special pools, with the objective of offering higher returns for selected clients.

The objective of this pool is to effectively manage FCY deposits of customers to earn and distribute higher returns, generally from FCY denominated assets. However, in case FCY denominated assets are not available, the Bank may invest these funds in local currency assets by converting the funds to local currency and charging the cost of Shariah compliant hedging to the pool. The funds in this pool are generally deployed in financing assets, placement with FIs and investments in Sukuks etc. Loss (if any) is borne by the depositors as per their proportionate share in the overall volume of the pool.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharakah)

IERS is an SBP program to offer Islamic equivalent of ERF and enables exporters to avail refinance through Islamic Banks under Shariah compliant modes. HBL Islamic Banking has been providing this refinance facility to its customers. Hence, this pool is created for the same purpose on Musharakah basis. The profit distribution works exactly the same as pre agreed profit sharing. As this is structured as Musharakah (partnership) as opposed to Mudarabah (fund management) there is no Mudarib fee sharing mechanism.

13 The Mudarib's share of profit is 29.31% (2019: 31.57%) and, after netting of Hiba to depositors amounting to Rs 231.99 million (2019: Rs 382.67 million), amounts to Rs.3,325.687 million (2019: Rs 3,452.629 million) and for overseas branch, the Mudarib's share of profit is 7.01% (2019: 9.18%) and, after netting of Hiba to depositors amounting to Rs 2.762 Million (2019: Rs 1.811 Million), amounts to Rs 0.997 Million (2019: Rs 0.815 Million) was booked as net profit for 2020.

14 The following parameters are used for profit distribution in the pool:

- Permissible direct expenses can be charged to the relevant pool. Administrative and operating expenses are paid by the Mudarib and not charged to the relevant pool.
- The Bank first charges the proportionate profit to average equity allocated to the pools and then charges the Mudarib fee before distribution of profit among depositors.
- The Bank gives priority to depositors' funds over its own equity for placement in investing activities.
- Provisions for non-performing accounts are borne by the Mudarib. However, write off of non-performing accounts is charged to the respective pool.
- Income generated from non-financing activities is not considered as income of the pool.

15 The average rate of profit earned on the earning assets of the Islamic banking business during the year was 10.66% (2019: 11.33%). A Profit rate of 3.55% (2019: 6.06%) was distributed to depositors and for overseas branch, the average rate of profit earned on the earning assets of the Islamic banking business during the year was 7.01% (2019: 9.18%). A Profit rate of 5.01% (2019: 6.82%) was distributed to depositors.

16 DEPLOYMENT OF MUDARABAH BASED DEPOSITS BY ECONOMIC SECTOR

	2020	2019
	(Rupees in '000)	
Cement	**7,695,208**	8,232,604
Chemicals and pharmaceuticals	**16,417,139**	3,271,020
Construction	**4,525,668**	50,442
Education and medical	**120,258**	62,000
Engineering	**104,041**	146,186
Financial	**80,463,006**	16,253,787
Food, tobacco and beverages	**9,038,833**	14,247,798
Individuals	**3,502,446**	1,787,138
Others	**33,913,535**	15,041,702
Printing and publishing	**2,135,904**	2,218,524
Production and transmission of energy	**94,273,638**	95,879,681
Telecommunication	**2,416,667**	2,666,667
Textile	**24,645,185**	14,330,691
Metal and allied	**6,409,504**	6,996,815
Oil and gas	**4,080,851**	5,007,205
Mining and quarrying	**665,765**	526,443
Wholesale and retail trade	**3,629,832**	198,927
Total gross Islamic financing and related assets and investments	**294,037,480**	186,917,630
Total lending to financial institutions	**5,257,358**	20,489,184
Total deployed funds	**299,294,838**	207,406,814

16.1 Deployment of Mudarabah based deposits by economic sector by public / private sector

	2020	2019
Public / Government	**195,730,530**	90,462,126
Private	**103,564,308**	116,944,688
Total	**299,294,838**	207,406,814

ANNEXURE II

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
1	K.I. ELECTRONICS PROP IMTIAZUDIN,IQRA CENTRE, SHOP NO 3,OPP KHIZRA MASJID FOUJDARI ROAD, HYDERABAD	IMTIAZ UDDIN 41302-9032344-1	MUHAMMAD YASEER UD DIN	399	583	-	982	-	-	583	-	583
2	KHAWAJA MAJEEB AND SON H-193,AKBARI MANDI,LAHORE	KHAWAJA FAREED AHMED 35201-1268703-9	KHAWAJA MAJEEB AHMAD	14,000	5,432	-	19,432	-	-	5,432	-	5,432
3	MUNIR CORPORATION WATER WORKS ROAD BEHIND HUSSAIN AGAHI ROAD	MUNIR AHMED 36302-0864813-7 GULZAR AHMED 36302-4957274-7 NAZIR AHMED 36302-2356185-1 SADAQAT HUSSAIN 36302-2359865-9	MUHAMMAD LATIF SHEIKH MUHAMMAD LATIF MUHAMMAD LATIF MUHAMMAD LATIF	5,000	1,124	-	6,124	-	-	985	-	985
4	ABDUL BASIT CLOTH HOUSE BASIRA BAZAR,MUZAFFARGARH	ABDUL BASIT 32304-4405853-9	MUHAMMAD AKBER	763	885	-	1,648	-	-	878	-	878
5	NAWAB ZADA MUHAMMAD AHSAN KHAN HOUSE NAWABZADA NASRULLAH KHAN G.T. ROAD.KHAN GARH P/O KHAN GARH	32304-1530651-1	NAWAB ZADA NISAR AHMED KHAN	1,799	1,616	-	3,415	-	-	1,015	-	1,015
6	IJAZ AHMED CHAK # 40 SB,P/O SAME TEH & DISTT SARGODHA	38403-2037847-9	CH HAJI ALLAH RAKHA	1,000	613	-	1,613	-	-	613	-	613
7	MUSA PAK CHEMICAL CO 525-NAQSH BAND COLONY, RASHIDA ABAD,MULTAN	MUHAMMAD ASLAM TAHIR 36302-9855882-1	CH AMEER UDDIN	2,257	3,393	-	5,650	-	-	3,385	-	3,385
8	SARDAR SHOKAT FILLING STATION QALA NATHA SING,P/O TALVANDI DISTT KASUR	MUHAMMAD ASLAM 35101-2517548-1 SHOUKAT ALI 35101-4385644-3		1,123	824	-	1,947	-	-	822	-	822
9	AFTAB AHMED VILLAGE SULTAN PUR,POST OFFICE QADIRABAD COONY,TEHSIL HAFIZABAD	34301-7199270-7	MUSHTAQ AHMED	1,500	1,085	-	2,585	-	-	1,002	-	1,002
10	LASHARI COMMUNICATION SHOP NO 2825/A,NEAR SAEEMI DAWAKHANA LMQ ROAD CHOWK KUTCHERY MULTAN	MUHAMMAD ZULQARNAIN 38102-0901832-5	MULAZIM HUSSAIN	998	768	-	1,766	-	-	765	1	766
11	KASHIF MAQBOOL SELECTRONICS,9 ABID MARKET, FATIMA JINNAH,QUEENS ROAD	35202-7267294-7	SHEIKH MAQBOOL AHMED	13,565	10,694	-	24,259	-	-	10,694	-	10,694

ANNEXURE II

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
12	S.ESSA 120,LIAQUAT MARKET,OPP.NEW MEMON MASJID,BOULTON MARKET, M.A.JINNAH ROAD,KARACHI	MUHAMMAD ASIF KAPADIA 42301-5125756-9 MUHAMMAD ARIF KAPADIA 42201-4231223-3 MUHAMMAD SHAFI KAPADIA 42301-8575273-5 MUHAMMAD SALIM KAPADIA 42201-0737639-6	ISMAIL KAPADIA ISMAIL KAPADIA ISMAIL KAPADIA ISMAIL KAPADIA	41,664	40,227	-	81,891	-	-	35,891	-	35,891
13	NEW LATIF COTTON GINNERS & OIL MILL BANDHI ROAD SB DAUR	TULSI DASD 45402-0929711-9 ROOP CHAND 45402-0932530-7 PERMANAND 45402-8104703-7	RELU MAL RELU MAL RELU MAL	4,798	1,009	-	5,807	-	-	801	-	801
14	AFTAB AHMAD CHAK NO.353 JB,TEH.GOJRA DISTT.TOBA TEK SINGH	33301-7278784-5	ZAFAR AHMAD	1,575	667	-	2,242	-	-	667	-	667
15	SALEEM SARWAR KHAN KHICHI BAHADUR PUR CHOWK,NEAR PSO PUMP, BOSAN ROAD,MULTAN	36602-0980125-3	GHULAM SARWAR KHAN	1,499	935	-	2,434	-	-	934	-	934
16	MIAN AGRO TRADERS VILLAGE LAWERE P/O VINNI TEHSIL AND DISTT. HAFIZABAD	MUHAMMAD IRSHAD 34301-1733429-7	MUHAMMAD TUFAIL	1,598	1,853	-	3,451	-	-	1,606	-	1,606
17	KHALID TRADERS RAIL WAY ROAD GUJRAT	KHALID JAVED BAIG 34201-4552527-5	ALI AHMED	1,993	1,204	-	3,197	-	-	634	-	634
18	ABDULLAH ENTERPRISES BUTT FLOUR MILLS BY PASS ROAD VANIA WALA GUJRANWALA DISTT GUJRANWALA	ZAKA ULLAH BUTT 34601-0800098-9 SAMI ULLAH BUTT 34601-0800097-7 SHEHZAD ZIA BUTT 34601-0810774-5	ZIA ULLAH AHMED BUTT ZIA ULLAH AHMED BUTT ZIA ULLAH AHMED BUTT	4,499	2,120	-	6,619	-	-	1,084	-	1,084
19	RAIS HAJI MUHAMMAD WARIS VILLEGE SAIN BUKSH KHAN RIND P O KHADRO TALUKA SINJHORO DISTRICT SANGHAR	44205-5259324-5	RAIS HAJI M. ALAM KHAN	1,900	1,914	-	3,814	-	-	1,914	-	1,914
20	MUHAMMAD USMAN MOUZA KHATTI CHOOR,P/O MAMDHAL TEHSIL KABIRWALA,DISTT KHANEWAL	36102-3549954-3	CH. NAZAR MUHAMMAD	1,315	892	-	2,207	-	-	892	-	892
21	RAZIA KIDWAI HOUSE NO 24 STREET NO 11, SECTOR-A,IST AVENUE DHA PHASE-1,ISLAMABAD	61101-4564582-2	RAJA HAMEED A. KIDWAI	8,303	4,606	-	12,909	-	-	4,256	-	4,256

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning: Principal	Outstanding Liabilities at the beginning: Mark-up (Debited + Un-Debited	Outstanding Liabilities at the beginning: Other Charges	Outstanding Liabilities at the beginning: Total	Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief: Un-Debited (Waiver)	Other Financial Relief: Debited (Reversal)	Total
22	WARSI AUTO TRADERS C-1 4 MODERN COLONY,MANGHOPIR ROAD KARACHI	S. M. WARSI 506-22-043837	S. M. BASHIR WARSI	2,571	6,944	-	9,515	2,571	-	6,944	-	9,515
23	RAI SHABBIR HUSSAIN THATHA MANIK PO SA LASHAR, DISTRICT OKARA,LASHARIAN	35302-7235912-1	SAKHI MUHAMMAD	-	673	-	673	-	-	663	-	663
24	JAVED HUSSAIN THEBO VILLAJE RIP SHARIF PO,RIP SHARIF TALUKA.TALHAR, DIST.BADIN	41105-2242351-7	MUHAMMAD HASSAN	1,589	1,539	-	3,128	-	-	1,528	-	1,528
25	FATEHULLAHA HOUSE NO 28 MOHALLAH ZAFAR ALI ROAD CANTT SIALKOT	34603-2317493-7	SARDAR MUHAMMAD HANIF	265	644	-	909	-	-	634	-	634
26	GULZAR AHMAD BASTI TIWANA BONGA AZAM P.O.LUDDEN TEHSIL VEHARI	36603-0915792-9	SHAH MUHAMMAD	1,199	916	-	2,115	-	-	865	-	865
27	MUHAMMAD AMEER KHAN CHAK NO.52/KB,P.O.FAROOQABAD TEHSIL BUREWALA	36601-2851614-1	ADMIR KHAN	871	847	-	1,718	-	-	843	-	843
28	HONG KONG TRADER SHOP NO 25 F INSIDE,SHAHALM GADE,LAHORE	BASHARAT YOUNAS 35201-0468984-7	MUHAMMAD YOUNAS	714	609	-	1,323	-	-	609	-	609
29	AL AIEN GROUP HOUSE NO 43/1 BLOCK 6 KHAYABAN E HILAL DEFENCE HOUSING AUTHORITY P.O DEFENCE KARACHI	NAIK PARVEEN 42301-8442745-8	HAJI NAZEER DHEDHI	14,633	3,364	-	17,997	-	-	2,986	-	2,986
30	RIZWAN AHMED SATHIO SATHIA HOUSE TANDO MUHAMMAD KHAN P.O TANDO MUHAMMAD KHAN DISTRICT TANDO MUHAMMAD KHAN	41308-2353732-9	AHMED KHAN	998	848	-	1,846	-	-	846	-	846
31	TARIQUE MEHBOOB HOUSING SOCIETY,SANGHAR	44203-4209790-3	MEHBOOB ELLAHI	350	629	-	979	-	-	529	-	529
32	ADVANTAGE PAKISTAN 190-Y COMMERCIAL AREA, 1ST & 2ND FLOOR,DHA LAHORE	NADEEM RAHAT QURESHI 35201-1165484-9 BABAR AMIN 35201-6748671-9 ZEESHAN RAHAT QURESHI 35201-2035354-3 ASAD AMIN 35202-3338524-1	SHARIF RAHAT QURESHI SAFDAR AMIN SHAREEF RAHAT QURESHI SAFDAR AMIN	6,423	19,632	-	26,055	-	-	19,472	-	19,472

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

ANNEXURE II

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
33	MUHAMMAD ASIF MOUZA GULHARI PO ASHRAF SHAH TEH MAILSI DISTT VEHARI	36602-7481918-9	MIAN SHAMAS UDDIN	1,637	784	-	2,421	-	-	571	-	571
34	MADNI ZARI MODEL FARM MOUZA RAJARI,AHMED PUR LAMMA SADIQABAD	MAH-E-JABEEN 31304-2013324-6	SHEIKH FAIZ BUX	2,000	2,730	-	4,730	-	-	2,730	-	2,730
35	NASRULLAH & BROTHERS PINDI BHATTIAN ROAD,JALALPUR BHATTIAN POST OFFICE, JALALPUR BHATTIAN, THE PINDI BHATTI DISTRICT HAFIZABAD	NASRULLAH KHAN 34302-6202039-7	MUHAMMAD HAYAT	700	734	-	1,434	-	-	659	-	659
36	PEETU MAL DHARMU MAL FERTILIZER AHMED RAJO ROAD P/O GOLARCHI KARACHI ROAD SFR GOLARCHI	PEETOO MAL 41303-3918165-1	SUKHRAM DAS	9,274	4,962	-	14,236	-	-	4,209	-	4,209
37	MUHAMMAD SADIQ HUSSAIN NOSHERA JADEED,P/O JANOWALA TEHSIL BAHAWALPUR	31201-7499153-3	GHULAM HUSSAIN	815	656	-	1,471	-	-	656	-	656
38	MOHAMMAD IMRAN VILLAGE KHOTARY WANDO P/O WANDO,TEHSIL KAMOKI,DISTT. GUJRANWALA	34102-2578616-9	KHADIM HUSSAIN	2,197	872	-	3,069	-	-	869	-	869
39	MOLIDINO VILLAGE MOLI DINO SATHIO,P/O SINDH-AB-S-MILL,TALUKA BULRI SHAH KARIM	41308-4966128-7	RAKHIO SATHIO	79	749	-	828	-	-	749	-	749
40	MUHAMMAD ASHRAF VILLAGE GHANIA,P.O.KAMOKE TEHSIL KAMOKE,DISTT.GUJRANWALA	34102-5680260-1	MUHAMMAD YOUNUS	2,500	1,600	-	4,100	-	-	1,600	-	1,600
41	RANA COMMISSION SHOP BALOO KALAN P/O ALI ABAD BALOO KALAN, HAFIZABAD ROAD THATHA GHARA, DISTT HAFIZABAD	AURANG ZAIB 34301-8582105-7	MUHAMMAD ASLAM	3,061	2,913	-	5,974	-	-	2,913	-	2,913
42	LIAQAT TRADERS NEAR SUFI STEEL MILLMO H JAMIL PARK SHADAR GUJRANWALA	LIAQAT ALI 35200-1464025-1	MUHAMMAD SADIQ	2,999	760	-	3,759	-	-	759	-	759
43	MOHAMMAD UMAR MANDHRO C/O HABIB SHAH PETROLEUM SERVICE NATIONAL HIGHWAY HYDERABAD ROAD,THATTA P.O AND DISTRICT THATTA	41407-2337049-9	ALLAH BUX	1,327	657	-	1,984	-	-	657	-	657

