
هَذَا مِنْ فَضْلِ رَبِّي



VISION STATEMENT

TO BE OUR CUSTOMERS' MOST CONVENIENT
AND TRUSTED BANK

MISSION STATEMENT

TO MAKE BANKING SAFE, SIMPLE, AND PLEASANT



CORPORATE INFORMATION

| | | |
|--|--|---|
| Board of Directors | Abbas D. Habib Adnan Afridi Anwar Haji Karim Arshad Nasar Farhana Mowjee Khan Humayun Bashir Mohammad Rafiquddin Mehkari Murtaza H. Habib Qumail R. Habib Syed Mazhar Abbas | <i>Chairman</i> <i>Executive Director</i> |
| Audit Committee | Mansoor Ali Khan Mohammad Rafiquddin Mehkari Anwar Haji Karim Arshad Nasar Farhana Mowjee Khan Syed Mazhar Abbas | <i>Chief Executive</i> <i>Chairman</i> Member Member Member Member |
| Human Resource & Remuneration Committee | Arshad Nasar Abbas D. Habib Farhana Mowjee Khan Murtaza H. Habib Syed Mazhar Abbas | <i>Chairman</i> Member Member Member Member |
| Credit Risk Management Committee | Syed Mazhar Abbas Arshad Nasar Mohammad Rafiquddin Mehkari Murtaza H. Habib Qumail R. Habib | <i>Chairman</i> Member Member Member Member |
| Risk Management Committee | Adnan Afridi Anwar Haji Karim Farhana Mowjee Khan Mohammad Rafiquddin Mehkari Qumail R. Habib | <i>Chairman</i> Member Member Member Member |
| IT Committee | Abbas D. Habib Arshad Nasar Humayun Bashir Qumail R. Habib Mansoor Ali Khan | <i>Chairman</i> Member Member Member Member |
| IFRS 9 Committee | Arshad Nasar Farhana Mowjee Khan Qumail R. Habib | <i>Chairman</i> Member Member |
| Islamic Banking Conversion Committee | Mohammad Rafiquddin Mehkari Farhana Mowjee Khan Humayun Bashir | <i>Chairman</i> Member Member |
| Company Secretary | Mohammad Taqi Lakhani | |



| | |
|--------------------------------|--|
| Chief Financial Officer | Ashar Husain |
| Statutory Auditors | KPMG Taseer Hadi & Co. Chartered Accountants |
| Legal Advisor | LMA Ebrahim Hosain Barristers, Advocates & Corporate Legal Consultants |
| Registered Office | 126-C, Old Bahawalpur Road, Multan |
| Principal Office | 2nd Floor, Mackinnons Building, I.I. Chundrigar Road, Karachi |
| Share Registrar | CDC Share Registrar Services Limited CDC House 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400. |
| Website | www.bankalhabib.com |

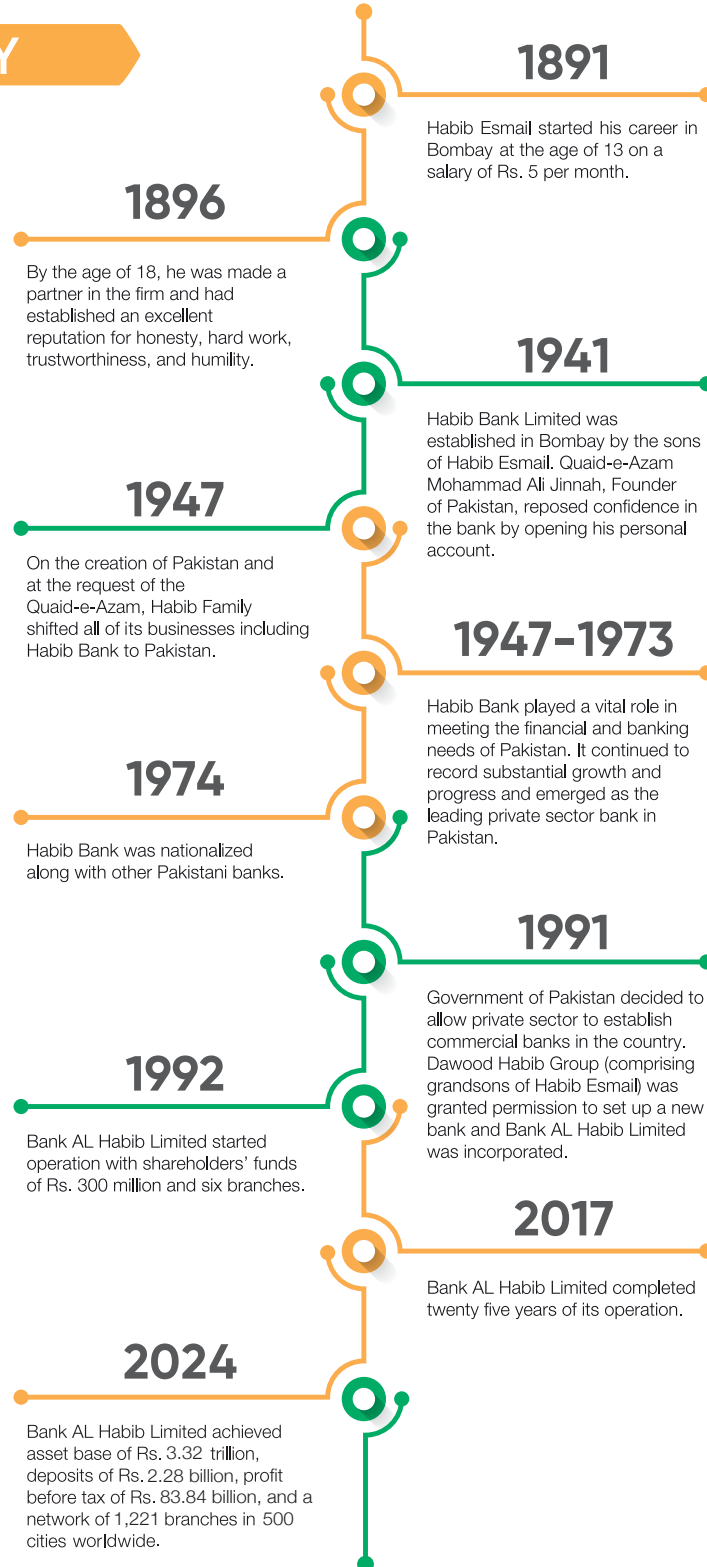


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HISTORY





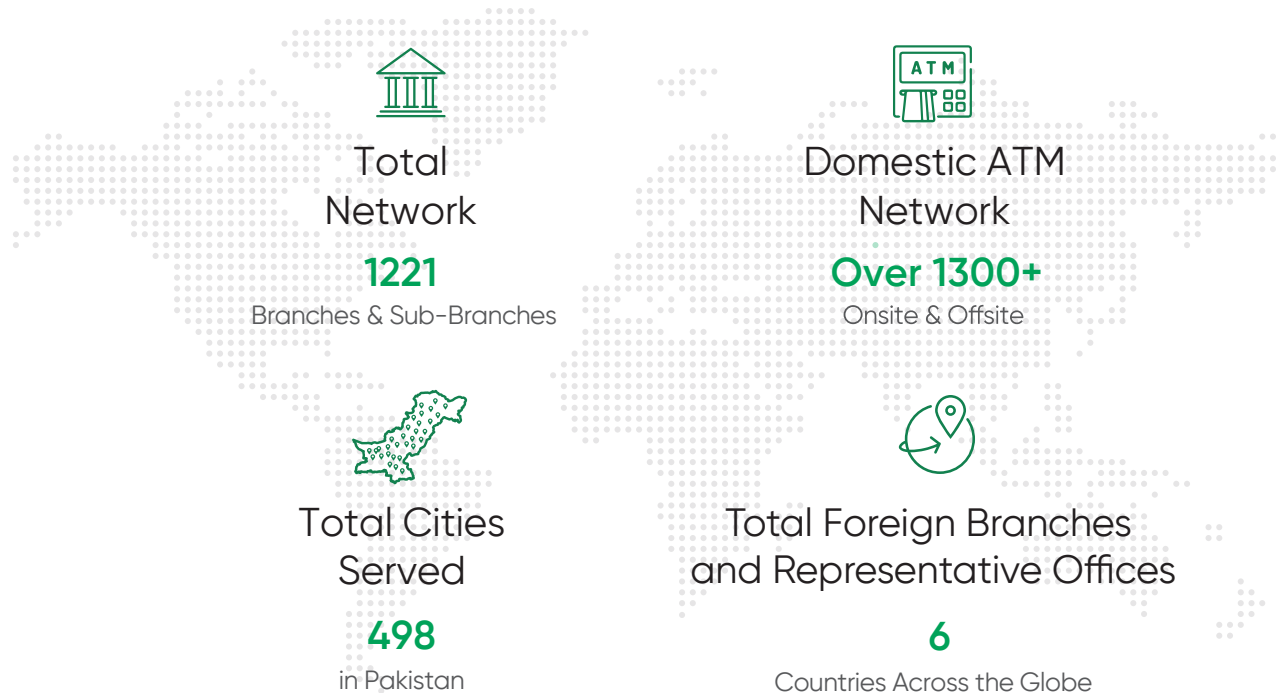
HIGHLIGHTS YEAR 2024



Awards and Recognitions



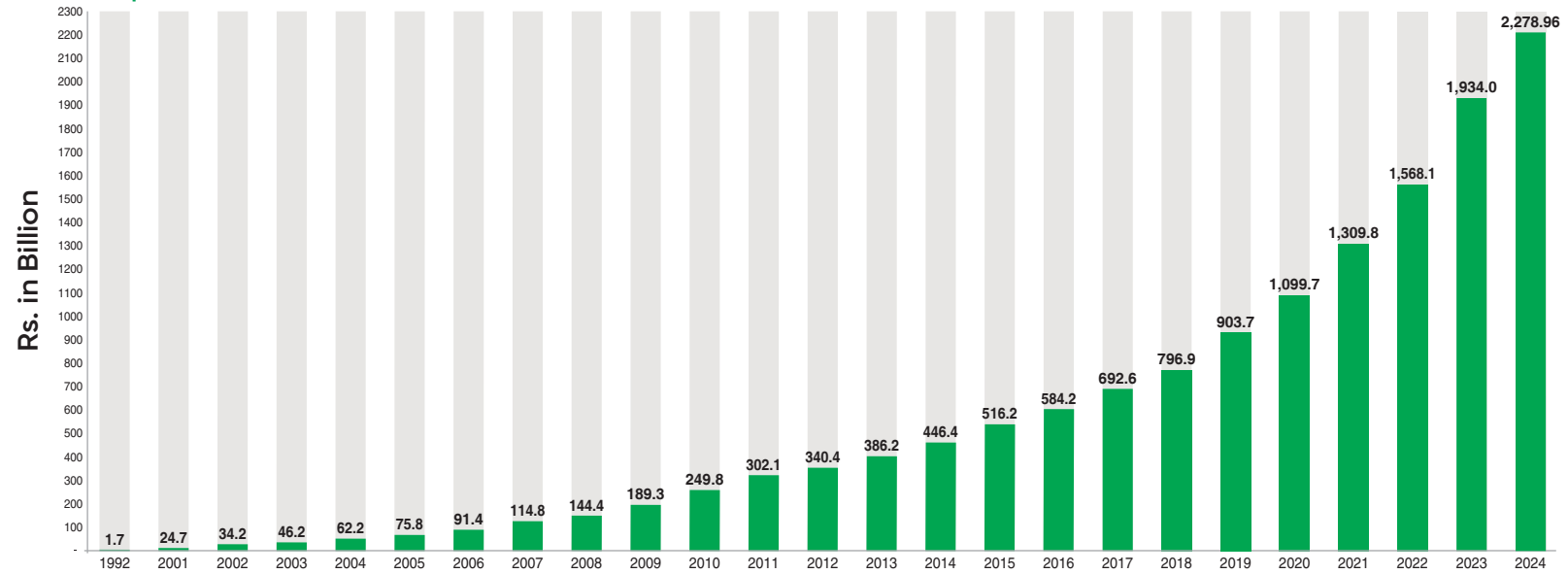
1. "Outstanding Global Trade Finance Program (GTFP) Issuing Bank" in SME Transactions - Middle East 2024 award for supporting Small and Medium Sized Enterprises' (SME) transactions conducted under IFC's Global Trade Finance Program (GTFP).
2. "4th Largest Bank in Pakistan Remittance Market" award from the State Bank of Pakistan under the Pakistan Remittance Initiative (PRI) at the Pakistan Remittance Summit - 2024.
3. "Straight-Through-Process (STP) award" from Citibank for the outstanding performance in the execution of USD commercial and treasury payments.
4. "Top 25 Companies Award" for the year 2023 by the Pakistan Stock Exchange (PSX). Criteria for the award include Profitability Ratio, Liquidity Ratio, Dividend Related Ratios, Solvency Ratio, Free-Float of Shares, Turnover of Shares, Corporate Social Responsibilities, Reporting on Sustainability Development Goals and Environmental, Social & Governance, Reporting on Enterprise Risk Management, Diversity and Inclusion, Corporate Governance and Investor Relations. Alhamdulillah, this is the ninth time that the Bank has been selected for this award.



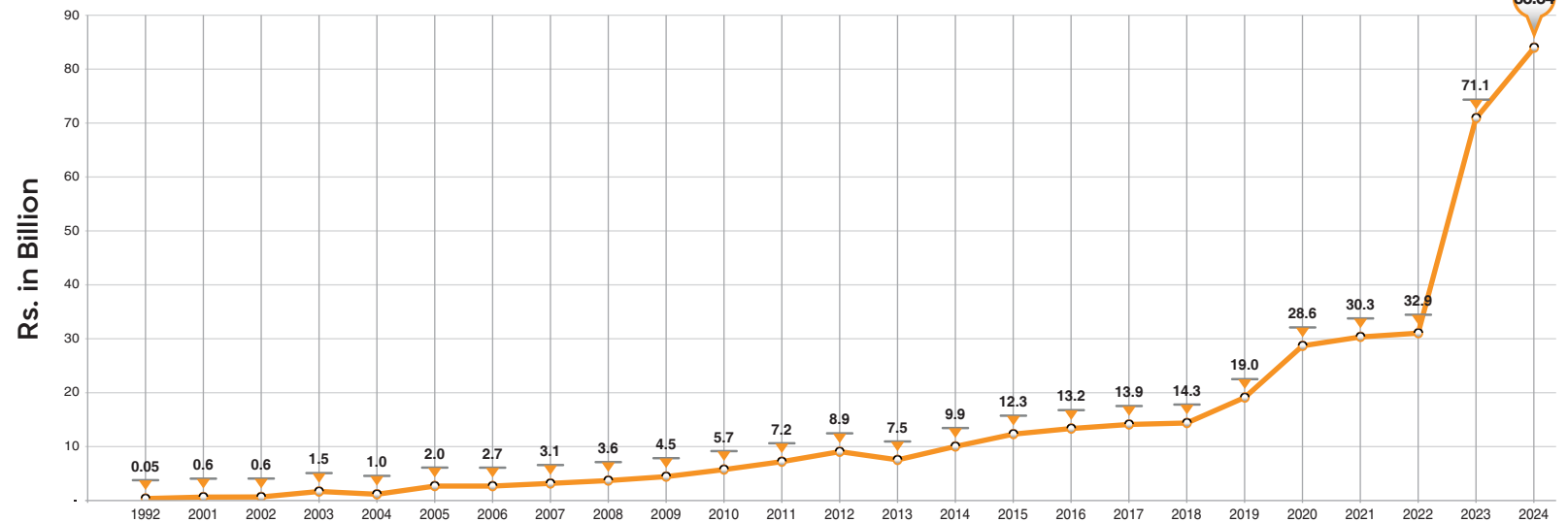


PERFORMANCE 1992-2024

Deposits



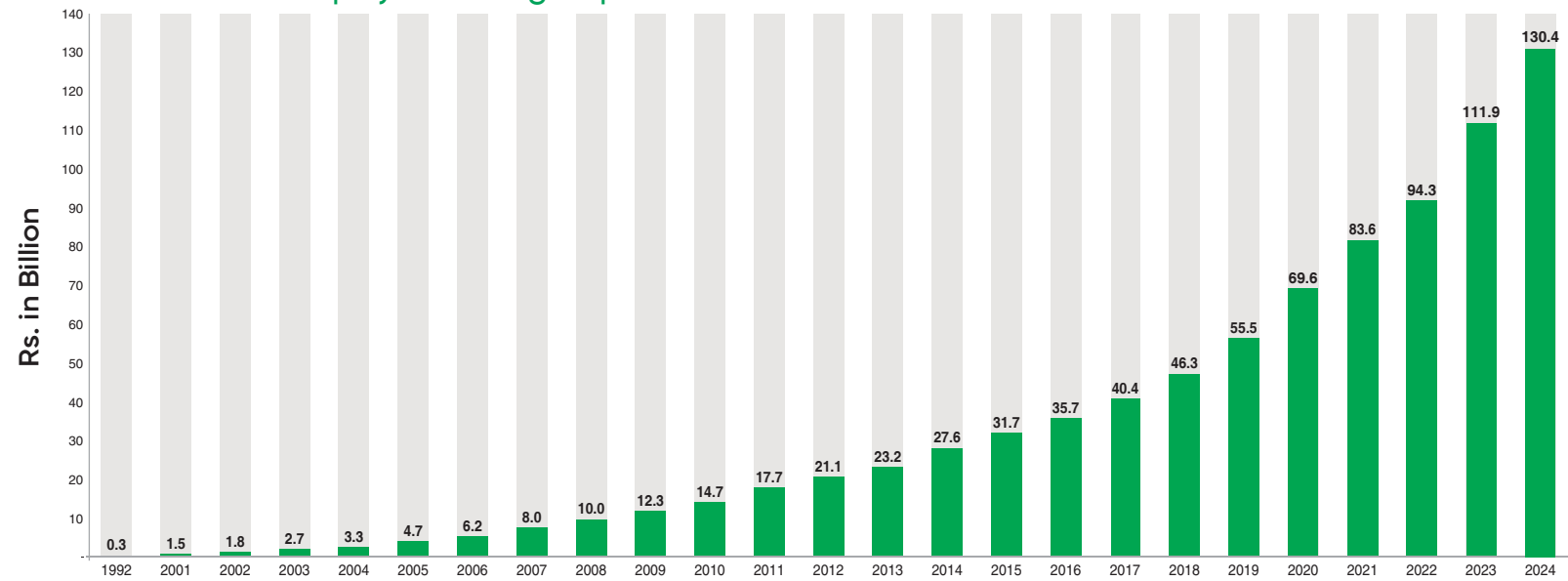
Profit Before Tax



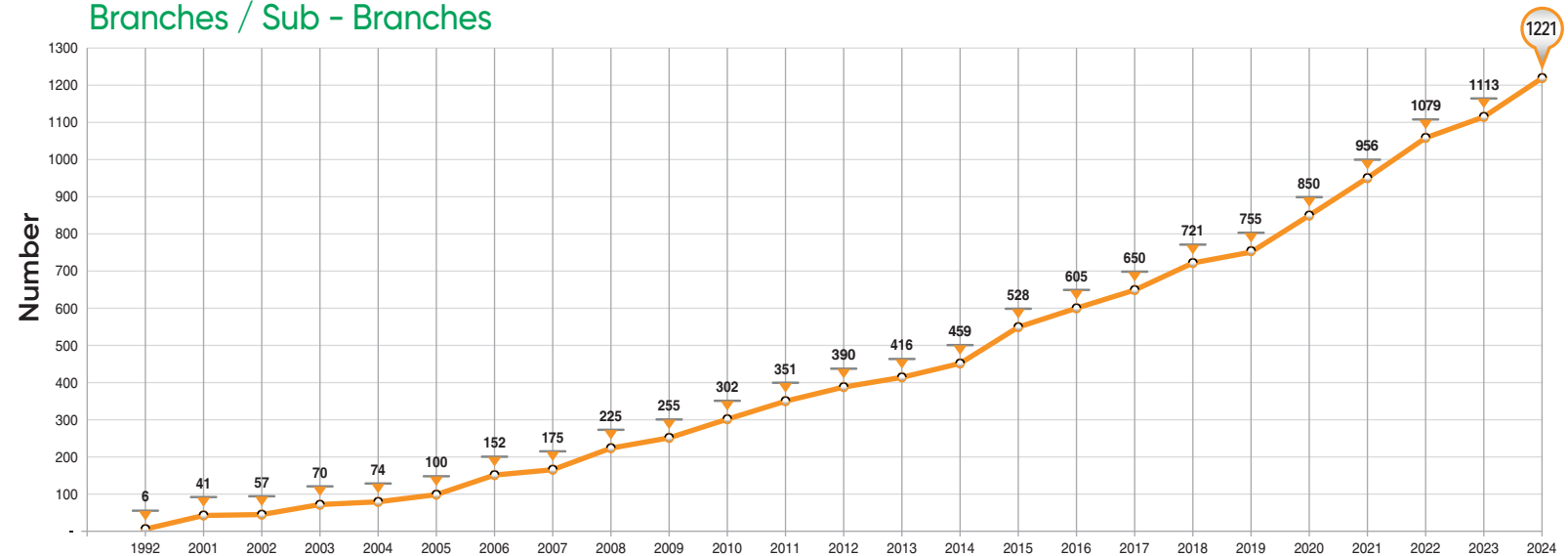


PERFORMANCE 1992-2024

Shareholders' Equity excluding surplus on revaluation of assets



Branches / Sub - Branches





Performance 1992-2024

(Rupees in Million)

| Years | Assets | Deposits | Advances | Investments | Shareholders' Equity excluding surplus on revaluation of assets | Profit Before Tax | Profit After Tax | Cash Dividend | Stock Dividend |
|-------|-----------|-----------|----------|-------------|---|----------------------|---------------------|------------------|-------------------|
| 1992 | 2,727 | 1,679 | 607 | 1,060 | 325 | 51 | 25 | – | – |
| 1993 | 5,590 | 3,372 | 1,647 | 1,907 | 421 | 151 | 96 | – | – |
| 1994 | 8,346 | 5,200 | 3,067 | 1,932 | 528 | 224 | 107 | – | – |
| 1995 | 11,395 | 6,353 | 4,254 | 2,055 | 611 | 255 | 127 | 15.0% | – |
| 1996 | 11,248 | 8,573 | 5,664 | 2,489 | 718 | 341 | 153 | 15.0% | 10.0% |
| 1997 | 16,515 | 13,445 | 7,372 | 7,440 | 851 | 442 | 199 | 20.0% | 15.0% |
| 1998 | 16,897 | 13,226 | 7,564 | 6,999 | 1,016 | 445 | 203 | 10.0% | 32.0% |
| 1999 | 19,870 | 14,113 | 10,925 | 4,601 | 1,169 | 373 | 153 | – | 20.0% |
| 2000 | 24,226 | 17,823 | 14,722 | 1,289 | 1,322 | 403 | 153 | – | 20.0% |
| 2001 | 29,025 | 24,697 | 15,902 | 5,664 | 1,532 | 551 | 246 | 5.0% | 20.0% |
| 2002 | 49,437 | 34,240 | 23,775 | 18,831 | 1,822 | 620 | 290 | – | 25.0% |
| 2003 | 58,066 | 46,178 | 35,232 | 14,109 | 2,726 | 1,513 | 1,012 | 10.0% | 25.0% |
| 2004 | 77,436 | 62,171 | 47,367 | 14,414 | 3,274 | 1,039 | 541 | – | 35.0% |
| 2005 | 91,502 | 75,796 | 55,304 | 19,758 | 4,746 | 2,022 | 1,464 | 15.0% | 40.0% |
| 2006 | 114,998 | 91,420 | 70,796 | 21,023 | 6,186 | 2,689 | 1,761 | 15.0% | 40.0% |
| 2007 | 141,234 | 114,819 | 79,224 | 35,287 | 8,014 | 3,052 | 2,211 | 15.0% | 30.0% |
| 2008 | 177,324 | 144,390 | 100,197 | 48,234 | 9,967 | 3,579 | 2,425 | 12.5% | 27.5% |
| 2009 | 249,807 | 189,280 | 105,985 | 111,018 | 12,287 | 4,512 | 2,856 | 20.0% | 20.0% |
| 2010 | 301,552 | 249,774 | 125,773 | 137,168 | 14,706 | 5,656 | 3,602 | 20.0% | 20.0% |
| 2011 | 384,282 | 302,099 | 114,872 | 222,959 | 17,723 | 7,155 | 4,533 | 25.0% | 15.0% |
| 2012 | 453,106 | 340,393 | 147,869 | 249,754 | 21,058 | 8,878 | 5,455 | 30.0% | – |
| 2013 | 460,727 | 386,161 | 167,579 | 239,753 | 23,227 | 7,513 | 5,155 | 20.0% | 10.0% |
| 2014 | 579,394 | 446,409 | 181,737 | 331,423 | 27,555 | 9,917 | 6,349 | 30.0% | – |
| 2015 | 639,973 | 516,213 | 207,289 | 356,649 | 31,698 | 12,332 | 7,405 | 35.0% | – |
| 2016 | 768,018 | 584,172 | 261,440 | 405,028 | 35,673 | 13,164 | 8,119 | 35.0% | – |
| 2017 | 944,134 | 692,576 | 339,833 | 476,125 | 40,409 | 13,890 | 8,501 | 30.0% | – |
| 2018 | 1,048,239 | 796,901 | 478,215 | 414,605 | 46,283 | 14,264 | 8,418 | 25.0% | – |
| 2019 | 1,298,682 | 903,703 | 488,669 | 586,141 | 55,489 | 19,011 | 11,169 | 35.0% | – |
| 2020 | 1,522,091 | 1,099,686 | 510,252 | 764,944 | 69,570 | 28,581 | 17,812 | 45.0% | – |
| 2021 | 1,849,652 | 1,309,823 | 733,799 | 826,600 | 83,569 | 30,273 | 18,702 | 70.0% | – |
| 2022 | 2,272,068 | 1,568,138 | 813,535 | 1,158,521 | 94,344 | 32,884 | 16,570 | 70.0% | – |
| 2023 | 2,741,020 | 1,934,037 | 869,459 | 1,503,895 | 111,895 | 71,128 | 35,319 | 140.0% | – |
| 2024 | 3,320,035 | 2,278,957 | 910,850 | 1,924,733 | 130,384 | 83,841 | 39,862 | 170.0% | – |



REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF THE BOARD

Alhamdulillah, I am pleased to present a report on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Bank's objectives.

The Board has approved a formal performance evaluation process of the Board & its Committees, Individual Directors, Chairman & Chief Executive. The Bank has adopted In-House Approach and Quantitative Technique with scored questionnaires for Board evaluation. Additionally, as per regulatory requirement, performance evaluation of the Board has also been conducted by an external independent evaluator at least every three years.

Accordingly, performance evaluation was conducted by Pakistan Institute of Corporate Governance (PICG) for the year 2024. The Board has discussed the report including the areas of improvement and it was concluded that the overall performance of the Board, including effectiveness of the role played by the Board & its Committees in achieving the Bank's objective, was found to be generally satisfactory.

Overall objective of performance evaluation of the Board is to ensure sustainable growth and development of the Bank, with focus on the following areas:

- (a) Board Composition and Functioning
- (b) Corporate Strategy and Business plan
- (c) Monitoring of Bank Performance
- (d) Internal Audit and Internal Control
- (e) Risk Management and Compliance
- (f) Disclosure of Material Information
- (g) Ideas for Improvement

Abbas D. Habib
Chairman
Board of Directors

Karachi: January 30, 2025



DIRECTORS' REPORT

Alhamdulillah, the Directors of Bank AL Habib Limited are pleased to present the Thirty Fourth Annual Report together with the audited financial statements of the Bank for the year ended December 31, 2024.

The operating results and appropriations, as recommended by the Board, are given below:

| | (Rupees in '000) |
|---|-------------------------|
| Profit for the year before tax | 83,841,229 |
| Taxation | (43,979,042) |
| Profit for the year after tax | 39,862,187 |
| Un-appropriated profit brought forward | 72,595,629 |
| Effect of adoption of IFRS 9 (net of tax) | (3,510,353) |
| Loss on sale of equity investments - FVOCI | (826,620) |
| Transfer from surplus on revaluation of fixed assets – net of tax | 250,448 |
| Other comprehensive income – net of tax | 61,809 |
| | 68,570,913 |
| Profit available for appropriations | 108,433,100 |
| Appropriations: | |
| Transfer to Statutory Reserve | (3,986,219) |
| Cash dividend – 2023 | (5,557,127) |
| Cash dividend – 2024 | (11,669,967) |
| | (21,213,313) |
| Unappropriated profit carried forward | 87,219,787 |
| Basic / Diluted earnings per share – after tax | Rs. 35.87 |

The Board of Directors propose a final cash dividend of 65%, i.e., Rs. 6.50 per share, in addition to Rs. 10.50 per share i.e., 105% Interim Cash Dividends already paid to the shareholders of the Bank, thus, total 170% i.e. Rs. 17.00 per share for the year ended December 31, 2024.

Performance Review

Alhamdulillah, the performance of your Bank continued to be satisfactory during the year. Deposits rose to Rs. 2.28 trillion against Rs. 1.93 trillion a year earlier, while advances increased to Rs. 910.9 billion from Rs. 869.5 billion. Foreign Trade Business handled by the Bank during the year was Rs. 3.3 trillion. Profit before tax for the year was Rs. 83.8 billion as compared to Rs. 71.1 billion last year, while profit after tax was Rs. 39.9 billion against Rs. 35.3 billion last year.

During the year, the Bank opened 108 new branches, bringing our network to 1,225, which comprises 1,207 branches (including 276 Islamic Banking Branches and 2 Overseas Branches, one each in Bahrain and Malaysia), 14 sub-branches, and 4 Representative Offices, one each in Dubai, Istanbul, Beijing, and Nairobi. The Bank will Inshaallah continue to expand its network.

AL Habib Exchange Company (Private) Limited

By the Grace of Allah, we are pleased to inform you that the “AL Habib Exchange Company (Private) Limited” (a wholly-owned subsidiary of the Bank) has commenced its operations from March 26, 2024, with a paid-up capital of Rs. 1,000,000,000 (Rupees One Billion). During the year the Bank increased the authorized and paid-up capital of AL Habib Exchange Company (Private) Limited from Rs. 1,000,000,000 (Rupees One Billion) to Rs. 3,000,000,000 (Rupees Three Billion). As of December 31, 2024, AL Habib Exchange Company (Private) Limited has a network of 32 branches and booths across the country.



AWARDS AND RECOGNITIONS

By the Grace of Allah, the Bank received the following awards during the year:

1. **“Outstanding Global Trade Finance Program (GTFP) Issuing Bank”** in SME Transactions - Middle East 2024 award for supporting Small and Medium Sized Enterprises' (SME) transactions conducted under IFC's Global Trade Finance Program (GTFP).
2. **“4th Largest Bank in Pakistan Remittance Market”** award from the State Bank of Pakistan under the Pakistan Remittance Initiative (PRI) at the Pakistan Remittance Summit – 2024.
3. **“Straight-Through-Process (STP) award”** from Citibank for the outstanding performance in the execution of USD commercial and treasury payments.
4. **“Top 25 Companies Award”** for the year 2023 by the Pakistan Stock Exchange (PSX). Criteria for the award include Profitability Ratio, Liquidity Ratio, Dividend Related Ratios, Solvency Ratio, Free-Float of Shares, Turnover of Shares, Corporate Social Responsibilities, Reporting on Sustainability Development Goals and Environmental, Social & Governance, Reporting on Enterprise Risk Management, Diversity and Inclusion, Corporate Governance and Investor Relations. Alhamdulillah, this is the ninth time that the Bank has been selected for this award.

CHANGES IN THE BOARD OF DIRECTORS

During the year, Mr. Javed Iqbal resigned from the Board on April 05, 2024, and in his place Mr. Humayun Bashir appointed as a Director of the Board with effect from June 21, 2024.

COMPOSITION OF BOARD OF DIRECTORS

Total number of Directors are as follows:

| | |
|----------|-----------|
| • Male | 09 |
| • Female | 01 |
| | <u>10</u> |

The composition of the Board is as follows:

| | |
|-------------------------------|---|
| Independent Directors | Mr. Arshad Nasar Mr. Humayun Bashir Mr. Mohammad Rafiquddin Mehkari |
| Non-Executive Directors | Mr. Abbas D. Habib Mr. Adnan Afridi Mr. Anwar Haji Karim Mr. Murtaza H. Habib Syed Mazhar Abbas |
| Executive Director | Mr. Qumail R. Habib |
| Female Director-Non Executive | Ms. Farhana Mowjee Khan |

Mr. Mansoor Ali Khan is the Chief Executive of the Bank. Being CEO of the Bank, he is deemed to be a Director.



Board Meetings

During the year, four meetings of the Board were held and the attendance of each Director was as follows:

| Name of Director | Meetings Held | Meetings Attended |
|--|---------------|-------------------|
| Mr. Abbas D. Habib | 4 | 4 |
| Mr. Adnan Afridi | 4 | 4 |
| Mr. Anwar Haji Karim | 4 | 4 |
| Mr. Arshad Nasar | 4 | 4 |
| Ms. Farhana Mowjee Khan | 4 | 4 |
| Mr. Humayun Bashir* | 4 | 2 |
| Mr. Mohammad Rafiquddin Mehkari | 4 | 4 |
| Mr. Murtaza H. Habib | 4 | 4 |
| Mr. Qumail R. Habib | 4 | 4 |
| Syed Mazhar Abbas | 4 | 3 |
| Mr. Mansoor Ali Khan, Chief Executive | 4 | 4 |
| Mr. Javed Iqbal** | 4 | 1 |
| *Mr. Humayun Bashir attended all the meetings after his appointment as Director of the Bank. | | |
| **Mr. Javed Iqbal ceased to be the member of the Board. He attended a Board meeting while he was a member. | | |

Committees Meetings

The Listed Companies (Code of Corporate Governance) Regulations, 2019, and State Bank of Pakistan (SBP) Regulations, require the Bank to disclose the composition of all Committees of the Board, viz. Audit Committee, Human Resource & Remuneration Committee, Credit Risk Management Committee, Risk Management Committee, IT Committee, IFRS 9 Committee and Islamic Banking Conversion Committee.

During the year, eight meetings of the Audit Committee, and four meetings of Human Resource & Remuneration Committee, Credit Risk Management Committee, Risk Management Committee, IT Committee, and IFRS 9 Committee were held, and the attendance of members was as follows:

| Audit Committee | | | Human Resource & Remuneration Committee | | |
|--|---------------|-------------------|---|---------------|-------------------|
| Name of Director | Meetings Held | Meetings Attended | Name of Director | Meetings Held | Meetings Attended |
| Mr. Mohammad Rafiquddin, Mehkari, Chairman | 8 | 8 | Mr. Arshad Nasar, Chairman | 4 | 4 |
| Mr. Anwar Haji Karim | 8 | 7 | Mr. Abbas D. Habib | 4 | 4 |
| Mr. Arshad Nasar | 8 | 8 | Ms. Farhana Mowjee Khan | 4 | 4 |
| Ms. Farhana Mowjee Khan | 8 | 8 | Mr. Murtaza H. Habib | 4 | 4 |
| Syed Mazhar Abbas | 8 | 6 | Syed Mazhar Abbas | 4 | 3 |



| Credit Risk Management Committee | | | Risk Management Committee | | |
|----------------------------------|---------------|-------------------|---------------------------------|---------------|-------------------|
| Name of Director | Meetings Held | Meetings Attended | Name of Director | Meetings Held | Meetings Attended |
| Syed Mazhar Abbas, Chairman | 4 | 3 | Mr. Adnan Afridi, Chairman | 4 | 4 |
| Mr. Arshad Nasar | 4 | 4 | Mr. Anwar Haji Karim | 4 | 4 |
| Mr. Mohammad Rafiquddin Mehkari | 4 | 4 | Ms. Farhana Mowjee Khan | 4 | 4 |
| Mr. Murtaza H. Habib | 4 | 4 | Mr. Mohammad Rafiquddin Mehkari | 4 | 4 |
| Mr. Qumail R. Habib | 4 | 4 | Mr. Qumail R. Habib | 4 | 3 |

| IT Committee | | | IFRS 9 Committee | | |
|--|---------------|-------------------|----------------------------|---------------|-------------------|
| Name of Director | Meetings Held | Meetings Attended | Name of Director | Meetings Held | Meetings Attended |
| Mr. Abbas D. Habib, Chairman | 4 | 4 | Mr. Arshad Nasar, Chairman | 4 | 4 |
| Mr. Arshad Nasar | 4 | 4 | Ms. Farhana Mowjee Khan | 4 | 4 |
| Mr. Humayun Bashir* | 4 | 2 | Mr. Qumail R. Habib | 4 | 3 |
| Mr. Qumail R. Habib | 4 | 3 | | | |
| Mr. Mansoor Ali Khan | 4 | 4 | | | |
| Mr. Javed Iqbal** | 4 | 1 | | | |
| * Mr. Humayun Bashir attended all IT Committee meetings after his nomination. | | | | | |
| ** Mr. Javed Iqbal resigned in April 2024. He attended the IT Committee meeting while he was its member. | | | | | |

During the year, the Board has also constituted “Islamic Banking Conversion Committee”. The 1st meeting of the aforesaid committee was held on January 27, 2025. Members of the committee are as follows;

1. Mr. Mohammad Rafiquddin Mehkari, Chairman
2. Ms. Farhana Mowjee Khan
3. Mr. Humayun Bashir

Directors Training Programme

Directors have either attended the required training in prior years or stand exempted, as per criteria mentioned in the Code.

Directors’ Remuneration Policy

The shareholders of the Bank have approved a ‘Policy & Procedure for Fixing Remuneration of Directors’, which states that:

- The remuneration of Non-Executive Directors for attending Board and Committee meetings shall be decided by the Board within the maximum limit as specified by the State Bank of Pakistan from time to time.



- The Chairman of the Board is also entitled to have 20% additional remuneration fee of the remuneration set for him for attending Board and its Committee meeting considering the Chairman's vast knowledge, experience, insight, sense of judgement and market contacts. The Chairman of the Board shall also monitor the performance of the Bank's management and implementation of the Business Plan of the Bank on behalf of the Board.
- A full time Director shall receive such remuneration as the members (shareholders) may fix.
- The Chairman of the Board (in case of individual Directors) and Independent Directors with the help of other Directors (in case of Chairman of the Board) shall decide regarding reconsideration in remuneration of underperforming Director/Chairman if the overall performance of the Director/Chairman consistently remains in "Needs Improvement" category for the two consecutive years as per Annual Performance Evaluation of the Board members.

Credit Rating

Alhamdulillah, Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long term entity and short term entity ratings at **AAA** (Triple A) and **A1+** (A One plus), respectively. This long term credit rating **AAA** (Triple A) denotes the highest credit quality with the lowest expectation of credit risk, and indicates exceptionally strong capacity for timely payment of financial commitments.

The ratings of our unsecured, subordinated Term Finance Certificates (TFCs) are **AAA** (Triple A) for TFC 2021 and TFC-2022, and **AA+** (Double A plus) for TFC-2017 (perpetual) and TFC-2022 (perpetual). These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments. Further, the TFC-2022 & the TFC-2022 (perpetual) issued in 2022, were listed on Pakistan Stock Exchange (PSX) pursuant to Chapter 5C of PSX Rule Book.

Future Outlook

In FY 2024, Pakistan's economy showed resilience with GDP growth of 2.5%, rebounding from a 0.2% contraction in FY 2023. The recovery was led by the agricultural sector, which benefitted from post-flood soil enrichment and other supporting factors, and recorded a growth of 6.2% compared with 2.2% in the previous year. The services sector expanded by 2.4%, mainly due to wholesale and retail trade, after remaining flat in FY 2023. The industrial sector posted a decline of 1.7% compared with a decline of 3.8% in the previous year; the improvement came mainly from the manufacturing sector, which recorded a growth of 3.1% compared with a decline of 5.3% in the year before. Fiscal position improved with decline in fiscal deficit by one percentage point to 6.8% of GDP. During the fiscal year, current account deficit almost halved to USD 1.7 billion, total foreign exchange reserves rose by over 50% to USD 14.0 billion, and the Rupee was stabilized against USD. Inflation came down sharply from 29.4% in June 2023 to 12.6% in June 2024 and 4.1% in December 2024. SBP's Policy Rate was reduced from 22.0% in June 2023 to 20.50% by June 2024 and 13.0% by December 2024. PSX-100 Index rose by over 80% in CY 2024, making PSX one of the best-performing stock markets of the world.

The above developments point to further potential growth in economic activity in CY 2025. In particular, lowering of interest rates and stability of the Rupee are expected to encourage expansion of business, trade, and investment. Recent data on quarterly GDP indicate that the economy posted an overall growth of 0.9% in the first quarter of FY 2025 due to positive growth in agriculture and services. However, challenges remain, as indicated by decline in production of major crops and contraction in industrial and large scale manufacturing sectors. Moreover, inflation may pick up when the base effect fades later during the year. As regards banks, lower interest rates may erode their net interest margins and profits.

Nevertheless, as in the past, we will continue to be guided by our time-tested principles of prudence and cautious approach, and will continue to work towards achieving sustainable growth and progress in the year ahead, InshaAllah.

Auditors

The present auditors KPMG Taseer Hadi & Co., Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the Bank for the year ending December 31, 2025, at a fee to be mutually agreed.



Risk Management Framework

The Bank's Risk Management Framework is commensurate with the size of the Bank and the nature of its business. This framework has developed over the years and continues to be refined and improved. A key guiding principle of the Bank is to treat the depositors' money as a trust which must be protected. Therefore, the Bank aims to take business risks in a prudent manner, guided by a conservative outlook. Salient features of the Bank's risk management framework are summarized below:

- Credit risk is managed through the credit policies approved by the Board, a well-defined credit approval mechanism; use of internal risk ratings; prescribed documentation requirements; post-disbursement credit administration processes; review, and monitoring of credit facilities; and continuous assessment of credit worthiness of counterparties. The Bank has also established a mechanism for independent, post-disbursement review of large credit risk exposures. As part of the credit appraisal process, environmental and social risks are also assessed to mitigate potential impacts. Decisions regarding the credit portfolio are taken mainly by the Central Credit Committee. The Credit Risk Management Committee of the Board provides overall guidance in managing the Bank's credit risk.
- Market risk is managed through the Market Risk Policy and Treasury & Investment Policy approved by the Board; approval of counterparty limits and dealer limits; and regular review and monitoring of the investment portfolio by the Bank's Asset Liability Management Committee (ALCO). In addition, the Liquidity Risk Policy provides guidance in managing the liquidity position of the Bank, which is monitored on daily basis by the Treasury and the Middle Office. Decisions regarding the investment portfolio are taken mainly by ALCO. Risk Management Committee of the Board provides overall guidance in managing the Bank's market and liquidity risks, capital adequacy, and integrated risk management (also known as Enterprise Risk Management). Assessment of enterprise-wide integrated risk profile of the Bank is carried out, using the Basel Framework, Key Risk Indicators, Internal Capital Adequacy Assessment Process, Stress Testing, and Recovery Plan which are reviewed on an annual basis. The Bank continued to be selected as "Sample D-SIB" - (Domestic Systemically Important Bank) by SBP in year 2024, as in the previous years.
- Operational risk is managed through the Audit Policy, the Operational Risk Policy, the Compliance Policy & Programme, IT and IT Security policies, Human Resource Policy, Consumer Protection Framework, and Outsourcing Policy approved by the Board, along with the Fraud Prevention Policy; Consumer Grievance Handling Policy; operational manuals and procedures issued from time to time; a system of internal controls and dual authorization for important transactions and safe-keeping; a Business Continuity Plan, including a Disaster Recovery Plan for I.T.; and regular audit of the branches and divisions. Key tools such as Key Risk Indicators, risk evaluation of products and processes and operational loss data management are used to monitor and manage operational risk. Audit Committee of the Board provides overall guidance in managing the Bank's operational risk.
- The Bank has taken various steps in adopting green banking measures for improving environmental impact, social risk management, and optimizing resource utilization.

In addition, Risk Management Policy, Risk Tolerance Statement, and Country Risk Management Policy provide further guidance on managing the potential risk exposures of the Bank.

Corporate Social Responsibility (CSR) & Diversity, Equity and Inclusion (DE&I)

Your Bank is fully committed to the concept of Corporate Social Responsibility and fulfills this responsibility by engaging in a wide range of activities which include:

- corporate philanthropy amounting to Rs. 626.95 million by way of donations & charities during the year for social and educational development and welfare of people;
- energy conservation, environmental protection, and occupational safety and health by restricting unnecessary lighting, implementing tobacco control law and "No Smoking Zone", and providing a safe and healthy work environment;



- business ethics and anti-corruption measures, requiring all staff members to comply with the Bank's "Code of Conduct" and "Anti-Bribery and Corruption Policy".
- consumer protection measures, requiring disclosure of the schedule of charges and terms and conditions that apply to the Bank's products and services;
- amicable staff relations, recognition of merit and performance, and on-going opportunities for learning and growth of staff, both on-the-job and through formal training programmes;
- equal opportunity employment through a transparent procedure, without discrimination on the basis of religion, caste, language, etc., including employment of special persons;
- expansion of the Bank's branch network to rural areas, which helps in rural development;
- contribution to the national exchequer by the Bank by way of direct taxes of about Rs. 56.68 billion paid to the Government of Pakistan during the year; furthermore, an additional amount of over Rs. 72.03 billion was deducted/collected by the Bank on account of withholding taxes, federal excise duties and sales tax on services, and paid to the Government of Pakistan/Provincial Governments.

Statement on Corporate and Financial Reporting

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 account have been maintained by the Bank.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements; changes, if any, have been adequately disclosed and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards and Islamic Financial 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 controls is sound in design and has been effectively implemented and monitored. The Board's endorsement of the management's evaluation related to Internal Control over Financial Reporting, along with endorsement of overall Internal Controls is given on page 33.
6. Going concern assumption is appropriate. There is no identifiable material uncertainty that raises doubt about the ability of the Bank to continue as a going concern.
7. Key operating and financial data for last six years are summarized below:

| | (Rupees in million) | | | | | |
|---|----------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
| Total customer deposits | 2,278,957 | 1,934,037 | 1,568,138 | 1,309,823 | 1,099,686 | 903,703 |
| Total advances | 910,850 | 869,459 | 813,535 | 733,799 | 510,252 | 488,669 |
| Profit before tax | 83,841 | 71,128 | 32,884 | 30,273 | 28,581 | 19,011 |
| Profit after tax | 39,862 | 35,319 | 16,570 | 18,702 | 17,812 | 11,169 |
| Shareholders' Equity (Excluding revaluation) | 130,384 | 111,895 | 94,344 | 83,569 | 69,570 | 55,489 |
| Earnings per share (Rs) | 35.87 | 31.78 | 14.91 | 16.83 | 16.03 | 10.05 |
| Cash Dividend (%) | 170 | 140 | 70 | 70 | 45 | 35 |



8. Value of investments of Provident Fund and Gratuity Fund Schemes based on latest audited financial statements as at December 31, 2023 was as follows:

| | (Rupees in '000) |
|----------------|------------------|
| Provident Fund | 14,149,099 |
| Gratuity Fund | 6,053,987 |

9. The pattern of shareholding and additional information regarding pattern of shareholding is given on pages 160, 161 & 162.
10. The Board has approved a formal process for its performance evaluation. The Bank has adopted In-House Approach and Quantitative Technique with scored questionnaires for Board evaluation. Scope of Board evaluation covers evaluation of the full Board, Individual Directors, Board Committees, the Chairman, and the Chief Executive. Consolidated results/findings will be discussed with the relevant parties. Any areas of improvement identified during the evaluation will be noted for appropriate action. Evaluation process for each calendar year will be completed latest by March 31 of the next year. Additionally, performance evaluation of the Board will be conducted by an external independent evaluator at least every three years. We have appointed Pakistan Institute of Corporate Governance (PICG) for external independent evaluation of the Board.

There is no conflict of interest between the experts hired by the Bank and any Board member or Key Executive.

11. No trade in the shares of the Bank was carried out by the Directors, CEO, CFO, Head of Internal Audit, Company Secretary, and Executives and their spouses and minor children, during the year, except the following:
- 668,455 shares gift in and 18,154,538 shares gift out by a Director.
 - 6,241,980 shares gift in by a Director's spouse.
 - 19,078,003 shares gift in by two Executives and 276,496 shares gift out by an Executive.
 - 17,500 shares purchased by two Executives.
 - 1,000 shares sold by an Executive.

For the purpose of this disclosure, the definition of "Executive" includes Assistant General Managers and above, in addition to officials already mentioned in the Rule Book of the Pakistan Stock Exchange regulations.

General

We wish to thank our customers, for their continued trust and support, local and foreign correspondents for their confidence and cooperation, and the State Bank of Pakistan for their guidance. We also thank all our staff members for their sincerity, dedication and hard work.

MANSOOR ALI KHAN
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: January 30, 2025



CORPORATE GOVERNANCE

Corporate Governance Culture

Habib Family has been engaged in the business of banking for over 80 years, and is well known for commitment to its traditional values of integrity, prudence, and trust. We are committed to continue all our business activities as per highest ethical and professional standards and practices. We ensure good corporate governance culture by remaining true to our values and by following the Corporate Governance Regulatory Framework (CGRF) issued by the State Bank of Pakistan and the Code of Corporate Governance Regulations issued by the Securities & Exchange Commission of Pakistan. Board of Directors of the Bank comprises reputable businessmen, bankers, professional managers, and chartered accountants, representing a range of industries. They carry out their fiduciary duties to protect the interests of shareholders, depositors, and creditors, and exercise their independent judgement in the best interests of the Bank. We have clearly defined the responsibilities of the Board, Chief Executive, and Senior Management.

Nomination and Selection of Board Members

There is a defined procedure for election of Directors in Companies Act, 2017 and the Bank's Articles of Association which has been strictly followed by the Bank. Accordingly, the Bank announces the schedule of election of Directors in the year when the election is due. Any person desirous to become a Director can submit his/her nomination papers as per the requirements of the Companies Act, 2017 and regulations of State Bank of Pakistan (SBP). The person elected by the shareholders shall hold the office of Director, subject to Fit and Proper Criteria and approval of the State Bank of Pakistan. Any casual vacancy on the Board is filled up by the Directors, subject to applicable regulations.

Profile of Board Members

1. Mr. Abbas D. Habib – Chairman

Mr. Abbas D. Habib, Founder Member & Chairman of the Board, has over 50 years' commercial, industrial and banking experience in the domestic and international markets. He is a Fellow Member of the Institute of Bankers, Pakistan. He has held senior management positions with various organizations of the Habib Group and gained international banking experience. He has also served on the Board of Habib Insurance Company Limited. Upon the inception of Bank AL Habib Limited in 1991, he became its Director and Joint Managing Director. He assumed responsibilities as Managing Director and Chief Executive of the Bank on May 8, 1994, and served in that position till October 31, 2016. He became Chairman of Bank AL Habib Limited on November 1, 2016. He is also the Chairman of the Board of AL Habib Asset Management Limited, a wholly owned subsidiary of the Bank since August 11, 2020.

2. Mr. Adnan Afridi

Mr. Adnan Afridi holds a Bachelor's degree in Economics and a Juris Doctor degree in Law from Harvard University, USA. His industry experience includes Capital Markets, Private Equity, Financial Services, Real-Estate, Health Care, Natural Resources, Logistics, Large-Scale Manufacturing, Technology and Food sectors, operating in CEO roles with Board level experience. He assumed charge as Managing Director of Pakistan's first and largest Asset Management Company, National Investment Trust Limited (NITL) in February 2019. Mr. Afridi has over 28 years' international experience in Change Management, business transformation, innovation and profitability enhancement in blue chip companies, public sector and high growth situations. He has led a



distinguished career in financial services and capital markets, including the position of Managing Director of the Karachi Stock Exchange, CEO of Overseas Chamber of Commerce and Industry (OICCI), Chairman of National Clearing Corporation of Pakistan (NCCPL). He has also served as a member of SECP Policy Board for 4 years. Mr. Afridi also serves as Chairman of the Board of Governors of The Kidney Center Post Graduate Institute and also as Board member of Shaukat Khanum Memorial Trust. He was also president of Old Grammarians Society and former Board member of Young Presidents' Organization (YPO) as well as currently serving as Chairman of Young Presidents' Organization (YPO) – Gold Pakistan. He joined the Board of Bank AL Habib Limited as a nominee of NITL in April 2019.

3. Mr. Anwar Haji Karim

Mr. Anwar Haji Karim holds a Bachelor's degree in commerce and has over 40 years' experience in business and industry. He belongs to the AL Karam Group, a reputable business group of Pakistan, with interests in textiles and synthetics. He is the Chairman of AL Karam Textile Mills (Private) Limited and Iqbal Textile Mills (Private) Limited. He is a Founder Member of the Board of Directors of the Bank since its inception in 1991.

4. Mr. Arshad Nasar

Mr. Arshad Nasar served as Chairman and Chief Executive of Oil & Gas Development Company Ltd (OGDCL) from 2005 - 2008. Under his watch, OGDCL successfully launched a Global Depository Receipt (GDR) issue and was listed on London Stock Exchange. Mr. Nasar previously served as Country Chairman and Managing Director of Caltex Oil (Chevron) Pakistan Ltd from 1998 – 2004, the first Pakistani to lead Caltex Oil in Pakistan. He retired from the Company after 36 years of service. He holds a Master's Degree in Economics and has extensive functional and Management experience in a wide ranging international corporate career spanning more than 40 years. Mr. Nasar has served as Director on the Boards of: Oil & Gas Development Company Limited (OGDCL), Caltex Oil (Chevron) Pakistan Ltd, Engro Corporation Pakistan Ltd, Engro Fertilizer Ltd, Pakistan Industrial Development Corporation (PIDC), Pakistan Refinery Limited (PRL), Mari Gas Company, The American Business Council of Pakistan, and Petroleum Institute of Pakistan. Presently, he is also on the Board of FAST National University of Computer and Emerging Sciences. He joined the Board of Bank AL Habib Limited in March 2016.

5. Ms. Farhana Mowjee Khan

Ms. Farhana Mowjee Khan, Director of Razaque Steels (Private) Limited, has over 35 years' experience in the local and international environment. She has also served as Managing Director of Razaque Steels (Private) Limited from 1994 to 2006. She graduated from University College London, UK and is a qualified Chartered Accountant from Institute of Chartered Accountants in England and Wales, UK. Ms. Farhana Mowjee Khan is also a director of Shabbir Tiles and Ceramics Limited. She joined the Board of Bank AL Habib Limited in April 2019.

6. Mr. Humayun Bashir

Mr. Humayun Bashir holds an Electronics Engineering degree from University of Karachi (Dawood College of Engineering & Technology), along with finance and management courses from IBM centers in La Hulpe, Belgium, and Armonk, USA, and training in leadership and innovation from Boston University and INSEAD, France. Mr. Bashir has served 40 years at IBM, in Pakistan and the Middle East headquarters in Dubai, and was CEO of IBM Pakistan twice for 16 years till June 2016, which included Afghanistan and Iran as his operational territory for 2-3 years. He is currently serving as Chairman & advisor of Eocean, Country Advisor of Dun & Bradstreet,



and Independent Director on the Boards of State Life Insurance Corporation of Pakistan, Rafhan Maize Products Co. Limited, and Nominee Director on Khushali Microfinance Bank Limited. He also served as an independent director & chairman of NCCPL, and also on the Boards of NBP mutual funds, SILKBANK, Linde/POL, Karachi Port-KPT, Export Processing Zone Authority, Foree Fintech, MIT-EP, and ICCBS Incubator. Mr. Bashir serves as the Chairman PSX IT Steering Committee; and advisor to NBP boards IT digital committee. He was elected president of the American Business Council (ABC) in 2011, president of the Overseas Investors Chamber of Commerce & Industry (OICCI) in 2012, and a member of the executive committee of the Management Association of Pakistan. He joined the Board of Bank AL Habib Limited in June 2024.

7. Mr. Mohammad Rafiquddin Mehkari

Mr. Mohammad Rafiquddin Mehkari holds a Bachelor degree and has over 43 years' experience in international and domestic banking. Mr. Mehkari has served as President & Chief Executive of Askari Bank Limited from June 2008 to May 2013. He also served as Director, Exchange Policy Department, State Bank of Pakistan. He carries a varied and versatile banking experience in all banking dimensions including operations, credit, treasury, foreign exchange, fund management and investment banking. He also served as Director on the board of: Askari Investment Management Limited, Khushali Microfinance Bank Limited, 1- Link Limited, and Export Processing Zone. Mr. Mehkari is currently serving as member of governing board of Imdad foundation, Infaq Foundation and Centre for Development of Social Services. He joined the Board of Bank AL Habib Limited in June 2022.

8. Mr. Murtaza H. Habib

Mr. Murtaza H. Habib holds a Bachelor's degree in finance from Texas A&M University, USA, and has over 25 years' experience in business and industry. He is currently Executive Director of Habib Sugar Mills, and also holds Directorships in several other companies of Habib Group. He is actively involved with social welfare activities of the Group. He is a Founder Member of the Board of Directors of the Bank since its inception in 1991, except for a gap of one year.

9. Mr. Qumail R. Habib – Executive Director

Mr. Qumail R. Habib is a graduate of the University of California in Business Economics and has over 35 years' commercial, industrial, and banking experience. He is a Founder Member of the Board and Executive Director of the Bank since its inception in 1991. Prior to that, he was Resident Director of AL Ghazi Tractors Limited. He has been actively involved with the operations of the Bank since its inception. He is responsible for enhanced oversight on Enterprise Risk and Corporate Strategy, and for monitoring Fraud Investigation Unit. He has been on the Board of Habib Insurance Company Limited since October 03, 2017. Mr. Qumail also serves as a member of the Board of Directors of Habib University Foundation and as a trustee to various charitable trusts of Habib Family.

10. Syed Mazhar Abbas

Syed Mazhar Abbas studied at American University of Beirut. He has over 45 years' experience in commercial banking, including senior executive positions at Habib Bank Limited and Bank AL Habib Limited. He has had extensive exposure to international banking in several countries including Bahrain, Lebanon, France, UK, Egypt, and Hong Kong. He joined Bank AL Habib Limited in 1992 as a senior executive and became its Director in 2000.



Details of Membership on the Bank's & other Boards

| Sr. No. | Name of Director | Date of Joining / Leaving the Board (dd/mm/yyyy) | Status of Director (Independent, Non-Executive, Executive) | Member of Board Committees | Number of other Board Memberships along with name of Company(ies) |
|---------|---------------------------------|--|--|--|---|
| 1 | Mr. Abbas D. Habib | 15/10/1991 | Non-Executive | <ul style="list-style-type: none"> Human Resource & Remuneration Committee IT Committee | <ol style="list-style-type: none"> Habib & Sons (Private) Limited AL Habib Asset Management Limited |
| 2 | Mr. Adnan Afridi | 17/04/2019 | Non-Executive | <ul style="list-style-type: none"> Risk Management Committee | <ol style="list-style-type: none"> Biafo Industries Limited Dynea Pakistan Limited International Industries Limited Lucky Core Industries Limited Mari Petroleum Company Limited Siemens (Pakistan) Engineering Limited |
| 3 | Mr. Anwar Haji Karim | 15/10/1991 | Non-Executive | <ul style="list-style-type: none"> Audit Committee Risk Management Committee | <ol style="list-style-type: none"> AL - Karam Textile Mills (Private) Limited Iqbal Textile Mills (Private) Limited |
| 4 | Mr. Arshad Nasar | 28/03/2016 | Independent | <ul style="list-style-type: none"> Audit Committee Human Resource & Remuneration Committee Credit Risk Management Committee IT Committee IFRS 9 Committee | - |
| 5 | Ms. Farhana Mowjee Khan | 17/04/2019 | Non-Executive | <ul style="list-style-type: none"> Audit Committee Human Resource & Remuneration Committee Risk Management Committee IFRS 9 Committee | <ol style="list-style-type: none"> Razaque Steels (Private) Limited Shabbir Tiles and Ceramics Limited |
| 6 | Mr. Humayun Bashir | 21/06/2024 | Independent | <ul style="list-style-type: none"> IT Committee | <ol style="list-style-type: none"> State Life Insurance Corporation of Pakistan Rafhan Maize Products Company Limited Khushhali Microfinance Bank Limited |
| 7 | Mr. Mohammad Rafiquddin Mehkari | 01/06/2022 | Independent | <ul style="list-style-type: none"> Audit Committee Credit Risk Management Committee Risk Management Committee | - |
| 8 | Mr. Murtaza H. Habib | 15/10/1991 to 22/12/1997 and 24/11/1998 to date | Non-Executive | <ul style="list-style-type: none"> Human Resource & Remuneration Committee Credit Risk Management Committee | <ol style="list-style-type: none"> Habib Sugar Mills Limited Habib & Sons (Private) Limited Investment Consultancy (Private) Limited Habib Capital Management (Private) Limited Habib Leasing Corporation (Private) Limited Habib Management Services (Private) Limited Habib Energy (Private) Limited HSM Energy Limited |
| 9 | Mr. Qumail R. Habib | 15/10/1991 | Executive | <ul style="list-style-type: none"> Credit Risk Management Committee Risk Management Committee IT Committee IFRS 9 Committee | Habib Insurance Company Limited |
| 10 | Syed Mazhar Abbas | 10/10/2000 | Non-Executive | <ul style="list-style-type: none"> Audit Committee Human Resource & Remuneration Committee Credit Risk Management Committee | - |



Appointment of the Shariah Board (SB) Members

Shariah scholars who meet the Fit and Proper Criteria as laid down by State Bank of Pakistan are appointed as SB members for a term of three years by the Board of Directors and are eligible for re-appointment. Their appointment and re-appointment is subject to prior written clearance of SBP. The three years' term of SB commenced from the date of SBP's clearance for appointment / re-appointment. Any SB member (including Chairperson) may be re-appointed as a member of SB for another term by the Board of Directors, at least two months prior to expiry of the term, subject to a fresh prior written clearance of SBP and pursuant to Fit and Proper Criteria of SBP.

Casual vacancy

Board of Directors of the Bank fills the casual vacancy on the SB that may occur as a result of resignation, removal, termination or death of a member, within three months from the date on which such vacancy arises. However, the SB member appointed on casual vacancy shall hold the office till the expiry of the existing term of the SB.

Profile of each of the Shariah Board member

Mufti Ismatullah Hamdullah

Mufti Ismatullah holds the degrees of "Shahadat-ul-Aalamiyah" and "Takhassus Fil Fiqh" from Jamia Dar-ul-Uloom, Karachi. He is a PhD in Islamic Economics from University of Karachi. He has been associated with Islamic Banking Division of Bank AL Habib Limited since 2006 as Shariah Advisor prior to his appointment as the Chairman of Shariah Board.

He has been teaching Quran, Hadith, Fiqh, Philosophy and Arabic Grammar in Dar-ul-Uloom since 1993. He has a vast experience in issuing Shariah rulings (Fatwa) and is currently serving Dar-ul-Ifta' of Dar-ul-Uloom. So far, he has issued about 28,000 Fatwas regarding various topics and Shariah issues.

His thesis – Zar (Money) in light of Shariah – is considered as one of the most useful research on Islamic Economics and has already been published. He is a renowned research scholar; his research papers have been published in Monthly "Al Balaagh". He wrote a book "Guide to Takaful or Islamic Insurance" that has also been published.

Mufti Sahab is Shariah Advisor of AL Habib Asset Management, IGI window Takaful and Pak Qatar Family Takaful Ltd, he is also a Shariah Board member of Pak Qatar Takaful Group.

Mufti Mohib ul Haq

Mufti Mohib ul Haq is a prominent and a well-recognized Shariah scholar of international repute. His credentials include a specialized degree in Shahadat-ul-Aalamiyah (Masters in Arabic and Islamic Studies) and Al-Takhassus fial-Iftaa' (Specialization in Islamic Jurisprudence and Fatwa) from the esteemed Jamia Darul Uloom, Karachi.

