



# HABIB METROPOLITAN BANK LTD.

[ Subsidiary of Habib Bank AG Zurich ]

## CONSOLIDATED FINANCIAL STATEMENTS

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## 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 2023, and the consolidated statement of profit or loss, 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 material accounting policy 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 2023, and of 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 period. 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
<b>1</b>	<b>PROVISION AGAINST ADVANCES</b>	
	<p>Refer notes 4.6 and 10 to the consolidated financial statements for the accounting policy and particulars of provision against advances.</p> <p>The Group's advances to customers represent 27.56% of its total assets. These are stated net of provision against advances of Rs. 27.36 billion as at 31 December 2023.</p> <p>Estimation of provision against advances involves use of significant management judgements and estimation uncertainty along with compliance with the regulatory requirements. These judgements are subjective and can significantly influence the provision against advances. Therefore, we have considered provision against advances as a key audit matter.</p>	<p>Our audit procedures to access the provision against advances, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>Assessed the design and tested the operating effectiveness of controls over classification and grading of customers, including: <ul style="list-style-type: none"> <li>The accuracy of data input into the system used for credit grading;</li> <li>The ongoing monitoring and identification of advances displaying indicators of impairment and whether they are migrating on a timely basis to early alert or to higher risk grade;</li> <li>Identification of past due customers.</li> </ul> </li> </ul>

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>For a sample of advances, 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.</li> <li>For a sample of advances, where management has identified as displaying indicators of impairment, assessed the number of days overdue including the basis used for the calculation of provision in accordance with the Prudential Regulations.</li> <li>Analysed the days past due report and factors used for calculation of specific provision required in accordance with Prudential Regulations.</li> </ul> <p>We issued instructions to the auditors of a component which was selected for audit, highlighting 'Impairment of loans and advances' as a significant risk. The auditors of that component 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 auditor's 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 period 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 Amyn Pirani.

Karachi: 06 March 2024

UDIN: AR202310201TDi4JO3I5

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023	2022
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	91,467,062	54,747,439
Balances with other banks	7	21,269,948	22,867,486
Lendings to financial institutions	8	5,496,284	76,331,607
Investments	9	920,634,761	719,303,291
Advances	10	433,632,602	451,471,275
Fixed assets	11	23,407,173	21,710,775
Intangible assets	12	368,333	140,407
Deferred tax assets	13	5,265,313	5,131,055
Other assets	14	72,121,302	60,180,778
		<u>1,573,662,778</u>	<u>1,411,884,113</u>
<b>LIABILITIES</b>			
Bills payable	15	28,352,699	19,538,428
Borrowings	16	335,270,858	354,018,407
Deposits and other accounts	17	1,011,485,773	879,652,325
Liabilities against assets subject to finance lease		—	—
Sub-ordinated debts		—	—
Deferred tax liabilities		—	—
Other liabilities	18	100,364,241	79,947,447
		<u>1,475,473,571</u>	<u>1,333,156,607</u>
<b>NET ASSETS</b>		<u>98,189,207</u>	<u>78,727,506</u>
<b>REPRESENTED BY</b>			
Share capital	19	10,478,315	10,478,315
Reserves		31,432,768	25,949,624
Surplus / (deficit) on revaluation of assets - net of tax	20	4,829,814	2,029,417
Unappropriated profit		<u>47,254,919</u>	<u>36,584,942</u>
		93,995,816	75,042,298
Non-controlling interest	19.4	<u>4,193,391</u>	<u>3,685,208</u>
		<u>98,189,207</u>	<u>78,727,506</u>

### CONTINGENCIES AND COMMITMENTS

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

<b>FUZAIL ABBAS</b> Chief Financial Officer	<b>KHURRAM SHAHZAD KHAN</b> President & Chief Executive Officer	<b>MOHSIN A. NATHANI</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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## CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		Rupees in '000	
<b>Mark-up / return / interest earned</b>	23	209,337,058	135,177,510
<b>Mark-up / return / interest expensed</b>	24	(136,139,478)	(93,512,382)
Net mark-up / interest income		73,197,580	41,665,128
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	25	9,463,214	8,031,050
Dividend income		657,866	328,560
Foreign exchange income		5,203,162	5,093,568
Income / (loss) from derivatives		—	—
Gain / (loss) on securities	26	(5,269)	(63,636)
Other income	27	102,620	170,921
Total non mark-up / interest income		15,421,593	13,560,463
Total Income		88,619,173	55,225,591
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	28	29,146,657	22,327,992
Workers' welfare fund		1,122,976	601,255
Other charges	29	123,489	67,878
Total non-mark-up / interest expenses		(30,393,122)	(22,997,125)
Profit before provisions		58,226,051	32,228,466
(Provisions) / reversal and write offs - net	30	(5,101,851)	(3,759,638)
Extra ordinary / unusual items		—	—
<b>PROFIT BEFORE TAXATION</b>		53,124,200	28,468,828
Taxation	31	(27,888,307)	(13,544,652)
<b>PROFIT AFTER TAXATION</b>		25,235,893	14,924,176
<b>PROFIT ATTRIBUTABLE TO:</b>			
Equity shareholders of the holding company		24,556,502	14,373,559
Non-controlling interest	19.4	679,391	550,617
		25,235,893	14,924,176
		Rupees	
<b>Basic and diluted earnings per share</b>	32	23.44	13.72

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

<b>FUZAIL ABBAS</b> Chief Financial Officer	<b>KHURRAM SHAHZAD KHAN</b> President & Chief Executive Officer	<b>MOHSIN A. NATHANI</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		Rupees in '000	
Profit after taxation		25,235,893	14,924,176
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit and loss in subsequent periods:</b>			
Effect of translation of net investment in an offshore branch		6,380	3,168
Movement in surplus / (deficit) on revaluation of investments - net of tax		3,260,977	(3,207,892)
		3,267,357	(3,204,724)
<b>Items that will not be reclassified to profit and loss in subsequent periods:</b>			
Remeasurement gain / (loss) on defined benefit obligations - net of tax		78,324	3,956
Movement in surplus on revaluation of non-banking assets - net of tax	20.2	(94,289)	201,372
Surplus on revaluation of fixed assets - net of tax	20.1	(193,816)	5,338,110
		(209,781)	5,543,438
<b>Total comprehensive income</b>		<b>28,293,469</b>	<b>17,262,890</b>
Equity share holders of the holding company		27,604,018	16,860,222
Non-controlling interest	19.4	689,451	402,668
		<b>28,293,469</b>	<b>17,262,890</b>

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

<b>FUZAIL ABBAS</b> Chief Financial Officer	<b>KHURRAM SHAHZAD KHAN</b> President & Chief Executive Officer	<b>MOHSIN A. NATHANI</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2022	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 (where applicable)	-	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 1.23)	-	-	-	-	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
Profit after taxation	-	-	-	-	-	-	-	-	-	24,556,502	24,556,502	679,391	25,235,893
Other comprehensive income - net of tax (where applicable)	-	6,380	-	-	-	-	-	3,250,917	(288,105)	72,433	3,041,625	16,251	3,057,876
Total comprehensive income	-	6,380	-	-	-	-	-	3,250,917	(288,105)	24,628,935	27,598,127	695,642	28,293,769
Transfer to statutory reserve	-	-	-	5,476,764	-	-	-	-	-	(5,476,764)	-	-	-
Transfer on amalgamation (refer note 1.23)	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(162,415)	162,415	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend by Habib Metropolitan Bank (Rs. 3.25 per share) for the year ended 31 December 2022	-	-	-	-	-	-	-	-	-	(3,405,452)	(3,405,452)	-	(3,405,452)
Interim dividend by Habib Metropolitan Bank (Rs. 5.00 per share) for the year ended 31 December 2023	-	-	-	-	-	-	-	-	-	(5,239,157)	(5,239,157)	-	(5,239,157)
Profit distribution by First Habib Modaraba (Rs. 1.00 per certificate) for the period ended 30 June 2023	-	-	-	-	-	-	-	-	-	-	-	(187,459)	(187,459)
Balance as at 31 December 2023	10,478,315	11,309	2,550,985	26,999,111	31,002	340,361	1,500,000	(1,539,720)	6,369,534	47,254,919	93,995,816	4,193,391	98,189,207

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

<b>FUZAIL ABBAS</b> Chief Financial Officer	<b>KHURRAM SHAHZAD KHAN</b> President & Chief Executive Officer	<b>MOHSIN A. NATHANI</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		53,124,200	28,468,828
Less: Dividend income		(657,866)	(328,560)
		52,466,334	28,140,268
<b>Adjustments</b>			
Depreciation on fixed assets	11.2	1,997,067	1,563,262
Depreciation on right-of-use assets	11.2	1,467,649	1,294,821
Depreciation on non-banking assets	14.1.1	—	371
Amortization	12	132,831	83,589
Mark-up / return / interest expensed on lease liability against right-of-use assets	24	969,124	817,509
Provisions and write offs excluding recovery of written off bad debts	30	5,180,658	3,843,296
Gain on sale of fixed asset - net	27	(36,346)	(42,004)
Gain on sale of non-banking assets	27	—	—
Gain on sale of right-of-use assets	27	—	(14,136)
Provision against workers' welfare fund		1,122,976	601,255
Provision against compensated absences	28.1	164,748	102,678
Provision against defined benefit plan	35.8	284,511	311,794
		11,283,218	8,562,435
		63,749,552	36,702,703
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		70,835,323	(72,390,323)
Advances		12,718,486	(43,284,644)
Other assets (excluding dividend and non-banking assets)		(12,189,083)	(11,810,757)
		71,364,726	(127,485,724)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		8,814,271	1,593,784
Borrowings from financial institutions		(18,297,316)	29,930,130
Deposits and other accounts		131,833,448	108,002,596
Other liabilities (excluding current taxation)		14,117,732	21,965,058
		136,468,135	161,491,568
		271,582,413	70,708,547
Payment against workers' welfare fund		(8,722)	(6,293)
Payment against compensated absences		(108,216)	(98,048)
Contribution paid to defined benefit plan		(283,342)	(314,518)
Income tax paid		(25,222,166)	(11,527,641)
		245,959,967	58,762,047
<b>Net cash flows from operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(317,666,640)	135,740,598
Net investments in held-to-maturity securities		121,659,128	(196,062,951)
Dividend received		660,344	334,578
Investments in fixed assets		(2,836,378)	(2,986,257)
Investments in intangible assets		(360,757)	(60,809)
Proceeds from sale of fixed assets		60,851	89,332
Proceeds from sale of non-banking assets		—	—
Effect of translation of net investment in an offshore branch		2,661	5,834
		(198,480,791)	(62,939,675)
<b>Net cash flows from investing activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(9,863,999)	(4,416,641)
Payment of lease against right-of-use assets		(2,042,859)	(1,689,936)
		(11,906,858)	(6,106,577)
<b>Net cash flows from financing activities</b>			
<b>(Decrease) / increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		35,572,318	(10,284,205)
		76,276,054	86,560,259
<b>Cash and cash equivalents at end of the year</b>	33	111,848,372	76,276,054

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

<b>FUZAIL ABBAS</b>	<b>KHURRAM SHAHZAD KHAN</b>	<b>MOHSIN A. NATHANI</b>	<b>RASHID AHMED JAFER</b>	<b>MOHAMEDALI R. HABIB</b>
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

### 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 525 (2022: 500) branches, including 117 (2022: 61) Islamic banking branches, an offshore branch (Karachi Export Processing Zone branch), and 1 (2022: 1) sub branch 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.

##### 1.2.3 First Habib Modaraba - 15.43% 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.

##### 1.2.4 HabibMetro Exchange Services Limited - 100% holding

Subsequent to year end, the Bank has invested Rs. 1,000,000 thousand (2022: Nil thousand) in its 100% owned subsidiary, HabibMetro Exchange Services Limited. The subsidiary is in the process of fulfilling the legal and compliance requirements to get the company registered.

### 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.

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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 profit 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 profit 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 new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 January 2023 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.

**2.3.2** The Group has adopted certain amendments to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period. The said amendments did not have any material impact on these consolidated financial statements.

The Group has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. These did not result in any changes to the accounting policies itself and did not impact the accounting policy information disclosed in the audited annual financial statements as at and for the year ended 31 December 2022.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality for the disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management has reviewed the accounting policies and assessed that information given in Note 4 of summary of significant accounting policies as disclosed in the audited annual financial statements as at and for the year ended 31 December 2022 are in line with the amendments. The amendments had no impact on the Group's 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'**

The management of the Group has performed an impact assessment of the application of IFRS 9, taking into account the SBP's application instructions. The assessment is based on currently available information and may be subject to change at the time of recognizing the impact of the initial adoption of IFRS 9 (the standard). In addition, there will be changes in the classification of certain financial instruments. These changes and impacts are discussed below:

#### **Governance, ownership and responsibilities**

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

Group's Risk management function 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 a 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 function shall ensure that all disclosures are made as required by the formats and guidelines issued by the SBP.

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## 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 Group has reviewed the impact of the initial adoption of IFRS 9 on its financial assets as follows:

### Equity securities

Listed equity securities currently classified as available-for-sale (AFS) with gains and losses recorded in OCI, the Group will apply the option to classify them as FVOCI. Therefore, the application of IFRS 9 will not have an impact on initial adoption. However, in accordance with the requirements of the standard, gains and losses recognized in OCI will not be recycled through the profit and loss account on derecognition of these securities.

Unquoted equity securities will also be required to be measured at fair value under IFRS 9. For unquoted equity securities the Group will apply the irrevocable option to classify them as at FVOCI. The fair value gains and losses on initial recognition and subsequent measurement would be recognized in Other Comprehensive Income (OCI) and will not be recycled through the profit and loss account on the derecognition of these securities.

### Debt securities and loans and advances

Debt securities currently classified as AFS and those that pass the 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 investments. Debt securities currently classified as Held-to-maturity securities and those securities, including loans and advances, which pass the 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 amortized 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, 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 (12-months ECL stage 1) or over the lifetime of the product (lifetime ECL, stage 2).
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Group expects to receive. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.
- EAD: The expected balance sheet exposure at the time of default (Exposure at Default).

For calculating ECL, the Group shall classify its financial assets under the 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

Under the SBP's instructions, Government Securities and credit exposure in local currency guaranteed by the Government are exempted from the application of the ECL framework.

## 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 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, inter alia, unavailability of financial information and pending litigation.

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 an SICR) i.e., Stage 2.

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

## Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation which will be incorporated as per the SBP's revised format.

## Impact of adoption of IFRS 9

The Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9. This is an estimate and the actual impact on the Group's financial statements for the year 2024 will depend on the financial instruments that the Group holds during that period and the economic conditions at that time, as well as accounting elections and judgements that it will make in future.

## Classification, measurement and financial impact

The classification of the Banks investments is expected to change as follows:

- Debt instruments amounting to Rs. 2,088,546 thousand and Rs. 9,587,800 thousand will be reclassified from AFS to FVTPL and FVOCI respectively.
- Equity instruments amounting to Rs. 2,000,880 thousand will be reclassified from AFS to FVTPL, whereas equity instruments of Rs. 4,680,023 thousand will be reclassified from AFS to FVOCI.

## Financial impact

Due to the adoption of IFRS-9, the estimated adjustment for Expected Credit Loss is expected to increase the opening balance of the Group's equity at 01 January 2024 by Rs. 409,514 thousand approximately.

## Impact on regulatory capital

In order to mitigate the impact of ECL on capital, the SBP has permitted Group to adopt a transitional approach to phase in the impact over a period of five years. The transitional arrangement applies only to ECL for stage 1 and 2 financial assets.

Due to adoption of IFRS-9 and excluding the effect of above mentioned transitional arrangement, the Group's Total Capital Adequacy Ratio, CET 1 Capital Adequacy Ratio and Tier 1 Capital Adequacy Ratio available to meet buffers are expected to be 18.40%, 16.85% and 16.85% respectively.

- 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 - Amendments to IAS 1	1 January 2024
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
Supplier Finance Arrangements - Amendments to IAS 7 & IFRS 7	1 January 2024
Lack of Exchangeability - Amendments to IAS 21	1 January 2025

However the above are either not applicable to the Group or 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 judgments 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)
- iii) Depreciation (note 4.7.2) and amortisation (note 4.8)
- iv) Valuation of Fixed assets (note 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 (note 4.7.3) and related lease liability (note 4.15)
- ix) Impairment of non-financial assets (excluding deferred tax asset) (note 4.22)

## 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 and 4.9 respectively.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

**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.

### 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.

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### 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

### 4.5.1 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.

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### **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 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 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.

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## **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 valuers 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.

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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.

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#### **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.

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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 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	2023	2022
		Rupees in'000	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		11,629,171	11,785,541
Foreign currencies		4,164,225	1,955,812
		<u>15,793,396</u>	<u>13,741,353</u>
<b>With State Bank of Pakistan in</b>			
Local currency current accounts	6.1	48,615,882	31,843,402
Foreign currencies			
– current accounts	6.2	1,991,420	2,843,777
– cash reserve account	6.3	6,308,767	5,631,918
– deposit account- special cash reserve	6.4	11,497,335	564,907
		<u>68,413,404</u>	<u>40,884,004</u>
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		7,152,782	84,330
<b>National Prize Bonds</b>		107,480	37,752
		<u>91,467,062</u>	<u>54,747,439</u>

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

**6.2** These represent foreign currencies collection / settlement accounts maintained with the SBP.

**6.3** These represent accounts 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 deposits. The return on this account is declared by the SBP on a monthly basis and, as at 31 December 2023, carries mark-up at the rate of 4.34% (2022: 3.14%) per annum.

## 7. BALANCES WITH OTHER BANKS

	Note	2023	2022
		Rupees in'000	
<b>In Pakistan</b>			
In current accounts		163,751	50,914
In deposit accounts	7.1	4,751	414,091
		<u>168,502</u>	<u>465,005</u>
<b>Outside Pakistan</b>			
In current accounts	7.2	21,101,446	22,402,481
		<u>21,269,948</u>	<u>22,867,486</u>

**7.1** This carries mark-up at the rate of 20.50% (2022: 14.50%) per annum.

**7.2** These include balances in current accounts amounting to Rs. 680,649 thousand (2022: Rs. 466,178 thousand) with branches of the holding company.

## 8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	8.2	5,496,284	1,902,020
Repurchase agreement lendings (Reverse Repo)	8.3	–	74,429,587
Mudaraba placements		–	–
		<u>5,496,284</u>	<u>76,331,607</u>

	Note	2023	2022
		Rupees in '000	
<b>8.1 Particulars of lendings</b>			
In local currency			
- secured		–	74,429,587
- unsecured		–	–
In foreign currency - unsecured	8.2	<u>5,496,284</u>	<u>1,902,020</u>
		<u>5,496,284</u>	<u>76,331,607</u>

**8.2** These foreign currency lendings carry mark-up rate ranging from 9.80% to 12.00% (2022: 11.00%) per annum and are due to mature latest by 04 April 2024 (2022: 27 March 2023).

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

	2023			2022		
	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>–</u>	<u>–</u>	<u>–</u>	<u>71,814,338</u>	<u>–</u>	<u>71,814,338</u>

**8.3.1** Face value in respect of Market treasury bills is Rs. Nil (2022: Rs. 33,950,000 thousand) and of Pakistan investment bonds is Rs. Nil (2022: Rs. 41,400,000 thousand) respectively.

**8.3.2** These carry profit / return Nil (2022: 15.00% to 16.25%) per annum with maturity upto Nil (2022: 06 January 2023).

## 9. INVESTMENTS

### 9.1 Investments by types

	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
<b>Available-for-sale securities</b>								
Federal government securities	806,602,843	–	(3,854,965)	802,747,878	490,685,998	–	(8,275,074)	482,410,924
Shares	4,095,589	(206,844)	863,567	4,752,312	2,995,509	(474,761)	(24,018)	2,496,730
Non-government debt securities	12,033,893	(87,683)	(189,864)	11,756,346	12,144,982	(90,496)	(255,266)	11,799,220
Mutual funds	247,661	(12,763)	4,069	238,967	117,531	(12,276)	–	105,255
Real estate investment trust	1,831,780	–	160,845	1,992,625	1,531,780	–	153,621	1,685,401
	<u>824,811,766</u>	<u>(307,290)</u>	<u>(3,016,348)</u>	<u>821,488,128</u>	<u>507,475,800</u>	<u>(577,533)</u>	<u>(8,400,737)</u>	<u>498,497,530</u>
<b>Held-to-maturity securities</b>								
Federal government securities	99,146,633	–	–	99,146,633	220,805,761	–	–	220,805,761
Non-government debt securities	–	–	–	–	–	–	–	–
	<u>99,146,633</u>	<u>–</u>	<u>–</u>	<u>99,146,633</u>	<u>220,805,761</u>	<u>–</u>	<u>–</u>	<u>220,805,761</u>
<b>Total Investments</b>	<u>923,958,399</u>	<u>(307,290)</u>	<u>(3,016,348)</u>	<u>920,634,761</u>	<u>728,281,561</u>	<u>(577,533)</u>	<u>(8,400,737)</u>	<u>719,303,291</u>

## 9.2 Investments by segments

	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000								
<b>Federal government securities</b>								
Market treasury bills	335,870,950	—	879,182	336,750,132	281,873,029	—	(693,301)	281,179,728
Pakistan investment bonds	479,399,875	—	(5,459,487)	473,940,388	396,583,580	—	(7,090,846)	389,492,734
Ijarah sukuk	84,994,207	—	725,340	85,719,547	28,353,941	—	(490,927)	27,863,014
Islamic Naya Pakistan certificate mudaraba investment pool - foreign currencies	4,999,907	—	—	4,999,907	3,989,495	—	—	3,989,495
Islamic Naya Pakistan certificate mudaraba investment pool - Pak Rupee	484,537	—	—	484,537	691,714	—	—	691,714
	<u>905,749,476</u>	<u>—</u>	<u>(3,854,965)</u>	<u>901,894,511</u>	<u>711,491,759</u>	<u>—</u>	<u>(8,275,074)</u>	<u>703,216,685</u>
<b>Shares</b>								
Listed companies	3,963,860	(127,773)	863,567	4,699,654	2,863,780	(395,690)	(24,018)	2,444,072
Unlisted companies	131,729	(79,071)	—	52,658	131,729	(79,071)	—	52,658
	<u>4,095,589</u>	<u>(206,844)</u>	<u>863,567</u>	<u>4,752,312</u>	<u>2,995,509</u>	<u>(474,761)</u>	<u>(24,018)</u>	<u>2,496,730</u>
<b>Non government debt securities</b>								
Listed								
Term finance certificates	1,387,701	(64,946)	(5,274)	1,317,481	757,781	(64,946)	—	692,835
Sukuk certificates / bonds	6,768,455	—	(180,655)	6,587,800	6,876,651	—	(255,266)	6,621,385
Unlisted								
Term finance certificates	3,295,000	—	—	3,295,000	3,925,000	—	—	3,925,000
Sukuk certificates / bonds	582,737	(22,737)	(3,935)	556,065	585,550	(25,550)	—	560,000
Certificates of investment	—	—	—	—	—	—	—	—
	<u>12,033,893</u>	<u>(87,683)</u>	<u>(189,864)</u>	<u>11,756,346</u>	<u>12,144,982</u>	<u>(90,496)</u>	<u>(255,266)</u>	<u>11,799,220</u>
<b>Mutual funds</b>								
Open end	230,712	—	—	230,712	100,582	—	—	100,582
Close end	16,949	(12,763)	4,069	8,255	16,949	(12,276)	—	4,673
	<u>247,661</u>	<u>(12,763)</u>	<u>4,069</u>	<u>238,967</u>	<u>117,531</u>	<u>(12,276)</u>	<u>—</u>	<u>105,255</u>
<b>Real estate investment trust</b>	1,831,780	—	160,845	1,992,625	1,531,780	—	153,621	1,685,401
<b>Total investments</b>	<u>923,958,399</u>	<u>(307,290)</u>	<u>(3,016,348)</u>	<u>920,634,761</u>	<u>728,281,561</u>	<u>(577,533)</u>	<u>(8,400,737)</u>	<u>719,303,291</u>

2023 2022

— 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	129,183,999	105,872,299
Pakistan investment bonds	54,741,950	90,133,387
	<u>183,925,949</u>	<u>196,005,686</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 (2022: 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

	2023	2022
	Rupees in '000	
<b>9.3.1</b> Opening balance	577,533	506,474
Charge for the year	63,244	240,145
Reversal for the year	(2,813)	(3,920)
Net charge for the year	60,431	236,225
Reversal on disposal	(330,674)	(144,028)
Amount written off	—	(21,138)
Closing balance	307,290	577,533

### 9.3.2 Particulars of provision against debt securities

Category of classification	2023		2022	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
<b>Domestic</b>				
Loss	87,683	87,683	90,496	90,496

### 9.4 Quality of available for sale securities

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

#### Federal Government Securities - Government guaranteed

	2023	2022
	Cost / amortised cost Rupees in '000	
Market treasury bills	335,870,950	135,013,112
Pakistan investment bonds	383,491,620	325,867,628
Ijarah sukuk	81,755,829	25,124,049
Islamic Naya Pakistan certificate Mudaraba investment pool - foreign currencies	4,999,907	3,989,495
Islamic Naya Pakistan certificate Mudaraba investment pool - Pak Rupee	484,537	691,714
	806,602,843	490,685,998

#### Shares

##### Listed companies

Automobile parts and accessories	—	41,743
Cement	6,965	247,866
Chemical	—	105,865
Commercial banks	1,318,152	1,164,754
Fertilizer	708,714	750,323
Investment banks / investment companies / securities companies	135,416	136,747
Oil and gas exploration, power generation and distribution	1,552,500	321,616
Pharmaceuticals	40,376	34,206
Textile	121,398	252
Transport	80,339	60,408
	3,963,860	2,863,780



	2023		2022	
	Cost	Break-up value	Cost	Break-up value
	Rupees in '000			
<b>Unlisted companies</b>				
Pakistan Export Finance Guarantee Limited	11,361	–	11,361	–
DHA Cogen Limited	50,000	–	50,000	–
Dawood Family Takaful Limited	35,000	25,387	35,000	24,548
Society for World Wide Inter Bank Financial Telecommunication (Swift)	7,844	92,577	7,844	52,600
Pakistan Corporate Restructuring Company Limited	27,524	25,817	27,524	25,817
	<u>131,729</u>	<u>143,781</u>	<u>131,729</u>	<u>102,965</u>
			<b>2023</b>	<b>2022</b>
			Cost / amortised cost	
			Rupees in '000	
<b>Non-government debt securities</b>				
<b>Listed</b>				
AAA		629,920	–	
AA+		42,835	42,835	
A+		340,000	375,000	
AA-		600,000	600,000	
A		50,000	50,000	
Unrated		6,493,401	6,566,597	
		<u>8,156,156</u>	<u>7,634,432</u>	
<b>Unlisted</b>				
AAA		3,250,000	3,880,000	
AA+		500,000	500,000	
A-		5,000	5,000	
A		100,000	100,000	
Unrated		22,737	25,550	
		<u>3,877,737</u>	<u>4,510,550</u>	
<b>Mutual funds</b>				
<b>Listed</b>				
AM1		171,891	50,300	
<b>Unlisted</b>				
AA+ (f)		58,821	50,282	
Unrated		16,949	16,949	
		<u>75,770</u>	<u>67,231</u>	
<b>Real estate investment trust</b>				
<b>Listed</b>				
AAA (rr)		831,780	831,780	
<b>Unlisted</b>				
RM 3+		1,000,000	700,000	

	2023	2022
	Cost / amortised cost	
	Rupees in '000	
<b>9.5 Particulars relating to held-to-maturity securities are as follows:</b>		
<b>Federal government securities - Government guaranteed</b>		
Market treasury	–	146,859,917
Pakistan investment bonds	95,908,255	70,715,952
Ijarah sukuk	3,238,378	3,229,892
	<u>99,146,633</u>	<u>220,805,761</u>

**9.5.1** The market value of federal government securities classified as held-to-maturity is Rs. 91,756,989 thousand (2022: 214,459,867 thousand).

