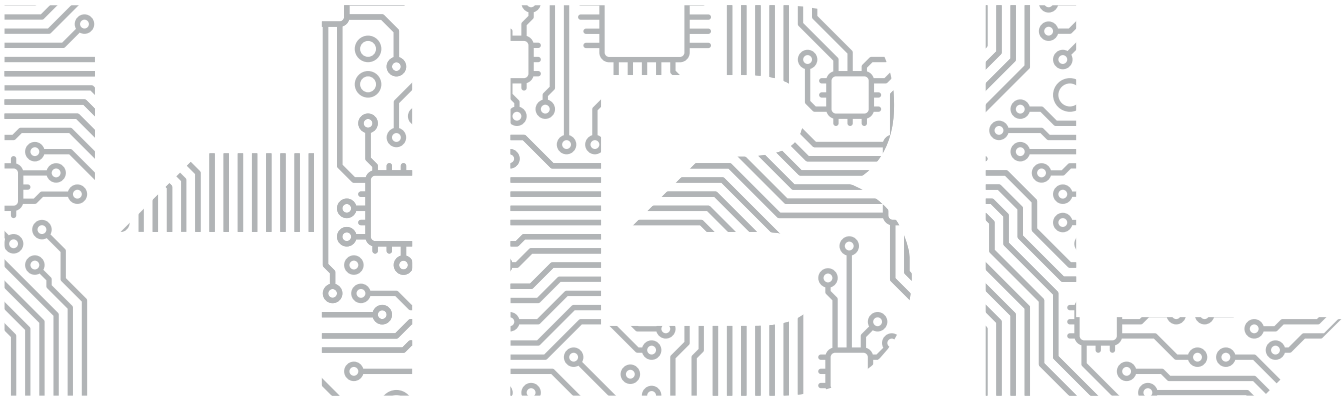
HBL



DIGITALLY YOURS

ANNUAL REPORT

2019

We are shaping technology as much as we are being shaped by it with digitization underpinning all our products, services and operations. This in turn is motivating us to transform ourselves around our customers' needs where our products and services are adding value to our customers' lifestyles. HBL customers now enjoy a more assured and convenient banking experience with the security that our digital platforms provide. Through our efforts, we are helping leverage digital technologies for a more prosperous Pakistan.

DIGITALLY YOURS

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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 (appointed w.e.f January 16, 2020)	Director
Mr. Salim Yahya Chinoy (appointed w.e.f February 12, 2020)	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. Nauman Riaz	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 – New York

Mr. Shaffiq Dharamshi	Chairman
Dr. Najeeb Samie	Member
Ms. Neelofar Hameed	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. Rizwan Haider	Secretary

Board Remuneration Committee

Mr. Salim Raza	Member
Dr. Najeeb Samie	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

Head Office
Habib Bank Limited
Habib Bank Plaza
I.I. Chundrigar Road, Karachi-75650, Pakistan
Phone: (92-21) 32418000 [50 lines]

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.hblibank.com.pk

Konnect
www.hbl.com/businesskonnect

hblbank | HBLPak

MANAGEMENT

Muhammad Aurangzeb
President & CEO

Sagheer Mufti
Chief Operating Officer

Naeem Bashir Ahmad
Head Business Transformation

Mohammad Ali
Head Branch Banking

Amer Aziz
Head Development Finance

Rizwan Haider
Chief Risk Officer

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

Dr. Aamir Matin
Head Technology

Risha A. Mohyeddin
Global Treasurer

Jamal Nasir
Chief Human Resources Officer

Nauman Riaz
Chief Compliance Officer

Muhammad Nassir Salim
Head Global Operations

Khalid Mohsin Shaikh
Head Remedial & Structured Credits

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 behavior. 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 recognize 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

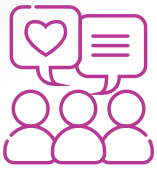
6-POINT BUSINESS AGENDA

01 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

02 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



03 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

04 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

05 Making Innovation the Driving Force

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

06 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

INTERNATIONAL FOOTPRINT

HBL Branches:

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

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

DIGITALLY YOURS

ACCOLADES

Pakistan's Best Bank
adjudged by Euromoney

Best Domestic Bank
adjudged by Asiamoney

Best Corporate & Investment Bank
adjudged by Asian Banking & Finance

Best Investment Banking
Pakistan Banking Awards held under the aegis of Institute of Bankers Pakistan

Excellence in Retail Financial Services
adjudged by the Asian Banker

Best Bank for Small & Medium Business
Pakistan Banking Awards held under the aegis of Institute of Bankers Pakistan

Best Local Bank in the Region for BRI (South Asia) (Asiamoney BRI)
adjudged by Asiamoney

Brand of the Year - Banking Pakistan
World Branding Awards 2019

Gender Champion Award
adjudged by Trade Finance Program, Asian Development Bank

KEY PERFORMANCE INDICATORS

PKR 3.2 TRILLION
ASSET BASE

112,822 TOUCHPOINTS
ATMS - 2,136
BRANCHES - 1,712
KONNECT AGENTS - 52,579
POS - 25,340
QR CODES - 31,055

PKR 2.4 TRILLION
DEPOSIT BASE

PKR 28.9 BILLION PROFIT
BEFORE TAXATION

20 MILLION
CUSTOMERS WORLDWIDE

340 MILLION
DIGITAL TRANSACTIONS

BOARD OF DIRECTORS

(From left to right)

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. 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, Marcuard Family Office, Switzerland and Pension Fund for Aga Khan Foundation.

Dr. Najeeb Samie
Director

Dr. Najeeb Samie was appointed to the Board in 2013. He has over 37 years of experience in the corporate and financial sectors.

He is currently the Managing Director of PIA Investments Limited and Roosevelt Hotel Corporation N.V, and is a Director of Minhal France, S.A., Minhal Incorporated, Parisien Management Company B.V., Roosevelt Hotel Corporation LLC, and Avant Hotels (Pvt.) Limited.

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.

(From left to right)

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 professional and executive coach with diversified experience of more than 23 years in various banking and regulatory positions in UK as well as serving in various Boards including fintech, investment banking and commercial banking.

She currently serves on the Boards of Cantor Fitzgerald Ireland, Cantor Fitzgerald Europe, Axis Bank UK Limited, and Habib Bank Limited Pakistan, as a non-executive director, and, until recently, was the independent Chair of fintech start-up SteadyPay, UK.

Mr. Muhammad Aurangzeb
President & CEO

Mr. Muhammad Aurangzeb joined HBL on April 30, 2018 as the President & CEO. He received his BSc and MBA from The Wharton School, University of Pennsylvania, USA. Mr. Aurangzeb possesses an overall banking experience of more than 30 years in both domestic and international locations. He has held senior positions in ABN AMRO and RBS and was CEO – Global Corporate Bank, Asia Pacific at JP Morgan prior to joining HBL. Mr. Aurangzeb serves on the Boards of Pakistan Business Council, The Institute of Bankers Pakistan, Pakistan Corporate Restructuring Company Limited and is also the Chairman of Pakistan Banks Association, Habib Allied Holding Limited and HBL Foundation.

CHAIRMAN'S MESSAGE

Digital banking for all

In 2019, our management coined the mantra "A Technology Company with a Banking License", setting the tone for HBL's future course. I take great pleasure in informing our stakeholders that relentless efforts are underway to make this happen. Initial results of this drive have included the introduction of digital platforms that have enabled the Bank to bring products and solutions to the market, which have made HBL's position truly unique. We see this approach as part of an integrated strategy to digitalize delivery channels and build an agile, responsive and sustainable organisation that is poised to embrace the customers of tomorrow.

Financial inclusion and accessibility to the wider population have been at the core of our strategy. HBL Konnect, our branchless banking solution, has enabled HBL to provide banking services to over 3.7 million previously unbanked Pakistanis. We are extremely proud to share with our stakeholders that the Bank has partnered with the Government of Pakistan on key initiatives such as Ehsaas Kafalat, the largest Government-to-Person (G2P) payment program, that essentially provides assistance to women who are at the bottom of the income pyramid. Through this program, in 2020, almost 6 million beneficiaries will be provided services across Pakistan through 40,000+ branchless banking agents. Via these agents, HBL is proud to bring banking services in previously unbanked areas of Pakistan in remote locations within Khuzdar, Dera Ghazi Khan, Upper Dir, Kohat and Jhelum. As a result of initiatives in the digital realm the Bank processed a staggering 340 million digital transactions in 2019 - a 35% increase over 2018.

HBL is the first bank in Pakistan to offer merchant payments using the QR technology in partnership with VISA, which will radically change the way payments are made in the country, particularly in the small retailer arena. QR payment acceptability is expected to gain momentum as the Bank onboards more and more retail outlets across the country. This is also a significant step towards supporting the Government's efforts to document the economy.

Nation building

HBL has maintained its role as the lead private sector financier in the Agriculture and related sectors in Pakistan. The Bank increased new-to-bank farmer acquisition by 44%, over the year, under review. In order to embed this initiative, a Development Finance Group has been formed and has been provided resources to pursue this agenda vigorously. This

Group has gotten off to a good start and is actively working on establishing linkages, both upstream and downstream to facilitate farmers in enhancing crop yield and increasing margins through loan support propositions, which are tailored to crop cycles. With a dedicated workforce of over 500 staff and digital solutions, a range of products has been deployed to farmer communities that have remained underserved for decades.

SME is a key pillar of growth for the economy as well as for providing gainful employment opportunities to the wider population of the country. The Bank's management has been able to enhance the loan portfolio to be the market leader in the segment and has set ambitious targets for 2020, which will cement our lead in this area. Management has also worked during the year to formalise the Bank's offering in the area of housing finance, which is also one of the priority areas identified by the State Bank of Pakistan. This offering will be undertaken through the Bank's Islamic Banking Group, which will be assigned oversight of over 200 branches across the country in order to make our Islamic Banking franchise more meaningful.

Serving core markets

Our international footprint has undergone changes and will continue to do so as we enhance our efforts to serve markets, which provide HBL with cross-sell opportunities and give our domestic customers access to locations of strategic trade and investment interest. HBL is also actively working on developing stronger and strategic ties with major international banks to enhance its trade related and home remittance markets. Through recent investments in business transformation, HBL has added capacity and introduced best in class technology to upgrade compliance and customer response times.

HBL's international footprint in China deserves a special mention. Our stakeholders will recall that we established Pakistan's very first bank branch in Urumqi in 2018. In 2019, HBL's Urumqi branch formally commenced RMB business, making HBL one of only three banks from the South Asia and MENA region to offer end-to-end RMB intermediation. This capability will greatly facilitate and enhance trade between Pakistan and China and support the China Pakistan Economic Corridor (CPEC) initiatives. In December 2019, HBL was awarded a branch license to establish branch operations in Beijing. HBL's management expects the Beijing branch to become operational and, Insha'Allah, open for business by the end of 2020.

Through dedicated desks in Sri Lanka, Bangladesh and Maldives, plans were formalised, which will link these markets to China, thereby allowing the Bank to capture larger trade flows and thus leverage its footprint in SAARC as well as in the SCO related trade zones. Business realignment is well underway and a lot of efforts have gone into ensuring that the Bank benchmarks itself to the highest service and control standards. GCC markets are extremely important for Pakistan and we are pleased to report that technology upgrades were undertaken in the UAE, Oman and Bahrain to bring these in sync with the deployment in Pakistan, thereby allowing the Bank to expand its product solutions in these markets also.

Our People, Our True Assets

We firmly believe that our people are our true assets. We continue to invest in our people, and as part of the cultural transformation, the Bank initiated an exercise to refresh HBL's values. Through this exercise, we aim to ensure that our staff clearly understand the behaviours that are expected of them in line with the current business dynamics and our strategy going forward. Furthermore, we have established an Ethics and Conduct function that will support and drive the behaviours that we expect our employees to embody. Recruitment and retention of the right people, while becoming even more critical, must be anchored by proper communication and incentives. Merit based intake and people actions are paramount as we build a truly world class institution.

We continue to drive forward, with force, our diversity agenda and are committed to achieving our short-term goal of meeting our gender balance targets. HBL's cross functional Diversity Council is leading the way through the introduction of a number of cultural and policy interventions. We take pride in being an employer of choice and we continue to attract highly talented resources from both the Pakistani and international markets.

HBL's senior management forums have worked actively over the review period to promote team work and encourage transparency and merit. Their efforts must be acknowledged and appreciated. Through this message, we wish to also recognise our high achievers and we salute them for working hard, for doing what is right for the institution, and for maintaining high compliance and service standards.

Digitally yours

We closed the year 2019 on a positive note with better financial results and, more importantly, achieving progress on all fronts including digital, compliance and people. These achievements will pave way for a better 2020 and Insha'Allah an even better 2021. While we cannot control variables, which are beyond us, we remain committed to strengthening controls, compliance and audit functions, as we build business function areas with every passing day.

Our client base has grown and we are now serving over 20 million customers of diversified backgrounds across the country and in other markets where we have presence. Our customers have supported us and stood by us in our challenging times and we wish to record our sincere gratitude and appreciation to them. In the same vein, we thank our correspondent banks for their support and trust that has allowed us to undertake trade and remittance businesses.

We also wish to thank our shareholders for their confidence and for believing in us. We will do our best, to do the best. We commit to you that we will continue to work on bringing service quality improvements and delivering first class service to our customers through innovative digital solutions and building a "fine institution".

We also thank our primary regulator The State Bank of Pakistan and all other regulators who regulate our branch and subsidiary operations in our overseas locations, for their support and guidance.

We will be pleased to present before our shareholders at the forthcoming AGM, a final cash dividend of Rs. 1.25 per share for the year ended December 31, 2019, bringing the total cash dividend for the year to Rs. 5.00 per share. We have earlier declared and paid interim cash dividends totalling Rs. 3.75 per share.

Sultan Ali Allana
Chairman

Directors' Report 2019

On behalf of the Board of Directors, we are pleased to present the Consolidated Financial Statements for the year ended December 31, 2019.

Macroeconomic Review

Pakistan's growth outlook for FY'20 remains subdued, as expected under a stabilization program, with GDP growth projected around the 2.5% mark. This is partly driven by sustained inflation which has led to a tight monetary policy and dampened domestic demand and production. Headline inflation, driven mainly by rising food prices, has been increasing steadily, with the January 2020 reading showing a sharp uptick to 14.6%. Average inflation for 7MFY'20 is 11.6% compared to 5.9% for the same period last year; however, the SBP's average inflation projection for FY'20 remains unchanged at 11.0% – 12.0%. Despite gains in export-oriented sectors, the Large Scale Manufacturing index showed a 3.4% decline for H1FY'20 with Automobiles, Iron & Steel and Petroleum sectors all weakening.

The Government's measures to control the external account have started to bear fruit as across-the-board import compression has resulted in a 21% decline, supplemented by a 4.5% growth in exports. As a result, the trade deficit has reduced by 39% in H1FY'20. With remittances continuing to grow, albeit modestly, there has been a significant curtailment of the current account deficit, which declined by 75% to USD 2.2 billion during H1FY'20. Policy rate cuts by major central banks and the consequent rise in yield differentials, along with expectations of Rupee stability, have attracted foreign portfolio investment of USD 1.5 billion in local government securities during H1FY'20; FDI also increased by 62% during this period. With positive trajectories on all indicators, the Balance of Payments registered a surplus of USD 4.4 billion for H1FY'20 compared to a deficit of USD 2.0 billion for the same period last year. The FX reserves position has strengthened by 24% from June 2019 lows, increasing to USD 17.9 billion in December 2019. Consequently, the Rupee has recovered 5.6% of its value from the historic high recorded in June 2019. The improving external position was acknowledged by Moody's which upgraded the country's Outlook from Negative to Stable.

After a record high 8.9% of GDP in FY'19, the Government has been able to contain the fiscal deficit for H1FY'20 to 2.3% compared to 2.7% for the same period last year. The key development is a primary balance of 0.7% compared to a deficit of 0.3% in H1FY'19. This was achieved due to substantial growth in non-tax revenue and 18% higher tax collection, which allowed a 28% growth in development expenditure. In addition, all provinces have delivered a budgetary surplus. Nevertheless, during the first review with the IMF, the tax collection target has been revised down to Rs 5.2 trillion from the Budget of Rs 5.5 trillion.

In its first program review, the IMF commended Pakistan's performance, remarking that the program has had a strong start underpinned by the transition to a market-based exchange rate. This paved the way for the release of the second tranche of USD 453 million, which was received in December 2019. All performance criteria for End-September 2019, along with those on a continuing basis, were met comfortably, although 5 indicative targets were missed. While progress on all structural reforms continues, the IMF remains focused on the key benchmark of improvements in the AML/CFT framework with a substantial level of effectiveness to be achieved by End-March 2020.

After a near continuous decline till August '19, the stock market rebounded, closing with a nearly 10% return for the year; this was driven by a faster than expected recovery on the external front as manifested by a stable exchange rate, fiscal improvements and a successful first IMF review. Recently the market has remained range-bound as persistent inflation has pushed expectations of a meaningful rate cut out to FY'21.

The SBP has maintained its policy rate at 13.25% since July 2019 and noted in its January MPC statement that monetary policy would continue to be based on the medium-term inflation outlook. High interest rates have depressed private sector lending which grew by only 2% in H1FY'20 compared to 10% for the same period last year. Banking sector deposits grew by 10% to Rs 14.6 trillion in 2019; however, advances grew by only 3% as there was an industry-wide skew to government securities. Banking spreads for 2019 rose by 90 bps over 2018.

Financial Performance

HBL's pre-tax profit for 2019 is Rs 28.9 billion, 34% higher than in 2018. Profit after tax, at Rs 15.5 billion, is 25% higher than the previous year. The retrospective application of Super Tax on 2017 profits has impacted post-tax profit by Rs 1.9 billion. Earnings per share are Rs 10.45 compared to Rs 8.22 in 2018.

HBL's domestic business has maintained its leadership position in 2019, with sustained growth in key drivers. Deposits increased by 13.3% over December 2018, to Rs 2.1 trillion, with a slight increase in market share. HBL continued to support its customers and the real economy; domestic lending grew by 3.5% to Rs 945 billion, with market share increasing by 26 bps to 12.44%. The international business is now turning around and balance sheets have returned to a growth path; in Rupee terms this was even more pronounced. HBL's total deposits thus grew by 14.1% over December 2018 to Rs 2.4 trillion, while advances rose by 8.0% to Rs 1.2 trillion. Consequently, HBL's balance sheet footing has increased by 7% to Rs 3.2 trillion.

The average domestic balance sheet grew by 7.5% over 2018. The full repricing of assets, rollover of maturing investments at higher rates and contained increase in deposit cost helped net interest margins to improve to 5.2% in 2019. Domestic net interest income has thus increased by 23% to Rs 92.3 billion. With the International business also contributing, HBL became the first bank in Pakistan to cross Rs 100 billion in net interest income.

With its diversity in product and revenue streams, HBL's fee franchise has a significant lead over its competitors; in 2019, this lead was further extended as fees increased by Rs 2.4 billion, to Rs 20.4 billion, well ahead of peers. This has been achieved through solid contributions from cards, investment banking and consumer finance. The Bank's renewed focus on Trade resulted in an 8% growth in volumes and a 28% increase in fees. Higher trading revenue and derivative revaluation gains resulted in FX income growing by nearly 50% over 2018. Additionally, lower devaluation, coupled with a winding down of the Bank's open position resulted in losses on this account reducing from Rs 6.8 billion in 2018 to Rs 5.0 billion in 2019. Consequently, total non-markup income, at Rs 24.2 billion, was 21% higher than in 2018.

The Bank's expense base remains elevated as a result of the substantial legal, compliance and remediation costs it has incurred in New York. With the recent announcement of the branch's expected closure by the end of Q1 2020, these should now start to taper off. Total costs increased by Rs 14.9 billion – of this increase, Rs 3.5 billion related to higher costs in New York as activities were accelerated to enable earlier closure. While costs in the international business remained flat, the devaluation of the Rupee resulted in these increasing by Rs 2.5 billion. This was also the first year of depreciation of the Bank's new office building and the first full year of deposit protection insurance; along with regulatory requirements of biometric verification of the full customer base and re-issuing over 5.5 million debit and credit cards to make them CHIP and PIN compliant, a total of Rs 3.5 billion was added to the cost base.

Reversals of Rs 2.6 billion from a strong recovery performance were more than offset by a charge of Rs 5.4 billion on weaker borrowers – resulting in a net provision charge of Rs 2.8 billion against advances – entirely driven from the domestic lending businesses. However, with continued lending growth, the asset quality has improved further, from 7.0% in December 2018 to 6.6% in December 2019. The coverage ratio also improved significantly, from 89.1% to 93.2%.

Movement in Reserves

	2019	2018
	(Rupees in million)	
Profit after tax	**15,500**	12,441
Unappropriated profit brought forward	**101,606**	96,909
Profit attributable to equity holders of the Bank	**15,333**	12,056
Deferred tax asset recognized on subsidiary under liquidation	**109**	-
Re-measurement gain / (loss) on defined benefit obligations – net of tax	**86**	(156)
Transferred from General Reserve	**6,074**	-
Transferred from surplus on revaluation of assets – net of tax	**415**	64
	22,016	11,964
Profit available for appropriation	**123,622**	108,873
Appropriations:		
Transferred to statutory reserves	**(1,738)**	(1,428)
Transferred from statutory funds of associates	**-**	29
Cash dividend – Final	**(1,834)**	(1,467)
1st interim cash dividend	**(1,834)**	(1,467)
2nd interim cash dividend	**(1,834)**	(1,467)
3rd interim cash dividend	**(1,834)**	(1,467)
Total appropriations	**(9,072)**	(7,267)
Unappropriated profit carried forward	**114,550**	101,606
Earnings per share (Rupees)	**10.45**	8.22

Capital Ratios

In 2019, the Bank's Capital Adequacy Ratio (CAR) requirements increased by 260 bps. Of this, 200 bps were as a result of the Bank's designation as a Domestic – Systemically Important Bank in the highest category and the remaining was due to the final Basel III transition. HBL took several steps to strengthen its eligible capital including optimizing its risk weighted assets and issuing Rs 12.4 billion of Additional Tier-1 Capital in the form of Term Finance Certificates. The Bank's consolidated Tier 1 CAR increased from 12.0% at the end of 2018 to 12.45% by December 2019. However, the sharp increase in requirements and the consequent compression of headroom over minimum levels resulted in more of the Bank's Tier II capital becoming ineligible. The consolidated total CAR of 15.35% was thus lower than the December 2018 CAR of 16.20%. HBL's capital and related ratios remain well above regulatory requirements.

Business Developments

In 2019, HBL has maintained a deposit market share of around 14%, adding nearly 1 million new customers through its branch network. HBL Asaan Account, a key product for increasing inclusion of the unbanked population, added over 138,000 new customers, taking the total Asaan account customer base to nearly 900,000 with a deposit balance of over Rs 11 billion. HBL proudly serves 3.1 million female customers, including 0.5 million under its women's market program, Nisa, which has been recognized internationally at various forums as one of the most successful models of women-centric programs. HBL believes that access to finance for the SME and commercial segments is key to sustained development of the economy and is a clear market leader in both segments, focusing on their trade and funding needs. Over 1,000 new customers were added during the year, taking the client base to over 10,000.

HBL is committed to financial inclusion of the rural population as this segment is of critical importance to Pakistan's economic development. The Bank is the largest private sector agriculture finance provider with more than 20% share amongst commercial banks, serving rural communities through more than 650 branches across the country. In 2019, the Bank increased its new-to-bank farmer acquisition by 44% over the previous year. HBL's Rural Lending business has been an early adopter of technology, with an in-house developed Farm App for farm imaging and salesforce management. From 2019, the business has started using HBL Konnect to provide farmers convenience by making loan repayments at the closest Konnect agent rather than having to travel to a branch.

HBL "Kissan ki Awaz" is a unique flagship discussion platform for farmers to meet HBL through a series of structured town halls. Discussions are focused on rural banking and financial literacy; experts from academia and agri-input companies are also invited to provide advice on good agronomic practices. This program, first launched in 2018, serves as an excellent feedback mechanism on the customer's experience with HBL and has become highly popular with farmers; during 2019, five such programs were held with more than 300 farmers participating. As part of its financial literacy initiatives, HBL has been actively creating awareness of banking services and agriculture lending through radio campaigns; in 2019, more than 14,000 radio spots were broadcast in Urdu as well as in local vernacular languages.

In 2019, HBL created a Development Finance Group, unique within the industry, to design and implement interventions targeting the agriculture sector while uplifting underserved farmers. The objective is to help farmers improve productivity by providing quality agricultural inputs, access to latest mechanization and better, more impartial, agronomical advisory. HBL will also facilitate farmers in fetching better prices by linking them directly to their bulk buyers thus simultaneously creating a value chain for SME and Corporate clients to secure raw material and supplies. As a first step, in 2019, HBL has invested in Naymat Collateral Management Company, which aims to actualize the benefits of warehouse receipt financing. Cash-strapped farmers will now have the ability to borrow against warehouse receipts issued by storing their crops at accredited warehouses; end-users will receive an improved harvest quality, as the accreditation process will ensure high storage standards. This investment is also aligned with HBL's strategy of widening financial inclusion as it will expand the market for collateralized lending, increase rural sector jobs and encourage capital investments in agri-warehouses.

During the year, overall Customer Satisfaction was maintained above 80% with Problem Resolution Satisfaction scores at above 50%. The Bank's Quality Council was established in 2018 with the goal of ensuring a better and more consistent service culture. Various recognition programs were rolled out to emphasize that service is a primary offering of the Bank and a key differentiator. A Presidential Award for Service Excellence was launched to reward exceptional service at all levels and across functions. The Bank has also begun the process of standardizing the delivery and monitoring of service in its international franchise, ensuring that clients get consistent service from HBL across the globe. Service remains our greatest focus area so that we can continuously improve the customer experience.

Fair Treatment to Customers (FTC) is a core value of HBL as we believe it is the right way to do business. Multiple initiatives were implemented to promote a culture that prizes this value. FTC training is now mandatory across the Bank and FTC components will be included in staff goals going forward. Given the increasing incidence of cyber-fraud, several rounds of cautionary messages were sent to customers to create greater awareness and protect them against banking fraud. In 2019, 152,342 complaints were received directly by the Bank. On an average, 4.98 days were taken to resolve the complaints.

HBL's carefully constructed consumer banking business continues to strengthen, focused on providing value to customers while enabling them to achieve their financial aspirations. Despite a challenging external environment, the business remains on sound footing with steady growth and in 2019, the portfolio increased by 12%, crossing Rs 60 billion. The Bank maintains its leadership in personal loans which remain the largest component of the consumer portfolio. Despite the slump in the automobile market, car financing recorded a growth of 12%.

HBL's Platinum Credit Card continues to be the most sought after card in the market; total credit card spend increased by 31% over 2018 and the portfolio grew by 34%. The merchant acquiring business continues to be a market leader with more than 25,000 POS terminals and a throughput of Rs 124 billion, 18% higher than the previous year. Usage of the Bank's leading Debit Card grew by 30% to Rs 42 billion, while clear market leadership of 20% was retained with 5.5 million cards. During the year, HBL upgraded its entire base of over 5m cards to CHIP & PIN functionality. Simultaneously, the entire POS network was also re-configured to ensure seamless conversion and acceptance.

The successful offering of Personal Loans on HBL Mobile was followed in 2019 with the introduction of Credit Card via HBL Mobile. This is offered to select customers and is totally paperless with no branch visits and credit decisioning in a few hours. With this application, the end-to-end process is just a few clicks on the Mobile App. In a short span of 4 months, 9,000 cards have been issued.

HBL's Islamic Banking strategy was refreshed during the year with the advent of a new leadership team. In 2019, the focus was to complete the product range so that all of the Bank's conventional solutions can also be made available in a Shariah compliant manner, thus truly offering a choice to the customer. The Islamic business has also broadened its target market to cover all customer segments. The new and aligned strategy has produced positive financial performance and has been welcomed by clients across various businesses. As HBL broadens the client base, the sanctity of Shariah standards will be maintained. A Hot Line has been established with the Bank's internal Shariah compliance department to give real time feedback to field staff. Online training modules are being developed to provide a consistent learning experience and expand the reach to participants beyond the Islamic team.

The Corporate Banking business continued to focus on deepening customer relationships through increased cross-sell and trade. During the year, a dedicated corporate team was set up in Peshawar to expand outreach and deliver on opportunities in KPK. The Chinese business has remained a key competitive advantage and HBL successfully entered into a landmark RMB trade finance agreement. HBL continues to lead the Transaction and Employee Banking space with a market share of over 40% in cash management where throughput increased by 22% to a record Rs 3.8 trillion; through its proprietary employee banking solution, HBL At Work (HAW), HBL serves 1.1 million employees of local businesses and has a market share of 55%.

HBL's Investment Banking business maintained its dominant position by closing a number of landmark transactions in 2019, including USD 1.7 billion of CPEC-related projects. During the year, HBL secured a joint mandate for the inaugural issuance of a USD 1 billion Panda Bond for the Government of Pakistan. HBL also expanded its presence in the renewable energy sector with closure of two 50 MW wind projects. The franchise continues to be recognized by prestigious global and local institutions for its innovative approach and depth of expertise. In 2019, we secured an unprecedented 16 international and domestic awards including Best Local Bank in the Region for BRI (South Asia) by Asiamoney, Best Investment Bank by Pakistan Banking Awards, Best Corporate & Investment Bank by Asian Banking & Finance, and Best Investment Bank / Best Sukuk Deal by Global Banking & Finance.

HBL has consistently led the market in adopting Environmental, Social & Governance (ESG) principles. During 2019, these initiatives were accelerated through the rollout of solar financing, supported by workshops conducted across all segments of the Bank in collaboration with international institutions. A number of internal initiatives on energy efficiency have been introduced including paper, waste, lighting and resource management. HBL increased its collaboration on Green Finance with Chinese institutions and is the first bank in Pakistan to become a member of the Green Investment Principles for the Belt and Road Initiative.

The Bank has started work on the implementation of a state-of-the-art Asset Liability Management system to enable an advanced level of interest rate and liquidity risk management which will bring HBL in line with global best practice in this area. During 2019, Sri Lanka, Oman and Maldives were on-boarded to the core treasury system to streamline and align technology platforms across international locations.

HBL launched the first online platform by a Pakistani bank, HBL Infinity, that provides live and tradable streaming foreign exchange pricing to clients, including the first-ever live pricing in PKR. HBL Infinity has been a great success and already has a loyal base of institutional, corporate and commercial customers with an ambitious roll-out plan for trade and remittance clients. Over the course of the year, HBL conducted client seminars across Pakistan to provide them an assessment of the domestic and international economic outlook. These were attended by industry leaders, management professionals and opinion makers who greatly appreciated the in-depth analysis that was provided on the major risks and opportunities for domestic businesses in an intensely competitive global trade landscape. To date, HBL is also the only domestic bank which services foreign investors wishing to invest in the domestic fixed income market, with around 15% of total volumes.

HBL continued to invest in becoming more inclusive, data driven and Mobile first in its product offerings during 2019. Our digital channels are helping us get closer to the country's unbanked population in unique ways, enabling individuals and businesses to access affordable financial services in a responsible and sustainable manner. This is also leading to an accelerated reduction in the gender gap in financial services.

HBL Konnect continues to be the primary vehicle for offering easy access to unbanked and under banked segments of society. The year ended with 3.7 million accounts, all of which were previously unbanked customers – with around 0.5 million coming directly from the Konnect App. HBL also partners with the Government on a variety of G2P initiatives targeted at enabling the population at the bottom of the pyramid and has been mandated for the largest G2P program – Ehsaas Kafalat. This will enable the Bank to provide financial access to almost 6 million women beneficiaries through the Konnect platform. Ehsaas disbursements also provide an opportunity to financially empower beneficiaries by providing them micro-loans and insurance products, all through a digital payment experience.

HBL Mobile achieved the milestone of crossing 1 million users during 2019 while the Konnect App has almost 800,000 users; the number of transactions increased by 75% to 138 million. This also helped in diverting traffic from branches to cost effective digital channels. Customer engagement was enhanced by offering an ever-increasing array of lifestyle solutions.

HBL rolled out a payment API (Direct Transfer) which continues to scale and more APIs are being developed to enable easy integration with the payments ecosystem. HBL witnessed over 40% growth in volumes through its Internet Payment Gateway and Direct Transfer products. In August 2019, HBL launched VISA QR services, VISA's first time in Pakistan for this product, and remains the sole acquirer. Over 350,000 transactions have been made since launch and will help in scaling up digital payments across retail locations by offering a low cost alternative to POS terminals.

During the year, significant investment was made in enhancing analytics capability. In order to better leverage data, a globally leading smart campaign management tool has been acquired; this will enable HBL to engage with customers in a more targeted manner to create better value for clients.

While enhancing our product offerings, compliance and information security remain of primary importance of mind. HBL continues to enhance digital security for our customers to provide them peace of mind.

In 2019, the International Business took significant steps in line with the strategic direction approved by the Board. Network business has increased substantially; the restoration of USD clearing in core locations has stabilized funding and supported trade finance. Consequently, revenue from core locations has witnessed double-digit growth. Additionally, the success in driving business from global network relationships has improved HBL's profile in the GCC and Asia, resulting in better ability to generate transactional banking income. The RMB capability in China will further deepen network business and improve returns.

Embedding risk, compliance and control in every aspect of operations remained an area of emphasis. The Bank's Business Transformation Program was implemented in the GCC and the UK, to bring these operations to the same level of compliance and governance standards as in the domestic business. In 2020, HBL will complete this rollout to extend coverage to all locations where it operates. In line with the strategic rationalization of its footprint, HBL fully exited its business in Seychelles and Rotterdam and ceased banking operations in Afghanistan and Hong Kong where final closure processes and regulatory approvals are being completed.

During the year, HBL's Urumqi branch was fully engaged in developing systems for RMB capability and has initiated business from November 2019. HBL has become one of only 3 banks across South Asia, the Middle East and North Africa to offer end-to-end RMB intermediation. This positions HBL to take a leading role in regional RMB trade and the process of on-boarding RMB correspondent accounts for the network has started. In December, the China Banking and Insurance Regulatory Commission approved HBL's application for upgrading the Beijing Representative Office to a Branch within unprecedented timelines. The Beijing branch is expected to come online in late 2020 and will further cement the Bank's position vis-à-vis the China business space.

HBL's subsidiary, The First MicrofinanceBank Ltd (FMFB) continued its growth despite an external environment which was particularly challenging for FMFB's target market. FMFB has maintained a relatively cautious approach with the loan portfolio growing to Rs 31.6 billion; 67% of this is in rural areas, in support of its mission of catering to the needs of the unbanked. Deposit growth, while reducing institutional dependency, remained a priority with the base increasing to Rs 38.4 billion – 49% of which is CASA – 23% higher than in 2018.

Over the last 2 years, FMFB has made significant progress in its digital journey – in 2019 an in-house developed tablet-based Loan Origination System was rolled out to more than 35 branches. FMFB's footprint increased to 206 locations with expansion focused on the CPEC route and a presence at 53 locations along the corridor. In 2019, affirming its commitment to underserved areas of Pakistan, FMFB laid the foundations of its Regional Headquarters in Gilgit; this will be the first LEED (Leadership in Energy & Environmental Design) certified structure in GBC.

During the year FMFB's digital innovations were recognized at the Annual Digi Awards. The bank was also awarded for its continued commitment to SBP's National Financial Literacy Program and 17 staff were recognized for contributions in their respective geographies. FMFB continues to play an important role in entrepreneurial capacity building as, for the 5th year, 5 of its clients received regional awards in the Citi Micro-Entrepreneurship Awards.

In 2018, HBL embarked on a multi-year Business Transformation program centered around four main areas, Governance, People, Process and Technology. The aim of the program was to use a risk-based approach to ensure that key processes and controls are "fit for purpose" so that with management supervision, business risk is sufficiently mitigated. Overall, the program also sought to develop a robust compliance-based environment to make HBL the best in class in the markets in which it operates.

In the first half of 2019, the domestic transformation program was successfully completed within planned timelines. As part of this program, significant upgrades were implemented to transaction monitoring systems, real-time customer screening and enhancing AML and KYC assessments. In the second half of the year, the focus shifted towards HBL's international locations. Future regulatory and business needs were considered in prioritizing country-wise rollout. Focus remains on fortifying governance, strengthening and supporting local teams and reinforcing controls by upgrading technology and processes.

To support the organizational focus on Trade, a dedicated portal was developed to provide convenience and innovative services to customers. This initiative has resulted in improving customer turnaround time and efficiency by leveraging digital capabilities to reduce, or replace, manual processes and strengthen controls. Continuous efforts aimed at providing customers reliable service across our 2100+ ATM network, resulted in our average ATM uptime exceeding 95%. Dedicated teams ensured that, particularly during the heavy-traffic Eid holidays, no customer was inconvenienced, with uptime attaining a high of 97% in this period; an achievement for which the Bank received recognition from the SBP.

The Bank is alert to the criticality of Business Continuity Planning (BCP) and over 50 BCP exercises were conducted successfully across the Bank's domestic and international franchise. In early 2019, a simulation exercise was conducted by engaging a renowned international expert. Following on from its success, HBL partnered with the SBP to organize a Business Continuity Management Workshop to create awareness within the industry. HBL also successfully tested its IT disaster recovery plans demonstrating its strong operational and technological resilience.

HBL started 2019 with the flagship HBLPSL, the single largest sporting platform in the country. Each year, this tournament stays true to its promise of enabling the dreams of young cricketers who aspire to become international legends. HBL continues to make HBLPSL bigger and better each year and the 2019 tournament was no different. In 2020, HBLPSL will be hosting all 34 matches across different venues in Pakistan, thus giving Pakistanis the joy of watching their favorite cricketers live. HBL takes pride in supporting the return of international cricket to Pakistan.

In 2019 HBL once again won the Brand of the Year, Banking, Pakistan award at the prestigious World Branding Awards. HBL's brand equity score of 4.2 is double that of our nearest competitor and is a testament to the strength of the brand.

Human Resources

HBL strongly believes that its employees living the values every day is key towards building a high-performance culture. As part of the plan to drive the cultural transformation within the Bank, an initiative was launched to refresh the values and make them relevant to the current challenges. A key part of this exercise was articulating behaviours expected both from employees and from leaders. In 2020, this will be rolled out across the organization through workshops to outline the behavioural expectations on a day-to-day basis.

To enhance accountability within senior management, a revised performance assessment and reward methodology was introduced for Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), who were identified based on their scope of responsibility and decision-making authority. The MRTs are revenue generators and their performance is determined largely on delivering business targets, whereas MRCs are employees in risk and/or controlling functions. Their overall remuneration comprises of fixed and variable pay components of which, the variable component is determined and paid based on their annual performance assessment. To ensure that undue risk is not taken by employees to gain short term rewards, a risk aligned remuneration policy and framework, governed by the Board's Human Resources and Remuneration committee, has been implemented. Based on this, risk adjusted balanced scorecard has been developed for each of these identified MRTs/MRCs, to monitor and reward performance. A performance bonus deferral mechanism has also been put in place with the ability to withhold unvested bonus amounts and/or recover bonuses already paid out, in case of a risk event occurring and attributable to an MRT/MRC. Furthermore, to enhance senior management ownership and drive a focus on shareholder value, the bonus deferral at senior levels is share-based. Another key development has been the establishment of an Ethics and Conduct function to develop policies and monitor conduct to enhance accountability and ensure that employees operate in an ethical manner.

As we endeavour to create a learning and innovation culture, developing employees' capabilities remained at the forefront. Training was imparted through more than 650,000 man-hours of classroom courses as well as through e-Learning. We continued to leverage technology for cost efficiencies, emphasising webinars and e-Learning. To keep our employees'

skills current and at international standards, we brought globally recognized programs such as the OMEGA certification and FITCH Learnings to Pakistan. Comprehensive certification programs and learning ladders were introduced for Relationship Managers and Cash Officers, allowing them to chart their careers through undertaking the required programs. A Trade Academy was launched to further enhance trade knowledge and skills.

To improve the dearth of quality resources, especially in the rural areas, HBL arranged structured internship programs for graduates of the University of Agriculture, Faisalabad and the Institute of Business Administration, Sukkur, in which 23 individuals participated. During the year, 22 training sessions were also conducted for 462 of HBL's own agriculture field staff and have given new insights on specialized training needs, for which modules are being developed.

We continued our efforts towards increasing women representation and promoting a gender-friendly environment, reaching a diversity ratio of 17%. Amongst several initiatives to promote female leadership and build capacity, a mentoring program for senior women was also rolled out. Our efforts in this area were recognized through the ADB Gender Champion award as well as the Employer of Choice Award for gender balance from IFC/Pakistan Business Council.

Risk Management Framework

HBL's risk management framework is anchored by the Board's clearly defined risk appetite that takes into account international best practices, regulatory requirements and evolving business needs. 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. Market risk and liquidity risk 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. The already strong risk management of the consumer business was supplemented with the development of new expert application scorecards for usage with digital channels. To manage financial 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.

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.

To strengthen the management of Compliance risk, the Bank's transaction monitoring system was further augmented with the addition of eight new scenarios. Phase-wise screening of the portfolio was initiated against available Watch lists and Sanctions lists and risk ratings for the active legacy portfolio were aligned to the Bank's Customer Risk Rating Methodology. Additionally, the evolving AML/CFT suite of Compliance training was extended to include awareness of Terrorism Financing risks. HBL continues to strengthen its International Compliance functions in all locations, predicated on strict adherence to host country regulations. A Compliance Committee of Management, established in each country, serves as a mechanism for filtering key issues through to senior management and the Board Compliance and Conduct Committee which is tasked with the oversight of Compliance.

In the context of the National Risk Assessment (NRA) findings and the Asia Pacific Group's (APG) Mutual Evaluation Report (MER), SBP updated its AML/CFT Guidelines on Risk Based Approach (RBA) in 2019. Subsequently, HBL has initiated the review of its Financial Crime Risk Assessment (FCRA) to incorporate the recent developments on money laundering (ML) and terrorist financing (TF) as an outcome of the MER and the NRA. Additionally, the SBP, while sharing results of the NRA with its regulated entities, instructed them to ensure capacity building of their staff and undertake measures to enhance outreach for raising customer awareness. Accordingly, HBL arranged seminars for customer awareness on ML / TF in various cities across the country.

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 and other serious infringements of the Bank's Code of Conduct. HBL conducted a comprehensive awareness campaign, reiterating key features of its program and emphasizing various communication channels for lodging complaints.

With the Bank's ever-growing digital infrastructure, Information Security continues to gain in criticality and plays a pivotal role in protecting HBL, its customers and their data from cyberattacks and data breaches. Cybersecurity risk assessments are routinely carried out, duly supported by preventive and detective controls capable of responding to emerging external threats. During 2019, a centralized vulnerability assessment and penetration testing program was established; coverage was enhanced to include domestic and international IT assets. Security solutions such as malware protection, data loss prevention, encryption and enhanced monitoring of cybersecurity operations were implemented to improve resilience. To embed the importance of this function throughout the Bank, an Information Security Awareness Week was organized which

included several diverse activities. At the national level, HBL has partnered with external experts to lead capacity building programs for the industry.

Our sustained efforts to provide secure banking services to our customers led to the protection of our entire network against skimming. We retained our PCI DSS certification, which is the de facto security standard for the Payment Card Industry. HBL achieved ISO 27001 certification for its Information Security Management System and is the only bank in Pakistan to have met this standard.

Going forward, we plan to strengthen our cyber-defenses through the use of AI and machine learning based technologies, and a centralized identity and access management system, proactively mitigating against advanced threats. Customers themselves are an important component of the security process and their continuous education about cyber-risks will remain an important component of our 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)

HBL is part of Pakistan's socio-economic fabric and the Bank continues to play its role as a responsible corporate citizen. Giving back to the country and the communities that we serve is part of HBL's strategic agenda. To promote sustained economic and social uplift of the country, the Bank contributes 1% of its annual profit after tax to the HBL Foundation, which was established in 2009 to promote the development and well-being of the underprivileged and improve their quality of life. During 2019, the Bank donated Rs 135 million, both through the Foundation and directly, to deserving causes; this is a 5% increase over the Bank's 2018 commitment.

HBL has pursued a multi-sectoral approach for supporting social initiatives. It has particularly focused on important linkages between health and education as sustainable pillars. HBL's longstanding collaborations with non-profit organizations, government and other community partners, as well as support of the Bank employees, enables the Bank to deliver upon its corporate social responsibility and sustainable banking agenda.

In the health sector, HBL is committed to supporting and strengthening existing health care services, while also fostering new initiatives. Improvements in health programs can promote the development of a population that contributes positively to economic growth. These projects, spread across the country, directly impact the marginalized and underprivileged sections of society. HBL firmly believes that education is the driving force for long-term economic uplift. Vocational training, conventional education and skills development were all invested in through collaboration with various organizations. In all sectors, contributions have been made to both private and public sector entities, across Pakistan, to ensure that historically underserved provinces are also given coverage.

Employee volunteering is a key strategic agenda for the Bank. In July 2019, HBL organized a blood donation campaign in partnership with Indus Hospital and Shaukat Khanum Memorial Trust. The purpose of this campaign, organized across Karachi, Lahore and Islamabad, was to positively impact the communities in which HBL serves, and create awareness amongst HBL staff, more than 300 of whom donated. Through a more structured employee volunteerism program, spread across the year, HBL staff will be encouraged to personally play a part in the communities in which we operate and the projects that we support.

We will continue to engage with the community through projects in the health and education sectors, which require long term commitment. HBL, as Pakistan's national institution will lead from the front in this huge national challenge.

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

Credit Ratings

The Bank's credit ratings were re-affirmed in June 2019 by VIS at AAA / A-1+ for long-term and short-term respectively. The rating of the Tier II subordinated debt remains at AAA while the Bank's Additional Tier I Capital TFCs were rated as AA+. In doing so, the rating agency cited the Bank's position as Pakistan's largest commercial bank with systemic importance, a strong franchise, robust liquidity profile and sound asset quality indicators. Moody's also re-affirmed HBL's local currency deposit ratings at B3, the baseline credit assessment at caa1 and the foreign currency deposit rating at Caa1. In line with Moody's upgrading of the sovereign Outlook from Negative to Stable, the Outlook on the Bank's foreign currency deposit rating was also changed to Stable.

Future Outlook

The slowdown in most economic sectors appears to have bottomed out and a surprisingly sharp uptick in the LSM for December 2019 could herald a nascent recovery. The IBA-SBP survey of business confidence showed an improvement in sentiment for the third successive reading. This bodes well for the economy to begin transitioning from stabilization to growth in line with the IMF's projections for GDP growth to return to the 4.5% – 5% range by FY'22. The SBP views the recent spikes in inflation as transitory and considers that the current monetary policy direction is appropriate to converge inflation towards the medium-term target of 5% – 7%. However, the monetary policy stance will remain tight until inflation shows a clear declining trend.

Although Pakistan's reform program is on track, risks remain elevated. The IMF remains concerned over potential fiscal slippages in the face of weaker revenue generation as well as over the ability of the Government to push through legislation in the absence of a majority in the Senate. Although substantial progress has been made on AML/CFT, much remains to be done and it will be critical to meet structural benchmarks which have been missed in October 2019 and reset to June 2020. The Government will have to remain steadfast in its pursuit of fiscal prudence and widening the tax net. It will also be important to contain the circular debt build-up, both through privatization as well as through timely tariff increases.

Over the course of the year, HBL has positioned itself as central to Pakistan's financial landscape and as its leading financial institution. HBL aims to bring world-class standards to Pakistan and has played a leading role in bringing international expertise to the country, from Compliance to cybersecurity to Fintech and innovation. HBL and Pakistan are interwoven – this is a privilege and a responsibility which the Bank embraces and will step up to deliver in all areas. A financially vibrant agriculture sector is essential for Pakistan's growth and HBL's unique Development Finance team intends to provide thought leadership on elevating the entire agriculture value chain. Relentless focus on our customers will continue, as they are at the heart of what we do – we will intensify efforts to deliver an improved service experience and products that delight our clients. Having transformed its compliance and operating processes over the last two years, the Bank now intends to bring the same single-minded focus and vigour to its digital journey to truly evolve into a technology company that banks.

Dividend

The Board has recommended a final cash dividend of Rs 1.25 per share for the year ended December 31, 2019, bringing the total cash dividend for the year to Rs 5.00 per share. The Board had earlier declared and paid interim cash dividends totalling Rs 3.75 per share.

Change in Directors

Ms. Sadia Khan and Mr. Agha Sher Shah resigned from the Board of Directors with effect from November 15, 2019 and December 4, 2019 respectively. The Board wishes to place on record its appreciation for their valuable contributions during their tenure on the Board.

The casual vacancies created by the above resignations were filled through the appointments of Ms. Diane Moore, who has joined the Board with effect from January 16, 2020 and Mr. Salim Chinoy, who has joined the Board with effect from February 12, 2020. Ms. Moore is an experienced professional with diversified experience of more than 15 years in banking and regulatory positions in the UK. She has also served for more than 8 years on various Boards, including in the technology and banking areas. Mr. Chinoy is one of the leading accounting professionals in Pakistan and has over 35 years of experience with a Big 4 accounting firm.

The Board welcomes Ms. Moore and Mr. Chinoy and looks forward to their contribution.

Meetings of the Board

	Board Meeting	
	Meetings held during tenure	Attendance
Mr. Sultan Ali Allana	8	7
Mr. Shaffiq Dharamshi	8	7
Mr. Moez Ahamed Jamal	8	8
Ms. Sadia Khan [1]	7	6
Mr. Salim Raza	8	8
Dr. Najeeb Samie	8	8
Mr. Agha Sher Shah [2]	7	6
Mr. Muhammad Aurangzeb	8	7

[1] Ms. Sadia Khan resigned from the Board with effect from November 15, 2019

[2] Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019

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	6	4	N/A	N/A
Mr. Shaffiq Dharamshi	N/A	N/A	5	4	6	4	N/A	1[3]
Mr. Moez Ahamed Jamal	8	8	N/A	N/A	N/A	N/A	7	7
Ms. Sadia Khan [1]	7	7	N/A	N/A	5	5	6	6
Mr. Salim Raza	N/A	N/A	5	5	N/A	N/A	N/A	N/A
Dr. Najeeb Samie	8	8	N/A	N/A	N/A	1[4]	N/A	N/A
Mr. Agha Sher Shah [2]	N/A	N/A	N/A	N/A	5	4	N/A	N/A
Mr. Muhammad Aurangzeb	N/A	N/A	5	5	N/A	N/A	N/A	N/A

[1] Ms. Sadia Khan resigned from the Board with effect from November 15, 2019
[2] Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019
[3] Mr. Shaffiq Dharamshi was co-opted for the meeting of the Board Compliance & Conduct Committee held on December 18, 2019, to meet quorum requirements
[4] Dr. Najeeb Samie was co-opted for the meeting of the Board Human Resource and Remuneration Committee held on December 18, 2019, to meet quorum requirements

	Board Development Finance Committee		Board Oversight Committee – New York		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	2	N/A	N/A	N/A	N/A	3	3
Mr. Shaffiq Dharamshi	N/A	N/A	4	3	N/A	N/A	N/A	N/A
Mr. Moez Ahamed Jamal	N/A	N/A	N/A	1[3]	N/A	N/A	N/A	N/A
Ms. Sadia Khan [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Salim Raza	3	3	N/A	N/A	4	4	N/A	N/A
Dr. Najeeb Samie	N/A	N/A	4	4	N/A	N/A	3	3
Mr. Agha Sher Shah [2]	N/A	N/A	N/A	N/A	3	3	N/A	N/A
Mr. Muhammad Aurangzeb	3	3	N/A	N/A	4	4	3	3

[1] Ms. Sadia Khan resigned from the Board with effect from November 15, 2019
[2] Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019
[3] Mr. Moez Ahamed Jamal was co-opted for the meeting of the Board Oversight Committee – New York held on June 26, 2019, to meet quorum requirements

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, being eligible, offer themselves for reappointment at the Annual General Meeting. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommends the appointment of Messrs. A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2020 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) Other than the changes as disclosed in Note 4.1 to the financial statements, 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 2014 to 2019 – 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, Board Oversight for New York and Remuneration Committees constituted by the Board are functioning efficiently in accordance with their Terms of Reference. The Board has met regularly and 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, 2018.

	Rupees in million
Employees' Provident Fund	6,176
Employees' Pension Fund	4,351
Employees' Gratuity Fund	1,845
Employees' Benevolent Fund – Executives and Officers	1,446
Employees' Benevolent Fund – Clerical and Non-Clerical	699

Pattern of Shareholding

The pattern of shareholding as at December 31, 2019 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 the SECP approved Directors' Training program offered by the Institute of Business Administration, Karachi and are certified as Directors in accordance with the Code.

In December 2019, the Board attended a full-day training program, focused on the latest developments in the continuously evolving AML/CFT landscape and the role of FATF. This was conducted by an international expert in this area. To support the Board in its strategic oversight of the Bank's digital transformation, the Directors also attended a full-day session where they were addressed by leading global practitioners covering aspects from Big Data and Artificial Intelligence to cybersecurity; speakers also shared their learnings from actual implementation of digital transformation programs.

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 2019. 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 formed the following nine committees for support in providing strategic direction and enhanced oversight. The board committees function as per their respective well-defined Terms of Reference (TORs) approved by the Board. A brief description of the functions of each sub-committee, inter alia, is as follows:

Board Audit Committee: The Committee reviews the adequacy and effectiveness of the Bank's internal control environment, including operational controls, and reviews the Bank's financial statements and associated matters before recommending them for Board approval; as part of this process, the Committee also interacts with the External Auditors of the Bank. The Committee also provides oversight over the Bank's Internal Audit function and the risk-based annual audit plan.

Board Risk Management Committee: The Committee is responsible for oversight and advice to the Board on risk related matters and risk governance with respect to the Bank's risk appetite and risk profile, the structure and completeness of the Bank's internal control and assurance 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: The Committee recommends key Human Resources and Remuneration policies including major terms of employment and benefits, Performance Management and Compensation Plans for all 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: 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 governance benchmarks and controls, escalation mechanisms and the reporting of compliance and conduct risks.

Board Development Finance Committee: 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 the upside available through highly productive but underserved communities throughout the agriculture value chain.

Board Oversight Committee – New York: The Committee was initially formed post the Consent Order and is responsible for assisting the Board in providing oversight to HBL New York in governance and remediation matters.

Board IT Committee: The Board IT Committee reviews, evaluates and make recommendations to the Board regarding the Company's major technology investment plans and strategies, including determining value for money and return on investment. It also ensures that effective oversight is provided to the Information Security function within the Bank and that the Information Security posture is aligned with the risk appetite.

Board Oversight Committee – International Governance: The Committee assists the Board in providing oversight of governance in overseas business operations, including subsidiaries, except HBL New York which is covered by the Board Oversight Committee – New York.

Board Remuneration Committee: The Committee is responsible for assisting the Board in fulfilment of its responsibilities regarding determination of remuneration arrangements for Directors of the Bank in line with SBP's BPRD Circular No. 03 of 2019 dated August 17, 2019.

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 Fit and Proper Criteria (FAPC). This is then forwarded to HBL's Board of Directors for approval after which it is submitted to SBP along with the filled FAPC Form and Board approval along with 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 Master's 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 Shariah Board 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 Banking and Gharar (uncertainty) from Karachi University, a Master's in Islamic Studies from Bahauddin Zakariya University and an LLB from Sindh Muslim Government College. He has been associated with the banking and financial services industry since 2004 and has provided Shariah Advisory services to the Shariah Boards of 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 Master's 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, 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 shall be empowered to consider, decide and supervise all Shariah related matters of HBL. All decisions, rulings, fatwas 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 the HBL Islamic Banking. All products or services to be offered and/or launched by HBL Islamic Banking shall have prior approval of the SB.

- The SB shall approve all the 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

At the Extraordinary General Meeting held on March 19, 2018, the shareholders of the Bank had approved Rs 400,000 as the fee payable to Non-Executive Directors for attendance at Board and Committee meetings. In addition, the Non-Executive Directors are entitled to receive a Travel and Daily Allowance and are provided airfare as per the 'Travel & Expense Policy for Non-Executive Directors and the Chairman' approved by the Board from time to time.

Pursuant to SBP's BPRD Circular No. 03 dated August 17, 2019, the Board approved the Board Remuneration policy in December 2019. Under this policy, the Directors' fee for attending Board and Committee meetings has been revised from Rs 400,000 to Rs 600,000 per meeting, with effect from December 9, 2019. The policy also entails the Travel and Daily Allowance entitlements for Non-Executive Directors regarding business related travel. The same is being recommended by the Board for post-facto approval by the shareholders in the 78th Annual General Meeting of the Bank.

The details of fees paid to Directors in 2019 are disclosed in Note 39.1 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.

The details of fees paid to Shariah Board Members are disclosed in Note 39.2 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, for developing and strengthening the banking and financial industry through continuous improvements in the regulatory and governance framework.

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. We would also like to thank our employees and their families for their dedication and their tireless efforts towards the growth of HBL.

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

February 19, 2020

ڈائریکٹرز رپورٹ–2019ء

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے سال مختتمہ 31 دسمبر 2019ء کے مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

پاکستان کی معیشت کی صورتحال مالی سال 2020ء کے لیے بھی دباؤ کا شکار رہی، جیسا کہ استحکام پروگرام کے تحت 2.5% کی نمو کی توقع کی گئی تھی۔ اس کی جزوی وجوہات میں افراطِ زر میں مسلسل اضافہ ہے جس سے سخت مالی و زری پالیسی کے امتزاج کے سبب مقامی طلب اور پیداوار میں کمی آئی۔ اشیائے خورد و نوش کی قیمت میں اضافے سے ہیڈ لائن افراط زر میں اضافہ مسلسل برقرار رہا، جس میں جنوری 2020ء کی شرح میں 14.6% کا تیز اضافہ ہوا۔ مالی سال 2020ء کے 7 ماہ کے دوران اوسط افراطِ زر 11.6% رہا جو گزشتہ برس اسی مدت کے لیے 5.9% تھا۔ تاہم SBP کی مالی سال 2020ء کے لیے اوسط افراطِ زر کی شرح کی پیشن گوئی کسی تبدیلی کے بغیر 11%–12% رہی۔ برآمدات سے متعلق شعبوں میں منافع کے باوجود بڑے پیمانے پر پیداوار کی صنعت کے اشاریے میں مالی سال 2020ء کی پہلی ششماہی میں 3.4% گراوٹ نظر آئی جس میں گاڑیوں، فولاد اور اسٹیل اور پیٹرولیم کی صنعتیں کمزور ہوتی نظر آئیں۔

بیرونی کھاتوں کو قابو کرنے کے حکومتی اقدامات بار آور ثابت ہوئے کیونکہ ہر شعبے میں درآمدات کی حوصلہ شکنی کے اقدامات سے 21% کمی آئی جبکہ برآمدات میں 4.5% اضافہ ہوا۔ جس کے نتیجے میں مالی سال 2020ء کی پہلی ششماہی میں تجارتی خسارہ 39% سے کم ہو گیا۔ ترسیلات میں مسلسل مگر معتدل اضافے سے، جاری کھاتوں کے خساروں میں نمایاں کمی واقع ہوئی، جو مالی سال 2020ء کی پہلی ششماہی میں 75% گھٹ کر 2.2 ارب امریکی ڈالر ہو گئے۔ مالی سال 2020ء کی پہلی ششماہی میں اہم مرکزی بینکوں کی پالیسی قیمتوں میں کٹوتی کے نتیجے میں پیداواری امتیازی پیمانوں میں اضافے کے ساتھ روپے کے متوقع استحکام نے غیر ملکی سرمایہ کاروں کی توجہ حاصل کی جس سے مقامی سرکاری سکیورٹیز میں 1.5 ارب امریکی ڈالر کی سرمایہ کاری ہوئی۔ اسی دوران FDI میں بھی 62% اضافہ ہوا۔ تمام علامات کی مثبت سمت کے ساتھ مالی سال 2020ء کی پہلی ششماہی میں ادائیگی میں توازن میں 4.4 ارب امریکی ڈالر اضافہ ہوا جو گزشتہ برس اسی مدت کے لیے 2.0 ارب امریکی ڈالر خسارے کے مقابلے میں تھا۔ جون 2019ء کی کمی کے مقابلے میں FX ذخائر کی صورتحال میں 24% اضافہ ہوا ہے جس میں دسمبر 2019ء تک مزید 17.9 ارب امریکی ڈالر کا اضافہ ہوا۔ نتیجتاً روپے کی قدر اپنے جون 2019ء کے تاریخی اعلیٰ ریکارڈ کے مقابلے میں 5.6% بحال ہوئی۔ موڈیز نے بھی بیرونی صورتحال کی بہتری کو تسلیم کرتے ہوئے ملکی منظر نامہ منفی سے تبدیل کر کے مستحکم کر دیا۔

مالی سال 2019ء میں GDP میں 8.9% ریکارڈ اضافے کے بعد حکومت مالی سال 2020ء کی پہلی ششماہی کے مالی خسارے کو 2.3% پر روکنے پر کامیاب رہی جو گزشتہ برس اسی مدت کے لیے 2.7% تھا۔ 0.7% بنیادی توازن کلیدی ترقی ہے جو مالی سال 2019ء کی پہلی ششماہی میں 0.3% خسارے کے مقابلے میں ہے۔ اس کا سبب نان ٹیکس محصولات میں خاطر خواہ اضافہ اور 18% اضافی ٹیکس ادائیگی ہے جس سے ترقیاتی اخراجات میں 28% اضافہ ہوا۔ مزید یہ کہ تمام صوبوں نے تخمینی اضافہ دیا۔ اس کے باوجود IMF کے ساتھ پہلے جائزے میں محصولات اکٹھا کرنے کا ہدف کم کر کے 5.2 کھرب کر دیا گیا ہے جو تخمینے کے مطابق 5.5 کھرب تھا۔

اپنے پہلے پروگرام کے جائزے میں IMF نے پاکستان کی کارکردگی سراہتے ہوئے تبصرہ کیا کہ پروگرام کا آغاز بھرپور ہے جس میں مارکیٹ کی تقابلی شرحِ تبادلہ پر منتقلی ہوئی ہے۔ جس سے دسمبر 2019ء میں وصول ہونے والی 453 ملین امریکی ڈالر کی اگلی قسط کی راہ ہموار ہوئی۔ ستمبر 2019ء کے اختتام تک کارکردگی کے معیارات بشمول جاری بنیادوں پر، بآسانی پورے ہوئے البتہ 5 علامتی اہداف ضائع ہو گئے۔ تمام اصلاحی ڈھانچوں میں کامیابی رہی مگر IMF تاحال AML/CFT کے ڈھانچے میں بہتری پر اپنی توجہ مرکوز کیے ہوئے ہے جس میں مارچ 2020ء کے اختتام تک خاطر خواہ کامیابی اور اثرات مرتب ہونے کی توقع ہے۔

اگست 2019ء تک کے حالیہ کم و بیش مستقل زوال کے بعد حصص بازار مستحکم ہوا اور سال کے اندازاً 10% منافع پر بند ہوا۔ اس کا سبب شرحِ تبادلہ میں استحکام کے باعث بیرونی جہتوں پر توقع سے پہلے ادائیگی، مالیاتی بہتری اور IMF کا پہلا کامیاب جائزہ ہے۔ حال ہی میں مارکیٹ میں توسیع نہیں ہو سکی کیونکہ افراطِ زر نے متوقع شرح میں کمی مالی سال 2021ء تک کے لیے بڑھا دی ہے۔

SBP نے جولائی 2019ء سے اپنی پالیسی کی شرح 13.25% پر برقرار رکھی ہے اور اپنے جنوری کے MPC بیان میں امکان ظاہر کیا ہے کہ زری پالیسی متوسط المیعاد افراطِ زر پر مبنی رہے گی۔ شرحِ سود میں اضافے کے سبب نجی شعبے کے قرضہ جات پر دباؤ کے باعث مالی سال 2020ء کی پہلی ششماہی میں نمو 2% رہی ہے جو گزشتہ برس اسی مدت کے لیے 10% تھی۔ بینکاری کے شعبے میں ڈپازٹس میں 2019ء میں 10% اضافہ ہوا جو کہ 14.6 کھرب روپے ہو گئے۔ تاہم قرضہ جات میں

ذخائر میں اتار چڑھاؤ

	2019	2018
	ملین روپے	
بعد از محصول نفع	**15,500**	12,441
افتتاحی غیر تخصیص شدہ منافع	**101,606**	96,909
بینک ایکویٹی کے حامل افراد کے لیے قابلِ ادائیگی منافع	**15,333**	12,056
لیکویڈیشن کے تحت سبسڈری پر شناخت کردہ موخر ٹیکس اثاثہ جات	**109**	–
وضاحت شدہ منفعت کی ذمہ داریوں پر منافع / (نقصان) کی دوبارہ پیمائش – محصول کا خالص	**86**	(156)
عمومی ذخائر سے منتقل شدہ	**6,074**	–
اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ – محصول کا خالص	**415**	64
	22,016	11,964
مناسب کارروائی کے لیے دستیاب منافع	**123,622**	108,873
مختلف مدوں میں رکھی گئی رقوم:		
قانونی ذخائر میں منتقل شدہ	**(1,738)**	(1,428)
ایسوسی ایٹس کے قانونی فنڈز میں منتقل شدہ	**–**	29
نقد منافع منقسمہ – حتمی	**(1,834)**	(1,467)
پہلا نقد عبوری منافع منقسمہ	**(1,834)**	(1,467)
دوسرا نقد عبوری منافع منقسمہ	**(1,834)**	(1,467)
تیسرا نقد عبوری منافع منقسمہ	**(1,834)**	(1,467)
مجموعی مناسب کارروائیاں	**(9,072)**	(7,267)
اختتامی غیر تخصیص شدہ منافع	**114,550**	101,606
فی حصص (شیئر) آمدنی (روپے)	**10.45**	8.22

سرمائے کا تناسب

سال 2019ء میں بینک کے کیپٹل ایڈیکویسی ریشو (CAR) کی طلب میں 260 بی پی ایس کا اضافہ ہوا جس میں سے 200 بی پی ایس بینک کے بطور مقامی انتظامی اہم بینک اعلیٰ درجے پر تقرری سے ہوا اور باقی ماندہ حتمی Basel III کی منتقلی کے سبب ہوا۔ HBL نے اپنے اہل سرمائے کے استحکام کے لیے کئی اقدامات کیے ہیں جس میں رِسک ویٹڈ ایسٹس کی بہتری اور ٹرم فنانس سرٹیفکیٹ کی صورت میں 12.4 ارب روپے اضافی Tier 1 سرمائے کا اجرا شامل ہے۔ بینک کا مجموعی Tier 1 CAR سال 2018ء کے اختتام میں 12.0% سے بڑھ کر دسمبر 2019ء میں 12.45% ہو گیا، تاہم طلب میں اضافہ اور نتیجتاً ہیڈ روم میں دباؤ کے باعث بینک کا Tier II سرمایہ نااہل ہو گیا۔ چنانچہ مجموعی CAR، 15.35% رہا جو دسمبر 2018ء کے 16.20% سے کم ہے۔ HBL کا سرمایہ اور اس سے متعلق شرح تناسب شرائط و ضوابط سے بدستور اوپر رہے ہیں۔

کاروباری ترقی

2019ء میں، HBL نے 14% کے قریب ڈپازٹ مارکیٹ شیئر برقرار رکھا، اور اس کے برانچ نیٹ ورک کے ذریعے تقریباً 1 ملین نئے صارفین شامل ہوئے۔ HBL آسان اکاؤنٹ میں، جو بینکاری سے محروم آبادی کی شمولیت کے لیے کلیدی پروڈکٹ ہے، 138,000 سے زائد نئے صارفین شامل ہوئے، جس سے آسان اکاؤنٹ کے مجموعی صارفین کی تعداد 900,000 کے قریب ہو گئی جن کا ڈپازٹ بیلنس 11 ارب روپے سے زائد ہے۔ HBL نہایت فخر سے 3.1 ملین خواتین صارفین کو خدمات فراہم کرتا ہے، جن میں سے 0.5 ملین صارفین اس کے خواتین کے لیے مخصوص مارکیٹ پروگرام، 'نساء' کا حصّہ ہیں جس کا شمار عالمی سطح پر کئی فورمز میں

محض 3% اضافہ ہوا جس کی وجہ پوری صنعت میں ناہموار سرکاری سکیورٹیز رہیں۔ بینکاری کے اسپریڈ میں 2019ء میں 2018ء کی نسبت 90 بی پی ایس کا اضافہ ہوا۔

مالیاتی کارکردگی

HBL کا مالی سال 2019ء کا قبل از محصول منافع 28.9 ارب روپے رہا جو گزشتہ برس سے 34% زیادہ ہے۔ بعد از محصول منافع 15.5 ارب روپے رہا جو گزشتہ برس سے 25% زیادہ ہے۔ سال 2017ء کی آمدن پر سپر ٹیکس کے اطلاق کے باعث بعد از محصول منافع پر 1.9 ارب روپے کے اثرات مرتب ہوئے۔ اس سال کی فی حصص آمدن 10.45 روپے ہے جو 2018ء میں 8.22 روپے تھی۔

HBL کے ملکی کاروبار نے بنیادی شعبوں میں مستقل اور مسلسل نمو کے ساتھ سال 2019ء میں اپنی قائدانہ حیثیت برقرار رکھی۔ دسمبر 2018ء کی نسبت ڈپازٹس میں 13.3% اضافہ ہوا جو 2.1 کھرب روپے ہوگئے اور مارکیٹ شیئر میں بھی معمولی اضافہ ہوا۔ HBL نے اپنے صارفین اور اصل معیشت کی معاونت جاری رکھی؛ ملکی قرضہ جات 3.5% اضافے سے 945 ارب روپے ہوگئے جبکہ مارکیٹ شیئر 26 بی پی ایس اضافے سے 12.44% ہوگیا۔ اب بین الاقوامی کاروبار بھی مستحکم ہو رہا ہے اور بیلنس شیٹ ترقی کی راہ پر گامزن ہے؛ جو روپے کے حوالے سے اور بھی نمایاں ہے۔ چنانچہ HBL کے کُل ڈپازٹس دسمبر 2018ء سے 14.1% بڑھ کر 2.4 کھرب روپے ہوگئے جبکہ قرضہ جات 8.0% سے بڑھ کر 1.2 کھرب روپے ہوگئے، نتیجتاً HBL کی بیلنس شیٹ 7% اضافے سے 3.2 کھرب روپے پر پہنچ گئی۔

اوسط ملکی بیلنس شیٹ سال 2018ء سے 7.5% بڑھی۔ اثاثہ جات کی قیمت پر نظر ثانی، اضافی شرح پر منافع بخش سرمایہ کاری کے اجرائے ثانیہ اور ڈپازٹ کے اخراجات میں اضافے پر قابو سے خالص منافع کی شرح میں سال 2019ء میں 5.2% نمو دیکھی گئی۔ چنانچہ ملکی خالص منافع جات کی آمدن میں 23% اضافہ 92.3 ارب روپے رہا۔ بین الاقوامی کاروبار کی شمولیت سے HBL خالص منافع جاتی آمدن کی مد میں 100 ارب روپے کی سطح عبور کرنے والا پہلا بینک بنا۔

مصنوعات اور محصولات کی ضمن میں اپنے تنوع کی وجہ سے HBL کی فیس فرنچائز کو اپنے حریفوں پر نمایاں سبقت حاصل ہے؛ 2019ء میں اس سبقت میں مزید اضافہ ہوا اور 2.4 ارب روپے کے اضافے سے 20.4 ارب روپے ہوگئی، جو اپنے ہم مرتبہ کاروبار سے کہیں زیادہ ہے۔ یہ سب کارڈز، سرمایہ کاری بینکاری اور صارفی مالیاتی قرضہ جات کی ٹھوس شمولیت کے ذریعے ممکن ہوا۔ بینک کی تجارت پر تازہ ترین توجہ کی بدولت حجم میں 8% جبکہ فیس میں 28% اضافہ ہوا۔ تجارتی محصولات میں اضافے اور معاہدوں کی از سرِ نو قدر پیمائی سے ہونے والے منافع کے نتیجے میں FX آمدن 2018ء کے مقابلے میں قریباً 50% بڑھ رہی ہے۔ مزید پست قدر پیمائی، بینک کی اوپن پوزیشن کے خاتمے کے ساتھ اس شعبے میں خسارہ ہوا جو 2018ء میں 6.8 ارب روپے سے گھٹ کر 2019ء میں 5.0 ارب روپے ہوگیا۔ نتیجتاً کُل غیر مارک اپ آمدن 24.2 ارب روپے سے سال 2018ء کی نسبت 21% زیادہ رہی ہے۔

بینک کے اخراجات میں بدستور اضافہ ہوا جس کی وجہ نیویارک میں ہونے والے قانونی، ضابطی اور ریمیڈیشن اخراجات تھے۔ سال 2020ء کی پہلی سہ ماہی میں برانچ کی متوقع بندش کے حالیہ اعلان کے سبب اب اس میں کمی آنی چاہیے۔ اخراجات کی کُل لاگت 14.9 ارب روپے ہے جس میں سے 3.5 ارب روپے کا تعلق نیویارک کی زائد لاگت سے ہے کیونکہ وہاں جلد از جلد بندش کی سرگرمیوں میں تیزی لائی گئی تھی۔ جبکہ بین الاقوامی کاروبار کی لاگت ہنوز ہموار سطح پر رہی، تاہم روپے کی قدر میں گراوٹ سے اس میں 2.5 ارب روپے اضافہ ہوا۔ یہ بینک کی نئی دفتری عمارت میں دباؤ کا بھی پہلا سال تھا اس کے ساتھ ڈپازٹس کے حفاظتی بیمہ، صارف کی مکمل چھان پھٹک کے لیے شرائط وضوابط کے مطابق بایو میٹرک تصدیق، CHIP بنانے کے لیے 5.5 ملین ڈیبٹ اور کریڈٹ کارڈز کے دوبارہ اجرا، PIN شکایات سمیت کُل لاگت میں 3.5 ارب روپے اضافہ ہوا۔

ریکوری کی بہترین کارکردگی کے باعث 2.6 ارب روپوں کی واپسی کمزور قرض داروں پر 5.4 ارب روپوں کے چارج کے ساتھ آف سیٹ سے زیادہ تھا جس کے نتیجے میں قرضہ جات پر خالص پس اندازی چارج 2.8 ارب روپے رہا جو مجموعی طور پر ملکی کاروباری قرضے کے باعث تھا۔ تاہم قرضہ جات میں مسلسل اضافے سے، اثاثہ جات کا معیار مزید بہتر ہوا جو دسمبر 2018ء میں 7.0% اور دسمبر 2019ء میں 6.6% رہا۔ کوریج کی شرح میں بھی نمایاں بہتری آئی جو 89.1% سے 93.2% ہوگئی۔

HBL کا محتاط انداز سے قائم کردہ کنزیومر بینکنگ بزنس مزید مضبوط ہوا، اور صارفین کو اہمیت دینے کے ساتھ ساتھ اُنھیں اپنی مالی ضروریات پوری کرنے کے قابل بنانے پر توجہ دی گئی۔ سخت خارجی عوامل کے باوجود، کاروبار محفوظ انداز میں مسلسل ترقی کے ساتھ آگے بڑھتا رہا ہے۔ 2019ء میں پورٹ فولیو میں 12% تک اضافہ ہوا اور 60 ارب روپے سے تجاوز کر گیا۔ بینکنگ نے پرسنل لون کے میدان میں اپنا قائدانہ مقام برقرار رکھا جو کنزیومر پورٹ فولیو کا سب سے بڑا حصّہ ہے۔ آٹو موبائل مارکیٹ میں گراوٹ کے باوجود، کار فنانسنگ میں 12% ترقی ریکارڈ ہوئی۔

HBL کا پلاٹینم کریڈٹ کارڈ مارکیٹ میں سب سے زیادہ طلب رکھنے والا کارڈ ہے؛ کریڈٹ کارڈ کے مجموعی خرچ میں 2018ء کے مقابلے میں 31% کا اضافہ ہوا اور پورٹ فولیو 34% سے بڑھا۔ 25,000 سے زائد پوائنٹ آف سیلز (POS) ٹرمینل اور ان کے ذریعے خرچ ہونے والے 124 ارب روپے کے ساتھ، مرچنٹ ایکوائرنگ بزنس میں مارکیٹ لیڈر کا اعزاز قائم رکھا جو پچھلے سال سے 18% زیادہ ہے۔ بینک کے سرِ فہرست ڈیبٹ کارڈ کا استعمال 30% اضافے کے ساتھ 42 ارب روپے تک جا پہنچا، جبکہ 5.5 ملین کارڈز کے ساتھ 20% کی نمایاں مارکیٹ لیڈرشپ حاصل رہی۔ سال کے دوران، HBL نے اپنے تمام 5 ملین سے زائد کارڈز کو چِپ اینڈ پِن فنکشن کے ساتھ اپ گریڈ کیا۔ ساتھ ہی ساتھ، تمام POS نیٹ وَرک کو دوبارہ تشکیل دیا گیا تاکہ بسہولت تبدیلی اور قبولیت یقینی بنائی جائے۔

HBL موبائل پر پرسنل لون کی کامیاب پیشکش 2019ء میں بھی جاری رہی اور HBL موبائل کے ذریعے کریڈٹ کارڈ متعارف کروائے گئے۔ یہ پیشکش منتخب صارفین کے لیے ہوتی ہے جس میں کسی کاغذی کارروائی کی ضرورت نہیں پڑتی اور نہ ہی برانچ جانا پڑتا ہے، جبکہ کریڈٹ کے فیصلے چند گھنٹوں میں لے لیے جاتے ہیں۔ اس ایپلی کیشن کے ساتھ، آغاز سے اختتام تک کا طریقہ کار موبائل ایپ پر محض چند کلک تک محدود ہو گیا ہے۔ 4 ماہ کے مختصر عرصے میں، 9,000 کارڈز جاری کیے جا چکے ہیں۔

اس سال HBL اسلامک بینکنگ کی حکمتِ عملی کو نئی قائدانہ ٹیم کے ساتھ تازہ دم کیا گیا۔ 2019ء میں، مصنوعات کی رینج مکمل کرنے پر توجہ مرکوز رہی تاکہ بینک کی تمام کنونشنل سہولتیں شرعی اُصولوں سے ہم آہنگ انداز میں بھی پیش کی جا سکیں، اور یوں صارفین کو حقیقی معنوں میں انتخاب کا اختیار میسر آ سکے۔ اسلامک بزنس نے صارفین کے تمام سیگمنٹس کا احاطہ کرنے کے لیے اپنی ہدف مارکیٹ کو بھی وسیع کیا۔ نئی اور ہم آہنگ حکمتِ عملی کا نتیجہ مثبت مالی کارکردگی کی صورت میں نکلا اور متعدد کاروباروں سے تعلق رکھنے والے کلائنٹس کی جانب سے اس کا خیر مقدم کیا گیا۔ کلائنٹس کا دائرہ کار وسیع کرنے کے ساتھ ساتھ شرعی معیارات کے تقدس کو بھی برقرار رکھا جائے گا۔ بینک کے اندرونی شریعہ کمپلائنس ڈپارٹمنٹ کے ساتھ ایک ہاٹ لائن کا قیام عمل میں لایا گیا ہے تاکہ فیلڈ اسٹاف کو فوری فیڈ بیک فراہم کیا جا سکے۔ سیکھنے کے یکساں تجربے کی فراہمی اور اسلامک ٹیم کی رسائی سے باہر شرکا تک دائرے کو وسیع کرنے کے لیے آن لائن ٹریننگ ماڈیولز تیار کیے جا رہے ہیں۔

کارپوریٹ بینکنگ بزنس نے مختلف مصنوعات کی فروخت (cross-sell) اور تجارت میں اضافے کے ذریعے صارفین کے ساتھ تعلقات مزید گہرا کرنے پر توجہ برقرار رکھی۔ سال کے دوران، خیبر پختونخوا میں مواقع تک رسائی کو بڑھانے کے لیے پشاور میں ایک مخصوص کارپوریٹ ٹیم تشکیل دی گئی۔ مسابقت کے میدان میں چینی کاروبار کلیدی فوقیت کا باعث رہا اور HBL نے کامیابی سے RMB ٹریڈ فنانسنگ کے معاہدے کا سنگِ میل عبور کیا۔ HBL ٹرانزیکشن اینڈ ایمپلائی بینکنگ میں کیش مینجمنٹ کے 40% سے زائد مارکیٹ شیئر کے ساتھ سرِ فہرست رہا جہاں اس کے ذریعے گزرنے والی رقم 22% اضافے کے ساتھ ریکارڈ 3.8 کھرب روپے تک جا پہنچی۔ اپنے ملکیتی ایمپلائی بینکنگ سولوشن، HBL ایٹ وَرک (HAW) کے ذریعے، HBL نے مقامی کاروباروں کے 1.1 ملین عملے کو خدمات فراہم کیں اور 55% مارکیٹ شیئر رہا۔

HBL کے انویسٹمنٹ بینکنگ بزنس نے 2019ء میں اپنی برتری قائم رکھتے ہوئے کئی نمایاں ٹرانزیکشن انجام تک پہنچائیں، جن میں 1.7 ارب امریکی ڈالر کے CPEC سے متعلقہ منصوبے شامل تھے۔ اس سال کے دوران، HBL نے حکومتِ پاکستان کے لیے 1 ارب امریکی ڈالر کے پانڈا بونڈ (Panda Bond) کے افتتاحی اجرا کے لیے ایک مشترکہ مینڈیٹ بھی حاصل کیا۔ HBL نے قابلِ تجدید توانائی کے شعبے میں اپنی موجودگی کو بڑھاتے ہوئے دو 50 میگاواٹ کے وِنڈ پروجیکٹ مکمل کیے۔ فرنچائز کے جدّت پسند انداز اور وسیع مہارت کے باعث معروف عالمی اور مقامی ادارے اس کے معترف رہے۔ 2019ء میں، ہم نے بے مثال 16 بین الاقوامی اور مقامی اعزازات اپنے نام کیے، جن میں ایشیا منی کی جانب سے BRI (جنوبی ایشیا) کے لیے خطے میں بہترین مقامی بینک، پاکستان بینکنگ ایوارڈز کی جانب سے بہترین انویسٹمنٹ بینک، ایشیا بینکنگ اینڈ فنانسنگ کی جانب سے بہترین کارپوریٹ اینڈ انویسٹمنٹ بینک، اور گلوبل بینکنگ اینڈ فنانس کی جانب سے بہترین انویسٹمنٹ بینک اور بہترین سکوک ڈیل کے اعزازات شامل ہیں۔

HBL نے ماحولیاتی، سماجی اور گورننس (ESG) کے اصول اپنانے میں مارکیٹ کی مسلسل قیادت کی ہے۔ 2019ء کے دوران، سولر فنانسنگ کے آغاز کے ذریعے ان اقدامات کی رفتار تیز کی گئی، جن کے ساتھ بین الاقوامی اداروں کے اشتراک سے بینک کے تمام سیگمنٹس میں ورک شاپس کا انعقاد کیا گیا۔ توانائی کی بچت سے

خواتین مرکز پروگراموں کے کامیاب ترین ماڈل میں کیا گیا ہے۔ HBL کا ماننا ہے کہ SME اور کمرشل طبقات کے لیے فنانس تک رسائی معیشت کی پائیدار ترقی کے لیے بنیادی حیثیت رکھتی ہے اور HBL دونوں ہی شعبوں میں نمایاں طور پر مارکیٹ لیڈر ہے، جو اُن کی تجارتی اور مالی ضروریات پر توجہ رکھتا ہے۔ اس سال کے دوران 1,000 سے زائد نئے صارفین شامل ہوئے جس کے بعد کلائنٹس کی تعداد 10,000 سے تجاوز کر گئی۔

HBL دیہی آبادی کی مالی شمولیت کے لیے پُرعزم ہے کیونکہ یہ شعبہ پاکستان کی معاشی ترقی کے لیے نہایت اہمیت کا حامل ہے۔ بینک پرائیوٹ سیکٹر میں زرعی قرضوں کا سب سے بڑا فراہم کنندہ ہے جو کمرشل بینکوں میں 20% سے زائد شیئر رکھتا ہے اور دیہی آبادیوں کو ملک بھر میں اپنی 650 سے زائد برانچوں کے ذریعے خدمات فراہم کر رہا ہے۔ 2019ء میں، بینک کے لیے نئے کسانوں کی شمولیت میں گزشتہ سال کے مقابلے میں 44% کا اضافہ ہوا۔ HBL کے دیہی قرضوں کے کاروبار نے ٹیکنالوجی اپنانے میں پہل کی ہے، اور زمین کی تصاویر اور سیلز فورس مینجمنٹ کے لیے اپنی 'فارم ایپ' تیار کی ہے۔ 2019ء سے، بزنس نے کسانوں کو قرضوں کی واپس ادائیگی کے لیے برانچ کا سفر کرنے کی بجائے قریبی Konnect ایجنٹ پر ادائیگی کی سہولت فراہم کی ہے۔

HBL "کسان کی آواز" کسانوں کے لیے تبادلۂ خیال کا ایک منفرد فلیگ شپ پلیٹ فارم ہے جہاں وہ منظم ٹاؤن ہال اجلاسوں کے سلسلے کے ذریعے HBL سے ملاقات کرتے ہیں۔ گفتگو کا مرکز دیہی بینکاری اور مالی خواندگی ہوتی ہے؛ جس میں تعلیمی اور زرعی پس منظر رکھنے والی کمپنیوں سے ماہرین کو مدعو کیا جاتا ہے تاکہ بہتر دیہی معیشت کے طریقوں سے متعلق رہنمائی فراہم کی جائے۔ پہلی بار 2018ء میں لانچ ہونے والا یہ پروگرام HBL کے ساتھ صارفین کے تجربے سے متعلق فیڈ بیک کا بہترین میکانزم ہے اور کسانوں میں بے حد مقبول ہو چکا ہے۔ 2019ء کے دوران، ایسے پانچ پروگراموں کا انعقاد کیا گیا جس میں 300 سے زائد کسانوں نے شرکت کی۔ مالی خواندگی سے متعلق اپنے اقدامات کے ضمن میں، HBL ریڈیو مہمات کے ذریعے بینکاری خدمات اور زرعی قرضوں سے متعلق آگاہی کے فروغ کے لیے سرگرمی سے کام کر رہا ہے؛ 2019ء میں، اُردو کے ساتھ ساتھ مقامی زبانوں میں 14,000 سے زائد ریڈیو اسپاٹس نشر کیے گئے۔

2019ء میں، HBL نے انڈسٹری میں ایک منفرد اقدام اٹھاتے ہوئے ڈویلپمنٹ فنانس گروپ قائم کیا تاکہ زرعی شعبے کو ہدف رکھتے ہوئے پسماندہ کسانوں کی ترقی کے ساتھ ساتھ، وسائل کو ڈیزائن اور نافذ کیا جائے۔ اس کا مقصد معیاری زرعی معلومات کی فراہمی، جدید ترین مشینوں کے استعمال اور بہتر، مزید غیر جانب دار، دیہی معاشی مشوروں کے ساتھ کسانوں کی مدد کرتے ہوئے پیداوار میں اضافہ کرنا ہے۔ بہتر قیمتوں کے حصول کے لیے HBL کسانوں کا رابطہ براہِ راست اُن کے بڑے خریداروں کے ساتھ قائم کرنے میں اُن کی معاونت کرے گا، یوں خام مال اور رسد محفوظ بنانے کے لیے بیک وقت SME اور کارپوریٹ کلائنٹس کے لیے ویلیو چین قائم ہو گی۔ پہلا قدم اٹھاتے ہوئے، HBL نے 2019ء میں نعمت کولیٹرل مینجمنٹ کمپنی میں سرمایہ کاری کی، جس کا مقصد ویئرہاؤس ریسیپٹ فنانسنگ کے فوائد کو عملی جامہ پہنانا ہے۔ رقم کی کمی کے شکار کسان اب مستند گوداموں میں اپنی فصلیں ذخیرہ کر کے وہاں سے جاری کردہ ویئرہاؤس رسیدوں کی بنیاد پر قرضہ حاصل کر سکیں گے؛ اور صارفین کو بہتر معیار کی فصلیں میسر آئیں گی، کیونکہ مستند طریقہ کار کے ذریعے اسٹوریج کے اعلیٰ معیارات یقینی بنائے جائیں گے۔ یہ سرمایہ کاری مالی شمولیت کو وسیع کرنے سے متعلق HBL کی حکمتِ عملی کے مطابق بھی ہے، کیونکہ یہ ذیلی قرضوں کے لیے مارکیٹ کو بڑھائے گی، دیہی شعبوں میں ملازمتوں کا اضافہ کرے گی اور زرعی گوداموں میں سرمایہ کاریوں کی حوصلہ افزائی کرے گی۔

اس سال کے دوران، صارفین کے مجموعی اطمینان کی شرح 80% سے زائد پر برقرار رہی جبکہ مسائل کے حل سے متعلق اطمینان کا اسکور 50% سے زیادہ رہا۔ بہتر اور مزید ہم آہنگ خدمات کا کلچر یقینی بنانے کے ہدف کے ساتھ 2018ء میں بینک کی کوالٹی کونسل قائم کی گئی تھی۔ اس پہلو کو اجاگر کرنے کے لیے کہ بینک کی بنیادی پیشکش خدمات کی فراہمی ہے اور یہی نمایاں فرق بھی قائم کرتی ہے، قدر شناسی کے کئی پروگراموں کا آغاز کیا گیا۔ صدارتی ایوارڈ برائے اعلیٰ خدمات (Presidential Award for Service Excellence) کا آغاز کیا گیا تاکہ ہر سطح پر اور تمام شعبوں میں غیر معمولی خدمات پر انعام دیا جائے۔ بینک نے اپنی بین الاقوامی فرنچائز میں خدمات کی فراہمی اور نگرانی کو معیاری بنانے کے عمل کا آغاز بھی کیا، جو HBL کی جانب سے دنیا بھر میں کلائنٹس کو یکساں خدمات کی فراہمی یقینی بنائے گا۔ ہماری توجہ کا اہم ترین مرکز صارفین کی خدمات ہی ہے تاکہ ہم صارفین کے تجربوں کو مزید بہتر بنا سکیں۔

صارفین کے ساتھ جائز برتاؤ (FTC) HBL کی بنیادی اقدار میں سے ایک ہے، کیونکہ ہمارا ماننا ہے کہ کاروبار کرنے کا درست طریقہ کار یہی ہے۔ اس قدر کو اجاگر کرنے والے کلچر کو فروغ دینے کے لیے کئی اقدامات کیے گئے۔ اب پورے بینک میں FTC ٹریننگ لازمی ہے اور آئندہ عملے کے اہداف میں FTC سے متعلق نکات شامل ہوں گے۔ سائبر فراڈ کے واقعات میں اضافے کے پیشِ نظر، صارفین کو متعدد احتیاطی پیغامات بھیجے گئے تاکہ اس حوالے سے شعور اور آگاہی میں بڑے پیمانے پر اضافہ کیا جائے اور انھیں بینکنگ فراڈ سے محفوظ رکھا جائے۔ 2019ء میں بینک کو براہِ راست 152,342 شکایات موصول ہوئیں۔ اوسطاً، 4.98 دنوں میں شکایات حل کی گئیں۔

اپنی مصنوعات کی پیشکش کو بڑھاتے ہوئے، کمپلائنس اور انفارمیشن سکیورٹی ہمارے لیے اہمیت کی حامل ہے۔ HBL نے اپنے صارفین کو ذہنی سکون فراہم کرنے کے لیے ڈیجیٹل سکیورٹی میں اضافہ جاری رکھا۔

2019ء میں، بین الاقوامی بزنس نے بورڈ کی منظور شدہ حکمتِ عملی کے مطابق نمایاں قدم اٹھائے۔ نیٹ وَرک بزنس کی قوت میں اضافہ ہوا؛ مرکزی مقامات پر USD کلیئرنگ کی بحالی سے فنڈنگ مستحکم ہوئی اور ٹریڈ فنانس کو سپورٹ ملی۔ نتیجتاً، مرکزی مقامات سے ہونے والی آمدنی میں دہرے ہندسے کا اضافہ دیکھا گیا۔ اس کے علاوہ، عالمی نیٹ وَرک کے تعلقات سے قائم بزنس میں کامیابی نے GCC اور ایشیا میں HBL کی پروفائل کو بہتر بنایا ہے، جس کا نتیجہ ٹرانزیکشنل بینکنگ آمدنی حاصل کرنے کی بہتر صلاحیت کی صورت میں نکلا ہے۔ چین میں RMB کی استعداد نیٹ وَرک بزنس کو مزید گہرا کرے گی اور منافع بڑھائے گی۔

آپریشنز کے ہر پہلو میں رِسک، کمپلائنس اور کنٹرول شامل کرنے پر توجہ مرکوز رہی۔ بینک کا بزنس ٹرانسفارمیشن پروگرام GCC اور برطانیہ میں نافذ کیا گیا تاکہ ان آپریشنز کو بھی مقامی بزنس کے کمپلائنس اور گورننس کے یکساں معیارات تک لایا جائے۔ 2020ء میں، HBL اس پروگرام کی تکمیل کرتے ہوئے اپنے تمام مقامات تک کوریج بڑھائے گا۔ اپنے نقشِ قدم سے متعلق حقیقی حکمتِ عملی کے مطابق، HBL نے سیشلز اور روٹرڈم میں اپنا بزنس مکمل طور پر ختم کر دیا ہے جبکہ افغانستان اور ہانگ کانگ میں بینکنگ آپریشنز بند کر دیے ہیں جہاں حتمی بندش اور ریگولیٹری منظوریوں کے حصول کا عمل مکمل کیا جا چکا ہے۔