Mufti Mohib ul Haq has a diversified experience of more than 20 years in Islamic Finance Industry. He has been associated with Faysal Islamic Banking since 2011, as the Shariah Advisor, prior to his appointment as the Chairman Shariah Board. He is also a Shariah Board Member of Bank Alfalah Limited and Bank AL Habib Limited.

Previously, he has served as the Shariah Advisor / Shariah Board Member at various Financial Institutions which include:

- Takaful Pakistan Limited
- Royal Bank of Scotland Berhad, Malaysia
- JS Islamic Mutual Fund

Mufti Mohib ul Haq has significant research experience related to Islamic Finance and other Shariah related subjects. Further, he is also a member of the State Bank of Pakistan's Committee for Shariah review, standardization of Islamic products and processes, and formalization of Accounting & Auditing Organization for Islamic Financial Institutions ("AAOIFI") Shariah standards for the Pakistan banking industry. He is also an experienced lecturer and trainer in the field of Islamic Finance, Fiqh and Islamic Financial Laws at various institutions which include:

- Jamia Darul Uloom, Karachi
- Centre for Islamic Economics ("CIE")
- National Institute of Banking and Finance ("NIBAF") – SBP
- Institute of Cost and Management Accountants of Pakistan ("ICMA")
- Institution of Business Administration- Centre for Excellence in Islamic Finance ("CEIF")



Mufti Sher Ali

Mufti Sher Ali obtained the degrees of “Shahadat-ul-Aalamiyah and “Specialization in Ifta wa Fiqhil halal” from Jamiah tur Rasheed. He also holds the certification of Certified Shari’ah Advisor and Auditor (CSAA) from Accounting and Auditing Organization for Islamic Financial Institution (AAOFI) besides having a Master’s degree in Islamic Studies from the University of Karachi while currently he is pursuing his M.Phil. He has an outstanding academic record in both Islamic and Contemporary education throughout his career, winning numerous awards & positions at institution, university and national level.

Mufti Sher Ali served in Shariah Compliance Department of BAH-IB as Shariah Scholar for three years and having been a member of the Darul Ifta at Jamia tur Rasheed, he has issued numerous verdicts (Fatawas) on various issues. He also serves as a faculty member at University of Karachi (SZIC). He possesses a vast Shariah Compliance experience and command over conducting Shariah review of transactions, vetting of all shariah related documents such as policies, agreements, manuals etc. and educating the staff on Islamic Banking & Finance.

Mufti Muhammad Hamza

Mufti Muhammad Hamza is serving Bank AL Habib – Islamic Banking as Shariah Board Member since October 2021. He has a diverse professional experience in IBIs and Audit Firms. Prior to his joining, he has served as Shariah Scholar (Assistant Manager Shariah Support) in Product Management and Development Department at Faysal Bank Limited-Islamic. He also served as Shariah Consultant in EY Ford Rhodes.

Mufti Muhammad Hamza possesses both contemporary as well as religious academic qualifications. He holds Shahadat-ul-Aalamiyah (Masters in Islamic and Arabic Studies) along with Takhassus Fiqh-ul-Muamlaat (Islamic Commercial Law and Management Science) from Jamia tur Rasheed, Karachi.

He is also an MBA (Finance) from University of Karachi. Furthermore, he holds “Post Graduate Diploma in Islamic Banking and Takaful” from Centre for Islamic Economics Jamia Darul Uloom Karachi.

He is presently associated with Jamia-tur-Rasheed, Karachi as a Member of Darul Iftaa and he has issued numerous verdicts (Fatawas) on various issues. He is a lecturer in department of Dars-e-Nizami also. Mufti Muhammad Hamza has significant experience of teaching Quran, Hadith, Philosophy, Arabic Grammar, Islamic Jurisprudence (Fiqh) and other related subjects in renowned institutions as Permanent and Visiting Faculty Member such as Jamia tur Rasheed and Al-Burhan international Karachi.

Details of Membership on the Bank’s and other Shariah Boards

| Sr. No. | Name of Shariah Board Member | Date of Joining / Leaving the Shariah Board (dd/mm/yyyy) | Status of Shariah Board Member | Number of other Shariah Board Members along with name of Company(ies) |
|---------|------------------------------|--|--------------------------------|---|
| 1 | Mufti Ismatullah Hamdullah | 08/10/2015 | Chairman (Unique) | • Member, Shariah Board - Pak Qatar Takaful Group |
| 2 | Mufti Mohib ul Haq | 08/10/2015 | Member | • Chairman, Shariah Board - Faysal Bank Limited • Member, Shariah Board - Bank Alfalah Limited |
| 3 | Mufti Sher Ali | 01/07/2021 | Resident Member (Unique) | – |
| 4 | Mufti Muhammad Hamza | 09/09/2021 | Member (Unique) | – |



Composition of Board Committees and their Terms of References (TORs)

The Listed Companies (Code of Corporate Governance) Regulations, 2019 requires the Bank to disclose the composition of all Committees of the Board, viz. Audit Committee, Human Resource & Remuneration Committee, Credit Risk Management Committee, Risk Management Committee, IT Committee, and IFRS 9 Committee.

| Composition of Board's Committees | | | | | |
|---|---|----------------------------------|---------------------------------|------------------------------|----------------------------|
| Audit Committee | Human Resource & Remuneration Committee | Credit Risk Management Committee | Risk Management Committee | IT Committee | IFRS 9 Committee |
| Mr. Mohammad Rafiquddin Mehkari, Chairman | Mr. Arshad Nasar, Chairman | Syed Mazhar Abbas, Chairman | Mr. Adnan Afridi, Chairman | Mr. Abbas D. Habib, Chairman | Mr. Arshad Nasar, Chairman |
| Mr. Anwar Haji Karim | Mr. Abbas D. Habib | Mr. Arshad Nasar | Mr. Anwar Haji Karim | Mr. Arshad Nasar | Ms. Farhana Mowjee Khan |
| Mr. Arshad Nasar | Ms. Farhana Mowjee Khan | Mr. Mohammad Rafiquddin Mehkari | Ms. Farhana Mowjee Khan | Mr. Humayun Bashir | Mr. Qumail R. Habib |
| Ms. Farhana Mowjee Khan | Mr. Murtaza H. Habib | Mr. Murtaza H. Habib | Mr. Mohammad Rafiquddin Mehkari | Mr. Mansoor Ali Khan | - |
| Syed Mazhar Abbas | Syed Mazhar Abbas | Mr. Qumail R. Habib | Mr. Qumail R. Habib | Mr. Qumail R. Habib | - |

During the year, eight meetings of the Audit Committee, and four meetings of Human Resource & Remuneration Committee, Credit Risk Management Committee, Risk Management Committee, IT Committee, and IFRS 9 Committee were held, and the attendance of members were as follows:

| Sr. No. | Name of Director | No. of Board Meetings Attended | Number of Board Committees Meetings Attended | | | | | |
|---------------------|---------------------------------|--------------------------------|--|---|----------------------------------|---------------------------|--------------|------------------|
| | | | Audit Committee | Human Resource & Remuneration Committee | Credit Risk Management Committee | Risk Management Committee | IT Committee | IFRS 9 Committee |
| 1 | Mr. Abbas D. Habib | 4 | - | 4 | - | - | 4 | - |
| 2 | Mr. Adnan Afridi | 4 | - | - | - | 4 | - | - |
| 3 | Mr. Anwar Haji Karim | 4 | 7 | - | - | 4 | - | - |
| 4 | Mr. Arshad Nasar | 4 | 8 | 4 | 4 | - | 4 | 4 |
| 5 | Ms. Farhana Mowjee Khan | 4 | 8 | 4 | - | 4 | - | 4 |
| 6 | Mr. Humayun Bashir* | 2 | - | - | - | - | 2 | - |
| 7 | Mr. Mohammad Rafiquddin Mehkari | 4 | 8 | - | 4 | 4 | - | - |
| 8 | Mr. Murtaza H. Habib | 4 | - | 4 | 4 | - | - | - |
| 9 | Mr. Qumail R. Habib | 4 | - | - | 4 | 3 | 3 | 3 |
| 10 | Syed Mazhar Abbas | 3 | 6 | 3 | 3 | - | - | - |
| 11 | Mr. Mansoor Ali Khan | 4 | - | - | - | - | 4 | - |
| 12 | Mr. Javed Iqbal** | 1 | - | - | - | - | 1 | - |
| Total Meetings Held | | 4 | 8 | 4 | 4 | 4 | 4 | 4 |

* Mr. Humayun Bashir attended all Board & Committees meetings after his appointment as Director.

** Mr. Javed Iqbal resigned in April 2024. He attended the Board and IT Committee meeting while he was member of the Board and Committee.



TORs of Audit Committee of the Board

The key functions in the TORs include the following:

- Recommend to the Board the appointment / re-appointment of external auditors, their removal, audit fees and provision by external auditors of any services to the Bank in addition to audit of its financial statements for Pakistan Operations and Overseas jurisdictions.
- Discuss with external auditors the major observations arising from interim and final audits and review management letter issued by them and management's response thereto;
- Review quarterly, half-yearly and annual financial statements of the Bank before their publication.
- Review of quarterly, half-yearly and annual financial statements of the Bank, focusing on:
 - Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards;
 - compliance with listing regulations and other statutory and regulatory requirements.
 - review of preliminary announcement of results prior to publication.
 - review of significant related party transactions.
- Appropriate measures to safeguard the Bank's assets.
- Review of implementation of Customer Risk Profile (CRP), Know Your Customers (eKYC), Anti Money Laundering (AML)/Combating Financing Terrorism (CFT), Terrorist Financing (TF), Proliferation Financing (PF), Trade Based Money Laundering (TBML), and sanctioned screening related measures.
- Approve the half-yearly audit planning schedule and the estimated timeframe for completion of various audits;
- Ensure that policies and procedures of the Bank are in line with prevailing banking laws and regulations of the State Bank of Pakistan and other relevant statutory requirement;
- Institute special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body.
- Recommend the development/ amendments in the Bank's Internal Control Systems and Internal Audit Policy, Audit Manual and Internal Audit Strategy to the Board of Directors for approval.
- Review and approve Internal Audit Charter and Internal Audit Risk Assessment Policy.
- Review of periodical reporting made by the Audit Division on significant findings pointed out during the testing of existing key controls relating to Internal Control over Financial Reporting. (ICFR).
- Review the significant audit findings presented by Audit Division in Internal Audit Reports of domestic & overseas operations (Branch Audits, Centralized Credit Audits, Management Audits, Information System Audit, Islamic Banking Branches Audits and Shariah Audits)
- Review the significant findings of Inspection Reports of State Bank of Pakistan, regulators of overseas branches and the status of compliance submitted by the Bank's Management.
- Ensure compliance of the corrective actions as required by Shariah Board on the reports of 'Internal Shariah Audit' and 'External Shariah Audit' as per Shariah Governance Framework for Islamic Banking Institutions.
- Review of quarterly Report of all Shariah Non-Compliance events/transactions.
- Review the reports on internal control system presented by Audit Division on quarterly basis as required under internal control guidelines issued by the State Bank of Pakistan.
- Review of six monthly compliance report on Bank's compliance status, in each jurisdiction, to host country's regulatory requirements and inspection reports etc. as required under SBP Governance Framework for Bank Overseas Operations.
- Review and approve the increments of internal auditors and recommend the performance appraisal and increment / promotion of Head of Internal Audit.
- Approve annual budget of Audit Division for expenditures and staff requirements.



- Coordination between the internal and external auditors of the Bank and review their findings to ensure that necessary steps for implementing their recommendations have been taken.
- Adequacy and effectiveness of internal control systems including financial and operational controls, accounting systems and reporting structure;
- Compliance with the best practices of Corporate Governance;
- Consideration of major findings of internal investigation of activities characterized by fraud, forgeries and misuse of powers and management responses.
- Review of matters relating to operational risk and operational loss event reports including implementation of Operational Risk Framework.
- Review of observations pointed out by the Audit Division during the annual review of BASEL design and implementation.
- Review of Zero Tolerance cases decided by the Disciplinary Action Committee.
- Review of summary of cases investigated by Fraud Investigation Unit (FIU) under Bank's Policy on Employees' Duty to Report (Whistle Blowing Policy).
- Review of summary of cases received and investigated by Fraud Investigation Unit (FIU) under Bank's Anti-Bribery & Corruption Policy.
- Review of the significant audit findings on the Bank's outsourced/insourced arrangements.
- Review of annual report of containing incidents of robbery and dacoity.
- Review of summary of long-outstanding issues / exceptions and the suggested future course of action.
- Consider any other issue or matter as may be assigned by the Board of Directors or required by regulatory authorities.

TORs of Human Resource & Remuneration Committee of the Board

The key functions in the TORs include the following:

- Review and recommend to the Board for approval of Human Resource Policy & Service Rules of the Bank.
- Recommend to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
- Recommend to the Board the selection, evaluation, compensation (including retirement benefits) of COO (if any), CFO, Company Secretary, and Head of Internal Audit.
- Consider and approve recommendations of CEO on above matters for key management positions who report directly to CEO or COO (if any).
- Review the manpower budget of the Bank, taking into consideration the expansion programme proposed by the Management.
- Review training activities and management development programmes for employees of the Bank.
- Review total staff strength with cadre and location-wise break-up of employees.
- Review on quarterly basis name-wise details of employees of Senior Chief Manager level and above who have joined on left service of the Bank during the period, along with reasons for their separation.
- Recommend the Remuneration Policy to the Board for approval, ensuring that the Remuneration Policy is fair and competitive, and encourages performance and motivation.
- Recommend to the Board the "structure" of compensation package of Executive Directors, Chief Executive, Key Executives, and other employees, as may be required by the Board.

TORs of Credit Risk Management Committee of the Board

The key functions in the TORs include the following:

- Review from time to time that the Management has put in place effective policies and information systems to identify and mitigate credit risk.
- Review that the Management follows appropriate procedures to recognize adverse trends in the credit portfolio of the Bank, identifies weaknesses in the loan portfolio, takes corrective/remedial actions and maintains an adequate level of provisions for potential loan losses in the light of the requirements of the Prudential Regulations.
- Review and recommend to the Board any changes in the Bank's policies related to credit.



- Review the quality of the Bank's credit portfolio on a quarterly basis through various comparisons / benchmarking, including but not limited to:
 - Industry Benchmarks / Positioning.
 - Diversification of advances by industry, business segment, etc.
 - Concentration of advances in private and public sectors.
 - Movement / changes in advances by region / industry / business segments.
 - Details of large limits approved / enhanced during the quarter, as per the threshold prescribed by the Committee.
 - Maturity profile of the loan portfolio.
 - Review of Non-Performing Loans (NPLs).
 - Review of Watch-List & NPL accounts, as per the threshold prescribed by the Committee.
 - Review / approval of any policy exceptions.
 - Review restructured / rescheduled accounts and written-off advances, as per the threshold prescribed by the Committee.
 - Review any adverse findings of Credit Risk Review Department (CRRD).
- Consider Write Off/Waiver of NPLs up to Rs. 50 million.
- Recommend cases for Write Off/Waiver, exceeding Rs. 50 million, to the Board of Directors for consideration and approval.

TORs of Risk Management Committee of the Board

The key functions in the TORs include the following:

- Review from time to time that the management has put in place effective policies and information systems to identify and mitigate the following risks:
 - Market Risk, which includes Interest Rate Risk, Foreign Exchange Risk, and Equity Price Risk;
 - Liquidity Risk.
- Review summary of risk reports relating to the following risks:
 - Credit Risk,
 - Operational Risk,Which are reviewed in detail by the Credit Risk Management Committee and the Audit Committee of the Board, respectively.
- Review and provide guidance regarding integrated risk management (also known as enterprise risk management), covering various significant risk exposures of the Bank.
- Review the Bank's capital adequacy ratio and establish a process for internal capital adequacy assessment process (ICAAP) using integrated risk management.
- Review and recommend to the Board any changes in the Bank's Treasury and Investment Policy, Market Risk Policy, Liquidity Risk Policy, Risk Management Policy, and ICAAP.
- Review the credit rating report of the Bank, issued by the credit rating agency.
- Review any changes in laws and regulations relating to Market Risk, Liquidity Risk and Capital Adequacy.
- Review changes in prevailing economic and market conditions.
- Review the financial data of other comparable banks.

TORs of IT Committee of the Board

The key functions in the TORs include the following:

- Review and recommend the Bank's IT and Digital strategies, relevant policies, frameworks and changes thereof, for the Board's approval.
- Review the role of IT as an enabler to provide competitive advantage and efficient services to customers.
- Review the level of expertise of IT personnel and assess their adequacy in number and skillset as well as continuous professional development.
- Review major IT related risks and ensure that IT Risk Management strategies are designed and implemented to address IT related risks including cyber-attacks and attacks on multiple critical infrastructure sectors in order to achieve resilience.



- Receive periodic updates from IT Steering Committee to monitor all IT related projects, particularly those which are approved by the Board.
- Ensure that IT related procurements are in line with the strategic directions provided by the Board.
- Review and recommend any IT related material outsourcing arrangement including obtaining IT experts' opinion.
- Constitute/reconstitute IT Steering Committee and approve its TORs and any revisions thereof.
- Review the MIS on incidents, logs, breaches and significant incidents on a regular basis.

TORs of IFRS 9 Committee of the Board

The key functions in the TORs include the following:

- Constitution of IFRS 9 Project Steering Committee of management to administer the Project;
- Review and approve Bank AL Habib Limited's transition plan for IFRS 9 implementation;
- Quarterly review of the progress made against the IFRS 9 implementation challenges (resolution plan)
- Ensure smooth implementation of IFRS 9 within the timelines stipulated by State Bank of Pakistan.
- Review of Expected Credit Loss (ECL) and ensure compliance of ECL policy.

Board's Oversight over Shariah Compliance Functions and Shariah Board (SB)

The Shariah Board members meet the Board of Directors on half yearly basis and give detailed briefings on the Shariah compliance environment, the issues/weaknesses (if any), and recommendations to improve Shariah compliance environment and to ensure timely and effective enforcement of the SB's decisions, Fatwas, observations and recommendations.

Further, every year, Shariah Board Report is also presented by the Shariah Board in the meeting of the Board of Directors of the Bank.

TORs of Shariah Board (SB) of the Bank

The key functions in the TORs include the following:

- The SB shall be empowered to consider, decide and supervise all Shariah related matters of Islamic Banking Division. All decisions, rulings, Fatwas of the SB shall be binding on Islamic Banking Division whereas SB shall be responsible and accountable for all its Shariah related decisions.
- The SB shall cause to develop a comprehensive Shariah compliance framework for all areas of operations of the Islamic Banking Division and shall approve all products/services to be offered and/or launched by the Islamic Banking Division.
- The SB shall review and approve all the Islamic Banking Division's 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 Shariah.
- 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 Bank's employees in the due discharge of its duties.
- Considering the importance of the SB decisions, rulings and Fatwas given by SB, it shall rigorously deliberate on the issue placed before it for consideration before giving any decision/ Fatwa. All such deliberations and rationale for allowing or disallowing a particular product or service shall be duly recorded and documented.
- All reports of internal Shariah audit, external Shariah audit, Shariah compliance reviews and SBP Shariah compliance inspection shall be submitted to the SB for consideration and prescribing appropriate enforcement action. The report of Internal Shariah shall be finalized by the Internal Shariah Audit Unit (ISAU) and the final report shall be submitted to SB for prescribing appropriate enforcement/corrective actions. The SB shall take up the unresolved issues with Management and shall include all significant outstanding issues in its annual report on the Shariah compliance environment of Islamic Banking Division.



- Moreover, the Head-Shariah Compliance Department and RSBM shall discuss both the significant and unresolved issues with SBP inspection team during their onsite inspection.
- The SB shall also specify the process/procedures for changing, modifying or revisiting Fatwas/ rulings/guidelines etc. already issued by SB.
- The SB shall not delegate any of its roles and responsibilities prescribed in Shariah Governance Framework (updated time to time) to any other person or any of its members.
- All the decisions and rulings of the SB of the Bank shall be in conformity with the directives, regulations, instructions and guidelines issued by SBP in accordance with the rulings of Shariah Advisory Committee of SBP.
- The SB shall, in addition to its meetings with the BOD, meet at least on quarterly basis and each member of SB shall attend at least two-thirds of the meetings during a calendar year. Further, in addition to the mandatory quarterly meeting, the Chairperson of SB may convene SB meetings as and when he deems it necessary.
- The quorum of the SB meetings, including that with BOD of the Bank, shall be at least two thirds of Shariah Board members.
- The SB decisions should preferably be made through consensus of the Shariah Board members; however, in case of difference of opinion, the decisions may be made by a majority vote of the Shariah Board members. In the event of equality of votes, the Chairman shall have a second or casting vote.
- All meetings shall be chaired by the Chairman of SB and in his absence one of the Shariah Board members, other than the RSBM, shall be elected as the acting Chairperson to preside over the meeting.
- The agenda of the SB meeting along with sufficient details and documents shall be sent to SB members well in advance enabling them to come prepared to the meeting; the specific timelines for submission of the agenda shall be set by the SB itself.
- The meetings of the SB shall be held by physical presence of the members. However, in appropriate circumstances to be determined by the Chairman of the SB, meetings(s) may be held through video conferencing subject to recording of proper minutes of the meeting.
- The SB shall ensure to cause that minutes of its meetings are properly recorded incorporating necessary details of all deliberations, decisions, rulings and Fatwas issued along with the rationale and difference of opinion or dissenting note, if any. Further, the minutes shall be signed by all the SB members who attended the meeting and a copy thereof be provided to each member of the SB.
- All SB approvals taken through circulation shall be placed for ratification of the SB at its next meeting. A resolution in writing signed by all SB members for the time being and shall be as valid and effective as if it had been ratified at a SB meeting.
- For implementation of the decisions of SB meeting prior to the confirmation of the minutes of the meeting, the approval/ confirmation of the relevant resolution / decision for the specific agenda must be obtained from SB through written consent duly signed by the SB members or through email by the SB members. However, the same shall be ratified in the subsequent meeting of SB.
- The approved / confirmed minutes of meetings of the SB shall be submitted to IBD-SBP within 15 days of its approval/confirmation for information and record. Further, the minutes shall be made available to the BOD, SBP inspection teams, internal auditors and external auditors on request, enabling them to appreciate and understand the rationale and background of the SB rulings, decisions and Fatawas.
- The SB shall, based on the findings and reports of internal Shariah audit and external Shariah audit and Shariah compliance review, prepare a report on Islamic Banking Division's Shariah compliance environment and conditions. The minimum requirements for the report shall be as per prescribed Annexure – B of Shariah Governance Framework. The report shall be signed by all the members of the SB. Further, the report shall also be placed before the BOD meeting for discussion and shall be published in English and Urdu translation in the Bank's annual report.
- The SB members shall maintain secrecy and confidentiality of IBI's non-public information and matters.



Shariah Board Meetings

During the year, four meetings of the Shariah Board were held and the attendance of each member was as follows:

| Name of Member | Meetings Held | Meetings Attended |
|--------------------------------------|---------------|-------------------|
| Mufti Ismatullah Hamdullah, Chairman | 4 | 4 |
| Mufti Mohib ul Haq, Member | 4 | 4 |
| Mufti Sher Ali, Resident Member | 4 | 4 |
| Mufti Muhammad Hamza, Member | 4 | 4 |

The Bank had engaged KPMG Taseer Hadi & Co. to assist in developing the draft of remuneration policy, keeping in view the culture and values of the Bank, and other related matters.

Additionally, performance evaluation of the Board is to be conducted by an external independent evaluator at least every three years. The Bank has appointed Pakistan Institute of Corporate Governance (PICG) for external independent evaluation of the full Board, Individual Directors, Board Committees, the Chairman, and the Chief Executive.

There is no conflict of interest between the experts hired by the Bank and any Board member or Key Executive.

Disclosure relating to the Remuneration Policy:

Key objectives of Remuneration Policy are to:

- Attract, retain, and develop competent employees.
- Identify senior Risk Takers and Controllers.
- Offer remuneration that is fair and competitive.
- Encourage behaviour and practices, consistent with the Bank's Strategy, Vision, Mission, Values, and Guiding Principles.
- Discourage material risk taking.
- Avoid any conflict of interest between the employee and the Bank.
- Establish a management structure to administer and oversee implementation of this Policy.

Bank AL Habib has low tolerance for risk and is averse to taking material risks, i.e., risks that can have a material adverse impact on its business and financial position. Therefore, the Bank does not have any defined Bonus Policy (in any form like cash, stocks, stock options, or other types of incentive pay) to incentivise achievement of performance targets, which may prompt material risk taking. Accordingly, a fundamental principle of the Bank is that employee remuneration is paid in the form of Fixed Remuneration. This has enabled the Bank to maintain sustainable growth and profitability over the years, with a low risk profile and low staff turnover.

There are management committees/senior employees who are authorized to approve risk exposures involving large amounts and deal with other institutionally important matters. They are designated as Senior Risk Takers, who are responsible not only for taking risks, but also for mitigating, monitoring, and controlling the risks taken by the Bank. The Bank encourages and emphasizes risk control, rather than risk taking, which means that control responsibilities take precedence for employees at all levels. Therefore, in case of Senior Risk Takers also, their control responsibilities are paramount and take precedence over their other responsibilities.



Risk Controllers are employees whose professional activities include review, identification, mitigation, and control of risks to which the Bank may be exposed, or providing assistance or assurance related to such activities. Risk control is the responsibility of all functional units of the Bank, including various functions at Principal Office who provide input to line functions on risk management and control, assist them in designing and implementing adequate controls, and independently monitor that the prescribed controls and limits are being complied with.

It is a key principle of employee appraisal that employees must not get penalized or suffer as a consequence of carrying out control activities for which they are institutionally responsible and duly authorized. Any deviation from this principle will be taken very seriously.

Key criteria for evaluation of performance are as follows:

- Compliance with applicable laws and regulations.
- Commitment to the Bank's Vision, Mission, and Values.
- Compliance with the Bank's risk and control policies, procedures, and limits.
- Behaviour with customers and colleagues.
- Knowledge and quality of work.
- New ideas and suggestions.
- Growth of business and profitability vs. business objectives (as applicable).
- Persistence and productivity.
- Job performance.
- Teamwork and People Development.

Fixed Remuneration is determined on the basis of role and responsibility of the individual, professional expertise and experience, job performance, and potential for growth. In addition, all employees of the Bank are required to carry out their duties with due care and in an ethical manner. They must act in accordance with the Bank's Strategy, Vision, Mission, Values, Guiding Principles, Code of Conduct, Policies and Procedures, within the authorities and limits delegated to them. This means that protection of the Bank's reputation, trustworthiness, and safety is of paramount importance and takes precedence over profit maximization.

Risk management policies, together with the Risk Tolerance Statement, authorities, and limits approved by the Board, provide the necessary guidance on risk taking activities of the Bank. Actions taken and decisions made by the employees are institutionally owned and protected by the Bank, as long as these are within the ambit of the prescribed policies and procedures and there is no evidence of self-dealing.

Governance of remuneration is accomplished through a formal structure which includes: Board of Directors; Human Resource & Remuneration Committee; Chief Executive; Human Resource Division; and Finance, Audit, Compliance, and Risk Management Divisions.



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

FOR THE YEAR ENDED DECEMBER 31, 2024

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

1. The total number of Directors are ten as per the following:
 - Male 09
 - Female 01

2. The composition of the Board is as follows:

| | |
|-----------------------------------|---|
| Independent Directors | Mr. Arshad Nasar Mr. Humayun Bashir Mr. Mohammad Rafiquddin Mehkari |
| Non - Executive Directors | Mr. Abbas D. Habib Mr. Adnan Afridi Mr. Anwar Haji Karim Mr. Murtaza H. Habib Syed Mazhar Abbas |
| Executive Director | Mr. Qumail R. Habib |
| Female Director - Non - Executive | Ms. Farhana Mowjee Khan |

The Bank has Ten (10) elected Directors. The Independent Directors' fraction of 0.33 is below half (0.50) and accordingly, the same has not been rounded up as one.

Mr. Mansoor Ali Khan is the Chief Executive of the Bank. Being the CEO of the Bank, he is deemed to be a Director.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the 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 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 these regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The Bank is compliant with the requirement of Directors' Training Program provided in these Regulations. Directors have either attended the required training in prior years or stand exempted, as per criteria mentioned in the Code.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.



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

| A. | Audit Committee | Position |
|-----------|---------------------------------|-----------------|
| 1 | Mr. Mohammad Rafiquddin Mehkari | Chairman |
| 2 | Mr. Anwar Haji Karim | Member |
| 3 | Mr. Arshad Nasar | Member |
| 4 | Ms. Farhana Mowjee Khan | Member |
| 5 | Syed Mazhar Abbas | Member |

| B. | Human Resource & Remuneration Committee | Position |
|-----------|--|-----------------|
| 1 | Mr. Arshad Nasar | Chairman |
| 2 | Mr. Abbas D. Habib | Member |
| 3 | Ms. Farhana Mowjee Khan | Member |
| 4 | Mr. Murtaza H. Habib | Member |
| 5 | Syed Mazhar Abbas | Member |

| C. | Credit Risk Management Committee | Position |
|-----------|---|-----------------|
| 1 | Syed Mazhar Abbas | Chairman |
| 2 | Mr. Arshad Nasar | Member |
| 3 | Mr. Mohammad Rafiquddin Mehkari | Member |
| 4 | Mr. Murtaza H. Habib | Member |
| 5 | Mr. Qumail R. Habib | Member |

| D. | Risk Management Committee | Position |
|-----------|----------------------------------|-----------------|
| 1 | Mr. Adnan Afridi | Chairman |
| 2 | Mr. Anwar Haji Karim | Member |
| 3 | Ms. Farhana Mowjee Khan | Member |
| 4 | Mr. Mohammad Rafiquddin Mehkari | Member |
| 5 | Mr. Qumail R. Habib | Member |

| E. | IT Committee | Position |
|-----------|----------------------|-----------------|
| 1 | Mr. Abbas D. Habib | Chairman |
| 2 | Mr. Arshad Nasar | Member |
| 3 | Mr. Humayun Bashir | Member |
| 4 | Mr. Mansoor Ali Khan | Member |
| 5 | Mr. Qumail R. Habib | Member |



| F. | IFRS 9 Committee | Position |
|-----------|-------------------------|-----------------|
| 1 | Mr. Arshad Nasar | Chairman |
| 2 | Ms. Farhana Mowjee Khan | Member |
| 3 | Mr. Qumail R. Habib | Member |

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 Board's Committees were as per following:

| Board's Committees | Frequency |
|---|---------------------------------|
| Audit Committee | Eight meetings held in the year |
| Human Resource & Remuneration Committee | Four meetings held in the year |
| Credit Risk Management Committee | Four meetings held in the year |
| Risk Management Committee | Four meetings held in the year |
| IT Committee | Four meetings held in the year |
| IFRS 9 Committee | Four meetings held in the year |

During the year, the Board has also constituted "Islamic Banking Conversion Committee". The 1st meeting of the aforesaid committee was held on January 27, 2025. Members of the committee are as follows;

1. Mr. Mohammad Rafiquddin Mehkari, Chairman
 2. Ms. Farhana Mowjee Khan
 3. Mr. Humayun Bashir
15. The Bank has an effective internal audit division that is manned by suitably qualified and experienced personnel. The audit team is conversant with the policies and procedures of the Bank.
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.

MANSOOR ALI KHAN
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: January 30, 2025



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Bank AL Habib Limited

Review Report on the 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 **Bank AL Habib Limited** ("the Bank") for the year ended 31 December 2024 in accordance with the requirements of Regulation No. 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 a 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, of its related party transactions. 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.

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 2024.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 5 February 2025

Karachi

UDIN: CR202410106Fq5vS21kZ



STATEMENT ON INTERNAL CONTROLS

The Management of the Bank is responsible for establishing the Internal Control System with the main objectives of ensuring effectiveness and efficiency of operations; reliability of financial reporting; safeguarding of assets; and compliance with applicable laws and regulations. The Internal Control System has evolved over the years, as it is an ongoing process and is included in the Bank's policies, procedures, financial limits, etc., as detailed in various manuals, circulars and instructions issued by the Bank. This system continues to be reviewed, refined and improved from time to time and immediate corrective action is taken to minimize risks which are inherent in banking business and operations.

The Internal Control System is reviewed by the Internal Auditors as well as External Auditors and their findings and recommendations are reported to the management and to the Audit Committee of the Board, and corrective action is taken to address control deficiencies and for improving procedures and systems as they are identified. The Board, acting through the Audit Committee, provides supervision and overall guidance in improving the effectiveness of the Internal Control System.

While the Internal Control System is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure and circumvention or overriding of controls. Accordingly, even an effective Internal Control System can only provide reasonable but not absolute assurance that the system's objectives will be achieved.

Internal Control over Financial Reporting (ICFR) aims to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the applicable financial reporting standards. During the year, Internal Auditors tested the Bank's ICFR and reported their findings to the management and the Audit Committee of the Board. While no material deficiencies were detected, indicating that ICFR is effectively implemented in the Bank, it may be reiterated that any control system can provide reasonable but not absolute assurance that its objectives will be achieved.

In accordance with the State Bank of Pakistan (SBP) directives, the Bank has completed all the stages of ICFR. Upon satisfactory completion of ICFR roadmap, the Bank has been granted exemption by SBP from the requirement of submission of Long Form Report by the External Auditors.

The Bank has endeavored to follow the guidelines issued by SBP on internal controls. Updation and review of ICFR exercise for the year 2024 as per SBP Guidelines on Internal Controls has been successfully completed. In accordance with SBP directives, the annual assessment report for the year 2024 is being prepared. Evaluation and management of significant risks is an on-going process and we will make further efforts to improve our Internal Control System during 2025.

ASHAR HUSAIN
Chief Financial Officer

ARIF SAEED KHAN
Head of Internal Audit

Karachi: January 30, 2025

BOARD OF DIRECTORS' REMARKS ON THE MANAGEMENT'S EVALUATION OF INTERNAL CONTROLS

Keeping in view the feedback received by the Board of Directors from the Audit Committee and the management, the Board of Directors endorse management's evaluation of Internal Controls, including Internal Control over Financial Reporting.

On behalf of the Board of Directors

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: January 30, 2025



INDEPENDENT AUDITORS' REPORT

To the members of Bank AL Habib Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Bank AL Habib Limited** (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 45 branches which have been audited by us and notes to the financial statements, including a summary of material accounting policies and other explanatory information 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 and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and 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 2024 and of the profit and other comprehensive income, the changes in equity and its cash flow 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.

Emphasis of Matter

We draw attention to Note 4.25 to the unconsolidated financial statements which indicates that the comparative information presented as at year ended and for year ended 31 December 2023 has been restated. Our opinion has not been modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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 | <p>Valuation of Advances: (Refer note 9 & 21 to the unconsolidated financial statements)</p> | |
| | <p>As at 31 December 2024, the Bank's Credit loss allowance against advances and off-balance sheet items amounting to Rs. 48,462 million and Rs. 4,742 million respectively.</p> <p>As per the BPRD Circular No. 07 of 2023, the Bank adopted IFRS 9 in accordance with the Application Instructions issued by State Bank of Pakistan (SBP) from 01 January 2024 which requires the Bank to recognize Expected Credit Losses (ECL) on advances including non-funded exposure. The estimation of ECL on advances including non-funded exposure, involves judgement and complexity.</p> <p>The key areas which are subject to management judgement in the estimation of ECL are:</p> <ul style="list-style-type: none"> • Model estimations – judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate. • Economic scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Management judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. • Qualitative criteria – the criteria selected to identify a SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios. <p>In line with the application instructions as issued by SBP for IFRS 9, the Bank must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by the SBP. The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Bank.</p> | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Performing risk assessment procedures over the credit loss allowance against advances and off-balance sheet exposure within the Bank's unconsolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumption. • Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR. • We involved in-house specialist who assisted in the following: <ul style="list-style-type: none"> - Evaluating the Bank's impairment methodologies for compliance with application instructions as issued by SBP for IFRS 9; - Assessing the reasonableness of the Bank's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the assumption, methodologies, and outputs of the models; - Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and - Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis. • Ensuring completeness of the key inputs into the ECL calculations with their respective sub-ledgers and general ledgers. • Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents. • Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario. • In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures: |



| S.No. | Key Audit Matter | How the matter was addressed in our audit |
|-------|---|---|
| | <p>Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL we considered the area of ECL provision as a key audit matter.</p> | <ul style="list-style-type: none"> - verifying repayments of advances/ mark-up installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue; - examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate; and - assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PRs by performing recalculation. • Assessing the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the relevant application instructions as issued by SBP for IFRS 9. • Assessing the appropriateness of ECL on advances categorized as Stage 3 by performing a comparison of ECL computed, through the use of methodology and models with the provision required to be computed as required under the PR to ensure that an amount which is higher of the ECL and PR requirements is appropriately recognized for these stage 3 advances pursuant to the requirement of application instructions as issued by SBP for IFRS 9. • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities. |

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

Management is responsible for the other information. The Other Information comprises the Annual Report of the Bank but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon.

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 information is materially inconsistent with the unconsolidated 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 the 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 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 Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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 level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank/branches 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 and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows 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 / branches and the transactions of the Bank / branches which have come to our notice have been within the powers of the Bank / branches; 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.
2. 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.

Other Matter relating to comparative information

The unconsolidated financial statements of the Bank as at and for the year ended 31 December 2023, excluding the adjustments described in Note 4.25 to the unconsolidated financial statements were audited by another auditor who expressed an unmodified opinion on those unconsolidated financial statements on 13 February 2024.

As part of our audit of the unconsolidated financial statements as at and for the year ended 31 December 2024, we audited the adjustments described in Note 4.25 that were applied to restate the comparative information presented as at and for the year ended 31 December 2023. We were not engaged to audit, review, or apply any procedures to the unconsolidated financial statements for the year ended 31 December 2023, other than with respect to the adjustments described in Note 4.25 to the unconsolidated financial statements.

Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole. However, in our opinion, the adjustments described in Note 4.25 are appropriate and have been properly applied.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 5 February 2025

Karachi

UDIN: AR202410106epSvidcnm



**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

| | Note | 2024 | (Restated) 2023 |
|---------------------------------------|------|----------------------|----------------------|
| | | (Rupees in '000) | |
| ASSETS | | | |
| Cash and balances with treasury banks | 5 | 201,532,248 | 141,815,998 |
| Balances with other banks | 6 | 5,836,908 | 6,580,672 |
| Lendings to financial institutions | 7 | 38,941,542 | 1,649,716 |
| Investments | 8 | 1,924,732,913 | 1,503,895,348 |
| Advances | 9 | 910,850,199 | 869,458,809 |
| Property and equipment | 10 | 75,939,019 | 67,602,830 |
| Right-of-use assets | 11 | 13,679,198 | 11,969,724 |
| Intangible assets | 12 | 129,154 | 124,462 |
| Deferred tax assets | 13 | 4,535,942 | 4,844,408 |
| Other assets | 14 | 143,858,082 | 136,130,442 |
| Total Assets | | 3,320,035,205 | 2,744,072,409 |
| LIABILITIES | | | |
| Bills payable | 16 | 52,263,043 | 48,083,103 |
| Borrowings | 17 | 667,043,213 | 477,438,034 |
| Deposits and other accounts | 18 | 2,278,956,911 | 1,934,036,510 |
| Lease liabilities | 19 | 16,848,698 | 14,441,482 |
| Subordinated debt | 20 | 25,988,400 | 29,985,200 |
| Deferred tax liabilities | | — | — |
| Other liabilities | 21 | 126,946,320 | 110,428,991 |
| Total Liabilities | | 3,168,046,585 | 2,614,413,320 |
| NET ASSETS | | 151,988,620 | 129,659,089 |
| REPRESENTED BY | | | |
| Share capital | 22 | 11,114,254 | 11,114,254 |
| Reserves | | 32,050,356 | 28,184,872 |
| Surplus on revaluation of assets | 23 | 21,604,223 | 17,764,334 |
| Unappropriated profit | | 87,219,787 | 72,595,629 |
| | | 151,988,620 | 129,659,089 |
| CONTINGENCIES AND COMMITMENTS | 24 | | |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024**

| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|--------------------|
| Mark-up / return / interest earned | 26 | 478,031,023 | 373,902,458 |
| Mark-up / return / interest expensed | 27 | (321,783,242) | (249,754,849) |
| Net mark-up / interest income | | 156,247,781 | 124,147,609 |
| NON MARK - UP / INTEREST INCOME | | | |
| Fee and commission income | 28 | 19,439,797 | 14,365,866 |
| Dividend income | | 867,949 | 1,552,135 |
| Foreign exchange income | | 3,911,135 | 6,841,341 |
| Income / (loss) from derivatives | | — | — |
| Gain on securities-net | 29 | 142,005 | 1,732 |
| Net gain / (loss) on derecognition of financial assets measured at amortised cost | | — | — |
| Other income | 30 | 1,123,347 | 466,183 |
| Total non mark-up / interest income | | 25,484,233 | 23,227,257 |
| Total income | | 181,732,014 | 147,374,866 |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 31 | (80,978,771) | (70,273,774) |
| Workers welfare fund | | (1,711,046) | (1,544,532) |
| Other charges | 32 | (310,073) | (228,401) |
| Total non mark-up / interest expenses | | (82,999,890) | (72,046,707) |
| Profit before credit loss allowance | | 98,732,124 | 75,328,159 |
| Credit loss allowance and write offs - net | 33 | (14,890,895) | (4,200,202) |
| Other income / expenses | | — | — |
| PROFIT BEFORE TAXATION | | 83,841,229 | 71,127,957 |
| Taxation | 34 | (43,979,042) | (35,808,582) |
| PROFIT AFTER TAXATION | | 39,862,187 | 35,319,375 |
| | | (Rupees) | |
| Basic and diluted earnings per share | 35 | 35.87 | 31.78 |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

| | 2024 | (Restated) 2023 |
|--|--------------------|--------------------|
| | (Rupees in '000) | |
| Profit after taxation for the year | 39,862,187 | 35,319,375 |
| Other comprehensive income | | |
| <i>Items that may be reclassified to profit and loss account in subsequent periods:</i> | | |
| Effect of translation of net investment in foreign branches | (120,735) | 261,520 |
| Movement in surplus on revaluation of debt investments through FVOCI - net of tax | 6,112,532 | - |
| Movement in surplus on revaluation of available for sale investments - net of tax | - | 6,757,597 |
| | 5,991,797 | 7,019,117 |
| <i>Items that will not be reclassified to profit and loss account in subsequent periods:</i> | | |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | 61,809 | (419,872) |
| Movement in surplus on revaluation of equity investments - net of tax | (426,546) | - |
| Movement in surplus on revaluation of property and equipment - net of tax | (614,568) | 10,265,854 |
| Movement in surplus on revaluation of non-banking assets - net of tax | (34,294) | 126,424 |
| | (1,013,599) | 9,972,406 |
| Total comprehensive income | 44,840,385 | 52,310,898 |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

| | Share Capital | Statutory Reserve | Foreign Currency Translation Reserve | Revenue Reserves | | Surplus / (deficit) on revaluation of | | | Unappropriated Profit | Total |
|--|-------------------|-------------------|--------------------------------------|------------------|-----------------|---------------------------------------|------------------------|--------------------|-----------------------|--------------------|
| | | | | Special Reserve | General Reserve | Investments | Property and Equipment | Non Banking Assets | | |
| (Rupees in '000) | | | | | | | | | | |
| Balance as at 01 January 2023 - (as previously reported) | 11,114,254 | 19,168,074 | 4,556,840 | 126,500 | 540,000 | (5,627,570) | 6,448,792 | 76,463 | 58,838,598 | 95,241,951 |
| Prior year adjustment | - | - | - | - | - | - | (110,950) | - | - | (110,950) |
| Balance as at 01 January 2023 - (as restated) | 11,114,254 | 19,168,074 | 4,556,840 | 126,500 | 540,000 | (5,627,570) | 6,337,842 | 76,463 | 58,838,598 | 95,131,001 |
| Profit after taxation | - | - | - | - | - | - | - | - | 35,319,375 | 35,319,375 |
| Other comprehensive income - net of tax | | | | | | | | | | |
| Effect of translation of net investment in foreign branches | - | - | 261,520 | - | - | - | - | - | - | 261,520 |
| Movement in surplus on revaluation of available for sale investments - net of tax | - | - | - | - | - | 6,757,597 | - | - | - | 6,757,597 |
| Remeasurement loss on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | (419,872) | (419,872) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | - | 10,265,854 | - | - | 10,265,854 |
| Movement in surplus on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | 126,424 | - | 126,424 |
| Total other comprehensive income - net of tax | - | - | 261,520 | - | - | 6,757,597 | 10,265,854 | 126,424 | (419,872) | 16,991,523 |
| Transfer to statutory reserve | - | 3,531,938 | - | - | - | - | - | - | (3,531,938) | - |
| Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax | - | - | - | - | - | - | (170,247) | (2,029) | 172,276 | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| Final cash dividend (Rs. 7.0 per share) - December 2022 | - | - | - | - | - | - | - | - | (7,779,978) | (7,779,978) |
| Interim cash dividend (Rs. 4.5 per share) - June 2023 | - | - | - | - | - | - | - | - | (5,001,416) | (5,001,416) |
| Interim cash dividend (Rs. 4.5 per share) - September 2023 | - | - | - | - | - | - | - | - | (5,001,416) | (5,001,416) |
| | - | - | - | - | - | - | - | - | (17,782,810) | (17,782,810) |
| Balance as at 31 December 2023 - (as restated) | 11,114,254 | 22,700,012 | 4,818,360 | 126,500 | 540,000 | 1,130,027 | 16,433,449 | 200,858 | 72,595,629 | 129,659,089 |



| | Share Capital | Statutory Reserve | Foreign Currency Translation Reserve | Revenue Reserves | | Surplus / (deficit) on revaluation of | | | Unappropriated Profit | Total |
|--|---------------|-------------------|--------------------------------------|------------------|-----------------|---------------------------------------|------------------------|--------------------|-----------------------|--------------|
| | | | | Special Reserve | General Reserve | Investments | Property and Equipment | Non Banking Assets | | |
| (Rupees in '000) | | | | | | | | | | |
| Balance as at 31 December 2023 - (as restated) | 11,114,254 | 22,700,012 | 4,818,360 | 126,500 | 540,000 | 1,130,027 | 16,433,449 | 200,858 | 72,595,629 | 129,659,089 |
| Effect of adoption of IFRS 9 (net of tax) | - | - | - | - | - | (1,773,407) | - | - | (3,510,353) | (5,283,760) |
| Profit after taxation | - | - | - | - | - | - | - | - | 39,862,187 | 39,862,187 |
| Other comprehensive income - net of tax | | | | | | | | | | |
| Effect of translation of net investment in foreign branches | - | - | (120,735) | - | - | - | - | - | - | (120,735) |
| Movement in surplus on revaluation of investments in debt instruments - net of tax | - | - | - | - | - | 6,112,532 | - | - | - | 6,112,532 |
| Movement in deficit on revaluation of investments in equity instruments - net of tax | - | - | - | - | - | (426,546) | - | - | - | (426,546) |
| Remeasurement gain on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | 61,809 | 61,809 |
| Movement in deficit on revaluation of property and equipment - net of tax | - | - | - | - | - | - | (614,568) | - | - | (614,568) |
| Movement in deficit on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | (34,294) | - | (34,294) |
| Total other comprehensive income - net of tax | - | - | (120,735) | - | - | 5,685,986 | (614,568) | (34,294) | 61,809 | 4,978,198 |
| Transfer to statutory reserve | - | 3,986,219 | - | - | - | - | - | - | (3,986,219) | - |
| Loss on sale of equity investments - FVOCI | - | - | - | - | - | 826,620 | - | - | (826,620) | - |
| Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax | - | - | - | - | - | - | (249,947) | (501) | 250,448 | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| Final cash dividend (Rs. 5.0 per share) - December 2023 | - | - | - | - | - | - | - | - | (5,557,127) | (5,557,127) |
| Interim cash dividend (Rs. 3.5 per share) - March 2024 | - | - | - | - | - | - | - | - | (3,889,989) | (3,889,989) |
| Interim cash dividend (Rs. 3.5 per share) - June 2024 | - | - | - | - | - | - | - | - | (3,889,989) | (3,889,989) |
| Interim cash dividend (Rs. 3.5 per share) - September 2024 | - | - | - | - | - | - | - | - | (3,889,989) | (3,889,989) |
| | - | - | - | - | - | - | - | - | (17,227,094) | (17,227,094) |
| Balance as at 31 December 2024 | 11,114,254 | 26,686,231 | 4,697,625 | 126,500 | 540,000 | 5,869,226 | 15,568,934 | 166,063 | 87,219,787 | 151,988,620 |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



**UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: dividend income

Adjustments:

Net mark-up / interest income
Depreciation
Depreciation on right-of-use assets
Amortisation
Workers welfare fund
Credit loss allowance and write-offs - net
Gain on sale of property and equipment - net
Gain on termination of leases and RoU - net
Unrealised gain measured at FVPL
Charge for compensated absences

(Increase) / decrease in operating assets

Lendings to financial institutions
Securities classified as FVPL
Advances
Other assets (excluding advance taxation)

Increase in operating liabilities

Bills payable
Borrowings from financial institutions
Deposits and other accounts
Other liabilities (excluding current taxation)

Interest received
Interest paid
Income tax paid
Net cash flow generated from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in amortised cost securities
Net investments in securities classified as FVOCI
Investments in subsidiaries
Dividends received
Investments in property and equipment
Investments in intangible assets
Proceeds from sale of property and equipment
Effect of translation of net investment in foreign branches
Net cash flow used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Payments of subordinated debt
Dividend paid
Payments of lease obligations against right-of-use assets
Net cash flow used in financing activities

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year

| Note | 2024 | 2023 |
|------|----------------------|---------------|
| | (Rupees in '000) | |
| | 83,841,229 | 71,127,957 |
| | (867,949) | (1,552,135) |
| | 82,973,280 | 69,575,822 |
| | (156,247,781) | (124,147,609) |
| | 5,616,180 | 4,565,138 |
| | 2,468,564 | 2,298,189 |
| | 163,532 | 260,254 |
| | 1,711,046 | 1,544,532 |
| | 14,890,895 | 4,200,202 |
| | (1,015,110) | (403,459) |
| | (91,282) | (49,884) |
| | (461,853) | - |
| | 243,693 | 399,896 |
| | (132,722,116) | (111,332,741) |
| | (49,748,836) | 41,756,919 |
| | (37,297,084) | 13,918,891 |
| | 3,152,554 | 93,718 |
| | (65,570,080) | (63,586,156) |
| | (17,914,135) | 8,108,708 |
| | (117,628,745) | 41,464,839 |
| | 4,179,940 | 3,227,266 |
| | 188,617,113 | 57,748,367 |
| | 344,920,401 | 365,898,455 |
| | 18,892,963 | 34,518 |
| | 556,610,417 | 426,908,606 |
| | 389,232,836 | 343,686,848 |
| | 492,194,218 | 332,875,024 |
| | (320,046,663) | (248,057,305) |
| | (56,679,638) | (33,768,250) |
| | 504,700,753 | 394,736,317 |
| | (25,197,373) | (184,284,570) |
| | (381,441,126) | (145,442,434) |
| | (3,000,000) | - |
| | 867,949 | 1,547,433 |
| | (13,919,220) | (7,984,869) |
| | (168,224) | (20,250) |
| | 1,050,205 | 447,573 |
| | (120,735) | 261,520 |
| | (421,928,524) | (335,475,597) |
| | (3,996,800) | (6,400) |
| | (17,009,566) | (17,493,572) |
| | (3,780,564) | (3,295,084) |
| | (24,786,930) | (20,795,056) |
| | 57,985,299 | 38,465,664 |
| 36 | 147,202,286 | 108,736,622 |
| 36 | 205,187,585 | 147,202,286 |

The annexed notes 1 to 49 and annexures I and II form an integral part of these unconsolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. STATUS AND NATURE OF BUSINESS

Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business at 2nd Floor, MacKinnon's Building, I.I Chundrigar Road, Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,207 branches (2023: 1,084 branches), 14 sub-branches (2023: 29 sub-branches), 04 representative offices (2023: 04 representative offices) and 12 booths (2023: 09 booths). The branch network of the Bank includes 02 overseas branches (2023: 02 overseas branches) and 276 Islamic Banking branches (2023: 201 Islamic Banking branches).

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these unconsolidated financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.

2.2 Key financial information of the Islamic Banking branches is disclosed in Annexure II to these unconsolidated financial statements.

2.3 These financial statements are presented in Pak Rupees which is the Bank's functional and presentation currency and represent separate financial statements of the Bank in which investments in subsidiaries and associates are stated at cost less provision for impairment, if any and are not consolidated or accounted for by using equity method of accounting.

2.4 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated financial statements continue to be prepared on the going concern basis.

2.5 Statement of compliance

2.5.1 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;
- IFAS issued by 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).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by SBP and 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.

2.5.2 The disclosures made in these unconsolidated financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 02 dated 09 February 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated 01 July 2024 and accounting and financial reporting standards as applicable in Pakistan.



- 2.5.3** SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Also, SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.
- 2.5.4** The disclosures requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual and quarterly financial statements have been based on a format prescribed by SBP vide BPRD Circular Letter No. 02 dated 09 February 2023.
- 2.5.5** IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.
- 2.5.6** These unconsolidated financial statements of the Bank are prepared using generally consistent accounting policies. However, as per SBP IFRS 9 application instructions, overseas branches comply with the local regulations enforced within their respective jurisdictions under IFRS 9.
- 2.5.7** As per BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, unlisted equity securities are currently carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from 01 January 2025, as per the requirement of IFRS 9, these will be measured at fair value under IFRS 13.
- 2.5.8** The Bank received an extension from SBP up to 31 December 2025 for application of EIR in general for all financial assets and liabilities (excluding staff loans / subsidized loans), however as financial assets other than advances and financial liabilities were already effectively carried at EIR before the implementation of IFRS 9 hence said extension has only been applied on advances (excluding staff loans / subsidized loans i.e. Temporary Economic Refinance Facility). Therefore, advances are now carried at cost, excluding staff loans, TERF and advances pertaining to overseas operations, which are carried at amortized cost, net of expected credit loss allowances.

Further, SBP through BPRD Circular Letter No. 01 of 2025 dated 22 January 2025 has clarified the followings:

- Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.
 - The treatment of charity should be in line with the existing practices as defined in SBP instructions issued via IBD Circular No. 02 of 2008 and should not be recognized as income.
- 2.5.9** All Islamic products are governed by the product manual approved by the Shariah Board of the Bank. The related accounting and revenue recognition policies are outlined in notes 4.5.3, 4.16.2 and 4.16.3 of these unconsolidated financial statements, respectively. However, in case of Ijarah and Murhaba, the Bank has also complied with the requirements of IFAS 1 and IFAS 2. Other than the products disclosed in the aforementioned notes, all remaining Islamic products are accounted for under IFRS 9.
- 2.5.10 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year**

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated 13 April 2023, IFRS 9, (Financial Instruments) is effective in Pakistan for period beginning on or after 01 January 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No. 02 dated 09 February 2023, has also amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 4.1 to these unconsolidated financial statements.

Except for the above, there are certain other interpretations and amendments that are mandatory for the Bank's accounting periods beginning 01 January 2024. However, these are not considered to be relevant or do not have any significant effect on the Bank's operations and therefore have not been detailed in these unconsolidated financial statements.



2.5.11 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

| Standards and amendments | Effective date (accounting periods beginning on or after) |
|---|--|
| - IAS 21 - Lack of exchangeability – (Amendments) | 01 January 2025 |
| - IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments) | Not yet announced |
| Standard | IASB effective date (accounting periods beginning on or after) |
| - IFRS 1 – First-time Adoption of International Financial Reporting Standards | January 01, 2004 |

2.5.12 Critical accounting estimates, judgments and assumptions

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets, liabilities, income, and expenses. The areas where various assumptions and estimates are significant to the Bank's unconsolidated financial statements or where judgement was exercised in the application of accounting policies are as follows:

| | Note |
|---|------------------------------|
| - Valuation and impairment of financial instruments | 4.1.2.10, 9, 46.1.7 & 46.1.8 |
| - Classification of investment in associates | 4.4 |
| - Valuation and depreciation of property and equipment | 4.6 & 10 |
| - Valuation and depreciation of right-of-use assets and related lease liabilities | 4.7, 11 & 19 |
| - Valuation of non-banking assets acquired in satisfaction of claims | 4.8 & 14 |
| - Valuation of defined benefit plan | 4.11 & 38 |
| - Valuation of compensated absences | 4.11 & 21 |
| - Taxation | 4.17 & 13 |
| - Fair value of derivatives | 4.13 & 25 |

Revisions to accounting estimates are recognized 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.

3. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value. Lands and buildings classified under property and equipment and non-banking assets acquired in satisfaction of claims are carried at revalued amount. Employee benefits and lease liability against right-of-use assets are carried at present value.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those followed in the preparation of the unconsolidated financial statements for the year ended 31 December 2023, except as disclosed in note 4.1 below.

4.1 Changes in accounting policies

4.1.1 Revised format of unconsolidated financial statements

SBP through its BPRD Circular No. 02 dated 09 February 2023, has amended the format of annual financial statements of banks. All banks are required to prepare their annual financial statements on the revised format effective from accounting year starting from 01 January 2024. Accordingly, the Bank has prepared



these unconsolidated financial statements on the new format prescribed by SBP. The adoption of the new format contains additional disclosures and certain changes in the financial statements' presentation, primarily due to the implementation of IFRS 9 as applicable in Pakistan. However, the corresponding figures continue to be classified and disclosed in accordance with the previous financial accounting and reporting framework.

Adoption of revised financial statements format has also resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use-assets (note 11) amounting to Rs. 13,679.198 million (2023: Rs. 11,969.724 million) which were previously shown as part of property and equipment are now shown separately on the unconsolidated statement of financial position.
- Lease liabilities (note 19) amounting to Rs. 16,848.698 million (2023: Rs. 14,441.482 million) which were previously shown as part of other liabilities are now shown separately on the unconsolidated statement of financial position.

4.1.2 IFRS 9 - 'Financial Instruments'

During the year, as directed by SBP vide its BPRD Circular No. 07 of 2023 dated 13 April 2023, IFRS 9 'Financial Instruments' (the Standard) became applicable to the Bank.

BPRD Circular No. 03 of 2022 dated 05 July 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

The Standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The Standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from 01 January 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 01 January 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from 01 October 2024, and have been applied retrospectively from 01 January 2024. SBP through its BPRD Circular Letter No. 01 of 2025 dated 22 January 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after 01 January 2020.



4.1.2.1 Impact on the unconsolidated statement of financial position

The effect of this change in accounting policy is as follows:

| Note | Carrying amount as on 31 December 2023 | Remeasurement under IFRS 9 | Adjustments / Reversals of provision held | Expected Credit Loss (ECL) - Charge | Gross impact | Tax impact | Net impact | Balance as on 01 January 2024 | Measurement Category Before IFRS 9 | After IFRS 9 |
|------------------|--|----------------------------|---|-------------------------------------|---------------------|---------------------|------------------|-------------------------------|------------------------------------|---------------------------|
| (Rupees in '000) | | | | | | | | | | |
| ASSETS | | | | | | | | | | |
| | Cash and balance with treasury banks | 141,815,998 | - | - | - | - | - | 141,815,998 | Loans and receivables | Amortised cost |
| | Balances with other banks | 6,580,672 | - | - | (3,544) | (3,544) | (3,544) | 6,577,128 | Loans and receivables | Amortised cost |
| | Lendings to financial institutions | 1,649,716 | - | - | (223) | (223) | (223) | 1,649,493 | Loans and receivables | Amortised cost |
| | Investments | | | | | | | | | |
| | Available for sale | | | | | | | | | |
| | Federal government securities | 1,108,519,495 | (5,769,121) | - | - | (5,769,121) | (5,769,121) | 1,102,750,374 | Available for sale | FVOCI |
| | Naya Pakistan certificates | - | 5,769,121 | - | - | 5,769,121 | 5,769,121 | 5,769,121 | Available for sale | FVPL |
| | Non government debt securities | 9,176,783 | - | - | (1,146) | (1,146) | (1,146) | 9,175,637 | Available for sale | FVOCI |
| | Foregin securities | 5,886,195 | - | - | - | - | - | 5,886,195 | Available for sale | FVOCI |
| | Shares | 4,186,436 | (1,937,847) | 1,937,847 | - | - | - | 4,186,436 | Available for sale | FVOCI - without recycling |
| | Unites of mutual funds | 4,264,072 | (1,539,422) | 1,539,422 | - | - | - | 4,264,072 | Available for sale | FVPL |
| | Held to maturity | | | | | | | | | |
| | Federal government securities | 365,219,019 | - | - | - | - | - | 365,219,019 | Held to maturity | Amortised cost |
| | Foreign securities | 1,145,445 | - | - | - | - | - | 1,145,445 | Held to maturity | Amortised cost |
| | Associates | 4,614,653 | - | - | - | - | - | 4,614,653 | Outside the scope of IFRS 9 | |
| | Subsidiaries | 883,250 | - | - | - | - | - | 883,250 | Outside the scope of IFRS 9 | |
| | Advances | | | | | | | | | |
| | Temporary Export Refinance Facility (TERF) | | | | | | | | | |
| | Staff loans and oversea operations | 54,066,163 | - | (8,743,730) | (746,815) | (9,490,545) | (9,490,545) | 44,575,618 | Loans and receivables | Amortised cost |
| | Advances other than TERF staff loans and overseas operations | 815,392,646 | 8,664,544 | - | (15,770,440) | (7,105,896) | (7,105,896) | 808,286,750 | Loans and receivables | At cost |
| | Property and equipment | 67,602,830 | - | - | - | - | - | 67,602,830 | Outside the scope of IFRS 9 | |
| | Right-of-use assets | 11,969,724 | - | - | - | - | - | 11,969,724 | Outside the scope of IFRS 9 | |
| | Intangible assets | 124,462 | - | - | - | - | - | 124,462 | Outside the scope of IFRS 9 | |
| | Deferred tax assets | 4,844,408 | - | - | - | - | 8,130,890 | 12,975,298 | Outside the scope of IFRS 9 | |
| | Other assets | | | | | | | | | |
| | Financial assets | | | | | | | | | |
| | Mark to market gain on forward foreign exchange contracts | 2,322,982 | - | - | - | - | - | 2,322,982 | Fair value | FVPL |
| | Others | 125,157,085 | - | - | (464,364) | (464,364) | (464,364) | 124,692,721 | Loans and receivables | Amortised cost |
| | Non financial assets | 8,650,375 | - | - | - | - | - | 8,650,375 | Outside the scope of IFRS 9 | |
| | | 2,744,072,409 | 5,187,275 | (5,266,461) | (16,986,532) | (10,510,649) | 8,130,890 | (8,934,828) | 2,741,692,650 | |



| Note | Carrying amount as on 31 December 2023 | Remeasurment under IFRS 9 | Adjustments / Reversals of provision held | Expected Credit Loss (ECL) Charge | Gross impact | Tax impact | Net impact | Balance as on 01 January 2024 | Measurement Category Before IFRS 9 | After IFRS 9 |
|-----------------------|--|---------------------------|---|-----------------------------------|---------------------|------------------|--------------------|-------------------------------|------------------------------------|----------------|
| (Rupees in '000) | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | |
| | 48,083,103 | - | - | - | - | - | - | 48,083,103 | Historical cost | Amortised cost |
| | 477,438,034 | - | (6,555,069) | - | (6,555,069) | - | (6,555,069) | 470,882,965 | Historical cost | Amortised cost |
| | 1,934,036,510 | - | - | - | - | - | - | 1,934,036,510 | Historical cost | Amortised cost |
| | 14,441,482 | - | - | - | - | - | - | 14,441,482 | Outside the scope of IFRS 9 | |
| | 29,985,200 | - | - | - | - | - | - | 29,985,200 | Historical cost | Amortised cost |
| | - | - | - | - | - | - | - | - | Outside the scope of IFRS 9 | |
| Other liabilities | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | |
| | 2,504,312 | - | - | - | - | - | - | 2,504,312 | Fair value | FVPL |
| 4.1.2.1.7 | 85,093,191 | - | - | 2,904,001 | 2,904,001 | - | 2,904,001 | 87,997,192 | Historical cost | Amortised cost |
| | 22,831,488 | - | - | - | - | - | - | 22,831,488 | Outside the scope of IFRS 9 | |
| | 2,614,413,320 | - | (6,555,069) | 2,904,001 | (3,651,068) | - | (3,651,068) | 2,610,762,252 | | |
| NET ASSETS | | | | | | | | | | |
| | 129,659,089 | 5,187,275 | 1,288,608 | (19,890,533) | (13,414,650) | 8,130,890 | (5,283,760) | 124,375,329 | | |
| REPRESENTED BY | | | | | | | | | | |
| | 11,114,254 | - | - | - | - | - | - | 11,114,254 | Outside the scope of IFRS 9 | |
| | 28,184,872 | - | - | - | - | - | - | 28,184,872 | Outside the scope of IFRS 9 | |
| | 17,764,334 | (3,477,269) | - | - | (3,477,269) | 1,703,862 | (1,773,407) | 15,990,927 | Outside the scope of IFRS 9 | |
| | 72,595,629 | 8,664,544 | 1,288,608 | (19,890,533) | (9,937,381) | 6,427,028 | (3,510,353) | 69,085,276 | Outside the scope of IFRS 9 | |
| | 129,659,089 | 5,187,275 | 1,288,608 | (19,890,533) | (13,414,650) | 8,130,890 | (5,283,760) | 124,375,329 | | |



4.1.2.1.1 As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework, details are mentioned in note 4.1.2.10 to these unconsolidated financial statements.

