



CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

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HABIB BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeer Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 THE GROUP AND ITS OPERATIONS

1.1 Holding company

Habib Bank Limited, Pakistan

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

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

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

1.4 Subsidiaries

- Habib Allied Holding Limited – 90.50% shareholding

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

- HBL Bank UK Limited – 90.50% effective shareholding

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

- Habib Finance International Limited – 100% shareholding

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

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

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

- HBL Asset Management Limited – 100% shareholding

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

- The First MicroFinanceBank Limited - 50.51% shareholding

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

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

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

2 BASIS OF PRESENTATION

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

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

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

2.1 Basis of consolidation

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

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

- Non-banking subsidiaries in Pakistan follow the requirements of IFRS 9, Financial Instruments or International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement as applicable to these entities, IAS 40, Investment Property and IFRS 7, Financial Instruments: Disclosures.
- Overseas subsidiaries comply with local regulations enforced within their respective jurisdictions.

Material intra-group balances and transactions are eliminated.

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

2.2 Statement of compliance

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

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

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

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

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

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

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

2.4 Accounting and reporting standards that are not yet effective.

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

2.5 Critical accounting estimates and judgements

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

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

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

HABIB BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Lending / borrowing transactions with financial institutions

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

4.2.1 Purchase under resale agreements (reverse repo)

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

4.2.2 Sale under repurchase agreement (repo)

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

4.2.3 Bai Muajjal

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

4.3 Investments

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

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Held-for-trading

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

Held-to-maturity

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

Available-for-sale

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

4.3.1 Initial measurement

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

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

4.3.2 Subsequent measurement

Held-for-trading

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

Held-to-maturity

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

Available-for-sale

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

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

4.3.3 Investments in associates and joint ventures

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

HABIB BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

4.3.4 Impairment

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

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

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

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

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

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

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

4.4 Advances

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

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

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

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

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

4.4.1 Finance lease receivables

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

4.4.2 Islamic financing and related assets

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

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

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

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

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

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

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

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

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

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

4.5 Fixed Assets

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

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

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

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

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

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

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

4.6.1 Right of-use assets

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

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

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

4.6.2 Lease liability against right-of-use assets

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

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

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

4.7 Intangible assets

4.7.1 Intangible assets other than goodwill

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

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

4.7.2 Goodwill

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

4.8 Non-banking assets acquired in satisfaction of claims

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

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

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

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

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

4.9 Borrowings / deposits

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

4.10 Subordinated debt

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

4.11 Acceptances

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

4.12 Employee benefits

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

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

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

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

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

Actuarial gains and losses

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

Past Service Cost

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

4.13 Foreign currency

4.13.1 Foreign currency transactions

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

4.13.2 Foreign operations

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

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

4.13.3 Translation gains and losses

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

4.13.4 Contingencies and Commitments

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

4.14 Income recognition

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

4.14.1 Advances and investments

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

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

4.14.2 Lease financing

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

4.14.3 Fee, Commission and Brokerage Income

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

4.14.4 Dividend income

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

4.15 Taxation

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

4.15.1 Current

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

4.15.2 Prior years

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

4.15.3 Deferred

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

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

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

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

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

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

4.16 Impairment of non-financial assets

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

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

4.17 Provisions

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

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

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

4.18 Contingent Liabilities

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

4.19 Off setting

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

4.20 Financial Assets and Liabilities

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

4.21 Derivative Financial Instruments

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

4.22 Dividends paid

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

4.23 Earnings per share

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

4.24 Segment reporting

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

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4.24.1 Business segments

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

i) *Branch banking*

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

ii) *Consumer, SME and rural banking*

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

iii) *Islamic banking*

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

iv) *Corporate, commercial and investment banking*

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

v) *International and correspondent banking*

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

vi) *Treasury*

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

vii) *Asset management*

This segment pertains to HBL Asset Management Limited.

viii) *Microfinance*

This segment pertains to First MicroFinanceBank Limited

ix) *Head Office / Others*

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

4.24.2 Geographical segments

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

i) *Pakistan (including KEPZ)*

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

ii) *Middle East and Africa*

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

iii) *Asia*

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

iv) *Europe and North America*

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

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	Note	2020	2019
		(Rupees in '000)	
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		41,262,666	32,439,852
Foreign currencies		16,341,859	4,494,979
		<u>57,604,525</u>	<u>36,934,831</u>
With State Bank of Pakistan in			
Local currency current accounts	5.1	130,745,447	124,839,494
Foreign currency current accounts	5.2	6,788,327	6,497,792
Foreign currency deposit accounts	5.3	13,768,677	19,321,075
		<u>151,302,451</u>	<u>150,658,361</u>
With other Central Banks in			
Foreign currency current accounts	5.4	47,941,657	62,151,099
Foreign currency deposit accounts	5.5	11,120,595	16,988,678
		<u>59,062,252</u>	<u>79,139,777</u>
With National Bank of Pakistan in			
Local currency current accounts		104,866,634	99,821,234
Local currency deposit account	5.6	697,247	451,515
National Prize Bonds		1,747,011	587,999
		<u>375,280,120</u>	<u>367,593,717</u>
5.1	These represent local currency current accounts maintained under the Cash Reserve Requirement of the SBP.		
5.2	These represent foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.		
5.3	These represent foreign currency deposit accounts maintained under the Special Cash Reserve Requirement of the SBP and a US Dollar Settlement account maintained with the SBP. These carry mark-up at rates ranging from 0.00% to 0.76% per annum (2019: 0.00% to 1.51% per annum).		
5.4	These represent balances held with the Central Banks of the countries in which the Group operates, in accordance with local regulatory requirements. These include balances in remunerative accounts amounting to Rs 21,164.318 million (2019: Rs 32,403.898 million), which carry mark-up at rates ranging from 0.01% to 0.19% per annum (2019: 0.75% to 2.00% per annum).		
5.5	These represent balances held with the Central Banks of the countries in which the Group operates, in accordance with local regulatory requirements. These carry mark-up at rates ranging from 0.00% to 12.00% per annum (2019: 0.00% to 15.00% per annum).		
5.6	This represents a deposit account maintained with the National Bank of Pakistan. This carries mark-up at 5.00% per annum (2019: 8.25% per annum).		

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

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

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

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

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

7.1 Lending to financial institutions are all in local currency.

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

7.2.1 Securities held as collateral against lendings to financial institutions

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

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

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

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

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

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

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

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

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

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

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

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

8.8 Particulars of provision against debt securities

Category of classification	2020		2019	
	Non Performing Investments	Provision	Non Performing Investments	Provision
Domestic				
Loss	270,877	270,877	270,877	270,877
Overseas				
Not past due but impaired	-	-	826,324	599,126
Overdue by:				
181 to 365 days	878,616	878,616	-	-
	<u>1,149,493</u>	<u>1,149,493</u>	<u>1,097,201</u>	<u>870,003</u>

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

8.9 Quality of available-for-sale securities

Details regarding the quality of AFS securities are as follows:

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

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Shares

Listed companies

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

Unlisted companies

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

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

Non-Government debt securities

Listed

	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
AA+, AA, AA-	6,450,000	1,450,000
A+, A, A-	493,545	300,000
Unrated	40,000,000	-
	<u>46,943,545</u>	<u>1,750,000</u>

Unlisted

	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
AA+, AA, AA-	1,401,001	801,000
Unrated	270,877	1,485,134
	<u>1,671,878</u>	<u>2,286,134</u>
	<u>48,615,423</u>	<u>4,036,134</u>

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

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Foreign securities

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

Non-Government debt securities

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

Equity securities - Unlisted

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

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		2020	2019
		Cost (Rupees in '000)	
National Investment Unit Trust - Listed		11,113	11,113
Real Estate Investment Trust units - Listed		55,000	55,000
Preference shares - Listed			
Chemicals		700,000	-
Textile Composite		44,400	44,400
		744,400	44,400
8.10 Particulars relating to held-to-maturity securities are as follows:		2020	2019
		Cost / amortised cost (Rupees in '000)	
Federal Government securities - Government guaranteed			
Market Treasury Bills		292,316	274,477
Pakistan Investment Bonds		216,844,554	157,029,540
Other Federal Government securities - Bai Muajjal with Government of Pakistan		10,794,000	10,794,000
		227,930,870	168,098,017
Non-Government debt securities			
Listed			
AA+, AA, AA-		2,098,083	3,564,480
A+, A, A-		2,179,839	2,234,893
		4,277,922	5,799,373
Unlisted			
AAA		9,944,438	10,639,578
AA+, AA, AA-		149,850	149,910
A+, A, A-		2,901,689	3,250,139
Unrated		4,830,680	5,665,559
		17,826,657	19,705,186
Foreign securities		2020	2019
		Cost / amortised cost (Rupees in '000)	Cost / amortised cost (Rupees in '000)
	Rating		Rating
Government debt securities			
Bahrain	B2	857,719	1,225,625
Bangladesh	Ba3	8,015,727	1,497,431
Lebanon	-	-	143,425
Mauritius	-	-	213,289
Oman	BB-	2,239,515	2,580,917
Sri Lanka	CCC+ and below	2,504,584	1,712,887
		13,617,545	7,373,574
Non-Government debt securities		2020	2019
		Cost / amortised cost (Rupees in '000)	
Listed			
BBB+, BBB, BBB-		800,202	770,140
Unrated		397,139	510,542
		1,197,341	1,280,682
Unlisted			
A+, A, A-		312,842	-
AA+, AA, AA-		-	516,268
		312,842	516,268

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8.11 Summary of financial information of associates and joint venture

2020								
	Based on the annual / interim financial statements as on	Country of incorporation	Percentage of holding	Assets	Liabilities	Revenue	Profit / (loss) after tax	Total comprehensive income / (loss)
(Rupees in '000)								
Diamond Trust Bank Kenya, Limited	September 30, 2020	Kenya	16.15%	577,158,999	475,952,921	58,448,347	8,341,208	8,493,901
Himalayan Bank Limited	October 16, 2020	Nepal	20.00%	222,658,643	196,545,825	18,479,419	3,037,726	3,080,635
Kyrgyz Investment and Credit Bank	December 31, 2020	Kyrgyzstan	18.00%	66,376,927	55,272,117	5,617,052	833,183	833,183
Jubilee General Insurance Company Limited	September 30, 2020	Pakistan	19.80%	26,220,342	17,095,863	7,414,086	1,659,669	2,083,273
Jubilee Life Insurance Company Limited	September 30, 2020	Pakistan	18.52%	184,379,051	172,462,696	75,021,278	2,631,376	2,689,081
HBL Cash Fund	December 31, 2020	Pakistan	1.08%	28,209,727	122,250	1,768,747	1,634,300	1,634,300
HBL Energy Fund	December 31, 2020	Pakistan	30.71%	785,786	56,637	(80,123)	(112,630)	(112,630)
HBL Equity Fund	December 31, 2020	Pakistan	11.66%	1,206,117	107,429	146,918	115,700	115,700
HBL Growth Fund Class B	December 31, 2020	Pakistan	0.00%	2,102,528	344,382	33,180	(38,575)	(38,575)
HBL Income Fund	December 31, 2020	Pakistan	8.98%	2,571,148	70,075	214,808	172,522	172,522
HBL Islamic Asset Allocation Fund	December 31, 2020	Pakistan	41.38%	388,749	9,981	26,101	12,063	12,063
HBL Islamic Equity Fund	December 31, 2020	Pakistan	8.59%	401,328	44,821	16,316	2,188	2,188
HBL Islamic Money Market Fund	December 31, 2020	Pakistan	1.80%	7,130,081	29,338	478,626	434,701	434,701
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2020	Pakistan	35.04%	163,667	4,438	17,672	13,883	13,883
HBL Islamic Stock Fund	December 31, 2020	Pakistan	38.96%	796,529	33,097	46,454	17,299	17,299
HBL Money Market Fund	December 31, 2020	Pakistan	2.56%	17,122,226	116,747	1,055,019	946,815	946,815
HBL Multi Asset Fund	December 31, 2020	Pakistan	44.74%	213,213	13,037	14,284	6,500	6,500
HBL Pension Fund - Equity Sub Fund	December 31, 2020	Pakistan	38.00%	217,738	3,930	18,056	12,062	12,062
HBL Stock Fund	December 31, 2020	Pakistan	41.15%	2,304,226	126,190	(2,747)	(90,621)	(90,621)
HBL Investment Fund Class A	December 31, 2020	Pakistan	17.13%	2,385,054	18,853	13,653	(68,621)	94,508
HBL Investment Fund Class B	December 31, 2020	Pakistan	33.71%	1,560,869	198,738	20,031	(34,839)	(34,839)
2019								
	Based on the annual / interim financial statements as on	Country of incorporation	Percentage of holding	Assets	Liabilities	Revenue	Profit after tax	Total comprehensive income
(Rupees in '000)								
Diamond Trust Bank Kenya, Limited	September 30, 2019	Kenya	16.15%	584,109,024	485,309,301	57,285,610	9,936,479	11,570,919
Himalayan Bank Limited	October 17, 2019	Nepal	20.00%	195,908,622	172,018,493	18,076,897	3,858,708	3,832,206
Kyrgyz Investment and Credit Bank	December 31, 2019	Kyrgyzstan	18.00%	62,262,671	52,017,799	5,421,912	487,574	487,574
Jubilee General Insurance Company Limited	September 30, 2019	Pakistan	19.80%	22,055,796	14,473,251	6,162,214	1,028,004	190,939
Jubilee Life Insurance Company Limited	September 30, 2019	Pakistan	18.52%	151,688,551	141,128,277	47,723,104	1,953,507	1,989,635
HBL Cash Fund	December 31, 2019	Pakistan	0.52%	10,732,333	69,118	1,292,981	1,159,066	1,159,066
HBL Energy Fund	December 31, 2019	Pakistan	35.51%	897,354	31,046	59,575	29,558	29,558
HBL Equity Fund	December 31, 2019	Pakistan	0.00%	339,519	12,446	52,357	39,712	39,712
HBL Income Fund	December 31, 2019	Pakistan	16.98%	1,380,433	61,616	198,740	160,519	160,519
HBL Islamic Asset Allocation Fund	December 31, 2019	Pakistan	45.92%	547,679	88,389	136,361	92,760	92,760
HBL Islamic Equity Fund	December 31, 2019	Pakistan	18.54%	552,302	27,161	63,864	42,867	42,867
HBL Islamic Money Market Fund	December 31, 2019	Pakistan	13.22%	1,744,596	12,766	152,489	131,230	131,230
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	33.11%	159,397	4,456	23,836	19,332	19,332
HBL Islamic Stock Fund	December 31, 2019	Pakistan	39.83%	725,650	20,371	94,779	50,865	50,865
HBL Money Market Fund	December 31, 2019	Pakistan	5.20%	9,278,647	123,042	934,027	817,822	817,822
HBL Multi Asset Fund	December 31, 2019	Pakistan	44.64%	237,015	32,828	34,293	25,811	25,811
HBL Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	32.88%	241,494	3,847	36,741	30,685	30,685
HBL Stock Fund	December 31, 2019	Pakistan	38.99%	2,582,072	98,066	390,973	288,390	288,390
HBL Investment Fund Class A	December 31, 2019	Pakistan	17.13%	2,281,918	10,202	112,932	51,108	87,568
HBL Investment Fund Class B	December 31, 2019	Pakistan	32.52%	2,334,657	844,639	275,410	186,902	186,902

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8.12 Investment in associates and Joint venture

2020 2019
(Rupees in '000)

Diamond Trust Bank Kenya, Limited - Listed

Opening balance	14,745,212	11,717,187
Share of profit - net of tax	1,347,227	1,605,033
Movement in share of surplus / deficit on investments - net of tax	(69,927)	7,395
Share of other comprehensive income - net of tax	94,589	171,216
Exchange translation impact	(639,709)	1,424,422
Dividend received	(186,830)	(180,041)
Closing balance	15,290,562	14,745,212

Himalayan Bank Limited, Nepal - Listed

Opening balance	4,897,973	3,777,862
Share of profit - net of tax	607,545	771,742
Movement in share of surplus / deficit on investments - net of tax	3,232	(8,447)
Share of other comprehensive income - net of tax	5,351	-
Exchange translation impact	51,909	356,816
Dividend received	(518,967)	-
Closing balance	5,047,043	4,897,973

Kyrgyz Investment and Credit Bank, Kyrgyz Republic - Unlisted

Opening balance	1,867,678	1,594,778
Share of profit - net of tax	149,973	87,763
Exchange translation impact	65,893	205,041
Dividend received	-	(19,904)
Closing balance	2,083,544	1,867,678

Jubilee General Insurance Company Limited - Listed

Opening balance	2,924,915	3,073,705
Share of profit - net of tax	328,671	202,108
Movement in share of surplus / deficit on investments - net of tax	88,957	(207,746)
Share of other comprehensive income - net of tax	(5,069)	(214)
Dividend received	(107,204)	(142,938)
Closing balance	3,230,270	2,924,915

Jubilee Life Insurance Company Limited - Listed

Opening balance	2,047,420	1,938,389
Share of profit - net of tax	487,254	361,732
Movement in share of surplus / deficit on investments - net of tax	7,139	702
Share of other comprehensive income - net of tax	3,546	3,667
Dividend received	(246,787)	(257,070)
Closing balance	2,298,572	2,047,420

HBL Cash fund

Opening balance	55,907	28,573
Investment	1,261,352	936,652
Share of profit	13,297	12,630
Redemption	(1,019,751)	(913,565)
Dividend received	(8,526)	(8,165)
Other movement	-	(218)
Closing balance	302,279	55,907

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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HBL Investment Fund - Class B

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

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

9 ADVANCES

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

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

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

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

9.3 Particulars of advances (Gross)

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

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

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

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

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

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

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

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

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

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

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

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

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
10 FIXED ASSETS			
Capital work-in-progress	10.1	2,639,430	1,921,589
Property and equipment	10.2	86,550,780	78,540,821
		<u>89,190,210</u>	<u>80,462,410</u>
10.1 Capital work-in-progress			
Civil works		762,188	464,028
Equipment		1,243,270	423,120
Advances to suppliers and contractors		633,972	1,034,441
		<u>2,639,430</u>	<u>1,921,589</u>

10.2 Property and equipment

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

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

10.3 Revaluation of properties

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

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

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

10.5 Details of disposal of fixed assets

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

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

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

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

11 INTANGIBLE ASSETS

Capital work-in-progress - computer software		1,620,539	1,074,544
Intangible assets	11.1	8,792,341	8,014,801
		<u>10,412,880</u>	<u>9,089,345</u>

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11.1 Intangible Assets

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

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

11.3 Goodwill arising on acquisition of

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

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

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

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

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

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

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

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

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

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

Discount rate

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

Growth rate

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

Terminal growth rate

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

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

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

12.1 Details of revaluation of non-banking assets acquired in satisfaction of claims			
Market value of non-banking assets acquired in satisfaction of claims		<u>639,379</u>	<u>626,000</u>

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

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

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14.1	Particulars of borrowings with respect to currencies	2020	2019
		(Rupees in '000)	
	In local currency	464,233,561	266,775,775
	In foreign currencies	79,874,265	115,430,531
		<u>544,107,826</u>	<u>382,206,306</u>
14.2	The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These carry mark-up at rates ranging from 1.00% to 3.00% per annum (2019: 1.00% to 2.00% per annum) and are due to mature latest by June 28, 2021.		
14.3	These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These carry mark-up at rates ranging from 2.00% to 8.60% per annum (2019: 2.00% to 8.40% per annum) and are due to mature latest by July 31, 2032.		
14.4	These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00% to 3.00% per annum (2019: 2.00% to 3.00% per annum) and are due to mature latest by March 31, 2032.		
14.5	These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises. These carry mark-up at 2.00% per annum (2019: 2.00% to 3.50% per annum) and are due to mature latest by November 07, 2025.		
14.6	These borrowings have been obtained from the SBP under a scheme to finance women entrepreneurs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at rates ranging from 0.00% to 2.00% per annum (2019: 0.00% per annum) and are due to mature latest by October 17, 2025.		
14.7	These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rates ranging from 2.00% to 3.50% per annum (2019: 2.00% to 3.50% per annum) and are due to mature latest by December 22, 2025.		
14.8	These borrowings have been obtained from the SBP under a scheme for financing short term financing facilities for selected SME sectors. These carry mark-up at 0.00% and are due to mature latest by March 30, 2025.		
14.9	These borrowings have been obtained from the SBP under a scheme to help businesses in payment of wages and salaries to their employees during the pandemic and thereby support continued employment. These carry mark-up at rates ranging from 0.00% to 2.00% per annum and are due to mature latest by October 01, 2022.		
14.10	These borrowings have been obtained from the SBP to provide emergency refinance facility to hospitals & medical centres to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% per annum and are due to mature latest by September 30, 2025. The maximum financing limit under the facility is Rs 200 million per hospital / medical centre with a tenor of 5 years including a grace period of up to 6 months.		
14.11	These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries during the pandemic. These carry mark-up at 1.00% per annum and are due to mature latest by December 14, 2030. The maximum limit granted under this facility is Rs 5 billion per project with a tenor of 10 years including a grace period of 2 years.		
14.12	Repurchase agreement borrowings carry mark-up at rates ranging from 6.20% to 7.02% per annum (2019: 13.00% to 13.31% per annum) and are due to mature latest by January 15, 2021. The market value of securities given as collateral against these borrowings is given in note 8.2.2.		
14.13	Call money borrowings carry mark-up at rates ranging from 6.05% to 7.15% per annum (2019: 9.50% to 13.25% per annum) and are due to mature latest by January 13, 2021.		
14.14	Borrowings by overseas branches and subsidiaries carry mark-up at rates ranging from 1.00% to 2.44% per annum (2019: 1.50% to 5.00% per annum) and are due to mature latest by September 15, 2021.		
14.15	This includes the following:		
14.15.1	A loan from the International Finance Corporation amounting to US\$ 150 million (2019: US\$ 150 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.		

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- 14.15.2 HBL has entered into a long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 165.975 million (2019: US\$ 62.890 million) has been utilized by the Bank with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to 4 years from the date of initial drawdown. The entire drawn amount is payable in semi-annual installments over a period of 10 years starting from January 31, 2023. Interest is charged at a fixed spread over LIBOR and is payable semi-annually.
- 14.15.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 194.309 million (2019: Nil) for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually from August 2020.
- 14.15.4 A mortgage refinancing facility on Musharakah basis from PMRC amounting to Rs 300 million (2019: Nil) for on-lending to customers in low and middle income groups. Any balance not disbursed to customers at the end of one year from the initial drawdown on February 12, 2020 (the pre-finance period) shall be repayable to PMRC in a bullet installment. The remaining amount is payable semi-annually over a period equal to the weighted average tenor of mortgage loans to customers, up to a maximum of 25 years. Profit during the pre-finance period ranges from 10.00% to 11.00% and is payable semi-annually from August 2020. Profit post this period will be payable semi-annually at a rate to be determined based on an agreed formula including, inter alia, the amount of pre-finance facility utilized for further disbursements of mortgage loans to customers.
- 14.15.5 A loan from Allied Bank Limited to HBL AML amounting to Rs 1.6 billion (2019: Rs 2 billion). The principal amount is payable in ten equal semi-annual installments from June 2020 to December 2024. Interest at KIBOR + 0.75% is payable semi-annually.
- 14.15.6 Mortgage refinancing facilities from PMRC utilised by First Microfinance Bank Limited amounting to Rs 821.434 million (2019: Nil) to extend mortgage finance to low income groups. The principal amount is payable in twenty quarterly installments on dates ranging from June 2020 to June 2025. Interest at 7.14% on these facilities is payable quarterly.

15 DEPOSITS AND OTHER ACCOUNTS

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

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

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

16	SUBORDINATED DEBT	Note	2020	2019
			(Rupees in '000)	
	Tier II Term Finance Certificates	16.1	9,982,000	9,986,000
	Additional Tier I Term Finance Certificates	16.2	12,374,000	12,374,000
			<u>22,356,000</u>	<u>22,360,000</u>

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

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

- 16.1.1 In accordance with Sub-Section 1.1.6 of Article 1 read with Condition 4 in Schedule 3 of the Trust Deed dated December 15, 2015 executed between the Issuer and the Trustee, the Bank has exercised the call option in full with respect to all outstanding Tier II Term Finance Certificates. The Bank has received a "No Objection" letter from the State Bank of Pakistan dated November 18, 2020 and accordingly, on February 19, 2021, the 5th anniversary of the issue date, (the "Call Option Exercise Date"), the entire principal outstanding amount of Rs 9,982.000 million, along with accrued profit, shall be redeemed in full.
- 16.2 The Bank has issued listed, fully paid up, rated, privately placed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (AT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013.

The key features of the issue are as follows:

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

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	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
17 DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Tax losses of subsidiary		469,486	445,141
- Provision against investments		1,141,429	1,616,500
- Provision against doubtful debts and off-balance sheet obligations		4,480,082	4,354,960
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		1,940,800	1,670,344
- Provision against other assets		45,062	50,989
- Deficit on revaluation of fixed assets		72,832	163,960
- Ijarah financing		199,225	150,674
- Losses of subsidiary under liquidation		-	108,817
		8,348,916	8,561,385
Taxable temporary differences on			
- Accelerated tax depreciation		(1,667,333)	(2,011,063)
- Surplus on revaluation of fixed assets	20	(1,827,924)	(1,175,641)
- Surplus on revaluation of fixed assets of associates	20	(56,392)	(56,392)
- Surplus on revaluation of investments	20	(5,430,518)	(2,291,567)
- Surplus on revaluation of investments of associates	20	(21,949)	414
- Management rights and goodwill		(237,741)	(182,914)
- Share of profit of associates		(6,728,003)	(6,049,041)
- Exchange translation reserve		(2,740,997)	(2,982,429)
- Others		(25,918)	(2,439)
		(18,736,775)	(14,751,072)
Net deferred tax liabilities		(10,387,859)	(6,189,687)

17.1 Movement in temporary differences during the year

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

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

18.1 Provision against off-balance sheet obligations

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

19 SHARE CAPITAL

19.1 Authorised capital

2020	2019		
Number of shares in '000			
<u>2,900,000</u>	<u>2,900,000</u>	Ordinary shares of Rs 10 each	<u>29,000,000</u> <u>29,000,000</u>

19.2 Issued, subscribed and paid-up capital

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19.3 Major shareholders

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

2020		2019	
Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
748,094,778	51.00%	748,094,778	51.00%

Name of shareholder

Aga Khan Fund for Economic Development

19.4 Shares of the Bank held by associated companies

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

19.5 Statutory reserve

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

19.6 Exchange translation reserve

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

20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

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

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

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

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

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

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.

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

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

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

22 DERIVATIVE INSTRUMENTS

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

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

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

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

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

22.1 Product Analysis

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

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Counterparties	2019			
	Cross currency swaps		Interest rate swaps	
	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 FIs other than banks for				
Hedging	-	-	-	-
Market Making	-	-	1,375,000	(97,388)
With other entities for				
Hedging	-	-	-	-
Market Making	15,432,300	(772,574)	7,654,173	(324,505)
Total				
Hedging	-	-	-	-
Market Making	20,408,284	(1,232,477)	9,029,173	(421,893)

22.2 Maturity Analysis

		2020			
Remaining Maturity	No. of Contracts	Notional Principal	Mark to Market		
			Loss	Gain	Net
			----- (Rupees in '000) -----		
Upto 1 Month	2	1,327,861	(93,873)	-	(93,873)
1 to 3 Months	-	-	-	-	-
3 Months to 6 Months	1	223,403	(43,194)	-	(43,194)
6 Months to 1 Year	3	1,743,055	(188,796)	11,652	(177,144)
1 to 2 Years	3	1,861,623	(27,955)	1,360	(26,595)
2 to 3 Years	2	5,016,822	(68,160)	86,547	18,387
3 to 5 Years	19	7,522,290	(18,820)	40,599	21,779
5 to 10 Years	10	20,809,583	(1,009,002)	42,759	(966,243)
	40	38,504,637	(1,449,800)	182,917	(1,266,883)
		2019			
Remaining Maturity	No. of Contracts	Notional Principal	Mark to Market		
			Loss	Gain	Net
			----- (Rupees in '000) -----		
Upto 1 Month	-	-	-	-	-
1 to 3 Months	-	-	-	-	-
3 Months to 6 Months	1	410,516	(49,135)	-	(49,135)
6 Months to 1 Year	-	-	-	-	-
1 to 2 Years	6	4,996,996	(428,703)	29,709	(398,994)
2 to 3 Years	3	2,384,410	(100,534)	10,940	(89,594)
3 to 5 Years	16	6,500,000	(268,975)	13,805	(255,170)
5 to 10 Years	8	15,145,535	(861,477)	-	(861,477)
	34	29,437,457	(1,708,824)	54,454	(1,654,370)

23 MARK-UP / RETURN / PROFIT / INTEREST EARNED	2020		2019	
	(Rupees in '000)		(Rupees in '000)	
On:				
Loans and advances		116,793,732		132,394,180
Investments		148,742,484		110,142,418
Lendings to financial institutions		5,027,219		14,180,501
Balances with banks		673,823		1,396,797
		<u>271,237,258</u>		<u>258,113,896</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Note	2020 (Rupees in '000)	2019
24 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
On:			
Deposits		108,385,506	114,247,880
Securities sold under repurchase agreement borrowings		15,423,539	23,252,416
Borrowings		7,131,338	9,124,238
Subordinated debt		2,603,244	2,038,901
Cost of foreign currency swaps against foreign currency deposits / borrowings		5,668,401	6,169,830
Lease liability against right-of-use assets		1,920,912	1,957,331
		<u>141,132,940</u>	<u>156,790,596</u>
25 FEE AND COMMISSION INCOME			
Branch banking customer fees		3,631,131	4,450,329
Consumer finance related fees		1,530,759	1,107,307
Card related fees (debit and credit cards)		4,180,720	4,625,153
Credit related fees		1,417,506	1,452,528
Investment banking fees		1,159,272	1,577,115
Commission on trade related products and guarantees		3,235,790	2,967,745
Commission on cash management		778,417	708,003
Commission on remittances including home remittances		354,348	424,742
Commission on bancassurance		1,171,097	2,252,763
Commission on Government to Person (G2P) payments		578,707	444,031
Management fee		593,808	656,786
Merchant discount and interchange fees		2,311,195	1,991,276
Wealth management fees		540,951	268,835
Others		114,601	86,016
		<u>21,598,302</u>	<u>23,012,629</u>
Less: Sales tax / Federal Excise Duty on fee and commission income		(2,802,563)	(2,564,778)
		<u>18,795,739</u>	<u>20,447,851</u>
26 GAIN / (LOSS) ON SECURITIES - NET			
Realised	26.1	7,017,346	(2,573,665)
Unrealised - held-for-trading	8.1	37,528	(83,591)
		<u>7,054,874</u>	<u>(2,657,256)</u>
26.1 Gain / (loss) on securities - realised			
On:			
Federal Government securities			
- Market Treasury Bills		3,063,002	240,615
- Pakistan Investment Bonds		5,223,854	(194,133)
- Ijarah Sukuks		(148,619)	(23,857)
Shares		(1,027,158)	(2,614,518)
Non-Government debt securities		(109,067)	(25,211)
Foreign securities		15,334	43,439
		<u>7,017,346</u>	<u>(2,573,665)</u>
27 OTHER INCOME			
Incidental charges		353,878	255,730
Exchange gain realised on reduction in capital of subsidiary		1,743,205	-
Exchange (loss) / gain realised on closure of Bank branch		(1,887,208)	182,112
Gain on sale of fixed assets - net		86,580	104,762
Gain on sale of non-banking assets	27.1	2,500	162,045
Rent on properties		75,490	71,886
Liabilities no longer required written back		1,152	52,775
		<u>375,597</u>	<u>829,310</u>

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- 27.1 The group earned an income of Rs 2,500 million (2019: 162,045 million) against the sale of the following non-banking assets.

	Note	2020 (Rupees in '000)	2019
Open plots situated in Lahore		2,500	151,345
Open plots situated in Karachi		-	10,700
		<u>2,500</u>	<u>162,045</u>

28 OPERATING EXPENSES

Total compensation expense	28.1	39,982,379	34,799,251
Property expense			
Rent and taxes		1,344,128	546,658
Insurance		115,447	121,069
Utilities cost		2,176,574	2,322,658
Security (including guards)		2,051,647	1,933,780
Repairs and maintenance (including janitorial charges)		2,111,535	1,761,745
Depreciation on owned fixed assets	10.2	3,134,963	2,945,678
Depreciation on right-of-use assets	10.2	3,795,518	3,426,648
Reversal of impairment	10.2	(158,708)	-
		14,571,104	13,058,236
Information technology expenses			
Software maintenance		3,218,990	2,630,352
Hardware maintenance		760,728	720,476
Depreciation	10.2	1,976,999	1,564,196
Amortisation	11.1	799,329	537,026
Network charges		1,257,260	1,381,512
Consultancy charges		699,542	598,329
		8,712,848	7,431,891
Other operating expenses			
Legal and professional charges		3,133,505	5,676,629
Outsourced services costs		1,704,932	1,554,268
Travelling and conveyance		728,746	1,096,850
Insurance		843,709	793,118
Remittance charges		568,978	655,207
Security charges		1,612,002	1,486,797
Repairs and maintenance		1,341,562	1,289,896
Depreciation	10.2	850,591	785,903
Training and development		203,348	419,969
Postage and courier charges		662,311	967,628
Communication		766,346	752,394
Stationery and printing		1,640,255	2,294,276
Marketing, advertisement and publicity		3,146,245	3,088,792
Donations	28.3	527,573	286,247
Auditors' remuneration	28.4	315,673	281,962
Brokerage and commission		758,724	572,190
Subscription		280,824	219,414
Documentation and processing charges		2,558,739	2,449,263
Entertainment		331,083	386,808
Consultancy charges		3,870,799	8,271,143
Deposit insurance premium expense		2,232,083	2,090,433
Product feature cost		699,017	714,073
COVID-19 related expenses	28.5	608,015	-
Others		1,367,014	813,690
	28.2	30,752,074	36,946,950
		<u>94,018,405</u>	<u>92,236,328</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	Note	2020	2019
		(Rupees in '000)	
28.1 Total compensation expense			
Non-Executive Directors' fees	39.2	84,000	50,600
Shariah Board's fees and allowances	39.3	12,807	16,316
Managerial Remuneration			
i) Fixed		22,811,698	21,191,268
ii) Variable		3,585,780	2,350,702
Charge for defined benefit plan		1,810,611	1,279,151
Contribution to defined contribution plan		1,164,948	1,055,142
Rent & house maintenance		4,131,721	3,710,020
Utilities		954,781	859,273
Medical		2,025,173	1,671,673
Conveyance		2,330,296	2,248,277
General group staff insurance		39,703	188,442
Hajj Allowance		39,918	20,202
Others		-	67
Sub-total		38,991,436	34,641,133
Sign-on bonus		134,710	44,285
Severance payments		856,233	113,833
Grand Total		39,982,379	34,799,251

	No of persons	
Sign-on bonus	52	75
Severance payments	106	45

28.2 The total cost for the year included in other operating expenses relating to outsourced activities is Rs Rs 2,359.744 million (2019: Rs 2,157.208 million). This cost includes outsourced services costs, which are disclosed specifically in note 28. Of the total cost, Rs 2,061.597 million (2019: Rs 1,830.982 million) pertains to companies incorporated in Pakistan and Rs 298.147 million (2019: Rs 326.226 million) pertains to companies incorporated outside Pakistan. The material outsourcing arrangements along with their nature of services are as follows:

Name of company	Nature of service	2020	2019
		(Rupees in '000)	
APEX Printry (Private) Limited	Cheque book printing services	157,898	171,890
Insourse (Private) Limited	Cheque book printing services	82,770	90,576
Euronet Pakistan (Private) Limited	Host environment configuration, POS terminal and card outsourcing services	74,824	72,214
Iron Mountain Information Management LLC	Document archival and storage	3,017	-
First Solutions	Document archival and storage	4,464	-
		322,973	334,680

28.3 Details of Donations

Donations individually exceeding Rs 500,000		
HBL Foundation	315,431	158,202
The Aga Khan Hospital & Medical College Foundation	157,360	77,575
International Parliamentarians' Congress	30,000	-
Zindagi Trust	10,000	-
Covid-19 fund established by Government of Bahrain	6,439	-
Progressive Education Network	5,000	-
Patients' Aid Foundation	2,000	-
The Citizens Foundation	831	-
Frontier Works Organization - Clean Karachi campaign	-	50,000
Donations individually not exceeding Rs 500,000	512	470
	527,573	286,247

Mr. Muhammad Aurangzeb, President and Chief Executive Officer, Mr. Sagheer Mufti, Chief Operating Officer, Mr. Rayomond Kotwal, Chief Financial Officer and Mr. Jamal Nasir, Chief Human Resources Officer are Trustees of the HBL Foundation.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28.4 Auditors' remuneration

	2020			2019		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)					
Audit and audit related fees						
Audit fee of the Bank	27,901	78,615	106,516	25,954	82,509	108,463
Audit fee of subsidiaries	4,164	51,998	56,162	3,006	34,225	37,231
Fees for other statutory and related certifications	24,763	6,682	31,445	21,958	6,309	28,267
Fees for other statutory certifications of subsidiaries	650	17,658	18,308	2,600	13,385	15,985
Out of pocket expenses on audit fees	6,016	413	6,429	5,557	1,075	6,632
Sales tax on audit fees	2,713	1,638	4,351	2,521	1,103	3,624
	66,207	157,004	223,211	61,596	138,606	200,202
Other services						
Special certifications and sundry advisory services	27,571	44,401	71,972	23,150	35,841	58,991
Tax services	10,407	5,996	16,403	9,977	9,755	19,732
Out of pocket expenses	557	-	557	978	116	1,095
Sales tax on other services	3,407	123	3,530	1,841	102	1,942
	41,942	50,520	92,462	35,946	45,814	81,760
	108,149	207,524	315,673	97,542	184,420	281,962

28.5 These represent expenses incurred for the health and safety of employees and customers and other CSR activities during the on-going pandemic including face masks, sanitisers and other related materials.

29 WORKERS' WELFARE FUND

The Group has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		296,416	476,156
Penalties imposed by other regulatory bodies		24,377	3,900
		<u>320,793</u>	<u>480,056</u>
31 PROVISIONS AND WRITE OFFS - NET			
(Reversal of) / provision for diminution in value of investments	8.7	(309,323)	553,086
Provision against loans and advances	9.5	12,059,829	3,376,099
Provision against other assets	12.2.1	658,088	90,219
Provision / (reversal) against off-balance sheet obligations	18.1	384,791	(49,233)
Recoveries against written off / charged off bad debts		(609,603)	(613,294)
Recoveries against other assets written off		(63,620)	(42,796)
Bad debts written off directly	9.8.1	99,452	-
		<u>12,219,614</u>	<u>3,314,081</u>
32 TAXATION			
- Current			
- For the year		21,848,281	11,801,568
- Prior years		(253,441)	1,933,029
		21,594,840	13,734,597
- Deferred			
- For the year		(280,043)	(353,470)
- Prior years		802,490	-
	17.1	522,447	(353,470)
		<u>22,117,287</u>	<u>13,381,127</u>
32.1 Relationship between tax expense and accounting profit			
Accounting profit for the current year		53,030,636	28,880,922
Tax on income @ 39% (2019: 39%)		20,681,948	11,263,560
Permanent differences			
- Impact of different tax rates of subsidiaries		636,185	97,622
- Penalties imposed by the SBP and other regulatory bodies		125,109	187,222
- Additional tax @ 2.5% on additional income from Federal Government Securities		177,770	-
- Others		(52,774)	(32,290)
		886,290	252,554
Prior years - charge		549,049	1,933,029
Impact of change in tax rate		-	(68,016)
Tax charge for the current year		<u>22,117,287</u>	<u>13,381,127</u>

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		2020 (Rupees in '000)	2019 (Rupees in '000)
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year attributable to equity holders of the Bank		<u>30,892,271</u>	<u>15,332,792</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,466,852,508</u>	<u>1,466,852,508</u>
		(Rupees)	
Basic and diluted earnings per share		<u>21.06</u>	<u>10.45</u>

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

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
34 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	375,280,120	367,593,717
Balances with other banks	6	<u>56,533,829</u>	<u>41,248,554</u>
		<u>431,813,949</u>	<u>408,842,271</u>

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

	2020				
	Liabilities		Equity		
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit	Non-controlling interest
	(Rupees in '000)				
Balance as at January 01, 2020	22,360,000	124,346,615	66,260,511	114,550,097	4,396,996
Changes from financing cash flows					
Repayment of subordinated debt	(4,000)	-	-	-	-
Dividend paid	-	-	-	(3,664,234)	-
Payment of lease liability against right-of-use assets	-	(4,762,581)	-	-	-
Effect of translation of net investment by non-controlling interest in subsidiary	-	-	-	-	76,720
	(4,000)	(4,762,581)	-	(3,664,234)	76,720
Other changes:					
Liability-related					
Changes in other liabilities					
- Cash based	-	1,600,506	-	-	-
- Dividend payable	-	2,896	-	(2,896)	-
- Non-cash based	-	8,722,861	-	-	-
Transfer of profit to statutory reserve	-	-	3,360,305	(3,360,305)	-
Total liability related other changes	-	10,326,263	3,360,305	(3,363,201)	-
Equity related	-	-	2,441,209	30,685,561	77,844
Balance as at December 31, 2020	<u>22,356,000</u>	<u>129,910,297</u>	<u>72,062,025</u>	<u>138,208,223</u>	<u>4,551,560</u>

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	2019				
	Liabilities		Equity		
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit	Non-controlling interest
	(Rupees in '000)				
Balance as at January 01, 2019	9,990,000	113,538,251	64,435,243	101,606,320	4,010,480
Changes from financing cash flows					
Repayment of subordinated debt	(4,000)	-	-	-	-
Proceeds from new issue of subordinated debt	12,374,000	-	-	-	-
Payment of lease liability against right-of-use assets	-	(5,264,295)	-	-	-
Dividend paid	-	-	-	(7,581,966)	-
Effect of translation of net investment by non-controlling interest in subsidiary	-	-	-	-	168,861
	12,370,000	(5,264,295)	-	(7,581,966)	168,861
Other changes:					
Liability-related					
Changes in other liabilities					
- Cash based	-	(5,414,223)	-	-	-
- Dividend payable	-	(247,706)	-	247,706	-
- Non-cash based	-	21,734,588	-	-	-
Transfer of profit to statutory reserve	-	-	1,737,644	(1,737,644)	-
Total liability related other changes	-	16,072,659	1,737,644	(1,489,938)	-
Equity related	-	-	87,624	22,015,681	217,655
Balance as at December 31, 2019	22,360,000	124,346,615	66,260,511	114,550,097	4,396,996

	2020	2019
	(Number)	
35 STAFF STRENGTH		
Permanent	20,795	21,005
On contract	94	104
Total staff strength	20,889	21,109

35.1 In addition to the above, 3,175 employees (2019: 3,246 employees) of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

	2020	2019
	(Number)	
35.2 Staff strength bifurcation		
Domestic	20,149	20,316
Overseas	740	793
	20,889	21,109

36 DEFINED BENEFIT PLANS AND OTHER BENEFITS

36.1 General Information

The Bank operates the following schemes:

36.1.1 Pension Fund (defined benefit scheme)

The Bank operates an approved pension scheme for those of its employees who opted for this scheme when it was introduced in 1977. This scheme is applicable to:

- All clerical employees
- Executives and officers who joined the Bank during the period from May 01, 1977 till December 31, 2001 and those who joined the Bank prior to introduction of the scheme and opted for this scheme when it was introduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

For clerical employees, the benefit is based on their actual years of service as of the statement of financial position date and their current salary. For executives and officers, the benefit is based on their years of service up to March 31, 2005 and their basic salary as on March 31, 2014. For service subsequent to this date (i.e. from April 01, 2005), they are entitled to the Bank's contributory gratuity fund (refer note 37.2) and the Bank's contributory provident fund (refer note 37.1). Eligible clerical employees as well as eligible executives and officers are entitled to a certain minimum pension as per applicable rules.

36.1.2 Benevolent Fund (defined benefit scheme)

The Bank operates an approved funded benevolent scheme for all employees who retire from the Bank and who joined on or before December 31, 2018. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction and a matching monthly subscription is made by the Bank. Post retirement, all eligible employees are entitled to receive a fixed monthly amount or one-time lump sum payment in lieu of a fixed monthly amount as per the rules of the Fund. Clerical employees are additionally entitled to certain grants during the period of their service subject to the fulfilment of certain conditions as specified in the rules of the Fund.

36.1.3 Post-Retirement Medical Benefits (defined benefit scheme)

The Bank provides a non-funded scheme for post-retirement medical benefits to all employees.

Executives and officers who have retired from January 01, 2006 onwards receive lump sum payments as a full and final settlement in lieu of post-retirement medical benefits. Executives and officers who retired prior to this date, and all clerical employees receive these benefits as reimbursements when incurred.

36.1.4 Compensated Absences (defined benefit scheme)

The Bank maintains a non-funded scheme for compensated absences. This is applicable to those employees who were in the service of the Bank as of December 31, 2008 and who had accumulated leave balances up to a maximum of 365 days as at that date. Employees are entitled to proceed on Leave Prior to Retirement (LPR) upto the amount of their accrued leave while continuing to receive gross salary. This benefit vests on retirement or, in the case of premature retirement, on the completion of 30 years of service.

Employees may be required by the Bank to continue working during the whole or a part of their LPR period. Such employees are entitled to gross salary and certain benefits during the period they are required to work and, additionally, to leave encashment amounting to 50% of this period.

Clerical employees have the option of not proceeding on LPR and instead encashing 50% of their accumulated leave balance upto a maximum of 180 days.

36.1.5 Other Post-Retirement Benefits (defined benefit scheme)

The Bank offers an additional benefit to all executives on retirement. Under this scheme, a lump sum amount equal to six months of house rent allowance, utilities allowance, car benefit allowance and conveyance allowance is paid to the executive on retirement. However, in case of the death in service of an executive prior to retirement, the lump sum amount includes an additional six months of house rent allowance.

36.1.6 Pension and Life Assurance Scheme (defined benefit scheme)

The Bank operates a pension and life assurance scheme for those employees who joined its UK operations prior to December 26, 2001. The scheme was established with effect from May 01, 1978 under a Trust Deed of that date and is governed by that Trust Deed together with various supplemental and amending deeds executed over the lifetime of the scheme.

The triennial actuarial valuation as at May 01, 2019 revealed a deficit of £1.7 million under the Statement of Funding Principles (SFP). In order to address this deficit, the Bank will pay £50,500 per month for three years starting from September 01, 2020.

36.1.7 Other schemes

Employee benefit schemes offered by the Bank's overseas branches are governed by the laws of the respective countries in which the branches operate.

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36.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2020	2019
	(Per annum)	
Valuation discount rate	9.75%	11.25%
Expected rate of increase in salary level	8.75%	10.25%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	7.75%	9.25%
Expected rate of return on funds invested	9.75%	11.25%

36.3 Number of employees under the scheme

	(Number)	
Pension fund	1,709	1,902
Benevolent fund	12,087	13,835
Post retirement medical benefit scheme	18,708	16,708
Compensated absences	3,975	4,578
Other Post-Retirement Benefits	2,188	2,077

36.4 Pension, gratuity, benevolent fund schemes and other benefits

36.4.1 The fair value of plan assets and the present value of defined benefit obligations of these schemes as at December 31, 2020 are as follows:

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	6,218,050	-	2,583,853	-	-	-
Present value of defined benefit obligations	(7,003,540)	-	(1,079,752)	(3,763,654)	(2,492,992)	(585,038)
(Payable to) / receivable from the fund	<u>(785,490)</u>	<u>-</u>	<u>1,504,101</u>	<u>(3,763,654)</u>	<u>(2,492,992)</u>	<u>(585,038)</u>
	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	5,565,467	24,419	2,372,581	-	-	-
Present value of defined benefit obligations	(6,143,431)	-	(993,646)	(3,872,768)	(2,644,978)	(508,589)
(Payable to) / receivable from the fund	<u>(577,964)</u>	<u>24,419</u>	<u>1,378,935</u>	<u>(3,872,768)</u>	<u>(2,644,978)</u>	<u>(508,589)</u>

36.4.2 Movement in the present value of defined benefit obligations

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	6,143,431	-	993,646	3,872,768	2,644,978	508,589
Current service cost	75,580	-	31,162	138,076	68,744	92,450
Interest cost	681,720	-	108,910	432,948	280,079	58,845
Benefits paid by the Bank	(461,582)	-	(139,344)	(286,937)	(430,515)	(73,503)
Past service cost	-	-	-	-	-	-
Remeasurement (gains) / losses	564,391	-	85,378	(393,201)	(70,294)	(1,343)
Obligations at the end of the year	<u>7,003,540</u>	<u>-</u>	<u>1,079,752</u>	<u>3,763,654</u>	<u>2,492,992</u>	<u>585,038</u>

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	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	5,404,742	4,257	1,090,293	3,945,133	3,080,403	504,466
Current service cost	72,542	349	25,384	157,504	80,465	89,088
Interest cost	713,148	428	138,763	523,400	320,427	67,618
Benefits paid by the Bank	(498,490)	(3,972)	(136,728)	(322,059)	(488,510)	(74,478)
Past service cost	-	-	-	-	-	-
Remeasurement (gains) / losses	451,489	(1,062)	(124,066)	(431,210)	(347,807)	(78,105)
Obligations at the end of the year	<u>6,143,431</u>	<u>-</u>	<u>993,646</u>	<u>3,872,768</u>	<u>2,644,978</u>	<u>508,589</u>

36.4.3 Movement in fair value of plan assets

	2020			2019		
	Pension Fund	Gratuity Fund	Benevolent Fund	Pension	Gratuity	Benevolent
	(Rupees in '000)					
Fair value at the beginning of the year	5,565,467	24,419	2,372,581	4,434,303	39,550	2,190,450
Expected return on plan assets	620,075	-	255,987	585,646	4,822	275,741
Contribution by the Bank	577,964	-	38,752	970,439	(13,952)	45,155
Contributions by the employees	-	-	38,752	-	-	45,155
Benefits paid by the Bank	(461,582)	-	(139,344)	(498,490)	(3,972)	(136,728)
Excess funds returned to the Bank	-	(24,419)	-	-	-	-
Remeasurement (losses) / gains	(83,874)	-	17,125	73,569	(2,029)	(47,192)
Fair value at the end of the year	<u>6,218,050</u>	<u>-</u>	<u>2,583,853</u>	<u>5,565,467</u>	<u>24,419</u>	<u>2,372,581</u>

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

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Opening balance	577,964	(24,419)	(1,378,935)	3,872,768	2,644,978	508,589
Charge / (reversal) for the year	137,225	-	(154,667)	571,024	278,529	151,295
Contribution by the Bank - net	(577,964)	-	(38,752)	-	-	-
Remeasurement losses / (gains) recognised in OCI during the year	648,265	-	68,253	(393,201)	-	(1,343)
Benefits paid by the Bank	-	-	-	(286,937)	(430,515)	(73,503)
Excess funds returned to the Bank	-	24,419	-	-	-	-
Closing balance	<u>785,490</u>	<u>-</u>	<u>(1,504,101)</u>	<u>3,763,654</u>	<u>2,492,992</u>	<u>585,038</u>

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Opening balance	970,439	(35,293)	(1,100,157)	3,945,133	3,080,403	504,466
Charge / (reversal) for the year	200,044	(4,045)	(156,749)	680,904	53,085	156,706
Contribution by the Bank - net	(970,439)	13,952	(45,155)	-	-	-
Remeasurement losses / (gains) recognised in OCI during the year	377,920	967	(76,874)	(431,210)	-	(78,105)
Benefits paid by the Bank	-	-	-	(322,059)	(488,510)	(74,478)
Closing balance	<u>577,964</u>	<u>(24,419)</u>	<u>(1,378,935)</u>	<u>3,872,768</u>	<u>2,644,978</u>	<u>508,589</u>

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36.4.5 Charge for defined benefit plans

36.4.5.1 Cost recognised in profit and loss

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Current service cost	75,580		31,162	138,076	68,744	92,450
Net interest on defined benefit asset / liability	61,645		(147,077)	432,948	280,079	58,845
Past service cost	-	-	-	-	-	-
Actuarial losses recognised	-	-	-	-	(70,294)	-
Contributions by the employees	-	-	(38,752)	-	-	-
	<u>137,225</u>	<u>-</u>	<u>(154,667)</u>	<u>571,024</u>	<u>278,529</u>	<u>151,295</u>
	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Current service cost	72,542	349	25,384	157,504	80,465	89,088
Net interest on defined benefit asset / liability	127,502	(4,394)	(136,978)	523,400	320,427	67,618
Past service cost	-	-	-	-	-	-
Actuarial losses recognised	-	-	-	-	(347,807)	-
Contributions by the employees	-	-	(45,155)	-	-	-
	<u>200,044</u>	<u>(4,045)</u>	<u>(156,749)</u>	<u>680,904</u>	<u>53,085</u>	<u>156,706</u>

36.4.5.2 Remeasurements recognised in OCI during the year

	2020				
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	663,792	-	62,527	(26,683)	(4,638)
- Demographic assumptions	-	-	-	-	-
- Experience adjustment	(99,400)	-	22,851	(366,518)	3,295
	564,392	-	85,378	(393,201)	(1,343)
Losses / (gains) on plan assets	83,873	-	(17,125)	-	-
Total remeasurement losses / (gains) recognised in OCI	<u>648,265</u>	<u>-</u>	<u>68,253</u>	<u>(393,201)</u>	<u>(1,343)</u>
	2019				
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	494,696	-	71,969	(36,421)	(5,255)
- Demographic assumptions	9,649	-	-	-	-
- Experience adjustment	(52,856)	(1,062)	(196,035)	(394,789)	(72,850)
	451,489	(1,062)	(124,066)	(431,210)	(78,105)
Losses / (gains) on plan assets	(73,569)	2,029	47,192	-	-
Total remeasurement losses / (gains) recognised in OCI	<u>377,920</u>	<u>967</u>	<u>(76,874)</u>	<u>(431,210)</u>	<u>(78,105)</u>

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36.4.6 Components of fair value of plan assets

	2020			2019		
	Pension Fund	Gratuity Fund	Benevolent Fund	Pension Fund	Gratuity Fund	Benevolent Fund
	(Rupees in '000)					
Cash and cash equivalents - net	5,164	-	68,856	5,068	24,419	79,331
Government securities	5,253,313	-	2,448,137	3,917,714	-	2,226,390
Shares	959,573	-	-	1,642,685	-	-
Non-Government debt securities	-	-	66,860	-	-	66,860
	<u>6,218,050</u>	<u>-</u>	<u>2,583,853</u>	<u>5,565,467</u>	<u>24,419</u>	<u>2,372,581</u>

The funds primarily invest in Government securities (Market Treasury Bills, Pakistan Investment Bonds and Special Savings Certificates) which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

36.4.7 Sensitivity analysis of defined benefit obligations

A sensitivity analysis has been performed by varying one assumption while keeping all other assumptions constant and calculating the impact on the present value of defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of changes in each assumption is summarized below:

	2020				
	Pension Fund	Benevolent Fund	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
1% increase in discount rate	(461,585)	(42,700)	(385,518)	(96,175)	(42,236)
1% decrease in discount rate	675,348	47,341	468,487	103,971	48,147
1% increase in expected rate of salary increase	119,655	-	-	115,315	51,052
1% decrease in expected rate of salary increase	(111,016)	-	-	(108,358)	(45,468)
1% increase in expected rate of increase in minimum pension	286,113	-	-	-	-
1% decrease in expected rate of increase in minimum pension	(238,236)	-	-	-	-
1% increase in expected rate of increase in medical benefit	-	-	164,872	-	-
1% decrease in expected rate of increase in medical benefit	-	-	(146,390)	-	-

36.4.8 Expected contributions to the schemes in the next financial year

The Bank contributes to the pension fund according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme.

