

**Auditors' Report  
and  
Audited Financial Statements  
of  
Habib Bank Limited - Bangladesh Branches  
For the year ended 31 December 2020**

**Independent Auditors' Report  
To the Management  
of  
Habib Bank Limited - Bangladesh Branches**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Habib Bank Limited- Bangladesh Branches ('the Bank'), which comprise the balance sheet as at 31 December 2020 and the profit and loss account, cash flow statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and annexures thereto.

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements present fairly, the financial position of the Bank as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the basis for preparation of the financial statements as explained in note 2 of the financial statements.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of the financial statements of the Bank in accordance with basis of preparation as explained in note 2 of the financial statement, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Bank Company Act, 1991 and the Bangladesh Bank Regulations require the Management to ensure effective internal audit, internal control and risk management functions of the Bank. The Management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.



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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

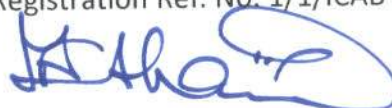
## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Bank Company Act, 1991 and the rules and regulations issued by Bangladesh Bank, we also report that:

- I. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- II. to the extent on the basis stated under the Auditors' Responsibility section in forming the above opinion on the financial statements of the Bank and considering the reports of the Management to Bangladesh Bank on antifraud internal controls and instances of fraud and forgeries as stated under the Management's Responsibility for the financial statements and internal control we report that:
  - a) internal audit, internal control and risk management arrangements of the Bank as disclosed in the financial statements appeared to be materially adequate;
  - b) nothing has come to our attention regarding material instances of forgery or irregularity or administrative error and exception or anything detrimental committed by employees of the Bank.
- III. in our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appeared from our examination of those books;
- IV. the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- V. the balance sheet and profit and loss account together with the annexed notes of the Bank dealt with by the report are in agreement with the books of account and returns;
- VI. the expenditures incurred were for the purpose of the Bank's business for the year;
- VII. the financial statements of the Bank have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as related guidance issued by Bangladesh Bank;
- VIII. adequate provisions have been made for loans and advances and other assets which are in our opinion, doubtful of recovery;
- IX. the information and explanations required by us have been received and found satisfactory;
- X. we have reviewed over 80% of the risk weighted assets of the Bank and spent over 1,850 person hours; and
- XI. Capital to Risk-weighted Asset Ratio (CRAR) as required by Bangladesh Bank has been maintained adequately during the year.

Dhaka, Bangladesh  
Date: 29 March 2021

**For Nurul Faruk Hasan & Co**  
Chartered Accountants  
Registration Ref. No. 1/1/ICAB-2008(1)



**Md. Faruk Uddin Ahammed**  
Partner  
Enrollment No. 720  
DVC: 2103290720AS405958



**Habib Bank Limited - Bangladesh Branches**  
**Balance Sheet**  
**As at 31 December 2020**

**PROPERTY AND ASSETS**

**Cash**

Cash In hand (including foreign currencies)  
Balance with Bangladesh Bank and its agent banks  
(including foreign currencies)

**Balance with other banks and financial institutions**

In Bangladesh  
Outside Bangladesh

**Money at call and on short notice**

**Investments**

Government securities

**Loans and advances**

Loans, cash credits, overdrafts, etc.  
Bills purchased and discounted

**Fixed assets including premises, furniture and fixtures**

**Other assets**

**Non - banking assets**

**Total assets**

**LIABILITIES AND CAPITAL**

**Liabilities**

Borrowings from other banks, financial institutions and agents

**Deposits and other accounts**

Current deposit and other accounts  
Fixed deposits  
Savings bank deposits  
Bills payable

**Other liabilities**

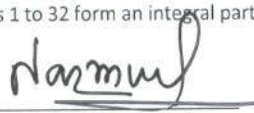
**Total liabilities**

**Capital/shareholders' equity**

Total shareholders' equity  
Capital fund  
Reserve fund  
Retained earnings

**Total liabilities and shareholders' equity**

The annexed notes 1 to 32 form an integral part of these financial statements

  
**Mohammad Nazmul Huq Bhuiyan**  
Head Finance

  
**Muhammad Selim Barkat**  
Country Manager

As per our annexed report of same date

Dated, Dhaka  
29 March 2021

**For Nurul Faruk Hasan & Co**  
Chartered Accountants  
Registration Ref. No. 1/ICAB-2008(1)  
  
**Md. Faruk Uddin Ahammed**  
Partner  
Enrollment No. 720  
DVC: 2103290720AS405958

**Habib Bank Limited - Bangladesh Branches**  
**Off Balance Sheet**  
**As at 31 December 2020**

**OFF-BALANCE SHEET ITEMS**

**Total Off-Balance Sheet Items Including Contingent Liabilities**

**Contingent liabilities**

Acceptances and endorsements

Letters of guarantee

Irrevocable letters of credit

Bills for collection

Other contingent liabilities

**Other commitments**

Documentary credits and short term trade-related transactions


Forward assets purchased and forward deposits placed

Undrawn note issuance and revolving underwriting facilities

Undrawn formal standby facilities, credit lines and other commitments

Notes	Amount in BDT	
	31-Dec-20	31-Dec-19
15	<b>1,880,877,518</b>	<b>1,513,473,468</b>
	<b>1,851,349,250</b>	<b>1,511,499,034</b>
	153,863,795	96,889,824
15.1	190,728,834	184,254,361
	454,890,528	273,448,794
	72,238,508	44,957,731
15.2	979,627,585	911,948,324
	<b>29,528,268</b>	<b>1,974,434</b>
15.3	29,528,268	1,974,434
	-	-
	-	-
	-	-

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**Mohammad Nazmul Huq Bhuiyan**  
Head Finance



**Muhammad Selim Barkat**  
Country Manager

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29 March 2021

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Chartered Accountants

Registration Ref. No. 1/1/ICAB-2008(1)



**Md. Faruk Uddin Ahammed**

Partner

Enrollment No. 720

DVC: 2103290720AS405958

**Habib Bank Limited - Bangladesh Branches**  
**Profit & Loss Account**  
**For the year ended 31 December 2020**

	Notes	Amount in BDT	
		31-Dec-20	31-Dec-19
<b>Operating income</b>			
Interest income	16	391,932,932	534,898,652
Less: Interest paid on deposit and borrowing, etc.	17	355,825,907	336,243,272
<b>Net interest income</b>		<b>36,107,025</b>	<b>198,655,380</b>
Investment income	18	339,825,043	48,824,228
Commission, exchange and brokerage	19	54,696,067	38,239,523
Other operating income	20	2,502,665	18,815,060
		<b>397,023,775</b>	<b>105,878,811</b>
<b>Total operating income (A)</b>		<b>433,130,800</b>	<b>304,534,191</b>
<b>Less: Operating Expenses</b>			
Salaries and allowances	21	162,017,685	148,822,392
Rent, taxes, insurance, electricity, etc.	22	11,245,914	56,695,503
Legal expenses	23	4,589,430	4,033,838
Postage, stamp, telecommunication, etc.	24	1,675,852	3,209,048
Stationery, printing, advertisements, etc.	25	4,453,629	3,139,594
Chief executive salary and fees	26	24,193,053	30,153,211
Auditors' fees		575,000	575,000
Depreciation and repairs of bank's assets	27	50,207,040	16,701,852
Other expenses	28	47,949,939	26,355,192
		<b>306,907,542</b>	<b>289,685,630</b>
<b>Total operating expenses (B)</b>		<b>126,223,258</b>	<b>14,848,561</b>
<b>Profit / (loss) before provision (C=A-B)</b>			
Provision for loans and advances/investments			
Specific provision	12.1	25,172,430	8,434,552
General provision	12.2	92,031,992	(6,925,000)
Special general provision for Covid'19	12.3	1,566,318	-
Provision for off-balance sheet items	12.4	2,925,000	(11,086,000)
Provision for diminution in value of investments		-	-
Recovery of Amounts previously written off		-	-
Other provisions		-	-
		<b>121,695,740</b>	<b>(9,576,448)</b>
<b>Total provision (D)</b>		<b>4,527,518</b>	<b>24,425,009</b>
<b>Total profit before taxes (C-D)</b>			
Less: Provision for taxation			
Current tax	12.6	61,456,937	6,850,000
		<b>61,456,937</b>	<b>6,850,000</b>
<b>Net profit after taxation</b>		<b>(56,929,419)</b>	<b>17,575,009</b>

The annexed notes 1 to 32 form an integral part of these financial statements



**Mohammad Nazmul Huq Bhuiyan**  
Head Finance



**Muhammad Selim Barkat**  
Country Manager

As per our annexed report of same date

Dated, Dhaka  
29 March 2021

**For Nurul Faruk Hasan & Co**  
Chartered Accountants  
Registration Ref. No. 1/1/ICAB-2008(1)



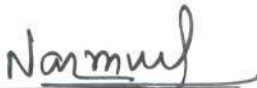
**Md. Faruk Uddin Ahammed**  
Partner  
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**Habib Bank Limited - Bangladesh Branches**  
**Cash Flow Statement**  
**For the year ended 31 December 2020**

	Notes	Amount in BDT	
		31-Dec-20	31-Dec-19
<b>A. Cash flows from operating activities</b>			
Interest receipts in cash		344,374,083	521,609,900
Interest payments		(362,749,433)	(342,843,464)
Income from investments	18	339,825,043	48,824,228
Fee and commission receipts in cash	19	54,696,067	38,239,523
Cash payments to employees		(182,121,828)	(174,910,309)
Cash payments to suppliers		(71,901,840)	(70,045,618)
Recoveries on loans		-	-
Income tax paid		(35,386,439)	(13,052,354)
Receipts from other operating activities	20	2,502,665	18,815,060
Payments for other operating activities		(59,023,756)	(20,776,150)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>30,214,562</b>	<b>5,860,816</b>
<b>Increase/decrease in operating assets and liabilities</b>			
Loans and advances to customers		(254,522,299)	666,806,353
Other assets		(41,400,867)	(12,895,050)
Deposits from other banks		29,071,491	3,322,080
Deposits from customers		612,876,005	(606,639,588)
Other liabilities		36,376,867	15,371,308
<b>Net cash from operating activities</b>		<b>382,401,196</b>	<b>65,965,103</b>
<b>B. Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(11,560,024)	(8,079,251)
Sale proceeds of property, plant and equipment		-	6,887,520
Sale/(Purchase) of securities		(3,430,923,161)	91,901,058
<b>Net cash from investing activities</b>		<b>(3,442,483,185)</b>	<b>90,709,327</b>
<b>C. Cash flows from financing activities</b>			
Borrowings from other banks		-	-
Remittance received from Head Office		-	-
<b>Net cash from/(used) in financing activities</b>		<b>-</b>	<b>-</b>
<b>D. Net increase in cash and cash equivalents (A+B+C)</b>		<b>(3,029,867,427)</b>	<b>162,535,247</b>
<b>E. Effects of exchange rate changes on cash and cash equivalents</b>		<b>2,127,297</b>	<b>42,545,911</b>
<b>F. Cash and cash equivalents at the beginning of the year</b>		<b>5,419,687,740</b>	<b>5,214,606,583</b>
<b>G. Cash and cash equivalents at end of the year (D+E+F)</b>		<b>2,391,947,610</b>	<b>5,419,687,740</b>
<b>Cash and cash equivalents at end of the year</b>			
Cash in hand (including foreign currencies)		62,062,203	42,078,680
Balance with Bangladesh Bank and its agent bank (s)(including foreign currencies)		607,271,191	4,160,995,138
Balance with other banks and financial institutions		1,522,541,216	986,552,422
Money at call and on short notice		200,000,000	230,000,000
Prize bonds		73,000	61,500
		<b>2,391,947,610</b>	<b>5,419,687,740</b>

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Mohammad Nazmul Huq Bhuiyan  
Head Finance

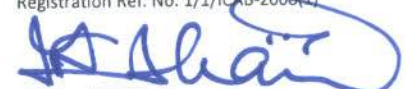


Muhammad Selim Barkat  
Country Manager

As per our annexed report of same date

Dhaka, Bangladesh  
29 March 2021

For Nurul Faruk Hasan & Co  
Chartered Accountants  
Registration Ref. No. 1/1/ICAB-2008(1)