4.1.2.1.2 Certain debt securities are held by the Bank in separate portfolios to meet everyday liquidity needs. The Bank seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

4.1.2.1.3 These financial assets are held by overseas branches. As per paragraph 1.2 of the Application Instruction, in relation to overseas branches, IFRS 9 will be applicable based on their respective host country's regulatory accounting practices. Since IFRS 9 was already applicable to overseas branches as at 01 January 2024, there is no impact of IFRS 9 adoption on these financial assets.

4.1.2.1.4 The Bank previously classified certain equity investments as Available-for-Sale (AFS). Upon implementing IFRS 9, the Bank designated these equity investments as strategic and made an irrevocable election to classify them at FVOCI.

4.1.2.1.5 This includes puttable instrument that can be put back at any time for cash equal to a proportionate share of the net asset value of an entity. These assets are therefore mandatorily classified at FVPL under IFRS 9.

4.1.2.1.6 Certain debt securities are held by the Bank in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. These assets are classified as measured at amortised cost under IFRS 9.

4.1.2.1.7 This includes expected credit loss against off-balance sheet items.

4.1.2.2 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the Application Instructions issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for Stage 1 and Stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e., added back) to CET1 capital over the "transition period" of five years.

Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024.

Had IFRS 9 not been applied then CAR would have been higher by 7 bps from 17.90 % to 17.97%.



4.1.2.3 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit and loss (FVPL) regardless of the business model in which they are held.

Recognition and initial measurement

Debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price. The fair value of a financial asset on initial recognition is generally its transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in unconsolidated statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Advances other than staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

Staff loans and Temporary Economic Refinance Facility (TERF) loans and advances pertaining to overseas operations are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. The difference between the disbursed amount and the fair value at initial recognition is recorded as a prepayment.

Classification

Financial assets

On initial recognition, a financial asset other than advances except for staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is classified as measured at: amortised cost, FVOCI or FVPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortized cost.

Financial liabilities

Financial liabilities are either classified as fair value through profit and loss account (FVPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVPL are measured at fair value and all the fair value changes are recognized in unconsolidated statement of profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in unconsolidated statement of profit and loss account. Any gain or loss on derecognition is also recognised in unconsolidated statement of profit and loss account.



4.1.2.4 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, business manager's compensation and historical sales information.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

4.1.2.5 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

4.1.2.6 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVPL These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in unconsolidated statement of profit and loss account.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, Temporary Economic Refinance Facility (TERF), staff loans, and advances pertaining to overseas operations and other financial assets. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in unconsolidated statement of profit and loss account.



| | |
|------------------------------------|--|
| Debt investments at FVOCI | These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit and loss account. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in unconsolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account. |
| Advances at cost | Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortized cost, net of expected credit loss allowances. |

4.1.2.7 Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount for investments and lendings to financial institution. For financial assets, adjusted for any expected credit loss allowance or impairment allowance before 01 January 2024.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

4.1.2.8 Calculation of markup income and expense

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans and TERF are recognized in unconsolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified domestic advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

In case of overseas operations, income on the financial assets is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Bank operates.

Markup expense on domestic financial liabilities (comprising deposits, subordinated debts, and borrowings) is recognized on an accrual basis in the period in which it is incurred, based on effective interest rate method. In case of overseas operations, such expense is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Bank operates.



4.1.2.9 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - i) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - ii) the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the unconsolidated statement of profit and loss account, except that in case of the derecognition of equity securities held at FVOCI, cumulative gains or losses are transferred to unappropriated profit.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

4.1.2.10 Impairment

The impairment requirements apply to financial assets measured at amortized cost, and FVOCI (other than equity instruments), advances at cost and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Non-Performing financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost, at cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;



- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under SBP's IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on its non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

The Bank calculates the ECL against corporate, commercial & SME loan portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Bank calculates the ECL at higher of PR and ECL under IFRS 9 at segment / product basis as instructed under Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024.

Based on the requirements of IFRS 9 Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The Bank has used Transition Matrix approach for estimation of PD for each internal rating. The Bank has used roll-rate method using the days past due (DPD) criteria to estimated PD for its retail portfolio. PD are then adjusted with forward looking information for calculation of ECL
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost and carried at cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate or contractual interest rate for advances other than staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations for which effective interest rate is used. Further, cash and cash equivalent collaterals that the Bank holds against the non-retail facilities are adjusted from the LGD.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Presentation of allowance for Expected Credit Loss in the Unconsolidated Statement of Financial Position

Loss allowances for ECL are presented in the unconsolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.
- where a financial instrument includes both a drawn and an undrawn component, and the Bank does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and



- debt instruments measured at FVOCI: no loss allowance is recognized in the unconsolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in OCI.

4.1.2.11 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or markup payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

4.1.2.12 Undrawn loan commitments and guarantees:

Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

4.1.2.13 Governance, ownership and responsibilities

The Bank has set up a robust governance framework requiring Risk Management, Finance, Business, Credit Risk, Internal Audit and IT functions to ensure compliance with IFRS 9 requirements.

The Bank's Credit Division performs credit risk assessment, monitors Significant Increase in Credit Risk of the borrowers, reviews Credit Ratings and obligor attributes.

The IT Division extracts the data required for ECL calculations. IT Division also provide support for system development and upgrades.

The Bank's Finance Division takes ownership of ECL models and methodologies used in calculation of ECL. Finance Division assess the financial impact, meet the financial reporting requirements and presents quarterly results to Board of Directors (BOD) / its Board Sub Committee.

The Risk Management Division calculates impact of ECL on bank's capital adequacy, leverage ratio and Liquidity requirements.

As per the Bank's policy, the Bank's Internal Audit function carries out ECL model validation, reviews IFRS 9 methodology and impact calculated by Finance Division.



4.2 Cash and cash equivalents

Cash and cash equivalents as referred to in the unconsolidated cash flow statement comprise cash and non restricted balances with treasury and other banks less overdrawn nostros accounts. Restricted balances not available for use if any, are excluded from cash and cash equivalents.

4.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings and borrowings at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the unconsolidated statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement. These are initially recognised at amount of funds received and subsequently reported as payable under the contractual terms.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resale at a specified future date (reverse repos) are not recognised as investments in the unconsolidated statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement. These are initially recognised at amount of funds disbursed and subsequently reported as receivable under the contractual terms.

Other borrowings

Other borrowings include borrowings from the State Bank of Pakistan and unsecured call borrowings which are recorded at the amount equivalent to proceeds received. Markup is charged on such borrowings to the unconsolidated statement of profit and loss account over the period of borrowing using effective interest rate method.

4.4 Investments

Subsidiaries

Subsidiary is an entity over which the Bank has control. Investments in subsidiary is carried at cost less accumulated impairment losses, if any. The carrying amount of investments in subsidiaries is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated at higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in unconsolidated statement of profit and loss account.

Associates

Certain mutual funds are managed by AL Habib Asset Management Limited (AHAML), the subsidiary company of the Bank. As stipulated under Regulation 38 of Non-Banking Finance Regulation, 2008, the Asset Management Company (AMC) is entrusted with fiduciary duties towards the unit holders of the funds. This fiduciary obligation requires AMC to act in the best interests of its unit holders, refraining from exploiting opportunities for its own benefit or that of its related parties, group companies, or employees, to the detriment of the unit holders. Therefore, the Bank has significant influence over such mutual funds due to participation in the investee's policy-making processes via the AHAML and investment in such mutual funds is considered as investment in associates.

These are not considered subsidiary due to the legal trust structure of the entity, the Bank does not have the ability to affect returns through its power over the investee. Further, under this trust structure, the trusteeship is separate from the management, and the independent trustees play a key role in overseeing the activities of the AMC. The Bank has significant influence over mutual funds where it has holding percentage of less than 20% due to power to participate in the investee's policy-making processes via the AHAML and investment in such mutual funds is considered as investment in associates.

4.5 Advances

4.5.1 Loans and advances

These are stated at cost less expected credit loss allowances except for staff loans, Temporary Economic Refinance Facility (TERF), and advances pertaining to overseas operations which are stated at amortized cost less credit loss allowances.



4.5.2 Receivables against lease finance where Bank is a lessor (other than Ijarah)

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payments including any guaranteed residual value.

4.5.3 Islamic Financing and Related Assets

Ijarah finance

Ijarah assets are stated at cost less depreciation and impairment, if any, and are disclosed as part of 'Islamic financing and related assets'. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

Murabaha

Funds disbursed under murabaha arrangements for purchase of goods are recorded as advance for murabaha. On culmination of murabaha i.e. sale of goods to customers, murabaha receivables are recorded at the sale price net of deferred income. Goods purchased but remaining unsold at the reporting date are recorded as inventories.

Inventory

The Bank values its inventories at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale. Inventory against each contract is maintained on specific identification method.

Istisna

In Istisna financing, the Bank places an order to purchase the goods which needs to be manufactured against a fixed price (istisna price). Istisna price may be paid in advance, in installment or at the time of delivery of goods. Once the goods are delivered within the agreed time, the goods are sold by the customer on behalf of the Bank and the amount hence financed along with profit amount realized net of agency fee and incentives is paid to the Bank.

Diminishing Musharaka

In Diminishing Musharaka financing, the Bank enters into 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 periodic rental payment agreement for the utilisation of the Bank's Musharaka share by the customer. The customer purchases the Bank's share gradually as per his undertaking.

Running Musharaka

In Running Musharaka financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah 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.

Musawama

Under this product, the Bank purchases identified goods from client at an agreed purchase price. Once the goods are delivered, the goods are sold by the customer on behalf of the Bank and the amount hence financed along with profit amount realized net of agency fee and incentives is paid to the Bank.

4.6 Property, equipment and depreciation

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.



Property and equipment - owned

Property and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on property and equipment (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to these unconsolidated financial statements after taking into account residual value. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. In case of buildings relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated on or its disposal. Valuation techniques and input used are disclosed in note 41 of these unconsolidated financial statements.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of property and equipment, if any, are taken to the unconsolidated statement of profit and loss account in the period in which these arise except that the related surplus on revaluation of property and equipment (net of deferred taxation).

4.7 Leases

Bank as a lessee

The Bank enters into lease arrangements principally in respect of office space for its operations. The Bank assesses at contract inception whether a contract is, or contains, a lease.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 11 of these unconsolidated financial statements.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments not paid at the time of commencement of lease. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification. The interest expense is recorded in unconsolidated statement of profit and loss account using effective interest rate method.



4.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment losses, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. As per SBP's requirement desktop valuation is carried out on annual basis and full-scope valuation after every three years by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the 'surplus on revaluation of Non-banking assets acquired in satisfaction of claims' account and any deficit arising on revaluation is taken to unconsolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to unconsolidated statement of profit and loss account and not capitalised. The policy for depreciation is stated in note 4.6 of these unconsolidated financial statements.

4.9 Borrowings / deposits

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

Deposits mobilized under Islamic Banking operations are generated under two modes i.e. "Qard" and "Modaraba". Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Modaraba basis are classified as 'Saving deposits'.

4.10 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received and subsequently reported at outstanding amounts as a financial liability. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the unconsolidated statement of profit and loss account over the period on an accrual basis.

4.11 Employees' benefits

Defined benefit plan

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The Bank's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur and are not reclassified to unconsolidated statement of profit and loss in subsequent periods. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases as disclosed in note 38 to these unconsolidated financial statements. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. Equal monthly contributions are made both by the Bank and its employees to the fund at the rate of 10% of the basic salary in accordance with the terms of the scheme.

Compensated absences

The Bank accounts for all accumulating compensated absences when employees render services that increases their entitlement to future compensated absences. The liability is determined based on actuarial valuation carried out using the Projected Unit Credit Method.

4.12 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when obligation is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the unconsolidated statement of profit and loss account of the current period.



4.13 Derivative financial instruments

Derivative instruments comprise of forward foreign exchange contracts and currency swaps, hereinafter referred as "contracts". These contracts are initially recognised at their fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. All contracts are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of contract is taken to the unconsolidated profit and loss account. The input and the valuation techniques used for valuation of contracts is stated in note 41 of these unconsolidated financial statements.

4.14 Off - balance sheet obligations

The Bank in the ordinary course of business, issues letters of credit, guarantees, bid bonds, performance bonds etc. The commission against such contracts is recognised in the unconsolidated statement of profit and loss account under "fee and commission income" over the period of contracts. The Bank's liability under such contracts is measured at the higher of the amount representing unearned commission income at the reporting date and the best estimate of the amount expected to settle any financial obligation arising under such contracts. Provisions, against if any, are measured as per IAS 37 other than those disclosed in note 4.1.2.10 to these unconsolidated financial statements.

4.15 Foreign currency transactions and translation

Transactions in foreign currencies are translated into the respective functional currency of the Bank at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are recognised in unconsolidated statement of profit and loss account.

Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date.

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Foreign Currency Translation Reserve in the unconsolidated statement of comprehensive income.

4.16 Revenue recognition

4.16.1 (a) Mark-up / return / interest on advances - other than Islamic financing which is disclosed in Note 4.16.2 and 4.16.3 and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark-up is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP.

(b) Dividend income is recognised when the right to receive is established.

(c) The Bank earns fee and commission income from a banking service to retail and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer the includes, card-related fees (e.g., debit and credit card transaction fees), trade commission (e.g., fees on letters of credit, guarantees, and trade finance transactions), cash management commission (e.g., transaction processing fees for cash handling and payments), investment banking fees (e.g., advisory fees for mergers, acquisitions, and underwriting), consumer finance-related fees (e.g., loan processing and disbursement fees), commission on home remittances (e.g., fees on inward or outward remittances), other transaction-based banking service fees (e.g., ATM withdrawal fees, funds transfer charges).

Revenue from account service and servicing fees is recognised over time as the services are provided. Unearned fee and commission are included under other liabilities, this includes, account maintenance fees, annual credit/debit card service fees, loan servicing fees, other recurring banking service charges.

The fees pertaining to banking service to retail and corporate customer are based on schedule of charges reviewed semiannually by the Bank.



4.16.2 Revenue recognition under IFAS 2

- (a) The rentals from ijarah are recognised as income over the term of the contract net of depreciation expense relating to the ijarah assets.

4.16.3 Revenue recognition under product manual as approved by Shariah Board of the Bank

- (a) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.
- (b) Income from istisna and musawama is recognised on time proportionate basis commencing from the time of sale of goods till the realisation of sale proceeds.
- (c) Income from diminishing musharaka is recognised on time proportionate basis over the term of contract.
- (d) Income from running musharaka financing is recognised on time proportionate basis and is subject to adjustment upon declaration of profit by musharaka partners.

4.16.4 Revenue from Islamic products would have increased by Rs. 553.523 million, if IFRS 9 had been adopted in its entirety.

4.17 Taxation

Income tax expense comprises current and deferred tax. The Bank recognizes income and deferred tax in accordance with the requirements of IAS 12 "Income Taxes".

Provision for current tax is based on the taxable income for the year computed in accordance with tax laws in Pakistan, using tax rates enacted or substantively enacted at the statement of financial position date and any adjustments to the tax payable in respect of previous years. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Deferred tax assets and liabilities are recognised on all taxable / deductible temporary differences as of the statement of financial position date.

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

4.18 Dividend and reserves

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared by the Board of Directors.

4.19 Statutory / special reserve

Every Bank incorporated in Pakistan is required to transfer 20% of its profit to a statutory reserve until the reserve equals share capital, thereafter 10% of the profit of the Bank is to be transferred to this reserve.

Special reserve was created to meet regulatory requirements.

4.20 Clients' assets

The Bank provides services that result in the holding of assets on behalf of its clients. Such assets are not reported in the unconsolidated financial statements, as they are not the assets of the Bank.

4.21 Acceptances

Acceptances comprise of undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the unconsolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

4.22 Segment reporting

The Bank's primary format of reporting is based on business segments.

4.23 Business segments

Retail banking

It consists of retail lending, deposits and banking services to private individuals and small businesses. The retail banking activities include provision of banking and other financial services, such as current and savings accounts, credit cards, consumer banking products etc., to individual customers, small merchants and small and medium enterprises.



Commercial banking

Commercial banking represents provision of banking services including treasury and international trade related activities to large corporate customers, multinational companies, government and semi government departments and institutions and small and medium enterprises treated as corporate under the Prudential Regulations.

Islamic banking

Islamic banking represents Islamic banking operations of the Bank.

4.24 Geographical segments

The Bank operates in three geographic regions, being:

- Pakistan
- Middle East
- Asia Pacific

4.25 Prior Period adjustments

4.25.1 During the year, the Bank reassessed its treatment of Deferred Tax Liability (DTL) on the revaluation surplus of land based on a legal opinion. It was determined that revaluation surplus for lands acquired during tax years 2016 to 2019 and from tax year 2023 onward are taxable, and corresponding DTL should be recognized. For other tax years, revaluation surplus are not taxable under applicable tax laws in Pakistan. As a consequence, the DTL was overstated and the corresponding surplus was understated by Rs. 4,635 million. During the year, the Bank reversed DTL previously recognized for non-taxable periods and restated prior period figures in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". As a result of above, Rs. 3,490 million is now reversed from 'Deferred tax liability' with corresponding increase in 'Surplus on revaluation of assets' as at 31 December 2023. Further, this adjustment has resulted in increase in the balance of 'Deferred tax asset' at 01 January 2023 by Rs. 1,145 million (net of tax) with corresponding increase in the balance of 'Surplus on revaluation of assets' by the same amount. Refer note 4.25.3 for the adjustments and their related impacts.

4.25.2 Previously, the Bank had recorded DTL on the taxable temporary difference arising on revaluation surplus of building at the rate enacted on each revaluation date. As a consequence, the deferred tax liability was understated and the corresponding surplus was overstated by Rs. 1,583 million. The management has changed its accounting treatment by calculating DTL on the revaluation surplus of building at the rate enacted at each reporting date. As a result of above, Rs. 1,583 million has now been recognized in 'Deferred tax liability' with corresponding decrease in 'Surplus on revaluation of assets' as at 31 December 2023. This change has been applied retrospectively in accordance with the requirement of IAS 8 as disclosed in Note 4.25.3 of these unconsolidated financial statements.

In line with IAS 1, the third statement of unconsolidated statement of financial position is not presented as the impact of these matters in the earliest period presented are not material.

4.25.3 Effect on Unconsolidated Statement of Financial Position

| | 31 December 2024 | | | 01 January 2023 | | |
|---|------------------------|------------|-------------|------------------------|------------|-------------|
| | As previously reported | Adjustment | As restated | As previously reported | Adjustment | As restated |
| | (Rupees in '000) | | | | | |
| Total assets | | | | | | |
| Deferred tax assets | 1,792,112 | 3,052,296 | 4,844,408 | 9,680,840 | (110,950) | 9,569,890 |
| Total equity | | | | | | |
| Surplus on revaluation of assets - net of tax | 14,712,038 | 3,052,296 | 17,764,334 | 897,685 | (110,950) | 786,735 |



Effect on Unconsolidated Statement of Comprehensive Income

| | 31 December 2023 | | |
|---|------------------------|------------------|-------------------|
| | As previously reported | Adjustment | As restated |
| Movement in surplus on revaluation of property and equipment - net of tax | 7,167,062 | 3,098,792 | 10,265,854 |
| Movement in surplus on revaluation of non banking assets - net of tax | 61,970 | 64,454 | 126,424 |
| | <u>7,229,032</u> | <u>3,163,246</u> | <u>10,392,278</u> |

There is no material impact on the Bank's basic or diluted earning per share and no impact on the total operating, investing or financing cash flows for the year ended 31 December 2023.

4.25.4 During the year, the Bank identified that the Islamic segment met the quantitative thresholds for a reportable segment under IFRS 8 in the prior year but was not disclosed. To ensure compliance and comparability, the prior year's segment information has been incorporated in the segment information as disclosed in note 43 to these unconsolidated financial statements. This prior period inclusion has no impact on the Bank's unconsolidated statement of financial position, unconsolidated statement of profit and loss account, Bank's unconsolidated basic or diluted earning per share, or unconsolidated cash flow statement but affects segment disclosure in prior period presented.

| | Note | 2024 (Rupees in '000) | 2023 |
|---|-----------|--------------------------|-------------|
| 5. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand: | | | |
| Local currency | | 45,854,281 | 30,637,781 |
| Foreign currencies | | 2,704,346 | 4,080,369 |
| | | 48,558,627 | 34,718,150 |
| With State Bank of Pakistan in: | | | |
| Local currency current account | 5.1 | 117,236,148 | 72,206,674 |
| Local currency current account - Islamic Banking | 5.1 | 16,299,959 | 10,539,360 |
| Foreign currency deposit accounts | | | |
| Cash reserve account | 5.1 | 5,972,112 | 5,341,260 |
| Cash reserve / special cash reserve account - Islamic Banking | 5.1 & 5.2 | 564,899 | 995,250 |
| Special cash reserve account | 5.1 & 5.2 | 11,002,725 | 10,682,521 |
| Local collection account | 5.3 | 407,387 | 441,796 |
| | | 151,483,230 | 100,206,861 |
| With National Bank of Pakistan in: | | | |
| Local currency current account | | 1,332,163 | 6,585,694 |
| Prize bonds | | 158,228 | 305,293 |
| | | 201,532,248 | 141,815,998 |

- 5.1** These deposits and reserves are maintained by the Bank to comply with the statutory requirements.
- 5.2** The special cash reserve carries interest rate of 3.53% to 4.35% (2023: 3.39% to 4.34%) per annum.
- 5.3** This represents foreign currencies collection account maintained with SBP.



| | Note | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|-----------|
| 6. BALANCES WITH OTHER BANKS | | | |
| In Pakistan: | | | |
| In current accounts | | 211,927 | 202,979 |
| In deposit accounts | 6.1 | 8,642 | 8,965 |
| | | 220,569 | 211,944 |
| Outside Pakistan: | | | |
| In current accounts | 6.2 | 5,129,043 | 6,246,313 |
| In deposit accounts | 6.3 | 488,243 | 122,483 |
| | | 5,617,286 | 6,368,796 |
| | | 5,837,855 | 6,580,740 |
| Less: credit loss allowance held against balance with other banks | 6.4 | (947) | (68) |
| Balances with other banks - net of credit loss allowance | | 5,836,908 | 6,580,672 |

6.1 These carry expected profit rates ranging from 5.00% to 11.96% (2023: 7.80% to 12%) per annum.

6.2 These carry interest rates ranging from 1.55% to 3.83% (2023: 1.55% to 5.08%) per annum.

6.3 These carry interest rates ranging from 3.58% to 4.33% (2023: 4.58% to 5.08%) per annum.

| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|------|
| 6.4 Credit Loss Allowance - Stage 1 | | | |
| Opening balance | | 68 | 19 |
| Impact of adoption of IFRS 9 | | 3,544 | – |
| Balance as at 01 January after adopting IFRS 9 | | 3,612 | 19 |
| (Reversal) / charge: | | | |
| Charge for the year | | 75 | 47 |
| Reversal for the year | | (2,738) | – |
| | | (2,663) | 47 |
| Foreign exchange adjustments | | (2) | 2 |
| Closing balance | | 947 | 68 |

7. LENDINGS TO FINANCIAL INSTITUTIONS

| | | | |
|--|-----|-------------------|-----------|
| In local currency: | | | |
| Musharaka placement | 7.1 | 26,000,000 | – |
| Repurchase agreement lendings (Reverse Repo) | 7.2 | 12,946,800 | 1,649,716 |
| | | 38,946,800 | 1,649,716 |
| Less: credit loss allowance against lendings to financial institutions | 7.5 | (5,258) | – |
| Lendings to financial institutions - net of credit loss allowance | | 38,941,542 | 1,649,716 |



- 7.1 Musharaka placements carry markup rates at 11.50% to 12.75% (2023: Nil) per annum.
- 7.2 Repurchase agreement lendings carry mark-up rates at 13.00% to 13.95% (2023: 22.95%) per annum.
- 7.3 **Securities held as collateral against amounts due from financial institutions**

| | 2024 | | | 2023 | | |
|---------------------------|--------------|-----------------------------|------------|--------------|-----------------------------|-----------|
| | Held by Bank | Further given as collateral | Total | Held by Bank | Further given as collateral | Total |
| Pakistan Investment Bonds | 12,946,800 | - | 12,946,800 | 1,649,716 | - | 1,649,716 |

7.4 **Lendings to Financial Institutions - Category of classification**

| | 2024 | |
|----------------------|--------------------|----------------------------|
| | Outstanding amount | Credit loss allowance held |
| Domestic | | |
| Performing - Stage 1 | 38,946,800 | 5,258 |
| | | |
| | 2023 | |
| | Outstanding amount | Credit loss allowance held |
| Domestic | | |
| Performing | 1,649,716 | - |

7.5 **Lendings to Financial Institutions - Particulars of credit loss allowance**

| | 2024 | 2023 |
|--|------------------|------|
| | (Rupees in '000) | |
| Credit loss allowance - Stage 1 | | |
| Opening balance | - | - |
| Impact of adoption of IFRS 9 | 223 | - |
| Balance as at 01 January after adopting IFRS 9 | 223 | - |
| New financial assets originated or purchased | 5,258 | - |
| Financial assets that have been derecognised | (223) | - |
| | 5,035 | - |
| | | |
| Closing balance | 5,258 | - |



8. INVESTMENTS

| | Note | 2024 | | | | 2023 | | | |
|--|------|-----------------------------|---|------------------------|-------------------|-----------------------------|---|------------------------|-------------------|
| | | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value |
| (Rupees in '000) | | | | | | | | | |
| 8.1 Investments by type: | | | | | | | | | |
| <i>Debt Instruments</i> | | | | | | | | | |
| <i>Amortised Cost</i> | | | | | | | | | |
| | 8.5 | | | | | | | | |
| Federal Government Securities | | 393,561,165 | (851,234) | - | 392,709,931 | - | - | - | - |
| Others | | 4,481 | (4,481) | - | - | - | - | - | - |
| | | 393,565,646 | (855,715) | - | 392,709,931 | - | - | - | - |
| <i>FVOCI</i> | | | | | | | | | |
| | 8.4 | | | | | | | | |
| Federal Government Securities | | 1,492,622,676 | (3,312,910) | 10,919,609 | 1,500,229,375 | - | - | - | - |
| Non Government Debt Securities | | 8,703,026 | (881,964) | (138,403) | 7,682,659 | - | - | - | - |
| Foreign Securities | | 8,682,791 | (2,442,827) | 1,127,593 | 7,367,557 | - | - | - | - |
| | | 1,510,008,493 | (6,637,701) | 11,908,799 | 1,515,279,591 | - | - | - | - |
| <i>FVPL</i> | | | | | | | | | |
| Federal Government Securities | | 2,642,542 | - | - | 2,642,542 | - | - | - | - |
| <i>Equity Instruments</i> | | | | | | | | | |
| <i>FVOCI - Non Reclassifiable</i> | | | | | | | | | |
| | 8.4 | | | | | | | | |
| Shares | | | | | | | | | |
| - Listed companies | | 182,690 | - | 578,915 | 761,605 | - | - | - | - |
| - Unlisted companies | | 192,202 | (50,811) | - | 141,391 | - | - | - | - |
| | | 374,892 | (50,811) | 578,915 | 902,996 | - | - | - | - |
| <i>Investments mandatorily classified / measured at FVPL</i> | | | | | | | | | |
| Units of Mutual Funds | | 4,238,097 | - | 461,853 | 4,699,950 | - | - | - | - |
| <i>Associates</i> | | | | | | | | | |
| | 8.6 | | | | | | | | |
| AL Habib Money Market Fund | | 600,000 | - | - | 600,000 | 600,000 | - | - | 600,000 |
| AL Habib Islamic Cash Fund | | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 |
| AL Habib Islamic Saving Fund | | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 |
| AL Habib Income Fund | | 400,000 | - | - | 400,000 | 400,000 | - | - | 400,000 |
| AL Habib Stock Fund | | 10,000 | - | - | 10,000 | 10,000 | - | - | 10,000 |
| AL Habib Cash Fund | | 3,349,997 | - | - | 3,349,997 | 3,349,997 | - | - | 3,349,997 |
| AL Habib Islamic Stock Fund | | 10,000 | - | - | 10,000 | 10,000 | - | - | 10,000 |
| AL Habib Islamic Income Fund | | 24,656 | - | - | 24,656 | 24,656 | - | - | 24,656 |
| AL Habib Asset Allocation Fund | | 20,000 | - | - | 20,000 | 20,000 | - | - | 20,000 |
| | | 4,614,653 | - | - | 4,614,653 | 4,614,653 | - | - | 4,614,653 |
| <i>Subsidiaries</i> | | | | | | | | | |
| | 8.7 | | | | | | | | |
| AL Habib Capital Markets (Private) Limited | | 200,000 | - | - | 200,000 | 200,000 | - | - | 200,000 |
| AL Habib Asset Management Limited | | 683,250 | - | - | 683,250 | 683,250 | - | - | 683,250 |
| AL Habib Exchange Company (Private) Limited | | 3,000,000 | - | - | 3,000,000 | - | - | - | - |
| | | 3,883,250 | - | - | 3,883,250 | 883,250 | - | - | 883,250 |



| | 2024 | | | | 2023 | | | |
|--------------------------------------|-----------------------------|---|------------------------|----------------------|-----------------------------|---|------------------------|----------------------|
| | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value |
| (Rupees in '000) | | | | | | | | |
| Available-for-Sale Securities | | | | | | | | |
| Federal Government Securities | - | - | - | - | 1,113,970,241 | (4,536,292) | (914,454) | 1,108,519,495 |
| Shares | - | - | - | - | 4,458,197 | (1,958,659) | 1,686,898 | 4,186,436 |
| Non Government Debt Securities | - | - | - | - | 9,385,650 | (99,920) | (108,947) | 9,176,783 |
| Foreign Securities | - | - | - | - | 8,869,880 | (2,996,506) | 12,821 | 5,886,195 |
| Units of Mutual Funds | - | - | - | - | 3,076,021 | (351,370) | 1,539,421 | 4,264,072 |
| | - | - | - | - | 1,139,759,989 | (9,942,747) | 2,215,739 | 1,132,032,981 |
| Held-to-Maturity Securities | | | | | | | | |
| Federal Government Securities | - | - | - | - | 366,531,501 | (1,312,482) | - | 365,219,019 |
| Foreign Securities | - | - | - | - | 1,832,291 | (686,846) | - | 1,145,445 |
| Others | - | - | - | - | 4,481 | (4,481) | - | - |
| | - | - | - | - | 368,368,273 | (2,003,809) | - | 366,364,464 |
| Total Investments | 1,919,327,573 | (7,544,227) | 12,949,567 | 1,924,732,913 | 1,513,626,165 | (11,946,556) | 2,215,739 | 1,503,895,348 |

8.2 Investments by segments:

| | | | | | | | | |
|---------------------------------------|---------------|-------------|------------|---------------|---------------|-------------|-------------|---------------|
| Federal Government Securities | | | | | | | | |
| Market Treasury Bills | - | - | - | - | 19,882 | - | (1) | 19,881 |
| Pakistan Investment Bonds | 1,619,347,269 | - | 3,362,558 | 1,622,709,827 | 1,261,497,573 | - | (1,629,187) | 1,259,868,386 |
| Foreign Currency Bonds | 19,400,479 | (3,438,538) | 1,183,423 | 17,145,364 | 28,254,245 | (5,056,062) | (1,121,479) | 22,076,704 |
| Ijarah Sukuks | 243,092,289 | - | 5,873,411 | 248,965,700 | 158,975,260 | - | 1,783,890 | 160,759,150 |
| Sukuks | 3,656,176 | (725,606) | 500,217 | 3,430,787 | 25,369,909 | (792,712) | 52,323 | 24,629,520 |
| Naya Pakistan Certificates | 2,642,542 | - | - | 2,642,542 | 5,769,121 | - | - | 5,769,121 |
| Term Finance Certificates - Unlisted | 687,628 | - | - | 687,628 | 615,752 | - | - | 615,752 |
| | 1,888,826,383 | (4,164,144) | 10,919,609 | 1,895,581,848 | 1,480,501,742 | (5,848,774) | (914,454) | 1,473,738,514 |
| Shares | | | | | | | | |
| Listed Companies | 182,690 | - | 578,915 | 761,605 | 4,265,995 | (1,937,847) | 1,686,898 | 4,015,046 |
| Unlisted Companies | 192,202 | (50,811) | - | 141,391 | 192,202 | (20,812) | - | 171,390 |
| | 374,892 | (50,811) | 578,915 | 902,996 | 4,458,197 | (1,958,659) | 1,686,898 | 4,186,436 |
| Non Government Debt Securities | | | | | | | | |
| Listed | 5,030,106 | (681,455) | (108,200) | 4,240,451 | 5,072,105 | - | (83,573) | 4,988,532 |
| Unlisted | 3,672,920 | (200,509) | (30,203) | 3,442,208 | 4,313,545 | (99,920) | (25,374) | 4,188,251 |
| | 8,703,026 | (881,964) | (138,403) | 7,682,659 | 9,385,650 | (99,920) | (108,947) | 9,176,783 |
| Units of Mutual Funds | 4,238,097 | - | 461,853 | 4,699,950 | 3,076,021 | (351,370) | 1,539,421 | 4,264,072 |
| Others | | | | | | | | |
| Unlisted Company | 4,481 | (4,481) | - | - | 4,481 | (4,481) | - | - |
| Foreign Securities | | | | | | | | |
| Government Securities | 8,682,791 | (2,442,827) | 1,127,593 | 7,367,557 | 10,702,171 | (3,683,352) | 12,821 | 7,031,640 |



| | 2024 | | | | 2023 | | | |
|---|-----------------------------|---|---|----------------------|-----------------------------|---|---|----------------------|
| | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / provision for (deficit) | Carrying value | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / provision for (deficit) | Carrying value |
| (Rupees in '000) | | | | | | | | |
| Associates | | | | | | | | |
| AL Habib Money Market Fund | 600,000 | - | - | 600,000 | 600,000 | - | - | 600,000 |
| AL Habib Islamic Cash Fund | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 |
| AL Habib Islamic Saving Fund | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 |
| AL Habib Income Fund | 400,000 | - | - | 400,000 | 400,000 | - | - | 400,000 |
| AL Habib Stock Fund | 10,000 | - | - | 10,000 | 10,000 | - | - | 10,000 |
| AL Habib Cash Fund | 3,349,997 | - | - | 3,349,997 | 3,349,997 | - | - | 3,349,997 |
| AL Habib Islamic Stock Fund | 10,000 | - | - | 10,000 | 10,000 | - | - | 10,000 |
| AL Habib Islamic Income Fund | 24,656 | - | - | 24,656 | 24,656 | - | - | 24,656 |
| AL Habib Asset Allocation Fund | 20,000 | - | - | 20,000 | 20,000 | - | - | 20,000 |
| | 4,614,653 | - | - | 4,614,653 | 4,614,653 | - | - | 4,614,653 |
| Subsidiaries | | | | | | | | |
| AL Habib Capital Markets (Private) Limited | 200,000 | - | - | 200,000 | 200,000 | - | - | 200,000 |
| AL Habib Asset Management Limited | 683,250 | - | - | 683,250 | 683,250 | - | - | 683,250 |
| AL Habib Exchange Company (Private) Limited | 3,000,000 | - | - | 3,000,000 | - | - | - | - |
| | 3,883,250 | - | - | 3,883,250 | 883,250 | - | - | 883,250 |
| Total Investments | 1,919,327,573 | (7,544,227) | 12,949,567 | 1,924,732,913 | 1,513,626,165 | (11,946,556) | 2,215,739 | 1,503,895,348 |

| | 2024 (Rupees in '000) | | 2023 | |
|--|--------------------------|--|--------------------|--|
| 8.2.1 Investments given as collateral | | | | |
| Pakistan Investment Bonds | 518,019,000 | | 294,417,591 | |

| | 2024 (Rupees in '000) | | |
|--|--------------------------|---------|---------|
| | Stage 1 | Stage 2 | Stage 3 |

8.3 Particulars of credit loss allowance

8.3.1 Investments - exposure

| | | | |
|--|------------------|-------------------|------------------|
| Opening balance | 2,924,573 | 31,813,643 | 7,216,548 |
| Impact of adoption of IFRS 9 | 3,926,970 | 5,358,760 | - |
| Balance as at 01 January after adopting IFRS 9 | 6,851,543 | 37,172,403 | 7,216,548 |
| New Investments | - | - | 835,790 |
| Investments derecognised or repaid | (1,096,094) | (8,937,338) | - |
| Transfer to Stage 1 | 2,830,252 | (2,830,252) | - |
| Transfer to Stage 2 | (1,079,470) | 1,079,470 | - |
| Transfer to Stage 3 | - | (780,000) | 780,000 |
| | 654,688 | (11,468,120) | 1,615,790 |
| Amounts written off / charged off | - | - | (1,882,162) |
| Foreign exchange adjustments | (22,302) | (403,176) | (104,731) |
| Closing balance | 7,483,929 | 25,301,107 | 6,845,445 |



| | 2024 | | |
|--|----------------------|-----------------------------|-------------------------|
| | Stage 1 | Stage 2 (Rupees in '000) | Stage 3 |
| 8.3.2 Investments - credit loss allowance | | | |
| Opening balance | 35,881 | 5,977,307 | 5,933,368 |
| Impact of adoption of IFRS 9 | 806 | 340 | (2,289,216) |
| Balance as at January 01 after adopting IFRS 9 | <u>36,687</u> | <u>5,977,647</u> | <u>3,644,152</u> |
| New Investments | 2,405 | - | 30,000 |
| Investments derecognised or repaid | (24,799) | (1,756,793) | - |
| Transfer to Stage 1 | 130 | (130) | - |
| Transfer to Stage 2 | (33) | 33 | - |
| Transfer to Stage 3 | - | (60) | 60 |
| | <u>(22,297)</u> | <u>(1,756,950)</u> | <u>30,060</u> |
| Amounts written off / charged off / reclassified | - | - | (1,046,371) |
| Changes in risk parameters | (137) | 1,095 | 779,940 |
| Foreign exchange adjustments | (1,895) | (56,370) | (41,334) |
| Closing balance | <u><u>12,358</u></u> | <u><u>4,165,422</u></u> | <u><u>3,366,447</u></u> |

8.3.3 Particulars of credit loss allowance / provision of diminution against debt securities

| | | 2024 | | 2023 | |
|---------------------|---------|--------------------------|--|--------------------------|--|
| | | Outstanding amount | Credit loss allowance / provision for diminution (Rupees in '000) | Outstanding amount | Credit loss allowance / provision for diminution |
| Domestic | | | | | |
| Performing | Stage 1 | 4,718,515 | 766 | - | - |
| Under-performing | Stage 2 | 3,104,591 | 1,277 | - | - |
| Non-performing loss | Stage 3 | 884,401 | 884,401 | 104,401 | 104,401 |
| Overseas | | | | | |
| Performing | Stage 1 | 2,765,414 | 11,592 | 2,924,573 | 35,881 |
| Under-performing | Stage 2 | 22,190,407 | 4,164,145 | 31,813,643 | 5,977,307 |
| Non-performing loss | Stage 3 | 5,917,378 | 2,431,235 | 7,068,481 | 3,518,938 |
| Total | | <u><u>39,580,706</u></u> | <u><u>7,493,416</u></u> | <u><u>41,911,098</u></u> | <u><u>9,636,527</u></u> |

8.3.4 Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency.



8.4 Quality of FVOCI Securities

Details regarding quality of securities held under “Held to Collect and Sell” are as follows:

| | Cost | | | | |
|---|----------------------|----------------------|------------------|----------------------|-----------|
| | 2024 | 2023 | | | |
| | (Rupees in '000) | | | | |
| 8.4.1 Federal Government Securities - Government guaranteed | | | | | |
| Market Treasury Bills | – | 19,882 | | | |
| Pakistan Investment Bonds | 1,230,164,218 | 904,103,842 | | | |
| Foreign Currency Bonds | 15,022,365 | 19,116,475 | | | |
| Ijarah Sukuks | 243,092,289 | 158,975,260 | | | |
| Sukuks | 3,656,176 | 25,369,909 | | | |
| Naya Pakistan Certificates | – | 5,769,121 | | | |
| Term Finance Certificates-Unlisted | 687,628 | 615,752 | | | |
| | 1,492,622,676 | 1,113,970,241 | | | |
| 8.4.2 Shares | | | | | |
| 8.4.2.1 Listed Companies | | | | | |
| Automobile Assembler | – | 199,842 | | | |
| Cement | – | 362,079 | | | |
| Commercial Banks | – | 150,024 | | | |
| Fertiliser | – | 668,530 | | | |
| Insurance | – | 29,975 | | | |
| Oil and Gas Exploration Companies | – | 175,366 | | | |
| Oil and Gas Marketing Companies | – | 788,541 | | | |
| Paper and Board | – | 38,264 | | | |
| Pharmaceuticals | – | 21,775 | | | |
| Power Generation and Distribution | – | 1,515,756 | | | |
| Securities Companies | – | 92,509 | | | |
| Sugar and Allied Industries | 182,690 | 182,690 | | | |
| Textile Composite | – | 40,644 | | | |
| | 182,690 | 4,265,995 | | | |
| | 2024 | 2023 | | | |
| 8.4.2.2 Unlisted Companies | Cost | Breakup value | Cost | Breakup value | |
| | (Rupees in '000) | | | | |
| Khushhali Microfinance Bank Limited | – | 30,000 | 30,000 | 142,446 | |
| Pakistan Export Finance Guarantee Agency Limited | – | 5,700 | 5,700 | – | |
| Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T) | – | 18,536 | 18,536 | – | |
| Pakistan Mortgage Refinance Company Limited | 31 December 2023 | 50,000 | 131,430 | 50,000 | 105,145 |
| 1LINK (Private) Limited | 31 December 2023 | 50,000 | 1,182,173 | 50,000 | 733,214 |
| Pakistan Corporate Restructuring Company Limited | 31 December 2023 | 37,966 | 24,067 | 37,966 | 22,854 |
| | | 192,202 | 1,337,670 | 192,202 | 1,003,659 |

The above breakup values are based on the latest available audited financial statements of the unlisted companies.



| | | Cost | |
|----------------|--|--------------------|--------------------|
| | | 2024 | 2023 |
| | | (Rupees in '000) | |
| 8.4.3 | Non Government Debt Securities | | |
| 8.4.3.1 | Listed | | |
| | AA+ | 1,470,695 | 1,120,695 |
| | AA | 499,820 | 299,940 |
| | AA- | 1,904,591 | 2,496,470 |
| | A+ | 75,000 | 755,000 |
| | A | 400,000 | 400,000 |
| | D | 680,000 | - |
| | | <u>5,030,106</u> | <u>5,072,105</u> |
| 8.4.3.2 | Unlisted | | |
| | AAA | 1,798,000 | 1,798,000 |
| | AA+ | 950,000 | 1,200,000 |
| | AA- | 625,000 | 1,015,625 |
| | A | 100,000 | 100,000 |
| | B+ | - | 199,920 |
| | B | 199,920 | - |
| | | <u>3,672,920</u> | <u>4,313,545</u> |
| 8.4.4 | Foreign Securities | 2024 | 2023 |
| | | Cost | Cost |
| | | Rating | |
| | | (Rupees in '000) | |
| | Government Securities | | |
| | Egypt | 1,395,453 | 1,841,221 |
| | Sri Lanka | 5,917,378 | 5,659,177 |
| | Turkiye | 1,369,960 | 1,369,482 |
| | | <u>8,682,791</u> | <u>8,869,880</u> |
| 8.5 | Particulars relating to securities classified under "Held to Collect" are as follows: | | |
| | | Cost | |
| | | 2024 | 2023 |
| | | (Rupees in '000) | |
| | Federal Government Securities - Government guaranteed | | |
| | Pakistan Investment Bonds | 389,183,051 | 357,393,731 |
| | Foreign Currency Bonds | 4,378,114 | 9,137,770 |
| | | <u>393,561,165</u> | <u>366,531,501</u> |
| | Others | | |
| | Pakistan Corporate Restructuring Company Limited (PCRCL) | <u>4,481</u> | <u>4,481</u> |



| | 2024 | | 2023 | |
|------------------------------|------|----------------------------|------------------|--------|
| | Cost | Rating (Rupees in '000) | Cost | Rating |
| Foreign Securities | | | | |
| Government Securities | | | | |
| Egypt | – | – | 422,987 | B- |
| Sri Lanka | – | – | 1,409,304 | D |
| | – | | <u>1,832,291</u> | |

8.5.1 The market value of securities classified as amortised cost at 31 December 2024 amounted to Rs. 395,391 million (2023: Rs. 360,288 million).

8.6 Associates

| 2024 | 2023 | Name of funds | 2024 | 2023 |
|-----------------|------------|--------------------------------|------------------|------------------|
| Number of units | | | (Rupees in '000) | |
| 6,000,000 | 6,000,000 | AL Habib Money Market Fund | 600,000 | 600,000 |
| 1,000,000 | 1,000,000 | AL Habib Islamic Cash Fund | 100,000 | 100,000 |
| 1,000,000 | 1,000,000 | AL Habib Islamic Saving Fund | 100,000 | 100,000 |
| 3,845,202 | 3,845,202 | AL Habib Income Fund | 400,000 | 400,000 |
| 100,000 | 100,000 | AL Habib Stock Fund | 10,000 | 10,000 |
| 33,307,275 | 33,307,275 | AL Habib Cash Fund | 3,349,997 | 3,349,997 |
| 100,929 | 100,929 | AL Habib Islamic Stock Fund | 10,000 | 10,000 |
| 250,421 | 250,421 | AL Habib Islamic Income Fund | 24,656 | 24,656 |
| 200,149 | 200,149 | AL Habib Asset Allocation Fund | 20,000 | 20,000 |
| | | | <u>4,614,653</u> | <u>4,614,653</u> |

8.7 Subsidiaries

| 2024 | 2023 | Name of companies | 2024 | 2023 |
|---------------------------|------------|---|------------------|----------------|
| Number of ordinary shares | | | (Rupees in '000) | |
| 20,000,000 | 20,000,000 | AL Habib Capital Markets (Private) Limited | 200,000 | 200,000 |
| 75,000,000 | 75,000,000 | AL Habib Asset Management Limited | 683,250 | 683,250 |
| 300,000,000 | – | AL Habib Exchange Company (Private) Limited | 3,000,000 | – |
| | | | <u>3,883,250</u> | <u>883,250</u> |



8.8 Summary of financial information of subsidiaries and associates

| | Chief Executive | Country of incorporation | Percentage of holding | Net asset value / Breakup value (Rupees) | 2024 | | | | |
|---|---------------------|--------------------------|-----------------------|--|------------------|-------------|-----------|-----------------------|----------------------------|
| | | | | | Assets | Liabilities | Revenue | Profit after taxation | Total comprehensive income |
| | | | | | (Rupees in '000) | | | | |
| Subsidiaries | | | | | | | | | |
| AL Habib Capital Markets (Private) Limited | Mr. Aftab Q. Munshi | Pakistan | 66.67% | 15.55 | 1,750,084 | 1,283,533 | 319,919 | 53,738 | 96,600 |
| AL Habib Asset Management Limited | Mr. Kashif Rafi | Pakistan | 100% | 40.58 | 3,210,149 | 167,008 | 2,213,055 | 1,562,938 | 1,562,938 |
| AL Habib Exchange Company (Private) Limited | Syed Furqan | Pakistan | 100% | 10.19 | 3,112,096 | 55,817 | 293,863 | 56,279 | 56,279 |
| Associates | | | | | | | | | |
| AL Habib Money Market Fund | | Pakistan | 1.20% | 108.66 | 54,103,954 | 94,453 | 4,265,786 | 3,855,232 | 3,855,232 |
| AL Habib Islamic Cash Fund | | Pakistan | 0.93% | 107.89 | 11,653,019 | 76,533 | 3,725,989 | 3,426,600 | 3,426,600 |
| AL Habib Islamic Savings Fund | | Pakistan | 0.39% | 109.03 | 28,491,563 | 1,091,939 | 3,308,127 | 3,021,692 | 3,021,692 |
| AL Habib Income Fund | | Pakistan | 2.39% | 111.34 | 17,965,283 | 109,270 | 1,787,335 | 1,610,327 | 1,610,327 |
| AL Habib Islamic Stock Fund | | Pakistan | 0.24% | 160.32 | 7,084,893 | 234,070 | 2,223,560 | 2,153,197 | 2,153,197 |
| AL Habib Cash Fund | | Pakistan | 3.49% | 110.66 | 106,166,744 | 597,656 | 9,176,714 | 8,255,695 | 8,255,695 |
| AL Habib Stock Fund | | Pakistan | 0.48% | 161.59 | 3,479,507 | 152,651 | 1,456,785 | 1,407,276 | 1,407,276 |
| AL Habib Islamic Income Fund | | Pakistan | 0.13% | 110.40 | 22,049,906 | 140,634 | 1,931,652 | 1,728,907 | 1,728,907 |
| AL Habib Asset Allocation Fund | | Pakistan | 9.95% | 156.61 | 326,206 | 11,171 | 164,556 | 157,732 | 157,732 |

8.8.1 All of the above associate funds are managed by AL Habib Asset Management Limited (the subsidiary company). The Chief Executive of the Management Company is Mr. Kashif Rafi.

8.8.2 The above information is based on financial statements as on 31 December 2024.



9. ADVANCES

| | Note | Performing | | Non-Performing | | Total | |
|--|------|------------------|-------------|----------------|------------|-------------|-------------|
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | | (Rupees in '000) | | | | | |
| Loans, cash credits, running finances, etc. | 9.1 | 756,764,309 | 695,176,617 | 34,261,459 | 23,670,518 | 791,025,768 | 718,847,135 |
| Islamic financing and related assets | | 105,734,671 | 114,129,113 | 860,780 | 809,154 | 106,595,451 | 114,938,267 |
| Bills discounted and purchased | | 61,304,281 | 61,542,273 | 387,168 | 707,670 | 61,691,449 | 62,249,943 |
| Advances - gross | | 923,803,261 | 870,848,003 | 35,509,407 | 25,187,342 | 959,312,668 | 896,035,345 |
| Credit loss allowance / provision against advances | | | | | | | |
| - Stage 1 | | 7,170,325 | 81,573 | - | - | 7,170,325 | 81,573 |
| - Stage 2 | | 8,468,402 | - | - | - | 8,468,402 | - |
| - Stage 3 | | - | - | 32,823,742 | 5,906,246 | 32,823,742 | 5,906,246 |
| - Specific | | - | - | - | 11,924,173 | - | 11,924,173 |
| - General as per regulations | | - | 264,544 | - | - | - | 264,544 |
| - General | | - | 8,400,000 | - | - | - | 8,400,000 |
| | | 15,638,727 | 8,746,117 | 32,823,742 | 17,830,419 | 48,462,469 | 26,576,536 |
| Advances-net of credit loss allowance / provision | | 908,164,534 | 862,101,886 | 2,685,665 | 7,356,923 | 910,850,199 | 869,458,809 |

9.1 Includes net investment in finance lease as disclosed below:

| | 2024 | | | 2023 | | |
|---|-------------------------|---|-------------|-------------------------|---|-------------|
| | 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 | 11,069,444 | 13,834,065 | 24,903,509 | 11,064,215 | 13,280,877 | 24,345,092 |
| Residual value | 3,144,448 | 7,972,018 | 11,116,466 | 2,212,312 | 6,693,799 | 8,906,111 |
| Minimum lease payments | 14,213,892 | 21,806,083 | 36,019,975 | 13,276,527 | 19,974,676 | 33,251,203 |
| Financial charges for future periods | (2,654,004) | (2,230,885) | (4,884,889) | (3,459,145) | (2,735,736) | (6,194,881) |
| Present value of minimum lease payments | 11,559,888 | 19,575,198 | 31,135,086 | 9,817,382 | 17,238,940 | 27,056,322 |

9.2 Particulars of advances (Gross)

| | 2024 | 2023 |
|-----------------------|------------------|-------------|
| | (Rupees in '000) | |
| In local currency | 829,484,523 | 773,994,517 |
| In foreign currencies | 129,828,145 | 122,040,828 |
| | 959,312,668 | 896,035,345 |

9.2.1 Advances to Women, Women - Owned and Managed Enterprises

| | | |
|---------------------------------------|-----------|-----------|
| Women | 1,502,878 | 1,841,372 |
| Women - owned and managed enterprises | 2,613,943 | 2,419,994 |
| | 4,116,821 | 4,261,366 |

9.2.2 Gross loans disbursed to women, women-owned and managed enterprises to date amounts to Rs. 10,633.940 million (2023: Rs. 10,242.217 million).



9.3 Particulars of credit loss allowance

9.3.1 Advances - Exposure

| | 2024 | | | |
|----------------------------------|------------------|---------------|-------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | (Rupees in '000) | | | |
| Opening balance | 651,574,008 | 219,273,175 | 25,188,162 | 896,035,345 |
| New advances | 559,310,991 | 102,304,140 | 5,142,342 | 666,757,473 |
| Advances derecognised or repaid | (468,905,998) | (129,784,054) | (4,421,042) | (603,111,094) |
| Transfer to Stage 1 | 52,301,290 | (52,131,638) | (169,652) | - |
| Transfer to Stage 2 | (21,806,485) | 21,835,315 | (28,830) | - |
| Transfer to Stage 3 | (574,563) | (9,305,137) | 9,879,700 | - |
| | 120,325,235 | (67,081,374) | 10,402,518 | 63,646,379 |
| Amounts written of / charged off | - | - | (3,537) | (3,537) |
| Foreign exchange adjustments | (287,614) | (169) | (77,736) | (365,519) |
| Closing balance | 771,611,629 | 152,191,632 | 35,509,407 | 959,312,668 |

9.3.2 Advances - Credit loss allowance

| | 2024 | | | |
|--|------------------|-------------|-------------|-------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | (Rupees in '000) | | | |
| Opening balance | 81,573 | - | 5,906,246 | 5,987,819 |
| Impact of adoption of IFRS 9 | 4,329,412 | 8,663,207 | 15,448,809 | 28,441,428 |
| Balance as at 01 January after adopting IFRS 9 | 4,410,985 | 8,663,207 | 21,355,055 | 34,429,247 |
| New advances / additional charge | 3,950,335 | 4,441,716 | 3,665,689 | 12,057,740 |
| Advances derecognised or repaid or reversal | (2,278,017) | (3,088,928) | (2,432,807) | (7,799,752) |
| Transfer to Stage 1 | 2,288,707 | (2,202,515) | (86,192) | - |
| Transfer to Stage 2 | (349,804) | 365,366 | (15,562) | - |
| Transfer to Stage 3 | (5,687) | (1,069,687) | 1,075,374 | - |
| | 3,605,534 | (1,554,048) | 2,206,502 | 4,257,988 |
| Amounts written off / charged off | - | - | (3,537) | (3,537) |
| Changes in risk parameters (PDs / LGDs / EADs) | (844,773) | 1,359,243 | 9,364,860 | 9,879,330 |
| Foreign exchange adjustments | (1,421) | - | (99,138) | (100,559) |
| Closing balance | 7,170,325 | 8,468,402 | 32,823,742 | 48,462,469 |



9.4 Advances - Category of classification

| | | 2024 | | 2023 | |
|--|---------|--------------------|------------------------------------|--------------------|------------------------------------|
| | | Outstanding amount | Credit loss allowance / provisions | Outstanding amount | Credit loss allowance / provisions |
| (Rupees in '000) | | | | | |
| Domestic | | | | | |
| Performing | Stage 1 | 752,504,546 | 7,092,623 | 846,318,964 | – |
| Under-performing | Stage 2 | 144,794,684 | 8,051,593 | – | – |
| Non-performing | | | | | |
| Other assets especially mentioned (OAEM) | Stage 3 | 280,847 | 280,847 | 286,295 | 5,135 |
| Substandard | Stage 3 | 2,295,656 | 1,161,603 | 2,235,618 | 524,859 |
| Doubtful | Stage 3 | 2,823,252 | 2,216,478 | 9,008,280 | 4,446,994 |
| Loss | Stage 3 | 23,572,777 | 23,331,415 | 7,039,066 | 6,947,185 |
| General as per regulations | | – | – | – | 264,544 |
| General | | – | – | – | 8,400,000 |
| | | 926,271,762 | 42,134,559 | 864,888,223 | 20,588,717 |
| Overseas | | | | | |
| Performing | Stage 1 | 19,107,083 | 77,702 | 24,529,039 | 81,573 |
| Under performing | Stage 2 | 7,396,948 | 416,809 | – | – |
| Non-performing - Loss | Stage 3 | 6,536,875 | 5,833,399 | 6,618,083 | 5,906,246 |
| | | 33,040,906 | 6,327,910 | 31,147,122 | 5,987,819 |
| Total | | 959,312,668 | 48,462,469 | 896,035,345 | 26,576,536 |
| Corresponding ECL | | | | | |
| Stage 1 | | 771,611,629 | 7,170,325 | 870,848,003 | 81,573 |
| Stage 2 | | 152,191,632 | 8,468,402 | – | – |
| Stage 3 | | 35,509,407 | 32,823,742 | 25,187,342 | 17,830,419 |
| General as per regulations | | – | – | – | 264,544 |
| General | | – | – | – | 8,400,000 |
| | | 959,312,668 | 48,462,469 | 896,035,345 | 26,576,536 |

9.5 Advances include Rs. 35,509.407 million (2023: Rs. 25,187.342 million) which have been placed under non-performing status as detailed below:

Category of classification - Stage 3

| | | 2024 | | 2023 | |
|--|--|----------------------|-----------------------------------|----------------------|-----------------------------------|
| | | Non performing loans | Credit loss allowance / provision | Non performing loans | Credit loss allowance / provision |
| (Rupees in '000) | | | | | |
| Domestic | | | | | |
| Other assets especially mentioned (OAEM) | | 280,847 | 280,847 | 286,295 | 5,135 |
| Substandard | | 2,295,656 | 1,161,603 | 2,235,618 | 524,859 |
| Doubtful | | 2,823,252 | 2,216,478 | 9,008,280 | 4,446,994 |
| Loss | | 23,572,777 | 23,331,415 | 7,039,066 | 6,947,185 |
| | | 28,972,532 | 26,990,343 | 18,569,259 | 11,924,173 |
| Overseas | | | | | |
| Loss | | 6,536,875 | 5,833,399 | 6,618,083 | 5,906,246 |
| Total | | 35,509,407 | 32,823,742 | 25,187,342 | 17,830,419 |



9.6 Particulars of credit loss allowance / provision against advances

| | Note | 2024 | | | | 2023 | | | |
|--|------|--------------|-------------|--------------|-----------------------------|--------------|-------------|-----------|-------------|
| | | Stage 1 & 2 | Stage 3 | Specific | General (Rupees in '000) | Total | Specific | General | Total |
| Opening balance | | 81,573 | 5,906,246 | 11,924,173 | 8,664,544 | 26,576,536 | 11,606,594 | 6,203,173 | 17,809,767 |
| Impact on adoption of IFRS 9 | | 12,992,619 | 15,448,809 | (11,924,173) | (8,664,544) | 7,852,711 | - | - | - |
| Balance as at 01 January after adopting IFRS 9 | | 13,074,192 | 21,355,055 | - | - | 34,429,247 | 11,606,594 | 6,203,173 | 17,809,767 |
| Charge / (reversals) for the year | | | | | | | | | |
| - ECL charge for the year | | 14,148,553 | 14,523,355 | - | - | 28,671,908 | - | - | - |
| - ECL reversal for the year | | (11,582,597) | (2,951,993) | - | - | (14,534,590) | - | - | - |
| - Specific provision | | - | - | - | - | - | 6,774,544 | - | 6,774,544 |
| - General provision as per regulations | | - | - | - | - | - | - | (146,346) | (146,346) |
| - General provision | | - | - | - | - | - | - | 2,650,000 | 2,650,000 |
| - As per IFRS 9 in overseas branches | | - | - | - | - | - | - | 29,295 | 29,295 |
| - Reversals | | - | - | - | - | - | (1,645,356) | - | (1,645,356) |
| | | 2,565,956 | 11,571,362 | - | - | 14,137,318 | 5,129,188 | 2,532,949 | 7,662,137 |
| Amounts written off | 9.7 | - | (3,537) | - | - | (3,537) | (656,732) | - | (656,732) |
| Foreign exchange adjustments | | (1,421) | (99,138) | - | - | (100,559) | 1,751,369 | 9,995 | 1,761,364 |
| Closing balance | | 15,638,727 | 32,823,742 | - | - | 48,462,469 | 17,830,419 | 8,746,117 | 26,576,536 |

9.6.1 Particulars of credit loss allowance / provision against advances

| | 2024 | | | 2023 | | |
|-----------------------|------------------|------------|------------|------------|-----------|------------|
| | Stage 1 & 2 | Stage 3 | Total | Specific | General | Total |
| | (Rupees in '000) | | | | | |
| In local currency | 14,272,367 | 25,042,892 | 39,315,259 | 9,366,384 | 8,664,544 | 18,030,928 |
| In foreign currencies | 1,366,360 | 7,780,850 | 9,147,210 | 8,464,035 | 81,573 | 8,545,608 |
| | 15,638,727 | 32,823,742 | 48,462,469 | 17,830,419 | 8,746,117 | 26,576,536 |

9.7 PARTICULARS OF WRITE OFFS

| | Note | 2024 | 2023 |
|--|------|------------------|---------|
| | | (Rupees in '000) | |
| 9.7.1 Against credit loss allowance Directly charged to Profit and Loss account | 9.6 | 3,537 | 656,732 |
| 9.7.2 Against credit loss allowance - Domestic | | 3,537 | 656,732 |
| Write Offs of below Rs. 500,000 | | - | 284 |
| Write Offs of Rs. 500,000 and above | 9.8 | 3,537 | 656,448 |
| | | 3,537 | 656,732 |



9.8 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 rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure I.

| | Note | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|-------------------|
| 10. PROPERTY AND EQUIPMENT | | | |
| Capital work-in-progress | 10.1 | 4,644,267 | 4,293,549 |
| Property and equipment | 10.2 | 71,294,752 | 63,309,281 |
| | | 75,939,019 | 67,602,830 |
| 10.1 Capital work-in-progress | | | |
| Civil works | | 1,946,354 | 1,756,006 |
| Advance payment for purchase of equipments | | 494,841 | 613,294 |
| Advance payment towards suppliers, contractors and property | | 2,159,615 | 1,879,756 |
| Consultants' fee and other charges | | 43,457 | 44,493 |
| | | 4,644,267 | 4,293,549 |

10.2 Property and Equipment

| | 2024 | | | | | | |
|--|-------------------|-----------------------------|-----------------------|---|------------------|-------------------------------------|-------------------|
| | Leasehold land | Buildings on leasehold land | Furniture and fixture | Electrical, office and computer equipment (Rupees in '000) | Vehicles | Improvements to leasehold buildings | Total |
| At 01 January 2024 | | | | | | | |
| Cost / revalued amount | 23,978,190 | 25,725,104 | 2,815,331 | 17,455,107 | 7,018,906 | 5,494,658 | 82,487,296 |
| Accumulated depreciation | - | (481,956) | (1,214,836) | (10,624,877) | (3,316,194) | (3,540,152) | (19,178,015) |
| Net book value | <u>23,978,190</u> | <u>25,243,148</u> | <u>1,600,495</u> | <u>6,830,230</u> | <u>3,702,712</u> | <u>1,954,506</u> | <u>63,309,281</u> |
| Year ended 31 December 2024 | | | | | | | |
| Opening net book value | 23,978,190 | 25,243,148 | 1,600,495 | 6,830,230 | 3,702,712 | 1,954,506 | 63,309,281 |
| Additions | 370,252 | 2,577,876 | 891,481 | 4,689,174 | 3,317,669 | 1,722,050 | 13,568,502 |
| Movement in surplus on assets revalued during the year - net | - | - | - | - | - | - | - |
| Disposals | - | - | (4,191) | (18,574) | (3,768) | (8,562) | (35,095) |
| Depreciation charge | - | (851,323) | (266,791) | (2,234,719) | (1,532,835) | (728,765) | (5,614,433) |
| Other adjustments / transfers | - | 66,497 | - | - | - | - | 66,497 |
| Closing net book value | <u>24,348,442</u> | <u>27,036,198</u> | <u>2,220,994</u> | <u>9,266,111</u> | <u>5,483,778</u> | <u>2,939,229</u> | <u>71,294,752</u> |
| At 31 December 2024 | | | | | | | |
| Cost / revalued amount | 24,348,442 | 28,369,478 | 3,683,116 | 21,642,549 | 9,663,329 | 7,152,997 | 94,859,911 |
| Accumulated depreciation | - | (1,333,280) | (1,462,122) | (12,376,438) | (4,179,551) | (4,213,768) | (23,565,159) |
| Net book value | <u>24,348,442</u> | <u>27,036,198</u> | <u>2,220,994</u> | <u>9,266,111</u> | <u>5,483,778</u> | <u>2,939,229</u> | <u>71,294,752</u> |
| Rate of depreciation (percentage) | - | 2%-25% | 10% | 20% | 20% | 20% | |



| | 2023 | | | | | | |
|--|-------------------|-----------------------------|-----------------------|--|------------------|-------------------------------------|-------------------|
| | Leasehold land | Buildings on leasehold land | Furniture and fixture | Electrical, office and computer equipment (Rupees in '000) | Vehicles | Improvements to leasehold buildings | Total |
| At 01 January 2023 | | | | | | | |
| Cost / revalued amount | 17,015,999 | 19,098,986 | 2,452,628 | 15,226,930 | 5,227,267 | 4,823,526 | 63,845,336 |
| Accumulated depreciation | - | (1,572,136) | (1,001,428) | (8,921,489) | (2,541,495) | (2,980,981) | (17,017,529) |
| Net book value | <u>17,015,999</u> | <u>17,526,850</u> | <u>1,451,200</u> | <u>6,305,441</u> | <u>2,685,772</u> | <u>1,842,545</u> | <u>46,827,807</u> |
| Year ended 31 December 2023 | | | | | | | |
| Opening net book value | 17,015,999 | 17,526,850 | 1,451,200 | 6,305,441 | 2,685,772 | 1,842,545 | 46,827,807 |
| Additions | 247,265 | 959,593 | 385,617 | 2,379,756 | 2,128,732 | 766,011 | 6,866,974 |
| Movement in surplus on assets revalued during the year - net | 6,725,313 | 7,491,203 | - | - | - | - | 14,216,516 |
| Disposals | - | - | (3,214) | (6,015) | (21,749) | (13,136) | (44,114) |
| Depreciation charge | - | (750,671) | (233,108) | (1,848,952) | (1,090,043) | (635,128) | (4,557,902) |
| Other adjustments / transfers | (10,387) | 16,173 | - | - | - | (5,786) | - |
| Closing net book value | <u>23,978,190</u> | <u>25,243,148</u> | <u>1,600,495</u> | <u>6,830,230</u> | <u>3,702,712</u> | <u>1,954,506</u> | <u>63,309,281</u> |
| At 31 December 2023 | | | | | | | |
| Cost / revalued amount | 23,978,190 | 25,725,104 | 2,815,331 | 17,455,107 | 7,018,906 | 5,494,658 | 82,487,296 |
| Accumulated depreciation | - | (481,956) | (1,214,836) | (10,624,877) | (3,316,194) | (3,540,152) | (19,178,015) |
| Net book value | <u>23,978,190</u> | <u>25,243,148</u> | <u>1,600,495</u> | <u>6,830,230</u> | <u>3,702,712</u> | <u>1,954,506</u> | <u>63,309,281</u> |
| Rate of depreciation (percentage) | - | 2% - 25% | 10% | 20% | 20% | 20% | |

10.3 In accordance with the Bank's accounting policy, the Bank's leasehold land and buildings on leasehold land were revalued at 01 June 2023. The revaluation was carried out by an independent valuer, M/s. Harvester Services (Pvt.) Limited on the basis of prices and other relevant information generated by market transactions involving identical, comparable or similar properties. The revaluation resulted in surplus of Rs. 22,149.098 million over the book value of the respective properties. Had the leasehold land and buildings on leasehold land not been revalued, the total carrying amounts of revalued properties as at 31 December 2024 would have been as follows:

| | 2024 | 2023 |
|---|-------------------|-------------------|
| | (Rupees in '000) | |
| Leasehold land | <u>13,276,357</u> | <u>13,311,290</u> |
| Buildings on leasehold land | <u>15,959,185</u> | <u>13,927,135</u> |
| 10.4 The cost of fully depreciated property and equipment that are still in use is as follows: | | |
| Furniture and fixture | <u>365,190</u> | <u>315,817</u> |
| Electrical, office and computer equipment | <u>7,274,215</u> | <u>6,947,465</u> |
| Vehicles | <u>1,089,359</u> | <u>952,630</u> |
| Improvements to leasehold buildings | <u>2,495,679</u> | <u>2,255,124</u> |
| | <u>11,224,443</u> | <u>10,471,036</u> |



10.5 Details of disposal of property and equipment during the year:

| Particulars | 2024 | | |
|--|--------|------------------|-----------------|
| | Cost | Book value | Insurance claim |
| Habib Insurance Company Limited - (Related Party - Karachi) | | | |
| | | (Rupees in '000) | |
| Furniture and fixture | 801 | 352 | 611 |
| Electrical, office and computer equipment | 11,607 | 4,178 | 10,858 |
| Vehicles | 6,854 | 1,035 | 8,741 |

11. RIGHT-OF-USE ASSETS

| | 2024 | 2023 |
|--|------------------|-------------|
| | (Rupees in '000) | |
| BUILDING | | |
| At 01 January, | | |
| Cost | 18,288,334 | 17,549,450 |
| Accumulated depreciation | (6,318,610) | (5,477,832) |
| Net carrying amount | 11,969,724 | 12,071,618 |
| Additions during the year | 4,388,725 | 2,362,122 |
| Deletions during the year | (230,800) | (185,932) |
| Depreciation charge for the year | (2,468,564) | (2,298,189) |
| Foreign exchange adjustments | (757) | 2,705 |
| Other adjustments / transfers | 20,870 | 17,400 |
| Net carrying amount at the 31 December | 13,679,198 | 11,969,724 |

12. INTANGIBLE ASSETS

| | | |
|-----------------------------------|-------------|-------------|
| Computer software | | |
| At 01 January, | | |
| Cost | 2,201,623 | 2,181,373 |
| Accumulated amortisation | (2,077,161) | (1,816,907) |
| Net book value | 124,462 | 364,466 |
| Year ended 31 December, | | |
| Opening net book value | 124,462 | 364,466 |
| Additions - directly purchased | 168,224 | 20,250 |
| Amortisation charge | (163,532) | (260,254) |
| Closing net book value | 129,154 | 124,462 |
| At 31 December, | | |
| Cost | 2,369,847 | 2,201,623 |
| Accumulated amortisation | (2,240,693) | (2,077,161) |
| Net book value | 129,154 | 124,462 |
| Rate of amortisation (percentage) | 50% | 50% |
| Useful life | 2 years | 2 years |

12.1 As at 31 December 2024, the cost of fully amortised intangible assets still in use amounted to Rs. 2,181.373 million (2023: Rs. 1,781.397 million).



