HABIBMETRO

ANNUAL REPORT

2021

بسم الله الرحمن الرحيم

هَذَا مِن فَضْلِ رَبِّي

OUR VISION

To be the most respected financial institution
based on trust, ser vice and commitment

OUR VALUES

RESPECT
We respect our heritage, our team's dedication, and our customers' faith in us.

INTEGRITY
We set high professional and ethical standards for ourselves and each other.

TEAMWORK
We play to our strengths and build teams that deliver at the local and global levels.

RESPONSIBILITY
We take responsibility for ourselves, our actions, and always give our best.

COMMITMENT
We are committed to responding to the needs of our customers.

TRUST
We safeguard the trust that our customers place in us, and foster the same with passion.

TRUST
TEAMWORK
INTEGRITY
RESPECT
RESPONSIBILITY
COMMITMENT

HABIBMETRO

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HABIB METROPOLITAN BANK
[Subsidiary of Habib Bank AG Zurich]

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
Mohamedali R. Habib

PRESIDENT & CHIEF EXECUTIVE OFFICER
Mohsin A. Nathani

DIRECTORS
Anjum Z. Iqbal
Firasat Ali
Hamza Habib
Mohomed Bashir
Muhammad H. Habib
Rashid Ahmed Jafer
Tahira Raza

BOARD COMMITTEES

AUDIT
Anjum Z. Iqbal
Hamza Habib
Rashid Ahmed Jafer

CREDIT
Anjum Z. Iqbal
Mohamedali R. Habib
Mohsin A. Nathani
Muhammad H. Habib

HUMAN RESOURCE & REMUNERATION
Firasat Ali
Mohamedali R. Habib
Tahira Raza

INFORMATION TECHNOLOGY
Anjum Z. Iqbal
Firasat Ali
Mohsin A. Nathani

RISK & COMPLIANCE
Anjum Z. Iqbal
Firasat Ali
Mohsin A. Nathani
Tahira Raza

SHARIAH BOARD
Tan Sri Dr. Mohd. Daud Bakar - Chairman
Mufti Abdul Sattar Laghari - Member
Mufti Khawaja Noor ul Hassan - Resident Member

COMPANY SECRETARY
Ather Ali Khan

REGISTERED OFFICE
Ground Floor, HabibMetro Head Office
I. I. Chundrigar Road,
Karachi – 74200, Pakistan

SHARE REGISTRAR
CDC Share Registrar Services Limited
CDC House, 99-B, Block-B,
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi - 74400

OUR BOARD OF DIRECTORS

Mr. Mohamedali R. Habib
Chairman

Mohamedali R. Habib is a graduate in Business Management – Finance from Clark University, USA. He holds a Post Graduate Diploma in General Management from Stanford - National University of Singapore. Mohamedali has worked a decade in the corporate sector and almost three decades in the banking sector. He is currently serving as the Group CEO of Habib Bank AG Zurich.

Mr. Muhammad H. Habib
Director

Muhammad H. Habib is a banker by profession, with over 32 years of experience. He is presently the President of Habib Bank AG Zurich. Additionally, he holds directorships of HBZ Bank Ltd., South Africa, Habib Canadian Bank, Canada, and Gefan Finanz AG, Switzerland. Muhammad is a graduate in Finance from Babson College, Boston MA. USA.

Mr. Mohsin Ali Nathani
President & CEO

Mohsin Ali Nathani holds an MBA degree from Institute of Business Administration, Karachi. He is a seasoned corporate banker with over 25 years of banking experience, covering Asia, Middle East and Levant regions. He is serving as the President & CEO of HabibMetro Bank since 2018. Previously, Mohsin has served as the CEO of Standard Chartered UAE and Standard Chartered Pakistan Limited. Prior to that, he managed Barclays Bank Pakistan as their Country Head and Managing Director. He is currently on the Board of Directors of I-Care Pakistan and Abbott Laboratories. He is also the Vice President of Swiss Business Council. He has previously served as a Director of CDC, Kidney Centre; and as a trustee in the IBA Endowment Fund.

Mr. Anjum Z. Iqbal
Director

Anjum Iqbal holds a Bachelor's degree in Commerce from the University of Karachi, and a Master's degree in Business Administration (MBA) in Marketing and Finance from the Institute of Business Administration (IBA), University of Karachi, Pakistan.

Anjum is a Non-Executive Director on the Board of Habib Metropolitan Bank Limited since October 2016. Earlier, he remained President and Chief Executive Officer of HabibMetro during 2009 and 2012.

Mr. Rashid Ahmed Jafer
Director

Rashid Ahmed Jafer has an experience of 37 years with M/s. A.F. Ferguson & Co., including 23 years as a partner at the organization. Rashid is a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and enjoys an expertise in statutory audit.

OUR BOARD OF DIRECTORS

Mr. Mohomed Bashir
Director

Mohomed Bashir holds a fellow membership of Chartered Institute of Management Accountants (C.I.M.A), UK. Presently, Bashir is the Chairman of Gul Ahmed Textile Mills Ltd., and also holds directorship of Gul Ahmed Energy Ltd., Gul Ahmed Holdings (Pvt.) Ltd., GTM (Europe) Ltd., UK and Gul Ahmed International Ltd., (FZC) UAE, etc.

Mr. Firasat Ali
Director

Firasat Ali is presently the CEO of "The Centre for Change" - a think tank that caters to varied needs of change and its proper management for individuals, organizations and other pertinent segments. Firasat has served as an adviser at the USAID, UNDP and various government/private organizations.

Mr. Hamza Habib
Director

Hamza Habib graduated from Babson College in Wellesley, Massachusetts (USA) in 2009, with a Bachelor of Science in Business Management. He is a Certified Director from Pakistan Institute of Corporate Governance.

Hamza became a non-executive director of Habib Metropolitan Bank Ltd in 2020. He is also a director on the Board of Agriauto Industries Ltd, a PSX listed company and Habib Bank Zurich (HK) Ltd. He has over 11 years banking experience.

Ms. Tahira Raza
Director

Tahira Raza is a Master in Business Administration (MBA) in Banking and Finance from the Institute of Business Administration (IBA), and is a banking diploma holder from the Institute of Bankers Pakistan (IBP). She has an experience of over four decades in the banking industry of Pakistan. Previously, Tahira has served as the President and Chief Executive Officer of First Women Bank Limited.

OUR MANAGEMENT

Asad Ali
Head of Human Resources
Haris Ahmed
Joint Head Commercial North
Mohammad Khan
Head of Islamic Banking
Syed Hasnain Haider Rizvi
Head of Compliance & Legal
Syed Ather Ahmed
Head of Financial Institution
Sheeza Ahmed
Head of Marketing & Corporate Communications
Mohsin Ali Nathani
President & Chief Executive
Zulfiqar Alavi
Chief Risk Officer
Wahid Younus Dada
Group Executive Operations & Remedial Management

CHAIRMAN'S REVIEW

بسم الله الرحمن الرحيم

Dear Shareholders,

On behalf of the directors of Habib Metropolitan Bank, it gives me immense pleasure to present this report on overall performance of the Bank and effectiveness of the role played by the Board of Directors in achieving objectives of the Bank, together with the financial statements of the Bank for the year ended 31 December 2021. The operating financial results and appropriations on an unconsolidated basis, as recommended by the Board of Directors, are summarized below:

	Rupees in '000
Profit before provisions and taxation	23,549,987
Provisions and write offs - net	(2,009,284)
Profit before taxation	21,540,703
Taxation	(8,082,130)
Profit after taxation	13,458,573
Un-appropriated profit brought forward	24,018,848
Transfer from surplus on revaluation of non-banking assets - net of tax	150,495
Other comprehensive income	(22,390)
Profit available for appropriation	37,605,526
Appropriations:	
Transfer to Statutory Reserve	(2,691,715)
Cash dividend (Rs. 2.50 per share) - 2020	(2,619,579)
Interim Cash dividend (Rs. 2.00 per share) - 2021	(2,095,663)
	(7,406,957)
Un-appropriated profit carried forward	30,198,569

The Directors are pleased to propose a final cash dividend of Rs. 3.00 per share (30%) for the year under review. This is in addition to the interim cash dividend of Rs. 2.00 per share (20%) already paid. As such, the total dividend for the year 2021 amounts to Rs. 5.00 per share (50%).

The year 2021 largely dominated by Covid-19 variants, witnessed a strong domestic demand in H1 FY22 resulting in a surge in import bills due to elevated oil and commodity prices and machinery import under the SBP stimulus program.

By the Grace of Allah, your Bank continues to make steady progress. The total assets crossed Rs. 1.2 trillion, gross advances increased to Rs. 419.4 billion at year-end with 27% growth. Bank's deposits increased to Rs. 772 billion as compared to Rs. 681 billion at the end of previous year.

HabibMetro delivered profit before tax of Rs. 21.54 billion for the year 2021. The performance translates into after tax earnings of Rs. 12.84 per share.

At year-end, HabibMetro's equity stands at Rs. 62.97 billion, with a capital adequacy level of 14.10% against the required 11.50%.

The primary role of the Board is to set the overall strategy for the Bank and enhance its long-term strategic value. The Board's focus remains the overall governance structure to ensure effective oversight of the business, establishing a risk & control framework, determining Bank's level of risk tolerance through different policies and documents relating to operational, regulatory, compliance; and financial performance of the Bank.

The composition of the Board has been established to ensure the availability of a pool of resource with relevant knowledge and experience to manage the strategic objectives of the Bank. It comprises of three independent directors including one female director and five non-executive directors.

The Board ensures that the business of the Bank is conducted in an efficient and effective manner within an established framework of effective system of internal controls, robust risk management processes and compliance with regulatory requirements. In the course of discharging its responsibilities, the Board acts in good faith, with due diligence and care, and in the best interests of the Bank and its Shareholders.

An internal board performance evaluation process is in place to enhance the overall effectiveness of the Board, its sub-committees and individual directors including the Chief Executive Officer. The evaluation is based on questionnaire on Board effectiveness which includes areas covering various aspects like Board composition, its responsibilities & duties, strategic plan & performance review, quality of information received & its timeliness, among others.

This review forms an integral part of the Directors' Report to the Shareholders.

I would like to take this opportunity to place on record my sincere gratitude to the Ministry of Finance, the State Bank of Pakistan and the Securities and the Exchange Commission of Pakistan for their continued support and guidance. I also acknowledge our valued customers for their trust and staff members for their devotion and diligence.

We bow our heads to Allah and pray for His blessings and continued guidance.

On behalf of the Board

MOHAMEDALI R. HABIB
Chairman

Karachi: 22 February 2022

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the annual financial statements of Habib Metropolitan Bank Limited (HabibMetro), for the financial year ended 31 December, 2021.

ECONOMIC AND BANKING REVIEW

The year 2021 largely dominated by Covid-19 variants, witnessed a strong domestic demand in H1 FY22 resulting in a surge in import bills due to elevated oil and commodity prices and machinery import under the State Bank of Pakistan (SBP) stimulus program.

Inflation mounted to 12.3 percent in December 2021 as opposed to 8.0 percent in December 2020. Inflationary pressure remains a key challenge for the Government as it continues to be in double digits towards the end of the current year.

The current account deficit amounted to USD 9 billion in H1 FY22 with imports rising to USD 41.6 billion (54 percent growth YoY), primarily driven by energy imports and COVID vaccines. Exports augmented by 27 percent YoY and amounted to USD 18.6 billion, supported by record-high shipments of textiles as well as strong rice exports. Meanwhile, remittances rose by 11.3 percent YoY to an all-time high of USD 15.8 billion during H1 FY22.

FBR tax collections grew significantly by 32.5 percent YoY in H1 FY22, with fiscal deficit driving downwards to 1.1 percent of GDP during July-October FY22 (compared to 1.7 percent of GDP during the corresponding period in the previous year).

During H1 FY22, private sector credit cumulatively grew by 13.4 percent, largely driven by increased demand for working capital loans especially by rice, textile, petroleum, and steel industries. Agriculture posted favorable prospects, with an improved Rabi crop outlook offsetting reports of lower cotton output.

Augmenting by 17.3 percent year-on-year, the banking sector's deposit base managed decent growth and amounted to Rs. 20.97 trillion at the end December 2021; meanwhile, advances grew by 19.5 percent and stood at Rs. 10.15 trillion and investments increased by 22.3 percent to be recorded at Rs. 14.12 trillion.

The State Bank of Pakistan (SBP) increased the policy rate by cumulative 275 basis points in 2021 (versus decrease of 625 basis points during 2020). In its latest Monetary Policy Statement, the SBP decided to keep the policy rate unchanged at 9.75 percent on the back of higher bank cash reserve requirements, regulatory tightening of consumer finance, and curtailment of non-essential imports in earlier monetary decisions.

BANK'S PERFORMANCE DURING THE YEAR

By the Grace of Allah, during the year 2021 HabibMetro posted a profit after tax of Rs. 13,459 million with a growth of over 12 percent as compared to the same period last year. This translates into after tax earnings per share of Rs. 12.84 per share.

The Bank's net interest margin amounted to Rs. 29,497 million as compared to Rs. 28,763 million in the same period last year. Total non-fund income increased by 15 percent amounting to Rs. 11,140 million. Fee and commission income increased by 28 percent amounting to Rs. 6,906 million as compared to Rs. 5,376 million during the same period last year.

Investments and Net Advances increased by 14.3 percent and 27.6 percent during the year, amounting to Rs. 667,996 million and Rs. 398,382 million, respectively. Deposits increased by 13.4 percent from their 2020 year-end level to Rs. 772,286 million. The Bank continues to focus on low cost deposit mobilization. In line, the current deposits increased by 21.5 percent during the year to Rs. 268,124 million with an increased CA mix of 34.7 percent.

The Bank's Net Equity stands at Rs. 62,975 million with a capital adequacy level of 14.1 percent.

COMMITMENTS

No material changes in commitments affecting the financial position of the Bank have occurred between the end of financial year of the Bank and the date of the report.

CREDIT RATING

By the Grace of Allah, for twenty one consecutive years, the credit rating of the Bank has been maintained at AA+ (double A plus) for long term and A1+ (A one plus) for short term by the Pakistan Credit Rating Agency Limited. These ratings denote a high credit quality with a low expectation of credit risk, and a strong capacity for timely payment of financial commitments.

ENHANCED REACH TO OUR CUSTOMERS

HabibMetro enhanced its outreach by adding 53 new branches in 2021. 27 new cities were added as the Bank increased its footprint to 459 branches in 166 cities across Pakistan.

Your Bank enjoys correspondent relationships with banks of repute in more than 100 countries, with a large number of banks having formal credit lines for the Bank. HabibMetro provides comprehensive banking services and products. These include specialized trade finance products, besides an array of products and services like secured SMS and Web & Mobile Banking services, globally accepted Visa Debit Cards and nationwide ATM network.

Your Bank's subsidiary company Habib Metropolitan Financial Services (HMFS), provides convenient and trusted equity brokerage and custody services. Furthermore, Habib Metropolitan Modaraba Management through First Habib Modaraba and HabibMetro Modaraba provides range of Islamic financing solutions.

ALTERNATIVE DELIVERY CHANNELS

Digital offerings and convenience for valuable customers has been a primary focus for HabibMetro Bank. New Contact Center was launched during the year with 14 new services along with IVR, CRM and Telephony. A new variant of Debit Card 'Mera Mustaqbil Card' has been added to Debit Card suite which connects with youth / mobile first generation. In addition, 5 new Cash & Cheque deposit machines (CCDMs) were made live for customers - a step towards digitizing cash & cheque acceptance. Alongside, 60 new state of the art ATMs were also added to our network making a total fleet count of 496. Round the clock 24/7 Web Chat Channel is yet another touch point added for customer convenience. Digital channels also depicted remarkable growth in Debit Cards business with effective and widespread Retail partnerships that pushed the debit card usage beyond 1 Billion mark in November 2021. Furthermore, the Bank's mobile application and web banking has witnessed an exponential customer registration with over 65K new on-boardings.

HUMAN RESOURCES

The Bank continued to invest in its most important asset - Human Resource. During the year, both fresh and experienced staff were onboarded via multiple modes. The total strength of the HabibMetro family has grown to 6,410 during the year 2021.

Employee growth and development continued despite COVID-19 related challenges with enhanced focus on virtual sessions and digital learning modules. In-person classroom sessions were also conducted with proper SOPs and vaccinated staff only. With the legacy of Trust and Commitment, the Bank has been quite responsive to all employees' needs. Similar to previous year, medical benefits for COVID-19 related expenses were made available to support employees. Other medical benefits were also enhanced.

Diversity, Equity and Inclusion (DEI) is of prime focus for the Bank. The Bank has increased its diversity ratio to over 12% and is taking further measures to increase the gender mix by providing an inclusive culture as well as formulating female centric policies. The Bank has also focused on Persons with Disabilities (PWDs) as staff and customers by making spaces accessible, creating PWD-friendly policies and making greater efforts to include them in the workforce.

HabibMetro remains an equal opportunity employer and strives to be the Employer of Choice for current and future bankers.

CORPORATE SOCIAL RESPONSIBILITY

Being a conscientious corporate citizen, your Bank acknowledges its corporate social responsibilities and continues to make regular contributions to a host of non-profit/social organizations. The Bank also strives to be a socially involved organization by engaging its staff in various philanthropic initiatives and causes.

The Bank, during the year, extended financial support towards health care, education and welfare spending for the under-privileged. These voluntary contributions amounted to Rs. 173.199 million (including Rs. 12.88 million support extended for staff's welfare and education). Details of your Bank's social contributions can be found in the notes to the accounts.

The Bank also celebrated Pakistan's Independence Day 2021 with an inclusive video commercial featuring differently abled children from various NGOs that it supports, thereby promoting their respective causes.

Your Bank continues to be one of the nation's leading taxpayers with more than Rs. 8.1 billion paid as direct taxes to the Government of Pakistan during the year 2021. Furthermore, an additional amount of about Rs. 16.8 billion comprising indirect tax and withholding income tax deductions for the exchequer was collected through the Bank's network.

GREEN BANKING INITIATIVES

HabibMetro recognizes its responsibility towards environmental, social and governance practices. Further to align the Bank with regulatory expectations, the Bank has put in place a Green Banking Policy and has bifurcated its efforts in the following areas:

- **Environmental Risk Management**

  For increasing financial stability through understanding, management and mitigation of environmental exposures of financing portfolios, HabibMetro has initiated integration of environmental risk considerations into the credit risk assessment by introducing an Environmental Due Diligence Check list, which is now part of the Credit Proposals.

- **Business Facilitation**

  For fostering development of 'green market' through actively tapping the emerging viable business opportunities of financing; including clean energy and resource efficiency projects. The Bank is actively pursuing a green portfolio through soliciting clients for Renewable Energy related financing and is also aiming to tap the SBP's Renewable Energy Refinance Scheme.

- **Own Impact Reduction**

  For potential re-engineering of internal operations and procedures of the Bank, in order to reduce impact on environment and society, the Bank is adopting energy efficient solutions such as, replacement of lights with low energy consumption LEDs, replacing cooling solutions to greener inverter based air conditioning units and installation of UPS and solar panels as primary backups for ATMs.

- **Capacity Building**

  To increase the understanding and acceptability towards the initiative, the Bank arranges learning and training opportunities for its team. This enables better understanding of the Green Banking concept and better perform environmental due diligence in assessing credit proposals, adopting own impact reduction measures and help in business facilitation.

CUSTOMER GRIEVANCES HANDLING

HabibMetro is committed to provide immaculate customer experience which is considered as an important factor to drive growth. The Bank's consumer grievance handling mechanism serves as first line of defense against the grievance of the Bank's customers and therefore, it is ensured that all the grievances received are handled fairly, transparently and efficiently. In order to make the complaint handling process visible and accessible, SMS messages were sent to the Bank's customers that the complaint can be registered through various channels i.e. email, call center, letter, website, branch etc. All complaints received are investigated and resolved / disposed at the earliest and the customer is kept up-to-date with respect to the progress of the grievances through SMS, email and letters. Further, to provide quick disposal, the Turn Around Time (TATs) for complaint resolution were also reduced during the year.

In 2021, total 30,616 complaints were received in the Bank. The average resolution time of complaints was 4.5 working days (except Visa/POS & F&F related complaints) whereas the overall average resolution time of complaint was 6.8 working days. The Bank also conducts detailed root cause analysis to identify the gaps and improve processes, products and services on continuous basis.

CORPORATE GOVERNANCE

BOARD MEETINGS

Details of the meetings of the Board of Directors and its Sub-Committees held during the year 2021 and the attendance by each director/ committee member are given as under:

Name of Directors	Board of Directors	Audit Committee	Credit Committee	Human Resource & Remuneration Committee	Risk & Compliance Committee	Information & Technology Committee
Mr. Mohamedali R. Habib	6/6	–	4/4	–	–	–
Mr. Anjum Z Iqbal	6/6	4/4	4/4	–	4/4	2/2
Mr. Firasat Ali	6/6	–	–	2/2	4/4	2/2
Mr. Hamza Habib	6/6	4/4	–	–	–	–
Mr. Mohomed Bashir	5/6	–	–	–	–	–
Mr. Muhammad H. Habib	6/6	–	4/4	–	–	–
Mr. Rashid Ahmed Jafer	6/6	4/4	–	–	–	–
Ms. Tahira Raza	6/6	–	–	2/2	4/4	–
Mr. Mohsin A. Nathani	6/6	–	4/4	2/2	4/4	2/2
Meetings held	6	4	4	2	4	2

BOARD REMUNERATION POLICY

The remuneration policy of non-executive directors including independent directors has been approved by the shareholders of the Bank at the 28th Annual General Meeting prepared in line with SBP's guidelines dated 31 March 2020. Significant features of this policy are as under:

- All Non-Executive directors shall be entitled for remuneration as determined by the Board, from time to time, for him/her for attending meetings of the Board, its sub-committees and shareholders including the holding of the office of Chairman of the Board or its sub-committees.
- The scale of remuneration under the policy shall be recommended by the Board for shareholders' approval on pre or post facto basis.
- The level of remuneration so determined shall not, in any case, exceed the limits defined by the SBP.
- All the Directors, for the purpose of attending meetings or engagements related to the Bank's business, will be eligible for travelling, boarding and lodging expenses including ancillary expenses.

The information in respect of directors' remuneration is provided in note 37 of the financial statements.

COMPOSITION OF THE BOARD AND BOARD COMMITTEES

Current composition of the Board and Board Committees is provided in the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

PATTERN OF SHAREHOLDING

The pattern of shareholdings as on 31 December 2021 is annexed to the report.

The Bank is a subsidiary of Habib Bank AG Zurich - Switzerland (the holding company with 51 percent shares in the Bank) which is incorporated in Switzerland.

AUDITORS

The present auditors M/s. KPMG Taseer Hadi and C o., Chartered Accountants, retire and being elig ible offered themselves for reappointment.

As required under the Code of Corporate Governance, upon the recommendation of the Audit Committee, the Board has recommended the appointment and remuneration of KPMG Taseer Hadi and Co., Chartered Accountants as auditors of the Bank for the year ending 31 December 2022.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

1. The financial statements prepared by the Bank, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts have been maintained by the Bank.
3. Appropriate accounting policies and estimates have been consistently applied in preparation of financial statements.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom, if any, has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Bank's ability to continue as a going concern.
7. There has been no departure from the best practices of the code of corporate governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019.
8. The key operating and financial data of last six years of the Bank is placed below:

Rs. in millions

	2021	2020	2019	2018	2017	2016
Shareholders' Equity	62,975	57,648	44,238	37,002	40,498	39,670
Paid-up capital	10,478	10,478	10,478	10,478	10,478	10,478
Total assets	1,224,416	1,017,572	859,771	673,396	660,666	538,007
Deposits	772,286	680,956	611,869	543,578	508,104	429,932
Advances	398,382	312,167	263,948	226,690	174,319	142,962
Investments	667,996	584,532	448,910	346,666	396,637	314,619
Profit pre-tax	21,541	20,037	11,238	10,074	9,129	10,334
Profit post-tax	13,459	12,008	6,583	6,161	5,509	6,119
Earnings per share (Rs)	12.84	11.46	6.28	5.88	5.26	5.84
Cash dividend (%) - final	30	25	25	20	30	30
- interim	20	20	–	–	–	–
No. of staff	6,410	5,603	5,192	4,841	4,719	4,597
No. of branches/sub branches	459	406	392	352	320	307

Value of investments of Provident Fund and Gratuity Scheme are as under:

- Provident Fund Rs. 4,821.261 million as at 31 December 2021
- Gratuity Fund Rs. 1,665.102 million as at 31 December 2021

RISK MANAGEMENT

STATEMENT ON RISK MANAGEMENT FRAMEWORK

HabibMetro has a robust and rigorous risk management framework based on its complexity, size and target market. Risk Management aspects are embedded in HabibMetro's philosophy, strategy, organizational practices and structure. The Bank has devised a cohesive risk management structure for credit, operations, information, continuity, liquidity and market risk, with an integrated approach and strengthened internal controls.

The Bank's entire branch network is on-line and its state-of-the-art processing system is secure and has adequate capacity. Segregation of duties as a control is built into the Bank's system and organization. The Internal Audit Division conducts independent, risk-based review and verification of the Bank's branches and major functions throughout the year for evaluation of the control system. Comprehensive internal reports and an effective Management Information System has been developed as an additional tool for the management of risk control. The Risk Management Division is staffed with seasoned and experienced professionals, who have the capacity and knowledge to cover all aspects of risks faced by the Bank.

The Bank's Board of Directors along with the Board Risk and Compliance Committee, Central Management Committee and Operational Risk and Compliance Committee oversee the Bank's Strategy, efforts and processes related to risk management.

CREDIT RISK

HabibMetro observes a strategy to control credit risk through product, geography, industry and customer diversification. The Bank extends trade and working capital financing, keeping the major portion of its exposure on a short-term and self-liquidating basis. A major portion of the Bank's credit portfolio is priced on a floating rate basis using KIBOR as a reference, which minimizes interest rate risk. The risk inherent in extending credit is further mitigated by rigorous and robust credit granting procedures, which have been structured to ensure proper evaluation, adequacy of security, and monitoring of exposures on an ongoing basis. All of these risk measures are further augmented by centralized trade processing and credit administration.

HabibMetro is in the process of implementing the IFRS-9 standards. IFRS 9 replaces the existing guidelines of the IAS 39 Financial Instruments: Recognition and Measurement and includes; revised standards on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. The Bank is earmarking its implementation with the SBP timelines issued from time to time.

MARKET / LIQUIDITY RISK

The Asset and Liability Management Committee reviews, recommends and monitors limits for FX, Money market & Equity exposures. The strategy is to balance risk, liquidity and profitability. A Board approved investment policy focuses on, amongst other aspects, asset allocation and operating guidelines. Furthermore, the monitoring of market and liquidity risk is ensured in line with Board approved Market and Liquidity Risk Management Policy.

STRESS TESTING

Stress testing techniques are used to assess risk exposures across the institution and to estimate the changes in the value of the portfolio, when exposed to various risk factors. Risk factors used in stress testing models are Interest Rate, Credit, Equity Price, Exchange Rate and Liquidity. The Bank's stress testing methodology ensures adherence to the SBP guidelines as well.

OPERATIONAL RISK

Operational Risk is prevalent in all area of banking activities and remains a major challenge worldwide. Identification threats prior to materialization of this risk and strengthening of controls for mitigation, have always been the Bank's priority. The Bank has a dedicated Operational Risk Management (ORM) Unit that designs and implements the Operational Risk framework across the organization. The

ORM unit engages and regularly collaborates with Bank's business / support units to review and determine the inherent operational risks, applicable controls and mitigations and an assessment of residual risk. This leads to improved quality of control infrastructure and strengthening of the processes and management information. Further, the Bank is committed to enhance Operational Risk coverage and integrate it with other risk classifications (Market, Credit Risk, Compliance and legal risks) under a comprehensive approach to understand and keep up with this dynamic environment, including the evolving risk landscape. The Bank's operational risk management infrastructure remains strengthened by the oversight of the Operational Risk and Control Committee (ORCC) which ensures the effective and efficient management of the Bank's significant operational risks.

FRAUD RISK

The Bank is focused and committed towards reduction of fraud incidents, misconduct and implement measures to be adopted after conviction of any fraud incidence. In order to strengthen the process of prevention, detection, investigation and reporting a robust policy has been devised. The Bank has a dedicated Fraud Risk Management Unit that remains strengthened by the oversight of the Board Risk & Compliance Committee (BR&CC) which ensures the effective management of the Bank's fraud risk.

CONTINUITY RISK

The Bank has a resilient Business Continuity Framework in place that reduces the risk of an operational shut down consequent to an untoward event. The framework consists of a policy and comprehensive plans with detailed roles, responsibilities, actions plans and recovery strategies, drawn from a rigorous risk and impact analysis, to respond to a disastrous situation. It complies with the regulatory framework and best industry practices and is subject to regular reviews and audits. From an execution perspective, a Crisis Management Team is constituted by the Senior Management, looking after matters and taking decision in a disaster situation. As a part of a contingency arrangement, the Bank has developed multiple BCP Sites along with facilities for staff to work from home in a pandemic like situation. Staff readiness to respond in such situations is ensured through training, awareness and testing efforts.

During the COVID-19 pandemic, the Crisis Management team of the Bank kept a close and continued watch on the situation within the country and the Bank adopting measures to safeguard the staff and customers at all the Bank locations. The acquired and developed BCP resources were extensively utilized to ensure continuity of operations despite the rate of the cases evidencing the sufficient level of BCP readiness.

INFORMATION SECURITY RISK

The Information Security Department (ISD) is a part of the Risk Management Division of the Bank and works as a second line of defense to protect information and information system. With the increasing use of technology in the customers service delivery, the objective of Information Security Department is to minimize the information security risks by ensuring confidentiality, integrity and availability of customer's financial and personal information. ISD performs activities such as risk assessments, reviews, analysis, reporting and monitoring of risks to achieve the Bank's ultimate goal of managing Information and Technology risk within its risk appetite.

COMPLIANCE

Your Bank continued to strengthen compliance oversight across its network during the year that included enhancing stringent Know Your Customer (KYC) & Anti Money Laundering (AML) / Combating Financing of Terrorism (CFT) / Combatting Proliferation Financing (CPF) controls and regulatory compliance awareness. The Compliance function provides support and counsel to management and staff on compliance and regulatory issues. All new policies and procedures, initiatives, products, services, business processes etc. are reviewed from a Compliance, AML / CFT / CPF perspective along with maintaining relationship with regulatory authorities. An automated Compliance Risk Management (CRM) system has also been implemented wherein a regulatory library is maintained that includes circulars issued by the SBP and other relevant regulatory authorities. Furthermore, facilitation and liaison with the SBP and its on-site Inspection teams is a key role played by this unit to ensure smooth conduct of the SBP inspection.

With the highly challenging and demanding global AML/CFT/CPF environment, the Bank's Financial Crimes & Compliance function is fully committed towards implementation of highest standards of compliance within the Bank and ensures management and employees adhere to these standards. The Bank also exercises oversight of its subsidiaries from an AML/CFT/CPF perspective.

The Bank's state of the art Transaction Monitoring System (TMS) facilitates in monitoring activities that may be related to Money Laundering (ML) / Terrorism Financing (TF) through the Bank's channels, products and services. The TMS monitors out-of-pattern transactions and reviews different transactional activity through multiple AML / CFT scenarios embedded in the core banking system. Furthermore, the Bank has a robust Customer Due Diligence (CDD) process that allows the Bank to document/update each profile of customer and conduct comprehensive CDD as per regulatory requirements. The Bank regularly reports Suspicious Transaction Reports (STRs) and Currency Transaction Reports (CTRs) to the Financial Monitoring Unit (FMU) through goAML portal.

Being a trade-oriented bank, cross border transactions are screened and pre-approved by Compliance to ensure that transactions, which includes sanctioned elements, are not conducted. The Bank has taken additional steps to curb risks associated with Trade Based Money Laundering. This includes performing due diligence of all trade transactions and updating trade KYCs / risk profiles of trade customers, screening of counterparties, vessels, banks etc.

In addition, a dedicated CFT Desk is in place which focuses on mitigation of TF risk in the Bank. Inquiries from Law Enforcement Agencies (LEAs) are also facilitated through this unit. In order to ensure compliance of UNSC resolutions and that bank's services are not extended to proscribed or designated individuals and entities, systems processes & controls are monitored and upgraded from time to time.

Your Bank also participates as a Foreign Financial Institution (FFI) and is fully compliant with the Foreign Account Tax Compliance Act (FATCA) by collecting additional information and documentation from prospective clients, in order to determine whether they have any US tax reporting responsibilities. FATCA is a US legislation aimed at preventing tax evasion by US Persons that came into effect in Pakistan on July 01, 2014. To ensure compliance with the FATCA legislation, Compliance Division facilitates coordination, training, development and monitoring of FATCA requirements.

Common Reporting Standards (CRS) is a global standard approved by the Organization for Economic Cooperation & Development (OECD) Council and has been translated into domestic law by Government of Pakistan through Income Tax Ordinance 2001 vide S.R.O 166 (I)/2017. The Bank is compliant with CRS rules and for this purpose, tax residency of customers is obtained for further reporting to Federal Board of Revenue (FBR).

As part of continued efforts towards safeguarding integrity of financial system, your Bank held a session aimed towards creating outreach and awareness on Financial Crimes, both within financial sector and general public as the Title Sponsor of Dellsons-HabibMetro 3rd Financial Crimes & Compliance Summit held in March 2021, for the second year. Attendees included wide range of individuals from financial sector to senior government officials.

Whilst focusing on creativity and innovation, Compliance function will continue to increase its effectiveness through professional development of its staff and strengthening of functional solutions.

CONTROLS

Every effort within the Risk Management function contributes to the overall control culture of the organization specifically form the risk perspective. In addition, the Internal Control Unit (ICU) working as a part of the Risk Management team of the Bank is responsible for implementing and maintaining a sound system of operational internal controls to ensure efficiency and effectiveness. These efforts are a component of the overall Internal Control ambit of operations, compliance with regulatory and legal requirements along with reliability of financial reporting managed collectively by the Compliance, Finance and Risk Management Division. Adequate systems, processes and controls have been put in place by the management to identify and mitigate the risk of failure to achieve the overall objectives of the Bank.

The Bank's organizational structure and lines of authority are well-defined and processes throughout the Bank are governed by policies and procedures approved by the Board. Existing policies and procedures are reviewed at regular intervals and improved from time to time. The Board has constituted subcommittees for oversight of the overall Risk Management Framework which meet at regular intervals to ensure adequacy of governance.

The Bank's operating system contains controls embedded into all processes and functions which are governed through policies and procedures and their compliance and effectiveness is verified by independent Internal Audit Division which reports directly to the Board Audit Committee.

SBP Internal Control Guidelines require the Bank's management to evaluate the effectiveness of internal controls. The management believes that the Bank's existing system of Internal Control is considered reasonable in design and is being effectively implemented and monitored.

INTERNAL AUDIT

HabibMetro has an active Board Audit Committee functioning under the Listed Companies (Code of Corporate Governance) Regulations 2019 as stipulated by SECP and adopted by the SBP and Guidelines on Internal Audit Function issued by the SBP. The Board Audit Committee is chaired by an independent director.

Reporting directly to the Board Audit Committee, Internal Audit pro-actively follows a risk based approach for auditing branches, operational areas and key activities of the Bank, highlighting control lapses, and tracking completion of remedial actions, wherever warranted.

Internal Audit being the third line of defense, is an essential element of the Bank's overall control environment that provides independent assurance to management and the Board in assessing the Bank's internal control system. Internal Audit periodically reviews the Bank's policies, processes, systems, and controls to provide reasonable assurance to the governing authorities and adds value towards the Bank's risk mitigation endeavors.

FUTURE OUTLOOK

It is expected that year-on-year headline inflation will remain elevated over the next few months, close to the upper end of the average inflation forecast of 9-11 percent in FY22 with a decline towards the medium-term target range of 5-7 percent in FY23.

Further Current account deficit is expected to reduce through H2 FY22, as import growth slows contingent on normalization of global commodity prices. Risk of deficit widening, however, remains if commodity prices do not stabilize.

Going forward, HabibMetro remains committed to protecting its shareholders' interests, while maximizing the value and service offered to its customers through a varied spectrum of financial products architected upon an advanced technological platform. The Bank aims to target organic growth, add new clients, mobilize low-cost deposits, improve asset quality and enhance cost efficiency.

ACKNOWLEDGEMENTS

In conclusion, we would like to place on record our sincere gratitude to the Ministry of Finance, the SBP, and the Securities and Exchange Commission of Pakistan for their continued support and guidance to the Bank. We would also like to thank our valued customers for the trust and patronage that they continue to extend to us. Lastly, we would like to acknowledge the unwavering dedication of the staff of HabibMetro Bank, who continue to work tirelessly to provide uninterrupted financial services in these uncertain times. Their efforts enable the Bank to grow from strength to strength.

On behalf of the Board

MOHSIN A. NATHANI
President & Chief Executive Officer

MOHAMEDALI R. HABIB
Chairman

Karachi: 22 February 2022

CORPORATE GOVERNANCE

Composition of Board Committees and their Terms of Reference

Current compositions of the Board and Board Committees are provided in the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. Further, the number of meetings of the Board of Directors (BOD) and its Sub-Committees held during the year 2021 and the attendance by each director / committee member are provided in the Directors' Report.

The key terms of reference of the Board Committees are as follows:

Board Audit Committee (BAC)

BAC ensures adequacy of internal control systems of the Bank including financial and operational controls, accounting systems, reporting structures along with recommending the Bank's statement on internal controls for endorsement by the BOD.

Under SECP's Listed Companies (Code of Corporate Governance) Regulations, 2019, BAC is responsible to review & recommend to the BOD, interim and annual financial statements of the Bank while focusing particularly on major judgmental areas, going concern assumption, change in accounting policies & estimates, related party transactions and compliance with applicable accounting standards.

BAC also reviews & approves annual internal audit plan, scope and extent of internal audit function and its reporting framework and procedures.

BAC is updated regularly on significant issues raised by the external & internal auditors along with related corrective action progress. Further, BAC ensured compliance of the corrective actions determined by Shari'ah Board on the reports of Internal and External Shari'ah Audit.

BAC also recommends to the BOD, appointment, removal and remuneration of external auditors as well as for the Head of Internal Audit Function.

BAC also ensured independence of Internal Audit in its day-to-day activities with unrestricted access to people, information, records, and systems to be able to perform audit activities with objectivity.

Finally, BAC reviewed effectiveness of whistle blowing mechanism of the Bank and ensured that concerns raised were treated confidentially.

Board Credit Committee (BCC)

The primary function of the BCC is to maintain an oversight over the Bank's credit portfolio management process, portfolio quality and adherence to the credit policy and regulatory requirements. It reviews and provides guidance to the Management with respect to the large exposures, credit portfolio strategy and related risks so as to ensure continued health of the portfolio and a sustainable growth. It also provides credit approval for exposures which are beyond the delegation provided to the Bank's CCC.

Board Human Resource and Remuneration Committee (BHR&RC)

The BHR&RC is responsible for the reviewing the HR policies, HR initiatives including manpower planning, learning & development policy, utilization of HR budgets and other HR activities. The BHR&RC also recommends to the BOD compensation & remuneration practices and succession planning for CEO, CFO, Company Secretary, and Head of Internal Audit. It also reviews Chief Executive's recommendations for direct reports including key executives. Further, the BHR&RC reviews and approves terminal benefits such as provident fund, gratuity and other separation benefits schemes. In addition, it considers any HR related issue specifically delegated by the BOD.

Board Information Technology Committee (BITC)

The BITC establishes and maintains a system of governance and oversight of the Bank's technology functions. It is responsible for advising and reporting to the BOD on the technology activities and digital initiatives. It also oversights technology risk management strategies and activities, receives periodic updates from ITSC and monitors all technology projects approved by the BOD for timely implementation. The BITC also reviews the IT Disaster Recovery Plan for maintaining continuity of services.

Board Risk and Compliance Committee (BR&CC)

The BR&CC establishes and maintain a system of oversight over the Bank's Risk management, Compliance and control activities on behalf of the Board of Directors (BOD). It provides a platform for inculcating and enhancing Risk Management and Compliance culture within the organization whereby ensuring that all material risks are deliberated at this forum in an integrated manner. It is responsible for establishing

and maintaining a Compliance and Risk management process with an enterprise wide approach, built to identify and prioritize risks including Compliance and AML / CFT related risks and to evaluate the alignment and effectiveness of activities including:

- Ensuring independence of Risk Management and Compliance Functions as well as adequacy of resources allocated given the size, nature, and volume of business.
- recommending Risk Management Policies, ensure development, review , approve and ensure implementation of Compliance Program, Compliance Risk Strategy and allied policies including CDD/AML /CFT/CPF.
- review adequacy of compliance monitors and thresholds for transaction monitoring.
- evaluate significant observations / issues raised in the SBP inspection reports and review the actions taken in this regard.
- reviewing and approving Risk Appetite including risk limits and triggers as well as ensuring independence of Risk and Control Functions.

Reviewing and assessing the Bank's Capital Adequacy and Management, Market / Liquidity Profile, Credit Portfolio, Results of Stress Tests and Frameworks of Operational, Continuity, Fraud, Conduct Risks and Risk Based Financial Reporting (IFRS).

Board's Oversight over Shari'ah Compliance Functions and Shari'ah Board (SB)

The SB members meet the Board of Directors on half yearly basis and give detailed briefings on the Shari'ah compliance environment, the issues / weaknesses (if any), and recommendations to improve Shari'ah compliance environment and to ensure timely and effective enforcement of the SB's decisions, fatawas, observations and recommendations. Further, every year, Shari'ah Board Report is also presented by the SB in the meeting of the Board of Directors of the Bank.

Appointment of the Shari'ah Board Members

The appointment of the Shari'ah Board (SB) Members, including Resident Shari'ah Board Member & Chairman, is done by the Board of Directors as per applicable rules and regulations, including clearance of Fit and Proper Criteria and prior written clearance of the SBP. The SB members are appointed for a term of three years. They may be reappointed for another term by the BOD, subject to SBP FPT criteria.

Profile of Shari'ah Board Members

Tan Sri Dr. Mohd. Daud Bakar, Chairman Shari'ah Board

Tan Sri Dr. Mohd. Daud Bakar is an internationally recognized Shariah Scholar from Malaysia. He is the Founder and Group Chairman of Amanie Group. He is a Shariah Board Member of various financial institutions such as Labuan Reinsurance (L) Ltd, BNP Paribas Najma, Natixis Bank, Guidance Financial, etc. He is also serving as a Chairman of the Shariah Advisory Council at different organizations including the Central Bank of Malaysia, First Abu Dhabi Bank, Salama Insurance, Astana International Financial Centre (AIFC), and the Securities Commission of Malaysia.

He received his first degree in Shariah from the University of Kuwait in 1988, a Ph.D. from the University of St. Andrews, the United Kingdom in 1993, and a Bachelor of Jurisprudence from the University of Malaya, in 2002. He is the author of the famous book titled "Shariah Minds in Islamic Finance" which received the "Islamic Finance Book of the Year 2016" award. He has also published several articles in various academic journals and has made many presentations at various conferences across the globe. Tan Sri Dr. Mohd. Daud has been honored with "The Asset Triple A Industry Leadership Award" at The Asset Triple A Islamic Finance Award 2014 by The Asset magazine and has been named as the "Most Outstanding Individual", awarded by the King of Malaysia.

Mufti Abdul Sattar Laghari, Member Shari'ah Board

Mufti Abdul Sattar Laghari is Shariah Board Member at HabibMetro Sirat. Mufti Laghari is among the senior Shariah Scholars in the field of Islamic Banking & Finance. He has been associated with HMB as Resident Shariah Board Member (RSBM) & Head Shariah Compliance since 2015 to June 2021. Mr. Laghari holds a Shahada tul A'almiah (Dars e Nizami) from Jamia Darul-Uloom, Korangi, Karachi. He holds Specialization (Takhassus) in Islamic Fiqh and Fatwa from Darul Ifta wal Irshad Nazimabad 4 Karachi, an institution founded by grand Mufti of Pakistan Mufti Rasheed Ahmad Ludhianvi (late) with Masters in Islamic Studies from University of Karachi.

Mufti Laghari also holds a certificate of 1 year correspondence course in Islamic Law from Shariah Academy International Islamic University Islamabad Pakistan along with certificates of various courses on Islamic Banking and Finance conducted by Prominent learning Centers in Pakistan & Malaysia. He is NIBAF qualified and also holds a certificate by NIBAF for completing a comprehensive module base course for Shariah Scholars. He has been providing Shariah Advisory services since 2005 starting his career with National Bank of Pakistan.

Mr. Laghari provided Shariah Advisory services to NBFIs from 2008 to 2015. Mufti Laghari has remained a member of sub committees for review of some AAOIFI Shariah standards at State Bank of Pakistan. He is a master trainer in Islamic banking and Finance and has conducted extensive courses throughout Pakistan. Mr. Laghari is also a visiting trainer at NIBAF. He is also a visiting faculty member at Center for Islamic Economics (CIE) at Darul Uloom Korangi Karachi. During his career he has also issued numerous fatwas on general as well as financial & Islamic Banking issues. He is also Imam & Khateeb at Jamiah Masjid Tauheed Nazimabad 2 Karachi since 2002.

Mufti Khawaja Noor ul Hassan, Resident Shari'ah Board Member

Mufti Khawaja Noor ul Hassan has extensive professional experience in Islamic banking including Shariah governance & compliance, Islamic product development, and management, credit administration with prestigious institutions such as Saadiq , Standard Chartered Bank (Pakistan), Faysal Bank, Meezan Bank & Albaraka Bank (formerly Emirates Global Islamic Bank). He also has over 03 years experience, working as corporate law consultant & Assistant company secretary.

Mufti Noor possesses both contemporary & religious qualifications. He holds the Shahadat-ul-Aalamia and Takhassus fil-Ifta (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Farooqia & Jamia Darul Uloom, Taleem ul Quran, Karachi. He also holds a Bachelor's degree in Law (LLB), a Master's degree in Islamic Studies, and a Master's degree in Islamic History from the University Of Karachi & Federal Urdu University respectively.

Mufti Noor is a registered Shariah advisor at the Securities and Exchange Commission of Pakistan (SECP), is also enrolled as an advocate, and is a member of Sindh Bar Council and Karachi Bar Association. He has vast teaching experience of religious and Islamic banking courses in different institutions such as in Jamia Yousufia Binoria, IBA CEIF, Centre of Islamic Economics (a division of Jamia Darul Uloom, Karachi) & Themis School of Law.

Key Terms of Reference of Shari'ah Board

The Shari'ah Board (SB) shall be empowered to consider, decide and supervise all Shari'ah related matters, develop a comprehensive Shari'ah compliance framework for all areas of operations and shall review and approve all the procedure manuals, product programs structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures so that they are in conformity with the rules and principles of Shari'ah. The SB shall have at all reasonable times unhindered access to all books of accounts, records, documents and information from all sources including professional advisors and IBI's employees in the due discharge of its duties, considering the importance and binding nature of decisions, rulings and fatawa given by SB, it shall rigorously deliberate on the issue placed before it for consideration before giving any decision / fatawa.

All reports of internal Shari'ah audit, external Shari'ah audit, Shari'ah compliance reviews and the SBP Shari'ah compliance inspection shall be submitted to the SB for consideration and prescribing appropriate enforcement action and also specify the process / procedures to be adopted for changing, modifying or revisiting fatawa, rulings and guidelines already issued by it.

The SB shall not delegate any of its roles and responsibilities as prescribed in the Shari'ah framework to any other person or any of its members as all decisions and rulings of the SB shall be in conformity with the directives, regulations, instructions and guidelines issued by SBP in accordance with the rulings of Shari'ah Advisory Committee of the SBP.

Shari'ah Board meetings held during the year

During the year four meetings were held and were attended by all members.

Board Remuneration Policy

In line with the regulatory guidelines, the Remuneration Policy is already in place wherein the criteria for identification and performance evaluation of MRTs and MRCs is defined.

Scope, objective and governance of remuneration policy

The scope of remuneration policy covers all employees across the Bank who are materially responsible for risk taking or risk controlling activities. The purpose of the policy is to develop a fair, objective, transparent and sound remuneration policy that is in alignment with risks and responsibilities of the organization.