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Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning: Principal	Mark-up (Debited + Un-Debited	Other Charges	Total	Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief: Un-Debited (Waiver)	Debited (Reversal)	Total
44	MOHAMMAD MOHSIN CHAK NO 10 NB,BHALWAL	38401-0452638-1	MUHAMMAD QASIM	1,250	805	-	2,055	-	-	805	-	805
45	PROYA ENTERPRISES CHOWK SIALKOT BY PASS GUJRANWALA TEH WAZIRABAD DISTT. GUJRANWALA	MUMTAZ AHMED 34104-5672016-9	ATTA ULLAH	2,997	1,408	-	4,405	-	-	1,405	-	1,405
46	MUHAMMED MANZOOR R/O CHAK NO 4RH P/O FAZIL TEHSAIL KALOOR KOT DISTT. BHAKKAR	38103-2215737-7	MUHAMMAD KHAN	365	766	-	1,131	-	-	766	-	766
47	MUHAMMAD AJMAL KHARO DEHI P.O KHAS,TEHSIL HASLPUR DISTT.BAHAWALPUR	31203-2461198-1	JALAL KHAN	1,855	1,257	-	3,112	-	-	1,256	-	1,256
48	AL TOHEED RICE MILL VILLAGE WALIDAD CHANDIO TALLAKA MEHAR DISTT DADU	ALI MUHAMMAD 41205-1443462-7	ILLAHI BUX BROHI	2,800	1,389	-	4,189	-	-	770	618	1,388
49	AMJAD ALI SHAH MEHLUKI MAPLAYLY TEHSIL RENALAKHURD DISTRICT OKARA	35303-6455533-5	AZIZ SHAH	705	651	-	1,356	-	-	647	-	647
50	MUDASSER & CO GHALLA MANDI RAHIM YAR KHAN	MUDASSER HUSSAIN 31303-9852645-1	MUHAMMAD HUSSAIN	9,000	9,897	-	18,897	-	-	8,918	979	9,897
51	ZULFIQAR ALI VILL ALI KHAIL URMAR PAYAN PESHAWAR	17301-1556667-9	SALIM KHAN	500	751	-	1,251	-	-	751	-	751
52	PACE PAKISTAN LTD PACE SHOPPING MALL 2ND & 3RD FLOOR FORTRESS STADIUM LAHORE	AAMNA TASEER 35201-1566773-0 SHEHRYAR ALI TASEER 35201-9042306-3 SHEHRBANO TASEER 35201-2124264-0 ABID RAZA 42101-4651884-1 IMRAN SAEED CHAUDHRY 352005-8129625-2 KANWAR LATAFAT ALI KHAN 42301-8974036-9 REEMA HUSSAIN QURESHI 35201-4049045-6 SHAHBAZ ALI TASEER 35201-7312405-1	SALMAAN TASEER SALMAAN TASEER SALMAAN TASEER SYED MUHAMMAD SAEED CHAUDHRY KANWAR LIAQAT ALI KHAN SHEHRYAR ALI TASEER SALMAAN TASEER	106,894	80,793	-	187,687	-	-	80,793	-	80,793

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

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Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
53	SHAHZAD KAMRAN HOUOSE NO 1076 BANGLA ROAD NEAR GHOUSIA MASJAD HAROONABAD TEHSIL HAROON ABAD	31104-1668570-9	SHAUKAT ALI	450	529	-	979	-	-	529	-	529
54	TARIQ SAEED BAST SANPAL CHOUGHTA PUNJOANA TEH MIAN CHANNU DISTT KHANYWAL SAHIWAL	35202-4664931-1	AHMAD YAR	2,491	695	-	3,186	-	-	695	-	695
55	AL KARIM ZARI SERVICE JHOK UTRA,P/O KHAS TEH & DISTT D G KHAN	RANA ALLAH DITTA 32102-3377493-1	RANA NABI BAKHSH	1,098	799	-	1,897	-	-	797	-	797
56	MUHAMMAD TAHIR SHAH NAWAZ COURT ROAD CIVIL LINES D I KHAN	12101-7147116-5	SHAH NAWAZ KHAN	404	606	-	1,010	-	-	606	-	606
57	CARE GENERAL ENGG 10-MOHNI ROAD LAHORE	AZHAR IQBAL 35202-1245223-3	MUHAMMAD IQBAL	20,358	15,487	-	35,845	-	-	12,512	-	12,512
58	BAHRAM KHAN ILYAS P/O DULLA BUDHARA TEHSIL CHISHTIAN DISTT BAHAWALNAGAR	31102-0595488-1	GHULAM MUHAMMAD	2,000	842	-	2,842	-	-	842	-	842
59	SEITHI FILLING STATION EMINABAD ROAD KHAN PAYARA DISTT.GUJRANWALA	KAMAL DIN SETHI 34101-2701383-5	DIN MUHAMMAD	262	637	-	899	-	-	623	-	623
60	MGA INDUSTRIES PRIVATE LIMITED 162 S QAUID E AZAM INDUSTRIAL ESTATE TOWNSHIP KOT LAKHPAT LAHORE	MALIK MUHAMMAD ASLAM 35202-0419653-5 MALIK TAHIR JAVAID 35202-7926036-9 MALIK KHALID JAVAID 35202-7915586-9	MALIK SULTAN AHMED MALIK SULTAN AHMED MALIK SULTAN AHMED	121,880	103,336	-	225,216	-	-	100,721	2,597	103,318
61	CHAUDHRY PACKAGES AKRAM PARK USMAN STRET OPP. CHOWHAN ROAD MAIN BUND ROAD LAHORE	MUHAMMAD KHALID MEHMOOD 35202-1253778-7	ABDUL GHAFOOR	742	505	-	1,247	-	-	505	-	505
62	RIASAT ALI VILL &P.O BHADAYWALA TEH DASKA	34601-4631305-1	ABDUL SATTAR	549	863	-	1,412	-	-	509	-	509
63	PARAGAN PHARMA AHMED TOWER KHYBER SUPER MARKET BARA ROAD PESHAWAR	HAQ NAWAZ 17102-1449544-5 MUHAMMAD HARIS 17102-3527368-7	MUHAMMAD NAWAZ KHAN SYED ZAKI AKHTAR	5,999	4,227	-	10,226	-	-	3,307	419	3,726

Details of advances written-off **ANNEXURE II**

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

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				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
64	FAHAD AHMED VILLAGE REHMATULLAH JAHEJO P.O MATLI TALUKA MATLI BADIN	41103-5790879-7	HAJI KHANDOO	1,599	625	-	2,224	-	-	624	-	624
65	SHAN SHOPPING POINT AK-KARIM CENTRE RAILWAY ROAD HAFIZABAD	SALIM 34301-1764714-7	SULTAN SHAH	1,190	623	-	1,813	-	-	613	-	613
66	JEHANGIR TRADERS GHALLA MANDI GHAKKHAR MANDI POST OFFICE GHAKKHAR MANDI TEH WAZIRABAD	QAISAR PERVAIZ CHEEMA 34101-8513894-9	GHULAM RASOOL CHEEMA	-	1,219	-	1,219	-	-	1,094	-	1,094
67	NEW SANAM MEDICOSE B-3/83 OPPOSITE STREET GOVT. GIRLS ELEMENTARY COLLEGE LALAMUSA, DISTT. GUJRAT	AGHA SHABIR AHMED 34202-0437086-5	AGHA BASHIR AHMED	2,192	1,736	-	3,928	-	-	1,728	-	1,728
68	KASHMIR CORPORATION 40-CHENAB MARKET,MADINA TOWN FAISALABAD	MUHAMMAD RAMZAN 33100-1528310-9	JAMAL UDDIN	1,195	821	-	2,016	-	-	812	-	812
69	BUTTER WEAVING FACTORY P10-11 MAIN ROAD NAWABAWA SAMANABAD FAISALABAD	MUSHTAQ AHMED 33100-8420142-3	GHULAM QADIR	2,999	3,250	-	6,249	-	-	2,957	-	2,957
70	ZULFIQAR ALI H # 709 - A - 1,TOWNSHIP G.E.H.S LAHORE	35201-3930633-9	MUHAMMAD NASIR KHAN	10,000	2,689	-	12,689	-	-	2,689	-	2,689
71	RAI TIPU SULTAN BULHAY WALA P.O. KALRI TEH. LALYAN	33201-1562135-5	KHIZER HAYAT	965	1,198	-	2,163	-	-	1,091	-	1,091
72	MUKHTAR AHMAD VILL TALHARA P/O KHAS TEH DASKA DISTT SIALKOT	34601-8233284-1	SULTAN AHMAD	871	731	-	1,602	-	-	502	-	502
73	SAJID ALI, NAVEED AHMAD, MUHAMMAD YASIR UMER TOWN ALI PUR CHATTA TEHSIL WAZIRABAD DISTT GUJRANWALA	SAJID ALI TARRAR 34104-2252044-1 NAVEED AHMAD 34104-2252047-1 MUHAMMAD YASIR TARRAR 34104-2252033-7	NAZAR MUHAMMAD TARRAR NAZAR MUHAMMAD TARRAR NAZAR MUHAMMAD	2,499	2,001	-	4,500	-	-	1,900	-	1,900
74	ALI MUHAMMAD NIZAMANI NIZAMANI MUHLLAH MATLI POST OFFICE MATLI TULKA MATLI	41103-3054319-7	ALLAH BUX NIZAMANI	4,460	1,110	-	5,570	-	-	960	-	960

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				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
75	NIZAM ZARI FARM P/O AHMED PUR LAMMA TEHSIL SADIQ ABAD M.MUEEN-UD-DIN	M.MOIN UDDIN SHAHBAZ 31303-0196104-5	SHARAFAT ULLAH KHAN	700	974	-	1,674	-	-	974	-	974
76	FAZAL HUSSAIN VILLAGE CHAK 34,TEHSIL MURIDKE DISTT SHIEKHUPURA	34301-1677810-3	GHULAM HAIDER	1,312	601	-	1,913	-	-	600	-	600
77	AJMAIR KHAN MALANG CHAK NO 19 JB KADUKAY TEH CHAK JHUMRA	33100-9773405-9	MIRZA KHAN	1,000	1,112	-	2,112	-	-	1,112	-	1,112
78	HABIB UR REHMAN MOUZA MOTHA P/O KOTLA CHAKAR TEHSIL JALAL PUR PIR WALA	36301-0671109-5	GHULAM RASOOL	817	701	-	1,518	-	-	698	-	698
79	IJAZ QAISAR SHEIKH FLAT NO 7 STREET NO 1 AJMAL TOWN HAIDER ROAD FEROZWALA SHEIKHUPURA	34602-1028294-7	ALI AHMED GHULAM	388	164	-	552	388	-	164	-	552
80	AMIR FAREED H NO 32, ST NO 3, AKBAR SHAHEED ROAD KOT LAKHPAT LAHORE	35101-5924308-9	MUHAMMAD AFZAL	347	165	-	512	347	-	165	-	512
81	ARSHAD ALI POLICE INE KHYBER ROAD PESHAWAR	17301-3525764-5	MUHAMMAD ISMAIL KHAN	387	190	-	577	387	-	190	-	577
82	ADNAN MAHMOOD MALIK H.NO 20 ST NO 9 QILLA MUHAMMDI RAVI ROAD LAHORE	35202-2589347-9	MEHMOOD AHMED	635	93	-	728	635	-	93	-	728
83	ZAFAR IQBAL QUARTER 08 COMMISSIONAR OFFICE MALL ROAD PESHAWAR CANTT PESHAWAR	17301-7300150-9	NOOR REHMAN	343	166	-	509	343	-	166	-	509
84	GULL E SABA SARFRAZ H NO 5/36 F C COLLEGE RD GULBERG III LAHORE	34501-1022387-0	SARFRAZ MASIH	546	245	-	791	546	-	245	-	791
85	MUHAMMAD SHEHBAZ PALACE SANMA ROAD STREET NO 1 MOH BAJWA COLONY OKARA	35302-2359405-7	UMAR BAKSH	440	205	-	645	440	-	205	-	645
86	TAJ STEEL HOUSE # 2/17 BLOCK "B" MUHAMAMD ALI ROAD SHER SHAH KARACHI	MUHAMMAD AZIZ 42401-3126193-7	TAJ MUHAMMAD	1,974	736	-	2,710	-	-	736	-	736

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

ANNEXURE II

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
87	RAFIQUE POULTRY FARM CHAK NO.143 GB TEH.SAMUNDRI DISTT.FAISALABAD	MUHAMMAD RAFIQUE 33105-0374173-5	ABDUR RASHEED	850	688	-	1,538	-	-	688	-	688
88	BAHOO COMMISSION SHOP NEW SABZI MANDI KAMOKE DISTT. GUJRANWALA.	SULTAN ALI 34102-3583795-7	CH HASSAN DIN	420	628	-	1,048	-	-	628	-	628
89	MOHAMMAD YASEEN MOHALLAH QATAB SHAH WALI COMMITTEE GHAR SHAKARGARH TEH SHAKARGARH DISTT NAROWAL	34502-4659519-1	ANWAR KHAN	2,498	1,023	-	3,521	-	-	1,021	-	1,021
90	AMIR AHMED BASTI SHAH WALA P/O HAFIZ WALA TEH JALALPUR PIR WALA.	36301-7074276-1	MUHAMMAD KHAN	997	708	-	1,705	-	-	655	-	655
91	MUHAMMAD AMIN BASTI NOORAN BALOUCHAN PO DULLA BEDHERA MOUZA MEHRO BALUOCH TEH. CHISTIAN DISTT. BAHAWALNAGAR	31102-0586849-1	ALLAH YAR KHAN	1,200	639	-	1,839	-	-	639	-	639
92	GHULAM QADIR CHAK NO 113 JB TEHSIL & DISTRI CT FAISALABAD	33100-3831727-3	ALLAH DITTA	591	1,002	-	1,593	-	-	1,002	-	1,002
93	WASEEM ARSHAD MALIK APARTMENT # 13 BUILDING # 38, STREET # 03 BLOCK -C ASKARI XI LAHORE	61101-5014862-5	MUHAMMAD ARSHAD MALIK	3,433	680	-	4,113	-	-	680	-	680
94	AZMAT ALI VILLAGE PINDI BOWARAY,PO SAME TEH & DISTT HAFIZABAD	34301-0280731-1	MUHAMMAD BOOTA	1,195	698	-	1,893	-	-	629	-	629
95	IMRAN TRADING COMPANY 137 A MODEL TOWN GUJRAT	SYED ARSHAD AMIR 34201-1097569-7	SYED FAZAL HUSSAIN SHAH	1,498	1,317	-	2,815	-	-	1,315	-	1,315
96	DSI PAKISTAN PVT LTD 11 6 10 SECTOR 16,KORANGI INDUSTRIAL AREA,KARACHI	SHABBIR AHMED DESAI 42301-2624689-9 DAWOOD MOOSA DESAI 42301-1697255-1 MUHAMMAD SADIQUE DESAI 42301-2624784-9 MUHAMMAD AMIN DESAI 42301-8645590-1 SHAHID MEHMOOD DESAI 42301-2625734-9	MOOSA DAWOOD DESAI MOOSA DAWOOD DESAI SHABBIR AHMED DESAI DAWOOD MOOSA DESAI SHABBIR AHMED DESAI	385,194	181,427	-	566,621	193,049	-	181,427	-	374,476

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

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S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
97	MUHAMMAD YOUSAF 138 JB,TEH CHINIOT	33201-3636501-3	MUHAMMAD	400	626	-	1,026	-	-	626	-	626
98	IJAZ AHMAD CHAK NO. 36 S.B.P.O. SAME TEHSIL AND DISTT. SARGODHA	38403-8473153-5	CH. NAWAB KHAN	2,000	1,019	-	3,019	-	-	1,019	-	1,019
99	ABDUL QADOOS & BROTHERS 4/A GHALIB COLONY SHABAB CHOWK NADEEM SHAHEED ROAD SAMANABAD LAHORE	ABDUL QADOOS 35202-1416584-3	HAJI ABDUL WAHEED	3,993	2,311	-	6,304	-	-	1,604	-	1,604
100	MASTER ENGEERING WORKS GALI NO 6,REHMAN GALI, BRENTRETH ROAD,LAHORE	IMRAN HAFEEZ 35201-7604637-3	ABDUL HAFEEZ	15,491	12,373	-	27,864	-	-	9,364	-	9,364
101	MUHAMMAD SAEED KHAN ALI KHAN MAUZA BUDH GHULAM PO LUDDAN TEH VEHARI,DISTT. VEHARI	36603-1421533-9	MUHAMMAD ALI	1,191	700	-	1,891	-	-	641	-	641
102	SYED MUHAMMAD ASIF IMRAN SHAH H NO 201/B-VII LUCKY ABADI JAHAL ROAD SAHIWAL	36301-4273242-9	SAEED GHULAM JILANI	607	299	-	906	607	-	299	-	906
103	ASHIQ HUSSAIN MAKAN 119 WARD NO 5/3 AL FATEH CHOWK NAZD GHOSIA CHOWK KHATKA WALA PO KEHROR PACCA TEH DISTT	36202-0952143-5	LAAL KHAN	405	179	-	584	405	-	179	-	584
104	NAILA JABEEN ST NO 3 H NO 1 MOHALLA SYEDAN BAGHBAN PURA	35201-1433818-2	SYED MUNAWAR	365	228	-	593	365	-	228	-	593
105	NAJMA AGHA MUHALLAH RASULA RAVI RAYAN TEH FEROZ WALA SHAHDRA LAHORE	35401-3884161-8	MUHAMMAD ISHAQ	396	239	-	635	396	-	239	-	635
106	ASMA SALEEM 46/2 T DHA PH 2,LAHORE	35201-1275662-0	M SALEEM IQBAL	444	258	-	702	444	-	258	-	702
107	ASIF TANVEER DURRANI Q NO 10 OFFICER RESIDENCE 62 K M MULTAN ROAD LAHORE	17101-5014876-3	M ISRAR	390	182	-	572	390	-	182	-	572
108	ANEES HUSSAIN BISE NEAR SINDH SAMLL INDUSTRIES LARKANA	43207-7209171-7	LIAQUAT ALI	471	224	-	695	471	-	224	-	695
109	AMINA RASHID 32/1-J BLK PHASE 8 DHA LHR	35201-9027269-4	SHEIKH RASHID	376	203	-	579	376	-	203	-	579