13. DEFERRED TAX ASSETS

| 2024 | | | | | | |
|---|--|------------------------------------|-----------------------------------|---|---|--------------------------------------|
| | As at 01 January - (restated) | Impact on adoption of IFRS 9 | As at 01 January (Revised) | Recognised in profit and loss account | Recognised in other comprehensive income | As at 31 December |
| (Rupees in '000) | | | | | | |
| Deductible Temporary Differences on | | | | | | |
| Credit loss allowance against diminution in the value of investments | 5,851,622 | (1,121,172) | 4,730,450 | (734,460) | - | 3,995,990 |
| Credit loss allowance against loans and advances, off balance sheet etc. | 5,743,307 | 8,130,346 | 13,873,653 | (817,168) | - | 13,056,485 |
| Workers' welfare fund | 2,648,408 | - | 2,648,408 | 1,123,051 | - | 3,771,459 |
| | 14,243,337 | 7,009,174 | 21,252,511 | (428,577) | - | 20,823,934 |
| Taxable Temporary Differences on | | | | | | |
| Accelerated tax depreciation | (2,130,580) | - | (2,130,580) | (745,094) | - | (2,875,674) |
| Surplus on revaluation of FVOCI investments | (1,085,712) | 1,703,861 | 618,149 | - | (7,236,637) | (6,618,488) |
| Deficit on revaluation of securities classified as FVPL | - | (582,145) | (582,145) | 337,363 | - | (244,782) |
| Surplus on revaluation of property and equipment | (6,130,312) | - | (6,130,312) | 281,853 | (661,329) | (6,509,788) |
| Surplus on revaluation of non banking assets | (52,325) | - | (52,325) | 567 | 12,498 | (39,260) |
| Surplus on revaluation of held for trading securities | - | - | - | - | - | - |
| | (9,398,929) | (1,121,716) | (8,277,213) | (125,311) | (7,885,468) | (16,287,992) |
| | 4,844,408 | 8,130,890 | 12,975,298 | (553,888) | (7,885,468) | 4,535,942 |
| (Restated) 2023 | | | | | | |
| | As at 01 January (as previously reported) | Prior period adjustment | As at 01 January - restated | Recognised in profit and loss account | Recognised in other comprehensive income | As at 31 December - (restated) |
| (Rupees in '000) | | | | | | |
| Deductible Temporary Differences on | | | | | | |
| Credit loss allowance against diminution in the value of investments | 5,573,505 | - | 5,573,505 | 278,117 | - | 5,851,622 |
| Credit loss allowance against loans and advances, off balance sheet, etc. | 2,131,285 | - | 2,131,285 | 3,612,022 | - | 5,743,307 |
| Workers welfare fund | 1,659,964 | - | 1,659,964 | 988,444 | - | 2,648,408 |
| | 9,364,754 | - | 9,364,754 | 4,878,583 | - | 14,243,337 |
| Taxable Temporary Differences on | | | | | | |
| Accelerated tax depreciation | (1,713,566) | - | (1,713,566) | (417,014) | - | (2,130,580) |
| Surplus on revaluation of available for sale investments | 4,245,359 | - | 4,245,359 | - | (5,331,071) | (1,085,712) |
| Surplus on revaluation of property and equipment | (2,156,382) | (110,950) | (2,267,332) | 163,571 | (4,026,551) | (6,130,312) |
| Surplus on revaluation of non banking assets | (59,145) | - | (59,145) | 1,949 | 4,871 | (52,325) |
| Surplus on revaluation of held for trading securities | (180) | - | (180) | 180 | - | - |
| | 316,086 | (110,950) | 205,136 | (251,314) | (9,352,751) | (9,398,929) |
| | 9,680,840 | (110,950) | 9,569,890 | 4,627,269 | (9,352,751) | 4,844,408 |



| 14. OTHER ASSETS | Note | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|--------------------|
| Income / mark-up accrued in local currency - net | | 68,943,770 | 82,921,325 |
| Income / mark-up accrued in foreign currencies - net | | 1,027,928 | 1,213,568 |
| Advances, deposits, advance rent and other prepayments | | 13,351,070 | 3,390,303 |
| Advance taxation | | 4,616,189 | - |
| Non-banking assets acquired in satisfaction of claims | 14.1 | 3,841,737 | 3,862,121 |
| Mark to market gain on forward foreign exchange contracts | | 751,223 | 2,322,982 |
| Acceptances | | 35,827,371 | 39,174,104 |
| Stationery and stamps on hand | | 2,161,940 | 1,144,768 |
| Receivable against home remittance | | 10,757,793 | 919,605 |
| Branch adjustment account | | 2,038,881 | - |
| Others | | 915,228 | 936,298 |
| | | <u>144,233,130</u> | <u>135,885,074</u> |
| Less: Credit loss allowance / provision held against other assets | 14.2 | <u>(580,371)</u> | <u>(7,815)</u> |
| Other Assets (net of credit loss allowance / provision) | | <u>143,652,759</u> | <u>135,877,259</u> |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 14.1 | <u>205,323</u> | <u>253,183</u> |
| Other Assets-total | | <u>143,858,082</u> | <u>136,130,442</u> |
| 14.1 Market value of non-banking assets acquired in satisfaction of claims | | <u>4,033,449</u> | <u>4,115,923</u> |

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by independent valuers, M/s. K.G.Traders (Pvt.) Ltd. and M/s. BFA (Pvt.) Ltd. Fair value calculation was based on present physical condition and location of non-banking assets. Fair values were ascertained by the independent valuers under market approach through various enquiries conducted by them at site from real estate agents and brokers.

| 14.1.1 Non-banking assets acquired in satisfaction of claims | Note | 2024 (Rupees in '000) | 2023 |
|---|--------|--------------------------|------------------|
| Opening balance | | 4,115,304 | 3,786,952 |
| Revaluations | | - | 121,553 |
| Additions / transfer | | (66,497) | 214,035 |
| Depreciation | | (1,747) | (7,236) |
| Closing balance | | <u>4,047,060</u> | <u>4,115,304</u> |
| 14.2 Credit loss allowance / provision held against other assets | | | |
| Mark-up accrued | | 566,002 | - |
| Modification | | 6,444 | - |
| Others - receivable against consumer loans | | 7,925 | 7,815 |
| | 14.2.1 | <u>580,371</u> | <u>7,815</u> |



| | 2024 | 2023 |
|---|---------------------------|-----------------------------------|
| | (Rupees in '000) | |
| 14.2.1 Movement in credit loss allowance / provision held against other assets | | |
| Opening balance | 7,815 | 8,101 |
| Impact of adoption of IFRS 9 | 464,364 | - |
| Foreign exchange adjustments | 1,552 | - |
| ECL charge for the year | 102,380 | - |
| ECL reversal for the year | (1,663) | - |
| Modification Charge | 6,444 | - |
| Charge for the year | 2,480 | 3,664 |
| Reversals for the year | (2,795) | (3,664) |
| | 106,846 | - |
| Amount written off | (206) | (286) |
| Closing balance | 580,371 | 7,815 |
| | | 2024 |
| | Outstanding amount | Credit loss allowance held |
| | (Rupees in '000) | |
| 14.2.2 Particulars of credit loss allowance against other assets | | |
| Stage 1 | 20,904,866 | 294,209 |
| Stage 2 | 4,673,421 | 271,793 |
| Stage 3 / others | 14,369 | 14,369 |
| | 25,592,656 | 580,371 |
| 15. CONTINGENT ASSETS | | |
| There were no contingent assets of the Bank as at 31 December 2024 (2023: Nil). | | |
| 16. BILLS PAYABLE | | |
| In Pakistan | 52,263,043 | 48,083,103 |
| 17. BORROWINGS | | |
| Secured | | |
| Borrowings from the State Bank of Pakistan | | |
| Export refinance scheme | 17.1 | 72,607,266 |
| Renewable energy | 17.2 | 17,895,611 |
| Long term financing for imported and locally manufactured plant and machinery | 17.3 | 25,306,703 |
| Modernisation of small and medium enterprises | 17.4 | 1,259,381 |
| Women entrepreneurship | 17.5 | 86,827 |
| Financing facility for storage of agricultural produce | 17.6 | 795,240 |
| Temporary economic refinance facility | 17.7 | 26,107,166 |
| Refinance facility for combating COVID-19 | 17.8 | 100,001 |
| Repurchase agreement borrowings | 17.9 | 462,964,000 |
| | | 607,122,195 |
| Repurchase agreement borrowings | 17.9 | 54,953,000 |
| Borrowing from other Banks | 17.10 | 2,785,500 |
| Total secured | | 664,860,695 |
| Unsecured | | |
| Overdrawn nostro accounts | | 2,182,518 |
| | | 1,194,452 |
| | | 667,043,213 |
| | | 477,438,034 |



- 17.1** These carry mark - up rates ranging from 1% to 14.5% (2023: 1% to 18%) per annum, payable quarterly basis with maturities upto 180 days from the date of disbursement.
- 17.2** These carry mark - up rates of 2% to 3% (2023: 2% to 3%) per annum having maturity periods over ten years.
- 17.3** These carry mark - up rates ranging from 2% to 8% (2023: 2% to 15%) per annum having maturity periods upto ten years.
- 17.4** These carry mark - up rates of 2% (2023: 2%) per annum having maturity periods upto ten years.
- 17.5** These carry mark - up rate of Nil (2023: Nil) per annum having maturity periods upto five years.
- 17.6** These carry mark - up rates from 2% to 3.25% (2023: 2% to 3.5%) per annum having maturity periods upto seven years.
- 17.7** These carry mark - up rates of 1% (2023: 1%) per annum having maturity periods over ten years.
- 17.8** These carry mark - up rate of Nil (2023: Nil) per annum having maturity periods upto five years.
- 17.9** These repurchase agreement borrowings are secured against Pakistan Investment Bonds. These carry effective mark - up rates ranging from 13.04% to 13.20% (2023: 21.75% to 22.98%) per annum, having maturity periods upto one month.
- 7.10** These carry mark - up rate of 6.92% (2023: Nil) per annum having maturity periods upto four months.

| 17.11 Particulars of borrowings with respect to currencies | 2024 | 2023 |
|---|-------------------------|--------------------|
| | (Rupees in '000) | |
| In local currency | 662,075,195 | 476,243,582 |
| In foreign currencies | 4,968,018 | 1,194,452 |
| | 667,043,213 | 477,438,034 |

18. DEPOSITS AND OTHER ACCOUNTS

| | 2024 | | | 2023 | | |
|---------------------------------|--------------------------|------------------------------|----------------------|--------------------------|------------------------------|---------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| | (Rupees in '000) | | | | | |
| Customers | | | | | | |
| Current deposits | 705,137,306 | 57,423,924 | 762,561,230 | 595,309,808 | 56,445,179 | 651,754,987 |
| Savings deposits | 876,689,075 | 45,898,830 | 922,587,905 | 640,708,283 | 50,248,962 | 690,957,245 |
| Term deposits | 200,255,916 | 61,604,086 | 261,860,002 | 215,403,093 | 70,650,094 | 286,053,187 |
| Current deposits - remunerative | 204,592,225 | 4,207,345 | 208,799,570 | 187,912,301 | 5,250,507 | 193,162,808 |
| Others | 21,169,067 | 20,343,029 | 41,512,096 | 29,720,340 | 18,887,944 | 48,608,284 |
| | 2,007,843,589 | 189,477,214 | 2,197,320,803 | 1,669,053,825 | 201,482,686 | 1,870,536,511 |
| Financial institutions | | | | | | |
| Current deposits | 16,114,493 | 2,175,247 | 18,289,740 | 10,386,373 | 515,221 | 10,901,594 |
| Savings deposits | 22,803,962 | - | 22,803,962 | 14,463,621 | 29 | 14,463,650 |
| Term deposits | 793,000 | 526,460 | 1,319,460 | 1,483,491 | 449,568 | 1,933,059 |
| Current deposits - remunerative | 37,231,817 | 1,953,119 | 39,184,936 | 35,228,067 | 955,619 | 36,183,686 |
| Others | 38,010 | - | 38,010 | 18,010 | - | 18,010 |
| | 76,981,282 | 4,654,826 | 81,636,108 | 61,579,562 | 1,920,437 | 63,499,999 |
| | 2,084,824,871 | 194,132,040 | 2,278,956,911 | 1,730,633,387 | 203,403,123 | 1,934,036,510 |



| | 2024 | 2023 |
|--|----------------------|----------------------|
| | (Rupees in '000) | |
| 18.1 Composition of deposits | | |
| - Individuals | 1,529,418,514 | 1,234,830,302 |
| - Government (Federal and Provincial) | 85,554,239 | 65,896,212 |
| - Public Sector Entities | 10,245,354 | 10,503,831 |
| - Banking Companies | 1,825,031 | 346,095 |
| - Non-Banking Financial Institutions | 79,811,077 | 63,153,904 |
| - Private Sector | 572,102,696 | 559,306,166 |
| | <u>2,278,956,911</u> | <u>1,934,036,510</u> |
| 18.2 Deposits includes eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 1,739,128.493 million (2023: Rs. 1,395,296.889 million). | | |
| | 2024 | 2023 |
| | (Rupees in '000) | |
| 19. LEASE LIABILITIES | | |
| Opening balance | 14,441,482 | 14,025,746 |
| Additions during the year | 4,388,725 | 2,362,122 |
| Lease payments including interest | (3,780,564) | (3,295,084) |
| Finance charges on leased liabilities | 2,101,060 | 1,568,789 |
| Deletions during the year | (322,083) | (240,236) |
| Foreign exchange adjustments | (792) | 2,745 |
| Other adjustment | 20,870 | 17,400 |
| Closing balance | <u>16,848,698</u> | <u>14,441,482</u> |
| 19.1 Contractual maturity of lease liabilities | | |
| Short-term lease liabilities - within one year | 1,264,331 | 1,143,236 |
| Long-term lease liabilities | | |
| - 1 to 5 years | 6,852,173 | 5,587,474 |
| - 5 to 10 years | 6,753,025 | 6,057,097 |
| - More than 10 years | 1,979,169 | 1,653,675 |
| | <u>15,584,367</u> | <u>13,298,246</u> |
| Total | <u>16,848,698</u> | <u>14,441,482</u> |
| 19.2 This carries average effective rate of 14.61% per annum (2023: 12.56%). | | |
| | 2024 | 2023 |
| | (Rupees in '000) | |
| 20. SUBORDINATED DEBT - Unsecured | | |
| Term Finance Certificates (TFCs) - VI | 20.1 7,000,000 | 7,000,000 |
| Term Finance Certificates (TFCs) - VII | 20.2 - | 3,992,000 |
| Term Finance Certificates (TFCs) - VIII | 20.3 4,994,000 | 4,996,000 |
| Term Finance Certificates (TFCs) - IX | 20.4 7,000,000 | 7,000,000 |
| Term Finance Certificates (TFCs) - X | 20.5 6,994,400 | 6,997,200 |
| | <u>25,988,400</u> | <u>29,985,200</u> |



20.1 Term Finance Certificates - VI

| | |
|--------------------------|---|
| Issue amount | Rupees 7,000 million |
| Issue date | December 2017 |
| Maturity date | Perpetual |
| Rating | AA+ |
| Profit payment frequency | semi-annually |
| Redemption | No fixed or final redemption date. |
| Mark-up | Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default. |
| Call option | On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality. |
| Lock-in-clause | No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR"). |
| Loss absorbency clause | The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full). |

20.2 Term Finance Certificates - VII

During the period, the Bank exercised the call option of Term Finance Certificates - VII in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 06 June 2024.

20.3 Term Finance Certificates - VIII

| | |
|--------------------------|---|
| Issue amount | Rupees 5,000 million |
| Issue date | September 2021 |
| Maturity date | September 2031 |
| Rating | AAA |
| Profit payment frequency | semi-annually |
| Redemption | 6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each. |
| Mark-up | 6 - Months KIBOR (ask side) + 0.75% per annum. |
| Call option | On or after five years with prior SBP approval. |
| Lock-in-clause | Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR"). |
| Loss absorbency clause | The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full). |



20.4 Term Finance Certificates-IX

| | |
|--------------------------|---|
| Issue amount | Rupees 7,000 million |
| Issue date | April 2022 |
| Maturity date | Perpetual |
| Rating | AA+ |
| Profit payment frequency | semi-annually |
| Redemption | No fixed or final redemption date. |
| Mark-up | Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default. |
| Call option | On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality. |
| Lock-in-clause | No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR"). |
| Loss absorbency clause | The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full). |

20.5 Term Finance Certificates-X

| | |
|--------------------------|---|
| Issue amount | Rupees 7,000 million |
| Issue date | December 2022 |
| Maturity date | December 2032 |
| Rating | AAA |
| Profit payment frequency | semi-annually |
| Redemption | 6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each. |
| Mark-up | 6 - Months KIBOR (ask side) + 1.35% per annum. |
| Call option | On or after five years with prior SBP approval. |
| Lock-in-clause | Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR"). |
| Loss absorbency clause | The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full). |



21.2 Provision for compensated absences has been determined on the basis of independent actuarial valuation. The significant assumptions used for actuarial valuation were as follows:

| | 2024 | 2023 |
|---|---------------|---------------|
| | (% per annum) | |
| Discount rate | <u>12.25%</u> | <u>15.50%</u> |
| Expected rate of increase in salary in future years | <u>15.00%</u> | <u>15.50%</u> |

21.3 The ATM switch, clearing and settlement account serves as a clearing account for processing ATM and other transactions.

22. SHARE CAPITAL

22.1 Authorised Capital

| 2024 | 2023 | | 2024 | 2023 |
|----------------------|----------------------|--------------------------------|-------------------|-------------------|
| Number of shares | | | (Rupees in '000) | |
| <u>2,000,000,000</u> | <u>2,000,000,000</u> | Ordinary shares of Rs. 10 each | <u>20,000,000</u> | <u>20,000,000</u> |

22.2 Issued, subscribed and paid up capital

| 2024 | 2023 | | 2024 | 2023 |
|----------------------|----------------------|------------------------|-------------------|-------------------|
| Number of shares | | | | |
| <u>30,000,000</u> | 30,000,000 | Fully paid in cash | <u>300,000</u> | 300,000 |
| <u>1,081,425,416</u> | 1,081,425,416 | Issued as bonus shares | <u>10,814,254</u> | 10,814,254 |
| <u>1,111,425,416</u> | <u>1,111,425,416</u> | | <u>11,114,254</u> | <u>11,114,254</u> |

22.3 As of statement of financial position date 241,346,935 (2023: 161,380,377) ordinary shares of Rs.10/- each were held by the related parties.

| | Note | 2024 | (Restated) 2023 |
|---|------|--------------------------|--------------------|
| | | (Rupees in '000) | |
| 23. SURPLUS ON REVALUATION OF ASSETS | | | |
| Surplus on revaluation of: | | | |
| - Securities measured at FVOCI - debt | 8.1 | 11,908,799 | - |
| - Securities measured at FVOCI - equity | 8.1 | 578,915 | - |
| - Available for sale securities | | - | 2,215,739 |
| - Property and equipment | 23.1 | 22,149,099 | 22,634,109 |
| - Non-banking assets acquired in satisfaction of claims | 23.2 | 205,323 | 253,183 |
| | | 34,842,136 | 25,103,031 |
| Deferred tax on surplus on revaluation of: | | | |
| - Securities measured at FVOCI - debt | | 6,311,663 | - |
| - Securities measured at FVOCI - equity | | 306,825 | - |
| - Available for sale securities | | - | 1,085,712 |
| - Property and equipment | 23.1 | 6,580,165 | 6,200,660 |
| - Non-banking assets acquired in satisfaction of claims | 23.2 | 39,260 | 52,325 |
| | | 13,237,913 | 7,338,697 |
| | | <u>21,604,223</u> | <u>17,764,334</u> |



| | | 2024 | (Restated) 2023 |
|-------------|--|--------------------|--------------------|
| | | (Rupees in '000) | |
| 23.1 | Surplus on revaluation of property and equipment | | |
| | Surplus on revaluation of property and equipment as at 01 January | 22,634,109 | 8,675,522 |
| | Surplus on revaluation of the Bank's property and equipment during the year | - | 14,292,405 |
| | Transfer from non-banking assets | 46,793 | - |
| | Transferred to unappropriated profit in respect of incremental depreciation charged during the year | (531,803) | (333,818) |
| | Surplus on revaluation of property and equipment as at 31 December | 22,149,099 | 22,634,109 |
| | Less: related deferred tax liability on: | | |
| | - Revaluation as at 01 January | 6,200,660 | 2,226,730 |
| | - Prior year adjustments | - | 110,950 |
| | - Adjustment / revaluation recognised during the year | 638,432 | 4,026,551 |
| | - Transfer from non-banking assets | 22,929 | - |
| | - Incremental depreciation charged during the year | (281,856) | (163,571) |
| | | 6,580,165 | 6,200,660 |
| | | <u>15,568,934</u> | <u>16,433,449</u> |
| 23.2 | Surplus on revaluation of non - banking assets acquired in satisfaction of claims | | |
| | Surplus on revaluation of non-banking assets as at 01 January | 253,183 | 135,608 |
| | Surplus on revaluation of non-banking assets during the year | - | 121,553 |
| | Transfer to property and equipment | (46,793) | - |
| | Transferred to unappropriated profit in respect of incremental depreciation charged during the year | (1,067) | (3,978) |
| | Surplus on revaluation of non-banking assets as at 31 December | 205,323 | 253,183 |
| | Less: related deferred tax liability on: | | |
| | - Revaluation as at 01 January | 52,325 | 59,145 |
| | - Adjustment / revaluation recognised during the year | 10,430 | (4,871) |
| | - Transfer to property and equipment | (22,929) | - |
| | - Incremental depreciation charged during the year | (566) | (1,949) |
| | | 39,260 | 52,325 |
| | | <u>166,063</u> | <u>200,858</u> |
| 23.3 | Securities which will not be recycled to unconsolidated statement of profit and loss accounts are disclosed in note 8. | | |
| | Note | 2024 | 2023 |
| | | (Rupees in '000) | |
| 24. | CONTINGENCIES AND COMMITMENTS | | |
| | - Guarantees | 24.1 217,554,372 | 185,470,538 |
| | - Commitments | 24.2 542,967,594 | 497,808,811 |
| | - Other contingent liabilities | 24.3 3,504,960 | 5,019,188 |
| | | <u>764,026,926</u> | <u>688,298,537</u> |
| 24.1 | Guarantees: | | |
| | Financial guarantees | 32,113,828 | 28,634,285 |
| | Performance guarantees | 185,440,544 | 156,836,253 |
| | | <u>217,554,372</u> | <u>185,470,538</u> |



| | Note | 2024 | 2023 |
|---|--------|-------------------------|-------------|
| | | (Rupees in '000) | |
| 24.2 Commitments: | | | |
| Documentary credits and short term trade-related transactions - letters of credit | | 291,149,845 | 287,964,804 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 24.2.1 | 245,803,016 | 204,174,136 |
| - forward lending | 24.2.2 | 3,217,813 | 3,955,661 |
| Commitments for acquisition of: | | | |
| - operating property and equipment | | 2,796,920 | 1,714,210 |
| | | 542,967,594 | 497,808,811 |
| 24.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| Purchase | | 145,237,825 | 123,771,146 |
| Sale | | 100,565,191 | 80,402,990 |
| | | 245,803,016 | 204,174,136 |
| The maturities of above contracts are spread over the periods upto one year. | | | |
| 24.2.2 Commitments in respect of forward lending | | 3,217,813 | 3,955,661 |
| These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. | | | |
| | | 2024 | 2023 |
| | | (Rupees in '000) | |
| 24.3 Claims against the Bank not acknowledged as debts | | 3,504,960 | 5,019,188 |

24.4 Other contingent liabilities

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2023 (Tax Year 2024) including Azad Kashmir and Gilgit Baltistan operations. The income tax assessments of the Bank (excluding Azad Kashmir operations) have been finalized upto and including tax year 2023. The Income tax assessments of Azad Kashmir operations have been finalized upto and including tax year 2022.

Matters of disagreement exist between the Bank and tax authorities for various tax years and are pending with the Commissioner Inland Revenue (Appeals) and Income Tax Appellate Tribunal (ITAT). These issues mainly relate to addition of general provision (specific), reversal of provision for non-performing loans, charge for defined benefit plan and provision for compensated absences.

Income Tax Appellate Tribunal (ITAT) has passed orders for tax years 2009 and 2011 confirming disallowance of provision for non-performing loans, deleted the other provisions and remanded back the provision for non-performing loans. This resulted in an aggregate net tax impact of Rs. 8.178 million.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) passed an amended order u/s. 122(5A) of the Income Tax Ordinance, 2001 resulting in an impact of Rs. 482.233 million. Subsequently, Commissioner Inland Revenue (Appeals) has passed order by allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 347.617 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) passed an appellate order against Deputy Commissioner Inland Revenue (DCIR) order for Tax Year 2014 (Accounting Year 2013) by allowing certain expenses resulting in an impact of Rs. 25.300 million and remanded back certain expenses to DCIR. The resulted aggregate net tax impact stands at Rs. 125.469 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.



Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2015 (Accounting Year 2014) by allowing certain expenses and remanded back to ACIR for other matters. During the year certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 154.201 million. The resulted aggregate net tax impact stands at Rs. 147.655 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2016 (Accounting Year 2015) by allowing certain expenses and remanded back to ACIR for other matters. During the year certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 224.625 million. The resulted aggregate net tax impact stands at Rs. 80.557 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2018 (Accounting Year 2017) by allowing certain expenses resulting in an impact of Rs. 65.722 million. The resulted aggregate net tax impact stands at Rs. 194.376 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2020 (Accounting Year 2019) by disallowing certain expenses resulting in an impact of Rs. 873.437 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order. After promulgation of Tax Law (Amendment) Act 2024, this appeal has been transferred to Income Tax Appellate Tribunal (ITAT).

Appellate Tribunal Inland Revenue (ATIR) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2021 (Accounting Year 2020) by allowing certain expenses resulting in a favorable impact of Rs. 899.884 million. The resulted aggregate net tax impact now stands at Rs. 834.975 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2022 (Accounting Year 2021) by disallowing certain expense resulting in an impact of Rs. 920.741 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2023 (Accounting Year 2022) by disallowing certain expense resulting in an impact of Rs. 734.799 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR) against Federal Excise Duty levy on certain items for the period January 2013 to December 2015. The resulted aggregate net tax impact stands at Rs. 80.766 million.

Deputy Commissioner Inland Revenue (DCIR) has passed order against Federal Excise Duty levy on certain items for the period from January 2018 to December 2019. The resulted aggregate net tax impact stands at Rs. 17.524 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Deputy Commissioner Inland Revenue (DCIR) has passed an order against Federal Excise Duty levy on certain items pertaining to accounting year 2020 and 2021. This has resulted in aggregate net tax impact of Rs. 52.403 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. Appellate Tribunal – Punjab Revenue Authority has remanded back the order of Commissioner (HQ), Punjab Revenue Authority.



Commissioner Inland Revenue (Appeals), Mirpur AJ&K has annulled the amendments made by Assistant Commissioner Inland Revenue, Mirpur AJ&K for Tax Year 2014 to 2018. Appellate Tribunal Inland Revenue, AJ&K has also dismissed departmental appeal against annulled order resulting a favorable aggregate net tax impact of Rs. 93.443 million. The tax department has filed an appeal in High Court of Azad Kashmir.

Assistant Commissioner Inland Revenue, Mirpur AJ& K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2019 by disallowing certain expenses resulting in an impact of Rs. 92.311 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

Assistant Commissioner Inland Revenue, Mirpur AJ& K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2020 by disallowing certain expenses resulting in an impact of Rs. 6.608 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

Assistant Commissioner Inland Revenue, Mirpur AJ& K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2021 by disallowing certain expenses resulting in an impact of Rs. 7.031 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

Assistant Commissioner Inland Revenue, Mirpur AJ& K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2022 by disallowing certain expenses resulting in an impact of Rs. 12.804 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ&K.

In terms of the provisions of Section 99D of the Income Tax Ordinance, 2001, the Federal Government through FBR's notification dated 21 November 2023, imposed additional tax at the rate of 40 percent in relation to the foreign exchange income of the banking sector for the financial years 2021 and 2022. The Bank has challenged the imposition of such additional tax before Lahore High Court. The Honorable Lahore High Court has granted stay and petition is pending for final adjudication. However, the Bank has made full provision for this tax in the financial statements for the year ended December 31, 2023, on prudence basis.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.

25. DERIVATIVE INSTRUMENTS

25.1 Product Analysis

| Counter Parties | CONTRACT | | 2024 SWAP | | TOTAL | |
|-----------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|
| | Notional Principal | Mark to Market gain / (loss) | Notional Principal | Mark to Market gain / (loss) | Notional Principal | Mark to Market gain / (loss) |
| | (Rupees in '000) | | | | | |
| Banks | | | | | | |
| Hedging | 57,237,928 | 281,713 | 61,257,172 | (309,505) | 118,495,100 | (27,792) |
| Other Entities | | | | | | |
| Hedging | 127,307,916 | (1,290,945) | - | - | 127,307,916 | (1,290,945) |
| Total | | | | | | |
| Hedging | <u>184,545,844</u> | <u>(1,009,232)</u> | <u>61,257,172</u> | <u>(309,505)</u> | <u>245,803,016</u> | <u>(1,318,737)</u> |
| | 2023 | | | | | |
| Banks | | | | | | |
| Hedging | 33,947,415 | 587,431 | 67,117,360 | 775,893 | 101,064,775 | 1,363,324 |
| Other Entities | | | | | | |
| Hedging | 103,109,361 | (1,544,654) | - | - | 103,109,361 | (1,544,654) |
| Total | | | | | | |
| Hedging | <u>137,056,776</u> | <u>(957,223)</u> | <u>67,117,360</u> | <u>775,893</u> | <u>204,174,136</u> | <u>(181,330)</u> |



25.2 Maturity analysis

| | Number of Contracts | Notional Principal | 2024 | | |
|--------------------|---------------------|--------------------|--------------------|------------------|--------------------|
| | | | Mark to Market | | |
| | | | Negative | Positive | Net |
| | | | (Rupees in '000) | | |
| Upto 1 month | 488 | 92,288,053 | (633,480) | 264,498 | (368,982) |
| 1 to 3 months | 681 | 84,488,275 | (1,031,294) | 220,396 | (810,898) |
| 3 to 6 months | 690 | 59,912,062 | (386,925) | 178,113 | (208,812) |
| 6 months to 1 year | 54 | 9,114,626 | (18,261) | 88,216 | 69,955 |
| | 1,913 | 245,803,016 | (2,069,960) | 751,223 | (1,318,737) |
| | | | 2023 | | |
| Upto 1 month | 379 | 83,672,301 | (648,268) | 1,093,484 | 445,216 |
| 1 to 3 months | 568 | 72,676,016 | (1,330,312) | 660,930 | (669,382) |
| 3 to 6 months | 400 | 41,419,915 | (379,053) | 465,153 | 86,100 |
| 6 months to 1 year | 340 | 6,405,904 | (146,679) | 103,415 | (43,264) |
| | 1,687 | 204,174,136 | (2,504,312) | 2,322,982 | (181,330) |

| | 2024 | 2023 |
|--|--------------------|--------------------|
| | (Rupees in '000) | |
| 26. MARK-UP / RETURN / INTEREST EARNED | | |
| Loans and advances | 127,546,848 | 137,320,956 |
| Investments | 349,100,948 | 232,937,902 |
| Deposits with financial institutions | 756,957 | 1,044,571 |
| Securities purchased under resale agreements | 385,839 | 2,508,387 |
| Lending to financial institutions | 240,431 | 90,326 |
| Call money lendings | - | 316 |
| | 478,031,023 | 373,902,458 |
| 26.1 Interest income recognised on: | | |
| Financial assets measured at amortised cost | 72,333,082 | |
| Financial assets measured at FVOCI | 284,521,562 | |
| | 356,854,644 | |
| 26.2 Interest income recognised on: | | |
| Financial assets measured at FVPL | 232,258 | |
| Financial assets measured at cost | 120,944,121 | |
| | 121,176,379 | |
| 27. MARK-UP / RETURN / INTEREST EXPENSED | | |
| Deposits | 237,469,622 | 187,317,471 |
| Borrowings | 12,304,916 | 11,701,648 |
| Subordinated debt | 6,078,012 | 6,380,172 |
| Cost of foreign currency swaps against deposits / borrowings | 5,661,096 | 6,450,761 |
| Repurchase agreement borrowings | 58,168,536 | 36,336,008 |
| Finance charges on leased assets | 2,101,060 | 1,568,789 |
| | 321,783,242 | 249,754,849 |



| | Note | 2024 | 2023 |
|--|------|-------------------|-------------------|
| (Rupees in '000) | | | |
| 28. FEE AND COMMISSION INCOME | | | |
| Branch banking customer fees | | 2,972,502 | 2,425,846 |
| Investment banking fees | | 82,444 | 115,621 |
| Consumer finance related fees | | 49,991 | 45,187 |
| Card related fees (debit and credit cards) | | 5,099,455 | 3,686,735 |
| Credit related fees | | 401,729 | 395,209 |
| Commission on trade | | 7,271,605 | 5,962,923 |
| Commission on guarantees | | 1,075,340 | 900,637 |
| Commission on cash management | | 268,623 | 258,408 |
| Commission on home remittances | | 2,165,464 | 523,426 |
| Others | | 52,644 | 51,874 |
| | | 19,439,797 | 14,365,866 |
| 29. GAIN / (LOSS) ON SECURITIES - NET | | | |
| Realised | 29.1 | (319,848) | 1,732 |
| Unrealised - measured at FVPL | 8.1 | 461,853 | – |
| | 29.2 | 142,005 | 1,732 |
| 29.1 Realised gain / (loss) on: | | | |
| Federal Government Securities | | (338,463) | 1,124 |
| Shares | | – | 16,417 |
| Units of Mutual Funds | | 18,615 | (15,809) |
| | | (319,848) | 1,732 |
| 29.2 Net gain / (loss) on financial assets measured | | | |
| Net gain on investments in securities mandatorily measured at FVPL | | 480,468 | – |
| Net loss on financial assets measured at FVOCI | | (338,463) | – |
| Net gain on available for sale securities | | – | 1,732 |
| | | 142,005 | 1,732 |
| 30. OTHER INCOME | | | |
| Rent on property | | 16,955 | 12,840 |
| Gain on sale of property and equipment - net | | 1,015,110 | 403,459 |
| Gain on termination of leases and RoU - net | | 91,282 | 49,884 |
| | | 1,123,347 | 466,183 |



| | Note | 2024 | 2023 |
|---|------|-------------------|------------|
| | | (Rupees in '000) | |
| 31. OPERATING EXPENSES | | | |
| Total compensation expenses | 31.1 | 38,877,842 | 32,373,434 |
| Property expenses | | | |
| Rent and taxes | | 272,338 | 195,147 |
| Insurance | | 30,437 | 21,802 |
| Utilities cost | | 3,907,628 | 3,381,054 |
| Security (including guards) | | 2,412,237 | 1,942,989 |
| Repair and maintenance (including janitorial charges) | | 798,398 | 711,766 |
| Depreciation | | 1,581,835 | 1,393,035 |
| Depreciation - RoU | | 2,468,564 | 2,298,189 |
| | | 11,471,437 | 9,943,982 |
| Information technology expenses | | | |
| Software maintenance | | 3,560,789 | 2,955,213 |
| Hardware maintenance | | 1,285,472 | 1,046,896 |
| Depreciation | | 1,178,918 | 996,642 |
| Amortisation | | 163,532 | 260,254 |
| Network charges | | 963,400 | 706,796 |
| | | 7,152,111 | 5,965,801 |
| Other operating expenses | | | |
| Directors' fees and allowances | | 43,520 | 45,270 |
| Fees and allowances to Shariah Board | | 32,986 | 25,167 |
| Insurance | | 959,430 | 899,933 |
| Legal and professional charges | | 480,914 | 477,395 |
| Outsourced services costs | 31.2 | 3,476,758 | 3,528,424 |
| Travelling and conveyance | | 672,594 | 506,478 |
| NIFT and other clearing charges | | 278,235 | 217,715 |
| Depreciation | | 2,855,427 | 2,175,461 |
| Repair and maintenance | | 2,520,836 | 2,556,051 |
| Training and development | | 133,708 | 134,966 |
| Postage and courier charges | | 437,695 | 377,041 |
| Communication | | 2,902,827 | 2,223,443 |
| Stationery and printing | | 1,792,131 | 1,838,722 |
| Marketing, advertisement and publicity | | 1,207,630 | 1,802,011 |
| Donations | 31.3 | 424,425 | 619,060 |
| Auditors remuneration | 31.4 | 26,068 | 17,506 |
| Commission and brokerage | | 1,581,025 | 1,550,903 |
| Entertainment and staff refreshment | | 783,420 | 683,377 |
| Vehicle running expenses | | 216,215 | 220,213 |
| Subscriptions and publications | | 338,564 | 281,724 |
| CNIC verification charges | | 338,147 | 220,583 |
| Security charges | | 964,656 | 757,476 |
| Others | | 1,010,170 | 831,638 |
| | | 23,477,381 | 21,990,557 |
| | | 80,978,771 | 70,273,774 |



2024 2023
(Rupees in '000)

31.1 Total compensation expense

| | | |
|---|-------------------|-------------------|
| Fees and allowances etc. | 3,429,721 | 2,966,117 |
| Managerial remuneration | 25,545,770 | 21,050,885 |
| Charge for defined benefit plan | 1,205,128 | 832,728 |
| Contribution to defined contribution plan | 1,228,620 | 1,032,446 |
| Rent and house maintenance | 5,258,866 | 4,374,094 |
| Utilities | 1,028,640 | 1,094,305 |
| Medical | 909,833 | 589,575 |
| Charge for employees compensated absences | 243,693 | 399,896 |
| Social security | 5,759 | 4,495 |
| Staff indemnity | 21,812 | 28,893 |
| | 38,877,842 | 32,373,434 |

The compensation provided by the Bank to employees is composed of fixed pay structures and do not include any variable element that varies based on performance benchmarks or targets.

31.2 Total cost for the year included in other operating expenses relating to material outsourced activities is Rs. 74.948 million (2023: Rs. 73.861 million) paid to a company incorporated outside Pakistan. Material outsourcing arrangements are as follows:

| S.No. | Name of material outsourced activity | Name of service provider | Nature of service |
|-------|--------------------------------------|------------------------------------|--|
| 1. | Point of Sale (POS) Acquiring | M/s. Wemsol (Private) Limited | Terminal Management & Merchant On Boarding |
| 2. | Vision Plus-Credit Card System | M/s. Arab Financial Services (AFS) | Credit Card |

2024 2023
(Rupees in '000)

31.3 The detail of donations is given below:

| | | |
|---|----------------|----------------|
| Al-Sayyeda Benevolent Trust | 6,000 | 6,000 |
| Childlife Foundation | 20,000 | 20,000 |
| Family Education Service Foundation | 16,200 | - |
| Ghulaman-e-Abbas Educational & Medical Trust* | 6,000 | 12,000 |
| Habib Education Trust** | 6,000 | 12,000 |
| Habib Medical Trust** | 6,000 | 12,000 |
| Habib Poor Fund | - | 6,000 |
| Masoomeen Hospital Trust*** | 18,000 | 12,000 |
| Memon Health & Education Foundation | - | 125,000 |
| Patients' Aid Foundation | 75,000 | 131,860 |
| Rahmatbai Habib Food and Clothing Trust | - | 12,000 |
| Rahmatbai Habib Widows and Orphans Trust | - | 12,000 |
| The Citizens Foundation | 10,400 | 8,400 |
| The Indus Hospital | 260,825 | 249,800 |
| | 424,425 | 619,060 |

* Mr. Murtaza H. Habib, Director, is Trustee of Ghulaman-e-Abbas Educational & Medical Trust.

** Mr. Qumail R. Habib, Executive Director, is Managing Trustee of Habib Education Trust and Trustee of Habib Medical Trust.

*** Mr. Abbas D. Habib, Chairman, is Trustee of Masoomeen Hospital Trust.



| | Note | 2024 (Rupees in '000) | 2023 |
|--|--------|--------------------------|-------------------|
| 31.4 Auditors' remuneration | | | |
| Audit fee | | 8,938 | 7,150 |
| Half yearly review | | 2,844 | 2,275 |
| Other certifications | | 9,876 | 5,699 |
| Gratuity fund | | 284 | 228 |
| Out of pocket expenses / sales tax | | 4,126 | 2,154 |
| | | <u>26,068</u> | <u>17,506</u> |
| 32. OTHER CHARGES | | | |
| Penalties imposed by the State Bank of Pakistan | | <u>310,073</u> | <u>228,401</u> |
| 33. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET | | | |
| (Reversal) / charge of credit loss allowance against balance with other banks | 6.4 | (2,663) | 47 |
| Credit loss allowance against lending to financial institutions | 7.5 | 5,035 | - |
| Reversal of credit loss allowance / provision for diminution in value of investments - net | 8.3.2 | (968,289) | (3,653,116) |
| Credit loss allowance / provisions against loans and advances - net | 9.6 | 14,137,318 | 7,662,137 |
| Credit loss allowance against other assets - net | 14.2.1 | 106,846 | - |
| Credit loss allowance against off - balance sheet items - net | 21.1 | 1,612,648 | 115,245 |
| Loss on revaluation of property and equipment - net | | - | 75,889 |
| | | <u>14,890,895</u> | <u>4,200,202</u> |
| 34. TAXATION | | | |
| Current | | 43,425,154 | 37,487,623 |
| Prior years | | - | 2,948,228 |
| Deferred | | 553,888 | (4,627,269) |
| | | <u>43,979,042</u> | <u>35,808,582</u> |
| 34.1 Relationship between tax expense and accounting profit | | | |
| Profit before taxation | | <u>83,841,229</u> | <u>71,127,957</u> |
| Tax at the applicable rate of 44% (2023: 39%) | | 36,890,141 | 27,739,903 |
| Tax effects of: | | | |
| Items that are not deductible in determining taxable income | | 36,003 | (1,462,581) |
| Effect of change in tax rates | | (988,797) | (1,067,503) |
| Tax effect of super tax | | 8,041,695 | 7,650,535 |
| Prior years | | - | 2,948,228 |
| | | <u>43,979,042</u> | <u>35,808,582</u> |

34.1.1 The effective tax rate for the year is 52.45% (2023: 50.34%).

34.1.2 By virtue of the Income Tax (Amendment) Ordinance, 2024 issued on December 29, 2024, the Federal Government has raised the corporate tax rate for banking companies to 44%. The current year overall tax rate is 54% which includes 10% super tax.



| | | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|---|
| 35. BASIC AND DILUTED EARNINGS PER SHARE | | | |
| Profit for the year | | <u>39,862,187</u> | <u>35,319,375</u> |
| | | (Number) | |
| Weighted average number of ordinary shares | | <u>1,111,425,416</u> | <u>1,111,425,416</u> |
| | | (Rupees) | |
| Basic and diluted earnings per share | | <u>35.87</u> | <u>31.78</u> |
| | Note | 2024 (Rupees in '000) | 2023 |
| 36. CASH AND CASH EQUIVALENTS | | | |
| Cash and balances with treasury banks | 5 | 201,532,248 | 141,815,998 |
| Balances with other banks | 6 | 5,837,855 | 6,580,740 |
| Overdrawn nostro accounts | 17 | (2,182,518) | (1,194,452) |
| | | <u>205,187,585</u> | <u>147,202,286</u> |
| 36.1 Reconciliation of movement of liabilities to cash flows arising from financing activities | | | |
| | | 2024 | |
| | | Subordinated debt | Lease liabilities Dividend payable (Rupees in '000) |
| Balance as at 01 January 2024 | | 29,985,200 | 14,441,482 921,969 |
| Changes from financing cash flows | | | |
| Payment against subordinated debt | | (3,996,800) | - |
| Payment against lease liabilities - net | | - | (3,780,564) |
| Dividend paid | | - | (17,009,566) |
| Total changes from financing cash flows | | (3,996,800) | (3,780,564) (17,009,566) |
| Other changes | | | |
| Addition to lease liabilities - net | | - | 4,086,720 |
| Finance charges on leased liabilities | | - | 2,101,060 |
| Final cash dividend (Rs. 5.0 per share) - December 2023 | | - | 5,557,127 |
| Interim cash dividend (Rs. 3.5 per share) - March 2024 | | - | 3,889,989 |
| Interim cash dividend (Rs. 3.5 per share) - June 2024 | | - | 3,889,989 |
| Interim cash dividend (Rs. 3.5 per share) - September 2024 | | - | 3,889,989 |
| | | - | 6,187,780 |
| | | - | 17,227,094 |
| Balance as at 31 December 2024 | | <u>25,988,400</u> | <u>16,848,698</u> <u>1,139,497</u> |



| | 2023 | | |
|--|-------------------|---------------------------------------|------------------|
| | Subordinated debt | Lease liabilities (Rupees in '000) | Dividend payable |
| Balance as at 01 January 2023 | 29,991,600 | 14,025,746 | 632,731 |
| Changes from financing cash flows | | | |
| Payment against subordinated debt | (6,400) | – | – |
| Payment against lease liabilities - net | – | (3,295,084) | – |
| Dividend paid | – | – | (17,493,572) |
| Total changes from financing cash flows | (6,400) | (3,295,084) | (17,493,572) |
| Other changes | | | |
| Addition to lease liabilities - net | – | 2,142,031 | – |
| Finance charges on leased liabilities | – | 1,568,789 | – |
| Final cash dividend (Rs. 7.0 per share) - December 2022 | – | – | 7,779,978 |
| Interim cash dividend (Rs. 4.5 per share) - June 2023 | – | – | 5,001,416 |
| Interim cash dividend (Rs. 4.5 per share) - September 2023 | – | – | 5,001,416 |
| | – | 3,710,820 | 17,782,810 |
| Balance as at 31 December 2023 | <u>29,985,200</u> | <u>14,441,482</u> | <u>921,969</u> |

| | 2024 (Number) | 2023 |
|-------------------------------------|------------------|--------|
| 37. STAFF STRENGTH | | |
| Permanent | 17,393 | 16,766 |
| Temporary / on contractual basis | 234 | 216 |
| Bank's own staff at end of the year | 17,627 | 16,982 |
| Outsourced | 3,742 | 3,550 |
| Total staff strength | 21,369 | 20,532 |
| 37.1 | | |
| Domestic | 21,322 | 20,486 |
| Abroad | 47 | 46 |
| | 21,369 | 20,532 |

38. DEFINED BENEFIT PLAN

38.1 General description

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or on earlier cessation of service as under:

Number of years of eligible service completed:

Less than 5 years
5 years or more but less than 10 years
10 years or more but less than 15 years
15 years or more

Amount of gratuity payable:

Nil
1/3rd of basic salary for each year served
2/3rd of basic salary for each year served
Full basic salary for each year served

The Bank's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains / losses are recognised in 'other comprehensive income' as they occur and are not reclassified to unconsolidated statement of profit and loss account in subsequent periods.



38.2 Number of employees under the scheme

The number of employees covered under the defined benefit scheme are 17,377 (2023: 16,793).

38.3 Principal actuarial assumptions

The latest actuarial valuation of the scheme was carried out on 31 December 2024 and the significant assumptions used for actuarial valuation were as follows:

| | 2024 | 2023 |
|---|-------------------|------------------|
| Discount rate | 12.25% | 15.50% |
| Expected rate of return on plan assets | 12.25% | 15.50% |
| Expected rate of salary increase : Year 1 | 15.00% | 15.50% |
| Year 2 | 12.25% | 15.50% |
| Mortality rates (for death in service) | SLIC(2001-05)-1 | SLIC(2001-05)-1 |
| Rates of employee turnover | Moderate | Moderate |
| | 2024 | 2023 |
| | (Rupees in '000) | |
| 38.4 Reconciliation of payable to defined benefit plan | | |
| Present value of obligations | 10,708,177 | 8,964,117 |
| Fair value of plan assets | (8,642,462) | (6,764,034) |
| Payable | <u>2,065,715</u> | <u>2,200,083</u> |
| 38.5 Movement in defined benefit obligations | | |
| Obligation at the beginning of the year | 8,964,117 | 6,616,783 |
| Current service cost | 874,213 | 646,160 |
| Interest cost | 1,399,628 | 979,667 |
| Benefits paid during the year | (620,075) | (283,344) |
| Remeasurement loss | 90,294 | 1,004,851 |
| Obligation at the end of the year | <u>10,708,177</u> | <u>8,964,117</u> |
| 38.6 Movement in fair value of plan assets | | |
| Fair value at the beginning of the year | 6,764,034 | 5,239,978 |
| Interest income on plan assets | 1,068,713 | 793,099 |
| Contribution by the Bank - net | 1,205,128 | 832,728 |
| Actual benefits paid during the year | (620,075) | (283,344) |
| Remeasurement gain on plan assets | 224,662 | 181,573 |
| Fair value at the end of the year | <u>8,642,462</u> | <u>6,764,034</u> |
| 38.7 Movement in payable under defined benefit scheme | | |
| Opening balance | 2,200,083 | 1,376,805 |
| Charge for the year | 1,205,128 | 832,728 |
| Contribution by the Bank | (1,205,128) | (832,728) |
| Remeasurement (gain) / loss recognised in Other Comprehensive Income during the year | (134,368) | 823,278 |
| Closing balance | <u>2,065,715</u> | <u>2,200,083</u> |



| | 2024 | 2023 |
|--|------------------|-------------------|
| | (Rupees in '000) | |
| 38.8 Charge for defined benefit plan | | |
| 38.8.1 Cost recognised in profit and loss | | |
| Current service cost | 874,213 | 646,160 |
| Net interest on defined benefit liability | 330,915 | 186,568 |
| | <u>1,205,128</u> | <u>832,728</u> |
| 38.8.2 Re-measurements (gain) / loss recognised in OCI during the year | | |
| Loss on obligation | | |
| - Financial assumptions | 105,833 | 887,465 |
| - Experience assumptions | (15,539) | 117,386 |
| | 90,294 | 1,004,851 |
| Actuarial gain on plan assets | (224,662) | (181,573) |
| Total remeasurement (gain) / loss recognised in OCI | <u>(134,368)</u> | <u>823,278</u> |
| 38.9 Components of plan assets | | |
| Cash and cash equivalents - net | 585,861 | 1,173,381 |
| Government securities | 8,056,601 | 5,590,653 |
| Total fair value of plan assets | <u>8,642,462</u> | <u>6,764,034</u> |
| 38.10 Sensitivity analysis | | 2024 |
| | | (Rupees in '000) |
| 1% increase in discount rate | | <u>9,717,092</u> |
| 1% decrease in discount rate | | <u>11,864,457</u> |
| 1% increase in expected rate of salary increase | | <u>11,800,979</u> |
| 1% decrease in expected rate of salary increase | | <u>9,752,380</u> |
| | | 2025 |
| | | (Rupees in '000) |
| 38.11 Expected contributions to be paid to the funds in the next financial year | | <u>1,258,156</u> |
| 38.12 Expected charge for the next financial year | | <u>1,258,156</u> |
| | | 2024 |
| | | (Rupees in '000) |
| 38.13 Maturity profile | | |
| The weighted average duration of the obligation is 9.97 years. | | |
| Distribution of timing of benefit payments | | |
| within the next 12 months (next annual reporting period) | | 573,354 |
| between 1 and 5 years | | 4,074,006 |
| between 6 and 10 years | | 9,126,695 |
| | | <u>13,774,055</u> |



38.14 Funding Policy

The Bank will fund the yearly contribution to the defined benefit plan each year, as per the amount calculated by the valuer.

38.15 Significant Risk

Asset Volatility

The Defined Benefit Gratuity Fund is almost entirely invested in Government Bonds with mostly floating income bonds. Almost 87.31% of the total investments (Rs. 7.545 billion) is invested in PIBs. This gives rise to significant reinvestment risk.

The asset class is volatile with reference to the yield on PIBs. This risk should be viewed together with change in the bond yield risk.

Changes in Bond Yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. So any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.

Inflation Risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Bank.

Life Expectancy / Withdrawal Rate

The gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post retirement benefit been given by the Bank like monthly pension, post retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the benefit structure, age and retention profile of the staff, the valuation methodology, and long-term valuation assumptions.

Other Risks

Though, not imminent and observable, over long term there are some risks that may crystallize. This includes:

Model Risk

The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.

Retention Risk

The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.

Final Salary Risk

The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.



Operational Risk related to a Separate Entity

Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank.

Generally, the protocols, processes and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.

Compliance Risk

The risk that retirement benefits offered by the Bank does not comply with minimum statutory requirements.

Legal / Political Risk

The risk that the legal / political environment changes and the Bank is required to offer additional or different retirement benefits than what the Bank projected.

39. DEFINED CONTRIBUTION PLAN

The general description of the plan is included in note 4.11.

| | 2024 |
|--------------------------------------|-------------------------|
| | (Rupees in '000) |
| Contributions made during the year : | |
| Employer's contribution | <u>1,228,900</u> |
| Employees' contribution | <u>1,228,900</u> |

The number of employees covered under the defined contribution plan are 15,928 (2023: 15,243).



40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total Compensation Expense

| Items | 2024 | | | | | | |
|--|------------------|----------------------------------|--------------------|------------------|----------------|-------------------------|-------------------------|
| | Directors | | | Members | Chief | Key | Other Risk |
| | Chairman | Executives (other than CE) | Non- Executives | Shariah Board | Executive | Management Personnel | Takers / Controllers |
| | (Rupees in '000) | | | | | | |
| Fees and allowances etc. | 11,520 | – | 32,000 | – | – | – | – |
| Managerial remuneration | – | 54,375 | – | 24,487 | 138,133 | 803,900 | 2,495,905 |
| Charge for defined benefit plan | – | – | – | – | 52,134 | 153,229 | 265,205 |
| Contribution to defined contribution plan | – | – | – | 280 | 2,157 | 48,308 | 174,290 |
| Rent and house maintenance | – | 15,450 | – | 6,335 | 38,933 | 232,263 | 720,903 |
| Utilities | – | 2,196 | – | 1,482 | 5,507 | 34,302 | 124,848 |
| Medical | – | 1,667 | – | 138 | 4,227 | 25,038 | 101,966 |
| Others | – | – | – | 264 | – | 6,070 | 475,814 |
| Total | 11,520 | 73,688 | 32,000 | 32,986 | 241,091 | 1,303,110 | 4,358,931 |
| Number of persons | 1 | 1 | 9 | 4 | 1 | 36 | 1,352 |
| | 2023 | | | | | | |
| Fees and allowances etc. | 11,520 | – | 33,750 | – | – | – | – |
| Managerial remuneration | – | 47,375 | – | 16,665 | 115,067 | 627,506 | 2,187,409 |
| Charge for defined benefit plan | – | – | – | – | 45,421 | 132,025 | 222,518 |
| Contribution to defined contribution plan | – | – | – | 220 | 8,107 | 38,590 | 152,692 |
| Rent and house maintenance | – | 13,350 | – | 6,298 | 32,427 | 179,188 | 626,639 |
| Utilities | – | 3,338 | – | 1,576 | 8,107 | 44,797 | 156,659 |
| Medical | – | – | – | 144 | – | 1,224 | 43,063 |
| Others | – | – | – | 264 | – | 2,809 | 322,132 |
| Total | 11,520 | 64,063 | 33,750 | 25,167 | 209,129 | 1,026,139 | 3,711,112 |
| Number of persons | 1 | 1 | 8 | 4 | 1 | 34 | 1,233 |



Chief Executive, Executive Director, Members Shariah Board, Key Management Personnel and Other Risk Takers / Controllers are entitled to Bank's maintained cars with fuel in accordance with the terms of their employment and are entitled to medical and life insurance benefits in accordance with the policy of the Bank. In addition, the Chief Executive and Executive Director are also provided with drivers, security arrangements and payment of travel bills in accordance with their terms of employment.