Md. Faruk Uddin Ahammed  
Partner  
Enrollment No. 720  
DVC: 2103290720AS405958



Habib Bank Limited - Bangladesh Branches  
Statement of Changes in Equity  
For the year ended 31 December 2020

Amount in BDT

Particulars	Fund received from Head Office	Other Reserve	Surplus in Profit & Loss Account earnings	Total
Balance at 01 January 2020	4,358,756,194	59,361,858	113,584,128	4,531,702,180
Changes in Accounting Policy restated balance	-	-	-	-
Capital fund received from Head Office	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-
Surplus/deficit on account of revaluation of Investment	-	-	-	-
Revaluation/ amortization of treasury bills and Bonds	-	(7,157,343)	-	(7,157,343)
Currency translation differences	2,127,297	-	-	2,127,297
Net profit for the year	-	-	(56,929,419)	(56,929,419)
<b>Balance at 31 December 2020</b>	<b>4,360,883,491</b>	<b>52,204,515</b>	<b>56,654,709</b>	<b>4,469,742,715</b>
<b>Balance at 31 December 2019</b>	<b>4,358,756,194</b>	<b>59,361,858</b>	<b>113,584,128</b>	<b>4,531,702,180</b>



Mohammad Nazmul Huq Bhuiyan  
Head Finance



Mohammad Selim Barkat  
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Md. Faruk Uddin Ahammed  
Partner  
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Habib Bank Limited - Bangladesh Branches  
Liquidity Statement  
(Maturity analysis of assets and liability)  
As at 31 December 2020

Amount in BDT

Particulars	Maturity				Total
	Up to 1 month	1-3 months	3-12 months	Above 5 years	
<b>Assets:</b>					
Cash in hand	62,062,203	-	-	-	62,062,203
Balance with Bangladesh Bank	382,971,191	-	-	224,300,000	607,271,191
Balance with other banks and financial institutions	1,522,541,216	-	-	-	1,522,541,216
Money at call and on short notice	200,000,000	-	-	-	200,000,000
Investment in treasury bills and others	73,000	-	21,070,999	4,255,816,030	4,312,216,207
Loans and advances to customers	1,014,774,901	868,859,525	1,621,641,504	48,401,447	4,019,278,246
Fixed assets including premises, furniture and fixtures	2,803,191	5,594,823	24,430,508	10,036,880	98,360,856
Other assets	521,000	91,443,905	18,202,847	-	1,083,148,117
Non-banking assets	-	-	-	-	-
<b>Total assets (A)</b>	<b>3,185,746,702</b>	<b>965,898,253</b>	<b>1,685,345,858</b>	<b>4,538,554,357</b>	<b>11,904,878,036</b>

<b>Liabilities:</b>					
Borrowing from other banks and financial institutions and agents	-	-	-	-	-
Deposits and other accounts	1,555,057,614	1,213,637,189	2,497,592,677	512,814,703	5,779,102,184
Other liabilities	79,723,439	54,991,198	149,185,599	1,362,833,643	1,656,033,137
<b>Total liabilities (B)</b>	<b>1,634,781,053</b>	<b>1,268,628,387</b>	<b>2,646,778,276</b>	<b>1,875,648,346</b>	<b>7,435,135,321</b>
<b>Net liquidity excess/(shortage) (A-B)</b>	<b>1,550,965,649</b>	<b>(302,730,134)</b>	<b>(961,432,418)</b>	<b>(346,315,480)</b>	<b>4,469,742,715</b>

  
Mohammad Nazmul Huq Bhuiyan  
Head Finance

  
Muhammad Selim Barkat  
Country Manager

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29 March 2021

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**Habib Bank Limited - Bangladesh Branches**  
**Notes to the financial statements**  
**For the year ended 31 December 2020**

**1.0 The Bank and its activities**

**1.1 Habib Bank Limited, Bangladesh Branches**

Habib Bank Limited ("HBL") – Bangladesh Branches (the "Bank") is the Branch of Habib Bank Limited, a banking company incorporated in Pakistan having its Head Office at HBL Tower, Karachi, Pakistan. The Bank is carrying on banking business having total six (06) branches in Bangladesh since 1976 with four(04) branches in Dhaka (Gulshan, Uttara, Motijheel, and Karwanbazar), one (01) branch in Chattogram and one (01) branch in Sylhet after obtaining necessary permissions from Bangladesh Bank vide licence no. BL/DA/690/76 dated: 03 June 1976.

**1.2 Principal activities**

The principal activities of the Bank are to provide conventional banking services to its customers through deposits, loans and advances, trade financing, remittance facilities through its branches, alternate distribution channels namely, ATM booths, VISA debit cards and Internet Banking in Bangladesh.

**2.0 Basis of preparation**

**2.1 Statement of compliance**

The financial statements of the Bank as at and for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Banking Companies Act 1991, the rules and regulations issued by Bangladesh Bank. In case any requirement of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank differ with those of IFRS, the requirements of the Banking Companies Act 1991, and provisions and circulars issued by Bangladesh Bank shall prevail.

The Bank complied with the requirements of the following regulatory and legal authorities:

- i. The Companies Act 1994
- ii. The Banking Companies Act 1991
- iii. Rules, regulations and circulars issued by the Bangladesh Bank from time to time
- iv. Income Tax Ordinance and Rules 1984
- v. Value Added Tax and Supplementary Duty Act 2012
- vi. The Financial Reporting Act 2015

In case any requirement of provisions and circulars issued by Bangladesh Bank differs with those of other regulatory authorities, the provisions and circulars issued by Bangladesh Bank shall prevail. Accordingly, the Bank has departed from such requirements of IFRSs in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below:

**i) Investment in shares and securities**

**IFRS:** As per requirements of IFRS 9, financial assets generally fall either under at amortized cost, or at fair value through profit and loss account, fair value through other comprehensive income where any change in the fair value at the year-end is taken to profit and loss account or other comprehensive income respectively.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognized at cost.

**ii) Revaluation gains/losses on Government securities**

**IFRS:** As per requirement of IFRS 9, an entity shall classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of following criteria:

- a) the entity's business model for managing the financial assets and
- b) the contractual cash flow characteristics of the financial asset.

**Bangladesh Bank:** HFT securities are revalued on the basis of mark to market and at year end any gains on revaluation of securities which have not matured as at the balance sheet date are recognized in other reserves as a part of equity and any losses on revaluation of securities which have not matured as at the balance sheet date are charged in the profit and loss account. Interest on HFT securities including amortization of discount are recognized in the profit and loss account. HTM securities which have not matured as at the balance sheet date are amortized at the year end and gains or losses on amortization are recognized in other reserve as a part of equity.



### iii) Provision on loans and advances

**IFRS:** As per IFRS 9 an entity shall recognize a loss allowance for expected credit losses on a financial asset through amortized cost or fair value through other comprehensive income to which impairment requirements apply.

**Bangladesh Bank:** As per BRPD circular No.16 dated 18 November 2014, BRPD circular no: 14 dated 23 September 2012, BRPD circular No. 03 dated 21 April 2019 and BRPD circular No. 05 dated 29 May 2013 a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also specific provision for substandard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for loans and advances depending on the duration of overdue. Furthermore a general provision at 1% is required to be provided for off-balance sheet exposures. Such provision policies are not specifically in line with those prescribed by IFRS 9.

### iv) Other comprehensive income

**IFRS:** As per IAS 1 Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.

**Bangladesh Bank:** Bangladesh Bank has issued templates for financial statements through BRPD circular no. 14 dated 25 June 2003 which is mandatory to be followed by all banks. The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income nor are the elements of Other Comprehensive Income allowed to be included in a single (OCI) statement. As such the Bank does not prepare an OCI statement. However elements of OCI, if any, are shown in the statements of changes in equity.

### v) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognize, measure and present financial instruments differently from those prescribed in IFRS 9. As such full disclosure and presentation requirements of IFRS 7 cannot be made in the financial statements.

### vi) Repo and Reverse Repo transactions

**IFRS:** When an entity sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is treated as a loan and the underlying asset continues to be recognized in the entity's financial statements. The difference between selling price and repurchase price will be treated as interest expense. Same rule applies to the opposite side of the transaction (reverse repo).

**Bangladesh Bank:** As per DOS Circular letter no. 6 dated 15 July 2010 and subsequent clarification in DOS circular no. 02 dated 23 January 2013, when a bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a normal sales transaction and the financial asset is derecognized in the seller's book and recognized in the buyer's book.

### vii) Financial guarantees

**IFRS:** As per IFRS 9, financial guarantees are contracts that require an entity to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003 financial guarantees such as letter of credit, letter of guarantee, etc. will be treated as off-balance sheet items.

### viii) Recognition of interest in suspense

**IFRS:** Loans and advances to customers are generally classified as 'loans and advances' as per IFRS 9 and interest income is recognized through effective interest rate method over the life of the loan. Once a loan is impaired, interest income is recognized in profit and loss account on the same basis based on revised carrying amount.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 23 September 2012, once a loan is classified other than Bad and Loss, interest on such loans are not allowed to be recognized as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

#### ix) Cash and cash equivalents

**IFRS:** Cash and cash equivalent items should be reported as cash item as per IAS 7.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, balance with Bangladesh Bank is part of cash and cash equivalent regardless of any restriction. Some cash and cash equivalent items such as 'money at call and on short notice', treasury bills, prize bond are not shown as cash and cash equivalent. Money at call and on short notice is shown as face item in the balance sheet, and treasury bills, prize bonds are shown in investments.

#### x) Non-banking asset

**IFRS:** No indication of Non-banking asset is found in any IFRS.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003 there must exist a face item named Non-banking asset.

#### xi) Cash flow statement

**IFRS:** The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003 cash flow is the mixture of direct and indirect methods.

#### xii) Balance with Bangladesh Bank (Cash Reserve Requirement)

**IFRS:** Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per IAS 7.

**Bangladesh Bank:** As per BRPD circular no.14, dated 25 June 2003 balance with Bangladesh Bank is treated as cash and cash equivalents.

#### xiii) Presentation of intangible asset

**IFRS:** Intangible assets must be identified and recognized, presented in the face of the balance sheet and the disclosure must be given as per IAS 38.

**Bangladesh Bank:** As per BRPD circular no.14, dated 25 June 2003 no intangible asset is presented in the face of the balance sheet.

#### xiv) Off-balance sheet items

**IFRS:** There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items.

**Bangladesh Bank:** As per BRPD circular no.14, dated 25 June 2003 off balance sheet items (e.g. Letter of credit, Letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.

#### xv) Loans and advances net of provision

**IFRS:** Loans and advances should be presented net of provision.

**Bangladesh Bank:** As per BRPD circular no. 14, dated 25 June 2003 provision on loans and advances are presented separately as liability and cannot be netted off against loans and advances.

#### xvi) Disclosure of appropriation of profit

**IFRS:** There is no requirement to show appropriation of profit in the face of statement of comprehensive income.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, an appropriation of profit should be disclosed in the face of profit and loss account.



#### xvii) Recognition of derivatives

**IFRS:** As per IFRS 9, all derivatives including forward contracts are initially recognized at fair value (as measured in accordance with IFRS 13) which is generally the transaction price. Subsequent to initial recognition, derivatives are classified as "fair value through profit and loss" and changes in Fair value are recognized in profit and loss accounts.

**Bangladesh Bank:** As per BRPD circular no. 14 dated 25 June 2003, derivative contracts are disclosed outside of balance sheet exposures.

#### xviii) Disclosures related to Financial Instruments

**IFRS 7 Financial instruments:** Disclosures and it applies to financial and non-financial institutions and therefore also applies to investment funds, private equity funds, real estate funds and investment managers. The extent of disclosure required depends on the extent of the fund used of financial instruments and its exposure to risk.

Since it is not specifically mentioned in the Bangladesh Bank Circulars/Guidelines, disclosure requirements as per IFRS-7 has not been fulfilled.

#### xix) IFRS 16 Leases

IFRS 16 Lease is effective for reporting period on or after 01 January 2019. Per this standard, an asset (the right to use of leased asset) and a financial liability to pay rentals need to be recognized in the books of lessee in respect of lease contracts. However, the bank management has implemented IFRS 16 and given impact in its financial statements as on 31 December 2020.