Details of advances written-off

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Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
110	MUHAMMAD ANWAR GALI RANGA PEHLWAN,MUSLIM GUNJ TEH.KAMOKE,DISTT.GUJRANWALA.	34102-1290637-5	CH. MUHAMMAD HUSSAIN	1,388	1,717	-	3,105	-	-	1,305	-	1,305
111	ARSHAD ZARI INDUSTRY HOUSE NO. 34-19 MADNI MADNI STREET,HAFIZABAD	MUHAMMAD ARSHAD 34301-1700957-9	MUKHTAR AHMED	697	1,163	-	1,860	-	-	1,163	-	1,163
112	MARHABA FOOD CO. NAZ CINEMA ROAD NEAR MUHABAT KHAN MASJID PESHAWAR CITY	SARFARAZ MUHAMMAD 17301-1406693-7	NAZAR MUHAMMAD	542	885	-	1,427	-	-	794	91	885
113	MUHAMMAD AJMAL VILLAGE KHAN MARAKA P.O. KOT NAINAN,TTEHSIL SHAGARH	34502-1527043-7	BASHIR AHMED	2,000	601	-	2,601	-	-	521	-	521
114	ABID HUSSAIN VILLAGE HEERA CHUN P/O KOT NAINA TEH SHAKARGARH	34502-5771195-3	ASGHAR ALI	1,920	609	-	2,529	-	-	529	-	529
115	AWAMI TRADERS SHOPPING CENTER NANGI MIRPUR A.K.	ADIL NAZIR 81302-7112267-9	NAZIR AHMED	2,000	686	-	2,686	-	-	686	-	686
116	MALIK MUHAMMAD YOUSAF OIL TRADERS 3-K.M. MAKKUANA BY PASS CHOWK TO KHURRIANWALA, CHAK NO.210/R B,TEHSIL JARANWALA, DISTT. FAI	MALIK MUHAMMAD IKRAM 33102-1763443-3	LAL DIN	6,000	2,575	-	8,575	-	-	2,575	-	2,575
117	MAQSOOD AHMAD POST OFFICE KHAS CHAK NUMBER 216 RB,MUHAMMAD WALA TEHSIL JARANWALA,DISTRICT FAISALABAD	33104-6216200-3	ABDUL GHAFOOR	481	570	-	1,051	-	-	569	-	569
118	HUMERA HAQ GOVT QANDIL SCHOOL FOR NABINA H NO 440 MOH KOHATI BAZAR JHELUM	41104-1940614-6	HAQ NAWAZ	417	215	-	632	417	-	215	-	632
119	SYED MUZAMMIL HUSSAIN OLD ANNEXE BUIDLING 2ND FLOOR ROOM 110 ADITIONAL MIT IDER COURT SINDH SADDAR KARACHI	42101-0519921-1	ABID HUSSAIN	456	228	-	684	456	-	228	-	684
120	NAVEED ANWAR VILG KHAN HARI P.O DOGRI HARIN TEH PASRUR DISTT SIALKOT	34602-2607954-5	M ANWAR	380	204	-	584	380	-	204	-	584
121	BILAL AHMAD H NO 83 MOH MILLAT ROAD MILLAT TOWN BLOCK D FAISALABAD	33100-1457636-9	MUHAMMAD SAHRIF	328	184	-	512	328	-	184	-	512

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

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Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning: Principal	Mark-up (Debited + Un-Debited	Other Charges	Total	Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief: Un-Debited (Waiver)	Debited (Reversal)	Total
122	RAJA ATIF MEHMOOD PRIVATE EDUCATION INSTITUTIONS REGULATROY AUTHORITY NEAR NOOR HOSPITAL AL FAROKI CENTRE G-8/4 ISLAMABAD	37405-1924977-3	ZULFIQAR ALI ZALFI	356	208	-	564	356	-	208	-	564
123	SADORO KHAN H NO A28/2 PHASE I GULISTAN E HADEED BIN QASIM TOWN KARACHI	43103-3274079-5	ABDULLAH	400	191	-	591	400	-	191	-	591
124	HUMAIRA H 675 ST 5 SEC A BABA CHOWK KASHMIR COLONY KORANGI RD NEAR DUBAI HOTEL KARACHI	42201-4195646-2	MEHGA MASIH	445	266	-	711	445	-	266	-	711
125	IREM CHUMAN H NO 7 GHALIB ST NO 23 GOWAL MANDI ROAD RAILWAY ROAD LAHORE	42301-8924301-6	CHUMAN REHMAT	470	272	-	742	470	-	272	-	742
126	LIAQAT ALI KHAN MRF AIRCRAFT HANGER PAC KAMRA ISLAMABAD	14202-8138827-1	GUL HASSAN KHAN	448	212	-	660	448	-	212	-	660
127	HASNAIN RAZA HOUSE NO 2 ST NO 3 NEAR MAIN BAZARCHUNGI AMER SADHU MAKHDOOMABAD LAHORE	35202-4849543-3	GHULAM SABIR	478	265	-	743	478	-	265	-	743
128	MUSHTAQ MOHAMMAD HOUSE NO 192 STREET NO 10 SECTORF-8 PHASE 6 HAYATABAD PESHAWAR	17301-1690982-7	SHAFI ULLAH	552	261	-	813	552	-	261	-	813
129	NAQI ABBAS 174 B POLICE QUARTER CIVIL LINE COLONY KHANEWAL	35202-2673238-7	MUNAWAR HUSSAIN	318	185	-	503	318	-	185	-	503
130	MUHAMMAD AFZAL MOHALLA GOJRA MUZAFFARABAD MUZAFFARABAD	34502-1528690-7	WAZIR AHMED	363	144	-	507	363	-	144	-	507
131	JAVEED IQBAL FOREST COMPLEX NEAR DISTRICT JAIL MULTAN	35202-7453647-3	CHAUDHARY INAYAT ALI	1,491	720	-	2,211	1,491	-	720	-	2,211
132	SYED ASIF ABBAS H NO 36 STREET NO 12 SATELITE TOWN BAHAWALPUR	36302-0427801-7	SYED MUMTAZ AHMAD HAMDANI	482	281	-	763	482	-	281	-	763

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Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning: Principal	Outstanding Liabilities at the beginning: Mark-up (Debited + Un-Debited	Outstanding Liabilities at the beginning: Other Charges	Outstanding Liabilities at the beginning: Total	Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief: Un-Debited (Waiver)	Other Financial Relief: Debited (Reversal)	Total
133	MUHAMMAD SALEEM AKHTAR HOUSE NO 48 SHAH SHAMS COLONY G O R-1 LAHORE	42301-0462743-1	KHADIM HUSSAIN	315	199	-	514	315	-	199	-	514
134	ZAHID HAMEED LONI JUSYAL PO LONI TESHIL KALAR SYEDA NEAR POLICE STA TION, DISTT RAWALPINDI	36102-7665877-9	ABDUL HAMEED	450	251	-	701	450	-	251	-	701
135	MUBASHIR ABBAS MALIK P I A OFFICE NEW AIPORT FATEH JHANG ISLAMABAD	61101-6309393-5	MALIK M ABBAS	476	282	-	758	476	-	282	-	758
136	ATHER SAEED ALAM H NO P-590 MASOODABAD FAISALABAD	33100-1970154-7	AFZAL SAEED ALAM	468	260	-	728	468	-	260	-	728
137	CH NOOR NABI CHAK 55 MB,KHUSHAB	38201-1764347-3	CH QAIL DIN	798	608	-	1,406	-	-	608	-	608
138	MUHAMMAD YAHYA KHAN VILLAGE MATTAM P/O KHAS TEH & DISTT HAFIZABAD	34301-1762420-7	IMDAD KHAN	1,198	906	-	2,104	-	-	834	-	834
139	MUHAMMAD ILYAS DERA KHALIQ PEHLWAN HOUSE 274 LANDA BAZAR ROAD BILAL COLONY SHEIKHUPURA	35404-8479506-7	KAUSAR MEHMOOD	2,189	724	-	2,913	-	-	724	-	724
140	S.B.STEEL DARGAI,MALAKAND AGENCY	GUL SHAHZADA 16101-9503713-1 MUHAMMAD SHOAIB 15307-5501579-1	SHER ALI KHAN SHER BAHADUR KHAN	5,491	3,253	-	8,744	-	-	3,253	-	3,253
141	MALAKAND STEEL HO DARGAI MALAKAND AGENCY BO NOWSHERA ROAD MARDAN.	GUL SHAHZADA 16101-9503713-1 MUHAMMAD SHOAIB 15307-5501579-1	SHER ALI KHAN SHER BAHADAR KHAN	10,667	6,320	-	16,987	-	-	6,320	-	6,320
142	RAFIQ CORPORATION SHOP NO.3 QUARTARA BUILDING ARBAB ROAD,PESHAWAR CANTT	SHAHZAD RAFIQ 17301-0525852-9	MUHAMMAD RAFIQ	4,149	1,808	-	5,957	-	-	1,558	-	1,558
143	SHAHZADA MUNAWAR JAVED KHUDAI BASTI KHUDAI MOUZA DAKHNA GHAROO POST OFFICE SAME TEHSIL KAHROR PACC DISTRICT LODHRAN	36202-9167510-1	FIDA HUSSAIN	2,800	721	-	3,521	-	-	663	-	663
144	TRYCOT SYNTHETIC FIBRE COMPANY PLOT 32 SECTOR 19,KORANGI INDUSTRIAL AREA,KARACHI	FARZANA NAEEM 42201-2810794-4	NAEEM AKHTER	17,336	9,523	-	26,859	2,715	-	8,176	1,347	12,238

Details of advances written-off

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				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
145	CREATIVE COMPUTERS T-20, RAFI PLAZA, HALL ROAD, LAHORE	KHADIM HUSSAIN 35200-1429849-5	TALIB HUSSAIN	2,000	2,189	-	4,189	-	-	2,189	-	2,189
146	MUHAMMAD ALI MOUZA RAM PUR P/O MAIE SAPHOORAN TEHSIL PIR MAHAL DISTT TOBA TEK SINGH	33302-1357432-5	JAHANGIR KHAN	1,800	875	-	2,675	-	-	875	-	875
147	NINA INDUSTRIES LTD A-29/A,S.I.T.E., KARACHI	WAQAR AHMED SATTAR 42201-6071516-3 UROOJ SAEED 42301-5809641-9 KASHIF SAEED SATTAR 42000-5177233-5 SYED M. TAUQEER HASHMI 42401-5553740-1 MUHAMMAD AMJAD KHAN 42101-3062136-1	SHEIKH ABDUL SATTAR SAEED AHMED SATTAR SAEED AHMED SATTAR HAJI HAFIZ ABDUL SAMAD HASHMI MUHAMMAD AHMED KHAN	574,152	592,808	-	1,166,960	397,683	-	592,808	-	990,491
148	MUHAMMAD ARSLAN HOUSE NO 85 STREET NO 2, CHEEMA COLONY,SARGODHA	38403-8729676-9	MOHAMMAD AFZAL	2,229	814	-	3,043	-	-	793	-	793
149	AL HAMMAD DEPARTMENTAL STORE SHOP NO.91, AGRO SQUARE SHADMAN MARKET LAHORE	ZULFIQAR ALI DOOST 35401-1818646-3	MIR DOAST ALI	2,000	2,223	-	4,223	-	-	2,056	167	2,223
150	S. SAADAT ALI SHAH MOUZA AKBER SHAH P.O.LUDDEN,TEHSIL VEHARI DISTT. VEHARI	36603-3272940-5	DAULAT ALI SHAH	1,500	1,073	-	2,573	-	-	1,073	-	1,073
151	MUHAMMAD HAYAT MOUZA KAMALA,POST OFFICE RADHAN,TEH SAHIWAL DISTT SARGODHA	38402-2418895-7	MUHAMMAD KHAN	1,514	580	-	2,094	-	-	580	-	580
152	SHAHID HASAN KHAN ZAFAR KOT SHAH MUSTAQ P/O HUJRA SHAH MUQEEM TEH DEPALPUR	35301-2002480-3	MUHAMMAD ZAFAR KHAN	1,398	527	-	1,925	-	-	527	-	527
153	RIAZ ENTERPRISES RASOOL PURA KHAWAJA COLONY RAILWAY ROAD MULTAN	MUHAMMAD RIAZ 36302-9725474-7	SHEIKH NAZIR AHMAD	6,959	4,146	-	11,105	-	-	3,605	-	3,605
154	MUHAMMAD BOOTA VILL-CHAK HOSHYARA P O KHEWA BAJWA TEHSIL PASRUR DISTRICT SIALKOT	34602-0676666-5	AZIZ DIN	1,500	788	-	2,288	-	-	788	-	788

Details of advances written-off

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Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
155	MANZOOR AHMED VILL MIANWALI,P/O KOKHAR WALI TEH NAROWAL	34501-2048545-9	MOHAMMAD YOUSAF	999	5,056	-	6,055	-	-	5,006	-	5,006
156	CH WAJID ALI QILA KONIAN P/O KOT, DIAYARAM DISTT,SHEIKHUPURA	35404-0848600-5	CH. WARIS ALI	3,337	2,457	-	5,794	-	-	2,450	-	2,450
157	MUHAMMAD KASHIF MOUZA AZMAT SHAH TEHSIL KAMALIA DISTT TOBA TEK SINGH	33302-6690062-3	MEHAR SHAH	834	906	-	1,740	-	-	810	-	810
158	GUJJAR OIL MILLS TANDLA BYPASS MORE SAMUNDRI TEH SAMUNDRI DISTT FAISALABAD	MUHAMMAD IMRAN 33105-5141512-5 MUHAMMAD ANWAR 33105-8929261-3	MUHAMMAD IRSHAD DIN MUHAMMAD	5,997	1,021	-	7,018	-	-	961	-	961
159	FAZAL HUSSAIN AND CO. RAILWAY ROAD KHANPUR	MUHAMMAD ASLAM CHUGHTAI 31301-5942009-3 SURRIYA BANO 31301-1146666-6 RAZIA BEGUM 31301-3344519-2 AHMED RAZA SADIQ 31301-7743424-1	TALIB HUSSAIN MUHAMMADASLAM CHUGHTAI FAZAL HUSSAIN NAZAR MUHAMMAD MALIK	3,888	3,487	-	7,375	-	-	3,235	252	3,487
160	MEHRAN RICE MILLS BADIN ABID TOWN NEAR MEMON MOHALLA BADIN DISTT BADIN	ABDUL REHMAN 41101-1800866-3	HAJI MUHAMMAD	10,000	1,563	-	11,563	-	-	1,563	-	1,563
161	SAMEER GENERAL STORE MEMON MOHALLA BHAN SAEEDABAD P/O BHAN TALKA SEHWAN SHARIF DISTT JAMSHORO	ZAHEER KARIM 41206-0146976-9	ABDUL KAREEM	1,500	526	-	2,026	-	-	526	-	526
162	FASHION OUTFITTERS (PVT) LTD 498/S BLOCK D PEOPLES COLONY FAISALABAD	BASIT MAJED 33100-1348448-9 REHNA IKRAM 33100-4082261-0	IKRAM MAJEED MIAN IKRAM MAJEED	13,500	11,952	-	25,452	-	-	9,952	-	9,952
163	BILAL SAAD RICE MILLS NARANG MANDI TEH FEROZWALA DISTT SHEIKHUPURA	MUHAMMAD TARIQ RASHEED 35401-4551278-9 AMJAD ALI 35401-4126486-5 SHEHBAZ AHMED 35401-1077829-7 GULZAR BEGUM 35401-4204219-6	MUHAMMAD RASHEED MUHAMMAD RASHEED MUHAMMAD RASHID MUHAMMAD RASHEED	12,513	6,436	-	18,949	-	-	5,660	776	6,436
164	IMRAN SHAHID H NO 28 BLK-Z ST NO 11 PEOPLES COLONY GRW	34101-3993729-9	M. SHAFI	1,190	1,191	-	2,381	-	-	1,191	-	1,191