اس سال کے دوران، HBL کی اروچی برانچ RMB کی صلاحیت کے لیے سسٹم تیار کرنے میں بھرپور مصروف رہی اور نومبر 2019ء میں بزنس کا آغاز کیا۔ HBL جنوبی ایشیا، مشرقِ وسطیٰ اور شمالی افریقا کے اُن 3 بینکوں میں شامل ہو گیا ہے جو شروع سے آخر تک RMB بزنس کی پیشکش کرتے ہیں۔ یوں HBL کو مقامی RMB تجارت میں قائدانہ کردار حاصل ہوا ہے اور نیٹ وَرک کے لیے RMB کور سپونڈنٹ اکاؤنٹس کو آن بورڈ کرنے کا عمل شروع ہو چکا ہے۔ دسمبر میں، چائنا بینکنگ اینڈ انشورنس ریگولیٹری کمیشن نے HBL کی بیجنگ نمائندہ آفس کو برانچ میں اپ گریڈ کرنے کی درخواست ریکارڈ ٹائم میں منظور کر لی۔ 2020ء کے اواخر تک بیجنگ برانچ آن لائن ہونے کی توقع ہے جو بینک کے مقام کے ساتھ ساتھ چینی بزنس کو مزید مضبوط کرے گی۔

HBL کے ذیلی ادارے، فرسٹ مائیکروفنانس بینک لمیٹڈ (FMFB) کی ترقی کا سفر جاری رہا، اگرچہ FMFB کی ہدف مارکیٹ کے لیے بیرونی ماحول خاص طور پر چیلنجز سے بھرپور تھے۔ FMFB نے نسبتاً محتاط انداز اپنائے رکھا اور قرضوں کا پورٹ فولیو بڑھ کر 31.6 ارب روپے تک جا پہنچا؛ جس کا 67% دیہی علاقوں میں ہے، جو اس بینکنگ سے محروم طبقے کی ضروریات پوری کرنے سے متعلق اس کے مشن کی حمایت کرتا ہے۔ انسٹیٹیوشنل انحصار کم کرتے ہوئے ڈپازٹ میں اضافہ ترجیح رہا جو بڑھ کر 38.4 ارب روپے ہو گیا – جس کا 49%، CASA ہے – جو 2018ء کے مقابلے میں 23% زیادہ ہے۔

گزشتہ دو سال کے عرصے میں، FMFB نے ڈیجیٹل سفر میں نمایاں پیش قدمی کی ہے – 2019ء میں اپنا تیار کردہ ٹیبلٹ پر مبنی قرض حاصل کرنے کے نظام (Loan Origination System) کو 35 سے زائد برانچوں میں نافذ کیا گیا۔ CPEC کے روٹ تک دائرہ کار پھیلانے کو پیشِ نظر رکھتے ہوئے FMFB اب 206 مقامات پر موجود ہے اور اس راہداری کے ساتھ 53 مقامات پر اپنی موجودگی رکھتا ہے۔ پاکستان کے پسماندہ طبقے سے متعلق اپنے عزم کا اظہار کرتے ہوئے، 2019ء میں، FMFB نے گلگت میں اپنے علاقائی ہیڈ کوارٹر کی بنیاد رکھی؛ جو گلگت – بلتستان میں پہلا LEED (لیڈرشپ اِن انرجی اینڈ انوائرمینٹل ڈیزائن) کا سرٹیفکیٹ رکھنے والی پہلی عمارت ہو گی۔

گزشتہ سال کے دوران، FMFB کی نئی ڈیجیٹل پیشکشوں کی سالانہ ڈیجی ایوارڈز میں تعریف کی گئی۔ بینک کو SBP کے نیشنل فنانشل لٹریسی پروگرام کے لیے اپنی مستقل جدوجہد کے لیے اعزاز سے بھی نوازا گیا اور عملے کے 17 افراد کو اپنے متعلقہ علاقوں میں نمایاں کارکردگی پر سراہا گیا۔ FMFB نے انٹرپرنیور کیپیسیٹی بلڈنگ میں نمایاں کردار جاری رکھا، اور پانچویں سال، اس کے 5 کلائنٹس نے سٹی مائیکرو انٹرپرنیور شپ ایوارڈز میں علاقائی ایوارڈز وصول کیے۔

2018ء میں، HBL نے کئی سالوں پر محیط بزنس ٹرانسفارمیشن پروگرام شروع کیا تھا جو 4 مرکزی شعبوں پر مشتمل تھا؛ گورننس، لوگ، پروسیس، اور ٹیکنالوجی۔ اس پروگرام کا مقصد رِسک پر مبنی انداز استعمال کرتے ہوئے یقینی بنانا تھا کہ کلیدی پروسیس اور کنٹرولز 'مقصد کے لیے موزوں' ہیں تاکہ انتظامی نگرانی کے ساتھ بزنس رِسک کو نمایاں حد تک کم کیا جا سکے۔ مجموعی طور پر، یہ پروگرام HBL کو اپنی مارکیٹ میں بہترین بنانے کے لیے مضبوط کمپلائنس پر مبنی ماحول تیار کرنے کی کوشش بھی تھا۔

متعلق کئی اندرونی اقدامات بھی متعارف کروائے گئے جن میں کاغذ، کچرے، روشنی اور وسائل کی مینجمنٹ شامل ہے۔ HBL نے چینی اداروں کے ساتھ گرین فنانس پر اشتراک میں مزید اضافہ کیا ہے اور بیلٹ اینڈ روڈ انیشی ایٹیو کے لیے گرین انویسٹمنٹ پرنسپل کا رُکن بننے والا پہلا پاکستانی بینک ہے۔

بینک شرحِ منافع اور لیکویڈیٹی رِسک مینجمنٹ میں پیش قدمی کے لیے ایک جدید ترین ایسیٹ لائبلیٹی مینجمنٹ سسٹم کے اطلاق پر کام شروع کر چکا ہے جو اس میدان میں HBL کو بہترین عالمی طریقوں سے ہم آہنگ کر دے گا۔ 2019ء کے دوران، سری لنکا، عمان اور مالدیپ کو مرکزی ٹریژری سسٹم پر منتقل کیا گیا تاکہ بین الاقوامی مقامات پر بھی ٹیکنالوجی پلیٹ فارمز کو ہموار اور ہم آہنگ کیا جائے۔

HBL Infinity کے آغاز کے ساتھ، HBL ایسا آن لائن پلیٹ فارم پیش کرنے والا پہلا پاکستانی بینک بن گیا ہے جو کلائنٹس کو فارن ایکسچینج کی براہِ راست اور قابلِ تجارت قیمتیں فراہم کرتا ہے، اور پہلی بار پاکستانی روپے میں براہِ راست قیمتیں دکھاتا ہے۔ HBL Infinity ایک شاندار کامیابی ثابت ہوا اور ادارہ جاتی، کارپوریٹ اور کمرشل صارفین میں اپنی جگہ بنا چکا ہے، جبکہ ٹریڈ اور ریمیٹنس سے وابستہ کلائنٹس کے لیے بھی آغاز کا منصوبہ ہے۔ ایک سال کے عرصے میں، HBL نے پاکستان بھر میں مقامی اور بین الاقوامی معاشی نقطۂ نظر کا جائزہ فراہم کرنے کے لیے کلائنٹ سمینارز کا انعقاد کیا، جن میں انڈسٹری لیڈرز، مینجمنٹ کے ماہرین، اور رائے ساز طبقے نے شرکت کی اور عالمی تجارت کے انتہائی مسابقتی منظر نامے میں مقامی کاروباروں کے لیے بڑے خطرات اور مواقع کے بارے میں تفصیلی تجزیے کو بے حد سراہا۔ تاحال، HBL ایسا واحد مقامی بینک ہے جو مقامی فکسڈ انکم مارکیٹ میں سرمایہ کاری کی خواہش رکھنے والے غیر ملکی سرمایہ کاروں کو بھی خدمات فراہم کرتا ہے، جو مجموعی حجم کا تقریباً 15% بنتا ہے۔

HBL نے زیادہ سے زیادہ شمولیت، ڈیٹا کی بنیاد پر آگے بڑھنے اور اپنی مصنوعات کو موبائل کے ذریعے پیش کرنے میں پہل کرنے والا بننے کے لیے 2019ء کے دوران سرمایہ کاری جاری رکھی۔ ہمارے ڈیجیٹل چینل ہمیں ملک کی بینکاری سے محروم آبادی کے قریب کرنے کے لیے منفرد انداز میں مدد فراہم کر رہے ہیں، جن کے ذریعے افراد اور کاروبار ذمہ دار اور پائیدار انداز میں اپنی استطاعت کے مطابق مالی خدمات تک رسائی حاصل کرتے ہیں۔ اس کا نتیجہ مالی خدمات میں جنسی تفریق کم کرنے کی صورت میں بھی نکل رہا ہے۔

HBL Konnect معاشرے میں بینکاری سے محروم یا پسماندہ طبقات تک آسان رسائی کے لیے مرکزی قوت کا کردار جاری رکھے ہوئے ہے۔ اس سال کا اختتام 3.7 ملین اکاؤنٹس کے ساتھ ہوا، جو سب کے سب پہلے بینکنگ سے دور تھے، جبکہ تقریباً 0.5 ملین صارفین براہِ راست Konnect ایپ سے آئے۔ HBL نے G2P اقدامات کی ورائٹی پر حکومت کے ساتھ بھی شراکت کی جس کا ہدف آبادی کے سب سے نچلے حصے کو قابل بنانا ہے، اور سب سے بڑے G2P پروگرام، یعنی احساس کفالت کا مینڈیٹ حاصل کیا۔ یہ قدم بینک کو Konnect پلیٹ فارم کے ذریعے تقریباً 6 ملین خواتین تک مالی رسائی فراہم کرے گا۔ احساس پروگرام کے تحت رقوم کی تقسیم وصول کنندگان کو مالی طور پر مختار بننے کا موقع بھی فراہم کرتی ہے کہ انھیں چھوٹے قرضے اور انشورنس مصنوعات بھی پیش کی جائیں گی، اور یہ تمام تجربہ ڈیجیٹل پیمنٹ پر مبنی ہو گا۔

HBL موبائل نے 2019ء کے دوران 1 ملین صارفین کا سنگِ میل عبور کیا، جبکہ Konnect ایپ کے تقریباً 800,000 صارفین ہیں؛ ٹرانزیکشنز کی تعداد 75% اضافے کے ساتھ 138 ملین تک جا پہنچی۔ اس سے برانچوں کا رَش کم خرچ والے ڈیجیٹل چینلوں کی طرف موڑنے میں بھی مدد ملی۔ طرزِ زندگی سے متعلق پیشکشوں میں مسلسل اضافے سے صارفین کے ساتھ انگیجمنٹ میں بھی اضافہ ہوا۔

HBL نے پیمنٹ API (ڈائریکٹ ٹرانسفر) بھی پیش کی جس میں مسلسل اضافہ ہو رہا ہے اور مزید APIs بھی تیار کی جا رہی ہیں تاکہ ادائیگیوں کے نظام کے ساتھ آسان انٹیگریشن ممکن بنائی جائے۔ HBL کے انٹرنیٹ پیمنٹ گیٹ وے اور ڈائریکٹ ٹرانسفر مصنوعات کے ذریعے حجم میں 40% سے زائد اضافہ دیکھنے میں آیا۔ اگست 2019ء میں، HBL نے ویزا QR خدمات کا آغاز کیا۔ ویزا کی جانب سے یہ پروڈکٹ پاکستان میں پہلی بار پیش کی گئی، اور HBL اس کا واحد حاصل کنندہ رہا۔ اس کے افتتاح سے 350,000 سے زائد ٹرانزیکشنز کی جا چکی ہیں اور POS ٹرمینل کے مقابلے میں کم لاگت والے متبادل ہونے کے ناتے، یہ ریٹیل لوکیشنز کو ڈیجیٹل پیمنٹ کے اضافے میں مدد دے گا۔

اس سال کے دوران، اینالیٹکس کی صلاحیت میں اضافے کے لیے بھاری سرمایہ کاری کی گئی۔ ڈیٹا کی طاقت سے بہتر استفادہ کرنے کے لیے، عالمی پیمانے پر سرِفہرست ایک اسمارٹ کمپین مینجمنٹ ٹول حاصل کیا گیا؛ جو HBL کو اپنے ہدف صارفین کے ساتھ رابطے میں بہتر طور پر معاونت کرے گا اور کلائنٹس کے لیے افادے کا باعث ہو گا۔

جیسے جیسے ہم آموزش اور جدت کی ثقافت لانے کی کوشش کر رہے ہیں، ملازمین کی صلاحیتوں میں اضافہ اولین ترجیح ہے۔ اس حوالے سے 650,000 گھنٹوں (Man-hours) کے کلاس روم کورسز کے ساتھ ساتھ e-learning کے ذریعہ تربیت دی گئی۔ ہم نے بچت کے لیے ٹیکنالوجی کا فائدہ اٹھایا اور ویبینار (webinar) اور e-learning پر زور دیا۔ اپنے ملازمین کی صلاحیتوں کو موجودہ اور بین الاقوامی معیار پر برقرار رکھنے کے لیے ہم نے عالمی سطح پر تسلیم شدہ پروگرامز OMEGA سرٹیفکیشن اور FITCH لرننگ پاکستان میں متعارف کروائے۔ ریلیشن شپ منیجرز اور کیش آفیسرز کے لیے جامع سرٹیفکیٹ پروگرام اور آموزش کے درجات متعارف کروائے گئے جس کی مدد سے وہ مطلوبہ پروگراموں کے ذریعے اپنے مستقبل کا نقشہ تیار کر سکیں۔ تجارتی معلومات اور مہارت میں مزید اضافے کے لئے ایک تجارتی اکیڈمی کا آغاز کیا گیا۔

معیاری وسائل کی کمی میں بہتری کے لیے، خصوصاً دیہی علاقوں میں، HBL زرعی یونیورسٹی، فیصل آباد اور انسٹی ٹیوٹ آف بزنس ایڈمنسٹریشن، سکھر کے فارغ التحصیل طلبا کے لیے ایک منظم انٹرن شپ پروگرام کا اہتمام کیا، جس میں 23 افراد نے شرکت کی۔ سال کے دوران HBL نے اپنے زرعی شعبے کے 462 ملازمین کے لیے 22 ٹریننگ سیشن بھی کروائے اور خصوصی تربیت کی ضرورت پر نئی آگاہی دی، جس کے لئے ماڈیول تیار کیے جا رہے ہیں۔

ہم نے خواتین کی نمائندگی بڑھانے اور صنف دوست ماحول کے فروغ کی کاوشیں جاری رکھیں، جس میں تنوع کا تناسب 17% پر پہنچ گیا ہے۔ خواتین کی قیادت کی ترویج اور صلاحیت میں اضافے کے متعدد اقدامات میں خواتین کے لیے ایک سینئر مینٹورنگ پروگرام کا بھی آغاز کیا گیا۔ اس ضمن میں ہماری کاوشوں کو ADB جینڈر چیمپئن ایوارڈ کے ساتھ صنفی توازن کے لیے ایمپلائر آف چوائس ایوارڈ کے ذریعے تسلیم کیا گیا جو IFC پاکستان بزنس کونسل کی جانب سے تھا۔

رسک مینجمنٹ فریم ورک

HBL کے رسک مینجمنٹ فریم ورک کی بنیاد بورڈ کی واضح طور پر بیان کردہ رِسک سے نمٹنے کی طلب ہے جس میں بہترین بین الاقوامی طرز کار، ریگولیٹری ضروریات اور دن بدن بڑھتی کاروباری ضروریات کو مدنظر رکھا گیا ہے۔ بینک مسلسل اپنی بورڈ رسک مینجمنٹ کمیٹی (BRMC) کے ذریعے رسک آرکیٹیکچر اور گورننس فریم ورک کا جائزہ لیتا ہے جو مستقل بنیادوں پر بینک کے رسک پروفائل کی نگرانی، تجزیہ اور انتظام کرتی ہے۔ سینئر مینجمنٹ کی سطح پر مختلف رسک کمیٹیاں نگرانی اور عملدرآمد کی ذمہ دار ہیں جبکہ روزمرہ رسک مینجمنٹ کی سرگرمیوں کو کثیر سطحی تنظیمی نگرانی اور واضح طور پر وضع کردہ پالیسیوں اور طریقہ کار کے ذریعے مختلف درجوں پر تفویض کیا جاتا ہے۔

موجودہ زیرِ دباؤ معاشی منظر نامے کے پیشِ نظر، بینک نے اپنے کریڈٹ مینجمنٹ کے طریقوں کو مضبوطی دی ہے جو ابتدائی الرٹ کمیٹی کی باقاعدہ اجلاسوں اور تیز تر پورٹ فولیو جائزوں کے ذریعے ممکن ہوا ہے تاکہ پورٹ فولیو پر تناؤ کے تغیرات کے اثرات کا پتہ لگایا جا سکے۔ مارکیٹ اینڈ لیکویڈیٹی رسک کمیٹی اور عالمی ALCO کے ذریعے ماہانہ بنیادوں پر، تجارتی کتب کے ساتھ ساتھ بیلنس شیٹ کی سطح پر مارکیٹ کے خطرے اور لیکویڈیٹی رسک کا جائزہ لیا جاتا ہے۔ صارفین کے کاروبار میں پہلے سے ہی مضبوط رسک مینجمنٹ کو ڈیجیٹل چینلز کے ساتھ استعمال کے لیے نئے ماہر ایپلی کیشن اسکور کارڈز کی تیاری کے ذریعے مضبوط کیا گیا۔ کارڈز کے کاروبار سے منسلک فراڈ رِسک کی وجہ سے پیدا ہونے والے مالی نقصانات دور کرنے اور صارف کے اطمینان میں اضافے کے لیے ویزا، ماسٹر کارڈ اور 1-لنک کے ذریعے ٹرانزیکشن مانیٹرنگ سسٹم تشکیل دیا گیا۔

منظم اور مستقل طور پر آپریشنل رسک مینجمنٹ طریقوں پر قابو پانے کے لیے پالیسیاں اور طریقہ کار موجود ہیں۔ کلیدی ٹولز جیسے رسک اینڈ کنٹرول سیلف اسیسمنٹ، اہم رسک انڈیکیٹرز اور آپریشنل لاس ڈیٹا مینجمنٹ انتظامی خطراتی واقعات کے امکانات اور شدت کے اندازے کے لیے استعمال ہوتے ہیں۔ بینک کا آپریشنل رسک پروفائل اور فراڈ رسک اسیسمنٹ باقاعدگی سے سینئر مینجمنٹ اور BRMC کے ساتھ شیئر کیے جاتے ہیں۔

کمپلائنس رسک کے انتظام کو مستحکم کرنے کے لیے، بینک کے ٹرانزیکشنز کی نگرانی کے نظام میں آٹھ نئے منظر ناموں کے اضافے کے ساتھ مزید توسیع کی گئی۔ دستیاب واچ لسٹس اور پابندیوں کی فہرستوں پر پورٹ فولیو کی مرحلہ وار اسکریننگ کا آغاز کیا گیا اور فعال لیگیسی پورٹ فولیو کی رسک ریٹنگ کو بینک کے صارف کی رسک ریٹنگ کے طریق کار سے ہم آہنگ کیا گیا۔

مزید کمپلائنس کی تربیت کے بڑھتے ہوئے AML/CFT سویٹ میں توسیع کر کے دہشت گردی کی مالی اعانت کے خطرات سے آگاہی شامل کی گئی۔ HBL میزبان ملک کے قواعد و ضوابط پر سختی سے عمل درآمد کے ذریعے تمام مقامات پر اپنے بین الاقوامی کمپلائنس شعبوں کو مستحکم رکھے ہوئے ہے۔ ہر ملک میں قائم مینجمنٹ کی ایک کمپلائنس کمیٹی، سینئر مینجمنٹ اور بورڈ کمپلائنس کے ذریعے اہم مسائل علیحدہ کرنے کے لیے کام کرتی ہے اور کنڈکٹ کمیٹی اس کی نگرانی کا کام کرتی ہے۔

2019ء کی پہلی ششماہی میں، مقامی ٹرانسفارمیشن پروگرام مقررہ ٹائم لائن کے اندر کامیابی سے پایۂ تکمیل تک پہنچا۔ اس پروگرام کے حصّے کے طور پر، ٹرانزیکشن مانیٹرنگ سسٹم، صارفین کی فوری اسکریننگ اور AML اور KYC اسیسمنٹ میں اضافے سے متعلق نمایاں اپگریڈز کا نفاذ کیا گیا۔ سال کی دوسری ششماہی میں، HBL کے بین الاقوامی مقامات پر توجہ منتقل کی گئی۔ ملک کے لحاظ سے پروگرام کے نفاذ کو ترجیح دیتے ہوئے مستقبل کی ریگولیٹری اور بزنس ضروریات پیشِ نظر رکھی گئیں۔ ٹیکنالوجی اور پروسیس اپگریڈ کرتے ہوئے گورننس کے استحکام، مقامی ٹیموں کی مضبوطی اور حمایت، اور کنٹرولز میں اضافے پر توجہ مرکوز رکھی گئی۔

تجارت پر ادارہ جاتی توجہ کی حمایت کرنے کے لیے، ایک خصوصی پورٹل تیار کیا گیا تاکہ صارفین کو آسانی کے ساتھ ساتھ جدید خدمات فراہم کی جائے۔ منیول پروسیس کو کم کرنے یا تبدیل کرنے اور کنٹرولز کو مضبوط کرنے کے لیے ڈیجیٹل استعداد کا فائدہ اٹھاتے ہوئے اس اقدام کا نتیجہ صارف کی درخواست پوری کرنے کا دورانیہ کم ہونے اور بہتر کارکردگی کی صورت میں نکلا۔ اپنے 2100 سے زائد ATM نیٹ وَرک پر صارفین کو قابلِ بھروسا خدمات فراہم کرنے پر مسلسل توجہ کے نتیجے میں ہمارا اوسط ATM اپ ٹائم 95% سے تجاوز کر گیا۔ مختص ٹیموں نے یقینی بنایا کہ، خصوص زیادہ ہجوم والی عید کی چھٹیوں میں، کسی بھی صارف کو زحمت نہ اٹھانی پڑے، اور اس عرصے میں اپ ٹائم 97% تک بلند رہا؛ جو بینک کے لیے ایک ایسی کامیابی ہے جس کا اعتراف SBP کی جانب سے بھی کیا گیا۔

بینک بزنس کانٹنیوٹی پلاننگ (BCP) کی نزاکت سے واقف ہے اور پورے بینک کی مقامی اور بین الاقوامی فرنچائز میں 50 سے زائد BCP ایکسرسائز کامیابی سے انجام دی گئیں۔ 2019ء کے اوائل میں، عالمی شہرت یافتہ ماہر کی خدمات لیتے ہوئے ایک مشق بھی کی گئی۔ اس کی کامیابی کے بعد، HBL نے انڈسٹری میں آگاہی کے لیے SBP کے ساتھ مل کر بزنس کانٹنیوٹی مینجمنٹ ورک شاپ کا انعقاد کیا۔ HBL نے کامیابی سے IT سے متعلق حادثات کی بحالی کے اپنے منصوبوں کی بھی کامیابی سے جانچ کی اور بھرپور آپریشنل اور ٹیکنالوجیکل صلاحیت کا مظاہرہ کیا۔

HBL نے 2019ء کا آغاز HBL PSL سے کیا جو ملک کا واحد سب سے بڑا کھیلوں کا پلیٹ فارم ہے۔ ہر سال، یہ ٹورنامنٹ عالمی لیجنڈ بننے کے خواہش مند نوجوان کھلاڑیوں کے خوابوں کو پورا کرنے کے وعدے پر پورا اترتا ہے۔ HBL ہر سال HBLPSL کو مزید وسیع اور بہتر کرتا جارہا ہے اور 2019ء کے ٹورنامنٹ کو بھی استثنا نہیں۔ 2020ء میں، HBL PSL کے تمام 34 میچوں کی میزبانی پاکستان کے مختلف مقامات کریں گے، یوں پاکستانیوں کو اپنے پسندیدہ کرکٹ کھلاڑی براہِ راست دیکھنے کا خوشگوار موقع میسر آئے گا۔ HBL کو پاکستان میں بین الاقوامی کرکٹ کی بحالی میں اپنے کردار پر فخر ہے۔

2019ء میں HBL نے ایک بار پھر مشہور ورلڈ برانڈنگ ایوارڈز میں برانڈ آف دی ایئر، بینکنگ، پاکستان ایوارڈ اپنے نام کیا۔ HBL کا برانڈ ایکویٹی اسکور 4.2 تھا جو اس کے قریب ترین حریف سے دگنا تھا اور بلاشبہ یہ برانڈ کی مضبوطی کا عکاس ہے۔

ہیومن ریسورسز

HBL پختہ یقین رکھتا ہے کہ اس کے ملازمین روزانہ جن اقدار پر زندگی گزار رہے ہیں یہی ایک اعلیٰ کارکردگی کی ثقافت کی تعمیر کی کنجی ہے۔ بینک میں ثقافتی تبدیلی کے منصوبے کے ایک جُز کے طور پر، موجودہ چیلنجوں کے مدِ نظر اقدار کو از سرِ نو تازہ کرنے کے اقدامات میں ایک پہل کی گئی تھی۔ اس مشق کا ایک بنیادی حصہ ملازمین اور قائدین سے متوقع طرزِ عمل کی وضاحت کرنا تھا۔ سال 2020ء میں ورکشاپوں کے ذریعے اسے پورے ادارے میں نافذ کیا جائے گا جس میں روزانہ کی بنیاد پر طرزِ عمل کی توقعات کا احاطہ کیا جائے گا۔

سینئر مینجمنٹ میں احتساب بڑھانے کے لیے میٹریئل رسک ٹیکرز (MRTs) اور میٹریئل رسک کنٹرولرز (MRCs) کے لیے ایک نیا کارکردگی کے تجزیے اور اعزاز کا طریقہ متعارف کروایا گیا ہے، جن کی شناخت ان کی ذمہ داری اور فیصلہ سازی کے دائرۂ اختیار کی بنیاد پر کی گئی ہے۔ MRTs محصول کا حصول کرنے والے ہوتے ہیں اور ان کی کارکردگی کا تعین بڑے پیمانے پر کاروباری اہداف کی تکمیل پر کیا جاتا ہے، جبکہ MRCs رِسک اور / یا کنٹرول کے شعبے کے ملازمین ہوتے ہیں۔ ان کا مجموعی معاوضہ مقررہ اور متغیر تنخواہ پر مشتمل ہوتا ہے جس میں سے، متغیر تنخواہ کا انحصار ان کی سالانہ کارکردگی کے تجزیے پر ہوتا ہے۔ یہ یقینی بنانے کے لیے کہ ملازمین قلیل المیعاد انعامات حاصل کرنے کے لیے کوئی ناموزوں رِسک مول نہیں لیں، بورڈ کی ہیومن ریسورسز اینڈ ریمونریشن کمیٹی کے تحت، ایک رِسک سے ہم آہنگ ریمونریشن پالیسی اور فریم ورک نافذ کیا گیا ہے۔ اس کی بنیاد پر، ان میں سے ہر ایک شناخت کردہ MRTs / MRCs کے لیے، رِسک سے مطابقت کے توازن کا اسکور کارڈ تیار کیا گیا ہے تاکہ ان کی کارکردگی کی نگرانی کے ذریعے انعام دیا جاسکے۔ ایک پرفارمنس بونس ڈیفرل میکانزم بھی لگایا گیا ہے جو MRTs / MRCs سے منسوب ہے اور کسی رِسک کی صورت میں غیر تفویض شدہ بونس روکنے اور / یا پہلے سے ادا شدہ بونس کی وصولی کی صلاحیت رکھتا ہے۔ مزید برآں، سینئر مینجمنٹ کی ملکیت کو بڑھانے اور شیئر ہولڈر کی قدر پر توجہ مرکوز کرنے کے لئے، سینئر سطح پر بونس ڈیفرل شیئر پر مبنی ہے۔ ایک اور اہم پیشرفت، اخلاقیات اور طرزِ عمل شعبے کی تشکیل ہے تاکہ پالیسیاں وضع کی جائیں اور طرزِ عمل کی نگرانی کے ذریعے احتساب کیا جائے اور یقینی بنایا جائے کہ ملازمین بااخلاق انداز میں کام کریں۔

کے پست اور پسماندہ طبقات پر براہ راست اثرات مرتب کرتے ہیں۔ HBL پختہ یقین رکھتا ہے کہ تعلیم طویل المیعاد معاشی ترقی کے لیے تحریکی قوت ہے۔ پیشہ ورانہ تربیت، روایتی تعلیم اور مہارتوں میں اضافے میں بھی مختلف تنظیموں کے اشتراک سے سرمایہ کاری کی گئی۔ تمام میدانوں میں، پاکستان بھر کے نجی و سرکاری دونوں شعبوں میں شراکت کی گئی ہے، تاکہ تاریخی اعتبار سے پسماندہ صوبوں کو بھی احاطۂ کار میں لانا یقینی بنایا جائے۔

ملازمین کی رضاکارانہ خدمات بینک کا ایک اہم اسٹریٹجک ایجنڈا ہے۔ جولائی 2019ء میں، HBL نے انڈس اسپتال اور شوکت خانم میموریل ٹرسٹ کے اشتراک سے خون کے عطیے کی مہم کا انعقاد کیا۔ کراچی، لاہور اور اسلام آباد میں منعقدہ اس مہم کا مقصد ان کمیونٹیز پر مثبت اثرات مرتب کرنا تھا جن میں HBL خدمات سرانجام دے رہا ہے۔ اس کے ساتھ ساتھ، اس مہم کا مقصد HBL کے عملے میں شعور بیدار کرنا بھی تھا جن میں سے 300 سے زائد نے عطیہ دیا تھا۔ ملازمین کے زیادہ منظم رضاکارانہ پروگرام کے ذریعے، جو سال پر محیط ہے، HBL عملے کی ان کمیونٹیز میں ذاتی شرکت کی حوصلہ افزائی کی جائے گی جن میں ہم کام کرتے ہیں اور جن منصوبوں کی ہم حمایت کرتے ہیں۔

ہم صحت اور تعلیم کے شعبوں میں ایسے منصوبوں کے ذریعے کمیونٹیز کے ساتھ مشغول رہیں گے، جو طویل المیعاد عزم کے متقاضی ہیں۔ HBL پاکستان کے قومی ادارے کی حیثیت سے اس بڑے قومی چیلنج میں آگے بڑھ کر قیادت کرے گا۔

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 2019ء میں VIS کے ذریعے بالترتیب طویل المیعاد اور قلیل المیعاد کے لیے AAA/A-1+ ہوئی۔ Tier II کے ماتحت قرضوں کی ریٹنگ بدستور AAA ہے جبکہ بینک کے Additional Tier I سرمائے کے TFCs کو AA+ ریٹنگ دی گئی ہے۔ ایسا کرتے ہوئے، ریٹنگ کرنے والی ایجنسی نے بینک کی انتظامی اہمیت، ایک مضبوط فرنچائز، مضبوط لیکویڈیٹی پروفائل اور مستحکم اثاثوں کے معیاری اشاریوں کے ساتھ پاکستان کے سب سے بڑے کمرشل بینک کی حیثیت کا حوالہ دیا۔ 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 کی بھی تصدیق کی۔ Moody's کے خود مختار منظر نامے کو منفی سے مستحکم میں اپ گریڈ کرنے کے عین مطابق، بینک کی غیر ملکی کرنسی کے ڈپازٹس کی ریٹنگ بھی تبدیل کر کے مستحکم کر دی گئی۔

مستقبل کی صورتحال

بیشتر معاشی شعبوں میں سست روی اپنی انتہا پر پہنچ گئی ہے اور دسمبر 2019ء میں LSM میں حیرت انگیز تیزی سے بحالی کا آغاز ہو سکتا ہے۔ کاروباری اعتماد کے IBA-SBP سروے کی تیسری مسلسل ریڈنگ میں جذبات میں بہتری ظاہر ہوئی ہے۔ اس سے معیشت، استحکام سے نمو کی جانب جائے گی جو IMF کے تخمینے کے مطابق GDP کی نمو کے مالی سال 2022ء کے مالی اعداد و شمار کے مطابق 4.5% سے 5% کی حد تک لوٹنا شروع ہو گی۔ SBP مہنگائی میں حالیہ اضافے کو عبوری تصور کرتا ہے اور سمجھتا ہے کہ موجودہ مالیاتی پالیسی کی سمت افراط زر کو وسطی مدت کے ہدف 5% تا 7% کی طرف موڑنے کے لیے موزوں ہے۔ تاہم، مالیاتی پالیسی کا موقف اس وقت تک سخت رہے گا جب تک افراطِ زر میں واضح کمی کا رجحان ظاہر نہیں ہوتا ہے۔

اگرچہ پاکستان میں اصلاحاتی پروگرام درست نہج پر ہے تاہم خطرات ہنوز بڑھے ہوئے ہیں۔ IMF محصول میں کمی کے ساتھ ساتھ حکومت کی سینیٹ میں اکثریت کی عدم موجودگی میں قانون سازی کرنے کی حکومت کی اہلیت کے ضمن میں ممکنہ مالی تخفیف پر تشویش کا شکار ہے۔ اگرچہ AML/CFT پر خاطر خواہ پیشرفت ہوئی ہے تاہم ابھی بہت کچھ کرنا باقی ہے اور اس کے لیے یہ اکتوبر 2019ء میں پورے نہ ہو سکنے والے ساختی سنگِ میل کو جون 2020ء پر دوبارہ متعین کر کے مکمل کرنا اہم ہو گا۔ حکومت کو مالی معاملات کے حصول میں ثابت قدمی اور سمجھداری سے ٹیکس نیٹ کو وسیع کرنا ہو گا۔ نجکاری کے ساتھ ساتھ بروقت محصولات میں اضافے کے ذریعے سرکلر قرضوں میں اضافے پر قابو پانا بھی ضروری ہو گا۔

ایک سال کے دوران HBL نے اپنے آپ کو پاکستان کے مالی منظر نامے میں مرکزی اور قائدانہ مالیاتی ادارے کی حیثیت سے منوایا ہے۔ HBL کا مقصد پاکستان میں عالمی سطحی معیارات لانا ہے اور اس نے سائبر سکیورٹی سے کمپلائنس اور فن ٹیک سے جدت طرازی تک بین الاقوامی مہارتیں لانے میں معروف کردار ادا کیا ہے۔ HBL اور پاکستان آپس میں مربوط ہیں - یہ ایک عزت افزائی اور ایک ذمہ داری ہے جسے بینک قبول کرتا ہے اور تمام شعبوں میں آگے بڑھ کر اس کی تکمیل کرے گا۔ پاکستان کی ترقی کے لیے معاشی طور پر متحرک زرعی شعبے کی ضرورت ہے۔ HBL کی منفرد ڈویلپمنٹ فنانس ٹیم پوری زرعی مالیاتی نظام کو بلند کرنے کے

نیشنل رسک اسیسمنٹ (NRA) کے نتائج اور ایشیا پیسیفک گروپ (APG) کی باہمی تجزیاتی رپورٹ (MER) کے تناظر میں، SBP نے رِسک بیسڈ اپروچ (RBA) کے متعلق اپنے CFT/AML رہنما اصولوں کی 2019 میں تجدید کی۔ نتیجتاً HBL نے اپنے فنانشل کرائم رسک اسیسمنٹ (FCRA) کے جائزے کا آغاز کیا تاکہ منی لانڈرنگ (ML) اور ٹیریرسٹ فنانسنگ (TF) کی حالیہ پیشرفتوں کو MER اور NRA کے ماحصل کے طور پر شامل کیا جائے۔ مزید SBP نے NRA کے نتائج اپنے ماتحت اداروں کے ساتھ بانٹتے ہوئے ہدایت کی کہ وہ اپنے عملے کی استعداد میں اضافہ یقینی بنائیں اور صارفین میں شعور بیدار کرنے کے لیے ان تک رسائی کے اقدامات کریں۔ اسی مناسبت سے، HBL نے ملک کے مختلف شہروں میں ML/TF کے بارے میں صارفین کی آگاہی کے سیمینار کا اہتمام کیا۔

HBL کے وِسل بلوئنگ پروگرام کا مقصد بینک کی سالمیت اور ساکھ کا تحفظ ہے اور اس کا عزم دھوکا دہی، بدعنوانی اور بینک کے ضابطۂ اخلاق کی دیگر سنگین خلاف ورزیوں کے مشتبہ معاملات کی اطلاع پہنچانے کے لیے بینک کے ملازمین کی حوصلہ افزائی ہے۔ HBL نے اس ضمن میں ایک جامع آگاہی مہم چلائی، جس میں اپنے پروگرام کی اہم خصوصیات کا اعادہ کیا گیا اور شکایات درج کرنے کے لیے مختلف ابلاغی چینل پر زور دیا گیا۔

بینک کے روز افزوں بڑھتے ہوئے ڈیجیٹل انفراسٹرکچر کے ساتھ، انفارمیشن سکیورٹی بھی اہم ہوتی جارہی ہے اور یہ HBL، اس کے صارفین اور ان کے ڈیٹا کو سائبر حملوں اور ڈیٹا کی خلاف ورزیوں سے بچانے میں کلیدی کردار ادا کرتی ہے۔ سائبر سکیورٹی کے خطرے کی تشخیص معمول کے مطابق کی جاتی ہے، ان کی بچاؤ اور تشخیص کنٹرولز کے ذریعے معاونت کی جاتی ہے جو ابھرتے ہوئے بیرونی خطرات کا جواب دینے کے اہل ہیں۔ 2019ء کے دوران، ایک مرکزی خطرے کی تشخیص اور داخلہ جانچنے کا پروگرام وضع کیا گیا تھا۔ اس میں ملکی اور بین الاقوامی آئی ٹی اثاثوں کو شامل کرنے کے لیے احاطۂ کار میں اضافہ کیا گیا۔ سکیورٹی حل جیسے مالویئر سے تحفظ، ڈیٹا کے زیاں سے بچاؤ، خفیہ کاری اور سائبر سکیورٹی آپریشنز کی بہتر نگرانی پر عمل درآمد کیا گیا۔ پورے بینک میں اس شعبے کی اہمیت کا احساس دلوانے کے لیے، ایک انفارمیشن سکیورٹی ہفتۂ آگاہی کا انعقاد کیا گیا جس میں متعدد متنوع سرگرمیاں شامل تھیں۔ قومی سطح پر HBL بیرونی ماہرین کی شراکت سے صنعت کے لیے استعداد میں اضافے کے پروگراموں کی قیادت کے لیے کام کر رہا ہے۔

اپنے صارفین کو محفوظ بینکنگ خدمات فراہم کرنے کے لیے مستقل کوششوں کے نتیجے میں ہمارے پورے نیٹ ورک کو اسکیمنگ کے خلاف تحفظ فراہم ہوا ہے۔ ہم نے اپنی PCI DSS سرٹیفیکیشن برقرار رکھی، جو پیمنٹ کارڈ انڈسٹری کے لیے سکیورٹی کا حقیقی معیار ہے۔ HBL نے اپنے انفارمیشن سکیورٹی مینجمنٹ سسٹم کے لیے ISO 27001 سند حاصل کی اور یہ پاکستان کا واحد بینک ہے جو اس معیار پر پورا اترا ہو۔

آگے بڑھتے ہوئے ہم AI اور مشین لرننگ پر مبنی ٹیکنالوجیز، اور ایک مرکزی شناخت اور رسائی کی تنظیم کے نظام کے ذریعے اپنے سائبر دفاع کو مستحکم کرنے کا ارادہ رکھتے ہیں، جو جدید خطرات کے خلاف تیزی سے کام کرتے ہیں۔ سکیورٹی کے عمل کا ایک اہم عنصر صارفین خود بھی ہیں اور سائبر خطرات کے بارے میں ان کی مسلسل تعلیم ہماری دفاعی حکمت عملی کا ایک اہم جز رہے گی۔ ان اقدامات سے HBL اپنے صارفین کے لیے جدید ڈیجیٹل حل پیش کر سکے گا جس سے ان کا تحفظ اور ذہنی سکون یقینی ہو گا۔

سماجی بہبود کی ذمہ داری (CSR)

HBL پاکستان کے سماجی و اقتصادی تانے بانے کا ایک حصہ ہے اور بینک ذمہ دار کارپوریٹ ادارہ کی حیثیت سے اپنا کردار ادا کرتا رہتا ہے۔ 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۔ ملک کی مستقل معاشی اور معاشرتی ترقی کے فروغ کے لیے، بینک اپنے سالانہ منافع کا بعد از محصول 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۔ 2019ء کے دوران، بینک نے قابلِ توجہ مقاصد کے لیے، براہِ راست اور فاؤنڈیشن کے ذریعے، 135 ملین روپے کی امداد دی۔ یہ بینک کے 2018ء کے عہد سے 5% اضافی ہے۔

HBL نے سماجی اقدامات کی حمایت کے لیے کثیر جہتی راہ اختیار کی ہے۔ اس نے صحت و تعلیم کے مابین اہم روابط پر خصوصی توجہ دی ہے جو دو پائیدار ستونوں کی حیثیت رکھتے ہیں۔ غیر منافع بخش تنظیموں، حکومت اور دیگر سماجی شراکت داروں سے HBL کے دیرینہ اشتراک کے ساتھ ساتھ بینک کے ملازمین کی معاونت بینک کو اس قابل بناتی ہے کہ وہ اپنی سماجی بہبود کی ذمہ داری اور پائیدار بینکاری ایجنڈا پر کاربند رہ سکے۔

صحت کے شعبے میں HBL موجودہ صحت کی نگہداشت کی خدمات کی امداد اور استحکام کے ساتھ ساتھ نئے اقدامات کے فروغ کے لیے بھی پُرعزم ہے۔ صحت کے پروگراموں میں بہتری سے ایسی آبادی کو خوشحالی اور ترویج مل سکتی ہے جو معاشی ترقی میں مثبت کردار ادا کرے۔ ملک بھر میں پھیلے ہوئے یہ منصوبے معاشرے

بورڈ کمیٹیز 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
جناب سلطان علی الانہ	N/A	N/A	N/A	N/A	6	4	N/A	N/A
جناب شفیق دھرمشی	N/A	N/A	5	4	6	4	N/A	1[3]
جناب معیز احمد جمال	8	8	N/A	N/A	N/A	N/A	7	7
محترمہ سعدیہ خان[1]	7	7	N/A	N/A	5	5	6	6
جناب سلیم رضا	N/A	N/A	5	5	N/A	N/A	N/A	N/A
ڈاکٹر نجیب سمیع	8	8	N/A	N/A	N/A	1[4]	N/A	N/A
جناب آغا شیر شاہ[2]	N/A	N/A	N/A	N/A	5	4	N/A	N/A
جناب محمد اورنگزیب	N/A	N/A	5	5	N/A	N/A	N/A	N/A

[1] محترمہ سعدیہ خان نے بورڈ سے 15 نومبر 2019ء سے استعفا دیا
[2] جناب آغا شیر شاہ نے بورڈ سے 4 دسمبر 2019ء سے استعفا دیا
[3] جناب شفیق دھرمشی کو کورم کے تقاضے پورے کرنے کے لیے 18 دسمبر 2019ء کو منعقد ہونے والے بورڈ کمپلائنس اور کنڈکٹ کمیٹی کے اجلاس کے لیے نامزد کیا گیا
[4] ڈاکٹر نجیب سمیع کو کورم کے تقاضے پورے کرنے کے لیے 18 دسمبر 2019ء کو منعقد ہونے والے بورڈ ہیومن ریسورس اور ریمونریشن کمیٹی کے اجلاس کے لیے نامزد کیا گیا

	بورڈ ڈویلپمنٹ فنانس کمیٹی		بورڈ اوور سائٹ کمیٹی– نیویارک		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
جناب سلطان علی الانہ	3	2	N/A	N/A	N/A	N/A	3	3
جناب شفیق دھرمشی	N/A	N/A	4	3	N/A	N/A	N/A	N/A
جناب معیز احمد جمال	N/A	N/A	N/A	1[3]	N/A	N/A	N/A	N/A
محترمہ سعدیہ خان[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
جناب سلیم رضا	3	3	N/A	N/A	4	4	N/A	N/A
ڈاکٹر نجیب سمیع	N/A	N/A	4	4	N/A	N/A	3	3
جناب آغا شیر شاہ[2]	N/A	N/A	N/A	N/A	3	3	N/A	N/A
جناب محمد اورنگزیب	3	3	N/A	N/A	4	4	3	3

[1] محترمہ سعدیہ خان نے بورڈ سے 15 نومبر 2019ء سے استعفا دیا
[2] جناب آغا شیر شاہ نے بورڈ سے 4 دسمبر 2019ء سے استعفا دیا
[3] جناب معیز احمد جمال کو کورم کے تقاضے پورے کرنے کے لیے 18 دسمبر 2019ء کو منعقد ہونے والے بورڈ اوور سائٹ کمیٹی– نیویارک کے اجلاس کے لیے نامزد کیا گیا

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

لیے سوچی سمجھی مضبوط قیادت فراہم کرنا چاہتی ہے۔ اپنے صارفین پر بنیادی توجہ مرکوز رہے گی، کیونکہ وہ ہماری کاوشوں کا مرکز ہیں- ہم خدمت کے تجربے اور مصنوعات کی فراہمی میں بہتری کی کوششوں میں تیزی کے ذریعے اپنے کلائنٹس کو خوش کریں گے۔ گزشتہ دو سالوں میں اپنی کمپلائنس اور عمل درآمد کے طریقوں میں تبدیلی کے بعد، بینک اب اس ڈیجیٹل سفر میں وہی یکطرفہ توجہ اور جوش و جذبہ لانے کا ارادہ رکھتا ہے جو اسے واقعتاً ایک ایسی ٹیکنالوجی کمپنی میں تبدیل کر دے جو بینکاری بھی کرتی ہے۔

منافع منقسمہ

بورڈ نے سال مختتمہ 31 دسمبر 2019ء کے لیے 1.25 روپے فی حصص (شیئر) کے حتمی نقد منافع منقسمہ کی تجویز دی، جس سے سال کا مجموعی نقد منافع منقسمہ 5.00 روپے فی حصص (شیئر) تک پہنچ گیا۔ اس سے قبل بورڈ مجموعی طور پر 3.75 روپے فی حصص کے عبوری منافع منقسمہ اعلان اور ادائیگی کر چکا تھا۔

ڈائریکٹرز میں تبدیلی

محترمہ سعدیہ خان اور محترم آغا شیر شاہ بورڈ آف ڈائریکٹرز سے بالترتیب 15 نومبر 2019ء اور 4 دسمبر 2019ء سے مستعفی ہو چکے ہیں۔ بورڈ میں اپنے عہدے کے دوران اُن کی قابلِ قدر کاوشوں پر بورڈ اُنھیں خراجِ تحسین پیش کرتا ہے۔

مذکورہ بالا استعفوں سے خالی ہونے والی جگہیں 16 جنوری 2020ء سے بورڈ میں شمولیت اختیار کرنے والی، محترمہ ڈیانہ مور اور 12 فروری 2020ء سے بورڈ میں شامل ہونے والے، محترم سلیم چنائے سے پُر کی گئیں۔ محترمہ مور برطانیہ میں بینکنگ اور ریگولیٹری پوزیشن پر 15 سال سے زائد کے متنوع تجربے کے ساتھ تجربہ کار پروفیشنل ہیں۔ وہ مختلف بورڈز، بشمول ٹیکنالوجی اور بینکنگ کے شعبوں میں 8 سال سے زیادہ خدمات انجام دے چکی ہیں۔ محترم چنائے پاکستان میں سرِ فہرست اکاؤنٹنگ پروفیشنل ہیں اور چار بڑی اکاؤنٹنگ فرم کے ساتھ 35 سال سے زائد کا تجربہ رکھتے ہیں۔

بورڈ محترمہ مور اور محترم چنائے کا خیر مقدم کرتا ہے اور اُن کی کاوشوں کا منتظر ہے۔

بورڈ کے اجلاس

	بورڈ اجلاس	
	دورانِ مدت منعقدہ اجلاس	حاضری
جناب سلطان علی الانہ	8	7
جناب شفیق دھرمشی	8	7
جناب معیز احمد جمال	8	8
محترمہ سعدیہ خان[1]	7	6
جناب سلیم رضا	8	8
ڈاکٹر نجیب سمیع	8	8
جناب آغا شیر شاہ[2]	7	6
جناب محمد اورنگزیب	8	7

[1] محترمہ سعدیہ خان نے بورڈ سے 15 نومبر 2019ء سے استعفیٰ دیا
[2] جناب آغا شیر شاہ نے بورڈ سے 4 دسمبر 2019ء سے استعفیٰ دیا

ایمپلائی ریٹائرمنٹ فنڈز میں سرمایہ کاریوں کی رقم

31 دسمبر 2018ء کے مطابق بینک کی جانب سے برقرار رکھے جانے والے پروویڈنٹ، پنشن، گریجویٹی اور بینولنٹ 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	6,176
ایمپلائز پنشن فنڈ	4,351
ایمپلائز گریجویٹی فنڈ	1,845
ایمپلائز بینولنٹ فنڈز – ایگزیکٹیوز اور افسران	1,446
ایمپلائز بینولنٹ فنڈز – کلریکل اور نان کلریکل	699

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2019ء 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 سرپرست کمپنی ہے اور اس کا رجسٹرڈ دفتر جنیوا، سوئٹزرلینڈ میں ہے۔

تربیتی پروگراموں میں ڈائریکٹرز کی شرکت

ڈائریکٹرز کی اکثریت انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن، کراچی کے ذریعے پیش کردہ SECP سے منظور شدہ ڈائریکٹر کے تربیتی پروگرام میں پہلے ہی شرکت کر چکی ہے اور ضابطے کے مطابق ڈائریکٹر کے طور پر سند یافتہ ہے۔

دسمبر 2019ء میں بورڈ نے ایک مکمل دن کے تربیتی پروگرام میں شرکت کی جس میں AML/CFT کی منظر نامے میں روز افزوں جدید تبدیلی اور ترقی کے ساتھ FATF کے کردار پر توجہ مرکوز کی گئی۔ اس کا انعقاد اس شعبے کے ایک بین الاقوامی ماہر کے ذریعے کیا گیا۔ بینک کی ڈیجیٹل ٹرانسفارمیشن میں بورڈ کی حکمتِ عملی میں نگرانی کے تناظر میں ڈائریکٹرز نے ایک روزہ اجلاس میں شرکت کی جس میں بِگ ڈیٹا اور سائبر سکیورٹی کی مصنوعی ذہانت پر عالمی ماہرین نے خطاب کیا اور مقررین نے ڈیجیٹل ٹرانسفارمیشن کے عمل میں اپنے حقیقی تجربات سے ملنے والے اسباق سے حاضرین کو آگاہ کیا۔

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 2019ء میں سرانجام دیا۔ جائزے میں بورڈ اور انفرادی دونوں حیثیتوں کے مدِ نظر 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 بورڈ کمیٹیوں کی تشکیل

بورڈ کی تشکیل اور بورڈ کمیٹیوں کی تفصیلات کارپوریٹ گورننس کے ضابطے کے مطابق تعمیل کے بیان میں دی گئیں ہیں۔

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

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور انھوں نے سالانہ اجلاسِ عام میں اہلیت کی بنا پر خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ چنانچہ، بورڈ آف ڈائریکٹرز نے، بورڈ آڈٹ کمیٹی کی تجویز پر، میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو 27.901 ملین روپے کی فیس پر مالی سال 2020ء 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 درست انداز میں تیار کیے گئے ہیں۔

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

c) مالیاتی گوشواروں کی تیاری میں نوٹ 4.1 میں بیان شدہ تبدیلیوں کے علاوہ اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور محتاط اندازے پر مبنی ہیں۔

d) بینک نے مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز (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 سے متعلق ہدایات اور 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 2014ء تا 2019ء – مجموعی" میں گزشتہ چھ 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 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 برائے بین الاقوامی 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 کرتا ہے۔ انٹرنل کنٹرول کا گوشوارہ، ضابطے پر عمل درآمد کا گوشوارہ برائے جائزہ رپورٹ، آڈیٹر کی رپورٹس، مالیاتی گوشوارے کے ساتھ منسلک ہیں۔

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 شریعہ ایڈوائزری کی خدمات فراہم کر چکے ہیں۔ آپ نے اسٹیٹ بینک آف پاکستان 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 شریعہ ایڈوائزری فراہم کرتے 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، جبکہ 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 شریعہ ایڈوائزری خدمات فراہم کر چکے 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 یحییٰ 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 کر رہے 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 شریعہ ایڈوائزری کی خدمات فراہم کر چکے ہیں۔ فی الحال آپ HBL شریعہ بورڈ کے ریزیڈنٹ شریعہ بورڈ رُکن کے طور پر کام کر رہے ہیں۔

شریعہ بورڈ (SB) کے ٹرمز آف ریفرنس 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 کرنے، فیصلہ کرنے اور نگرانی کرنے کا اختیار دیا جائے گا۔ بینک، شریعہ بورڈ کی تمام آرا، فیصلے اور فتاویٰ کا پابند ہو گا جبکہ شریعہ بورڈ شریعہ سے متعلق اپنے تمام فیصلوں کا ذمہ دار اور جواب دہ ہو گا۔

- 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 اور / یا آغاز کردہ تمام مصنوعات یا خدمات کے لیے شریعہ بورڈ کی پیشگی منظوری درکار ہو گی۔

- شریعہ بورڈ تمام پروسیجر منیول، پروڈکٹ پروگرامز / اسٹرکچرز، پروسیس فلوز، متعلقہ معاہدے، مارکیٹنگ ایڈورٹائزمنٹ، سیلز اسٹریشن اور بروشرز کی منظوری دے گا تاکہ شرعی اصولوں کے مطابق ہوں۔

ڈائریکٹرز کا معاوضہ

19 مارچ 2019ء کو ہونے والے غیر معمولی اجلاس میں بینک کے حصص یافتگان نے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے نان ایگزیکٹیو ڈائریکٹرز کو ادا کی جانے والی فیس کے طور پر 400,000 روپے کی منظوری دی تھی۔ اس کے علاوہ نان ایگزیکٹیو ڈائریکٹرز TA/DA اور سفری اخراجات، بورڈ کی جانب سے وقتاً فوقتاً منظور کردہ TA/DA پالیسی کے مطابق حاصل کرنے کے اہل ہیں۔

17 اگست 2019ء کو SBP کے BPRD سرکلر نمبر 03 کی مناسبت سے بینک نے دسمبر 2019ء میں ڈائریکٹرز کے معاوضے کی پالیسی منظور کی۔ اس پالیسی کے تحت بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کو ادا کی جانے والی رقم 400,000 روپے سے بڑھا کر 600,000 روپے فی اجلاس کر دی گئی جس کا اطلاق 9 دسمبر 2019ء سے ہو گا۔ اس کے علاوہ پالیسی کے تحت نان ایگزیکٹیو ڈائریکٹرز TA/DA اور سفری اخراجات، بورڈ کی جانب سے منظور کردہ TA/DA پالیسی کے مطابق حاصل کرنے کے اہل ہیں جس کی منظوری بینک کے 78ویں سالانہ اجلاسِ عام میں حصص یافتگان کی جانب سے دی جائے گی۔

بورڈ آڈٹ کمیٹی: کمیٹی آپریشنل کنٹرولز سمیت بینک کے داخلی کنٹرولز کے ماحول کی اہلیت اور افادیت کا جائزہ لیتی ہے، اور 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۔ کمیٹی بینک کے اندرونی آڈٹ فنکشن اور رسک پر مبنی سالانہ آڈٹ پلان کے حوالے سے بھی نگرانی فراہم کرتی ہے۔

بورڈ رسک مینجمنٹ کمیٹی: یہ کمیٹی، بینک کی رسک کی سکت اور رسک پروفائل، بینک کے اندرونی کنٹرول اور اشورنس فریم ورک کے سلسلے میں نگرانی اور مشاورت کرتی ہے اور بینک کے اندرونی کنٹرول اور اشورنس فریم ورک کی ساخت اور تکمیل سے متعلق امور 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 دور رس نظریہ اختیار کرتی ہے۔

بورڈ ہیومن ریسورس اور ریمونریشن کمیٹی: کمیٹی اہم ہیومن ریسورس اور معاوضہ پالیسیاں تجویز کرتی ہے جس میں بینک میں ملازمت کی اہم شرائط اور فوائد کے ساتھ تمام عملے 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: کمیٹی پورے بینک میں مضبوط کمپلائنس اور بہتر طرز عمل کی ثقافت اپنانے میں بورڈ کی حمایت کرتی ہے۔ یہ ضابطہ اخلاق / اخلاقیات سمیت قانونی اور ریگولیٹری تقاضوں، داخلی پالیسیوں اور طریقہ کار کے ساتھ بینک کے کمپلائنس کی نگرانی کے لیے ایک اتھارٹی کے طور پر کام کرتی ہے۔ کمیٹی گورننس کے معیارات اور کنٹرولز، اسکیلیشن میکانزم اور کمپلائنس اور طرز عمل کے خطرات کی رپورٹنگ کا بھی جائزہ لیتی ہے۔

بورڈ ڈویلپمنٹ فنانس کمیٹی: یہ کمیٹی ملک کے پسماندہ اور غیر بینکاری طبقات اور علاقوں کے لیے مالی شمولیت کے مقاصد، مصنوعات اور خدمات کے لیے اسٹریٹجک 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 اوورسائٹ کمیٹی–نیویارک: یہ کمیٹی ابتدائی طور پر کنسینٹ آرڈر کے بعد تشکیل دی گئی تھی اور اس کی ذمہ داری ہے کہ وہ گورننس اور ریمیڈئیشن کے معاملات میں HBL نیویارک کو نگرانی فراہم کرنے میں بورڈ کی مدد کرے۔

بورڈ IT کمیٹی: بورڈ کی IT کمیٹی کمپنی کے اہم ٹیکنالوجی سرمایہ کاری کے منصوبوں اور حکمت عملیوں سے متعلق بورڈ کی سفارشات کا جائزہ لیتی ہے، جانچتی ہے اور سفارشات پیش کرتی ہے، جس میں پیسے کے درست استعمال کا تعین اور سرمایہ کاری پر منافع بھی شامل ہے۔ کمیٹی یہ بھی یقینی بناتی ہے کہ بینک کے اندر انفارمیشن سکیورٹی فنکشن کو موثر نگرانی فراہم کی جائے اور انفارمیشن سکیورٹی کی ساخت رسک کی سکت سے ہم آہنگ ہو۔

بورڈ اوورسائٹ کمیٹی–بین الاقوامی گورننس: یہ کمیٹی HBL نیویارک کے علاوہ بیرون ملک کاروباری کاموں میں گورننس کی نگرانی میں بورڈ کی مدد کرتی ہے، علاوہ HBL نیویارک کے جس کی نگرانی بورڈ اوورسائٹ کمیٹی–نیویارک کرتی ہے۔

بورڈ ریمونریشن کمیٹی: کمیٹی 17 اگست 2019ء کو SBP کے BPRD سرکلر نمبر 03 برائے 2019ء کی مناسبت سے بینک کے ڈائریکٹرز کے معاوضے کے انتظامات سے متعلق اپنی ذمہ داریوں کی تکمیل میں بورڈ کی مدد کرنے کی ذمہ دار 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 بھیجتا جاتا ہے جس کے بعد اسے مکمل شدہ FAPC فارم اور بورڈ کی منظوری نیز معاون دستاویزات کے ساتھ SBP کو 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۔

2019ء میں ڈائریکٹرز کو مجموعی اداشدہ فیس کی تفصیلات مجموعی مالیاتی رپورٹ کے نوٹ 39.1 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 کرسکے۔ کمیٹی شریعہ بورڈ کے اراکین کے معاوضے کا جائزہ لیتی ہے اور اسے منظوری کے لیے بورڈ آف ڈائریکٹرز کے پاس بھیجتی ہے۔

شریعہ بورڈ کے اراکین کو ادا کردہ فیس کی تفصیلات مجموعی مالیاتی رپورٹ کے نوٹ 39.2 میں ظاہر کی گئی ہیں۔

اظہارِ تشکر

ہم اپنے ریگولیٹرز اور حکومتِ پاکستان کی کاوشوں کی ستائش ریکارڈ پر رکھنا چاہتے ہیں بالخصوص وزارتِ مالیات' اسٹیٹ بینک آف پاکستان اور سکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے رہنمائی و حمایت اور بینکنگ اور مالیاتی خدمات کے شعبہ میں ریگولیٹری اور انتظامی فریم ورک میں مسلسل بہتری کے ذریعے ترقی و استحکام کے لیے کی گئی کوششوں کو سراہتے 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 تمام اسٹیک ہولڈرز کے ہم 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۔ ہم اپنے ملازمین کی HBL کی ترقی کے لیے لگن اور انتھک کاوشوں کا شکریہ ادا کرنا چاہیں گے۔

منجانب بورڈ

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

معیز احمد جمال
ڈائریکٹر

19 فروری، 2020ء

Growth at a Glance - 2014 to 2019 (Consolidated)

	2014	2015	2016	2017	2018	2019
Balance Sheet (Rs in Million)						
Investments	922,691	1,270,824	1,344,405	1,374,816	1,390,052	**1,379,607**
Advances	600,020	637,384	748,466	851,502	1,080,440	**1,166,957**
Total Assets	1,864,618	2,218,433	2,519,077	2,696,218	3,025,853	**3,227,132**
CASA Deposits	1,190,428	1,348,095	1,552,598	1,668,837	1,755,960	**2,014,280**
Total Deposits	1,524,645	1,634,944	1,885,959	1,998,935	2,137,293	**2,437,597**
Borrowings	103,411	314,319	331,727	397,803	523,319	**382,206**
Total Equity	169,595	182,620	196,269	188,751	199,252	**224,752**
Operating Results (Rs in Million)						
Net Interest Income	68,583	78,169	81,951	81,833	81,676	**101,323**
Non Fund Income	23,425	36,584	31,435	34,116	19,895	**24,162**
Total Revenue	92,008	114,753	113,387	115,949	101,571	**125,485**
Total Expenditure	42,227	49,713	55,970	62,371	74,978	**93,290**
Operating Profit	49,781	65,040	57,417	53,578	26,593	**32,195**
Provision against advances & others	1,531	4,754	892	374	5,009	**3,314**
Extra Ordinary and unusual item	-	-	-	23,717	-	**-**
Profit before taxation	48,250	60,286	56,525	29,487	21,585	**28,881**
Profit after taxation	31,483	35,102	34,206	8,848	12,441	**15,500**
Profitability ratios						
Return on average assets (RoA)	1.8%	1.7%	1.4%	0.3%	0.4%	**0.5%**
Return on average equity (RoE)	20.2%	19.9%	18.1%	5.2%	7.1%	**8.1%**
Cost : Income ratio	44.8%	42.2%	48.3%	52.9%	76.2%	**73.5%**
NFI : Gross revenue	25.5%	31.9%	27.7%	29.4%	19.6%	**19.3%**
Asset Quality & Liquidity ratios						
Advances to deposits ratio	39.4%	39.0%	39.7%	42.6%	50.6%	**47.9%**
Investment to deposits ratio	60.5%	77.7%	71.3%	68.8%	65.0%	**56.6%**
NPLs to Gross Advances	11.9%	10.9%	9.2%	8.2%	7.0%	**6.6%**
Coverage - Specific	79.9%	85.8%	86.4%	87.6%	84.7%	**88.7%**
Coverage - Total	83.2%	90.1%	91.2%	91.6%	89.1%	**93.2%**
Current deposits mix	34.2%	36.7%	37.0%	36.7%	38.0%	**36.0%**
CASA mix	78.1%	82.5%	82.3%	83.5%	82.2%	**82.6%**
Share information						
Earnings per share	21.6	23.9	23.2	5.8	8.2	**10.5**
Cash dividend per share	12.0	14.0	14.0	8.0	4.3	**5.0**
Dividend yield (based on cash dividend)	6.3%	6.8%	6.8%	3.4%	2.5%	**3.8%**
Dividend payout ratio	56.0%	58.0%	60.0%	138.2%	51.7%	**47.8%**
Price to book value ratio (times)	1.9	1.6	2.0	1.3	0.9	**1.0**
Price to earning ratio (times)	8.8	8.6	8.8	40.3	20.7	**12.5**
Market value per share - as at	216.3	200.1	273.3	167.1	120.5	**157.4**
High during the year	225.8	236.9	284.0	314.0	229.7	**168.4**
Low during the year	156.0	167.5	169.0	148.3	117.3	**102.0**
Market Capitalisation (Rs Bn)	317.2	293.5	400.8	245.1	176.7	**230.9**
Breakup value per share	116.0	124.5	133.8	128.7	135.8	**153.2**

Growth at a Glance - 2014 to 2019 (Consolidated)

	2014	2015	2016	2017	2018	2019
Industry Share						
Deposits	14.8%	14.1%	14.1%	14.3%	13.9%	**13.9%**
Advances	11.0%	10.7%	11.3%	11.6%	12.2%	**12.4%**
Trade (Rs M)						
Import volume	401,464	385,846	390,224	438,466	426,155	**524,851**
Export volume	442,093	450,522	359,214	322,267	316,900	**419,208**
Capital Adequacy						
CET1 to RWA	13.3%	13.1%	12.0%	12.0%	12.0%	**11.5%**
Tier-1 to RWA	13.3%	13.1%	12.0%	12.0%	12.0%	**12.5%**
Total capital to RWA	16.2%	17.0%	15.5%	16.0%	16.2%	**15.4%**
RWA to Total Assets	52.0%	47.8%	48.1%	43.1%	39.0%	**39.4%**
Touchpoints						
No. of Branches	1,644	1,716	1,731	1,751	1,743	**1,721**
No. of ATMs	1,592	1,947	2,000	2,007	2,139	**2,136**
No. of branchless banking agents	8,425	17,268	18,699	27,000	37,503	**52,579**
No. of POS terminals	1,619	12,300	14,926	18,015	21,024	**25,340**
No. of QR codes	-	-	-	-	-	**31,055**
Customer base						
No. of customers (In million)	8.5	9.8	11.3	12.7	15.4	**19.6**
No. of women customers - %	32%	32%	32%	30%	32%	**34%**
No. of Mobile & Internet banking subscribers ('000)	120	168	387	711	773	**1,154**
No. of debit cards ('000)	2,319	4,736	4,233	4,636	5,168	**5,516**
No. of credit cards ('000)	116	119	132	142	162	**170**
Headcount						
No. of permanent employees	14,103	15,042	17,220	18,085	20,093	**21,005**
No. of female staff - %	9.8%	12.5%	12.3%	14.8%	15.7%	**16.7%**

Annual Statement on Internal Controls 2019

An internal control system is a set of process and procedures designed 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 adequate and effective internal control environment.

The management of the Bank has therefore 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'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 and customer-facing and enabling functions, the second line being Compliance and other control functions and the third line of defense being Internal Audit.

The front-line management's role is to monitor day-to-day operations and 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 Internal Control Unit (ICU) conducts on-site and off-site reviews of Operations processes mainly in branches. ICU monitors and identifies design and implementation gaps in processes and ensures that timely remedial actions are undertaken.

The Compliance function's role is to strengthen the compliance environment and minimize compliance risk across the institution through effective adherence to applicable laws, regulations, guidelines and the Bank's internal policies and procedures.

The management has established a Compliance Committee of Management and a Controls Committee, to monitor, review and provide oversight of compliance and control related matters across all units and locations of the Bank. Where known gaps exist, corrective action plans are in place to address them and are reviewed/ monitored by the respective Committee. Both the Committees are chaired by the President. In addition, the HBL Board Compliance & Conduct (BCNC) Committee acts as an oversight authority 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 conducts 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 Management's Control Committee and at the BAC. BAC oversees implementation of internal controls to ensure that any identified risks are mitigated to safeguard the interest of the Bank.

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.

The Bank had embarked on a business and compliance transformation program across the organization to proactively review and further enhance the Bank's controls, compliance and governance. While the formal program has been substantially completed in 2019, and progress recognized by our various stakeholders, management will continue to strengthen its compliance and control environment on an ongoing basis.

Based on the results achieved from reviews, ongoing testing of financial reporting controls and audits conducted during the year 2019, 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
Chief Financial Officer

Nauman Riaz
Chief Compliance Officer

Armughan Ahmed Kausar
Chief Internal Auditor

Sagheer Mufti
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, 2019 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, 2019.

A.F. Ferguson & Co.
Chartered Accountants

Karachi

Dated: March 3, 2020

Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019

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, 2019 in the following manner:

1. The total number of Directors during the year 2019 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.*
** *includes Mr. Agha Sher Shah who resigned from the Board on December 4, 2019. Mr. Salim Chinoy was co-opted by the Board on December 11, 2019 and after SBP's approval he assumed charge as an independent director on the Board effective February 12, 2020.*
*** *Ms. Sadia Khan, resigned from the Board on November 15, 2019. Ms. Diane Moore was co-opted by the Board in their meeting held on December 19 & 20, 2019 and after SBP's approval she assumed charge as an independent director on the Board effective January 16, 2020.*

2. The composition of the Board of Directors during year 2019 is as follows:

Categories	Names of Directors
Independent Directors	1- Mr. Salim Raza 2- Dr. Najeeb Samie 3- Mr. Agha Sher Shah*
Non-Executive Directors	4- Mr. Sultan Ali Allana 5- Mr. Shaffiq Dharamshi 6- Mr. Moez Ahamed Jamal 7- Ms. Sadia Khan**
Executive Directors	8- Mr. Muhammad Aurangzeb

* *since resigned on December 4, 2019 and Mr. Salim Chinoy has joined the Board as an independent director w.e.f February 12, 2020.*
** *since resigned on November 15, 2019 and Ms. Diane Moore has joined the Board as an independent director w.e.f January 16, 2020.*

3. The Directors have confirmed that none of them is serving as a Director of 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 Company.

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

7. The meetings of the Board were presided over by the Chairman of the Board and, in his absence one meeting was chaired by a director elected by the Board for this purpose. The Board has complied with the requirements of Companies Act 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the SBP BPRD Circular No. 3 dated August 17, 2019, Companies Act, 2017 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 have duly endorsed the financial statements before the approval of the Board.

12. The Board formulated the following committees comprising of the members listed against each committee in the year 2019:

Name of Committee	Composition
a) Board Audit Committee (BAC)	1. Dr. Najeeb Samie, Chairman 2. Mr. Moez Ahamed Jamal, Member 3. Ms. Sadia Khan, Member***
b) Board Compliance and Conduct Committee (BCNC)	1. Mr. Moez Ahamed Jamal, Chairman 2. Ms. Sadia Khan, 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. Mr. Agha Sher Shah, Chairman** 2. Mr. Sultan Ali Allana, Member 3. Mr. Shaffiq Dharamshi, Member 4. Ms. Sadia Khan, Member*
e) Board IT Committee (BITC)	1. Mr. Salim Raza, Chairman 2. Mr. Agha Sher Shah, 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 Oversight Committee – New York (BOC-NY)	1. Mr. Shaffiq Dharamshi, Chairman 2. Dr. Najeeb Samie, Member
h) Board Risk Management Committee (BRMC)	1. Mr. Salim Raza, Chairman 2. Mr. Shaffiq Dharamshi, Member 3. Mr. Muhammad Aurangzeb, Member
i) Board Remuneration Committee (BRC)	1. Mr. Salim Raza, Member 2. Dr. Najeeb Samie, Member

* *Ms. Diane Moore has joined the Board w.e.f January 16, 2020 and has been co-opted as a member in the Board Compliance and Conduct Committee (in place of Ms. Sadia Khan) and in the Board IT Committee (in place of Mr. Agha Sher Shah) w.e.f January 20, 2020.*

** *Dr. Najeeb Samie has been co-opted by the Board as the Chairman Board Human Resource & Remuneration Committee, (in place of Mr. Agha Sher Shah) with effect from January 20, 2020.*

*** *Mr. Salim Chinoy has joined the Board w.e.f February 12, 2020 and has been co-opted as a member in Board Audit Committee (in place of Ms. Sadia Khan) and the Board Compliance and Conduct Committee with effect from February 14, 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 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	7
c) Board Development Finance Committee	3
d) Board Human Resource and Remuneration Committee	6
e) Board IT Committee	4
f) Board Oversight Committee – International Governance	3
g) Board Oversight Committee – New York	4
h) Board Risk Management Committee	5
i) Board Remuneration Committee *	-

* *The Committee was formed in September 2019 and its Terms of Reference were approved by the Board in October 2019. No formal meeting of this committee was held in 2019.*

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 19, 2020

Shariah Board Report 2019

For the year ended December 31st, 2019

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 fifteenth year of successful operations of Islamic Banking, which is under review. During the year, Shariah Board (SB) of HBL-IB held four meetings where the following matters were reviewed:

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

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

During the year, HBL-IB management launched several new products and introduced mechanism to improve Shariah compliance. HBL-IB is equipped with a team of qualified professionals in its Shariah Compliance Department (SCD), working under the supervision and guidance of the Shariah Board. In addition, a separate Shariah Audit Department is working under the Chief Internal Auditor to review the overall Shariah compliance in the Bank's activities. The Shariah Audit Department submits the report to the Resident Shariah Board Member (RSBM) / Shariah Board for information, review and determination of appropriate corrective actions.

We appreciate the efforts of the staff of SCD and Shariah Audit Department for their efforts in promoting and strengthening the environment of Shariah compliance in the Bank.

Charity

As per the Charity Policy, Rs 4.8 million was received from clients on account of delay in payments and was credited to the charity account. An amount of Rs 6 million was disbursed to the Education and Health sectors from the Charity Fund during the year in line with the approved Charity Policy. During the period under review no income was identified as charity due to non-compliance of financial transactions.

Shariah Opinion

Based on Shariah compliance reviews, 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 Shariah 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 its operations.

iv. HBL-IB has placed a satisfactory system 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 account properly.

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

vi. The level of awareness of staff and management regarding Islamic Banking and the importance of Shariah compliance in products and processes of the Bank is satisfactory and the management is vigorously working on capacity building of the staff.

vii. SB has been provided adequate resources enabling it to discharge its duties effectively.
Shariah Board appreciates the management efforts and expects to continue focusing on Shariah Compliance at priority.

RECOMMENDATIONS

Based on Shariah compliance review and Internal/External Shariah Audit reports, we recommend the following for consideration:

Adoption of AAOIFI Shariah Standards by SBP:

In 2019, SBP has taken the initiative and adopted various AAOIFI Shariah Standards to provide comprehensive guideline to the Islamic Banking Industry of Pakistan, for product and services & operations. The Management is advised to revalidate their products, services and operations as per the AAOIFI guidelines in due course.

Islamic Banking Awareness Sessions

HBL-IB management shall take proactive measures to create public awareness in different regions, including the rural areas, to eliminate the misconceptions regarding Islamic banking by conducting seminars / awareness sessions.

Mufti Muhammad Yahya Asim
Resident Shariah Board Member

Dr. Ejaz Ahmed Samadani
Member Shariah Board

Dr. Muhammad Zubair Usmani
Chairman Shariah Board

Date: February 19, 2020

۶۔ بحیثیتِ مجموعی HBL اسلامک بینکنگ انتظامیہ اور اسٹاف 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۔

شریعہ بورڈ انتظامیہ کی ان تمام کاوشوں کی حوصلہ افزائی کرتا ہے اور امید رکھتا ہے کہ مستقبل میں بھی انتظامیہ ترجیحی بنیادوں پر اپنی توجہ شریعہ کمپلائنس پر مرکوز رکھے گی۔

سفارشات

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

اسٹیٹ بینک آف پاکستان کے منتخب شدہ ایوفی (AAOIFI) شرعی معیارات کو اپنانا

سال ۲۱۰۹ میں اسٹیٹ بینک آف پاکستان نے ایوفی کے مختلف شرعی معیارات کو اپنانے کے لئے اہم پیش رفت کی تھی، تاکہ پاکستان کی اسلامک بینکنگ انڈسٹری کو پراڈکٹس، سروسز اور اپنے آپریشنز کے لئے ایک جامع اور یکساں گائڈلائن مہیا ہو سکے۔ شریعہ بورڈ انتظامیہ کو یہ ہدایت کرتا ہے کہ وہ بھی اپنی پراڈکٹس، سروسز اور آپریشنز کو اسی سانچے میں ڈھالنے کے لیے اقدامات کرے۔

اسلامی بینکنگ آگاہی سیشنز کا انعقاد

HBL اسلامک بینکنگ انتظامیہ کو اسلامی بینکاری کی آگاہی کے سلسلے میں دیہی اور شہری علاقوں میں مزید پیش رفت کرنی چاہیئے، تاکہ اسلامک بینکنگ کے حوالے سے پائے جانے والے تحفّظات اور غلط فہمیاں دور کی جا سکیں۔

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

تاریخ: ۱۹ فروری ۲۰۲۰ء

شریعہ بورڈ رپورٹ

برائے بورڈ آف ڈائریکٹرز مالی سال ۲۰۱۹ء

الحمدللہ، اللہ تعالیٰ کے فضل و کرم سے HBL اسلامک بینکنگ نے اپنے آپریشنز کا پندرہواں سال کامیابی کے ساتھ مکمل کر لیا ہے۔ رپورٹ میں اس سال کا جائزہ پیش کرنا مقصود ہے۔

دورانِ سال HBL اسلامک شریعہ بورڈ کے چار اجلاس منعقد ہوئے، جس میں دیگر امور کے علاوہ مندرجہ ذیل امور کا بغور جائزہ لیا گیا:

الف) تمام پالیسیز، طریقہ کار، نئی پراڈکٹس کی منظوری، موجودہ پراڈکٹس کی تجدید، ٹرانزیکشن اسٹرکچرز، شرعی سوالات، پراسس فلوز، اور مارکیٹنگ مٹیریل کا جائزہ لیا گیا۔

ب) شریعہ کمپلائنس جائزہ رپورٹ، داخلی اور خارجی شریعہ آڈٹ رپورٹس کا جائزہ لیا گیا۔

دورانِ سال HBL اسلامک بینکنگ کی انتظامیہ نے بہت سی نئی پراڈکٹس متعارف کروائیں اور شریعہ کمپلائنس کے نظام کو مزید بہتر بنایا۔

HBL اسلامک بینکنگ کا شریعہ کمپلائنس ڈپارٹمنٹ باصلاحیت افراد پر مشتمل ہے جو براہ راست شریعہ بورڈ کی سرپرستی اور نگرانی میں ان کی ہدایات کے مطابق خدمات انجام دے رہا ہے۔ مزید یہ کہ بینک میں شریعہ آڈٹ ڈپارٹمنٹ، چیف انٹرنل آڈیٹر کی نگرانی میں قائم ہے جو حبیب بینک اسلامک کی تمام سرگرمیوں کا شریعہ کی روشنی میں جائزہ لیتا ہے۔ شریعہ آڈٹ ڈپارٹمنٹ اپنی آڈٹ رپورٹ ریزیڈنٹ شریعہ بورڈ ممبر / شریعہ بورڈ کے جائزے، اور مختلف معاملات میں اصلاحات کے تعین کے لئے پیش کرتا ہے۔

شریعہ بورڈ شریعہ کمپلائنس ڈپارٹمنٹ اور شریعہ آڈٹ ڈپارٹمنٹ کی کاوشوں کو سراہتا ہے، جو وہ بینک کے شریعہ کمپلائنس ماحول کی مزید بہتری، ترویج اور استحکام کے لئے انجام دے رہے ہیں۔

چیریٹی

اس سال بینک نے چیریٹی پالیسی کے مطابق اپنے کسٹمرز سے ادائیگی میں تاخیر کی صورت میں لاگو ہونے والے اپنے اوپر التزام کی بنا پر 4.8 ملین روپے وصول کر کے چیریٹی اکاؤنٹ میں منتقل کئے جبکہ چیریٹی اکاؤنٹ میں پہلے سے موجود رقم سمیت 6 ملین روپے تعلیم اور صحت کے شعبوں میں منظور شدہ چیریٹی پالیسی کے مطابق خرچ کئے۔ دورانِ سال کسی بھی مالی معاملے کے غیر شرعی ہونے کی وجہ سے آمدنی کا کوئی حصہ چیریٹی اکاؤنٹ میں منتقل نہیں کیا گیا۔

شرعی تجزیہ ورائے

شریعہ کمپلائنس جائزہ رپورٹ، 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 وضوابط پر بھی عمل پیرا رہا ہے جو اسٹیٹ بینک آف پاکستان 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 ہدایات پر عمل پیرا رہا ہے۔

CONSOLIDATED FINANCIAL STATEMENTS

DIGITALLY YOURS

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, 2019, 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, 2019 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 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 note 9.5 to the consolidated financial statements)	
	The Group makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring all non-performing loans and 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 and subsidiaries is made as per the requirements of the respective regulatory regimes.	Our audit procedures to verify provision against advances included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of key 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; • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria;

S. No.	Key audit matters	How the matter was addressed in our audit
	The Group has recognized a net provision against advances amounting to Rs 3,376.099 million in the consolidated profit and loss account in the current year. As at December 31, 2019, the Group holds a provision of Rs 76,365.958 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 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 loans based on the number of days overdue. • evaluated the management's assessment for classification of customers' loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and through discussions with the management. We checked the accuracy of specific provision made against non-performing advances and of general provision by recomputing the provision amount in accordance with the criteria prescribed under the PRs. 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 Group auditors, evaluated the work performed by the component auditors and the results thereof.
2	**Regulatory Matters in respect of New York Branch** (Refer note 21.3.2 to the consolidated financial statements)	
	Habib Bank Limited (the Bank) operates a branch in New York which is licensed by the New York State Department of Financial Services (NYSDFS) and is also subject to supervision by the Federal Reserve Bank of New York (FRBNY). On September 7, 2017, NYSDFS, the Bank and the New York Branch agreed to a Consent Order. Pursuant to the Consent Order, the expanded review by an independent third party is currently in progress. The US Attorney's office for the Eastern District of New York, a component of the U.S. Department of Justice (DOJ), had sought documents in relation to the Bank's compliance with the anti – money laundering laws and the Bank Secrecy Act.	Our audit procedures included the following: • We held discussions with the senior management and the Board Audit Committee to obtain their views on the status of the regulatory matters and any potential impact on the consolidated financial statements; • We held discussions with the Bank's external legal counsel in Pakistan, who is dealing with the HBL NY matter, to understand the nature and status of the regulatory action and any further potential exposure; • We reviewed relevant regulatory correspondence;

S. No.	Key audit matters	How the matter was addressed in our audit
	When there is a possibility of outflow of economic resources, the related disclosure is key to understanding the risk. As is acknowledged in the note, the management considers that the final resolution of the above matters cannot be determined at this stage including any possible impact on the Group. The said matter has been disclosed as a contingency in the consolidated financial statements. Given the level of uncertainty involved, the matter was identified as a significant risk and considered a key audit matter.	• We obtained a legal opinion from the Bank's external legal counsel in New York; • We read the minutes of meetings of the Board to assess the appropriateness of conclusions reached; and • We assessed whether the disclosure in the consolidated financial statements adequately discloses the matter in accordance with the applicable financial reporting framework.
3	**IFRS 16 - Leases** (Refer note 4.1 to the consolidated financial statements)	
	The Group has adopted IFRS 16 "Leases" with effect from January 1, 2019. IFRS 16 introduces a single on balance sheet lease accounting model for leases entered into by lessees. A lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. On adoption of IFRS 16, the Group has changed its accounting policy for operating leases which are now recognised on the statement of financial position. The Group has accordingly recorded right-of-use assets and lease liability amounting to Rs 17,810.109 million and Rs 16,736.839 million respectively as at January 1, 2019. The comparative figures for the 2018 reporting period have not been restated, as permitted under the specific transitional provisions of the standard. The adoption of IFRS 16 involves estimation and judgement. Because of the significance of the impact of these judgements/estimates, we considered this area as a key audit matter.	Our audit procedures included the following: • Obtained an understanding of the management's process for identification of agreements which contain leasing arrangements; • Evaluated the selection of accounting policies and methodology followed by the management for determination and measurement of right-of-use assets, corresponding lease liabilities and other related impacts; • On a sample basis, tested the underlying data used by the management from the lease contracts for determination of the right-of-use assets and corresponding lease liabilities. Further, performed re-computations on a test basis to assess the accuracy of computations performed by the management; and • Assessed whether the presentation and disclosures relating to the adoption of IFRS 16 in the consolidated financial statements are in compliance with the applicable financial reporting framework.

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 controls.

- 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 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 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: March 04, 2020

Consolidated Statement of Financial Position

As at December 31, 2019

2019 (US $ in '000)	2018 (US $ in '000)		Note	2019 (Rupees in '000)	2018 (Rupees in '000)
		ASSETS			
2,373,906	1,804,747	Cash and balances with treasury banks	5	367,593,717	279,460,688
266,382	275,381	Balances with other banks	6	41,248,554	42,642,022
292,566	331,147	Lendings to financial institutions	7	45,303,199	51,277,336
8,909,453	8,976,907	Investments	8	1,379,607,379	1,390,052,464
7,536,165	6,977,442	Advances	9	1,166,956,994	1,080,440,220
519,623	413,847	Fixed assets	10	80,462,410	64,083,277
58,699	50,794	Intangible assets	11	9,089,345	7,865,361
-	3,686	Deferred tax assets	12	-	570,717
883,906	706,895	Other assets	13	136,870,799	109,461,065
20,840,700	19,540,846			3,227,132,397	3,025,853,150
		LIABILITIES			
191,679	274,209	Bills payable	14	29,681,108	42,460,568
2,468,274	3,379,575	Borrowings	15	382,206,306	523,319,055
15,741,911	13,802,559	Deposits and other accounts	16	2,437,597,169	2,137,293,065
-	-	Liabilities against assets subject to finance lease		-	-
144,400	64,515	Subordinated debt	17	22,360,000	9,990,000
39,973	-	Deferred tax liabilities	12	6,189,687	-
803,026	733,225	Other liabilities	18	124,346,615	113,538,251
19,389,263	18,254,083			3,002,380,885	2,826,600,939
1,451,437	1,286,763	**NET ASSETS**		224,751,512	199,252,211
		REPRESENTED BY			
		Shareholders' equity			
94,729	94,729	Share capital	19	14,668,525	14,668,525
427,908	416,120	Reserves		66,260,511	64,435,243
160,644	93,844	Surplus on revaluation of assets - net of tax	20	24,875,383	14,531,643
739,760	656,170	Unappropriated profit		114,550,097	101,606,320
1,423,041	1,260,863	Total equity attributable to the equity holders of the Bank		220,354,516	195,241,731
28,396	25,900	Non-controlling interest		4,396,996	4,010,480
1,451,437	1,286,763			224,751,512	199,252,211
		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	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Consolidated Profit and Loss Account

For the year ended December 31, 2019

2019 (US $ in '000)	2018 (US $ in '000)		Note	2019 (Rupees in '000)	2018 (Rupees in '000)
1,666,890	1,067,416	Mark-up / return / profit / interest earned	23	258,113,896	165,286,803
1,012,548	539,957	Mark-up / return / profit / interest expensed	24	156,790,596	83,610,999
654,342	527,459	Net mark-up / return / profit / interest income		101,323,300	81,675,804
		Non mark-up / interest income			
132,051	116,620	Fee and commission income	25	20,447,851	18,058,336
3,787	6,367	Dividend income		586,353	985,867
22,497	17,585	Share of profit of associates and joint venture		3,483,593	2,722,983
10,705	(15,453)	Foreign exchange income / (loss)		1,657,595	(2,392,862)
(1,200)	(5,859)	Loss from derivatives		(185,867)	(907,204)
(17,161)	6,651	(Loss) / gain on securities - net	26	(2,657,256)	1,029,880
5,356	2,573	Other income	27	829,310	398,483
156,035	128,484	Total non mark-up / interest income		24,161,579	19,895,483
810,377	655,943	Total income		125,484,879	101,571,287
		Non mark-up / interest expenses			
595,659	499,721	Operating expenses	28	92,236,328	77,380,591
3,704	(18,718)	Workers' Welfare Fund - charge / (reversal)	29	573,492	(2,898,437)
3,100	3,201	Other charges	30	480,056	495,726
602,463	484,204	Total non mark-up / interest expenses		93,289,876	74,977,880
207,914	171,739	**Profit before provisions and taxation**		32,195,003	26,593,407
21,402	32,344	Provisions and write offs - net	31	3,314,081	5,008,578
186,512	139,395	**Profit before taxation**		28,880,922	21,584,829
86,415	59,052	**Taxation**	32	13,381,127	9,143,886
100,097	80,343	**Profit after taxation**		15,499,795	12,440,943
		Attributable to:			
99,019	77,854	Equity holders of the Bank		15,332,792	12,055,571
1,078	2,489	Non-controlling interest		167,003	385,372
100,097	80,343			15,499,795	12,440,943
				----------Rupees----------	
		Basic and diluted earnings per share	33	10.45	8.22

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

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2019

2019 (US $ in '000)	2018 (US $ in '000)		2019 (Rupees in '000)	2018 (Rupees in '000)
		Profit after taxation for the year attributable to:		
99,019	77,854	Equity holders of the Bank	15,332,792	12,055,571
1,078	2,489	Non-controlling interest	167,003	385,372
100,097	80,343		15,499,795	12,440,943
		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:		
39,729	69,834	Equity holders of the Bank	6,151,913	10,813,654
1,090	1,205	Non-controlling interest	168,861	186,605
40,819	71,039		6,320,774	11,000,259
704	(472)	Increase / (decrease) in share of exchange translation reserve of associates- net of tax	108,994	(73,028)
		Movement in surplus / deficit on revaluation of investments - net of tax, attributable to:		
72,239	(46,043)	Equity holders of the Bank	11,186,146	(7,129,697)
298	(297)	Non-controlling interest	46,132	(46,056)
72,537	(46,340)		11,232,278	(7,175,753)
(2,125)	1,329	Movement in share of surplus / deficit on revaluation of investments of associates - net of tax	(329,110)	205,744
		Items that are not to be reclassified to the profit and loss account in subsequent periods		
		Remeasurement gain / (loss) on defined benefit obligations - net of tax, attributable to:		
567	(1,000)	Equity holders of the Bank	87,715	(154,907)
34	(5)	Non-controlling interest	5,255	(793)
601	(1,005)		92,970	(155,700)
(14)	(10)	Share of remeasurement loss on defined benefit obligations of associate - net of tax	(2,109)	(1,366)
		Movement in surplus / deficit on revaluation of fixed assets - net of tax, attributable to:		
(829)	-	Equity holders of the Bank	(128,422)	-
(1)	-	Non-controlling interest	(171)	-
-	9	Transfer from surplus on revaluation of non-banking assets - net of tax	-	1,348
(830)	9		(128,593)	1,348
(37)	(270)	Movement in share of surplus / deficit on revaluation of fixed assets of associates - net of tax	(5,784)	(41,848)
226	907	Movement in surplus / deficit on revaluation of non-banking assets - net of tax	35,000	140,421
-	(9)	Transfer to surplus on revaluation of fixed assets - net of tax	-	(1,348)
226	898		35,000	139,073
211,978	105,521	**Total comprehensive income**	32,824,215	16,339,672
		Total comprehensive income attributable to:		
209,479	102,129	Equity holders of the Bank	32,437,135	15,814,544
2,499	3,392	Non-controlling interest	387,080	525,128
211,978	105,521		32,824,215	16,339,672

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

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2019

	Attributable to shareholders of the Bank												
		Reserves							Surplus/(Deficit) on revaluation of				
			Statutory		Capital		Revenue						
	Share capital	Exchange translation reserve (note 19.5)	Joint venture and subsidiary	Bank (note 19.6)	Non-distributable capital reserve	Capital reserve on acquisition of common control entity	General reserve	Unappropriated profit	Investments	Fixed / Non Banking Assets	Sub Total	Non-controlling interest	Total
	(Rupees in '000)												
Balance as at December 31, 2017	14,668,525	14,264,968	758,707	30,778,524	547,115	(156,706)	6,073,812	96,909,270	(402,933)	21,823,385	185,264,667	3,485,954	188,750,621
Comprehensive income for the year													
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	-	-	12,055,571	-	-	12,055,571	385,372	12,440,943
Other comprehensive income / (loss)													
Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax	-	10,813,654	-	-	-	-	-	-	-	-	10,813,654	186,605	11,000,259
Decrease in share of exchange translation reserve of associates- net of tax	-	(73,028)	-	-	-	-	-	-	-	-	(73,028)	-	(73,028)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(154,907)	-	-	(154,907)	(793)	(155,700)
Share of remeasurement loss on defined benefit obligations of associate - net of tax	-	-	-	-	-	-	-	(1,366)	-	-	(1,366)	-	(1,366)
Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	-	-	(7,129,697)	140,421	(6,989,276)	(46,056)	(7,035,332)
Movement in share of surplus / deficit on revaluation of assets of associates - net of tax	-	-	-	-	-	-	-	-	205,744	(41,848)	163,896	-	163,896
	-	10,740,626	-	-	-	-	-	11,899,298	(6,923,953)	98,573	15,814,544	525,128	16,339,672
Transferred to statutory reserves	-	-	249,281	1,178,916	-	-	-	(1,428,197)	-	-	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	64,031	-	(63,429)	602	(602)	-
Capital contribution from statutory funds of associates	-	-	-	-	-	-	-	29,326	-	-	29,326	-	29,326
Transactions with owners, recorded directly in equity													
Final cash dividend - Rs 1.0 per share declared subsequent to the year ended December 31, 2017	-	-	-	-	-	-	-	(1,466,852)	-	-	(1,466,852)	-	(1,466,852)
1st interim cash dividend - Rs 1.0 per share	-	-	-	-	-	-	-	(1,466,852)	-	-	(1,466,852)	-	(1,466,852)
2nd interim cash dividend - Rs 1.0 per share	-	-	-	-	-	-	-	(1,466,852)	-	-	(1,466,852)	-	(1,466,852)
3rd interim cash dividend - Rs 1.0 per share	-	-	-	-	-	-	-	(1,466,852)	-	-	(1,466,852)	-	(1,466,852)
	-	-	-	-	-	-	-	(5,867,408)	-	-	(5,867,408)	-	(5,867,408)
Balance as at December 31, 2018	14,668,525	25,005,594	1,007,988	31,957,440	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 associate - 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 overseas 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	31,167,030	1,239,213	33,463,859	547,115	(156,706)	-	114,550,097	3,530,150	21,345,233	220,354,516	4,396,996	224,751,512

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

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Consolidated Cash Flow Statement

For the year ended December 31, 2019

2019 (US $ in '000)	2018 (US $ in '000)		Note	2019 (Rupees in '000)	2018 (Rupees in '000)
		CASH FLOWS FROM OPERATING ACTIVITIES			
186,512	139,395	Profit before taxation		28,880,922	21,584,829
(3,787)	(6,367)	Dividend income		(586,353)	(985,867)
(22,497)	(17,585)	Share of profit of associates and joint venture		(3,483,593)	(2,722,983)
(26,284)	(23,952)			(4,069,946)	(3,708,850)
160,228	115,443			24,810,976	17,875,979
		Adjustments:			
34,200	20,847	Depreciation		5,295,777	3,228,184
3,468	2,077	Amortisation		537,026	321,624
22,129	-	Depreciation on right-of-use assets		3,426,648	-
12,640	-	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		1,957,331	-
3,572	21,449	Provision for diminution in value of investments		553,086	3,321,271
21,803	12,666	Provision against loans and advances		3,376,099	1,961,357
583	1,338	Provision against other assets		90,219	207,143
(318)	460	(Reversal) / provision against off-balance sheet obligations		(49,233)	71,156
540	(70)	Unrealised loss / (gain) on held-for-trading securities		83,591	(10,789)
(2,116)	(2,216)	Exchange gain on goodwill		(327,684)	(343,173)
(642)	-	Exchange gain realized on closure of overseas branch - net of tax		(99,471)	-
(677)	(356)	Gain on sale of fixed assets - net		(104,762)	(55,195)
(1,046)	-	Gain on sale of non-banking assets - net		(162,045)	-
3,704	(18,718)	Workers' Welfare Fund - charge / (reversal)		573,492	(2,898,437)
97,840	37,477			15,150,074	5,803,141
258,068	152,920			39,961,050	23,679,120
		(Increase) / decrease in operating assets			
38,581	(112,220)	Lendings to financial institutions		5,974,137	(17,376,991)
(1,683,781)	402,503	Held-for-trading securities		(260,729,470)	62,326,578
(580,525)	(1,491,138)	Advances		(89,892,873)	(230,899,157)
(286,341)	(32,015)	Other assets (excluding advance taxation)		(44,339,157)	(4,957,302)
(2,512,066)	(1,232,870)			(388,987,363)	(190,906,872)
		Increase / (decrease) in operating liabilities			
(82,529)	56,238	Bills payable		(12,779,460)	8,708,349
(911,301)	810,580	Borrowings from financial institutions		(141,112,749)	125,516,388
1,939,353	893,511	Deposits and other accounts		300,304,104	138,358,008
(34,965)	300,245	Other liabilities		(5,414,223)	46,492,509
910,558	2,060,574			140,997,672	319,075,254
(1,343,440)	980,624			(208,028,641)	151,847,502
17,871	(143,469)	Income tax refund / (payment)		2,767,314	(22,215,778)
(1,325,569)	837,155	**Net cash flows (used in) / generated from operating activities**		(205,261,327)	129,631,724
		CASH FLOWS FROM INVESTING ACTIVITIES			
1,777,271	(983,875)	Net investment in available-for-sale securities		275,206,190	(152,350,622)
87,607	405,812	Net investment in held-to-maturity securities		13,565,739	62,838,987
13,757	5,818	Net investment in associates		2,130,167	900,885
3,815	6,597	Dividend received		590,796	1,021,434
(38,871)	(69,565)	Investment in fixed assets		(6,019,021)	(10,771,978)
(9,256)	(9,644)	Investment in intangible assets		(1,433,326)	(1,493,311)
2,742	524	Proceeds from sale of fixed assets		424,536	81,042
10,218	-	Proceeds from sale of non-banking assets		1,582,300	-
40,433	69,363	Effect of translation of net investment in foreign branches, subsidiaries, joint venture and associates - net of tax		6,260,907	10,740,626
1,887,716	(574,970)	**Net cash flows generated from / (used in) investing activities**		292,308,288	(89,032,937)
		CASH FLOWS FROM FINANCING ACTIVITIES			
1,090	1,205	Effect of translation of net investment by non-controlling interest in a subsidiary		168,861	186,605
(26)	(26)	Repayment of subordinated debt		(4,000)	(4,000)
79,911	-	Proceeds from new issue of subordinated debt		12,374,000	-
(33,997)	-	Payment of lease liability against right-of-use assets		(5,264,295)	-
(48,964)	(35,687)	Dividend paid		(7,581,966)	(5,525,981)
(1,986)	(34,508)	**Net cash flows used in financing activities**		(307,400)	(5,343,376)
560,161	227,677	**Increase in cash and cash equivalents during the year**		86,739,561	35,255,411
1,997,814	1,703,264	Cash and cash equivalents at the beginning of the year		309,356,796	263,746,248
82,313	149,186	Effect of exchange rate changes on cash and cash equivalents		12,745,914	23,101,051
2,080,127	1,852,450			322,102,710	286,847,299
2,640,288	2,080,127	**Cash and cash equivalents at the end of the year**	34	408,842,271	322,102,710

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

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Director**

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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 Habib Bank Plaza, I. I. Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,667 (2018: 1,697) branches inside Pakistan including 48 (2018: 47) Islamic Banking Branches and 45 (2018: 46) 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 During the year, the Bank has closed its branch in Seychelles.