Chairman of the Board is also entitled to Bank's maintained cars with fuel, security guard services, payment of utility bills, club and entertainment bills, travelling bills, appropriate office, staff, and administrative support.

40.2 Remuneration paid to Directors for participation in Board and Committee Meetings

| | | 2024 | | | | | | | |
|------------------|---------------------------------|----------------------|-----------------|---|---------------------------|----------------------------------|------------------|--------------|-------------------|
| | | Meeting Fees | | | | | | | |
| | | For Board Committees | | | | | | | |
| S.No. | Name of Director's | For Board Meetings | Audit Committee | Human Resource & Remuneration Committee | Risk Management Committee | Credit Risk Management Committee | IFRS 9 Committee | IT Committee | Total Amount Paid |
| (Rupees in '000) | | | | | | | | | |
| 1. | Mr. Abbas D. Habib | 3,840 | – | 3,840 | – | – | – | 3,840 | 11,520 |
| 2. | Mr. Anwar Haji Karim | 1,000 | 1,750 | – | 1,000 | – | – | – | 3,750 |
| 3. | Ms. Farhana Mowjee Khan | 1,000 | 2,000 | 1,000 | 1,000 | – | 1,000 | – | 6,000 |
| 4. | Syed Mazhar Abbas | 750 | 1,500 | 750 | – | 750 | – | – | 3,750 |
| 5. | Mr. Murtaza H. Habib | 1,000 | – | 1,000 | – | 1,000 | – | – | 3,000 |
| 6. | Mr. Arshad Nasar | 1,000 | 2,000 | 1,000 | – | 1,000 | 1,000 | 1,000 | 7,000 |
| 7. | Mr. Adnan Afridi | 1,000 | – | 1,000 | – | – | – | – | 2,000 |
| 8. | Mr. Mohammad Rafiquddin Mehkari | 1,000 | 2,000 | 1,000 | 1,000 | – | – | – | 5,000 |
| 9. | Mr. Javed Iqbal | 250 | – | – | – | – | – | 250 | 500 |
| 10. | Mr. Humayun Bashir | 500 | – | – | – | – | – | 500 | 1,000 |
| | | 11,340 | 9,250 | 9,590 | 3,000 | 2,750 | 2,000 | 5,590 | 43,520 |



2023
Meeting Fees

| S.No. | Name of Director's | For Board Committees | | | | | | Total Amount Paid | |
|------------------|---------------------------------|----------------------|-----------------|---|---------------------------|----------------------------------|------------------|-------------------|---------------|
| | | For Board Meetings | Audit Committee | Human Resource & Remuneration Committee | Risk Management Committee | Credit Risk Management Committee | IFRS 9 Committee | | IT Committee |
| (Rupees in '000) | | | | | | | | | |
| 1. | Mr. Abbas D. Habib | 3,840 | – | 3,840 | – | – | – | 3,840 | 11,520 |
| 2. | Mr. Anwar Haji Karim | 1,000 | 2,000 | – | 1,000 | – | – | – | 4,000 |
| 3. | Ms. Farhana Mowjee Khan | 1,000 | 2,000 | 1,000 | 1,000 | – | 750 | – | 5,750 |
| 4. | Syed Mazhar Abbas | 1,000 | 2,000 | 1,000 | – | 1,000 | – | – | 5,000 |
| 5. | Mr. Murtaza H. Habib | 1,000 | – | 1,000 | – | 1,000 | – | – | 3,000 |
| 6. | Mr. Arshad Nasar | 1,000 | 2,000 | 1,000 | – | 1,000 | 1,000 | 1,000 | 7,000 |
| 7. | Mr. Adnan Afridi | 1,000 | – | – | 1,000 | – | – | – | 2,000 |
| 8. | Mr. Mohammad Rafiquddin Mehkari | 1,000 | 2,000 | – | 1,000 | 1,000 | – | – | 5,000 |
| 9. | Mr. Javed Iqbal | 1,000 | – | – | – | – | – | 1,000 | 2,000 |
| | | <u>11,840</u> | <u>10,000</u> | <u>7,840</u> | <u>4,000</u> | <u>4,000</u> | <u>1,750</u> | <u>5,840</u> | <u>45,270</u> |

40.3 Remuneration paid to Shariah Board Members

| Items | 2024 | | | 2023 | | |
|---|---------------|-----------------|----------------------|---------------|-----------------|----------------------|
| | Chairman | Resident Member | Non-Resident Members | Chairman | Resident Member | Non-Resident Members |
| (Rupees in '000) | | | | | | |
| Managerial remuneration | 12,116 | 4,287 | 8,084 | 7,996 | 3,117 | 5,552 |
| Contribution to defined contribution plan | – | 280 | – | – | 220 | – |
| Rent and house maintenance | 3,075 | 1,120 | 2,140 | 3,198 | 880 | 2,220 |
| Utilities | 769 | 178 | 535 | 800 | 220 | 556 |
| Medical | – | 138 | – | 36 | 36 | 72 |
| Others | – | 264 | – | – | 264 | – |
| Total | <u>15,960</u> | <u>6,267</u> | <u>10,759</u> | <u>12,030</u> | <u>4,737</u> | <u>8,400</u> |
| Number of persons | <u>1</u> | <u>1</u> | <u>2</u> | <u>1</u> | <u>1</u> | <u>2</u> |



41. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

41.1 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

There were no transfers between levels 1 and 2 during the year.

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:

| | 2024 | | | |
|---|-----------|-----------------------------|---------|---------------|
| | Level 1 | Level 2 (Rupees in '000) | Level 3 | Total |
| On balance sheet financial instruments | | | | |
| Financial assets-measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities | – | 1,500,229,375 | – | 1,500,229,375 |
| Shares | 761,605 | – | – | 761,605 |
| Non-Government Debt Securities | 4,240,451 | 3,442,208 | – | 7,682,659 |
| Foreign Securities | – | 7,367,557 | – | 7,367,557 |
| Units of Mutual Funds | – | 4,699,950 | – | 4,699,950 |
| Financial assets-disclosed but not measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities | – | 395,391,462 | – | 395,391,462 |
| Non-Government Debt Securities | – | – | – | – |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| Forward purchase of foreign exchange contracts | – | 143,574,254 | – | 143,574,254 |
| Forward sale of foreign exchange contracts | – | 100,910,025 | – | 100,910,025 |
| | | | | |
| | 2023 | | | |
| | Level 1 | Level 2 (Rupees in '000) | Level 3 | Total |
| On balance sheet financial instruments | | | | |
| Financial assets-measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities | – | 1,108,519,495 | – | 1,108,519,495 |
| Shares | 4,015,046 | – | – | 4,015,046 |
| Non-Government Debt Securities | 4,988,532 | 4,188,251 | – | 9,176,783 |
| Foreign Securities | – | 5,886,195 | – | 5,886,195 |
| Units of Mutual Funds | – | 4,264,072 | – | 4,264,072 |
| Financial assets-disclosed but not measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities | – | 358,464,148 | – | 358,464,148 |
| Non-Government Debt Securities | – | 1,823,596 | – | 1,823,596 |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| Forward purchase of foreign exchange contracts | – | 122,491,971 | – | 122,491,971 |
| Forward sale of foreign exchange contracts | – | 81,500,835 | – | 81,500,835 |



41.2 Valuation techniques used in determination of fair values within level 2

| Item | Valuation Approach | Input Used |
|---|---|--|
| Federal Government Securities | Federal Government Securities includes Pakistan Investments Bonds (PIBs) at fixed rate and floating rate. The fair value of fixed rates PIBs are derived from PKRV rates. Floating rate PIBs are revalued using PKFRV rates. | - PKRV Rates - PKFRV Rates |
| Non-Government Debt Securities | Investments in Non-Government Debt Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP | - Fair value as per MUFAP |
| Foreign Securities | Fair values of investments in foreign securities are valued on the basis of closing quoted market prices available at the Mashreq Bank PSC. | - Market price as per Mashreq Bank PSC |
| Units of Mutual Funds | Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days. | - Net Assets Value as per MUFAP |
| Forward Foreign Exchange Contracts | The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan (SBP). | - FX revaluation rates announced by SBP |
| Property and Equipment - Land and Building | The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. | - Prices and other relevant information generated by market transactions involving identical, comparable or similar properties |
| Non - Banking Assets acquired in Satisfaction of Claims | | |

41.3 Property and equipment as well as non-banking assets, are measured at fair value under Level 2 of the fair value hierarchy.

42. 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 the unconsolidated financial statements. Assets held under trust are shown in the table below:

| Category | 2024 | | | | | | Total |
|---------------------------------------|------------------------------|--------------------------|---------------------------------|------------------|-------------------------------|------------------|--------------------|
| | Securities Held (Face Value) | | | | | | |
| | No. of IPS Accounts | Market Treasury Bills | Pakistan Investment Bonds | Sukuks | Naya Pakistan Certificates | Bonds | |
| | (Rupees in '000) | | | | | | |
| Asset Management Companies | 6 | 54,745,150 | 1,000,000 | 267,000 | - | - | 56,012,150 |
| Employee Funds | 27 | 1,948,475 | 23,186,700 | 715,000 | - | - | 25,850,175 |
| Insurance Companies | 3 | - | 1,204,200 | - | - | - | 1,204,200 |
| Companies | 26 | 4,346,350 | 258,459,700 | 48,000 | - | 69,638 | 262,923,688 |
| Individuals | 618 | 1,011,250 | 657,100 | - | 14,783,214 | 3,454,020 | 19,905,584 |
| NGO,S/ Charitable Institutions/ Trust | 21 | 3,361,370 | 985,200 | 120,000 | - | - | 4,466,570 |
| Others | 4 | 1,529,710 | - | - | - | - | 1,529,710 |
| Total | 705 | 66,942,305 | 285,492,900 | 1,150,000 | 14,783,214 | 3,523,658 | 371,892,077 |



| Category | 2023 Securities Held (Face Value) | | | | | | Total |
|---------------------------------------|--------------------------------------|--------------------------|---------------------------------|------------------|-------------------------------|------------------|-------------------|
| | No. of IPS Accounts | Market Treasury Bills | Pakistan Investment Bonds | Sukuks | Naya Pakistan Certificates | Bonds | |
| | | | | | | | (Rupees in '000) |
| Asset Management Companies | 2 | 11,375,265 | - | 217,000 | - | - | 11,592,265 |
| Employee Funds | 26 | 2,386,845 | 18,239,500 | 623,000 | - | - | 21,249,345 |
| Insurance Companies | 2 | - | 1,004,200 | - | - | - | 1,004,200 |
| Companies | 10 | 1,414,400 | 5,456,200 | 48,000 | - | 140,930 | 7,059,530 |
| Individuals | 365 | 1,789,500 | 666,100 | - | 8,228,727 | 2,903,165 | 13,587,492 |
| NGO,S/ Charitable Institutions/ Trust | 14 | 1,746,230 | 1,083,200 | 120,000 | - | - | 2,949,430 |
| Others | 5 | 1,205,000 | - | - | - | - | 1,205,000 |
| Total | 424 | 19,917,240 | 26,449,200 | 1,008,000 | 8,228,727 | 3,044,095 | 58,647,262 |

43. SEGMENT INFORMATION

43.1 Segment details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

| | 2024 | | | Total |
|---|-----------------------|----------------------|---------------------|----------------------|
| | Commercial banking | Retail banking | Islamic banking | |
| | | | | (Rupees in '000) |
| Statement of profit and loss account | | | | |
| Mark-up / return / profit | 400,816,366 | 15,672,611 | 61,542,046 | 478,031,023 |
| Inter segment revenue - net | - | 130,593,984 | - | 130,593,984 |
| Non mark-up / return / interest income | 6,360,210 | 17,043,952 | 2,080,071 | 25,484,233 |
| Total income | 407,176,576 | 163,310,547 | 63,622,117 | 634,109,240 |
| Segment direct expenses | (229,927,264) | (136,479,773) | (38,376,095) | (404,783,132) |
| Inter segment expense allocation | (130,593,984) | - | - | (130,593,984) |
| Total expenses | (360,521,248) | (136,479,773) | (38,376,095) | (535,377,116) |
| Credit loss allowance and write-offs - net | (13,187,825) | (315) | (1,702,755) | (14,890,895) |
| Profit before tax | 33,467,503 | 26,830,459 | 23,543,267 | 83,841,229 |
| Statement of financial position | | | | |
| Cash and bank balances | 173,571,492 | 9,691,236 | 24,106,428 | 207,369,156 |
| Investments | 1,668,391,709 | - | 256,341,204 | 1,924,732,913 |
| Net inter segment lending | - | 1,355,487,303 | - | 1,355,487,303 |
| Lendings to financial institutions | 12,945,052 | - | 25,996,490 | 38,941,542 |
| Advances - performing | 882,155,014 | 15,817,117 | 10,192,403 | 908,164,534 |
| - non-performing net of credit loss allowance | 1,982,189 | - | 703,476 | 2,685,665 |
| Others | 213,481,583 | 6,641,539 | 548,744 | 220,671,866 |
| Total assets | 2,813,825,130 | 1,418,929,086 | 442,768,292 | 4,675,522,508 |
| Borrowings | 636,481,967 | - | 30,561,246 | 667,043,213 |
| Subordinated debt | 25,988,400 | - | - | 25,988,400 |
| Deposits and other accounts | 649,870,383 | 1,311,490,784 | 317,595,744 | 2,278,956,911 |
| Net inter segment borrowing | 1,355,487,303 | - | - | 1,355,487,303 |
| Others | 63,894,713 | 105,090,753 | 27,072,595 | 196,058,061 |
| Total liabilities | 2,731,722,766 | 1,416,581,537 | 375,229,585 | 4,523,533,888 |
| Equity | 123,204,286 | 8,118,139 | 336,664 | 129,659,089 |
| Total equity and liabilities | 2,813,825,130 | 1,418,929,086 | 442,768,292 | 4,675,522,508 |
| Contingencies and commitments | 455,344,714 | 144,204 | 53,215,299 | 508,704,217 |



| | (Restated) | | | |
|--|-----------------------|----------------------|---------------------|----------------------|
| | 2023 | | | |
| | Commercial banking | Retail banking | Islamic banking | Total |
| | (Rupees in '000) | | | |
| Statement of profit and loss account | | | | |
| Mark-up / return / profit | 279,531,418 | 46,879,121 | 47,491,919 | 373,902,458 |
| Inter segment revenue - net | – | 80,307,339 | – | 80,307,339 |
| Non mark-up / return / interest income | 4,859,189 | 16,819,777 | 1,548,291 | 23,227,257 |
| Total income | 284,390,607 | 144,006,237 | 49,040,210 | 477,437,054 |
| Segment direct expenses | (173,017,154) | (117,934,267) | (30,850,135) | (321,801,556) |
| Inter segment expense allocation | (80,307,339) | – | – | (80,307,339) |
| Total expenses | (253,324,493) | (117,934,267) | (30,850,135) | (402,108,895) |
| Credit loss allowance and write-offs - net | (3,778,546) | (315) | (421,341) | (4,200,202) |
| Profit before tax | 27,287,568 | 26,071,655 | 17,768,734 | 71,127,957 |
| Statement of financial position | | | | |
| Cash and bank balances | 123,861,830 | 8,547,821 | 15,987,019 | 148,396,670 |
| Investments | 1,309,789,763 | – | 194,105,585 | 1,503,895,348 |
| Net inter segment lending | – | 1,135,888,814 | – | 1,135,888,814 |
| Lendings to financial institutions | 1,649,716 | – | – | 1,649,716 |
| Advances - performing | 699,246,898 | 48,739,222 | 113,343,322 | 861,329,442 |
| - non-performing net of credit loss allowance | 7,290,737 | 66,186 | 772,444 | 8,129,367 |
| Others | 185,745,238 | 12,501,485 | 22,425,143 | 220,671,866 |
| Total assets | 2,327,584,182 | 1,205,743,528 | 346,633,513 | 3,879,961,223 |
| Borrowings | 442,966,016 | – | 34,472,018 | 477,438,034 |
| Subordinated debt | 29,985,200 | – | – | 29,985,200 |
| Deposits and other accounts | 580,811,252 | 1,097,933,322 | 255,291,936 | 1,934,036,510 |
| Net inter segment borrowing | 1,135,888,814 | – | – | 1,135,888,814 |
| Others | 61,294,458 | 96,189,827 | 15,469,291 | 172,953,576 |
| Total liabilities | 2,250,945,740 | 1,194,123,149 | 305,233,245 | 3,750,302,134 |
| Equity | 76,638,442 | 11,620,379 | 41,400,268 | 129,659,089 |
| Total equity and liabilities | 2,327,584,182 | 1,205,743,528 | 346,633,513 | 3,879,961,223 |
| Contingencies and commitments | 430,167,158 | 87,278 | 43,180,906 | 473,435,342 |



43.2 Segment details with respect to geographical locations

Geographical Segment Analysis

| | 2024 | | | |
|---|----------------------|-------------------|-------------------|----------------------|
| | Pakistan | Middle East | Asia Pacific | Total |
| | (Rupees in '000) | | | |
| Statement of profit and loss account | | | | |
| Mark-up / return / profit | 473,916,589 | 1,843,096 | 2,271,338 | 478,031,023 |
| Non mark-up / return / interest income | 24,650,147 | 525,233 | 308,853 | 25,484,233 |
| Total income | 498,566,736 | 2,368,329 | 2,580,191 | 503,515,256 |
| Segment direct expenses | (401,320,412) | (2,154,908) | (1,307,812) | (404,783,132) |
| Credit loss allowance and write-offs - net | (16,174,135) | 611,744 | 671,496 | (14,890,895) |
| Profit before tax | 81,072,189 | 825,165 | 1,943,875 | 83,841,229 |
| Statement of financial position | | | | |
| Cash and bank balances | 206,643,781 | 667,407 | 57,968 | 207,369,156 |
| Investments | 1,897,658,433 | 14,783,025 | 12,291,455 | 1,924,732,913 |
| Net inter segment lending | 10,027,800 | 21,350,858 | 1,392,750 | 32,771,408 |
| Lending to financial institutions | 38,941,542 | - | - | 38,941,542 |
| Advances-performing | 882,155,014 | 15,817,117 | 10,192,403 | 908,164,534 |
| - non-performing net of credit loss allowance | 1,982,189 | - | 703,476 | 2,685,665 |
| Others | 236,809,459 | 996,756 | 335,180 | 238,141,395 |
| Total assets | 3,274,218,218 | 53,615,163 | 24,973,232 | 3,352,806,613 |
| Borrowings | 667,043,213 | - | - | 667,043,213 |
| Subordinated debt | 25,988,400 | - | - | 25,988,400 |
| Deposits and other accounts | 2,229,894,340 | 33,024,109 | 16,038,462 | 2,278,956,911 |
| Net inter segment borrowing | 15,334,178 | 11,420,550 | 6,016,680 | 32,771,408 |
| Others | 194,890,855 | 967,811 | 199,395 | 196,058,061 |
| Total liabilities | 3,133,150,986 | 45,412,470 | 22,254,537 | 3,200,817,993 |
| Equity | 141,067,232 | 8,202,693 | 2,718,695 | 151,988,620 |
| Total equity and liabilities | 3,274,218,218 | 53,615,163 | 24,973,232 | 3,352,806,613 |
| Contingencies and commitments | 505,004,246 | 2,992,733 | 707,238 | 508,704,217 |



| | (Restated) | | | |
|---|----------------------|-------------------|-------------------|----------------------|
| | 2023 | | | |
| | Pakistan | Middle East | Asia Pacific | Total |
| | (Rupees in '000) | | | |
| Statement of profit and loss account | | | | |
| Mark-up / return / profit | 366,579,384 | 4,008,839 | 3,314,235 | 373,902,458 |
| Non mark-up / return / interest income | 22,485,498 | 410,425 | 331,334 | 23,227,257 |
| Total income | 389,064,882 | 4,419,264 | 3,645,569 | 397,129,715 |
| Segment direct expenses | (316,130,567) | (3,192,146) | (2,478,843) | (321,801,556) |
| Credit loss allowance and write-offs - net | (7,999,328) | 2,088,613 | 1,710,513 | (4,200,202) |
| Profit before tax | 64,934,987 | 3,315,731 | 2,877,239 | 71,127,957 |
| Statement of financial position | | | | |
| Cash and bank balances | 148,211,172 | 111,350 | 74,148 | 148,396,670 |
| Investments | 1,472,688,775 | 18,039,187 | 13,167,386 | 1,503,895,348 |
| Net inter segment lending | 9,865,125 | 32,365,720 | 1,099,850 | 43,330,695 |
| Lendings to financial institutions | 1,649,716 | - | - | 1,649,716 |
| Advances-performing | 837,654,420 | 12,067,767 | 12,379,699 | 862,101,886 |
| - non-performing net of credit loss allowance | 6,645,086 | - | 711,837 | 7,356,923 |
| Others | 213,481,583 | 6,641,539 | 548,744 | 220,671,866 |
| Total assets | 2,690,195,877 | 69,225,563 | 27,981,664 | 2,787,403,104 |
| Borrowings | 477,438,034 | - | - | 477,438,034 |
| Subordinated debt | 29,985,200 | - | - | 29,985,200 |
| Deposits and other accounts | 1,871,448,322 | 45,390,647 | 17,197,541 | 1,934,036,510 |
| Net inter segment borrowing | 22,303,294 | 10,964,974 | 10,062,427 | 43,330,695 |
| Others | 165,816,741 | 6,751,803 | 385,032 | 172,953,576 |
| Total liabilities | 2,566,991,591 | 63,107,424 | 27,645,000 | 2,657,744,015 |
| Equity | 123,204,286 | 6,118,139 | 336,664 | 129,659,089 |
| Total equity and liabilities | 2,690,195,877 | 69,225,563 | 27,981,664 | 2,787,403,104 |
| Contingencies and commitments | 453,245,382 | 19,339,604 | 850,356 | 473,435,342 |

44. RELATED PARTY TRANSACTIONS

Related parties of the Bank comprise subsidiaries, associates, directors, key management personnel and other related parties.

Transactions with related parties of the Bank are carried out on substantially the same terms as for comparable transactions with others. The transactions with employees of the Bank are carried out in accordance with the terms of their employment.



Transactions with related parties, other than those disclosed in note 10.5, 22.3 and 40 are summarised as follows:

| | 2024 | | | | | 2023 | | | | |
|--|------------------|--------------------------|--------------|---------------|-----------------------|-------------|--------------------------|--------------|---------------|-----------------------|
| | Directors | Key management personnel | Subsidiaries | Associates | Other related parties | Directors | Key management personnel | Subsidiaries | Associates | Other related parties |
| | (Rupees in '000) | | | | | | | | | |
| Investments | | | | | | | | | | |
| Opening balance | - | - | 883,250 | 4,614,653 | 654,086 | - | - | 883,250 | 4,614,653 | 386,597 |
| Investment made during the year | - | - | 3,000,000 | - | 130,000 | - | - | - | - | - |
| Investments adjusted / redeemed / disposed off during the year | - | - | - | - | - | - | - | - | - | 267,489 |
| Surplus on revaluation | - | - | - | - | 157,518 | - | - | - | - | - |
| Credit loss allowance | - | - | - | - | (130,000) | - | - | - | - | - |
| Closing balance | - | - | 3,883,250 | 4,614,653 | 811,604 | - | - | 883,250 | 4,614,653 | 654,086 |
| Advances | | | | | | | | | | |
| Opening balance | 4,048 | 345,035 | 588,969 | - | 1,680,782 | 1,310 | 320,774 | 265,950 | - | 1,023,207 |
| Addition during the year | 16,933 | 440,830 | 45,578,331 | - | 32,611,576 | 26,499 | 277,173 | 32,427,242 | - | 31,872,765 |
| Repaid during the year | (19,277) | (394,084) | (45,596,934) | - | (33,100,534) | (23,761) | (252,912) | (32,104,223) | - | (31,215,190) |
| Credit loss allowance | (30) | (214) | (20,030) | - | (82,243) | - | - | - | - | - |
| Closing balance | 1,674 | 391,567 | 550,336 | - | 1,109,581 | 4,048 | 345,035 | 588,969 | - | 1,680,782 |
| Right-of-use assets | - | - | - | - | 1,022 | - | - | - | - | 5,111 |
| Other assets | | | | | | | | | | |
| Interest / mark-up accrued | - | 454 | 17,301 | - | 14,716 | - | 451 | 22,170 | - | 47,832 |
| Credit loss allowance on accrued markup | - | 2 | 314 | - | 521 | - | - | - | - | - |
| L/C acceptances | - | - | - | - | - | - | - | - | - | 207,281 |
| Dividend receivable | - | - | - | - | - | - | - | - | 11,047 | - |
| Advance for subscription | - | - | - | - | - | - | - | 1,000,000 | - | - |
| Other receivable | - | - | 447 | - | - | - | - | 25,537 | - | - |
| Subordinated debt | | | | | | | | | | |
| Opening balance | - | - | - | - | 194,000 | - | - | - | - | 44,000 |
| Issued / purchased during the year | - | - | - | - | 50,000 | - | - | - | - | 150,000 |
| Closing balance | - | - | - | - | 244,000 | - | - | - | - | 194,000 |
| Deposits and other accounts | | | | | | | | | | |
| Opening balance | 771,493 | 794,349 | 1,316,547 | 19,349,124 | 9,409,202 | 569,762 | 691,575 | 132,421 | 1,770,411 | 5,223,723 |
| Received during the year | 8,344,579 | 6,474,665 | 74,687,462 | 582,838,891 | 405,964,086 | 5,549,523 | 6,766,311 | 18,745,447 | 653,642,242 | 169,329,325 |
| Withdrawn during the year | (8,009,327) | (6,414,554) | (74,983,357) | (590,392,935) | (399,927,554) | (5,347,792) | (6,663,537) | (17,561,321) | (636,063,529) | (165,143,846) |
| Closing balance | 1,106,745 | 854,460 | 1,020,652 | 11,795,080 | 15,445,734 | 771,493 | 794,349 | 1,316,547 | 19,349,124 | 9,409,202 |
| Other liabilities | | | | | | | | | | |
| Interest / mark-up payable | 156 | 669 | - | - | 13,995 | 921 | 2,456 | - | - | 12,008 |
| Credit loss allowance on off balance sheet | - | - | - | - | 33,009 | - | - | - | - | - |
| Payable to staff retirement fund | - | - | - | - | 2,065,715 | - | - | - | - | 2,200,083 |
| Other liabilities | - | 75 | 2,570 | - | - | - | 540 | 1,782 | - | - |
| Contingencies and commitments | - | - | - | - | 1,617,658 | - | - | - | - | 1,193,643 |
| Other transactions - Investor Portfolio Securities | | | | | | | | | | |
| Opening balance | - | - | 45,000 | - | 18,863,500 | - | - | 120,000 | - | 16,314,700 |
| Increased during the year | - | - | - | - | 7,398,000 | - | - | - | - | 20,732,500 |
| Decreased during the year | - | - | - | - | (2,079,500) | - | - | (75,000) | - | (18,183,700) |
| Closing balance | - | - | 45,000 | - | 24,182,000 | - | - | 45,000 | - | 18,863,500 |



44.1 Related Party Transactions

| | 2024 | | | | | 2023 | | | | |
|---|-----------|--------------------------|--------------|------------|-----------------------|-----------|--------------------------|--------------|------------|-----------------------|
| | Directors | Key management personnel | Subsidiaries | Associates | Other related parties | Directors | Key Management personnel | Subsidiaries | Associates | Other related parties |
| (Rupees in '000) | | | | | | | | | | |
| Income | | | | | | | | | | |
| Mark-up / return / interest earned | 1 | 20,169 | 77,193 | - | 177,365 | - | 20,145 | 58,464 | - | 162,955 |
| Fee and commission income | 247 | 1,530 | 205 | 166 | 16,142 | 147 | 824 | 19 | 215 | 16,163 |
| Dividend income | - | - | - | 506,770 | 156,492 | - | - | - | 863,023 | 82,614 |
| Rental Income | - | - | 16,955 | - | - | - | - | 12,840 | - | - |
| Other income | - | - | 2,569 | - | 305 | - | - | 779 | - | 540 |
| Expense | | | | | | | | | | |
| Mark-up / return / interest expensed | 133,494 | 115,624 | 183,460 | 1,239,737 | 2,538,760 | 108,392 | 111,547 | 38,411 | 953,239 | 1,464,684 |
| Operating expenses | - | - | 420 | - | 1,304,439 | - | - | - | - | 5,238 |
| Brokerage commission | - | - | 15,016 | - | - | - | - | 6,924 | - | - |
| Salaries and allowances | - | 1,307,411 | - | - | - | - | 1,074,789 | - | - | - |
| Bonus | - | 352,547 | - | - | - | - | 258,180 | - | - | - |
| Contribution to defined contribution plan | - | 50,573 | - | - | - | - | 48,972 | - | - | - |
| Contribution to defined benefit plan | - | 187,057 | - | - | - | - | 193,585 | - | - | - |
| Staff provident fund | - | - | - | - | 1,228,900 | - | - | - | - | 1,032,666 |
| Staff gratuity fund | - | - | - | - | 1,205,128 | - | - | - | - | 832,728 |
| Directors' fees | 41,520 | - | - | - | - | 43,270 | - | - | - | - |
| Donation | - | - | - | - | 36,000 | - | - | - | - | 30,000 |
| Insurance premium paid | - | - | - | - | 266,549 | - | - | - | - | 342,344 |
| Insurance claims settled | - | - | - | - | 126,974 | - | - | - | - | 47,446 |



45. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

| | 2024 | 2023 |
|---|------------------|-------------|
| | (Rupees in '000) | |
| Minimum Capital Requirement (MCR): | | |
| Paid-up capital | 11,114,254 | 11,114,254 |
| Capital Adequacy Ratio (CAR): | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 138,304,943 | 106,748,559 |
| Eligible Additional Tier 1 (ADT 1) Capital | 13,085,236 | 13,149,415 |
| Total Eligible Tier 1 Capital | 151,390,179 | 119,897,974 |
| Eligible Tier 2 Capital | 43,326,725 | 38,239,758 |
| Total Eligible Capital (Tier 1 + Tier 2) | 194,716,904 | 158,137,732 |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | 794,269,649 | 778,517,551 |
| Market Risk | 26,015,518 | 22,589,366 |
| Operational Risk | 267,347,656 | 197,102,489 |
| Total | 1,087,632,823 | 998,209,406 |
| | 2024 | 2023 |
| | (Percentage) | |
| Common Equity Tier 1 Capital Adequacy Ratio | 12.716% | 10.694% |
| Tier 1 Capital Adequacy Ratio | 13.919% | 12.011% |
| Total Capital Adequacy Ratio | 17.903% | 15.842% |

Minimum Capital Requirement (MCR)

The MCR standard sets the paid-up capital that the Bank is required to hold at all times. As of the statement of financial position date, the Bank's paid-up capital stands at Rs. 11.114 billion as against the required MCR of Rs. 10 billion.

Minimum Capital Adequacy Ratio (CAR)

The CAR on the basis of above framework works out to be as follows:

| | 2024 | 2023 |
|-------------------|--------------|---------|
| | (Percentage) | |
| Required CAR | 11.500% | 11.500% |
| CAR on Bank level | 17.903% | 15.842% |

The Bank calculates capital requirement as per Basel III regulatory framework, using the following approaches:

| | |
|------------------|--------------------------|
| Credit Risk | Standardised Approach |
| Market Risk | Standardised Approach |
| Operational Risk | Basic Indicator Approach |



| | 2024 | 2023 |
|---|------------------|-----------------|
| | (Rupees in '000) | |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | 151,390,179 | 119,897,974 |
| Total Exposures | 3,781,832,541 | 3,215,463,888 |
| Leverage Ratio | <u>4.003%</u> | <u>3.729%</u> |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | 1,240,825,598 | 955,564,193 |
| Total Net Cash Outflow | 455,977,522 | 354,165,673 |
| Liquidity Coverage Ratio | <u>272.124%</u> | <u>269.807%</u> |
| Net Stable Funding Ratio (NSFR): | | |
| Total Available Stable Funding | 2,345,924,658 | 2,003,648,662 |
| Total Required Stable Funding | 1,268,607,420 | 1,226,057,068 |
| Net Stable Funding Ratio | <u>184.921%</u> | <u>163.422%</u> |

45.1 The full disclosures on the **CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS** as per SBP instructions issued from time to time have been placed on the Bank's website. The link to the full disclosure is available at <https://www.bankalhabib.com/capitaladequacy/leverage/liquidityratio-banklevel2024>.

46. RISK MANAGEMENT

The Bank has a risk management framework commensurate with its size and the nature of its business. The Board of Directors has approved risk management policies covering key areas of activities for the guidance of management and committees of the Board, management committees, and Divisions / Departments of the Bank.

This section presents information about the Bank's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments.

46.1 Credit Risk

Credit risk is the risk of loss arising from failure by a client or counterparty to meet its contractual obligation. It emanates from loans and advances, commitments to lend, contingent liabilities such as letters of credit and guarantees, and other similar transactions both on and off balance sheet.

The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Bank's risk capital, to maintain the soundness of assets and to ensure returns commensurate with risk.

Credit risk of the Bank is managed through the credit policy approved by the Board, a well-defined credit approval mechanism, prescribed documentation requirement, post disbursement administration, review and monitoring of all credit facilities, and continuous assessment of credit worthiness of counterparties. Decisions regarding the credit portfolio are taken mainly by the Central Credit Committee. Credit Risk Management Committee of the Board provides overall guidance in managing the Bank's credit risk.

Counterparty exposure limits are approved in line with the Prudential Regulations and the Bank's own Policies by taking into account both qualitative and quantitative criteria. There is an established system for continuous monitoring of credit exposures and follow-up of any past due loans with the respective business units. All past due loans, including trade bills, are reviewed on fortnightly basis and pursued for recovery. Any non-performing loans are classified and provided for as per Prudential Regulations.



The Bank has also established a mechanism for independent post - disbursement review of large credit risk exposures. Credit facilities, both fund based and non-fund based, extended to large customer groups and industrial sectors are regularly monitored. The Bank has concentration of credit in textiles which is the largest sector of Pakistan's economy. Concentration risk is managed by diversification within sub - sectors like spinning, weaving and composites etc.

Credit Administration Department (CAD) is primarily responsible for custody, monitoring, and maintenance of security that underlies the banks' credit portfolio. CAD is also responsible for ensuring that all required terms and conditions as per approvals are properly reflected in customer documentation.

The Bank has implemented its own internal risk rating system for the credit portfolio, as per guidelines of SBP. Credit ratings by external rating agencies, if available, are also considered.

Generally, the Bank primarily lends against cash flows, which is considered the primary source of repayment. However, if cash flows of a borrower deteriorate and are insufficient to service debt obligations, collateral serves as the secondary recourse of repayment.

Provisions for the credit portfolio are determined in accordance with IFRS 9 and SBP Prudential Regulations. Details of credit loss allowance against advances are provided in note 9.6.

The Bank uses the Standardised Approach to calculate capital charge for credit risk as per Basel regulatory framework, with comprehensive approach for credit risk mitigation.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non-performing loans and downward shift in these categories.



46.1.1 Lendings to financial institutions

| Credit risk by public / private sector | Gross lendings | | Non-performing lending | | Credit loss allowance held | | | | | | |
|--|-------------------|------------------|------------------------|----------|----------------------------|----------|----------|----------|----------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 | Stage 1 | | Stage 2 | | State 3 | | |
| | (Rupees in '000) | | | | | | | | | | |
| Public / Government | 9,990,000 | 1,649,716 | - | - | 1,349 | - | - | - | - | - | - |
| Private | 28,956,800 | - | - | - | 3,909 | - | - | - | - | - | - |
| | <u>38,946,800</u> | <u>1,649,716</u> | <u>-</u> | <u>-</u> | <u>5,258</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

46.1.2 Investment in debt securities

| Credit risk by industry sector | Gross investments | | Non-performing investments | | Credit loss allowance held | | | | | | |
|---|----------------------|----------------------|----------------------------|------------------|----------------------------|---------------|------------------|------------------|------------------|------------------|----------|
| | 2024 | 2023 | 2024 | 2023 | Stage 1 | | Stage 2 | | State 3 | | |
| | (Rupees in '000) | | | | | | | | | | |
| Power (electricity), gas, water, sanitary | 22,655,753 | 27,432,171 | - | - | - | - | - | - | - | - | - |
| Financial | 1,882,043,114 | 1,471,461,767 | 6,117,298 | 7,168,401 | 12,358 | 35,881 | 4,165,292 | 5,977,307 | 2,631,155 | 3,618,858 | - |
| Iron and steel | 680,000 | 680,000 | 680,000 | - | - | - | - | - | 680,000 | - | - |
| Wholesale and retail trade | 625,000 | 1,015,625 | - | - | - | - | 92 | - | - | - | - |
| Others | 212,814 | 4,481 | 4,481 | 4,481 | - | - | 38 | - | 4,481 | 4,481 | - |
| | <u>1,906,216,681</u> | <u>1,500,594,044</u> | <u>6,801,779</u> | <u>7,172,882</u> | <u>12,358</u> | <u>35,881</u> | <u>4,165,422</u> | <u>5,977,307</u> | <u>3,315,636</u> | <u>3,623,339</u> | <u>-</u> |
| Credit risk by public / private sector | | | | | | | | | | | |
| Public / Government | 1,888,826,384 | 1,480,501,742 | - | - | - | - | 4,164,145 | 5,977,307 | - | - | - |
| Private | 17,390,297 | 20,087,821 | 6,801,779 | 7,172,882 | 12,358 | 35,881 | 1,277 | - | 3,315,636 | 3,623,339 | - |
| | <u>1,906,216,681</u> | <u>1,500,589,563</u> | <u>6,801,779</u> | <u>7,172,882</u> | <u>12,358</u> | <u>35,881</u> | <u>4,165,422</u> | <u>5,977,307</u> | <u>3,315,636</u> | <u>3,623,339</u> | <u>-</u> |



46.1.3 Advances

| Credit risk by industry sector | Gross advances | | Non-performing advances | | Credit loss allowance held | | | | | |
|---|--------------------|--------------------|-------------------------|-------------------|-----------------------------|---------------|------------------|----------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | | | | | Stage 1 (Rupees in '000) | | Stage 2 | | Stage 3 | |
| Agriculture, forestry, hunting and fishing | 30,436,306 | 33,310,814 | 1,397,611 | 626,914 | 146,139 | - | 62,510 | - | 1,311,621 | 325,919 |
| Mining and quarrying | 63,600 | 97,172 | - | - | 197 | - | 224 | - | - | - |
| Textile | 279,535,911 | 290,239,332 | 9,266,173 | 9,508,611 | 3,309,801 | - | 3,460,313 | - | 9,101,754 | 5,465,443 |
| Chemical and pharmaceuticals | 25,071,337 | 19,980,060 | 383,133 | 553,848 | 252,779 | - | 281,836 | - | 371,041 | 368,285 |
| Cement | 3,560,077 | 5,635,348 | 68,959 | 43,966 | 18,869 | - | 61,077 | - | 68,959 | 43,966 |
| Sugar | 10,593,003 | 16,306,134 | - | - | 99,387 | - | 37,122 | - | - | - |
| Footwear and leather garments | 6,051,558 | 6,702,380 | - | - | 56,091 | - | 104,150 | - | - | - |
| Automobile and transportation equipment | 5,447,641 | 6,976,411 | 80,112 | 80,112 | 73,853 | - | 113,506 | - | 79,668 | 41,977 |
| Electronics and electrical appliances | 4,083,051 | 5,690,751 | 572,275 | 767,362 | 27,682 | - | 153,990 | - | 572,275 | 767,362 |
| Construction | 17,575,354 | 23,451,007 | 890,720 | 1,353,292 | 94,753 | - | 467,085 | - | 861,826 | 474,736 |
| Power (electricity, gas, water, sanitary) | 39,865,457 | 46,273,435 | 848,240 | 6,562 | 286,790 | - | 182,584 | - | 2,800 | 1,640 |
| Wholesale and retails trade | 96,653,910 | 115,064,264 | 8,308,915 | 7,635,680 | 691,081 | 50,858 | 1,225,726 | - | 7,414,747 | 6,558,119 |
| Transport, storage and communication | 10,343,854 | 10,088,976 | 612,101 | 718,335 | 55,765 | 3,206 | 105,646 | - | 487,139 | 247,245 |
| Financial | 267,365,984 | 12,480,316 | 101,949 | 101,949 | 229,224 | - | 221,150 | - | 85,989 | 81,441 |
| Insurance | 196,621 | 210,066 | 61,180 | 61,180 | 860 | - | - | - | 61,180 | 61,180 |
| Services (other than financial services) | 19,468,077 | 17,462,523 | 105,630 | 140,617 | 244,538 | - | 151,527 | - | 36,979 | 19,849 |
| Individuals | 24,653,122 | 36,233,437 | 138,785 | 128,915 | 39,622 | 6,745 | 44,560 | - | 120,244 | 68,783 |
| Food and allied | 45,489,730 | 177,852,672 | 3,798,700 | 429,884 | 547,942 | 3,187 | 347,260 | - | 3,658,326 | 302,099 |
| Iron and steel | 38,026,178 | 38,567,142 | 7,338,470 | 108,436 | 282,056 | - | 388,248 | - | 7,099,229 | 108,436 |
| Petroleum products | 2,735,196 | 3,691,753 | - | - | 24,834 | - | 77,654 | - | - | - |
| Paper and board | 5,016,716 | 4,859,951 | 2,515 | 7,431 | 90,802 | - | 41,332 | - | 2,515 | 7,431 |
| Plastic products | 11,609,233 | 11,542,098 | 257,220 | 272,896 | 198,483 | - | 245,707 | - | 257,220 | 272,896 |
| Others | 15,470,752 | 13,319,303 | 1,276,719 | 2,641,352 | 398,777 | 17,577 | 695,195 | - | 1,230,230 | 2,613,612 |
| | <u>959,312,668</u> | <u>896,035,345</u> | <u>35,509,407</u> | <u>25,187,342</u> | <u>7,170,325</u> | <u>81,573</u> | <u>8,468,402</u> | <u>-</u> | <u>32,823,742</u> | <u>17,830,419</u> |
| Credit risk by public / private sector | | | | | | | | | | |
| Public / Government | 26,160,761 | 138,443,582 | - | - | 3,164 | - | 374,080 | - | - | - |
| Private | 933,151,907 | 757,591,763 | 35,509,407 | 25,187,342 | 7,167,161 | 81,573 | 8,094,322 | - | 32,823,742 | 17,830,419 |
| | <u>959,312,668</u> | <u>896,035,345</u> | <u>35,509,407</u> | <u>25,187,342</u> | <u>7,170,325</u> | <u>81,573</u> | <u>8,468,402</u> | <u>-</u> | <u>32,823,742</u> | <u>17,830,419</u> |



46.1.4 Contingencies and Commitments

| Credit risk by industry sector | 2024 | 2023 |
|---|--------------------|--------------------|
| | (Rupees in '000) | |
| Agriculture, forestry, hunting and fishing | 1,856,485 | 2,070,747 |
| Mining and quarrying | 7,916 | 197,370 |
| Textile | 111,541,131 | 79,723,105 |
| Chemical and pharmaceuticals | 21,092,627 | 23,956,367 |
| Cement | 786,096 | 1,563,089 |
| Sugar | 1,516,510 | 3,713,849 |
| Footwear and leather garments | 3,057,128 | 2,879,709 |
| Automobile and transportation equipment | 22,302,448 | 14,410,670 |
| Electronics and electrical appliances | 13,030,473 | 11,276,541 |
| Construction | 20,438,937 | 15,951,659 |
| Power (electricity), gas, water, sanitary | 42,775,147 | 18,970,038 |
| Wholesale and retail trade | 75,816,829 | 70,676,910 |
| Transport, storage and communication | 1,666,977 | 22,123,448 |
| Financial | 19,233,695 | 49,636,749 |
| Insurance | 10,775 | 67,265 |
| Services (other than financial services) | 14,656,513 | 37,231,781 |
| Individuals | 144,204 | 87,278 |
| Food and allied | 66,206,487 | 53,150,036 |
| Iron and steel | 20,812,357 | 26,545,873 |
| Petroleum products | 21,542,732 | 1,388,549 |
| Paper and board | 7,291,045 | 4,664,576 |
| Plastic products | 21,103,816 | 18,340,141 |
| Others | 21,813,889 | 14,809,592 |
| | <u>508,704,217</u> | <u>473,435,342</u> |
| Credit risk by public / private sector | | |
| Public / Government | 61,658,641 | 43,717,123 |
| Private | <u>447,045,576</u> | <u>429,718,219</u> |
| | <u>508,704,217</u> | <u>473,435,342</u> |

46.1.5 Concentration of Advances

The sanctioned limits against these top 10 exposures aggregated to Rs. 403,255 million (2023: Rs. 300,722 million). Provision against top 10 exposures amounts to Nil (2023: Nil).

| | 2024 | 2023 |
|----------------|--------------------|--------------------|
| | (Rupees in '000) | |
| Funded | 294,635,930 | 166,019,310 |
| Non Funded | <u>82,158,411</u> | <u>98,633,284</u> |
| Total Exposure | <u>376,794,341</u> | <u>264,652,594</u> |

The sanctioned limits against these top 10 exposures aggregated to Rs. 403,255 million (2023: Rs. 300,722 million). Provision against top 10 exposures amounts to be Nil (2023: Nil).



46.1.6 Advances - Province / Region - wise Disbursement and Utilization

| Province / Region | 2024 | | | | | | |
|----------------------------------|--------------------|--------------------|---|------------------|------------------|-------------------|---------------------------------------|
| | Disbursements | | Utilization | | | | AJK including Gilgit- Baltistan |
| | Punjab | Sindh | KPK including FATA (Rupees in '000) | Balochistan | Islamabad | | |
| Punjab | 261,951,472 | 256,949,484 | 1,951,005 | 716,104 | 29,621 | 2,268,626 | 36,632 |
| Sindh | 571,223,896 | 450,982 | 569,240,921 | 294,623 | 1,172,915 | 17,352 | 47,103 |
| KPK including FATA | 7,162,974 | 26,780 | 468,166 | 6,305,013 | 39,203 | 323,812 | - |
| Balochistan | 1,260,818 | 4,669 | 273,006 | 12,106 | 971,037 | - | - |
| Islamabad | 33,672,778 | 972,297 | 1,209,243 | 68,852 | - | 31,422,386 | - |
| AJK including Gilgit - Baltistan | 681,432 | 4,245 | - | 36,843 | - | 21,582 | 618,762 |
| Total | 875,953,370 | 258,408,457 | 573,142,341 | 7,433,541 | 2,212,776 | 34,053,758 | 702,497 |

| | 2023 | | | | | | |
|----------------------------------|--------------------|--------------------|--------------------|-------------------|------------------|-------------------|----------------|
| | (Rupees in '000) | | | | | | |
| Punjab | 406,213,996 | 390,936,993 | 9,476,571 | 270,030 | 22,264 | 5,467,304 | 40,834 |
| Sindh | 333,973,967 | 2,073,168 | 323,405,262 | 5,708,197 | 2,668,625 | 7,641 | 111,074 |
| KPK including FATA | 7,050,048 | 19,963 | 27,957 | 6,221,667 | 7,344 | 773,117 | - |
| Balochistan | 1,225,549 | - | 213,253 | 22,714 | 989,582 | - | - |
| Islamabad | 41,268,835 | 896,586 | 11,198 | 960,115 | - | 39,400,936 | - |
| AJK including Gilgit - Baltistan | 645,533 | - | - | 4,510 | - | 63,845 | 577,178 |
| Total | 790,377,928 | 393,926,710 | 333,134,241 | 13,187,233 | 3,687,815 | 45,712,843 | 729,086 |

46.1.7 Forward-looking information contained in ECL

The assessment of Expected Credit Loss (ECL) calculation incorporates forward looking information. Forward-looking aspect introduces an extra dimension, which is often captured by relating expected losses to the macro-economic variables. The incorporation of macroeconomic factors increases the accuracy of the results produced and makes it more reliable to predict/ estimate future results more accurately.

The Bank uses historic and forecasted data to determine the impact of macroeconomic factors to estimate Probability of Default (PD) and Loss Given Default (LGD) etc. Further, statistical models based on historical correlation is performed to identify most significant macro-economic variable(s) that have been recognized as contributors to the default/performance of any portfolio. The macro-economic variables (including GDP, Unemployment, Import, Export, Exchange rate and CPI) used in the ECL calculation are fetched from the Economist Intelligence Unit (EIU) and International Monetary Fund (IMF) database and the relevant macro-economic variables are selected based on sensitivity of each of the portfolios to specific macro-economic variables. Three macro-economic scenarios have been developed base, improved, and worst with assigned scenario probability weightings of 80%, 10%, and 10% respectively.

The Bank conducted a sensitivity analysis on macro-economic indicators which are utilized for forward-looking calculations. As of December 31, 2024, when the macro-economic indicators in the neutral scenario was adjusted upwards or downwards by 10%, the ECL showed the following variation:



| Segment | Upwards | Downwards |
|-----------------------------|----------|-----------|
| Corporate | (0.683%) | 0.696% |
| Small and Medium Enterprise | 0.257% | (0.256%) |
| Agriculture | (0.331%) | 0.338% |
| Credit Card | 0.003% | (0.003%) |
| Consumer Auto | 0.196% | (0.194%) |
| Consumer House | (0.003%) | 0.003% |
| Consumer Personal | (1.233%) | 1.271% |

46.1.8 Sensitivity of ECL to Future Economic Conditions

The ECL are sensitive to judgements and assumption made regarding formulation of forward-looking scenarios and how much such scenarios are incorporated into calculations. The Bank performs sensitivity analysis on the ECL recognized on each of its segments.

The table below shows the loss allowance on each segment assuming each forward-looking scenario (e.g. Central, upside and downside) were weighted 100 percent instead of applying scenario probability across the three scenarios.

| Total ECL as per FS | Upside | | Central | | Downside | |
|-----------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|
| | Total ECL after sensitivity analysis | Increase / decrease in % | Total ECL after sensitivity analysis | Increase / decrease in % | Total ECL after sensitivity analysis | Increase / decrease in % |
| (Rupees in '000) | | | | | | |
| Corporate | 35,492,828 | 30,125,918 (15.121%) | 35,237,231 | (0.720%) | 42,904,512 | 20.882% |
| Small and Medium Enterprise | 2,642,259 | 2,321,293 (12.147%) | 2,631,222 | (0.418%) | 3,051,523 | 15.489% |
| Agriculture | 1,545,377 | 1,505,119 (2.605%) | 1,544,629 | (0.048%) | 1,591,618 | 2.992% |
| Credit Card | 13,136 | 17,506 33.267% | 12,925 | (1.606%) | 10,455 | (20.410%) |
| Consumer Auto | 45,137 | 38,266 (15.223%) | 44,119 | (2.255%) | 60,152 | 33.265% |
| Consumer House | 104,193 | 110,158 - | 104,124 | (0.066%) | 98,783 | (5.192%) |
| Consumer Personal | 28,226 | 23,279 (17.526%) | 27,992 | (0.829%) | 35,046 | 24.162% |

46.2 Market Risk

Market risk is the risk of loss arising from movements in market rates or prices, such as interest rates, foreign exchange rates, and equity prices.

The Bank takes positions in securities for the purpose of investment and not to run a trading book, except to a very limited extent (maximum of Rs. 300 million) for trading in equities. As regards foreign exchange positions, the purpose is to serve the needs of clients. Except as aforesaid, the Bank does not engage in trading or market making activities.

Market risk is managed through the Market Risk Policy and Treasury and Investment Policy approved by the Board, approval of counterparty and dealer limits, specific senior management approval for each investment and regular review and monitoring of the investment portfolio by the Asset Liability Management Committee (ALCO). A key element of the Bank's market risk management is to balance safety, liquidity, and income in that order of priority. Another key element is separation of functions and reporting lines for the Treasury Division and Equity Market Department, which undertake dealing activities within the limits and parameters set by ALCO, Settlements Department which confirms and settles the aforesaid deals, and Middle Office which independently monitors and analyses the risks inherent in treasury operations. Risk Management Committee of the Board provides overall guidance in managing the Bank's market risk.

Dealing activities of the Bank include investment in government securities, term finance certificates, sukuks / bonds, shares and mutual funds, money market transactions and foreign exchange transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Any excess over limits noted by the Settlements Department and / or the Middle Office is reported to senior management and ALCO. Stress testing is performed as per guidelines of SBP as well as Bank's internal policy. Portfolio risks arising in banking book are also measured through Value at Risk (VAR).



46.2.1 Balance sheet split by trading and banking books

| | 2024 | | | 2023 | | |
|---------------------------------------|----------------------|------------------|----------------------|----------------------|--------------|----------------------|
| | Banking book | Trading book | Total | Banking book | Trading book | Total |
| | (Rupees in '000) | | | | | |
| Cash and balances with treasury banks | 201,532,248 | - | 201,532,248 | 141,815,998 | - | 141,815,998 |
| Balances with other banks | 5,836,908 | - | 5,836,908 | 6,580,672 | - | 6,580,672 |
| Lendings to financial institutions | 38,941,542 | - | 38,941,542 | 1,649,716 | - | 1,649,716 |
| Investments | 1,917,390,421 | 7,342,492 | 1,924,732,913 | 1,503,895,348 | - | 1,503,895,348 |
| Advances | 910,850,199 | - | 910,850,199 | 869,458,809 | - | 869,458,809 |
| Property and equipment | 75,939,019 | - | 75,939,019 | 67,602,830 | - | 67,602,830 |
| Right-of-use assets | 13,679,198 | - | 13,679,198 | 11,969,724 | - | 11,969,724 |
| Intangible assets | 129,154 | - | 129,154 | 124,462 | - | 124,462 |
| Deferred tax assets | 4,535,942 | - | 4,535,942 | 4,844,408 | - | 4,844,408 |
| Other assets | 143,858,082 | - | 143,858,082 | 136,130,442 | - | 136,130,442 |
| | <u>3,312,692,713</u> | <u>7,342,492</u> | <u>3,320,035,205</u> | <u>2,744,072,409</u> | <u>-</u> | <u>2,744,072,409</u> |

46.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk of loss from adverse changes in currency exchange rates. The Bank's foreign exchange exposure comprises forward contracts, purchase of foreign bills, foreign currency loans and investments, foreign currency cash in hand, balances with banks abroad, foreign currency deposits and foreign currency placements with SBP and other banks. Focus of the Bank's foreign exchange activities is on catering to the needs of its customers, both in spot and forward markets.

Foreign exchange risk exposures of the Bank are controlled through dealer limits, open foreign exchange position limits, counterparty exposure limits, and country limits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities within strict limits. The net open position in any single currency and the overall foreign exchange exposure are both managed within the statutory limits as prescribed by SBP as well as the internal limits set by the Bank itself. Stress testing for foreign exchange risk is carried out regularly to estimate the impact of adverse changes in foreign exchange rates.

| | 2024 | | | |
|----------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
| | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| | (Rupees in '000) | | | |
| United States Dollar | 167,903,456 | 181,346,766 | 32,590,474 | 19,147,164 |
| Great Britain Pound | 2,671,108 | 14,907,620 | 9,364,712 | (2,871,800) |
| Japanese Yen | 53,075 | 309 | (47,058) | 5,708 |
| Euro | 5,538,114 | 11,140,402 | 4,062,438 | (1,539,850) |
| Other currencies | 1,541,290 | 2,617,819 | (1,297,932) | (2,374,461) |
| | <u>177,707,043</u> | <u>210,012,916</u> | <u>44,672,634</u> | <u>12,366,761</u> |



Interest rate risk exposures of the Bank are controlled through dealer limits, counterparty exposure limits and (when necessary) type-of-instrument limits. Outright purchase and sale of securities are also approved by ALCO. Duration and modified duration of various types of debt securities as well as their entire portfolio are also calculated, and the impact of adverse change in interest rates on the market value of the securities is estimated. Stress testing for interest rate risk is carried out regularly to estimate the impact of adverse changes in the interest rates.

Interest rate / yield risk in the banking book – Basel Specific

The Bank holds financial assets and financial liabilities with different maturities or repricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates. Interest rate risk in the banking book refers to the risk associated with interest-bearing financial instruments that are not held in the trading book of the Bank.

Repricing gap analysis presents the Bank's Interest Sensitive Assets (ISA) and Interest Sensitive Liabilities (ISL), categorised into various time bands based on the earlier of their contractual repricing or maturity dates (or settlement dates for off-balance sheet instruments). Deposits with no fixed maturity dates (for example, saving deposits and treasurer's call deposits) are included in the lowest, one-month time band, but these are not expected to be payable within a one-month period. The difference between ISA and ISL for each time band signifies the gap in that time band, and provides a workable framework for determining the impact on net interest income.

The Bank reviews the repricing gap analysis periodically to monitor and manage interest rate risk in the banking book.

| | 2024 | | 2023 | |
|--|-----------------|-------------------------------------|-----------------|-----------------|
| | Banking book | Trading book (Rupees in '000) | Banking book | Trading book |
| Impact of 1% change in interest rates on | | | | |
| – Profit and loss account | - | - | - | - |
| – Other comprehensive income | 7,035,705 | - | 5,910,047 | - |



46.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

2024

| Effective Yield / Interest Rate | Total | Exposed to Yield / Interest risk | | | | | | | | | Non interest bearing financial instruments | |
|---|--------|----------------------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|--|---------------|
| | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | Above 10 years | | |
| (Rupees in '000) | | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Cash and balances with treasury banks | 4.26% | 201,532,248 | 11,975,011 | - | - | - | - | - | - | - | - | 189,557,237 |
| Balances with other banks | 3.67% | 5,836,906 | 1,437,147 | - | - | - | - | - | - | - | - | 4,399,761 |
| Lendings to financial institutions | 12.72% | 38,941,542 | 38,941,542 | - | - | - | - | - | - | - | - | - |
| Investments | 14.32% | 1,924,732,913 | 279,220,086 | 250,118,222 | 1,196,858,147 | 90,829,488 | 3,458,639 | 63,430,604 | 19,813,328 | 4,715,187 | 2,188,366 | 14,100,846 |
| Advances | 11.79% | 910,850,199 | 554,046,141 | 135,738,975 | 94,628,513 | 24,468,024 | 26,339,674 | 21,974,208 | 24,722,549 | 13,496,736 | 15,400,380 | 34,999 |
| Other assets | - | 117,642,942 | - | - | - | - | - | - | - | - | - | 117,642,942 |
| | | 3,199,536,752 | 885,619,927 | 385,857,197 | 1,291,486,660 | 115,297,512 | 29,798,313 | 85,404,812 | 44,535,877 | 18,211,923 | 17,588,746 | 325,735,785 |
| Liabilities | | | | | | | | | | | | |
| Bills payable | - | 52,263,043 | - | - | - | - | - | - | - | - | - | 52,263,043 |
| Borrowings | 11.01% | 667,043,213 | 557,636,918 | 15,247,515 | 29,236,236 | 7,677,876 | 12,858,907 | 12,058,902 | 17,315,027 | 14,733,907 | 277,925 | - |
| Deposits and other accounts | 12.28% | 2,278,956,911 | 1,251,788,000 | 56,583,504 | 58,144,662 | 83,595,955 | 1,446,659 | 3,382,016 | 1,604,427 | 3,502 | 7,112 | 822,401,074 |
| Lease liabilities | 14.61% | 16,848,698 | 216,460 | 356,120 | 85,751 | 606,001 | 1,555,345 | 1,685,202 | 3,611,626 | 6,753,025 | 1,979,168 | - |
| Subordinated debt | 14.75% | 25,988,400 | - | 4,994,000 | 20,994,400 | - | - | - | - | - | - | - |
| Other liabilities | - | 104,542,256 | - | - | - | - | - | - | - | - | - | 104,542,256 |
| | | 3,145,642,521 | 1,809,641,378 | 77,181,139 | 108,461,049 | 91,879,832 | 15,860,911 | 17,126,120 | 22,531,080 | 21,490,434 | 2,264,205 | 979,206,373 |
| On-balance sheet gap | | 53,894,231 | (924,021,451) | 308,676,058 | 1,183,025,611 | 23,417,680 | 13,937,402 | 68,278,692 | 22,004,797 | (3,278,511) | 15,324,541 | (653,470,588) |
| Off-balance sheet financial instruments | | | | | | | | | | | | |
| Documentary credits and short term trade related transactions | | 291,149,845 | 127,845,426 | 119,057,177 | 28,527,902 | 6,587,634 | 8,765,085 | 366,621 | - | - | - | - |
| Commitments in respect of: | | | | | | | | | | | | |
| Forward purchase of foreign exchange contracts | | 145,237,825 | 20,601,943 | 58,431,694 | 58,237,549 | 7,966,639 | - | - | - | - | - | - |
| Forward sale of foreign exchange contracts | | (100,565,191) | (71,686,100) | (26,056,581) | (2,822,500) | - | - | - | - | - | - | - |
| Forward commitments to extend credit | | 3,217,813 | 717,883 | 2,417,435 | 82,495 | - | - | - | - | - | - | - |
| Off-balance sheet gap | | 47,890,447 | (50,366,284) | 34,792,548 | 55,497,544 | 7,966,639 | - | - | - | - | - | - |
| Total Yield / Interest Risk Sensitivity Gap | | (846,542,309) | 462,525,783 | 1,267,051,057 | 37,971,953 | 22,702,487 | 68,645,313 | 22,004,797 | (3,278,511) | 15,324,541 | (653,470,588) | |
| Cumulative Yield / Interest Risk Sensitivity Gap | | (846,542,309) | (384,016,526) | 883,034,531 | 921,006,484 | 943,708,971 | 1,012,354,284 | 1,034,359,081 | 1,031,080,570 | 1,046,405,111 | 392,934,523 | |



2023

| | Effective Yield / Interest Rate | Total | Exposed to Yield / Interest risk | | | | | | | | Non interest bearing financial instruments | |
|---|---------------------------------|---------------|----------------------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|--|----------------|
| | | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | | Above 10 years |
| (Rupees in '000) | | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Cash and balances with treasury banks | 4.18% | 141,815,998 | 11,667,181 | - | - | - | - | - | - | - | - | 130,148,817 |
| Balances with other banks | 4.77% | 6,580,672 | 3,091,960 | - | - | - | - | - | - | - | - | 3,488,712 |
| Lendings to financial institutions | 22.95% | 1,649,716 | 1,649,716 | - | - | - | - | - | - | - | - | - |
| Investments | 21.59% | 1,503,895,348 | 272,797,142 | 241,218,544 | 835,578,605 | 39,002,445 | 15,711,782 | 2,866,895 | 69,030,113 | 13,741,409 | - | 13,948,413 |
| Advances | 16.14% | 869,458,809 | 453,971,729 | 157,352,683 | 111,011,134 | 37,018,916 | 22,909,440 | 18,886,401 | 28,291,634 | 25,015,685 | 14,973,519 | 27,668 |
| Other assets | - | 127,480,067 | - | - | - | - | - | - | - | - | - | 127,480,067 |
| | | 2,650,880,610 | 743,177,728 | 398,571,227 | 946,589,739 | 76,021,361 | 38,621,222 | 21,753,296 | 97,321,747 | 38,757,094 | 14,973,519 | 275,093,677 |
| Liabilities | | | | | | | | | | | | |
| Bills payable | - | 48,083,103 | - | - | - | - | - | - | - | - | - | 48,083,103 |
| Borrowings | 16.50% | 477,438,034 | 356,239,633 | 21,043,360 | 19,186,630 | 7,067,504 | 13,456,946 | 12,696,585 | 22,046,569 | 25,423,306 | 277,501 | - |
| Deposits and other accounts | 18.21% | 1,934,036,510 | 1,002,937,535 | 48,659,935 | 79,457,142 | 83,987,101 | 2,878,724 | 715,085 | 4,103,122 | 8,039 | 6,951 | 711,282,876 |
| Lease liabilities | 12.56% | 14,441,482 | 100,263 | 223,566 | 276,604 | 542,804 | 1,262,617 | 1,423,254 | 2,901,602 | 6,057,096 | 1,653,676 | - |
| Subordinated debt | 23.16% | 29,985,200 | - | 4,996,000 | 24,989,200 | - | - | - | - | - | - | - |
| Other liabilities | - | 87,597,503 | - | - | - | - | - | - | - | - | - | 87,597,503 |
| | | 2,591,581,832 | 1,359,277,431 | 74,922,861 | 123,909,576 | 91,597,409 | 17,598,287 | 14,834,924 | 29,051,293 | 31,488,441 | 1,938,128 | 846,963,482 |
| On-balance sheet gap | | 59,298,778 | (616,099,703) | 323,648,366 | 822,680,163 | (15,576,048) | 21,022,935 | 6,918,372 | 68,270,454 | 7,268,653 | 13,035,391 | (571,869,805) |
| Off-balance sheet financial instruments | | | | | | | | | | | | |
| Documentary credits and short term trade related transactions | | 287,964,804 | 112,140,419 | 134,858,122 | 21,834,584 | 8,267,215 | 10,652,488 | 211,976 | - | - | - | - |
| Commitments in respect of: | | | | | | | | | | | | |
| Forward purchase of foreign exchange contracts | | 123,771,146 | 28,648,989 | 50,171,504 | 40,306,633 | 4,644,020 | - | - | - | - | - | - |
| Forward sale of foreign exchange contracts | | (80,402,990) | (55,023,309) | (22,504,512) | (1,113,283) | (1,761,886) | - | - | - | - | - | - |
| Forward commitments to extend credit | | 3,955,661 | 1,643,615 | 1,353,628 | 302,978 | 655,440 | - | - | - | - | - | - |
| Off-balance sheet gap | | 47,323,817 | (24,730,705) | 29,020,620 | 39,496,328 | 3,537,574 | - | - | - | - | - | - |
| Total Yield / Interest Risk Sensitivity Gap | | | (528,689,989) | 487,527,108 | 884,011,075 | (3,771,259) | 31,675,423 | 7,130,348 | 68,270,454 | 7,268,653 | 13,035,391 | (571,869,805) |
| Cumulative Yield / Interest Risk Sensitivity Gap | | | (528,689,989) | (41,162,881) | 842,848,194 | 839,076,935 | 870,752,358 | 877,882,706 | 946,153,160 | 953,421,813 | 966,457,204 | 394,587,399 |



46.2.5.1 Reconciliation of Financial Assets and Liabilities

| | 2024 (Rupees in '000) | 2023 |
|---|--------------------------|---------------|
| Assets as per statement of financial position | 3,320,035,205 | 2,744,072,409 |
| Less: | | |
| Property and equipment | 75,939,019 | 67,602,830 |
| Right-of-use assets | 13,679,198 | 11,969,724 |
| Intangible assets | 129,154 | 124,462 |
| Deferred tax assets | 4,535,942 | 4,844,408 |
| Advances, deposits, advance rent and other prepayments | 13,351,070 | 3,390,303 |
| Advances taxation | 4,616,189 | - |
| Non-banking assets acquired in satisfaction of claims | 4,047,060 | 4,115,304 |
| Stationery and stamps on hand | 2,161,940 | 1,144,768 |
| Branch adjustment account | 2,038,881 | - |
| | 26,215,140 | 8,650,375 |
| Interest Rate Sensitive Assets | 3,199,536,752 | 2,650,880,610 |
| Liabilities as per statement of financial position | 3,168,046,585 | 2,614,413,320 |
| Less: | | |
| Unearned commission income | 3,030,064 | 1,706,124 |
| Branch adjustment account | - | 3,625,247 |
| Clearing and settlement account | 5,554,279 | 1,585,454 |
| Credit loss allowance / provision against off-balance sheet items | 4,742,981 | 226,549 |
| Provision for compensated absences | 1,960,780 | 1,717,463 |
| Workers' welfare fund | 7,115,960 | 5,404,914 |
| Current taxation (payments less provisions) | - | 8,565,737 |
| | 22,404,064 | 22,831,488 |
| Interest Rate Sensitive Liabilities | 3,145,642,521 | 2,591,581,832 |

46.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risk but excludes strategic and reputational risks. Bank classifies operational loss / near miss incidents into seven loss incidents types, which are Internal Fraud, External Fraud, Employment Practice & Workplace Safety, Client, Product & Business Practice, Damage to Physical Assets, Business Disruption & System Failure, and Execution, Delivery & Process Management.