	2021				
	Pension Fund	Benevolent Fund	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
Expected charge / (reversal) for the year	<u>155,515</u>	<u>(145,042)</u>	<u>522,451</u>	<u>291,360</u>	<u>165,447</u>

36.4.9 Maturity profile

	2020				
	Pension Fund	Benevolent Fund	Post retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
The weighted average duration of the obligation (in years)	<u>6.59</u>	<u>7.91</u>	<u>10.06</u>	<u>7.72</u>	<u>7.69</u>

36.4.10 Funding Policy

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by the assets of the Fund on any valuation date, based on actuarial assumptions.

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36.4.11 The significant risks associated with the staff retirement benefit schemes are as follows:

Mortality risks

The risk that the actual mortality experience is different. The impact depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk that the investments of the Funds will underperform and not be sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

37 DEFINED CONTRIBUTION PLANS

37.1 Provident Fund

For employees hired on or after January 01, 2002, the Bank operates an approved provident fund under which both the Bank and the employees make monthly contributions as follows:

For executives and officers	6% of basic salary
For clerical staff	12% of basic salary

Executives and officers hired upto December 31, 2001, who are covered by the Bank's pension scheme (refer note 36.1.1 above) also became eligible for Bank's contributory provident fund benefits effective April 01, 2005.

This scheme covers 15,509 employees (2019: 15,047 employees).

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

37.2 Contributory Gratuity Fund

For employees hired on or after January 01, 2002, the Bank operates an approved funded Bank contributory gratuity scheme. Executives and officers hired up to December 31, 2001, who are covered by the Bank's pension scheme (refer note 36.1.1 above) also became eligible for Bank's contributory gratuity fund benefits effective April 01, 2005.

The Bank contributes an amount equal to half of the employees' monthly basic salary for each completed year of service and, on a pro-rata basis, for partially completed years of service. Payments are made to the employees on retirement, death, resignation after completion of at least 10 years of continuous service, and discharge as specified in the rules of the Fund.

This scheme covers 15,100 employees (2019: 15,361 employees).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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38 DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS OF SUBSIDIARY COMPANIES

38.1 General information

Employee benefits offered by subsidiary companies are as follows:

38.1.1 HBL Bank UK Limited

Pension Fund (defined contribution scheme)

HBL Bank UK (HBL UK) operates a defined contribution pension scheme for its employees. Under current UK legislation, employees have the right to opt out of the pension scheme. HBL UK contributes an amount equal to 5% of each member's monthly basic salary and the cost is recognised when the contributions are made. The minimum employee contribution is 3% of basic salary, but the contribution can be increased at the discretion of the employee. The total amount contributed by the Bank and the employee is capped at £40,000 per annum.

38.1.2 HBL Asset Management Limited (HBL AML)

Gratuity Fund (defined benefit scheme)

HBL AML operates an approved defined benefit gratuity fund for all employees with a vesting period of 5 years. Eligible employees are entitled to half of one month's basic salary for each completed year of service, with partially completed years rounded up or down to the nearest year. Payments are made to employees upon retirement, resignation or death. Actuarial valuations are conducted annually by an independent actuary, using the Projected Unit Credit Method.

Provident Fund (defined contribution scheme)

HBL AML also operates a defined contribution provident fund scheme for its eligible employees. Monthly contributions are made by HBL AML and its employees at 8.33% of basic salary in accordance with the rules of the Fund.

38.1.3 First MicroFinanceBank Limited (FMFB)

Gratuity Fund (defined benefit scheme)

FMFB operates an approved defined benefit gratuity fund for all employees with a vesting period of 5 years. Eligible employees are entitled to one month's basic salary for each completed year of service, with partially completed years beyond the vesting period rounded up or down to the nearest year. Payments are made to employees upon retirement, resignation or death. Actuarial valuations are conducted annually by an independent actuary, using the Projected Unit Credit Method.

Provident Fund (defined contribution scheme)

FMFB also operates a defined contribution provident fund scheme for its eligible employees. Monthly contributions are made by FMFB and its employees at 10% of basic salary in accordance with the rules of the Fund.

38.1.4 Habib Currency Exchange (Private) Limited (HCEL)

Gratuity Fund (defined contribution scheme)

HCEL operates a defined contribution gratuity scheme for eligible employees. HCEL contributes an amount equal to half of the employees' monthly basic salary for each completed year of service and on a pro-rata basis, for partially completed years of service. Payments are made to the employees on retirement, death, resignation after completion of at least 10 years of continuous service and discharge as specified in the rules of the Fund.

Provident Fund (defined contribution scheme)

HCEL also operates a defined contribution provident fund scheme for its eligible employees. Monthly contributions are made by HCEL and its employees at 6% of basic salary, in accordance with the rules of the Fund.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

2020							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non- Executive				
(Rupees in '000)							
Fees and Allowances etc.	12,600	-	71,400	12,807	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	138,669	812,435	1,019,471
ii) Total Variable							
- Cash Bonus	-	-	-	-	63,000	364,113	211,946
- Guaranteed Bonus	-	-	-	-	-	-	2,699
Charge for defined benefit plan	-	-	-	-	-	1,217	1,814
Contribution to defined contribution plan	-	-	-	-	-	36,161	58,140
Rent & house maintenance	-	-	-	-	12,900	223,024	284,814
Utilities	-	-	-	-	1,229	44,498	60,763
Medical	-	-	-	-	2,632	44,347	59,971
Conveyance	-	-	-	-	3,992	76,329	213,443
Others	-	-	-	-	-	-	43
Sub-total	12,600	-	71,400	12,807	222,422	1,602,124	1,913,104
Sign-on bonus	-	-	-	-	-	78,000	23,000
Severance payments	-	-	-	-	-	26,510	-
Grand Total	12,600	-	71,400	12,807	222,422	1,706,634	1,936,104
Total Number of Persons	1	-	5	3	1	32	135
Sign-on bonus - Number of Persons	-	-	-	-	-	2	6
Severance payments - Number of Persons	-	-	-	-	-	1	-
Guaranteed bonus - Number of Persons	-	-	-	-	-	-	1
2019							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)	Non- Executive				
(Rupees in '000)							
Fees and Allowances etc.	6,800	-	43,800	16,316	-	-	-
Managerial Remuneration							
i) Fixed	-	-	-	-	128,200	624,349	981,785
ii) Total Variable - Cash Bonus	-	-	-	-	70,000	314,515	236,684
Charge for defined benefit plan	-	-	-	-	-	2,027	3,144
Contribution to defined contribution plan	-	-	-	-	-	33,218	53,089
Rent & house maintenance	-	-	-	-	13,301	189,219	265,285
Utilities	-	-	-	-	948	39,809	59,500
Medical	-	-	-	-	3,438	46,278	53,574
Conveyance	-	-	-	-	3,408	72,414	196,551
Others	-	-	-	-	-	-	164
Sub-total	6,800	-	43,800	16,316	219,295	1,321,829	1,849,776
Sign-on bonus	-	-	-	-	-	22,700	5,000
Grand Total	6,800	-	43,800	16,316	219,295	1,344,529	1,854,776
Total Number of Persons	1	-	5	3	1	32	131
Sign-on bonus - Number of Persons	-	-	-	-	-	2	4

The total amount of deferred bonus outstanding as at December 31, 2020 for the President / Chief Executive Officer (CEO), Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs 256.626 million (2019: Nil).

The CEO and certain Executives are provided with free club memberships. The CEO and the Chief Operating Officer (COO) are also provided with free use of Bank maintained cars in accordance with their entitlements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2020											
Sr. No.	Name of Director	Meeting Fees and Allowances Paid									
		For Board Meetings	For Board Committees								
			Board Audit Committee (BAC)	Board Risk Management Committee (BRMC)	Board Compliance and Conduct Committee (BCNC)	Board Human Resource & Remuneration Committee (BHRRC)	Board IT Committee (BITC)	Board Development Finance Committee (BDFC)	Board Nomination & Remuneration Committee (BNRC)**	Board Oversight Committee - International Governance (BOC IG)	Total Amount Paid
----- (Rupees in '000) -----											
1	Mr. Sultan Ali Allana	4,800	-	-	-	3,000	-	1,800	-	3,000	12,600
2	Mr. Salim Chinoy	4,800	4,800	-	4,800	-	-	-	-	-	14,400
3	Mr. Shaffiq Dharamshi*	-	-	-	-	-	-	-	-	-	-
4	Mr. Moez Ahamed Jamal	4,800	4,800	-	4,800	-	-	-	600	-	15,000
5	Ms. Diane Elizabeth Moore	4,800	-	-	4,800	-	2,400	-	-	-	12,000
6	Mr. Salim Raza	4,800	-	4,200	-	-	2,400	1,800	600	-	13,800
7	Dr. Najeeb Samie	4,800	4,800	-	-	3,000	-	-	600	3,000	16,200
	Total Amount Paid	28,800	14,400	4,200	14,400	6,000	4,800	3,600	1,800	6,000	84,000

In addition to the above, as per the Bank's policy, Rs 0.925 million was also paid to the Directors on account of daily allowance for attending Board and Committee meetings during the year.

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

** The Board Remuneration Committee (BRC) was merged into the BNRC, as disclosed in the Directors' Report.

39.2.1 Note: The Board Oversight Committee - New York (BOC NY) was dissolved on April 22, 2020 and no meetings were held during the year.

2019											
Sr. No.	Name of Director	Meeting Fees and Allowances Paid									
		For Board Meetings	For Board Committees								
			Board Audit Committee (BAC)	Board Risk Management Committee (BRMC)	Board Compliance and Conduct Committee (BCNC)	Board Human Resource & Remuneration Committee (BHRRC)	Board IT Committee (BITC)	Board Development Finance Committee (BDFC)	Board Oversight Committee - New York (BOC NY)	Board Oversight Committee - International Governance (BOC IG)	Total Amount Paid
(Rupees in '000)											
1	Mr. Sultan Ali Allana	3,000	-	-	-	1,800	-	800	-	1,200	6,800
2	Mr. Shaffiq Dharamshi*	-	-	-	-	-	-	-	-	-	-
3	Mr. Moez Ahamed Jamal	3,400	3,400	-	3,000	-	-	-	400	-	10,200
4	Ms. Sadia Khan**	2,400	2,800	-	2,400	2,000	-	-	-	-	9,600
5	Mr. Salim Raza	3,400	-	2,200	-	-	1,800	1,200	-	-	8,600
6	Dr. Najeeb Samie	3,400	3,400	-	-	600	-	-	1,600	1,200	10,200
7	Mr. Agha Sher Shah***	2,400	-	-	-	1,600	1,200	-	-	-	5,200
	Total Amount Paid	18,000	9,600	2,200	5,400	6,000	3,000	2,000	2,000	2,400	50,600

In addition to the above, Rs 5.359 million was also paid to the Directors, where applicable as per the Bank's policy, on account of daily allowance for attending Board and Committee meetings, official visits and foreign trainings during the year.

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

** Ms. Sadia Khan resigned from the Board with effect from November 15, 2019.

*** Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019.

39.2.2 Note: A Board Remuneration Committee was formed in the Board Meeting held on September 17, 2019 to comply with the SBP's BPRD Circular No. 3 of 2019 "Amendments in Prudential Regulation G-1" relating to remuneration of Board members. The Committee included Dr. Najeeb Samie and Mr. Salim Raza as its members. The Committee did not hold any formal meeting in 2019.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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39.3 Remuneration paid to Shariah Board Members

Items	2020				2019			
	Chairman	Resident Member	Non-Resident Member	Total	Chairman	Resident Member	Non-Resident Member	Total
	(Rupees in '000)							
Fixed Remuneration	4,200	3,886	3,600	11,686	5,190	5,025	4,500	14,715
Allowances	50	1,071	-	1,121	46	1,555	-	1,601
Total Amount	4,250	4,957	3,600	12,807	5,236	6,580	4,500	16,316
Total Number of Persons	1	1	1	3	1	1	1	3

40 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements using inputs that are not based on observable market data.

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Non-Government debt securities	Investments in non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in non-Government debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Foreign Government debt securities	The fair values of foreign Government debt securities are determined on the basis of rates taken from Bloomberg/ Reuters.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Derivatives	The Group enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

40.1 Fair value of financial assets

The following table provides the fair values of those of the Group's financial assets and liabilities that are recognised or disclosed at fair value in these consolidated financial statements:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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On balance sheet financial instruments

Financial assets - measured at fair value

Investments

- Federal Government securities

- Shares - listed companies

- Non-Government debt securities

- Listed

- Unlisted

- Foreign securities

Government debt securities

- Non-Government debt securities- listed

- National Investment Unit Trust

- Real Estate Investment Trust units

- Preference Shares

As at December 31, 2020				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
1,531,690,989	-	1,531,690,989	-	1,531,690,989
5,985,004	5,985,004	-	-	5,985,004
47,265,405	40,240,000	7,025,405	-	47,265,405
622,501	-	622,501	-	622,501
45,168,168	-	45,168,168	-	45,168,168
13,750,422	-	13,750,422	-	13,750,422
46,839	-	46,839	-	46,839
53,000	53,000	-	-	53,000
855,400	855,400	-	-	855,400
1,645,437,728	47,133,404	1,598,304,324	-	1,645,437,728

Financial assets - disclosed but not measured at fair value

Investments

- Federal Government securities

- Non-Government debt securities

- Listed

- Unlisted

- Foreign securities

Government debt securities

Non-Government debt securities

- Listed

- Unlisted

227,930,870	-	228,022,102	-	228,022,102
4,277,922	-	4,304,568	-	4,304,568
17,826,657	-	17,826,657	-	17,826,657
13,617,532	-	15,850,104	-	15,850,104
1,182,691	-	1,338,915	-	1,338,915
311,326	-	312,842	-	312,842
265,146,998	-	267,655,188	-	267,655,188
1,910,584,726	47,133,404	1,865,959,512	-	1,913,092,916

Off-balance sheet financial instruments - measured at fair value

Commitments

- Forward foreign exchange contracts

- Forward Government securities transactions

- Derivative instruments

As at December 31, 2020				
Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
436,716,313	-	(2,257,672)	-	(2,257,672)
150,757,178	-	(52,974)	-	(52,974)
38,504,637	-	(1,266,883)	-	(1,266,883)

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

- Federal Government securities

- Shares - listed companies

- Non-Government debt securities - listed

- Foreign securities

Government debt securities

Non-Government debt securities

- Listed

- Unlisted

- National Investment Unit Trust

- Real Estate Investment Trust units

As at December 31, 2019				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
1,080,978,774	-	1,080,978,774	-	1,080,978,774
6,653,529	6,653,529	-	-	6,653,529
1,722,749	-	1,722,749	-	1,722,749
34,165,484	-	34,165,484	-	34,165,484
15,699,559	-	15,699,559	-	15,699,559
349,384	-	349,384	-	349,384
42,804	-	42,804	-	42,804
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

- Non-Government debt securities

- Listed

- Unlisted

- Foreign securities

Government debt securities

Non-Government debt securities

- Listed

- Unlisted

168,098,017	-	159,201,649	-	159,201,649
5,799,373	-	5,839,857	-	5,839,857
19,705,186	-	19,705,185	-	19,705,185
7,371,115	-	7,615,906	-	7,615,906
1,280,682	-	1,288,664	-	1,288,664
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

- Forward Government securities transactions

- Derivative instruments

As at December 31, 2019				
Notional value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
591,509,497	-	(1,433,126)	-	(1,433,126)
107,869,401	-	25,258	-	25,258
29,437,457	-	(1,654,370)	-	(1,654,370)

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40.2 Fair value of non-financial assets

- Fixed assets
- Non-banking assets acquired in satisfaction of claims

As at December 31, 2020				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
52,856,178	-	-	52,856,178	52,856,178
639,379	-	-	639,379	639,379
53,495,557	-	-	53,495,557	53,495,557

- Fixed assets
- Non-banking assets acquired in satisfaction of claims

As at December 31, 2019				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
45,145,063	-	-	45,145,063	45,145,063
626,000	-	-	626,000	626,000
45,771,063	-	-	45,771,063	45,771,063

41 SEGMENT INFORMATION

41.1 Segment details with respect to Business Activities

	For the year ended December 31, 2020									
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Profit and loss account	----- (Rupees in million) -----									
Net mark-up / return / profit / interest income	(71,459)	25,449	12,414	38,471	117,575	6,288	(231)	6,484	(4,887)	130,104
Inter segment revenue / (expense) - net	121,878	(13,763)	-	(23,270)	(96,858)	3,028	-	-	8,985	-
Non mark-up / interest income	3,647	6,193	376	3,360	10,439	3,075	604	876	2,025	30,595
Total Income	54,066	17,879	12,790	18,561	31,156	12,391	373	7,360	6,123	160,699
Segment direct expenses	25,491	7,366	1,783	3,398	1,333	22,196	294	4,978	28,610	95,449
Inter segment expense allocation	12,646	1,796	635	1,678	271	7,128	-	-	(24,154)	-
Total expenses	38,137	9,162	2,418	5,076	1,604	29,324	294	4,978	4,456	95,449
Provisions - charge / (reversal)	73	2,160	907	3,034	(1,215)	5,563	-	1,567	130	12,219
Profit/ (loss) before tax	15,856	6,557	9,465	10,451	30,767	(22,496)	79	815	1,537	53,031

	As At December 31, 2020									
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others	Total
Statement of financial position	----- (Rupees in million) -----									
Cash and bank balances	179,590	-	12,771	293	125,940	101,353	3	11,425	439	431,814
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	-	-	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	93,245	461	14,542	31,888	1,948,577
Advances - performing	-	163,801	153,152	618,911	-	218,573	-	40,784	17,021	1,212,242
Advances - non-performing	-	1,960	211	4,308	-	3,943	-	844	3	11,269
Others	15,636	3,946	7,295	25,006	30,760	25,208	2,987	8,635	95,534	215,007
Total assets	1,625,739	169,707	318,396	657,193	1,841,744	626,214	3,451	76,230	290,590	5,609,264
Borrowings	-	4,011	32,183	100,397	324,181	79,714	1,600	2,022	-	544,108
Subordinated debt	-	-	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	465,866	-	61,726	6,884	2,830,371
Inter-segment borrowing	-	159,043	-	98,870	1,502,288	-	-	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	39,165	390	5,817	74,679	186,733
Total liabilities	1,625,739	169,707	295,629	657,193	1,835,282	584,745	1,990	69,565	103,919	5,343,769
Equity	-	-	22,767	-	6,462	41,469	1,461	6,665	186,671	265,495
Total equity and liabilities	1,625,739	169,707	318,396	657,193	1,841,744	626,214	3,451	76,230	290,590	5,609,264
Contingencies and commitments	13,104	-	9,416	321,938	551,311	97,502	-	-	28,891	1,022,162

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	For the year ended December 31, 2019								
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others
Profit and loss account	(Rupees in million)								
Net mark-up / return / profit / interest income	(83,974)	26,235	10,463	58,352	83,323	7,805	(277)	4,875	(5,479)
Inter segment revenue / (expense) - net	146,160	(15,262)	-	(46,372)	(93,182)	2,828	-	-	5,828
Non mark-up / interest income	5,287	6,297	587	4,209	1,695	4,701	691	798	(103)
Total Income	67,473	17,270	11,050	16,189	(8,164)	15,334	414	5,673	246
Segment direct expenses	25,349	7,726	1,540	3,243	474	26,979	315	4,098	23,565
Inter segment expense allocation	10,970	1,403	577	1,418	225	5,260	-	-	(19,853)
Total expenses	36,319	9,129	2,117	4,661	699	32,239	315	4,098	3,712
Provisions - charge / (reversal)	37	1,237	86	443	(66)	333	-	853	392
Profit/ (loss) before tax	31,117	6,904	8,847	11,085	(8,797)	(17,238)	99	722	(3,858)
As At December 31, 2019									
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Asset management	Microfinance	Head office / others
Statement of financial position	(Rupees in million)								
Cash and bank balances	144,856	-	17,199	228	121,382	118,659	11	5,855	652
Lendings to financial institutions	-	-	20,489	-	24,814	-	-	-	-
Inter segment lending	1,306,601	-	40,224	-	-	84,588	-	-	134,236
Investments	-	-	33,594	9,944	1,232,755	72,183	283	4,513	26,335
Advances - performing	-	146,129	153,042	596,652	-	218,743	-	30,201	12,919
Advances - non-performing	-	1,807	75	2,168	-	4,486	-	735	-
Others	18,566	4,810	11,591	37,868	40,458	33,481	3,012	5,907	70,731
Total assets	1,470,023	152,746	276,214	646,860	1,419,409	532,140	3,306	47,211	244,873
Borrowings	-	2,426	10,780	79,370	199,964	87,666	2,000	-	-
Subordinated debt	-	-	-	-	-	-	-	-	22,360
Deposits and other accounts	1,451,434	198	242,604	318,013	20	384,586	-	38,404	2,338
Inter segment borrowing	-	145,451	-	227,143	1,193,055	-	-	-	-
Others	18,589	4,671	6,122	22,334	25,056	8,023	400	2,745	72,278
Total liabilities	1,470,023	152,746	259,506	646,860	1,418,095	480,275	2,400	41,149	96,976
Equity	-	-	16,708	-	1,314	51,865	906	6,062	147,897
Total equity and liabilities	1,470,023	152,746	276,214	646,860	1,419,409	532,140	3,306	47,211	244,873
Contingencies and commitments	10,219	-	3,776	247,336	661,004	78,220	-	-	25,244

41.1.1 Comparative figures have been restated resulting from a reorganisation and subsequent changes in segment definitions during the year.

41.2 Segment details with respect to geographical locations

	For the year ended December 31, 2020			
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America
Profit and loss account	(Rupees in million)			
Net mark-up / return / profit / interest income	122,060	4,088	2,120	1,836
Non mark-up / interest income	28,184	1,376	(77)	1,112
Total Income	150,244	5,464	2,043	2,948
Segment direct expenses	73,546	6,866	3,435	11,602
Provisions - charge	6,837	3,958	971	453
Profit / (loss) before tax	69,861	(5,360)	(2,363)	(9,107)

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	As at December 31, 2020				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe	Total
Statement of financial position	----- (Rupees in million) -----				
Cash and bank balances	330,991	38,343	21,995	40,485	431,814
Lendings to financial institutions	30,154	-	-	-	30,154
Investments	1,863,143	35,743	32,956	16,735	1,948,577
Advances - performing	1,016,840	99,131	25,536	70,735	1,212,242
Advances - non-performing	7,325	1,010	852	2,082	11,269
Others	199,834	3,408	6,331	5,434	215,007
Total assets	3,448,287	177,635	87,670	135,471	3,849,063
Borrowings	464,394	68,234	5,487	5,993	544,108
Subordinated debt	22,356	-	-	-	22,356
Deposits and other accounts	2,572,488	117,369	36,324	104,191	2,830,372
Others	201,488	(35,495)	9,430	11,309	186,732
Total liabilities	3,260,726	150,108	51,241	121,493	3,583,568
Equity	187,561	27,527	36,429	13,978	265,495
Total equity and liabilities	3,448,287	177,635	87,670	135,471	3,849,063
Contingencies and commitments	925,335	44,376	16,497	35,954	1,022,162

	For the year ended December 31, 2019				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
Profit and loss account	----- (Rupees in million) -----				
Net mark-up / return / profit / interest income	92,343	4,989	1,697	2,294	101,323
Non mark-up / interest income	20,105	1,595	553	1,909	24,162
Total Income	112,448	6,584	2,250	4,203	125,485
Segment direct expenses	66,646	5,610	2,562	18,472	93,290
Provisions - charge / (reversal)	2,981	390	(69)	12	3,314
Profit / (loss) before tax	42,821	584	(243)	(14,281)	28,881

	As at December 31, 2019				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
Statement of financial position	----- (Rupees in million) -----				
Cash and bank balances	290,489	50,375	22,925	45,053	408,842
Lendings to financial institutions	45,303	-	-	-	45,303
Investments	1,316,035	24,948	18,022	20,602	1,379,607
Advances - performing	971,779	99,863	22,999	63,045	1,157,686
Advances - non-performing	4,785	1,245	602	2,639	9,271
Others	213,585	4,564	3,622	4,653	226,424
Total assets	2,841,976	180,995	68,170	135,992	3,227,133
Borrowings	294,541	83,762	2,013	1,890	382,206
Subordinated debt	22,360	-	-	-	22,360
Deposits and other accounts	2,171,663	136,614	26,330	102,990	2,437,597
Others	193,782	(76,206)	7,693	34,949	160,218
Total liabilities	2,682,346	144,170	36,036	139,829	3,002,381
Equity	159,630	36,825	32,134	(3,837)	224,752
Total equity and liabilities	2,841,976	180,995	68,170	135,992	3,227,133
Contingencies and commitments	948,250	44,754	3,285	29,510	1,025,799

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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:

As at December 31, 2020

Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
----- (Rupees in '000) -----					
Asset Management companies	5	72,000	75,000	49,500	196,500
Charitable institutions	2	40,000	170,000	-	210,000
Companies	66	24,238,125	49,761,200	-	73,999,325
Employee funds	67	17,808,665	20,016,780	-	37,825,445
Individuals	126	3,971,220	1,675,768	-	5,646,988
Insurance companies	5	18,338,340	299,671,600	8,138,200	326,148,140
Non-Government organizations	1	10,135	-	-	10,135
Others	14	3,910,950	819,400	-	4,730,350
	286	68,389,435	372,189,748	8,187,700	448,766,883

As at December 31, 2019

AS at December 31, 2019					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
----- (Rupees in '000) -----					
Asset Management companies	1	-	600,000	-	600,000
Charitable institutions	2	65,000	170,000	-	235,000
Companies	50	18,693,330	39,036,100	-	57,729,430
Employee funds	68	19,987,830	18,878,380	-	38,866,210
Individuals	143	4,543,720	2,766,718	150	7,310,588
Insurance companies	3	4,641,270	235,244,900	675,000	240,561,170
Non-Government organizations	2	12,570	-	-	12,570
Others	13	4,013,275	977,700	-	4,990,975
	282	51,956,995	297,673,798	675,150	350,305,943

43 RELATED PARTY TRANSACTIONS

The Group has related party relationships with various parties including its Directors, Key Management Personnel, Group entities, associated companies, joint venture and employee benefit schemes of the Group.

Transactions with related parties, other than those under the terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

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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 are as follows:

	As at December 31, 2020					
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
	----- (Rupees in '000) -----					
Statement of financial position						
Balances with other banks						
In current accounts	-	-	25,483	-	4,177	-
Investments						
Opening balance	-	-	-	25,464,030	4,897,973	4,775,603
Investment made during the year	-	-	-	2,218,672	-	-
Share of profit - net of tax	-	-	-	2,355,545	607,545	-
Equity method related adjustments	-	-	-	(426,642)	60,492	-
Investment redeemed / disposed off during the year	-	-	-	(2,191,758)	-	-
Dividend received during the period	-	-	-	(668,527)	(518,967)	-
Revaluation of investment during the year	-	-	-	-	-	68,121
Closing balance	-	-	-	26,751,320	5,047,043	4,843,724
Advances						
Opening balance	1,144	302,682	3,853,355	1,375,000	-	7,924,895
Addition during the year	10,157	222,404	7,294,502	-	-	7,668,197
Repaid during the year	(11,062)	(162,557)	(6,729,728)	(250,000)	-	(6,242,581)
Transfer in / (out) - net	10	(56,693)	-	-	-	(1,601,517)
Other movements	-	-	86,400	-	-	-
Closing balance	249	305,836	4,504,529	1,125,000	-	7,748,994
Other assets						
Interest / mark-up accrued	-	710	23,444	30,556	-	198,970
Advance to contractor	-	-	10,214	-	-	-
Other receivable / prepayments	-	-	3,488	305,588	-	3,679
	-	710	37,146	336,144	-	202,649
Borrowings						
Opening balance	-	-	2,787,405	929,086	1,548,476	-
Borrowings during the year	-	-	9,160,032	2,913,226	4,855,377	1,400,000
Settled during the year	-	-	(8,543,252)	(2,913,226)	(4,855,377)	(84,257)
Other movements	-	-	234,313	29,920	49,868	-
Closing balance	-	-	3,638,498	959,006	1,598,344	1,315,743
Deposits and other accounts						
Opening balance	97,816	193,679	10,999,321	11,245,398	-	3,183,114
Received during the year	687,076	2,384,726	258,689,238	652,057,799	-	60,738,998
Withdrawn during the year	(667,490)	(2,123,156)	(257,004,084)	(626,978,755)	-	(62,159,850)
Transfer in / (out) - net	4,619	35,680	-	-	-	(3,237)
Other movements	42	4,132	296,947	(5,694)	-	55,209
Closing balance	122,063	495,061	12,981,422	36,318,748	-	1,814,234
Other liabilities						
Interest / mark-up payable	1,384	1,734	231,174	129,999	6,251	13,334
Payable to staff retirement fund	-	-	-	-	-	1,182,639
Other payables	-	-	8,711	37,931	-	347,986
	1,384	1,734	239,885	167,930	6,251	1,543,959
Contingencies and commitments						
Letter of credit	-	-	145,085	-	-	1,576,326
Letter of guarantee	-	-	134,121	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	316,416
Forward sale of Government securities	-	-	-	-	-	-
Commitments in respect of forward lending	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	1,125,000	-	-
	-	-	2,000,329	1,125,000	-	7,836,215
Others						
Securities held as custodian	-	17,745	5,457,675	30,978,500	-	13,662,385

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For the year ended December 31, 2020						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
Profit and loss account						
Income						
Mark-up / return / profit / interest earned	-	22,866	306,870	250,523	-	1,086,137
Fee and commission income	-	-	122,969	1,092,755	352	42,573
Share of profit	-	-	-	2,355,545	607,545	-
Dividend income	-	-	-	-	-	85,633
Loss from derivatives	-	-	(20,978)	(19,556)	-	-
Expenses						
Mark-up / return / profit / interest expensed	7,151	8,116	724,355	799,417	26,085	142,578
Operating expenses						
Total compensation expense	-	1,929,056	-	-	-	1,478,173
Non-Executive Directors' fees	84,000	-	-	-	-	-
Insurance premium expense	-	-	-	1,372,382	-	-
Advertisement and publicity	-	-	105,850	-	-	-
Travelling	-	-	16,845	-	-	-
Subscription	-	-	-	-	-	72,178
Donation	-	-	157,360	-	-	315,431
Brokerage and Commission	-	-	-	-	-	197,720
Other expenses	-	-	17,194	-	-	19,147
Reversal of provision against advances	-	-	-	-	-	(124,920)
Others						
Purchase of Government securities	-	-	155,206,248	26,699,197	-	8,586,622
Sale of Government securities	-	31,716	160,624,591	85,382,672	-	12,496,840
Purchase of foreign currencies	-	1,034	1,792,352	3,867	-	1,864
Sale of foreign currencies	10,402	205,942	2,817,044	130,800	-	6,510,605
Insurance claims settled	-	-	-	195,894	-	-
As at December 31, 2019						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
(Rupees in '000)						
Statement of financial position						
Balances with other banks						
In current accounts	-	-	215	-	2,569	-
Investments						
Opening balance	-	-	-	25,741,115	3,777,862	4,004,502
Investment made during the year	-	-	-	1,875,925	-	1,095,511
Share of profit	-	-	-	2,711,851	771,742	-
Equity method related adjustments	-	-	-	442,535	348,369	-
Investment redeemed / disposed off during the year	-	-	-	(5,307,396)	-	(158,960)
Transfer in / (out) - net	-	-	-	-	-	(165,450)
Closing balance	-	-	-	25,464,030	4,897,973	4,775,603
Advances						
Opening balance	825	240,198	3,536,393	1,500,000	-	13,376,593
Addition during the year	17,838	251,640	5,302,656	-	-	350,670,513
Repaid during the year	(17,519)	(184,933)	(4,985,694)	(125,000)	-	(347,326,871)
Transfer in / (out) - net	-	(4,223)	-	-	-	(8,795,340)
Closing balance	1,144	302,682	3,853,355	1,375,000	-	7,924,895
Provision held against advances	-	-	-	-	-	(1,726,437)
Other assets						
Interest / mark-up accrued	-	665	49,194	44,448	-	224,553
Receivable from staff retirement fund	-	-	-	-	-	24,419
Advance to contractor	-	-	10,214	-	-	-
Other receivable	-	3,195	403	277,865	-	1,852
	-	3,860	59,811	322,313	-	250,824

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As at December 31, 2019						
	Directors	Key Management Personnel	Group Entities	Associates	Joint venture	Other related parties
----- (Rupees in '000) -----						
Borrowings						
Opening balance	-	-	2,621,585	2,499,514	1,388,619	-
Borrowings during the year	-	-	10,646,717	2,754,171	4,750,143	-
Settled during the year	-	-	(10,480,897)	(4,324,599)	(4,590,286)	-
Closing balance	-	-	2,787,405	929,086	1,548,476	-
Deposits and other accounts						
Opening balance	148,728	48,094	12,066,522	4,524,664	-	819,634
Received during the year	2,253,960	1,500,940	334,234,988	383,502,207	-	135,641,633
Withdrawn during the year	(2,301,166)	(1,359,961)	(335,302,189)	(376,781,473)	-	(133,242,500)
Transfer in / (out) - net	(3,706)	1,739	-	-	-	(40,428)
Other movement	-	2,867	-	-	-	4,775
Closing balance	97,816	193,679	10,999,321	11,245,398	-	3,183,114
Other liabilities						
Interest / mark-up payable	1,373	863	171,567	40,441	7,076	11,602
Payable to staff retirement fund	-	-	-	-	-	577,964
Other payables	-	-	71,914	126,626	-	160,974
	1,373	863	243,481	167,067	7,076	750,540
Contingencies and Commitments						
Letter of credit	-	-	502,087	-	-	2,655,788
Letter of guarantee	-	-	142,888	-	-	-
Forward purchase of Government securities	-	-	-	-	-	386,193
Forward sale of Government securities	-	-	-	-	-	-
Interest rate swaps	-	-	1,154,173	1,375,000	-	-
	-	-	1,799,148	1,375,000	-	3,041,981
Others						
Securities held as custodian	-	8,730	7,195,675	28,665,515	-	8,526,920
For the year ended December 31, 2019						
	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)	-	-
Expense						
Mark-up / return / profit / interest expensed	13,817	5,025	1,071,648	580,656	57,993	130,259
Operating expenses						
Total compensation expense	-	1,563,824	-	-	-	1,000,571
Non-Executive Directors' fees	50,600	-	-	-	-	-
Insurance premium expense	-	-	-	1,292,663	-	-
Advertisement and publicity	-	-	102,203	-	-	-
Travelling	-	-	28,230	-	-	-
Subscription	-	-	-	-	-	60,702
Donation	-	-	77,575	-	-	158,202
Other expenses	-	-	1,785	-	-	179,282
Reversal of provision for diminution in value of investments	-	-	-	-	-	(106,885)
Others						
Purchase of Government securities	-	33,130	193,633,855	70,582,819	-	360,883,492
Sale of Government securities	-	32,952	182,070,271	72,183,407	-	359,267,758
Purchase of foreign currencies	15,863	6,126	2,227,261	2,763	-	1,016,117
Sale of foreign currencies	19,497	208,088	2,596,850	68,874	-	6,397,104
Insurance claims settled	-	-	-	210,571	-	-

43.1 Balances and transactions with group entities include deposits of Rs 0.296 million (2019: Rs 0.284 million) from the parent and Rs 4.223 thousand (2019: 1.000 thousand) as mark-up expense thereon.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

2020
(Rupees in '000)

2019

(Rupees in '000)

14,668,525

14,668,525

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

172,930,425

145,776,218

12,533,284

12,645,453

185,463,709

158,421,671

51,969,228

36,890,259

237,432,937

195,311,930

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

1,042,434,363

959,412,841

131,554,475

133,614,588

203,276,223

178,963,586

1,377,265,061

1,271,991,015

12.56%

11.46%

13.47%

12.45%

17.24%

15.35%

Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)

of which: capital conservation buffer requirement

of which: countercyclical buffer requirement

of which: D-SIB or G-SIB buffer requirement

CET1 available to meet buffers (as a percentage of risk weighted assets)

9.50%

10.50%

1.50%

2.50%

-

-

2.00%

2.00%

6.56%

5.46%

Other information:

2020

2019

National minimum capital requirements prescribed by the SBP

CET1 minimum ratio (%)

Tier 1 minimum ratio (%)

Total capital minimum ratio (%)

9.50%

10.50%

11.00%

12.00%

13.50%

14.50%

Leverage Ratio (LR)

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio (%)

2020
(Rupees in '000)

2019

185,463,709

158,421,671

4,364,466,103

3,587,065,060

4.25%

4.42%

Minimum Requirement (%)

3.00%

3.00%

Liquidity Coverage Ratio (LCR)

Average High Quality Liquid Assets

Average Net Cash Outflow

Average Liquidity Coverage Ratio (%)

2020
Total Adjusted Value
(Rupees in '000)

2019

1,343,833,391

906,731,376

525,626,841

585,290,046

255.66%

154.92%

Minimum Requirement (%)

100.00%

100.00%

Net Stable Funding Ratio (NSFR)

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio (%)

2020
Total Weighted Value
(Rupees in '000)

2019

2,637,965,349

2,354,284,645

1,448,252,363

1,337,084,320

182.15%

176.08%

Minimum Requirement (%)

100.00%

100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The SBP, through BPRD circular 12, dated March 26, 2020 has provided the following relaxations to banks to enable them to continue providing credit to the real economy:

- The Capital Conservation Buffer (CCB) has been reduced from 2.50% to 1.50%. This has resulted in a 1.00% decline in capital adequacy requirements for all tiers.
- The regulatory retail portfolio limit has been increased from Rs 125 million to Rs 180 million.

44.1 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, depositor, creditor and market confidence and to sustain future development of the business, while providing adequate returns to shareholders.

The Group's lead regulator, the SBP, sets and monitors capital requirements for the Bank and the Group. The Group's branches and subsidiaries outside Pakistan are also required to follow capital requirements applicable in their respective jurisdictions.

The SBP, through BSD Circular No. 07 dated April 15, 2009 has required that Banks should maintain a minimum paid-up capital of Rs. 10 billion (net of accumulated losses). The paid-up capital of the Bank as at December 31, 2020 stood at Rs. 14.669 billion (2019: Rs. 14.669 billion) and is in compliance with SBP requirements.

The Group and its individually regulated operations have complied with all capital requirements throughout the year.

The Group's regulatory capital is classified as follows:

- Tier 1 capital comprises of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT 1) capital.
- CET1 capital includes fully paid-up capital, balance in share premium account, reserves (excluding exchange translation reserves), unappropriated profit and non-controlling interest meeting the eligibility criteria.
- AT 1 capital includes perpetual TFCs meeting the prescribed SBP criteria.
- Tier 2 capital includes general provisions for loan losses, surplus / (deficit) on revaluation of fixed assets and investments, exchange translation reserves and subordinated debt (meeting the eligibility criteria).

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to on and off-balance sheet exposures.

- On and off-balance sheet exposures in the banking book are segregated into various asset classes for the calculation of credit risk. Ratings reflecting the credit worthiness of counterparties are applied using various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Collateral, if any, is used as an outflow adjustment. Risk weights notified by the SBP are applied to arrive at risk weighted assets. Eligible collateral used includes Government of Pakistan (GoP) guarantees, GoP issued securities, bank guarantees, lien on deposits and margin accounts.
- The Group calculates capital requirements for market risk in its trading book based on the methodology provided by the SBP which takes into account interest rate risk using the maturity method, equity position risk and foreign exchange risk.

44.2 The full disclosures on the Capital Adequacy Ratio, Leverage Ratio & Liquidity Requirements calculated as per SBP instructions issued from time to time have been placed on the Bank's website. The link to the full disclosure is available at <https://www.hbl.com/capitalandliquidity>.

45 RISK MANAGEMENT FRAMEWORK

HBL has a well-developed, robust, risk management framework given the high degree of complexity of its operations, its size, and regional and target market diversification. The Bank's risk management framework is based on strong Board oversight, multi-tier management supervision, efficient systems, documented risk appetite, and clearly articulated policies and procedures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework is in place including the required human resources, policies, procedures and systems. It is supported in this task by the Board Risk Management Committee (BRMC) as well as by various management committees.

The risk management policies continue to remain robust and the Bank regularly conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on all economies globally. To reduce the impact on businesses and economies in general, regulators / governments have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 impacts banks in Pakistan on a number of fronts including:

- increase in overall credit risk pertaining to the loans and advances portfolio;
- reduced fee income due to overall slowdown in economic activity;
- continuity of business operations; and
- managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are using digital channels.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate in 2020 by 625 basis points to 7%. Other regulatory measures to provide an impetus to economic activity include the following:

- Reducing the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introducing refinancing schemes for payment of wages and salaries, setting up of COVID-19 related facilities / new hospitals and import of plant and machinery for new/existing industrial projects.

For effective implementation of the risk management framework, the Risk Management function, headed by the Chief Risk Officer (CRO), operates independently of business units within the Bank. Risk Management is responsible for the development and implementation of risk policies and monitoring the risks associated with various activities of the Bank. The CRO reports to the President, with a functional reporting line to the BRMC.

The Risk Management function comprises of the following areas:

- Credit Policy & Analytics
- Credit Approvals
- Credit Administration
- Program Based Lending Risk
- Market & Liquidity Risk Management
- Operational Risk Management
- Enterprise Risk Management

Risk Management alignment with Basel framework

The Bank has adopted the Standardized Approach for credit risk and the Alternate Standardized Approach for operational risk. In addition, the Bank has adopted the simple approach for recognizing eligible collateral for credit risk mitigation. The Bank's goal is to develop resources internally to embed Basel related processes and methodologies in its risk practices.

The Bank is following the Standardized Approach for market risk and is engaged in capacity building for adoption of the Internal Models Approach (IMA).

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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 is extending the same to other business segments. The software is designed to improve approval efficiency, capture, storage and retrieval of approval data, and generation of MIS for decision making.

Stress testing on the credit portfolio is performed in line with SBP guidelines. In addition to the mandatory stress tests defined by the regulator, the Bank has also developed advanced stress tests including macroeconomic stress tests, shock scenarios and reverse stress tests to test the capital against shocks to the credit portfolio.

The Bank has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor risk rating and facility risk rating) for the portfolio, and the development of transition & migration matrices to develop Probability of Default (PD) estimates and test these against actual default rates. The performance of the risk rating models over the years is continuously monitored.

BRR performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, the efficacy of processes for acquisition of risk assets, regulatory / policy compliance and appropriateness of classification and risk rating.

The Risk Management function of the Group has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to be affected due to changes in the business and economic environment.

45.1.1 Credit risk - General disclosures

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of exposure. The Bank utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poor's (S&P). The Bank also utilizes rating scores of Export Credit Agencies (ECAs).

Types of exposure and ECAIs used

	FITCH	Moody's	S&P	PACRA	JCR-VIS	ECA scores
Corporates	-	✓	-	✓	✓	-
Banks	✓	✓	✓	✓	✓	-
Sovereigns	-	✓	-	-	-	✓
Public sector enterprises	-	-	-	✓	✓	-

Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

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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 the ratings assigned by international rating agencies. CBTR arises from exposure to counterparties in countries other than the jurisdiction of the lender. Transfer risk arises where an otherwise solvent and willing debtor is unable to meet its obligation due to the imposition of governmental or regulatory controls restricting its ability to perform under its obligation towards meeting its foreign liabilities. The limit utilization is controlled at Head Office level and country risk exposures are reported to the BRMC at defined frequencies.

Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

45.1.4 Lendings to financial institutions

	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
Credit risk by public / private sector	(Rupees in '000)					
Public / Government	14,253,781	37,031,364	-	-	-	-
Private	15,900,412	8,271,835	-	-	-	-
	<u>30,154,193</u>	<u>45,303,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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45.1.5 Investment in debt securities	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
Credit risk by industry sector	(Rupees in '000)					
Chemical and pharmaceuticals	203,025	406,050	-	-	-	-
Textile	106,548	106,548	106,548	106,548	106,548	106,548
Automobile and transportation equipment	775,313	1,788,199	-	-	-	-
Financial	1,839,344,825	1,309,609,553	-	-	-	-
Oil and gas	3,698,844	4,362,557	-	-	-	-
Power and energy	57,555,652	14,858,864	-	-	-	-
Telecommunication	164,329	164,329	164,329	164,329	164,329	164,329
Construction	2,046,000	2,101,000	-	-	-	-
Wholesale and retail trade	878,616	826,322	878,616	826,324	878,616	599,126
Metal and allied	900,000	900,000	-	-	-	-
Others	1,496,273	3,799,320	-	-	-	-
	<u>1,907,169,425</u>	<u>1,338,922,742</u>	<u>1,149,493</u>	<u>1,097,201</u>	<u>1,149,493</u>	<u>870,003</u>
Credit risk by public / private sector						
Public / Government	1,878,708,348	1,314,189,052	-	-	-	-
Private	28,461,077	24,733,690	1,149,493	1,097,201	1,149,493	870,003
	<u>1,907,169,425</u>	<u>1,338,922,742</u>	<u>1,149,493</u>	<u>1,097,201</u>	<u>1,149,493</u>	<u>870,003</u>
45.1.6 Advances	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
Credit risk by industry sector	(Rupees in '000)					
Chemical and pharmaceuticals	49,371,190	35,958,686	2,551,951	1,403,409	2,519,264	1,403,264
Agribusiness	127,157,187	110,489,722	2,419,370	4,203,626	993,849	3,068,640
Textile	139,530,678	114,999,106	18,227,451	20,111,710	17,230,252	19,460,081
Cement	30,742,220	31,163,363	788,694	788,694	788,694	788,694
Sugar	11,836,435	8,801,685	1,230,342	1,395,262	1,295,262	1,395,262
Shoes and leather garments	3,905,696	4,294,310	950,036	932,766	908,274	891,562
Automobile and transportation equipment	16,637,257	18,795,700	3,210,723	3,181,685	3,197,282	3,069,030
Financial	96,955,150	102,155,209	1,875,133	1,801,480	1,875,133	1,801,480
Hotel and tourism	7,426,584	8,504,050	675,707	2,170,111	560,200	2,106,195
Insurance	2,892,710	3,493,016	-	-	-	-
Electronics and electrical appliances	7,141,707	9,438,310	2,401,210	2,365,430	2,401,210	2,339,421
Oil and gas	58,927,284	58,156,756	3,036,551	136,799	786,797	131,800
Power and energy	186,637,376	223,744,793	1,615,585	1,741,772	1,615,585	1,741,772
Education and medical	7,184,376	3,218,593	198,943	165,074	195,356	162,984
Telecommunication	29,265,551	25,746,572	1,130,701	1,221,933	1,130,701	1,221,933
Printing and publishing	6,912,534	13,082,360	355,966	397,393	355,949	397,393
Construction	42,792,545	32,532,808	448,012	798,643	306,613	702,760
Mining and quarrying	5,730,014	4,710,985	119	119	119	119
Food, tobacco and beverages	64,115,867	49,500,481	4,873,122	4,421,311	3,104,874	2,560,627
Wholesale and retail trade	71,000,356	63,481,156	14,018,874	14,546,899	12,475,825	13,069,286
Metal and allied	20,435,579	20,766,413	3,231,792	3,137,264	2,161,387	2,059,101
Individuals	105,894,937	102,021,430	3,762,358	4,478,163	2,927,271	3,639,382
Farming, cattle and dairy	23,835,304	15,868,423	1,153,012	1,311,043	625,296	752,387
Trust funds and non profit organisations	1,614,536	1,279,404	2,991	2,991	2,991	748
Others	187,466,196	181,119,621	13,945,733	11,192,273	13,377,579	9,871,046
	<u>1,305,409,269</u>	<u>1,243,322,952</u>	<u>82,104,376</u>	<u>81,905,850</u>	<u>70,835,763</u>	<u>72,634,967</u>
Credit risk by public / private sector						
Public / Government	281,674,755	306,804,018	2,906,470	2,843,957	1,840,779	1,778,266
Private	1,023,734,514	936,518,934	79,197,906	79,061,893	68,994,984	70,856,701
	<u>1,305,409,269</u>	<u>1,243,322,952</u>	<u>82,104,376</u>	<u>81,905,850</u>	<u>70,835,763</u>	<u>72,634,967</u>

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45.1.7 Contingencies and Commitments

Credit risk by industry sector

	2020	2019
	(Rupees in '000)	
Chemical and Pharmaceuticals	125,589,265	42,881,370
Agribusiness	7,834,336	1,645,056
Textile	37,795,440	43,115,779
Cement	9,534,715	13,761,821
Defence	13,597,579	13,774,890
Sugar	2,425,872	2,352,890
Shoes and leather garments	2,051,318	518,364
Automobile and transportation equipment	12,864,675	6,683,249
Financial	505,175,258	695,394,485
Hotel and tourism	1,371,892	1,768,596
Research and development	1,322,523	894,653
Insurance	1,653,258	2,174,627
Electronics and electrical appliances	16,114,947	11,690,009
Oil and gas	63,355,245	36,938,590
Power and energy	73,530,933	44,295,311
Education and medical	1,934,974	1,713,651
Telecommunication	9,425,449	12,258,865
Printing and publishing	1,238,472	3,301,979
Construction	15,202,900	6,700,258
Mining and quarrying	4,563,574	2,025,652
Food, tobacco and beverages	11,181,197	12,472,202
Wholesale and retail trade	16,675,728	4,432,373
Metal and allied	10,748,845	9,944,293
Individuals	17,898,989	19,016,887
Farming, cattle and dairy	2,106,305	684,724
Ports and shipping	2,554,655	95,252
Trust funds and non profit organisations	11,175,272	5,221,951
Others	43,237,961	30,041,025
	<u>1,022,161,577</u>	<u>1,025,798,802</u>

	2020	2019
	Rupees in '000	
Credit risk by public / private sector		
Public / Government	201,203,863	181,197,039
Private	<u>820,957,714</u>	<u>844,601,763</u>
	<u>1,022,161,577</u>	<u>1,025,798,802</u>

45.1.8 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposure aggregated to Rs 380,572.960 million (2019: Rs 339,064.071 million).

	2020	2019
	Rupees in '000	
Funded	280,605,421	276,525,114
Non - funded	99,967,539	62,538,957
Total exposure	<u>380,572,960</u>	<u>339,064,071</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 550,392.787 million (2019 : 467,543.289 million).

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45.1.9 Advances - Province / Region-wise disbursement and utilisation

Province / Region	2020						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
				(Rupees in '000)			
Punjab	2,410,597,613	2,286,396,401	31,989,237	1,144,980	-	90,850,813	216,182
Sindh	6,461,338,740	145,218,707	6,273,125,982	3,912,615	5,562,663	32,079,834	1,438,939
KPK including FATA	52,907,682	1,185,242	1,346,987	50,375,453	-	-	-
Balochistan	5,107,283	-	-	-	5,107,283	-	-
Islamabad	727,015,532	43,618,837	125,045,659	-	-	558,351,036	-
AJK including Gilgit-Baltistan	14,589,228	-	-	-	-	-	14,589,228
Total	9,671,556,079	2,476,419,187	6,431,507,865	55,433,048	10,669,946	681,281,683	16,244,349

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

45.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. Each of these components of market risk consists of a general market risk and a specific market risk that is driven by the nature and composition of the portfolio.

The Bank is exposed to market risk through its trading activities which are carried out by Treasury and Global Markets (TGM) and through investments / structural positions parked in the Banking Book. Market risk also arises from market making, facilitation of client business and proprietary positions. The objective of the Bank's market risk management strategy is to reduce exposure to these risks and minimize volatility in capital resources, cash flows and distributable reserves in line with its risk appetite statement approved by the Board. The Market risk for the Bank is monitored under the supervision of the Global Asset and Liability Committee (ALCO).

A comprehensive structure is in place, aimed at ensuring that the Bank does not exceed its qualitative and quantitative tolerance for market risk. The risk associated with fluctuations in market prices is managed through:

- Maintaining a balanced approach towards risk taking while keeping exposures within the defined risk acceptance criteria.
- Using tools like Value at Risk, sensitivity analysis, various types of limits and Management Action Triggers with monitoring at different levels of granularity.
- Performing stress testing to estimate the impact on profitability, market value of equity and capital adequacy of the Bank.