1.3 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.

1.4 **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. HBL UK operates a network of 9 branches in the UK and one in Switzerland. During the year, HBL UK has closed its branch in Rotterdam.

- 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. The company's banking license has been voluntarily surrendered and it has filed for voluntary liquidation and is in the process of completing the required formalities in this regard. The registered office of the company is at 6/F, Alexandra House, 18 Chater Road, 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 206 (2018: 203) business locations comprising of 199 (2018: 184) branches/Permanent Booths (PBs) and 7 (2018: 19) Pakistan Post Office (PPO) sub offices in operation.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

- 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, 2019 and 2018 have all been converted using an exchange rate of Rupees 154.8476 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, 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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 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. Additionally, as the SBP has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2021, 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 Standards, interpretations of and amendments to existing accounting and reporting standards that have become effective in the current year.

IFRS 16, Leases, became effective for annual reporting periods commencing on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is disclosed in note 4.1.

IFRS 15 introduces a single five step revenue recognition model for all contracts with customers, unless those contracts are in the scope of other standards and, accordingly, has superseded IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers. The adoption of IFRS 15 does not have any material impact on the financial statements of the Group.

In addition, there are certain other new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 1, 2019. These are considered either to not be relevant or to not have any significant impact on the Group's financial statements.

2.4 Standards and amendments to existing accounting and reporting standards that are not yet effective.

The following new standard and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
- IFRS 3, Business Combinations (Amendments)	January 1, 2020
- IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 9, Financial Instruments	January 1, 2021

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.

Except for the implementation of IFRS 9 in Pakistan, the Group expects that adoption of the amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

Notes to the Consolidated Financial Statements

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2.5 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with approved 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 4.4)
ii) Valuation and impairment of subsidiaries, associates and available-for-sale equity investments (note 4.4.4)
iii) Provision against non-performing advances (note 4.5)
iv) Valuation and depreciation of fixed assets (note 4.6)
v) Valuation of right-of-use assets and their related lease liability (note 4.7)
vi) Valuation and amortization of intangible assets (note 4.8)
vii) Valuation of non-banking assets acquired in satisfaction of claims (note 4.9)
viii) Valuation of defined benefit plans (note 4.13)
ix) Taxation (note 4.16)
x) Fair value of derivatives (note 4.22)

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.

The 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 except as disclosed in note 4.1 below.

4.1 Change in accounting policy

During the year, IFRS 16, Leases, became applicable to Banks. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentives, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered into by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Group has adopted IFRS 16 from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

Notes to the Consolidated Financial Statements

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The Group has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17, Leases. These liabilities are measured as the present value of the remaining lease payments, discounted using the Group's incremental weighted average borrowing rate of 11.87% per annum as at January 1, 2019. Remeasurements of lease liabilities only occur in cases where the terms of the lease are changed during the lease tenor and are recognised as adjustments to the related right-of-use assets after the date of initial application.

On adoption of IFRS 16, the associated right-of-use assets were initially measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application. On subsequent measurement, right-of-use assets are stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of the lease liability.

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.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	December 31, 2019	January 1, 2019
	---------- (Rupees in '000) ----------	
Total lease liability recognised	**15,996,664**	16,736,839
The recognised right-of-use assets relate to the following type of asset:		
Property	**15,975,664**	17,810,109

The effect of this change in accounting policy is as follows:

Impact on Statement of Financial Position		
Increase in fixed assets - right-of-use assets	**15,975,664**	17,810,109
Decrease in other assets - advances, deposits, advance rent and other prepayments	**(1,019,477)**	(1,073,270)
Increase in other assets - advance taxation	**439,002**	-
Increase in total assets	**15,395,189**	16,736,839
Increase in other liabilities - lease liability against right-of-use assets	**(15,996,664)**	(16,736,839)
Decrease in other liabilities - rent payable	**13,513**	-
Increase in total liability	**(15,983,151)**	(16,736,839)
Increase in exchange translation reserve	**(98,681)**	-
Decrease in net assets	**(686,643)**	-

Impact on Profit and Loss account	For the year ended December 31, 2019 (Rupees in '000)
Increase in mark-up expense - lease liability against right-of-use assets	**1,957,329**
Decrease / (increase) in administrative expenses:	
- Rent expense	**4,258,331**
- Depreciation on right-of-use assets	**(3,426,647)**
Net decrease in administrative expenses	**831,684**
Decrease in profit before tax	**1,125,645**
Decrease in tax	**439,002**
Decrease in profit after tax	**686,643**

Earnings per share for the year ended December 31, 2019 are Rs 0.47 lower as a result of the adoption of IFRS 16.

While implementing IFRS 16, the Group has used a single discount rate methodology for each portfolio of leases with similar characteristics.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

4.2 Cash and cash equivalents

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

4.3 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:

4.3.1 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.

4.3.2 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.

4.3.3 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.

4.4 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.

4.4.1 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

4.4.2 Subsequent measurement

Held-for-trading

Investments classified as held-for-trading are subsequently measured at fair value. Any unrealized 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 amortized 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 unrealized 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 realized 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. Other unlisted securities are valued at cost less impairment, if any.

4.4.3 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.

4.4.4 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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.

4.5 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.

4.5.1 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.

4.5.2 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

4.6 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.

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

4.7.1 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.

4.7.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as 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, the Group's 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

4.8 Intangible assets

4.8.1 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. 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. Intangible assets having an indefinite useful life are stated at cost less impairment, if any.

4.8.2 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.

4.9 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.

4.10 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.

4.11 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.

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4.12 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.

4.13 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.

4.14 Foreign currency

4.14.1 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.

4.14.2 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.

4.14.3 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.

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For the year ended December 31, 2019

4.14.4 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.

4.15 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.

4.15.1 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 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.

4.15.2 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 realized. Unrealized lease income and other fees on classified leases are recognised on a receipt basis.

4.15.3 Fee, Commission and Brokerage Income

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

4.15.4 Dividend income

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

4.16 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.

4.16.1 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.

4.16.2 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.

4.16.3 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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.

4.17 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.

4.18 Provisions

Provisions are recognised when the Group has a 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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.

4.23 Dividends paid

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

4.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic and diluted 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.

4.25 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.

4.25.1 Business segments

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

i) *Branch banking*

This segment includes the entire retail business including distribution, agricultural financing, commercial lending, retail lending and Islamic banking business.

ii) *Consumer banking*

This segment includes consumer lending such as personal loans, home loans, auto loans and credit cards.

iii) *Corporate banking*

This segment includes corporate banking, investment banking and the transaction and employee banking business.

iv) *Treasury*

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

v) *International and correspondent banking*

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

vi) *Asset management*

This segment pertains to HBL Asset Management Limited.

vii) *Head Office / Others*

This segment includes numbers related to HBL Konnect, Head office functions and domestic subsidiaries like First MicroFinance Bank and Habib Currency Exchange.

4.25.2 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).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
			(Rupees in '000)	
5	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand			
	Local currency		**32,439,852**	31,732,010
	Foreign currencies		**4,494,979**	4,413,924
			36,934,831	36,145,934
	With State Bank of Pakistan in			
	Local currency current accounts	5.1	**124,839,494**	89,523,321
	Foreign currency current accounts	5.2	**6,497,792**	6,660,233
	Foreign currency deposit accounts	5.3	**19,321,075**	18,077,471
			150,658,361	114,261,025
	With other Central Banks in			
	Foreign currency current accounts	5.4	**62,151,099**	37,297,608
	Foreign currency deposit accounts	5.5	**16,988,678**	5,424,122
			79,139,777	42,721,730
	With National Bank of Pakistan in			
	Local currency current accounts		**99,821,234**	85,848,781
	Local currency deposit account	5.6	**451,515**	355,293
	National Prize Bonds		**587,999**	127,925
			367,593,717	279,460,688

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 1.51% per annum (2018: 0.00% to 1.35% per annum).

5.4 These represent balances held with the central banks of the overseas countries in which the Group operates, in accordance with local statutory / regulatory requirements. These include balances in remunerative current accounts amounting to Rs 32,403.898 million (2018: Rs 7,113.816 million), which carry mark-up at rates ranging from 0.75% to 2.00% per annum (2018: 0.65% to 2.00% per annum).

5.5 These represent balances held with the central banks of the overseas countries in which the Group operates, in accordance with local statutory / regulatory requirements. These carry mark-up at rates ranging from 0.00% to 15.00% per annum (2018: 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 a rate of 8.25% per annum (2018: 3.00% per annum).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
			(Rupees in '000)	
6	**BALANCES WITH OTHER BANKS**			
	In Pakistan			
	In current accounts		190,077	231,594
	In deposit accounts	6.1	2,907,156	3,284,178
			3,097,233	3,515,772
	Outside Pakistan			
	In current accounts	6.2	19,623,240	16,511,609
	In deposit accounts	6.3	18,528,081	22,614,641
			38,151,321	39,126,250
			41,248,554	42,642,022

6.1 These carry mark-up at rates ranging from 3.75% to 14.25% per annum (2018: 3.75% to 11.00% per annum).

6.2 This includes the balance in a remunerative current account amounting to Rs 5,419.666 million (2018: Rs 4,860.167 million), which carries mark-up at a rate of 0.60% per annum (2018: 0.85% per annum).

6.3 These carry mark-up at rates ranging from 0.05% to 11.75% per annum (2018: 0.15% to 23.55% per annum).

		Note	2019	2018
			(Rupees in '000)	
7	**LENDINGS TO FINANCIAL INSTITUTIONS**			
	Call money lendings	7.2	300,000	8,900,000
	Repurchase agreement lendings (reverse repo)	7.3	24,514,015	38,045,810
	Bai Muajjal receivables			
	- with State Bank of Pakistan	7.4	20,489,184	-
	- with other financial institutions		-	4,331,526
			20,489,184	4,331,526
			45,303,199	51,277,336

7.1 Lending to financial institutions are all in local currency.

7.2 Call money lendings carry mark-up at rates ranging from 13.50% to 13.65% per annum (2018: 8.21% to 9.60% per annum) and are due to mature latest by March 02, 2020.

7.3 Repurchase agreement lendings carry mark-up at rates ranging from 13.20% to 13.55% per annum (2018: 8.40% to 10.39% per annum) and are due to mature latest by January 24, 2020.

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

	2019			2018		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	980,222	-	980,222	4,995,810	-	4,995,810
Pakistan Investment Bonds	23,533,793	-	23,533,793	33,050,000	-	33,050,000
	24,514,015	-	24,514,015	38,045,810	-	38,045,810

7.3.2 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs 24,529.447 million (2018: Rs 37,301.886 million).

7.4 Bai Muajjal receivables from State Bank of Pakistan (SBP) carry profit at a rate of 10.63% per annum and are due to mature latest by February 07, 2020.

Notes to the Consolidated Financial Statements

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8 INVESTMENTS

8.1 Investments by type

	Note	2019				2018			
		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		254,388,566	-	(127,306)	254,261,260	2,569,965	-	(1,499)	2,568,466
- Pakistan Investment Bonds		12,596,388	-	33,166	12,629,554	3,683,617	-	(12,287)	3,671,330
Foreign securities									
- Government debt securities		99,386	-	10,549	109,935	90,499	-	24,575	115,074
		267,084,340	-	(83,591)	267,000,749	6,344,081	-	10,789	6,354,870
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills	8.3	350,848,825	-	82,500	350,931,325	758,446,236	-	(275,397)	758,170,839
- Pakistan Investment Bonds	8.3	449,714,794	-	3,837,538	453,552,332	234,800,806	-	(10,064,365)	224,736,441
- Ijarah Sukuks		4,667,551	-	(46,478)	4,621,073	53,675,083	-	(170,821)	53,504,262
- Government of Pakistan US Dollar Bonds		4,813,973	(138,672)	307,929	4,983,230	5,759,910	(33,047)	(52,654)	5,674,209
Shares									
- Listed companies		9,626,801	(4,198,407)	1,225,135	6,653,529	14,599,566	(4,043,987)	(385,376)	10,170,203
- Unlisted companies		4,820,042	(82,274)	-	4,737,768	3,761,058	(82,274)	-	3,678,784
Non-Government debt securities									
- Listed	8.4	1,750,000	-	(27,251)	1,722,749	-	-	-	-
- Unlisted	8.4	2,286,134	(270,877)	-	2,015,257	4,949,525	(274,630)	-	4,674,895
Foreign securities									
- Government debt securities		33,895,775	(186,259)	346,033	34,055,549	21,179,684	(45,262)	(12,207)	21,122,215
- Non-Government debt securities		-		-					
- Listed		16,245,897	(620,914)	74,576	15,699,559	50,437,302	(383,589)	(626,014)	49,427,699
- Unlisted		348,686	(1,713)	2,411	349,384	6,477,305	(2,724)	944	6,475,525
- Equity securities - Unlisted		5,912	-	-	5,912	5,413	-	-	5,413
National Investment Trust units		11,113	-	31,691	42,804	11,113	-	31,449	42,562
Real Estate Investment Trust units		55,000	-	7,450	62,450	55,000	-	4,950	59,950
Preference shares		44,400	-	-	44,400	97,500	-	-	97,500
		879,134,903	(5,499,116)	5,841,534	879,477,321	1,154,255,501	(4,865,513)	(11,549,491)	1,137,840,497
Held-to-maturity (HTM) securities	8.7								
Federal Government securities									
- Market Treasury Bills		274,477	-	-	274,477	154,580	-	-	154,580
- Pakistan Investment Bonds	8.3, 8.5 & 8.6	157,029,540	-	-	157,029,540	172,011,963	-	-	172,011,963
- Government of Pakistan US Dollar Bonds		-	-	-	-	139,274	-	-	139,274
- Other Federal Government securities		10,794,000	-	-	10,794,000	-	-	-	-
Non-Government debt securities									
- Listed		5,799,373	-	-	5,799,373	9,092,850	-	-	9,092,850
- Unlisted		19,705,186	-	-	19,705,186	22,538,405	-	-	22,538,405
Foreign Securities									
- Government debt securities		7,373,574	(2,459)	-	7,371,115	8,657,345	(609)	-	8,656,736
- Non-Government debt securities									
- Listed		1,280,682	-	-	1,280,682	3,102,180	-	-	3,102,180
- Unlisted		516,268	(3,335)	-	512,933	642,242	(110)	-	642,132
		202,773,100	(5,794)	-	202,767,306	216,338,839	(719)	-	216,338,120
Investments in associates and joint venture	8.13	30,363,064	-	(1,061)	30,362,003	29,013,650	-	505,327	29,518,977
Total Investments		1,379,355,407	(5,504,910)	5,756,882	1,379,607,379	1,405,952,071	(4,866,232)	(11,033,375)	1,390,052,464

Notes to the Consolidated Financial Statements

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8.2 Investments by segments

	Note	2019				2018			
		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		605,511,868	-	(44,806)	605,467,062	761,170,781	-	(276,896)	760,893,885
Pakistan Investment Bonds		619,340,722	-	3,870,704	623,211,426	410,496,386	-	(10,076,652)	400,419,734
Ijarah Sukuks		4,667,551	-	(46,478)	4,621,073	53,675,083	-	(170,821)	53,504,262
Government of Pakistan US Dollar Bonds		4,813,973	(138,672)	307,929	4,983,230	5,899,184	(33,047)	(52,654)	5,813,483
Other Federal Government securities		10,794,000	-	-	10,794,000	-	-	-	-
		1,245,128,114	(138,672)	4,087,349	1,249,076,791	1,231,241,434	(33,047)	(10,577,023)	1,220,631,364
Shares									
Listed companies		9,626,801	(4,198,407)	1,225,135	6,653,529	14,599,566	(4,043,987)	(385,376)	10,170,203
Unlisted companies		4,820,042	(82,274)	-	4,737,768	3,761,058	(82,274)	-	3,678,784
		14,446,843	(4,280,681)	1,225,135	11,391,297	18,360,624	(4,126,261)	(385,376)	13,848,987
Non-Government debt securities									
Listed		7,549,373	-	(27,251)	7,522,122	9,092,850	-	-	9,092,850
Unlisted		21,991,320	(270,877)	-	21,720,443	27,487,930	(274,630)	-	27,213,300
		29,540,693	(270,877)	(27,251)	29,242,565	36,580,780	(274,630)	-	36,306,150
Foreign securities									
Government debt securities		41,368,735	(188,718)	356,582	41,536,599	29,927,528	(45,871)	12,368	29,894,025
Non-Government debt securities									
Listed		17,526,579	(620,914)	74,576	16,980,241	53,539,482	(383,589)	(626,014)	52,529,879
Unlisted		864,954	(5,048)	2,411	862,317	7,119,547	(2,834)	944	7,117,657
Equity securities - Unlisted		5,912	-	-	5,912	5,413	-	-	5,413
		59,766,180	(814,680)	433,569	59,385,069	90,591,970	(432,294)	(612,702)	89,546,974
National Investment Trust units		11,113	-	31,691	42,804	11,113	-	31,449	42,562
Real Estate Investment Trust units		55,000	-	7,450	62,450	55,000	-	4,950	59,950
Preference shares		44,400	-	-	44,400	97,500	-	-	97,500
Investments in associates and joint venture	8.2.1								
Diamond Trust Bank Kenya Limited		14,737,817	-	7,395	14,745,212	11,717,187	-	-	11,717,187
Himalayan Bank Limited, Nepal		4,908,010	-	(10,037)	4,897,973	3,779,452	-	(1,590)	3,777,862
Kyrgyz Investment and Credit Bank, Kyrgyz Republic		1,867,678	-	-	1,867,678	1,594,778	-	-	1,594,778
Jubilee General Insurance Company Limited		2,899,687	-	25,228	2,924,915	2,840,731	-	232,974	3,073,705
Jubilee Life Insurance Company Limited		2,048,841	-	(1,421)	2,047,420	1,940,512	-	(2,123)	1,938,389
HBL Cash Fund		55,907	-	-	55,907	28,573	-	-	28,573
HBL Energy Fund		307,632	-	-	307,632	301,246	-	-	301,246
HBL Equity Fund		-	-	-	-	54,057	-	-	54,057
HBL Financial Planning Fund - Strategic Allocation Plan		-	-	-	-	96,694	-	-	96,694
HBL Government securities Fund		-	-	-	-	11,038	-	-	11,038
HBL Income Fund		223,994	-	-	223,994	821,419	-	(329)	821,090
HBL Islamic Asset Allocation Fund		210,927	-	-	210,927	631,037	-	(3,537)	627,500
HBL Islamic Equity Fund		97,356	-	-	97,356	59,059	-	-	59,059
HBL Islamic Income Fund		-	-	-	-	266,065	-	-	266,065
HBL Islamic Money Market Fund		228,902	-	-	228,902	321,276	-	-	321,276
HBL Islamic Pension Fund - Debt Sub Fund		-	-	-	-	45,704	-	234	45,938
HBL Islamic Pension Fund - Equity Sub Fund		51,303	-	-	51,303	78,532	-	16,180	94,712
HBL Islamic Pension Fund - Money Market Sub Fund		-	-	-	-	45,555	-	13	45,568
HBL Islamic Stock Fund		280,905	-	-	280,905	636,153	-	63,365	699,518
HBL Money Market Fund		475,932	-	-	475,932	992,991	-	(57)	992,934
HBL Multi Asset Fund		91,141	-	-	91,141	96,973	-	77,977	174,950
HBL Pension Fund - Equity Sub Fund		78,139	-	-	78,139	94,177	-	9,388	103,565
HBL Pension Fund - Debt Sub Fund		-	-	-	-	52,450	-	(9)	52,441
HBL Pension Fund - Money Market Sub Fund		-	-	-	-	48,988	-	(5)	48,983
HBL Stock Fund		968,613	-	-	968,613	1,805,581	-	97,619	1,903,200
HBL Investment Fund Class A		345,720	-	(22,226)	323,494	336,967	-	(28,470)	308,497
HBL Investment Fund Class B		484,560	-	-	484,560	316,455	-	43,697	360,152
		30,363,064	-	(1,061)	30,362,003	29,013,650	-	505,327	29,518,977
Total investments		1,379,355,407	(5,504,910)	5,756,882	1,379,607,379	1,405,952,071	(4,866,232)	(11,033,375)	1,390,052,464

8.2.1 The surplus / (deficit) on investments in associates and joint venture represents the Group's share of surplus / (deficit) on investments held by these entities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

8.2.2 Investments given as collateral

	2019	2018
	(Rupees in '000)	
The market value of investments given as collateral against borrowings is as follows:		
Federal Government securities		
- Market Treasury Bills	**128,024,805**	333,213,434
- Pakistan Investment Bonds	**71,061,088**	29,329,018
Foreign securities		
- Government debt securities	**-**	674,637
- Non-Government debt securities - Listed	**-**	12,381,600
	199,085,893	375,598,689

8.3 Investments include securities amounting to Rs 339,606.770 million (2018: Rs 304,162.454 million) which are held to comply with the SBP's statutory liquidity requirements and are available for rediscounting with the SBP.

8.4 During the year, the Bank has reclassified certain non-Government debt securities amounting to Rs 2,551.000 million from the held-to-maturity category to the available-for-sale category post regulatory approval.

8.5 Investments include Rs 225.167 million (2018: Rs 222.214 million) pledged with the SBP against TT/DD discounting facilities and demand loan facilities.

8.6 Investments include Rs 9.897 million (2018: Rs 9.768 million) pledged with the Controller of Military Accounts in lieu of Regimental Fund Accounts being maintained at various branches of the Bank.

8.7 The market value of investments classified as held-to-maturity amounted to Rs 194,167.529 million (2018: Rs 200,465.358 million).

8.8 Particulars of provision held against diminution in the value of investments

	2019	2018
	(Rupees in '000)	
Opening balance	**4,866,232**	1,503,051
Exchange adjustments	**85,592**	41,910
Charge / reversals		
Charge for the year	**2,986,488**	4,000,586
Reversal for the year	**(64,476)**	(28,757)
Reversal on disposal during the year	**(2,368,926)**	(650,558)
Net charge	**553,086**	3,321,271
Closing balance	**5,504,910**	4,866,232

8.9 Particulars of provision against debt securities

Category of classification	2019		2018	
	Non Performing Investments	Provision	Non Performing Investments	Provision
Domestic	(Rupees in '000)			
Loss	**270,877**	**270,877**	274,630	274,630
Overseas				
Not past due but impaired	**826,324**	**599,126**	724,975	377,549
	1,097,201	**870,003**	999,605	652,179

8.9.1 In addition to the above, certain overseas branches hold a general provision of Rs 354.226 million (2018: Rs 87.792 million) against investments in accordance with the requirements of IFRS 9.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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

Details regarding the quality of AFS securities are as follows:

	2019	2018
	Cost	
	(Rupees in '000)	
Federal Government securities - Government guaranteed		
Market Treasury Bills	350,848,825	758,446,236
Pakistan Investment Bonds	449,714,794	234,800,806
Ijarah Sukuks	4,667,551	53,675,083
Government of Pakistan US Dollar Bonds	4,813,973	5,759,910
	810,045,143	1,052,682,035
Shares		
Listed companies		
Automobile Parts and Accessories	122,869	122,869
Cement	179,510	2,493,024
Chemicals	290,558	224,083
Commercial Banks	562,338	1,115,136
Engineering	13,765	285,553
Fertilizer	1,020,171	1,566,292
Food and Personal Care Products	62,871	696,032
Insurance	263,526	270,498
Investment Banks / Investment Companies / Securities Companies	1,122,067	1,122,067
Oil and Gas Exploration Companies	952,594	921,375
Oil and Gas Marketing Companies	549,246	842,659
Power Generation and Distribution	3,134,533	3,586,815
Refinery	80,532	386,561
Technology and Communication	561,362	592,848
Textile Composite	710,859	373,754
	9,626,801	14,599,566

	2019		2018	
	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Unlisted companies				
Central Depository Company of Pakistan Limited	256,347	690,272	256,347	658,861
Engro Powergen Thar (Private) Limited	2,086,591	3,231,413	1,599,623	2,624,676
Pakistan Mortgage Refinance Company Limited	500,000	594,508	500,000	501,286
Sindh Engro Coal Mining Company Limited	1,888,274	2,312,341	1,316,258	1,575,511
Pak Agriculture Storage and Services Corporation Limited	5,500	1,622,928	5,500	1,331,012
DHA Cogen Limited	-	(2,497,155)	-	(2,497,155)
National Institutional Facilitation Technologies (Private) Limited	1,527	69,766	1,527	71,188
First Women Bank Limited	63,300	203,928	63,300	208,937
National Investment Trust Limited	100	856,227	100	972,967
SME Bank Limited	13,474	(9,778)	13,474	(9,778)
Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T)	4,929	39,295	4,929	41,350
	4,820,042	7,113,745	3,761,058	5,478,855

Non-Government debt securities	Note	2019	2018
		Cost	
		(Rupees in '000)	
Listed			
AA+, AA, AA-		1,450,000	-
A+, A, A-		300,000	-
		1,750,000	-
Unlisted			
AA+, AA, AA-		801,000	-
Unrated	8.10.1	1,485,134	4,949,525
		2,286,134	4,949,525
		4,036,134	4,949,525

8.10.1 These include investments in unlisted non-Government debt securities amounting to Rs 1,214.257 million (2018: 4,674.895 million) which are guaranteed by the Government.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

Foreign securities	2019		2018	
	Cost	Rating	Cost	Rating
Government debt securities	(Rupees in '000)		(Rupees in '000)	
Bahrain	**3,334,917**	**B+**	2,624,914	BB-
Germany	**693,098**	**Aa1**	977,881	Aaa
Indonesia	**30,775**	**Baa2**	27,656	Baa2
Lebanon	**766,390**	**Caa2**	1,282,142	B3
Maldives	**8,376,859**	**B2**	4,770,054	B2
Mauritius	**5,314,476**	**Baa1**	2,952,693	Baa1
Netherlands	**1,432,543**	**Aaa**	1,670,729	Aaa
Oman	**1,214,022**	**Ba1**	1,681,143	Baa3
Singapore	**2,640,462**	**Aaa**	2,440,884	Aaa
South Africa	**-**	**-**	702,195	Baa3
Sri Lanka	**3,013,877**	**B2**	878,846	B2
United States of America	**4,150,598**	**Aaa**	1,170,547	Aaa
Egypt	**2,094,746**	**B2**	-	-
Kenya	**833,012**	**B2**	-	-
	33,895,775		21,179,684	

Non-Government debt securities	2019	2018
	Cost	
Listed	(Rupees in '000)	
AAA	**3,061,627**	2,712,688
AA+, AA, AA-	**3,089,462**	9,003,225
A+, A, A-	**2,974,532**	19,529,831
BBB+, BBB, BBB-	**3,186,119**	16,297,458
BB+, BB, BB-	**2,326,404**	1,485,910
B+, B, B-	**781,429**	683,215
CCC and below	**826,324**	724,975
	16,245,897	50,437,302
Unlisted		
AAA	**-**	102,009
A+, A, A-	**-**	1,890,230
Unrated	**348,686**	4,485,066
	348,686	6,477,305
Equity securities - Unlisted		
The Benefit Company, Bahrain	**3,285**	2,947
Credit Information Bureau, Sri Lanka	**68**	61
LankaClear (Private) Limited, Sri Lanka	**427**	380
SME Equity Fund Limited, Mauritius	**2,132**	2,025
	5,912	5,413
National Investment Trust units - listed	**11,113**	11,113
Real Estate Investment Trust units - listed	**55,000**	55,000
Preference shares - listed	**44,400**	97,500

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For the year ended December 31, 2019

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

	2019	2018
	Cost / amortised cost (Rupees in '000)	
Federal Government securities - Government guaranteed		
Market Treasury Bills	274,477	154,580
Pakistan Investment Bonds	157,029,540	172,011,963
Government of Pakistan US Dollar Bonds	-	139,274
Other Federal Government securities	10,794,000	-
	168,098,017	172,305,817
Non-Government debt securities		
Listed		
AA+, AA, AA-	3,564,480	8,658,877
A+, A, A-	2,234,893	433,973
	5,799,373	9,092,850
Unlisted		
AAA	10,639,578	11,327,025
AA+, AA, AA-	149,910	3,689,018
A+, A, A-	3,250,139	2,403,822
Unrated	5,665,559	5,118,540
	19,705,186	22,538,405

Foreign securities	2019		2018	
Government debt securities	Cost / amortised cost (Rupees in '000)	Rating	Cost / amortised cost (Rupees in '000)	Rating
Bahrain	1,225,625	B+	866,409	BB-
Bangladesh	1,497,431	Ba3	1,500,969	Ba3
Indonesia	-	-	695,841	Baa2
Kenya	-	-	486,491	B1
Lebanon	143,425	Caa2	342,548	B3
Maldives	-	-	904,084	B2
Mauritius	213,289	Baa1	304,077	Baa1
Oman	2,580,917	Ba1	2,861,553	Baa3
Sri Lanka	1,712,887	B2	695,373	B2
	7,373,574		8,657,345	

Non-Government debt securities	2019	2018
Listed	Cost / amortised cost (Rupees in '000)	
AAA	-	692,254
AA+, AA, AA-	-	415,530
A+, A, A-	-	415,519
BBB+, BBB, BBB-	770,140	692,384
BB+, BB, BB-	-	319,849
Unrated	510,542	566,644
	1,280,682	3,102,180
Unlisted		
AA+, AA, AA-	516,268	642,242
	516,268	642,242

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

8.12 Summary of financial information of associates and joint venture

	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	9,936,479	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%	-	-	52,357	39,712	39,712
HBL Financial Planning Fund - Strategic Allocation Plan	December 31, 2019	Pakistan	0.00%	-	-	7,544	6,631	6,631
HBL Government Securities Fund	December 31, 2019	Pakistan	0.00%	-	-	289,620	239,345	239,345
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 Income Fund	December 31, 2019	Pakistan	0.00%	-	-	323,604	58,499	58,499
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 - Debt Sub Fund	December 31, 2019	Pakistan	0.00%	-	-	24,762	3,101	3,101
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 Pension Fund - Money Market Sub Fund	December 31, 2019	Pakistan	0.00%	-	-	15,727	2,490	2,490
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 - Debt Sub Fund	December 31, 2019	Pakistan	0.00%	-	-	8,630	1,498	1,498
HBL Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	32.88%	241,494	3,847	36,741	30,685	30,685
HBL Pension Fund - Money Market Sub Fund	December 31, 2019	Pakistan	0.00%	-	-	6,466	1,152	1,152
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

	2018							
	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, 2018	Kenya	16.15%	525,377,300	447,614,792	49,162,423	8,363,446	7,791,007
Himalayan Bank Limited	October 17, 2018	Nepal	20.00%	153,717,681	135,061,073	13,288,725	3,015,678	3,020,298
Kyrgyz Investment and Credit Bank	December 31, 2018	Kyrgyzstan	18.00%	52,956,428	43,965,367	3,978,561	571,876	571,876
Jubilee General Insurance Company Limited	September 30, 2018	Pakistan	19.80%	23,190,518	14,828,283	6,426,986	1,082,427	141,371
Jubilee Life Insurance Company Limited	September 30, 2018	Pakistan	18.52%	137,154,653	127,160,799	53,626,535	2,934,367	2,519,951
HBL Cash fund	December 31, 2018	Pakistan	0.28%	16,319,133	6,005,147	907,630	777,931	777,931
HBL Energy Fund	December 31, 2018	Pakistan	35.86%	877,028	42,772	(78,843)	(114,164)	(114,164)
HBL Equity Fund	December 31, 2018	Pakistan	19.37%	283,020	13,186	(3,944)	(16,183)	(16,183)
HBL Financial Planning Fund - Strategic Allocation Plan	December 31, 2018	Pakistan	50.73%	191,895	318	(5,910)	(7,464)	(7,464)
HBL Government Securities Fund	December 31, 2018	Pakistan	4.12%	233,345	24,743	33,785	25,373	25,373
HBL Income Fund	December 31, 2018	Pakistan	35.57%	2,097,234	56,949	217,034	167,674	163,277
HBL Islamic Asset Allocation Fund	December 31, 2018	Pakistan	28.04%	2,253,997	2,232,949	127,722	59,111	51,684
HBL Islamic Equity Fund	December 31, 2018	Pakistan	9.75%	574,962	15,781	12,385	(27,837)	(27,837)
HBL Islamic Income Fund	December 31, 2018	Pakistan	7.13%	3,769,559	36,614	314,928	253,982	253,982
HBL Islamic Money Market Fund	December 31, 2018	Pakistan	32.35%	974,480	7,420	62,408	49,359	49,359
HBL Islamic Pension Fund - Debt Sub Fund	December 31, 2018	Pakistan	39.37%	111,923	1,130	6,707	4,500	4,181
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2018	Pakistan	57.86%	189,006	3,801	190	(4,557)	5,808
HBL Islamic Pension Fund - Money Market Sub Fund	December 31, 2018	Pakistan	45.88%	94,573	890	5,443	3,664	3,702
HBL Islamic Stock Fund	December 31, 2018	Pakistan	29.24%	2,274,282	36,665	(126,967)	(214,001)	(195,650)
HBL Money Market Fund	December 31, 2018	Pakistan	12.39%	10,973,341	3,520,870	521,111	429,651	429,651
HBL Multi Asset Fund	December 31, 2018	Pakistan	50.20%	282,413	16,493	17,126	(1,929)	(5,927)
HBL Pension Fund - Debt Sub Fund	December 31, 2018	Pakistan	28.20%	176,381	2,203	12,552	8,687	8,588
HBL Pension Fund - Equity Sub Fund	December 31, 2018	Pakistan	45.22%	222,227	2,972	12,411	(4,453)	10,307
HBL Pension Fund - Money Market Sub Fund	December 31, 2018	Pakistan	27.38%	168,263	1,864	11,149	7,960	7,960
HBL Stock Fund	December 31, 2018	Pakistan	49.76%	4,198,376	844,630	(234,682)	(436,709)	(344,301)
HBL Investment Fund Class A	December 31, 2018	Pakistan	17.13%	2,193,289	9,164	37,705	(1,237)	(205,443)
HBL Investment Fund Class B	December 31, 2018	Pakistan	17.32%	2,747,029	249,721	(79,713)	(206,909)	(206,909)
PICIC Investment Fund	December 31, 2018	Pakistan	0.00%	-	-	200,505	115,858	308,902

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	(Rupees in '000)	
8.13 Investment in associates and Joint venture		
Diamond Trust Bank Kenya Limited - Listed		
Opening balance	**11,717,187**	8,800,801
Share of profit - net of tax	**1,605,033**	1,350,819
Movement in share of surplus / deficit on fixed assets	**-**	(2,467)
Movement in share of surplus / deficit on investments - net of tax	**7,395**	65,258
Share of other comprehensive income - net of tax	**171,216**	(91,121)
Exchange translation impact	**1,424,422**	1,734,157
Dividend received	**(180,041)**	(140,260)
Closing balance	**14,745,212**	11,717,187
Himalayan Bank Limited, Nepal - Listed		
Opening balance	**3,777,862**	2,739,781
Share of profit - net of tax	**771,742**	603,114
Movement in share of surplus / deficit on investments - net of tax	**(8,447)**	(1,590)
Exchange translation impact	**356,816**	436,557
Closing balance	**4,897,973**	3,777,862
Kyrgyz Investment and Credit Bank, Kyrgyz Republic - Unlisted		
Opening balance	**1,594,778**	1,187,420
Share of profit - net of tax	**87,763**	95,147
Exchange translation impact	**205,041**	329,101
Dividend received	**(19,904)**	(16,890)
Closing balance	**1,867,678**	1,594,778
Jubilee General Insurance Company Limited - Listed		
Opening balance	**3,073,705**	2,678,795
Investment	**-**	90,061
Share of profit - net of tax	**202,108**	215,392
Movement in share of surplus / deficit on investments - net of tax	**(207,746)**	232,974
Share of capital contribution from statutory fund	**-**	1,550
Share of other comprehensive income - net of tax	**(214)**	(2,129)
Dividend received	**(142,938)**	(142,938)
Closing balance	**2,924,915**	3,073,705
Jubilee Life Insurance Company Limited - Listed		
Opening balance	**1,938,389**	1,533,450
Share of profit - net of tax	**361,732**	634,140
Movement in share of surplus / deficit on investments - net of tax	**702**	(2,123)
Share of capital contribution from statutory fund	**-**	27,776
Share of other comprehensive income - net of tax	**3,667**	2,216
Dividend received	**(257,070)**	(257,070)
Closing balance	**2,047,420**	1,938,389
HBL Cash fund		
Opening balance	**28,573**	86,069
Investment	**936,652**	180,908
Share of profit	**12,630**	4,679
Redemption	**(913,565)**	(242,175)
Dividend received	**(8,165)**	(908)
Other movement	**(218)**	-
Closing balance	**55,907**	28,573

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	(Rupees in '000)	
HBL Energy Fund		
Opening balance	**301,246**	443,653
Investment	**75,000**	32,000
Share of profit / (loss)	**7,892**	(41,407)
Redemption	**(74,388)**	(133,000)
Other movement	**(2,118)**	-
Closing balance	**307,632**	301,246
HBL Equity Fund		
Opening balance	**54,057**	87,236
Investment	**25,000**	20,000
Share of loss	**(176)**	(1,179)
Redemption	**(77,103)**	(52,000)
Other movement	**(1,778)**	-
Closing balance	**-**	54,057
HBL Financial Planning Fund - Strategic Allocation Plan		
Opening balance	**96,694**	99,924
Investment	**412**	-
Share of profit / (loss)	**3,711**	(3,230)
Redemption	**(100,332)**	-
Dividend received	**(485)**	-
Closing balance	**-**	96,694
HBL Government Securities Fund		
Opening balance	**11,038**	101,224
Investment	**98,493**	98,702
Share of profit	**2,574**	3,862
Redemption	**(108,775)**	(189,048)
Dividend received	**-**	(3,702)
Other movement	**(3,330)**	-
Closing balance	**-**	11,038
HBL Income Fund		
Opening balance	**821,090**	1,753,147
Investment	**-**	135,120
Share of profit	**31,300**	78,133
Redemption	**(515,082)**	(1,089,374)
Movement in share of surplus / deficit on investments	**-**	(816)
Dividend received	**(18,000)**	(55,120)
Other movement	**(95,314)**	-
Closing balance	**223,994**	821,090
HBL Islamic Asset Allocation Fund		
Opening balance	**627,500**	615,419
Investment	**-**	1,807
Share of profit	**36,334**	11,359
Redemption	**(451,520)**	-
Movement in share of surplus / deficit on investments	**-**	722
Dividend received	**-**	(1,807)
Other movement	**(1,387)**	-
Closing balance	**210,927**	627,500

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For the year ended December 31, 2019

	2019	2018
	(Rupees in '000)	
HBL Islamic Equity Fund		
Opening balance	**59,059**	85,921
Investment	**490,332**	-
Share of profit / (loss)	**19,914**	(1,862)
Redemption	**(467,382)**	(25,000)
Other movement	**(4,567)**	-
Closing balance	**97,356**	59,059
HBL Islamic Income Fund		
Opening Balance	**266,065**	250,652
Investment	**-**	139,161
Share of profit	**3,896**	17,005
Redemption	**(269,961)**	(133,602)
Dividend received	**-**	(7,151)
Closing balance	**-**	266,065
HBL Islamic Money Market Fund		
Opening balance	**321,276**	405,136
Investment	**15**	12,035
Share of profit	**25,956**	19,051
Redemption	**(80,649)**	(102,911)
Dividend received	**(29,193)**	(12,035)
Other movement	**(8,503)**	-
Closing balance	**228,902**	321,276
HBL Islamic Pension Fund - Debt Sub Fund		
Opening balance	**45,938**	44,238
Share of profit	**582**	1,785
Redemption	**(44,195)**	-
Movement in share of surplus / deficit on investments	**-**	(85)
Other movement	**(2,325)**	-
Closing balance	**-**	45,938
HBL Islamic Pension Fund - Equity Sub Fund		
Opening balance	**94,712**	98,709
Share of profit / (loss)	**5,446**	(11,339)
Redemption	**(61,302)**	-
Movement in share of surplus / deficit on investments	**-**	7,342
Other movement	**12,447**	-
Closing balance	**51,303**	94,712
HBL Islamic Pension Fund - Money Market Sub Fund		
Opening balance	**45,568**	43,684
Share of profit	**461**	1,867
Redemption	**(43,447)**	-
Movement in share of surplus / deficit on investments	**-**	17
Other movement	**(2,582)**	-
Closing balance	**-**	45,568
HBL Islamic Stock Fund		
Opening balance	**699,518**	735,027
Share of profit / (loss)	**5,136**	(40,309)
Redemption	**(378,415)**	-
Movement in share of surplus / deficit on investments	**-**	4,800
Other movement	**(45,334)**	-
Closing balance	**280,905**	699,518

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	2019	2018
	(Rupees in '000)	
HBL Money Market Fund		
Opening balance	**992,934**	358,829
Investment	**100,021**	712,875
Share of profit	**100,785**	45,217
Redemption	**(575,000)**	(111,112)
Dividend received	**(74,022)**	(12,875)
Other movement	**(68,786)**	-
Closing balance	**475,932**	992,934
HBL Multi Asset Fund		
Opening balance	**174,950**	177,653
Share of profit / (loss)	**13,260**	(3,549)
Redemption	**(55,618)**	-
Movement in share of surplus / deficit on investments	**-**	846
Other movement	**(41,451)**	-
Closing balance	**91,141**	174,950
HBL Pension Fund - Debt Sub Fund		
Opening balance	**52,441**	50,186
Share of profit	**634**	2,244
Redemption	**(49,756)**	-
Movement in share of surplus / deficit on investments	**-**	11
Other movement	**(3,319)**	-
Closing balance	**-**	52,441
HBL Pension Fund - Equity Sub Fund		
Opening balance	**103,565**	108,715
Share of profit / (loss)	**10,696**	(12,096)
Redemption	**(31,701)**	-
Movement in share of surplus / deficit on investments	**-**	6,946
Other movement	**(4,421)**	-
Closing balance	**78,139**	103,565
HBL Pension Fund - Money Market Sub Fund		
Opening balance	**48,983**	46,666
Share of profit	**689**	2,317
Redemption	**(46,255)**	-
Other movement	**(3,417)**	-
Closing balance	**-**	48,983
HBL Stock Fund		
Opening balance	**1,903,200**	4,085,573
Investment	**150,000**	-
Share of profit / (loss)	**112,823**	(211,890)
Redemption	**(962,950)**	(2,007,683)
Movement in share of surplus / deficit on investments	**-**	37,200
Other movement	**(234,460)**	-
Closing balance	**968,613**	1,903,200
PICIC Investment Fund		
Opening balance	**-**	739,910
Share of profit	**-**	19,843
Movement in share of surplus / deficit on investments	**-**	33,063
Transfer out on liquidation of PICIC Investment Fund	**-**	(709,552)
Transfer out of surplus on liquidation of PICIC Investment Fund	**-**	(83,264)
Closing balance	**-**	-

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	2019	2018
	(Rupees in '000)	
HBL Investment Fund - Class A		
Opening balance	308,497	-
Transfer in on liquidation of PICIC Investment Fund	-	337,179
Transfer in of surplus on liquidation of PICIC Investment Fund	-	39,567
Share of profit / (loss)	8,753	(212)
Movement in share of surplus / deficit on investments	6,244	(68,037)
Closing balance	323,494	308,497
HBL Investment Fund - Class B		
Opening balance	360,152	-
Transfer in on liquidation of PICIC Investment Fund	-	372,373
Transfer in of surplus on liquidation of PICIC Investment Fund	-	43,697
Share of profit / (loss)	51,919	(55,918)
Other movement	72,489	-
Closing balance	484,560	360,152
	30,362,003	29,518,977

8.13.1 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	
		2019	2018	2019	2018	2019	2018
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	924,157,670	904,889,946	76,667,738	75,471,126	1,000,825,408	980,361,072
Islamic financing and related assets	9.2	153,061,117	103,488,928	258,381	111,174	153,319,498	103,600,102
Bills discounted and purchased		84,198,315	63,223,929	4,979,731	5,248,713	89,178,046	68,472,642
Advances - gross		1,161,417,102	1,071,602,803	81,905,850	80,831,013	1,243,322,952	1,152,433,816
Provision against advances							
- Specific	9.5	-	-	(72,634,967)	(68,465,249)	(72,634,967)	(68,465,249)
- General		(3,730,991)	(3,528,347)	-	-	(3,730,991)	(3,528,347)
		(3,730,991)	(3,528,347)	(72,634,967)	(68,465,249)	(76,365,958)	(71,993,596)
Advances - net of provision		1,157,686,111	1,068,074,456	9,270,883	12,365,764	1,166,956,994	1,080,440,220

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

	2019				2018			
	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	1,564,701	15,516,076	9,332,835	26,413,612	1,554,003	14,575,282	7,001,230	23,130,515
Financial charges for future periods	(185,399)	(2,606,227)	(2,964,213)	(5,755,839)	(161,003)	(2,140,692)	(1,917,439)	(4,219,134)
Net investment in finance lease	1,379,302	12,909,849	6,368,622	20,657,773	1,393,000	12,434,590	5,083,791	18,911,381

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

9.3 Particulars of advances (Gross)

	2019	2018
	(Rupees in '000)	
In local currency	984,282,028	935,571,558
In foreign currencies	259,040,924	216,862,258
	1,243,322,952	1,152,433,816

9.4 Advances include Rs. 81,905.850 million (2018: Rs. 80,831.013 million) which have been placed under non-performing status as detailed below:

Category of classification	2019		2018	
	Non-performing advances	Provision	Non-performing advances	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	934,211	-	873,750	-
Substandard	2,409,093	576,601	4,154,859	662,072
Doubtful	1,894,866	944,565	1,708,204	852,642
Loss	43,692,805	42,625,135	42,080,394	41,014,020
	48,930,975	44,146,301	48,817,207	42,528,734
Overseas				
Not past due but impaired	48,676	23,643	1,703,389	432,809
Overdue by:				
Upto 90 days	215,921	101,186	47,250	3,875
91 to 180 days	1,719,141	483,043	1,910,162	1,156,936
181 to 365 days	755,391	343,117	1,813,514	1,003,933
> 365 days	30,235,746	27,537,677	26,539,491	23,338,962
	32,974,875	28,488,666	32,013,806	25,936,515
Total	81,905,850	72,634,967	80,831,013	68,465,249

9.5 Particulars of provision against advances

	Note	2019			2018		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		68,465,249	3,528,347	71,993,596	66,417,176	3,088,343	69,505,519
Exchange adjustment		3,108,243	183,081	3,291,324	5,337,123	322,503	5,659,626
Charge for the year		7,524,537	528,694	8,053,231	6,111,202	424,324	6,535,526
Reversal for the year		(4,256,484)	(420,648)	(4,677,132)	(4,172,302)	(401,867)	(4,574,169)
Net charge against advances		3,268,053	108,046	3,376,099	1,938,900	22,457	1,961,357
Charged off during the year - agriculture financing	9.7	(604,496)	-	(604,496)	(477,679)	-	(477,679)
Written off during the year	9.8	(1,602,082)	-	(1,602,082)	(4,750,271)	-	(4,750,271)
Impact of adoption of IFRS 9		-	-	-	-	95,044	95,044
Other movements		-	(88,483)	(88,483)	-	-	-
Closing balance		72,634,967	3,730,991	76,365,958	68,465,249	3,528,347	71,993,596

9.5.1 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	43,053,907	2,185,312	45,239,219	41,542,880	1,884,884	43,427,764
In foreign currencies	29,581,060	1,545,679	31,126,739	26,922,369	1,643,463	28,565,832
	72,634,967	3,730,991	76,365,958	68,465,249	3,528,347	71,993,596

9.6 General provision includes provision amounting to Rs 1,879.055 million (2018: Rs 1,652.318 million) against consumer finance portfolio and Rs 306.257 million (2018: Rs 232.566 million) against advances to microenterprises as required by the Prudential Regulations. General provision also includes Rs 1,545.679 million (2018: Rs 1,643.463 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Group operates.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
9.8	**Particulars of write offs**		(Rupees in '000)	
9.8.1	Against provisions	9.5	**1,602,082**	4,750,271
9.8.2	**Analysis of write offs**			
	Write offs of Rs. 500,000 and above			
	- Domestic		**165,846**	1,754,587
	- Overseas	9.9.2	**710,767**	2,759,347
			876,613	4,513,934
	Write offs of below Rs. 500,000		**725,469**	236,337
			1,602,082	4,750,271

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, 2019 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.

		Note	2019	2018
10	**FIXED ASSETS**		(Rupees in '000)	
	Capital work-in-progress	10.1	**1,921,589**	2,426,450
	Property and equipment	10.2	**78,540,821**	61,656,827
			80,462,410	64,083,277

		2019	2018
10.1	**Capital work-in-progress**	(Rupees in '000)	
	Civil works	**865,266**	858,424
	Equipment	**30,571**	20,465
	Advances to suppliers and contractors	**1,025,752**	1,547,561
		1,921,589	2,426,450

10.2 **Property and equipment**

2019	Free hold land	Lease hold 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 (note 4.1)	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	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

2018	Free hold land	Lease hold 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, 2018											
Cost / revalued amount	512,214	24,303,961	579,842	7,403,018	340,352	5,594,790	2,170,234	16,621,170	687,579	-	58,213,160
Accumulated depreciation	-	-	(217,776)	(103,110)	(646)	(3,786,717)	(1,510,043)	(12,076,740)	(481,589)	-	(18,176,621)
Net book value	512,214	24,303,961	362,066	7,299,908	339,706	1,808,073	660,191	4,544,430	205,990	-	40,036,539
Year ended December 31, 2018											
Opening net book value	512,214	24,303,961	362,066	7,299,908	339,706	1,808,073	660,191	4,544,430	205,990	-	40,036,539
Additions	-	3,535,825	-	9,531,916	3,158,714	1,152,709	1,690,549	5,195,134	346,420	-	24,611,267
Disposals	-	(6,000)	-	(470)	-	(4,153)	(4,983)	(10,007)	(234)	-	(25,847)
Depreciation charge	-	-	(41,280)	(154,734)	(71,480)	(661,711)	(211,733)	(1,988,947)	(98,299)	-	(3,228,184)
Exchange rate adjustments	95,912	-	39,323	3,510	-	102,440	41,904	70,729	11,103	-	364,921
Other adjustments / transfers	7,813	-	(600)	14,510	17	(133,380)	(15,079)	22,766	2,084	-	(101,869)
Closing 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
At December 31, 2018											
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
Rate of depreciation (%)	-	-	3 - 5	1.67 - 3.33	10	10 - 20	10 - 20	10 - 33	10 - 20		

10.3 Revaluation of properties

The properties of the Group were last revalued by independent professional valuers as at December 31, 2017. The revaluation was carried out by M/s Iqbal A. Nanjee & Co. (Private) Limited, M/s Colliers International Pakistan (Private) Limited, M/s J & M Associates, Imad Saffiuddine, M/s United Valuers (Pte) Limited, M/s Sunil Fernando & Associates (Private) Limited, M/s Shepherd, Chartered Surveyors and M/s AJP Surveyors Limited on the basis of assessment of then present market values. This revaluation had resulted in an increase in surplus by Rs 10,652.673 million. The total surplus arising against revaluation of fixed assets as at December 31, 2019 amounts to Rs 22,270.416 million.

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

	2019	2018
	(Rupees in '000)	
Freehold land	**394,934**	317,279
Leasehold land	**8,632,036**	8,632,036
Building on freehold land	**240,785**	226,365
Building on leasehold land	**13,606,892**	13,857,424
	22,874,647	23,033,104

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 4.701 million (2018: Rs 7.191 million).

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

	Note	2019	2018
		(Rupees in '000)	
Leasehold Improvements		**2,851,501**	2,407,839
Furniture and fixture		**733,931**	653,175
Electrical, office and computer equipment		**7,592,310**	6,731,028
Vehicles		**228,880**	263,650
		11,406,622	10,055,692

11 INTANGIBLE ASSETS

Capital work-in-progress - computer software		**1,074,544**	831,891
Intangible assets	11.1	**8,014,801**	7,033,470
		9,089,345	7,865,361

Notes to the Consolidated Financial Statements

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11.1 Intangible Assets

	2019				2018			
	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	5,201,329	2,367,577	2,538,760	10,107,666	3,720,009	2,367,577	2,195,587	8,283,173
Accumulated amortisation	(3,074,196)	-	-	(3,074,196)	(2,588,720)	-	-	(2,588,720)
Net book value	2,127,133	2,367,577	2,538,760	7,033,470	1,131,289	2,367,577	2,195,587	5,694,453
Year ended December 31,								
Opening net book value	2,127,133	2,367,577	2,538,760	7,033,470	1,131,289	2,367,577	2,195,587	5,694,453
Purchased during the year	1,172,694	-	-	1,172,694	1,304,263	-	-	1,304,263
Amortisation charge	(537,026)	-	-	(537,026)	(321,624)	-	-	(321,624)
Exchange rate adjustments	12,507	-	327,684	340,191	7,835	-	343,173	351,008
Other adjustments	5,472	-	-	5,472	5,370	-	-	5,370
Closing 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
At December 31,								
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
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 1,729.694 million (2018: Rs 1,723.247 million).

11.3 Goodwill arising on acquisition of

	Note	2019	2018
		(Rupees in '000)	
- Habibsons Bank Limited	11.3.1	2,510,937	2,183,253
- PICIC AMC	11.3.2	355,507	355,507
		2,866,444	2,538,760

11.3.1 Habib Allied Holding Limited (HAHL) has recorded goodwill on acquisition of Habibsons Bank Limited. HAHL has conducted an impairment assessment of goodwill as at December 31, 2019. The recoverable amount of the segment to which goodwill has been allocated was determined based on value-in-use calculations which require the use of assumptions. The calculation uses cash flow projections covering a five-year period which have been approved by management. Cash flows beyond the five-year period are extrapolated using a long term growth rate to determine the terminal value of the business.

The impairment assessment indicated that the recoverable amount exceeded the carrying value of goodwill at the statement of financial position date.

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 management's best estimates of the future performance of the segment.

	2019	2018
Advances growth rate (%)	23.11	12.71
Yield on advances (%)	3.65	4.64
Yield on surplus funds (%)	3.07	3.39
Deposits growth rate (%)	9.53	6.19
Cost of deposits (%)	0.60	0.71
Long term weighted average growth rate (%)	1.48	1.47
Pre-tax discount rate (%)	8.27	10.25

11.3.2 The management of HBL AMC has tested the intangible assets (management rights and goodwill) for impairment as at December 31, 2019. The recoverable amount for both the intangible assets is based on fair value less cost of disposal (FVLCOD) calculations which require the use of assumptions. The management has considered the funds under management acquired from PICIC Asset Management Limited as one cash generating unit (CGU) for the purpose of calculating FVLCOD. The management has used cash flow projections covering a 10-year forecast which have been approved by management. The cash flows were discounted at a rate of 16.95% (2018: 17.84%). Cash flows beyond the 10-year period are extrapolated using a long term growth rate of 9% (2018: 9%) to determine the terminal value.

The impairment assessment indicated that the recoverable amount exceeded the carrying value of management rights and goodwill at the statement of financial position date.

Notes to the Consolidated Financial Statements

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	Note	2019	2018
		(Rupees in '000)	
12 DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Tax losses of subsidiary		**445,141**	83,496
- Tax losses of overseas branches		**-**	249,991
- Provision against investments		**1,616,500**	1,403,506
- Provision against doubtful debts and off-balance sheet obligations		**4,354,960**	3,295,092
- Liabilities written back under section 34(5) of the Income Tax Ordinance 2001		**1,670,344**	1,383,110
- Provision against other assets		**50,989**	45,760
- Deficit on revaluation of fixed assets		**163,960**	147,144
- Ijarah financing		**150,674**	101,123
- Recognised on subsidiary under liquidation		**108,817**	-
		8,561,385	6,709,222
Taxable temporary differences on			
- Accelerated tax depreciation		**(2,011,063)**	(1,849,670)
- Surplus on revaluation of fixed assets	20	**(1,175,641)**	(1,125,186)
- Surplus on revaluation of fixed assets of associates	20	**(56,392)**	(50,608)
- Surplus / deficit on revaluation of investments		**(2,291,153)**	3,685,083
- Management rights and goodwill		**(182,914)**	(157,939)
- Share of profit of associates		**(6,049,041)**	(4,880,054)
- Exchange translation reserve		**(2,982,429)**	(1,821,634)
- Others		**(2,439)**	61,503
		(14,751,072)	(6,138,505)
Net deferred tax (liabilities) / assets		**(6,189,687)**	570,717

12.1 Movement in temporary differences during the year

	Balance as at January 1, 2018	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2018	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2019
	(Rupees in '000)						
Deductible temporary differences on							
- Tax losses of subsidiary	101,331	(30,959)	13,124	83,496	327,913	33,732	**445,141**
- Tax losses of overseas branches	-	249,991	-	249,991	(249,991)	-	**-**
- Provision against investments	378,911	1,024,595	-	1,403,506	212,994	-	**1,616,500**
- Provision against doubtful debts and off-balance sheet obligations	3,268,549	26,543	-	3,295,092	1,059,868	-	**4,354,960**
- Liabilities written back under section 34(5) of the Income Tax Ordinance 2001	1,273,915	109,195	-	1,383,110	287,234	-	**1,670,344**
- Provision against other assets	63,953	(18,193)	-	45,760	5,229	-	**50,989**
- Deficit on revaluation of fixed assets	147,144	-	-	147,144	16,816	-	**163,960**
- Ijarah financing	-	101,123	-	101,123	49,551	-	**150,674**
- Recognised on subsidiary under liquidation	-	-	-	-	-	108,817	**108,817**
Taxable temporary differences on							
- Accelerated tax depreciation	(124,158)	(1,730,544)	5,032	(1,849,670)	(166,199)	4,806	**(2,011,063)**
- Surplus on revaluation of fixed assets	(1,155,718)	31,298	(766)	(1,125,186)	78,138	(128,593)	**(1,175,641)**
- Surplus on revaluation of fixed assets of associates	(11,227)	-	(39,381)	(50,608)	-	(5,784)	**(56,392)**
- Surplus / deficit on revaluation of investments	168,988	-	3,516,095	3,685,083	-	(5,976,236)	**(2,291,153)**
-Surplus on revaluation of non-banking assets	(847)	81	766	-	-	-	-
- Management rights and goodwill	(81,693)	(76,246)	-	(157,939)	(24,975)	-	**(182,914)**
- Share of profit of associates	(4,690,782)	(189,272)	-	(4,880,054)	(1,168,987)	-	**(6,049,041)**
- Exchange translation reserve	(376,273)	-	(1,445,361)	(1,821,634)	-	(1,160,795)	**(2,982,429)**
- Others	66,539	(15,787)	10,751	61,503	(74,121)	10,179	**(2,439)**
Net deferred tax (liabilities) / assets	(971,368)	(518,175)	2,060,260	570,717	353,470	(7,113,874)	**(6,189,687)**

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

13 OTHER ASSETS	Note	2019	2018
		(Rupees in '000)	
Mark-up / return / profit / interest accrued in local currency		51,719,277	29,286,417
Mark-up / return / profit / interest accrued in foreign currency		3,002,765	2,618,087
Advances, deposits, advance rent and other prepayments		2,307,470	3,002,255
Advance taxation		28,059,796	44,618,050
Advances against subscription of securities		5,246,000	50,000
Stationery and stamps on hand		90,271	96,756
Accrued fees and commissions		720,819	1,042,503
Due from Government of Pakistan / SBP		1,547,851	1,076,509
Mark to market gain on forward foreign exchange contracts		6,707,335	9,257,482
Mark to market gain on derivative instruments	22.2	54,454	53,987
Non-banking assets acquired in satisfaction of claims	13.1	468,719	1,596,579
Receivable from defined benefit plan	36.4.4	24,419	35,293
Branch adjustment account		-	671,706
Acceptances		23,750,896	12,526,361
Clearing and settlement accounts		12,636,565	1,894,880
Dividend receivable		-	4,443
Claims against fraud and forgeries		450,086	545,909
Others		741,768	1,585,307
		137,528,491	109,962,524
Provision held against other assets	13.2	(821,996)	(923,201)
Other assets - net of provision		136,706,495	109,039,323
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20.2	164,304	421,742
Other assets - total		136,870,799	109,461,065

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	626,000	1,995,169

13.1.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2019. The revaluation was carried out by M/s Joseph Lobo (Private) Limited and M/s Harvester Services (Private) Limited on the basis of an assessment of present market values and resulted in an increase in surplus by Rs 35 million. The total surplus arising against revaluation of non banking assets acquired in satisfaction of claims as at December 31, 2019 amounts to Rs 164.304 million (2018: Rs 421.742 million).

13.1.2 Non-banking assets acquired in satisfaction of claims	Note	2019	2018
		(Rupees in '000)	
Opening balance		1,995,169	1,967,665
Revaluation during the year	20.2	35,000	140,421
Transferred to fixed assets		-	(122,988)
Depreciation		(43)	(351)
Disposal during the year		(1,420,255)	-
Reversal of impairment		16,129	10,422
Closing balance		626,000	1,995,169

13.1.3 Gain on disposal of non-banking assets acquired in satisfaction of claims

Disposal proceeds	1,582,300	-
Less:		
Cost	1,127,817	-
Surplus realized on disposal	292,438	-
	1,420,255	-
	162,045	-

13.2 Provision held against other assets

Advances, deposits, advance rent and other prepayments	-	5,819
Non-banking assets acquired in satisfaction of claims	7,023	23,152
Claims against fraud and forgery	450,086	545,909
Suit filed cases	323,759	294,272
Others	41,128	54,049
	821,996	923,201

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
13.2.1	**Movement in provision against other assets**		(Rupees in '000)	
	Opening balance		**923,201**	825,520
	Exchange adjustment		**34,901**	62,052
	Charge for the year		**139,759**	220,974
	Reversal for the year		**(49,540)**	(13,831)
	Net charge		**90,219**	207,143
	Written off during the year		**(224,820)**	(164,427)
	Other movement		**(1,505)**	(7,087)
	Closing balance		**821,996**	923,201

14 BILLS PAYABLE

In Pakistan		**28,425,034**	41,396,984
Outside Pakistan		**1,256,074**	1,063,584
		29,681,108	42,460,568

15 BORROWINGS

Secured			
Borrowings from the SBP under			
- Export refinance scheme	15.2	**42,762,668**	33,533,707
- Long term financing facility	15.3	**18,474,945**	10,453,762
- Financing facility for renewable energy power plants	15.4	**831,448**	104,853
- Refinance facility for modernization of SMEs	15.5	**28,743**	14,300
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs	15.6	**2,400**	-
- Financing facility for storage of agricultural produce	15.7	**104,167**	7,500
		62,204,371	44,114,122
Repurchase agreement borrowings	15.8	**197,503,793**	375,076,788
		259,708,164	419,190,910
Unsecured			
- Call money borrowings	15.9	**4,900,000**	5,700,000
- Overdrawn nostro accounts		**171,982**	6,053,011
- Borrowings of overseas branches and subsidiaries	15.10	**54,588,086**	43,439,812
- Other long-term borrowings	15.11	**62,838,074**	48,935,322
		122,498,142	104,128,145
		382,206,306	523,319,055

15.1 Particulars of borrowings with respect to currencies

In local currency	**266,775,775**	414,536,805
In foreign currencies	**115,430,531**	108,782,250
	382,206,306	523,319,055

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 2.00% per annum (2018: 1.00% to 2.00% per annum) and are due to mature latest by June 29, 2020.

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 8.40% per annum (2018: 2.00% to 10.10% per annum) and are due to mature latest by December 02, 2029.

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 (2018: 2.00% per annum) and are due to mature latest by December 12, 2029.

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 rates ranging from 2.00% to 3.50% per annum (2018: 2.75% to 4.75% per annum) and are due to mature latest by September 17, 2022.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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 rate of 0.00% per annum and are due to mature latest by November 07, 2024.

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 (2018: 3.50% per annum) and are due to mature latest by December 25, 2022.

15.8 Repurchase agreement borrowings carry mark-up at rates ranging from 13.00% to 13.31% per annum (2018: 3.28% to 10.41% per annum) and are due to mature latest by January 17, 2020. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

15.9 Call money borrowings carry mark-up at rates ranging from 9.50% to 13.25% per annum (2018: 10.25% to 10.40% per annum) and are due to mature latest by January 20, 2020.

15.10 Borrowings by overseas branches and subsidiaries carry mark-up at rates ranging from 1.50% to 5.00% per annum (2018: 0.35% to 7.90% per annum) and are due to mature latest by November 18, 2020.

15.11 This includes the following:

15.11.1 A loan from the International Finance Corporation amounting to US$ 150 million (2018: US$ 150 million). The principal amount is payable in six equal half-yearly installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually from June 2015.

15.11.2 A loan from the China Development Bank amounting to US$ 180 million (2018: US$ 188 million). The principal amount is payable in six half-yearly installments from December 2017 to June 2020. Interest at LIBOR + 2.45% is payable semi-annually from June 2017.

15.11.3 HBL has entered into a long-term financing facility arrangement of US$ 300 million with China Development Bank, to be utilized for on-lending projects of the Bank's customers. Under this facility, 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 being charged at a fixed spread over LIBOR and is payable semi-annually.

15.11.4 A loan from Allied Bank Limited amounting to Rs 2 billion (2018: Rs 2 billion). The principal amount is payable in ten equal half-yearly installments from June 2020 to December 2024. Interest at KIBOR + 0.75% is payable semi-annually commencing from June 2018.

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2019			2018		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		(Rupees in '000)					
Customers							
Current deposits		**721,389,866**	**150,213,474**	**871,603,340**	665,733,802	138,623,094	804,356,896
Savings deposits		**913,501,109**	**92,981,084**	**1,006,482,193**	808,534,689	94,595,375	903,130,064
Term deposits		**272,716,595**	**144,891,926**	**417,608,521**	254,106,362	118,117,489	372,223,851
		1,907,607,570	**388,086,484**	**2,295,694,054**	1,728,374,853	351,335,958	2,079,710,811
Financial institutions							
Current deposits		**4,737,653**	**2,051,645**	**6,789,298**	5,673,657	2,511,443	8,185,100
Savings deposits		**129,386,923**	**18,008**	**129,404,931**	40,106,567	181,029	40,287,596
Term deposits		**4,796,630**	**912,256**	**5,708,886**	7,110,418	1,999,140	9,109,558
		138,921,206	**2,981,909**	**141,903,115**	52,890,642	4,691,612	57,582,254
	16.2	**2,046,528,776**	**391,068,393**	**2,437,597,169**	1,781,265,495	356,027,570	2,137,293,065

16.1 Composition of deposits

	2019	2018
	(Rupees in '000)	
- Individuals	**1,297,816,546**	1,183,366,585
- Government (Federal and Provincial)	**131,104,435**	146,580,293
- Public Sector Entities	**133,885,627**	74,000,479
- Banking Companies	**8,514,224**	9,413,785
- Non-Banking Financial Institutions	**133,388,891**	48,168,469
- Private Sector	**732,887,446**	675,763,454
	2,437,597,169	2,137,293,065

16.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 1,395,051.707 million (2018: Rs 1,306,520.436 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
17	**SUBORDINATED DEBT**		(Rupees in '000)	
	Tier II Term Finance Certificates	17.1	**9,986,000**	9,990,000
	Additional Tier I Term Finance Certificates	17.2	**12,374,000**	-
			22,360,000	9,990,000

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, 2018: AAA (Triple A)]
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".

17.2 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 State Bank of Pakistan (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)
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 and subject to the following: (a) Prior approval of the SBP has been obtained; and (b) The Bank replaces the TFCs with capital of the same or better quality and the capital position of the Bank is above the minimum capital requirement after the Call Option is exercised.
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".

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
			(Rupees in '000)	
18	**OTHER LIABILITIES**			
	Mark-up / return / profit / interest payable in local currency		**12,184,119**	9,863,109
	Mark-up / return / profit / interest payable in foreign currency		**3,039,180**	2,073,700
	Security deposits		**1,138,813**	1,529,172
	Accrued expenses		**15,435,270**	14,224,497
	Mark to market loss on forward foreign exchange contracts		**8,140,461**	6,820,641
	Mark to market loss on derivative instruments	22.2	**1,708,824**	1,248,504
	Unclaimed dividends		**405,966**	325,121
	Dividends payable		**400,464**	729,015
	Provision for post retirement medical benefits	36.4.4	**3,872,768**	3,945,133
	Provision for employees' compensated absences	36.4.4	**2,644,978**	3,080,403
	Provision against off-balance sheet obligations	18.1	**437,795**	479,510
	Acceptances		**23,750,896**	12,526,361
	Branch adjustment account		**188,410**	-
	Provision for staff retirement benefits		**1,051,518**	1,101,009
	Payable to defined benefit plans	36.4.4	**577,964**	970,439
	Provision for Workers' Welfare Fund	29	**5,269,726**	4,697,450
	Unearned income		**3,777,028**	1,010,802
	Qarza-e-Hasna Fund		**338,923**	339,107
	Levies and taxes payable		**7,510,391**	3,920,849
	Insurance payable		**656,671**	670,230
	Provision for rewards program expenses		**1,249,725**	1,087,209
	Liability against trading of securities		**7,883,792**	34,755,041
	Clearing and settlement accounts		**2,037,252**	3,930,956
	Payable to HBL Foundation		**158,202**	125,812
	Contingent consideration payable		**500,000**	500,000
	Charity fund		**10,375**	4,765
	Lease Liability against right-of-use asset	4.1	**15,996,664**	-
	Unclaimed deposits		**670,374**	30,831
	Others		**3,310,066**	3,548,585
			124,346,615	113,538,251

18.1 Provision against off-balance sheet obligations

	2019	2018
Opening balance	**479,510**	385,361
Exchange adjustment	**7,518**	11,688
Charge for the year	**53,677**	121,962
Reversal for the year	**(102,910)**	(50,806)
Net (reversal) / charge	**(49,233)**	71,156
Impact of adoption of IFRS 9	-	11,305
Closing balance	**437,795**	479,510

19 SHARE CAPITAL

19.1 Authorised capital

2019	2018		2019	2018
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

2019	2018		2019	2018
Number of shares 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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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

Name of shareholder	2019 Number of shares held	2019 Percentage of shareholding	2018 Number of shares held	2018 Percentage of shareholding
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

	2019 (Number of shares)	2018 (Number of shares)
Jubilee General Insurance Company Limited	**4,270,000**	4,270,000
Jubilee Life Insurance Company Limited	**13,025,000**	13,025,000
HBL Equity Fund	**61,100**	101,400
HBL Growth Fund Class B	**447,500**	1,859,300
HBL Investment Fund Class B	**335,100**	967,100
HBL Multi Asset Fund	**46,971**	73,971
HBL Stock Fund	**444,419**	1,442,619

19.5 Exchange translation reserve

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

19.6 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 this reserve.

20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	2019 Attributable to Equity holders	2019 Attributable to Non-controlling interest	2019 Total	2018 Attributable to Equity holders	2018 Attributable to Non-controlling interest	2018 Total
		(Rupees in '000)					
Surplus / (deficit) arising on revaluation of assets, on							
- Fixed assets	20.1	**22,267,064**	**3,352**	**22,270,416**	22,466,485	4,285	22,470,770
- Fixed assets of associates		**144,596**	**-**	**144,596**	144,596	-	144,596
- Available-for-sale securities	8.1	**5,843,347**	**(1,813)**	**5,841,534**	(11,500,460)	(49,031)	(11,549,491)
- Available-for-sale securities held by associates	8.1	**(1,061)**	**-**	**(1,061)**	505,327	-	505,327
- Non-banking assets acquired in satisfaction of claims	20.2	**164,304**	**-**	**164,304**	421,742	-	421,742
		28,418,250	**1,539**	**28,419,789**	12,037,690	(44,746)	11,992,944
Tax on surplus / (deficit) on revaluation of:							
- Fixed assets	20.1	**1,174,339**	**1,302**	**1,175,641**	1,123,686	1,500	1,125,186
- Fixed assets of associates		**56,392**	**-**	**56,392**	50,608	-	50,608
- Available-for-sale securities		**2,312,550**	**2,825**	**2,315,375**	(3,845,111)	1,739	(3,843,372)
- Available-for-sale securities held by associates		**(414)**	**-**	**(414)**	176,864	-	176,864
- Non-banking assets acquired in satisfaction of claims		**-**	**-**	**-**	-	-	-
		3,542,867	**4,127**	**3,546,994**	(2,493,953)	3,239	(2,490,714)
Surplus on revaluation of assets - net of tax		**24,875,383**	**(2,588)**	**24,872,795**	14,531,643	(47,985)	14,483,658

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	2019	2018
	(Rupees in '000)	
20.1 Surplus on revaluation of fixed assets		
Surplus on revaluation of fixed assets as at January 01,	**22,470,770**	22,563,834
Transferred from surplus on revaluation of non-banking assets	-	2,114
Surplus realised on disposal of revalued properties during the year - net of deferred tax	**(72,824)**	(6,031)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	**(49,392)**	(57,849)
Related deferred tax liability on surplus realised on disposal of revalued properties	**(46,560)**	(149)
Related deferred tax liability on incremental depreciation charged during the year	**(31,578)**	(31,149)
Surplus on revaluation of fixed assets as at December 31,	**22,270,416**	22,470,770
Less: related deferred tax liability on		
- Revaluation as at January 01,	**1,125,186**	1,155,718
- Effect of change in tax rate	**128,593**	-
- Amount transferred from surplus on revaluation of non-banking assets	-	766
- Surplus realised on disposal of revalued properties during the year	**(46,560)**	(149)
- Incremental depreciation charged during the year	**(31,578)**	(31,149)
	1,175,641	1,125,186
Surplus on revaluation of fixed assets of associates	**144,596**	144,596
Related deferred tax liability	**(56,392)**	(50,608)
	88,204	93,988
	21,182,979	21,439,572

20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01,	**421,742**	283,667
Surplus recognised during the year	**35,000**	140,421
Surplus realised on disposal during the year	**(292,438)**	-
Transferred to surplus on revaluation of fixed assets	-	(2,114)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	-	(151)
Related deferred tax liability on incremental depreciation charged during the year	-	(81)
Surplus on revaluation as at December 31,	**164,304**	421,742
Less: related deferred tax liability on		
- Revaluation as at January 01,	-	847
- Amount transferred to surplus on revaluation of fixed assets	-	(766)
- Incremental depreciation charged during the year	-	(81)
	-	-
	164,304	421,742

21 CONTINGENCIES AND COMMITMENTS

- Guarantees	21.1	**152,908,830**	159,697,996
- Commitments	21.2	**849,362,191**	557,039,148
- Other contingent liabilities	21.3	**23,527,781**	26,316,205
		1,025,798,802	743,053,349

21.1 Guarantees:

Financial guarantees	**36,061,515**	42,152,199
Performance guarantees	**108,406,776**	110,071,040
Other guarantees	**8,440,539**	7,474,757
	152,908,830	159,697,996

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
			(Rupees in '000)	
21.2	**Commitments:**			
	Trade-related contingent liabilities		**112,023,350**	99,605,884
	Commitments in respect of:			
	- forward foreign exchange contracts	21.2.1	**591,509,497**	393,775,370
	- forward Government securities transactions	21.2.2	**107,869,401**	39,177,791
	- derivatives	21.2.3	**29,437,457**	18,896,504
	- forward lending	21.2.4	**7,098,062**	3,678,492
	- operating lease	21.2.5	-	602,569
			735,914,417	456,130,726
	Commitments for acquisition of:			
	- fixed assets		**661,877**	680,462
	- intangible assets		**762,547**	622,076
			849,362,191	557,039,148
21.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**343,848,106**	242,113,533
	Sale		**247,661,391**	151,661,837
			591,509,497	393,775,370
21.2.2	**Commitments in respect of forward Government Securities transactions**			
	Purchase		**45,771,399**	33,489,184
	Sale		**62,098,002**	5,688,607
			107,869,401	39,177,791
21.2.3	**Commitments in respect of derivatives**			
	Foreign currency options			
	Purchase		**-**	532,918
	Sale		**-**	532,918
			-	1,065,836
	Cross Currency swaps			
	Purchase		**9,525,572**	2,874,784
	Sale		**10,882,712**	3,490,361
			20,408,284	6,365,145
	Interest rate swaps			
	Purchase		**-**	-
	Sale		**9,029,173**	11,465,523
			9,029,173	11,465,523
21.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		**7,098,062**	3,678,492

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.

		2019	2018
21.2.5	**Commitments in respect of operating lease**	(Rupees in '000)	
	Not later than one year	-	409,045
	Later than one year and not later than five years	-	57,845
	Later than five years	-	135,679
		-	602,569
21.3	**Other contingent liabilities**		
21.3.1	Claims against the Group not acknowledged as debts	**23,527,781**	26,316,205

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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 The Bank's branch in New York is currently licensed by the New York State Department of Financial Services (NYSDFS) and is subject to oversight and supervision by the Federal Reserve Bank of New York (FRBNY), as is the case with foreign banks in New York.

On September 7, 2017, the Bank, its New York Branch, and the NYSDFS agreed to a Consent Order as disclosed in Note 29 to the Financial Statements for the year ended December 31, 2017 and in Note 21.3.2 to the Financial Statements for the year ended December 31, 2018. Pursuant to the Consent Order, the Bank and its New York Branch continue to cooperate with the US regulators. The expanded review by an independent party, as envisaged in the Consent Order, has progressed substantially. To date there are no adverse findings from the review. The wind-down plan for the Branch has been submitted to the regulators and, by agreement with the NYSDFS, the Bank will surrender its New York license and close the New York Branch on or before March 31, 2020.

As stated in the above-mentioned Notes 29 and 21.3.2, the US Attorney's Office for the Eastern District of New York, a component of the U.S. Department of Justice (DOJ), had sought documents in relation to the Branch's compliance with anti-money laundering laws and the Bank Secrecy Act. To date the DOJ inquiry has not resulted in any findings.

The Bank is not aware of any other proceedings from any other regulatory agency against the Bank and/or its New York Branch.

In view of the above and, based on the facts currently known, the final resolution of these matters cannot be determined at this stage, including any possible impact on the Bank.

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	2019					
	Foreign currency options		Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market gain/ (loss)	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)					
With Banks for						
Hedging	-	-	-	-	-	-
Market Making	-	-	4,975,984	(459,903)	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	-	-	15,432,300	(772,574)	9,029,173	(421,893)
Total						
Hedging	-	-	-	-	-	-
Market Making	-	-	20,408,284	(1,232,477)	9,029,173	(421,893)

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Counterparties	2018					
	Foreign currency options		Cross currency swaps		Interest rate swaps	
	Notional principal	Mark to market gain/ (loss)	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)					
With Banks for						
Hedging	-	-	-	-	-	-
Market Making	532,918	10,607	3,015,075	(356,409)	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	532,918	(10,607)	3,350,070	(211,107)	11,465,523	(627,001)
Total						
Hedging	-	-	-	-	-	-
Market Making	1,065,836	-	6,365,145	(567,516)	11,465,523	(627,001)

22.2 Maturity Analysis

Remaining Maturity	2019				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	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)

Remaining Maturity	2018				
	No. of Contracts	Notional Principal	Mark to Market		
			Negative	Positive	Net
		(Rupees in '000)			
Upto 1 Month	7	893,893	(71,816)	3,837	(67,979)
1 to 3 Months	11	910,804	(57,552)	5,496	(52,056)
3 Months to 6 Months	7	1,125,729	(7,299)	1,273	(6,026)
6 Months to 1 Year	1	485,524	(71,857)	-	(71,857)
1 to 2 Years	1	386,778	(23,737)	-	(23,737)
2 to 3 Years	3	2,047,121	(216,573)	-	(216,573)
3 to 5 Years	17	8,948,856	(511,599)	43,381	(468,218)
5 to 10 Years	3	4,097,799	(288,071)	-	(288,071)
	50	18,896,504	(1,248,504)	53,987	(1,194,517)

23 MARK-UP / RETURN / PROFIT / INTEREST EARNED

	2019	2018
	(Rupees in '000)	
On:		
Loans and advances	132,394,180	77,826,037
Investments	110,142,418	82,123,560
Lendings to financial institutions	14,180,501	4,117,317
Balances with banks	1,396,797	1,219,889
	258,113,896	165,286,803

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
24	**MARK-UP / RETURN / PROFIT / INTEREST EXPENSED**		(Rupees in '000)	
	On:			
	Deposits		**114,247,880**	61,459,612
	Securities sold under repurchase agreement borrowings		**23,252,416**	12,955,219
	Borrowings		**9,124,238**	6,850,974
	Subordinated debt		**2,038,901**	748,019
	Cost of foreign currency swaps against foreign currency deposits / borrowings		**6,169,830**	1,597,175
	Lease liability against right-of-use assets		**1,957,331**	-
			156,790,596	83,610,999
25	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**4,450,329**	3,973,617
	Consumer finance related fees		**1,107,307**	1,047,736
	Card related fees (debit and credit cards)		**4,625,153**	4,173,088
	Credit related fees		**1,452,528**	991,639
	Investment banking fees		**1,577,115**	992,024
	Commission on trade related products and guarantees		**2,967,745**	2,474,968
	Commission on cash management		**708,003**	659,051
	Commission on remittances including home remittances		**424,742**	326,195
	Commission on bancassurance		**2,252,763**	2,840,072
	Commission on Benazir Income Support Programme (BISP)		**444,031**	396,392
	Management fee		**656,786**	850,918
	Merchant discount and interchange fees		**1,991,276**	1,706,404
	Others		**354,851**	291,675
			23,012,629	20,723,779
	Less: Sales tax / Federal Excise Duty on fee and commission income		**(2,564,778)**	(2,665,443)
			20,447,851	18,058,336
26	**(LOSS) / GAIN ON SECURITIES - NET**			
	Realised	26.1	**(2,573,665)**	1,019,091
	Unrealised - held-for-trading	8.1	**(83,591)**	10,789
			(2,657,256)	1,029,880
26.1	**(Loss) / gain on securities - realised**			
	On:			
	Federal Government securities			
	- Market Treasury Bills		**240,615**	948
	- Pakistan Investment Bonds		**(194,133)**	1,112,936
	- Ijarah Sukuks		**(23,857)**	(82,511)
	Shares		**(2,614,518)**	(36,453)
	Non-Government debt securities		**(25,211)**	(16,047)
	Foreign securities		**43,439**	40,218
			(2,573,665)	1,019,091
27	**OTHER INCOME**			
	Incidental charges		**255,730**	248,257
	Liabilities no longer required written back		**52,775**	-
	Gain realised on closure of overseas branch		**182,112**	-
	Gain on sale of fixed assets - net		**104,762**	55,195
	Gain on sale of non-banking assets	27.1	**162,045**	-
	Scrap Sales		**-**	18,954
	Rent on properties		**71,886**	76,077
			829,310	398,483

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

27.1 The group earned an income of Rs 162.045 million against sale of following non-banking assets.

	Note	2019	2018
		(Rupees in '000)	
Open plot situated in Lahore		151,345	-
Open plots situated in Karachi		10,700	-
		162,045	-

28 **OPERATING EXPENSES**

	Note	2019	2018
Total compensation expense	28.1	34,799,251	29,246,715
Property expense			
Rent and taxes		546,658	4,523,198
Insurance		121,069	112,363
Utilities cost		2,322,658	2,025,884
Security (including guards)		1,933,780	1,721,902
Repair and maintenance (including janitorial charges)		2,297,472	2,160,583
Depreciation on owned fixed assets	10.2	2,945,678	1,708,972
Depreciation on right-of-use assets	10.2	3,426,648	-
		13,593,963	12,252,902
Information technology expenses			
Software maintenance		2,630,352	1,941,942
Hardware maintenance		721,255	559,895
Depreciation	10.2	1,564,196	1,003,129
Amortisation	11.1	537,026	321,624
Network charges		1,381,512	1,174,789
Consultancy charges		598,329	395,356
		7,432,670	5,396,735
Other operating expenses			
Legal and professional charges		5,676,629	4,177,128
Outsourced services costs		1,552,415	1,402,096
Travelling and conveyance		1,096,850	911,766
Insurance		793,118	630,071
Remittance charges		655,207	663,501
Security charges		1,486,797	1,293,953
Repairs and maintenance		754,169	490,425
Depreciation	10.2	785,903	516,083
Training and development		419,969	357,054
Postage and courier charges		967,628	598,655
Communication		752,394	661,815
Stationery and printing		2,293,496	1,397,592
Marketing, advertisement and publicity		3,761,274	2,868,418
Donations	28.3	286,247	128,312
Auditors' remuneration	28.4	281,962	263,814
Brokerage and commission		572,190	386,394
Subscription		219,414	145,713
Documentation and processing charges		2,449,263	1,482,274
Entertainment		386,808	300,707
Consultancy charges		8,271,143	10,296,854
Deposit insurance premium expense		2,090,433	952,202
Others		857,135	559,412
	28.2	36,410,444	30,484,239
		92,236,328	77,380,591

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

28.1 Total compensation expense

	Note	2019	2018
		(Rupees in '000)	
Non-Executive Directors' fees	39.1	**50,600**	55,600
Shariah Board's fees and allowances	39.2	**16,316**	7,931
Managerial Remuneration			
i) Fixed		**21,191,268**	17,210,527
ii) Variable - Cash Bonus		**2,350,702**	1,749,015
Charge for defined benefit plan		**1,279,151**	1,468,943
Contribution to defined contribution Plan		**1,055,142**	885,445
Rent & house maintenance		**3,710,020**	3,171,447
Utilities		**859,273**	742,791
Medical		**1,671,673**	1,574,675
Conveyance		**2,248,277**	1,936,066
General group staff insurance		**188,442**	144,532
Hajj Allowance		**20,202**	20,966
Others		**67**	116
Sub-total		**34,641,133**	28,968,054
Sign-on Bonus		**44,285**	215,741
Severance Allowance		**113,833**	62,920
Grand Total		**34,799,251**	29,246,715

	2019	2018
	No of persons	
Sign-on Bonus	**75**	187
Severance Allowance	**45**	26

28.2 The total cost for the year included in other operating expenses relating to outsourced activities is Rs 2,157.208 million (2018: Rs 1,822.828 million). This cost includes outsourced services costs, which are disclosed specifically in note 28. Of the total cost, Rs 1,830.982 million (2018: Rs 1,682.732 million) pertains to companies incorporated in Pakistan and Rs 326.226 million (2018: Rs 140.096 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	2019	2018
		(Rupees in '000)	
APEX Printry (Private) Limited	Cheque book printing services	**171,890**	119,055
Insource (Private) Limited	Cheque book printing services	**90,576**	99,532
Euronet Pakistan (Private) Limited	Host environment configuration, POS terminal and card outsourcing services	**72,214**	45,512
		334,680	264,099

28.3 Details of Donations

Donations individually exceeding Rs 500,000

HBL Foundation	**158,202**	125,812
Anjuman Behbood-e-Samat-e-Atfal	**-**	2,500
Frontier Works Organization - Clean Karachi campaign	**50,000**	-
The Aga Khan Hospital & Medical College Foundation	**77,575**	-
Donations individually not exceeding Rs 500,000	**470**	-
	286,247	128,312

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.

