



HABIB METROPOLITAN BANK LTD.

[Subsidiary of Habib Bank AG Zurich]

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Habib Metropolitan Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Habib Metropolitan Bank Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss account and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	PROVISION AGAINST ADVANCES	
	<p>Refer notes 4.6 and 10 to the consolidated financial statements for accounting policy and particulars of provision against advances.</p> <p>Group's net advances to the customers at 31 December 2022 amounted to Rs. 451.471 billion and represents 31.98% of its total assets. These are stated net of provision.</p> <p>The provision against advances was identified as a key focus area in our audit as it involves a considerable degree of management judgment and estimation uncertainty along with compliance with the regulatory requirements.</p>	<p>Our audit procedures to verify provision against advances included:</p> <ul style="list-style-type: none"> Assessed the design and tested the operating effectiveness of key controls established by the Bank for provisioning required against non-performing loans. We have performed following procedures on a sample basis: <ul style="list-style-type: none"> verified repayments of loan / mark-up installments and checked that borrowers have been correctly classified and categorized based on the basis of number of overdue days;

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> – where the management has not identified as displaying indicators of impairment, challenged the management's assessment by comparing the historical performance, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present; and – where the management has identified as displaying indicators of impairment, assessed the number of overdue days and factors used for calculation of provision in accordance with the Prudential Regulations. <p>We issued instructions to the auditors of two scoped in components, highlighting 'Provision against advances' as a significant risk. The auditors of those components performed audit procedures to respond to the significant risk and reported the results thereof to us. We, as auditors of the Group, also evaluated the work performed by the component auditors through their files review and discussions with them.</p>

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the unconsolidated financial statements, consolidated financial statements and our auditors' reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 as applicable in Pakistan 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aryn Pirani.

Karachi: 06 March 2023

UDIN: AR202210201IWfpgtoRI

KPMG Taseer Hadi & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022	2021
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	54,747,439	83,386,045
Balances with other banks	7	22,867,486	3,203,963
Lendings to financial institutions	8	76,331,607	3,941,284
Investments	9	719,303,291	664,937,053
Advances	10	451,471,275	411,792,976
Fixed assets	11	21,710,775	12,077,475
Intangible assets	12	140,407	163,187
Deferred tax assets	13	5,131,055	3,218,163
Other assets	14	60,180,778	52,471,202
		<u>1,411,884,113</u>	<u>1,235,191,348</u>
LIABILITIES			
Bills payable	15	19,538,428	17,944,644
Borrowings	16	354,018,407	322,779,155
Deposits and other accounts	17	879,652,325	771,649,729
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	79,947,447	55,928,557
		<u>1,333,156,607</u>	<u>1,168,302,085</u>
NET ASSETS		<u>78,727,506</u>	<u>66,889,263</u>
REPRESENTED BY			
Share capital	19	10,478,315	10,478,315
Reserves		25,949,624	22,898,760
Surplus / (deficit) on revaluation of assets - net of tax	20	2,029,417	(357,063)
Unappropriated profit		<u>36,584,942</u>	<u>30,370,219</u>
		75,042,298	63,390,231
Non-controlling interest	19.4	<u>3,685,208</u>	<u>3,499,032</u>
		<u>78,727,506</u>	<u>66,889,263</u>
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 45 and annexures I and II form an integral part of these consolidated financial statements.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

FIRASAT ALI
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		Rupees in '000	
Mark-up / return / interest earned	23	135,177,510	74,358,956
Mark-up / return / interest expensed	24	(93,512,382)	(44,200,365)
Net mark-up / interest income		41,665,128	30,158,591
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	8,031,050	6,966,942
Dividend income		328,560	161,287
Foreign exchange income		5,093,568	3,706,963
Income / (loss) from derivatives		—	—
Gain / (loss) on securities	26	(63,636)	102,026
Other income	27	170,921	296,361
Total non mark-up / interest income		13,560,463	11,233,579
Total Income		55,225,591	41,392,170
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	22,327,992	16,857,711
Workers' welfare fund		601,255	323,463
Other charges	29	67,878	170,918
Total non-mark-up / interest expenses		(22,997,125)	(17,352,092)
Profit before provisions		32,228,466	24,040,078
(Provisions) / reversal and write offs - net	30	(3,759,638)	(2,052,083)
Extra ordinary / unusual items		—	—
PROFIT BEFORE TAXATION		28,468,828	21,987,995
Taxation	31	(13,544,652)	(8,125,724)
PROFIT AFTER TAXATION		14,924,176	13,862,271
PROFIT ATTRIBUTABLE TO:			
Equity shareholders of the holding company		14,373,559	13,517,714
Non-controlling interest	19.4	550,617	344,557
		14,924,176	13,862,271
		Rupees	
Basic and diluted earnings per share	32	13.72	12.90

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FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

FIRASAT ALI
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		Rupees in '000	
Profit after taxation		14,924,176	13,862,271
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods:			
Effect of translation of net investment in an offshore branch - net of tax		3,168	1,648
Movement in surplus / (deficit) on revaluation of investments - net of tax		(3,207,892)	(4,617,094)
		(3,204,724)	(4,615,446)
Items that will not be reclassified to profit and loss in subsequent periods:			
Remeasurement gain / (loss) on defined benefit obligations - net of tax		3,956	(23,069)
Movement in surplus on revaluation of non-banking assets - net of tax	20.2	201,372	1,300,614
Surplus on revaluation of fixed assets - net of tax	20.1	5,338,110	—
		5,543,438	1,277,545
Total comprehensive income		17,262,890	10,524,370
Equity share holders of the holding company		16,860,222	10,107,361
Non-controlling interest	19.4	402,668	417,009
		17,262,890	10,524,370

The annexed notes 1 to 45 and annexures I and II form an integral part of these consolidated financial statements.

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FIRASAT ALI
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Reserves						Surplus / (deficit) on revaluation						
	Share capital	Exchange translation reserve	Share premium	Statutory reserve	Merger reserve	Special reserve	Revenue reserve	Investments	Fixed / non-banking assets	Un-appropriated profit	Sub total	Non-controlling interest	Total
	Rupees in '000												
Opening balance as at 1 January 2021	10,478,315	113	2,550,985	15,838,056	-	240,361	1,500,000	2,961,171	221,970	24,207,141	57,998,112	3,339,639	61,337,751
Profit after taxation	-	-	-	-	-	-	-	-	-	13,517,714	13,517,714	344,557	13,862,271
Other comprehensive income - net of tax	-	1,648	-	-	-	-	-	(4,690,323)	1,300,614	(22,292)	(3,410,353)	72,452	(3,337,901)
Total comprehensive income	-	1,648	-	-	-	-	-	(4,690,323)	1,300,614	13,495,422	10,107,361	417,009	10,524,370
Transfer to statutory reserve	-	-	-	2,767,597	-	-	-	-	-	(2,767,597)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(150,495)	150,495	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend by Habib Metropolitan Bank (Rs.2.50 per share) for the year ended 31 December 2020	-	-	-	-	-	-	-	-	-	(2,619,579)	(2,619,579)	-	(2,619,579)
Interim dividend by Habib Metropolitan Bank (Rs. 2.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)	-	(2,095,663)
Profit distribution by First Habib Modaraba (Rs. 1.40 per certificate) for the period ended 30 June 2021	-	-	-	-	-	-	-	-	-	-	-	(254,016)	(254,016)
Profit distribution by Habib Metropolitan Modaraba (Rs. 0.40 per certificate) for the period ended 30 June 2021	-	-	-	-	-	-	-	-	-	-	-	(3,600)	(3,600)
Balance as at 31 December 2021	10,478,315	1,761	2,550,985	18,605,653	-	240,361	1,500,000	(1,729,152)	1,372,089	30,370,219	63,390,231	3,499,032	66,889,263
Profit after taxation	-	-	-	-	-	-	-	-	-	14,373,559	14,373,559	550,617	14,924,176
Other comprehensive income - net of tax	-	3,168	-	-	-	-	-	(3,061,485)	5,539,482	5,498	2,486,663	(147,949)	2,338,714
Total comprehensive income	-	3,168	-	-	-	-	-	(3,061,485)	5,539,482	14,379,057	16,860,222	402,668	17,262,890
Transfer to statutory reserve	-	-	-	2,916,694	-	100,000	-	-	-	(3,016,694)	-	-	-
Transfer on amalgamation (refer note 1.2.3)	-	-	-	-	31,002	-	-	-	-	-	31,002	(31,002)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(91,517)	91,517	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend by Habib Metropolitan Bank (Rs. 3.00 per share) for the year ended 31 December 2021	-	-	-	-	-	-	-	-	-	(3,143,494)	(3,143,494)	-	(3,143,494)
Interim dividend by Habib Metropolitan Bank (Rs. 2.00 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	-	(2,095,663)	(2,095,663)	-	(2,095,663)
Profit distribution by First Habib Modaraba (Rs. 1.00 per certificate) for the period ended 30 June 2022	-	-	-	-	-	-	-	-	-	-	-	(181,440)	(181,440)
Profit distribution by Habib Metropolitan Modaraba (Rs. 0.45 per certificate) for the period ended 30 June 2022	-	-	-	-	-	-	-	-	-	-	-	(4,050)	(4,050)
Balance as at 31 December 2022	10,478,315	4,929	2,550,985	21,522,347	31,002	340,361	1,500,000	(4,790,637)	6,820,054	36,584,942	75,042,298	3,685,208	78,727,506

The annexed notes 1 to 45 and annexures I and II form an integral part of these consolidated financial statements.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

FIRASAT ALI
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		28,468,828	21,987,995
Less: Dividend income		(328,560)	(161,287)
		28,140,268	21,826,708
Adjustments			
Depreciation on fixed assets	11.2	1,563,262	1,232,390
Depreciation on right-of-use assets	11.2	1,294,821	1,040,456
Depreciation on non-banking assets	14.1.1	371	33,870
Amortization	12	83,589	71,253
Mark-up / return / interest expensed on lease liability against right-of-use assets	24	817,509	634,841
Provisions and write offs excluding recovery of written off bad debts	30	3,843,296	2,084,225
Gain on sale of fixed asset - net	27	(42,004)	(25,405)
Gain on sale of non-banking assets	27	—	(227,988)
Gain on sale of right-of-use assets	27	(14,136)	—
Provision against workers' welfare fund		601,255	323,463
Provision against compensated absences	28.1	102,678	84,629
Provision against defined benefit plan	35.8	311,794	171,987
		8,562,435	5,423,721
		36,702,703	27,250,429
(Increase) / decrease in operating assets			
Lendings to financial institutions		(72,390,323)	(2,941,284)
Advances		(43,284,644)	(92,388,235)
Other assets (excluding dividend and non-banking assets)		(11,810,757)	(3,489,136)
		(127,485,724)	(98,818,655)
Increase / (decrease) in operating liabilities			
Bills payable		1,593,784	2,523,642
Borrowings from financial institutions		29,930,130	121,255,447
Deposits and other accounts		108,002,596	91,259,041
Other liabilities (excluding current taxation)		21,965,058	(3,028,480)
		161,491,568	212,009,650
		70,708,547	140,441,424
Payment against workers' welfare fund		(6,293)	(3,262)
Payment against compensated absences		(98,048)	(67,513)
Contribution paid to defined benefit plan		(314,518)	(171,245)
Income tax paid		(11,527,641)	(8,163,947)
		58,762,047	132,035,457
Net cash flows from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		135,740,598	(101,345,612)
Net investments in held-to-maturity securities		(196,062,951)	11,615,586
Dividend received		334,578	155,397
Investments in fixed assets		(2,986,257)	(2,907,433)
Investments in intangible assets		(60,809)	(103,109)
Proceeds from sale of fixed assets		89,332	35,390
Proceeds from sale of non-banking assets		—	784,404
Effect of translation of net investment in an offshore branch		5,834	2,701
		(62,939,675)	(91,762,676)
Net cash flows from investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,416,641)	(4,947,082)
Payment of lease against right-of-use assets		(1,689,936)	(1,415,216)
		(6,106,577)	(6,362,298)
Net cash flows from financing activities			
(Decrease) / increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		(10,284,205)	33,910,483
		86,560,259	52,649,776
Cash and cash equivalents at end of the year	33	76,276,054	86,560,259

The annexed notes 1 to 45 and annexures I and II form an integral part of these consolidated financial statements.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

FIRASAT ALI
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited and Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiary companies) and First Habib Modaraba (managed by Habib Metropolitan Modaraba Management Company (Private) Limited).

1.1 Holding Company

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 (now Companies Act, 2017) and is engaged in commercial banking and related services. Its shares are listed on the Pakistan Stock Exchange. The holding company operates 500 (2021: 459) branches, including 61 (2021: 49) Islamic banking branches and an offshore branch (Karachi Export Processing Zone branch), and 1 (2021: 30) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (the ultimate parent company with 51% shares in the holding company) which is incorporated in Switzerland. The registered office of the holding company is situated at HABIBMETRO Head Office, I.I. Chundrigar Road, Karachi.

1.2 Subsidiary Companies

1.2.1 Habib Metropolitan Financial Services Limited - 100% holding

Habib Metropolitan Financial Services Limited was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the subsidiary company is located at 1st Floor, GPC 2, Block 5, Khokashan Clifton, Karachi. The subsidiary company is a corporate member of the Pakistan Stock Exchange Limited and engaged in equity brokerage services.

1.2.2 Habib Metropolitan Modaraba Management Company (Private) Limited - 100% holding

Habib Metropolitan Modaraba Management Company (Private) Limited (Modaraba management company) was incorporated in Pakistan on 01 June 2015 as a private limited under the Companies Ordinance, 1984 (now Companies Act, 2017) and Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The registered office of the subsidiary company is located at 6th Floor, HBZ Plaza, I.I. Chundrigar Road, Karachi. The Company is the Modaraba Management Company of First Habib Modaraba and earlier Habib Metro Modaraba.

1.2.3 First Habib Modaraba (15.43% holding (2021 : 10%)) and earlier Habib Metro Modaraba (2021 : 70% holding)

First Habib Modaraba (FHM) is a perpetual, multi-purpose modaraba having its registered office at 6th Floor, HBZ Plaza, I.I. Chundrigar Road, Karachi. It is listed on the Pakistan Stock Exchange and engaged in the business of leasing (Ijarah), Musharaka, Murabaha financing and other related business.

Habib Metro Modaraba (HMM) was a perpetual, multi-purpose modaraba having its registered office at 3rd Floor Al-Manzoor Building, I.I. Chundrigar Road, Karachi. HMM's primary business activities was residual value car financing and provision of finance for solar power solutions on the basis of Ijarah / rental / musharakah or any other approved modes of financing. The holding company and the Modaraba Management Company earlier owned 60% and 10% of the certificates of HMM respectively.

The Board of Directors of Habib Metropolitan Modaraba Management Company (Private) Limited approved and entered into Scheme of Arrangement dated 22 July 2022 for the merger, by way of amalgamation, of Habib Metro Modaraba with and into First Habib Modaraba (FHM) under Sections 279 to 282 Companies Act, 2017. As a consequence of that, the entire undertaking of the HMM shall stand transferred to and vested in FHM which shall continue to be managed by the Management Company of FHM while HMM shall be dissolved and will cease to exist without

winding up. All regulatory approvals including the approval of the majority of the certificate holders have been obtained. Petition for the said merger was filed in the Honourable High Court of Sindh in August 2022.

Subsequent to the year end, Honourable High Court of Sindh sanctioned the scheme of arrangement for merger by way of amalgamation with effect from 01 July 2022, whereby the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of HMM will be transferred to and assumed by FHM. FHM will continue as a going concern and HMM upon amalgamation will cease to exist. These financial statements include the effect of the above merger in accordance with the aforesaid order of the High Court of Sindh.

On the scheme becoming effective, issued, subscribed and paid-up certificate capital of HMM of Rs. 300,000 thousand shall be merged with and combined with the issued, subscribed and paid-up certificate capital of FHM. Consequently the issued, subscribed and paid-up certificate capital of FHM shall stand increased to Rs.1,108,305 thousand divided into 221,661 thousand modaraba certificates of Rs. 5 each at a swap ratio of 0.6687 : 1:00 (FHM : HMM).

Since HMM was a group entity under common control, the merger has been accounted for as a common control transaction and predecessor accounting approach has been applied (under the Accounting Standard for 'Accounting of Common Control Transaction' issued by the Institute of Chartered Accountants of Pakistan). Under predecessor accounting, the acquired net assets of HMM have been included in the financial statements of FHM at the same carrying values as recorded in HMM's own financial statements as on 30 June 2022. The consolidated results and the statement of financial position are presented prospectively from date of merger.

However, the entire arrangement have had no significant impact on the Group's financial statements / results (as earlier also financial statements of both the Modarabas were being consolidated). Impact of adjustment in merger reserve and in non-controlling interest amounted to Rs. 31,002 thousand.

2. BASIS OF PRESENTATION

- 2.1 These consolidated financial statements represent separate financial statements of the Group. The financial statements of the holding company and its subsidiary companies are being separately issued.

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

Key financial figures of the Islamic banking branches of the holding company are disclosed in Annexure II to these consolidated financial statements.

2.2 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) from time to time.

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

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

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning on or after 1 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the holding company. The SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

2.3 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are effective in current year

2.3.1 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 January 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

2.4 Standards, Interpretations and Amendments to Published Accounting Standards that are not yet effective

2.4.1 IFRS 9 'Financial Instruments'

As directed by SBP via BPRD Circular no 3 of 2022, IFRS 9 'Financial Instruments' is effective for periods beginning on or after 1 January 2023 for banks having asset base of more than Rs. 500 billion as at 31 December 2021. SBP via same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the 2022, the management of the group has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the group at the time of finalizing the impact for initial application of IFRS 9. In addition, the group will implement changes in classification of certain financial instruments. These changes and impacts are discussed below:

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Governance, ownership and responsibilities

Board's Risk and Compliance Committee (BRCC) of the Bank is tasked with overseeing the implementation of IFRS 9 in the Bank. A Steering Committee for the implementation of IFRS 9 has representation from Finance, Risk, credit and IT function of the holding company.

Risk is responsible for methodologies for the calculation of Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD) and Credit Conversion Factors (CCF) for off-balance sheet exposures. These models shall be validated on yearly basis considering the following aspects:

- Expected Credit Loss (ECL) model design validation, data quality validation and benchmarking with external best practices.
- Calibration testing which ensures the accuracy of the observed PDs.

The risk function will also perform the back testing of ECL at least on yearly basis and will be responsible for the independent validation of the risk parameters/risk models including PD, LGD and CCF etc., that are used to compute ECL. The function shall identify, prepare and extract the data required for the risk parameters modelling and ECL calculations.

Finance shall ensure that all disclosures are made as required by the formats and guidelines issued by the SBP.

Classification and measurement

The classification and measurement of financial assets depends on their contractual cash flow characteristics and the entity's business model. Financial assets are measured at amortized cost, Fair Value Through Profit & Loss (FVTPL) or Fair Value through Other Comprehensive Income (FVOCI). Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Bank has reviewed the impact of the initial adoption of IFRS 9 on its financial assets as follows:

Equity securities

Equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI, the Group will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact on adoption. However, in accordance with IFRS 9 requirements, fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities. The amount of AFS reserves, which is currently presented as accumulated OCI, will be reclassified to retained earnings. However there will be no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value under IFRS 9. However, the SBP has allowed banks to carry these investments under the current Prudential Regulations, i.e. at the lower of cost and break-up value, till accounting periods beginning on or after 1 January 2024.

Debt securities and loans and advances

Debt securities currently classified as AFS and those that passes SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as Held-to-maturity securities and those which passes SPPI test are expected to be measured at amortized costs under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows.

Cashflows of certain debt instruments classified in AFS categories, that do not pass the SPPI test would be measured at fair value through profit and loss.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. On initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Group has performed an ECL assessment taking into account the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Group expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

For the purpose of calculation of ECL, the Group has used 5 to 7 years data till 31 December 2022 and going forward, yearly data shall be included until the holding company has at least 10 years' data. For calculating ECL, the Group shall classify its financial assets under three following categories

- a) Stage 1: Performing assets: Financial assets where there has not been a SICR since initial recognition, the Group shall recognize an allowance based on the 12-month ECL.
- b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Group shall recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Group shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per Prudential Regulations issued by the SBP.

As required by the application instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.

Significant Increase in Credit Risk (SICR)

SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the

ECL. The Group uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Group shall calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Group shall assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing requirements of Prudential Regulations issued by the SBP.

Presentation and disclosure

The State Bank of Pakistan has issued a revised format for financial statements of the banks for the accounting periods starting from 1 January 2023, which include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan.

Impact of adoption of IFRS 9

The Group will adopt IFRS 9 in its entirety effective 01 January 2023 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at 31 December 2022.

Classification, measurement and financial impact

Based on the Group's assessment, IFRS 9 requirements are expected to have the following impact on the classification and measurement of its financial assets and financial liabilities:

- Debt instruments amounting to Rs. 2,177,835 thousand and Rs. 4,681,209 thousand will be reclassified from AFS to FVTPL and amortised cost respectively. However, there would be no effect on overall equity.
- Equity instruments amounting to Rs. 1,790,656 thousand will be reclassified from AFS to FVTPL.

Total estimated adjustment (net of tax) due to the adoption of IFRS 9 for Expected Credit Loss on the opening balance of the Group's equity at 1 January 2023 is expected to be Rs. 1,220 million approximately.

The Group continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption, although parallel runs have been carried out till the third quarter of 2022 by the holding company, the new systems and associated controls in place have not been operational for a more extended period.

Impact on regulatory capital

In order to mitigate the impact of ECL for stage 1 and stage 2 financial assets on Capital, the SBP has permitted the Banks to adopt a transitional provision to phase in the impact over a period of five years.

- 2.4.2** Furthermore, following standards, amendments and interpretations of approved accounting standards will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - amendments to IAS 1	1 January 2024
Non-current Liabilities with Covenants - amendment to IAS 1	1 January 2024
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates - amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - amendments to IAS 12	1 January 2023
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of International Financial Reporting Standards	1 January 2024
IFRS 17 – Insurance Contracts	1 January 2023

The above are not expected to have any material impact on the Group's financial statements.

2.5 Critical Accounting Estimates and Judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgement in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by management in the application of accounting policies are as follows:

- i) Classification, valuations and impairment of investments (note 4.5)
- ii) Provision against non-performing loans and advances (note 4.6.1)

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- iii) Depreciation (note 4.7.2) and amortisation (note 4.8)
 - iv) Valuation of Fixed assets (4.7.2) and Non-banking assets acquired in satisfaction of claims (note 4.9)
 - v) Taxation (note 4.12)
 - vi) Defined benefit plan (note 4.14.1)
 - vii) Compensated Absences (note 4.14.2)
 - viii) Right-of-use assets (4.7.3) and related lease liability (4.15)
 - ix) Impairment of non-financial assets (excluding deferred tax asset) (note 4.22)

2.6 Changes in accounting policies

2.6.1 Change in accounting policy of land and building from cost to revaluation model

With effect from 30 June 2022, the Group has voluntarily changed its accounting policy for land and buildings (freehold and leasehold) from the cost model to the revaluation model, as permitted under IAS 16 'Property, Plant and Equipment' (IAS16). On adoption, these are carried at a revalued amount less accumulated depreciation and accumulated impairment losses (if any), which previously were carried at cost less accumulated depreciation and accumulated impairment losses (if any). The impact of the change in accounting policy has been disclosed in note 11.3.

The management believes that the new accounting policy will result in the financial statements providing more relevant information and more realistic reflection of the values of these assets.

The change has been dealt in accordance with the requirements of IAS 16, and accordingly, the Group has applied the accounting policy prospectively.

3. BASIS OF MEASUREMENT

Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except that certain investments are stated at market value, certain classes of fixed assets and non-banking assets in satisfaction of claims are stated at revalued amount less accumulated depreciation and derivative financial instruments are carried at fair value as disclosed in notes 4.5, 4.7.2, 4.9 and 4.10 respectively.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1** The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These have been consistently applied to all the years presented, except for the change as mentioned in the note 2.6.1 above and adoption of an accounting policy as mentioned in note 1.2.3 and 4.25.

4.2 Basis of consolidation

These consolidated financial statements include the financial statements of the holding company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the holding company and subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant inter-company balances and transactions have been eliminated.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the parent company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests are presented as a separate item in the consolidated financial statements.

4.3 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks less overdrawn nostro balances.

4.4 Lendings to / borrowings from financial institutions

4.4.1 The holding company enters into transactions of borrowing (repo) from and lending (reverse repo) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

Purchase under resale agreement (reverse repo)

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position and instead amounts paid under these arrangements are included in lendings to financial institutions. The difference between purchase and resale price is accrued as mark-up income on a pro-rata over the term of the agreement.

Sale under repurchase agreement (repo)

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investments and counter party liability is included in borrowing from financial institutions. The difference between sale and repurchase price is accrued as mark-up expense on a pro-rata basis over the term of the repo agreement.

Bai muajjal

In Bai muajjal, the holding company sells sukuk on credit to other financial institutions. The sale/purchase price is agreed at the time of sale and such proceeds are received at the end of the credit agreed period. The sukuk sold under bai muajjal transaction are derecognised on the date of disposal. Receivable against such sale is recognised at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is taken to income on straight line basis.

Musharaka / Mudaraba

In Musharaka / Mudaraba, the Group invests in the Shariah compliant business pools of the financial institutions at the agreed profit sharing ratio. Loss, if any, will be shared between the parties as per the investment.

Musharaka from the SBP under Islamic Export Refinance Scheme (IERS)

Under IERS, the holding company accepts funds from the SBP under Shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the holding company under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

Mudaraba investment from the SBP under various long term Islamic refinance schemes

Under various long term Islamic refinance schemes of the SBP, the holding company accepts funds from the SBP which are received on mudaraba basis for investment in the pool of the holding company. The profit of the pool is shared as per the agreed profit sharing ratio of the pool and the weightages assigned to these investments.

4.4.2 Certificates of Investment (Musharakah)

Certificates of Investment (COI's) are carried at principal amount in the consolidated financial statements. FHM and HMM invest the amount received from COI holders on the basis of full participation in the profit and loss. The

profit is allocated between COI holders and certificate holders as per agreed ratio. Certificate holder's share of profit is recognized as financial expense in the period of its occurrence. On the basis of projected rate of profit, profit on musharakah finance is determined. After determination of the actual rate, the effect of any difference between actual and projected rate of profit is accounted for, at the end of each quarter.

4.5 Investments

4.2.1 Investments are classified as follows:

Held-for-trading

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

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the positive intention and ability to hold till maturity.

Bai muajjal transactions undertaken with the Government of Pakistan are disclosed as investments.

Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories.

4.5.2 Initial measurement

Investments (other than held-for-trading) include transaction costs associated with the investments. In case of held-for-trading transaction costs are charged to profit and loss account when incurred.

All "regular way" purchases and sales of investments are recognised on the trade date, i.e., the date that the Group commits the purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Subsequent measurement

Held-for-trading

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

Held-to-maturity

Investments classified as held-to-maturity are carried at amortised cost.

Available-for-sale

Quoted securities classified as available-for-sale are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation of quoted securities classified as a available for sale is kept in a separate account shown in equity. Surplus / deficit arising on these securities is taken to the profit and loss account when actually

realised upon disposal or when the investment is considered to be impaired. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of these securities is calculated as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

Impairment

Provision for diminution in the value of term finance certificates and sukuk certificates are made as prescribed under Prudential Regulation issued by the SBP.

Provision for impairment in the value of a available-for-sale and held-to-maturity securities (other than Federal Government securities, term finance certificates and sukuk certificates) is made after considering objective evidence of impairment, if any, in their value (as a result of one or more events that may have an impact on the estimated future cash flows of the investments). A significant or prolonged decline in the fair value of an equity investment below its cost is also considered an objective evidence of impairment. Impairment losses are taken to profit and loss account.

4.6 Advances (including net investment in finance lease and ijarah arrangements)

4.6.1 Loans and advances

Loans and advances and net investments in finance lease are stated net of provision for loan losses against non-performing advances. Provision for loan losses is made in accordance with the Prudential Regulations issued by the SBP and the SECP and is charged to profit and loss account. The Group also maintains general provision in addition to the requirements of the Prudential Regulations on the basis of management's assessment of credit risk characteristics and general banking risk such as nature of credit, collateral type, industry sector and other relevant factors. Advances are written-off in line with the Group's policy when there are no realistic prospects of recovery.

4.6.2 Finance lease receivables

Leases where the holding company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the minimum lease payments including guaranteed residual value, if any. Finance lease receivables are included in advances to the customers.

4.6.3 Islamic finance and related assets

Ijarah

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. Rental received / receivable on Ijarah are recorded as income / revenue. The Group charges depreciation from the date of recognition of Ijarah of respective assets to Lessee (mustajir). Ijarah assets are depreciated over the period of Ijarah using the straight line method. Ijarah rentals outstanding are disclosed in 'other assets' on the Statement of Financial Position at amortized cost.

Diminishing musharaka

Under diminishing musharaka based financing, the Group enters into a musharaka based on shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into rental payment agreement for the utilization of the Group's musharaka share by the customer. The Group receives periodic payments from its customers partly for renting its portion of the assets and partly for gradual transfer /

sale of its ownership. The rental payments are recognized in profit and loss account whereas transfer / sale payments are applied towards reducing the outstanding principal.

Running musharaka

Under Running musharaka, the Group enters into financing with the customer based on Shirkatul Aqd in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Group subject to his Running musharaka Financing limit during the Musharaka period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Istisna

Under istisna financing, the holding company places an order to purchase some specific goods / commodities from its customers to be manufactured / delivered to the holding company within an agreed time. The goods are then sold and the amount financed along with profit is paid back to the holding company.

Al-Bai

The product is based on the Islamic mode "musawamah". Under this financing, the holding company purchases the goods from its customers on cash payment basis and after taking the possession by the holding company, the customer on behalf of the holding company sells them. Upon subsequent sale by the customer, the financed amount along with the profit is paid by the customer to the holding company.

Murabaha

In Murabaha transactions, the Group purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Salam

In Salam, the seller undertakes to supply specific goods to the buyer at a future date in exchange of an advanced price fully paid at spot. The payment is at spot but the supply of purchased goods is deferred. The purchased goods by the holding company are then sold by the customer on behalf of the holding company and the financed amount along with profit is paid to the holding company.

4.7 Fixed assets

4.7.1 Capital work-in-progress

These are stated at cost less impairment losses, if any.

4.7.2 Property and equipment (Owned)

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

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset at the rates specified in note 11.2. Depreciation on additions during the year is calculated from the date of addition. In case of disposals during the year, the depreciation is charged till the date of disposal.

Subsequent cost are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the profit and loss account in the year the asset is derecognised.

The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each statement of financial position date.

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

In the case of revalued assets, any accumulated depreciation on the date of revaluation is eliminated against the gross carrying amount of the net asset and the net amount restated at the revalued amount of the asset.

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

Surplus on revaluation (net of any deferred tax) realized on disposal of land and building is transferred directly to unappropriated profit.

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

The Group recognizes a right-of-use asset and lease liability (note 4.15) at the lease commencement date. The right-of-use asset is initially measured at amount equal to present value of lease liability, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term.

4.8 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. The cost of intangible assets are amortised from the month when the assets are available for intended use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each statement of financial position date.

4.9 Non-banking assets

Non-banking assets acquired in satisfaction of claims are initially recognized at cost and subsequently carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued by professionally qualified

valuators with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to the profit and loss account.

Depreciation on assets (other than land) acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the holding company's owned fixed assets.

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

If such an asset is subsequently used by the holding company for its own operations, the asset is transferred to fixed assets.

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

If such an asset is subsequently used by the holding company for its own operations, the asset is transferred to fixed assets along with any related surplus.

4.10 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivative financial instruments are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of derivative financial instruments is taken to the profit and loss account.

4.11 Provisions

Provision against identified off-balance exposure is recognised when intimated and reasonable certainty exists for the Group to settle the obligation. The loss is charged to the profit and loss account net of expected recovery and is classified under other liabilities.

Other provisions are recognised when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to the items recognised directly in equity, in which case it is recognised in equity.

4.12.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for the current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalised during the year.

4.12.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rate that are expected to be applied on the temporary differences when they reverse, based on the tax rates that have been enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that the future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reviewed at each statement of financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group also recognises deferred tax asset / liability on deficit / surplus on revaluation of assets and actuarial gain / losses recognised in other comprehensive income, which is adjusted against the related deficit / surplus.

4.13 Deposits / Borrowings

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

4.14 Employees' benefits

4.14.1 Retirement benefits

Defined benefit plan

The Bank and two of its subsidiaries operates approved funded gratuity schemes for all its permanent employees. Retirement benefits are payable to the members of the schemes on the completion of prescribed qualifying period of service under the scheme. Contribution is made in accordance with the actuarial recommendation. The actuarial valuation is carried out annually as at the statement of financial position date using the "Projected Unit Credit Actuarial Cost Method".

All actuarial gains and losses are recognised in other comprehensive income as they occur and are not reclassified to profit and loss account in subsequent periods.

Past service cost resulting from changes to defined benefit plans is recognised in the profit and loss accounts.

Defined contribution plan

The Bank and two of its subsidiaries operates a recognised provident fund scheme for all its regular employees, which is administered by the Board of Trustees. Contributions are made by the Group and its employees, to the fund at the rate of 10% of basic salary in accordance with the terms of the scheme.

4.14.2 Compensated absences

A provision is made for estimated liability for annual leaves as a result of services rendered by the employees against unavailed leaves, as per term of service contract, up to the statement of financial position date.

The actuarial valuation under the "Projected Unit Credit Actuarial Cost Method" has been carried out by the Group for the determination of the liability for compensated absences. Liability so determined is fully recognised by the Group.

4.15 Lease liability against right-of-use assets

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the Group's incremental borrowing rate as the interest rate implicit in the lease cannot be readily determined. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

4.16 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured. These are recognised as follows:

4.16.1 Advances and investments

- Mark-up / return on regular loans / advances and debt securities investments is recognised on a time proportion basis that take into account the effective yield on the asset. Where debt securities are purchased at premium or discount, the same is amortised through the profit and loss account using the effective interest rate method.
- Mark-up / return / interest recoverable on classified loans and advances and investments is recognised on receipt basis. Mark-up / return / interest on classified rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of the SBP.
- Dividend income is recognised when the Group's right to receive the dividend is established.
- Gains and losses on sale of investments are recognised in the profit and loss account.
- Income on bills discounted are recognised over the period of the bill.

4.16.2 Lease financing / Ijarah contracts

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealised income on classified leases is recognised on receipt basis.

Rental income on these ijarah is recognised in the Group's profit and loss account on a time proportion basis, while depreciation is calculated on ijarah assets on a straight line basis over the period of ijarah.

Gains / losses on termination of lease contracts and other lease income are recognised when realised.

4.16.3 Fees, commission and brokerage

Fees, commission and brokerage is recognized on an accrual basis, when services are rendered.

4.17 Off setting

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

4.18 Foreign currencies

4.18.1 Foreign currency transactions

Foreign currency transactions are translated into local currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the statement of financial position date. Forward exchange contracts are revalued using forward exchange rates applicable to their respective remaining maturities. Gains or losses on above translation are included in profit and loss account.

4.18.2 Offshore branch operations

The assets and liabilities of an offshore branch operations are translated into rupees at the exchange rates prevailing at the statement of financial position date. The income and expense are translated into rupees at average rate of exchange prevailing during the year. Exchange gain or loss on such translation is taken to equity through statement of 'other comprehensive income' under 'exchange translation reserve'.

4.18.3 Contingencies and commitments

Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the statement of financial position date. Commitments for outstanding forward foreign exchange contracts disclosed in these consolidated financial statements are translated at contracted rates.

4.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on the following business segments.

4.19.1 Business segments

- a) Trading and sales
This segment undertakes the Group's treasury, money market and capital market activities.
- b) Retail banking
Retail banking provides services to small borrowers i.e. consumers. It includes loans, deposits and other transactions with retail customers.
- c) Commercial banking
This includes loans, deposits and other transactions with corporate and SME customers.