#### xx) Deferred taxation

The bank has provided provision of taxation based on the expected tax payable or receivable on the taxable income or loss for the year applying the applicable tax rate. The bank management has reviewed the impact of deferred tax as per IAS 12 but not given any impact in the financial statement as on 31 December 2020 as IAS 12 does give emphasis on future profitability while recognizing any Deferred Tax Assets and Liabilities. The Bank Management will have a periodic review of the deferred tax and if deemed, will account for in the financial statements.

### 2.2 Basis of measurement

The financial statements of the Bank have been prepared on accrual basis under historical cost convention except for the following:

- Government treasury bills and bonds designated as 'Held for Trading (HFT)' which are measured at present value using mark to market. Revaluation gains if any are credited to revaluation reserve account as per DOS circular 05 dated 26 May 2008 and DOS circular 05 dated 28 January 2009.

- Government treasury bills and bonds designated as 'Held to Maturity (HTM)' are premeasured at present value using amortization concept as per DOS circular 05 dated 26 May 2008 and DOS circular 05 dated 28 January 2009. Amortization loss is accounted for on cut-off date and the same is accounted for as income of the year on maturity.

### 2.3 Use of estimates and judgments

The preparation of the financial statements in conformity with IASs/IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods, if affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

#### a. Provisions for loans and advances

The Bank assesses its loans and advances for objective evidence of impairment on a quarterly basis or immediately if required and particularly at year end. While the primary criteria set out in BRPD circular no. 14 dated 23 September 2012, for determining whether a loan is impaired is objective, being based on borrower's ability to make timely repayments, loans and advances may also be classified based on qualitative judgment. This involves making assessments regarding the economic environment in which borrowers operate in addition to making judgments about a borrower's financial situation and net realizable value of any underlying collateral.



#### **b. Taxation**

The estimation of current tax provision involves making judgments regarding admissibility of certain expenses as well as estimating the amount of other expenses for tax purposes.

#### **c. Depreciation**

Depreciation is provided on a straight line basis over the estimated useful lives of each item of property, plant and equipment. The determination of useful life involves the use of estimates regarding expected use of the assets, expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the asset.

#### **d. Consolidation**

The Bank is a branch and does not have any subsidiaries. So, this standard does not have any impact on these financial statements.

### **2.4 Foreign currency transactions**

#### **Functional and presentation currency**

These financial statements have been presented in Bangladesh Taka (BDT), which is the Bank's functional currency. Except otherwise indicated, financial information presented in Taka has been rounded to the nearest integer.

#### **Foreign currency transaction and translation**

Foreign currency transactions have been converted into equivalent Taka (BDT) currency at the ruling exchange rates on the respective date of such transactions as per IAS 21 "The Effects of Changes in Foreign Exchange Rates".

Assets and liabilities in foreign currencies as at 31 December 2020 have been converted into Taka (BDT) currency at the spot rate for the day taken from Bangladesh Bank.

Differences arising through buying and selling transactions of foreign currencies on different dates of the year have been adjusted by debiting /crediting exchange gain or loss account.

#### **Translation gains and losses**

Gains or losses arising out of translation of foreign exchange have been included in the Profit and Loss Statement.

### **2.5 Cash flow statement**

Cash Flow Statement is prepared principally in accordance with IAS 7 "Cash Flow Statement" and as per the guidelines of BRPD circular no. 14 dated 25 June 2003. The Cash Flow Statement shows the structure of and changes in cash and cash equivalents during the year. Cash flows during the period have been classified as operating activities, investing activities and financing activities.

### **2.6 Statement of changes in equity**

Statement of Changes in Equity has been prepared in accordance with IAS 1 "Presentation of Financial Statements" and following the guidelines of Bangladesh Bank BRPD circular no.14 dated 25 June 2003.

### **2.7 Reporting period**

These financial statements cover one calendar year from 1 January 2020 to 31 December 2020.

## **3.0 Significant accounting policies**

The accounting policy set out below have been applied consistently to all the periods presented in these financial statements and have been applied consistently by the Bank.

### **3.1 Assets and basis of their valuation**

#### **3.1.1 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and normally those with less than three months maturity from the date of acquisition and include cash and balances at central banks and balances with other banks and financial institutions.

### 3.1.2 Investments

#### Investment in securities

All investments in securities (bills and bonds) are initially recognized at purchase price excluding commission and accrued coupon interest. Investments are segregated in two broad categories. These are Held to maturity (HTM) and Held for trading (HFT).

#### Held to Maturity

Debt securities that the Bank hold until maturity are categorized as HTM. Such securities are reported at amortized cost.

#### Held for Trading

Held for trading securities are those which are held with an intention of selling in order to generate profits. Held for trading securities are revalued at market price on weekly basis.

#### Revaluation

As per Bangladesh Bank DOS circular letter no. 5 dated 28 January 2009, HFT securities are revalued each week using Marked to Market concept and HTM securities are amortized once a year according to Bangladesh Bank guidelines. The HTM securities are also revalued if these are reclassified to HFT category with the ALCO approval. Value of investment has been shown as under:

Government treasury bills and bonds (HFT)	: At present value (using marked to market concept)
Government treasury bills and bonds (HTM)	: At present value (using amortization concept)
Prize bonds and other bonds	: At cost
Debentures	: At cost

### 3.1.3 Loans and advances

- Loans and advances are stated in the balance sheet on gross basis.
- Interest is accrued daily as per the parameter set in the core banking system through shadow accounts. This accrual is system generated entry. The interest receivable is reversed at the time of adjustment or quarterly. Interest/profit on classified loans and advances/investments is kept in interest suspense account as per BRPD circular no. 14 dated 23 September 2012 on Master Circular: Loan Classification and Provisioning, and BRPD circular no. 19 dated 27 December 2012. Interest is not charged on bad and loss loans and advances/ investments as per guidelines of Bangladesh Bank. Records of such interest amounts are kept in separate memorandum accounts.
- Commission and discounts on bills purchased and discounted are recognized at the time of realization.
- Provision for loans and advances/investments is made based on the arrear in equivalent month and reviewed by the management following instructions contained in Bangladesh Bank BRPD circulars no. 14 dated September 23, 2012 and its subsequent modifications on 05 March 2013, BRPD 05 dated 29 May 2013, BRPD 16 dated 18 November 2014, BRPD circular no.08 dated 02 August 2015, BRPD circular no.15 dated 27 September 2017, BRPD circular no. 01 dated 20 February 2018, BRPD circular no. 07 dated 21 June 2018 and BRPD circular no. 03 dated 21 April 2019, BRPD circular no 04 dated 19 March 2020, BRPD circular no 11 dated 03 May 2020, BRPD circular no 12 dated 10 June 2020, BRPD circular no 13 dated 15 June 2020, BRPD circular no 17 dated 28 September 2020, BRPD circular no 23 dated 04 May 2020, BRPD circular no 56 dated 10 December 2020.

Rates of provision on loans and advances/investments are given below:

Types of loans and advances		Provision				
		Unclassified		Classified		
		Standard	SMA	SS	DF	BL
Consumer	Housing Finance	1%	1%	20%	50%	100%
	Loans for professionals to set up business and credit card	2%	2%	20%	50%	100%
	Other than housing finance & professionals to setup business	5%	5%	20%	50%	100%
Provision for loans to brokerage house, merchant banks, stock dealers, etc.		2%	2%	20%	50%	100%
Short-term agro-credit and micro credit		1.00%	1.00%	5%	5%	100%
Small and medium enterprise finance		0.25%	0.25%	20%	50%	100%
Others		1%	1%	20%	50%	100%

- Loans and advances are written off as per guidelines of Bangladesh Bank. Such write off however will not undermine/affect the claim amount against the borrower. Detailed memorandum records for all such written off accounts are meticulously maintained and followed up.



### 3.1.4 Property, plant and equipment

#### Recognition and measurement

The cost of an item of property, plant and equipment is recognized as an asset if-

it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

The cost of an items of property, plant and equipment comprises:

- (a) its purchase price, including import duties and non- refundable purchase taxes, after deducting trade discounts and rebates;
- (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for the purpose other than to produce inventories during that period.

#### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

#### Depreciation

Depreciation on addition shall be charged from the month of acquisition whereas no depreciation shall be charged in the month of deletion.

<u>Category of asset</u>	<u>Rate of depreciation</u>
Furniture and fixtures	10%-20%
Major Repairs and Renovation	10%-20%
Office equipment and electrical appliances	10%-20%
Computer	20%-33.33%
Motor vehicles	10.00%
Software	10%-20%

Gain or loss on sale of property, plant and equipment is recognized in profit and loss statement as per provision of IAS 16: Property, plant and equipment.

### 3.1.5 Other assets

Other assets include all other financial assets and include fees and other unrealized income receivable, advance for operating and capital expenditure and stocks of stationery and stamps.

### 3.2 Liabilities and provisions

#### 3.2.1 Borrowings from other banks, financial institutions and agents

Borrowings from other banks, financial institutions and agents include interest-bearing borrowings redeemable at call and Bangladesh Bank refinance. These items are brought to financial statements at the gross value of the outstanding balance.

#### 3.2.2 Other liabilities

As per IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Bank recognizes provisions only when it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Other liabilities comprise items such as provision for loans and advances, provision for taxes, interest payable, interest suspense, accrued expenses etc. Other liabilities are recognized in the balance sheet according to the guidelines of Bangladesh Bank, income tax laws and internal policy of the Bank.



### **3.3 Reserve**

#### **Statutory reserve**

As per Section 24(1) of the Banking Companies Act 1991, Banks which are incorporated outside Bangladesh do not require to set aside any reserve out of their profits.

#### **Revaluation reserve**

Revaluation reserve arises from the revaluation of treasury bills and bonds (HFT & HTM) in accordance with the Bangladesh Bank DOS circular no. 5 dated 26 May 2008.

### **3.4 Revenue recognition**

#### **Interest income**

Interest is accrued daily as per the parameter set in the core banking system through shadow accounts. This accrual is system generated entry. The interest receivable is reversed at the time of adjustment or quarterly. Interest on loans and advances ceases to be taken into income when such advances fall under classification. It is then kept in interest suspense account. Interest on classified loans and advances is accounted for on a cash receipt basis.

#### **Investment income**

Income on investments is recognized on accrual basis. Investment income includes discount on treasury bills, interest on treasury bonds, debentures and fixed deposits with other banks.

#### **Fees and commission income**

The Bank earns fees and commissions from diverse range of services provided to its customers. This includes fees and commission income arising on financial and other services provided by the Bank including trade finance, debit cards, passport endorsement, loan processing, loan syndication and locker facilities, etc. Fees and commission income is recognized on the basis of realization.

### **3.5 Employee benefits**

There is a Recognized Provident Fund (RPF) in which each employee contributes @10% of their basic salary which is matched by an equal amount of contribution by the Bank. Employees are entitled to double contribution after completion of minimum two (02) years of continuous service with the Bank. The accumulated Provident Fund balance including interest thereon are paid to the members at the time of their separation from the employment of the Bank in accordance with Bank's service rules. Contribution to the fund is recognized as and when it accrues.

The Bank operates a funded gratuity scheme which has been approved by the National Board of Revenue as a recognized gratuity fund with effect from January 2001. Employees are entitled to gratuity benefit after completion of minimum five (05) years of service with the Bank. The gratuity is calculated on the basis of last basic pay and is payable at the rate of one month's basic pay for every completed year of service who has completed five (05) years or more but less than ten (10) years, at the rate of one and half month's basic pay for every completed year of service who has completed ten (10) years or more. The Bank's expense related to Gratuity is estimated on a yearly basis and the amount is transferred to the fund and charged to expenses of the Bank.

### **3.6 Provision for off-balance sheet exposures**

In compliance with Bangladesh Bank guidelines off-balance sheet items have been disclosed under contingent liabilities. As per BRPD circular no. 10 dated 18 September 2007, the Bank is required to maintain provision @ 1% against off-balance sheet exposures. The other contingent liabilities are excluded from the base for provision of Off Balance sheet items as they do not fall under category of off Balance sheet item as defined by the Bangladesh Bank circular in this regard.