Notes to the Consolidated Financial Statements

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28.4 Auditors' remuneration

	2019			2018		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)					
Audit and audit related fees						
Audit fee of the Bank	25,954	82,509	108,463	25,954	73,068	99,022
Audit fee of subsidiaries	3,006	34,225	37,231	3,857	42,315	46,172
Fees for other statutory certifications	15,979	6,309	22,288	22,927	3,788	26,715
Fees for other statutory certifications of subsidiaries	2,600	13,385	15,985	150	12,980	13,130
Out of pocket expenses on audit fees	5,557	1,075	6,632	4,091	861	4,952
Sales tax on audit fees	2,521	1,103	3,624	2,076	-	2,076
	55,617	138,606	194,223	59,055	133,012	192,067
Other services						
Special certifications and sundry advisory services	30,661	35,841	66,502	31,300	17,223	48,523
Tax services	9,978	9,857	19,835	11,550	9,719	21,269
Out of pocket expenses	1,286	116	1,402	1,955	-	1,955
	41,925	45,814	87,739	44,805	26,942	71,747
	97,542	184,420	281,962	103,860	159,954	263,814

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	2019	2018
		(Rupees in '000)	
Penalties imposed by the State Bank of Pakistan		476,156	474,821
Penalties imposed by other regulatory bodies		3,900	20,905
		480,056	495,726

31 PROVISIONS AND WRITE OFFS - NET

Provision for diminution in value of investments	8.8	553,086	3,321,271
Provision against loans and advances	9.5	3,376,099	1,961,357
Provision against other assets	13.2.1	90,219	207,143
(Reversal) / provision against off-balance sheet obligations	18.1	(49,233)	71,156
Recoveries against written off / charged off bad debts		(613,294)	(528,510)
Recoveries against other assets written off		(42,796)	(23,839)
		3,314,081	5,008,578

32 TAXATION

- Current		11,801,568	8,625,711
- Prior years		1,933,029	-
- Deferred	12.1	(353,470)	518,175
		13,381,127	9,143,886

32.1 Relationship between tax expense and accounting profit

Accounting profit for the current year	28,880,922	21,584,829
Tax on income @ 39% (2018: 39%)	11,263,560	8,418,083
Permanent differences		
- Impact of different tax rates of subsidiaries	97,622	432,007
- Penalties imposed by the SBP and other regulatory bodies	187,222	193,333
- Others	(32,290)	100,463
	252,554	725,803
Prior year charge	1,933,029	-
Impact of change in tax rate	(68,016)	-
Tax charge for the current year	13,381,127	9,143,886

Notes to the Consolidated Financial Statements

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		Note	2019	2018
			(Rupees in '000)	
33	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit for the year attributable to equity holders of the Bank		15,332,792	12,055,571
			(Number)	
	Weighted average number of ordinary shares		1,466,852,508	1,466,852,508
			(Rupees)	
	Basic and diluted earnings per share		10.45	8.22

33.1 Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue.

		Note	2019	2018
34	**CASH AND CASH EQUIVALENTS**		(Rupees in '000)	
	Cash and balances with treasury banks	5	367,593,717	279,460,688
	Balances with other banks	6	41,248,554	42,642,022
			408,842,271	322,102,710

34.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	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	-	-	-	-
Dividend paid	-	-	-	(7,581,966)	-
Effect of translation of net investment by non-controlling interest in subsidiary	-	-	-	-	168,861
	12,370,000	-	-	(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	-	16,470,293	-	-	-
Transfer of profit to statutory reserve	-	-	1,737,644	(1,737,644)	-
Total liability related other changes	-	10,808,364	1,737,644	(1,489,938)	-
Equity related other changes	-	-	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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	2018				
	Liabilities		Equity		
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit	Non-controlling interest
	(Rupees in '000)				
Balance as at January 01, 2018	9,994,000	66,012,132	52,266,420	96,909,270	3,485,954
Changes from financing cash flows					
Repayment of subordinated debt	(4,000)	-	-	-	-
Dividend paid	-	-	-	(5,525,981)	-
Effect of translation of net investment by non-controlling interest in subsidiary	-	-	-	-	186,605
	(4,000)	-	-	(5,525,981)	186,605
Other changes					
Liability-related					
Changes in other liabilities					
- Cash based	-	46,492,509	-	-	-
- Dividend payable	-	341,427	-	(341,427)	-
- Non-cash based	-	692,183	-	-	-
Transfer of profit to statutory reserve	-	-	1,428,197	(1,428,197)	-
Total liability related other changes	-	47,526,119	1,428,197	(1,769,624)	-
Equity related other changes	-	-	10,740,626	11,992,655	337,921
Balance as at December 31, 2018	9,990,000	113,538,251	64,435,243	101,606,320	4,010,480

35 STAFF STRENGTH

	2019	2018
	(Number)	
Permanent	**21,005**	20,093
On contract	**104**	161
Total staff strength	**21,109**	20,254

35.1 In addition to the above, 3,246 employees (2018: 3,279 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

	2019	2018
	(Number)	
Domestic	**20,316**	19,444
Overseas	**793**	810
	21,109	20,254

36 DEFINED BENEFIT PLANS AND OTHER BENEFITS

36.1 General Information

The Bank operates the following schemes for its employees:

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 on or before December 31, 2001

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 salary as on March 31, 2014. For service subsequent to this date (i.e. from April 1, 2005), they are entitled to the contributory gratuity fund (refer 37.2) and the provident fund (refer 37.1). The minimum pension payable to eligible clerical employees as well as eligible officers and executives, is Rs. 8,000 for 2018 as the base year. The minimum pension increases by 5% each year and, for the year 2019, was Rs 8,400.

Notes to the Consolidated Financial Statements

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36.1.2 Gratuity Fund (defined benefit scheme)

For those who did not opt for the pension scheme introduced in 1977 and instead opted to remain in the gratuity scheme existing at the time, the Bank operated an approved funded gratuity scheme. There are no members remaining in this scheme and the fund is being closed.

36.1.3 Benevolent Fund (defined benefit scheme)

The Bank operates an approved funded benevolent scheme for all employees who retire from the Bank. Under this scheme, a fixed amount is contributed by employees by way of a salary deduction and a matching amount is contributed by the Bank. All employees of the Bank are entitled to receive a fixed monthly amount post retirement as per the rules of the fund. Clerical employees are additionally entitled to certain grants during the period of their service subject to the fulfillment of certain conditions as specified in the rules of the Fund.

36.1.4 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 1, 2006 onwards receive lump sum payments as a full and final settlement in lieu of post-retirement medical benefits. The remaining beneficiaries receive these benefits as reimbursements when incurred.

36.1.5 Compensated Absences (defined benefit scheme)

The Bank provides 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 upto 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.

36.1.6 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 of an executive prior to retirement, the lump sum amount includes an additional six months of house rent allowance.

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, 2019 using the Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2019	2018
	(Per annum)	
Valuation discount rate	**11.25%**	13.25%
Expected rate of increase in salary level	**10.25%**	12.25%
Expected rate of increase in pension	**5.00%**	5.00%
Expected rate of increase in medical benefit	**9.25%**	11.25%
Expected rate of return on funds invested	**11.25%**	13.25%

36.3 Number of employees under the scheme

	(Number)	
- Pension fund	**1,902**	2,152
- Gratuity fund	**-**	5
- Benevolent fund	**13,835**	16,357
- Post retirement medical benefit scheme	**16,708**	16,358
- Compensated absences	**4,578**	5,309
- Other Post-Retirement Benefits	**2,077**	1,958

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For the year ended December 31, 2019

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, 2019 are as follows:

	2019					
	Pension	Gratuity	Benevolent	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)

	2018					
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	4,434,303	39,550	2,190,450	-	-	-
Present value of defined benefit obligations	(5,404,742)	(4,257)	(1,090,293)	(3,945,133)	(3,080,403)	(504,466)
(Payable to) / receivable from the fund	(970,439)	35,293	1,100,157	(3,945,133)	(3,080,403)	(504,466)

36.4.2 Movement in the present value of defined benefit obligations

	2019					
	Pension	Gratuity	Benevolent	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

	2018					
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	5,217,261	53,557	1,312,146	3,264,502	4,065,542	482,475
Current service cost	83,267	595	43,757	102,662	71,520	40,648
Interest cost	386,040	3,545	147,025	261,160	325,243	32,817
Benefits paid by the Bank	(489,603)	(16,099)	(177,862)	(321,603)	(522,067)	(61,495)
Past service cost	1,146,989	-	-	-	-	-
Remeasurement (gains) / losses	(939,212)	(37,341)	(234,773)	638,412	(859,835)	10,021
Obligations at the end of the year	5,404,742	4,257	1,090,293	3,945,133	3,080,403	504,466

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36.4.3 Movement in fair value of plan assets

	2019			2018		
	Pension	Gratuity	Benevolent	Pension	Gratuity	Benevolent
	(Rupees in '000)					
Fair value at the beginning of the year	4,434,303	39,550	2,190,450	3,853,740	40,115	2,014,273
Expected return on plan assets	585,646	4,822	275,741	285,148	3,082	208,797
Contribution by the Bank	970,439	(13,952)	45,155	1,363,521	13,442	47,216
Contributions by the employees	-	-	45,155	-	-	47,230
Benefits paid by the Bank	(498,490)	(3,972)	(136,728)	(489,603)	(16,099)	(177,862)
Remeasurement (losses) / gains	73,569	(2,029)	(47,192)	(578,503)	(990)	50,796
Fair value at the end of the year	5,565,467	24,419	2,372,581	4,434,303	39,550	2,190,450

36.4.4 Movement in amounts payable to / (receivable from) defined benefit plans

	2019					
	Pension	Gratuity	Benevolent	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

	2018					
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Opening balance	1,363,521	13,442	(702,127)	3,264,502	4,065,542	482,475
Charge / (reversal) for the year	1,331,148	1,058	(65,245)	363,822	(463,072)	73,465
Contribution by the Bank - net	(1,363,521)	(13,442)	(47,216)	-	-	-
Remeasurement losses / (gains) recognised in OCI during the year	(360,709)	(36,351)	(285,569)	638,412	-	10,021
Benefits paid by the Bank	-	-	-	(321,603)	(522,067)	(61,495)
Closing balance	970,439	(35,293)	(1,100,157)	3,945,133	3,080,403	504,466

36.4.5 Charge for defined benefit plans

36.4.5.1 Cost recognised in profit and loss

	2019					
	Pension	Gratuity	Benevolent	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

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For the year ended December 31, 2019

	2018					
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Current service cost	83,267	595	43,757	102,662	71,520	40,648
Net interest on defined benefit asset / liability	100,892	463	(61,772)	261,160	325,243	32,817
Past service cost	1,146,989	-	-	-	-	-
Actuarial losses recognised	-	-	-	-	(859,835)	-
Contributions by the employees	-	-	(47,230)	-	-	-
	1,331,148	1,058	(65,245)	363,822	(463,072)	73,465

36.4.5.2 Remeasurements recognised in OCI during the year

	2019				
	Pension	Gratuity	Benevolent	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 (gains) / losses recognised in OCI	377,920	967	(76,874)	(431,210)	(78,105)

	2018				
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	(1,255,572)	103	(388,271)	2,422,730	13,546
- Experience adjustment	316,360	(37,444)	153,498	(1,784,318)	(3,525)
	(939,212)	(37,341)	(234,773)	638,412	10,021
Losses / (gains) on plan assets	578,503	990	(50,796)	-	-
Total remeasurement losses / (gains) recognised in OCI	(360,709)	(36,351)	(285,569)	638,412	10,021

36.4.6 Components of fair value of plan assets

	2019			2018		
	Pension	Gratuity	Benevolent	Pension	Gratuity	Benevolent
	(Rupees in '000)					
Cash and cash equivalents - net	5,068	24,419	79,331	2,777	489	335
Government securities	3,917,714	-	2,226,390	2,940,525	39,061	2,121,622
Shares	1,642,685	-	-	1,491,001	-	-
Non-Government debt securities	-	-	66,860	-	-	68,493
	5,565,467	24,419	2,372,581	4,434,303	39,550	2,190,450

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.

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36.4.7 Sensitivity analysis of defined benefit obligations

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 change in each assumption is summarized below:

	2019				
	Pension fund	Benevolent fund	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
1% increase in discount rate	(464,413)	(37,583)	(395,302)	(105,821)	(34,561)
1% decrease in discount rate	540,854	41,277	480,418	114,630	39,293
1 % increase in expected rate of salary increase	128,214	-	-	126,602	41,772
1 % decrease in expected rate of salary increase	(118,695)	-	-	(118,698)	(37,306)
1% increase in expected rate of increase in minimum pension	295,350	-	-	-	-
1% decrease in expected rate of increase in minimum pension	(226,975)	-	-	-	-
1% increase in expected rate of increase in medical benefit	-	-	168,036	-	-
1% decrease in expected rate of increase in medical benefit	-	-	(150,534)	-	-

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.

	2020				
	Pension	Benevolent	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
Expected charge / (reversal) for the year	137,225	(161,070)	591,187	348,823	151,295

36.4.9 Maturity profile

	2019				
	Pension	Benevolent	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
The weighted average duration of the obligation (in years)	8.59	7.56	9.85	8.00	7.23

36.4.10 Funding Policy

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by 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.

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37 DEFINED CONTRIBUTION PLANS

37.1 Provident Fund

For employees hired on or after January 1, 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 36.1.1 above) also became eligible for provident fund benefits effective from April 1, 2005.

This scheme covers 15,046 employees (2018: 14,363).

Payments are made to the employees on retirement, death, resignation and discharge as specified in the rules of the Fund.

37.2 Contributory Gratuity Fund

The Bank operates an approved funded contributory gratuity scheme for:

- employees hired on or after January 1, 2002
- employees who were on the pension scheme (refer 36.1.1 above) for their services subsequent to March 31, 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 10 years or more continuous service and discharge as specified in the rules of the Fund.

This scheme covers 15,097 employees (2018: 14,900).

38 DEFINED BENEFIT PLANS AND OTHER BENEFITS 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 Limited (HBL UK) operates a defined pension contribution scheme for its employees. HBL UK contributes 5% of each member's earnings and the cost is recognised as and when the contributions are made. The minimum employee contribution is 3.00% of basic salary, which can be increased at the discretion of the employee up to a maximum amount of £40,000 per annum.

38.1.2 HBL Asset Management Limited (HBL AML)

Gratuity Fund (defined benefit scheme)

HBL AML operates a funded gratuity scheme for its eligible employees. 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 qualifying service period of five years. Eligible employees are entitled to one month's basic salary for each completed year of service upon retirement. 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.

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38.1.4 **Habib Currency Exchange (Private) Limited (HCEL)**

Gratuity Fund (defined contribution scheme)

The permanent employees of HCEL are entitled to receive lump sum payments on account of gratuity equivalent to 50% of basic monthly salary for each completed year of service. This benefit vests on the completion of five years of service.

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**

	2019						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
Items	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	6,800	-	43,800	16,316	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	128,200	700,596	1,317,489
ii) Total Variable - Cash Bonus / Awards	-	-	-	-	70,000	327,216	251,163
Charge for defined benefit plan	-	-	-	-	-	2,027	6,288
Contribution to defined contribution plan	-	-	-	-	-	33,218	57,026
Rent & house maintenance	-	-	-	-	13,301	189,219	297,906
Utilities	-	-	-	-	948	39,809	67,297
Medical	-	-	-	-	3,438	51,770	58,062
Conveyance	-	-	-	-	3,408	72,414	198,553
Others	-	-	-	-	-	-	328
Total	6,800	-	43,800	16,316	219,295	1,416,269	2,254,112
Total Number of Persons	1	-	5	3	1	33	141

	2018						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
Items	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	7,200	-	48,400	7,931	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	238,840	786,218	1,142,982
ii) Total Variable - Cash Bonus / Awards	-	-	-	-	-	160,395	192,754
Charge for defined benefit plan	-	-	-	-	-	2,208	5,082
Contribution to defined contribution plan	-	-	-	-	357	29,130	46,119
Rent & house maintenance	-	-	-	-	5,371	159,039	239,908
Utilities	-	-	-	-	947	34,537	55,961
Medical	-	-	-	-	4,064	84,877	45,833
Conveyance	-	-	-	-	-	66,501	163,139
Others	-	-	-	-	-	-	12
Total	7,200	-	48,400	7,931	249,579	1,322,905	1,891,790
Total Number of Persons	1	-	6	3	2	30	137

The Chief Executive Officer (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.

Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment. These are recorded in the year in which these payments are made.

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39.1 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	2019									
		Meeting Fees and Allowances Paid									
			For Board Committees								
		For Board Meetings	Board Audit Committee (BAC)	Boad Risk Manage-ment Committee (BRMC)	Board Compliance and Conduct Committee (BCNC)	Board Human Resource & Remuneration Committee (BHRRC)	Board IT Committee (BITC)	Board Develop-ment Finance Committee (BDFC)	Board Oversight Committee - New York (BOC NY)	Board Oversight Committee - International Governance (BOC IG)	Total Amount Paid
		(Rupees in '000)									
1	Mr. Sultan Ali Allana	3,000	-	-	-	1,800	-	800	-	1,200	6,800
2	Mr. Moez Ahamed Jamal	3,400	3,400	-	3,000	-	-	-	400	-	10,200
3	Mr. Salim Raza	3,400	-	2,200	-	-	1,800	1,200	-	-	8,600
4	Ms. Sadia Khan*	2,400	2,800	-	2,400	2,000	-	-	-	-	9,600
5	Mr. Agha Sher Shah**	2,400	-	-	-	1,600	1,200	-	-	-	5,200
6	Dr. Najeeb Samie	3,400	3,400	-	-	600	-	-	1,600	1,200	10,200
7	Mr. Shaffiq Dharamshi***	-	-	-	-	-	-	-	-	-	-
	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 & Committee meetings, official visits and foreign trainings during the year 2019.

* 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.
*** Mr. Shaffiq Dharamshi is an employee of AKFED (the parent company of the Bank) and is not paid meeting fees or any other allowances.

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 includes Dr. Najeeb Samie and Mr. Salim Raza as its members. The Committee has not held any formal meeting in 2019.

Sr. No.	Name of Director	2018									
		Meeting Fees and Allowances Paid									
			For Board Committees								
		For Board Meetings	Board Audit Committee (BAC)	Boad 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)****	Total Amount Paid
		(Rupees in '000)									
1	Mr. Sultan Ali Allana	4,000	-	-	-	2,400	-	800	-	-	7,200
2	Mr. Moez Ahamed Jamal	4,000	3,200	-	2,400	400	-	-	-	-	10,000
3	Mr. Salim Raza	4,000	-	1,600	-	-	1,600	1,200	-	-	8,400
4	Mr. Sajid Zahid*	1,200	800	400	-	-	-	-	-	-	2,400
5	Ms. Sadia Khan**	2,800	2,400	-	2,400	1,600	-	-	-	-	9,200
6	Mr. Agha Sher Shah	3,200	-	-	-	2,000	1,600	-	-	-	6,800
7	Dr. Najeeb Samie	4,000	3,200	-	-	-	-	-	4,400	-	11,600
8	Mr. Shaffiq Dharamshi***	-	-	-	-	-	-	-	-	-	-
	Total Amount Paid	23,200	9,600	2,000	4,800	6,400	3,200	2,000	4,400	-	55,600

In addition to above Rs.10.599 million was also paid to the directors, where applicable as per the Bank's policy on account of daily allowance for attending Board & Committee meetings and official visits during the year 2018.

* Mr. Sajid Zahid completed his term as a Director on March 26, 2018.
** Ms. Sadia Khan was elected as a Director with effect from March 27, 2018.
*** Mr. Shaffiq Dharamshi is an employee of AKFED (the parent company of the Bank) and is not paid meeting fees or any other allowances.
**** BOC IG was formed in December 2018 and no meeting was held in 2018.

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39.2 Remuneration paid to Shariah Board Members

Items	2019				2018			
	Chairman	Resident Member	Non-Resident Member	Total	Chairman	Resident Member	Non-Resident Member	Total
	(Rupees in '000)							
Fixed Remuneration	**5,190**	**5,025**	**4,500**	**14,715**	2,880	2,400	2,400	7,680
Allowances	**46**	**1,555**	**-**	**1,601**	-	251	-	251
Total Amount	**5,236**	**6,580**	**4,500**	**16,316**	2,880	2,651	2,400	7,931
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, 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	Investment 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 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, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models using present value 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.

Notes to the Consolidated Financial Statements

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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:

	As at December 31, 2019				
On balance sheet financial instruments	**Carrying value / notional 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 Trust units	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					
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)

	As at December 31, 2018				
On balance sheet financial instruments	**Carrying value / notional value**	**Level 1**	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,048,325,547	-	1,048,325,547	-	1,048,325,547
- Shares - listed companies	10,170,203	10,170,203	-	-	10,170,203
- Foreign securities					
Government debt securities	21,237,289	-	21,237,289	-	21,237,289
Non-Government debt securities					
- Listed	49,427,699	-	49,427,699	-	49,427,699
- Unlisted	926,102	-	926,102	-	926,102
- National Investment Trust units	42,562	-	42,562	-	42,562
- Real Estate Investment Trust units	59,950	59,950	-	-	59,950
	1,130,189,352	10,230,153	1,119,959,199	-	1,130,189,352
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	172,305,817	-	156,199,342	-	156,199,342
- Non-Government debt securities					
- Listed	9,092,850	-	9,224,386	-	9,224,386
- Unlisted	22,538,405	-	22,573,033	-	22,573,033
- Foreign securities					
Government debt securities	8,656,736	-	8,734,733	-	8,734,733
Non-Government debt securities					
- Listed	3,102,180	-	3,091,622	-	3,091,622
- Unlisted	642,132	-	642,242	-	642,242
	216,338,120	-	200,465,358	-	200,465,358
	1,346,527,472	10,230,153	1,320,424,557	-	1,330,654,710
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	393,775,370	-	2,436,841	-	2,436,841
- Forward Government securities transactions	39,177,791	-	(24,559)	-	(24,559)
- Derivative instruments	18,896,504	-	(1,194,517)	-	(1,194,517)

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For the year ended December 31, 2019

40.2 Fair value of non-financial assets

	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

	As at December 31, 2018				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
- Fixed assets	45,503,874	-	-	45,503,874	45,503,874
- Non-banking assets acquired in satisfaction of claims	1,995,169	-	-	1,995,169	1,995,169
	47,499,043	-	-	47,499,043	47,499,043

41 SEGMENT INFORMATION

41.1 Segment details with respect to Business Activities

	For the year ended December 31, 2019							
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Asset management	Head office / others	Total
Profit and loss account	(Rupees in million)							
Net mark-up / return / profit / interest income	(54,088)	12,557	53,314	83,323	6,811	(277)	(317)	101,323
Inter segment revenue / (expense) - net	133,256	(4,554)	(44,175)	(93,182)	2,828	-	5,827	-
Non mark-up / interest income	7,019	6,054	3,595	1,695	4,701	691	407	24,162
Total Income	86,187	14,057	12,734	(8,164)	14,340	414	5,917	125,485
Segment direct expenses	29,666	6,438	2,149	653	26,942	315	27,127	93,290
Inter segment expense allocation	12,416	1,070	1,073	126	4,863	-	(19,548)	-
Total expenses	42,082	7,508	3,222	779	31,805	315	7,579	93,290
Provisions - charge / (reversal)	1,715	365	(280)	(66)	332	-	1,248	3,314
Profit / (loss) before tax	42,390	6,184	9,792	(8,877)	(17,797)	99	(2,910)	28,881

	As at December 31, 2019							
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Asset management	Head office / others	Total
Statement of financial position	(Rupees in million)							
Cash and bank balances	161,969	-	619	121,382	118,353	11	6,508	408,842
Lendings to financial institutions	20,489	-	-	24,814	-	-	-	45,303
Inter segment lending	1,265,980	-	-	-	179,225	-	96,160	1,541,365
Investments	32,793	-	15,447	1,232,686	66,680	283	31,718	1,379,607
Advances - performing	323,249	57,908	528,385	-	205,023	-	43,121	1,157,686
Advances - non-performing	1,807	149	2,094	-	4,486	-	735	9,271
Others	32,009	1,661	35,905	30,134	15,508	3,012	108,195	226,424
Total assets	1,838,296	59,718	582,450	1,409,016	589,275	3,306	286,437	4,768,498
Borrowings	23,776	-	68,801	200,003	87,626	2,000	-	382,206
Subordinated debt	-	-	-	-	-	-	22,360	22,360
Deposits and other accounts	1,773,863	3,528	188,176	20	431,269	-	40,741	2,437,597
Inter-segment borrowing	-	51,520	303,408	1,186,437	-	-	-	1,541,365
Others	23,950	4,670	22,065	19,384	19,486	397	70,266	160,218
Total liabilities	1,821,589	59,718	582,450	1,405,844	538,381	2,397	133,367	4,543,746
Equity	16,707	-	-	3,172	50,894	909	153,070	224,752
Total equity and liabilities	1,838,296	59,718	582,450	1,409,016	589,275	3,306	286,437	4,768,498
Contingencies and commitments	31,090	-	217,213	674,728	78,221	-	24,547	1,025,799

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For the year ended December 31, 2019

	For the year ended December 31, 2018							
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Asset management	Head office / others	Total
Profit and loss account	(Rupees in million)							
Net mark-up / return / profit / interest income	(27,189)	10,492	28,962	62,826	4,953	(182)	1,815	81,677
Inter segment revenue / (expense) - net	76,218	(3,171)	(22,168)	(58,092)	2,103	-	5,110	-
Non mark-up / interest income	6,841	5,337	3,069	2,993	3,542	868	(2,756)	19,894
Total Income	55,870	12,658	9,863	7,727	10,598	686	4,169	101,571
Segment direct expenses	25,226	4,753	1,465	640	20,923	321	21,650	74,978
Inter segment expense allocation	13,782	1,420	913	333	3,859	-	(20,307)	-
Total expenses	39,008	6,173	2,378	973	24,782	321	1,343	74,978
Provisions - charge / (reversal)	945	317	(2,528)	2,347	2,801	-	1,126	5,008
Profit / (loss) before tax	15,917	6,168	10,013	4,407	(16,985)	365	1,700	21,585

	As at December 31, 2018							
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Asset management	Head office / others	Total
Statement of financial position	(Rupees in million)							
Cash and bank balances	145,159	-	215	87,342	83,229	-	6,158	322,103
Lendings to financial institutions	13,032	-	-	38,245	-	-	-	51,277
Inter segment lending	1,218,799	-	-	-	54,497	-	57,672	1,330,968
Investments	74,496	-	17,929	1,181,543	85,755	299	30,030	1,390,052
Advances - performing	266,902	51,416	563,199	-	152,716	-	33,841	1,068,074
Advances - non-performing	2,002	99	4,043	-	6,077	-	145	12,366
Others	12,590	2,112	18,692	20,308	11,172	2,820	114,287	181,981
Total assets	1,732,980	53,627	604,078	1,327,438	393,446	3,119	242,133	4,356,821
Borrowings	10,532	-	59,688	385,532	65,567	2,000	-	523,319
Subordinated debt	-	-	-	-	-	-	9,990	9,990
Deposits and other accounts	1,693,016	2,831	154,212	64	255,030	-	32,140	2,137,293
Inter segment borrowing	-	47,518	379,197	904,253	-	-	-	1,330,968
Others	18,168	3,278	10,981	44,240	12,754	225	66,353	155,999
Total liabilities	1,721,716	53,627	604,078	1,334,089	333,351	2,225	108,483	4,157,569
Equity	11,264	-	-	(6,651)	60,095	894	133,650	199,252
Total equity and liabilities	1,732,980	53,627	604,078	1,327,438	393,446	3,119	242,133	4,356,821
Contingencies and commitments	24,125	-	142,460	358,144	191,108	-	27,216	743,053

41.2 Segment details with respect to geographical locations

	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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	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	4,652	226,423
Total assets	2,841,976	180,995	68,170	135,991	3,227,132
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	(3,838)	224,751
Total equity and liabilities	2,841,976	180,995	68,170	135,991	3,227,132
Contingencies and commitments	947,600	5,014	44,104	29,081	1,025,799

	For the year ended December 31, 2018				
	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	75,014	3,382	1,330	1,950	81,676
Non mark-up / interest income	16,854	1,326	698	1,017	19,895
Total Income	91,868	4,708	2,028	2,967	101,571
Segment direct expenses	54,214	5,085	2,305	13,374	74,978
Provisions - charge / (reversal)	2,208	2,294	334	172	5,008
Profit / (loss) before tax	35,446	(2,671)	(611)	(10,579)	21,585

	As at December 31, 2018				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
Statement of financial position	(Rupees in million)				
Cash and bank balances	238,874	26,150	25,286	31,793	322,103
Lendings to financial institutions	51,277	-	-	-	51,277
Investments	1,308,112	26,735	14,554	40,650	1,390,051
Advances - performing	931,220	82,400	15,189	39,265	1,068,074
Advances - non-performing	6,288	1,033	1,181	3,864	12,366
Others	125,211	67,881	2,426	(13,537)	181,981
Total assets	2,660,982	204,199	58,636	102,035	3,025,852
Borrowings	457,752	59,862	2,365	3,340	523,319
Subordinated debt	9,990	-	-	-	9,990
Deposits and other accounts	1,913,556	108,780	24,754	90,202	2,137,292
Others	143,127	3,697	3,343	5,832	155,999
Total liabilities	2,524,425	172,339	30,462	99,374	2,826,600
Equity	136,557	31,860	28,174	2,661	199,252
Total equity and liabilities	2,660,982	204,199	58,636	102,035	3,025,852
Contingencies and commitments	618,225	84,318	8,620	31,890	743,053

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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:

2019

Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara 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

2018

Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	
	(Rupees in '000)				
Asset Management companies	3	8,000	50	11,200	19,250
Charitable institutions	2	102,000	50,000	-	152,000
Companies	44	22,637,755	38,966,800	-	61,604,555
Employee funds	70	11,486,740	24,209,580	-	35,696,320
Individuals	86	3,335,070	2,049,700	-	5,384,770
Insurance companies	5	10,342,100	208,594,600	-	218,936,700
Non-Government organizations	2	22,545	2,100	-	24,645
Others	8	2,029,260	930,900	-	2,960,160
Total	220	49,963,470	274,803,730	11,200	324,778,400

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.

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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, other than those disclosed elsewhere in these consolidated financial statements, are as follows:

	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
Provision for diminution in value of investments	-	-	-	-	-	-
Advances						
Opening balance	-	234,012	3,536,393	1,500,000	-	13,376,499
Addition during the year	-	112,263	5,302,656	-	-	350,666,752
Repaid during the year	-	(48,840)	(4,985,694)	(125,000)	-	(347,323,286)
Transfer in / (out) - net	-	(4,223)	-	-	-	(8,795,340)
Closing balance	-	293,212	3,853,355	1,375,000	-	7,924,625
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
Other receivable	-	3,195	10,617	277,865	-	1,852
	-	3,860	59,811	322,313	-	250,824
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	23,517	12,066,522	4,524,664	-	778,919
Received during the year	2,253,960	1,500,913	334,234,988	383,502,207	-	135,483,687
Withdrawn during the year	(2,301,166)	(1,359,961)	(335,302,189)	(376,781,473)	-	(133,085,422)
Transfer in / (out) - net	(3,706)	1,739	-	-	-	(40,428)
Closing balance	97,816	166,208	10,999,321	11,245,398	-	3,136,756
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

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	For the year ended December 31, 2019					
	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	-	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)	-	-
Expenses						
Mark-up / return / profit / interest expensed	13,817	5,025	1,071,648	580,656	57,993	130,259
Operating expenses						
Total compensation expense	-	1,635,564	-	-	-	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
Utilities cost	-	-	-	-	-	-
Donation	-	-	77,575	-	-	158,202
Other expenses	-	-	1,785	-	-	179,282
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	-	-

	As at December 31, 2018					
	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	-	-	178,527	-	22,884	-
Investments						
Opening balance	-	-	-	24,618,037	2,739,781	5,291,967
Investment made during the year	-	-	-	1,422,668	-	2,248,288
Share of profit	-	-	-	2,119,869	603,114	-
Equity method related adjustments				1,666,446	434,967	
Investment redeemed / disposed off during the year	-	-	-	(4,085,905)	-	(1,266,953)
Transfer in / (out) - net	-	-	-	-	-	(2,268,800)
Closing balance	-	-	-	25,741,115	3,777,862	4,004,502
Provision for diminution in value of investments	-	-	-	-	-	(131,491)
Advances						
Opening balance	-	145,569	3,147,907	3,962,169	-	16,536,672
Addition during the year	-	200,111	10,215,143	-	-	183,779,040
Repaid during the year	-	(43,073)	(9,826,657)	(2,462,169)	-	(177,108,006)
Transfer in / (out) - net	-	(68,595)	-	-	-	(9,831,207)
Closing balance	-	234,012	3,536,393	1,500,000	-	13,376,499
Provision held against advances	-	-	-	-	-	(1,726,437)

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	As at December 31, 2018					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	(Rupees in '000)					
Other assets						
Interest / mark-up accrued	-	430	30,552	34,696	-	226,952
Receivable from staff retirement fund	-	-	-	-	-	35,293
Other receivable	-	-	9,042	1,000,240	-	53,873
	-	430	39,594	1,034,936	-	316,118
Borrowings						
Opening balance	-	-	1,141,977	3,312,516	1,104,172	-
Borrowings during the year	-	-	7,034,084	10,275,781	6,382,456	-
Settled during the year	-	-	(5,554,476)	(11,088,783)	(5,554,476)	-
Closing balance	-	-	2,621,585	2,499,514	1,932,152	-
Deposits and other accounts						
Opening balance	127,426	37,694	10,235,376	9,245,055	22,702	1,501,398
Received during the year	1,461,501	268,006	415,569,471	393,178,308	-	98,984,289
Withdrawn during the year	(1,417,307)	(262,047)	(413,738,325)	(397,898,699)	(22,702)	(99,412,868)
Transfer in / (out) - net	(22,892)	(20,136)	-	-	-	(293,900)
Closing balance	148,728	23,517	12,066,522	4,524,664	-	778,919
Other liabilities						
Interest / mark-up payable	1,604	276	189,843	69,854	9,181	2,426
Payable to staff retirement fund	-	-	-	-	-	970,439
Other payables	-	-	106,489	431,670	-	125,812
	1,604	276	296,332	501,524	9,181	1,098,677
Contingencies and Commitments						
Letter of credit	-	-	580,316	-	-	8,847,142
Letter of guarantee	-	-	155,828	-	-	634,705
Forward purchase of Government securities	-	-	411,707	-	-	9,913,419
Forward sale of Government securities	-	-	-	-	-	809,625
Interest rate swaps	-	-	1,448,856	1,500,000	-	-
	-	-	2,596,707	1,500,000	-	20,204,891
Others						
Securities held as custodian	-	8,000	17,841,345	10,462,950	-	20,053,730

	For the year ended December 31, 2018					
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	-	21,055	189,961	126,723	-	1,472,570
Fee and commission income	-	-	84,267	2,864,505	-	27,754
Share of Profit	-	-	-	2,119,869	603,114	-
Dividend income	-	-	-	-	-	135,971
Loss from derivatives	-	-	(101,621)	(152,758)	-	-
Expense						
Mark-up / return / profit / interest expensed	5,715	456	469,693	332,510	36,748	41,408
Operating expenses						
Total compensation expense	-	1,572,484	-	-	-	2,030,085
Non-Executive Directors' fees	55,600	-	-	-	-	-
Insurance premium expense	-	-	-	1,145,012	-	-
Advertisement and publicity	-	-	57,172	-	-	318,655
Travelling	-	-	17,633	-	-	-
Subscription	-	-	-	-	-	36,382
Utilities cost	-	-	-	-	-	4,530
Donation	-	-	-	-	-	125,812
Other expenses	-	-	3,375	1	-	2,615
Provision for diminution in value of investments	-	-	-	-	-	41,568
Others						
Purchase of Government securities	-	41,701	157,921,638	-	-	54,868,096
Sale of Government securities	-	57,685	179,373,011	72,823,633	-	74,588,094
Purchase of foreign currencies	1,471	1,741	1,801,358	-	-	16,775
Sale of foreign currencies	19,046	51,345	1,909,102	139,800	-	4,424,517
Insurance claims settled	-	-	-	145,748	-	-

43.1 Balances and transactions with group entities include deposits of Rs 0.284 million (2018: Rs 63.705 million) from the parent and Rs 1 thousand (2018: Nil) as mark-up expense thereon.

Notes to the Consolidated Financial Statements

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44 **CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	2019	2018
	(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	**145,776,218**	141,243,268
Eligible Additional Tier 1 (ADT 1) Capital	**12,645,453**	61,035
Total Eligible Tier 1 Capital	**158,421,671**	141,304,303
Eligible Tier 2 Capital	**36,890,259**	49,513,636
Total Eligible Capital (Tier 1 + Tier 2)	**195,311,930**	190,817,939
Risk Weighted Assets (RWAs):		
Credit Risk	**959,412,841**	873,803,178
Market Risk	**133,614,588**	132,656,725
Operational Risk	**178,963,586**	173,042,280
Total	**1,271,991,015**	1,179,502,183
Common Equity Tier 1 Capital Adequacy Ratio	**11.46%**	11.97%
Tier 1 Capital Adequacy Ratio	**12.45%**	11.98%
Total Capital Adequacy Ratio	**15.35%**	16.18%

	2019	2018
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	**10.50%**	7.90%
of which: capital conservation buffer requirement	**2.50%**	1.90%
of which: countercyclical buffer requirement	**-**	-
of which: D-SIB or G-SIB buffer requirement	**2.00%**	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	**5.46%**	5.97%

Other information:

National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	**10.50%**	7.90%
Tier 1 minimum ratio (%)	**12.00%**	9.40%
Total capital minimum ratio (%)	**14.50%**	11.90%

Leverage Ratio (LR)	2019 (Rupees in '000)	2018
Eligible Tier-1 Capital	**158,421,671**	141,304,303
Total Exposures	**3,587,065,060**	3,695,613,262
Leverage Ratio (%)	**4.42%**	3.82%
Minimum Requirement (%)	**3.00%**	3.00%

Liquidity Coverage Ratio (LCR)	2019 Total Adjusted Value (Rupees in '000)	2018
Average High Quality Liquid Assets	**906,731,376**	987,612,556
Average Net Cash Outflow	**585,290,046**	571,294,024
Average Liquidity Coverage Ratio (%)	**154.92%**	172.87%
Minimum Requirement (%)	**100.00%**	100.00%

Net Stable Funding Ratio (NSFR)	2019 Total Weighted Value (Rupees in '000)	2018
Total Available Stable Funding	**2,354,284,645**	2,102,952,345
Total Required Stable Funding	**1,337,084,320**	1,490,821,433
Net Stable Funding Ratio (%)	**176.08%**	141.06%
Minimum Requirement (%)	**100.00%**	100.00%

Notes to the Consolidated Financial Statements

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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, 2019 stood at Rs. 14.669 billion (2018: 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 instruments meeting the prescribed SBP criteria in addition to non-controlling interest that, as per SBP guidelines, becomes eligible for consideration as AT1 capital on consolidation of less than wholly owned banking subsidiaries. During the year the Bank issued perpetual, non-cumulative TFCs of Rs 12.374 billion qualifying for inclusion as Additional Tier 1 Capital.
- 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 the specific and general market risk, capital charge for interest rate risk using the maturity method, foreign exchange risk and equity position risk.

44.2 The full disclosures on the Capital Adequacy, 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.

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

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).

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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 aims to extend 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.

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 & Poors (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:

Notes to the Consolidated Financial Statements

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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 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	
	2019	2018	2019	2018	2019	2018
Credit risk by public / private sector	(Rupees in '000)					
Public / Government	**37,031,364**	10,376,270	-	-	-	-
Private	**8,271,835**	40,901,066	-	-	-	-
	45,303,199	51,277,336	-	-	-	-

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45.1.5 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Chemical and pharmaceuticals	**406,050**	1,022,739	**-**	-	**-**	-
Textile	**106,548**	106,548	**106,548**	106,548	**106,548**	106,548
Automobile and transportation equipment	**1,788,199**	5,675,340	**-**	-	**-**	-
Financial	**1,309,609,552**	1,300,367,733	**-**	-	**-**	-
Oil and gas	**4,362,557**	5,248,055	**-**	-	**-**	-
Power and energy	**14,858,864**	18,168,628	**-**	-	**-**	-
Telecommunication	**164,330**	876,347	**164,330**	168,082	**164,330**	168,082
Construction	**2,101,000**	2,178,000	**-**	-	**-**	-
Wholesale and retail trade	**826,322**	2,083,917	**826,323**	724,975	**599,125**	377,549
Metal and allied	**900,000**	900,000	**-**	-	**-**	-
Others	**3,799,320**	10,591,739	**-**	-	**-**	-
	1,338,922,742	1,347,219,046	**1,097,201**	999,605	**870,003**	652,179

Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public / Government	**1,314,189,052**	1,283,548,539	**-**	-	**-**	-
Private	**24,733,690**	63,670,507	**1,097,201**	999,605	**870,003**	652,179
	1,338,922,742	1,347,219,046	**1,097,201**	999,605	**870,003**	652,179

45.1.6 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Chemical and pharmaceuticals	**35,958,686**	34,203,499	**1,403,409**	1,405,016	**1,403,264**	1,322,404
Agribusiness	**110,489,722**	114,459,661	**4,203,626**	4,344,251	**3,068,640**	2,923,916
Textile	**114,999,106**	116,547,424	**20,111,710**	21,373,879	**19,460,081**	19,653,168
Cement	**31,163,363**	27,800,090	**788,694**	788,695	**788,694**	788,695
Sugar	**8,801,685**	12,335,973	**1,395,262**	252,971	**1,395,262**	232,347
Shoes and leather garments	**15,239,212**	14,978,526	**932,766**	895,399	**891,562**	855,236
Automobile and transportation equipment	**18,795,700**	17,043,267	**3,181,685**	2,977,653	**3,069,030**	2,964,534
Financial	**104,895,059**	84,473,489	**1,801,480**	1,623,707	**1,801,480**	1,623,706
Hotel and tourism	**16,953,150**	13,376,600	**2,170,111**	2,107,978	**2,106,195**	1,812,907
Insurance	**3,493,016**	3,311,210	**-**	-	-	-
Electronics and electrical appliances	**9,438,310**	10,976,677	**2,365,430**	2,214,876	**2,339,421**	2,214,876
Oil and gas	**58,156,756**	66,136,315	**136,799**	672,152	**131,800**	347,213
Power and energy	**223,744,793**	208,431,721	**1,741,772**	1,731,986	**1,741,772**	1,731,986
Education and medical	**3,218,593**	2,837,086	**165,074**	253,067	**162,984**	251,879
Telecommunication	**25,746,572**	20,223,338	**1,221,933**	1,222,633	**1,221,933**	1,222,633
Printing and publishing	**13,082,360**	9,594,475	**397,393**	441,896	**397,393**	441,896
Construction	**24,083,708**	36,475,962	**798,643**	944,991	**702,760**	918,007
Mining and quarrying	**4,710,985**	4,084,609	**119**	1,716	**119**	1,716
Food, tobacco and beverages	**49,500,481**	51,088,628	**4,421,311**	4,812,223	**2,560,627**	3,225,926
Wholesale and retail trade	**60,741,306**	57,952,428	**14,546,899**	11,976,961	**13,069,286**	11,685,199
Metal and allied	**20,766,413**	21,698,832	**3,137,264**	3,097,147	**2,059,101**	2,026,649
Individuals	**102,021,430**	94,066,227	**4,478,163**	5,842,637	**3,639,382**	2,896,952
Farming, cattle and dairy	**15,868,423**	12,705,409	**1,311,043**	902,606	**752,387**	305,307
Trust funds and non profit organisations	**1,279,404**	1,537,216	**2,991**	10	**748**	10
Others	**170,174,719**	116,095,154	**11,192,273**	10,946,563	**9,871,046**	9,018,087
	1,243,322,952	1,152,433,816	**81,905,850**	80,831,013	**72,634,967**	68,465,249
Credit risk by public / private sector						
Public / Government	**306,804,018**	287,972,190	**2,843,957**	2,680,192	**1,778,266**	1,614,500
Private	**936,518,934**	864,461,626	**79,061,893**	78,150,821	**70,856,701**	66,850,749
	1,243,322,952	1,152,433,816	**81,905,850**	80,831,013	**72,634,967**	68,465,249

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45.1.7 **Contingencies and Commitments**

	2019	2018
	(Rupees in '000)	
Credit risk by industry sector		
Chemical and Pharmaceuticals	**30,926,883**	16,339,051
Agribusiness	**1,645,056**	3,865,304
Textile	**43,115,779**	18,506,346
Cement	**13,761,821**	18,207,874
Defence	**13,774,890**	12,372,724
Sugar	**2,352,890**	634,351
Shoes and leather garments	**518,364**	348,774
Automobile and transportation equipment	**6,683,249**	10,293,111
Financial	**707,348,972**	470,631,928
Hotel and tourism	**1,768,596**	2,887,791
Research and development	**894,653**	750,433
Insurance	**2,174,627**	1,618,458
Electronics and electrical appliances	**11,690,009**	9,325,570
Oil and gas	**36,938,590**	27,436,372
Power and energy	**44,295,311**	35,827,323
Education and medical	**1,713,651**	1,681,428
Telecommunication	**12,258,865**	8,076,228
Printing and publishing	**3,301,979**	1,315,940
Construction	**6,700,258**	2,573,005
Mining and quarrying	**2,025,652**	3,122,569
Food, tobacco and beverages	**12,472,202**	11,060,357
Wholesale and retail trade	**4,432,373**	4,030,067
Metal and allied	**9,944,293**	8,314,931
Individuals	**19,016,887**	19,965,148
Farming, cattle and dairy	**684,724**	65,342
Ports and shipping	**95,252**	776,905
Trust funds and non profit organisations	**5,221,951**	5,155,848
Others	**30,041,025**	47,870,171
	1,025,798,802	743,053,349
Credit risk by public / private sector		
Public / Government	**181,197,039**	113,728,181
Private	**844,601,763**	629,325,168
	1,025,798,802	743,053,349

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 339,064.071 million (2018: Rs 332,063.740 million).

	2019	2018
	(Rupees in '000)	
Funded	**276,525,114**	295,691,275
Non - funded	**62,538,957**	36,372,465
Total exposure	**339,064,071**	332,063,740

The sanctioned limits against these top 10 exposures aggregated to Rs 467,543.289 million (2018: Rs 457,331.599 million).

Total funded classified therein	2019	2018
	(Rupees in '000)	
Loss	**-**	144,788

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45.1.9 Advances - Province / Region-wise disbursement and utilisation

Province / Region	2019						
	Disbursements	Utilization					
		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

Province / Region	2018						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	2,120,033,375	2,057,917,898	50,376,447	2,904,094	8,000	7,126,542	1,700,394
Sindh	3,867,524,897	207,295,336	3,586,272,558	11,994,906	9,943,280	40,472,527	11,546,290
KPK including FATA	43,521,826	374,782	54,436	43,086,760	3,250	-	2,598
Balochistan	5,269,588	-	-	-	5,269,588	-	-
Islamabad	483,460,069	41,537,790	386,359	-	-	441,535,920	-
AJK including Gilgit-Baltistan	15,083,540	-	-	-	-	-	15,083,540
Total	6,534,893,295	2,307,125,806	3,637,089,800	57,985,760	15,224,118	489,134,989	28,332,822

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 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

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	367,593,717	-	367,593,717	279,460,688	-	279,460,688
Balances with other banks	41,248,554	-	41,248,554	42,642,022	-	42,642,022
Lendings to financial institutions	45,303,199	-	45,303,199	51,277,336	-	51,277,336
Investments	670,652,846	708,954,533	1,379,607,379	330,096,626	1,059,955,838	1,390,052,464
Advances	1,166,956,994	-	1,166,956,994	1,080,440,220	-	1,080,440,220
Fixed assets	80,462,410	-	80,462,410	64,083,277	-	64,083,277
Intangible assets	9,089,345	-	9,089,345	7,865,361	-	7,865,361
Deferred tax assets	-	-	-	570,717	-	570,717
Other assets	130,109,010	6,761,789	136,870,799	100,149,596	9,311,469	109,461,065
	2,511,416,075	715,716,322	3,227,132,397	1,956,585,843	1,069,267,307	3,025,853,150

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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.

	2019				2018			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	(Rupees in '000)							
United States Dollars	243,026,146	322,827,134	47,949,715	(31,851,273)	239,157,806	287,629,582	31,076,219	(17,395,557)
Great Britain Pounds	72,595,662	68,888,960	9,824,729	13,531,431	53,078,885	64,545,058	22,492,154	11,025,981
UAE Dirhams	47,491,825	63,723,028	32,122,570	15,891,367	31,418,690	45,095,720	26,060,375	12,383,345
Japanese Yen	90,299	54,156	(220)	35,923	173,576	62,460	558,698	669,814
Euros	16,723,276	18,020,871	1,723,815	426,220	15,312,280	21,371,779	5,948,306	(111,193)
Other Currencies	106,606,985	65,974,129	4,572,769	45,205,625	105,095,955	64,994,757	837,885	40,939,083
	486,534,193	539,488,278	96,193,378	43,239,293	444,237,192	483,699,356	86,973,637	47,511,473

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on profit and loss account	-	432,393	-	475,115

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.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on other comprehensive income	-	337,939	-	513,636

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 balance sheet 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.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	(4,002,873)	(1,423,184)	(832,343)	28,611
- Other comprehensive income	(1,593,620)	(1,826,956)	343,679	7,163,129

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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.

	2019											
	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	0.90%	367,593,717	69,147,007	18,159	-	-	-	-	-	-	-	298,428,551
Balances with other banks		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

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	2018											
	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	
		(Rupees in '000)										
On-balance sheet assets												
Financial assets												
Cash and balances with treasury banks	0.64%	279,460,688	29,388,832	16,046	500,500	1,065,325	-	-	-	-	-	248,489,985
Balances with other banks		42,642,022	17,340,008	4,646,186	3,912,625	-	-	-	-	-	-	16,743,203
Lendings to financial institutions	7.19%	51,277,336	46,577,336	4,600,000	100,000	-	-	-	-	-	-	-
Investments	6.62%	1,390,052,464	478,767,475	406,056,232	111,268,997	96,913,416	85,320,225	64,229,815	68,758,702	35,164,213	-	43,573,389
Advances	8.50%	1,080,440,220	75,890,639	441,303,493	373,197,575	107,137,574	27,523,915	24,376,596	19,942,897	9,888,455	1,179,076	-
Other assets		59,854,146	-	-	-	-	-	-	-	-	-	59,854,146
		2,903,726,876	647,964,290	856,621,957	488,979,697	205,116,315	112,844,140	88,606,411	88,701,599	45,052,668	1,179,076	368,660,723
Financial liabilities												
Bills payable		42,460,568	-	-	-	-	-	-	-	-	-	42,460,568
Borrowings	6.04%	523,319,055	388,654,294	45,546,536	67,677,954	4,910,274	101,795	325,950	2,798,519	7,250,722	-	6,053,011
Deposits and other accounts	3.12%	2,137,293,065	158,340,378	83,502,819	949,720,687	82,145,293	8,870,529	17,231,176	13,204,113	11,406,608	329,466	812,541,996
Subordinated debt	7.49%	9,990,000	-	9,990,000	-	-	-	-	-	-	-	-
Other liabilities		104,876,917	-	-	-	-	-	-	-	-	-	104,876,917
		2,817,939,605	546,994,672	139,039,355	1,017,398,641	87,055,567	8,972,324	17,557,126	16,002,632	18,657,330	329,466	965,932,492
On-balance sheet gap		85,787,271	100,969,618	717,582,602	(528,418,944)	118,060,748	103,871,816	71,049,285	72,698,967	26,395,338	849,610	(597,271,769)
Net non - financial assets		113,464,940										
Total net assets		199,252,211										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		242,113,533	65,777,468	80,929,146	92,018,990	3,327,333	60,596	-	-	-	-	-
Foreign exchange contracts - forward sales		(151,661,837)	(51,397,682)	(37,708,672)	(59,757,161)	(2,737,726)	(60,596)	-	-	-	-	-
Government Securities transactions - forward purchases		33,489,184	5,878,061	6,661,149	124,677	2,672,340	16,179,313	1,923,260	50,384	-	-	-
Government Securities transactions - forward sales		(5,688,608)	-	(270,647)	(1,003,586)	-	(385,265)	-	(3,186,761)	(842,349)	-	-
Foreign Currency Options - purchases		532,918	205,731	272,656	54,531	-	-	-	-	-	-	-
Foreign Currency Options - sales		(532,918)	(205,731)	(272,656)	(54,531)	-	-	-	-	-	-	-
Cross Currency Swaps - purchases		2,874,784	207,484	157,200	-	207,800	180,572	913,082	-	1,208,646	-	-
Cross Currency Swaps - sales		(3,490,361)	(274,947)	(208,293)	-	(277,724)	(206,206)	(1,134,039)	-	(1,389,152)	-	-
Interest rate swaps - sales		(11,465,523)	-	-	(1,016,667)	-	-	-	(8,948,856)	(1,500,000)	-	-
Off-balance sheet gap		106,171,172	20,190,384	49,559,883	30,366,253	3,192,023	15,768,414	1,702,303	(12,085,233)	(2,522,855)	-	-
Total yield / interest rate risk sensitivity gap			121,160,002	767,142,485	(498,052,691)	121,252,771	119,640,230	72,751,588	60,613,734	23,872,483	849,610	(597,271,769)
Cumulative yield / Interest rate risk sensitivity gap			121,160,002	888,302,487	390,249,796	511,502,567	631,142,797	703,894,385	764,508,119	788,380,602	789,230,212	191,958,443

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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 with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Recovery and IT Disaster Recovery Planning. The Bank's Business Continuity Steering Committee, represented by the senior management of the Bank, meets on a periodic basis and reviews 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.

45.3.2 IT related controls

The Bank's IT controls were further strengthened during the course of the year. New IT Policy with a vision of new control trends, compliance to new regulatory guidelines and focus on standardization across international locations was rolled out. Furthermore, Change Management software was implemented to enhance controls on all technology related changes. IT Governance framework has been established as per regulatory requirement which covers overall enhancement of governance within Technology through additional control points like Board IT Committee, IT Steering Committee, Change Management Committees, Portfolio meetings and Internal Controls Committee. These have further helped enhance concentration on governance.

45.3.3 Information Security Risk

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 cyber security risk and security assessments. These are supported by preventive and detective controls capable of responding to emerging external threats.

During 2019, a centralized vulnerability assessment and penetration testing program was established with enhanced coverage including domestic and international IT assets. Cybersecurity awareness for staff and customers continued to be a prime focus area. A formal risk assessment program covering sensitive areas, third parties and IT assets was also accomplished. Cybersecurity resilience was enhanced through the roll-out of security solutions such as anti-malware and data loss protection, encryption, and enhanced monitoring of cybersecurity operations.

We retained our PCI DSS certification, which is the de facto security standard for the Payment Card Industry. We also successfully passed our audit for the ISO 27001 Information Security Certification. In 2020, we will continue to seek re-certifications and new certifications to improve security and controls to best-in-class levels.

Going forward, we plan to strengthen our cyber-defences through the use of AI and machine learning based technologies, proactively mitigating against advanced threats. We will also implement end-to-end risk assessments and a centralized identity and access management system. We will enhance the capability, coverage, and skill set of our 24x7 Information Security Operations Center. Improved data loss prevention systems will mitigate against data leakages and potential disclosure of confidential information. Customers themselves 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 measures will allow HBL to offer 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 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. Hence this asset has both a core portion which is stable and constantly appears on the balance sheet and a non-core portion that is relatively volatile. Statistical analysis is used to ascertain the change in maturity profiling over time based on the cyclical changes in the outstanding amount against overdraft.

45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

	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	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, 2019

	2018													
	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	279,460,688	258,160,215	2,218,597	-	18,146,984	-	16,046	500,500	-	418,346	-	-	-	-
Balances with other banks	42,642,022	20,753,532	12,348,760	1,257,785	3,007,312	4,622,082	24,105	628,446	-	-	-	-	-	-
Lendings to financial institutions	51,277,336	-	24,345,810	15,900,000	6,331,526	4,500,000	100,000	100,000	-	-	-	-	-	-
Investments	1,390,052,464	23,036,613	3,368,219	454,235,748	41,710,891	40,631,118	313,359,809	87,099,434	36,599,053	48,301,040	91,660,467	70,379,565	79,283,655	100,386,852
Advances	1,080,440,220	297,110,245	32,848,976	10,774,038	22,397,220	32,132,307	48,128,905	119,837,314	42,009,400	54,136,394	116,594,578	70,949,473	146,942,658	86,578,712
Fixed assets	64,083,277	96,291	577,745	674,037	1,348,073	269,694	269,694	809,082	809,082	809,082	3,236,329	3,236,329	5,473,983	46,473,856
Intangible assets	7,865,361	30,420	182,522	212,942	425,885	19,879	19,879	59,637	59,637	59,637	238,549	238,549	477,097	5,840,728
Deferred tax assets	570,717	63,716	382,289	446,003	892,007	641,927	641,927	325,286	269,884	269,884	217,909	717,038	1,203,554	(5,500,707)
Other assets	109,461,065	1,075,208	6,451,252	7,933,482	15,052,922	10,141,994	10,141,994	13,711,965	6,325,183	6,856,770	4,633,808	26,647,296	489,191	-
	3,025,853,150	600,326,240	82,724,170	491,434,035	109,312,820	92,959,001	372,702,359	223,071,664	86,072,239	110,851,153	216,581,640	172,168,250	233,870,138	233,779,441
Liabilities														
Bills payable	42,460,568	41,375,217	102,230	84,063	778,826	18,474	34,005	67,753	-	-	-	-	-	-
Borrowings	523,319,055	6,053,011	352,567,247	24,265,810	11,821,237	14,827,757	30,718,780	19,298,079	4,895,118	770,603	25,496,937	725,950	17,484,709	14,393,817
Deposits and other accounts	2,137,293,065	1,616,277,234	75,101,391	33,591,902	138,789,677	22,571,390	47,248,875	66,845,403	36,814,157	48,163,184	9,859,368	17,221,547	13,091,688	11,717,249
Subordinated debt	9,990,000	-	-	-	-	2,000	-	-	2,000	-	4,000	4,000	8,000	9,970,000
Other liabilities	113,538,251	4,054,937	24,329,625	28,384,563	56,769,126	-	-	-	-	-	-	-	-	-
	2,826,600,939	1,667,760,399	452,100,493	86,326,338	208,158,866	37,419,621	78,001,660	86,211,235	41,711,275	48,933,787	35,360,305	17,951,497	30,584,397	36,081,066
Net assets	199,252,211	(1,067,434,159)	(369,376,323)	405,107,697	(98,846,046)	55,539,380	294,700,699	136,860,429	44,360,964	61,917,366	181,221,335	154,216,753	203,285,741	197,698,375
Share capital	14,668,525													
Reserves	64,435,243													
Surplus on revaluation of assets - net of tax	14,531,643													
Unappropriated profit	101,606,320													
Non-controlling interest	4,010,480													
	199,252,211													

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.

	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									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

	2018									
	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	279,460,688	64,906,993	38,964,301	57,284,312	6,886,830	1,454,857	1,425,192	2,089,447	53,502,208	52,946,548
Balances with other banks	42,642,022	28,995,788	10,436,914	3,209,320	-	-	-	-	-	-
Lendings to financial institutions	51,277,336	46,577,336	4,600,000	100,000	-	-	-	-	-	-
Investments	1,390,052,464	472,347,427	354,327,633	94,283,455	116,350,413	91,490,561	74,190,031	82,924,326	83,824,715	20,313,903
Advances	1,080,440,220	88,481,579	99,345,117	148,463,173	153,397,512	116,594,578	70,949,473	316,630,076	60,449,573	26,129,139
Fixed assets	64,083,277	2,696,145	539,388	809,082	1,618,165	3,236,329	3,236,329	5,473,983	3,853,260	42,620,596
Intangible assets	7,865,361	851,770	39,758	59,637	105,791	238,549	238,549	477,097	947,873	4,906,337
Deferred tax Assets	570,717	1,784,015	1,283,854	325,286	539,768	217,909	717,038	1,203,554	(3,177,337)	(2,323,370)
Other assets	109,461,065	30,512,866	20,285,289	13,713,918	13,182,661	4,634,477	26,642,663	489,191	-	-
	3,025,853,150	737,153,919	529,822,254	318,248,183	292,081,140	217,867,260	177,399,275	409,287,674	199,400,292	144,593,153
Liabilities										
Bills payable	42,460,568	7,633,978	14,100,291	20,726,299	-	-	-	-	-	-
Borrowings	523,319,055	394,707,306	45,546,536	19,298,079	5,665,721	25,496,937	725,950	17,484,709	14,393,817	-
Deposits and other accounts	2,137,293,065	269,379,849	96,034,470	106,176,068	163,650,260	33,726,616	34,615,036	44,964,166	699,905,070	688,841,530
Subordinated debt	9,990,000	-	2,000	-	2,000	4,000	4,000	8,000	9,970,000	-
Other liabilities	113,538,251	65,816,713	20,136,885	6,064,923	7,232,856	1,042,599	1,104,320	2,359,743	7,960,405	1,819,807
	2,826,600,939	737,537,846	175,820,182	152,265,369	176,550,837	60,270,152	36,449,306	64,816,618	732,229,292	690,661,337
Net assets	199,252,211	(383,927)	354,002,072	165,982,814	115,530,303	157,597,108	140,949,969	344,471,056	(532,829,000)	(546,068,184)
Share capital	14,668,525									
Reserves	64,435,243									
Surplus on revaluation of assets - net of tax	14,531,643									
Unappropriated profit	101,606,320									
Non-controlling interest	4,010,480									
	199,252,211									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

45.5 **Derivative 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. 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.

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.

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 PVBP limits which are monitored and reported by TMO to senior management on daily basis.

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.

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.

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.

46 **NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

46.1 The Board of Directors in its meeting held on February 19, 2020 has proposed a final cash dividend of Rs 1.25 per share for the year 2019. This is in addition to Rs 3.75 already paid during the year bringing the total dividend for the year to Rs 5.00 per share (2018: Rs 4.25 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, 2019 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2020.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

47 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on February 19, 2020.

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 The comparative figures have been re-arranged and reclassified for comparison purposes.

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Islamic banking business - Consolidated Financial Statements — ANNEXURE-I

For The Year Ended December 31, 2019

Details of islamic banking business for the year ended December 31, 2019 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, 2019

Details of advances written-off for the year ended December 31, 2019 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, 2019

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	338	136	202	198	Insurance Claim	Jubilee General Insurance Limited
Leasehold improvements	40	2	38	29	Insurance Claim	Jubilee General Insurance Limited
Electrical, Office and Computer Equipment	543	541	2	786	Auction	The First MicroFinanceBank Limited
Furniture and fixtures	52	39	13	643	Auction	The First MicroFinanceBank Limited
Vehicles	3,255	2,875	380	3,107	Insurance Claim	Jubilee General Insurance Limited
Total	4,228	3,593	635	4,763		

HBL Domestic Network

As at December 31, 2019

- Retail Branches Conventional

Name of Region	Number of Branches
Bahawalpur	60
Faisalabad	94
Gujranwala	71
Gujrat	72
Hyderabad	58
Islamabad	141
Jhelum	77
Karachi	164
Lahore	113
Mardan	95
Mirpur A.K.	59
Multan	106
Muzaffarabad	42
Peshawar	105
Quetta	44
Sahiwal	81
Sargodha	75
Sialkot	80
Sukkur	50
- Islamic Banking	48
- Commercial	20
- Corporate (Including KEPZ)	13
	1,668

Subsidiaries

Habib Bank Financial Services (Private) Limited
HBL Currency Exchange (Private) Limited
HBL Asset Management Limited
The First MicroFinance Bank (FMFB) Limited

FMFB Branch Network	Number of Branches
Sindh	40
Punjab	77
Balochistan	6
Khyber Pakhtunkhwa	15
Capital Territory	1
Gilgit Baltistan	22
Azad Kashmir	2
	163

Associates

Jubilee General Insurance Company Limited
Jubilee Life Insurance Company Limited

UNCONSOLIDATED FINANCIAL STATEMENTS

DIGITALLY YOURS

Directors' Report 2019

On behalf of the Board of Directors, we are pleased to present the Unconsolidated Financial Statements for the year ended December 31, 2019.

Macroeconomic Review

Pakistan's growth outlook for FY'20 remains subdued, as expected under a stabilization program, with GDP growth projected around the 2.5% mark. This is partly driven by sustained inflation which has led to a tight monetary policy and dampened domestic demand and production. Headline inflation, driven mainly by rising food prices, has been increasing steadily, with the January 2020 reading showing a sharp uptick to 14.6%. Average inflation for 7MFY'20 is 11.6% compared to 5.9% for the same period last year; however, the SBP's average inflation projection for FY'20 remains unchanged at 11.0% – 12.0%. Despite gains in export-oriented sectors, the Large Scale Manufacturing index showed a 3.4% decline for H1FY'20 with Automobiles, Iron & Steel and Petroleum sectors all weakening.

The Government's measures to control the external account have started to bear fruit as across-the-board import compression has resulted in a 21% decline, supplemented by a 4.5% growth in exports. As a result, the trade deficit has reduced by 39% in H1FY'20. With remittances continuing to grow, albeit modestly, there has been a significant curtailment of the current account deficit, which declined by 75% to USD 2.2 billion during H1FY'20. Policy rate cuts by major central banks and the consequent rise in yield differentials, along with expectations of Rupee stability, have attracted foreign portfolio investment of USD 1.5 billion in local government securities during H1FY'20; FDI also increased by 62% during this period. With positive trajectories on all indicators, the Balance of Payments registered a surplus of USD 4.4 billion for H1FY'20 compared to a deficit of USD 2.0 billion for the same period last year. The FX reserves position has strengthened by 24% from June 2019 lows, increasing to USD 17.9 billion in December 2019. Consequently, the Rupee has recovered 5.6% of its value from the historic high recorded in June 2019. The improving external position was acknowledged by Moody's which upgraded the country's Outlook from Negative to Stable.

After a record high 8.9% of GDP in FY'19, the Government has been able to contain the fiscal deficit for H1FY'20 to 2.3% compared to 2.7% for the same period last year. The key development is a primary balance of 0.7% compared to a deficit of 0.3% in H1FY'19. This was achieved due to substantial growth in non-tax revenue and 18% higher tax collection, which allowed a 28% growth in development expenditure. In addition, all provinces have delivered a budgetary surplus. Nevertheless, during the first review with the IMF, the tax collection target has been revised down to Rs 5.2 trillion from the Budget of Rs 5.5 trillion.

In its first program review, the IMF commended Pakistan's performance, remarking that the program has had a strong start underpinned by the transition to a market-based exchange rate. This paved the way for the release of the second tranche of USD 453 million, which was received in December 2019. All performance criteria for End-September 2019, along with those on a continuing basis, were met comfortably, although 5 indicative targets were missed. While progress on all structural reforms continues, the IMF remains focused on the key benchmark of improvements in the AML/CFT framework with a substantial level of effectiveness to be achieved by End-March 2020.

After a near continuous decline till August '19, the stock market rebounded, closing with a nearly 10% return for the year; this was driven by a faster than expected recovery on the external front as manifested by a stable exchange rate, fiscal improvements and a successful first IMF review. Recently the market has remained range-bound as persistent inflation has pushed expectations of a meaningful rate cut out to FY'21.

The SBP has maintained its policy rate at 13.25% since July 2019 and noted in its January MPC statement that monetary policy would continue to be based on the medium-term inflation outlook. High interest rates have depressed private sector lending which grew by only 2% in H1FY'20 compared to 10% for the same period last year. Banking sector deposits grew by 10% to Rs 14.6 trillion in 2019; however, advances grew by only 3% as there was an industry-wide skew to government securities. Banking spreads for 2019 rose by 90 bps over 2018.

Financial Performance

HBL's pre-tax profit for 2019 is Rs 27.1 billion, 37% higher than in 2018. Profit after tax, at Rs 15.1 billion, is 28% higher than the previous year. The retrospective application of Super Tax on 2017 profits has impacted post-tax profit by Rs 1.9 billion. Earnings per share are Rs 10.27 compared to Rs 8.04 in 2018.

HBL's domestic business has maintained its leadership position in 2019, with sustained growth in key drivers. Deposits increased by 13.3% over December 2018, to Rs 2.1 trillion, with a slight increase in market share. HBL continued to support its customers and the real economy; domestic lending grew by 3.5% to Rs 945 billion, with market share increasing by 26 bps to 12.44%. The international business is now turning around and balance sheets have returned to a growth path; in Rupee terms this was even more pronounced. HBL's total deposits thus grew by 14.0% over December 2018 to Rs 2.3 trillion, while advances rose by 5.6% to Rs 1.1 trillion. Consequently, HBL's balance sheet footing has increased by 6.1% to Rs 3.1 trillion.

The average domestic balance sheet grew by 6.5% over 2018. The full repricing of assets, rollover of maturing investments at higher rates and contained increase in deposit cost helped net interest margins to improve to 5.0% in 2019. Domestic net interest income has thus increased by 24% to Rs 87.7 billion. With the International business also contributing, HBL's total net interest income increased to Rs 94.6 billion.

With its diversity in product and revenue streams, HBL's fee franchise has a significant lead over its competitors; in 2019, this lead was further extended as fees increased by Rs 2.1 billion, to Rs 18.2 billion, well ahead of peers. This has been achieved through solid contributions from cards, investment banking and consumer finance. The Bank's renewed focus on Trade resulted in a 7% growth in volumes and a 24% increase in fees. Higher trading revenue and derivative revaluation gains resulted in FX income growing by 45% over 2018. Additionally, lower devaluation, coupled with a winding down of the Bank's open position resulted in losses on this account reducing from Rs 6.8 billion in 2018 to Rs 5.0 billion in 2019. Consequently, total non-markup income, at Rs 18.8 billion, was 14% higher than in 2018.

The Bank's expense base remains elevated as a result of the substantial legal, compliance and remediation costs it has incurred in New York. With the recent announcement of the branch's expected closure by the end of Q1 2020, these should now start to taper off. Total costs increased by Rs 12.4 billion – of this increase, Rs 3.5 billion related to higher costs in New York as activities were accelerated to enable earlier closure. While costs in the international business reduced by 4%, the devaluation of the Rupee resulted in these increasing by Rs 1.6 billion in Rupee terms. This was also the first year of depreciation of the Bank's new office building and the first full year of deposit protection insurance; along with regulatory requirements of biometric verification of the full customer base and re-issuing over 5.5 million debit and credit cards to make them CHIP and PIN compliant, a total of Rs 3.5 billion was added to the cost base.

Reversals of Rs 2.6 billion from a strong recovery performance were more than offset by a charge of Rs 4.7 billion on weaker borrowers – resulting in a net provision charge of Rs 2.1 billion against advances – entirely driven from the domestic lending businesses. However, with continued lending growth, the asset quality has improved further, from 6.6% in December 2018 to 6.3% in December 2019. The coverage ratio also improved significantly, from 92.6% to 96.3%.

Movement in Reserves

	2019	2018
	(Rupees in million)	
Profit after tax	**15,064**	11,789
Unappropriated profit brought forward	**91,883**	87,236
Profit after tax	**15,064**	11,789
Re-measurement gain / (loss) on defined benefit obligations – net of tax	**80**	(153)
Transferred from General Reserve	**6,074**	-
Transferred from surplus on revaluation of assets – net of tax	**409**	58
	21,627	11,694
Profit available for appropriation	**113,510**	98,930
Appropriations:		
Transferred to statutory reserves	**(1,506)**	(1,179)
Cash dividend – Final	**(1,834)**	(1,467)
1st interim cash dividend	**(1,834)**	(1,467)
2nd interim cash dividend	**(1,834)**	(1,467)
3rd interim cash dividend	**(1,834)**	(1,467)
Total appropriations	**(8,842)**	(7,047)
Unappropriated profit carried forward	**104,668**	91,883
Earnings per share (Rupees)	**10.27**	8.04

Capital Ratios

In 2019, the Bank's Capital Adequacy Ratio (CAR) requirements increased by 260 bps. Of this, 200 bps were as a result of the Bank's designation as a Domestic – Systemically Important Bank in the highest category and the remaining was due to the final Basel III transition. HBL took several steps to strengthen its eligible capital including optimizing its risk weighted assets and issuing Rs 12.4 billion of Additional Tier-1 Capital in the form of Term Finance Certificates. Resultantly, the Bank's unconsolidated Tier 1 CAR increased by 124 bps over December 2018 to 13.7% at the end of December 2019. However, the sharp increase in requirements and the consequent compression of headroom over minimum levels resulted in more of the Bank's Tier II capital becoming ineligible. The unconsolidated total CAR of 17.1% thus improved by 69 bps over December 2018. HBL's capital and related ratios remain well above regulatory requirements.

Business Developments

In 2019, HBL has maintained a deposit market share of around 14%, adding nearly 1 million new customers through its branch network. HBL Asaan Account, a key product for increasing inclusion of the unbanked population, added over 138,000 new customers, taking the total Asaan account customer base to nearly 900,000 with a deposit balance of over Rs 11 billion. HBL proudly serves 3.1 million female customers, including 0.5 million under its women's market program, Nisa, which has been recognized internationally at various forums as one of the most successful models of women-centric programs. HBL believes that access to finance for the SME and commercial segments is key to sustained development of the economy and is a clear market leader in both segments, focusing on their trade and funding needs. Over 1,000 new customers were added during the year, taking the client base to over 10,000.

HBL is committed to financial inclusion of the rural population as this segment is of critical importance to Pakistan's economic development. The Bank is the largest private sector agriculture finance provider with more than 20% share amongst commercial banks, serving rural communities through more than 650 branches across the country. In 2019, the Bank increased its new-to-bank farmer acquisition by 44% over the previous year. HBL's Rural Lending business has been an early adopter of technology, with an in-house developed Farm App for farm imaging and salesforce management. From 2019, the business has started using HBL Konnect to provide farmers convenience by making loan repayments at the closest Konnect agent rather than having to travel to a branch.

HBL "Kissan ki Awaz" is a unique flagship discussion platform for farmers to meet HBL through a series of structured town halls. Discussions are focused on rural banking and financial literacy; experts from academia and agri-input companies are also invited to provide advice on good agronomic practices. This program, first launched in 2018, serves as an excellent feedback mechanism on the customer's experience with HBL and has become highly popular with farmers; during 2019, five such programs were held with more than 300 farmers participating. As part of its financial literacy initiatives, HBL has been actively creating awareness of banking services and agriculture lending through radio campaigns; in 2019, more than 14,000 radio spots were broadcast in Urdu as well as in local vernacular languages.

In 2019, HBL created a Development Finance Group, unique within the industry, to design and implement interventions targeting the agriculture sector while uplifting underserved farmers. The objective is to help farmers improve productivity by providing quality agricultural inputs, access to latest mechanization and better, more impartial, agronomical advisory. HBL will also facilitate farmers in fetching better prices by linking them directly to their bulk buyers thus simultaneously creating a value chain for SME and Corporate clients to secure raw material and supplies. As a first step, in 2019, HBL has invested in Naymat Collateral Management Company, which aims to actualize the benefits of warehouse receipt financing. Cash-strapped farmers will now have the ability to borrow against warehouse receipts issued by storing their crops at accredited warehouses; end-users will receive an improved harvest quality, as the accreditation process will ensure high storage standards. This investment is also aligned with HBL's strategy of widening financial inclusion as it will expand the market for collateralized lending, increase rural sector jobs and encourage capital investments in agri-warehouses.

During the year, overall Customer Satisfaction was maintained above 80% with Problem Resolution Satisfaction scores at above 50%. The Bank's Quality Council was established in 2018 with the goal of ensuring a better and more consistent service culture. Various recognition programs were rolled out to emphasize that service is a primary offering of the Bank and a key differentiator. A Presidential Award for Service Excellence was launched to reward exceptional service at all levels and across functions. The Bank has also begun the process of standardizing the delivery and monitoring of service in its international franchise, ensuring that clients get consistent service from HBL across the globe. Service remains our greatest focus area so that we can continuously improve the customer experience.

Fair Treatment to Customers (FTC) is a core value of HBL as we believe it is the right way to do business. Multiple initiatives were implemented to promote a culture that prizes this value. FTC training is now mandatory across the Bank and FTC components will be included in staff goals going forward. Given the increasing incidence of cyber-fraud, several rounds of cautionary messages were sent to customers to create greater awareness and protect them against banking fraud. In 2019, 152,342 complaints were received directly by the Bank. On an average, 4.98 days were taken to resolve the complaints.

HBL's carefully constructed consumer banking business continues to strengthen, focused on providing value to customers while enabling them to achieve their financial aspirations. Despite a challenging external environment, the business remains on sound footing with steady growth and in 2019, the portfolio increased by 12%, crossing Rs 60 billion. The Bank

maintains its leadership in personal loans which remain the largest component of the consumer portfolio. Despite the slump in the automobile market, car financing recorded a growth of 12%.

HBL's Platinum Credit Card continues to be the most sought after card in the market; total credit card spend increased by 31% over 2018 and the portfolio grew by 34%. The merchant acquiring business continues to be a market leader with more than 25,000 POS terminals and a throughput of Rs 124 billion, 18% higher than the previous year. Usage of the Bank's leading Debit Card grew by 30% to Rs 42 billion, while clear market leadership of 20% was retained with 5.5 million cards. During the year, HBL upgraded its entire base of over 5m cards to CHIP & PIN functionality. Simultaneously, the entire POS network was also re-configured to ensure seamless conversion and acceptance.

The successful offering of Personal Loans on HBL Mobile was followed in 2019 with the introduction of Credit Card via HBL Mobile. This is offered to select customers and is totally paperless with no branch visits and credit decisioning in a few hours. With this application, the end-to-end process is just a few clicks on the Mobile App. In a short span of 4 months, 9,000 cards have been issued.

HBL's Islamic Banking strategy was refreshed during the year with the advent of a new leadership team. In 2019, the focus was to complete the product range so that all of the Bank's conventional solutions can also be made available in a Shariah compliant manner, thus truly offering a choice to the customer. The Islamic business has also broadened its target market to cover all customer segments. The new and aligned strategy has produced positive financial performance and has been welcomed by clients across various businesses. As HBL broadens the client base, the sanctity of Shariah standards will be maintained. A Hot Line has been established with the Bank's internal Shariah compliance department to give real time feedback to field staff. Online training modules are being developed to provide a consistent learning experience and expand the reach to participants beyond the Islamic team.

The Corporate Banking business continued to focus on deepening customer relationships through increased cross-sell and trade. During the year, a dedicated corporate team was set up in Peshawar to expand outreach and deliver on opportunities in KPK. The Chinese business has remained a key competitive advantage and HBL successfully entered into a landmark RMB trade finance agreement. HBL continues to lead the Transaction and Employee Banking space with a market share of over 40% in cash management where throughput increased by 22% to a record Rs 3.8 trillion; through its proprietary employee banking solution, HBL At Work (HAW), HBL serves 1.1 million employees of local businesses and has a market share of 55%.

HBL's Investment Banking business maintained its dominant position by closing a number of landmark transactions in 2019, including USD 1.7 billion of CPEC-related projects. During the year, HBL secured a joint mandate for the inaugural issuance of a USD 1 billion Panda Bond for the Government of Pakistan. HBL also expanded its presence in the renewable energy sector with closure of two 50 MW wind projects. The franchise continues to be recognized by prestigious global and local institutions for its innovative approach and depth of expertise. In 2019, we secured an unprecedented 16 international and domestic awards including Best Local Bank in the Region for BRI (South Asia) by Asiamoney, Best Investment Bank by Pakistan Banking Awards, Best Corporate & Investment Bank by Asian Banking & Finance, and Best Investment Bank / Best Sukuk Deal by Global Banking & Finance.

HBL has consistently led the market in adopting Environmental, Social & Governance (ESG) principles. During 2019, these initiatives were accelerated through the rollout of solar financing, supported by workshops conducted across all segments of the Bank in collaboration with international institutions. A number of internal initiatives on energy efficiency have been introduced including paper, waste, lighting and resource management. HBL increased its collaboration on Green Finance with Chinese institutions and is the first bank in Pakistan to become a member of the Green Investment Principles for the Belt and Road Initiative.

The Bank has started work on the implementation of a state-of-the-art Asset Liability Management system to enable an advanced level of interest rate and liquidity risk management which will bring HBL in line with global best practice in this area. During 2019, Sri Lanka, Oman and Maldives were on-boarded to the core treasury system to streamline and align technology platforms across international locations.

HBL launched the first online platform by a Pakistani bank, HBL Infinity, that provides live and tradable streaming foreign exchange pricing to clients, including the first-ever live pricing in PKR. HBL Infinity has been a great success and already has a loyal base of institutional, corporate and commercial customers with an ambitious roll-out plan for trade and remittance clients. Over the course of the year, HBL conducted client seminars across Pakistan to provide them an assessment of the domestic and international economic outlook. These were attended by industry leaders, management professionals and opinion makers who greatly appreciated the in-depth analysis that was provided on the major risks and opportunities for domestic businesses in an intensely competitive global trade landscape. To date, HBL is also the only domestic bank which services foreign investors wishing to invest in the domestic fixed income market, with around 15% of total volumes.

HBL continued to invest in becoming more inclusive, data driven and Mobile first in its product offerings during 2019. Our digital channels are helping us get closer to the country's unbanked population in unique ways, enabling individuals and businesses to access affordable financial services in a responsible and sustainable manner. This is also leading to an accelerated reduction in the gender gap in financial services.

HBL Konnect continues to be the primary vehicle for offering easy access to unbanked and under banked segments of society. The year ended with 3.7 million accounts, all of which were previously unbanked customers – with around 0.5 million coming directly from the Konnect App. HBL also partners with the Government on a variety of G2P initiatives targeted at enabling the population at the bottom of the pyramid and has been mandated for the largest G2P program – Ehsaas Kafalat. This will enable the Bank to provide financial access to almost 6 million women beneficiaries through the Konnect platform. Ehsaas disbursements also provide an opportunity to financially empower beneficiaries by providing them micro-loans and insurance products, all through a digital payment experience.

HBL Mobile achieved the milestone of crossing 1 million users during 2019 while the Konnect App has almost 800,000 users; the number of transactions increased by 75% to 138 million. This also helped in diverting traffic from branches to cost effective digital channels. Customer engagement was enhanced by offering an ever-increasing array of lifestyle solutions.

HBL rolled out a payment API (Direct Transfer) which continues to scale and more APIs are being developed to enable easy integration with the payments ecosystem. HBL witnessed over 40% growth in volumes through its Internet Payment Gateway and Direct Transfer products. In August 2019, HBL launched VISA QR services, VISA's first time in Pakistan for this product, and remains the sole acquirer. Over 350,000 transactions have been made since launch and will help in scaling up digital payments across retail locations by offering a low cost alternative to POS terminals.

During the year, significant investment was made in enhancing analytics capability. In order to better leverage data, a globally leading smart campaign management tool has been acquired; this will enable HBL to engage with customers in a more targeted manner to create better value for clients.

While enhancing our product offerings, compliance and information security remain of primary importance of mind. HBL continues to enhance digital security for our customers to provide them peace of mind.

In 2019, the International Business took significant steps in line with the strategic direction approved by the Board. Network business has increased substantially; the restoration of USD clearing in core locations has stabilized funding and supported trade finance. Consequently, revenue from core locations has witnessed double-digit growth. Additionally, the success in driving business from global network relationships has improved HBL's profile in the GCC and Asia, resulting in better ability to generate transactional banking income. The RMB capability in China will further deepen network business and improve returns.

Embedding risk, compliance and control in every aspect of operations remained an area of emphasis. The Bank's Business Transformation Program was implemented in the GCC to bring these operations to the same level of compliance and governance standards as in the domestic business. In 2020, HBL will complete this rollout to extend coverage to all locations where it operates. In line with the strategic rationalization of its footprint, HBL fully exited its business in Seychelles and ceased banking operations in Afghanistan where final closure processes and regulatory approvals are being completed.

During the year, HBL's Urumqi branch was fully engaged in developing systems for RMB capability and has initiated business from November 2019. HBL has become one of only 3 banks across South Asia, the Middle East and North Africa to offer end-to-end RMB intermediation. This positions HBL to take a leading role in regional RMB trade and the process of on-boarding RMB correspondent accounts for the network has started. In December, the China Banking and Insurance Regulatory Commission approved HBL's application for upgrading the Beijing Representative Office to a Branch within unprecedented timelines. The Beijing branch is expected to come online in late 2020 and will further cement the Bank's position vis-à-vis the China business space.

In 2018, HBL embarked on a multi-year Business Transformation program centered around four main areas, Governance, People, Process and Technology. The aim of the program was to use a risk-based approach to ensure that key processes and controls are "fit for purpose" so that with management supervision, business risk is sufficiently mitigated. Overall, the program also sought to develop a robust compliance-based environment to make HBL the best in class in the markets in which it operates.

In the first half of 2019, the domestic transformation program was successfully completed within planned timelines. As part of this program, significant upgrades were implemented to transaction monitoring systems, real-time customer screening and enhancing AML and KYC assessments. In the second half of the year, the focus shifted towards HBL's international locations. Future regulatory and business needs were considered in prioritizing country-wise rollout. Focus remains on fortifying governance, strengthening and supporting local teams and reinforcing controls by upgrading technology and processes.

To support the organizational focus on Trade, a dedicated portal was developed to provide convenience and innovative services to customers. This initiative has resulted in improving customer turnaround time and efficiency by leveraging digital capabilities to reduce, or replace, manual processes and strengthen controls. Continuous efforts aimed at providing customers reliable service across our 2100+ ATM network, resulted in our average ATM uptime exceeding 95%. Dedicated teams ensured that, particularly during the heavy-traffic Eid holidays, no customer was inconvenienced, with uptime attaining a high of 97% in this period; an achievement for which the Bank received recognition from the SBP.

The Bank is alert to the criticality of Business Continuity Planning (BCP) and over 50 BCP exercises were conducted successfully across the Bank's domestic and international franchise. In early 2019, a simulation exercise was conducted by engaging a renowned international expert. Following on from its success, HBL partnered with the SBP to organize a Business Continuity Management Workshop to create awareness within the industry. HBL also successfully tested its IT disaster recovery plans demonstrating its strong operational and technological resilience.

HBL started 2019 with the flagship HBLPSL, the single largest sporting platform in the country. Each year, this tournament stays true to its promise of enabling the dreams of young cricketers who aspire to become international legends. HBL continues to make HBLPSL bigger and better each year and the 2019 tournament was no different. In 2020, HBLPSL will be hosting all 34 matches across different venues in Pakistan, thus giving Pakistanis the joy of watching their favorite cricketers live. HBL takes pride in supporting the return of international cricket to Pakistan.

In 2019 HBL once again won the Brand of the Year, Banking, Pakistan award at the prestigious World Branding Awards. HBL's brand equity score of 4.2 is double that of our nearest competitor and is a testament to the strength of the brand.

Human Resources

HBL strongly believes that its employees living the values every day is key towards building a high-performance culture. As part of the plan to drive the cultural transformation within the Bank, an initiative was launched to refresh the values and make them relevant to the current challenges. A key part of this exercise was articulating behaviours expected both from employees and from leaders. In 2020, this will be rolled out across the organization through workshops to outline the behavioural expectations on a day-to-day basis.

To enhance accountability within senior management, a revised performance assessment and reward methodology was introduced for Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), who were identified based on their scope of responsibility and decision-making authority. The MRTs are revenue generators and their performance is determined largely on delivering business targets, whereas MRCs are employees in risk and/or controlling functions. Their overall remuneration comprises of fixed and variable pay components of which, the variable component is determined and paid based on their annual performance assessment. To ensure that undue risk is not taken by employees to gain short term rewards, a risk aligned remuneration policy and framework, governed by the Board's Human Resources and Remuneration committee, has been implemented. Based on this, risk adjusted balanced scorecard has been developed for each of these identified MRTs/MRCs, to monitor and reward performance. A performance bonus deferral mechanism has also been put in place with the ability to withhold unvested bonus amounts and/or recover bonuses already paid out, in case of a risk event occurring and attributable to an MRT/MRC. Furthermore, to enhance senior management ownership and drive a focus on shareholder value, the bonus deferral at senior levels is share-based. Another key development has been the establishment of an Ethics and Conduct function to develop policies and monitor conduct to enhance accountability and ensure that employees operate in an ethical manner.

As we endeavour to create a learning and innovation culture, developing employees' capabilities remained at the forefront. Training was imparted through more than 650,000 man-hours of classroom courses as well as through e-Learning. We continued to leverage technology for cost efficiencies, emphasising webinars and e-Learning. To keep our employees' skills current and at international standards, we brought globally recognized programs such as the OMEGA certification and FITCH Learnings to Pakistan. Comprehensive certification programs and learning ladders were introduced for Relationship Managers and Cash Officers, allowing them to chart their careers through undertaking the required programs. A Trade Academy was launched to further enhance trade knowledge and skills.

To improve the dearth of quality resources, especially in the rural areas, HBL arranged structured internship programs for graduates of the University of Agriculture, Faisalabad and the Institute of Business Administration, Sukkur, in which 23 individuals participated. During the year, 22 training sessions were also conducted for 462 of HBL's own agriculture field staff and have given new insights on specialized training needs, for which modules are being developed.

We continued our efforts towards increasing women representation and promoting a gender-friendly environment, reaching a diversity ratio of 17%. Amongst several initiatives to promote female leadership and build capacity, a mentoring program for senior women was also rolled out. Our efforts in this area were recognized through the ADB Gender Champion award as well as the Employer of Choice Award for gender balance from IFC/Pakistan Business Council.

Risk Management Framework

HBL's risk management framework is anchored by the Board's clearly defined risk appetite that takes into account international best practices, regulatory requirements and evolving business needs. 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. Market risk and liquidity risk 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. The already strong risk management of the consumer business was supplemented with the development of new expert application scorecards for usage with digital channels. To manage financial 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.

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.

To strengthen the management of Compliance risk, the Bank's transaction monitoring system was further augmented with the addition of eight new scenarios. Phase-wise screening of the portfolio was initiated against available Watch lists and Sanctions lists and risk ratings for the active legacy portfolio were aligned to the Bank's Customer Risk Rating Methodology. Additionally, the evolving AML/CFT suite of Compliance training was extended to include awareness of Terrorism Financing risks. HBL continues to strengthen its International Compliance functions in all locations, predicated on strict adherence to host country regulations. A Compliance Committee of Management, established in each country, serves as a mechanism for filtering key issues through to senior management and the Board Compliance and Conduct Committee which is tasked with the oversight of Compliance.

In the context of the National Risk Assessment (NRA) findings and the Asia Pacific Group's (APG) Mutual Evaluation Report (MER), SBP updated its AML/CFT Guidelines on Risk Based Approach (RBA) in 2019. Subsequently, HBL has initiated the review of its Financial Crime Risk Assessment (FCRA) to incorporate the recent developments on money laundering (ML) and terrorist financing (TF) as an outcome of the MER and the NRA. Additionally, the SBP, while sharing results of the NRA with its regulated entities, instructed them to ensure capacity building of their staff and undertake measures to enhance outreach for raising customer awareness. Accordingly, HBL arranged seminars for customer awareness on ML / TF in various cities across the country.

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 and other serious infringements of the Bank's Code of Conduct. HBL conducted a comprehensive awareness campaign, reiterating key features of its program and emphasizing various communication channels for lodging complaints.

With the Bank's ever-growing digital infrastructure, Information Security continues to gain in criticality and plays a pivotal role in protecting HBL, its customers and their data from cyberattacks and data breaches. Cybersecurity risk assessments are routinely carried out, duly supported by preventive and detective controls capable of responding to emerging external threats. During 2019, a centralized vulnerability assessment and penetration testing program was established; coverage was enhanced to include domestic and international IT assets. Security solutions such as malware protection, data loss prevention, encryption and enhanced monitoring of cybersecurity operations were implemented to improve resilience. To embed the importance of this function throughout the Bank, an Information Security Awareness Week was organized which included several diverse activities. At the national level, HBL has partnered with external experts to lead capacity building programs for the industry.

Our sustained efforts to provide secure banking services to our customers led to the protection of our entire network against skimming. We retained our PCI DSS certification, which is the de facto security standard for the Payment Card Industry. HBL achieved ISO 27001 certification for its Information Security Management System and is the only bank in Pakistan to have met this standard.

Going forward, we plan to strengthen our cyber-defenses through the use of AI and machine learning based technologies, and a centralized identity and access management system, proactively mitigating against advanced threats. Customers themselves are an important component of the security process and their continuous education about cyber-risks will remain an important component of our 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)

HBL is part of Pakistan's socio-economic fabric and the Bank continues to play its role as a responsible corporate citizen. Giving back to the country and the communities that we serve is part of HBL's strategic agenda. To promote sustained economic and social uplift of the country, the Bank contributes 1% of its annual profit after tax to the HBL Foundation, which was established in 2009 to promote the development and well-being of the underprivileged and improve their quality of life. During 2019, the Bank donated Rs 135 million, both through the Foundation and directly, to deserving causes; this is a 5% increase over the Bank's 2018 commitment.

HBL has pursued a multi-sectoral approach for supporting social initiatives. It has particularly focused on important linkages between health and education as sustainable pillars. HBL's longstanding collaborations with non-profit organizations, government and other community partners, as well as support of the Bank employees, enables the Bank to deliver upon its corporate social responsibility and sustainable banking agenda.

In the health sector, HBL is committed to supporting and strengthening existing health care services, while also fostering new initiatives. Improvements in health programs can promote the development of a population that contributes positively to economic growth. These projects, spread across the country, directly impact the marginalized and underprivileged sections of society. HBL firmly believes that education is the driving force for long-term economic uplift. Vocational training, conventional education and skills development were all invested in through collaboration with various organizations. In all sectors, contributions have been made to both private and public sector entities, across Pakistan, to ensure that historically underserved provinces are also given coverage.

Employee volunteering is a key strategic agenda for the Bank. In July 2019, HBL organized a blood donation campaign in partnership with Indus Hospital and Shaukat Khanum Memorial Trust. The purpose of this campaign, organized across Karachi, Lahore and Islamabad, was to positively impact the communities in which HBL serves, and create awareness amongst HBL staff, more than 300 of whom donated. Through a more structured employee volunteerism program, spread across the year, HBL staff will be encouraged to personally play a part in the communities in which we operate and the projects that we support.

We will continue to engage with the community through projects in the health and education sectors, which require long term commitment. HBL, as Pakistan's national institution will lead from the front in this huge national challenge.