4.19.2 Geographical segments

The Group conducts all its operations in Pakistan including an offshore branch in Karachi Export Processing Zone.

4.20 Dividend distribution and appropriations

Bonus and cash dividend and other appropriations (except for the appropriations required by law), declared / approved subsequent to statement of financial position date are considered as non-adjusting event and are not recorded in consolidated financial statements of the current year. These are recognised in the period in which these are declared / approved.

4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Diluted earnings per share is not calculated separately, as the Group does not have any convertible instruments in issue.

4.22 Impairment of non-financial assets (excluding deferred tax asset)

At each statement of financial position date, the Group reviews the carrying amount of its assets (other than deferred tax asset) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of relevant asset is estimated. Recoverable amount is the greater of the net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The resulting impairment loss is recognised as an expense immediately. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Details of the basis of determination of impairment against loans and advances and investments have been discussed in their respective notes.

4.23 Acceptances

Acceptances comprises undertakings by the holding company to pay bill of exchange due on customers. These are recognised as financial liability and the contractual right of reimbursement from the customer is recorded as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities in these consolidated financial statements.

4.24 Financial instruments

All financial assets and liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account. Financial assets carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances and certain receivables. Financial liabilities include borrowings, deposits, bills payable and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

4.25 Business combination under common control

Business combination under common control (as also mentioned in note 1.2.3) is carried out under the Predecessor method, under which assets acquired and liabilities assumed is recognised by the surviving entity at the carrying amounts as reported by the transferred entity and the difference between the consideration paid and the carrying amounts of net assets acquired is recognised in equity. No new goodwill recognised (nor any adjustment is required for different accounting policies for similar nature of transactions).

5. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional currency. Except as indicated, financial information presented in Pakistani Rupees has been rounded to nearest thousand.

	Note	2022	2021
		Rupees in'000	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		11,785,541	6,711,228
Foreign currencies		<u>1,955,812</u>	<u>580,139</u>
		13,741,353	7,291,367
With State Bank of Pakistan in			
Local currency current accounts	6.1	31,843,402	54,589,511
Foreign currencies			
– current accounts	6.2	2,843,777	1,347,685
– cash reserve account	6.3	5,631,918	5,475,902
Foreign currency deposit account:			
– special cash reserve account	6.4	564,907	10,110,791
		40,884,004	71,523,889
With National Bank of Pakistan in			
Local currency current accounts		84,330	4,446,115
National Prize Bonds		<u>37,752</u>	<u>124,674</u>
		<u>54,747,439</u>	<u>83,386,045</u>

6.1 These accounts are maintained to comply with the statutory cash reserve requirements of the SBP.

6.2 This represents foreign currencies collection / settlement accounts maintained with the SBP.

6.3 This represents account maintained with the SBP to comply with the cash reserve requirement against foreign currency deposits.

6.4 This represents account maintained with the SBP to comply with the special cash reserve requirement against foreign currency deposit. The maintenance of such deposit, has been relaxed by the SBP till 05 January 2023 (in case of conventional operations no such maintenance was required up to the date mentioned). The return on this account is declared by the SBP on a monthly basis and, as at 31 December 2022, carries mark-up at the rate of 3.14% (2021: 0%) per annum.

7. BALANCES WITH OTHER BANKS

	Note	2022	2021
		Rupees in'000	
In Pakistan			
In current accounts		50,914	213,855
In deposit accounts	7.1	<u>414,091</u>	<u>207,887</u>
		465,005	421,742
Outside Pakistan			
In current accounts	7.2	<u>22,402,481</u>	<u>2,782,221</u>
		<u>22,867,486</u>	<u>3,203,963</u>

7.1 These carry mark-up at rate of 14.5% (2021: 7.25%) per annum.

7.2 These include balances in current accounts amounting to Rs. 466,178 thousand (2021: Rs. 184,060 thousand) with branches of the ultimate parent company.

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	8.2	1,902,020	441,284
Repurchase agreement lendings (Reverse Repo)	8.3	74,429,587	–
Mudaraba placements		–	3,500,000
		<u>76,331,607</u>	<u>3,941,284</u>

	Note	2022	2021
		Rupees in '000	
8.1 Particulars of lendings			
In local currency			
- secured		74,429,587	–
- unsecured		–	3,500,000
In foreign currency - unsecured	8.2	1,902,020	441,284
		<u>76,331,607</u>	<u>3,941,284</u>

8.2 These foreign currency lendings carry mark-up rate of 11.00% (2021: 1.10%) per annum and are due mature latest by 27 March 2023 (2021: 12 January 2022).

8.3 Securities held as collateral against lending to financial institutions (reverse repo)

8.3 Securities held as collateral against lending to financial institutions (reverse repo)

	2022			2021		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000					
Market treasury bills	33,169,690	–	33,169,690	–	–	–
Pakistan investment bonds	38,644,648	–	38,644,648	–	–	–
	<u>71,814,338</u>	<u>–</u>	<u>71,814,338</u>	<u>–</u>	<u>–</u>	<u>–</u>

8.3.1 Face value in respect of Market treasury bills is Rs. 33,950,000 thousand (2021: Nil) and of Pakistan investment bonds is Rs. 41,400,000 thousand (2021: Nil).

8.3.2 These carry profit / return ranging from 15.00% to 16.25% (2021: Nil) per annum with maturity upto 06 January 2023 (2021: Nil).

9. INVESTMENTS

9.1 Investments by types

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	490,685,998	–	(8,275,074)	482,410,924	629,531,699	–	(2,848,287)	626,683,412
Shares	2,995,509	(474,761)	(24,018)	2,496,730	1,678,034	(380,494)	419,113	1,716,653
Non-government debt securities	12,144,982	(90,496)	(255,266)	11,799,220	11,468,952	(115,554)	(323,605)	11,029,793
Mutual funds	117,531	(12,276)	–	105,255	30,140	(10,426)	3,963	23,677
Real estate investment trust	1,531,780	–	153,621	1,685,401	672,739	–	67,969	740,708
	<u>507,475,800</u>	<u>(577,533)</u>	<u>(8,400,737)</u>	<u>498,497,530</u>	<u>643,381,564</u>	<u>(506,474)</u>	<u>(2,680,847)</u>	<u>640,194,243</u>
Held-to-maturity securities								
Federal government securities	220,805,761	–	–	220,805,761	22,742,810	–	–	22,742,810
Non-government debt securities	–	–	–	–	2,000,000	–	–	2,000,000
	<u>220,805,761</u>	<u>–</u>	<u>–</u>	<u>220,805,761</u>	<u>24,742,810</u>	<u>–</u>	<u>–</u>	<u>24,742,810</u>
Total Investments	<u>728,281,561</u>	<u>(577,533)</u>	<u>(8,400,737)</u>	<u>719,303,291</u>	<u>668,124,374</u>	<u>(506,474)</u>	<u>(2,680,847)</u>	<u>664,937,053</u>

9.2 Investments by segments

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal government securities								
Market treasury bills	281,873,029	–	(693,301)	281,179,728	409,462,957	–	(747,144)	408,715,813
Pakistan investment bonds	396,583,580	–	(7,090,846)	389,492,734	217,583,004	–	(1,539,806)	216,043,198
Ijarah sukuk	28,353,941	–	(490,927)	27,863,014	24,497,837	–	(561,337)	23,936,500
Islamic Naya Pakistan certificate mudaraba investment pool - foreign currencies	3,989,495	–	–	3,989,495	671,987	–	–	671,987
Islamic Naya Pakistan certificate mudaraba investment pool - Pak Rupee	691,714	–	–	691,714	58,724	–	–	58,724
	711,491,759	–	(8,275,074)	703,216,685	652,274,509	–	(2,848,287)	649,426,222
Shares								
Listed companies	2,863,780	(395,690)	(24,018)	2,444,072	1,546,305	(301,423)	419,113	1,663,995
Unlisted companies	131,729	(79,071)	–	52,658	131,729	(79,071)	–	52,658
	2,995,509	(474,761)	(24,018)	2,496,730	1,678,034	(380,494)	419,113	1,716,653
Non government debt securities								
Listed								
Term finance certificates	757,781	(64,946)	–	692,835	1,161,101	(68,866)	5,337	1,097,572
Sukuk certificates / bonds	6,876,651	–	(255,266)	6,621,385	7,076,163	–	(336,553)	6,739,610
Unlisted								
Term finance certificates	3,925,000	–	–	3,925,000	2,446,138	(21,138)	–	2,425,000
Sukuk certificates / bonds	585,550	(25,550)	–	560,000	785,550	(25,550)	7,611	767,611
Certificates of investment	–	–	–	–	2,000,000	–	–	2,000,000
	12,144,982	(90,496)	(255,266)	11,799,220	13,468,952	(115,554)	(323,605)	13,029,793
Mutual funds								
Open end	100,582	–	–	100,582	13,191	–	3,963	17,154
Close end	16,949	(12,276)	–	4,673	16,949	(10,426)	–	6,523
	117,531	(12,276)	–	105,255	30,140	(10,426)	3,963	23,677
Real estate investment trust	1,531,780	–	153,621	1,685,401	672,739	–	67,969	740,708
Total investments	<u>728,281,561</u>	<u>(577,533)</u>	<u>(8,400,737)</u>	<u>719,303,291</u>	<u>668,124,374</u>	<u>(506,474)</u>	<u>(2,680,847)</u>	<u>664,937,053</u>

2022 2021

— Rupees in '000 —

9.2.1 Investments given as collateral against repo borrowing

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

Federal government securities

Market treasury bills	105,872,299	99,178,412
Pakistan investment bonds	90,133,387	83,891,118
	<u>196,005,686</u>	<u>183,069,530</u>

9.2.2 Investments include securities which are held by the holding company to comply with the statutory liquidity requirements as set out under section 29 of the Banking Companies Ordinance, 1962.

9.2.3 Investments include Rs. 132,000 thousand (2021: Rs. 132,000 thousand) pledged with State Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.

9.3 Provision for diminution in value of investments

9.3.1 Opening balance	506,474	507,587
Charge for the year	240,145	3,884
Reversal for the year	(3,920)	(4,997)
Net (reversal) / charge for the year	236,225	(1,113)
Reversal on disposal	(144,028)	–
Amount written off	(21,138)	–
Closing balance	577,533	506,474

9.3.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Loss	90,496	90,496	115,554	115,554

9.4 Quality of available for sale securities

Details regarding quality of available-for-sale securities are as follows:

Federal Government Securities - Government guaranteed

Market treasury bills	135,013,112	409,462,957
Pakistan investment bonds	325,867,628	195,113,869
Ijarah sukuk	25,124,049	24,224,162
Islamic Naya Pakistan certificate Mudaraba investment pool - foreign currencies	3,989,495	671,987
Islamic Naya Pakistan certificate Mudaraba investment pool - Pak Rupee	691,714	58,724
	490,685,998	629,531,699

Shares

Listed companies

Automobile parts and accessories	41,743	15,167
Cement	247,866	219,904
Chemical	105,865	–
Commercial banks	1,164,754	692,013
Fertilizer	750,323	328,114
Investment banks / investment companies / securities companies	136,747	108,259
Oil and gas exploration, power generation and distribution	321,616	82,079
Pharmaceuticals	34,206	–
Sugar and allied	–	70,515
Textile	252	–
Transport	60,408	30,254
	2,863,780	1,546,305

	2022		2021	
	Cost	Break-up value	Cost	Break-up value
	Rupees in '000			
Unlisted companies				
Pakistan Export Finance Guarantee Limited	11,361	–	11,361	–
DHA Cogen Limited	50,000	–	50,000	–
Dawood Family Takaful Limited	35,000	24,548	35,000	22,925
Society for World Wide Inter Bank Financial Telecommunication (Swift)	7,844	52,600	7,844	43,517
Pakistan Corporate Restructuring Company Limited	27,524	25,817	27,524	25,817
	<u>131,729</u>	<u>102,965</u>	<u>131,729</u>	<u>92,259</u>
			2022	2021
			Cost / amortised cost	
			Rupees in '000	
Non-government debt securities				
Listed				
AAA		–		400,000
AA+		42,835		142,835
A+		375,000		749,400
AA-		600,000		200,000
A		50,000		100,000
Unrated		6,566,597		6,645,029
		<u>7,634,432</u>		<u>8,237,264</u>
Unlisted				
AAA		3,880,000		1,750,000
AA+		500,000		835,000
AA		–		495,000
A-		5,000		5,000
A		100,000		100,000
Unrated		25,550		46,688
		<u>4,510,550</u>		<u>3,231,688</u>
Mutual funds				
Listed				
AM1		50,300		–
Unlisted				
AA+ (f)		50,282		–
Unrated		16,949		30,140
		<u>67,231</u>		<u>30,140</u>
Real estate investment trust				
Listed				
AAA (rr)		831,780		672,739
Unlisted				
RM 3+		700,000		–

	2022	2021
	Cost / amortised cost	
	Rupees in '000	
9.5 Particulars relating to held-to-maturity securities are as follows:		
Federal government securities - Government guaranteed		
Market treasury bills	146,859,917	–
Pakistan investment bonds	70,715,952	22,469,135
Ijarah sukuk	3,229,892	273,675
	<u>220,805,761</u>	<u>22,742,810</u>
Non-government debt securities - unlisted		
Certificates of investment - unrated	–	2,000,000

9.5.1 The market value of federal government securities classified as held-to-maturity is Rs. 214,459,867 thousand (2021: 21,025,207 thousand).

10. ADVANCES

	Note	Performing		Non-Performing		Total	
		2022	2021	2022	2021	2022	2021
		Rupees in '000					
Loans, cash credits, running finances, etc.	10.1	282,270,838	269,326,315	11,882,972	11,128,658	294,153,810	280,454,973
Islamic financing and related assets	10.2	124,553,446	92,143,804	737,013	808,210	125,290,459	92,952,014
Bills discounted and purchased		44,866,490	54,518,910	9,430,159	5,036,656	54,296,649	59,555,566
Advances - gross		<u>451,690,774</u>	<u>415,989,029</u>	<u>22,050,144</u>	<u>16,973,524</u>	<u>473,740,918</u>	<u>432,962,553</u>
Provision against advances							
- specific		–	–	(17,650,138)	(15,986,650)	(17,650,138)	(15,986,650)
- general		(4,619,505)	(5,182,927)	–	–	(4,619,505)	(5,182,927)
		<u>(4,619,505)</u>	<u>(5,182,927)</u>	<u>(17,650,138)</u>	<u>(15,986,650)</u>	<u>(22,269,643)</u>	<u>(21,169,577)</u>
Advances - net of provision		<u>447,071,269</u>	<u>410,806,102</u>	<u>4,400,006</u>	<u>986,874</u>	<u>451,471,275</u>	<u>411,792,976</u>

10.1 Includes net investment in finance lease as disclosed below:

	2022			2021		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	Rupees in '000					
Lease rentals receivable	64,036	72,305	136,341	56,873	91,219	148,092
Residual value	77,345	28,655	106,000	86,669	39,777	126,446
Minimum lease payments	<u>141,381</u>	<u>100,960</u>	<u>242,341</u>	<u>143,542</u>	<u>130,996</u>	<u>274,538</u>
Financial charges for future periods	(18,226)	(9,235)	(27,461)	(14,239)	(9,967)	(24,206)
Present value of minimum lease payments	<u>123,155</u>	<u>91,725</u>	<u>214,880</u>	<u>129,303</u>	<u>121,029</u>	<u>250,332</u>

10.2 It includes loans and advances of First Habib Modaraba and Habib Metro Modaraba amounting to Rs. 18,368,749 thousand (2021: Rs. 13,280,413 thousand) and Rs. Nil (2021: Rs. 303,572 thousand) respectively. Furthermore, it also includes the Islamic banking operations of the holding company amounting to Rs. 106,921,710 thousand (2021: Rs. 79,368,029 thousand) as disclosed in appendix 2 to these consolidated condensed interim financial statements.

	2022	2021
	Rupees in '000	
10.3 Particulars of advances - gross		
In local currency	417,332,276	382,751,832
In foreign currencies	56,408,642	50,210,721
	<u>473,740,918</u>	<u>432,962,553</u>

- 10.4** Advances include Rs. 22,050,144 thousand (2021 : Rs. 16,973,524 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2022		2021	
	Non-performing loans	Provision	Non-performing loans	Provision
Rupees in '000				
Domestic				
Other asset especially mentioned	12,640	–	–	–
Substandard	533,656	36,601	28,740	1,098
Doubtful	2,663,649	103,101	1,462,928	529,294
Loss	18,840,199	17,510,436	15,481,856	15,456,258
	<u>22,050,144</u>	<u>17,650,138</u>	<u>16,973,524</u>	<u>15,986,650</u>

10.5 Particulars of provision against advances

	Note	2022			2021		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
Opening balance		15,986,650	5,182,927	21,169,577	16,417,607	3,027,679	19,445,286
Charge for the year		5,476,903	–	5,476,903	2,444,120	2,155,248	4,599,368
Reversals for the year		(1,307,136)	(563,422)	(1,870,558)	(2,348,278)	–	(2,348,278)
Net charge for the year		4,169,767	(563,422)	3,606,345	95,842	2,155,248	2,251,090
Amount written off	10.6	(2,506,279)	–	(2,506,279)	(526,799)	–	(526,799)
Closing balance		17,650,138	4,619,505	22,269,643	15,986,650	5,182,927	21,169,577

- 10.5.1** The Group maintains general provision, as a matter of prudence, on account of the management's assessment of credit risk and general banking risk particularly in the current stressed economic condition amounting to Rs. 4,560,235 thousand (31 December 2021: Rs. 5,157,674 thousand). General provision also includes provision of Rs. 59,265 thousand (31 December 2021: Rs. 25,248 thousand) made against consumer portfolio and Rs. 5 thousand (31 December 2021: Rs. 5 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

- 10.5.2** Exposure amounting to Rs. 5,295,616 thousand relating to Power Holding (Private) Limited, is government guaranteed and therefore, has not been classified as non-performing, pursuant to relaxation given by the SBP under circular letter no. BPRD/BRD (FD) / 2023/135.

10.5.3 Particulars of provision against advances

	2022			2021		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	13,421,488	4,619,505	18,040,993	15,492,074	5,182,927	20,675,001
In foreign currencies	4,228,650	–	4,228,650	494,576	–	494,576
	<u>17,650,138</u>	<u>4,619,505</u>	<u>22,269,643</u>	<u>15,986,650</u>	<u>5,182,927</u>	<u>21,169,577</u>

10.5.4 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

In accordance with BSD Circular No. 1 of 21 October 2011 issued by the SBP, the holding company has availed the benefit of Forced Sale Value (FSV) of certain collaterals against non-performing loans and advances. Had this benefit of FSV not been taken by the holding company, the specific provision against non-performing advances would have been higher by Rs. 2,617,170 thousand (2021: Rs. 208,257 thousand) and profit after tax would have been lower by Rs. 1,334,757 thousand (2021: Rs. 127,036 thousand). This amount of Rs. 1,334,757 thousand (31 December 2021: Rs. 127,036 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	2022	2021
		Rupees in '000	
10.6 Particulars of write offs			
10.6.1 Against provisions	10.5	2,506,279	526,799
Directly charged to profit and loss account		—	—
		<u>2,506,279</u>	<u>526,799</u>
10.6.2 Write offs of Rs. 500,000/- and above		2,504,916	526,799
Write offs of below Rs. 500,000/-		1,363	—
		<u>2,506,279</u>	<u>526,799</u>

10.7 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of Rs. 500,000 or above allowed to the persons during the year ended 31 December 2022 is enclosed as Annexure I. However, this write off does not affect the holding company's right to recover the debts from these customers.

11. FIXED ASSETS

Capital work-in-progress	11.1	342,467	185,038
Property and equipment	11.2	21,368,308	11,892,437
		<u>21,710,775</u>	<u>12,077,475</u>
11.1 Capital work-in-progress			
Civil works	11.1.1	100,669	90,388
Advances to suppliers		241,798	94,650
		<u>342,467</u>	<u>185,038</u>

11.1.1 This represents advance against renovation being carried out at various locations.

11.2 Property and equipment

	2022									
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvements	Right-of-use assets	Total
	Rupees in '000									
At 1 January 2022										
Cost	1,386,858	99,340	356,349	2,712,785	865,779	4,769,491	280,895	4,460,731	8,156,499	23,088,727
Accumulated depreciation	–	(4,719)	(216,826)	(1,179,847)	(460,363)	(3,499,142)	(134,301)	(3,073,027)	(2,628,065)	(11,196,290)
Net book value	<u>1,386,858</u>	<u>94,621</u>	<u>139,523</u>	<u>1,532,938</u>	<u>405,416</u>	<u>1,270,349</u>	<u>146,594</u>	<u>1,387,704</u>	<u>5,528,434</u>	<u>11,892,437</u>
Year ended 31 December 2022										
Opening net book value	1,386,858	94,621	139,523	1,532,938	405,416	1,270,349	146,594	1,387,704	5,528,434	11,892,437
Additions	498,278	268,667	–	–	224,291	1,043,936	105,868	682,097	–	2,823,137
Additions to right-of-use assets	–	–	–	–	–	–	–	–	2,575,654	2,575,654
Movement in surplus on assets revalued during the year	1,070,460	2,335,148	404,431	2,985,926	–	–	–	–	–	6,795,965
Disposals	–	–	–	–	(1,162)	(1,578)	(44,588)	–	(65,849)	(113,177)
Depreciation charge	–	–	(29,499)	(203,179)	(112,950)	(708,550)	(53,162)	(455,922)	(1,294,821)	(2,858,083)
Exchange rate adjustments	–	–	–	5,091*	350*	242*	8*	–	–	5,691
Reclassification / accumulated depreciation due to revaluation / transfer from non-banking assets	90,194**	1,321,954**	(90,194)**	(1,075,270)**	–	–	–	–	–	246,684
Closing net book value	<u>3,045,790</u>	<u>4,020,390</u>	<u>424,261</u>	<u>3,245,506</u>	<u>515,945</u>	<u>1,604,399</u>	<u>154,720</u>	<u>1,613,879</u>	<u>6,743,418</u>	<u>21,368,308</u>
At 31 December 2022										
Cost	3,045,790	4,020,390	447,516	3,403,561	1,076,903	5,757,298	290,272	5,142,828	10,130,149	33,314,707
Accumulated depreciation	–	–	(23,255)	(158,055)	(560,958)	(4,152,899)	(135,552)	(3,528,949)	(3,386,731)	(11,946,399)
Net book value	<u>3,045,790</u>	<u>4,020,390</u>	<u>424,261</u>	<u>3,245,506</u>	<u>515,945</u>	<u>1,604,399</u>	<u>154,720</u>	<u>1,613,879</u>	<u>6,743,418</u>	<u>21,368,308</u>
Rate of depreciation (percentage)										
	–	–	4	4	15 - 25	15 - 33.33	16.67- 20	16.67- 20		

* This represents exchange rate adjustments of fixed assets in offshore branch operations of the holding company.

** On revaluation as explained in note 2.6.1 to the financial statements and transfer of an asset from non-banking assets.

	2021									
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvements	Right-of-use assets	Total
	Rupees in '000									
At 1 January 2021										
Cost	59,871	99,340	356,349	2,711,067	639,229	3,992,594	206,754	3,459,777	5,803,803	17,328,784
Accumulated depreciation	–	(3,609)	(204,522)	(1,078,644)	(370,905)	(2,915,713)	(78,100)	(2,674,357)	(1,587,609)	(8,913,459)
Net book value	<u>59,871</u>	<u>95,731</u>	<u>151,827</u>	<u>1,632,423</u>	<u>268,324</u>	<u>1,076,881</u>	<u>128,654</u>	<u>785,420</u>	<u>4,216,194</u>	<u>8,415,325</u>
Year ended 31 December 2021										
Opening net book value	59,871	95,731	151,827	1,632,423	268,324	1,076,881	128,654	785,420	4,216,194	8,415,325
Additions	1,326,987	–	–	–	226,414	776,779	74,138	1,000,954	–	3,405,272
Additions to right-of-use assets	–	–	–	–	–	–	–	–	2,352,696	2,352,696
Movement in surplus on assets revalued during the year	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	(1,109)	(1,536)	(7,340)	–	–	(9,985)
Depreciation charge	–	(1,110)	(12,304)	(101,203)	(88,349)	(581,893)	(48,861)	(398,670)	(1,040,456)	(2,272,846)
Exchange rate adjustment	–	–	–	1,718*	136*	118*	3*	–	–	1,975
Closing net book value	<u>1,386,858</u>	<u>94,621</u>	<u>139,523</u>	<u>1,532,938</u>	<u>405,416</u>	<u>1,270,349</u>	<u>146,594</u>	<u>1,387,704</u>	<u>5,528,434</u>	<u>11,892,437</u>
At 31 December 2021										
Cost	1,386,858	99,340	356,349	2,712,785	865,779	4,769,491	280,895	4,460,731	8,156,499	23,088,727
Accumulated depreciation	–	(4,719)	(216,826)	(1,179,847)	(460,363)	(3,499,142)	(134,301)	(3,073,027)	(2,628,065)	(11,196,290)
Net book value	<u>1,386,858</u>	<u>94,621</u>	<u>139,523</u>	<u>1,532,938</u>	<u>405,416</u>	<u>1,270,349</u>	<u>146,594</u>	<u>1,387,704</u>	<u>5,528,434</u>	<u>11,892,437</u>
Rate of depreciation (percentage)	<u>–</u>	<u>1.49</u>	<u>4</u>	<u>4</u>	<u>15 - 25</u>	<u>15 - 33.33</u>	<u>16.67 - 20</u>	<u>16.67 - 20</u>		

* This represents exchange rate adjustments of fixed assets in offshore branch operations of the holding company.

11.3 Revaluation of properties

The Holding Company's land and buildings were revalued by an independent professional valuer, Iqbal A. Nanjee & Co. (Private) Limited as at 30 June 2022. The valuation performed by the valuer on the basis an assessment of present market values. The revaluation has resulted in a net surplus of Rs. 6,795,965 thousand over the book value. Relevant details are as follows:

	2022	2021
	Rupees in '000	
11.3.1 Surplus on revaluation of fixed assets are as follows:		
Freehold land	1,070,460	—
Leasehold land	2,488,939	—
Buildings on Freehold land	383,769	—
Buildings on Leasehold land	2,846,455	—
11.3.2 Had there been no revaluation the carrying amounts of revalued assets would have been as follows:		
Freehold land	1,975,330	—
Leasehold land	1,531,451	—
Buildings on freehold land	40,492	—
Buildings on leasehold land	399,051	—

11.4 The cost of fully depreciated assets still in use includes;

Furniture and fixtures	251,114	193,906
Electrical, office and computer equipment	2,551,173	2,203,141
Vehicles	17,380	8,902
Lease hold improvement	2,557,727	2,064,707

11.5 Details of fixed assets disposed-off to related parties during the year ended 31 December 2022

Particulars	Cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000					
Vehicle	16	9	1,068	As per HR policy	Mr. Abdul Sattar Laghari (Ex-Employee)
Vehicle	2,505	1,230	2,550	As per HR policy	Mr. Abdul Wahab (Ex-Employee)
Vehicle	2,049	754	1,448	As per HR policy	Mr. Aftab Ahmed (Ex-Employee)
Vehicle	3,415	1,422	2,235	As per HR policy	Mr. Ahmed Shah Durrani (Employee)
Vehicle	2,079	407	1,590	As per HR policy	Mr. Amin Muhammed (Employee)
Vehicle	2,735	1,860	1,860	As per HR policy	Mr. Anjum Amin Siddiqui (Employee)
Vehicle	21	1	1	As per HR policy	Mr. Arif Durvesh (Ex-Employee)
Vehicle	3,004	974	974	As per HR policy	Mr. Arif Durvesh (Ex-Employee)
Vehicle	2,344	951	1,665	As per HR policy	Mr. Arif Karim (Employee)
Vehicle	3,705	1,675	2,235	As per HR policy	Mr. Asad Ali (Employee)
Vehicle	17	8	1,065	As per HR policy	Mr. Asad Bilal (Employee)
Vehicle	2,775	2,197	2,197	As per HR policy	Mr. Babbar Wajid (Employee)
Vehicle	3,985	3,297	3,297	As per HR policy	Mr. Bilal Asgher (Employee)
Vehicle	1,949	319	1,785	As per HR policy	Mr. Budhal Mahesar (Ex-Employee)
Vehicle	2,229	457	1,590	As per HR policy	Mr. Farhan Aslam Choudhary (Employee)
Vehicle	19	10	1,470	As per HR policy	Mr. Farooq Ghias Ahsan Uddin (Ex-Employee)

Particulars	Cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
— Rupees in '000 —					
Vehicle	17	7	1,170	As per HR policy	Mr. Farukh Mahmood (Employee)
Vehicle	3,905	2,545	2,545	As per HR policy	Mr. Fuzail Abbas (Employee)
Vehicle	2,804	787	2,100	As per HR policy	Mr. Haris Ahmed (Employee)
Vehicle	2,554	244	1,860	As per HR policy	Mr. Khurram Shahzad (Employee)
Vehicle	1,284	156	1,095	As per HR policy	Mr. Mohammad Khan (Employee)
Vehicle	2,475	1,334	2,500	As per HR policy	Mr. Muhammad Jassem Butt (Ex-Employee)
Vehicle	2,129	436	1,665	As per HR policy	Mr. Muhammad Jawed Munshi (Employee)
Vehicle	3,905	2,686	2,686	As per HR policy	Mr. Muhammad Umar Ghufraan (Employee)
Vehicle	2,855	1,344	1,665	As per HR policy	Mr. Muslim Raza Mooman (Employee)
Vehicle	2,444	1,008	1,665	As per HR policy	Mr. Najeeb Gillani (Employee)
Vehicle	2,515	1,869	2,625	As per HR policy	Mr. Noman Mughal (Ex-Employee)
Vehicle	2,735	2,059	2,059	As per HR policy	Mr. Rafif Uddin Ghauri (Employee)
Vehicle	16	8	1,269	As per HR policy	Mr. Rizwan Ahmed Siddiqui (Employee)
Vehicle	5,557	670	764	As per HR policy	Mr. Sirajuddin Aziz (Ex-Employee)
Vehicle	2,775	2,136	2,760	As per HR policy	Mr. Syed Ather Ahmed (Ex-Employee)
Vehicle	17	9	1,005	As per HR policy	Mr. Waqar Hussain (Employee)
Vehicle	2,204	435	1,590	As per HR policy	Mr. Yawer Ali Gulani (Employee)
Vehicle	3,905	2,705	2,705	As per HR policy	Mr. Zulfiqar Alavi (Employee)
Vehicle	3,304	1,251	2,235	As per HR policy	Syed Abu Tufail (Employee)
Vehicle	2,735	1,844	1,844	As per HR policy	Syed Ammar Yasir Bukhari (Employee)
Vehicle	3,415	1,422	2,235	As per HR policy	Syed Hasnain Haider Rizvi (Employee)
Vehicle	2,669	654	2,100	As per HR policy	Syed Intekhab Hussain Rizvi (Employee)

12. INTANGIBLE ASSETS

	2022			2021		
	Computer software	Management rights	Total	Computer software	Management rights	Total
— Rupees in '000 —						
At 1 January						
Cost	655,964	41,600	697,564	552,855	41,600	594,455
Accumulated amortisation and impairment	(534,377)	—	(534,377)	(463,124)	—	(463,124)
Net book value	121,587	41,600	163,187	89,731	41,600	131,331
Year ended 31 December						
Opening net book value	121,587	41,600	163,187	89,731	41,600	131,331
Additions - directly purchased	60,809	—	60,809	103,109	—	103,109
Amortisation charge	(83,589)	—	(83,589)	(71,253)	—	(71,253)
Closing net book value	98,807	41,600	140,407	121,587	41,600	163,187
At 31 December						
Cost	716,773	41,600	758,373	655,964	41,600	697,564
Accumulated amortisation and impairment	(617,966)	—	(617,966)	(534,377)	—	(534,377)
Net book value	98,807	41,600	140,407	121,587	41,600	163,187
Rate of amortisation (percentage)	33.3			33.3		
Useful life in years	3			3		

12.1 The cost of fully amortised intangible assets (computer software) still in use is Rs. 465,498 thousand (2021: Rs. 428,129 thousand).

13. DEFERRED TAX ASSETS

Deductible temporary differences on

Provision for diminution in value of investments
Provision against advances and off - balance sheet
Accelerated tax depreciation
Deferred liability on defined benefit plan
Deferred liability on compensated absences
Deficit on revaluation of investments
Others

2022			
Balance as at January 01, 2022	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2021
Rupees in '000			
197,524	50,814	–	248,338
2,568,293	422,634	–	2,990,927
200,837	135,866	–	336,703
21,017	(229)	(14,959)	5,829
440	(440)	–	–
1,101,223	–	2,511,999	3,613,222
7,120	(2,787)	102	4,435
4,096,454	605,858	2,497,142	7,199,454

Taxable temporary differences on

Surplus on revaluation of non-banking assets
Surplus on revaluation of fixed assets
Exchange translation reserve

(877,238)	10	201,564	(675,664)
–	69,030	(1,458,046)	(1,389,016)
(1,053)	–	(2,666)	(3,719)
(878,291)	69,040	(1,259,148)	(2,068,399)
3,218,163	674,898	1,237,994	5,131,055

Deductible temporary differences on

Provision for diminution in value of investments
Provision against advances and off - balance sheet
Provision against other assets
Accelerated tax depreciation
Deferred liability on defined benefit plan
Deferred liability on compensated absences
Deficit on revaluation of investments
Others

2021			
Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2021
Rupees in '000			
177,655	19,869	–	197,524
2,555,455	12,838	–	2,568,293
87,150	(87,150)	–	–
30,341	170,496	–	200,837
6,054	–	14,963	21,017
–	440	–	440
(1,584,606)	–	2,685,829	1,101,223
1,070	6,050	–	7,120
1,273,119	122,543	2,700,792	4,096,454

Taxable temporary differences on

Surplus on revaluation of non-banking assets
Exchange translation reserve

(119,521)	96,218	(853,935)	(877,238)
–	–	(1,053)	(1,053)
(119,521)	96,218	(854,988)	(878,291)
1,153,598	218,761	1,845,804	3,218,163

14. OTHER ASSETS

Income / mark-up / profit accrued in local currency - net of provision
Income / mark-up / profit accrued in foreign currencies - net of provision
Advances, deposits and other prepayments
Non-banking assets acquired in satisfaction of claims
Mark-to-market gain on forward foreign exchange contracts
Acceptances
Receivable from the SBP against encashment of government securities
Stationery and stamps on hand
Others
Provision against other assets
Other assets (net of provision)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Note	2022	2021
Rupees in '000		
	21,074,867	11,260,644
	99,685	92,100
	485,332	283,056
14.1	2,204,729	2,297,568
	2,702,151	6,217,789
	25,377,732	29,225,097
	16,850	20,657
	115,334	110,374
14.2	6,386,789	1,091,666
	58,463,469	50,598,951
14.3	(377,802)	(377,076)
	58,085,667	50,221,875
	2,095,111	2,249,327
20.2	60,180,778	52,471,202

	2022	2021
	Rupees in '000	
14.1 Market value of non-banking assets acquired in satisfaction of claims	<u>4,299,840</u>	<u>4,546,895</u>

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuator as at 31 December 2021. The revaluation was carried out by M/s Akbani & Javed Associates on the basis of an assessment of present market values.

	2022	2021
	Rupees in '000	
14.1.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	4,546,895	2,982,632
Revaluation	–	2,154,549
Disposals	–	(313,155)
Transferred to fixed asset	(246,684)	–
Reversal of surplus on disposal of non-banking assets	–	(243,261)
Depreciation	(371)	(33,870)
Closing balance	<u>4,299,840</u>	<u>4,546,895</u>

14.2 This includes Rs. 5,384,344 thousand (2021: Nil) representing payments for the holding company customers against letters of credit which were subsequently adjusted against the margin deposits and/or classified as advances on the execution of relevant documents.