Following are the main objectives of Remuneration Framework:

i. To promote consistent, sound and effective risk management, to discourage risk-taking that exceeds the risk thresholds of the Bank;
ii. To ensure that the remuneration practice is in line with the Bank's objec tives, taking into consideration all major risks that the Bank may face.
iii. To attract, retain and motivate employees who perform while managing the risks facing the Bank, and also those who ensure long term value generation.

The Board is overall responsible for reviewing, approving and monitoring implementation of the Bank-wide remuneration framework, based on the recommendations of Board's Human Resource & Remuneration Committee (BHR&RC), which shall be mainly responsible for overseeing the Bank's remuneration programme.

Material Risk Taker (MRT) / Material Risk Controller (MRC)

The MRTs and MRCs are identified through a detailed assessment of the Bank's employees using various qualitative and quantitative criteria, as documented in the remuneration policy.

The Bank offers a compensation structure with a balanced mix of fixed and variable elements, with the objective to encourage behaviors focused on achievement of long-term sustainable results. For MRTs / MRCs, the deferred variable component has been made part of their compensation structure.

Performance measurement of MRTs and MRCs

The Bank's performance management mechanism provides a sound basis for assessing employee performance holistically. The Bank's remuneration policy is aligned with the performance management mechanism and differentiates pay appropriately amongst its employees based on degree of contribution, skill and availability of talent owing to competitive market forces by considering factors such as role, skills, competencies, experience and grade / seniority.

Performance measurement of MRTs / MRCs is carried-out through the risk-adjusted balanced scorecards. The Bank has developed risk-adjusted balanced scorecards for all MRTs and MRCs for their performance measurement, which ensure establishing a correlation between and alignment of risks and rewards. These scorecards are prepared at individual levels, incorporating various financial, non-financial / qualitative and risk-adjusting factors.

The Bank has introduced an individual level accountability mechanism whereby a certain portion of variable compensation of the MRTs / MRCs is deferred / withheld for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance.

The deferred pay is subject to claw back clause that permits the Bank to cancel or reduce, all or part of the amount of an unvested variable compensation award, due to malus triggers i.e. specific crystallized risk, behavior, conduct, or adverse performance outcome, attributable to the MRT / MRC.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

FOR THE YEAR ENDED 31 DECEMBER 2021

The Bank has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 8 (eight) as per the following:

Gender	Number
Male	7
Female	1

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Firasat Ali Mr. Rashid Ahmed Jafer Ms. Tahira Raza
Non-Executive Director	Mr. Anjum Z. Iqbal Mr. Hamza Habib Mr. Mohamedali R. Habib Mr. Mohomed Bashir Mr. Muhammad H. Habib
President / CEO	Mr. Mohsin A. Nathani

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.

4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board and the shareholders have approved a formal policy and transparent procedures for remuneration of directors in accordance with the instructions from the State Bank of Pakistan, Act and these Regulations.

9. The Bank is compliant with the requirement of directors training program provided in these Regulations.

10. During the year, there was no appointment of Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The board has formed committees comprising of members given below:

Committees	Names	Committee Designation	Category of Director
Audit Committee	Mr. Rashid Ahmed Jafer Mr. Anjum Z. Iqbal Mr. Hamza Habib	Chairman Member Member	Independent Director Non-Executive Director Non-Executive Director
Human Resources &Remuneration Committee	Ms. Tahira Raza Mr. Firasat Ali Mr. Mohsin A. Nathani	Chairperson Member Member	Independent Director Independent Director President & Chief Executive
Risk & Compliance Committee	Mr. Anjum Z. Iqbal Mr. Firasat Ali Mr. Mohsin A. Nathani Ms. Tahira Raza	Chairman Member Member Member	Non-Executive Director Independent Director President & Chief Executive Independent Director
Credit Committee	Mr. Muhammad H. Habib Mr. Anjum Z. Iqbal Mr. Mohamedali R. Habib Mr. Mohsin A. Nathani	Chairman Member Member Member	Non-Executive Director Non-Executive Director Non-Executive Director President & Chief Executive
IT Committee	Mr. Anjum Z. Iqbal Mr. Firasat Ali Mr. Mohsin A. Nathani	Chairman Member Member	Non-Executive Director Independent Director President & Chief Executive

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

Committees	Frequency of Meetings
Audit Committee	Four meetings were held during the financial year ended December 31, 2021
Human Resources & Remuneration Committee	Two meetings were held during the financial year ended December 31, 2021
Risk & Compliance Committee	Four meetings were held during the financial year ended December 31, 2021
Credit Committee	Four meetings were held during the financial year ended December 31, 2021
IT Committee	Two meetings were held during the financial year ended December 31, 2021

15. The board has set up an effective internal audit function.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Bank.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

On behalf of the Board

MOHSIN A. NATHANI
President & Chief Executive Officer

MOHAMEDALI R. HABIB
Chairman

Karachi: 22 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders of Habib Metropolitan Bank Limited

Review Report on Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Habib Metropolitan Bank Limited for the year ended 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2021.

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi: 03 March 2022
UDIN: CR202110201aeCucTPAV

STATEMENT OF INTERNAL CONTROLS

This statement is being issued in compliance with the Guidelines on Internal Controls, issued by the State Bank of Pakistan vide BSD Circular No. 7 dated May 27, 2004.

MANAGEMENT EVALUATION OF INTERNAL CONTROL SYSTEM

An internal control system is a set of procedures and activities designed to identify, evaluate and mitigate the risk in processes and operations in order to support the overall business objectives of the Bank. It is the responsibility of the Bank's management to establish an internal control system to maintain an adequate and effective internal control environment on an ongoing basis.

The management of the Bank has formulated, implemented, and maintained a system of internal controls approved by the Board of Directors, the goal of which is to achieve effectiveness and efficiency of operations while adhering to laws and regulations, resulting in reliability of financial reporting. However, any system of internal controls can only be designed to manage, rather than eliminate the risk of failure to achieve objectives. It can therefore only provide reasonable assurance and not absolute assurance against material misstatement and loss. It also requires continuous improvement to align it with the changing environment and needs of the business.

The Bank monitors its processes and operations on an ongoing basis to ensure that an effective and efficient internal control system remains active and implemented and strive for continuous strengthening of its control environment. The internal control structure comprises of different levels of monitoring activities.

Line Management's role is to monitor day-to-day operations and ensure that the business risks are properly mitigated, control breaches are identified on a timely basis and corrective actions are promptly implemented.

The Compliance Division of the Bank is entrusted with the responsibility to minimize compliance risk and strengthen compliance environment across the organization and ensure a professional working relationship with the State Bank of Pakistan (SBP) and other regulatory bodies. The Management has established a Management Compliance Committee to oversee compliance and controls related matters of the bank. Compliance status of irregularities identified and other compliance related matters are reported to the Bank's Management Compliance Committee, while significant compliance matters are also reported to Board Risk & Compliance Committee. Further, compliance status of observations highlighted in regulatory inspection reports are also presented in Board Risk & Compliance Committee. The Division also has a Financial Crimes and Compliance function to ensure compliance with the relevant AML / CFT / CPF Laws & Regulations.

Internal Audit Division is an independent function and follows a risk-based approach to provide reasonable assurance to the governing authorities on adequacy and effectiveness of the Bank's procedures, processes, controls and systems. All significant / material observations made through internal audit activities are reported to the Board Audit Committee (BAC) on a regular basis, which actively monitors and tracks resolution of these observations and provides guidance in improving the overall control environment of the Bank.

Based upon the results achieved from reviews, ongoing testing of financial reporting controls and audits conducted during the year 2021, management considers that, the existing system of internal controls, including ICFR, is adequate and has been effectively implemented and monitored.

NAJEEB GILANI	SYED HASNAIN HAIDER RIZVI	FUZAIL ABBAS	MOHSIN A. NATHANI
Head of Internal Audit	Head of Compliance & Legal	Chief Financial Officer	President and CEO

Karachi: 22 February 2022

REPORT OF SHARI'AH BOARD

FOR THE YEAR ENDED 31 DECEMBER 2021

In the name of Allah, the Beneficent, the Merciful.

All Praise be to Allah Subhanahu, the Lord of all the Worlds and Blessings on our Master, Prophet Muhammad (Peace be upon Him), and His Household and all His Companions.

By the Grace of Allah Almighty, Sirat, the Islamic banking division of Habib Metropolitan Limited ("Bank") has completed its eighteen years of successful operations of Islamic banking. The Bank is continuously expanding its Islamic Banking network and at the end of the year 2021, the number of Islamic banking branches and Islamic banking windows were forty-nine (49) and two hundred and eighteen (218) respectively.

During the year 2021, the Shari'ah Board (SB) held four (04) meetings and has reviewed, provided opinions and approved different existing and new products, policies, procedures, processes, transactions, process flows, Shari'ah compliance review reports and Shari'ah audit reports. Further, the Shari'ah Board and Board of Directors also met twice this year to have a detailed briefing on Shari'ah compliance environment of the Bank.

The Shari'ah Board appreciates the vision of the Board of Directors and executive management for the growth and support for Islamic banking.

Following is an overview for the year 2021:

1. Islamic Financing & Deposits

During the year 2021, the Bank used diversified Islamic financing products including but not limited to Diminishing Musharakah, Istisna, Al-Bai, Salam, Working Capital Musharakah, Murabahah, Musawamah (local & import) and Ijarah. At the end of the year 2021, the Bank has Islamic financing and investment / placement of Rs.112.542 billion. On the deposit side, the Bank has total Islamic deposits under different Islamic accounts is of Rs.83.953 billion.

2. Islamic Business Review

During the year 2021, Shari'ah Board has reviewed and approved two hundred and fifty six (256) process flows under different Islamic financing modes for various corporate / SME / commercial customers. Further, the Bank as the first time has acted and participated as the Joint Shari'ah advisors in an Islamic Investment banking transaction. The breakup is as follows:

S. No.	Islamic Financing Modes	Number
1	Diminishing Musharakah	89
2	Istisna / Al-Bai / Salam / Working Capital Musharakah	87
3	Murabahah / Musawamah (local & import)	77
4	Ijarah	03

3. Islamic Products & Policies / Procedures

During the year, Shari'ah Board has reviewed and approved different new products, policies and procedures as follows:

Deposit Products	Financing Products	Policies / Procedures
Sirat Roshan Digital Account (Current & Saving)	Sirat Currency Salam	Risk Management Policy for Islamic Banking (Addendum)
Sirat Basic Banking Account (Current)	Sirat Consumer House Financing	Liquidity Risk Management Policy & Contingency Funding Plan (Addendum)
Sirat Women Saving Account	Sirat Roshan Digital Apni Car	Market Risk Management Policy (Addendum)
Sirat Dividend Current Account	Sirat Insta Car Consumer	Branch Conversion Plan
Sirat Dividend Saving Account	Sirat Working Capital Musharakah (for service industry)	–
Sirat Non-Resident Rupee Current Account	–	–
Sirat Current Remunerative Account	–	–

4. Shari'ah Compliance and Shari'ah Audit

During the year, Shari'ah Compliance & Shari'ah audit teams have conducted different regulatory and regular reviews and audits on a sample basis, as applicable. The Shari'ah reviews and audits includes different portfolios under financing, deposits (profit and loss distribution) and Islamic branch network. Further, Shari'ah compliance department has also engaged and facilitated the Learning Department and other stakeholders in Islamic banking trainings.

5. Charity Amounts

During the year, the charity amount received due to the delayed payments by the customers was Rs.123,004/- out of which Rs.118,534/- was disbursed to different approved charitable and social welfare institutions.

6. Training & Capacity Building

The Bank is in continuous pr ocess to arrange Islamic banking and capacity building sessions. In this regard, the staff ha ve completed multiple Islamic banking training sessions through internal and external classroom and webinars including e-learnings & virtual. Further, approximately 565 staff at Islamic Banking Branches (IBBs) and Islamic Banking Windows (IBWs) were trained through 147 sessions.

Shari'ah Board's Opinion

As per the Shari'ah Governance Framework, the Board of Directors and Executive Management are solely responsible to ensure that the operations of the Bank are conducted in a manner that comply with Shar i'ah principles at all times, while we are required to submit a report on the overall Shari'ah compliance environment of the Bank.

To form our opinion as expressed in this report, SCD of the Bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, the Shari'ah Board has also reviewed the reports of Internal Shari'ah Audit, whereas the external Shari'ah Audit for the year 2021 is in process.

Based on the above, we are of the view that:

i. The Bank has complied with Shari'ah rules and principles in the light of fatawa, rulings and guidelines issued by its Shari'ah Board.

ii. The Bank has by and large complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by State Bank of Pakistan (SBP) in accordance with the rulings of SBP's Shari'ah Advisory Committee.

iii. The Bank has a comprehensive mechanism in place to ensure Shari'ah compliance in their overall operations.

iv. The Bank has a well-defined system in place sound enough to ensure that any earnings realized from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized for charitable purposes.

v. The Bank has complied with the SBP instructions on profit & loss distribution and pool management.

vi. The Learning Department and the management has arranged various Islamic banking and capacity building sessions and is in continuous process to enhance and develop Islamic banking learning network, wherein applicable. In this regard, the level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shari'ah compliance in the products and processes of the Bank, is acceptable.

vii. The Shari'ah Board has been provided adequate resources enabling it to discharge its duties. However, considering the increase in the business, network and volume of the work, additional resource in Shari'ah compliance department will further strengthen the Shari'ah compliance function in the Bank.

Recommendations

Based on the above, we recommend that:

1. The Bank should continue to make arrangements for Islamic banking trainings and refresher sessions for their management, Islamic banking staff, all concerned stakeholders and customers.

2. The Bank should continue to enhance the promotion and marketing of Islamic Banking products and services at all available forums.

And Allah Subhanahu knows the Best.

May Allah Subhanahu accept our endeavours and grant us devotion to accomplish His cherished tasks, forgive our mistakes and make us successful herein this world and hereafter. We also pray, seek guidance and blessings from Allah Almighty for further progress and prosperity of Islamic banking. Ameen

TAN SRI DR. MOHD. DAUD BAKAR
Chairman Shari'ah Board

MUFTI KHAWAJA NOOR UL HASSAN
Resident Shari'ah Board Member

MUFTI ABDUL SATTAR LAGHARI
Member Shari'ah Board

Karachi: 22 February 2022 | Rajab 20, 1443 A.H.

INDEPENDENT AUDITOR'S REPORT

To the members of Habib Metropolitan Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Habib Metropolitan Bank Limited ("the Bank"), which comprise the unconsolidated statement of financial position as at 31 December 2021 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information in which are incorporated the unaudited certified returns received from the branches except for thirty branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

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 Unconsolidated Financial Statements section of our report. We are independent of the Bank 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current year. These matters were addressed in the context of our audit of the unconsolidated 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 Matter	How the matter was addressed in our audit
1	**PROVISION AGAINST ADVANCES**	
	Refer notes 4.5 and 10 to the unconsolidated financial statements for accounting policy and particulars of provision against advances. Bank's advances to the customers represent 32.54% of its total assets. These are stated net of provision against advances of Rs. 20.99 billion as at 31 December 2021. Specific provision against advances was identified as a key focus area in our audit as it involves a considerable degree of management judgment and estimation uncertainty along with compliance with the regulatory requirements.	Our audit procedures to verify provision against advances included: • Assessed the design and tested the operating effectiveness of key controls established by the Bank for provisioning required against non-performing loans. • We have performed following procedures on a sample basis: - verified repayments of loan / mark-up installments and checked that borrowers have been correctly classified and categorized based on the basis of number of overdue days;

S. No.	Key Audit Matters	How the matter was addressed in our audit
		- where the management has not identified as displaying indicators of impairment, challenged the management's assessment b y compar ing the historical performance, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present; and - where the management has identified as displaying indicators of impair ment, assessed the number of overdue da ys and fac tors used f or calculation of provision in accordance with the Prudential Regulations.

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

Management is responsible for the other information. The other information comprises the information included in the Gr oup's Annual Report but does not include the unconsolidat ed financial statements, consolidated financial statements and our auditors' reports thereon and our review report on Code of Corporate Governance.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other inf ormation is materially inconsistent with the unconsolidat ed financial statements or our knowledge obtained in the audit, or other wise appears to be materially misstated. If, based on the w ork we have performed, we conclude that there is a material misstatement of this other inf ormation, 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in P akistan, 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 le vel of assurance, but is not a guarant ee that an audit conduc ted in accordance with ISAs as applicable in P akistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or er ror 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 unconsolidated 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 unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit e vidence that is sufficient and appr opriate 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 Bank'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 Bank'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 unconsolidated 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements:

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flow together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi: 03 March 2022
UDIN: AR202110201mtPYRg3CV

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021	2020
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	83,385,865	54,694,603
Balances with other banks	7	2,995,850	1,990,862
Lendings to financial institutions	8	3,941,284	1,000,000
Investments	9	667,995,813	584,531,633
Advances	10	398,381,922	312,166,805
Fixed assets	11	12,014,494	9,033,002
Intangible assets	12	120,689	89,690
Deferred tax assets	13	3,216,521	1,156,509
Other assets	14	52,364,002	52,909,079
		1,224,416,440	1,017,572,183
LIABILITIES			
Bills payable	15	17,944,644	15,421,002
Borrowings	16	316,166,512	201,722,849
Deposits and other accounts	17	772,286,057	680,955,712
Liabilities against assets subject to finance lease		–	–
Sub-ordinated debts		–	–
Deferred tax liabilities		–	–
Other liabilities	18	55,044,575	61,824,409
		1,161,441,788	959,923,972
NET ASSETS		62,974,652	57,648,211
REPRESENTED BY			
Share capital	19	10,478,315	10,478,315
Reserves		22,679,604	19,986,241
Surplus / (deficit) on revaluation of assets - net of tax	20	(381,836)	3,164,807
Unappropriated profit		30,198,569	24,018,848
		62,974,652	57,648,211
CONTINGENCIES AND COMMITMENTS	21		

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

UNCONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		Rupees in '000	
Mark-up / return / interest earned	23	73,395,933	76,123,412
Mark-up / return / interest expensed	24	(43,899,120)	(47,360,682)
Net mark-up / interest income		29,496,813	28,762,730
Non mark-up / interest income			
Fee and commission income	25	6,905,971	5,375,779
Dividend income		145,087	185,969
Foreign exchange income		3,706,963	4,086,904
Income / (loss) from derivatives		–	–
Gain / (loss) on securities	26	102,026	(44,339)
Other income	27	280,080	45,963
Total non mark-up / interest income		11,140,127	9,650,276
Total income		40,636,940	38,413,006
Non mark-up / interest expenses			
Operating expenses	28	16,601,210	14,321,741
Workers' welfare fund		314,825	456,500
Other charges	29	170,918	96,267
Total non mark-up / interest expenses		(17,086,953)	(14,874,508)
Profit before provisions		23,549,987	23,538,498
Provisions and write offs - net	30	(2,009,284)	(3,501,713)
Extra ordinary / unusual items		–	–
Profit before taxation		21,540,703	20,036,785
Taxation	31	(8,082,130)	(8,028,589)
Profit after taxation		13,458,573	12,008,196
		Rupees	
Basic and diluted earnings per share	32	12.84	11.46

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	Rupees in '000	
Profit after taxation	13,458,573	12,008,196
Other comprehensive income		
Items that may be reclassified to profit and loss in subsequent periods:		
Effect of translation of net investment in an offshore branch - net of tax	1,648	85
Movement in surplus / deficit on revaluation of investments - net of tax	(4,696,762)	6,053,328
	(4,695,114)	6,053,413
Items that will not be reclassified to profit and loss in subsequent periods:		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(22,390)	64,314
Movement in surplus on revaluation of non-banking assets - net of tax	1,314,275	–
Movement in surplus on revaluation of non-banking assets due to change in tax rate	(13,661)	–
	1,278,224	64,314
Total comprehensive income	10,041,683	18,125,923

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Reserves					Surplus / (deficit) on revaluation			
	Share capital	Exchange translation reserve	Share premium	Statutory reserve	Special reserve	Revenue reserve	Investments	Non-banking assets	Un-appropriated profit	Total
	Rupees in '000									
Opening balance as at 1 January 2020	10,478,315	28	2,550,985	13,293,143	240,361	1,500,000	(3,110,491)	225,431	19,059,758	44,237,530
Profit after taxation	–	–	–	–	–	–	–	–	12,008,196	12,008,196
Other comprehensive income - net of tax	–	85	–	–	–	–	6,053,328	–	64,314	6,117,727
Total comprehensive income	–	85	–	–	–	–	6,053,328	–	12,072,510	18,125,923
Transfer to statutory reserve	–	–	–	2,401,639	–	–	–	–	(2,401,639)	–
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	–	–	–	–	–	–	–	(3,461)	3,461	–
Transactions with owners, recorded directly in equity										
Cash dividend (Rs.2.50 per share) for the year ended 31 December 2019	–	–	–	–	–	–	–	–	(2,619,579)	(2,619,579)
Interim dividend (Rs.2.00 per share) for the year ended 31 December 2020	–	–	–	–	–	–	–	–	(2,095,663)	(2,095,663)
Balance as at 31 December 2020	10,478,315	113	2,550,985	15,694,782	240,361	1,500,000	2,942,837	221,970	24,018,848	57,648,211
Profit after taxation	–	–	–	–	–	–	–	–	13,458,573	13,458,573
Other comprehensive income - net of tax	–	1,648	–	–	–	–	(4,696,762)	1,300,614	(22,390)	(3,416,890)
Total comprehensive income	–	1,648	–	–	–	–	(4,696,762)	1,300,614	13,436,183	10,041,683
Transfer to statutory reserve	–	–	–	2,691,715	–	–	–	–	(2,691,715)	–
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	–	–	–	–	–	–	–	(150,495)	150,495	–
Transactions with owners, recorded directly in equity										
Cash dividend (Rs. 2.50 per share) for the year ended 31 December 2020	–	–	–	–	–	–	–	–	(2,619,579)	(2,619,579)
Interim dividend (Rs. 2.00 per share) for the year ended 31 December 2021	–	–	–	–	–	–	–	–	(2,095,663)	(2,095,663)
Balance as at 31 December 2021	10,478,315	1,761	2,550,985	18,386,497	240,361	1,500,000	(1,753,925)	1,372,089	30,198,569	62,974,652

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		21,540,703	20,036,785
Less: Dividend income		(145,087)	(185,969)
		21,395,616	19,850,816
Adjustments			
Depreciation on operating fixed assets	11.2	1,217,389	1,070,006
Depreciation on right-of-use assets	11.2	1,035,343	808,337
Depreciation on non-banking assets	14.1.1	33,870	18,428
Amortisation	12	71,090	59,365
Mark-up / return / interest expensed on lease liability against right-of-use assets	24	631,775	581,334
Provisions and write-offs excluding recovery of written off bad debts	30	2,041,426	3,518,278
Net gain on sale of fixed assets	27	(24,055)	(22,259)
Gain on sale of non-banking assets	27	(227,988)	–
Provision against workers welfare fund		314,825	456,500
Provision against compensated absences	28.1	84,629	107,917
		5,178,304	6,597,906
		26,573,920	26,448,722
(Increase) / decrease in operating assets			
Lendings to financial institutions		(2,941,284)	21,197,303
Advances		(88,422,789)	(53,551,304)
Other assets (excluding current taxation, dividend and non-banking assets)		(3,574,445)	2,297,066
		(94,938,518)	(30,056,935)
Increase / (decrease) in operating liabilities			
Bills payable		2,523,642	3,681,619
Borrowings from financial institutions		118,731,860	57,047,689
Deposits and other accounts		91,330,345	69,086,464
Other liabilities (excluding current taxation)		(3,046,489)	(3,062,891)
		209,539,358	126,752,881
		141,174,760	123,144,668
Payment against compensated absences		(67,513)	(86,735)
Income tax paid		(8,115,015)	(5,889,830)
Net cash flow from operating activities		132,992,232	117,168,103
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(101,330,056)	(129,538,878)
Net investments in held-to-maturity securities		10,464,261	3,056,478
Dividend received		139,197	183,363
Investments in fixed assets		(2,892,321)	(1,434,871)
Investments in intangible assets		(102,089)	(82,593)
Proceeds from sale of fixed assets		31,326	28,817
Proceeds from sale of non-banking assets		784,404	–
Effect of translation of net investment in an offshore branch		2,701	85
Net cash flow used in investing activities		(92,902,577)	(127,787,599)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(4,692,365)	(4,692,544)
Payment of lease liability against right-of-use assets		(1,412,843)	(990,632)
Net cash used in financing activities		(6,105,208)	(5,683,176)
Increase / (decrease) in cash and cash equivalents		33,984,447	(16,302,672)
Cash and cash equivalents at the beginning of the year		52,367,519	68,670,191
Cash and cash equivalents at the end of the year	33	86,351,966	52,367,519

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. STATUS AND NATURE OF BUSINESS

Habib Metropolitan Bank Limited (the Bank) 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 Bank operates 459 (2020: 406) branches, including 49 (2020: 32) Islamic banking branches, an offshore branch (Karachi Export Processing Zone branch) and 30 (2020: 30) sub branches in Pakistan. The Bank is a subsidiary of Habib Bank A G Zurich - Switzerland (the Holding Company with 51% shares in the Bank) which is incorporated in Switzerland.

The registered office of the Bank is situated at HabibMetro Head Office, I.I. Chundrigar Road, Karachi.

2. BASIS OF PRESENTATION

2.1 These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank and its subsidiary companies are being separately issued.

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

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

2.2 Statement of Compliance

These unconsolidated 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 unconsolidated 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 unconsolidated financial statements of the Bank. 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 Bank's accounting periods beginning on or after 1 January 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

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

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – As per State Bank of Pakistan (SBP) BPRD Circular Letter No. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective 1 January 2022. The standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The aforementioned SBP circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, together with further clarifications required in certain areas. Due to the fact that final instructions have not yet been issued and the reservations shared by the industry over the draft instructions are still to be addressed, the impact of application of IFRS 9 on Bank's financial statements is presently being assessed. Banks are collectively of the opinion that impact on initial application of IFRS 9 will only be reasonably estimated subsequent to issuance of final application guidelines by SBP.

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)
Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 percent' test for de-recognition of financial liabilities	01 January 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	01 January 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of International Financial Reporting Standards	01 January 2014
IFRS 17 – Insurance Contracts	01 January 2023

2.5 Critical Accounting Estimates and Judgments

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

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

i) Classification, valuations and impairment of investments (note 4.4)
ii) Provision against non-performing loans and advances (note 4.5.1)
iii) Depreciation (note 4.6.2) and amortisation (note 4.7)
iv) Valuation of Non-banking assets acquired in satisfaction of claims (note 4.8)
v) Taxation (note 4.11)
vi) Defined benefit plan (note 4.13.1)
vii) Compensated absences (note 4.13.2)
viii) Right-of-use assets (note 4.6.3) and related lease liability (note 4.14)
ix) Impairment of non-financial assets (excluding deferred tax asset) (note 4.21)

3. BASIS OF MEASUREMENT

Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except that certain investments are stated at market value, 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 4.4, 4.8 and 4.9 respectively.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These have been consistently applied to all the years presented.

4.2 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.

4.3 Lendings to / borrowings from financial institutions

The Bank 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 markup 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 markup expense on a pro-rata basis over the term of the repo agreement.

Bai muajjal

In Bai Muajjal, the Bank 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 Bank 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 Bank accepts funds from the SBP under Shirkat-ul-aqd to constitute a pool for investment in islamic export refinance portfolio of the Bank 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 Bank accepts funds from the SBP which are received on mudaraba basis for investment in the pool of the Bank. 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 Investments

4.4.1 Investments in subsidiary companies are stated at cost less provision for impairment, if any.

4.4.2 Other 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 Muajal transactions undertaken with the Government of Pakistan are disclosed as investments.

Available-for-sale

These are investments except from those made in subsidiary companies and that do not fall under the held-for trading or held-to-maturity categories.

4.4.3 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 Bank 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 Bank's held-for-trading investment portfolio is taken to the profit and loss account.

Held-to-maturity

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

Available-for-sale

Quoted securities classified as available-for-sale are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation of quoted securities classified as 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.

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

4.5.1 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 is charged to profit and loss account. The Bank 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 Bank's policy when there are no realistic prospects of recovery.

4.5.2 Finance lease receivables

Leases where the Bank 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.

4.5.3 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 Bank 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 Bank 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 Bank's musharaka share by the customer. The Bank 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 wheras transfer / sale payments are applied towards reducing the outstanding principal.

Running musharaka

Under running musharaka, the Bank 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 Bank subject to customer's 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 Bank places an order to purchase some specific goods / commodities from its customers to be manufactured / delivered to the Bank within an agreed time. The goods are then sold and the amount financed along with profit is paid back to the Bank.

Al-Bai

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

Murabaha

In Murabaha transactions, the Bank 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 Bank are then sold by the customer on behalf of the Bank and the financed amount along with profit is paid to the Bank.

4.6 Fixed assets

4.6.1 Capital work-in-progress

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

4.6.2 Property and equipment (Owned)

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which are stated at cost less 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 car rying amount only when it is pr obable that future economic benefits associated with the item will flow to the Bank 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 futur e 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.

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

The Bank recognizes a right-of-use asset and lease liability at the lease commencement dat e. The right-of-use asset is initially measured at amount equal to present value of lease liability, and subsequently at cost less an y 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 fr om the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term.

The lease liabilit y is initially measur ed at the pr esent value of the lease pa yments that ar e unpaid at the commencement date, discounted using the Bank'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.

4.7 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 Bank. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each statement of financial position date.

4.8 Non-banking assets

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and subsequently carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued by professionally qualified valuators with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value.

A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to the profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Bank'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 seperately.

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

4.9 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.

4.10 Provisions

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

Other provisions are recognised when the Bank 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.

4.11 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.

4.11.1 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.

4.11.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities f or financial reporting purposes and amounts used f or 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 Bank 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.

4.12 Deposits / Borrowings

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

4.13 Employees' benefits

4.13.1 Retirement benefits

Defined benefit plan

The Bank operates an approved funded gratuity scheme for all its permanent employees. Retirement benefits are payable to the members of the scheme 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 plan is recognised in the profit and loss accounts.

Defined contribution plan

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

4.13.2 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 the terms 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 Bank for the determination of the liability for compensated absences. Liability so determined is fully recognised by the Bank.

4.14 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 Bank'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.

4.15 Revenue recognition

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

4.15.1 Advances and investments

- Mark-up / return / interest 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 Bank's right to receive the dividend is established.
- Gains and losses on sale of investments are recognised in the profit and loss account.
- Income on bills discounted are recognised over the period of the bill.

4.15.2 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 Bank'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.

4.15.3 Fees, commission and brokerage

Fees, commission and brokerage income is recognized on an accrual basis.

4.16 Off setting

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

4.17 Foreign currencies

4.17.1 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 foreign 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.

4.17.2 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'.

4.17.3 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 unconsolidated financial statements are translated at contracted rates.

4.18 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products 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 Bank's primary format of reporting is based on the following business segments.

4.18.1 Business segments

a) Trading and sales

This segment undertakes the Bank'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.

4.18.2 Geographical segments

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

4.19 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 unconsolidated financial statements of the current year. These are recognised in the period in which these are declared/ approved.

4.20 Earnings per share

The Bank 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 Bank does not have any convertible instruments in issue.

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

At each statement of financial position date, the Bank reviews the carrying amount of its assets (other than deferred tax asset) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of relevant asset is estimated. Recoverable amount is the greater of the net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying

amount of the assets is reduced to its recoverable amount. The resulting impairment loss is recognised as an expense immediately. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

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

4.22 Acceptances

Acceptances comprises undertakings by the Bank 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 unconsolidated financial statements.

4.23 Financial instruments

All financial assets and liabilities are recognised at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Bank 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.

5. FUNCTIONAL AND PRESENTATION CURRENCY

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

	Note	2021	2020
		Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		6,711,218	7,695,676
Foreign currencies		580,139	1,039,893
		7,291,357	8,735,569
With State Bank of Pakistan in			
Local currency current account	6.1	54,589,341	27,378,376
Foreign currencies			
– current accounts	6.2	1,347,685	83,730
– cash reserve account	6.3	5,475,902	5,306,457
Foreign currency deposit account			
– special cash reserve account	6.4	10,110,791	10,176,561
		71,523,719	42,945,124
With National Bank of Pakistan in			
Local currency current accounts		4,446,115	2,613,310
Prize bonds		124,674	400,600
		83,385,865	54,694,603

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

6.4 This represents account maintained with the SBP to comply with the special cash reserve requirement against foreign currency deposits. The return on this account is declared by the SBP on a monthly basis and, as at 31 December 2021, carries mark-up at the rate of 0% (2020: 0%) per annum.

7. BALANCES WITH OTHER BANKS

	Note	2021	2020
		Rupees in'000	
In Pakistan			
In current accounts		212,662	171,108
In deposit accounts	7.1	967	4,696
		213,629	175,804
Outside Pakistan			
In current accounts	7.2	2,782,221	1,815,058
		2,995,850	1,990,862

7.1 These carry mark-up rate of 7.25% (2020: 5.50%) per annum.

7.2 These include balances in current accounts amounting to Rs. 184,060 thousand (2020: Rs. 98,181 thousand) with branches of the holding company.

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	8.2	441,284	–
Mudaraba placements	8.3	3,500,000	–
Musharakah placements		–	1,000,000
		3,941,284	1,000,000

8.1 Particulars of lendings

In local currency - unsecured	3,500,000	1,000,000
In foreign currency - unsecured	441,284	–
	3,941,284	1,000,000

8.2 These carry mark-up rate of 1.10% (2020: Nil) per annum with maturity upto 12 January 2022 (2020: Nil).

8.3 These carry profit rate of 10.70% (2020: Nil) per annum with maturity upto 24 January 2022 (2020: Nil).

9. INVESTMENTS

9.1 Investments by types

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	629,433,212	–	(2,848,310)	626,584,902	529,525,794	–	4,726,542	534,252,336
Shares	1,453,396	(380,494)	224,696	1,297,598	1,049,902	(377,389)	245,600	918,113
Non-government debt securities	11,388,952	(115,554)	(323,605)	10,949,793	10,654,678	(120,551)	(438,347)	10,095,780
Mutual funds	30,140	(10,426)	3,963	23,677	30,140	(9,647)	6,086	26,579
Real estate investment trust	672,739	–	67,969	740,708	387,869	–	(12,440)	375,429
	642,978,439	(506,474)	(2,875,287)	639,596,678	541,648,383	(507,587)	4,527,441	545,668,237
Held-to-maturity securities								
Federal government securities	22,469,135	–	–	22,469,135	34,358,396	–	–	34,358,396
Non-government debt securities	5,100,000	–	–	5,100,000	3,675,000	–	–	3,675,000
	27,569,135	–	–	27,569,135	38,033,396	–	–	38,033,396
Subsidiaries	830,000	–	–	830,000	830,000	–	–	830,000
Total investments	671,377,574	(506,474)	(2,875,287)	667,995,813	580,511,779	(507,587)	4,527,441	584,531,633

9.2 Investment in subsidaries - incorporated in Pakistan

	Holding %	Assets	Liabilities	Revenue	Profit after tax	Total comprehensive income
		Rupees in '000				
2021						
Habib Metropolitan Financial Services Limited	100%	510,949	172,481	65,592	4,351	2,651
Habib Metropolitan Modaraba Management Company (Private) Limited	100%	534,417	23,259	89,112	39,318	23,131
Habib Metro Modaraba	60%	351,420	28,826	38,917	16,038	16,038
2020						
Habib Metropolitan Financial Services Limited	100%	485,236	149,069	71,350	9,570	13,332
Habib Metropolitan Modaraba Management Company (Private) Limited	100%	504,842	16,210	82,597	38,887	40,958
Habib Metro Modaraba	60%	334,384	15,829	42,336	19,339	19,339

9.3 Investments by segments

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal government securities								
Market treasury bills	409,364,470	–	(747,167)	408,617,303	344,341,247	–	627,033	344,968,280
Pakistan investment bonds	217,583,004	–	(1,539,806)	216,043,198	200,184,041	–	4,775,398	204,959,439
Ijarah sukuk	24,224,162	–	(561,337)	23,662,825	15,750,214	–	(675,889)	15,074,325
Bai muajjal	–	–	–	–	3,608,688	–	–	3,608,688
Islamic naya Pakistan certificate mudaraba investment pool - US Dollar	671,987	–	–	671,987	–	–	–	–
Islamic naya Pakistan certificate mudaraba investment pool - Pak Rupee	58,724	–	–	58,724	–	–	–	–
	651,902,347	–	(2,848,310)	649,054,037	563,884,190	–	4,726,542	568,610,732
Shares								
Listed companies	1,321,667	(301,423)	224,696	1,244,940	915,387	(298,318)	245,600	862,669
Unlisted companies	131,729	(79,071)	–	52,658	134,515	(79,071)	–	55,444
	1,453,396	(380,494)	224,696	1,297,598	1,049,902	(377,389)	245,600	918,113
Non-government debt securities								
Listed								
Term finance certificates	1,161,101	(68,866)	5,337	1,097,572	2,430,652	(70,403)	(28,542)	2,331,707
Sukuk certificates / bonds	7,076,163	–	(336,553)	6,739,610	7,207,674	–	(409,835)	6,797,839
Unlisted								
Term finance certificates	2,446,138	(21,138)	–	2,425,000	516,138	(21,138)	–	495,000
Sukuk certificates / bonds	705,550	(25,550)	7,611	687,611	500,214	(29,010)	30	471,234
Certificates of investment	5,100,000	–	–	5,100,000	3,675,000	–	–	3,675,000
	16,488,952	(115,554)	(323,605)	16,049,793	14,329,678	(120,551)	(438,347)	13,770,780
Mutual funds								
Open end	13,191	–	3,963	17,154	13,191	–	5,113	18,304
Close end	16,949	(10,426)	–	6,523	16,949	(9,647)	973	8,275
	30,140	(10,426)	3,963	23,677	30,140	(9,647)	6,086	26,579
Real estate investment trust	672,739	–	67,969	740,708	387,869	–	(12,440)	375,429
Subsidiaries								
Habib Metropolitan Financial Services Limited	300,000	–	–	300,000	300,000	–	–	300,000
Habib Metropolitan Modaraba Management Company (Private) Limited	350,000	–	–	350,000	350,000	–	–	350,000
Habib Metro Modaraba	180,000	–	–	180,000	180,000	–	–	180,000
	830,000	–	–	830,000	830,000	–	–	830,000
Total investments	671,377,574	(506,474)	(2,875,287)	667,995,813	580,511,779	(507,587)	4,527,441	584,531,633

	2021	2020
	Rupees in '000	

9.3.1 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	99,178,412	9,217,825
Pakistan investment bonds	83,891,118	82,695,225
	183,069,530	91,913,050

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

9.3.3 Investments include Rs. 132,000 thousand (2020: Rs. 132,000 thousand) pledged with the SBP against TT/DD discounting facilities and demand loan facilities.

9.4 Provision for diminution in value of investments

9.4.1	Opening balance	507,587	473,990
	Charge for the year	3,884	183,314
	Reversal for the year	(4,997)	(10,008)
	Net (reversal) / charge for the year	(1,113)	173,306
	Reversal on disposal	–	(139,709)
	Closing balance	506,474	507,587

9.4.2 Particulars of provision against debt securities

Category of classification	2021		2020	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Loss	115,554	115,554	120,551	120,551

9.5 Quality of available-for-sale securities

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

	2021	2020
	Cost / amortised cost	
	Rupees in '000	
Federal Government Securities - Government guaranteed		
Market treasury bills	409,364,470	344,341,247
Pakistan investment bonds	195,113,869	169,434,333
Ijarah sukuk	24,224,162	15,750,214
Islamic Naya Pakistan certificate Mudaraba investment pool - US Dollar	671,987	–
Islamic Naya Pakistan certificate Mudaraba investment pool - Pak Rupee	58,724	–
	629,433,212	529,525,794
Shares		
Listed companies		
Automobile parts and accessories	15,167	15,167
Cement	219,904	136,689
Commercial banks	586,051	372,856
Fertilizer	293,853	195,918
Investment banks / investment companies / securities companies	94,359	94,359
Oil and gas exploration, power generation and distribution	82,079	70,144
Transport	30,254	30,254
	1,321,667	915,387

	2021		2020	
	Cost	Break-up value	Cost	Break-up value
	Rupees in '000			
Unlisted companies				
Pakistan Export Finance Guarantee Limited	11,361	–	11,361	–
DHA Cogen Limited	50,000	–	50,000	–
Dawood Family Takaful Limited	35,000	22,925	35,000	19,320
Society for World Wide Inter Bank Financial Telecommunication (Swift)	7,844	43,517	10,630	48,240
Pakistan Corporate Restructuring Company Limited	27,524	25,817	27,524	27,524
	131,729	92,259	134,515	95,084

	Note	2021	2020
		Cost / amortised cost	
		Rupees in '000	
Non-government debt securities			
Listed			
AAA		400,000	1,398,400
AA+		142,835	142,835
AA		–	269,514
A+		749,400	249,500
AA-		200,000	200,000
A		100,000	600,000
A-		–	35,713
Unrated		6,645,029	6,742,364
		8,237,264	9,638,326
Unlisted			
AAA		1,750,000	60,714
AA+		760,000	–
AA		495,000	330,000
AA-		–	495,000
A		100,000	100,000
Unrated		46,688	30,638
		3,151,688	1,016,352
Mutual funds			
Unrated		30,140	30,140
Real estate investment trust - listed			
AAA (rr)		672,739	387,869
		672,739	387,869

9.6 Particulars relating to held-to-maturity securities are as follows:

Federal government securities - Government guaranteed			
Pakistan investment bonds		22,469,135	30,749,708
Bai muajjal		–	3,608,688
		22,469,135	34,358,396
Non-government debt securities - unlisted			
Certificates of investment - unrated	9.6.1	5,100,000	3,675,000

9.6.1 This represents certificates of investment (musharaka) carrying expected profit rate ranging from 7.40% to 11.75% (2020: 7.15% to 7.60%) per annum with maturity upto 02 March 2022 (2020: 30 March 2021).

9.6.2 The market value of securities classified as held-to-maturity is Rs. 25,851,532 thousand (2020: 37,980,796 thousand).

10. ADVANCES

	Note	Performing		Non-Performing		Total	
		2021	2020	2021	2020	2021	2020
		Rupees in '000					
Loans, cash credits, running finances, etc.	10.1	269,326,315	215,387,833	11,128,658	13,444,761	280,454,973	228,832,594
Islamic financing and related assets		78,645,641	56,661,899	722,390	822,665	79,368,031	57,484,564
Bills discounted and purchased		54,518,910	40,130,792	5,036,656	5,034,630	59,555,566	45,165,422
Advances - gross		402,490,866	312,180,524	16,887,704	19,302,056	419,378,570	331,482,580
Provision against advances							
- specific		–	–	(15,900,830)	(16,417,607)	(15,900,830)	(16,417,607)
- general		(5,095,818)	(2,898,168)	–	–	(5,095,818)	(2,898,168)
		(5,095,818)	(2,898,168)	(15,900,830)	(16,417,607)	(20,996,648)	(19,315,775)
Advances - net of provision		397,395,048	309,282,356	986,874	2,884,449	398,381,922	312,166,805

10.1 Includes net investment in finance lease as disclosed below:

	2021			2020		
	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	56,873	91,219	148,092	69,424	142,617	212,041
Residual value	86,669	39,777	126,446	91,255	33,780	125,035
Minimum lease payments	143,542	130,996	274,538	160,679	176,397	337,076
Financial charges for future periods	(14,239)	(9,967)	(24,206)	(18,118)	(22,926)	(41,044)
Present value of minimum lease payments	129,303	121,029	250,332	142,561	153,471	296,032

10.2 Particulars of advances - gross

	2021	2020
	Rupees in '000	
In local currency	369,167,849	296,313,201
In foreign currencies	50,210,721	35,169,379
	419,378,570	331,482,580

10.3 Advances include Rs. 16,887,704 thousand (2020: Rs. 19,302,056 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2021		2020	
	Non-performing advances	Provision	Non-performing advances	Provision
	Rupees in '000			
Domestic				
Substandard	28,740	1,098	14,200	–
Doubtful	1,462,928	529,294	5,386,811	2,539,062
Loss	15,396,036	15,370,438	13,901,045	13,878,545
	16,887,704	15,900,830	19,302,056	16,417,607

10.4 Particulars of provision against advances

	Note	2021			2020		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
Opening balance		16,417,607	2,898,168	19,315,775	15,294,415	1,621,537	16,915,952
Charge for the year		2,358,300	2,197,650	4,555,950	4,413,921	1,276,631	5,690,552
Reversals for the year		(2,348,278)	–	(2,348,278)	(2,594,580)	–	(2,594,580)
Net charge for the year		10,022	2,197,650	2,207,672	1,819,341	1,276,631	3,095,972
Amount written off	10.5	(526,799)	–	(526,799)	(696,149)	–	(696,149)
Closing balance		15,900,830	5,095,818	20,996,648	16,417,607	2,898,168	19,315,775

10.4.1 General provision includes provision of Rs. 25,248 thousand (2020: Rs. 2,915 thousand) made against consumer portfolio and Rs. 5 thousand (2020: Rs. 17 thousand) made against small enterprises (SEs) portfolio as required by the Prudential Regulations issued by the SBP.

10.4.2 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	15,406,254	5,095,818	20,502,072	15,968,899	2,898,168	18,867,067
In foreign currencies	494,576	–	494,576	448,708	–	448,708
	15,900,830	5,095,818	20,996,648	16,417,607	2,898,168	19,315,775

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

In accordance with BSD Circular No. 1 of 21 October 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing loans and advances. Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 208,257 thousand (2020: Rs. 156,904 thousand) and profit after tax would have been lower by Rs. 127,036 thousand (2020: Rs. 101,988 thousand). This amount of Rs. 127,036 thousand (2020: Rs. 101,988 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	2021	2020
		Rupees in '000	
10.5 Particulars of write offs			
10.5.1 Against provisions	10.4	526,799	696,149
Directly charged to profit and loss account		–	–
		526,799	696,149
10.5.2 Write offs of Rs. 500,000/- and above		526,799	696,149
Write offs of below Rs. 500,000/-		–	–
		526,799	696,149

10.6 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 2021 is enclosed as Annexure I. However, this write off does not affect the Bank's right to recover the debts from these customers.