### **3.7 Provision for nostro accounts**

According to Foreign Exchange Policy Department of Bangladesh Bank (FEPD), Bangladesh Bank circular no. 677 dated 13 September 2005, Bank is required to make provision regarding the un-reconciled debit balance as at balance sheet date and these are certified by External Auditor.

### 3.8 Taxation

Income tax expense comprises only current taxes. Current tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provision for income tax has been made @ 40% ( 2019: 40%) as prescribed in Finance Act 2020 of the profit made by the Bank by considering taxable add-backs of income, allowances and disallowances of expenditures.

### 3.9 Off-setting

Neither any asset nor any liability has been set-off against another asset or liability as on balance sheet date to make separate disclosure in the financial statements.

### 3.10 Pledge of bank assets against any loan or guarantee

The Bank has not pledged any of its assets as security against any kind of loans taken from any individual or institutions or against any guarantee given to a third party.

### 3.11 Risk Management at Habib Bank Limited, Bangladesh Branches

The possibility of losses, financial or otherwise, is defined as risk. The assets and liabilities of HBL Bangladesh are managed so as to minimize, to the degree prudently possible, the Bank's exposure to risk, while at the same time attempting to provide a stable and steadily increasing flow of net interest income, an attractive rate of return on an appropriate level of capital and a level of liquidity adequate to respond to the needs of depositors and borrowers and earning enhancement opportunities.

The risk management of the Bank covers all core risk areas of banking i.e. i) Credit Risk Management, ii) Foreign Exchange Risk management, iii) Assets liability Management, iv) Prevention of Money Laundering, v) Internal Control and Compliance, and vi) Information and Communication Technology risk.

#### i. Credit risk management

Credit risk is the risk of loss due to the failure of a borrower/counterparty to meet its credit obligations in accordance with agreed contract terms. Credit risk makes up the largest part of bank's risk exposures. The bank's credit process is guided by centrally established credit policies, rules and guidelines continuing a close-to-the market approach with an aim to maintain a well-diversified portfolio of credit risk which produces a reliable and consistent return.

Bank's credit policies and credit administration process manual forms the core to controlling credit risk in various activities. Risk Management Department with support from Business (Corporate Banking) unit and Credit Administration Department (CAD), is entrusted with the responsibility of implementing processes for credit risk identification, assessment, measurement, monitoring and control. Business unit has the responsibility to originate the proposals in line with bank's policy guidelines. Risk Management performs an independent appraisal of these proposals including highlighting key risks, reviewing and finalising the credit rating, and then submits these proposals with Risk Manager's comments for approval. Credit approvals are done as per the approved Delegation of Authority. CAD is responsible for managing the credit administration activities, credit documentation and independently monitoring the compliance to sanction terms and conditions. The Credit Policy, Credit procedures Manual and Credit Administration internal process manual delineates specific responsibilities of each department – Business, Risk and CAD.

The bank monitors credit risk broadly at two levels – Account level and Portfolio level. While account monitoring aims to identify weak accounts at an early stage to facilitate corrective actions, portfolio monitoring aims at managing risk concentration in the portfolio as well as identifying stress in certain sectors /industries. The Bank has established an Early Alert process to identify, monitor and act on early signs of weakness in the client accounts. In this connection, an Early Warning Committee has been formed that meets monthly to identify the weak accounts and to take corrective actions as appropriate.

#### ii. Foreign exchange risk

Foreign Exchange risk refers to the risk that a Bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either in the form of a balance sheet item (asset or liability account), or an off-balance sheet item.

Front line Business Managers are concerned with the consequences of potential exchange rate movements on the domestic currency equivalent value for all foreign currency positions. The goal of foreign exchange risk management is to minimize the losses that may incur due to adverse exchange rate movements of currencies in which the Bank has an open position.



According to Bangladesh Bank guidelines and Treasury & Global Markets Policy of HBL, Treasury Functions are divided in three parts, namely (i) Treasury Front office, (ii) Treasury Back office and (iii) Treasury Mid office. Foreign exchange risk is managed by Treasury Front office. The monitoring of Foreign Exchange Exposure Limit (FEEL) is a regulatory requirement, which is being complied with.

Following limits are being maintained by Treasury Front Office to minimize Foreign Exchange Risk:

1. Foreign Exchange Exposure Limits (FEEL) sanctioned by Global ALCO
2. Net Open Position Limit prescribed by Bangladesh Bank.
3. Intraday Limits
4. Settlement Limits
5. Dealers Trading Limits
6. Dealers Stop Loss Limits
7. Counter Party Limits

Treasury Mid Office (TMO) is a specialized unit created with a view to implement robust market risk management practices as prescribed by Bangladesh Bank and internal policy guidelines. To minimize foreign exchange risk Treasury Mid Office analyses market trend and monitors Treasury dealings and exposure and reports to local and global Risk Management departments. TMO also monitors all limits as adopted in policy in line with Head office and Bangladesh Bank guidelines.

Treasury Back office is responsible for settlement of all deals done by the front office, its transactions and reporting to Global Treasury and Bangladesh Bank in line with the policies and guidelines.

### **iii. Asset liability management risk**

Asset/liability management is the process of managing the use of assets and cash flows to reduce the bank's risk of loss from not paying a liability on time. Well-managed assets and liabilities increase business profits. The asset/liability management process is typically applied to bank loan portfolios and deposit plans. It also involves the economic value of equity.

The concept of asset/liability management focuses on the timing of cash flows because the bank management must plan for the payment of liabilities. The process must ensure that assets are available to pay debts as they come due and that assets or earnings can be converted into cash. The asset/liability management process applies to different categories of assets on the balance sheet. Asset/liability management reduces the risk that a company may not meet its obligations in the future.

The success of bank loan portfolios and maturity profile of deposits depend on asset/liability management processes. Banks track the difference between the interest paid on deposits and interest earned on loans to ensure that they can pay interest on deposits and to determine what a rate of interest to charge on loans. Liability management is the process of managing the use of assets and cash flows to reduce the firm's risk of loss from not paying a liability on time. Well-managed assets and liabilities involve a process of matching offsetting items that can increase business profits. The asset-liability management process is typically applied to bank loan portfolios that may offer fixed-term products such as CDs and loans but also demand deposits and lines of credit.

Asset Liability Committee (ALCO) of HBL Bangladesh conduct ALCO meeting on Monthly basis. ALCO monitor on following risk : 1. Credit Risk 2. Liquidity Risk 3. Fx Risk. 4. Interest Rate Risk. 5. Operating Risk and Crime Risk.

### **iv. Prevention of money laundering**

Compliance standard has always been at the Centre of Habib Bank Limited's priorities globally. For this purpose and in order to enhance supervision and risk mitigation in AML/CFT area, HBL took a global initiative of Business Transformation ("BT") program which is a multiyear change initiative centered around four main pillars - Governance, People, Process and Technology. HBL Bangladesh is an inseparable part of this program aiming to cover: digitalization of account opening process including KYC, enhancement of transaction monitoring system, e.g., optimization / addition of new scenarios, etc, integration of name and sanctions screening with core banking system and automation of MIS, etc. BT program was scheduled to kick off during Q3 2020, however, due to COVID 19 outbreak, it is now scheduled to start from Q1 2021.

HBL Bangladesh has taken interim measures which, among other things include, AML/CFT training through face-to-face and electronically to increase knowledge base and productivity of staff, appointment of CAMLCO and Compliance Manager to bolster oversight, alignment and review of AML/CFT related policies and procedures to ensure they are complete in respect of local regulatory requirements including Trade Based Money-Laundering to comply with the Bangladesh Financial Intelligence Unit's (BFIU) instructions, development of Financial Crime Risk Assessment document, Compliance Monitoring Review Program in line with 2nd Line of Defense responsibilities and automation of CTR process, perform capacity analysis in Compliance / AML area and based on that inject trained / experienced people (if needed) to assist BAMLCO's to improve their skillset, etc.



#### **v. Internal control and Compliance Risk**

HBL Bangladesh ICU formulates its annual monitoring plan in accordance with its approved guidelines and processes. It conducts reviews of branches and functions falling under the domain of Global Operation Group. The unit review adherence to laid down policies, procedures and regulatory requirements in day to day operations through various types of risk-based reviews. Outcomes of the reviews are conveyed to stake holders / management concerned with suitable recommendations. Identified irregularities and gaps are tracked and followed up until their rectification and regularization.

The Internal Audit (IA) activities at HBL Bangladesh are conducted by the Group Internal Audit team of HBL. The IA Function of HBL is organized in line with the guidelines of the Institute of Internal Audit (IIA) and acts as an independent third line of defense. The Internal Audit function is headed by the Chief Internal Auditor who reports directly to the Board Audit Committee of HBL.

The Internal Audit reviews undertaken are based on a risk based audit approach after taking into account key regulatory requirements and expectations. Through these audits, IA reviews the effectiveness of the Bank's risk management, governance and internal control processes. Any deficiencies or observations noted during these reviews are highlighted to the Management as part of the Internal Audit Report with agreed action plan and resolution target date. The audit observations are followed up on periodic basis with the Management till resolution.

#### **vi. Information and communication technology Risk**

The Bank has separate IT department locally apart from central IT at Head office, Karachi to manage Local IT Infrastructure. To ensure smooth banking business of Bangladesh Operations, HBL Bangladesh looks after Local IT Management, Local Software Management, Vendor Management, IT Governance and Compliance of IT Policy, User Support and Services Management whereas Core Systems (e.g. Core Banking and related Core Systems) are centralized in Head Office, Karachi, Pakistan.

HBL Bangladesh IT department maintains performance level agreement and service level agreement with business lines for service quality assurance which describes all the IT services with target service up time and response time for troubleshooting or any IT related requests. Network management is another major part of HBL Bangladesh IT that ensures smooth and secured data transmission among branches as well as Head Office, Karachi, Pakistan. For tracking on service issue, HBL Bangladesh IT uses Incident Management system to log the Incident and for monitoring and governance Head Office central incident management team publish report monthly. Local IT department reviews and ensures appropriate controls and security standards are in place and in compliance with group IT and regulatory requirements. Moreover, Risk Assessment, vulnerability assessment and penetration testing on various IT systems are performed to identify and mitigate operational risks.

HBL Bangladesh introduced Online Internet Banking along with 2FA authentications for Fund Transfer between HBL to HBL. In terms of Real Time Gross Settlement (RTGS) and National Payment Switch Bangladesh (NPSB), HBL Bangladesh IT developed strong communication structure with central bank. Moreover, HBL Bangladesh payment system is PCI DSS compliant. HBL Bangladesh IT ensures infrastructure e.g. virtual servers, network switches/routers, windows, PC/Laptop, ATM etc. are upgraded time to time to maintain its standard and security and smooth customer service. HBL Bangladesh performs disaster recovery testing yearly to ensure disaster recovery site readiness.

### **3.12 Credit rating of the bank**

Pursuant to the Bangladesh Bank's BRPD Circular No. 06 dated July 05, 2006 and in order to safeguard the interest of investors, depositors, creditors the bank has completed the credit rating by Credit Rating Information and Services Limited (CRISL). Credit Rating Information and Services Limited assigned "A+" (Pronounced A plus) rating to HBL Bangladesh in the Long term and "ST-2" rating in short term for the year 2019. Commercial banks rated in this category are adjudged to possess good financials, healthy and sustainable franchises and a first rate operating environment. Rating in this category is characterized with commendable position in terms of liquidity, internal fund generation and access to alternative sources of fund. The rating for 2020 is scheduled to be completed by June 2021.

### **3.13 Related party transaction**

The bank, not being incorporated in Bangladesh, operates in Bangladesh under the banking license issued by Bangladesh Bank and therefore, the key management personnel of the bank for the purposes of IAS 24 are defined as those persons having authority and responsibility for planning, directing and coordinating the bank, being members of the board of directors of the parent company, its senior management and close members of their families and companies they control or have significant influence. There were no transactions between the bank and the key management personnel (2019: Nil)

#### **3.14 Audit committee**

The Bank being a branch of a foreign bank does not have a local Board of Directors from whom to select an Audit Committee. HBL Bangladesh has obtained a dispensation from Bangladesh Bank that the Bank does not need an Audit committee as it is incorporated outside Bangladesh vide letter no: BRPD (R-2) 651/9(47) Kha/2015-1682 dated March 02, 2015. Nevertheless in Bangladesh, there are six operating branches which are reviewed by the Head Office based Internal Audit Team periodically and submit comprehensive report which are regularly reviewed and actioned. It is to be noted that HBL Bangladesh has a Risk Control & Compliance Unit and QAC Team in Compliance who perform periodic review for different head office functions and branches.