Operational risk is managed through the Operational Risk Policy, Internal Control System and Internal Audit Policy, Compliance Policy & Programme, Information Technology (I.T.) Policy, I.T. Governance and Risk Management Framework, I.T. Security Policy, Human Resource Policy, Consumer Protection Framework, KYC / CDD Policy, AML / CFT and CPF Policy, Fraud Prevention Policy, Digital Fraud Prevention Policy, Service Quality and Consumer Grievance Handling Policy, Business Continuity & Disaster Recovery Policy and Outsourcing Policy approved by the Board, along with the operational manuals and procedures issued from time to time; system of internal controls; Business Continuity Plan, Disaster Recovery Plan for I.T.; and regular audit of the branches and divisions. Operational risk related matters are discussed in the operations committee, compliance committee of management and I.T. steering committee. Audit Committee of the Board provides overall guidance in managing the Bank's operational risk.

The Bank's operational risk management framework, as laid down in the operational risk policy, permits the overall risk management approach to evolve in the light of organisational learning and the future needs of the Bank.



The Bank places a high priority on conducting all business dealings with integrity and fairness, as laid down in the Code of Conduct, which is required to be complied with by all employees.

Internal controls are an essential feature of risk reduction in operational risk management and the Bank continues to improve its internal controls.

Business Continuity Planning (BCP) of the Bank pays special attention to identify potential threats and associated risks by carrying out Business Impact Analysis and Risk Assessment processes to minimise financial losses, serve customers with minimal disruptions, and mitigate negative effects on business operations, including those that are dependent on third parties. It also identifies alternate mechanisms for timely resumption of services, with a special focus on critical business processes, location of off-site backup and regular review and testing of the BCP plan.

Bank AL Habib's internet banking platform, both web and mobile based applications offer various digital products and services to the customers and are being regularly enhanced with new features to provide better customer experience and security.

The Bank has zero tolerance for Cybersecurity risks and non-compliance to regulations. Monitoring controls and processes have been implemented to identify and appropriately address Cybersecurity risks. Long term measures are defined in Cyber Security Strategy that is supported by a complementing Action Plan. While Information Security Risk Management plan covers measures for identifying the risks posed to Information Systems in alignment with Bank's strategy, the Bank has developed a cyber secure environment by implementing various technical and administrative controls to ensure security and privacy of customers' data residing with the Bank. In this regard, Bank has also implemented industrial standards and best practices for Information Security assurance including payment card security standard (i.e. PCI - DSS v4.0).

46.3.1 Operational Risk-Disclosures Basel II Specific

The Bank uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be most suitable in view of the business model of the Bank which relies on an extensive network of branches to offer one - stop, full – service banking to its clients. The Bank has developed and implemented an Operational Loss Database. Operational loss and "near miss" events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures. Key Risk Indicators have also been developed along with thresholds which are being closely monitored for breaches. Risk Evaluation exercise is carried out for new products, processes and systems or any significant change in the existing product, processes and systems as per the operational risk policy of the Bank.

46.4 Liquidity Risk

Liquidity risk is the risk of loss to a bank arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable cost or losses.

Key elements of the Bank's liquidity risk management are as follows:

- To maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet the Bank's funding requirements at any time.
- To keep a strong focus on mobilization of low-cost core deposits from customers.
- To maintain a realistic balance between the behavioral maturity profiles of assets and liabilities.
- To maintain excellent credit rating (as borrowing cost and ability to raise funds are directly affected by credit rating).
- To have a written contingency funding plan to address any hypothetical situations when access to normal sources of funding is constrained.

46.4.1 Liquidity Coverage Ratio

SBP issued BPRD Circular No. 08 dated June 23, 2016 advising implementation of Basel III liquidity standards that constitute two ratios, i.e., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and five monitoring tools.



LCR is the measure of conversion capability of the Bank's High Quality Liquid Assets (HQLAs) into cash to meet immediate liquidity requirements over a 30 days horizon.

The Bank calculates Liquidity Coverage Ratio (LCR) on monthly basis as per the guidelines given in the above mentioned circular. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile which requires the Bank to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar days period. As of 31 December 2024, the Bank's LCR stood at 235.74% against SBP's minimum requirement of 100% .

46.4.2 Governance of Liquidity Risk Management

Liquidity risk is managed through the liquidity risk policy approved by the Board. The Bank has "zero tolerance" for liquidity risk and will continue to maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet its funding requirements at any time.

Management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BOD)
- Risk Management Committee
- Asset Liability Management Committee (ALCO)
- Treasury Division
- Risk Management Division and Middle Office
- Finance Division
- Information Technology Division

The Board of Directors approves the liquidity risk policy and ensures, through quarterly reviews by the Risk Management Committee of the Board, that the Bank's liquidity risk is being managed prudently. Risk Management Committee of the Board provides overall guidance in managing the Bank's liquidity risk. Liquidity position is monitored daily by the Treasury Division and the Middle Office and reviewed regularly by ALCO.

46.4.3 Funding Strategy

The Bank's prime source of liquidity is the customers' deposit base. Within deposits, the Bank strives to maintain core deposit base in form of current and saving deposits and avoids concentration in particular products, tenors and dependence on large fund providers. As a general rule, the Bank will not depend on borrowings in the inter-bank market, including repos, to be a part of its permanent pool of funds for financing of loans, but will use these as a source for obtaining moderate amounts of additional funds to meet temporary liquidity needs in the normal course of business or for money market operations.

46.4.4 Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like core deposits to total deposits, advances to deposits, liquid assets to total deposits, Interbank borrowing to total deposits, which are monitored on regular basis against limits. Further, the Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. For maturity analysis, behavioral study is carried out to determine the behavior of non - contractual assets and liabilities. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times.

In addition, LCR, NSFR and Monitoring Tools of Basel III framework further strengthen liquidity risk management of the Bank.

46.4.5 Liquidity Stress Testing

As per SBP FSD Circular No. 01 of 2020, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits, withdrawals of wholesale / large deposits & interbank borrowing, withdrawal of top deposits, etc. Results of stress testing are presented to ALCO and Risk Management Committee. The Bank's liquidity risk management addresses the goal of protecting solvency and the ability to withstand stressful events in the market place. Stress testing for liquidity as prescribed in the liquidity risk policy is carried out regularly to estimate the impact of decline in liquidity on the ratio of liquid assets to deposits plus borrowings.



46.4.6 Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity risk policy of the Bank which identifies the trigger events that could cause a liquidity contingency and describes the actions to be taken to manage it. The contingency funding plan highlights liquidity management actions that needs to be taken to deal with the contingency. Responsibilities and response levels are also incorporated in order to tackle the contingency. Moreover, CFP highlights possible funding sources, in case of a liquidity contingency.

46.4.7 Main Components of LCR

Main components of LCR are High Quality Liquid Assets and Net Cash Outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are based on SBP BPRD Circular No. 08 dated 23 June 2016.

46.4.8 Composition of High Quality Liquid Assets (HQLAs)

High Quality Liquid Assets consist of Level 1 Assets which are included in the stock of liquid assets at 100% weightage of their market value i.e., Cash & Treasury balances, Conventional Government Securities, GOP Ijarah Sukuks, Foreign Currency Sukuks & Bonds issued by sovereigns. While Level 2 Assets comprise all equity shares (excluding shares of Financial Institutions) listed on PSX 100.

46.4.9 Concentration of Funding Sources

The Bank relies on customers' deposits as its key source of funding, especially current and saving deposits and time deposits of small / medium denominations, and avoids concentration of large deposits. Share of core deposits in total deposits and of large deposits in total deposits are regularly monitored. In particular the Bank does not depend on large depositors or borrowings from SBP and financial institutions to meet its funding requirements.

46.4.10 Currency Mismatch in the LCR

About 90% of the Bank's assets and liabilities are in local currency. Currency mismatch in other currencies is regularly monitored.

46.4.11 Centralisation of Liquidity Management

Overall liquidity management of the Bank is centralised in Treasury Division at Principal Office. The Bank mobilises deposits through its branch network. It also uses the branch network to grant loans to customers. Branches that have more deposits than loans, transfer ("lend") their excess deposits to the Principal Office. Branches that do not have enough deposits to fund their loans, acquire ("borrow") additional funds from the Principal Office.

46.4.12 Other Inflows and Outflows

Benefit of pledged deposits (deposits under lien) are not accounted for in calculation of LCR.

46.4.13 Net Stable Funding Ratio (NSFR)

NSFR is the ratio of the amount of Available Stable Funding (ASF) - source of funds, capital and liabilities relative to the amount of Required Stable Funding (RSF) - use of funds, assets and off - balance sheet exposures.

The objective of NSFR is to ensure the availability of stable funds that a bank must hold to enable it to build and maintain its assets, investments and off balance sheet portfolio on an ongoing basis for longer term, i.e., over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and roll - over risk. The Bank's NSFR stood at 184.92% as on 31 December 2024.



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

The following maturity profile is based on contractual maturities for assets and liabilities that have a contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised in the shortest maturity band.

| | Total | 2024 | | | | | | | | | | | | |
|---------------------------------------|---------------|-----------------|------------------|-------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------|
| | | Upto 1 day | Over 1 to 7 days | Over 7 to 14 days | Over 14 days to 1 month | Over 1 to 2 months | Over 2 to 3 months | Over 3 to 6 months | Over 6 to 9 months | Over 9 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 years |
| (Rupees in '000) | | | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | | | |
| Cash and balances with treasury banks | 201,532,248 | 201,532,248 | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances with other banks | 5,836,908 | 5,419,083 | - | - | 417,825 | - | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 38,941,542 | - | 38,941,542 | - | - | - | - | - | - | - | - | - | - | - |
| Investments | 1,924,732,913 | 21,502,422 | (153,646) | (116,754) | (435,577) | (1,147,215) | (1,056,585) | 253,200,470 | 123,134,392 | 41,300,165 | 298,525,614 | 127,847,344 | 540,610,169 | 521,522,114 |
| Advances | 910,850,199 | 53,152,905 | 14,745,260 | 15,168,833 | 48,050,459 | 73,274,608 | 75,420,481 | 242,221,995 | 174,644,301 | 32,713,475 | 53,899,804 | 42,433,852 | 40,707,110 | 44,417,116 |
| Property and equipment | 75,939,019 | 40,069,725 | - | - | 559,560 | 545,526 | 542,002 | 1,613,450 | 1,572,142 | 1,521,014 | 5,558,898 | 4,398,215 | 5,057,712 | 14,500,775 |
| Right-of use assets | 13,679,198 | - | - | - | 208,706 | 206,481 | 397,771 | 399,248 | 565,609 | 548,398 | 2,080,375 | 1,856,963 | 3,064,240 | 4,351,407 |
| Intangible assets | 129,154 | - | - | - | 7,853 | 7,853 | 7,853 | 22,741 | 21,486 | 21,028 | 40,340 | - | - | - |
| Deferred tax assets | 4,535,942 | 7,411,617 | - | - | (113,875) | (107,867) | (107,867) | (328,132) | (313,030) | (313,030) | (1,074,863) | (742,155) | (160,094) | 385,238 |
| Other assets | 143,858,082 | 46,271,281 | 9,326,022 | 4,680,161 | 14,167,039 | 14,646,759 | 7,459,191 | 31,141,058 | 5,182,877 | 320,733 | 1,023,673 | 947,359 | 1,790,775 | 6,901,154 |
| | 3,320,035,205 | 375,359,281 | 62,859,178 | 19,732,240 | 62,861,990 | 87,426,145 | 82,662,846 | 528,270,830 | 304,807,777 | 76,111,783 | 360,053,841 | 176,741,578 | 591,069,912 | 592,077,804 |
| Liabilities | | | | | | | | | | | | | | |
| Bills payable | 52,263,043 | 52,263,043 | - | - | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 667,043,213 | 3,038,945 | 121,203,285 | 2,101,777 | 402,683,077 | 10,671,814 | 13,937,244 | 48,484,527 | 3,522,713 | 4,155,163 | 12,858,907 | 12,058,902 | 17,315,027 | 15,011,832 |
| Deposits and other accounts | 2,278,956,911 | 2,018,151,111 | 8,751,276 | 11,444,699 | 35,841,988 | 22,700,553 | 33,882,951 | 58,144,662 | 52,044,266 | 31,551,689 | 1,446,659 | 3,382,016 | 1,604,427 | 10,614 |
| Lease liabilities | 16,848,698 | - | - | - | 216,460 | 133,657 | 222,463 | 85,751 | 275,403 | 330,598 | 1,555,345 | 1,685,202 | 3,611,626 | 8,732,193 |
| Subordinated debt | 25,988,400 | - | - | - | - | - | 1,000 | 1,400 | 1,000 | 1,400 | 4,800 | 4,800 | 9,600 | 25,964,400 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 126,946,320 | 75,229,206 | 4,176,878 | 2,942,582 | 10,480,764 | 10,957,456 | 5,775,133 | 5,118,668 | 835,140 | 685,075 | 3,220,180 | 3,219,998 | 2,134,995 | 2,170,245 |
| | 3,168,046,585 | 2,148,682,305 | 134,131,439 | 16,489,058 | 449,222,289 | 44,463,480 | 53,818,791 | 111,835,008 | 56,678,522 | 36,723,925 | 19,085,891 | 20,350,918 | 24,675,675 | 51,889,284 |
| Net assets | 151,988,620 | (1,773,323,024) | (71,272,261) | 3,243,182 | (386,360,299) | 42,962,665 | 28,844,055 | 416,435,822 | 248,129,255 | 39,387,858 | 340,967,950 | 156,390,660 | 566,394,237 | 540,188,520 |
| Share capital | 11,114,254 | | | | | | | | | | | | | |
| Reserves | 32,050,356 | | | | | | | | | | | | | |
| Surplus on revaluation of assets | 21,604,223 | | | | | | | | | | | | | |
| Unappropriated profit | 87,219,787 | | | | | | | | | | | | | |
| | 151,988,629 | | | | | | | | | | | | | |



Total

2023

| | Upto 1 day | Over 1 to 7 days | Over 7 to 14 days | Over 14 days to 1 month | Over 1 to 2 months | Over 2 to 3 months | Over 3 to 6 months | Over 6 to 9 months | Over 9 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 years | |
|---------------------------------------|------------------|------------------------|-------------------------|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|-----------------|-------------|
| | (Rupees in '000) | | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | | | |
| Cash and balances with treasury banks | 141,815,998 | 141,815,998 | - | - | - | - | - | - | - | - | - | - | - | |
| Balances with other banks | 6,580,672 | 6,580,672 | - | - | - | - | - | - | - | - | - | - | - | |
| Lendings to financial institutions | 1,649,716 | - | 1,649,716 | - | - | - | - | - | - | - | - | - | - | |
| Investments | 1,503,895,348 | 10,646,798 | (59,058) | 13,631 | (167,148) | (1,018,399) | 1,377,192 | 16,968,325 | 26,722,107 | 18,272,205 | 419,319,585 | 302,069,871 | 365,354,094 | 344,396,145 |
| Advances | 869,458,809 | 78,167,586 | 16,558,762 | 14,013,455 | 63,521,819 | 94,643,494 | 217,374,750 | 133,116,382 | 24,207,548 | 14,971,223 | 56,502,148 | 47,847,935 | 49,789,867 | 58,743,840 |
| Property and equipment | 67,602,830 | 39,587,751 | - | - | 506,133 | 414,311 | 419,250 | 1,171,326 | 1,121,860 | 1,090,589 | 3,971,284 | 3,231,537 | 3,588,848 | 12,499,941 |
| Right-of-use assets | 11,969,724 | - | - | - | 175,122 | 173,789 | 172,954 | 515,098 | 491,038 | 472,636 | 1,770,879 | 1,585,271 | 2,588,764 | 4,024,173 |
| Intangible assets | 124,462 | - | - | - | 17,732 | 17,509 | 15,957 | 47,806 | 18,225 | 2,531 | 4,702 | - | - | - |
| Deferred tax assets | 4,844,408 | 6,974,988 | - | - | (118,159) | (76,048) | (76,048) | (199,301) | (181,761) | (181,761) | (614,412) | (451,378) | 41,289 | (273,001) |
| Other assets | 136,130,442 | 42,815,019 | 12,833,348 | 4,489,033 | 12,549,284 | 15,676,863 | 10,037,829 | 35,513,408 | 978,225 | 1,012,558 | 159,821 | 31,674 | 21,586 | 11,694 |
| | 2,744,072,409 | 326,588,812 | 30,982,768 | 18,516,119 | 76,484,783 | 109,831,619 | 229,321,884 | 187,133,044 | 53,357,242 | 35,639,981 | 481,114,007 | 354,314,910 | 421,384,448 | 419,402,792 |
| Liabilities | | | | | | | | | | | | | | |
| Bills payable | 48,083,103 | 48,083,103 | - | - | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 477,438,034 | 2,679,821 | 156,749,882 | 93,937,615 | 56,905,266 | 18,528,835 | 41,788,166 | 25,880,038 | 3,458,519 | 3,608,985 | 13,456,946 | 12,696,585 | 22,046,569 | 25,700,807 |
| Deposits and other accounts | 1,934,036,510 | 1,651,145,560 | 14,933,595 | 11,031,584 | 37,109,670 | 20,467,845 | 28,192,090 | 79,457,142 | 46,298,024 | 37,689,077 | 2,878,724 | 715,085 | 4,103,122 | 14,992 |
| Lease liabilities | 14,441,482 | - | - | - | 100,263 | 109,137 | 114,429 | 276,604 | 220,200 | 322,604 | 1,262,617 | 1,423,254 | 2,901,602 | 7,710,772 |
| Subordinated debt | 29,985,200 | - | - | - | - | - | 1,000 | 2,200 | 1,000 | 2,200 | 6,400 | 6,400 | 3,996,800 | 25,969,200 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 110,428,991 | 49,864,698 | 3,794,965 | 2,887,615 | 8,614,155 | 10,060,104 | 7,590,091 | 7,171,252 | 9,895,464 | 1,442,906 | 2,746,819 | 2,556,682 | 1,845,515 | 1,958,725 |
| | 2,614,413,320 | 1,751,773,182 | 175,478,442 | 107,856,814 | 102,729,354 | 49,165,921 | 77,685,776 | 112,787,236 | 59,873,207 | 43,065,772 | 20,351,506 | 17,398,006 | 34,893,608 | 61,354,496 |
| Net assets | 129,659,089 | (1,425,184,370) | (144,495,674) | (89,340,695) | (26,244,571) | 60,665,698 | 151,636,108 | 74,345,808 | (6,515,965) | (7,425,791) | (460,762,501) | 336,916,904 | 386,490,840 | 358,048,296 |
| Share capital | 11,114,254 | | | | | | | | | | | | | |
| Reserves | 28,184,872 | | | | | | | | | | | | | |
| Surplus on revaluation of assets | 17,764,334 | | | | | | | | | | | | | |
| Unappropriated profit | 72,595,629 | | | | | | | | | | | | | |
| | 129,659,089 | | | | | | | | | | | | | |



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

For assets and liabilities that have a contractual maturity, the expected maturity is considered to be the same as contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised on the basis of expected maturities as determined by ALCO. In case of saving and current accounts, their historical net withdrawal pattern over the next one year was reviewed, based on year - end balances for the last three years. Thereafter, taking a conservative view, ALCO categorised these deposits in various maturity bands. Other assets and liabilities have been categorised on the basis of assumptions / judgments that are believed to be reasonable.

| | Total | 2024 | | | | | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|--------------------|-------------------------|--------------------|----------------------|--------------------|--------------------|-------------------|
| | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | Above 10 years |
| Assets | | | | | | | | | | |
| Cash and balances with treasury banks | 201,532,248 | 201,532,248 | - | - | - | - | - | - | - | - |
| Balances with other banks | 5,836,908 | 5,836,908 | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 38,941,542 | 38,941,542 | - | - | - | - | - | - | - | - |
| Investments | 1,924,732,913 | 1,400,297 | (2,203,862) | 253,693,096 | 175,293,201 | 302,120,715 | 128,845,683 | 543,651,405 | 512,493,836 | 9,438,542 |
| Advances | 910,850,199 | 131,117,457 | 148,695,089 | 242,221,995 | 207,357,776 | 53,899,804 | 42,433,852 | 40,707,110 | 25,909,544 | 18,507,572 |
| Property and equipment | 75,939,019 | 1,089,228 | 1,558,032 | 3,578,798 | 4,821,034 | 27,658,868 | 4,398,215 | 5,057,712 | 2,932,344 | 24,844,788 |
| Right-of-use assets | 13,679,198 | 208,706 | 604,252 | 399,246 | 1,114,007 | 2,080,375 | 1,856,963 | 3,064,240 | 3,760,229 | 591,178 |
| Intangible assets | 129,154 | 7,853 | 15,706 | 22,741 | 42,514 | 40,340 | - | - | - | - |
| Deferred tax assets | 4,535,942 | 17,169,688 | (237,237) | (621,527) | (1,657,376) | (9,399,720) | (1,271,274) | (1,771,949) | 3,764,569 | (1,439,232) |
| Other assets | 143,858,082 | 68,304,124 | 22,466,320 | 31,681,610 | 6,586,851 | 1,226,592 | 947,359 | 1,790,775 | 3,846,912 | 7,007,539 |
| | 3,320,035,205 | 465,608,051 | 170,898,300 | 530,975,961 | 393,558,007 | 377,626,974 | 177,210,798 | 592,499,293 | 552,707,434 | 58,950,387 |
| Liabilities | | | | | | | | | | |
| Bills payable | 52,263,043 | 52,263,043 | - | - | - | - | - | - | - | - |
| Borrowings | 667,043,213 | 529,027,084 | 24,609,058 | 48,484,527 | 7,677,876 | 12,858,907 | 12,858,907 | 17,315,027 | 14,733,907 | 277,925 |
| Deposits and other accounts | 2,278,956,911 | 259,989,370 | 258,161,249 | 259,722,407 | 285,173,700 | 303,813,276 | 305,748,633 | 303,971,045 | 302,370,119 | 7,112 |
| Lease liabilities | 16,848,698 | 216,460 | 356,120 | 85,751 | 606,001 | 1,555,345 | 1,685,202 | 3,611,626 | 6,753,025 | 1,979,168 |
| Subordinated debt | 25,988,400 | - | 1,000 | 1,400 | 2,400 | 4,800 | 4,800 | 9,600 | 11,964,400 | 14,000,000 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 126,946,320 | 91,852,988 | 16,732,589 | 5,118,668 | 1,520,215 | 3,220,180 | 3,219,998 | 2,134,995 | - | 3,146,687 |
| | 3,168,046,585 | 933,348,945 | 299,860,016 | 313,412,753 | 294,980,192 | 321,452,508 | 322,717,535 | 327,042,293 | 335,821,451 | 19,410,892 |
| Net assets | 151,988,620 | (467,740,894) | (128,961,716) | 217,563,208 | 98,577,815 | 56,174,466 | (145,506,737) | 265,457,000 | 216,885,983 | 39,539,495 |
| Share capital | 11,114,254 | | | | | | | | | |
| Reserves | 32,050,356 | | | | | | | | | |
| Surplus on revaluation of assets | 21,604,223 | | | | | | | | | |
| Unappropriated profit | 87,219,787 | | | | | | | | | |
| | 151,988,620 | | | | | | | | | |



| | Total | 2023 | | | | | | | | |
|---------------------------------------|---------------|---------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | Above 10 years |
| (Rupees in '000) | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Cash and balances with treasury banks | 141,815,998 | 141,815,998 | - | - | - | - | - | - | - | - |
| Balances with other banks | 6,580,672 | 6,580,672 | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 1,649,716 | 1,649,716 | - | - | - | - | - | - | - | - |
| Investments | 1,503,895,348 | 6,347,704 | (365,911) | 16,626,178 | 56,523,693 | 416,356,735 | 301,830,914 | 365,938,051 | 336,372,822 | 4,265,162 |
| Advances | 869,458,809 | 172,261,622 | 312,018,244 | 133,116,382 | 39,178,771 | 56,502,148 | 47,847,935 | 49,789,867 | 38,998,948 | 19,744,892 |
| Property and equipment | 67,602,830 | 542,295 | 1,002,138 | 3,339,639 | 4,566,908 | 4,405,248 | 24,346,523 | 3,588,848 | 2,393,526 | 23,417,705 |
| Right-of-use assets | 11,969,724 | 175,122 | 346,743 | 515,098 | 963,674 | 1,770,879 | 1,585,271 | 2,588,764 | 3,489,735 | 534,438 |
| Intangible assets | 124,462 | 17,732 | 33,466 | 47,806 | 20,756 | 4,702 | - | - | - | - |
| Deferred tax assets | 4,844,408 | 8,648,176 | 182,666 | (62,165) | (215,749) | 715,384 | (6,272,300) | (244,850) | 3,905,444 | (1,812,198) |
| Other assets | 136,130,442 | 68,177,773 | 25,906,429 | 35,800,863 | 2,568,097 | 164,601 | 272,437 | 21,586 | 11,694 | 3,206,962 |
| | 2,744,072,409 | 406,216,810 | 339,123,775 | 189,383,801 | 103,606,150 | 479,919,697 | 369,610,780 | 421,682,266 | 385,172,169 | 49,356,961 |
| Liabilities | | | | | | | | | | |
| Bills payable | 48,083,103 | 48,083,103 | - | - | - | - | - | - | - | - |
| Borrowings | 477,438,034 | 310,272,584 | 60,317,001 | 25,880,038 | 7,067,504 | 13,456,946 | 12,696,585 | 22,046,569 | 25,423,306 | 277,501 |
| Deposits and other accounts | 1,934,036,510 | 232,775,173 | 213,264,961 | 244,062,168 | 248,592,127 | 249,786,263 | 247,622,624 | 251,010,662 | 246,915,579 | 6,953 |
| Lease liabilities | 14,441,482 | 100,263 | 223,566 | 276,604 | 542,804 | 1,262,617 | 1,423,254 | 2,901,602 | 6,057,096 | 1,653,676 |
| Subordinated debt | 29,985,200 | - | 1,000 | 2,200 | 3,200 | 6,400 | 6,400 | 3,996,800 | 11,969,200 | 14,000,000 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 110,428,991 | 63,915,530 | 17,650,195 | 7,171,252 | 11,338,370 | 2,746,819 | 2,556,682 | 1,845,515 | - | 3,204,628 |
| | 2,614,413,320 | 655,146,653 | 291,456,723 | 277,392,262 | 267,544,005 | 267,259,045 | 264,305,545 | 281,801,148 | 290,365,181 | 19,142,758 |
| Net assets | 129,659,089 | (248,929,843) | 47,667,052 | (88,008,461) | (163,937,855) | 212,660,652 | 105,305,235 | 139,881,118 | 94,806,988 | 30,214,203 |
| Share capital | 11,114,254 | | | | | | | | | |
| Reserves | 28,184,872 | | | | | | | | | |
| Surplus on revaluation of assets | 17,764,334 | | | | | | | | | |
| Unappropriated profit | 72,595,629 | | | | | | | | | |
| | 126,659,089 | | | | | | | | | |



47. EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors proposed a final cash dividend of Rs. 6.50 per share. This is in addition to Rs. 10.50 already paid during the year, bringing the total dividend for the year to Rs. 17 (2023: Rs. 14). These unconsolidated financial statements do not include the effect of this appropriation, which will be accounted for subsequent to the year end.

48. GENERAL

- 48.1** Captions 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 statement of profit and loss account.
- 48.2** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 48.3** Comparative information has been re-classified and re-arranged in these unconsolidated financial statements as detailed in Note 4.1.1.

49. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue in the Board of Directors' meeting held on 30 January 2025.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



Annexure I

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED
DURING THE YEAR ENDED 31 DECEMBER 2024**

(Rupees in '000)

| S. No. | Name and address of the borrower(s) | Name of individuals / partners / directors with CNIC Nos. | Father's / Husband's Name | Outstanding liabilities at beginning of the year | | | | Principal Written off | Interest / Mark-up Written off / Waived | Other Financial Relief Provided | Total (9+10+11) |
|--------|---|---|---------------------------|--|--------------------|-----------------------------|--------------|-----------------------|---|---------------------------------|-----------------|
| | | | | Principal | Interest / Mark-up | Other than interest mark-up | Total | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Muhammad Iqbal C-02 Sana Garden, 1st Floor, Garden West, Karachi. | Muhammad Iqbal (CNIC: 42201-6136222-1) | Mehmood-ur-Rehman | 1,005 | 405 | 59 | 1,469 | 991 | 405 | 59 | 1,455 |
| 2 | Muhammad Iqbal C-02 Sana Garden, 1st Floor, Garden West, Karachi. | Muhammad Iqbal (CNIC: 42201-6136222-1) | Mehmood-ur-Rehman | 698 | 276 | 58 | 1,032 | 683 | 276 | 58 | 1,017 |
| 3 | Syed Sohail Hassan House No. 1/89, Street-24, Khayaban-e-Sehar, Phase VI, DHA, Karachi. | Syed Sohail Hassan (CNIC: 42301-3185383-9) | Syed Ali Hassan | 1,879 | 441 | 147 | 2,467 | 1,863 | 441 | 147 | 2,451 |
| | | | Total | 3,582 | 1,122 | 264 | 4,968 | 3,537 | 1,122 | 264 | 4,923 |



Annexure II

ISLAMIC BANKING BUSINESS

The Bank is operating 276 (2023: 201) Islamic banking branches and 10 (2023: 138) Islamic banking windows at the end of the year.

| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|--------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | | 24,097,793 | 15,978,853 |
| Balances with other banks | | 8,635 | 8,166 |
| Due from financial institutions | 1 | 25,996,490 | — |
| Investments | 2 | 256,341,204 | 194,105,585 |
| Islamic financing and related assets-net | 3 | 103,606,905 | 114,115,766 |
| Property and equipment | | 2,571,153 | 1,306,410 |
| Right-of-use assets | | 4,411,645 | 3,528,398 |
| Intangible assets | | — | — |
| Due from Head Office | | — | — |
| Other assets | | 25,734,467 | 17,590,335 |
| Total Assets | | 442,768,292 | 346,633,513 |
| LIABILITIES | | | |
| Bills payable | | 848,638 | 500,279 |
| Due to financial institutions | | 30,561,246 | 34,472,018 |
| Deposits and other accounts | 4 | 317,595,744 | 255,291,936 |
| Due to Head Office | | 6,016,955 | 2,109,591 |
| Lease liabilities | | 5,386,354 | 4,253,310 |
| Subordinated debt | | — | — |
| Other liabilities | | 14,820,648 | 8,606,111 |
| | | 375,229,585 | 305,233,245 |
| NET ASSETS | | 67,538,707 | 41,400,268 |
| REPRESENTED BY | | | |
| Islamic Banking Fund | | 7,600,000 | 7,600,000 |
| Reserves | | — | — |
| Surplus on revaluation of assets | | 5,852,746 | 1,825,669 |
| Unappropriated profit | 6 | 54,085,961 | 31,974,599 |
| | | 67,538,707 | 41,400,268 |
| CONTINGENCIES AND COMMITMENTS | 7 | | |



The statement of profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2024 is as follows:

| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|--------------------|
| Profit / return earned | 8 | 61,542,046 | 47,491,919 |
| Profit / return expensed | 9 | (29,236,000) | (24,319,730) |
| Net Profit / return | | 32,306,046 | 23,172,189 |
| Other income | | | |
| Fee and commission income | | 1,766,995 | 1,269,283 |
| Dividend income | | 47,617 | 79,244 |
| Foreign exchange income | | 245,182 | 206,936 |
| Gain / (loss) on securities - net | | 20,277 | (7,172) |
| Total other income | | 2,080,071 | 1,548,291 |
| Total income | | 34,386,117 | 24,720,480 |
| Other expenses | | | |
| Operating expenses | | (9,139,544) | (6,530,383) |
| Other charges | | (551) | (22) |
| Total other expenses | | (9,140,095) | (6,530,405) |
| Profit before credit loss allowance | | 25,246,022 | 18,190,075 |
| Credit loss allowance and write offs - net | | (1,702,755) | (421,341) |
| Profit for the year | | 23,543,267 | 17,768,734 |

1. Due from financial institutions

| | 2024 (Rupees in '000) | 2023 |
|---|--------------------------|----------|
| In local currency: | | |
| Musharaka placement | 26,000,000 | — |
| Less: Credit loss allowance | | |
| Stage 1 | (3,510) | — |
| Due from financial institutions - net of credit loss allowance | 25,996,490 | — |



| | 2024 | | | | 2023 | | | |
|--|--------------------------|--------------------------|------------------------|---------------------------------------|--------------------------|--------------------------|------------------------|--------------------|
| | Cost / amortised cost | Credit loss allowance | Surplus / (deficit) | Carrying value (Rupees in '000) | Cost / amortised cost | Credit loss allowance | Surplus / (deficit) | Carrying value |
| 2. Investments | | | | | | | | |
| Investments by segments: | | | | | | | | |
| Debt Instruments | | | | | | | | |
| FVPL | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Islamic Naya Pakistan Certificates | 2,642,542 | - | - | 2,642,542 | - | - | - | - |
| FVOCI | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Ijarah Sukuks | 221,990,413 | - | 5,664,287 | 227,654,700 | - | - | - | - |
| - Neelum Jhelum Hydropower Co. Ltd. Sukuk | 866,250 | - | 8,840 | 875,090 | - | - | - | - |
| - Pakistan Energy Sukuk - Listed | 21,101,875 | - | 209,125 | 21,311,000 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Listed | 1,122,000 | (680,000) | 534 | 442,534 | - | - | - | - |
| - Unlisted | 2,973,000 | (751) | (30,040) | 2,942,209 | - | - | - | - |
| | 248,053,538 | (680,751) | 5,852,746 | 253,225,533 | - | - | - | - |
| Investments mandatorily classified measured at FVPL | | | | | | | | |
| Units of Mutual Funds | 252,242 | - | 20,887 | 273,129 | - | - | - | - |
| Associates | | | | | | | | |
| Al Habib Islamic Cash Fund | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 |
| Al Habib Islamic Saving Fund | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 |
| | 2,000,000 | - | - | 200,000 | 200,000 | - | - | 200,000 |
| Available-for-Sale Securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Ijarah Sukuks | - | - | - | - | 180,077,410 | - | 1,781,739 | 181,859,149 |
| Neelum Jhelum Hydropower Co. Ltd. Sukuk | - | - | - | - | 1,443,750 | - | 13,811 | 1,457,561 |
| Islamic Naya Pakistan Certificates | - | - | - | - | 5,769,121 | - | - | 5,769,121 |
| | - | - | - | - | 187,290,281 | - | 1,795,550 | 189,085,831 |
| Shares | | | | | | | | |
| Listed companies | - | - | - | - | 17,389 | (11,535) | 3,938 | 9,792 |
| Non Government Debt Securities | | | | | | | | |
| Listed | - | - | - | - | 1,122,000 | - | 1,602 | 1,123,602 |
| Unlisted | - | - | - | - | 3,363,625 | - | (25,374) | 3,338,251 |
| | - | - | - | - | 4,485,625 | - | (23,772) | 4,461,853 |
| Units of Mutual Funds | | | | | | | | |
| | - | - | - | - | 351,022 | (52,866) | 49,953 | 348,109 |
| Total Investments | 251,148,322 | (680,751) | 5,873,633 | 256,341,204 | 192,344,317 | (64,401) | 1,825,669 | 194,105,585 |

2.1 Particulars of credit loss allowance

| | 2024 | | | | 2023 | | | |
|--------------------------------|------------------|---------|---------|---------|------------------|---------|---------|--------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | (Rupees in '000) | | | | (Rupees in '000) | | | |
| Non Government Debt Securities | 384 | 367 | 680,000 | 680,751 | - | - | 64,401 | 64,401 |



| | Note | 2024 | 2023 |
|---|------|-------------|-------------|
| (Rupees in '000) | | | |
| 3. Islamic financing and related assets | | | |
| Ijarah | 3.1 | 3,296,372 | 3,079,001 |
| Murabaha | 3.2 | 21,393,302 | 17,586,364 |
| Diminishing Musharaka | | 14,901,120 | 18,779,105 |
| Istisna | | 4,744,263 | 10,282,784 |
| Islamic Long Term Financing Facility (ILTFF) | | 4,343,370 | 5,241,800 |
| Islamic Refinance for Renewable Energy (IFRE) | | 3,177,094 | 2,224,625 |
| Islamic Refinance for Temporary Economic Refinance Facility (ITERF) | | 5,217,018 | 6,830,099 |
| Islamic Refinance Facility for Modernization of SMEs (IRFSME) | | 166,650 | 52,588 |
| Islamic Financing Facility for Storage of Agricultural Product (IFFSAP) | | 127,131 | 157,403 |
| Islamic Export Refinance - Istisna (IERF) | | 70,000 | 2,160,467 |
| Musawamah | | 4,188,383 | 4,605,689 |
| Islamic Export Refinance-Musawamah | | - | 6,000 |
| Running Musharaka | | 2,844,245 | 2,479,691 |
| Islamic Export Refinance-Running Musharaka | | 8,903,641 | 7,166,641 |
| Financing against Bills-Musawamah | | 3,823,394 | 5,083,273 |
| Export Finance Scheme (EFS) - Discounting | | 8,207,289 | 7,235,359 |
| Staff Financing | | 1,098,884 | 2,013,176 |
| Musawamah Inventory | | 2,673,423 | 3,076,506 |
| Advance against Istisna | | 14,364,368 | 13,554,721 |
| Advance against Istisna - IERF | | 818,500 | 2,249,152 |
| Advance against Ijarah | | 250,250 | 138,636 |
| Advance against Diminishing Musharaka | | 1,788,091 | 1,303,776 |
| Advance against IFRE | | 198,663 | 666,683 |
| Advance against ITERF | | - | 951,795 |
| Advance against IRFSME | | - | 12,933 |
| Gross Islamic financing and related assets | | 106,595,451 | 114,938,267 |
| Less: credit loss allowance against Islamic financings | | | |
| - Stage 1 | | (1,071,897) | - |
| - Stage 2 | | (1,061,392) | - |
| - Stage 3 | | (855,257) | - |
| - Specific | | - | (772,444) |
| - General | | - | (50,057) |
| | | (2,988,546) | (822,501) |
| Islamic financing and related assets-net of provision | | 103,606,905 | 114,115,766 |

| 3.1 Ijarah | 2024 | | | | | | |
|---------------------|------------------|-------------------------|-------------------|--------------------------|-----------------------------------|-------------------|-------------------|
| | Cost | | | Accumulated depreciation | | | Book value |
| | As at 01 January | Additions / (deletions) | As at 31 December | As at 01 January | Charge for the year / (deletions) | As at 31 December | as at 31 December |
| | (Rupees in '000) | | | | | | |
| Plant and machinery | 71,383 | - | 64,556 | 63,930 | 316 | 58,100 | 6,456 |
| | | (6,827) | | | (6,146) | | |
| Vehicles | 4,269,795 | 1,915,568 | 4,909,678 | 1,199,069 | 951,798 | 1,620,585 | 3,289,093 |
| | | (1,275,685) | | | (530,282) | | |
| Equipment | 4,118 | - | 4,118 | 3,296 | 5,087 | 3,295 | 823 |
| | | - | | | (5,088) | | |
| Total | 4,345,296 | 1,915,568 | 4,978,352 | 1,266,295 | 957,201 | 1,681,980 | 3,296,372 |
| | | (1,282,512) | | | (541,516) | | |



| | 2023 | | | | | | Book value as at 31 December |
|---------------------|---------------------|--|----------------------|--------------------------|---|----------------------|------------------------------------|
| | Cost | | | Accumulated depreciation | | | |
| | As at 01 January | Additions / (deletions) | As at 31 December | As at 01 January | Charge for the year / (deletions) | As at 31 December | |
| | (Rupees in '000) | | | | | | |
| Plant and machinery | 523,792 | – (452,409) | 71,383 | 407,366 | 45,173 (388,609) | 63,930 | 7,453 |
| Vehicles | 3,357,645 | 1,968,663 (1,056,513) | 4,269,795 | 1,039,847 | 772,274 (613,052) | 1,199,069 | 3,070,726 |
| Equipment | 110,066 | – (105,948) | 4,118 | 91,448 | – (88,152) | 3,296 | 822 |
| Total | 3,991,503 | 1,968,663 (1,614,870) | 4,345,296 | 1,538,661 | 817,447 (1,089,813) | 1,266,295 | 3,079,001 |

3.1.1 Future ijarah payments receivable

| | 2024 | | | 2023 | | |
|---------------------------|-----------------------------|---|------------------|-----------------------------|---|-----------|
| | Not later than 1 year | Later than 1 year and less than 5 years | Total | Not later than 1 year | Later than 1 year and less than 5 years | Total |
| | (Rupees in '000) | | | | | |
| Ijarah rental receivables | 1,462,615 | 2,370,956 | 3,833,571 | 1,323,741 | 2,575,478 | 3,899,219 |
| | | | Note | 2024 | 2023 | |
| | | | | (Rupees in '000) | | |

3.2 Murabaha

| | | | |
|--|-------|---------------------|--------------|
| Murabaha financing | 3.2.1 | 11,615,954 | 10,098,518 |
| Advances for Murabaha | | 9,777,348 | 7,487,846 |
| | | 21,393,302 | 17,586,364 |
| 3.2.1 Murabaha receivable-gross | | | |
| Less: Deferred murabaha income | 3.2.2 | 12,509,478 | 11,140,005 |
| Profit receivable shown in other assets | 3.2.4 | (552,558) | (559,242) |
| Murabaha financings | | (340,966) | (482,245) |
| | | 11,615,954 | 10,098,518 |
| 3.2.2 The movement in Murabaha financing during the year is as follows: | | | |
| Opening balance | | 11,140,005 | 7,853,739 |
| Sales during the year | | 63,782,383 | 38,800,845 |
| Adjusted during the year | | (62,412,910) | (35,514,579) |
| Closing balance | | 12,509,478 | 11,140,005 |
| 3.2.3 Murabaha sale price | | 12,509,478 | 11,140,005 |
| Murabaha purchase price | | (11,615,954) | (10,098,518) |
| | | 893,524 | 1,041,487 |
| 3.2.4 Deferred murabaha income | | | |
| Opening balance | | 559,242 | 222,743 |
| Arising during the year | | 3,412,411 | 2,453,949 |
| Less: recognised during the year | | (3,419,095) | (2,117,450) |
| Closing balance | | 552,558 | 559,242 |



4. Deposits and other accounts

| | 2024 | | | 2023 | | |
|-------------------------------|--------------------|-----------------------|---------------------------|--------------------|-----------------------|--------------------|
| | In local currency | In foreign currencies | Total (Rupees in '000) | In local currency | In foreign currencies | Total |
| Customers | | | | | | |
| Current deposits | 110,301,302 | 6,635,819 | 116,937,121 | 88,013,287 | 3,380,920 | 91,394,207 |
| Savings deposits | 152,982,120 | 5,684,736 | 158,666,856 | 119,870,552 | 5,445,480 | 125,316,032 |
| Term deposits | 20,269,782 | – | 20,269,782 | 24,830,685 | – | 24,830,685 |
| | <u>283,553,204</u> | <u>12,320,555</u> | <u>295,873,759</u> | <u>232,714,524</u> | <u>8,826,400</u> | <u>241,540,924</u> |
| Financial institutions | | | | | | |
| Current deposits | 48,799 | – | 48,799 | 35,468 | – | 35,468 |
| Savings deposits | 21,673,186 | – | 21,673,186 | 13,715,544 | – | 13,715,544 |
| | <u>21,721,985</u> | <u>–</u> | <u>21,721,985</u> | <u>13,751,012</u> | <u>–</u> | <u>13,751,012</u> |
| | <u>305,275,189</u> | <u>12,320,555</u> | <u>317,595,744</u> | <u>246,465,536</u> | <u>8,826,400</u> | <u>255,291,936</u> |

| | 2024 (Rupees in '000) | 2023 |
|---------------------------------------|--------------------------|--------------------|
| 4.1 Composition of deposits | | |
| - Individuals | 201,186,566 | 136,907,220 |
| - Government / Public Sector Entities | 1,866,511 | 8,698,958 |
| - Banking Companies | 57 | 52 |
| - Non-Banking Financial Institutions | 21,721,928 | 13,750,960 |
| - Private Sector | 92,820,682 | 95,934,746 |
| | <u>317,595,744</u> | <u>255,291,936</u> |

4.1.1 Deposits includes eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 262,805.982 million (2023: Rs. 197,393.808 million).

| | 2024 (Rupees in '000) | 2023 |
|---|--------------------------|-----------------|
| 5. Charity Fund | | |
| Opening balance | 59,665 | 23,820 |
| Additions during the year | | |
| Received from customers on account of delayed payment | 28,456 | 58,471 |
| Charity accrued but not yet received | 30,372 | 11,563 |
| Dividend purification amount | – | 268 |
| Other Non - Shariah compliant income | 632 | 1,589 |
| Profit on charity saving account | 9,101 | 4,354 |
| | <u>68,561</u> | <u>76,245</u> |
| Payments / utilization during the year | | |
| Health | (24,500) | (20,000) |
| Social welfare | (14,000) | (15,400) |
| Education | (6,000) | (5,000) |
| | <u>(44,500)</u> | <u>(40,400)</u> |
| Closing balance | <u>83,726</u> | <u>59,665</u> |



| | 2024 | 2023 |
|--|-------------------|-------------------|
| | (Rupees in '000) | |
| 5.1 | | |
| Detail of charity is as follows: | | |
| Afzaal Memorial Thalassemia Foundation | 2,000 | 2,000 |
| Agha Welfare Trust | 1,000 | 1,000 |
| Al Mustafa Trust | 1,000 | 2,000 |
| ASF Foundation | 1,400 | 1,400 |
| Bait-ul-Sukoon | 1,500 | 2,000 |
| Child Aid Association | 2,000 | 2,000 |
| Dar-ul-Sukun | 2,600 | 2,000 |
| Green Crescent Trust | 3,000 | 2,000 |
| Hajra Hamza Foundation | 1,000 | - |
| Huzaiifa Durrani Shaheed Foundation | 500 | - |
| Hyderabad Relief & Rehabilitation Trust / Osmania Hospital | 1,500 | - |
| IDA RIEU Welfare Association | 1,500 | 2,000 |
| Indus Hospital | 2,000 | 2,000 |
| Jinnah Foundation | 2,000 | - |
| Karachi Down Syndrome Program (KDSP) | 1,000 | 2,000 |
| Karachi Institute of Kidney Diseases Association | 1,000 | 2,000 |
| Lady Dufferin Hospital | 1,500 | - |
| Markaz-e-Umeed | 2,000 | 2,000 |
| Murshid Hospital & Health Care Centre | 2,000 | - |
| National Institute of Child Health | 1,000 | - |
| NOWPDP | 1,000 | 2,000 |
| Orange Tree Foundation | 1,000 | 1,000 |
| Osmania Hospital | - | 2,000 |
| Pakistan Children's Heart Foundation | 2,000 | 2,000 |
| Pakistan Foundation Fighting Blindness | 1,000 | 2,000 |
| Panah Trust | 1,000 | - |
| Sahil Welfare Association | - | 1,000 |
| SIUT | 3,000 | 2,000 |
| SOS Children's Village | 1,000 | 2,000 |
| The Kidney Centre | 2,000 | 2,000 |
| The Cancer Foundation | 1,000 | - |
| | <u>44,500</u> | <u>40,400</u> |
| 6. Islamic Banking Business Unappropriated Profit | | |
| Opening balance | 31,974,599 | 14,205,865 |
| Impact on adoption of IFRS 9 | (1,423,844) | - |
| Add: Islamic Banking profit for the year | 23,543,274 | 17,768,734 |
| Loss on sale of equity investment - FVOCI | (8,068) | - |
| Closing balance | <u>54,085,961</u> | <u>31,974,599</u> |
| 7. Contingencies and Commitments | | |
| - Guarantees | 19,198,384 | 14,463,377 |
| - Commitments | 34,016,915 | 28,717,529 |
| | <u>53,215,299</u> | <u>43,180,906</u> |
| 8. Profit / Return Earned on Financing, Investments and Placement | | |
| Profit earned on: | | |
| Financing | 16,843,648 | 15,289,918 |
| Investments | 44,457,005 | 32,110,595 |
| Placement | 241,393 | 91,406 |
| | <u>61,542,046</u> | <u>47,491,919</u> |



| | 2024 | 2023 |
|--|-------------------|-------------------|
| | (Rupees in '000) | |
| 9. Profit on Deposits and Other Dues Expensed | | |
| Deposits and other accounts | 24,352,075 | 19,827,836 |
| Due to Financial Institutions | 3,032,563 | 2,556,552 |
| Due to Head Office | 1,206,775 | 1,472,781 |
| Lease liability against right-of-use assets | 644,587 | 462,561 |
| | 29,236,000 | 24,319,730 |

10. Profit and Loss Distribution and Pool Management

10.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics

General Pool PKR (Mudaraba)

Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members.

Special Pool(s) PKR (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

General Pool FCY (Mudaraba)

In FCY pool, all FCY deposits and investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY general pool, the loss will be borne by the FCY general pool members.

Special Pool(s) FCY (Mudaraba)

Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members.

Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka)

IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme.

Equity Pool

Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors.

Special Mudaraba Financing Facility (SMFF) Pool - Open Market Operations (OMO) Injections

Special Mudaraba Financing Facility (MFF) Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations (OMO) in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR).

Parameters associated with risk and rewards:

Following are the key considerations attached with risk and reward of the pool:

- Period, return, safety, security and liquidity of investment.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules and Shariah clearance.

10.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed

The Mudarba based funds have been deployed in the following avenues / sectors / businesses:

- Chemical and pharmaceuticals
- Agribusiness
- Textile
- Sugar
- Shoes and leather garments
- Investment in sukuk
- Production and transmission of energy



- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

10.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components

The Bank's Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-UI-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, Depreciation on Ijarah Assets, and amortization of premium on sukuks and loss of investments directly incurred in deriving that Income.

The Net income / loss is being allocated between the Bank's equity and the depositors' fund in proportion to their respective share in pool.

The Bank's profit sharing ratio during the quarter was 50% (2023: 50%) of Net Income and the depositors' profit sharing ratio was 50% (2023: 50%) of Net Income.

After the allocation of Income between mudarib (Bank) and depositors (Rab ul Maal) the profit is distributed among the depositors on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing, credit loss allowance under IFRS-9 and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

10.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

| | 2024 | | | | |
|----------|--|---------------|-------------------------------|---------------------------------|----------------------|
| | Distributable Income (Rupees in '000) | Mudarib Share | Mudarib Share (Percentage) | HIBA Amount (Rupees in '000) | HIBA (Percentage) |
| LCY Pool | 34,421,848 | 14,189,946 | 41.22% | 6,110,080 | 43.06% |
| FCY Pool | 469,376 | 353,798 | 75.38% | 51,419 | 14.53% |
| | 2023 | | | | |
| LCY Pool | 27,063,141 | 10,004,896 | 36.97% | 4,159,293 | 41.57% |
| FCY Pool | 296,126 | 222,545 | 75.15% | 28,104 | 12.63% |

2024 2023
(Percentage)

10.5 Profit rate earned vs. profit rate distributed to the depositors during the year

| | | |
|-------------------------|--------|--------|
| Profit rate earned | 18.49% | 17.75% |
| Profit rate distributed | 9.69% | 9.97% |



Disclosure on Complaint Handling in Annual Accounts-2024

The Customer Services function takes contentment in serving as custodian of Complaint Management which is primarily in control of upholding high FTC (Fair Treatment to Customers) standards by promptly resolving complaints and providing fair resolutions to customers.

To promote customer centricity in the culture and dynamics of BAHL, we have developed a comprehensive policy for handling customer complaints that is established on the values of fairness, transparency, promptness, visibility, and accessibility. BAHL take complaints as an effective measure to improve its services instead of considering complaints as root cause for customer dissatisfaction. Additionally, Fair Treatment to Consumers Committee (FTCC) is established to anticipate customer problems and recommend resolution that can give our customers a better experience.

Customers can register complaints through a variety of channels, including a call center, the bank's website, direct emails, social media, and letters delivered directly or through drop box to the customer services division. These complaints are swiftly recorded in the complaint management system. From the time a complaint is acknowledged until it is resolved, bank has a defined escalation matrix to resolve complaints, where if any complaint is not resolved within the allotted turnaround time, it is escalated to the next senior level of management to ensure resolution of the complaints on priority.

As a post resolution activity, the complaint trends and analysis are shared with Board Members, Senior Management and Business Segments. Based on the findings, root cause analysis is conducted and communicated timely with the relevant departments for reduction of customer grievance.

Key Highlight: In 2024, the Bank received 337,053 complaints, about 15% higher than the previous year. The complaints were investigated and closed within an average turnaround time of 4 working days.

Gender Pay Gap as on 31 December 2024

The mean and median pay for the women is around 11% and 17% higher than that of men.



Report of Shari'ah Board for the year ending December 31, 2024

In the name of Allah, the Beneficent, the Merciful

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Bank AL Habib – Islamic Banking Division (BAHL-IBD) are conducted in a manner that comply with Shari'ah principles and guidelines issued by the Shari'ah Board of the BAHL-IBD at all times. The Shari'ah Governance Framework issued by the State Bank of Pakistan, required from the Shari'ah Board (SB) to submit a report on the overall Shari'ah compliance environment of BAHL-IBD.
2. To form the opinion as expressed in this report, the Shari'ah Compliance Department carried out Shari'ah Reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, during the last year, Shari'ah Board reviewed the Internal Shari'ah Audit and External Shari'ah Audit Reports. Based on above, we are of the view that:
 - I. BAHL-IBD has complied with Shari'ah rules and principles in the light of fatawa, rulings and guidelines issued by its Shari'ah Board.
 - II. BAHL-IBD has complied with directives, regulations, instructions and guidelines i.e. related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Board.
 - III. BAHL-IBD has complied with the SBP instructions on profit and loss distribution and Pool Management. On recommendations of Shari'ah Board measures are being taken to further strengthen the Pool Management system.
 - IV. BAHL-IBD has a comprehensive mechanism in place to ensure Shari'ah Compliance in its overall operations.
 - V. The Shari'ah Board appreciates the view and commitment of BOD towards ensuring the Shari'ah Compliance in the products, processes and operations of the BAHL-IBD. Improvement is required in level of awareness of Islamic Banking staff as well Executive Management in order to improve their understanding on the importance of Shari'ah Compliance in their respective areas, particularly in Foreign Trade Department.
 - VI. The Management has committed to provide further human resource to Shari'ah Compliance Department enabling them to discharge their duties effectively.
 - VII. The Bank has a well-defined mechanism in place which is sound enough to ensure that any earnings identified from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized. In year 2024, charity amount of Rs. 45.254 Million has been realized, out of which an income of Rs. 0.631 Million was credited to charity due to Shari'ah non-compliance as per instructions of Shari'ah Board, while Rs. 44.623 Million was due to late payments. An amount of Rs. 44.5 Million has been granted to various charitable institutions from available charity fund.

Mufti Sher Ali
Resident Shari'ah Board Member

Mufti Muhammad Hamza
Member Shari'ah Board

Mufti Mohib ul Haq Siddiqui
Member Shari'ah Board

Mufti Ismatullah
Chairman Shari'ah Board

Karachi: 30 January, 2025



Notice of Annual General Meeting

Notice is hereby given that the Thirty-fourth Annual General Meeting of Bank AL Habib Limited (the Bank) will be held at the Bank's premises located at 128-C, Old Bahawalpur Road, Multan, on Thursday, February 27, 2025 at 10:30 a.m. to transact the following business. The shareholders may also attend the meeting through electronic means as advised by Securities and Exchange Commission of Pakistan (SECP).

1. To receive and adopt the Audited Annual Accounts and Consolidated Accounts of the Bank for the year ended December 31, 2024 together with the Reports of Chairman, Directors and Auditors.

As required under section 223(6) of the Companies Act, 2017 (the "Act"), and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the Annual Report of the Bank has been uploaded on the website of the Bank which can be downloaded from the following weblink or QR enabled code.

Weblink: <https://www.bankalhabib.com/files/download/reports/Annual-Report-2024.pdf>



2. To consider and approve payment of Final Cash Dividend @ 65%, i.e., Rs. 6.50 per share of Rs. 10/- each, in addition to Rs. 10.50 per share i.e., 105% Interim Cash Dividends already paid to the shareholders of the Bank, thus, total 170% i.e. Rs. 17.00 per share for the year ended December 31, 2024.
3. To appoint auditors for the year 2025 and to fix their remuneration. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To elect Directors of the Bank in accordance with Section 159(1) of the Companies Act, 2017. The number of Directors to be elected pursuant to Section 159(1) of the Companies Act, 2017 has been fixed at 10 (ten) by the Board of Directors.

The following are the retiring Directors, who may offer themselves for election:

Mr. Abbas D. Habib, Mr. Adnan Afridi - NIT Nominee, Mr. Anwar Haji Karim, Mr. Arshad Nasar, Ms. Farhana Mowjee Khan, Mr. Humayun Bashir, Mr. Mohammad Rafiquddin Mehkari, Mr. Murtaza H. Habib, Mr. Qumail R. Habib and Syed Mazhar Abbas.

5. To consider any other business of the Bank with the permission of the Chair.

Special Business

6. To consider and approve remuneration payable to Executive Director of the Bank.

Statements under Section 166(3) for Item No. 4, and under Section 134(3) of the Companies Act, 2017 in respect of special business contained in Item No. 6 are annexed.

By order of the Board

MOHAMMAD TAQI LAKHANI
Company Secretary

Karachi: February 06, 2025



Notes:

1. Participation in the Annual General Meeting (AGM) through Electronic Means:

The entitled shareholders who are interested to attend AGM through electronic means and whose names appeared in the Books of the Bank by the close of business on February 14, 2025 are hereby requested to get themselves registered with the Company Secretary Office by providing the following details at the earliest but not later than 48 hours before the time of AGM (no account shall be taken of any part of the day that is not a working day) at email: agm@bankalhabib.com.

| Name of Shareholder | CNIC No. | Folio Number / CDC Account No. | Cell Number | Email Address |
|---------------------|----------|--------------------------------|-------------|---------------|
| | | | | |

Upon receipt of the above information from interested shareholders, the Bank will send the login details at their email addresses. On the AGM day, shareholders will be able to login and participate in the AGM proceedings through their smartphones or computer devices from any convenient location.

The login facility will be opened 30 minutes before the meeting time to enable the participants to join the meeting after identification and verification process.

The entitled shareholders (whose names appeared in the Books of the Bank by the close of business on February 14, 2025) along with the details mentioned above may send their comments/suggestions for the proposed Agenda items at the above email address at least 48 hours before the time of AGM (no account shall be taken of any part of the day that is not a working day).

2. The Board of Directors of the Bank has fixed the number of directors to be elected as ten (10). As per provisions of Regulation No. 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019, it is mandatory that voting for the election of directors of the Bank shall be held separately for the following three categories:

| S. No | Category | No. of Seats |
|--------------|-----------------------|--------------|
| 1 | Female Director | 1 |
| 2 | Independent Directors | 3 |
| 3 | Other Directors | 6 |
| Total | | 10 |

3. Any member desirous to contest the election of Directors shall file the following with Company Secretary of the Bank at its Registered Office located at 126-C, Old Bahawalpur Road, Multan, not later than fourteen (14) days before the day of the above said meeting:

- (a) Notice of his/her intention to offer himself/herself for the election as director and select any one of the above categories in which he / she intends to contest the election of director in terms of Section 159(3) of the Companies Act, 2017 and Regulation 7A of Listed Companies (Code of Corporate Governance) Regulations, 2019. He/She should also confirm that:
 - (i) He/She is not ineligible to become a director of the Bank under any applicable laws and regulations.
 - (ii) Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.
 - (iii) He/She is not serving as a director in more than seven listed companies simultaneously. Provided that this limit shall not include the directorships in the listed subsidiaries of a listed holding company.
 - (iv) In case of Independent Director, a declaration of Independence in terms of Section 166(2) of the Companies Act, 2017 as required under clause 6(3) of Listed Companies (Code of Corporate Governance) Regulations, 2019
- (b) Consent to act as Director in Form 9 of the Companies Regulations 2024, and under Section 167 of the Companies Act, 2017.