14.3 Movement in provision held against other assets

Opening balance	377,076	462,880
Charge for the year	726	165,000
Reversal for the year	–	(249,619)
	726	(84,619)
Amount written off	–	(1,185)
Closing balance	<u>377,802</u>	<u>377,076</u>

15. BILLS PAYABLE

In Pakistan	19,445,038	17,856,030
Outside Pakistan	93,390	88,614
	<u>19,538,428</u>	<u>17,944,644</u>

	Note	2022	2021
Rupees in '000			
16. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	16.2	80,119,841	68,897,225
Long term financing facility - renewable energy scheme	16.3	2,454,119	1,592,554
Long term financing facility	16.4	21,471,497	18,184,877
Refinance for payment of wages and salaries	16.5	2,398,979	12,662,380
Temporary economic refinance facility	16.6	31,169,597	28,219,857
Long term financing facility - for storage of agricultural produce scheme	16.7	532,962	639,685
Refinance facility for modernization of SME	16.8	123,608	21,228
Refinance facility for combating COVID-19	16.9	51,463	67,754
	16.10	138,322,066	130,285,560
Repurchase agreement borrowings (Repo)	16.11	197,452,237	182,851,203
Due against bills rediscounting	16.12	4,254,594	-
		<u>340,028,897</u>	<u>313,136,763</u>
Unsecured			
Certificates of investment	16.13	9,619,699	5,863,977
Call borrowing	16.14	2,600,000	3,000,000
Musharika borrowing	16.15	430,940	748,666
Overdrawn nostro accounts		1,323,711	29,749
Overdrawn local bank accounts		15,160	-
		<u>13,989,510</u>	<u>9,642,392</u>
		<u>354,018,407</u>	<u>322,779,155</u>
16.1 Particulars of borrowings in respect of currencies			
In local currency		348,440,102	322,749,406
In foreign currencies		5,578,305	29,749
		<u>354,018,407</u>	<u>322,779,155</u>

16.2 These borrowings have been obtained from the SBP for extending export finance to customers. These carry mark-up at rates ranging from 11% to 12% per annum (2021: 1.00% to 2.00% per annum) and are due to mature latest by 04 July 2023.

16.3 These borrowings have been obtained from the SBP under a scheme for providing financing facilities to customers against renewable energy plants. These carry mark-up at rates ranging from 2% to 3% per annum (2021: 2.00% per annum) and are due to mature latest by 31 May 2034.

16.4 These borrowings have been obtained from the SBP under a scheme for providing concessionary financing facilities to the industry for purchase of new locally manufactured plant and machinery. These carry mark-up at rates ranging from 10% to 11.5% per annum (2021: 2.00% to 3.50% per annum) and are due to mature latest by 28 November 2032.

16.5 These borrowings have been obtained from the SBP under a scheme for providing financing facilities to help businesses in payment of wages and salaries to their employees during the pandemic and thereby support continued employment. These carry mark-up at rate of 0% per annum (2021: 0% per annum) and are due to mature latest by 03 January 2023.

16.6 These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries during the pandemic. These carry mark-up at rate of 1% per annum (2021: 1.00% per annum) and are due to mature latest by 31 December 2032.

16.7 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rate of 2% per annum (2021: 2.00% per annum) and are due to mature latest by 21 February 2032.

- 16.8** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises (SME). These carry mark-up at rates of 2% per annum (2021: 1.00% per annum) and are due to mature latest by 07 October 2027.
- 16.9** These borrowings have been obtained from the SBP under a scheme to provide combat the emergency refinance facility to hospitals & medical centre. These carry mark-up at rates of 0% per annum (2021: 0% per annum) and are due to mature latest by 30 June 2026.
- 16.10** As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP.
- 16.11** These carry mark-up rates ranging between 15.75% to 16.75% (2021: 9.87% to 10.70%) per annum having maturity upto 03 March 2023 (2021: 25 February 2022) and are secured against investments mentioned in note 9.2.1.
- 16.12** This represents the obligation to the corresponding Banks on the discounting of foreign documentary bills purchased by the Bank on discount. The balance carries discount rates ranging between 5.11% to 6.04% (2021: Nil) per annum having maturity upto 3 April 2023 (2021: Nil).
- 16.13** These carry mark-up rates ranging between 8.3% to 16.6% (2021: 5.5% to 7.10%) per annum having maturity upto 12 December 2023 (2021: 28 December 2022).
- 16.14** These carry mark-up at rates ranging from 15.70% to 16.10% (2021: 10.7%) per annum having maturity upto 03 January 2023 (2021: 04 January 2022).
- 16.15** These carry mark-up at rates ranging from 15.96% to 16.02% (2021: 10.77%) per annum.

17. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	261,734,505	42,738,681	304,473,186	228,774,493	36,061,897	264,836,390
Savings deposits	216,746,274	19,820,695	236,566,969	171,147,729	22,694,898	193,842,627
Term deposits	211,585,932	52,733,398	264,319,330	208,829,163	50,892,644	259,721,807
Others	48,007,631	18,692	48,026,323	19,579,290	13,692	19,592,982
	<u>738,074,342</u>	<u>115,311,466</u>	<u>853,385,808</u>	<u>628,330,675</u>	<u>109,663,131</u>	<u>737,993,806</u>
Financial institutions						
Current deposits	1,298,132	882,797	2,180,929	1,240,863	1,922,927	3,163,790
Savings deposits	19,215,914	–	19,215,914	26,524,236	–	26,524,236
Term deposits	4,862,729	6,945	4,869,674	3,961,404	5,415	3,966,819
Others	–	–	–	1,078	–	1,078
	<u>25,376,775</u>	<u>889,742</u>	<u>26,266,517</u>	<u>31,727,581</u>	<u>1,928,342</u>	<u>33,655,923</u>
	<u>763,451,117</u>	<u>116,201,208</u>	<u>879,652,325</u>	<u>660,058,256</u>	<u>111,591,473</u>	<u>771,649,729</u>

17.1 Composition of deposits

	2022	2021
	Rupees in '000	
Individuals	389,001,497	321,412,477
Government (Federal and Provincial)	57,795,609	38,405,501
Public Sector Entities	33,175,399	52,559,203
Banking Companies	99,488	5,025,795
Non-Banking Financial Institutions	26,167,029	28,630,128
Private Sector	373,413,303	325,616,625
	<u>879,652,325</u>	<u>771,649,729</u>

- 17.2** This includes eligible deposits of Rs. 462,162,381 thousand (2021: Rs. 397,450,267 thousand) which are covered under deposit protection mechanism as required by the Deposit Protection Corporation circular no. 4 of 2018.

	Note	2022	2021
		Rupees in '000	
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		14,447,408	6,807,583
Mark-up / return / interest payable in foreign currencies		985,955	429,878
Unearned commission and income on bills discounted		529,602	532,943
Accrued expenses		2,457,947	1,507,731
Current taxation (provision less payments)		4,806,885	2,114,976
Acceptances		25,377,732	29,225,097
Unclaimed dividend		138,797	163,681
Dividend payable		1,032,890	–
Branch adjustment account		2,233	558
Mark-to-market loss on forward foreign exchange contracts		2,180,854	2,939,889
Provision for compensated absences	36.2	269,345	264,715
Payable to defined benefit plan	35.4	35,074	56,626
Provision against off-balance sheet obligations	18.1	32,583	32,583
Workers' welfare fund	18.3	2,650,204	2,055,242
Charity fund balance		3,666	4
Excise duty payable		3,081	2,629
Locker deposits		980,238	923,249
Advance against diminishing musharakah		288,675	201,567
Advance rental for ijarah		15,872	1,362
Security deposits against leases / ijarah		256,562	385,938
Sundry creditors		2,219,944	1,694,627
Lease liability against right-of-use assets	18.2	7,810,670	6,187,428
Withholding tax / duties		450,494	365,630
Others	18.4	12,970,736	34,621
		<u>79,947,447</u>	<u>55,928,557</u>

18.1 Provision against off-balance sheet obligations

Opening balance	32,583	113,716
Charge for the year	–	(81,133)
Closing balance	<u>32,583</u>	<u>32,583</u>

The above represents provision against certain letters of credit and guarantee.

18.2 Lease liability against right-of-use assets

Not later than 1 year	859,158	693,495
Later than one and less than five years	4,609,734	3,630,976
Over five years	2,341,778	1,862,957
	<u>7,810,670</u>	<u>6,187,428</u>

18.3 Under the Workers' Welfare Ordinance 1971, the holding company is liable to pay workers' welfare fund (WWF) @ 2% of accounting profit before tax or taxable income, whichever is higher. The holding company has made full provision for WWF based on profit for the respective years.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions, the judgement may not currently be treated as conclusive. Accordingly the holding company maintains its provision in respect of WWF.

- 18.4** This includes Rs. 12,186,315 thousand (2021: Nil) received by the holding company from a correspondent bank against standby letter of credit claimed by the customer. The honorable High Court of Sindh has passed interim order restraining the holding company to transfer amount pending arbitration.

19. SHARE CAPITAL

19.1 Authorised capital

2022 (Number of shares)	2021		2022 Rupees in '000	2021
<u>1,200,000,000</u>	<u>1,200,000,000</u>	Ordinary shares of Rs. 10/- each	<u>12,000,000</u>	<u>12,000,000</u>

19.2 Issued, subscribed and paid-up capital

		Ordinary shares of Rs. 10/- each		
30,000,000	30,000,000	– Fully paid in cash	300,000	300,000
92,500,000	92,500,000	– Issued upon amalgamation	925,000	925,000
<u>925,331,480</u>	<u>925,331,480</u>	– Issued as bonus shares	<u>9,253,315</u>	<u>9,253,315</u>
<u>1,047,831,480</u>	<u>1,047,831,480</u>		<u>10,478,315</u>	<u>10,478,315</u>

- 19.3** As of the date of statement of financial position, the ultimate parent company held 534,394 thousand (2021: 534,394 thousand) ordinary shares of Rs. 10/- each (51% holding) and Habib Insurance Company Limited (the associated company) held 6,306 thousand (2021: 4,037 thousand) ordinary shares of Rs. 10/- each.

19.4 Non-Controlling Interest (NCI)

	2022			2021		
	First Habib Modaraba	Habib Metro Modaraba	Total	First Habib Modaraba	Habib Metro Modaraba	Total
NCI Percentage	84.57%	30.00%		90.00%	30.00%	
	Rupees in '000					
Assets	19,655,973	–	19,655,973	14,428,814	351,399	14,780,213
Liabilities	(15,298,390)	–	(15,298,390)	(10,648,525)	(28,827)	(10,677,352)
Net assets	<u>4,357,583</u>	<u>–</u>	<u>4,357,583</u>	<u>3,780,289</u>	<u>322,572</u>	<u>4,102,861</u>
Net assets attributable to NCI	<u>3,685,208</u>	<u>–</u>	<u>3,685,208</u>	<u>3,402,260</u>	<u>96,772</u>	<u>3,499,032</u>
Profit for the year / six months period	622,428	10,715	633,143	377,495	16,038	393,533
Other comprehensive income	(163,335)	–	(163,335)	80,503	–	80,503
Total comprehensive income	<u>459,093</u>	<u>10,715</u>	<u>469,808</u>	<u>457,998</u>	<u>16,038</u>	<u>474,036</u>
Total comprehensive income allocated to NCI	<u>399,453</u>	<u>3,215</u>	<u>402,668</u>	<u>412,198</u>	<u>4,811</u>	<u>417,009</u>
Dividend paid to NCI	<u>(181,440)</u>	<u>(4,050)</u>	<u>(185,490)</u>	<u>(254,016)</u>	<u>(3,600)</u>	<u>(257,616)</u>

	Note	2022	2021
		Rupees in '000	
20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
– Available-for-sale securities	9.1	(8,400,737)	(2,680,847)
– Fixed Assets	20.1	6,789,623	–
– Non-banking assets	20.2	2,095,111	2,249,327
		483,997	(431,520)
Less: Deferred tax on surplus / (deficit) on revaluation of			
– Available-for-sale securities		(3,613,221)	(1,101,223)
– Fixed Assets	20.1	1,389,016	–
– Non-banking assets	20.2	675,664	877,238
		1,548,541	223,985
		2,032,538	(207,535)
Less: (surplus) / deficit pertaining to non-controlling interest		(3,121)	(149,528)
Deficit pertaining to equity holder's share		2,029,417	(357,063)
20.1 Fixed assets			
Surplus on revaluation as at 01 January		–	–
Revaluation of fixed assets during the year		6,795,964	–
Transferred from non-banking asset		154,193	–
Transferred to unappropriated profit in respect incremental depreciation during the year - net of deferred tax		(91,504)	–
Related deferred tax liability on incremental depreciation		(69,030)	–
		6,789,623	–
Surplus on revaluation as at 31 December		6,789,623	–
Less: Related deferred tax liability on:			
Revaluation as at 01 January		–	–
Revaluation of fixed assets during the year		1,457,854	–
Transferred to fixed assets		192	–
Incremental depreciation during the year		(69,030)	–
		1,389,016	–
Related deferred tax liability		1,389,016	–
		5,400,607	–

	Note	2022	2021
		Rupees in '000	
20.2 Non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at 01 January		2,249,327	341,491
Revaluation of non-banking assets during the year		–	2,154,549
Reversal of surplus on disposal - net of deferred tax		–	(148,389)
Related deferred tax liability on reversal of surplus on disposal		–	(94,872)
Transferred to fixed asset		(154,193)	–
Transferred to unappropriated profit in respect of disposal and incremental depreciation during the year - net of deferred tax		(13)	(2,106)
Related deferred tax liability on incremental depreciation		(10)	(1,346)
		(154,216)	1,907,836
Surplus on revaluation as at 31 December		2,095,111	2,249,327
Less: Related deferred tax liability on:			
Revaluation as at 01 January		877,238	119,521
Revaluation of non-banking assets during the year		–	840,274
Revaluation of surplus on disposal		–	(94,872)
Transferred to fixed assets		(192)	–
Impact of change of rate	20.2.1	(201,372)	13,661
Incremental depreciation during the year		(10)	(1,346)
		(201,574)	757,717
Related deferred tax liability		675,664	877,238
		1,419,447	1,372,089

20.2.1 This include reversal on account of the change in holding period as per tax laws.

21. CONTINGENCIES AND COMMITMENTS

Guarantees	21.1	131,519,154	112,912,689
Commitments	21.2	396,023,125	604,750,338
Other contingent liabilities	21.3	2,980,386	3,078,218
		530,522,665	720,741,245

21.1 Guarantees

Financial Guarantees	26,172,591	44,818,267
Performance Guarantees	62,206,335	41,897,915
Other guarantees	43,140,228	26,196,507
	131,519,154	112,912,689

	Note	2022	2021
		Rupees in '000	
21.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		157,455,041	198,716,273
Commitments in respect of:			
Forward exchange contracts	21.2.1	236,024,551	402,981,660
Forward lendings	21.2.2	2,077,327	2,916,949
Acquisition of operating fixed assets		466,206	135,456
		238,568,084	406,034,065
		396,023,125	604,750,338
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		128,349,072	216,511,732
Sale		107,675,479	186,469,928
		236,024,551	402,981,660

21.2.2 Commitments in respect of forward lendings

The Group has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn, except for:

	Note	2022	2021
		Rupees in '000	
Commitments in respect of syndicate financing		1,165,004	1,902,213
Commitments in respect of other financing		912,323	1,014,736
		2,077,327	2,916,949
21.3 Other contingent liabilities			
Claims against holding company not acknowledged as debt	21.3.1	2,874,330	2,972,162
Foreign exchange repatriation case	21.3.2	106,056	106,056
		2,980,386	3,078,218

21.3.1 These mainly represent counter claims by borrowers for damages and other claims against the Group. Management is confident that the matters will be decided in the holding company's favour. Accordingly, no provision has been made in these consolidated financial statements.

21.3.2 Foreign exchange repatriation case

While adjudicating Foreign exchange repatriation cases of exporters, the foreign exchange Adjudicating Court of the State Bank of Pakistan has adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the holding company. The holding company has filed appeals before the Appellate Board and constitutional petitions in the Honorable High Court of Sindh against the said judgement. The Honorable High Court has granted relief to the holding company by way of interim orders. Based on merits of the appeals, management is confident that these appeals shall be decided in favor of the holding company and therefore no provision has been made against the impugned penalty.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The holding company deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the holding company's policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "Foreign exchange income". Mark to market gains and losses on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

These products are offered to the holding company's customers to protect from unfavorable movements in foreign currencies. The holding company hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the holding company's Asset and Liability Committee (ALCO).

	2022	2021
	Rupees in '000	
23. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	43,878,312	21,733,922
Investments	88,487,687	51,415,894
Lending with financial institutions	2,784,170	1,187,007
Balance with other banks	27,341	22,133
	<u>135,177,510</u>	<u>74,358,956</u>

24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	60,851,130	27,757,160
Borrowings	27,717,852	12,347,986
Cost of foreign currency swaps against foreign currency deposits	4,125,891	3,460,378
Lease liability against right-of-use assets	817,509	634,841
	<u>93,512,382</u>	<u>44,200,365</u>

	2022	2021
	Rupees in '000	
25. FEE & COMMISSION INCOME		
Branch banking customer fees	894,410	610,329
Credit related fees	44,968	41,956
Card related fees	778,556	591,838
Commission on trade	4,942,364	4,704,482
Commission on guarantees	819,349	580,756
Commission on remittances including home remittance	38,637	51,793
Commission on bancassurance	184,306	185,780
Commission on cash management	132,467	99,976
Investment Banking Fee	40,769	14,890
Others	155,224	85,142
	<u>8,031,050</u>	<u>6,966,942</u>
26. GAIN / (LOSS) ON SECURITIES		
Federal government securities - net	(209,955)	(3,985)
Shares - net	117,872	3,849
Mutual funds - net	28,447	102,162
	<u>(63,636)</u>	<u>102,026</u>
27. OTHER INCOME		
Rent on properties	26,629	17,364
Gain on sale of fixed assets - net	42,004	25,405
Gain on sale of non-banking assets	—	227,988
Gain on sale of right-of-use assets - net	14,136	—
Gain on sale of ijarah assets - net	87,305	24,791
Staff notice period and other recoveries	847	813
	<u>170,921</u>	<u>296,361</u>

	Note	2022	2021
		Rupees in '000	
28. OPERATING EXPENSES			
Total compensation expense	28.1	9,630,271	7,682,267
Property expense			
Rent & taxes		174,508	203,726
Insurance		6,879	4,120
Utilities cost		1,045,467	572,048
Security (including guards)		692,183	507,782
Repair & maintenance (including janitorial charges)		648,840	560,709
Depreciation on owned fixed assets		688,600	513,288
Depreciation on right-of-use assets		1,294,821	1,040,456
		4,551,298	3,402,129
Information technology expenses			
Software maintenance		369,168	224,635
Hardware maintenance		271,201	177,153
Depreciation		277,958	220,152
Amortisation		83,588	71,253
Network charges		372,719	268,571
		1,374,634	961,764
Other operating expenses			
Directors' fees and allowances		12,643	13,427
Fees and allowances to Shariah Board		21,372	14,344
Legal & professional charges		223,633	188,521
Outsourced services costs	34.1	309,779	290,503
Travelling & conveyance		482,552	274,218
NIFT clearing charges		91,907	71,067
Depreciation		596,704	498,950
Depreciation - non-banking assets		371	33,870
Training & development		34,112	35,568
Postage & courier charges		142,604	115,038
Communication		135,612	125,695
Subscription		470,586	258,623
Repair & maintenance		199,961	135,024
Brokerage & commission		186,099	200,350
Stationery & printing		422,560	267,236
Marketing, advertisement & publicity		518,819	197,070
Management fee		798,514	540,306
Insurance		972,068	760,312
Donations	28.3	200,405	160,319
Auditors' Remuneration	28.4	27,012	13,808
Security		229,185	175,208
Others		695,291	442,094
	28.2	6,771,789	4,811,551
		<u>22,327,992</u>	<u>16,857,711</u>

28.1 Total compensation expense

	2022	2021
	Rupees in '000	
Managerial Remuneration		
i) Fixed	7,482,305	6,189,052
ii) Variable - Cash Bonus / Awards etc.	797,737	623,430
Charge for defined benefit plan	311,794	171,987
Contribution to defined contribution plan	284,744	248,122
Charge for compensated absences	102,678	84,629
Rent & house maintenance	37,617	32,203
Conveyance	582,995	302,826
Employee Old Age Benefits Contribution	30,401	30,018
	<u>9,630,271</u>	<u>7,682,267</u>

28.2 Total cost for the year included in other operating expenses (other than in outsourced services cost) relating to outsourced activities is Rs. 113,136 thousand (2021: Rs. 76,348 thousand) pertaining to payments made to companies incorporated in Pakistan.

	2022	2021
	Rupees in '000	

28.3 Donations paid in excess of Rs. 500,000 to a single party during the year are as follows:

DONEE

The Citizens Foundation	41,000	20,900
The Indus Hospital	38,700	33,258
Habib University Foundation	25,000	25,000
Nisar Fatima Amin Foundation	15,000	-
Karachi Relief Trust	10,000	-
Al-Mustafa Welfare Society Trust	5,000	-
Jafaria Disaster Cell Welfare Organization	4,350	812
Saylani Welfare International	3,500	-
SIUT Trust	3,000	3,073
Network of Organizations Working with Persons with Disabilities, Pakistan	3,000	-
The Hunar Foundation	2,900	900
Family Educational Services Foundation	2,150	500
Khoja (Pirhai) Shia Isna Asheri Jamat	2,000	26,152
Rehnuma Public School (Path Education Society)	1,825	650
Karachi Down Syndrome Program	1,750	-
Institute of Business Administration	1,720	2,370
Thar Education Alliance	1,387	-
Developments in Literacy	1,200	-
Abbas-e-Alamdar Hostel	1,100	1,100
Lady Dufferin Hospital	1,100	-
Safaid Posh Dastarkhwan	1,050	600
Ayesha Chundrigar Foundation	1,050	-
The Kidney Centre Post Graduate Training Institute	1,000	1,208
Alleviate Addiction Suffering Trust	1,000	1,000
The Patients Behbud Society for AKUH	1,000	1,000
Abdul Sattar Edhi Foundation	1,000	1,000
Al-Umeed Rehabilitation Association	1,000	1,000
Anjuman Behbood-e-Samat-e-Atfal	1,000	1,000
Bait-ul-Sukoon	1,000	1,000
Zehra Homes	1,000	1,000
The Layton Rehmatulla Benevolent Trust	1,000	500
APWA Raana Liaquat Craftsman	1,000	-
Memon Health and Education Foundation (Memon Medical Institute)	1,000	-
The Aga Khan Hospital and Medical College Foundation	1,000	-
Al-Sayyeda Benevolent Trust	960	1,560

	2022	2021
	Rupees in '000	
DONEE		
Habib Medical Trust	960	960
Habib Poor Fund	960	960
RahmatBai Habib Food & Clothing Trust	960	960
RahmatBai Habib Widows & Orphan Trust	960	960
Pakistan Memon Educational & Welfare Society	600	600
Ida Rieu Welfare Association	600	—
Make-a-Wish Foundation Pakistan	600	—
Marie Adelaide Leprosy Centre	600	—
Habib Public School	500	2,500
Habib Girls School Trust	500	1,000
Karwan-e-Hayat (Institute For Mental Health)	500	500
Memon Educational Board	500	500
Pak Medical and Welfare Trust (Paknight Clinic)	500	500
Pakistan Hindu Council	500	500
Pakistan Memon Women Educational Society	500	500
Panah Trust	500	500
Poor Patients Aid Society, Civil Hospital, Karachi	500	500
ChildLife Foundation	500	—
Health Oriented Preventive Education	500	—
Healthcare and Social Welfare Association	500	—
Shaukat Khanum Memorial Trust	500	—
Vocational Welfare Society for Mentally Retarded (Markaz-e-Umeed)	500	—
Patients' Aid Foundation	—	12,000
Fatimiyah Education Network	—	2,000
Mohamedali Habib Welfare Trust	—	1,000
The National Institute of Child Health	—	500

None of the directors, executives and their spouses had interest in the donations disbursed during the year 2022, except for donations paid to:

Name of Donee	Directors	Interest in Donee as
Habib University Foundation	Mr. Mohomed Bashir Mr. Mohamedali R. Habib Mr. Muhammad H. Habib	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors
RehmatBai Habib Food & Clothing Trust	Mr. Muhammad H. Habib	Member of the Board of Trustees
RehmatBai Habib Widows & Orphan Trust	Mr. Muhammad H. Habib	Member of the Board of Trustees

28.4 Auditors' remuneration

	2022	2021
	Rupees in '000	
Audit fee	5,455	4,601
Review of half yearly financial statements	1,846	1,664
Fee for other statutory reporting / other services	12,565	2,949
Special certifications	2,500	2,324
Sales tax and out-of-pocket expenses on above services	4,646	2,270
	<u>27,012</u>	<u>13,808</u>

29. OTHER CHARGES

Penalties imposed by the SBP	<u>67,878</u>	<u>170,918</u>
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	Note	2022	2021
		Rupees in '000	
30. PROVISIONS & WRITE OFFS - NET			
Provision / (reversal) of provision for diminution in value of investments - net	9.3.1	236,225	(1,113)
Provision against loan & advances - net	10.5	3,606,345	2,251,090
Charge / (reversal) of provision against other assets / off-balance sheet obligations	14.3 & 18.1	726	(165,752)
Recovery of written-off bad debts		(83,658)	(32,142)
		<u>3,759,638</u>	<u>2,052,083</u>
31. TAXATION			
Current		14,219,550	8,345,863
Prior		—	(1,378)
Deferred	13	(674,898)	(218,761)
		<u>13,544,652</u>	<u>8,125,724</u>
31.1 Income tax assessments of the Bank and subsidiary companies have been finalised up to the tax year 2022 (corresponding to the accounting year ended 31 December 2021). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal), Appellate Tribunal Inland Revenue (ATIR) and High court. However, adequate provisions are being held by the Group.			
31.2 Relationship between tax expense and accounting profit			
		2022	2021
		Rupees in '000	
Profit before tax		<u>28,468,828</u>	<u>21,987,995</u>
Tax at the applicable tax rate		13,745,809	8,575,318
Deferred tax - prior year (due to change in tax rate)		(302,908)	(326,269)
Income taxed at lower rate		(26,841)	(125,776)
Permanent differences		128,592	2,451
Tax charge for the year		<u>13,544,652</u>	<u>8,125,724</u>
32. BASIC AND DILUTED EARNINGS PER SHARE			
	Note	2022	2021
		Rupees in '000	
Profit attributable to equity shareholders of the holding company		<u>14,373,559</u>	<u>13,517,714</u>
		Number in '000	
Weighted average number of ordinary shares		<u>1,047,831</u>	<u>1,047,831</u>
		Rupees	
Basic and diluted earnings per share		<u>13.72</u>	<u>12.90</u>
		Rupees in '000	
33. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	54,747,439	83,386,045
Balances with other banks	7	22,867,486	3,203,963
Overdrawn nostro accounts	16	(1,338,871)	(29,749)
		<u>76,276,054</u>	<u>86,560,259</u>

33.1 Reconciliation of movement of liabilities to cash flow arising from financing activities

	2022			
	Equity			Non-Controlling interest
	Other liabilities	Reserves	Unappropriated profit	
	Rupees in '000			
Balance as at 1 January	55,928,557	22,898,760	30,370,219	3,499,032
Changes from financing cash flow				
Dividend paid	–	–	(4,231,151)	(185,490)
Liability-related other changes				
Changes in other liabilities				
- Cash based	21,965,058	–	–	–
- Non-cash based	1,045,826	31,002	–	(31,002)
- Dividend payable	1,008,006	–	(1,008,006)	–
Transfer of profit to statutory reserve	–	3,016,694	(3,016,694)	–
Total liability related other charges	24,018,890	3,047,696	(4,024,700)	(31,002)
Equity related other changes	–	3,168	14,470,574	402,668
Balance as at 31 December	79,947,447	25,949,624	36,584,942	3,685,208

	2021			
	Equity			Non-Controlling interest
	Other liabilities	Reserves	Unappropriated profit	
	Rupees in '000			
Balance as at 1 January	62,657,119	20,129,515	24,207,141	3,339,639
Changes from financing cash flows				
Dividend paid	–	–	(4,689,466)	(257,616)
Liability-related other changes				
Changes in other liabilities				
- Cash based	(3,028,480)	–	–	–
- Non-cash based	(3,725,858)	–	–	–
- Dividend payable	25,776	–	(25,776)	–
Transfer of profit to statutory reserve	–	2,767,597	(2,767,597)	–
Total liability related other charges	(6,728,562)	2,767,597	(2,793,373)	–
Equity related other changes	–	1,648	13,645,917	417,009
Balance as at 31 December	55,928,557	22,898,760	30,370,219	3,499,032

34. STAFF STRENGTH

	2022	2021
	Number	
Permanent	5,565	5,130
Temporary	579	540
Group's own staff strength at end of the year	6,144	5,670

34.1 In addition to the above, 879 (2021: 848) employees of outsourcing services companies were assigned to the holding company as at 31 December 2022 to perform services other than guarding and janitorial services.

35. DEFINED BENEFIT PLAN

35.1 General description

The benefits under the funded gratuity schemes are payable on retirement at the age of 60 or earlier cessation of service. The benefit is equal to one month's last basic salary drawn for each year of eligible service subject to a maximum of 24 last drawn basic salary. The minimum qualifying period for eligibility under the plan is five years of continuous service.

This benefit is being operated by the Bank and two subsidiaries.

	2022	2021
	Number	
35.2 Number of employees under the scheme		
Gratuity funds	<u>5,522</u>	<u>5,057</u>

35.3 Principal actuarial assumptions

The latest actuarial valuation was carried out on 31 December 2022 using "Projected Unit Credit Actuarial Cost Method". The main assumptions used for the actuarial valuation were as follows:

	2022	2021
Discount rate - percent per annum	14.25	11.75 to 12.50
Expected rate of return on plan assets - percent per annum	11.75 to 12.50	10.25 to 13.45
Long term rate of salary increase - percent per annum	13.75 to 11.25	11.75 to 12.25
Mortality rates (for death in service)	Adjusted SLIC 2001- 2005	Adjusted SLIC 2001- 2005

	Note	2022	2021
		Rupees in '000	
35.4 Reconciliation of payable to defined benefit plan			
Fair value of plan assets	35.6	2,027,436	1,741,386
Present value of defined benefit obligation	35.5	(2,062,510)	(1,798,012)
Payable		<u>(35,074)</u>	<u>(56,626)</u>

35.5 Movement in payable to defined benefit plan

Obligations at the beginning of the year	1,798,012	1,645,309
Current service cost	239,104	170,515
Past service cost	65,925	-
Interest cost	214,299	160,850
Benefits due but not paid (payables)	(4,498)	(6,734)
Benefits paid by the Group	(164,475)	(149,455)
Re-measurement (gain) / loss	(85,857)	(22,473)
Obligations at the end of the year	<u>2,062,510</u>	<u>1,798,012</u>

	Note	2022	2021
		Rupees in '000	
35.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		1,741,386	1,627,457
Interest income on plan assets		207,534	159,378
Contribution by the Group		314,518	171,245
Benefits paid		(164,475)	(149,455)
Benefits due but not paid		(4,498)	(6,734)
Re-measurements: Net return on plan assets			
over interest income loss	35.8.2	(67,029)	(60,505)
Fair value at the end of the year		<u>2,027,436</u>	<u>1,741,386</u>
35.7 Movement in payable under defined benefit schemes			
Opening balance		56,626	17,852
Charge / (reversal) for the year		311,794	171,987
Contribution by the Group		(314,518)	(171,245)
Re-measurement loss / (gain) recognised in OCI			
during the year	35.8.2	(18,828)	38,032
Closing balance		<u>35,074</u>	<u>56,626</u>
35.8 Charge for defined benefit plans			
35.8.1 Cost recognised in profit and loss			
Past service cost		65,925	–
Current service cost		239,104	170,515
Net interest on defined benefit asset		6,765	1,472
		<u>311,794</u>	<u>171,987</u>
35.8.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
- Financial assumptions		4,585	6,985
- Experience adjustment		(90,442)	(29,458)
		<u>(85,857)</u>	<u>(22,473)</u>
Return on plan assets over interest income		67,029	60,505
Total re-measurements recognised in OCI		<u>(18,828)</u>	<u>38,032</u>
35.9 Components of plan assets			
PLS Saving Account	35.9.1	255,531	144,251
Term deposit certificate	35.9.1	98,869	252,191
Federal Government securities			
Defence Saving Certificates		1,114,000	1,022,300
Pakistan Investment Bonds		51,967	253,784
Special saving Certificates		15,000	47,519
Non government debt securities		492,069	21,341
		<u>2,027,436</u>	<u>1,741,386</u>

35.9.1 The above amount represent balance which is deposited or placed with the branches of the holding company.

35.9.2 Further, the funds primarily invest in Government securities do not carry any credit risk however these are subject to interest rate risk based on market movements. These risks are regularly monitored by the Trustees of the employee funds.

35.10 Sensitivity analysis

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

	2022 Rupees in '000
1 % increase in discount rate	(187,099)
1 % decrease in discount rate	216,806
1% increase in expected future increment in salary	217,935
1% decrease in expected future increment in salary	(191,281)
10% increase in expected withdrawal rate	750
10% decrease in expected withdrawal rate	(783)
1% increase in expected mortality rate	1,353
1% decrease in expected mortality rate	(1,249)

Although the analysis does not take account of the full distribution of expected cash flows, it does provide an approximation of the sensitivity of the assumptions shown.

35.11 Expected contributions to be paid to the funds in the next financial year

278,185

35.12 Expected charge for the next financial year

278,185

35.13 Maturity profile

The weighted average duration of the obligation is 10.4 years.

35.14 Funding Policy

The Group has the policy to make annual contributions to the fund based on actuarial report.

35.15 Significant risk associated with the staff retirement benefit schemes include:

Asset volatility	The risk of the investment underperforming and being not sufficient to meet the liabilities.
Changes in bond yields	The duration of the liabilities is 10 Years. Based on the weighted average duration of this plan and guidance from Pakistan Society of Actuaries ("PSOA"), the discount rate used for the calculations is 14.25% per annum.
Inflation risk	The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.
Mortality rate	The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.
Withdrawal rate	The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

36. DEFINED CONTRIBUTION PLAN AND COMPENSATED ABSENCES

36.1 Provident fund

The Group (the Bank and two subsidiaries) operates contributory provident fund schemes for permanent employees. The employer and employee each contribute 10% of the basic salary to the funded schemes every month.

Number of the members participating in the funds at the end of the year 30 June 2022 as per audited accounts are 4,584 (2021: 4,196).

36.2 Compensated absences

The holding company maintains a non-funded scheme for compensated absences. These can be accumulated up to 60 days. Liability as of the year-end was Rs. 269,345 thousand (2021: Rs. 264,715 thousand) and was determined through an actuarial valuation carried out under the 'Projected Unit Credit Method'. Valuation was carried out by a qualified actuary. Charge for the year amounting to Rs. 102,678 thousand (2021: Rs. 84,629 thousand) has been recognised to the profit and loss account.