45.2.1 Statement of financial position split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	375,280,120	-	375,280,120	367,593,717	-	367,593,717
Balances with other banks	56,533,829	-	56,533,829	41,248,554	-	41,248,554
Lendings to financial institutions	30,154,193	-	30,154,193	45,303,199	-	45,303,199
Investments	1,236,947,862	711,628,960	1,948,576,822	670,652,846	708,954,533	1,379,607,379
Advances	1,223,510,222	-	1,223,510,222	1,166,956,994	-	1,166,956,994
Fixed assets	89,190,210	-	89,190,210	80,462,410	-	80,462,410
Intangible assets	10,412,880	-	10,412,880	9,089,345	-	9,089,345
Deferred tax assets	-	-	-	-	-	-
Other assets	111,119,675	4,284,867	115,404,542	130,109,010	6,761,789	136,870,799
Total	3,133,148,991	715,913,827	3,849,062,818	2,511,416,075	715,716,322	3,227,132,397

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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.

	2020				2019			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	(Rupees in '000)							
United States Dollars	287,180,010	341,631,642	46,661,472	(7,790,160)	243,026,146	322,827,134	47,949,715	(31,851,273)
Great Britain Pounds	70,939,576	77,452,102	17,360,019	10,847,493	72,595,662	68,888,960	9,824,729	13,531,431
UAE Dirhams	26,217,896	38,860,193	26,334,763	13,692,466	47,491,825	63,723,028	32,122,570	15,891,367
Japanese Yen	72,254	153,610	117,785	36,429	90,299	54,156	(220)	35,923
Euros	21,449,910	17,214,314	(2,301,794)	1,933,802	16,723,276	18,020,871	1,723,815	426,220
Other Currencies	89,664,567	26,772,282	(2,448,107)	60,444,178	106,606,985	65,974,129	4,572,769	45,205,625
	<u>495,524,213</u>	<u>502,084,143</u>	<u>85,724,138</u>	<u>79,164,208</u>	<u>486,534,193</u>	<u>539,488,278</u>	<u>96,193,378</u>	<u>43,239,293</u>

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	791,642	-	432,393
- Other comprehensive income	733,030	-	629,828	-

45.2.3 Equity Position Risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or the levels of equity indices. The Bank holds equity investments in both the AFS and HFT portfolios. The AFS portfolio takes a medium-term market view of capital gains and dividend income while the realization of short term capital gains is the principal objective of the HFT portfolio. The portfolios are managed by the Bank through the Equity Investment Policy approved by the Board. The policy defines various position limits, portfolio limits and loss triggers for the equity desk. The Bank also applies stress tests on the equity portfolio which is part of the Bank's overall market risk exposure limit on the trading book.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	-	7,311	-	-
- Other comprehensive income		339,701	-	337,939

45.2.4 Interest Rate Risk

Interest rate risk arises due to changes in interest rates, including changes in the shape of the yield curve. It is inherent in the Bank's business due to investment in interest rate sensitive assets and mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank is exposed to interest rate risk in both the Trading and Banking Books.

Interest rate sensitivity is conducted at both banking book and trading book levels. The analysis is performed at least on a monthly basis or more frequently, if required. The analysis helps in estimating and managing the impact of interest rate volatility on the Bank's earnings and the economic value of equity within the defined tolerance limits. Limits are also in place for fixed income investments of the treasury portfolio at various levels (i.e. Dealer, Transaction, Portfolio, Trading and Banking Book). Regulatory stress testing is conducted on a quarterly basis. Metrics to assess Interest Rate Risk include Interest Rate Gap Reports, Earnings at Risk (EAR) and Economic value of Equity (EVE) based on different stress scenarios.

To further strengthen the interest rate risk management in the Bank, an initiative has been undertaken by developing a standardized framework for computing the Interest Rate Risk in the Banking Book (IRRBB) under the updated guidelines issued by the Bank for International Settlements (BIS): Basel Committee on Banking Supervision Standards (BCBS). Full scope implementation will commence from 2021 onward. The outcomes will be to fully segregate the risks on the Trading Books and the Banking Books, in line with international best practices.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% increase in interest rates on				
- Profit and loss account	(8,208,300)	(1,020,854)	(4,002,873)	(1,423,184)
- Other comprehensive income	(4,515,237)	(1,935,019)	(1,593,620)	(1,826,956)

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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.

		2020										
	Effective yield / interest rate	Exposed to yield / interest risk										Not exposed to yield / interest risk
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	
On-balance sheet assets		(Rupees in '000)										
Financial assets												
Cash and balances with treasury banks	0.05%	375,280,120	46,725,598	25,239	-	-	-	-	-	-	-	328,529,283
Balances with other banks	1.51%	56,533,829	21,393,489	2,584,412	-	-	-	-	-	-	-	32,555,928
Lendings to financial institutions	7.63%	30,154,193	23,154,193	7,000,000	-	-	-	-	-	-	-	-
Investments	9.73%	1,948,576,822	183,977,129	547,455,585	461,860,011	286,415,772	160,814,714	54,766,507	101,302,978	77,927,299	30,264,314	43,792,513
Advances	10.15%	1,223,510,222	367,984,680	508,948,810	139,312,757	54,708,221	39,619,642	28,932,814	34,565,374	36,890,725	1,278,587	11,268,612
Other assets		90,840,776	-	-	-	-	-	-	-	-	-	90,840,776
		3,724,895,962	643,235,089	1,066,014,046	601,172,768	341,123,993	200,434,356	83,699,321	135,868,352	114,818,024	31,542,901	506,987,112
Financial liabilities												
Bills payable		46,434,199	-	-	-	-	-	-	-	-	-	46,434,199
Borrowings	5.89%	544,107,826	380,762,920	51,421,564	45,457,922	292,380	31,434,293	612,514	8,256,069	25,743,587	126,577	-
Deposits and other accounts	4.49%	2,830,371,390	220,027,084	1,411,196,912	73,941,674	87,443,591	10,918,601	7,069,805	17,172,974	6,789,770	856,148	994,954,831
Subordinated debt	11.64%	22,356,000	-	22,356,000	-	-	-	-	-	-	-	-
Other liabilities												
Lease Liability against right-of-use asset	10.55%	18,213,249	154,717	309,433	464,150	928,300	1,856,600	1,856,600	3,713,201	8,930,248	-	-
Others		98,243,959	-	-	-	-	-	-	-	-	-	98,243,959
		3,559,726,623	600,944,721	1,485,283,909	119,863,746	88,664,271	44,209,494	9,538,919	29,142,244	41,463,605	982,725	1,139,632,989
On-balance sheet gap		165,169,339	42,290,368	(419,269,863)	481,309,022	252,459,722	156,224,862	74,160,402	106,726,108	73,354,419	30,560,176	(632,645,877)
Net non - financial assets		100,325,908										
Total net assets		265,495,247										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		261,220,544	76,517,705	107,834,983	65,916,710	10,951,146	-	-	-	-	-	-
Foreign exchange contracts - forward sales		(175,495,769)	(69,125,826)	(65,129,830)	(27,580,297)	(13,659,816)	-	-	-	-	-	-
Government Securities transactions - forward purchases		96,427,590	96,380,176	47,414	-	-	-	-	-	-	-	-
Government Securities transactions - forward sales		(54,329,588)	(54,329,588)	-	-	-	-	-	-	-	-	-
Cross Currency Swaps - purchases		14,662,810	616,598	-	90,208	787,250	482,671	1,543,489	1,235,520	9,907,074	-	-
Cross Currency Swaps - sales		(16,007,336)	(711,263)	-	(133,195)	(955,805)	(519,461)	(1,598,333)	(1,186,770)	(10,902,509)	-	-
Interest rate swaps - sales		(7,834,491)	-	-	-	-	(859,491)	(1,875,000)	(5,100,000)	-	-	-
Off-balance sheet gap		118,643,760	49,347,802	42,752,567	38,293,426	(2,877,225)	(896,281)	(1,929,844)	(5,051,250)	(995,435)	-	-
Total yield / interest rate risk sensitivity gap			91,638,170	(376,517,296)	519,602,448	249,582,497	155,328,581	72,230,558	101,674,858	72,358,984	30,560,176	(632,645,877)
Cumulative yield / Interest rate risk sensitivity gap			91,638,170	(284,879,126)	234,723,322	484,305,819	639,634,400	711,864,958	813,539,816	885,898,800	916,458,976	283,813,099

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		2019										Not exposed to yield / interest risk
	Effective yield / interest rate	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	0.22%	367,593,717	69,147,007	18,159	-	-	-	-	-	-	-	298,428,551
Balances with other banks	2.67%	41,248,554	17,172,986	2,874,904	1,334,224	5,472,789	-	-	-	-	-	14,393,651
Lendings to financial institutions	10.01%	45,303,199	24,614,015	20,689,184	-	-	-	-	-	-	-	-
Investments	9.89%	1,379,607,379	146,650,053	318,338,016	186,126,051	368,752,268	134,802,663	84,956,220	77,915,044	21,536,528	3,096,324	37,434,212
Advances	11.73%	1,166,956,994	59,758,009	713,388,972	163,030,765	132,309,299	19,921,378	11,221,120	33,835,907	28,325,423	533,101	4,633,020
Other assets		105,787,262	-	-	-	-	-	-	-	-	-	105,787,262
		3,106,497,105	317,342,070	1,055,309,235	350,491,040	506,534,356	154,724,041	96,177,340	111,750,951	49,861,951	3,629,425	460,676,696
Financial liabilities												
Bills payable		29,681,108	-	-	-	-	-	-	-	-	-	29,681,108
Borrowings	8.62%	382,206,306	232,781,875	53,266,743	48,624,440	3,080,495	544,283	8,783,662	19,635,291	15,489,517	-	-
Deposits and other accounts	5.44%	2,437,597,169	160,908,279	1,176,113,219	79,431,993	82,580,848	18,042,140	12,917,995	19,111,061	8,550,226	110,834	879,830,574
Subordinated debt	13.12%	22,360,000	-	22,360,000	-	-	-	-	-	-	-	-
Other liabilities												
Lease Liability against right-of-use asset	11.87%	15,996,664	135,887	271,775	407,662	815,324	1,630,649	1,630,649	3,261,297	7,843,421	-	-
Others		95,569,834	-	-	-	-	-	-	-	-	-	95,569,834
		2,983,411,081	393,826,041	1,252,011,737	128,464,095	86,476,667	20,217,072	23,332,306	42,007,649	31,883,164	110,834	1,005,081,516
On-balance sheet gap		123,086,024	(76,483,971)	(196,702,502)	222,026,945	420,057,689	134,506,969	72,845,034	69,743,302	17,978,787	3,518,591	(544,404,820)
Net non - financial assets		101,665,488										
Total net assets		224,751,512										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		343,848,106	100,477,945	168,985,525	56,518,985	17,865,651	-	-	-	-	-	-
Foreign exchange contracts - forward sales		(247,661,391)	(104,335,832)	(64,260,695)	(68,243,490)	(10,821,374)	-	-	-	-	-	-
Government Securities transactions - forward purchases		45,771,399	20,175,622	17,417,558	-	50,912	-	-	-	8,127,307	-	-
Government Securities transactions - forward sales		(62,098,002)	-	(9,036,720)	(2,356,023)	(24,860,019)	(19,316,118)	(579,422)	(778,645)	(5,171,055)	-	-
Cross Currency Swaps - purchases		9,525,572	-	-	180,572	-	2,298,008	597,945	-	6,449,047	-	-
Cross Currency Swaps - sales		(10,882,712)	-	-	(229,944)	-	(2,698,989)	(632,292)	-	(7,321,487)	-	-
Interest rate swaps - sales		(9,029,173)	-	-	-	-	-	(1,154,173)	(6,500,000)	(1,375,000)	-	-
Off-balance sheet gap		69,473,799	16,317,735	113,105,668	(14,129,900)	(17,764,830)	(19,717,099)	(1,767,942)	(7,278,645)	708,812	-	-
Total yield / interest rate risk sensitivity gap			(60,166,236)	(83,596,834)	207,897,045	402,292,859	114,789,870	71,077,092	62,464,657	18,687,599	3,518,591	(544,404,820)
Cumulative yield / Interest rate risk sensitivity gap			(60,166,236)	(143,763,070)	64,133,975	466,426,834	581,216,704	652,293,796	714,758,453	733,446,052	736,964,643	192,559,823

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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 and plans with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Continuity and IT Disaster Recovery. The Bank's Business Continuity Steering Committee, represented by the senior management of the Bank, is the governing body of BCP matters that meets on a periodic basis to review key initiatives, testing results and related action plans for strengthening the Bank's ability to manage crisis situations. The Bank's business continuity program complies with the regulatory framework and the leading Business Continuity Management standard, ISO 22301, and is subject to regular internal, external and regulatory reviews and audits.

During the COVID-19 pandemic, the Crisis Management Team of the bank, that includes the President & CEO, has been continuously monitoring the situation and analyzing the ever changing and dynamic situation (both domestically and internationally) in order to respond in a manner that ensures and exhibits institutional readiness. The Business Continuity Plans (BCP) for respective areas have been extensively utilized and successfully executed by all the critical departments under an actual and prolonged BCP scenario, hence reflecting the effectiveness and sustainability of the BCP structure of the bank.

45.3.2 IT related controls

During the year, Bank's IT controls were further strengthened, with special focus on controls around remote access due to the challenges that were seen during the year. Enhanced focus and visibility was given to IT Audit and Compliance area, several control/monitoring initiatives were launched in close coordination with the Internal Audit function of the Bank. Formal procedure for IT Risk Management was introduced to identify and mitigate potential risk areas in a centralized manner. New initiative of implementing COBIT-2019 was launched to ensure IT is equipped with the right controls and standards as per the guidelines given by the internationally recognized body for IT Controls (ISACA). Controls around 'Cloud Computing' were put in place as per the directives and framework provided by SBP. IT introduced better visibility of its Services Management function by revamping of existing processes and introducing new processes for effective controls and visibility across the Bank. IT Steering Committee discipline was established at all international territories that brought efficiency and effectiveness in technology governance and operations.

45.3.3 Information Security Risk

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

Year 2020, largely dominated by COVID 19 pandemic, offered opportunities to cyber criminals or fraudsters to take advantage of new lifestyles and working models in order to steal sensitive data and commit fraudulent activities. Moreover, the digitization drive, changing threat landscape, rise of social engineering frauds, and stringent oversight of regulator demanded that essential measures are undertaken to strengthen the overall information security posture of the Bank.

- Security controls for remote working were extensively implemented this year enabling the employees to work remotely in a secure and seamless manner ensuring continuity of business requirements are adequately met.

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- Strong focus in improving customer experience and strengthening coverage and control of user access management led us to implement automated workflow based access request mechanisms, dedicated helpdesk with online self-service portal for problem tickets, centralized user administrator's activity monitoring and recording, engaging model for user access recertification, targeted email advisories and webinars, development of access matrices, and re-structuring of team according to needs of the organization.
- An extensive awareness campaign was launched earlier this year to provide specific training and guidance on information security related matters such as working from home, phishing, identity theft, online frauds, etc. through various mechanisms such as TV Ad, print media, social media, website, email advisories, SMS, webinars, video based trainings, phishing simulation exercises, new joiners orientation, information security booklets, intranet updates, and targeted awareness messages for executive leaderships etc. These initiatives were focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges.
- Significant progress has been made in securing the international territories consistent with the policies, standards, and controls implemented in the rest of the Bank. Ensured regulatory compliance, remediated audit findings, deployed security solutions, implemented controls, delivered security awareness, and conducted security assessments to identify areas of improvement.

Moving forward, the Bank plans to strengthen our cyber-defenses through the use of automation and modern technologies, AI and machine learning, targeted customer and staff awareness, adoption of international best practices, security orchestration-based analysis while proactively mitigating against advanced security threats. Furthermore, enhancement of data loss prevention measures, identity and access management, cyber fraud prevention, privileged access management, as well as strengthening ATM security controls besides further alignment of security operation center with international best practices would be the key focus of 2021.

Customers are an important component of the security process and continuous customer education about cyber risks will remain an important component of our defense strategy. These security measures will allow Bank to continue offering innovative digital solutions to its clients while ensuring them protection and peace of mind.

45.4 Liquidity Risk Management

Liquidity risk is the risk that the Bank may be unable to meet its cash obligations as they become due, or to fund assets, at a reasonable cost, because of the inability to liquidate assets, or to obtain adequate funding.

The Bank follows a comprehensive global liquidity risk management policy duly approved by the Board. The policy provides necessary guidelines to establish a robust liquidity risk management framework which helps in identifying the key liquidity and funding risks to which the bank is exposed; describes how these risks are identified, measured, monitored and reported and prescribes the techniques and resources used to manage and mitigate these risks. The policy stipulates maintenance of various ratios, funding preferences, and evaluation of the Bank's liquidity under normal and crisis situations (stress testing). The Bank also has a Contingency Funding Plan in place to address liquidity issues in times of crisis. This plan helps to identify early warning indicators to pre-empt unforeseen liquidity crises. Triggers are used to ascertain potential stress scenarios.

The Bank's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by Market Risk Management. Liquidity Risk is reviewed by global ALCO on a monthly basis and an update is provided to the BRMC on a quarterly basis.

An overdraft is a part of the loan portfolio that is short-term in nature, however, due to its use for working capital financing is rolled-over periodically. Current and saving deposits do not have contractual maturity dates. Expected maturities of such assets and liabilities are estimated by applying statistical techniques. The outcome is used for balance sheet maturity profiling and liquidity gap analysis.

In view of the relaxation granted by SBP for deferral of principal and mark-up and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

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

	2020													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	375,280,120	351,496,396	9,510,305	-	14,248,180	-	25,239	-	-	-	-	-	-	-
Balances with other banks	56,533,829	39,616,425	10,782,775	2,116,860	1,433,357	1,146,421	1,437,991	-	-	-	-	-	-	-
Lendings to financial institutions	30,154,193	-	3,959,681	3,300,000	15,894,512	-	7,000,000	-	-	-	-	-	-	-
Investments	1,948,576,822	639,619	695,248	3,677,888	58,209,184	41,092,361	345,539,736	162,096,764	277,163,355	10,437,198	178,053,042	124,129,943	257,096,448	489,746,036
Advances	1,223,510,222	282,525,053	52,736,716	9,357,584	22,356,733	32,464,101	61,502,930	75,636,302	55,824,155	58,911,740	143,725,303	124,066,445	130,161,711	174,241,449
Fixed assets	89,190,210	2,656,636	103,237	120,443	275,298	516,185	516,184	1,548,553	1,548,553	1,548,553	6,194,213	6,194,213	7,667,639	60,300,503
Intangible assets	10,412,880	1,622,612	12,409	14,477	33,090	62,044	62,044	186,131	186,131	186,131	744,524	744,524	1,139,528	5,419,235
Other assets	115,404,542	1,456,255	8,737,514	10,193,766	23,438,259	9,307,796	9,307,796	17,425,333	6,884,762	7,268,336	-	21,384,725	-	-
	3,849,062,818	680,012,996	86,537,885	28,781,018	135,888,613	84,588,908	425,391,920	256,893,083	341,606,956	78,351,958	328,717,082	276,519,850	396,065,326	729,707,223
Liabilities														
Bills payable	46,434,199	46,434,199	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	544,107,826	543,764	286,134,658	24,084,799	37,998,397	10,253,298	42,845,090	23,348,315	52,250	42,934	39,920,322	9,771,489	22,276,861	46,835,649
Deposits and other accounts	2,830,371,390	2,249,084,865	48,668,898	57,029,430	146,591,263	65,883,833	50,838,861	73,159,095	45,408,644	45,408,644	13,663,854	9,815,111	17,172,974	7,645,918
Subordinated debt	22,356,000	-	-	-	-	9,982,000	-	-	-	-	-	-	-	12,374,000
Deferred tax liabilities	10,387,859	6,282	37,697	43,980	100,525	434,937	434,937	378,998	343,139	343,139	(719,857)	(369,670)	(723,357)	10,077,109
Other liabilities														
Lease Liability against right-of-use asset	18,213,249	5,157	30,943	36,101	82,516	154,717	154,717	464,150	464,150	464,150	1,856,600	1,856,600	3,713,200	8,930,248
Others	111,697,048	3,723,234	22,339,410	26,062,645	59,571,759	-	-	-	-	-	-	-	-	-
	3,583,567,571	2,299,797,501	357,211,606	107,256,955	244,344,460	86,708,785	94,273,605	97,350,558	46,268,183	46,258,867	54,720,919	21,073,530	42,439,678	85,862,924
Net assets	265,495,247	(1,619,784,505)	(270,673,721)	(78,475,937)	(108,455,847)	(2,119,877)	331,118,315	159,542,525	295,338,773	32,093,091	273,996,163	255,446,320	353,625,648	643,844,299
Share capital	14,668,525													
Reserves	72,062,025													
Surplus on revaluation of assets - net of tax	36,004,914													
Unappropriated profit	138,208,223													
Non-controlling interest	4,551,560													
	265,495,247													

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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	<u>224,751,512</u>	<u>(1,320,971,017)</u>	<u>(37,389,102)</u>	<u>(63,945,376)</u>	<u>(91,689,218)</u>	<u>78,849,180</u>	<u>127,051,354</u>	<u>91,566,497</u>	<u>46,744,429</u>	<u>318,932,686</u>	<u>238,384,679</u>	<u>201,978,195</u>	<u>222,771,871</u>	<u>412,467,334</u>
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													
	<u>224,751,512</u>													

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

45.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

Assets and liabilities which have contractual maturities have been reported as per the remaining maturities, whereas assets and liabilities which do not have any contractual maturities have been reported as per their expected maturities calculated on the basis of an objective and systematic behavioral study approved by the ALCO.

	2020									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	375,280,120	284,407,384	5,913,911	5,495,033	13,107,319	15,135,918	7,150,285	10,841,125	17,393,550	15,835,595
Balances with other banks	56,533,829	53,949,417	2,584,412	-	-	-	-	-	-	-
Lendings to financial institutions	30,154,193	23,154,193	7,000,000	-	-	-	-	-	-	-
Investments	1,948,576,822	63,221,939	386,632,097	162,096,764	293,439,335	178,053,042	124,129,943	257,096,448	411,973,845	71,933,409
Advances	1,223,510,222	132,073,904	118,712,650	92,969,161	151,932,033	196,845,905	165,239,472	192,649,961	101,287,366	71,799,770
Fixed assets	89,190,210	3,155,614	1,032,369	1,548,553	3,097,106	6,194,213	6,194,213	7,667,639	11,012,636	49,287,867
Intangible assets	10,412,880	1,682,587	124,087	186,131	372,262	744,523	744,523	1,139,527	-	5,419,240
Other assets	115,404,542	18,705,619	29,730,219	36,666,681	15,483,523	242,476	14,212,314	320,950	42,760	-
	<u>3,849,062,818</u>	<u>580,350,657</u>	<u>551,729,745</u>	<u>298,962,323</u>	<u>477,431,578</u>	<u>397,216,077</u>	<u>317,670,750</u>	<u>469,715,650</u>	<u>541,710,157</u>	<u>214,275,881</u>
Liabilities										
Bills payable	46,434,199	9,139,014	884,373	36,410,812	-	-	-	-	-	-
Borrowings	544,107,826	350,323,442	51,536,565	23,348,315	95,184	39,920,322	9,771,489	22,276,861	38,843,367	7,992,281
Deposits and other accounts	2,830,371,390	783,593,713	160,920,659	154,864,162	315,410,899	326,073,671	156,534,635	231,085,373	367,392,028	334,496,250
Subordinated debt	22,356,000	-	9,982,000	-	-	-	-	-	-	12,374,000
Deferred tax liabilities	10,387,859	146,051	867,743	378,998	686,278	(719,857)	(369,670)	(722,890)	4,320,561	5,800,645
Other liabilities										
Lease Liability against right-of-use asset	18,213,249	154,717	309,433	464,150	928,300	1,856,600	1,856,600	3,713,201	8,930,248	-
Others	111,697,048	28,414,176	34,965,344	15,933,805	15,437,544	1,965,178	1,215,782	2,547,145	11,026,234	191,840
	<u>3,583,567,571</u>	<u>1,171,771,113</u>	<u>259,466,117</u>	<u>231,400,242</u>	<u>332,558,205</u>	<u>369,095,914</u>	<u>169,008,836</u>	<u>258,899,690</u>	<u>430,512,438</u>	<u>360,855,016</u>
Net assets	<u>265,495,247</u>	<u>(591,420,456)</u>	<u>292,263,628</u>	<u>67,562,081</u>	<u>144,873,373</u>	<u>28,120,163</u>	<u>148,661,914</u>	<u>210,815,960</u>	<u>111,197,719</u>	<u>(146,579,135)</u>
Share capital	14,668,525									
Reserves	72,062,025									
Surplus on revaluation of assets - net of tax	36,004,914									
Unappropriated profit	138,208,223									
Non-controlling interest	4,551,560									
	<u>265,495,247</u>									

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2019									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	---(Rupees in '000)---									
Assets										
Cash and balances with treasury banks	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	<u>224,751,512</u>	<u>(131,385,356)</u>	<u>338,115,326</u>	<u>33,768,651</u>	<u>243,676,375</u>	<u>211,488,044</u>	<u>177,477,435</u>	<u>394,271,789</u>	<u>(465,247,939)</u>	<u>(577,412,813)</u>
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									
	<u>224,751,512</u>									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

45.5 Derivatives Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BoD) on the recommendation of the Board Risk Management Committee (BRMC).

The responsibility for derivatives trading activity lies with Treasury and Global Markets. Measurement and monitoring of market and credit risk exposure, associated limits and its reporting to senior management and the BoD is done by the Treasury Middle Office (TMO). TMO coordinates with the business regarding approvals for derivatives risk limits. Treasury Operations records derivatives activity in the Bank's books, and is responsible for reporting to the SBP.

45.5.1 Credit Risk

Credit risk is the risk of non-performance by a counterparty which could result in an adverse impact on the Bank's profitability. Credit risk associated with derivative transactions is categorized into settlement risk and pre-settlement risk. A pre-settlement risk limit for derivative transactions is recommended by TMO for approval to the appropriate Credit Approval Authority. The exposure of all counterparties is estimated and monitored by TMO.

45.5.2 Market Risk

The Bank, as a policy, hedges back-to-back all Options transactions. The Bank minimizes the exchange rate risk on its Cross Currency Swaps portfolio by hedging the exposure in the interbank market. The Bank also manages the interest rate risk of Interest Rate Derivatives and Cross Currency Swaps through Price Value of a Basis Point (PVBP) limits which are monitored and reported by TMO to senior management on daily basis. These limits are approved by Global ALCO on annual basis. However interim limit enhancements/amendments may also be sought.

45.5.3 Operational Risk

The staff involved in the process of trading, settlement and risk management of derivatives are carefully trained. Adequate systems and controls are in place to carry out derivative transactions smoothly. Each transaction is processed in accordance with the product program or transaction memo, which contains detailed accounting and operational aspects of the transaction to further mitigate operational risk. In addition, the TMO and the Global Compliance Group are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Internal Audit also reviews this function, which covers a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Bank uses a derivatives system which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, and carry out stress tests and sensitivity 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.

45.5.4 Liquidity Risk

Derivative transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk. The liquidity risk would arise only when the Bank has a payable resulting from a transaction. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on- and off-balance sheet positions in the interbank market, where available.

45.6 Enterprise Risk

During the year, the Bank further strengthened its risk management function by setting up an Enterprise Risk Management (ERM) vertical in accordance with SBP guidelines. The ERM function provides an integrated approach to comprehensive risk management and includes a Model Risk Management (MRM) arm that aims to provide independent review and validation of all models being used in the Bank.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

46 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

- 46.1 The Board of Directors, in its meeting held on February 17, 2021, has proposed a final cash dividend of Rs 3.00 per share for the year 2020. This is in addition to Rs 1.25 already paid during the year bringing the total dividend for the year to Rs 4.25 per share (2019: Rs 5.00 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2020 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2021.

47 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on February 17, 2021.

48 GENERAL

- 48.1 These consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.
- 48.2 Comparative figures have been re-arranged and reclassified for comparison purposes.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeed Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

Islamic banking business - Consolidated Financial Statements
For The Year Ended December 31, 2020

ANNEXURE-I

Details of islamic banking business for the year ended December 31, 2020 is disclosed in Annexure I of the unconsolidated financial statements.

Details of advances written-off - Consolidated Financial Statements
For The Year Ended December 31, 2020

ANNEXURE-II

Details of advances written-off for the year ended December 31, 2020 is disclosed in Annexure II of the unconsolidated financial statements.

Details of disposal of fixed assets to related parties - Consolidated Financial Statements
For The Year Ended December 31, 2020

ANNEXURE-III

The particulars of disposal of fixed assets to related parties are given below:

Description	Original cost	Accumulated depreciation	Book Value	Sale proceeds	Mode of disposal	Particulars of buyer
------(Rupees in '000)-----						
Electrical, Office and Computer Equipment	145	112	33	39	Insurance Claim	Jubilee General Insurance Limited
Leasehold improvements	163	35	128	94	Insurance Claim	Jubilee General Insurance Limited
Vehicles	1,730	1,694	36	1,606	Insurance Claim	Jubilee General Insurance Limited
Total	<u>2,038</u>	<u>1,841</u>	<u>197</u>	<u>1,739</u>		



UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

HABIB BANK LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

2020 (US \$ in '000)	2019		Note	2020 (Rupees in '000)	2019
ASSETS					
2,177,183	2,109,944	Cash and balances with treasury banks	5	347,988,749	337,241,623
240,391	201,081	Balances with other banks	6	38,422,719	32,139,733
188,659	283,438	Lendings to financial institutions	7	30,154,193	45,303,199
11,963,870	8,458,514	Investments	8	1,912,237,993	1,351,961,513
6,990,491	6,713,315	Advances	9	1,117,320,960	1,073,018,669
527,737	472,625	Fixed assets	10	84,350,518	75,541,769
28,760	22,074	Intangible assets	11	4,596,807	3,528,218
-	11,880	Deferred tax assets	12	-	1,898,828
679,702	832,738	Other assets	13	108,639,781	133,100,201
22,796,793	19,105,609			3,643,711,720	3,053,733,753
LIABILITIES					
288,563	184,781	Bills payable	14	46,122,344	29,534,303
3,379,093	2,390,421	Borrowings	15	540,095,253	382,071,512
16,701,603	14,401,775	Deposits and other accounts	16	2,669,490,716	2,301,899,086
-	-	Liabilities against assets subject to finance lease		-	-
139,870	139,895	Subordinated debt	17	22,356,000	22,360,000
18,575	-	Deferred tax liabilities	12	2,968,857	-
750,488	728,548	Other liabilities	18	119,953,785	116,446,906
21,278,192	17,845,420			3,400,986,955	2,852,311,807
1,518,601	1,260,189	NET ASSETS		242,724,765	201,421,946
REPRESENTED BY					
Shareholders' equity					
91,773	91,773	Share capital	19	14,668,525	14,668,525
394,412	358,334	Reserves		63,040,638	57,274,159
223,687	155,229	Surplus on revaluation of assets - net of tax	20	35,752,856	24,810,855
808,729	654,853	Unappropriated profit		129,262,746	104,668,407
1,518,601	1,260,189			242,724,765	201,421,946
CONTINGENCIES AND COMMITMENTS					
			21		

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

2020 (US \$ in '000)	2019		Note	2020 (Rupees in '000)	2019
1,612,774	1,541,749	Mark-up / return / profit / interest earned	23	257,776,834	246,424,529
849,160	949,726	Mark-up / return / profit / interest expensed	24	135,725,021	151,798,914
763,614	592,023	Net mark-up / return / profit / interest income		122,051,813	94,625,615
Non mark-up / interest income					
102,314	113,849	Fee and commission income	25	16,353,273	18,196,995
10,433	8,202	Dividend income		1,667,625	1,311,021
(2,637)	1,101	Foreign exchange (loss) / income		(421,527)	176,050
6,744	(1,163)	Gain / (loss) from derivatives		1,077,945	(185,867)
43,967	(9,799)	Gain / (loss) on securities - net	26	7,027,427	(1,566,249)
239	5,176	Other income	27	38,211	827,325
161,060	117,366	Total non mark-up / interest income		25,742,954	18,759,275
924,674	709,389	Total income		147,794,767	113,384,890
Non mark-up / interest expenses					
520,236	517,468	Operating expenses	28	83,151,607	82,709,202
6,907	3,548	Workers' Welfare Fund - charge	29	1,104,030	567,167
2,007	3,003	Other charges	30	320,793	480,056
529,150	524,019	Total non mark-up / interest expenses		84,576,430	83,756,425
395,524	185,370	Profit before provisions and taxation		63,218,337	29,628,465
63,965	15,827	Provisions and write offs - net	31	10,223,853	2,529,752
331,559	169,543	Profit before taxation		52,994,484	27,098,713
134,332	75,294	Taxation	32	21,470,802	12,034,524
197,227	94,249	Profit after taxation		31,523,682	15,064,189
Basic and diluted earnings per share					
				-----Rupees-----	
				33	21.49 10.27

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

2020 (US \$ in '000)	2019		2020 (Rupees in '000)	2019
197,227	94,249	Profit after taxation for the year	31,523,682	15,064,189
		Other comprehensive income / (loss)		
		<i>Items that may be reclassified to the profit and loss account in subsequent periods</i>		
9,153	25,062	Effect of translation of net investment in foreign branches - net of tax	1,462,914	4,005,771
30,636	67,250	Movement in surplus / deficit on revaluation of investments - net of tax	4,896,687	10,748,898
		<i>Items that are not to be reclassified to the profit and loss account in subsequent periods</i>		
(968)	498	Remeasurement (loss) / gain on defined benefit obligations - net of tax	(154,770)	79,561
37,793	(794)	Movement in surplus / deficit on revaluation of fixed assets - net of tax	6,040,669	(126,798)
310	219	Movement in surplus / deficit on revaluation of non-banking assets - net of tax	49,570	35,000
<u>274,151</u>	<u>186,484</u>	Total comprehensive income	<u>43,818,752</u>	<u>29,806,621</u>

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

Share capital	Reserves				Unappropriated profit	Surplus / (deficit) on revaluation of		Total
	Statutory (note 19.5)	Capital		Revenue		Investments	Fixed / Non-banking assets	
		Exchange translation (note 19.6)	Non - distributable capital	General				

(Rupees in '000)

Balance as at December 31, 2018 14,668,525 31,957,440 19,356,885 547,115 6,073,812 91,882,814 (7,175,543) 21,738,008 179,049,056

Comprehensive income for the year

Profit after taxation for the year ended December 31, 2019

Other comprehensive income / (loss)

- Effect of translation of net investment in foreign branches - net of tax

- Remeasurement gain on defined benefit obligations - net of tax

- Movement in surplus / deficit on revaluation of assets - net of tax

Transferred to statutory reserve

Transferred to unappropriated profit

Transferred from surplus on revaluation of assets - net of tax

Exchange gain realised on closure of Bank branch - net of tax

-	-	-	-	-	15,064,189	-	-	15,064,189
-	-	4,005,771	-	-	-	-	-	4,005,771
-	-	-	-	-	79,561	-	-	79,561
-	-	-	-	-	-	10,748,898	(91,798)	10,657,100
-	-	4,005,771	-	-	15,143,750	10,748,898	(91,798)	29,806,621
-	1,506,419	-	-	-	(1,506,419)	-	-	-
-	-	-	-	(6,073,812)	6,073,812	-	-	-
-	-	-	-	-	408,710	-	(408,710)	-
-	-	(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

1st interim cash dividend - Rs 1.25 per share

2nd interim cash dividend - Rs 1.25 per share

3rd interim cash dividend - Rs 1.25 per share

-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
-	-	-	-	-	(7,334,260)	-	-	(7,334,260)

Balance as at December 31, 2019

14,668,525 33,463,859 23,263,185 547,115 - 104,668,407 3,573,355 21,237,500 201,421,946

Comprehensive income for the year

Profit after taxation for the year ended December 31, 2020

Other comprehensive income / (loss)

- Effect of translation of net investment in foreign branches - net of tax

- Remeasurement loss on defined benefit obligations - net of tax

- Movement in surplus / deficit on revaluation of assets - net of tax

Transferred to statutory reserve

Transferred from surplus on revaluation of assets - net of tax

Exchange loss realised on closure of Bank branch - net of tax

-	-	-	-	-	31,523,682	-	-	31,523,682
-	-	1,462,914	-	-	-	-	-	1,462,914
-	-	-	-	-	(154,770)	-	-	(154,770)
-	-	-	-	-	-	4,896,687	6,090,239	10,986,926
-	-	1,462,914	-	-	31,368,912	4,896,687	6,090,239	43,818,752
-	3,152,368	-	-	-	(3,152,368)	-	-	-
-	-	-	-	-	44,925	-	(44,925)	-
-	-	1,151,197	-	-	-	-	-	1,151,197

Transactions with owners, recorded directly in equity

Final cash dividend - Rs 1.25 per share declared subsequent to the year ended December 31, 2019

1st interim cash dividend - Rs 1.25 per share

-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
-	-	-	-	-	(1,833,565)	-	-	(1,833,565)
-	-	-	-	-	(3,667,130)	-	-	(3,667,130)

Balance as at December 31, 2020

14,668,525 36,616,227 25,877,296 547,115 - 129,262,746 8,470,042 27,282,814 242,724,765

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

2020 (US \$ in '000)	2019		Note	2020 (Rupees in '000)	2019
		CASH FLOWS FROM OPERATING ACTIVITIES			
331,559	169,543	Profit before taxation		52,994,484	27,098,713
(10,433)	(8,202)	Dividend income		(1,667,625)	(1,311,021)
321,126	161,341			51,326,859	25,787,692
		Adjustments:			
34,200	30,405	Depreciation		5,466,280	4,859,840
20,007	18,242	Depreciation on right-of-use assets		3,197,780	2,915,763
4,640	3,043	Amortisation		741,559	486,389
10,603	10,863	Mark-up / return / profit / interest expensed on lease liability against right-of-use assets		1,694,796	1,736,236
(3,335)	2,491	(Reversal) / provision for diminution in value of investments		(533,085)	398,100
64,051	16,940	Provision against loans and advances		10,237,475	2,707,632
4,117	564	Provision against other assets		658,088	90,219
2,407	(308)	Provision / (reversal) against off-balance sheet obligations		384,791	(49,233)
(235)	522	Unrealised (gain) / loss on held-for-trading securities		(37,550)	83,371
7,202	(622)	Exchange loss / (gain) realized on closure of Bank branch - net of tax		1,151,197	(99,471)
(8,731)	-	Exchange gain realized on reduction in capital of subsidiary - net of tax		(1,395,593)	-
(483)	(642)	Gain on sale of fixed assets - net		(77,204)	(102,645)
(16)	(1,014)	Gain on sale of non - banking assets		(2,500)	(162,045)
6,907	3,548	Workers' Welfare Fund - charge		1,104,030	567,167
141,334	84,032			22,590,064	13,431,323
462,460	245,373			73,916,923	39,219,015
		Decrease / (increase) in operating assets			
94,779	37,377	Lendings to financial institutions		15,149,006	5,974,137
847,703	(1,627,868)	Held-for-trading securities		135,492,098	(260,189,354)
(341,227)	(374,590)	Advances		(54,539,766)	(59,872,375)
109,262	(280,063)	Other assets (excluding advance taxation)		17,463,821	(44,763,520)
710,517	(2,245,144)			113,565,159	(358,851,112)
		Increase / (decrease) in operating liabilities			
103,783	(80,026)	Bills payable		16,588,041	(12,790,951)
988,672	(856,042)	Borrowings from financial institutions		158,023,741	(136,824,885)
2,299,828	1,763,645	Deposits and other accounts		367,591,630	281,891,107
(3,224)	(37,097)	Other liabilities		(515,341)	(5,929,150)
3,389,059	790,480			541,688,071	126,346,121
4,562,036	(1,209,291)			729,170,153	(193,285,976)
(87,117)	20,744	Income tax (refund) / paid		(13,924,234)	3,315,619
4,474,919	(1,188,547)	Net cash flows generated from / (used in) operating activities		715,245,919	(189,970,357)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(3,916,887)	1,588,649	Net investment in available-for-sale securities		(626,053,217)	253,920,707
(389,207)	62,480	Net investment in held-to-maturity securities		(62,208,709)	9,986,460
(4,064)	(3,000)	Net investment in subsidiaries		(649,603)	(479,571)
722	14,057	Net investment in associates		115,334	2,246,739
10,339	8,230	Dividend received		1,652,599	1,315,464
(38,858)	(33,250)	Investment in fixed assets		(6,210,883)	(5,314,547)
(11,269)	(8,109)	Investment in intangible assets		(1,801,173)	(1,296,051)
18,902	-	Proceeds realised on reduction in capital of subsidiary		3,021,200	-
961	2,604	Proceeds from sale of fixed assets		153,674	416,137
266	9,900	Proceeds from sale of non-banking assets		42,500	1,582,300
9,153	25,062	Effect of translation of net investment in foreign branches - net of tax		1,462,914	4,005,771
(4,319,942)	1,666,623	Net cash flows (used in) / generated from investing activities		(690,475,364)	266,383,409
		CASH FLOWS FROM FINANCING ACTIVITIES			
(25)	(25)	Repayment of subordinated debt		(4,000)	(4,000)
-	77,418	Proceeds from issuance of subordinated debt		-	12,374,000
(25,478)	(28,313)	Payment of lease liability against right-of-use assets		(4,072,209)	(4,525,316)
(22,925)	(47,436)	Dividend paid		(3,664,234)	(7,581,966)
(48,428)	1,644	Net cash flows (used in) / generated from financing activities		(7,740,443)	262,718
106,549	479,720	Increase in cash and cash equivalents during the year		17,030,112	76,675,770
2,293,970	1,771,415	Cash and cash equivalents at the beginning of the year		366,655,443	283,133,096
17,055	59,890	Effect of exchange rate changes on cash and cash equivalents		2,725,913	9,572,490
2,311,025	1,831,305			369,381,356	292,705,586
2,417,574	2,311,025	Cash and cash equivalents at the end of the year	34	386,411,468	369,381,356

The annexed notes 1 to 47 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

HABIB BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1 STATUS AND NATURE OF BUSINESS

Habib Bank Limited (the Bank) is incorporated in Pakistan and is engaged in commercial banking services in Pakistan and overseas. The Bank's registered office is at Habib Bank Tower, 9th Floor, Jinnah Avenue, Islamabad and its principal office is at HBL Tower, Plot number G-4, KDA Scheme 5, Block 7 Clifton, Karachi. The Bank's shares are listed on the Pakistan Stock Exchange. The Bank operates 1,659 (2019: 1,667) branches inside Pakistan including 62 (2019: 48) Islamic Banking Branches and 38 (2019: 45) branches outside the country including in the Karachi Export Processing Zone (KEPZ). The Aga Khan Fund for Economic Development S.A (AKFED) is the parent company of the Bank and its registered office is in Geneva, Switzerland.

- 1.1 Habib Finance International Limited (subsidiary), In 2019, the company voluntarily surrendered its banking license and is currently under voluntary liquidation. As part of a capital reduction plan prior to final liquidation, entire capital has been repatriated to Pakistan.
- 1.2 The Bank had commenced an orderly winding down of its operations in Afghanistan and banking operations were ceased on June 10, 2019. The remaining formalities required for closure are now in progress.
- 1.3 The Bank has decided to exit its operations in Mauritius and is at an advanced stage of discussions with a potential buyer.

2 BASIS OF PRESENTATION

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

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

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

2.1 Statement Of Compliance

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

2.3 Accounting and reporting standards that are not yet effective.

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

2.4 Critical accounting estimates and judgements

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

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

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

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

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Lending / borrowing transactions with financial institutions

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

4.2.1 Purchase under resale agreements (reverse repo)

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

4.2.2 Sale under repurchase agreement (repo)

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

4.2.3 Bai Muajjal

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

4.3 Investments

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

Held-for-trading

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

Held-to-maturity

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

Available-for-sale

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

4.3.1 Initial measurement

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

4.3.2 Subsequent measurement

Held-for-trading

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

Held-to-maturity

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

Available-for-sale

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

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

4.3.3 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are recorded at cost less impairment, if any.

4.3.4 Impairment

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

4.4 Advances

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

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

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

This additional provision is based on management's best estimate. During the year, the Bank has recognised an additional provision of Rs 5,417.950 million in the profit and loss account.

4.4.1 Finance lease receivables

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

4.4.2 Islamic financing and related assets

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

Salam is a sale whereby the Bank undertakes to supply some specific commodity (ies) / asset(s) to the customer at a future date in exchange for an advance price fully paid on spot.

Currency *Salam* is exchange / sale of a currency with another currency at a future date, at conversion rate within the spot range on the day of such contract execution.

4.5 Fixed Assets

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

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

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

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

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

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

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

4.6.1 Right of-use assets

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

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

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

4.6.2 Lease liability against right-of-use assets

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

4.7 Intangible assets

4.7.1 Intangible assets other than goodwill

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

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

4.7.2 Goodwill

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

4.8 Non-banking assets acquired in satisfaction of claims

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

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

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

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

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

4.9 Borrowings / deposits

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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4.10 Subordinated debt

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

4.11 Acceptances

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

4.12 Employee benefits

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

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

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

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

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

Actuarial gains and losses

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

Past Service Cost

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

4.13 Foreign currency

4.13.1 Foreign currency transactions

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

4.13.2 Foreign operations

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

4.13.3 Translation gains and losses

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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4.13.4 Contingencies and Commitments

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

4.14 Income recognition

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

4.14.1 Advances and investments

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

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

4.14.2 Lease financing

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

4.14.3 Fee, Commission and Brokerage Income

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

4.14.4 Dividend income

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

4.15 Taxation

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

4.15.1 Current

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

4.15.2 Prior years

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

4.15.3 Deferred

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

4.16 Impairment of non-financial assets

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

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

4.17 Provisions

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

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

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

4.18 Contingent Liabilities

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

4.19 Off setting

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

4.20 Financial Assets and Liabilities

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

4.21 Derivative Financial Instruments

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

4.22 Dividends paid

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

4.23 Earnings per share

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

4.24 Segment reporting

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

4.24.1 Business segments

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

i) *Branch banking*

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

ii) *Consumer, SME and rural banking*

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

iii) *Islamic banking*

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

iv) *Corporate, commercial and investment banking*

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

v) *International and correspondent banking*

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

vi) *Treasury*

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

vii) *Head Office / Others*

This segment includes numbers related to HBL Konnect, Head office functions.

4.24.2 Geographical segments

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

i) *Pakistan (including KEPZ)*

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

ii) *Middle East and Africa*

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

iii) *Asia*

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

iv) *Europe*

This includes Belgium, Turkey and United States of America (USA).

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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5 CASH AND BALANCES WITH TREASURY BANKS	Note	2020	2019
		(Rupees in '000)	
In hand			
Local currency		39,840,558	31,165,412
Foreign currencies		15,979,300	3,878,652
		<u>55,819,858</u>	<u>35,044,064</u>
With State Bank of Pakistan in			
Local currency current accounts	5.1	128,439,933	123,468,479
Foreign currency current accounts	5.2	6,788,327	6,497,792
Foreign currency deposit accounts	5.3	13,768,677	19,321,075
		<u>148,996,937</u>	<u>149,287,346</u>
With other Central Banks in			
Foreign currency current accounts	5.4	25,437,714	35,512,302
Foreign currency deposit accounts	5.5	11,120,595	16,988,678
		<u>36,558,309</u>	<u>52,500,980</u>
With National Bank of Pakistan in local currency current accounts		104,866,634	99,821,234
National Prize Bonds		1,747,011	587,999
		<u>347,988,749</u>	<u>337,241,623</u>

- 5.1 These represent local currency current accounts maintained under the Cash Reserve Requirement of the SBP.
- 5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement of the SBP.
- 5.3 These represent foreign currency deposit accounts maintained under the Special Cash Reserve Requirement of the SBP and a US Dollar Settlement account maintained with the SBP. These carry mark-up at rates ranging from 0.00 % to 0.76% per annum (2019: 0.00% to 1.51% per annum).
- 5.4 These represent balances held with the central banks of the countries in which the Bank operates, in accordance with local regulatory requirements. These include balances in remunerative current accounts amounting to Rs 341.744 million (2019: Rs 7,321.707 million), which carry mark-up at rates ranging from 0.01% to 0.19% per annum (2019: 0.89% to 2.00% per annum).
- 5.5 These represent balances held with the central banks of the countries in which the Bank operates, in accordance with local regulatory requirements. These carry mark-up at rates ranging from 0.00% to 12.00% per annum (2019: 0.00% to 15.00% per annum).

6 BALANCES WITH OTHER BANKS	Note	2020	2019
		(Rupees in '000)	
In Pakistan			
In current accounts		1,977,022	81,517
Outside Pakistan			
In current accounts	6.1	25,349,080	16,208,323
In deposit accounts	6.2	11,096,617	15,849,893
		<u>36,445,697</u>	<u>32,058,216</u>
		<u>38,422,719</u>	<u>32,139,733</u>

- 6.1 The 2019 balance includes an amount of Rs 5,419.666 million in a remunerative current account which carries mark-up at a 0.60% per annum. There is no remunerative balance in the current year.
- 6.2 These carry mark-up at rates ranging from 0.05% to 17.30% per annum (2019: 0.05% to 11.75% per annum).

