

BENEFITS

SECTION: POLICY OVERVIEW

1 PURPOSE:

Purpose of providing Allowance & Benefits apart from Salary is to provide a competitive compensation package to employees that could align the Total Guaranteed Pay received with their Peers in the Market. Allowance & Benefit structure differ from Organization to organization however the one offered by HBL is competitive with the one paid by Other Banks in the market.

2 SCOPE:

Scope of this policy covers all employees.

3 BENEFITS:

a. INSURANCE

Different Insurance schemes are offered to employees to cater to safety & security needs; all insurance claims shall be referred to Insurance Department, General Administration for processing:

i. Group Insurance Scheme:

This Insurance Scheme covers 5 policies mentioned below; these policies basically cover death risks.

a. Life / Accidental Policy:

Under this policy an employee is covered for natural as well as accidental death caused to his / her life. Amount provided to the family members are as follows:

Grades	Natural Death	Accidental Death
GM & Above	Rs. 6.0m	Rs. 6.0m
DGMs & SMs	Rs. 3.0m	Rs. 3.0m
Managers, AM, Officers & Secretaries	Rs. 2.5m	Rs. 2.5m
Clerical Staff	Rs. 1.0m	Rs. 0.50m

In case of Accidental Death the benefit will include amount covered for Natural Death & Accidental Death.

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In case of permanent disability, the claim is payable on the basis of percentage of disability up to the maximum limit of Accidental Coverage. In case of temporary disability, claim is payable @ Rs.500/- per day provided incumbent has remained unable to perform duty for 14 days & above due to injuries. Where period is less than 14 days no claim is tenable by the Insurance company as per agreement.

Premium for Life Insurance in case of employees in Management Cadre is borne by employee while in case of employees in Clerical Cadre it is borne by the Bank. Premium for Accidental coverage is however borne by the Bank.

b. Pay Continuation Plan

Under this plan, if an employee dies during the service of the bank the insurance company will pay to the family of a deceased employee a fixed monthly amount as defined below for 24 months after the death of the employee. The premium for this insurance facility is borne by the Bank.

Grade	Monthly fixed amount
EXCO	1,000,000
GM Non-EXCO	500,000
DGM II	225,000
DGM I	155,000
SM II	115,000
SM I	85,000
MA II	60,000
MA I	45,000
AM II	30,000
AM I	20,000
OFF II	20,000
OFF I	20,000

c. House Finance Insurance Policy:

Under this policy if an employee dies during the service of the bank, the insurance company is liable to pay the outstanding balance as on the date of death. Premium for this policy is borne by the Bank.

d. Transport Finance Insurance Policy:

Under this policy if an employee dies during the service of the bank, the insurance company is liable to pay the outstanding balance as on the date of death. Premium for this policy is borne by the Bank.

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e. PF Insurance Policy:

Linked with Provident Fund balance, under this policy the death benefit is a multiple of the present balance based on the age of the member at the time of his / her death. The maximum balance paid under this is of Rs. 300,000/- and the premium for this policy is borne by the P/F Trust.

f. Consumer Financing

Under this policy if an employee dies during the service of the bank, the insurance company is liable to pay the outstanding balance for the consumer facility availed by an employee on preferential rate as on the date of death. The products covered under this insurance include Auto Loan, Car Ijarah, Personal Loan, Salary Plus, Credit Card and Home Loan (Consumer / Islamic). Premium for this policy is borne by the Bank.

ii. Comprehensive Insurance Policy:

This policy covers the risk of theft, robbery, or accident caused to motorcycle/scooter of an employee against whom motorcycle/scooter finance is outstanding under hire purchase agreement. This policy has been made compulsory to be purchased by the Clerical staff but is an optional for Officers. Premium for policy is borne by Bank.

b. RETIREMENT BENEFITS

To provide social security measure to staff and their families and cater to the post employment needs of the employees, competitive retirement benefits are provided to employees at HBL:

i. PROVIDENT FUND

An employee of the Bank shall become a member of the Provident Fund after completion of probationary period i.e. after confirmation; if:

1. He/ she is required to contribute to the Provident Fund regularly by way of deduction at the rate prescribed and applicable from time to time from his / her salary under the type / mode of retirement benefit scheme, as may be revised / defined / promulgated in any manner by the employer through their notifications or circulars from time to time.
2. He/ she fulfills any other laid down condition(s), not specified hereof, which the bank in its sole discretion may deem it at any time relating to his / her eligibility and / or continuance of membership of the Provident Fund.
3. He/ she agree to abide by the Provident Fund rules and the decision of the Bank and/or Trustees of the Fund as well.

Rate of Contribution for Provident Fund shall be as under:

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	Own Contribution (% of Basic Pay)	Bank Contribution (% of Basic Pay)
For Management Cadre New / Old Retirement Benefits Scheme	7%	7%
Contractual Executives	7%	7%
For Clerical Cadre Old Retirement Benefit Scheme	12%	12%
New Retirement Benefit Scheme	12%	0%

ii. BENEVOLENT FUND

All Employees are deemed to become member of Benevolent Fund from the date of joining the Bank. Every employee shall contribute an amount from his / her salary to Benevolent Fund account. The bank shall contribute a matching amount for each employee in this account.