#### **3.15 Corporate Social Responsibilities**

Habib Bank Limited (HBL) Bangladesh complies with the exercise of Corporate Social Responsibility initiatives through contribution to the wellbeing every year in the country as well as implementing a set of practices toward its employees. In 2020, HBL Bangladesh donated PPE (Personal Protective Equipment) to the front liner Doctors & Nurses of 10 public hospitals in Bangladesh during COVID-19 Pandemic triggered by coronavirus. Furthermore, HBL Bangladesh ensured the continuity of its in-house responsibility towards its employees through enhanced safety measures in the workplace, medical facilities for the employees and their dependents, transportation facility, etc.

#### **3.16 Green Banking & Sustainability Finance**

HBL Bangladesh follows green office guidelines for its day to day activities such as using energy savings (LED) bulbs, operating air conditioning at low power consumption mood, reducing paper printing and sharing account statements with customer through electronic media etc. HBL Bangladesh expects to increase green activities including green financing in coming years. HBL Bangladesh is engaged in sustainable financing to agricultural sector and CMSME segment through Micro Finance Institutions (MFIs) and expects to increase the financing in coming years.

#### **3.17 Events after balance sheet date**

As per IAS -10 "Events after Reporting Period" events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- (b) those that are indicative of conditions that arose after the reporting period (no adjusting events after the reporting period).



**Habib Bank Limited - Bangladesh Branches**

**Notes to the financial statements**

**As at 31 December 2020**

		<b>Amount in BDT</b>	
		<b>31-Dec-20</b>	<b>31-Dec-19</b>
<b>4</b>	<b>Cash</b>		
	Cash in hand (note 4.1)	62,062,203	42,078,680
	Balance with Bangladesh Bank and its agent banks (note 4.2)	607,271,191	4,160,995,138
		<b>669,333,394</b>	<b>4,203,073,818</b>
<b>4.1</b>	<b>In hand</b>		
	Local currency	57,941,055	39,032,437
	Foreign currencies	1,564,148	1,381,743
	Cash in ATM	2,557,000	1,664,500
		<b>62,062,203</b>	<b>42,078,680</b>
<b>4.2</b>	<b>Balance with Bangladesh Bank and its agent banks</b>		
	Balance with Bangladesh Bank		
	Local currency	426,278,768	391,013,663
	Foreign currencies	180,992,423	3,769,981,475
		<b>607,271,191</b>	<b>4,160,995,138</b>
<b>4.3</b>	<b>Cash Reserve Requirement (CRR) and Statutory Liquidity Ratio (SLR)</b>		
Cash reserve requirement (CRR) and statutory liquidity ratio (SLR) have been calculated and maintained in accordance with Section 33 of the Banking Companies Act 1991 and subsequent BCD circular no. 13 dated 24 May 1992; BRPD circular no. 12 dated 20 September 1999 and BRPD circular no. 22 dated 6 November 2003; Bangladesh Bank DOS circular no. 03 dated 23 March 2005; DOS circular no. 06 dated 05 October 2005 and MPD circular no. 04 dated 01 December 2010 and MPD circular no 04 dated 24 June 2014 and MPD circular no. 01 dated 03 April 2018.			
<b>4.3.1</b>	<b>Cash reserve requirement (CRR)</b>		
	<b>Conventional banking</b>		
As per Bangladesh Bank MPD circular no. 03 dated 09 April 2020, Bank has to maintain CRR @ 4% on fortnightly cumulative average basis and minimum @ 3.5% on daily basis.			
	<b>Fortnightly Bank's CRR maintenance:</b>		
	Required reserve (4% of demand and time liabilities)	224,334,236	295,122,666
	Actual reserve maintained	435,738,588	391,222,981
	<b>Surplus</b>	<b>211,404,352</b>	<b>96,100,315</b>
<b>4.3.2</b>	<b>Statutory liquidity ratio (SLR)</b>		
	13% of average demand and time liabilities:		
	Required reserve	729,086,268	697,562,670
	Actual reserve maintained (note 4.3.3)	4,585,365,180	1,019,326,470
	<b>Surplus</b>	<b>3,856,278,912</b>	<b>321,763,800</b>
<b>4.3.3</b>	<b>Composition of actual reserve held (as per statement submitted to Bangladesh Bank)</b>		
	Cash in hand	62,062,203	42,078,680
	Unencumbered approved securities	4,311,898,389	881,147,470
	Others	211,404,588	96,100,320
		<b>4,585,365,180</b>	<b>1,019,326,470</b>
<b>5</b>	<b>Balance with other banks and financial institutions</b>		
	In Bangladesh (note 5.1)	1,401,914,488	910,747,456
	Outside Bangladesh (note 5.2)	120,626,728	75,804,966
		<b>1,522,541,216</b>	<b>986,552,422</b>

**5.1 In Bangladesh****Current Account with**

Standard Chartered Bank Ltd

**Term Placement with**

National Bank of Pakistan

**Short Notice Deposit with**

NCC Bank Ltd.

The City Bank Limited

Modhumoti Bank Ltd

Dutch Bangla Bank Ltd

Amount in BDT	
31-Dec-20	31-Dec-19

1,912,488	56,605
800,000,000	800,000,000
200,000,000	-
400,000,000	-
-	67,920,000
2,000	42,770,851
<b>1,401,914,488</b>	<b>910,747,456</b>

**5.2 Outside Bangladesh (A+B)**

<b>120,626,728</b>	<b>75,804,966</b>
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**5.2.1 A. Non-group nostro (Annexure-III)****Current Account with**

National Bank of Pakistan, Japan

Standard Chartered Bank, Kolkata

Bangkok Bank Public Company Limited, Thailand

MCB Bank Limited, Mumbai

Development Credit Bank Ltd, Mumbai

710,594	664,920
9,456,447	5,756,739
2,128,664	2,535,552
1,597,605	575,133
9,937,921	1,221,090
<b>23,831,231</b>	<b>10,753,433</b>

**B. Group nostro (Annexure-III)****Current Account with**

Habib Bank Ltd, Urumqi

Habib Allied Bank, London

Habib Bank Ltd, Brussels

Habib Bank Ltd, UAE

53,186	-
1,241,142	860,369
434,430	1,530,489
95,066,739	62,660,677
<b>96,795,497</b>	<b>65,051,535</b>

**5.3 Maturity grouping of balance with other banks and financial institutions**

Repayable - on demand

- up to 1 month

- over 1 month but below 3 months

- over 3 months but below 1 year

- over 1 year but below 5 years

1,522,541,216	118,632,423
-	667,920,000
-	200,000,000
-	-
-	-
<b>1,522,541,216</b>	<b>986,552,423</b>

**6 Money at call and on short notice**

The City Bank Limited

Modhumoti Bank Limited

-	100,000,000
200,000,000	130,000,000
<b>200,000,000</b>	<b>230,000,000</b>

**7 Investments**

Government securities (note 7.1)

Prize bonds

4,312,143,207	881,231,546
73,000	61,500
<b>4,312,216,207</b>	<b>881,293,046</b>

**7.1 Government securities**

Treasury bills ( note 7.1.1 )

Treasury bonds ( note 7.1.2 )

-	546,616,733
4,312,143,207	334,614,813
<b>4,312,143,207</b>	<b>881,231,546</b>

**7.1.1 Treasury bills**

91 days treasury bills

182 days treasury bills

364 days treasury bills

-	-
-	169,318,854
-	377,297,879
-	<b>546,616,733</b>



**7.1.2 Treasury bonds**

2 years BGTB  
5 years BGTB  
10 years BGTB  
15 years BGTB  
20 years BGTB

Amount in BDT	
31-Dec-20	31-Dec-19
-	-
-	-
4,284,676,147	310,422,090
13,769,450	12,092,127
13,697,610	12,100,597
<b>4,312,143,207</b>	<b>334,614,813</b>

**7.1.3 Investments as per Bangladesh Bank circular:**

Held for trading (HFT)  
Held to maturity (HTM)  
Prize bond

66,974,839	60,271,496
4,245,168,368	820,960,050
73,000	61,500
<b>4,312,216,207</b>	<b>881,293,046</b>

**7.1.4 Maturity-wise grouping**

On demand  
Up to 3 months  
More than 3 months but not more than 1 year  
More than 1 year but not more than 5 years  
More than 5 years

73,000	49,987,864
-	19,693,670
21,070,999	56,696,698
35,256,178	45,247,802
4,255,816,030	709,667,011
<b>4,312,216,207</b>	<b>881,293,046</b>

**8 Loans and advances**

Loans, cash credits, overdrafts, etc./investments (note 8.1)  
Bills purchased and discounted (note 8.2)

4,017,763,100	3,758,352,027
1,515,146	6,403,920
<b>4,019,278,246</b>	<b>3,764,755,947</b>

**8.1 Loans, cash credits, overdrafts, etc./investments****In Bangladesh**

Term loan  
Loans against imported merchandise (LIM)  
Trust receipts  
Staff loans  
Cash credit  
Payment against documents  
Short Term Loan  
Overdrafts

287,847,633	324,641,947
4,671,146	4,671,146
204,636,834	172,036,101
55,890,043	46,283,643
40,807,357	40,807,357
10,751,639	16,107,140
2,097,355,456	1,761,788,889
1,315,802,992	1,392,015,804
<b>4,017,763,100</b>	<b>3,758,352,027</b>

**Outside Bangladesh**

Including short term loan

-	-
<b>4,017,763,100</b>	<b>3,758,352,027</b>

**8.2 Bills purchased and discounted****In Bangladesh**

Inland bills purchased

**Outside Bangladesh**

Foreign bills purchased (FBP)

1,515,146	6,403,920
-	-
<b>1,515,146</b>	<b>6,403,920</b>

**8.3 Maturity-wise grouping**

Repayable on demand  
Up to 1 month  
Over 1 month but below 3 months  
Over 3 month but below 1 year  
Over 1 year but below 5 year  
More than 5 years

374,731,561	94,915,087
640,043,340	969,942,635
868,859,525	553,481,525
1,621,641,504	1,630,736,796
465,600,869	473,961,891
48,401,447	41,718,013
<b>4,019,278,246</b>	<b>3,764,755,947</b>

**8.4 Significant concentration**

Advances to Officer and Staff of the Bank  
Advances to customers group  
Industrial advances

Amount in BDT	
31-Dec-20	31-Dec-19
55,890,043	46,283,643
1,509,535,757	1,426,223,446
2,453,852,446	2,292,248,858
<b>4,019,278,246</b>	<b>3,764,755,947</b>

**8.5 Industry-wise concentration**

Automobile and transportation equipment  
Metals and allied  
Chemicals and pharmaceuticals  
Shoes and leather garments  
Textile  
Foods, tobacco and beverages, sugar  
General traders  
Others

2,438,374	2,438,374
210,348,750	180,000,000
152,348,802	135,159,897
305,767,697	306,487,779
106,648,021	86,717,600
528,148,832	527,588,129
370,972,537	395,378,347
2,342,605,233	2,130,985,821
<b>4,019,278,246</b>	<b>3,764,755,947</b>

**8.6 Geographical location-wise distribution**

Sylhet Division  
Chattogram Division  
Dhaka Division

81,665,218	82,314,059
1,120,921,882	1,001,798,859
2,816,691,146	2,680,643,029
<b>4,019,278,246</b>	<b>3,764,755,947</b>

**8.7 Grouping as per classification rules****Unclassified**

Standard  
Special mention account

**Total unclassified loans and advances**

3,618,808,531	3,363,324,298
-	-
<b>3,618,808,531</b>	<b>3,363,324,298</b>

**Classified**

Substandard  
Doubtful  
Bad/Loss

**Total classified loans and advances****Total**

-	-
2,903,990	2,852,845
397,565,725	398,578,804
<b>400,469,715</b>	<b>401,431,649</b>
<b>4,019,278,246</b>	<b>3,764,755,947</b>

**8.8 Large Loan disclosure**

Total no of customers having facility of the 10% of the capital of the Bank

**No of Parties****Total amount outstanding**

Funded  
Non funded

4	3
<b>1,457,045,318</b>	<b>948,325,785</b>
1,195,524,453	891,798,735
261,520,865	56,527,050

**8.9 Particulars of loans and advances**

- Debts considered good in respect of which the Bank is fully secured
- Debts considered good for which the bank holds no security other than the debtors personal guarantee.
- Debts considered good secured by the personal undertakings of one or more parties in addition to the personal guarantee of the debtor.
- Debts adversely classified; provision not maintained there against.