Details of advances written-off **ANNEXURE II**

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Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
165	CHAKWAL FEEDS (PVT) LTD 4 KM SARGODHA ROAD CHAKWAL	QAZI MUHAMMAD AKBAR 61101-2424774-5 SIDDIQUE AKBAR 61101-4011507-7	QAZI ABDUL KAREEM QAZI MUHAMMAD AKBAR	28,893	18,664	-	47,557	-	-	17,557	-	17,557
166	MALIK BROTHERS COTTON WASTE FACTORY STREET MOH MALIK POORA COTTON SOAP FACTORY BHIKHI TEH & DIST SHEIKHUPURA GUJRANWALA	ABDUL HAFEEZ ANJUM 35404-1602299-5	MUHAMMAD SARDAR	9,999	2,529	-	12,528	-	-	2,528	-	2,528
167	E.TECH COMPUTER RECYCLING P-1, GULZAR PURA, SHAHZAD COLONY MAIN SATYANA ROAD FAISALABAD	SYED AFSAR ALI 33100-5424541-9 NAJAM ALI KAZMI 33100-6325943-1	ASAD KAZMI ASAD KAZMI	995	3,175	-	4,170	-	-	3,170	-	3,170
168	AHSAN NAVEED THATHI JALAL TEH. SAHIWAL DISTT. SARGODHA	34101-9860371-3	TANVEER AHMED	1,157	560	-	1,717	-	-	560	-	560
169	SYED ZAHEER UL HASSNAIN HOUSE NO B6/1 MUHALLAH HDA EMPLOYERS CO OPERATIVE SOCIETY HYDER ABAD	42201-0439054-1	NOOR ELLAHI	1,726	564	-	2,290	-	-	541	-	541
170	AL HAMD AGRO SERVICE DAMER WALA ROAD MAHRA KHAS P/O MAHRA TEH DISTT MUZAFFARGARH	MUKHTIAR AHMAD 32304-1603437-3	KRIM DAD	220	503	-	723	-	-	459	44	503
171	CH TAHIR AHMED VILL KOURPUR CHEEMA PO. BADDOKEY TEH DASKA DISTT SIALK	34601-0776921-1	CH. QAMAR MOHIUDDIN	2,000	595	-	2,595	-	-	595	-	595
172	ESQUIRE MEDICINE 262 REWAZ GARDEN LAHORE	EHSAN ULLAH 35404-2407744-1 M. ARSHAD CHEEMA 35202-7748430-1	MUHAMMAD AKRAM NAWAB KHAN CHEEMA	212	578	-	790	-	-	560	-	560
173	HAJI AHMED HOUSE NO 36 MUHALLA SATHIA HOUSE GHARIB ABAD TANDO MUHAMMAD KHAN	41308-5483513-5	RAHEEM DINO	499	569	-	1,068	-	-	568	-	568
174	MUDASSIR DEPARTMENTAL STORE HASSAN PARWANA COLONY OLD SABZI MANDI RD MULTAN	MUDASSIR HUSSAIN 36302-6724278-9	ZAWAR HUSSAIN SAJID	3,995	671	-	4,666	-	-	666	-	666
175	CHOICE PALACE ALI BAZAR NOOR MUHLLAH ICHHRA LAHORE	AMJAD JAVED 35202-2717525-9	MUHAMMAD TUFAIL	8,998	8,523	-	17,521	-	-	7,491	490	7,981

ANNEXURE II

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
176	MALIK MUHAMMAD BUX CHAK NO.357/TDA P/O CHOWK AZAM DISTT. LAYYAH	32203-3467640-9	MALIK ALLAH BUKSH	889	541	-	1,430	-	-	530	-	530
177	HABIB CHEMICAL STORE HABIB CHEMICAL KHIALI GATE OPPOSITE WARID FRANCHISE HAFIZABAD ROAD GUJRANWALA	HABIB GHULAM 34101-2388832-3	MUHAMMAD INAYAT	9,996	2,191	-	12,187	-	-	2,187	-	2,187
178	RAFIQ AKRAM 259 A GOR V FAISAL TWON LAHORE	34101-4775751-3	MUHAMMAD AKRAM	2,309	1,737	-	4,046	-	-	1,737	-	1,737
179	ABDUL RASHID GALI SAIN PIR BUKSH 7 259 RANG PURA SIALKOT	34603-3610099-9	SH. BASHIR AHMED	1,622	767	-	2,389	-	-	767	-	767
180	ALHAMDULILLAH CORPORATION GRAIN MARKET CHICHAWATNI CITY TEH CHICHAWATNI DISTT SAHIWAL	MUHAMMAD MANSHA 36501-1149385-9 ABDUL GHAFFAR 36501-7545235-3	MUHAMMAD DIN MUHAMMAD DIN	3,099	762	-	3,861	-	-	761	-	761
181	MUHAMMAD INAM CHAK HELA WATTOOAN P.O BUNGA HAYAT TEHSIL AND DISTT PAKPATTAN	36402-3993154-7	MUHAMMAD ALI	1,114	1,298	-	2,412	-	-	1,298	-	1,298
182	ASHRAF ALI BHULLA ST # 10 MUHALLAH SULTAN PARK MURIDKE TEH FEROZWALA DISTT SHEIKHUPURA	35401-4680055-3	KHUSHI MUHAMMAD	1,049	703	-	1,752	-	-	602	-	602
183	UMAR LIAQAT HOUSE NO.93, MOHALLAH GHALLA MANDI CHAK JHUMRA DISTT. FAISALABAD	33101-9785613-5	LIAQAT ALI	3,499	1,146	-	4,645	-	-	1,145	-	1,145
184	MAZHAR IQBAL NAUKOAT ROAD PANGRIO TALUKA TANGO BAGO DISTT BADIN	41104-0191926-7	MUHAMMAD RAFIQUE	2,000	937	-	2,937	-	-	937	-	937
185	QAYOOM ANWAR FEHARI NAOUKOAT ROAD PANGRIO P/O NA OUKOAT TALUKA TANDO BAGO DISTRICT BADIN	41104-0191922-1	MUHAMMAD RAFIQUE	2,000	957	-	2,957	-	-	957	-	957
186	IDARA E IMTIAZ IDARA-E-IMTIAZ BUILDING FACTORY AREA FAISAL ABAD	MIAN IMTIAZ KARIM 33100-0326653-9	BASHIR AHMED	5,000	4,772	-	9,772	-	-	4,570	202	4,772

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

ANNEXURE II

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
187	JAVED HUSSAIN EDAN GARDEN H 221 A GAJO MATA MAIN FEROZE PUR ROAD LAHORE	31302-5694891-3	GHULAM YASEEN	399	169	-	568	399	-	169	-	568
188	MUHAMMAD RASHID BLOCK NO 02 ISLAMIA COLONY NEAR FILTER PLANT BAHAWALPUR	31201-3528852-1	MUHAMMAD SHAFI	427	161	-	588	427	-	161	-	588
189	MUHAMMAD SAMI ULLAH HOUSE NO K 30 PH 02 DEFENCE VIEW KARACHI	32102-5466358-1	MUHAMMAD HANIF	412	176	-	588	412	-	176	-	588
190	SANA ULLAH H NO 9 ST 2 BHATTI COLONY MODEL TOWM LINK ROAD LAHORE	35202-3630017-9	MUHAMMAD SALEEM	409	191	-	600	409	-	191	-	600
191	MOHAMMAD NAVEED Q 141/2 FAMILY ,COLONY SYLE TEXTILE 04 18 KM MULTAN ROAD LAHORE	35202-7820537-5	MUHAMMAD ISHAQ	394	171	-	565	394	-	171	-	565
192	AZIZ AHMAD MAIN MALL ROAD SHAHEEN AIR PESHAWAR CANTT PESHAWAR	17301-1676357-1	MUHAMMAD HASSAN	494	211	-	705	494	-	211	-	705
193	KHALID HAMEED SHAHEEN AIR LINE NEAR CIVIL AVIATION AUTHORITY PESHAWAR	17301-1754706-7	MUHAMMAD MOBEEN	366	190	-	556	366	-	190	-	556
194	ASGHAR ALI HOUSE NO 3 ST 02 MUHALALH SHANABAD SHIRA KOT BUND ROAD LAHORE	35401-1636699-7	MUHAMMAD RAMZAN	443	165	-	608	443	-	165	-	608
195	SHAH FAISAL ANWAR HOUSE # 31 A STREET # 3 RAVI STREET HAJVERY TOWN MULTAN ROAD LAHORE	54400-9652214-1	MUHAMMAD ANWAR	484	249	-	733	484	-	249	-	733
196	UMER MAQSOOD HOUSE NO 3,STREET NO 2, SHARIF COLONY,NEAR DELTA ROAD GUJRANWALA	34101-2562015-5	MAQSOOD AHMAD	411	214	-	625	411	-	214	-	625
197	MUHAMMAD RASHID 11149 ELITE FORCE QURBAN LINE, LAHORE	35202-4962199-1	MUHAMMAD ARSHAD	401	175	-	576	401	-	175	-	576
198	NADEEM ANJUM 23 E RASOOL PARK BANK COLONY ICHRA LAHORE	36401-8651110-3	ABDUL MAJEED	469	187	-	656	469	-	187	-	656

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
199	MAQBOOL AHMED RAHOO HOUSE NO-PVT-8-A G O R COLONY UNIT NO-1 LATIFABAD HYDERABAD	41304-6085636-9	HAJI ALI NAWAZ RAHOO	2,473	2,017	-	4,490	-	-	2,017	-	2,017
200	IQBAL BROTHERS ENGG WORKS DATA STREET MAQBOOL ROAD NEAR INSAF PRINTING MILL FAISALABAD	MUHAMMAD IQBAL 33100-7703197-5	LIAQAT ALI	2,450	873	-	3,323	-	-	823	-	823
201	KHALID LATIF VILLAGE KOT PANAH P/O GAJAR GOLA TEH.HAFIZABAD, DISTT HAFIZABAD	34301-5621401-9	GHULAM QADIR	1,021	524	-	1,545	-	-	520	-	520
202	CHANAB DITRIBUTORS ANJUM ROAD GHARIB PURA GUJRAT	SYED RAHEEL IMAM 34201-0471883-9	SYED HUSSAIN IMAM	4,500	4,317	-	8,817	-	-	4,317	-	4,317
203	MIAN BROTHERS P/58 IRON MARKET DIJKOT ROAD FAISALABAD	RIAZ AHMED 33100-6806835-7	SARDAR MUHAMMAD	5,500	3,723	-	9,223	-	-	3,217	-	3,217
204	MIAN TRADERS GHALLA MANDI, MURIDKE ROAD NEAR GOAL CHAKAR NARANG MANDI	MUMTAZ ALI 35401-1635010-3	NAZIR AHMED	1,500	1,122	-	2,622	-	-	1,122	-	1,122
205	NAVEED AHMED VILL.& P/O THATI JALAL TEH.SAHIWAL DISTT.SARGODHA	34101-6663060-1	MUHAMMAD ISHAQ	950	534	-	1,484	-	-	534	-	534
206	JAFIR TRADERS SHOP NO. 77 NEW SABZI MANDI SHAH RUKNE ALAM MULTAN	GHULAM JAFIR 36302-2042265-3	FALAK SHER	5,996	977	-	6,973	-	-	973	-	973
207	CLARE OIL MILLS CHAK NO 214/JB MOCHIWALA 25 KM FAISALABAD ROAD JHANG	MUHAMMAD SAEED KHALID 33100-0985654-7	FARZAND ALI	8,299	9,591	-	17,890	-	-	8,390	-	8,390
208	CHISHTIA ELECTRONICS OPP NOVELTY CINEMA MULTAN ROAD MUZAFAR GARH TEHSIL & DISTRICT MUZAFARGARH	MUHAMMAD ISMAIL SHAD 32304-6982007-3	MUHAMMAD HANIF	1,500	1,473	-	2,973	-	-	1,473	-	1,473
209	ZAFAR ABBAS GALI # 42 NAWAN SHAHER GHARBI KABIR WALA	36102-4635532-1	SHER MUHAMMAD	598	818	-	1,416	-	-	816	-	816
210	KHAWAJA FAREED AGRO SERVICES BASTI MUDWALA P.O MUDWALA TEHSIL ALI PUR DISTT. MUZAFFAR GARH	MALIK ABDUL SATTAR 32301-8214058-1	MALIK GHULAM HAIDER	600	505	-	1,105	-	-	505	-	505

ANNEXURE II

Details of advances written-off

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Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
211	AL MEHMOOD MEDICAL COMPLEX WARD NO.4 HOUSE NO.316/19 STREET NO.1 MOHALLAH MANZOOR ABAD LAYYAH	MUHAMMAD MEHMOOD 32203-6812158-9	MUHAMMAD SULEMAN	1,200	1,756	-	2,956	-	-	1,756	-	1,756
212	ASIF TRADERS GALI NO 1 SHOP NO.1 SHARIF MARKET FAISALABASD	MUHAMMAD ASIF 33100-8921772-7	REHAM DIN	4,499	4,778	-	9,277	-	-	4,172	606	4,778
213	RASHID AHMED SUKHERA MUHALLA SADAT NEAR TUNK STREET BAHAWALNAGAR	31101-1638863-9	MIAN NAZIR AHMED	1,600	1,119	-	2,719	-	-	1,119	-	1,119
214	ALI & SAMEER INTERNATIONAL P-572,HAJIABAD,SHEIKHUPURA ROAD FAISALABAD	ARIF SAEED PARACHA 42301-2408172-5 MOIZ ALI ASIF 33100-1064339-3	AHMED SAEED PIRACHA ASIF SAEED PARACHA	64,000	22,414	-	86,414	-	-	22,414	-	22,414
215	ALI AKBAR TUNIO FARIDABAD ROAD MEHAR P/O MEHAR TALKA MEHAR,DADU	41205-0995714-9	SHAHABUDDIN	395	652	-	1,047	-	-	460	192	652
216	SARDAR GHULAM MUSTAFA SAMARO DEH 326 TEH SAMARO KOT GHULAM MUHAMMAD, UMAR KOT	44106-3397355-5	GHULAM RASOOL	998	526	-	1,524	-	-	524	-	524
217	MAHAR FILLING STATION MARRI PO MARRI TEHSIL SARGODHA DISTRICT SARGODHA	MAHR MUHAMMAD AKRAM 38403-2177485-5	MAHR SHAH MUHAMMAD LAK	5,000	1,478	-	6,478	-	-	1,478	-	1,478
218	RIZWAN IFTIKHAR HOUSE NO 11 SHAMASABAD COLONY EID GHAH ROAD, MULTAN	36302-5614112-5	MAHAR IFTIKHAR HUSAIN KHAN	1,499	1,600	-	3,099	-	-	1,449	-	1,449
219	MAJID KHAN VILLAGE DABHARO TALUKA TALHAR DISTT BADIN	41105-9921284-9	MIR GHULAM MUHAMMAD	500	652	-	1,152	-	-	652	-	652
220	M ISMAIL IRON & CEMENT MARCHANT MAIN ROAD TALHAR, BADIN	MUHAMMAD ISMAIL 41105-4968043-7	HAJI AHMED ALI	1,500	939	-	2,439	-	-	939	-	939
221	M.A. BUSINESS INTERNATIONAL 40 K M MULTAN ROAD MANGA MANDI, LAHORE	MIAN RIAZ AHMAD 35200-1471168-3 FAYYAZ AHMAD NOORANI 35202-2206439-9 MUHAMMAD ADIL 35202-2870254-7	MUHAMMAD YASIN MIAN MUHAMMAD YASIN MIAN MUHAMMAD YASIN	19,998	6,845	-	26,843	-	-	6,843	-	6,843
222	NASIR AND CO ZIA CLOTH MARKET,ZIA PLAZA NEA R BABY BAKERY, GUJRANWALA	TALAT ZIA 34101-8203971-1	ZIA ULLAH	15,000	10,075	-	25,075	-	-	10,075	-	10,075