- (c) Fit and Proper Test Proforma, Affidavit, Declarations, and Questionnaire as provided in “Corporate Governance Regulatory Framework” issued by SBP vide BPRD Circular No. 5 dated November 22, 2021.
4. In terms of the criteria prescribed by SBP, a person shall not be eligible to become a Director of a bank, if the person:
- (a) is disqualified/ineligible under Banking Companies Ordinance 1962, Companies Act 2017, and other applicable laws, rules and regulations;
 - (b) is in default of payment of dues owed to any financial institution in personal capacity;
 - (c) is associated as executive director / sponsor director / nominee of the sponsor and / or President / CEO of a proprietary concern, partnership firm, or corporate body excluding public sector organization, which is in default of dues owed to any financial institution;
 - (d) has contravened any of the requirements and standards of SBP or equivalent standards / requirements of other local or foreign regulatory authorities, professional bodies, or government bodies / agencies of such a nature that makes such person’s association with the bank/DFI undesirable;
 - (e) is a designated person / proscribed person or is associated directly or indirectly with any designated person / proscribed person;
 - (f) is convicted of or is associated directly or indirectly with any person convicted of any serious offence, including any Money Laundering/ Terrorism Financing offence or any predicate offence set out in Schedule I of the Anti-Money Laundering Act, 2010.

It should also be noted that under SBP regulations, a person is not permitted to be a Director of more than one Bank / DFI and the Directors will not assume the charge of their respective offices until their appointments are approved in writing by SBP.

5. A copy of relevant documents may be obtained from the office of the Company Secretary of the Bank or may be downloaded from the website of SBP.
6. A detailed profile along with office address will be available on website as required under SECP’s SRO 1196 (I)/2019, dated October 03, 2019.
7. The share transfer books of the Bank will remain closed from February 17, 2025 to February 27, 2025 (both days inclusive). Transfers received in order at the office of our Share Registrar, CDC Share Registrar Services Limited, located at CDC House, 99-B, Block B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi – 74400, by the close of business on February 14, 2025 will be treated in time for payment of Final Cash Dividend (subject to approval of the members). Members are requested to promptly communicate any change in their addresses to our above-mentioned Share Registrar.
8. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A proxy (except for a corporate entity) must be a member of the Bank. Proxy form, in order to be effective, must be received at the Registered Office of the Bank located at 126-C, Old Bahawalpur Road, Multan, duly stamped and signed not less than 48 hours before the time of the meeting, In case of a corporate entity, the Board of Directors’ Resolution/Power of Attorney with specimen signatures shall also be submitted along with Proxy Form in the Bank. (no account shall be taken of any part of the day that is not a working day).
9. The entitled shareholders are requested to keep with them their original Computerized National Identity Cards (CNICs) / Passport along with their folio numbers / participant(s) ID numbers and CDC account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders. The proxy shall also produce his/her original CNIC or Passport at the time of the meeting.

10. Payment of Cash Dividend through Electronic Mode

Under the provision of Section 242 of Companies Act, 2017 and Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to their shareholders only through electronic mode directly into the bank account designated by the entitled shareholders instead of issuing physical dividend warrants.



In order to receive cash dividend directly into the designated bank account, members who have not yet provided the bank account details are requested to fill and sign the “E-Dividend Bank Mandate Form” available on the Bank’s website link, <https://www.bankalhabib.com/download-forms> and send to the relevant Participants / Investor Account Services of the CDC/Share Registrar of the Bank (as the case may be) latest by February 14, 2025 along with a copy of their valid CNICs. The aforesaid form is also available in the Annual Report of the Bank.

In case of non-receipt or incorrect International Bank Account Number (IBAN) with other related details or non-availability of valid CNICs, the Bank will withhold cash dividend of such members.

11. As per Section 150 of the Income Tax Ordinance 2001, different rates are prescribed for deduction of withholding tax on the amount of cash dividend paid by the companies / banks. These tax rates are as follows:

- (a) Persons appearing in Active Taxpayer List 15%
- (b) Persons not appearing in Active Taxpayer List 30%

To enable the Bank to make tax deduction on the amount of cash dividend @ 15% instead of 30% all the shareholders whose names are not entered into 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 before the date of payment of cash dividend i.e., February 27, 2025; otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

According to FBR, withholding tax will be determined separately whose names appear / not appear in ATL, status of principal shareholder as well as joint-shareholder(s) based on their shareholding proportions, in case of joint accounts. Members that hold shares with joint-shareholder(s) are requested to provide shareholding proportions of principal shareholder and joint-shareholder(s) in respect of shares held by them to the Bank’s Share Registrar in writing in the following format:

| Bank Name | 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 the required information is not provided to our Share Registrar latest by February 14, 2025, it will be assumed that the shares are equally held by them.

In case of corporate entity, withholding tax exemption from dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar latest by February 14, 2025.

As per instructions of SECP and Central Depository Company of Pakistan (CDC) circular No. 6 of 2018, the shareholders are hereby informed that the CDC has developed Centralized Cash Dividend Register (CCDR) on eServices Web Portal which contains details of cash dividend such as either paid or unpaid, withheld by the Bank, total amount of cash dividend, tax and zakat deductions and net amount credited into designated bank account of shareholders. The shareholders are requested to register themselves to CDC’s eServices Web Portal link, <https://csp.cdcaccess.com.pk> to obtain the aforesaid information.

12. Audited Financial Statements through e-mail

In pursuant to Section 223(6) of the Companies Act 2017 and SECP S.R.O. 389 (I) / 2023 dated March 21, 2023, Annual Report 2024 which includes Auditors’ Report along with Audited Financial Statements, Directors’ Report, Chairman’s Review Report and Notice of Annual General Meeting are being e-mailed to the members who have provided their e-mail addresses. Members are also requested to intimate change (if any) in their registered e-mail addresses to the relevant Participants / Investor Account Services of the CDC / Share Registrar of the Bank (as the case may be) for the aforesaid purpose. Member of the Bank who wish to receive the hard copy of Annual Report are requested to send standard request form to our Share Registrar or Shares Department of the Bank. The standard request form can be downloaded from the Bank’s website link, <https://www.bankalhabib.com/download-forms>



13. Procedure for Electronic-Voting and Voting Through Postal Ballot:

In accordance with the Companies (Postal Ballot) Regulations, 2018 (“the Regulations”) the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for all business classified as special business under the Companies Act, 2017, (“the Act”) in the manner and subject to conditions contained in the Regulations.

i) Electronic-Voting

- a. Details of the e-voting facility will be shared through an e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Bank by the close of business on February 14, 2025.
- b. The web address and login details will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of e-voting service provider.
- c. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote online at any time from February 24, 2025, at 09:00 a.m. and shall close on February 26, 2025 at 5:00 p.m. Once the vote on the resolution is cast by a member, he/she shall not be allowed to change it subsequently.

ii) Voting Through Postal Ballot

The members shall ensure that the duly filled and signed ballot paper (blank ballot paper attached), along with a copy of CNIC should reach the Chairman of the meeting through post at the Bank’s principal office, Bank AL Habib Limited, 3rd Floor, Mackinnons Building, I. I. Chundrigar Road, Karachi or email at chairmanagm@bankalhabib.com one day before the AGM, i.e. on February 26, 2025, during office hours. This Postal Ballot Paper is also available for download from the website of the Bank, www.bankalhabib.com.

- a. The signature on the Ballot Paper should match with signature on the CNIC.
- b. In case of foreign members and representatives of a body corporate, corporation and Federal Government, acceptability of other identification documents in lieu of CNIC should be approved by the board of that body corporate/company.
- c. Incomplete, unsigned, incorrect, defaced, torn, mutilated, overwritten ballot papers will be rejected

Additional Information for Shareholders:

a. Unclaimed / Unpaid Cash Dividend and Share Certificates:

In compliance with Section 244 of the Act, the Bank has already requested through individual letters to shareholders and also through newspaper to collect their unclaimed shares / unpaid cash dividend, if any. Shareholders are once again requested to lodge a claim for unclaimed shares / unpaid cash dividends with the Bank’s Share Registrar i.e. CDC Share Registrar Services Limited.

b. Deposit / Conversion of Physical Shares into Book-Entry Form:

The shareholders having physical share certificates of the Bank are advised to place / convert their physical shares into Book-Entry Form in CDC as required under the provisions of Section 72 of the Companies Act, 2017.



Statement under Section 166(3) of the Companies Act, 2017

Item No. 4 of the Agenda

Statement under Section 166(3) of the Companies Act, 2017 in respect of Election of Independent Directors of the Bank:

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 and they shall meet the criteria laid down under Section 166 (2) of the Companies Act, 2017.

Statement under Section 134(3) of the Companies Act, 2017

The statement is annexed to the Notice of the Thirty-fourth (34th) Annual General Meeting of Bank AL Habib Limited at which a special business is to be transacted. The purpose of this statement is to set forth the material fact concerning such special business.

Item No. 6 of the Agenda

As recommended by the Board of Directors in their meeting held on January 30, 2025, it is intended to propose the following resolution to be passed as an Ordinary Resolution:

“RESOLVED THAT the remuneration of Mr. Qumail R. Habib, Executive Director shall not exceed Rs. 5,500,000/- per month exclusive of perquisites, benefits and other allowances to which he is entitled under the terms of his employment.”



Bank AL Habib Limited
Postal Ballot Paper
Voting through post for Special Business at the Annual General Meeting
to be held on February 27, 2025 @ 10:30 a.m. at Multan

This postal ballot paper is also available for download from the website of Bank AL Habib Limited at www.bankalhabib.com. Further, the designated email address of the Chairman of the meeting at which the duly filled ballot paper may be sent : chairmanagm@bankalhabib.com

| | |
|--|--|
| Folio / CDC Account # | |
| Name of Shareholder / Joint Shareholder(s) | |
| Registered Address | |
| Number of shares held | |
| NICOP /Passport (in case of foreigner) / CNIC Number (Copy to be attached) | |
| Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government) | |
| Name of Authorized Signatory | |
| NICOP /Passport (in case of foreigner) / CNIC No. of Authorized Signatory (copy to be attached) | |

I/we hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below

| Serial No. | Nature and Description of resolution | No. of ordinary shares for which vote cast | I/We assent to the Resolution (FAVOR) | I/We dissent to the Resolution (AGAINST) |
|------------|---|--|---------------------------------------|--|
| 1 | “RESOLVED THAT the remuneration of Mr. Qumail R. Habib, Executive Director shall not exceed Rs.5,500,000/- per month exclusive of perquisites, benefits and other allowances to which he is entitled under the terms of his employment.” | | | |

Place: _____

Date: _____

Signature of Shareholder(s) / Authorized Person

Notes:

- Duly filled Postal Ballot Paper should be sent to Mr. Abbas. D. Habib, Chairman of the Bank AL Habib Limited, at Mackinnons Building, I. I. Chundrigar Road, Karachi or email at chairmanagm@bankalhabib.com.
- Copy of NICOP/ Passport (in case of foreigner) / CNIC should be enclosed with the Postal Ballot Paper.
- Postal Ballot Paper should reach chairman of the meeting on or before February 26, 2025. Any Postal Ballot Paper received after this date, will not be considered for voting.
- Signature on Postal Ballot Paper should match with signature on CNIC
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written Ballot Paper will be rejected.
- BOD resolution / POA along with list of signatories and valid copy of CNIC of authorized signatory(ies).
- The shareholders may download the Postal Ballot Paper from the Bank’s website or use the original / photocopy as published in newspaper.



بینک الحیب لمیٹڈ پوسٹل بیلٹ پیپر

سالانہ اجلاس عام میں خصوصی امور کے لئے بذریعہ ڈاک ووٹنگ ۲۷ فروری ۲۰۲۵ء بوقت ۱۰:۳۰ بجے ملتان میں کی جائے گی۔

پوسٹل بیلٹ پیپر بینک الحیب لمیٹڈ کی ویب سائٹ www.bankalhabib.com پر بھی ڈاؤن لوڈ کرنے کیلئے دستیاب ہے۔ مزید برآں اجلاس کے چیئرمین کا نامزد کردہ ای میل ایڈریس جس پر باقاعدہ پُر شدہ بیلٹ پیپر ارسال کیے جاسکتے ہیں chairmanagm@bankalhabib.com

| | |
|---|--|
| فولیو/سی ڈی سی اکاؤنٹ نمبر | |
| شیئر ہولڈر/جوائنٹ شیئر ہولڈر (ز) کا نام | |
| رجسٹرڈ ایڈریس | |
| موجودہ شیئرز کی تعداد | |
| این آئی سی او پی/پاسپورٹ (غیر ملکی ہونے کی صورت میں) / سی این آئی سی نمبر (کاپی منسلک کی جائے) | |
| اضافی معلومات اور منسلک دستاویزات (ہاڈی کارپوریٹ، کارپوریشن اور وفاقی حکومت کے نمائندے کی صورت میں) | |
| مجاز دستخط کنندہ کا نام | |
| این آئی سی او پی/پاسپورٹ (غیر ملکی ہونے کی صورت میں) / مجاز دستخط کا سی این آئی سی نمبر (کاپی منسلک کریں) | |

میں/ہم پوسٹل بیلٹ کے ذریعے درج ذیل قرارداد کے سلسلے میں اپنا/ہمارا ووٹ استعمال کرتے ہوئے درج ذیل مناسب خانے کے نشان (✓) لگا کر اس قرارداد کیلئے اپنی/ہماری رضامندی یا غیر رضامندی ظاہر کر رہے ہیں۔

| نمبر شمار | قرارداد کی نوعیت اور تفصیلات | عمومی شیئرز کی مجموعی تعداد جن کیلئے ووٹ کاسٹ ہوا | میں/ہم قرارداد پر رضامند ہیں (FAVOR) | میں/ہم قرارداد پر اختلاف کرتے ہیں (AGAINST) |
|--------------|---|---|--|---|
| ۱ | ”قرارداد پایا کہ جناب گھیل آر حبیب، ایگزیکٹو ڈائریکٹر کا معاوضہ -/۵,۵۰۰,۰۰۰ روپے ماہانہ علاوہ مروجہ مراعات، فوائد اور دیگر الاؤنسز، جس کے وہ اپنی ملازمت کی شرائط کے تحت حقدار ہیں، سے زائد نہ ہوگا۔“ | | | |

مقام:

شیئر ہولڈر (ز) کے دستخط/مجاز فرد

تاریخ:

۱۔ باقاعدہ پُر شدہ پوسٹل بیلٹ پیپر جناب عباس ڈی۔ حبیب، چیئرمین، بینک الحیب لمیٹڈ، میکنز بلڈنگ، آئی آئی چندریگر روڈ، کراچی
یا ای میل chairmanagm@bankalhabib.com پر ارسال کریں۔

۲۔ این آئی سی او پی/پاسپورٹ کی کاپی (غیر ملکی ہونے کی صورت میں) / سی این آئی سی نمبر (کاپی منسلک کی جائے)۔

۳۔ پوسٹل بیلٹ پیپر اجلاس کے چیئرمین کو ۲۶ فروری ۲۰۲۵ء تک یا اس سے قبل موصول ہو جائیں۔ اس تاریخ کے بعد موصول کوئی بھی پوسٹل بیلٹ پیپر ووٹنگ کیلئے قابل غور نہ ہوگا۔

۴۔ پوسٹل بیلٹ پیپر بردستخط سی این آئی سی پر موجود دستخط سے مماثل ہونے چاہئیں۔

۵۔ نامکمل، غیر دستخط شدہ، غیر واضح، کٹے پھٹے، اور رائیٹنگ کے حامل بیلٹ پیپر مسترد کر دیئے جائیں گے۔

۶۔ بی او ڈی کی قرارداد اپنی او اے بشمول مجاز دستخط کنندہ (کنندگان) کے دستخطوں کی فہرست اور سی این آئی سی کی کارآمد کاپی۔

۷۔ شیئر ہولڈرز پوسٹل بیلٹ پیپر کو بینک کی ویب سائٹ سے ڈاؤن لوڈ کر سکتے ہیں یا اخبار میں شائع شدہ اصل/اس کی فوٹو کاپی کا استعمال کر سکتے ہیں۔



Pattern of Shareholding as at December 31, 2024

| Number of Shareholders | Size of Shareholding | | | | Total Shares Held |
|------------------------|----------------------|-----------|----|-------------|-------------------|
| 952 | From | 1 | To | 100 | 31,899 |
| 898 | From | 101 | To | 500 | 272,364 |
| 594 | From | 501 | To | 1,000 | 476,596 |
| 1,885 | From | 1,001 | To | 5,000 | 5,152,047 |
| 551 | From | 5,001 | To | 10,000 | 4,166,641 |
| 312 | From | 10,001 | To | 15,000 | 3,897,058 |
| 1,104 | From | 15,001 | To | 20,000 | 20,245,927 |
| 104 | From | 20,001 | To | 25,000 | 2,380,810 |
| 67 | From | 25,001 | To | 30,000 | 1,866,318 |
| 47 | From | 30,001 | To | 35,000 | 1,551,395 |
| 96 | From | 35,001 | To | 40,000 | 3,600,830 |
| 78 | From | 40,001 | To | 50,000 | 3,636,623 |
| 62 | From | 50,001 | To | 60,000 | 3,395,294 |
| 83 | From | 60,001 | To | 80,000 | 5,793,291 |
| 75 | From | 80,001 | To | 100,000 | 6,927,555 |
| 85 | From | 100,001 | To | 150,000 | 10,453,752 |
| 67 | From | 150,001 | To | 200,000 | 11,739,354 |
| 43 | From | 200,001 | To | 250,000 | 9,619,295 |
| 39 | From | 250,001 | To | 300,000 | 10,821,605 |
| 17 | From | 300,001 | To | 350,000 | 5,566,931 |
| 72 | From | 350,001 | To | 600,000 | 34,249,630 |
| 49 | From | 600,001 | To | 1,000,000 | 38,359,201 |
| 159 | From | 1,000,001 | To | 100,000,000 | 927,221,000 |
| 7,439 | | | | | 1,111,425,416 |

| Categories of Shareholders | Number of Shareholders | Number of Shares Held | Percentage |
|----------------------------------|------------------------|-----------------------|----------------|
| Individuals | 7,102 | 605,877,104 | 54.50% |
| Investment & Insurance Companies | 17 | 100,862,573 | 9.08% |
| Joint Stock Companies | 120 | 191,566,648 | 17.24% |
| Financial Institutions | 10 | 14,719,912 | 1.32% |
| Modaraba & Mutual Funds | 35 | 77,679,034 | 6.99% |
| Foreign Companies | 19 | 42,735,348 | 3.85% |
| Pension Funds | 28 | 14,006,030 | 1.26% |
| Others | 108 | 63,978,767 | 5.76% |
| TOTAL | 7,439 | 1,111,425,416 | 100.00% |



Pattern of Shareholding as at December 31, 2024 Additional Information

| Shareholders' Category | Number of Shareholders | Number of Shares Held |
|---|------------------------|-----------------------|
| Associated Companies | | |
| Habib Insurance Co. Ltd. | 1 | 1,000,000 |
| Habib Sugar Mills Limited | 1 | 24,136,691 |
| Mutual Funds | | |
| TRI-STAR MUTUAL FUND LIMITED | 1 | 1,904 |
| CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT | 1 | 2,000 |
| CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND | 1 | 2,500 |
| CDC - TRUSTEE FAYSAL STOCK FUND | 1 | 2,700 |
| SAFEWAY FUND (PVT) LTD. | 1 | 5,001 |
| CDC - TRUSTEE LAKSON TACTICAL FUND | 1 | 9,645 |
| CDC - TRUSTEE HBL PF EQUITY SUB FUND | 1 | 12,600 |
| CDC - TRUSTEE HBL MULTI - ASSET FUND | 1 | 14,000 |
| CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND | 1 | 37,422 |
| CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND | 1 | 38,218 |
| CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND | 1 | 39,400 |
| CDC-TRUSTEE NITPF EQUITY SUB-FUND | 1 | 40,000 |
| CDC - TRUSTEE ALLIED FINERGY FUND | 1 | 40,758 |
| CDC - TRUSTEE ALFALAH GHP VALUE FUND | 1 | 54,000 |
| CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND | 1 | 68,715 |
| CDC - TRUSTEE UBL ASSET ALLOCATION FUND | 1 | 77,952 |
| CDC - TRUSTEE NIT ASSET ALLOCATION FUND | 1 | 85,000 |
| CDC - TRUSTEE NBP FINANCIAL SECTOR FUND | 1 | 92,958 |
| CDC - TRUSTEE NBP SARMAYA IZAFI FUND | 1 | 144,763 |
| CDC - TRUSTEE NBP BALANCED FUND | 1 | 181,600 |
| CDC - TRUSTEE JS GLOBAL BANKING SECTOR EXCHANGE TRADED FUND | 1 | 205,257 |
| CDC - TRUSTEE AKD INDEX TRACKER FUND | 1 | 255,917 |
| CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND | 1 | 321,379 |
| CDC - TRUSTEE APF-EQUITY SUB FUND | 1 | 330,500 |
| CDC - TRUSTEE LAKSON EQUITY FUND | 1 | 330,950 |
| CDC - TRUSTEE ALFALAH GHP ALPHA FUND | 1 | 413,592 |
| CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 1 | 1,269,489 |
| CDC - TRUSTEE ALFALAH GHP STOCK FUND | 1 | 1,381,346 |
| CDC - TRUSTEE UBL FINANCIAL SECTOR FUND | 1 | 1,482,065 |
| CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT | 1 | 1,547,675 |
| CDC - TRUSTEE ABL STOCK FUND | 1 | 2,113,392 |
| CDC - TRUSTEE UBL STOCK ADVANTAGE FUND | 1 | 2,670,326 |
| CDC - TRUSTEE ATLAS STOCK MARKET FUND | 1 | 4,377,757 |
| CDC - TRUSTEE NBP STOCK FUND | 1 | 4,455,983 |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 1 | 55,572,270 |



| Shareholders' Category | Number of Shareholders | Number of Shares Held |
|--|------------------------|-----------------------|
| Directors | | |
| Abbas D. Habib | 1 | 24,964,174 |
| Qumail R. Habib | 1 | 17,522,296 |
| Anwar Haji Karim | 1 | 6,349,159 |
| Murtaza H. Habib | 1 | 13,698,691 |
| Syed Mazhar Abbas | 1 | 18,474 |
| Mohammad Rafiquddin Mehkari | 1 | 1,000 |
| Arshad Nasar | 1 | 500 |
| Humayun Bashir | 1 | 500 |
| Farhana Mowjee Khan | 1 | 25,180 |
| Chief Executive Officer | | |
| Mansoor Ali Khan | - | NIL |
| Directors' Spouses | | |
| Mrs. Niamet Fatima W/o. Mr. Abbas D. Habib | 1 | 11,060,177 |
| Executives | 53 | 27,786,240 |
| Joint Stock Companies and Corporations | 119 | 167,429,957 |
| Banks, Development Financial Institutions, Non - Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds | 53 | 55,153,361 |
| Shareholders holding five percent or more voting rights State Life Insurance Corporation of Pakistan National Investment (Unit) Trust (included in the list above under Mutual Funds) | 1 | 73,435,154 |
| Individuals | 7,039 | 504,450,713 |
| Others (including foreign companies) | 127 | 106,714,115 |
| TOTAL | 7,439 | 1,111,425,416 |



Consolidated Financial Statements

Bank AL Habib Limited

and

Subsidiary Companies



Bank AL Habib Limited and its Subsidiary Companies
Directors' Report on Audited Consolidated Financial Statements

The Directors are pleased to present the Audited Consolidated Financial Statements of Bank AL Habib Limited and the Bank's Subsidiaries AL Habib Capital Markets (Private) Limited, AL Habib Asset Management Limited and AL Habib Exchange Company (Private) Limited for the year ended December 31, 2024.

| | (Rupees in '000) |
|---|---------------------|
| Profit for the year before tax | 86,779,930 |
| Taxation | (44,862,535) |
| Profit for the year after tax | 41,917,395 |
| Share of profit attributable to Non-controlling interest | (15,630) |
| Profit attributable to shareholders of Holding Company | 41,901,765 |
| Un-appropriated profit brought forward | 73,595,373 |
| Effect of adoption of IFRS 9 (net of tax) | (3,510,353) |
| Transfer from surplus on revaluation of fixed assets-net of tax | 250,448 |
| Loss on sale of equity investments - FVOCI | (826,620) |
| Other comprehensive income-net of tax | 61,890 |
| | 69,570,738 |
| Profit available for appropriation | 111,472,503 |
| Appropriations: | |
| Transfer to Statutory Reserve | (3,986,219) |
| Cash dividend – 2023 | (5,557,127) |
| Cash dividend – 2024 | (11,669,967) |
| | (21,213,313) |
| Un-appropriated profit carried forward | 90,259,190 |
| Earnings per share (after tax) – Holding Company | Rs. 37.70 |

Pattern of Shareholding

The pattern of shareholding as at December 31, 2024 is annexed with the financial statements of Bank AL Habib Limited.

MANSOOR ALI KHAN
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Karachi: January 30, 2025



INDEPENDENT AUDITORS' REPORT

To the members of Bank AL Habib Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Bank AL Habib Limited (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of material 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 2024 and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 4.26 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2023 has been restated. Our opinion has not been modified in respect of this matter.

Key Audit Matter

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



Following is the Key Audit Matter:

| S.No. | Key Audit Matter | How the matter was addressed in our audit |
|-------|--|---|
| 1 | <p>Valuation of Advances: (Refer note 9 & 21 to the Consolidated financial statements)</p> | |
| | <p>As at 31 December 2024, the Bank's Credit loss allowance against advances and off-balance sheet items amounted to Rs. 48,462 million and Rs. 4,742 million respectively.</p> <p>As per the BPRD Circular No. 07 of 2023, the Bank adopted IFRS 9 in accordance with the application instructions as issued by State Bank of Pakistan (SBP) for IFRS 9 from 01 January 2024 which requires the Bank to recognize Expected Credit Losses (ECL) on advances including non-funded exposure. The estimation of ECL on advances including non-funded exposure, involves judgement and complexity.</p> <p>The key areas which are subject to management judgement in the estimation of ECL are:</p> <ul style="list-style-type: none"> • Model estimations – judgmental modelling and assumption are used to estimate ECL which involves determining Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). Respective model assumption is a key driver of complexity and uncertainty and are required in the application of these model for calculation of the ECL estimate. • Economic scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Management judgement is applied in determining the forward-looking economic scenarios used as an input to calculate ECL, the associated scenario probability weightings, and the key economic variables that drive the scenarios. • Qualitative criteria – the criteria selected to identify a SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios. <p>In line with the application instructions as issued by SBP for IFRS 9, the Bank must compare the ECL for Stage 3 advances with the provision determined under the Prudential Regulations (PR) issued by the SBP. The PR requires specific provisioning against the advances on the basis of time-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of provision against advances, therefore, involves use of management's judgement, on a case-to-case basis, taking into account factors such as the economic and business conditions, borrowers' repayment behaviors and realizability of collateral held by the Bank.</p> | <p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Performing risk assessment procedures over the credit loss allowance against advances and off-balance sheet exposure within the Bank's consolidated financial statement. As part of these risk assessment procedures, identifying the portfolios associated with a risk of material misstatement including those arising from judgements over the estimation of ECL either due to inputs, methods or assumption. • Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR; • We involved in-house specialist who assisted in the following: <ul style="list-style-type: none"> - Evaluating the Bank's impairment methodologies for compliance with application instructions as issued by SBP for IFRS 9; - Assessing the reasonableness of the Bank's methodology and models for determining the economic scenarios used and the probability weightings applied to them by independently validating and challenging the assumptions, methodologies, and outputs of the models; - Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and - Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis. • Ensuring completeness of the key inputs into the ECL calculations with their respective sub-ledgers and general ledgers. • Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents. • Performing sensitivity analysis on the key assumption, that is probability weighted economic scenarios, to assess reasonableness and the risk of biasness by changing weights assigned to each economic scenario. • In accordance with the PR, we sampled at least sixty percent of the total advances portfolio and performed credit review through the following substantive procedures: |



| S.No. | Key Audit Matter | How the matter was addressed in our audit |
|-------|---|---|
| | <p>Because of the high degree of estimation uncertainty and judgement involved in the calculation of ECL we considered the area of ECL provision as a key audit matter.</p> | <ul style="list-style-type: none"> - verifying repayments of advances/ mark-up installments and checked that non-performing advances have been correctly classified and categorized based on the number of days overdue; - examining watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate; and - assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PRs by performing recalculation. • Assessing the appropriateness of SICR criteria applied by the Bank by ensuring that the SICR criteria and staging methodology are consistent with the relevant application instructions as issued by SBP for IFRS 9. • Assessing the appropriateness of ECL on advances categorized as Stage 3 by performing a comparison of ECL computed, through the use of methodology and models with the provision required to be computed as required under the PR to ensure that an amount which is higher of the ECL and PR requirements is appropriately recognized for these stage 3 advances pursuant to the requirement of application instructions as issued by SBP for IFRS 9. • Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities. |

Information other than the Consolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The Other Information comprises the Annual Report but does not include the unconsolidated financial statements, consolidated financial statements and our auditor’s reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

Other Matter relating to comparative information

The consolidated financial statements of the Bank as at and for the year ended 31 December 2023, excluding the adjustments described in Note 4.26 to the consolidated financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 13 February 2024.

As part of our audit of the consolidated financial statements as at and for the year ended 31 December 2024, we audited the adjustments described in Note 4.26 that were applied to restate the comparative information presented as at and for the year ended 31 December 2023. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the year ended 31 December 2023, other than with respect to the adjustments described in Note 4.26 to the consolidated financial statements.

Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 4.26 are appropriate and have been properly applied.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 5 February 2025

Karachi

UDIN: AR202410106uUHBDMOKS



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

| | Note | 2024 | (Restated) 2023 |
|---|------|----------------------|----------------------|
| (Rupees in '000) | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | 5 | 201,935,630 | 141,816,023 |
| Balances with other banks | 6 | 5,887,584 | 6,662,922 |
| Lendings to financial institutions | 7 | 38,941,542 | 1,649,716 |
| Investments | 8 | 1,926,109,064 | 1,504,488,304 |
| Advances | 9 | 910,279,117 | 868,868,391 |
| Property and equipment | 10 | 76,057,034 | 67,614,531 |
| Right-of-use assets | 11 | 13,731,222 | 11,969,724 |
| Intangible assets | 12 | 237,024 | 212,691 |
| Deferred tax assets | 13 | 4,529,802 | 4,843,108 |
| Other assets | 14 | 145,422,433 | 137,128,649 |
| Total Assets | | 3,323,130,452 | 2,745,254,059 |
| LIABILITIES | | | |
| Bills payable | 16 | 52,263,043 | 48,083,103 |
| Borrowings | 17 | 667,043,213 | 477,438,034 |
| Deposits and other accounts | 18 | 2,277,961,527 | 1,933,731,281 |
| Lease liabilities | 19 | 16,897,021 | 14,441,482 |
| Subordinated debt | 20 | 25,988,400 | 29,985,200 |
| Deferred tax liabilities | | — | — |
| Other liabilities | 21 | 127,773,646 | 110,795,965 |
| Total Liabilities | | 3,167,926,850 | 2,614,475,065 |
| NET ASSETS | | 155,203,602 | 130,778,994 |
| REPRESENTED BY | | | |
| Share capital | 22 | 11,114,254 | 11,114,254 |
| Reserves | | 32,050,356 | 28,184,872 |
| Surplus on revaluation of assets | 23 | 21,624,360 | 17,758,959 |
| Unappropriated profit | | 90,259,109 | 73,595,373 |
| Equity attributable to the shareholders of the Holding Company | | 155,048,079 | 130,653,458 |
| Non-controlling interest | 24 | 155,523 | 125,536 |
| Total equity | | 155,203,602 | 130,778,994 |
| CONTINGENCIES AND COMMITMENTS | 25 | | |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024**

| | Note | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|--------------------|
| Mark-up / return / interest earned | 27 | 478,116,610 | 373,887,686 |
| Mark-up / return / interest expensed | 28 | (321,646,563) | (249,743,418) |
| Net mark-up / interest income | | 156,470,047 | 124,144,268 |
| NON MARK - UP / INTEREST INCOME | | | |
| Fee and commission income | 29 | 21,944,301 | 15,192,050 |
| Dividend income | | 363,501 | 701,543 |
| Foreign exchange income | | 3,911,135 | 6,841,341 |
| Income / (loss) from derivatives | | – | – |
| Gain on securities-net | 30 | 142,133 | 30,922 |
| Net gain / (loss) on derecognition of financial assets measured at amortised cost | | – | – |
| Share of profit from associates | | 1,400,547 | 1,133,848 |
| Other income | 31 | 1,106,400 | 453,662 |
| Total non mark-up / interest income | | 28,868,017 | 24,353,366 |
| Total income | | 185,338,064 | 148,497,634 |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 32 | (81,595,801) | (70,525,264) |
| Workers welfare fund | | (1,761,365) | (1,561,292) |
| Other charges | 33 | (310,073) | (228,401) |
| Total non mark-up / interest expenses | | (83,667,239) | (72,314,957) |
| Profit before credit loss allowance | | 101,670,825 | 76,182,677 |
| Credit loss allowance and write offs - net | 34 | (14,890,895) | (4,175,409) |
| Other income / expenses | | – | – |
| PROFIT BEFORE TAXATION | | 86,779,930 | 72,007,268 |
| Taxation | 35 | (44,862,535) | (36,076,946) |
| PROFIT AFTER TAXATION | | 41,917,395 | 35,930,322 |
| Attributable to: | | | |
| Shareholders of the Holding Company | | 41,901,765 | 35,928,048 |
| Non-controlling interest | | 15,630 | 2,274 |
| | | 41,917,395 | 35,930,322 |
| (Rupees) | | | |
| Basic and diluted earnings per share attributable to equity holders of the Holding Company | 36 | 37.70 | 32.33 |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

| | 2024 | (Restated) 2023 |
|--|-------------------|--------------------|
| | (Rupees in '000) | |
| Profit after taxation for the year | 41,917,395 | 35,930,322 |
| Other comprehensive income | | |
| <i>Items that may be reclassified to profit and loss account in subsequent periods:</i> | | |
| Effect of translation of net investment in foreign branches | (120,735) | 261,520 |
| Movement in surplus on revaluation of debt investments through FVOCI - net of tax | 6,112,645 | - |
| Movement in surplus on revaluation of available for sale investments - net of tax | - | 6,759,900 |
| | 5,991,910 | 7,021,420 |
| <i>Items that will not be reclassified to profit and loss account in subsequent periods:</i> | | |
| Remeasurement gain / (loss) on defined benefit obligations - net of tax | 61,809 | (419,872) |
| Movement in surplus on revaluation of equity investments - net of tax | (386,790) | - |
| Movement in surplus on revaluation of property and equipment - net of tax | (614,568) | 10,265,854 |
| Movement in surplus on revaluation of non-banking assets - net of tax | (34,294) | 126,424 |
| | (973,843) | 9,972,406 |
| Total comprehensive income | 46,935,462 | 52,924,148 |
| Attributable to: | | |
| Shareholders of the Holding Company | 46,905,475 | 52,912,306 |
| Non-controlling interest | 29,987 | 11,842 |
| | 46,935,462 | 52,924,148 |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

| | Attributable to shareholders of the Holding Company | | | | | | | | | | | Total |
|--|---|-------------------|--------------------------------------|------------------|-----------------|---------------------------------------|------------------------|--------------------|-----------------------|--------------------|--------------------------|--------------------|
| | Share Capital | Statutory Reserve | Foreign Currency Translation Reserve | Revenue Reserves | | Surplus / (deficit) on revaluation of | | | Unappropriated Profit | Sub Total | Non-controlling Interest | |
| | | | | Special Reserve | General Reserve | Investments | Property and Equipment | Non Banking Assets | | | | |
| | | | | | | | | | | | | (Rupees in '000) |
| Balance as at 01 January 2023 - (as previously reported) | 11,114,254 | 19,168,074 | 4,556,840 | 126,500 | 540,000 | (5,625,680) | 6,448,792 | 76,463 | 59,229,669 | 95,634,912 | 113,694 | 95,748,606 |
| Prior year adjustment | - | - | - | - | - | - | (110,950) | - | - | (110,950) | - | (110,950) |
| Balance as at 01 January 2023 - as restated | 11,114,254 | 19,168,074 | 4,556,840 | 126,500 | 540,000 | (5,625,680) | 6,337,842 | 76,463 | 59,229,669 | 95,523,962 | 113,694 | 95,637,656 |
| Profit after taxation | - | - | - | - | - | - | - | - | 35,928,048 | 35,928,048 | 2,274 | 35,930,322 |
| Other comprehensive income - net of tax | - | - | 261,520 | - | - | - | - | - | - | 261,520 | - | 261,520 |
| Effect of translation of net investment in foreign branches | - | - | 261,520 | - | - | - | - | - | - | 261,520 | - | 261,520 |
| Movement in surplus on revaluation of available for sale investments - net of tax | - | - | - | - | - | 6,750,332 | - | - | - | 6,750,332 | 9,568 | 6,759,900 |
| Remeasurement loss on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | (419,872) | (419,872) | - | (419,872) |
| Movement in surplus on revaluation of property and equipment - net of tax | - | - | - | - | - | - | 10,265,854 | - | - | 10,265,854 | - | 10,265,854 |
| Movement in deficit on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | 126,424 | - | 126,424 | - | 126,424 |
| Total other comprehensive income - net of tax | - | - | 261,520 | - | - | 6,750,332 | 10,265,854 | 126,424 | (419,872) | 16,984,258 | 9,568 | 16,993,826 |
| Transfer to statutory reserve | - | 3,531,938 | - | - | - | - | - | - | (3,531,938) | - | - | - |
| Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax | - | - | - | - | - | - | (170,247) | (2,029) | 172,276 | - | - | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | - | - | - | (7,779,978) | (7,779,978) | - | (7,779,978) |
| Final cash dividend (Rs. 7.0 per share) - December 2022 | - | - | - | - | - | - | - | - | (5,001,416) | (5,001,416) | - | (5,001,416) |
| Interim cash dividend (Rs. 4.5 per share) - June 2023 | - | - | - | - | - | - | - | - | (5,001,416) | (5,001,416) | - | (5,001,416) |
| Interim cash dividend (Rs. 4.5 per share) - September 2023 | - | - | - | - | - | - | - | - | (7,782,810) | (7,782,810) | - | (7,782,810) |
| Balance as at 31 December 2023 - (as restated) | 11,114,254 | 22,700,012 | 4,818,360 | 126,500 | 540,000 | 1,124,652 | 16,433,449 | 200,858 | 73,595,373 | 130,653,458 | 125,536 | 130,778,994 |



| | Attributable to shareholders of the Holding Company | | | | | | | | | | | |
|--|---|-------------------|--------------------------------------|------------------|-----------------|---------------------------------------|------------------------|--------------------|-----------------------|--------------|--------------------------|--------------|
| | Share Capital | Statutory Reserve | Foreign Currency Translation Reserve | Revenue Reserves | | Surplus / (deficit) on revaluation of | | | Unappropriated Profit | Sub Total | Non-controlling Interest | Total |
| | | | | Special Reserve | General Reserve | Investments | Property and Equipment | Non Banking Assets | | | | |
| | | | | | | | | | | | | |
| Balance as at 31 December 2023 - (as restated) | 11,114,254 | 22,700,012 | 4,818,360 | 126,500 | 540,000 | 1,124,652 | 16,433,449 | 200,858 | 73,595,373 | 130,653,458 | 125,536 | 130,778,994 |
| Effect of adoption of IFRS 9 (net of tax) | - | - | - | - | - | 1,773,407 | - | - | (3,510,353) | (5,283,760) | - | (5,283,760) |
| Profit after taxation | - | - | - | - | - | - | - | - | 41,901,765 | 41,901,765 | 15,630 | 41,917,395 |
| Other comprehensive income - net of tax | | | | | | | | | | | | |
| Effect of translation of net investment in foreign branches | - | - | (120,735) | - | - | - | - | - | - | (120,735) | - | (120,735) |
| Movement in surplus on revaluation of investments debt instruments - net of tax | - | - | - | - | - | 6,112,607 | - | - | - | 6,112,607 | 38 | 6,112,645 |
| Movement in deficit on revaluation of investments in equity instruments - net of tax | - | - | - | - | - | (401,109) | - | - | - | (401,109) | 14,319 | (386,790) |
| Remeasurement gain on defined benefit obligations - net of tax | - | - | - | - | - | - | - | - | 61,809 | 61,809 | - | 61,809 |
| Movement in deficit on revaluation of property and equipment - net of tax | - | - | - | - | - | - | (614,568) | - | - | (614,568) | - | (614,568) |
| Movement in deficit on revaluation of non-banking assets - net of tax | - | - | - | - | - | - | - | (34,294) | - | (34,294) | - | (34,294) |
| Total other comprehensive income - net of tax | - | - | (120,735) | - | - | 5,711,498 | (614,568) | (34,294) | 61,809 | 5,003,710 | 14,357 | 5,018,067 |
| Transfer to statutory reserve | - | 3,986,219 | - | - | - | - | - | - | (3,986,219) | - | - | - |
| Loss on sale of equity investment - FVOCI | - | - | - | - | - | 826,620 | - | - | (826,620) | - | - | - |
| Transfer from surplus on revaluation of property and equipment to unappropriated profit - net of tax | - | - | - | - | - | - | (249,947) | (501) | 250,448 | - | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | |
| Final cash dividend (Rs. 5.0 per share) - December 2023 | - | - | - | - | - | - | - | - | (5,557,127) | (5,557,127) | - | (5,557,127) |
| Interim cash dividend (Rs. 3.5 per share) - March 2024 | - | - | - | - | - | - | - | - | (3,889,989) | (3,889,989) | - | (3,889,989) |
| Interim cash dividend (Rs. 3.5 per share) - June 2024 | - | - | - | - | - | - | - | - | (3,889,989) | (3,889,989) | - | (3,889,989) |
| Interim cash dividend (Rs. 3.5 per share) - September 2024 | - | - | - | - | - | - | - | - | (3,889,989) | (3,889,989) | - | (3,889,989) |
| | - | - | - | - | - | - | - | - | (17,227,094) | (17,227,094) | - | (17,227,094) |
| Balance as at 31 December 2024 | 11,114,254 | 26,686,231 | 4,697,625 | 126,500 | 540,000 | 5,889,363 | 15,568,934 | 166,063 | 90,259,109 | 155,048,079 | 155,523 | 155,203,602 |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman





**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation
Less: dividend income

Adjustments:

Net mark-up / interest income
Depreciation
Depreciation on right-of-use assets
Amortisation
Workers' welfare fund
Credit loss allowance and write-offs - net
Gain on sale of property and equipment - net
Gain on termination of leases and RoU - net
Share of profit from associates
Unrealised gain measured at FVPL
Charge for compensated absences

(Increase) / decrease in operating assets

Lendings to financial institutions
Securities classified as FVPL
Advances
Other assets (excluding advance taxation)

Increase in operating liabilities

Bills payable
Borrowings from financial institutions
Deposits and other accounts
Other liabilities (excluding current taxation)

Interest received
Interest paid
Income tax paid
Net cash flow generated from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in amortised cost securities
Net investments in securities classified as FVOCI
Investments in associates
Dividends received
Investments in property and equipment
Investments in intangible assets
Proceeds from sale of property and equipment
Effect of translation of net investment in foreign branches
Net cash flow used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Payments of subordinated debt
Dividend paid
Payments of lease obligations against right-of-use assets
Net cash flow used in financing activities

Increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year

| Note | 2024 | 2023 |
|------|----------------------|---------------|
| | (Rupees in '000) | |
| | 86,779,930 | 72,007,268 |
| | (363,501) | (701,543) |
| | 86,416,429 | 71,305,725 |
| | (156,470,047) | (124,144,268) |
| | 5,634,594 | 4,570,988 |
| | 2,484,168 | 2,298,189 |
| | 172,041 | 263,049 |
| | 1,761,365 | 1,561,292 |
| | 14,890,895 | 4,175,409 |
| | (1,015,118) | (403,778) |
| | (91,282) | (49,884) |
| | (1,400,547) | (1,133,848) |
| | (461,853) | - |
| | 243,693 | 399,896 |
| | (134,252,091) | (112,462,955) |
| | (47,835,662) | (41,157,230) |
| | (37,297,084) | 13,918,891 |
| | 3,074,653 | 95,554 |
| | (65,488,857) | (63,262,711) |
| | (18,454,171) | 7,541,621 |
| | (118,165,459) | (41,706,645) |
| | 4,179,940 | 3,227,266 |
| | 188,617,113 | 57,748,367 |
| | 344,230,246 | 365,722,007 |
| | 19,170,854 | 196,745 |
| | 556,198,153 | 426,894,385 |
| | 390,197,032 | 344,030,510 |
| | 492,236,760 | 332,870,114 |
| | (319,894,221) | (248,045,874) |
| | (57,510,286) | (34,066,257) |
| | 505,029,285 | 394,788,493 |
| | (27,097,045) | (184,284,570) |
| | (379,969,903) | (145,262,306) |
| | (1,836,429) | 669,551 |
| | 363,501 | 696,841 |
| | (14,043,781) | (7,989,821) |
| | (196,374) | (22,895) |
| | 1,050,046 | 447,992 |
| | (120,735) | 261,520 |
| | (421,850,720) | (335,483,688) |
| | (3,996,800) | (6,400) |
| | (17,009,566) | (17,493,572) |
| | (3,815,117) | (3,295,084) |
| | (24,821,483) | (20,795,056) |
| | 58,357,082 | 38,509,749 |
| 37 | 147,284,561 | 108,774,812 |
| 37 | 205,641,643 | 147,284,561 |

The annexed notes 1 to 50 and annexures I and II form an integral part of these consolidated financial statements.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

Holding Company

- Bank AL Habib Limited

Subsidiaries

- AL Habib Capital Markets (Private) Limited
- AL Habib Asset Management Limited
- AL Habib Exchange Company (Private) Limited

1.2 Bank AL Habib Limited (the Bank) is a banking company incorporated in Pakistan on 15 October 1991 as a public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017) having its registered office at 126-C, Old Bahawalpur Road, Multan with principal place of business at 2nd Floor, MacKinnon's Building, I.I Chundrigar Road, Karachi. Its shares are listed on Pakistan Stock Exchange Limited. It is a scheduled bank principally engaged in the business of commercial banking with a network of 1,207 branches (2023: 1,084 branches), 14 sub-branches (2023: 29 sub-branches), 04 representative offices (2023: 04 representative offices) and 12 booths (2023: 09 booths). The branch network of the Bank includes 02 overseas branches (2023: 02 overseas branches) and 276 Islamic Banking branches (2023: 201 Islamic Banking branches).

1.3 The Bank has invested in 66.67% shares of AL Habib Capital Markets (Private) Limited. The Company was incorporated in Pakistan on 23 August 2005 as a private limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in equity, money market and foreign exchange brokerage services, equity research, corporate financial advisory and consultancy services.

1.4 The Bank has invested in 100% shares of AL Habib Asset Management Limited. The Company was incorporated in Pakistan on 30 September 2005 as an unquoted public limited company under repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company has been issued a license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services as a Non-Banking Finance Company. The principal business of the Company is to provide Investment Advisory Services and Asset Management Services.

1.4.1 The Company is managing following funds:

Conventional mutual Funds

- AL Habib Asset Allocation Fund
- AL Habib Cash Fund
- AL Habib Fixed Return Fund
- AL Habib GOKP Pension Fund
- AL Habib Government Securities Fund
- AL Habib Income Fund
- AL Habib Money Market Fund
- AL Habib Pension Fund
- AL Habib Stock Fund

Islamic mutual Funds

- AL Habib Islamic Cash Fund
- AL Habib Islamic GOKP Fund
- AL Habib Islamic Income Fund
- AL Habib Islamic Munafa Fund
- AL Habib Islamic Pension Fund
- AL Habib Islamic Saving Fund
- AL Habib Islamic Stock Fund



1.5 The Bank has invested in 100% shares of AL Habib Exchange Company (Private) Limited. The Company was incorporated in Pakistan on 24 November 2023 as a private limited company under Companies Act, 2017. The Company has been issued a license by the State Bank of Pakistan to undertake currency exchange services. The principal business of the Company is to provide foreign exchange services.

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing includes purchase of goods by banks from customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchase and resale arising under these arrangements are not reflected in these consolidated financial statements as such, but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. However, the Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of the Companies Act, 2017.

2.2 Key financial information of the Islamic Banking branches is disclosed in Annexure II to these consolidated financial statements.

2.3 These financial statements are presented in Pak Rupees which is the Group' s functional and presentation currency.

2.4 The Group believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

2.5 Statement of compliance

2.5.1 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;
- IFAS issued by 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).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by SBP and 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.

2.5.2 The disclosures made in these consolidated financial statements have been based on a format prescribed by SBP vide BPRD Circular No. 02 dated 09 February 2023 with further addition made vide BPRD Circular Letter No. 13 of 2024, dated 01 July 2024 and accounting and financial reporting standards as applicable in Pakistan.

2.5.3 SBP has deferred the applicability of International Accounting Standard (IAS) 40, ' Investment Property' for Banking Companies in Pakistan through BSD Circular Letter No. 10 dated 26 August 2002 till further instructions. Also, SECP has deferred the applicability of IFRS 7, ' Financial Instruments: Disclosures' through its notification S.R.O 411 (I) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

2.5.4 The disclosures requirements of IFAS 3, ' Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual and quarterly financial statements have been based on a format prescribed by SBP vide BPRD Circular Letter No. 02 dated 09 February 2023.

2.5.5 IFRS 10, ' Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, ' Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.



2.5.6 These consolidated financial statements of the Group are prepared using generally consistent accounting policies. However, as per SBP IFRS 9 application instructions, overseas branches comply with the local regulations enforced within their respective jurisdictions under IFRS 9.

2.5.7 As per BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, unlisted equity securities are currently carried at the lower of cost or breakup value as per the exemption granted by SBP. Effective from 01 January 2025, as per the requirement of IFRS 9, these will be measured at fair value under IFRS 13.

2.5.8 The Bank received an extension from SBP up to 31 December 2025 for application of EIR in general for all financial assets and liabilities (excluding staff loans / subsidized loans), however as financial assets other than advances and financial liabilities were already effectively carried at EIR before the implementation of IFRS 9 hence said extension has only been applied on advances (excluding staff loans / subsidized loans i.e. Temporary Economic Refinance Facility). Therefore, advances are now carried at cost, excluding staff loans, TERF and advances pertaining to overseas operations, which are carried at amortized cost, net of expected credit loss allowances.

Further, SBP through BPRD Circular Letter No. 01 of 2025 dated 22 January 2025 has clarified the followings:

- Islamic Banking Institutions (IBIs) are allowed to follow Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and continue the existing accounting methodology on other Islamic products until issuance of further instruction in this regard.
- The treatment of charity should be in line with the existing practices as defined in SBP instructions issued via IBD Circular No. 02 of 2008 and should not be recognized as income.

2.5.9 All Islamic products are governed by the product manual approved by the Shariah Board of the Bank. The related accounting and revenue recognition policies are outlined in notes 4.5.3, 4.16.2 and 4.16.3 of these unconsolidated financial statements, respectively. However, in case of Ijarah and Murhaba, the Bank has also complied with the requirements of IFAS 1 and IFAS 2. Other than the products disclosed in the aforementioned notes, all remaining Islamic products are accounted for under IFRS 9.

2.5.10 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated 13 April 2023, IFRS 9, (Financial Instruments) is effective in Pakistan for period beginning on or after 01 January 2024. In addition, due to the application of IFRS 9, SBP vide BPRD Circular No. 02 dated 09 February 2023, has also amended the format of the annual financial statements. Details regarding the aforementioned adoption and amendment, including the impact thereof, are discussed in more detail in note 4.1 to these consolidated financial statements.

Except for the above, there are certain other interpretations and amendments that are mandatory for the Group's accounting periods beginning 01 January 2024. However, these are not considered to be relevant or do not have any significant effect on the Group's operations and therefore have not been detailed in these consolidated financial statements.

2.5.11 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective.

Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

| Standards and amendments | Effective date (accounting periods beginning on or after) |
|---|--|
| - IAS 21 - Lack of exchangeability – (Amendments) | 01 January 2025 |
| - IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments) | Not yet announced |



Standard

IASB effective date (accounting periods beginning on or after)

- IFRS 1 – First-time Adoption of International Financial Reporting Standards

01 January 2004

2.5.12 Critical accounting estimates, judgments and assumptions

The preparation of consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires the management to exercise judgement in the process of applying the Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets, liabilities, income, and expenses. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgement was exercised in the application of accounting policies are as follows:

| | Note |
|---|---------------------------------|
| - Valuation and Impairment of financial instruments | 4.1.2.10 & 9 47.1.7 & 47.1.8 |
| - Classification of investment in associates | 4.5 |
| - Valuation and depreciation of property and equipment | 4.7 & 10 |
| - Valuation and depreciation of right-of-use assets and related lease liabilities | 4.8, 11 & 19 |
| - Valuation of non-banking assets acquired in satisfaction of claims | 4.9 & 14 |
| - Valuation of defined benefit plans | 4.12 & 39 |
| - Valuation of compensated absences | 4.12 & 21 |
| - Taxation | 4.18 & 13 |
| - Fair value of derivatives | 4.14 & 26 |

Revisions to accounting estimates are recognized 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.

3. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value. Lands and buildings classified under property and equipment and non-banking assets acquired in satisfaction of claims are carried at revalued amount. Employee benefits and lease liability against right-of-use assets are carried at present value.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2023, except as disclosed in note 4.1 below.

4.1 Changes in accounting policies

4.1.1 Revised format of consolidated financial statements

SBP through its BPRD Circular No. 02 dated 09 February 2023, has amended the format of annual financial statements of banks. All banks are required to prepare their annual financial statements on the revised format effective from accounting year starting from 01 January 2024. Accordingly, the Bank has prepared these consolidated financial statements on the new format prescribed by SBP. The adoption of the new format contains additional disclosures and certain changes in the financial statements' presentation, primarily due to the implementation of IFRS 9 as applicable in Pakistan. However, the corresponding figures continue to be classified and disclosed in accordance with the previous financial accounting and reporting framework.

Adoption of revised financial statements format has also resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use-assets (note 11) amounting to Rs. 13,731.222 million (2023: Rs. 11,969.724 million) which were previously shown as part of property and equipment are now shown separately on the consolidated statement of financial position.
- Lease liabilities (note 19) amounting to Rs. 16,897.021 million (2023: Rs. 14,441.482 million) which were previously shown as part of other liabilities are now shown separately on the consolidated statement of financial position.



4.1.2 IFRS 9 - 'Financial Instruments'

During the year, as directed by SBP vide its BPRD Circular No. 07 of 2023 dated 13 April 2023, IFRS 9 'Financial Instruments' (the Standard) became applicable to the Bank.

BPRD Circular No. 03 of 2022 dated 05 July 2022 issued by SBP provides detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks.

The Standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The Standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'Expected Credit Losses' (ECL) approach rather than 'incurred credit losses' approach as previously followed. The ECL has impact on all the assets of the Bank which are exposed to credit risk.

The Bank has adopted IFRS 9 in accordance with the Application instructions from 01 January 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 01 January 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from 01 October 2024, and have been applied retrospectively from 01 January 2024. SBP through its BPRD Circular Letter No. 01 of 2025 dated 22 January 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after 01 January 2020.



4.1.2.1 Impact on the consolidated statement of financial position

The effect of this change in accounting policy is as follows:

| Note | Carrying amount as on 31 December 2023 | Remeasurement under IFRS 9 | Adjustments / reversals of provision held | Expected Credit Loss (ECL) - Charge | Gross impact | Tax impact | Net impact | Balance as on 01 January 2024 | Measurement Category Before IFRS 9 | Measurement Category After IFRS 9 |
|------------------|--|----------------------------|---|-------------------------------------|--------------------|---------------------|---------------------|-------------------------------|------------------------------------|-----------------------------------|
| (Rupees in '000) | | | | | | | | | | |
| ASSETS | | | | | | | | | | |
| | Cash and balance with treasury banks | 141,816,023 | - | - | - | - | - | 141,816,023 | Loans and receivables | Amortised cost |
| | Balances with other banks | 6,662,922 | - | - | (3,544) | (3,544) | (3,544) | 6,659,378 | Loans and receivables | Amortised cost |
| | Lendings to financial institutions | 1,649,716 | - | - | (223) | (223) | (223) | 1,649,493 | Loans and receivables | Amortised cost |
| | Investments | | | | | | | | | |
| | Available for sale | | | | | | | | | |
| | Federal government securities | 4.1.2.1.1 | 1,108,601,004 | (5,769,121) | - | (5,769,121) | (5,769,121) | 1,102,831,883 | Available for sale | FVOCI |
| | Naya Pakistan certificates | | - | 5,769,121 | - | 5,769,121 | 5,769,121 | 5,769,121 | Available for sale | FVPL |
| | Non government debt securities | 4.1.2.1.2 | 9,176,783 | - | (1,146) | (1,146) | (1,146) | 9,175,637 | Available for sale | FVOCI |
| | Foregin securities | 4.1.2.1.3 | 5,886,195 | - | - | - | - | 5,886,195 | Available for sale | FVOCI |
| | Shares | 4.1.2.1.4 | 4,197,679 | (1,937,847) | 1,937,847 | - | - | 4,197,679 | Available for sale | FVOCI - without recycling |
| | Unites of mutual funds | 4.1.2.1.5 | 4,264,072 | (1,539,422) | 1,539,422 | - | - | 4,264,072 | Available for sale | FVPL |
| | Held to maturity | | | | | | | | | |
| | Federal government securities | 4.1.2.1.6 | 365,219,019 | - | - | - | - | 365,219,019 | Held to maturity | Amortised cost |
| | Foreign securities | 4.1.2.1.7 | 1,145,445 | - | - | - | - | 1,145,445 | Held to maturity | Amortised cost |
| | Associates | | 5,998,107 | - | - | - | - | 5,998,107 | Outside the scope of IFRS 9 | |
| | Advances | | | | | | | | | |
| | Temporary Export Refinance Facility (TERF) staff loans and overseas operations | 4.1.2.1.3 | 54,066,163 | - | (8,743,730) | (746,815) | (9,490,545) | 44,575,618 | Loans and receivables | Amortised cost |
| | Advances other than TERF staff loans and overseas operations | | 814,802,228 | 8,664,544 | - | (15,770,440) | (7,105,896) | 807,696,332 | Loans and receivables | At cost |
| | Property and equipment | | 67,614,531 | - | - | - | - | 67,614,531 | Outside the scope of IFRS 9 | |
| | Right-of-use assets | | 11,969,724 | - | - | - | - | 11,969,724 | Outside the scope of IFRS 9 | |
| | Intangible assets | | 212,691 | - | - | - | - | 212,691 | Outside the scope of IFRS 9 | |
| | Deferred tax assets | | 4,843,108 | - | - | - | 8,130,890 | 12,973,998 | Outside the scope of IFRS 9 | |
| | Other assets | | | | | | | | | |
| | Financial assets | | | | | | | | | |
| | Mark to market gain on forward foreign exchange contracts | | 2,322,982 | - | - | - | - | 2,322,982 | Fair value | FVPL |
| | Others | | 126,117,158 | - | - | (464,364) | (464,364) | 125,652,794 | Loans and receivables | Amortised cost |
| | Non financial assets | | 8,688,509 | - | - | - | - | 8,688,509 | Outside the scope of IFRS 9 | |
| | | | 2,745,254,059 | 5,187,275 | (5,266,461) | (16,986,532) | (17,065,718) | 8,130,890 | (8,934,828) | 2,736,319,231 |



| Note | Carrying amount as on 31 December 2023 | Remeasurement under IFRS 9 | Adjustments / Reversals of provision held | Expected Credit Loss (ECL) - Charge | Gross impact | Tax impact | Net impact | Balance as on 01 January 2024 | Measurement Category Before IFRS 9 | After IFRS 9 |
|---|--|----------------------------|---|-------------------------------------|---------------------|------------------|--------------------|-------------------------------|------------------------------------|----------------|
| (Rupees in '000) | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | |
| Bills payable | 48,083,103 | - | - | - | - | - | - | 48,083,103 | Historical cost | Amortised cost |
| Borrowings | 477,438,034 | - | (6,555,069) | - | (6,555,069) | - | (6,555,069) | 470,882,965 | Historical cost | Amortised cost |
| Deposits and other accounts | 1,933,731,281 | - | - | - | - | - | - | 1,933,731,281 | Historical cost | Amortised cost |
| Lease liabilities | 14,633,878 | - | - | - | - | - | - | 14,633,878 | Outside the scope of IFRS 9 | |
| Subordinated debt | 29,985,200 | - | - | - | - | - | - | 29,985,200 | Historical cost | Amortised cost |
| Other liabilities | | | | | | | | | | |
| Financial liabilities | | | | | | | | | | |
| Mark to market loss on forward foreign exchange contracts | 2,504,312 | - | - | - | - | - | - | 2,504,312 | Fair value | FVPL |
| Others | 85,531,726 | - | - | 2,904,001 | 2,904,001 | - | 2,904,001 | 88,435,727 | Historical cost | Amortised cost |
| Non financial liabilities | 22,567,531 | - | - | - | - | - | - | 22,567,531 | Outside the scope of IFRS 9 | |
| | 2,614,475,065 | - | (6,555,069) | 2,904,001 | (3,651,068) | - | (3,651,068) | 2,610,823,997 | | |
| NET ASSETS | 130,778,994 | 5,187,275 | 1,288,608 | (19,890,533) | (13,414,650) | 8,130,890 | (5,283,760) | 125,495,234 | | |
| REPRESENTED BY | | | | | | | | | | |
| Share capital | 11,114,254 | - | - | - | - | - | - | 11,114,254 | Outside the scope of IFRS 9 | |
| Reserves | 28,184,872 | - | - | - | - | - | - | 28,184,872 | Outside the scope of IFRS 9 | |
| Surplus on revaluation of assets | 3,052,296 | (3,477,269) | - | - | (3,477,269) | 1,703,862 | (1,773,407) | 1,278,889 | Outside the scope of IFRS 9 | |
| Unappropriated profit | 73,595,373 | 8,664,544 | 1,288,608 | (19,890,533) | (9,937,381) | 6,427,028 | (3,510,353) | 70,085,020 | Outside the scope of IFRS 9 | |
| Non-controlling interest | 125,536 | - | - | - | - | - | - | 125,536 | Outside the scope of IFRS 9 | |
| | 116,072,331 | 5,187,275 | 1,288,608 | (19,890,533) | (13,414,650) | 8,130,890 | (5,283,760) | 110,788,571 | | |



- 4.1.2.1.1 As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework, details are mentioned in note 4.1.2.10 to these consolidated financial statements.
- 4.1.2.1.2 Certain debt securities are held by the Bank in separate portfolios to meet everyday liquidity needs. The Bank seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. That return consists of collecting contractual payments as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. The Bank considers that under IFRS 9 these securities are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- 4.1.2.1.3 These financial assets are held by overseas branches. As per paragraph 1.2 of the Application Instruction, in relation to overseas branches, IFRS 9 will be applicable based on their respective host country's regulatory accounting practices. Since IFRS 9 was already applicable to overseas branches as at 01 January 2024, there is no impact of IFRS 9 adoption on these financial assets.
- 4.1.2.1.4 The Bank previously classified certain equity investments as Available-for-Sale (AFS). Upon implementing IFRS 9, the Bank designated these equity investments as strategic and made an irrevocable election to classify them at FVOCI.
- 4.1.2.1.5 This includes puttable instrument that can be put back at any time for cash equal to a proportionate share of the net asset value of an entity. These assets are therefore mandatorily classified at FVPL under IFRS 9.
- 4.1.2.1.6 Certain debt securities are held by the Bank in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. These assets are classified as measured at amortised cost under IFRS 9.
- 4.1.2.1.7 This includes expected credit loss against off-balance sheet items.
- 4.1.2.1.8 Securities, which were held by the subsidiary companies of the Holding Company, were already subject to IFRS 9 due to their applicable accounting reporting framework hence there is no impact of adoption of IFRS 9 on securities held by the subsidiary companies.