11. FIXED ASSETS

Capital work-in-progress	11.1	180,791	684,335
Property and equipment	11.2	11,833,703	8,348,667
		12,014,494	9,033,002

11.1 Capital work-in-progress

Civil works	11.1.1	90,388	481,194
Advance to suppliers		90,403	203,141
		180,791	684,335

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

11.2 Property and equipment

	2021									
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvements	Right-of-use assets	Total
	Rupees in '000									
At 1 January 2021										
Cost	59,871	99,340	356,349	2,711,067	623,748	3,965,950	176,523	3,437,791	5,772,084	17,202,723
Accumulated depreciation	–	(3,609)	(204,522)	(1,078,644)	(364,181)	(2,893,791)	(68,089)	(2,663,190)	(1,578,030)	(8,854,056)
Net book value	59,871	95,731	151,827	1,632,423	259,567	1,072,159	108,434	774,601	4,194,054	8,348,667
Year ended December 2021										
Opening net book value	59,871	95,731	151,827	1,632,423	259,567	1,072,159	108,434	774,601	4,194,054	8,348,667
Additions	1,326,987	–	–	–	225,806	773,217	68,199	999,681	–	3,393,890
Additions to right-of-use assets	–	–	–	–	–	–	–	–	2,349,174	2,349,174
Exchange rate adjustments	–	–	–	1,718 *	136 *	118 *	3 *	–	–	1,975
Disposals	–	–	–	–	(1,082)	(1,536)	(4,653)	–	–	(7,271)
Depreciation charge	–	(1,110)	(12,304)	(101,203)	(86,533)	(578,125)	(43,704)	(394,410)	(1,035,343)	(2,252,732)
Closing net book value	1,386,858	94,621	139,523	1,532,938	397,894	1,265,833	128,279	1,379,872	5,507,885	11,833,703
At 31 December 2021										
Cost	1,386,858	99,340	356,349	2,712,785	837,506	4,628,341	237,173	4,437,472	8,121,258	22,817,082
Accumulated depreciation	–	(4,719)	(216,826)	(1,179,847)	(439,612)	(3,362,508)	(108,894)	(3,057,600)	(2,613,373)	(10,983,379)
Net book value	1,386,858	94,621	139,523	1,532,938	397,894	1,265,833	128,279	1,379,872	5,507,885	11,833,703
Rate of depreciation (percentage)	–	1.49	4	4	15	25	20	20		

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

	2020									
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvements	Right-of-use assets	Total
	Rupees in '000									
At 1 January 2020										
Cost	59,871	99,340	356,349	2,708,026	523,008	3,454,715	131,604	3,072,168	4,595,835	15,000,916
Accumulated depreciation	–	(2,300)	(192,361)	(973,263)	(301,844)	(2,400,643)	(42,890)	(2,354,873)	(769,693)	(7,037,867)
Net book value	59,871	97,040	163,988	1,734,763	221,164	1,054,072	88,714	717,295	3,826,142	7,963,049
Year ended December 2020										
Opening net book value	59,871	97,040	163,988	1,734,763	221,164	1,054,072	88,714	717,295	3,826,142	7,963,049
Additions	–	–	–	2,573	105,495	564,540	55,457	365,623	–	1,093,688
Additions to right-of-use assets	–	–	–	–	–	–	–	–	1,176,249	1,176,249
Exchange rate adjustments	–	–	–	468 *	113 *	–	1*	–	–	582
Disposals	–	–	–	–	(262)	(1,106)	(5,190)	–	–	(6,558)
Depreciation charge	–	(1,309)	(12,161)	(105,381)	(66,943)	(545,347)	(30,548)	(308,317)	(808,337)	(1,878,343)
Closing net book value	59,871	95,731	151,827	1,632,423	259,567	1,072,159	108,434	774,601	4,194,054	8,348,667
At 31 December 2020										
Cost	59,871	99,340	356,349	2,711,067	623,748	3,965,950	176,523	3,437,791	5,772,084	17,202,723
Accumulated depreciation	–	(3,609)	(204,522)	(1,078,644)	(364,181)	(2,893,791)	(68,089)	(2,663,190)	(1,578,030)	(8,854,056)
Net book value	59,871	95,731	151,827	1,632,423	259,567	1,072,159	108,434	774,601	4,194,054	8,348,667
Rate of depreciation (percentage)	–	1.49	4	4	15	25	20	20		

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

11.2.1 The cost of fully depreciated assets still in use includes:

	2021	2020
	Rupees in '000	
Furniture and fixture	193,906	164,563
Electrical, office and computer equipment	2,201,796	1,814,345
Vehicles	8,867	7,625
Lease hold improvements	2,064,707	1,974,581

11.2.2 Details of fixed assets disposed-off to related parties during the year ended 31 December 2021

Particulars	Cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000				
Vehicle	17	8	910	As per HR policy	Mr. Gohar Shakeel (Employee)
Vehicle	19	14	14	As per HR policy	Mr. Awais Maqsood (Ex-employee)
Vehicle	23	13	1,485	As per HR policy	Mr. Wahid Yunus Dada (Employee)
Vehicle	17	11	969	As per HR policy	Mr. Iqbal Shah (Ex-employee)
Computer equipment	81	9	9	As per HR policy	Mr. Abbas Muhammad (Ex-employee)
Vehicle	16	7	7	As per HR policy	Mr. Abbas Muhammad (Ex-employee)
Vehicle	2,515	2,300	2,300	As per HR policy	Mr. Ehtisham Ali (Ex-employee)
Vehicle	2,525	1,722	2,500	As per HR policy	Mr. Moazzam Ahmed Akhtar (Ex-employee)
Vehicle	2,129	577	577	As per HR policy	Mr. Fasial Saleem Rathor (Ex-employee)

12. INTANGIBLE ASSETS

	Computer software	
	2021	2020
	Rupees in '000	
At 1 January		
Cost	546,907	464,314
Accumulated amortisation	(457,217)	(397,852)
Net book value	89,690	66,462
Year ended 31 December		
Opening net book value	89,690	66,462
Additions - directly purchased	102,089	82,593
Amortisation charge	(71,090)	(59,365)
Closing net book value	120,689	89,690
At 31 December		
Cost	648,996	546,907
Accumulated amortisation	(528,307)	(457,217)
Net book value	120,689	89,690
Rate of amortisation (percentage)	33.3	33.3
Useful life in years	3	3

12.1 The cost of fully amortised intangible assets (computer software) still in use is Rs. 425,995 thousand (2020: Rs. 400,434 thousand).

13. DEFERRED TAX ASSETS

	2021			
	Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2021
	Rupees in '000			
Deductable temporary differences on				
Provision for diminution in value of investments	177,655	19,869	–	197,524
Provision against advances and off - balance sheet	2,555,455	6,490	–	2,561,945
Provision against other assets	87,150	(87,150)	–	–
Accelerated tax depreciation	34,593	159,292	–	193,885
Deferred liability on defined benefit plan	5,781	–	14,315	20,096
Deficit on revaluation of investments	(1,584,604)	–	2,705,966	1,121,362
	1,276,030	98,501	2,720,281	4,094,812
Taxable temporary differences on				
Surplus on revaluation of non-banking assets	(119,521)	96,218	(853,935)	(877,238)
Exchange translation reserve	–	–	(1,053)	(1,053)
	(119,521)	96,218	(854,988)	(878,291)
	1,156,509	194,719	1,865,293	3,216,521

	2020			
	Balance as at January 01, 2020	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2020
	Rupees in '000			
Deductable temporary differences on				
Provision for diminution in value of investments	165,897	11,758	–	177,655
Provision against advances and off - balance sheet	2,024,464	530,991	–	2,555,455
Provision against other assets	–	87,150	–	87,150
Accelerated tax depreciation	(71,833)	106,426	–	34,593
Deferred liability on defined benefit plan	40,412	–	(34,631)	5,781
	2,158,940	736,325	(34,631)	2,860,634
Taxable temporary differences on				
Surplus on revaluation of non-banking assets	(121,385)	1,864	–	(119,521)
Surplus / (deficit) on revaluation of investments	1,674,880	–	(3,259,484)	(1,584,604)
	1,553,495	1,864	(3,259,484)	(1,704,125)
	3,712,435	738,189	(3,294,115)	1,156,509

14. OTHER ASSETS

	Note	2021	2020
		Rupees in '000	
Income / mark-up / profit accrued in local currency - net of provision		11,292,467	10,049,786
Income / mark-up / profit accrued in foreign currencies - net of provision		92,100	11,630
Advances, deposits, advance rent and other prepayments		274,871	207,175
Non-banking assets acquired in satisfaction of claim	14.1	2,297,568	2,641,141
Branch adjustment account		–	41
Mark-to-market gain on forward foreign exchange contracts		6,217,789	4,718,094
Acceptances		29,225,097	34,998,772
Receivable from the SBP against encashment of government securities		20,657	11,990
Stationery and stamps on hand		110,208	101,678
Others		958,918	286,281
		50,489,675	53,026,588
Provision against other assets	14.2	(375,000)	(459,000)
Other assets (net of provision)		50,114,675	52,567,588
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20.1	2,249,327	341,491
		52,364,002	52,909,079

	2021	2020
	Rupees in '000	
14.1 Market value of non-banking assets acquired in satisfaction of claims	4,546,895	3,249,798

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.

	2021	2020
	Rupees in '000	
14.1.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	2,982,632	764,060
Additions	–	2,237,000
Revaluation	2,154,549	–
Disposals	(313,155)	–
Reversal of surplus on disposal of non-banking assets	(243,261)	–
Depreciation	(33,870)	(18,428)
Closing balance	4,546,895	2,982,632

14.1.2 This includes non-banking assets amounting to Rs. 247,056 thousand held by the Bank, which it intends to transfer to fixed assets for its own use when available in the next financial year.

14.2 Movement in provision held against other assets

Opening balance	459,000	210,000
Charge for the year	165,000	249,000
Reversal for the year	(249,000)	–
	(84,000)	249,000
Closing balance	375,000	459,000

15. BILLS PAYABLE

In Pakistan	17,856,030	15,337,849
Outside Pakistan	88,614	83,153
	17,944,644	15,421,002

	Note	2021	2020
		Rupees in '000	
16. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme	16.2	68,897,225	64,704,959
Under long term financing facility - renewable energy scheme	16.3	1,592,554	982,960
Under long term financing facility - locally manufactured plant and machinery scheme	16.4	18,184,877	14,832,149
Under refinance for payment of wages and salaries	16.5	12,662,380	20,810,171
Under temporary economic refinance facility	16.6	28,219,857	4,173,416
Under long term financing facility - for storage of agricultural produce scheme	16.7	639,685	256,481
Under refinance facility for modernization of SME	16.8	21,228	–
Under refinance facility for combating COVID-19	16.9	67,754	–
	16.10	130,285,560	105,760,136
Repurchase agreement borrowings (Repo)	16.11	182,851,203	91,644,767
		313,136,763	197,404,903
Unsecured			
Call borrowing	16.12	3,000,000	–
Overdrawn nostro accounts		29,749	4,317,946
		3,029,749	4,317,946
		316,166,512	201,722,849

16.1 Particulars of borrowings in respect of currencies

In local currency	316,136,763	197,404,903
In foreign currencies	29,749	4,317,946
	316,166,512	201,722,849

16.2 These borrowings have been obtained from the SBP for extending export finance to customers. These carry mark-up at rates ranging from 1.00% to 2.00% per annum (2020: 1.00% to 3.00% per annum) and are due to mature latest by 29 June 2022.

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 rate of 2.00% per annum (2020: 2.00% per annum) and are due to mature latest by 27 December 2033.

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 2.00% to 3.50% per annum (2020: 2.00% to 3.50% per annum) and are due to mature latest by 27 January 2032.

16.5 These borrowings have been obtained from the SBP under a scheme for providing financing facilities to help businesses in payment of wages and salaries to their employees during the pandemic and thereby support continued employment. These carry mark-up at rate of 0% per annum (2020: 0 % per annum) and are due to mature latest by 31 December 2022.

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 1.00% per annum (2020: 1.00% per annum) and are due to mature latest by 31 December 2032.

16.7 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rates of 2.00% per annum (2020: 2.00% per annum) and are due to mature latest by 30 September 2031.

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 rate of 1.00% per annum (2020: 1.00% per annum) and are due to mature latest by 1 June 2026.

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 rate of 0% per annum (2020: 0% per annum) and are due to mature latest by 30 June 2026.

16.10 As per the terms of the agreement, the Bank has granted the SBP the right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP.

16.11 These carry mark-up at rates ranging between 9.87% to 10.70% (2020: 6.15% to 7.05%) per annum having maturity upto 25 February 2022 (2020: 4 January 2021) and are secured against investments mentioned in note 9.3.1.

16.12 This carries mark-up at rate of 10.70% (2020: Nil) per annum having maturity upto 04 January 2022 (2020: Nil).

17. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current accounts	228,774,493	36,061,897	264,836,390	185,076,754	32,854,065	217,930,819
Savings deposits	171,147,729	22,694,898	193,842,627	158,741,477	23,866,671	182,608,148
Term deposits	208,829,163	50,892,644	259,721,807	211,496,123	41,495,660	252,991,783
Others	19,579,290	13,692	19,592,982	13,702,059	1,791	13,703,850
	628,330,675	109,663,131	737,993,806	569,016,413	98,218,187	667,234,600
Financial institutions						
Current deposits	1,364,423	1,922,927	3,287,350	1,631,604	1,058,671	2,690,275
Savings deposits	26,819,408	–	26,819,408	7,271,627	–	7,271,627
Term deposits	4,179,000	5,415	4,184,415	3,754,307	4,903	3,759,210
Others	1,078	–	1,078	–	–	–
	32,363,909	1,928,342	34,292,251	12,657,538	1,063,574	13,721,112
	660,694,584	111,591,473	772,286,057	581,673,951	99,281,761	680,955,712

17.1 Composition of deposits

	2021	2020
	Rupees in '000	
Individuals	321,412,477	288,049,370
Government (Federal and Provincial)	38,405,501	36,953,109
Public Sector Entities	52,559,203	45,775,408
Banking Companies	5,025,795	3,251,614
Non-Banking Financial Institutions	29,266,456	10,469,498
Private Sector	325,616,625	296,456,713
	772,286,057	680,955,712

17.2 This includes eligible deposits of Rs. 397,450,267 thousand (2020: Rs. 314,714,312 thousand) which are covered under deposit protection mechanism as required by the Deposit Protection Corporation circular no. 4 of 2018.

	Note	2021	2020
		Rupees in '000	

18. OTHER LIABILITIES

Mark-up / return / interest payable in local currency		6,715,789	7,786,278
Mark-up / return / interest payable in foreign currencies		429,878	348,217
Unearned commission and income on bills discounted		532,943	307,572
Accrued expenses		1,258,346	1,146,965
Current taxation (provision less payments)		2,299,988	2,229,140
Acceptances		29,225,097	34,998,772
Unclaimed dividend		113,832	90,955
Branch adjustment account		558	–
Mark to market loss on forward foreign exchange contracts		2,939,889	5,949,494
Provision for compensated absences		264,715	247,599
Payable to defined benefit plan	35.4	50,273	13,568
Provision against off-balance sheet obligations	18.1	32,583	113,716
Workers' welfare fund	18.3	2,022,500	1,616,689
Charity fund balance		4	–
Excise duty payable		2,629	1,575
Locker deposits		923,249	875,074
Advance against diminishing musharakah		82,808	2,541
Advance rental for ijarah		1,362	1,610
Security deposits against leases / ijarah		275,959	202,596
Sundry creditors		1,324,801	951,415
Lease liability against right-of-use assets	18.2	6,162,007	4,593,901
Withholding tax / duties		365,500	290,044
Others		19,865	56,688
		55,044,575	61,824,409

18.1 Provision against off-balance sheet obligations

Opening balance	113,716	113,716
Reversal for the year	(81,133)	–
Closing balance	32,583	113,716

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

18.2 Lease liability against right-of-use assets

Not later than one year	693,495	526,807
Later than one and less than five years	3,605,555	2,334,042
Over five years	1,862,957	1,733,052
	6,162,007	4,593,901

18.3 Under the Workers' Welfare Ordinance 1971, the Bank is liable to pay workers' welfare fund (WWF) @ 2% of accounting profit before tax or taxable income, whichever is higher. The Bank 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 Bank maintains its provision in respect of WWF.

19. SHARE CAPITAL

19.1 Authorised capital

2021	2020		2021	2020
(Number of shares)			Rupees in '000	
1,200,000,000	1,200,000,000	Ordinary shares of Rs. 10/- each	12,000,000	12,000,000

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
1,047,831,480	1,047,831,480		10,478,315	10,478,315

19.3 As of the date of statement of financial position, the holding company held 534,394 thousand (2020: 534,394 thousand) ordinary shares of Rs. 10/- each (51% holding).

20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2021	2020
		Rupees in '000	
Surplus / (deficit) on revaluation of			
– Non-banking assets acquired in satisfaction of claims	20.1	2,249,327	341,491
– Available-for-sale securities	9.1	(2,875,287)	4,527,441
		(625,960)	4,868,932
Less: Deferred tax on surplus / (deficit) on revaluation of			
– Non-banking assets acquired in satisfaction of claims	20.1	877,238	119,521
– Available-for-sale securities		(1,121,362)	1,584,604
		244,124	(1,704,125)
		(381,836)	3,164,807

20.1 Non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at 1 January	341,491	346,816
Revaluation of non-banking assets during the year - net of deferred tax	1,314,275	–
Reversal of surplus on disposal - net of deferred tax	(148,389)	–
Transferred to unappropriated profit in respect incremental depreciation during the year - net of deferred tax	(2,106)	(3,461)
Related deferred tax liability on reversal of surplus on disposal	(94,872)	–
Related deferred tax liability on revaluation of non-banking assets	840,274	–
Related deferred tax liability on incremental depreciation	(1,346)	(1,864)
	1,907,836	(5,325)
Surplus on revaluation as at 31 December	2,249,327	341,491
Less: Related deferred tax liability on:		
Revaluation as at 1 January	119,521	121,385
Revaluation of non-banking assets during the year	840,274	–
Revaluation of surplus on disposal	(94,872)	–
Impact of change in tax rate	13,661	–
Incremental depreciation during the year	(1,346)	(1,864)
	757,717	(1,864)
Related deferred tax liability	877,238	119,521
	1,372,089	221,970

	Note	2021	2020
		Rupees in '000	

21. CONTINGENCIES AND COMMITMENTS

Guarantees	21.1	112,912,689	89,902,458
Commitments	21.2	603,735,602	598,093,837
Other contingent liabilities	21.3	3,078,218	2,733,563
		719,726,509	690,729,858

21.1 Guarantees

Financial guarantees	44,818,267	42,197,620
Performance guarantees	41,897,915	27,904,956
Other guarantees	26,196,507	19,799,882
	112,912,689	89,902,458

21.2 Commitments

Documentary credits and short-term trade-related transactions:			
Letters of credit		198,716,273	160,321,521
Commitments in respect of:			
Forward foreign exchange contracts	21.2.1	402,981,660	435,798,001
Forward lendings	21.2.2	1,902,213	1,681,802
Commitments in respect of:			
Acquisition of operating fixed assets		135,456	292,513
		603,735,602	598,093,837

21.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	216,511,732	245,157,873
Sale	186,469,928	190,640,128
	402,981,660	435,798,001

21.2.2 Commitments in respect of forward lendings

The Bank has made commitments t o extend credit in the nor mal 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	2021	2020
		Rupees in '000	
Commitments in respect of syndicate financing		1,902,213	1,681,802

21.3 Other contingent liabilities

Claims against bank not acknowledged as debt	21.3.1	2,972,162	2,627,507
Foreign exchange repatriation case	21.3.2	106,056	106,056
		3,078,218	2,733,563

21.3.1 These mainly represent counter claims by borrowers for damages. Based on legal advice and internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any adverse out come is remote. Accordingly, no provision has been made in these unconsolidated 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 Bank. The Bank 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 Bank by way of interim orders. Based on merits, management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank 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 Bank'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 Bank's customers to protect from unfavorable movements in foreign currencies. The Bank hedges such exposures in the inter-bank foreign exchange market.

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

	2021	2020
	Rupees in '000	
23. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	20,609,966	21,812,916
Investments	51,596,383	52,569,118
Lending with financial institutions	1,187,007	1,698,197
Balances with banks	2,577	43,181
	73,395,933	76,123,412
24. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	27,798,648	31,743,665
Borrowings	12,008,319	10,984,755
Cost of foreign currency swaps against foreign currency deposits	3,460,378	4,050,928
Lease liability against right-of-use assets	631,775	581,334
	43,899,120	47,360,682

	2021	2020
	Rupees in '000	

25. FEE & COMMISSION INCOME

Branch banking customer fees	611,201	538,793
Credit related fees	56,846	43,173
Card related fees	591,838	255,715
Commission on trade	4,716,946	3,736,723
Commission on guarantees	580,756	526,817
Commission on remittances including home remittances	51,793	43,441
Commission on bancassurance	185,780	149,178
Commission on cash management	87,512	67,051
Others	23,299	14,888
	6,905,971	5,375,779

26. GAIN / (LOSS) ON SECURITIES

Realised		
Federal Government Securities - net	(3,985)	(411,874)
Shares - net	3,849	124,765
Term finance certificate, sukuk certificates and bonds - net	–	4,952
Mutual Funds - net	102,162	237,818
	102,026	(44,339)

27. OTHER INCOME

Rent on properties	22,207	10,779
Gain on sale of fixed assets - net	24,055	22,259
Gain on sale of ijarah assets - net	5,017	11,703
Gain on sale of non-banking assets	227,988	–
Staff notice period and other recoveries	813	1,222
	280,080	45,963

	Note	2021	2020
		Rupees in '000	
28. OPERATING EXPENSES			
Total compensation expense	28.1	7,521,257	6,558,440
Property expense			
Rent & taxes		206,166	338,870
Insurance		4,120	5,683
Utilities cost		566,798	432,436
Security (including guards)		507,485	456,782
Repair & maintenance (including janitorial charges)		554,968	366,437
Depreciation on owned fixed assets		509,028	427,168
Depreciation on right-of-use assets		1,035,343	808,337
		3,383,908	2,835,713
Information technology expenses			
Software maintenance		220,379	204,904
Hardware maintenance		177,153	165,035
Depreciation		220,152	191,696
Amortisation		71,090	59,365
Network charges		268,571	217,584
		957,345	838,584
Other operating expenses			
Directors' fees and allowances		13,427	11,380
Fees and allowances to Shariah Board		14,344	9,936
Legal & professional charges		171,269	126,231
Outsourced services costs	34.1	290,503	289,850
Travelling & conveyance		270,230	207,498
NIFT clearing charges		71,067	68,750
Depreciation		488,209	451,142
Depreciation - non-banking assets		33,870	18,428
Training & development		35,058	13,553
Postage & courier charges		114,100	89,119
Communication		120,464	106,036
Subscription		249,545	186,584
Repair & maintenance		135,024	128,192
Brokerage & commission		197,959	229,149
Stationery & printing		263,264	245,962
Marketing, advertisement & publicity		196,810	182,850
Management fee		534,114	491,460
Insurance		759,214	593,059
Donations	28.3	160,319	118,852
Covid-19 expenses	28.4	29,800	40,534
Auditors remuneration	28.5	9,600	8,821
Others		580,510	471,618
		4,738,700	4,089,004
		16,601,210	14,321,741
28.1 Total compensation expense			
Managerial Remuneration			
i) Fixed		6,047,425	5,082,330
ii) Variable - Cash Bonus / Awards etc.		612,935	668,925
Charge for defined benefit plan		168,013	168,071
Contribution to defined contribution plan		243,831	216,071
Charge for compensated absences		84,629	107,917
Rent & house maintenance		32,203	26,989
Conveyance		302,826	265,964
EOBI		29,395	22,173
		7,521,257	6,558,440

28.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 76,348 thousand (2020: Rs. 62,008 thousand) pertaining to payments made to companies incorporated in Pakistan. These include payments other than outsourced services activities which are disclosed above.

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

DONEE	2021	2020
	Rupees in '000	
The Indus Hospital	33,258	8,750
Khoja (Pirhai) Shia Isna Asheri Jamat (KPSIAJ)	26,152	2,300
Habib University Foundation	25,000	22,000
The Citizens Foundation	20,900	19,100
Patients' Aid Foundation	12,000	–
SIUT Trust	3,073	2,500
Habib Public School	2,500	–
Institute of Business Administration	2,370	1,720
Fatimiyah Education Network	2,000	1,000
Al-Sayyeda Benevolent Trust	1,560	960
The Kidney Centre Post Graduate Training Institute	1,208	–
Abbas-e-Alamdar Hostel	1,100	1,100
Alleviate Addiction Suffering Trust	1,000	1,000
Mohamedali Habib Welfare Trust	1,000	1,000
The Patients Behbud Society for AKUH	1,000	1,000
Abdul Sattar Edhi Foundation	1,000	–
Al-Umeed Rehabilitation Association	1,000	–
Anjuman Behbood-e-Samat-e-Atfal	1,000	–
Bait-ul-Sukoon	1,000	–
Habib Girls School Trust	1,000	–
Zehra Homes	1,000	–
Habib Medical Trust	960	960
Habib Poor Fund	960	960
RahmatBai Habib Food & Clothing Trust	960	960
RahmatBai Habib Widows & Orphan Trust	960	960
The Hunar Foundation	900	900
Jafaria Disaster Cell Welfare Organization	812	2,560
Rehnuma Public School (Path Education Society)	650	–
Pakistan Memon Educational & Welfare Society	600	600
Safaid Posh Dastarkhwan	600	–
The Layton Rehmatulla Benevolent Trust	500	1,000
Karwan-e-Hayat Institute For Mental Health	500	–
The National Institute of Child Health	500	–
Family Educational Services Foundation	500	–
Memon Educational Board	500	–
Pak Medical and Welfare Trust	500	–
Pakistan Hindu Council	500	–
Pakistan Memon Women Educational Society	500	–
Panah Trust	500	–
Poor Patients Aid Society Civil Hospital Karachi	500	–
Memon Health and Education Foundation (Memon Medical Institute)	–	12,500
Prime Minister's COVID-19 Relief Fund -2020	–	10,000
Karachi Relief Trust	–	6,950
Akhuwat Foundation	–	2,250
Al-Khidmat Foundation Pakistan	–	2,250
Lady Dufferin Hospital	–	1,200
Coach Emad Foundation	–	1,000
MBJ Health Association	–	1,000
People's Primary Healthcare Initiative (PPHI) Balochistan	–	1,000
All Pakistan Women's Association	–	716
All Pakistan Women's Association Raana Liaquat Craftsmen Welfare Project	–	600
Network of Organizations Working with Persons with Disabilities Pakistan	–	550
AL- Mustafa Welfare Society Trust	–	540

None of the directors, executives and their spouses had interest in the donations disbursed during the year 2021, except for donations paid to:

Name of Donee	Directors	Interest in Donee as
Habib University Foundation	Mr. Mohomed Bashir	Member of the Board of Directors
	Mr. Mohamedali R. Habib	Member of the Board of Directors
	Mr. Muhammad H. Habib	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 Covid-19 expenses

This represents expenses relating to testing and other precautionary measures taken due to Covid-19.

28.5 Auditors' remuneration	Note	2021	2020
		Rupees in '000	
Audit fee		3,000	2,750
Review of half yearly financial statements		1,100	1,000
Fee for other statutory reportings / certifications		2,440	2,175
Special certifications		1,485	1,350
Fee for the audit of employee funds		–	150
Sales tax and out-of-pocket expenses on above services		1,575	1,396
		9,600	8,821

29. OTHER CHARGES

Penalties imposed by the SBP		170,918	96,267

30. PROVISIONS & WRITE OFFS - NET

(Reversal) / provision for diminution in value of investments - net	9.4.1	(1,113)	173,306
Provision against loans & advances - net	10.4	2,207,672	3,095,972
(Reversal) / provision - against other assets / off balance sheet obligations	14.2 & 18.1	(165,133)	249,000
Recovery of written off bad debts		(32,142)	(16,565)
		2,009,284	3,501,713

31. TAXATION

Current		8,276,849	8,766,778
Deferred	13	(194,719)	(738,189)
		8,082,130	8,028,589

31.1 Income tax assessments of the Bank have been finalised up to the tax year 2021 (corresponding to the accounting year ended 31 December 2020). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal), Appellate Tribunal Inland Revenue (ATIR) and Sindh High Court. However, adequate provisions are being held by the Bank.

31.2 Relationship between tax expense and accounting profit

	2021	2020
	Rupees in '000	
Profit before tax	21,540,703	20,036,785
Tax at the applicable tax rate of 35%	7,539,246	7,012,875
Super tax at applicable rate of 4%	861,628	801,471
Permanent differences - super tax	(326,269)	–
Others	7,525	214,243
Tax charge for the year	8,082,130	8,028,589

32. BASIC AND DILUTED EARNINGS PER SHARE

	Note	2021	2020
		Rupees in '000	
Profit after taxation		13,458,573	12,008,196
		Number in '000	
Weighted average number of ordinary shares		1,047,831	1,047,831
		Rupees	
Basic and diluted earnings per share		12.84	11.46

33. CASH AND CASH EQUIVALENTS

		Rupees in '000	
Cash and balances with treasury banks	6	83,385,865	54,694,603
Balances with other banks	7	2,995,850	1,990,862
Overdrawn nostro accounts	16	(29,749)	(4,317,946)
		86,351,966	52,367,519

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

	2021		
		Equity	
	Other liabilities	Reserves	Unappropriated profit
	Rupees in '000		
Balance as at 1 January	61,824,409	19,986,241	24,018,848
Changes from financing cash flow			
Dividend paid	–	–	(4,692,365)
Other Changes:			
Liability related			
- Cash based	(3,046,489)	–	–
- Non-cash based	(3,756,222)	–	–
- Dividend payable	22,877	–	(22,877)
Transfer of profit to statutory reserve	–	2,691,715	(2,691,715)
Total liability related other changes	(6,779,834)	2,691,715	(2,714,592)
Equity related	–	1,648	13,586,678
Balance as at 31 December	55,044,575	22,679,604	30,198,569

	2020		
		Equity	
	Other liabilities	Reserves	Unappropriated profit
	Rupees in '000		
Balance as at 1 January	47,462,207	17,584,517	19,059,758
Changes from financing cash flow			
Dividend paid	–	–	(4,692,544)
Other Changes:			
Liability related			
- Cash based	(3,062,891)	–	–
- Non-cash based	17,402,395	–	–
- Dividend payable	22,698	–	(22,698)
Transfer of profit to statutory reserve	–	2,401,639	(2,401,639)
Total liability related other changes	14,362,202	2,401,639	(2,424,337)
Equity related	–	85	12,075,971
Balance as at 31 December	61,824,409	19,986,241	24,018,848

34. STAFF STRENGTH

	2021	2020
	Number	
Permanent	5,022	4,436
Temporary / on contractual basis	540	378
Bank's own staff strength at end of the year	5,562	4,814

34.1 In addition to the above, 848 (2020: 789) employees of outsourcing services companies were assigned to the Bank as at 31 December 2021 to perform services other than guarding and janitorial services.

35. DEFINED BENEFIT PLAN

35.1 General description

The benefits under the funded gratuity scheme 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.

	2021	2020
	Number	
35.2 Number of employees under the scheme		
Gratuity fund	4,990	4,408

35.3 Principal actuarial assumptions

The latest actuarial valuation was carried out on 31 December 2021 using "Projected Unit Credit Actuarial Cost Method". The main assumptions used for the actuarial valuation were as follows:

	2021	2020
Discount rate - percent per annum	12.50	10.25
Expected rate of return on plan assets - percent per annum	10.25	12.25
Expected long term rate of salary increase - percent per annum	12.00	9.75
Mortality rates (for death in service)	Adjusted SLIC 2001- 2005	Adjusted SLIC 2001- 2005

	Note	2021	2020
		Rupees in '000	
35.4 Reconciliation of payable to defined benefit plan			
Fair value of plan assets	35.6	1,709,898	1,600,643
Present value of defined benefit obligation	35.5	(1,760,171)	(1,614,211)
Payable		(50,273)	(13,568)
35.5 Movement in payable to defined benefit plan			
Obligations at the beginning of the year		1,614,211	1,485,129
Current service cost		166,967	154,555
Interest cost		157,559	174,610
Benefits due but not paid (payables)		(6,734)	(4,362)
Benefits paid by the Bank		(147,363)	(115,123)
Re-measurement gain		(24,469)	(80,598)
Obligations at the end of the year		1,760,171	1,614,211
35.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		1,600,643	1,372,614
Interest income on plan assets		156,513	161,094
Contribution by the Bank - net		168,013	168,071
Benefits paid		(147,363)	(115,123)
Benefits due but not paid		(6,734)	(4,360)
Re-measurements: Net return on plan assets over interest income loss	35.8.2	(61,174)	18,347
Fair value at the end of the year		1,709,898	1,600,643

	Note	2021	2020
		Rupees in '000	
35.7 Movement in payable under defined benefit schemes			
Opening balance		13,568	112,513
Charge for the year		168,013	168,071
Contribution by the Bank - net		(168,013)	(168,071)
Re-measurement loss / (gain) recognised in OCI during the year	35.8.2	36,705	(98,945)
Closing balance		50,273	13,568
35.8 Charge for defined benefit plans			
35.8.1 Cost recognised in profit and loss			
Current service cost		166,967	154,555
Net interest on defined benefit asset		1,046	13,516
		168,013	168,071
35.8.2 Re-measurements recognised in OCI during the year			
Gain on obligation			
– Financial assumptions		5,024	(4,168)
– Experience adjustment		(29,493)	(76,430)
		(24,469)	(80,598)
Return on plan assets over interest income		61,174	(18,347)
Total re-measurements recognised in OCI		36,705	(98,945)
35.9 Components of plan assets			
Cash and cash equivalents	35.9.1	134,104	174,462
Term Deposit Certificates		252,191	150,000
Federal Government Securities			
Defense Saving Certificates		1,022,300	960,159
Special Saving Certificates		47,519	43,038
Pakistan Investment Bonds		253,784	272,984
		1,709,898	1,600,643

35.9.1 The amount represents balance which is deposited with the branches of the Bank. Further, the funds are primarily invested in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements and 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 var ious employee benefit schemes. The increase / (decrease) in the pr esent value of defined benefit obligations as a r esult of change in each assumption is summarized below:

	2021 Rupees in '000
1% increase in discount rate	(168,579)
1% decrease in discount rate	196,538
1% increase in expected future increment in salary	197,103
1% decrease in expected future increment in salary	(172,010)
10% increase in expected withdrawal rate	829
10% decrease in expected withdrawal rate	(826)
1% increase in expected mortality rate	1,119
1% decrease in expected mortality rate	(998)

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 fund in the next financial year	192,744
35.12 Expected charge for the next financial year	192,744

35.13 Maturity profile

The weighted average duration of the obligation is 10.4 years

35.14 Funding Policy

The Bank 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 in vestment underperforming and being not sufficient t o meet the liabilities.
Changes in bond yields	The duration of the liabilities is 10 Years. Based on the w eighted average duration of this plan and guidance from Pakistan Society of Actuaries ("PSOA"), the discount rate used for the calculations is 12.75% 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

The Bank operates a contributory provident fund scheme for permanent employees. The employer and employee each contribute 10% of the basic salary to the funded scheme every month. Investment made out of provident fund have been made in accordance with the provision of section 218 of the Companies Act 2017.

Number of the members participating in the fund at the end of the year 30 June 2021 as per audited accounts are 4,128 (2020: 3,743).

37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total compensation expense

	2021						
	Directors			Members Shari'ah Board	President & Chief Executive Officer	Key management personnel	Other material risk taker / controller
	Chairman	Executives	Non-executives				
	Rupees in '000						
Fees	–	–	7,600	–	–	–	–
Managerial remuneration							
Fixed	–	–	–	14,344	134,048	304,037	623,346
Charge for defined benefit plan	–	–	–	164	3,446	7,962	15,273
Contribution to defined contribution plan	–	–	–	103	5,529	13,170	22,246
Utilities	259	–	–	–	1,509	–	–
Travelling	–	–	–	–	–	–	–
Others	5,568	–	–	–	–	–	–
	5,827	–	7,600	14,611	144,532	325,169	660,865
Number of persons	1	–	4	6	1	18	119

	2020						
	Directors			Members Shari'ah Board	President & Chief Executive Officer	Key management personnel	Other material risk taker / controller
	Chairman	Executives	Non-executives				
	Rupees in '000						
Fees	–	–	4,450	–	–	–	–
Managerial remuneration							
Fixed	–	–	–	9,936	115,929	287,550	478,747
Charge for defined benefit plan	–	–	–	135	3,162	9,042	13,672
Contribution to defined contribution plan	–	–	–	192	4,500	12,870	17,359
Utilities	189	–	–	–	1,360	–	–
Travelling	728	–	–	–	–	–	–
Others	6,013	–	–	–	–	–	–
	6,930	–	4,450	10,263	124,951	309,462	509,778
Number of persons	1	–	7	3	1	18	92

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

37.1.2 In addition to above, bonus paid to the chief executive and executives of the Bank amounted to Rs. 51,250 thousand (2020: Rs. 25,000 thousand) and Rs. 143,213 thousand (2020: Rs. 75,962 thousand) respectively.

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

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

		2020					
		Meeting fees and allowances paid					
			For Board committees				
Sr. no.	Name of director	For Board meetings	Audit	Information technology	Human resource & remuneration	Risk & compliance	Total amount paid
		Rupees in '000					
1	Mohamedali R. Habib	–	–	–	–	–	–
2	Ali S. Habib	–	300	–	–	–	300
3	Anjum Z. Iqbal	–	–	–	–	–	–
4	Firasat Ali	500	100	250	200	450	1,500
5	Hamza Habib	–	–	–	–	–	–
6	Mohomed Bashir	500	–	–	–	–	500
7	Muhammed H. Habib	–	–	–	–	–	–
8	Sohail Hasan	100	450	–	–	–	550
9	Tariq Ikram	100	–	–	150	–	250
10	Rashid Ahmad Jaffer	300	350	–	–	–	650
11	Tahira Raza	300	–	–	150	250	700
		1,800	1,200	250	500	700	4,450

37.3 Remuneration paid to Shari'ah Board Members

	2021			2020		
	Chairman	Resident member	Non-resident members	Chairman	Resident member	Non-resident members
	Rupees in '000					
Managerial remuneration						
Fixed	3,853	6,686	3,805	3,000	5,136	1,800
Charge for defined benefit plan	–	164	–	–	135	–
Contribution to defined contribution plan	–	103	–	–	192	–
	3,853	6,953	3,805	3,000	5,463	1,800
Total number of person	2	2	2	1	1	1

In addition to above, bonus paid to resident member amounted to Rs. 350 thousand (2020: Rs. 300 thousand).

38. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than investment in subsidiaries and 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, other than investments in subsidiaries, 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 Bank 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 categorized:

On balance sheet financial instruments	2021				
	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	626,584,902	–	626,584,902	–	626,584,902
Sukuk certificates and bonds	7,427,221	–	7,427,221	–	7,427,221
Ordinary shares of listed companies	1,244,940	1,244,940	–	–	1,244,940
Mutual funds - open end	17,154	–	17,154	–	17,154
- close end	6,523	6,523	–	–	6,523
Real estate investment trust	740,708	740,708	–	–	740,708
Listed term finance certificates	1,097,572	–	1,097,572	–	1,097,572
Unlisted term finance certificates	2,425,000	–	2,425,000	–	2,425,000
Financial assets - disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	22,469,135	–	–	–	–
Certificates of investment	5,100,000	–	–	–	–
- Subsidiaries					
Ordinary shares of listed company	180,000	–	–	–	–
Ordinary shares of unlisted companies	650,000	–	–	–	–
- Available-for-sale securities					
Ordinary shares of unlisted companies	52,658	–	–	–	–
	667,995,813	1,992,171	637,551,849	–	639,544,020
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	216,511,732	–	221,433,072	–	221,433,072
- Forward sale of foreign exchange contracts	186,469,928	–	184,826,488	–	184,826,488

On balance sheet financial instruments	2020				
	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	534,252,336	–	534,252,336	–	534,252,336
Sukuk certificates and bonds	7,269,073	–	7,269,073	–	7,269,073
Ordinary shares of listed companies	862,669	862,669	–	–	862,669
Mutual funds - open end	18,304	–	18,304	–	18,304
- close end	8,275	8,275	–	–	8,275
Real estate investment trust	375,429	375,429	–	–	375,429
Listed term finance certificates	2,331,707	–	2,331,707	–	2,331,707
Unlisted term finance certificates	495,000	–	495,000	–	495,000
Financial assets - disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	34,358,396	–	–	–	–
Certificates of investment	3,675,000	–	–	–	–
- Subsidiaries					
Ordinary shares of listed company	180,000	–	–	–	–
Ordinary shares of unlisted companies	650,000	–	–	–	–
- Available-for-sale securities					
Ordinary shares of unlisted companies	55,444	–	–	–	–
	584,531,633	1,246,373	544,366,420	–	545,612,793
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	245,157,873	–	241,170,544	–	241,170,544
- Forward sale of foreign exchange contracts	190,640,128	–	187,884,199	–	187,884,199

38.2 Fair value of non-financial assets

	2021				
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	4,546,895	–	–	4,546,895	4,546,895

	2020				
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	2,982,632	–	–	3,249,798	3,249,798

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 other than federal government 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

Non-banking assets acquired in satisfaction of claim	Non-banking assets are valued by professionally qualified valuators. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been provided.

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	31 December 2021			
	Trade & sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest	42,468,652	(12,537,083)	(434,756)	29,496,813
Inter segment revenue - net	(34,257,977)	21,083,020	13,174,957	–
Non mark-up / return / interest income	466,507	575,042	10,098,578	11,140,127
Total Income	8,677,182	9,120,979	22,838,779	40,636,940
Segment direct expenses	(284,650)	–	–	(284,650)
Inter segment expense allocation	–	(4,666,110)	(12,136,193)	(16,802,303)
Total expenses	(284,650)	(4,666,110)	(12,136,193)	(17,086,953)
Provisions	1,113	(23,024)	(1,987,373)	(2,009,284)
Profit before tax	8,393,645	4,431,845	8,715,213	21,540,703
Balance Sheet				
Cash and bank balances	2,649,703	34,684,524	49,047,488	86,381,715
Investments - net	667,995,813	–	–	667,995,813
Net inter segment lending	–	305,348,808	160,736,928	466,085,736
Lendings to financial institutions	3,941,284	–	–	3,941,284
Advances - performing	–	7,405,032	395,085,834	402,490,866
Advances - non-performing	–	46,465	16,841,239	16,887,704
Provision against advances	–	(67,479)	(20,929,169)	(20,996,648)
Others	14,155,052	3,400,723	50,159,931	67,715,706
Total Assets	688,741,852	350,818,073	650,942,251	1,690,502,176
Borrowings	185,880,952	–	130,285,560	316,166,512
Deposits and other accounts	–	321,412,476	450,873,581	772,286,057
Net inter segment borrowing	466,085,736	–	–	466,085,736
Others	3,170,266	10,164,454	59,654,499	72,989,219
Total liabilities	655,136,954	331,576,930	640,813,640	1,627,527,524
Net Assets	33,604,898	19,241,143	10,128,611	62,974,652
Equity				62,974,652
Contingencies and Commitments	402,981,660	10,555,599	306,189,250	719,726,509

	31 December 2020			
	Trade & sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest	40,844,573	(13,433,229)	1,351,386	28,762,730
Inter segment revenue - net	(34,665,155)	24,106,346	10,558,809	–
Non mark-up / return / interest income	22,936	19,290	9,608,050	9,650,276
Total Income	6,202,354	10,692,407	21,518,245	38,413,006
Segment direct expenses	(314,782)	–	–	(314,782)
Inter segment expense allocation	–	(4,211,129)	(10,348,597)	(14,559,726)
Total expenses	(314,782)	(4,211,129)	(10,348,597)	(14,874,508)
Provisions	(173,306)	(9,581)	(3,318,826)	(3,501,713)
Profit before tax	5,714,266	6,471,697	7,850,822	20,036,785
Balance Sheet				
Cash and bank balances	1,815,058	23,136,227	31,734,180	56,685,465
Investments - net	584,531,633	–	–	584,531,633
Net inter segment lending	–	284,961,421	179,393,498	464,354,919
Lendings to financial institutions	1,000,000	–	–	1,000,000
Advances - performing	–	3,625,775	308,554,749	312,180,524
Advances - non-performing	–	27,203	19,274,853	19,302,056
Provision against advances	–	(16,089)	(19,299,686)	(19,315,775)
Others	9,743,975	2,650,754	50,793,551	63,188,280
Total Assets	597,090,666	314,385,291	570,451,145	1,481,927,102
Borrowings	95,962,713	–	105,760,136	201,722,849
Deposits and other accounts	–	288,049,370	392,906,342	680,955,712
Net inter segment borrowing	464,354,919	–	–	464,354,919
Others	6,170,146	9,742,895	61,332,370	77,245,411
Total liabilities	566,487,778	297,792,265	559,998,848	1,424,278,891
Net Assets	30,602,888	16,593,026	10,452,297	57,648,211
Equity				57,648,211
Contingencies and Commitments	435,798,001	–	254,931,857	690,729,858

40. TRUST ACTIVITIES

The Bank 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 Bank and, therefore, are not included as such in these unconsolidated financial statements.

41. TRANSACTIONS WITH RELATED PARTIES

The Bank has related party relationships with its holding company, subsidiaries, associates, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions in respect of charge for employees' retirement benefits are made in accordance with actuarial valuation and 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:

	2021						
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	184,060	–	217,741	–	–	–	401,801
Investments							
Opening balance	–	2,505,000	–	–	–	–	2,505,000
Investment made during the year	–	11,625,000	–	–	–	–	11,625,000
Investment redeemed / disposed off during the year	–	(10,200,000)	–	–	–	–	(10,200,000)
Closing balance	–	3,930,000	–	–	–	–	3,930,000
Advances							
Opening balance	–	–	4,592,651	195,938	–	–	4,788,589
Addition during the year	–	–	50,576,167	72,882	–	–	50,649,049
Repaid during the year	–	–	(49,896,583)	(73,024)	–	–	(49,969,607)
Closing balance	–	–	5,272,235	195,796	–	–	5,468,031
Other Assets							
Mark-up / return / interest receivable	–	34,156	12,176	–	–	–	46,332
Dividend receivable	–	–	–	–	–	–	–
Prepayments / Advance deposits / Other Receivable	468	175	53,123	–	–	–	53,766
	468	34,331	65,299	–	–	–	100,098
Deposits							
Opening balance	213,306	761,695	8,616,374	282,595	661,230	1,583,951	12,119,151
Received during the year	16,783,470	137,039,859	2,471,984,583	2,073,559	4,685,345	6,965,148	2,639,531,964
Withdrawn during the year	(16,822,769)	(137,015,340)	(2,455,406,252)	(2,042,578)	(4,533,273)	(6,778,531)	(2,622,598,743)
Closing balance	174,007	786,214	25,194,705	313,576	813,302	1,770,568	29,052,372
Other liabilities							
Mark-up / return / interest payable	–	3,530	140,634	1,977	3,248	9,993	159,382
Management fee payable for technical and consultancy services *	76,826	–	–	–	–	–	76,826
Other payables	–	–	470	–	670	50,273	51,413
	76,826	3,530	141,104	1,977	3,918	60,266	287,621
Contingencies and commitments							
Transaction-related contingent liabilities	–	–	7,353,818	–	–	–	7,353,818
Trade-related contingent liabilities	–	–	3,929,204	–	–	–	3,929,204
	–	–	11,283,022	–	–	–	11,283,022

* Management fee is as per the agreement with the holding company.

	2020						
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Balances with other banks							
In current accounts	98,181	–	112,889	–	–	–	211,070
Investments							
Opening balance	–	5,830,000	–	–	–	–	5,830,000
Investment made during the year	–	5,425,000	–	–	–	–	5,425,000
Investment redeemed / disposed off during the year	–	(8,750,000)	–	–	–	–	(8,750,000)
Closing balance	–	2,505,000	–	–	–	–	2,505,000
Advances							
Opening balance	–	–	4,097,808	222,737	–	–	4,320,545
Addition during the year	–	–	32,612,032	14,326	–	–	32,626,358
Repaid during the year	–	–	(32,117,189)	(41,125)	–	–	(32,158,314)
Closing balance	–	–	4,592,651	195,938	–	–	4,788,589
Other Assets							
Mark-up / return / interest receivable	–	16,386	5,830	–	–	–	22,216
Dividend receivable	–	–	–	–	–	–	–
Prepayments / Advance deposits / other receivable	468	–	2,872	–	–	–	3,340
	468	16,386	8,702	–	–	–	25,556
Deposits							
Opening balance	529,172	577,491	11,263,025	262,708	785,494	911,553	14,329,443
Received during the year	18,649,846	130,889,225	1,580,209,872	1,339,687	2,195,407	3,443,908	1,736,727,945
Withdrawn during the year	(18,965,712)	(130,705,021)	(1,582,856,523)	(1,319,800)	(2,319,671)	(2,771,510)	(1,738,938,237)
Closing balance	213,306	761,695	8,616,374	282,595	661,230	1,583,951	12,119,151
Other liabilities							
Mark-up / return / interest payable	–	3,210	81,765	1,241	3,844	18,043	108,103
Management fee payable for technical and consultancy services *	204,497	–	–	–	–	–	204,497
Other payables	–	–	345	–	730	13,568	14,643
	204,497	3,210	82,110	1,241	4,574	31,611	327,243
Contingencies and commitments							
Transaction-related contingent liabilities	–	–	7,965,087	–	–	–	7,965,087
Trade-related contingent liabilities	–	–	1,529,049	–	–	–	1,529,049
	–	–	9,494,136	–	–	–	9,494,136

* Management fee is as per the agreement with the holding company.