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

Credit Ratings

The Bank's credit ratings were re-affirmed in June 2019 by VIS at AAA / A-1+ for long-term and short-term respectively. The rating of the Tier II subordinated debt remains at AAA while the Bank's Additional Tier I Capital TFCs were rated as AA+. In doing so, the rating agency cited the Bank's position as Pakistan's largest commercial bank with systemic importance, a strong franchise, robust liquidity profile and sound asset quality indicators. Moody's also re-affirmed HBL's local currency deposit ratings at B3, the baseline credit assessment at caa1 and the foreign currency deposit rating at Caa1. In line with Moody's upgrading of the sovereign Outlook from Negative to Stable, the Outlook on the Bank's foreign currency deposit rating was also changed to Stable.

Future Outlook

The slowdown in most economic sectors appears to have bottomed out and a surprisingly sharp uptick in the LSM for December 2019 could herald a nascent recovery. The IBA-SBP survey of business confidence showed an improvement in sentiment for the third successive reading. This bodes well for the economy to begin transitioning from stabilization to growth in line with the IMF's projections for GDP growth to return to the 4.5% – 5% range by FY'22. The SBP views the recent spikes in inflation as transitory and considers that the current monetary policy direction is appropriate to converge inflation towards the medium-term target of 5% – 7%. However, the monetary policy stance will remain tight until inflation shows a clear declining trend.

Although Pakistan's reform program is on track, risks remain elevated. The IMF remains concerned over potential fiscal slippages in the face of weaker revenue generation as well as over the ability of the Government to push through legislation in the absence of a majority in the Senate. Although substantial progress has been made on AML/CFT, much remains to be done and it will be critical to meet structural benchmarks which have been missed in October 2019 and reset to June 2020. The Government will have to remain steadfast in its pursuit of fiscal prudence and widening the tax net. It will also be important to contain the circular debt build-up, both through privatization as well as through timely tariff increases.

Over the course of the year, HBL has positioned itself as central to Pakistan's financial landscape and as its leading financial institution. HBL aims to bring world-class standards to Pakistan and has played a leading role in bringing international expertise to the country, from Compliance to cybersecurity to Fintech and innovation. HBL and Pakistan are interwoven – this is a privilege and a responsibility which the Bank embraces and will step up to deliver in all areas. A financially vibrant agriculture sector is essential for Pakistan's growth and HBL's unique Development Finance team intends to provide thought leadership on elevating the entire agriculture value chain. Relentless focus on our customers will continue, as they are at the heart of what we do – we will intensify efforts to deliver an improved service experience and products that delight our clients. Having transformed its compliance and operating processes over the last two years, the Bank now intends to bring the same single-minded focus and vigour to its digital journey to truly evolve into a technology company that banks.

Dividend

The Board has recommended a final cash dividend of Rs 1.25 per share for the year ended December 31, 2019, bringing the total cash dividend for the year to Rs 5.00 per share. The Board had earlier declared and paid interim cash dividends totalling Rs 3.75 per share.

Change in Directors

Ms. Sadia Khan and Mr. Agha Sher Shah resigned from the Board of Directors with effect from November 15, 2019 and December 4, 2019 respectively. The Board wishes to place on record its appreciation for their valuable contributions during their tenure on the Board.

The casual vacancies created by the above resignations were filled through the appointments of Ms. Diane Moore, who has joined the Board with effect from January 16, 2020 and Mr. Salim Chinoy, who has joined the Board with effect from February 12, 2020. Ms. Moore is an experienced professional with diversified experience of more than 15 years in banking and regulatory positions in the UK. She has also served for more than 8 years on various Boards, including in the technology and banking areas. Mr. Chinoy is one of the leading accounting professionals in Pakistan and has over 35 years of experience with a Big 4 accounting firm.

The Board welcomes Ms. Moore and Mr. Chinoy and looks forward to their contribution.

Meetings of the Board

	Board Meeting	
	Meetings held during tenure	Attendance
Mr. Sultan Ali Allana	8	7
Mr. Shaffiq Dharamshi	8	7
Mr. Moez Ahamed Jamal	8	8
Ms. Sadia Khan [1]	7	6
Mr. Salim Raza	8	8
Dr. Najeeb Samie	8	8
Mr. Agha Sher Shah [2]	7	6
Mr. Muhammad Aurangzeb	8	7

[1] Ms. Sadia Khan resigned from the Board with effect from November 15, 2019

[2] Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019

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	6	4	N/A	N/A
Mr. Shaffiq Dharamshi	N/A	N/A	5	4	6	4	N/A	1[3]
Mr. Moez Ahamed Jamal	8	8	N/A	N/A	N/A	N/A	7	7
Ms. Sadia Khan [1]	7	7	N/A	N/A	5	5	6	6
Mr. Salim Raza	N/A	N/A	5	5	N/A	N/A	N/A	N/A
Dr. Najeeb Samie	8	8	N/A	N/A	N/A	1[4]	N/A	N/A
Mr. Agha Sher Shah [2]	N/A	N/A	N/A	N/A	5	4	N/A	N/A
Mr. Muhammad Aurangzeb	N/A	N/A	5	5	N/A	N/A	N/A	N/A

[1] Ms. Sadia Khan resigned from the Board with effect from November 15, 2019

[2] Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019

[3] Mr. Shaffiq Dharamshi was co-opted for the meeting of the Board Compliance & Conduct Committee held on December 18, 2019, to meet quorum requirements

[4] Dr. Najeeb Samie was co-opted for the meeting of the Board Human Resource and Remuneration Committee held on December 18, 2019, to meet quorum requirements

	Board Development Finance Committee		Board Oversight Committee – New York		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	2	N/A	N/A	N/A	N/A	3	3
Mr. Shaffiq Dharamshi	N/A	N/A	4	3	N/A	N/A	N/A	N/A
Mr. Moez Ahamed Jamal	N/A	N/A	N/A	1[3]	N/A	N/A	N/A	N/A
Ms. Sadia Khan [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Salim Raza	3	3	N/A	N/A	4	4	N/A	N/A
Dr. Najeeb Samie	N/A	N/A	4	4	N/A	N/A	3	3
Mr. Agha Sher Shah [2]	N/A	N/A	N/A	N/A	3	3	N/A	N/A
Mr. Muhammad Aurangzeb	3	3	N/A	N/A	4	4	3	3

[1] Ms. Sadia Khan resigned from the Board with effect from November 15, 2019
[2] Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019
[3] Mr. Moez Ahamed Jamal was co-opted for the meeting of the Board Oversight Committee – New York held on June 26, 2019, to meet quorum requirements

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, being eligible, offer themselves for reappointment at the Annual General Meeting. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommends the appointment of Messrs. A. F. Ferguson & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2020 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) Other than the changes as disclosed in Note 4.1 to the financial statements, 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 2014 to 2019 – 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, Board Oversight for New York and Remuneration Committees constituted by the Board are functioning efficiently in accordance with their Terms of Reference. The Board has met regularly and 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, 2018.

	Rupees in million
Employees' Provident Fund	6,176
Employees' Pension Fund	4,351
Employees' Gratuity Fund	1,845
Employees' Benevolent Fund – Executives and Officers	1,446
Employees' Benevolent Fund – Clerical and Non-Clerical	699

Pattern of Shareholding

The pattern of shareholding as at December 31, 2019 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 the SECP approved Directors' Training program offered by the Institute of Business Administration, Karachi and are certified as Directors in accordance with the Code.

In December 2019, the Board attended a full-day training program, focused on the latest developments in the continuously evolving AML/CFT landscape and the role of FATF. This was conducted by an international expert in this area. To support the Board in its strategic oversight of the Bank's digital transformation, the Directors also attended a full-day session where they were addressed by leading global practitioners covering aspects from Big Data and Artificial Intelligence to cybersecurity; speakers also shared their learnings from actual implementation of digital transformation programs.

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 2019. 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 formed the following nine committees for support in providing strategic direction and enhanced oversight. The board committees function as per their respective well-defined Terms of Reference (TORs) approved by the Board. A brief description of the functions of each sub-committee, inter alia, is as follows:

Board Audit Committee: The Committee reviews the adequacy and effectiveness of the Bank's internal control environment, including operational controls, and reviews the Bank's financial statements and associated matters before recommending them for Board approval; as part of this process, the Committee also interacts with the External Auditors of

the Bank. The Committee also provides oversight over the Bank's Internal Audit function and the risk-based annual audit plan.

Board Risk Management Committee: The Committee is responsible for oversight and advice to the Board on risk related matters and risk governance with respect to the Bank's risk appetite and risk profile, the structure and completeness of the Bank's internal control and assurance 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: The Committee recommends key Human Resources and Remuneration policies including major terms of employment and benefits, Performance Management and Compensation Plans for all 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: 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 governance benchmarks and controls, escalation mechanisms and the reporting of compliance and conduct risks.

Board Development Finance Committee: 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 the upside available through highly productive but underserved communities throughout the agriculture value chain.

Board Oversight Committee – New York: The Committee was initially formed post the Consent Order and is responsible for assisting the Board in providing oversight to HBL New York in governance and remediation matters.

Board IT Committee: The Board IT Committee reviews, evaluates and make recommendations to the Board regarding the Company's major technology investment plans and strategies, including determining value for money and return on investment. It also ensures that effective oversight is provided to the Information Security function within the Bank and that the Information Security posture is aligned with the risk appetite.

Board Oversight Committee – International Governance: The Committee assists the Board in providing oversight of governance in overseas business operations, including subsidiaries, except HBL New York which is covered by the Board Oversight Committee – New York.

Board Remuneration Committee: The Committee is responsible for assisting the Board in fulfilment of its responsibilities regarding determination of remuneration arrangements for Directors of the Bank in line with SBP's BPRD Circular No. 03 of 2019 dated August 17, 2019.

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 Fit and Proper Criteria (FAPC). This is then forwarded to HBL's Board of Directors for approval after which it is submitted to SBP along with the filled FAPC Form and Board approval along with 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 Master's 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 Shariah Board 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 Banking and Gharar (uncertainty) from Karachi University, a Master's in Islamic Studies from Bahauddin Zakariya University and an LLB from Sindh Muslim Government College. He has been associated with the banking and financial services industry since 2004 and has provided Shariah Advisory services to the Shariah Boards of 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 Master's 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, 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 shall be empowered to consider, decide and supervise all Shariah related matters of HBL. All decisions, rulings, fatwas 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 the HBL Islamic Banking. All products or services to be offered and/or launched by HBL Islamic Banking shall have prior approval of the SB.

- The SB shall approve all the 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

At the Extraordinary General Meeting held on March 19, 2018, the shareholders of the Bank had approved Rs 400,000 as the fee payable to Non-Executive Directors for attendance at Board and Committee meetings. In addition, the Non-Executive Directors are entitled to receive a Travel and Daily Allowance and are provided airfare as per the 'Travel & Expense Policy for Non-Executive Directors and the Chairman' approved by the Board from time to time.

Pursuant to SBP's BPRD Circular No. 03 dated August 17, 2019, the Board approved the Board Remuneration policy in December 2019. Under this policy, the Directors' fee for attending Board and Committee meetings has been revised from Rs 400,000 to Rs 600,000 per meeting, with effect from December 9, 2019. The policy also entails the Travel and Daily Allowance entitlements for Non-Executive Directors regarding business related travel. The same is being recommended by the Board for post-facto approval by the shareholders in the 78th Annual General Meeting of the Bank.

The details of fees paid to Directors in 2019 are disclosed in Note 38.1 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.

The details of fees paid to Shariah Board Members are disclosed in Note 38.2 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, for developing and strengthening the banking and financial industry through continuous improvements in the regulatory and governance framework.

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. We would also like to thank our employees and their families for their dedication and their tireless efforts towards the growth of HBL.

On behalf of the Board

Muhammad Aurangzeb
President & Chief Executive Officer

Moez Ahamed Jamal
Director

February 19, 2020

ڈائریکٹرز رپورٹ–2019ء

ہمیں بورڈ آف ڈائریکٹرز کی جانب سے سال مختتمہ 31 دسمبر 2019ء کے غیر مجموعی مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس ہو رہی ہے۔

کلیاتی اقتصادیات کا جائزہ

پاکستان کی معیشت کی صورتحال مالی سال 2020ء کے لیے بھی دباؤ کا شکار رہی، جیسا کہ استحکام پروگرام کے تحت 2.5% کی نمو کی توقع کی گئی تھی۔ اس کی جزوی وجوہات میں افراطِ زر میں مسلسل اضافہ ہے جس سے سخت مالی وزری پالیسی کے امتزاج کے سبب مقامی طلب اور پیداوار میں کمی آئی۔ اشیائے خوردونوش کی قیمت میں اضافے سے ہیڈ لائن افراط زر میں اضافہ مسلسل برقرار رہا، جس میں جنوری 2020ء کی شرح میں 14.6% کا تیز اضافہ ہوا۔ مالی سال 2020ء کے 7 ماہ کے دوران اوسط افراطِ زر 11.6% رہا جو گزشتہ برس اسی مدت کے لیے 5.9% تھا۔ تاہم SBP کی مالی سال 2020ء کے لیے اوسط افراطِ زر کی شرح کی پیشین گوئی کسی تبدیلی کے بغیر 11%–12% رہی۔ برآمدات سے متعلق شعبوں میں منافع کے باوجود بڑے پیمانے پر پیداوار کی صنعت کے اشاریے میں مالی سال 2020ء کی پہلی ششماہی میں 3.4% گراوٹ نظر آئی جس میں گاڑیوں، فولاد اور اسٹیل اور پیٹرولیم کی صنعتیں کمزور ہوتی نظر آئیں۔

بیرونی کھاتوں کو قابو کرنے کے حکومتی اقدامات بار آور ثابت ہوئے کیونکہ ہر شعبے میں درآمدات کی حوصلہ شکنی کے اقدامات سے 21% کمی آئی جبکہ برآمدات میں 4.5% اضافہ ہوا۔ جس کے نتیجے میں مالی سال 2020ء کی پہلی ششماہی میں تجارتی خسارہ 39% سے کم ہو گیا۔ ترسیلات میں مسلسل مگر معتدل اضافے سے، جاری کھاتوں کے خساروں میں نمایاں کمی واقع ہوئی، جو مالی سال 2020ء کی پہلی ششماہی میں 75% گھٹ کر 2.2 ارب امریکی ڈالر ہو گئے۔ مالی سال 2020ء کی پہلی ششماہی میں اہم مرکزی بینکوں کی پالیسی قیمتوں میں کٹوتی کے نتیجے میں پیداواری امتیازی پیمانوں میں اضافے کے ساتھ روپے کے متوقع استحکام نے غیر ملکی سرمایہ کاروں کی توجہ حاصل کی جس سے مقامی سرکاری سکیورٹیز میں 1.5 ارب امریکی ڈالر کی سرمایہ کاری ہوئی۔ اسی دوران FDI میں بھی 62% اضافہ ہوا۔ تمام علامات کی مثبت سمت کے ساتھ مالی سال 2020ء کی پہلی ششماہی میں ادائیگی میں توازن میں 4.4 ارب امریکی ڈالر اضافہ ہوا جو گزشتہ برس اسی مدت کے لیے 2.0 ارب امریکی ڈالر خسارے کے مقابلے میں تھا۔ جون 2019ء کی کمی کے مقابلے میں FX ذخائر کی صورتحال میں 24% اضافہ ہوا ہے جس میں دسمبر 2019ء تک مزید 17.9 ارب امریکی ڈالر کا اضافہ ہوا۔ نتیجتاً روپے کی قدر اپنے جون 2019ء کے تاریخی اعلیٰ ریکارڈ کے مقابلے میں 5.6% بحال ہوئی۔ موڈیز نے بھی بیرونی صورتحال کی بہتری کو تسلیم کرتے ہوئے ملکی منظر نامہ منفی سے تبدیل کر کے مستحکم کر دیا۔

مالی سال 2019ء میں GDP میں 8.9% ریکارڈ اضافے کے بعد حکومت مالی سال 2020ء کی پہلی ششماہی کے مالی خسارے کو 2.3% پر روکنے پر کامیاب رہی جو گزشتہ برس اسی مدت کے لیے 2.7% تھا۔ 0.7% بنیادی توازن کلیدی ترقی ہے جو مالی سال 2019ء کی پہلی ششماہی میں 0.3% خسارے کے مقابلے میں ہے۔ اس کا سبب نان ٹیکس محصولات میں خاطر خواہ اضافہ اور 18% اضافی ٹیکس ادائیگی ہے جس سے ترقیاتی اخراجات میں 28% اضافہ ہوا۔ مزید یہ کہ تمام صوبوں نے تخمینی اضافہ دیا۔ اس کے باوجود IMF کے ساتھ پہلے جائزے میں محصولات اکٹھا کرنے کا ہدف کم کر کے 5.2 کھرب کر دیا گیا ہے جو تخمینے کے مطابق 5.5 کھرب تھا۔

اپنے پہلے پروگرام کے جائزے میں IMF نے پاکستان کی کارکردگی سراہتے ہوئے تبصرہ کیا کہ پروگرام کا آغاز بھرپور ہے جس میں مارکیٹ کی تقابلی شرحِ تبادلہ پر منتقلی ہوئی ہے۔ جس سے دسمبر 2019ء میں وصول ہونے والی 453 ملین امریکی ڈالر کی اگلی قسط کی راہ ہموار ہوئی۔ ستمبر 2019ء کے اختتام تک کارکردگی کے معیارات بشمول جاری بنیادوں پر، بآسانی پورے ہوئے البتہ 5 علامتی اہداف ضائع ہو گئے۔ تمام اصلاحی ڈھانچوں میں کامیابی رہی مگر IMF تاحال AML/CFT کے ڈھانچے میں بہتری پر اپنی توجہ مرکوز کیے ہوئے ہے جس میں مارچ 2020ء کے اختتام تک خاطر خواہ کامیابی اور اثرات مرتب ہونے کی توقع ہے۔

اگست 2019ء تک کے حالیہ کم و بیش مستقل زوال کے بعد حصص بازار مستحکم ہوا اور سال کے اندازاً 10% منافع پر بند ہوا۔ اس کا سبب شرحِ تبادلہ میں استحکام کے باعث بیرونی جہتوں پر توقع سے پہلے ادائیگی، مالیاتی بہتری اور IMF کا پہلا کامیاب جائزہ ہے۔ حال ہی میں مارکیٹ میں توسیع نہیں ہو سکی کیونکہ افراطِ زر نے متوقع شرح میں کمی مالی سال 2021ء تک کے لیے بڑھا دی ہے۔

SBP نے جولائی 2019ء سے اپنی پالیسی کی شرح 13.25% پر برقرار رکھی ہے اور اپنے جنوری کے MPC بیان میں امکان ظاہر کیا ہے کہ زری پالیسی متوسط المیعاد افراطِ زر پر مبنی رہے گی۔ شرحِ سود میں اضافے کے سبب نجی شعبے کے قرضہ جات پر دباؤ کے باعث مالی سال 2020ء کی پہلی ششماہی میں نمو 2% رہی ہے جو گزشتہ برس اسی مدت کے لیے 10% تھی۔ بینکاری کے شعبے میں ڈپازٹس میں 2019ء میں 10% اضافہ ہوا جو کہ 14.6 کھرب روپے ہو گئے۔ تاہم قرضہ جات میں محض 3% اضافہ ہوا جس کی وجہ پوری صنعت میں ناہموار سرکاری سکیورٹیز رہیں۔ بینکاری کے اسپریڈ میں 2019ء میں 2018ء کی نسبت 90 بی پی ایس کا اضافہ ہوا۔

ذخائر میں اتار چڑھاؤ

	2019	2018
	ملین روپے	
بعد از محصول منافع	**15,064**	11,789
افتتاحی غیر تخصیص شدہ منافع	**91,883**	87,236
بعد از محصول منافع	**15,064**	11,789
وضاحت شدہ منفعت کی ذمہ داریوں پر منافع / (نقصان) کی دوبارہ پیمائش – محصول کا خالص	**80**	(153)
عمومی ذخائر سے منتقل شدہ	**6,074**	–
اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقل شدہ – محصول کا خالص	**409**	58
	627,21	694,11
مناسب کارروائی کے لیے دستیاب منافع	**113,510**	98,930
مختلف مدوں میں رکھی گئی رقوم:		
قانونی ذخائر میں منتقل شدہ	**(1,506)**	(1,179)
نقد منافع منقسمہ – حتمی	**(1,834)**	(1,467)
پہلا نقد عبوری منافع منقسمہ	**(1,834)**	(1,467)
دوسرا نقد عبوری منافع منقسمہ	**(1,834)**	(1,467)
تیسرا نقد عبوری منافع منقسمہ	**(1,834)**	(1,467)
مجموعی مناسب کارروائیاں	**(8,842)**	(7,047)
اختتامی غیر تخصیص شدہ منافع	**104,668**	91,883
فی حصص (شیئر) آمدنی (روپے)	**10.27**	8.04

سرمائے کا تناسب

سال 2019ء میں بینک کی شرح، کیپٹل ایڈیکویسی ریشو (CAR) کی طلب میں 260 بی پی ایس اضافہ ہوا جس میں سے 200 بی پی ایس بینک کے بطور مقامی انتظامی اہم بینک کے اعلیٰ درجے پر تقرری سے ہوا اور باقی ماندہ حتمی Basel III منتقلی کے سبب ہوا۔ HBL نے اپنے اہل سرمائے کے استحکام کے لیے کئی اقدامات کیے ہیں جس میں رِسک ویٹڈ ایسٹس کی بہتری اور ٹرم فنانس سرٹیفکیٹ کی صورت میں 12.4 ارب روپے اضافی Tier 1 سرمائے کا اجرا شامل ہے۔ بینک کا غیر مجموعی Tier 1 CAR دسمبر 2018ء سے دسمبر 2019ء تک 124 بی پی ایس سے 13.7% بڑھ گیا، تاہم طلب میں اضافہ اور نتیجتاً ہیڈ روم میں دباؤ کے باعث بینک کا Tier II سرمایہ نا اہل ہو گیا۔ چنانچہ 17.1% غیر مجموعی CAR میں دسمبر 2018ء کی نسبت 69 بی پی ایس بہتری آئی۔ HBL کا سرمایہ اور اس سے متعلق شرح تناسب شرائط و ضوابط سے بدستور کہیں اوپر رہے۔

کاروباری ترقی

2019ء میں، HBL نے 14% کے قریب ڈپازٹ مارکیٹ شیئر برقرار رکھا، اور اس کے برانچ نیٹ ورک کے ذریعے تقریباً 1 ملین نئے صارفین شامل ہوئے۔ HBL آسان اکاؤنٹ میں، جو بینکاری سے محروم آبادی کی شمولیت کے لیے کلیدی پروڈکٹ ہے، 138,000 سے زائد نئے صارفین شامل ہوئے، جس سے آسان اکاؤنٹ کے مجموعی صارفین کی تعداد 900,000 کے قریب ہو گئی جن کا ڈپازٹ بیلنس 11 ارب روپے سے زائد ہے۔ HBL نہایت فخر سے 3.1 ملین خواتین صارفین کو خدمات فراہم کرتا ہے، جن میں سے 0.5 ملین صارفین اس کے خواتین کے لیے مخصوص مارکیٹ پروگرام، 'نساء' کا حصّہ ہیں جس کا شمار عالمی سطح پر کئی فورمز میں

مالیاتی کارکردگی

HBL کا مالی سال 2019ء کا قبل از محصول منافع 27.1 ارب روپے رہا جو 2018ء سے 37% زیادہ ہے۔ بعد از محصول منافع 15.1 ارب روپے رہا جو گزشتہ برس سے 28% زیادہ ہے۔ سال 2017ء کی آمدن پر سپر ٹیکس کے اطلاق کے باعث بعد از محصول منافع پر 1.9 ارب روپے کے اثرات مرتب ہوئے۔ اس سال کی فی حصص آمدن 10.27 روپے ہے جو 2018ء میں 8.04 روپے تھی۔

HBL کے ملکی کاروبار نے بنیادی شعبوں میں مستقل اور مسلسل نمو کے ساتھ سال 2019ء میں اپنی قائدانہ حیثیت برقرار رکھی۔ دسمبر 2018ء کی نسبت ڈپازٹس میں 13.3% اضافہ، 2.1 کھرب روپے ہوا اور مارکیٹ شیئر میں بھی معمولی اضافہ ہوا۔ HBL نے اپنے صارفین اور اصل معیشت کی معاونت جاری رکھی؛ ملکی قرضہ جات 3.5% اضافے کے ساتھ 945 ارب روپے ہوگئے جبکہ مارکیٹ شیئر 26 بی پی ایس اضافے سے 12.44% ہوگیا۔ اب بین الاقوامی کاروبار بھی مستحکم ہو رہا ہے اور بیلنس شیٹ ترقی کی راہ پر گامزن ہے؛ روپے کے حوالے سے یہ اور بھی نمایاں ہے۔ چنانچہ HBL کے کُل ڈپازٹس دسمبر 2018ء سے 14.0% بڑھ کر 2.3 کھرب روپے ہوگئے جبکہ قرضہ جات 5.6% بڑھ کر 1.1 کھرب روپے ہوگئے، نتیجتاً HBL کی بیلنس شیٹ 6.1% اضافے سے 3.1 کھرب روپے پر پہنچ گئی۔

اوسط ملکی بیلنس شیٹ سال 2018ء سے 6.5% بڑھی۔ اثاثہ جات کی قیمت پر مکمل نظر ثانی، اضافی شرح پر منافع بخش سرمایہ کاری کے اجرائے ثانیہ اور ڈپازٹ کے اخراجات میں اضافے پر قابو سے خالص منافع کی شرح میں سال 2019ء میں 5.0% نمو دیکھی گئی۔ چنانچہ ملکی خالص منافع جات کی آمدن میں 24% اضافہ 87.7 ارب روپے رہا۔ بین الاقوامی کاروبار کی شمولیت سے HBL کی خالص منافع جاتی آمدن میں 94.6 ارب روپے اضافہ ہوا۔

مصنوعات اور محصولات کی ضمن میں اپنے تنوع کی وجہ سے HBL کی فیس فرنچائز کو اپنے مقابلہ بازوں پر نمایاں سبقت حاصل ہے؛ 2019ء میں اس سبقت میں مزید اضافہ اس طرح ہوا کہ فیس 2.1 ارب روپے کے اضافے سے 18.2 ارب روپے ہوگئی، جو اپنے ہم پلہ کاروباریوں سے کہیں زیادہ تھی۔ یہ سب کارڈز، سرمایہ کاری بینکاری اور صارفی مالیاتی قرضہ جات کی ٹھوس شمولیت کے ذریعے ممکن ہوا۔ بینک کی تجارت پر تازہ ترین توجہ کی بدولت حجم میں 7% جبکہ فیس میں 24% اضافہ ہوا۔ تجارتی محصولات میں اضافے اور معاہدوں کی از سرِ نو قدر پیمائی سے ہونے والے منافع کے نتیجے میں FX آمدن 2018ء کے مقابلے میں 45% بڑھ رہی ہے۔ مزید پست قدر پیمائی، بینک کی اوپن پوزیشن کے خاتمے کے ساتھ اس شعبے میں خسارہ ہوا جو 2018ء میں 6.8 ارب روپے سے گھٹ کر 2019ء میں 5.0 ارب روپے ہوگیا۔ نتیجتاً کُل غیر مارک اپ آمدن 18.8 ارب روپے پر سال 2018ء کی نسبت 14% زیادہ رہی۔

بینک کے اخراجات میں بدستور اضافہ رہا جس کی وجہ نیویارک میں ہونے والے قانونی، ضابطی اور ریمیڈیشن اخراجات تھے۔ سال 2020ء کی پہلی سہ ماہی میں برانچ کی متوقع بندش کے حالیہ اعلان کے بعد اب ان میں کمی آنی چاہیے۔ اخراجات کی کُل لاگت 12.4 ارب روپے ہے جس میں سے 3.5 ارب روپے کا تعلق نیویارک کی زائد لاگت سے ہے کیونکہ وہاں جلد از جلد بندش کی سرگرمیوں میں تیزی لائی گئی تھی۔ جبکہ بین الاقوامی کاروبار کی لاگت میں 4% کمی آئی، تاہم روپے کی قدر میں گراوٹ سے اس میں 1.6 ارب روپے اضافہ ہوا۔ یہ بینک کی نئی دفتری عمارت میں دباؤ کا بھی پہلا سال تھا اس کے ساتھ ڈپازٹس کے حفاظتی بیمہ، صارف کی مکمل چھان پھٹک کے لیے شرائط وضوابط کے مطابق بایو میٹرک تصدیق، CHIP بنانے کے لیے 5.5 ملین ڈیبٹ اور کریڈٹ کارڈز کے دوبارہ اجرا، PIN شکایات سمیت کُل لاگت میں 3.5 ارب روپے اضافہ ہوا۔

ریکوری کی بہترین کارکردگی کے باعث 2.6 ارب روپوں کی واپسی کمزور قرض داروں پر 4.7 ارب روپوں کے چارج کے ساتھ آف سیٹ سے زیادہ تھا جس کے نتیجے میں قرضہ جات پر خالص پس اندازی چارج 2.1 ارب روپے رہا جو مجموعی طور پر ملکی کاروباری قرضہ جات سے تھا۔ تاہم قرضہ جات میں مسلسل اضافے سے، اثاثہ جات کا معیار مزید بہتر ہوا جو دسمبر 2018ء میں 6.6% اور دسمبر 2019ء میں 6.3% رہا۔ کوریج کی شرح میں بھی نمایاں بہتری آئی جو 92.6% سے 96.3% ہوگئی۔

HBL کا محتاط انداز سے قائم کردہ کنزیومر بینکنگ بزنس مزید مضبوط ہوا، اور صارفین کو اہمیت دینے کے ساتھ ساتھ اُنھیں اپنی مالی ضروریات پوری کرنے کے قابل بنانے پر توجہ دی گئی۔ سخت خارجی عوامل کے باوجود، کاروبار محفوظ انداز میں مسلسل ترقی کے ساتھ آگے بڑھتا رہا ہے۔ 2019ء میں پورٹ فولیو میں 12% تک اضافہ ہوا اور 60 ارب روپے سے تجاوز کر گیا۔ بینکنگ نے پرسنل لون کے میدان میں اپنا قائدانہ مقام برقرار رکھا جو کنزیومر پورٹ فولیو کا سب سے بڑا حصّہ ہے۔ آٹو موبائل مارکیٹ میں گراوٹ کے باوجود، کار فنانسنگ میں 12% ترقی ریکارڈ ہوئی۔

HBL کا پلاٹینم کریڈٹ کارڈ مارکیٹ میں سب سے زیادہ طلب رکھنے والا کارڈ ہے؛ کریڈٹ کارڈ کے مجموعی خرچ میں 2018ء کے مقابلے میں 31% کا اضافہ ہوا اور پورٹ فولیو 34% سے بڑھا۔ 25,000 سے زائد پوائنٹ آف سیلز (POS) ٹرمینل اور ان کے ذریعے خرچ ہونے والے 124 ارب روپے کے ساتھ، مرچنٹ ایکوائرنگ بزنس میں مارکیٹ لیڈر کا اعزاز قائم رکھا جو پچھلے سال سے 18% زیادہ ہے۔ بینک کے سرِ فہرست ڈیبٹ کارڈ کا استعمال 30% اضافے کے ساتھ 42 ارب روپے تک جا پہنچا، جبکہ 5.5 ملین کارڈز کے ساتھ 20% کی نمایاں مارکیٹ لیڈرشپ حاصل رہی۔ سال کے دوران، HBL نے اپنے تمام 5 ملین سے زائد کارڈز کو چِپ اینڈ پِن فنکشن کے ساتھ اپ گریڈ کیا۔ ساتھ ہی ساتھ، تمام POS نیٹ وَرک کو دوبارہ تشکیل دیا گیا تاکہ بسہولت تبدیلی اور قبولیت یقینی بنائی جائے۔

HBL موبائل پر پرسنل لون کی کامیاب پیشکش 2019ء میں بھی جاری رہی اور HBL موبائل کے ذریعے کریڈٹ کارڈ متعارف کروائے گئے۔ یہ پیشکش منتخب صارفین کے لیے ہوتی ہے جس میں کسی کاغذی کارروائی کی ضرورت نہیں پڑتی اور نہ ہی برانچ جانا پڑتا ہے، جبکہ کریڈٹ کے فیصلے چند گھنٹوں میں لے لیے جاتے ہیں۔ اس ایپلی کیشن کے ساتھ، آغاز سے اختتام تک کا طریقہ کار موبائل ایپ پر محض چند کلک تک محدود ہو گیا ہے۔ 4 ماہ کے مختصر عرصے میں، 9,000 کارڈز جاری کیے جا چکے ہیں۔

اس سال HBL اسلامک بینکنگ کی حکمتِ عملی کو نئی قائدانہ ٹیم کے ساتھ تازہ دم کیا گیا۔ 2019ء میں، مصنوعات کی رینج مکمل کرنے پر توجہ مرکوز رہی تاکہ بینک کی تمام کنونشنل سہولتیں شرعی اُصولوں سے ہم آہنگ انداز میں بھی پیش کی جا سکیں، اور یوں صارفین کو حقیقی معنوں میں انتخاب کا اختیار میسر آ سکے۔ اسلامک بزنس نے صارفین کے تمام سیگمنٹس کا احاطہ کرنے کے لیے اپنی ہدف مارکیٹ کو بھی وسیع کیا۔ نئی اور ہم آہنگ حکمتِ عملی کا نتیجہ مثبت مالی کارکردگی کی صورت میں نکلا اور متعدد کاروباروں سے تعلق رکھنے والے کلائنٹس کی جانب سے اس کا خیر مقدم کیا گیا۔ کلائنٹس کا دائرہ کار وسیع کرنے کے ساتھ ساتھ شرعی معیارات کے تقدس کو بھی برقرار رکھا جائے گا۔ بینک کے اندرونی شریعہ کمپلائنس ڈپارٹمنٹ کے ساتھ ایک ہاٹ لائن کا قیام عمل میں لایا گیا ہے تاکہ فیلڈ اسٹاف کو فوری فیڈ بیک فراہم کیا جا سکے۔ سیکھنے کے یکساں تجربے کی فراہمی اور اسلامک ٹیم کی رسائی سے باہر شرکا تک دائرے کو وسیع کرنے کے لیے آن لائن ٹریننگ ماڈیولز تیار کیے جا رہے ہیں۔

کارپوریٹ بینکنگ بزنس نے مختلف مصنوعات کی فروخت (cross-sell) اور تجارت میں اضافے کے ذریعے صارفین کے ساتھ تعلقات مزید گہرا کرنے پر توجہ برقرار رکھی۔ سال کے دوران، خیبر پختونخوا میں مواقع تک رسائی کو بڑھانے کے لیے پشاور میں ایک مخصوص کارپوریٹ ٹیم تشکیل دی گئی۔ مسابقت کے میدان میں چینی کاروبار کلیدی فوقیت کا باعث رہا اور HBL نے کامیابی سے RMB ٹریڈ فنانسنگ کے معاہدے کا سنگِ میل عبور کیا۔ HBL ٹرانزیکشن اینڈ ایمپلائی بینکنگ میں کیش مینجمنٹ کے 40% سے زائد مارکیٹ شیئر کے ساتھ سرِ فہرست رہا جہاں اس کے ذریعے گزرنے والی رقم 22% اضافے کے ساتھ ریکارڈ 3.8 کھرب روپے تک جا پہنچی۔ اپنے ملکیتی ایمپلائی بینکنگ سولوشن، HBL ایٹ وَرک (HAW) کے ذریعے، HBL نے مقامی کاروباروں کے 1.1 ملین عملے کو خدمات فراہم کیں اور 55% مارکیٹ شیئر رہا۔

HBL کے انویسٹمنٹ بینکنگ بزنس نے 2019ء میں اپنی برتری قائم رکھتے ہوئے کئی نمایاں ٹرانزیکشن انجام تک پہنچائیں، جن میں 1.7 ارب امریکی ڈالر کے CPEC سے متعلقہ منصوبے شامل تھے۔ اس سال کے دوران، HBL نے حکومتِ پاکستان کے لیے 1 ارب امریکی ڈالر کے پانڈا بونڈ (Panda Bond) کے افتتاحی اجرا کے لیے ایک مشترکہ مینڈیٹ بھی حاصل کیا۔ HBL نے قابلِ تجدید توانائی کے شعبے میں اپنی موجودگی کو بڑھاتے ہوئے دو 50 میگاواٹ کے وِنڈ پروجیکٹ مکمل کیے۔ فرنچائز کے جدّت پسند انداز اور وسیع مہارت کے باعث معروف عالمی اور مقامی ادارے اس کے معترف رہے۔ 2019ء میں، ہم نے بے مثال 16 بین الاقوامی اور مقامی اعزازات اپنے نام کیے، جن میں ایشیا منی کی جانب سے BRI (جنوبی ایشیا) کے لیے خطے میں بہترین مقامی بینک، پاکستان بینکنگ ایوارڈز کی جانب سے بہترین انویسٹمنٹ بینک، ایشیا بینکنگ اینڈ فنانسنگ کی جانب سے بہترین کارپوریٹ اینڈ انویسٹمنٹ بینک، اور گلوبل بینکنگ اینڈ فنانس کی جانب سے بہترین انویسٹمنٹ بینک اور بہترین سکوک ڈیل کے اعزازات شامل ہیں۔

HBL نے ماحولیاتی، سماجی اور گورننس (ESG) کے اصول اپنانے میں مارکیٹ کی مسلسل قیادت کی ہے۔ 2019ء کے دوران، سولر فنانسنگ کے آغاز کے ذریعے ان اقدامات کی رفتار تیز کی گئی، جن کے ساتھ بین الاقوامی اداروں کے اشتراک سے بینک کے تمام سیگمنٹس میں ورک شاپس کا انعقاد کیا گیا۔ توانائی کی بچت سے

خواتین مرکز پروگراموں کے کامیاب ترین ماڈل میں کیا گیا ہے۔ HBL کا ماننا ہے کہ SME اور کمرشل طبقات کے لیے فنانس تک رسائی معیشت کی پائیدار ترقی کے لیے بنیادی حیثیت رکھتی ہے اور HBL دونوں ہی شعبوں میں نمایاں طور پر مارکیٹ لیڈر ہے، جو اُن کی تجارتی اور مالی ضروریات پر توجہ رکھتا ہے۔ اس سال کے دوران 1,000 سے زائد نئے صارفین شامل ہوئے جس کے بعد کلائنٹس کی تعداد 10,000 سے تجاوز کر گئی۔

HBL دیہی آبادی کی مالی شمولیت کے لیے پُرعزم ہے کیونکہ یہ شعبہ پاکستان کی معاشی ترقی کے لیے نہایت اہمیت کا حامل ہے۔ بینک پرائیوٹ سیکٹر میں زرعی قرضوں کا سب سے بڑا فراہم کنندہ ہے جو کمرشل بینکوں میں 20% سے زائد شیئر رکھتا ہے اور دیہی آبادیوں کو ملک بھر میں اپنی 650 سے زائد برانچوں کے ذریعے خدمات فراہم کر رہا ہے۔ 2019ء میں، بینک کے لیے نئے کسانوں کی شمولیت میں گزشتہ سال کے مقابلے میں 44% کا اضافہ ہوا۔ HBL کے دیہی قرضوں کے کاروبار نے ٹیکنالوجی اپنانے میں پہل کی ہے، اور زمین کی تصاویر اور سیلز فورس مینجمنٹ کے لیے اپنی 'فارم ایپ' تیار کی ہے۔ 2019ء سے، بزنس نے کسانوں کو قرضوں کی واپس ادائیگی کے لیے برانچ کا سفر کرنے کی بجائے قریبی Konnect ایجنٹ پر ادائیگی کی سہولت فراہم کی ہے۔

HBL "کسان کی آواز" کسانوں کے لیے تبادلۂ خیال کا ایک منفرد فلیگ شپ پلیٹ فارم ہے جہاں وہ منظم ٹاؤن ہال اجلاسوں کے سلسلے کے ذریعے HBL سے ملاقات کرتے ہیں۔ گفتگو کا مرکز دیہی بینکاری اور مالی خواندگی ہوتی ہے؛ جس میں تعلیمی اور زرعی پس منظر رکھنے والی کمپنیوں سے ماہرین کو مدعو کیا جاتا ہے تاکہ بہتر دیہی معیشت کے طریقوں سے متعلق رہنمائی فراہم کی جائے۔ پہلی بار 2018ء میں لانچ ہونے والا یہ پروگرام HBL کے ساتھ صارفین کے تجربے سے متعلق فیڈ بیک کا بہترین میکانزم ہے اور کسانوں میں بے حد مقبول ہو چکا ہے۔ 2019ء کے دوران، ایسے پانچ پروگراموں کا انعقاد کیا گیا جس میں 300 سے زائد کسانوں نے شرکت کی۔ مالی خواندگی سے متعلق اپنے اقدامات کے ضمن میں، HBL ریڈیو مہمات کے ذریعے بینکاری خدمات اور زرعی قرضوں سے متعلق آگاہی کے فروغ کے لیے سرگرمی سے کام کر رہا ہے؛ 2019ء میں، اُردو کے ساتھ ساتھ مقامی زبانوں میں 14,000 سے زائد ریڈیو اسپاٹس نشر کیے گئے۔

2019ء میں، HBL نے انڈسٹری میں ایک منفرد اقدام اٹھاتے ہوئے ڈویلپمنٹ فنانس گروپ قائم کیا تاکہ زرعی شعبے کو ہدف رکھتے ہوئے پسماندہ کسانوں کی ترقی کے ساتھ ساتھ، وسائل کو ڈیزائن اور نافذ کیا جائے۔ اس کا مقصد معیاری زرعی معلومات کی فراہمی، جدید ترین مشینوں کے استعمال اور بہتر، مزید غیر جانب دار، دیہی معاشی مشوروں کے ساتھ کسانوں کی مدد کرتے ہوئے پیداوار میں اضافہ کرنا ہے۔ بہتر قیمتوں کے حصول کے لیے HBL کسانوں کا رابطہ براہِ راست اُن کے بڑے خریداروں کے ساتھ قائم کرنے میں اُن کی معاونت کرے گا، یوں خام مال اور رسد محفوظ بنانے کے لیے بیک وقت SME اور کارپوریٹ کلائنٹس کے لیے ویلیو چین قائم ہو گی۔ پہلا قدم اٹھاتے ہوئے، HBL نے 2019ء میں نعمت کولیٹرل مینجمنٹ کمپنی میں سرمایہ کاری کی، جس کا مقصد ویئرہاؤس ریسیپٹ فنانسنگ کے فوائد کو عملی جامہ پہنانا ہے۔ رقم کی کمی کے شکار کسان اب مستند گوداموں میں اپنی فصلیں ذخیرہ کر کے وہاں سے جاری کردہ ویئرہاؤس رسیدوں کی بنیاد پر قرضہ حاصل کر سکیں گے؛ اور صارفین کو بہتر معیار کی فصلیں میسر آئیں گی، کیونکہ مستند طریقہ کار کے ذریعے اسٹوریج کے اعلیٰ معیارات یقینی بنائے جائیں گے۔ یہ سرمایہ کاری مالی شمولیت کو وسیع کرنے سے متعلق HBL کی حکمتِ عملی کے مطابق بھی ہے، کیونکہ یہ ذیلی قرضوں کے لیے مارکیٹ کو بڑھائے گی، دیہی شعبوں میں ملازمتوں کا اضافہ کرے گی اور زرعی گوداموں میں سرمایہ کاریوں کی حوصلہ افزائی کرے گی۔

اس سال کے دوران، صارفین کے مجموعی اطمینان کی شرح 80% سے زائد پر برقرار رہی جبکہ مسائل کے حل سے متعلق اطمینان کا اسکور 50% سے زیادہ رہا۔ بہتر اور مزید ہم آہنگ خدمات کا کلچر یقینی بنانے کے ہدف کے ساتھ 2018ء میں بینک کی کوالٹی کونسل قائم کی گئی تھی۔ اس پہلو کو اجاگر کرنے کے لیے کہ بینک کی بنیادی پیشکش خدمات کی فراہمی ہے اور یہی نمایاں فرق بھی قائم کرتی ہے، قدر شناسی کے کئی پروگراموں کا آغاز کیا گیا۔ صدارتی ایوارڈ برائے اعلیٰ خدمات (Presidential Award for Service Excellence) کا آغاز کیا گیا تاکہ ہر سطح پر اور تمام شعبوں میں غیر معمولی خدمات پر انعام دیا جائے۔ بینک نے اپنی بین الاقوامی فرنچائز میں خدمات کی فراہمی اور نگرانی کو معیاری بنانے کے عمل کا آغاز بھی کیا، جو HBL کی جانب سے دنیا بھر میں کلائنٹس کو یکساں خدمات کی فراہمی یقینی بنائے گا۔ ہماری توجہ کا اہم ترین مرکز صارفین کی خدمات ہی ہے تاکہ ہم صارفین کے تجربوں کو مزید بہتر بنا سکیں۔

صارفین کے ساتھ جائز برتاؤ (FTC) HBL کی بنیادی اقدار میں سے ایک ہے، کیونکہ ہمارا ماننا ہے کہ کاروبار کرنے کا درست طریقہ کار یہی ہے۔ اس قدر کو اجاگر کرنے والے کلچر کو فروغ دینے کے لیے کئی اقدامات کیے گئے۔ اب پورے بینک میں FTC ٹریننگ لازمی ہے اور آئندہ عملے کے اہداف میں FTC سے متعلق نکات شامل ہوں گے۔ سائبر فراڈ کے واقعات میں اضافے کے پیشِ نظر، صارفین کو متعدد احتیاطی پیغامات بھیجے گئے تاکہ اس حوالے سے شعور اور آگاہی میں بڑے پیمانے پر اضافہ کیا جائے اور انھیں بینکنگ فراڈ سے محفوظ رکھا جائے۔ 2019ء میں بینک کو براہِ راست 152,342 شکایات موصول ہوئیں۔ اوسطاً، 4.98 دنوں میں شکایات حل کی گئیں۔

اپنی مصنوعات کی پیشکش کو بڑھاتے ہوئے، کمپلائنس اور انفارمیشن سکیورٹی ہمارے لیے اہمیت کی حامل ہے۔ HBL نے اپنے صارفین کو ذہنی سکون فراہم کرنے کے لیے ڈیجیٹل سکیورٹی میں اضافہ جاری رکھا۔

2019ء میں، بین الاقوامی بزنس نے بورڈ کی منظور شدہ حکمتِ عملی کے مطابق نمایاں قدم اٹھائے۔ نیٹ وَرک بزنس کی قوت میں اضافہ ہوا؛ مرکزی مقامات پر USD کلیئرنگ کی بحالی سے فنڈنگ مستحکم ہوئی اور ٹریڈ فنانس کو سپورٹ ملی۔ نتیجتاً، مرکزی مقامات سے ہونے والی آمدنی میں دہرے ہندسے کا اضافہ دیکھا گیا۔ اس کے علاوہ، عالمی نیٹ وَرک کے تعلقات سے قائم بزنس میں کامیابی نے GCC اور ایشیا میں HBL کی پروفائل کو بہتر بنایا ہے، جس کا نتیجہ ٹرانزیکشنل بینکنگ آمدنی حاصل کرنے کی بہتر صلاحیت کی صورت میں نکلا ہے۔ چین میں RMB کی استعداد نیٹ وَرک بزنس کو مزید گہرا کرے گی اور منافع بڑھائے گی۔

آپریشنز کے ہر پہلو میں رِسک، کمپلائنس اور کنٹرول شامل کرنے پر توجہ مرکوز رہی۔ بینک کا بزنس ٹرانسفارمیشن پروگرام GCC میں نافذ کیا گیا تاکہ ان آپریشنز کو بھی مقامی بزنس کے کمپلائنس اور گورننس کے یکساں معیارات تک لایا جائے۔ 2020ء میں، HBL اس پروگرام کی تکمیل کرتے ہوئے اپنے تمام مقامات تک کوریج بڑھائے گا۔ اپنے نقشِ قدم سے متعلق حقیقی حکمتِ عملی کے مطابق، HBL نے سیشلز میں اپنا بزنس مکمل طور پر ختم کر دیا ہے جبکہ افغانستان میں بینکنگ آپریشنز بند کر دیے ہیں جہاں حتمی بندش اور ریگولیٹری منظوریوں کے حصول کا عمل مکمل کیا جا چکا ہے۔

اس سال کے دوران، HBL کی اروچی برانچ RMB کی صلاحیت کے لیے سسٹم تیار کرنے میں بھرپور مصروف رہی اور نومبر 2019ء میں بزنس کا آغاز کیا۔ HBL جنوبی ایشیا، مشرقِ وسطیٰ اور شمالی افریقا کے اُن 3 بینکوں میں شامل ہو گیا ہے جو شروع سے آخر تک RMB بزنس کی پیشکش کرتے ہیں۔ یوں HBL کو مقامی RMB تجارت میں قائدانہ کردار حاصل ہوا ہے اور نیٹ وَرک کے لیے RMB کور سپونڈنٹ اکاؤنٹس کو آن بورڈ کرنے کا عمل شروع ہو چکا ہے۔ دسمبر میں، چائنا بینکنگ اینڈ انشورنس ریگولیٹری کمیشن نے HBL کی بیجنگ نمائندہ آفس کو برانچ میں اپ گریڈ کرنے کی درخواست ریکارڈ ٹائم میں منظور کر لی۔ 2020ء کے اواخر تک بیجنگ برانچ آن لائن ہونے کی توقع ہے جو بینک کے مقام کے ساتھ ساتھ چینی بزنس کو مزید مضبوط کرے گی۔

2018ء میں، HBL نے کئی سالوں پر محیط بزنس ٹرانسفارمیشن پروگرام شروع کیا تھا جو 4 مرکزی شعبوں پر مشتمل تھا؛ گورننس، لوگ، پروسیس، اور ٹیکنالوجی۔ اس پروگرام کا مقصد رِسک پر مبنی انداز استعمال کرتے ہوئے یقینی بنانا تھا کہ کلیدی پروسیس اور کنٹرولز 'مقصد کے لیے موزوں' ہیں تاکہ انتظامی نگرانی کے ساتھ بزنس رِسک کو نمایاں حد تک کم کیا جا سکے۔ مجموعی طور پر، یہ پروگرام HBL کو اپنی مارکیٹ میں بہترین بنانے کے لیے مضبوط کمپلائنس پر مبنی ماحول تیار کرنے کی کوشش بھی تھا۔

2019ء کی پہلی ششماہی میں، مقامی ٹرانسفارمیشن پروگرام مقررہ ٹائم لائن کے اندر کامیابی سے پایۂ تکمیل تک پہنچا۔ اس پروگرام کے حصّے کے طور پر، ٹرانزیکشن مانیٹرنگ سسٹم، صارفین کی فوری اسکریننگ اور AML اور KYC اسیسمنٹ میں اضافے سے متعلق نمایاں اپگریڈز کا نفاذ کیا گیا۔ سال کی دوسری ششماہی میں، HBL کے بین الاقوامی مقامات پر توجہ منتقل کی گئی۔ ملک کے لحاظ سے پروگرام کے نفاذ کو ترجیح دیتے ہوئے مستقبل کی ریگولیٹری اور بزنس ضروریات پیشِ نظر رکھی گئیں۔ ٹیکنالوجی اور پروسیس اپگریڈ کرتے ہوئے گورننس کے استحکام، مقامی ٹیموں کی مضبوطی اور حمایت، اور کنٹرولز میں اضافے پر توجہ مرکوز رکھی گئی۔

تجارت پر ادارہ جاتی توجہ کی حمایت کرنے کے لیے، ایک خصوصی پورٹل تیار کیا گیا تاکہ صارفین کو آسانی کے ساتھ ساتھ جدید خدمات فراہم کی جائے۔ منیول پروسیس کو کم کرنے یا تبدیل کرنے اور کنٹرولز کو مضبوط کرنے کے لیے ڈیجیٹل استعداد کا فائدہ اٹھاتے ہوئے اس اقدام کا نتیجہ صارف کی درخواست پوری کرنے کا دورانیہ کم ہونے اور بہتر کارکردگی کی صورت میں نکلا۔ اپنے 2100 سے زائد ATM نیٹ وَرک پر صارفین کو قابلِ بھروسا خدمات فراہم کرنے پر مسلسل توجہ کے نتیجے میں ہمارا اوسط ATM اپ ٹائم 95% سے تجاوز کر گیا۔ مختص ٹیموں نے یقینی بنایا کہ، خصوصاً زیادہ ہجوم والی عید کی چھٹیوں میں، کسی بھی صارف کو زحمت نہ اٹھانی پڑے، اور اس عرصے میں اپ ٹائم 97% تک بلند رہا؛ جو بینک کے لیے ایک ایسی کامیابی ہے جس کا اعتراف SBP کی جانب سے بھی کیا گیا۔

بینک بزنس کانٹنیوٹی پلاننگ (BCP) کی نزاکت سے واقف ہے اور پورے بینک کی مقامی اور بین الاقوامی فرنچائز میں 50 سے زائد BCP ایکسرسائز کامیابی سے انجام دی گئیں۔ 2019ء کے اوائل میں، عالمی شہرت یافتہ ماہر کی خدمات لیتے ہوئے ایک مشق بھی کی گئی۔ اس کی کامیابی کے بعد، HBL نے انڈسٹری میں آگاہی کے لیے SBP کے ساتھ مل کر بزنس کانٹنیوٹی مینجمنٹ ورک شاپ کا انعقاد کیا۔ HBL نے کامیابی سے IT سے متعلق حادثات کی بحالی کے اپنے منصوبوں کی بھی کامیابی سے جانچ کی اور بھرپور آپریشنل اور ٹیکنالوجیکل صلاحیت کا مظاہرہ کیا۔

متعلق کئی اندرونی اقدامات بھی متعارف کروائے گئے جن میں کاغذ، کچرے، روشنی اور وسائل کی مینجمنٹ شامل ہے۔ HBL نے چینی اداروں کے ساتھ گرین فنانس پر اشتراک میں مزید اضافہ کیا ہے اور بیلٹ اینڈ روڈ انیشی ایٹیو کے لیے گرین انویسٹمنٹ پرنسپل کا رُکن بننے والا پہلا پاکستانی بینک ہے۔

بینک شرحِ منافع اور لیکویڈیٹی رِسک مینجمنٹ میں پیش قدمی کے لیے ایک جدید ترین ایسیٹ لائبلیٹی مینجمنٹ سسٹم کے اطلاق پر کام شروع کر چکا ہے جو اس میدان میں HBL کو بہترین عالمی طریقوں سے ہم آہنگ کر دے گا۔ 2019ء کے دوران، سری لنکا، عمان اور مالدیپ کو مرکزی ٹریژری سسٹم پر منتقل کیا گیا تاکہ بین الاقوامی مقامات پر بھی ٹیکنالوجی پلیٹ فارمز کو ہموار اور ہم آہنگ کیا جائے۔

HBL Infinity کے آغاز کے ساتھ، HBL ایسا آن لائن پلیٹ فارم پیش کرنے والا پہلا پاکستانی بینک بن گیا ہے جو کلائنٹس کو فارن ایکسچینج کی براہِ راست اور قابلِ تجارت قیمتیں فراہم کرتا ہے، اور پہلی بار پاکستانی روپے میں براہِ راست قیمتیں دکھاتا ہے۔ HBL Infinity ایک شاندار کامیابی ثابت ہوا اور ادارہ جاتی، کارپوریٹ اور کمرشل صارفین میں اپنی جگہ بنا چکا ہے، جبکہ ٹریڈ اور ریمیٹنس سے وابستہ کلائنٹس کے لیے بھی آغاز کا منصوبہ ہے۔ ایک سال کے عرصے میں، HBL نے پاکستان بھر میں مقامی اور بین الاقوامی معاشی نقطۂ نظر کا جائزہ فراہم کرنے کے لیے کلائنٹ سمینارز کا انعقاد کیا، جن میں انڈسٹری لیڈرز، مینجمنٹ کے ماہرین، اور رائے ساز طبقے نے شرکت کی اور عالمی تجارت کے انتہائی مسابقتی منظر نامے میں مقامی کاروباروں کے لیے بڑے خطرات اور مواقع کے بارے میں تفصیلی تجزیے کو بے حد سراہا۔ تاحال، HBL ایسا واحد مقامی بینک ہے جو مقامی فکسڈ انکم مارکیٹ میں سرمایہ کاری کی خواہش رکھنے والے غیر ملکی سرمایہ کاروں کو بھی خدمات فراہم کرتا ہے، جو مجموعی حجم کا تقریباً 15% بنتا ہے۔

HBL نے زیادہ سے زیادہ شمولیت، ڈیٹا کی بنیاد پر آگے بڑھنے اور اپنی مصنوعات کو موبائل کے ذریعے پیش کرنے میں پہل کرنے والا بننے کے لیے 2019ء کے دوران سرمایہ کاری جاری رکھی۔ ہمارے ڈیجیٹل چینل ہمیں ملک کی بینکاری سے محروم آبادی کے قریب کرنے کے لیے منفرد انداز میں مدد فراہم کر رہے ہیں، جن کے ذریعے افراد اور کاروبار ذمہ دار اور پائیدار انداز میں اپنی استطاعت کے مطابق مالی خدمات تک رسائی حاصل کرتے ہیں۔ اس کا نتیجہ مالی خدمات میں جنسی تفریق کم کرنے کی صورت میں بھی نکل رہا ہے۔

HBL Konnect معاشرے میں بینکاری سے محروم یا پسماندہ طبقات تک آسان رسائی کے لیے مرکزی قوت کا کردار جاری رکھے ہوئے ہے۔ اس سال کا اختتام 3.7 ملین اکاؤنٹس کے ساتھ ہوا، جو سب کے سب پہلے بینکنگ سے دور تھے، جبکہ تقریباً 0.5 ملین صارفین براہِ راست Konnect ایپ سے آئے۔ HBL نے G2P اقدامات کی ورائٹی پر حکومت کے ساتھ بھی شراکت کی جس کا ہدف آبادی کے سب سے نچلے حصے کو قابل بنانا ہے، اور سب سے بڑے G2P پروگرام، یعنی احساس کفالت کا مینڈیٹ حاصل کیا۔ یہ قدم بینک کو Konnect پلیٹ فارم کے ذریعے تقریباً 6 ملین خواتین تک مالی رسائی فراہم کرے گا۔ احساس پروگرام کے تحت رقوم کی تقسیم وصول کنندگان کو مالی طور پر مختار بننے کا موقع بھی فراہم کرتی ہے کہ انھیں چھوٹے قرضے اور انشورنس مصنوعات بھی پیش کی جائیں گی، اور یہ تمام تجربہ ڈیجیٹل پیمنٹ پر مبنی ہو گا۔

HBL موبائل نے 2019ء کے دوران 1 ملین صارفین کا سنگِ میل عبور کیا، جبکہ Konnect ایپ کے تقریباً 800,000 صارفین ہیں؛ ٹرانزیکشنز کی تعداد 75% اضافے کے ساتھ 138 ملین تک جا پہنچی۔ اس سے برانچوں کا رَش کم خرچ والے ڈیجیٹل چینلوں کی طرف موڑنے میں بھی مدد ملی۔ طرزِ زندگی سے متعلق پیشکشوں میں مسلسل اضافے سے صارفین کے ساتھ انگیجمنٹ میں بھی اضافہ ہوا۔

HBL نے پیمنٹ API (ڈائریکٹ ٹرانسفر) بھی پیش کی جس میں مسلسل اضافہ ہو رہا ہے اور مزید APIs بھی تیار کی جا رہی ہیں تاکہ ادائیگیوں کے نظام کے ساتھ آسان انٹیگریشن ممکن بنائی جائے۔ HBL کے انٹرنیٹ پیمنٹ گیٹ وے اور ڈائریکٹ ٹرانسفر مصنوعات کے ذریعے حجم میں 40% سے زائد اضافہ دیکھنے میں آیا۔ اگست 2019ء میں، HBL نے ویزا QR خدمات کا آغاز کیا۔ ویزا کی جانب سے یہ پروڈکٹ پاکستان میں پہلی بار پیش کی گئی، اور HBL اس کا واحد حاصل کنندہ رہا۔ اس کے افتتاح سے 350,000 سے زائد ٹرانزیکشنز کی جا چکی ہیں اور POS ٹرمینل کے مقابلے میں کم لاگت والے متبادل ہونے کے ناتے، یہ ریٹیل لوکیشنز کو ڈیجیٹل پیمنٹ کے اضافے میں مدد دے گا۔

اس سال کے دوران، اینالیٹکس کی صلاحیت میں اضافے کے لیے بھاری سرمایہ کاری کی گئی۔ ڈیٹا کی طاقت سے بہتر استفادہ کرنے کے لیے، عالمی پیمانے پر سرِفہرست ایک اسمارٹ کمپین مینجمنٹ ٹول حاصل کیا گیا؛ جو HBL کو اپنے ہدف صارفین کے ساتھ رابطے میں بہتر طور پر معاونت کرے گا اور کلائنٹس کے لیے افادے کا باعث ہو گا۔

رسک مینجمنٹ فریم ورک

HBL کے رسک مینجمنٹ فریم ورک کی بنیاد بورڈ کی واضح طور پر بیان کردہ رِسک سے نمٹنے کی طلب ہے جس میں بہترین بین الاقوامی طرز کار، ریگولیٹری ضروریات اوردن بدن بڑھتی کاروباری ضروریات کو مدنظر رکھا گیا ہے۔ بینک مسلسل اپنی بورڈ رسک مینجمنٹ کمیٹی (BRMC) کے ذریعے رسک آرکیٹیکچر اور گورننس فریم ورک کا جائزہ لیتا ہے جو مستقل بنیادوں پر بینک کے رسک پروفائل کی نگرانی، تجزیہ اور انتظام کرتی ہے۔ سینئر مینجمنٹ کی سطح پر مختلف رسک کمیٹیاں نگرانی اور عملدرآمد کی ذمہ دار ہیں جبکہ روزمرہ رسک مینجمنٹ کی سرگرمیوں کو کثیر سطحی تنظیمی نگرانی اور واضح طور پر وضع کردہ پالیسیوں اور طریقہ کار کے ذریعے مختلف درجوں پر تفویض کیا جاتا ہے۔

موجودہ زیرِ دباؤ معاشی منظر نامے کے پیشِ نظر، بینک نے اپنے کریڈٹ مینجمنٹ کے طریقوں کو مضبوطی دی ہے جو ابتدائی الرٹ کمیٹی کی باقاعدہ اجلاسوں اور تیز تر پورٹ فولیو جائزوں کے ذریعے ممکن ہوا ہے تاکہ پورٹ فولیو پر تناؤ کے تغیرات کے اثرات کا پتہ لگایا جاسکے۔ مارکیٹ اینڈ لیکویڈیٹی رسک کمیٹی اور عالمی ALCO کے ذریعے ماہانہ بنیادوں پر، تجارتی کتب کے ساتھ ساتھ بیلنس شیٹ کی سطح پر مارکیٹ کے خطرے اور لیکویڈیٹی رسک کا جائزہ لیا جاتا ہے۔ صارفین کے کاروبار میں پہلے سے ہی مضبوط رسک مینجمنٹ کو ڈیجیٹل چینلز کے ساتھ استعمال کے لیے نئے ماہر ایپلی کیشن اسکور کارڈز کی تیاری کے ذریعے مضبوط کیا گیا۔ کارڈز کے کاروبار سے منسلک فراڈ رِسک کی وجہ سے پیدا ہونے والے مالی نقصانات دور کرنے اور صارف کے اطمینان میں اضافے کے لیے ویزا، ماسٹر کارڈ اور 1-لنک کے ذریعے ٹرانزیکشن مانیٹرنگ سسٹم تشکیل دیا گیا۔

منظم اور مستقل طور پر آپریشنل رسک مینجمنٹ طریقوں پر قابو پانے کے لیے پالیسیاں اور طریقہ کار موجود ہیں۔ کلیدی ٹولز جیسے رسک اینڈ کنٹرول سیلف اسیسمنٹ، اہم رسک انڈیکیٹرز اور آپریشنل لاس ڈیٹا مینجمنٹ انتظامی خطراتی واقعات کے امکانات اور شدت کے اندازے کے لیے استعمال ہوتے ہیں۔ بینک کا آپریشنل رسک پروفائل اور فراڈ رسک اسیسمنٹ باقاعدگی سے سینئر مینجمنٹ اور BRMC کے ساتھ شیئر کیے جاتے ہیں۔

کمپلائنس رسک کے انتظام کو مستحکم کرنے کے لیے، بینک کے ٹرانزیکشنز کی نگرانی کے نظام میں آٹھ نئے منظرناموں کے اضافے کے ساتھ مزید توسیع کی گئی۔ دستیاب واچ لسٹس اور پابندیوں کی فہرستوں پر پورٹ فولیو کی مرحلہ وار اسکریننگ کا آغاز کیا گیا اور فعال لیگیسی پورٹ فولیو کی رسک ریٹنگ کو بینک کے صارف کی رسک ریٹنگ کے طریق کار سے ہم آہنگ کیا گیا۔

مزید کمپلائنس کی تربیت کے بڑھتے ہوئے AML/CFT سویٹ میں توسیع کرکے دہشت گردی کی مالی اعانت کے خطرات سے آگاہی شامل کی گئی۔ HBL میزبان ملک کے قواعد وضوابط پر سختی سے عمل درآمد کے ذریعے تمام مقامات پر اپنے بین الاقوامی کمپلائنس شعبوں کو مستحکم رکھے ہوئے ہے۔ ہر ملک میں قائم مینجمنٹ کی ایک کمپلائنس کمیٹی، سینئر مینجمنٹ اور بورڈ کمپلائنس کے ذریعے اہم مسائل علیحدہ کرنے کے لیے کام کرتی ہے اور کنڈکٹ کمیٹی اس کی نگرانی کا کام کرتی ہے۔

نیشنل رسک اسیسمنٹ (NRA) کے نتائج اور ایشیا پیسیفک گروپ (APG) کی باہمی تجزیاتی رپورٹ (MER) کے تناظر میں، SBP نے رِسک بیسڈ اپروچ (RBA) کے متعلق اپنے CFT/AML رہنما اصولوں کی 2019 میں تجدید کی۔ نتیجتاً HBL نے اپنے فنانشل کرائم رسک اسیسمنٹ (FCRA) کے جائزے کا آغاز کیا تاکہ منی لانڈرنگ (ML) اور ٹیررسٹ فنانسنگ (TF) کی حالیہ پیشرفتوں کو MER اور NRA کے ماحصل کے طور پر شامل کیا جائے۔ مزید SBP نے NRA کے نتائج اپنے ماتحت اداروں کے ساتھ بانٹتے ہوئے ہدایت کی کہ وہ اپنے عملے کی استعداد میں اضافہ یقینی بنائیں اور صارفین میں شعور بیدار کرنے کے لیے ان تک رسائی کے اقدامات کریں۔ اسی مناسبت سے، HBL نے ملک کے مختلف شہروں میں ML/TF کے بارے میں صارفین کی آگاہی کے سیمینار کا اہتمام کیا۔

HBL کے وِسل بلوئنگ پروگرام کا مقصد بینک کی سالمیت اور ساکھ کا تحفظ ہے اور اس کا عزم دھوکا دہی، بدعنوانی اور بینک کے ضابطۂ اخلاق کی دیگر سنگین خلاف ورزیوں کے مشتبہ معاملات کی اطلاع پہنچانے کے لیے بینک کے ملازمین کی حوصلہ افزائی ہے۔ HBL نے اس ضمن میں ایک جامع آگاہی مہم چلائی، جس میں اپنے پروگرام کی اہم خصوصیات کا اعادہ کیا گیا اور شکایات درج کرنے کے لیے مختلف ابلاغی چینل پر زور دیا گیا۔

بینک کے روز افزوں بڑھتے ہوئے ڈیجیٹل انفراسٹرکچر کے ساتھ، انفارمیشن سکیورٹی بھی اہم ہوتی جارہی ہے اور یہ HBL، اس کے صارفین اور ان کے ڈیٹا کو سائبر حملوں اور ڈیٹا کی خلاف ورزیوں سے بچانے میں کلیدی کردار ادا کرتی ہے۔ سائبر سکیورٹی کے خطرے کی تشخیص معمول کے مطابق کی جاتی ہے، ان کی بچاؤ اور تشخیص کنٹرولز کے ذریعے معاونت کی جاتی ہے جو ابھرتے ہوئے بیرونی خطرات کا جواب دینے کے اہل ہیں۔ 2019ء کے دوران، ایک مرکزی خطرے کی تشخیص اور داخلہ جانچنے کا پروگرام وضع کیا گیا تھا۔ اس میں ملکی اور بین الاقوامی آئی ٹی اثاثوں کو شامل کرنے کے لیے احاطہ کار میں اضافہ کیا گیا۔ سکیورٹی حل جیسے مالویئر سے

HBL نے 2019ء کا آغاز HBLPSL سے کیا جو ملک کا واحد سب سے بڑا کھیلوں کا پلیٹ فارم ہے۔ ہر سال، یہ ٹورنامنٹ عالمی لیجنڈ بننے کے خواہش مند نوجوان کھلاڑیوں کے خوابوں کو پورا کرنے کے وعدے پر پورا اترتا ہے۔ HBL ہر سال HBLPSL کو مزید وسیع اور بہتر کرتا جارہا ہے اور 2019ء کے ٹورنامنٹ کو بھی استثنا نہیں۔ 2020ء میں، HBLPSL کے تمام 34 میچوں کی میزبانی پاکستان کے مختلف مقامات کریں گے، یوں پاکستانیوں کو اپنے پسندیدہ کرکٹ کھلاڑی براہِ راست دیکھنے کا خوشگوار موقع میسر آئے گا۔ HBL کو پاکستان میں بین الاقوامی کرکٹ کی بحالی میں اپنے کردار پر فخر ہے۔

2019ء میں HBL نے ایک بار پھر مشہور ورلڈ برانڈنگ ایوارڈز میں برانڈ آف دی ایئر، بینکنگ، پاکستان ایوارڈ اپنے نام کیا۔ HBL کا برانڈ ایکویٹی اسکور 4.2 تھا جو اس کے قریب ترین حریف سے دگنا تھا اور بلاشبہ یہ برانڈ کی مضبوطی کا عکاس ہے۔

ہیومن ریسورسز

HBL پختہ یقین رکھتا ہے کہ اس کے ملازمین روزانہ جن اقدار پر زندگی گزار رہے ہیں یہی ایک اعلیٰ کارکردگی کی ثقافت کی تعمیر کی کنجی ہے۔ بینک میں ثقافتی تبدیلی کے منصوبے کے ایک جُز کے طور پر، موجودہ چیلنجوں کے مدِ نظر اقدار کو از سرِ نو تازہ کرنے کے اقدامات میں ایک پہل کی گئی تھی۔ اس مشق کا ایک بنیادی حصہ ملازمین اور قائدین سے متوقع طرزِ عمل کی وضاحت کرنا تھا۔ سال 2020ء میں ورکشاپوں کے ذریعے اسے پورے ادارے میں نافذ کیا جائے گا جس میں روزانہ کی بنیاد پر طرزِ عمل کی توقعات کا احاطہ کیا جائے گا۔

سینئر مینجمنٹ میں احتساب بڑھانے کے لیے مٹیریل رسک ٹیکرز (MRTs) اور مٹیریل رسک کنٹرولرز (MRCs) کے لیے ایک نیا کارکردگی کے تجزیے اور اعزاز کا طریقہ متعارف کروایا گیا ہے، جن کی شناخت ان کی ذمہ داری اور فیصلہ سازی کے دائرۂ اختیار کی بنیاد پر کی گئی ہے۔ MRTs محصول کا حصول کرنے والے ہوتے ہیں اور ان کی کارکردگی کا تعین بڑے پیمانے پر کاروباری اہداف کی تکمیل پر کیا جاتا ہے، جبکہ MRCs رِسک اور / یا کنٹرول کے شعبے کے ملازمین ہوتے ہیں۔ ان کا مجموعی معاوضہ مقررہ اور متغیر تنخواہ پر مشتمل ہوتا ہے جس میں سے، متغیر تنخواہ کا انحصار ان کی سالانہ کارکردگی کے تجزیے پر ہوتا ہے۔ یہ یقینی بنانے کے لیے کہ ملازمین قلیل المیعاد انعامات حاصل کرنے کے لیے کوئی ناموزوں رِسک مول نہیں لیں، بورڈ کی ہیومن ریسورسز اینڈ ریمونریشن کمیٹی کے تحت، ایک رِسک سے ہم آہنگ ریمونریشن پالیسی اور فریم ورک نافذ کیا گیا ہے۔ اس کی بنیاد پر، ان میں سے ہر ایک شناخت کردہ MRTs/MRCs کے لیے، رِسک سے مطابقت کے توازن کا اسکور کارڈ تیار کیا گیا ہے تاکہ ان کی کارکردگی کی نگرانی کے ذریعے انعام دیا جاسکے۔ ایک پرفارمنس بونس ڈیفرل میکانزم بھی لگایا گیا ہے جو MRTs/MRCs سے منسوب ہے اور کسی رِسک کی صورت میں غیر تفویض شدہ بونس روکنے اور / یا پہلے سے ادا شدہ بونس کی وصولی کی صلاحیت رکھتا ہے۔ مزید برآں، سینئر مینجمنٹ کی ملکیت کو بڑھانے اور شیئر ہولڈر کی قدر پر توجہ مرکوز کرنے کے لئے، سینئر سطح پر بونس ڈیفرل شیئر پر مبنی ہے۔ ایک اور اہم پیشرفت، اخلاقیات اور طرزِ عمل شعبے کی تشکیل ہے تاکہ پالیسیاں وضع کی جائیں اور طرزِ عمل کی نگرانی کے ذریعے احتساب کیا جائے اور یقینی بنایا جائے کہ ملازمین بااخلاق انداز میں کام کریں۔

جیسے جیسے ہم آموزش اور جدت کی ثقافت لانے کی کوشش کررہے ہیں، ملازمین کی صلاحیتوں میں اضافہ اولین ترجیح ہے۔ اس حوالے سے 650,000 گھنٹوں (Man-hours) کے کلاس روم کورسز کے ساتھ ساتھ e-learning کے ذریعہ تربیت دی گئی۔ ہم نے بچت کے لیے ٹیکنالوجی کا فائدہ اٹھایا اور ویبینار (webinar) اور e-learning پر زور دیا۔ اپنے ملازمین کی صلاحیتوں کو موجودہ اور بین الاقوامی معیار پر برقرار رکھنے کے لیے ہم نے عالمی سطح پر تسلیم شدہ پروگرامز OMEGA سرٹیفکیشن اور FITCH لرننگ پاکستان میں متعارف کروائے۔ ریلیشن شپ مینجرز اور کیش آفیسرز کے لیے جامع سرٹیفکیٹ پروگرام اور آموزش کے درجات متعارف کروائے گئے جس کی مدد سے وہ مطلوبہ پروگراموں کے ذریعے اپنے مستقبل کا نقشہ تیار کرسکیں۔ تجارتی معلومات اور مہارت میں مزید اضافے کے لئے ایک تجارتی اکیڈمی کا آغاز کیا گیا۔

معیاری وسائل کی کمی میں بہتری کے لیے، خصوصاً دیہی علاقوں میں، HBL زرعی یونیورسٹی، فیصل آباد اور انسٹی ٹیوٹ آف بزنس ایڈمنسٹریشن، سکھر کے فارغ التحصیل طلبا کے لیے ایک منظم انٹرن شپ پروگرام کا اہتمام کیا، جس میں 23 افراد نے شرکت کی۔ سال کے دوران HBL نے اپنے زرعی شعبے کے 462 ملازمین کے لیے 22 ٹریننگ سیشن بھی کروائے اور خصوصی تربیت کی ضرورت پر نئی آگاہی دی، جس کے لئے ماڈیول تیار کیے جارہے ہیں۔

ہم نے خواتین کی نمائندگی بڑھانے اور صنف دوست ماحول کے فروغ کی کاوشیں جاری رکھیں، جس میں تنوع کا تناسب 17% پر پہنچ گیا ہے۔ خواتین کی قیادت کی ترویج اور صلاحیت میں اضافے کے متعدد اقدامات میں خواتین کے لیے ایک سینئر مینٹورنگ پروگرام کا بھی آغاز کیا گیا۔ اس ضمن میں ہماری کاوشوں کو ADB جینڈر چیمپئن ایوارڈ کے ساتھ صنفی توازن کے لیے ایمپلائر آف چوائس ایوارڈ کے ذریعے تسلیم کیا گیا جو IFC پاکستان بزنس کونسل کی جانب سے تھا۔

کریڈٹ ریٹنگ

بینک کی کریڈٹ ریٹنگ کی دوبارہ تصدیق جون 2019ء میں VIS کے ذریعے بالترتیب طویل المیعاد اور قلیل المیعاد کے لیے AAA/A-1+ ہوئی۔ Tier II کے ماتحت قرضوں کی ریٹنگ بدستور AAA ہے جبکہ بینک کے Additional Tier I سرمائے کے TFCs کو AA+ ریٹنگ دی گئی ہے۔ ایسا کرتے ہوئے، ریٹنگ کرنے والی ایجنسی نے بینک کی انتظامی اہمیت، ایک مضبوط فرنچائز، مضبوط لیکویڈیٹی پروفائل اور مستحکم اثاثوں کے معیاری اشاریوں کے ساتھ پاکستان کے سب سے بڑے کمرشل بینک کی حیثیت کا حوالہ دیا۔ 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 کی بھی تصدیق کی۔ Moody's کے خود مختار منظر نامے کو منفی سے مستحکم میں اپ گریڈ کرنے کے عین مطابق، بینک کی غیر ملکی کرنسی کے ڈپازٹس کی ریٹنگ بھی تبدیل کر کے مستحکم کر دی گئی۔

مستقبل کی صورتحال

بیشتر معاشی شعبوں میں سست روی اپنی انتہا پر پہنچ گئی ہے اور دسمبر 2019ء میں LSM میں حیرت انگیز تیزی سے بحالی کا آغاز ہو سکتا ہے۔ کاروباری اعتماد کے IBA-SBP سروے کی تیسری مسلسل ریڈنگ میں جذبات میں بہتری ظاہر ہوئی ہے۔ اس سے معیشت، استحکام سے نمو کی جانب جائے گی جو IMF کے تخمینے کے مطابق GDP کی نمو کے مالی سال 2022ء کے مالی اعداد و شمار کے مطابق 4.5% سے 5% کی حد تک لوٹنا شروع ہو گی۔ SBP مہنگائی میں حالیہ اضافے کو عبوری تصور کرتا ہے اور سمجھتا ہے کہ موجودہ مالیاتی پالیسی کی سمت افراط زر کو وسطی مدت کے ہدف 5% تا 7% کی طرف موڑنے کے لیے موزوں ہے۔ تاہم، مالیاتی پالیسی کا موقف اس وقت تک سخت رہے گا جب تک افراطِ زر میں واضح کمی کا رجحان ظاہر نہیں ہوتا ہے۔

اگرچہ پاکستان میں اصلاحاتی پروگرام درست نہج پر ہے تاہم خطرات ہنوز بڑھے ہوئے ہیں۔ IMF محصول میں کمی کے ساتھ ساتھ حکومت کی سینیٹ میں اکثریت کی عدم موجودگی میں قانون سازی کرنے کی حکومت کی اہلیت کے ضمن میں ممکنہ مالی تخفیف پر تشویش کا شکار ہے۔ اگرچہ AML/CFT پر خاطر خواہ پیشرفت ہوئی ہے تاہم ابھی بہت کچھ کرنا باقی ہے اور اس کے لیے یہ اکتوبر 2019ء میں پورے نہ ہو سکنے والے ساختی سنگِ میل کو جون 2020ء پر دوبارہ متعین کر کے مکمل کرنا اہم ہو گا۔ حکومت کو مالی معاملات کے حصول میں ثابت قدمی اور سمجھداری سے ٹیکس نیٹ کو وسیع کرنا ہو گا۔ نجکاری کے ساتھ ساتھ بروقت محصولات میں اضافے کے ذریعے سرکلر قرضوں میں اضافے پر قابو پانا بھی ضروری ہو گا۔

ایک سال کے دوران HBL نے اپنے آپ کو پاکستان کے مالی منظر نامے میں مرکزی اور قائدانہ مالیاتی ادارے کی حیثیت سے منوایا ہے۔ HBL کا مقصد پاکستان میں عالمی سطحی معیارات لانا ہے اور اس نے سائبر سکیورٹی سے کمپلائنس اور فن ٹیک سے جدت طرازی تک بین الاقوامی مہارتیں لانے میں معروف کردار ادا کیا ہے۔ HBL اور پاکستان آپس میں مربوط ہیں - یہ ایک عزت افزائی اور ایک ذمہ داری ہے جسے بینک قبول کرتا ہے اور تمام شعبوں میں آگے بڑھ کر اس کی تکمیل کرے گا۔ پاکستان کی ترقی کے لیے معاشی طور پر متحرک زرعی شعبے کی ضرورت ہے۔ HBL کی منفرد ڈویلپمنٹ فنانس ٹیم پوری زرعی مالیاتی نظام کو بلند کرنے کے لیے سوچی سمجھی مضبوط قیادت فراہم کرنا چاہتی ہے۔ اپنے صارفین پر بنیادی توجہ مرکوز رہے گی، کیونکہ وہ ہماری کاوشوں کا مرکز ہیں - ہم خدمت کے تجربے اور مصنوعات کی فراہمی میں بہتری کی کوششوں میں تیزی کے ذریعے اپنے کلائنٹس کو خوش کریں گے۔ گزشتہ دو سالوں میں اپنی کمپلائنس اور عمل درآمد کے طریقوں میں تبدیلی کے بعد، بینک اب اس ڈیجیٹل سفر میں وہی یکطرفہ توجہ اور جوش و جذبہ لانے کا ارادہ رکھتا ہے جو اسے واقعتاً ایک ایسی ٹیکنالوجی کمپنی میں تبدیل کر دے جو بینکاری بھی کرتی ہے۔

منافع منقسمہ

بورڈ نے سال مختتمہ 31 دسمبر 2019ء کے لیے 1.25 روپے فی حصص (شیئر) کے حتمی نقد منافع منقسمہ کی تجویز دی، جس سے سال کا مجموعی نقد منافع منقسمہ 5.00 روپے فی حصص (شیئر) تک پہنچ گیا۔ اس سے قبل بورڈ مجموعی طور پر 3.75 روپے فی حصص کے عبوری منافع منقسمہ اعلان اور ادائیگی کر چکا تھا۔

ڈائریکٹرز میں تبدیلی

محترمہ سعدیہ خان اور محترم آغا شیر شاہ بورڈ آف ڈائریکٹرز سے بالترتیب 15 نومبر 2019ء اور 4 دسمبر 2019ء سے مستعفی ہو چکے ہیں۔ بورڈ میں اپنے عہدے کے دوران اُن کی قابلِ قدر کاوشوں پر بورڈ اُنھیں خراجِ تحسین پیش کرتا ہے۔

مذکورہ بالا استعفوں سے خالی ہونے والی جگہیں 16 جنوری 2020ء سے بورڈ میں شمولیت اختیار کرنے والی، محترمہ ڈیانہ مور اور 12 فروری 2020ء سے بورڈ میں شامل ہونے والے، محترم سلیم چنائے سے پُر کی گئیں۔ محترمہ مور برطانیہ میں بینکنگ اور ریگولیٹری پوزیشن پر 15 سال سے زائد کے متنوع تجربے کے ساتھ تجربہ

تحفظ، ڈیٹا کے زیاں سے بچاؤ، خفیہ کاری اور سائبر سکیورٹی آپریشنز کی بہتر نگرانی پر عمل درآمد کیا گیا۔ پورے بینک میں اس شعبے کی اہمیت کا احساس دلوانے کے لیے، ایک انفارمیشن سکیورٹی ہفتۂ آگاہی کا انعقاد کیا گیا جس میں متعدد متنوع سرگرمیاں شامل تھیں۔ قومی سطح پر HBL بیرونی ماہرین کی شراکت سے صنعت کے لیے استعداد میں اضافے کے پروگراموں کی قیادت کے لیے کام کر رہا ہے۔

اپنے صارفین کو محفوظ بینکنگ خدمات فراہم کرنے کے لیے مستقل کوششوں کے نتیجے میں ہمارے پورے نیٹ ورک کو اسکیمنگ کے خلاف تحفظ فراہم ہوا ہے۔ ہم نے اپنی PCI DSS سرٹیفیکیشن برقرار رکھی، جو پیمنٹ کارڈ انڈسٹری کے لیے سکیورٹی کا حقیقی معیار ہے۔ HBL نے اپنے انفارمیشن سکیورٹی مینجمنٹ سسٹم کے لیے ISO 27001 سند حاصل کی اور یہ پاکستان کا واحد بینک ہے جو اس معیار پر پورا اترا ہو۔

آگے بڑھتے ہوئے ہم AI اور مشین لرننگ پر مبنی ٹیکنالوجیز، اور ایک مرکزی شناخت اور رسائی کی تنظیم کے نظام کے ذریعے اپنے سائبر دفاع کو مستحکم کرنے کا ارادہ رکھتے ہیں، جو جدید خطرات کے خلاف تیزی سے کام کرتے ہیں۔ سکیورٹی کے عمل کا ایک اہم عنصر صارفین خود بھی ہیں اور سائبر خطرات کے بارے میں ان کی مسلسل تعلیم ہماری دفاعی حکمت عملی کا ایک اہم جز رہے گی۔ ان اقدامات سے HBL اپنے صارفین کے لیے جدید ڈیجیٹل حل پیش کر سکے گا جس سے ان کا تحفظ اور ذہنی سکون یقینی ہو گا۔

سماجی بہبود کی ذمہ داری (CSR)

HBL پاکستان کے سماجی و اقتصادی تانے بانے کا ایک حصہ ہے اور بینک ذمہ دار کارپوریٹ ادارہ کی حیثیت سے اپنا کردار ادا کرتا رہتا ہے۔ 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۔ ملک کی مستقل معاشی اور معاشرتی ترقی کے فروغ کے لیے، بینک اپنے سالانہ منافع کا بعد از محصول 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۔ 2019ء کے دوران، بینک نے قابلِ توجہ مقاصد کے لیے، براہِ راست اور فاؤنڈیشن کے ذریعے، 135 ملین روپے کی امداد دی۔ یہ بینک کے 2018ء کے عہد سے 5% اضافی ہے۔

HBL نے سماجی اقدامات کی حمایت کے لیے کثیر جہتی راہ اختیار کی ہے۔ اس نے صحت و تعلیم کے مابین اہم روابط پر خصوصی توجہ دی ہے جو دو پائیدار ستونوں کی حیثیت رکھتے ہیں۔ غیر منافع بخش تنظیموں، حکومت اور دیگر سماجی شراکت داروں سے HBL کے دیرینہ اشتراک کے ساتھ ساتھ بینک کے ملازمین کی معاونت بینک کو اس قابل بناتی ہے کہ وہ اپنی سماجی بہبود کی ذمہ داری اور پائیدار بینکاری ایجنڈا پر کاربند رہ سکے۔

صحت کے شعبے میں HBL موجودہ صحت کی نگہداشت کی خدمات کی امداد اور استحکام کے ساتھ ساتھ نئے اقدامات کے فروغ کے لیے بھی پُرعزم ہے۔ صحت کے پروگراموں میں بہتری سے ایسی آبادی کو خوشحالی اور ترویج مل سکتی ہے جو معاشی ترقی میں مثبت کردار ادا کرے۔ ملک بھر میں پھیلے ہوئے یہ منصوبے معاشرے کے پست اور پسماندہ طبقات پر براہ راست اثرات مرتب کرتے ہیں۔ HBL پختہ یقین رکھتا ہے کہ تعلیم طویل المیعاد معاشی ترقی کے لیے تحریکی قوت ہے۔ پیشہ ورانہ تربیت، روایتی تعلیم اور مہارتوں میں اضافے میں بھی مختلف تنظیموں کے اشتراک سے سرمایہ کاری کی گئی۔ تمام میدانوں میں، پاکستان بھر کے نجی و سرکاری دونوں شعبوں میں شراکت کی گئی ہے، تاکہ تاریخی اعتبار سے پسماندہ صوبوں کو بھی احاطۂ کار میں لانا یقینی بنایا جائے۔

ملازمین کی رضاکارانہ خدمات بینک کا ایک اہم اسٹریٹجک ایجنڈا ہے۔ جولائی 2019ء میں، HBL نے انڈس اسپتال اور شوکت خانم میموریل ٹرسٹ کے اشتراک سے خون کے عطیے کی مہم کا انعقاد کیا۔ کراچی، لاہور اور اسلام آباد میں منعقدہ اس مہم کا مقصد ان کمیونٹیز پر مثبت اثرات مرتب کرنا تھا جن میں HBL خدمات سرانجام دے رہا ہے۔ اس کے ساتھ ساتھ، اس مہم کا مقصد HBL کے عملے میں شعور بیدار کرنا بھی تھا جن میں سے 300 سے زائد نے عطیہ دیا تھا۔ ملازمین کے زیادہ منظم رضاکارانہ پروگرام کے ذریعے، جو سال پر محیط ہے، HBL عملے کی ان کمیونٹیز میں ذاتی شرکت کی حوصلہ افزائی کی جائے گی جن میں ہم کام کرتے ہیں اور جن منصوبوں کی ہم حمایت کرتے ہیں۔

ہم صحت اور تعلیم کے شعبوں میں ایسے منصوبوں کے ذریعے کمیونٹیز کے ساتھ مشغول رہیں گے، جو طویل المیعاد عزم کے متقاضی ہیں۔ HBL پاکستان کے قومی ادارے کی حیثیت سے اس بڑے قومی چیلنج میں آگے بڑھ کر قیادت کرے گا۔

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

	بورڈ ڈویلپمنٹ فنانس کمیٹی		بورڈ اوور سائٹ کمیٹی– نیویارک		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
جناب سلطان علی الانہ	3	2	N/A	N/A	N/A	N/A	3	3
جناب شفیق دھرمشی	N/A	N/A	4	3	N/A	N/A	N/A	N/A
جناب معیز احمد جمال	N/A	N/A	N/A	1[3]	N/A	N/A	N/A	N/A
محترمہ سعدیہ خان[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
جناب سلیم رضا	3	3	N/A	N/A	4	4	N/A	N/A
ڈاکٹر نجیب سمیع	N/A	N/A	4	4	N/A	N/A	3	3
جناب آغا شیر شاہ[2]	N/A	N/A	N/A	N/A	3	3	N/A	N/A
جناب محمد اورنگزیب	3	3	N/A	N/A	4	4	3	3

[1] محترمہ سعدیہ خان نے بورڈ سے 15 نومبر 2019ء سے استعفا دیا
[2] جناب آغا شیر شاہ نے بورڈ سے 4 دسمبر 2019ء سے استعفا دیا
[3] جناب معیز احمد جمال کو کورم کے تقاضے پورے کرنے کے لیے 18 دسمبر 2019ء کو منعقد ہونے والے بورڈ اوور سائٹ کمیٹی–نیویارک کے اجلاس کے لیے نامزد کیا گیا

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 ریٹائر ہو رہے ہیں اور انھوں نے سالانہ اجلاسِ عام میں اہلیت کی بنا پر خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ چنانچہ، بورڈ آف ڈائریکٹرز نے، بورڈ آڈٹ کمیٹی کی تجویز پر، میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو 27.901 ملین روپے کی فیس پر مالی سال 2020ء 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 درست انداز میں تیار کیے گئے ہیں۔

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

c) مالیاتی گوشواروں کی تیاری میں نوٹ 4.1 میں بیان شدہ تبدیلیوں کے علاوہ اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور محتاط اندازے پر مبنی ہیں۔

کارپروفیشنل ہیں۔ وہ مختلف بورڈز، بشمول ٹیکنالوجی اور بینکنگ کے شعبوں میں 8 سال سے زیادہ خدمات انجام دے چکی ہیں۔ محترم چنائے پاکستان میں سرِ فہرست اکاؤنٹنگ پروفیشنل ہیں اور چار بڑی اکاؤنٹنگ فرم کے ساتھ 35 سال سے زائد کا تجربہ رکھتے ہیں۔

بورڈ محترمہ مور اور محترم چنائے کا خیر مقدم کرتا ہے اور اُن کی کاوشوں کا منتظر ہے۔

بورڈ کے اجلاس

	بورڈ اجلاس	
	دورانِ مدت منعقدہ اجلاس	حاضری
جناب سلطان علی الانہ	8	7
جناب شفیق دھرمشی	8	7
جناب معیز احمد جمال	8	8
محترمہ سعدیہ خان[1]	7	6
جناب سلیم رضا	8	8
ڈاکٹر نجیب سمیع	8	8
جناب آغا شیر شاہ[2]	7	6
جناب محمد اورنگزیب	8	7

[1] محترمہ سعدیہ خان نے بورڈ سے 15 نومبر 2019ء سے استعفیٰ دیا
[2] جناب آغا شیر شاہ نے بورڈ سے 4 دسمبر 2019ء سے استعفیٰ دیا

بورڈ کمیٹیز 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
جناب سلطان علی الانہ	N/A	N/A	N/A	N/A	6	4	N/A	N/A
جناب شفیق دھرمشی	N/A	N/A	5	4	6	4	N/A	1[3]
جناب معیز احمد جمال	8	8	N/A	N/A	N/A	N/A	7	7
محترمہ سعدیہ خان[1]	7	7	N/A	N/A	5	5	6	6
جناب سلیم رضا	N/A	N/A	5	5	N/A	N/A	N/A	N/A
ڈاکٹر نجیب سمیع	8	8	N/A	N/A	N/A	1[4]	N/A	N/A
جناب آغا شیر شاہ[2]	N/A	N/A	N/A	N/A	5	4	N/A	N/A
جناب محمد اورنگزیب	N/A	N/A	5	5	N/A	N/A	N/A	N/A

[1] محترمہ سعدیہ خان نے بورڈ سے 15 نومبر 2019ء سے استعفا دیا
[2] جناب آغا شیر شاہ نے بورڈ سے 4 دسمبر 2019ء سے استعفا دیا
[3] جناب شفیق دھرمشی کو کورم کے تقاضے پورے کرنے کے لیے 18 دسمبر 2019ء کو منعقد ہونے والے بورڈ کمپلائنس اور کنڈکٹ کمیٹی کے اجلاس کے لیے نامزد کیا گیا
[4] ڈاکٹر نجیب سمیع کو کورم کے تقاضے پورے کرنے کے لیے 18 دسمبر 2019ء کو منعقد ہونے والے بورڈ ہیومن ریسورس اور ریمونریشن کمیٹی کے اجلاس کے لیے نامزد کیا گیا

دسمبر 2019ء میں بورڈ نے ایک مکمل دن کے تربیتی پروگرام میں شرکت کی جس میں AML/CFT کی منظر نامے میں روز افزوں جدید تبدیلی اور ترقی کے ساتھ FATF کے کردار پر توجہ مرکوز کی گئی۔ اس کا انعقاد اس شعبے کے ایک بین الاقوامی ماہر کے ذریعے کیا گیا۔ بینک کی ڈیجیٹل ٹرانفارمیشن میں بورڈ کی حکمتِ عملی میں نگرانی کے تناظر میں ڈائریکٹرز نے ایک روزہ اجلاس میں شرکت کی جس میں بِگ ڈیٹا اور سائبر سکیورٹی کی مصنوعی ذہانت پر عالمی ماہرین نے خطاب کیا اور مقررین نے ڈیجیٹل ٹرانسفارمیشن کے عمل میں اپنے حقیقی تجربات سے ملنے والے اسباق سے حاضرین کو آگاہ کیا۔

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 گورنینس نے 2019ء میں سرانجام دیا۔ جائزے میں بورڈ اور انفرادی دونوں حیثیتوں کے مدِ نظر 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 بورڈ کمیٹیوں کی تشکیل

بورڈ کی تشکیل اور بورڈ کمیٹیوں کی تفصیلات کارپوریٹ گورننس کے ضابطے کے مطابق تعمیل کے بیان میں دی گئیں ہیں۔

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

بورڈ آڈٹ کمیٹی: کمیٹی آپریشنل کنٹرولز سمیت بینک کے داخلی کنٹرولز کے ماحول کی اہلیت اور افادیت کا جائزہ لیتی ہے، اور 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۔ کمیٹی بینک کے اندرونی آڈٹ فنکشن اور رسک پر مبنی سالانہ آڈٹ پلان کے حوالے سے بھی نگرانی فراہم کرتی ہے۔

بورڈ رسک مینجمنٹ کمیٹی: یہ کمیٹی، بینک کی رسک کی سکت اور رسک پروفائل، بینک کے اندرونی کنٹرول اور اشورنس فریم ورک کے سلسلے میں نگرانی اور مشاورت کرتی ہے اور بینک کے اندرونی کنٹرول اور اشورنس فریم ورک کی ساخت اور تکمیل سے متعلق امور 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 دور رس نظریہ اختیار کرتی ہے۔

بورڈ ہیومن ریسورس اور ریمونریشن کمیٹی: کمیٹی اہم ہیومن ریسورس اور معاوضہ پالیسیاں تجویز کرتی ہے جس میں بینک میں ملازمت کی اہم شرائط اور فوائد کے ساتھ تمام عملے 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: کمیٹی پورے بینک میں مضبوط کمپلائنس اور بہتر طرز عمل کی ثقافت اپنانے میں بورڈ کی حمایت کرتی ہے۔ یہ ضابطہ اخلاق / اخلاقیات سمیت قانونی اور ریگولیٹری تقاضوں، داخلی پالیسیوں اور طریقہ کار کے ساتھ بینک کے کمپلائنس کی نگرانی کے لیے ایک اتھارٹی کے طور پر کام کرتی ہے۔ کمیٹی گورننس کے معیارات اور کنٹرولز، اسکیلیشن میکانزم اور کمپلائنس اور طرز عمل کے خطرات کی رپورٹنگ کا بھی جائزہ لیتی ہے۔

بورڈ ڈویلپمنٹ فنانس کمیٹی: یہ کمیٹی ملک کے پسماندہ اور غیر بینکاری طبقات اور علاقوں کے لیے مالی شمولیت کے مقاصد، مصنوعات اور خدمات کے لیے اسٹریٹجک 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 اوورسائٹ کمیٹی–نیویارک: یہ کمیٹی ابتدائی طور پر کنسینٹ آرڈر کے بعد تشکیل دی گئی تھی اور اس کی ذمہ داری ہے کہ وہ گورننس اور ریمیڈیئیشن کے معاملات میں HBL نیویارک کو نگرانی فراہم کرنے میں بورڈ کی مدد کرے۔

بورڈ IT کمیٹی: بورڈ کی IT کمیٹی کمپنی کے اہم ٹیکنالوجی سرمایہ کاری کے منصوبوں اور حکمت عملیوں سے متعلق بورڈ کی سفارشات کا جائزہ لیتی ہے، جانچتی ہے

d) بینک نے مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز (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 سے متعلق ہدایات اور 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 2014ء تا 2019ء – مجموعی" میں گزشتہ چھ 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 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 برائے بین الاقوامی 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 کرتا 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 فنڈز میں سرمایہ کاریوں کی رقم

31 دسمبر 2018ء کے مطابق بینک کی جانب سے برقرار رکھے جانے والے پروویڈنٹ، پنشن، گریجویٹی اور بینولنٹ 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	6,176
ایمپلائز پنشن فنڈ	4,351
ایمپلائز گریجویٹی فنڈ	1,845
ایمپلائز بینوولنٹ فنڈز – ایگزیکٹیوز اور افسران	1,446
ایمپلائز بینوولنٹ فنڈز – کلریکل اور نان کلریکل	699

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2019ء 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 سرپرست کمپنی ہے اور اس کا رجسٹرڈ دفتر جنیوا، سوئٹزرلینڈ میں ہے۔

تربیتی پروگراموں میں ڈائریکٹرز کی شرکت

ڈائریکٹرز کی اکثریت انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن، کراچی کے ذریعے پیش کردہ SECP سے منظور شدہ ڈائریکٹر کے تربیتی پروگرام میں پہلے ہی شرکت کر چکی ہے اور ضابطے کے مطابق ڈائریکٹر کے طور پر سند یافتہ ہے۔

- شریعہ بورڈ تمام پروسیجر منیول، پروڈکٹ پروگرامز / اسٹرکچرز، پروسیس فلوز، متعلقہ معاہدے، مارکیٹنگ ایڈورٹائزمنٹ، سیلز اسٹریشن اور بروشرز کی منظوری دے گا تاکہ شرعی اصولوں کے مطابق ہوں۔

ڈائریکٹرز کا معاوضہ

19 مارچ 2019ء کو ہونے والے غیر معمولی اجلاس میں بینک کے حصص یافتگان نے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے نان ایگزیکٹیو ڈائریکٹرز کو ادا کی جانے والی فیس کے طور پر 400,000 روپے کی منظوری دی تھی۔ اس کے علاوہ نان ایگزیکٹیو ڈائریکٹرز TA/DA اور سفری اخراجات، بورڈ کی جانب سے وقتاً فوقتاً منظور کردہ TA/DA پالیسی کے مطابق حاصل کرنے کے اہل ہیں۔

17 اگست 2019ء کو SBP کے BPRD سرکلر نمبر 03 کی مناسبت سے بینک نے دسمبر 2019ء میں ڈائریکٹرز کے معاوضے کی پالیسی منظور کی۔ اس پالیسی کے تحت بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کو ادا کی جانے والی رقم 400,000 روپے سے بڑھا کر 600,000 روپے فی اجلاس کر دی گئی جس کا اطلاق 9 دسمبر 2019ء سے ہو گا۔ اس کے علاوہ پالیسی کے تحت نان ایگزیکٹیو ڈائریکٹرز TA/DA اور سفری اخراجات، بورڈ کی جانب سے منظور کردہ TA/DA پالیسی کے مطابق حاصل کرنے کے اہل ہیں جس کی منظوری بینک کے 78ویں سالانہ اجلاسِ عام میں حصص یافتگان کی جانب سے دی جائے گی۔

2019ء میں ڈائریکٹرز کو غیر مجموعی اداشدہ فیس کی تفصیلات غیر مجموعی مالیاتی رپورٹ کے نوٹ 38.1 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۔

شریعہ بورڈ کے اراکین کو ادا کردہ فیس کی تفصیلات غیر مجموعی مالیاتی رپورٹ کے نوٹ 38.2 میں ظاہر کی گئی ہیں۔

اظہارِ تشکر

ہم اپنے ریگولیٹرز اور حکومتِ پاکستان کی کاوشوں کی ستائش ریکارڈ پر رکھنا چاہتے ہیں بالخصوص وزارتِ مالیات، اسٹیٹ بینک آف پاکستان اور سکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے رہنمائی و حمایت اور بینکنگ اور مالیاتی خدمات کے شعبہ میں ریگولیٹری اور انتظامی فریم ورک میں مسلسل بہتری کے ذریعے ترقی و استحکام کے لیے کی گئی کوششوں کو سراہتے 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 تمام اسٹیک ہولڈرز کے ہم 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۔ ہم اپنے ملازمین کی HBL کی ترقی کے لیے لگن اور انتھک کاوشوں کا شکریہ ادا کرنا چاہیں گے۔

منجانب بورڈ

محمد اورنگزیب
صدر اور چیف ایگزیکٹو آفیسر

معیز احمد جمال
ڈائریکٹر

19 فروری، 2020ء

اور سفارشات پیش کرتی ہے، جس میں پیسے کے درست استعمال کا تعین اور سرمایہ کاری پر منافع بھی شامل ہے۔ کمیٹی یہ بھی یقینی بناتی ہے کہ بینک کے اندر انفارمیشن سکیورٹی فنکشن کو موثر نگرانی فراہم کی جائے اور انفارمیشن سکیورٹی کی ساخت رسک کی سکت سے ہم آہنگ ہو۔

بورڈ اوورسائٹ کمیٹی–بین الاقوامی گورننس: یہ کمیٹی HBL نیویارک کے علاوہ بیرون ملک کاروباری کاموں میں گورننس کی نگرانی میں بورڈ کی مدد کرتی ہے، علاوہ HBL نیویارک کے جس کی نگرانی بورڈ اوورسائٹ کمیٹی–نیویارک کرتی ہے۔

بورڈ ریمونریشن کمیٹی: کمیٹی 17 اگست 2019ء کو SBP کے BPRD سرکلر نمبر 03 برائے 2019ء کی مناسبت سے بینک کے ڈائریکٹرز کے معاوضے کے انتظامات سے متعلق اپنی ذمہ داریوں کی تکمیل میں بورڈ کی مدد کرنے کی ذمہ دار 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 بھیجتا جاتا ہے جس کے بعد اسے مکمل شدہ FAPC فارم اور بورڈ کی منظوری نیز معاون دستاویزات کے ساتھ SBP کو 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 شریعہ ایڈوائزری کی خدمات فراہم کرچکے ہیں۔ آپ نے اسٹیٹ بینک آف پاکستان 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 شریعہ ایڈوائزری فراہم کرتے 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، جبکہ 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 شریعہ ایڈوائزری 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 یحییٰ 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 کر رہے 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 شریعہ ایڈوائزری کی خدمات فراہم کرچکے ہیں۔ فی الحال آپ HBL شریعہ بورڈ کے ریزیڈنٹ شریعہ بورڈ رُکن کے طور پر کام کر رہے ہیں۔

شریعہ بورڈ (SB) کے ٹرمز آف ریفرنس 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 کرنے، فیصلہ کرنے اور نگرانی کرنے کا اختیار دیا جائے گا۔ 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 اور / یا آغاز کردہ تمام مصنوعات یا خدمات کے لیے شریعہ بورڈ کی پیشگی منظوری درکار ہوگی۔

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, 2019, 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 111 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, 2019 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 note 9.5 to the unconsolidated financial statements)	

S. No.	Key Audit Matters	How the matter was addressed in our audit
	The Bank makes provision against advances extended in Pakistan on a time-based criteria that involves ensuring all non-performing loans and 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. The Bank has recognized a net provision against advances amounting to Rs 2,707.632 million in the unconsolidated profit and loss account in the current year. As at December 31, 2019, the Bank holds a provision of Rs 69,751.759 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 advances included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of key 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 loans based on the number of days overdue; and ▪ evaluated the management's assessment for classification of customers' loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and through discussions with the management. We checked the accuracy of specific provision made against non-performing advances and of general provision by recomputing the provision amount in accordance with the criteria prescribed under the PRs. 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.