Details of advances written-off

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Rs in '000

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				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
223	KHAN AUTOS CHOUBARA ROAD LAYYAH DISTT. LAYYAH	MUHAMMAD YOUSAF KHAN 32203-8771228-9	LAL SANAT SHAH	2,720	3,664	-	6,384	-	-	2,964	-	2,964
224	AL MUMTAZ SHOPPING CENTER ANAR KALI BAZAR SAMUNDRI TEH SAMUNDRI	MUHAMMAD ASHRAF RAZA 33105-8915076-9	MUHAMMAD NAZIR	2,974	2,119	-	5,093	-	-	1,953	-	1,953
225	RAHAT TRADERS RAHAT TRADERS NOON MARKEET NEAR PETROLLING CHACK POST MAI LSI ROAD TEHSIL KAHROR PACCA	AMJAD FAROOQ NOON 36202-4266861-1	RANA MUHAMMAD MANZOOR NOON	1,050	775	-	1,825	-	-	725	-	725
226	WAQAS WEAVIG FACTORY MADINA ABAD STREET NO 2 CHAK NO 279 R B FAISALABAD	RANA MUHAMMAD AMIN 33102-1822421-9 WAQAS AMIN 33100-3113801-7	ABDUL REHMAN KHAN RANA MUHAMMAD AMIN RANA	9,991	1,838	-	11,829	-	-	1,838	-	1,838
227	R R TRADERS NEAR SHAHZAD MARKET BEHIND H B L MUHAMMAD ABAD BRANCH SATYANA ROAD FAISALABAD	AMJID BASHIR 42301-7838015-9	RAJA BASHIR AHMED	9,191	8,382	-	17,573	-	-	8,173	-	8,173
228	KHIZAR HAYAT MOH FATEH KHAN KHEL NEW ROAD MINGORA TEH & DSIT SWAT	15602-2644431-7	MUSHARAF KHAN	514	228	-	742	514	-	228	-	742
229	MUHAMMAD BASSAM KHAN H 974 ST 27 A OVERSEAS SECTOR 3 BAHRIA TOWN PHASE 8 ISLAMBAD	33100-1203622-9	MUKARRAM ALI KHAN	417	209	-	626	417	-	209	-	626
230	KHAWAJA MUHAMMAD JAVAID HOUSE NO 2 KOREJA MANZIL KHAWAJGANMUHALLA KANJO TEH DSIT RAHIM YAR KHAN	31303-2439269-3	GHULAM SARWAR KOREJA	428	215	-	643	428	-	215	-	643
231	KHALID HUSSAIN HOUSE NO 64/9 AMF COLONY KAMRA ATTOCK	45401-4250523-9	JAN M	390	199	-	589	390	-	199	-	589
232	QADEER AHMED H NO 3 7 MOHALALH KOCHA KHORA ANDRON DEHLI GATE	42201-9791448-3	ABDUL QAYYUM BABERI	373	171	-	544	373	-	171	-	544
233	MUHAMMAD IDREES AHMAD QADARI CANTT SCHOOL MILLAT ROAD NEAR FARDOUS PARK GHAZI ROAD, LAHORE	35202-4035571-5	IFITKHAR AHMED QADRI	429	196	-	625	429	-	196	-	625

Details of advances written-off

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ANNEXURE II

Rs in '000

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				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
234	MUHAMMAD ZEESHAN YOUSAF H NO 309 2B AL MUHAFIZ COLONY NAWA KILLI, QUETTA	54401-7915783-1	MUHAMMAD YOUSAF	361	187	-	548	361	-	187	-	548
235	SABEEH UL HASSAN KHAN 1D GULBERG 11 NEAR SHAD MANI MARRIG HALL ZAHOOR ELAHI ROAD, LAHORE	33105-6473277-5	ZAMEER UL HASSAN	463	245	-	708	463	-	245	-	708
236	AHSAN ENGINEERING 49.SHAHEED GANJ BAZAR LAHORE	MUHAMMAD AHSAN 35202-2837743-7	MUHAMMAD ZAKIRA	1,800	2,153	-	3,953	-	-	1,865	-	1,865
237	SYED TANVEER HUSSAIN SHAH VILLAGE RAHGO SYEDAAN. P/O KOLO TARAR DISTT HAFIZABAD DAIRA YASEEN SHAH	34301-9898691-3	SYED SHABBIR HUSSAIN	8,000	1,503	-	9,503	-	-	1,503	-	1,503
238	IMRAN IFTIKHAR HIRAJ HOUSE NO 11 SHAMASABAD COLONY EID GHAH ROAD	36302-6000967-3	MAHAR IFTIKHAR HIRAJ	986	1,523	-	2,509	-	-	1,261	-	1,261
239	SHAHAB HOSIERY PLOT NO.209 210 SECTOR 24 KORANGI INDUSTRIAL AREA KARACHI	MUHAMMAD SULEHEEN 42101-1623874-3	SYED NAWAB ALI	2,799	3,961	-	6,760	-	-	1,660	-	1,660
240	MUHAMMAD IRFAN QAZI HOUSE NO 643/8 ROAB QABRASDAN CHOWK NIAI TEH GUJRANWALA	34101-2542786-5	ZAFAR UL ISLAM QAZI	1,345	1,056	-	2,401	-	-	751	-	751
241	MUHAMMED SALEH VILL JARANWALA P/O KHAS TEHSIL DASKA	34601-6812200-5	MUHAMMAD SADIQ	1,500	957	-	2,457	-	-	808	-	808
242	ADNAN YOUSAF FLAT NO 6 3RD FLOOR HAMZA CENTRE WAPDA TOWN GUJRANWALA	37405-0259891-3	MUHAMMAD YOUSAF	438	219	-	657	438	-	219	-	657
243	MUHAMMAD IBRAHIM JILANI COLONY AQAL ONE UNIT COLONY FLAT 6 ST 4 TEH & DIST BAHAWALPUR	31202-0282390-5	HASHIM ALI	421	168	-	589	421	-	168	-	589
244	FIDA HUSSAIN H NO 138 ST NO 10 SECOTRY E 11/1 2ND FLOOR GOLRA, ISLAMABAD	35202-1452307-9	TALIB HUSSAIN	369	178	-	547	369	-	178	-	547
245	MUHAMMAD ALI MUJAHID H NO 68 7 ST NO 8 MOHALLAH BAKRA MANDI RWOP, RAWALPINDI	37405-0769319-5	NOOR ALAM	608	306	-	914	608	-	306	-	914

Details of advances written-off

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Rs in '000

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				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
246	SILAS H NO 2/4 SURVEY NO 87 GOLDEN TOWN AIRPORT, KARACHI	42201-9798952-9	REHMAT	665	308	-	973	665	-	308	-	973
247	KHALID SALEEM ABBASI FLAT NO 1 BLOCK 60 I T & T COL ONY G 10 4 ISB	37404-4314061-7	MUHAMMAD SALEEM	335	171	-	506	335	-	171	-	506
248	YAKOOB MASIH HOUSE NO W 48 N 49 SECTOR 48 F GALI NO 5 KORANGI 2 1/2, KARACHI	42201-3779736-9	INAYAT MASIH	377	187	-	564	377	-	187	-	564
249	LIAQAT SALEEM OIL MILLS QILLA DAWOOD KA MANGA MANDI DISTT LAHORE	MUHAMMAD SALEEM AKHTER 35202-7972298-1	ALLAH DITTAH	3,997	4,181	-	8,178	-	-	3,878	-	3,878
250	YASIN CLOTH HOUSE YASIN CLOTH HOUSE ANARKLI BAZAR LAYYAH DISTT LAYYAH	MUHAMMAD YASIN 32203-5676341-9	SHABIR AHMAD	490	563	-	1,053	-	-	563	-	563
251	CHOUDARY ASHRAF & SONS NAZIR SALEEM SABZI MANDI G.T ROAD KOT SHAHAN GUJRANWALA	MUHAMMAD ADNAN 34101-5187196-7	MUHAMMAD ASHRAF	2,000	685	-	2,685	-	-	685	-	685
252	SAMAR MEHMOOD MOHALA GULISTAN COLONY NUMBER 2 CHUNGI AMAR SADHU LAHORE	35102-0879312-0	MEHMOOD AHMED	563	276	-	839	563	-	276	-	839
253	BASIT ALI 92 TEM PLE ROAD MOZANG LAHORE	33303-5411165-3	TOUNIS ALI	463	196	-	659	463	-	196	-	659
254	MUHAMMAD ABDUL BASIT HOUSE NO 16 STREET NO 1 SECTOR A DHA-1 NEAR FAUJI FOUNDATION HOSIPITAL RAWALPINDI ISLAMABAD DHA	31304-0460926-3	ZAHOOR AHMAD	469	151	-	620	469	-	151	-	620
255	MUHAMMAD AWAIS KHAN B NO 128 4 AIR MEN MESS PAF ACADEMY RISALPUR TEH & DISTT NOWSHERA	38302-1321839-9	ISHAQ KHAN	393	191	-	584	393	-	191	-	584
256	RIAZ AHMED KHAN VILLAGE DARKHANANDEH AYUN POST OFFICE AYUN TEHSIL AND DISTRICT CHITRAL	15202-0808147-5	ISRAR AHMAD KHAN	460	76	-	536	460	-	76	-	536
257	HARJEVAN H NO G 2 KESC POWER HOUSE KARACHI	42301-7573712-1	RAMJEE	375	207	-	582	375	-	207	-	582

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

ANNEXURE II

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
258	MUHAMMAD ISLAM ANJUM H # 11-B 1ST FLOOR COMMERCIAL MARKET NAWAB TOWN, LAHORE	35202-2799147-5	UMER DIN	1,459	232	-	1,691	1,459	-	232	-	1,691
259	SAYED KOSAR ABBAS KAZMI GT ROAD SAWAN CAMP POST OFFCIE MODEL OPPOSITE YUSRA MEDICAL COLLAGE GEMENAI DEVELOPER, TOWN HUMMAK ISLAMABAD	61101-1723775-1	SYED BASHIR HUSSAIN KAZMI	1,498	291	-	1,789	1,498	-	291	-	1,789
260	MUSTAFA AMJAD CHAIRMAN HOUSE NO 1 CANAL BANK ROAD TOKAR NIAZ BAIG, LAHORE	35202-8343887-9	MUHAMMAD AMJAD	858	166	-	1,024	858	-	166	-	1,024
261	CH RAFI AHMAD MUZA HUSSAN PURA NEAR MAIN BAZAR P/O KHAS TEHSIL KABIRWALA, MULTAN	36102-5351756-1	CH MUHAMMAD SHAFIQ	460	119	-	579	460	-	119	-	579
262	IRFAN RAFI G 9 ILAHI ARCADE 26 EMPRESS ROAD, LAHORE	35202-2384973-5	MUHAMMAD RAFI	485	91	-	576	485	-	91	-	576
263	BILAL TAHIR BAIG HOUSE NO 1 STREET NO 11 MOHALLA NEW GULZAR E QUAID, RAWALPINDI	37405-3260895-1	TAHIR AHMED BAIG	468	81	-	549	468	-	81	-	549
264	MIRZA JAMSHAID BAIG P-57 RAPID BLOCK GREEN TOWN MILLAT ROAD, FAISALABAD	33100-1402750-5	MIRZA KHAQAN BAIG	700	137	-	837	700	-	137	-	837
265	SHAHZAD AFZAL PARACHA RAVIAN INTERNATIONAL AGENCY 350, 3RD FLOOR ASHIANA SHOPPING CENTRE 78-D-I,MAIN BOULEWARD, GULBERG III NEAR LIBERTY CHOWK, LAHORE	42301-0424229-1	MIAN M AFZAL PARACHA	482	103	-	585	482	-	103	-	585
266	MUHAMMAD ALI LIFE CARE PHARMACY MAQSOODA ZIA HOSPITAL, FAISALABAD	33102-0721887-3	ALLAH DITTA	494	101	-	595	494	-	101	-	595
267	HAMID ZAFAR P-2 ST#1 MAQSOODA ABAD CHAK JHUMRA, FAISALABAD	33101-6821342-9	MUZAFAR ALI MUZAFAR	637	136	-	773	637	-	136	-	773

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
268	SHAHZAD SHARIF CHAK NO 120 GB MAHARANWALA TEHSIL JARANWALA, FAISALABAD	38101-7296441-5	MUHAMMAD SHARIF	540	136	-	676	540	-	136	-	676
269	IFTIKHAR ALI C/O IFTIKHAR ALI GARDEN TOWN GOJRA DISTT TOBA TEK SINGH, FAISALABAD	33100-1016410-3	MUHAMMAD RAFIQUE	553	94	-	647	553	-	94	-	647
270	NAIMA REHAN FLAT- A8 GULBERG SQUARE BLOCK 16 FEDRAL B AREA, KARACHI	42101-0402228-0	SYED REHAN AHMED	500	106	-	606	500	-	106	-	606
271	FAISAL SHAMIM PLOT#4- A LOURANCE ROAD FURNITURE PAKISTAN, LAHORE	35202-2919585-9	SHAMIM AKHTAR	656	127	-	783	656	-	127	-	783
272	IMRAN ISMAIL FLAT NO. D-5 PLOT NO. 255 NOOR MEHAL SOCIE	42201-0528976-7	ISMAIL	999	201	-	1,200	999	-	201	-	1,200
273	RAHEEL MUKHTAR C/O G M TRADERS 1ST FLOOR MOHALLAH ISLAM NAGAR NEAR IQBAL BAZAR KAMALIA	33302-8630114-1	MUKHTAR AHMED	498	106	-	604	498	-	106	-	604
274	CHAUDHARY FARHAN ZAFAR CHEEMA DASTGIR TOWN PASRUR ROAD VILLAGE JANDIALA BAGHWALA TEH & DISTT, GUJRANWALA	34101-2410261-7	CH ZAFAR ULLAH CHEEMA	476	129	-	605	476	-	129	-	605
275	ASIF JAVED ANWAR CHAK NO 209 GB P-O KHAS SAMUNDRI, FAISALABAD	33303-3230541-3	ANWAR ALI	499	79	-	578	499	-	79	-	578
276	ANWAR RODNEY RAHMAN HOUSE # 92/1 STREET# 18, PHASE-VI, KHAYABAN E RAHAT,DEFENCE, KARACHI	42201-9621770-9	NOT AVAILABLE	464	108	-	572	464	-	108	-	572
277	SHABBIR AHMED 18/2, STREET J, OFF KHY E MUHAFIZ,DHA PH 6, KARACHI	42301-1499869-5	NOT AVAILABLE	480	63	-	543	480	-	63	-	543
278	MUHAMMAD IQBAL HOUSE-947, REXAR LANE MANA SHAH RD, LEE MKT.STREET-5, SINDH, KARACHI	42301-7780329-1	NOT AVAILABLE	470	136	-	606	470	-	136	-	606

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

ANNEXURE II

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
279	SHEIKH MUHAMMAD SAEED 510-H-BLOCK, GULSHAN-E-RAVI, PUNJAB, LAHORE	35202-3035196-1	NOT AVAILABLE	412	103	-	515	412	-	103	-	515
280	ALI AKBAR ZAIDI HOUSE# 14 MOHALLA REGAL, CHOWK, THE MALL, STREET # 14 PUNJAB, LAHORE	35202-2300799-9	NOT AVAILABLE	430	109	-	539	430	-	109	-	539
281	MALIK AZHAR IQBAL HOUSE NO 82, BLOCK A, VALANCIA HOUSING SOCIETY, LOHARE , PUNJAB	35202-2569577-7	NOT AVAILABLE	609	142	-	751	609	-	142	-	751
282	UMAR ABDULSATTAR HOUSE # 158, B-BLOCK GULFISHAN COLONY JHANG ROAD, FAISALABAD	6593311000021	M YOUSUF ABDULSATTAR	998	249	-	1,246	998	-	249	-	1,246
283	UZMA SHAHEEN STREET NO. 06 PROFESSOR BLOCK NEAR RABBANIA MASJID SHALIMAR PARKCITY/PPOSTAL CODEFAISALABAD	3540475392592	M ARSHAD PAPU	628	111	-	739	628	-	111	-	739
284	BILAL AKHTAR H NO 254 ST 04 MOH GILLANI TEHSIL JARANWALA DISTT FAISLABAD	3310447216121	AKHTAR HUSSAIN	523	103	-	626	523	-	103	-	626
285	QURBAN ALI CHAK NO 203 RB MALIKPUR P O NISHATABAD SHEIKHUPURA NEAR IMAM BARGAH, FAISALABAD	3310065487309	MUHAMMAD RAFIQUE	546	66	-	612	546	-	66	-	612
286	SHAH JAHAN AKRAM H NO P 1203 ST NO 2 , CHAK 120 SARGODHA ROAD, ALI TOWN NEAR JANAZA GAH, FAISALABAD	3310041871289	M AKRAM	495	112	-	606	495	-	112	-	606
287	ADILA ASIF CHAK NO 209 G.B. LODI NANGAL P-O KHAS TEH SAMUNDRI DISSTT, FAISALABAD	3310558785110	ASIF JAVED ANWAR	498	104	-	602	498	-	104	-	602
288	RANA AHSAN UL HAQ HOUSE # P-174 GALI # 6 MUHALA ILYAS PARK, FAISALABAD	3310020623073	MUHAMMAD ASHRAF	500	101	-	601	500	-	101	-	601