## 10. ADVANCES

	Note	Performing		Non-Performing		Total	
		2023	2022	2023	2022	2023	2022
		Rupees in '000					
Loans, cash credits, running finances, etc.	10.1	261,089,008	282,270,838	16,160,613	11,882,972	277,249,621	294,153,810
Islamic financing and related assets	10.2	135,548,542	124,553,446	1,492,591	737,013	137,041,133	125,290,459
Bills discounted and purchased		43,580,472	44,866,490	3,120,153	9,430,159	46,700,625	54,296,649
Advances - gross		440,218,022	451,690,774	20,773,357	22,050,144	460,991,379	473,740,918
Provision against advances							
- specific		–	–	(20,033,135)	(17,650,138)	(20,033,135)	(17,650,138)
- general		(7,325,642)	(4,619,505)	–	–	(7,325,642)	(4,619,505)
		(7,325,642)	(4,619,505)	(20,033,135)	(17,650,138)	(27,358,777)	(22,269,643)
Advances - net of provision		432,892,380	447,071,269	740,222	4,400,006	433,632,602	451,471,275

### 10.1 Includes net investment in finance lease as disclosed below:

	2023			2022		
	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	63,051	24,341	87,392	64,036	72,305	136,341
Residual value	98,474	7,526	106,000	77,345	28,655	106,000
Minimum lease payments	161,525	31,867	193,392	141,381	100,960	242,341
Financial charges for future periods	(14,319)	(1,913)	(16,232)	(18,226)	(9,235)	(27,461)
Present value of minimum lease payments	147,206	29,954	177,160	123,155	91,725	214,880

**10.2** It includes loans and advances of First Habib Modaraba amounting to Rs. 22,343,233 thousand (2022: Rs. 18,368,749 thousand). Furthermore, it also includes the Islamic banking operations of the holding company amounting to Rs. 114,697,900 thousand (2022: Rs. 106,921,710 thousand) as disclosed in appendix 2 to these consolidated financial statements.

	2023	2022
	Rupees in '000	
<b>10.3 Particulars of advances - gross</b>		
In local currency	393,475,892	417,332,276
In foreign currencies	67,515,487	56,408,642
	<u>460,991,379</u>	<u>473,740,918</u>

- 10.4** Advances include Rs. 20,773,357 thousand (2022 : Rs. 22,050,144 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2023		2022	
	Non-performing loans	Provision	Non-performing loans	Provision
Rupees in '000				
<b>Domestic</b>				
Other asset especially mentioned	32,575	–	12,640	–
Substandard	243,168	61,969	533,656	36,601
Doubtful	970,898	546,569	2,663,649	103,101
Loss	19,526,716	19,424,597	18,840,199	17,510,436
	<u>20,773,357</u>	<u>20,033,135</u>	<u>22,050,144</u>	<u>17,650,138</u>

## 10.5 Particulars of provision against advances

	Note	2023			2022		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
Opening balance		17,650,138	4,619,505	22,269,643	15,986,650	5,182,927	21,169,577
Charge for the year		7,040,617	2,706,137	9,746,754	5,476,903	–	5,476,903
Reversals for the year		(4,626,567)	–	(4,626,567)	(1,307,136)	(563,422)	(1,870,558)
Net charge for the year		2,414,050	2,706,137	5,120,187	4,169,767	(563,422)	3,606,345
Amount written off	10.6	(31,053)	–	(31,053)	(2,506,279)	–	(2,506,279)
Closing balance		20,033,135	7,325,642	27,358,777	17,650,138	4,619,505	22,269,643

- 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. 7,265,010 thousand (2022: Rs. 4,560,235 thousand). General provision also includes provision of Rs. 60,609 thousand (2022: Rs. 59,265 thousand) made against consumer portfolio and Rs. 23 thousand (31 December 2022: Rs. 5 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

## 10.5.2 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	18,751,419	7,325,642	26,077,061	13,421,488	4,619,505	18,040,993
In foreign currencies	1,281,716	–	1,281,716	4,228,650	–	4,228,650
	<u>20,033,135</u>	<u>7,325,642</u>	<u>27,358,777</u>	<u>17,650,138</u>	<u>4,619,505</u>	<u>22,269,643</u>

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

During the current year, the holding company decided to not to avail the benefit of Forced Sales Value (FSV) against non-performing loans, as available under BSD Circular No. 1 of 21 October 2011 issued by the SBP. However, during the previous year, FSV benefit of Rs. 2,617,170 thousand was availed and had this benefit of FSV not been taken by the holding company in the previous year, specific provision against non-performing advances would have been higher by Rs. 2,617,170 thousand and profit before tax for that year would have been lower by Rs. 1,334,757 thousand.

	Note	2023	2022
		Rupees in '000	
<b>10.6 Particulars of write offs</b>			
<b>10.6.1</b> Against provisions	10.5	31,053	2,506,279
Directly charged to profit and loss account		—	—
		<u>31,053</u>	<u>2,506,279</u>
<b>10.6.2</b> Write offs of Rs. 500,000/- and above		31,035	2,504,916
Write offs of below Rs. 500,000/-		18	1,363
		<u>31,053</u>	<u>2,506,279</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 2023 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	293,119	342,467
Property and equipment	11.2	23,114,054	21,368,308
		<u>23,407,173</u>	<u>21,710,775</u>
<b>11.1 Capital work-in-progress</b>			
Civil works	11.1.1	79,056	100,669
Advances to suppliers		214,063	241,798
		<u>293,119</u>	<u>342,467</u>

**11.1.1** This represent advances against renovation being carried out at various locations and to the vendors.

## 11.2 Property and equipment

	2023									
	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 (branches on rent)	Total
	Rupees in '000									
At 1 January 2023										
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	3,045,790	4,020,390	424,261	3,245,506	515,945	1,604,399	154,720	1,613,879	6,743,418	21,368,308
Year ended 31 December 2023										
Opening net book value	3,045,790	4,020,390	424,261	3,245,506	515,945	1,604,399	154,720	1,613,879	6,743,418	21,368,308
Additions	67,084	155,000	-	-	216,142	1,420,145	259,654	761,021	-	2,879,046
Additions to right-of-use assets	-	-	-	-	-	-	-	-	2,349,241	2,349,241
Disposals	-	-	-	-	(1,090)	(935)	(22,480)	-	-	(24,505)
Depreciation charge	-	-	(46,130)	(314,287)	(135,075)	(852,117)	(72,467)	(576,991)	(1,467,649)	(3,464,716)
Exchange rate adjustments	-	-	-	5,502	333	838	7	-	-	6,680
Closing net book value	3,112,874	4,175,390	378,131	2,936,721	596,255	2,172,330	319,434	1,797,909	7,625,010	23,114,054
At 31 December 2023										
Cost	3,112,874	4,175,390	447,516	3,409,063	1,292,288	7,177,346	527,453	5,903,849	12,479,390	38,525,169
Accumulated depreciation	-	-	(69,385)	(472,342)	(696,033)	(5,005,016)	(208,019)	(4,105,940)	(4,854,380)	(15,411,115)
Net book value	3,112,874	4,175,390	378,131	2,936,721	596,255	2,172,330	319,434	1,797,909	7,625,010	23,114,054
Rate of depreciation (percentage)										
	-	-	4	4	15-25	15-33.33	16.67-20	20		

	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 (branches on rent)	Total
	Rupees in '000									
<b>At 1 January 2022</b>										
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>
<b>Year ended</b>										
<b>31 December 2022</b>										
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>
<b>At 31 December 2022</b>										
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>
<b>Rate of depreciation (percentage)</b>	<u>–</u>	<u>–</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>		

## 11.3 Revaluation of properties

The Holding Company's land and buildings were revalued by an independent professional valuer, M/S Iqbal A. Nanjee & Co. (Private) Limited as at 30 June 2022. The valuation was performed by the valuer on the basis of an assessment of present market values. The revaluations had resulted in a surplus of Rs. 6,795,965 thousand over the book value. In addition, a non-banking asset transferred to property and equipment in the previous year was revalued by M/S Akbani & Javed Associates on 31 December 2021. Cumulated surplus on that asset amounted to Rs. 154,193 thousand and was also revalued on the basis of present market value. Accordingly total revaluation surplus (before incremental depreciation) amounted to Rs. 6,950,158 thousand. Details are as follows:

Revaluation surplus (gross amount without incremental depreciation):

Freehold land	1,070,460
Leasehold land	2,488,939
Buildings on Freehold land	404,431
Buildings on Leasehold land	2,986,328
	<u>6,950,158</u>

	2023	2022
	Rupees in '000	

### 11.3.1 Surplus on revaluation of fixed assets (net of incremental depreciation) are as follows:

Freehold land	1,070,460	1,070,460
Leasehold land	2,488,939	2,488,939
Buildings on Freehold land	342,783	383,769
Buildings on Leasehold land	2,568,981	2,846,455
	<u>6,471,163</u>	<u>6,789,623</u>

### 11.3.2 Had there been no revaluation the carrying amounts of revalued assets would have been as follows:

Freehold land	1,975,330	1,975,330
Leasehold land	1,531,451	1,531,451
Buildings on freehold land	35,348	40,492
Buildings on leasehold land	362,238	399,051
	<u>3,904,367</u>	<u>3,946,324</u>

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

Furniture and fixtures	507,359	251,114
Electrical, office and computer equipment	3,177,133	2,551,173
Vehicles	41,128	17,380
Lease hold improvement	2,666,778	2,557,727

### 11.5 Details of fixed assets disposed off to employees/ex employees during the year ended 31 December 2023

Particulars	Cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000					
Vehicle	1,753	1	1,320	As per HR policy	Mr. Muhammad Yousuf (Employee)
Vehicle	2,471	525	3,100	As per HR policy	Mr Amir Hameed Piracha (Employee)
Vehicle	4,106	3,436	3,500	As per HR policy	Mr. Muhammmad Khan (Ex-Employee)
Vehicle	1,759	1	1,260	As per HR policy	Mr. Talal Hussain Niazi (Employee)
Vehicle	2,941	2,266	3,150	As per HR policy	Mr. Tauheed UI Islam (Ex-Employee)
Vehicle	2,525	779	2,750	As per HR policy	Mr. Wamiq Hasan (Ex-Employee)
Vehicle	2,875	910	2,265	As per HR policy	Mr. Farjad Jaffery (Ex-Employee)
Vehicle	2,675	1,571	2,265	As per HR policy	Ms. Sheeza Ahmed (Ex-Employee)
Vehicle	8	1	500	As per HR policy	Mr. Athar Naufeez (Employee)
Vehicle	17	4	1,428	As per HR policy	Mr. Arfan Asghar (Employee)
Vehicle	1,752	1	1,410	As per HR policy	Mr. Muhammad Zia Majeed (Employee)

## 12. INTANGIBLE ASSETS

	2023			2022		
	Computer software	Management rights	Total	Computer software	Management rights	Total
Rupees in '000						
<b>At 1 January</b>						
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
<b>Year ended 31 December 2023</b>						
Opening net book value	98,807	41,600	140,407	121,587	41,600	163,187
Additions directly purchased	360,757	–	360,757	60,809	–	60,809
Amortisation charge	(132,831)	–	(132,831)	(83,589)	–	(83,589)
Closing net book value	326,733	41,600	368,333	98,807	41,600	140,407
<b>At 31 December 2023</b>						
Cost	1,077,530	41,600	1,119,130	716,773	41,600	758,373
Accumulated amortisation and impairment	(750,797)	–	(750,797)	(617,966)	–	(617,966)
Net book value	326,733	41,600	368,333	98,807	41,600	140,407
Rate of amortisation (percentage)	30-33.3			30-33.3		
Useful life in years	3-3.33			3-3.33		

**12.1** The cost of fully amortised intangible assets (computer software) still in use is Rs. 548,698 thousand (2022: Rs. 465,498 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
Deficit on revaluation of investments
Others

2023			
Balance as at January 01, 2023	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2023
Rupees in '000			
248,338	(97,766)	–	150,572
2,990,927	2,532,459	–	5,523,386
336,703	(19,395)	–	317,308
5,829	–	(20,609)	(14,780)
3,613,222	–	(2,123,413)	1,489,809
4,435	1,379	(10,056)	(4,242)
7,199,454	2,416,677	(2,154,078)	7,462,053

### Taxable temporary differences on

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

(675,664)	–	(94,289)	(769,953)
(1,389,016)	156,045	(193,816)	(1,426,787)
(3,719)	–	3,719	–
(2,068,399)	156,045	(284,377)	(2,196,740)
5,131,055	2,572,722	(2,438,464)	5,265,313

### 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, 2022
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

## 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, advance rent 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
Receivable from defined benefit plan
Others
Provision against other assets
Other assets (net of provision)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Note	2023	2022
Rupees in '000		
	38,133,593	21,074,867
	304,547	99,685
	670,226	485,332
14.1	2,204,729	2,204,729
	2,888,760	2,702,151
	25,076,677	25,377,732
	43,509	16,850
	245,121	115,334
35.4	55,014	–
14.2	781,857	6,386,789
	70,404,033	58,463,469
14.3	(377,842)	(377,802)
	70,026,191	58,085,667
20.2	2,095,111	2,095,111
	72,121,302	60,180,778

	2023	2022
	Rupees in '000	
<b>14.1</b> Market value of non-banking assets acquired in satisfaction of claims	<u>4,299,840</u>	<u>4,299,840</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.

	2023	2022
	Rupees in '000	
<b>14.1.1 Non-banking assets acquired in satisfaction of claims</b>		
Opening balance	4,299,840	4,546,895
Transferred to fixed asset	–	(246,684)
Depreciation	–	(371)
Closing balance	<u>4,299,840</u>	<u>4,299,840</u>

**14.1.2** Revaluation surplus Rs. 2,095,111 thousand (2022: Rs. 2,095,111 thousand) is included in the above value.

**14.2** This includes Rs. Nil (2022: 5,384,344 thousand) 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. This also includes Rs. 143,243 thousand (2022: 241,825 thousand) receivable on the sale of equity securities. This also includes fully provided balance of Rs. 377,842 thousand (2022: 377,802).

#### **14.3 Movement in provision held against other assets**

Opening balance	377,802	377,076
Charge for the year	40	726
Reversal for the year	–	–
	40	726
Closing balance	<u>377,842</u>	<u>377,802</u>

#### **15. BILLS PAYABLE**

In Pakistan	28,254,056	19,445,038
Outside Pakistan	98,643	93,390
	<u>28,352,699</u>	<u>19,538,428</u>

	Note	2023	2022
Rupees in '000			
<b>16. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	16.2	85,990,034	80,119,841
Long term financing facility - renewable energy scheme	16.3	2,327,108	2,454,119
Long term financing facility	16.4	19,057,928	21,471,497
Refinance for payment of wages and salaries	16.5	–	2,398,979
Temporary economic refinance facility	16.6	28,797,755	31,169,597
Long term financing facility - for storage of agricultural produce scheme	16.7	621,700	532,962
Refinance facility for modernization of SME	16.8	105,858	123,608
Refinance facility for combating COVID-19	16.9	35,878	51,463
Refinance and credit guarantee scheme for women entrepreneurs	16.10	23,208	–
	16.11	136,959,469	138,322,066
Repurchase agreement borrowings (Repo) - secured	16.12	184,947,267	197,452,237
Due against bills rediscounting - secured	16.13	474,216	4,254,594
		322,380,952	340,028,897
<b>Unsecured</b>			
Certificates of investment	16.14	9,505,606	9,619,699
Call borrowing	16.15	–	2,600,000
Musharika borrowing	16.16	2,495,662	430,940
Overdrawn nostro accounts		888,638	1,323,711
Overdrawn local bank accounts		–	15,160
		12,889,906	13,989,510
		335,270,858	354,018,407

## 16.1 Particulars of borrowings in respect of currencies

In local currency	333,908,004	348,440,102
In foreign currencies	1,362,854	5,578,305
	335,270,858	354,018,407

- 16.2** These borrowings have been obtained from the SBP for extending export finance to customers. These carry mark-up at rates ranging from 17% to 18% per annum (2022: 11% to 12% per annum) and are due to mature latest by 26 June 2024.
- 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 (2022: 2% to 3% 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 (2022: 10% to 11.5% per annum) and are due to mature latest by 06 January 2033.
- 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 Nil (2022: 0% per annum).
- 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 (2022: 1.00% per annum) and are due to mature latest by 08 November 2033.
- 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 (2022: 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 (2022: 2.00% per annum) and are due to mature latest by 18 November 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 (2022: 0% per annum) and are due to mature latest by 30 June 2026.
- 16.10** These borrowings have been obtained from the SBP under a scheme to provide finance for women entrepreneurs across the country. These carry mark-up at rates of 0% per annum (2022: 0% per annum) and are due to mature latest by 04 October 2028.
- 16.11** 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.
- 16.12** These carry mark-up rates ranging between 21.75% to 23.00% (2022: 15.75% to 16.75%) per annum having maturity upto 12 Jan 2024 (2022: 03 March 2023 ) and are secured against investments mentioned in note 9.3.1.
- 16.13** 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 rate of 6.91% (2022: 5.11% to 6.04%) per annum having maturity upto 23 January 2024 (2022: 3 April 2023).
- 16.14** These carry markup rate ranging between 14.55% to 22.23% (2022: 8.30% to 16.60%) per annum having maturity upto 26 December 2024 (2022: 12 December 2023).
- 16.15** These carry mark-up rate Nil (2022: 15.70 % to 16.10%) per annum having maturity upto Nil (2022: 03 January 2023).
- 16.16** These carry markup at rates ranging from 21.71% to 22.71% (2022: 15.96% to 16.02%) per annum.

## 17. DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits	310,637,089	59,724,307	370,361,396	261,734,505	42,738,681	304,473,186
Savings deposits	341,134,624	16,798,084	357,932,708	216,746,274	19,820,695	236,566,969
Term deposits	175,133,425	50,971,995	226,105,420	211,585,932	52,733,398	264,319,330
Others	41,503,257	72,458	41,575,715	48,007,631	18,692	48,026,323
	868,408,395	127,566,844	995,975,239	738,074,342	115,311,466	853,385,808

### Financial institutions

Current deposits	2,327,236	1,030,085	3,357,321	1,298,132	882,797	2,180,929
Savings deposits	11,868,434	–	11,868,434	19,215,914	–	19,215,914
Term deposits	260,684	22,739	283,423	4,862,729	6,945	4,869,674
Others	1,356	–	1,356	–	–	–
	14,457,710	1,052,824	15,510,534	25,376,775	889,742	26,266,517
	882,866,105	128,619,668	1,011,485,773	763,451,117	116,201,208	879,652,325

	2023	2022
	Rupees in '000	
<b>17.1 Composition of deposits</b>		
Individuals	463,434,699	389,001,497
Government (Federal and Provincial)	35,486,080	57,795,609
Public Sector Entities	23,681,503	33,175,399
Banking Companies	1,576,992	99,488
Non-Banking Financial Institutions	13,116,479	26,167,029
Private Sector	474,190,020	373,413,303
	1,011,485,773	879,652,325

- 17.2** This includes eligible deposits of Rs. 620,878,246 thousand (2022: Rs. 462,162,381 thousand) which are covered under deposit protection mechanism as required by the Deposit Protection Corporation circular no. 4 of 2018.

	Note	2023	2022
		Rupees in '000	
<b>18. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		19,657,456	14,447,408
Mark-up / return / interest payable in foreign currencies		684,315	985,955
Unearned commission and income		721,371	529,602
Accrued expenses		4,461,216	2,457,947
Current taxation (provision less payments)		10,045,748	4,806,885
Acceptances		25,076,677	25,377,732
Unclaimed dividend		85,648	138,797
Dividend payable		54,108	1,032,890
Branch adjustment account		3,719	2,233
Dividend Payable		—	—
Mark to market loss on forward foreign exchange contracts		4,203,701	2,180,854
Provision for compensated absences	36.2	325,877	269,345
Payable to defined benefit plan	35.4	—	35,074
Provision against off-balance sheet obligations	18.1	32,583	32,583
Workers' welfare fund	18.3	3,764,458	2,650,204
Charity fund balance		402	3,666
Excise duty payable		2,263	3,081
Locker deposits		989,676	980,238
Advance against diminishing musharakah		58,716	288,675
Advance rental for ijarah		19,440	15,872
Security deposits against leases / ijarah		244,813	256,562
Sundry creditors		3,674,016	2,219,944
Lease liability against right-of-use assets	18.2	9,086,176	7,810,670
Withholding tax / duties		315,255	450,494
Others	18.4	16,856,607	12,970,736
		<u>100,364,241</u>	<u>79,947,447</u>

## 18.1 Provision against off-balance sheet obligations

Opening balance	32,583	32,583
Charge for the year	—	—
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	887,259	859,158
Later than one and less than five years	4,279,303	4,609,734
Over five years	3,919,614	2,341,778
	<u>9,086,176</u>	<u>7,810,670</u>

**18.2.1** These represents branch premises acquired on rent.

**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 November 10, 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. 15,169,499 thousand (2022: 12,186,315) 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

2023 (Number of shares)	2022		2023	2022
			Rupees in '000	
<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
925,331,480	925,331,480	– Issued as bonus shares	9,253,315	9,253,315
<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 (2022: 534,394 thousand) ordinary shares of Rs. 10/- each (51% holding) and Habib Insurance Company Limited (the associated company) held 6,706 thousand (2022: 6,306 thousand) ordinary shares of Rs. 10/- each.

### 19.4 Non-Controlling Interest (NCI)

	2023			2022		
	First Habib Modaraba	Habib Metro Modaraba	Total	First Habib Modaraba	Habib Metro Modaraba	Total
<b>NCI Percentage</b>	84.57%	30.00%		84.57%	30.00%	
	Rupees in '000					
Assets	22,900,568	–	22,900,568	19,655,973	–	19,655,973
Liabilities	(17,942,083)	–	(17,942,083)	(15,298,390)	–	(15,298,390)
<b>Net assets</b>	<u>4,958,485</u>	<u>–</u>	<u>4,958,485</u>	<u>4,357,583</u>	<u>–</u>	<u>4,357,583</u>
<b>Net assets attributable to NCI</b>	<u>4,193,391</u>	<u>–</u>	<u>4,193,391</u>	<u>3,685,208</u>	<u>–</u>	<u>3,685,208</u>
Profit for the year	803,347	–	803,347	622,428	10,715	633,143
Other comprehensive income	11,895	–	11,895	(163,335)	–	(163,335)
<b>Total comprehensive income</b>	<u>815,242</u>	<u>–</u>	<u>815,242</u>	<u>459,093</u>	<u>10,715</u>	<u>469,808</u>
<b>Total comprehensive income allocated to NCI</b>	<u>689,451</u>	<u>–</u>	<u>689,451</u>	<u>399,454</u>	<u>3,215</u>	<u>402,669</u>
<b>Dividend paid to NCI</b>	<u>(187,459)</u>	<u>–</u>	<u>(187,459)</u>	<u>(181,440)</u>	<u>(4,050)</u>	<u>(185,490)</u>

	Note	2023	2022
		Rupees in '000	
<b>20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
– Available-for-sale securities	9.1	(3,016,348)	(8,400,737)
– Fixed Assets	20.1	6,471,163	6,789,623
– Non-banking assets acquired in satisfaction of claims	20.2	2,095,111	2,095,111
		5,549,926	483,997
Less: Deferred tax on surplus / (deficit) on revaluation of			
– Available-for-sale securities		(1,489,809)	(3,613,221)
– Fixed Assets	20.1	1,426,787	1,389,016
– Non-banking assets acquired in satisfaction of claims	20.2	769,953	675,664
		(706,931)	1,548,541
		4,842,995	2,032,538
Less: (surplus) / deficit pertaining to non-controlling interest		(13,181)	(3,121)
Deficit pertaining to equity holder's share		4,829,814	2,029,417
<b>20.1 Fixed assets</b>			
Surplus on revaluation as at 1 January		6,789,623	–
Revaluation of fixed assets during the year		–	6,795,964
Transferred from non banking asset		–	154,193
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax		(162,415)	(91,504)
Related deferred tax liability on incremental depreciation		(156,045)	(69,030)
		(318,460)	6,789,623
Surplus on revaluation as at 31 December		6,471,163	6,789,623
Less: Related deferred tax liability on:			
Revaluation as at 1 January		1,389,016	–
Revaluation of fixed assets during the year		–	1,457,854
Transferred to fixed assets		–	192
Impact of change in tax rate		193,816	–
Incremental depreciation during the year		(156,045)	(69,030)
		37,771	1,389,016
Related deferred tax liability		1,426,787	1,389,016
		5,044,376	5,400,607

	Note	2023	2022
		Rupees in '000	
<b>20.2 Non-banking assets acquired in satisfaction of claims</b>			
Surplus on revaluation as at 1 January		2,095,111	2,249,327
Transferred to fixed asset		—	(154,193)
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax		—	(13)
Related deferred tax liability on incremental depreciation		—	(10)
		—	(154,216)
Surplus on revaluation as at 31 December		2,095,111	2,095,111
Less: Related deferred tax liability on:			
Revaluation as at 1 January		675,664	877,238
Transferred to fixed assets		—	(192)
Impact of change in tax rate		94,289	(201,372)
Incremental depreciation during the year		—	(10)
		94,289	(201,574)
Related deferred tax liability		769,953	675,664
		1,325,158	1,419,447
<b>21. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	21.1	137,319,392	131,519,154
Commitments	21.2	500,787,681	396,023,125
Other contingent liabilities	21.3	3,941,041	2,980,386
		642,048,114	530,522,665
<b>21.1 Guarantees</b>			
Financial Guarantees		29,705,918	26,172,591
Performance Guarantees		55,811,913	62,206,335
Other guarantees		51,801,561	43,140,228
		137,319,392	131,519,154



	Note	2023	2022
		Rupees in '000	
<b>21.2 Commitments</b>			
Documentary credits and short-term trade-related transactions:			
Letters of credit		132,975,536	157,455,041
Commitments in respect of:			
Forward foreign exchange contracts	21.2.1	365,390,061	236,024,551
Forward lendings	21.2.2	2,119,000	2,077,327
Acquisition of operating fixed assets		303,084	466,206
		367,812,145	238,568,084
		500,787,681	396,023,125
<b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		190,089,104	128,349,072
Sale		175,300,957	107,675,479
		365,390,061	236,024,551

## 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	2023	2022
		Rupees in '000	
Commitments in respect of syndicate financing		1,093,000	1,165,004
Commitments in respect of other financing		1,026,000	912,323
		2,119,000	2,077,327
<b>21.3 Other contingent liabilities</b>			
Claims against holding company not acknowledged as debt	21.3.1	3,834,985	2,874,330
Foreign Exchange repatriation case	21.3.2	106,056	106,056
		3,941,041	2,980,386

**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 a 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, 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).