1. For New Option - Subscription amount of Benevolent is Rs. 250/- per month.
2. For Old Option - Subscription amount of Benevolent is Rs.43/- per month

Benevolent Fund Grant:

Benevolent Grant in the shape of monthly benefit or lump sum fair value shall be offered to employees against this contribution on following lines at rates specified below:

1. For New Option:

In Case of Death – Admissible at the rate of Rs.3000/- per month. For employees in Management Cadre it is paid for a maximum period of 15 years or upto the date, the employee would have attained the age of 70 years; whichever is earlier. The grant is paid to the nominee and in case the nominee is a widow then Monthly Benevolent Grant is admissible for lifetime.

In Case of Retirement – Admissible at the rate of Rs.3000/- per month. For employees in Management Cadre it is paid for a maximum period of 15 years or upto the date, the employee would have attained the age of 70 years; whichever is earlier.

If an ex-employee expires during the tenure, the nominee will be admissible for the grant as per the above defined period and terms.

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2. For Old Option:

Benevolent Grant is admissible to employees or the heirs in case of death, retirement on superannuation or premature retirement due to any reason including disability at the rate of Rs. 1130/= per month for a maximum period of 10 years or up to the date the employee attains or would have attained the age of 65 years whichever is earlier.

For Clerical Employees:

Benevolent Grant is admissible to employees or the heirs in case of death, retirement on superannuation or premature retirement due to any reason including disability at the rate of Rs. 3,500/- per month for maximum period of 10 years or up to the date the employee attains or would have attained the age of 65 years whichever is earlier

Marriage Grant:

Marriage Grant to Clerical Staff from Benevolent Fund account shall be paid at Rs. 40,000/-

Funeral Grant:

On the death of an employee in Clerical Cadre, Funeral grant at the rate of Rs. 70,000/- shall be paid to employee's family to support expenses from Benevolent Fund account. Also, transportation charges at actual incurred in connection with taking either the dead body of an employee or a member of the employees' family to the native place shall be reimbursed.

iii. **GRATUITY:**

To become eligible for Gratuity employee in Management Cadre should have completed on separation minimum 10 years of continuous service with the Bank including period of probation. However, an employee who is dismissed / terminated from services as a result of some disciplinary action shall not be entitled to claim this benefit. Moreover, employees who separate from the organization due to retirement or death shall be eligible for gratuity irrespective of number of years of service he/ she has completed with the Bank.

1. Employees Governed under Old Retirement Benefit:

Employees who were not governed under Pension benefit shall be entitled to receive half month's Basic Pay per year as Gratuity on completion of prescribed year of service.

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2. Employees Governed under New Retirement Benefit:

Employees who are governed by Pension Benefit scheme shall also be entitled to receive lump sum payments on account of Gratuity equivalent to Half Basic Pay for each completed year of service from April 1, 2005 onwards in addition to Pension benefit. A separate account in respect of each employee shall be maintained.

Profit shall also be paid on the accumulated balance of gratuity as per the rate approved by Trustees.

iv. **PENSION:**

The employees in Management Cadre who are governed by Pension benefits scheme shall be entitled to claim this benefit on the basis of their service as on 31 March 2005.

Pension shall be calculated as follows:

Last drawn Basic Salary as at March 31, 2014 * Total service as on March 31, 2005 * 1.1%

Employee is eligible to receive Pension Benefit as under:

- Opt to receive one time lump sum payment against pension benefit on immediate basis effective September 2014. In this eventuality there shall be no post retirement monthly pension.
- Alternatively, the employee could opt to take the pension benefit at the time of retirement from service of the Bank either as a lump sum or on a monthly basis.

The employees in Clerical Cadre are governed by Pension benefits scheme.

Pension for Clerical cadre shall be calculated as follows:

Last drawn Basic Pay * Number of years served * 1.1%

Moreover,

- If number of years of service is greater than 30 then the 2% of Gross pension is added for each completed year (Maximum 5 years)
- Clerical staff has an option to avail Commutation of pension upto 50% of Gross Pension. In that case, he / she will be entitled for net monthly pension (1/2 of the Gross Pension)
- In case of death of the Clerical staff during service, the widow (beneficiary) entitles half of the Commuted amount of pension (one fourth of the gross pension) and Net Pension (½ of the Gross Pension) is paid to her as monthly pension.

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v. MEDICAL FACILITY ON RETIREMENT

Employees shall be entitled to receive lump-sum payments in lieu of post retirement medical facilities at the following rates:

Grades	Payment
GM	Rs 650,000
DGM-II	Rs 550,000
SM-I to DGM-I	Rs 400,000
Managers	Rs 350,000
Officers & AMs	Rs 300,000
Executive Secretary	Rs 400,000
Senior Secretary	Rs 350,000
Secretary	Rs 300,000

For employees in Clerical Cadre, medical facility is allowed as per CBA agreement.

vi. POST RETIREMENT RESIDENTIAL FACILITIES

Following facilities are being allowed to the retiring Executives (Senior Manager and above), as per their entitlement at the time of retirement, for a period of six months.