Details of advances written-off

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
289	MUHAMMAD ILYAS SAMUNDRI ROAD STREET # 9 RASOOL PURA NEAR GRID STATION CHAK # 223 RB, FAISALABAD	3310081189315	MUHAMMAD IRSHAD	471	129	-	599	471	-	129	-	599
290	SHAH JAHAN AKRAM HOUSE # P-1203 STREET # 2 ALI TOWN # 2 CHAK # 120 J B SARGODHA ROAD, FAISALABAD	3310041871289	M AKRAM	490	104	-	593	490	-	104	-	593
291	SAQIB SOHAIL HOUSE NO 08,ST NO 3, BLOCK Z, MADINA TOWN, FAISALABAD	3310005743715		554	153	-	706	554	-	153	-	706
292	SAQIB SAEED P-439 NEAR TAZAB MILLS, JADRANWALA ROAD, NAIMAT COLONY1 PUNJAB, FAISALABAD	3310091892467		491	127	-	618	491	-	127	-	618
293	SAGHEER AHMED RAAN HOUSE KOTLI MACHRANWAN FEROZWALA ROAD, GUJRANWALA	3410126869949	NAZEER AHMED	539	90	-	629	539	-	90	-	629
294	NADEEM SADIQ CHEEMA HOUSE NO.75 PHASE II GUJRANWALA CANTT, GUJRANWALA	3410423640063	MOHAMMAD SADIQ CHEEMA	474	153	-	626	474	-	153	-	626
295	IRAM NADEEM CHEEMA HOUSE#75, PHASE II GUJRANWALA CANTT, GUJRANWALA	3410434879772	NADEEM SADIQ	475	107	-	581	475	-	107	-	581
296	AZAM KHAN PO KHAS DULAT NAGAR TEH DIST GUJRAT, GUJRAT	9100569526359	REHMAT KHAN	695	196	-	891	695	-	196	-	891
297	GHULAM MUSTAFA PUNJAB MARKET SHAH CENTRE G 13/4, ISLAMABAD	1350374937359	MUSA KHAN	474	115	-	589	474	-	115	-	589
298	MUHAMMAD CHANZEB ABBASI H-41, ST-6, F 8/3, ISLAMABAD	6110154124473	MEHBOOB KHAN ABBASI	478	52	-	530	478	-	52	-	530
299	ZAHID WAHEED BUTT F-8/3 H # 14-A,ST #12 CAPITAL., ISLAMABAD	6110118813915		501	-	-	501	501	-	-	-	501
300	MUHAMMAD SULTAN SHOP NO 6 & 7 SHAMS CHAMBER SHAHRAH E LIAQUAT, KARACHI	4230183047795	SADRUDDIN	698	150	-	848	698	-	150	-	848

Details of advances written-off **ANNEXURE II**

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
301	ZAKEEN KHAN HERITIES OFFICE#01, 3RD FLOOR 26TH STREET, PLOT 23-C BADAR COMMERCIAL AREA PHASE-5, DHA, KARACHI	4240191524237	REHMAN GUL	622	154	-	776	622	-	154	-	776
302	ZAHID HUSSAIN TANVEER HOUSE NO A-333 BLOCK-2 GULSHAN IQBAL NEAR RUB MEDICAL CENTER, KARACHI	4220197381573	SHEIKH NOOR HUSSAIN	486	116	-	602	486	-	116	-	602
303	ZEENAT ZAFAR FLAT NO A-3 ABID APPARTMENT BLOCK 2 GULSHAN E IQBAL, KARACHI	4220131768448	ZAFAR H RIZVI	484	109	-	593	484	-	109	-	593
304	ARSALAN HANIF HOUSE#526 KACHI PARA BHUTTA VILLAGE QASIM SHAH ROAD KEMARI, KARACHI	4200005575047	MUHAMMAD HANIF	457	98	-	555	457	-	98	-	555
305	ZAKIR HUSSAIN P-1 4TH FLOOR MEHAL-E-MASHAD OPP: FATMIA GIRLS SCHOOL BRITTO ROAD SINDH, KARACHI	4200005172547		532	89	-	621	532	-	89	-	621
306	AFZAL NAZIR HOUSE# 4 OLYMPIA STREET MUSLIM BLOCK ALLAMA IQBAL TOWN, LAHORE	3520226096635	MUHAMMAD NAZIR BISMIL	1,478	306	-	1,784	1,478	-	306	-	1,784
307	SHEIKH MUHAMMAD KASHIF ZIA HOUSE NO 80 P-BLOCK JOHAR TOWN, LAHORE	3520284121699	SHEIKH ASIF ZIA	977	130	-	1,107	977	-	130	-	1,107
308	CHAUDHARY ARIF MASOOD HOUSE#24 A STREET#1 KB COLONY AIRPORT ROAD LAHORE	3520119785335	CHAUDHARY ABDUL GHANI	499	125	-	624	499	-	125	-	624
309	SYED M AMEER TAHIR TAHIR ST,RASHID ROAD, BACKOF, GHORA HOSPITAL HOUSE# 6, LAHORE,PUNJAB, LAHORE	3520222102729		554	154	-	708	554	-	154	-	708
			Unconsolidated	**1,967,023**	**1,448,418**	**-**	**3,415,441**	**657,812**	**-**	**1,409,262**	**8,781**	**2,075,855**

Details of advances written-off

ANNEXURE II

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
310	MUHAMMAD SHEHBAZ THATHI KISHAN KOT, P/O BOX BATA PUR LAHORE CANT DISTRICT LAHORE,	3520116029475	SADIQ ALI	800	16	-	816	687	100	-	-	787
311	ASGHAR KHAN H NO F/142B OLD LALKHANI JAHANGIR ROAD PATAI PARA GARADEN KARACHI	4220107526155	MISHAL KHAN	750	42	-	792	667	81	-	-	748
312	MUKARAM ALI JANAH CHOK MOH SHAHAB PURA DASKA DISTT SIALKOT	3460121806127	NOOR HUSSAIN	800	43	-	843	740	122	-	-	862
313	SAIMA BATOOL HASHMI HOUSE#BX-99 NEW SADIQ COLONY BWP	3120270696742	M TANWEER QASIM	1,000	28	-	1,028	452	59	-	-	511
314	KAPEEL DEV MUBARIK MANZAL SHAHI BAZAR DIGRI MIRPURKHAS	4410101622515	SHAMBHOO MAL	500	19	-	519	429	80	-	-	509
315	MUHAMMAD ABDULLAH BASTI SHAHBAZI CHAK NO.172/P P/O175/P SADIQABAD RAHIM YAR KHAN	3130454154801	MUHAMMAD YASEEN	500	161	-	661	500	161	-	-	661
316	MUHAMMAD TAHIR OPP. ALJANNAT HOMES GULGASHAT COLONY	3230479374031	ABDUL GHAFAR	700	33	-	733	531	66	-	-	597
317	CHAUDHARY MUHAMMAD FAIZAN ULLAH MOHALLAH MASOOM SHAH DINA JHELUM	3730403535479	CH MUHAMMAD ABBAS	800	22	-	822	654	84	-	-	737
318	MUHAMMAD ALI WARA GUJJAR P/O BATA PUR LAHORE LHR	3520106870865	ABDUL WAHEED	1,000	36	-	1,036	561	57	-	-	619
319	IJAZ HAIDER DAKHANA MURIDKAY BHEAMWALI FEROZWALA SEKHUPURA	3540159619291	MUHAMMAD YOUSAF	1,000	22	-	1,022	695	91	-	-	786
320	SAQIR ALI RAILWAY ROAD MOHALLA QADIR NAGAR MULTAN	3630275274579	SABIR ALI	500	64	-	564	446	74	-	-	521
321	HAMID ALI WARD NO 3 HOUSE NO 2067/6 MUHALLAH HUSSAIN AAGAHI MULTAN	3630208442791	SHEIKH GHULAM SAMAD	500	65	-	565	445	56	-	-	502

Details of advances written-off

ANNEXURE II

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Changes Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited + Un-Debited	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
322	S M SARFRAZ HUSSAIN GILLANI NAZD NISHTAR COLONY HOUSE 115 MOHALA GILLANI STREET FEROZPUR ROAD LHR	3520276640965	SYED LAL HUSSAIN SHAH GILLANI	800	53	-	853	762	111	-	-	873
323	AHMED SHOAIB P O SAME SOIYAN KOTLI BAKHA GUJRANWALA	3410158137577	SANA ULLAH	700	53	-	753	490	71	-	-	561
324	MANZOOR AHMAD P.O MURIDKAY NANGLE KOSOWAL TEH. MU P.O MURIDKAY NANGLE KOSOWAL TEH. MU	3540149653659	TALIB HUSSAIN	800	24	-	824	674	98	-	-	773
325	SYED SAMAR ABBAS TANDO SYED GHAFOOR SHAH JAHANIA, LONDON TOWN, NEAR IMAM BHARGHA QASIMABAD HYD	4130668626107	SYED BUX ALI SHAH	500	11	-	511	465	86	-	-	551
326	ASIF ALI MUHARRAM ABAD KOT YAQOOB P.O MURIDKAY TEH:MURIDKAY DIST: SHEIKHUPURA	3540505406995	NIAMAT ALI	800	50	-	850	785	123	-	-	907
327	AZRAM KHAN H # DD446 ST #10 JHANDA CHECHI RWP H # DD446 ST #10 JHANDA CHECHI RWP	3740525009331	MUGHAL KHAN	500	30	-	530	485	66	-	-	551
328	ASIF ALTAF H # 40 ST # 4 MADINA TOWN RWP H # 40 ST # 4 MADINA TOWN RWP	3740555843977	ALTAF HUSSAIN	500	98	-	598	500	103	-	-	603
329	MEHMOOD FEROZ KOT KHAWAJA SAEED LAHORE	3520140087567	FEROZ DIN BUTT	500	64	-	564	462	86	-	-	548
330	NISAR ANJUM BLAIR CHAK 46 PATTOKI KASUR	3510304307895	HAKAM ALI	1,000	65	-	1,065	1,000	124	-	-	1,124
331	MUHAMMAD AMEEN HAJI MUHAMMAD HASSAN PALLI PO UMERKOT, UMERKOT	4410767880453	MUHAMMAD HASSAN	450	130		580	450	130	-	-	580
			Consolidated	**1,982,423**	**1,449,548**	**-**	**3,431,971**	**670,692**	**2,029**	**1,409,262**	**8,781**	**2,090,764**

Details of disposal of fixed assets to related parties- Unconsolidated Financial Statements

ANNEXURE-III

For the year ended December 31, 2020

The particulars of disposal of fixed assets to related parties are given below:

Description	Original cost	Accumulated depreciation	Book Value	Sale proceeds	Mode of disposal	Particulars of buyer
	---------------------------(Rupees in '000)---------------------------					
Electrical, Office and Computer Equipment	145	112	33	39	Insurance Claim	Jubilee General Insurance Limited
Leasehold improvements	163	35	128	94	Insurance Claim	Jubilee General Insurance Limited
Vehicles	1,730	1,694	36	1,606	Insurance Claim	Jubilee General Insurance Limited
Total	2,038	1,841	197	1,739		

Pattern of Shareholding

As at December 31, 2020

No. of Shareholders	Number of Shares		Total Shares Held
	From	To	
22740	1	100	623,633
63267	101	500	13,794,484
2549	501	1000	1,942,926
2491	1001	5000	5,446,548
480	5001	10000	3,676,294
220	10001	15000	2,887,732
154	15001	20000	2,800,813
79	20001	25000	1,832,508
67	25001	30000	1,865,549
57	30001	35000	1,872,087
47	35001	40000	1,775,094
28	40001	45000	1,194,511
57	45001	50000	2,796,034
26	50001	55000	1,374,720
31	55001	60000	1,800,064
17	60001	65000	1,060,502
22	65001	70000	1,503,147
21	70001	75000	1,535,342
18	75001	80000	1,410,592
10	80001	85000	825,344
20	85001	90000	1,754,168
17	90001	95000	1,573,983
29	95001	100000	2,866,170
8	100001	105000	822,909
10	105001	110000	1,083,778
11	110001	115000	1,238,229
8	115001	120000	945,709
13	120001	125000	1,607,208
10	125001	130000	1,276,101
7	130001	135000	926,242
6	135001	140000	828,726
9	140001	145000	1,284,360
9	145001	150000	1,344,011
4	150001	155000	610,494
6	155001	160000	952,896
4	160001	165000	650,921
7	165001	170000	1,169,299
4	170001	175000	692,955
4	175001	180000	712,481
2	180001	185000	369,200
1	185001	190000	185,500
1	190001	195000	192,000
15	195001	200000	2,985,787
9	200001	205000	1,823,466
3	205001	210000	624,200
2	210001	215000	426,765
4	215001	220000	872,136
6	220001	225000	1,342,812
2	225001	230000	456,800
3	230001	235000	698,800
2	235001	240000	475,473
4	245001	250000	993,300
2	250001	255000	508,593
2	255001	260000	511,840
1	260001	265000	265,000
3	265001	270000	804,946
1	270001	275000	274,060
2	275001	280000	559,775
1	285001	290000	289,768
6	295001	300000	1,789,301
3	300001	305000	907,600

Pattern of Shareholding

As at December 31, 2020

No. of Shareholders	Number of Shares		Total Shares Held
	From	To	
1	305001	310000	309,900
4	310001	315000	1,249,113
2	315001	320000	635,631
5	320001	325000	1,618,555
2	325001	330000	656,100
3	330001	335000	992,898
1	340001	345000	343,000
9	345001	350000	3,123,388
1	350001	355000	354,000
1	355001	360000	357,983
1	360001	365000	363,976
2	365001	370000	731,219
6	370001	375000	2,236,235
1	375001	380000	375,741
4	380001	385000	1,530,497
4	385001	390000	1,550,790
1	390001	395000	393,424
4	395001	400000	1,600,000
2	400001	405000	800,863
1	405001	410000	409,000
4	410001	415000	1,648,167
1	415001	420000	418,000
1	420001	425000	420,500
1	430001	435000	432,736
4	440001	445000	1,764,410
3	445001	450000	1,341,000
1	450001	455000	450,393
1	455001	460000	457,521
4	460001	465000	1,853,728
3	465001	470000	1,404,985
1	470001	475000	473,000
6	495001	500000	2,993,400
1	505001	510000	510,000
1	515001	520000	520,000
1	530001	535000	530,504
1	535001	540000	536,827
2	545001	550000	1,093,928
2	550001	555000	1,109,596
1	560001	565000	560,144
3	570001	575000	1,714,855
1	575001	580000	575,900
1	585001	590000	587,692
2	590001	595000	1,183,026
2	595001	600000	1,196,500
2	600001	605000	1,209,000
2	605001	610000	1,216,830
2	610001	615000	1,223,729
1	615001	620000	617,100
1	635001	640000	635,482
2	640001	645000	1,283,888
1	645001	650000	645,200
1	650001	655000	655,000
1	655001	660000	658,789
1	660001	665000	661,159
1	670001	675000	673,400
1	695001	700000	700,000
1	705001	710000	709,700
1	710001	715000	712,500
2	750001	755000	1,503,073
1	755001	760000	757,700
1	770001	775000	770,293
1	790001	795000	792,871

Pattern of Shareholding

As at December 31, 2020

No. of Shareholders	Number of Shares		Total Shares Held
	From	To	
3	795001	800000	2,396,053
1	800001	805000	801,881
3	805001	810000	2,420,884
2	810001	815000	1,625,309
2	815001	820000	1,633,561
2	820001	825000	1,647,398
1	830001	835000	831,829
2	835001	840000	1,674,100
1	845001	850000	845,656
1	865001	870000	869,303
1	875001	880000	877,499
1	895001	900000	900,000
1	910001	915000	911,704
1	920001	925000	925,000
1	925001	930000	926,200
2	950001	955000	1,906,144
1	960001	965000	960,764
1	965001	970000	969,737
2	970001	975000	1,942,280
1	980001	985000	984,460
4	995001	1000000	4,000,000
1	1010001	1015000	1,013,500
1	1030001	1035000	1,030,800
1	1045001	1050000	1,050,000
1	1060001	1065000	1,061,400
1	1065001	1070000	1,067,000
1	1115001	1120000	1,119,165
2	1140001	1145000	2,283,163
1	1160001	1165000	1,161,400
1	1165001	1170000	1,169,561
2	1170001	1175000	2,347,045
1	1180001	1185000	1,184,902
3	1185001	1190000	3,557,639
1	1190001	1195000	1,192,422
2	1195001	1200000	2,397,486
1	1220001	1225000	1,225,000
1	1250001	1255000	1,255,000
1	1300001	1305000	1,304,800
1	1315001	1320000	1,315,500
2	1325001	1330000	2,656,670
1	1345001	1350000	1,347,297
1	1360001	1365000	1,361,522
1	1405001	1410000	1,408,551
2	1480001	1485000	2,967,061
1	1505001	1510000	1,508,357
1	1515001	1520000	1,519,888
1	1545001	1550000	1,550,000
1	1570001	1575000	1,573,692
1	1615001	1620000	1,616,175
1	1625001	1630000	1,625,894
1	1640001	1645000	1,641,942
1	1665001	1670000	1,665,482
1	1725001	1730000	1,726,335
1	1800001	1805000	1,800,968
1	1815001	1820000	1,817,400
1	1930001	1935000	1,932,155
1	1940001	1945000	1,944,500
1	1970001	1975000	1,972,300
1	1995001	2000000	2,000,000
2	2035001	2040000	4,072,907
2	2045001	2050000	4,096,300
1	2140001	2145000	2,141,600