	2023	2022
	Rupees in '000	
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	69,757,379	43,878,312
Investments	133,596,741	88,487,687
Lending with financial institutions	5,390,073	2,784,170
Balance with other banks	592,865	27,341
	<u>209,337,058</u>	<u>135,177,510</u>

## 24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	93,220,898	60,851,130
Borrowings	36,155,623	27,717,852
Cost of foreign currency swaps against foreign currency deposits	5,793,833	4,125,891
Lease liability against right-of-use assets	969,124	817,509
	<u>136,139,478</u>	<u>93,512,382</u>

	2023	2022
	Rupees in '000	
<b>25. FEE &amp; COMMISSION INCOME</b>		
Branch banking customer fees	1,225,583	894,410
Credit related fees	37,216	44,968
Card related fees	1,062,450	778,556
Commission on trade	5,630,911	4,942,364
Commission on guarantees	960,388	819,349
Commission on remittances including home remittances	49,872	38,637
Commission on bancassurance	177,489	184,306
Commission on cash management	155,293	132,467
Investment Banking Fee	61,505	40,769
Others	102,507	155,224
	<u>9,463,214</u>	<u>8,031,050</u>
<b>26. GAIN / (LOSS) ON SECURITIES</b>		
Federal Government Securities - net	(820,402)	(209,955)
Shares - net	815,133	117,872
Mutual funds - net	—	28,447
	<u>(5,269)</u>	<u>(63,636)</u>
<b>27. OTHER INCOME</b>		
Rent on properties	25,521	26,629
Gain on sale of fixed assets - net	36,346	42,004
Gain on sale of ijarah assets - net	38,652	87,305
Gain on sale of right-of-use assets - net	—	14,136
Staff notice period and other recoveries	2,101	847
	<u>102,620</u>	<u>170,921</u>

	Note	2023	2022
		Rupees in '000	
<b>28. OPERATING EXPENSES</b>			
Total compensation expense	28.1	11,493,591	9,630,271
<b>Property expense</b>			
Rent & taxes		184,032	174,508
Insurance		8,197	6,879
Utilities cost		1,361,781	1,045,467
Security (including guards)		836,191	692,183
Repair & maintenance (including janitorial charges)		926,311	648,840
Depreciation on owned fixed assets		934,908	688,600
Depreciation on right-of-use assets		1,467,649	1,294,821
		5,719,069	4,551,298
<b>Information technology expenses</b>			
Software maintenance		615,264	369,168
Hardware maintenance		444,648	271,201
Depreciation		342,561	277,958
Amortisation		132,832	83,588
Network charges		786,420	372,719
		2,321,725	1,374,634
<b>Other operating expenses</b>			
Directors' fees and allowances		24,270	12,643
Fees and allowances to Shariah Board		24,838	21,372
Legal & professional charges		328,618	223,633
Outsourced services costs	34.1	367,003	309,779
Travelling & conveyance		705,823	482,552
NIFT clearing charges		96,897	91,907
Depreciation		719,597	596,704
Depreciation - non-banking assets		–	371
Training & development		43,382	34,112
Postage & courier charges		175,688	142,604
Communication		169,646	135,612
Subscription		817,583	470,586
Repair & maintenance		296,044	199,961
Brokerage & commission		187,053	186,099
Stationery & printing		548,803	422,560
Marketing, advertisement & publicity		603,589	518,819
Management fee		1,894,017	798,514
Insurance		1,134,259	972,068
Donations	28.3	285,273	200,405
Auditors' Remuneration	28.4	30,728	27,012
Security		323,707	229,185
Others		835,454	695,291
	28.2	9,612,272	6,771,789
		<u>29,146,657</u>	<u>22,327,992</u>

## 28.1 Total compensation expense

	2023	2022
	Rupees in '000	
Managerial Remuneration		
i) Fixed	9,081,983	7,482,305
ii) Variable - Cash Bonus / Awards etc.	906,397	797,737
Charge for defined benefit plan	284,511	311,794
Contribution to defined contribution plan	330,891	284,744
Charge for compensated absences	164,748	102,678
Rent & house maintenance	41,504	37,617
Conveyance	658,876	582,995
Employee Old Age Benefit Contribution	24,681	30,401
	<u>11,493,591</u>	<u>9,630,271</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. 117,452 thousand (2022: 113,136 thousand) per taining to payments made to companies incorporated in Pakistan.

	2023	2022
	Rupees in '000	

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

### DONEE

Memon Health and Education Foundation (Memon Medical Institute)	88,500	1,000
Patients' Aid Foundation	35,500	-
The Indus Hospital	33,050	38,700
Habib University Foundation	25,000	25,000
AL-Mustafa Welfare Society Trust	10,000	5,000
Nisar Fatima Amin Foundation	10,000	15,000
Dawat-e-Islami Trust	7,500	-
Saylani Welfare International	7,500	3,500
Family Educational Services Foundation	5,330	2,150
The Layton Rehmatulla Benevolent Trust	4,100	1,000
Embassy of Turkiye Administrative	3,000	-
Habib Girls School Trust	3,000	500
Sindh Institute of Urology & Transplantation (SIUT)	3,000	3,000
Green Island Trust	2,850	-
Karwan-e-Hayat (Institute For Mental Health)	2,500	500
Karachi Down Syndrome Program	2,000	1,750
Idara-i-Talim-o-Aagahi Public Trust	1,625	-
The Citizens Archive of Pakistan	1,500	-
The Citizens Foundation	1,500	41,000
The Patients Behbud Society for AKUH	1,500	1,000
Safaid Posh Dastarkhwan	1,200	1,050
Rehnuma Public School (Path Education Society)	1,100	1,825
Institute of Business Administration	1,077	1,720
Abbas-e-Alamdar Hostel	1,050	1,100
Abdul Sattar Edhi Foundation	1,000	1,000
Afzaal Memorial Thalassemia Foundation	1,000	-
AL-Khidmat Foundation Pakistan	1,000	-
Alleviate Addiction Suffering Trust (AAS Trust)	1,000	1,000
Anjuman Behbood-e-Samat-e-Atfal	1,000	1,000
Bait-ul-Sukoon	1,000	1,000
ChildLife Foundation	1,000	500
For the needy and hungry foundation (Trust)	1,000	-
Mohamedali Habib Welfare Trust	1,000	-
The Aga Khan Hospital and Medical College Foundation	1,000	1,000
The Kidney Centre Post Graduate Training Institute	1,000	1,000

	2023	2022
	Rupees in '000	
<b>DONEE</b>		
Zehra Homes	1,000	1,000
Al-Sayyeda Benevolent Trust	960	960
Habib Medical Trust	960	960
Habib Poor Fund	960	960
RahmatBai Habib Food & Clothing Trust	960	960
RahmatBai Habib Widows & Orphan Trust	960	960
Jafaria Disaster Cell Welfare Organization	750	4,350
Pak Medical and Welfare Trust (Paknight Clinic)	750	500
Shaukat Khanum Memorial Trust	750	500
Special Olympics Pakistan	750	—
Hunar Ghar Welfare Organization	700	900
Pakistan Memon Educational & Welfare Society	600	600
Women Empowerment Group (Pink Ribbon)	600	—
GOREAD.PK	580	—
Al-Umeed Rehabilitation Association	500	1,000
Depilex Smileagain Foundation	500	—
Habib Public School	500	500
Health Oriented Preventive Education	500	500
Healthcare and Social welfare Association	500	500
Lady Dufferin Hospital	500	1,100
Memon Educational Board	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
Vocational Welfare Society for Mentally Retarded Markaz-e-Umeed	500	500
Zubaida Machiyara Trust	500	—
Ida Rieu Welfare Association	—	600
Developments in Literacy	—	1,200

None of the directors, executives and their spouses had interest in the donations disbursed during the year 2023, except for donations paid to:

Name of Donee	Directors	Interest in Donee as
Habib University Foundation	Mr. Mohamed 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

	2023	2022
	Rupees in '000	
Audit fee	6,710	5,455
Review of half yearly financial statements	2,407	1,846
Fee for other statutory reporting / other services	11,755	12,565
Special certifications	4,853	2,500
Sales tax and out-of-pocket expenses on above services	5,003	4,646
	<u>30,728</u>	<u>27,012</u>

#### 29. OTHER CHARGES

Penalties imposed by the SBP	<u>123,489</u>	<u>67,878</u>
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	Note	2023	2022
		Rupees in '000	
<b>30. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision / (reversal) of provision for diminution in value of investments - net	9.3.1	60,431	236,225
Provision against loan & advances - net	10.5	5,120,187	3,606,345
Charge against other assets /	14.3	40	726
Recovery of written-off bad debts		(78,807)	(83,658)
		<u>5,101,851</u>	<u>3,759,638</u>

## 31. TAXATION

Current		28,600,963	14,219,550
Prior year	31.2	1,860,066	—
Deferred	13	(2,572,722)	(674,898)
		<u>27,888,307</u>	<u>13,544,652</u>

**31.1** Income tax assessments of the Bank and subsidiary companies have been finalised up to the tax year 2023 (corresponding to the accounting year ended 31 December 2022). 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** This reflects provision made, on prudent basis, for additional tax imposed by the Federal Board of Revenue (FBR) through its notification dated 21 November 2023 on the foreign exchange income of the banking sector at the rate of 40% for the financial year ended 31 Dec 2021 and 31 Dec 2022. The Bank has challenged the imposition of additional tax before the Sindh High Court which has granted stay against such demand. The matter is currently pending for final adjudication.

	2023	2022
	Rupees in '000	
<b>31.3 Relationship between tax expense and accounting profit</b>		
Profit before tax	53,124,200	28,468,828
Tax at the applicable tax rate	25,820,559	13,745,809
Prior year tax charge	1,860,066	—
Deferred tax - prior year (due to change in tax rate)	(489,625)	(302,908)
Income taxed at lower rate	(85,485)	(26,841)
Permanent differences	782,792	128,592
Tax charge for the year	<u>27,888,307</u>	<u>13,544,652</u>

## 32. BASIC AND DILUTED EARNINGS PER SHARE

	2023	2022
	Rupees in '000	
Profit attributable to equity shareholders of the holding company	24,556,502	14,373,559
	Number in '000	
Weighted average number of ordinary shares	1,047,831	1,047,831
	Rupees	
Basic and diluted earnings per share	<u>23.44</u>	<u>13.72</u>

	Note	2023	2022
		Rupees in '000	
<b>33. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	91,467,062	54,747,439
Balances with other banks	7	21,269,948	22,867,486
Overdrawn nostro accounts	16	(888,638)	(1,338,871)
		<u>111,848,372</u>	<u>76,276,054</u>

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

	2023			
	Equity			
	Other liabilities	Reserves	Unappropriated profit	Non-Controlling interest
	Rupees in '000			
Balance as at 1 January	79,947,447	25,949,624	36,584,942	3,685,208
Changes from financing cash flow				
Dividend paid	-	-	(9,676,540)	(187,459)
Other Changes;				
Liability related				
- Cash based	14,117,732	-	-	-
- Non-cash based	7,330,993	-	-	-
- Dividend payable	(1,031,931)	-	1,031,931	-
Transfer of profit to statutory reserve	-	5,476,764	(5,476,764)	-
Total liability related other charges	20,416,794	5,476,764	(4,444,833)	-
Equity related	-	6,380	24,791,350	695,642
Balance as at 31 December	<u>100,364,241</u>	<u>31,432,768</u>	<u>47,254,919</u>	<u>4,193,391</u>
	2022			
	Equity			
	Other liabilities	Reserves	Unappropriated profit	Non-Controlling interest
	Rupees in '000			
Balance as at 1 January	55,928,557	22,898,760	30,370,219	3,499,032
Changes from financing cash flows				
Dividend paid	-	-	(4,231,151)	(185,490)
Other Changes;				
Liability related				
- 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	-	3,168	14,470,574	402,668
Balance as at 31 December	<u>79,947,447</u>	<u>25,949,624</u>	<u>36,584,942</u>	<u>3,685,208</u>

	2023	2022
	Number	
<b>34. STAFF STRENGTH</b>		
Permanent	5,834	5,565
Temporary	566	579
Group's own staff strength at end of the year	<u>6,400</u>	<u>6,144</u>



**34.1** In addition to the above, 905 (2022: 879) employees of outsourcing services companies were assigned to the holding company as at 31 December 2023 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.

	2023	2022
	Number	
<b>35.2 Number of employees under the scheme</b>		
Gratuity funds	5,797	5,522

### 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:

	2023	2022
Discount rate - percent per annum	16.00	14.25
Expected rate of return on plan assets - percent per annum	14.25	11.75 to 12.50
Long term rate of salary increase - percent per annum	15.50	13.75 to 11.25
Mortality rates (for death in service)	Adjusted SLIC 2001- 2005	Adjusted SLIC 2001- 2005
	Note	
	2023	2022
	Rupees in '000	
<b>35.4 Reconciliation of payable to defined benefit plan</b>		
Fair value of plan assets	2,381,816	2,027,436
Present value of defined benefit obligation	(2,326,802)	(2,062,510)
Receivable/(Payable)	55,014	(35,074)

### 35.5 Movement in payable to defined benefit plan

Obligations at the beginning of the year	2,062,510	1,798,012
Current service cost	279,585	239,104
Past service cost	—	65,925
Interest cost	277,888	214,299
Benefits due but not paid (payables)	(790)	(4,498)
Benefits paid by the Group	(231,790)	(164,475)
Re-measurement (gain) / loss	(60,601)	(85,857)
Obligations at the end of the year	2,326,802	2,062,510

	Note	2023	2022
		Rupees in '000	
<b>35.6 Movement in fair value of plan assets</b>			
Fair value at the beginning of the year		2,027,436	1,741,386
Interest income on plan assets		272,962	207,534
Contribution by the Group - net		283,342	314,518
Benefits paid		(231,790)	(164,475)
Benefits due but not paid		(790)	(4,498)
Re-measurements: Net return on plan assets over interest income loss	35.8.2	30,656	(67,029)
Fair value at the end of the year		<u>2,381,816</u>	<u>2,027,436</u>
<b>35.7 Movement in payable under defined benefit schemes</b>			
Opening balance		35,074	56,626
Charge / (reversal) for the year		284,511	311,794
Contribution by the Group - net		(283,342)	(314,518)
Re-measurement loss / (gain) recognised in OCI during the year	35.8.2	(91,257)	(18,828)
Closing balance		<u>(55,014)</u>	<u>35,074</u>
<b>35.8 Charge for defined benefit plans</b>			
<b>35.8.1 Cost recognised in profit and loss</b>			
Past service cost		–	65,925
Current service cost		279,585	239,104
Net interest on defined benefit asset		4,926	6,765
		<u>284,511</u>	<u>311,794</u>
<b>35.8.2 Re-measurements recognised in OCI during the year</b>			
Loss / (gain) on obligation		11,116	4,585
- Financial assumptions		(71,717)	(90,442)
- Experience adjustment		(60,601)	(85,857)
		<u>(30,656)</u>	<u>67,029</u>
Return on plan assets over interest income		(30,656)	67,029
Total re-measurements recognised in OCI		<u>(91,257)</u>	<u>(18,828)</u>
<b>35.9 Components of plan assets</b>			
Bank balance in profit and loss sharing account	35.9.1	336,319	255,531
Term deposit certificate		86,250	98,869
Federal Government securities			
Defence Saving Certificates		1,229,800	1,114,000
Market Treasury Bills		456,301	–
Pakistan Investment Bonds		250,575	51,967
Special saving Certificates		–	15,000
Non government debt securities		22,571	492,069
		<u>2,381,816</u>	<u>2,027,436</u>

**35.9.1** The above amount represents balance which is deposited or placed with the branches of the holding company. Further, the funds primarily invest in Government securities which do not carry any credit risk. 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:

	2023 Rupees in '000
1% increase in discount rate	(205,968)
1% decrease in discount rate	238,181
1% increase in expected future increment in salary	239,092
1% decrease in expected future increment in salary	(210,244)
10% increase in expected withdrawal rate	769
10% decrease in expected withdrawal rate	(808)
1% increase in expected mortality rate	1,616
1% decrease in expected mortality rate	(1,494)

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

308,137

## 35.12 Expected charge for the next financial year

308,137

## 35.13 Maturity profile

The weighted average duration of the obligation is 9.6 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 9.6 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 16.00 % 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 2023 as per audited accounts are 5,164 (2022: 4,584).

### 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. 325,877 thousand (2022: Rs. 269,345 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. 164,748 thousand (2022: Rs. 102,678 thousand) has been recognised to the profit and loss account.

## 37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 37.1 Total compensation expense

	2023					
	Directors Chairman	Non- executives	Members Shari'ah Board	President / CEO	Key management personnel	Other material risk taker / controller
	Rupees in '000					
Fees	-	17,700	-	-	-	-
Managerial remuneration fixed	-	-	23,176	127,972	458,021	780,357
Charge for defined benefit plan	-	-	301	6,750	11,678	22,136
Contribution to defined contribution plan	-	-	361	5,068	16,104	26,982
Security charges and vehicle maintenance	6,205	-	-	-	-	-
Utilities	365	-	-	-	1,150	-
Others	-	-	-	1,717	1,560	-
	<u>6,570</u>	<u>17,700</u>	<u>23,838</u>	<u>141,507</u>	<u>488,513</u>	<u>829,475</u>
Number of persons	<u>1</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>31</u>	<u>119</u>

	2022					
	Directors Chairman	Non- executives	Members Shari'ah Board	President / CEO	Key management personnel	Other material 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>

**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.

**37.1.2** In addition to above, bonus paid to the chief executives, members of Shari'ah board, Key management personnel and other material risk taker / controller of the Bank amounted to Rs. 65,675 thousand (2022: Rs. 52,500 thousand), Rs. 1,887 thousand (2022: Rs. 1,059 thousand), Rs. 103,096 thousand (2022: Rs. 79,133 thousand) and Rs. 169,278 thousand (2022: Rs. 122,086 thousand) respectively.

**37.1.3** The total amount of deferred bonus as at 31 December 2023 for the President / CEO, key management personnel and other material risk takers / material risk controllers is Rs. 134,960 thousand (31 December 2022: Rs. 101,149 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

		2023						
		Meeting fees and allowances paid						
		For Board committees					Credit	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	Ali Abbas Sikandar	1,500	-	500	-	-	-	2,000
3	Anjum Z. Iqbal	-	-	-	-	-	-	-
4	Firasat Ali	200	-	-	300	150	-	650
5	Hamza Habib	-	-	-	-	-	-	-
6	Mohomed Bashir	2,700	-	-	800	-	-	3,500
7	Mohsin A. Nathani	-	-	-	-	-	-	-
8	Muhammed H. Habib	-	-	-	-	-	-	-
9	Rashid Ahmad Jaffer	2,700	1,700	-	-	900	550	5,850
10	Tahira Raza	2,700	800	-	1,400	800	-	5,700
		9,800	2,500	500	2,500	1,850	550	17,700
		2022						
		Meeting fees and allowances paid						
		For Board committees					Credit	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
		3,200	800	300	700	1,200	-	6,200

### 37.3 Remuneration paid to Shariah Board Members

	2023			2022		
	Chairman	Resident member	Non-resident members	Chairman	Resident member	Non-resident members
	Rupees in '000					
Managerial remuneration						
Fixed	7,213	8,267	7,696	6,317	7,567	6,084
Items						
Charge for defined benefit plan	–	301	–	–	329	–
Contribution to defined contribution plan	–	361	–	–	345	–
Total amount paid	7,213	8,929	7,696	6,317	8,241	6,084
Total number of person	1	1	1	1	1	1

In addition to above, bonus paid to resident member amounted to Rs. 1,887 thousand (2022: Rs. 1,059 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:

2023					
On balance sheet financial instruments	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
		Rupees in '000			
Financial assets measured at fair value					
- Investments					
- Available-for-sale securities					
Federal government securities	802,747,878	-	802,747,878	-	802,747,878
Sukuk certificates and bonds	7,143,865	-	7,143,865	-	7,143,865
Ordinary shares of listed companies	4,699,654	4,699,654	-	-	4,699,654
Mutual funds - open end	230,712	-	230,712	-	230,712
- close end	8,255	8,255	-	-	8,255
Real estate investment trust	1,992,625	1,992,625	-	-	1,992,625
Listed term finance certificates	1,317,481	-	1,317,481	-	1,317,481
Unlisted term finance certificates	3,295,000	-	3,295,000	-	3,295,000
Financial assets disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	99,146,633	-	91,756,989	-	91,756,989
Ordinary shares of unlisted companies	52,658	-	-	-	-
	<u>920,634,761</u>	<u>6,700,534</u>	<u>906,491,925</u>	<u>-</u>	<u>913,192,459</u>
Off-balance sheet financial instruments					
- measured at fair value					
- Forward purchase of foreign exchange contracts	<u>190,089,104</u>	<u>-</u>	<u>187,821,748</u>	<u>-</u>	<u>187,821,748</u>
- Forward sale of foreign exchange contracts	<u>175,300,957</u>	<u>-</u>	<u>176,253,371</u>	<u>-</u>	<u>176,253,371</u>
2022					
On balance sheet financial instruments	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
		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>

### 38.2 Fair value of non-financial assets

2023					
Carrying / notional value	Fair value				Total
	Level 1	Level 2	Level 3		
Rupees in '000					
Non-financial assets measured at fair value					
- Fixed assets	10,375,530	-	-	10,375,530	10,375,530
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	4,299,840
	14,675,370	-	-	14,675,370	14,675,370
2022					
Carrying / notional value	Fair value				Total
	Level 1	Level 2	Level 3		
Rupees in '000					
Non-financial assets measured at fair value					
- Fixed assets	10,735,947	-	-	10,735,947	10,735,947
- Non-banking assets acquired in satisfaction of claim	4,299,840	-	-	4,299,840	4,299,840
	15,035,787	-	-	15,035,787	15,035,787

### 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 2023			
	Trade & sales	Retail banking	Commercial banking	Total
	Rupees in '000			
<b>Profit and Loss</b>				
Net mark-up / return / profit	116,229,208	(44,534,771)	1,503,143	73,197,580
Inter segment revenue - net	(116,634,183)	74,270,590	42,363,593	-
Non mark-up / return / interest income	5,868,913	1,390,952	8,161,728	15,421,593
Total Income	5,463,938	31,126,771	52,028,464	88,619,173
Segment direct expenses	(345,746)	-	-	(345,746)
Inter segment expense allocation	-	(9,808,243)	(20,239,133)	(30,047,376)
Total expenses	(345,746)	(9,808,243)	(20,239,133)	(30,393,122)
Provisions	(60,430)	(14,322)	(5,027,099)	(5,101,851)
Profit before tax	5,057,762	21,304,206	26,762,232	53,124,200
<b>Balance Sheet</b>				
Cash and bank balances	21,270,067	29,853,257	61,613,686	112,737,010
Investments - net	920,634,761	-	-	920,634,761
Net inter segment lending	-	456,265,123	263,545,211	719,810,334
Lendings to financial institutions	5,496,284	-	-	5,496,284
Advances - performing	-	16,829,682	423,388,340	440,218,022
Advances - non-performing	-	330,126	20,443,231	20,773,357
Provision against advances	-	(201,087)	(27,157,690)	(27,358,777)
Others	28,147,337	8,678,456	64,336,328	101,162,121
<b>Total Assets</b>	<b>975,548,449</b>	<b>511,755,557</b>	<b>806,169,106</b>	<b>2,293,473,112</b>
Borrowings	198,311,389	-	136,959,469	335,270,858
Deposits and other accounts	-	463,433,999	548,051,774	1,011,485,773
Net inter segment borrowing	719,810,334	-	-	719,810,334
Others	5,000,244	19,316,073	104,400,623	128,716,940
<b>Total liabilities</b>	<b>923,121,967</b>	<b>482,750,072</b>	<b>789,411,866</b>	<b>2,195,283,905</b>
<b>Net Assets</b>	<b>52,426,482</b>	<b>29,005,485</b>	<b>16,757,240</b>	<b>98,189,207</b>
<b>Equity</b>				<b>98,189,207</b>
<b>Contingencies and Commitments</b>	<b>365,390,061</b>	<b>9,000</b>	<b>281,201,314</b>	<b>646,600,375</b>

	31 December 2022			
	Trade & sales	Retail banking	Commercial banking	Total
	Rupees in '000			
<b>Profit and Loss</b>				
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
<b>Balance Sheet</b>				
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
<b>Total Assets</b>	835,650,929	424,131,299	743,729,105	2,003,511,333
Borrowings	205,645,702	–	148,372,705	354,018,407
Subordinated debt	–	–	–	–
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
<b>Total liabilities</b>	800,261,915	401,951,820	722,570,092	1,924,783,827
<b>Net Assets</b>	35,389,014	22,179,479	21,159,013	78,727,506
<b>Equity</b>				78,727,506
<b>Contingencies and Commitments</b>	236,024,551	128,334	294,369,780	530,522,665

## 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:

		2023			
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	18	27,993,900	5,561,500	52,041,150	85,596,550
Corporates	54	6,496,000	479,900	48,474,450	55,450,350
Individual	169	1,706,600	218,700	8,694,306	10,619,606
Insurance companies	1	120,000	–	120,000	240,000
NGO / Charitable organisation	7	175,000	5,000	475,800	655,800
Employee funds	47	4,070,700	696,100	6,912,500	11,679,300
Others	1	–	275,000	–	275,000
		<u>40,562,200</u>	<u>7,236,200</u>	<u>116,718,206</u>	<u>164,516,606</u>
		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>

#### 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:

	2023					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Balances with other banks</b>						
In current accounts	680,649	186,957	-	-	-	867,606
<b>Advances</b>						
Opening balance	-	4,923,312	247,128	-	-	5,170,440
Addition during the year	-	107,246,311	144,741	-	-	107,391,052
Repaid during the year	-	(106,460,284)	(101,718)	-	-	(106,562,002)
Closing balance	-	5,709,339	290,151	-	-	5,999,490
<b>Other Assets</b>						
Mark-up / return / interest receivable	-	88,690	-	-	-	88,690
Prepayments / advance deposits / other receivable	468	59,669	-	-	60,450	120,587
	468	148,359	-	-	60,450	209,277
<b>Deposits and other accounts</b>						
Opening balance	186,031	21,811,626	395,587	703,394	1,267,570	24,364,208
Received during the year	25,230,932	2,458,473,253	3,199,802	1,710,093	5,434,990	2,494,049,070
Withdrawn during the year	(25,174,919)	(2,455,163,584)	(3,275,860)	(1,591,393)	(5,123,266)	(2,490,329,022)
Closing balance	242,044	25,121,296	319,529	822,094	1,579,293	28,084,256
<b>Other Liabilities</b>						
Mark-up / return / interest payable	-	254,878	8,517	8,523	104,940	376,858
Management fee payable for technical and consultancy services *	1,850,085	-	-	-	-	1,850,085
Other payables	-	630	-	995	-	1,625
	1,850,085	255,508	8,517	9,518	104,940	2,228,568
<b>Contingencies and commitments</b>						
Transaction related contingent liabilities	-	10,950,031	-	-	-	10,950,031
Trade-related contingent liabilities	-	1,920,863	-	-	-	1,920,863
	-	12,870,894	-	-	-	12,870,894

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

	2022					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Balances with other banks</b>						
In current accounts	466,178	486,624	–	–	–	952,802
<b>Advances</b>						
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
<b>Other Assets</b>						
Mark-up / return / interest accrued	–	–	70,410	–	–	70,410
Prepayments / advance deposits / other receivable	468	–	54,848	–	–	55,316
	468	–	125,258	–	–	125,726
<b>Deposits and other accounts</b>						
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
<b>Other Liabilities</b>						
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
Insurance & Other Payables	–	611	–	745	32,309	33,665
	504,927	131,648	5,911	5,990	46,833	695,309
<b>Contingencies and commitments</b>						
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.