1,265,035,530	1,070,815,961
2,353,773,001	2,292,508,337
-	-
-	-
<b>3,618,808,531</b>	<b>3,363,324,298</b>



		Amount in BDT	
		31-Dec-20	31-Dec-19
v.	Debts due by directors or Officers/Executive of the Bank or any of them taken either separately or jointly with any other persons.	-	-
vi.	Debts due by companies or firms in which the directors of the bank are interested as directors, partners or managing agents or in the case of private companies, as members.	-	-
vii.	Maximum total amount of advances including temporary advance made at any time during the year to directors or executives or manager or officers of the bank or any of them taken severally or jointly with any other persons.	-	-
viii.	Maximum amount of advances including temporary advances made at any time during the year to the companies or firms in which the directors of the bank are interested as directors, partners, managing agents or in case of private companies as members.	-	-
ix.	Due from other banking companies.	-	-
x.	Amount of classified loans on which interest has not been charged:	400,469,715	401,431,649
xi.	Cumulative amount of written off debt :		
	Opening balance	138,916,513	138,916,513
	Amount of debts written off for the current year	-	-
		138,916,513	138,916,513
	Recovery against write off loans	-	-
	Closing Balance	138,916,513	138,916,513
	Lawsuit filed against written off debts	138,916,513	138,916,513
<b>8.10 Bills purchased and discounted</b>			
	Payable outside Bangladesh	-	-
	Payable in Bangladesh	1,515,146	6,403,920
		1,515,146	6,403,920
<b>8.11 Maturity-wise grouping of bills purchased and discounted</b>			
	On demand	-	1,996,458
	Payable within 1 month	-	2,239,216
	More than 1 month but less than 3 months	1,515,146	2,168,246
	More than 3 months but less than 6 months	-	-
		1,515,146	6,403,920
<b>9 Fixed assets including premises, furniture and fixtures</b>			
	Furniture and fixtures	46,811,547	46,385,187
	Office equipment and electrical appliances	39,095,941	37,068,162
	Computer	41,317,102	32,996,467
	Software (note 9.1)	6,752,860	5,967,610
	Motor vehicles	11,558,968	11,558,968
	ROU Assets (note 9.2)	113,026,510	-
		258,562,928	133,976,394
	Less: Accumulated depreciation/Amortization	160,202,072	114,331,373
		98,360,856	19,645,021
<b>9.1 Intangible Assets</b>			
	Software	6,752,860	5,967,610
	Less: Amortization	5,434,533	4,178,008
		1,318,327	1,789,602
Details in Annex- II			

## 9.2 ROU Assets

### Cost

As at 1 January 2020

Additions

**As at 31 December 2020**

### Accumulated depreciation

As at 1 January 2020

Charge for the year

**As at 31 December 2020**

**Carrying amount as at 31 December 2020**

Amount in BDT	
31-Dec-20	31-Dec-19

	-
	113,026,510
	<b>113,026,510</b>

	-
	33,611,965
	<b>33,611,965</b>

	<b>79,414,545</b>
--	-------------------

## 10 Other assets

### Income generating

Interest receivable

Encashment of sanchya partrays awaiting realization

### Non income generating

Advance deposits

Stationery and stamps on hand

Prepaid expenses

Capital WIP

Advance Tax (Note 10.1)

Other assets

Advance rent

Interest R/A Block

82,270,816	34,774,982
6,521,877	3,088,730
<b>88,792,693</b>	<b>37,863,712</b>

1,411,541	1,720,300
679,190	740,704
1,999,152	495,544
-	470,250
971,568,823	936,182,384
625,000	651,152
-	16,127,368
18,071,718	-
<b>994,355,424</b>	<b>956,387,703</b>
<b>1,083,148,117</b>	<b>994,251,415</b>

### 10.1 Opening balance

Add: Advance Income Tax paid during the year

Tax deducted at source during the year

**Addition during the year**

Adjustment / reconciled during the year

**Closing balance**

936,182,384	923,130,030
17,360,945	6,000,000
18,025,494	7,052,354
<b>35,386,439</b>	<b>13,052,354</b>
-	-
<b>971,568,823</b>	<b>936,182,384</b>

## 11 Deposits and other accounts

Current deposit and other accounts (note 11.1)

Fixed deposit (note 11.2)

Savings bank deposits (note 11.3)

Bills payable

1,078,143,026	759,483,180
4,120,891,262	3,864,028,003
564,043,810	494,847,795
16,024,086	18,795,708
<b>5,779,102,184</b>	<b>5,137,154,687</b>

### 11.1 Current deposit and other accounts

Local currency current deposits

Foreign currency current deposits

Special notice time deposits

Non Group Vostro (Annexure-IV)

Sundry deposits

Group vostro (note 11.4)

447,183,364	426,413,094
20,333,972	16,443,775
432,457,955	167,402,322
117,960,656	99,217,270
10,941,434	11,069,180
49,265,645	38,937,539
<b>1,078,143,026</b>	<b>759,483,180</b>

### 11.2 Fixed deposit

Deposit from customers

<b>4,120,891,262</b>	<b>3,864,028,003</b>
<b>564,043,810</b>	<b>494,847,795</b>

### 11.3 Savings Deposits



**11.4 Group vostro (Annexure-IV)**

Habib Bank Ltd, Oman (BDT)  
 Habib Bank Ltd, UAE (BDT)  
 Habib Allied International Bank plc, UK (BDT)  
 Habib Bank Ltd, Sri Lanka (USD)  
 Habib Bank Ltd, Pakistan (ACU \$)

Amount in BDT	
31-Dec-20	31-Dec-19
546,760	546,760
43,201	43,201
447,103	447,104
989,114	990,257
47,239,467	36,910,217
<b>49,265,645</b>	<b>38,937,539</b>

**11.5 Maturity-wise grouping**

Repayable - on demand  
 - up to 1 month  
 - over 1 month but below 3 months  
 - over 3 months but below 1 year  
 - over 1 year but below 5 years  
 - over 5 years but below 10 years

438,515,678	333,486,506
1,100,517,851	1,201,342,666
1,213,637,189	863,554,438
2,497,592,677	2,311,869,508
512,814,703	408,105,860
-	-
<b>5,763,078,098</b>	<b>5,118,358,978</b>

**12 Other liabilities**

Specific provision against classified loans and advances (note 12.1)  
 General provision against unclassified loans and advances (note 12.2)  
 Special general provision Covid-19 (note 12.3)  
 General provision against off balance sheet items (note 12.4)  
 Interest suspense account (note 12.5)  
 Provision for taxation (note 12.6)  
 Provision for audit fees  
 Provision for professional fees  
 Lease liability (12.7)  
 Other liabilities (note 12.8)

294,322,424	269,149,993
123,275,992	31,244,000
1,566,318	-
8,493,000	5,568,000
73,434,711	59,348,836
925,240,824	863,783,887
591,735	729,735
80,000	-
74,863,190	-
154,164,943	180,890,351
<b>1,656,033,137</b>	<b>1,410,714,802</b>

**12.1 Specific provision against classified loans and advances**

Movement in specific provision:  
 Provision held at the beginning of the year  
 Transferred to general provision  
 Transfer to special general provision Covid-19  
 Fully provided debts written off during the year  
 Recoveries of amounts previously written off  
 Specific provision for the year  
 Recoveries and provisions no longer required  
 Add: Net charge to profit and loss account during the year  
 Add: Transfer from general provision  
 Provision held at the end of the year

269,149,993	260,715,441
(92,299,962)	-
-	-
-	-
-	-
127,883,016	21,222,137
(10,410,623)	(12,787,585)
25,172,431	8,434,552
-	-
<b>294,322,424</b>	<b>269,149,993</b>

**12.2 General provision against unclassified loans and advances**

Movement in general provision:  
 Provision held at the beginning of the year  
 Provision made during the year  
 Transfer from specific provision  
 Recoveries and provisions no longer required  
 Transfer to special general provision Covid-19  
 Add: Net charge to profit and loss account during the year  
 Provision held at the end of the year

31,244,000	38,169,000
4,475,000	5,245,000
92,299,962	-
(3,534,000)	(12,170,000)
(1,208,971)	-
92,031,992	(6,925,000)
<b>123,275,992</b>	<b>31,244,000</b>

### 12.3 Special general provision Covid-19

Movement in special general provision:  
 Provision held at the beginning of the year  
Add : Provision made during the year  
 Add/(Less): Transfer from general provision  
Less: Recoveries and provisions no longer required  
Less: Transfer to specific provision

Net charge in the Profit & Loss and Provision held at the end of the year

<u>Provision for</u>	<u>Required provision</u>
Un-classified loans and advances	30,365,302
Special general provision Covid-19	1,566,318
Classified loans and advances	290,944,046
	<b>322,875,666</b>

Amount in BDT	
31-Dec-20	31-Dec-19

-	-
357,347	-
1,208,971	-
-	-
-	-
<b>1,566,318</b>	-

<u>Maintained</u>	<u>Excess/(Shortage)</u>
123,275,992	92,910,690
1,566,318	-
294,322,424	3,378,378
<b>419,164,734</b>	<b>96,289,068</b>

### 12.4 Provision for off-balance sheet items

Movement in general provision:  
 Provision held at the beginning of the year  
 Amount provided during the year  
 Recoveries and provisions no longer required  
Add: Net charge to profit and loss account during the year  
 Provision held at the end of the year

<u>Provision for</u>	<u>Required</u>
Off-balance sheet items	<b>7,994,832</b>

5,568,000	16,654,000
14,254,000	2,475,000
(11,329,000)	(13,561,000)
2,925,000	(11,086,000)
<b>8,493,000</b>	<b>5,568,000</b>

<u>Maintained</u>	<u>Excess/(Shortage)</u>
8,493,000	498,168

### 12.5 Interest suspense account

Balance at the beginning of the year  
Add: Amount transferred to interest suspense account during the year  
  
Less: Amount recovered in interest suspense account during the year  
Less: Amount written off during the year  
 Balance at the end of the year

59,348,836	57,545,545
14,977,340	8,534,620
<b>74,326,176</b>	<b>66,080,165</b>
(891,465)	(6,731,329)
-	-
<b>73,434,711</b>	<b>59,348,836</b>

### 12.6 Provision for taxation

Balance of provision at the beginning of the year  
Add: Provision made for the year  
 Adjustment/ reconciled during the year  
 Balance of the end of the year

863,783,887	863,216,084
61,456,937	6,850,000
-	(6,282,197)
<b>925,240,824</b>	<b>863,783,887</b>

The tax authority has made some additional demands of taxes relating to earlier years for which the Bank appealed and these appeals are pending at various levels of appeal authority. The aggregate amount of additional tax demand now stands at BDT 72.26 million compared to previous years' BDT 62.73 million. The Bank believes that these additional demands are not justified and upon finalisation of appeal process such additional demand would be eliminated. Details are given in Annexure-VI.



## 12.7 Lease liability

Opening balance
Additions
Finance cost accrued during the period
Payment of lease liabilities
<b>As at 31 December 2020</b>

Amount in BDT	
31-Dec-20	31-Dec-19

-	-
97,989,209	-
7,582,734	-
(30,708,753)	-
<b>74,863,190</b>	-

Non-current
Current
<b>As at 31 December 2020</b>

50,045,848	-
24,817,342	-
<b>74,863,190</b>	-

## Maturity analysis of lease liabilities

Up to 1 month
1-3 months
3-12 months
1-5 years
Above 5 years
<b>As at 31 December 2020</b>

2,074,044	-
4,213,302	-
18,529,997	-
50,045,847	-
-	-
<b>74,863,190</b>	-

## 12.8 Other liabilities

Provision against BCCI claim <sup>(*)</sup>
Other payable
Accrued expenses
Routing account
Interest payable

9,299,260	9,299,260
22,536,419	22,561,507
29,025,743	41,162,918
29,535	86,419
93,273,986	107,780,247
<b>154,164,943</b>	<b>180,890,351</b>

(\*) This includes the amount provided as provision against the decreed amount of money suit no. 88/1994 filed by Eastern Bank Ltd, successor of BCCI Overseas Ltd.