Pattern of Shareholding

As at December 31, 2020

No. of Shareholders	Number of Shares		Total Shares Held
	From	To	
1	2165001	2170000	2,170,000
1	2255001	2260000	2,256,000
2	2295001	2300000	4,600,000
1	2325001	2330000	2,329,489
1	2355001	2360000	2,355,454
1	2360001	2365000	2,360,060
1	2375001	2380000	2,377,748
1	2450001	2455000	2,450,488
1	2520001	2525000	2,523,061
1	2595001	2600000	2,600,000
1	2615001	2620000	2,617,300
1	2635001	2640000	2,639,039
1	2740001	2745000	2,744,962
1	2780001	2785000	2,783,740
1	2810001	2815000	2,813,300
1	2815001	2820000	2,818,600
1	2905001	2910000	2,908,200
1	2995001	3000000	3,000,000
1	3040001	3045000	3,043,826
1	3060001	3065000	3,063,092
1	3085001	3090000	3,087,027
1	3395001	3400000	3,400,000
1	3440001	3445000	3,442,700
1	3610001	3615000	3,612,200
1	3635001	3640000	3,636,771
1	3650001	3655000	3,652,950
1	3855001	3860000	3,855,400
1	3930001	3935000	3,930,563
1	3955001	3960000	3,956,400
1	4185001	4190000	4,185,846
1	4220001	4225000	4,220,552
1	4265001	4270000	4,270,000
1	4380001	4385000	4,384,900
1	4395001	4400000	4,400,000
1	4540001	4545000	4,542,161
1	4545001	4550000	4,545,687
1	4665001	4670000	4,667,700
1	4815001	4820000	4,815,400
1	4835001	4840000	4,838,921
1	5470001	5475000	5,474,321
1	6170001	6175000	6,171,691
1	6200001	6205000	6,202,494
1	6915001	6920000	6,918,071
1	8375001	8380000	8,377,236
1	8995001	9000000	9,000,000
1	9225001	9230000	9,226,517
1	9230001	9235000	9,230,082
1	9585001	9590000	9,588,442
1	10400001	10405000	10,404,374
1	10795001	10800000	10,799,600
1	12905001	12910000	12,910,000
1	13945001	13950000	13,949,982
1	14240001	14245000	14,243,175
1	15010001	15015000	15,010,900
1	21260001	21265000	21,264,870
1	29620001	29625000	29,623,714
1	30535001	30540000	30,537,658
1	31295001	31300000	31,300,000
1	73340001	73345000	73,342,000
1	748090001	748095000	748,094,778
92913			**1,466,852,508**

Trading by Executives

Shares Trading (Sale/Purchase)

HBL – Executives and their dependents (Spouse and Minor Children)

Sr. No.	Name	Purchased	Sold
1	Mr. Zeeshan Afzal	200	-
2	Mr. Akhtar Ghani	2,000	2,000
3	Mr. Hussain Sabzali	1,000	-
4	Mr. Muhammad Imran	2,000	2,000
5	Mr. Sultan Ahmed Zaman Khan	1,000	1,000
6	Mr. Uzair Ahmed Khan	529	500
7	Mr. Muhammad Amjad Malik	-	58
8	Mr. Ahsan Aamir Kureshi (Minor of HBL Executive)	180	180
9	Mr. Salman Masood	423 *	-
10	Mr. Sohaib Ahmed	900	-
11	Syed Murtaza Hussain Kazmi	9,290	-
12	Mr. Amjad Mahmood	5,900	-
13	Mr. Muhammad Aslam	13,500	-
14	Ms. Roofi Jamil	3,500	-
15	Mrs. Amna Ali (Spouse of HBL Executive)	-	100
16	Mr. Muhammad Saqib H. Choudhry (Spouse of HBL Executive)	32,500	-
17	Mr. Naseem Ahmed Abbasi	-	900
18	Mr. Asif Iqbal	2,000	2,000
19	Mr. Khurram Sadiq	2,000	-
20	Ms. Shaheen (Spouse of HBL Executive)	500	-

* Inheritance

For the purpose of clause 5.6.1 and 5.6.4 of the Rule Book of the Pakistan Stock Exchange (PSX), the expression “executive” includes the CEO, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary, and other employees of the Bank whose annual basic salary equals or exceeds to **Rs. 1.5 million** for the year 2020. In December 2020, the Board reviewed and set the revised threshold for other employees of the Bank to annual basic salary equals or exceeds to Rs. 2 million for the year 2021.

Categories of Shareholders

As at December 31, 2020

Particulars	Shareholders	Shares Held	Percentage
Shareholders holding five percent or more voting rights			
AGA KHAN FUND FOR ECONOMIC DEVELOPMENT	1	748,094,778	51.00
CDC GROUP PLC	1	73,342,000	4.99
Associated Companies, Undertakings and Related Parties			
TRUSTEES OF HABIB BANK LTD EMPLOYEES PROVIDENT FUND	1	13,949,982	0.95
JUBILEE LIFE INSURANCE COMPANY LIMITED	1	12,910,000	0.88
TRUSTEE- HBL EMPLOYEES PENSION FUND TRUST	1	5,474,321	0.37
JUBILEE GENERAL INSURANCE COMPANY LIMITED	1	4,270,000	0.29
TRUSTEE HBL EMPLOYEES GRATUITY FUND TRUST	1	2,639,039	0.18
THE AGA KHAN UNIVERSITY FOUNDATION	1	1,185,496	0.08
CDC - TRUSTEE HBL - STOCK FUND	1	530,504	0.04
CDC - TRUSTEE PICIC GROWTH FUND	1	420,500	0.03
CDC - TRUSTEE PICIC INVESTMENT FUND	1	326,600	0.02
CDC - TRUSTEE HBL EQUITY FUND	1	231,000	0.02
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	62,971	0.00
Directors and their Spouse(s) and Minor Children			
MIAN NAJEEB SAMIE	1	16,000	0.00
SYED SALIM RAZA	1	600	0.00
MR. SALIM YAHYA CHINOY	1	13	0.00
MS. DIANE ELIZABETH MOORE	1	10	0.00
Executives	111	245,724	0.02
Public Sector Companies and Corporations	9	45,287,540	3.09
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	69	79,272,982	5.40
Mutual Funds			
CDC - TRUSTEE ABL STOCK FUND	1	3,855,400	0.26
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	174,633	0.01
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	1,169,561	0.08
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	445,900	0.03
CDC - TRUSTEE ALFALAH GHP INCOME FUND	1	314,000	0.02
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	960,764	0.07
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	301,500	0.02
CDC - TRUSTEE ALLIED FINERGY FUND	1	303,100	0.02
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	41,900	0.00
CDC - TRUSTEE ATLAS INCOME FUND - MT	1	845,656	0.06
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	4,815,400	0.33
CDC - TRUSTEE AWT STOCK FUND	1	68,000	0.00
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	49	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	2,329,489	0.16
CDC - TRUSTEE FAYSAL STOCK FUND	1	1,957	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	45,300	0.00
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	45,400	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	68,500	0.00
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	500,000	0.03
CDC - TRUSTEE JS LARGE CAP. FUND	1	298,000	0.02
CDC - TRUSTEE LAKSON EQUITY FUND	1	2,523,061	0.17
CDC - TRUSTEE LAKSON INCOME FUND	1	48,000	0.00
CDC - TRUSTEE LAKSON INCOME FUND - MT	1	554,596	0.04
CDC - TRUSTEE LAKSON TACTICAL FUND	1	274,060	0.02
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	822,398	0.06
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	6,171,691	0.42
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,328,833	0.09

Categories of Shareholders

As at December 31, 2020

Particulars	Shareholders	Shares Held	Percentage
CDC - TRUSTEE NBP BALANCED FUND	1	440,180	0.03
CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	1	801,881	0.05
CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	1	1,641,942	0.11
CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	1	393,424	0.03
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1	1,484,882	0.10
CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	1	37,118	0.00
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	413,567	0.03
CDC - TRUSTEE NBP SAVINGS FUND - MT	1	36,991	0.00
CDC - TRUSTEE NBP STOCK FUND	1	9,588,442	0.65
CDC - TRUSTEE NIT ASSET ALLOCATION FUND	1	159,239	0.01
CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	1	41,496	0.00
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	2,377,748	0.16
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	246,800	0.02
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	15,000	0.00
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	203,200	0.01
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	18,001	0.00
CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	1	1,665,482	0.11
CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	1	51,944	0.00
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	4,185,846	0.29
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	462,600	0.03
CDC-TRUSTEE NITPF EQUITY SUB-FUND	1	33,500	0.00
CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	1	234,500	0.02
MC FSL - TRUSTEE JS GROWTH FUND	1	1,361,522	0.09
MCBFSL - TRUSTEE JS VALUE FUND	1	387,100	0.03
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	53,500	0.00
Privatisation Commission of Pakistan	1	4,002	0.00
Foreign Companies	294	199,648,776	13.61
General Public			
a. Local	91,952	91,710,099	6.25
b. Foreign	42	3,238,767	0.22
Others (includes Trusts, Trading Companies / Corporations, Provident Fund, Gratuity Funds etc.)	366	129,347,751	8.82
Totals	**92,913**	**1,466,852,508**	**100**

Notice of Annual General Meeting

Notice is hereby given that the 79th Annual General Meeting of Habib Bank Limited will be held on Friday, March 26, 2021 at 10:00 a.m. at HBL Tower, Islamabad, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Accounts (consolidated and unconsolidated) of the Bank for the year ended December 31, 2020, together with the Reports of the Directors and Auditors thereon.

2. To appoint Auditors for a term ending at the conclusion of the next Annual General Meeting. The retiring Auditors, A.F. Ferguson & Co., Chartered Accountants, have completed five years as Auditors of the Bank and are no longer eligible for appointment. The Board of Directors recommends that KPMG Taseer Hadi & Co., Chartered Accountants, who have indicated their consent to act as Auditors, be appointed as Auditors at a fee of Rs. 27.901 million (i.e. the same statutory audit fees as currently being paid to the retiring Auditors). In addition, any Federal or Provincial taxes and reimbursements of out of pocket expenses will be paid at actuals.

3. To approve payment of a Final Cash Dividend of Rs. 3 per share, i.e. 30% for the year ended December 31, 2020, as recommended by the Board of Directors to Shareholders as at close of business on March 19, 2021, which is in addition to the 12.5% Interim Cash Dividend (i.e. Rs. 1.25 per share) already paid.

4. To elect 7 Directors of the Bank, as fixed by the Board under the provisions of section 159 of the Companies Act, 2017 (“the Act”) for a period of 3 years commencing from March 27, 2021. The names of the retiring Directors are:

   (i) Mr. Sultan Ali Allana
   (ii) Mr. Shaffiq Dharamshi
   (iii) Mr. Moez Ahamed Jamal
   (iv) Mr. Syed Salim Raza
   (v) Dr. Najeeb Samie
   (vi) Ms. Diane Elizabeth Moore
   (vii) Mr. Salim Yahya Chinoy

Special Business:

5. To approve and authorize equity investment in The First MicroFinanceBank Ltd. (FMFB) of up to Rs 4 billion over the next three years, subject to the approval of the State Bank of Pakistan.

   The said equity investment will help FMFB to maintain a stronger capital base and provide sufficient headroom in its Capital Adequacy Ratio (CAR) to ensure compliance with the regulatory framework. The higher CAR will provide additional comfort to stakeholders and will enable FMFB to pursue its growth strategy and increase its business. The funds generated through the rights issue will be used for FMFB’s on-going business expansion and growth plans as permitted by its Memorandum & Articles of Association in line with applicable laws and regulations.

   For the aforesaid purpose to consider, and if deemed fit, to pass the following Resolution as a Special Resolution with or without modification:

   “**RESOLVED THAT** Habib Bank Limited (“the Bank”) be and is hereby authorised to invest up to Rs 4 billion in The First MicroFinanceBank Limited over the period of 3 years, subject to the approval of the State Bank of Pakistan.”

   “**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board of Directors of the Bank or such person or persons as may be authorised by the Board of Directors of the Bank, be and each of them is hereby authorised to do all such acts, deeds and things and to execute and deliver for and on behalf and in the name of the Bank all such deeds, agreements, declarations and undertakings as may be necessary or required or as they or any of them may think fit for or in connection with the aforesaid investment, including without limiting the generality of the foregoing, any approval, sanction or permission required thereof or in connection therewith.”

For agenda 4 and 5, the information as required under Section 134(3) of the Companies Act, 2017 is annexed.

The Directors of the Bank have no direct or indirect interest in the above-mentioned resolutions except in their capacity as directors of the Bank.

Any Other Business:

6. To consider any other business with the permission of the Chair.

By Order of the Board

March 5, 2021
Karachi

Neelofar Hameed
Company Secretary

Notes:

1. The Register of Members and the Share Transfer Books will be closed from March 20, 2021 to March 26, 2021 (both days inclusive) for the purpose of the Annual General Meeting.

2. Only those persons whose names appear in the Register of Members of the Bank as at March 19, 2021 are entitled to attend and vote at the Annual General Meeting.

3. A Member entitled to attend and vote at the Annual General Meeting may appoint another Member as his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a Member but is duly authorised by the corporation. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the holding of the Annual General Meeting.

4. Members are requested to notify immediately any changes in their registered address to our Share Registrar, CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', Sindhi Muslim Cooperative Housing Society (S.M.C.H.S), Main Shahra-e-Faisal, Karachi - 74400.

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

6. Pursuant to Section 150 of the Income Tax Ordinance, 2001 and Finance Act, 2020 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders at 15% and 30% respectively. All shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names along with their valid CNICs/ NTNs are entered into ATL before the date of payment of cash dividend i.e., March 26, 2021; enabling the Bank to make tax deduction on the amount of cash dividend @ 15% instead of 30%.

   According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, CDC Share Registrar Services Limited in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

A. Requirements for attending the Annual General Meeting:

(i) In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall authenticate his/her identity by showing his/ her valid original Computerized National Identity Card (CNIC) or original passport at the time of attending the Annual General Meeting.

(ii) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be produced at the time of the Annual General Meeting, unless it has been provided earlier.

B. Requirements for appointing Proxies:

(iii) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.

(iv) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(v) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.

(vi) The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.

(vii) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Bank along with the proxy form unless the same has been provided earlier.

C. Electronic dividend mandate:

Under the Section 242 of the Act, it is mandatory for all listed companies to pay cash dividend to its shareholders through electronic mode directly in to the bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in the Shareholder Information Form for Electronic Credit of Cash Dividend available on the Bank's website and send it duly signed along with a copy of valid CNIC to the Share Registrar, CDC Share Registrar Services Limited, CDC House 99-B, Block 'B', Sindhi Muslim Cooperative Housing Society (S.M.C.H.S), Main Shahra-e-Faisal, Karachi - 74400, in case of physical shares.

In case of shares held in CDC then Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers / participant / CDC account services.

In case of non-receipt of information, the Bank will be constrained to withhold payment of dividend to shareholders.

D. Submission of valid CNIC (Mandatory):

As per SECP directives the dividend of shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', Sindhi Muslim Cooperative Housing Society (S.M.C.H.S), Main Shahra-e-Faisal, Karachi - 74400 without any further delay.

E. Unclaimed Dividend:

As per the provision of section 244 of the Act, any shares issued or dividend declared by the Bank which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued, and dividend declared by the Bank which have remained due for more than three years were sent to shareholders. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged with the Bank in the given time, the Bank shall after giving notice in the newspaper proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Act.

F. Circulation/Transmission of Annual Audited Financial Statements and Notice of AGM to Members in Electronic Form:

The Bank's Annual Report is also being circulated to the members through DVD in compliance of section 223(6) of the Act and as approved by the shareholders in their Extra-Ordinary General Meeting held on February 3, 2017. The same is being placed on the Bank's website: www.hbl.com/investor-relations/annual-accounts, and the web-link is also e-mailed to the members whose registered e-mail addresses are available in the members' register.

Members are also requested to intimate change (if any) in their registered e-mail addresses to our Share Registrar for the above-mentioned purpose through consent form available on the Bank's website.

G. Conversion of Physical Shares into CDC Account:

The Shareholders having physical shareholding are encouraged to place their physical shares into scripless form as defined in Section 72(2) of the Act i.e.; "Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act."

H. Participation in AGM through Electronic Means:

In light of the continuing threats posed due to COVID-19 pandemic and to protect wellbeing of the Shareholders, the Securities & Exchange Commission of Pakistan ("**SECP**") has vide its Circular No. 4 of 2021 dated 15th February, 2021 directed the listed companies to hold general meetings through video link, webinar, zooming etc. in addition to the requirements of holding physical meeting.

Accordingly, the AGM would be held at the venue/ via webinar and would be attended by the directors of HBL, those who are available in Pakistan, by way of video link and by shareholders including holders of proxies assembling at the HBL Tower, Islamabad. The shareholders are encouraged to consolidate their physical attendance and voting at the AGM into as few people as possible through proxies. The following arrangements have been made by the Bank to further facilitate the participation of the shareholders in the 79th AGM:

- The shareholders interested in attending the HBL's AGM through webinar are requested to get themselves registered by sending their particulars to the Company Secretary HBL, at the designated email address (general.meetings@hbl.com), mentioning their names, folio number, email address by the close of business hours on **March 19, 2021.** The webinar link would be provided to the registered shareholders. The shareholders are also encouraged to send their comments / suggestions, related to the agenda items of the AGM on the above mentioned email address by **March 24, 2021**.