37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total compensation expense

	2022					
	Directors		Members	President &	Key	Other material
	Chairman	Non-executives	Shari'ah Board	Chief Executive Officer	management personnel	risk taker / controller
	Rupees in '000					
Fees	-	6,200	-	-	-	-
Managerial remuneration						
Fixed	-	-	19,968	137,543	401,132	709,548
Charge for defined benefit plan	-	-	329	5,502	13,634	26,173
Contribution to defined contribution plan	-	-	345	5,700	15,002	25,077
Security charges and vehicle maintenance	6,108	-	-	-	-	-
Utilities	335	-	-	2,593	950	-
Others	-	-	-	-	1,120	-
	<u>6,443</u>	<u>6,200</u>	<u>20,642</u>	<u>151,338</u>	<u>431,838</u>	<u>760,798</u>
Number of persons	<u>1</u>	<u>4</u>	<u>3</u>	<u>1</u>	<u>25</u>	<u>106</u>
2021						
	Directors		Members	President &	Key	Other material
	Chairman	Non-executives	Shari'ah Board	Chief Executive Officer	management personnel	risk taker / controller
	Rupees in '000					
Fees	-	7,600	-	-	-	-
Managerial remuneration						
Fixed	-	-	14,344	134,048	360,788	623,346
Charge for defined benefit plan	-	-	164	3,446	10,391	15,273
Contribution to defined contribution plan	-	-	103	5,529	15,177	22,246
Security charges and vehicle maintenance	5,568	-	-	-	-	-
Utilities	259	-	-	1,509	928	-
Others	-	-	-	-	929	-
	<u>5,827</u>	<u>7,600</u>	<u>14,611</u>	<u>144,532</u>	<u>388,213</u>	<u>660,865</u>
Number of persons	<u>1</u>	<u>4</u>	<u>6</u>	<u>1</u>	<u>26</u>	<u>119</u>

37.1.1 The Chief Executive and certain executives are provided with free use of car and leave fare assistance in accordance with their terms of employment. The Chief executive is also provided with accommodation.

37.1.2 In addition to above, bonus paid to the chief executive, members of Shari'ah board, Key management personnel and other material risk taker / controller of the Bank amounted to Rs. 52,500 thousand (2021: Rs. 51,250 thousand), Rs. 1,059 thousand (2021: Rs. 510 thousand), Rs. 79,133 thousand (2021: Rs. 62,729 thousand) and Rs. 122,086 thousand (2021: Rs. 81,535 thousand) respectively.

37.1.3 The total amount of deferred bonus as at 31 December 2022 for the President / CEO, members of Shari'ah board, key management personnel and other material risk takers / material risk controllers is Rs. 101,149 thousand (31 December 2021: Rs. 69,563 thousand). The deferred bonus is held in a trust fund.

37.1.4 Key management personnel includes remuneration of Chief Executive Officers of subsidiary companies.

37.2 Remuneration paid to the Directors for participation in the Board and Committee Meetings

		2022					
		Meeting fees and allowances paid					
		For Board committees					Total amount paid
Sr. No.	Name of director	For Board meetings	Audit	Information technology	Human resource & remuneration	Risk & compliance	
Rupees in '000							
1	Mohamedali R. Habib	–	–	–	–	–	–
2	Anjum Z. Iqbal	–	–	–	–	–	–
3	Firasat Ali	800	–	300	300	600	2,000
4	Hamza Habib	–	–	–	–	–	–
5	Mohomed Bashir	800	–	–	–	–	800
6	Muhammed H. Habib	–	–	–	–	–	–
7	Rashid Ahmad Jaffer	800	800	–	–	–	1,600
8	Tahira Raza	800	–	–	400	600	1,800
	Total Amount Paid	3,200	800	300	700	1,200	6,200
		2021					
		Meeting fees and allowances paid					
		For Board committees					Total amount paid
Sr. no.	Name of director	For Board meetings	Audit	Information technology	Human resource & remuneration	Risk & compliance	
Rupees in '000							
1	Mohamedali R. Habib	–	–	–	–	–	–
2	Anjum Z. Iqbal	–	–	–	–	–	–
3	Firasat Ali	1,200	–	300	300	600	2,400
4	Hamza Habib	–	–	–	–	–	–
5	Mohomed Bashir	1,000	–	–	–	–	1,000
6	Muhammed H. Habib	–	–	–	–	–	–
7	Rashid Ahmad Jaffer	1,200	800	–	–	–	2,000
8	Tahira Raza	1,200	–	–	400	600	2,200
	Total amount paid	4,600	800	300	700	1,200	7,600

37.3 Remuneration paid to Shari'ah Board Members

	2022			2021		
	Chairman	Resident member	Non-resident members	Chairman	Resident member	Non-resident members
	Rupees in '000					
Managerial remuneration						
Fixed	6,317	7,567	6,084	3,853	6,686	3,805
Charge for defined benefit plan	–	329	–	–	164	–
Contribution to defined contribution plan	–	345	–	–	103	–
Total amount paid	6,317	8,241	6,084	3,853	6,953	3,805
Total number of person	1	1	1	2	2	2

In addition to above, bonus paid to resident member amounted to Rs. 1,059 thousand (2021: Rs. 510 thousand).

38. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than investment those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

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

38.1 Fair value of financial assets

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

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

Level 3: Fair value measurements using input for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

2022					
On balance sheet financial instruments	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	482,410,924	–	482,410,924	–	482,410,924
Sukuk certificates and bonds	7,181,385	–	7,181,385	–	7,181,385
Ordinary shares of listed companies	2,444,072	2,444,072	–	–	2,444,072
Mutual funds - open end	100,582	–	100,582	–	100,582
- close end	4,673	4,673	–	–	4,673
Real estate investment trust	1,685,401	1,685,401	–	–	1,685,401
Listed term finance certificates	692,835	–	692,835	–	692,835
Unlisted term finance certificates	3,925,000	–	3,925,000	–	3,925,000
Financial assets disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	220,805,761	–	214,459,867	–	214,459,867
Ordinary shares of unlisted companies	52,658	–	–	–	–
	<u>719,303,291</u>	<u>4,134,146</u>	<u>708,770,593</u>	<u>–</u>	<u>712,904,739</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	<u>128,349,072</u>	<u>–</u>	<u>129,060,889</u>	<u>–</u>	<u>129,060,889</u>
- Forward sale of foreign exchange contracts	<u>107,675,479</u>	<u>–</u>	<u>107,865,999</u>	<u>–</u>	<u>107,865,999</u>
2021					
On balance sheet financial instruments	Carrying / notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000					
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	626,683,412	–	626,683,412	–	626,683,412
Sukuk certificates and bonds	7,507,221	–	7,507,221	–	7,507,221
Ordinary shares of listed companies	1,663,995	1,663,995	–	–	1,663,995
Mutual funds - open end	17,154	–	17,154	–	17,154
- close end	6,523	6,523	–	–	6,523
Real estate investment trust	740,708	740,708	–	–	740,708
Listed term finance certificates	1,097,572	–	1,097,572	–	1,097,572
Unlisted term finance certificates	2,425,000	–	2,425,000	–	2,425,000
Financial assets disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	22,742,810	–	21,025,207	–	21,025,207
Certificates of investments	2,000,000	–	–	–	–
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	–	–	–	–
	<u>664,937,053</u>	<u>2,411,226</u>	<u>658,755,566</u>	<u>–</u>	<u>661,166,792</u>
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	<u>216,511,732</u>	<u>–</u>	<u>221,433,072</u>	<u>–</u>	<u>221,433,072</u>
- Forward sale of foreign exchange contracts	<u>186,469,928</u>	<u>–</u>	<u>184,826,488</u>	<u>–</u>	<u>184,826,488</u>

38.2 Fair value of non-financial assets

		2022			
		Carrying / notional value	Fair value		
			Level 1	Level 2	Level 3
			Rupees in '000		
					Total
Non-financial assets measured at fair value					
- Fixed assets		10,735,947	–	–	10,735,947
- Non-banking assets acquired in satisfaction of claim		4,299,840	–	–	4,299,840
		<u>15,035,787</u>	<u>–</u>	<u>–</u>	<u>15,035,787</u>
		2021			
		Carrying / notional value	Fair value		
			Level 1	Level 2	Level 3
			Rupees in '000		
					Total
Non-financial assets measured at fair value					
- Fixed assets		–	–	–	–
- Non-banking assets acquired in satisfaction of claim		4,546,895	–	–	4,546,895
		<u>4,546,895</u>	<u>–</u>	<u>–</u>	<u>4,546,895</u>

38.3 Valuation techniques used in determination of fair valuation of financial instruments within level 2

Federal government debt securities	The fair value of government securities are valued using PKRV rates.
Debt securities	The fair value is determined using the prices / rates available on Mutual Funds, Association of Pakistan (MUFAP) / Reuters.
Forward contracts	The fair values are derived using forward exchange rates applicable to their respective remaining maturities.
Mutual funds	The fair value is determined based on the net asset values published at the close of each business day.

Valuation techniques used in determination of fair values of non-financial assets within level 3

Fixed assets and non-banking assets acquired in satisfaction of claim	<p>Fixed assets and non-banking assets are valued by professionally qualified valuers. The valuation is based on their assessment of the market value of the assets. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.</p> <p>The fair value is subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs.</p>
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39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 December 2022			
	Trade & sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / profit	68,789,396	(28,099,803)	975,535	41,665,128
Inter segment revenue - net	(66,138,216)	41,912,492	24,225,724	-
Non mark-up / return / interest income	5,327,258	799,040	7,434,165	13,560,463
Total Income	7,978,438	14,611,729	32,635,424	55,225,591
Segment direct expenses	(377,501)	-	(336,450)	(713,951)
Inter segment expense allocation	-	(6,841,037)	(15,442,137)	(22,283,174)
Total expenses	(377,501)	(6,841,037)	(15,778,587)	(22,997,125)
Provisions	(236,951)	(169,415)	(3,353,272)	(3,759,638)
Profit before tax	7,363,986	7,601,277	13,503,565	28,468,828
Balance Sheet				
Cash and bank balances	22,397,677	24,181,637	31,035,611	77,614,925
Investments - net	719,303,291	-	-	719,303,291
Net inter segment lending	-	375,829,199	215,798,021	591,627,220
Lendings to financial institutions	76,331,607	-	-	76,331,607
Advances - performing	-	14,993,766	436,697,008	451,690,774
Advances - non-performing	-	150,844	21,899,300	22,050,144
Provision against advances	-	(191,334)	(22,078,309)	(22,269,643)
Others	17,618,354	9,167,187	60,377,474	87,163,015
Total Assets	835,650,929	424,131,299	743,729,105	2,003,511,333
Borrowings	205,645,702	-	148,372,705	354,018,407
Deposits and other accounts	-	389,001,497	490,650,828	879,652,325
Net inter segment borrowing	591,627,220	-	-	591,627,220
Others	2,988,993	12,950,323	83,546,559	99,485,875
Total liabilities	800,261,915	401,951,820	722,570,092	1,924,783,827
Net Assets	35,389,014	22,179,479	21,159,013	78,727,506
Equity				78,727,506
Contingencies and Commitments	236,024,551	128,334	294,369,780	530,522,665

	31 December 2021			
	Trade & sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / profit	42,484,775	(12,537,083)	210,899	30,158,591
Inter segment revenue - net	(34,257,977)	21,083,020	13,174,957	–
Non mark-up / return / interest income	513,420	575,042	10,145,117	11,233,579
Total Income	8,740,218	9,120,979	23,530,973	41,392,170
Segment direct expenses	(339,639)	–	(260,597)	(600,236)
Inter segment expense allocation	–	(4,666,110)	(12,085,746)	(16,751,856)
Total expenses	(339,639)	(4,666,110)	(12,346,343)	(17,352,092)
Provisions	1,730	(23,024)	(2,030,789)	(2,052,083)
Profit before tax	8,402,309	4,431,845	9,153,841	21,987,995
Balance Sheet				
Cash and bank balances	2,654,519	34,684,524	49,250,965	86,590,008
Investments - net	664,937,053	–	–	664,937,053
Net inter segment lending	–	305,348,808	160,736,933	466,085,741
Lendings to financial institutions	3,941,284	–	–	3,941,284
Advances - performing	–	7,405,032	408,583,997	415,989,029
Advances - non-performing	–	46,465	16,927,059	16,973,524
Provision against advances	–	(67,479)	(21,102,098)	(21,169,577)
Others	14,284,585	3,400,723	50,244,719	67,930,027
Total Assets	685,817,441	350,818,073	664,641,575	1,701,277,089
Borrowings	185,880,952	–	136,898,203	322,779,155
Deposits and other accounts	–	321,412,476	450,237,253	771,649,729
Net inter segment borrowing	466,085,741	–	–	466,085,741
Others	3,302,064	10,164,454	60,406,683	73,873,201
Total liabilities	655,268,757	331,576,930	647,542,139	1,634,387,826
Net Assets	30,548,684	19,241,143	17,099,436	66,889,263
Equity				66,889,263
Contingencies and Commitments	402,981,660	10,555,599	307,203,986	720,741,245

40. TRUST ACTIVITIES

The holding company undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in table below:

		2022			
Category	No. of IPS accounts	Securities held (Face value)			
		Pakistan investment bonds	GoP ijarah sukuku	Market treasury bills	Total
		Rupees in '000			
Assets management companies	53	3,940,500	37,500	118,489,725	122,467,725
Corporates	70	4,131,000	–	21,411,000	25,542,000
Individual	159	2,404,400	5,000	3,810,560	6,219,960
Insurance companies	2	130,000	–	–	130,000
NGO / Charitable organisation	16	250,000	–	758,100	1,008,100
Employee funds	159	4,335,300	150,000	5,546,005	10,031,305
Others	4	–	275,000	177,000	452,000
		<u>15,191,200</u>	<u>467,500</u>	<u>150,192,390</u>	<u>165,851,090</u>
		2021			
Category	No. of IPS accounts	Securities held (Face value)			
		Pakistan investment bonds	GoP ijarah sukuku	Market treasury bills	Total
		Rupees in '000			
Assets management companies	53	795,500	30,000	–	825,500
Corporates	70	6,475,500	–	12,444,685	18,920,185
Individual	159	3,984,100	–	2,787,066	6,771,166
Insurance companies	2	216,500	–	–	216,500
NGO / Charitable organisation	16	1,141,000	–	115,000	1,256,000
Employee funds	159	1,848,800	130,000	551,840	2,530,640
Others	4	–	275,000	135,000	410,000
		<u>14,461,400</u>	<u>435,000</u>	<u>16,033,591</u>	<u>30,929,991</u>

41. TRANSACTIONS WITH RELATED PARTIES

The Group has related party transaction with its ultimate parent company, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

The Group enters into transactions with related parties in the ordinary course of business. Contributions / charges in respect of employees' retirement benefits are made in accordance with actuarial valuation / terms of contribution plan. Salaries and allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

Details of transactions with related parties are as follows:

	2022					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	466,178	486,624	-	-	-	952,802
Advances						
Opening balance	-	5,288,310	195,796	-	-	5,484,106
Addition during the year	-	90,501,046	134,557	-	-	90,635,603
Repaid during the year	-	(90,866,044)	(83,225)	-	-	(90,949,269)
Closing balance	-	4,923,312	247,128	-	-	5,170,440
Other Assets						
Mark-up / return / interest receivable	-	70,410	-	-	-	70,410
Prepayments / advance deposits / other receivable	468	54,848	-	-	-	55,316
	468	125,258	-	-	-	125,726
Deposits and other accounts						
Opening balance	174,007	25,154,287	313,576	813,302	1,810,988	28,266,160
Received during the year	8,400,291	2,316,846,344	2,682,881	3,304,632	5,504,545	2,336,738,693
Withdrawn during the year	(8,388,267)	(2,320,189,005)	(2,600,870)	(3,414,540)	(6,047,963)	(2,340,640,645)
Closing balance	186,031	21,811,626	395,587	703,394	1,267,570	24,364,208
Other Liabilities						
Mark-up / return / interest payable	-	131,037	5,911	5,245	14,524	156,717
Management fee payable for technical and consultancy services *	504,927	-	-	-	-	504,927
Other payables	-	611	-	745	32,309	33,665
	504,927	131,648	5,911	5,990	46,833	695,309
Contingencies and commitments						
Transaction related contingent liabilities	-	16,461,354	-	-	-	16,461,354
Trade-related contingent liabilities	-	7,564,523	-	-	-	7,564,523
	-	24,025,877	-	-	-	24,025,877

* Management fee is as per the agreement with the ultimate parent company.

	2021				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Balances with other banks					
In current accounts	184,060	217,741	–	–	–
Advances					
Opening balance	–	4,639,385	195,938	–	–
Addition during the year	–	50,576,167	72,882	–	–
Repaid during the year	–	(49,927,242)	(73,024)	–	–
Closing balance	–	5,288,310	195,796	–	–
Other Assets					
Mark-up / return / interest receivable	–	12,176	–	–	–
Prepayments / advance deposits / other receivable	468	53,123	–	–	–
	468	65,299	–	–	–
Deposits and other accounts					
Opening balance	213,306	8,573,734	282,595	661,230	1,626,592
Received during the year	16,783,470	2,471,954,097	2,073,559	4,685,345	6,995,634
Withdrawn during the year	(16,822,769)	(2,455,373,544)	(2,042,578)	(4,533,273)	(6,811,238)
Closing balance	174,007	25,154,287	313,576	813,302	1,810,988
Other Liabilities					
Mark-up / return / interest payable	–	140,001	1,977	3,248	10,626
Management fee payable for technical and consultancy services *	76,826	–	–	–	–
Insurance & Other payables	–	470	–	670	50,273
	76,826	140,471	1,977	3,918	60,899
Contingencies and commitments					
Transaction related contingent liabilities	–	7,353,818	–	–	–
Trade-related contingent liabilities	–	3,929,204	–	–	–
	–	11,283,022	–	–	–

* Management fee is as per the agreement with the ultimate parent company.

Transactions during the year

	2022					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Income						
Mark-up/return/interest earned	–	330,915	13,730	–	–	344,645
Fee and commission income	1,410	216,023	–	206	–	217,639
Rent income	5,616	9,427	–	–	–	15,043
Expense						
Mark-up/return/interest expensed	–	1,616,248	29,864	49,303	102,966	1,798,381
Commission / Brokerage / Bank charges paid	260	146	–	–	–	406
Salaries and allowances	–	–	707,523	–	–	707,523
Directors' fees and allowances	–	–	–	12,643	–	12,643
Charge to defined benefit plan	–	–	–	–	311,794	311,794
Contribution to defined contribution plan	–	–	–	–	284,744	284,744
Insurance premium expenses	–	–	20,943	–	–	20,943
Management fee expense for technical and consultancy services *	798,133	–	–	–	–	798,133
Donation	–	26,920	–	–	–	26,920

* Management fee is as per the agreement with the ultimate parent company.

Transactions during the year

	2021				
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans
	Rupees in '000				
Income					
Mark-up / return / interest earned	–	62,357	10,958	–	–
Fee and commission income	1,943	227,832	–	97	–
Rent income	5,616	7,677	–	–	–
Expenses					
Mark-up / return / interest expensed	–	795,835	14,882	38,125	179,637
Commission / Brokerage / Bank charges paid	1,067	1,707	–	–	–
Salaries and allowances	–	–	588,160	–	–
Directors' fees and allowances	–	–	–	13,427	–
Charge to defined benefit plan	–	–	–	–	171,987
Contribution to defined contribution plan	–	–	–	–	248,122
Insurance premium expenses	–	14,518	–	–	–
Software Maintenance	9,163	–	–	–	–
Management fee expense for technical and consultancy services *	534,114	–	–	–	–
Donation	–	26,920	–	–	–

* Management fee is as per the agreement with the ultimate parent company.

42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	73,656,954	62,494,114
Eligible additional tier 1 (ADT 1) capital	187,075	150,253
Total eligible tier 1 capital	73,844,029	62,644,367
Eligible tier 2 capital	5,546,196	5,332,119
Total eligible capital (Tier 1 + Tier 2)	79,390,225	67,976,486
Risk Weighted Assets (RWAs):		
Credit risk	453,494,099	406,395,001
Market risk	4,610,137	7,211,352
Operational risk	84,852,996	66,887,787
Total	542,957,232	480,494,140
CET 1 capital adequacy ratio	13.57%	13.01%
Tier 1 capital adequacy ratio	13.60%	13.04%
Total capital adequacy ratio	14.62%	14.15%
Minimum capital requirements prescribed by SBP		
CET 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%
The Group uses simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.		
Leverage Ratio (LR):		
Eligible Tier-1 capital	73,844,029	62,644,367
Total exposures	1,782,075,424	1,582,652,954
Leverage ratio	4.14%	3.96%

42.1 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per the SBP instructions issued from time to time are placed on the website. The link to the full disclosures is available at <https://www.habibmetro.com/financials/#basel-statements>.

43. RISK MANAGEMENT

Risk management aspects are embedded in the holding company's strategy, organization structure and processes. The holding company has adopted a cohesive risk management structure for credit, market, liquidity and operational risk with an integrated approach to strengthen the process and system as controls are more effective and valuable when built into the process. Effective risk management is considered essential in the preservation of the assets and long-term profitability of the holding company. Clear guidelines and limits, which are under regular review, are backed by a system of internal controls and independent audit inspections. Internal reporting / MIS are additional tools for measuring and controlling risks. Separation of duties is also embedded in the holding company's system and organization.

43.1 Credit Risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises principally in relation to the lending and trade finance business carried out by the holding company.

As per Basel II methodology the gross credit risk weighted exposure incorporating relevant credit conversion factor is Rs. 453,494,099 thousand (2021: Rs. 406,395,001 thousand) as depicted in note 42.

The Group's strategy is to minimize credit risk through a strong pre-disbursement credit analysis, approval and risk measurement process added with product, geography and customer diversification. The holding company, as its strategic preference, extends trade and working capital financing, so as to keep the major portion of exposure (funded and non-funded) on a short-term, self-liquidating basis. Major portion of the holding company's credit portfolio is priced on flexible basis with pricing reviewed on periodic basis.

With the expansion of the Consumer lending portfolio, the Credit Review & Administration efforts have been accordingly enhanced by inducting specialized consumer credit risk analysts and processing specialists.

Centralized Credit and Trade processing centres staffed with experienced resource provide strength to post-disbursement aspect of credit risk management.

The Group's credit policy / manual defines the credit extension criteria, the credit approval and monitoring process, the loan classification system and provisioning policy.

The Group continually assesses and monitors credit exposures. The group follows both objective and subjective criteria of SBP regarding loans classification. The subjective assessment process is based on management's judgement with respect to the borrower's character, activity, cash flow, capital structure, security, quality of management and delinquency.

The Group uses the 'Standardised Approach' in calculation of credit risk and capital requirements.

The Group uses reputable and the SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Group credit portfolio for both on-balance sheet and off-balance sheet exposures. The methodology applied for using External Credit Assessment Institutions (ECAI's) inclusive of the alignment of alpha numeric scale of each agency used with risk bucket is as per the SBP guidelines as is given below:

Types of exposures and ECAI's used

Exposures	2022				
	JCR-VIS	PACRA	S & P	Fitch	Moody's
Corporate	✓	✓	–	–	–
Banks	✓	✓	✓	✓	✓
Sovereigns	–	–	–	–	–
SME's	✓	✓	–	–	–

Credit exposures subject to Standardised Approach

Exposures	Rating category	2022			2021		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		Rupees in '000					
Corporate	1	111,064,631	17,132,295	93,932,336	95,683,078	3,142,469	92,540,609
	2	127,250,428	3,290,673	123,959,755	118,383,785	2,309,210	116,074,575
	3,4	19,774,413	–	19,774,413	21,987,779	–	21,987,779
	5,6	–	–	–	–	–	–
Claims on banks with original maturity of 3 months or less		50,965,641	35,103,923	15,861,718	10,367,693	–	10,367,693
Retail		35,159,161	5,447,818	29,711,343	35,332,331	7,477,143	27,855,188
Public sector entities	1	17,894,289	99,902	17,794,387	13,707,900	2,359	13,705,541
	2,3	1,780,414	70,979	1,709,435	2,721,727	39	2,721,688
Others		909,815,017	46,347,547	863,467,470	804,855,866	10,000,000	794,855,866
Unrated		268,057,118	42,884,576	225,172,542	256,947,012	42,104,293	214,842,719

The forms of collateral that are deemed eligible under the 'Simple Approach' to credit risk mitigation as per the SBP guidelines are used by the Group and primarily includes cash, government, equity investment in blue chip companies and rated debt securities.

The Group applies the SBP specified haircut to collateral for credit risk mitigation. Collateral management is embedded in the Group's risk taking and risk management policy and procedures. A standard credit granting procedure exists which has been well-disseminated down the line, ensuring proper pre-sanction evaluation, adequacy of security, pre-examination of charge / control documents and monitoring of each exposure on an ongoing basis.

Collateral information is recorded diligently in the Group's main processing systems by type of collateral, amount of collateral against relevant credit exposures. A cohesive accounting / risk management system facilitates effective collateral management for Basel II reporting.

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

43.1.1 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Public / Government	41,555,925	-	-	-	-	-
Private	34,775,682	3,941,284	-	-	-	-
	<u>76,331,607</u>	<u>3,941,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

43.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Chemical and Pharmaceuticals	16,050	16,050	16,050	16,050	16,050	16,050
Engineering	373,585	494,735	-	-	-	-
Electronics and electrical appliances	-	21,138	-	21,138	-	21,138
Financial	5,177,835	6,290,183	-	-	-	-
Power (electricity), Gas, Water, Sanitary	6,247,800	6,244,875	-	-	-	-
Textile	9,500	9,500	9,500	9,500	9,500	9,500
Transport, Storage and Communication	64,946	68,866	64,946	68,866	64,946	68,866
Others	703,216,685	649,426,222	-	-	-	-
	<u>715,106,401</u>	<u>662,571,569</u>	<u>90,496</u>	<u>115,554</u>	<u>90,496</u>	<u>115,554</u>

Credit risk by public / private sector

Public / Government	709,464,485	655,671,097	-	-	-	-
Private	5,641,916	6,900,472	90,496	115,554	90,496	115,554
	<u>715,106,401</u>	<u>662,571,569</u>	<u>90,496</u>	<u>115,554</u>	<u>90,496</u>	<u>115,554</u>

43.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Agriculture, forestry, hunting and fishing	2,594,718	4,517,000	4,332	–	4,332	–
Automobile and transportation equipment	3,468,773	4,819,333	67,755	1,426,895	67,755	1,426,895
Basic metals & metal products	11,775,201	14,741,737	238,415	54,178	183,650	54,178
Cement	10,438,568	6,914,004	–	–	–	–
Chemicals and pharmaceuticals	35,035,864	27,488,727	647,691	376,403	321,887	372,013
Commercial trade	17,151,011	18,722,586	701,504	731,043	498,782	637,550
Commodity finance	24,000,000	15,000,000	–	–	–	–
Construction and real estate	7,336,634	8,564,887	81,498	97,206	67,964	89,215
Edibles	40,327,723	38,329,926	1,389,032	1,104,136	1,051,507	866,019
Electronics and electrical appliances	18,757,262	12,042,941	37,700	293,243	7,700	293,243
Financial	1,809,761	2,166,154	–	–	–	–
Footwear and leather garments	3,040,474	1,934,300	11,907	11,907	11,907	11,907
Individuals	16,769,856	8,560,993	152,819	43,959	134,044	43,959
Mining and quarrying	33,569	60,014	–	–	–	–
Power (electricity), gas, water, sanitary	41,207,013	45,074,044	4,713,703	4,896,047	4,713,703	4,385,123
Services	17,427,745	14,302,071	411,571	142,105	131,865	142,105
Sugar	7,913,553	3,512,256	99,340	116,337	99,340	116,337
Textile	194,949,735	184,682,431	12,980,326	6,713,497	9,950,073	6,662,045
Transport, storage and communication	3,179,629	2,888,607	26,483	56,221	26,483	56,221
Others	16,523,829	18,640,542	486,068	910,347	379,146	829,840
	<u>473,740,918</u>	<u>432,962,553</u>	<u>22,050,144</u>	<u>16,973,524</u>	<u>17,650,138</u>	<u>15,986,650</u>
	Rupees in '000					
Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
Public / Government	45,669,433	35,976,271	–	–	–	–
Private	<u>428,071,485</u>	<u>396,986,282</u>	<u>22,050,144</u>	<u>16,973,524</u>	<u>17,650,138</u>	<u>15,986,650</u>
	<u>473,740,918</u>	<u>432,962,553</u>	<u>22,050,144</u>	<u>16,973,524</u>	<u>17,650,138</u>	<u>15,986,650</u>

	2022	2021
	Rupees in '000	
43.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, forestry, hunting and fishing	1,042,687	5,173,786
Automobile and transportation equipment	28,261,002	21,348,201
Basic metals & metal products	7,122,929	10,585,294
Cement	6,652,464	9,662,030
Chemicals and pharmaceuticals	30,256,557	30,711,674
Commercial trade	29,645,816	33,785,779
Construction & real estate	6,526,766	6,790,317
Edibles	40,003,222	29,607,968
Electronics and electrical appliances	7,350,049	7,664,647
Financial	194,712,676	347,199,743
Footwear and leather garments	557,508	650,922
Individual	128,334	10,954,174
Mining and quarrying	270,949	87,512
Power (electricity), gas, water, sanitary	21,538,553	33,065,827
Services	21,535,370	17,731,959
Sugar	3,510,604	2,280,725
Textile	91,309,005	133,195,515
Transport, storage and communication	2,841,945	2,279,054
Others	37,256,229	17,966,118
	<u>530,522,665</u>	<u>720,741,245</u>
Credit risk by public / private sector		
Public / Government	42,372,380	63,471,079
Private	488,150,285	657,270,166
	<u>530,522,665</u>	<u>720,741,245</u>

43.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 174,760,738 thousand (2021: 105,364,342 thousand) are as following:

Funded	111,544,626	63,897,290
Non Funded	63,216,112	41,467,052
Total Exposure	<u>174,760,738</u>	<u>105,364,342</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 221,661,400 thousand (2021: 124,439,374 thousand).

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date. The above exposure does not have any non-performing portfolio.

43.1.6 Advances - province / region-wise disbursement & utilization

Province / region	2022						
	Utilization						
	Disburse-ments	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	352,987,117	345,127,900	6,754,537	–	–	1,104,680	–
Sindh	501,874,924	18,858,512	460,884,264	1,444,644	20,687,504	–	–
KPK including FATA	4,932,117	–	–	4,932,117	–	–	–
Balochistan	41,198	–	–	–	41,198	–	–
Islamabad	12,407,737	–	–	–	–	12,407,737	–
AJK including Gilgit-Baltistan	1,164,245	–	–	–	–	–	1,164,245
Total	<u>873,407,338</u>	<u>363,986,412</u>	<u>467,638,801</u>	<u>6,376,761</u>	<u>20,728,702</u>	<u>13,512,417</u>	<u>1,164,245</u>
Province / region	2021						
	Utilization						
	Disburse-ments	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	415,803,001	398,500,992	16,010,383	–	–	1,291,626	–
Sindh	648,660,350	19,065,697	592,712,496	2,349,992	34,532,165	–	–
KPK including FATA	5,361,443	–	–	5,361,443	–	–	–
Balochistan	46,598	–	–	–	46,598	–	–
Islamabad	12,182,947	16,000	–	–	–	12,166,947	–
AJK including Gilgit-Baltistan	1,041,484	–	–	–	–	–	1,041,484
Total	<u>1,083,095,823</u>	<u>417,582,689</u>	<u>608,722,879</u>	<u>7,711,435</u>	<u>34,578,763</u>	<u>13,458,573</u>	<u>1,041,484</u>

43.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, and equity prices as well as their correlations and volatilities. Market Risk performs risk measurement, monitoring, and control functions through the use of various risk procedures and tools.

The Holding Company has a comprehensive Board approved market risk management policy wherein the governance structure for managing market risk, methods to control market risk, measurement tools used, the market risk exposure limits and the tolerance levels have been addressed. The holding company's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital base. This structure is reviewed, adjusted and approved periodically.

The Board of Directors oversees the holding company's strategy for market risk exposures. The Bank's Market Risk Management governance structure consists of the Risk & Compliance Committee (BR&CC) of the Board, Investment Committee and Asset & Liability Committee (ALCO) and is assisted by the independent Market Risk function with reporting line to the Risk Management Division.

The asset and Liability Committee (ALCO) which comprises senior management oversees the financial position of the holding company, assesses the impact of the interest rate change on the holding company's investment portfolio through sensitivity analysis, duration and performs an oversight function to ensure sound asset quality, liquidity and pricing considering the current interest rate environment. The investment policy amongst other aspects covers the holding company asset allocation guidelines.

Market Risk function seeks to facilitate efficient risk/return management decisions, reduce volatility in operating performance and provide transparency into the Bank's market risk profile for senior management, the Board of Directors, and regulators.

In line with the regulatory requirements, the holding company performs the impact of changes in the market factors on the holding company's earnings through regular stress testing and Internal Capital Adequacy Assessment Processes.

43.2.1 Balance sheet split by trading and banking books

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in '000						
Cash and balances						
with treasury banks	54,747,439	–	54,747,439	83,386,045	–	83,386,045
Balances with other banks	22,867,486	–	22,867,486	3,203,963	–	3,203,963
Lendings to financial institutions	76,331,607	–	76,331,607	3,941,284	–	3,941,284
Investments	719,303,291	–	719,303,291	664,937,053	–	664,937,053
Advances	451,471,275	–	451,471,275	411,792,976	–	411,792,976
Fixed assets	21,710,775	–	21,710,775	12,077,475	–	12,077,475
Intangible assets	140,407	–	140,407	163,187	–	163,187
Deferred tax assets	5,131,055	–	5,131,055	3,218,163	–	3,218,163
Other assets	60,180,778	–	60,180,778	52,471,202	–	52,471,202
	<u>1,411,884,113</u>	<u>–</u>	<u>1,411,884,113</u>	<u>1,235,191,348</u>	<u>–</u>	<u>1,235,191,348</u>

43.2.2 Foreign exchange risk

Foreign exchange risk is the probability of loss resulting from adverse movement in exchange rates.

The holding company's business model for foreign exchange risk is to serve trading activities of its clients in an efficient and cost effective manner. The holding company is not in the business of actively trading and market making activities and all FX exposures are backed by customer's trade transaction. A conservative risk approach backed by holding company's business strategy to work with export oriented clients gives the ability to meet its foreign exchange needs.