Transactions during the period

	2021						
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Income							
Mark-up / return / interest earned	–	195,730	55,112	10,647	–	–	261,489
Fee and commission income	1,943	1,243	227,832	–	97	–	231,115
Dividend income	–	7,200	–	–	–	–	7,200
Rent income	5,616	5,406	7,677	–	–	–	18,699
Expense							
Mark-up/return/interest expensed	–	41,557	798,980	14,882	38,125	176,492	1,070,036
Commission / brokerage / bank charges expense	1,067	177	1,707	–	–	–	2,951
Salaries and allowances	–	–	–	588,160	–	–	588,160
Directors' fees	–	–	–	–	13,427	–	13,427
Charge to defined benefit plan	–	–	–	–	–	168,013	168,013
Contribution to defined contribution plan	–	–	–	–	–	243,831	243,831
Rent expenses	–	–	–	–	–	–	–
Insurance premium expenses	–	–	14,518	–	–	–	14,518
Software maintenance	9,163	–	–	–	–	–	9,163
Management fee expense for technical and consultancy services *	534,114	–	–	–	–	–	534,114
Donation	–	–	26,920	–	–	–	26,920

* Management fee is as per the agreement with the holding company.

Transactions during the period

	2020						
	Holding company	Subsidiary companies	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000						
Income							
Mark-up/return/interest earned	–	186,143	104,690	12,551	–	–	303,384
Fee and commission income	3,253	775	299,048	–	100	–	303,176
Dividend income	–	12,600	–	–	–	–	12,600
Rent income	5,616	4,323	–	–	–	–	9,939
Expenses							
Mark-up/return/interest expensed	–	56,375	858,422	18,568	62,855	112,602	1,108,822
Commission / brokerage / bank charges paid	668	217	1,210	–	–	–	2,095
Salaries and allowances	–	–	–	527,681	–	–	527,681
Directors' fees	–	–	–	–	11,380	–	11,380
Charge to defined benefit plan	–	–	–	–	–	168,071	168,071
Contribution to defined contribution plan	–	–	–	–	–	216,071	216,071
Rent expenses	–	–	396	–	–	–	396
Insurance premium expense	–	–	10,642	–	–	–	10,642
Software maintenance	6,970	–	–	–	–	–	6,970
Management fee expense for technical and consultancy services *	491,460	–	–	–	–	–	491,460
Donation	–	–	23,920	–	–	–	23,920

* Management fee is as per the agreement with the holding company.

42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	2020
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) Capital	61,269,601	54,230,203
Eligible additional tier 1 (ADT 1) Capital	–	–
Total eligible tier 1 capital	61,269,601	54,230,203
Eligible tier 2 capital	4,961,773	5,841,005
Total eligible capital (Tier 1 + Tier 2)	66,231,374	60,071,208
Risk Weighted Assets (RWAs):		
Credit risk	396,800,985	302,514,003
Market risk	7,211,352	1,202,170
Operational risk	65,559,513	54,096,766
Total	469,571,850	357,812,939
Common equity tier 1 capital adequacy ratio	13.05%	15.16%
Tier 1 capital adequacy ratio	13.05%	15.16%
Total capital adequacy ratio	14.10%	16.79%
Minimum capital requirements prescribed by SBP		
Common equity tier 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%

Banks uses simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

Leverage Ratio (LR):		
Eligible tier-1 capital	61,269,601	54,230,203
Total exposures	1,574,755,326	1,300,017,087
Leverage ratio	3.89%	4.17%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	526,946,577	417,225,257
Total net cash outflow	238,721,264	184,000,188
Liquidity coverage ratio	221%	227%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	673,882,160	611,485,655
Total required stable funding	357,301,438	303,443,125
Net stable funding ratio	189%	202%

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 bank's 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 Bank's strategy, organization structure and processes. The Bank 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 Bank. 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 Bank'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 Bank.

As per Basel II methodology the gross credit risk weighted exposure incorporating relevant credit conversion factor is Rs. 396,800,985 thousand (2020: Rs. 302,514,003 thousand) as depicted in note 42.

The Bank'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 Bank, 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 Bank'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 centre staffed with experienced resource provide strength to post-disbursement aspect of credit risk management.

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

The Bank continually assesses and monitors credit exposures. The Bank 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 Bank uses the 'Standardised Approach' in calculation of credit risk and capital requirements.

The Bank uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank's credit portfolio for both on-balance sheet and off-balance sheet exposur es. 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 SBP guidelines as is given below:

Types of exposures and ECAI's used	2021				
Exposures	JCR-VIS	PACRA	S & P	Fitch	Moody's
Corporate	✓	✓	–	–	–
Banks	✓	✓	✓	✓	✓
Sovereigns	–	–	–	–	–
SME's	✓	✓	–	–	–

Credit exposures subject to Standardised Approach

Exposures	Rating category	2021			2020		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		Rupees in '000					
Corporate	1	97,298,752	3,142,469	94,156,283	74,715,478	10,548,924	64,166,554
	2	116,298,021	2,309,210	113,988,811	67,176,686	2,828,384	64,348,302
	3,4	21,987,779	–	21,987,779	23,092,796	–	23,092,796
Claims on banks with original maturity of 3 months or less		10,367,693	–	10,367,693	4,335,289	–	4,335,289
Retail		30,230,682	7,477,143	22,753,539	21,501,313	6,107,997	15,393,316
Public sector entities	1	13,707,900	2,359	13,705,541	4,775,386	76,669	4,698,717
	2,3	2,721,727	39	2,721,688	3,143,087	30,269	3,112,818
Others		804,400,353	10,000,000	794,400,353	704,806,689	33,999,791	670,806,898
Unrated		251,140,009	42,104,293	209,035,716	211,146,481	37,775,007	173,371,474

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

The Bank applies SBP specified haircut to collateral for credit risk mitigation. Collateral management is embedded in the Bank'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 Bank'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 the Bank'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	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Public / government	–	–	–	–	–	–
Private	3,941,284	1,000,000	–	–	–	–
	3,941,284	1,000,000	–	–	–	–

43.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Chemical and Pharmaceuticals	16,050	19,510	16,050	19,510	16,050	19,510
Electronics and electrical appliances	21,138	21,138	21,138	21,138	21,138	21,138
Financial	9,310,183	6,967,075	–	–	–	–
Power (electricity), gas, water, sanitary	6,244,875	6,319,908	–	–	–	–
Textile	9,500	9,500	9,500	9,500	9,500	9,500
Transport, storage and communication	68,866	70,403	68,866	70,403	68,866	70,403
Others - Government	649,548,772	569,094,529	–	–	–	–
	665,219,384	582,502,063	115,554	120,551	115,554	120,551
Credit risk by public / private sector						
Public / Government	655,298,912	575,323,590	–	–	–	–
Private	9,920,472	7,178,473	115,554	120,551	115,554	120,551
	665,219,384	582,502,063	115,554	120,551	115,554	120,551

43.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Agriculture, forestry, hunting and fishing	4,517,000	2,775,037	–	–	–	–
Automobile and transportation equipment	4,380,778	3,694,954	1,426,895	1,652,549	1,426,895	1,541,763
Basic metals & metal products	14,741,737	6,856,840	41,654	41,654	41,654	41,654
Cement	6,793,142	7,518,838	–	–	–	–
Chemicals and pharmaceuticals	24,400,518	22,562,747	376,403	381,169	372,013	375,685
Commercial trade	18,722,586	13,276,673	731,043	669,160	637,550	545,084
Commodity finance	15,000,000	33,999,791	–	–	–	–
Construction and real estate	7,939,395	3,666,550	58,892	54,958	50,901	46,430
Edibles	38,329,926	27,772,845	1,104,136	989,019	866,019	989,019
Electronics and electrical appliances	11,610,298	8,650,277	293,243	293,307	293,243	293,307
Financial	3,743,704	1,517,324	–	–	–	–
Footwear and leather garments	1,934,300	1,399,583	11,907	11,907	11,907	11,907
Individuals	7,451,497	4,140,745	42,231	27,174	42,231	24,115
Mining and quarrying	60,014	81,708	–	–	–	–
Power (electricity), gas, water, sanitary	45,022,335	28,399,781	4,896,047	4,827,644	4,385,123	2,451,427
Services	11,418,216	6,688,335	140,452	172,490	140,452	96,521
Sugar	3,158,794	3,736,259	116,337	136,880	116,337	136,880
Textile	181,699,088	137,491,931	6,713,497	8,941,521	6,662,045	8,838,999
Transport, storage and communication	2,354,065	1,119,326	26,483	26,483	26,483	26,483
Others	16,101,177	16,133,036	908,484	1,076,141	827,977	998,333
	419,378,570	331,482,580	16,887,704	19,302,056	15,900,830	16,417,607

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Public/ Government	35,976,271	45,540,908	–	–	–	–
Private	383,402,299	285,941,672	16,887,704	19,302,056	15,900,830	16,417,607
	419,378,570	331,482,580	16,887,704	19,302,056	15,900,830	16,417,607

	2021	2020
	Rupees in '000	

43.1.4 Contingencies and commitments

Credit risk by industry sector		
Agriculture, forestry, hunting and fishing	5,173,786	4,115,347
Automobile and transportation equipment	21,313,373	17,211,428
Basic metals & metal products	10,567,268	11,616,516
Cement	9,463,252	4,170,698
Chemicals and pharmaceuticals	30,711,674	24,321,530
Commercial trade	33,654,515	31,661,987
Construction & real estate	6,790,317	3,886,987
Edibles	29,607,968	33,044,185
Electronics and electrical appliances	7,664,647	6,148,099
Financial	347,199,743	373,427,035
Footwear and leather garments	650,922	745,812
Individual	10,952,143	929,566
Mining and quarrying	87,512	59,966
Power (electricity), gas, water, sanitary	33,047,980	27,014,948
Services	17,731,959	11,142,701
Sugar	2,268,701	409,520
Textile	133,046,380	124,156,739
Transport, storage and communication	2,244,564	1,829,011
Others	17,549,805	14,837,783
	719,726,509	690,729,858

Credit risk by public / private sector		
Public / Government	63,471,079	117,924,237
Private	656,255,430	572,805,621
	719,726,509	690,729,858

43.1.5 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 105,365,342 thousand (2020: Rs. 103,000,262 thousand) are as following:

Funded	63,897,290	76,560,921
Non-Funded	41,467,052	26,439,341
Total Exposure	105,364,342	103,000,262

The sanctioned limits against these top 10 exposures aggregated to Rs 124,439,374 thousand (2020: Rs. 144,497,273 thousand).

43.1.6 Advances - province / region-wise disbursement & utilization

Province / region	2021						
		Utilization					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gligit-Baltistan
	Rupees in '000						
Punjab	412,700,035	395,398,026	16,010,383	–	–	1,291,626	–
Sindh	643,686,583	19,065,697	587,738,729	2,349,992	34,532,165	–	–
KPK including FATA	5,361,443	–	–	5,361,443	–	–	–
Balochistan	46,598	–	–	–	46,598	–	–
Islamabad	10,928,631	16,000	–	–	–	10,912,631	–
AJK including Gilgit-Baltistan	1,041,484	–	–	–	–	–	1,041,484
	1,073,764,774	414,479,723	603,749,112	7,711,435	34,578,763	12,204,257	1,041,484

Province / region	2020						
		Utilization					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gligit-Baltistan
	Rupees in '000						
Punjab	392,751,826	372,979,086	16,813,232	–	–	2,959,508	–
Sindh	640,436,421	62,444,636	539,990,018	2,520,516	35,481,251	–	–
KPK including FATA	2,655,545	–	–	2,655,545	–	–	–
Balochistan	7,441	–	–	–	7,441	–	–
Islamabad	5,779,409	33,314	–	–	–	5,746,095	–
AJK including Gilgit-Baltistan	816,702	–	–	–	–	–	816,702
	1,042,447,344	435,457,036	556,803,250	5,176,061	35,488,692	8,705,603	816,702

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, equity prices and market conditions. After COVID-19 pandemic; ease in lockdown & reopening in global economies resulted in increase in global commodity & energy price with surge in domestic demand which have put additional pressure on Pakistan's Economy. The Government and the State Bank of Pakistan have also taken various fiscal and regulatory measures and reforms. Major step taken by SBP was to increase the policy rate by 275bps to counter inflationary pressures and ensure that growth remains sustainable.

The Board of Directors oversees the Bank's strategy for market risk exposures. Asset and Liability Committee (ALCO) which comprises of senior management oversees the financial position of the Bank, assesses the impact of interest rate change on Bank's investment portfolio through stress testing, and performs an oversight function to ensure sound asset quality, liquidity and pricing. The investment policy amongst other aspects covers the Bank asset allocation guidelines inclusive of equity investments. While market risk limits are in place and are monitored effectively, the Bank has also formalized liquidity and market risk management policies which contain action plans to strengthen the market risk management system and a middle office function oversees limit adherence.

Market risk can be categorised into interest rate risk, foreign exchange risk and equity position risk.

43.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000					
Cash and balances with treasury banks	83,385,865	–	83,385,865	54,694,603	–	54,694,603
Balances with other banks	2,995,850	–	2,995,850	1,990,862	–	1,990,862
Lendings to financial institutions	3,941,284	–	3,941,284	1,000,000	–	1,000,000
Investments	667,995,813	–	667,995,813	584,531,633	–	584,531,633
Advances	398,381,922	–	398,381,922	312,166,805	–	312,166,805
Fixed assets	12,014,494	–	12,014,494	9,033,002	–	9,033,002
Intangible assets	120,689	–	120,689	89,690	–	89,690
Deferred tax assets	3,216,521	–	3,216,521	1,156,509	–	1,156,509
Other assets	52,364,002	–	52,364,002	52,909,079	–	52,909,079
	1,224,416,440	–	1,224,416,440	1,017,572,183	–	1,017,572,183

43.2.2 Foreign exchange risk

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

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

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

	2020			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
United States Dollar	47,714,184	(92,864,697)	45,324,956	174,443
Euro	3,533,052	(3,828,412)	340,020	44,660
Great Britain Pound	1,120,241	(5,976,637)	4,867,204	10,808
Asian Currency unit	629,113	(1,011,354)	–	(382,241)
Japanese Yen	84,600	(112)	(61,992)	22,496
Arab Emirates Dirham	195,539	(16)	(195,814)	(291)
Canadian Dollar	39,485	–	(18,824)	20,661
Australian Dollar	20,206	–	(12,329)	7,877
Saudi Riyal	8,301	–	–	8,301
Chinese Yuan	287,302	–	(300,121)	(12,819)
Other Currencies	45,037	–	(16,763)	28,274
	53,677,060	(103,681,228)	49,926,337	(77,831)

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	(36,673)	–	(506)	–
- Other comprehensive income	–	–	–	–

43.2.3 Equity position risk

Equity position risk arises due to adverse movements in equity prices. The Bank's policy is to take equity position in high dividend yield scrips. The bank as a policy does not enter into any kind of proprietary equity trades. Equity position risk of the Bank is mitigated through portfolio and scrip limits advised by the Board of Directors and are reviewed by the ALCO. The investment in equities and mutual funds is also managed within the statut ory limits as prescribed by the State Bank of Pakistan.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and loss account	(24,844)	–	(22,970)	–
- Other comprehensive income	(29,557)	–	(17,537)	–

43.2.4 Yield / interest rate risk in the banking book (IRRBB)-Basel II specific

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Duration analysis and stress testing are being carried out regularly to estimate the impact of adverse changes in the interest rates on bank's fixed income portfolio. Optimization of yield is achieved through the Bank'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 Bank are repriced on a periodic basis based on interest rates scenario.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
– Profit and loss account	–	–	–	–
– Other comprehensive income	(1,898,022)	–	(2,955,348)	–

43.2.5 Mismatch of interest rate sensitive assets and liabilities

	2021											
		Exposed to yield / interest risk										
	Effective yield / interest rate	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	Over 10 years	Non-interest bearing financial instruments
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	83,385,865	10,110,791	–	–	–	–	–	–	–	–	73,275,074
Balances with other banks	7.25%	2,995,850	967	–	–	–	–	–	–	–	–	2,994,883
Lendings to financial institutions	1.10% to 10.70%	3,941,284	3,941,284	–	–	–	–	–	–	–	–	–
Investments	2.99% to 13.10%	667,995,813	51,450,960	174,006,299	242,779,049	126,094,222	649,371	53,682,729	16,441,200	–	–	2,891,983
Advances	0% to 19.71%	398,381,922	19,431,055	308,334,843	8,577,723	11,856,315	1,867,494	1,649,774	6,502,817	38,181,233	1,980,668	–
Other assets		47,807,028	–	–	–	–	–	–	–	–	–	47,807,028
		1,204,507,762	84,935,057	482,341,142	251,356,772	137,950,537	2,516,865	55,332,503	22,944,017	38,181,233	1,980,668	126,968,968
Liabilities												
Bills payable		17,944,644	–	–	–	–	–	–	–	–	–	17,944,644
Borrowings	0% to 10.70%	316,166,512	141,558,724	107,273,558	8,565,458	11,788,376	1,408,554	1,178,142	6,241,951	37,636,706	485,294	29,749
Deposits and other accounts	0.05% to 13.50%	772,286,057	217,544,084	57,761,217	152,773,398	46,724,644	4,256,739	4,417,693	1,090,482	–	–	287,717,800
Other liabilities		50,367,357	–	–	–	–	–	–	–	–	–	50,367,357
		1,156,764,570	359,102,808	165,034,775	161,338,856	58,513,020	5,665,293	5,595,835	7,332,433	37,636,706	485,294	356,059,550
On-balance sheet gap		47,743,192	(274,167,751)	317,306,367	90,017,916	79,437,517	(3,148,428)	49,736,668	15,611,584	544,527	1,495,374	(229,090,582)
Off-balance sheet financial instruments												
Commitments in respect of:												
Forward foreign exchange contracts		402,981,660	–	–	–	–	–	–	–	–	–	402,981,660
Syndicate financing		1,902,213	–	–	–	–	–	–	–	–	–	1,902,213
Letters of credit		198,716,273	–	–	–	–	–	–	–	–	–	198,716,273
Acquisition of fixed assets		135,456	–	–	–	–	–	–	–	–	–	135,456
Off-balance sheet gap		603,735,602	–	–	–	–	–	–	–	–	–	603,735,602
Total Yield/Interest Risk Sensitivity Gap		651,478,794	(274,167,751)	317,306,367	90,017,916	79,437,517	(3,148,428)	49,736,668	15,611,584	544,527	1,495,374	374,645,020
Cumulative Yield/Interest Risk Sensitivity Gap		651,478,794	(274,167,751)	43,138,616	133,156,532	212,594,049	209,445,621	259,182,289	274,793,873	275,338,400	276,833,774	374,645,020

	Effective yield / interest rate	2020										
		Exposed to yield / interest risk										Non-interest bearing financial instruments
		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	Over 10 years	
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	54,694,603	10,176,561	–	–	–	–	–	–	–	–	44,518,042
Balances with other banks	5.50%	1,990,862	4,696	–	–	–	–	–	–	–	–	1,986,166
Lendings to financial institutions	7.50%	1,000,000	1,000,000	–	–	–	–	–	–	–	–	–
Investments	5.95% to 13.39%	584,531,633	91,415,724	182,732,579	117,265,728	38,362,954	69,388,688	–	63,462,925	19,752,914	–	2,150,121
Advances	0.5% to 19%	312,166,805	13,874,356	244,383,921	16,251,009	1,439,959	19,762,576	2,064,436	3,649,470	9,148,362	1,592,716	–
Other assets		50,076,553	–	–	–	–	–	–	–	–	–	50,076,553
		1,004,460,456	116,471,337	427,116,500	133,516,737	39,802,913	89,151,264	2,064,436	67,112,395	28,901,276	1,592,716	98,730,882
Liabilities												
Bills payable		15,421,002	–	–	–	–	–	–	–	–	–	15,421,002
Borrowings	0% to 7.05%	201,722,849	104,685,748	42,596,447	15,930,709	729,775	19,549,526	1,600,497	3,358,008	8,800,575	153,618	4,317,946
Deposits and other accounts	0.25% to 16.67%	680,955,712	181,877,158	66,060,410	160,265,927	28,465,497	2,262,186	2,546,948	5,132,642	20,000	–	234,324,944
Other liabilities		58,005,143	–	–	–	–	–	–	–	–	–	58,005,143
		956,104,706	286,562,906	108,656,857	176,196,636	29,195,272	21,811,712	4,147,445	8,490,650	8,820,575	153,618	312,069,035
On-balance sheet gap		48,355,750	(170,091,569)	318,459,643	(42,679,899)	10,607,641	67,339,552	(2,083,009)	58,621,745	20,080,701	1,439,098	(213,338,153)
Off-balance sheet financial instruments												
Commitments in respect of:												
Forward foreign exchange contracts		435,798,001	–	–	–	–	–	–	–	–	–	435,798,001
Syndicate financing		1,681,802	–	–	–	–	–	–	–	–	–	1,681,802
Letters of credit		160,321,521	–	–	–	–	–	–	–	–	–	160,321,521
Acquisition of fixed assets		292,513	–	–	–	–	–	–	–	–	–	292,513
Off-balance sheet gap		598,093,837	–	–	–	–	–	–	–	–	–	598,093,837
Total yield / interest risk sensitivity gap		646,449,587	(170,091,569)	318,459,643	(42,679,899)	10,607,641	67,339,552	(2,083,009)	58,621,745	20,080,701	1,439,098	384,755,684
Cumulative yield / interest risk sensitivity gap		646,449,587	(170,091,569)	148,368,074	105,688,175	116,295,816	183,635,368	181,552,359	240,174,104	260,254,805	261,693,903	384,755,684

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

Reconciliation to total assets	2021	2020
	Rupees in '000	
Total financial assets	1,204,507,762	1,004,460,456
Add: Non financial assets		
Operating fixed assets	12,014,494	9,033,002
Intangible assets	120,689	89,690
Deferred tax asset	3,216,521	1,156,509
Other assets	4,556,974	2,832,526
	19,908,678	13,111,727
Balance as per statement of financial position	1,224,416,440	1,017,572,183

Reconciliation to total liabilities	2021	2020
	Rupees in '000	
Total financial liabilities	1,156,764,570	956,104,706
Add: Non financial liabilities		
Other liabilities	4,677,218	3,819,266
Balance as per statement of financial position	1,161,441,788	959,923,972

43.3 Operational Risk

The Bank 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 Bank's strategy is to further strengthen operational risk management system along new industry standards.

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

The Bank'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 Bank'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, Bank wide policies, procedures, frameworks and product programs are also being evaluated from operational risk perspective aiming to beef up control environment.

The Bank'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 bank remain operational and any contingency arising is dealt appropriately. The Bank's operational risk management governance has been further strengthened through the establishment of a separate operational risk and control committee.

The Bank 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. 5,244,761 thousand (2020: Rs. 4,327,741 thousand).

43.4 Liquidity Risk

Liquidity risk is the risk that the Bank 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 Bank is confident that the cur rent 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 Bank. The management of liquidity risk within the Bank is under taken within limits and other paramet ers set by the BoD. The Bank's treasury function has the primary responsibility for assessing, monitoring and managing the Bank's liquidity and funding strategy while overall compliance is monitored and coordinated by the ALCO. Board and senior management are apprised of the Bank'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 Bank 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 Bank.

Habib Metro's strong deposit base backed by continued customer confidence and holding of government securities has enabled the bank to maintain a robust liquidity profile, also depicted through a strong LCR ratio.

Funding Strategy

The Bank's liquidity model is based on "self-reliance" with an extensive branch network to diversify the Bank's deposit base. Further, the Bank can also generate liquidity from Interbank market against government securities to fund its short term requirement, if any. The Bank 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, Bank also prepares the maturity profile of assets and liabilities to keep track of liquidity gaps over different time buckets. The Bank 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 for the Bank.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the Bank which defines and identifies the factors that can instigate a liquidity crisis and the actions to be taken to manage the crisis. The Bank 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 assets and liabilities of the Bank

2021

	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
	Rupees in '000													
Assets														
Cash and balances with treasury banks	83,385,865	83,385,865	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	2,995,850	2,995,850	–	–	–	–	–	–	–	–	–	–	–	–
Lendings to financial institutions	3,941,284	–	–	441,284	3,500,000	–	–	–	–	–	–	–	–	–
Investments	667,995,813	2,792,693	–	15,279,472	34,318,472	60,411,044	104,912,819	165,947,399	92,946,072	33,443,200	54,157,833	54,427,909	41,604,025	7,754,875
Advances	398,381,922	49,997,391	7,775,825	25,299,463	29,783,205	87,496,592	54,760,088	37,212,076	32,785,944	15,238,669	4,962,642	4,219,097	7,468,602	41,382,328
Fixed assets	12,014,494	13,226	79,354	92,580	224,838	229,207	229,207	687,621	687,621	687,621	1,286,163	482,495	898,176	6,416,385
Intangible assets	120,689	581	3,486	4,067	9,876	18,010	18,010	54,030	6,315	6,314	–	–	–	–
Deferred tax assets	3,216,521	32,524	195,147	227,671	552,916	599,258	599,257	532,994	(161,725)	(161,724)	147,035	127,976	134,758	390,434
Other assets	52,364,002	1,421,495	8,528,975	9,950,471	24,165,429	1,068,220	1,068,219	1,206,417	2,473,528	2,473,528	1,614	940	1,828	3,338
	1,224,416,440	140,639,625	16,582,787	51,295,008	92,554,736	149,822,331	161,587,600	205,640,537	128,737,755	51,687,608	60,555,287	59,258,417	50,107,389	55,947,360
Liabilities														
Bills payable	17,944,644	17,944,644	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings	316,166,512	12,037,507	127,816,626	606,270	1,128,070	100,908,736	6,364,822	8,565,458	257,944	11,530,432	1,408,554	1,178,142	6,241,951	38,122,000
Deposits and other accounts	772,286,057	510,860,413	29,091,613	17,788,219	81,023,509	18,716,032	39,045,184	19,271,531	19,478,049	27,246,596	4,256,739	4,417,693	1,090,479	–
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sub-ordinated debts	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	55,044,575	1,346,304	8,077,817	9,424,120	22,887,149	563,321	563,320	334,951	2,218,901	2,218,900	2,594	6,168,685	923,525	314,988
	1,161,441,788	542,188,868	164,986,056	27,818,609	105,038,728	120,188,089	45,973,326	28,171,940	21,954,894	40,995,928	5,667,887	11,764,520	8,255,955	38,436,988
Net assets	62,974,652	(401,549,243)	(148,403,269)	23,476,399	(12,483,992)	29,634,242	115,614,274	177,468,597	106,782,861	10,691,680	54,887,400	47,493,897	41,851,434	17,510,372
Share capital	10,478,315													
Reserves	22,679,604													
Surplus/(Deficit) on revaluation of assets	(381,836)													
Unappropriated profit	30,198,569													
	62,974,652													

	2020													
	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
	Rupees in '000													
Assets														
Cash and balances with treasury banks	54,694,603	54,694,603	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	1,990,862	1,990,862	–	–	–	–	–	–	–	–	–	–	–	–
Lending to financial institutions	1,000,000	–	1,000,000	–	–	–	–	–	–	–	–	–	–	–
Investments	584,531,633	1,707,157	2,500,000	41,654,853	46,426,730	92,038,997	82,657,251	65,323,816	34,890,274	3,608,688	69,389,296	52,062,743	64,190,237	28,081,591
Advances	312,166,805	43,068,890	1,824,136	3,209,066	10,693,816	86,346,370	47,111,880	52,810,672	15,058,162	4,275,218	23,761,096	5,670,257	9,325,769	9,011,473
Fixed assets	9,033,002	27,036	162,213	189,249	459,604	158,706	158,706	480,563	469,649	469,649	1,780,244	890,469	1,047,651	2,739,263
Intangible assets	89,690	131	787	918	2,229	4,065	4,065	12,195	12,195	12,195	40,910	–	–	–
Deferred tax assets	1,156,509	16,959	101,756	118,715	288,307	250,798	250,797	163,116	108,329	108,329	(13,221)	(104,620)	(131,416)	(1,340)
Other assets	52,909,079	1,451,462	8,708,774	10,160,236	24,674,860	389,403	389,403	254,451	1,985,677	1,985,677	1,511,029	717,516	678,634	1,957
	1,017,572,183	102,957,100	14,297,666	55,333,037	82,545,546	179,188,339	130,572,102	119,044,813	52,524,286	10,459,756	96,469,354	59,236,365	75,110,875	39,832,944
Liabilities														
Bills payable	15,421,002	15,421,002	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings	201,722,849	13,521,002	82,444,525	–	13,038,167	667,989	41,928,458	15,930,709	–	729,775	19,549,526	1,600,497	3,358,008	8,954,193
Deposits and other accounts	680,955,712	428,364,703	29,125,871	14,435,147	56,449,001	34,309,520	31,802,954	48,041,248	12,311,496	16,360,602	2,056,161	2,549,278	5,129,731	20,000
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sub-ordinated debts	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	61,824,409	1,493,808	8,962,847	10,456,654	25,394,732	247,378	247,377	471,826	2,681,203	2,681,203	2,077,783	2,329,944	2,782,487	1,997,167
	959,923,972	458,800,515	120,533,243	24,891,801	94,881,900	35,224,887	73,978,789	64,443,783	14,992,699	19,771,580	23,683,470	6,479,719	11,270,226	10,971,360
Net assets	57,648,211	(355,843,415)	(106,235,577)	30,441,236	(12,336,354)	143,963,452	56,593,313	54,601,030	37,531,587	(9,311,824)	72,785,884	52,756,646	63,840,649	28,861,584
Share capital	10,478,315													
Reserves	19,986,241													
Surplus/(Deficit) on revaluation of assets	3,164,807													
Unappropriated profit	24,018,848													
	57,648,211													

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

	2021									
	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	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	83,385,865	83,385,865	–	–	–	–	–	–	–	–
Balances with other banks	2,995,850	2,995,850	–	–	–	–	–	–	–	–
Lendings to financial institutions	3,941,284	3,941,284	–	–	–	–	–	–	–	–
Investments	667,995,813	52,390,637	165,323,863	165,947,399	126,389,272	54,157,833	54,427,909	41,604,025	6,924,875	830,000
Advances	398,381,922	112,855,884	142,256,680	37,212,076	48,024,613	4,962,642	4,219,097	7,468,602	38,536,067	2,846,261
Fixed assets	12,014,494	409,998	458,414	687,621	1,375,242	1,286,163	482,495	898,176	3,545,508	2,870,877
Intangible assets	120,689	18,010	36,020	54,030	12,629	–	–	–	–	–
Deferred tax assets	3,216,521	1,008,258	1,198,515	532,994	(323,449)	147,035	127,976	134,758	344,052	46,382
Other assets	52,364,002	44,066,370	2,136,439	1,206,417	4,947,056	1,614	940	1,828	132	3,206
	1,224,416,440	301,072,156	311,409,931	205,640,537	180,425,363	60,555,287	59,258,417	50,107,389	49,350,634	6,596,726
Liabilities										
Bills payable	17,944,644	17,944,644	–	–	–	–	–	–	–	–
Borrowings	316,166,512	141,588,473	107,273,558	8,565,458	11,788,376	1,408,554	1,178,142	6,241,951	37,636,706	485,294
Deposits and other accounts	772,286,057	181,221,899	108,599,199	273,461,456	122,981,618	80,513,713	4,417,693	1,090,479		
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–
Sub-ordinated debts	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–
Other liabilities	55,044,575	41,735,390	1,126,641	334,951	4,437,801	2,594	6,168,685	923,525	314,988	–
	1,161,441,788	382,490,406	216,999,398	282,361,865	139,207,795	81,924,861	11,764,520	8,255,955	37,951,694	485,294
Net assets	62,974,652	(81,418,250)	94,410,533	(76,721,328)	41,217,568	(21,369,574)	47,493,897	41,851,434	11,398,940	6,111,432
Share capital	10,478,315									
Reserves	22,679,604									
Surplus / (Deficit) on revaluation of assets	(381,836)									
Unappropriated profit	30,198,569									
	62,974,652									

	2020									
	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	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	54,694,603	54,694,603	–	–	–	–	–	–	–	–
Balances with other banks	1,990,862	1,990,862	–	–	–	–	–	–	–	–
Lendings to financial institutions	1,000,000	1,000,000	–	–	–	–	–	–	–	–
Investments	584,531,633	92,288,740	174,696,248	65,323,816	38,498,962	69,389,296	52,062,743	64,190,237	27,251,591	830,000
Advances	312,166,805	58,795,908	133,458,250	52,810,672	19,333,380	23,761,096	5,670,257	9,325,769	9,011,473	–
Fixed assets	9,033,002	838,102	317,412	480,563	939,298	1,780,244	890,469	1,047,651	1,418,151	1,321,112
Intangible assets	89,690	4,065	8,130	12,195	24,390	40,910	–	–	–	–
Deferred tax assets	1,156,509	525,737	501,595	163,116	216,658	(13,221)	(104,620)	(131,416)	(4,574)	3,234
Other assets	52,909,079	44,995,333	778,806	254,451	3,971,354	1,511,029	717,516	678,634	1,956	–
	1,017,572,183	255,133,350	309,760,441	119,044,813	62,984,042	96,469,354	59,236,365	75,110,875	37,678,597	2,154,346
Liabilities										
Bills payable	15,421,002	15,421,002	–	–	–	–	–	–	–	–
Borrowings	201,722,849	109,003,694	42,596,447	15,930,709	729,775	19,549,526	1,600,497	3,358,008	8,800,575	153,618
Deposits and other accounts	680,955,712	146,590,460	108,480,878	260,195,690	92,096,203	65,892,895	2,546,948	5,132,638	20,000	–
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–
Sub-ordinated debts	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–
Other liabilities	61,824,409	46,308,041	494,755	471,826	5,362,406	2,077,783	2,329,944	2,782,487	1,991,929	5,238
	959,923,972	317,323,197	151,572,080	276,598,225	98,188,384	87,520,204	6,477,389	11,273,133	10,812,504	158,856
Net assets	57,648,211	(62,189,847)	158,188,361	(157,553,412)	(35,204,342)	8,949,150	52,758,976	63,837,742	26,866,093	1,995,490
Share capital	10,478,315									
Reserves	19,986,241									
Surplus on revaluation of assets	3,164,807									
Unappropriated profit	24,018,848									
	57,648,211									

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 unconsolidated 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 22 February 2022 has proposed a final cash dividend of Rs. 3.00 per share amounting to Rs. 3,143,493 thousand (2020: final cash dividend of Rs . 2.50 per share amounting to Rs. 2,619,579 thousand) in addition t o interim dividend of Rs . 2.00 per shar e amounting t o Rs. 2,095,663 thousand (2020: Rs. 2,095,663 thousand) for approval by the members of the Bank in the forthcoming Annual General Meeting.

44.3 Corresponding figures

Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements wherever necessary to facilitate comparison and better presentation. However, no major reclassification have been made.

45. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on 22 February 2022 by the Board of Directors of the Bank.

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

ANNEXURE "I" AS REFERRED TO IN NOTE 10.6 OF THE UNCONSOLIDATED 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 2021

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 wavied	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
1	Alam Cotton Mills (Private) Limited A-201/B, 2nd Floor, City Tower Main Boulevard, Gulberg-2, Lahore.	Muhammad Shafiq Alam 42201-0547606-5 Adeel Shafiq Alam 42000-0503449-9 Faraz Shafiq Alam 42000-0503055-9 Hammad Shafiq Alam 42201-7410183-7	Muhammad Rafiq Alam Muhammad Shafiq Alam Muhammad Shafiq Alam Muhammad Shafiq Alam	656,630	36,148	102,259	795,037	-	-	78,407	78,407
2	Amsons Textile Mills (Private) Limited D-14/B, SITE, Mangopir Road, Karachi.	Abdul Majeed Mukati 42000-0482231-5 Ilyas Mukati 42000-3386962-7	Muhammad Hashim Abdul Majeed Mukati	566,318	203,053	-	769,371	59,000	203,052	-	262,052
3	Mustafa Industries Plot No. 70, Sector 28, Korangi Industrial Area, Karachi.	Nisar Ali Bhagat 42201-0655748-5 Mohsin Ahmed Bhagat 42301-0800818-1 Muhammad Ahmed Bhagat 42201-0302913-1	Ahmed Bhagat Ahmed Bhagat Ahmed Bhagat	14,739	7,688	-	22,427	12,718	7,688	-	20,406

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 wavied	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
4	Graf Knits & Woven (Nisar Group) Nisar Garments Industries Nisar Textiles Corporation Plot No. 12/2, Sector 15, Korangi Industrial Area, Karachi.	Ejaz Hanif 42301-7223192-7 Rafiq Hanif 42301-6858026-1 Muhammad Nisar Hanif 42201-493338-9	Muhammad Hanif Muhammad Hanif Muhammad Hanif	44,941	217,982	68,111	331,034	-	213,365	68,111	281,476
5	Paramount Spining Mills Limited Registered Office: 2nd Floor, Finlay House, I.I. Chundrigarh Road, Karachi. Mills: S.I.T.E. Kotri, 18-Km Raiwind Road, Lahore.	Mian Tanveer Ahmed 42201-0350138-5 Mian Naseer Ahmed 42201-0632509-5	Abdul Shakoor Abdul Shakoor	95,775	43,120	-	138,895	73,870	43,011	-	116,881
6	Terry World Textiles House No.13, Block No. 7 & 8, C.P. Barar Society, Off Ameer Khusro Road, Karachi.	M. Yousuf Rangoonwala 42401-4056225-5 Abdul Nasir Rangoonwala 42401-5987443-1 Muhammad Aslam 42201-0131894-1 M. Shoaib Rangoonwala 42201-2012813-3 Mehmood Rangoonwala 42401-4046725-5 Sohail Ahmed 42201-7996040-1 Mrs.Naseema Abdul Nasir 42401-4589853-8	Ahmed Rangoonwala Ahmed Rangoonwala Ahmed Rangoonwala Ahmed Rangoonwala Ahmed Rangoonwala Ahmed Rangoonwala Abdul Nasir Rangoonwala	569,451	446,513	-	1,015,964	381,211	446,513	-	827,724
				1,947,854	954,504	170,370	3,072,728	526,799	913,629	146,518	1,586,946

Annexure - II

ISLAMIC BANKING BUSINESS

The bank is operating 49 (2020: 32) Islamic banking branches and 218 (2020: 218) Islamic banking windows at the end of the year.

	Note	2021	2020
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		8,065,686	4,970,404
Balances with other banks		–	–
Due from financial institutions	1	3,500,000	1,000,000
Investments	2	30,384,762	27,627,085
Islamic financing and related assets - net	3	78,657,185	56,661,747
Fixed assets	4	635,471	481,094
Intangible assets		–	–
Due from Head Office	5	5,125,784	204,715
Other assets		3,017,036	3,345,634
		129,385,924	94,290,679
LIABILITIES			
Bills payable		1,445,125	786,085
Due to financial institutions		32,048,365	16,609,708
Deposits and other accounts	6	83,953,361	68,493,450
Due to Head Office		–	–
Subordinated debt		–	–
Other liabilities	7	2,731,703	2,615,582
		120,178,554	88,504,825
NET ASSETS		9,207,370	5,785,854
REPRESENTED BY			
Islamic Banking Fund		7,504,413	5,503,996
Reserves		–	–
Deficit on revaluation of assets		(725,275)	(1,085,694)
Unappropriated profit	8	2,428,232	1,367,552
		9,207,370	5,785,854
CONTINGENCIES AND COMMITMENTS	9		

The profit and loss account of the Bank's islamic banking branches for the year ended 31 December 2021 is as follows:

	Note	2021	2020
		Rupees in '000	
Profit / return earned	10	6,654,512	5,155,549
Profit / return expensed	11	(3,981,163)	(3,479,601)
Net Profit / return		2,673,349	1,675,948
Other income			
Fee and commission income		375,140	217,190
Dividend income		294	35,793
Foreign exchange income		103,780	112,680
Income / (loss) from derivatives		–	–
Gain on securities		70,693	254,201
Other income		5,210	38,948
Total other income		555,117	658,812
Total Income		3,228,466	2,334,760
Other expenses			
Operating expenses		911,598	768,786
Workers welfare fund		–	–
Other charges		609	605
Total other expenses		912,207	769,391
Profit before provisions		2,316,259	1,565,369
Reversals / (Provisions) and (write offs) - net		111,973	(197,817)
Profit before taxation		2,428,232	1,367,552

1. Due from financial institutions

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Unsecured						
- Mudaraba placements	3,500,000	–	3,500,000	–	–	–
- Musharaka placements	–	–	–	1,000,000	–	1,000,000
	3,500,000	–	3,500,000	1,000,000	–	1,000,000

2. Investments by segments

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities								
- Ijarah Sukuk	19,523,163	–	(396,332)	19,126,831	15,750,214	–	(675,889)	15,074,325
- Bai-muajjal	–	–	–	–	3,608,688	–	–	3,608,688
- Islamic naya Pakistan certificate mudaraba investment pool	730,711	–	–	730,711	–	–	–	–
	20,253,874	–	(396,332)	19,857,542	19,358,902	–	(675,889)	18,683,013

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Non Government Debt Securities								
- Listed	7,076,163	–	(336,554)	6,739,609	7,678,877	–	(393,601)	7,285,276
- Unlisted	3,780,000	–	7,611	3,787,611	1,675,000	–	(16,204)	1,658,796
	10,856,163	–	(328,943)	10,527,220	9,353,877	–	(409,805)	8,944,072
Total Investments	31,110,037	–	(725,275)	30,384,762	28,712,779	–	(1,085,694)	27,627,085

3. Islamic financing and related assets - net

	2021				2020			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	583,298	128,997	–	712,295	189,891	4,772	–	194,663
Ijarah - islamic long term financing facility	74,207	–	–	74,207	74,207	–	–	74,207
Murabaha	6,105,881	563,205	–	6,669,086	5,111,746	207,331	–	5,319,077
Working capital musharaka	21,050,328	–	–	21,050,328	25,581,844	–	–	25,581,844
Diminishing musharaka	11,736,112	377,959	–	12,114,071	5,328,366	217,013	–	5,545,379
Salam	128,000	–	–	128,000	16,874	128,500	54,000	199,374
Istisna	2,677,387	3,040,426	–	5,717,813	1,642,581	2,152,364	8,820	3,803,765
Al-bai	536,632	–	16,961	553,593	136,797	–	25,577	162,374
Diminishing musharaka								
- Islamic long term financing facility	863,436	1,528,029	–	2,391,465	764,708	504,848	–	1,269,556
- Islamic refinance scheme for payment of wages and salaries	1,046,640	93,534	–	1,140,174	–	1,683,416	–	1,683,416
- Islamic financing facility for storage of agricultural produce	–	598,035	–	598,035	–	267,878	–	267,878
- Islamic temporary economic refinance facility	422,229	13,064,204	–	13,486,433	–	1,931,320	–	1,931,320
- Islamic financing facility for renewable energy	–	250,848	–	250,848	–	–	–	–
Islamic Export Refinance								
- Murabaha	760,819	–	–	760,819	1,137,138	43,565	–	1,180,703
- Working capital musharaka	10,257,000	–	–	10,257,000	3,191,540	-	–	3,191,540
- Salam	60,000	61,920	–	121,920	–	150,000	–	150,000
- Istisna	2,259,110	1,075,000	–	3,334,110	1,149,500	5,748,195	–	6,897,695
- Al-bai	7,832	–	–	7,832	–	–	31,773	31,773
Gross islamic financing and related assets	58,568,911	20,782,157	16,961	79,368,029	44,325,192	13,039,202	120,170	57,484,564
Less: provision against non-performing islamic financings								
- Specific	(704,654)	–	–	(704,654)	(822,665)			(822,665)
- General	(6,190)	–	–	(6,190)	(152)	–	–	(152)
	(710,844)	–	–	(710,844)	(822,817)	–	–	(822,817)
Islamic financing and related assets - net of provision	57,858,067	20,782,157	16,961	78,657,185	43,502,375	13,039,202	120,170	56,661,747

3.1 Ijarah

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

	2020						
	Cost			Accumulated Depreciation			Book value as at 31 Dec 2020
	As at 1 Jan 2020	Additions / (deletions)	As at 31 Dec 2020	As at 1 Jan 2020	Charge for the year / (deletions)	As at 31 Dec 2020	
	Rupees in '000						
Plant & Machinery	398,702	85,908 (220,715)	263,895	204,879	83,695 (136,790)	151,784	112,111
Vehicles	307,547	11,845 (21,544)	297,848	116,050	43,355 (13,544)	145,861	151,987
Total	706,249	(144,506)	561,743	320,929	(23,284)	297,645	264,098

Future ijarah payments receivable

	2021				2020			
	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	175,196	349,795	30,733	555,724	146,823	134,963	26,120	307,906

	Note	2021	2020
		Rupees in '000	
3.2 Murabaha			
Murabaha financing	3.2.1	6,105,881	5,111,746
Advances for Murabaha		563,205	207,331
		6,669,086	5,319,077
3.2.1 Murabaha receivable - gross	3.2.2	6,359,206	5,295,597
Less: Deferred murabaha income	3.2.4	(137,450)	(114,184)
Profit receivable shown in other assets		(115,875)	(69,667)
Murabaha financings		6,105,881	5,111,746
3.2.2 The movement in murabaha financing during the year is as follows:			
Opening balance		5,295,597	8,146,332
Sales during the year		18,390,918	13,934,339
Adjusted during the year		(17,327,309)	(16,785,074)
Closing balance		6,359,206	5,295,597
3.2.3 Murabaha sale price		18,390,918	13,934,339
Murabaha purchase price		(17,915,777)	(13,595,026)
		475,141	339,313
3.2.4 Deferred murabaha income			
Opening balance		114,184	213,623
Arising during the year		475,141	339,313
Less: recognised during the year		(451,875)	(438,752)
Closing balance		137,450	114,184

4. Fixed assets include right-of-use assets of Rs. 545,830 thousand and other liabilities include related lease liability of Rs 615,776 thousand.

5. Due from Head Office

Inter-branch transactions are made on Qard basis.

6. Deposits

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	23,212,725	4,463,870	27,676,595	12,133,804	4,477,348	16,611,152
Savings deposits	27,563,777	3,592,221	31,155,998	20,017,418	1,380,064	21,397,482
Term deposits	16,387,078	898,644	17,285,722	25,320,737	910,889	26,231,626
Others	1,675,068	–	1,675,068	1,009,910	–	1,009,910
	68,838,648	8,954,735	77,793,383	58,481,869	6,768,301	65,250,170
Financial Institutions						
Current deposits	65,030	2,277	67,307	138,324	–	138,324
Savings deposits	5,875,671	–	5,875,671	3,104,956	–	3,104,956
Term deposits	217,000	–	217,000	–	–	–
	6,157,701	2,277	6,159,978	3,243,280	–	3,243,280
	74,996,349	8,957,012	83,953,361	61,725,149	6,768,301	68,493,450

	2021	2020
	Rupees in '000	
6.1 Composition of deposits		
- Individuals	36,498,423	28,075,432
- Government / Public Sector Entities	3,906,109	1,812,640
- Banking Companies	3,002,984	2,002,918
- Non-Banking Financial Institutions	3,156,994	1,240,362
- Private Sector	37,388,851	35,362,098
	83,953,361	68,493,450
6.2 Particulars of deposits and other accounts		
- In local currency	74,996,349	61,725,149
- In foreign currencies	8,957,012	6,768,301
	83,953,361	68,493,450

6.3 This includes eligible deposits of Rs. 33,716,328 thousand which are covered under sharia compliant deposit protection mechanism as required by the Deposit Protection Corporation Circular no. 5 of 2018.

	2021	2020
	Rupees in '000	

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

Charity fund		
Opening balance	–	2,137
Additions during the year		
Received from customers on account of delayed payment	122	105
Dividend purification amount	–	–
Profit on charity saving account	–	–
	122	105
Payments / utilization during the year		
Education	(114)	(650)
Health	(4)	(1,592)
	(118)	(2,242)
Closing balance	4	–

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

8. Islamic banking business unappropriated profit

Opening balance	1,367,552	1,088,033
Add: Islamic banking profit for the year	2,428,232	1,367,552
Less: taxation	–	–
Less: reserves	–	–
Less: transferred to head office	(1,367,552)	(1,088,033)
Closing balance	2,428,232	1,367,552

	2021	2020
	Rupees in '000	

9. Contingencies and commitments

Guarantees	8,252,346	6,333,142
Commitments	22,215,654	18,237,313
	30,468,000	24,570,455

10. Profit / return earned on financing, investments and placement

Financing	4,265,981	2,232,445
Investments	2,186,307	2,326,245
Placements	202,224	596,859
	6,654,512	5,155,549

11. Profit on deposits and other dues expensed

Deposits and other accounts	3,475,334	3,279,484
Due to financial institutions	448,812	187,480
Lease liability against right-of-use assets	57,017	12,637
	3,981,163	3,479,601

12. Pool management

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

The Bank 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, where 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 co-mingled 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 assigned.

