

Profit Equalization Reserve (PER) Policy

- PER shall be the amount appropriated out of Net Income of Pool (Gross Income less Direct Expenses) before allocating the working partner share, in order to compensate for profit smoothening.
- HBL-IB may maintain PER from Net Income of Pool i.e. the gross income less direct expenses and losses if any.
- The monthly contribution into PER pool shall not exceed 2% of Net Income, and the accumulated balance of PER shall not exceed 30% of the Islamic Banking Fund (IBF) of the Bank.
- The 50% balance of PER pool shall be reflected as liability and remaining 50% as reserve in the books of HBL-IB.
- The funds of PER pool shall only be invested in Shariah compliant SLR eligible securities as a separate pool and the returns earned on these funds shall also be credited into the PER account. The profit-sharing ratio for HBL-IB as Mudarib shall not be more than 10% for managing PER pool.
- HBL-IB may fully or partially utilize the amount of PER to improve the returns to the depositors during periods when the Pool's profit is below the market expectations.
- The PER related clause shall be made part of Account Opening Form of the HBL-IB.
- The deduction / utilization of PER shall only be at the level of Net Income of the pool.
- Currently, HBL-IB is maintaining PER in General Pool. It may establish PER for other pools as and when required.