1. House rent Allowance.
2. Utilities Allowance
3. Conveyance Allowance
4. Car Benefit

In death cases, House Rent Allowance for one year instead of six months is allowed.

c. Guaranteed Bonus

Employee in Clerical Cadre are only entitled to receive 3 Guaranteed Bonuses at following rates during the year:

- i. Half Basic salary shall be paid as bonus to employee at the beginning of Ramazan
- ii. Another Half basic salary shall be paid as bonus at the time of Eid ul Adha.
- iii. And another One gross salary as statutory bonus shall be paid as and when declared. Gross salary shall be defined herein as Basic Pay, House Rent, Utility and Conveyance Allowance.
- iv. The Statutory bonus will admissible to those clerical staff who are on payroll as on 31st December.

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4 FACILITIES

i. Club Membership Facility

This facility is admissible to employees in grades DGM (Band-II) & above according to the below mentioned table:

Grade	Membership Limit
DGM II	One club within a maximum limit of Rs 500,000
GM I & II	One or two clubs within a maximum limit of Rs 1,000,000
GM III & IV	Two clubs within Rs 2,000,000 limit or one club at actual

If an employee has already obtained membership of a club from his/her own resources before joining, the amount as per the entitlement shall be reimbursed subject to production of original receipt.

ii. Advance Rent Facility

Employee can avail the facility to draw Advance House Rent Allowance for a period of one year without paying any Mark-up on the amount withdrawn. The staff members who have not availed the facility of subsidized 'Staff Housing Finance' and are residing in rental premises will be considered eligible for 'Advance House Rent' facility which will be subject to producing a copy of their tenancy agreement and fulfillment of DSR criteria. It should be noted that tenancy agreement with Close relatives as defined in the HR Manual shall not be considered for availing this facility. Employee seeking this facility should write an application to the supervisor mentioning the reason for facility requirement & after recommendation from the supervisor should send application to Centralized Payroll Human Resources for its disbursement. Deduction of the amount drawn shall be made on monthly basis for a period of 12 months.

iii. Compensation To Families Of Deceased Staff

Cash Compensation of Rs. 750,000/- shall be paid to families of deceased employees who expire due to mishap during working hours in addition to other benefits.

iv. Provident Fund Withdrawal Facility

Employees can also exercise option to withdraw against accumulated Provident Fund own contribution appearing to their credit and amount withdrawn shall be repaid through monthly installments. Such amounts shall be disbursed by debiting the respective employee's Provident Fund A/C & shall not bear any profit nor any mark-up on the withdrawn balance.

Provident Fund finance limit applicable to staff under their respective mode / type of retirement benefits scheme is as under:

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a. New Retirement Benefits Scheme:

Withdrawal facility may be allowed up to three month’s pay of the employee concerned or 50% of his own Provident Fund Contribution whichever is less. If the employee is below 50 years of age, a Second Withdrawal shall not be permitted until the sum first withdrawn has been fully adjusted. If the employee has reached the age of 50 years and above, finance may be allowed upto 100% of his own Provident Fund Contribution.

b. Old Retirement Benefits Scheme:

Withdrawal facility may be provided upto a maximum of 100% of the employee’s own Provident Fund Contribution. In no case, finance should be allowed against any portion of Bank’s contribution to Provident Fund.

v. Farewell On Retirement

To acknowledge the devoted services of retiring employees, a Farewell party shall be arranged by the supervisor on retirement of an employee. Retiring employee shall also be presented with the replica, D/L’s Banker’s Cheque and Letter of Retirement in the Farewell by a senior official from the respective Region/Office or HR representative.

vi. Performance of Pilgrimage

Bank on an annual basis will provide facility to its confirmed employees to offer pilgrimage, the cost of which will be borne by the bank. Confirmed employees upto Manager level, both at domestic and international locations shall be eligible to become part of a computerized balloting process for selection, provided if;

- they have not tendered their resignation
- they are not on Extra Ordinary Leave
- no disciplinary action is in process against the individual
- they are not on LPR or will not be proceeding on LPR during the year
- they are not retiring during the year
- they have not performed pilgrimage earlier on Bank’s expense

Pilgrimage expenses of selected employees will be borne by the Bank. In case if the selected individual is unable to perform Pilgrimage due to any reason in the year, he/she will not be accommodated in future, nor any monetary benefit in lieu of pilgrimage would be provided.

The number of beneficiaries and the total cost of this benefit would differ on annual basis and shall be approved by the President.

vii. Facility to Purchase Assisted Devices

To facilitate inclusion of Persons with disabilities (PWD) in HBL, PWD employees may avail a one-time grant of Rs.100,000 to purchase assisted devices as per their need. The requests would be reviewed by HR and processed accordingly on submission of original receipts.

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