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

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

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

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

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

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

8 INVESTMENTS

Note

8.1 Investments by type

	Note	2020				2019			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
		(Rupees in '000)							
Held-for-trading (HFT) securities									
Federal Government securities									
- Market Treasury Bills	8.3	105,072,858	-	(13,636)	105,059,222	253,848,450	-	(127,086)	253,721,364
- Pakistan Investment Bonds		25,655,331	-	19,066	25,674,397	12,596,388	-	33,166	12,629,554
Shares									
- Listed companies		137,682	-	8,542	146,224	-	-	-	-
Foreign securities									
- Government debt securities		102,884	-	23,578	126,462	99,386	-	10,549	109,935
		130,968,755	-	37,550	131,006,305	266,544,224	-	(83,371)	266,460,853
Available-for-sale (AFS) securities									
Federal Government securities									
- Market Treasury Bills	8.3	514,554,259	-	1,445,967	516,000,226	348,638,371	-	83,133	348,721,504
- Pakistan Investment Bonds		782,920,795	-	10,650,864	793,571,659	449,714,794	-	3,837,538	453,552,332
- Ijarah Sukuks		67,678,595	-	(322,645)	67,355,950	4,667,551	-	(46,478)	4,621,073
- Government of Pakistan US Dollar Bonds		10,348,511	(413,330)	673,381	10,608,562	4,116,230	(138,672)	294,334	4,271,892
- Other Federal Government securities		530,538	-	-	530,538	-	-	-	-
Shares									
- Listed companies		7,975,054	(2,983,143)	846,869	5,838,780	9,626,801	(4,198,407)	1,225,135	6,653,529
- Unlisted companies		4,899,328	(87,125)	-	4,812,203	4,820,042	(82,274)	-	4,737,768
Non-Government debt securities									
- Listed		46,943,545	-	321,860	47,265,405	1,750,000	-	(27,251)	1,722,749
- Unlisted		1,671,878	(270,877)	22,500	1,423,501	2,286,134	(270,877)	-	2,015,257
Foreign securities									
- Government debt securities		40,682,649	(565,331)	(24,325)	40,092,993	27,279,426	(186,259)	341,939	27,435,106
- Non-Government debt securities									
- Listed		3,520,736	(48,750)	81,717	3,553,703	3,112,280	(21,788)	108,057	3,198,549
- Unlisted		-	-	-	-	348,686	(1,713)	2,411	349,384
- Equity securities - Unlisted		5,913	(321)	-	5,592	5,912	-	-	5,912
National Investment Unit Trust		11,113	-	35,726	46,839	11,113	-	31,691	42,804
Real Estate Investment Trust units		55,000	-	(2,000)	53,000	55,000	-	7,450	62,450
Preference shares		744,400	-	155,400	899,800	44,400	-	-	44,400
		1,482,542,314	(4,368,877)	13,885,314	1,492,058,751	856,476,740	(4,899,990)	5,857,959	857,434,709
Held-to-maturity (HTM) securities	8.6								
Federal Government securities									
- Pakistan Investment Bonds	8.3, 8.4 & 8.5	216,669,214	-	-	216,669,214	156,928,486	-	-	156,928,486
- Other Federal Government securities		10,794,000	-	-	10,794,000	10,794,000	-	-	10,794,000
Non-Government debt securities									
- Listed		4,277,922	-	-	4,277,922	5,799,373	-	-	5,799,373
- Unlisted		16,209,049	-	-	16,209,049	18,146,759	-	-	18,146,759
Foreign securities									
- Government debt securities		13,617,545	(13)	-	13,617,532	7,373,574	(2,459)	-	7,371,115
- Non-Government debt securities									
- Listed		397,139	(14,650)	-	382,489	510,542	-	-	510,542
- Unlisted		312,842	(1,516)	-	311,326	516,268	(3,335)	-	512,933
		262,277,711	(16,179)	-	262,261,532	200,069,002	(5,794)	-	200,063,208
Investment in associates and joint venture	8.6	9,296,779	-	-	9,296,779	9,412,113	-	-	9,412,113
Investment in subsidiary companies	8.7	17,614,626	-	-	17,614,626	18,590,630	-	-	18,590,630
Total Investments		1,902,700,185	(4,385,056)	13,922,864	1,912,237,993	1,351,092,709	(4,905,784)	5,774,588	1,351,961,513

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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Note	2020				2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
8.2 Investments by segments								
Federal Government securities								
Market Treasury Bills	619,627,117	-	1,432,331	621,059,448	602,486,821	-	(43,953)	602,442,868
Pakistan Investment Bonds	1,025,245,340	-	10,669,930	1,035,915,270	619,239,668	-	3,870,704	623,110,372
Ijarah Sukuks	67,678,595	-	(322,645)	67,355,950	4,667,551	-	(46,478)	4,621,073
Government of Pakistan US Dollar Bonds	10,348,511	(413,330)	673,381	10,608,562	4,116,230	(138,672)	294,334	4,271,892
Other Federal Government securities	11,324,538	-	-	11,324,538	10,794,000	-	-	10,794,000
	1,734,224,101	(413,330)	12,452,997	1,746,263,768	1,241,304,270	(138,672)	4,074,607	1,245,240,205
Shares								
Listed companies	8,112,736	(2,983,143)	855,411	5,985,004	9,626,801	(4,198,407)	1,225,135	6,653,529
Unlisted companies	4,899,328	(87,125)	-	4,812,203	4,820,042	(82,274)	-	4,737,768
	13,012,064	(3,070,268)	855,411	10,797,207	14,446,843	(4,280,681)	1,225,135	11,391,297
Non-Government debt securities								
Listed	51,221,467	-	321,860	51,543,327	7,549,373	-	(27,251)	7,522,122
Unlisted	17,880,927	(270,877)	22,500	17,632,550	20,432,893	(270,877)	-	20,162,016
	69,102,394	(270,877)	344,360	69,175,877	27,982,266	(270,877)	(27,251)	27,684,138
Foreign securities								
Government debt securities	54,403,078	(565,344)	(747)	53,836,987	34,752,386	(188,718)	352,488	34,916,156
Non-Government debt securities								
- Listed	3,917,875	(63,400)	81,717	3,936,192	3,622,822	(21,788)	108,057	3,709,091
- Unlisted	312,842	(1,516)	-	311,326	864,954	(5,048)	2,411	862,317
Equity securities-Unlisted	5,913	(321)	-	5,592	5,912	-	-	5,912
	58,639,708	(630,581)	80,970	58,090,097	39,246,074	(215,554)	462,956	39,493,476
National Investment Unit Trust	11,113	-	35,726	46,839	11,113	-	31,691	42,804
Real Estate Investment Trust units	55,000	-	(2,000)	53,000	55,000	-	7,450	62,450
Preference shares	744,400	-	155,400	899,800	44,400	-	-	44,400
Investment in associates and joint venture								
Diamond Trust Bank Kenya, Limited	3,999,244	-	-	3,999,244	3,999,244	-	-	3,999,244
Himalayan Bank Limited, Nepal	135,665	-	-	135,665	135,665	-	-	135,665
Kyrgyz Investment and Credit Bank, Kyrgyz Republic	256,231	-	-	256,231	256,231	-	-	256,231
Jubilee General Insurance Company Limited	2,006,142	-	-	2,006,142	2,006,142	-	-	2,006,142
Jubilee Life Insurance Company Limited	677,739	-	-	677,739	677,739	-	-	677,739
HBL Energy Fund	279,125	-	-	279,125	279,125	-	-	279,125
HBL Income Fund	143,753	-	-	143,753	143,753	-	-	143,753
HBL Investment Fund Class A	302,886	-	-	302,886	302,886	-	-	302,886
HBL Investment Fund Class B	334,501	-	-	334,501	334,501	-	-	334,501
HBL Islamic Asset Allocation Fund	136,223	-	-	136,223	182,216	-	-	182,216
HBL Islamic Money Market Fund	88,398	-	-	88,398	157,739	-	-	157,739
HBL Islamic Pension Fund- Equity Sub Fund	12,833	-	-	12,833	12,833	-	-	12,833
HBL Islamic Stock Fund	121,179	-	-	121,179	121,179	-	-	121,179
HBL Money Market Fund	386,436	-	-	386,436	386,436	-	-	386,436
HBL Multi Asset Fund	32,366	-	-	32,366	32,366	-	-	32,366
HBL Pension Fund- Equity Sub Fund	20,308	-	-	20,308	20,308	-	-	20,308
HBL Stock Fund	363,750	-	-	363,750	363,750	-	-	363,750
	9,296,779	-	-	9,296,779	9,412,113	-	-	9,412,113
Investment in subsidiary companies								
Habib Allied Holding Limited	14,558,890	-	-	14,558,890	14,409,287	-	-	14,409,287
Habib Finance International Limited, Hong Kong	23,236	-	-	23,236	1,648,843	-	-	1,648,843
Habib Bank Financial Services (Private) Limited	32,500	-	-	32,500	32,500	-	-	32,500
HBL Currency Exchange (Private) Limited	400,000	-	-	400,000	400,000	-	-	400,000
HBL Asset Management Limited	600,000	-	-	600,000	100,000	-	-	100,000
The First MicroFinance Bank Limited	2,000,000	-	-	2,000,000	2,000,000	-	-	2,000,000
	17,614,626	-	-	17,614,626	18,590,630	-	-	18,590,630
Total Investments	1,902,700,185	(4,385,056)	13,922,864	1,912,237,993	1,351,092,709	(4,905,784)	5,774,588	1,351,961,513

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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2020

2019

(Rupees in '000)

8.2.1

Investments given as collateral

The market value of investments given as collateral against borrowings is as follows:

Federal Government securities

- Market Treasury Bills

113,807,278

128,024,805

- Pakistan Investment Bonds

207,400,499

71,061,088

321,207,777

199,085,893

8.3

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

8.4

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

8.5

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

8.6

The market value of investments classified as held-to-maturity and investment in associates and joint venture is as follows:

2020

2019

Book value

Market value

Book value

Market value

(Rupees in '000)

- Investment classified as held-to-maturity

262,261,532

264,661,267

200,063,208

191,461,438

- Investment in listed associates and joint venture

9,040,549

31,042,377

9,155,882

30,712,471

8.7

This includes investment in the Variable Rate Subordinated Loan Notes issued by HBL Bank, UK Limited, a subsidiary company, amounting to Rs 3.197 billion equivalent US \$ 20 million (2019: Rs 4.645 billion equivalent US \$ 30 million). These notes are perpetual and are repayable at the option of the subsidiary after five years have passed from the date of issuance. The Financial Conduct Authority (FCA) / The Prudential Authority (PRA) approval is required prior to repayment. Interest is payable on a six monthly basis at 6 month LIBOR+ 4% (2019: 6 month LIBOR+4%).

HBL UK has issued an Additional Tier 1 instrument amounting to Rs 1.598 billion equivalent US \$10 million (2019: nil) to support the capital resources of the bank. HBL UK has decided to utilize the proceeds to repay the Tier II capital issued in 2013. These notes are perpetual and are repayable at the option of the subsidiary after five years have passed from the date of issuance. The Financial Conduct Authority (FCA) / The Prudential Authority (PRA) approval is required prior to repayment. Interest is payable on a six monthly basis at 6 month LIBOR+ 4.75%.

During the year, instrument of \$10 million issued in 2013 and classified as Tier II capital has been repaid. Prior approval for the repayment of Tier II Capital from the PRA has been obtained.

8.8

Particulars of provision held against diminution in the value of investments

2020

2019

(Rupees in '000)

Opening balance

4,905,784

4,488,683

Exchange adjustments

12,357

19,001

Charge / (reversal)

Charge for the year

1,176,274

2,831,502

Reversal for the year

(15,066)

(64,476)

Reversal on disposal during the year

(1,694,293)

(2,368,926)

Net (reversal) / charge

(533,085)

398,100

Closing balance

4,385,056

4,905,784

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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8.8.1 Particulars of provision against debt securities

Category of classification	2020		2019	
	Non-Performing Investment	Provision	Non-Performing Investment	Provision
	(Rupees in '000)			
Domestic				
Loss	270,877	270,877	270,877	270,877

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

8.9 Quality of available-for-sale securities

Details regarding the quality of AFS securities are as follows:

Federal Government securities - Government guaranteed

	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
Market Treasury Bills	514,554,259	348,638,371
Pakistan Investment Bonds	782,920,795	449,714,794
Ijarah Sukuks	67,678,595	4,667,551
Government of Pakistan US Dollar Bonds	10,348,511	4,116,230
Other Federal Government securities - Islamic Naya Pakistan Certificates	530,538	-
	<u>1,376,032,698</u>	<u>807,136,946</u>

Shares

Listed companies

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

Unlisted companies

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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8.9.1 The breakup value of unlisted companies is calculated using latest the available financial statements as described in note 4.3.2.

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

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

Foreign securities

	2020		2019	
Government debt securities	Cost / amortised cost	Rating	Cost / amortised cost	Rating
	(Rupees in '000)		(Rupees in '000)	
Bahrain	6,230,488	B2	3,334,917	B2 , B+
Lebanon	-	-	766,390	Caa2
Maldives	12,747,974	B+ , B3	8,376,859	B2
Mauritius	5,129,373	Baa1	5,314,476	Baa1
Oman	3,261,693	Ba3 , BB-	904,687	Ba1
Singapore	2,298,258	Aaa	2,640,462	Aaa
Srilanka	6,124,854	CCC+ and below	3,013,877	B2
Kenya	1,245,335	B2	833,012	B2
Egypt	2,781,513	B2	2,094,746	B2
Turkey	863,161	B2	-	-
	40,682,649		27,279,426	

Non-Government debt securities	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
Listed		
BBB+, BBB, BBB-	692,859	779,120
BB+, BB, BB-	2,022,783	1,551,731
B+, B, B-	805,094	781,429
	3,520,736	3,112,280
Unlisted		
Unrated	-	348,686
	-	348,686

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

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

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

	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
Federal Government securities - Government guaranteed		
Pakistan Investment Bonds	216,669,214	156,928,486
Other Federal Government securities - Bai Muajjal with Government of Pakistan	10,794,000	10,794,000
	227,463,214	167,722,486
Non-Government debt securities		
Listed		
AA+, AA, AA-	2,098,083	3,564,480
A+, A, A-	2,179,839	2,234,893
	4,277,922	5,799,373
Unlisted		
AAA	9,944,438	10,631,938
AA+, AA, AA-	149,850	149,910
A+, A, A-	1,284,081	1,699,352
Unrated	4,830,680	5,665,559
	16,209,049	18,146,759

Foreign securities

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

Non-Government debt securities

	2020	2019
	Cost / amortised cost	
	(Rupees in '000)	
Listed		
Unrated	397,139	510,542
	397,139	510,542
Unlisted		
AA+, AA, AA-	312,842	516,268
	312,842	516,268

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

8.11 Summary of financial information of associates, joint venture and subsidiaries

2020								
Based on the annual / interim financial statements as on	Country of Incorporation	Percentage of Holding	Assets	Liabilities	Revenue	Profit / (loss) after tax	Total comprehen- sive income / (loss)	
(Rupees in '000)								
Diamond Trust Bank Kenya, Limited	September 30, 2020	Kenya	16.15%	577,158,999	475,952,921	58,448,347	8,341,208	8,493,901
Himalayan Bank Limited	October 16, 2020	Nepal	20.00%	222,658,643	196,545,825	18,479,419	3,037,726	3,080,635
Kyrgyz Investment and Credit Bank	December 31, 2020	Kyrgyzstan	18.00%	66,376,927	55,272,117	5,617,052	833,183	833,183
Jubilee General Insurance Company Limited	September 30, 2020	Pakistan	19.80%	26,220,342	17,095,863	7,414,086	1,659,669	2,083,273
Jubilee Life Insurance Company Limited	September 30, 2020	Pakistan	18.52%	184,379,051	172,462,696	75,021,278	2,631,376	2,689,081
HBL Energy Fund	December 31, 2020	Pakistan	30.71%	785,786	56,637	(80,123)	(112,630)	(112,630)
HBL Growth Fund Class B	December 31, 2020	Pakistan	0.00%	21,025,287	344,382	33,180	(38,575)	(38,575)
HBL Income Fund	December 31, 2020	Pakistan	8.98%	2,571,148	70,075	214,808	172,522	172,522
HBL Islamic Asset Allocation Fund	December 31, 2020	Pakistan	41.38%	388,749	9,981	26,101	12,063	12,063
HBL Islamic Money Market Fund	December 31, 2020	Pakistan	1.80%	7,130,081	29,338	478,626	434,701	434,701
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2020	Pakistan	35.04%	163,667	4,438	17,672	13,883	13,883
HBL Islamic Stock Fund	December 31, 2020	Pakistan	38.96%	796,529	33,097	46,454	17,299	17,299
HBL Money Market Fund	December 31, 2020	Pakistan	2.56%	17,122,226	116,747	1,055,019	946,815	946,815
HBL Multi Asset Fund	December 31, 2020	Pakistan	44.74%	213,213	13,037	14,284	6,500	6,500
HBL Pension Fund - Equity Sub Fund	December 31, 2020	Pakistan	38.00%	217,738	3,930	18,056	12,062	12,062
HBL Stock Fund	December 31, 2020	Pakistan	41.15%	2,304,226	126,190	(2,747)	(90,621)	(90,621)
HBL Investment Fund Class A	December 31, 2020	Pakistan	17.13%	2,385,054	18,853	13,653	(68,621)	94,508
HBL Investment Fund Class B	December 31, 2020	Pakistan	33.71%	1,560,869	198,738	20,031	(34,839)	(34,839)
Habib Allied Holding Limited	December 31, 2020	United Kingdom	90.50%	122,002,854	110,884,093	3,212,965	(2,797,989)	(2,981,792)
Habib Finance International Limited	December 31, 2020	Hong Kong	100.00%	36,736	-	204	(16,197)	(16,197)
Habib Bank Financial Services (Private) Limited	December 31, 2020	Pakistan	100.00%	52,111	54,782	4,423	(2,671)	(2,671)
HBL Currency Exchange (Private) Limited	December 31, 2020	Pakistan	100.00%	1,854,684	133,431	593,289	180,337	180,337
HBL Asset Management Limited	December 31, 2020	Pakistan	100.00%	3,417,545	3,408,614	610,484	9,243	9,243
The First MicroFinance Bank Limited	December 31, 2020	Pakistan	50.51%	75,950,178	69,270,525	12,279,939	581,054	604,750
2019								
Based on the annual / interim financial statements as on	Country of Incorporation	Percentage of Holding	Assets	Liabilities	Revenue	Profit / (loss) after tax	Total comprehen- sive income / (loss)	
(Rupees in '000)								
Diamond Trust Bank Kenya, Limited	September 30, 2019	Kenya	16.15%	584,109,024	485,309,301	57,285,610	9,936,485	11,570,919
Himalayan Bank Limited	October 17, 2019	Nepal	20.00%	195,908,622	172,018,493	18,076,897	3,858,707	3,832,206
Kyrgyz Investment and Credit Bank	December 31, 2019	Kyrgyzstan	18.00%	62,262,671	52,017,799	5,421,912	487,574	487,574
Jubilee General Insurance Company Limited	September 30, 2019	Pakistan	19.80%	22,055,796	14,473,251	6,162,214	1,028,004	190,939
Jubilee Life Insurance Company Limited	September 30, 2019	Pakistan	18.52%	151,688,551	141,128,277	47,723,104	1,953,507	1,989,635
HBL Energy Fund	December 31, 2019	Pakistan	29.73%	897,354	31,046	59,575	29,558	29,558
HBL Income Fund	December 31, 2019	Pakistan	16.98%	1,380,433	61,616	198,740	160,519	160,519
HBL Islamic Asset Allocation Fund	December 31, 2019	Pakistan	45.92%	547,679	88,389	136,361	92,760	92,760
HBL Islamic Money Market Fund	December 31, 2019	Pakistan	13.19%	1,744,596	12,766	152,489	131,230	131,230
HBL Islamic Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	33.11%	159,397	4,456	23,836	19,332	19,332
HBL Islamic Stock Fund	December 31, 2019	Pakistan	39.83%	725,650	20,371	94,779	50,865	50,865
HBL Money Market Fund	December 31, 2019	Pakistan	4.89%	9,278,647	123,042	934,027	817,822	817,822
HBL Multi Asset Fund	December 31, 2019	Pakistan	44.64%	237,015	32,828	34,293	25,811	25,811
HBL Pension Fund - Equity Sub Fund	December 31, 2019	Pakistan	32.88%	241,494	3,847	36,741	30,685	30,685
HBL Stock Fund	December 31, 2019	Pakistan	36.96%	2,582,072	98,066	390,973	288,390	288,390
HBL Investment Fund Class A	December 31, 2019	Pakistan	17.13%	2,281,918	10,202	112,932	51,108	87,568
HBL Investment Fund Class B	December 31, 2019	Pakistan	32.52%	2,334,657	844,639	275,410	186,902	186,902
Habib Allied Holding Limited	December 31, 2019	United Kingdom	90.50%	121,261,005	109,031,937	5,277,339	(648,348)	(131,335)
Habib Finance International Limited	December 31, 2019	Hong Kong	100.00%	85,869	(2,788,185)	-	(65,243)	(65,243)
Habib Bank Financial Services (Private) Limited	December 31, 2019	Pakistan	100.00%	54,604	60,093	5,747	(5,490)	(5,490)
HBL Currency Exchange (Private) Limited	December 31, 2019	Pakistan	100.00%	1,688,314	150,472	620,651	193,007	193,007
HBL Asset Management Limited	December 31, 2019	Pakistan	100.00%	3,306,077	3,298,371	694,315	7,706	10,495
The First MicroFinance Bank Limited	December 31, 2019	Pakistan	50.51%	46,792,065	40,740,807	9,319,439	547,156	555,855

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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9	ADVANCES	Note	Performing		Non - performing		Total	
			2020	2019	2020	2019	2020	2019
			(Rupees in '000)					
	Loans, cash credits, running finances, etc.	9.1	915,997,978	860,334,857	70,107,569	67,166,193	986,105,547	927,501,050
	Islamic financing and related assets	9.2	154,081,348	153,061,117	337,107	262,402	154,418,455	153,323,519
	Bills discounted and purchased		48,357,231	56,966,128	5,005,929	4,979,731	53,363,160	61,945,859
	Advances - gross		1,118,436,557	1,070,362,102	75,450,605	72,408,326	1,193,887,162	1,142,770,428
	Provision against advances							
	- Specific	9.5	-	-	(67,067,637)	(66,459,144)	(67,067,637)	(66,459,144)
	- General		(9,498,565)	(3,292,615)	-	-	(9,498,565)	(3,292,615)
			(9,498,565)	(3,292,615)	(67,067,637)	(66,459,144)	(76,566,202)	(69,751,759)
	Advances - net of provision		1,108,937,992	1,067,069,487	8,382,968	5,949,182	1,117,320,960	1,073,018,669

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

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

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

9.3 Particulars of advances (Gross)	2020 (Rupees in '000)	2019 (Rupees in '000)
In local currency	1,013,517,803	952,668,278
In foreign currencies	180,369,359	190,102,150
	1,193,887,162	1,142,770,428

9.4 Advances include Rs 75,450.605 million (2019: Rs 72,408.326 million) which have been placed under non-performing status as detailed below:

Category of Classification	2020		2019	
	Non - performing advances	Provision	Non - performing advances	Provision
(Rupees in '000)				
Domestic				
Other assets especially mentioned	723,200	-	580,891	-
Substandard	5,298,716	1,294,860	2,164,790	516,168
Doubtful	1,077,034	538,517	1,509,387	754,694
Loss	42,141,393	40,925,622	43,569,902	42,504,212
	49,240,343	42,758,999	47,824,970	43,775,074
Overseas				
Not past due but impaired	592,400	355,535	48,676	23,643
Overdue by:				
Up to 90 days	105,684	36,925	215,921	101,186
91 to 180 days	225,844	51,457	278,341	209,604
181 to 365 days	3,622	3,110	755,391	343,117
> 365 days	25,282,712	23,861,611	23,285,027	22,006,520
	26,210,262	24,308,638	24,583,356	22,684,070
Total	75,450,605	67,067,637	72,408,326	66,459,144

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9.5 Particulars of provision against advances

	Note	2020			2019		
		Specific	General	Total	Specific	General	Total
(Rupees in '000)							
Opening balance		66,459,144	3,292,615	69,751,759	63,193,300	3,083,530	66,276,830
Exchange adjustment		743,861	37,955	781,816	2,394,415	158,049	2,552,464
Charge for the year		7,989,721	6,450,039	14,439,760	6,297,991	421,194	6,719,185
Reversal for the year		(3,920,241)	(282,044)	(4,202,285)	(3,729,878)	(281,675)	(4,011,553)
Net charge against advances		4,069,480	6,167,995	10,237,475	2,568,113	139,519	2,707,632
Charged off during the year- agriculture financing	9.7	(750,824)	-	(750,824)	(604,496)	-	(604,496)
Written off during the year	9.8	(3,454,024)	-	(3,454,024)	(1,092,188)	-	(1,092,188)
Other movements		-	-	-	-	(88,483)	(88,483)
Closing balance		67,067,637	9,498,565	76,566,202	66,459,144	3,292,615	69,751,759

9.5.1 Particulars of provision against advances

In local currency	41,654,408	7,655,137	49,309,545	42,682,682	1,879,055	44,561,737
In foreign currencies	25,413,229	1,843,428	27,256,657	23,776,462	1,413,560	25,190,022
	67,067,637	9,498,565	76,566,202	66,459,144	3,292,615	69,751,759

9.6 General provision includes provision amounting to Rs 2,237.187 million (2019: Rs 1,879.055 million) against consumer finance portfolio. General provision also includes Rs 1,843.428 million (2019: Rs 1,413.560 million) pertaining to overseas advances to meet the requirements of the regulatory authorities of the respective countries in which the Bank operates. General provision also includes Rs 5,417.950 million (2019: Nil) as discussed in Note 4.4.

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

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
9.8 Particulars of write offs			
9.8.1 Against provisions	9.5	3,454,024	1,092,188
Directly charged to the Profit & Loss account		98,525	-
9.8.2 Against charge off	9.8.2	3,552,549	1,092,188
		-	500
		3,552,549	1,092,688
9.8.2 Analysis of write offs			
Write offs of Rs 500,000 and above			
- Domestic	9.9.2	657,812	159,784
- Overseas		2,648,980	710,767
		3,306,792	870,551
Write offs of below Rs 500,000		245,757	221,637
		3,552,549	1,092,188

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

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

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

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
10 FIXED ASSETS			
Capital work-in-progress	10.1	2,309,644	1,819,077
Property and equipment	10.2	82,040,874	73,722,692
		84,350,518	75,541,769
10.1 Capital work-in-progress			
Civil works		602,868	381,666
Equipment		1,182,896	412,507
Advances to suppliers and contractors		523,880	1,024,904
		2,309,644	1,819,077

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10.2 Property and equipment

	2020										
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Machinery	Leasehold Improve-ments	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use assets	Total
	(Rupees in '000)										
At January 1, 2020											
Cost / revalued amount	685,785	27,833,786	269,500	16,741,781	3,572,650	6,808,273	3,900,490	23,600,922	897,483	15,688,263	99,998,933
Accumulated depreciation	-	-	(107,512)	(475,963)	(477,468)	(4,764,516)	(1,805,389)	(15,344,567)	(495,963)	(2,804,863)	(26,276,241)
Net book value	685,785	27,833,786	161,988	16,265,818	3,095,182	2,043,757	2,095,101	8,256,355	401,520	12,883,400	73,722,692
Year ended December 31, 2020											
Opening net book value	685,785	27,833,786	161,988	16,265,818	3,095,182	2,043,757	2,095,101	8,256,355	401,520	12,883,400	73,722,692
Additions	-	981,325	37	92,040	60,979	1,004,196	585,747	2,885,225	110,767	5,722,853	11,443,169
Disposals	-	-	(2,077)	-	-	(46,560)	(6,244)	(20,638)	(951)	(1,351,128)	(1,427,598)
Movement in surplus on assets revalued during the year	97,049	4,923,031	193,226	1,479,870	-	-	-	-	-	-	6,693,176
Impairment reversed during the year	-	114,124	-	44,584	-	-	-	-	-	-	158,708
Depreciation charge	-	-	(12,922)	(327,767)	(415,316)	(771,856)	(548,986)	(3,263,178)	(126,255)	(3,197,780)	(8,664,060)
Exchange rate adjustments	27,983	-	1,860	588	-	20,651	7,249	18,486	1,943	69,743	148,503
Other adjustments / transfers	-	-	692	(590)	13,371	(440)	1,486	(15,521)	(78)	(32,636)	(33,716)
Closing net book value	810,817	33,852,266	342,804	17,554,543	2,754,216	2,249,748	2,134,353	7,860,729	386,946	14,094,452	82,040,874
At December 31, 2020											
Cost / revalued amount	810,817	33,852,266	394,428	17,569,518	3,643,428	7,691,997	4,445,674	26,244,815	971,491	19,789,587	115,414,021
Accumulated depreciation	-	-	(51,624)	(14,975)	(889,212)	(5,442,249)	(2,311,321)	(18,384,086)	(584,545)	(5,695,135)	(33,373,147)
Net book value	810,817	33,852,266	342,804	17,554,543	2,754,216	2,249,748	2,134,353	7,860,729	386,946	14,094,452	82,040,874
Rate of depreciation (%)	-	-	3-5	1.67-4	10	20	10-20	10-33	10-20	1.61-100	
	2019										
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Machinery	Leasehold Improve-ments	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use assets	Total
	(Rupees in '000)										
At January 1, 2019											
Cost / revalued amount	608,127	27,833,786	244,784	16,855,390	3,499,213	5,747,123	3,348,491	19,957,414	831,636	-	78,925,964
Accumulated depreciation	-	-	(83,961)	(160,750)	(72,256)	(4,040,332)	(1,313,097)	(12,559,288)	(443,356)	-	(18,673,040)
Net book value	608,127	27,833,786	160,823	16,694,640	3,426,957	1,706,791	2,035,394	7,398,126	388,280	-	60,252,924
Year ended December 31, 2019											
Opening net book value	608,127	27,833,786	160,823	16,694,640	3,426,957	1,706,791	2,035,394	7,398,126	388,280	-	60,252,924
Impact of adoption of IFRS 16	-	-	-	-	-	-	-	-	-	14,749,440	14,749,440
Additions	-	-	4,384	187,919	73,046	972,197	518,609	3,655,789	139,785	765,929	6,317,658
Disposals	-	-	-	(285,114)	-	(2,239)	(2,581)	(4,358)	(19,200)	-	(313,492)
Depreciation charge	-	-	(18,854)	(322,440)	(405,385)	(686,271)	(478,192)	(2,835,286)	(113,412)	(2,915,763)	(7,775,603)
Exchange rate adjustments	77,658	-	15,929	1,912	-	43,674	21,098	40,062	6,067	283,794	490,194
Other adjustments / transfers	-	-	(294)	(11,099)	564	9,605	773	2,022	-	-	1,571
Closing net book value	685,785	27,833,786	161,988	16,265,818	3,095,182	2,043,757	2,095,101	8,256,355	401,520	12,883,400	73,722,692
At December 31, 2019											
Cost / revalued amount	685,785	27,833,786	269,500	16,741,781	3,572,650	6,808,273	3,900,490	23,600,922	897,483	15,688,263	99,998,933
Accumulated depreciation	-	-	(107,512)	(475,963)	(477,468)	(4,764,516)	(1,805,389)	(15,344,567)	(495,963)	(2,804,863)	(26,276,241)
Net book value	685,785	27,833,786	161,988	16,265,818	3,095,182	2,043,757	2,095,101	8,256,355	401,520	12,883,400	73,722,692
Rate of depreciation (%)	-	-	3-5	1.67-3.33	10	20	10-20	10-33	10-20	1.61-100	

10.3 Revaluation of properties

The properties of the Bank were revalued by independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s Iqbal A. Nanjee & Co. (Private) Limited (Pakistan), M/s United Valuers (Pte) Limited (Singapore), M/s Sunil Fernando & Associates (Private) Limited (Sri Lanka), M/s AKTIF Real Estate Appraisal and Consultancy Inc. (Turkey) and M/s Al-Amrousiya Real Estate (Lebanon) on the basis of assessment of present market values. The revaluation resulted in an increase of Rs 6,693.176 million in the surplus. The total surplus arising against revaluation of fixed assets as at December 31, 2020 amounts to Rs 28,861.681 million.

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

	2020	2019
	(Rupees in '000)	
Freehold land	420,555	394,934
Leasehold land	9,780,805	8,632,036
Building on freehold land	84,405	78,379
Building on leasehold land	13,533,218	13,606,892
	<u>23,818,983</u>	<u>22,712,241</u>

10.5 Details of disposal of fixed assets

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

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

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

	Note	2020	2019
		(Rupees in '000)	
Leasehold Improvements		3,231,303	2,755,299
Furniture and fixtures		774,620	692,826
Electrical, office and computer equipment		9,568,867	7,393,522
Vehicles		238,479	170,810
		<u>13,813,269</u>	<u>11,012,457</u>

11 INTANGIBLE ASSETS

Capital work-in-progress - computer software		1,553,039	1,016,808
Intangible assets	11.1	<u>3,043,768</u>	<u>2,511,410</u>
		<u>4,596,807</u>	<u>3,528,218</u>

11.1 Intangible assets

Computer software

At January 1,

Cost	5,977,122	4,856,332
Accumulated amortisation	(3,465,712)	(2,969,667)
Net book value	<u>2,511,410</u>	<u>1,886,665</u>

Year ended December 31,

Opening net book value	2,511,410	1,886,665
Purchased during the year	1,264,942	1,105,586
Disposal / Write-off	(10,544)	-
Amortisation charge	(741,559)	(486,389)
Exchange rate adjustments	19,742	8,376
Other adjustments	(223)	(2,828)
Closing net book value	<u>3,043,768</u>	<u>2,511,410</u>

At December 31,

Cost	7,163,490	5,977,122
Accumulated amortisation	(4,119,722)	(3,465,712)
Net book value	<u>3,043,768</u>	<u>2,511,410</u>
Rate of amortisation (%)	<u>10-33.33</u>	<u>10-33.33</u>
Useful life (years)	<u>3-10</u>	<u>3-10</u>

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- 11.2 The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs 2,095.682 million (2019: Rs 1,706.931 million).

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
12 DEFERRED TAX ASSETS / (LIABILITIES)			
Deductible temporary differences on			
- Provision against investments		1,143,042	1,616,995
- Provision against doubtful debts and off-balance sheet obligations		3,591,810	4,158,485
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001		1,938,319	1,671,011
- Provision against other assets		45,062	50,989
- Deficit on revaluation of fixed assets		72,832	163,960
- Ijarah financing		199,225	150,674
		6,990,290	7,812,114
Taxable temporary differences on			
- Accelerated tax depreciation		(1,851,784)	(2,092,012)
- Surplus on revaluation of fixed assets	20	(1,788,461)	(1,161,940)
- Surplus on revaluation of investments	20	(5,415,272)	(2,284,604)
- Exchange translation reserve		(903,630)	(374,730)
		(9,959,147)	(5,913,286)
Net deferred tax (liabilities) / assets		(2,968,857)	1,898,828

12.1 Movement in temporary differences during the year

	Balance as at January 1, 2019	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2019	Recognised in profit and loss	Recognised in equity	Balance as at December 31, 2020
	(Rupees in '000)						
Deductible temporary differences on							
- Tax losses of overseas branches	249,991	(249,991)	-	-	-	-	-
- Provision against investments	1,397,101	219,894	-	1,616,995	(473,953)	-	1,143,042
- Provision against doubtful debts and off-balance sheet obligations	3,210,350	948,135	-	4,158,485	(566,675)	-	3,591,810
- Liabilities written back under section 34(5) of the Income Tax Ordinance (ITO) 2001	1,382,428	288,583	-	1,671,011	267,308	-	1,938,319
- Provision against other assets	45,760	5,229	-	50,989	(5,927)	-	45,062
- Deficit on revaluation of fixed assets	147,144	16,816	-	163,960	(91,128)	-	72,832
- Ijarah financing	101,123	49,551	-	150,674	48,551	-	199,225
Taxable temporary differences on							
- Accelerated tax depreciation	(1,857,153)	(234,859)	-	(2,092,012)	240,228	-	(1,851,784)
- Surplus on revaluation of fixed assets	(1,109,480)	74,338	(126,798)	(1,161,940)	25,986	(652,507)	(1,788,461)
- Surplus on revaluation of investments	3,863,754	-	(6,148,358)	(2,284,604)	-	(3,130,668)	(5,415,272)
- Exchange translation reserve	(347,300)	-	(27,430)	(374,730)	-	(528,900)	(903,630)
Net deferred tax (liability) / assets	7,083,718	1,117,696	(6,302,586)	1,898,828	(555,610)	(4,312,075)	(2,968,857)

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13 OTHER ASSETS	Note	2020 (Rupees in '000)	2019
Mark-up / return / profit / interest accrued in local currency		44,804,538	49,739,889
Mark-up / return / profit / interest accrued in foreign currency		2,448,754	2,364,455
Advances, deposits, advance rent and other prepayments		2,355,787	1,882,477
Advance taxation		21,183,176	28,075,183
Advances against subscription of securities		1,096,000	5,246,000
Stationery and stamps on hand		113,476	77,106
Accrued fees and commissions		464,201	689,984
Due from Government of Pakistan / SBP		1,441,901	1,444,977
Mark to market gain on forward foreign exchange contracts		3,358,985	6,548,555
Mark to market gain on derivative instruments	22.2	182,917	54,454
Non-banking assets acquired in satisfaction of claims	13.1	432,937	468,719
Receivable from defined benefit plan	36.4.4	-	24,419
Branch adjustment account		538,852	789,446
Acceptances		26,702,624	22,771,310
Clearing and settlement accounts		3,220,084	12,636,565
Dividend receivable		15,026	-
Claims receivable against fraud and forgeries		553,356	450,086
Others		645,482	494,268
		<u>109,558,096</u>	<u>133,757,893</u>
Provision held against other assets	13.2	(1,127,909)	(821,996)
Other assets - net of provision		<u>108,430,187</u>	<u>132,935,897</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20.2	209,594	164,304
Other assets - total		<u><u>108,639,781</u></u>	<u><u>133,100,201</u></u>
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		<u>639,379</u>	<u>626,000</u>
13.1.1 Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s Colliers, International Pakistan (Private) Limited and M/s Joseph Lobo (Private) Limited on the basis of an assessment of present market values and resulted in an increase of Rs 49.570 million in the surplus. The total surplus arising on revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2020 amounts to Rs 209.594 million (2019: Rs 164.304 million).			
13.1.2 Non-banking assets acquired in satisfaction of claims			
	Note	2020	2019
		(Rupees in '000)	
Opening balance		626,000	1,995,169
Revaluation during the year	20.2	49,570	35,000
Depreciation		(63)	(43)
Disposal during the year		(40,000)	(1,420,255)
Reversal of impairment		3,872	16,129
Closing balance		<u>639,379</u>	<u>626,000</u>
13.1.3 Gain on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		42,500	1,582,300
Less:			
Cost		35,720	1,127,817
Surplus realized on disposal	20.2	<u>4,280</u>	<u>292,438</u>
		<u>40,000</u>	<u>1,420,255</u>
		<u>2,500</u>	<u>162,045</u>
13.2 Provision held against other assets			
Acceptances		419,923	-
Non-banking assets acquired in satisfaction of claims		3,152	7,023
Claims receivable against fraud and forgeries		553,356	450,086
Suit filed cases		4,998	323,759
Others		146,480	41,128
		<u>1,127,909</u>	<u>821,996</u>

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	Note	2020 (Rupees in '000)	2019
13.2.1 Movement in provision against other assets			
Opening balance		821,996	923,201
Exchange adjustment		19,735	34,901
Charge for the year		691,987	139,759
Reversal for the year		(33,899)	(49,540)
Net charge		658,088	90,219
Written off during the year		(49,042)	(224,820)
Transferred out		(322,868)	(1,505)
Closing balance		1,127,909	821,996
14 BILLS PAYABLE			
In Pakistan		44,792,798	28,344,335
Outside Pakistan		1,329,546	1,189,968
		46,122,344	29,534,303
15 BORROWINGS			
Secured			
Borrowings from the SBP under			
- Export refinance scheme	15.2	60,068,212	42,762,668
- Long term financing facility	15.3	25,922,575	18,474,945
- Financing facility for renewable energy power plants	15.4	1,716,425	831,448
- Refinance facility for modernization of Small & Medium Enterprises (SMEs)	15.5	152,893	28,743
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs	15.6	163,416	2,400
- Financing facility for storage of agricultural produce	15.7	292,211	104,167
- Financing facility for working capital of SMEs	15.8	135,625	-
- Refinance scheme for payment of wages and salaries	15.9	30,928,363	-
- Refinance facility for combating COVID-19	15.10	1,300,000	-
- Temporary economic refinance facility	15.11	4,917,263	-
		125,596,983	62,204,371
Repurchase agreement borrowings	15.12	321,070,809	197,503,793
		446,667,792	259,708,164
Unsecured			
- Call money borrowings	15.13	13,450,000	4,900,000
- Overdrawn nostro accounts		164,928	100,623
- Borrowings of overseas branches	15.14	28,814,549	56,524,651
- Other long-term borrowings	15.15	50,997,984	60,838,074
		93,427,461	122,363,348
		540,095,253	382,071,512
15.1 Particulars of borrowings with respect to currencies			
In local currency		460,612,127	264,608,165
In foreign currencies		79,483,126	117,463,347
		540,095,253	382,071,512
15.2 The Bank has entered into an agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP. These carry mark-up at rates ranging from 1.00% to 3.00% per annum (2019: 1.00% to 2.00% per annum) and are due to mature latest by June 28, 2021.			
15.3 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These carry mark-up at rates ranging from 2.00% to 8.60% per annum (2019: 2.00% to 8.40% per annum) and are due to mature latest by July 31, 2032.			

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- 15.4 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at rates ranging from 2.00% to 3.00% per annum (2019: 2.00% to 3.00% per annum) and are due to mature latest by March 31, 2032.
- 15.5 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises. These carry mark-up at 2.00% per annum (2019: 2.00% to 3.50 % per annum) and are due to mature latest by November 07, 2025.
- 15.6 These borrowings have been obtained from the SBP under a scheme to finance women entrepreneurs for setting up of new business enterprises or for expansion of existing ones. These carry mark-up at the rates ranging from 0.00% to 2.00% per annum and are due to mature latest by October 17, 2025.
- 15.7 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rates ranging from 2.00% to 3.50% per annum (2019: 2.00% to 3.50% per annum) and are due to mature latest by December 22, 2025.
- 15.8 These borrowings have been obtained from the SBP under a scheme for financing short term financing facilities for selected SME sectors. These carry mark-up at 0.00% and are due to mature latest by March 30, 2025.
- 15.9 These borrowings have been obtained from the SBP under a scheme to help businesses in payment of wages and salaries to their employees during the pandemic and thereby support continued employment. These carry mark-up at rates ranging from 0.00% to 2.00% per annum and are due to mature latest by October 01, 2022.
- 15.10 These borrowings have been obtained from the SBP under a scheme to provide combat the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% per annum and are due to mature latest by September 30, 2025. The maximum financing limit under the facility is Rs 200 million per hospital / medical centre with a tenor of 5 years including a grace period of up to 6 months.
- 15.11 These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries during the pandemic. These carry mark-up at 1.00% per annum and are due to mature latest by December 14, 2030. The maximum limit granted under this facility is Rs 5 billion per project with a tenor of 10 years including a grace period of 2 years.
- 15.12 Repurchase agreement borrowings carry mark-up at rates ranging from 6.20% to 7.02% per annum (2019: 13.00% to 13.31% per annum) and are due to mature latest by January 15, 2021. The market value of securities given as collateral against these borrowings is given in note 8.2.1.
- 15.13 Call money borrowings carry mark-up at rates ranging from 6.05% to 7.15% per annum (2019: 9.50% to 13.25% per annum) and are due to mature latest by January 13, 2021.
- 15.14 Borrowings by overseas branches carry mark-up at rates ranging from 0.01% to 2.44% per annum (2019: 0.00% to 3.88% per annum) and are due to mature latest by June 14, 2021.
- 15.15 This includes the following:
- 15.15.1 A loan from the International Finance Corporation amounting to US\$ 150 million (2019:US\$ 150 million). The principal amount is payable in six equal semi-annual installments from June 2022 to December 2024. Interest at LIBOR + 5.00% is payable semi-annually.
- 15.15.2 HBL has entered into a long-term financing facility arrangement of US\$ 300 million with China Development Bank, to be utilized for on-lending to projects of the Bank's customers. Under this facility, US\$ 165.975 million (2019: US\$ 62.890 million) has been utilized by the Bank with the initial drawdown having occurred on January 31, 2019. Further drawdowns are permitted up to 4 years from the date of initial drawdown. The entire drawn amount is payable in semi-annual installments over a period of 10 years starting from January 31, 2023. Interest is charged at a fixed spread over LIBOR and is payable semi-annually.
- 15.15.3 A mortgage refinancing facility on Musharakah basis from Pakistan Mortgage Refinance Company Limited (PMRC) amounting to Rs 194.309 million (2019: Nil) for on-lending to customers. The amount is payable semi-annually from August 2020 to February 2023. Profit at 11.21% per annum is payable semi-annually from August 2020.

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

16 DEPOSITS AND OTHER ACCOUNTS

Note	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	818,376,303	95,804,417	914,180,720	718,531,993	101,140,482	819,672,475
Savings deposits	976,981,942	85,041,111	1,062,023,053	904,288,563	84,593,001	988,881,564
Term deposits	292,861,588	112,812,988	405,674,576	255,854,893	104,894,494	360,749,387
	2,088,219,833	293,658,516	2,381,878,349	1,878,675,449	290,627,977	2,169,303,426
Financial institutions						
Current deposits	14,003,219	1,310,351	15,313,570	4,726,555	1,079,041	5,805,596
Savings deposits	259,670,600	657,250	260,327,850	123,858,010	18,008	123,876,018
Term deposits	5,083,529	6,887,418	11,970,947	2,001,790	912,256	2,914,046
	278,757,348	8,855,019	287,612,367	130,586,355	2,009,305	132,595,660
16.2	<u>2,366,977,181</u>	<u>302,513,535</u>	<u>2,669,490,716</u>	<u>2,009,261,804</u>	<u>292,637,282</u>	<u>2,301,899,086</u>

16.1	Composition of deposits	2020	2019
		(Rupees in '000)	
	- Individuals	1,463,176,079	1,231,350,613
	- Government (Federal and Provincial)	153,554,052	130,749,258
	- Banking Companies	10,105,943	7,545,730
	- Non-Banking Financial Institutions	277,506,424	125,049,930
	- Other public sector entities	135,083,271	132,916,400
	- Other private sector entities	630,064,947	674,287,155
		<u>2,669,490,716</u>	<u>2,301,899,086</u>

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

17	SUBORDINATED DEBT	Note	2020	2019
			(Rupees in '000)	
	Tier II Term Finance Certificates	17.1	9,982,000	9,986,000
	Additional Tier I Term Finance Certificates	17.2	12,374,000	12,374,000
			<u>22,356,000</u>	<u>22,360,000</u>

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

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

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

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

The key features of the issue are as follows:

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

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	Note	2020	2019
		(Rupees in '000)	
18 OTHER LIABILITIES			
Mark-up / return / profit / interest payable in local currency		9,964,075	11,253,838
Mark-up / return / profit / interest payable in foreign currency		2,209,403	2,537,607
Security deposits		974,790	1,138,813
Accrued expenses		17,984,739	14,585,462
Mark to market loss on forward foreign exchange contracts		5,996,571	7,924,799
Mark to market loss on derivative instruments	22.2	1,449,800	1,708,824
Unclaimed dividends		693,700	405,966
Dividends payable		115,626	400,464
Provision for post retirement medical benefits	36.4.4	3,763,654	3,872,768
Provision for employees' compensated absences	36.4.4	2,492,992	2,644,978
Provision against off-balance sheet obligations	18.1	1,138,648	437,795
Acceptances		26,702,624	22,771,310
Provision for staff retirement benefits		1,239,418	1,063,338
Payable to defined benefit plans	36.4.4 & 36.1.6	1,182,639	577,964
Provision for Workers' Welfare Fund	29	6,324,325	5,220,295
Unearned income		4,229,811	3,777,028
Qarz-e-Hasna Fund		338,542	338,923
Levies and taxes payable		6,977,533	7,347,626
Insurance payable		868,971	645,817
Provision for rewards program expenses		1,391,392	1,249,725
Liability against trading of securities		902,755	7,883,792
Clearing and settlement accounts		4,538,482	2,037,252
Payable to HBL Foundation		315,431	158,202
Contingent consideration payable		500,000	500,000
Charity fund		4,234	10,375
Lease liability against right-of-use assets		15,300,909	12,861,471
Unclaimed deposits		91,752	670,374
Others		2,260,969	2,422,100
		<u>119,953,785</u>	<u>116,446,906</u>
18.1 Provision against off-balance sheet obligations			
Opening balance		437,795	479,510
Exchange adjustment		(25,452)	7,518
Charge for the year		480,696	53,677
Reversal for the year		(95,905)	(102,910)
Net charge / (reversal)		384,791	(49,233)
Written off during the year		(4,053)	-
Transferred in		345,567	-
Closing balance		<u>1,138,648</u>	<u>437,795</u>
19 SHARE CAPITAL			
19.1 Authorised capital			
2020	2019		
Number of shares in '000			
<u>2,900,000</u>	<u>2,900,000</u>	Ordinary shares of Rs 10 each	<u>29,000,000</u>
			<u>29,000,000</u>

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19.2 Issued, subscribed and paid-up capital

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

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

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

19.4 Shares of the Bank held by associated companies

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

19.5 Statutory reserve

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

19.6 Exchange translation reserve

This comprises off all foreign currency differences arising from the translation of the net investment in foreign branches.

	Note	2020	2019
		(Rupees in '000)	
20 Surplus on revaluation of assets - net of tax			
Surplus arising on revaluation of assets, on:			
- Fixed assets	20.1	28,861,681	22,235,136
- Available-for-sale securities	8.1	13,885,314	5,857,959
- Non-banking assets acquired in satisfaction of claims	20.2	209,594	164,304
		42,956,589	28,257,399
Deferred tax on surplus on revaluation of:			
- Fixed assets	20.1	1,788,461	1,161,940
- Available-for-sale securities	12.1	5,415,272	2,284,604
- Non-banking assets acquired in satisfaction of claims	12.1	-	-
		7,203,733	3,446,544
Surplus on revaluation of assets - net of tax		<u>35,752,856</u>	<u>24,810,855</u>

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	Note	2020	2019
		(Rupees in '000)	
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01		22,235,136	22,425,746
Surplus recognised during the year		6,693,176	-
Surplus realised on disposal of revalued properties during the year - net of deferred tax		-	(72,824)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(40,645)	(43,448)
Related deferred tax liability on surplus realised on disposal of revalued properties		-	(46,560)
Related deferred tax liability on incremental depreciation charged during the year		(25,986)	(27,778)
Surplus on revaluation of fixed assets as at December 31		28,861,681	22,235,136
Less: related deferred tax liability on			
- Revaluation as at January 01		1,161,940	1,109,480
- Revaluation recognised during the year		652,507	-
- Effect of change in tax rate		-	126,798
- Surplus realised on disposal of revalued properties during the year		-	(46,560)
- Incremental depreciation charged during the year		(25,986)	(27,778)
		1,788,461	1,161,940
		<u>27,073,220</u>	<u>21,073,196</u>
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01		164,304	421,742
Surplus recognised during the year		49,570	35,000
Surplus realised on disposal during the year		(4,280)	(292,438)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		-	-
Related deferred tax liability on incremental depreciation charged during the year		-	-
Surplus on revaluation as at December 31		209,594	164,304
Less: related deferred tax liability on			
- Revaluation as at January 01		-	-
- Revaluation recognised during the year		-	-
- Amount transferred to surplus on revaluation of fixed assets		-	-
- Incremental depreciation charged during the year		-	-
		-	-
		<u>209,594</u>	<u>164,304</u>
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	201,448,496	151,961,169
- Commitments	21.2	762,895,459	822,473,567
- Other contingent liabilities	21.3	23,888,069	23,458,521
		<u>988,232,024</u>	<u>997,893,257</u>

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	Note	2020	2019
		(Rupees in '000)	
21.1 Guarantees			
Financial guarantees		63,750,853	35,102,960
Performance guarantees		126,465,667	108,417,670
Other guarantees		11,231,976	8,440,539
		<u>201,448,496</u>	<u>151,961,169</u>
21.2 Commitments			
Trade-related contingent liabilities		151,147,102	110,535,832
Commitments in respect of			
- forward foreign exchange contracts	21.2.1	405,885,132	569,780,600
- forward Government securities transactions	21.2.2	150,757,178	107,869,401
- derivatives	21.2.3	38,504,637	29,437,457
- forward lending	21.2.4	11,085,983	3,425,853
		606,232,930	710,513,311
Commitments for acquisition of			
- fixed assets		4,389,650	661,877
- intangible assets		1,125,777	762,547
		<u>5,515,427</u>	<u>1,424,424</u>
		<u>762,895,459</u>	<u>822,473,567</u>
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		245,614,763	333,012,340
Sale		160,270,369	236,768,260
		<u>405,885,132</u>	<u>569,780,600</u>
21.2.2 Commitments in respect of forward Government Securities transactions			
Purchase		96,427,590	45,771,399
Sale		54,329,588	62,098,002
		<u>150,757,178</u>	<u>107,869,401</u>
21.2.3 Commitments in respect of derivatives			
Cross Currency swaps			
Purchase		14,662,810	9,525,572
Sale		16,007,336	10,882,712
		<u>30,670,146</u>	<u>20,408,284</u>
Interest rate swaps			
Purchase		-	-
Sale		7,834,491	9,029,173
		<u>7,834,491</u>	<u>9,029,173</u>
21.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to extend credit		<u>11,085,983</u>	<u>3,425,853</u>
These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring any significant penalty or expense.			
		2020	2019
		(Rupees in '000)	
21.3 Other contingent liabilities			
21.3.1 Claims against the Bank not acknowledged as debts		<u>23,888,069</u>	<u>23,458,521</u>

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

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

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

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

22 DERIVATIVE INSTRUMENTS

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

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

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

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

These transactions cover the aspects of both market making and hedging. The risk management processes and policies related to derivatives are disclosed in note 44.5 to these unconsolidated financial statements.