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	**Regulatory Matters in respect of New York Branch** (Refer note 21.3.2 to the unconsolidated financial statements)	
	The Bank operates a branch in New York which is licensed by the New York State Department of Financial Services (NYSDFS) and is also subject to supervision by the Federal Reserve Bank of New York (FRBNY). On September 7, 2017, NYSDFS, the Bank and the New York Branch agreed to a Consent Order. Pursuant to the Consent Order, the expanded review by an independent third party is currently in progress. The US Attorney's office for the Eastern District of New York, a component of the U.S. Department of Justice (DOJ), had sought documents in relation to the Bank's compliance with the anti – money laundering laws and the Bank Secrecy Act. When there is a possibility of outflow of economic resources, the related disclosure is key to understanding the risk. As is acknowledged in the note, the management considers that the final resolution of the above matters cannot be determined at this stage including any possible impact on the Bank. The said matter has been disclosed as a contingency in the unconsolidated financial statements. Given the level of uncertainty involved, the matter was identified as a significant risk and considered a key audit matter.	Our audit procedures included the following: ▪ We held discussions with the senior management and the Board Audit Committee to obtain their views on the status of the regulatory matters and any potential impact on the unconsolidated financial statements; ▪ We held discussions with the Bank's external legal counsel in Pakistan, who is dealing with the HBL NY matter, to understand the nature and status of the regulatory action and any further potential exposure; ▪ We reviewed relevant regulatory correspondence; ▪ We obtained a legal opinion from the Bank's external legal counsel in New York; ▪ We read the minutes of meetings of the Board to assess the appropriateness of conclusions reached; and ▪ We assessed whether the disclosure in the unconsolidated financial statements adequately discloses the matter in accordance with the applicable financial reporting framework.
3	**IFRS 16 - Leases** (Refer note 4.1 to the unconsolidated financial statements)	
	The Bank has adopted IFRS 16 "Leases" with effect from January 1, 2019. IFRS 16 introduces a single on balance sheet lease accounting model for leases entered into by lessees. A lessee recognises a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. On adoption of IFRS 16, the Bank has changed its accounting policy for operating leases which are now recognised on the statement of financial position. The Bank has accordingly recorded right-of-use assets and lease liability amounting to Rs 14,749.440 million and Rs 13,839.749 million respectively as at January 1, 2019. The comparative figures for the 2018 reporting period have not been restated, as permitted under the specific transitional provisions of the standard. The adoption of IFRS 16 involves estimation and judgement. Because of the significance of the impact of these judgements/estimates, we considered this area as a key audit matter.	Our audit procedures included the following: ▪ Obtained an understanding of the management's process for identification of agreements which contain leasing arrangements; ▪ Evaluated the selection of accounting policies and methodology followed by the management for determination and measurement of right-of-use assets, corresponding lease liabilities and other related impacts; ▪ On a sample basis, tested the underlying data used by the management from the lease contracts for determination of the right-of-use assets and corresponding lease liabilities. Further, performed re-computations on a test basis to assess the accuracy of computations performed by the management; and ▪ Assessed whether the presentation and disclosures relating to the adoption of IFRS 16 in the unconsolidated financial statements are in compliance with the applicable financial reporting framework.

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

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: March 04, 2020

Unconsolidated Statement of Financial Position

As at December 31, 2019

2019 (US $ in '000)	2018 (US $ in '000)		Note	2019 (Rupees in '000)	2018 (Rupees in '000)
		ASSETS			
2,177,894	1,721,759	Cash and balances with treasury banks	5	337,241,623	266,610,256
207,557	168,523	Balances with other banks	6	32,139,733	26,095,330
292,566	331,147	Lendings to financial institutions	7	45,303,199	51,277,336
8,730,917	8,660,326	Investments	8	1,351,961,513	1,341,030,709
6,929,514	6,560,347	Advances	9	1,073,018,669	1,015,853,926
487,846	403,733	Fixed assets	10	75,541,769	62,517,154
22,785	17,556	Intangible assets	11	3,528,218	2,718,556
12,263	45,746	Deferred tax assets	12	1,898,828	7,083,718
859,556	686,532	Other assets	13	133,100,201	106,307,874
19,720,898	18,595,669			3,053,733,753	2,879,494,859
		LIABILITIES			
190,731	273,335	Bills payable	14	29,534,303	42,325,254
2,467,404	3,351,013	Borrowings	15	382,071,512	518,896,397
14,865,578	13,045,136	Deposits and other accounts	16	2,301,899,086	2,020,007,979
-	-	Liabilities against assets subject to finance lease		-	-
144,400	64,515	Subordinated debt	17	22,360,000	9,990,000
-	-	Deferred tax liabilities		-	-
752,009	705,379	Other liabilities	18	116,446,906	109,226,173
18,420,122	17,439,378			2,852,311,807	2,700,445,803
1,300,776	1,156,291	**NET ASSETS**		201,421,946	179,049,056
		REPRESENTED BY			
		Shareholders' equity			
94,729	94,729	Share capital	19	14,668,525	14,668,525
369,874	374,144	Reserves		57,274,159	57,935,252
160,228	94,044	Surplus on revaluation of assets - net of tax	20	24,810,855	14,562,465
675,945	593,374	Unappropriated profit		104,668,407	91,882,814
1,300,776	1,156,291			201,421,946	179,049,056
		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	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2019

2019 (US $ in '000)	2018 (US $ in '000)		Note	2019 (Rupees in '000)	2018 (Rupees in '000)
1,591,400	1,015,014	Mark-up / return / profit / interest earned	23	246,424,529	157,172,500
980,312	524,113	Mark-up / return / profit / interest expensed	24	151,798,914	81,157,566
611,088	490,901	Net mark-up / return / profit / interest income		94,625,615	76,014,934
		Non mark-up / interest income			
117,516	104,098	Fee and commission income	25	18,196,995	16,119,268
8,467	10,500	Dividend income		1,311,021	1,625,861
1,137	(21,277)	Foreign exchange income / (loss)		176,050	(3,294,615)
(1,200)	(5,859)	Loss from derivatives		(185,867)	(907,204)
(10,115)	16,438	(Loss) / gain on securities - net	26	(1,566,249)	2,545,398
5,343	2,307	Other income	27	827,325	357,243
121,148	106,207	Total non mark-up / interest income		18,759,275	16,445,951
732,236	597,108	Total income		113,384,890	92,460,885
		Non mark-up / interest expenses			
534,133	454,172	Operating expenses	28	82,709,202	70,327,404
3,663	(18,413)	Workers' Welfare Fund - charge / (reversal)	29	567,167	(2,851,200)
3,100	3,201	Other charges	30	480,056	495,726
540,896	438,960	Total non mark-up / interest expenses		83,756,425	67,971,930
191,340	158,148	**Profit before provisions and taxation**		29,628,465	24,488,955
16,337	29,964	Provisions and write offs - net	31	2,529,752	4,639,834
175,003	128,184	**Profit before taxation**		27,098,713	19,849,121
77,719	52,051	**Taxation**	32	12,034,524	8,059,964
97,284	76,133	**Profit after taxation**		15,064,189	11,789,157
				----------Rupees----------	
		Basic and diluted earnings per share	33	10.27	8.04

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2019

2019 (US $ in '000)	2018 (US $ in '000)		2019 (Rupees in '000)	2018 (Rupees in '000)
97,284	76,133	**Profit after taxation for the year**	**15,064,189**	11,789,157
		Other comprehensive income / (loss)		
		Items that may be reclassified to the profit and loss account in subsequent periods		
25,869	46,736	Effect of translation of net investment in foreign branches - net of tax	**4,005,771**	7,236,994
69,416	(43,500)	Movement in surplus / deficit on revaluation of investments - net of tax	**10,748,898**	(6,735,856)
		Items that are not to be reclassified to the profit and loss account in subsequent periods		
514	(989)	Remeasurement gain / (loss) on defined benefit obligations - net of tax	**79,561**	(153,338)
(819)	-	Movement in surplus / deficit on revaluation of fixed assets - net of tax	**(126,798)**	-
-	9	Transfer from surplus on revaluation of non-banking assets - net of tax	**-**	1,348
(819)	9		**(126,798)**	1,348
226	907	Movement in surplus / deficit on revaluation of non-banking assets - net of tax	**35,000**	140,421
-	(9)	Transfer to surplus on revaluation of fixed assets - net of tax	**-**	(1,348)
226	898		**35,000**	139,073
192,490	79,287	**Total comprehensive income**	**29,806,621**	12,277,378

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2019

	Share capital	Reserves					Surplus / (deficit) on revaluation of		Total
		Exchange translation reserve (note 19.5)	Statutory reserve (note 19.6)	Capital	Revenue		Investments	Fixed / Non-banking assets	
				Non - distributable capital reserve	General reserve	Unappropriated profit			
	(Rupees in '000)								
Balance as at December 31, 2017	14,668,525	12,119,891	30,778,524	547,115	6,073,812	87,235,621	(439,687)	21,655,285	172,639,086
Comprehensive income for the year									
Profit after taxation for the year ended December 31, 2018	-	-	-	-	-	11,789,157	-	-	11,789,157
Other comprehensive income / (loss)									
- Effect of translation of net investment in foreign branches - net of tax	-	7,236,994	-	-	-	-	-	-	7,236,994
- Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	(153,338)	-	-	(153,338)
- Movement in surplus / deficit on revaluation of assets - net of tax	-	-	-	-	-	-	(6,735,856)	140,421	(6,595,435)
	-	7,236,994	-	-	-	11,635,819	(6,735,856)	140,421	12,277,378
Transferred to statutory reserve	-	-	1,178,916	-	-	(1,178,916)	-	-	-
Transferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	57,698	-	(57,698)	-
Transactions with owners, recorded directly in equity									
Final cash dividend - Rs 1.0 per share declared subsequent to the year ended December 31, 2017	-	-	-	-	-	(1,466,852)	-	-	(1,466,852)
1st interim cash dividend - Rs 1.0 per share	-	-	-	-	-	(1,466,852)	-	-	(1,466,852)
2nd interim cash dividend - Rs 1.0 per share	-	-	-	-	-	(1,466,852)	-	-	(1,466,852)
3rd interim cash dividend - Rs 1.0 per share	-	-	-	-	-	(1,466,852)	-	-	(1,466,852)
	-	-	-	-	-	(5,867,408)	-	-	(5,867,408)
Balance as at December 31, 2018	14,668,525	19,356,885	31,957,440	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 overseas 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	23,263,185	33,463,859	547,115	-	104,668,407	3,573,355	21,237,500	201,421,946

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2019

2019 (US $ in '000)	2018 (US $ in '000)		Note	2019 (Rupees in '000)	2018 (Rupees in '000)
		CASH FLOWS FROM OPERATING ACTIVITIES			
175,003	128,184	Profit before taxation		27,098,713	19,849,121
(8,467)	(10,500)	Dividend income		(1,311,021)	(1,625,861)
166,536	117,684			25,787,692	18,223,260
		Adjustments:			
31,385	18,864	Depreciation		4,859,840	2,921,058
3,141	1,857	Amortisation		486,389	287,606
18,830	-	Depreciation on right-of-use assets		2,915,763	-
11,213	-	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		1,736,236	-
2,571	19,212	Provision for diminution in value of investments		398,100	2,974,985
17,486	12,389	Provision against loans and advances		2,707,632	1,918,396
583	1,338	Provision against other assets		90,219	207,143
(318)	460	(Reversal) / provision against off-balance sheet obligations		(49,233)	71,156
538	(70)	Unrealised loss / (gain) on held-for-trading securities		83,371	(10,789)
(642)	-	Exchange gain realized on closure of overseas branch - net of tax		(99,471)	-
(663)	(333)	Gain on sale of fixed assets - net		(102,645)	(51,632)
(1,046)	-	Gain on sale of non - banking assets - net		(162,045)	-
3,663	(18,413)	Workers' Welfare Fund - charge / (reversal)		567,167	(2,851,200)
86,741	35,304			13,431,323	5,466,723
253,277	152,988			39,219,015	23,689,983
		(Increase) / decrease in operating assets			
38,581	(112,220)	Lendings to financial institutions		5,974,137	(17,376,991)
(1,680,293)	399,305	Held-for-trading securities		(260,189,354)	61,831,382
(386,654)	(1,401,916)	Advances		(59,872,375)	(217,083,344)
(289,081)	(36,212)	Other assets (excluding advance taxation)		(44,763,520)	(5,607,352)
(2,317,447)	(1,151,043)			(358,851,112)	(178,236,305)
		Increase / (decrease) in operating liabilities			
(82,603)	56,236	Bills payable		(12,790,951)	8,707,993
(883,610)	796,978	Borrowings from financial institutions		(136,824,885)	123,410,187
1,820,442	778,162	Deposits and other accounts		281,891,107	120,496,544
(38,291)	293,491	Other liabilities		(5,929,150)	45,446,089
815,938	1,924,867			126,346,121	298,060,813
(1,248,232)	926,812			(193,285,976)	143,514,491
21,412	(138,618)	Income tax refund / (payment)		3,315,619	(21,464,659)
(1,226,820)	788,194	**Net cash flows (used in) / generated from operating activities**		(189,970,357)	122,049,832
		CASH FLOWS FROM INVESTING ACTIVITIES			
1,636,713	(912,913)	Net investment in available-for-sale securities		253,441,136	(141,362,424)
64,492	389,424	Net investment in held-to-maturities securities		9,986,460	60,301,416
14,509	4,284	Net investment in associates		2,246,739	663,336
8,495	10,729	Dividend received		1,315,464	1,661,428
(34,321)	(64,635)	Investment in fixed assets		(5,314,547)	(10,008,514)
(8,370)	(9,145)	Investment in intangible assets		(1,296,051)	(1,416,057)
2,687	488	Proceeds from sale of fixed assets		416,137	75,499
10,218	-	Proceeds from sale of non-banking assets		1,582,300	-
25,869	46,736	Effect of translation of net investment in foreign branches - net of tax		4,005,771	7,236,994
1,720,292	(535,032)	**Net cash flows generated from / (used in) investing activities**		266,383,409	(82,848,322)
		CASH FLOWS FROM FINANCING ACTIVITIES			
(26)	(26)	Payment of subordinated debt		(4,000)	(4,000)
79,911	-	Proceeds from new issue of subordinated debt		12,374,000	-
(29,224)	-	Payment of lease liability against right-of-use assets		(4,525,316)	-
(48,964)	(35,687)	Dividend paid		(7,581,966)	(5,525,981)
1,697	(35,713)	**Net cash flows generated from / (used in) financing activities**		262,718	(5,529,981)
495,169	217,449	**Increase in cash and cash equivalents during the year**		76,675,770	33,671,529
1,828,463	1,553,897	Cash and cash equivalents at the beginning of the year		283,133,096	240,617,192
61,819	118,936	Effect of exchange rate changes on cash and cash equivalents		9,572,490	18,416,865
1,890,282	1,672,833			292,705,586	259,034,057
2,385,451	1,890,282	**Cash and cash equivalents at the end of the year**	34	369,381,356	292,705,586

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Director**

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

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 Habib Bank Plaza, I. I. Chundrigar Road, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,667 (2018: 1,697) branches inside Pakistan including 48 (2018: 47) Islamic Banking Branches and 45 (2018: 46) 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, a wholly owned subsidiary of the Bank, the company's banking license has been voluntarily surrendered and it has filed for voluntary liquidation and is in the process of completing the required formalities in this regard.

1.2 During the year, the Bank has closed its branch in Seychelles.

1.3 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.

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, 2019 and 2018 have all been converted using an exchange rate of Rupees 154.8476 per US Dollar.

2.1 STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the 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 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. Additionally, as the SBP has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2021, 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.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

2.2 Standards, interpretations of and amendments to existing accounting and reporting standards that have become effective in the current year.

IFRS 16, Leases, became effective for annual reporting periods commencing on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Bank's financial statements is disclosed in note 4.1.

IFRS 15 introduces a single five step revenue recognition model for all contracts with customers, unless those contracts are in the scope of other standards and, accordingly, has superseded IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers. The adoption of IFRS 15 does not have any material impact on the financial statements of the Bank.

In addition, there are certain other new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2019. These are considered either to not be relevant or to not have any significant impact on the Bank's financial statements.

2.3 Standards and amendments to existing accounting and reporting standards that are not yet effective.

The following new standard and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard or amendment:

	Effective date (annual periods beginning on or after)
- IFRS 3, Business Combinations (Amendments)	January 1, 2020
- IAS 1, Presentation of Financial Statements (Amendments)	January 1, 2020
- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2020
- IFRS 9, Financial Instruments	January 1, 2021

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.

Except for the implementation of IFRS 9 in Pakistan, the Bank expects that adoption of the amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

2.4 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements in conformity with approved 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 4.4)
ii) Valuation and impairment of subsidiaries, associates and available-for-sale equity investments (note 4.4.4)
iii) Provision against non-performing advances (note 4.5)
iv) Valuation and depreciation of fixed assets (note 4.6)
v) Valuation of right-of-use assets and their related lease liability (note 4.7)
vi) Valuation and amortization of intangible assets (note 4.8)
vii) Valuation of non-banking assets acquired in satisfaction of claims (note 4.9)
viii) Valuation of defined benefit plans (note 4.13)
ix) Taxation (note 4.16)
x) Fair value of derivatives (note 4.22)

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.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

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.

The 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 except as disclosed in note 4.1 below.

4.1 Change in accounting policy

During the year, IFRS 16, Leases, became applicable to Banks. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentives, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered into by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS 16 from January 1, 2019, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17, Leases. These liabilities are measured as the present value of the remaining lease payments, discounted using the Bank's incremental weighted average borrowing rate of 12.83% per annum as at January 1, 2019. Remeasurements of lease liabilities only occur in cases where the terms of the lease are changed during the lease tenor and are recognised as adjustments to the related right-of-use assets after the date of initial application.

On adoption of IFRS 16, the associated right-of-use assets were initially measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application. On subsequent measurement, right-of-use assets are stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of the lease liability.

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.

The effect of this change in accounting policy, which is applied with retrospective effect, is as follows:

	December 31, 2019	January 1, 2019
	(Rupees in '000)	
Total lease liability recognised	**12,861,471**	13,839,749
The recognised right-of-use assets relate to the following type of asset:		
Property	**12,883,400**	14,749,440

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

The effect of this change in accounting policy is as follows:

Impact on Statement of Financial Position	December 31, 2019	January 1, 2019
	(Rupees in '000)	
Increase in fixed assets - right-of-use assets	12,883,400	14,749,440
Decrease in other assets - advances, deposits, advance rent and other prepayments	(858,129)	(909,691)
Increase in other assets - advance taxation	384,077	-
Increase in total assets	12,409,348	13,839,749
Increase in other liabilities - lease liability against right-of-use assets	(12,861,471)	(13,839,749)
Increase in exchange translation reserve	(148,612)	-
Decrease in net assets	(600,735)	-

Impact on Profit and Loss account	For the year ended December 31, 2019
	(Rupees in '000)
Increase in mark-up expense - lease liability against right-of-use assets	1,736,236
Decrease / (increase) in administrative expenses:	
- Rent expense	3,667,187
- Depreciation on right-of-use assets	(2,915,763)
Net decrease in administrative expenses	751,424
Decrease in profit before tax	984,812
Decrease in tax	384,077
Decrease in profit after tax	600,735

Earnings per share for the year ended December 31, 2019 is Rs 0.41 per share lower as a result of the adoption of IFRS 16.

While implementing IFRS 16, the Bank has used a single discount rate methodology for each portfolio of leases with similar characteristics.

4.2 Cash and cash equivalents

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

4.3 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:

4.3.1 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.

4.3.2 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.

4.3.3 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.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

4.4 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.

4.4.1 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.

4.4.2 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 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. Other unlisted securities are valued at cost less impairment, if any.

4.4.3 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are recorded at cost less impairment, if any.

4.4.4 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.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

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.

4.5 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.

4.5.1 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.

4.5.2 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.

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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.

4.6 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.

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

4.7.1 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.

4.7.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as 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, the Bank’s incremental borrowing rate.

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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.

4.8 Intangible assets

4.8.1 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. 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. Intangible assets having an indefinite useful life are stated at cost less impairment, if any.

4.8.2 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.

4.9 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 the depreciation charged on 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.

4.10 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.

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For the year ended December 31, 2019

4.11 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.

4.12 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.

4.13 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.

4.14 Foreign currency

4.14.1 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.

4.14.2 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.

4.14.3 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.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

4.14.4 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.

4.15 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.

4.15.1 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 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.

4.15.2 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.

4.15.3 Fee, Commission and Brokerage Income

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

4.15.4 Dividend income

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

4.16 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.

4.16.1 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.

4.16.2 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.

4.16.3 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.

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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.

4.17 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.

4.18 Provisions

Provisions are recognised when the Bank has a 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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.

4.23 Dividends paid

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

Notes to the Unconsolidated Financial Statements

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4.24 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic and diluted 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.

4.25 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.

4.25.1 Business segments

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

i) *Branch banking*

This segment includes the entire retail business including distribution, agricultural financing, commercial lending, retail lending and Islamic banking business.

ii) *Consumer banking*

This segment includes consumer lending such as personal loans, home loans, auto loans and credit cards.

iii) *Corporate banking*

This segment includes corporate banking, investment banking and the transaction and employee banking business.

iv) *Treasury*

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

v) *International and correspondent banking*

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

vi) *Head Office / Others*

This segment includes numbers related to HBL Konnect and Head office functions.

4.25.2 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, 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).

Notes to the Unconsolidated Financial Statements

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5 CASH AND BALANCES WITH TREASURY BANKS

	Note	2019	2018
		(Rupees in '000)	
In hand			
Local currency		**31,165,412**	30,940,150
Foreign currencies		**3,878,652**	3,803,879
		35,044,064	34,744,029
With State Bank of Pakistan in			
Local currency current accounts	5.1	**123,468,479**	88,379,133
Foreign currency current accounts	5.2	**6,497,792**	6,660,233
Foreign currency deposit accounts	5.3	**19,321,075**	18,077,471
		149,287,346	113,116,837
With other Central Banks in			
Foreign currency current accounts	5.4	**35,512,302**	27,348,562
Foreign currency deposit accounts	5.5	**16,988,678**	5,424,122
		52,500,980	32,772,684
With National Bank of Pakistan in local currency current accounts		**99,821,234**	85,848,781
National Prize Bonds		**587,999**	127,925
		337,241,623	266,610,256

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 1.51% per annum (2018: 0.00% to 1.35% per annum).

5.4 These represent balances held with the central banks of the overseas countries in which the Bank operates, in accordance with local statutory / regulatory requirements. These include balances in remunerative current accounts amounting to Rs 7,321.707 million (2018: Rs 7,113.816 million), which carry mark-up at rates ranging from 0.89% to 2.00% per annum (2018: 0.65% to 2.00% per annum).

5.5 These represent balances held with the central banks of the overseas countries in which the Bank operates, in accordance with local statutory / regulatory requirements. These carry mark-up at rates ranging from 0.00% to 15.00% per annum (2018: 0.00% to 15.00% per annum).

6 BALANCES WITH OTHER BANKS

	Note	2019	2018
		(Rupees in '000)	
In Pakistan			
In current accounts		**81,517**	57,755
Outside Pakistan			
In current accounts	6.1	**16,208,323**	9,408,507
In deposit accounts	6.2	**15,849,893**	16,629,068
		32,058,216	26,037,575
		32,139,733	26,095,330

6.1 This includes the balance in a remunerative current account amounting to Rs 5,419.666 million (2018: Rs 4,860.167 million), which carries mark-up at a rate of 0.60% per annum (2018: 0.85% per annum).

6.2 These carry mark-up at rates ranging from 0.05% to 11.75% per annum (2018: 0.15% to 23.55% per annum).

7 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2019	2018
		(Rupees in '000)	
Call money lendings	7.2	**300,000**	8,900,000
Repurchase agreement lendings (reverse repo)	7.3	**24,514,015**	38,045,810
Bai Muajjal receivables			
- with State Bank of Pakistan	7.4	**20,489,184**	-
- with other financial institutions		**-**	4,331,526
		20,489,184	4,331,526
		45,303,199	51,277,336

7.1 Lending to financial institutions are all in local currency.

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7.2 Call money lendings carry mark-up at rates ranging from 13.50% to 13.65% per annum (2018: 8.21% to 9.6% per annum) and are due to mature latest by March 02, 2020.

7.3 Repurchase agreement lendings carry mark-up at rates ranging from 13.20% to 13.55% per annum (2018: 8.40% to 10.39% per annum) and are due to mature latest by January 24, 2020.

7.3.1 Securities held as collateral against lendings to financial institutions

	2019			2018		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	980,222	-	980,222	4,995,810	-	4,995,810
Pakistan Investment Bonds	23,533,793	-	23,533,793	33,050,000	-	33,050,000
	24,514,015	-	24,514,015	38,045,810	-	38,045,810

7.3.2 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs 24,529.447 million (2018: Rs 37,301.886 million).

7.4 Bai Muajjal receivables from State Bank of Pakistan (SBP) carry profit at 10.63% per annum (2018: NIL) and are due to mature latest by February 07, 2020.

8 INVESTMENTS

8.1 Investments by type

	Note	2019				2018			
		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		253,848,450	-	(127,086)	253,721,364	2,569,965	-	(1,499)	2,568,466
- Pakistan Investment Bonds		12,596,388	-	33,166	12,629,554	3,683,617	-	(12,287)	3,671,330
- Ijarah Sukuks		-	-	-	-	-	-	-	-
Shares									
- Listed companies		-	-	-	-	-	-	-	-
Foreign securities									
- Government debt securities		99,386		10,549	109,935	90,499	-	24,575	115,074
		266,544,224	-	(83,371)	266,460,853	6,344,081	-	10,789	6,354,870
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills	8.3	348,638,371	-	83,133	348,721,504	755,955,226	-	(275,224)	755,680,002
- Pakistan Investment Bonds	8.3	449,714,794	-	3,837,538	453,552,332	234,705,582	-	(10,063,132)	224,642,450
- Ijarah Sukuks		4,667,551	-	(46,478)	4,621,073	53,675,083	-	(170,821)	53,504,262
- Government of Pakistan US Dollar Bonds		4,116,230	(138,672)	294,334	4,271,892	3,443,551	(33,047)	19,501	3,430,005
Shares									
- Listed companies		9,626,801	(4,198,407)	1,225,135	6,653,529	14,599,566	(4,043,987)	(385,376)	10,170,203
- Unlisted companies		4,820,042	(82,274)	-	4,737,768	3,761,058	(82,274)	-	3,678,784
Non-Government debt securities									
- Listed	8.4	1,750,000	-	(27,251)	1,722,749	-	-	-	-
- Unlisted	8.4	2,286,134	(270,877)	-	2,015,257	4,949,525	(274,630)	-	4,674,895
Foreign securities									
- Government debt securities		27,279,426	(186,259)	341,939	27,435,106	16,144,234	(45,262)	26,119	16,125,091
- Non-Government debt securities									
- Listed		3,112,280	(21,788)	108,057	3,198,549	18,267,252	(6,040)	(227,707)	18,033,505
- Unlisted		348,686	(1,713)	2,411	349,384	4,708,343	(2,724)	944	4,706,563
- Equity securities - Unlisted		5,912	-	-	5,912	5,413	-	-	5,413
National Investment Trust units		11,113	-	31,691	42,804	11,113	-	31,449	42,562
Real Estate Investment Trust units		55,000	-	7,450	62,450	55,000	-	4,950	59,950
Preference shares		44,400	-		44,400	97,500	-	-	97,500
		856,476,740	(4,899,990)	5,857,959	857,434,709	1,110,378,446	(4,487,964)	(11,039,297)	1,094,851,185
Held-to-maturity (HTM) securities	8.7								
Federal Government securities									
- Pakistan Investment Bonds	8.3, 8.5 & 8.6	156,928,486	-	-	156,928,486	171,850,002	-	-	171,850,002
- Government of Pakistan US Dollar Bonds		-	-	-	-	139,274	-	-	139,274
- Other Federal Government securities		10,794,000	-	-	10,794,000	-	-	-	-
Non-Government debt securities									
- Listed		5,799,373	-	-	5,799,373	9,092,850	-	-	9,092,850
- Unlisted		18,146,759	-	-	18,146,759	20,523,772	-	-	20,523,772
Foreign securities									
- Government debt securities		7,373,574	(2,459)	-	7,371,115	6,920,829	(609)	-	6,920,220
- Non-Government debt securities									
- Listed		510,542	-	-	510,542	886,493	-	-	886,493
- Unlisted		516,268	(3,335)	-	512,933	642,242	(110)	-	642,132
		200,069,002	(5,794)	-	200,063,208	210,055,462	(719)	-	210,054,743
Investment in associates and joint venture	8.7	9,412,113	-	-	9,412,113	11,658,852	-	-	11,658,852
Investment in subsidiary companies	8.8	18,590,630	-	-	18,590,630	18,111,059	-	-	18,111,059
Total Investments		1,351,092,709	(4,905,784)	5,774,588	1,351,961,513	1,356,547,900	(4,488,683)	(11,028,508)	1,341,030,709

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	2019				2018			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
8.2 Investments by segment								
Federal Government securities								
Market Treasury Bills	602,486,821	-	(43,953)	602,442,868	758,525,191	-	(276,723)	758,248,468
Pakistan Investment Bonds	619,239,668	-	3,870,704	623,110,372	410,239,201	-	(10,075,419)	400,163,782
Ijarah Sukuks	4,667,551	-	(46,478)	4,621,073	53,675,083	-	(170,821)	53,504,262
Government of Pakistan US Dollar Bonds	4,116,230	(138,672)	294,334	4,271,892	3,582,825	(33,047)	19,501	3,569,279
Other Federal Government securities	10,794,000	-	-	10,794,000	-	-	-	-
	1,241,304,270	(138,672)	4,074,607	1,245,240,205	1,226,022,300	(33,047)	(10,503,462)	1,215,485,791
Shares								
Listed companies	9,626,801	(4,198,407)	1,225,135	6,653,529	14,599,566	(4,043,987)	(385,376)	10,170,203
Unlisted companies	4,820,042	(82,274)	-	4,737,768	3,761,058	(82,274)	-	3,678,784
	14,446,843	(4,280,681)	1,225,135	11,391,297	18,360,624	(4,126,261)	(385,376)	13,848,987
Non-Government debt securities								
Listed	7,549,373	-	(27,251)	7,522,122	9,092,850	-	-	9,092,850
Unlisted	20,432,893	(270,877)	-	20,162,016	25,473,297	(274,630)	-	25,198,667
	27,982,266	(270,877)	(27,251)	27,684,138	34,566,147	(274,630)	-	34,291,517
Foreign securities								
Government debt securities	34,752,386	(188,718)	352,488	34,916,156	23,155,562	(45,871)	50,694	23,160,385
Non-Government debt securities								
- Listed	3,622,822	(21,788)	108,057	3,709,091	19,153,745	(6,040)	(227,707)	18,919,998
- Unlisted	864,954	(5,048)	2,411	862,317	5,350,585	(2,834)	944	5,348,695
Equity securities-unlisted	5,912	-	-	5,912	5,413	-	-	5,413
	39,246,074	(215,554)	462,956	39,493,476	47,665,305	(54,745)	(176,069)	47,434,491
National Investment Trust units	11,113	-	31,691	42,804	11,113	-	31,449	42,562
Real Estate Investment Trust units	55,000	-	7,450	62,450	55,000	-	4,950	59,950
Preference shares	44,400	-	-	44,400	97,500	-	-	97,500
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	300,000	-	-	300,000
HBL Income Fund	143,753	-	-	143,753	475,659	-	-	475,659
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	182,216	-	-	182,216	608,893	-	-	608,893
HBL Islamic Income Fund	-	-	-	-	257,151	-	-	257,151
HBL Islamic Money Market Fund	157,739	-	-	157,739	211,453	-	-	211,453
HBL Islamic Pension Fund- Debt Sub Fund	-	-	-	-	30,000	-	-	30,000
HBL Islamic Pension Fund- Equity Sub Fund	12,833	-	-	12,833	30,000	-	-	30,000
HBL Islamic Pension Fund- Money Market Sub Fund	-	-	-	-	30,000	-	-	30,000
HBL Islamic Stock Fund	121,179	-	-	121,179	295,804	-	-	295,804
HBL Money Market Fund	386,436	-	-	386,436	820,283	-	-	820,283
HBL Multi Asset Fund	32,366	-	-	32,366	53,429	-	-	53,429
HBL Pension Fund- Debt Sub Fund	-	-	-	-	30,000	-	-	30,000
HBL Pension Fund- Equity Sub Fund	20,308	-	-	20,308	30,000	-	-	30,000
HBL Pension Fund - Money Market Sub Fund	-	-	-	-	30,000	-	-	30,000
HBL Stock Fund	363,750	-	-	363,750	743,772	-	-	743,772
	9,412,113	-	-	9,412,113	11,658,852	-	-	11,658,852
Investment in subsidiary companies								
Habib Allied Holding Limited 8.8	14,409,287	-	-	14,409,287	13,929,716	-	-	13,929,716
Habib Finance International Limited, Hong Kong	1,648,843	-	-	1,648,843	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	100,000	-	-	100,000	100,000	-	-	100,000
The First MicroFinance Bank Limited	2,000,000	-	-	2,000,000	2,000,000	-	-	2,000,000
	18,590,630	-	-	18,590,630	18,111,059	-	-	18,111,059
Total investments	1,351,092,709	(4,905,784)	5,774,588	1,351,961,513	1,356,547,900	(4,488,683)	(11,028,508)	1,341,030,709

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8.2.1 **Investments given as collateral**

	2019	2018
	(Rupees in '000)	
The market value of investments given as collateral against borrowings is as follows:		
Federal Government securities		
- Market Treasury Bills	**128,024,805**	333,213,434
- Pakistan Investment Bonds	**71,061,088**	29,329,018
Foreign securities		
- Non-Government debt Securities - Listed	**-**	11,711,384
	199,085,893	374,253,836

8.3 Investments include securities amounting to Rs 339,606.770 million (2018: Rs 304,162.454 million) which are held to comply with the SBP's statutory liquidity requirements and are available for rediscounting with the SBP.

8.4 During the year, the Bank has reclassified certain non-Government debt securities amounting to Rs 2,551.000 million from the held-to-maturity category to the available-for-sale category post regulatory approval.

8.5 Investments include Rs 225.167 million (2018: Rs 222.214 million) pledged with the SBP against TT/DD discounting facilities and demand loan facilities.

8.6 Investments include Rs 9.897 million (2018: Rs 9.768 million) pledged with the Controller of Military Accounts in lieu of Regimental Fund Accounts being maintained at various branches of the Bank.

8.7 The market value of investments classified as held-to-maturity and investment in associates and joint venture is as follows:

	2019		2018	
	Book value	Market value	Book value	Market value
	(Rupees in '000)			
- Investment classified as held-to-maturity	**200,063,208**	**191,461,438**	210,054,743	194,133,861
- Investment in listed associates and joint venture	**9,155,882**	**30,712,471**	11,402,621	35,358,329

8.8 This includes investment in the Variable Rate Subordinated Loan Notes issued by HBL Bank, UK Limited, a subsidiary company, amounting to Rs 4.645 billion equivalent US $ 30 million (2018: Rs 4.166 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% (2018: 6 month LIBOR + 5.75%). During the current year, the amount has been reclassified as equity by HBL UK and has therefore been correspondigly reflected by the Bank as an investment in subsidiary, for both the current and prior year.

8.9 **Particulars of provision held against diminution in the value of investments**

	2019	2018
	(Rupees in '000)	
Opening balance	**4,488,683**	1,503,051
Exchange adjustment	**19,001**	10,647
Charge / reversals		
Charge for the year	**2,831,502**	3,654,300
Reversal for the year	**(64,476)**	(28,757)
Reversal on disposal during the year	**(2,368,926)**	(650,558)
Net charge	**398,100**	2,974,985
Closing balance	**4,905,784**	4,488,683

8.9.1 **Particulars of provision against debt securities**

	2019		2018	
Category of classification	Non-Performing Investment	Provision	Non-Performing Investment	Provision
	(Rupees in '000)			
Domestic				
Loss	**270,877**	**270,877**	274,630	274,630

8.9.1.1 In addition to the above, certain overseas branches hold a provision of Rs 354.226 million (2018: Rs 87.792 million) against investment in accordance with the requirements of IFRS 9.

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

Details regarding the quality of AFS securities are as follows:

	2019	2018
	Cost	
	(Rupees in '000)	
Federal Government securities - Government guaranteed		
Market Treasury Bills	348,638,371	755,955,226
Pakistan Investment Bonds	449,714,794	234,705,582
Ijarah Sukuks	4,667,551	53,675,083
Government of Pakistan US Dollar Bonds	4,116,230	3,443,551
	807,136,946	1,047,779,442
Shares		
Listed companies		
Automobile Parts and Accessories	122,869	122,869
Cement	179,510	2,493,024
Chemical	290,558	224,083
Commercial Banks	562,338	1,115,136
Engineering	13,765	285,553
Fertilizer	1,020,171	1,566,292
Food and Personal Care Products	62,871	696,032
Insurance	263,526	270,498
Investment Banks / Investment Companies / Securities Companies	1,122,067	1,122,067
Oil and Gas Exploration Companies	952,594	921,375
Oil and Gas Marketing Companies	549,246	842,659
Power Generation and Distribution	3,134,533	3,586,815
Refinery	80,532	386,561
Technology and Communication	561,362	592,848
Textile Composite	710,859	373,754
	9,626,801	14,599,566

	2019		2018	
Unlisted companies	Cost	Breakup value	Cost	Breakup value
	(Rupees in '000)			
Central Depository Company of Pakistan Limited	256,347	690,272	256,347	658,861
Engro Powergen Thar (Private) Limited	2,086,591	3,231,413	1,599,623	2,624,676
Pakistan Mortgage Refinance Company Limited	500,000	594,508	500,000	501,286
Sindh Engro Coal Mining Company Limited	1,888,274	2,312,341	1,316,258	1,575,511
Pak Agriculture Storage and Services Corporation Limited	5,500	1,622,928	5,500	1,331,012
DHA Cogen Limited	-	(2,497,155)	-	(2,497,155)
National Institutional Facilitation Technologies (Private) Limited	1,527	69,766	1,527	71,188
First Women Bank Limited	63,300	203,928	63,300	208,937
National Investment Trust Limited	100	856,227	100	972,967
SME Bank Limited	13,474	(9,778)	13,474	(9,778)
Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T)	4,929	39,295	4,929	41,350
	4,820,042	7,113,745	3,761,058	5,478,855

Non-Government debt securities	Note	2019	2018
		Cost	
		(Rupees in '000)	
Listed			
AA+, AA, AA-		1,450,000	-
A+, A, A-		300,000	-
		1,750,000	-
Unlisted			
AA+, AA, AA-		801,000	-
Unrated	8.10.1	1,485,134	4,949,525
		2,286,134	4,949,525
		4,036,134	4,949,525

8.10.1 These include investments in unlisted non-Government debt securities amounting to Rs 1,214.257 million (2018: Rs 4,674.895 million) which are guaranteed by the Government.

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Foreign securities

Government debt securities	2019 Cost (Rupees in '000)	2019 Rating	2018 Cost (Rupees in '000)	2018 Rating
Bahrain	3,334,917	B+	2,624,914	BB-
Lebanon	766,390	Caa2	1,282,142	B3
Maldives	8,376,859	B2	4,770,054	B2
Mauritius	5,314,476	Baa1	2,952,693	Baa1
Oman	904,687	Ba1	1,402,509	Baa3
Singapore	2,640,462	Aaa	2,440,884	Aaa
Sri Lanka	3,013,877	B2	671,038	B2
Egypt	2,094,746	B2	-	-
Kenya	833,012	B2	-	-
	27,279,426		16,144,234	

Non-Government debt securities	2019 Cost (Rupees in '000)	2018 Cost (Rupees in '000)
Listed		
AA+, AA, AA-	-	1,111,518
A+, A, A-	-	10,028,512
BBB+, BBB, BBB-	779,120	6,444,007
BB+, BB, BB-	1,551,731	-
B+, B, B-	781,429	683,215
	3,112,280	18,267,252
Unlisted		
AAA	-	102,009
A+, A, A-	-	1,890,230
Unrated	348,686	2,716,104
	348,686	4,708,343
Equity securities		
Unlisted		
The Benefit Company, Bahrain	3,285	2,947
Credit Information Bureau, Sri Lanka	68	61
LankaClear (Private) Limited, Sri Lanka	427	380
SME Equity Fund Limited, Mauritius	2,132	2,025
	5,912	5,413
National Investment Trust units - listed	11,113	11,113
Real Estate Investment Trust units - listed	55,000	55,000
Preference shares - listed	44,400	97,500

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

	2019	2018
	Cost / Amortised cost (Rupees in '000)	
Federal Government securities - Government guaranteed		
Pakistan Investment Bonds	**156,928,486**	171,850,002
Government of Pakistan US Dollar Bonds	-	139,274
Other Federal Government Securities	**10,794,000**	-
	167,722,486	171,989,276
Non-Government debt securities		
Listed		
AA+, AA, AA-	**3,564,480**	8,658,877
A+, A, A-	**2,234,893**	433,973
	5,799,373	9,092,850
Unlisted		
AAA	**10,631,938**	11,319,440
AA+, AA, AA-	**149,910**	1,681,970
A+, A, A-	**1,699,352**	2,403,822
Unrated	**5,665,559**	5,118,540
	18,146,759	20,523,772

Foreign securities

	2019		2018	
Government debt securities	Cost / amortised cost (Rupees in '000)	Rating	Cost / amortised cost (Rupees in '000)	Rating
Bahrain	**1,225,625**	**B+**	866,409	BB-
Bangladesh	**1,497,431**	**Ba3**	1,500,969	Ba3
Lebanon	**143,425**	**Caa2**	342,548	B3
Maldives	**-**	**-**	904,084	B2
Mauritius	**213,289**	**Baa1**	304,077	Baa1
Oman	**2,580,917**	**Ba1**	2,861,553	Baa3
Sri Lanka	**1,712,887**	**B2**	141,189	B2
	7,373,574		6,920,829	

Non-Government debt securities	2019	2018
	Cost / amortised cost (Rupees in '000)	
Listed		
BB+, BB, BB-	**-**	319,849
Unrated	**510,542**	566,644
	510,542	886,493
Unlisted		
AA+, AA, AA-	**516,268**	642,242
	516,268	642,242

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8.12 Summary of financial information of associates, joint venture and subsidiaries

	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 Income Fund	December 31, 2019	Pakistan	0.00%	-	-	323,604	58,499	58,499
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 - Debt Sub Fund	December 31, 2019	Pakistan	0.00%	-	-	24,762	3,101	3,101
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 Pension Fund - Money Market Sub Fund	December 31, 2019	Pakistan	0.00%	-	-	15,727	2,490	2,490
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 - Debt Sub Fund	December 31, 2019	Pakistan	0.00%	-	-	8,630	1,498	1,498
HBL Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	32.88%	241,494	3,847	36,741	30,685	30,685
HBL Pension Fund - Money Market Sub Fund	December 31, 2019	Pakistan	0.00%	-	-	6,466	1,152	5,314
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	44,249,743	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

	2018							
	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, 2018	Kenya	16.15%	525,377,300	447,614,792	49,162,423	8,363,446	7,791,007
Himalayan Bank Limited	October 17, 2018	Nepal	20.00%	153,717,681	135,061,073	13,288,725	3,015,678	3,020,298
Kyrgyz Investment and Credit Bank	December 31, 2018	Kyrgyzstan	18.00%	52,956,428	43,965,367	3,978,561	571,876	571,876
Jubilee General Insurance Company Limited	September 30, 2018	Pakistan	19.80%	23,190,518	14,828,283	6,426,986	1,082,427	141,371
Jubilee Life Insurance Company Limited	September 30, 2018	Pakistan	18.52%	137,154,653	127,160,799	53,626,535	2,934,367	2,519,951
HBL Energy Fund	December 31, 2018	Pakistan	31.50%	877,028	42,772	(78,843)	(114,164)	(114,164)
HBL Income Fund	December 31, 2018	Pakistan	35.57%	2,097,234	56,949	217,034	167,674	163,277
HBL Islamic Asset Allocation Fund	December 31, 2018	Pakistan	28.04%	2,253,997	2,232,949	127,722	59,111	51,684
HBL Islamic Income Fund	December 31, 2018	Pakistan	7.13%	3,769,559	36,614	314,928	253,982	253,982
HBL Islamic Money Market Fund	December 31, 2018	Pakistan	32.35%	974,480	7,420	62,408	49,359	49,359
HBL Islamic Pension Fund - Debt Sub Fund	December 31, 2018	Pakistan	39.37%	111,923	1,130	6,707	4,500	4,181
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2018	Pakistan	57.86%	189,006	3,801	190	(4,557)	5,808
HBL Islamic Pension Fund - Money Market Sub Fund	December 31, 2018	Pakistan	45.88%	94,573	890	5,443	3,664	3,702
HBL Islamic Stock Fund	December 31, 2018	Pakistan	28.26%	2,274,282	36,665	(126,967)	(214,001)	(195,650)
HBL Money Market Fund	December 31, 2018	Pakistan	12.39%	10,973,341	3,520,870	521,111	429,651	429,651
HBL Multi Asset Fund	December 31, 2018	Pakistan	50.20%	282,413	16,493	17,126	(1,929)	(5,927)
HBL Pension Fund - Debt Sub Fund	December 31, 2018	Pakistan	28.20%	176,381	2,203	12,552	8,687	8,588
HBL Pension Fund - Equity Sub Fund	December 31, 2018	Pakistan	45.22%	222,227	2,972	12,411	(4,453)	10,307
HBL Pension Fund - Money Market Sub Fund	December 31, 2018	Pakistan	27.38%	168,263	1,864	11,149	7,960	7,960
HBL Stock Fund	December 31, 2018	Pakistan	49.76%	4,198,376	844,630	(234,682)	(436,709)	(344,301)
HBL Investment Fund Class A	December 31, 2018	Pakistan	17.13%	2,193,289	9,164	37,705	(1,237)	(205,443)
HBL Investment Fund Class B	December 31, 2018	Pakistan	17.32%	2,747,029	249,721	(79,713)	(206,909)	(206,909)
PICIC Investment Fund	December 31, 2018	Pakistan	0.00%	-	-	200,505	115,858	308,902
Habib Allied Holding Limited	December 31, 2018	United Kingdom	90.50%	109,395,641	98,007,527	3,176,750	(1,122,249)	(1,651,910)
Habib Finance International Limited	December 31, 2018	Hong Kong	100.00%	2,672,887	50,009	22,202	(111,401)	(111,401)
Habib Bank Financial Services (Private) Limited	December 31, 2018	Pakistan	100.00%	59,862	118	2,498	711	711
HBL Currency Exchange (Private) Limited	December 31, 2018	Pakistan	100.00%	1,374,288	32,841	764,895	383,365	383,365
HBL Asset Management Limited	December 31, 2018	Pakistan	100.00%	3,278,287	2,380,389	865,354	154,088	153,328
The First MicroFinance Bank Limited	December 31, 2018	Pakistan	50.51%	37,622,462	32,121,331	6,556,385	997,875	996,273

8.12.1 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.

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For the year ended December 31, 2019

9 ADVANCES	Note	Performing 2019	Performing 2018	Non - performing 2019	Non - performing 2018	Total 2019	Total 2018
		(Rupees in '000)					
Loans, cash credits, running finances, etc	9.1	**860,334,857**	858,956,737	**67,170,214**	66,204,592	**927,505,071**	925,161,329
Islamic financing and related assets	9.2	**153,061,117**	103,488,928	**258,381**	111,174	**153,319,498**	103,600,102
Bills discounted and purchased		**56,966,128**	48,120,612	**4,979,731**	5,248,713	**61,945,859**	53,369,325
Advances - gross		**1,070,362,102**	1,010,566,277	**72,408,326**	71,564,479	**1,142,770,428**	1,082,130,756
Provision against advances							
- Specific	9.5	**-**	-	**(66,459,144)**	(63,193,300)	**(66,459,144)**	(63,193,300)
- General		**(3,292,615)**	(3,083,530)	**-**	-	**(3,292,615)**	(3,083,530)
		(3,292,615)	(3,083,530)	**(66,459,144)**	(63,193,300)	**(69,751,759)**	(66,276,830)
Advances - net of provision		**1,067,069,487**	1,007,482,747	**5,949,182**	8,371,179	**1,073,018,669**	1,015,853,926

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

	2019 Not later than one year	2019 Later than one and upto five years	2019 More than five years	2019 Total	2018 Not later than one year	2018 Later than one and upto five years	2018 More than five years	2018 Total
	(Rupees in '000)							
Total minimum lease payments	**1,564,701**	**15,516,076**	**9,332,835**	**26,413,612**	1,554,003	14,575,282	7,001,230	23,130,515
Financial charges for future periods	**(185,399)**	**(2,606,227)**	**(2,964,213)**	**(5,755,839)**	(161,003)	(2,140,692)	(1,917,439)	(4,219,134)
Net investment in finance lease	**1,379,302**	**12,909,849**	**6,368,622**	**20,657,773**	1,393,000	12,434,590	5,083,791	18,911,381

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)	2019	2018
	(Rupees in '000)	
In local currency	**952,668,278**	911,714,456
In foreign currencies	**190,102,150**	170,416,300
	1,142,770,428	1,082,130,756

9.4 Advances include Rs 72,408.326 million (2018: Rs 71,564.479 million) which have been placed under non-performing status as detailed below:

Category of Classification	2019 Non - performing advances	2019 Provision	2018 Non - performing advances	2018 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**580,891**	**-**	801,712	-
Substandard	**2,164,790**	**516,168**	4,112,988	651,742
Doubtful	**1,509,387**	**754,694**	1,633,835	816,918
Loss	**43,569,902**	**42,504,212**	42,054,406	40,989,981
	47,824,970	**43,775,074**	48,602,941	42,458,641
Overseas				
Not past due but impaired	**48,676**	**23,643**	384,740	195,054
Overdue by:				
Upto 90 days	**215,921**	**101,186**	47,250	3,875
91 to 180 days	**278,341**	**209,604**	1,360,996	1,156,936
181 to 365 days	**755,391**	**343,117**	1,423,881	1,003,933
> 365 days	**23,285,027**	**22,006,520**	19,744,671	18,374,861
	24,583,356	**22,684,070**	22,961,538	20,734,659
Total	**72,408,326**	**66,459,144**	71,564,479	63,193,300

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9.5 Particulars of provision against advances

	Note	2019			2018		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		63,193,300	3,083,530	66,276,830	60,792,948	2,755,637	63,548,585
Exchange adjustment		2,394,415	158,049	2,552,464	4,218,059	287,727	4,505,786
Charge for the year		6,297,991	421,194	6,719,185	5,955,190	301,560	6,256,750
Reversal for the year		(3,729,878)	(281,675)	(4,011,553)	(3,981,916)	(356,438)	(4,338,354)
Net charge / (reversal) against advances		2,568,113	139,519	2,707,632	1,973,274	(54,878)	1,918,396
Charged off during the year - agriculture financing	9.7	(604,496)	-	(604,496)	(477,679)	-	(477,679)
Written off during the year	9.8	(1,092,188)	-	(1,092,188)	(3,313,302)	-	(3,313,302)
Impact of adoption of IFRS 9		-	-	-	-	95,044	95,044
Other movements		-	(88,483)	(88,483)	-	-	-
Closing balance		66,459,144	3,292,615	69,751,759	63,193,300	3,083,530	66,276,830

9.5.1 Particulars of provision against advances

	2019			2018		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	42,682,682	1,879,055	44,561,737	41,472,787	1,652,318	43,125,105
In foreign currencies	23,776,462	1,413,560	25,190,022	21,720,513	1,431,212	23,151,725
	66,459,144	3,292,615	69,751,759	63,193,300	3,083,530	66,276,830

9.6 General provision includes provision amounting to Rs 1,879.055 million (2018: Rs 1,652.318 million) against the consumer finance portfolio. General provision also includes Rs 1,413.560 million (2018: Rs 1,431.212 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates.

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	2019	2018
		(Rupees in '000)	
9.8.1 Against provisions	9.5	1,092,188	3,313,302
		1,092,188	3,313,302

9.8.2 Analysis of write offs

Write offs of Rs 500,000 and above			
- Domestic		159,784	1,754,587
- Overseas	9.9.2	710,767	1,450,903
		870,551	3,205,490
Write offs of below Rs 500,000		221,637	107,812
		1,092,188	3,313,302

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, 2019 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	2019	2018
		(Rupees in '000)	
Capital work-in-progress	10.1	1,819,077	2,264,230
Property and equipment	10.2	73,722,692	60,252,924
		75,541,769	62,517,154

10.1 Capital work-in-progress

Civil works	782,903	856,424
Equipment	19,959	20,465
Advances to suppliers and contractors	1,016,215	1,387,341
	1,819,077	2,264,230

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10.2 Property and equipment

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 (note 4.1)	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	

2018

	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, 2018											
Cost / revalued amount	512,214	24,303,961	210,721	7,403,018	340,355	4,732,340	1,878,572	15,463,735	533,184	-	55,378,100
Accumulated depreciation	-	-	(62,273)	(103,110)	(649)	(3,403,722)	(1,236,297)	(11,195,056)	(385,529)	-	(16,386,636)
Net book value	512,214	24,303,961	148,448	7,299,908	339,706	1,328,618	642,275	4,268,679	147,655	-	38,991,464
Year ended December 31, 2018											
Opening net book value	512,214	24,303,961	148,448	7,299,908	339,706	1,328,618	642,275	4,268,679	147,655	-	38,991,464
Additions	-	3,535,825	-	9,531,916	3,158,714	910,119	1,644,887	4,887,755	304,041	-	23,973,257
Disposals	-	(6,000)	-	(470)	-	(3,743)	(3,844)	(9,628)	(182)	-	(23,867)
Depreciation charge	-	-	(16,122)	(154,734)	(71,480)	(582,533)	(184,608)	(1,835,162)	(76,419)	-	(2,921,058)
Exchange rate adjustments	95,913	-	16,885	3,510	-	75,217	35,605	63,716	11,103	-	301,949
Other adjustments / transfers	-	-	11,612	14,510	17	(20,887)	(98,921)	22,766	2,082	-	(68,821)
Closing 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
At December 31, 2018											
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
Rate of depreciation (%)	-	-	3-5	1.67-3.33	10	20	10-20	10-33	10-20	-	

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10.3 **Revaluation of properties**

The properties of the Bank were last revalued by independent professional valuers as at December 31, 2017. The revaluation was carried out by M/s Iqbal A. Nanjee & Co. (Private) Limited, M/s Colliers International Pakistan (Private) Limited, M/s J & M Associates, Imad Saffiuddine, M/s United Valuers (Pte) Limited and M/s Sunil Fernando & Associates (Private) Limited on the basis of professional assessment of then present market values. This revaluation had resulted in an increase in surplus by Rs 9,960.433 million. The total surplus arising against revaluation of fixed assets as at December 31, 2019 amounts to Rs 22,235.136 million.

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

	2019	2018
	(Rupees in '000)	
Freehold land	**394,934**	309,466
Leasehold land	**8,632,036**	8,632,036
Building on freehold land	**78,379**	72,704
Building on leasehold land	**13,606,892**	13,857,424
	22,712,241	22,871,630

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 4.701 million (2018: Rs 7.191 million).

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

	Note	2019	2018
		(Rupees in '000)	
Leasehold Improvements		**2,755,299**	2,314,122
Furniture and fixture		**692,826**	617,232
Electrical, office and computer equipment		**7,393,522**	6,569,448
Vehicles		**170,810**	202,328
		11,012,457	9,703,130

11 **INTANGIBLE ASSETS**

Capital work-in-progress - computer software		**1,016,808**	831,891
Intangible assets	11.1	**2,511,410**	1,886,665
		3,528,218	2,718,556

11.1 **Intangible assets**

Computer software		
At January 1,		
Cost	**4,856,332**	3,451,699
Accumulated amortisation	**(2,969,667)**	(2,517,642)
Net book value	**1,886,665**	934,057
Year ended December 31,		
Opening net book value	**1,886,665**	934,057
Purchased during the year	**1,105,586**	1,230,828
Amortisation charge	**(486,389)**	(287,606)
Exchange rate adjustments	**8,376**	5,756
Other adjustments	**(2,828)**	3,630
Closing net book value	**2,511,410**	1,886,665
At December 31,		
Cost	**5,977,122**	4,856,332
Accumulated amortisation	**(3,465,712)**	(2,969,667)
Net book value	**2,511,410**	1,886,665
Rate of amortisation (%)	**10-33.33**	10-33.33
Useful life (years)	**3-10**	3-10

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11.2 The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs 1,706.931 million (2018: Rs 1,702.357 million).

	Note	2019	2018
		(Rupees in '000)	
12 DEFERRED TAX ASSETS			
Deductible temporary differences on			
- Tax losses of overseas branches		-	249,991
- Provision against investments		1,616,995	1,397,101
- Provision against doubtful debts and off-balance sheet obligations		4,158,485	3,210,350
- Liabilities written back under section 34(5) of the Income Tax Ordinance 2001		1,671,011	1,382,428
- Provision against other assets		50,989	45,760
- Deficit on revaluation of fixed assets		163,960	147,144
- Ijarah financing		150,674	101,123
		7,812,114	6,533,897
Taxable temporary differences on			
- Accelerated tax depreciation		(2,092,012)	(1,857,153)
- Surplus on revaluation of fixed assets	20	(1,161,940)	(1,109,480)
- Surplus / deficit on revaluation of investments	20	(2,284,604)	3,863,754
- Exchange translation reserve		(374,730)	(347,300)
		(5,913,286)	549,821
Net deferred tax assets		1,898,828	7,083,718

12.1 Movement in temporary differences during the year

	Balance as at January 1, 2018	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2018	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2019
	(Rupees in '000)						
Deductible temporary differences on							
-Tax losses of overseas branches	-	249,991	-	249,991	(249,991)	-	-
- Provision against investments	372,791	1,024,310	-	1,397,101	219,894	-	1,616,995
- Provision against doubtful debts and off-balance sheet obligations	3,220,462	(10,112)	-	3,210,350	948,135	-	4,158,485
- Liabilities written back under section 34(5) of the Income Tax Ordinance 2001	1,272,861	109,567	-	1,382,428	288,583	-	1,671,011
- Provision against other assets	63,953	(18,193)	-	45,760	5,229	-	50,989
- Deficit on revaluation of fixed assets	147,144	-	-	147,144	16,816		163,960
- Ijarah financing	-	101,123	-	101,123	49,551	-	150,674
Taxable temporary differences on							
- Accelerated tax depreciation	(142,475)	(1,714,678)	-	(1,857,153)	(234,859)	-	(2,092,012)
- Surplus / deficit on revaluation of fixed assets	(1,136,602)	27,888	(766)	(1,109,480)	74,338	(126,798)	(1,161,940)
- Deficit on revaluation of investments	236,755	-	3,626,999	3,863,754	-	(6,148,358)	(2,284,604)
- Surplus on revaluation of non-banking assets	(847)	81	766	-	-	-	-
- Exchange translation reserve	(133,585)	-	(213,715)	(347,300)	-	(27,430)	(374,730)
Net deferred tax assets	3,900,457	(230,023)	3,413,284	7,083,718	1,117,696	(6,302,586)	1,898,828

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13 OTHER ASSETS	Note	2019	2018
		(Rupees in '000)	
Mark-up / return / profit / interest accrued in local currency		49,739,889	27,936,523
Mark-up / return / profit / interest accrued in foreign currency		2,364,455	1,912,478
Advances, deposits, advance rent and other prepayments		1,882,477	2,514,308
Advance taxation		28,075,183	44,593,889
Advances against subscription of securities		5,246,000	50,000
Stationery and stamps on hand		77,106	84,346
Accrued fees and commissions		689,984	1,028,721
Due from Government of Pakistan / SBP		1,444,977	989,672
Mark to market gain on forward foreign exchange contracts		6,548,555	9,186,058
Mark to market gain on derivative instruments	22.2	54,454	53,987
Non-banking assets acquired in satisfaction of claims	13.1	468,719	1,596,579
Receivable from defined benefit plan	36.4.4	24,419	35,293
Branch adjustment account		789,446	2,040,329
Acceptances		22,771,310	11,278,036
Clearing and settlement accounts		12,636,565	1,894,880
Dividend receivable		-	4,443
Claims against fraud and forgeries		450,086	545,909
Others		494,268	1,063,882
		133,757,893	106,809,333
Provision held against other assets	13.2	(821,996)	(923,201)
Other assets - net of provision		132,935,897	105,886,132
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20.2	164,304	421,742
Other assets - total		133,100,201	106,307,874

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	626,000	1,995,169

13.1.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2019. The revaluation was carried out by M/s Joseph Lobo (Private) Limited and M/s Harvester Services (Private) Limited on the basis of an assessment of present market values and resulted in an increase in surplus by Rs 35 million. The total surplus arising against revaluation of non banking assets acquired in satisfaction of claims as at December 31, 2019 amounts to Rs 164.304 million (2018: Rs 421.742 million)

13.1.2 Non-banking assets acquired in satisfaction of claims	Note	2019	2018
		(Rupees in '000)	
Opening balance		1,995,169	1,967,665
Revaluation during the year	20.2	35,000	140,421
Transferred to fixed assets		-	(122,988)
Depreciation		(43)	(351)
Disposal during the year		(1,420,255)	-
Impairment reversal		16,129	10,422
Closing balance		626,000	1,995,169

13.1.3 Gain on disposal of non-banking assets acquired in satisfaction of claims

Disposal proceeds	1,582,300	-
Less:		
Cost	1,127,817	-
Surplus realized on disposal	292,438	-
	1,420,255	-
	162,045	-

13.2 Provision held against other assets

Advances, deposits, advance rent and other prepayments	-	5,819
Non-banking assets acquired in satisfaction of claims	7,023	23,152
Claims against fraud and forgery	450,086	545,909
Suit filed cases	323,759	294,272
Others	41,128	54,049
	821,996	923,201

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For the year ended December 31, 2019

	Note	2019	2018
		(Rupees in '000)	
13.2.1 Movement in provision against other assets			
Opening balance		**923,201**	825,520
Exchange adjustment		**34,901**	62,052
Charge for the year		**139,759**	220,974
Reversal for the year		**(49,540)**	(13,831)
Net charge		**90,219**	207,143
Written off during the year		**(224,820)**	(164,427)
Other movement		**(1,505)**	(7,087)
Closing balance		**821,996**	923,201

14 BILLS PAYABLE

In Pakistan		**28,344,335**	41,317,093
Outside Pakistan		**1,189,968**	1,008,161
		29,534,303	42,325,254

15 BORROWINGS

Secured			
Borrowings from the SBP under			
- Export refinance scheme	15.2	**42,762,668**	33,533,707
- Long term financing facility	15.3	**18,474,945**	10,453,762
- Financing facility for renewable energy power plants	15.4	**831,448**	104,853
- Refinance facility for modernization of SMEs	15.5	**28,743**	14,300
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs	15.6	**2,400**	-
- Financing facility for storage of agricultural produce	15.7	**104,167**	7,500
		62,204,371	44,114,122
Repurchase agreement borrowings	15.8	**197,503,793**	373,810,983
		259,708,164	417,925,105
Unsecured			
- Call money borrowings	15.9	**4,900,000**	5,700,000
- Overdrawn nostro accounts		**100,623**	6,021,355
- Borrowings of overseas branches	15.10	**56,524,651**	42,314,615
- Other long-term borrowings	15.11	**60,838,074**	46,935,322
		122,363,348	100,971,292
		382,071,512	518,896,397

15.1 Particulars of borrowings with respect to currencies

In local currency	**264,608,165**	412,521,554
In foreign currencies	**117,463,347**	106,374,843
	382,071,512	518,896,397

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 2.00% per annum (2018: 1.00% to 2.00% per annum) and are due to mature latest by June 29, 2020.

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 8.40% per annum (2018: 2.00% to 10.10% per annum) and are due to mature latest by December 02, 2029.

15.4 These borrowings have been obtained from the SBP under a scheme for financing the 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 (2018: 2.00% per annum) and are due to mature latest by December 12, 2029.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

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 rates ranging from 2.00% to 3.50% per annum (2018: 2.75% to 4.75% per annum) and are due to mature latest by September 17, 2022.

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 rate of 0.00% per annum and are due to mature latest by November 07, 2024.

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 (2018: 3.50% per annum) and are due to mature latest by December 25, 2022.

15.8 Repurchase agreement borrowings carry mark-up at rates ranging from 13.00% to 13.31% per annum (2018: 3.28% to 10.41% per annum) and are due to mature latest by January 17, 2020. The market value of securities given as collateral against these borrowings is given in note 8.2.1.

15.9 Call money borrowings carry mark-up at rates ranging from 9.50% to 13.25% per annum (2018: 10.25% to 10.40% per annum) and are due to mature latest by January 20, 2020.

15.10 Borrowings by overseas branches carry mark-up at rates ranging from 0.00% to 3.88% per annum (2018: 0.80% to 7.90% per annum) and are due to mature latest by September 24, 2020.

15.11 This includes the following:

15.11.1 A loan from the International Finance Corporation amounting to US$ 150 million (2018:US$ 150 million). The principal amount is payable in six equal half-yearly installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually from June 2015.

15.11.2 A loan from the China Development Bank amounting to US$ 180 million (2018: US$ 188 million). The principal amount is payable in six half-yearly installments from December 2017 to June 2020. Interest at LIBOR + 2.45% is payable semi-annually from June 2017.

15.11.3 HBL has entered into a long-term financing facility arrangement of US$ 300 million with China Development Bank, to be utilized for on-lending projects of the Bank's customers. Under this facility, 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 being charged at a fixed spread over LIBOR and is payable semi-annually.

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2019			2018		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		(Rupees in '000)					
Customers							
Current deposits		718,531,993	101,140,482	819,672,475	662,361,570	93,051,632	755,413,202
Savings deposits		904,288,563	84,593,001	988,881,564	803,369,210	87,015,734	890,384,944
Term deposits		255,854,893	104,894,494	360,749,387	239,511,992	85,981,264	325,493,256
		1,878,675,449	290,627,977	2,169,303,426	1,705,242,772	266,048,630	1,971,291,402
Financial institutions							
Current deposits		4,726,555	1,079,041	5,805,596	5,691,146	893,376	6,584,522
Savings deposits		123,858,010	18,008	123,876,018	36,795,320	181,029	36,976,349
Term deposits		2,001,790	912,256	2,914,046	3,156,566	1,999,140	5,155,706
		130,586,355	2,009,305	132,595,660	45,643,032	3,073,545	48,716,577
	16.2	2,009,261,804	292,637,282	2,301,899,086	1,750,885,804	269,122,175	2,020,007,979

16.1 Composition of deposits

	2019	2018
	(Rupees in '000)	
- Individuals	1,231,350,613	1,123,662,687
- Government (Federal and Provincial)	130,749,258	146,266,370
- Public Sector Entities	132,916,400	73,974,371
- Banking Companies	7,545,730	7,816,745
- Non-Banking Financial Institutions	125,049,930	40,899,832
- Private Sector	674,287,155	627,387,974
	2,301,899,086	2,020,007,979

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

16.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 1,395,051.707 million (2018: Rs 1,306,520.436 million).

17	SUBORDINATED DEBT	Note	2019	2018
			(Rupees in '000)	
	Tier II Term Finance Certificates	17.1	**9,986,000**	9,990,000
	Additional Tier I Term Finance Certificates	17.2	**12,374,000**	-
			22,360,000	9,990,000

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, 2018: AAA (Triple A)]
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".

17.2 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 State Bank of Pakistan (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)
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 and subject to the following: (a) Prior approval of the SBP has been obtained; and (b) The Bank replaces the TFCs with capital of the same or better quality and the capital position of the Bank is above the minimum capital requirement after the Call Option is exercised.
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".

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
			(Rupees in '000)	
18	**OTHER LIABILITIES**			
	Mark-up / return / profit / interest payable in local currency		**11,253,838**	9,246,147
	Mark-up / return / profit / interest payable in foreign currency		**2,537,607**	1,619,595
	Security deposits		**1,138,813**	1,529,172
	Accrued expenses		**14,585,462**	13,660,072
	Mark to market loss on forward foreign exchange contracts		**7,924,799**	6,409,009
	Mark to market loss on derivative instruments	22.2	**1,708,824**	1,248,504
	Unclaimed dividends		**405,966**	325,121
	Dividends payable		**400,464**	729,015
	Provision for post retirement medical benefits	36.4.4	**3,872,768**	3,945,133
	Provision for employees' compensated absences	36.4.4	**2,644,978**	3,080,403
	Provision against off-balance sheet obligations	18.1	**437,795**	479,510
	Acceptances		**22,771,310**	11,278,036
	Provision for staff retirement benefits		**1,063,338**	1,063,612
	Payable to defined benefit plans	36.4.4	**577,964**	970,439
	Provision for Workers' Welfare Fund	29	**5,220,295**	4,653,128
	Unearned income		**3,777,028**	998,598
	Qarza-e-Hasna Fund		**338,923**	339,107
	Levies and taxes payable		**7,347,626**	3,767,571
	Insurance payable		**645,817**	658,641
	Provision for rewards program expenses		**1,249,725**	1,087,209
	Liability against trading of securities		**7,883,792**	34,755,041
	Clearing and settlement accounts		**2,037,252**	3,930,956
	Payable to HBL Foundation		**158,202**	125,812
	Contingent consideration payable		**500,000**	500,000
	Charity fund		**10,375**	4,765
	Lease liability against right-of-use assets	4.1	**12,861,471**	-
	Unclaimed deposits		**670,374**	30,831
	Others		**2,422,100**	2,790,746
			116,446,906	109,226,173
18.1	**Provision against off-balance sheet obligations**			
	Opening balance		**479,510**	385,361
	Exchange adjustment		**7,518**	11,688
	Charge for the year		**53,677**	121,962
	Reversal for the year		**(102,910)**	(50,806)
	Net (reversal) / charge		**(49,233)**	71,156
	Impact of adoption of IFRS 9		-	11,305
	Closing balance		**437,795**	479,510

19 SHARE CAPITAL

19.1 Authorised capital

2019	2018		2019	2018
Number of shares in '000				
2,900,000	2,900,000	Ordinary shares of Rs 10 each	**29,000,000**	29,000,000

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

19.2 Issued, subscribed and paid-up capital

2019	2018		2019	2018
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)

Name of shareholder	2019 Number of shares held	2019 Percentage of shareholding	2018 Number of shares held	2018 Percentage of shareholding
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

	2019	2018
	(Number of shares)	
Jubilee General Insurance Company Limited	**4,270,000**	4,270,000
Jubilee Life Insurance Company Limited	**13,025,000**	13,025,000
HBL Equity Fund	**61,100**	101,400
HBL Growth Fund Class B	**447,500**	1,859,300
HBL Investment Fund Class B	**335,100**	967,100
HBL Multi Asset Fund	**46,971**	73,971
HBL Stock Fund	**444,419**	1,442,619

19.5 Exchange translation reserve

This comprises all foreign currency differences arising from the translation of the net investment in foreign branches.

19.6 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 this reserve.

20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	2019	2018
		(Rupees in '000)	
Surplus / (deficit) arising on revaluation of assets, on:			
- Fixed assets	20.1	**22,235,136**	22,425,746
- Available-for-sale securities	8.1	**5,857,959**	(11,039,297)
- Non-banking assets acquired in satisfaction of claims	20.2	**164,304**	421,742
		28,257,399	11,808,191
Deferred tax on surplus / (deficit) on revaluation of:			
- Fixed assets	20.1	**1,161,940**	1,109,480
- Available-for-sale securities	12.1	**2,284,604**	(3,863,754)
- Non-banking assets acquired in satisfaction of claims	12.1	**-**	-
		3,446,544	(2,754,274)
Surplus on revaluation of assets - net of tax		**24,810,855**	14,562,465

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For the year ended December 31, 2019

	Note	2019	2018
		(Rupees in '000)	
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01,		**22,425,746**	22,509,067
Transferred from surplus on revaluation of non-banking assets		-	2,114
Surplus realised on disposal of revalued properties during the year - net of deferred tax		**(72,824)**	(6,031)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		**(43,448)**	(51,516)
Related deferred tax liability on surplus realised on disposal of revalued properties		**(46,560)**	(149)
Related deferred tax liability on incremental depreciation charged during the year		**(27,778)**	(27,739)
Surplus on revaluation of fixed assets as at December 31,		**22,235,136**	22,425,746
Less: related deferred tax liability on			
- Revaluation as at January 01,		**1,109,480**	1,136,602
- Effect of change in tax rate		**126,798**	-
- Amount transferred from surplus on revaluation of non-banking assets		-	766
- Surplus realised on disposal of revalued properties during the year		**(46,560)**	(149)
- Incremental depreciation charged during the year		**(27,778)**	(27,739)
		1,161,940	1,109,480
		21,073,196	21,316,266
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01,		**421,742**	283,667
Surplus recognised during the year		**35,000**	140,421
Surplus realised on disposal during the period		**(292,438)**	-
Transferred to surplus on revaluation of fixed assets		**-**	(2,114)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		**-**	(151)
Related deferred tax liability on incremental depreciation charged during the year		**-**	(81)
Surplus on revaluation as at December 31,		**164,304**	421,742
Less: related deferred tax liability on			
- Revaluation as at January 01,		**-**	847
- Amount transferred to surplus on revaluation of fixed assets		**-**	(766)
- Incremental depreciation charged during the year		**-**	(81)
		-	-
		164,304	421,742
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	**151,961,169**	158,773,047
- Commitments	21.2	**822,473,567**	527,363,224
- Other contingent liabilities	21.3	**23,458,521**	26,250,052
		997,893,257	712,386,323

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

		Note	2019	2018
21.1	**Guarantees:**		(Rupees in '000)	
	Financial guarantees		**35,102,960**	41,302,390
	Performance guarantees		**108,417,670**	109,947,697
	Other guarantees		**8,440,539**	7,522,960
			151,961,169	158,773,047
21.2	**Commitments:**			
	Trade-related contingent liabilities		**110,535,832**	98,659,632
	Commitments in respect of:			
	- forward foreign exchange contracts	21.2.1	**569,780,600**	366,804,753
	- forward Government securities transactions	21.2.2	**107,869,401**	39,177,791
	- derivatives	21.2.3	**29,437,457**	18,896,504
	- forward lending	21.2.4	**3,425,853**	2,137,726
	- operating lease	21.2.5	**-**	384,280
			710,513,311	427,401,054
	Commitments for acquisition of:			
	- fixed assets		**661,877**	680,462
	- intangible assets		**762,547**	622,076
			822,473,567	527,363,224
21.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**333,012,340**	228,767,357
	Sale		**236,768,260**	138,037,396
			569,780,600	366,804,753
21.2.2	**Commitments in respect of forward Government Securities transactions**			
	Purchase		**45,771,399**	33,489,184
	Sale		**62,098,002**	5,688,607
			107,869,401	39,177,791
21.2.3	**Commitments in respect of derivatives**			
	Foreign currency options			
	Purchase		**-**	532,918
	Sale		**-**	532,918
			-	1,065,836
	Cross Currency swaps			
	Purchase		**9,525,572**	2,874,784
	Sale		**10,882,712**	3,490,361
			20,408,284	6,365,145
	Interest rate swaps			
	Purchase		**-**	-
	Sale		**9,029,173**	11,465,523
			9,029,173	11,465,523
21.2.4	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to extend credit		**3,425,853**	2,137,726

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.

		2019	2018
21.2.5	**Commitments in respect of operating lease**	(Rupees in '000)	
	Not later than one year	**-**	384,280
	Later than one year and not later than five years	**-**	-
	Later than five years	**-**	-
		-	384,280
21.3	**Other contingent liabilities**		
21.3.1	Claims against the Bank not acknowledged as debts	**23,458,521**	26,250,052

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

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 The Bank's branch in New York is currently licensed by the New York State Department of Financial Services (NYSDFS) and is subject to oversight and supervision by the Federal Reserve Bank of New York (FRBNY), as is the case with foreign banks in New York.

On September 7, 2017, the Bank, its New York Branch, and the NYSDFS agreed to a Consent Order as disclosed in Note 29 to the Financial Statements for the year ended December 31, 2017 and in Note 21.3.2 to the Financial Statements for the year ended December 31, 2018. Pursuant to the Consent Order, the Bank and its New York Branch continue to cooperate with the US regulators. The expanded review by an independent party, as envisaged in the Consent Order, has progressed substantially. To date there are no adverse findings from the review. The wind-down plan for the Branch has been submitted to the regulators and, by agreement with the NYSDFS, the Bank will surrender its New York license and close the New York Branch on or before March 31, 2020.

As stated in the above-mentioned Notes 29 and 21.3.2, the US Attorney's Office for the Eastern District of New York, a component of the U.S. Department of Justice (DOJ), had sought documents in relation to the Branch's compliance with anti-money laundering laws and the Bank Secrecy Act. To date the DOJ inquiry has not resulted in any findings.

The Bank is not aware of any other proceedings from any other regulatory agency against the Bank and/or its New York Branch.

In view of the above and, based on the facts currently known, the final resolution of these matters cannot be determined at this stage, including any possible impact on the Bank.