	2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in '000				
United States Dollar	75,002,935	(111,766,854)	34,134,796	(2,629,123)
Euro	7,555,673	(2,597,588)	(4,998,158)	(40,073)
Great Britain Pound	4,324,831	(6,587,238)	2,313,982	51,575
Asian Currency unit	522,699	(895,687)	–	(372,988)
Japanese Yen	101,840	(115)	(101,102)	623
Arab Emirates Dirham	195,379	(2,211)	(184,957)	8,211
Canadian Dollar	135,970	–	(125,312)	10,658
Australian Dollar	53,260	–	(53,740)	(480)
Saudi Riyal	124,142	–	(120,410)	3,732
Chinese Yuan	376,018	–	(358,223)	17,795
Other Currencies	390,642	–	(369,112)	21,530
	<u>88,783,389</u>	<u>(121,849,693)</u>	<u>30,137,764</u>	<u>(2,928,540)</u>

	2021			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
United States Dollar	65,087,355	(102,045,199)	32,189,090	(4,768,754)
Euro	5,095,244	(2,531,509)	(2,550,195)	13,540
Great Britain Pound	1,162,688	(6,263,728)	5,110,128	9,088
Asian Currency unit	562,044	(1,841,290)	–	(1,279,246)
Japanese Yen	23,680	(29,859)	8,930	2,751
Arab Emirates Dirham	260,000	(14,819)	(245,546)	(365)
Canadian Dollar	91,103	–	(86,642)	4,461
Australian Dollar	5,697	–	(4,483)	1,214
Saudi Riyal	12,839	–	(11,754)	1,085
Chinese Yuan	384,808	–	(384,715)	93
Other Currencies	88,597	–	(84,507)	4,090
	<u>72,774,055</u>	<u>(112,726,404)</u>	<u>33,940,306</u>	<u>(6,012,043)</u>

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	(14,936)	–	(36,673)	–
- Other comprehensive income	–	–	–	–

43.2.3 Equity position risk

Equity position risk arises due to adverse movements in equity prices. The Group's policy is to take equity position in high dividend yield scrips. The Group as a policy does not enter into any kind of proprietary equity trades. Equity position risk of the Group is mitigated through portfolio and script limits advised by the BoD and are reviewed by the ALCO. The investment in equities and mutual funds is also managed within the statutory limits as prescribed by the SBP.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and loss account	(26,304)	–	(24,844)	–
- Other comprehensive income	(61,780)	–	(50,530)	–

43.2.4 Yield / Interest Rate Risk in the holding companying Book (IRRBB)-Basel II Specific

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Duration analysis and stress testing are being carried out regularly to estimate the impact of adverse changes in the interest rates on bank's fixed income portfolio. Optimization of yield is achieved through the Group's investment strategy which aims at attaining a balance between yield and liquidity under the strategic guidance of the ALCO. The advances and deposits of the Group are repriced on a periodic basis based on interest rates scenario.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
– Profit and loss account	–	–	–	–
– Other comprehensive income	(2,709,014)	–	(2,018,652)	–

43.2.5 Mismatch of interest rate sensitive assets and liabilities

Effective yield / interest rate	Exposed to yield / interest risk									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Non-interest bearing financial instruments
	Rupees in '000									
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	54,747,439	564,907	–	–	–	–	–	–	–	54,182,532
Balances with other banks	22,867,486	414,091	–	–	–	–	–	–	–	22,453,395
Lendings to financial institutions	76,331,607	75,197,987	1,133,620	–	–	–	–	–	–	–
Investments	719,303,291	166,017,292	71,032,064	154,484,365	166,785,665	87,289,670	14,839,449	53,999,172	568,228	4,287,386
Advances	451,471,275	35,611,960	316,782,289	15,816,947	2,904,897	5,265,670	4,228,689	6,779,863	45,337,332	1,961,419
Other assets	55,658,074	–	–	–	–	–	–	–	–	55,658,074
	1,380,379,172	277,806,237	388,947,973	170,301,312	169,690,562	92,555,340	19,068,138	60,779,035	45,905,560	138,542,806
Liabilities										
Bills payable	19,538,428	–	–	–	–	–	–	–	–	19,538,428
Borrowings	354,018,407	139,798,062	147,763,996	9,187,487	164,328	85,546	323,594	3,556,225	41,253,319	1,338,871
Deposits and other accounts	879,652,325	196,897,622	52,664,910	204,582,152	45,846,889	3,677,106	7,886,527	11,253,388	2,163,293	354,680,438
Other liabilities	73,110,847	–	–	–	–	–	–	–	–	73,110,847
	1,326,320,007	336,695,684	200,428,906	213,769,639	46,011,217	3,762,652	8,210,121	14,809,613	43,416,612	448,668,584
On-balance sheet gap	54,059,165	(58,889,447)	188,519,067	(43,468,327)	123,679,345	88,792,688	10,858,017	45,969,422	2,488,948	(310,125,778)

Off-balance sheet financial instruments

Commitments in respect of:

- Forward foreign exchange contracts
- Commitments against forward lendings
- Commitments in respect of letter of credits
- Commitments against acquisition of fixed assets

Off-balance sheet gap

Total Yield/Interest Risk Sensitivity Gap
Cumulative Yield/Interest Risk Sensitivity Gap

43.3 Operational Risk

The Group operates in a controlled manner and operational risk is managed effectively. With the evolution of operational risk management (ORM) into a separate distinct discipline, the Group's strategy is to further strengthen operational risk management system along new industry standards.

The holding company's ORM strategy takes guidance from Basel - II, the SBP guidelines and best industry practices.

The holding company's ORM framework includes Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Operational Risk Events Management, Change Risk Assessment and Risk Assessment of Outsourcing arrangement. The ORM unit engages with the holding company's business/support units and regularly collaborates in determining and reviewing the inherent operational risks, and assessment of residual risk leading to improved quality of control infrastructure and further strengthening of the processes & management information. Moreover, group wide policies, procedures, frameworks and product programs are also being evaluated from operational risk perspective aiming to beef up control environment.

The Group's business continuity plan includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event. The Business Continuity Management function with the support of the senior management remained extremely active during the pandemic to ensure that stakeholders remained safe, all critical services and processes of the Group remain operational and any contingency arising is dealt appropriately. The Group's operational risk management governance has been further strengthened through the establishment of a separate Operational Risk and Control Committee.

The Group uses Basic Indicator Approach (BIA) for regulatory capital at risk calculation for operational risk. Under BIA the capital charge for operational risk is a fixed percentage of average positive annual gross income of the Bank over the past three years. Figures of capital charge of operation risk for the year is Rs. 6,788,240 thousand (2021: Rs. 5,351,023 thousand).

43.4 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to raise funds to meet its commitments.

Governance of Liquidity risk management

The ALCO continuously monitors the liquidity position and the Group is confident that the current liquidity buffer is sufficient to cater to any adverse movement in the maturity profile.

Liquidity and related risks are managed through standardized processes established in the Group. The management of liquidity risk within the Group is undertaken within limits and other parameters set by the BoD. The holding company's treasury function has the primary responsibility for assessing, monitoring and managing the holding company's liquidity and funding strategy while overall compliance is monitored and coordinated by the ALCO. Board and senior management are apprised of the Group's liquidity profile to ensure proactive liquidity management. Treasury Middle Office being part of the risk management division is responsible for the independent identification, monitoring and analysis of intrinsic risks of treasury business. The Group has in place duly approved Treasury investment policy and strategy along with liquidity risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Group.

Liquidity position of the Group remained strong in spite of approving deferment requests of principal & restructured loan, in line with the SBP directives. The holding company's strong deposit base backed by continued customer confidence and holding of government securities has enabled the Group to maintain a robust liquidity profile, also depicted through a strong LCR ratio.

Funding Strategy

The Group's liquidity model is based on "self-reliance" with an extensive branch network to diversify the holding company deposit base. Further, the holding company can also generate liquidity from Interbank market against government securities to fund its short term requirement, if any. The holding company as a policy invests significantly in highly liquid government securities that can be readily converted into cash to meet unforeseen liquidity requirements, besides yielding attractive returns.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and evaluate the possible liquidity risk. These include regular monitoring of different liquidity ratios against approved triggers and communication to senior management and the ALCO. Further, the Group also prepares the maturity profile of assets and liabilities to keep track of liquidity gaps over different time buckets. The holding company also ensures that statutory cash and liquidity requirements are maintained at all times.

Liquidity Stress Testing

As per the SBP BSD Circular No. 1 of 2012, Liquidity stress testing is being conducted under well-defined stress scenarios. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the Group which defines and identifies the factors that can instigate a liquidity crisis and the actions to be taken to manage the crisis. The Group has a comprehensive liquidity contingency funding plan in place, which highlights liquidity management strategy to be followed under stress conditions. Contingency Event Management parameters and responsibilities are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources focusing on self-reliance, in case of a liquidity crisis.

43.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2022

Rupees in '000												
Total	Upto 1 day	Over 1 day to 7 days	Over 7 days to 14 days	Over 14 days to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years
Assets												
Cash and balances with treasury banks	54,747,439	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	22,867,486	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	76,331,607	74,429,587	-	768,400	-	-	-	-	-	-	-	-
Investments	719,303,291	-	-	14,838,194	16,570,060	31,595,554	109,355,543	108,557,418	114,699,949	139,963,190	75,701,738	90,059,455
Advances	451,471,275	8,334,704	9,082,546	74,000,932	28,026,121	102,675,082	59,741,007	9,418,954	4,317,622	8,749,795	5,233,768	8,735,769
Fixed assets	21,710,775	16,611	116,271	282,374	161,524	161,525	484,181	468,877	468,877	1,609,671	1,386,031	1,732,657
Intangible assets	140,407	276	1,694	3,593	5,545	6,121	16,798	15,316	14,812	27,719	5,473	-
Deferred tax assets	5,131,055	40,793	285,555	693,490	627,236	627,236	785,662	561,000	561,001	577,883	333,724	354,173
Other assets	60,180,778	1,756,424	12,294,963	29,859,196	407,837	407,837	228,997	2,214,702	2,214,702	39,069	15,900	9,219
	1,411,884,113	153,035,785	36,619,223	110,955,552	45,798,323	136,606,975	170,612,188	121,236,267	122,276,963	150,967,327	82,676,634	100,891,273
												86,558,890
Liabilities												
Bills payable	19,538,428	-	-	-	-	-	-	-	-	-	-	-
Borrowings	354,018,407	104,167,658	13,627,543	44,665,921	52,626,575	95,137,421	9,187,487	80,038	84,290	85,546	323,594	3,556,225
Deposits and other accounts	879,652,325	610,573,819	20,103,375	44,665,921	20,508,682	35,591,328	47,290,079	20,773,814	25,579,952	3,879,168	7,888,577	11,253,388
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated debts	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	79,947,447	9,678,243	11,291,284	27,421,689	6,524,904	6,524,904	212,445	3,784,391	3,784,392	2,454	7,820,064	981,442
	1,333,156,607	653,421,855	33,039,824	85,715,153	79,660,161	137,253,653	56,690,011	24,638,243	29,448,634	3,967,168	16,032,235	15,791,055
												54,271,783
Net assets	78,727,506	(500,386,070)	3,579,399	25,240,399	(33,861,838)	(646,678)	113,922,177	96,598,024	92,828,329	147,000,159	66,644,399	85,100,218
Share capital	10,478,315											
Reserves	25,949,624											
Surplus on revaluation of assets	2,029,417											
Unappropriated profit	36,584,942											
Non-controlling interest	3,685,208											
	78,727,506											

2021

[illegible]

43.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

2022

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
Rupees in '000										
Assets										
Cash and balances with treasury banks	54,747,439	54,747,439	-	-	-	-	-	-	-	-
Balances with other banks	22,867,486	22,867,486	-	-	-	-	-	-	-	-
Lendings to financial institutions	76,331,607	75,197,987	1,133,620	-	-	-	-	-	-	-
Investments	719,303,291	25,104,356	48,165,614	109,355,543	223,257,367	139,963,190	75,701,738	84,151,897	13,403,586	200,000
Advances	451,471,275	160,106,343	130,701,203	59,741,007	13,736,576	8,749,795	5,233,768	8,735,769	45,371,137	19,095,677
Fixed assets	21,710,775	514,917	323,049	484,181	937,754	1,609,671	1,386,031	1,732,657	4,464,500	10,258,015
Intangible assets	140,407	7,023	11,666	16,798	30,128	27,719	5,473	-	-	41,600
Deferred tax assets	5,131,055	1,264,599	1,254,472	785,662	1,122,001	577,883	333,724	354,173	(3,847)	(557,612)
Other assets	60,180,778	54,449,123	815,674	228,997	4,429,404	39,069	15,900	9,219	-	193,392
	1,411,884,113	394,259,273	182,405,298	170,612,188	243,513,230	150,967,327	82,676,634	94,983,715	63,235,376	29,231,072
Liabilities										
Bills payable	19,538,428	19,538,428	-	-	-	-	-	-	-	-
Borrowings	354,018,407	141,136,933	147,763,996	9,187,487	164,328	85,546	323,594	3,556,225	41,253,319	10,546,979
Deposits and other accounts	879,652,325	219,769,408	174,892,881	139,149,898	106,960,873	64,791,090	69,000,511	72,367,378	32,720,286	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Sub-ordinated debts	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	79,947,447	50,004,257	13,049,808	212,445	7,568,783	2,454	7,820,064	981,442	306,292	1,902
	1,333,156,607	430,449,026	335,706,685	148,549,830	114,693,984	64,879,090	77,144,169	76,905,045	74,279,897	10,548,881
	78,727,506	(36,189,753)	(153,301,387)	22,062,358	128,819,246	86,088,237	5,532,465	18,078,670	(11,044,521)	18,682,191
Net assets										
Share capital	10,478,315									
Reserves	25,949,624									
Surplus on revaluation of assets	2,029,417									
Unappropriated profit	36,584,942									
Non-controlling interest	3,685,208									
	78,727,506									

2021

[illegible]

44. GENERAL

44.1 Captions, as prescribed by BPRD Circular No.2 of 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these consolidated financial statements, except for captions of the statement of financial position and profit and loss account.

44.2 Non adjusting event after statement of financial position date

The Board of Directors in its meeting held on 24 February 2023 has proposed a final cash dividend of Rs. 3.25 per share amounting to Rs. 3,405,452 thousand (2021: final cash dividend of Rs. 3.00 per share amounting to Rs. 3,143,493 thousand) in addition to interim dividend of Rs. 2.00 per share amounting to Rs. 2,095,663 thousand (2021: 2,095,663 thousand) for approval by the members of the Bank in the forthcoming Annual General Meeting.

45. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 24 February 2023 by the Board of Directors of the holding company.

FUZAIL ABBAS
Chief Financial Officer

MOHSIN A. NATHANI
President &
Chief Executive Officer

FIRASAT ALI
Director

RASHID AHMED JAFER
Director

MOHAMEDALI R. HABIB
Chairman

ANNEXURE "I" AS REFERRED TO IN NOTE 10.7 OF THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RS. 500,000/- OR ABOVE
PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2022

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC / NIC Number)	Father's / Husband's Name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark-up waived	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
Rupees in '000											
1	Atlas Textile (Pvt) Limited Office At 9th Floor, Textile Plaza, Mumtaz Hassan Road, Off IJ Chundrigar Road, Karachi	S.Adeel Javed 42201-3385330-5 S.Arshad Javed 42201-0255323-3 S.Al-Aman Javed 42201-0430580-9 S.Danish Javed 42201-0255323-7	S.Arshad Javed S.Nazir Hussain S.Arshad Javed S.Arshad Javed	14,571	22,061	-	36,632	11,283	22,061	-	33,344
2	Autocity (Pvt) Limited Office Room No. 312-313, 3rd Floor, Mehboob Chamber, Abdullah Haroon Road, Saddar Karachi.	Mohammad Yunus Dawood 42301-1426034-3 Abdul Ghaffar Dawood 42201-0776630-5 Bilal Yunus Dawood 42201-6642871-7 Muhammad Zaheer 42201-1363084-1	Ali Mohammad Dawood Mohammad Yunus Dawood Mohammad Yunus Dawood Haji Abdullah	32,036	5,580	-	37,616	27,235	5,580	-	32,816
3	Baluchistan Engineering Works Limited Office No. 40-C, Block-6, P.E.C.H.S., Karachi.	Mohammad Yunus Dawood 42301-1426034-3 Abdul Ghaffar Dawood 42201-0776630-5 Amanullah H.Sattar 42201-1913101-0 Muhammad Zaheer 42201-1363084-1 Muhammad Anwer Fatani 42301-7575879-9 Muhammad Hanif 42000-0409397-1 Bilal Yunus Dawood 42301-6642871-7	Ali Mohammad Dawood Ali Mohammad Dawood Haji Sattar Haji Abdullah Abdul Sattar Aba Ali Mohammad Yunus Dawood	637,972	34,144	-	672,116	637,972	34,144	-	672,116

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC / NIC Number)	Father's / Husband's Name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark-up waived	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
4	DYL Motorcycles Limited Office No. 40-C, Block-6, P.E.C.H.S., Karachi.	Mohammad Yunus Dawood 42301-1426034-3 Muhammad Zaheer 42201-1363084-1 Bilal Yunus Dawood 42301-6642871-7	Ali Mohammad Dawood Haji Abdullah Mohammad Yunus Dawood	756,887	56,817	-	813,704	756,887	56,817	-	813,704
5	Micado (Pvt) Limited Office No.40-C, Block-6, P.E.C.H.S., Karachi.	Mohammad Yunus Dawood 42301-1426034-3 Muhammad Zaheer 42201-1363084-1 Bilal Yunus Dawood 42301-6642871-7	Ali Mohammad Dawood Haji Abdullah Mohammad Yunus Dawood	38,072	757	-	38,829	38,072	757	-	38,829
6	TGL Limited Office No.40-C, Block-6, P.E.C.H.S., Karachi.	Mohammad Yunus Dawood 4230114260343 Abdul Ghaffar Dawood 42201-0776630-5 Iqbal Raza Qazi 42301-9515541-1 Bilal Yunus Dawood 42301-6642871-7 Amanullah H.Sattar 42201-1913101-1 Anwar Fatani 42301-7575879-9 Muhammad Zaheer 42201-1363084-1	Ali Mohammad Dawood Ali Mohammad Dawood Ahmed Ismail Mohammad Yunus Dawood Haji Sattar Abdul Sattar Haji Sattar	-	2,474	-	2,474	-	2,474	-	2,474
7	C.N.P.S Associates (Pvt) Limited 346 - G III, Johar Town, Lahore.	Abdul Ghaffar Dawood 42201-0776630-5 Muhammad Zaheer 42201-1363084-1	Ali Mohammad Dawood Haji Sattar	-	1,031	-	1,031	-	1,031	-	1,031
8	FBB Group International 5/27, Arkay Square (Ext) New Challi, Shahrah-e-Liaquat, Karachi.	Mohammad Ather Ansari 42301-9217786-9	Afaq Ahmed Ansari	47,528	2,146	-	49,674	47,528	2,146	-	49,674

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC / NIC Number)	Father's / Husband's Name	Outstanding liabilities at beginning of the year					Principal written-off	Interest / mark-up waived	Other financial relief provided	Total			
				Principal	Interest / mark-up	Others	Total								
							5	6					7	8	
1	2	3	4	Rupees in '000								9	10	11	12
9	New Allied Electronics Ind. (Pvt) Limited 7th Floor, Lakson Square Building No. 1, Sarwar Shaheed Road, Karachi.	Mian Pervaz Akhtar 42301-7176596-3 Abdul Rauf 42201-3539213-1 Muhammad Naeem 42000-2362272-3	Mian Muhammad Rafiq Abdul Ghafoor Ateeq Muhammad Ishaq	245,660	240,261	-	485,921	245,660	240,261	-	-	485,921			
10	New Allied Motors (Pvt) Limited 7th Floor, Lakson Square Building No. 1, Sarwar Shaheed Road, Karachi.	Abdul Rauf 42201-3539213-1 Muhammad Naeem 42000-2362272-3	Abdul Ghafoe Ateeq Muhammad Ishaq	6,315	-	-	6,315	6,315	-	-	-	6,315			
11	Al-Asif Textile Industries F/88-11, S.I.T.E., Karachi.	Asif Riaz 42101-6749694-7	Riaz Ahmed	52,344	46,361	-	98,705	-	-	31,497	-	31,497			
12	Al-Hadi Rice Mills (Pvt) Limited Sadiq Plaza, Office No. A-32, The Mall, Lahore.	Ali Ijaz 34101-3612789-7 Ghulam Mustafa 34101-6724125-3	Muhammad Ijaz Muhammad Aslam	151,305	20,817	-	172,122	151,305	20,817	-	-	172,122			
13	Pakistan Tube Mills (Pvt) Limited 99-Railway Road, Lahore.	Sheikh Muhammad Arshad 35202-6587643-7 Mrs. Zarina Begum 35201-7450131-6	Sheikh Muhammad Ashraf Sheikh Muhammad Arshad	57,571	-	-	57,571	57,571	-	-	-	57,571			
14	Sandal Dyestuff Industries Limited Room No. 305-308, 2nd Floor, The Business Center, 8/8 New Civil Lines, Faisalabad.	Saif-ud-Din Moazam 33100-6625922-7 Dr. Salah-ud-Din Monum 33100-6354145-3 Misbah-ud-Din Zaigham 33100-9822081-3 Ch. Usman Ali 35202-2495480-3 Mst. Sadaqat Begum 33100-6446163-8	Ch. Muhammad Ali Ch. Muhammad Ali Ch. Muhammad Ali Ch. Muhammad Umar Ch. Muhammad Ali	309,919	106,321	-	416,240	309,919	106,321	-	-	416,240			

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC / NIC Number)	Father's / Husband's Name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark-up waived	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
Rupees in '000											
15	Taiyaba Enterprises Bhatti Arcade, 2-A, Mozang Road, Lahore.	Taha Mobeen Qureshi 35202-2922358-9 Waseem Tanseen Qureshi 35202-4844850-1	Muhamamd Ismail Qureshi Muhamamd Ismail Qureshi	36,979	4,392	-	41,371	36,979	4,392	-	41,371
16	Elahi Knits (Pvt) Limited 30-A, Block-L, Gulberg-III, Lahore.	Alamgir Elahi 35202-7255060-3 Niffer Alamgir 35202-9636634-4 Umer Elahi 35202-5072781-5	Ehsan Elahi Alamgir Elahi Alamgir Elahi	24,571	11,120	-	35,691	-	8,691	-	8,691
17	Innovative Concrete Products (Pvt) Limited Suit No.413-414, 4th Floor, Al-Hafeez Business Center, 89-III, Gulberg-III, Lahore.	Mirza Ajmal Asghar Baig 35201-8197924-5 Hudais Qazalbash 35201-5217453-0 Sharjel Awan 35200-9110716-1 Shaher Bano Asghar 35201-3380332-4	Mirza Mehdi Hussain Baig Mirza Ajmal Asghar Baig Mushtaq Ahmed Nazi Sharjel Awan	-	5,834	-	5,834	-	1,340	994	2,334
18	Gulshan Weaving Mills Limited 2nd Floor, Garden Heights, 8 Aibak Block, New Garden Town, Lahore.	Jehangir Ahmad Shakoore 42201-0545325-7 Masood Ahmad 35202-6939908-5 Sheikh Sarfaraz Farooq Qadri 35202-2450924-9	Abdul Shakoore Inayat Ullah Sheikh Mazhar Farooq Qadri	181,412	24,376	-	205,788	177,005	24,376	-	201,381
19	Punjab Polypropylene Industries (Pvt) Limited 8-9, Bolan Block, Fortress Stadium, Lahore.	Ch. Muhammad Azeem Saleemi 35201-0454392-1 Ch. Shayan Alam Saleemi 35201-7868693-9	Muhammad Alam Ch. Muhammad Azeem Saleemi	9,766	4,384	-	14,150	-	3,649	-	3,649

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC / NIC Number)	Father's / Husband's Name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark-up waived	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
Rupees in '000											
20	A.B. Textile Corporation 606, A/1, Gulberg-III, Lahore.	Syed Hamid Hussain Sabzwari 35202-2781980-3	Syed Sharif Hussain Sabzwari	875	-	3,762	4,637	-	240	4,083	4,323
21	Nextel Communications P-110, Bukhari Plaza, Chinot Bazar, Faisalabad.	Shahid Mahmood 33100-3006222-3 Sadia Shahid 33100-5170313-0	Ch. Sultan Ali Shahid Mahmood	2,396	240	-	2,636	-	-	917	917
22	Bashir & Brothers Shop No. 62, Grain Market, Sargodha.	Bashir Ahmad (Deceased) 38403-2213530-7	Khuda Buksh	11,479	1,162	-	12,641	-	641	-	641
23	BSM Sports Nasir Road, Habib Chowk, Tehsil & District Sialkot.	Tariq Mahmood 34603-9785324-5 Khalid Pervaiz Cheema 34603-9478543-7 Abdul Rehman Cheema 34603-3068695-9	Mian Khan Cheema Mian Khan Cheema Khalid Pervaiz Cheema	24,996	3,077	-	28,073	-	2,073	5,039	7,112
24	Nadeem Industries Plot No.1-A, Anmol Industrial Zone, Phase-2, Near Channu Shah Darbar, Bhamma Pind, Lahore.	Muhammad Naeem 35202-2860098-1	Muhamamd Suleman	5,992	-	934	6,926	-	-	826	826
25	Muhammad Ishaq Ganish Kalan, PO Karimabad, Tehsil Aliabad, District Hunza.	Muhammad Ishaq (Deceased) 37405-4322221-7	Jabir Ansar	1,185	-	-	1,185	1,185	-	-	1,185
				2,649,831	593,355	4,696	3,247,882	2,504,916	537,811	43,356	3,086,084

Annexure - II

ISLAMIC BANKING BUSINESS

The holding company is operating 61 (2021: 49) Islamic banking branches and 242 (2021: 218) Islamic banking windows at the end of the year.

	Note	2022	2021
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		7,799,004	8,065,686
Balances with other banks		—	—
Due from financial institutions	1	—	3,500,000
Investments	2	35,039,153	30,384,762
Islamic financing and related assets - net	3	106,613,906	78,657,185
Fixed assets	4	791,323	635,471
Intangible assets		—	—
Due from Head Office	5	7,364,959	4,178,774
Other assets		6,654,527	3,017,036
Total Assets		164,262,872	128,438,914
LIABILITIES			
Bills payable		1,690,942	1,445,125
Due to financial institutions		39,190,234	32,048,365
Deposits and other accounts	6	107,237,001	83,953,361
Due to Head Office		—	—
Subordinated debt		—	—
Other liabilities	7	5,162,216	2,731,703
		153,280,393	120,178,554
NET ASSETS		10,982,479	8,260,360
REPRESENTED BY			
Islamic Banking Fund		9,005,661	7,504,413
Reserves		—	—
Deficit on revaluation of assets		(627,868)	(725,275)
Unappropriated profit	8	2,604,686	1,481,222
		10,982,479	8,260,360
CONTINGENCIES AND COMMITMENTS			
	9		

The profit and loss account of the holding company's Islamic banking branches for the year ended 31 December 2022 is as follows:

	Note	2022	2021
		Rupees in '000	
Profit / return earned	10	13,609,478	6,654,512
Profit / return expensed	11	(7,776,455)	(3,981,163)
Net Profit / return		5,833,023	2,673,349
Other income			
Fee and Commission Income		482,267	375,140
Dividend Income		—	294
Foreign Exchange Income		113,758	103,780
Income / (loss) from derivatives		—	—
(Loss) / gain on securities		(17)	70,693
Other Income		4,325	5,210
Total other income		600,333	555,117
Total Income		6,433,356	3,228,466
Other expenses			
Operating expenses		1,397,216	911,598
Other charges		490	609
Total other expenses		1,397,706	912,207
Profit before provisions		5,035,650	2,316,259
Reversals / (Provisions) and (write offs) - net		71,577	111,973
Profit before taxation		5,107,227	2,428,232
Taxation		(2,502,541)	(947,010)
Profit after taxation		2,604,686	1,481,222

1. Due from financial institutions

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Unsecured						
- Mudaraba placements	—	—	—	3,500,000	—	3,500,000

2. Investments by segments

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities								
- Ijarah Sukuk	19,579,161	—	(372,602)	19,206,559	19,523,163	—	(396,332)	19,126,831
- Bai-muajjal	—	—	—	—	—	—	—	—
- Islamic naya Pakistan certificate mudaraba investment pool	4,681,209	—	—	4,681,209	730,711	—	—	730,711
	24,260,370	—	(372,602)	23,887,768	20,253,874	—	(396,332)	19,857,542

	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Non Government Debt Securities								
- Listed	6,876,651	-	(255,266)	6,621,385	7,076,163	-	(336,554)	6,739,609
- Unlisted	4,530,000	-	-	4,530,000	3,780,000	-	7,611	3,787,611
	11,406,651	-	(255,266)	11,151,385	10,856,163	-	(328,943)	10,527,220
Total Investments	35,667,021	-	(627,868)	35,039,153	31,110,037	-	(725,275)	30,384,762

3. Islamic financing and related assets - net

	2022				2021			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	875,565	17,577	-	893,142	583,298	128,997	-	712,295
Ijarah - islamic long term financing facility	37,887	-	-	37,887	74,207	-	-	74,207
Murabaha	5,812,875	124,591	-	5,937,466	6,105,881	563,205	-	6,669,086
Working capital musharaka	31,411,281	-	-	31,411,281	21,050,328	-	-	21,050,328
Diminishing musharaka	15,714,076	1,392,381	-	17,106,457	11,736,112	377,959	-	12,114,071
Salam	22,000	53,000	-	75,000	128,000	-	-	128,000
Istisna	6,446,156	4,748,356	65	11,194,577	2,677,387	3,040,426	-	5,717,813
Al-bai	570,156	-	-	570,156	536,632	-	16,961	553,593
Diminishing musharaka								
Islamic long term financing facility	3,647,937	487,014	-	4,134,951	863,436	1,528,029	-	2,391,465
Islamic refinance scheme for payment of wages and salaries	13,980	93,534	-	107,514	1,046,640	93,534	-	1,140,174
Islamic financing facility for storage of agricultural produce	541,619	187,668	-	729,287	-	598,035	-	598,035
Islamic temporary economic refinance facility	11,652,266	2,026,743	-	13,679,009	422,229	13,064,204	-	13,486,433
Islamic financing facility for renewable energy	295,833	370,554	-	666,387	-	250,848	-	250,848
Islamic export refinance								
Murabaha	152,000	32,000	-	184,000	760,819	-	-	760,819
Working capital musharaka	12,188,026	-	-	12,188,026	10,257,000	-	-	10,257,000
Salam	-	75,000	-	75,000	60,000	61,920	-	121,920
Istisna	865,116	6,470,395	-	7,335,511	2,259,110	1,075,000	-	3,334,110
Al-bai	36,602	-	559,457	596,059	7,832	-	-	7,832
Gross islamic financing and related assets	90,283,375	16,078,813	559,522	106,921,710	58,568,911	20,782,157	16,961	79,368,029
Provision against non-performing islamic financings								
- Specific	(295,151)	-	-	(295,151)	(704,654)	-	-	(704,654)
- General	(12,653)	-	-	(12,653)	(6,190)	-	-	(6,190)
	(307,804)	-	-	(307,804)	(710,844)	-	-	(710,844)
Islamic financing and related assets - net of provision	89,975,571	16,078,813	559,522	106,613,906	57,858,067	20,782,157	16,961	78,657,185

3.1 Ijarah

	2022						
	Cost			Accumulated Depreciation			Book value as at 31 Dec 2022
	As at 1 Jan 2022	Additions / (deletions)	As at 31 Dec 2022	As at 1 Jan 2022	Charge for the year / (deletions)	As at 31 Dec 2022	
	Rupees in '000						
Plant & Machinery	146,534	185,086 –	331,620	100,200	44,059 (22,413)	121,846	209,774
Vehicles	706,705	226,186 (118,881)	814,010	95,534	23,490 (8,692)	110,332	703,678
Total	853,239	292,391	1,145,630	195,734	36,444	232,178	913,452

	2021						
	Cost			Accumulated Depreciation			Book value as at 31 Dec 2021
	As at 1 Jan 2021	Additions / (deletions)	As at 31 Dec 2021	As at 1 Jan 2021	Charge for the year / (deletions)	As at 31 Dec 2021	
	Rupees in '000						
Plant & Machinery	263,895	8,790 (126,151)	146,534	151,784	57,301 (108,885)	100,200	46,334
Vehicles	297,848	517,372 (108,515)	706,705	145,861	37,893 (88,220)	95,534	611,171
Total	561,743	291,496	853,239	297,645	(101,911)	195,734	657,505

Future ijarah payments receivable

	2022				2021			
	Not later than 1 year	Later than 1 year & less than 5 years	Over 5 years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over 5 years	Total
	Rupees in '000							
Ijarah rental receivables	238,647	309,856	22,365	570,868	175,196	349,795	30,733	555,724

	Note	2022	2021
		Rupees in '000	
3.2 Murabaha			
Murabaha financing	3.2.1	5,812,875	6,105,881
Advances for Murabaha		124,591	563,205
		<u>5,937,466</u>	<u>6,669,086</u>
3.2.1 Murabaha receivable - gross	3.2.2	6,206,469	6,359,206
Less: Deferred murabaha income	3.2.4	(222,346)	(137,450)
Profit receivable shown in other assets		(171,248)	(115,875)
Murabaha financings		<u>5,812,875</u>	<u>6,105,881</u>
3.2.2 The movement in murabaha financing during the year is as follows:			
Opening balance		6,359,206	5,295,597
Sales during the year		17,066,707	18,390,918
Adjusted during the year		(17,219,444)	(17,327,309)
Closing balance		<u>6,206,469</u>	<u>6,359,206</u>
3.2.3 Murabaha sale price		17,066,707	18,390,918
Murabaha purchase price		(16,169,290)	(17,915,777)
		<u>897,417</u>	<u>475,141</u>
3.2.4 Deferred murabaha income			
Opening balance		137,450	114,184
Arising during the year		897,417	475,141
Less: recognised during the year		(812,521)	(451,875)
Closing balance		<u>222,346</u>	<u>137,450</u>

4. Fixed assets included right-of-use assets of Rs. 615,872 thousand (2021: Rs. 545,830 thousand) and other liabilities included related lease liability of Rs. 710,395 thousand (2021: Rs. 615,776 thousand).

5. Due from Head Office

Inter-branch transactions are made on Qard basis.

6. Deposits

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	29,171,602	5,494,270	34,665,872	23,212,725	4,463,870	27,676,595
Savings deposits	36,367,260	1,548,820	37,916,080	27,563,777	3,592,221	31,155,998
Term deposits	25,253,027	3,620,178	28,873,205	16,387,078	898,644	17,285,722
Others	2,474,491	–	2,474,491	1,675,068	–	1,675,068
	<u>93,266,380</u>	<u>10,663,268</u>	<u>103,929,648</u>	<u>68,838,648</u>	<u>8,954,735</u>	<u>77,793,383</u>
Financial Institutions						
Current deposits	118,177	249	118,426	65,030	2,277	67,307
Savings deposits	1,650,927	–	1,650,927	5,875,671	–	5,875,671
Term deposits	1,538,000	–	1,538,000	217,000	–	217,000
	<u>3,307,104</u>	<u>249</u>	<u>3,307,353</u>	<u>6,157,701</u>	<u>2,277</u>	<u>6,159,978</u>
	<u>96,573,484</u>	<u>10,663,517</u>	<u>107,237,001</u>	<u>74,996,349</u>	<u>8,957,012</u>	<u>83,953,361</u>

	2022	2021
	Rupees in '000	
6.1 Composition of deposits		
- Individuals	46,588,779	36,498,423
- Government / Public Sector Entities	3,678,886	3,906,109
- Banking Companies	3,224	3,002,984
- Non-Banking Financial Institutions	3,304,129	3,156,994
- Private Sector	53,661,983	37,388,851
	<u>107,237,001</u>	<u>83,953,361</u>

6.2 Particulars of deposits and other accounts

- In local currency	96,573,484	74,996,349
- In foreign currencies	10,663,517	8,957,012
	<u>107,237,001</u>	<u>83,953,361</u>

6.3 This includes eligible deposits of Rs. 39,522,737 thousand which are covered under sharia compliant deposit protection mechanism as required by the Deposit Protection Corporation circular no 5 of 2018.

	2022	2021
	Rupees in '000	

7. It includes charity fund, details of which are given below:

Charity fund

Opening balance	4	-
Additions during the period		
Received from customers on account of delayed payment	250	122
Dividend purification amount	-	-
Profit on charity saving account	-	-
	<u>250</u>	<u>122</u>
Payments / utilization during the period		
Education	-	(114)
Health	-	(4)
	<u>-</u>	<u>(118)</u>
Closing balance	<u>254</u>	<u>4</u>

Charity paid to any single entity does not exceeds Rs 500,000.

8. Islamic Banking Business Unappropriated Profit

Opening balance	1,481,222	1,367,552
Add: Islamic banking profit for the period	2,604,686	1,481,222
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred to head office	(1,481,222)	(1,367,552)
Closing balance	<u>2,604,686</u>	<u>1,481,222</u>

	2022	2021
	Rupees in '000	
9. Contingencies and commitments		
Guarantees	9,539,409	8,252,346
Commitments	18,607,004	22,215,654
	<u>28,146,413</u>	<u>30,468,000</u>
10. Profit / return earned		
Profit earned on:		
Financing	9,510,625	4,265,981
Investments	3,893,709	2,186,307
Placements	205,144	202,224
	<u>13,609,478</u>	<u>6,654,512</u>
11. Profit / return expensed		
Deposits and other accounts	6,710,743	3,475,334
Due to financial institutions	976,701	448,812
Lease liability against right-of-use assets	89,011	57,017
	<u>7,776,455</u>	<u>3,981,163</u>
12. Pool management		

Pools maintained by the holding company's Islamic Banking Division (IBD), their key features and risk and reward characteristics

The holding company operates general and special pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes. Under the general deposits pools, the holding company accepts funds on Mudaraba basis from depositors (Rabb-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in Shariah Compliant modes of financing, investments and placements. IERS and other pools (special pools) are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Bank's customers and liquidity management respectively under the Musharakah / Mudaraba modes. Further, the holding company also contributes its equity and becomes the capital provider, wherein required.