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 HabibMetro 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. Write-off in non-performing accounts is charged to the respective pool. However, this is not an exhaustive list; HabibMetro 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								
– PKR Pool	Monthly	6.22%	50.00%	50.00%	808,319	4.63%	2.72%	21,439
– USD Pool	Monthly	0.60%	90.00%	10.00%	4,055	0.19%	12.76%	517
Specific pools								
– Islamic Export Refinance (IERS) Pool	Quarterly	7.07%	86.88%	13.12%	300,367	Nil	0.00%	–
– Special Pool (Saving)	Monthly	9.02%	16.09%	83.91%	72,660	6.00%	20.48%	–
– Special Pool (TDR)	Monthly	8.46%	10.67%	89.33%	176,129	6.41%	0.00%	–

PATTERN OF SHAREHOLDINGS

AS ON 31 DECEMBER 2021

Number of shareholders	Size of shareholding Rs. 10 each			Total shares held
310	1	To	100	8,033
338	101	To	500	118,354
231	501	To	1000	199,646
704	1001	To	5000	1,910,910
268	5001	To	10000	2,065,204
322	10001	To	15000	3,908,707
77	15001	To	20000	1,408,334
68	20001	To	25000	1,606,103
36	25001	To	30000	1,010,883
31	30001	To	35000	1,008,018
31	35001	To	40000	1,164,599
11	40001	To	45000	481,000
34	45001	To	50000	1,638,450
31	50001	To	60000	1,711,645
43	60001	To	80000	2,990,231
46	80001	To	100000	4,320,826
56	100001	To	150000	6,856,205
27	150001	To	200000	4,883,066
25	200001	To	250000	5,643,718
54	250001	To	500000	20,354,366
52	525001	To	1000000	38,131,771
16	1000001	To	1500000	18,811,188
13	1500001	To	2000000	22,152,770
19	2000001	To	3000000	42,688,933
8	3000001	To	4000000	28,024,239
17	4000001	To	10000000	98,501,005
8	10000001	To	52050000	201,839,222
1	534390001	To	534395000	534,394,054
2,877				1,047,831,480

COMBINED PATTERN OF SHAREHOLDINGS

AS ON 31 DECEMBER 2021

Categories of Shareholders	Number of Shareholders	Number of Shares held	(%)
Directors and their spouse(s) and minor children			
Muhammad H. Habib	1	2,069,454	0.20
Farah Fatimah	1	1,037,157	0.10
Mohamedali R. Habib	1	1,612,524	0.15
Syeda Mohamedali R. Habib	1	805,065	0.08
Rashid Ahmed Jafer	1	500	0.00
Hamza Habib	1	1,000	0.00
Tahira Raza	1	500	0.00
Mohomed Bashir	1	16,340,985	1.56
Anjum Zahoor Iqbal	1	500	0.00
Mohsin Ali Nathani	1	3,100,000	0.30
Firasat Ali	1	500	0.00
Associated Companies, undertakings and related parties			
Habib Bank AG Zurich	1	534,394,054	51.00
Habib Insurance Co. Limited	1	4,036,924	0.39
Executives	3	322,500	0.03
National Investment Trust	1	37,174,607	3.55
Banks Development Financial Institutions, Non Banking Financial Institutions	8	16,475,312	1.57
Insurance Companies	7	20,652,642	1.97
Modarabas and Mutual Funds			
First Al-Noor Modaraba	1	125	0.00
CDC - Trustee MCB Pakistan Stock Market Fund	1	5,159,500	0.49
CDC - Trustee Pakistan Capital Market Fund	1	325,000	0.03
CDC - Trustee JS Large Capital Fund	1	100,500	0.01
CDC - Trustee Atlas Stock Market Fund	1	500	0.00
CDC - Trustee Alfalah GHP Value Fund	1	1,000	0.00
CDC - Trustee Unit Trust of Pakistan	1	272,000	0.03
CDC - Trustee AKD Index Tracker Fund	1	114,248	0.01
CDC - Trustee NBP Stock Fund	1	926,000	0.09
CDC - Trustee APF - Equity Sub Fund	1	121,000	0.01
CDC - Trustee JS Pension Savings Fund - Equity Account	1	104,000	0.01

Categories of Shareholders	Number of Shareholders	Number of Shares held	(%)
MC FSL - Trustee JS Growth Fund	1	473,000	0.05
CDC - Trustee MCB Pakistan Asset Allocation Fund	1	765,000	0.07
CDC - Trustee Alfalah GHP Stock Fund	1	455,500	0.04
CDC - Trustee Alfalah GHP Alpha Fund	1	172,500	0.02
CDC - Trustee NIT-Equity Market Opportunity Fund	1	406,000	0.04
CDC - Trustee First Habib Stock Fund	1	125,000	0.01
CDC - Trustee NBP Sarmaya Izafa Fund	1	62,000	0.01
CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	534,500	0.05
CDC - Trustee First Habib Asset Allocation Fund	1	73,000	0.01
CDC - Trustee NBP Financial Sector Fund	1	409,500	0.04
CDC - Trustee UBL Financial Sector Fund	1	1,364,000	0.13
CDC - Trustee UBL Dedicated Equity Fund	1	21,000	0.00
CDC - Trustee Allied Finergy Fund	1	226,500	0.02
General Public			
a. Local	2,414	191,772,238	18.30
b. Foreign	256	6,629,047	0.63
Foreign Companies	18	99,511,271	9.50
Others	133	99,683,327	9.51
Totals	2,877	1,047,831,480	100.00

Share holders holding 10% or more	Shares Held	Percentage
Habib Bank AG Zurich	534,394,054	51.00

TRADE IN THE SHARES BY EXECUTIVES *

Name of Executive	Purchase	Sale
Mohsin Ali Nathani - CEO	550,000	–
Wahid Yunus Dada	40,000	–
Yawer Ali Gulani	10,000	–

* The expression "Executives" means as key management and includes all executives in direct reporting to CEO.

HABIB METROPOLITAN BANK

[Subsidiary of Habib Bank AG Zurich]

HABIB METROPOLITAN BANK LTD.

[Subsidiary of Habib Bank AG Zurich]

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the members of Habib Metropolitan Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Habib Metropolitan Bank Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated statement of financial position of the group as at 31 December 2021 and its consolidated financial performance and its consolidated cashflows 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 Matters

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

Following is the Key Audit Matter:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	**PROVISION AGAINST ADVANCES**	
	Refer notes 4.6 and 10 to the consolidated financial statements for accounting policy and particulars of provision against advances. Group's advances to the customers represent 33.34% of its total assets. These are stated net of provision against advances of Rs. 21.17 billion as at 31 December 2021. Specific provision against advances was identified as a key focus area in our audit as it involves a considerable degree of management judgment and estimation uncertainty along with compliance with the regulatory requirements.	Our audit procedures to verify provision against advances included: • Assessed the design and tested the operating effectiveness of key controls established by the Bank for provisioning required against non-performing loans. • We have performed following procedures on a sample basis: - verified repayments of loan / mark-up installments and checked that borrowers have been correctly classified and categorized based on the basis of number of overdue days;

S. No.	Key Audit Matters	How the matter was addressed in our audit
		- 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 o wn vie w whether an y impair ment indicators are present; and - where the management has identified as displa ying indicators of impair ment, assessed the number of overdue da ys and fac tors used f or calculation of provision in accordance with the Prudential Regulations. We issued instructions to the auditors of two components, highlighting 'Provision against advances' as a significant risk. The auditors of those components performed audit procedures to respond to the significant risk and reported the results thereof to us. We, as auditors of the Group, also evaluated the work performed by the component auditors through their files review and discussions with them.

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

Management is responsible for the other information. The other information comprises the information included in the Gr oup's Annual Report but does not include the unconsolidat ed financial statements, consolidated financial statements and our auditors' reports thereon and our review report on Code of Corporate Governance.

Our opinion on the consolidat ed financial statements does not co ver 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 P akistan, 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 Bank 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 consolidat ed 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 guarant ee that an audit conduc ted in accordance with ISAs as applicable in Pakistan will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi: 03 March 2022

UDIN: AR202110201Ad92zKhwB

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021	2020
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	6	83,386,045	54,694,826
Balances with other banks	7	3,203,963	2,272,896
Lendings to financial institutions	8	3,941,284	1,000,000
Investments	9	664,937,053	582,508,836
Advances	10	411,792,976	321,655,831
Fixed assets	11	12,077,475	9,100,177
Intangible assets	12	163,187	131,331
Deferred tax assets	13	3,218,163	1,153,598
Other assets	14	52,471,202	53,100,970
		1,235,191,348	1,025,618,465
LIABILITIES			
Bills payable	15	17,944,644	15,421,002
Borrowings	16	322,779,155	205,811,905
Deposits and other accounts	17	771,649,729	680,390,688
Liabilities against assets subject to finance lease		–	–
Sub-ordinated debts		–	–
Deferred tax liabilities		–	–
Other liabilities	18	55,928,557	62,657,119
		1,168,302,085	964,280,714
NET ASSETS		66,889,263	61,337,751
REPRESENTED BY			
Share capital	19	10,478,315	10,478,315
Reserves		22,898,760	20,129,515
Surplus / (deficit) on revaluation of assets - net of tax	20	(357,063)	3,183,141
Unappropriated profit		30,370,219	24,207,141
		63,390,231	57,998,112
Non-controlling interest	19.4	3,499,032	3,339,639
		66,889,263	61,337,751
CONTINGENCIES AND COMMITMENTS	21		

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		Rupees in '000	
Mark-up / return / interest earned	23	74,358,956	77,121,348
Mark-up / return / interest expensed	24	(44,200,365)	(47,697,536)
Net mark-up / interest income		30,158,591	29,423,812
Non mark-up / interest income			
Fee and commission income	25	6,966,942	5,440,486
Dividend income		161,287	191,828
Foreign exchange income		3,706,963	4,086,904
Income / (loss) from derivatives		–	–
Gain / (loss) on securities	26	102,026	(44,339)
Other income	27	296,361	42,392
Total non mark-up / interest income		11,233,579	9,717,271
Total income		41,392,170	39,141,083
Non mark-up / interest expenses			
Operating expenses	28	16,857,711	14,573,245
Workers' welfare fund		323,463	463,452
Other charges	29	170,918	97,092
Total non mark-up / interest expenses		(17,352,092)	(15,133,789)
Profit before provisions		24,040,078	24,007,294
(Provisions) / reversal and write offs - net	30	(2,052,083)	(3,621,049)
Extra ordinary / unusual items		–	–
Profit before taxation		21,987,995	20,386,245
Taxation	31	(8,125,724)	(8,050,797)
Profit after taxation		13,862,271	12,335,448
Profit attributable to:			
Equity shareholders of the holding company		13,517,714	12,053,072
Non-controlling interest	19.4	344,557	282,376
		13,862,271	12,335,448
		Rupees	
Basic and diluted earnings per share	32	12.90	11.50

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
		Rupees in '000	
Profit after taxation		13,862,271	12,335,448
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods:			
Effect of translation of net investment in an offshore branch - net of tax		1,648	85
Movement in surplus / (deficit) on revaluation of investments - net of tax		(4,617,094)	6,083,554
		(4,615,446)	6,083,639
Items that will not be reclassified to profit and loss in subsequent periods:			
Remeasurement (loss) / gain on defined benefit obligations - net of tax		(23,069)	64,618
Movement in surplus on revaluation of non-banking assets - net of tax		1,314,275	–
Movement in surplus on revaluation of non-banking assets due to change in tax rate		(13,661)	–
		1,277,545	64,618
Total comprehensive income		10,524,370	18,483,705
Equity shareholders of the holding company		10,107,361	18,177,328
Non-controlling interest	19.4	417,009	306,377
		10,524,370	18,483,705

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Reserves					Surplus / (deficit) on revaluation					
	Share capital	Exchange translation reserve	Share premium	Statutory reserve	Special reserve	Revenue reserve	Investments	Non-banking assets	Un-appropriated profit	Sub total	Non-controlling interest	Total
	Rupees in '000											
Opening balance as at 1 January 2020	10,478,315	28	2,550,985	13,414,980	240,361	1,500,000	(3,098,565)	225,431	19,224,491	44,536,026	3,293,578	47,829,604
Profit after taxation	–	–	–	–	–	–	–	–	12,053,072	12,053,072	282,376	12,335,448
Other comprehensive income – net of tax	–	85	–	–	–	–	6,059,736	–	64,435	6,124,256	24,001	6,148,257
Total comprehensive income	–	85	–	–	–	–	6,059,736	–	12,117,507	18,177,328	306,377	18,483,705
Transfer to statutory reserve	–	–	–	2,423,076	–	–	–	–	(2,423,076)	–	–	–
Transfer from surplus on revaluation of assets to unappropriated profit – net of tax	–	–	–	–	–	–	–	(3,461)	3,461	–	–	–
Transactions with owners, recorded directly in equity												
Cash dividend by Habib Metropolitan Bank (Rs.2.50 per share) for the year ended 31 December 2019	–	–	–	–	–	–	–	–	(2,619,579)	(2,619,579)	–	(2,619,579)
Interim dividend by Habib Metropolitan Bank (Rs. 2.00 per share) for the year ended 31 December 2020	–	–	–	–	–	–	–	–	(2,095,663)	(2,095,663)	–	(2,095,663)
Profit distribution by First Habib Modaraba (Rs. 1.40 per certificate) for the period ended 30 June 2020	–	–	–	–	–	–	–	–	–	–	(254,016)	(254,016)
Profit distribution by Habib Metropolitan Modaraba (Rs. 0.70 per certificate) for the period ended 30 June 2020	–	–	–	–	–	–	–	–	–	–	(6,300)	(6,300)
Balance as at 31 December 2020	10,478,315	113	2,550,985	15,838,056	240,361	1,500,000	2,961,171	221,970	24,207,141	57,998,112	3,339,639	61,337,751
Profit after taxation	–	–	–	–	–	–	–	–	13,517,714	13,517,714	344,557	13,862,271
Other comprehensive income – net of tax	–	1,648	–	–	–	–	(4,690,323)	1,300,614	(22,292)	(3,410,353)	72,452	(3,337,901)
Total comprehensive income	–	1,648	–	–	–	–	(4,690,323)	1,300,614	13,495,422	10,107,361	417,009	10,524,370
Transfer to statutory reserve	–	–	–	2,767,597	–	–	–	–	(2,767,597)	–	–	–
Transfer from surplus on revaluation of assets to unappropriated profit – net of tax	–	–	–	–	–	–	–	(150,495)	150,495	–	–	–
Transactions with owners, recorded directly in equity												
Cash dividend by Habib Metropolitan Bank (Rs. 2.50 per share) for the year ended 31 December 2020	–	–	–	–	–	–	–	–	(2,619,579)	(2,619,579)	–	(2,619,579)
Interim dividend by Habib Metropolitan Bank (Rs. 2.00 per share) for the year ended 31 December 2021	–	–	–	–	–	–	–	–	(2,095,663)	(2,095,663)	–	(2,095,663)
Profit distribution by First Habib Modaraba (Rs. 1.40 per certificate) for the period ended 30 June 2021	–	–	–	–	–	–	–	–	–	–	(254,016)	(254,016)
Profit distribution by Habib Metropolitan Modaraba (Rs. 0.40 per certificate) for the period ended 30 June 2021	–	–	–	–	–	–	–	–	–	–	(3,600)	(3,600)
Balance as at 31 December 2021	10,478,315	1,761	2,550,985	18,605,653	240,361	1,500,000	(1,729,152)	1,372,089	30,370,219	63,390,231	3,499,032	66,889,263

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		21,987,995	20,386,245
Less: Dividend income		(161,287)	(191,828)
		21,826,708	20,194,417
Adjustments			
Depreciation on fixed assets	11.2	1,232,390	1,084,952
Depreciation on right-of-use assets	11.2	1,040,456	813,001
Depreciation on non-banking assets	14.1.1	33,870	18,428
Amortization	12	71,253	59,632
Mark-up / return / interest expensed on lease liability against right-of-use assets	24	634,841	583,756
Provisions and write-offs excluding recovery of written off bad debts	30	2,084,225	3,637,614
Gain on sale of fixed asset - net	27	(25,405)	(23,011)
Gain on sale of non-banking assets	27	(227,988)	–
Provision against workers welfare fund		323,463	463,452
Provision against compensated absences	28.1	84,629	107,929
Provision against defined benefit plan	35.8	171,987	172,219
		5,423,721	6,917,972
		27,250,429	27,112,389
(Increase) / decrease in operating assets			
Lendings to financial institutions		(2,941,284)	21,197,303
Advances		(92,388,235)	(53,512,587)
Other assets (excluding current taxation, dividend and non-banking assets)		(3,489,136)	2,167,441
		(98,818,655)	(30,147,843)
Increase / (decrease) in operating liabilities			
Bills payable		2,523,642	3,681,620
Borrowings from financial institutions		121,255,447	59,788,798
Deposits and other accounts		91,259,041	69,130,720
Other liabilities (excluding current taxation)		(3,028,480)	(3,146,661)
		212,009,650	129,454,477
		140,441,424	126,419,023
Payment against workers' welfare fund		(3,262)	(16,853)
Payment against compensated absences		(67,513)	(86,747)
Contribution paid to defined benefit plan		(171,245)	(171,722)
Income tax paid		(8,163,947)	(5,925,957)
Net cash flow from operating activities		132,035,457	120,217,744
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(101,345,612)	(129,543,833)
Net investments in held-to-maturity securities		11,615,586	(268,522)
Dividend received		155,397	189,222
Investments in fixed assets		(2,907,433)	(1,447,176)
Investments in intangible assets		(103,109)	(82,593)
Proceeds from sale of fixed assets		35,390	31,322
Proceeds from sale of non-banking assets		784,404	–
Effect of translation of net investment in an offshore branch		2,701	85
Net cash flow used in investing activities		(91,762,676)	(131,121,495)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(4,947,082)	(4,949,435)
Payment of lease against right-of-use assets		(1,415,216)	(993,031)
Net cash used in financing activities		(6,362,298)	(5,942,466)
Increase / (decrease) in cash and cash equivalents		33,910,483	(16,846,217)
Cash and cash equivalents at the beginning of the year		52,649,776	69,495,993
Cash and cash equivalents at the end of the year	33	86,560,259	52,649,776

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

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 and Habib Metro Modaraba (managed by Habib Metropolitan Modaraba Management Company (Private) Limited).

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 459 (2020: 406) branches, including 49 (2020: 32) Islamic banking branches and an offshore branch (Karachi Export Processing Zone branch), and 30 (2020: 30) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (the ultimate parent company with 51% shares in the holding company) which is incorporated in Switzerland. The registered office of the holding company is situated at HabibMetro Head Office, I.I. Chundrigar Road, Karachi.

Subsidiary Companies

- 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, Khekashan Clifton, Karachi. The subsidiary company is a corporate member of the Pakistan Stock Exchange Limited and engaged in equity brokerage services.

- 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.

- First Habib Modaraba - 10% holding

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

- Habib Metro Modaraba - 70% holding

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

2. BASIS OF PRESENTATION

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

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic mode, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate

mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

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

2.2 Statement of Compliance

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

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

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

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

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

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

2.3.1 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 January 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

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

IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – As per State Bank of Pakistan (SBP) BPRD Circular Letter No. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective

1 January 2022. The standard replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The aforementioned SBP circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, together with further clarifications required in certain areas. Due to the fact that final instructions have not yet been issued and the reservations shared by the industry over the draft instructions are still to be addressed, the impact of application of IFRS 9 on Bank's financial statements is presently being assessed. Banks are collectively of the opinion that impact on initial application of IFRS 9 will only be reasonably estimated subsequent to issuance of final application guidelines by SBP.

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)
Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 percent' test for de-recognition of financial liabilities	01 January 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	01 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	01 January 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of International Financial Reporting Standards	01 January 2014
IFRS 17 – Insurance Contracts	01 January 2023

2.5 Critical Accounting Estimates and Judgments

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

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

i) Classification , valuations and impairment of investments (note 4.5.1)
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 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 and related lease liability (4.7.3)
ix) Impairment of non-financial assets (excluding deferred tax asset) (note 4.21)

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, 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, 4.9 and 4.10 respectively.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These have been consistently applied to all the years presented.

4.2 Basis of consolidation

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

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

4.3 Cash and cash equivalents

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

4.4 Lendings to / borrowings from financial institutions

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

Purchase under resale agreement (reverse repo)

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position and instead amounts paid under these arrangements are included in lendings to financial institutions. The difference between purchase and resale price is accrued as markup 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 markup 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 Shir kat-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 Muajal 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 Bank commits the purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Subsequent measurement

Held-for-trading

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

Held-to-maturity

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

Available-for-sale

Quoted securities classified as available-for-sale are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation of quoted securities classified as 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 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 Bank 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 customer's running musharaka financing limit during the Musharaka period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Istisna

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

Al-Bai

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

Murabaha

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

Salam

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

4.7 Fixed assets

4.7.1 Capital work-in-progress

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

4.7.2 Property and equipment (Owned)

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which are stated at cost less 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.

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

The Group recognizes a right-of-use asset and lease liability 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.

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.

4.8 Intangible assets

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

4.9 Non-banking assets

Non-banking assets acquired in satisfaction of claims are initially recognized at cost and subsequently carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued by professionally qualified valuators with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to the profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Group'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.

4.10 Derivative financial instruments

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

4.11 Provisions

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

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

4.12 Taxation

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

4.12.1 Current

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

4.12.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities f or financial reporting purposes and amounts 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 / borrowings 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 Group 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 Group 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 the terms 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 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:

4.15.1 Advances and investments

- Mark-up / return / interest 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 and SECP.
- Dividend income is recognised when the Group's right to receive the dividend is established.
- Gains and losses on sale of investments are recognised in the profit and loss account.
- Income on bills discounted are recognised over the period of the bill.

4.15.2 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.

4.15.3 Fees, commission and brokerage

Fees, commission and brokerage income is recognized on an accrual basis.

4.16 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.

4.17 Foreign currencies

4.17.1 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 foreign 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.

4.17.2 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'.

4.17.3 Contingencies and commitments

Contingent liabilities / commitments for letters of credit and letter of guarantees 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.

4.18 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products 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.

4.18.1 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.

4.18.2 Geographical segments

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

4.19 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.

4.20 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.

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

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

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

4.22 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.

4.23 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.

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	2021	2020
		Rupees in '000	

6. CASH AND BALANCES WITH TREASURY BANKS

In hand			
Local currency		6,711,228	7,695,676
Foreign currencies		580,139	1,039,893
		7,291,367	8,735,569
With State Bank of Pakistan in			
Local currency current accounts	6.1	54,589,511	27,378,599
Foreign currencies			
– current accounts	6.2	1,347,685	83,730
– cash reserve account	6.3	5,475,902	5,306,457
Foreign currency deposit account			
– special cash reserve account	6.4	10,110,791	10,176,561
		71,523,889	42,945,347
With National Bank of Pakistan in			
Local currency current accounts		4,446,115	2,613,310
National Prize Bonds		124,674	400,600
		83,386,045	54,694,826

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

6.4 This represents account maintained with the SBP to comply with the special cash reserve requirement against foreign currency deposits. The return on this account is declared by the SBP on a monthly basis and, as at 31 December 2021, carries mark-up at the rate of 0% (2020: 0%) per annum.

7. BALANCES WITH OTHER BANKS

	Note	2021	2020
		Rupees in'000	
In Pakistan			
In current accounts		213,855	172,279
In deposit accounts	7.1	207,887	285,559
		421,742	457,838
Outside Pakistan			
In current accounts	7.2	2,782,221	1,815,058
		3,203,963	2,272,896

7.1 These carry mark-up rates of ranging from 5.50% to 9.75% (2020: 5.50%) per annum.

7.2 These include balances in current accounts amounting to Rs. 184,060 thousand (2020: Rs. 98,181 thousand) with branches of the ultimate parent company.

	Note	2021	2020
		Rupees in'000	

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	8.2	441,284	–
Mudaraba placements	8.3	3,500,000	–
Musharakah placements		–	1,000,000
		3,941,284	1,000,000

8.1 Particulars of lendings

In local currency - unsecured	3,500,000	1,000,000
In foreign currency - unsecured	441,284	–
	3,941,284	1,000,000

8.2 These carry mark-up rate of 1.10% (2020: Nil) per annum with maturity upto 12 January 2022 (2020: Nil).

8.3 These carry profit rate of 10.70% (2020: Nil) per annum with maturity upto 24 January 2022 (2020: Nil).

9. INVESTMENTS

9.1 Investments by types

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Available-for-sale securities								
Federal government securities	629,531,699	–	(2,848,287)	626,683,412	529,624,204	–	4,726,542	534,350,746
Shares	1,678,034	(380,494)	419,113	1,716,653	1,259,061	(377,389)	340,234	1,221,906
Non-government debt securities	11,468,952	(115,554)	(323,605)	11,029,793	10,734,678	(120,551)	(438,347)	10,175,780
Mutual funds	30,140	(10,426)	3,963	23,677	30,140	(9,647)	6,086	26,579
Real estate investment trust	672,739	–	67,969	740,708	387,869	–	(12,440)	375,429
	643,381,564	(506,474)	(2,680,847)	640,194,243	542,035,952	(507,587)	4,622,075	546,150,440
Held-to-maturity securities								
Federal government securities	22,742,810	–	–	22,742,810	34,358,396	–	–	34,358,396
Non-government debt securities	2,000,000	–	–	2,000,000	2,000,000	–	–	2,000,000
	24,742,810	–	–	24,742,810	36,358,396	–	–	36,358,396
Total Investments	668,124,374	(506,474)	(2,680,847)	664,937,053	578,394,348	(507,587)	4,622,075	582,508,836

9.2 Investments by segments

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal government securities								
Market treasury bills	409,462,957	–	(747,144)	408,715,813	344,439,657	–	627,033	345,066,690
Pakistan investment bonds	217,583,004	–	(1,539,806)	216,043,198	200,184,041	–	4,775,398	204,959,439
Ijarah sukuk	24,497,837	–	(561,337)	23,936,500	15,750,214	–	(675,889)	15,074,325
Bai muajjal	–	–	–	–	3,608,688	–	–	3,608,688
Islamic naya Pakistan certificate mudaraba investment pool - US Dollar	671,987	–	–	671,987	–	–	–	–
Islamic naya Pakistan certificate mudaraba investment pool - Pak Rupee	58,724	–	–	58,724	–	–	–	–
	652,274,509	–	(2,848,287)	649,426,222	563,982,600	–	4,726,542	568,709,142
Shares								
Listed companies	1,546,305	(301,423)	419,113	1,663,995	1,124,546	(298,318)	340,234	1,166,462
Unlisted companies	131,729	(79,071)	–	52,658	134,515	(79,071)	–	55,444
	1,678,034	(380,494)	419,113	1,716,653	1,259,061	(377,389)	340,234	1,221,906
Non government debt securities								
Listed								
Term finance certificates	1,161,101	(68,866)	5,337	1,097,572	2,430,652	(70,403)	(28,542)	2,331,707
Sukuk certificates / bonds	7,156,163	–	(336,553)	6,819,610	7,287,674	–	(409,835)	6,877,839
Unlisted								
Term finance certificates	2,446,138	(21,138)	–	2,425,000	516,138	(21,138)	–	495,000
Sukuk certificates / bonds	705,550	(25,550)	7,611	687,611	500,214	(29,010)	30	471,234
Certificates of investment	2,000,000	–	–	2,000,000	2,000,000	–	–	2,000,000
	13,468,952	(115,554)	(323,605)	13,029,793	12,734,678	(120,551)	(438,347)	12,175,780
Mutual funds								
Open end	13,191	–	3,963	17,154	13,191	–	5,113	18,304
Close end	16,949	(10,426)	–	6,523	16,949	(9,647)	973	8,275
	30,140	(10,426)	3,963	23,677	30,140	(9,647)	6,086	26,579
Real estate investment trust	672,739	–	67,969	740,708	387,869	–	(12,440)	375,429
Total investments	668,124,374	(506,474)	(2,680,847)	664,937,053	578,394,348	(507,587)	4,622,075	582,508,836

	2021	2020
	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	99,178,412	9,217,825
Pakistan investment bonds	83,891,118	82,695,225
	183,069,530	91,913,050

9.2.2 Investments include securities which are held by the hoding 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 (2020: Rs. 132,000 thousand) pledged with the SBP against TT/DD discounting facilities and demand loan facilities.

9.3 Provision for diminution in value of investments

9.3.1	Opening balance	507,587	473,990
	Charge for the year	3,884	183,314
	Reversal for the year	(4,997)	(10,008)
	Net (reversal) / charge	(1,113)	173,306
	Reversal on disposal	–	(139,709)
	Closing balance	506,474	507,587

9.3.2 Particulars of provision against debt securities

Category of classification	2021		2020	
	Non-performing investments	Provision	Non-performing investments	Provision
	Rupees in '000			
Domestic				
Loss	115,554	115,554	120,551	120,551

9.4 Quality of available for sale securities

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

	2021	2020
	Cost / amortised cost	
	Rupees in '000	
Federal Government Securities - Government guaranteed		
Market treasury bills	409,462,957	344,439,657
Pakistan investment bonds	195,113,869	169,434,333
Ijarah sukuk	24,224,162	15,750,214
Islamic naya Pakistan certificate mudaraba investment pool - US Dollar	671,987	–
Islamic naya Pakistan certificate mudaraba investment pool - Pak Rupee	58,724	–
	629,531,699	529,624,204
Shares		
Listed companies		
Automobile parts and accessories	15,167	15,167
Cement	219,904	136,689
Commercial banks	629,013	490,910
Fertilizer	328,114	214,685
Investment banks / investment companies / securities companies	108,259	108,274
Oil and gas exploration, power generation and distribution	82,079	70,144
Sugar and allied	70,515	58,423
Transport	30,254	30,254
	1,546,305	1,124,546

	2021		2020	
	Cost	Break-up value	Cost	Break-up value
	Rupees in '000			
Unlisted companies				
Pakistan Export Finance Guarantee Limited	11,361	–	11,361	–
DHA Cogen Limited	50,000	–	50,000	–
Dawood Family Takaful Limited	35,000	22,925	35,000	19,320
Society for World Wide Inter Bank Fund Transfer (Swift)	7,844	43,517	10,630	48,240
Pakistan Corporate Restructuring Company Limited	27,524	25,817	27,524	27,524
	131,729	92,259	134,515	95,084

	Note	2021	2020
		Cost / amortised cost	
		Rupees in '000	
Non-government debt securities			
Listed			
AAA		400,000	1,398,400
AA+		142,835	142,835
AA		–	269,514
A+		749,400	249,500
AA-		200,000	200,000
A		100,000	600,000
A-		–	35,713
Unrated		6,725,029	6,822,364
		8,317,264	9,718,326
Unlisted			
AAA		1,750,000	60,714
AA+		760,000	–
AA		495,000	330,000
AA-		–	495,000
A		100,000	100,000
Unrated		46,688	30,638
		3,151,688	1,016,352
Mutual funds			
Unrated		30,140	30,140
Real estate investment trust - listed			
AAA (rr)		672,739	387,869

9.5 Particulars relating to held-to-maturity securities are as follows:

Federal government securities - Government guaranteed			
Pakistan investment bonds		22,469,135	30,749,708
Bai muajjal		–	3,608,688
Ijarah sukuk		273,675	–
		22,742,810	34,358,396
Non-government debt securities - unlisted			
Certificates of investment - unrated	9.5.1	2,000,000	2,000,000

9.5.1 This represents certificates of investment (musharaka) carrying expected profit rate of 11.75% (2020: 7.60%) per annum with maturity upto 24 January 2022 (2020: 04 January 2021).

9.5.2 The market value of securities classified as held-to-maturity is Rs. 23,025,207 thousand (2020: 36,305,796 thousand).

10. ADVANCES

	Note	Performing		Non-Performing		Total	
		2021	2020	2021	2020	2021	2020
		Rupees in '000					
Loans, cash credits, running finances, etc.	10.1	269,326,315	215,387,833	11,128,658	13,444,761	280,454,973	228,832,594
Islamic financing and related assets	10.2	92,143,804	66,280,436	808,210	822,665	92,952,014	67,103,101
Bills discounted and purchased		54,518,910	40,130,792	5,036,656	5,034,630	59,555,566	45,165,422
Advances - gross		415,989,029	321,799,061	16,973,524	19,302,056	432,962,553	341,101,117
Provision against advances							
- specific		–	–	(15,986,650)	(16,417,607)	(15,986,650)	(16,417,607)
- general		(5,182,927)	(3,027,679)	–	–	(5,182,927)	(3,027,679)
		(5,182,927)	(3,027,679)	(15,986,650)	(16,417,607)	(21,169,577)	(19,445,286)
Advances - net of provision		410,806,102	318,771,382	986,874	2,884,449	411,792,976	321,655,831

10.1 Includes net investment in finance lease as disclosed below:

	2021			2020		
	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	56,873	91,219	148,092	69,424	142,617	212,041
Residual value	86,669	39,777	126,446	91,255	33,780	125,035
Minimum lease payments	143,542	130,996	274,538	160,679	176,397	337,076
Financial charges for future periods	(14,239)	(9,967)	(24,206)	(18,118)	(22,926)	(41,044)
Present value of minimum lease payments	129,303	121,029	250,332	142,561	153,471	296,032

10.2 It includes loans and advances of First Habib Modaraba and Habib Metro Modaraba amounting to Rs. 13,280,411 thousand (2020: Rs. 9,384,166 thousand) and Rs. 303,572 thousand (2020: Rs. 234,371 thousand) respectively. Furthermore, it also includes the Islamic bank ing operations of the holding compan y amounting t o Rs. 79,368,031 thousand (2020: Rs. 57,484,564 thousand) as disclosed in Annexure II to these consolidated financial statements.

10.3 Particulars of advances - gross

	2021	2020
	Rupees in '000	
In local currency	382,751,832	305,931,738
In foreign currencies	50,210,721	35,169,379
	432,962,553	341,101,117

10.4 Advances include Rs. 16,973,524 thousand (2020 : Rs. 19,302,056 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2021		2020	
	Non-performing loans	Provision	Non-performing loans	Provision
	Rupees in '000			
Domestic				
Substandard	28,740	1,098	14,200	–
Doubtful	1,462,928	529,294	5,386,811	2,539,062
Loss	15,481,856	15,456,258	13,901,045	13,878,545
	16,973,524	15,986,650	19,302,056	16,417,607

10.5 Particulars of provision against advances

	Note	2021			2020		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
Opening balance		16,417,607	3,027,679	19,445,286	15,294,415	1,634,410	16,928,825
Charge for the year		2,444,120	2,155,248	4,599,368	4,413,921	1,393,269	5,807,190
Reversals for the year		(2,348,278)	–	(2,348,278)	(2,594,580)	–	(2,594,580)
Net charge for the year		95,842	2,155,248	2,251,090	1,819,341	1,393,269	3,212,610
Amount written off	10.6	(526,799)	–	(526,799)	(696,149)	–	(696,149)
Closing balance		15,986,650	5,182,927	21,169,577	16,417,607	3,027,679	19,445,286

10.5.1 General provision includes provision of Rs. 25,248 thousand (2020: Rs. 2,915 thousand) made against consumer portfolio and Rs. 5 thousand (2020: Rs. 17 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

	2021			2020		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	15,492,074	5,182,927	20,675,001	15,968,899	3,027,679	18,996,578
In foreign currencies	494,576	–	494,576	448,708	–	448,708
	15,986,650	5,182,927	21,169,577	16,417,607	3,027,679	19,445,286

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

In accordance with BSD Circular No. 1 of 21 October 2011 issued by the SBP, the holding company has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing loans and advances. Had this benefit of FSV not been taken by the holding company, the specific provision against non-performing advances would have been higher by Rs. 208,257 thousand (2020: Rs. 156,904 thousand) and profit after tax would have been lower by Rs. 127,036 thousand (2020: Rs. 101,988 thousand). This amount of Rs. 127,036 thousand (2020: Rs. 101,988 thousand) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

	Note	2021	2020
		Rupees in '000	
10.6 Particulars of write offs			
10.6.1 Against provisions	10.5	526,799	696,149
Directly charged to profit and loss account		–	–
		526,799	696,149
10.6.2 Write offs of Rs. 500,000/- and above		526,799	696,149
Write offs of below Rs. 500,000/-		–	–
		526,799	696,149

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 2021 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	185,038	684,852
Property and equipment	11.2	11,892,437	8,415,325
		12,077,475	9,100,177

11.1 Capital work-in-progress

Civil works	11.1.1	90,388	481,194
Advance to suppliers		94,650	203,658
		185,038	684,852

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

11.2 Property and equipment

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

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

	2020									
	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvements	Right-of-use assets	Total
	Rupees in '000									
At 1 January 2020										
Cost	59,871	99,340	356,349	2,708,026	540,997	3,481,712	158,656	3,092,953	4,625,929	15,123,833
Accumulated depreciation	–	(2,300)	(192,361)	(973,263)	(311,750)	(2,420,513)	(49,526)	(2,361,855)	(774,608)	(7,086,176)
Net book value	59,871	97,040	163,988	1,734,763	229,247	1,061,199	109,130	731,098	3,851,321	8,037,657
Year ended 31 December 2020										
Opening net book value	59,871	97,040	163,988	1,734,763	229,247	1,061,199	109,130	731,098	3,851,321	8,037,657
Additions	–	–	–	2,573	106,414	567,751	61,914	366,824	–	1,105,476
Additions to right-of-use assets	–	–	–	–	–	–	–	–	1,177,874	1,177,874
Exchange rate adjustment	–	–	–	468 *	113 *	–	1*	–	–	582
Disposals	–	–	–	–	(437)	(1,121)	(6,753)	–	–	(8,311)
Depreciation charge	–	(1,309)	(12,161)	(105,381)	(67,013)	(550,948)	(35,638)	(312,502)	(813,001)	(1,897,953)
Closing net book value	59,871	95,731	151,827	1,632,423	268,324	1,076,881	128,654	785,420	4,216,194	8,415,325
At 31 December 2020										
Cost	59,871	99,340	356,349	2,711,067	639,229	3,992,594	206,754	3,459,777	5,803,803	17,328,784
Accumulated depreciation	–	(3,609)	(204,522)	(1,078,644)	(370,905)	(2,915,713)	(78,100)	(2,674,357)	(1,587,609)	(8,913,459)
Net book value	59,871	95,731	151,827	1,632,423	268,324	1,076,881	128,654	785,420	4,216,194	8,415,325
Rate of depreciation (percentage)	–	1.49	4	4	15	25	20	20		

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

11.2.1 The cost of fully depreciated assets still in use includes:

	2021	2020
	Rupees in '000	
Furniture and fixtures	193,906	168,287
Electrical, office and computer equipments	2,203,141	1,826,532
Vehicles	8,902	7,639
Lease hold improvements	2,064,707	1,974,581

11.2.2 Details of fixed assets disposed-off to related parties during the year ended 31 December 2021

Particulars	Cost	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000				
Vehicle	17	8	910	As per HR policy	Mr. Gohar Shakeel (Employee)
Vehicle	19	14	14	As per HR policy	Mr. Awais Maqsood (Ex-employee)
Vehicle	23	13	1,485	As per HR policy	Mr. Wahid Yunus Dada (Employee)
Vehicle	17	11	969	As per HR policy	Mr. Iqbal Shah (Ex-employee)
Computer equipment	81	9	9	As per HR policy	Mr. Abbas Muhammad (Ex-employee)
Vehicle	16	6	7	As per HR policy	Mr. Abbas Muhammad (Ex-employee)
Vehicle	2,515	2,300	2,300	As per HR policy	Mr. Ehtisham Ali (Ex-employee)
Vehicle	2,525	1,722	2,500	As per HR policy	Mr. Moazzam Ahmed Akhtar (Ex-employee)
Vehicle	2,129	577	577	As per HR policy	Mr. Fasial Saleem Rathor (Ex-employee)

12. INTANGIBLE ASSETS

	2021			2020		
	Computer software	Management rights	Total	Computer software	Management rights	Total
	Rupees in '000					
At 1 January						
Cost	552,855	41,600	594,455	470,262	41,600	511,862
Accumulated amortisation and impairment	(463,124)	–	(463,124)	(403,492)	–	(403,492)
Net book value	89,731	41,600	131,331	66,770	41,600	108,370
Year ended 31 December						
Opening net book value	89,731	41,600	131,331	66,770	41,600	108,370
Additions - directly purchased	103,109	–	103,109	82,593	–	82,593
Amortisation charge	(71,253)	–	(71,253)	(59,632)	–	(59,632)
Closing net book value	121,587	41,600	163,187	89,731	41,600	131,331
At 31 December						
Cost	655,964	41,600	697,564	552,855	41,600	594,455
Accumulated amortisation and impairment	(534,377)	–	(534,377)	(463,124)	–	(463,124)
Net book value	121,587	41,600	163,187	89,731	41,600	131,331
Rate of amortisation (percentage)	33.3			33.3		
Useful life in years	3			3		

12.1 The cost of fully amortised intangible assets (computer software) still in use is Rs. 428,129 thousand (2020: Rs. 402,116 thousand).

13. DEFERRED TAX ASSETS

	2021			
	Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2021
	Rupees in '000			
Deductible temporary differences on				
Provision for diminution in value of investments	177,655	19,869	–	197,524
Provision against advances and off - balance sheet	2,555,455	12,838	–	2,568,293
Provision against other assets	87,150	(87,150)	–	–
Accelerated tax depreciation	30,341	170,496	–	200,837
Deferred liability on defined benefit plan	6,054	–	14,963	21,017
Deferred liability on compensated absences	–	440	–	440
Deficit on revaluation of investments	(1,584,606)	–	2,685,829	1,101,223
Others	1,070	6,050	–	7,120
	1,273,119	122,543	2,700,792	4,096,454
Taxable temporary differences on				
Surplus on revaluation of non-banking assets	(119,521)	96,218	(853,935)	(877,238)
Exchange translation reserve	–	–	(1,053)	(1,053)
	(119,521)	96,218	(854,988)	(878,291)
	1,153,598	218,761	1,845,804	3,218,163

	2020			
	Balance as at January 01, 2020	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2020
	Rupees in '000			
Deductible temporary differences on				
Provision for diminution in value of investments	165,897	11,758	–	177,655
Provision against advances and off - balance sheet	2,024,464	530,991	–	2,555,455
Provision against other assets	–	87,150	–	87,150
Accelerated tax depreciation	(76,194)	106,535	–	30,341
Deferred liability on defined benefit plan	40,979	(277)	(34,648)	6,054
Others	1,494	(424)	–	1,070
	2,156,640	735,733	(34,648)	2,857,725
Taxable temporary differences on				
Surplus on revaluation of non-banking assets	(121,385)	1,864	–	(119,521)
Surplus / (deficit) on revaluation of investments	1,674,879	–	(3,259,485)	(1,584,606)
	1,553,494	1,864	(3,259,485)	(1,704,127)
	3,710,134	737,597	(3,294,133)	1,153,598

14. OTHER ASSETS

	Note	2021	2020
		Rupees in '000	
Income / mark-up / profit accrued in local currency - net of provision		11,260,644	10,036,321
Income / mark-up / profit accrued in foreign currencies - net of provision		92,100	11,630
Advances, deposits and other prepayments		283,056	406,169
Non-banking assets acquired in satisfaction of claims	14.1	2,297,568	2,641,141
Branch adjustment account		–	41
Mark-to-market gain on forward foreign exchange contracts		6,217,789	4,718,094
Acceptances		29,225,097	34,998,772
Receivable from the SBP against encashment of government securities		20,657	11,990
Stationery and stamps on hand		110,374	101,857
Others		1,091,666	296,344
		50,598,951	53,222,359
Provision against other assets	14.2	(377,076)	(462,880)
Other assets (net of provision)		50,221,875	52,759,479
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20.1	2,249,327	341,491
		52,471,202	53,100,970

	2021	2020
	Rupees in '000	
14.1 Market value of non-banking assets acquired in satisfaction of claims	4,546,895	3,249,798

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.

	2021	2020
	Rupees in '000	
14.1.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	2,982,632	764,060
Additions	–	2,237,000
Revaluation	2,154,549	–
Disposals	(313,155)	–
Reversal of surplus on disposal of non-banking assets	(243,261)	–
Depreciation	(33,870)	(18,428)
Closing balance	4,546,895	2,982,632

14.1.2 This includes non-banking assets amounting to Rs. 247,056 thousand held by the holding company, which it intends to transfer to fixed assets for its own use when available in the next financial year.

14.2 Movement in provision held against other assets

Opening balance	462,880	211,182
Charge for the year	165,000	251,698
Reversal for the year	(249,619)	–
	(84,619)	251,698
Amount written off	(1,185)	–
Closing balance	377,076	462,880

15. BILLS PAYABLE

In Pakistan	17,856,030	15,337,849
Outside Pakistan	88,614	83,153
	17,944,644	15,421,002

	Note	2021	2020
		Rupees in '000	
16. BORROWINGS			
Secured			
Borrowings from the State Bank of Pakistan			
Under export refinance scheme	16.2	68,897,225	64,704,959
Under long term financing facility - renewable energy scheme	16.3	1,592,554	982,960
Under long term financing facility - locally manufactured plant and machinery scheme	16.4	18,184,877	14,832,149
Under refinance for payment of wages and salaries	16.5	12,662,380	20,810,171
Under temporary economic refinance facility	16.6	28,219,857	4,173,416
Under long term financing facility - for storage of agricultural produce scheme	16.7	639,685	256,481
Under refinance facility for modernization of SME	16.8	21,228	–
Under refinance facility for combating COVID-19	16.9	67,754	–
	16.10	130,285,560	105,760,136
Repurchase agreement borrowings (Repo)	16.11	182,851,203	91,644,767
		313,136,763	197,404,903
Unsecured			
Certificates of investment	16.12	5,863,977	4,089,056
Call borrowing	16.13	3,000,000	–
Musharika borrowing	16.14	748,666	–
Overdrawn nostro accounts		29,749	4,317,946
		9,642,392	8,407,002
		322,779,155	205,811,905

16.1 Particulars of borrowings in respect of currencies

In local currency	322,749,406	201,493,959
In foreign currencies	29,749	4,317,946
	322,779,155	205,811,905

16.2 These borrowings have been obtained from the SBP for extending export finance to customers. These carry mark-up at rates ranging from 1.00% to 2.00% per annum (2020: 1.00% to 3.00% per annum) and are due to mature latest by 29 June 2022.

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 rate of 2.00% per annum (2020: 2.00% per annum) and are due to mature latest by 27 December 2033.

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 2.00% to 3.50% per annum (2020: 2.00% to 3.50% per annum) and are due to mature latest by 27 January 2032.

16.5 These borrowings have been obtained from the SBP under a scheme for providing financing facilities to help businesses in payment of wages and salaries to their employees during the pandemic and thereby support continued employment. These carry mark-up at rate of 0% per annum (2020: 0% per annum) and are due to mature latest by 31 December 2022.

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 1.00% per annum (2020: 1.00% per annum) and are due to mature latest by 31 December 2032.

16.7 These borrowings have been obtained from the SBP under a scheme for financing the storage of agricultural produce to encourage the private sector to establish silos, warehouses and cold storages. These carry mark-up at rate of 2.00% per annum (2020: 2.00% per annum) and are due to mature latest by 30 September 2031.

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 rate of 1.00% per annum (2020: 1.00% per annum) and are due to mature latest by 1 June 2026.

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 rate of 0% per annum (2020: 0% per annum) and are due to mature latest by 30 June 2026.

16.10 As per the terms of the agreement, the holding company has granted the SBP the right to recover the outstanding amounts from the holding company at the date of maturity of the finances by directly debiting the holding company's current account maintained with the SBP.