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

	2019					
	Foreign currency options		Cross currency swaps		Interest rate swaps	
Counterparties	Notional principal	Mark to market gain / (loss)	Notional principal	Mark to market loss	Notional principal	Mark to market loss
	(Rupees in '000)					
With Banks for						
Hedging	-	-	-	-	-	-
Market Making	-	-	4,975,984	(459,903)	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	-	-	15,432,300	(772,574)	9,029,173	(421,893)
Total						
Hedging	-	-	-	-	-	-
Market Making	-	-	20,408,284	(1,232,477)	9,029,173	(421,893)

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Counterparties	2018 Foreign currency options Notional principal	Foreign currency options Mark to market gain / (loss)	Cross currency swaps Notional principal	Cross currency swaps Mark to market loss	Interest rate swaps Notional principal	Interest rate swaps Mark to market loss
	(Rupees in '000)					
With Banks for						
Hedging	-	-	-	-	-	-
Market Making	532,918	10,607	3,015,075	(356,409)	-	-
With other entities for						
Hedging	-	-	-	-	-	-
Market Making	532,918	(10,607)	3,350,070	(211,107)	11,465,523	(627,001)
Total						
Hedging	-	-	-	-	-	-
Market Making	1,065,836	-	6,365,145	(567,516)	11,465,523	(627,001)

22.2 Maturity Analysis

Remaining Maturity	2019 No. of contracts	Notional principal	Mark to market Negative	Positive	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)

Remaining Maturity	2018 No. of contracts	Notional principal	Mark to market Negative	Positive	Net
		(Rupees in '000)			
Upto 1 Month	7	893,893	(71,816)	3,837	(67,979)
1 to 3 Months	11	910,804	(57,552)	5,496	(52,056)
3 Months to 6 Months	7	1,125,729	(7,299)	1,273	(6,026)
6 Months to 1 Year	1	485,524	(71,857)	-	(71,857)
1 to 2 Years	1	386,778	(23,737)	-	(23,737)
2 to 3 Years	3	2,047,121	(216,573)	-	(216,573)
3 to 5 Years	17	8,948,856	(511,599)	43,381	(468,218)
5 to 10 Years	3	4,097,799	(288,071)	-	(288,071)
	50	18,896,504	(1,248,504)	53,987	(1,194,517)

23 MARK-UP / RETURN / PROFIT / INTEREST EARNED

	2019	2018
	(Rupees in '000)	
On:		
Loans and advances	122,230,492	71,165,768
Investments	109,001,680	81,119,683
Lendings to financial institutions	14,178,434	4,117,317
Balances with banks	1,013,923	769,732
	246,424,529	157,172,500

24 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED

On:		
Deposits	110,064,741	59,478,700
Securities sold under repurchase agreement borrowings	23,226,834	12,935,098
Borrowings	8,732,254	6,398,575
Subordinated debt	2,038,901	748,018
Cost of foreign currency swaps against foreign currency deposits / borrowings	5,999,948	1,597,175
Lease liability against right-of-use assets	1,736,236	-
	151,798,914	81,157,566

Notes to the Unconsolidated Financial Statements

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		Note	2019	2018
25	**FEE AND COMMISSION INCOME**		(Rupees in '000)	
	Branch banking customer fees		**4,251,069**	3,821,760
	Consumer finance related fees		**1,107,307**	1,036,883
	Card related fees (debit and credit cards)		**4,512,760**	4,147,717
	Credit related fees		**688,070**	483,572
	Investment banking fees		**1,577,115**	992,024
	Commission on trade related products and guarantees		**2,719,465**	2,284,839
	Commission on cash management		**708,003**	659,051
	Commission on remittances (including home remittances)		**424,742**	326,195
	Commission on bancassurance		**2,251,920**	2,838,973
	Commission on Benazir Income Support Programme (BISP)		**444,031**	396,392
	Merchant discount and interchange fees		**1,991,276**	1,706,404
	Others		**86,015**	90,901
			20,761,773	18,784,711
	Less: Sales tax / Federal Excise Duty on fee and commission income		**(2,564,778)**	(2,665,443)
			18,196,995	16,119,268
26	**(LOSS) / GAIN ON SECURITIES - NET**			
	Realised	26.1	**(1,482,878)**	2,534,609
	Unrealised - held-for-trading	8.1	**(83,371)**	10,789
			(1,566,249)	2,545,398
26.1	**(Loss) / Gain on securities - realised**			
	On:			
	Federal Government securities			
	- Market Treasury Bills		**240,395**	921
	- Pakistan Investment Bonds		**(194,133)**	1,112,936
	- Ijarah Sukuks		**(23,857)**	(82,511)
	Shares		**(2,635,218)**	(36,453)
	Non-Government debt securities		**(25,211)**	(16,047)
	Foreign securities		**11,616**	24,313
	Associates		**1,143,530**	1,531,450
			(1,482,878)	2,534,609
27	**OTHER INCOME**			
	Incidental charges		**213,541**	172,435
	Liabilities no longer required written back		**52,775**	-
	Gain realised on closure of overseas branch		**182,112**	-
	Gain on sale of fixed assets - net		**102,645**	51,632
	Gain on sale of non-banking assets	27.1	**162,045**	-
	Scrap Sales		**-**	18,954
	Rent on properties		**114,207**	114,222
			827,325	357,243

27.1 The bank earned an income of Rs 162.045 million against sale of following non - banking assets.

Open plot situated in Lahore		**151,345**	-
Open plots situated in Karachi		**10,700**	-
		162,045	-

28	**OPERATING EXPENSES**			
	Total compensation expense	28.1	**29,757,054**	25,288,033
	Property expense			
	Rent and taxes		**415,784**	3,965,384
	Insurance		**74,967**	71,283
	Utilities cost		**2,123,880**	1,883,804
	Security (including guards)		**1,733,124**	1,571,540
	Repair and maintenance (including janitorial charges)		**2,167,795**	2,074,669
	Depreciation on owned fixed assets	10.2	**2,744,302**	1,568,879
	Depreciation on right-of-use assets	10.2	**2,915,763**	-
			12,175,615	11,135,559

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	Note	2019	2018
		(Rupees in '000)	
Information technology expenses			
Software maintenance		**2,401,692**	1,792,181
Hardware maintenance		**697,155**	511,841
Depreciation	10.2	**1,456,548**	923,955
Amortisation	11.1	**486,389**	287,606
Network charges		**1,287,784**	1,117,316
Consultancy charges		**598,329**	395,356
		6,927,897	5,028,255
Other operating expenses			
Legal and professional charges		**5,498,700**	4,058,042
Outsourced services costs		**1,552,415**	1,402,095
Travelling and conveyance		**840,484**	725,375
Insurance		**567,726**	538,816
Remittance charges		**518,722**	575,604
Security charges		**1,444,992**	1,257,377
Repairs and maintenance		**754,169**	490,425
Depreciation	10.2	**658,990**	428,224
Training and development		**362,060**	309,543
Postage and courier charges		**889,468**	534,373
Communication		**693,753**	596,554
Stationery and printing		**2,135,860**	1,291,598
Marketing, advertisement and publicity		**3,883,454**	2,843,284
Donations	28.3	**285,977**	128,312
Auditors' remuneration	28.4	**190,356**	186,586
Brokerage and commission		**572,190**	386,394
Subscription		**147,149**	106,194
Documentation and processing charges		**2,368,800**	1,438,613
Entertainment		**312,774**	244,390
Consultancy charges		**7,419,303**	9,946,415
Deposits insurance premium expense		**2,090,433**	952,202
Others		**660,861**	435,141
	28.2	**33,848,636**	28,875,557
		82,709,202	70,327,404

28.1 Total compensation expense

Non-Executive Directors' fees	38.1	**50,600**	55,600
Shariah Board's fees and allowances	38.2	**16,316**	7,931
Managerial Remuneration			
i) Fixed		**16,574,974**	13,549,398
ii) Variable - Cash Bonus		**2,244,252**	1,653,220
Charge for defined benefit plan		**1,212,296**	1,409,846
Contribution to defined contribution Plan		**943,591**	800,440
Rent & house maintenance		**3,710,020**	3,171,447
Utilities		**859,273**	742,591
Medical		**1,636,562**	1,520,337
Conveyance		**2,246,724**	1,933,765
General group staff Insurance		**180,234**	143,716
Hajj Allowance		**20,202**	20,966
Others		**67**	115
Sub-total		**29,695,111**	25,009,372
Sign-on Bonus		**44,285**	215,741
Severance Allowance		**17,658**	62,920
Grand Total		**29,757,054**	25,288,033

	No of persons	
Sign-on Bonus	**75**	187
Severance Allowance	**40**	26

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

28.2 The total cost for the year included in other operating expenses relating to outsourced activities is Rs 2,094.900 million (2018: Rs 1,822.828 million). This cost includes outsourced services costs, which are disclosed specifically in note 28. Of the total cost, Rs 1,830.982 million (2018: Rs 1,682.732 million) pertains to companies incorporated in Pakistan and Rs 263.918 million (2018: Rs 140.096 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	2019	2018
		(Rupees in '000)	
APEX Printry (Private) Limited	Cheque book printing services	**171,890**	119,055
Insource (Private) Limited	Cheque book printing services	**90,576**	99,532
Euronet Pakistan (Private) Limited	Host environment configuration, POS terminal and card outsourcing services	**72,214**	45,512
		334,680	264,099

28.3 **Details of donations**

	2019	2018
	(Rupees in '000)	
Donations individually exceeding Rs 500,000.		
HBL Foundation	**158,202**	125,812
Anjuman Behbood-e-Samat-e-Atfal	**-**	2,500
Frontier Works Organization - Clean Karachi campaign	**50,000**	-
The Aga Khan Hospital & Medical College Foundation	**77,575**	-
Donations individually not exceeding Rs 500,000	**200**	-
	285,977	128,312

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**

	2019			2018		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)					
Audit and audit related fees						
Audit fee of the Bank	**25,954**	**82,509**	**108,463**	25,954	73,068	99,022
Fees for other statutory certifications	**15,979**	**6,309**	**22,288**	21,995	3,788	25,783
Out of pocket expenses	**5,557**	**1,075**	**6,632**	5,023	861	5,884
Sales tax on audit fees	**2,521**	**1,103**	**3,624**	2,076	-	2,076
	50,011	**90,996**	**141,007**	55,048	77,717	132,765
Other services						
Special certifications and sundry advisory services	**30,456**	**7,027**	**37,483**	31,100	4,526	35,626
Tax services	**6,468**	**3,996**	**10,464**	11,550	4,690	16,240
Out of pocket expenses	**1,286**	**116**	**1,402**	1,955	-	1,955
	38,210	**11,139**	**49,349**	44,605	9,216	53,821
	88,221	**102,135**	**190,356**	99,653	86,933	186,586

Notes to the Unconsolidated Financial Statements

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29 WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

	Note	2019	2018
		(Rupees in '000)	
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		**476,156**	474,821
Penalties imposed by other regulatory bodies		**3,900**	20,905
		480,056	495,726
31 PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments	8.9	**398,100**	2,974,985
Provision against loans and advances	9.5	**2,707,632**	1,918,396
Provision against other assets	13.2.1	**90,219**	207,143
(Reversal) / provision against off-balance sheet obligations	18.1	**(49,233)**	71,156
Recoveries against written off / charged off bad debts		**(574,170)**	(508,007)
Recoveries against other assets written off		**(42,796)**	(23,839)
		2,529,752	4,639,834
32 TAXATION			
- Current		**11,219,191**	7,829,941
- Prior years		**1,933,029**	-
- Deferred	12.1	**(1,117,696)**	230,023
		12,034,524	8,059,964
32.1 Relationship between tax expense and accounting profit			
Accounting profit for the current year		**27,098,713**	19,849,121
Tax on income @ 39% (2018: 39%)		**10,568,498**	7,741,157
Permanent differences			
- Penalties imposed by the SBP and other regulatory bodies		**187,222**	193,333
- Others		**(28,489)**	125,474
		158,733	318,807
Prior year charge		**1,933,029**	-
Impact of change in tax rate		**(625,736)**	-
Tax charge for the current year		**12,034,524**	8,059,964
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		**15,064,189**	11,789,157
		(Number)	
Weighted average number of ordinary shares		**1,466,852,508**	1,466,852,508
		(Rupees)	
Basic and diluted earnings per share		**10.27**	8.04

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

33.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.

34	CASH AND CASH EQUIVALENTS	Note	2019	2018
			(Rupees in '000)	
	Cash and balances with treasury banks	5	337,241,623	266,610,256
	Balances with other banks	6	32,139,733	26,095,330
			369,381,356	292,705,586

34.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	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)	-	-	-
Proceeds from new issue of subordinated debt	12,374,000	-	-	-
Dividend paid	-	-	-	(7,581,966)
	12,370,000	-	-	(7,581,966)
Liability-related other changes				
Changes in other liabilities				
- Cash based	-	(5,929,150)	-	-
- Dividend payable	-	(247,706)	-	247,706
- Non-cash based	-	13,397,589	-	-
Transfer of profit to statutory reserve	-	-	1,506,419	(1,506,419)
Total liability related other changes	-	7,220,733	1,506,419	(1,258,713)
Equity related other changes	-	-	(2,167,512)	21,626,272
Balance as at December 31, 2019	22,360,000	116,446,906	57,274,159	104,668,407

	2018			
	Liabilities		Equity	
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit
	(Rupees in '000)			
Balance as at January 1, 2018	9,994,000	62,702,251	49,519,342	87,235,621
Changes from financing cash flows				
Repayment of subordinated debt	(4,000)	-	-	-
Dividend paid	-	-	-	(5,525,981)
	(4,000)	-	-	(5,525,981)
Liability-related other changes				
Changes in other liabilities				
- Cash based	-	45,446,089	-	-
- Dividend payable	-	341,427	-	(341,427)
- Non-cash based	-	736,406	-	-
Transfer of profit to statutory reserve	-	-	1,178,916	(1,178,916)
Total liability related other changes	-	46,523,922	1,178,916	(1,520,343)
Equity related other changes	-	-	7,236,994	11,693,517
Balance as at December 31, 2018	9,990,000	109,226,173	57,935,252	91,882,814

Notes to the Unconsolidated Financial Statements

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35	STAFF STRENGTH	2019	2018
		(Number)	
	Permanent	**17,313**	16,960
	On contract	**40**	115
	Total staff strength	**17,353**	17,075

35.1 In addition to the above, 3,246 employees (2018: 3,279 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	2019	2018
		(Number)	
	Domestic	**16,711**	16,407
	Overseas	**642**	668
		17,353	17,075

36 DEFINED BENEFIT PLANS AND OTHER BENEFITS

36.1 General Information

The Bank operates the following schemes for its employees:

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 on or before December 31, 2001

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 upto March 31, 2005 and their salary as on March 31, 2014. For service subsequent to this date (i.e. from April 1, 2005), they are entitled to the contributory gratuity fund (refer 37.2) and the provident fund (refer 37.1).The minimum pension payable to eligible clerical employees as well as eligible officers and executives, is Rs 8,000 for 2018 as the base year. The minimum pension increases by 5% each year and for the year 2019, was Rs 8,400.

36.1.2 Gratuity Fund (defined benefit scheme)

For those who did not opt for the pension scheme introduced in 1977 and instead opted to remain in the gratuity scheme existing at the time, the Bank operated an approved funded gratuity scheme. There are no members remaining in this scheme and the fund is being closed.

36.1.3 Benevolent Fund (defined benefit scheme)

The Bank operates an approved funded benevolent scheme for all employees who retire from the Bank. Under this scheme, a fixed amount is contributed by employees by way of a salary deduction and a matching amount is contributed by the Bank. All employees of the Bank are entitled to receive a fixed monthly amount post retirement 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.

36.1.4 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 1, 2006 onwards receive lump sum payments as a full and final settlement in lieu of post-retirement medical benefits. The remaining beneficiaries receive the benefits as reimbursements when incurred.

Notes to the Unconsolidated Financial Statements

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36.1.5 Compensated Absences (defined benefit scheme)

The Bank provides 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 upto 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.

36.1.6 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 of an executive prior to retirement, the lump sum amount includes an additional six months of house rent allowance.

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, 2019 using the Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2019	2018
	(Per annum)	
Valuation discount rate	**11.25%**	13.25%
Expected rate of increase in salary level	**10.25%**	12.25%
Expected rate of increase in pension	**5.00%**	5.00%
Expected rate of increase in medical benefit	**9.25%**	11.25%
Expected rate of return on funds invested	**11.25%**	13.25%

36.3 Number of employees under the scheme

	2019	2018
	(Number)	
- Pension fund	**1,902**	2,152
- Gratuity fund	**-**	5
- Benevolent fund	**13,835**	16,357
- Post-retirement medical benefit scheme	**16,708**	16,358
- Compensated absences	**4,578**	5,309
- Other Post-Retirement Benefits	**2,077**	1,958

Notes to the Unconsolidated Financial Statements

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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, 2019 are as follows:

	2019					
	Pension	Gratuity	Benevolent	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)

	2018					
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	4,434,303	39,550	2,190,450	-	-	-
Present value of defined benefit obligations	(5,404,742)	(4,257)	(1,090,293)	(3,945,133)	(3,080,403)	(504,466)
(Payable to) / receivable from the fund	(970,439)	35,293	1,100,157	(3,945,133)	(3,080,403)	(504,466)

36.4.2 Movement in the present value of defined benefit obligations

	2019					
	Pension	Gratuity	Benevolent	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

	2018					
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	5,217,261	53,557	1,312,146	3,264,502	4,065,542	482,475
Current service cost	83,267	595	43,757	102,662	71,520	40,648
Interest cost	386,040	3,545	147,025	261,160	325,243	32,817
Benefits paid by the Bank	(489,603)	(16,099)	(177,862)	(321,603)	(522,067)	(61,495)
Past service cost	1,146,989	-	-	-	-	-
Remeasurement (gains) / losses	(939,212)	(37,341)	(234,773)	638,412	(859,835)	10,021
Obligations at the end of the year	5,404,742	4,257	1,090,293	3,945,133	3,080,403	504,466

36.4.3 Movement in fair value of plan assets

	2019			2018		
	Pension	Gratuity	Benevolent	Pension	Gratuity	Benevolent
	(Rupees in '000)					
Fair value at the beginning of the year	4,434,303	39,550	2,190,450	3,853,740	40,115	2,014,273
Expected return on plan assets	585,646	4,822	275,741	285,148	3,082	208,797
Contribution by the Bank	970,439	(13,952)	45,155	1,363,521	13,442	47,216
Contributions by the employees	-	-	45,155	-	-	47,230
Benefits paid by the Bank	(498,490)	(3,972)	(136,728)	(489,603)	(16,099)	(177,862)
Remeasurement (losses) / gains	73,569	(2,029)	(47,192)	(578,503)	(990)	50,796
Fair value at the end of the year	5,565,467	24,419	2,372,581	4,434,303	39,550	2,190,450

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36.4.4 Movement in amounts payable to / (receivable from) defined benefit plans

	2019					
	Pension	Gratuity	Benevolent	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

	2018					
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Opening balance	1,363,521	13,442	(702,127)	3,264,502	4,065,542	482,475
Charge / (reversal) for the year	1,331,148	1,058	(65,245)	363,822	(463,072)	73,465
Contribution by the Bank - net	(1,363,521)	(13,442)	(47,216)	-	-	-
Remeasurement losses / (gains) recognised in OCI during the year	(360,709)	(36,351)	(285,569)	638,412	-	10,021
Benefits paid by the Bank	-	-	-	(321,603)	(522,067)	(61,495)
Closing balance	970,439	(35,293)	(1,100,157)	3,945,133	3,080,403	504,466

36.4.5 Charge for defined benefit plans

36.4.5.1 Cost recognised in profit and loss

	2019					
	Pension	Gratuity	Benevolent	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

	2018					
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Current service cost	83,267	595	43,757	102,662	71,520	40,648
Net interest on defined benefit asset / liability	100,892	463	(61,772)	261,160	325,243	32,817
Past service cost	1,146,989	-	-	-	-	-
Actuarial losses recognised	-	-	-	-	(859,835)	-
Contributions by the employees	-	-	(47,230)	-	-	-
	1,331,148	1,058	(65,245)	363,822	(463,072)	73,465

36.4.5.2 Remeasurements recognised in OCI during the year

	2019				
	Pension	Gratuity	Benevolent	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 (gains) / losses recognised in OCI	377,920	967	(76,874)	(431,210)	(78,105)

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	2018				
	Pension	Gratuity	Benevolent	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	(1,255,572)	103	(388,271)	2,422,730	13,546
- Experience adjustment	316,360	(37,444)	153,498	(1,784,318)	(3,525)
	(939,212)	(37,341)	(234,773)	638,412	10,021
Losses / (gains) on plan assets	578,503	990	(50,796)	-	-
Total remeasurement losses / (gains) recognised in OCI	(360,709)	(36,351)	(285,569)	638,412	10,021

36.4.6 Components of fair value of plan assets

	2019			2018		
	Pension	Gratuity	Benevolent	Pension	Gratuity	Benevolent
	(Rupees in '000)					
Cash and cash equivalents - net	**5,068**	**24,419**	**79,331**	2,777	489	335
Government securities	**3,917,714**	**-**	**2,226,390**	2,940,525	39,061	2,121,622
Shares	**1,642,685**	**-**	**-**	1,491,001	-	-
Non-Government debt securities	**-**	**-**	**66,860**	-	-	68,493
	5,565,467	**24,419**	**2,372,581**	4,434,303	39,550	2,190,450

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

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 change in each assumption is summarized below:

	2019				
	Pension Fund	Benevolent Fund	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
1% increase in discount rate	**(464,413)**	**(37,583)**	**(395,302)**	**(105,821)**	**(34,561)**
1% decrease in discount rate	**540,854**	**41,277**	**480,418**	**114,630**	**39,293**
1% increase in expected rate of salary increase	**128,214**	**-**	**-**	**126,602**	**41,772**
1% decrease in expected rate of salary increase	**(118,695)**	**-**	**-**	**(118,698)**	**(37,306)**
1% increase in expected rate of increase in minimum pension	**295,350**	**-**	**-**	**-**	**-**
1% decrease in expected rate of increase in minimum pension	**(226,975)**	**-**	**-**	**-**	**-**
1% increase in expected rate of increase in medical benefit	**-**	**-**	**168,036**	**-**	**-**
1% decrease in expected rate of increase in medical benefit	**-**	**-**	**(150,534)**	**-**	**-**

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.

	2020				
	Pension	Benevolent	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
Expected charge / (reversal) for the year	137,225	(161,070)	591,187	348,823	151,295

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36.4.9 **Maturity profile**

	2019				
	Pension	Benevolent	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
The weighted average duration of the obligation (in years)	8.59	7.56	9.85	8.00	7.23

36.4.10 **Funding Policy**

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by 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 1, 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 36.1.1 above) also became eligible for provident fund benefits effective from April 1, 2005.

This scheme covers 15,046 employees (2018: 14,363).

Payments are made to the employees on retirement, death, resignation and discharge as specified in the rules of the Fund.

37.2 **Contributory Gratuity Fund**

The Bank operates an approved funded contributory gratuity scheme for:

- employees hired on or after January 1, 2002
- employees who were on the pension scheme (refer 36.1.1 above) for their services subsequent to March 31, 2005.

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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 10 years or more continuous service and discharge as specified in the rules of the Fund.

This scheme covers 15,097 employees (2018: 14,900).

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Items	2019						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	6,800	-	43,800	16,316	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	128,200	557,618	968,000
ii) 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
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

Items	2018						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	7,200	-	48,400	7,931	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	238,840	598,307	823,776
ii) Variable - Cash Bonus	-	-	-	-	-	121,425	172,776
Charge for defined benefit plan	-	-	-	-	-	180	2,541
Contribution to defined contribution plan					357	26,215	41,007
Rent & house maintenance	-	-	-	-	5,371	145,502	214,479
Utilities	-	-	-	-	947	31,332	48,986
Medical	-	-	-	-	4,064	77,515	42,762
Conveyance	-	-	-	-	-	61,060	162,041
Others	-	-	-	-	-	-	6
Total	7,200	-	48,400	7,931	249,579	1,061,536	1,508,374
Total Number of persons	1	-	6	3	2	27	125

The Chief Executive Officer (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.

Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment. These are recorded in the year in which these payments are made.

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38.1 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	2019									
		Meeting Fees and Allowances Paid									
			For Board Committees								
		For Board Meetings	Board Audit Committee (BAC)	Boad 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)	Total Amount Paid
		(Rupees in '000)									
1	Mr. Sultan Ali Allana	3,000	-	-	-	1,800	-	800	-	1,200	6,800
2	Mr. Moez Ahamed Jamal	3,400	3,400	-	3,000	-	-	-	400	-	10,200
3	Mr. Salim Raza	3,400	-	2,200	-	-	1,800	1,200	-	-	8,600
4	Ms. Sadia Khan*	2,400	2,800	-	2,400	2,000	-	-	-	-	9,600
5	Mr. Agha Sher Shah**	2,400	-	-	-	1,600	1,200	-	-	-	5,200
6	Dr. Najeeb Samie	3,400	3,400	-	-	600	-	-	1,600	1,200	10,200
7	Mr. Shaffiq Dharamshi***	-	-	-	-	-	-	-	-	-	-
	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 & Committee meetings, official visits and foreign trainings during the year 2019.

* 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
*** Mr. Shaffiq Dharamshi is an employee of AKFED (the parent company of the Bank) and is not paid meeting fees or any other allowances.

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 includes Dr. Najeeb Samie and Mr. Salim Raza as its members. The Committee has not held any formal meeting in 2019.

Sr. No.	Name of Director	2018									
		Meeting Fees and Allowances Paid									
			For Board Committees								
		For Board Meetings	Board Audit Committee (BAC)	Boad 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)	Total Amount Paid
		(Rupees in '000)									
1	Mr. Sultan Ali Allana	4,000	-	-	-	2,400	-	800	-	-	7,200
2	Mr. Moez Ahamed Jamal	4,000	3,200	-	2,400	400	-	-	-	-	10,000
3	Mr. Salim Raza	4,000	-	1,600	-	-	1,600	1,200	-	-	8,400
4	Mr. Sajid Zahid*	1,200	800	400	-	-	-	-	-	-	2,400
5	Ms. Sadia Khan**	2,800	2,400	-	2,400	1,600	-	-	-	-	9,200
6	Mr. Agha Sher Shah	3,200	-	-	-	2,000	1,600	-	-	-	6,800
7	Dr. Najeeb Samie	4,000	3,200	-	-	-	-	-	4,400	-	11,600
8	Mr. Shaffiq Dharamshi***	-	-	-	-	-	-	-	-	-	-
	Total Amount Paid	23,200	9,600	2,000	4,800	6,400	3,200	2,000	4,400	-	55,600

In addition to above Rs.10.599 million was also paid to the directors, where applicable as per the Bank's policy on account of daily allowance for attending Board & Committee meetings and official visits during the year 2018.

* Mr. Sajid Zahid completed his term as a Director on March 26, 2018.
** Ms. Sadia Khan was elected as a Director with effect from March 27, 2018.
*** Mr. Shaffiq Dharamshi is an employee of AKFED (the parent company of the Bank) and is not paid meeting fees or any other allowances.
**** BOC IG was formed in December 2018 and no meeting was held in 2018.

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38.2 Remuneration paid to Shariah Board Members

Items	2019				2018			
	Chairman	Resident Member	Non-Resident Member	Total	Chairman	Resident Member	Non-Resident Member	Total
	(Rupees in '000)							
Fixed Remuneration	5,190	5,025	4,500	14,715	2,880	2,400	2,400	7,680
Allowances	46	1,555	-	1,601	-	251	-	251
Total Amount	5,236	6,580	4,500	16,316	2,880	2,651	2,400	7,931
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, 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	Investment 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 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, cross currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models using present value 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:

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On balance sheet financial instruments	As at December 31, 2019				
	Carrying value / Notional 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 Trust units	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					
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)

On balance sheet financial instruments	As at December 31, 2018				
	Carrying value / Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,043,496,515	-	1,043,496,515	-	1,043,496,515
- Shares - listed companies	10,170,203	10,170,203	-	-	10,170,203
- Foreign securities					
Government debt securities	16,240,165	-	16,240,165	-	16,240,165
Non-Government debt securities					
- Listed	18,033,505	-	18,033,505	-	18,033,505
- Unlisted	926,102	-	926,102	-	926,102
- National Investment Trust units	42,562	-	42,562	-	42,562
- Real Estate Investment Trust units	59,950	59,950	-	-	59,950
	1,088,969,002	10,230,153	1,078,738,849	-	1,088,969,002
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	171,989,276	-	155,837,686	-	155,837,686
- Non-Government debt securities					-
- Listed	9,092,850	-	9,224,386	-	9,224,386
- Unlisted	20,523,772	-	20,558,400	-	20,558,400
- Foreign securities					-
Government debt securities	6,920,220	-	6,979,522	-	6,979,522
Non-Government debt securities					-
- Listed	886,493	-	891,625	-	891,625
- Unlisted	642,132	-	642,242	-	642,242
- Associates and Joint venture	11,402,621	28,986,738	6,371,591	-	35,358,329
	221,457,364	28,986,738	200,505,452	-	229,492,190
	1,310,426,366	39,216,891	1,279,244,301	-	1,318,461,192
Off-balance sheet financial instruments - measured at fair value					
Commitments					
- Forward foreign exchange contracts	366,804,753	-	2,777,049	-	2,777,049
- Forward Government securities transactions	39,177,791	-	(24,559)	-	(24,559)
- Derivative instruments	18,896,504	-	(1,194,517)	-	(1,194,517)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

39.2 Fair value of non-financial assets

	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

	As at December 31, 2018				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Fixed assets	45,297,376	-	-	45,297,376	45,297,376
Non-banking assets acquired in satisfaction of claims	1,995,169	-	-	1,995,169	1,995,169
	47,292,545	-	-	47,292,545	47,292,545

40 SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

	For the year ended December 31, 2019						
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Head Office / Others	Total
	(Rupees in million)						
Profit and loss account							
Net mark-up / return / profit / interest income	(53,800)	12,557	53,314	83,323	4,733	(5,501)	94,626
Inter segment revenue / (expense) - net	133,256	(4,554)	(44,175)	(93,182)	2,828	5,827	-
Non mark-up / interest income	6,731	6,054	3,595	1,695	2,916	(2,232)	18,759
Total income	86,187	14,057	12,734	(8,164)	10,477	(1,906)	113,385
Segment direct expenses	29,666	6,438	2,149	653	22,095	22,755	83,756
Inter segment expense allocation	12,416	1,070	1,073	126	4,863	(19,548)	-
Total expenses	42,082	7,508	3,222	779	26,958	3,207	83,756
Provisions - charge / (reversal)	1,715	365	(280)	(66)	401	395	2,530
Profit / (loss) before tax	42,390	6,184	9,792	(8,877)	(16,882)	(5,508)	27,099

	As at December 31, 2019						
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Head Office / Others	Total
	(Rupees in million)						
Statement of financial position							
Cash and bank balances	161,969	-	619	121,382	85,411	-	369,381
Lendings to financial institutions	20,489	-	-	24,814	-	-	45,303
Inter segment lending	1,265,980	-	-	-	179,243	96,142	1,541,365
Investments	32,793	-	15,447	1,232,686	50,723	20,313	1,351,962
Advances - performing	323,249	57,908	528,385	-	144,608	12,919	1,067,069
Advances - non-performing	1,807	149	2,094	-	1,899	-	5,949
Others	32,009	1,661	35,905	30,134	11,142	103,218	214,069
Total assets	1,838,296	59,718	582,450	1,409,016	473,026	232,592	4,595,098
Borrowings	23,776	-	68,801	200,002	89,493	-	382,072
Subordinated debt	-	-	-	-	-	22,360	22,360
Deposits and other accounts	1,773,863	3,528	188,176	20	332,828	3,484	2,301,899
Inter segment borrowing	-	51,520	303,408	1,186,437	-	-	1,541,365
Others	23,950	4,670	22,065	19,384	14,907	61,004	145,980
Total liabilities	1,821,589	59,718	582,450	1,405,843	437,228	86,848	4,393,676
Equity	16,707	-	-	3,173	35,798	145,744	201,422
Total equity and liabilities	1,838,296	59,718	582,450	1,409,016	473,026	232,592	4,595,098
Contingencies and commitments	31,112	-	217,213	674,728	50,293	24,547	997,893

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	For the year ended December 31, 2018						
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Head Office / Others	Total
	(Rupees in million)						
Profit and loss account							
Net mark-up / return / profit / interest income	(27,189)	10,492	28,962	62,826	3,492	(2,568)	76,015
Inter segment revenue / (expense) - net	76,218	(3,171)	(22,168)	(58,092)	2,103	5,110	-
Non mark-up / interest income	6,841	5,337	3,069	2,993	2,723	(4,517)	16,446
Total income	55,870	12,658	9,863	7,727	8,318	(1,975)	92,461
Segment direct expenses	25,226	4,753	1,465	640	17,544	18,344	67,972
Inter segment expense allocation	13,782	1,420	913	333	3,859	(20,307)	-
Total expenses	39,008	6,173	2,378	973	21,403	(1,963)	67,972
Provisions - charge / (reversal)	945	317	(2,528)	2,347	2,683	876	4,640
Profit / (loss) before tax	15,917	6,168	10,013	4,407	(15,768)	(888)	19,849

	As at December 31, 2018						
	Branch banking	Consumer banking	Corporate banking	Treasury	International and correspondent banking	Head Office / Others	Total
	(Rupees in million)						
Statement of financial position							
Cash and bank balances	145,159	-	215	87,342	59,947	42	292,705
Lendings to financial institutions	13,032	-	-	38,245	-	-	51,277
Inter segment lending	1,218,799	-	-	-	55,866	56,303	1,330,968
Investments	74,496	-	17,929	1,181,543	45,245	21,818	1,341,031
Advances - performing	266,902	51,416	563,199	-	115,535	10,431	1,007,483
Advances - non-performing	2,002	99	4,043	-	2,227	-	8,371
Others	12,589	2,111	18,692	20,308	8,037	116,890	178,627
Total assets	1,732,979	53,626	604,078	1,327,438	286,857	205,484	4,210,462
Borrowings	10,532	-	59,688	385,532	63,144	-	518,896
Subordinated debt	-	-	-	-	-	9,990	9,990
Deposits and other accounts	1,693,016	2,831	154,212	64	168,124	1,761	2,020,008
Inter segment borrowing	-	47,518	379,197	904,253	-	-	1,330,968
Others	18,168	3,277	10,981	44,240	9,500	65,385	151,551
Total liabilities	1,721,716	53,626	604,078	1,334,089	240,768	77,136	4,031,413
Equity	11,263	-	-	(6,651)	46,089	128,348	179,049
Total equity and liabilities	1,732,979	53,626	604,078	1,327,438	286,857	205,484	4,210,462
Contingencies and commitments	24,125	-	142,460	358,144	160,440	27,217	712,386

40.2 Segment details with respect to geographical locations

	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**

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	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	947,600	5,014	44,104	1,175	997,893

	For the year ended December 31, 2018				
	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	70,818	3,378	1,320	499	76,015
Non mark-up / interest income	14,220	1,331	688	207	16,446
Total income	85,038	4,709	2,008	706	92,461
Segment direct expenses	50,588	5,085	2,173	10,126	67,972
Provisions	1,957	2,294	334	55	4,640
Profit / (loss) before tax	32,493	(2,670)	(499)	(9,475)	19,849

	As at December 31, 2018				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
	(Rupees in million)				
Statement of financial position					
Cash and bank balances	232,759	26,150	22,616	11,181	292,706
Lendings to financial institutions	51,277	-	-	-	51,277
Investments	1,299,282	26,736	14,554	459	1,341,031
Advances - performing	907,810	82,400	15,189	2,084	1,007,483
Advances - non-performing	6,144	1,033	1,181	13	8,371
Others	123,935	67,922	2,424	(15,654)	178,627
Total assets	2,621,207	204,241	55,964	(1,917)	2,879,495
Borrowings	455,751	59,862	2,365	918	518,896
Subordinated debt	9,990	-	-	-	9,990
Deposits and other accounts	1,883,176	108,781	24,754	3,297	2,020,008
Others	141,957	3,737	3,293	2,564	151,551
Total liabilities	2,490,874	172,380	30,412	6,779	2,700,445
Equity	130,333	31,861	25,552	(8,696)	179,050
Total equity and liabilities	2,621,207	204,241	55,964	(1,917)	2,879,495
Contingencies and commitments	618,225	84,317	8,618	1,226	712,386

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

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:

Category	No. of IPS Accounts	2019 Securities Held (Face Value) Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Total
		(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

Category	No. of IPS Accounts	2018 Securities Held (Face Value) Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuks	Total
		(Rupees in '000)			
Asset Management companies	3	8,000	50	11,200	19,250
Charitable institutions	2	102,000	50,000	-	152,000
Companies	44	22,637,755	38,966,800	-	61,604,555
Employee funds	70	11,486,740	24,209,580	-	35,696,320
Individuals	86	3,335,070	2,049,700	-	5,384,770
Insurance companies	5	10,342,100	208,594,600	-	218,936,700
Non-Government organizations	2	22,545	2,100	-	24,645
Others	8	2,029,260	930,900	-	2,960,160
Total	220	49,963,470	274,803,730	11,200	324,778,400

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.

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For the year ended December 31, 2019

Details of transactions and balances with related parties as at the year end, other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

	As at December 31, 2019						
	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	-	-	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 in / (out) - net	-	-	-	-	-	-	(165,450)
Closing balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Provision for diminution in value of investments	-	-	-	-	-	-	-
Advances							
Opening balance	-	234,012	3,536,393	40,806	1,500,000	-	13,376,499
Addition during the year	-	112,263	5,302,656	56,271	-	-	350,666,752
Repaid during the year	-	(48,840)	(4,985,694)	(45,042)	(125,000)	-	(347,323,286)
Transfer in / (out) - net	-	(4,223)	-	-	-	-	(8,795,340)
Closing balance	-	293,212	3,853,355	52,035	1,375,000	-	7,924,625
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	-
Deposits and other accounts							
Opening balance	72,451	14,188	7,181,954	1,366,812	4,499,559	-	778,919
Received during the year	475,433	1,500,913	291,153,125	215,020,749	383,397,316	-	133,112,658
Withdrawn during the year	(517,919)	(1,351,466)	(290,531,204)	(215,311,473)	(376,651,551)	-	(133,180,618)
Transfer in / (out) - net	(3,706)	1,739	-	-	-	-	(40,428)
Closing balance	26,259	165,374	7,803,875	1,076,088	11,245,324	-	670,531
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
Profit and loss account	(Rupees in '000)						
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)	-	-
Net gain on sale of securities	-	-	-	-	1,143,531	-	-
Rent on properties	-	-	-	38,253	-	-	-
Other income	-	-	-	8,910	-	-	-

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	For the year ended December 31, 2019						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
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
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	-	-

	As at December 31, 2018						
	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	-	-	178,527	841,351	-	22,762	-
Investments							
Opening balance	-	-	-	17,259,428	12,186,523	135,665	5,291,967
Investment made during the year	-	-	-	-	1,446,121	-	2,248,288
Investment redeemed / disposed off during the year	-	-	-	-	(2,109,457)	-	(1,266,953)
Exchange translation impact	-	-	-	851,631	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	(2,268,800)
Closing balance	-	-	-	18,111,059	11,523,187	135,665	4,004,502
Provision for diminution in value of investments	-	-	-	-	-	-	(131,491)
Advances							
Opening balance	-	142,108	3,147,907	605,113	2,851,690	-	16,536,672
Addition during the year	-	200,111	10,215,143	2,254,567	-	-	183,779,040
Repaid during the year	-	(39,612)	(9,826,657)	(2,818,874)	(1,351,690)	-	(177,108,006)
Transfer in / (out) - net	-	(68,595)	-	-	-	-	(9,831,207)
Closing balance	-	234,012	3,536,393	40,806	1,500,000	-	13,376,499
Provision held against advances	-	-	-	-	-	-	(1,726,437)
Other Assets							
Interest / mark-up accrued	-	430	30,552	42,563	34,696	-	226,952
Receivable from staff retirement fund	-	-	-	-	-	-	35,293
Other receivable	-	-	1,500	57,409	991,956	-	51,693
	-	430	32,052	99,972	1,026,652	-	313,938
Borrowings							
Opening balance	-	-	479,694	1,247,874	3,312,516	1,104,172	-
Borrowings during the year	-	-	7,365,097	-	10,275,781	5,838,923	-
Settled during the year	-	-	(5,554,476)	(1,247,874)	(11,088,783)	(5,554,476)	-
Closing balance	-	-	2,290,315	-	2,499,514	1,388,619	-

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	As at December 31, 2018						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Deposits and other accounts							
Opening balance	127,426	33,952	8,412,090	1,030,077	9,219,513	22,702	1,501,398
Received during the year	1,310,083	262,419	429,705,396	194,454,461	393,074,879	-	98,984,289
Withdrawn during the year	(1,342,166)	(262,047)	(430,935,532)	(194,117,726)	(397,794,833)	(22,702)	(99,412,868)
Transfer in / (out) - net	(22,892)	(20,136)	-	-	-	-	(293,900)
Closing balance	72,451	14,188	7,181,954	1,366,812	4,499,559	-	778,919
Other liabilities							
Interest / mark-up payable	254	276	100,072	2,343	68,722	5,811	2,426
Payable to staff retirement fund	-	-	-	-	-	-	970,439
Other payables	-	-	103,824	35,352	425,474	-	125,812
	254	276	203,896	37,695	494,196	5,811	1,098,677
Contingencies and Commitments							
Letter of credit	-	-	580,316	-	-	-	8,847,142
Letter of guarantee	-	-	155,828	53,458	-	-	634,705
Forward purchase of Government securities	-	-	411,707	-	-	-	9,913,419
Forward sale of Government securities	-	-	-	-	-	-	809,625
Interest rate swaps	-	-	1,448,856	-	1,500,000	-	-
	-	-	2,596,707	53,458	1,500,000	-	20,204,891
Others							
Securities held as custodians	-	8,000	17,841,345	456,397	10,462,950	-	20,053,730

	For the year ended December 31, 2018						
	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	-	21,055	189,961	365,856	123,062	-	1,472,570
Fee and commission income	-	-	84,267	44,126	2,864,505	-	27,754
Dividend income	-	-	-	-	650,755	-	135,971
Foreign exchange loss	-	-	-	(279,482)	-	-	-
Loss from derivatives	-	-	(101,621)	-	(152,758)	-	-
Net gain on sale of securities	-	-	-	-	1,531,450	-	-
Rent on properties	-	-	-	38,146	-	-	-
Other income	-	-	-	6,661	-	-	-
Expense							
Mark-up / return / profit / interest expensed	4,365	433	252,563	35,059	330,009	33,791	41,408
Operating expenses							
Total compensation expense	-	1,311,115	-	-	-	-	1,923,779
Non-Executive Directors' fees	55,600	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,074,310	-	-
Advertisement and publicity	-	-	57,172	-	-	-	318,655
Travelling	-	-	15,516	-	-	-	-
Subscription	-	-	-	-	-	-	36,382
Utilities cost	-	-	-	-	-	-	4,530
Donation	-	-	-	-	-	-	125,812
Other expenses	-	-	-	2,330	1	-	-
Provision for diminution in value of investments	-	-	-	-	-	-	41,568
Others							
Purchase of Government securities	-	41,701	157,921,638	-	-	-	54,868,096
Sale of Government securities	-	57,685	179,373,011	1,244,262	72,823,633	-	74,588,094
Purchase of foreign currencies	-	-	1,801,358	8,366,295	-	-	16,775
Sale of foreign currencies	-	-	1,909,102	5,034,325	139,800	-	4,424,517
Insurance claims settled	-	-	-	-	145,748	-	-

42.1 Balances and transactions with group entities include deposits of Rs 0.284 million (2018: Rs 63.705 million) from the parent and Rs 1 thousand (2018: Nil) as mark-up expense thereon.

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43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2019	2018
	(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	142,980,287	134,409,556
Eligible Additional Tier 1 (AT 1) Capital	12,270,890	-
Total Eligible Tier 1 Capital	155,251,177	134,409,556
Eligible Tier 2 Capital	38,318,243	42,393,281
Total Eligible Capital (Tier 1 + Tier 2)	193,569,420	176,802,837
Risk Weighted Assets (RWAs):		
Credit Risk	866,844,689	806,562,433
Market Risk	98,801,011	108,783,786
Operational Risk	168,054,363	163,870,862
Total	1,133,700,063	1,079,217,081
Common Equity Tier 1 Capital Adequacy Ratio	12.61%	12.45%
Tier 1 Capital Adequacy Ratio	13.69%	12.45%
Total Capital Adequacy Ratio	17.07%	16.38%

	2019	2018
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	10.50%	7.90%
of which: capital conservation buffer requirement	2.50%	1.90%
of which: countercyclical buffer requirement	-	-
of which: D-SIB or G-SIB buffer requirement	2.00%	0.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.61%	6.45%

Other information:

National minimum capital requirements prescribed by the SBP		
CET1 minimum ratio (%)	10.50%	7.90%
Tier 1 minimum ratio (%)	12.00%	9.40%
Total capital minimum ratio (%)	14.50%	11.90%

	2019	2018
	(Rupees in '000)	
Leverage Ratio (LR)		
Eligible Tier-1 Capital	155,251,177	134,409,556
Total Exposures	3,417,160,879	3,552,227,144
Leverage Ratio (%)	4.54%	3.78%
Minimum Requirement (%)	3.00%	3.00%

	2019	2018
	Total Adjusted Value (Rupees in '000)	
Liquidity Coverage Ratio (LCR)		
Average High Quality Liquid Assets	906,731,376	987,612,556
Average Net Cash Outflow	585,290,046	571,294,024
Average Liquidity Coverage Ratio (%)	154.92%	172.87%
Minimum Requirement (%)	100.00%	100.00%

	2019	2018
	Total Weighted Value (Rupees in '000)	
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	2,354,284,645	2,102,952,345
Total Required Stable Funding	1,337,084,320	1,490,821,433
Net Stable Funding Ratio (%)	176.08%	141.06%
Minimum Requirement (%)	100.00%	100.00%

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.

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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, 2019 stood at Rs 14.669 billion (2018: 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 instruments meeting the prescribed SBP criteria. During the year the Bank issued perpetual, non-cumulative TFCs of Rs. 12.374 billion qualifying for inclusion as Additional Tier 1 Capital.
- 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 the specific and general market risk, capital charge for interest rate risk using the maturity method, foreign exchange risk and equity position risk.

43.2 The full disclosures on the Capital Adequacy, 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.

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

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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 aims to extend 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.

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.

Notes to the Unconsolidated Financial Statements

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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 & Poors (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

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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 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	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public / Government	**37,031,364**	10,376,270	-	-	-	-
Private	**8,271,835**	40,901,066	-	-	-	-
	45,303,199	51,277,336	-	-	-	-

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Chemical and pharmaceuticals	**406,050**	609,075	-	-	-	-
Textile	**106,548**	106,548	**106,548**	106,548	**106,548**	106,548
Automobile and transportation equipment	-	943,483	-	-	-	-
Financial	**1,287,776,816**	1,262,307,860	-	-	-	-
Oil and gas	**4,362,557**	5,248,055	-	-	-	-
Power and energy	**14,858,864**	18,168,628	-	-	-	-
Telecommunication	**164,329**	876,347	**164,329**	168,082	**164,329**	168,082
Construction	**2,101,000**	2,178,000	-	-	-	-
Metal and allied	**900,000**	900,000	-	-	-	-
Others	**2,360,846**	6,230,812	-	-	-	-
	1,313,037,010	1,297,568,808	**270,877**	274,630	**270,877**	274,630

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Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public / Government	**1,298,723,314**	1,264,827,469	**-**	-	**-**	-
Private	**14,313,696**	32,741,339	**270,877**	274,630	**270,877**	274,630
	1,313,037,010	1,297,568,808	**270,877**	274,630	**270,877**	274,630

44.1.6 **Advances**

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Chemical and pharmaceuticals	**35,958,686**	34,165,919	**1,403,409**	1,367,436	**1,403,264**	1,322,404
Agribusiness	**107,034,111**	111,670,071	**4,148,556**	4,331,566	**3,048,992**	2,919,661
Textile	**113,542,440**	115,358,303	**20,111,710**	21,109,093	**19,460,081**	19,653,168
Cement	**31,163,363**	27,800,090	**788,694**	788,695	**788,694**	788,695
Sugar	**8,801,685**	12,335,973	**1,395,262**	252,971	**1,395,262**	232,347
Shoes and leather garments	**15,239,212**	14,978,526	**932,766**	895,399	**891,562**	855,236
Automobile and transportation equipment	**18,794,707**	16,985,524	**3,180,692**	2,977,653	**3,069,030**	2,964,534
Financial	**79,199,972**	69,405,799	**39,414**	39,421	**39,414**	39,421
Hotel and tourism	**13,760,589**	10,781,896	**678,472**	592,962	**614,556**	427,762
Insurance	**3,493,016**	3,311,210	**-**	-	**-**	-
Electronics and electrical appliances	**9,438,310**	10,976,677	**2,365,430**	2,214,876	**2,339,421**	2,214,876
Oil and gas	**58,156,756**	66,136,315	**136,799**	672,152	**131,800**	347,213
Power and energy	**223,744,793**	208,431,721	**1,741,772**	1,731,986	**1,741,772**	1,731,986
Education and medical	**3,079,480**	2,778,754	**162,384**	251,784	**162,159**	251,748
Telecommunication	**25,746,572**	20,223,338	**1,221,933**	1,222,633	**1,221,933**	1,222,633
Printing and publishing	**12,985,337**	9,509,939	**397,393**	441,896	**397,393**	441,896
Construction	**19,059,021**	34,843,122	**754,814**	944,506	**691,547**	917,784
Mining and quarrying	**4,710,985**	4,084,609	**119**	1,716	**119**	1,716
Food, tobacco and beverages	**47,391,073**	49,145,460	**2,894,470**	3,236,975	**2,287,188**	2,988,171
Wholesale and retail trade	**50,690,919**	50,747,213	**14,183,741**	11,887,845	**12,949,511**	11,651,577
Metal and allied	**20,674,000**	21,659,247	**3,137,264**	3,097,147	**2,059,101**	2,026,649
Individuals	**95,536,201**	89,763,803	**2,724,828**	3,700,067	**2,334,223**	1,764,588
Farming, cattle and dairy	**3,717,354**	3,331,609	**698,661**	820,007	**546,172**	280,965
Trust funds and non profit organisations	**1,279,404**	1,537,216	**2,991**	10	**748**	10
Others	**139,572,442**	92,168,422	**9,306,752**	8,985,683	**8,885,202**	8,148,260
	1,142,770,428	1,082,130,756	**72,408,326**	71,564,479	**66,459,144**	63,193,300

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Public / Government	**301,961,530**	285,003,136	**1,081,891**	1,095,906	**16,200**	30,214
Private	**840,808,898**	797,127,620	**71,326,435**	70,468,573	**66,442,944**	63,163,086
	1,142,770,428	1,082,130,756	**72,408,326**	71,564,479	**66,459,144**	63,193,300

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44.1.7 Contingencies and Commitments

Credit risk by industry sector	2019	2018
	(Rupees in '000)	
Chemical and pharmaceuticals	**30,926,883**	16,339,051
Agribusiness	**1,645,056**	3,865,304
Textile	**43,115,779**	18,506,345
Cement	**13,761,821**	18,207,874
Defence	**13,774,890**	12,372,724
Sugar	**2,352,890**	634,351
Shoes and leather garments	**518,364**	348,774
Automobile and transportation equipment	**6,683,249**	10,266,577
Financial	**683,376,353**	443,709,515
Hotel and tourism	**1,768,596**	2,369,927
Research and Development	**894,653**	750,433
Insurance	**2,174,627**	1,618,458
Electronics and electrical appliances	**11,690,009**	9,325,570
Oil and gas	**36,938,590**	27,436,372
Power and energy	**44,295,311**	35,827,323
Education and medical	**1,713,651**	1,681,428
Telecommunication	**10,834,739**	8,076,228
Printing and publishing	**3,301,979**	1,315,940
Construction	**4,991,307**	2,573,005
Mining and quarrying	**2,025,652**	3,122,569
Food, tobacco and beverages	**12,472,202**	11,020,497
Wholesale and retail trade	**4,056,029**	3,651,312
Metal and allied	**9,944,293**	8,314,931
Individuals	**18,947,627**	19,898,995
Farming, cattle and dairy	**684,724**	65,342
Ports and shipping	**95,252**	776,905
Trust funds and non profit organisations	**5,221,951**	5,155,848
Others	**29,686,780**	45,154,725
	997,893,257	712,386,323

Credit risk by public / private sector		
Public / Government	**181,197,039**	113,728,180
Private	**816,696,218**	598,658,143
	997,893,257	712,386,323

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 339,064.071 million (2018: Rs 332,063.740 million).

	2019	2018
	(Rupees in '000)	
Funded	**276,525,114**	295,691,275
Non-funded	**62,538,957**	36,372,465
Total exposure	**339,064,071**	332,063,740

The sanctioned limits against these top 10 exposures aggregated to Rs 467,543.289 million (2018: Rs 457,331.599 million).

Total funded classified therein	2019	2018
	(Rupees in '000)	
Loss	**-**	144,788

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44.1.9 Advances - Province / Region-wise disbursement and utilization

Province / Region	2019						
	Disbursements	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

Province / Region	2018						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	2,102,702,407	2,040,586,930	50,376,447	2,904,094	8,000	7,126,542	1,700,394
Sindh	3,861,691,384	207,295,336	3,580,439,045	11,994,906	9,943,280	40,472,527	11,546,290
KPK including FATA	42,550,164	374,782	54,436	42,115,098	3,250	-	2,598
Balochistan	4,970,699	-	-	-	4,970,699	-	-
Islamabad	483,458,014	41,537,790	386,359	-	-	441,533,865	-
AJK including Gilgit-Baltistan	13,432,443	-	-	-	-	-	13,432,443
Total	6,508,805,111	2,289,794,838	3,631,256,287	57,014,098	14,925,229	489,132,934	26,681,725

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 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

	2019			2018		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	337,241,623	-	337,241,623	266,610,256	-	266,610,256
Balances with other banks	32,139,733	-	32,139,733	26,095,330	-	26,095,330
Lendings to financial institutions	45,303,199	-	45,303,199	51,277,336	-	51,277,336
Investments	645,082,830	706,878,683	1,351,961,513	286,034,709	1,054,996,000	1,341,030,709
Advances	1,073,018,669	-	1,073,018,669	1,015,853,926	-	1,015,853,926
Fixed assets	75,541,769	-	75,541,769	62,517,154	-	62,517,154
Intangible assets	3,528,218	-	3,528,218	2,718,556	-	2,718,556
Deferred tax assets	1,898,828	-	1,898,828	7,083,718	-	7,083,718
Other assets	126,497,192	6,603,009	133,100,201	97,067,829	9,240,045	106,307,874
	2,340,252,061	713,481,692	3,053,733,753	1,815,258,814	1,064,236,045	2,879,494,859

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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.

	2019				2018			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	(Rupees in '000)							
United States Dollars	201,420,568	276,124,552	44,845,667	(29,858,317)	186,214,453	248,074,988	41,953,392	(19,907,143)
Great Britain Pounds	3,857,889	15,418,144	11,569,195	8,940	4,930,894	16,448,503	11,834,227	316,618
UAE Dirhams	47,327,071	63,603,696	31,152,455	14,875,830	31,262,290	44,965,774	26,060,375	12,356,891
Japanese Yen	35,670	3,840	(220)	31,610	110,452	3,855	558,698	665,295
Euros	15,042,869	15,314,521	1,723,815	1,452,163	12,475,699	18,677,739	5,992,306	(209,734)
Other Currencies	81,857,353	64,674,568	6,957,386	24,140,171	87,805,980	60,609,370	842,315	28,038,925
	349,541,420	435,139,321	96,248,298	10,650,397	322,799,768	388,780,229	87,241,313	21,260,852

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on profit and loss account	-	106,504	-	212,609

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.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on other comprehensive income	-	337,939	-	513,636

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 balance sheet 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.

	2019		2018	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	(4,002,873)	(1,423,184)	(832,343)	28,611
- Other comprehensive income	(1,593,620)	(1,826,956)	343,679	7,163,129

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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.

	2019											
	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	0.72%	337,241,623	43,613,301	18,159	-	-	-	-	-	-	-	293,610,163
Balances with other banks		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

	2018											
	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	0.57%	266,610,256	29,033,539	16,046	500,500	1,065,325	-	-	-	-	-	235,994,846
Balances with other banks		26,095,330	8,314,534	3,325,814	4,988,720	-	-	-	-	-	-	9,466,262
Lendings to financial institutions	7.19%	51,277,336	46,577,336	4,600,000	100,000	-	-	-	-	-	-	-
Investments	6.78%	1,341,030,709	477,721,770	390,045,485	105,082,135	93,926,792	79,685,030	53,395,457	66,351,362	35,164,213	-	39,658,465
Advances	8.32%	1,015,853,926	66,201,925	437,612,265	361,378,894	92,079,844	22,021,158	17,133,931	14,593,636	4,026,409	805,864	-
Other assets		57,120,162	-	-	-	-	-	-	-	-	-	57,120,162
		2,757,987,719	627,849,104	835,599,610	472,050,249	187,071,961	101,706,188	70,529,388	80,944,998	39,190,622	805,864	342,239,735
Financial Liabilities												
Bills payable		42,325,254	-	-	-	-	-	-	-	-	-	42,325,254
Borrowings	5.75%	518,896,397	388,288,194	45,196,944	64,002,645	4,910,273	101,795	325,950	2,798,519	7,250,722	-	6,021,355
Deposits and other accounts	3.19%	2,020,007,979	125,472,434	75,264,697	942,705,594	68,752,119	7,590,180	16,045,921	10,443,236	11,406,608	329,466	761,997,724
Subordinated debt	7.49%	9,990,000	-	9,990,000	-	-	-	-	-	-	-	-
Other liabilities		100,774,643	-	-	-	-	-	-	-	-	-	100,774,643
		2,691,994,273	513,760,628	130,451,641	1,006,708,239	73,662,392	7,691,975	16,371,871	13,241,755	18,657,330	329,466	911,118,976
On-balance sheet gap		65,993,446	114,088,476	705,147,969	(534,657,990)	113,409,569	94,014,213	54,157,517	67,703,243	20,533,292	476,398	(568,879,241)
Net non - financial net assets		113,055,610										
Total net assets		179,049,056										
Off-balance sheet financial instruments												
Foreign exchange contracts forward purchases		228,767,357	63,218,792	77,783,734	86,678,354	1,025,881	60,596	-	-	-	-	-
Foreign exchange contracts forward sales		(138,037,396)	(48,816,302)	(34,526,853)	(54,263,982)	(369,663)	(60,596)	-	-	-	-	-
Government Securities transactions forward purchases		33,489,184	5,878,061	6,661,149	124,677	2,672,341	16,179,313	1,923,260	50,383	-	-	-
Government Securities transactions forward sales		(5,688,607)	-	(270,647)	(1,003,586)	-	(385,265)	-	(3,186,760)	(842,349)	-	-
Foreign Currency Options purchases		532,918	205,731	272,656	54,531	-	-	-	-	-	-	-
Foreign Currency Options sales		(532,918)	(205,731)	(272,656)	(54,531)	-	-	-	-	-	-	-
Cross Currency Swaps purchases		2,874,784	207,484	157,200	-	207,800	180,572	913,082	-	1,208,646	-	-
Cross Currency Swaps sales		(3,490,361)	(274,947)	(208,293)	-	(277,724)	(206,206)	(1,134,039)	-	(1,389,152)	-	-
Interest rate swaps sales		(11,465,523)	-	-	(1,016,667)	-	-	-	(8,948,856)	(1,500,000)	-	-
Off-balance sheet gap		106,449,438	20,213,088	49,596,290	30,518,796	3,258,635	15,768,414	1,702,303	(12,085,233)	(2,522,855)	-	-
Total yield / interest rate risk sensitivity gap			134,301,564	754,744,259	(504,139,194)	116,668,204	109,782,627	55,859,820	55,618,010	18,010,437	476,398	(568,879,241)
Cumulative yield / Interest rate risk sensitivity gap			134,301,564	889,045,823	384,906,629	501,574,833	611,357,460	667,217,280	722,835,290	740,845,727	741,322,125	172,442,884

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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 with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Recovery and IT Disaster Recovery Planning. The Bank's Business Continuity Steering Committee, represented by the senior management of the Bank, meets on a periodic basis and reviews 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.

44.3.2 IT related controls

The Bank's IT controls were further strengthened during the course of the year. A New IT Policy with a vision of new control trends, compliance to new regulatory guidelines and focus on standardization across international locations was rolled out. Furthermore, Change Management software was implemented to enhance controls on all technology related changes. IT Governance framework has been established as per regulatory requirement which covers overall enhancement of governance within Technology through additional control points like Board IT Committee, IT Steering Committee, Change Management Committees, Portfolio meetings and Internal Controls Committee. These have further helped enhance concentration on governance.

44.3.3 Information Security Risk

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 cyber security risk and security assessments. These are supported by preventive and detective controls capable of responding to emerging external threats.

During 2019, a centralized vulnerability assessment and penetration testing program was established with enhanced coverage including domestic and international IT assets. Cybersecurity awareness for staff and customers continued to be a prime focus area. A formal risk assessment program covering sensitive areas, third parties and IT assets was also accomplished. Cybersecurity resilience was enhanced through the roll-out of security solutions such as anti-malware and data loss protection, encryption, and enhanced monitoring of cybersecurity operations.

We retained our PCI DSS certification, which is the de facto security standard for the Payment Card Industry. We also successfully passed our audit for the ISO 27001 Information Security Certification. In 2020, we will continue to seek re-certifications and new certifications to improve security and controls to best-in-class levels.

Going forward, we plan to strengthen our cyber-defences through the use of AI and machine learning based technologies, proactively mitigating against advanced threats.We will also implement end-to-end risk assessments and a centralized identity and access management system.We will enhance the capability, coverage, and skill set of our 24x7 Information Security Operations Center. Improved data loss prevention systems will mitigate against data leakages and potential disclosure of confidential information. Customers themselves 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 measures will allow HBL to offer 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 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. Hence this asset has both a core portion which is stable and constantly appears on the balance sheet and a non-core portion that is relatively volatile. Statistical analysis is used to ascertain the change in maturity profiling over time based on the cyclical changes in the outstanding amount against overdraft.

44.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

	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	104,668,407
Unappropriated profit	24,810,855
	201,421,946

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2018													
	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	266,610,256	245,309,783	2,218,596	-	18,146,985	-	16,046	500,500	-	418,346	-	-	-	-
Balances with other banks	26,095,330	10,192,412	7,391,848	1,734,297	2,466,734	3,648,566	33,027	628,446	-	-	-	-	-	-
Lendings to financial institutions	51,277,336	-	24,345,810	15,900,000	6,331,526	4,500,000	100,000	100,000	-	-	-	-	-	-
Investments	1,341,030,709	23,036,613	1,249,393	453,051,472	39,703,843	40,104,526	311,078,267	80,585,255	36,699,828	47,815,681	84,864,075	57,445,182	68,924,644	96,471,930
Advances	1,015,853,926	296,903,471	31,608,319	9,326,605	19,020,951	30,753,207	45,824,548	108,018,162	39,584,224	41,471,961	111,115,214	63,716,080	141,594,333	76,916,851
Fixed assets	62,517,154	89,663	537,984	627,648	1,255,296	246,362	246,362	739,087	739,087	739,087	2,956,346	2,956,346	5,140,256	46,243,630
Intangible assets	2,718,556	30,340	182,041	212,381	424,762	17,632	17,632	52,895	52,895	52,895	211,581	211,581	423,162	828,759
Deferred tax assets	7,083,718	65,217	391,308	456,525	913,051	683,422	683,422	326,071	277,828	277,828	523,790	682,709	1,172,421	630,126
Other assets	106,307,874	1,056,850	6,341,103	7,756,786	14,795,907	9,532,559	9,532,559	12,983,868	6,011,375	6,542,674	4,632,080	26,632,922	489,191	-
	2,879,494,859	576,684,349	74,266,402	489,065,714	103,059,055	89,486,274	367,531,863	203,934,284	83,365,237	97,318,472	204,303,086	151,644,820	217,744,007	221,091,296
Liabilities														
Bills payable	42,325,254	41,374,621	98,654	-	768,695	-	15,531	67,753	-	-	-	-	-	-
Borrowings	518,896,397	6,021,355	352,145,242	24,265,809	11,877,144	14,827,757	30,369,187	17,622,769	4,895,118	570,603	25,096,937	325,950	16,684,709	14,193,817
Deposits and other accounts	2,020,007,979	1,614,857,811	62,059,855	18,377,639	84,846,698	18,936,899	42,655,226	59,838,989	31,945,130	39,819,211	8,579,971	16,038,389	10,332,652	11,719,509
Subordinated debt	9,990,000	-	-	-	-	2,000	-	-	2,000	-	4,000	4,000	8,000	9,970,000
Other liabilities	109,226,173	3,900,934	23,405,609	27,306,543	54,613,087	-	-	-	-	-	-	-	-	-
	2,700,445,803	1,666,154,721	437,709,360	69,949,991	152,105,624	33,766,656	73,039,944	77,529,511	36,842,248	40,389,814	33,680,908	16,368,339	27,025,361	35,883,326
Net assets	179,049,056	(1,089,470,372)	(363,442,958)	419,115,723	(49,046,569)	55,719,618	294,491,919	126,404,773	46,522,989	56,928,658	170,622,178	135,276,481	190,718,646	185,207,970
Share capital	14,668,525													
Reserves	57,935,252													
Surplus on revaluation of assets														
- net of tax	14,562,465													
Unappropriated profit	91,882,814													
	179,049,056													

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

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.

	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									

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

	2018									
	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	266,610,256	54,411,957	38,582,905	56,712,218	6,886,830	1,454,857	1,425,192	2,089,447	52,801,255	52,245,595
Balances with other banks	26,095,330	17,052,160	5,592,172	3,450,998	-	-	-	-	-	-
Lendings to financial institutions	51,277,336	46,577,336	4,600,000	100,000	-	-	-	-	-	-
Investments	1,341,030,709	467,037,286	351,519,498	87,769,276	111,799,972	84,694,168	61,255,647	72,565,315	75,020,118	29,369,429
Advances	1,015,853,926	82,210,447	95,661,661	136,644,020	138,307,903	111,115,214	63,716,080	311,281,750	50,787,712	26,129,139
Fixed assets	62,517,154	2,510,592	492,724	739,087	1,478,173	2,956,346	2,956,346	5,140,256	3,794,909	42,448,721
Intangible assets	2,718,556	849,523	35,264	52,895	105,791	211,581	211,581	423,162	828,759	-
Deferred tax assets	7,083,718	1,826,101	1,366,844	326,071	555,655	523,790	682,709	1,172,421	2,722,973	(2,092,846)
Other assets	106,307,874	29,950,647	19,066,419	12,985,819	12,554,756	4,632,750	26,628,292	489,191	-	-
	2,879,494,859	702,426,049	516,917,487	298,780,384	271,689,080	205,588,706	156,875,847	393,161,542	185,955,726	148,100,038
Liabilities										
Bills payable	42,325,254	7,535,612	14,063,343	20,726,299	-	-	-	-	-	-
Borrowings	518,896,397	394,309,549	45,196,944	17,622,770	5,465,721	25,096,937	325,950	16,684,709	14,193,817	-
Deposits and other accounts	2,020,007,979	185,038,173	87,830,121	99,195,980	150,478,325	32,457,235	33,442,366	42,222,816	700,205,906	689,137,057
Subordinated debt	9,990,000	-	2,000	-	2,000	4,000	4,000	8,000	9,970,000	-
Other liabilities	109,226,173	64,207,116	18,703,623	5,535,689	6,582,167	1,036,993	1,096,136	2,337,923	7,906,719	1,819,807
	2,700,445,803	651,090,450	165,796,031	143,080,738	162,528,213	58,595,165	34,868,452	61,253,448	732,276,442	690,956,864
Net assets	179,049,056	51,335,599	351,121,456	155,699,646	109,160,867	146,993,541	122,007,395	331,908,094	(546,320,716)	(542,856,826)
Share capital	14,668,525									
Reserves	57,935,252									
Surplus on revaluation of assets - net of tax	14,562,465									
Unappropriated profit	91,882,814									
	179,049,056									

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

44.5 **Derivative 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. Measurement and monitoring of market and credit risk exposure, associated limits and its reporting to senior management and the BoD is done by the 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.

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.

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 PVBP limits which are monitored and reported by TMO to senior management on daily basis.

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.

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.

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.

45 **NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

45.1 The Board of Directors in its meeting held on February 19 , 2020 has proposed a final cash dividend of Rs 1.25 per share for the year 2019. This is in addition to Rs 3.75 already paid during the year bringing the total dividend for the year to Rs 5.00 per share (2018: Rs 4.25 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, 2019 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2020.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2019

46 **DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on February 19, 2020.

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 The comparative figures have been re-arranged and reclassified for comparison purposes.

Muhammad Aurangzeb	Rayomond Kotwal	Moez Ahamed Jamal	Salim Raza	Dr. Najeeb Samie
President and Chief Executive Officer	Chief Financial Officer	Director	Director	Director

ANNEXURE I: ISLAMIC BANKING BUSINESS

The Bank operates 48 (2018: 47) Islamic Banking branches and 493 (2018: 493) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION	Note	2019	2018
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		17,113,303	19,365,889
Balances with other banks		-	-
Due from financial institutions	1	20,489,184	13,031,526
Investments	2	33,594,111	75,296,758
Islamic financing and related assets - net	3	153,117,099	103,483,404
Fixed assets		862,149	187,491
Intangible assets		-	-
Due from Head Office	4	40,224,245	3,117,410
Deferred tax assets		18,126	59,787
Other assets		10,709,190	3,718,797
		276,127,407	218,261,062
LIABILITIES			
Bills payable		18,048	8,543
Due to financial institutions	5	10,780,192	1,551,617
Deposits and other accounts	6	242,548,177	203,247,709
Due to Head Office		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities		6,073,627	2,222,840
		259,420,044	207,030,709
NET ASSETS		16,707,363	11,230,353
REPRESENTED BY			
Islamic Banking Fund		250,000	250,000
Reserves		-	-
Deficit on revaluation of investments - net of tax		(28,352)	(111,034)
Unappropriated profit	8	16,485,715	11,091,387
		16,707,363	11,230,353
Contingencies and commitments	9		
PROFIT AND LOSS ACCOUNT			
Profit / return earned	10	20,242,980	12,350,048
Profit / return expensed	11	9,783,507	7,048,443
Net profit / return		10,459,473	5,301,605
Other income			
Fee and commission income		581,033	586,118
Dividend income		-	-
Foreign exchange gain / (loss)		33,556	(29,620)
Income from derivatives		-	-
Loss on securities - net		(28,629)	(49,426)
Others		591	682
Total other income		586,551	507,754
Total income		11,046,024	5,809,359
Other expenses			
Operating expenses		1,930,070	1,579,970
Workers' Welfare Fund		180,525	84,409
Other charges		4,005	2,740
Total other expenses		2,114,600	1,667,119
Profit before provisions		8,931,424	4,142,240
Provisions and write offs - net		85,702	6,214
Profit before taxation		8,845,722	4,136,026
Taxation		3,451,394	1,614,119
Profit after taxation		5,394,328	2,521,907

ANNEXURE I: ISLAMIC BANKING BUSINESS

1 DUE FROM FINANCIAL INSTITUTIONS

	2019	2018
	(Rupees in '000)	
Unsecured	-	8,700,000
Bai Muajjal Receivable from State Bank of Pakistan	20,489,184	-
Bai Muajjal Receivable from other financial institutions	-	4,331,526
	20,489,184	13,031,526

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 10.63% per annum and are due to mature on February 7, 2020.

2 INVESTMENTS BY SEGMENTS

	2019				2018			
	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	4,667,551	-	(46,478)	4,621,073	53,682,791	-	(170,822)	53,511,969
- Bai Muajjal with Government of Pakistan	10,794,000	-	-	10,794,000	-	-	-	-
	15,461,551	-	(46,478)	15,415,073	53,682,791	-	(170,822)	53,511,969
Non-Government debt securities								
-Listed	3,564,480	-	-	3,564,480	5,030,877	-	-	5,030,877
-Unlisted	14,614,558	-	-	14,614,558	16,753,912	-	-	16,753,912
	18,179,038	-	-	18,179,038	21,784,789	-	-	21,784,789
Total Investments	33,640,589	-	(46,478)	33,594,111	75,467,580	-	(170,822)	75,296,758

3 ISLAMIC FINANCING AND RELATED ASSETS - NET

	Note	2019	2018
		(Rupees in '000)	
Ijarah	3.1	2,171,508	2,078,449
Murabaha	3.2	1,095,324	672,907
Diminishing Musharakah		83,342,719	66,095,505
Wakalah		10,000,000	10,000,000
Islamic Home Financing		770,666	128,820
Running Musharakah		16,085,686	4,871,319
Advance for Ijarah		276,530	192,485
Advance for Murabaha	3.2	973,239	4,324,684
Advance for Diminishing Musharakah		6,295,175	995,819
Advance for Istisna		26,191,522	9,920,835
Advance for Salam		400,000	-
Inventories against Tijarah		293,209	17,578
Inventories against Murabaha	3.2	3,808,372	2,416,470
Inventories against Istisna		1,615,548	1,885,231
Islamic financing and related assets - gross		153,319,498	103,600,102
Provision against Islamic financing and related assets			
-Specific		(183,056)	(106,212)
-General		(19,343)	(10,486)
		(202,399)	(116,698)
Islamic financing and related assets - net of provision		153,117,099	103,483,404

ANNEXURE I: ISLAMIC BANKING BUSINESS

3.1 Ijarah

	2019						
	Cost			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 (119,462)	1,275,454	527,517	254,092 (74,932)	706,677	568,777
Vehicles	2,193,289	706,291 (468,308)	2,431,272	577,839	472,382 (221,680)	828,541	1,602,731
Total	3,183,805	1,110,691 (587,770)	3,706,726	1,105,356	726,474 (296,612)	1,535,218	2,171,508

	2018						
	Cost			Depreciation			Book value
	As at Jan 01, 2018	Additions / (deletions)	As at Dec 31, 2018	As at Jan 01, 2018	Charge for the year	As at Dec 31, 2018	as at Dec 31, 2018
	(Rupees in '000)						
Plant and machinery	633,172	373,928 (16,584)	990,516	258,941	283,795 (15,219)	527,517	462,999
Vehicles	1,470,791	1,114,712 (392,214)	2,193,289	410,650	377,966 (210,777)	577,839	1,615,450
Total	2,103,963	1,488,640 (408,798)	3,183,805	669,591	661,761 (225,996)	1,105,356	2,078,449

3.1.1 Future Ijarah payments receivable

	2019				2018			
	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	608,523	1,536,676	43,322	2,188,521	22,953	1,696,524	200,071	1,919,548

3.2 Murabaha

	Note	2019	2018
		(Rupees in '000)	
Murabaha financing	3.2.1	1,095,324	672,907
Advances for Murabaha		973,239	4,324,684
Inventories against Murabaha		3,808,372	2,416,470
		5,876,935	7,414,061
3.2.1 Murabaha receivable - gross	3.2.1.1	1,108,633	691,075
Deferred murabaha income	3.2.1.2	(9,825)	(13,131)
Profit receivable shown in other assets		(3,484)	(5,037)
Murabaha financings		1,095,324	672,907
3.2.1.1 The movement in Murabaha financing during the year is as follows:			
Opening balance		691,075	322,524
Sales during the year		15,373,167	16,322,004
Adjusted during the year		(14,955,609)	(15,953,453)
Closing balance		1,108,633	691,075
3.2.1.2 Deferred Murabaha income			
Opening balance		13,131	1,984
Arising during the year		500,130	402,678
Recognised during the year		(503,436)	(391,531)
Closing balance		9,825	13,131
3.2.1.3 Murabaha sale price		1,108,634	691,076
Murabaha purchase price		(1,095,325)	(672,908)
		13,309	18,168

4 Due from Head Office mainly represents inter branch transactions.

ANNEXURE I: ISLAMIC BANKING BUSINESS

5	DUE TO FINANCIAL INSTITUTIONS	Note	2019	2018
			(Rupees in '000)	
	Unsecured acceptances of funds	5.2	**2,500,000**	-
	Acceptances from the SBP under Islamic Export Refinance Scheme	5.3	**5,409,205**	1,551,617
	Acceptances from the SBP under Islamic Long Term Financing Facility	5.4	**2,870,987**	-
			10,780,192	1,551,617

5.1 Amounts due to financial institutions are all in local currency.

5.2 Unsecured acceptances of funds carry profit at rates ranging from 9.50% to 12.00%.

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 the rate of 2.00% per annum (2018: 2.00% per annum) and are due to mature latest by June 29, 2020.

5.4 These acceptances 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 the rate of 2.00% per annum and are due to mature latest by November 10, 2029.

6	DEPOSITS AND OTHER ACCOUNTS	2019			2018		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		(Rupees in '000)					
	Customers						
	Current deposits	**51,979,232**	**1,111,151**	**53,090,383**	43,715,215	1,041,694	44,756,909
	Savings deposits	**107,247,794**	**872,924**	**108,120,718**	89,628,698	593,211	90,221,909
	Term deposits	**14,434,830**	**213,937**	**14,648,767**	20,030,492	19,616,070	39,646,562
		173,661,856	**2,198,012**	**175,859,868**	153,374,405	21,250,975	174,625,380
	Financial Institutions						
	Current deposits	**302,467**	**-**	**302,467**	156,967	-	156,967
	Savings deposits	**65,183,796**	**-**	**65,183,796**	26,478,723	-	26,478,723
	Term deposits	**1,202,046**	**-**	**1,202,046**	487,046	1,499,593	1,986,639
		66,688,309	**-**	**66,688,309**	27,122,736	1,499,593	28,622,329
		240,350,165	**2,198,012**	**242,548,177**	180,497,141	22,750,568	203,247,709

6.1	Composition of deposits	2019	2018
		(Rupees in '000)	
	- Individuals	**95,001,441**	94,130,918
	- Government / Public Sector Entities	**36,759,515**	43,414,855
	- Banking Companies	**829,128**	4,029,553
	- Non-Banking Financial Institutions	**65,859,181**	24,592,776
	- Private Sector	**44,098,912**	37,079,607
		242,548,177	203,247,709

6.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 146,767.538 million (2018: Rs 122,772.550 million).

7	CHARITY FUND	Note	2019	2018
			(Rupees in '000)	
	Opening balance		**4,765**	233,247
	Additions during the year			
	- Received from customers on account of delayed payment		**4,843**	1,518
	- Profit on charity saving account		**6,767**	-
	- Other non-Shariah compliant income		**-**	-
			11,610	1,518
	Payments / Utilization during the year	7.1		
	- Education		**(1,000)**	(31,500)
	- Health		**(5,000)**	(98,500)
	- Diamer-Bhasha And Mohmand Dams Fund		**-**	(100,000)
			(6,000)	(230,000)
	Closing balance		**10,375**	4,765

ANNEXURE I: ISLAMIC BANKING BUSINESS

		Note	2019	2018
			(Rupees in '000)	
7.1	**Details of charity payments**			
	Details of charity individually exceeding Rs 500,000			
	International Islamic University		**1,000**	-
	Patients Aid Foundation		**5,000**	-
	Diamer-Bhasha and Mohmand Dams Fund		**-**	100,000
	Progressive Education Network		**-**	16,500
	Friends of Burns Centre		**-**	10,000
	Muzaffarabad Physical Rehabilitation Centre		**-**	10,000
	The Hunar Foundation		**-**	10,000
	The Kidney Centre Post Graduate Training Institute		**-**	5,000
	National University of Technology		**-**	5,000
	Indus Hospital		**-**	64,500
	Shaukat Khanum Memorial Cancer Hospital		**-**	5,000
	Welfare Society for Patient Care		**-**	4,000
			6,000	230,000
8	**ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT**			
	Opening Balance		**11,091,387**	8,569,480
	Add: Islamic Banking profit for the year		**8,845,722**	4,136,026
	Less: Taxation		**(3,451,394)**	(1,614,119)
	Closing Balance		**16,485,715**	11,091,387
9	**CONTINGENCIES AND COMMITMENTS**			
	- Guarantees	9.1	**593,721**	219,570
	- Commitments	9.2	**17,180,683**	20,811,516
			17,774,404	21,031,086
9.1	**Guarantees**			
	Performance guarantees		**308,988**	214,177
	Other guarantees		**284,733**	5,393
			593,721	219,570
9.2	**Commitments**			
	Trade-related contingent liabilities		**3,456,851**	1,613,153
	Commitments in respect of forward foreign exchange contracts		**13,723,832**	19,198,363
			17,180,683	20,811,516
9.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**7,721,565**	18,922,353
	Sale		**6,002,267**	276,010
			13,723,832	19,198,363
10	**PROFIT / RETURN EARNED**			
	On:			
	Financing		**13,989,057**	6,305,825
	Investments		**4,131,602**	5,980,889
	Amounts due from financial institutions		**2,122,321**	63,334
			20,242,980	12,350,048
11	**PROFIT / RETURN EXPENSED**			
	On:			
	Deposits and other accounts		**7,865,815**	4,505,477
	Amounts due to financial institutions		**1,526,884**	2,344,878
	Cost of Wa'ad based transactions		**290,876**	198,088
	Lease liablity against right-of-use assets		**99,932**	-
			9,783,507	7,048,443

ANNEXURE I: ISLAMIC BANKING BUSINESS

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 31.57% (2018: 36.43%) and, after netting of Hiba to depositors amounting to Rs. 382.67 million (2018: Rs. 365.297 million), amounts to Rs. 3,452.629 million (2018: Rs. 2,424.965 million)

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.

ANNEXURE I: ISLAMIC BANKING BUSINESS

15 The average rate of profit earned on the earning assets of the Islamic banking business during the year was 11.33% (2018: 5.94%). A Profit rate of 6.06% (2018: 3.72%) was distributed to depositors.

16 **DEPLOYMENT OF MUDARABAH BASED DEPOSITS BY ECONOMIC SECTOR**

	2019	2018
	(Rupees in '000)	
Cement	**8,232,604**	5,729,056
Chemical and pharmaceuticals	**3,271,020**	2,269,609
Construction	**50,442**	-
Education and Medical	**62,000**	124,000
Engineering	**146,186**	165,830
Financial	**838,714**	914,143
Food, tobacco and beverages	**14,247,798**	16,045,846
Individuals	**1,787,138**	1,443,024
Others	**15,037,681**	1,703,827
Ports and Shipping	**-**	-
Printing and Publishing	**2,218,524**	209,647
Production and transmission of energy	**95,879,681**	77,116,050
Telecommunication	**2,666,667**	3,000,000
Textile	**14,330,691**	5,508,208
Metal and Allied	**6,996,815**	5,652,864
Oil and Gas	**5,007,205**	4,971,064
Mining and quarrying	**526,443**	305,269
Wholesale and Retail Trade	**198,927**	226,454
GoP Ijarah Sukuks	**4,621,073**	53,511,969
Bai-Muajjal with Government of Pakistan	**10,794,000**	-
Total gross Islamic financing and related assets and investments	**186,913,609**	178,896,860
Total lending to financial institutions	**20,489,184**	13,031,526
Total deployed funds	**207,402,793**	191,928,386

16.1 Deployment of Mudarabah based deposits by economic sector by public / private sector

Public / Government	**116,940,668**	123,060,075
Private	**90,462,125**	68,868,311
Total	**207,402,793**	191,928,386

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
1	K.K.ENTERPRISES 6-A BISMILLAH CENTRE YARN MARKET,FAISALABAD	KHALID MEHMOOD 33100-2940457-1	SHAH DIN	11,999	13,118	-	**25,117**	-	-	11,937	1,181	**13,118**
2	AL-QADIR RICE REPROCESS PLANT SINDH SMALL IND SITE AREA,NEAR BOARD OFFICE, DISTT. LARKANA	QAMAR UDDIN 43203-2067305-1	RAJIB ALI	5,595	1,412	-	**7,007**	-	-	1,412	-	**1,412**
3	IQRA STAR ASSOCIATES CIVIL CONTERACTOR PLOT NO 157 SUIT NO 16 1ST FLOOR, MALIK APPARTMENT MALIR HALT, KARACHI	MALIK MUHAMMAD RIAZ 42201-3826926-1	MALIK RAHEEM BUX	8,004	2,161	-	**10,165**	-	-	2,155	-	**2,155**
4	ABDUL HAMEED MODEL FARM GHALLA MANDI SADIQABAD DISTRICT RAHIMYARKHAN	ABDUL HAMEED 31304-2111232-5 ARIF HUSSAIN 31304-2111232-9	GHULAM MOHAMMAD ABDUL HAMEED	8,644	7,066	-	**15,710**	-	-	6,961	105	**7,066**
5	ZAREEN ENTERPRISES OPPOSITE UBL,VEHARI ROAD, NEAR GHALLAH MANDI	JAHANGIR ASAD 36302-7780127-1 ZARINA AKHTAR 36302-8967730-2 ZILL-E-HUMA 36302-2139340-2	ASAD ZUBAIR W/O. ASAD ZUBAIR D/O. ASAD ZUBAIR	25,101	24,837	-	**49,938**	-	-	22,081	-	**22,081**
6	GELANI PLYWOOD STORE FEROZEWALA ROAD,USMAN TOWN, RAKH KEIKRIAN WALI,GUJRANWALA	MUHAMMAD NAWAZ 34101-7757077-7	MUHAMMAD MALIK	334	582	-	**916**	-	-	503	-	**503**
7	AOWN MUHAMMAD IRON STORE ADDA BUND BOSAN,TEHSIL AND DISTT.MULTAN	MUHAMMAD AJMAL 36303-8154350-3	NASEER BAKHSH	849	1,147	-	**1,996**	-	-	1,036	67	**1,103**
8	SAINA ALI 40-I,18 STREET,KHAYABAN-E-MUJAHID, PHASE-V,DHA,KARACHI	42301-7131004-8	BARKAT ALI VIRANI	4,447	4,841	-	**9,288**	2,223	-	4,841	-	**7,064**
9	UNITED CARPET INDUSTRIES B-10 B-11,LOWER GROUND FLOOR PANORAMA CENTRE SADDAR, KARACHI	MOHIUDDIN ANSARI 42301-0694507-9	SHAMSUDDIN AHMED	1,055	9,035	-	**10,090**	-	-	8,490	-	**8,490**
10	SANA ORIENTAL CARPETS 202 GROUND FLOOR,PANORAMA CENTRE # 2,SADDAR,KARACHI	SAMRINA ANSARI 42301-0717486-8	MOHIUDDIN ANSARI	-	1,448	-	**1,448**	-	-	1,448	-	**1,448**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
11	JAMEEL JEWELRS RASMIM GALI HYDERABAD	JAMEEL KHAN 41304-6415050-7	MUSHARRAF KHAN	1,859	769	-	**2,628**	-	-	544	-	**544**
12	JAVED GASES TRADERS O-SIDE AMINABADI GATE G.T ROAD GUJRANWALA	ATIF JAVED 34101-4504406-7	MUHAMMAD IDRES JAVED	857	1,625	-	**2,482**	-	-	1,482	-	**1,482**
13	STAR HARDWEAR MILL STORE 63-NISHTER ROAD,LAHORE	M. AMJAD 35200-1402696-5	MIAN NOOR MUHAMMAD	2,187	1,125	-	**3,312**	-	-	1,125	-	**1,125**
14	JUTT BROTHER COMMISSON SHOP GHALLA MANDI KOT LADHA TEH NOWSHRA VIRKAN DISTT. GUJRANWALA	MUHAMMAD FAZAL 34103-0487142-5 ABBAS ALI 34101-2962981-7 MUHAMMAD MUSTFA 34103-0480412-7	MUHAMMAD HUSSAIN MUHAMMAD HUSSAIN MUHAMMAD HUSSAIN	1,200	873	-	**2,073**	-	-	873	-	**873**
15	SHAHID AMIN KOT SHAHID AMIN,QAZI KALRA,P.O ANAITI, TEHSIL KHAIRPUR TAMEWALI, DISTT.BAHAWALPUR	31204-7117591-5	MUHAMMAD AMIN KHAN	2,475	956	-	**3,431**	-	-	931	-	**931**
16	AMIR RAFIQ ABID ENTERPRISES,607-FLOOR 6, EDEN TOWER,GULBERG III,LAHORE	35202-7924353-3	MUHAMMAD RAFIQ (LATE)	12,733	14,702	-	**27,435**	-	-	14,554	-	**14,554**
17	IQRA FILLING STATION JUDDICAL COLONY,OPP WAPDA TOWN GUJRANWALA	KHALID MEHMOOD 34101-2203300-1 ARFAN TOHEED 34101-5794325-9	ABDUL HAMEED ABDUL HAMEED	841	1,520	-	**2,361**	-	-	1,519	-	**1,519**
18	CONTACT PLUS PVT LTD D-91 K D A SCHEEM NO. 1 TIPU SULTAN ROAD KARACHI	TAHIR A. KHAN 42301-7870622-3 SYED SHAH NASEEM AKHTAR 42101-4671148-7	HAWAS KHAN SYED SHAH SULTAN AKHTAR	56,494	22,534	-	**79,028**	-	-	22,534	-	**22,534**
19	IMTIAZ ALI FILLING STATION IMTIAZ ALI PETROLUM SERVE G.T.ROAD UBAURO,TALUKA UBAURO	WAZEER ALI 45101-5912402-5 ZULFIQAR ALI 45101-0611920-3	IMAM BUKSH WAZEER ALI	4,499	1,911	-	**6,410**	-	-	1,911	-	**1,911**
20	DATA CASSETTE HOUSE NEAR REGAL CINEMA,JHANG BAZAR, FAISALABAD	WASEEM AHMED 33100-8691226-9	MAQBOOL AHMED	1,300	891	-	**2,191**	-	-	891	-	**891**
21	RAO MUHAMMAD MUBEEN ZUBANDA CHAK BADI,PAKPATTAN	36402-7398749-5	TAJ MUHAMMAD	1,500	935	-	**2,435**	-	-	935	-	**935**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
22	ABID HUSSAIN CHAK NO 205 G/B,TEH SAMUNDRI DISTT FAISALABAD	33105-0317767-7	ASGHAR ALI	889	978	-	**1,867**	-	-	977	-	**977**
23	AL SYED WEAVING FACTORY 67.J.B. SADHAR JHANG ROAD FAISALABAD	SYED ZAHID HUSSAIN 33103-0633857-7 SYED SHAHID HUSSAIN 33100-7929042-9	SYED ZAHOOR HUSSAIN SYED ZAHOOR HUSSAIN GILLANI	1,649	4,995	-	**6,644**	-	-	4,995	-	**4,995**
24	FALAK SHER DAIRY FARM H.NO.84 IQBAL COLONY SARGODHA	FALAK SHER 38403-5232353-9	MALIK ZULFIQAR ALI	1,600	778	-	**2,378**	-	-	727	-	**727**
25	GHAZI COTTON GINNERS JANNO WALA ROAD,MUBBARAKPUR TEH. AHMED PUR EAST BAHAWALPUR	SARFARAZ KHAN 36202-0956121-9 SAEED AHMAD 36202-2978528-7	MUHAMMAD ALI KHAN GHULAM QADIR	3,870	3,442	-	**7,312**	-	-	3,292	150	**3,442**
26	M. ASIF SADDIQ CHAK NO 271 JB TEH DISTT FAISALABAD	33100-6849293-1	MUHAMMAD SIDDIQUE	2,000	1,460	-	**3,460**	-	-	1,460	-	**1,460**
27	HINA TALPUR H NO 90 DEFENCE HOUSING SOCITY, HYDERABAD	41303-8201715-2	MIR ATTAH MUHAMMAD	-	1,122	-	**1,122**	-	-	822	-	**822**
28	MUHAMMAD RASHID VILLAGE SALEEM KHAN P.O SALEEM KHAN DISTT SWABI	16202-1035300-7	MUHAMMAD NAWAR KHAN	-	830	-	**830**	-	-	667	-	**667**
29	MUHAMMAD MUNIR MOUZA AROTI P/O FATEH PUR TEH MAILSI	36602-3775615-7	SARDAR MUHAMMAD	500	525	-	**1,025**	-	-	525	-	**525**
30	DHILLO TRADERS VILLAGE & P/O NOKHAR TEH NOWSHRA VIRKAN DISTIC GUJRANWALA	ISHTIAQ HUSSAIN DHILLO 34103-8142833-7 BASHIR AHMED 34103-5492954-3	BASHIR AHMAD DHELLU ALLAH BUX	5,000	4,850	-	**9,850**	-	-	4,850	-	**4,850**
31	Z. A. CORPORATION GHALLA MANDI NOKHAR,P/O SAME DISTT GUJRANWALA	MALIK ABDUL QAYUM 34103-8643067-9	MALIK ZAHOOR AHMED	2,199	2,786	-	**4,985**	-	-	2,535	-	**2,535**
32	MUHAMMAD HAROON MAKHDOOM PUNJAB SEED CORPORATION NEAR PAKPATTAN CHOWK SAHIWAL	38403-2205214-9	RAZA AHMAD MAKHDOOM	1,536	990	-	**2,526**	-	-	826	-	**826**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
33	SALAM ENTERPRISES 236-5, BLOCK-N,DHA,LAHORE	NASIRA BEGUM 35201-1555928-8	MIAN ISHAQ TARIQ	6,999	5,477	-	**12,476**	-	-	5,477	-	**5,477**
34	MUHAMMAD AKHTAR RAKH MALKA HANS,P/O MALKA HANS TEH & DISTT. PAKPATTAN	36402-4515963-3	USMAN KHAN	999	1,405	-	**2,404**	-	-	1,405	-	**1,405**
35	MADEHA DANIYAL FLORIDA HOMES, PHASE V EXTENSION DHA	42301-0997104-6	DANIYAL ZAFAR	3,631	3,118	-	**6,749**	-	-	3,118	-	**3,118**
36	PEERAL URF ZIAUBDDIN SHAH VILLAGE BHANOTH,TALKA HALA	41301-7586975-9	SYED JAMAL SHAH	1,498	1,360	-	**2,858**	-	-	1,360	-	**1,360**
37	MOHAMMAD RAMZAN CHAK NO 45/10 R KHANEWAL	36103-1651900-3	ABDUL RASHEED	600	581	-	**1,181**	-	-	581	-	**581**
38	AHSAN ULLAH KHAN MOUZA RAPPER,TEHSIL KEHROR PAKKA,DIST LODHRAN	36202-1751944-1	HABIB ULLAH KHAN	1,971	895	-	**2,866**	-	-	866	-	**866**
39	SAIF UL HASSAN P/767 TANCHI BAZAR JARANWALA DISTRICT FAISALABAD	33104-4136491-7	MUHAMMAD HANIF	2,500	1,382	-	**3,882**	500	-	1,382	-	**1,882**
40	ADNAN COTTON GINNERS HAYAT KHAN WALA,TEH SHUJABAD	RANA IRFAN MEHMOOD 36302-4396204-3	ZAILADAR KHAN	3,995	2,320	-	**6,315**	-	-	1,405	-	**1,405**
41	AFZAL GARMENTS KHOKHAR TOWN RASHID ROAD,BUND ROAD,LAHORE	MUHAMMAD AFZAL 35102-7444309-7	MUHAMMAD TUFAIL	4,495	3,309	-	**7,804**	-	-	3,281	-	**3,281**
42	CHAMAN ABBAS CHAK NO.555 GB HAYAT KAY PO SAME,TEH.TANDLIANWALA DISTT FAISALABAD	33302-3890440-3	GHULAM FARID	701	678	-	**1,379**	-	-	678	-	**678**
43	GHULAM HAIDER CHAK NO. 83/F,P.O SAME, TEHSIL HASILPUR, DISTT. BAHAWALPUR	31203-1716367-5	MUHAMMAD ALI	801	563	-	**1,364**	-	-	563	-	**563**
44	MOHD.ASHFAQ C/O ZUBAIR KIRYANA STORE MAIN BAZAR,P.O S.F.R. GOLARCHI	41102-0714096-1	MUHAMMAD AFZAL	-	722	-	**722**	-	-	622	-	**622**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
45	MUGHAL IRON STORE EID GAHA ROAD NAROWAL POST OFFICE NAROWAL TEHSIL DISTRICT NAROWAL	MUHAMMAD PERVEZ MUGHAL 34501-1961067-1 MUHAMMAD ANWAR 34501-0431433-9	GHULAM RASOOL GHULAM RASOOL	2,396	1,539	-	**3,935**	-	-	1,145	-	**1,145**
46	MIR ATTA MUHAMMAD VILLAGE & DEH DABARO POST OFFICE TALHAR,DISTT.BADIN	41105-1103425-3	GHULAM QADIR	3,998	2,987	-	**6,985**	-	-	2,987	-	**2,987**
47	GREEN TECHNOLOGIES MUL KEHKASHAN STREET NO.10 NEW NORTH GULGASHT COLONY MULTAN	HAROON RASHEED GHOURI 36302-3343071-5 TASNIM HAROON 36302-8240282-6	RASHEED AHMED GHOURI HAROON RASHEED GHOURI	3,000	2,589	-	**5,589**	-	-	2,561	28	**2,589**
48	TABASSAM JAVAID VILL.PIND MAKO,TEH.MALIKWAL DISTT.MANDIBAHODIN	34401-0854255-1	MUHAMMAD ANWAR	1,478	1,007	-	**2,485**	-	-	985	-	**985**
49	INTERNATIONAL CONTAINERS LTD A-21 C TEXTILE AVENUE,SITE, KARACHI	NOOR ALI REMATULLAH 501-4443536-2 MUHAMMAD ZIAUDDIN 500-53-509147		2,292	1,492	-	**3,784**	-	-	784	-	**784**
50	DANISH TRADERS SHOP NO 23 NEW GRAIN MARKET MULTAN	YASIR FAROOQ 36302-8902603-5	SH. FAROOQ AHMAD	8,000	3,776	-	**11,776**	-	-	2,276	-	**2,276**
51	PAKJO LEATHER INDUSTRIES NASIR ROAD, NEAR NADRA OFFICE RAJPUT STREET, SIALKOT	ANSAB MEHMOOD 34603-3937765-9 FAIZAN MEHMOOD 34603-1514782-5	TALAT MEHMOOD RANDHAWA TALAT MEHMOOD RANDHAWA	3,600	1,490	-	**5,090**	-	-	1,490	-	**1,490**
52	JUT ENTERPRISES OPP TELEPHONE EXCHAGE VEHARI ROAD,MAKHDOOM RASHID, DISTT MULTAN	SAEED AHMED GILL 36302-5533660-3	ALI AHMED GILL	700	1,098	-	**1,798**	-	-	995	-	**995**
53	JEWEL COLLECTION SHOP NO. 54, LATIF CENTRE, FEROZEPUR ROAD ICHHRA LAHORE	MAZHAR HUSSAIN 35202-4843032-7	ALTAF HUSSAIN	4,951	938	-	**5,889**	-	-	689	-	**689**
54	ABDUL KHALIQ+A SATTAR CHAK NO 175/10R PO 173/10R, TEHSIL JAHANIA,DITT;KHANEWAL	36101-1564474-3	KHUSHI MUHAMMAD	995	1,042	-	**2,037**	-	-	1,041	-	**1,041**
55	ZUBAIR TRADERS PO GOLARCHI DISTRICT BADIN	MUHAMMAD ZUBAIR 41102-8885687-9	HAJI MUHAMMAD AFZAL	2,200	2,321	-	**4,521**	-	-	2,321	-	**2,321**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
56	MASOOD TRRDERS MAIN G T ROAD,ROHILAN WALI TEHSIL & DISTT. MUZAFFARGARH	MASOOD 32304-1144098-7	MIAN NAZAR HUSSAIN	1,000	1,253	-	**2,253**	-	-	1,253	-	**1,253**
57	SYED RIZWAN ALI BUKHARI HOUSE # A-415/1,LARIAB GARDEN, BLOCK-1 GULSHAN E IQBAL	41304-2302456-7	SYED QURBAN ALI BUKHARI	371	168	-	**539**	371	-	168	-	**539**
58	AL-NAFEA AGRO SERVICES ALLAH REKHA COLONY KARAMPUR ROAD,MAILSI	NOOR KHAN 36602-1368351-1	IRSHAD AHMED KHAN	2,000	1,516	-	**3,516**	-	-	1,463	53	**1,516**
59	LODHI CORPORATION 23-A-GHALLA MANDI,MAILSI	SHEEBA TUN NAJEEB 36602-6781756-8	W/O.NOOR KHAN	2,000	2,005	-	**4,005**	-	-	1,880	75	**1,955**
60	ZIA ULLAH KHAN NIAZI H NO 1/125 BALOCH STREET AL MUSTAFA FLOOR MILLS MIAN WALI	37406-1582589-9	SHER ALI KHAN	1,440	1,119	-	**2,559**	-	-	1,118	-	**1,118**
61	FLIGHTO TRAVEL SERVICES PVT LTD LAKE ROAD,LAHORE	IMTIAZ HUSSAIN SHAH 35202-2198207-5 MOHSIN IMTIAZ 35202-2188707-5 MST.SHAMIM GALANI 35202-7938196-8 AHSAN IMTIAZ 35202-4289155-3	MANZOOR HUSSAIN SHAH IMTIAZ HUSSAIN SHAH W/O.IMTIAZ HUSSAIN SHAH IMTIAZ HUSSAIN SHAH	5,000	2,363	-	**7,363**	-	-	1,463	-	**1,463**
62	CHATHA TRADERS C/O WARRIACH RICE MILLS KOTLY BAWA FAQIR CHAND TEH.DASKA.	RIAZ AHMED 34101-2468056-7	FAIZ AHMED	3,449	3,143	-	**6,592**	-	-	2,906	-	**2,906**
63	SHAHID AGRI FARM SHAHID AGRI FARM,BUS STOP AHMED PUR LAMMA SADIQABAD	SHAHID MEHMOOD 31304-5072855-1	MANZOOR AHMED	1,600	1,618	-	**3,218**	-	-	1,618	-	**1,618**
64	MALIK SAJID MEHAMOOD KACHI MUHAMMAD KHAN POST OFFICE TRANDA MPANAH LIAQUAT PUR	31302-2152625-1	MALIK JINDWADA	3,000	2,688	-	**5,688**	-	-	2,688	-	**2,688**
65	MOHAMMAD HAYAT A-363 PHASE-1,GULSHAN E HADEED KARACHI	42501-8336049-9	MUHAMMAD NAWAZ	2,876	935	-	**3,811**	-	-	935	-	**935**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
66	WAHEED HUSSAIN CHAK 68/EB,TEH ARIFWALA RAJPOOTANWALA HARRAPA CITY TEH. DISTT. SAHIWAL	36502-1360534-7	MUHAMMAD SHAFI	999	665	-	**1,664**	-	-	665	-	**665**
67	ADNAN MALIK HOUSE NO 6/231 AWAN STREET RANG PURA SIALKOT	91509-0152024-3	MALIK EHSAN ELLAHI	2,432	620	-	**3,052**	-	-	557	-	**557**
68	SADAF SERVICE INDUSTRIES F 2 99 SITE,KARACHI	KALEEMULLAH KHAN	ZAFARULLAH KHAN	500	616	-	**1,116**	500	-	616	-	**1,116**
69	JAVED P.AGRAWALA ANNEXE 84/2/1,21ST STREET, PHASE NO.6, D.H.A.,KARACHI	42301-6809144-5	PYAR ALI	21,402	24,558	-	**45,960**	10,257	-	19,372	5,186	**34,815**
70	EMPRIE RICE CO 2 K M PASROOR ROAD GUJRANWALA	MUHAMMAD NAZAR 34101-9978137-1 MUHAMMAD BOOTA 34101-1963996-3	MUHAMMAD ISMAIL MUHAMMAD SHARIF	8,099	4,585	-	**12,684**	-	-	4,084	-	**4,084**
71	D M STEEL MILL IFTIKHAR PARK,MOMIN PURA ROAD, OPP AL RAHMAN KANTA	MUHAMMAD SARWAR RASHID 35202-2319845-1 RIZWAN AHMED MUMTAZ 35401-1827850-3		8,997	4,693	-	**13,690**	-	-	4,689	-	**4,689**
72	ZAHIR HUSSAIN NAQVI FLAT NO 758 Q BLOCK,MODEL TOWN LAHORE	248-62-015807	ZAKIR HUSSAIN NAQVI	609	94	-	**703**	609	-	94	-	**703**
73	SOHAIL POULTRY FARM CHAK NO-317/GB,TEH.&.DISTT. TOBA TEK SINGH	ABDUL HAQUE BHATTI 33303-2187875-3	ALI AHMED	1,015	682	-	**1,697**	-	-	682	-	**682**
74	ADEEL CASTING CENTRE SHOP NO 8 REHMAN MARKET RANG MAHAL LAHORE	JAMEEL AHMED NAZ 35202-2474963-5	MIAN MUHAMMAD ASLAM	1,000	1,103	-	**2,103**	-	-	1,103	-	**1,103**
75	MARYAM GARMENTS P-172 DIGLASPURA,REGAL ROAD FAISALABAD	ABDUL GHAFFAR 33100-3850537-3	GULZAR MUHAMMAD	14,996	9,312	-	**24,308**	-	-	8,534	574	**9,108**
76	FAISAL SIDDIQUE GHARMOOLAH CHAK NO.169 R/B,P/O SAME TEH SAFDARABAD	42000-2333750-5	M.SIDDIQUE KHAN	197,770	533	-	**198,303**	-	-	531	-	**531**