22.1 Product Analysis

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

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Counterparties	2019			
	Cross currency swaps		Interest rate swaps	
	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 FIs other than banks for				
Hedging	-	-	-	-
Market Making	-	-	1,375,000	(97,388)
With other entities for				
Hedging	-	-	-	-
Market Making	15,432,300	(772,574)	7,654,173	(324,505)
Total				
Hedging	-	-	-	-
Market Making	20,408,284	(1,232,477)	9,029,173	(421,893)

22.2 Maturity Analysis

2020					
Remaining Maturity	No. of contracts	Notional principal	Mark to market		
			Loss	Gain	Net
			(Rupees in '000)		
Up to 1 Month	2	1,327,861	(93,873)	-	(93,873)
1 to 3 Months	-	-	-	-	-
3 Months to 6 Months	1	223,403	(43,194)	-	(43,194)
6 Months to 1 Year	3	1,743,055	(188,796)	11,652	(177,144)
1 to 2 Years	3	1,861,623	(27,955)	1,360	(26,595)
2 to 3 Years	2	5,016,822	(68,160)	86,547	18,387
3 to 5 Years	19	7,522,290	(18,820)	40,599	21,779
5 to 10 Years	10	20,809,583	(1,009,002)	42,759	(966,243)
	40	38,504,637	(1,449,800)	182,917	(1,266,883)
2019					
Remaining Maturity	No. of contracts	Notional principal	Mark to market		
			Loss	Gain	Net
			(Rupees in '000)		
Up to 1 Month	-	-	-	-	-
1 to 3 Months	-	-	-	-	-
3 Months to 6 Months	1	410,516	(49,135)	-	(49,135)
6 Months to 1 Year	-	-	-	-	-
1 to 2 Years	6	4,996,997	(428,703)	29,709	(398,994)
2 to 3 Years	3	2,384,410	(100,534)	10,940	(89,594)
3 to 5 Years	16	6,500,000	(268,975)	13,805	(255,170)
5 to 10 Years	8	15,145,534	(861,477)	-	(861,477)
	34	29,437,457	(1,708,824)	54,454	(1,654,370)

23 MARK-UP / RETURN / PROFIT / INTEREST EARNED	2020	2019
	(Rupees in '000)	
On:		
Loans and advances	104,325,731	122,230,492
Investments	147,908,621	109,001,680
Lendings to financial institutions	5,013,438	14,178,434
Balances with banks	529,044	1,013,923
	<u>257,776,834</u>	<u>246,424,529</u>

24 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED	2020	2019
	(Rupees in '000)	
On:		
Deposits	103,554,048	110,064,741
Securities sold under repurchase agreement borrowings	15,423,539	23,226,834
Borrowings	6,773,553	8,732,254
Subordinated debt	2,603,244	2,038,901
Cost of foreign currency swaps against foreign currency deposits / borrowings	5,675,841	5,999,948
Lease liability against right-of-use assets	1,694,796	1,736,236
	<u>135,725,021</u>	<u>151,798,914</u>

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	Note	2020	2019
		(Rupees in '000)	
25 FEE AND COMMISSION INCOME			
Branch banking customer fees		3,468,860	4,251,069
Consumer finance related fees		1,530,759	1,107,307
Card related fees (debit and credit cards)		4,079,011	4,512,760
Credit related fees		605,013	688,070
Investment banking fees		1,159,272	1,577,115
Commission on trade related products and guarantees		3,017,918	2,719,465
Commission on cash management		778,417	708,003
Commission on remittances (including home remittances)		354,348	424,742
Commission on bancassurance		1,170,557	2,251,920
Commission on Government to Person (G2P) Payments		578,707	444,031
Merchant discount and interchange fees		2,311,195	1,991,276
Others		101,779	86,015
		<u>19,155,836</u>	<u>20,761,773</u>
Less: Sales tax / Federal Excise Duty on fee and commission income		<u>(2,802,563)</u>	<u>(2,564,778)</u>
		<u><u>16,353,273</u></u>	<u><u>18,196,995</u></u>
26 GAIN / (LOSS) ON SECURITIES - NET			
Realised	26.1	6,989,877	(1,482,878)
Unrealised - held-for-trading	8.1	<u>37,550</u>	<u>(83,371)</u>
		<u><u>7,027,427</u></u>	<u><u>(1,566,249)</u></u>
26.1 Gain / (Loss) on securities - realised			
On:			
Federal Government securities			
- Market Treasury Bills		3,063,002	240,395
- Pakistan Investment Bonds		5,223,854	(194,133)
- Ijarah Sukuks		(148,619)	(23,857)
Shares		(1,027,158)	(2,635,218)
Non-Government debt securities		(111,481)	(25,211)
Foreign securities		(44,386)	11,616
Associates		34,665	1,143,530
		<u>6,989,877</u>	<u>(1,482,878)</u>
27 OTHER INCOME			
Incidental charges		335,141	213,541
Exchange gain realised on reduction in capital of subsidiary		1,395,593	-
Exchange (loss) / gain realised on closure of bank's branch		(1,887,208)	182,112
Gain on sale of fixed assets - net		77,204	102,645
Gain on sale of non-banking assets	27.1	2,500	162,045
Rent on properties		113,829	114,207
Liabilities no longer required written back		1,152	52,775
		<u>38,211</u>	<u>827,325</u>
27.1	The bank earned an income of 2.500 million (2019: Rs 162.045 million) against the sale of the following non - banking assets.		
	Note	2020	2019
		(Rupees in '000)	
Open plots situated in Lahore		2,500	151,345
Open plots situated in Karachi		-	10,700
		<u>2,500</u>	<u>162,045</u>
28 OPERATING EXPENSES			
Total compensation expense	28.1	33,639,523	29,757,054
Property expense			
Rent and taxes		1,215,396	415,784
Insurance		81,322	74,967
Utilities cost		1,976,039	2,123,880
Security (including guards)		1,801,273	1,733,124
Repairs and maintenance (including janitorial charges)		1,986,959	1,651,434
Depreciation on owned fixed assets	10.2	2,917,336	2,744,302
Depreciation on right-of-use assets	10.2	3,197,780	2,915,763
Reversal of impairment	10.2	(158,708)	-
		<u>13,017,397</u>	<u>11,659,254</u>

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	Note	2020	2019
		(Rupees in '000)	
Information technology expenses			
Software maintenance		2,917,759	2,401,692
Hardware maintenance		723,597	696,375
Depreciation	10.2	1,845,181	1,456,548
Amortisation	11.1	741,559	486,389
Network charges		1,147,093	1,287,784
Consultancy charges		699,542	598,329
		8,074,731	6,927,117
Other operating expenses			
Legal and professional charges		2,885,260	5,498,700
Outsourced services costs		1,704,932	1,554,268
Travelling and conveyance		521,093	840,484
Insurance		550,769	567,726
Remittance charges		425,034	518,722
Security charges		1,613,183	1,444,992
Repairs and maintenance		1,315,774	1,270,530
Depreciation	10.2	703,763	658,990
Training and development		167,970	362,060
Postage and courier charges		579,199	889,468
Communication		707,919	693,753
Stationery and printing		1,442,349	2,136,640
Marketing, advertisement and publicity		3,347,662	3,210,973
Donations	28.3	526,717	285,977
Auditors' remuneration	28.4	187,520	190,356
Brokerage and commission		758,724	572,190
Subscription		166,399	147,149
Documentation and processing charges		2,464,759	2,368,800
Entertainment		267,823	312,774
Consultancy charges		3,490,727	7,419,303
Deposits insurance premium expense		2,232,083	2,090,433
Product feature cost		699,017	714,073
COVID-19 related expenses	28.5	602,919	-
Others		1,058,361	617,416
	28.2	28,419,956	34,365,777
		83,151,607	82,709,202
28.1 Total compensation expense			
Non-Executive Directors' fees	38.2	84,000	50,600
Shariah Board's fees and allowances	38.3	12,807	16,316
Managerial Remuneration			
i) Fixed		17,320,927	16,574,974
ii) Variable		3,242,595	2,244,252
Charge for defined benefit plan		1,707,297	1,212,296
Contribution to defined contribution plan		1,070,864	943,591
Rent & house maintenance		4,131,721	3,710,020
Utilities		954,781	859,273
Medical		1,986,001	1,636,562
Conveyance		2,330,296	2,246,724
General group staff Insurance		18,569	180,234
Hajj Allowance		39,918	20,202
Others		-	67
Sub-total		32,899,776	29,695,111
Sign-on bonus		134,710	44,285
Severance payments		605,037	17,658
Grand Total		33,639,523	29,757,054
		No of persons	
Sign on bonus		52	75
Severance payments		78	40

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- 28.2 The total cost for the year included in other operating expenses relating to outsourced activities is Rs 2,303.497 million (2019: Rs 2,094.900 million). This cost includes outsourced services costs, which are disclosed specifically in note 28. Of the total cost, Rs 2,061.597 million (2019: Rs 1,830.982 million) pertains to companies incorporated in Pakistan and Rs 241.901 million (2019: Rs 263.918 million) pertains to companies incorporated outside Pakistan. The material outsourcing arrangements along with their nature of services are as follows:

Name of company	Nature of service	2020 (Rupees in '000)	2019
APEX Printry (Private) Limited	Cheque book printing services	157,898	171,890
Insource (Private) Limited	Cheque book printing services	82,770	90,576
Euronet Pakistan (Private) Limited	Host environment configuration, POS terminal and card outsourcing services	74,824	72,214
Iron Mountain Information Management LLC	Document archival and storage	3,017	-
First Solutions	Document archival and storage	4,464	-
		<u>322,973</u>	<u>334,680</u>

28.3 Details of donations

Donations individually exceeding Rs 500,000.

HBL Foundation	315,431	158,202
The Aga Khan Hospital & Medical College Foundation	157,360	77,575
International Parliamentarians' Congress	30,000	-
Zindagi Trust	10,000	-
Covid-19 fund established by Government of Bahrain	6,439	-
Progressive Education Network	5,000	-
Patients' Aid Foundation	2,000	-
Frontier Works Organization - Clean Karachi campaign	-	50,000
Donations individually not exceeding Rs 500,000	487	200
	<u>526,717</u>	<u>285,977</u>

Mr. Muhammad Aurangzeb, President and Chief Executive Officer, Mr. Sagheer Mufti, Chief Operating Officer, Mr. Rayomond Kotwal, Chief Financial Officer and Mr. Jamal Nasir, Chief Human Resources Officer are Trustees of the HBL Foundation.

28.4 Auditors' remuneration

	2020			2019		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)					
Audit and audit related fees						
Audit fee of the Bank	27,901	78,615	106,516	25,954	82,509	108,463
Fees for other statutory and related certifications	24,763	6,682	31,445	21,958	6,309	28,267
Out of pocket expenses on audit fees	6,016	413	6,429	5,557	1,075	6,632
Sales tax on audit fees	2,713	1,638	4,351	2,521	1,103	3,624
	<u>61,393</u>	<u>87,348</u>	<u>148,741</u>	<u>55,990</u>	<u>90,996</u>	<u>146,986</u>
Other services						
Special certifications and sundry advisory services	19,506	5,553	25,059	22,945	7,027	29,972
Tax services	8,000	1,634	9,634	6,467	3,894	10,361
Out of pocket expenses	557	-	557	978	116	1,094
Sales tax on other services	3,406	123	3,529	1,841	102	1,943
	<u>31,469</u>	<u>7,310</u>	<u>38,779</u>	<u>32,231</u>	<u>11,139</u>	<u>43,370</u>
	<u>92,862</u>	<u>94,658</u>	<u>187,520</u>	<u>88,221</u>	<u>102,135</u>	<u>190,356</u>

- 28.5 These represent expenses incurred for the health and safety of employees and customers and other CSR activities during the on-going pandemic including face masks, sanitisers and other related materials.

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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	2020 (Rupees in '000)	2019
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		296,416	476,156
Penalties imposed by other regulatory bodies		24,377	3,900
		<u>320,793</u>	<u>480,056</u>
31 PROVISIONS AND WRITE OFFS - NET			
(Reversal of) / provision for diminution in value of investments	8.8	(533,085)	398,100
Provision against loans and advances	9.5	10,237,475	2,707,632
Provision against other assets	13.2.1	658,088	90,219
Provision / (reversal) against off-balance sheet obligations	18.1	384,791	(49,233)
Recoveries against written off / charged off bad debts		(558,320)	(574,170)
Recoveries against other assets written off		(63,621)	(42,796)
Bad debts written off directly	9.8.1	98,525	-
		<u>10,223,853</u>	<u>2,529,752</u>
32 TAXATION			
- Current			
- For the year		21,168,634	11,219,191
- Prior years		(253,442)	1,933,029
		20,915,192	13,152,220
- Deferred			
- For the year	12.1	(246,880)	(1,117,696)
- Prior years		802,490	-
		555,610	(1,117,696)
		<u>21,470,802</u>	<u>12,034,524</u>
32.1 Relationship between tax expense and accounting profit			
Accounting profit for the current year		<u>52,994,484</u>	<u>27,098,713</u>
Tax on income @ 39% (2019: 39%)		20,667,849	10,568,498
Permanent differences			
- Penalties imposed by the SBP and other regulatory bodies		125,109	187,222
- Additional tax @ 2.5% on additional income from Federal Government Securities		177,770	-
- Others		(48,974)	(28,489)
		253,905	158,733
Prior years - charge		549,048	1,933,029
Impact of change in tax rate		-	(625,736)
Tax charge for the current year		<u>21,470,802</u>	<u>12,034,524</u>
33 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		<u>31,523,682</u>	<u>15,064,189</u>
		(Number)	
Weighted average number of ordinary shares		<u>1,466,852,508</u>	<u>1,466,852,508</u>
		(Rupees)	
Basic and diluted earnings per share		<u>21.49</u>	<u>10.27</u>

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

	Note	2020 (Rupees in '000)	2019
34 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	347,988,749	337,241,623
Balances with other banks	6	38,422,719	32,139,733
		<u>386,411,468</u>	<u>369,381,356</u>

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

	2020			
	Liabilities		Equity	
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit
	(Rupees in '000)			
Balance as at January 1, 2020	22,360,000	116,446,906	57,274,159	104,668,407
Changes from financing cash flows				
Repayment of subordinated debt	(4,000)	-	-	-
Payment of lease liability against right-of-use assets	-	(4,072,209)	-	-
Dividend paid	-	-	-	(3,664,234)
	(4,000)	(4,072,209)	-	(3,664,234)
Other changes:				
Liability-related				
Changes in other liabilities				
- Cash based	-	(515,341)	-	-
- Dividend payable	-	2,896	-	(2,896)
- Non-cash based	-	8,091,533	-	-
Transfer of profit to statutory reserve	-	-	3,152,368	(3,152,368)
Total liability related other changes	-	7,579,088	3,152,368	(3,155,264)
Equity related	-	-	2,614,111	31,413,837
Balance as at December 31, 2020	<u>22,356,000</u>	<u>119,953,785</u>	<u>63,040,638</u>	<u>129,262,746</u>
	2019			
	Liabilities		Equity	
	Subordinated debt	Other liabilities	Reserves	Unappropriated profit
	(Rupees in '000)			
Balance as at January 1, 2019	9,990,000	109,226,173	57,935,252	91,882,814
Changes from financing cash flows				
Repayment of subordinated debt	(4,000)	-	-	-
Payment of lease liability against right-of-use assets	-	(4,525,316)	-	-
Proceeds from new issue of subordinated debt	12,374,000	-	-	-
Dividend paid	-	-	-	(7,581,966)
	12,370,000	(4,525,316)	-	(7,581,966)
Other changes:				
Liability-related				
Changes in other liabilities				
- Cash based	-	(5,929,150)	-	-
- Dividend payable	-	(247,706)	-	247,706
- Non-cash based	-	17,922,905	-	-
Transfer of profit to statutory reserve	-	-	1,506,419	(1,506,419)
Total liability related other changes	-	11,746,049	1,506,419	(1,258,713)
Equity related	-	-	(2,167,512)	21,626,272
Balance as at December 31, 2019	<u>22,360,000</u>	<u>116,446,906</u>	<u>57,274,159</u>	<u>104,668,407</u>

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		2020	2019
		(Number)	
35 STAFF STRENGTH			
Permanent		16,912	17,313
On contract		42	40
Total staff strength		<u>16,954</u>	<u>17,353</u>

35.1 In addition to the above, 3,175 employees (2019: 3,246 employees) of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

		2020	2019
		(Number)	
35.2 Staff strength bifurcation			
Domestic		16,351	16,711
Overseas		603	642
		<u>16,954</u>	<u>17,353</u>

36 DEFINED BENEFIT PLANS AND OTHER BENEFITS

36.1 General Information

The Bank operates the following schemes:

36.1.1 Pension Fund (defined benefit scheme)

The Bank operates an approved pension scheme for those of its employees who opted for this scheme when it was introduced in 1977. This scheme is applicable to:

- All clerical employees
- Executives and officers who joined the Bank during the period from May 1, 1977 till December 31, 2001 and those who joined the Bank prior to introduction of the scheme and opted for this scheme when it was introduced.

For clerical employees, the benefit is based on their actual years of service as of the statement of financial position date and their current salary. For executives and officers, the benefit is based on their years of service up to March 31, 2005 and their basic salary as on March 31, 2014. For service subsequent to this date (i.e. from April 01, 2005), they are entitled to the Bank's contributory gratuity fund (refer note 37.2) and the Bank's contributory provident fund (refer note 37.1). Eligible clerical employees as well as eligible executives and officers are entitled to a certain minimum pension as per applicable rules.

36.1.2 Benevolent Fund (defined benefit scheme)

The Bank operates an approved funded benevolent scheme for all employees who retire from the Bank and who joined on or before December 31, 2018. Under this scheme, a fixed monthly subscription is made by employees by way of a salary deduction and a matching monthly subscription is made by the Bank. Post retirement, all eligible employees are entitled to receive a fixed monthly amount or one-time lump sum payment in lieu of a fixed monthly amount as per the rules of the Fund. Clerical employees are additionally entitled to certain grants during the period of their service subject to the fulfilment of certain conditions as specified in the rules of the Fund.

36.1.3 Post-Retirement Medical Benefits (defined benefit scheme)

The Bank provides a non-funded scheme for post-retirement medical benefits to all employees.

Executives and officers who have retired from January 01, 2006 onwards receive lump sum payments as a full and final settlement in lieu of post-retirement medical benefits. Executives and officers who retired prior to this date, and all clerical employees receive these benefits as reimbursements when incurred.

36.1.4 Compensated Absences (defined benefit scheme)

The Bank maintains a non-funded scheme for compensated absences. This is applicable to those employees who were in the service of the Bank as of December 31, 2008 and who had accumulated leave balances up to a maximum of 365 days as at that date. Employees are entitled to proceed on Leave Prior to Retirement (LPR) up to the amount of their accrued leave while continuing to receive gross salary. This benefit vests on retirement or, in the case of premature retirement, on the completion of 30 years of service.

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Employees may be required by the Bank to continue working during the whole or a part of their LPR period. Such employees are entitled to gross salary and certain benefits during the period they are required to work and, additionally, to leave encashment amounting to 50% of this period.

Clerical employees have the option of not proceeding on LPR and instead encashing 50% of their accumulated leave balance up to a maximum of 180 days.

36.1.5 Other Post-Retirement Benefits (defined benefit scheme)

The Bank offers an additional benefit to all executives on retirement. Under this scheme, a lump sum amount equal to six months of house rent allowance, utilities allowance, car benefit allowance and conveyance allowance is paid to the executive on retirement. However, in case of the death in service of an executive prior to retirement, the lump sum amount includes an additional six months of house rent allowance.

36.1.6 Pension and Life Assurance Scheme (defined benefit scheme)

The Bank operates a pension and life assurance scheme for those employees who joined its UK operations prior to December 26, 2001. The scheme was established with effect from May 01, 1978 under a Trust Deed of that date and is governed by that Trust Deed together with various supplemental and amending deeds executed over the lifetime of the scheme.

The triennial actuarial valuation as at May 01, 2019 revealed a deficit of £1.7 million under the Statement of Funding Principles (SFP). In order to address this deficit, the Bank will pay £50,500 per month for three years starting from September 1, 2020.

36.1.7 Other schemes

Employee benefit schemes offered by the Bank's overseas branches are governed by the laws of the respective countries in which the branches operate.

36.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. The following significant assumptions were used for the valuation:

	2020	2019
	(Per annum)	
Valuation discount rate	9.75%	11.25%
Expected rate of increase in salary level	8.75%	10.25%
Expected rate of increase in pension	5.00%	5.00%
Expected rate of increase in medical benefit	7.75%	9.25%
Expected rate of return on funds invested	9.75%	11.25%

36.3	2020	2019
Number of employees under the scheme	(Number)	
Pension fund	1,709	1,902
Benevolent fund	12,087	13,835
Post-retirement medical benefit scheme	18,708	16,708
Compensated absences	3,975	4,578
Other Post-Retirement Benefits	2,188	2,077

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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, 2020 are as follows:

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	6,218,050	-	2,583,853	-	-	-
Present value of defined benefit obligations	(7,003,540)	-	(1,079,752)	(3,763,654)	(2,492,992)	(585,038)
(Payable to) / receivable from the fund	<u>(785,490)</u>	<u>-</u>	<u>1,504,101</u>	<u>(3,763,654)</u>	<u>(2,492,992)</u>	<u>(585,038)</u>

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Fair value of plan assets	5,565,467	24,419	2,372,581	-	-	-
Present value of defined benefit obligations	(6,143,431)	-	(993,646)	(3,872,768)	(2,644,978)	(508,589)
(Payable to) / receivable from the fund	<u>(577,964)</u>	<u>24,419</u>	<u>1,378,935</u>	<u>(3,872,768)</u>	<u>(2,644,978)</u>	<u>(508,589)</u>

36.4.2 Movement in the present value of defined benefit obligations

	2020					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	6,143,431	-	993,646	3,872,768	2,644,978	508,589
Current service cost	75,580	-	31,162	138,076	68,744	92,450
Interest cost	681,720	-	108,910	432,948	280,079	58,845
Benefits paid by the Bank	(461,582)	-	(139,344)	(286,937)	(430,515)	(73,503)
Past Service cost	-	-	-	-	-	-
Remeasurement (gains) / losses	564,391	-	85,378	(393,201)	(70,294)	(1,343)
Obligations at the end of the year	<u>7,003,540</u>	<u>-</u>	<u>1,079,752</u>	<u>3,763,654</u>	<u>2,492,992</u>	<u>585,038</u>

	2019					
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)					
Obligations at the beginning of the year	5,404,742	4,257	1,090,293	3,945,133	3,080,403	504,466
Current service cost	72,542	349	25,384	157,504	80,465	89,088
Interest cost	713,148	428	138,763	523,400	320,427	67,618
Benefits paid by the Bank	(498,490)	(3,972)	(136,728)	(322,059)	(488,510)	(74,478)
Past service cost	-	-	-	-	-	-
Remeasurement (gains) / losses	451,489	(1,062)	(124,066)	(431,210)	(347,807)	(78,105)
Obligations at the end of the year	<u>6,143,431</u>	<u>-</u>	<u>993,646</u>	<u>3,872,768</u>	<u>2,644,978</u>	<u>508,589</u>

36.4.3 Movement in fair value of plan assets

	2020			2019		
	Pension Fund	Gratuity Fund	Benevolent Fund	Pension Fund	Gratuity Fund	Benevolent Fund
	(Rupees in '000)					
Fair value at the beginning of the year	5,565,467	24,419	2,372,581	4,434,303	39,550	2,190,450
Expected return on plan assets	620,075	-	255,987	585,646	4,822	275,741
Contribution by the Bank	577,964	-	38,752	970,439	(13,952)	45,155
Contributions by the employees	-	-	38,752	-	-	45,155
Benefits paid by the Bank	(461,582)	-	(139,344)	(498,490)	(3,972)	(136,728)
Excess funds return to Bank	-	(24,419)	-	-	-	-
Remeasurement gains / (losses)	(83,874)	-	17,125	73,569	(2,029)	(47,192)
Fair value at the end of the year	<u>6,218,050</u>	<u>-</u>	<u>2,583,853</u>	<u>5,565,467</u>	<u>24,419</u>	<u>2,372,581</u>

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

Opening balance
Charge / (reversal) for the year
Contribution by the Bank - net
Remeasurement (gains) / losses recognised in OCI during the year
Benefits paid by the Bank
Excess funds return to Bank
Closing balance

2020					
Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
(Rupees in '000)					
577,964	(24,419)	(1,378,935)	3,872,768	2,644,978	508,589
137,225	-	(154,667)	571,024	278,529	151,295
(577,964)	-	(38,752)	-	-	-
648,265	-	68,253	(393,201)	-	(1,343)
-	-	-	(286,937)	(430,515)	(73,503)
	24,419				
785,490	-	(1,504,101)	3,763,654	2,492,992	585,038

Opening balance
Charge / (reversal) for the year
Contribution by the Bank - net
Remeasurement (gains) / losses recognised in OCI during the year
Benefits paid by the Bank
Closing balance

2019					
Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
(Rupees in '000)					
970,439	(35,293)	(1,100,157)	3,945,133	3,080,403	504,466
200,044	(4,045)	(156,749)	680,904	53,085	156,706
(970,439)	13,952	(45,155)	-	-	-
377,920	967	(76,874)	(431,210)	-	(78,105)
-	-	-	(322,059)	(488,510)	(74,478)
577,964	(24,419)	(1,378,935)	3,872,768	2,644,978	508,589

36.4.5 Charge for defined benefit plans

36.4.5.1 Cost recognised in profit and loss

Current service cost
Net interest on defined benefit asset / liability
Past service cost
Actuarial losses recognised
Contributions by the employees

2020					
Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
(Rupees in '000)					
75,580	-	31,162	138,076	68,744	92,450
61,645	-	(147,077)	432,948	280,079	58,845
-	-	-	-	-	-
-	-	-	-	(70,294)	-
-	-	(38,752)	-	-	-
137,225	-	(154,667)	571,024	278,529	151,295

Current service cost
Net interest on defined benefit asset / liability
Past service cost
Actuarial losses recognised
Contributions by the employees

2019					
Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Employee compensated absences	Other Post-Retirement Benefits
(Rupees in '000)					
72,542	349	25,384	157,504	80,465	89,088
127,502	(4,394)	(136,978)	523,400	320,427	67,618
-	-	-	-	-	-
-	-	-	-	(347,807)	-
-	-	(45,155)	-	-	-
200,044	(4,045)	(156,749)	680,904	53,085	156,706

36.4.5.2 Remeasurements recognised in OCI during the year

(Gains) / losses on obligation
- Financial assumptions
- Demographic assumptions
- Experience adjustment

(Gains) / losses on plan assets
Total remeasurement (gains) / losses recognised in OCI

2020				
Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Other Post-Retirement Benefits
(Rupees in '000)				
663,792	-	62,527	(26,683)	(4,638)
-	-	-	-	-
(99,400)	-	22,851	(366,518)	3,295
564,392	-	85,378	(393,201)	(1,343)
83,873	-	(17,125)	-	-
648,265	-	68,253	(393,201)	(1,343)

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	2019				
	Pension Fund	Gratuity Fund	Benevolent Fund	Post-retirement medical benefits	Other Post-Retirement Benefits
	(Rupees in '000)				
(Gains) / losses on obligation					
- Financial assumptions	494,696	-	71,969	(36,421)	(5,255)
- Demographic assumptions	9,649	-	-	-	-
- Experience adjustment	(52,856)	(1,062)	(196,035)	(394,789)	(72,850)
	451,489	(1,062)	(124,066)	(431,210)	(78,105)
(Gains) / losses on plan assets	(73,569)	2,029	47,192	-	-
Total remeasurement (gains) / losses recognised in OCI	377,920	967	(76,874)	(431,210)	(78,105)

36.4.6 Components of fair value of plan assets

	2020			2019		
	Pension Fund	Gratuity Fund	Benevolent Fund	Pension Fund	Gratuity Fund	Benevolent Fund
	(Rupees in '000)					
Cash and cash equivalents - net	5,164	-	68,856	5,068	24,419	79,331
Government securities	5,253,313	-	2,448,137	3,917,714	-	2,226,390
Shares	959,573	-	-	1,642,685	-	-
Non-Government debt securities	-	-	66,860	-	-	66,860
	6,218,050	-	2,583,853	5,565,467	24,419	2,372,581

The funds primarily invest in Government securities (Market Treasury Bills, Pakistan Investment Bonds and Special Savings Certificates) which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

36.4.7 Sensitivity analysis of defined benefit obligations

A sensitivity analysis has been performed by varying one assumption while keeping all other assumptions constant and calculating the impact on the present value of defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of changes in each assumption is summarized below:

	2020				
	Pension Fund	Benevolent Fund	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
1% increase in discount rate	(461,585)	(42,700)	(385,518)	(96,175)	(42,236)
1% decrease in discount rate	675,348	47,341	468,487	103,971	48,147
1% increase in expected rate of salary increase	119,655	-	-	115,315	51,052
1% decrease in expected rate of salary increase	(111,016)	-	-	(108,358)	(45,468)
1% increase in expected rate of increase in minimum pension	286,113	-	-	-	-
1% decrease in expected rate of increase in minimum pension	(238,236)	-	-	-	-
1% increase in expected rate of increase in medical benefit	-	-	164,872	-	-
1% decrease in expected rate of increase in medical benefit	-	-	(146,390)	-	-

36.4.8 Expected contributions to the schemes in the next financial year

The Bank contributes to the pension fund according to the actuary's advice. Contribution to the benevolent fund is made by the Bank as per the rates set out in the benevolent fund scheme.

	2021				
	Pension Fund	Benevolent Fund	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
	(Rupees in '000)				
Expected charge / (reversal) for the year	155,515	(145,042)	522,451	291,360	165,447

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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36.4.9 Maturity profile

The weighted average duration of the obligation (in years)

2020				
Pension Fund	Benevolent Fund	Post retirement medical benefit	Employee compensated absences	Other Post-Retirement Benefits
6.59	7.91	10.06	7.72	7.69

36.4.10 Funding Policy

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by the assets of the Fund on any valuation date, based on actuarial assumptions.

36.4.11 The significant risks associated with the staff retirement benefit schemes are as follows:

Mortality risks

The risk that the actual mortality experience is different. The impact depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk that the investments of the Funds will underperform and not be sufficient to meet the liabilities.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

37 DEFINED CONTRIBUTION PLANS

37.1 Provident Fund

For employees hired on or after January 01, 2002, the Bank operates an approved provident fund under which both the Bank and the employees make monthly contributions as follows:

For executives and officers	6% of basic salary
For clerical staff	12% of basic salary

Executives and officers hired upto December 31, 2001, who are covered by the Bank's pension scheme (refer note 36.1.1 above) also became eligible for Bank's contributory provident fund benefits effective April 1, 2005.

This scheme covers 15,509 employees (2019: 15,047 employees)

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

37.2 Contributory Gratuity Fund

For employees hired on or after January 01, 2002, the Bank operates an approved funded Bank contributory gratuity scheme. Executives and officers hired up to December 31, 2001, who are covered by the Bank's pension scheme (refer note 36.1.1 above) also became eligible for Bank's contributory gratuity fund benefits effective April 01, 2005.

The Bank contributes an amount equal to half of the employees' monthly basic salary for each completed year of service and, on a pro-rata basis for partially completed years of service. Payments are made to the employees on retirement, death, resignation after completion of at least 10 years of continuous service, and discharge as specified in the rules of the Fund.

This scheme covers 15,100 employees (2019: 15,361 employees).

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

2020						
Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)				
(Rupees in '000)						
Fees and Allowances etc.	12,600	-	71,400	12,807	-	-
Managerial Remuneration						
i) Fixed	-	-	-	138,669	712,970	1,019,471
ii) Total Variable						
- Cash Bonus				63,000	337,250	211,946
- Guaranteed Bonus				-	-	2,699
Charge for defined benefit plan	-	-	-	-	-	1,814
Contribution to defined contribution plan	-	-	-	-	31,748	58,140
Rent & house maintenance	-	-	-	12,900	191,784	284,814
Utilities	-	-	-	1,229	41,577	60,763
Medical	-	-	-	2,632	41,500	59,971
Conveyance	-	-	-	3,992	67,319	213,443
Others	-	-	-	-	-	43
Sub-Total	12,600	-	71,400	12,807	222,422	1,424,148
Sign-on bonus	-	-	-	-	78,000	23,000
Severance Payments	-	-	-	-	26,510	-
Grand Total	12,600	-	71,400	12,807	222,422	1,528,658
Number of persons	1	-	5	3	1	28
Sign-on bonus - Number of Persons	-	-	-	-	-	2
Severance payments - Number of Persons	-	-	-	-	-	1
Guaranteed bonus - Number of Persons	-	-	-	-	-	-
2019						
Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executive (other than CEO)				
(Rupees in '000)						
Fees and Allowances etc.	6,800	-	43,800	16,316	-	-
Managerial Remuneration						
i) Fixed	-	-	-	128,200	534,918	963,000
ii) Total Variable - Cash Bonus	-	-	-	70,000	281,515	235,536
Charge for defined benefit plan	-	-	-	-	-	3,144
Contribution to defined contribution plan	-	-	-	-	30,474	51,263
Rent & house maintenance	-	-	-	13,301	176,762	265,285
Utilities	-	-	-	948	36,881	59,500
Medical	-	-	-	3,438	42,333	53,325
Conveyance	-	-	-	3,408	68,022	196,551
Others	-	-	-	-	-	164
Sub-Total	6,800	-	43,800	16,316	219,295	1,170,905
Sign-on bonus	-	-	-	-	22,700	5,000
Grand Total	6,800	-	43,800	16,316	219,295	1,193,605
Total Number of persons	1	-	5	3	1	26
Sign-on bonus - Number of Persons	-	-	-	-	-	2

The total amount of deferred bonus outstanding as at December 31, 2020 for the President / Chief Executive Officer (CEO), Key Management Personnel and other Material Risk Takers (MRT) / Material Risk Controllers (MRC) is Rs 256.626 million (2019: Nil).

The CEO and certain Executives are provided with free club memberships. The CEO and the Chief Operating Officer (COO) are also provided with free use of Bank maintained cars in accordance with their entitlements.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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38.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2020											
Sr. No.	Name of Director	Meeting Fees and Allowances Paid									
		For Board Meetings	For Board Committees								
			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 Nomination & Remuneration Committee (BNRC)**	Board Oversight Committee - International Governance (BOC IG)	Total Amount Paid
(Rupees in '000)											
1	Mr. Sultan Ali Allana	4,800	-	-	-	3,000	-	1,800	-	3,000	12,600
2	Mr. Salim Chinoy	4,800	4,800	-	4,800	-	-	-	-	-	14,400
3	Mr. Shaffiq Dharamshi*	-	-	-	-	-	-	-	-	-	-
4	Mr. Moez Ahamed Jamal	4,800	4,800	-	4,800	-	-	-	600	-	15,000
5	Ms. Diane Elizabeth Moore	4,800	-	-	4,800	-	2,400	-	-	-	12,000
6	Mr. Salim Raza	4,800	-	4,200	-	-	2,400	1,800	600	-	13,800
7	Dr. Najeeb Samie	4,800	4,800	-	-	3,000	-	-	600	3,000	16,200
Total Amount Paid		28,800	14,400	4,200	14,400	6,000	4,800	3,600	1,800	6,000	84,000

In addition to the above, as per the Bank's policy, Rs 0.925 million was also paid to the Directors on account of daily allowance for attending Board and Committee meetings during the year.

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

** The Board Remuneration Committee (BRC) was merged into the BNRC, as disclosed in the Directors' Report.

38.2.1 Note: The Board Oversight Committee - New York (BOC NY) was dissolved on April 22, 2020 and no meetings were held during the year.

2019											
Sr. No.	Name of Director	Meeting Fees and Allowances Paid									
		For Board Meetings	For Board Committees								
			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. Shaffiq Dharamshi*	-	-	-	-	-	-	-	-	-	-
3	Mr. Moez Ahamed Jamal	3,400	3,400	-	3,000	-	-	-	400	-	10,200
4	Ms. Sadia Khan**	2,400	2,800	-	2,400	2,000	-	-	-	-	9,600
5	Mr. Salim Raza	3,400	-	2,200	-	-	1,800	1,200	-	-	8,600
6	Dr. Najeeb Samie	3,400	3,400	-	-	600	-	-	1,600	1,200	10,200
7	Mr. Agha Sher Shah***	2,400	-	-	-	1,600	1,200	-	-	-	5,200
Total Amount Paid		18,000	9,600	2,200	5,400	6,000	3,000	2,000	2,000	2,400	50,600

In addition to the above, Rs 5.359 million was also paid to the Directors, where applicable as per the Bank's policy, on account of daily allowance for attending Board and Committee meetings, official visits and foreign trainings during the year.

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

** Ms. Sadia Khan resigned from the Board with effect from November 15, 2019

*** Mr. Agha Sher Shah resigned from the Board with effect from December 4, 2019

38.2.2 Note: A Board Remuneration Committee was formed in the Board Meeting held on September 17, 2019 to comply with the SBP's BPRD Circular No. 3 of 2019 "Amendments in Prudential Regulation G-1" relating to remuneration of Board members. The Committee included Dr. Najeeb Samie and Mr. Salim Raza as its members. The Committee did not hold any formal meeting in 2019.

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38.3 Remuneration paid to Shariah Board Members

Items	2020				2019			
	Chairman	Resident Member	Non-Resident Member	Total	Chairman	Resident Member	Non-Resident Member	Total
	----- (Rupees in '000) -----							
Fixed Remuneration	4,200	3,886	3,600	11,686	5,190	5,025	4,500	14,715
Allowances	50	1,071	-	1,121	46	1,555	-	1,601
Total Amount	<u>4,250</u>	<u>4,957</u>	<u>3,600</u>	<u>12,807</u>	<u>5,236</u>	<u>6,580</u>	<u>4,500</u>	<u>16,316</u>
Total Number of Persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments, are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these unconsolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements using inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements using inputs that are not based on observable market data.

Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government securities	The fair values of Federal Government securities are determined on the basis of rates / prices sourced from Reuters.
Non-Government debt securities	Investments in non-Government debt securities denominated in Rupees are valued on the basis of rates announced by the Mutual Funds Association of Pakistan (MUFAP). Investments in non-Government debt securities denominated in other currencies are valued on the basis of rates taken from Bloomberg / Reuters.
Foreign Government debt securities	The fair values of Foreign Government debt securities are determined on the basis of rates taken from Bloomberg / Reuters.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Derivatives	The Bank enters into derivatives contracts with various counterparties. Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

39.1 Fair value of financial assets

The following table provides the fair values of those of the Bank's financial assets and liabilities that are recognised or disclosed at fair value in these unconsolidated financial statements:

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As at December 31, 2020					
On balance sheet financial instruments	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,518,270,016	-	1,518,270,016	-	1,518,270,016
- Shares - listed companies	5,985,004	5,985,004	-	-	5,985,004
Non-Government debt securities					
- Listed	47,265,405	40,240,000	7,025,405	-	47,265,405
- Unlisted	622,500	-	622,500	-	622,500
- Foreign securities					
Government debt securities	40,219,455	-	40,219,455	-	40,219,455
- Non-Government debt securities- listed	3,553,703	-	3,553,703	-	3,553,703
- National Investment Unit Trust	46,839	-	46,839	-	46,839
- Real Estate Investment Trust units	53,000	53,000	-	-	53,000
- Preference shares	855,400	855,400	-	-	855,400
	1,616,871,322	47,133,404	1,569,737,918	-	1,616,871,322
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	227,463,214	-	227,554,478	-	227,554,478
- Non-Government debt securities					
- Listed	4,277,922	-	4,304,568	-	4,304,568
- Unlisted	16,209,049	-	16,209,049	-	16,209,049
- Foreign securities					
Government debt securities	13,617,532	-	15,850,104	-	15,850,104
Non-Government debt securities					
- Listed	382,489	-	430,226	-	430,226
- Unlisted	311,326	-	312,842	-	312,842
- Associates and Joint venture	9,040,549	27,994,673	3,047,704	-	31,042,377
	271,302,081	27,994,673	267,708,971	-	295,703,644
	1,888,173,403	75,128,077	1,837,446,889	-	1,912,574,966
As at December 31, 2020					
Off-balance sheet financial instruments - measured at fair value	Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	405,885,132	-	(2,637,586)	-	(2,637,586)
- Forward Government securities transactions	150,757,178	-	(52,974)	-	(52,974)
- Derivative instruments	38,504,637	-	(1,266,883)	-	(1,266,883)
As at December 31, 2019					
On balance sheet financial instruments	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Financial assets - measured at fair value					
Investments					
- Federal Government securities	1,077,517,719	-	1,077,517,719	-	1,077,517,719
- Shares - listed companies	6,653,529	6,653,529	-	-	6,653,529
Non-Government debt securities					
- Listed	1,722,749	-	1,722,749	-	1,722,749
- Foreign securities					
Government debt securities	27,545,041	-	27,545,041	-	27,545,041
Non-Government debt securities					
- Listed	3,198,549	-	3,198,549	-	3,198,549
- Unlisted	349,384	-	349,384	-	349,384
- National Investment Unit Trust	42,804	-	42,804	-	42,804
- Real Estate Investment Trust units	62,450	62,450	-	-	62,450
	1,117,092,225	6,715,979	1,110,376,246	-	1,117,092,225
Financial assets - disclosed but not measured at fair value					
Investments					
- Federal Government securities	167,722,486	-	158,832,106	-	158,832,106
- Non-Government debt securities					
- Listed	5,799,373	-	5,839,857	-	5,839,857
- Unlisted	18,146,759	-	18,146,759	-	18,146,759
- Foreign securities					
Government debt securities	7,371,115	-	7,615,906	-	7,615,906
Non-Government debt securities					
- Listed	510,542	-	510,542	-	510,542
- Unlisted	512,933	-	516,268	-	516,268
- Associates and Joint venture	9,155,882	27,439,998	3,272,473	-	30,712,471
	209,219,090	27,439,998	194,733,911	-	222,173,909
	1,326,311,315	34,155,977	1,305,110,157	-	1,339,266,134
As at December 31, 2019					
Off-balance sheet financial instruments - measured at fair value	Notional Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Commitments					
- Forward foreign exchange contracts	569,780,600	-	(1,376,244)	-	(1,376,244)
- Forward Government securities transactions	107,869,401	-	25,258	-	25,258
- Derivative instruments	29,437,457	-	(1,654,370)	-	(1,654,370)

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

39.2 Fair value of non-financial assets

As at December 31, 2020					
	Carrying value	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
Fixed assets	52,560,430	-	-	52,560,430	52,560,430
Non-banking assets acquired in satisfaction of claims	639,379	-	-	639,379	639,379
	<u>53,199,809</u>	<u>-</u>	<u>-</u>	<u>53,199,809</u>	<u>53,199,809</u>
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
	<u>45,573,377</u>	<u>-</u>	<u>-</u>	<u>45,573,377</u>	<u>45,573,377</u>

40 SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

		For the year ended December 31, 2020						
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Head office / others	Total
	(Rupees in million)							
Profit and loss account								
Net mark-up / return / profit / interest income	(71,459)	25,449	12,414	38,471	117,575	4,520	(4,918)	122,052
Inter segment revenue / (expense) - net	121,878	(13,763)	-	(23,270)	(96,858)	3,028	8,985	-
Non mark-up / interest income	3,647	6,193	376	3,360	10,439	2,264	(536)	25,743
Total income	54,066	17,879	12,790	18,561	31,156	9,812	3,531	147,795
Segment direct expenses	25,491	7,366	1,783	3,398	1,333	16,854	28,351	84,576
Inter segment expense allocation	12,646	1,796	635	1,678	271	7,128	(24,154)	-
Total expenses	38,137	9,162	2,418	5,076	1,604	23,982	4,197	84,576
Provisions - charge / (reversal)	73	2,160	907	3,034	(1,215)	5,134	131	10,224
Profit / (loss) before tax	15,856	6,557	9,465	10,451	30,767	(19,304)	(797)	52,995
		As at December 31, 2020						
	Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Head office / others	Total
	(Rupees in million)							
Statement of financial position								
Cash and bank balances	179,590	-	12,771	293	125,940	67,818	-	386,412
Lendings to financial institutions	-	-	5,257	-	24,897	-	-	30,154
Inter segment lending	1,430,513	-	91	-	-	183,892	145,705	1,760,201
Investments	-	-	139,619	8,675	1,660,147	81,305	22,492	1,912,238
Advances - performing	-	163,801	153,152	618,911	-	156,054	17,020	1,108,938
Advances - non-performing	-	1,960	211	4,308	-	1,902	2	8,383
Others	15,636	3,946	7,295	25,006	30,760	24,639	90,305	197,587
Total assets	1,625,739	169,707	318,396	657,193	1,841,744	515,610	275,524	5,403,913
Borrowings	-	4,011	32,183	100,397	324,181	79,323	-	540,095
Subordinated debt	-	-	-	-	-	-	22,356	22,356
Deposits and other accounts	1,607,921	348	257,414	430,203	9	365,484	8,112	2,669,491
Inter segment borrowing	-	159,043	-	98,870	1,502,288	-	-	1,760,201
Others	17,818	6,305	6,032	27,723	8,804	44,329	58,034	169,045
Total liabilities	1,625,739	169,707	295,629	657,193	1,835,282	489,136	88,502	5,161,188
Equity	-	-	22,767	-	6,462	26,474	187,022	242,725
Total equity and liabilities	1,625,739	169,707	318,396	657,193	1,841,744	515,610	275,524	5,403,913
Contingencies and commitments	13,108	-	9,416	321,938	551,311	63,568	28,891	988,232

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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For the year ended December 31, 2019							
Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Head office / others	Total
(Rupees in million)							
Profit and loss account							
Net mark-up / return / profit / interest income	(83,974)	26,235	10,463	58,352	83,323	5,727	94,626
Inter segment revenue / (expense) - net	146,160	(15,262)	-	(46,372)	(93,182)	2,828	-
Non mark-up / interest income	5,287	6,297	587	4,209	1,695	2,915	18,759
Total income	67,473	17,270	11,050	16,189	(8,164)	11,470	113,385
Segment direct expenses	25,349	7,726	1,540	3,243	474	22,142	83,756
Inter segment expense allocation	10,970	1,403	577	1,418	225	(19,853)	-
Total expenses	36,319	9,129	2,117	4,661	699	27,402	83,756
Provisions - charge / (reversal)	37	1,237	86	443	(66)	401	2,530
Profit / (loss) before tax	31,117	6,904	8,847	11,085	(8,797)	(5,724)	27,099
As at December 31, 2019							
Branch Banking	Consumer, SME & Rural Banking	Islamic	Corporate, Commercial and Investment Banking	Treasury	International and correspondent banking	Head office / others	Total
(Rupees in million)							
Statement of financial position							
Cash and bank balances	144,856	-	17,199	228	121,382	85,716	369,381
Lendings to financial institutions	-	-	20,489	-	24,814	-	45,303
Inter segment lending	1,306,601	-	40,224	-	84,588	134,236	1,565,649
Investments	-	-	33,594	9,944	1,232,755	56,226	1,351,962
Advances - performing	-	146,129	153,042	596,652	-	158,328	1,067,069
Advances - non-performing	-	1,807	75	2,168	-	1,899	5,949
Others	18,566	4,810	11,591	37,868	40,458	28,717	214,070
Total assets	1,470,023	152,746	276,214	646,860	1,419,409	415,474	4,619,383
Borrowings	-	2,426	10,780	79,370	199,964	89,532	382,072
Subordinated debt	-	-	-	-	-	22,360	22,360
Deposits and other accounts	1,451,434	198	242,604	318,013	20	3,484	2,301,899
Inter segment borrowing	-	145,451	-	227,143	1,193,055	-	1,565,649
Others	18,589	4,671	6,122	22,334	25,056	7,654	145,981
Total liabilities	1,470,023	152,746	259,506	646,860	1,418,095	383,332	4,417,961
Equity	-	-	16,708	-	1,314	32,142	201,422
Total equity and liabilities	1,470,023	152,746	276,214	646,860	1,419,409	415,474	4,619,383
Contingencies and commitments	10,240	-	3,776	247,336	661,004	50,293	997,893

40.1.1 Comparative figures have been restated resulting from a reorganization and subsequent changes in segment definitions during the year.

40.2 Segment details with respect to geographical locations

	For the year ended December 31, 2020				
	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
	----- (Rupees in million) -----				
Profit and loss account					
Net mark-up / return / profit / interest income	115,775	3,837	2,120	320	122,052
Non mark-up / interest income	24,143	1,376	(77)	301	25,743
Total income	139,918	5,213	2,043	621	147,795
Segment direct expenses	68,014	6,866	3,419	6,277	84,576
Provisions - charge	5,270	3,958	971	25	10,224
Profit / (loss) before tax	66,634	(5,611)	(2,347)	(5,681)	52,995

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Statement of financial position

Cash and bank balances
Lendings to financial institutions
Investments
Advances - performing
Advances - non-performing
Others
Total assets

Borrowings
Subordinated debt
Deposits and other accounts
Others
Total liabilities
Equity
Total equity and liabilities

Contingencies and commitments

As at December 31, 2020

	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe	Total
(Rupees in million)					
Cash and bank balances	319,124	38,343	21,995	6,950	386,412
Lendings to financial institutions	30,154	-	-	-	30,154
Investments	1,838,744	40,538	32,956	-	1,912,238
Advances - performing	978,055	99,131	25,536	6,216	1,108,938
Advances - non-performing	6,481	1,010	852	40	8,383
Others	151,836	41,924	2,735	1,092	197,587
Total assets	3,324,394	220,946	84,074	14,298	3,643,712
Borrowings	460,772	68,234	5,487	5,602	540,095
Subordinated debt	22,356	-	-	-	22,356
Deposits and other accounts	2,511,990	117,369	36,324	3,808	2,669,491
Others	158,297	3,273	5,943	1,533	169,046
Total liabilities	3,153,415	188,876	47,754	10,943	3,400,988
Equity	170,979	32,070	36,320	3,355	242,724
Total equity and liabilities	3,324,394	220,946	84,074	14,298	3,643,712
Contingencies and commitments	925,335	44,376	16,497	2,024	988,232

For the year ended December 31, 2019

Profit and loss account

Net mark-up / return / profit / interest income
Non mark-up / interest income
Total income

Segment direct expenses

Provisions - charge / (reversal)

Profit / (loss) before tax

	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
(Rupees in million)					
Net mark-up / return / profit / interest income	87,723	4,689	1,697	517	94,626
Non mark-up / interest income	16,488	1,595	553	123	18,759
Total income	104,211	6,284	2,250	640	113,385
Segment direct expenses	61,950	5,610	2,497	13,699	83,756
Provisions - charge / (reversal)	2,129	390	(69)	80	2,530
Profit / (loss) before tax	40,132	284	(178)	(13,139)	27,099

As at December 31, 2019

Statement of financial position

Cash and bank balances
Lendings to financial institutions
Investments
Advances - performing
Advances - non-performing
Others
Total assets

Borrowings
Subordinated debt
Deposits and other accounts
Others
Total liabilities
Equity
Total equity and liabilities

Contingencies and commitments

	Pakistan (including KEPZ)	Middle East and Africa	Asia	Europe and North America	Total
(Rupees in million)					
Cash and bank balances	283,970	50,375	22,839	12,197	369,381
Lendings to financial institutions	45,303	-	-	-	45,303
Investments	1,304,346	29,594	18,022	-	1,351,962
Advances - performing	941,578	99,863	22,999	2,630	1,067,070
Advances - non-performing	4,049	1,245	602	53	5,949
Others	154,962	85,579	(4,736)	(21,736)	214,069
Total assets	2,734,208	266,656	59,726	(6,856)	3,053,734
Borrowings	292,582	86,550	2,013	927	382,072
Subordinated debt	22,360	-	-	-	22,360
Deposits and other accounts	2,134,406	136,614	26,330	4,549	2,301,899
Others	133,459	6,368	2,123	4,031	145,981
Total liabilities	2,582,807	229,532	30,466	9,507	2,852,312
Equity	151,401	37,124	29,260	(16,363)	201,422
Total equity and liabilities	2,734,208	266,656	59,726	(6,856)	3,053,734
Contingencies and commitments	948,250	44,754	3,285	1,604	997,893

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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41 TRUST ACTIVITIES

The Bank undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust are shown in the table below:

As at December 31, 2020					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
----- (Rupees in '000) -----					
Asset Management companies	5	72,000	75,000	49,500	196,500
Charitable institutions	2	40,000	170,000	-	210,000
Companies	66	24,238,125	49,761,200	-	73,999,325
Employee funds	67	17,808,665	20,016,780	-	37,825,445
Individuals	126	3,971,220	1,675,768	-	5,646,988
Insurance companies	5	18,338,340	299,671,600	8,138,200	326,148,140
Non-Government organizations	1	10,135	-	-	10,135
Others	14	3,910,950	819,400	-	4,730,350
Total	286	68,389,435	372,189,748	8,187,700	448,766,883

As at December 31, 2019					
Category	No. of IPS Accounts	Securities Held (Face Value)			Total
		Market Treasury Bills	Pakistan Investment Bonds	Government Ijarah Sukuks	
----- (Rupees in '000) -----					
Asset Management companies	1	-	600,000	-	600,000
Charitable institutions	2	65,000	170,000	-	235,000
Companies	50	18,693,330	39,036,100	-	57,729,430
Employee funds	68	19,987,830	18,878,380	-	38,866,210
Individuals	143	4,543,720	2,766,718	150	7,310,588
Insurance companies	3	4,641,270	235,244,900	675,000	240,561,170
Non-Government organizations	2	12,570	-	-	12,570
Others	13	4,013,275	977,700	-	4,990,975
Total	282	51,956,995	297,673,798	675,150	350,305,943

42 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with various parties including its Directors, Key Management Personnel, Group entities, subsidiaries, associated companies, joint venture and employee benefit schemes of the Bank.

Transactions with the related parties, other than those under terms of employment, are executed on an arm's length basis i.e. do not involve more than normal risk and are substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties.

Contributions to and accruals in respect of staff retirement and other benefit schemes are made in accordance with the actuarial valuations / terms of the schemes.