16.11 These carry mark-up rates ranging between 9.87% to 10.70% (2020: 6.15% to 7.05%) per annum having maturity upto 25 February 2022 (2020: 4 January 2021) and are secured against investments mentioned in note 9.2.1.

16.12 These carry mark-up rates ranging between 5.50% to 9.30% (2020: 5.50% to 7.10%) per annum having maturity upto 28 December 2022 (2020: 30 December 2021).

16.13 These carry mark-up at rate of 10.70% (2020: Nil) per annum having maturity upto 04 January 2022 (2020: Nil).

16.14 These carry mark-up at rate of 10.77% (2020: Nil) per annum having maturity upto 04 January 2022 (2020: Nil).

17. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	228,774,493	36,061,897	264,836,390	185,076,754	32,854,065	217,930,819
Savings deposits	171,147,729	22,694,898	193,842,627	158,741,477	23,866,671	182,608,148
Term deposits	208,829,163	50,892,644	259,721,807	211,496,123	41,495,660	252,991,783
Others	19,579,290	13,692	19,592,982	13,702,059	1,791	13,703,850
	628,330,675	109,663,131	737,993,806	569,016,413	98,218,187	667,234,600
Financial institutions						
Current deposits	1,240,863	1,922,927	3,163,790	1,527,105	1,058,671	2,585,776
Savings deposits	26,524,236	–	26,524,236	6,988,102	–	6,988,102
Term deposits	3,961,404	5,415	3,966,819	3,577,307	4,903	3,582,210
Others	1,078	–	1,078	–	–	–
	31,727,581	1,928,342	33,655,923	12,092,514	1,063,574	13,156,088
	660,058,256	111,591,473	771,649,729	581,108,927	99,281,761	680,390,688

17.1 Composition of deposits

	2021	2020
	Rupees in '000	
Individuals	321,412,477	288,049,370
Government (Federal and Provincial)	38,405,501	36,953,109
Public Sector Entities	52,559,203	45,775,408
Banking Companies	5,025,795	3,251,614
Non-Banking Financial Institutions	28,630,128	9,904,474
Private Sector	325,616,625	296,456,713
	771,649,729	680,390,688

17.2 This includes eligible deposits of Rs. 397,450,267 thousand (2020: Rs. 314,714,312 thousand) which are covered under deposit protection mechanism as required by the Deposit Protection Corporation circular no. 4 of 2018.

	Note	2021	2020
		Rupees in '000	

18. OTHER LIABILITIES

Mark-up / return / interest payable in local currency		6,807,583	7,863,001
Mark-up / return / interest payable in foreign currencies		429,878	348,217
Unearned commission and income on bills discounted		532,943	307,572
Accrued expenses		1,507,731	1,348,381
Current taxation (provision less payments)		2,114,976	2,025,424
Acceptances		29,225,097	34,998,772
Unclaimed dividend		163,681	137,905
Branch adjustment account		558	–
Mark-to-market loss on forward foreign exchange contracts		2,939,889	5,949,494
Provision for compensated absences		264,715	247,599
Deferred Liability on defined benefit plan	35.4	56,626	17,852
Provision against off-balance sheet obligations	18.1	32,583	113,716
Workers' welfare fund	18.3	2,055,242	1,644,055
Charity fund balance		4	5,227
Excise duty payable		2,629	1,575
Locker deposits		923,249	875,074
Advance against diminishing musharakah		201,567	55,542
Advance rental for ijarah		1,362	4,759
Security deposits against leases / ijarah		385,938	462,414
Sundry creditors		1,694,627	1,251,623
Lease liability against right-of-use assets	18.2	6,187,428	4,615,107
Withholding tax / duties		365,630	294,799
Others		34,621	89,011
		55,928,557	62,657,119

18.1 Provision against off-balance sheet obligations

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

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

18.2 Lease liability against right-of-use assets

Not later than one year	693,495	527,731
Later than one and less than five years	3,630,976	2,351,438
Over five years	1,862,957	1,735,938
	6,187,428	4,615,107

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

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

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

19. SHARE CAPITAL

19.1 Authorised capital

2021	2020		2021	2020
(Number of shares)			Rupees in '000	
1,200,000,000	1,200,000,000	Ordinary shares of Rs. 10/- each	12,000,000	12,000,000

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
1,047,831,480	1,047,831,480		10,478,315	10,478,315

19.3 As of the date of statement of financial position, the ultimate parent company held 534,394 thousand (2020: 534,394 thousand) ordinary shares of Rs. 10/- each (51% holding).

19.4 Non-Controlling Interest (NCI)

	2021			2020		
	First Habib Modaraba	Habib Metro Modaraba	Total	First Habib Modaraba	Habib Metro Modaraba	Total
NCI Percentage	90%	30%		90%	30%	
	Rupees in '000					
Assets	14,428,814	351,399	14,780,213	10,110,275	334,383	10,444,658
Liabilities	(10,648,525)	(28,827)	(10,677,352)	(6,505,750)	(15,829)	(6,521,579)
Net assets	3,780,289	322,572	4,102,861	3,604,525	318,554	3,923,079
Net assets attributable to NCI	3,402,260	96,772	3,499,032	3,244,073	95,566	3,339,639
Profit	377,495	16,038	393,533	307,304	19,339	326,643
Other comprehensive income	80,503	–	80,503	26,667	–	26,667
Total comprehensive income	457,998	16,038	474,036	333,971	19,339	353,310
Total comprehensive income allocated to NCI	412,198	4,811	417,009	300,574	5,803	306,377
Dividend paid to NCI	(254,016)	(3,600)	(257,616)	(254,016)	(6,300)	(260,316)

	Note	2021	2020
		Rupees in '000	

20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of			
– Non-banking assets	20.1	2,249,327	341,491
– Available-for-sale securities	9.1	(2,680,847)	4,622,075
		(431,520)	4,963,566
Less: Deferred tax on surplus / (deficit) on revaluation of			
– Non-banking assets	20.1	877,238	119,521
– Available-for-sale securities		(1,101,223)	1,584,605
		223,985	(1,704,126)
		(207,535)	3,259,440
Less: (surplus) / deficit pertaining to non-controlling interest		(149,528)	(76,299)
Deficit pertaining to equity holder's share		(357,063)	3,183,141

20.1 Non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at 01 January	341,491	346,816
Revaluation of non-banking assets during the year - net of deferred tax	1,314,275	–
Reversal of surplus on disposal - net of deferred tax	(148,389)	–
Transferred to unappropriated profit in respect of disposal and incremental depreciation during the year - net of deferred tax	(2,106)	(3,461)
Related deferred tax liability on reversal of surplus on disposal	(94,872)	–
Related deferred tax liability on revaluation of non-banking assets	840,274	–
Related deferred tax liability on incremental depreciation	(1,346)	(1,864)
	1,907,836	(5,325)
Surplus on revaluation as at 31 December	2,249,327	341,491
Less: Related deferred tax liability on:		
Revaluation as at 01 January	119,521	121,385
Revaluation of non-banking assets during the year	840,274	–
Revaluation of surplus on disposal	(94,872)	–
Impact of change in tax rate	13,661	–
Incremental depreciation during the year	(1,346)	(1,864)
	757,717	(1,864)
Related deferred tax liability	877,238	119,521
	1,372,089	221,970

	Note	2021	2020
		Rupees in '000	
21. CONTINGENCIES AND COMMITMENTS			
Guarantees	21.1	112,912,689	89,902,458
Commitments	21.2	604,750,338	598,642,184
Other contingent liabilities	21.3	3,078,218	2,733,563
		720,741,245	691,278,205
21.1 Guarantees			
Financial Guarantees		44,818,267	42,197,620
Performance Guarantees		41,897,915	27,904,956
Other guarantees		26,196,507	19,799,882
		112,912,689	89,902,458
21.2 Commitments			
Documentary credits and short-term trade-related transactions:			
Letters of credit		198,716,273	160,321,521
Commitments in respect of:			
Forward foreign exchange contracts	21.2.1	402,981,660	435,798,001
Forward lendings	21.2.2	2,916,949	2,230,149
Acquisition of operating fixed assets		135,456	292,513
		406,034,065	438,320,663
		604,750,338	598,642,184
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		216,511,732	245,157,873
Sale		186,469,928	190,640,128
		402,981,660	435,798,001

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	2021	2020
		Rupees in '000	
Commitments in respect of syndicate financing		1,902,213	1,681,802
Commitments in respect of other financing		1,014,736	548,347
		2,916,949	2,230,149

21.3 Other contingent liabilities

Claims against holding company not acknowledged as debt	21.3.1	2,972,162	2,627,507
Foreign exchange repatriation case	21.3.2	106,056	106,056
		3,078,218	2,733,563

21.3.1 These mainly represent counter claims by borrowers for damages. Based on legal advice and internal assessments, management is confident that the matters will be decided in the Group's favour and the possibility of any adverse out come is remote. Accordingly, no provision has been made in these unconsolidated financial statements.

21.3.2 Foreign exchange repatriation case

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

22. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

These products are offered to the holding company's customers to protect from unfavourable 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).

	2021	2020
	Rupees in '000	
23. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	21,733,922	22,902,086
Investments	51,415,894	52,416,879
Lending with financial institutions	1,187,007	1,698,197
Balances with banks	22,133	104,186
	74,358,956	77,121,348
24. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	27,757,160	31,688,145
Borrowings	12,347,986	11,374,707
Cost of foreign currency swaps against foreign currency deposits	3,460,378	4,050,928
Lease liability against right-of-use assets	634,841	583,756
	44,200,365	47,697,536

	2021	2020
	Rupees in '000	

25. FEE & COMMISSION INCOME

Branch banking customer fees	610,329	538,793
Credit related fees	56,846	56,945
Card related fees	591,838	255,715
Commission on trade	4,716,946	3,736,723
Commission on guarantees	580,756	526,817
Commission on remittances including home remittance	51,793	43,441
Commission on bancassurance	185,780	149,178
Commission on cash management	87,512	67,051
Others	85,142	65,823
	6,966,942	5,440,486

26. GAIN / (LOSS) ON SECURITIES

Realised		
Federal government securities - net	(3,985)	(411,874)
Shares - net	3,849	124,765
Non-government debt securities - net	–	4,952
Mutual funds - net	102,162	237,818
	102,026	(44,339)

27. OTHER INCOME

Rent on properties	17,364	6,456
Gain on sale of fixed assets - net	25,405	23,011
Gain on sale of non-banking assets	227,988	–
Gain on sale of ijarah assets - net	24,791	11,703
Staff notice period and other recoveries	813	1,222
	296,361	42,392

	Note	2021	2020
		Rupees in '000	
28. OPERATING EXPENSES			
Total compensation expense	28.1	7,682,267	6,713,210
Property expense			
Rent & taxes		203,726	339,732
Insurance		4,120	5,683
Utilities cost		572,048	437,517
Security (including guards)		507,782	457,091
Repair & maintenance (including janitorial charges)		560,709	372,175
Depreciation on owned fixed assets		513,288	431,141
Depreciation on right-of-use assets		1,040,456	813,001
		3,402,129	2,856,340
Information technology expenses			
Software maintenance		224,635	204,904
Hardware maintenance		177,153	165,035
Depreciation		220,152	191,696
Amortisation		71,253	59,632
Network charges		268,571	217,584
		961,764	838,851
Other operating expenses			
Directors' fees and allowances		13,427	11,380
Fees and allowances to Shariah Board		14,344	9,936
Legal & professional charges		188,521	145,325
Outsourced services costs	34.1	290,503	289,850
Travelling & conveyance		274,218	210,967
NIFT clearing charges		71,067	68,750
Depreciation		498,950	462,115
Depreciation - non-banking assets		33,870	18,428
Training & development		35,568	13,908
Postage & courier charges		115,038	89,987
Communication		125,695	110,052
Subscription		258,623	195,634
Repair & maintenance		135,024	128,192
Brokerage & commission		200,350	231,645
Stationery & printing		267,236	250,162
Marketing, advertisement & publicity		197,070	182,850
Management fee		540,306	491,460
Insurance		760,312	594,133
Donations	28.3	160,319	119,272
Covid-19 expenses	28.4	29,800	40,534
Auditors' remuneration	28.5	13,808	10,153
Others		587,502	490,111
		4,811,551	4,164,844
		16,857,711	14,573,245
28.1 Total compensation expense			
Managerial Remuneration			
i) Fixed		6,189,052	5,224,516
ii) Variable - Cash Bonus / Awards etc.		623,430	671,175
Charge for defined benefit plan		171,987	172,219
Contribution to defined contribution plan		248,122	222,186
Charge for compensated absences		84,629	107,929
Rent & house maintenance		32,203	26,989
Conveyance		302,826	265,964
EOBI		30,018	22,232
		7,682,267	6,713,210

28.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 76,348 thousand (2020: Rs. 62,008 thousand) pertaining to payments made to companies incorporated in Pakistan. These include payments other than outsourced services activities which are disclosed above.

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

DONEE	2021	2020
	Rupees in '000	
The Indus Hospital	33,258	8,750
Khoja (Pirhai) Shia Isna Asheri Jamat (KPSIAJ)	26,152	2,300
Habib University Foundation	25,000	22,000
The Citizens Foundation	20,900	19,100
Patients' Aid Foundation	12,000	–
SIUT Trust	3,073	2,500
Habib Public School	2,500	–
Institute of Business Administration	2,370	1,720
Fatimiyah Education Network	2,000	1,000
Al-Sayyeda Benevolent Trust	1,560	960
The Kidney Centre Post Graduate Training Institute	1,208	–
Abbas-e-Alamdar Hostel	1,100	1,100
Alleviate Addiction Suffering Trust	1,000	1,000
Mohamedali Habib Welfare Trust	1,000	1,000
The Patients Behbud Society for AKUH	1,000	1,000
Abdul Sattar Edhi Foundation	1,000	–
Al-Umeed Rehabilitation Association	1,000	–
Anjuman Behbood-e-Samat-e-Atfal	1,000	–
Bait-ul-Sukoon	1,000	–
Habib Girls School Trust	1,000	–
Zehra Homes	1,000	–
Habib Medical Trust	960	960
Habib Poor Fund	960	960
RahmatBai Habib Food & Clothing Trust	960	960
RahmatBai Habib Widows & Orphan Trust	960	960
The Hunar Foundation	900	900
Jafaria Disaster Cell Welfare Organization	812	2,560
Rehnuma Public School (Path Education Society)	650	–
Pakistan Memon Educational & Welfare Society	600	600
Safaid Posh Dastarkhwan	600	–
The Layton Rehmatulla Benevolent Trust	500	1,000
Karwan-e-Hayat Institute For Mental Health	500	–
The National Institute of Child Health	500	–
Family Educational Services Foundation	500	–
Memon Educational Board	500	–
Pak Medical and Welfare Trust	500	–
Pakistan Hindu Council	500	–
Pakistan Memon Women Educational Society	500	–
Panah Trust	500	–
Poor Patients Aid Society Civil Hospital Karachi	500	–
Memon Health and Education Foundation (Memon Medical Institute)	–	12,500
Prime Minister's COVID-19 Relief Fund -2020	–	10,000
Karachi Relief Trust	–	6,950
Akhuwat Foundation	–	2,250
Al-Khidmat Foundation Pakistan	–	2,250

	2021	2020
	Rupees in '000	
Lady Dufferin Hospital	–	1,200
Coach Emad Foundation	–	1,000
MBJ Health Association	–	1,000
People's Primary Healthcare Initiative (PPHI) Balochistan	–	1,000
All Pakistan Women's Association	–	716
All Pakistan Women's Association Raana Liaquat Craftsmen Welfare Project	–	600
Network of Organizations Working with Persons with Disabilities Pakistan	–	550
AL- Mustafa Welfare Society Trust	–	540

None of the directors, executives and their spouses had interest in the donations disbursed during the year 2021, except for donations paid to:

Name of Donee	Directors	Interest in Donee as
Habib University Foundation	Mr. Mohomed Bashir	Member of the Board of Directors
	Mr. Mohamedali R. Habib	Member of the Board of Directors
	Mr. Muhammad H. Habib	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 Covid-19 expenses

This represents expenses relating to testing and other precautionary measures taken due to Covid-19.

28.5 Auditors' remuneration

	Note	2021	2020
		Rupees in '000	
Audit fee		4,601	3,225
Review of half yearly financial statements		1,664	1,150
Fee for other statutory reportings / certifications		2,949	2,882
Special certifications		2,324	1,350
Fee for audit of employee funds		–	150
Sales tax and out-of-pocket expenses on above services		2,270	1,396
		13,808	10,153

29. OTHER CHARGES

Penalties imposed by the SBP	170,918	97,092

30. PROVISIONS & WRITE OFFS - NET

(Reversal) / provision for diminution in value of investments - net	9.3.1	(1,113)	173,306
Provision against loan & advances - net	10.5	2,251,090	3,212,610
(Reversal) / provision against other assets / off-balance sheet obligations	14.2 & 18.1	(165,752)	251,698
Recovery of written-off bad debts		(32,142)	(16,565)
		2,052,083	3,621,049

	Note	2021	2020
		Rupees in '000	

31. TAXATION

Current		8,345,863	8,788,394
Prior		(1,378)	–
Deferred	13	(218,761)	(737,597)
		8,125,724	8,050,797

31.1 Income tax assessments of the Group have been finalised up to the tax year 2021 (corresponding to the accounting year ended 31 December 2020). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal), Appellate Tribunal Inland Revenue (ATIR) and Sindh High Court. However, adequate provisions are being held by the Group.

31.2 Relationship between tax expense and accounting profit

	2021	2020
	Rupees in '000	
Profit before tax	21,987,995	20,386,245
Tax at the applicable tax rate	7,695,798	7,135,186
Super tax at applicable rate of 4% (the holding company)	879,520	801,471
Permanent differences - super tax	(326,269)	–
Income exempt from tax	–	(114,325)
Income taxed at lower rate	(125,776)	(3,945)
Others	2,451	232,410
Tax charge for the year	8,125,724	8,050,797

32. BASIC AND DILUTED EARNINGS PER SHARE

	Note	2021	2020
		Rupees in '000	
Profit attributable to equity shareholders of the holding company		13,517,714	12,053,072
		Number in '000	
Weighted average number of ordinary shares		1,047,831	1,047,831
		Rupees	
Basic and diluted earnings per share		12.90	11.50

33. CASH AND CASH EQUIVALENTS

		Rupees in '000	
Cash and balances with treasury banks	6	83,386,045	54,694,826
Balances with other banks	7	3,203,963	2,272,896
Overdrawn nostro accounts	16	(29,749)	(4,317,946)
		86,560,259	52,649,776

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

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

	2020			
		Equity		
	Other liabilities	Reserves	Unappropr-iated profit	Non-Controlling interest
	Rupees in '000			
Balance as at 1 January	48,587,058	17,706,354	19,224,491	3,293,578
Changes from financing cash flow				
Dividend paid	–	–	(4,689,119)	(260,316)
Liability-related other changes				
Changes in other liabilities				
- Cash based	(3,146,661)	–	–	–
- Non-cash based	17,190,599	–	–	–
- Dividend payable	26,123	–	(26,123)	–
Transfer of profit to statutory reserve	–	2,423,076	(2,423,076)	–
Total liability related other charges	14,070,061	2,423,076	(2,449,199)	–
Equity related other changes	–	85	12,120,968	306,377
Balance as at 31 December	62,657,119	20,129,515	24,207,141	3,339,639

34. STAFF STRENGTH

	2021	2020
	Number	
Permanent	5,130	4,530
Temporary / on contractual basis	540	383
	5,670	4,913

34.1 In addition to the above, 848 (2020: 789) employees of outsourcing services companies were assigned to the holding company as at 31 December 2021 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.

	2021	2020
	Number	
35.2 Number of employees under the scheme		
Gratuity funds	5,057	4,477

35.3 Principal actuarial assumptions

The latest actuarial valuation was carried out on 31 December 2021 using "Projected Unit Credit Actuarial Cost Method". The main assumptions used for the actuarial valuation were as follows:

	2021	2020
Discount rate - percent per annum	11.75 to 12.50	9.75 to 10.25
Expected rate of return on plan assets - percent per annum	10.25 to 13.45	12.25
Long term rate of salary increase - percent per annum	11.75 to 12.25	9.75 to 10.25
Mortality rates (for death in service)	Adjusted SLIC	Adjusted SLIC

	Note	2021	2020
		Rupees in '000	
35.4 Reconciliation of payable to defined benefit plan			
Fair value of plan assets	35.6	1,741,386	1,627,457
Present value of defined benefit obligation	35.5	(1,798,012)	(1,645,309)
Payable		(56,626)	(17,852)

35.5 Movement in payable to defined benefit plan

Obligations at the beginning of the year	1,645,309	1,516,851
Current service cost	170,515	158,192
Interest cost	160,850	178,470
Benefits due but not paid (payables)	(6,734)	(4,362)
Benefits paid by the Group	(149,455)	(120,557)
Re-measurement gain	(22,473)	(83,285)
Obligations at the end of the year	1,798,012	1,645,309

	Note	2021	2020
		Rupees in '000	
35.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		1,627,457	1,400,227
Interest income on plan assets		159,378	164,443
Contribution by the Group - net		171,245	171,722
Benefits paid		(149,455)	(120,557)
Benefits due but not paid		(6,734)	(4,362)
Re-measurements: Net return on plan assets over interest income loss	35.8.2	(60,505)	15,984
Fair value at the end of the year		1,741,386	1,627,457
35.7 Movement in payable under defined benefit schemes			
Opening balance		17,852	116,624
Charge / (reversal) for the year		171,987	172,219
Contribution by the Group - net		(171,245)	(171,722)
Re-measurement loss / (gain) recognised in OCI during the year	35.8.2	38,032	(99,269)
Closing balance		56,626	17,852
35.8 Charge for defined benefit plans			
35.8.1 Cost recognised in profit and loss			
Current service cost		170,515	158,192
Net interest on defined benefit asset		1,472	14,027
		171,987	172,219
35.8.2 Re-measurements recognised in OCI during the year			
Loss / (gain) on obligation			
- Financial assumptions		6,985	(4,379)
- Experience adjustment		(29,458)	(78,906)
		(22,473)	(83,285)
Return on plan assets over interest income		60,505	(15,984)
Total re-measurements recognised in OCI		38,032	(99,269)
35.9 Components of plan assets			
Cash and cash equivalents	35.9.1	144,251	179,956
Term deposit certificate		252,191	150,000
Federal Government securities			
Defence Saving Certificates		1,022,300	960,159
Pakistan Investment Bonds		253,784	272,984
Special saving Certificates		47,519	43,038
Non government debt securities		21,341	21,320
		1,741,386	1,627,457

35.9.1 The amount include balance which is deposited or placed with the branches of the holding company. Further, the fund 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:

	2021 Rupees in '000
1 % increase in discount rate	(133,918)
1 % decrease in discount rate	238,018
1% increase in expected future increment in salary	239,067
1% decrease in expected future increment in salary	(137,805)
10% increase in expected withdrawal rate	829
10% decrease in expected withdrawal rate	(826)
1% increase in expected mortality rate	1,119
1% decrease in expected mortality rate	(998)

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	197,508
35.12 Expected charge for the next financial year	197,508

35.13 Maturity profile

The weighted average duration of the obligation is 10.4 years.

35.14 Funding Policy

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

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

Asset volatility	The risk of the investment underperforming and being not sufficient to meet the liabilities.
Changes in bond yields	The duration of the liabilities is 10 Years. Based on the weighted average duration of this plan and guidance from Pakistan Society of Actuaries ("PSOA"), the discount rate used for the calculations is 12.75% 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

The Group 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. Investment made out of provident fund have been made in accordance with the provision of section 218 of the Companies Act, 2017.

Number of the members participating in the funds at the end of the year 30 June 2021 as per audited accounts are 4,196 (2020: 3,813).

37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total compensation expense

	2021						
	Directors			Members Shari'ah Board	President & Chief Executive Officer	Key management personnel	Other material risk taker / controller
	Chairman	Executives	Non-executives				
	Rupees in '000						
Fees	–	–	7,600	–	–	–	–
Managerial remuneration fixed	–	–	–	14,344	134,048	358,344	623,346
Charge for defined benefit plan	–	–	–	164	3,446	10,391	15,273
Contribution to defined contribution plan	–	–	–	103	5,529	15,177	22,246
Utilities	259	–	–	–	1,509	–	–
Travelling	–	–	–	–	–	–	–
Others	5,568	–	–	–	–	4,301	–
	5,827	–	7,600	14,611	144,532	388,213	660,865
Number of persons	1	–	4	6	1	26	119

	2020						
	Directors			Members Shari'ah Board	President & Chief Executive Officer	Key management personnel	Other material risk taker / controller
	Chairman	Executives	Non-executives				
	Rupees in '000						
Fees	–	–	4,450	–	–	–	–
Managerial remuneration fixed	–	–	–	9,936	115,929	312,893	478,747
Charge for defined benefit plan	–	–	–	135	3,162	9,910	13,672
Contribution to defined contribution plan	–	–	–	192	4,500	13,951	17,359
Utilities	189	–	–	–	1,360	–	–
Travelling	728	–	–	–	–	–	–
Others	6,013	–	–	–	–	–	–
	6,930	–	4,450	10,263	124,951	336,754	509,778
Number of persons	1	–	7	3	1	24	92

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

37.1.2 In addition to above bonus paid to the chief executive and executives of the holding company amounted to Rs. 51,250 thousand (2020: Rs. 25,000 thousand) and Rs. 144,774 thousand (2020: Rs. 78,602 thousand) respectively.

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

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

		2020					
		Meeting fees and allowances paid					
			For Board committees				
Sr. no.	Name of director	For Board meetings	Audit	Information technology	Human resource & remuneration	Risk & compliance	Total amount paid
		Rupees in '000					
1	Mohamedali R. Habib	–	–	–	–	–	–
2	Ali S. Habib	–	300	–	–	–	300
3	Anjum Z. Iqbal	–	–	–	–	–	–
4	Firasat Ali	400	–	250	200	550	1,400
5	Hamza Habib	–	–	–	–	–	–
6	Mohomed Bashir	600	–	–	–	–	600
7	Muhammed H. Habib	–	–	–	–	–	–
8	Rashid Ahmad Jaffer	300	350	–	–	–	650
9	Sohail Hasan	100	450	–	–	–	550
10	Tariq Ikram	100	–	–	150	–	250
11	Tahira Raza	300	–	–	150	250	700
		1,800	1,100	250	500	800	4,450

37.3 Remuneration paid to Shari'ah Board Members

	2021			2020		
	Chairman	Resident member	Non-resident members	Chairman	Resident member	Non-resident members
	Rupees in '000					
Managerial remuneration						
Fixed	3,853	6,686	3,805	3,000	5,136	1,800
Charge for defined benefit plan	–	164	–	–	135	–
Contribution to defined contribution plan	–	103	–	–	192	–
	3,853	6,953	3,805	3,000	5,463	1,800
Total number of person	2	2	2	1	1	1

In addition to above, bonus paid to resident member amounted to Rs. 350 thousand (2020: Rs. 300 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:

On balance sheet financial instruments	2021				
	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	626,683,412	–	626,683,412	–	626,683,412
Sukuk certificates and bonds	7,507,221	–	7,507,221	–	7,507,221
Ordinary shares of listed companies	1,663,995	1,663,995	–	–	1,663,995
Mutual funds - open end	17,154	–	17,154	–	17,154
- close end	6,523	6,523	–	–	6,523
Real estate investment trust	740,708	740,708	–	–	740,708
Listed term finance certificates	1,097,572	–	1,097,572	–	1,097,572
Unlisted term finance certificates	2,425,000	–	2,425,000	–	2,425,000
Financial assets disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	22,742,810	–	–	–	–
Certificates of investment	2,000,000	–	–	–	–
Ordinary shares of unlisted companies	52,658	–	–	–	–
	664,937,053	2,411,226	637,730,359	–	640,141,585
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	216,511,732	–	221,433,072	–	221,433,072
- Forward sale of foreign exchange contracts	186,469,928	–	184,826,488	–	184,826,488

On balance sheet financial instruments	2020				
	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	534,350,746	–	534,350,746	–	534,350,746
Sukuk certificates and bonds	7,349,073	–	7,349,073	–	7,349,073
Ordinary shares of listed companies	1,166,462	1,166,462	–	–	1,166,462
Mutual funds - open end	18,304	–	18,304	–	18,304
- close end	8,275	8,275	–	–	8,275
Real estate investment trust	375,429	375,429	–	–	375,429
Listed term finance certificates	2,331,707	–	2,331,707	–	2,331,707
Unlisted term finance certificates	495,000	–	495,000	–	495,000
Financial assets disclosed but not measured at fair value					
- Investments					
- Held-to-maturity securities					
Federal government securities	34,358,396	–	–	–	–
Certificates of investments	2,000,000	–	–	–	–
- Available-for-sale securities					
Ordinary shares of unlisted companies	55,444	–	–	–	–
	582,508,836	1,550,166	544,544,830	–	546,094,996
Off-balance sheet financial instruments measured at fair value					
- Forward purchase of foreign exchange contracts	245,157,873	–	241,170,544	–	241,170,544
- Forward sale of foreign exchange contracts	190,640,128	–	187,884,199	–	187,884,199

38.2 Fair value of non-financial assets

	2021				
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	4,546,895	–	–	4,546,895	4,546,895

	2020				
	Carrying / notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000				
Non-financial assets measured at fair value					
- Non-banking assets acquired in satisfaction of claim	2,982,632	–	–	3,249,798	3,249,798

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

Non-banking assets acquired in satisfaction of claim	Non-banking assets are valued by professionally qualified valuators. The valuation is based on their assessment of the mar ket value of the assets . The effect of changes in the unobservable inputs used in the valuations cannot be det ermined with cer tainty. Accordingly, a qualitative disclosure of sensitivity has not been provided.

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	31 December 2020			
	Trade & sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Profit and Loss				
Net mark-up / return / interest	40,864,796	(13,433,229)	1,992,245	29,423,812
Inter segment revenue - net	(34,665,155)	24,106,346	10,558,809	–
Non mark-up / return / interest income	72,465	19,290	9,625,516	9,717,271
Total Income	6,272,106	10,692,407	22,176,570	39,141,083
Segment direct expenses	(371,682)	–	(244,169)	(615,851)
Inter segment expense allocation	1,417	(4,211,129)	(10,308,226)	(14,517,938)
Total expenses	(370,265)	(4,211,129)	(10,552,395)	(15,133,789)
Provisions	(176,004)	(9,581)	(3,435,464)	(3,621,049)
Profit before tax	5,725,837	6,471,697	8,188,711	20,386,245
Balance Sheet				
Cash and bank balances	1,816,675	23,136,227	32,014,820	56,967,722
Investments - net	582,508,836	–	–	582,508,836
Net inter segment lending	–	284,961,421	177,548,535	462,509,956
Lendings to financial institutions	1,000,000	–	–	1,000,000
Advances - performing	–	3,625,775	318,173,286	321,799,061
Advances - non-performing	–	27,203	19,274,853	19,302,056
Provision against advances	–	(16,089)	(19,429,197)	(19,445,286)
Others	9,937,076	2,650,754	50,898,246	63,486,076
Total Assets	595,262,587	314,385,291	578,480,543	1,488,128,421
Borrowings	95,962,713	–	109,849,192	205,811,905
Subordinated debt	–	–	–	–
Deposits and other accounts	–	288,049,370	392,341,318	680,390,688
Net inter segment borrowing	462,509,956	–	–	462,509,956
Others	6,286,606	9,742,895	62,048,620	78,078,121
Total liabilities	564,759,275	297,792,265	564,239,130	1,426,790,670
Net Assets	30,503,312	16,593,026	14,241,413	61,337,751
Equity				61,337,751
Contingencies and Commitments	435,798,001	–	255,480,204	691,278,205

40. TRUST ACTIVITIES

The Group 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.

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 and on substantially the same terms as for comparable transactions with person of similar standing. Contributions in respect of employees' retirement benefits are made in accordance with actuarial valuation and 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:

	2021					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	184,060	217,741	–	–	–	401,801
Advances						
Opening balance	–	4,639,385	195,938	–	–	4,835,323
Addition during the year	–	50,576,167	72,882	–	–	50,649,049
Repaid during the year	–	(49,927,242)	(73,024)	–	–	(50,000,266)
Closing balance	–	5,288,310	195,796	–	–	5,484,106
Other Assets						
Mark-up / return / interest receivable	–	12,176	–	–	–	12,176
Dividend receivable	–	–	–	–	–	–
Prepayments / advance deposits / other receivable	468	53,123	–	–	–	53,591
	468	65,299	–	–	–	65,767
Deposits and other accounts						
Opening balance	213,306	8,573,734	282,595	661,230	1,626,592	11,357,457
Received during the year	16,783,470	2,471,954,097	2,073,559	4,685,345	6,995,634	2,502,492,105
Withdrawn during the year	(16,822,769)	(2,455,373,544)	(2,042,578)	(4,533,273)	(6,811,238)	(2,485,583,402)
Closing balance	174,007	25,154,287	313,576	813,302	1,810,988	28,266,160
Other Liabilities						
Mark-up / return / interest payable	–	140,001	1,977	3,248	10,626	155,852
Management fee payable for technical and consultancy services *	76,826	–	–	–	–	76,826
Other payables	–	470	–	670	50,273	51,413
	76,826	140,471	1,977	3,918	60,899	284,091
Contingencies and commitments						
Transaction related contingent liabilities	–	7,353,818	–	–	–	7,353,818
Trade-related contingent liabilities	–	3,929,204	–	–	–	3,929,204
	–	11,283,022	–	–	–	11,283,022

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

	2020					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Balances with other banks						
In current accounts	98,181	112,889	–	–	–	211,070
Advances						
Opening balance	366	4,144,390	222,737	–	–	4,367,493
Addition during the year	–	32,642,997	14,326	–	–	32,657,323
Repaid during the year	(366)	(32,148,002)	(41,125)	–	–	(32,189,493)
Closing balance	–	4,639,385	195,938	–	–	4,835,323
Other Assets						
Mark-up / return / interest accrued	–	5,830	–	–	–	5,830
Prepayments / advance deposits / other receivable	523	2,872	–	–	–	3,395
	523	8,702	–	–	–	9,225
Deposits and other accounts						
Opening balance	529,172	11,234,003	262,708	785,494	940,576	13,751,953
Received during the year	18,649,846	1,580,123,667	1,339,687	2,195,407	3,530,113	1,605,838,720
Withdrawn during the year	(18,965,712)	(1,582,783,936)	(1,319,800)	(2,319,671)	(2,844,097)	(1,608,233,216)
Closing balance	213,306	8,573,734	282,595	661,230	1,626,592	11,357,457
Other Liabilities						
Mark-up / return / interest payable	–	81,109	3,294	3,844	19,435	107,682
Management fee payable for technical and consultancy services *	204,497	–	–	–	–	204,497
Insurance & Other Payables	–	345	–	730	13,568	14,643
	204,497	81,454	3,294	4,574	33,003	326,822
Contingencies and commitments						
Transaction related contingent liabilities	–	7,965,087	–	–	–	7,965,087
Trade-related contingent liabilities	–	1,529,049	–	–	–	1,529,049
	–	9,494,136	–	–	–	9,494,136

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

Transactions during the year

	2021					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Income						
Mark-up/return/interest earned	–	62,357	10,647	–	–	73,004
Fee and commission income	1,943	227,832	–	97	–	229,872
Rent income	5,616	7,677	–	–	–	13,293
Expense						
Mark-up/return/interest expensed	–	795,835	14,882	38,125	179,637	1,028,479
Commission / brokerage / bank charges paid	1,067	1,707	–	–	–	2,774
Salaries and allowances	–	–	588,160	–	–	588,160
Directors' fees and allowances	–	–	–	13,427	–	13,427
Charge to defined benefit plan	–	–	–	–	171,987	171,987
Contribution to defined contribution plan	–	–	–	–	248,122	248,122
Insurance premium expenses	–	14,518	–	–	–	14,518
Software maintenance	9,163	–	–	–	–	9,163
Management fee expense for technical and consultancy services *	534,114	–	–	–	–	534,114
Donation	–	26,920	–	–	–	26,920

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

Transactions during the year

	2020					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Income						
Mark-up/return/interest earned	86	110,553	12,551	–	–	123,190
Fee and commission income	10,004	299,048	–	100	–	309,152
Rent income	5,616	–	–	–	–	5,616
Expenses						
Mark-up/return/interest expensed	–	858,422	18,568	62,855	112,714	1,052,559
Commission / brokerage / bank charges paid	668	1,210	–	–	–	1,878
Salaries and allowances	–	–	527,681	–	–	527,681
Directors' fees and allowances	–	–	–	11,380	–	11,380
Charge to defined benefit plan	–	–	–	–	172,219	172,219
Contribution to defined contribution plan	–	–	–	–	222,186	222,186
Rent expenses	–	396	–	–	–	396
Insurance premium expenses	–	10,642	–	–	–	10,642
Software maintenance	6,970	–	–	–	–	6,970
Management fee expense for technical and consultancy services *	491,460	–	–	–	–	491,460
Donation	–	23,920	–	–	–	23,920

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

42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	2020
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,478,315	10,478,315
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	62,494,114	55,152,774
Eligible additional tier 1 (ADT 1) capital	150,253	111,643
Total eligible tier 1 capital	62,644,367	55,264,417
Eligible tier 2 capital	5,332,119	6,174,922
Total eligible capital (Tier 1 + Tier 2)	67,976,486	61,439,339
Risk Weighted Assets (RWAs):		
Credit risk	406,395,001	309,393,711
Market risk	7,211,352	1,202,170
Operational risk	66,887,787	55,249,734
Total	480,494,140	365,845,615
CET 1 capital adequacy ratio	13.01%	15.08%
Tier 1 capital adequacy ratio	13.04%	15.11%
Total capital adequacy ratio	14.15%	16.79%
Minimum capital requirements prescribed by SBP		
CET 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Tier capital adequacy ratio	11.50%	11.50%

The Group uses simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

Leverage Ratio (LR):		
Eligible tier-1 capital	62,644,367	55,264,417
Total exposures	1,586,376,608	1,308,557,849
Leverage ratio	3.95%	4.22%

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 Group's strategy, organization structure and processes. The Group 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 Group. 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 Group 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 Group.

As per Basel II methodology the gross credit risk weighted exposure incorporating relevant credit conversion factor is Rs. 406,395,001 thousand (2020: Rs. 309,393,711 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 Group, 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 Group 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

	2021				
Exposures	JCR-VIS	PACRA	S & P	Fitch	Moody's
Corporate	✓	✓	–	–	–
Banks	✓	✓	✓	✓	✓
Sovereigns	–	–	–	–	–
SME's	✓	✓	–	–	–

Credit exposures subject to Standardised Approach

Exposures	Rating category	2021			2020		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		Rupees in '000					
Corporate	1	95,683,078	3,142,469	92,540,609	73,736,571	10,548,924	63,187,647
	2	118,383,785	2,309,210	116,074,575	67,828,596	2,828,384	65,000,212
	3,4	21,987,779	–	21,987,779	23,092,798	–	23,092,798
	5,6	–	–	–	–	–	–
Claims on banks with original maturity of 3 months or less		10,367,693	–	10,367,693	4,335,289	–	4,335,289
Retail		35,332,331	7,477,143	27,855,188	25,416,119	6,107,997	19,308,122
Public sector entities	1	13,707,900	2,359	13,705,541	4,775,386	76,669	4,698,717
	2,3	2,721,727	39	2,721,688	3,143,087	30,269	3,112,818
Others		804,855,866	10,000,000	794,855,866	704,843,544	33,999,791	670,843,753
Unrated		256,947,012	42,104,293	214,842,719	216,192,088	37,775,007	178,417,081

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 the 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	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Public / Government	–	–	–	–	–	–
Private	3,941,284	1,000,000	–	–	–	–
	3,941,284	1,000,000	–	–	–	–

43.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Chemical and Pharmaceuticals	16,050	19,510	16,050	19,510	16,050	19,510
Electronics and electrical appliances	21,138	21,138	21,138	21,138	21,138	21,138
Financial	6,290,183	5,372,075	–	–	–	–
Power (electricity), gas, water, sanitary	6,244,875	6,319,908	–	–	–	–
Textile	9,500	9,500	9,500	9,500	9,500	9,500
Transport, Storage and Communication	68,866	70,403	68,866	70,403	68,866	70,403
Others	649,920,957	569,192,939	–	–	–	–
	662,571,569	581,005,473	115,554	120,551	115,554	120,551
Credit risk by public / private sector						
Public/ Government	655,671,097	575,422,000	–	–	–	–
Private	6,900,472	5,583,473	115,554	120,551	115,554	120,551
	662,571,569	581,005,473	115,554	120,551	115,554	120,551

43.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Agriculture, forestry, hunting and fishing	4,517,000	2,775,037	–	–	–	–
Automobile and transportation equipment	4,819,333	4,156,403	1,426,895	1,652,549	1,426,895	1,541,763
Basic metals & metal products	14,741,737	6,856,840	54,178	41,654	54,178	41,654
Cement	6,914,004	7,607,242	–	–	–	–
Chemicals and pharmaceuticals	27,488,727	25,012,978	376,403	381,169	372,013	375,685
Commercial trade	18,722,586	13,276,673	731,043	669,160	637,550	545,084
Commodity finance	15,000,000	33,999,791	–	–	–	–
Construction and real estate	8,564,887	3,744,223	97,206	54,958	89,215	46,430
Edibles	38,329,926	27,772,845	1,104,136	989,019	866,019	989,019
Electronics and electrical appliances	12,042,941	8,858,240	293,243	293,307	293,243	293,307
Financial	2,166,154	958,281	–	–	–	–
Footwear and leather garments	1,934,300	1,399,583	11,907	11,907	11,907	11,907
Individuals	8,560,993	4,211,210	43,959	27,174	43,959	24,115
Mining and quarrying	60,014	113,051	–	–	–	–
Power (electricity), gas, water, sanitary	45,074,044	29,957,370	4,896,047	4,827,644	4,385,123	2,451,427
Services	14,302,071	6,991,582	142,105	172,490	142,105	96,521
Sugar	3,512,256	4,121,048	116,337	136,880	116,337	136,880
Textile	184,682,431	137,981,528	6,713,497	8,941,521	6,662,045	8,838,999
Transport, storage and communication	2,888,607	1,726,902	56,221	26,483	56,221	26,483
Others	18,640,542	19,580,290	910,347	1,076,141	829,840	998,333
	432,962,553	341,101,117	16,973,524	19,302,056	15,986,650	16,417,607

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Public / Government	35,976,271	45,540,908	–	–	–	–
Private	396,986,282	295,560,209	16,973,524	19,302,056	15,986,650	16,417,607
	432,962,553	341,101,117	16,973,524	19,302,056	15,986,650	16,417,607

	2021	2020
	Rupees in '000	

43.1.4 Contingencies and Commitments

Credit risk by industry sector		
Agriculture, forestry, hunting and fishing	5,173,786	4,115,347
Automobile and transportation equipment	21,348,201	17,211,428
Basic metals & metal products	10,585,294	11,616,516
Cement	9,662,030	4,170,698
Chemicals and pharmaceuticals	30,711,674	24,321,530
Commercial trade	33,785,779	31,661,987
Construction & real estate	6,790,317	3,886,987
Edibles	29,607,968	33,044,185
Electronics and electrical appliances	7,664,647	6,148,099
Financial	347,199,743	373,427,035
Footwear and leather garments	650,922	745,812
Individual	10,954,174	929,566
Mining and quarrying	87,512	59,966
Power (electricity), gas, water, sanitary	33,065,827	27,014,948
Services	17,731,959	11,142,701
Sugar	2,280,725	409,520
Textile	133,195,515	124,156,739
Transport, storage and communication	2,279,054	1,829,011
Others	17,966,118	15,386,130
	720,741,245	691,278,205

Credit risk by public / private sector		
Public / Government	63,471,079	117,924,237
Private	657,270,166	573,353,968
	720,741,245	691,278,205

43.1.5 Concentration of advances

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 105,365,342 thousand (2020: 103,000,262 thousand) are as following:

Funded	63,897,290	76,560,921
Non-Funded	41,467,051	26,439,341
Total Exposure	105,364,341	103,000,262

The sanctioned limits against these top 10 exposures aggregated to Rs 124,439,374 thousand (2020: 144,497,273 thousand).

43.1.6 Advances - province / region-wise disbursement & utilization

Province / region	2021						
		Utilization					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gligit-Baltistan
	Rupees in '000						
Punjab	415,803,001	398,500,992	16,010,383	–	–	1,291,626	–
Sindh	648,660,350	19,065,697	592,712,496	2,349,992	34,532,165	–	–
KPK including FATA	5,361,443	–	–	5,361,443	–	–	–
Balochistan	46,598	–	–	–	46,598	–	–
Islamabad	12,182,947	16,000	–	–	–	12,166,947	–
AJK including Gilgit-Baltistan	1,041,484	–	–	–	–	–	1,041,484
Total	1,083,095,823	417,582,689	608,722,879	7,711,435	34,578,763	13,458,573	1,041,484

Province / region	2020						
		Utilization					
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gligit-Baltistan
	Rupees in '000						
Punjab	395,380,412	375,607,672	16,813,232	–	–	2,959,508	–
Sindh	646,255,857	62,444,636	545,809,454	2,520,516	35,481,251	–	–
KPK including FATA	2,655,545	–	–	2,655,545	–	–	–
Balochistan	7,441	–	–	–	7,441	–	–
Islamabad	6,949,924	33,314	–	–	–	6,916,610	–
AJK including Gilgit-Baltistan	816,702	–	–	–	–	–	816,702
Total	1,052,065,881	438,085,622	562,622,686	5,176,061	35,488,692	9,876,118	816,702

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, equity prices and market conditions. After COVID-19 pandemic; ease in lockdown & reopening in global economies resulted in increase in global commodity & energy price with surge in domestic demand which have put additional pressure on Pakistan's Economy. The Government and the State Bank of Pakistan have also taken various fiscal and regulatory measures and reforms. Major step taken by SBP was to increase the policy rate by 275bps to counter inflationary pressures and ensure that growth remains sustainable.

The Board of Directors oversees the Group's strategy for market risk exposures. Asset and Liability Committee (ALCO) which comprises of senior management oversees the statement of financial position, assesses the impact of interest rate change on the investment portfolio through stress testing, and performs oversight function to ensure sound asset quality, liquidity and pricing. The investment policy amongst other aspec ts covers the asset allocation guidelines inclusiv e of equity investments. While market risk limits are in place and are monitored effectively, the Group has also formalized liquidity and market risk management policies which contain action plans to strengthen the market risk management system and a middle office function oversees limit adherence.

Market risk can be categorised into interest rate risk, foreign exchange risk and equity position risk.

43.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000					
Cash and balances with treasury banks	83,386,045	–	83,386,045	54,694,826	–	54,694,826
Balances with other banks	3,203,963	–	3,203,963	2,272,896	–	2,272,896
Lendings to financial institutions	3,941,284	–	3,941,284	1,000,000	–	1,000,000
Investments	664,937,053	–	664,937,053	582,508,836	–	582,508,836
Advances	411,792,976	–	411,792,976	321,655,831	–	321,655,831
Fixed assets	12,077,475	–	12,077,475	9,100,177	–	9,100,177
Intangible assets	163,187	–	163,187	131,331	–	131,331
Deferred tax assets	3,218,163	–	3,218,163	1,153,598	–	1,153,598
Other assets	52,471,202	–	52,471,202	53,100,970	–	53,100,970
	1,235,191,348	–	1,235,191,348	1,025,618,465	–	1,025,618,465

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.

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

	2020			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
United States Dollar	47,714,184	(92,864,697)	45,324,956	174,443
Euro	3,533,052	(3,828,412)	340,020	44,660
Great Britain Pound	1,120,241	(5,976,637)	4,867,204	10,808
Asian Currency unit	629,113	(1,011,354)	–	(382,241)
Japanese Yen	84,600	(112)	(61,992)	22,496
Arab Emirates Dirham	195,539	(16)	(195,814)	(291)
Canadian Dollar	39,485	–	(18,824)	20,661
Australian Dollar	20,206	–	(12,329)	7,877
Saudi Riyal	8,301	–	–	8,301
Chinese Yuan	287,302	–	(300,121)	(12,819)
Other Currencies	45,037	–	(16,763)	28,274
	53,677,060	(103,681,228)	49,926,337	(77,831)

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	(36,673)	–	(506)	–
- 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 scrip 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 .