## Transactions during the year

	2023					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
<b>Income</b>						
Mark-up / return / interest earned	–	320,322	74,779	–	–	395,101
Fee and commission income	108	466,580	–	134	30	466,852
Rent income	5,615	10,340	–	–	–	15,955
<b>Expense</b>						
Mark-up / return / interest expensed	–	2,197,981	53,576	67,421	339,659	2,658,637
Commission / Brokerage / Bank charges paid	3,327	18,854	–	–	–	22,181
Salaries and allowances	–	–	743,948	–	–	743,948
Directors' fees and allowances	–	–	–	24,270	–	24,270
Charge to defined benefit plan	–	–	–	–	286,753	286,753
Contribution to defined contribution plan	–	–	–	–	330,890	330,890
Insurance premium expenses	–	27,230	–	–	–	27,230
Management fee expense for technical and consultancy services *	1,864,538	–	–	–	–	1,864,538
Donation	–	26,920	–	–	–	26,920

\* 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					
<b>Income</b>						
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
<b>Expenses</b>						
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.

## 42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	Rupees in '000	
<b>Minimum Capital Requirement (MCR)</b>		
Paid-up capital (net of losses)	10,478,315	10,478,315
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible common equity tier 1 (CET 1) capital	89,001,463	73,656,954
Eligible additional tier 1 (ADT 1) capital	38,306	187,075
Total eligible tier 1 capital	89,039,769	73,844,029
Eligible tier 2 capital	8,940,628	5,546,196
Total eligible capital (Tier 1 + Tier 2)	97,980,397	79,390,225
<b>Risk Weighted Assets (RWAs)</b>		
Credit risk	428,865,561	453,494,099
Market risk	2,408,671	4,610,137
Operational risk	115,752,388	84,852,996
Total	547,026,620	542,957,232
CET 1 capital adequacy ratio	16.27%	13.57%
Tier 1 capital adequacy ratio	16.28%	13.60%
Total capital adequacy ratio	17.91%	14.62%
<b>Minimum capital requirements prescribed by SBP</b>		
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.		
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 capital	89,039,769	73,844,029
Total exposures	1,860,804,377	1,782,075,424
Leverage ratio	4.79%	4.14%

**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. 428,865,561 thousand (2022: Rs. 453,494,099 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	2023				
	JCR-VIS	PACRA	S & P	Fitch	Moody's
Corporate	✓	✓	–	–	–
Banks	✓	✓	✓	✓	✓
Sovereigns	–	–	–	–	–
SME's	✓	✓	–	–	–

#### Credit exposures subject to Standardised Approach

Exposures	Rating category	2023			2022		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		Rupees in '000					
Corporate	1	109,953,222	15,630,380	94,322,842	111,064,631	17,132,295	93,932,336
	2	143,340,258	2,217,085	141,123,173	127,250,428	3,290,673	123,959,755
	3,4	17,170,109	–	17,170,109	19,774,413	–	19,774,413
Claims on banks with original maturity of 3 months or less		11,643,124	–	11,643,124	50,965,641	35,103,923	15,861,718
Retail		27,732,916	4,600,092	23,132,824	35,159,161	5,447,818	29,711,343
Public sector entities	1	14,008,553	2,281,640	11,726,913	17,894,289	99,902	17,794,387
	2,3	2,571,346	31,976	2,539,370	1,780,414	70,979	1,709,435
Others		1,152,033,532	34,000,000	1,118,033,532	909,815,017	46,347,547	863,467,470
Unrated		231,893,034	47,092,171	184,800,863	268,057,118	42,884,576	225,172,542

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	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Public / Government	2,818,607	41,555,925	-	-	-	-
Private	2,677,677	34,775,682	-	-	-	-
	<u>5,496,284</u>	<u>76,331,607</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	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Chemical and Pharmaceuticals	13,237	16,050	13,237	16,050	13,237	16,050
Engineering	340,000	373,585	-	-	-	-
Electronics and electrical appliances	-	-	-	-	-	-
Financial	5,362,327	5,177,835	-	-	-	-
Power (electricity), Gas, Water, Sanitary	6,247,800	6,247,800	-	-	-	-
Textile	9,500	9,500	9,500	9,500	9,500	9,500
Transport, Storage and Communication	64,946	64,946	64,946	64,946	64,946	64,946
Others	901,700,730	703,216,685	-	-	-	-
	<u>913,738,540</u>	<u>715,106,401</u>	<u>87,683</u>	<u>90,496</u>	<u>87,683</u>	<u>90,496</u>
Credit risk by public / private sector						
Public / Government	903,522,310	709,464,485	-	-	-	-
Private	10,216,230	5,641,916	87,683	90,496	87,683	90,496
	<u>913,738,540</u>	<u>715,106,401</u>	<u>87,683</u>	<u>90,496</u>	<u>87,683</u>	<u>90,496</u>

### 43.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Agriculture, forestry, hunting and fishing	6,298,547	2,594,718	371,956	4,332	260,877	4,332
Automobile and transportation equipment	4,587,590	3,468,773	134,033	67,755	107,704	67,755
Basic metals & metal products	15,032,051	11,775,201	278,276	238,415	268,205	183,650
Cement	5,768,477	10,438,568	159	–	–	–
Chemicals and pharmaceuticals	29,132,247	35,035,864	534,216	647,691	486,816	321,887
Commercial trade	16,042,845	17,151,011	905,948	701,504	522,415	498,782
Commodity finance	34,000,000	24,000,000	–	–	–	–
Construction and real estate	9,495,346	7,336,634	113,276	81,498	78,594	67,964
Edibles	40,127,527	40,327,723	1,830,919	1,389,032	1,821,923	1,051,507
Electronics and electrical appliances	17,943,789	18,757,262	214,387	37,700	110,607	7,700
Financial	2,760,066	1,809,761	113	–	–	–
Footwear and leather garments	3,523,347	3,040,474	26	11,907	–	11,907
Individuals	19,713,201	16,769,856	387,754	152,819	174,886	134,044
Mining and quarrying	17,131	33,569	–	–	–	–
Power (electricity), gas, water, sanitary	27,341,558	41,207,013	1,017,666	4,713,703	1,017,337	4,713,703
Services	25,379,599	17,427,745	652,173	411,571	620,561	131,865
Sugar	7,810,931	7,913,553	93,446	99,340	92,544	99,340
Textile	188,136,511	194,949,735	13,846,813	12,980,326	14,108,272	9,950,073
Transport, storage and communication	3,195,003	3,179,629	26,483	26,483	26,483	26,483
Others	4,685,614	16,523,829	365,713	486,068	335,911	379,146
	<u>460,991,379</u>	<u>473,740,918</u>	<u>20,773,357</u>	<u>22,050,144</u>	<u>20,033,135</u>	<u>17,650,138</u>
	Rupees in '000					
Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
Public/ Government	50,084,927	45,669,433	–	–	–	–
Private	<u>410,906,452</u>	<u>428,071,485</u>	<u>20,773,357</u>	<u>22,050,144</u>	<u>20,033,135</u>	<u>17,650,138</u>
	<u>460,991,379</u>	<u>473,740,918</u>	<u>20,773,357</u>	<u>22,050,144</u>	<u>20,033,135</u>	<u>17,650,138</u>

	2023	2022
	Rupees in '000	
<b>43.1.4 Contingencies and Commitments</b>		
<b>Credit risk by industry sector</b>		
Agriculture, forestry, hunting and fishing	739,784	1,042,687
Automobile and transportation equipment	20,415,045	28,261,002
Basic metals & metal products	7,679,903	7,122,929
Cement	4,545,115	6,652,464
Chemicals and pharmaceuticals	47,680,911	30,256,557
Commercial trade	42,625,253	29,645,816
Construction & real estate	2,398,979	6,526,766
Edibles	28,699,440	40,003,222
Electronics and electrical appliances	9,229,267	7,350,049
Financial	292,931,275	194,712,676
Footwear and leather garments	1,738,461	557,508
Individual	9,000	128,334
Mining and quarrying	290,820	270,949
Power (electricity), gas, water, sanitary	11,784,135	21,538,553
Services	17,576,051	21,535,370
Sugar	3,604,371	3,510,604
Textile	107,081,353	91,309,005
Transport, storage and communication	2,970,635	2,841,945
Others	40,048,316	37,256,229
	<u>642,048,114</u>	<u>530,522,665</u>
<b>Credit risk by public / private sector</b>		
Public / Government	54,461,366	42,372,380
Private	587,586,748	488,150,285
	<u>642,048,114</u>	<u>530,522,665</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. 99,026,277 thousand (2022: Rs. 174,760,738 thousand) are as following:

Funded	72,132,663	111,544,626
Non Funded	26,893,614	63,216,112
Total Exposure	<u>99,026,277</u>	<u>174,760,738</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 194,884,498 thousand (2022: Rs 221,661,400 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	2023						
	Utilization						
	Disburse-ments	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000						
Punjab	248,216,769	234,865,092	12,662,567	–	–	689,110	–
Sindh	405,851,955	33,824,739	352,709,999	1,594,747	17,722,470	–	–
KPK including FATA	2,742,818	–	–	2,742,818	–	–	–
Balochistan	37,217	–	–	–	37,217	–	–
Islamabad	19,344,956	294	–	–	–	19,344,662	–
AJK including Gilgit-Baltistan	325,294	–	–	–	–	–	325,294
Total	676,519,009	268,690,125	365,372,566	4,337,565	17,759,687	20,033,772	325,294

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	873,407,338	363,986,412	467,638,801	6,376,761	20,728,702	13,512,417	1,164,245

### 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

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in '000						
Cash and balances						
with treasury banks	91,467,062	–	91,467,062	54,747,439	–	54,747,439
Balances with other banks	21,269,948	–	21,269,948	22,867,486	–	22,867,486
Lendings to financial institutions	5,496,284	–	5,496,284	76,331,607	–	76,331,607
Investments	920,634,761	–	920,634,761	719,303,291	–	719,303,291
Advances	433,632,602	–	433,632,602	451,471,275	–	451,471,275
Fixed assets	23,407,173	–	23,407,173	21,710,775	–	21,710,775
Intangible assets	368,333	–	368,333	140,407	–	140,407
Deferred tax assets	5,265,313	–	5,265,313	5,131,055	–	5,131,055
Other assets	72,121,302	–	72,121,302	60,180,778	–	60,180,778
	<u>1,573,662,778</u>	<u>–</u>	<u>1,573,662,778</u>	<u>1,411,884,113</u>	<u>–</u>	<u>1,411,884,113</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.

	2023			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in '000				
United States Dollar	407,917,288	(483,845,450)	79,854,650	3,926,488
Euro	32,880,994	(11,912,630)	(21,150,155)	(181,791)
Great Britain Pound	5,056,372	(25,104,979)	20,051,785	3,178
Asian Currency Unit	2,051,016	(3,425,069)	–	(1,374,053)
Japanese Yen	2,582,249	(33,357,773)	35,000,000	4,224,476
Arab Emirates Dirham	2,847,411	(1,709,001)	–	1,138,410
Canadian Dollar	161,373	–	–	161,373
Australian Dollar	159,013	–	–	159,013
Saudi Riyal	110,733	–	–	110,733
Chinese Yuan	1,346,475	–	–	1,346,475
Other Currencies	301,425	–	–	301,425
	<u>455,414,349</u>	<u>(559,354,902)</u>	<u>113,756,280</u>	<u>9,815,727</u>

	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>

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	50,060	–	(14,936)	–
- 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.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and loss account	(37,526)	–	(26,304)	–
- Other comprehensive income	(120,342)	–	(61,780)	–



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 on 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.

	Rupees in '000
Impact of 1% change in interest rates on	
- Profit and loss account	—
- Other comprehensive income	(3,349,317)
	—
	(2,709,014)
	—

### 43.2.5 Mismatch of interest rate sensitive assets and liabilities

2023									
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							

## On-balance sheet financial instruments

## Assets

Cash and balances with treasury banks	4.34%	91,467,062	11,497,335	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—</
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## Liabilities

	2017	2016	2015	2014	2013	2012	2011	2010
Bills payable	28,352,699	-	-	-	-	-	-	28,352,699
Borrowings	335,270,858	208,766,386	55,311,673	17,098,879	1,696,695	1,235,540	2,805,002	888,834
Deposits and other accounts	1,011,485,773	240,729,493	42,534,220	266,855,784	36,034,139	2,203,342	490,765	415,352,753
Other liabilities	90,577,414	-	-	-	-	-	-	90,577,414

## On-balance sheet cap

## Off-balance sheet financial instruments

Commitments in respect of:

Forward foreign exchange contracts	365,390,061	180,358,310	120,698,674	62,023,064	2,310,013	-	-	-	-
Commitments against forward lendings	2,119,000	-	-	-	-	-	-	-	2,119,000
Commitments in respect of letter of credits	132,975,536	63,739,372	55,615,616	10,865,484	2,407,913	332,675	14,476	-	-
Commitments against acquisition of fixed assets	303,084	-	-	-	-	-	-	-	303,084

## Off-balance sheet app

	2019	2020	2021	2022	2023
Total Yield / Interest Risk Sensitivity Gap	574.885,551	(9,006,048)	502,191,776	(59,914,771)	340,136,707
Cumulative Yield / Interest Risk Sensitivity Gap	574.885,551	(9,006,048)	493,185,728	433,270,957	773,407,664
					788,872,375
					857,199,505
					921,856,170
					934,251,501
					929,500,425
					64,656,665
					68,327,130
					15,464,711
					7,644,255
					4,751,076
					(359,365,950)
					(359,365,950)

## 2022

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
On-balance sheet financial instruments										
Assets										
0.00%	54,747,439	564,907	-	-	-	-	-	-	-	54,182,532
0.26%	22,867,486	414,091	-	-	-	-	-	-	-	22,453,395
15.74%	76,331,607	75,197,987	1,133,620	-	-	-	-	-	-	-
14.98%	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
11.72%	451,471,275	35,611,960	316,782,289	15,816,947	2,904,897	5,265,670	4,228,689	6,779,863	16,782,209	1,961,419
	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										
	19,538,428	-	-	-	-	-	-	-	-	19,538,428
11.29%	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
8.09%	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
	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
	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)
On-balance sheet gap										
Off-balance sheet financial instruments										
Commitments in respect of:										
	236,024,551	-	-	-	-	-	-	-	-	236,024,551
	2,077,327	-	-	-	-	-	-	-	-	2,077,327
	157,455,041	-	-	-	-	-	-	-	-	157,455,041
	466,206	-	-	-	-	-	-	-	-	466,206
	396,023,125	-	-	-	-	-	-	-	-	396,023,125
	450,082,290	(58,889,447)	188,519,067	(43,468,327)	123,679,345	88,792,688	10,858,017	45,969,422	2,488,948	85,897,347
	450,082,290	(58,889,447)	129,629,620	86,161,293	209,840,638	298,633,326	309,491,343	355,460,765	357,949,713	85,897,347
Cumulative yield / interest risk sensitivity gap										
Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities										
	2023	2022		2022		2023	2022		Rupees in '000	
Reconciliation to total assets		Rupees in '000		Reconciliation to total liabilities			Rupees in '000			
Total financial assets	1,539,784,614	1,380,379,172		Total financial liabilities		1,465,686,744		1,326,320,007		
Add: Non financial assets				Add: Non financial liabilities				6,836,600		
Operating fixed assets	23,407,173	21,710,775		Other liabilities		9,786,827				
Intangible assets	368,333	140,407								
Deferred tax asset	5,265,313	5,131,055								
Other assets	4,837,345	4,522,704								
	33,878,164	31,504,941								
Balance as per statement of financial position	1,573,662,778	1,411,884,113		Balance as per statement of financial position		1,475,473,571		1,333,156,607		

## 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. 9,260,191 thousand (2022: Rs. 6,788,240 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.

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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

2023

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	Over 5 years
Assets														
Cash and balances with treasury banks	91,467,062	91,467,062	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	21,269,948	21,269,948	-	-	-	1,634,792	1,747,536	704,652	219,268,438	219,220,777	78,896,772	129,214,208	128,563,576	13,470,411
Lendings to financial institutions	5,496,284	45,461	272,769	318,230	772,844	16,177,741	17,293,448	27,059,570	18,209,181	18,205,223	5,337,285	5,379,060	8,591,988	69,300,062
Investments	920,634,761	2,305,478	13,832,868	16,138,346	39,193,127	65,989,024	70,539,992	51,317,212	997,047	996,831	2,064,481	749,580	1,327,037	14,985,200
Advances	433,632,602	3,895,599	23,373,595	27,269,194	66,225,186	65,989,024	343,390	996,939	997,047	996,831	2,064,481	749,580	1,327,037	14,985,200
Fixed assets	23,407,173	20,175	121,051	141,227	342,979	321,236	343,390	996,939	997,047	996,831	2,064,481	749,580	1,327,037	14,985,200
Intangible assets	368,333	955	5,729	6,684	16,232	28,612	30,586	88,797	72,838	117,901	-	-	-	-
Deferred tax assets	5,265,313	57,126	342,754	399,879	971,135	834,488	892,039	597,364	175,898	175,860	4,861	207,218	193,980	412,711
Other assets	72,121,302	2,111,749	12,670,495	14,782,244	35,899,736	640,594	684,773	654,178	2,314,318	2,313,814	30,842	9,972	8,586	-
	1,573,662,778	121,173,554	50,619,261	59,055,805	143,421,240	85,626,488	91,531,763	81,418,712	241,037,720	241,030,406	86,334,241	135,560,038	138,685,167	98,168,384
Liabilities														
Bills payable	28,352,699	28,352,699	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	335,270,858	6,763,072	40,578,430	47,341,501	114,972,217	26,733,975	28,577,698	17,098,879	848,440	848,255	1,235,540	2,805,002	5,417,852	42,049,997
Deposits and other accounts	1,011,485,773	788,249,458	18,914,401	22,066,801	53,590,803	20,558,206	21,976,014	40,116,685	18,019,028	18,015,111	2,203,342	490,765	7,099,242	185,916
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	100,364,241	2,291,295	13,747,768	16,039,062	38,952,009	1,177,621	1,258,836	1,382,382	7,444,286	7,442,668	74,609	9,073,421	1,222,493	257,791
	1,475,473,571	825,656,523	73,240,599	85,447,365	207,515,030	48,469,803	51,812,548	58,597,946	26,311,754	26,306,034	3,513,491	12,369,188	13,739,587	42,493,704
Net assets	98,189,207	(704,482,970)	(22,621,338)	(26,391,561)	(64,093,790)	37,156,685	39,719,216	22,820,766	214,725,966	214,724,372	82,820,750	123,190,850	124,945,580	55,674,680
Share capital	10,478,315													
Reserves	31,432,768													
Deficit on revaluation of assets	4,829,814													
Unappropriated profit	47,254,919													
Non-controlling interest	4,193,391													
	98,189,207													

Net assets

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

2023

	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	Above 10 years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	91,467,062	91,467,062	-	-	-	-	-	-	-	-
Balances with other banks	21,269,948	21,269,948	-	-	-	-	-	-	-	-
Lendings to financial institutions	5,496,284	1,409,304	3,382,328	704,652	-	-	-	-	-	-
Investments	920,634,761	71,469,820	33,471,189	27,059,570	438,489,215	78,896,772	129,214,208	128,563,576	13,470,411	-
Advances	433,632,602	120,763,575	136,529,016	51,317,212	36,414,404	5,337,285	5,379,060	8,591,988	61,897,906	7,402,156
Fixed assets	23,407,173	625,432	664,626	996,939	1,993,878	2,064,481	749,580	1,327,037	5,175,120	9,810,080
Intangible assets	368,333	29,599	59,198	88,797	190,739	-	-	-	-	-
Deferred tax assets	5,265,313	1,770,894	1,726,527	597,364	351,758	4,861	207,218	193,980	319,339	93,372
Other assets	72,121,302	65,464,225	1,325,367	654,178	4,632,546	30,842	9,972	4,172	-	-
	1,573,662,778	374,269,859	177,158,251	81,418,712	482,072,540	86,334,241	135,560,038	138,680,753	80,862,776	17,305,608
<b>Liabilities</b>										
Bills payable	28,352,699	28,352,699	-	-	-	-	-	-	-	-
Borrowings	335,270,858	209,655,220	55,311,673	17,098,879	1,696,695	1,235,540	2,805,002	5,417,852	42,038,438	11,559
Deposits and other accounts	1,011,485,773	254,743,817	199,553,633	157,881,244	114,543,844	80,713,047	79,000,470	85,608,948	39,440,770	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Sub-ordinated debts	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	100,364,241	71,030,134	2,436,457	1,382,382	14,886,954	74,609	9,073,421	1,222,493	257,791	-
	1,475,473,571	563,781,870	257,301,763	176,362,505	131,127,493	82,023,196	90,878,893	92,249,293	81,736,999	11,559
<b>Net assets</b>	98,189,207	(189,512,011)	(80,143,512)	(94,943,793)	350,945,047	4,311,045	44,681,145	46,431,460	(874,223)	17,294,049
Share capital	10,478,315									
Reserves	31,432,768									
Unappropriated profit	47,254,919									
Deficit on revaluation of assets	4,829,814									
Non- controlling interest	4,193,391									
	98,189,207									

## 2022

[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 15 February 2024 has proposed a final cash dividend of Rs. 5.50 per share amounting to Rs. 5,763,073 thousand (2022: final cash dividend of Rs. 3.25 per share amounting to Rs. 3,405,452 thousand) in addition to interim dividend of Rs. 5.00 per share amounting to Rs. 5,239,157 thousand (2022: Rs. 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 15 February 2024 by the Board of Directors of the holding company.