Following pools are being managed by IBD

- General pool for local and foreign currencies for depositors
- Islamic export refinance scheme musharaka pool
- Special pool

All the Mudaraba based remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBD's own share of equity, which is also commingled in the pool. The applications of these funds are on Islamic financing and related assets, Investments, and Placements for generating profits to be shared among the depositors as per the Weightage system.

The IERS Pool caters the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.

Profits are calculated on the basis of weightages assigned to different tiers and tenors. These weightages are announced at the beginning of the period, while considering weightages emphasis shall be given to the quantum, type and the period of risk assessed by applying following factors:

- Contracted period, nature and type of deposit / fund.
- Payment cycle of profit on such deposit / fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

Any change in profit sharing weightages of any category of deposit / fund providers shall be applicable from the next month (where applicable).

Avenues/sectors of economy/business where mudaraba based deposits have been deployed.

- Agriculture, forestry, hunting and fishing
- Automobile and transportation equipment
- Chemicals and pharmaceuticals
- Electronic and electrical appliances
- Financial
- Production and transmission of energy
- Footwear and leather garments
- Textile
- Cement
- Others

Parameters used for allocation of profit, charging expenses and provisions etc.

The direct expenditure shall be charged to respective pool, while indirect expenses including the establishment cost shall be borne by Habib Metro IBD as Mudarib. The direct expenses to be charged to the pool may include depreciation of ijarah assets, insurance / takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities, impairment / losses due to physical damages to specific assets in pools etc. Provisions for non-performing accounts are borne by the mudarib. However, write-off of non-performing accounts is charged to the respective pool. However, this is not an exhaustive list; Habib Metro IBD pool management framework and the respective pool creation memorandum may identify and specify these and other similar expenses to be charged to the pool.

The holding company managed the following general and specific pools during the year:

General Remunerative / Specific Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio Mudarib Share / Fee	Profit sharing ratio Rabbul Maal Share	Mudarib share	Profit rate return distributed to remunerative deposits (savings)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
(Rupees in '000)						(Rupees in '000)		
General pool								
Islamic Export Refinance (IERS) Pool								
PKR Pool	Monthly	13.14%	50.00%	50.00%	1,501,050	6.31%	15.64%	162,550
USD Pool	Monthly	0.24%	90.00%	10.00%	4,547	0.57%	9.73%	400
Specific pools								
Islamic Export Refinance (IERS) Pool	Quarterly	10.12%	81.05%	18.95%	414,390	Nil	0.00%	–
Special Pool (Saving)	Monthly	12.94%	18.50%	81.50%	68,997	10.83%	28.97%	–
Special Pool (TDR)	Monthly	12.73%	6.52%	93.48%	94,997	12.15%	0.00%	–

سفارشات

درج بالا جائزے کی بنیاد پر ہم تجویز کرتے ہیں کہ:

- 1 بینک کو اپنی انتظامیہ، اسلامی بینکنگ اسٹاف اور تمام متعلقہ اسٹیک ہولڈرز اور صارفین کیلئے اسلامی بینکاری کی تربیت، ریفریشر سیشنز اور ایئر ٹیسسیشنز کیلئے انتظامات جاری رکھنے چاہئیں۔
- 2 بینک کو تمام تر دستیاب فورمز پر اسلامی بینکاری کی پروڈکٹس اور سروسز کی پرموشن اور مارکیٹنگ کو مزید فروغ دینے کا سلسلہ بڑھانا چاہیے۔
- 3 بینک کو اپنے اسلامی برانچ بینکاری کے نیٹ ورک کو توسیع دینے کے ساتھ ساتھ اسلامی بینکاری کے فروغ کے لئے ڈیجیٹل ٹیکنالوجی اور پلیٹ فارمز کے استعمال کی کوششیں تیز کرنی چاہیے۔

اور اللہ سبحانہ و تعالیٰ بہتر جانتا ہے

اللہ تعالیٰ ہماری کوششوں کو قبول فرمائے اور ہمیں اس کے مطلوب امور کی تکمیل کرنے کی توفیق عطا فرمائے، ہماری غلطیوں کو معاف فرمائے اور ہمیں دنیا اور آخرت میں بھی کامیابی سے ہمکنار فرمائے۔ ہم یہ بھی دعا کرتے ہیں کہ اللہ بزرگ و برتر کی رہنمائی اور اس کی کرم نوازیوں ہماری اسلامی بینکنگ کو مزید فروغ اور استحکام عطا فرمائے۔ (آمین)

تان سہری ڈاکٹر محمد داؤد بکر

چیرمین شریعہ بورڈ

مفتی عبدالستار لغاری

شریعہ بورڈ ممبر

مفتی خواجہ نور الحسن

ریزیڈنٹ شریعہ بورڈ ممبر

6 ٹریڈنگ اور صلاحیت کی تعمیر

سال کے دوران 3,000 سے زائد اسٹاف نے ان - ہاؤس پروگرامز، بیرونی تربیتی سیشنز اور ای - لرننگ ماڈیولز کے ذریعے 70 سے زائد اسلامی بینکنگ ٹریننگز میں شرکت کی۔ شرکت کنندگان میں اسلامی بینکنگ برانچز، اسلامک بینکنگ ونڈوز کے اسٹاف سمیت ریلیشن شپ مینجرز، سپورٹ فنکشنز، نیاءملہ، افسران اور دیگر شامل تھے۔

شرعیہ بورڈ ممبران، شرعیہ کمپلائنس ڈپارٹمنٹ اور اسلامی بینکاری کے عملے نے اسلامی بینکنگ ٹریننگز میں لرننگ ڈپارٹمنٹ اور دیگر اسٹیک ہولڈرز کو سہولتیں فراہم کیں۔

شرعیہ بورڈ کی رائے

شرعیہ گورننس فریم ورک کے مطابق بورڈ آف ڈائریکٹرز اور مینجمنٹ اس امر کو یقینی بنانے کے لئے ذمہ دار ہیں کہ بینک کے آپریشنز اس طرح سے انجام دیے جائیں جیسا کہ تمام اوقات میں شرعی اصولوں پر مکمل عملدرآمد ہو سکے، جبکہ ہمارے لئے بینک کے مجموعی شرعی اصولوں کے مطابق ہونے پر ایک رپورٹ پیش کرنا مطلوب ہے۔

ہماری رائے کو تقویت دینے کے لئے، جیسا کہ اس رپورٹ میں اظہار کیا گیا ہے، ہم نے شرعیہ کمپلائنس ڈپارٹمنٹ، انٹرئل شرعیہ آڈٹ اور ایکسٹرنل شرعیہ آڈٹ کا جائزہ لیا، جنہوں نے متعلقہ دستاویزی عمل اور پروسس فلووز کے ساتھ ٹرانزیکشنز کی ہر ایک کلاس کیلئے ٹیسٹ چیک کی بنیاد پر اپنے جائزے اور آڈٹ انجام دیا تھا۔

مذکورہ بالا تفصیل کی بنیاد پر ہماری رائے درج ذیل ہے کہ:

- i بینک نے شرعیہ بورڈ کی جانب سے جاری کردہ فتاویٰ، احکام اور رہنما ہدایات کی روشنی میں شرعیہ کے قوانین اور اصولوں کی پاسداری کی ہے۔
- ii بینک نے اسٹیٹ بینک آف پاکستان کی شرعیہ ایڈوائزری کمیٹی کے احکام کے مطابق اسٹیٹ بینک کی جانب سے جاری کردہ شرعیہ کمپلائنس سے متعلق احکام، ضوابط، ہدایات اور اصولوں کی پاسداری کی ہے۔
- iii بینک اپنے تمام تر آپریشنز میں شرعیہ اصولوں پر عملدرآمد کو یقینی بنانے کے لئے ایک جامع نظام کا حامل ہے۔
- iv بینک میں ایک انتہائی منظم نظام موجود ہے جو تمام تر غیر شرعی ذرائع سے حاصل شدہ رقم چیرائی اکاؤنٹ میں جمع کئے جانے اور اسے مناسب طور پر خیراتی اداروں میں بروئے کار لائے جانے کو یقینی بناتا ہے۔
- v بینک نے نفع و نقصان کی تقسیم اور پول مینجمنٹ کے سلسلے میں اسٹیٹ بینک کی ہدایت کی مناسب طور پر پاسداری کی ہے۔
- vi لرننگ اینڈ ڈویلپمنٹ ڈپارٹمنٹ نے شرعیہ کمپلائنس کے تعاون سے ملازمین کی صلاحیت میں اضافے کے لئے مختلف اسلامک بینکنگ سیشنز کا اہتمام کیا ہے اور بینک کی مصنوعات اور عمل میں شرعی تعمیل کی اہمیت کو بڑھانے اور اسلامک بینکنگ سیکھنے کے ماحول کو فروغ اور ترقی دینے کے لئے مستقل عمل میں ہے۔
- vii شرعیہ بورڈ کو اس کی ذمہ داریوں کی ادائیگی کے لئے وسائل فراہم کئے گئے ہیں تاہم کام کے حجم میں اضافے کو مد نظر رکھتے ہوئے شرعیہ ٹیم میں اضافی افرادی قوت، بینک میں شرعیہ کمپلائنس کے فنکشن کو مزید مستحکم کرے گی۔

3 اسلامی پروڈکٹس اور متعلقہ دستاویزات

دوران سال شریعہ بورڈ نے مختلف نئی پروڈکٹس، پلان، اسٹرکچر، پالیسیز، مینوئلز اور ایگریمنٹس کا جائزہ لیا اور منظوری دی جو درج ذیل ہیں:

ڈپازٹ پروڈکٹس	فنانسنگ پروڈکٹ	پلان/اسٹرکچر/پالیسیز/مینوئلز	ایگریمنٹس
صرافیہ ڈپازٹ اکاؤنٹ (کرنٹ)	سپلائنگ چین فنانسنگ	برانچ کنورژن پلان، 2023 پروپوزڈ اسٹرکچر برائے اسلامک بینکنگ ڈویژن (ورژن 0.1) آپریٹنگ مینوئل - برانچ بینکنگ (اسلامک) آپریٹنگ مینوئل - اے ڈی سی (اسلامک) حبیب میٹرو صراط - انویسٹمنٹ پالیسی آپریٹنگ رسک مینجمنٹ پالیسی فریم ورک	اسلامک ہاؤس فنانس ایگریمنٹس
صرافیہ ڈپازٹ اکاؤنٹ (سیونگ)		پراڈکٹ ڈاکومنٹس - صراط لیڈیز بینکنگ اکاؤنٹ اینڈ لیڈیز ڈیپازٹ کارڈ شریہ گورننس فریم ورک (ایس جی ایف) پالیسی فریم ورک برائے پروفٹ اینڈ لاس ڈسٹریبیوشن مع پی ایل ایس ڈپازٹرز اینڈ پول مینجمنٹ چیریٹی فنڈ پالیسی لیکویڈیٹی رسک مینجمنٹ پالیسی اینڈ کائنٹی جنسی فنڈنگ پلان اجارہ مینوئل (رویشن) صرابطہ آؤٹ فنانس مینوئل (رویشن) اڈینڈم ٹو کریڈٹ رسک پالیسی آئی بی ڈی گائیڈ لائنز برائے مارکیٹنگ شریہ نان کمپلائنس رسک پالیسی	اسلامک اکاؤنٹ اوپننگ فارم (رویشن)

4 شریعہ کمپلائنس اور شریعہ آڈٹ

زیر جائزہ سال کے دوران شریعہ کمپلائنس اور شریعہ آڈٹ ٹیم نے آزمائشی جانچ کی بنیادوں پر اسلامی بینکنگ کے کئی شعبوں کا جائزہ لیا۔ اس جائزے میں مختلف علاقوں کے پورٹ فولیو، اسلامی فنانسنگ، ڈپازٹس (نفع و نقصان کی تقسیم)، اسلامک ٹریڈری، اسلامی برانچ نیٹ ورک اور موجودہ اسلامک پروڈکٹس شامل تھے۔ سال کے دوران 17 رپورٹس جاری کی گئی، جن کا شریعہ بورڈ کی جانب سے جائزہ لیا گیا اور حسب ضرورت درست اقدامات فراہم کیے گئے۔

5 خیراتی رقم

یکم جنوری 2022 کو خیراتی رقم کا اوپننگ بیلنس -/4,470 روپے تھا۔ سال کے دوران -/250,023 روپے جمع کرائے گئے، جس میں صارفین کی جانب سے شرعی اصولوں پر عدم عملدرآمد اور دیگر اسباب کی وجہ سے تاخیر سے ادائیگیوں کے باعث وصول کردہ رقم بھی شامل تھی۔ خیراتی رقم منظور شدہ خیراتی اور سماجی بہبود کے اداروں میں تقسیم کی جائے گی۔

شریعیہ بورڈ رپورٹ

برائے 31 دسمبر 2022

اللہ تعالیٰ کے مبارک نام سے جو نہایت مہربان اور رحم کرنے والا ہے۔

تمام تعریف اللہ سبحانہ و تعالیٰ، جو دنیا کے تمام جہانوں کا مالک ہے اور ہمارے رہنما حضرت محمد مصطفیٰ صلی اللہ علیہ وآلہ وسلم اور ان کے ساتھیوں کے لئے ہے۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹر پولیٹن لمیٹڈ (بینک) کے اسلامی بینکنگ ڈویژن، صراط نے اسلامی بینکاری کے کامیاب آپریشنز کے انیس سال مکمل کر لیے ہیں۔ بینک مستقل طور پر اسلامی بینکاری کے اپنے نیٹ ورک میں توسیع کر رہا ہے اور سال 2022 کے اختتام پر اسلامی بینکنگ کی برانچز اور اسلامی بینکنگ ونڈوز کی تعداد بالترتیب اکسٹھ (61) اور دوسو بیالیس (242) ہو چکی ہیں۔

سال کے دوران شریعیہ بورڈ نے چار اجلاس منعقد کیے اور جائزہ لیا، موقف پیش کیے اور نئی و پرانی پروڈکٹس، پالیسیز، مینولز، پروسیجرز، ٹرانزیکشنز، پروسس فلووز، شریعی کمپلائنس جائزہ رپورٹس اور شریعی آڈٹ رپورٹس کی منظوری دی گئی۔ مزید برآں شریعیہ بورڈ اور بورڈ آف ڈائریکٹرز نے سال میں دو بار ملاقات کی اور بینک کے شریعی کمپلائنس معمولات پر بریفنگ دی گئی۔

شریعیہ بورڈ اسلامی بینکاری کی مسلسل ترقی اور سپورٹ کے لئے بورڈ آف ڈائریکٹرز اور مینجمنٹ کے ویژن کو سراہتا ہے۔

سال 2022 کے لئے ایک جائزہ درج ذیل ہے:

1 اسلامک کاروبار

سال 2022 کے دوران بینک نے مختلف النوع اسلامک فنانسنگ پروڈکٹس بشمول اور اس تک محدود نہیں، مشارکہ متناقصہ، استصناع، المیع، سلم، ورکنگ کپنچل مشارکہ اور مراہجہ/مساومہ استعمال کیں، سال 2022 کے اختتام پر بینک 141.65 بلین روپے کی اسلامی فنانسنگ اور انویسٹمنٹ/پالیسیز کا حامل رہا اور مجموعی اسلامی ڈپازٹس مختلف اسلامی کھاتوں کے تحت 107.24 بلین روپے رہے۔

اس سلسلے میں شریعیہ بورڈ نے مختلف کارپوریٹ، ایس ایم ای اور تجارتی صارفین کیلئے ایک سواناسی (179) پروسیس فلووز بشمول ایک اسلامک سنڈیکیٹ ٹرانزیکشن میں ایک جوائنٹ شریعی ایڈوائزری کے کردار کی حیثیت سے جائزہ لیا اور ان کی منظوری دی۔ اس کی تفصیلات درج ذیل ہیں:

2 اسلامک برانچوں/ونڈوز: توسیع اور متعلی

سال کے دوران بینک نے 5 نئی اسلامی برانچیں، 24 نئی اسلامی ونڈوز اور 7 کنٹینٹل برانچیں کی اسلامی برانچوں میں منتقلی عمل میں لائی گئی۔

نمبر	اسلامی فنانسنگ کا طریقہ	نمبر شمار
42	مشارکہ متناقصہ	1
68	استصناع/المیع/سلم، ورکنگ کپنچل مشارکہ	2
69	مراہجہ/مساومہ	3

انٹرنل آڈٹ

حبیب میٹرو ایک موثر بورڈ آڈٹ کمیٹی کا حامل ہے جو سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے طے کردہ اور اسٹیٹ بینک آف پاکستان کی جانب سے مروجہ سٹڈ کمینیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے تحت کام کرتی ہے۔ بورڈ کی آڈٹ کمیٹی آزاد ڈائریکٹرز پر مشتمل ہے اور اس کی سربراہی ایک آزاد ڈائریکٹر کے سپرد ہے۔

بورڈ آڈٹ کمیٹی کو براہ راست رپورٹ کرتے ہوئے، انٹرنل آڈٹ فعال طور پر برانچوں کے آڈٹ، آپریشنز اور بینک کی اہم سرگرمیوں کیلئے خطرات پر مبنی نگرانی کا استعمال کرتا ہے اور اس کیساتھ ضرورت کے تحت اصلاحی اقدامات اور کنٹرول کی خامیوں کے مدارک پر خصوصی توجہ دیتا ہے۔

انٹرنل آڈٹ حبیب میٹرو کی تیسری دفاعی لائن کی حیثیت سے، بینک کے مجموعی کنٹرول کے ماحول میں بنیادی عنصر ہے۔ جو کہ انتظامیہ اور بورڈ کو بینک کے انٹرنل کنٹرول سسٹم کا جائزہ لیکر غیر جانبدار یقین دہانی فراہم کرتا ہے۔ انٹرنل کنٹرول ڈویژن گورننگ اتھارٹیز کو معقول یقین دہانی فراہم کرنے کیلئے بینک کی پالیسیاں، معاملات، سسٹم اور کنٹرولز کا جائزہ لیتا ہے اور رسک میں کمی کیلئے امداد فراہم کرتا ہے۔

مستقبل پر ایک نظر

قرض پروگرام کی بحالی کیلئے آئی ایم ایف کی شرائط پر عملدرآمد کے نتیجے میں یہ توقع کی جاتی ہے کہ سال بہ سال مرکزی افراط زر کی شرح مالی سال 2023 کے دوران 25 فیصد سے 29 فیصد کی رینج میں رہے گی۔

مزید برآں کرنٹ اکاؤنٹ خسارہ توقع ہے کہ مالی سال 2023 کی باقیماندہ مدت کے دوران موجود سطح پر ہی برقرار رہے گا، خسارہ کا رسک بڑھ رہا ہے تاہم آئی ایم ایف قرض پروگرام تک اس کا اندازہ نہیں لگایا جاسکتا۔

آنے والے عرصے میں حبیب میٹرو شیئرز ہولڈرز کے مفادات کا تحفظ کرنے پر کاربند ہے اور ایک جدید ترین ٹیکنالوجیکل پلیٹ فارم کے تحت تیار کی گئی مالیاتی پروڈکٹس کے ایک مختلف معیار کے ذریعے اپنے صارفین کے لئے بہترین اور شاندار خدمات کا اضافہ کرتا رہے گا۔ بینک کا ہدف نامیاتی ترقی اور نئے کلائنٹس، کم لاگتی ڈپازٹس کا فروغ، اچانٹوں کے معیار میں بہتری اور باکفایت کارکردگی میں اضافہ ہے۔

اظہار تشکر

اس موقع پر ہم وزارت مالیات، اسٹیٹ بینک آف پاکستان اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بینک کیلئے تعاون اور ہدایات کیلئے شکر گزار ہیں۔ ہم اپنے محترم اور قابل قدر کسٹمرز کا بھی ان کے اعتماد اور سرپرستی پر مشکور ہیں جو ان کے بینک پر مستقل بھروسے کا مظہر ہے۔ آخر میں حبیب میٹرو بینک کے اسٹاف کی انتھک کاوشوں اور جدوجہد کا اعتراف کرتے ہوئے انہیں خراج تحسین پیش کرتے ہیں جو کٹھن حالات میں بھی بینک کے صارفین کو بلا رکاوٹ مالیاتی خدمات فراہم کر رہے ہیں۔ ان ہی کاوشوں کی بدولت بینک مضبوط سے مضبوط تر ہوتا جا رہا ہے۔

منجانب بورڈ

محمد علی آر۔ حبیب
چیئرمین

محسن اے۔ تاقانی
صدر و چیف ایگزیکٹو آفیسر

کراچی: 24 فروری 2023ء

بحیثیت ٹریڈ اور اینڈ بینک، پابندی کی حامل ٹرانزیکشنز کی روک تھام کو یقینی بنانے کیلئے کراس بارڈر ٹرانزیکشنز کمپلائنس یونٹ کی جانب سے اسکرین شدہ اور پہلے سے منظور شدہ ہوتی ہیں۔ بینک نے ٹریڈ میڈمنی لائڈرنگ سے متعلق خطرات کے تدارک کیلئے اضافی اقدامات کیے ہیں، اس میں تمام ٹریڈ ٹرانزیکشنز کی باقاعدہ نگرانی انجام دینا اور تجارتی صارفین کی ٹریڈ کے وائی سی/رسک پروفائیلز کو اپ ڈیٹ کرنا، کاؤنٹر پارٹیز، ویسلز، بینک وغیرہ کی اسکریننگ شامل ہے۔ بینک ٹریڈ ٹرانزیکشنز سے منسلک ایم ایل/ٹی ایف خطرات کے تدارک کیلئے معروف ٹیکنالوجی پر مبنی طریقہ کار کا بھی حامل ہے۔ اسکریننگ کے علاوہ یہ سسٹم دوہرے استعمال کی اشیا کی شناخت اور موجودہ کنٹرول کو مستحکم بنانے کیلئے ویسلز کی ٹریکنگ میں بھی معاونت کرتا ہے۔

علاوہ ازیں ایک وقف کردہ سی ایف ٹی ڈیسک بھی مختص کی گئی ہے جو بینک کے اندر ٹی ایف کے خطرات کو کم کرنے پر خصوصی توجہ دیتی ہے۔ قانون نافذ کرنے والے اداروں (ایل ای اے ایس) سے فراہم کردہ معلومات بھی اس یونٹ کے ذریعے معاونت فراہم کرتی ہیں۔ یو این ایس سی قرار دادوں پر عملدرآمد کے ضمن میں اور بینک کی سرمزمقررہ افراد اور اداروں تک محدود رکھنے کے ضمن میں وقتاً فوقتاً سسٹم کے تمام افعال اور نگرانی کے نظام کو مانیٹر اور اپ گریڈ کیا جاتا ہے۔

ایم ایل/ٹی ایف/ٹی ایف خطرات اور ان کے تدارک پر اسٹاف کی تربیت پر سال بھر خصوصی توجہ مرکوز رکھی گئی، مختلف زبانوں کے ای لرننگ ماڈیولز اسٹاف کی جانب سے مکمل کیے گئے اور مختلف فیس ٹوفیس سیشنز بھی منعقد کیے گئے تاکہ ممبران تازہ ترین خطرات، مشکلات اور اس شعبے میں ہونے والی پیشرفت سے آگاہ رہیں۔

آپ کا بینک بطور ایک فارن فنانشل انسٹی ٹیوٹن (ایف ایف آئی) شراکت کا حامل ہے اور فارن اکاؤنٹس ٹیکس کمپلائنس ایکٹ (FATCA) کی، اس امر کا تعین کرنے کیلئے کہ ممکنہ کلائنٹس امریکی ٹیکس رپورٹنگ ذمہ داریوں کا حامل ہے یا نہیں، ان سے اضافی معلومات اور دستاویزات کے حصول کے ذریعے پوری طرح تعمیل کرتا ہے۔ FATCA ایک امریکی قانون ہے جس کا مقصد امریکی شہریوں اور کمپنیوں کی جانب سے ٹیکس کی عدم ادائیگی کی روک تھام ہے اور جو یکم جولائی 2014ء سے نافذ ہو چکا ہے FATCA قانون کی تعمیل کو یقینی بنانے کے لئے کمپلائنس ڈویژن روابط، تربیت، ڈیولپمنٹ اور FATCA کی ضروریات کی نگرانی جیسی سہولیات فراہم کرتا ہے۔

کامن رپورٹنگ اسٹینڈرڈ (CRS) ایک عالمی معیار ہے جو اقتصادی تعاون و ترقی کی تنظیم (او ای سی ڈی) (کونسل سے منظور شدہ ہے اور حکومت پاکستان ملکی قوانین کے توسط سے انکم ٹیکس آرڈیننس مجریہ 2001ء کے SRO 166(1)/2017 کی روشنی میں اس کی تشریح کرتی ہے۔ بینک CRS قوانین پر عمل پیرا ہے اور اس مقصد کیلئے بینک کے کھاتوں کی جانچ پڑتال کی جاتی ہے تاکہ ان کی ٹیکس ریزیدنسی کے بارے میں فیڈرل بورڈ آف ریونیو کو مزید رپورٹ دی جائے۔

تحقیقی اور امتیازی کوششوں پر خصوصی توجہ کے ساتھ کمپلائنس فنکشن اپنے اسٹاف کی پیشہ ورانہ بہتری و ترقی اور معمولات کی انجام دہی کو مستحکم بنانے کے ذریعے خود کو موثر بناتا رہے گا۔

کنٹرول

ادارے میں مجموعی کنٹرول کلچر خصوصاً رسک کے نقطہ نظر سے نافذ کرنے میں رسک مینجمنٹ فنکشن کی ہر ممکن کوشش شامل ہے۔ مزید برآں انٹرئل کنٹرول (ICU) جو بینک کی رسک مینجمنٹ ٹیم کا حصہ ہے، موثر آپریشنز، قانونی تقاضوں کی تعمیل اور قابل اعتماد مالیاتی رپورٹنگ کو یقینی بنانے کیلئے آپریشنل انٹرئل کنٹرول کے ایک موثر سسٹم کے قیام اور عملدرآمد کا ذمہ دار ہے۔ یہ کوششیں کمپلائنس، فنانس اور رسک مینجمنٹ ڈویژن کے زیر انتظام آپریشن، قانونی ضروریات کی تعمیل اور فنانشل رپورٹنگ میں مجموعی طور پر انٹرئل کنٹرول میں مہارت کا حصہ ہیں۔ بینک کے مجموعی مقاصد کے حصول میں ناکامی کے خطرات کی شناخت اور ان کو کم کرنے کیلئے مینجمنٹ کی طرف سے موزوں سسٹم، پراسس اور کنٹرول رائج کئے گئے ہیں۔

بینک کا تنظیمی ڈھانچہ اور اتھارٹی کے مراحل واضح ہیں اور بینک میں نافذ تمام پراسس بورڈ سے منظور شدہ پالیسیوں اور طریقہ کار کے تابع ہیں۔ موجودہ پالیسیوں اور طریقہ کار کا مستقل بنیادوں پر جائزہ لیا جاتا ہے اور حسب ضرورت وقتاً فوقتاً ان میں بہتری لائی جاتی ہے۔ بورڈ نے مجموعی رسک مینجمنٹ فریم ورک کی نظر ثانی کیلئے ذیلی کمیٹیاں تشکیل دی ہیں جو موزوں گورننس کو یقینی بنانے کیلئے باقاعدگی سے ملتی ہیں۔

ہر پروسس اور فنکشن میں موجود کنٹرول کے وہ تمام پہلو جو پالیسیوں اور طریقہ کار کے تابع ہیں، بینک کے آپریشننگ نظام میں موجود ہیں، اور ان کنٹرول کی تعمیل اور موثر ہونے کی تصدیق غیر جانبدار انٹرئل آڈٹ ڈویژن کرتا ہے جو بورڈ آڈٹ کمیٹی کو بلا واسطہ طور پر جوابدہ ہے۔

اسٹیٹ بینک آف پاکستان کی انٹرئل کنٹرول رہنما ہدایات بینک کی انتظامیہ سے انٹرئل کنٹرول کے موثر ہونے کی جانچ پڑتال کا تقاضہ کرتی ہے۔ مینجمنٹ کو یقین ہے کہ بینک کا موجودہ انٹرئل کنٹرول کا نظام مناسب انداز میں ڈیزائن کیا گیا ہے اور اس پر موثر انداز میں عملدرآمد اور نگرانی کی جاتی ہے۔

فراڈ رسک

بینک فراڈ اور بے ضابطگی کے واقعات کم کرنے کے ضمن میں بھرپور توجہ دینے اور خاتمے کیلئے کوشش کرتا ہے۔ روک تھام، جانچ پڑتال، تحقیقات اور رپورٹنگ کا عمل مستحکم بنانے کی غرض سے ایک فعال پالیسی تیار کی گئی ہے۔ بینک ایک علیحدہ فراڈ رسک مینجمنٹ یونٹ کا حامل ہے جو کہ بورڈ رسک اور کمپلائنس کمیٹی (BR&CC) کی نگرانی اور تعاون سے بینک کے فراڈ رسک کے موثر انتظام کو یقینی بناتا ہے۔

بینک کے متبادل ڈیپوزیٹری جینٹل کے بڑھتے ہوئے استعمال کے ساتھ ایف آرایم یونٹ ڈیجیٹل بینکنگ ٹرانزیکشن کی نگرانی، عمومی ٹرانزیکشن کے برعکس سرگرمی اور رجحان یا فراڈ کے خطرات کی شناخت کے لئے 24/7 کام کرتا ہے۔ بینک صنعت کے بہترین افعال کو رائج کرنے اور انڈسٹری کے پارٹنرز کے تعاون کے ذریعے اپنے کسٹمرز کو کسی دھوکہ دہی کی سرگرمی سے بچانے کی بھرپور کوشش کرتا ہے۔

بزنس کنٹریوٹی رسک

بینک مستقل طور پر ایک موثر کاروباری تسلسل کے فریم ورک کے ذریعے اپنے آپریشن اور کارکردگی کو بہتر بنانے پر کام کرتا رہتا ہے۔ کسی بھی تباہ کن صورتحال کا سامنا کرنے کے لئے یہ فریم ورک رسک اور اس کے اثرات کے جامع جائزہ کی بنیاد پر تیار کردہ پالیسی اور پلان بشمول مفصل کردار، ذمہ داریاں اور ایکشن پلان پر مشتمل ہے۔ یہ ریگولیٹری فریم ورک اور صنعت کی بہترین پریکٹس پر عمل کرتا ہے اور باقاعدہ جائزے اور آڈٹس سے مشروط ہے۔ عملدرآمد کے نقطہ نظر سے ایک کرائس مینجمنٹ ٹیم سینئر انتظامیہ کی جانب سے تشکیل دی گئی ہے جو کسی بھی خطرناک صورتحال درپیش آنے پر معاملات کی نگرانی اور فیصلہ کرتی ہے۔

کسی بنگامی صورتحال کے پیش نظر بینک نے اسٹاف کے لئے ملٹی پل بی بی سی نی سائٹس کی تشکیل اور گھر بیٹھے کام کرنے کی سہولت دی ہے۔ ایسی صورتحال میں اسٹاف کی تیاری کو یونٹنگ، آگاہی اور جانچ پڑتال کی کوششوں کے ذریعے یقینی بنایا گیا ہے۔ یہ تمام تر کوششیں اس مقصد کے لئے کی گئی ہیں کہ کسی ادارے میں آپریشن کا تسلسل اور خدمات کی بلا تعلق فراہمی ترتیبی بنیاد پر ہو۔

انفارمیشن سکیورٹی رسک

انفارمیشن سکیورٹی ڈیپارٹمنٹ (آئی ایس ڈی) بینک کے رسک مینجمنٹ ڈویژن کا ایک حصہ ہے اور بینک کے انفارمیشن سسٹم کے دفاع کی دوسری صف کے طور پر کارفرما رہتا ہے۔ ہمارے صارفین کو سروسز کی فراہمی میں ٹیکنالوجی کے بڑھتے ہوئے استعمال کے ساتھ انفارمیشن سکیورٹی ڈیپارٹمنٹ کا مقصد صارف کی مالیاتی و ذاتی معلومات اور اس کی سالمیت کے تحفظ کو یقینی بناتے ہوئے انفارمیشن سکیورٹی رسک کو کم کرنا ہے۔ بینک کے خطرات کی حدود میں رہتے ہوئے انفارمیشن اور ٹیکنالوجی کے خطرات پر قابو پانے کے حتمی ہدف کے پیش نظر انفارمیشن ٹیکنالوجی ڈیپارٹمنٹ مختلف سرگرمیوں مثلاً خطرات کی جانچ، جائزہ، تشخیص و مانیٹرنگ انجام دیتا ہے۔ یہ انفارمیشن سکیورٹی کے خطرات اور ان کے تدارک کو سمجھنے اور آگاہی کی سطح کو بڑھانے کیلئے بھی سرگرم ہے۔

کمپلائنس

آپ کے بینک نے سال کے دوران اپنے نیٹ ورک پر مکمل نگرانی کو مستحکم رکھا جس میں شامل اپنے صارفین کو پہچاننے (کے وائی سی/ اینٹی منی لانڈرنگ (اے ایم ایل)/ دہشت گردی کیلئے سرمایہ سی ایف ٹی/ کو میٹنگ اور لافیشن فنانسنگ (سی پی ایف) اور ریگولیٹری کمپلائنس کی آگاہی شامل ہے۔ کمپلائنس یونٹ نے کمپلائنس اور ریگولیٹری امور پر انتظامیہ اور اسٹاف کو سپورٹ اور مشاورت فراہم کی۔ تمام نئی پالیسیاں اور طریقہ ہائے کار، اقدامات، پروڈکٹس، سروسز، کاروباری طریقہ ہائے کار وغیرہ کا کمپلائنس اے ایم ایل/ سی ایف ٹی/ سی پی ایف کے نظریے سے جائزہ اور ریگولیٹری حکام کے ساتھ تعلقات کا قائم رکھنا اس یونٹ کے فرائض میں شامل ہے۔ ایک خود کار کمپلائنس رسک مینجمنٹ (سی آر ایم) سسٹم بھی نافذ العمل ہے جس میں ایک ریگولیٹری لائبریری تشکیل دی گئی ہے جس میں اسٹیٹ بینک آف پاکستان اور دیگر متعلقہ ریگولیٹری حکام کی جانب سے جاری کردہ سرکلر شامل ہیں۔ اس کے علاوہ اسٹیٹ بینک آف پاکستان اور اس کی آن سائٹ انسپکشن ٹیموں کے ساتھ سہولت کاری اور روابط اس یونٹ کے ذریعے کلیدی کردار ادا کرتے ہیں اور اسٹیٹ بینک آف پاکستان انسپکشن کے ہر طریقہ کار کو یقینی بناتے ہیں۔

انتہائی چیلنجنگ اور متقاضی عالمی اے ایم ایل/ سی ایف ٹی انوائزمنٹ کے ساتھ بینک کا فاضل کرائسٹو کمپلائنس فنکشن بینک میں مکمل طور پر کمپلائنس کے اعلیٰ ترین معیار کے نفاذ اور ان اسٹینڈرڈز کو انتظامیہ اور ملازمین کیلئے یقینی بنانے کیلئے پر عزم ہے۔ بینک ایک AML/CFT/CP تصور کے ساتھ اپنے ذیلی اداروں کی نگرانی بھی جاری رکھتا ہے۔