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and loss account	(24,844)	–	(22,970)	–
- Other comprehensive income	(50,530)	–	(31,539)	–

43.2.4 Yield / Interest Rate Risk in the Banking book (IRRBB)-Basel II Specific

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Duration analysis and stress testing are being carried out regularly to estimate the impact of adverse changes in the interest rates on Group'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.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
– Profit and loss account	–	–	–	–
– Other comprehensive income	(2,018,652)	–	(3,047,413)	–

43.2.5 Mismatch of interest rate sensitive assets and liabilities

		2021										
		Exposed to yield / interest risk										
	Effective yield / interest rate	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	Over 10 years	Non-interest bearing financial instruments
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	83,386,045	10,110,791	–	–	–	–	–	–	–	–	73,275,254
Balances with other banks	5.50% to 9.75%	3,203,963	207,887	–	–	–	–	–	–	–	–	2,996,076
Lendings to financial institutions	1.1% to 10.7%	3,941,284	3,941,284	–	–	–	–	–	–	–	–	–
Investments	2.99% to 13.50%	664,937,053	49,950,961	172,504,808	242,779,049	126,447,897	649,371	53,682,729	16,441,200	–	–	2,481,038
Advances	0% to 19.71%	411,792,976	19,813,440	309,175,180	9,788,338	14,145,891	5,902,574	4,372,835	8,413,671	38,200,379	1,980,668	–
Other assets		47,907,953	–	–	–	–	–	–	–	–	–	47,907,953
		1,215,169,274	84,024,363	481,679,988	252,567,387	140,593,788	6,551,945	58,055,564	24,854,871	38,200,379	1,980,668	126,660,321
Liabilities												
Bills payable		17,944,644	–	–	–	–	–	–	–	–	–	17,944,644
Borrowings	0% to 10.70%	322,779,155	144,609,527	109,933,827	9,350,391	11,905,014	1,408,554	1,178,142	6,241,951	37,636,706	485,294	29,749
Deposits and other accounts	0.05% to 13.50%	771,649,729	217,155,471	57,761,217	152,772,803	46,724,644	4,256,739	4,417,693	1,090,482	–	–	287,470,680
Other liabilities		50,800,474	–	–	–	–	–	–	–	–	–	50,800,474
		1,163,174,002	361,764,998	167,695,044	162,123,194	58,629,658	5,665,293	5,595,835	7,332,433	37,636,706	485,294	356,245,547
On-balance sheet gap		51,995,272	(277,740,635)	313,984,944	90,444,193	81,964,130	886,652	52,459,729	17,522,438	563,673	1,495,374	(229,585,226)
Off-balance sheet financial instruments												
Commitments in respect of:												
Forward foreign exchange contracts		402,981,660	–	–	–	–	–	–	–	–	–	402,981,660
Commitments against forward lendings		2,916,949	–	–	–	–	–	–	–	–	–	2,916,949
Commitments in respect of letter of credits		198,716,273	–	–	–	–	–	–	–	–	–	198,716,273
Commitments against acquisition of fixed assets		135,456	–	–	–	–	–	–	–	–	–	135,456
Off-balance sheet gap		604,750,338	–	–	–	–	–	–	–	–	–	604,750,338
Total Yield/Interest Risk Sensitivity Gap		656,745,610	(277,740,635)	313,984,944	90,444,193	81,964,130	886,652	52,459,729	17,522,438	563,673	1,495,374	375,165,112
Cumulative Yield/Interest Risk Sensitivity Gap		656,745,610	(277,740,635)	36,244,309	126,688,502	208,652,632	209,539,284	261,999,013	279,521,451	280,085,124	281,580,498	375,165,112

2020	Effective yield / interest rate	Exposed to yield / interest risk										Non-interest bearing financial instruments
		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	Over 10 years	
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	54,694,826	10,176,561	–	–	–	–	–	–	–	–	44,518,265
Balances with other banks	2.75%-12.75%	2,272,896	4,696	–	280,862	–	–	–	–	–	–	1,987,338
Lendings to financial institutions	7.5%	1,000,000	1,000,000	–	–	–	–	–	–	–	–	–
Investments	5.95% to 13.39%	582,508,836	90,428,689	181,755,989	117,265,728	38,442,954	69,388,688	–	63,462,925	19,752,914	–	2,010,949
Advances	0.5% to 19%	321,655,831	14,190,474	245,022,057	17,192,274	3,203,185	22,558,809	3,849,913	4,884,194	9,162,209	1,592,716	–
Other assets		50,073,151	–	–	–	–	–	–	–	–	–	50,073,151
		1,012,205,540	115,800,420	426,778,046	134,738,864	41,646,139	91,947,497	3,849,913	68,347,119	28,915,123	1,592,716	98,589,703
Liabilities												
Bills payable		15,421,002	–	–	–	–	–	–	–	–	–	15,421,002
Borrowings	0% to 7.10%	205,811,905	107,458,069	43,525,028	16,050,412	997,052	19,549,526	1,600,497	3,358,008	8,800,575	153,618	4,319,120
Deposits and other accounts	0.25% to 16.67%	680,390,688	181,700,158	66,060,410	159,982,402	28,465,497	2,262,186	2,546,948	5,132,638	20,000	–	234,220,449
Other liabilities		58,501,216	–	–	–	–	–	–	–	–	–	58,501,216
		960,124,811	289,158,227	109,585,438	176,032,814	29,462,549	21,811,712	4,147,445	8,490,646	8,820,575	153,618	312,461,787
On-balance sheet gap		52,080,729	(173,357,807)	317,192,608	(41,293,950)	12,183,590	70,135,785	(297,532)	59,856,473	20,094,548	1,439,098	(213,872,084)
Off-balance sheet financial instruments												
Commitments in respect of:												
Forward foreign exchange contracts		435,798,001	–	–	–	–	–	–	–	–	–	435,798,001
Commitments against forward lendings		2,230,149	–	–	–	–	–	–	–	–	–	2,230,149
Commitments in respect of letter of credits		160,321,521	–	–	–	–	–	–	–	–	–	160,321,521
Commitments against acquisition of fixed assets		292,513	–	–	–	–	–	–	–	–	–	292,513
Off-balance sheet gap		598,642,184	–	–	–	–	–	–	–	–	–	598,642,184
Total yield / interest risk sensitivity gap		650,722,913	(173,357,807)	317,192,608	(41,293,950)	12,183,590	70,135,785	(297,532)	59,856,473	20,094,548	1,439,098	384,770,100
Cumulative yield / interest risk sensitivity gap		650,722,913	(173,357,807)	143,834,801	102,540,851	114,724,441	184,860,226	184,562,694	244,419,167	264,513,715	265,952,813	384,770,100

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

Reconciliation to total assets	2021	2020
	Rupees in '000	
Total financial assets	1,215,169,274	1,012,205,540
Add: Non financial assets		
Operating fixed assets	12,077,475	9,100,177
Intangible assets	163,187	131,331
Deferred tax asset	3,218,163	1,153,598
Other assets	4,563,249	3,027,819
	20,022,074	13,412,925
Balance as per statement of financial position	1,235,191,348	1,025,618,465

Reconciliation to total liabilities	2021	2020
	Rupees in '000	
Total financial liabilities	1,163,174,002	960,124,811
Add: Non financial liabilities		
Other liabilities	5,128,083	4,155,903
Balance as per statement of financial position	1,168,302,085	964,280,714

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

The Group'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 Group'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 Group over the past three years. Figures of capital charge of operation risk for the year is Rs. 5,351,023 thousand (2020: Rs. 4,419,979 thousand).

43.4 Liquidity Risk

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

Governance of Liquidity risk management

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

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

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

Funding Strategy

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

Liquidity Risk Mitigation Techniques

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

Liquidity Stress Testing

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

Contingency Funding Plan

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

43.4.1 Maturities of assets and liabilities - based on contractual maturity of assets and liabilities

	2021													
	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
	Rupees in '000													
Assets														
Cash and balances with treasury banks	83,386,045	83,386,045	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	3,203,963	3,203,963	–	–	–	–	–	–	–	–	–	–	–	–
Lendings to financial institutions	3,941,284	–	–	441,284	3,500,000	–	–	–	–	–	–	–	–	–
Investments	664,937,053	2,381,748	–	15,279,472	32,818,472	59,709,553	104,112,819	165,947,399	92,946,072	33,796,875	54,157,833	54,427,909	41,604,025	7,754,876
Advances	411,792,976	49,975,867	7,800,485	25,481,687	29,978,926	87,910,081	55,186,936	38,422,691	33,939,509	16,374,680	8,999,026	6,942,158	9,379,456	41,401,474
Fixed assets	12,077,475	13,363	80,176	93,539	227,167	229,207	229,207	687,621	687,621	687,621	1,306,259	500,810	898,176	6,436,708
Intangible assets	163,187	581	3,486	4,067	9,876	18,010	18,010	54,030	27,564	27,563	–	–	–	–
Deferred tax assets	3,218,163	32,841	197,048	229,889	558,302	599,181	599,181	529,505	(165,384)	(165,384)	146,541	127,035	134,163	395,245
Other assets	52,471,202	1,424,954	8,549,723	9,974,677	24,224,216	1,068,220	1,068,219	1,206,417	2,473,528	2,473,528	1,614	940	1,828	3,338
	1,235,191,348	140,419,362	16,630,918	51,504,615	91,316,959	149,534,252	161,214,372	206,847,663	129,908,910	53,194,883	64,611,273	61,998,852	52,017,648	55,991,641
Liabilities														
Bills payable	17,944,644	17,944,644	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings	322,779,155	13,145,619	127,846,626	611,570	3,035,460	101,110,335	8,823,492	9,350,391	315,411	11,589,603	1,408,554	1,178,142	6,241,952	38,122,000
Deposits and other accounts	771,649,729	510,224,681	29,091,613	17,788,219	81,023,509	18,716,032	39,044,588	19,271,531	19,478,049	27,246,596	4,256,739	4,417,693	1,090,479	–
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sub-ordinated debts	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	55,928,557	1,375,158	8,250,946	9,626,104	23,377,681	618,310	618,310	334,951	2,142,766	2,142,765	2,594	6,194,106	923,525	321,341
	1,168,302,085	542,690,102	165,189,185	28,025,893	107,436,650	120,444,677	48,486,390	28,956,873	21,936,226	40,978,964	5,667,887	11,789,941	8,255,956	38,443,341
Net assets	66,889,263	(402,270,740)	(148,558,267)	23,478,722	(16,119,691)	29,089,575	112,727,982	177,890,790	107,972,684	12,215,919	58,943,386	50,208,911	43,761,692	17,548,300

Share capital	10,478,315
Reserves	22,898,760
Deficit on revaluation of assets	(357,063)
Unappropriated profit	30,370,219
Non-controlling interest	3,499,032
	66,889,263

	2020													
	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
	Rupees in '000													
Assets														
Cash and balances with treasury banks	54,694,826	54,694,826	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	2,272,896	2,238,896	34,000	–	–	–	–	–	–	–	–	–	–	–
Lending to financial institutions	1,000,000	–	1,000,000	–	–	–	–	–	–	–	–	–	–	–
Investments	582,508,836	1,987,194	2,100,000	41,654,853	46,250,485	91,338,997	82,380,662	65,403,816	34,890,274	3,608,688	69,389,296	52,062,743	64,190,237	27,251,591
Advances	321,655,831	43,070,463	1,833,170	3,293,714	10,891,219	86,664,164	47,432,223	53,751,136	15,952,238	5,144,368	26,557,835	7,455,734	10,560,492	9,049,075
Fixed assets	9,100,177	27,095	162,580	189,677	460,785	160,167	160,225	485,021	474,081	474,155	1,796,546	899,971	1,052,901	2,756,973
Intangible assets	131,331	174	1,053	1,228	2,828	5,198	5,243	15,652	15,633	15,690	54,777	13,855	–	–
Deferred tax assets	1,153,598	16,962	101,763	118,743	288,374	250,716	250,706	162,858	108,070	108,070	(14,257)	(105,651)	(131,416)	(1,340)
Other assets	53,100,970	1,453,494	8,720,967	10,174,483	24,709,459	450,453	456,993	254,451	1,985,766	1,985,767	1,511,029	717,517	678,634	1,957
	1,025,618,465	103,489,104	13,953,533	55,432,698	82,603,150	178,869,695	130,686,052	120,072,934	53,426,062	11,336,738	99,295,226	61,044,169	76,350,848	39,058,256
Liabilities														
Bills payable	15,421,002	15,421,002	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings	205,811,905	13,747,803	82,705,336	572,195	14,751,855	783,058	42,741,970	16,050,412	148,099	848,953	19,549,526	1,600,497	3,358,008	8,954,193
Deposits and other accounts	680,390,688	426,115,013	29,087,082	16,274,968	56,390,818	34,251,337	31,802,954	48,041,248	12,311,496	16,360,602	2,056,161	2,549,278	5,129,731	20,000
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sub-ordinated debts	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	62,657,119	1,522,382	9,118,411	10,634,812	25,836,194	304,042	314,908	487,323	2,609,709	2,609,227	2,081,074	2,337,079	2,784,446	2,017,512
	964,280,714	456,806,200	120,910,829	27,481,975	96,978,867	35,338,437	74,859,832	64,578,983	15,069,304	19,818,782	23,686,761	6,486,854	11,272,185	10,991,705
Net assets	61,337,751	(353,317,096)	(106,957,296)	27,950,723	(14,375,717)	143,531,258	55,826,220	55,493,951	38,356,758	(8,482,044)	75,608,465	54,557,315	65,078,663	28,066,551
Share capital	10,478,315													
Reserves	20,129,515													
Surplus on revaluation of assets	3,183,141													
Unappropriated profit	24,207,141													
Non-controlling interest	3,339,639													
	61,337,751													

43.4.2 Maturities of Assets and Liabilities - based on expected maturity of the assets and liabilities

	2021									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	83,386,045	83,386,045	–	–	–	–	–	–	–	–
Balances with other banks	3,203,963	3,203,963	–	–	–	–	–	–	–	–
Lendings to financial institutions	3,941,284	3,941,284	–	–	–	–	–	–	–	–
Investments	664,937,053	51,309,693	163,822,372	165,947,399	126,742,947	54,157,833	54,427,909	41,604,025	6,924,875	–
Advances	411,792,976	113,238,269	143,097,017	38,422,691	50,314,189	8,997,722	6,942,158	9,379,456	38,555,213	2,846,261
Fixed assets	12,077,475	414,245	458,414	687,621	1,375,242	1,306,259	500,810	898,176	3,545,508	2,891,200
Intangible assets	163,187	18,010	36,020	54,030	55,127	–	–	–	–	–
Deferred tax assets	3,218,163	1,018,080	1,198,362	529,505	(330,768)	146,541	127,035	134,163	347,697	47,548
Other assets	52,471,202	44,173,570	2,136,439	1,206,417	4,947,056	1,614	940	1,828	132	3,206
	1,235,191,348	300,703,159	310,748,624	206,847,663	183,103,793	64,609,969	61,998,852	52,017,648	49,373,425	5,788,215
Liabilities										
Bills payable	17,944,644	17,944,644	–	–	–	–	–	–	–	–
Borrowings	322,779,155	144,639,276	109,933,827	9,350,391	11,905,014	1,408,554	1,178,142	6,241,951	37,636,706	485,294
Deposits and other accounts	771,649,729	180,586,167	108,599,199	273,460,860	122,981,618	80,513,713	4,417,693	1,090,479	–	–
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–
Sub-ordinated debts	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–
Other liabilities	55,928,557	42,629,889	1,236,620	334,951	4,285,531	2,594	6,194,106	923,525	321,341	–
	1,168,302,085	385,799,976	219,769,646	283,146,202	139,172,163	81,924,861	11,789,941	8,255,955	37,958,047	485,294
Net assets	66,889,263	(85,096,817)	90,978,978	(76,298,539)	43,931,630	(17,314,892)	50,208,911	43,761,693	11,415,378	5,302,921
Share capital	10,478,315									
Reserves	22,898,760									
Deficit on revaluation of assets	(357,063)									
Unappropriated profit	30,370,219									
Non-controlling interest	3,499,032									
	66,889,263									

	2020									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	54,694,826	54,694,826	–	–	–	–	–	–	–	–
Balances with other banks	2,272,896	1,708,508	–	564,388	–	–	–	–	–	–
Lendings to financial institutions	1,000,000	1,000,000	–	–	–	–	–	–	–	–
Investments	582,508,836	91,968,777	173,719,659	65,323,816	38,498,962	69,389,296	52,137,743	64,195,237	27,251,591	23,755
Advances	321,655,831	59,112,024	134,096,387	53,751,938	21,096,606	26,557,329	7,455,734	10,560,493	9,025,320	–
Fixed assets	9,100,177	840,108	320,392	485,034	948,236	1,796,561	899,972	1,052,899	1,422,579	1,334,396
Intangible assets	131,331	5,261	10,441	15,662	31,323	54,777	13,867	–	–	–
Deferred tax assets	1,153,598	525,842	501,422	162,858	216,140	(14,257)	(105,651)	(131,416)	(4,574)	3,234
Other assets	53,100,970	45,058,405	907,446	254,451	3,971,533	1,511,029	717,516	678,634	1,956	–
	1,025,618,465	254,913,751	309,555,747	120,558,147	64,762,800	99,294,735	61,119,181	76,355,847	37,696,872	1,361,385
Liabilities										
Bills payable	15,421,002	15,421,002	–	–	–	–	–	–	–	–
Borrowings	205,811,905	111,777,189	43,525,028	16,050,412	997,052	19,549,526	1,600,497	3,358,008	8,800,575	153,618
Deposits and other accounts	680,390,688	146,374,541	108,442,089	260,001,740	92,038,020	65,834,712	2,546,948	5,132,638	20,000	–
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–
Sub-ordinated debts	–	–	–	–	–	–	–	–	–	–
Deferred tax liabilities	–	–	–	–	–	–	–	–	–	–
Other liabilities	62,657,119	47,111,798	618,950	487,323	5,218,936	2,081,074	2,337,080	2,784,443	1,999,553	17,962
	964,280,714	320,684,530	152,586,067	276,539,475	98,254,008	87,465,312	6,484,525	11,275,089	10,820,128	171,580
Net assets	61,337,751	(65,770,779)	156,969,680	(155,981,328)	(33,491,208)	11,829,423	54,634,656	65,080,758	26,876,744	1,189,805
Share capital	10,478,315									
Reserves	20,129,515									
Surplus on revaluation of assets	3,183,141									
Unappropriated profit	24,207,141									
Non-controlling interest	3,339,639									
	61,337,751									

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 22 February 2022 has proposed a final cash dividend of Rs. 3.00 per share amounting to Rs. 3,143,493 thousand (2020: final cash dividend of Rs. 2.50 per share amounting to Rs. 2,619,579 thousand) in addition to interim dividend of Rs. 2.00 per share amounting to Rs. 2,095,663 thousand (2020: Rs. 2,095,663 thousand) for approval by the members of the holding company in the forthcoming Annual General Meeting.

44.3 Corresponding figures

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements wherever necessary to facilitate comparison and better presentation however no major reclassifications have been made.

45. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on 22 February 2022 by the Board of Directors of the holding company.

FUZAIL ABBAS	MOHSIN A. NATHANI	MOHOMED BASHIR	RASHID AHMED JAFER	MOHAMEDALI R. HABIB
Chief Financial Officer	President & Chief Executive Officer	Director	Director	Chairman

ANNEXURE "I" AS REFERRED TO IN NOTE 10.7 OF THE CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RS. 500,000/- OR ABOVE PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2021

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 wavied	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
1	Alam Cotton Mills (Private) Limited A-201/B, 2nd Floor, City Tower Main Boulevard, Gulberg-2, Lahore.	Muhammad Shafiq Alam 42201-0547606-5 Adeel Shafiq Alam 42000-0503449-9 Faraz Shafiq Alam 42000-0503055-9 Hammad Shafiq Alam 42201-7410183-7	Muhammad Rafiq Alam Muhammad Shafiq Alam Muhammad Shafiq Alam Muhammad Shafiq Alam	656,630	36,148	102,259	795,037	-	-	78,407	78,407
2	Amsons Textile Mills (Private) Limited D-14/B, SITE, Mangopir Road, Karachi.	Abdul Majeed Mukati 42000-0482231-5 Ilyas Mukati 42000-3386962-7	Muhammad Hashim Abdul Majeed Mukati	566,318	203,053	-	769,371	59,000	203,052	-	262,052
3	Mustafa Industries Plot No. 70, Sector 28, Korangi Industrial Area, Karachi.	Nisar Ali Bhagat 42201-0655748-5 Mohsin Ahmed Bhagat 42301-0800818-1 Muhammad Ahmed Bhagat 42201-0302913-1	Ahmed Bhagat Ahmed Bhagat Ahmed Bhagat	14,739	7,688	-	22,427	12,718	7,688	-	20,406

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 wavied	Other financial relief provided	Total
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				Rupees in '000							
4	Graf Knits & Woven (Nisar Group) Nisar Garments Industries Nisar Textiles Corporation Plot No. 12/2, Sector 15, Korangi Industrial Area, Karachi.	Ejaz Hanif 42301-7223192-7 Rafiq Hanif 42301-6858026-1 Muhammad Nisar Hanif 42201-493338-9	Muhammad Hanif Muhammad Hanif Muhammad Hanif	44,941	217,982	68,111	331,034	-	213,365	68,111	281,476
5	Paramount Spining Mills Limited Registered Office: 2nd Floor, Finlay House, I.I. Chundrigarh Road, Karachi. Mills: S.I.T.E. Kotri, 18-Km Raiwind Road, Lahore.	Mian Tanveer Ahmed 42201-0350138-5 Mian Naseer Ahmed 42201-0632509-5	Abdul Shakoor Abdul Shakoor	95,775	43,120	-	138,895	73,870	43,011	-	116,881
6	Terry World Textiles House No.13, Block No. 7 & 8, C.P. Barar Society, Off Ameer Khusro Road, Karachi.	M. Yousuf Rangoonwala 42401-4056225-5 Abdul Nasir Rangoonwala 42401-5987443-1 Muhammad Aslam 42201-0131894-1 M. Shoaib Rangoonwala 42201-2012813-3 Mehmood Rangoonwala 42401-4046725-5 Sohail Ahmed 42201-7996040-1 Mrs.Naseema Abdul Nasir 42401-4589853-8	Ahmed Rangoonwala Ahmed Rangoonwala Ahmed Rangoonwala Ahmed Rangoonwala Ahmed Rangoonwala Ahmed Rangoonwala Abdul Nasir Rangoonwala	569,451	446,513	-	1,015,964	381,211	446,513	-	827,724
				1,947,854	954,504	170,370	3,072,728	526,799	913,629	146,518	1,586,946

Annexure - II

ISLAMIC BANKING BUSINESS

The holding company is operating 49 (2020: 32) Islamic banking branches and 218 (2020: 218) Islamic banking windows at the end of the year.

	Note	2021	2020
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		8,065,686	4,970,404
Balances with other banks		–	–
Due from financial institutions	1	3,500,000	1,000,000
Investments	2	30,384,762	27,627,085
Islamic financing and related assets - net	3	78,657,185	56,661,747
Fixed assets	4	635,471	481,094
Intangible assets		–	–
Due from Head Office	5	5,125,784	204,715
Other assets		3,017,036	3,345,634
		129,385,924	94,290,679
LIABILITIES			
Bills payable		1,445,125	786,085
Due to financial institutions		32,048,365	16,609,708
Deposits and other accounts	6	83,953,361	68,493,450
Due to Head Office		–	–
Subordinated debt		–	–
Other liabilities	7	2,731,703	2,615,582
		120,178,554	88,504,825
NET ASSETS		9,207,370	5,785,854
REPRESENTED BY			
Islamic Banking Fund		7,504,413	5,503,996
Reserves		–	–
Deficit on revaluation of assets		(725,275)	(1,085,694)
Unappropriated profit	8	2,428,232	1,367,552
		9,207,370	5,785,854
CONTINGENCIES AND COMMITMENTS	9		

The profit and loss account of the holding company's islamic banking branches for the year ended 31 December 2021 is as follows:

	Note	2021	2020
		Rupees in '000	
Profit / return earned	10	6,654,512	5,155,549
Profit / return expensed	11	(3,981,163)	(3,479,601)
Net Profit / return		2,673,349	1,675,948
Other income			
Fee and commission income		375,140	217,190
Dividend income		294	35,793
Foreign exchange income		103,780	112,680
Income / (loss) from derivatives		–	–
Gain on securities		70,693	254,201
Other income		5,210	38,948
Total other income		555,117	658,812
Total Income		3,228,466	2,334,760
Other expenses			
Operating expenses		911,598	768,786
Workers welfare fund		–	–
Other charges		609	605
Total other expenses		912,207	769,391
Profit before provisions		2,316,259	1,565,369
Reversal / (provisions) and (write offs) - net		111,973	(197,817)
Profit before taxation		2,428,232	1,367,552

1. Due from financial institutions

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Unsecured						
- Mudaraba placements	3,500,000	–	3,500,000	–	–	–
- Musharaka placements	–	–	–	1,000,000	–	1,000,000
	3,500,000	–	3,500,000	1,000,000	–	1,000,000

2. Investments by segments

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Federal Government Securities								
- Ijarah Sukuk	19,523,163	–	(396,332)	19,126,831	15,750,214	–	(675,889)	15,074,325
- Bai-muajjal	–	–	–	–	3,608,688	–	–	3,608,688
- Islamic naya Pakistan certificate mudaraba investment pool	730,711	–	–	730,711	–	–	–	–
	20,253,874	–	(396,332)	19,857,542	19,358,902	–	(675,889)	18,683,013

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
	Rupees in '000							
Non Government Debt Securities								
- Listed	7,076,163	–	(336,554)	6,739,609	7,678,877	–	(393,601)	7,285,276
- Unlisted	3,780,000	–	7,611	3,787,611	1,675,000	–	(16,204)	1,658,796
	10,856,163	–	(328,943)	10,527,220	9,353,877	–	(409,805)	8,944,072
Total Investments	31,110,037	–	(725,275)	30,384,762	28,712,779	–	(1,085,694)	27,627,085

3. Islamic financing and related assets - net

	2021				2020			
	Financing	Advances	Inventory	Total	Financing	Advances	Inventory	Total
	Rupees in '000							
Ijarah	583,298	128,997	–	712,295	189,891	4,772	–	194,663
Ijarah - islamic long term financing facility	74,207	–	–	74,207	74,207	–	–	74,207
Murabaha	6,105,881	563,205	–	6,669,086	5,111,746	207,331	–	5,319,077
Working capital musharaka	21,050,328	–	–	21,050,328	25,581,844	–	–	25,581,844
Diminishing musharaka	11,736,112	377,959	–	12,114,071	5,328,366	217,013	–	5,545,379
Salam	128,000	–	–	128,000	16,874	128,500	54,000	199,374
Istisna	2,677,387	3,040,426	–	5,717,813	1,642,581	2,152,364	8,820	3,803,765
Al-bai	536,632	–	16,961	553,593	136,797	–	25,577	162,374
Diminishing musharaka								
- Islamic long term financing facility	863,436	1,528,029	–	2,391,465	764,708	504,848	–	1,269,556
- Islamic refinance scheme for payment of wages and salaries	1,046,640	93,534	–	1,140,174	–	1,683,416	–	1,683,416
- Islamic financing facility for storage of agricultural produce	–	598,035	–	598,035	–	267,878	–	267,878
- Islamic temporary economic refinance facility	422,229	13,064,204	–	13,486,433	–	1,931,320	–	1,931,320
- Islamic financing facility for renewable energy	–	250,848	–	250,848	–	–	–	–
Islamic Export Refinance								
- Murabaha	760,819	–	–	760,819	1,137,138	43,565	–	1,180,703
- Working capital musharaka	10,257,000	–	–	10,257,000	3,191,540	-	–	3,191,540
- Salam	60,000	61,920	–	121,920	–	150,000	–	150,000
- Istisna	2,259,110	1,075,000	–	3,334,110	1,149,500	5,748,195	–	6,897,695
- Al-bai	7,832	–	–	7,832	–	–	31,773	31,773
Gross islamic financing and related assets	58,568,911	20,782,157	16,961	79,368,029	44,325,192	13,039,202	120,170	57,484,564
Less: provision against non-performing islamic financings								
- Specific	(704,654)	–	–	(704,654)	(822,665)			(822,665)
- General	(6,190)	–	–	(6,190)	(152)	–	–	(152)
	(710,844)	–	–	(710,844)	(822,817)	–	–	(822,817)
Islamic financing and related assets - net of provision	57,858,067	20,782,157	16,961	78,657,185	43,502,375	13,039,202	120,170	56,661,747

3.1 Ijarah

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

	2020						
	Cost			Accumulated Depreciation			Book value as at 31 Dec 2020
	As at 1 Jan 2020	Additions / (deletions)	As at 31 Dec 2020	As at 1 Jan 2020	Charge for the year / (deletions)	As at 31 Dec 2020	
	Rupees in '000						
Plant & Machinery	398,702	85,908	263,895	204,879	83,695	151,784	112,111
		(220,715)			(136,790)		
Vehicles	307,547	11,845	297,848	116,050	43,355	145,861	151,987
		(21,544)			(13,544)		
Total	706,249	(144,506)	561,743	320,929	(23,284)	297,645	264,098

Future ijarah payments receivable

	2021				2020			
	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	175,196	349,795	30,733	555,724	146,823	134,963	26,120	307,906

	Note	2021	2020
		Rupees in '000	
3.2 Murabaha			
Murabaha financing	3.2.1	6,105,881	5,111,746
Advances for murabaha		563,205	207,331
		6,669,086	5,319,077
3.2.1 Murabaha receivable - gross	3.2.2	6,359,206	5,295,597
Less: Deferred murabaha income	3.2.4	(137,450)	(114,184)
Profit receivable shown in other assets		(115,875)	(69,667)
Murabaha financings		6,105,881	5,111,746
3.2.2 The movement in murabaha financing during the year is as follows:			
Opening balance		5,295,597	8,146,332
Sales during the year		18,390,918	13,934,339
Adjusted during the year		(17,327,309)	(16,785,074)
Closing balance		6,359,206	5,295,597
3.2.3 Murabaha sale price		18,390,918	13,934,339
Murabaha purchase price		(17,915,777)	(13,595,026)
		475,141	339,313
3.2.4 Deferred murabaha income			
Opening balance		114,184	213,623
Arising during the year		475,141	339,313
Less: recognised during the year		(451,875)	(438,752)
Closing balance		137,450	114,184

4. Fixed assets include right-of-use assets of Rs. 545,830 thousand and other liabilities include related lease liability of Rs 615,776 thousand.

5. Due from Head Office

Inter-branch transactions are made on Qard basis.

6. Deposits

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	23,212,725	4,463,870	27,676,595	12,133,804	4,477,348	16,611,152
Savings deposits	27,563,777	3,592,221	31,155,998	20,017,418	1,380,064	21,397,482
Term deposits	16,387,078	898,644	17,285,722	25,320,737	910,889	26,231,626
Others	1,675,068	–	1,675,068	1,009,910	–	1,009,910
	68,838,648	8,954,735	77,793,383	58,481,869	6,768,301	65,250,170
Financial Institutions						
Current deposits	65,030	2,277	67,307	138,324	–	138,324
Savings deposits	5,875,671	–	5,875,671	3,104,956	–	3,104,956
Term deposits	217,000	–	217,000	–	–	–
	6,157,701	2,277	6,159,978	3,243,280	–	3,243,280
	74,996,349	8,957,012	83,953,361	61,725,149	6,768,301	68,493,450

	2021	2020
	Rupees in '000	
6.1 Composition of deposits		
- Individuals	36,498,423	28,075,432
- Government / Public Sector Entities	3,906,109	1,812,640
- Banking Companies	3,002,984	2,002,918
- Non-Banking Financial Institutions	3,156,994	1,240,362
- Private Sector	37,388,851	35,362,098
	83,953,361	68,493,450
6.2 Particulars of deposits and other accounts		
- In local currency	74,996,349	61,725,149
- In foreign currencies	8,957,012	6,768,301
	83,953,361	68,493,450

6.3 This includes eligible deposits of Rs. 33,716,328 thousand which are covered under sharia compliant deposit protection mechanism as required by the Deposit Protection Corporation Circular no. 5 of 2018.

	2021	2020
	Rupees in '000	
7. It includes charity fund, details of which are given below:		
Charity fund		
Opening balance	–	2,137
Additions during the year		
Received from customers on account of delayed payment	122	105
Dividend purification amount	–	–
Profit on charity saving account	–	–
	122	105
Payments / utilization during the year		
Education	(114)	(650)
Health	(4)	(1,592)
	(118)	(2,242)
Closing balance	4	–

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

8. Islamic banking business unappropriated profit		
Opening balance	1,367,552	1,088,033
Add: Islamic banking profit for the year	2,428,232	1,367,552
Less: taxation	–	–
Less: reserves	–	–
Less: transferred to head office	(1,367,552)	(1,088,033)
Closing balance	2,428,232	1,367,552

	2021	2020
	Rupees in '000	

9. Contingencies and commitments

Guarantees	8,252,346	6,333,142
Commitments	22,215,654	18,237,313
	30,468,000	24,570,455

10. Profit / return earned of financing, investments and placement

Profit earned on:		
Financing	4,265,981	2,232,445
Investments	2,186,307	2,326,245
Placements	202,224	596,859
	6,654,512	5,155,549

11. Profit on deposits and other dues expensed

Deposits and other accounts	3,475,334	3,279,484
Due to financial institutions	448,812	187,480
Lease liability against right-of-use assets	57,017	12,637
	3,981,163	3,479,601

12. Pool management

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

The holding company operates general and special pools for deposits and inter-bank funds accepted / acquired under mudaraba and musharakah modes. Under the general deposits pools , the holding company accepts funds on mudaraba basis fr om 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 holding company's customers and liquidity management respectively under the Musharakah / Mudaraba modes. Further, holding company also contributes its equity and becomes the capital provider, where 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 co-mingled 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 assigned.

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 HabibMetro 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. Write-off in non-performing accounts is charged to the respective pool. However, this is not an exhaustive list; HabibMetro IBD pool management framework and the respective pool creation memorandum may identify and specify these and other similar expenses to be charged to the pool.

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

General Remunerative / Specific Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio Mudarib Share / Fee	Profit sharing ratio Rabbul Maal Share	Mudarib share	Profit rate return distributed to remunerative deposits (savings)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
General pool					(Rupees in '000)			(Rupees in '000)
– PKR Pool	Monthly	6.22%	50.00%	50.00%	808,319	4.63%	2.72%	21,439
– USD Pool	Monthly	0.60%	90.00%	10.00%	4,055	0.19%	12.76%	517
Specific pools								
– Islamic Export Refinance (IERS) Pool	Quarterly	7.07%	86.88%	13.12%	300,367	Nil	0.00%	–
– Special Pool (Saving)	Monthly	9.02%	16.09%	83.91%	72,660	6.00%	20.48%	–
– Special Pool (TDR)	Monthly	8.46%	10.67%	89.33%	176,129	6.41%	0.00%	–

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

i 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۔

ii بینک نے اسٹیٹ بینک آف پاکستان کی شریعہ ایڈوائزری کمیٹی کے احکام کے مطابق اسٹیٹ بینک کی جانب سے جاری کردہ شریعہ کمپلائنس سے متعلق احکام، ضوابط، ہدایات اور اصولوں کی پاسداری کی ہے۔

iii بینک اپنے تمام تر آپریشنز میں شریعہ اصولوں پر عمل درآمد کو یقینی بنانے کے لئے ایک جامع نظام کا حامل ہے۔

iv بینک میں ایک انتہائی منظم نظام موجود ہے جو تمام تر غیر شرعی ذرائع سے حاصل شدہ رقم چیئریٹی اکاؤنٹ میں جمع کئے جانے اور اسے مناسب طور پر خیراتی اداروں میں بروئے کار لائے جانے کو یقینی بناتا ہے۔

v بینک نے نفع ونقصان کی تقسیم اور پول مینجمنٹ کے سلسلے میں اسٹیٹ بینک کی ہدایت کی مناسب طور پر پاسداری کی ہے۔

vi لرننگ اینڈ ڈویلپمنٹ ڈپارٹمنٹ نے شریعہ کمپلائنس کے تعاون سے ملازمین کی صلاحیت میں اضافے کے لئے مختلف اسلامک بینکنگ سیشنز کا اہتمام کیا ہے اور بینک کی مصنوعات اور عمل میں شرعی تعمیل کی اہمیت کو بڑھانے اور اسلامک بینکنگ سیکھنے کے ماحول کو فروغ اور ترقی دینے کے لئے مستقل عمل میں ہے۔

vii شریعہ بورڈ کو اس کی ذمہ داریوں کی ادائیگی کے لئے وسائل فراہم کئے گئے ہیں تاہم کام کے حجم میں اضافے کو مدنظر رکھتے ہوئے شریعہ ٹیم میں اضافی افرادی قوت، بینک میں شریعہ کمپلائنس کے فنکشن کو مزید مستحکم کرے گی۔

سفارشات

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

1 بینک کو اپنی انتظامیہ، اسلامی بینکنگ اسٹاف اور تمام متعلقہ اسٹیک ہولڈرز اور صارفین کیلئے اسلامی بینکاری کی تربیت اور ریفریشر سیشنز کیلئے انتظامات جاری رکھنے چاہئیں۔

2 بینک کو تمام تر دستیاب فورمز پر اسلامی بینکاری کی پروڈکٹس اور سروسز کی پروموشن اور مارکیٹنگ کو مزید فروغ دینے کا سلسلہ بڑھانا چاہیئے۔

اور اللہ سبحانہ وتعالیٰ 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 وبرتر کی رہنمائی اور اس کی کرم نوازیاں ہماری اسلامی بینکنگ کو مزید فروغ اور استحکام عطا فرمائے۔ (آمین)

تان سری ڈاکٹر محمد داؤد بکر
چیئرمین شریعہ بورڈ

مفتی خواجہ نور الحسن
ریذیڈنٹ شریعہ بورڈ ممبر

مفتی عبدالستار لغاری
شریعہ بورڈ ممبر

مورخہ: 22 فروری، 2022 | 20 رجب المرجب 1443 ہجری

3 اسلامی پروڈکٹس اور پالیسیز/طریقہ کار

دورانِ سال شریعہ بورڈ نے مختلف نئی پروڈکٹس، پالیسیز اور طریقہ کار کا جائزہ لیا اور منظوری دی جو درج ذیل ہیں:

ڈپازٹ پروڈکٹس	فنانسنگ پروڈکٹس	پالیسیز/طریقہ کار
صراط روشن ڈیجیٹل اکاؤنٹ (کرنٹ وسیونگ)	صراط کرنسی سلم	رسک مینجمنٹ پالیسی برائے اسلامی بینکاری (ضمیمہ)
صراط بیسک بینکنگ اکاؤنٹ (کرنٹ)	صراط کنزیومر ہاؤس فنانسنگ	لیکویڈٹی رسک مینجمنٹ پالیسی اینڈ کونٹی جنسی فنڈنگ پلان (ضمیمہ)
صراط ویمن سیونگ اکاؤنٹ	صراط روشن ڈیجیٹل اپنی کار	مارکیٹ رسک مینجمنٹ پالیسی (ضمیمہ)
صراط ڈیویڈنڈ کرنٹ اکاؤنٹ	صراط انسٹا کار کنزیومر	برانچ کنورژن پلان
صراط ڈیویڈنڈ سیونگ اکاؤنٹ	صراط ورکنگ کیپٹل مشارکہ (برائے سروس انڈسٹری)	-
صراط نان۔ریذیڈنٹ روپی کرنٹ اکاؤنٹ	-	-
صراط کرنٹ ریمیونریٹوا کاؤنٹ	-	-

4 شریعہ کمپلائنس اور شریعہ آڈٹ

زیرِ جائزہ سال کے دوران شریعہ کمپلائنس اور شریعہ آڈٹ ٹیم نے آزمائشی جانچ کی بنیادوں پر اسلامک بینکنگ کے کئی شعبوں کا جائزہ لیا، اس جائزے میں اسلامک فنانسنگ سرمایہ کاری ڈپازٹس (نفع ونقصان کی تقسیم) اور اسلامی برانچ نیٹ ورک کے تحت مختلف پورٹ فولیوز شامل تھے۔

مزید برآں شریعہ کمپلائنس ڈپارٹمنٹ لرننگ ڈپارٹمنٹ اور دیگر متعلقین کے ساتھ بھی اسلامی بینکنگ کی ٹریننگ وغیرہ کے ساتھ مصروف عمل اور اشتراک میں سرگرم رہا۔

5 خیراتی رقوم

دورانِ سال خیراتی رقوم وصول ہوئیں جس کی وجہ صارفین کی جانب سے -/123,004 روپے کی تاخیر سے ادائیگی تھی جس میں سے -/118,534 روپے کی رقم مختلف منظور شدہ امدادی اور سماجی بھلائی کے اداروں میں تقسیم کیے۔

6 ٹریننگ اور صلاحیت کی تعمیر

بینک مستقل طور پر اسلامی بینکاری اور صلاحیتی تعمیر سازی کے سیشنز کو منعقد کرانے میں مصروف عمل ہے۔ اس سلسلے میں اسٹاف نے انٹرنل اور بیرونی کلاس رومز اور ویبینارز بشمول ای۔لرننگ اور ورچوئل کے ذریعے کثیر نوعیتی اسلامی بینکاری کی ٹریننگ کے سیشنز مکمل کیے ہیں۔ مزید برآں اسلامی بینکنگ برانچز (IBBs) اور اسلامی بینکنگ ونڈوز (IBWs) میں لگ بھگ 565 ملازمین 147 سیشنز کے ذریعے تربیت مکمل کر چکے ہیں۔

شریعہ بورڈ کی رائے

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

اس رپورٹ میں بیان کی گئی اپنی رائے کو قائم کرنے کے لئے ہم نے شریعہ کمپلائنس ڈپارٹمنٹ اور اندرونی شریعہ آڈٹ کی رپورٹس کا جائزہ لیا، جبکہ سال 2021 کے لئے ایکسٹرنل آڈٹ ابھی تکمیل کے مراحل میں ہے۔

شریعہ بورڈ رپورٹ

برائے 31 دسمبر 2021

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

یہ سب اللہ سبحانہ وتعالیٰ، جو دنیا کے تمام جہانوں کا مالک ہے اور ہمارے رہنما حضرت محمد مصطفیٰ صلی اللہ علیہ والہ وسلم اور ان کے ساتھیوں کی کرم فرمائی ہے۔

اللہ تعالیٰ کے فضل وکرم سے حبیب میٹروپولیٹن لمیٹڈ (بینک) کے اسلامی بینکنگ ڈویژن، صراط نے اسلامی بینکاری کے کامیاب آپریشنز کے اٹھارہ سال مکمل کر لیے ہیں۔ بینک مستقل طور پر اسلامی بینکاری کے اپنے نیٹ ورک میں توسیع کر رہا ہے اور سال 2021 کے اختتام پر اسلامی بینکنگ کی برانچز اور اسلامی بینکنگ ونڈوز کی تعداد بالترتیب انچاس (49) اور دوسو اٹھارہ (218) ہو چکی ہیں۔

سال 2021 کے دوران شریعہ بورڈ (ایس بی) نے چار اجلاس منعقد کیے اور جائزہ لیا، موقف پیش کیے اور نئی و پرانی پروڈکٹس، پالیسیز، طریقہ کار، پروسیسز، ٹرانزیکشنز، پروسس فلوز، شریعہ کمپلائنس جائزہ رپورٹس اور شریعہ آڈٹ رپورٹس کی منظوری دی گئی۔ مزید برآں شریعہ بورڈ اور بورڈ آف ڈائریکٹرز نے سال میں دو بار ملاقات کی اور بینک کے شریعہ کمپلائنس معمولات پر مفصل بریفنگ دی گئی۔

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

سال 2021 کے لئے ایک جائزہ درج ذیل ہے:

1 اسلامک فنانسنگ اور ڈپازٹس

سال 2021 کے دوران بینک نے مختلف النوع اسلامی فنانسنگ پروڈکٹس بشمول اور اس تک محدود نہیں، مشارکہ متناقصہ، استصناع، البیع سلم، ورکنگ کیپٹل مشارکہ، مرابحہ، مساومہ (لوکل اور امپورٹ) اور اجارہ استعمال کیں، سال 2021 کے اختتام پر بینک 112.542 بلین روپے کی اسلامی فنانسنگ اور انویسٹمنٹ/پلیسمنٹ کا حامل رہا۔ ڈپازٹ کی جانب سے بینک کے مجموعی اسلامی ڈپازٹس مختلف اسلامی کھاتوں کے تحت 83.953 بلین روپے رہے۔

2 اسلامی کاروباری جائزہ

سال 2021 کے دوران شریعہ بورڈ نے مختلف کارپوریٹ/ایس ایم ای/تجارتی صارفین کے لئے مختلف اسلامی فنانسنگ طریقہ کار کے تحت دوسو چھپن (256) پروسز کا جائزہ لیا اور منظوری دی۔ مزید برآں بینک نے پہلی مرتبہ ایک اسلامی انویسٹمنٹ بینکنگ ٹرانزیکشن میں بطور مشترکہ شریعہ ایڈوائزر کے طور پر کام کیا اور شرکت کی۔ اس کی تفصیلات درج ذیل کے مطابق ہے:

نمبر شمار	اسلامی فنانسنگ کا طریقہ	نمبر
1	مشارکہ متناقصہ	89
2	استصناع/البیع/سلم، ورکنگ کیپٹل مشارکہ	87
3	مرابحہ/مساومہ (لوکل اور امپورٹ)	77
4	اجارہ	03

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

انٹرنل آڈٹ

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

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

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

مستقبل پر ایک نظر

توقع کی جاتی ہے کہ سال بہ سال کے لحاظ سے مرکزی افراطِ زر آئندہ چند ماہ تک بلند سطح پر رہے گا اور مالی سال 2022ء میں اوسطاً افراطِ زر کی پیش گوئی 11-9 فیصد کی اوپری سطح پر رہنے کی توقع ہے اس کے ساتھ مالی سال 2023 کا وسط مدتی ہدف 7-5 فیصد کی طرف کمی کا امکان ہے۔

کرنٹ اکاؤنٹ خسارہ مالی سال 2022ء کی دوسری ششماہی کے ذریعے مزید کم ہونے کی توقع ہے جیسا کہ درآمدات کی گروتھ کم ہوگی اور عالمی سطح پر اشیائے صرف کے نرخ معمول پر آجائیں گے۔ تاہم اگر اشیائے صرف کے نرخ مستحکم نہ ہوئے تو یہ خسارہ مزید بڑھنے کا اندیشہ ہے۔

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

اظہارِ تشکر

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

منجانب بورڈ

محسن اے۔ ناتھانی
صدر و چیف ایگزیکٹو آفیسر

محمد علی آر۔ حبیب
چیئرمین

کراچی: 22 فروری 2022ء

بینک کا جدید ترین ٹرانزیکشن مانیٹرنگ سسٹم (ٹی ایم ایس) منی لانڈرنگ کی ان سرگرمیوں کی مانیٹرنگ میں مدد دیتا ہے جن کا تعلق بینک چینلز، پروڈکٹس اور خدمات کے ذریعے منی لانڈرنگ (ایم ایل) اور دہشتگردی کے لئے سرمایہ (ٹی ایف) سے ہوسکتا ہے۔ ٹی ایم ایس غیر معمولی متغلیوں کی نگرانی اور اس میں موجود کثیر نوعیتی اے ایم ایل/سی ایف ٹی صورتِ حال کے ذریعے بینک کے سسٹم میں ٹرانزیکشنز کی مختلف سرگرمیوں کا جائزہ لیتا ہے۔ علاوہ ازیں بینک ایک مضبوط کسٹمر ڈیو ڈیلیجنس (سی ڈی ڈی) پروسس کا حامل ہے جو کہ ہر ایک صارف کا پروفائل/دستاویزات کو اپ ڈیٹ کرنے اور ریگولیٹری ضروریات کے مطابق جامع سی ڈی ڈی کی انجام دہی کی اجازت دیتا ہے۔ بینک باقاعدگی کے ساتھ مشکوک ٹرانزیکشن رپورٹس (STRs) اور کرنسی ٹرانزیکشن رپورٹس (CTRs) فنانشل مانیٹرنگ یونٹ (FMU) کو goAML پورٹل کے ذریعے رپورٹس کرتا ہے۔