- As always, HBL intends, and undertakes, to hold the meeting in compliance with all applicable laws, and requirements, including for quorums, the keeping of minutes and voting while ensuring the safety of its shareholders, employees, directors and the public at large.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017:

This Statement sets out the material facts pertaining to the Ordinary Business and Special Business to be transacted at the Annual General Meeting of the Members of Habib Bank Limited (the **"Bank"**) to be held on March 26, 2021.

Ordinary Business:

Agenda Item 4 – Election of Directors

The term of office of the present Directors of the Bank will expire on March 26, 2021. In terms of Section 159(1) of the Act, the directors have fixed the number of elected directors at 7 to be elected in the Annual General Meeting for a period of three years.

The present Directors are interested to the extent that they are eligible for re-election as Directors of the Bank.

Any person who seeks to contest election to the office of director shall, whether he is a retiring director or otherwise, file with the Bank at its Registered Office, 9th Floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad, not later than fourteen days before the date of the meeting, the following documents:

i. Notice of his/her intention to offer himself/herself for election of directors in terms of Section 159(3) of the Act, together with the consent to act as a director in Form 28 prescribed under the Act;

ii. A detailed profile along with office address as required under SECP's SRO 1196 (I)/2019 dated October 3, 2019;

iii. A director must be a member of the Bank at the time of filing of his/her consent for contesting election of directors except a person representing a member, which is not a natural person.

iv. A declaration confirming that:

   1) He/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of Bank and Listing of Companies & Securities Regulations of Pakistan Stock Exchange;

   2) He/she is not ineligible to become a director of a listed company under any provision of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019, and any other applicable law, rules and regulations.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

Special Business:

Agenda Item 5 - Approval of Investment of up to PKR 4 Billion in The First MicroFinanceBank Limited:

The First MicroFinanceBank Ltd. Pakistan (FMFB) is a subsidiary of HBL, in which HBL's shareholding is 50.51%. FMFB's principal business is to provide microfinance services to the poor and underserved segments of society. Since acquisition, FMFB has performed well and has grown its balance sheet significantly and has plans to expand further. To support this growth, FMFB is planning to issue rights shares up to Rs. 4 billion over the next three years subject to the approval of the State Bank of Pakistan and HBL being the parent, is willing to subscribe to the rights issue and take up any portion of unsubscribed rights.

For this purpose, the Board of Directors have recommended that the Members consider and, if deemed fit, pass the Special Resolution with or without modification set forth at Agenda Item 05 of this Notice.

Information required under Section 199 (3) of the Companies Act, 2017 and regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is given as under:

<table>
<tr><th colspan="4">(A) Disclosure regarding associated company</th></tr>
<tr><td>(i)</td><td colspan="2">Name of Associated Company or Associated Undertaking</td><td>The First MicroFinanceBank Limited (FMFB).</td></tr>
<tr><td>(ii)</td><td colspan="2">Basis of Relationship</td><td>Habib Bank Limited (HBL) holds shareholding of 50.51% in FMFB.</td></tr>
<tr><td>(iii)</td><td colspan="2">Earnings / (Loss) per Share for the last three years</td><td>2017: Rs 2.51 per share
2018: Rs 3.66 per share
2019: Rs 1.95 per share</td></tr>
<tr><td>(iv)</td><td colspan="2">Break-up value per Share, based on last audited financial statements</td><td>2017: Rs 16.50 per share
2018: Rs 20.15 per share
2019: Rs 22.15 per share</td></tr>
<tr><td>(v)</td><td colspan="2">Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td>The financial information is shown in the table below.
Rupees in million
<table>
<tr><th></th><th>2018</th><th>2019</th></tr>
<tr><td>Revenue</td><td>4,873.7</td><td>5,821.7</td></tr>
<tr><td>Operating Expense</td><td>3,112.2</td><td>4,267.7</td></tr>
<tr><td>Operating Profit</td><td>1,761.6</td><td>1,554.0</td></tr>
<tr><td>Customer Deposits</td><td>31,129.1</td><td>38,403.6</td></tr>
<tr><td>Customer Loans & Advances – net</td><td>23,554.4</td><td>30,936.3</td></tr>
<tr><td>Cash, Balances with Banks and Investment</td><td>11,030.8</td><td>10,793.7</td></tr>
<tr><td>Equity</td><td>5,503.3</td><td>6,047.4</td></tr>
</table></td></tr>
<tr><td>(vi)</td><td colspan="2">In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely</td><td>Not Applicable</td></tr>
<tr><td></td><td>I</td><td>Description of the project and its history since conceptualization</td><td>Not Applicable</td></tr>
<tr><td></td><td>II</td><td>Starting date and expected date of completion of work</td><td>Not Applicable</td></tr>
<tr><td></td><td>III</td><td>Time by which such project shall become commercially operational</td><td>Not Applicable</td></tr>
</table>

	IV	Expected time by which the project shall start paying return on investment	Not Applicable
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.	Not Applicable
(B) General Disclosures:			
(i)	Maximum amount of investment to be made		The amount of investment would be up to Rs. 4 billion over the next three years.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		The rights issue will help FMFB to maintain a stronger capital base and provide sufficient headroom in its Capital Adequacy Ratio (CAR) to ensure compliance with the regulatory framework. The higher CAR will provide additional comfort to stakeholders and will enable FMFB to pursue its growth strategy and increase its business. The funds generated through the rights issue will be used for FMFB's on-going business expansion and growth plans as permitted by its Memorandum & Articles of Association in line with applicable laws and regulations. This is an equity investment in a subsidiary and is a long term investment.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:		Funds generated through own operations.
	(I)	Justification for investment through borrowings	Not Applicable
	(II)	Detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not Applicable
	(III)	Cost of benefit analysis	Not Applicable
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment.		Not Applicable
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration		HBL holds shareholding of 50.51% in FMFB. The Aga Khan Fund for Economic Development (AKFED) is the parent company of the HBL. The Aga Khan Agency for Microfinance (AKAM) holds 29.72% shareholding and the Aga Khan Rural Support Program (AKRSP) holds 10.99% shareholding. The Directors of the Bank have no direct or indirect interest except in their stated capacity as directors of the Bank.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs.		(a) Since the last equity investment in 2016, FMFB's balance sheet has grown five times, with advances and deposits increasing at a CAGR of 51% and 50% respectively. The net assets of FMFB have grown from Rs. 3.8 billion in 2016 to Rs. 6.0 billion as at December 31, 2019. FMFB's profit before tax has grown from Rs 489 million for 2016, to Rs 701 million for 2019. With this growth in balance sheet and profit, the value of the Bank's investment in FMFB has grown correspondingly. (b) Further, the Bank has also extended an unsecured, subordinated loan facility (which qualifies as Tier II capital) to FMFB amounting to Rs 2 billion in July 2020. The facility tenor is 8 years and it is priced at 6 Month KIBOR + 2%. This was required to support FMFB's business growth and profitability. FMFB's profits directly contribute towards the consolidated profit of the Group.
(vii)	Any other important details necessary for the members to understand the transaction		Not Applicable

(C) Additional disclosure regarding Equity Investment:		
(i)	Maximum price at which securities will be acquired	Par i.e. Rs 10 per share.
(ii)	In case the purchase price is higher than fair value in case of unlisted securities, justification thereto	Not Applicable
(iii)	Maximum number of securities to be acquired	400,000,000
(iv)	Number of securities and percentage thereof held before and after the proposed investment.	HBL's current holding is 137,931,035 (50.51%) shares in FMFB. On a pro-rata basis, HBL's shareholding will remain the same, i.e. 50.51% and the number of shares held will rise to 339,971,035. In case none of the other shareholders subscribe, HBL will take up any portion of unsubscribed rights. HBL's shareholding in FMFB would become 537,931,035 i.e. 80%.
(v)	Fair value of the security	In progress. Will be presented at the meeting, if requested.

Update

Under Regulations 4 and 6 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

This Statement provides information as required under Regulations 4 and 6 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 in respect of the investments authorised by the Shareholders in the previous Annual General Meetings of the Bank.

Summary / Overview

Company name	Approvals taken in Annual General Meeting	Date of Annual General Meeting	Update for 2020
The First Microfinance Bank Limited (FMFB)	To approve and authorise a subordinated loan to First MicrofinanceBank Limited (FMFB) of up to Rs 2 billion for a tenor of eight (8) years.	March 30, 2020.	A subordinated loan of Rs 2 billion was disbursed to The First MicroFinanceBank Limited (FMFB) for a tenor of up to eight years (8) on July 27, 2020.
HBL Bank UK Limited (HBL UK)	To approve and authorize investment in perpetual, unsecured, subordinated, non-cumulative, contingent convertible, privately placed Additional Tier-I (AT-I) capital eligible Variable Rate Subordinated Loan Notes (Loan Notes) up to US$ 30 million to be issued by HBL Bank UK Limited (HBL UK) over the next three (3) years. HBL seeks to invest in these Loan Notes through its Bahrain branch.	March 30, 2020	During the year, the Bank subscribed to USD 10 million of Loan Notes issued by HBL UK. The investment has been made through the Bahrain branch of the Bank. The Bank will continue to invest additional amounts in these Loan Notes up to the full amount of $30 million during the tenor of the approval.

(i) The First MicroFinanceBank Limited (FMFB):

1	Total Investment approved:	Approved by the shareholders in the Annual General Meeting held on March 30, 2020 to extend a subordinated loan of Rs 2 Billion.
2	Maximum amount of investment made	The Bank has extended a subordinated loan facility of Rs 2 Billion to FMFB for a tenor of 8 years (with an option for prepayment after 5 years, subject to regulatory approvals).
3	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The said financing facility contributes towards FMFB's Tier II Capital for the calculation of its Capital Adequacy Ratio (CAR). This was required to support FMFB's business growth and profitability. FMFB's profits directly contribute to the consolidated profit of the Group.
4	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	The financial position of the company is given in the table below.

Rs in million

Financial Position	2018	2019
Revenue	4,873.7	5,821.7
Operating expense	3,112.2	4,267.7
Operating profit	1,761.6	1,554.0
Customer deposits	31,129.1	38,403.6
Customer loans and advances	23,554.4	30,936.3
Cash, Balances with Banks and Investments	11,030.8	10,793.7
Equity	5,503.3	6,047.4

(ii) HBL Bank UK Limited (HBL UK):

1	Total Investment approved	Approved by the Shareholders in the Annual General Meeting held on March 30, 2020 to invest up to US$ 30 million in Loan Notes issued by HBL Bank UK Limited (HBL UK) over the next three (3) years.
2	Amount of investment made to date	The first tranche of $10million has been issued by HBL Bank UK. HBL has invested in this instrument through its Bahrain branch.
3	Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	The timeframe specified for making the complete investment is March 2023.
4	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	The financial position of the company is given in the table below.

GBP in millions

	2018	2019
Revenue	17.0	17.5
Operating expense	20.0	25.1
Operating loss	(3.0)	(7.6)
Deposits	519.1	493.4
Loans and Advances	309.0	345.2
Cash, Balances at Central Banks and Investments	297.8	233.2
Equity	87.3	82.9

As at December 31, 2020 the GBP / US$ Spot exchange was GBP 0.7317 / US$.

Admission Slip

The 79th Annual General Meeting of Habib Bank Limited will be held on Friday, March 26, 2021 at 10:00 a.m. at the HBL Tower, Islamabad.

For attending the Annual General Meeting, kindly bring this slip duly signed by you.

Company Secretary

Name____

Folio/CDC Account No. ____________________________ Signature ____________________________

Note:

i. The signature of a shareholder holding shares in physical form shall agree with the specimen signature as per the Bank's record.

ii. A CDC account holder/proxy shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Annual General Meeting.

iii. In case of a corporate entity, the Board of Directors' resolution/power of attorney, including the specimen signature of the nominee, shall be presented at the time of the Annual General Meeting, unless it has been provided earlier.

iv. Shareholders are requested to hand over duly completed admission slips at the counter before entering the meeting premises.

This Admission Slip is not Transferable

Form of Proxy

I/We____

of____

being member(s) of Habib Bank Limited holding____

Ordinary shares hereby appoint ____

of ______________________________ vide Folio/CDC Account No. ___________________________ or failing

him/her____of__________________________ who is also member of

Habib Bank Limited vide Folio/CDC Account No. ______________________________ as my/our proxy in my/our absence to attend, speak and vote for me/us and on my/our behalf at the 79th Annual General Meeting of the Bank to be held on Friday, March 26, 2021 at HBL Tower, Islamabad and at any adjournment thereof.

As witness my/our hand/seal this ____________________ day of __________________2021.

Signed by the said ____

In the presence of 1. _____________________________

2. _____________________________

Signature on
Five Rupees
Revenue Stamp

Folio/CDC Account No.

This signature should agree with the specimen registered with the Bank.

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Bank at 9th Floor, Habib Bank Tower, Jinnah Avenue, Blue Area, Islamabad, not less than 48 hours before the time of holding the Annual General Meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Bank except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

In addition to the above, the following requirements have to be met:

a. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

b. Attested copies of the CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the Proxy Form.

c. The proxy shall present his/her original CNIC or original passport at the time of the Annual General Meeting.

d. In case of a corporate entity, the Board of Directors' resolution/power of attorney, including the specimen signature of the nominee, shall be submitted to the Bank along with the Proxy Form unless the same has been provided earlier.

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Habib Bank Limited
Registered Office,
9th Floor, HBL Tower,
Jinnah Avenue, Blue Area,
Islamabad, Pakistan.

HBL

پراکسی فارم

میں / ہم ______________________________

برائے ______________________________

حبیب بینک لمیٹڈ کے رکن / اراکین (ممبر (ز)) ہونے کے ناطے حامل ______________________________

عمومی حصص (شیئرز) بذریعہ ہذا کی تقرری ______________________________

برائے ______________ وائیڈ فولیو/CDC اکاؤنٹ نمبر ______________ یا ان کی ناکامی

______________ برائے ______________ جو کہ

فولیو/CDC اکاؤنٹ نمبر ______________ کے تحت حبیب بینک لمیٹڈ کے رکن (ممبر) بھی ہیں، کو جمعہ، 26 مارچ 2021 کو اس کے بعد (بعد ازاں) HBL ٹاور، اسلام آباد میں منعقد ہونے والے بینک کے 79 ویں سالانہ اجلاسِ عام میں میری / اپنی جانب سے میری / ہماری عدم موجودگی میں بطور پراکسی شرکت کرنے، بولنے اور ووٹ دینے کے لیے مقرر کرتا / کرتی ہوں۔

بطور گواہ / بدست میرے / ہمارے دستخط و مہر ثبت، بتاریخ ______________، 2021

دستخط شدہ بدست مذکورہ

مقابل حاضرین: 1 ______________

2 ______________

فولیو/CDC اکاؤنٹ نمبر:

پانچ روپے والے ریوینیو اسٹیمپ پر دستخط کریں

یہ دستخط بینک کے پاس رجسٹرڈ شدہ نمونہ دستخط سے مماثل ہونے چاہیئے

اہم نکات:

1۔ باضابطہ طور پر پُر شدہ اور دستخط شدہ یہ پراکسی فارم بینک کے رجسٹرڈ دفتر واقع 9th فلور، حبیب بینک ٹاور، جناح ایونیو، بلیو ایریا، اسلام آباد کے رجسٹرڈ دفتر میں سالانہ اجلاسِ عام کے انعقاد کے وقت سے 48 گھنٹے قبل لازمی طور پر موصول ہو جائے۔

2۔ کوئی بھی ایسا شخص بطور پراکسی شریک نہیں ہوگا جو بذات خود بینک کا رکن نہ ہو، ماسوائے کارپوریشن کے جو کسی بھی غیر رکن کو اپنا پراکسی مقرر کر سکتی ہے۔

3۔ اگر کوئی رکن (ممبر) ایک سے زائد پراکسی کا تقرر کرتا ہے اور بینک کے پاس ایک رکن (ممبر) کی جانب سے ایک سے زائد پراکسی کے انسٹرومنٹس جمع کرائے جاتے ہیں تو ایسی صورت میں اس قسم کے پراکسی کے تمام انسٹرومنٹس کو غیر مؤثر قرار دے دیا جائے گا۔

برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

مندرجہ بالا کے علاوہ ذیل میں دیئے گئے معیارات پر پورا اترنا بھی ضروری ہے:

a۔ پراکسی فارم پر دو اشخاص کی گواہی ہوگی، جن کے نام، پتے اور CNIC نمبرز فارم پر درج ہوں گے۔

b۔ پراکسی فارم کے ساتھ فائدہ حاصل کرنے والے مالکان کے CNIC یا پاسپورٹ کی مصدقہ نقول جمع کرائی جائیں گی۔

c۔ پراکسی، سالانہ اجلاسِ عام کے وقت اپنا اصل CNIC یا اصل پاسپورٹ فراہم کرے گا / گی۔

d۔ کارپوریٹ ادارے کی صورت میں، ادارہ بینک کو پراکسی فارم کے ساتھ بورڈ آف ڈائیریکٹرز کی قرارداد / مختار نامہ مع نامزد شخص کے نمونہ دستخط فراہم کرنا ہوں گے (تاوقتیکہ وہ پہلے فراہم نہ کر دیئے ہوں)۔

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Habib Bank Limited
Registered Office,
9th Floor, HBL Tower,
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Islamabad, Pakistan.