File No. (1) Debt-II/2025
Government of Pakistan
Finance Division

Islamabad 11th June, 2026

Addl. Finance Secretary (EF),
Finance Division,
Islamabad.

Subject:- **Transparency International Pakistan has noted from Press Reporting on Violation of PPRA Rules 2004 in the Award of Contracts for International Underwriters, lead managers, book runners, financial adviser to Commercial Banks for Sovereign Bonds.**

Dear Sir / Madam,

This is with reference to your letter No. TL2026/0519/IA dated 19.05.2026 on the subject cited above.

Ministry of Finance's comments regarding the allegations shared by Transparency International Pakistan (TIP) in their letter under reference are as follows:

Allegation Regarding Syndicated Financing Transactions

It is clarified that no syndicated financing transaction was executed in 2025 in which HBL was appointed as arranger in the manner alleged. The assertion is factually incorrect and does not correspond with the official record of sovereign financing operations undertaken during the relevant period.

Appointment of Placement Agent for the USD 750 Million Eurobond Issuance

With regard to the USD 750 million Eurobond issued in April 2026, the appointment of the placement agent was undertaken through a negotiated tendering process in accordance with Rule 42(d)(iii) of the PPRA Rules, 2004. This provision expressly permits procurement through negotiated means in circumstances involving urgency.

The bond issuance was undertaken on an expedited basis to address the external financing gap and support the foreign exchange reserve targets, both of which were critical considerations for securing approval of the next tranche under the IMF's Extended Fund Facility (EFF) program. The financing requirement arose from the repayment of the UAE deposit, coupled with increasing pressure on foreign exchange reserves from higher international oil prices. Given these circumstances, timely mobilization of external financing was considered necessary to preserve macroeconomic stability and maintain progress under the IMF supported programme.

Under the negotiated tendering process, proposals received from three banks were evaluated on the basis of pricing, structure, execution, and overall cost to the Government. Following a comparative assessment of the proposals, the bank offering the most competitive pricing and the lowest overall cost was selected.

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The proposed financing structure and procurement approach were duly placed before the Cabinet, which approved the issuance in accordance with the Rules of Business, 1973. Accordingly, the assertion that the appointment was made without lawful authority or outside the PPRA framework is incorrect and misleading.

Appointment of HBL in Relation to the Government of Pakistan's Panda Bond Issuance

With regard to the Government of Pakistan's Panda Bond issuance, it is clarified that HBL was appointed as Financial Adviser to the Government of Pakistan in 2019 through a competitive procurement process conducted in accordance with the PPRA Rules, by the then Government. It is further clarified that HBL did not act as an underwriter in the transaction.

The Panda Bond could not be issued at that time due to unfavorable market conditions arising during and after the COVID-19 period. The recent Panda Bond issuance, completed in May 2026, was undertaken under the existing advisory mandate awarded in 2019. No fresh appointment or procurement process was required, as the engagement letter executed in 2019 did not prescribe any expiry date or validity period.

Consequently, the allegation that HBL was appointed (in 2019) on a non-competitive basis by the current Government for the Panda Bond issuance, is factually incorrect and does not reflect the actual procurement history of the transaction.

Allegations Regarding Fee Levels

The fee ranges alleged to have been paid do not reflect prevailing sovereign capital market practices. The actual fees paid by Ministry of Finance on capital market transactions were a mere fraction of the amounts cited in your letter.

In particular, the suggested range of USD 7.5–15 million implies fee levels of approximately 100–200 basis points, and the advisory fee assumptions correspond to approximately 200–400 basis points. The fee levels quoted in your letter are significantly higher than prevailing market rates in international sovereign capital market transactions. Sovereign issuers typically incur fees that are only a small fraction of the amounts cited. The figures referenced in the communication therefore demonstrate a fundamental misunderstanding of sovereign capital market issuances and associated fee structures.

Observations Regarding Verification of Facts

The Ministry of Finance notes with concern the apparent absence of adequate factual verification and due diligence in the communication issued by TIP. The allegations appear to have originated from the complainant and were considered "prima facie correct" without a comprehensive understanding of the transactions or a review of the relevant facts and prevailing practices.

Given the significance of the matters raised, greater diligence and fact verification would have been appropriate before reaching preliminary conclusions or disseminating such allegations.

Saira Ahmed

Saira Najeeb Ahmed

Advocate Daniyal Muzafar,
Trustee / Legal Advisor
Transparency International Pakistan