Details of transactions and balances with related parties as at the year end are as follows:

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	As at December 31, 2020						
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
Statement of financial position	(Rupees in '000)						
Balances with other banks							
In current accounts	-	-	25,483	362,924	-	4,074	-
Investments							
Opening balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Investment made during the year	-	-	-	500,000	-	-	-
Investment redeemed / disposed off during the year	-	-	-	(1,625,607)	(115,334)	-	-
Revaluation of investment during the year	-	-	-	-	-	-	68,121
Exchange translation impact	-	-	-	149,603	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-
Closing balance	-	-	-	17,614,626	9,161,114	135,665	4,843,724
Advances							
Opening balance	1,144	302,682	3,853,355	52,035	1,375,000	-	7,924,895
Addition during the year	10,157	222,404	7,294,502	2,141,455	-	-	7,668,197
Repaid during the year	(11,062)	(162,557)	(6,729,728)	(121,823)	(250,000)	-	(6,242,581)
Transfer in / (out) - net	10	(56,693)	-	-	-	-	(1,601,517)
Other movement	-	-	86,399	2,218	-	-	-
Closing balance	249	305,836	4,504,528	2,073,885	1,125,000	-	7,748,994
Other Assets							
Interest / mark-up accrued	-	710	23,444	92,882	30,556	-	198,970
Other receivable	-	-	-	-	305,198	-	3,335
	-	710	23,444	92,882	335,754	-	202,305
Borrowings							
Opening balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-
Borrowings during the year	-	-	6,992,840	6,016,905	2,913,226	4,855,377	500,000
Settled during the year	-	-	(6,473,832)	(9,919,751)	(2,913,226)	(4,855,377)	(5,691)
Other movement	-	-	206,272	183,374	29,920	49,868	-
Closing balance	-	-	3,200,856	468,382	959,006	1,598,344	494,309
Deposits and other accounts							
Opening balance	26,259	192,845	7,803,875	1,076,088	11,245,324	-	716,890
Received during the year	223,185	2,338,236	234,970,772	206,571,000	651,783,633	-	60,058,254
Withdrawn during the year	(233,311)	(2,123,153)	(235,783,141)	(206,561,582)	(626,730,063)	-	(59,090,555)
Transfer in / (out) - net	4,619	35,680	-	-	-	-	(3,237)
Other movement	42	4,132	296,946	1,756	(5,691)	-	2,791
Closing balance	20,794	447,740	7,288,452	1,087,262	36,293,203	-	1,684,143
Other liabilities							
Interest / mark-up payable	10	1,734	52,208	1,715	128,470	6,251	8,048
Payable to staff retirement fund	-	-	-	-	-	-	1,182,639
Other payables	-	-	1,511	18	33,615	-	315,431
	10	1,734	53,719	1,733	162,085	6,251	1,506,118
Contingencies and Commitments							
Letter of credit	-	-	145,085	-	-	-	1,576,326
Letter of guarantee	-	-	134,121	4,320	-	-	3,419,047
Forward purchase of Government securities	-	-	861,632	-	-	-	316,416
Forward sale of Government securities	-	-	-	-	-	-	-
Commitments in respect of forward lending	-	-	-	-	-	-	2,524,426
Interest rate swaps	-	-	859,491	-	1,125,000	-	-
	-	-	2,000,329	4,320	1,125,000	-	7,836,215
Others							
Securities held as custodians	-	17,745	5,457,675	-	30,978,500	-	13,662,385

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For the year ended December 31, 2020							
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Profit and loss account							
Income							
Mark-up / return / profit / interest earned	-	22,866	306,870	332,424	250,523	-	1,086,137
Fee and commission income	-	-	122,969	35,044	1,092,473	352	42,573
Dividend income	-	-	-	-	668,527	518,967	85,633
Foreign exchange gain	-	-	-	260,682	-	-	-
Loss from derivatives	-	-	(20,978)	-	(19,556)	-	-
Net gain on sale of securities	-	-	-	-	34,666	-	-
Rent on properties	-	-	-	38,339	-	-	-
Other income	-	-	-	7,028	-	-	-
Expense							
Mark-up / return / profit / interest expensed	102	8,116	296,701	65,382	796,997	26,085	75,285
Operating expenses							
Total compensation expense	-	1,751,080	-	-	-	-	1,312,361
Non-Executive Directors' fees	84,000	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,277,349	-	-
Advertisement and publicity	-	-	105,850	-	-	-	-
Travelling	-	-	15,907	-	-	-	-
Subscription	-	-	-	-	-	-	59,868
Donation	-	-	157,360	-	-	-	315,431
Brokerage and Commission	-	-	-	-	-	-	197,720
Other expenses	-	-	7,450	40,965	-	-	17,785
Reversal of provision against advances	-	-	-	-	-	-	(124,920)
Others							
Purchase of Government securities	-	-	155,206,248	-	26,699,197	-	8,586,622
Sale of Government securities	-	31,716	160,624,591	3,616,705	85,382,672	-	12,496,840
Purchase of foreign currencies	-	-	1,792,352	13,703,571	3,867	-	1,864
Sale of foreign currencies	-	-	2,817,044	8,098,306	130,800	-	6,505,372
Insurance claims settled	-	-	-	-	195,894	-	-
As at December 31, 2019							
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Statement of financial position							
Balances with other banks							
In current accounts	-	-	215	350,881	-	2,569	-
Investments							
Opening balance	-	-	-	18,111,059	11,523,187	135,665	4,004,502
Investment made during the year	-	-	-	-	-	-	1,095,511
Investment redeemed / disposed off during the year	-	-	-	-	(2,246,739)	-	(158,960)
Exchange translation impact	-	-	-	479,571	-	-	-
Transfer (out) - net	-	-	-	-	-	-	(165,450)
Closing balance	-	-	-	18,590,630	9,276,448	135,665	4,775,603
Advances							
Opening balance	825	240,198	3,536,393	40,806	1,500,000	-	13,376,593
Addition during the year	17,838	251,640	5,302,656	56,271	-	-	350,670,513
Repaid during the year	(17,519)	(184,933)	(4,985,694)	(45,042)	(125,000)	-	(347,326,871)
Transfer (out) - net	-	(4,223)	-	-	-	-	(8,795,340)
Closing balance	1,144	302,682	3,853,355	52,035	1,375,000	-	7,924,895
Provision held against advances	-	-	-	-	-	-	(1,726,437)
Other Assets							
Interest / mark-up accrued	-	665	49,194	56,948	44,448	-	224,553
Receivable from staff retirement fund	-	-	-	-	-	-	24,419
Other receivable	-	3,195	-	57,079	277,475	-	1,852
	-	3,860	49,194	114,027	321,923	-	250,824
Borrowings							
Opening balance	-	-	2,290,315	-	2,499,514	1,388,619	-
Borrowings during the year	-	-	8,423,723	10,370,969	2,754,171	4,750,143	-
Settled during the year	-	-	(8,238,462)	(6,183,115)	(4,324,599)	(4,590,286)	-
Closing balance	-	-	2,475,576	4,187,854	929,086	1,548,476	-

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As at December 31, 2019							
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Deposits and other accounts							
Opening balance	72,451	38,765	7,181,954	1,366,812	4,499,559	-	819,634
Received during the year	475,433	1,500,940	291,153,125	215,020,749	383,397,316	-	133,270,604
Withdrawn during the year	(517,919)	(1,351,466)	(290,531,204)	(215,311,473)	(376,651,551)	-	(133,337,696)
Transfer in / (out) - net	(3,706)	1,739	-	-	-	-	(40,428)
Other movement	-	2,867	-	-	-	-	4,776
Closing balance	26,259	192,845	7,803,875	1,076,088	11,245,324	-	716,890
Other liabilities							
Interest / mark-up payable	-	863	45,717	7,169	40,441	7,076	1,258
Payable to staff retirement fund	-	-	-	-	-	-	577,964
Other payables	-	-	69,334	35,669	123,558	-	158,202
	-	863	115,051	42,838	163,999	7,076	737,424
Contingencies and Commitments							
Letter of credit	-	-	502,087	-	-	-	2,655,788
Letter of guarantee	-	-	142,888	12,921	-	-	-
Forward purchase of Government securities	-	-	-	-	-	-	386,193
Forward sale of Government securities	-	-	-	181,610	-	-	-
Interest rate swaps	-	-	1,154,173	-	1,375,000	-	-
	-	-	1,799,148	194,531	1,375,000	-	3,041,981
Others							
Securities held as custodians	-	8,730	7,195,675	-	28,665,515	-	8,526,920
For the year ended December 31, 2019							
	Directors	Key Management Personnel	Group Entities	Subsidiary companies	Associates	Joint venture	Other related parties
	(Rupees in '000)						
Profit and loss account							
Income							
Mark-up / return / profit / interest earned	-	16,621	360,548	546,445	315,760	-	1,466,550
Fee and commission income	-	-	141,466	44,590	2,221,815	330	34,416
Dividend income	-	-	-	-	729,818	-	174,749
Foreign exchange gain	-	-	-	139,687	-	-	-
Loss from derivatives	-	-	(32,287)	-	(55,369)	-	-
Gain on sale of securities -net	-	-	-	-	1,143,531	-	-
Rent on properties	-	-	-	38,253	-	-	-
Other income	-	-	-	8,910	-	-	-
Expense							
Mark-up / return / profit / interest expensed	1,278	5,025	549,423	86,117	580,044	47,399	82,765
Operating expenses							
Total compensation expense	-	1,412,900	-	-	-	-	866,545
Non-Executive Directors' fees	50,600	-	-	-	-	-	-
Insurance premium expense	-	-	-	-	1,202,625	-	-
Advertisement and publicity	-	-	102,203	-	-	-	-
Travelling	-	-	25,129	-	-	-	-
Subscription	-	-	-	-	-	-	60,702
Donation	-	-	77,575	-	-	-	158,202
Other expenses	-	-	-	5,582	-	-	178,383
Reversal of Provision for diminution in value of investments	-	-	-	-	-	-	(106,885)
Others							
Purchase of Government securities	-	33,130	193,633,855	-	70,582,819	-	360,883,492
Sale of Government securities	-	32,952	182,070,271	2,019,904	72,183,407	-	359,267,758
Purchase of foreign currencies	15,863	-	2,227,261	6,996,563	2,763	-	1,016,117
Sale of foreign currencies	-	-	2,596,850	2,900,740	68,874	-	6,396,938
Insurance claims settled	-	-	-	-	209,904	-	-

42.1 Balances and transactions with group entities include deposits of Rs 0.296 million (2019: Rs 0.284 million) from the parent and Rs 4.223 thousand (2019: Rs 1.000 thousand) as mark-up expense thereon.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

2020 2019
(Rupees in '000)

14,668,525 14,668,525

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

172,940,364 142,980,287

10,438,063 12,270,890

183,378,427 155,251,177

54,025,763 38,318,243

237,404,190 193,569,420

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

935,446,560 866,844,689

109,134,799 98,801,011

191,948,129 168,054,363

1,236,529,488 1,133,700,063

Common Equity Tier 1 Capital Adequacy Ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

13.99% 12.61%

14.83% 13.69%

19.20% 17.07%

Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)

9.50% 10.50%

of which: capital conservation buffer requirement

1.50% 2.50%

of which: countercyclical buffer requirement

- -

of which: D-SIB or G-SIB buffer requirement

2.00% 2.00%

CET1 available to meet buffers (as a percentage of risk weighted assets)

7.99% 6.61%

Other information:

National minimum capital requirements prescribed by the SBP

CET1 minimum ratio (%)

9.50% 10.50%

Tier 1 minimum ratio (%)

11.00% 12.00%

Total capital minimum ratio (%)

13.50% 14.50%

2020 2019
(Rupees in '000)

Leverage Ratio (LR)

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio (%)

183,378,427 155,251,177

4,167,230,907 3,417,160,879

4.40% 4.54%

Minimum Requirement (%)

3.00% 3.00%

2020 2019
Total Adjusted Value
(Rupees in '000)

Liquidity Coverage Ratio (LCR)

Average High Quality Liquid Assets

Average Net Cash Outflow

Average Liquidity Coverage Ratio (%)

1,343,833,391 906,731,376

525,626,841 585,290,046

255.66% 154.92%

Minimum Requirement (%)

100.00% 100.00%

2020 2019
Total Weighted Value
(Rupees in '000)

Net Stable Funding Ratio (NSFR)

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio (%)

2,637,965,349 2,354,284,645

1,448,252,363 1,337,084,320

182.15% 176.08%

Minimum Requirement (%)

100.00% 100.00%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The SBP, through BPRD circular 12, dated March 26, 2020 has provided the following relaxations to banks to enable them to continue providing credit to the real economy:

- The Capital Conservation Buffer (CCB) has been reduced from 2.50% to 1.50%. This has resulted in a 1.00% decline in capital adequacy requirements for all tiers.
- The regulatory retail portfolio limit has been increased from Rs 125 million to Rs 180 million.

43.1 Capital management

The Bank's policy is to maintain a strong capital base so as to maintain investor, depositor, creditor and market confidence and to sustain future development of the business, while providing adequate returns to shareholders.

The Bank's lead regulator, the SBP, sets and monitors capital requirements for the Bank as a whole. The Bank's branches outside Pakistan are also required to follow capital requirements applicable in their respective jurisdictions.

The SBP, through BSD Circular No. 07 dated April 15, 2009 has required that Banks should maintain a minimum paid-up capital of Rs. 10 billion (net of accumulated losses). The paid-up capital of the Bank as at December 31, 2020 stood at Rs 14.669 billion (2019: Rs. 14.669 billion) and is in compliance with SBP requirements.

The Bank and its individually regulated operations have complied with all capital requirements throughout the year.

The Bank's regulatory capital is classified as follows:

- Tier 1 capital comprises of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT 1) capital.
- CET1 capital includes fully paid-up capital, balance in share premium account, reserves (excluding exchange translation reserves) and unappropriated profit meeting the eligibility criteria.
- AT 1 capital includes perpetual TFCs meeting the prescribed SBP criteria
- Tier 2 capital includes general provisions for loan losses, surplus / (deficit) on revaluation of fixed assets and investments, exchange translation reserves and subordinated debt (meeting the eligibility criteria).

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to on and off-balance sheet exposures.

- On and off-balance sheet exposures in the banking book are segregated into various asset classes for the calculation of credit risk. Ratings reflecting the credit worthiness of counterparties are applied using various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Collateral, if any, is used as an outflow adjustment. Risk weights notified by the SBP are applied to arrive at risk weighted assets. Eligible collateral used includes Government of Pakistan (GoP) guarantees, GoP issued securities, bank guarantees, lien on deposits and margin accounts.
- The Bank calculates capital requirements for market risk in its trading book based on the methodology provided by the SBP which takes into account interest rate risk using the maturity method, equity position risk and foreign exchange risk.

43.2 The full disclosures on the Capital Adequacy Ratio, Leverage Ratio & Liquidity Requirements calculated as per SBP instructions issued from time to time have been placed on the Bank's website. The link to the full disclosure is available at <https://www.hbl.com/capitalandliquidity>.

44 RISK MANAGEMENT FRAMEWORK

HBL has a well-developed, robust, risk management framework given the high degree of complexity of its operations, its size, and regional and target market diversification. The Bank's risk management framework is based on strong Board oversight, multi-tier management supervision, efficient systems, documented risk appetite, and clearly articulated policies and procedures.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

The Board of Directors provides the strategic direction for effective risk management and ensures that a robust risk management framework is in place including the required human resources, policies, procedures and systems. It is supported in this task by the Board Risk Management Committee (BRMC) as well as by various management committees.

The risk management policies continue to remain robust and the Bank regularly conducts rapid portfolio reviews in line with emerging risks.

The COVID – 19 pandemic has taken a toll on all economies globally. To reduce the impact on businesses and economies in general, regulators / governments have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 impacts banks in Pakistan on a number of fronts including:

- increase in overall credit risk pertaining to the loans and advances portfolio;
- reduced fee income due to overall slowdown in economic activity;
- continuity of business operations; and
- managing cybersecurity threat as a significant number of the Bank's staff is working from home and an ever increasing number of customers are using digital channels.

The State Bank of Pakistan (SBP) has also responded to the crisis by cutting the Policy Rate in 2020 by 625 basis points to 7%. Other regulatory measures to provide an impetus to economic activity include the following:

- Reducing the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introducing refinancing schemes for payment of wages and salaries, setting up of COVID-19 related facilities / new hospitals and import of plant and machinery for new/existing industrial projects.

For effective implementation of the risk management framework, the Risk Management function, headed by the Chief Risk Officer (CRO), operates independently of business units within the Bank. Risk Management is responsible for the development and implementation of risk policies and monitoring the risks associated with various activities of the Bank. The CRO reports to the President, with a functional reporting line to the BRMC.

The Risk Management function comprises of the following areas:

- Credit Policy & Analytics
- Credit Approvals
- Credit Administration
- Program Based Lending Risk
- Market & Liquidity Risk Management
- Operational Risk Management
- Enterprise Risk Management

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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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 is extending the same to other business segments. The software is designed to improve approval efficiency, capture, storage and retrieval of approval data, and generation of MIS for decision making.

Stress testing on the credit portfolio is performed in line with SBP guidelines. In addition to the mandatory stress tests defined by the regulator, the Bank has also developed advanced stress tests including macroeconomic stress tests, shock scenarios and reverse stress tests to test the capital against shocks to the credit portfolio.

The Bank has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor risk rating and facility risk rating) for the portfolio, and the development of transition & migration matrices to develop Probability of Default (PD) estimates and test these against actual default rates. The performance of the risk rating models over the years is continuously monitored.

BRR performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, the efficacy of processes for acquisition of risk assets, regulatory / policy compliance and appropriateness of classification and risk rating.

The Risk Management function of the Bank has further strengthened its credit review procedures in the light of COVID-19 and is regularly conducting assessments of the credit portfolio to identify borrowers most likely to be affected due to changes in the business and economic environment.

44.1.1 Credit risk - General disclosures

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

**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 & Poor's (S&P). The Bank also utilizes rating scores of Export Credit Agencies (ECAs).

Types of exposure and ECAIs used

	FITCH	Moody's	S&P	PACRA	JCR-VIS	ECA scores
Corporates	-	✓	-	✓	✓	-
Banks	✓	✓	✓	✓	✓	-
Sovereigns	-	✓	-	-	-	✓
Public sector enterprises	-	-	-	✓	✓	-

Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

Long Term Rating Grades mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

Short Term Rating Grades mapping

SBP Rating Grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

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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 the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

44.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	14,253,781	37,031,364	-	-	-	-
Private	15,900,412	8,271,835	-	-	-	-
	<u>30,154,193</u>	<u>45,303,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

44.1.5 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Chemical and pharmaceuticals	203,025	406,050	-	-	-	-
Textile	106,548	106,548	106,548	106,548	106,548	106,548
Automobile and transportation equipment	-	-	-	-	-	-
Financial	1,810,164,219	1,287,776,816	-	-	-	-
Oil and gas	3,698,844	4,362,557	-	-	-	-
Power and energy	57,555,652	14,858,864	-	-	-	-
Telecommunication	164,329	164,329	164,329	164,329	164,329	164,329
Construction	2,046,000	2,101,000	-	-	-	-
Metal and allied	900,000	900,000	-	-	-	-
Others	-	2,360,846	-	-	-	-
	<u>1,874,838,617</u>	<u>1,313,037,010</u>	<u>270,877</u>	<u>270,877</u>	<u>270,877</u>	<u>270,877</u>

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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Credit risk by public / private sector	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	1,855,397,137	1,298,723,314	-	-	-	-
Private	19,441,480	14,313,696	270,877	270,877	270,877	270,877
	<u>1,874,838,617</u>	<u>1,313,037,010</u>	<u>270,877</u>	<u>270,877</u>	<u>270,877</u>	<u>270,877</u>

44.1.6 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Chemical and pharmaceuticals	49,371,190	35,958,686	2,551,951	1,403,409	2,519,264	1,403,264
Agribusiness	123,153,141	107,034,111	2,355,186	4,148,556	978,050	3,048,992
Textile	137,638,144	113,542,440	18,227,451	20,111,710	17,230,252	19,460,081
Cement	30,742,220	31,163,363	788,694	788,694	788,694	788,694
Sugar	11,836,435	8,801,685	1,230,342	1,395,262	1,295,262	1,395,262
Shoes and leather garments	3,905,696	4,294,310	950,036	932,766	908,274	891,562
Automobile and transportation equipment	16,636,312	18,794,707	3,209,778	3,180,692	3,197,282	3,069,030
Financial	73,313,174	76,460,122	45,154	39,414	45,154	39,414
Hotel and tourism	5,686,305	5,311,489	675,707	678,472	560,200	614,556
Insurance	2,892,710	3,493,016	-	-	-	-
Electronics and electrical appliances	7,141,707	9,438,310	2,401,210	2,365,430	2,401,210	2,339,421
Oil and gas	58,927,284	58,156,756	3,036,551	136,799	786,797	131,800
Power and energy	186,637,376	223,744,793	1,615,585	1,741,772	1,615,585	1,741,772
Education and medical	6,996,217	3,079,480	194,869	162,384	194,091	162,159
Telecommunication	29,265,551	25,746,572	1,130,701	1,221,933	1,130,701	1,221,933
Printing and publishing	6,813,205	12,985,337	355,966	397,393	355,949	397,393
Construction	33,896,363	27,508,121	361,501	754,814	285,961	691,547
Mining and quarrying	5,730,014	4,710,985	119	119	119	119
Food, tobacco and beverages	62,250,021	47,391,073	3,495,089	2,894,470	2,811,264	2,287,188
Wholesale and retail trade	54,054,400	53,430,769	13,605,951	14,183,741	12,344,035	12,949,511
Metal and allied	20,339,605	20,674,000	3,231,792	3,137,264	2,161,387	2,059,101
Individuals	101,199,598	95,536,201	2,269,555	2,724,828	1,995,760	2,334,223
Farming, cattle and dairy	7,003,387	3,717,354	515,986	698,661	434,060	546,172
Trust funds and non profit organisations	1,614,536	1,279,404	2,991	2,991	2,991	748
Others	156,842,571	150,517,344	13,198,440	9,306,752	13,025,295	8,885,202
	<u>1,193,887,162</u>	<u>1,142,770,428</u>	<u>75,450,605</u>	<u>72,408,326</u>	<u>67,067,637</u>	<u>66,459,144</u>

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	276,485,672	301,961,530	1,076,491	1,081,891	10,800	16,200
Private	917,401,490	840,808,898	74,374,114	71,326,435	67,056,837	66,442,944
	<u>1,193,887,162</u>	<u>1,142,770,428</u>	<u>75,450,605</u>	<u>72,408,326</u>	<u>67,067,637</u>	<u>66,459,144</u>

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44.1.7 Contingencies and Commitments

Credit risk by industry sector

	2020	2019
	(Rupees in '000)	
Chemical and pharmaceuticals	125,589,265	42,881,371
Agribusiness	5,914,848	1,645,056
Textile	37,747,380	43,115,779
Cement	9,534,715	13,761,821
Defence	13,597,579	13,774,890
Sugar	2,425,872	2,352,890
Shoes and leather garments	2,051,318	518,364
Automobile and transportation equipment	12,864,675	6,683,249
Financial	477,416,757	671,421,865
Hotel and tourism	1,371,892	1,768,596
Research and Development	1,322,523	894,653
Insurance	1,653,258	2,174,627
Electronics and electrical appliances	16,114,947	11,690,009
Oil and gas	63,355,245	36,938,590
Power and energy	72,438,664	44,295,311
Education and medical	1,934,974	1,713,651
Telecommunication	9,425,449	10,834,739
Printing and publishing	1,238,472	3,301,979
Construction	15,178,433	4,991,307
Mining and quarrying	4,563,574	2,025,652
Food, tobacco and beverages	11,181,197	12,472,202
Wholesale and retail trade	16,553,245	4,056,029
Metal and allied	10,748,845	9,944,293
Individuals	17,820,528	18,947,627
Farming, cattle and dairy	2,106,305	684,724
Ports and shipping	2,554,655	95,252
Trust funds and non profit organisations	11,175,272	5,221,951
Others	40,352,137	29,686,780
	<u>988,232,024</u>	<u>997,893,257</u>

Credit risk by public / private sector

Public / Government	201,203,863	181,197,039
Private	<u>787,028,161</u>	<u>816,696,218</u>
	<u>988,232,024</u>	<u>997,893,257</u>

44.1.8 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs 380,572.960 million (2019: Rs 339,064.071 million).

	2020	2019
	(Rupees in '000)	
Funded	280,605,421	276,525,114
Non-funded	99,967,539	62,538,957
Total exposure	<u>380,572,960</u>	<u>339,064,071</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 550,392.787 million (2019: Rs 467,543.289 million).

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44.1.9 Advances - Province / Region-wise disbursement and utilization

Province / Region	2020						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
				(Rupees in '000)			
Punjab	2,393,166,304	2,268,965,092	31,989,237	1,144,980	-	90,850,813	216,182
Sindh	6,451,498,873	145,218,707	6,263,286,115	3,912,615	5,562,663	32,079,834	1,438,939
KPK including FATA	51,591,780	1,185,242	1,346,987	49,059,551	-	-	-
Balochistan	4,198,771	-	-	-	4,198,771	-	-
Islamabad	726,933,449	43,618,837	125,045,659	-	-	558,268,953	-
AJK including Gilgit-Baltistan	12,531,134	-	-	-	-	-	12,531,134
Total	9,639,920,311	2,458,987,878	6,421,667,998	54,117,146	9,761,434	681,199,600	14,186,255

Province / Region	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

44.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. Each of these components of market risk consists of a general market risk and a specific market risk that is driven by the nature and composition of the portfolio.

The Bank is exposed to market risk through its trading activities which are carried out by Treasury and Global Markets (TGM) and through investments / structural positions parked in the Banking Book. Market risk also arises from market making, facilitation of client business and proprietary positions. The objective of the Bank's market risk management strategy is to reduce exposure to these risks and minimize volatility in capital resources, cash flows and distributable reserves in line with its risk appetite statement approved by the Board. The Market risk for the Bank is monitored under the supervision of the Global Asset and Liability Committee (ALCO).

A comprehensive structure is in place, aimed at ensuring that the Bank does not exceed its qualitative and quantitative tolerance for market risk. The risk associated with fluctuations in market prices is managed through:

- Maintaining a balanced approach towards risk taking while keeping exposures within the defined risk acceptance criteria.
- Using tools like Value at Risk, sensitivity analysis, various types of limits and Management Action Triggers with monitoring at different levels of granularity.
- Performing stress testing to estimate the impact on profitability, market value of equity and capital adequacy of the Bank.

44.2.1 Statement of financial position split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
			(Rupees in '000)			
Cash and balances with treasury banks	347,988,749	-	347,988,749	337,241,623	-	337,241,623
Balances with other banks	38,422,719	-	38,422,719	32,139,733	-	32,139,733
Lendings to financial institutions	30,154,193	-	30,154,193	45,303,199	-	45,303,199
Investments	1,200,609,033	711,628,960	1,912,237,993	645,082,830	706,878,683	1,351,961,513
Advances	1,117,320,960	-	1,117,320,960	1,073,018,669	-	1,073,018,669
Fixed assets	84,350,518	-	84,350,518	75,541,769	-	75,541,769
Intangible assets	4,596,807	-	4,596,807	3,528,218	-	3,528,218
Deferred tax assets	-	-	-	1,898,828	-	1,898,828
Other assets	105,097,879	3,541,902	108,639,781	126,497,192	6,603,009	133,100,201
	2,928,540,858	715,170,862	3,643,711,720	2,340,252,061	713,481,692	3,053,733,753

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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.

	2020				2019			
	Assets	Liabilities	Off-balance sheet items	Net currency exposure	Assets	Liabilities	Off-balance sheet items	Net currency exposure
	(Rupees in '000)							
United States Dollars	238,888,630	300,913,676	53,131,027	(8,894,019)	201,420,568	276,124,552	44,845,667	(29,858,317)
Great Britain Pounds	2,800,324	13,824,627	10,658,965	(365,339)	3,857,889	15,418,144	11,569,195	8,940
UAE Dirhams	26,054,309	38,717,090	26,334,763	13,671,982	47,327,071	63,603,696	31,152,455	14,875,830
Japanese Yen	11,780	100,063	117,785	29,503	35,670	3,840	(220)	31,610
Euros	19,945,215	14,299,428	(3,906,039)	1,739,748	15,042,869	15,314,521	1,723,815	1,452,163
Other Currencies	68,233,534	24,263,390	(992,744)	42,977,400	81,857,353	64,674,568	6,957,386	24,140,171
	<u>355,933,792</u>	<u>392,118,274</u>	<u>85,343,757</u>	<u>49,159,275</u>	<u>349,541,420</u>	<u>435,139,321</u>	<u>96,248,298</u>	<u>10,650,397</u>

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in foreign exchange rates on				
- Profit and loss account	-	429,774	-	241,402
- Other comprehensive income	621,843	-	471,485	-

44.2.3 Equity Position Risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or the levels of equity indices. The Bank holds equity investments in both the AFS and HFT portfolios. The AFS portfolio takes a medium-term market view of capital gains and dividend income while the realization of short term capital gains is the principal objective of the HFT portfolio. The portfolios are managed by the Bank through the Equity Investment Policy approved by the Board. The policy defines various position limits, portfolio limits and loss triggers for the equity desk. The Bank also applies stress tests on the equity portfolio which is part of the Bank's overall market risk exposure limit on the trading book.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	-	7,311	-	-
- Other comprehensive income	-	339,701	-	337,939

44.2.4 Interest Rate Risk

Interest rate risk arises due to changes in interest rates, including changes in the shape of the yield curve. It is inherent in the Bank's business due to investment in interest rate sensitive assets and mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank is exposed to interest rate risk in both the Trading and Banking Books.

Interest rate sensitivity is conducted at both banking book and trading book levels. The analysis is performed at least on a monthly basis or more frequently, if required. The analysis helps in estimating and managing the impact of interest rate volatility on the Bank's earnings and the economic value of equity within the defined tolerance limits. Limits are also in place for fixed income investments of the treasury portfolio at various levels (i.e. Dealer, Transaction, Portfolio, Trading and Banking Book). Regulatory stress testing is conducted on a quarterly basis. Metrics to assess Interest Rate Risk include Interest Rate Gap Reports, Earnings at Risk (EAR) and Economic value of Equity (EVE) based on different stress scenarios.

To further strengthen the interest rate risk management in the Bank, an initiative has been undertaken by developing a standardized framework for computing the Interest Rate Risk in the Banking Book (IRRBB) under the updated guidelines issued by the Bank for International Settlements (BIS): Basel Committee on Banking Supervision Standards (BCBS). Full scope implementation will commence from 2021 onward. The outcomes will be to fully segregate the risks on the Trading Books and the Banking Books, in line with international best practices.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	(7,285,526)	(1,221,907)	(4,002,873)	(1,423,184)
- Other comprehensive income	(4,275,920)	(2,274,260)	(1,593,620)	(1,826,956)

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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.

		2020										
	Effective yield / interest rate	Exposed to yield / interest risk										Not exposed to yield / interest risk
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years	
(Rupees in '000)												
On-balance sheet assets												
Financial Assets												
Cash and balances with treasury banks	0.06%	347,988,749	25,205,777	25,239	-	-	-	-	-	-	-	322,757,733
Balances with other banks	1.21%	38,422,719	9,560,783	1,535,834	-	-	-	-	-	-	-	27,326,102
Lendings to financial institutions	7.63%	30,154,193	23,154,193	7,000,000	-	-	-	-	-	-	-	-
Investments	9.90%	1,912,237,993	178,096,961	540,116,391	457,311,760	280,546,895	156,094,404	53,729,810	99,419,943	77,927,299	30,264,315	38,730,215
Advances	9.94%	1,117,320,960	359,330,915	503,959,608	125,788,144	32,203,551	25,462,862	15,598,421	23,007,942	22,960,314	626,236	8,382,967
Other assets		84,347,963	-	-	-	-	-	-	-	-	-	84,347,963
		3,530,472,577	595,348,629	1,052,637,072	583,099,904	312,750,446	181,557,266	69,328,231	122,427,885	100,887,613	30,890,551	481,544,980
Financial Liabilities												
Bills payable		46,122,344	-	-	-	-	-	-	-	-	-	46,122,344
Borrowings	5.87%	540,095,253	377,747,558	51,421,564	45,457,922	83,306	31,434,293	612,514	7,467,932	25,743,587	126,577	-
Deposits and other accounts	4.55%	2,669,490,716	162,761,588	1,401,476,865	65,832,696	74,101,408	8,576,914	4,482,830	15,118,205	6,789,770	856,148	929,494,292
Subordinated debt	11.64%	22,356,000	-	22,356,000	-	-	-	-	-	-	-	-
Other liabilities												
Lease Liability against right-of-use asset	11.08%	15,300,909	129,977	259,954	389,931	779,863	1,559,726	1,559,726	3,119,451	7,502,281	-	-
Others		91,351,018	-	-	-	-	-	-	-	-	-	91,351,018
		3,384,716,240	540,639,123	1,475,514,383	111,680,549	74,964,577	41,570,933	6,655,070	25,705,588	40,035,638	982,725	1,066,967,654
On-balance sheet gap		145,756,337	54,709,506	(422,877,311)	471,419,355	237,785,869	139,986,333	62,673,161	96,722,297	60,851,975	29,907,826	(585,422,674)
Net non - financial assets		96,968,428										
Total net assets		242,724,765										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		245,614,763	71,661,326	99,664,060	63,441,801	10,847,576	-	-	-	-	-	-
Foreign exchange contracts - forward sales		(160,270,369)	(64,307,220)	(57,234,188)	(25,172,656)	(13,556,305)	-	-	-	-	-	-
Government Securities transactions - forward purchases		96,427,590	96,380,176	47,414	-	-	-	-	-	-	-	-
Government Securities transactions - forward sales		(54,329,588)	(54,329,588)	-	-	-	-	-	-	-	-	-
Cross Currency Swaps - purchases		14,662,810	616,598	-	90,208	787,250	482,671	1,543,489	1,235,520	9,907,074	-	-
Cross Currency Swaps - sales		(16,007,336)	(711,263)	-	(133,195)	(955,805)	(519,461)	(1,598,333)	(1,186,770)	(10,902,509)	-	-
Interest rate swaps - sales		(7,834,491)	-	-	-	-	(859,491)	(1,875,000)	(5,100,000)	-	-	-
Off-balance sheet gap		118,263,379	49,310,029	42,477,286	38,226,158	(2,877,284)	(896,281)	(1,929,844)	(5,051,250)	(995,435)	-	-
Total yield / interest risk sensitivity gap			104,019,535	(380,400,025)	509,645,513	234,908,585	139,090,052	60,743,317	91,671,047	59,856,540	29,907,826	(585,422,674)
Cumulative yield / Interest rate risk sensitivity gap			104,019,535	(276,380,490)	233,265,023	468,173,608	607,263,660	668,006,977	759,678,024	819,534,564	849,442,390	264,019,716

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		2019										Not exposed to yield / interest risk
Effective yield / interest rate	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	0.24%	337,241,623	43,613,301	18,159	-	-	-	-	-	-	-	293,610,163
Balances with other banks	2.32%	32,139,733	13,123,454	1,339,092	1,334,224	5,472,789	-	-	-	-	-	10,870,174
Lendings to financial institutions	10.01%	45,303,199	24,614,015	20,689,184	-	-	-	-	-	-	-	-
Investments	10.17%	1,351,961,513	144,064,630	316,827,366	180,965,821	366,653,772	125,071,358	83,715,248	75,126,286	21,536,528	3,096,324	34,904,180
Advances	11.70%	1,073,018,669	49,959,710	708,941,430	147,784,603	113,138,370	7,458,323	4,235,582	25,262,018	13,950,300	117,490	2,170,843
Other assets		102,439,435	-	-	-	-	-	-	-	-	-	102,439,435
		2,942,104,172	275,375,110	1,047,815,231	330,084,648	485,264,931	132,529,681	87,950,830	100,388,304	35,486,828	3,213,814	443,994,795
Financial Liabilities												
Bills payable		29,534,303	-	-	-	-	-	-	-	-	-	29,534,303
Borrowings	8.58%	382,071,512	232,800,412	55,738,263	48,553,143	2,326,940	144,283	8,383,663	18,835,291	15,289,517	-	-
Deposits and other accounts	5.58%	2,301,899,086	115,672,875	1,169,294,497	67,207,649	72,864,281	16,391,624	9,372,650	16,956,377	8,550,226	110,834	825,478,073
Subordinated debt	13.12%	22,360,000	-	22,360,000	-	-	-	-	-	-	-	-
Other liabilities												
Lease Liability against right-of-use asset	12.83%	12,861,471	109,255	218,510	327,764	655,529	1,311,057	1,311,057	2,622,114	6,306,185	-	-
Others		91,017,514	-	-	-	-	-	-	-	-	-	91,017,514
		2,839,743,886	348,582,542	1,247,611,270	116,088,556	75,846,750	17,846,964	19,067,370	38,413,782	30,145,928	110,834	946,029,890
On-balance sheet gap		102,360,286	(73,207,432)	(199,796,039)	213,996,092	409,418,181	114,682,717	68,883,460	61,974,522	5,340,900	3,102,980	(502,035,095)
Net non - financial assets		99,061,660										
Total net assets		201,421,946										
Off-balance sheet financial instruments												
Foreign exchange contracts - forward purchases		333,012,340	93,382,586	165,245,117	56,518,985	17,865,652	-	-	-	-	-	-
Foreign exchange contracts - forward sales		(236,768,260)	(96,917,347)	(61,517,981)	(67,511,557)	(10,821,375)	-	-	-	-	-	-
Government Securities transactions - forward purchases		45,771,399	20,175,623	17,417,558	-	50,911	-	-	-	8,127,307	-	-
Government Securities transactions - forward sales		(62,098,002)	-	(9,036,722)	(2,356,023)	(24,860,017)	(19,316,118)	(579,422)	(778,645)	(5,171,055)	-	-
Cross Currency Swaps - purchases		9,525,572	-	-	180,572	-	2,298,008	597,945	-	6,449,047	-	-
Cross Currency Swaps - sales		(10,882,712)	-	-	(229,944)	-	(2,698,989)	(632,292)	-	(7,321,487)	-	-
Interest rate swaps - sales		(9,029,173)	-	-	-	-	-	(1,154,173)	(6,500,000)	(1,375,000)	-	-
Off-balance sheet gap		69,531,164	16,640,862	112,107,972	(13,397,967)	(17,764,829)	(19,717,099)	(1,767,942)	(7,278,645)	708,812	-	-
Total yield / interest risk sensitivity gap			(56,566,570)	(87,688,067)	200,598,125	391,653,352	94,965,618	67,115,518	54,695,877	6,049,712	3,102,980	(502,035,095)
Cumulative yield / Interest rate risk sensitivity gap												
			(56,566,570)	(144,254,637)	56,343,488	447,996,840	542,962,458	610,077,976	664,773,853	670,823,565	673,926,545	171,891,450

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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 and plans with clearly defined roles, responsibilities and ownership for Crisis Management, Emergency Response, Business Continuity and IT Disaster Recovery. The Bank's Business Continuity Steering Committee, represented by the senior management of the Bank, is the governing body of BCP matters that meets on a periodic basis to review key initiatives, testing results and related action plans for strengthening the Bank's ability to manage crisis situations. The Bank's business continuity program complies with the regulatory framework and the leading Business Continuity Management standard, ISO 22301, and is subject to regular internal, external and regulatory reviews and audits.

During the COVID-19 pandemic, the Crisis Management Team of the bank, that includes the President & CEO, has been continuously monitoring the situation and analyzing the ever changing and dynamic situation (both domestically and internationally) in order to respond in a manner that ensures and exhibits institutional readiness. The Business Continuity Plans (BCP) for respective areas have been extensively utilized and successfully executed by all the critical departments under an actual and prolonged BCP scenario, hence reflecting the effectiveness and sustainability of the BCP structure of the bank.

44.3.2 IT related controls

During the year, Bank's IT controls were further strengthened, with special focus on controls around remote access due to the challenges that were seen during the year. Enhanced focus and visibility was given to IT Audit and Compliance area, several control/monitoring initiatives were launched in close coordination with the Internal Audit function of the Bank. Formal procedure for IT Risk Management was introduced to identify and mitigate potential risk areas in a centralized manner. New initiative of implementing COBIT-2019 was launched to ensure IT is equipped with the right controls and standards as per the guidelines given by the internationally recognized body for IT Controls (ISACA). Controls around 'Cloud Computing' were put in place as per the directives and framework provided by SBP. IT introduced better visibility of its Services Management function by revamping of existing processes and introducing new processes for effective controls and visibility across the Bank. IT Steering Committee discipline was established at all international territories that brought efficiency and effectiveness in technology governance and operations.

44.3.3 Information Security Risk

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Year 2020, largely dominated by COVID 19 pandemic, offered opportunities to cyber criminals or fraudsters to take advantage of new lifestyles and working models in order to steal sensitive data and commit fraudulent activities. Moreover, the digitization drive, changing threat landscape, rise of social engineering frauds, and stringent oversight of regulator demanded that essential measures are undertaken to strengthen the overall information security posture of the Bank.

- Security controls for remote working were extensively implemented this year enabling the employees to work remotely in a secure and seamless manner ensuring continuity of business requirements are adequately met.
- Strong focus in improving customer experience and strengthening coverage and control of user access management led us to implement automated workflow based access request mechanisms, dedicated helpdesk with online self-service portal for problem tickets, centralized user administrator's activity monitoring and recording, engaging model for user access recertification, targeted email advisories and webinars, development of access matrices, and restructuring of team according to needs of the organization.
- An extensive awareness campaign was launched earlier this year to provide specific training and guidance on information security related matters such as working from home, phishing, identity theft, online frauds, etc. through various mechanisms such as TV Ad, print media, social media, website, email advisories, SMS, webinars, video based trainings, phishing simulation exercises, new joiners orientation, information security booklets, intranet updates, and targeted awareness messages for executive leaderships etc. These initiatives were focused on elevating level of awareness for both internal as well as external customers to better equip them to counter security challenges.
- Significant progress has been made in securing the international territories consistent with the policies, standards, and controls implemented in the rest of the Bank. Ensured regulatory compliance, remediated audit findings, deployed security solutions, implemented controls, delivered security awareness, and conducted security assessments to identify areas of improvement.

Moving forward, the Bank plans to strengthen our cyber-defenses through the use of automation and modern technologies, AI and machine learning, targeted customer and staff awareness, adoption of international best practices, security orchestration-based analysis while proactively mitigating against advanced security threats. Furthermore, enhancement of data loss prevention measures, identity and access management, cyber fraud prevention, privileged access management, as well as strengthening ATM security controls besides further alignment of security operation center with international best practices would be the key focus of 2021.

Customers are an important component of the security process and continuous customer education about cyber risks will remain an important component of our defense strategy. These security measures will allow Bank to continue offering innovative digital solutions to its clients while ensuring them protection and peace of mind.

44.4 Liquidity Risk Management

Liquidity risk is the risk that the Bank may be unable to meet its cash obligations as they become due, or to fund assets, at a reasonable cost, because of the inability to liquidate assets, or to obtain adequate funding.

The Bank follows a comprehensive global liquidity risk management policy duly approved by the Board. The policy provides necessary guidelines to establish a robust liquidity risk management framework which helps in identifying the key liquidity and funding risks to which the bank is exposed; describes how these risks are identified, measured, monitored and reported and prescribes the techniques and resources used to manage and mitigate these risks. The policy stipulates maintenance of various ratios, funding preferences, and evaluation of the Bank's liquidity under normal and crisis situations (stress testing). The Bank also has a Contingency Funding Plan in place to address liquidity issues in times of crisis. This plan helps to identify early warning indicators to pre-empt unforeseen liquidity crises. Triggers are used to ascertain potential stress scenarios.

The Bank's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by Market Risk Management. Liquidity Risk is reviewed by global ALCO on a monthly basis and an update is provided to the BRMC on a quarterly basis.

An overdraft is a part of the loan portfolio that is short-term in nature, however, due to its use for working capital financing is rolled-over periodically. Current and saving deposits do not have contractual maturity dates. Expected maturities of such assets and liabilities are estimated by applying statistical techniques. The outcome is used for balance sheet maturity profiling and liquidity gap analysis.

In view of the relaxation granted by SBP for deferral of principal and markup and for rescheduling / restructuring of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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44.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2020													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	----- (Rupees in '000) -----													
Assets														
Cash and balances with treasury banks	347,988,749	324,205,024	9,510,305	-	14,248,180	-	25,240	-	-	-	-	-	-	-
Balances with other banks	38,422,719	27,326,103	6,555,344	1,572,082	1,433,357	97,843	1,437,990	-	-	-	-	-	-	-
Lendings to financial institutions	30,154,193	-	3,959,681	3,300,000	15,894,512	-	7,000,000	-	-	-	-	-	-	-
Investments	1,912,237,993	639,619	695,248	478,867	51,722,352	36,634,250	343,802,387	155,343,671	275,802,534	9,262,139	173,560,874	122,263,781	257,043,480	484,988,791
Advances	1,117,320,960	279,619,371	52,342,235	8,853,576	18,989,300	28,024,514	56,738,747	60,759,387	44,599,952	47,687,537	129,994,416	111,089,466	119,112,792	159,509,667
Fixed assets	84,350,518	2,325,055	92,466	107,877	246,576	462,330	462,330	1,386,990	1,386,990	1,386,990	5,547,962	5,547,962	6,724,578	58,672,412
Intangible assets	4,596,807	1,554,906	11,197	13,063	29,859	55,986	55,986	167,958	167,958	167,958	671,833	671,833	1,028,270	-
Other assets	108,639,781	2,286,591	8,344,844	9,187,558	20,170,802	8,550,580	8,550,580	16,249,421	6,711,748	6,711,748	242,476	21,269,722	320,950	42,761
	3,643,711,720	637,956,669	81,511,320	23,513,023	122,734,938	73,825,503	418,073,260	233,907,427	328,669,182	65,216,372	310,017,561	260,842,764	384,230,070	703,213,631
Liabilities														
Bills payable	46,122,344	46,122,344	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	540,095,253	514,446	286,134,660	24,084,799	37,998,397	10,253,298	41,283,267	23,348,315	52,250	42,934	39,920,322	9,771,489	19,855,427	46,835,649
Deposits and other accounts	2,669,490,716	2,177,792,506	36,961,738	47,450,323	117,109,291	60,616,600	46,386,048	64,397,763	38,731,011	38,731,011	11,322,167	7,228,136	15,118,205	7,645,917
Subordinated debt	22,356,000	-	-	-	-	9,982,000	-	-	-	-	-	-	-	12,374,000
Deferred tax liabilities	2,968,857	6,150	36,899	43,049	98,398	431,587	431,587	368,776	344,791	344,791	(152,386)	(266,991)	(517,312)	1,799,518
Other liabilities														
Lease Liability against right-of-use asset	15,300,909	4,333	25,995	30,328	69,321	129,977	129,977	389,931	389,931	389,931	1,559,726	1,559,726	3,119,451	7,502,282
Others	104,652,876	3,488,428	20,930,575	24,419,004	55,814,869	-	-	-	-	-	-	-	-	-
	3,400,986,955	2,227,928,207	344,089,867	96,027,503	211,090,276	81,413,462	88,230,879	88,504,785	39,517,983	39,508,667	52,649,829	18,292,360	37,575,771	76,157,366
Net assets	242,724,765	(1,589,971,538)	(262,578,547)	(72,514,480)	(88,355,338)	(7,587,959)	329,842,381	145,402,642	289,151,199	25,707,705	257,367,732	242,550,404	346,654,299	627,056,265
Share capital	14,668,525													
Reserves	63,040,638													
Surplus on revaluation of assets														
- net of tax	35,752,856													
Unappropriated profit	129,262,746													
	242,724,765													

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2019													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	337,241,623	302,278,501	14,807,528	351,817	19,785,618	-	18,159	-	-	-	-	-	-	-
Balances with other banks	32,139,733	18,361,140	2,603,329	1,505,746	1,717,397	525,791	656,233	1,335,153	15,278	5,419,666	-	-	-	-
Lendings to financial institutions	45,303,199	-	10,442,180	7,971,835	6,200,000	20,489,184	200,000	-	-	-	-	-	-	-
Investments	1,351,961,513	1,548,476	350,895	10,231,329	39,846,561	75,609,205	134,791,806	74,084,055	46,041,204	319,440,066	170,575,934	125,002,744	107,442,611	246,996,627
Advances	1,073,018,669	293,604,199	89,305,609	7,227,170	24,277,686	36,712,327	41,279,300	109,405,526	26,385,857	26,385,857	60,469,757	63,134,674	137,153,525	157,677,182
Fixed assets	75,541,769	80,377	482,260	562,637	1,132,571	438,768	438,768	1,316,304	1,316,304	1,316,304	5,265,216	5,265,216	6,922,615	51,004,429
Intangible assets	3,528,218	37,753	226,512	264,263	528,527	40,247	40,247	120,741	120,741	120,741	482,963	482,963	965,927	96,593
Deferred tax assets	1,898,828	(990)	(5,935)	(6,925)	(15,828)	(61,186)	(61,186)	(64,294)	(117,949)	(117,949)	19,001	416,235	977,104	938,730
Other assets	133,100,201	1,625,456	10,677,663	11,706,443	28,231,623	13,089,032	12,414,840	20,561,570	7,311,655	6,097,157	29,709	21,341,248	13,805	-
	3,053,733,753	617,534,912	128,890,041	39,814,315	121,704,155	146,843,368	189,778,167	206,759,055	81,073,090	358,661,842	236,842,580	215,643,080	253,475,587	456,713,561
Liabilities														
Bills payable	29,534,303	28,546,175	3,048	-	912,561	-	14,999	57,520	-	-	-	-	-	-
Borrowings	382,071,512	100,623	116,776,280	50,701,044	55,866,373	31,667,893	18,407,519	53,825,373	2,326,353	7,500	242,182	8,448,197	21,386,352	22,315,823
Deposits and other accounts	2,301,899,086	1,874,488,384	24,719,092	24,394,374	102,291,607	38,764,720	43,457,983	65,759,998	31,907,933	44,842,938	16,219,109	9,443,038	17,658,752	7,951,158
Subordinated debt	22,360,000	-	-	-	-	2,000	-	-	2,000	-	4,000	4,000	8,000	22,340,000
Other liabilities														
Lease Liability against right-of-use asset	12,861,471	3,642	21,851	25,493	58,269	109,255	109,255	327,764	327,764	327,764	1,311,057	1,311,057	2,622,114	6,306,186
Others	103,585,435	3,699,479	22,196,879	25,896,359	51,792,718	-	-	-	-	-	-	-	-	-
	2,852,311,807	1,906,838,303	163,717,150	101,017,270	210,921,528	70,543,868	61,989,756	119,970,655	34,564,050	45,178,202	17,776,348	19,206,292	41,675,218	58,913,167
Net assets	201,421,946	(1,289,303,391)	(34,827,109)	(61,202,955)	(89,217,373)	76,299,500	127,788,411	86,788,400	46,509,040	313,483,640	219,066,232	196,436,788	211,800,369	397,800,394
Share capital	14,668,525													
Reserves	57,274,159													
Surplus on revaluation of assets														
- net of tax	24,810,855													
Unappropriated profit	104,668,407													
	201,421,946													

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44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

Assets and liabilities which have contractual maturities have been reported as per their remaining maturities, whereas assets and liabilities which do not have any contractual maturities have been reported as per their expected maturities calculated on the basis of an objective and systematic behavioral study approved by the ALCO.

	2020									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	347,988,749	257,116,013	5,913,911	5,495,033	13,107,319	15,135,918	7,150,285	10,841,125	17,393,550	15,835,595
Balances with other banks	38,422,719	36,886,885	1,535,834	-	-	-	-	-	-	-
Lendings to financial institutions	30,154,193	23,154,193	7,000,000	-	-	-	-	-	-	-
Investments	1,912,237,993	53,536,086	380,436,637	155,343,671	290,903,455	173,560,874	122,263,781	257,043,480	411,973,846	67,176,163
Advances	1,117,320,960	124,902,300	109,508,882	78,092,246	129,483,627	183,115,018	152,262,493	181,601,042	87,101,111	71,254,241
Fixed assets	84,350,518	2,771,974	924,660	1,386,990	2,773,981	5,547,962	5,547,962	6,724,578	9,637,058	49,035,353
Intangible assets	4,596,807	1,609,025	111,972	167,958	335,916	671,833	671,833	1,028,270	-	-
Other assets	108,639,781	17,337,183	27,397,775	33,971,047	15,057,865	242,476	14,269,722	320,950	42,763	-
	3,643,711,720	517,313,659	532,829,671	274,456,945	451,662,163	378,274,081	302,166,076	457,559,445	526,148,328	203,301,352
Liabilities										
Bills payable	46,122,344	8,827,160	884,373	36,410,811	-	-	-	-	-	-
Borrowings	540,095,253	348,732,302	51,536,565	23,348,315	95,184	39,920,322	9,771,489	19,855,427	38,843,367	7,992,282
Deposits and other accounts	2,669,490,716	660,423,072	151,233,486	146,148,430	302,177,133	323,899,759	154,052,312	229,192,253	367,659,908	334,704,363
Subordinated debt	22,356,000	-	9,982,000	-	-	-	-	-	-	12,374,000
Deferred tax liabilities	2,968,857	126,218	863,173	368,776	689,582	(152,386)	(266,991)	(516,845)	(1,901,862)	3,759,192
Other liabilities										
Lease Liability against right-of-use asset	15,300,909	129,977	259,954	389,931	779,863	1,559,726	1,559,726	3,119,451	7,502,281	-
Others	104,652,876	25,808,069	32,249,734	14,706,096	15,005,555	1,965,178	1,214,285	2,540,986	10,971,133	191,840
	3,400,986,955	1,044,046,798	247,009,285	221,372,359	318,747,317	367,192,599	166,330,821	254,191,272	423,074,827	359,021,677
Net assets	<u>242,724,765</u>	<u>(526,733,139)</u>	<u>285,820,386</u>	<u>53,084,586</u>	<u>132,914,846</u>	<u>11,081,482</u>	<u>135,835,255</u>	<u>203,368,173</u>	<u>103,073,501</u>	<u>(155,720,325)</u>
Share capital	14,668,525									
Reserves	63,040,638									
Surplus on revaluation of assets - net of tax	35,752,856									
Unappropriated profit	129,262,746									
	<u>242,724,765</u>									

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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	<u>201,421,946</u>	<u>(88,451,819)</u>	<u>335,267,362</u>	<u>29,133,032</u>	<u>238,544,901</u>	<u>192,518,801</u>	<u>171,920,815</u>	<u>386,736,201</u>	<u>(473,269,002)</u>	<u>(590,978,345)</u>
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									
	<u>201,421,946</u>									

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

44.5 Derivatives Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BoD) on the recommendation of the Board Risk Management Committee (BRMC).

The responsibility for derivatives trading activity lies with Treasury and Global Markets. Measurement and monitoring of market and credit risk exposure, associated limits and its reporting to senior management and the BoD is done by the Treasury Middle Office (TMO). TMO coordinates with the business regarding approvals for derivatives risk limits. Treasury Operations records derivatives activity in the Bank's books, and is responsible for reporting to the SBP.

44.5.1 Credit Risk

Credit risk is the risk of non-performance by a counterparty which could result in an adverse impact on the Bank's profitability. Credit risk associated with derivative transactions is categorized into settlement risk and pre-settlement risk. A pre-settlement risk limit for derivative transactions is recommended by TMO for approval to the appropriate Credit Approval Authority. The exposure of all counterparties is estimated and monitored by TMO.

44.5.2 Market Risk

The Bank, as a policy, hedges back-to-back all Options transactions. The Bank minimizes the exchange rate risk on its Cross Currency Swaps portfolio by hedging the exposure in the interbank market. The Bank also manages the interest rate risk of Interest Rate Derivatives and Cross Currency Swaps through Price Value of a Basis Point (PVBP) limits which are monitored and reported by TMO to senior management on daily basis. These limits are approved by Global ALCO on annual basis. However interim limit enhancements / amendments may also be sought.

44.5.3 Operational Risk

The staff involved in the process of trading, settlement and risk management of derivatives are carefully trained. Adequate systems and controls are in place to carry out derivative transactions smoothly. Each transaction is processed in accordance with the product program or transaction memo, which contains detailed accounting and operational aspects of the transaction to further mitigate operational risk. In addition, the TMO and the Global Compliance Group are assigned the responsibility of monitoring any deviation from policies and procedures. The Bank's Internal Audit also reviews this function, which covers a regular review of systems, transactional processes, accounting practices and end-user roles and responsibilities.

The Bank uses a derivatives system which provides an end-to-end valuation solution, supports the routine transactional process and provides analytical tools to measure various risk exposures, and carry out stress tests and sensitivity analyses. TMO produces various reports for senior management on a periodic basis. These reports provide details of outstanding positions, profitability, risk exposures and the status of compliance with limits.

44.5.4 Liquidity Risk

Derivative transactions, usually being non-funded in nature, do not carry a specific funding liquidity risk. The liquidity risk would arise only when the Bank has a payable resulting from a transaction. The Bank mitigates its risk by limiting the portfolio in terms of tenor, notional and sensitivity limits, and can also hedge its risk by taking on- and off-balance sheet positions in the interbank market, where available.

44.6 Enterprise Risk

During the year, the Bank further strengthened its risk management function by setting up an Enterprise Risk Management (ERM) vertical in accordance with SBP guidelines. The ERM function provides an integrated approach to comprehensive risk management and includes a Model Risk Management (MRM) arm that aims to provide independent review and validation of all models being used in the bank.