<b>FUZAIL ABBAS</b> Chief Financial Officer	<b>KHURRAM SHAHZAD KHAN</b> President & Chief Executive Officer	<b>MOHSIN A. NATHANI</b> Director	<b>RASHID AHMED JAFER</b> Director	<b>MOHAMEDALI R. HABIB</b> Chairman
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**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 2023**

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
1	Alsons Corportation Mohallah Haji Abdul Nabi, Near Talab Babay Beri, Sialkot.	Saeed Ahmed 34603-0358165-7 Muhammad Salman Saeed 34603-2061619-9	Abdul Lateef Saeed Ahmed	2,315	380	-	2,695	-	-	955	955
2	Ashraf Brothers Khad Dealers Old Ghallah Mandi, Khanpur, District Rahim Yar Khan.	Choudhary Shahid Anwar 31301-1424209-3	Choudhary Muhammad Anwar	9,910	1,695	-	11,605	-	1,053	-	1,053
3	Ayaz Traders & Commission Agent Ghallah Mandi, Mian Channu, District Khanewal.	Muhammad Ayaz 36104-0890440-5 Muhammad Arshad Tabasam 36104-0508300-9 Muhammad Amjad 36104-8710695-1	Muhammad Afzal Sheikh Haq Nawaz Sheikh Haq Nawaz	3,000	-	-	3,000	-	-	510	510
4	Fiqas (Pvt) Ltd. PO Dalawali, Jammu Road, Sialkot Cantt.	Qadeer Ahmed 34603-7071772-9 Fayyaz Ahmed	Ghulam Qadir Qadeer Ahmed	11,907	2,197	-	14,104	-	-	14,260	14,260
5	Golden Enterprises 38, Darul Aman Co-operative Housing Society, Block-3, Road No.5, Karachi.	Abdur Rahman 42201-5041019-3	Muhammad Taji Allahwala	32,803	2,411	-	35,214	15,680	2,411	-	18,091
6	Golden Industries 38, Darul Aman Co-operative Housing Society, Block-3, Karachi.	Adeel Rahman 42201-5041114-3	Abdur Rahman	42,974	2,042	-	45,016	11,830	2,042	-	13,872
7	Grain Tech (Pvt) Ltd. 99-C, Model Town, Lahore.	Syed Faisal Hassan 35202-2835900-7 Nosheen Faisal Hassan 35202-2667973-4	Syed Mukhtar Hussain Syed Faisal Hassan	20,160	2,124	-	22,284	-	-	9,984	9,984

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
8	Khawaja Corporation Islamic College Road, Near PIA Office, Sialkot.	Khalid Naseem 34602-7317706-5	Muhammad Naseem	7,500	838	-	8,338	-	-	2,835	2,835
9	Kohistan Plastic Chak No. 204/RB Road, Madina Town, Faisalabad.	Ijaz Ahmed 33100-5979311-3	Chauhdary Muhammad Shareef	-	823	-	823	-	823	-	823
10	Kohistan Poly Packages (Pvt) Ltd. Chak No. 204/RB Road, Madina Town, Faisalabad.	Ijaz Ahmed 33100-5979311-3 Mona Samreen 33100-7941706-2	Chauhdary Muhammad Shareef Ijaz Ahmed	7,010	3,701	-	10,711	-	3,010	-	3,010
11	Vicky China Crockery Shop No. 14, Tubewell Market, Shahalam Market, Lahore.	Waqar Azeem 35202-9428574-3	Azeem Ud Din	8,000	1,378	-	9,378	-	1,078	7,933	9,011
12	Performance Automotive Pakistan 24-D, Alfaisal Town, Bahashah Road, Cannt Lahore.	Mrs. Naureen Khalid 35201-1379008-0 Syed Abuzar Bukhari 35201-1466646-7	Syed Abuzar Bukhari Syed Manzoor Hussain Bukhari	12,524	1,320	-	13,844	3,525	1,320	-	4,845
13	Kamran Khan Ittehad Colony, Near Abubakar Masjid, Ashrafia Colony, Street-7, Peshawar.	Kamran Khan 17301-4592742-7	Muhammad Sultan	1,218	326	-	1,544	18	355	-	373
				159,321	19,235	-	163,168	31,053	12,092	36,477	74,404

## Annexure - II

### ISLAMIC BANKING BUSINESS

The Holding Company is operating 117 (2022: 61) Islamic banking branches and 233 (2022: 242) Islamic banking windows at the end of the year.

	Note	2023 Rupees in '000	2022
<b>ASSETS</b>			
Cash and balances with treasury banks		11,119,511	7,799,004
Balances with other banks		2,956	—
Due from financial institutions	1	—	—
Investments	2	77,555,576	35,039,153
Islamic financing and related assets - net	3	114,142,247	106,613,906
Fixed assets	4	2,344,552	791,323
Intangible assets		—	—
Due from Head Office	5	—	7,364,959
Other assets		11,007,766	6,654,527
Total Assets		216,172,608	164,262,872
<b>LIABILITIES</b>			
Bills payable		1,707,901	1,690,942
Due to financial institutions		35,303,574	39,190,234
Deposits and other accounts	6	147,905,702	107,237,001
Due to Head Office		4,644,318	—
Subordinated debt		—	—
Other liabilities	7	11,480,993	5,162,216
		201,042,488	153,280,393
<b>NET ASSETS</b>		15,130,120	10,982,479
<b>REPRESENTED BY</b>			
Islamic Banking Fund		10,007,047	9,005,661
Reserves		—	—
Deficit on revaluation of assets		402,256	(627,868)
Unappropriated profit	8	4,720,817	2,604,686
		15,130,120	10,982,479
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The profit and loss account of the Holding Company Islamic banking branches for the year ended 31 December 2023 is as follows:

	Note	2023	2022
		Rupees in '000	
Profit / return earned	10	29,447,686	13,609,478
Profit / return expensed	11	(15,849,102)	(7,776,455)
<b>Net Profit / return</b>		<b>13,598,584</b>	<b>5,833,023</b>
<b>Other income</b>			
Fee and Commission Income		658,729	482,267
Dividend Income		—	—
Foreign Exchange Income		120,994	113,758
Income / (loss) from derivatives		—	—
(Loss) / gain on securities		(140,308)	(17)
Other Income		17,806	4,325
<b>Total other income</b>		<b>657,221</b>	<b>600,333</b>
<b>Total Income</b>		<b>14,255,805</b>	<b>6,433,356</b>
<b>Other expenses</b>			
Operating expenses		4,750,271	1,397,216
Other charges		1,180	490
<b>Total other expenses</b>		<b>4,751,451</b>	<b>1,397,706</b>
Profit before provisions		9,504,354	5,035,650
Reversals / (Provisions) and (write offs) - net		(247,851)	71,577
<b>Profit before taxation</b>		<b>9,256,503</b>	<b>5,107,227</b>
Taxation		(4,535,686)	(2,502,541)
<b>Profit after taxation</b>		<b>4,720,817</b>	<b>2,604,686</b>

## 1. DUE FROM FINANCIAL INSTITUTIONS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Unsecured						
- Mudaraba placements	—	—	—	—	—	—
	—	—	—	—	—	—

## 2. INVESTMENTS BY SEGMENTS:

	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
<b>Federal Government Securities:</b>								
- Ijarah Sukuk	59,720,420	—	586,847	60,307,267	19,579,161	(372,602)	—	19,206,559
- Bai-muajjal	—	—	—	—	—	—	—	—
- Islamic naya Pakistan certificate mudaraba investment pool	5,484,444	—	—	5,484,444	4,681,209	—	—	4,681,209
	<b>65,204,864</b>	<b>—</b>	<b>586,847</b>	<b>65,791,711</b>	<b>24,260,370</b>	<b>(372,602)</b>	<b>—</b>	<b>23,887,768</b>

### Non Government Debt Securities

	2023				2022			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
- Listed	6,768,455	-	(180,655)	6,587,800	6,876,651	-	(255,266)	6,621,385
- Unlisted	5,180,000	-	(3,935)	5,176,065	4,530,000	-	-	4,530,000
	11,948,455	-	(184,590)	11,763,865	11,406,651	-	(255,266)	11,151,385
<b>Total Investments</b>	<b>77,153,319</b>	<b>-</b>	<b>402,257</b>	<b>77,555,576</b>	<b>35,667,021</b>	<b>-</b>	<b>(627,868)</b>	<b>35,039,153</b>

### 3. ISLAMIC FINANCING AND RELATED ASSETS - NET

	2023				2022			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	753,507	29,589	-	783,096	875,565	17,577	-	893,142
Ijarah - islamic long term financing facility	19,727	-	-	19,727	37,887	-	-	37,887
Murabaha	4,061,236	58,969	-	4,120,205	5,812,875	124,591	-	5,937,466
Working capital musharaka	41,790,198	-	-	41,790,198	31,411,281	-	-	31,411,281
Diminishing musharaka	18,051,336	493,346	-	18,544,682	15,714,076	1,392,381	-	17,106,457
Salam	-	-	-	-	22,000	53,000	-	75,000
Istisna	4,702,421	3,617,508	720,628	9,040,557	6,446,156	4,748,356	65	11,194,577
Al-bai	2,796,402	-	1,800,750	4,597,152	570,156	-	-	570,156
Diminishing musharaka:								
Islamic long term financing facility	3,895,893	-	-	3,895,893	3,647,937	487,014	-	4,134,951
Islamic refinance scheme for payment of wages and salaries	-	93,534	-	93,534	13,980	93,534	-	107,514
Islamic financing facility for storage of agricultural produce	614,449	-	-	614,449	541,619	187,668	-	729,287
Islamic temporary economic refinance facility	12,564,438	-	-	12,564,438	11,652,266	2,026,743	-	13,679,009
Islamic financing facility for renewable energy	565,892	-	-	565,892	295,833	370,554	-	666,387
Islamic export refinance								
Murabaha	-	-	-	-	152,000	32,000	-	184,000
Working capital musharaka	10,344,359	-	-	10,344,359	12,188,026	-	-	12,188,026
Salam	-	-	-	-	-	75,000	-	75,000
Istisna	(175,888)	5,971,218	87,824	5,883,154	865,116	6,470,395	-	7,335,511
Al-bai	-	-	1,840,566	1,840,566	596,059	-	-	596,059
Gross islamic financing and related assets	99,983,970	10,264,164	4,449,768	114,697,902	90,842,832	16,078,813	65	106,921,710
Less: Provision against non-performing islamic financings								
- Specific	(542,991)	-	-	(542,991)	(295,151)	-	-	(295,151)
- General	(12,664)	-	-	(12,664)	(12,653)	-	-	(12,653)
	(555,655)	-	-	(555,655)	(307,804)	-	-	(307,804)
Islamic financing and related assets - net of provision	99,428,315	10,264,164	4,449,768	114,142,247	90,535,028	16,078,813	65	106,613,906

## 3.1 Ijarah

	2023						
	Cost			Accumulated Depreciation		Book value	
	As at 1 Jan 2023	Additions / (deletions)	As at 31 Dec 2023	As at 1 Jan 2023	Charge for the year / (deletions)	As at 31 Dec 2023	as at 31 Dec 2023
	Rupees in '000						
Plant & Machinery	336,502	– (43,963)	292,539	121,846	79,272 (46,063)	152,293	137,484
Vehicles	809,128	75,170 (95,750)	788,548	110,332	65,219 (22,753)	155,560	635,750
Total	1,145,630	(64,543)	1,081,087	232,178	75,675	307,853	773,234

	2022						
	Cost			Accumulated Depreciation		Book value	
	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	as at 31 Dec 2022
	Rupees in '000						
Plant & Machinery	258,496	134,223 (56,218)	336,502	100,200	44,059 (22,413)	121,846	214,656
Vehicles	594,743	251,332 (36,946)	809,128	95,534	23,490 (8,692)	110,332	698,796
Total	853,239	292,391	1,145,630	195,734	36,444	232,178	913,452

### Future ijarah payments receivable

	2023				2022			
	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	239,681	335,847	17,457	592,985	238,647	309,856	22,365	570,868

	Note	2023	2022
		Rupees in '000	
<b>3.2 Murabaha</b>			
Murabaha financing	3.2.1	4,061,236	5,812,875
Advances for Murabaha		58,969	124,591
		<u>4,120,205</u>	<u>5,937,466</u>
<b>3.2.1</b> Murabaha receivable - gross	3.2.2	4,472,147	6,206,469
Less: Deferred murabaha income	3.2.4	(149,821)	(222,346)
Profit receivable shown in other assets		(261,090)	(171,248)
Murabaha financings		<u>4,061,236</u>	<u>5,812,875</u>
<b>3.2.2</b> The movement in murabaha financing during the year is as follows:			
Opening balance		6,206,469	6,359,206
Sales during the year		13,444,533	17,066,707
Adjusted during the year		(15,178,855)	(17,219,444)
Closing balance		<u>4,472,147</u>	<u>6,206,469</u>
<b>3.2.3</b> Murabaha sale price		13,444,533	17,066,707
Murabaha purchase price		(12,469,470)	(16,169,290)
		<u>975,063</u>	<u>897,417</u>
<b>3.2.4</b> Deferred murabaha income			
Opening balance		222,346	137,450
Arising during the year		975,063	897,417
Less: recognised during the year		(1,047,588)	(812,521)
Closing balance		<u>149,821</u>	<u>222,346</u>

#### 4. FIXED ASSETS

Fixed assets include right-of-use assets of Rs. 2,026,102 thousand (2022: 615,872 thousand) and other liabilities include related lease liability of Rs. 2,143,764 thousand (2022: Rs. 710,395 thousand thousand).

#### 5. DUE FROM HEAD OFFICE

Inter-branch transactions are made on Qard basis.

#### 6. DEPOSITS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits	50,023,527	8,088,995	58,112,522	29,171,602	5,494,270	34,665,872
Savings deposits	51,846,017	839,208	52,685,225	36,367,260	1,548,820	37,916,080
Term deposits	26,267,238	5,723,385	31,990,623	25,253,027	3,620,178	28,873,205
Others	3,204,413	—	3,204,413	2,474,491	—	2,474,491
	<u>131,341,195</u>	<u>14,651,588</u>	<u>145,992,783</u>	<u>93,266,380</u>	<u>10,663,268</u>	<u>103,929,648</u>
<b>Financial Institutions</b>						
Current deposits	61,371	—	61,371	118,177	249	118,426
Savings deposits	1,716,548	—	1,716,548	1,650,927	—	1,650,927
Term deposits	135,000	—	135,000	1,538,000	—	1,538,000
	<u>1,912,919</u>	<u>—</u>	<u>1,912,919</u>	<u>3,307,104</u>	<u>249</u>	<u>3,307,353</u>
	<u>133,254,114</u>	<u>14,651,588</u>	<u>147,905,702</u>	<u>96,573,484</u>	<u>10,663,517</u>	<u>107,237,001</u>



	2023	2022
	Rupees in '000	
<b>6.1 Composition of deposits</b>		
- Individuals	67,672,393	46,588,779
- Government / Public Sector Entities	6,157,392	3,678,886
- Banking Companies	3,377	3,224
- Non-Banking Financial Institutions	2,087,163	3,304,129
- Private Sector	71,985,377	53,661,983
	<u>147,905,702</u>	<u>107,237,001</u>
<b>6.2 Particulars of deposits and other accounts</b>		
- In local currency	133,254,114	96,573,484
- In foreign currencies	14,651,588	10,663,517
	<u>147,905,702</u>	<u>107,237,001</u>
<b>6.3</b> This includes eligible deposits of Rs. 75,762,440 thousand which are covered under sharia compliant deposit protection mechanism as required by the Deposit Protection Corporation circular no 5 of 2018.		
	2023	2022
	Rupees in '000	
<b>7. OTHER LIABILITIES</b>		
These include charity funds, details of which are given below:		
<b>Charity fund</b>		
Opening balance	254	4
Additions during the period		
Received from customers on account of delayed payment	448	250
	448	250
Payments / utilization during the period		
Health	(300)	—
	(300)	—
Closing balance	<u>402</u>	<u>254</u>
Charity paid to any single entity does not exceeds Rs 500,000.		
<b>8. ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT</b>		
Opening balance	2,604,686	1,481,222
Add: Islamic banking profit for the period	9,256,503	5,107,227
Less: Taxation	(4,535,686)	(2,502,541)
Less: Reserves	—	—
Less: Transferred to head office	(2,604,686)	(1,481,222)
Closing balance	<u>4,720,817</u>	<u>2,604,686</u>

	2023	2022
	Rupees in '000	
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
Guarantees	13,819,209	9,539,409
Commitments	17,509,845	18,607,004
	<u>31,329,054</u>	<u>28,146,413</u>
<b>10. PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT</b>		
Profit earned on:		
Financing	17,172,992	9,510,625
Investments	11,917,010	3,893,709
Placements	357,684	205,144
	<u>29,447,686</u>	<u>13,609,478</u>
<b>11. PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	12,935,059	6,710,743
Due to financial institutions	2,801,810	976,701
Lease liability against right-of-use assets	112,233	89,011
	<u>15,849,102</u>	<u>7,776,455</u>

## 12. POOL MANAGEMENT

### Pools maintained by the Bank'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 Bank 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 Bank 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 Bank 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	19.84%	50.00%	50.00%	4,007,220	11.21%	20.57%	613,310
USD Pool	Monthly	18.22%	80.00%	20.00%	3,883	2.89%	30.92%	885
Specific pools								
Islamic Export Refinance (IERS) Pool	Quarterly	18.49%	70.79%	29.21%	1,573,556	Nil	0.00%	–
Special Pool (Saving)	Monthly	19.63%	20.06%	79.94%	141,479	18.05%	20.61%	–
Special Pool (TDR)	Monthly	18.55%	6.41%	93.59%	316,865	17.28%	0.00%	–

## 5 ٹریڈنگ اور صلاحیت کی تعمیر

سال کے دوران 3,200 سے زائد اسٹاف نے ان ہاؤس پروگرامز، بیرونی تربیتی سیشنز اور ایچ آرنگ ماڈیولز کے ذریعے 73 سے زائد اسلامی بینکنگ ٹریننگز میں شرکت کی۔ شرکت کنندگان میں اسلامی بینکنگ برانچز، اسلامک بینکنگ ونڈز کے اسٹاف سمیت ریلیشن شپ مینجرز، سپورٹ فنکشنز اور دیگر شامل تھے۔ مزید، 21 سینئر مینجمنٹ اور 17 برانچ کے عملے نے نیشنل انسٹیٹیوٹ آف بینکنگ اینڈ فنانس (NIBAF) کے ذریعے بالترتیب 17 دن اور 05 دن کے اسلامی بینکنگ سیشنز میں شرکت کی۔ اس کے علاوہ، کیمبرج اسلامک فنانس کے ذریعے ایم سی کے نمائندوں سمیت سینئر مینجمنٹ کے لیے ایک ورک شاپ اسلامک بینکنگ سیشن کا بھی اہتمام کیا گیا۔ بینک نے شریعہ بورڈ کے مقامی ممبرز کے لیے بھی انتظامات کیے ہیں اور انھوں نے مختلف سیشنز میں بھی شرکت کی تھی جس میں جرجین میں AAOIFI شریعہ بورڈ کانفرنس اور اسلام آباد میں SECP اور AAOIFI کی جانب سے مشترکہ طور پر اسلامک کیپٹل مارکیٹ کانفرنس شامل تھیں۔

### شریعی بورڈ کی رائے

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

ہماری رائے کو تقویت دینے کے لیے، جیسا کہ اس رپورٹ میں اظہار کیا گیا ہے، ہم نے شریعہ کیمپلائنس ڈپارٹمنٹ، انٹرنل شریعہ آڈٹ اور ایکسٹرنل شریعہ آڈٹ کی رپورٹس کا جائزہ لیا، جنھوں نے متعلقہ دستاویزی عمل اور پریکٹس فلووز کے ساتھ ٹرانزیکشنز کی ہر ایک کلاس کے لیے ٹیسٹ چیک کی بنیاد پر اپنے جائزے اور آڈٹ انجام دیا تھا۔

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

- بینک نے شریعہ بورڈ کی جانب سے جاری کردہ فتاویٰ، احکام اور رہنما ہدایات کی روشنی میں شریعہ کے قوانین اور اصولوں کی پاسداری کی ہے۔
- بینک نے اسٹیٹ بینک آف پاکستان کی شریعہ ایڈوائزری کمیٹی کے احکام کے مطابق اسٹیٹ بینک کی جانب سے جاری کردہ شریعہ کیمپلائنس سے متعلق احکام، ہدایات اور اصولوں کی پاسداری کی ہے۔
- بینک اپنے تمام تر آپریشنز میں شریعہ اصولوں پر عملدرآمد کو یقینی بنانے کے لیے ایک جامع نظام کا حامل ہے۔
- بینک میں ایک انتہائی منظم نظام موجود ہے جو تمام تر غیر شرعی ذرائع سے حاصل شدہ رقم چھڑی اکاؤنٹ میں جمع کیے جانے اور اسے مناسب طور پر خیراتی اداروں میں بروئے کار لائے جانے کو یقینی بناتا ہے۔
- بینک نے نفع و نقصان کی تقسیم اور پائل مینجمنٹ کے سلسلے میں اسٹیٹ بینک کی ہدایت کی مناسب طور پر پاسداری کی ہے۔
- لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ اور مینجمنٹ نے ملازمین کی صلاحیت میں اضافے کے لیے مختلف اسلامک بینکنگ سیشنز کا اہتمام کیا ہے اور اسلامک بینکنگ سیکھنے کے ماحول کے لیے مستقل عمل میں ہے۔ اس سلسلے میں پروڈکٹس اور پرسنل میں شرعی اصولوں کی تعمیل کو سہانہ بنانے میں بینک کی مینجمنٹ اور بورڈ کی حساسیت اور صلاحیت قابل قبول ہے۔
- شریعی بورڈ کو اس کی ذمہ داریوں کی ادائیگی کے لیے وسائل فراہم کیے گئے ہیں تاہم کام کے حجم میں اضافے کو مد نظر رکھتے ہوئے شریعی ٹیم میں اضافی افرادی قوت، بینک میں شریعہ کیمپلائنس کے فنکشن کو مزید مستحکم کرے گی۔

### تجاویز

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

- بینک کو اسٹیٹ بینک آف پاکستان کے اسٹریٹجک پلان کو مد نظر رکھتے ہوئے روایتی برانچز کی تبدیلی اور نئی اسلامک بینکنگ برانچز کھولنے کے ذریعے اپنے نیٹ ورک کو وسعت دینے کے عمل کو جاری رکھنا چاہیے۔
- بینک کو اپنی انتظامیہ، اسلامی بینکنگ اسٹاف اور تمام متعلقہ عملے اور صارفین کے لیے اسلامی بینکاری کی تربیت، ریلیف ٹرینس سیشنز اور ادنیٰ سیشنز کے لیے انتظامات جاری رکھنے چاہئیں۔
- بینک کو تمام تر دستیاب فورمز پر اسلامی بینکاری کی پروڈکٹس اور سروسز کی پروموشن اور مارکیٹنگ کو مزید فروغ دینے کا سلسلہ بڑھانا 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 رحمتی اور اس کی کرم نوازیوں اسلامی بینکنگ کو مزید فروغ اور استحکام عطا فرمائے۔ (آمین)

## تان سری ڈاکٹر محمد داؤد بکر

چیئر مین شریعہ بورڈ

مفتی عبدالستار لغاری

شریعی بورڈ ممبر

مفتی خواجہ نور الحسن

ریڈیٹنٹ شریعی بورڈ ممبر

## شریہ بورڈ رپورٹ

برائے 31 دسمبر 2023

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 والہ وسلم اور ان کے ساتھیوں کے لیے ہے۔

اللہ تعالیٰ کے فضل و کرم سے حبیب میٹروپولیٹن لمیٹڈ (بینک) کے اسلامی بینکنگ ڈویژن، صراط نے اسلامی بینکاری کے کامیاب آپریشنز کے بیس سال مکمل کر لیے ہیں۔ بینک مستقل طور پر اسلامی بینکاری کے اپنے نیٹ ورک میں توسیع کر رہا ہے اور سال 2023ء کے اختتام پر اسلامی بینکنگ کی برانچز اور اسلامی بینکنگ ونڈوز کی تعداد بالترتیب ایک سو سترہ (117) اور دو سو تینتیس (233) ہو چکی ہے۔

سال کے دوران شریہ بورڈ نے چار اجلاس منعقد کیے اور جائزہ لیا، موقف پیش کیے اور نئے پروڈکٹس، پالیسیز، مینولز، پروسیجرز، ٹرانزیکشنز، پروس فلوز، شریہ کمپلائنس جائزہ رپورٹس اور شریہ آڈٹ رپورٹس کی منظوری دی گئی۔ مزید برآں شریہ بورڈ اور بورڈ آف ڈائریکٹرز نے سال میں دو بار ملاقات کی اور بینک کے شریہ کمپلائنس معمولات پر بریفنگ دی گئی۔

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

سال 2023ء کے لیے ایک جائزہ درج ذیل ہے:

### 1 اسلامک کاروبار

سال 2023ء کے دوران بینک نے مختلف النوع اسلامک فنانسنگ پروڈکٹس بشمول اور اس تک محدود نہیں، استصناع، مراہجہ/مساومہ، البیع، ورکنگ کیپٹل مشارکہ اور مشارکہ متناقصہ استعمال کیں۔ اس سلسلے میں شریہ بورڈ نے مختلف کارپوریٹ، ایس ایم ای اور کمرشل صارفین کے مختلف اسٹریکچرز بشمول اسلامک سنڈیکٹ ٹرانزیکشنز میں شمولیت کا جائزہ لیا اور ان کی منظوری دی۔ اس کی تفصیلات درج ذیل ہیں:

نمبر	اسلامی فنانسنگ کا طریقہ	نمبر مشار
45	استصناع	1
30	مراہجہ/مساومہ	2
14	البیع	3
13	ورکنگ کیپٹل مشارکہ	4
05	مشارکہ متناقصہ	5
02	اسلامک سنڈیکٹ ٹرانزیکشنز میں شمولیت (استصناع اور مشارکہ متناقصہ کے تحت صکوک)	6
109	مُل	

### 2 اسلامک برانچز/ونڈوز: توسیع اور منتقلی

سال کے دوران بینک نے 53 روایتی برانچز کو اسلامی برانچز میں تبدیل کیا، 02 نئی اسلامی برانچز اور 16 نئی اسلامی بینکنگ ونڈوز کا آغاز کیا۔

### 3 شریہ کمپلائنس اور شریہ آڈٹ

سال کے دوران، شریہ کمپلائنس اور شریہ آڈٹ ٹیمز نے مختلف ریگولیٹری اور باقاعدہ جائزے، اور آڈٹس نمونے کی بنیاد پر کیے ہیں۔ شرعی جائزوں اور آڈٹس میں مختلف علاقوں کے پورٹفولیوز، اسلامی فنانسنگ، ڈپازٹس (نفع و نقصان کی تقسیم)، اسلامک ٹریڈری، اسلامک برانچ نیٹ ورک اور موجودہ اسلامک پروڈکٹس شامل تھے۔ سال کے دوران 22 رپورٹس جاری کی گئی، جن کا شریہ بورڈ کی جانب سے جائزہ لیا گیا اور حسب ضرورت درست اقدامات فراہم کیے گئے۔

### 4 خیراتی رقم

یکم جنوری 2023ء کو خیراتی رقم کا اپننگ بیلنس -/254,493 روپے تھا۔ سال کے دوران خیراتی رقم کا اکاؤنٹ میں -/447,754 روپے جمع کروائے گئے، جس میں صارفین کی جانب سے تاخیر سے ادائیگیوں کے باعث شرعی اصولوں پر عدم عملدرآمد اور دیگر اسباب کی وجہ سے وصول کردہ رقم شامل تھی۔ -/300,000 روپے کی رقم مختلف خیراتی اداروں کے لیے استعمال کی گئی اور بقیہ خیراتی رقم منظور شدہ خیراتی اور سماجی بہبود کے اداروں میں تقسیم کی جائے گی۔



اسٹیٹ بینک آف پاکستان کی انٹرنل کنٹرول رہنماہدایات بینک کی انتظامیہ سے انٹرنل کنٹرول کے جوڑ ہونے کی جانچ پڑتال کا حکم دے کرتی ہے۔ بینکس کو یقین ہے کہ بینک کا موجودہ انٹرنل کنٹرول کا نظام مناسب انداز میں اپنیشن کیا گیا ہے اور اس پر موثر انداز میں عملدرآمد اور نگرانی کی جاتی ہے۔