## 13 Capital/shareholder's equity

Capital fund
Reserve fund
Retained earnings

4,360,883,491	4,358,756,194
52,204,515	59,361,858
56,654,709	113,584,128
<b>4,469,742,715</b>	<b>4,531,702,180</b>

### 13.1 Capital Adequacy ratio

#### Tier - I Capital

Funds received from Head Office
Retained earnings

4,360,883,491	4,358,756,195
56,654,709	113,584,128
<b>4,417,538,200</b>	<b>4,472,340,322</b>

#### Additional Tier -I

#### Total eligible Tier -I Capital

#### Less: Regulatory adjustment

#### Goodwill and all other intangible assets

-	-
4,417,538,200	4,472,340,322
(1,318,327)	(1,789,602)
<b>4,416,219,873</b>	<b>4,470,550,720</b>

#### Tier - II Capital

General provision against unclassified loans and advances
Other reserves
Total eligible Tier -II Capital

133,335,310	36,812,000
-	-
<b>133,335,310</b>	<b>36,812,000</b>

#### Total Regulatory Capital as per Basel -III

<b>4,549,555,183</b>	<b>4,507,362,720</b>
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**13.2 Capital adequacy ratio**

Total assets including off-balance sheet items
Total risk weighted assets
Capital to Risk weighted assets ratio (CRAR)
Common equity Tier -I to RWA
Tier -I Capital to RWA
Tier -II Capital to RWA
Minimum Capital Requirement
Actual Capital Maintained
Surplus Capital as per Basel-III

Amount in BDT	
31-Dec-20	31-Dec-19
13,785,755,553	12,593,045,138
3,055,451,017	3,271,285,771
148.90%	137.97%
144.54%	136.66%
144.54%	136.66%
4.36%	1.13%
4,000,000,000	4,000,000,000
4,549,555,183	4,507,362,720
549,555,183	507,362,720

**14 Surplus in profit and loss account/ Retained earnings**

Balance at the beginning of the year
Add: Profit/ (Loss) for the year after tax brought forward from profit & loss Account
Less: Transferred to capital fund
Balance at the end of the year

113,584,128	96,009,119
(56,929,419)	17,575,009
-	-
<b>56,654,709</b>	<b>113,584,128</b>

**15 Contingent liabilities and commitments**

Acceptances and endorsements
Letter of guarantees (note 15.1)
Irrevocable letter of credit
Bills for collection
Other contingent liabilities (note 15.2)
Other commitments (note 15.3)

153,863,795	96,889,824
190,728,834	184,254,361
454,890,528	273,448,794
72,238,508	44,957,731
979,627,585	911,948,324
29,528,268	1,974,434
<b>1,880,877,518</b>	<b>1,513,473,468</b>

**15.1 Letter of guarantees**

Money for which the Bank is contingently liable in respect of guarantees given favouring:

Government
Bank and other financial institutions
Others

150,462,651	167,871,275
839,563	839,563
39,426,620	15,543,523
<b>190,728,834</b>	<b>184,254,361</b>

**15.2 Other contingent liabilities**

Stock in hand
Other non-accruals

482,820,000	484,020,000
496,807,585	427,928,324
<b>979,627,585</b>	<b>911,948,324</b>

**15.3 Other commitments**

Documentary credits and short term trade-related transactions
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29,528,268	1,974,434
<b>29,528,268</b>	<b>1,974,434</b>



Habib Bank Limited - Bangladesh Branches

Notes to the financial statements  
For the year ended 31 December 2020

		Amount in BDT	
		31-Dec-20	31-Dec-19
16	Interest income		
	Interest on term loans	157,592,800	215,111,822
	Interest on overdraft	115,009,601	132,865,437
	Interest on call loans	95,174,283	90,736,556
	Interest on payment against documents (PAD/IBP/FBP)	6,406,567	18,355,514
	Interest on staff loans	2,377,773	1,767,823
	Interest on balance with Bangladesh Bank	10,321,304	68,056,283
	Interest on balance with other Bank	4,987,590	8,005,217
	Other interest income	63,014	-
		<b>391,932,932</b>	<b>534,898,652</b>
17	Interest paid on deposit and borrowings etc.		
	Interest on savings deposits	24,178,111	29,461,655
	Interest on fixed deposits	307,204,679	299,166,151
	Interest on special notice deposits and short term deposits	4,274,271	6,785,464
	Interest expenses on lease liability	7,582,735	-
	Interest on borrowing	12,586,111	830,002
		<b>355,825,907</b>	<b>336,243,272</b>
18	Income from investments		
	Interest on Govt. Securities (treasury bills and treasury bonds)	339,825,043	48,824,228
		<b>339,825,043</b>	<b>48,824,228</b>
19	Commission, Exchange and Brokerage		
	Commission A/C - acceptances	984,152	558,012
	Commission on bills	6,503,693	4,732,990
	Commission on DD/TT/MT/PO	146,800	153,800
	Commission on L/G	4,215,047	633,760
	Commission on L/C	4,864,167	3,621,725
	Commission on LIM,PAD	1,640,781	1,575,989
	Commission on PSP/NSC	65,393	251,006
	Exchange A/c on foreign currency	36,276,034	26,712,241
		<b>54,696,067</b>	<b>38,239,523</b>
20	Other operating income		
	Postage charges recoveries	188,020	104,030
	Telegram/Telex/Swift charges recoveries	365,712	386,594
	Rent on savings deposit lockers	212,900	208,100
	Handling and service charges	181,205	291,154
	Incidental charges recoveries	781,419	1,193,077
	Net Profit on sale of fixed assets	-	61,574
	Miscellaneous income	773,409	16,570,531
		<b>2,502,665</b>	<b>18,815,060</b>

**21 Salaries and allowances**

Salaries
House rent for executives other than the Chief Executives
Allowances
Bonus paid to employees
Bank's contribution to provident fund
Bank's contribution to Gratuity Fund
Conveyance allowances
Medical expenses
Electricity and gas charges
Leave salary
Others

Amount in BDT	
31-Dec-20	31-Dec-19
64,249,562	63,063,919
30,270,780	28,028,631
11,184,994	10,061,865
20,376,901	16,587,037
1,891,976	5,826,632
9,600,000	9,600,000
1,971,026	2,220,787
3,768,450	2,902,349
8,136	14,476
11,356,106	7,416,064
7,339,754	3,100,632
<b>162,017,685</b>	<b>148,822,392</b>

**22 Rent, taxes, insurance, electricity, etc.**

Godown rent
Lighting charges
Insurance charges
Rent on Bank premises
VAT on rent

1,352,400	1,644,629
3,254,913	3,466,407
3,356,277	3,756,155
(2,340,825)	47,828,312
5,623,149	-
<b>11,245,914</b>	<b>56,695,503</b>

**23 Legal expenses**

Law charges
Consultancy charges

445,993	2,911,385
4,143,437	1,122,453
<b>4,589,430</b>	<b>4,033,838</b>

**24 Postage, stamps, telecommunication, etc.**

Telegram charges
Postage, courier and SWIFT charges

2,750	5,000
1,673,102	3,204,048
<b>1,675,852</b>	<b>3,209,048</b>

**25 Stationery, printing, advertisement, etc.**

Newspaper expenses
Printing
Stationery
Business Promotion
Advertisement charges

83,213	59,194
1,352,357	918,313
1,044,457	1,027,863
1,184,147	257,474
789,455	876,750
<b>4,453,629</b>	<b>3,139,594</b>



**26 Chief executive salary and fees**

Salaries  
 Medical Expenses  
 House allowance/rent  
 Other allowances  
 Utilities

Amount in BDT	
31-Dec-20	31-Dec-19
10,200,000	25,861,752
124,300	-
5,100,000	3,446,496
8,768,753	269,640
-	575,323
<b>24,193,053</b>	<b>30,153,211</b>

**27 Depreciation and repairs to bank's assets**

Repairs and renovation  
 Software maintenance expenses  
 Computer and office equipment maintenance  
 Depreciation (Annexure -II)

183,341	-
1,637,544	1,570,944
2,515,455	2,784,008
45,870,700	12,346,900
<b>50,207,040</b>	<b>16,701,852</b>

**28 Other expenses**

Branch trade license fee  
 work permit and visa charges  
 Clearing house charges  
 Training expenses  
 Conveyance charges  
 Water and diesel expenses  
 Telephone charges (office use)  
 Entertainment charges  
 Traveling expenses  
 Subscription  
 Motor car expenses  
 Office maintenance charges  
 Lease line rent (online) and e-mail expenses  
 VISA debit card maintenance fee  
 Loss/(Gain)- HFT revaluation  
 Loss/(Gain)-HTM revaluation  
 Miscellaneous expenses  
 Outsourced charges

164,303	194,627
371,189	157,942
161,204	241,310
109,685	514,116
920,376	440,689
355,413	371,055
1,049,278	993,733
533,283	1,273,677
1,099,773	2,196,958
3,913,650	3,892,284
1,537,119	1,071,600
1,876,403	1,631,049
3,856,887	4,104,710
1,995,030	1,708,469
3,500,057	10,608,763
7,405,803	(22,990,234)
13,676,475	6,949,587
5,424,011	12,994,857
<b>47,949,939</b>	<b>26,355,192</b>

## **29 Related Party Transactions:**

### **29.1 Transactions with Nostro Accounts**

Some branches of HBL maintains Nostro accounts with HBL Bangladesh for interbranch transaction settlement. The disclosure of the year end balance is considered as the most meaningful information during the year. As at year end, the balance with all Nostro accounts (including group) are given in Annexure-III.

### **29.2 Transactions with Vostro Accounts**

Some branches of HBL maintains vostro accounts with HBL Bangladesh for interbranch transaction settlement. The disclosure of the year end balance is considered as the most meaningful information during the year. As at year end, the balance with all Vostro accounts (including group) are given in Annexure-IV.

## **30 Coverage of external audit**

The external auditors of the Bank, Nurul Faruk Hasan & Co, Chartered Accountants worked about 1,850 person hours. They have reviewed more than 80% of the Bank's risk weighted assets as at the Balance Sheet date.

## **31 Events after the reporting period**

No material events which have occurred after the reporting period which could affect the values stated in the financial statements.

Since December 31, 2019, the COVID-19 virus has caused a pandemic, and government and businesses have taken measures such as travel bans, quarantines, and social distancing to combat the spread of the virus. These have disrupted business activity, as well as causing economic slowdown and significant volatility in recovery of the loans and advances. However, the Bank expects to maintain a moderate level of business trend and financial results.