بینک کا جدید ترین ٹرانزیکشن مانیٹرنگ سسٹم (ٹی ایم ایس) منی لانڈرنگ کی ان سرگرمیوں کی مانیٹرنگ میں مدد دیتا ہے جن کا تعلق بینک جھٹلو، پروڈکٹس اور خدمات کے ذریعے منی لانڈرنگ (ایم ایل) اور دہشت گردی کے لئے سرمایہ (ٹی ایف) سے ہو سکتا ہے۔ ٹی ایم ایس غیر معمولی مشکوک کی نگرانی اور اس میں موجود دیگر نوعیتی اے ایم ایل/ سی ایف ٹی صورت حال کے ذریعے بینک کے سسٹم میں ٹرانزیکشنز کی مختلف سرگرمیوں کا جائزہ لیتا ہے۔ علاوہ ازیں بینک ایک مضبوط کسٹمر ڈیوٹی ٹیم (سی ڈی ڈی) پر اس کا حامل ہے جو کہ ہر ایک صارف کا پروفائل/ دستاویزات کو اپ ڈیٹ کرنے اور ریگولیٹری ضروریات کے مطابق جامع سی ڈی ڈی کی انجام دہی کی اجازت دیتا ہے۔ بینک باقاعدگی کے ساتھ مشکوک ٹرانزیکشن رپورٹس (STRs) اور کرسی ٹرانزیکشن رپورٹس (CTRs) فاضل مانیٹرنگ یونٹ (FMU) کو goAML پورٹل کے ذریعے رپورٹس کرتا ہے۔

کریڈٹ رسک

حبیب میٹرو پروڈکٹ، جغرافیہ، صنعت اور صارفین کی مختلف اقسام کے ذریعے کریڈٹ رسک کو کنٹرول کرنے کی حکمت عملی پر کاربند ہے۔ بینک، ایک بڑا حصہ مختصر مدتی اور سیلف لیکویڈیٹنگ میں رکھتے ہوئے، تجارت اور ورکنگ کیپٹل فنانسنگ کو توسیع دے رہا ہے۔ بینک کے کریڈٹ پورٹ فولیو کا ایک بڑا حصہ KIBOR کو بطور ایک حوالہ استعمال کرتے ہوئے فلوئنگ ریٹ کی بنیاد پر نرخ شدہ ہے جو شرح سود کے خطرات کو کم کرتا ہے۔ کریڈٹ کی توسیع میں شامل خطرات کا امکان کریڈٹ گرانٹ کرنے کے مضبوط طریقہ ہائے کار کے ذریعے مزید کم ہو جاتا ہے جو مناسب جانچ پڑتال، مناسب سکیورٹی اور جاری بنیادوں پر ایکسپوژرز کی مانیٹرنگ کو یقینی بنانے کیلئے تشکیل دیا گیا ہے۔ ان تمام اقدامات میں مرکزی ٹریڈ پروسیجرنگ اور کریڈٹ ایڈمنسٹریشن کے ذریعے مزید اضافہ ہوتا ہے۔

حبیب میٹرو IFRS-9 اسٹینڈرڈ پر عمل درآمد کے مراحل میں ہے۔ IFRS-9 اسٹینڈرڈ IAS 39، جو کہ مالیاتی انسٹرومنٹس کی پہچان اور پیمائش پر مشتمل ہے، کی جگہ نافذ ہوا ہے۔ اس اسٹینڈرڈ میں مالیاتی انسٹرومنٹس کی نظر ثانی شدہ درجہ بندی اور پیمائش کے معیار، قرضہ جات پر تخمینی خسارے کا ماڈل اور جرنل بیج اکاؤنٹنگ کی ضروریات شامل ہیں۔ یہ اسٹینڈرڈ IAS 39 کے مطابق مالیاتی انسٹرومنٹس کی شمولیت اور اخراج پر بھی رہنمائی فراہم کرتا ہے۔ بینک اس اسٹینڈرڈ کے نفاذ میں اسٹیٹ بینک کی جانب سے وقتاً فوقتاً جاری کردہ ٹائم لائن پر عمل پیرا ہے۔

مارکیٹ/لیکویڈیٹی رسک

خصوصی طور پر تشکیل دیے گئے مارکیٹ لیکویڈیٹی رسک پونٹ کا کردار ایک منظم طریقے سے شرح سود، ایکویٹی، کرنسی یا غیر ملکی زرمبادلہ اور مالیاتی اداروں (ایف آئی) کی صورت میں مالیاتی خطرات کے اثرات اور ان کی حدود سے متعلق معاملات کی شناخت، جانچ، نگرانی اور رپورٹ دینا ہے۔ ان تمام خطرات کی مانیٹرنگ کو بورڈ کی منظور شدہ مارکیٹ و لیکویڈیٹی رسک مینجمنٹ پالیسی کے مطابق یقینی بنایا جاتا ہے۔ اثاثہ جات اور مالیاتی انتظامی کمپنی باقاعدہ ایک طے شدہ مدت کے دوران اقتصادی کاروباری ماحول کا جائزہ لیتی ہے اور فارن ایکسچینج، منی مارکیٹ اور ایکویٹی کیلئے حدود کے ساتھ ایکسپوژر کی سطح پر سفارشات پیش کرتی ہے، یہ حکمت عملی رسک، لیکویڈیٹی اور منافع جات میں توازن سے متعلق ہوتی ہے۔ مزید برآں بورڈ کی منظور شدہ انویسٹمنٹ پالیسی دیگر پہلوؤں کے ساتھ اثاثہ جات مختص کرنے اور آپریٹنگ گائیڈ لائنز پر توجہ پر زور دیتی ہے۔

اسٹریٹجک ٹیسٹنگ

بینک موثر طور پر اسٹریٹجک ٹیسٹنگ کے طریقے کو پورے ادارے میں رسک کی موجودگی اور پورٹ فولیو کی قدر و قیمت میں تبدیلی کا جائزہ لینے کیلئے اس وقت استعمال کئے جاتے ہیں جب مختلف نوعیت کے خطرات ظاہر ہوتے ہیں۔ شرح سود، کریڈٹ، ایکویٹی پرائس، شرح مبادلہ اور لیکویڈیٹی وہ عناصر ہیں جو اسٹریٹجک ٹیسٹنگ کے ماڈل میں استعمال ہوتے ہیں۔ بینک کا اسٹریٹجک ٹیسٹنگ کا طریقہ ہائے کار اسٹیٹ بینک آف پاکستان کی رہنمادایات پر عملدرآمد کو بھی یقینی بناتا ہے۔

کیپٹل مینجمنٹ

بینک نے بازل ریگولیٹری تجویز کے مطابق ریگولیٹری جانب سے وقتاً فوقتاً جاری کردہ ہدایات اور مقرر کردہ حد سے زائد کیپٹل ایڈیکوئیٹی رکھا ہے۔ بینک کے پاس بورڈ سے منظور شدہ انٹرئل کیپٹل ایڈیکوئیٹی اسسٹمنٹ پر ویس اور رسک ایڈجسٹمنٹ بھی موجود ہے۔ انٹرئل کیپٹل ایڈیکوئیٹی اسسٹمنٹ کا پروسیجر (آئی سی اے اے پی) انتہائی واضح ہے اور سالانہ بنیاد پر اس کا جائزہ/اپ ڈیٹ کیا جاتا ہے۔

آپریٹنگ رسک

بینک کی سرگرمیوں کے تمام تر پہلوؤں میں آپریٹنگ خطرات موجود ہوتے ہیں جو بینک کو مالیاتی اور/یا اس کی ساکھ سے متعلق بڑے نقصانات سے دوچار کر سکتے ہیں۔ وقوع پذیر ہونے سے پہلے خطرات کی شناخت اور ان کے مدارک کیلئے کنٹرولز کا استحکام ہمیشہ بینک کی ترجیح رہی ہے۔ بینک میں ایک مخصوص آپریٹنگ رسک مینجمنٹ (او آر ایم) پونٹ موجود ہے جو ادارے میں آپریٹنگ رسک فریم ورک تشکیل دینا اور لاگو کرتا ہے۔ او آر ایم پونٹ اس سلسلے میں مصروف عمل ہے اور باقاعدگی کے ساتھ بینک کے کاروبار/سپورٹ پونٹس کے ساتھ مہلک آپریٹنگ خطرات، نافذ العمل کنٹرولز اور مدارک اور متوقع خطرات کے جائزے اور تعین کیلئے رابطہ میں رہتا ہے۔ اس کے نتیجے میں کنٹرول انفراسٹرکچر کا معیار بلند اور تمام تر افعال اور انتظامی معلومات کو استحکام فراہم ہوتا ہے۔

بینک آپریٹنگ رسک کو ترجیح بڑھانے اور اسے دیگر خطرات کی درجہ بندی (مارکیٹ، کریڈٹ رسک، کمپلائنس اور قانونی خطرات) کے ساتھ ایک جامع اپروچ کے تحت مربوط بنانے کے لئے پُر عزم ہے تاکہ کام کا شاندار ماحول بشمول خطرات سے نمٹنے کے لئے ایک منظم صورتحال کو برقرار رکھا جاسکے۔ بینک کے آپریٹنگ رسک مینجمنٹ انفراسٹرکچر کو مزید مستحکم کرنے کیلئے علیحدہ آپریٹنگ رسک اینڈ کنٹرول کمیٹی (او آر سی) تشکیل دی گئی ہے۔

۷۔ کوڈ آف کارپوریٹ گورننس کے بہترین پریکٹس (طریقہ ہائے کار) جو کہ لسٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء میں مفصل طور پر درج ہیں سے کوئی رُوگردانی نہیں کی گئی ہے۔

۸۔ بینک کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا برائے گزشتہ 6 سال درج ذیل ہے:

2017	2018	2019	2020	2021	2022	
40,498	37,002	44,238	57,648	62,975	74,507	شیئرز ہولڈرز کی ایکویٹی
10,478	10,478	10,478	10,478	10,478	10,478	اداشدہ سرمایہ
660,666	673,396	859,771	1,017,572	1,224,416	1,397,444	مجموعی اثاثہ جات
508,104	543,578	611,869	680,956	772,286	880,697	ڈپازٹس
174,319	226,690	263,948	312,167	398,382	433,503	ایڈوانسز
396,637	346,666	448,910	584,532	667,996	723,579	سرمایہ کاریاں
9,129	10,074	11,238	20,037	21,541	27,617	منافع قبل از ٹیکس
5,509	6,161	6,583	12,008	13,459	14,261	منافع بعد از ٹیکس
5.26	5.88	6.28	11.46	12.84	13.61	آمدنی فی حصص (روپے)
30	20	25	25	30	32.5	نقد منافع منقسمہ (فیصد)۔ حتمی
-	-	-	20	20	20	عبوری
4,719	4,841	4,192	5,603	6,410	6,915	عملی کی تعداد
320	352	392	406	459	500	برانچوں/ذیلی برانچوں کی تعداد

پراویڈنٹ فنڈ اور گریجویٹ اسکیم کی سرمایہ کاریوں کی قدر و قیمت درج ذیل ہے:

- پراویڈنٹ فنڈ 5,495.26 ملین روپے برطانیہ 31 دسمبر 2022ء

- گریجویٹ فنڈ 2,151.61 ملین روپے برطانیہ 31 دسمبر 2022ء

رиск مینجمنٹ

رиск مینجمنٹ فریم ورک پر بیان

حیب میٹرو، نظام کی پیچیدگی، حجم اور نارگٹ مارکیٹ کی بنیاد پر ایک متحرک اور فعال و موثر رиск مینجمنٹ فریم ورک کا حامل ہے۔ حیب میٹرو کے فلسفے، حکمت عملی اور انتظامی ڈھانچے میں خطرات کے پہلو پر غور کرنا شامل ہے۔ بینک کریڈٹ، آپریشنز، انفارمیشن، تسلسل، لیکویڈیٹی اور مارکیٹ رиск کیلئے منظم اپروچ اور منظم کنٹرول کے ایک مربوط و منظم رиск مینجمنٹ اسٹرکچر کا حامل ہے۔

فریم ورک بینک کے تمام شعبوں میں خطرات کے جامع انتظام کو یقینی بناتا ہے، یہ بینک کی تمام سطحوں اور مراحل پر اسٹرٹیجک، موزوں طریقہ کار اور آپریشنل سطحوں پر خطرات کے انتظام کے ساتھ ایک کردار کا حامل ہے۔ یہ ریگولیٹری نیز اندرونی خطرات پر رد عمل کے لئے مناسب گنجائش اور پلگ سے آراستہ ہے۔

بینک کا مکمل برانچ نیٹ ورک آن لائن اور جدید ترین پروسیجرنگ سسٹم محفوظ اور مناسب گنجائش کا حامل ہے۔ بینک کے نظام اور ادارے میں فرانٹس کی تقسیم بطور کنٹرول موجود ہے۔ کنٹرول سسٹم کی جانچ پڑتال کیلئے انٹرل آڈٹ ڈویژن، بینک کی برانچوں اور دیگر امور کا آزاد اور خطرات پر مبنی جائزہ لینا اور توثیق کرتا ہے۔ مینجمنٹ کیلئے رиск کنٹرول کی مناسبت سے جامع اندرونی رپورٹ اور مینجمنٹ انفارمیشن سسٹم بطور اضافی سہولیات مہیا کیا گیا ہے۔ رиск مینجمنٹ ڈویژن ماہر اور تجربے کار پیشہ ور افراد پر مشتمل ہے جو بینک میں موجود خطرات سے نمٹنے کی معلومات اور صلاحیت کے حامل ہیں۔

بینک کا بورڈ آف ڈائریکٹرز بشمول بورڈ رиск و کمپلائنس کمیٹی، سینئرل مینجمنٹ کمیٹی اور آپریشنل رиск و کمپلائنس کمیٹی بینک کی حکمت عملی (اسٹرٹیجی)، کاوشوں اور رиск مینجمنٹ سے متعلق تمام تر عوامل کی نگرانی کرتے ہیں۔

بورڈ کی ری میونریشن پالیسی

نان۔ ایگزیکٹو ڈائریکٹر بشمول آزاد ڈائریکٹر کی ری میونریشن پالیسی بینک کے شیئر ہولڈرز کی جانب سے 28 ویں سالانہ اجلاس عام بتاریخ 31 مارچ 2020ء میں منظور کی گئی تھی جسے اسٹیٹ بینک آف پاکستان کی رہنماد ایات کے مطابق تیار کیا گیا تھا۔ اس پالیسی کے نمایاں نکات درج ذیل ہیں:

- تمام نان۔ ایگزیکٹو ڈائریکٹر بورڈ کی جانب سے وقتاً فوقتاً متعین کردہ معاوضہ کے حقدار ہوں گے جو انہیں بورڈ اس کی ذیلی کمیٹیوں اور شیئر ہولڈرز کے اجلاسوں میں شرکت بشمول بورڈ کے چیئرمین کے عہدے یا اس کی ذیلی کمیٹیوں کے اجلاس میں شرکت کے ضمن میں ادا کیا جائے گا۔
- پالیسی کے تحت معاوضہ بورڈ کی سفارش پر شیئر ہولڈرز کے قبل از یا بعد از اجلاس کی اجازت کے تحت ہوگا۔
- معاوضوں کا ختم کسی بھی صورت میں اسٹیٹ بینک آف پاکستان کی جانب سے مقرر کردہ حدود سے زائد نہ ہوگا۔
- بینک کے امور سے متعلق اجلاسوں یا تقریبات میں شرکت کے مقاصد کیلئے تمام ڈائریکٹر سفر، بورڈنگ اور لاگت اخراجات بشمول اتفاقی اخراجات کا استحقاق رکھتے ہیں۔
- ڈائریکٹر کے معاوضے کے سلسلے میں معلومات مالیاتی اسٹیٹمنٹ کے نوٹ 37 میں فراہم کی گئی ہیں۔

بورڈ اور بورڈ کمیٹیوں کی تشکیل

بورڈ اور بورڈ کی کمیٹیوں کی موجودہ تشکیل کو لحد کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے اسٹیٹمنٹ آف کمپلائز میں فراہم کر دیا گیا ہے۔

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2022ء کا پیٹرن آف شیئر ہولڈنگ رپورٹ کے ساتھ منسلک ہے۔

بینک، حبیب بینک اے جی زیورخ۔ سوزر لینڈ (ہولڈنگ کمپنی جس کے پاس بینک کے 51 فیصد شیئرز ہیں) جو سوزر لینڈ میں انکوارپریٹڈ ہے، کی ذیلی کمپنی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی تا شیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سبکدوش ہوئے اور اہل ہونے کی حیثیت سے خود کو دوبارہ تقرری کیلئے پیش کیا۔

کوڈ آف کارپوریٹ گورننس کی ہدایات کے مطابق، آڈٹ کمیٹی کی تجویز پر بورڈ نے کے پی ایم جی تا شیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 31 دسمبر 2023ء کو ختم ہونے والے سال کیلئے بینک کے آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے۔

کارپوریٹ و فنانشل رپورٹنگ فریم ورک

- 1۔ بینک کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کے کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلو اور انکویٹی میں تبدیلی کو شفاف انداز میں پیش کیا گیا ہے۔
- 2۔ بینک کی جانب سے حسابات کی باقاعدہ کتب تیار کی گئی ہیں۔
- 3۔ موزوں اکاؤنٹنگ پالیسیاں اور تخمینہ جات، مالیاتی حسابات کی تیاری میں تسلسل کے ساتھ لاگو کئے گئے ہیں۔
- 4۔ مالیاتی حسابات کی تیاری میں پاکستان میں نافذ العمل بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے اور ان سے کسی بھی رُوگردانی کو مناسب طور پر ظاہر کیا گیا ہے۔
- 5۔ انٹرنل کنٹرول کا نظام مستحکم طور پر پوزیشن کیا گیا ہے اور موثر طور پر نافذ العمل اور زیر نگرانی رہا ہے۔
- 6۔ بینک کے کاروبار کو جاری رکھنے کی صلاحیت پر کسی قسم کے شبہات نہیں ہیں۔

ذاتی اثرات میں کمی

بینک نے ماحول اور ماحولیاتی آلودگی کے اثرات میں کمی کیلئے اپنے اندرونی آپریشنز اور طریقہ ہائے کار میں توجہ پر اضافہ کیا ہے۔ ماحول اور معاشرے پر منفی اثرات میں بینک نے توانائی کے موثر استعمال کے حل تلاش کئے ہیں جن میں کم توانائی صرف ہونے والی ایل ای ڈیز لائٹس کی تبدیلی، انورٹر کے حامل ایئر کنڈیشننگ یونٹس کی تنصیب اور یو پی ایس وسولر پنل کو آئی ایم کیلئے پرائمری بیک اپس کے طور پر استعمال کرنا شامل ہے۔

کپسٹی بلڈنگ

اپنے اقدامات کے ضمن میں آگاہی، اور اس کی قبولیت کو بڑھانے کیلئے بینک نے اپنی ٹیم کیلئے سیکھنے اور تربیت کے مواقع کا بندوبست کیا۔ یہ انتظام گرین بینکنگ کے تصور کو بہتر طور پر سمجھنے اور کریڈٹ تجاویز کی جانچ کے دوران ماحولیاتی تشخیص، ذاتی اثرات کی کمی کے اقدامات کو رائج کرنے اور کاروباری سہولت میں معاونت کی صلاحیت کا اہل بنانا ہے۔

صارفین کی شکایات

حبیب میٹرو بینک ایک بے عیب کسٹمر سروس فراہم کرنے پر کاربند ہے۔ صارفین کو درپیش مشکلات سے نمٹنے کا موثر طریقہ کار بینک صارفین کی مشکلات کے خلاف دفاع کی پہلی صف کے طور پر کام کرتا ہے۔ یہ طریقہ کار اس امر کو یقینی بناتا ہے کہ موصول ہونے والی تمام شکایات کو منصفانہ، شفاف اور موثر طور پر نمٹایا جائے۔

شکایات درج کرانے اور اس سے نمٹنے کے عمل کے سلسلے کو مزید واضح اور قابل رسائی بنانے کے ضمن میں بینک کے صارفین کو وقتاً فوقتاً شکایات درج کرانے کے طریقہ ہائے کار کے حوالے سے آگاہی ارسال کی جاتی ہیں۔

سال 2022ء کے دوران مجموعی طور پر 41,976 شکایات بینک کو موصول ہوئیں جن کو (حل شدہ شکایات) نمٹانے کا اوسطاً وقت 5.5 ایام تھا (علاوہ فراڈ کی شکایات اور انٹرنیٹ/پی او ایس سے متعلق شکایات) جبکہ مجموعی طور پر شکایات کے تدارک کا اوسطاً دورانیہ 7.9 ایام رہا۔ بینک کسی بھی مرحلے، پروڈکٹس اور خدمات کی فراہمی میں موجود خلاء کی شناخت اور بہتری کے لئے مسلسل طور پر بنیادی و مفصل تجزیے کا اہتمام کرتا ہے۔

کارپوریٹ گورننس

بورڈ کے اجلاس

سال 2022ء کے دوران بورڈ آف ڈائریکٹرز اور اس کی سب کمیٹیوں کے اجلاس اور ہر ایک ڈائریکٹر/کمیٹی ممبر کی جانب سے اس کی شرکت کی تفصیلات درج ذیل ہیں:

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	کریڈٹ کمیٹی	ہیومن ریسورسز و دی مینوفیکچرنگ کمیٹی	ریسک و کمپلائنس کمیٹی	انفارمیشن اینڈ ٹیکنالوجی کمیٹی
جناب محمد علی آر۔ حبیب *	4/4	-	3/3	1/1	-	-
جناب انجم زید۔ اقبال	4/4	4/4	3/3	-	4/4	2/2
جناب فراسٹ علی	4/4	-	-	2/2	4/4	2/2
جناب حمزہ حبیب	4/4	4/4	-	-	-	-
جناب محمد بشیر	4/4	-	-	-	-	-
جناب محمد راجح۔ حبیب	4/4	-	3/3	-	-	-
جناب رشید احمد جعفر	4/4	4/4	-	-	-	-
محترمہ طاہرہ رضا	4/4	-	-	2/2	4/4	-
جناب محسن اے۔ ناتھانی	4/4	-	3/3	1/1	4/4	2/2
منعقدہ اجلاس	4	4	3	2	4	2

* 11 فروری 2022 کو محسن اے۔ ناتھانی کی جگہ محمد علی آر۔ حبیب منتخب ہوئے۔

ڈی ای آئی ہماری بنیادی توجہ کا مرکز ہے اور ہم 16 فیصد خواتین اسٹاف کے ساتھ 2022 کیلئے طے کردہ ہدف عبور کر چکے ہیں۔ ان کوششوں میں خواتین کے افسران ہیچ کی شمولیت، ملک بھر میں خواتین اسٹاف کی رہنمائی کیلئے 30 نامزد کردہ خواتین لیڈرز کے فی میل لیڈر شپ فورم کی تشکیل اور مخصوص خواتین کے ایجنٹ سیشنز شامل ہیں۔ بینک نے ادارے میں اعلیٰ سطح پر خواتین کی نمائندگی بڑھانے کیلئے مواقع فراہم کرنے کے لئے مستحکم کوششیں کرنے کی ہدایت جاری کر دی ہے۔

مزید برآں بینک معذور افراد کو اپنے ساتھ شامل کر کے اور ان کو بحیثیت خود مختار پیشہ ور بنانے کیلئے کام کا جامع ماحول فراہم کر رہا ہے۔

بینک اپنے ہیومن ریسورس کے ذریعے برانچوں کی نمایاں گروتھ میں معاونت اور دیگر اقدامات کا سلسلہ جاری رکھے ہوئے ہے، اس کے نتیجے میں سال کے دوران اسٹاف کا رکرڈنگی اسکیل کے پیمانے پر توجہ کے لئے ساتھ شامل کیا گیا ہے۔

COVID-19 (کورونا وائرس) کے بعد ملازمین کی سیکھنے اور ترقی کی صلاحیت ابھر کر سامنے آئی۔ ذاتی طور پر کلاس روم سیشنز باقاعدہ ایس او پیز کے ساتھ منعقد کئے گئے جبکہ متعدد ورچوئل ٹریننگ اور ای لرننگ ماڈلز بھی اسٹاف کیلئے دستیاب تھے۔

اعتماد اور عزم کے اپنے تسلسل کو قائم رکھتے ہوئے سال کے دوران جو نیز اور درمیانے درجے کے انتظامی گریڈ کیلئے ایک عبوری مہنگائی الاؤنس متعارف کرایا گیا تاکہ معاشی بحران کی صورتحال میں اسٹاف کو مالیاتی ریلیف اور سکون فراہم کیا جائے۔ بینک نے اپنی 30 ویں سالگرہ کی تقریبات کو مناتے ہوئے ایک وقتی خصوصی پولس کا بھی اعلان کیا۔

حبیب میٹرو ملازمت کے یکساں مواقع فراہم کرنے والا آجرا دارہ ہے اور موجودہ مستقبل کے بینکرز کے انتخاب کا حامل ادارہ بننے کے لئے کوشاں ہے۔

کارپوریٹ سماجی ذمہ داریاں

بحیثیت ایک ذمہ دار و فعال کارپوریٹ شہری آپ کا بینک اپنی کارپوریٹ سماجی ذمہ داریوں کو بخوبی سمجھتا اور سماجی اداروں کی معاونت کرتا ہے۔ بینک مختلف سماجی اور فلاحی اقدامات اور سرگرمیوں میں اپنے عمل کی شمولیت کے ذریعے کے بھی سماجی اداروں کے ساتھ بھرپور شراکت کیلئے کوشاں رہتا ہے۔

بینک پسماندہ طبقات کیلئے صحت کی دیکھ بھال، تعلیم اور سماجی بہبود کے ضمن میں بھی تعاون جاری رکھے ہوئے ہے جس میں سیلاب سے متاثرہ افراد کیلئے راشن/خوراک کی تقسیم، میڈیکل کیسپس اور بحالی کے پروجیکٹس پر مشتمل ایک جامع فلڈ ریلیف سرگرمی بھی شامل ہے۔ یہ رضا کارانہ امداد 200.4 ملین روپے مالیت پر مشتمل ہے۔ آپ کے بینک کی سماجی شراکت کے بارے میں تفصیلات اکاؤنٹس کے نوٹس میں دیکھی جاسکتی ہے۔

آپ کا بینک سال 2022ء کے دوران حکومت پاکستان کو 11.4 ملین روپے سے زائد بلا واسطہ (ڈائریکٹ) ٹیکسوں کی مدد میں ادائیگی کے ساتھ ملک کے بڑے ٹیکس دہندگان میں سے ایک رہا۔ مزید برآں بینک نے اپنے نیٹ ورک کے ذریعے تقریباً 22.7 ملین روپے بلواسطہ ٹیکس اور وہولڈنگ انکم ٹیکس کوٹیوں کی مدد میں قومی خزانے کے لئے جمع کئے۔

مزید برآں بینک نے پاکستان کے پوم آزادی 2022 کی تقریبات آئی آئی چندریگر روڈ کے داخلی راستے پر ایچ بی زیڈ مومنٹ (یادگار) کی نقاب کشائی کے ذریعے منائی۔ یہ اقدام کراچی اور ملک کی فاضل اسٹریٹ کی خوبصورتی میں اضافے کے لئے تھا۔

گرین بینکنگ کے اقدامات

حبیب میٹرو ماحولیات، سماجی اور گورننس کے حوالے سے اپنی ذمہ داریوں کو تسلیم کرتا ہے۔ بینک گرتی ہوئی ماحولیاتی اور سماجی صورتحال کے خاتمے کے لئے جاری قومی اور عالمی اقدامات میں اپنا کردار ادا کرنے پر یقین رکھتا ہے۔ ماحولیات، سماجی اور گورننس (ESG) کے پہلو بینک کی حکمت عملی نیز آپریشنل سرگرمیوں کا ایک حصہ بن چکے ہیں۔ بینک اس سلسلے میں ریگولیٹری توقعات اور شرائط سے خود کو ہم آہنگ رکھنے کیلئے بھی کوشاں ہے اور گرین بینکنگ پالیسی پر یقین رکھتے ہوئے درج ذیل حصوں پر عمل کرنے کیلئے کوشاں ہے:

• ماحولیاتی اور سماجی خطرات سے نمٹنے کا انتظام

فنانسنگ پورٹ فولیو میں ماحولیاتی اور سماجی ایکسپوژر کے خاتمے اور انتظامات کے ذریعے ماحولیاتی استحکام کو بہتر بنانے کے لئے حبیب میٹرو کریڈٹ رسک کی جانچ پڑتال کے عمل میں ای ایس جی عوامل کی شمولیت کے مراحل میں ہے۔

• کاروباری سہولت

بینک غیر آلودہ توانائی اور پاکفایت وسائل کے منصوبوں میں سرمایہ کاری کے ذریعے ”گرین مارکیٹ“ کو فروغ دینے کے لئے کوشاں ہے۔ بینک گرین پورٹ فولیو میں اضافے کے لئے اسٹیٹ بینک آف پاکستان کی ریگولیٹری انرجی ریفرنس اسکیم کے ذریعے ریگولیٹری انرجی فنانسنگ سے متعلق کلائنٹس کو راغب کرنے پر زور دے رہا ہے۔

کمٹنٹس

بینک کے مالیاتی سال اور رپورٹ کی تاریخ کے درمیان بینک کی مالیاتی پوزیشن کو متاثر کرنے والی کمٹنٹس میں کوئی نمایاں تبدیلی وقوع پذیر نہیں ہوئی۔

کریڈٹ ریٹنگ

بینک نے طویل مدت کیلئے AA+ (ڈبل اے پلس) کی ریٹنگ اور مختصر مدت کیلئے A1+ (ایون پلس) کی ریٹنگ برقرار رکھی۔ یہ ریٹنگز کریڈٹ کے اعلیٰ معیار، کریڈٹ رسک کے بہت کم امکان اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت ظاہر کرتی ہے۔

صارفین تک اضافی رسائی

حبیب میٹرو نے 2022ء میں مزید 41 نئی برانچوں کا اضافہ کر کے اپنی رسائی کو وسعت دی۔ 28 نئے شہروں کے اضافے کے ساتھ بینک نے پاکستان بھر کے 194 شہروں میں 500 برانچوں کے ساتھ اپنے دائرہ کار کو وسیع کیا۔

حبیب میٹرو 100 سے زائد ممالک میں مستحکم بینکوں کے ساتھ تعلقات رکھتا ہے اور متعدد دیگر بینکوں سے باقاعدہ کریڈٹ لائنز کا بھی حامل ہے۔ حبیب میٹرو پورے ملک میں اپنے صارفین کو جامع بینکاری کی خدمات پیش کرتا ہے یہ پروڈکٹس بشمول خصوصی تجارتی مالیاتی پروڈکٹس، ان میں خصوصی ٹریڈ فنانس پروڈکٹس شامل ہیں اس کے ساتھ پروڈکٹس اور سروسز مثلاً محفوظ SMS اور ویب و موبائل بینکنگ سروسز، عالمی سطح پر قابل قبول ویزا ڈیبٹ کارڈ اور ملک گیر 500 سے زیادہ ATM میٹ ورک بھی اس کا حصہ ہیں۔

آپ کے بینک کی ذیلی کمپنی حبیب میٹرو پولیٹن فنانشل سروسز باسہولت اور قابل اعتماد ایکویٹی بروکرینج اور کسٹڈی خدمات فراہم کرتی ہے۔ مزید برآں حبیب میٹرو پولیٹن مضاربہ منجمنٹ بذریعہ فرسٹ حبیب مضاربہ، اسلامی مالیاتی حل تک رسائی فراہم کرتا ہے۔

ڈیجیٹلری جھنڈو

2022ء ڈیجیٹل جدت طرازی اور حبیب میٹرو بینک کے قابل قدر اور معزز صارفین کیلئے نئی پیشکشوں کا سال رہا۔ بینک نے دوائنڈسٹری فرسٹ ڈیبٹ کارڈز، ہائی۔ میٹ ورتھ صارفین کیلئے ویزا میٹل ڈیبٹ کارڈ اور برنس کیلئے ویزا برنس ڈیبٹ کارڈ متعارف کرائے۔ اس کے علاوہ خواتین کیلئے ایک خصوصی ڈیبٹ کارڈ بھی خواتین کی مرکزی پیشکشوں اور رعایتوں کو مد نظر رکھتے ہوئے متعارف کرایا گیا۔

بینک نے نئی انشامو ہائل ایپ کو بہتر فچر کے ساتھ متعارف کرایا۔ متعدد اضافی خصوصیات اور صارفین کی بہتری کیلئے ہمارا انشامو ہائل ایپ اب بینکاری صنعت میں دوسری بہترین ایپ ہے۔ ایپ نے 200 ہزار صارفین تک رسائی کے ساتھ ٹرانزیکشنز میں 110 فیصد گروتھ بھی ظاہر کی ہے۔

2021 میں حبیب میٹرو کا نیٹ ورک ایپلیکیشنز کا میاب نفاذ کے بعد کنٹیکٹل جھنڈو سے 0.4 ملین ٹرانزیکشنز کر رہا ہے۔ مزید برآں ہمارا رابطہ سینٹر صارفین کیلئے تیز ترین چٹ پوائنٹ بن چکا ہے اور 2022 میں 1.2 ملین کانٹریکٹس کی گئیں۔

صارفین کے تجربات کو مد نظر رکھتے ہوئے ایف ایف ایف کی خصوصی خدمات میں اضافہ کیا گیا اور بصارت سے عاری/ناپیدا صارفین کیلئے بولنے والے ایف ایف ایف بھی شامل کیے، اس کے ساتھ نئے جدید ترین ایف ایف ایف بھی ہمارے نیٹ ورک کا حصہ بنے ہیں جس کے بعد ہمارے ایف ایف ایف فلیٹ کی تعداد 525 ہو گئی۔ مزید برآں وائس ایپ بینکنگ کا بھی صارفین کی سہولت کیلئے 13 سے زائد سہولتوں کے ساتھ شروع کیا گیا۔

زیر جائزہ مدت کے دوران حبیب میٹرو کی انشامو ہائل ایپ اور انٹرنیٹ بینکنگ سے 221 ملین روپے مالیت کی 6.3 ملین سے زائد ٹرانزیکشنز کی گئیں۔ ڈیبٹ کارڈ کا استعمال بڑھتی ہوئی مارکیٹ کی پہنچ، شاندار ڈیجیٹل پائرنشپ اور صارفین تک رسائی کی کمپنیں کے ذریعے 15.8 بلین روپے تک پہنچ گیا۔

افراد و وسائل

حبیب میٹرو مستقل طور پر جدت طرازی، ایکویٹی اور اپنی افرادی قوت (ڈی ای آئی) میں اضافے کیلئے نمایاں پیش رفت کا مظاہرہ کر رہا ہے۔ جس کا نتیجہ ہم یقین رکھتے ہیں کہ حبیب میٹرو مستعد کارکردگی اور خوشحالی کے لئے سازگار ماحول فراہم کرے گا۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

عزیز شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت کے ساتھ 31 دسمبر 2022ء کو ختم ہونے والے مالی سال کیلئے حبیب میٹرو پولیٹن بینک لمیٹڈ (حبیب میٹرو) کے سالانہ مالیاتی حسابات پیش کر رہے ہیں۔

اقتصادی اور بینکاری کا جائزہ

زیر جائزہ سال کے دوران پاکستان کو افراط زر کے دباؤ اور کرنٹ اکاؤنٹ خسارے کے ساتھ اقتصادی سرگرمیوں میں سست روی کا سامنا رہا۔

2022ء کے پورے سال کے دوران افراط زر کی شرح بلند رہی، تاہم سال کے آخری دو ماہ میں کچھ بہتری کے آثار دکھائی دیے اور سال بہ سال کا اختتام 24.5 فیصد پر ہوا جو 2022ء میں اکتوبر کے دوران اس کے مقابلے میں سال بہ سال کے لحاظ سے 26.6 فیصد پر تھا، اشیائے خورد و نوش کا مہنگا ہونا افراط زر کے تیزی سے بڑھتے ہوئے دباؤ کی مرکزی وجہ بنا جو 2023ء کی پہلی سہ ماہی سے بڑھنا شروع ہو گئے تھے۔