## انٹرنل آڈٹ

حبیب بینکر ایک موثر بورڈ آڈٹ کمیٹی کا حامل ہے جو سیکورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان کی جانب سے طے کردہ اور اسٹیٹ بینک آف پاکستان کی جانب سے مروجہ لٹریچر (کوڈ آف پریکٹس گورننس) اور گولڈسٹر 2018 کے تحت کام کرتی ہے۔ بورڈ کی آڈٹ کمیٹی آزادانہ ریکارڈ پر مشتمل ہے اور اس کی سربراہی ایک آزادانہ ریکارڈ کے سربراہ ہے۔

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

انٹرنل آڈٹ حبیب بینکر 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 لے کر 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 ریسک میں کی گئی تبدیلیاں اور فراہم کرتا ہے۔

## مستقبل پر ایک نظر

میٹر وکلائنک صورتحال تقریبی سال 2023 کی آخری سہ ماہی کے دوران قدرے بہتری کی جانب گامزن ہوئی اور توقع ہے کہ مالی سال 2023 میں 0.2 فیصد کی کمی کے بعد مالی سال 2024 میں 2.0 فیصد کی کمی ڈی پی گروتھ حاصل ہوگی، امید کی جا رہی ہے کہ مالی سال 2024 کی دوسری ششماہی میں بلند تر بنیادی اثرات کے باعث مزید کمی میں کمی آئے گی، کرنٹ اکاؤنٹ خسارے کے پارے میں توقع ہے کہ یہ چھ کر مالی سال 2024 میں جی ڈی پی کے کلک ہینگ 1.5 فیصد رہے گا جبکہ بحالی میں ابھی وقت لگے گا۔

آنے والے عرصے میں حبیب بینکر میٹر وکلائنک کے معاملات کا تحفظ کرنے پر کاربند ہے اور ایک جدید ترین ٹیکنالوجی پلینٹ 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 جہل نامیاتی ترقی اور نئے کلائنٹس، کم لاگتی اپازس کا فروغ، اسٹاکس کے معیار میں بہتری اور پاکلیٹ کارکردگی میں اضافہ ہے۔

## اعمال و تفکر

اس موقع پر ہم وزارت، ایالات، اسٹیٹ بینک آف پاکستان اور سیکورٹیز اینڈ انویسٹمنٹ کمیشن آف پاکستان کے بینک کیلئے قانون اور ہدایات کیلئے شکریہ ادا کرتے ہیں۔ ہم اپنے محترم ماہرین و قلم کاروں کا بھی ان کے کام اور سرپرستی پر شکور ہیں جو ان کے بینک پر مستقل محرو سے کام لے رہے ہیں۔ مزید اس ہم بورڈ آفس ڈائریکٹرز کے قابل قدر تجربے اور رہنمائی فراہم کرنے پر بھی شکریہ ادا کرتے ہیں جس کی وجہ سے بینک مسلسل ترقی کی جانب گامزن رہا۔ آخر میں حبیب بینکر بینک کے اسٹاک کی الفک کاوشوں اور جدوجہد کا اعتراف کرتے ہوئے انہیں خراج تحسین پیش کرتے ہیں جو ممکن حالات میں بھی بینک کے صارفین کو باز رکھنے والی مالیاتی خدمات فراہم کر رہے ہیں۔ ان اہل کاوشوں کی بدولت بینک مضبوط سے مضبوط تر ہوتا جا رہا ہے۔

منجانب بورڈ

محمد علی آر۔ حبیب  
ممبرین

غرم شہزاد خان  
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کراچی، 15 فروری 2024ء

بینک کا جدید ترین ٹرانزیکشن مانیٹرنگ سسٹم (ایم ایس) مٹی لائبرنگ کی ان سرگرمیوں کی مانیٹرنگ میں مدد دیتا ہے جن کا تعلق بینک محصورہ پراسس اور خدمات کے ذریعے مٹی لائبرنگ (ایم ایس) اور پینٹرنگ کے لئے سرمایہ (ایف) سے ہو سکتا ہے۔ فی ایم ایس غیر معمولی منطقیوں کی گہرائی اور اس میں موجود دیگر نوپس اس ایم ایس ایف کی صورت حال کے ذریعے بینک کے سسٹم میں ٹرانزیکشنز کی مختلف سرگرمیوں کا جائزہ لیتا ہے۔ علاوہ ازیں بینک ایک مضبوط سسٹم ایڈجسٹس (سی ای ڈی) پراسس کا حامل ہے جو کہ ایک صارف کا پروڈاکٹ اسٹوریج کو اپ ڈیٹ کرتے اور ریگولیٹری ضروریات کے مطابق جانچ سی ای ڈی کی انجام دہی کی اجازت دیتا ہے۔ بینک باقاعدگی کے ساتھ مٹنگ ٹرانزیکشن ریپورٹس (STRs) اور کریڈٹ ٹرانزیکشن ریپورٹس (CTR) کی تلاش مانیٹرنگ یونٹ (FMU) کو GAML پورٹل کے ذریعے ریپورٹس کرتا ہے۔

بحیثیت ٹریڈ ایویٹ بینک پانڈی کی حامل ٹرانزیکشنز کی روک تھام کو یقینی بنانے کیلئے کراس ہارڈ ٹرانزیکشنز کی پورٹ کی جانب سے اسکرین شدہ اور پہلے سے منظور شدہ ہوتی ہیں۔ بینک نے ٹریڈ بینڈ مٹی لائبرنگ سے متعلق خطرات کے تدارک کیلئے اضافی اقدامات کیے ہیں اس میں تمام ٹریڈ ٹرانزیکشنز کی باقاعدہ گہرائی انجام دینا اور تجارتی صارفین کی ٹریڈ کے وائی سی آر تک پہنچانے کا کوآپ ڈیٹ کرنا کا ذکر پارٹیز، ویسٹو، بینک وغیرہ کی اسکریننگ شامل ہے۔ بینک ٹریڈ ٹرانزیکشنز سے منسلک ایم ایس/ایف ایف خطرات کے تدارک کیلئے معروف ٹیکنالوجی پر مبنی طریقہ ہائے کار کا بھی حامل ہے۔ اسکریننگ کے علاوہ یہ سسٹم دوسرے استعمال کی اشیا کی شناخت اور موجود کنٹرول کو مستحکم بنانے کیلئے وہ سبکی ٹریڈنگ میں بھی معاونت کرتا ہے۔

علاوہ ازیں ایک وقف کردہ ایف ٹی ایک بھی شخص کی گئی ہے جو بینک کے اندر فی ایف کے خطرات کو کم کرنے پر خصوصی توجہ دیتی ہے۔ یو این ایس سی قرار دہلیں پر عملدرآمد کے ضمن میں اور بینک کی سرپرست رہا افراد اور اداروں تک محدود رکھے کے ضمن میں دہلی فوفا سسٹم کے تمام افعال اور گہرائی کے کلام کو مانیٹر اور اپ گریڈ کیا جاتا ہے۔

ایم ایس/ایف ایف ایف ایف خطرات اور ان کے تدارک پر اسٹاف کی تربیت پر سال بھر خصوصی توجہ مرکوز رکھی گئی مختلف زبانوں کے ای آر ٹیک ڈیپارٹمنٹ کی جانب سے حاصل کیے گئے اور مختلف ٹیسٹس سیشن بھی منعقد کیے گئے تاکہ میراں تاز ترین خطرات، شکایات اور اس شعبے میں ہونے والی پیشرفت سے آگاہ رہیں۔

آپ کا بینک ایلا ایک فارن فاٹس ایس ایس ٹیوٹن (ایف ایف آئی) شراکت کا حامل ہے اور فارن اکاؤنٹس ٹیکس کیا ایس (FATCA) کی اس امر کا تعین کرنے کیلئے کہ ممکنہ کاؤنٹس امریکی ٹیکس رپورٹنگ ذمہ داروں کا حامل ہے یا نہیں ان سے اضافی معلومات اور دستاویزات کے حصول کے ذریعے جاری طرح جمع 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 کیا ایس ڈی این اور ایلا ہریت ڈیپارٹمنٹ اور FATCA کی ضروریات کی گہرائی میں بھی سہولیات فراہم کرتا ہے۔

کامن رپورٹنگ اسٹینڈرڈ (CRS) ایک عالمی معیار ہے جو اقتصادی تعاون و ترقی کی تنظیم (ایم ای سی ڈی) کو ٹیکس سے منھور شدہ ہے اور حکومت پاکستان بھی تو ایمن کے توسط سے امریکی آر ایس جری 2001ء کے SRO 166(1)/2017 کی روشنی میں اس کی ترمیم 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 رپورٹنگ کے بارے میں فیڈرل بورڈ آف ریونیو کو مزید رپورٹ دی جاسکے۔

حقوقی اور انتظامی کو مشنوں پر خصوصی توجہ کے ساتھ کیا ایس ٹیکس ایف ایف اسٹاف کی پیشہ دان بہتری و ترقی اور معمولات کی انجام دہی کو مستحکم بنانے کے ذریعے کو مدد دیتا ہے۔

## کنٹرول

ادارے میں مجموعی کنٹرول غیر مخصوص سارنگ کے تحت نظر سے نافذ کرنے میں رسک منجمنٹ فنکشن کی ہر ممکن کوشش شامل ہے۔ مزید آں انٹرنل کنٹرول (ICL) جو بینک کی رسک منجمنٹ ٹیم کا حصہ ہے، ہر آپ پینٹرنگ قانونی تقاضوں کی تعمیل اور قابل اعتماد رہائشی رپورٹنگ کو یقینی بنانے کیلئے آپریشنز انٹرنل کنٹرول کے ایک موثر سسٹم کے قیام اور عملدرآمد کا ذمہ دار ہے۔ یہ کوششیں کیا ایس ڈی این اور رسک منجمنٹ ڈویژن کے ذریعہ انکوائری پر مشتمل اور قابل نظر رپورٹنگ میں مجموعی طور پر انٹرنل کنٹرول میں مہارت کا حصہ ہیں۔ بینک کے مجموعی نظام کے حصول میں ناکامی کے خطرات کی شناخت اور ان کو کم کرنے کیلئے منجمنٹ کی طرف سے سوزوں سسٹم پر اس اور کنٹرول ڈائجٹل گئے ہیں۔

بینک کا ٹیکس ڈیپارٹمنٹ اور اتھارٹی کے مراحل واضح ہیں اور بینک میں نافذ تمام پراسس بورڈ سے منظور شدہ پالیسیوں اور طریقہ ہائے کار کے تابع ہیں۔ موجودہ پالیسیوں اور طریقہ ہائے کار کا مستقل بنیادوں پر جائزہ لیا جاتا ہے اور حسب ضرورت دہلی فوفا میں بہتری لائی جاتی ہے۔ بورڈ نے مجموعی رسک منجمنٹ فریم ورک کی ترمیمی کیلئے فی کیسیاں تشکیل دی ہیں جو سوزوں کو ٹیکس کو یقینی بنانے کیلئے ناکامی سے ملتی ہیں۔

ہر پراسس اور فنکشن میں موجود کنٹرول کے دو مقام پہلو جو پالیسیوں اور طریقہ ہائے کار کے تابع ہیں، بینک کے آپریشنز ٹیم کے ساتھ کلام میں موجود ہیں اور ان کنٹرول کی تعمیل اور موثر ہونے کی تصدیق غیر جانبدار انٹرنل آڈٹ ڈویژن کرتا ہے جو بورڈ آڈٹ کمیٹی کو باہر اوسط طور پر جواب دہ ہے۔



لئے عزم ہے تاکہ کام کا شمار ماحول بشمول خطرات سے طے کرنے کے لئے ایک منظم صورتحال کو برقرار رکھا جاسکے۔ بینک کے آپریٹنگس رسک مینجمنٹ انفراسٹرکچر کو مزید مضبوط کرنے کیلئے طے شدہ آپریٹنگس رسک اینڈ کنٹرول کمیٹی (آر سی سی) تشکیل دی گئی ہے۔

## فراڈ رسک

بینک فراڈ اور بے ضابطگی کے واقعات کم کرنے کے ضمن میں بھرپور توجہ دینے اور ناکہ تھے کیلئے کوشش کرتا ہے۔ دوک تمام، بیلنچ پڑتال، تحقیقات اور رپورٹنگ کا مکمل مضبوط بنانے کی غرض سے ایک فعال پالیسی جاری کی گئی ہے۔ بینک ایک طے شدہ فراڈ رسک مینجمنٹ پلنٹ کا حامل ہے جو کہ یورڈ رسک اور کمپلائنس ٹیمز (BR&CC) کی نگرانی اور تعاون سے بینک کے فراڈ رسک کے موثر انتظام کو یقینی بناتا ہے۔

بینک کے قہاؤں و بیلوری ٹیمز کے ذریعے استعمال کے ساتھ ایف آر ایم یونٹ (سیکیورٹیز اینڈ ٹریڈنگ ٹرانزیکشن کی نگرانی، عمومی ٹرانزیکشن کے برعکس سرگرمی اور زچہ خان یا فراڈ کے خطرات کی شناخت کے لئے 24/7 کام کرتا ہے۔ بینک صنعت کے بہترین افعال کو مانگا کرتے اور انٹرنی کے پائیزز کے تعاون کے ذریعے اپنے سمندر کو کسی دھوکہ دہی کی سرگرمی سے بچانے کی بھرپور کوشش کرتا ہے۔

## برنس کھلی رسک

بینک مستقل طور پر ایک موثر کاروباری تسلسل کے فریم ورک کے ذریعے اپنے آپریٹنگس اور کارکردگی کو بہتر بنانے پر کام کرتا رہتا ہے۔ کسی بھی چوک میں صورتحال کا سامنا کرنے کے لئے یہ فریم ورک رسک اور اس کے اثرات کے جانچ جانچ کی بنیاد پر تیار کردہ پالیسی اور پلان شامل مصلحت کردار، اندازیاں اور ایکشن پلان پر مشتمل ہے۔ یہ ریکولیری فریم ورک اور صنعت کی بہترین پریکٹس پر عمل کرتا ہے اور باقاعدہ جانچوں اور آؤٹس سے مشروط ہے۔ طے شدہ آؤٹس کے تحت نظر سے ایک کراس سیکشن مینجمنٹ ٹیم بینکار نظام کی جانب سے تشکیل دی گئی ہے جو کسی بھی خطرناک صورتحال درپیش آنے پر معاملات کی نگرانی اور فیصلہ کرتی ہے۔

کسی بینکاری صورتحال کے پیش نظر بینک نے اسٹاف کے لئے ملٹی پلی ٹی ای سی ٹرینسنگ کی تشکیل اور گھر بیٹھے کام کرنے کی سہولت دی ہے۔ ایسی صورتحال میں اسٹاف کی جاری کو بینک 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 آپریٹنگس کا تسلسل اور خدمات کی باقیات فراہمی ترجیحی بنیاد پر ہو۔

## انفارمیشن سیکورٹی رسک

انفارمیشن سیکورٹی 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 ذریعے ہونے والے مسائل کے ساتھ انفارمیشن سیکورٹی ڈیپارٹمنٹ کا مقصد صارف کی مالیاتی و ذاتی معلومات اور اس کی سالمیت کے تحفظ کو یقینی بناتا ہے جو انفارمیشن سیکورٹی رسک کو کم کرتا ہے۔ بینک کے خطرات کی حدود میں رہتے ہوئے انفارمیشن اور ٹیکنالوجی کے خطرات پر قابو پانے کے حتمی ہدف کے قریب نظر انفارمیشن ٹیکنالوجی ڈیپارٹمنٹ مختلف سرگرمیوں مثلاً خطرات کی جانچ، جانچ و تحفظ، وائٹسنگ انجام دیتا ہے۔ یہ انفارمیشن سیکورٹی کے خطرات اور ان کے تدارک کو سمجھنے اور آگاہی کی سطح کو بہتر بنانے کیلئے بھی سرگرم ہے۔

## کمپلائنس

آپ کے بینک نے سال کے دوران اپنے تین ورک پر مکمل نگرانی کو مضبوط رکھا جس میں شامل اپنے صارفین کو بچانے (کے وی سی / ایف پی ایف) اور ایم ایل / او بیسٹ گردی کیلئے سرمایہ سی ایف پی ایف کی ایف پی ایف کے ذریعے ٹرانزیکشن کی ایف پی ایف (سی بی ایف) اور ریکولیری کمیٹیاں کی آگاہی شامل ہے۔ کمپلائنس پلنٹ نے کمپلائنس اور ریکولیری امور پر انتظامیہ اور اسٹاف کو سپورٹ اور مشاورت فراہم کی۔ تمام نئی پالیسیاں اور طریقے بنانے کا راجد لگاتار ہے، یہ فیکس، سروسز کا دوبارہ طرہ، بائے کارڈ نمبر کا کمپلائنس اسٹیمپ ایل ایف پی ایف کی ایف پی ایف کے نظریے سے جائزہ اور ریکولیری حکام کے ساتھ تعلقات کا قائم رکھنا اس پلنٹ کے فرائض میں شامل ہے۔ ایک خوب کام کیا گیا رسک مینجمنٹ (سی آر ایم) سسٹم بھی نافذ عمل ہے جس میں ایک ریکولیری ڈیپارٹمنٹ تشکیل دی گئی ہے جس میں اسٹیٹ بینک آف پاکستان اور دیگر متعلقہ ریکولیری حکام کی جانب سے جاری کردہ سرگرمز شامل ہیں۔ اس کے علاوہ اسٹیٹ بینک آف پاکستان اور اس کی آؤٹسٹ اسٹیشنوں کے ساتھ سہولت کاری اور واپس پلنٹ کے ذریعے کلیدی کردار ادا کرتے ہیں اور اسٹیٹ بینک آف پاکستان اسٹیشن کے عمل طریقے بنانے کا کوئی بھی بناتے ہیں۔ قانون نافذ کرنے والے اداروں (LEA) سے انکوائریز پر بھی کمپلائنس انکیشن کے ذریعے توجہ دی جاتی ہے۔

ایف پی ایف اور سی سی پی ایف کی ایف پی ایف کی ایف پی ایف کے ساتھ بینک کا کوئی عمل کر رہا ہے کمپلائنس انکیشن میں مکمل طور پر کمپلائنس کے اعلیٰ ترین معیار کے تحت اداران اسٹینڈرڈز کا نظام اور ملازمین کیلئے یقینی بنانے کیلئے یہ عزم ہے۔ بینک ایک AML/CFT/CP تصور کے ساتھ اپنے ذیلی اداروں کی نگرانی بھی جاری رکھتا ہے۔



بینک کا بورڈ آف ڈائریکٹرز بشمول بورڈ ریسک مینجمنٹ کمیٹی، سینئر مینجمنٹ کمیٹی اور آپریشنل ریسک مینجمنٹ کمیٹی (اسٹریٹجی) کا وٹوں اور ریسک مینجمنٹ سے متعلق تمام تر عوامل کی نگرانی کرتے ہیں۔

## کریڈٹ ریسک

حسب معرودہ ذراکت، جغرافی، صنعت اور صارفین کی مختلف اقسام کے ذریعے کریڈٹ ریسک کو کنٹرول کرنے کی حکمت عملی پر کاربند ہے۔ بینک، ایک بڑا حصہ مختصر مدتی اور نیاٹ لیکویڈ بینک میں رکھتے ہوئے، تھابت اور ورلڈ کلاس کیسٹل کو ترجیح دے رہا ہے۔ بینک کے کریڈٹ پورٹ فولیو کا ایک بڑا حصہ KIBOR کو پائلو ایک موالہ استعمال کرتے ہوئے عموماً ریسٹ کی بنیاد پر زرغ شدہ ہے جو شرح سود کے خطرات کو کم کرتا ہے۔ کریڈٹ کی توسیع میں شامل خطرات کا امکان کریڈٹ گرانٹ کرنے کے مضبوط طریقے ہائے کار کے ذریعے مزید کم ہو چکا ہے جو مناسب چال چل، مناسب سکیلرٹی اور جاری بنیادوں پر انکمپوٹر رز 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۔

حسب معرودہ IFRS-9 اسٹینڈرڈ پر عملدرآمد کے مراحل میں ہے۔ IFRS-9 اسٹینڈرڈ IAS 391 اور جو کہ مالیاتی اسٹریٹجی کی پیچیدگی اور پیچیدگی پر مشتمل ہے، کی یکم نافذ ہوا ہے۔ اس اسٹینڈرڈ میں مالیاتی اسٹریٹجی کی نظر چائی شدہ وجہ بندی اور پیچیدگی کے معیار اور قرضہ جات پر تحقیقی حصارے کا مدلل اور بڑی سطح اکاؤنٹنگ کی ضروریات شامل ہیں۔ بینک IFRS-9 نام لائن سے متعلق اسٹیٹ بینک آف پاکستان کی جانب سے وقتاً فوقتاً جاری کردہ رہنما ہدایات پر بروقت عمل کر رہا ہے۔

## مارکیٹ/لیکویڈیٹی ریسک

خصوصی طور پر تشکیل دیے گئے مارکیٹ لیکویڈیٹی ریسک پورٹ کا کردار ایک منظم طریقے سے شرح سود، انکمینی، کرنسی یا غیر ملکی زر مبادلہ اور مالیاتی اداروں (ایف آئی) کی صورت میں مالیاتی قسطوں کے اثرات اور ان کی حدود سے متعلق معاملات کی شناخت، چال چل، نگرانی اور رپورٹ دینا ہے۔ ان تمام خطرات کی مانیٹرنگ کو بورڈ کی منظور شدہ مارکیٹ/لیکویڈیٹی ریسک مینجمنٹ پالیسی کے مطابق یقینی بنایا جاتا ہے۔ اس کا ذکر جات اور مالیاتی انگلشی کمیٹی کا قاعدہ ایک طے شدہ مدت کے دوران اقتصادی کاروباری ماحول کا جائزہ لیتی ہے اور کاربن انکمپلٹ ڈی مارکیٹ اور انکمینی کیلئے حدود کے ساتھ انکمپوٹر کی سطح پر سفارشات پیش کرتی ہے۔ یہ حکمت عملی ریسک/لیکویڈیٹی اور منافع جات میں توازن سے متعلق ہوتی ہے۔ حریف بر آں بورڈ کی منظور شدہ وائرسٹ پالیسی دیگر پہلوؤں کے ساتھ ساتھ جات متعلق کرنے اور آپریشنل گائیڈ لائنز پر توجہ پڑھ دیتی ہے۔

## اسٹریٹجی ٹیسٹنگ

بینک موثر طور پر اسٹریٹجی ٹیسٹنگ کے طریقے کو پورے ادارے میں ریسک کی موجودگی اور پورٹ فولیو کی قدر وقت میں تبدیلی کا جائزہ لینے کیلئے اس وقت استعمال کئے جاتے ہیں جب مختلف نوعیت کے خطرات ظاہر ہوتے ہیں۔ شرح سود، کریڈٹ، انکمینی یا اس شرح مبادلہ اور لیکویڈیٹی وہ عناصر ہیں جو اسٹریٹجی ٹیسٹنگ کے دائرہ میں استعمال ہوتے ہیں۔ بینک کا اسٹریٹجی ٹیسٹنگ کا طریقہ ہائے کار اسٹیٹ بینک آف پاکستان کی رہنما ہدایات پر عملدرآمد کو یقینی بناتا ہے۔

## کیپٹل مینجمنٹ

بینک نے بازل ریگولیٹری کمیٹی کے مطابق ریگولیٹری جانب سے وقتاً فوقتاً جاری کردہ ہدایات اور ضرر کردہ سے زائد کیپٹل ایڈیکوئی رکھا ہے۔ بینک کے پاس بورڈ سے منظور شدہ انفریکٹ کیپٹل ایڈیکوئی (سیسٹم پر ویس اور ریسک لیوالت) سٹریٹجی موجود ہے۔ انفریکٹ کیپٹل ایڈیکوئی (سیسٹم پر ویس) (آئی سی اے) ہے اور سالانہ بنیاد پر اس کا جائزہ لیا جاتا ہے۔

## آپریشنل ریسک

بینک کی سرگرمیوں کے تمام تر پہلوؤں میں آپریشنل خطرات موجود ہوتے ہیں جو بینک کو مالیاتی اور باؤس کی ساتھ سے متعلق ہائے نقصانات سے دوچار کر سکتے ہیں۔ وقوع پذیر ہونے سے پہلے خطرات کی شناخت اور ان کے کم کر کے کنٹرول کا انتظام ہمیشہ بینک کی ترجیح رہی ہے۔ بینک میں ایک مخصوص آپریشنل ریسک مینجمنٹ (آپ آر ایم) پورٹ موجود ہے جو ادارے میں آپریشنل ریسک پر مبنی ایک تفصیلی رجسٹرنگ کرتا ہے۔ آپ آر ایم پورٹ اس سلسلے میں مصروف عمل ہے اور باقاعدگی کے ساتھ بینک کے کاروبار سپورٹ فونکس کے ساتھ مینجمنٹ آپریشنل خطرات، نافذ عمل کنٹرول اور تہہ ریسک اور متوقع خطرات کے جائزے اور ضمن کیلئے رابطے میں رہتا ہے۔ اس کے نتیجے میں کنٹرول انفراسٹرکچر کا معیار بلند اور تمام تر اعمال اور انکمپلٹ معلومات کو انتظام فراہم ہوتا ہے۔

بینک آپریشنل ریسک کو ترجیح دے گا اور اسے دیگر خطرات کی وجہ بندی (مارکیٹ، کریڈٹ ریسک، مینجمنٹ اور قانونی خطرات) کے ساتھ ایک جامع اپروچ کے تحت مرکوز بنانے کے

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

روپے ملین میں

2018	2019	2020	2021	2022	2023	
37,002	44,238	57,848	62,975	74,507	93,275	شیر ہولڈرز کی انکوائری
10,478	10,478	10,478	10,478	10,478	10,478	اداشہ و سرمایہ
673,396	859,771	1,017,572	1,224,416	1,397,444	1,556,417	مجموعی اثاثہ جات
543,578	611,869	680,956	772,286	880,697	1,012,303	ڈپازٹس
226,690	263,948	312,167	398,382	433,503	412,049	ایڈوانسز
346,666	448,910	584,532	667,996	723,579	925,412	سرمایہ کاریاں
10,074	11,238	20,037	21,541	27,617	51,995	منافع قبل از ٹیکس
6,161	6,583	12,008	13,459	14,261	24,384	منافع بعد از ٹیکس
5.88	6.28	11.46	12.84	13.61	23.27	آمدنی فی حصص (روپے)
20	25	25	30	32.5	55	تقدیر نامہ مقررہ (باعد) - حتمی
-	-	20	20	20	50	- عبوری
4,841	5,192	5,603	6,410	6,915	7,193	حاصل کی تعداد
352	392	406	459	500	525	برائے نمائندگی ہر ایک ہزار روپے کی تعداد