## **32 Others**

- (i) Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statements for the current year.
- (ii) Figures in these notes and in the annexed financial statements have been rounded off to the nearest BDT.
- (iii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- (iv) the number of employees engaged for the whole year who received a total remuneration of BDT 36,000 or above were 92 (2019: 88)
- (V) Highlights of the overall activities of the Bank have been presented in Annexure -I



**Mohammad Nazmul Huq Bhuiyan**  
Head Finance



**Muhammad Selim Barkat**  
Country Manager



**Habib Bank Limited - Bangladesh Branches**  
**Highlights on the overall activities**  
**As at 31 December 2020**

**Annexure-I**

Sl No.	Particulars	2020	2019
		BDT	BDT
1	Paid-up capital/ Fund received from Head Office	4,360,883,491	4,358,756,194
2	Total capital	4,549,555,183	4,507,362,720
3	Capital (deficit)/surplus	549,555,183	507,362,720
4	Total assets	11,904,878,036	11,079,571,669
5	Total deposits	5,779,102,184	5,137,154,687
6	Total loans and advances	4,019,278,246	3,764,755,947
7	Total contingent liabilities and commitments	1,880,877,518	1,513,473,469
8	Credit deposit ratio	68.44%	71.78%
9	Percentage of classified loans against total loans and advances	9.96%	10.66%
10	Profit after tax and provision	(56,929,419)	17,575,009
11	Amount of classified loans during current year	400,469,715	401,431,649
12	Provisions kept against classified loans	294,322,424	269,149,993
13	Provision surplus against classified loans	3,378,378	52,975,141
14	Cost of fund	6.44%	6.90%
15	Interest earning assets	10,261,950,384	9,622,164,905
16	Non-interest earning assets	1,642,927,652	1,457,406,764
17	Return on Equity (ROE)	-1.26%	0.34%
18	Return on assets (ROA)	-0.50%	0.16%
19	Income from investment	339,825,043	48,824,228

Habib Bank Limited - Bangladesh Branches  
Schedule of fixed assets including premises, furniture and fixtures  
As at 31 December 2020

A) Tangible Assets

Annexure -II

Particulars	COST				Rate	Depreciation				WDV as at 31 December 2020
	Balance as at 01 January 2020	Addition During the year	Adjustment / disposal during the year	Total as at 31 December 2020		Balance as at 01 January 2020	Charged for the year	Adjustment / disposal during the year	Total as at 31 December 2020	
Furniture & Fixture	46,385,187	426,360	-	46,811,547	10%-20%	41,278,336	3,156,756	-	44,435,092	2,376,455
Office equipment & Electrical Appliance	37,068,162	2,027,779	-	39,095,941	10%-20%	34,387,935	1,873,518	-	36,261,453	2,834,488
Computers	32,996,467	8,320,635	-	41,317,102	20%-33.33%	24,390,266	5,497,744	-	29,888,010	11,429,092
Motor Vehicle	11,558,968	-	-	11,558,968	10%	10,096,827	474,192	-	10,571,019	987,949
Right of use assets		113,026,510		113,026,510			33,611,965		33,611,965	79,414,545
<b>AS at December 2020</b>	<b>128,008,784</b>	<b>123,801,284</b>	<b>-</b>	<b>251,810,068</b>		<b>110,153,364</b>	<b>44,614,175</b>	<b>-</b>	<b>154,767,539</b>	<b>97,042,529</b>

B) Intangible Assets

Particulars	COST				Rate	Amortization				WDV as at 31 December 2020
	Balance as at 01 January 2020	Addition During the year	Adjustment / disposal during the year	Total as at 31 December 2020		Balance as at 01 January 2020	Charged for the year	Adjustment / disposal during the year	Total as at 31 December 2020	
Software	5,967,610	785,250	-	6,752,860	10%-20%	4,178,008	1,256,525	-	5,434,533	1,318,327
<b>AS at 31 December 2020</b>	<b>5,967,610</b>	<b>785,250</b>	<b>-</b>	<b>6,752,860</b>	<b>-</b>	<b>4,178,008</b>	<b>1,256,525</b>	<b>-</b>	<b>5,434,533</b>	<b>1,318,327</b>
<b>AS at 31 December 2020 (A+B)</b>	<b>133,976,394</b>	<b>124,586,534</b>	<b>-</b>	<b>258,562,928</b>	<b>-</b>	<b>114,331,372</b>	<b>45,870,700</b>	<b>-</b>	<b>160,202,072</b>	<b>98,360,856</b>
<b>AS at 31 December 2019</b>	<b>132,784,663</b>	<b>8,079,251</b>	<b>6,887,520</b>	<b>133,976,394</b>	<b>-</b>	<b>108,831,916</b>	<b>12,346,900</b>	<b>6,847,443</b>	<b>114,331,373</b>	<b>19,645,021</b>



Habib Bank Limited - Bangladesh Branches  
Balance with other banks-Outside Bangladesh (Nostro Account)  
As at 31 December 2020

Annexure-III

Name of the bank	Account Type	Foreign currency	2020			2019		
			FC amount	Exchange rate	Equivalent BDT	FC amount	Exchange rate	Equivalent BDT
Group Nostro								
Habib Bank Ltd, Brussels	Nostro A/C	EUR	4,160	104.42	434,430	15,960	95.90	1,530,488
Habib Bank Ltd, UAE	Nostro A/C	USD	1,121,044	84.80	95,066,739	738,053	84.90	62,660,676
Habib Bank Ltd, Urumqi	Nostro A/C	CNY	4,142	12.84	53,186	-	-	-
Habib Allied International Bank plc, UK	Nostro A/C	GBP	10,784	115.09	1,241,142	7,720	111.45	860,369
Sub-Total (A)					96,795,497			65,051,533
Non-Group Nostro								
National Bank of Pakistan, Tokyo, Japan	Nostro A/C	JPY	863,105	0.82	710,594	865,105	0.77	664,920
Muslim Commercial Bank Ltd., Pakistan	Nostro A/C	USD	18,839	84.80	1,597,605	6,774	84.90	575,133
Standard Chartered Bank, Kolkata	Nostro A/C	USD	111,512	84.80	9,456,447	67,806	84.90	5,756,739
Development Credit Bank Ltd., Mumbai	Nostro A/C	USD	117,190	84.80	9,937,921	14,383	84.90	1,221,090
Bangkok Bank Public Company Limited, Thailand	Nostro A/C	USD	25,102	84.80	2,128,664	29,865	84.90	2,535,552
Sub-Total (B)					23,831,231			10,753,433
Total (A+B)					120,626,728			75,804,966

Habib Bank Limited - Bangladesh Branches  
Balance with other banks-Outside Bangladesh (Vostro Account)  
As at 31 December 2020

Annexure-IV

Name of the bank	Account Type	Foreign currency	2020			2019		
			FC amount	Exchange rate	Equivalent taka	FC amount	Exchange rate	Equivalent taka
<b>Group Vostro</b>								
Habib Bank Ltd, Oman (BDT)	Vostro A/C	BDT	-	-	546,760	-	-	546,760
Habib Bank Ltd, UAE (BDT)	Vostro A/C	BDT	-	-	43,201	-	-	43,200.98
Habib Bank Ltd, Sri Lanka (USD)	Vostro A/C	USD	11,664	84.80	989,114	11,664	84.90	990,257
Habib Bank Ltd, Pakistan (ACU \$)	Vostro A/C	USD	557,056	84.80	47,239,467	434,749	84.90	36,910,217
Habib Allied International Bank plc, UK (BDT)	Vostro A/C	BDT	-	-	447,103	-	-	447,103
<b>Sub-Total (A)</b>					<b>49,265,645</b>			<b>38,937,539</b>
<b>Non-Group Vostro</b>								
Dubai Islamic Bank Limited	Vostro A/C	USD	34,074	84.80	2,889,560	46,516	84.90	3,949,239
Habib Metropolitan Bank Limited	Vostro A/C	USD	801,467	84.80	67,965,983	485,508	84.90	41,219,633
Bank Islami Pak	Vostro A/C	USD	9,498	84.80	805,414	9,498	84.90	806,345
Js Bank Limited	Vostro A/C	USD	37,148	84.80	3,150,242	90,456	84.90	7,679,730
Silkbank Limited	Vostro A/C	USD	53,051	84.80	4,498,794	21,669	84.90	1,839,666
Soneri Bank Limited	Vostro A/C	USD	-	-	-	19,925	84.90	1,691,638
The Bank Punjab Limited	Vostro A/C	USD	142,489	84.80	12,083,345	291,598	84.90	24,756,710
The Bank Of Khyber Limited	Vostro A/C	USD	72,405	84.80	6,140,123	655	84.90	55,610
Bank Al Falah Limited	Vostro A/C	USD	0.48	84.80	41	0.48	84.90	41
Albaraka Bank Limited	Vostro A/C	USD	240,881	84.80	20,427,155	202,811	84.90	17,218,660
<b>Sub-Total (B)</b>					<b>117,960,656</b>			<b>99,217,270</b>
<b>Total</b>					<b>167,226,301</b>			<b>138,154,809</b>



Annexure-V

Habib Bank Limited - Bangladesh Branches

Details of Large Loan

As at 31 December 2020

2020

BDT

4

1,195,524,453

No of clients

Total amount outstanding

Client wise break up is as follows:

SL	Name of the Borrower	Funded o/s	Funded limit	Non-funded o/s	Non funded limit	Total limit
1	MM Ispahani Group	404,672,577	375,000,000	-	250,000,000	625,000,000
2	BD Still Re-rolling Mills Ltd.	210,348,750	310,000,000	-	250,000,000	560,000,000
3	BRAC	499,936,543	500,000,000	-	-	500,000,000
4	Kamaluddin A. Aziz Group	80,566,583	115,700,000	261,520,865	400,000,000	515,700,000

2019

BDT

3

891,798,735

No of clients

Total amount outstanding

Client wise break up is as follows:

SL	Name of the Borrower	Funded o/s	Funded limit	Non-funded o/s	Non funded limit	Total limit
1	A H Akbar Ali Group	180,000,000	310,000,000	50,732,976	250,000,000	560,000,000
2	MM Ispahani Group	314,134,001	375,000,000	5,794,074	250,000,000	625,000,000
3	Pran Group	397,664,735	520,000,000	-	220,000,000	740,000,000

**Habib Bank Limited - Bangladesh Branches**

**Income Tax Status  
As at 31 December 2020**

**Annexure VI**

Income Year	Assessment Year	Latest Status (with stage)	Net liability Amount (In BDT)
1991	1992-1993	This case is pending at high court .	9,523,047
1992	1993-1994	This case has been revived by Tax authority suddenly at high court in 2018 and High court has granted our point. Caveat has been filed. However, High court has not issued any revised order to LTU.	-
1993	1994-1995	This case is pending at high court .	4,357,406
1996	1997-1998	Liability has been found at LTU (Large Tax Payers Unit) by our own efforts but no demand was raised by the Tax department. Our tax consultant is dealing for an amicable closure.	1,455,211
1997	1998-1999	Liability has been found at LTU (Large Tax Payers Unit) by our own efforts but no demand was raised by the Tax department. Our tax consultant is dealing for an amicable closure.	1,391,681
1999	2000-2001	According to LTU, HBL Bangladesh has to pay finally BDT 784,926/- .	784,926
2001	2002-2003	Case# I.T. Ref 112/2005 has been filed for HBL Bangladesh to the High Court and still the progress is going on.	5,227,591
2005	2006-2007	Assesment has been completed at all stages and final liability stands at BDT 96,76,521/-	9,676,521
2007	2008-2009	As per record of the tax office, effect of high court order has been given and the liability should be paid immediately by HBL Bangladesh.	975,816
2008	2009-2010	As per record of the tax office, effect of high court order has been given and the liability should be paid immediately by HBL Bangladesh.	2,471,084
2009	2010-2011	HBL Bangladesh has appealed after nine years and hence the appeal was rejected for time lapse. But then HBL Bangladesh went to tribunal and finally they settle it at BDT 4,183,148/-	4,183,148
2010	2011-2012	HBL Bangladesh has appealed at time but rejected . After that, respective tribunal bench has fixed the liability at BDT 2,103,145/-.	2,103,145
2011	2012-2013	This case has been settled at ADR and HBL Bangladesh has paid net liability of BDT 28,40,657/-.	-
2012	2013-2014	This case has been settled at ADR and HBL Bangladesh has paid net liability of BDT 34,41,540/-.	-
2013	2014-2015	DCT has completed the primary assesment and HBL Bangladesh has appelaed against the assesment order. The total liability has been fixed at BDT 12,539,874/- after appeal and tribunal.	12,539,874
2014	2015-2016	DCT has completed the primary assesment and liability has been fixed at BDT 3,404,436/- finally.	3,404,436
2015	2016-2017	DCT Assesment has been completed. Now HBL Bangladesh has appealed against the assesment order.	14,169,921
2016	2017-2018	DCT Assesment has been started and during lockdown period no further action has been continued.	Assesment not completed
2017	2018-2019	Return has been submitted but no audit has been started.	Assesment not started
2018	2019-2020	Return has been submitted but no audit has been started.	Assesment not started
2019	2020-2021	Return has been submitted but no audit has been started.	Assesment not started
<b>Total</b>			<b>72,263,807</b>