Details of advances written-off **ANNEXURE II**

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Rs. in '000

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
77	MUZAFFAR MODEL FORM HOUSE NO 681,MUHALLA AFGHAN, AHMED PUR LAMMA, TEH SADIQABAD	ABDUL REHMAN 31304-2017540-5	QAMAR UDDIN	1,000	1,325	-	**2,325**	-	-	1,325	-	**1,325**
78	GHULAM MUSTAFA KHAN BASTI BOLANI,P/O RETRA,TEH TAUNSA SHARIF,DISTT. D.G.KHAN	32103-9084153-7	HAJI KHALIQ DAD	4,000	1,119	-	**5,119**	-	-	515	-	**515**
79	BISMILLAH AGRI FARM MUHALLA SHAIKH AN AHMED PUR LAMMA,TEHSIL SADIQ ABAD, DISTT. RAHIM YAR KHAN	SHEIKH ALLAH BUX 31304-7823730-9	GHULAM MUSTAFA	1,000	841	-	**1,841**	-	-	841	-	**841**
80	MUHAMMAD RASHEED MOH RAJGAN PO DOMELI TEH SOHAWA, DISTT. JHELUM	37303-1128389-3	MUHAMMAD KHAN	440	542	-	**982**	-	-	542	-	**542**
81	ASTOR INTERNATIONAL 412 UNI CENTRE,I I CHUNDRIGAR ROAD,KARACHI	ABID NISAR 42301-0356348-1	NISAR AHMED	22,319	12,393	-	**34,712**	4,319	-	12,393	-	**16,712**
82	PEARL KNIT WEAR PVT LTD 709 Z DHA, LAHORE	ABDUL RASHEED 35202-2734635-9 ANWAR BANO 210-47-488638	BADAR UDDIN W/O.MALIK MUHAMMAD AKHTAR	15,220	28,166	-	**43,386**	15,220	-	24,748	3,418	**43,386**
83	RAMZAN PETROLIUM SERVICE CHUNIAN HUJRA ROAD KANDU KHARA DISTT KASUR	MUHAMMAD RAMZAN 35101-5771066-7	BHUNDO KHAN	4,000	1,335	-	**5,335**	-	-	1,073	-	**1,073**
84	DARBAR RICE MILLS ELLAHABAD ROAD MEER KOT TEHSIL CHUNIAN DISTT KASUR	NAFEES UR REHMAN 35101-7002350-9 NISAR AHMAD 35101-8884374-1	RASHEED UR REHMAN KHAN JAMAL DIN	3,332	683	-	**4,015**	-	-	682	-	**682**
85	MOHAMMAD HABIB CHAK.7/14.L P/O IQBAL NAGAR TEHSIL CHICHAWATNI DISTT SAHIWAL	36501-2999550-3	MUHAMMAD HASAN	600	988	-	**1,588**	-	-	988	-	**988**
86	CUCKOO INDUSTRIES PVT LTD PLOT NO 119 SECTOR 27,KORANGI INDUSTRIAL AREA,KARACHI	MIAN ABRAR AHMED 42301-8934277-1 MIAN ARBAB AHMED 42301-7314080-5 MIAN TAIMUR ARBAB 42000-1616646-5	MIAN RIAZ AHMED MIAN RIAZ AHMED MIAN ARBAB AHMED	25,656	25,978	-	**51,634**	-	-	23,017	-	**23,017**

Details of advances written-off

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Rs. in '000

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
87	CH. KHALID HUSSAIN MOUZA KHARIAL DISTT,P/O KHAS LAHORE	35202-2425838-5	CH. GHULAM MUHAMMAD	750	1,545	-	**2,295**	-	-	1,545	-	**1,545**
88	RANA FILLING STATION CHANGA MANGA ROAD NEAR MIAN WALA GHAT CHUNIAN,TEH CHUNIAN DISTT KASUR	MUHAMMAD SABIR 35101-7520616-3 SHAHID GUL 35101-2509086-9	NAWAB DIN LAL DIN	7,298	3,272	-	**10,570**	-	-	3,270	-	**3,270**
89	HIDAITULLAH VILLAGE WALI MOHD MANGIRO P.O DHORONARO	42301-3888994-3	FAQIR MUHAMMAD JADIM MANGRIO	-	1,055	-	**1,055**	-	-	1,004	-	**1,004**
90	SUPER AUTOS F/1138/A-2/5 WARD F STATION ROAD,GARI KHATA,HYDERABAD	FAREED AHMED 41304-0952242-7	ALLAH NOOR	700	1,168	-	**1,868**	-	-	1,168	-	**1,168**
91	RASHID KHAN PATHAN & BROTHERS GHALLA MANDI,TANDLIANWALA	RASHID KHAN 33106-0343019-1	MUHAMMAD SHARIF	949	991	-	**1,940**	-	-	810	181	**991**
92	PHARMA TRADE 3 STAR HOTEL,G T ROAD,PESHAWAR	FAZLE WAHID 17301-3447178-9	MEMBAR KHAN	478	874	-	**1,352**	-	-	874	-	**874**
93	MUHAMMAD QASIM V.ALLAWDDINKEY P O VANIKE, TEH HAFIZABAD	34301-1749138-5	MUHAMMAD AKRAM	258	1,565	-	**1,823**	-	-	1,089	-	**1,089**
94	MUHAMMAD IFTIKHAR FLAT NO 8 BLOCK-14-B,G-9/2, ISLAMABAD	61101-0485210-7	NIAZ ALI	353	159	-	**512**	353	-	159	-	**512**
95	GHAZAN KHAN REGIONAL PTCL OFFICE PINE VIEW ROAD ABBOTABAD	17201-5588417-5	KHAWAJA MUHAMMAD KHAN	491	359	-	**850**	491	-	359	-	**850**
96	SHAISTA KHAN H NO NE 552 ST NO 6,MUSLIM COLONY ARIA MOHALLAH, RAWALPINDI	11201-0933375-9	MIR ALAM KHAN	441	238	-	**679**	441	-	238	-	**679**
97	MUHAMMAD TAUSEEF HASHMI H NO 8, ST NO 10, LAL PUL PUNJ PEERABADI MAIN BAZAR CANTT, LAHORE CANTT	35201-3889483-3	M EJAZ HASHMI	313	194	-	**507**	313	-	194	-	**507**
98	SAFEER HUSSAIN BRK NO 29 ROOM NO 4 AIRMEN MESS PAF BASE NUR KHAN	38102-0477726-9	M ASLAM	338	172	-	**510**	338	-	172	-	**510**

Details of advances written-off

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
99	KAMRAN AHMED SESSION JUDGE NESERABAD SUKKUR	53402-1566273-7	NAZAR MUHAMMAD	424	230	-	**654**	424	-	230	-	**654**
100	MUHAMMAD ZAKIR CHAH KALY WALA BABA KARAM SHAH ROAD MOH PEER ISLAM HAVELI LAKHA DISTT OKARA	35301-1976092-5	NAZAR MUHAMMAD	352	188	-	**540**	352	-	188	-	**540**
101	FINE METAL 30 20 GHAZI COLONY,SANDA ROAD LAHORE	MEHBOOB HUSSAIN 35200-1427227-3	ABDULLAH	3,099	2,238	-	**5,337**	-	-	1,505	-	**1,505**
102	IBRAHEIM CLOTH HOUSE 17-MAIN ICHHRA BAZAR,ICHHRA LAHORE	IFTIKAR AHMED 35202-1861268-5	CHAUDHRY SERAJ DIN	29,999	10,039	-	**40,038**	-	-	10,038	-	**10,038**
103	SHER ALI ARBAB NEAR BHITTAI MEDICAL CENTRE GHAREEB ABAD KHAD PLOT MIRPUR KHAS	44103-0594793-1	HAJI AHMED ALI	2,497	763	-	**3,260**	-	-	763	-	**763**
104	UMAR ZARI CORP RANGERS MORE,YAZMAN	UMER HAYAT 31205-1644244-5	FAZAL MUHAMMAD	251	762	-	**1,013**	-	-	563	-	**563**
105	BISMILLAH CLOTH HOUSE SHAHI BAZAR RANIPUR P.O. RANIPUR,TALUKA SOBHODERO	MIR MUHAMMAD PIRZADO 45208-0514033-5	SHABAZAI KHAN	500	571	-	**1,071**	-	-	571	-	**571**
106	DANIYA RIAZ H NO 5 GUNJ BUKSH ASHRAF PALWAN CHOWK BUND ROAD KOT KAMBOH KHURD LAHORE	35202-4162570-4	MUHAMMAD RIAZ	389	184	-	**573**	389	-	184	-	**573**
107	ISRAR AHMED KHAN TEH DISTT KOTLI AK KOTLI	81201-8317806-9	SARDAR M RAFIQ KHAN	549	70	-	**619**	549	-	70	-	**619**
108	MUHAMMED ARIF WARD NO 8 MOHALLA KHAWAJGAN JATOI DISTT MUZAFFARGARH	32302-7762255-9	GHULAM SHABIR	479	76	-	**555**	479	-	76	-	**555**
109	MUHAMMAD IQBAL ANJUM 315 G 3 JOHAR TOWN LAHORE	35302-8465623-9	M ABBAS	446	203	-	**649**	446	-	203	-	**649**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
110	ALI BUX VILLAGE ALIBUX KHAN BEHRAM BARVI POST OFFICE PEEROMALL TALUKA SANGHAR DISTT. SANGHAR	43104-0535754-3	WASO KHAN	999	717	-	**1,716**	-	-	717	-	**717**
111	AHMAD SPRAY CENTER BEHIND GHALLA MANDI RAHIM YAR KHAN	MUHAMMAD SAFIULLAH 31303-2458242-9	MUHAMMAD SAEEDULLAH KHAN	1,343	757	-	**2,100**	-	-	757	-	**757**
112	YOUNAS PAHELWAN DEE HATTI SHOP NO 061,MANDER GALI NO.2, RAIL BAZAR	MUHAMMAD KHALID 33100-3776043-9 WASEEM SOHAIL 33100-8098479-5 MUHAMMAD TAHIR 33100-7151722-7	MUHAMMAD YOUNAS MUHAMMAD YOUNAS MUHAMMAD YOUNAS	1,000	1,096	-	**2,096**	-	-	965	61	**1,026**
113	MALIK SHER MUHAMMAD CHAK NO 114/15L,MIAN CHANNU	36104-0497523-7	SARDAR KHAN	9,492	923	-	**10,415**	-	-	923	-	**923**
114	ROYAL HOTAL & RESTORENT MULTAN ROAD BY PASS CHOWK SAHIWAL	JAVED AFTAB 36502-0928968-9	MUHAMMAD SHAFEH	5,499	4,292	-	**9,791**	-	-	4,028	256	**4,284**
115	SHAUKAT HAIYAT CHAK NO 286 HR,PO FORT ABBAS TEH FORT ABBAS, DISTT. BAHAWALNAGAR	31103-6026574-7	LAL KHAN	876	584	-	**1,460**	-	-	510	-	**510**
116	MUHAMMAD RIAZ KHAN CHAK NO 40/10 R KHANEWAL,PO SAME TEH AND DISTT KHANEWAL	36103-8722505-9	LALL KHAN	498	556	-	**1,054**	-	-	529	-	**529**
117	GHULAM MOHIUDDIN KOT MUKHDOOM P/O JHULIAN ARIAN TEH BAHAWAL NAGAR	31101-3905477-7	SAFDAR GHOUS	1,500	1,020	-	**2,520**	-	-	870	-	**870**
118	SALAH TIMBER AND FURNITURE VANIKEY ROAD,JALAL PUR BHATTIA TEH PINDI BHATTIAN	MUHAMMAD NASIR 34302-3528515-3	SALHOON KHAN	1,199	1,116	-	**2,315**	-	-	1,015	-	**1,015**
119	RASHEED & CO NIYA SAWERA GAWAR SHAH ROAD KHAQAH SHARIF BAHAWALPUR	RASHEED AHMED 31202-9092109-3	NOOR MUHAMMAD	996	697	-	**1,693**	-	-	693	-	**693**
120	CHOUDHRY TRADERS BASTI MOUCHI WALI MOUZA MOHRI WALA P/O ROHILLAN WALI TEH & DISTT.MUZAFFAR GARH	MUHAMMAD RAFIQUE 32304-1499721-9	ALLAH BAKHSH	954	593	-	**1,547**	-	-	533	-	**533**

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
121	MEMON MARBLE INDUSTRIES 1-D-9/2,QASBA COLONY METROVILLE,MANGHOPIR ROAD NEAR JAWIDAN CEMENT FACTORY	MUHAMMAD KHURRAM 42201-8900242-1	MUHAMMAD IBRAHIM	17,994	8,862	-	**26,856**	-	-	7,398	1,458	**8,856**
122	CHAND TRADERS RAIL WAY ROAD BADDOMALHI,TEH & DISTT NAROWAL	MUHAMMAD RASHID 34501-6461476-1	MUHAMMAD HANIF	1,749	2,232	-	**3,981**	-	-	1,368	-	**1,368**
123	UROOJ ANJUM FLAT 201 BLOCK 3A HASHMART HOUSE,GULSHAN E IQBAL KARACHI	42101-2244641-6	MUHAMMAD ANJUM	463	255	-	**718**	463	-	255	-	**718**
124	BASHIR AHMED BHUGTI VILLAGE ALI BUX,POST OFFICE TANDO MITHA KHAN,TALUKA SANGHAR	43104-0557581-5	ALI BUX	500	967	-	**1,467**	-	-	967	-	**967**
125	M.HANIF &CO. CHOWK KHANPUR SHUMALI TEH. MUZAFFAR GARH JHANG ROAD, M.GARH	MUHAMMAD HANIF 32304-6096541-1 MUHAMMAD ASGHAR 30304-5298748-5	MUHAMMAD MEHAR KHAN	184	603	-	**787**	-	-	503	-	**503**
126	SHERAZI FILLING STATION SHERAZI FILLING STATION PASRUR NAROWAL ROAD QILA AHMAD ABAD TEHSIL & DISTRICT NAROWAL	RAHAT ALI SHAH 34501-1975655-7	GHULAM RASOOL SHAH	2,547	1,103	-	**3,650**	-	-	800	-	**800**
127	POPULAR INTERNATIONAL TOOR ABAD DASKA ROAD SIALKOT	MIRZA MUHAMMAD BAIG 34603-2495341-9	SHAHEEN BAIG	5,002	2,740	-	**7,742**	-	-	1,342	-	**1,342**
128	MUHAMMAD SAEED COTTON GINNERS NEAR ZAKHERA PUL AHMEDPUR ROAD BAHAWALPUR	MIAN MUHAMMAD SAEED 31202-8725957-7	MIAN MUHAMMAD HANIF	2,924	1,451	-	**4,375**	-	-	1,451	-	**1,451**
129	ROYAL PEARL RICE DEALER NEAR PAF COLONY GUJRANWALA ROAD,HAFIZABAD	RAI FAYYAZ AHMED 34301-9738773-3 IFTIKHAR AHMED 34301-6713360-7	RAI AHMED KHAN NASARULLAH KHAN	3,944	3,676	-	**7,620**	-	-	3,672	-	**3,672**
130	AL-HAIDER LIVE STOCK-F/& DAIRY FARM LODHRAN ROAD KAHROR PACCA TEH KAHROR PACCA,DISTT LODHRAN	EHSANULLAH KHAN 36202-1751944-1 TALOOT HAIDER 36202-6919824-7	HABIBULLAH KHAN EHSANULLAH KHAN	3,242	2,290	-	**5,532**	-	-	2,289	-	**2,289**

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
131	TAHIR MANSOOR TRADERS OPP NEW GRAIN MKT. MAKHDOOM ROAD FAISALABAD	TAHIR MANSOOR 33100-1460028-9	ABDUL HAQUE	278	262	-	**540**	278	-	262	-	**540**
132	MUHAMMAD ASLAM SALEEM WARD NO 2 MOHALLAH RAJPOOTAN JATOI,TEHSIL JATOI,DISTRICT MUZAFFAR GARH	32302-7857010-5	FAIZ MUHAMMAD	1,550	554	-	**2,104**	-	-	554	-	**554**
133	AL NOOR CORPORATION GALI MOHALLAH 4,MUSLIM COLONY, KULLOWAL,SIALKOT	MUHAMMAD WARIS 34603-2001548-5	NOOR HUSSAIN	658	820	-	**1,478**	-	-	778	-	**778**
134	UMAR SOHAIL DAIRY FARM BASTI MOTHA P/O KOTLA CHAKAR TEH JALAL PUR PIR WALA DISTT MULTAN	MUHAMMAD MUJAHID ABBAS 36301-0982891-9 GHULAM RASOOL 36301-2668845-9 GHALIB RASOOL 36301-0893423-3	MUHAMMAD SHARIF MALIK MUHAMMAD SHARIF MUHAMMAD SHARIF	1,498	995	-	**2,493**	-	-	843	-	**843**
135	AHMED SHER VPO RODA,TEH/DISTT. KHUSHAB	38201-5637352-1	GHULAM MUHAMMAD	850	741	-	**1,591**	-	-	554	-	**554**
136	SYED MUHAMMAD ASAD MOUZA KOT KHUDA YAR P/O CHAK NO 125 J/B TEHSIL & CHINIOT	33201-6407622-1	SYED FAZAL ABBAS	5,999	2,431	-	**8,430**	-	-	1,931	-	**1,931**
137	KHURRAM ABBAS CHAK NO 125 JB KOT KHUDA YAR TEH AND DISTT CHINIOT	33201-1162578-1	SYED FAZAL ABBAS	7,199	2,927	-	**10,126**	-	-	2,427	-	**2,427**
138	AZAM SONS 117 A MADINA STREET,SHEET MARKET,LANDA BAZAR LAHORE	IMRAN BUTT 35202-9717434-3	MUHAMMAD AZAM BUTT	22,975	10,878	-	**33,853**	-	-	10,378	-	**10,378**
139	AMINA ASIF H NO 1 MUHALLA AMLA ST TAJ BAGHHAR,BANSPURA,LAHORE	35201-5823152-4	SHEIKH ASIF MEHMOOD	798	213	-	**1,011**	380	-	211	-	**591**
140	RIAZ UD DIN 34 EDEN AVENEW DEFENCE ROAD LAHORE	35202-4370230-1	ANWAR UDDIN	5,097	5,980	-	**11,077**	-	-	5,980	-	**5,980**
141	SHAHAB UD DIN MOUZA FAIZ WAH,P.O. RATTA TIBBA,DISTT VEHARI	36603-1881189-7	MIAN GHIAS UDDIN	100	787	-	**887**	-	-	737	-	**737**

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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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
142	DATA JEWELLERS 10 ZAILDAR ROAD,ICHHRA LAHORE	MALIK EHSAN ALI 35202-2145790-9	KHALIFA DIN MUHAMMAD	1,000	750	-	**1,750**	-	-	527	-	**527**
143	MIAN OIL TRADERS GHALLAH MANDI MORE EMINABAD DISTT GUJRANWALA	MUHAMMAD FAROOQ 34101-8280060-3	ABDUL GHAFOOR	699	563	-	**1,262**	-	-	562	-	**562**
144	NEW BOBY SHOES G 233 PANORAMA CENTRE THE MALL,LAHORE	MUHAMMAD ASLAM 35202-8364550-3	MUHAMMAD AKRAM	2,491	2,266	-	**4,757**	-	-	1,866	391	**2,257**
145	SHAMEEM IJAZ MUHALLA BABA SAD SHAH NOORPUR THAL POST OFFICE KHAS TEH NOORPUR THAL,DISTT. KHUSHAB	38202-1008930-2	ABDUL SHAKOOR	698	588	-	**1,286**	-	-	586	-	**586**
146	MUHAMMED ASIF HASSAN PUR TARAND,TEH. M.GARH, CHATTWAIN PO HARDALLO, TEH DISTT. M.GARH	32304-1630752-9	MUHAMMAD SHAFI	590	723	-	**1,313**	-	-	613	-	**613**
147	ABDUL RASHID CHAK NO109RB TEH JARANWAL DISTT FAISALABAD	33104-4255937-7	GHULAM MUHAMMAD	578	855	-	**1,433**	-	-	855	-	**855**
148	TARIQ MEHMOOD MAHOTA DAIRY FARM CHAK NO 10 N/B,TEH BHALWAL, DISTT SARGODHA	TARIQ MEHMOOD MAHOTA 38401-1547350-9	CH. ALI AKBAR MAHOOTA	1,799	816	-	**2,615**	-	-	816	-	**816**
149	SHAHEEN TARIQ H NO J/10 DEFENCE HOUSING AUTHORITY,LAHORE	35302-7032477-8	TARIQ YAHYA KHAN	532	2,785	-	**3,317**	-	-	2,717	-	**2,717**
150	ABDUL QADIR TABEWWELL SKINDIRKHAN LAKWERA NEAR BASTI BINDIA SHER KHAN DISTT BAHAWALNAGER, CHISHTIAN	31102-4944949-1	SKINDER KHAN	929	724	-	**1,653**	-	-	723	-	**723**
151	PEARL KNITWEAR PVT. LTD. 709 Z DHA,LAHORE	ABDUL RASHEED 35202-2734635-9 ANWAR BANO 210-4748863-8	BADAR UDDIN MALIK MUHAMMAD AKHTAR	301	384	-	**685**	301	-	105	279	**685**
152	HIRA CLOTH GENERAL & BOUTIQ CENTER JUMA KHAN MADI SHIKARPUR	YOUNIS AHMED MEMON 43304-2403260-1	UMER DARAZ	5,000	1,066	-	**6,066**	-	-	1,066	-	**1,066**

Details of advances written-off

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
153	SAHIBZADA TARIQ HASSAN MINGHAR SHARIF,TEH CHISHTIAN, DISTT BAHAWAL NAGER	31102-0621255-9	SAHIBZADA NOOR HUSSAIN	2,499	630	-	**3,129**	-	-	629	-	**629**
154	REHMAN TRADERS 24 ALHAMRA BUILDING,SHAHI ROAD RAHIM YAR KHAN	SAEED UR REHMAN 31303-7066689-1	ABDUL REHMAN	674	2,176	-	**2,850**	-	-	2,174	-	**2,174**
155	CH MUHAMMAD NASEEB 137-JINNAH PARK SHEIKHUPRUA	35404-1590582-3	GHULAM RASOOL	1,446	1,623	-	**3,069**	-	-	1,469	-	**1,469**
156	NATIONAL AUTOS VEHARI ROAD HASILPUR,TEHSIL HASILPUR, DISTT. BAHAWALPUR	MASOOD AKHTAR 31203-1693483-7	AKHTAR ALI	2,000	1,663	-	**3,663**	-	-	1,663	-	**1,663**
157	CHATHA IRON STORE NEW SHALIMAR ROAD,NONARIAN CHOWK NEAR QURESHI DAWAKHANA LAHORE	MUHAMMAD NAZIR CHATHA 35202-3265501-3	MUHAMMAD TUFAIL	3,000	1,853	-	**4,853**	-	-	1,322	-	**1,322**
158	LAHORE ELECTRIC STORE 54 MADINA MKT MURIDKE,TEH FEROZEWALA DISTT SHEIKHUPURA	MUHAMMAD TAYYAB 35401-0596664-3	SHAFIQUE UR RAHMAN	499	562	-	**1,061**	-	-	546	-	**546**
159	MUHAMMAD YOUNAS CHAK NO 330 GB PO KHAS, DISTT T T SINGH	33303-2144212-5	WALI MUHAMMAD	1,500	750	-	**2,250**	-	-	750	-	**750**
160	HAROON ZAMAN KHAGGA HOUSE NO 935-B,FARID TOWN ROAD, P/O SAME, TEH SAHIWAL	36502-0697232-5	MUHAMMAD ZAMAN SHAH	14,001	1,354	-	**15,355**	-	-	671	-	**671**
161	MASHALLA FABRICS & BED SHEETS KARAM ALI ROAD AKHRI STOP GULSHAN PARK NISHAT COLONY AKHRI STOP LAHORE CANTT.	MUHAMMAD JAVED BHATTI 35201-2637285-7	MUHAMMAD ISMAIL	750	602	-	**1,352**	-	-	602	-	**602**
162	MUHAMMAD ALI THATHA MANIK,P/O LASHARI, TEH & DISTT OKARA	35302-7818906-5	SAKHI MUHAMMAD	699	780	-	**1,479**	-	-	529	-	**529**
163	SYED MUHAMMAD FURQAN H NO 182 BLOCK 06 SECTOR B1 TOWNSHIP, LAHORE	35202-2517929-9	MUHAMMAD ASLAM	851	224	-	**1,075**	406	-	222	-	**628**
164	TARIQ HUSSAIN SHAHDARA ROAD MOHALLAH BERON KOT HALEEM KHAN KASUR, SAHIWAL	35102-8251079-5	SARDAR ILAM DIN	424	193	-	**617**	424	-	193	-	**617**

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Rs. in '000

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
165	FAZALULLAH NOONARI BANGLOW #3,GULSHA E BUKHTAWAR, NASIMNAGAR QASIMABAD, HYDERABAD	41306-0439472-3	NASIR ULLAH	1,159	640	-	**1,799**	-	-	640	-	**640**
166	REX TRADERS AKBAR ROAD MULTAN,RAILWAY ROAD MULTAN	MUHAMMAD KASHIF JAMIL 36302-0938382-5	MUHAMMAD JAMIL	1,200	1,525	-	**2,725**	-	-	1,196	209	**1,405**
167	BILAL BROTHERS LAR SHUJABADE ROAD PIR MUBARIK SHAH TEH SHUJABAD	MUHAMMAD SHARIF 36304-5710720-1	ALLAH DITTA	2,500	2,827	-	**5,327**	-	-	2,645	182	**2,827**
168	ABDULLAH ABDULLAH PACKAGES 7-GULSHAN-E-MAJEED,INDUSTRIAL ESTATE MULTAN	AHMED ALI SHAH 36302-3895557-5 FAUZIA AHMED 36302-1984067-4	SYED ABDUL MAJEED SHAH AHMAD ALI SHAH SYED	2,000	2,046	-	**4,046**	-	-	1,946	-	**1,946**
169	AHMED PACKAGES 5 GULSHAN E AL MAJEED INDUTRIAL ESTATE MULTAN	AHMED ALI 36302-3895557-5	ABDUL MAJEED SHAH	2,000	2,090	-	**4,090**	-	-	1,990	-	**1,990**
170	SHEHBAZ AHMED KAKA KOLO TEH WAZIRABAD	34104-9604314-9	IRSHAD AHMED	724	756	-	**1,480**	-	-	604	-	**604**
171	ZAFAR ALI NEAR JAMIA MASJID PAR LAKHAN PO PAR AHMED PINDI BHITTIAN HAFIZABAD GUJRANWALA	34302-1735399-3	GHULAM MUHAMMAD	2,500	605	-	**3,105**	-	-	605	-	**605**
172	BHINDER SURGICAL CO PRIVATE LIMITED RORAS ROAD,NOUL CHOWK, SIALKOT	AMIR RIAZ BHINDER 34603-9028269-5 AADIL RIAZ BHINDER 34603-1829147-7 UMER ZEESHAN BHINDER 346031-914647-7 ATIF BILAL BHINDER 34603-9309615-3	MUHAMMAD RIAZ BHINDER MUHAMMAD RIAZ BHINDER MUHAMMAD RIAZ BHINDER MUHAMMAD RIAZ BHINDER	59,743	30,417	-	**90,160**	-	-	29,756	660	**30,416**
173	SHAMIM AKHTAR MOUZA KOT KHUDA YAR,POST OFFICE CHINIOT,TEH & DISTT.CHINIOT	33201-7608647-2	SYED FAZAL ABBAS SHAH	2,500	1,003	-	**3,503**	-	-	503	-	**503**
174	YARN MERCHANTS OFFICE 08 M.YASIN MENSION, BAGH-E-ZOHRA STREET,KHARADAR, KARACHI	SHAKIL ASHFAQ 42301-1082308-1	ASHFAQ AHMED	150,000	114,161	-	**264,161**	10,000	-	106,638	7,523	**124,161**

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175	RAZZAK AND COMPANY CORNER CHAMBER ROOM NO 26, IST FLOOR I I CHUNDRIGAR ROAD, KARACHI	MOHAMMAD ALI	ABDUL RAZZAK	-	1,891	-	**1,891**	-	-	1,891	-	**1,891**
176	TANDA FERTILIZERS KESSESEY ROAD,JALAL PUR BHATTIAN,TEH PINDI BHATTIAN, DISTT. HFD	NAZIR AHMED 34302-6881836-7	SHER MUHAMMAD	997	1,195	-	**2,192**	-	-	742	-	**742**
177	NATIONAL GASES LIMITED F - 74/A S.I.T.E.,MANGHOPIR ROAD,KARACHI	MUHAMMAD ADIL KHAN 42401-4229617-9 MRS. ASMAT ADIL 42401-8807261-6 SALMAN KHAN 42401-3243732-9 ZEESHAN KHAN 42401-1388051-1 NAUMAN KHAN 42401-1369906-1 SHIRAZ KHAN 42401-2451658-7	MUHAMMAD FAZAL KHAN W/O.MUHAMMAD ADIL KHAN MUHAMMAD ADIL KHAN MUHAMMAD ADIL KHAN	68,582	112,832	-	**181,414**	68,582	-	112,802	30	**181,414**
178	MUNIR HUSSAIN H NO 765 RAZA BLK,ALLAMA IQBAL TOWN LAHORE	32303-6759030-3	GHULAM HAIDER	405	166	-	**571**	405	-	166	-	**571**
179	SHER SAMAND H NO 1 DOCTORS COLONY RHC KAMAR MOSHANI TEH ISSA KHEL DISTT.MIANWALI	38303-4719525-5	HAJI MOHAMMAD ASLAM	841	396	-	**1,237**	841	-	396	-	**1,237**
180	GULSHAN ARA H NO 216, ST NO 08, NAI ABADI, QURESHI COLONY, BAHAWALPUR	31101-1591512-4	BASIR AHMAD	372	158	-	**530**	372	-	158	-	**530**
181	MUHAMMAD SULEMAN SHAH ST NO 2 PIF COLONY,WALTON ROAD,LAHORE	38301-2063688-3	ZAFAR IQBAL	364	179	-	**543**	364	-	179	-	**543**
182	SHARJEEL SHAMS HOUSE NO 127 ASKARI 1 LINE E GUJRANWALA	37405-6099757-9	M SHAMSUL HAQ	444	159	-	**603**	444	-	159	-	**603**
183	DR MUHAMMAD NAWAZ H NO 10 ST 6 LOHI BHER KORANG TOWN,ISLAMABAD	42201-6454012-9	WAHID BUX	692	352	-	**1,044**	692	-	352	-	**1,044**

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Rs. in '000

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
184	RABIA MUHALLA CIVIL HOSPITAL COLONY PRINCE ROAD, BLOCK 18	54401-7713285-6	LIAQUAT MASIH	342	161	-	**503**	342	-	161	-	**503**
185	SHEEBA REHMAT H NO 563/59 MUHALLA BAGHDADIA COLONY DINGIPURA KASUR	35102-9900850-4	SAMI ULLAH	586	304	-	**890**	586	-	304	-	**890**
186	ABID ALI BHATTI H NO 11 ST 2 ITIHAD PARK JALARA ROAD SHAHDRA TOWN LAHORE	35202-2782278-1	MUNIR AHMAD BHATTI	382	143	-	**525**	382	-	143	-	**525**
187	BASHARAT ALI CHISHTI HOUSE NO 5714 GALLY NO 4, MOHALLA HASSAN PURA, PAKPATTAN	36402-5265718-7	ZULFIQAR ALI SHAH	470	219	-	**689**	470	-	219	-	**689**
188	KASHAN BUKHARI MOHALLA SADAT SHERSULTAN TEH JATOI DIST MUZAFFARGARH	32302-9856828-9	SHOUKAT HUSSAIN	353	165	-	**518**	353	-	165	-	**518**
189	JAVAID TRADERS SMALL INDUSTRIAL ESTATE NEAR PETROL PUMP,FAISALABAD	JAVAID IQBAL 33100-0941318-1	ASMAT ULLAH	3,000	532	-	**3,532**	-	-	532	-	**532**
190	USMAN BROTHERS KALASKE, P/O KHAS, TEH WAZIRABAD, DISTT. GUJRANWALA	EHSAN ULLAH 34104-9578231-1	MUHAMMAD RIAZ CHEEMA	900	1,697	-	**2,597**	-	-	1,697	-	**1,697**
191	AFZAL SPRAY CENTRE QUAID.E.AZAM ROAD,KAHROR PACCA DISTT LODHRAN	MUHAMMAD AFZAL NOON 36202-5616295-3	ALLAH WASAYA	800	738	-	**1,538**	-	-	638	-	**638**
192	MADINA APPLIANCES SHOP NO-112 NEAR ANWARI MOSQUE MAIN DIGLOUS PURA ROAD FAISALABAD	MUHAMMAD SALEEM JAVAID 33100-1126217-1	MUHAMMAD RAMZAN	1,000	554	-	**1,554**	-	-	554	-	**554**
193	LUCKY SEHRA HOUSE RAIL BAZAR MURIDKE D S K P	AMIR MAHBOOB 35401-5463496-3	MEHBOOB ALAM	474	629	-	**1,103**	-	-	629	-	**629**
194	KHURRAM BILAL LAK MOUZA MARI P.O.KHAS,SARGODHA	38403-2273836-1	MAHR MUHAMMAD ASLAM LAK	700	835	-	**1,535**	-	-	835	-	**835**
195	MOHAMMAD ANWAR SALOOKY CHATTHA, DISTT. GUJRANWALA TEH WAZIRABAD	34104-2232163-3	GHULAM RASOOL	1,193	694	-	**1,887**	-	-	690	-	**690**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
196	LAXIUM INDUSTRIES NASIR ROAD NEAR JAMIA MASJID SIALKOT	MUHAMMAD AMIN KHOKHAR 34603-6467202-9	NAZIR AHMED KHOKER	1,350	1,617	-	**2,967**	-	-	1,267	-	**1,267**
197	FINE PAPER & BOARD MILLS 23KM SHEIKHUPURA ROAD NEAR QILLA SATTAR SHAH SHEIKHUPURA	ASIM IRSHAD 35404-6029816-5 MAZHAR JAMEEL 35404-4553471-9	MUHAMMAD IRSHAD MUHAMMAD SALEH KALYAR	2,800	3,716	-	**6,516**	-	-	3,028	588	**3,616**
198	RAJPUT BROTHERS POULTRY SERVICES LEPARI HOTEL KHAWAJA PLAZA G.T ROAD GUJRANWALA	RANA MUHAMMAD SALEEM 34101-5933893-5	RANA KHAIR DIN	1,991	3,763	-	**5,754**	-	-	3,754	-	**3,754**
199	PAKISTAN MACHINE TOOL FACTORY (UNIT OF STATE ENGINEERING CORPORATION) PMTF ROAD OFF NATIONAL HIGH WAY KARACHI			39,323	29,988	-	**69,311**	-	-	25,391	-	**25,391**
200	MUHAMMAD RAIZ MOUZA SIADPUR P/O KHUDIAN KHAS KASUR	35102-0655600-5	SARDAR MUHAMMAD	800	580	-	**1,380**	-	-	580	-	**580**
201	AGRO CHAM INTERNATION FAISALABAD ROAD,SHEIKHUPURA	JAVID ARSHAD 35401-1750768-7 SARFRAZ AHMED 35404-4360762-9	ARSHAD ALI SHAIKH SARDAR MUHAMMAD	189	767	-	**956**	-	-	686	40	**726**
202	KHURRAM SHAHZAD VILLAGE SULTAN PURA MANDI DARA P/O KHAS TEHSIL & DIST KOTLI AK	81202-5577990-9	KHURSHED AHMED	711	107	-	**818**	711	-	107	-	**818**
203	ENGINEERING ENTERPRENEURS 111 1ST FLOOR SEA BREEZE PLAZA SHAHRAH E FAISAL KARACHI	M.EJAZ KIANI 514-85-134680 MUHAMMAD ANWAR 394-37-195807 MUHAMMAD RAEES 501-89-416524 KHALID MEHMOOD MRS. ZAIBUN NISA	ZAMAN ALI KHAN TAJ MUHAMMAD MUHAMMAD BASHIR CH. AHMED KHAN HABIB	889	1,199	-	**2,088**	-	-	874	-	**874**
204	MAHESH TRADING COMPANY TARIQUE RICE MILL THULL	BANSI LAL 43105-1204169-1 MENGHRAJ 43105-8159724-9	DULHANO MAL JOROO MAL	990	860	-	**1,850**	-	-	850	-	**850**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
205	SADIQ SONS TEXTILE PVT.LTD. SAMUNDRI ROAD,FAISALABAD	JAVAID SADIQ 33100-0747826-1 MUHAMMAD RAZA KAHLOON 33100-0749332-3 JAWAD IKRAM 33100-0747825-5	SADIQ HUSSAIN SADIQ HUSSAIN MUHAMMAD IKRAM	11,510	7,995	-	**19,505**	-	-	6,005	-	**6,005**
206	SOHAIL SHAHZAD & CO MAILSI ROAD,KAHROR PACCA, DISTT LODHRAN	RANA MUHAMMAD AFZAL NOON 36202-5616295-3	ALLAH BACHAYA	2,500	1,962	-	**4,462**	-	-	1,682	-	**1,682**
207	HAJI AMIR JAN & SONS VILL & P/O LATAMBER TEH & DISTT KARAK	HAJI AMIR JAN 14202-1318521-3 ATTAULLAH 14202-1318543-5 USMAN GHANI 14202-1318442-1 NAWAB JAN 14202-1318596-5 SAIFULLAH JAN 14202-1319001-7 GHAFOOR JAN 14202-1318598-3 AHMED JAN 14202-1318442-7	ABDULLAH JAN AMIR JAN AMIR JAN AMIR JAN AMIR JAN AMIR JAN AMIR JAN	4,797	1,677	-	**6,474**	-	-	1,477	-	**1,477**
208	SANWAL INDUSTRIES PVT LTD 105 TIPU SULTAN ROAD RASOOL PARK ICHRA LAHORE	IRFAN UL HASSAN KHAN 35202-2934629-5 MUHAMMAD SULEMAN UL HASSAN 271-93-362372 SHAMEEM AKHTAR 271-93-362371	MUHAMMAD MUNAWAR KHAN MUHAMMAD MUNAWAR KHAN MUHAMMAD MUNAWAR KHAN	3,674	2,649	-	**6,323**	3,674	-	1,322	1,327	**6,323**
209	R S S INTERNATIONAL MIAN STREET MODEL TOWN SIALKOT	ASIF JAVAID 300-9300179-7	ABDUL RASHID	6,000	2,821	-	**8,821**	-	-	2,545	-	**2,545**
210	THAIR SONS TRADERS NOOR PLAZA,CHARACH ROAD OKARA TEH OKARA	TAHIR RASHID 35302-1992257-1	ABDUL RASHID CHAUDHRY	460	541	-	**1,001**	-	-	541	-	**541**
211	MUSSAWAR ALI KHAN AND SONS MUSSAWAR ALI KHAN PETROLE PUMP NEAR GENERAL BUS STAND OPP. NEW SATELLITE TOWN SARGODHA	MANSOOR ALI KHAN 84058-6878646-1 MASROOR ALI KHAN 38403-4318190-1	MUSSAWAR ALI KHAN MUSSAWAR ALI KHAN	458	581	-	**1,039**	181	-	581	-	**762**
212	S.S MOBILE LINKS AKBAR CHOWK GULISTAN COLONY FAISALABAD	MUHAMMAD SAFDAR SHABBIR 33100-5552183-7	SHABIR HUSSAIN CHOHAN	467	513	-	**980**	-	-	513	-	**513**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
213	H.I.S. INDUSTRIES PLOT NO 9 AND 10 SECTOR C V EXPORT PROCESS ZONE,KARACHI	MUHAMMAD ASHRAF 42301-1093940-3 MUHAMMAD ASIF 42101-1037045-1 MUHAMMAD TARIQ 42301-8753688-5 MUHAMMAD ASLAM 42101-1903953-5	MUHAMMAD ISMAIL MUHAMMAD ISMAIL MUHAMMAD ISMAIL	24,606	7,919	-	**32,525**	-	-	7,660	-	**7,660**
214	RELIANCE CONSULTANCY & ENG WORKS PVT BUNGLOW NO.18, ASKARI VILLAS E-STREET, OFF KHAYABAN-E-TAUHE ED,PHASE V DHA KARACHI	MAHESH KUMAR HASIJA 41306-2450396-1 TIKAM DAS 41306-2450395-5	TIKAM DAS MANGHAN MAL	69,864	15,580	-	**85,444**	-	-	10,444	-	**10,444**
215	JAN ALI JUNEJO H # 18,GOTH DIN MUHAMMAD JUNEJO SINDHRI DISTT SANGHAR			1,996	1,232	-	**3,228**	-	-	875	-	**875**
216	AQEEL ASGHAR SADEQUI H NO 86-FPUNJAB CORPORATIVE HOUSING SOCEITY DHA GHAZI ROAD LAHORE	35202-2684431-5	MUHAMMAD ASGHAR	505	92	13	**610**	505	-	105	-	**610**
217	ALI JAVED AWAN AWAN HOUSEKOT ABDULLAH BATA PURG T ROAD LAHORE	35201-4883822-5	JAVED AKHTAR	497	113	19	**629**	497	-	132	-	**629**
218	ALI ZAHEER H NO 4 A SCHOOL STREET CHAH PIC LAHORE	35202-3714446-1	ZAHEER AHMAD	491	97	10	**598**	491	-	108	-	**599**
219	SIYAM SHAHID H NO 1466 MOHALLAH MILLAT COLON FAISALABAD	33100-7441868-3	M SHAHID PARVAIZ	450	88	9	**547**	450	-	98	-	**548**
220	MUBASHIR ALI HOUSE # 489 NISHTER BLOCKIQBAL LAHORE	36302-1190391-1	M ASLAM JAVAID	401	87	16	**504**	401	-	103	-	**504**
221	ZEESHAN ABBAS AWAN OFFICE NO 3 GALA MANDI GAKHAR NEAR RAHWALI GUW	42501-4361959-1	QAMAR ABBAS	464	91	16	**571**	464	-	107	-	**571**
222	SHAKIL AHMED 698 IST FLOOR BLOCK 2 AABPARA MARKET ISLAMABAD	38403-1902426-9	JAMIL AHMED	481	95	24	**600**	481	-	119	-	**600**
223	MEHMOONA HAROON CA 164 B/2 CHISHTIABAD PINDORA MODEL SCHOOL RAWALPINDI	42101-1491499-8	M HAROON	453	72	1	**526**	453	-	73	-	**526**

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, 2019

Rs. in '000

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
224	SHAHZAD PERVAIZ MUSHTAQ WARD NO 01 MOHALLA SATHA, BAWLI TEH /DISSTT BHIMBER AK	81102-1516284-5	M MUSHTAQ HUSSAIN	445	100	24	**569**	445	-	124	-	**569**
225	HABIB UR REHMAN HOUSE 418 ST 32BLOCK B MOHALLA SATELITE TOWN GUJRANWALA	34101-9734163-5	MUHAMMAD AYUB	490	107	11	**608**	490	-	118	-	**608**
226	SEEMA RIAZ BAIG 4/2, E BLK JACOB LINE COMPLEXG KHI	42401-7956355-2	RIAZ BAIG	420	93	19	**532**	420	-	112	-	**532**
227	KASHIF ALI HOSUE NO P-156 STREET#4 MOHALLA PEOPLE TOWN FAISALABAD	33100-0991938-5	ASHIQ ALI	498	115	7	**620**	498	-	122	-	**620**
228	DILSHAD ALI HOUSE#P-914STREET NO 15 MOHALLA LIAQUAT ABAD FAISALABAD	33100-0578780-9	ZULFIQAR ALI	499	103	29	**631**	499	-	132	-	**631**
229	SYED KHURRAM ABBAS BUKHARI H#668/BMOLANA SHOUKAT ALI ROAD FAISAL TOWN LAHORE	35202-3439202-3	SYED MEHBOOB ALAM BUKHARI	475	110	7	**592**	475	-	117	-	**592**
230	MUHAMMAD ALI ABBASI D 210 SHUMIAIL HEAVEN GULSITAN KARACHI	42101-1037631-1	SUHAIL NADEEM ABBASI	499	110	21	**630**	499	-	131	-	**630**
231	ADNAN AHMED V.P.O RASOOL PURIYAN TEH WAZIRABAD DISTT GUW GUW	34104-3463086-3	FAIZ AHMED	487	82	29	**598**	487	-	111	-	**598**
232	TARIQ MAHMOOD NOORANI 105/A PEOPLES COLONY PUNJAB FAISALABAD	33100-7425096-1		588	114	36	**738**	588	-	150	-	**738**
233	AMIR NISAR 49/1, PHASE VI 24TH LANE, DEFENCE SINDH	42301-5455535-1		646	77	71	**794**	646	-	148	-	**794**
234	SALAHUDDIN AHMED PHASE-II, D.H.A 10-B, SOUTH PARK STREET SINDH	42301-8009574-5		756	-	184	**940**	756	-	184	-	**940**
235	ZIAUDDIN JATOI BLOCK-3 KEHKASHAN CLIFTON H# D-42/1, SINDH	42301-0908015-3		754	144	17	**915**	754	-	161	-	**915**
236	TARIQ ZIAD AHMAD HOUSE# 123, ABPARA,T&T COOPERA LAHORE,PUNJAB ROAD,LAHORE	35202-3698631-9		499	-	145	**644**	499	-	145	-	**644**

Details of advances written-off

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Rs. in '000

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
237	ABDUL REHMAN HAQ NAWAZ ROAD, HOUSE# NE-1466, RAWALPINDI,PUNJAB	37405-4757560-5		471	90	9	**570**	471	-	99	-	**570**
238	SAJJAD MEHMOOD 445 A1 TOWNSHIP LAHORE PUNJAB LAHORE	35202-6044839-7		605	130	42	**777**	605	-	172	-	**777**
239	SAIFUL MANSOOR 713, STREET #1 SECTOR-A, AKHTAR COLONY SINDH	42000-0560374-1		562	-	138	**700**	562	-	138	-	**700**
240	MIAN ABDUL RAZZAQ STREET-6, MOHALLA SHAHBAD NOOR PUR, P-989, FAISALABAD,PUNJAB	33100-7651853-3		519	115	21	**655**	519	-	136	-	**655**
241	MUHAMMAD TAHIR HOUSE# F/102, GHAZIABAD QAZI AB HYDERABAD,SINDH	41303-1535425-7		407	98	9	**514**	407	-	107	-	**514**
242	SHAHBAZ MUHAMMAD RAZA STREET# 2, KOT KHAWAJA SAEED ROAD HOUSE# 44, LAHORE,PUNJAB	35202-0771557-5		723	156	9	**888**	723	-	165	-	**888**
243	KHALID ZAFAR 13-D, REHMAT PLAZA,BLUE AREA, CAPITAL TERRITORY. ISLAMABAD	37405-2216116-1		563	97	16	**676**	563	-	113	-	**676**
244	EJAZ MALIK 16-B, 5-ZAMZAMA STREET,PHASE-V SINDH KARACHI	42301-0879982-3		453	85	9	**547**	453	-	94	-	**547**
245	ASMAT ULLAH MALIK HOUSE # 186STREET-41, MAIN KHA PHASE-6, DHA KARACHI SINDH	42301-6057017-3		576	106	15	**697**	576	-	121	-	**697**
246	SIRDAR MOHD HISSAM UDDIN KHOSA 540-Z,DEFENCE, PHASE-III, PUNJAB LAHORE	35201-1671348-1		605	90	5	**700**	605	-	95	-	**700**
247	AMIN YASIN PLOT# 39-O,BLOCK-6, PECHS, KARACHI,SINDH	42201-3527247-7		443	85	14	**542**	443	-	99	-	**542**
248	FAROOQ HADI PHASE-V, D.H.A15/II,20TH STR,K SINDH KARACHI	42301-0878404-3		969	184	8	**1,161**	969	-	192	-	**1,161**
249	MOHAMMAD NAEEM BUTT HOUSE # 162 BLOCK B STREETHARZ MILITARY ACCOUNTS COOPERATIVE LAHORE	35202-0725920-3		546	102	40	**688**	546	-	142	-	**688**

Details of advances written-off

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
250	MUHAMMAD SAMEER INAAM D-BLOCK FAISAL TOWN HOUSE # 80 PUNJAB LAHORE	35202-3388808-5		895	166	31	**1,092**	895	-	197	-	**1,092**
251	DANISH GARSHASBI FLAT #5, FLOOR-2,KHOTHRI BLDG. PAKISTAN CHOWK,SINDH KARACHI. KARACHI	42301-0886823-5		750	161	9	**920**	750	-	170	-	**920**
252	MUHAMMAD MUNIR STREET-F, SECTOR-WMADINA TOWN HOUSE# 29, FAISALABAD,PUNJAB FAISALABAD	33100-3680210-9		427	95	15	**537**	427	-	110	-	**537**
253	SHUJA FARID 39 CAVALRY EXTENTION A-I PUNJAB LAHORE	35201-1614857-9		574	19	-	**593**	574	-	19	-	**593**
254	AKHTAR ALI HOU#33,STREET#9,AREA 37-ALANDH SINDH KARACHI	42201-9807934-1		455	107	8	**570**	455	-	115	-	**570**
255	SYED HASIN UDDIN AHMAD 48/I, 10TH COMMERCIAL STREETPH SIND KARACHI	42201-7313345-1		646	125	13	**784**	646	-	138	-	**784**
256	HADI UL HASAN MODEL TOWN139-B PUNJAB GUJRANWALA	34101-3583922-5		475	78	21	**574**	475	-	99	-	**574**
257	TAHIR MAHMOOD H # P 55 MOHALLAHFATEHABAD GHA STAYANA ROAD FAISALABAD	33100-7062992-7	M ISMAIL	490	117	17	**624**	490	-	134	-	**624**
258	JAVED GUL H NO DK 181 DHOK KASHMIRAN RAWALPINDI	37405-9931455-9	SYED RAHIM	480	107	22	**609**	480	-	129	-	**609**
259	KHALID SAEED H#14 St# 68F/8-3 ISLAMABAD ISLAMABAD	61101-7655330-5	MUHAMMAD SAEED	501	110	22	**633**	501	-	132	-	**633**
260	ASHRAF JAMAL WAJID KHAN AL REHMAN BOYS HOSTEL B 32 COMM SATELLITE TOWN RAWALPINDI	36502-8043368-5	RAO MOHD ASLAM	484	99	25	**608**	484	-	124	-	**608**
261	WAQAS MUNIR WARD NO 10, H NO 1269-BMUHALLA MULTAN	36302-6871448-9	MUNIR AHMED	477	107	17	**601**	477	-	124	-	**601**
262	MUHAMMAD YAZDAN BUTT H NO 225 ST 33 INDUS BLK DC COLONY GUJRANWALA	33100-3026206-5	MUHAMMAD LUQMAN BUTT	441	90	4	**535**	441	-	94	-	**535**

Details of advances written-off

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Rs. in '000

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				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
263	AHMAD HASSAN ATCO LABORITORIES SALES CARE NEAR JOIYA PETROL PUMPMEHMOODA MULTAN	36302-0360028-7	TARIQ AHMAD	459	87	19	**565**	459	-	106	-	**565**
264	HAFEEZ AHMAD 41-MAIN STREET ALTAF TOWN MULTAN PUNJAB	32304-1615292-3	ALLAH BAKHSH	484	86	22	**592**	484	-	108	-	**592**
265	SHAHEEN ZEHRA H NO B 60 BLOCK 1 GULISTAN E J KARACHI	42201-0421521-0	SYED AFZAL HASSAN	748	130	10	**888**	748	-	140	-	**888**
266	YASIR HUSSAIN KHAN HOUSE# P-32AL NOOR GARDEN 4 CHAK ROAD FAISALABAD	42201-4474059-7	SABIR HUSSAIN	1,359	41	-	**1,400**	1,359	-	41	-	**1,400**
267	NAZISH BANO H NO A 49 2ND FLOORBLK J NORTH NEAR RAINBOW BAKERY KARACHI	42201-4377856-8	S HASHMAT ALI	431	82	21	**534**	431	-	103	-	**534**
268	FAROOQ MUHAMMAD HOSUE#131 STREET#3 HOUSING COLONYPIRMAHAL TOBA TAKE SINGH	91506-0157957-9	MUHAMMAD IBRAHIM	912	193	10	**1,115**	912	-	203	-	**1,115**
269	IMRAN DOGAR HOUSENEAR FAROOQIA MASJI MOH JAHANZAIB BLOCK IQBAL TOWN LHR	35202-9704107-7	M RAFIQ DOGAR	505	100	14	**619**	503	-	114	-	**617**
270	MUHAMMAD ADIL SIDDIQUI H NO B-85BLOCK II GULSHAN E IQBALOXFORD SCHOOL KARACHI	42201-2078468-5	MUHAMMAD FAZIL SIDDIQUI	928	176	55	**1,159**	328	-	231	-	**559**
271	MOHAMMAD WARYAM PEER FATHE DARYA RAHIM YAR KHAN	31304-2666548-7	EIDHAN	400	88	-	**488**	400	109	-	-	**509**
272	LIAQAT ALI JAMAL DARGHAI , RANA TOWN LAHORE SCHEME 2 , CHAK 39 UC SHEIKHUPURA	34101-3170253-1	JAMAL DEEN	700	9	-	**709**	665	99	-	-	**764**
273	MOHAMMAD UMAR VILLAGE DATU MUNGIO P.O BHIRIA CITY TALUKA BHIRIA DISTT: NAUSHAHRO FEROZE	45301-3409390-3	ALI SHER SIYAL	400	103	-	**503**	400	163	-	-	**563**
274	MUHAMMAD KAMRAN KHAN AWA N DHARMSE WARAH RT SAWANT RD HOUSE # 14 C KARACHI DISST KARACHI	42301-9007137-9	ABDUL KHANNAN	750	9	-	**759**	537	95	-	-	**632**
275	MOHMMAD AKHTAR KOT SAMAB RAHIM YAR KHAN	31303-8104647-5	GHULAM YASEEN	450	83	-	**533**	450	193	-	-	**643**

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, 2019

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 Charges Write-off	Other Financial Relief Provided		Total
				Principal	Mark-up (Debited + Undebited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
276	MUHAMMAD IRFAN 453 GB SMD FSD	33105-0371098-5	BASHIR AHMAD	500	119	-	**619**	500	205	-	-	**705**
277	ASAD NAWAZ HOUSE NO624 BLOCK- E SHAH RUKAN ALLAM	36303-5748770-9	MUHAMMAD NAWAZ KHAN	700	43	-	**743**	472	76	-	-	**548**
278	ABDUL SHAKOOR KANJKI WALA P/O TRANDA MUHAMMAD PANAH LQP	31302-4350141-3	MUHAMMAD RAMZAN	400	47	-	**447**	400	146	-	-	**546**
279	ALI QUTAIB VILLAGE SERI TALUKA MIRWAH DISTRICT KHAIRPUR MIRS	45206-1611356-7	Muhammad Ismail	450	-	-	**450**	450	89	-	-	**539**
280	ABDUL HASEEB AWAIS KARNI STREET NEAR PETROL PUMP H NO 246-267 ST NO 8 MOHALLA AMIR ROAD SHAD BAGH LAHORE	35202-7493858-9	WAHEED NAZIR	1,000	5	-	**1,005**	989	150	-	-	**1,139**
281	TAZ MUHAMMAD CHAQ NB 206 KHALTI SDQ RYK	31304-5879653-3	KHIR MUHAMMAD	350	78	-	**428**	350	166	-	-	**516**
282	NAEEM ABBAS RAZA HOUSE # 27, BLOCK D, DERA GHAZI KHAN	32102-0975497-7	ALLAH DITA	450	62	-	**512**	449	62	-	-	**511**
283	ATILIM KAĞIT ÜRÜNLERİ VE BASIM SANAYİ TİCARET A.Ş. CINALI SOK. NO: 9-13 SEYRANTEPE - ISTANBUL	TARIK SARIOĞLU AHMET SARIOĞLU TARSA BASIM ÜRÜNLERİ SAN. TİC. A.Ş.		55,395	28,236	-	**83,631**	55,395	28,236	-	-	**83,631**
				1,371,063	**830,458**	**1,398**	**2,202,919**	**221,241**	**29,789**	**740,134**	**24,022**	**1,015,186**

Details of disposal of fixed assets to Related Parties- Unconsolidated Financial Statements

ANNEXURE-III

For the year ended December 31, 2019

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)----------					
Furniture and fixtures	52	39	13	643	Auction	The First MicroFinance Bank
Electrical, office and computer equipment	248	105	143	126	Insurance Claim	Jubilee General Insurance Company Limited
Electrical, office and computer equipment	543	541	2	786	Auction	The First MicroFinance Bank
Vehicles	3,255	2,875	380	3,107	Insurance Claim	Jubilee General Insurance Company Limited
Total	4,098	3,560	538	4,662		

Pattern of Shareholding

As at December 31, 2019

No. of Shareholders	Number of Shares		Total Shares Held
	From	To	
22557	1	100	614,150
63854	101	500	13,895,026
2389	501	1000	1,780,921
2191	1001	5000	4,545,610
342	5001	10000	2,591,078
175	10001	15000	2,243,160
91	15001	20000	1,624,208
69	20001	25000	1,583,106
51	25001	30000	1,412,666
40	30001	35000	1,320,625
32	35001	40000	1,208,364
22	40001	45000	933,991
36	45001	50000	1,748,464
18	50001	55000	950,193
25	55001	60000	1,460,619
18	60001	65000	1,128,160
16	65001	70000	1,072,809
18	70001	75000	1,311,953
17	75001	80000	1,322,639
9	80001	85000	741,039
11	85001	90000	968,139
9	90001	95000	838,042
22	95001	100000	2,176,326
7	100001	105000	718,990
12	105001	110000	1,293,276
6	110001	115000	676,521
8	115001	120000	937,769
6	120001	125000	740,645
8	125001	130000	1,026,539
10	130001	135000	1,326,470
6	135001	140000	823,371
2	140001	145000	287,219
5	145001	150000	748,200
3	150001	155000	455,153
3	155001	160000	476,600
2	160001	165000	325,900
7	165001	170000	1,171,078
5	170001	175000	864,736
2	175001	180000	357,388
5	180001	185000	915,548
1	185001	190000	189,500
4	190001	195000	776,900
9	195001	200000	1,791,325
7	200001	205000	1,420,741
4	205001	210000	828,415
1	210001	215000	213,200
3	215001	220000	650,984
3	220001	225000	665,058
2	225001	230000	453,700
1	230001	235000	233,300
2	235001	240000	473,900
3	240001	245000	729,344
2	245001	250000	495,577
4	250001	255000	1,008,293
4	265001	270000	1,073,689
2	270001	275000	545,000
1	275001	280000	279,762
1	285001	290000	289,768
1	290001	295000	291,200
1	295001	300000	295,301

Pattern of Shareholding

As at December 31, 2019

No. of Shareholders	Number of Shares		Total Shares Held
	From	To	
2	300001	305000	604,700
2	305001	310000	619,000
1	310001	315000	313,500
1	315001	320000	317,700
3	320001	325000	967,300
1	325001	330000	328,014
2	330001	335000	661,450
1	335001	340000	335,100
1	340001	345000	343,100
3	345001	350000	1,043,921
2	360001	365000	725,476
2	365001	370000	733,167
1	370001	375000	373,896
2	375001	380000	754,280
3	380001	385000	1,146,770
1	385001	390000	386,425
5	395001	400000	1,989,256
2	405001	410000	817,300
3	410001	415000	1,236,200
1	425001	430000	429,935
1	430001	435000	432,736
4	440001	445000	1,771,998
5	445001	450000	2,237,641
1	460001	465000	463,628
2	465001	470000	936,600
2	475001	480000	957,700
1	485001	490000	486,628
4	495001	500000	1,993,400
2	510001	515000	1,022,400
1	520001	525000	523,500
1	525001	530000	530,000
1	530001	535000	531,100
1	540001	545000	540,800
1	545001	550000	546,999
1	550001	555000	555,000
1	565001	570000	569,100
1	570001	575000	574,800
3	575001	580000	1,731,430
1	590001	595000	593,600
2	595001	600000	1,200,000
1	600001	605000	605,000
1	610001	615000	612,217
1	615001	620000	617,100
1	620001	625000	621,134
1	630001	635000	631,300
1	650001	655000	655,000
1	660001	665000	661,500
3	695001	700000	2,098,300
1	705001	710000	709,700
2	720001	725000	1,447,300
1	750001	755000	754,000
2	755001	760000	1,513,000
1	765001	770000	765,800
1	770001	775000	770,293
1	795001	800000	797,600
2	810001	815000	1,622,176
1	815001	820000	815,400
1	835001	840000	836,300
2	845001	850000	1,696,400
1	855001	860000	856,000

Pattern of Shareholding

As at December 31, 2019

No. of Shareholders	Number of Shares		Total Shares Held
	From	To	
1	865001	870000	869,303
1	875001	880000	876,400
1	885001	890000	885,500
1	895001	900000	900,000
2	910001	915000	1,827,700
2	915001	920000	1,834,633
1	925001	930000	929,800
1	930001	935000	932,000
1	955001	960000	957,793
1	970001	975000	971,400
3	995001	1000000	3,000,000
1	1005001	1010000	1,005,400
2	1010001	1015000	2,026,980
1	1015001	1020000	1,019,500
2	1030001	1035000	2,062,400
1	1040001	1045000	1,044,100
1	1065001	1070000	1,067,000
1	1080001	1085000	1,081,800
1	1110001	1115000	1,115,000
1	1115001	1120000	1,116,133
1	1140001	1145000	1,142,900
1	1170001	1175000	1,172,373
1	1180001	1185000	1,183,406
1	1185001	1190000	1,185,496
1	1195001	1200000	1,200,000
1	1200001	1205000	1,202,460
1	1250001	1255000	1,255,000
1	1315001	1320000	1,315,500
1	1320001	1325000	1,320,240
1	1345001	1350000	1,348,200
1	1355001	1360000	1,355,500
1	1365001	1370000	1,365,970
1	1370001	1375000	1,370,330
1	1395001	1400000	1,397,100
1	1410001	1415000	1,413,256
1	1425001	1430000	1,428,400
1	1465001	1470000	1,467,869
1	1475001	1480000	1,475,095
1	1505001	1510000	1,509,388
1	1560001	1565000	1,561,300
1	1635001	1640000	1,639,500
1	1655001	1660000	1,658,155
1	1675001	1680000	1,679,882
1	1770001	1775000	1,770,735
1	1795001	1800000	1,797,000
1	1810001	1815000	1,813,835
1	1815001	1820000	1,817,400
1	1895001	1900000	1,900,000
1	1925001	1930000	1,926,000
1	1970001	1975000	1,972,300
1	1995001	2000000	2,000,000
1	2015001	2020000	2,018,966
1	2035001	2040000	2,037,400
1	2105001	2110000	2,107,910
1	2140001	2145000	2,141,600
1	2205001	2210000	2,208,326
1	2235001	2240000	2,236,600
1	2240001	2245000	2,242,100
1	2245001	2250000	2,248,648
1	2295001	2300000	2,300,000

Pattern of Shareholding

As at December 31, 2019

No. of Shareholders	Number of Shares		Total Shares Held
	From	To	
1	2355001	2360000	2,357,500
1	2400001	2405000	2,401,500
1	2425001	2430000	2,429,705
1	2435001	2440000	2,436,800
1	2525001	2530000	2,528,358
1	2535001	2540000	2,535,145
2	2555001	2560000	5,113,800
1	2635001	2640000	2,639,039
1	2750001	2755000	2,750,700
2	2810001	2815000	5,627,465
1	2855001	2860000	2,858,300
1	2905001	2910000	2,908,200
1	2945001	2950000	2,950,000
1	2995001	3000000	3,000,000
1	3000001	3005000	3,004,585
1	3015001	3020000	3,015,573
1	3045001	3050000	3,048,899
1	3090001	3095000	3,093,200
1	3125001	3130000	3,129,400
1	3215001	3220000	3,217,479
1	3440001	3445000	3,442,700
1	3515001	3520000	3,515,100
1	3875001	3880000	3,875,449
1	3935001	3940000	3,937,200
1	3955001	3960000	3,956,400
1	4000001	4005000	4,001,294
1	4090001	4095000	4,092,400
1	4210001	4215000	4,212,950
1	4265001	4270000	4,270,000
1	4370001	4375000	4,374,100
1	4380001	4385000	4,384,900
1	4540001	4545000	4,542,161
1	5065001	5070000	5,068,216
1	5470001	5475000	5,474,321
1	5865001	5870000	5,867,000
1	5880001	5885000	5,883,100
1	6620001	6625000	6,622,992
1	6915001	6920000	6,918,071
1	6960001	6965000	6,961,700
1	6965001	6970000	6,967,733
1	7185001	7190000	7,188,700
1	8995001	9000000	9,000,000
1	10795001	10800000	10,799,600
1	10920001	10925000	10,920,262
1	10930001	10935000	10,934,799
1	13020001	13025000	13,025,000
1	13730001	13735000	13,732,200
1	14700001	14705000	14,702,982
1	15010001	15015000	15,010,900
1	18060001	18065000	18,062,280
1	24490001	24495000	24,493,800
1	29620001	29625000	29,623,714
1	30225001	30230000	30,228,700
1	30535001	30540000	30,537,658
1	31295001	31300000	31,300,000
1	73340001	73345000	73,342,000
1	748090001	748095000	748,094,778
92391			**1,466,852,508**

Trading by Executives

Shares Trading (Sale/Purchase) during the Year 2019

HBL – Executives and their spouses

Sr. No.	Name of Shareholder	Purchase	Sale
1	Mr. Khalid Bin Sami	2,000	2,000
2	Mrs. Maham Nouman (Spouse of Executive)	700	-

For the purpose of clause 5.6.1 (a) and 5.6.1 (d) of the Rule Book of the Pakistan Stock Exchange (PSX), the expression "executive" means the CEO, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary by whatever name called, and other employees of the Bank whose annual basic salary equals or exceeds to Rs. 1.5 million.

Subsequent to December 31, 2019, the following HBL Directors / HBL Executives have traded in Shares of HBL:

HBL – Directors

Sr. No.	Name of Shareholder	Purchase	Sale
1	Ms. Diane Elizabeth Moore	10	-
2	Mr. Salim Yahya Chinoy	13	-

HBL – Executives and their spouses

Sr. No.	Name of Shareholder	Purchase	Sale
1	Mr. Salman Khurshid	-	3,000
2	Syed Rizwan Haider Rizvi	-	28,400
3	Mr. Khushi Muhammad	6,500	6,000

Categories of Shareholders

As at December 31, 2019

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	14,702,982	1.00
JUBILEE LIFE INSURANCE COMPANY LIMITED	1	13,025,000	0.89
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 GROWTH FUND	1	447,500	0.03
CDC - TRUSTEE HBL - STOCK FUND	1	444,419	0.03
CDC - TRUSTEE HBL INVESTMENT FUND	1	335,100	0.02
CDC - TRUSTEE HBL EQUITY FUND	1	61,100	0.00
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	46,971	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
Executives	95	268,225	0.02
Public Sector Companies and Corporations	7	41,922,665	2.86
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	60	51,730,542	3.53
Mutual Funds			
CDC - TRUSTEE ABL STOCK FUND	1	2,242,100	0.15
CDC - TRUSTEE AGPF EQUITY SUB-FUND	1	16,420	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	178,383	0.01
CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	1	36,000	0.00
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	511,400	0.03
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	722,300	0.05
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	268,500	0.02
CDC - TRUSTEE ALLIED FINERGY FUND	1	273,600	0.02
CDC - TRUSTEE APF-EQUITY SUB FUND	1	118,500	0.01
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	20,900	0.00
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	1,639,500	0.11
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	13,000	0.00
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	115,800	0.01
CDC - TRUSTEE FAYSAL STOCK FUND	1	32,500	0.00
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	40,000	0.00
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	15,000	0.00
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	51,500	0.00
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	145,000	0.01
CDC - TRUSTEE JS LARGE CAP. FUND	1	167,500	0.01
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	66,000	0.00
CDC - TRUSTEE LAKSON EQUITY FUND	1	2,208,326	0.15
CDC - TRUSTEE LAKSON TACTICAL FUND	1	268,460	0.02
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	98,800	0.01
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	2,750,700	0.19
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,116,133	0.08
CDC - TRUSTEE NBP BALANCED FUND	1	379,180	0.03
CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	1	1,031,600	0.07
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	367,067	0.03
CDC - TRUSTEE NBP STOCK FUND	1	6,967,733	0.48
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	2,248,648	0.15
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	35,100	0.00
CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	1	100,000	0.01
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	237,100	0.02
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	109,501	0.01
CDC - TRUSTEE UBL FINANCIAL SECTOR FUND	1	1,019,500	0.07
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	3,048,899	0.21
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	250,900	0.02
CDC - TRUSTEE NITPF EQUITY SUB-FUND	1	34,500	0.00
MC FSL - TRUSTEE JS GROWTH FUND	1	698,700	0.05
MCBFSL - TRUSTEE ALLIED CAPITAL PROTECTED FUND	1	4,000	0.00
MCBFSL - TRUSTEE JS VALUE FUND	1	217,100	0.01
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	23,000	0.00
Privatisation Commission of Pakistan	1	4,002	0.00
Foreign Companies	326	321,960,238	21.95
General Public			
a. Local	91,517	62,233,441	4.24
b. Foreign	19	1,495,931	0.10
Others (includes Trusts, Trading Companies / Corporations, Provident Fund, Gratuity Funds etc.)	309	93,263,308	6.36
Totals	**92,391**	**1,466,852,508**	**100.00**

Notice of Annual General Meeting

Notice is hereby given that the 78th Annual General Meeting of Habib Bank Limited will be held on Monday, March 30, 2020 at 10:00 a.m. at Serena Hotel, 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, 2019, 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 at a fee of Rs. 27.901 million. In addition, any Federal or Provincial taxes and reimbursements of out of pocket expenses will be paid at actuals. The retiring Auditors, A.F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for reappointment.

3. To approve payment of a Final Cash Dividend of Rs.1.25 per share, i.e. 12.5% for the year ended December 31, 2019, as recommended by the Board of Directors to Shareholders as at close of business on March 20, 2020, which is in addition to the 37.5% Interim Cash Dividend (i.e. Rs. 3.75 per share) already paid.

Special Business:

4. 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. The loan can be prepaid by FMFB after five (5) years and will carry a variable rate of mark-up at 6 months KIBOR plus 2%, to be repriced every six months. The mark-up is payable every six months. The principal is repayable after 8 years, at maturity. The said loan will be counted towards the Tier II capital of FMFB subject to all regulatory approvals. This loan will be unsecured and subordinated, with respect to payment of principal and mark-up, to all other indebtedness of FMFB, except for share capital.

   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 give a Subordinated Loan of up to Rs. 2 billion to The First MicroFinanceBank Limited for a tenor of up to eight years."

   "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 loan, including without limiting the generality of the foregoing, any approval, sanction or permission required thereof or in connection therewith."

5. To approve and authorise 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. The said investment will be managed and booked by HBL's Bahrain branch, and will be subject to all regulatory approvals.

   For the purpose of the proposed investment in the Loan Notes to be issued by HBL UK to consider and, if deemed fit, to pass the following resolution as a Special Resolution with or without modification:

   "RESOLVED THAT the Bank make an investment of up to US Dollars thirty million (US$ 30,000,000) in HBL Bank UK Limited (HBL UK), through HBL's Bahrain branch, in Variable Rate Subordinated Loan Notes (Loan Notes), over a period of three years in such amounts and at such times as determined by the Board of Directors of the Bank."

   "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 authorized by the Board of Directors of the Bank be, and each of them is, hereby authorized 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 in Loan Notes, including, without limiting the generality of the foregoing, any approval, sanction or permission required thereof or in connection therewith."

6. To approve the Board Remuneration Policy of the Bank, recommended by the Board of Directors for Shareholders' approval on post facto basis, under SBP-BPRD Circular No. 3 dated August 17, 2019, and if deemed fit, by adopting following resolution as Ordinary Resolution with or without modification:

   "RESOLVED THAT the Board Remuneration Policy as recommended by the Board of Directors of the Bank be and is hereby approved on post facto basis, including Board/Committee meeting(s) attendance fee of Rs. 600,000/-, TA/DA allowances for meetings/business related travel to non-executive directors as defined in the policy.**"**

For agenda 4,5 and 6, 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:

7. To consider any other business with the permission of the Chair.

By Order of the Board

March 09, 2020
Karachi

Neelofar Hameed
Company Secretary

Notes:

1. The Register of Members and the Share Transfer Books will be closed from March 24, 2020 to March 30, 2020 (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 20, 2020 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, 2019 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 30, 2020; 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:

(i) 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.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.

(v) 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 Companies Act, 2017, 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 Bank Mandate 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 Companies Act, 2017, 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 was 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 Companies Act, 2017.

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 Companies Act, 2017 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/AnnualAccounts, 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 Companies Act, 2017 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."

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017, RELATING TO THE SPECIAL BUSINESS REFERRED TO IN THE NOTICE ABOVE:

This Statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Members of Habib Bank Limited (the **"Bank"**) to be held on March 30, 2020.

Special Businesses:

Agenda Item 4 - Approval of Subordinated Loan of Rs. 2 Billion to First MicroFinanceBank Limited:

The First MicroFinanceBank Limited Pakistan (FMFB) is a subsidiary of HBL, with HBL's shareholding of 50.51% shares in FMFB, acquired in May 2016. FMFB's principal business is to provide microfinance services to the poor and underserved segments of the 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 requires capital and has requested a subordinated loan, which will qualify as Tier II capital for FMFB subject to regulatory approvals. HBL being the Parent company, is willing to provide this subordinated loan.

For this purpose, the Board of Directors have recommended that the Members consider and, if deemed fit, to pass the Special Resolution with or without modification set forth at Agenda Item 4 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 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>2016: Rs 1.44 per share

2017: Rs 2.51 per share

2018: Rs 3.66 per share</td></tr>
<tr><td>(iv)</td><td colspan="2">Break-up value per Share, based on last audited financial statements.</td><td>2016: Rs 14.03 per share

2017: Rs 16.50 per share

2018: Rs 20.15 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>2017</th><th>2018</th></tr>
<tr><td>Revenue</td><td>3,164.8</td><td>4,873.7</td></tr>
<tr><td>Operating expense</td><td>2,066.0</td><td>3,112.1</td></tr>
<tr><td>Operating profit / (loss)</td><td>1,098.8</td><td>1,761.6</td></tr>
<tr><td>Customer deposits</td><td>20,887.2</td><td>31,129.1</td></tr>
<tr><td>Customer loans and advances – net</td><td>14,394.7</td><td>23,554.4</td></tr>
<tr><td>Cash, Balances with Banks and Investment</td><td>9,777.6</td><td>11,030.8</td></tr>
<tr><td>Equity</td><td>4,505.5</td><td>5,503.3</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>
</table>

	III	Time by which such project shall become commercially operational.	Not Applicable
	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 the Subordinated loan would be up to Rs. 2 Billion.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment.		The Bank shall extend 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). The said financing facility will contribute towards FMFB's Tier II Capital for Capital Adequacy Ratio (CAR). This is required to support FMFB's business growth, and profitability. FMFB's profits directly contribute towards the consolidated profit of the Group.
(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.		Agreement will be signed with FMFB after approval by the shareholders. Other significant terms and conditions are as under: This loan would be subordinated, with respect to payment of principal and mark-up, to all other liabilities of FMFB, except for share capital. The facility would be subject to a Lock-in clause and neither profit nor principal can be paid (even at maturity), if such payment would result in a shortfall in FMFB's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
(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.		None. HBL holds shareholding of 50.51% in FMFB. The Aga Khan Fund for Economic Development (AKFED) is the parent company of the HBL. Other AKDN related agencies also hold over 40% shareholding in FMFB, through the Aga Khan Agency for Microfinance (AKAM) and the Aga Khan Rural Support Program (AKRSP). The Directors of the Bank have no direct or indirect interest except in their stated capacity.
(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.		Since the last investment in 2016, FMFB's balance sheet has grown three-fold, with advances and deposits increasing at a CAGR of 55% and 46% respectively. The net assets of FMFB have grown from Rs.3.8 billion in 2016 to Rs. 6.0 billion as at Sep 2019 and the value of the Bank's investment in FMFB has grown correspondingly.
(vii)	Any other important details necessary for the members to understand the transaction.		Not Applicable

1(c) Additional disclosure regarding investment in the form of Subordinated Loan		
(i)	Category-wise amount of investment,	Subordinated Loan of up to Rs. 2 billion
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period.	Average Cost of borrowing for 2019: 8.58% 6 months KIBOR: 13.24%
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The loan will carry a variable rate of mark-up at 6 months KIBOR plus 2%, to be repriced every six months.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment.	This subordinated loan is unsecured.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	The Facility will be subject to a loss absorbency clause and, at the discretion of the SBP, will be either fully or partially converted into common shares or immediately written off on the occurrence of a non-viability trigger event, as determined by the SBP. The conversion shall be based on the price after seeking regulatory approvals.
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associate undertaking.	The principal is repayable in 8 years in bullet at maturity. The mark-up is payable every six months. The loan can be prepaid at the discretion of FMFB after 5 years.

In compliance of Regulation 3(3) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 issued by SECP, the Directors of the Bank have certified that they have carried out necessary due diligence for the proposed investment.

Agenda Item 5 - Approval of Investment of up to US$ 30 Million in Additional Tier -1 Capital Instrument to be issued by HBL Bank UK

HBL Bank UK Limited (HBL UK) is an indirect subsidiary of the Bank. Habib Allied Holding Limited (HAHL) wholly owns HBL UK and HBL has 90.50% shareholding in HAHL. HBL UK is engaged in commercial banking services. To support its growth, HBL UK requires capital and intends to issue Variable Rate Subordinated Loan Notes (Loan Notes) constituting Additional Tier 1 Capital. The funds raised will be utilized by HBL UK in their normal business operations. HBL seeks to invest in these Loan Notes through its Bahrain branch. This investment will be subject to all required regulatory approvals.

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 5 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:

HBL Bank UK Limited (HBL UK):

(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking.	HBL Bank UK Limited (HBL UK)
(ii)	Basis of Relationship	HBL Bank UK Limited (HBL UK) is a wholly owned subsidiary of Habib Allied Holding Limited (HAHL) and is incorporated in the United Kingdom. The Bank holds 90.50% shareholding in HAHL.
(iii)	Earnings / (Loss) per Share for the last three years	2016: GBP 0.15 2017: GBP 0.09 2018: GBP (0.67)
(iv)	Break-up value per Share, based on last audited financial statements.	2016: GBP 7.39 2017: GBP 7.355 2018: GBP 6.39

(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements.		The financial information is shown in the table below: (GBP in million)

	2018	2017
Revenues	13.93	20.48
Operating expense	20.00	17.26
Operating profit / (loss)	(6.09)	3.22
Provisions	0.73	1.40
Profit/(Loss) before Tax	(6.82)	1.82
Profit/(Loss) After Tax	(6.70)	0.94
Deposits	519.11	568.41
Loans and advances	309.00	361.63
Investments / balances with banks	297.81	300.16
Equity	64.35	74.01

(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely		Not applicable
	I	Description of the project and its history since conceptualization.	Not applicable
	II	Starting date and expected date of completion of work.	Not applicable
	III	Time by which such project shall become commercially operational.	Not applicable
	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 the investment in Loan Notes would be up to US$ 30 million.
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment.		These Loan Notes will strengthen the capital capacity of HBL UK supporting the growth in balance sheet and allowing the business to improve returns. The investment will be made over the next 3 years.
(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.	Interest on the Loan Notes is payable only out of distributable reserves. If, on any date when a payment of interest on the Loan Notes would otherwise be due, HBL UK has insufficient distributable reserves to make such payment, such payment shall be delayed until such time as HBL UK has sufficient profits to make the payment out of distributable reserves. No additional interest shall accrue on any payment which is delayed. HBL UK may, at any time cancel one or more interest payments on the Loan Notes. No interest shall accrue or be payable following such cancellation. However, HBL UK may, at any time, resume the payment of interest on the Loan Notes following a cancellation.
(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.	None, HBL holds 90.50% shares of HAHL, holding company of HBL UK. The Directors of the Bank have no direct or indirect interest except in their stated capacity.
(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.	HBL UK has been consistently profitable in the past. In 2018, the financial results were impacted due to some de-risking as well as costs related to Groups wide Business Transformation project. With the initiatives taken by the management in 2018-2019, HBL UK is well positioned for sustainable and profitable performance from 2020 onwards.
(vii)	Any other important details necessary for the members to understand the transaction.	Not Applicable
1(c) Additional disclosure regarding investment in the form of Subordinated Loan		
(i)	Category-wise amount of investment	Variable Rate Loan Notes of up to US$ 30 million
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period.	Average cost of borrowing 2019: 8.58% 6 months KIBOR: 13.24% 6 months LIBOR: 1.71 %.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The Loan Notes carry interest at the rate of 4.75 % p.a. above six-month LIBOR
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment.	The Loan Notes are unsecured
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	These loan notes are convertible when the common equity tier 1 (CET1) capital ratio of HBL UK, calculated in accordance with the Capital Reporting Regulations (CRR) and any applicable Regulatory Technical Standards (RTS) falls below 5.125% (Trigger Event). The CET 1 capital ratio of HBL UK is currently 16.57%. In determining whether a Trigger Event has occurred, HBL UK shall act in accordance with the CRR and follow the procedures and timing for such determination specified in any applicable RTS.
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associate undertaking.	The Loan Notes have no fixed repayment date, they are redeemable only at the option of HBL UK and subject to regulatory approval, after five or more years from the date of issuance.

In compliance of Regulation 3(3) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 issued by SECP, the Directors of the Bank have certified that they have carried out necessary due diligence for the proposed investment.

Agenda Item 6 – Approval of Board Remuneration Policy for the fee & allowances and expenses payable to Non-Executive Directors & Non-Executive Chairman of HBL

The shareholders' approval is being sought on the Board Remuneration Policy of HBL, as recommended by the Board of Directors, under SBP-BPRD Circular No. 3 dated August 17, 2019, and approved by the Board on December 9, 2019. The said policy entails the fee & allowance and perks payable to the Non-Executive Directors of the Bank under the said Policy regarding attending the Board and sub-committee meetings and other business related travels. The Policy has been placed on the Bank's website <www.hbl.com/boardremunerationpolicy> for the member's information.

In the Extra-Ordinary General Meeting, held on March 19,2018, the shareholders of the Bank had approved Rs. 400,000/- as the fee payable to the Non-Executive Directors for attendance of Board and Committee meetings. In addition, the Non-Executive Directors are entitled to receive TA/DA and fare for travel as per the 'Travel & Expense Policy for Non-Executive Directors' as approved by the Board from time to time.

In pursuance of SBP guidelines and SBP-BPRD Circular No. 3 dated August 17, 2019, the Board approved the Board Remuneration Policy, in December 2019, vide which the Directors' fee for attending Board & Committee meetings has been revised from Rs. 400,000/- to Rs. 600,000/- per meeting for each Non- Executive director, with effect from December 9, 2019. The policy also entails the TA/ DA entitlements for Non-Executive Directors regarding business related travel. The same is being recommended by the Board of Directors for the approval of shareholders on the post-facto basis, in this Annual General Meeting of the Bank.

The salient features of the Board Remuneration Policy are as under:

- The Board shall from time to time, determine and approve such level of remuneration for the members of the Board, for attending the meetings of the Board or the meetings of the committees thereof, as may be within the limits for such remuneration as prescribed by the SBP and other prevailing laws & regulations.
- The Board shall ensure that such remuneration is not determined in any manner that may undermine the independence of the independent members of the respective committees of the Board.
- The Board may determine additional and/or specific remuneration for any member of the respective committees of the Board performing additional duties and/or services in relation to the Bank.
- The remuneration for its members of the Board and/or members of the committees of the Board for each meeting of the Board and/or the respective committee of the Board, shall be Rs. 600,000/-.
- The Bank would bear the expenses for the Non-Executive Directors for attending the Board and Committee meetings as well as of for any travel undertaken in connection with the Bank's business, as follows:
    - For domestic travel, full fare business class air travel plus full coverage of five-star hotel stays and daily allowance of Rs. 50,000 per day or alternatively an all-inclusive daily allowance of Rs. 125,000 per day.
    - For international travel for Board & Committee Meetings, full fare business class plus five-star hotel accommodation with full cost coverage. No daily allowances would be applicable for international travel for attending the Board and/or Committee meetings.
    - For International travel to attend other meetings/ engagements/ trainings etc., full fare first/ business class, plus five-star hotel accommodation plus a daily allowance US$ 500 per day.
    - in addition, visa application/related fees, associated costs, taxes (if any) and health insurance costs on account of the travel, will be on account of the Bank.
    - Spouse travel, where required to be accompanied, costs to be borne by the Bank.
- The Performance Evaluation of the Board of Directors of the Bank shall be in accordance with the guidelines issued by the State Bank of Pakistan from time to time.

For the approval of the Board Remuneration policy, the Board of Directors have recommended that the Members consider and, if deemed fit, to pass the Ordinary Resolution with or without modification set forth at Agenda Item 6 of this Notice.

The Non-Executive Directors and Chairman of the Bank are directly interested in this matter to the extent of Directors fee, travel, TA/DA and other expenses as explained above.

Admission Slip

The 78th Annual General Meeting of Habib Bank Limited will be held on Monday, March 30, 2020 at 10:00 a.m. at the Serena Hotel, 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

HBL

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 78th Annual General Meeting of the Bank to be held on Monday, March 30, 2020 at Serena Hotel, Islamabad and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____2020.

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 ہٰذا 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 پیر، 30 مارچ 2020 کو اس کے بعد (بعد ازاں) سرینا ہوٹل، اسلام آباد میں منعقد ہونے والے بینک کے 78ویں 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 _____، 2020

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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