براہ راست نقد اور گریج بینکس میں سرمایہ کاریوں کی قدرہ قیمت درج ذیل ہے:

- براہ راست نقد 6,026.3 ملین روپے برطانی 31 دسمبر 2023ء
- گریج بینک نقد 2,491.8 ملین روپے برطانی 31 دسمبر 2023ء

## ریسک منجمنت

### ریسک منجمنت فریم ورک پر بیان

صیب مٹرو انکام کی وجہ سے، حجم اور مارگٹ مارکیٹ کی بنیاد پر ایک متحرک اور فعال موثر ریسک منجمنت فریم ورک کا حامل ہے۔ صیب مٹرو کے فلسفے، حکمت عملی اور انتظامی ڈھانچے میں خطرات کے پہلو پر غور کرتا شامل ہے۔ بینک کریڈٹ، آپریٹنگ، انفراسٹرکچر، انفارمیشن سسٹمز، ایجوکیشن اور مارگٹ ریسک کیلئے منظم پروسیجر اور منظم انٹرنل کنٹرول کے ایک مربوط منظم ریسک منجمنت 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 اسٹرکچرل کمپلائنس کے ذریعے کارروائی پر مشتمل سطحوں پر خطرات کے انتظام کے ساتھ ایک کردار کا حامل ہے۔ یہ کمپلائنس نیز اندرونی خطرات پر عمل کے لئے مناسب گنجائش اور لچک سے آراستہ ہے۔

بینک کا مکمل برائے نیٹ ورک آن لائن اور جدید ترین پروسیجر سسٹم محفوظ اور مناسب گنجائش کا حامل ہے۔ بینک کے نظام اور ادارے میں فرائض کی تقسیم بطور کنٹرول موجود ہے۔ کنٹرول سسٹم کی جانچ پڑتال کیلئے انٹرنل آڈٹ اور جنرل بینک کی برائے نیٹ اور دیگر امور کا آزاد اور خطرات پر مبنی جائزہ لیتا اور توثیق کرتا ہے۔ منجمنت کیلئے ریسک کنٹرول کی مناسبت سے جامع اندرونی رپورٹ اور منجمنت انفارمیشن سسٹم بطور اضافی سہولیات سہا کیا گیا ہے۔ ریسک منجمنت ڈویژن ماہر اور تجربے کار پیشہ و افراد پر مشتمل ہے جو بینک میں موجود خطرات سے منسلک کی معلومات اور صلاحیت کے حامل ہیں۔

- تمام بان۔ ایکریکٹور اور ایکریکٹور بورڈ کی جانب سے وفا تو کیا متعین کردہ معاوضہ کے حقدار ہوں گے جو انہیں بورڈ اس کی ذیلی کمیٹیوں اور شیئر ہولڈرز کے اہلاسوں میں حرکت شمول بورڈ کے جبر میں کے مہرے یا اس کی ذیلی کمیٹیوں کے اجلاس میں شرکت کے ضمن میں ادا کیا جائے گا۔
- پالیسی کے تحت معاوضہ بورڈ کی سٹارش پر شیئر ہولڈرز کے نقل انڈیا 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 اہلاسوں یا تقریبات میں شرکت کے مقاصد کیلئے تمام ایکریکٹرز سٹار بورڈ ٹک اور لاٹک اطراہات شمول اتفاقی اطراہات کا اشتقاق رکھتے ہیں۔
- ایکریکٹور 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 سب کمیٹیئر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے اسٹیٹمنٹ آف کمیٹائز میں فراہم کر دیا گیا ہے۔

## پیئر آف شیئر ہولڈنگ

31 دسمبر 2023 کا پیئر آف شیئر ہولڈنگ رپورٹ کے ساتھ منسلک ہے۔

بینک، حبیب بینک آف پی ریرج۔ سٹار لینڈ (ہولڈنگ کمپنی جس کے پاس بینک کے 51 فیصد شیئرز ہیں) بورڈز لینڈ میں اٹھو آپرٹ ہے، کی ذیلی کمپنی ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی ٹاٹیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سٹڈنٹس ہونے 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 ٹاٹیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 31 دسمبر 2024 کو ختم ہونے والے سال کیلئے بینک کے آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے۔

## کارپوریٹ دفاتر رپورٹنگ فریم ورک

- 1۔ بینک کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کے کاروباری امور، اس کے آپریٹنگ کے نتائج، کمپنیز فلور اور ایکٹیوٹی میں تبدیلی کو خلاف امداد میں پیش کیا گیا ہے۔
- 2۔ بینک کی جانب سے حسابات کی باقاعدہ کتب تیاری گئی ہیں۔
- 3۔ موزوں اکاؤنٹنگ پالیسیاں اور تجدید جات، مالیاتی حسابات کی تیاری میں تسلسل کے ساتھ لاگو کئے گئے ہیں۔
- 3۔ مالیاتی حسابات کی تیاری میں پاکستان میں نافذ العمل بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے اور ان سے کسی بھی رد و روانی کو مناسب طور پر ظاہر کیا گیا ہے۔
- 5۔ اعتراف کٹرول کا نظام مستحکم طور پر راجن اٹن کیا گیا ہے اور موثر طور پر نافذ العمل اور زیر نظر رہا ہے۔
- 6۔ بینک کے کاروبار کو جاری رکھنے کی صلاحیت پر کسی قسم کے شبہات نہیں ہیں۔
- 6۔ کوڈ آف کارپوریٹ گورننس کے بہترین پریکٹس (مطابق ہائے کار) ریکارڈنگ کمیٹیئر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں مفصل طور پر درج ہیں سے کوئی رد و روانی نہیں کی گئی ہے۔



## کارپوریٹ گورننس بورڈ کے اجلاس

سال 2023 کے دوران بورڈ آف ڈائریکٹرز اور اس کی سب کمیٹیوں کے اجلاس اور ہر ایک ڈائریکٹر کی پہلی مہر کی جانب سے اس کی شرکت کی تصدیقات درج ذیل ہیں۔

ڈائریکٹر کے نام	بورڈ آف ڈائریکٹرز	آئی سی سی	کرڈٹ کمیٹی	ہوٹل سروسز کی میٹنگ کمیٹی	ریسک مینجمنٹ کمیٹی	انٹرنیشنل ایسوسی ایشن
جناب محمد علی آر۔ حبیب	6/6	-	2/2	4/4	-	1/1
جناب علی عباس بکھڑہ**	3/6	-	-	-	-	1/1
جناب انجمنیہ اقبال*	1/6	1/4	1/2	-	1/3	-
جناب فراسٹ علی*	1/6	-	-	1/4	1/3	-
جناب حمزہ حبیب	6/6	3/4	1/2	-	-	1/1
جناب محمد بشیر	6/6	0/4	-	2/4	-	-
جناب محمد آغا۔ حبیب	6/6	1/4	1/2	-	2/3	-
جناب رشید احمد جعفر	6/6	4/4	2/2	-	2/3	-
محترمہ طاہرہ رضا	6/6	2/4	-	4/4	2/3	-
جناب محسن اے۔ نقاشی**	6/6	1/4	2/2	1/4	3/3	-
جناب قمر شہزاد خان***	3/6	-	1/2	-	1/3	1/1
مشاورہ اجلاس	6	4	2	4	3	1

\* جناب انجمنیہ اقبال اور جناب فراسٹ علی 30 مارچ 2023 کو منعقدہ 31 ویں سالانہ اجلاس عام میں سیکورٹس انچارج کے طور پر۔

\*\* جناب علی عباس بکھڑہ اور جناب محسن اے نقاشی کو 30 مارچ 2023 کو منعقدہ 31 ویں سالانہ اجلاس عام میں منتخب کیا گیا۔

\*\*\* جناب قمر شہزاد خان کو یکم اگست 2023 سے جناب محسن علی نقاشی کی جگہ صدر اور ای ای او کے طور پر چارٹ ورس دیا گیا۔

نوٹ: بورڈ آف ڈائریکٹرز کے انتخاب کے بعد سال کے دوران بورڈ کی کمیٹیاں از سر نو تشکیل دی گئیں۔

## بورڈ آف ڈائریکٹرز میں تبدیلیاں

سال 2023 کے دوران ڈائریکٹرز کا انتخاب ہوا جس میں جناب انجمنیہ اقبال اور جناب فراسٹ علی نے خود کو ڈائریکٹرز کی حیثیت سے انتخاب کیلئے پیش نہیں کیا تھا لہذا ان کو سیکورٹس انچارج سے ہٹا دیا گیا اور ان کی جگہ جناب علی عباس بکھڑہ اور جناب محسن علی نقاشی کو منتخب کر لیا گیا۔

بورڈ آف ڈائریکٹرز جناب انجمنیہ اقبال اور جناب فراسٹ علی کی ان غیر معمولی خدمات اور شراکت پر ان کو فرائض حتمی پیش کرتے ہیں جنہوں نے بورڈ میں اپنی مدت کے دوران انجام دیے ان کی جانب سے انجام دیے جانے والی کامیابیوں اور ان کے لیے کی جانے والی جدوجہد کا اعتراف کرتے ہوئے ان کا ولی طور پر شکریہ ادا کیا ہے اور مستقبل میں ان کیلئے ٹیک اور بہترین خواہشات کا اظہار کرتا ہے۔

## بورڈ کی ری میٹریشن پالیسی

ان انگریز کنونشنز اور ریگولیشنز اور ریگولیشنز کے معاہدے کی پالیسی اسٹیٹ بینک آف پاکستان کی رہنمائی پر 31 مارچ 2023 کے مطابق حکومت کی گئی تھی۔ اس پالیسی کے مطابق درج ذیل ہیں۔

## 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 سمیت ملکی نیز بین الاقوامی سطح پر گریڈوں کا ایک حصہ بن چکے ہیں۔ بینک اس سلسلے میں دیگر بین الاقوامی 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

کاننگ پورٹ فیزیو میں ماحولیاتی اور سماجی انکسپورٹ کے خاتمے اور انتظامات کے ذریعے ماحولیاتی ERM کو بہتر بنانے کیلئے حبیب میٹرو ماحولیاتی و سماجی ریسک مینجمنٹ (ESRM) کو تقویت بخانے کے عمل سے گزرتا ہے تاکہ گریڈ ریسک کی جانچ پر تال کے عمل کے تحت ESRM کے طریقہ ہائے کار پر مبنی اقدامات کو موثر طور پر اپنایا جائے۔

### • کاروباری سہولت

بینک غیر آلودہ توانائی اور پاکیزگی کے وسائل کے منصوبوں میں سرمایہ کاری کے ذریعے "گرین مارکیٹ" کو فروغ دینے کے لئے کوشاں ہے۔ بینک گرین پورٹ فیزیو اسٹریٹجی بینک آف پاکستان کی ریویو سٹریٹجی دی ٹرانس انیسیم کے ذریعے ریویو سٹریٹجی دی ٹرانس انیسیم سے متعلق کارٹیکس کو راقب کرنے پر زور دے رہا ہے۔

### • 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 معاثرات میں بینک نے توانائی کے موثر استعمال کے عمل تلاش کئے ہیں جن میں کم توانائی صرف ہونے والی ایل ای اینڈ لائٹس کی تبدیلی، انورٹرز کے حامل ایئر کنڈیشننگ یونٹس کی تنصیب اور لو پی ایس و سٹارٹر وغیرہ کو ای ایم کیلئے پرمٹری ایک ایس کے طور پر استعمال کرنا شامل ہے۔

### • کچن بلڈنگ

ماحول دوست اقدامات اور طریقہ ہائے کار کے ضمن میں اس کو قابل قبول اور شعور میں اضافہ کرنے کیلئے بینک نے اندرونی اور بیرونی ذرائع کے ذریعے ایچ ایم کو سکھانے اور تربیت دینے کے مواقع بھی فراہم کیے۔ اس سے گرین بینکنگ کے تصور کو بہتر طور پر جاننے کی صلاحیت ملی اور کم کربن کی تہذیب کی ترویج کی جاتی ہے۔ ماحول میں معاونت حاصل ہونے جس سے کاروباری سہولت میں ذاتی اثرات میں کمی کے اقدامات اور تعاون کو ناکام کیا گیا۔

## صارفین کی شکایات

حبیب میٹرو اپنے صارف کو بے عیب اور کامیابی سے پاک سہولت فراہم کرنے پر کاربند ہے جو گروہ اور ذریعہ کا مل جاری رکھنے کے ضمن میں انتہائی اہم عناصر میں سے ایک تصور کیا جاتا ہے۔ بینک کے صارفین کی شکایات اور مسائل سے نمٹنے کا میکنزم بینک کے صارفین کی شکایات اور مسائل کے خلاف دفاع کی پہلی لائن کے طور پر کام کر رہا ہے، لہذا اسی لیے اس امر کو یقینی بنایا جاتا ہے کہ موصول ہونے والی تمام شکایات کو ایما و امداد شفاف اور موثر طور پر نرسایا جائے۔

شکایات کو درج کرنے اور ان کو نمٹانے کے عمل کو مزید واضح اور قابل رسائی بنانے کے ضمن میں سوشل میڈیا پلیٹ فارمز اور ایس ایم ایس کے ذریعے آگاہی دی جاتی ہے، اس کے علاوہ بینک وکی فورم صارفین کو شکایات درج کرانے کے طریقہ ہائے کار مثلاً ای میل، کال سینٹر، لیٹر، ویب سائٹ، ہالچ وغیرہ سے متعلق بیانات ارسال کرتا رہتا ہے، اہم موصولہ شکایات کی فوری طور پر جانچ کی جاتی ہے اور ان کو نمٹایا جاتا ہے اور صارفین کو ایس ایم ایس، ای میل اور لیٹر کے ذریعے شکایات کے بارے میں حشرات سے آگاہ کیا جاتا رہتا ہے، مزید برآں صارفین کے فیڈ بیک کا میکنزم بھی شکایات اور مسائل سے نمٹنے کے سلسلے میں موجود ہے۔

سال 2023 میں مجموعی طور پر بینک کو 50,866 شکایات موصول ہوئیں اور شکایات کو نمٹانے کا مجموعی وقت 16.5 ایام کار رہا۔ بینک نے مستقل بنیاد پر گیس (خلا) کی شناسیت، افعال، پروڈکٹس اور خدمات کے متعلق بنیادی جائزوں کا انعقاد بھی کیا۔

خدمت کارڈ کے حصول پر خصوصی قوت دہیے کے باعث 2023 میں صیغہ معروضے ثبت نتائج حاصل کیے۔ بینک نے کامیابی کے ساتھ ڈیجیٹل کارڈز کے استعمال کے فوائد کی تعمیل کے لیے اپنے صارفین کے دائرہ کار کو وسیع کیا۔ اس کے نتیجے میں ایکٹو ایجنٹ کارڈز کی تعداد 650,000 سے زائد ہو چکی ہے جو کمیشن کے بغیر لازماً پیشکش اور رجسٹریشن اور ایجنٹوں کو ترجیح دینے کی نشاندہی کرتی ہے۔

2023 میں رابطہ سینٹر نے صارفین کے تجربات میں اضافے اور کال ہینڈلنگ کے طریقے ہائے کار کو منظم بنانے کیلئے کامیابی کے ساتھ نیا انٹر ایکٹو گیس، ریسپنس (IVR) مندرجہ کرایا۔ جدید ترین (IVR) مثلاً ڈیجیٹل کارڈز کی ایکٹیویشن اور بلاکنگ اور چیک کورڈنگ کی کارروائیوں کے تعارف سے صارفین کے ساتھ رابطہ میں فوری اور بڑی رفتاری آئی۔ ان تمام پیشرفتوں پر بہتری کے عمل کے نتائج انتظار کے وقت میں کمی، پہلی کال سے عمل میں لانے اور مجموعی طور پر صارف کے اطمینان کی صورت میں ظاہر ہوئے۔

## افراد کی وسائل

صیغہ معروضے مشکل طور پر ملازم کی بہتری اور ان کی فلاح و بہبود دیکھنے کے عمل اور ذیلی دستہ، ایکٹیو اور انکلوڈن (وی ای آئی) اور مزید مائیکرو ٹیلیٹ منجسٹ کے ذریعے اپنی افرادی قوت میں گروتھ اور پروگریس کا مظاہرہ کرتا ہے اور ایک مستعد اور پروگریس و کام کے ماحول کا مظہر ہے۔

وی ای آئی 19 ایجنٹوں میں اضافے کے ساتھ ہیڈ کوارٹر میں کام کر رہا ہے، بینک نے 2023 کیلئے دستیاب ہونے والے ہدف کو بھی عبور کر لیا۔ دستیاب ہونے والے ہدف کے نتیجے میں خواتین برانچ اسٹاف کی شمولیت، سچ کی تقرری، سینئر مینجمنٹ پر مشتمل وی ای آئی کمیٹی کی تشکیل، ایک خصوصی ٹاسک کی ٹیم کے ساتھ وی ای آئی کمیٹی کی تشکیل، پیمائش، ریزرو شپ ورکنگ گروپ کا قیام، وی ای آئی کی حمایت کے سینٹر اور اہداف کے حصول اور سہولتیں شامل کرنے کے لئے ملازمین کی انجسٹ شامل ہے۔

صیغہ معروضے منظور افراد کی بہتری کا سلسلہ بھی جاری رکھا جس کا مقصد یہ تھا کہ انہیں شخص کے ذریعے اور ان کو دیکھنے کے مواقع فراہم کرنے کی پیشکش کے ذریعے ان کو خود کفیل پر پیش کرنے کا موقع دے کر ان کو اپنے جیوں پر کھڑا ہونے کی امید دلائی جائے۔

بینک نے پاکستان بھر میں بیرون دیوڑیوں کی قوت اور استحکام اور اس کی خصوصیات کے ساتھ برانچز کی گروتھ میں معاونت فراہم کی۔ ایک دیوڑی مہنگائی الاؤنس 2022 میں جو تیز اور مل جھٹ کر پڑنے کیلئے حصارف کر پائی تاکہ چیلنج معاشی صورتحال میں اسٹاف کو مالی ربط اور سکون و اطمینان فراہم کیا جائے۔ مہنگائی کے نمایاں دباؤ کے پیش نظر ان کو سپورٹ دینے کیلئے 2023 تک جاری رہا۔

اسٹاف کی بہتری کلیدی اہمیت رکھتی ہے لہذا بینک نے ان باؤس ٹریننگ اور رجسٹریشن اور رجسٹریشن کے امور کو سنبھالنے بشمول مقامی اور بین الاقوامی دونوں سطح پر بروہائی تعلیم کے مواقع فراہم کرنے میں سرمایہ کاری کی۔ بینک اسٹاف، ان کو رجسٹریشن، رجسٹریشن اور ان کی ڈیوٹی پوسٹ کی ضرورت پوری کرنے پر بھرپور توجہ دیتا ہے تاکہ ملک بھر میں ملازمین کے ساتھ احترام، عزت و احترام اور کمنٹ کا مطلق مضبوط سے مضبوط رابطہ ہو سکے۔

صیغہ معروضے ملازمت کے یکساں مواقع فراہم کرنے والا آج رہا ہے اور موجودہ مستقبل کے منکر کے انتخاب کا حامل اور اپنے لئے کوشاں ہے۔

## کارپوریٹ سماجی ذمہ داریاں

صیغہ معروضے کارپوریٹ سماجی ذمہ داری کی کارکردگی سے آگے بھی ایک قابل اعتماد ادارے کے طور پر منظم ہے اور بینک ایک کارپوریٹ شہری کی حیثیت سے اپنی ذمہ داری کو بھی تسلیم کرتا ہے۔ لہذا ادارہ سماجی و علاقائی دیوڑیوں، کمنٹ اور عزت و احترام کے حوالے سے ہماری بنیادی اقدار کے ذریعے رہنمائی کرتا ہے اور ان حقیقتات میں مستقبل سرمایہ کاری پر توجہ دی جاتی ہے جن کی خدمات ہم انجام دے رہے ہیں۔

سال کے دوران بینک نے ایجنٹوں کی تعلیم، ماحولیات کے استحکام، کمیونٹی ڈیوٹی پوسٹ اور رجسٹریشن کیلئے نمایاں شراکت کی۔ ہم کمیونٹی بالخصوص پسماندہ حقیقتات کی فلاح و بہبود کے لئے غیر منافع بخش اداروں کے ساتھ مستقل طور پر شراکت کا رہیں۔ سال کیلئے مجموعی طور پر 285 ملین روپے نفع دہندہ کے شعبے میں خرچ کیے گئے جن کی تفصیل معلومات اکاؤنٹس کے نوٹس میں دستیاب ہیں۔

بینک پر درج پائی معاشی ترقی اور کمیونٹی کے حصے میں اپنی شراکت اور ان کے فروغ میں بھی اپنے کردار کو تسلیم کرتا ہے۔ بینک باقاعدگی سے کارپوریٹ گیس کی ادائیگی کرنے والے اداروں میں سے ایک ہے اور اس نے سال 2023 کے دوران حکومت پاکستان کو براہ راست ٹیکسز کی مدد 24.91 ملین روپے سے زائد ادا کیے۔ مزید برآں 31.33 ملین روپے کا غیر درآمد ٹیکس گیس اور 10 ملین روپے ٹیکس کی اہم گیس کی کوئی ٹیکس کے ٹیڈ ورک کے ذریعے قومی خزانے میں وصول کی گئی تھی۔



## گفتگو

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

## گریڈ ریٹنگ

بینک نے طویل مدت کیلئے AA+ (اے ایس ایس) کی ریٹنگ اور مختصر مدت کیلئے A1+ (اے او ایس) کی ریٹنگ برقرار رکھی۔ یہ فٹو گریڈ کے اعلیٰ معیار، گریڈ ریٹنگ کے بہت کم امکان اور مالیاتی وعدوں کی ہر اہم ادائیگی کی مستحکم مصداقیت کا پتہ کرتی ہے۔

## سارفین بینک اضافی رسائی

صیب میٹرو نے 2023ء میں طے 25 نئی برانچوں کا اضافہ کر کے اپنی رسائی کو بہت دبی۔ 13 نئے شعبوں کے اضافے کے ساتھ بینک نے پاکستان بھر کے 207 شعبوں میں 525 برانچوں کے ساتھ اپنے دائرہ کار کو وسیع کیا۔

صیب میٹرو 100 سے زائد ممالک میں مستحکم ٹکنوں کے ساتھ تعلقات رکھتا ہے اور متحدہ و دیگر بینکوں سے باقاعدہ گریڈنگ انٹرنیشنل مالیاتی سال ہے۔ صیب میٹرو پورے ملک میں اپنے سارفین کو جامع بینکاری کی خدمات پیش کرتا ہے۔ یہ واکس شامل خصوصی تجارتی مالیاتی پروڈکٹس، ان میں خصوصی ٹریڈ فنانس پروڈکٹس شامل ہیں اس کے ساتھ یہ واکس اور سروسز مثلاً SMS اور ویب واکس بینکنگ سروسز، مالیاتی سہولت فراہم کرنے والی ادارت کارڈ اور ملک گیر 550 سے زیادہ ATM نیٹ ورک بھی اس کا حصہ ہیں۔

آپ کے بینک کی ڈیجیٹل بینک صیب میٹرو پوزیشن کی فہرست سہولت اور قابل اعتماد ایپلیکیشن بروکریج اور کسٹمری خدمات فراہم کرتی ہے۔ جدید سہولتیں صیب میٹرو پوزیشن معاہدہ بینکس پر مبنی فرسٹ صیب میٹرو، اسلامی مالیاتی مل بینک رسائی فراہم کرتا ہے۔

## ٹرانزیکشن بینکنگ

صیب میٹرو کی بینکنگ ٹرانزیکشن 2,000 سے زائد کاروباری سارفین کی خدمات انجام دے رہی ہے۔ صیب میٹرو میں بینکنگ ٹرانزیکشن کیلئے سال 2023 بہترین سال تصور کیا گیا۔ سال کے دوران بینک کے سارفین کیلئے مختلف ٹی پی وی سروسز پیش کی گئیں۔ بینک نے اپنے موجودہ کارپوریٹ ٹیلیفون موبائل (Net2Bank) میں ترمیم کی اور سارفین کی ٹیلیفون کی ضروریات کو پورا کرنے اور سارفین کے گاہک کے دائرہ کار کو وسیع کرنے کیلئے جدید ترین ٹرانزیکشن بینکاری کی سہولتیں پیش کیں۔ یہ موبائل موبائل اور فیکس موبائلوں طریقہ پاسے کارڈ سارفین کیلئے روزانہ کی مختلف انواع کی سہولتوں کی ضروریات فوری اور بروقت پوری کرنے کی مصداقیت رکھتا ہے۔

بینک نے اپنے کارپوریٹ بینکنگ معاہدے پر ڈیل کو دوبارہ جانچ کر اپنا جس میں متعدد نئے خصوصی فیچرز شامل کیے گئے تھے جس کے نتیجے میں قروبیٹ والیڈم ایپلیکیشن میں نمایاں اضافہ ہوا۔

بینک نے دوسرے مستقل سال کے لئے ٹرانزیکشن بینکاری میں "ٹیکنیکل مینڈ" سے 2 نئے ایپلیکیشنز اور ایپلیکیشنز حاصل کیے۔

1 بہترین بینک برائے ایپلیکیشن اور موبائل - پاکستان

2 بہترین بینک برائے ٹیکنیکل مینڈ - پاکستان

یہ اعزازات ٹرانزیکشن بینکاری کے دائرے میں صیب میٹرو کے امتیازی نظام پر برقرار رہنے کے عزم کی عکاسی کرتے ہیں۔

## ڈیجیٹل مینڈ

2023 میں صیب میٹرو نے ڈیجیٹل بینکاری کے ہاتھ بڑے استعمال کے ضمن میں نمایاں گروتھ کا مظاہرہ کیا۔ ڈیجیٹل بینکاری کی خدمات استعمال کرنے والے سارفین کی تعداد میں نمایاں اضافہ ہوا۔ ڈیجیٹل مینڈ کے کامیاب ٹھکانے کو ظاہر کرتا ہے۔ یہ گروتھ بینک کی جانب سے ڈیجیٹل مینڈ کو پھیلانے کے ضمن میں اہم نکتہ عملی کے اقدامات، سارفین کے تجربے میں مثبت پیش رفت اور ڈیجیٹل بینکاری کے فوائد سے بروقت ہوتی آگاہی اور شعور سے منسوب کی جا سکتی ہے۔