45 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

- 45.1 The Board of Directors, in its meeting held on February 17, 2021 has proposed a final cash dividend of Rs 3.00 per share for the year 2020. This is in addition to Rs 1.25 already paid during the year bringing the total dividend for the year to Rs 4.25 per share (2019: Rs 5.00 per share). This appropriation is expected to be approved by the shareholders in forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2020 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2021.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

46 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on February 17, 2021.

47 GENERAL

47.1 These unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

47.2 Comparative figures have been re-arranged and reclassified for comparison purposes.

Muhammad Aurangzeb
President and
Chief Executive Officer

Rayomond Kotwal
Chief Financial Officer

Dr. Najeeb Samie
Director

Salim Yahya Chinoy
Director

Salim Raza
Director

ANNEXURE I: ISLAMIC BANKING BUSINESS

The Bank operates 62 (2019: 48) Islamic Banking branches and 853 (2019: 493) Islamic Banking windows.

STATEMENT OF FINANCIAL POSITION

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks		12,685,357	17,113,303
Balances with other banks		85,710	85,710
Due from financial institutions	1	5,257,358	20,489,184
Investments	2	139,619,025	33,594,111
Islamic financing and related assets - net	3	153,363,009	153,117,099
Fixed assets		1,163,176	862,149
Intangible assets		-	-
Due from Head Office	4	90,320	40,224,245
Deferred tax assets		-	18,126
Other assets		6,132,151	10,710,387
		318,396,106	276,214,314
LIABILITIES			
Bills payable		9,451	18,048
Due to financial institutions	5	32,183,448	10,780,192
Deposits and other accounts	6	257,414,395	242,604,211
Due to Head Office		12,444	30,255
Subordinated debt		-	-
Deferred tax liabilities		8,718	-
Other liabilities		6,000,269	6,073,749
		295,628,725	259,506,455
NET ASSETS		22,767,381	16,707,859
REPRESENTED BY			
Islamic Banking Fund		500,000	250,000
Reserves		-	-
Surplus / (deficit) on revaluation of investments - net of tax		13,637	(28,352)
Unappropriated profit	8	22,253,744	16,486,211
		22,767,381	16,707,859
Contingencies and commitments	9		
PROFIT AND LOSS ACCOUNT			
Profit / return earned	10	22,162,393	20,248,102
Profit / return expensed	11	9,748,864	9,785,319
Net profit / return		12,413,529	10,462,783
Other income			
Fee and commission income		616,406	581,271
Foreign exchange (loss) / income		(69,214)	33,556
Loss on securities - net		(180,839)	(28,629)
Others		9,383	591
Total other income		375,736	586,789
Total income		12,789,265	11,049,572
Other expenses			
Operating expenses		2,209,871	1,932,854
Workers' Welfare Fund		193,124	180,525
Other charges		14,111	4,005
Total other expenses		2,417,106	2,117,384
Profit before provisions		10,372,159	8,932,188
Provisions and write offs - net		907,348	85,652
Profit before taxation		9,464,811	8,846,536
Taxation		3,696,779	3,451,712
Profit after taxation		5,768,032	5,394,824

ANNEXURE I: ISLAMIC BANKING BUSINESS

		2020 (Rupees in '000)	2019 (Rupees in '000)
1	DUE FROM FINANCIAL INSTITUTIONS		
	Bai Muajjal Receivable from State Bank of Pakistan	5,257,358	20,489,184
		<u>5,257,358</u>	<u>20,489,184</u>

1.1 Amounts due from financial institutions are all in local currency.

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

2 INVESTMENTS BY SEGMENTS

	2020				2019			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	(Rupees in '000)							
Federal Government securities								
-Ijarah Sukuks	67,678,595	-	(322,645)	67,355,950	4,667,551	-	(46,478)	4,621,073
Other Federal Government Securities	11,324,538	-	-	11,324,538	10,794,000	-	-	10,794,000
	79,003,133	-	(322,645)	78,680,488	15,461,551	-	(46,478)	15,415,073
Non-Government debt securities								
-Listed	47,291,628	-	322,500	47,614,128	3,564,480	-	-	3,564,480
-Unlisted	13,301,909	-	22,500	13,324,409	14,614,558	-	-	14,614,558
	60,593,537	-	345,000	60,938,537	18,179,038	-	-	18,179,038
Total Investments	<u>139,596,670</u>	<u>-</u>	<u>22,355</u>	<u>139,619,025</u>	<u>33,640,589</u>	<u>-</u>	<u>(46,478)</u>	<u>33,594,111</u>

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
3	ISLAMIC FINANCING AND RELATED ASSETS - NET		
Diminishing Musharakah		71,127,412	83,342,719
Running Musharakah		45,034,254	16,085,686
Wakalah		10,000,000	10,000,000
Ijarah	3.1	2,341,651	2,171,508
Murabaha	3.2	1,517,711	1,099,343
Currency Salam		589,706	-
Tijarah		422,168	-
Istisna		271,460	-
Home Financing		2,060,742	770,666
Advance for Diminishing Musharakah		2,320,561	6,295,177
Advance for Ijarah		312,748	276,530
Advance for Murabaha	3.2	1,203,371	973,239
Advance for Salam		1,027,180	400,000
Advance for Istisna		11,874,971	26,191,522
Inventories against Murabaha	3.2	2,204,687	3,808,372
Inventories against Tijarah		824,156	293,209
Inventories against Istisna		1,285,677	1,615,548
Islamic financing and related assets - gross		<u>154,418,455</u>	<u>153,323,519</u>
Provision against Islamic financing and related assets			
-Specific		(126,457)	(187,077)
-General		(928,989)	(19,343)
		<u>(1,055,446)</u>	<u>(206,420)</u>
Islamic financing and related assets - net of provision		<u>153,363,009</u>	<u>153,117,099</u>

ANNEXURE I: ISLAMIC BANKING BUSINESS

3.1 Ijarah

	2020						
	Cost			Accumulated Depreciation			Book value
	As at Jan 01, 2020	Additions / (deletions)	As at Dec 31, 2020	As at Jan 01, 2020	Charge for the year	As at Dec 31, 2020	as at Dec 31, 2020
	(Rupees in '000)						
Plant and machinery	1,275,454	640,863 (982,832)	933,485	706,677	345,091 (787,467)	264,301	669,184
Vehicles	2,431,272	1,030,381 (845,725)	2,615,928	828,541	567,234 (452,314)	943,461	1,672,467
Total	3,706,726	1,671,244 (1,828,557)	3,549,413	1,535,218	912,325 (1,239,781)	1,207,762	2,341,651
	2019						
	Cost			Accumulated Depreciation			Book value
	As at Jan 01, 2019	Additions / (deletions)	As at Dec 31, 2019	As at Jan 01, 2019	Charge for the year	As at Dec 31, 2019	as at Dec 31, 2019
	(Rupees in '000)						
Plant and machinery	990,516	404,400 (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

3.1.1 Future Ijarah payments receivable

	2020				2019			
	Not later than one year	Later than one and upto five years	More than five years	Total	Not later than one year	Later than one and upto five years	More than five years	Total
	(Rupees in '000)							
Ijarah rentals receivable	151,763	1,228,039	1,231,873	2,611,675	608,523	1,536,676	43,322	2,188,521

3.2 Murabaha

	Note	2020	2019
		(Rupees in '000)	
Murabaha financing	3.2.1	1,517,711	1,099,343
Advances for Murabaha		1,203,371	973,239
Inventories against Murabaha		2,204,687	3,808,372
		4,925,769	5,880,954
3.2.1 Murabaha receivable - gross	3.2.1.1	1,526,183	1,112,652
Deferred murabaha income	3.2.1.2	(2,980)	(9,825)
Profit receivable shown in other assets		(5,492)	(3,484)
Murabaha financings		1,517,711	1,099,343
3.2.1.1 The movement in Murabaha financing during the year is as follows			
Opening balance		1,112,652	696,701
Sales during the year		14,035,709	15,373,167
Adjusted during the year		(13,622,178)	(14,957,216)
Closing balance		1,526,183	1,112,652
3.2.1.2 Deferred Murabaha income			
Opening balance		9,825	13,131
Arising during the year		611,469	500,130
Recognised during the year		(618,314)	(503,436)
Closing balance		2,980	9,825
3.2.1.3 Murabaha sale price		1,522,290	1,108,634
Murabaha purchase price		(1,513,818)	(1,095,325)
		8,472	13,309

ANNEXURE I: ISLAMIC BANKING BUSINESS

4 Due from Head Office mainly represents inter branch transactions.

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
5 DUE TO FINANCIAL INSTITUTIONS			
Unsecured acceptances of funds	5.2	10,500,000	2,500,000
Acceptances from the SBP under Islamic Export Refinance Scheme	5.3	12,185,727	5,409,205
Acceptances from the SBP under Islamic Long Term Financing Facility	5.4	4,774,050	2,870,987
Acceptances from the SBP under Islamic Refinance Scheme for Payment of Wages and Salaries	5.5	2,456,473	-
Acceptances from the SBP under Islamic Financing Facility For Renewable Energy	5.6	96,152	-
Acceptances from the SBP under Islamic Temporary Economic Refinance Facility	5.7	1,676,737	-
Acceptances from Pakistan Mortgage Refinance Company	5.8	494,309	-
		<u>32,183,448</u>	<u>10,780,192</u>

5.1 Amounts due to financial institutions are all in local currency.

5.2 Unsecured acceptances of funds carry profit at rates ranging from 7.00% to 7.15% (2019: 9.50% to 12.00%) and are due to mature latest by January 13, 2021.

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

5.4 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These carry mark-up at rates ranging from 2.00% to 2.50% per annum (2019: 2.00% per annum) and are due to mature latest by September 14, 2030.

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

5.6 These borrowings have been obtained from the SBP under a scheme for financing renewable energy power plants to promote renewable energy projects in the country. These carry mark-up at 2.00% per annum and are due to mature latest by November 24, 2026.

5.7 These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries during the pandemic. These carry markup at 1.00% per annum and are due to mature latest by October 07, 2030. The maximum limit granted under this facility is Rs 5 billion per project with a tenor of 10 years including grace period of 2 years.

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

A mortgage refinancing facility on Musharakah basis from PMRC amounting to Rs 300 million (December 31, 2019: Nil) for on-lending to customers in low and middle income groups. Any balance not disbursed to customers at the end of one year from the initial drawdown on February 12, 2020 (the pre-finance period) shall be repayable to PMRC in a bullet installment. The remaining amount is payable semi-annually over a period equal to the weighted average tenor of mortgage loans to customers, up to a maximum of 25 years. Profit during the pre-finance period ranges from 10.00% to 11.00% and is payable semi-annually from August 2020. Profit post this period will be payable semi-annually at a rate to be determined based on an agreed formula including, inter alia, the amount of pre-finance facility utilized for further disbursements of mortgage loans to customers.

6 DEPOSITS AND OTHER ACCOUNTS

	Note	2020			2019		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		(Rupees in '000)					
Customers							
Current deposits		62,427,114	1,975,423	64,402,537	51,979,232	1,121,726	53,100,958
Savings deposits		104,594,520	695,996	105,290,516	107,247,794	912,395	108,160,189
Term deposits		23,958,921	262,397	24,221,318	14,434,830	219,925	14,654,755
		<u>190,980,555</u>	<u>2,933,816</u>	<u>193,914,371</u>	<u>173,661,856</u>	<u>2,254,046</u>	<u>175,915,902</u>
Financial Institutions							
Current deposits		405,136	-	405,136	302,467	-	302,467
Savings deposits		61,847,142	-	61,847,142	65,183,796	-	65,183,796
Term deposits		1,247,746	-	1,247,746	1,202,046	-	1,202,046
		<u>63,500,024</u>	<u>-</u>	<u>63,500,024</u>	<u>66,688,309</u>	<u>-</u>	<u>66,688,309</u>
	6.2	<u>254,480,579</u>	<u>2,933,816</u>	<u>257,414,395</u>	<u>240,350,165</u>	<u>2,254,046</u>	<u>242,604,211</u>

ANNEXURE I: ISLAMIC BANKING BUSINESS

		2020 (Rupees in '000)	2019 (Rupees in '000)
6.1	Composition of deposits		
	- Individuals	111,256,207	95,055,321
	- Government (Federal and Provincial)	16,065,576	31,463,037
	- Banking Companies	1,202,181	829,128
	- Non-Banking Financial Institutions	62,297,843	65,859,181
	- Other public sector entities	4,346,517	5,296,478
	- Other private sector entities	62,246,071	44,101,066
		<u>257,414,395</u>	<u>242,604,211</u>
6.2	This includes deposits amounting to Rs 126,981.706 million (2019: Rs 146,767.538 million) which are eligible to be covered under insurance arrangements .		
7	CHARITY FUND	Note	2020 (Rupees in '000)
	Opening balance		10,375
	Additions during the year		4,765
	- Received from customers on account of delayed payment		2,827
	- Profit on charity saving account		1,032
			<u>3,859</u>
	Payments / Utilization during the year	7.1	11,610
	- Health		(10,000)
	- Education		-
			<u>(10,000)</u>
	Closing balance		<u>4,234</u>
7.1	Details of charity payments		
	Details of charity individually exceeding Rs 500,000		
	Indus Hospital		5,000
	Layton Rahmatulla Benevolent Trust - LRBT		5,000
	International Islamic University		-
	Patients Aid Foundation		1,000
			<u>-</u>
			<u>10,000</u>
8	ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
	Opening Balance		16,486,211
	Add: Islamic Banking profit for the year		11,091,387
	Less: Taxation		9,464,811
	Less: Transferred / Remitted to Head Office		(3,696,779)
	Closing Balance		(3,451,712)
			<u>(499)</u>
			<u>22,253,744</u>
9	CONTINGENCIES AND COMMITMENTS		
	- Guarantees	9.1	1,498,665
	- Commitments	9.2	593,721
			<u>7,917,674</u>
			<u>9,416,339</u>
9.1	Guarantees		
	Performance guarantees		1,435,850
	Other guarantees		308,988
			<u>62,815</u>
			<u>1,498,665</u>
9.2	Commitments		
	Trade-related contingent liabilities		6,208,476
	Commitments in respect of forward foreign exchange contracts		3,456,851
			<u>1,709,198</u>
			<u>7,917,674</u>
9.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase		740,199
	Sale		7,721,565
			<u>968,999</u>
			<u>1,709,198</u>

ANNEXURE I: ISLAMIC BANKING BUSINESS

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
10	PROFIT / RETURN EARNED		
On:			
Financing		12,702,055	13,989,150
Investments		7,454,290	4,131,602
Due from financial institutions		2,006,048	2,127,350
		<u>22,162,393</u>	<u>20,248,102</u>
11	PROFIT / RETURN EXPENSED		
On:			
Deposits and other accounts		8,596,732	7,867,627
Amounts due to financial institutions		931,183	1,526,884
Foreign currency deposits for Wa'ad based transactions		32,699	290,876
Lease liability against right-of-use assets		188,250	99,932
		<u>9,748,864</u>	<u>9,785,319</u>

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.

ANNEXURE I: ISLAMIC BANKING BUSINESS

- 13 The Mudarib's share of profit is 29.31% (2019: 31.57%) and, after netting of Hiba to depositors amounting to Rs 231.99 million (2019: Rs 382.67 million), amounts to Rs.3,325.687 million (2019: Rs 3,452.629 million) and for overseas branch, the Mudarib's share of profit is 7.01% (2019: 9.18%) and, after netting of Hiba to depositors amounting to Rs 2.762 Million (2019: Rs 1.811 Million), amounts to Rs 0.997 Million (2019: Rs 0.815 Million) was booked as net profit for 2020.
- 14 The following parameters are used for profit distribution in the pool:
- Permissible direct expenses can be charged to the relevant pool. Administrative and operating expenses are paid by the Mudarib and not charged to the relevant pool.
 - The Bank first charges the proportionate profit to average equity allocated to the pools and then charges the Mudarib fee before distribution of profit among depositors.
 - The Bank gives priority to depositors' funds over its own equity for placement in investing activities.
 - Provisions for non-performing accounts are borne by the Mudarib. However, write off of non-performing accounts is charged to the respective pool.
 - Income generated from non-financing activities is not considered as income of the pool.
- 15 The average rate of profit earned on the earning assets of the Islamic banking business during the year was 10.66% (2019: 11.33%). A Profit rate of 3.55% (2019: 6.06%) was distributed to depositors and for overseas branch, the average rate of profit earned on the earning assets of the Islamic banking business during the year was 7.01% (2019: 9.18%). A Profit rate of 5.01% (2019: 6.82%) was distributed to depositors.

16 DEPLOYMENT OF MUDARABAH BASED DEPOSITS BY ECONOMIC SECTOR

	2020 (Rupees in '000)	2019 (Rupees in '000)
Cement	7,695,208	8,232,604
Chemicals and pharmaceuticals	16,417,139	3,271,020
Construction	4,525,668	50,442
Education and medical	120,258	62,000
Engineering	104,041	146,186
Financial	80,463,006	16,253,787
Food, tobacco and beverages	9,038,833	14,247,798
Individuals	3,502,446	1,787,138
Others	33,913,535	15,041,702
Printing and publishing	2,135,904	2,218,524
Production and transmission of energy	94,273,638	95,879,681
Telecommunication	2,416,667	2,666,667
Textile	24,645,185	14,330,691
Metal and allied	6,409,504	6,996,815
Oil and gas	4,080,851	5,007,205
Mining and quarrying	665,765	526,443
Wholesale and retail trade	3,629,832	198,927
Total gross Islamic financing and related assets and investments	294,037,480	186,917,630
Total lending to financial institutions	5,257,358	20,489,184
Total deployed funds	299,294,838	207,406,814

16.1 Deployment of Mudarabah based deposits by economic sector by public / private sector

Public / Government	195,730,530	90,462,126
Private	103,564,308	116,944,688
Total	299,294,838	207,406,814

Details of advances written-off
ANNEXURE II

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor/Partners/ Directors (with NIC No.)	Father's /Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Charges Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
1	K.I. ELECTRONICS PROP IMTIAZUDIN,IQRA CENTRE, SHOP NO 3,OPP KHIZRA MASJID FOUJDARI ROAD, HYDERABAD	IMTIAZ UDDIN 41302-9032344-1	MUHAMMAD YASEER UD DIN	399	583	-	982	-	-	583	-	583
2	KHAWAJA MAJEEB AND SON H-193,AKBARI MANDI,LAHORE	KHAWAJA FAREED AHMED 35201-1268703-9	KHAWAJA MAJEEB AHMAD	14,000	5,432	-	19,432	-	-	5,432	-	5,432
3	MUNIR CORPORATION WATER WORKS ROAD BEHIND HUSSAIN AGAHI ROAD	MUNIR AHMED 36302-0864813-7 GULZAR AHMED 36302-4957274-7 NAZIR AHMED 36302-2356185-1 SADAQAT HUSSAIN 36302-2359865-9	MUHAMMAD LATIF SHEIKH MUHAMMAD LATIF MUHAMMAD LATIF MUHAMMAD LATIF	5,000	1,124	-	6,124	-	-	985	-	985
4	ABDUL BASIT CLOTH HOUSE BASIRA BAZAR,MUZAFFARGARH	ABDUL BASIT 32304-4405853-9	MUHAMMAD AKBER	763	885	-	1,648	-	-	878	-	878
5	NAWAB ZADA MUHAMMAD AHSAN KHAN HOUSE NAWABZADA NASRULLAH KHAN G.T. ROAD,KHAN GARH P/O KHAN GARH	32304-1530651-1	NAWAB ZADA NISAR AHMED KHAN	1,799	1,616	-	3,415	-	-	1,015	-	1,015
6	IJAZ AHMED CHAK # 40 SB,P/O SAME TEH & DISTT SARGODHA	38403-2037847-9	CH HAJI ALLAH RAKHA	1,000	613	-	1,613	-	-	613	-	613
7	MUSA PAK CHEMICAL CO 525-NAQSH BAND COLONY, RASHIDA ABAD,MULTAN	MUHAMMAD ASLAM TAHIR 36302-9855882-1	CH AMEER UDDIN	2,257	3,393	-	5,650	-	-	3,385	-	3,385
8	SARDAR SHOKAT FILLING STATION QALA NATHA SING,P/O TALVANDI DISTT KASUR	MUHAMMAD ASLAM 35101-2517548-1 SHOUKAT ALI 35101-4385644-3		1,123	824	-	1,947	-	-	822	-	822
9	AFTAB AHMED VILLAGE SULTAN PUR,POST OFFICE QADIRABAD COONY,TEHSIL HAFIZABAD	34301-7199270-7	MUSHTAQ AHMED	1,500	1,085	-	2,585	-	-	1,002	-	1,002
10	LASHARI COMMUNICATION SHOP NO 2825/A,NEAR SAEEMI DAWAKHANA LMQ ROAD CHOWK KUTCHERY MULTAN	MUHAMMAD ZULQARNAIN 38102-0901832-5	MULAZIM HUSSAIN	998	768	-	1,766	-	-	765	1	766
11	KASHIF MAQBOOL SELECTRONICS,9 ABID MARKET, FATIMA JINNAH,QUEENS ROAD	35202-7267294-7	SHEIKH MAQBOOL AHMED	13,565	10,694	-	24,259	-	-	10,694	-	10,694

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Rs in '000

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
12	S.ESSA 120,LIAQUAT MARKET,OPP.NEW MEMON MASJID,BOULTON MARKET, M.A.JINNAH ROAD,KARACHI	MUHAMMAD ASIF KAPADIA 42301-5125756-9 MUHAMMAD ARIF KAPADIA 42201-4231223-3 MUHAMMAD SHAFI KAPADIA 42301-8575273-5 MUHAMMAD SALIM KAPADIA 42201-0737639-6	ISMAIL KAPADIA ISMAIL KAPADIA ISMAIL KAPADIA ISMAIL KAPADIA	41,664	40,227	-	81,891	-	-	35,891	-	35,891
13	NEW LATIF COTTON GINNERS & OIL MILL BANDHI ROAD SB DAUR	TULSI DASD 45402-0929711-9 ROOP CHAND 45402-0932530-7 PERMANAND 45402-8104703-7	RELU MAL RELU MAL RELU MAL	4,798	1,009	-	5,807	-	-	801	-	801
14	AFTAB AHMAD CHAK NO.353 JB,TEH.GOJRA DISTT.TOBA TEK SINGH	33301-7278784-5	ZAFAR AHMAD	1,575	667	-	2,242	-	-	667	-	667
15	SALEEM SARWAR KHAN KHICHI BAHADUR PUR CHOWK,NEAR PSO PUMP, BOSAN ROAD,MULTAN	36602-0980125-3	GHULAM SARWAR KHAN	1,499	935	-	2,434	-	-	934	-	934
16	MIAN AGRO TRADERS VILLAGE LAWERE P/O VINNI TEHSIL AND DISTT. HAFIZABAD	MUHAMMAD IRSHAD 34301-1733429-7	MUHAMMAD TUFAIL	1,598	1,853	-	3,451	-	-	1,606	-	1,606
17	KHALID TRADERS RAIL WAY ROAD GUJRAT	KHALID JAVED BAIG 34201-4552527-5	ALI AHMED	1,993	1,204	-	3,197	-	-	634	-	634
18	ABDULLAH ENTERPRISES BUTT FLOUR MILLS BY PASS ROAD VANIA WALA GUJRANWALA DISTT GUJRANWALA	ZAKA ULLAH BUTT 34601-0800098-9 SAMI ULLAH BUTT 34601-0800097-7 SHEHZAD ZIA BUTT 34601-0810774-5	ZIA ULLAH AHMED BUTT ZIA ULLAH AHMED BUTT ZIA ULLAH AHMED BUTT	4,499	2,120	-	6,619	-	-	1,084	-	1,084
19	RAIS HAJI MUHAMMAD WARIS VILLEG SAIN BUKSH KHAN RIND P O KHADRO TALUKA SINJHORO DISTRICT SANGHAR	44205-5259324-5	RAIS HAJI M. ALAM KHAN	1,900	1,914	-	3,814	-	-	1,914	-	1,914
20	MUHAMMAD USMAN MOUZA KHATTI CHOOR,P/O MAMDHAL TEHSIL KABIRWALA,DISTT KHANEWAL	36102-3549954-3	CH. NAZAR MUHAMMAD	1,315	892	-	2,207	-	-	892	-	892
21	RAZIA KIDWAI HOUSE NO 24 STREET NO 11, SECTOR-A,IST AVENUE DHA PHASE- 1,ISLAMABAD	61101-4564582-2	RAJA HAMEED A. KIDWAI	8,303	4,606	-	12,909	-	-	4,256	-	4,256

Details of advances written-off
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Rs in '000

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
22	WARSI AUTO TRADERS C-1 4 MODERN COLONY,MANGHOPIR ROAD KARACHI	S. M. WARSI 506-22-043837	S. M. BASHIR WARSI	2,571	6,944	-	9,515	2,571	-	6,944	-	9,515
23	RAI SHABBIR HUSSAIN THATHA MANIK PO SA LASHAR, DISTRICT OKARA,LASHARIAN	35302-7235912-1	SAKHI MUHAMMAD	-	673	-	673	-	-	663	-	663
24	JAVED HUSSAIN THEBO VILLAGE RIP SHARIF PO,RIP SHARIF TALUKA.TALHAR, DIST.BADIN	41105-2242351-7	MUHAMMAD HASSAN	1,589	1,539	-	3,128	-	-	1,528	-	1,528
25	FATEHULLAHA HOUSE NO 28 MOHALLAH ZAFAR ALI ROAD CANTT SIALKOT	34603-2317493-7	SARDAR MUHAMMAD HANIF	265	644	-	909	-	-	634	-	634
26	GULZAR AHMAD BASTI TIWANA BONGA AZAM P.O.LUDDEN TEHSIL VEhari	36603-0915792-9	SHAH MUHAMMAD	1,199	916	-	2,115	-	-	865	-	865
27	MUHAMMAD AMEER KHAN CHAK NO.52/KB,P.O.FAROOQABAD TEHSIL BUREWALA	36601-2851614-1	ADMIR KHAN	871	847	-	1,718	-	-	843	-	843
28	HONG KONG TRADER SHOP NO 25 F INSIDE,SHAHALM GADE,LAHORE	BASHARAT YOUNAS 35201-0468984-7	MUHAMMAD YOUNAS	714	609	-	1,323	-	-	609	-	609
29	AL AIEN GROUP HOUSE NO 43/1 BLOCK 6 KHAYABAN E HILAL DEFENCE HOUSING AUTHORITY P.O DEFENCE KARACHI	NAIK PARVEEN 42301-8442745-8	HAJI NAZEER DHEDHI	14,633	3,364	-	17,997	-	-	2,986	-	2,986
30	RIZWAN AHMED SATHIO SATHIA HOUSE TANDO MUHAMMAD KHAN P.O TANDO MUHAMMAD KHAN DISTRICT TANDO MUHAMMAD KHAN	41308-2353732-9	AHMED KHAN	998	848	-	1,846	-	-	846	-	846
31	TARIQUE MEHBOOB HOUSING SOCIETY,SANGHAR	44203-4209790-3	MEHBOOB ELLAHI	350	629	-	979	-	-	529	-	529
32	ADVANTAGE PAKISTAN 190-Y COMMERCIAL AREA, 1ST & 2ND FLOOR,DHA LAHORE	NADEEM RAHAT QURESHI 35201-1165484-9 BABAR AMIN 35201-6748671-9 ZEESHAN RAHAT QURESHI 35201-2035354-3 ASAD AMIN 35202-3338524-1	SHARIF RAHAT QURESHI SAFDAR AMIN SHAREEF RAHAT QURESHI SAFDAR AMIN	6,423	19,632	-	26,055	-	-	19,472	-	19,472

Details of advances written-off
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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
33	MUHAMMAD ASIF MOUZA GULHARI PO ASHRAF SHAH TEH MAILSI DISTT VEHARI	36602-7481918-9	MIAN SHAMAS UDDIN	1,637	784	-	2,421	-	-	571	-	571
34	MADNI ZARI MODEL FARM MOUZA RAJARI,AHMED PUR LAMMA SADIQABAD	MAH-E-JABEEN 31304-2013324-6	SHEIKH FAIZ BUX	2,000	2,730	-	4,730	-	-	2,730	-	2,730
35	NASRULLAH & BROTHERS PINDI BHATTIAN ROAD,JALALPUR BHATTIAN POST OFFICE, JALALPUR BHATTIAN, THE PINDI BHATTI DISTRICT HAFIZABAD	NASRULLAH KHAN 34302-6202039-7	MUHAMMAD HAYAT	700	734	-	1,434	-	-	659	-	659
36	PEETU MAL DHARMU MAL FERTILIZER AHMED RAJO ROAD P/O GOLARCHI KARACHI ROAD SFR GOLARCHI	PEETOO MAL 41303-3918165-1	SUKHRAM DAS	9,274	4,962	-	14,236	-	-	4,209	-	4,209
37	MUHAMMAD SADIQ HUSSAIN NOSHERA JADEED,P/O JANOWALA TEHSIL BAHAWALPUR	31201-7499153-3	GHULAM HUSSAIN	815	656	-	1,471	-	-	656	-	656
38	MOHAMMAD IMRAN VILLAGE KHOTARY WANDO P/O WANDO,TEHSIL KAMOKI,DISTT. GUJRANWALA	34102-2578616-9	KHADIM HUSSAIN	2,197	872	-	3,069	-	-	869	-	869
39	MOLIDINO VILLAGE MOLI DINO SATHIO,P/O SINDH-AB-S-MILL, TALUKA BULRI SHAH KARIM	41308-4966128-7	RAKHIO SATHIO	79	749	-	828	-	-	749	-	749
40	MUHAMMAD ASHRAF VILLAGE GHANIA,P.O.KAMOKE TEHSIL KAMOKE,DISTT.GUJRANWALA	34102-5680260-1	MUHAMMAD YOUNUS	2,500	1,600	-	4,100	-	-	1,600	-	1,600
41	RANA COMMISSION SHOP BALOO KALAN P/O ALI ABAD BALOO KALAN, HAFIZABAD ROAD THATHA GHARA, DISTT HAFIZABAD	AURANG ZAIB 34301-8582105-7	MUHAMMAD ASLAM	3,061	2,913	-	5,974	-	-	2,913	-	2,913
42	LIAQAT TRADERS NEAR SUFI STEEL MILLMO H JAMIL PARK SHADAR GUJRANWALA	LIAQAT ALI 35200-1464025-1	MUHAMMAD SADIQ	2,999	760	-	3,759	-	-	759	-	759
43	MOHAMMAD UMAR MANDHRO C/O HABIB SHAH PETROLEUM SERVICE NATIONAL HIGHWAY HYDERABAD ROAD,THATTA P.O AND DISTRICT THATTA	41407-2337049-9	ALLAH BUX	1,327	657	-	1,984	-	-	657	-	657

Details of advances written-off
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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
44	MOHAMMAD MOHSIN CHAK NO 10 NB,BHALWAL	38401-0452638-1	MUHAMMAD QASIM	1,250	805	-	2,055	-	-	805	-	805
45	PROYA ENTERPRISES CHOWK SIALKOT BY PASS GUJRANWALA TEH WAZIRABAD DISTT. GUJRANWALA	MUMTAZ AHMED 34104-5672016-9	ATTA ULLAH	2,997	1,408	-	4,405	-	-	1,405	-	1,405
46	MUHAMMED MANZOOR R/O CHAK NO 4RH P/O FAZIL TEHSAIL KALOOR KOT DISTT. BHAKKAR	38103-2215737-7	MUHAMMAD KHAN	365	766	-	1,131	-	-	766	-	766
47	MUHAMMAD AJMAL KHARO DEHI P.O KHAS,TEHSIL HASLPUR DISTT.BAHAWALPUR	31203-2461198-1	JALAL KHAN	1,855	1,257	-	3,112	-	-	1,256	-	1,256
48	AL TOHEED RICE MILL VILLAGE WALIDAD CHANDIO TALLAKA MEHAR DISTT DADU	ALI MUHAMMAD 41205-1443462-7	ILLAHI BUX BROHI	2,800	1,389	-	4,189	-	-	770	618	1,388
49	AMJAD ALI SHAH MEHLUKI MAPLAYLY TEHSIL RENALAKHURD DISTRICT OKARA	35303-6455533-5	AZIZ SHAH	705	651	-	1,356	-	-	647	-	647
50	MUDASSER & CO GHALLA MANDI RAHIM YAR KHAN	MUDASSER HUSSAIN 31303-9852645-1	MUHAMMAD HUSSAIN	9,000	9,897	-	18,897	-	-	8,918	979	9,897
51	ZULFIQAR ALI VILL ALI KHAIL URMAR PAYAN PESHAWAR	17301-1556667-9	SALIM KHAN	500	751	-	1,251	-	-	751	-	751
52	PACE PAKISTAN LTD PACE SHOPPING MALL 2ND & 3RD FLOOR FORTRESS STADIUM LAHORE	AAMNA TASEER 35201-1566773-0 SHEHRYAR ALI TASEER 35201-9042306-3 SHEHRBANO TASEER 35201-2124264-0 ABID RAZA 42101-4651884-1 IMRAN SAEED CHAUDHRY 352005-8129625-2 KANWAR LATAFAT ALI KHAN 42301-8974036-9 REEMA HUSSAIN QURESHI 35201-4049045-6 SHAHBAZ ALI TASEER 35201-7312405-1	SALMAAN TASEER SALMAAN TASEER SALMAAN TASEER SYED MUHAMMAD SAEED CHAUDHRY KANWAR LIAQAT ALI KHAN SHEHRYAR ALI TASEER SALMAAN TASEER	106,894	80,793	-	187,687	-	-	80,793	-	80,793

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
53	SHAHZAD KAMRAN HOUOSE NO 1076 BANGLA ROAD NEAR GHOUSIA MASJAD HAROONABAD TEHSIL HAROON ABAD	31104-1668570-9	SHAUKAT ALI	450	529	-	979	-	-	529	-	529
54	TARIQ SAEED BAST SANPAL CHOUGHTA PUNJOANA TEH MIAN CHANNU DISTT KHANYWAL SAHIWAL	35202-4664931-1	AHMAD YAR	2,491	695	-	3,186	-	-	695	-	695
55	AL KARIM ZARI SERVICE JHOK UTRA,P/O KHAS TEH & DISTT D G KHAN	RANA ALLAH DITTA 32102-3377493-1	RANA NABI BAKHSH	1,098	799	-	1,897	-	-	797	-	797
56	MUHAMMAD TAHIR SHAH NAWAZ COURT ROAD CIVIL LINES D I KHAN	12101-7147116-5	SHAH NAWAZ KHAN	404	606	-	1,010	-	-	606	-	606
57	CARE GENERAL ENGG 10-MOHNI ROAD LAHORE	AZHAR IQBAL 35202-1245223-3	MUHAMMAD IQBAL	20,358	15,487	-	35,845	-	-	12,512	-	12,512
58	BAHRAM KHAN ILYAS P/O DULLA BUDHARA TEHSIL CHISHTIAN DISTT BAHAWALNAGAR	31102-0595488-1	GHULAM MUHAMMAD	2,000	842	-	2,842	-	-	842	-	842
59	SEITHI FILLING STATION EMINABAD ROAD KHAN PAYARA DISTT.GUJRANWALA	KAMAL DIN SETHI 34101-2701383-5	DIN MUHAMMAD	262	637	-	899	-	-	623	-	623
60	MGA INDUSTRIES PRIVATE LIMITED 162 S QAUID E AZAM INDUSTRIAL ESTATE TOWNSHIP KOT LAKHPAT LAHORE	MALIK MUHAMMAD ASLAM 35202-0419653-5 MALIK TAHIR JAVAID 35202-7926036-9 MALIK KHALID JAVAID 35202-7915586-9	MALIK SULTAN AHMED MALIK SULTAN AHMED MALIK SULTAN AHMED	121,880	103,336	-	225,216	-	-	100,721	2,597	103,318
61	CHAUDHRY PACKAGES AKRAM PARK USMAN STRET OPP. CHOWHAN ROAD MAIN BUND ROAD LAHORE	MUHAMMAD KHALID MEHMOOD 35202-1253778-7	ABDUL GHAFOOR	742	505	-	1,247	-	-	505	-	505
62	RIASAT ALI VILL &P.O BHADAYWALA TEH DASKA	34601-4631305-1	ABDUL SATTAR	549	863	-	1,412	-	-	509	-	509
63	PARAGAN PHARMA AHMED TOWER KHYBER SUPER MARKET BARA ROAD PESHAWAR	HAQ NAWAZ 17102-1449544-5 MUHAMMAD HARIS 17102-3527368-7	MUHAMMAD NAWAZ KHAN SYED ZAKI AKHTAR	5,999	4,227	-	10,226	-	-	3,307	419	3,726

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S. No.	Name & Address of the Borrower	Name of Proprietor/Partners/ Directors (with NIC No.)	Father's /Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Charges Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
64	FAHAD AHMED VILLAGE REHMATULLAH JAHEJO P.O MATLI TALUKA MATLI BADIN	41103-5790879-7	HAJI KHANDOO	1,599	625	-	2,224	-	-	624	-	624
65	SHAN SHOPPING POINT AK-KARIM CENTRE RAILWAY ROAD HAFIZABAD	SALIM 34301-1764714-7	SULTAN SHAH	1,190	623	-	1,813	-	-	613	-	613
66	JEHANGIR TRADERS GHALLA MANDI GHAKKHAR MANDI POST OFFICE GHAKKHAR MANDI TEH WAZIRABAD	QAISAR PERVAIZ CHEEMA 34101-8513894-9	GHULAM RASOOL CHEEMA	-	1,219	-	1,219	-	-	1,094	-	1,094
67	NEW SANAM MEDICOSE B-3/83 OPPOSITE STREET GOVT. GIRLS ELEMENTARY COLLEGE LALAMUSA, DISTT. GUJRAT	AGHA SHABIR AHMED 34202-0437086-5	AGHA BASHIR AHMED	2,192	1,736	-	3,928	-	-	1,728	-	1,728
68	KASHMIR CORPORATION 40-CHENAB MARKET,MADINA TOWN FAISALABAD	MUHAMMAD RAMZAN 33100-1528310-9	JAMAL UDDIN	1,195	821	-	2,016	-	-	812	-	812
69	BUTTER WEAVING FACTORY P10-11 MAIN ROAD NAWABAWA SAMANABAD FAISALABAD	MUSHTAQ AHMED 33100-8420142-3	GHULAM QADIR	2,999	3,250	-	6,249	-	-	2,957	-	2,957
70	ZULFIQAR ALI H # 709 - A - 1,TOWNSHIP G.E.H.S LAHORE	35201-3930633-9	MUHAMMAD NASIR KHAN	10,000	2,689	-	12,689	-	-	2,689	-	2,689
71	RAI TIPU SULTAN BULHAY WALA P.O. KALRI TEH. LALYAN	33201-1562135-5	KHIZER HAYAT	965	1,198	-	2,163	-	-	1,091	-	1,091
72	MUKHTAR AHMAD VILL TALHARA P/O KHAS TEH DASKA DISTT SIALKOT	34601-8233284-1	SULTAN AHMAD	871	731	-	1,602	-	-	502	-	502
73	SAJID ALI, NAVEED AHMAD, MUHAMMAD YASIR UMER TOWN ALI PUR CHATTA TEHSIL WAZIRABAD DISTT GUJRANWALA	SAJID ALI TARRAR 34104-2252044-1 NAVEED AHMAD 34104-2252047-1 MUHAMMAD YASIR TARRAR 34104-2252033-7	NAZAR MUHAMMAD TARRAR NAZAR MUHAMMAD TARRAR NAZAR MUHAMMAD	2,499	2,001	-	4,500	-	-	1,900	-	1,900
74	ALI MUHAMMAD NIZAMANI NIZAMANI MUHLLAH MATLI POST OFFICE MATLI TULKA MATLI	41103-3054319-7	ALLAH BUX NIZAMANI	4,460	1,110	-	5,570	-	-	960	-	960

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Rs in '000

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
75	NIZAM ZARI FARM P/O AHMED PUR LAMMA TEHSIL SADIQ ABAD M.MUEEN-UD-DIN	M.MOIN UDDIN SHAHBAZ 31303-0196104-5	SHARAFAT ULLAH KHAN	700	974	-	1,674	-	-	974	-	974
76	FAZAL HUSSAIN VILLAGE CHAK 34,TEHSIL MURIDKE DISTT SHIEKHUPURA	34301-1677810-3	GHULAM HAIDER	1,312	601	-	1,913	-	-	600	-	600
77	AJMAIR KHAN MALANG CHAK NO 19 JB KADUKAY TEH CHAK JHUMRA	33100-9773405-9	MIRZA KHAN	1,000	1,112	-	2,112	-	-	1,112	-	1,112
78	HABIB UR REHMAN MOUZA MOTHA P/O KOTLA CHAKAR TEHSIL JALAL PUR PIR WALA	36301-0671109-5	GHULAM RASOOL	817	701	-	1,518	-	-	698	-	698
79	IJAZ QAISAR SHEIKH FLAT NO 7 STREET NO 1 AJMAL TOWN HAIDER ROAD FEROZWALA SHEIKHUPURA	34602-1028294-7	ALI AHMED GHULAM	388	164	-	552	388	-	164	-	552
80	AMIR FAREED H NO 32, ST NO 3, AKBAR SHAHEED ROAD KOT LAKHPAT LAHORE	35101-5924308-9	MUHAMMAD AFZAL	347	165	-	512	347	-	165	-	512
81	ARSHAD ALI POLICE INE KHYBER ROAD PESHAWAR	17301-3525764-5	MUHAMMAD ISMAIL KHAN	387	190	-	577	387	-	190	-	577
82	ADNAN MAHMOOD MALIK H.NO 20 ST NO 9 QILLA MUHAMMDI RAVI ROAD LAHORE	35202-2589347-9	MEHMOOD AHMED	635	93	-	728	635	-	93	-	728
83	ZAFAR IQBAL QUARTER 08 COMMISSIONAR OFFICE MALL ROAD PESHAWAR CANTT PESHAWAR	17301-7300150-9	NOOR REHMAN	343	166	-	509	343	-	166	-	509
84	GULL E SABA SARFRAZ H NO 5/36 F C COLLEGE RD GULBERG III LAHORE	34501-1022387-0	SARFRAZ MASIH	546	245	-	791	546	-	245	-	791
85	MUHAMMAD SHEHBAZ PALACE SANMA ROAD STREET NO 1 MOH BAJWA COLONY OKARA	35302-2359405-7	UMAR BAKSH	440	205	-	645	440	-	205	-	645
86	TAJ STEEL HOUSE # 2/17 BLOCK "B" MUHAMAMD ALI ROAD SHER SHAH KARACHI	MUHAMMAD AZIZ 42401-3126193-7	TAJ MUHAMMAD	1,974	736	-	2,710	-	-	736	-	736

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Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor/Partners/ Directors (with NIC No.)	Father's /Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Charges Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
87	RAFIQUE POULTRY FARM CHAK NO.143 GB TEH.SAMUNDRI DISTT.FAISALABAD	MUHAMMAD RAFIQUE 33105-0374173-5	ABDUR RASHEED	850	688	-	1,538	-	-	688	-	688
88	BAHOO COMMISSION SHOP NEW SABZI MANDI KAMOKE DISTT. GUJRANWALA.	SULTAN ALI 34102-3583795-7	CH HASSAN DIN	420	628	-	1,048	-	-	628	-	628
89	MOHAMMAD YASEEN MOHALLAH QATAB SHAH WALI COMMITTEE GHAR SHAKARGARH TEH SHAKARGARH DISTT NAROWAL	34502-4659519-1	ANWAR KHAN	2,498	1,023	-	3,521	-	-	1,021	-	1,021
90	AMIR AHMED BASTI SHAH WALA P/O HAFIZ WALA TEH JALALPUR PIR WALA.	36301-7074276-1	MUHAMMAD KHAN	997	708	-	1,705	-	-	655	-	655
91	MUHAMMAD AMIN BASTI NOORAN BALOUCHAN PO DULLA BEDHERA MOUZA MEHRO BALUOCH TEH. CHISTIAN DISTT. BAHAWALNAGAR	31102-0586849-1	ALLAH YAR KHAN	1,200	639	-	1,839	-	-	639	-	639
92	GHULAM QADIR CHAK NO 113 JB TEHSIL & DISTRI CT FAISALABAD	33100-3831727-3	ALLAH DITTA	591	1,002	-	1,593	-	-	1,002	-	1,002
93	WASEEM ARSHAD MALIK APARTMENT # 13 BUILDING # 38, STREET # 03 BLOCK -C ASKARI XI LAHORE	61101-5014862-5	MUHAMMAD ARSHAD MALIK	3,433	680	-	4,113	-	-	680	-	680
94	AZMAT ALI VILLAGE PINDI BOWARAY,PO SAME TEH & DISTT HAFIZABAD	34301-0280731-1	MUHAMMAD BOOTA	1,195	698	-	1,893	-	-	629	-	629
95	IMRAN TRADING COMPANY 137 A MODEL TOWN GUJRAT	SYED ARSHAD AMIR 34201-1097569-7	SYED FAZAL HUSSAIN SHAH	1,498	1,317	-	2,815	-	-	1,315	-	1,315
96	DSI PAKISTAN PVT LTD 11 6 10 SECTOR 16,KORANGI INDUSTRIAL AREA,KARACHI	SHABBIR AHMED DESAI 42301-2624689-9 DAWOOD MOOSA DESAI 42301-1697255-1 MUHAMMAD SADIQUE DESAI 42301-2624784-9 MUHAMMAD AMIN DESAI 42301-8645590-1 SHAHID MEHMOOD DESAI 42301-2625734-9	MOOSA DAWOOD DESAI MOOSA DAWOOD DESAI SHABBIR AHMED DESAI DAWOOD MOOSA DESAI SHABBIR AHMED DESAI	385,194	181,427	-	566,621	193,049	-	181,427	-	374,476

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Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor/Partners/ Directors (with NIC No.)	Father's /Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Charges Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
97	MUHAMMAD YOUSAF 138 JB,TEH CHINIOT	33201-3636501-3	MUHAMMAD	400	626	-	1,026	-	-	626	-	626
98	IJAZ AHMAD CHAK NO. 36 S.B.P.O. SAME TEHSIL AND DISTT. SARGODHA	38403-8473153-5	CH. NAWAB KHAN	2,000	1,019	-	3,019	-	-	1,019	-	1,019
99	ABDUL QADOOS & BROTHERS 4/A GHALIB COLONY SHABAB CHOWK NADEEM SHAHEED ROAD SAMANABAD LAHORE	ABDUL QADOOS 35202-1416584-3	HAJI ABDUL WAHEED	3,993	2,311	-	6,304	-	-	1,604	-	1,604
100	MASTER ENGEERING WORKS GALI NO 6,REHMAN GALI, BRENTRETH ROAD,LAHORE	IMRAN HAFEEZ 35201-7604637-3	ABDUL HAFEEZ	15,491	12,373	-	27,864	-	-	9,364	-	9,364
101	MUHAMMAD SAEED KHAN ALI KHAN MAUZA BUDH GHULAM PO LUDDAN TEH VEHARI,DISTT. VEHARI	36603-1421533-9	MUHAMMAD ALI	1,191	700	-	1,891	-	-	641	-	641
102	SYED MUHAMMAD ASIF IMRAN SHAH H NO 201/B-VII LUCKY ABADI JAHAL ROAD SAHIWAL	36301-4273242-9	SAEED GHULAM JILANI	607	299	-	906	607	-	299	-	906
103	ASHIQ HUSSAIN MAKAN 119 WARD NO 5/3 AL FATEH CHOWK NAZD GHOSIA CHOWK KHATKA WALA PO KEHROR PACCA TEH DISTT	36202-0952143-5	LAAL KHAN	405	179	-	584	405	-	179	-	584
104	NAILA JABEEN ST NO 3 H NO 1 MOHALLA SYEDAN BAGHBAN PURA	35201-1433818-2	SYED MUNAWAR	365	228	-	593	365	-	228	-	593
105	NAJMA AGHA MUHALLAH RASULA RAVI RAYAN TEH FEROS WALA SHAHDRA LAHORE	35401-3884161-8	MUHAMMAD ISHAQ	396	239	-	635	396	-	239	-	635
106	ASMA SALEEM 46/2 T DHA PH 2,LAHORE	35201-1275662-0	M SALEEM IQBAL	444	258	-	702	444	-	258	-	702
107	ASIF TANVEER DURRANI Q NO 10 OFFICER RESIDENCE 62 K M MULTAN ROAD LAHORE	17101-5014876-3	M ISRAR	390	182	-	572	390	-	182	-	572
108	ANEES HUSSAIN BISE NEAR SINDH SAMLL INDUSTRIES LARKANA	43207-7209171-7	LIAQUAT ALI	471	224	-	695	471	-	224	-	695
109	AMINA RASHID 32/1-J BLK PHASE 8 DHA LHR	35201-9027269-4	SHEIKH RASHID	376	203	-	579	376	-	203	-	579

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Rs in '000

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
110	MUHAMMAD ANWAR GALI RANGA PEHLWAN,MUSLIM GUNJ TEH.KAMOKE,DISTT.GUJRANWALA.	34102-1290637-5	CH. MUHAMMAD HUSSAIN	1,388	1,717	-	3,105	-	-	1,305	-	1,305
111	ARSHAD ZARI INDUSTRY HOUSE NO. 34-19 MADNI MADNI STREET,HAFIZABAD	MUHAMMAD ARSHAD 34301-1700957-9	MUKHTAR AHMED	697	1,163	-	1,860	-	-	1,163	-	1,163
112	MARHABA FOOD CO. NAZ CINEMA ROAD NEAR MUHABAT KHAN MASJID PESHAWAR CITY	SARFARAZ MUHAMMAD 17301-1406693-7	NAZAR MUHAMMAD	542	885	-	1,427	-	-	794	91	885
113	MUHAMMAD AJMAL VILLAGE KHAN MARAKA P.O. KOT NAINAN,TTEHSIL SHAGARH	34502-1527043-7	BASHIR AHMED	2,000	601	-	2,601	-	-	521	-	521
114	ABID HUSSAIN VILLAGE HEERA CHUN P/O KOT NAINA TEH SHAKARGARH	34502-5771195-3	ASGHAR ALI	1,920	609	-	2,529	-	-	529	-	529
115	AWAMI TRADERS SHOPPING CENTER NANGI MIRPUR A.K.	ADIL NAZIR 81302-7112267-9	NAZIR AHMED	2,000	686	-	2,686	-	-	686	-	686
116	MALIK MUHAMMAD YOUSAF OIL TRADERS 3-K.M. MAKKUANA BY PASS CHOWK TO KHURRIANWALA, CHAK NO.210/R B,TEHSIL JARANWALA, DISTT. FAI	MALIK MUHAMMAD IKRAM 33102-1763443-3	LAL DIN	6,000	2,575	-	8,575	-	-	2,575	-	2,575
117	MAQSOOD AHMAD POST OFFICE KHAS CHAK NUMBER 216 RB,MUHAMMAD WALA TEHSIL JARANWALA,DISTRICT FAISALABAD	33104-6216200-3	ABDUL GHAFOOR	481	570	-	1,051	-	-	569	-	569
118	HUMERA HAQ GOVT QANDIL SCHOOL FOR NABINA H NO 440 MOH KOHATI BAZAR JHELUM	41104-1940614-6	HAQ NAWAZ	417	215	-	632	417	-	215	-	632
119	SYED MUZAMMIL HUSSAIN OLD ANNEXE BUIDLING 2ND FLOOR ROOM 110 ADITONAL MIT IDER COURT SINDH SADDAR KARACHI	42101-0519921-1	ABID HUSSAIN	456	228	-	684	456	-	228	-	684
120	NAVEED ANWAR VILG KHAN HARI P.O DOGRI HARIN TEH PASRUR DISTT SIALKOT	34602-2607954-5	M ANWAR	380	204	-	584	380	-	204	-	584
121	BILAL AHMAD H NO 83 MOH MILLAT ROAD MILLAT TOWN BLOCK D FAISALABAD	33100-1457636-9	MUHAMMAD SAHRIF	328	184	-	512	328	-	184	-	512

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
122	RAJA ATIF MEHMOOD PRIVATE EDUCATION INSTITUTIONS REGULATROY AUTHORITY NEAR NOOR HOSPITAL AL FAROKI CENTRE G-8/4 ISLAMABAD	37405-1924977-3	ZULFIQAR ALI ZALFI	356	208	-	564	356	-	208	-	564
123	SADORO KHAN H NO A28/2 PHASE I GULISTAN E HADEED BIN QASIM TOWN KARACHI	43103-3274079-5	ABDULLAH	400	191	-	591	400	-	191	-	591
124	HUMAIRA H 675 ST 5 SEC A BABA CHOWK KASHMIR COLONY KORANGI RD NEAR DUBAI HOTEL KARACHI	42201-4195646-2	MEHGA MASIH	445	266	-	711	445	-	266	-	711
125	IREM CHUMAN H NO 7 GHALIB ST NO 23 GOWAL MANDI ROAD RAILWAY ROAD LAHORE	42301-8924301-6	CHUMAN REHMAT	470	272	-	742	470	-	272	-	742
126	LIAQAT ALI KHAN MRF AIRCRAFT HANGER PAC KAMRA ISLAMABAD	14202-8138827-1	GUL HASSAN KHAN	448	212	-	660	448	-	212	-	660
127	HASNAIN RAZA HOUSE NO 2 ST NO 3 NEAR MAIN BAZARCHUNGI AMER SADHU MAKHDOOMABAD LAHORE	35202-4849543-3	GHULAM SABIR	478	265	-	743	478	-	265	-	743
128	MUSHTAQ MOHAMMAD HOUSE NO 192 STREET NO 10 SECTORF-8 PHASE 6 HAYATABAD PESHAWAR	17301-1690982-7	SHAFI ULLAH	552	261	-	813	552	-	261	-	813
129	NAQI ABBAS 174 B POLICE QUARTER CIVIL LINE COLONY KHANEWAL	35202-2673238-7	MUNAWAR HUSSAIN	318	185	-	503	318	-	185	-	503
130	MUHAMMAD AFZAL MOHALLA GOJRA MUZAFFARABAD MUZAFFARABAD	34502-1528690-7	WAZIR AHMED	363	144	-	507	363	-	144	-	507
131	JAVEED IQBAL FOREST COMPLEX NEAR DISTRICT JAIL MULTAN	35202-7453647-3	CHAUDHARY INAYAT ALI	1,491	720	-	2,211	1,491	-	720	-	2,211
132	SYED ASIF ABBAS H NO 36 STREET NO 12 SATELITE TOWN BAHAWALPUR	36302-0427801-7	SYED MUMTAZ AHMAD HAMDANI	482	281	-	763	482	-	281	-	763