بحیثیت ٹریڈ اور ینڈ بینک، پابندی کی حامل ٹرانزیکشنز کی روک تھام کو یقینی بنانے کیلئے کراس بارڈر ٹرانزیکشنز کمپلائنس یونٹ کی جانب سے اسکرین شدہ اور پہلے سے منظور شدہ ہوتی ہیں۔ بینک نے ٹریڈ بیسڈ منی لانڈرنگ سے متعلق خطرات کے تدارک کیلئے اضافی اقدامات کیے ہیں، اس میں تمام ٹریڈ ٹرانزیکشنز کی باقاعدہ نگرانی انجام دینا اور تجارتی صارفین کی ٹریڈ کے وائی سی/رسک پروفائیلز کو اپ ڈیٹ کرنا، کاؤنٹر پارٹیز، ویسلز، بینک وغیرہ کی اسکریننگ شامل ہے۔

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

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

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

مالیاتی سسٹم کی سالمیت کی حفاظت کے ضمن میں مستقل کوششوں کے حصے کے طور پر آپ کے بینک نے مالیاتی سیکٹر اور عوام الناس دونوں کے اندر مالی جرائم پر آگاہی اور شعور بیدار کرنے کے ضمن میں، بحیثیت ٹائٹل اسپانسر، مارچ۔ 2021 میں مسلسل دوسرے سال منعقد ہونے والی ڈیل سنز۔ حبیب میٹرو تھرڈ فنانشل کرائمز اینڈ کمپلائنس سمٹ میں ایک سیشن منعقد کیا۔ شرکت کرنے والوں میں مالیاتی شعبے سے تعلق رکھنے والے افراد سمیت سینئر سرکاری حکام بھی شامل تھے۔

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

کنٹرولز

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

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

ہر پروسس اور فنکشن میں موجود کنٹرول کے وہ تمام پہلو جو پالیسیوں اور طریقہ کار کے تابع ہیں، بینک کے آپریٹنگ نظام 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 بلاواسطہ طور پر جوابدہ ہے۔

او آر ایم یونٹ اس سلسلے میں مصروف عمل ہے اور باقاعدگی کے ساتھ بینک کے کاروبار/سپورٹ یونٹس کے ساتھ مہلک آپریشنل خطرات، نافذ العمل کنٹرولز اور تدارک اور متوقع خطرات کے جائزے اور تعین کے لیے رابطے میں رہتا ہے۔ اس کے نتیجے میں کنٹرول انفرااسٹرکچر کا معیار بلند اور تمام تر افعال اور انتظامی معلومات کو استحکام فراہم ہوتا ہے۔ مزید برآں بینک آپریشنل رسک کو ریج بڑھانے اور اسے دیگر خطرات کی درجہ بندی (مارکیٹ، کریڈٹ رسک کمپلائنس اور قانونی خطرات) کے ساتھ ایک جامع اپروچ کے تحت مربوط بنانے کے لئے پرعزم ہے تاکہ کام کا شاندار ماحول بشمول خطرات سے نمٹنے کے لیے ایک منظم صورتحال کو برقرار رکھا جا سکے۔ بینک کے آپریشنل رسک مینجمنٹ انفرااسٹرکچر کو مزید مستحکم کرنے کیلئے علیحدہ آپریشنل رسک اینڈ کنٹرول کمیٹی (او آر سی سی) تشکیل دی گئی ہے۔

فراڈ رسک

بینک فراڈ کے واقعات، بے ضابطگی کے واقعات کم کرنے کے ضمن میں بھرپور توجہ دینے اور خاتمے کے لئے پُرعزم ہے اور کسی بھی فراڈ کے واقعے کی سزا کے بعد مزید اقدامات پر توجہ دے رہا ہے۔ روک تھام، جانچ پڑتال، تحقیقات اور رپورٹنگ کا عمل مستحکم بنانے کی غرض سے ایک فعال پالیسی تیار کی گئی ہے۔ بینک ایک علیحدہ فراڈ رسک مینجمنٹ یونٹ کا حامل ہے جو کہ بورڈ رسک اور کمپلائنس کمیٹی (BR&CC) کی کسی بھی نگرانی کو موثر بنانے کے لیے متحرک رہتا ہے جس سے بینک کے فراڈ رسک کے موثر انتظام کو یقینی بنایا جاتا ہے۔

کنٹینیوٹی رسک

بینک ایک لچکدار بزنس کنٹی نیوٹی فریم ورک کا حامل ہے جو کہ کسی بھی ناخوشگوار واقع کی صورت میں آپریشنل شٹ ڈاؤن کے خطرے کو کم کرتا ہے۔ کسی بھی تباہ کن صورتحال کا سامنا کرنے کے لئے یہ فریم ورک رسک اور اس کے اثرات کے جامع جائزہ کی بنیاد پر تیار کردہ پالیسی اور پلان بشمول مفصل کردار، ذمہ داریاں اور ایکشن پلان پر مشتمل ہے۔ یہ ریگولیٹری فریم ورک اور صنعت کی بہترین پریکٹس پر عمل کرتا ہے اور باقاعدہ جائزے اور آڈٹس سے مشروط ہے۔ عملدرآمد کے نقطہ نظر سے ایک کرائسس مینجمنٹ ٹیم سینئر انتظامیہ کی جانب سے تشکیل دی گئی ہے جو کسی بھی خطرناک صورتحال درپیش آنے پر معاملات کی نگرانی اور فیصلہ کرتی ہے۔ ہنگامی انتظام کے حصے کے طور پر بینک نے اسٹاف کے لئے ملٹی پل بی سی پی سائٹس کی تشکیل اور گھر بیٹھے کام کرنے کی سہولت دی ہے تاکہ کسی بھی وبائی صورتحال میں کام کیا جا سکے۔ ایسی صورتحال میں اسٹاف کی تیاری کو ٹریننگ، آگاہی اور جانچ پڑتال کی کوششوں کے ذریعے یقینی بنایا گیا ہے۔

COVID-19 (کورونا وائرس) کی وبائی صورت حال کے دوران بینک کی کرائسس مینجمنٹ ٹیم نے ملک کے اندر درپیش صورتحال پر گہری اور مستقل طور پر نگاہ رکھی اور بینک نے بینک کی تمام لوکیشنز پر اپنے اسٹاف اور صارفین کے تحفظ کے لیے بھرپور اقدامات کیے۔ بڑھتے ہوئے کیسز کے باوجود بینک کے آپریشنز کو یقینی بنانے کے لئے بی سی پی کے حاصل اور تشکیل کردہ وسائل کا وسیع استعمال کیا گیا جو کہ بی سی پی کی جامع تیاری کا مظہر ہے۔

انفارمیشن سیکیورٹی رسک

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

کمپلائنس

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

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

رسک مینجمنٹ

رسک مینجمنٹ فریم ورک پر بیان

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

بینک کا مکمل برانچ نیٹ ورک آن لائن اور جدید ترین پروسیسنگ 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 ڈویژن، بینک کی برانچوں اور دیگر امور کا آزاد اور خطرات پر مبنی جائزہ لیتا اور توثیق کرتا ہے۔ مینجمنٹ کیلئے رسک کنٹرول کی مناسبت سے جامع اندرونی رپورٹ اور مینجمنٹ انفارمیشن سسٹم بطور اضافی سہولیات مہیا کیا گیا ہے۔ رسک مینجمنٹ ڈویژن ماہر اور تجربے کار پیشہ ور افراد پر مشتمل ہے جو بینک میں موجود خطرات سے نمٹنے کی معلومات اور صلاحیت کے حامل ہیں۔

بینک کا بورڈ آف ڈائریکٹرز بشمول بورڈ رسک و کمپلائنس کمیٹی، سینٹرل مینجمنٹ کمیٹی اور آپریشنل رسک و کمپلائنس کمیٹی بینک کی حکمت عملی (اسٹریٹجی)، کاوشوں اور رسک مینجمنٹ سے متعلق تمام تر عوامل کی نگرانی کرتی ہے۔

کریڈٹ رسک

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

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

مارکیٹ/لیکویڈیٹی رسک

ایسٹ اینڈ لائبلیٹی مینجمنٹ کمیٹی غیر ملکی زرِ مبادلہ، منی مارکیٹ اور ایکویٹی کی حدود اور ایکسپوژر کے حوالے سے جائزہ، سفارشات اور نگرانی کے امور سنبھالتی ہے۔ اس کی حکمتِ عملی رسک، لیکویڈیٹی اور منافع جات میں توازن رکھنے پر مشتمل ہے۔ بورڈ کی منظور شدہ سرمایہ کاری پالیسی، دیگر پہلوؤں کے ساتھ اثاثہ جات کو مختص کرنے اور آپریٹنگ کی رہنما ہدایات پر خصوصی توجہ دیتی ہے۔ مزید برآں مارکیٹ اور لیکویڈیٹی رسک کی نگرانی کو بورڈ کی منظور کردہ مارکیٹ اور لیکویڈیٹی رسک مینجمنٹ پالیسی کے مطابق یقینی بنایا جاتا ہے۔

اسٹریس ٹیسٹنگ

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

آپریشنل رسک

آپریشنل رسک بینکنگ کی تمام تر سرگرمیوں میں موجود ہے اور دنیا بھر میں ایک اہم چیلنج تصور کیا جاتا ہے۔ وقوع پذیر ہونے سے پہلے خطرات کی شناخت اور ان کے تدارک کیلئے کنٹرولز کا استحکام ہمیشہ بینک کی ترجیح رہی ہے۔ بینک میں ایک مخصوص آپریشنل رسک مینجمنٹ (او آر ایم) یونٹ موجود ہے جو ادارے میں آپریشنل رسک فریم ورک تشکیل دیتا اور لاگو کرتا ہے۔

آڈیٹرز

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

کوڈ آف کارپوریٹ گورننس کی ہدایات کے مطابق، آڈٹ کمیٹی کی تجویز پر بورڈ نے کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی 31 دسمبر 2022ء کو ختم ہونے والے سال کیلئے بینک کے آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے۔

کارپوریٹ و فنانشل رپورٹنگ فریم ورک

۱۔ بینک کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کے کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کو شفاف انداز میں پیش کیا گیا ہے۔

۲۔ بینک کی جانب سے حسابات کی باقاعدہ کتب تیار کی گئی ہیں۔

۳۔ موزوں اکاؤنٹنگ پالیسیاں اور تخمینہ جات، مالیاتی حسابات کی تیاری میں تسلسل کے ساتھ لاگو کئے گئے ہیں۔

۴۔ مالیاتی حسابات کی تیاری میں پاکستان میں نافذ العمل بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے اور ان سے کسی بھی رُوگردانی کو مناسب طور پر ظاہر کیا گیا ہے۔

۵۔ انٹرنل کنٹرول کا نظام مستحکم طور پر ڈیزائن کیا گیا ہے اور مؤثر طور پر نافذ العمل اور زیرِ نگرانی رہا ہے۔

۶۔ بینک کے کاروبار کو جاری رکھنے کی صلاحیت پر کسی قسم کے شبہات نہیں ہیں۔

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

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

روپے ملین میں

	2021	2020	2019	2018	2017	2016
شیئر ہولڈرز کی ایکویٹی	62,975	57,648	44,238	37,002	40,498	39,670
اداشدہ سرمایہ	10,478	10,478	10,478	10,478	10,478	10,478
مجموعی اثاثہ جات	1,224,416	1,017,572	859,771	673,396	660,666	538,007
ڈپازٹس	772,286	680,956	611,869	543,578	508,104	429,932
ایڈوانسز	398,382	312,167	263,948	226,690	174,319	142,962
سرمایہ کاریاں	667,996	584,532	448,910	346,666	396,637	314,619
منافع قبل از ٹیکس	21,541	20,037	11,238	10,074	9,129	10,334
منافع بعد از ٹیکس	13,459	12,008	6,583	6,161	5,509	6,119
آمدنی فی حصص (روپے)	12.84	11.46	6.28	5.88	5.26	5.84
نقد منافع منقسمہ (فیصد)۔ حتمی	30	25	25	20	30	30
۔عبوری	20	20	-	-	-	-
عملے کی تعداد	6,410	5,603	5,192	4,841	4,719	4,597
برانچوں/ذیلی برانچوں کی تعداد	459	406	392	352	320	307

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

- پراویڈنٹ فنڈ 4,821.261 ملین روپے بمطابق 31 دسمبر 2021ء
- گریجویٹی فنڈ 1,665.102 ملین روپے بمطابق 31 دسمبر 2021ء

کارپوریٹ گورننس

بورڈ کے اجلاس اور بورڈ کمیٹی

سال 2021ء کے دوران بورڈ آف ڈائریکٹرز اور اس کی سب۔کمیٹیوں کے اجلاس اور ہر ایک ڈائریکٹر/کمیٹی ممبر کی جانب سے اس کی شرکت کی تفصیلات درج ذیل ہیں:

ڈائریکٹرز کا نام	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	کریڈٹ کمیٹی	ہیومن ریسورس ورکی میونریشن کمیٹی	رسک و کمپلائنس کمیٹی	انفارمیشن ٹیکنالوجی کمیٹی
جناب محمد علی آر۔حبیب	6/6	-	4/4	-	-	-
جناب انجم زیڈ۔اقبال	6/6	4/4	4/4	-	4/4	2/2
جناب فراست علی	6/6	-	-	2/2	4/4	2/2
جناب حمزہ حبیب	6/6	4/4	-	-	-	-
جناب محمد بشیر	5/6	-	-	-	-	-
جناب محمد ایچ۔حبیب	6/6	-	4/4	-	-	-
جناب رشید احمد جعفر	6/6	4/4	-	-	-	-
محترمہ طاہرہ رضا	6/6		-	2/2	4/4	-
جناب محسن اے۔ناتھانی	6/6	-	4/4	2/2	4/4	2/2
منعقدہ اجلاس	6	4	4	2	4	2

بورڈ کی ری میونریشن پالیسی

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

- تمام نان۔ایگزیکٹو ڈائریکٹرز بورڈ کی جانب سے وقتاً فوقتاً متعین کردہ معاوضہ کے حقدار ہونگے جو انہیں بورڈ اس کی ذیلی کمیٹیوں اور شیئر ہولڈرز کے اجلاسوں میں شرکت بشمول بورڈ کے چیئرمین کے عہدے یا اس کی ذیلی کمپنیوں کے اجلاس میں شرکت کے ضمن میں ادا کیا جائے گا۔
- پالیسی کے تحت معاوضہ بورڈ کی سفارش پر شیئر ہولڈرز کے قبل از یا بعد از اجلاس کی اجازت کے تحت ہوگا۔
- معاوضوں کا حجم کسی بھی صورت میں اسٹیٹ بینک آف پاکستان کی جانب سے مقرر کردہ حدود سے زائد نہ ہوگا۔
- بینک کے امور سے متعلق اجلاسوں یا تقریبات میں شرکت کے مقاصد کیلئے تمام ڈائریکٹرز سفر، بورڈنگ اور لاجنگ اخراجات بشمول اتفاقی اخراجات کا استحقاق رکھتے ہیں۔

ڈائریکٹر کے معاوضے کے سلسلے میں معلومات مالیاتی اسٹیٹمنٹ کے نوٹ 37 میں فراہم کی گئی ہیں۔

بورڈ اور بورڈ کمیٹیوں کی تشکیل

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

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2021ء کا پیٹرن آف شیئر ہولڈنگ رپورٹ کے ساتھ منسلک ہے۔

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

بینک نے سال کے دوران پسماندہ طبقات کے لئے ہیلتھ کیئر، تعلیم اور سماجی بہبود کے کاموں پر اخراجات کے ضمن میں مالی سپورٹ میں اضافہ کیا۔ ان رضا کارانہ زرِ شراکت کی مالیت 173.199 ملین روپے (بشمول 12.88 ملین روپے کی سپورٹ برائے اسٹاف کے بہبود اور تعلیم) رہی۔ آپ کے بینک کی سوشل کنٹری بیوشن کی تفصیلات کھاتوں کے نوٹ میں واضح کی گئی ہے۔

بینک نے پاکستان کا یوم آزادی 2021ء بھرپور انداز میں ایک کمرشل وڈیو کے ساتھ منایا جس میں مختلف مقامات کے بچوں کو کئی این جی اوز کے ذریعے شامل کیا گیا جو اپنے متعلقہ اغراض ومقاصد اور مشن کی عکاسی کرتے نظر آئے۔

آپ کا بینک سال 2021ء کے دوران حکومت پاکستان کو 8.1 بلین روپے سے زائد بلاواسطہ (ڈائریکٹ) ٹیکسوں کی مد میں ادائیگی کے ساتھ ملک کے بڑے ٹیکس دہندگان میں سے ایک رہا۔ مزید برآں بینک نے اپنے نیٹ ورک کے ذریعے تقریباً 16.8 بلین روپے بلواسطہ ٹیکس اور ود ہولڈنگ انکم ٹیکس کٹوتیوں کی مد میں قومی خزانے کے لئے جمع کئے۔

گرین بینکنگ کے اقدامات

حبیب میٹرو ماحولیات، سماجی کاموں اور گورننس کے بارے میں اپنی ذمہ داریوں کو تسلیم کرتا ہے۔ مزید برآں بینک قوانین وضوابط پر عملدرآمد کرنے کی توقعات کے ضمن میں بینک نے گرین بینکنگ پالیسی وضع کر رکھی ہے اور ان کو درج ذیل شعبوں میں تقسیم کر دیا ہے۔

- **ماحولیاتی خطرات سے نمٹنے کا انتظام**

فنانسنگ پورٹ فولیوز کے ماحولیاتی ایکسپوزرز کو سمجھنے، انتظام اور تدارک کے ذریعے ماحولیاتی استحکام میں اضافے کی غرض سے حبیب میٹرو نے کریڈٹ رسک انویسٹمنٹ کے دوران ماحولیاتی رسک پر غور کرنے کا آغاز کیا ہے۔ جن کے لئے ایک ڈیو ڈیلیجنس چیک لسٹ متعارف کرائی ہے جو اب کریڈٹ پروپوزلز کا حصہ ہے۔

- **کاروباری سہولت**

بینک غیر آلودہ توانائی اور باکفایت وسائل کے منصوبوں میں سرمایہ کاری کے ذریعے ''گرین مارکیٹ'' کو فروغ دینے کے لئے کوشاں ہے۔ بینک گرین پورٹ فولیو میں اضافے کے لئے اسٹیٹ بینک آف پاکستان کی رینوایبل انرجی ری فنانس اسکیم کے ذریعے رینوایبل انرجی فنانسنگ سے متعلق کلائنٹس کو راغب 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 تبدیلی کی ہے۔ بینک نے توانائی کے مؤثر استعمال کے حل تلاش کئے ہیں جن میں کم توانائی صرف ہونے والی ایل ای ڈی لائٹس کی تبدیلی، گریز انورٹر کے حامل ایئر کنڈیشننگ یونٹس کے کولنگ سسٹم کی تبدیلی اور یو پی ایس وسولر پینلز کو اے ٹی ایم کیلئے پرائمری بیک اپس کے طور پر استعمال کرنا شامل ہے۔

- **کپیسٹی بلڈنگ**

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

صارفین کی شکایات

حبیب میٹرو ایک شفاف ومتوازن کسٹمر سروس فراہم کرنے پر کاربند ہے اور یہ سمجھتا ہے کہ بینک کی ترقی وفروغ کیلئے یہ نہایت اہم عنصر ہے۔ صارفین کو درپیش مشکلات سے نمٹنے کا مؤثر طریقہ کار بینک صارفین کی مشکلات کے خلاف دفاع کی پہلی صف کے طور پر کام کرتا ہے۔ لہٰذا اس امر کو یقینی بنایا جاتا ہے کہ موصول ہونے والی تمام شکایات کو منصفانہ، شفاف اور مؤثر طور پر نمٹایا جائے۔ شکایات سے نمٹنے کے عمل کو شفاف اور قابل رسائی بنانے کے ضمن میں ایس ایم ایس پیغامات بینک کے صارفین کو ارسال کئے جاتے ہیں کہ وہ اپنی شکایات مختلف چینلز یعنی ای میل، کال سینٹر، خطوط، ویب سائٹ، برانچ وغیرہ کے ذریعے رجسٹرڈ کرا سکتے ہیں۔ تمام موصولہ شکایات کی جانچ پڑتال کی جاتی ہے اور فوری طور پر ان کو حل کرنے کے تدارک کے اقدامات کئے جاتے ہیں جبکہ صارفین کو ایس ایم ایس، ای میلز اور خطوط کے ذریعے شکایات پر کارروائی کے حوالے سے آگاہ کر دیا جاتا ہے۔ مزید برآں فوری تدارک کے لئے ٹرن اراؤنڈ ٹائم (TATs) برائے شکایات کے تدارک بھی سال کے دوران کم ہو گئے ہیں۔

2021ء میں مجموعی طور پر 30,616 شکایات بینک کو موصول ہوئیں۔ شکایات کو نمٹانے کا اوسطاً وقت 4.5 ایام تھا (ماسوائے ویزا/پی او ایس اور ایف اینڈ ایف سے متعلقہ شکایات) جبکہ مجموعی طور پر شکایات کے تدارک کا اوسطاً دورانیہ 6.8 ایام رہا۔ بینک کسی بھی مرحلے، پروڈکٹس اور خدمات کی فراہمی میں موجود خلاء کی شناخت اور بہتری کے لئے مسلسل طور پر بنیادی ومفصل تجزیئے کا اہتمام کرتا ہے۔

کریڈٹ ریٹنگ

اللہ تعالیٰ کے کرم سے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے مسلسل 21 ویں سال بینک کی کریڈٹ ریٹنگ طویل مدت کے لئے +AA (ڈبل اے پلس) اور قلیل مدت کے لئے +A1 (اے ون پلس) برقرار رکھی گئی۔ یہ ریٹنگز کریڈٹ کے اعلیٰ معیار، کریڈٹ رسک کے بہت کم امکان اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت ظاہر کرتی ہیں۔

صارفین تک اضافی رسائی

حبیب میٹرو نے 2021ء میں مزید 53 نئی برانچوں کا اضافہ کر کے اپنی رسائی کو وسعت دی۔ 27 نئے شہروں کے اضافے کے ساتھ بینک نے پاکستان بھر کے 166 شہروں میں 459 برانچوں کے ساتھ اپنے دائرہ کار کو وسیع کیا۔

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

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

متبادل ڈیلیوری چینلز

ڈیجیٹل پروڈکٹس کی پیشکش اور معزز صارفین کیلئے سہولیات فراہم کرنا حبیب میٹرو بینک کے لئے بنیادی توجہ رہی ہے۔ سال کے دوران آئی وی آر، سی آر ایم اور ٹیلی فونی کے ساتھ 14 نئی سروسز پر مشتمل نیا کونٹیکٹ سینٹر متعارف کیا گیا ہے۔ ڈیبٹ کارڈ کی ایک نئی شکل "میرا مستقبل کارڈ" کی صورت میں ڈیبٹ کارڈ کی کیٹگری میں اضافہ کیا گیا ہے جو نوجوان طبقہ/موبائل فرسٹ جنریشن کے ساتھ منسلک ہے۔ مزید برآں پانچ نئی کیش اور چیک ڈپازٹس مشینیں (سی سی ڈی ایمز) صارفین کے لیے نصب کی گئیں۔ جو کیش اور چیک کی وصولی کیلئے ایک جدید ڈیجیٹل قدم ہے۔ اس کے ساتھ ساتھ 60 انتہائی جدید ترین اے ٹی ایمز کا اضافہ بھی ہمارے نیٹ ورک میں ہوا، جس کے ذریعے ان کی مجموعی تعداد 496 تک جا پہنچی۔ چوبیس گھنٹے ویب چیٹ چینل بھی ایک جدید آغاز ہے جو صارفین کی سہولت کے لیے شروع کیا گیا۔ ڈیجیٹل چینل سے بھی ڈیبٹ کارڈز کے بزنس میں نمایاں فروغ حاصل ہوا اور اس کے ساتھ موثر اور وسیع تر ریٹیل پارٹنرشپ حاصل ہوئی جس سے نومبر 2021ء میں ڈیبٹ کارڈ کا استعمال ایک ارب کا ہندسہ بھی عبور کر گیا۔ مزید برآں بینک کی موبائل ایپلی کیشن اور ویب بینکنگ نے بھی فروغ پایا اور نئے صارفین کی رجسٹریشن 65 ہزار سے بھی زائد رہی۔

افرادی وسائل

بینک مستقل طور پر اپنے اہم ترین اثاثے، افرادی وسائل پر سرمایہ کاری کر رہا ہے۔ اس سال کے دوران مختلف طریقہ کار کے ذریعے فریش اور تجربہ کار عملے کو بینک میں شامل کیا گیا۔ حبیب میٹرو فیملی ارکان کی مجموعی تعداد 2021ء کے دوران 6,410 تک پہنچ گئی۔

COVID-19 (کورونا وائرس) سے متعلق چیلنجوں کے باوجود ملازمین کی گروتھ اور ترقی پر ورچوئل سیشنز اور ڈیجیٹل لرننگ طریقہ کار کے تحت اضافی توجہ دی گئی۔ ان۔ پرسن کلاس روم سیشنز بھی باقاعدہ ایس او پیز اور صرف ویکسی نیٹڈ عملے کے ساتھ منعقد کیے گئے۔ مکمل اعتماد اور عزم کے یقین کے ساتھ بینک تمام تر ملازمین کی ضروریات کیلئے ہمہ وقت ذمے داری کا مظاہرہ کرتا ہے۔ گزشتہ برس کی طرح COVID-19 (کورونا وائرس) سے متعلق اخراجات کے لئے تمام ملازمین کی معاونت کے سلسلے میں طبی فوائد دستیاب رہے جبکہ دیگر میڈیکل فوائد میں بھی اضافہ کیا گیا۔

بینک کے لئے تنوع (ڈائی ورسٹی)، مساوات (ایکوالیٹی) اور شمولیت (انکلوژن) یعنی (DEI) بنیادی توجہ کا مرکز ہے۔ بینک نے اپنے تنوع (ڈائی ورسٹی) کے تناسب میں 12 فیصد سے زائد اضافہ کیا نیز خواتین کے صنفی تناسب میں اضافے کے لئے شمولیت کے ماحول اور خواتین پر مرکوز پالیسیوں کی فراہمی جیسے اقدامات بروئے کار لائے جا رہے ہیں۔ بینک معذوری کے حامل افراد (PWDs) کو بطور ملازم اور صارفین شامل کرنے پر بھی توجہ دے رہا ہے اور اس کے لئے جگہ تک رسائی اور پی ڈبلیو ڈی۔ دوست پالیسیوں کی تشکیل کے ساتھ ان کو افرادی قوت میں شامل کرنے کے لئے کوششیں کی جا رہی ہیں۔

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

کارپوریٹ سماجی ذمہ داریاں

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

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

عزیز شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے ہم انتہائی مسرت کے ساتھ 31 دسمبر 2021ء کو ختم ہونے والے مالی سال کے لیے حبیب میٹروپولیٹن بینک لمیٹڈ (حبیب میٹرو) کے سالانہ مالیاتی حسابات پیش کر رہے ہیں۔

اقتصادی اور بینکاری کا جائزہ

سال 2021ء، جس کے دوران COVID-19 (کورونا وائرس) کے ویری اینٹس کا غلبہ رہا، مالیاتی سال 2021ء کی پہلی ششماہی میں مقامی طلب میں اضافہ دیکھا گیا۔ جس کے نتیجے میں، بڑھتے ہوئے تیل اور اشیائے صرف کے نرخوں اور اسٹیٹ بینک آف پاکستان (ایس بی پی) کے ترغیبی پروگرام کے تحت مشینری کی درآمد کے سبب، درآمدی بلز بڑھ گئے ہیں۔

دسمبر 2021ء میں افراط زر کا حجم 12.3 فیصد تک بڑھ گیا جو اس کے مقابلے میں دسمبر 2020ء میں 8.0 فیصد تھا۔ افراط زر کا دباؤ حکومت کیلئے ایک کلیدی چیلنج کے طور پر برقرار ہے جو کہ رواں سال کے اختتام تک دو ہندسوں میں متوقع ہے۔

مالیاتی سال 2022ء کی پہلی ششماہی میں کرنٹ اکاؤنٹ خسارہ 9 بلین امریکی ڈالر تک پہنچ گیا اس میں درآمد کا حجم 41.6 بلین امریکی ڈالر (54 فیصد شرح نمو بہ سال) رہا جس کی بنیادی وجہ توانائی اور کوویڈ ویکسینز کی درآمدات تھیں، برآمدات میں سال بہ سال کے لحاظ سے 27 فیصد اضافہ ہوا اور اس کا حجم ٹیکسٹائل کی ریکارڈ بلند ترین پیمنٹس اور چاولوں کی زبردست برآمدات کی وجہ سے 18.6 بلین امریکی ڈالر تک جا پہنچا۔ اس مدت کے دوران ترسیلات زر میں سال بہ سال کے لحاظ سے 11.3 فیصد کا اضافہ ہوا اور یہ مالی سال 2022ء کی پہلی ششماہی کے دوران 15.8 بلین امریکی ڈالر کی بلند ترین سطح پر رہی۔

مالی سال 2022ء کی پہلی ششماہی میں ایف بی آر کی ٹیکس وصولیاں سال بہ سال کے لحاظ سے 32.5 فیصد تک بڑھ گئیں، اس کے ساتھ جی ڈی پی کے مقابلے میں مالیاتی خسارے کا تناسب جولائی۔ اکتوبر مالی سال 2022ء کے دوران کم ہو کر 1.1 فیصد رہ گیا (جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران جی ڈی پی کا 1.7 فیصد تھا)۔

مالی سال 2022ء کی پہلی ششماہی کے دوران نجی سیکٹر کا کریڈٹ مجموعی طور پر 13.4 فیصد تک بڑھ گیا جس کی بڑی وجہ بالخصوص چاول، ٹیکسٹائل، پٹرولیم اور اسٹیل انڈسٹریز میں ورکنگ کیپٹل لونز کی طلب کا بڑھ جانا تھا، زراعت کے شعبے نے کاٹن کی کم تر پیداوار کی اطلاعات کے برعکس ربیع کی بہتر فصل کے باعث سازگار امکانات ظاہر کیے۔

سال بہ سال 17.3 فیصد کی مناسب گروتھ کے ساتھ بینکاری کے شعبے کا ڈپازٹ بیس دسمبر 2021ء کے اختتام پر 20.97 ٹریلین روپے رہا، اسی دوران ایڈوانسز 19.5 فیصد بڑھ کر 10.15 ٹریلین روپے پر موجود تھے جبکہ سرمایہ کاریاں 22.3 فیصد بڑھ کر 14.12 ٹریلین روپے ریکارڈ کی گئیں۔

اسٹیٹ بینک آف پاکستان (ایس بی پی) نے 2021ء کے دوران پالیسی ریٹ مجموعی طور پر 275 بیسز پوائنٹس بڑھایا (اس کے مقابلے میں 2020ء کے دوران 625 بیسز پوائنٹس کم کیا گیا تھا)۔ اپنے تازہ ترین مانیٹری پالیسی بیان میں ایس بی پی نے گزشتہ پالیسی فیصلوں کے تسلسل میں بینک کی بلند ترکیش ریزرو ضرورت، کنزیومر فنانس پر ریگولیٹری کنٹرول اور غیر ضروری درآمدات کی کٹوتی کے ساتھ پالیسی ریٹ کو تبدیل کیے بغیر 9.75 فیصد کی شرح پر برقرار رکھنے کا فیصلہ کیا۔

سال کے دوران بینک کی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے سال 2021ء کے دوران حبیب میٹرو کا بعد از ٹیکس منافع گزشتہ سال کے مقابلے میں 12 فیصد اضافے کے بعد 13,459 ملین روپے رہا۔ اس کے نتیجے میں بعد از ٹیکس آمدنی فی شیئر 12.84 روپے رہی۔

بینک کے خالص انٹرسٹ کا مارجن 29,497 ملین روپے رہا جو اس کے مقابلے میں گزشتہ سال کی اس مدت کے دوران 28,763 ملین روپے تھا۔ نان فنڈ آمدنی کا حجم 15 فیصد تک بڑھ کر 11,140 ملین روپے ہو گیا۔ فیس اور کمیشن کی آمدنی 28 فیصد تک بڑھ کر 6,906 ملین روپے ہو گئی جو اس کے مقابلے میں گزشتہ سال کی اس مدت کے دوران 5,376 ملین روپے تھی۔

اس سال کے دوران سرمایہ کاریاں اور خالص ایڈوانسز بالترتیب 14.3 فیصد اور 27.6 فیصد تک بڑھ کر 667,996 ملین روپے اور 398,382 ملین روپے ہو گئے۔ ڈپازٹس سال 2020ء کے اختتام کی سطح 772,286 ملین روپے سے 13.4 فیصد بڑھ گئے۔ بینک نے مستقل طور پر کم لاگتی ڈپازٹس کو فروغ دینے پر توجہ جاری رکھی ہوئی ہے۔ اس کے مطابق کرنٹ ڈپازٹس سال کے دوران 21.5 فیصد تک بڑھ کر 268,124 ملین روپے ہو گئے، اس کے ساتھ کرنٹ اکاؤنٹ کا تناسب بڑھ کر 34.7 فیصد ہو گیا۔

بینک کی خالص ایکویٹی 14.1 فیصد کیپٹل ایڈیکوئسی کے ساتھ 62,975 ملین روپے رہی۔

کمٹمنٹس

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

BRANCH NETWORK

Registered Office and Head Office

Ground Floor, HabibMetro Head Office, G.P.O. Box 1289,
I.I. Chundrigar Road, Karachi-74200, Pakistan
U.A.N.: (92-21) 111-14-14-14 Fax: (92-21) 32630404-05

HMB Connect: 111-1-HABIB (42242)

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

SOUTHERN REGION

KARACHI

Main Branch
Abul Hassan Isphani Road Branch (Sub Branch of University Road)
Aisha Manzil Branch (Sub Branch of Hussainabad)
Alamgir Road Branch
Allama Iqbal Road Branch
Askari - IV Branch - Karachi
Askari V, Malir Cantt. Branch
Baara Market Branch
Bahadurabad Branch
Bahria Town Branch
Bilal Chowrangi Branch (Sub Branch of Korangi)
Block-L, North Nazimabad
Block-M, North Nazimabad (Sub Branch of Hyderi)
Block-N, North Nazimabad (Sub Branch of UP More)
Boat Basin Branch
Bohri Bazar Branch
Bombay Bazar Branch (Sub Branch of Jodia Bazar)
Bukhari Commercial Branch
Business Avenue Branch
Caesers Tower Branch
Ceramic Market Branch
Chandni Chowk Branch
Chartered Accountants Avenue Branch (Sub Branch of Gizri)
City Court Branch
Civil Lines Branch
Clifton Block 2 Branch
Clifton Branch
Cloth Market Branch
Dalmia Road Branch
Dastagir Branch (Sub Branch of Hussainabad)
Denso Hall Branch
DHA Branch
DHA Phase I Branch
DHA Phase II Branch
DHA Phase IV Branch (Sub Branch of Khayaban-e-Sehar)
DHA Phase VI Branch (Sub Branch of Khayaban-e-Shahbaz)
DHA Phase VIII Branch
Dhoraji Colony Branch
Eidgah Branch
Falcon Complex Branch
Garden East Branch
Gizri Branch
Gulistan-e-Johar Branch
Gulshan Chowrangi Branch
Gulshan-e-Ali Branch (Sub Branch of Water Pump)
Gulshan-e-Iqbal 13-C Branch (Sub Branch of Hasan Square)
Gulshan-e-Iqbal Branch
Gulshan-e-Jamal Branch
Gulshan-e-Maymar Branch
Hasrat Mohani Road
Hassan Square Branch
HBZ Plaza Branch
Hussainabad Branch
Hyderi Branch
Industrial Area Korangi Branch
Ittehad Branch
Jodia Bazar Branch
Juna Market Branch
Karachi Export Processing Zone
Karimabad Branch
Khalid Bin Walid Road Branch
Khayaban-e-Bukhari Branch
Khayaban-e-Nishat Branch
Khayaban-e-Sehar Branch
Khayaban-e-Shahbaz Branch
Khayaban-e-Tanzeem Branch
Korangi Branch
Korangi Township Branch
Kutchi Gali Branch
Landhi Industrial Area Branch
Liaquatabad Branch
M.A. Jinnah Road Branch
Malir Cantt Branch
Malir City Branch
Manghopir Road Branch
Marriot Road Branch
Mereweather Branch
Mission Road Branch
Mithadar Branch
Nazimabad No. 3 Branch (Sub Branch of North Nazimabad)
NHS Branch Karachi
NHS Complex Karsaz Branch
Nishtar Road Branch
North Karachi Industrial Area Branch
North Napier Road Branch

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

HYDERABAD

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

OTHER SOUTHERN REGION CITIES

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

NORTHERN REGION

LAHORE

Badami Bagh Branch
Badian Road Branch
(Sub Branch of DHA Lahore)
Baghbanpura Branch
Bahria Town Branch Lahore
Bank Square Market Model Town
Brandreth Road Branch
Cantt. Branch
Cavalry Ground Branch
Circular Road Branch
D.H.A Phase I Branch Lahore
Daroghawala Branch
Davis Road Branch
DHA Branch Lahore
DHA Phase IV Branch
DHA Phase V Branch
DHA Phase VI Branch
DHA Phase VIII, Cantt. Branch
EME Society Branch
(Sub Branch of Raiwind Road)
Faisal Town Branch
(Sub Branch of Model Town Link Road)
Ferozepur Road Branch
Fruit & Sabzi Market Branch
Garden Town Branch
Garhi Shahu Branch
Gulberg Branch

Gulshan-e-Ravi Branch
Hall Road Lahore
Iqbal Town Branch
Jail Road Branch
Johar Town Branch
Lahore Main Branch
Lalik Chowk Branch
Main Boulevard Branch
Mcleod Road Branch
(Sub Branch of Brandreth Road)
Misri Shah Branch
(Sub Branch of Badami Bagh)
Model Town Link Road Branch
Muslim Town Branch Lahore
Punjab C.H.S. Branch
Raiwind Road Branch
Ravi Road Branch
Samanabad Branch
(Sub Branch of Iqbal Town)
Shad Bagh (Sub Br Badami Bagh)
Shadman Branch
Shahalam Market Branch
Shahdara Branch
Shahrah-e-Quaid-e-Azam Branch
Thokar Niaz Baig Br. Lahore
Township Branch
Urdu Bazar Branch
Valencia Town Branch
(Sub Branch of Raiwind Road)
Wahadat Road Branch
(Sub Branch of Shadman)
Walton Road Branch
WAPDA Town Branch

FAISALABAD

Canal Road Branch-Faisalabad
Faisalabad Main Branch
Ghulam Muhammadabad Branch
Gulberg Branch Faisalabad
Karkhana Bazar Branch
Millat Chowk Branch
Muridwala Branch
Peoples Colony Branch
Sahianwala Branch Faisalabad
Samanabad Branch
Sargodha Road Branch
Susan Road Branch
University of Faisalabad
(Sub Branch of Faisalabad)

MULTAN

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

SIALKOT

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

ISLAMABAD

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

RAWALPINDI

Chaklala Scheme III Branch
Dhamial Camp Branch
Iqbal Road Branch
Kashmir Road Branch
Khanna Branch
Lalazar Branch - Rawalpindi
Muree Road Branch
PWD Commercial Area Branch
Raja Bazar Branch
Rawalpindi Main Branch

GUJRANWALA

DC Colony Branch - Gujranwala
Gujranwala Branch
Hafizabad Road Br. Gujranwala
Kangniwala Rd. Br.- Gujranwala
Mandiala Tegha Branch
Muhafiz Town Branch
Qila Deedar Singh Branch
Satellite Town Br. Gujranwala
Sheikhupura Road Branch

PESHAWAR

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

AZAD KASHMIR

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

GILGIT BALTISTAN

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

FATA / PATA

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

OTHER NORTHERN REGION CITIES

Abbotabad Cantt. Branch
Abbottabad Branch
Ahmedpur East Branch
Arifwala Branch
Attock Branch
Bahawalpur Branch
Bannu Branch
Battagram Branch
Bhalwal Branch
Burewala Branch
Chak #111 SB Branch
Chakwal Branch
Charsadda Branch
Chenab Nagar - Rabwah
Chichawatni Branch
Chiniot Branch
Circular Road Branch, Narowal
D. I. Khan Branch
D. G. Khan Branch
Dharanwala Branch
Dinga Branch - Gujrat
Do-BurjiMalhiyan Branch
FaqirWali Branch
Farid Town Branch, Sahiwal
Fateh Jhang Branch Attock
Fazilpur Branch
Ganjianwali Khurd Branch
Gojra Branch
Gojra Br. Distt.Mandibahauddin
Gujrat Branch
Hafizabad Branch
Haripur Branch
Hasilpur Branch
Havelian Branch
Jamkey Cheema Branch-Sialkot
Jauharabad Branch
Jhang Branch
Jhelum Branch
KallarSyedan Branch
Kamoke Branch
Kasur Branch
Khalabut Haripur Branch
Kharian City Branch
Khudian Khas Branch - Kasur
Khushab Branch
Kohat Branch
Kot Abdul Malik Branch
Kotla Arab Ali Khan Branch
Kutchery Chowk Branch-Gujrat
Lala Musa Branch
Mailsi Branch
Malakwal Br. Mandibahauddin
MandiBahauddin Branch
Mansehra Branch
Mardan Branch
Marrot Branch
Mateela Branch, Sarghoda
MianChannu Branch
Mianwali Branch
MouzaKachi Jamal Branch
Muslim Bazar Branch
Nankana Sahib Branch
Oghi Branch
Okara Branch
Pakpattan Branch
Pezu Branch
Rahim Yar Khan Branch
Renala Khurd Branch
Sadiqabad Branch
Sahiwal Branch
Salar Wahen Branch
Sargodha Branch
Satellite Town Br. Bahawalpur
Satellite Town Branch Sargodha
Shabqadar Branch - Charsadda
Shakargarh Branch - Narowal
Sheikhupura Branch
Sohawa Branch
Swabi Branch
Talagang Branch
Toba Tek Singh Branch
Ugoki Branch
Wah Cantt Branch
Yazman Branch
ZahirPir Branch

ISLAMIC BANKING BRANCHES

KARACHI

Alfalah Court Branch
Clifton Branch
Dhorajee Colony Branch
DMCHS-Karachi
Gulzar-e-Hijri Branch
Jodia Bazar Branch
Khayaban-e-Jami
Korangi Branch
Naya Nazimabad
Nazimabad No.1-Karachi
North Karachi Branch
Rashid Minhas Road Branch
Shah Faisal Colony - KHI
Shahbaz Commercial Br.
Shaheed-e-Millat Branch
Shahrah-e-Faisal Branch
SITE Branch

LAHORE

Azam Cloth Market Branch
BadamiBagh Branch
Ciruclar Road Branch
Gulberg Branch
Sundar Industrial Estate

OTHER CITIES

Batkhela Branch
Dara Adam Khel Branch
Dir Upper Branch
Gujranwala Branch
Gujrat Branch
Haroonabad Branch
Hayatabad Branch
Hyderabad Branch
Islamabad Branch
Kanju Branch
Kotwali Road-Faisalabad
Mingora Branch
Multan Branch
Muzaffargarh Branch.
Nowshera Branch
Peshawar Branch
Peshawar Cantt Branch
Qazi Ahmed Branch
Raiwind City Branch
Rawalakot - Azad Kashmir Branch
Rawalpindi Branch
Sahiwal Branch
Saidu Sharif Branch
Saleh Khana Branch
Sialkot
Timergarah Branch
Usta Muhammad

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirtieth Annual General Meeting of the shareholders of Habib Metropolitan Bank Ltd. will be held at the Moosa D. Dessai Auditorium, Institute of Chartered Accountants of Pakistan, G-31/8, Chartered Accountants Avenue, Clifton, Karachi on Monday, March 28, 2022 at 9.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the A udited Accounts, standalone as w ell as consolidat ed, of the Bank f or the y ear ended December 31, 2021 together with the Directors' and Auditors' reports thereon.

2. To approve, as recommended by the Board of Directors, final dividend @ 30% (Rs. 3.00 per share) in the form of cash for the year ended December 31, 2021, in addition to already paid 20% (Rs. 2.00 per share) interim dividend in the form of cash for the year ended December 31, 2021.

3. To appoint Auditors for the financial year ending December 31, 2022 and fix their remuneration. The present Auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.

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, 2022

NOTES:

1. Online Facility for attending Annual General Meeting

In light of directives from the Securities & Exchange Commission of Pakistan vide Circular No. 4 of 2021 dated February 15, 2021 and the subsequent instructions / guidelines, regarding 'Corona Virus Related Contingency Planning for General Meetings of Listed Companies', the Bank has made ar rangements for shareholders to attend the AGM physicaly as well as electronically. Please note that in order to comply with the directives of Government, only fully vaccinated persons can attend the meeting physically and such people must bring their vaccination certificate with them.

In order to ensure safety and well-being of shareholders the AGM may be attended electronically. Shareholders interested in attending Bank's AGM online are requested to get their par ticulars registered with the Company Secretary by providing the following information through email at agm@habibmetro.com and/or WhatsApp # +92-301-1177809 by 5.00 pm on Thursday, March 24, 2022:

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, 2022 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 requested to bring with them their original National Identity Card or Passport along with the participants ID numbers and their account numbers 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, 2022 to March 28, 2022 (both days inclusive).

Bank Account Details for Payment of Cash Dividend

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

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

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.

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 above information, the shareholding will be divided among the joint-holders equally.

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.

Availability of Annual Audited Accounts on Website

The audited accounts of the Bank for the year ended December 31, 2021 have been made available on the Company's website www.habibmetro.com. Additionally, the annual and quarterly accounts for the prior years and periods are also available.

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

Transmission of Annual Audited Accounts & Notice through Email

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

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

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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- Risk profiler*
- Financial calculator
- Subscription to Alerts (investor notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

*Work underway and will be launched in a month or so

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 30th Annual General Meeting of the Bank to be held on 28 March 2022 and at any adjournment thereof.

As Witness my / our hand this _____ day of March 2022.

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.

HABIBMETRO

پراکسی فارم

میں/ہم _____

ساکن _____

بحیثیت ممبر حبیب میٹروپولیٹن بینک لمیٹڈ اور ہولڈنگ _____

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

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

ساکن _____

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

ساکن _____

جو کہ بینک کے ممبر ہیں کو بینک کے ۳۰ واں سالانہ اجلاسِ 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۔

بطورِ سند میرے/ہمارے دستخط مورخہ _____ مارچ ۲۰۲۲ء۔

گواہان

۱۔ دستخط _____

نام _____

پتہ _____

سی این آئی سی نمبر _____

۲۔ دستخط _____

نام _____

پتہ _____

سی این آئی سی نمبر _____

رسیدی ٹکٹ

مبلغ ۵ روپے

ممبر (ممبران) کے دستخط

ایک ممبر جو کہ ایک اجلاس عام میں شرکت کا حق رکھتا ہے یہ حق بھی رکھتا ہے کہ اُس 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 چاہیئے۔ کوئی شخص بطور پراکسی (کارپوریشن مستثنیٰ) شرکت نہیں کر سکتا/سکتی تا آنکہ وہ بذاتِ خود اجلاس میں موجود ہونے اور ووٹ دینے کا حق نہ رکھتا/رکھتی ہو۔

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

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

پراکسیز بینک کے رجسٹرڈ دفتر میں اجلاس شروع ہونے سے ۴۸ گھنٹے قبل جمع کرا دینی چاہیئے۔

HABIB METROPOLITAN BANK

[Subsidiary of Habib Bank AG Zurich]

HABIB METROPOLITAN BANK LTD.
HABIBMETRO HEAD OFFICE
I.I. CHUNDRIGAR ROAD
KARACHI, PAKISTAN

111-1-HABIB(42242)
www.habibmetro.com

STAY AHEAD