بیرونی شعبہ مستقل چیلنجز کے دور سے گزر رہا ہے۔ حوصلہ افزاء پالیسی اور درآمدات میں 18.2 فیصد کمی کے باعث کرنٹ اکاؤنٹ خسارے میں 58 فیصد کمی ہوئی جو کہ مالیاتی سال کی پہلی ششماہی میں 3.7 بلین امریکی ڈالر رہا۔ اس کے باوجود فنانشل ان فلو ز میں کمی اور قرضہ جات کی بڑھتی ہوئی ادائیگی کے باعث زرمبادلہ کے ذخائر میں کمی ہوئی۔ اس دوران برآمدات اور ترسیلات زر میں کمی نے امپورٹ میں کمی کے اثر کو جزوی طور پر زائل کیا۔ مزید برآں زر جائزہ مدت میں پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں 27.1 فیصد کمی ہوئی۔ مالی سال 2022ء کی پہلی ششماہی میں ایف بی آئی کی گیس وصولیاں 17 فیصد سالانہ بڑھتیں، جو بجٹ میں گروتھ کے اندازے سے سست روی کا شکار نظر آئیں۔

آئی ایم ایف کے مطابق پاکستان کو بیرونی قرضوں کی واپس ادائیگی کے ضمن میں تین سالوں (مالی سال 2023-2025) کے دوران 73 بلین امریکی ڈالر کی ادائیگیاں کرنی ہیں، جبکہ اس کے مقابلے میں زرمبادلہ کے موجودہ ذخائر لگ بھگ 3 بلین امریکی ڈالر ہیں۔ مالیاتی سال 2023ء کے 7 ماہ میں پاکستان نے 15 بلین امریکی ڈالر کا قرضہ منگایا تھا جس میں سے 9 بلین امریکی ڈالر ادا کیے گئے اور 6 بلین امریکی ڈالر کے قرض کی تجدید کی گئی۔ مالیاتی سال 2023ء کے باقی ماندہ مہینوں (فروری تا جون 2023ء) میں پاکستان کو 8 بلین امریکی ڈالر کی ادائیگی کرنی ہے جس میں سے ممکنہ طور پر 3 بلین امریکی ڈالر کے قرض کی تجدید کا امکان ہے جبکہ اس رقم کے 2.2 بلین امریکی ڈالر باہمی/تجارتی قرضوں سے متعلق ہیں جن کو بعد از آں ری فننس کر دیا جائے گا۔ اس صورتحال میں آئی ایم ایف کی توسیع شدہ فنانسنگ سہولت (ای ایف ایف) بے یقینی کو کم کرنے اور کثیر لومبیتی اور باہمی ان فلو ز کی رکاوٹ دور کرنے کے لئے اہم ہے۔

سال بہ سال 7.1 فیصد کمی مناسب گروتھ کے ساتھ بینکاری کے شعبے کا ڈپازٹ میں دسمبر 2022ء کے اختتام پر 22.47 ٹریلین روپے رہا، اسی دوران ایڈوانسز 17.4 فیصد بڑھ کر 11.91 ٹریلین روپے پر موجود تھے جبکہ سرمایہ کاریاں 26.8 فیصد بڑھ کر 17.90 ٹریلین روپے پر ریکارڈ کی گئیں۔

اسٹیٹ بینک آف پاکستان (ایس بی پی) نے 2022ء کے دوران پالیسی ریٹ مجموعی طور پر 625 بیس پوائنٹس بڑھا کر 16 فیصد کر دیا (اس کے مقابلے میں 2021ء کے دوران 275 بیس پوائنٹس کم کیا گیا تھا)۔ اپنے تازہ ترین مانیٹری پالیسی بیان میں ایس بی پی نے فیصلہ کیا کہ پالیسی ریٹ کو ملک میں افراط زر کے ماحول میں کمی لانے کے پیش نظر 20 فیصد تک بڑھا دیا جائے۔

سال کے دوران بینک کی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹرو نے 31 دسمبر 2022ء کو ختم ہونے والے سال کیلئے 27,617 ملین روپے کا منافع قبل از ٹیکس ظاہر کیا، اور سال بہ سال کے لحاظ سے 28.2 فیصد اضافہ دیکھا گیا۔ فی شیئر آمدنی بینکنگ سیکٹر پر لاگو ٹیکس ریٹس میں 39 فیصد تا 49 فیصد اضافے کے بعد 13.61 روپے فی شیئر رہی۔

بینک کے خالص انٹرسٹ مارجن 37.6 فیصد تک بڑھ کر 40,611 ملین روپے ہو گیا۔ نان انٹرسٹ آمدنی کا حجم 18.6 فیصد تک بڑھ کر 13,215 ملین روپے ہو گیا۔ فیس اور کمیشن کی آمدنی 14.8 فیصد تک بڑھ کر 7,931 ملین روپے ہو گئی جو اس کے مقابلے میں گزشتہ سال کی اس مدت کے دوران 6,906 ملین روپے تھی۔

اس سال کے دوران سرمایہ کاریاں اور خالص ایڈوانسز بالترتیب 8.3 فیصد اور 8.8 فیصد تک بڑھ کر 723,579 ملین روپے اور 433,503 ملین روپے ہو گئے۔ ڈپازٹس سال 2021ء کے اختتام کی سطح 880,697 ملین روپے سے 14.0 فیصد بڑھ گئے۔ بینک نے مستقل طور پر کم لاگتی ڈپازٹس کو فروغ دینے پر توجہ جاری رکھی ہوئی ہے۔ جس کے نتیجے میں کرنٹ ڈپازٹس سال کے دوران 14.4 فیصد تک بڑھ کر 306,840 ملین روپے ہو گئے، اس کے ساتھ کرنٹ اکاؤنٹ کا تناسب بڑھ کر 34.8 فیصد ہو گیا۔

بینک کی خالص ایکویٹی 18.3 فیصد تک بڑھ کر 74,507 ملین روپے رہی، جس کے نتیجے میں کپٹل ایکویٹی 14.6 فیصد رہا۔

BRANCH NETWORK

Registered Office and Head Office

Ground Floor, HABIBMETRO Head Office,
I.I. Chundrigar Road, Karachi-74200, Pakistan
U.A.N.: (92-21) 111-14-14-14 Fax: (92-21) 32630404-05

HMB Connect: 111-1(HABIB)42242

For information / query: info@habibmetro.com
website: <http://www.habibmetro.com/atm-branch-locator/>

SOUTHERN REGION

KARACHI

Main Branch
Abul Hassan Isphani Road Branch
Aisha Manzil Branch
Alamgir Road Branch
Allama Iqbal Road Branch
Askari - IV Branch - Karachi
Askari V, Malir Cantt. Branch
Baara Market Branch
Bahadurabad Branch
Bahria Town Branch
Baitul Mukkaram Branch
Bilal Chowrangi Branch
Block-L, North Nazimabad
Block-M, North Nazimabad
Block-N, North Nazimabad
Boat Basin Branch
Bohri Bazar Branch
Bombay Bazar Branch
Bukhari Commercial Branch
Business Avenue Branch
Caesars Tower Branch
Ceramic Market Branch
Chandni Chowk Branch
Chartered Accountants Avenue
Branch (Sub Branch of Gizri)
City Court Branch
Civil Lines Branch
Clifton Block 2 Branch
Clifton Branch

Cloth Market Branch
Dalmia Road Branch
Dastagir Branch
Denso Hall Branch
DHA Branch
DHA Phase I Branch
DHA Phase II Branch
DHA Phase IV Branch
DHA Phase VI Branch
DHA Phase VIII Branch
Dhoraji Colony Branch
Eidgah Branch
Falcon Complex Branch
Garden East Branch
Gizri Branch
Gulistan-e-Johar Branch
Gulshan Chowrangi Branch
Gulshan-e-Ali Branch
Gulshan-e-Iqbal 13-C Branch
Gulshan-e-Iqbal Branch
Gulshan-e-Maymar Branch
Hasrat Mohani Road
Hassan Square Branch
HBZ Plaza Branch
Hussainabad Branch
Hyderi Branch
Industrial Area Korangi Branch
Ittehad Branch
Jodia Bazar Branch
Juna Market Branch
Karachi Export Processing Zone
Karimabad Branch

Khalid Bin Walid Road Branch
Khayaban-e-Bukhari Branch
Khayaban-e-Nishat Branch
Khayaban-e-Sehar Branch
Khayaban-e-Shahbaz Branch
Khayaban-e-Tanzeem Branch
Khayaban-e-Ittehad PhVI Branch
Korangi Branch
Kutchi Gali Branch
Landhi Industrial Area Branch
Liaquatabad Branch
M.A. Jinnah Road Branch
Malir Cantt Branch
Malir City Branch
Manghopir Road Branch
Marriot Road Branch
Mereweather Branch
Mission Road Branch
Mithadar Branch
Naval Colony Branch
Nazimabad No. 3 Branch
(Nazimabad)
New Sabzi Mandi Branch
NHS Branch Karachi
NHS Complex Karsaz Branch
Nishtar Road Branch
North Karachi Industrial Area Branch
North Napier Road Branch
North Nazimabad Branch
Nursery Branch
Paper Market Branch
Paposh Nagar Branch

PECHS Block 6 Branch
 Philips Chowrangi Branch
 PIB Colony Branch
 Plaza Square Branch
 Port Qasim Branch
 Preedy Street Branch
 Progressive Plaza Branch
 SITE Branch
 SITE Police Station Branch
 SITE - II Branch
 Saadi Town Branch
 Saba Avenue Branch
 Saddar Branch
 Saeedabad Baldia Branch - KHI
 Safoora Chowrangi Br. Karachi
 Safoora Goth Branch
 Samanabad Gulberg Branch
 Saudabad Branch
 Sehba Akhtar Road Branch
 Shahbaz Priority Branch
 Shahrah-e-Faisal Branch
 Shahrah-e-Liaquat Branch
 Shahrah-e-Quaideen Branch
 Sharfabad Branch
 Shershah Branch
 Shireen Jinnah Colony Branch
 Sindhi Muslim Society Branch
 Soldier Bazar Branch
 South Park Avenue Branch
 Stadium Road Branch
 Star Gate Branch
 Stock Exchange Branch
 Tariq Road Branch
 Textile Plaza Branch
 Timber Market Branch
 Tipu Sultan Road Branch
 University Road Branch
 UP More Branch
 Water Pump Branch
 West Wharf Branch
 Writers Chamber Branch-Karachi
 Zamzama Branch

HYDERABAD

Autobhan Road Br.-Hyderabad
 Hala Naka Branch Hyderabad
 Hyderabad Branch
 Latifabad Branch
 Market Road Branch-Hyderabad
 Qasimabad Branch

OTHER SOUTHERN REGION CITIES

Daharki Branch
 Dhoru Naro Branch
 Ghotki Branch
 Gwadar Branch
 Hub Chowki Branch
 Jacobabad Branch
 Kandhkot Branch
 Khairpur Branch
 Larkana Branch
 Loralai Branch
 M. A. Jinnah Road Quetta
 Mazai Adda Branch
 Military Road Branch, Sukkur
 Mirpurkhas Branch
 Muslim Bagh Branch
 Nawabshah Branch
 Pano Aqil Branch
 Quetta Branch
 Sakrand Branch
 Sanghar Branch
 Shikarpur Branch
 Sirki Road Branch
 Sukkur Branch
 Tandoadam Branch
 Tando Muhammad Khan Branch
 Thatta Branch
 Turbat Branch - Baluchistan
 Umerkot Branch
 Zhob Branch - Baluchistan

NORTHERN REGION

LAHORE

Badami Bagh Branch
 Badian Road Branch
 Baghbanpura Branch
 Bahria Town Branch Lahore
 Bank Square Market Model Town
 Brandreth Road Branch
 Cantt. Branch
 Cavalry Ground Branch
 Circular Road Branch
 D.H.A Phase I Branch Lahore
 Daroghawala Branch
 Davis Road Branch
 DHA Branch Lahore
 DHA Phase IV Branch
 DHA Phase V Branch
 DHA Phase VI Branch
 DHA Phase VIII, Cantt. Branch
 EME Society Branch
 Faisal Town Branch
 Ferozepur Road Branch
 Fruit & Sabzi Market Branch
 Garden Town Branch
 Garhi Shahu Branch
 Gulberg Branch
 Gulshan-e-Ravi Branch
 Hall Road Lahore
 Iqbal Town Branch
 Jail Road Branch
 Johar Town Branch
 Lahore Main Branch
 Lalik Chowk Branch
 Main Boulevard Branch
 Mcleod Road Branch
 Misri Shah Branch
 Model Town Link Road Branch
 Muslim Town Branch Lahore
 Punjab C.H.S. Branch

Raiwind Road Branch
 Ravi Road Branch
 Samanabad Branch
 Shad Bagh (Sub Br Badami Bagh)
 Shadman Branch
 Shahalam Market Branch
 Shahdara Branch
 Shahrah-e-Quaid-e-Azam Branch
 Tajpura Branch
 Thokar Niaz Baig Br. Lahore
 Township Branch
 Urdu Bazar Branch
 Valencia Town Branch
 Wahadat Road Branch
 Walton Road Branch
 WAPDA Town Branch

FAISALABAD

Canal Road Branch-Faisalabad
 Faisalabad Main Branch
 Ghulam Muhammadabad Branch
 Gulberg Branch Faisalabad
 Khurrianwala Branch
 Millat Chowk Branch
 Muridwala Branch
 Peoples Colony Branch
 Sahianwala Branch Faisalabad
 Samanabad Branch
 Sargodha Road Branch
 Samundri Branch
 Satiana Road Branch
 Susan Road Branch
 University of Faisalabad

MULTAN

GhallaMandi Branch
 Gulgash Colony Branch
 Hussain Agahi Branch
 Model Town Branch - Multan
 Multan Main Branch
 Shahrugn-e-Alam Branch

SIALKOT

Bhagowal Branch - Sialkot
 Gohadpur Branch
 Khadim Ali Road
 Kotli Loharan Branch
 Ladhar Branch
 Pasrur Branch - Sialkot
 Pasrur Road Branch
 Sambrial Branch
 Sialkot Cantt. Branch
 Sialkot Main Branch
 Small Industrial Estates Branch

ISLAMABAD

B-17 Branch
 Bahria Town Branch
 Bhara Kahu Branch
 Civic Center Bahria Town
 Diplomatic Enclave Branch-ISB
 DHA-II Branch
 E-11 Branch
 F-6 Markaz Branch
 F-10 Markaz Branch
 F-11 Markaz Branch
 F-8 Markaz Branch
 G - 6 Markaz Branch
 G - 8 Markaz Branch
 G-11 Markaz Branch
 Gulberg Green Br. - Islamabad
 Humak Industrial Area Branch
 I-8 Markaz Branch
 I-10 Markaz Branch
 I-11 Grain Market Br.Islamabad
 Islamabad Main Branch
 Kuri Road Branch - Islamabad
 Markaz F-7 Branch - Islamabad
 Tarnol Branch

RAWALPINDI

Chaklala Scheme III Branch
 Dhamial Camp Branch

Iqbal Road Branch
 Kashmir Road Branch
 Khanna Branch
 Lalazar Branch - Rawalpindi
 Muree Road Branch
 Peshawar Road Branch
 PWD Commercial Area Branch
 Raja Bazar Branch
 Rawalpindi Main Branch
 Shamsabad Branch

GUJRANWALA

DC Colony Branch - Gujranwala
 Gujranwala Branch
 GT Road Aimanabad Morr Branch
 Jinnah Road Dhullay Branch
 Hafizabad Road Br. Gujranwala
 Kangniwala Rd. Br.- Gujranwala
 Mandiala Tegha Branch
 Muhafiz Town Branch
 Qila Deedar Singh Branch
 Satellite Town Br. Gujranwala
 Sheikhpura Road Branch
 Wazirabad Branch Gujranwala

PESHAWAR

Chamkani Branch
 Khyber Bazar Branch
 Patang Chowk Branch - Peshawar
 Peshawar Branch
 Rampura Branch
 Ring Road Branch - Hayatabad
 University Road Branch

AZAD KASHMIR

ArraJattan Branch
 Barnala Branch
 Bhimbar Branch Azad Kashmir
 Mirpur (A.K) Branch
 Muzafarabad Branch
 Pang Peeran Branch
 Pallandri Branch

GILGIT BALTISTAN

Alamdar Chowk Branch, Skardu
Aliabad Branch
Astore Branch
Chillas Branch
Danyore Branch
Gilgit Branch
Jutial Branch
Khaplu Branch
Sikandrabad Branch Nagar
Skardu Branch
Sost Branch

FATA / PATA

Besham Branch
Chakdara Branch - Lower Dir
Chitral Branch
Dargai Branch Malakand
Dassu Branch
Hangu Branch
Khawazakhela Branch
Mingora Branch
Miran Shah Branch
Parachinar Branch
Pattan Branch - Lower Kohistan
Sadda Branch
Sambat Branch - Swat
Swari Bazar Branch, Buner
Totakan Branch
Wazir Dhand Shakas Branch

OTHER NORTHERN REGION CITIES

Abbotabad Cantt. Branch
Abbottabad Branch
Ahmedpur East Branch
Alipur Chatha Branch
Arifwala Branch
Attock Branch
Bahawalpur Branch
Bannu Branch

Bhalwal Branch
Bhikhi Sharif Branch
Burewala Branch
Chak #111 SB Branch
Chakwal Branch
Chak Jhumra Branch
Charsadda Branch
Chenab Nagar - Rabwah
Chichawatni Branch
Chiniot Branch
Circular Road Branch, Narowal
D. I. Khan Branch
D. G. Khan Branch
Depalpur Branch
Dharanwala Branch
Dinga Branch - Gujrat
Do-BurjiMalhiyan Branch
Faizpur Branch Sheikhupura
FaqirWali Branch
Farid Town Branch, Sahiwal
Fateh Jhang Branch Attock
Fazilpur Branch
Ganjanwali Khurd Branch
Ghakhar Mandi Branch
Gojra Branch
Gojra Br. Distt.Mandibahauddin
Gujrat Branch
Hafizabad Branch
Haripur Branch
Hasilpur Branch
Jamkey Cheema Branch-Sialkot
Jauharabad Branch
Jhang Branch
Jagam Branch
Jhelum Branch
KallarSyedan Branch
Kamalia Branch
Kamoke Branch
Kasur Branch
Khalabut Haripur Branch
Kharian City Branch

Khudian Khas Branch - Kasur
Khushab Branch
Kohat Branch
Kot Abdul Malik Branch
Kotla Arab Ali Khan Branch
Kutchery Chowk Branch-Gujrat
Lala Musa Branch
Mailsi Branch
Malakwal Br. Mandibahauddin
MandiBahauddin Branch
Mansehra Branch
Mardan Branch
Marrot Branch
Mateela Branch, Sarghoda
MianChannu Branch
Mianwali Branch
MouzaKachi Jamal Branch
Muslim Bazar Branch
Nankana Sahib Branch
New City Branch-Wah
Oghi Branch
Okara Branch
Pakpattan Branch
Pezu Branch
Phalia Branch
Quaidabad Branch-Sargodha
Rahim Yar Khan Branch
Renala Khurd Branch
Sadiqabad Branch
Sahiwal Branch
Salar Wahan Branch
Sargodha Branch
Sarai Alamgir Branch
Satellite Town Br. Bahawalpur
Satellite Town Branch Sargodha
Shabqadar Branch - Charsadda
Shahkot Branch
Shakargarh Branch - Narowal
Sakhakot Branch
Sheikhupura Branch
Sohawa Branch
Swabi Branch

Tank Branch
Talagang Branch
Toba Tek Singh Branch
Ugoki Branch
Wah Cantt Branch
Yazman Branch
ZahirPir Branch

ISLAMIC BANKING BRANCHES

KARACHI

Alfalah Court Branch
Clifton Branch
Dhorajee Colony Branch
DMCHS-Karachi
Gulzar-e-Hijri Branch
Gulshan-e-Jamal Branch
Jodia Bazar Branch
Khayaban-e-Jami
Korangi Branch
Korangi Township Branch
Naya Nazimabad
Nazimabad No.1-Karachi
North Karachi Branch
Rashid Minhas Road Branch

Shah Faisal Colony - Karachi
Shahbaz Commercial Branch
Shaheed-e-Millat Branch
Shahrah-e-Faisal Branch
SITE Branch

LAHORE

BadamiBagh Branch
Ciruar Road Branch
DHA RAYA - Lahore
Gulberg Branch
Azam Cloth Market Branch
Islamic Banking

OTHER CITIES

Bajour Branch
Batkheela Branch
Battagram Branch
Dhillam Ballagan
Dara Adam Khel
Dir Upper Branch
Gujranwala Branch
Gujrat Branch
Haroonaad Branch
Hayatabad Branch
Hyderabad Branch

Havelian Branch
Islamabad Branch
Kanju Branch
Karkhana Bazar Branch
Khanewal Branch
Kotwali Road-Faisalabad
Machka Branch
Mingora Branch
Multan Branch
Muzaffargarh Branch
Nowshera Branch
Peshawar Branch
Peshawar Cantt.
Qazi Ahmed Branch
Qilla Abdullah Branch
Raiwind City Branch
Rawalakot-Azad Kashmir
Rawalpindi Branch
Sahiwal Branch
Samanabad Faisalabad Branch
Saidu Sharif Branch
Saleh Khana Branch
Sialkot Branch
Timergarah Branch
Usta Muhammad Branch

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-first Annual General Meeting of the shareholders of Habib Metropolitan Bank Ltd. will be held at the ICAP Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi on Thursday, March 30, 2023 at 9.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts, standalone as well as consolidated, of the Bank for the year ended December 31, 2022 together with the Directors' and Auditors' reports thereon.
2. To approve, as recommended by the Board of Directors, final dividend @ 32.5% (Rs. 3.25 per share) in the form of cash for the year ended December 31, 2022, in addition to already paid interim dividend @ 20% (Rs. 2.00 per share) in the form of cash for the year ended December 31, 2022.
3. To elect eight (8) directors as fixed by the Board.
4. To appoint Auditors for the financial year ending December 31, 2023 and fix their remuneration. The present Auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

5. To approve revised remuneration to the directors for attending Board and its Sub-committee meetings.

ANY OTHER BUSINESS

6. To consider any other business with the permission of the Chair.

By Order of the Board

ATHER ALI KHAN
Company Secretary

Karachi: March 9, 2023

NOTES:

1. Election of Directors including statement under Section 166(3) of the Companies Act, 2017:

The number of directors to be elected pursuant to Section 159(1) of the Companies Act, 2017, has been fixed at eight (8). The following are the retiring directors:

Mr. Anjum Z. Iqbal, Mr. Firasat Ali, Mr. Hamza Habib, Mr. Mohomed Bashir, Mr. Mohamedali R. Habib, Mr. Muhammad H. Habib, Mr. Rashid Ahmed Jafer and Ms. Tahira Raza.

Any shareholder desirous to contest the election of Directors shall file the following with the Company Secretary of the Bank at HABIBMETRO Head Office, I.I. Chundrigar Road, Karachi, not later than fourteen days before the day of the above said meeting:

- a) Intention to offer himself / herself for the election in terms of Section 159(3) of the Companies Act, 2017 together with a consent on Form 28.

The candidate should also confirm that he / she is:

- (i) not ineligible to become a director of the Bank under any applicable laws, rules and regulations.

(ii) or his / her spouse is not engaged in the business of brokerage or is a sponsor or director or officer of a corporate brokerage house and / or exchange company.

(iii) not serving as a director in more than seven listed companies.

b) FPT documents as communicated in CGRF by SBP along with other documents as outlined in the standard operating procedures in respect of onboarding assessment for directors.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017. They shall meet the criteria laid down under Section 166 of the Companies Act, 2017, the Companies (Manner and Selection of Independent Directors) Regulations, 2018 and the Corporate Governance Regulatory Framework (CGRF) dated November 22, 2021 issued by the State Bank of Pakistan (SBP).

A detailed profile of the candidate including his/her office address (the same shall be placed on the Bank's website as per requirements of SECP's notification S.R.O.1196 (I)/2019 dated 3 October 2019).

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, minority shareholders, will be facilitated to contest the election.

2. Online Facility for attending Annual General Meeting

The Bank has made necessary arrangements for shareholders to attend the AGM physically and virtually, therefore, those shareholders that wish to attend the AGM proceedings virtually are requested to get their particulars registered with the Company Secretary by providing the following information through email at agm@habibmetro.com and/or WhatsApp # +92-301-1177809 by 5.00 pm on March 27, 2023 (Monday):

S.No.	Name of the Shareholder	CNIC / Passport #	Folio / CDC #	Cell Number	Email Address

Link to electronic connectivity will only be sent to the registered shareholders. The login facility will be opened at 8.45 a.m. on March 30, 2023 enabling the shareholders to join the proceedings.

- A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend the meeting and vote for him/her. Proxy form is enclosed with the Annual Report. A proxy must be a shareholder of the Bank. In order to be effective, proxies must be received at the Registered Office of the Bank, duly stamped, signed and witnessed, not less than 48 (forty-eight) hours before the meeting.
- CDC account holders and sub-account holders are required to bring with them their original National Identity Card or Passport along with the participants ID numbers and their account numbers in order to facilitate identification. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee is also required.
- Shareholders are requested to notify the change of addresses to the Share Registrar, at the below address:

CDC Share Registrar Services Limited

CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 (Pakistan)

Tel: 0800-23275, Fax No. (92-21) 34326053, Email: info@cdcsrsl.com, URL: www.cdcsrsl.com

- The share transfer book of the Bank will remain closed from March 23, 2023 to March 30, 2023 (both days inclusive).

7. Bank Account Details for Payment of Cash Dividend

In accordance with the Section 242 of the Companies Act, 2017, any cash dividend shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Therefore, please provide the following information to the Bank's Share Registrar (in case of physical shareholders); or CDC Participant (in case of shareholding in book-entry form) along with a copy of your valid CNIC:

Details of shareholder	
Name of shareholder	
Folio / CDS account no.	
CNIC no.	
Cell number of shareholder	
Landline number of shareholder, if any	
Email address (Mandatory)	
Details of bank account	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	PK _____ (24 digits)
Bank's name	
Branch name	
Branch address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.	
_____ Signature of shareholder	

8. Mandatory Submission of CNIC

Pursuant to the directives of the Securities & Exchange Commission of Pakistan (SECP), shareholders having shares in physical form are requested to submit a copy of their valid CNIC (if not already provided) to the Bank's Share Registrar without any delay.

9. Deduction of Withholding Tax from Dividend

The Government of Pakistan through Finance Act, 2020 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- (a) For filers of income tax returns: 15%
- (b) For non-filers of income tax returns: 30%

To enable the Bank to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all shareholders whose names are not entered in the Active Tax-Payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL at the earliest possible (as and when declared) otherwise tax on their cash dividend will be deducted @ 30%.

For shareholders holding their shares jointly as per the clarification issued by the FBR withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them follows:

Folio / CDC account no.	Total shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC no.	Shareholding proportion (no. of shares)	Name and CNIC no.	Shareholding proportion (no. of shares)

In case of non-receipt of above information, the shareholding will be divided among the joint-holders equally.

10. Unclaimed Shares and Dividends:

As per the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividends declared by the Bank, which remain unclaimed or unpaid for a period of three years from the date they became due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Act. In compliance of the above, the Bank has already sent individual letters to the concerned shareholders requesting them to claim their outstanding cash dividends and/or bonus shares. In this respect and for facilitation of the shareholders, the details of unclaimed shares and dividends can also be accessed from the Bank's website.

Therefore, in view of the above, those shareholders who have not yet collected their pending entitlements are once again advised to lodge their claims with the Bank's Share Registrar at the address given above.

11. Availability of Annual Audited Accounts on website:

The audited accounts of the Bank for the year ended December 31, 2022 have been made available on the Company's website www.habibmetro.com. Additionally, the annual and quarterly accounts for the prior years and periods are also available.

Further, in accordance with SRO # 470(I)/2016 dated May 31, 2016, the shareholders of Habib Metropolitan Bank Limited in AGM held on March 30, 2017 had accorded their consent for transmission of annual reports including annual audited accounts and other information contained therein of the Bank through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send the standard request form available on the Bank's website to the Company Secretary / Share Registrar, and the Bank will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

12. Transmission of Annual Audited Accounts & Notice through email:

The shareholders who are interested in receiving the annual reports and notice of annual general meeting electronically through email in future are requested to send their email addresses on the consent form placed on the Bank's website.

The shareholders, in general, are encouraged to have their email addresses and cell numbers registered with the Bank through the Share Registrar.

13. Video Conference Facility:

In terms of the Companies Act, 2017, shareholders residing in a city other than Karachi holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 7 days prior to the date of the meeting on the standard form available on the Bank's website.

14. Postal Ballot/e-voting:

Shareholders will be allowed to exercise their right to poll in accordance with the requirements of Sections 143 to 145 of the Companies Act, 2017 and the Companies (Postal Ballot) Regulations, 2018.

15. Conversion of Physical Shares into Book-entry Form:

As per Section 72 of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act. In this respect, the Securities & Exchange Commission of Pakistan (SECP) vide its Letter No. CSD/ED/Misc/2016-639-640, dated 26 March 2021 has advised all listed companies to pursue such shareholders still holding shares in physical form, requiring conversion of their shares into book-entry form.

Accordingly, the shareholders having physical shareholding are once again advised to open CDC sub-account with any of the CDC Participants to place their physical shares into book-entry form at their earliest. This will facilitate them in number of ways including safe custody and easy sale of shares at the time of need, as the trading of physical shares is not permitted under existing regulations of the Pakistan Stock Exchange Limited.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

The statement sets out the material facts pertaining to the special business to be transacted at the 31st Annual General Meeting of the Bank:

In terms of Board Remuneration Policy approved by the shareholders, the Board in their meeting held on 24 February 2023 recommended to revise the remuneration paid to the directors for attending meeting as under:

For attending Board Meetings:	Rs. 500,000/- per meeting
For attending Board Committee Meetings:	Rs. 400,000/- per meeting
For attending Board Committee Meetings by the Committee Chairperson(s):	Rs. 500,000/- per meeting

No remuneration to be paid to nominee directors of the holding company.

The directors' remuneration was previously approved at the 29th Annual General Meeting of the Bank held on 30th March 2021 for attending Board meetings at Rs. 200,000/-, for Board Committees meetings at Rs. 150,000/- and for the Chairperson(s) of Board Committees at Rs. 200,000/-.

The shareholders are requested to consider and, if thought fit, approve the revised remuneration and to pass the following resolution as an ordinary resolution:

"Resolved that the remuneration payable to the Board Members for attending Board meetings be and is hereby fixed at Rs.500,000/- per meeting, and for Board Committee Meetings by the members at Rs.400,000/- per meeting and for the Chairperson(s) at Rs.500,000/- per meeting effective April 1, 2023."

Directors have no direct or indirect interest, except to the extent of their respective shareholding and payment of remuneration, if any.

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PROXY FORM

I/We _____

of _____

being member(s) of Habib Metropolitan Bank Limited and holding _____

ordinary shares, as per Folio No. / CDC participant ID - A/C No. _____

hereby appoint _____ Folio No. / CDC participant ID - A/C No. _____

of _____

or failing him _____ Folio No. / CDC participant ID - A/C No. _____

of _____

another member of the Bank to vote for my / our behalf at the 31st Annual General Meeting of the Bank to be held on 30 March 2023 and at any adjournment thereof.

As Witness my / our hand this _____ day of March 2023.

Witness

1. Signature _____
Name _____
Address _____
CNIC # _____

2. Signature _____
Name _____
Address _____
CNIC # _____

REVENUE
STAMP
Rs. 5/-

Signature of Member(s)

A member entitled to attend General Meeting is entitled to appoint a person as his / her proxy to attend and vote instead of him / her. A proxy should be a member of the Bank. No person shall act as proxy (except for a corporation) unless he / she is entitled to be present and vote in his / her own right.

CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his / her own as well as the proxy's CNIC / Passport with the proxy form. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

The instrument appointing a proxy should be signed by the member or by his / her attorney duly authorized in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

The proxies, in order to be valid, must be deposited at the Registered Office of the Bank not less than 48 hours before the time of meeting.

پراکسی فارم

میں/ہم _____

ساکن _____

بحیثیت ممبر حبیب میٹرو پولیٹن بینک لمیٹڈ اور ہولڈنگ _____

عام شیئرز جنکے فوئیو نمبر / سی ڈی سی پارٹیسپنٹ آئی ڈی۔ اکاؤنٹ نمبر _____ رکھتا ہوں / رکھتی ہوں / رکھتے ہیں۔

بذریعہ ہذا _____ فوئیو نمبر / سی ڈی سی پارٹیسپنٹ آئی ڈی۔ اکاؤنٹ نمبر _____

ساکن _____

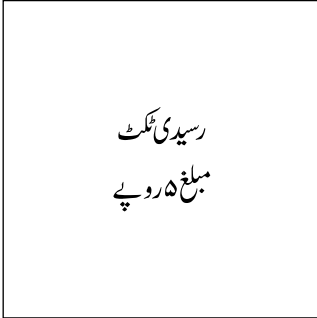
اور اگر ان کے لئے ممکن نہ ہو تو _____ فوئیو نمبر / سی ڈی سی پارٹیسپنٹ آئی ڈی۔ اکاؤنٹ نمبر _____

ساکن _____

جو کہ بینک کے میمبر ہیں کو بینک کے ۳۱ واں سالانہ اجلاس عام جو مورخہ ۳۰ مارچ ۲۰۲۳ء کو منعقد ہو رہا ہے یا اس کے کسی بھی التواء میں میری / ہماری جگہ شرکت کرنے اور ووٹ دینے کیلئے پراکسی مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں۔

بطور سند میرے / ہمارے دستخط مورخہ _____ مارچ ۲۰۲۳ء۔

گواہان



ممبر (ممبران) کے دستخط

۱۔ دستخط _____

نام _____

پتہ _____

سی این آئی سی نمبر _____

۲۔ دستخط _____

نام _____

پتہ _____

سی این آئی سی نمبر _____

ایک ممبر جو کہ ایک اجلاس عام میں شرکت کا حق رکھتا ہے یہ حق بھی رکھتا ہے کہ اس کی جگہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے وہ کسی فرد کو نامزد کر سکتا / سکتی ہے۔ پراکسی بینک کا ممبر ہونا چاہیے۔ کوئی شخص بطور پراکسی (کارپوریشن مشنٹی) شرکت نہیں کر سکتا / سکتی تا آنکہ وہ بذات خود اجلاس میں موجود ہونے اور ووٹ دینے کا حق نہ رکھتا / رکھتی ہو۔

شیئرز ہولڈر کے اپنے اور پراکسی کے سی این آئی سی / پاسپورٹ کے سلسلے میں دونوں مصدقہ نقول پراکسی فارم کے ساتھ ارسال کرنا ہوں گی۔ کارپوریٹ اداروں کے سلسلے میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع مصدقہ دستخط کے پراکسی فارم کے ساتھ ارسال کرنا ہوگی۔

پراکسی کی تقرری کے دستاویز ممبر یا اس کے تحریری طور پر مجاز کئے ہوئے اٹارنی کی دستخط شدہ ہونی چاہیے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عمومی مہر (اگر کوئی ہو تو) دستاویز پر ثبت ہونی چاہیے۔

پراکسی بینک کے رجسٹرڈ دفتر میں اجلاس شروع ہونے سے ۲۸ گھنٹے قبل جمع کرادینی چاہیے۔

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HABIBMETRO

Registered Address

Head Office Building, I.I. Chundrigar Road, Karachi, Pakistan

Tel: (92-21)111-14-14-14

Call Center: 111-1-HABIB(42242)

Fax: (92-21) 2630404

For Complaints & Feedback

Complaint Resolution Unit, Habib Metropolitan Bank Ltd,
Al-Manzoor Building, 1st Floor, Dr. Ziauddin Ahmed Road, Karachi-74200.

Email us at: complaints@habibmetro.com