صیب میٹرو کی موبائل ایپ نے ڈیجیٹل بینکاری کو فروغ دینے میں نمایاں کردار ادا کیا۔ بینک نے فعال سارفین میں 100 فیصد گروتھ اور گزشتہ سال کے مقابلے میں ٹرانزیکشن کے حجم میں اضافے کے ساتھ موبائل ایپ کو اپن ہوا کرنے میں نمایاں اضافہ ہوا۔ موبائل ایپ کا سارفین دوست ہونا، مستحکم سہولتیں فراہم کرنا اور مختلف امور کے معاملے ہونے سے سارفین میں اس کی مقبولیت میں بھی اضافہ ہوا۔ ایپ اسٹور پر صیب میٹرو ایپ موبائل ایپ نے اپنی پوزیشن ٹاپ سٹری کے ٹاپ درجے کی حامل ایپس میں برقرار رکھی ہوئی ہے۔

## ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

عزیز شیئر ہولڈرز،

ہارڈ آف ڈائریکٹرز کی جانب سے اہم انتہائی مسرت کے ساتھ 31 دسمبر 2023 کو ختم ہونے والے مالی سال کیلئے صوبہ میٹروپولیٹن بینک لمیٹڈ (صوبہ میٹرو) کے سالانہ مالیاتی حسابات پیش کر رہے ہیں۔

### اقتصادی اور بینکاری کا جائزہ

زیر جائزہ مدت کے دوران پاکستان کو معاشی بحران پر متحدہ بلوائوں کا سامنا کرنا پڑا جن کا انتظام حکومت نے مالیاتی اقدامات بشمول درآمدات پر کڑی پابندیوں، شرح سود کے انتظام اور آئی ایم ایف کی جانب سے زرکار ضروری اقدامات پر عملدرآمد کے ذریعے موثر طور پر کیا۔ جس کے نتیجے میں مثبت بیرونی اکاؤنٹس اور مستقل مالی استحکام حاصل ہوا۔ گزشتہ ریکارڈ کردہ مدت سے کئی کلیدی مالی اہلیت میں نمایاں بہتری کا فائدہ سرکاری سرچشموں کی بنیاد پر غیر ملکی زر مبادلہ کے اخراجات میں بہتری اور نمایاں مالیاتی ان فلو شامل ہے۔

چونکہ کاروبار ہادی رجحانات مستقل طور پر بہتری کی جانب مائل ہیں، جیسا کہ حالیہ سرچشموں میں ظاہر کیا گیا ہے، متاثرہ خطرات کی صورت حال نے فرصت چارہ میں اضافہ کیا ہے اور اس سے عالمی تجارت اور اشیائے صرف کو خطرات لاحق ہو گئے ہیں، اس کے علاوہ ان مدت میں زیر انتظام توانائی کے نرخوں میں نمایاں ایلیمینٹ کے باعث بینکاری اور خطوط زر میں متوقع کمی آئی۔ حریہ برائے زیر جائزہ سال کے دوران پاکستان کے روپے کی قدر میں اضافہ (الکر کے مقابلے میں 24.4 فیصد تک کمی آئی۔ مالی سال 2024 کے لئے اوسط بینکاری کی شرح 23-25 فیصد کے درمیان رہنے کی پیش گوئی کی گئی ہے تاہم ستمبر 2025 تک 5-7 فیصد کا اوسط زرخ کا طویل مدتی بدلہ حاصل کیا جائے گا جس کیلئے سخت گیر ماسا جیسا کہ سخت مانیٹری پالیسی کا اقدام، مستقل مالیاتی استحکام اور منظم ملے شدہ بیرونی ان فلو اس کیلئے کلیدی اور مثبت کردار ادا کریں گے۔ اہلیت ونگ آف پاکستان (ایس بی پی) نے 2023 میں پالیسی ریسٹ کم مجموعی طور پر 600 سو روپے آئس کی کمی ہوئی تھی۔

مالی سال 2024 کیلئے متعلقہ ای سی بی کی گرو تھ کی شرح کسی تبدیلی کے بغیر 2-3 فیصد کی رینج میں درمیانی روپے کی معاشی بحالی کے ساتھ رہی جس کی وجہ زرعی شعبہ تھا تاہم ستمبر 2023 میں صنعتی شعبہ نے درمیانی سطح پر گرو تھ ظاہر کی اور مالی سال 2024 کے ابتدائی 5 ماہ میں قدرے کمی کے بعد بحالی کا سلسلہ شروع ہوا۔ حریہ برائے کچھ صنعتیں مثلاً ٹیکسٹائل اور FMCG کے استعمال کی گنجائش مابوا ز بنیاد پر بڑھ رہی ہے۔

دسمبر 2023 میں کرنٹ اکاؤنٹ سرچشموں کا جائزہ کیا گیا جس کے نتیجے میں مالی سال 2024 کی پہلی ششماہی میں 77 فیصد عسارت میں نمایاں کمی آئی اور یہ 0.8 بلین امریکی ڈالر پر آگیا، ایس بی پی کو توقع ہے کہ مالی سال 2024 کے دوران کرنٹ اکاؤنٹ عسارت ای سی بی کے 0.5 تا 1.5 فیصد کی رینج میں رہے گا۔ اس کے ساتھ کٹر بین الاقوامی اشیائے صرف کے نرخوں اور مالی سال 2024 کی پہلی ششماہی کے قریب بہتر مقامی اصل کے باعث درآمدات میں نمایاں کمی آئی۔

سال پر سال کی بنیاد پر 23.9 فیصد بڑھانے کے ساتھ ہیچ ونگ ٹیکس کے اپارٹ کا حجم دسمبر 2023 کے آخر تک 27.84 ٹریلین روپے تک پہنچ گیا، یہی دوران ایڈوائسز سال پر سال کے لحاظ سے 3.7 فیصد تک بڑھ گئے اور یہ 12.35 ٹریلین روپے پر موجود تھے۔ سرمایہ کاریاں سال پر سال کے لحاظ سے 41.2 فیصد تک بڑھ گئیں اور یہ 25.28 ٹریلین روپے پر موجود تھیں۔

### سال کے دوران بینک کی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے صوبہ میٹرو نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے 51,995 ملین روپے کا منافع قبل از ٹیکس ظاہر کیا، اور سال پر سال کے لحاظ سے 88.3 فیصد اضافہ دیکھا گیا۔ فی شیئر آمدنی 23.27 روپے فی شیئر رہی۔

بینک کے خالص اعزست مارجن 75.9 فیصد تک بڑھ کر 71.418 ملین روپے ہو گیا۔ نان اعزست آمدنی کا حجم 15.7 فیصد تک بڑھ کر 15,294 ملین روپے ہو گیا بشمول فیس اور ٹیکس کی آمدنی 18.5 فیصد تک بڑھ کر 9,398 ملین روپے ہو گئی جس کے مقابلے میں سال 2022 میں 7,931 ملین روپے تھے۔

اس سال کے دوران سرمایہ کاریاں باقی رہیں 27.9 فیصد تک بڑھ کر 925,412 ملین روپے ہو گئیں جبکہ خالص ایڈوائسز 4.9 فیصد تک کم ہو گئے اور ان کا حجم 412,049 ملین روپے ہو گیا۔ اپارٹس سال 2022 کے اختتام کی سطح 1,012,303 ملین روپے سے 14.9 فیصد بڑھ گئے۔ ونگ کے مستقل طور پر کم لاگتی اپارٹس کو فروغ دینے پر توجہ جاری رکھی ہوئی ہے، جس کے نتیجے میں کرنٹ اکاؤنٹ کا تناسب بڑھ کر 36.9 فیصد ہو گیا۔

بینک کی خالص ایکویٹی 25.2 فیصد تک بڑھ کر 93,275 ملین روپے رہی، جس کے نتیجے میں کمپنل ایکویٹی 18.3 فیصد رہا۔



## BRANCH NETWORK

### Registered Office and Head Office

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### HMB Connect: 111-1(HABIB)42242

For information / query: [info@habibmetro.com](mailto:info@habibmetro.com)  
website: <http://www.habibmetro.com/atm-branch-locator/>

## SOUTHERN REGION

### KARACHI

Abul Hassan Isphani Karachi  
Aisha Manzil Karachi  
Alamgir Road Branch  
Allama Iqbal Road Branch  
Askari - IV Branch - Karachi  
Askari V Malir Cantt. Br. KHI  
Bahadurabad Branch  
Bahria Town Branch - Karachi  
Bilal Chowrangi KIA Karachi  
Block L, N.Nazimabad Br, KHI  
Block M N.Nazimabad Karachi  
Boat Basin Branch  
Bombay Bazar Karachi  
Bukhari Commercial Branch  
Business Avenue Branch  
Ceasers Tower Branch  
Ceramic Market Branch  
Ch. Khaliq-uz-Zaman Road Br.  
Chandni Chowk Branch  
Chartered Accountant Avenue  
City Court Branch  
Clifton Block-2 Branch  
Clifton Branch  
Cloth Market Branch  
D.H.A  
D.H.A Phase VIII Branch  
Dalmia Road Branch - Karachi  
Dastagir F.B Area Karachi  
Denso Hall Branch-Karachi  
DHA Phase I Branch

DHA Phase II Branch  
DHA Phase VI Karachi  
Dhoraji Colony Branch  
Eidgah Branch  
Falcon Complex Branch  
Garden East Branch Karachi  
Gizri Branch  
Gulistan-e-Johar BL-1. Br. KHI  
Gulistan-e-Johar Branch  
Gulshan Chowrangi Branch  
Gulshan-e-Ali Karachi  
Gulshan-e-Iqbal 13-C Karachi  
Gulshan-e-Iqbal Branch  
Gulshan-e-Maymar Branch  
Hasrat Mohani Road Branch  
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-Bokhari Branch  
Khayaban-e-Ittehad PhVI Br KHI  
Khayaban-e-Sehar Branch  
Khayaban-e-Shahbaz Branch  
Khayaban-e-Tanzeem Branch  
Khyaban-e-Nishat Branch  
Korangi Branch

Korangi Creek Branch - KHI  
Kutchi Gali Jodia Bazar Branch  
Landhi Industrial Area Branch  
M.A. Jinnah Road Branch  
Main Branch Karachi  
Malir Cantt. Branch  
Malir City Branch  
Manghopir Road SITE  
Marriot Road Branch  
Mereweather Branch  
Mission Road Branch  
Mithadar Branch - Karachi  
NHS Branch, Karachi  
NHS Complex Karsaz  
North Karachi Industrial Area  
North Napier Road Branch  
North Nazimabad Branch  
Nursery Branch  
Paper Market Branch  
PaposhNagar Branch  
PECHS Block 6 Branch  
Philips Chowrangi Branch  
PIB Colony Branch  
Plaza Square Branch  
Port Qasim Branch  
Preedy Street Branch  
Progressive Plaza Branch  
S.I.T.E. Branch  
Saadi Town Branch Karachi  
Saba Avenue Branch  
Saddar Branch  
Safoora Chowrangi Br. Karachi  
Safoora Goth Branch

Samanabad Gulberg Branch  
 Shahbaz Priority Branch  
 Shahrah-e-Faisal Branch  
 Shahrah-e-Faisal Building Br.  
 Shahrah-e-Liaquat Branch  
 Shahrah-e-Quaideen Branch  
 Shershah Branch  
 Sindhi Muslim Society Karachi  
 SITE - II Branch  
 SITE Police Station Branch-KHI  
 South Park Avenue Karachi  
 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 Karachi

## HYDERABAD

Autobhan Road Br.-Hyderabad  
 Hala Naka Branch Hyderabad  
 HyderAbad Branch  
 Latifabad Branch Hyderabad  
 Market Road Branch-Hyderabad  
 Qasimabad Branch  
 SITE Hyderabad 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  
 Muslim Bagh Branch  
 Nawabshah Branch  
 Pano Aqil Branch  
 Quetta Branch  
 Sakrand Branch-Sindh  
 Sanghar Branch  
 Shikarpur Branch  
 Sukkur Branch  
 Tando Adam Branch  
 Tando Allah Yar Branch  
 Tando Muhammad Khan Branch  
 Thatta Branch  
 Turbat Branch - Baluchistan  
 Umerkot Branch  
 Zhob Branch - Baluchistan

## NORTHERN REGION

### LAHORE

Badami Bagh Branch  
 Baghbanpura Branch  
 Bahria Town Branch Lahore  
 Bank Square Market MT  
 Brandreth Road Branch  
 Cantt. Branch  
 Cavalry Ground Branch Lahore  
 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  
 DHA Phase VI Branch - Lahore

DHA Phase VIII Lahore Cantt.  
 EME Society Lahore  
 Ferozepur Road Branch  
 Fruit & Sabzi Market  
 Garden Town Branch  
 Garhi Shahu Branch - Lahore  
 Gulberg Branch  
 Gulshan-e-Ravi Branch Lahore  
 Hall Road Lahore  
 Iqbal Town Branch  
 Islampura Branch  
 Jail Road Branch  
 Johar Town Branch  
 Kahna Noh Branch  
 Lahore Branch  
 Lalik Chowk Branch  
 Main Boulevard Branch  
 Misri Shah Lahore  
 Model Town Link Road Branch  
 Muslim Town Branch Lahore  
 Raiwind Road Branch  
 Ravi Road Branch  
 Shadbagh Lahore  
 Shadman Branch Lahore  
 Shahalam Market Branch Lahore  
 Shahdara Branch Lahore  
 Shahrah-e-Quaid-e-Azam Branch  
 Township Branch  
 Urdu Bazar Branch  
 Valencia Town Lahore  
 Wahadat Road Branch Lahore  
 Walton Road Branch  
 Wapda Town Branch

### FAISALABAD

Canal Road Branch-Faisalabad  
 Faisalabad Branch  
 Ghulam Muhammadabad Branch  
 Gulberg Branch Faisalabad  
 Jaranwala Branch Faisalabad  
 Khurrianwala Branch-Faisalabad

Millat Chowk Branch  
Muridwala Branch  
Peoples Colony Branch  
Samundri Branch Faisalabad  
Sargodha Road Branch  
Satiana Road Branch-Faisalabad  
Susan Road Branch  
University Faisalabad Branch

## MULTAN

Gulgasht Colony Branch  
Hussain Agahi Branch  
Model Town Branch - Multan  
Multan Branch  
Shahrukn-e-Alam Branch - Multan

## SIALKOT

Bhagowal Branch - Sialkot  
Gohadpur Branch - Sialkot  
Gulbahar Branch  
Jamkey Cheema Branch-Sialkot  
Kotli Loharan Branch  
Ladhar Branch  
Pasrur Branch - Sialkot  
Pasrur Road Branch  
Sambrial Branch Sialkot  
Sialkot Branch  
Sialkot Cantt. Branch  
Small Industrial Estates Branch

## ISLAMABAD

B-17 Branch-Islamabad  
Bahria Town Branch  
Civic Center Bahria Town - ISD  
D - 12. Markaz Br. Islamabad  
DHA Phase II Branch, Islamabad  
Diplomatic Enclave Branch-ISB  
E-11 Branch  
F - 6 Markaz Branch  
F-10 Markaz Branch  
F-11 Markaz Branch

F-8 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  
Islamabad Branch  
Kuri Road Branch - Islamabad  
Markaz F-7 Branch - Islamabad  
Tarnol Branch-Islamabad

## RAWALPINDI

Chaklala Scheme III Br. RWP  
Dhamial Camp Branch  
Iqbal Road Branch  
Kashmir Road Branch  
Khanna Branch  
Murree Road Branch  
Peshawar Road Branch - RWP  
PWD Commercial Area Branch  
Rawalpindi Branch  
Shamsabad Branch Rawalpindi  
Waris Khan Br. Muree Rd. RWP.

## GUJRANWALA

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

## PESHAWAR

Chamkani Branch-Peshawar  
Khyber Bazar Branch  
Patang Chowk Branch - Peshawar

Peshawar Branch  
RING ROAD BRANCH - HAYATABAD  
University Road - Peshawar

## AZAD KASHMIR

Arra Jattan Branch -Dadyal -AK  
Barnala Branch AJK  
Bhimbar Branch Azad Kashmir  
Mirpur (A.K) Branch  
Pang Peeran Branch

## GILGIT BALTISTAN

Alamdar Chowk Branch  
Ali Abad Branch  
Astore Branch-Gilgit Baltistan  
Danyore Branch  
Gilgit Branch  
Jutial Branch  
Khaplu Branch  
Sikandrabad Branch Naggar  
Skardu Branch  
Sost Branch-Gilgit Baltistan

## 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  
Totakan Branch  
Wazir Dhand Shakas Branch

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## **OTHER NORTHERN REGION CITIES**

Abbottabad Branch  
Abdul Hakeem Branch  
Ahmedpur East Branch  
Alipur Chatha Branch  
Arifwala Branch - Pakpattan  
Attock Branch  
Bahawalpur Branch  
Bannu Branch  
Bhalwal Branch  
Bhikhi Sharif Branch  
Burewala Branch  
CHAK # 111 SB 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 - Bahawalnag  
Dinga Branch - Gujrat  
Do-Burji Malhiyan Branch  
Faizpur Branch Sheikhpura  
Faqir Wali Branch  
Farid Town Branch Sahiwal  
Fateh Jhang Branch Attock  
Fazilpur Branch  
Ghakhar Mandi Branch  
Ghalla Mandi Br. Chishtian  
Gojra Br. Distt.Mandibahauddin  
Gojra Branch  
Gujar Khan Branch  
Gujrat Branch  
Hafizabad Branch  
Haripur Branch  
Hasilpur Branch  
Hazro Branch

Jampur Branch  
Jauharabad Branch  
Jhang Branch  
Jhelum Branch  
Kamalia Branch  
Kamoke Branch  
Kasur Branch  
Khalabut Haripur Branch  
Kharian City Branch  
Khushab Branch  
Kohat Branch  
Kot Abdul Malik Branch  
Kotla Arab Ali Khan Branch  
Kutchery Chowk Branch-Gujrat  
Layyah Branch  
Mailsi Branch  
Mandi Bahauddin Branch  
Mangowal Branch  
Mansehra Branch  
Mardan Branch  
Marrot Branch  
Mateela Branch  
Mian Channu Branch  
Mianwali Branch  
Mouza Kachi Jamal Branch  
Muridke Branch  
Nankana Sahib Branch  
New City Branch-Wah  
Oghi Branch  
Okara Branch  
Panyala Branch  
Pattoki Branch  
PEZU Branch  
Phalia Branch  
Quaidabad Branch-Sargodha  
Rahim Yar Khan Branch  
Renala Khurd Branch  
Sahiwal Branch  
Sarai Alamgir Branch  
Sargodha Branch  
Satellite Town Branch Sargodha

Shabqadar Branch - Charsadda  
Shahkot Branch  
Shakargarh Branch - Narowal  
Sheikhupura Branch  
Shewa Branch - Swabi  
Sohawa Branch  
Swabi Branch  
Talagang Branch  
Tank Branch  
Toba Tek Singh Branch  
Topi Branch - Swabi  
Ugoki Branch  
Wah Cantt. Branch  
Yazman Mandi Branch  
Zahir Pir Branch

## **ISLAMIC BANKING BRANCHES**

### **KARACHI**

Baara Market - Karachi  
Bohri Bazar - Karachi  
Civil Lines - Karachi  
DHA Phase IV - Karachi  
DMCHS-Karachi  
Gulshan-e-Jamal - KHI  
Korangi Township - KHI  
Liaquatabad - Karachi  
Naval Colony Karachi  
Naya Nazimabad - Karachi  
Nazimabad No.1-Karachi  
Nazimabad No.3 - Karachi  
Nishtar Road - Karachi  
Orangi Town Branch - KHI  
Saudabad - Karachi  
Shahbaz Commercial Br.  
Sohrab Goth - Karachi  
Soldier Bazar - Karachi  
IShah Faisal Colony - KHI  
Baitul Mukkaram - Karachi  
Block N N. Nazimabad - KHI

Hill Park Branch-Karachi  
 New Sabzi Mandi Branch-KHI  
 Saeedabad Baldia - Karachi  
 Sehba Akhtar Road-Karachi  
 Shireen Jinnah Colony-KHI  
 Islamic Bkg. Alfalah Court Khi  
 Islamic Bkg.-Clifton  
 Islamic Bkg.-Dhorajee Colony  
 Islamic Bkg.-Gulzar-e-Hijri  
 Islamic Bkg.-Jodia Bazar  
 Islamic Bkg.-Khayaban-e-Jami  
 Islamic Bkg.-Korangi  
 Islamic Bkg.-North Karachi  
 Islamic Bkg.-Shaheed-E-Millat  
 Islamic Bkg.-Shahrah-e-Faisal  
 Islamic Bkg.-SITE  
 Rashid Minhas Road Branch

## LAHORE

DHA RAYA - Lahore  
 Faisal Town - Lahore  
 Gulberg Branch  
 Mcleod Road Lahore  
 Punjab C.H.S. - Lahore  
 Raiwind City  
 Samanabad - Lahore  
 Tajpura - Lahore  
 Quaid-e-Azam Ind. Est LHR  
 Badian Road Lahore Cantt.  
 Thokar Niaz Baig - Lahore  
 ISLAMIC BANKING SUNDAR INDUSTRIES  
 Islamic Bkg.-Badamibagh  
 Islamic Bkg.-Circular Road

## OTHER CITIES

Abbotabad Cantt  
 Bajour  
 Battagram  
 Bhara Kahu - Islamabad  
 Chakwal  
 Chillas  
 D. I. Khan  
 Dara Adam Khel  
 DC Colony - Gujranwala  
 Dheri Allahdhand  
 Dhillam Ballagan  
 G-6 Markaz - Islamabad  
 Ghalla Mandi - Multan  
 GT Road Peshawar  
 Gujrat  
 Haroonabad  
 Havelian  
 Kallar Syedan  
 Kanju  
 Karkhana Bazar - FSD  
 Khanewal  
 Khudian Khas - Kasur  
 Lalamusa  
 Lalazar - Rawalpindi  
 Machka  
 Mirpur Khas  
 Muslim Bazar - Sargodha  
 Pakpattan  
 Pallandri  
 Peshawar Cantt.  
 Qilla Abdullah  
 Raja Bazar - Rawalpindi

Rawalakot - Azad Kashmir  
 Sadiqabad  
 Saidu Sharif - Swat  
 Sakhakot  
 Salar Wahan - Kabirwala  
 Samanabad - FSD  
 Sirki Road - Quetta  
 Usta Muhammad  
 Ganjianwali Khurd-Sialkot  
 I11 Grain Market Islamabad  
 Khadim Ali Road - Sialkot  
 Kotwali Road-Faisalabad  
 Malakwal - Mandibahauddin  
 Muzaffarabad-Azad Kashmir  
 Satellite Town Gujranwala  
 Satellite Town-Bahawalpur  
 ISLAMIC BANKING DIR UPPER  
 BRAN  
 Islamic Bkg.- Qazi Ahmed Br.  
 Islamic Bkg.-Batkhela  
 Islamic Bkg.-Gujranwala  
 Islamic Bkg.-Hayatabad Branch  
 Islamic Bkg.-Hyderabad  
 Islamic Bkg.-Islamabad  
 Islamic Bkg.-Mingora  
 Islamic Bkg.-Multan  
 Islamic Bkg.-Muzaffargarh Br.  
 Islamic Bkg.-Nowshera  
 Islamic Bkg.-Peshawar  
 Islamic Bkg.-Rawalpindi  
 Islamic Bkg.-Sahiwal Branch  
 Islamic Bkg.-Saleh Khana  
 Islamic Bkg.-Sialkot  
 Islamic Bkg.-Timergarah

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-Second 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 28, 2024 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, 2023 together with the Directors' and Auditors' reports thereon.



<https://www.habibmetro.com/information-center/financials/>

2. To approve, as recommended by the Board of Directors, final dividend @ 55% (Rs. 5.50 per share) in the form of cash for the year ended December 31, 2023, in addition to already paid interim dividend @ 50% (Rs. 5.00 per share) in the form of cash for the year ended December 31, 2023.
3. To appoint Auditors for the financial year ending December 31, 2024 and fix their remuneration. The present Auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

### ANY OTHER BUSINESS

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

By Order of the Board

**ATHER ALI KHAN**  
Company Secretary

Karachi: March 7, 2024

### NOTES:

#### 1. 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](mailto:agm@habibmetro.com) and/or WhatsApp # +92-301-1177809 by 5.00 pm on March 25, 2024 (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 28, 2024 enabling the shareholders to join the proceedings.

2. 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.
3. 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.
4. 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

5. The share transfer book of the Bank will remain closed from March 21, 2024 to March 28, 2024 (both days inclusive).

**6. 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	
<p>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.</p> <p>_____</p> <p>Signature of Shareholder</p>	

## 7. 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.

## 8. 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 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 as 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.

## 9. 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.



## **10. Availability of Annual Audited Accounts on Website:**

The audited accounts of the Bank for the year ended December 31, 2023 have been made available on the Company's website [www.habibmetro.com](http://www.habibmetro.com). Additionally, the annual and quarterly accounts for the prior years and periods are also available.

Further, in accordance with SRO # 389(I)/2023 dated March 21, 2023, the shareholders of Habib Metropolitan Bank Limited in its AGM held on March 30, 2023 had accorded their consent for transmission of annual reports including annual audited accounts and other information contained therein of the Bank through QR enabled code and weblink instead of transmitting the same through CD/DVD/USB. 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.

## **11. 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.

## **12. 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 March 26, 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.

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 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

## 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 32nd Annual General Meeting of the Bank to be held on March 28, 2024 and at any adjournment thereof.

As Witness my / our hand this \_\_\_\_\_ day of March 2024.

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 \_\_\_\_\_

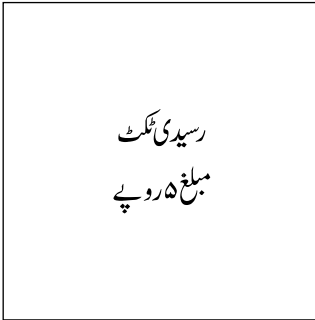
اور اگر ان کے لئے ممکن نہ ہو تو \_\_\_\_\_ فوئیو نمبر / سی ڈی سی پارٹیسپنٹ آئی ڈی۔ اکاؤنٹ نمبر \_\_\_\_\_

ساکن \_\_\_\_\_

جو کہ بینک کے میمبر ہیں کو بینک کے ۳۲ واں سالانہ اجلاس عام جو مورخہ ۲۸ مارچ ۲۰۲۲ء 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 ۲۰۲۲ء۔

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 ہوں گی۔

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](mailto:complaints@habibmetro.com)