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
133	MUHAMMAD SALEEM AKHTAR HOUSE NO 48 SHAH SHAMS COLONY G O R-1 LAHORE	42301-0462743-1	KHADIM HUSSAIN	315	199	-	514	315	-	199	-	514
134	ZAHID HAMEED LONI JUSYAL PO LONI TESHIL KALAR SYEDA NEAR POLICE STA TION, DISTT RAWALPINDI	36102-7665877-9	ABDUL HAMEED	450	251	-	701	450	-	251	-	701
135	MUBASHIR ABBAS MALIK P I A OFFICE NEW AIPORT FATEH JHANG ISLAMABAD	61101-6309393-5	MALIK M ABBAS	476	282	-	758	476	-	282	-	758
136	ATHER SAEED ALAM H NO P-590 MASOODABAD FAISALABAD	33100-1970154-7	AFZAL SAEED ALAM	468	260	-	728	468	-	260	-	728
137	CH NOOR NABI CHAK 55 MB,KHUSHAB	38201-1764347-3	CH QAIL DIN	798	608	-	1,406	-	-	608	-	608
138	MUHAMMAD YAHYA KHAN VILLAGE MATTAM P/O KHAS TEH & DISTT HAFIZABAD	34301-1762420-7	IMDAD KHAN	1,198	906	-	2,104	-	-	834	-	834
139	MUHAMMAD ILYAS DERA KHALIQ PEHLWAN HOUSE 274 LANDA BAZAR ROAD BILAL COLONY SHEIKHUPURA	35404-8479506-7	KAUSAR MEHMOOD	2,189	724	-	2,913	-	-	724	-	724
140	S.B.STEEL DARGAI,MALAKAND AGENCY	GUL SHAHZADA 16101-9503713-1 MUHAMMAD SHOAIB 15307-5501579-1	SHER ALI KHAN SHER BAHADUR KHAN	5,491	3,253	-	8,744	-	-	3,253	-	3,253
141	MALAKAND STEEL HO DARGAI MALAKAND AGENCY BO NOWSHERA ROAD MARDAN.	GUL SHAHZADA 16101-9503713-1 MUHAMMAD SHOAIB 15307-5501579-1	SHER ALI KHAN SHER BAHADUR KHAN	10,667	6,320	-	16,987	-	-	6,320	-	6,320
142	RAFIQ CORPORATION SHOP NO.3 QUARTARA BUILDING ARBAB ROAD,PESHAWAR CANTT	SHAHZAD RAFIQ 17301-0525852-9	MUHAMMAD RAFIQ	4,149	1,808	-	5,957	-	-	1,558	-	1,558
143	SHAHZADA MUNAWAR JAVED KHUDAI BASTI KHUDAI MOUZA DAKHNA GHAROO POST OFFICE SAME TEHSIL KAHROR PACC DISTRICT LODHRAN	36202-9167510-1	FIDA HUSSAIN	2,800	721	-	3,521	-	-	663	-	663
144	TRYCOT SYNTHETIC FIBRE COMPANY PLOT 32 SECTOR 19,KORANGI INDUSTRIAL AREA,KARACHI	FARZANA NAEEM 42201-2810794-4	NAEEM AKHTER	17,336	9,523	-	26,859	2,715	-	8,176	1,347	12,238

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
145	CREATIVE COMPUTERS T-20, RAFI PLAZA, HALL ROAD, LAHORE	KHADIM HUSSAIN 35200-1429849-5	TALIB HUSSAIN	2,000	2,189	-	4,189	-	-	2,189	-	2,189
146	MUHAMMAD ALI MOUZA RAM PUR P/O MAIE SAPHOORAN TEHSIL PIR MAHAL DISTT TOBA TEK SINGH	33302-1357432-5	JAHANGIR KHAN	1,800	875	-	2,675	-	-	875	-	875
147	NINA INDUSTRIES LTD A-29/A,S.I.T.E., KARACHI	WAQAR AHMED SATTAR 42201-6071516-3 UROOJ SAEED 42301-5809641-9 KASHIF SAEED SATTAR 42000-5177233-5 SYED M. TAUQEER HASHMI 42401-5553740-1 MUHAMMAD AMJAD KHAN 42101-3062136-1	SHEIKH ABDUL SATTAR SAEED AHMED SATTAR SAEED AHMED SATTAR HAJI HAFIZ ABDUL SAMAD HASHMI MUHAMMAD AHMED KHAN	574,152	592,808	-	1,166,960	397,683	-	592,808	-	990,491
148	MUHAMMAD ARSLAN HOUSE NO 85 STREET NO 2, CHEEMA COLONY,SARGODHA	38403-8729676-9	MOHAMMAD AFZAL	2,229	814	-	3,043	-	-	793	-	793
149	AL HAMMAD DEPARTMENTAL STORE SHOP NO.91, AGRO SQUARE SHADMAN MARKET LAHORE	ZULFIQAR ALI DOOST 35401-1818646-3	MIR DOAST ALI	2,000	2,223	-	4,223	-	-	2,056	167	2,223
150	S. SAADAT ALI SHAH MOUZA AKBER SHAH P.O.LUDDEN,TEHSIL VEHARI DISTT. VEHARI	36603-3272940-5	DAULAT ALI SHAH	1,500	1,073	-	2,573	-	-	1,073	-	1,073
151	MUHAMMAD HAYAT MOUZA KAMALA,POST OFFICE RADHAN,TEH SAHIWAL DISTT SARGODHA	38402-2418895-7	MUHAMMAD KHAN	1,514	580	-	2,094	-	-	580	-	580
152	SHAHID HASAN KHAN ZAFAR KOT SHAH MUSTAQ P/O HUIRA SHAH MUQEEM TEH DEPALPUR	35301-2002480-3	MUHAMMAD ZAFAR KHAN	1,398	527	-	1,925	-	-	527	-	527
153	RIAZ ENTERPRISES RASOOL PURA KHAWAJA COLONY RAILWAY ROAD MULTAN	MUHAMMAD RIAZ 36302-9725474-7	SHEIKH NAZIR AHMAD	6,959	4,146	-	11,105	-	-	3,605	-	3,605
154	MUHAMMAD BOOTA VILL-CHAK HOSHYARA P O KHEWA BAJWA TEHSIL PASRUR DISTRICT SIALKOT	34602-0676666-5	AZIZ DIN	1,500	788	-	2,288	-	-	788	-	788

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				Principal	Mark-up (Debited +Un- Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
155	MANZOOR AHMED VILL MIANWALI,P/O KOKHAR WALI TEH NAROWAL	34501-2048545-9	MOHAMMAD YOUSAF	999	5,056	-	6,055	-	-	5,006	-	5,006
156	CH WAJID ALI QILA KONIAN P/O KOT, DIAYARAM DISTT,SHEIKHUPURA	35404-0848600-5	CH. WARIS ALI	3,337	2,457	-	5,794	-	-	2,450	-	2,450
157	MUHAMMAD KASHIF MOUZA AZMAT SHAH TEHSIL KAMALIA DISTT TOBA TEK SINGH	33302-6690062-3	MEHAR SHAH	834	906	-	1,740	-	-	810	-	810
158	GUJJAR OIL MILLS TANDLA BYPASS MORE SAMUNDRI TEH SAMUNDRI DISTT FAISALABAD	MUHAMMAD IMRAN 33105-5141512-5 MUHAMMAD ANWAR 33105-8929261-3	MUHAMMAD IRSHAD DIN MUHAMMAD	5,997	1,021	-	7,018	-	-	961	-	961
159	FAZAL HUSSAIN AND CO. RAILWAY ROAD KHANPUR	MUHAMMAD ASLAM CHUGHTAI 31301-5942009-3 SURRIYA BANO 31301-1146666-6 RAZIA BEGUM 31301-3344519-2 AHMED RAZA SADIQ 31301-7743424-1	TALIB HUSSAIN MUHAMMADASLAM CHUGHTAI FAZAL HUSSAIN NAZAR MUHAMMAD MALIK	3,888	3,487	-	7,375	-	-	3,235	252	3,487
160	MEHRAN RICE MILLS BADIN ABID TOWN NEAR MEMON MOHALLA BADIN DISTT BADIN	ABDUL REHMAN 41101-1800866-3	HAJI MUHAMMAD	10,000	1,563	-	11,563	-	-	1,563	-	1,563
161	SAMEER GENERAL STORE MEMON MOHALLA BHAN SAEEDABAD P/O BHAN TALKA SEHWAN SHARIF DISTT JAMSHORO	ZAHEER KARIM 41206-0146976-9	ABDUL KAREEM	1,500	526	-	2,026	-	-	526	-	526
162	FASHION OUTFITTERS (PVT) LTD 498/S BLOCK D PEOPLES COLONY FAISALABAD	BASIT MAJED 33100-1348448-9 REHNA IKRAM 33100-4082261-0	IKRAM MAJEED MIAN IKRAM MAJEED	13,500	11,952	-	25,452	-	-	9,952	-	9,952
163	BILAL SAAD RICE MILLS NARANG MANDI TEH FEROZWALA DISTT SHEIKHUPURA	MUHAMMAD TARIQ RASHEED 35401-4551278-9 AMJAD ALI 35401-4126486-5 SHEHBAZ AHMED 35401-1077829-7 GULZAR BEGUM 35401-4204219-6	MUHAMMAD RASHEED MUHAMMAD RASHEED MUHAMMAD RASHID MUHAMMAD RASHEED	12,513	6,436	-	18,949	-	-	5,660	776	6,436
164	IMRAN SHAHID H NO 28 BLK-Z ST NO 11 PEOPLES COLONY GRW	34101-3993729-9	M. SHAFI	1,190	1,191	-	2,381	-	-	1,191	-	1,191

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
165	CHAKWAL FEEDS (PVT) LTD 4 KM SARGODHA ROAD CHAKWAL	QAZI MUHAMMAD AKBAR 61101-2424774-5 SIDDIQUE AKBAR 61101-4011507-7	QAZI ABDUL KAREEM QAZI MUHAMMAD AKBAR	28,893	18,664	-	47,557	-	-	17,557	-	17,557
166	MALIK BROTHERS COTTON WASTE FACTORY STREET MOH MALIK POORA COTTON SOAP FACTORY BHIKHI TEH & DIST SHEIKHUPURA GUJRANWALA	ABDUL HAFEEZ ANJUM 35404-1602299-5	MUHAMMAD SARDAR	9,999	2,529	-	12,528	-	-	2,528	-	2,528
167	E.TECH COMPUTER RECYCLING P-1, GULZAR PURA, SHAHZAD COLONY MAIN SATYANA ROAD FAISALABAD	SYED AFSAR ALI 33100-5424541-9 NAJAM ALI KAZMI 33100-6325943-1	ASAD KAZMI ASAD KAZMI	995	3,175	-	4,170	-	-	3,170	-	3,170
168	AHSAN NAVEED THATHI JALAL TEH. SAHIWAL DISTT. SARGODHA	34101-9860371-3	TANVEER AHMED	1,157	560	-	1,717	-	-	560	-	560
169	SYED ZAHEER UL HASSNAIN HOUSE NO B6/1 MUHALLAH HDA EMPLOYERS CO OPERATIVE SOCIETY HYDER ABAD	42201-0439054-1	NOOR ELLAHI	1,726	564	-	2,290	-	-	541	-	541
170	AL HAMD AGRO SERVICE DAMER WALA ROAD MAHRA KHAS P/O MAHRA TEH DISTT MUZAFFARGARH	MUKHTIAR AHMAD 32304-1603437-3	KRIM DAD	220	503	-	723	-	-	459	44	503
171	CH TAHIR AHMED VILL KOURPUR CHEEMA PO. BADDOKY TEH DASKA DISTT SIALK	34601-0776921-1	CH. QAMAR MOHIUDDIN	2,000	595	-	2,595	-	-	595	-	595
172	ESQUIRE MEDICINE 262 REWAZ GARDEN LAHORE	EHSAN ULLAH 35404-2407744-1 M. ARSHAD CHEEMA 35202-7748430-1	MUHAMMAD AKRAM NAWAB KHAN CHEEMA	212	578	-	790	-	-	560	-	560
173	HAJI AHMED HOUSE NO 36 MUHALLA SATHIA HOUSE GHARIB ABAD TANDO MUHAMMAD KHAN	41308-5483513-5	RAHEEM DINO	499	569	-	1,068	-	-	568	-	568
174	MUDASSIR DEPARTMENTAL STORE HASSAN PARWANA COLONY OLD SABZI MANDI RD MULTAN	MUDASSIR HUSSAIN 36302-6724278-9	ZAWAR HUSSAIN SAJID	3,995	671	-	4,666	-	-	666	-	666
175	CHOICE PALACE ALI BAZAR NOOR MUHLLAH ICHHRA LAHORE	AMJAD JAVED 35202-2717525-9	MUHAMMAD TUFAIL	8,998	8,523	-	17,521	-	-	7,491	490	7,981

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
176	MALIK MUHAMMAD BUX CHAK NO.357/TDA P/O CHOWK AZAM DISTT. LAYYAH	32203-3467640-9	MALIK ALLAH BUKSH	889	541	-	1,430	-	-	530	-	530
177	HABIB CHEMICAL STORE HABIB CHEMICAL KHALI GATE OPPOSITE WARID FRANCHISE HAFIZABAD ROAD GUJRANWALA	HABIB GHULAM 34101-2388832-3	MUHAMMAD INAYAT	9,996	2,191	-	12,187	-	-	2,187	-	2,187
178	RAFIQ AKRAM 259 A GOR V FAISAL TWON LAHORE	34101-4775751-3	MUHAMMAD AKRAM	2,309	1,737	-	4,046	-	-	1,737	-	1,737
179	ABDUL RASHID GALI SAIN PIR BUKSH 7 259 RANG PURA SIALKOT	34603-3610099-9	SH. BASHIR AHMED	1,622	767	-	2,389	-	-	767	-	767
180	ALHAMDULILLAH CORPORATION GRAIN MARKET CHICHAWATNI CITY TEH CHICHAWATNI DISTT SAHIWAL	MUHAMMAD MANSHA 36501-1149385-9 ABDUL GHAFAR 36501-7545235-3	MUHAMMAD DIN MUHAMMAD DIN	3,099	762	-	3,861	-	-	761	-	761
181	MUHAMMAD INAM CHAK HELA WATTOOAN P.O BUNGA HAYAT TEHSIL AND DISTT PAKPATTAN	36402-3993154-7	MUHAMMAD ALI	1,114	1,298	-	2,412	-	-	1,298	-	1,298
182	ASHRAF ALI BHULLA ST # 10 MUHALLAH SULTAN PARK MURIDKE TEH FEROZWALA DISTT SHEIKHUPURA	35401-4680055-3	KHUSHI MUHAMMAD	1,049	703	-	1,752	-	-	602	-	602
183	UMAR LIAQAT HOUSE NO.93, MOHALLAH GHALLA MANDI CHAK JHUMRA DISTT. FAISALABAD	33101-9785613-5	LIAQAT ALI	3,499	1,146	-	4,645	-	-	1,145	-	1,145
184	MAZHAR IQBAL NAUKOAT ROAD PANGRIO TALUKA TANGO BAGO DISTT BADIN	41104-0191926-7	MUHAMMAD RAFIQUE	2,000	937	-	2,937	-	-	937	-	937
185	QAYOOM ANWAR FEHARI NAOUKOAT ROAD PANGRIO P/O NA OUKOAT TALUKA TANDO BAGO DISTRICT BADIN	41104-0191922-1	MUHAMMAD RAFIQUE	2,000	957	-	2,957	-	-	957	-	957
186	IDARA E IMTIAZ IDARA-E-IMTIAZ BUILDING FACTORY AREA FAISAL ABAD	MIAN IMTIAZ KARIM 33100-0326653-9	BASHIR AHMED	5,000	4,772	-	9,772	-	-	4,570	202	4,772

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
187	JAVED HUSSAIN EDAN GARDEN H 221 A GAJO MATA MAIN FEROZE PUR ROAD LAHORE	31302-5694891-3	GHULAM YASEEN	399	169	-	568	399	-	169	-	568
188	MUHAMMAD RASHID BLOCK NO 02 ISLAMIA COLONY NEAR FILTER PLANT BAHAWALPUR	31201-3528852-1	MUHAMMAD SHAFI	427	161	-	588	427	-	161	-	588
189	MUHAMMAD SAMI ULLAH HOUSE NO K 30 PH 02 DEFENCE VIEW KARACHI	32102-5466358-1	MUHAMMAD HANIF	412	176	-	588	412	-	176	-	588
190	SANA ULLAH H NO 9 ST 2 BHATTI COLONY MODEL TOWM LINK ROAD LAHORE	35202-3630017-9	MUHAMMAD SALEEM	409	191	-	600	409	-	191	-	600
191	MOHAMMAD NAVEED Q 141/2 FAMILY ,COLONY SYLE TEXTILE 04 18 KM MULTAN ROAD LAHORE	35202-7820537-5	MUHAMMAD ISHAQ	394	171	-	565	394	-	171	-	565
192	AZIZ AHMAD MAIN MALL ROAD SHAHEEN AIR PESHAWAR CANTT PESHAWAR	17301-1676357-1	MUHAMMAD HASSAN	494	211	-	705	494	-	211	-	705
193	KHALID HAMEED SHAHEEN AIR LINE NEAR CIVIL AVIATION AUTHORITY PESHAWAR	17301-1754706-7	MUHAMMAD MOBEEN	366	190	-	556	366	-	190	-	556
194	ASGHAR ALI HOUSE NO 3 ST 02 MUHALALH SHANABAD SHIRA KOT BUND ROAD LAHORE	35401-1636699-7	MUHAMMAD RAMZAN	443	165	-	608	443	-	165	-	608
195	SHAH FAISAL ANWAR HOUSE # 31 A STREET # 3 RAVI STREET HAJVERY TOWN MULTAN ROAD LAHORE	54400-9652214-1	MUHAMMAD ANWAR	484	249	-	733	484	-	249	-	733
196	UMER MAQSOOD HOUSE NO 3,STREET NO 2, SHARIF COLONY,NEAR DELTA ROAD GUJRANWALA	34101-2562015-5	MAQSOOD AHMAD	411	214	-	625	411	-	214	-	625
197	MUHAMMAD RASHID 11149 ELITE FORCE QURBAN LINE, LAHORE	35202-4962199-1	MUHAMMAD ARSHAD	401	175	-	576	401	-	175	-	576
198	NADEEM ANJUM 23 E RASOOL PARK BANK COLONY ICHRA LAHORE	36401-8651110-3	ABDUL MAJEED	469	187	-	656	469	-	187	-	656

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
199	MAQBOOL AHMED RAHOO HOUSE NO-PVT-8-A G O R COLONY UNIT NO-1 LATIFABAD HYDERABAD	41304-6085636-9	HAJI ALI NAWAZ RAHOO	2,473	2,017	-	4,490	-	-	2,017	-	2,017
200	IQBAL BROTHERS ENGG WORKS DATA STREET MAQBOOL ROAD NEAR INSAF PRINTING MILL FAISALABAD	MUHAMMAD IQBAL 33100-7703197-5	LIAQAT ALI	2,450	873	-	3,323	-	-	823	-	823
201	KHALID LATIF VILLAGE KOT PANAH P/O GAJAR GOLA TEH.HAFIZABAD, DISTT HAFIZABAD	34301-5621401-9	GHULAM QADIR	1,021	524	-	1,545	-	-	520	-	520
202	CHANAB DITRIBUTORS ANJUM ROAD GHARIB PURA GUJRAT	SYED RAHEEL IMAM 34201-0471883-9	SYED HUSSAIN IMAM	4,500	4,317	-	8,817	-	-	4,317	-	4,317
203	MIAN BROTHERS P/58 IRON MARKET DIJKOT ROAD FAISALABAD	RIAZ AHMED 33100-6806835-7	SARDAR MUHAMMAD	5,500	3,723	-	9,223	-	-	3,217	-	3,217
204	MIAN TRADERS GHALLA MANDI, MURIDKE ROAD NEAR GOAL CHAKAR NARANG MANDI	MUMTAZ ALI 35401-1635010-3	NAZIR AHMED	1,500	1,122	-	2,622	-	-	1,122	-	1,122
205	NAVEED AHMED VILL. & P/O THATI JALAL TEH.SAHIWAL DISTT.SARGODHA	34101-6663060-1	MUHAMMAD ISHAQ	950	534	-	1,484	-	-	534	-	534
206	JAFIR TRADERS SHOP NO. 77 NEW SABZI MANDI SHAH RUKNE ALAM MULTAN	GHULAM JAFIR 36302-2042265-3	FALAK SHER	5,996	977	-	6,973	-	-	973	-	973
207	CLARE OIL MILLS CHAK NO 214/JB MOCHIWALA 25 KM FAISALABAD ROAD JHANG	MUHAMMAD SAEED KHALID 33100-0985654-7	FARZAND ALI	8,299	9,591	-	17,890	-	-	8,390	-	8,390
208	CHISHTIA ELECTRONICS OPP NOVELTY CINEMA MULTAN ROAD MUZAFAR GARH TEHSIL & DISTRICT MUZAFARGARH	MUHAMMAD ISMAIL SHAD 32304-6982007-3	MUHAMMAD HANIF	1,500	1,473	-	2,973	-	-	1,473	-	1,473
209	ZAFAR ABBAS GALI # 42 NAWAN SHAHER GHARBI KABIR WALA	36102-4635532-1	SHER MUHAMMAD	598	818	-	1,416	-	-	816	-	816
210	KHAWAJA FAREED AGRO SERVICES BASTI MUDWALA P.O MUDWALA TEHSIL ALI PUR DISTT. MUZAFFAR GARH	MALIK ABDUL SATTAR 32301-8214058-1	MALIK GHULAM HAIDER	600	505	-	1,105	-	-	505	-	505

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211	AL MEHMOOD MEDICAL COMPLEX WARD NO.4 HOUSE NO.316/19 STREET NO.1 MOHALLAH MANZOOR ABAD LAYYAH	MUHAMMAD MEHMOOD 32203-6812158-9	MUHAMMAD SULEMAN	1,200	1,756	-	2,956	-	-	1,756	-	1,756
212	ASIF TRADERS GALI NO 1 SHOP NO.1 SHARIF MARKET FAISALABAD	MUHAMMAD ASIF 33100-8921772-7	REHAM DIN	4,499	4,778	-	9,277	-	-	4,172	606	4,778
213	RASHID AHMED SUKHERA MUHALLA SADAT NEAR TUNK STREET BAHAWALNAGAR	31101-1638863-9	MIAN NAZIR AHMED	1,600	1,119	-	2,719	-	-	1,119	-	1,119
214	ALI & SAMEER INTERNATIONAL P-572,HAJIABAD,SHEIKHUPURA ROAD FAISALABAD	ARIF SAEED PARACHA 42301-2408172-5 MOIZ ALI ASIF 33100-1064339-3	AHMED SAEED PIRACHA ASIF SAEED PARACHA	64,000	22,414	-	86,414	-	-	22,414	-	22,414
215	ALI AKBAR TUNIO FARIDABAD ROAD MEHAR P/O MEHAR TALKA MEHAR,DADU	41205-0995714-9	SHAHABUDDIN	395	652	-	1,047	-	-	460	192	652
216	SARDAR GHULAM MUSTAFA SAMARO DEH 326 TEH SAMARO KOT GHULAM MUHAMMAD, UMAR KOT	44106-3397355-5	GHULAM RASOOL	998	526	-	1,524	-	-	524	-	524
217	MAHAR FILLING STATION MARRI PO MARRI TEHSIL SARGODHA DISTRICT SARGODHA	MAHR MUHAMMAD AKRAM 38403-2177485-5	MAHR SHAH MUHAMMAD LAK	5,000	1,478	-	6,478	-	-	1,478	-	1,478
218	RIZWAN IFTIKHAR HOUSE NO 11 SHAMASABAD COLONY EID GHAAH ROAD, MULTAN	36302-5614112-5	MAHAR IFTIKHAR HUSAIN KHAN	1,499	1,600	-	3,099	-	-	1,449	-	1,449
219	MAJID KHAN VILLAGE DABHARO TALUKA TALHAR DISTT BADIN	41105-9921284-9	MIR GHULAM MUHAMMAD	500	652	-	1,152	-	-	652	-	652
220	M ISMAIL IRON & CEMENT MARCHANT MAIN ROAD TALHAR, BADIN	MUHAMMAD ISMAIL 41105-4968043-7	HAJI AHMED ALI	1,500	939	-	2,439	-	-	939	-	939
221	M.A. BUSINESS INTERNATIONAL 40 K M MULTAN ROAD MANGA MANDI, LAHORE	MIAN RIAZ AHMAD 35200-1471168-3 FAYYAZ AHMAD NOORANI 35202-2206439-9 MUHAMMAD ADIL 35202-2870254-7	MUHAMMAD YASIN MIAN MUHAMMAD YASIN MIAN MUHAMMAD YASIN	19,998	6,845	-	26,843	-	-	6,843	-	6,843
222	NASIR AND CO ZIA CLOTH MARKET,ZIA PLAZA NEA R BABY BAKERY, GUJRANWALA	TALAT ZIA 34101-8203971-1	ZIA ULLAH	15,000	10,075	-	25,075	-	-	10,075	-	10,075

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223	KHAN AUTOS CHOUBARA ROAD LAYYAH DISTT. LAYYAH	MUHAMMAD YOUSAF KHAN 32203-8771228-9	LAL SANAT SHAH	2,720	3,664	-	6,384	-	-	2,964	-	2,964
224	AL MUMTAZ SHOPPING CENTER ANAR KALI BAZAR SAMUNDRI TEH SAMUNDRI	MUHAMMAD ASHRAF RAZA 33105-8915076-9	MUHAMMAD NAZIR	2,974	2,119	-	5,093	-	-	1,953	-	1,953
225	RAHAT TRADERS RAHAT TRADERS NOON MARKEET NEAR PETROLLING CHACK POST MAI LSI ROAD TEHSIL KAHROR PACCA	AMJAD FAROOQ NOON 36202-4266861-1	RANA MUHAMMAD MANZOOR NOON	1,050	775	-	1,825	-	-	725	-	725
226	WAQAS WEAVIG FACTORY MADINA ABAD STREET NO 2 CHAK NO 279 R B FAISALABAD	RANA MUHAMMAD AMIN 33102-1822421-9 WAQAS AMIN 33100-3113801-7	ABDUL REHMAN KHAN RANA MUHAMMAD AMIN RANA	9,991	1,838	-	11,829	-	-	1,838	-	1,838
227	R R TRADERS NEAR SHAHZAD MARKET BEHIND H B L MUHAMMAD ABAD BRANCH SATYANA ROAD FAISALABAD	AMJID BASHIR 42301-7838015-9	RAJA BASHIR AHMED	9,191	8,382	-	17,573	-	-	8,173	-	8,173
228	KHIZAR HAYAT MOH FATEH KHAN KHEL NEW ROAD MINGORA TEH & DSIT SWAT	15602-2644431-7	MUSHARAF KHAN	514	228	-	742	514	-	228	-	742
229	MUHAMMAD BASSAM KHAN H 974 ST 27 A OVERSEAS SECTOR 3 BAHRIA TOWN PHASE 8 ISLAMBAD	33100-1203622-9	MUKARRAM ALI KHAN	417	209	-	626	417	-	209	-	626
230	KHAWAJA MUHAMMAD JAVAID HOUSE NO 2 KOREJA MANZIL KHAWAJGANMUHALLA KANJO TEH DSIT RAHIM YAR KHAN	31303-2439269-3	GHULAM SARWAR KOREJA	428	215	-	643	428	-	215	-	643
231	KHALID HUSSAIN HOUSE NO 64/9 AMF COLONY KAMRA ATTOCK	45401-4250523-9	JAN M	390	199	-	589	390	-	199	-	589
232	QADEER AHMED H NO 3 7 MOHALALH KOCHA KHORA ANDRON DEHLI GATE	42201-9791448-3	ABDUL QAYYUM BABERI	373	171	-	544	373	-	171	-	544
233	MUHAMMAD IDREES AHMAD QADARI CANTT SCHOOL MILLAT ROAD NEAR FARDOUS PARK GHAZI ROAD, LAHORE	35202-4035571-5	IFITKHAR AHMED QADRI	429	196	-	625	429	-	196	-	625

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S. No.	Name & Address of the Borrower	Name of Proprietor/Partners/ Directors (with NIC No.)	Father's /Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Charges Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
234	MUHAMMAD ZEESHAN YOUSAF H NO 309 2B AL MUHAFIZ COLONY NAWA KILLI, QUETTA	54401-7915783-1	MUHAMMAD YOUSAF	361	187	-	548	361	-	187	-	548
235	SABEEH UL HASSAN KHAN 1D GULBERG 11 NEAR SHAD MANI MARRIG HALL ZAHOOB ELAHI ROAD, LAHORE	33105-6473277-5	ZAMEER UL HASSAN	463	245	-	708	463	-	245	-	708
236	AHSAN ENGINEERING 49.SHAHEED GANJ BAZAR LAHORE	MUHAMMAD AHSAN 35202-2837743-7	MUHAMMAD ZAKIRA	1,800	2,153	-	3,953	-	-	1,865	-	1,865
237	SYED TANVEER HUSSAIN SHAH VILLAGE RAHGO SYEDAAN. P/O KOLO TARAR DISTT HAFIZABAD DAIRA YASEEN SHAH	34301-9898691-3	SYED SHABBIR HUSSAIN	8,000	1,503	-	9,503	-	-	1,503	-	1,503
238	IMRAN IFTIKHAR HIRAJ HOUSE NO 11 SHAMASABAD COLONY EID GHAAH ROAD	36302-6000967-3	MAHAR IFTIKHAR HIRAJ	986	1,523	-	2,509	-	-	1,261	-	1,261
239	SHAHAB HOSIERY PLOT NO.209 210 SECTOR 24 KORANGI INDUSTRIAL AREA KARACHI	MUHAMMAD SULEHEEN 42101-1623874-3	SYED NAWAB ALI	2,799	3,961	-	6,760	-	-	1,660	-	1,660
240	MUHAMMAD IRFAN QAZI HOUSE NO 643/8 ROAB QABRASDAN CHOWK NIAI TEH GUJRANWALA	34101-2542786-5	ZAFAR UL ISLAM QAZI	1,345	1,056	-	2,401	-	-	751	-	751
241	MUHAMMED SALEH VILL JARANWALA P/O KHAS TEHSIL DASKA	34601-6812200-5	MUHAMMAD SADIQ	1,500	957	-	2,457	-	-	808	-	808
242	ADNAN YOUSAF FLAT NO 6 3RD FLOOR HAMZA CENTRE WAPDA TOWN GUJRANWALA	37405-0259891-3	MUHAMMAD YOUSAF	438	219	-	657	438	-	219	-	657
243	MUHAMMAD IBRAHIM JILANI COLONY AQAL ONE UNIT COLONY FLAT 6 ST 4 TEH & DIST BAHAWALPUR	31202-0282390-5	HASHIM ALI	421	168	-	589	421	-	168	-	589
244	FIDA HUSSAIN H NO 138 ST NO 10 SECOTRY E 11/1 2ND FLOOR GOLRA, ISLAMABAD	35202-1452307-9	TALIB HUSSAIN	369	178	-	547	369	-	178	-	547
245	MUHAMMAD ALI MUJAHID H NO 68 7 ST NO 8 MOHALLAH BAKRA MANDI RWOP, RAWALPINDI	37405-0769319-5	NOOR ALAM	608	306	-	914	608	-	306	-	914

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Rs in '000

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
246	SILAS H NO 2/4 SURVEY NO 87 GOLDEN TOWN AIRPORT, KARACHI	42201-9798952-9	REHMAT	665	308	-	973	665	-	308	-	973
247	KHALID SALEEM ABBASI FLAT NO 1 BLOCK 60 I T & T COL ONY G 10 4 ISB	37404-4314061-7	MUHAMMAD SALEEM	335	171	-	506	335	-	171	-	506
248	YAKOOB MASIH HOUSE NO W 48 N 49 SECTOR 48 F GALI NO 5 KORANGI 2 1/2, KARACHI	42201-3779736-9	INAYAT MASIH	377	187	-	564	377	-	187	-	564
249	LIAQAT SALEEM OIL MILLS QILLA DAWOOD KA MANGA MANDI DISTT LAHORE	MUHAMMAD SALEEM AKHTER 35202-7972298-1	ALLAH DITTAH	3,997	4,181	-	8,178	-	-	3,878	-	3,878
250	YASIN CLOTH HOUSE YASIN CLOTH HOUSE ANARKLI BAZAR LAYYAH DISTT LAYYAH	MUHAMMAD YASIN 32203-5676341-9	SHABIR AHMAD	490	563	-	1,053	-	-	563	-	563
251	CHOUDARY ASHRAF & SONS NAZIR SALEEM SABZI MANDI G.T ROAD KOT SHAHAN GUJRANWALA	MUHAMMAD ADNAN 34101-5187196-7	MUHAMMAD ASHRAF	2,000	685	-	2,685	-	-	685	-	685
252	SAMAR MEHMOOD MOHALA GULISTAN COLONY NUMBER 2 CHUNGI AMAR SADHU LAHORE	35102-0879312-0	MEHMOOD AHMED	563	276	-	839	563	-	276	-	839
253	BASIT ALI 92 TEM PLE ROAD MOZANG LAHORE	33303-5411165-3	TOUNIS ALI	463	196	-	659	463	-	196	-	659
254	MUHAMMAD ABDUL BASIT HOUSE NO 16 STREET NO 1 SECTOR A DHA-1 NEAR FAUJI FOUNDATION HOSPITAL RAWALPINDI ISLAMABAD DHA	31304-0460926-3	ZAHOOB AHMAD	469	151	-	620	469	-	151	-	620
255	MUHAMMAD AWAS KHAN B NO 128 4 AIR MEN MESS PAF ACADEMY RISALPUR TEH & DISTT NOWSHERA	38302-1321839-9	ISHAQ KHAN	393	191	-	584	393	-	191	-	584
256	RIAZ AHMED KHAN VILLAGE DARKHANANDEH AYUN POST OFFICE AYUN TEHSIL AND DISTRICT CHITRAL	15202-0808147-5	ISRAR AHMAD KHAN	460	76	-	536	460	-	76	-	536
257	HARJEVAN H NO G 2 KESC POWER HOUSE KARACHI	42301-7573712-1	RAMJEE	375	207	-	582	375	-	207	-	582

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Rs in '000

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
258	MUHAMMAD ISLAM ANJUM H # 11-B 1ST FLOOR COMMERCIAL MARKET NAWAB TOWN, LAHORE	35202-2799147-5	UMER DIN	1,459	232	-	1,691	1,459	-	232	-	1,691
259	SAYED KOSAR ABBAS KAZMI GT ROAD SAWAN CAMP POST OFFICE MODEL OPPOSITE YUSRA MEDICAL COLLAGE GEMENAI DEVELOPER, TOWN HUMMAK ISLAMABAD	61101-1723775-1	SYED BASHIR HUSSAIN KAZMI	1,498	291	-	1,789	1,498	-	291	-	1,789
260	MUSTAFA AMJAD CHAIRMAN HOUSE NO 1 CANAL BANK ROAD TOKAR NIAZ BAIG, LAHORE	35202-8343887-9	MUHAMMAD AMJAD	858	166	-	1,024	858	-	166	-	1,024
261	CH RAFI AHMAD MUZA HUSSAN PURA NEAR MAIN BAZAR P/O KHAS TEHSIL KABIRWALA, MULTAN	36102-5351756-1	CH MUHAMMAD SHAFIQ	460	119	-	579	460	-	119	-	579
262	IRFAN RAFI G 9 ILAHI ARCADE 26 EMPRESS ROAD, LAHORE	35202-2384973-5	MUHAMMAD RAFI	485	91	-	576	485	-	91	-	576
263	BILAL TAHIR BAIG HOUSE NO 1 STREET NO 11 MOHALLA NEW GULZAR E QUAID, RAWALPINDI	37405-3260895-1	TAHIR AHMED BAIG	468	81	-	549	468	-	81	-	549
264	MIRZA JAMSHAD BAIG P-57 RAPID BLOCK GREEN TOWN MILLAT ROAD, FAISALABAD	33100-1402750-5	MIRZA KHAQAN BAIG	700	137	-	837	700	-	137	-	837
265	SHAHZAD AFZAL PARACHA RAVIAN INTERNATIONAL AGENCY 350, 3RD FLOOR ASHIANA SHOPPING CENTRE 78-D-I,MAIN BOULEVARD, GULBERG III NEAR LIBERTY CHOWK, LAHORE	42301-0424229-1	MIAN M AFZAL PARACHA	482	103	-	585	482	-	103	-	585
266	MUHAMMAD ALI LIFE CARE PHARMACY MAQSOODA ZIA HOSPITAL, FAISALABAD	33102-0721887-3	ALLAH DITTA	494	101	-	595	494	-	101	-	595
267	HAMID ZAFAR P-2 ST#1 MAQSOODA ABAD CHAK JHUMRA, FAISALABAD	33101-6821342-9	MUZAFAR ALI MUZAFAR	637	136	-	773	637	-	136	-	773

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
268	SHAHZAD SHARIF CHAK NO 120 GB MAHARANWALA TEHSIL JARANWALA, FAISALABAD	38101-7296441-5	MUHAMMAD SHARIF	540	136	-	676	540	-	136	-	676
269	IFTIKHAR ALI C/O IFTIKHAR ALI GARDEN TOWN GOJRA DISTT TOBA TEK SINGH, FAISALABAD	33100-1016410-3	MUHAMMAD RAFIQUE	553	94	-	647	553	-	94	-	647
270	NAIMA REHAN FLAT- A8 GULBERG SQUARE BLOCK 16 FEDRAL B AREA, KARACHI	42101-0402228-0	SYED REHAN AHMED	500	106	-	606	500	-	106	-	606
271	FAISAL SHAMIM PLOT#4- A LOURANCE ROAD FURNITURE PAKISTAN, LAHORE	35202-2919585-9	SHAMIM AKHTAR	656	127	-	783	656	-	127	-	783
272	IMRAN ISMAIL FLAT NO. D-5 PLOT NO. 255 NOOR MEHAL SOCIE	42201-0528976-7	ISMAIL	999	201	-	1,200	999	-	201	-	1,200
273	RAHEEL MUKHTAR C/O G M TRADERS 1ST FLOOR MOHALLAH ISLAM NAGAR NEAR IQBAL BAZAR KAMALIA	33302-8630114-1	MUKHTAR AHMED	498	106	-	604	498	-	106	-	604
274	CHAUDHARY FARHAN ZAFAR CHEEMA DASTGIR TOWN PASRUR ROAD VILLAGE JANDIALA BAGHWALA TEH & DISTT, GUJRANWALA	34101-2410261-7	CH ZAFAR ULLAH CHEEMA	476	129	-	605	476	-	129	-	605
275	ASIF JAVED ANWAR CHAK NO 209 GB P-O KHAS SAMUNDRI, FAISALABAD	33303-3230541-3	ANWAR ALI	499	79	-	578	499	-	79	-	578
276	ANWAR RODNEY RAHMAN HOUSE # 92/1 STREET# 18, PHASE-VI, KHAYABAN E RAHAT,DEFENCE, KARACHI	42201-9621770-9	NOT AVAILABLE	464	108	-	572	464	-	108	-	572
277	SHABBIR AHMED 18/2, STREET J, OFF KHY E MUHAFIZ,DHA PH 6, KARACHI	42301-1499869-5	NOT AVAILABLE	480	63	-	543	480	-	63	-	543
278	MUHAMMAD IQBAL HOUSE-947, REXAR LANE MANA SHAH RD, LEE MKT.STREET-5, SINDH, KARACHI	42301-7780329-1	NOT AVAILABLE	470	136	-	606	470	-	136	-	606

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Rs in '000

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
279	SHEIKH MUHAMMAD SAEED 510-H-BLOCK, GULSHAN-E-RAVI, PUNJAB, LAHORE	35202-3035196-1	NOT AVAILABLE	412	103	-	515	412	-	103	-	515
280	ALI AKBAR ZAIDI HOUSE# 14 MOHALLA REGAL, CHOWK, THE MALL, STREET # 14 PUNJAB, LAHORE	35202-2300799-9	NOT AVAILABLE	430	109	-	539	430	-	109	-	539
281	MALIK AZHAR IQBAL HOUSE NO 82, BLOCK A, VALANCIA HOUSING SOCIETY, LOHARE , PUNJAB	35202-2569577-7	NOT AVAILABLE	609	142	-	751	609	-	142	-	751
282	UMAR ABDULSATTAR HOUSE # 158, B-BLOCK GULFISHAN COLONY JHANG ROAD, FAISALABAD	6593311000021	M YOUSUF ABDULSATTAR	998	249	-	1,246	998	-	249	-	1,246
283	UZMA SHAHEEN STREET NO. 06 PROFESSOR BLOCK NEAR RABBANIA MASJID SHALIMAR PARKCITY/PPOSTAL CODEFAISALABAD	3540475392592	M ARSHAD PAPU	628	111	-	739	628	-	111	-	739
284	BILAL AKHTAR H NO 254 ST 04 MOH GILLANI TEHSIL JARANWALA DISTT FAISLABAD	3310447216121	AKHTAR HUSSAIN	523	103	-	626	523	-	103	-	626
285	QURBAN ALI CHAK NO 203 RB MALIKPUR P O NISHATABAD SHEIKHUPURA NEAR IMAM BARGAH, FAISALABAD	3310065487309	MUHAMMAD RAFIQUE	546	66	-	612	546	-	66	-	612
286	SHAH JAHAN AKRAM H NO P 1203 ST NO 2 , CHAK 120 SARGODHA ROAD, ALI TOWN NEAR JANAZA GAH, FAISALABAD	3310041871289	M AKRAM	495	112	-	606	495	-	112	-	606
287	ADILA ASIF CHAK NO 209 G.B. LODI NANGAL P-O KHAS TEH SAMUNDRI DISSTT, FAISALABAD	3310558785110	ASIF JAVED ANWAR	498	104	-	602	498	-	104	-	602
288	RANA AHSAN UL HAQ HOUSE # P-174 GALI # 6 MUHALA ILYAS PARK, FAISALABAD	3310020623073	MUHAMMAD ASHRAF	500	101	-	601	500	-	101	-	601

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
289	MUHAMMAD ILYAS SAMUNDRI ROAD STREET # 9 RASOOL PURA NEAR GRID STATION CHAK # 223 RB, FAISALABAD	3310081189315	MUHAMMAD IRSHAD	471	129	-	599	471	-	129	-	599
290	SHAH JAHAN AKRAM HOUSE # P-1203 STREET # 2 ALI TOWN # 2 CHAK # 120 J B SARGODHA ROAD, FAISALABAD	3310041871289	M AKRAM	490	104	-	593	490	-	104	-	593
291	SAQIB SOHAIL HOUSE NO 08,ST NO 3, BLOCK Z, MADINA TOWN, FAISALABAD	3310005743715		554	153	-	706	554	-	153	-	706
292	SAQIB SAEED P-439 NEAR TAZAB MILLS, JADRANWALA ROAD, NAIMAT COLONY1 PUNJAB, FAISALABAD	3310091892467		491	127	-	618	491	-	127	-	618
293	SAGHEER AHMED RAAN HOUSE KOTLI MACHRANWAN FEROZWALA ROAD, GUJRANWALA	3410126869949	NAZEER AHMED	539	90	-	629	539	-	90	-	629
294	NADEEM SADIQ CHEEMA HOUSE NO.75 PHASE II GUJRANWALA CANTT, GUJRANWALA	3410423640063	MOHAMMAD SADIQ CHEEMA	474	153	-	626	474	-	153	-	626
295	IRAM NADEEM CHEEMA HOUSE#75, PHASE II GUJRANWALA CANTT, GUJRANWALA	3410434879772	NADEEM SADIQ	475	107	-	581	475	-	107	-	581
296	AZAM KHAN PO KHAS DULAT NAGAR TEH DIST GUJRAT, GUJRAT	9100569526359	REHMAT KHAN	695	196	-	891	695	-	196	-	891
297	GHULAM MUSTAFA PUNJAB MARKET SHAH CENTRE G 13/4, ISLAMABAD	1350374937359	MUSA KHAN	474	115	-	589	474	-	115	-	589
298	MUHAMMAD CHANZEB ABBASI H-41, ST-6, F 8/3, ISLAMABAD	6110154124473	MEHBOOB KHAN ABBASI	478	52	-	530	478	-	52	-	530
299	ZAHID WAHEED BUTT F-8/3 H # 14-A,ST #12 CAPITAL., ISLAMABAD	6110118813915		501	-	-	501	501	-	-	-	501
300	MUHAMMAD SULTAN SHOP NO 6 & 7 SHAMS CHAMBER SHAHRAH E LIAQUAT, KARACHI	4230183047795	SADRUDDIN	698	150	-	848	698	-	150	-	848

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
301	ZAKEEN KHAN HERITIES OFFICE#01, 3RD FLOOR 26TH STREET, PLOT 23-C BADAR COMMERCIAL AREA PHASE-5, DHA, KARACHI	4240191524237	REHMAN GUL	622	154	-	776	622	-	154	-	776
302	ZAHD HUSSAIN TANVEER HOUSE NO A-333 BLOCK-2 GULSHAN IQBAL NEAR RUB MEDICAL CENTER, KARACHI	4220197381573	SHEIKH NOOR HUSSAIN	486	116	-	602	486	-	116	-	602
303	ZEENAT ZAFAR FLAT NO A-3 ABID APPARTMENT BLOCK 2 GULSHAN E IQBAL, KARACHI	4220131768448	ZAFAR H RIZVI	484	109	-	593	484	-	109	-	593
304	ARSALAN HANIF HOUSE#526 KACHI PARA BHUTTA VILLAGE QASIM SHAH ROAD KEMARI, KARACHI	4200005575047	MUHAMMAD HANIF	457	98	-	555	457	-	98	-	555
305	ZAKIR HUSSAIN P-1 4TH FLOOR MEHAL-E-MASHAD OPP: FATMIA GIRLS SCHOOL BRITTO ROAD SINDH, KARACHI	4200005172547		532	89	-	621	532	-	89	-	621
306	AFZAL NAZIR HOUSE# 4 OLYMPIA STREET MUSLIM BLOCK ALLAMA IQBAL TOWN, LAHORE	3520226096635	MUHAMMAD NAZIR BISMIL	1,478	306	-	1,784	1,478	-	306	-	1,784
307	SHEIKH MUHAMMAD KASHIF ZIA HOUSE NO 80 P-BLOCK JOHAR TOWN, LAHORE	3520284121699	SHEIKH ASIF ZIA	977	130	-	1,107	977	-	130	-	1,107
308	CHAUDHARY ARIF MASOOD HOUSE#24 A STREET#1 KB COLONY AIRPORT ROAD LAHORE	3520119785335	CHAUDHARY ABDUL GHANI	499	125	-	624	499	-	125	-	624
309	SYED M AMEER TAHIR TAHIR ST,RASHID ROAD, BACKOF, GHORA HOSPITAL HOUSE# 6, LAHORE,PUNJAB, LAHORE	3520222102729		554	154	-	708	554	-	154	-	708
Unconsolidated				1,967,023	1,448,418	-	3,415,441	657,812	-	1,409,262	8,781	2,075,855

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				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
310	MUHAMMAD SHEHBAZ THATHI KISHAN KOT, P/O BOX BATA PUR LAHORE CANT DISTRICT LAHORE,	3520116029475	SADIQ ALI	800	16	-	816	687	100	-	-	787
311	ASGHAR KHAN H NO F/142B OLD LALKHANI JAHANGIR ROAD PATAI PARA GARADEN KARACHI	4220107526155	MISHAL KHAN	750	42	-	792	667	81	-	-	748
312	MUKARAM ALI JANAH CHOK MOH SHAHAB PURA DASKA DISTT SIALKOT	3460121806127	NOOR HUSSAIN	800	43	-	843	740	122	-	-	862
313	SAIMA BATOOL HASHMI HOUSE#BX-99 NEW SADIQ COLONY BWP	3120270696742	M TANWEER QASIM	1,000	28	-	1,028	452	59	-	-	511
314	KAPEEL DEV MUBARIK MANZAL SHAHI BAZAR DIGRI MIRPURKHAS	4410101622515	SHAMBHOO MAL	500	19	-	519	429	80	-	-	509
315	MUHAMMAD ABDULLAH BASTI SHAHBAZI CHAK NO.172/P P/O175/P SADIQABAD RAHIM YAR KHAN	3130454154801	MUHAMMAD YASEEN	500	161	-	661	500	161	-	-	661
316	MUHAMMAD TAHIR OPP. ALJANNAT HOMES GULGASHAT COLONY	3230479374031	ABDUL GHAFAR	700	33	-	733	531	66	-	-	597
317	CHAUDHARY MUHAMMAD FAIZAN ULLAH MOHALLAH MASOOM SHAH DINA JHELUM	3730403535479	CH MUHAMMAD ABBAS	800	22	-	822	654	84	-	-	737
318	MUHAMMAD ALI WARA GUJJAR P/O BATA PUR LAHORE LHR	3520106870865	ABDUL WAHEED	1,000	36	-	1,036	561	57	-	-	619
319	IJAZ HAIDER DAKHANA MURIDKAY BHEAMWALI FEROZWALA SEKHUPURA	3540159619291	MUHAMMAD YOUSAF	1,000	22	-	1,022	695	91	-	-	786
320	SAQIR ALI RAILWAY ROAD MOHALLA QADIR NAGAR MULTAN	3630275274579	SABIR ALI	500	64	-	564	446	74	-	-	521
321	HAMID ALI WARD NO 3 HOUSE NO 2067/6 MUHALLAH HUSSAIN AAGAH I MULTAN	3630208442791	SHEIKH GHULAM SAMAD	500	65	-	565	445	56	-	-	502

Details of advances written-off
ANNEXURE II

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2020

Rs in '000

S. No.	Name & Address of the Borrower	Name of Proprietor/Partners/ Directors (with NIC No.)	Father's /Husband's Name	Outstanding Liabilities at the beginning				Principal Write-off	Mark-up & Other Charges Write-off	Other Financial Relief		Total
				Principal	Mark-up (Debited +Un-Debited)	Other Charges	Total			Un-Debited (Waiver)	Debited (Reversal)	
322	S M SARFRAZ HUSSAIN GILLANI NAZD NISHTAR COLONY HOUSE 115 MOHALA GILLANI STREET FEROZPUR ROAD LHR	3520276640965	SYED LAL HUSSAIN SHAH GILLANI	800	53	-	853	762	111	-	-	873
323	AHMED SHOAIB P O SAME SOIYAN KOTLI BAKHA GUJRANWALA	3410158137577	SANA ULLAH	700	53	-	753	490	71	-	-	561
324	MANZOOR AHMAD P.O MURIDKAY NANGLE KOSOWAL TEH. MU P.O MURIDKAY NANGLE KOSOWAL TEH. MU	3540149653659	TALIB HUSSAIN	800	24	-	824	674	98	-	-	773
325	SYED SAMAR ABBAS TANDO SYED GHAFOR SHAH JAHANIA, LONDON TOWN, NEAR IMAM BHARGHA QASIMABAD HYD	4130668626107	SYED BUX ALI SHAH	500	11	-	511	465	86	-	-	551
326	ASIF ALI MUHARRAM ABAD KOT YAQOOB P.O MURIDKAY TEH:MURIDKAY DIST: SHEIKHUPURA	3540505406995	NIAMAT ALI	800	50	-	850	785	123	-	-	907
327	AZRAM KHAN H # DD446 ST #10 JHANDA CHECHI RWP H # DD446 ST #10 JHANDA CHECHI RWP	3740525009331	MUGHAL KHAN	500	30	-	530	485	66	-	-	551
328	ASIF ALTAF H # 40 ST # 4 MADINA TOWN RWP H # 40 ST # 4 MADINA TOWN RWP	3740555843977	ALTAF HUSSAIN	500	98	-	598	500	103	-	-	603
329	MEHMOOD FERAZ KOT KHAWAJA SAEED LAHORE	3520140087567	FERAZ DIN BUTT	500	64	-	564	462	86	-	-	548
330	NISAR ANJUM BLAIR CHAK 46 PATTOKI KASUR	3510304307895	HAKAM ALI	1,000	65	-	1,065	1,000	124	-	-	1,124
331	MUHAMMAD AMEEN HAJI MUHAMMAD HASSAN PALLI PO UMERKOT, UMERKOT	4410767880453	MUHAMMAD HASSAN	450	130	-	580	450	130	-	-	580
Consolidated				1,982,423	1,449,548	-	3,431,971	670,692	2,029	1,409,262	8,781	2,090,764

For the year ended December 31, 2020

The particulars of disposal of fixed assets to related parties are given below:

Description	Original cost	Accumulated depreciation	Book Value	Sale proceeds	Mode of disposal	Particulars of buyer
------(Rupees in '000)-----						
Electrical, Office and Computer Equipment	145	112	33	39	Insurance Claim	Jubilee General Insurance Limited
Leasehold improvements	163	35	128	94	Insurance Claim	Jubilee General Insurance Limited
Vehicles	1,730	1,694	36	1,606	Insurance Claim	Jubilee General Insurance Limited
Total	2,038	1,841	197	1,739		