4.1.2.2 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the Application Instructions issued by SBP has detailed the transitional arrangement.

The transitional arrangement applies only to provisions for Stage 1 and Stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e., added back) to CET1 capital over the "transition period" of five years.

Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024.

Had IFRS 9 not been applied then CAR would have been higher by 8 bps from 18.25% to 18.33%.

4.1.2.3 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed based on business model and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at fair value through profit and loss (FVPL) regardless of the business model in which they are held.



Recognition and initial measurement

Debt securities issued are initially recorded when they are originated. All other financial assets and financial liabilities are initially recognised when the Bank becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price. The fair value of a financial asset on initial recognition is generally its transaction price. If the Bank determines that the fair value on initial recognition differs from the transaction price then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in consolidated statement of profit and loss account on an appropriate basis over the life of the asset but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Advances other than staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations are initially measured at transaction price i.e., the amount of loan disbursed at disbursement date.

Staff loans and Temporary Economic Refinance Facility (TERF) loans and advances pertaining to overseas operations are recognized at fair value at the time of disbursement. The fair value is determined by discounting the expected future cash flows using the prevailing market rates for instruments. The difference between the disbursed amount and the fair value at initial recognition is recorded as a prepayment.

Classification

Financial assets

On initial recognition, a financial asset other than advances except for staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is classified as measured at: amortised cost, FVOCI or FVPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

Advances are carried at cost, net of expected credit loss allowances, except for Temporary Economic Refinance Facility (TERF) and staff loans and advances pertaining to overseas operations, which are measured at amortized cost.

Financial liabilities

Financial liabilities are either classified as fair value through profit and loss account (FVPL), when they are held for trading purposes, or at amortized cost. Financial liabilities classified as FVPL are measured at fair value and all the fair value changes are recognized in consolidated statement of profit and loss account. Financial liabilities classified at amortized cost are initially recorded at their fair value and subsequently measured using the effective interest rate method. Markup expense and foreign exchange gain and losses are recognised in consolidated statement of profit and loss. Any gain or loss on derecognition is also recognised in consolidated statement of profit and loss account.



4.1.2.4 Business model assessment

A financial asset is classified as either Held to collect, Held to collect and sale and Others based on Business model assessment. The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The assessment requires judgement based on facts and circumstances on the date of assessment. The assessment considers the policies and objectives for the portfolio of financial assets, risk affecting, performance evaluation, business manager's compensation and historical sales information.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

4.1.2.5 Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as interest margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

A prepayment feature aligns with SPPI if it mainly represents unpaid principal and profit, including reasonable compensation for early termination.

The Bank holds a portfolio of long-term fixed-rate loans for which the Bank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Bank has determined that the contractual cash flows of these loan are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

4.1.2.6 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets

Financial assets at FVPL These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in consolidated statement of profit and loss account.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method in case of investments, lendings to financial institutions, cash and balances with treasury banks, balances with other banks, Temporary Economic Refinance Facility (TERF), staff loans, and advances pertaining to overseas operations and other financial assets. The amortised cost is reduced by impairment losses. Markup, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss account.



Debt investments at FVOCI These assets are subsequently measured at fair value and is assessed for impairment under the new ECL model. Markup income is calculated using the effective interest method and includes amortisation of premiums and accretion of discount, foreign exchange gains and losses and impairment are recognised in profit and loss account. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit and loss account.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in consolidated statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are adjusted from the carrying value of investment. Other net gains and losses are recognised in OCI and are never reclassified to profit and loss account.

Advances at cost Advances are carried at cost, net of expected credit loss allowances, excluding staff loans, Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations, which are measured at amortized cost, net of expected credit loss allowances.

4.1.2.7 Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount for investments and lendings to financial institution. For financial assets, adjusted for any expected credit loss allowance or impairment allowance before 01 January 2024.

The gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

4.1.2.8 Calculation of markup income and expense

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the consolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans and TERF are recognized in consolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified domestic advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

In case of overseas operations, income on the financial assets is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Bank operates.

Markup expense on domestic financial liabilities (comprising deposits, subordinated debts, and borrowings) is recognized on an accrual basis in the period in which it is incurred, based on effective interest rate method. In case of overseas operations, such expense is recognised under the effective interest method or as prescribed by the regulatory authorities of the countries in which the Bank operates.



4.1.2.9 Derecognition

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - i) substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - ii) the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in OCI is recognized in the consolidated statement of profit and loss account, except that in case of the derecognition of equity securities held at FVOCI, cumulative gains or losses are transferred to unappropriated profit.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

4.1.2.10 Impairment

The impairment requirements apply to financial assets measured at amortized cost, and FVOCI (other than equity instruments), advances at cost and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL').

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Non-Performing financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost, at cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'non-performing' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

Under SBP' s IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency. The Bank is required to calculate ECL on it's non-performing financial assets as higher of provision under Prudential Regulations (PR) and ECL under IFRS 9. Further, the Banks are advised to recognize income on impaired assets (loans classified under PRs i.e., OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

The Bank calculates the ECL against corporate, commercial & SME loan portfolios as higher of PR and ECL under IFRS 9 at borrower / facility level, whereas against the retail borrowers the Bank calculates the ECL at higher of PR and ECL under IFRS 9 at segment / product basis as instructed under Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024.

Based on the requirements of IFRS 9 Application Instructions, the Bank has performed an ECL assessment considering the following key elements:

- PD: The probability that a counterparty will default over the next 12 months from the reporting date (12- month ECL, Stage1) or over the lifetime of the product (lifetime ECL, Stage 2). PD is estimated using internal rating classes and are based on the Bank's internal risk rating. The Bank has used Transition Matrix approach for estimation of PD for each internal rating. The Bank has used roll-rate method using the days past due (DPD) criteria to estimated PD for its retail portfolio. PD are then adjusted with forward looking information for calculation of ECL.
- EAD: The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant. The Bank estimates EAD for financial assets carried at an amortised cost and carried at cost equal to principal plus profit. Each repayment date is assumed to be default point in the model and the ECL is calculated on EAD at each reporting date and discounted at the effective interest rate or contractual interest rate for advances other than staff loans and Temporary Economic Refinance Facility (TERF) and advances pertaining to overseas operations for which effective interest rate is used. Further, cash and cash equivalent collaterals that the Bank holds against the non-retail facilities are adjusted from the LGD.
- LGD: An estimate of the loss incurred on a facility upon default by a customer. LGD is calculated as the difference between contractual cash flows due and those that the Bank expects to receive, including from the liquidation of any form of collateral. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor.

Presentation of allowance for Expected Credit Loss in the Statement of Financial Position

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For advances measured at cost: as a deduction from the gross carrying amount of the advances.
- Loan commitments and financial guarantee contracts: as a provision in other liabilities.



- where a financial instrument includes both a drawn and an undrawn component, and the Bank does not identify the ECL on the loan commitment component separately from those on the drawn component and instead presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognized in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in OCI.

4.1.2.11 Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or markup payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

4.1.2.12 Undrawn loan commitments and guarantees:

Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the loans are drawn down, based on a probability-weighting of the three scenarios.

4.1.2.13 Governance, ownership and responsibilities

The Bank has set up a robust governance framework requiring Risk Management, Finance, Business, Credit Risk, Internal Audit and IT functions to ensure compliance with IFRS 9 requirements.

The Bank' s Credit Division performs credit risk assessment, monitors Significant Increase in Credit Risk of the borrowers, reviews Credit Ratings and obligor attributes.



The IT Division extracts the data required for ECL calculations. IT Division also provide support for system development and upgrades.

The Bank's Finance Division takes ownership of ECL models and methodologies used in calculation of ECL. Finance Division assess the financial impact, meet the financial reporting requirements and presents quarterly results to Board of Directors (BOD) / its Board Sub Committee.

The Risk Management Division calculates impact of ECL on bank's capital adequacy, leverage ratio and Liquidity requirements.

As per the Bank's policy, the Bank's Internal Audit function carries out ECL model validation, reviews IFRS 9 methodology and impact calculated by Finance Division.

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 transactions have been eliminated.

Non - controlling interest are part of results of operations and net assets of the subsidiary companies attributable to interests which are not owned by the Holding Company. Interest in the equity of the subsidiaries not attributable to the Holding Company is reported in the consolidated statement of changes in equity as non - controlling interest. Profit or loss attributable to non - controlling interest is reported in the consolidated profit and loss account as profit or loss attributable to non - controlling interest.

4.3 Cash and cash equivalents

Cash and cash equivalents as referred to in the consolidated cash flow statement comprise cash and non restricted balances with treasury and other banks less overdrawn nostros accounts. Restricted balances not available for use if any, are excluded from cash and cash equivalents.

4.4 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings and borrowings at contracted rates for a specified period of time. These are recorded as under:

4.4.1 Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the consolidated statement of financial position and are measured in accordance with accounting policies for investments. Amounts received under these agreements are recorded as repurchase agreement borrowings. The difference between sale and repurchase price is amortised as expense over the term of the repo agreement. These are initially recognised at amount of funds received and subsequently reported as payable under the contractual terms.

4.4.2 Purchase under resale obligation

Securities purchased with a corresponding commitment to resale at a specified future date (reverse repos) are not recognised as investments in the consolidated statement of financial position. Amounts paid under these arrangements are included in repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement. These are initially recognised at amount of funds disbursed and subsequently reported as receivable under the contractual terms.



4.4.3 Other borrowings

Other borrowings include borrowings from the State Bank of Pakistan and unsecured call borrowings which are recorded at the amount equivalent to proceeds received. Markup is charged on such borrowings to the unconsolidated statement of profit and loss account over the period of borrowing using effective interest rate method.

4.5 Investment in associates

Associates are all entities over which the Group has significant influence but not control. Associates are accounted for using equity method in these consolidated financial statements.

Certain mutual funds are managed by AL Habib Asset Management Limited (AHAML), the subsidiary company of the Holding Company. As stipulated under Regulation 38 of Non-Banking Finance Regulation, 2008, the Asset Management Company (AMC) is entrusted with fiduciary duties towards the unit holders of the funds. This fiduciary obligation requires AMC to act in the best interests of its unit holders, refraining from exploiting opportunities for its own benefit or that of its related parties, group companies, or employees, to the detriment of the unit holders.

In some cases, the holding of these investments is exceeding 50%. However due to the exemption provided through SRO 56(i) of 2016, for the purpose of determining subsidiary relation, the definition provided under Companies Act, 2017 is not considered rather the definition under IFRS 10 is used. As per IFRS 10, these are not considered subsidiary due to the legal trust structure of the entity the Group does not have the ability to affect returns through its power over the investee. Further, under this trust structure, the trusteeship is separate from the management, and the independent trustees play a key role in overseeing the activities of the AMC.

The Group has significant influence over mutual funds where it has holding percentage of more than 50% and less than 20% due to power to participate in the investee's policy-making processes via the AHMAL and investment in such mutual funds is considered as investment in associates.

4.6 Advances

4.6.1 Loans and advances

These are stated at cost less expected credit loss allowances except for staff loans, Temporary Economic Refinance Facility (TERF), and advances pertaining to overseas operations which are stated at amortized cost less credit loss allowances.

4.6.2 Receivables against lease finance where Bank is a lessor (other than Ijarah)

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payments including any guaranteed residual value.

4.6.3 Islamic Financing and Related Assets

Ijarah finance

Ijarah assets are stated at cost less depreciation and impairment, if any, and are disclosed as part of 'Islamic financing and related assets'. Ijarah assets are depreciated over the period of Ijarah using the straight line method.

Murabaha

Funds disbursed under murabaha arrangements for purchase of goods are recorded as advance for murabaha. On culmination of murabaha i.e. sale of goods to customers, murabaha receivables are recorded at the sale price net of deferred income. Goods purchased but remaining unsold at the reporting date are recorded as inventories.

Inventory

The Bank values its inventories at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale. Inventory against each contract is maintained on specific identification method.



Istisna

In Istisna financing, the Bank places an order to purchase the goods which needs to be manufactured against a fixed price (istisna price). Istisna price may be paid in advance, in installment or at the time of delivery of goods. Once the goods are delivered within the agreed time, the goods are sold by the customer on behalf of the Bank and the amount hence financed along with profit amount realized net of agency fee and incentives is paid to the Bank.

Diminishing Musharaka

In Diminishing Musharaka financing, the Bank enters into 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 periodic rental payment agreement for the utilisation of the Bank's Musharaka share by the customer. The customer purchases the Bank's share gradually as per his undertaking.

Running Musharaka

In Running Musharaka financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah 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.

Musawama

Under this product, the Bank purchases identified goods from client at an agreed purchase price. Once the goods are delivered, the goods are sold by the customer on behalf of the Bank and the amount hence financed along with profit amount realized net of agency fee and incentives is paid to the Bank.

4.7 Property, equipment and depreciation

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditures incurred and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Property and equipment - owned

Property and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less any subsequent impairment losses, if any.

Depreciation on property and equipment (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 10.2 to these unconsolidated financial statements after taking into account residual value. The asset's residual values and useful lives are reviewed and adjusted, if required, at each reporting date.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. In case of buildings relevant portion of the revaluation reserve is transferred to retained earnings as the asset is depreciated on or its disposal. Valuation techniques and input used are disclosed in note 42 of these unconsolidated financial statements.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of property and equipment, if any, are taken to the unconsolidated statement of profit and loss account in the period in which these arise except that the related surplus on revaluation of property and equipment (net of deferred taxation).

4.8 Leases

Bank as a lessee

The Bank enters into lease arrangements principally in respect of office space for its operations. The Bank assesses at contract inception whether a contract is, or contains, a lease.



The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 11 of these consolidated financial statements.

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments not paid at the time of commencement of lease. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification. The interest expense is recorded in consolidated statement of profit and loss account using effective interest rate method.

4.9 Non - banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially measured at settlement amount and upon revaluation, are carried at revalued amounts less accumulated depreciation and impairment losses, if any. The useful lives and depreciation method are reviewed annually and adjusted, if appropriate. As per SBP' s requirement desktop valuation is carried out on annual basis and full-scope valuation after every three years by independent professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of assets is credited to the ' surplus on revaluation of Non-banking assets acquired in satisfaction of claims' account and any deficit arising on revaluation is taken to consolidated statement of profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of assets is charged to profit and loss account and not capitalised. The policy for depreciation is stated in note 4.7 of these consolidated financial statements.

4.10 Borrowings / deposits

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

Deposits mobilized under Islamic Banking operations are generated under two modes i.e. "Qard" and "Modaraba". Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Modaraba basis are classified as 'Saving deposits'.

4.11 Subordinated debt

Subordinated debt is initially recorded at the amount of proceeds received and subsequently reported at outstanding amounts as a financial liability. Mark-up accrued on subordinated debt is recognised separately as part of other liabilities and is charged to the unconsolidated statement of profit and loss account over the period on an accrual basis.

4.12 Employees' benefits

Defined benefit plan

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The Bank' s costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains and losses are recognised in ' other comprehensive income' as they occur and are not reclassified to profit and loss in subsequent periods. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets and future salary increases as disclosed in note 39 to these consolidated financial statements. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.



Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. Equal monthly contributions are made both by the Bank and its employees to the fund at the rate of 10% of the basic salary in accordance with the terms of the scheme.

AL Habib Capital Markets (Private) Limited provides provident fund benefits to all its permanent employees. Contributions are made by the Company and the employees at the rate of 10% of the basic salary in accordance with the terms of scheme.

AL Habib Asset Management Limited operates approved funded contributory provident fund for all its permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of the basic salary in accordance with the terms of scheme.

Compensated absences

The Bank accounts for all accumulating compensated absences when employees render services that increases their entitlement to future compensated absences. The liability is determined based on actuarial valuation carried out using the Projected Unit Credit Method.

4.13 Financial assets and liabilities

Financial assets and financial liabilities are recognised at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are derecognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are derecognised when obligation is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the unconsolidated statement of profit and loss account of the current period.

4.14 Derivative financial instruments

Derivative instruments comprise of forward foreign exchange contracts and currency swaps, hereinafter referred as " contracts" . These contracts are initially recognised at their fair value on the date on which the contract is entered into and are subsequently remeasured at fair value. All contracts are carried as asset when fair value is positive and liabilities when fair value is negative. Any change in the value of contract is taken to the unconsolidated profit and loss account. The input and the valuation techniques used for valuation of contracts is stated in note 42 of these consolidated financial statements.

4.15 Off - balance sheet obligations

The Bank in the ordinary course of business, issues letters of credit, guarantees, bid bonds, performance bonds etc. The commission against such contracts is recognised in the consolidated statement of profit and loss account under " fee and commission income" over the period of contracts. The Bank' s liability under such contracts is measured at the higher of the amount representing unearned commission income at the reporting date and the best estimate of the amount expected to settle any financial obligation arising under such contracts. Provisions, against if any, are measured as per IAS 37 other than those disclosed in note 4.1.2.12 to these consolidated financial statements.

4.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into the respective functional currency of the Bank at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are recognised in consolidated statement of profit and loss account.



Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date.

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Foreign Currency Translation Reserve in the consolidated statement of comprehensive income.

4.17 Revenue recognition

- 4.17.1** (a) Mark-up / return / interest on advances - other than Islamic financing which is disclosed in Note 4.16.2 and 4.16.3 and investments is recognised on accrual basis, except in case of advances classified under the Prudential Regulations on which mark-up is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured loans and advances and investments is recognised as permitted by the regulations of SBP.
- (b) Dividend income is recognised when the right to receive is established.
- (c) The Group earns fee and commission income from a banking service to retail and corporate customer. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.
- (d) The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer the includes, card-related fees (e.g., debit and credit card transaction fees), trade commission (e.g., fees on letters of credit, guarantees, and trade finance transactions), cash management commission (e.g., transaction processing fees for cash handling and payments), investment banking fees (e.g., advisory fees for mergers, acquisitions, and underwriting), consumer finance-related fees (e.g., loan processing and disbursement fees), commission on home remittances (e.g., fees on inward or outward remittances), other transaction-based banking service fees (e.g., ATM withdrawal fees, funds transfer charges).

Revenue from account service and servicing fees is recognised over time as the services are provided. Unearned fee and commission are included under other liabilities, this includes, account maintenance fees, annual credit/debit card service fees, loan servicing fees, other recurring banking service charges.

The fees pertaining to banking service to retail and corporate customer are based on schedule of charges reviewed semiannually by the Bank.

4.17.2 Revenue recognition under IFAS 2

- (a) The rentals from ijarah are recognised as income over the term of the contract net of depreciation expense relating to the ijarah assets.

4.17.3 Revenue recognition under product manual as approved by Shariah Board of the Bank

- (a) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.
- (b) Income from istisna and musawama is recognised on time proportionate basis commencing from the time of sale of goods till the realisation of sale proceeds.
- (c) Income from diminishing musharaka is recognised on time proportionate basis over the term of contract.
- (d) Income from running musharaka financing is recognised on time proportionate basis and is subject to adjustment upon declaration of profit by musharaka partners.
- (e) Income from Bai-Muajjal is recognised on time proportionate basis from the date of disbursement to the due date of payment.

4.17.4 Revenue from Islamic products would have increased by Rs. 553.523 million, if IFRS 9 had been adopted in its entirety.

4.18 Taxation

Income tax expense comprises current and deferred tax. The Group recognizes income and deferred tax in accordance with the requirements of IAS 12 " Income Taxes" .



Provision for current tax is based on the taxable income for the year computed in accordance with tax laws in Pakistan, using tax rates enacted or substantively enacted at the statement of financial position date and any adjustments to the tax payable in respect of previous years. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Deferred tax assets and liabilities are recognised on all taxable / deductible temporary differences as of the statement of financial position date.

4.19 Dividend and reserves

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared by the Board of Directors.

4.20 Statutory / special reserve

Every Bank incorporated in Pakistan is required to transfer 20% of its profit to a statutory reserve until the reserve equals share capital, thereafter 10% of the profit of the Bank is to be transferred to this reserve.

Special reserve was created to meet regulatory requirements.

4.21 Clients' assets

The Bank provides services that result in the holding of assets on behalf of its clients. Such assets are not reported in the consolidated financial statements, as they are not the assets of the Bank.

4.22 Acceptances

Acceptances comprise of undertakings by the Bank to pay bill of exchange drawn on customers. Acceptances are recognised as financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

4.23 Segment reporting

The Group's primary format of reporting is based on business segments.

4.24 Business segments

Retail banking

It consists of retail lending, deposits and banking services to private individuals and small businesses. The retail banking activities include provision of banking and other financial services, such as current and savings accounts, credit cards, consumer banking products etc., to individual customers, small merchants and small and medium enterprises.

Commercial banking

Commercial banking represents provision of banking services including treasury and international trade related activities to large corporate customers, multinational companies, government and semi government departments and institutions and small and medium enterprises treated as corporate under the Prudential Regulations.

Islamic banking

Islamic banking represents islamic banking operations of the Bank.

Retail brokerage

Retail brokerage activities include the business of equity, money market and foreign exchange brokerage, equity research and corporate financial advisory and consultancy services.

Asset management

It includes asset management activities through the subsidiary AL Habib Asset Management Limited.

Currency exchange

It includes currency exchange activities through the subsidiary AL Habib Exchange Company (Private) Limited.



4.25 Geographical segments

The Group operates in three geographic regions, being:

- Pakistan
- Middle East
- Asia Pacific

4.26 Prior Period adjustments

4.26.1 During the year, the Bank reassessed its treatment of Deferred Tax Liability (DTL) on the revaluation surplus of land based on a legal opinion. It was determined that revaluation surplus for lands acquired during tax years 2016 to 2019 and from tax year 2023 onward are taxable, and corresponding DTL should be recognized. For other tax years, revaluation surplus are not taxable under applicable tax laws in Pakistan. As a consequence, the DTL was overstated and the corresponding surplus was understated by Rs. 4,635 million. During the year, the Bank reversed DTL previously recognized for non-taxable periods and restated prior period figures in accordance with IAS 8 " Accounting Policies, Changes in Accounting Estimates and Errors" . As a result of above, Rs. 3,490 million is now reversed from 'Deferred tax liability' with corresponding increase in ' Surplus on revaluation of assets' as at 31 December 2023. Further, this adjustment has resulted in increase in the balance of 'Deferred tax asset' at 01 January 2023 by Rs. 1,145 million (net of tax) with corresponding increase in the balance of 'Surplus on revaluation of assets' by the same amount. Refer note 4.26.3 for the adjustments and their related impacts.

4.26.2 Previously, the Bank had recorded DTL on the taxable temporary difference arising on revaluation surplus of building at the rate enacted on each revaluation date. As a consequence, the deferred tax liability was understated and the corresponding surplus was overstated by Rs. 1,583 million. The management has changed its accounting treatment by calculating DTL on the revaluation surplus of building at the rate enacted at each reporting date. As a result of above, Rs. 1,583 million has now been recognized in 'Deferred tax liability' with corresponding decrease in ' Surplus on revaluation of assets' as at 31 December 2023. This change has been applied retrospectively in accordance with the requirement of IAS 8 as disclosed in Note 4.26.3 of these consolidated financial statements.

In line with IAS 1, the third statement of consolidated statement of financial position is not presented as the impact of these matters in the earliest period presented are not material.

4.26.3 Effect on Consolidated Statement of Financial Position

| | 31 December 2024 | | | 01 January 2023 | | |
|---|------------------------|------------|-------------|------------------------|------------|-------------|
| | As previously reported | Adjustment | As restated | As previously reported | Adjustment | As restated |
| | (Rupees in '000) | | | | | |
| Total assets | | | | | | |
| Deferred tax assets | 1,790,812 | 3,052,296 | 4,843,108 | 9,702,816 | (110,950) | 9,591,866 |
| Total equity | | | | | | |
| Surplus on revaluation of assets - net of tax | 14,706,663 | 3,052,296 | 17,758,959 | 899,575 | (110,950) | 788,625 |



Effect on Consolidated Statement of Comprehensive Income

| | 31 December 2023 | | |
|---|------------------------|------------------|-------------------|
| | As previously reported | Adjustment | As restated |
| Movement in surplus on revaluation of property and equipment - net of tax | 7,167,062 | 3,098,792 | 10,265,854 |
| Movement in surplus on revaluation of non banking assets - net of tax | 61,970 | 64,454 | 126,424 |
| | <u>7,229,032</u> | <u>3,163,246</u> | <u>10,392,278</u> |

There is no material impact on the Bank' s basic or diluted earning per share and no impact on the total operating, investing or financing cash flows for the year ended 31 December 2023.

4.26.4 During the year, the Bank identified that the Islamic segment met the quantitative thresholds for a reportable segment under IFRS 8 in the prior year but was not disclosed. To ensure compliance and comparability, the prior year' s segment information has been incorporated in the segment information as disclosed in note 44 to these consolidated financial statements. This prior period inclusion has no impact on the Bank' s consolidated statement of financial position, consolidated statement of profit and loss account, Bank' s consolidated basic or diluted earning per share, or consolidated cash flow statement but affects segment disclosure in prior period presented.

| | Note | 2024 (Rupees in '000) | 2023 (Rupees in '000) |
|---|-----------|--------------------------|--------------------------|
| 5. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand: | | | |
| Local currency | | 45,870,590 | 30,637,806 |
| Foreign currencies | | 3,091,419 | 4,080,369 |
| | | 48,962,009 | 34,718,175 |
| With State Bank of Pakistan in: | | | |
| Local currency current accounts | 5.1 | 117,236,148 | 72,206,674 |
| Local currency current accounts - Islamic Banking | 5.1 | 16,299,959 | 10,539,360 |
| Foreign currency deposit accounts | | | |
| Cash reserve account | 5.1 | 5,972,112 | 5,341,260 |
| Cash reserve / special cash reserve account | | | |
| - Islamic Banking | 5.1 & 5.2 | 564,899 | 995,250 |
| Special cash reserve account | 5.1 & 5.2 | 11,002,725 | 10,682,521 |
| Local collection account | 5.3 | 407,387 | 441,796 |
| | | 151,483,230 | 100,206,861 |
| With National Bank of Pakistan in: | | | |
| Local currency current account | | 1,332,163 | 6,585,694 |
| Prize bonds | | 158,228 | 305,293 |
| | | 201,935,630 | 141,816,023 |

- 5.1** These deposits and reserves are maintained by the Bank to comply with the statutory requirements.
- 5.2** The special cash reserve carries interest rate of 3.53% to 4.35% (2023: 3.39% to 4.34%) per annum.
- 5.3** This represents foreign currencies collection account maintained with SBP.



| | Note | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|-----------|
| 6. BALANCES WITH OTHER BANKS | | | |
| In Pakistan: | | | |
| In current accounts | | 252,439 | 211,983 |
| In deposit accounts | 6.1 | 18,806 | 82,211 |
| | | 271,245 | 294,194 |
| Outside Pakistan: | | | |
| In current accounts | 6.2 | 5,129,043 | 6,246,313 |
| In deposit accounts | 6.3 | 488,243 | 122,483 |
| | | 5,617,286 | 6,368,796 |
| | | 5,888,531 | 6,662,990 |
| Less: credit loss allowance held against balance with other banks | 6.4 | (947) | (68) |
| Balances with other banks - net of credit loss allowance | | 5,887,584 | 6,662,922 |

6.1 These carry expected profit rates ranging from 5.00% to 20.75% (2023: 7.80% to 20.50%) per annum.

6.2 These carry interest rates ranging from 1.55% to 3.83% (2023: 1.55% to 5.08%) per annum.

6.3 These carry interest rates ranging from 3.58% to 4.33% (2023: 4.58% to 5.08%) per annum.

| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|------|
| 6.4 Credit Loss Allowance - Stage 1 | | | |
| Opening balance | | 68 | 19 |
| Impact of adoption of IFRS 9 | | 3,544 | – |
| Balance as at 01 January after adopting IFRS 9 | | 3,612 | 19 |
| (Reversal) / charge: | | 75 | 47 |
| Charge for the year | | (2,738) | – |
| Reversal for the year | | (2,663) | 47 |
| Foreign exchange adjustments | | (2) | 2 |
| Closing balance | | 947 | 68 |

7. LENDINGS TO FINANCIAL INSTITUTIONS

| | | | |
|--|-----|-------------------|-----------|
| In local currency: | | | |
| Musharaka placement | 7.1 | 26,000,000 | – |
| Repurchase agreement lendings (Reverse Repo) | 7.2 | 12,946,800 | 1,649,716 |
| | | 38,946,800 | 1,649,716 |
| Less: credit loss allowance against lendings to financial institutions | 7.5 | (5,258) | – |
| Lendings to financial institutions - net of credit loss allowance | | 38,941,542 | 1,649,716 |



- 7.1 Musharakah placements carry markup rates at 11.50% to 12.75% (2023: Nil) per annum.
 7.2 Repurchase agreement lendings carry mark-up rates at 13.00% to 13.95 (2023: 22.95%) per annum.
 7.3 **Securities held as collateral against amounts due from financial institutions**

| | 2024 | | | 2023 | | |
|---------------------------|--------------|-----------------------------|---------------------------|--------------|-----------------------------|-----------|
| | Held by Bank | Further given as collateral | Total (Rupees in '000) | Held by Bank | Further given as collateral | Total |
| Pakistan Investment Bonds | 12,946,800 | - | 12,946,800 | 1,649,716 | - | 1,649,716 |

7.4 **Lendings to Financial Institutions - Category of classification**

| | 2024 | |
|----------------------|--------------------|----------------------------|
| | Outstanding amount | Credit loss allowance held |
| | (Rupees in '000) | |
| Domestic | | |
| Performing - Stage 1 | 38,946,800 | 5,258 |
| | | |
| | | |
| Domestic | | |
| Performing | 1,649,716 | - |

7.5 **Lendings to Financial Institutions - Particulars of credit loss allowance**

| | 2024 (Rupees in '000) | 2023 |
|--|--------------------------|------|
| Credit loss allowance - Stage 1 | | |
| Opening balance | - | - |
| Impact of adoption of IFRS 9 | 223 | - |
| Balance as at 01 January after adopting IFRS 9 | 223 | - |
| New financial assets originated or purchased | 5,258 | - |
| Financial assets that have been derecognised | (223) | - |
| | 5,035 | - |
| Closing balance | 5,258 | - |



8. INVESTMENTS

| | Note | 2024 | | | | 2023 | | | |
|---|------|-----------------------------|---|------------------------|-------------------|-----------------------------|---|------------------------|-------------------|
| | | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value |
| 8.1 Investments by type: | | | | | | | | | |
| (Rupees in '000) | | | | | | | | | |
| Debt Instruments | | | | | | | | | |
| Amortised Cost | | | | | | | | | |
| | 8.5 | | | | | | | | |
| Federal Government Securities | | 395,460,837 | (851,234) | - | 394,609,603 | - | - | - | - |
| Others | | 4,481 | (4,481) | - | - | - | - | - | - |
| | | 395,465,318 | (855,715) | - | 394,609,603 | - | - | - | - |
| FVOCI | | | | | | | | | |
| | 8.4 | | | | | | | | |
| Federal Government Securities | | 1,492,727,676 | (3,312,910) | 10,909,607 | 1,500,324,373 | - | - | - | - |
| Non Government Debt Securities | | 8,703,026 | (881,964) | (138,403) | 7,682,659 | - | - | - | - |
| Foreign Securities | | 8,682,791 | (2,442,827) | 1,127,593 | 7,367,557 | - | - | - | - |
| | | 1,510,113,493 | (6,637,701) | 11,898,797 | 1,515,374,589 | - | - | - | - |
| FVPL | | | | | | | | | |
| Federal Government Securities | | 2,642,542 | - | - | 2,642,542 | - | - | - | - |
| Equity Instruments | | | | | | | | | |
| FVOCI - Non Reclassifiable | | | | | | | | | |
| | 8.4 | | | | | | | | |
| Shares | | | | | | | | | |
| - Listed companies | | 187,060 | - | 619,128 | 806,188 | - | - | - | - |
| - Unlisted companies | | 192,467 | (50,811) | - | 141,656 | - | - | - | - |
| | | 379,527 | (50,811) | 619,128 | 947,844 | - | - | - | - |
| Investments mandatorily classified/ measured at FVPL | | | | | | | | | |
| Units of Mutual Funds | | 4,238,097 | - | 461,853 | 4,699,950 | - | - | - | - |
| Associates | | | | | | | | | |
| | 8.6 | | | | | | | | |
| AL Habib Money Market Fund | | 651,984 | - | - | 651,984 | 600,000 | - | - | 600,000 |
| AL Habib Islamic Cash Fund | | 182,375 | - | - | 182,375 | 1,013,247 | - | - | 1,013,247 |
| AL Habib Islamic Saving Fund | | 109,038 | - | - | 109,038 | 100,164 | - | - | 100,164 |
| AL Habib Income Fund | | 428,131 | - | - | 428,131 | 392,670 | - | - | 392,670 |
| AL Habib Stock Fund | | 71,087 | - | - | 71,087 | 16,507 | - | - | 16,507 |
| AL Habib Cash Fund | | 3,686,086 | - | - | 3,686,086 | 3,419,078 | - | - | 3,419,078 |
| AL Habib Islamic Stock Fund | | 16,181 | - | - | 16,181 | 41,623 | - | - | 41,623 |
| AL Habib Islamic Income Fund | | 27,647 | - | - | 27,647 | 25,520 | - | - | 25,520 |
| AL Habib Asset Allocation Fund | | 103,330 | - | - | 103,330 | 130,984 | - | - | 130,984 |
| AL Habib Pension Fund Equity Sub Fund | | 108,303 | - | - | 108,303 | 46,711 | - | - | 46,711 |
| AL Habib Pension Fund Debt Sub Fund | | 48,093 | - | - | 48,093 | 39,435 | - | - | 39,435 |
| AL Habib Pension Fund Money Market Sub Fund | | 47,100 | - | - | 47,100 | 38,983 | - | - | 38,983 |
| AL Habib Islamic Pension Fund Equity Sub Fund | | 105,776 | - | - | 105,776 | 47,224 | - | - | 47,224 |
| AL Habib Islamic Pension Fund Debt Sub Fund | | 45,283 | - | - | 45,283 | 38,212 | - | - | 38,212 |
| AL Habib Islamic Pension Fund Money Market Sub Fund | | 44,277 | - | - | 44,277 | 37,649 | - | - | 37,649 |
| AL Habib Government Securities Fund | | 2,060,394 | - | - | 2,060,394 | - | - | - | - |
| AL Habib Fixed Return Fund Plan 9 | | - | - | - | - | 10,100 | - | - | 10,100 |
| AL Habib Fixed Return Fund Plan - 10 | | 11,830 | - | - | 11,830 | - | - | - | - |
| AL Habib Fixed Return Fund Plan - 15 | | 10,359 | - | - | 10,359 | - | - | - | - |
| AL Habib Fixed Return Fund Plan - 16 | | 5,393 | - | - | 5,393 | - | - | - | - |
| AL Habib GOKP Money Market Fund | | 35,699 | - | - | 35,699 | - | - | - | - |
| AL Habib GOKP Islamic Money Market Fund | | 36,170 | - | - | 36,170 | - | - | - | - |
| | | 7,834,536 | - | - | 7,834,536 | 5,998,107 | - | - | 5,998,107 |



| | 2024 | | | | 2023 | | | |
|--------------------------------------|-----------------------------|---|------------------------|----------------------|-----------------------------|---|------------------------|----------------------|
| | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value |
| (Rupees in '000) | | | | | | | | |
| Available-for-Sale Securities | | | | | | | | |
| Federal Government Securities | - | - | - | - | 1,114,061,865 | (4,536,292) | (924,569) | 1,108,601,004 |
| Shares | - | - | - | - | 4,472,175 | (1,961,851) | 1,687,355 | 4,197,679 |
| Non Government Debt Securities | - | - | - | - | 9,385,650 | (99,920) | (108,947) | 9,176,783 |
| Foreign Securities | - | - | - | - | 8,869,880 | (2,996,506) | 12,821 | 5,886,195 |
| Units of Mutual Funds | - | - | - | - | 3,076,021 | (351,370) | 1,539,421 | 4,264,072 |
| | - | - | - | - | 1,139,865,591 | (9,945,939) | 2,206,081 | 1,132,125,733 |
| Held-to-Maturity Securities | | | | | | | | |
| Federal Government Securities | - | - | - | - | 366,531,501 | (1,312,482) | - | 365,219,019 |
| Foreign Securities | - | - | - | - | 4,481 | (686,846) | - | (682,365) |
| Others | - | - | - | - | 1,832,291 | (4,481) | - | 1,827,810 |
| | - | - | - | - | 368,368,273 | (2,003,809) | - | 366,364,464 |
| Total Investments | 1,920,673,513 | (7,544,227) | 12,979,778 | 1,926,109,064 | 1,514,231,971 | (11,949,748) | 2,206,081 | 1,504,488,304 |

8.2 Investments by segments:

| | | | | | | | | |
|---------------------------------------|---------------|-------------|------------|---------------|---------------|-------------|-------------|---------------|
| Federal Government Securities | | | | | | | | |
| Market Treasury Bills | 458,024 | - | - | 458,024 | 19,882 | - | (1) | 19,881 |
| Pakistan Investment Bonds | 1,620,893,917 | - | 3,352,556 | 1,624,246,473 | 1,261,589,197 | - | (1,639,302) | 1,259,949,895 |
| Foreign Currency Bonds | 19,400,479 | (3,438,538) | 1,183,423 | 17,145,364 | 28,254,245 | (5,056,062) | (1,121,479) | 22,076,704 |
| Ijarah Sukuks | 243,092,289 | - | 5,873,411 | 248,965,700 | 158,975,260 | - | 1,783,890 | 160,759,150 |
| Sukuks | 3,656,176 | (725,606) | 500,217 | 3,430,787 | 25,369,909 | (792,712) | 52,323 | 24,629,520 |
| Naya Pakistan Certificates | 2,642,542 | - | - | 2,642,542 | 5,769,121 | - | - | 5,769,121 |
| Term Finance Certificates - Unlisted | 687,628 | - | - | 687,628 | 615,752 | - | - | 615,752 |
| | 1,890,831,055 | (4,164,144) | 10,909,607 | 1,897,576,518 | 1,480,593,366 | (5,848,774) | (924,569) | 1,473,820,023 |
| Shares | | | | | | | | |
| Listed Companies | 187,060 | - | 619,128 | 806,188 | 4,279,708 | (1,941,039) | 1,687,355 | 4,026,024 |
| Unlisted Companies | 192,467 | (50,811) | - | 141,656 | 192,467 | (20,812) | - | 171,655 |
| | 379,527 | (50,811) | 619,128 | 947,844 | 4,472,175 | (1,961,851) | 1,687,355 | 4,197,679 |
| Non Government Debt Securities | | | | | | | | |
| Listed | 5,030,106 | (681,455) | (108,200) | 4,240,451 | 5,072,105 | - | (83,573) | 4,988,532 |
| Unlisted | 3,672,920 | (200,509) | (30,203) | 3,442,208 | 4,313,545 | (99,920) | (25,374) | 4,188,251 |
| | 8,703,026 | (881,964) | (138,403) | 7,682,659 | 9,385,650 | (99,920) | (108,947) | 9,176,783 |
| Units of Mutual Funds | 4,238,362 | - | 461,853 | 4,699,950 | 3,076,021 | (351,370) | 1,539,421 | 4,264,072 |
| Others | | | | | | | | |
| Unlisted Company | 4,481 | (4,481) | - | - | 4,481 | (4,481) | - | - |
| Foreign Securities | | | | | | | | |
| Government Securities | 8,682,791 | (2,442,827) | 1,127,593 | 7,367,557 | 10,702,171 | (3,683,352) | 12,821 | 7,031,640 |



| | 2024 | | | | 2023 | | | |
|---|-----------------------------|---|------------------------|-------------------|-----------------------------|---|------------------------|-------------------|
| | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Credit loss allowance / provision for diminution | Surplus / (deficit) | Carrying value |
| (Rupees in '000) | | | | | | | | |
| Associates | | | | | | | | |
| AL Habib Money Market Fund | 651,984 | - | - | 651,984 | 600,000 | - | - | 600,000 |
| AL Habib Islamic Cash Fund | 182,375 | - | - | 182,375 | 1,013,247 | - | - | 1,013,247 |
| AL Habib Islamic Saving Fund | 109,038 | - | - | 109,038 | 100,164 | - | - | 100,164 |
| AL Habib Income Fund | 428,131 | - | - | 428,131 | 392,670 | - | - | 392,670 |
| AL Habib Stock Fund | 71,087 | - | - | 71,087 | 16,507 | - | - | 16,507 |
| AL Habib Cash Fund | 3,686,086 | - | - | 3,686,086 | 3,419,078 | - | - | 3,419,078 |
| AL Habib Islamic Stock Fund | 16,181 | - | - | 16,181 | 41,623 | - | - | 41,623 |
| AL Habib Islamic Income Fund | 27,647 | - | - | 27,647 | 25,520 | - | - | 25,520 |
| AL Habib Asset Allocation Fund | 103,330 | - | - | 103,330 | 130,984 | - | - | 130,984 |
| AL Habib Pension Fund Equity Sub Fund | 108,303 | - | - | 108,303 | 46,711 | - | - | 46,711 |
| AL Habib Pension Fund Debt Sub Fund | 48,093 | - | - | 48,093 | 39,435 | - | - | 39,435 |
| AL Habib Pension Fund Money Market Sub Fund | 47,100 | - | - | 47,100 | 38,983 | - | - | 38,983 |
| AL Habib Islamic Pension Fund Equity Sub Fund | 105,776 | - | - | 105,776 | 47,224 | - | - | 47,224 |
| AL Habib Islamic Pension Fund Debt Sub Fund | 45,283 | - | - | 45,283 | 38,212 | - | - | 38,212 |
| AL Habib Islamic Pension Fund Money Market Sub Fund | 44,277 | - | - | 44,277 | 37,649 | - | - | 37,649 |
| AL Habib Government Securities Fund | 2,060,394 | - | - | 2,060,394 | - | - | - | - |
| AL Habib Fixed Return Fund Plan 9 | - | - | - | - | 10,100 | - | - | 10,100 |
| AL Habib Fixed Return Fund Plan - 10 | 11,830 | - | - | 11,830 | - | - | - | - |
| AL Habib Fixed Return Fund Plan - 15 | 10,359 | - | - | 10,359 | - | - | - | - |
| AL Habib Fixed Return Fund Plan - 16 | 5,393 | - | - | 5,393 | - | - | - | - |
| AL Habib GOKP Money Market Fund | 35,699 | - | - | 35,699 | - | - | - | - |
| AL Habib GOKP Islamic Money Market Fund | 36,170 | - | - | 36,170 | - | - | - | - |
| | 7,834,536 | - | - | 7,834,536 | 5,998,107 | - | - | 5,998,107 |
| Total investments | 1,920,673,513 | - | - | 1,926,109,064 | 1,514,231,971 | (11,949,748) | 2,206,081 | 1,504,488,304 |

| | 2024 | 2023 |
|--|--------------------|--------------------|
| | (Rupees in '000) | |
| 8.2.1 Investments given as collateral | | |
| Pakistan Investment Bonds | <u>518,019,000</u> | <u>294,417,591</u> |

| | 2024 | | |
|--|------------------|---------|---------|
| | Stage 1 | Stage 2 | Stage 3 |
| | (Rupees in '000) | | |

8.3 Particulars of credit loss allowance

8.3.1 Investments - exposure

| | | | |
|--|------------------|-------------------|------------------|
| Opening balance | 2,924,573 | 31,813,643 | 7,216,548 |
| Impact of adoption of IFRS 9 | 3,926,970 | 5,358,760 | - |
| Balance as at 01 January after adopting IFRS 9 | 6,851,543 | 37,172,403 | 7,216,548 |
| New Investments | - | - | 835,790 |
| Investments derecognised or repaid | (1,096,094) | (8,937,338) | - |
| Transfer to Stage 1 | 2,830,252 | (2,830,252) | - |
| Transfer to Stage 2 | (1,079,470) | 1,079,470 | - |
| Transfer to Stage 3 | - | (780,000) | 780,000 |
| | 654,688 | (11,468,120) | 1,615,790 |
| Amounts written off / charged off | - | - | (1,882,162) |
| Foreign exchange adjustments | (22,302) | (403,176) | (104,731) |
| Closing balance | <u>7,483,929</u> | <u>25,301,107</u> | <u>6,845,445</u> |



| | 2024 | | |
|--|----------|-----------------------------|-------------|
| | Stage 1 | Stage 2 (Rupees in '000) | Stage 3 |
| 8.3.2 Investments - credit loss allowance | | | |
| Opening balance | 35,881 | 5,977,307 | 5,933,368 |
| Impact of adoption of IFRS 9 | 806 | 340 | (2,289,216) |
| Balance as at 01 January after adopting IFRS 9 | 36,687 | 5,977,647 | 3,644,152 |
| New Investments | 2,405 | – | 30,000 |
| Investments derecognised or repaid | (24,799) | (1,756,793) | – |
| Transfer to Stage 1 | 130 | (130) | – |
| Transfer to Stage 2 | (33) | 33 | – |
| Transfer to Stage 3 | – | (60) | 60 |
| | (22,297) | (1,756,950) | 30,060 |
| Amounts written off / charged off / reclassified | – | – | (1,046,371) |
| Changes in risk parameters | (137) | 1,095 | 779,940 |
| Foreign exchange adjustments | (1,895) | (56,370) | (41,334) |
| Closing balance | 12,358 | 4,165,422 | 3,366,447 |

8.3.3 Particulars of credit loss allowance / provision of diminution against debt securities

| | | 2024 | | 2023 | |
|---------------------|---------|--------------------|--|--------------------|--|
| | | Outstanding amount | Credit loss allowance / provision for diminution | Outstanding amount | Credit loss allowance / provision for diminution |
| | | (Rupees in '000) | | | |
| Domestic | | | | | |
| Performing | Stage 1 | 4,718,515 | 766 | – | -- |
| Under-performing | Stage 2 | 3,104,591 | 1,277 | – | -- |
| Non-Performing loss | Stage 3 | 884,401 | 884,401 | 104,401 | 104,401 |
| Overseas | | | | | |
| Performing | Stage 1 | 2,765,414 | 11,592 | 2,924,573 | 35,881 |
| Under-performing | Stage 2 | 22,190,407 | 4,164,145 | 31,813,643 | 5,977,307 |
| Non-Performing loss | Stage 3 | 5,917,378 | 2,431,235 | 7,068,481 | 3,518,938 |
| Total | | 39,580,706 | 7,493,416 | 41,911,098 | 9,636,527 |

8.3.4 Under the IFRS 9 Application instructions, the Bank is not required to compute ECL on Government Securities and on Government guaranteed credit exposure in local currency.



8.4 Quality of FVOCI Securities

Details regarding quality of securities classified under "Held to Collect and Sell" are as follows:

| | Cost | |
|---|--------------------------------|----------------------|
| | 2024 | 2023 |
| | (Rupees in '000) | |
| 8.4.1 Federal Government Securities - Government guaranteed | | |
| Market Treasury Bills | – | 19,882 |
| Pakistan Investment Bonds | 1,230,269,218 | 904,195,466 |
| Foreign Currency Bonds | 15,022,365 | 19,116,475 |
| Ijarah Sukuks | 243,092,289 | 158,975,260 |
| Sukuks | 3,656,176 | 25,369,909 |
| Naya Pakistan Certificates | – | 5,769,121 |
| Term Finance Certificates-Unlisted | 687,628 | 615,752 |
| | 1,492,727,676 | 1,114,061,865 |
| 8.4.2 Shares | | |
| 8.4.2.1 Listed Companies | | |
| Automobile Assembler | – | 199,842 |
| Cement | – | 362,079 |
| Commercial Banks | – | 150,024 |
| Fertiliser | – | 668,530 |
| Insurance | – | 29,975 |
| Oil and Gas Exploration Companies | – | 175,366 |
| Oil and Gas Marketing Companies | – | 788,541 |
| Paper and Board | – | 38,264 |
| Pharmaceuticals | – | 21,775 |
| Power Generation and Distribution | – | 1,515,756 |
| Securities Companies | 4,370 | 106,222 |
| Sugar and Allied Industries | 182,690 | 182,690 |
| Textile Composite | – | 40,644 |
| | 187,060 | 4,279,708 |
| 8.4.2.2 Unlisted Companies | 2024 | 2023 |
| | Cost | Cost |
| | Breakup value | Breakup value |
| | (Rupees in '000) | |
| Khushhali Microfinance Bank Limited | – | 30,000 |
| Pakistan Export Finance Guarantee Agency Limited | – | 5,700 |
| Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T) | – | 18,536 |
| Pakistan Mortgage Refinance Company Limited | 31 December 2023 50,000 | 50,000 |
| 1LINK (Private) Limited | 31 December 2023 50,000 | 50,000 |
| Pakistan Corporate Restructuring Company Limited | 31 December 2023 37,966 | 37,966 |
| Mutual Fund Association of Pakistan (MUFAP) | 265 | 265 |
| | 192,467 | 192,467 |
| | 1,337,670 | 1,003,659 |

The above breakup values are based on the latest available audited financial statements of the unlisted companies.



| | Cost | | |
|---|--------------------|--------------------|--------|
| | 2024 | 2023 | |
| (Rupees in '000) | | | |
| 8.4.3 Non Government Debt Securities | | | |
| 8.4.3.1 Listed | | | |
| AA+ | 1,470,695 | 1,120,695 | |
| AA | 499,820 | 299,940 | |
| AA- | 1,904,591 | 2,496,470 | |
| A+ | 75,000 | 755,000 | |
| A | 400,000 | 400,000 | |
| D | 680,000 | - | |
| | 5,030,106 | 5,072,105 | |
| 8.4.3.2 Unlisted | | | |
| AAA | 1,798,000 | 1,798,000 | |
| AA+ | 950,000 | 1,200,000 | |
| AA- | 625,000 | 1,015,625 | |
| A | 100,000 | 100,000 | |
| B+ | - | 199,920 | |
| B | 199,920 | - | |
| | 3,672,920 | 4,313,545 | |
| 8.4.4 Foreign Securities | 2024 | 2023 | |
| | Cost | Cost | Rating |
| (Rupees in '000) | | | |
| Government Securities | | | |
| Egypt | 1,395,453 | 1,841,221 | B- |
| Sri Lanka | 5,917,378 | 5,659,177 | D |
| Turkiye | 1,369,960 | 1,369,482 | B |
| | 8,682,791 | 8,869,880 | |
| 8.5 Particulars relating to securities classified under "Held to Collect" are as follows | | | |
| | Cost | | |
| | 2024 | 2023 | |
| (Rupees in '000) | | | |
| Federal Government Securities - Government guaranteed | | | |
| Pakistan Investment Bonds | 390,624,699 | 357,393,731 | |
| Market Treasury Bills | 458,024 | - | |
| Foreign Currency Bonds | 4,378,114 | 9,137,770 | |
| | 395,460,837 | 366,531,501 | |
| Others | | | |
| Pakistan Corporate Restructuring Company Limited (PCRCL) | 4,481 | 4,481 | |



| Foreign Securities | 2024 | | 2023 | |
|------------------------------|------|--------|------------------|--------|
| | Cost | Rating | Cost | Rating |
| Government Securities | | | | |
| Egypt | - | - | 422,987 | B- |
| Sri Lanka | - | - | 1,409,304 | D |
| | - | | <u>1,832,291</u> | |

8.5.1 The market value of securities classified as amortised cost at 31 December 2024 amounted to Rs. 397,392.944 million (2023: Rs. 360,288 million).

8.6 Associates

| 2024 | 2023 | Name of funds | 2024 | 2023 |
|-----------------|------------|---|------------------|------------------|
| Number of units | | | (Rupees in '000) | |
| 6,000,000 | 6,000,000 | AL Habib Money Market Fund | 651,984 | 600,000 |
| 1,690,329 | 10,132,472 | AL Habib Islamic Cash Fund | 182,375 | 1,013,247 |
| 1,000,000 | 1,000,000 | AL Habib Islamic Saving Fund | 109,038 | 100,164 |
| 3,845,202 | 3,845,202 | AL Habib Income Fund | 428,131 | 392,670 |
| 439,912 | 144,104 | AL Habib Stock Fund | 71,087 | 16,507 |
| 33,307,275 | 33,307,275 | AL Habib Cash Fund | 3,686,086 | 3,419,078 |
| 100,929 | 377,515 | AL Habib Islamic Stock Fund | 16,181 | 41,623 |
| 250,421 | 250,421 | AL Habib Islamic Income Fund | 27,647 | 25,520 |
| 659,775 | 1,038,136 | AL Habib Asset Allocation Fund | 103,330 | 130,984 |
| 300,000 | 300,000 | AL Habib Pension Fund Equity Sub Fund | 108,303 | 46,711 |
| 300,000 | 300,000 | AL Habib Pension Fund Debt Sub Fund | 48,093 | 39,435 |
| 300,000 | 300,000 | AL Habib Pension Fund Money Market Sub Fund | 47,100 | 38,983 |
| 300,000 | 300,000 | AL Habib Islamic Pension Fund Equity Sub Fund | 105,776 | 47,224 |
| 300,000 | 300,000 | AL Habib Islamic Pension Fund Debt Sub Fund | 45,283 | 38,212 |
| 300,000 | 300,000 | AL Habib Islamic Pension Fund Money Market Sub Fund | 44,277 | 37,649 |
| 18,750,694 | - | AL Habib Government Securities Fund | 2,060,394 | - |
| - | 100,000 | AL Habib Fixed Return Fund Plan 9 | - | 10,100 |
| 107,932 | - | AL Habib Fixed Return Fund Plan- 10 | 11,830 | - |
| 100,000 | - | AL Habib Fixed Return Fund Plan- 15 | 10,359 | - |
| 50,000 | - | AL Habib Fixed Return Fund Plan- 16 | 5,393 | - |
| 300,000 | - | AL Habib GOKP Money Market Fund | 35,699 | - |
| 300,000 | - | AL Habib GOKP Islamic Money Market Fund | 36,170 | - |
| | | | <u>7,834,536</u> | <u>5,998,107</u> |

8.6.1 Movement of investments in associates

| | | |
|-------------------|------------------|------------------|
| Opening balance | 5,998,107 | 5,533,810 |
| Share of profit | 1,400,547 | 1,133,848 |
| Investment - net | 1,202,215 | 347,128 |
| Dividend received | (600,820) | (937,399) |
| Capital gain | (165,513) | (79,280) |
| Closing balance | <u>7,834,536</u> | <u>5,998,107</u> |

8.6.2 Movement of investments in material associates

| | | |
|-------------------|------------------|------------------|
| Opening balance | 3,419,078 | 3,405,213 |
| Share of profit | 636,967 | 645,327 |
| Dividend received | (359,520) | (629,367) |
| Capital gain | (10,438) | (2,095) |
| Closing balance | <u>3,686,086</u> | <u>3,419,078</u> |



8.7 Summary of financial information of associates

| | Country of incorporation | Percentage of holding | 2024 | | | | | Profit after taxation | Total comprehensive income |
|---|--------------------------|-----------------------|-----------------|------------------|-------------|-----------|-----------|-----------------------|----------------------------|
| | | | Net asset value | Assets | Liabilities | Revenue | | | |
| | | | (Rupees) | (Rupees in '000) | | | | | |
| Associates | | | | | | | | | |
| AL Habib Money Market Fund | Pakistan | 1.20% | 108.66 | 54,103,954 | 94,453 | 4,265,786 | 3,855,232 | 3,855,232 | |
| AL Habib Islamic Cash Fund | Pakistan | 1.58% | 107.89 | 11,653,019 | 76,533 | 3,725,989 | 3,426,600 | 3,426,600 | |
| AL Habib Islamic Saving Fund | Pakistan | 0.39% | 109.03 | 28,491,563 | 1,091,939 | 3,308,127 | 3,021,692 | 3,021,692 | |
| AL Habib Income Fund | Pakistan | 2.39% | 111.34 | 17,965,283 | 109,270 | 1,787,335 | 1,610,327 | 1,610,327 | |
| AL Habib Stock Fund | Pakistan | 2.14% | 160.32 | 3,479,507 | 152,651 | 1,456,785 | 1,407,276 | 1,407,276 | |
| AL Habib Cash Fund | Pakistan | 3.49% | 110.66 | 106,166,744 | 597,656 | 9,176,714 | 8,255,695 | 8,255,695 | |
| AL Habib Islamic Stock Fund | Pakistan | 0.24% | 161.59 | 7,084,893 | 234,070 | 2,223,560 | 2,153,197 | 2,153,197 | |
| AL Habib Islamic Income Fund | Pakistan | 0.13% | 110.40 | 22,049,906 | 140,634 | 1,931,652 | 1,728,907 | 1,728,907 | |
| AL Habib Asset Allocation Fund | Pakistan | 32.80% | 156.61 | 326,206 | 11,171 | 164,556 | 157,732 | 157,732 | |
| AL Habib Pension Fund Equity Sub Fund | Pakistan | 32.47% | 361.01 | 334,045 | 463 | 126,224 | 123,885 | 123,885 | |
| AL Habib Pension Fund Debt Sub Fund | Pakistan | 22.12% | 160.31 | 217,733 | 335 | 33,082 | 30,886 | 30,886 | |
| AL Habib Pension Fund Money Market Sub Fund | Pakistan | 15.20% | 157.00 | 310,464 | 551 | 48,110 | 44,746 | 44,746 | |
| AL Habib Islamic Pension Fund Equity Sub Fund | Pakistan | 54.33% | 352.59 | 197,505 | 3,060 | 93,443 | 91,053 | 91,053 | |
| AL Habib Islamic Pension Fund Debt Sub Fund | Pakistan | 28.55% | 150.94 | 158,573 | 275 | 19,808 | 20,833 | 20,833 | |
| AL Habib Islamic Pension Fund Money Market Sub Fund | Pakistan | 29.80% | 147.59 | 148,683 | 294 | 23,653 | 21,308 | 21,308 | |
| AL Habib Government Securities Fund | Pakistan | 5.15% | 109.88 | 40,317,204 | 271,545 | 4,332,686 | 3,613,372 | 3,613,372 | |
| AL Habib Fixed Return Fund Plan- 10 | Pakistan | 2.10% | 109.60 | 565,443 | 2,605 | 101,223 | 96,722 | 96,722 | |
| AL Habib Fixed Return Fund Plan- 15 | Pakistan | 1.95% | 103.59 | 532,689 | 154 | 17,773 | 17,575 | 17,575 | |
| AL Habib Fixed Return Fund Plan- 16 | Pakistan | 0.06% | 107.85 | 8,924,519 | 11,963 | 639,035 | 624,724 | 624,724 | |
| AL Habib GOKP Money Market Fund | Pakistan | 85.24% | 120.57 | 42,532 | 116 | 5,306 | 3,291 | 3,291 | |
| AL Habib GOKP Islamic Money Market Fund | Pakistan | 83.84% | 119.00 | 42,668 | 90 | 6,371 | 6,134 | 6,134 | |

8.7.1 All of the above associate funds are managed by AL Habib Asset Management Limited (the subsidiary company). The Chief Executive of the Management Company is Mr. Kashif Rafi.

8.7.2 The above information is based on financial statements as on 31 December 2024.



9. ADVANCES

| | Note | Performing | | Non-Performing | | Total | |
|--|------|------------------|-------------|----------------|------------|-------------|-------------|
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | | (Rupees in '000) | | | | | |
| Loans, cash credits, running finances, etc. | 9.1 | 756,193,227 | 694,586,199 | 34,261,459 | 23,670,518 | 790,454,686 | 718,256,717 |
| Islamic financing and related assets | | 105,734,671 | 114,129,113 | 860,780 | 809,154 | 106,595,451 | 114,938,267 |
| Bills discounted and purchased | | 61,304,281 | 61,542,273 | 387,168 | 707,670 | 61,691,449 | 62,249,943 |
| Advances - gross | | 923,232,179 | 870,257,585 | 35,509,407 | 25,187,342 | 958,741,586 | 895,444,927 |
| Credit loss allowance / provision against advances | | | | | | | |
| - Stage 1 | | 7,170,325 | 81,573 | - | - | 7,170,325 | 81,573 |
| - Stage 2 | | 8,468,402 | - | - | - | 8,468,402 | - |
| - Stage 3 | | - | - | 32,823,742 | 5,906,246 | 32,823,742 | 5,906,246 |
| - Specific | | - | - | - | 11,924,173 | - | 11,924,173 |
| - General as per regulations | | - | 264,544 | - | - | - | 264,544 |
| - General | | - | 8,400,000 | - | - | - | 8,400,000 |
| | | 15,638,727 | 8,746,117 | 32,823,742 | 17,830,419 | 48,462,469 | 26,576,536 |
| Advances-net of credit loss allowance / provision | | 907,593,452 | 861,511,468 | 2,685,665 | 7,356,923 | 910,279,117 | 868,868,391 |

9.1 Includes net investment in finance lease as disclosed below:

| | 2024 | | | 2023 | | |
|---|-------------------------|---|-------------|-------------------------|---|-------------|
| | 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 | 11,069,444 | 13,834,065 | 24,903,509 | 11,064,215 | 13,280,877 | 24,345,092 |
| Residual value | 3,144,448 | 7,972,018 | 11,116,466 | 2,212,312 | 6,693,799 | 8,906,111 |
| Minimum lease payments | 14,213,892 | 21,806,083 | 36,019,975 | 13,276,527 | 19,974,676 | 33,251,203 |
| Financial charges for future periods | (2,654,004) | (2,230,885) | (4,884,889) | (3,459,145) | (2,735,736) | (6,194,881) |
| Present value of minimum lease payments | 11,559,888 | 19,575,198 | 31,135,086 | 9,817,382 | 17,238,940 | 27,056,322 |

9.2 Particulars of advances (Gross)

| | 2024 | 2023 |
|-----------------------|------------------|-------------|
| | (Rupees in '000) | |
| In local currency | 828,913,441 | 773,404,099 |
| In foreign currencies | 129,828,145 | 122,040,828 |
| | 958,741,586 | 895,444,927 |

9.2.1 Advances to Women, Women - Owned and Managed Enterprises

| | | |
|---------------------------------------|-----------|-----------|
| Women | 1,502,878 | 1,841,372 |
| Women - owned and managed enterprises | 2,613,943 | 2,419,994 |
| | 4,116,821 | 4,261,366 |

9.2.2 Gross loans disbursed to women, women-owned and managed enterprises to date amounts to Rs. 10,633.940 million (2023: Rs. 10,242.217 million).



9.3 Particulars of credit loss allowance

9.3.1 Advances - Exposure

| | 2024 | | | |
|----------------------------------|------------------|---------------|-------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | (Rupees in '000) | | | |
| Opening balance | 650,983,590 | 219,273,175 | 25,188,162 | 895,444,927 |
| New advances | 559,310,991 | 102,304,140 | 5,142,342 | 666,757,473 |
| Advances derecognised or repaid | (468,886,663) | (129,784,054) | (4,421,042) | (603,091,759) |
| Transfer to Stage 1 | 52,301,290 | (52,131,638) | (169,652) | - |
| Transfer to Stage 2 | (21,806,485) | 21,835,315 | (28,830) | - |
| Transfer to Stage 3 | (574,563) | (9,305,137) | 9,879,700 | - |
| | 120,344,570 | (67,081,374) | 10,402,518 | 63,665,714 |
| Amounts written of / charged off | - | - | (3,537) | (3,537) |
| Foreign exchange adjustments | (287,613) | (169) | (77,736) | (365,518) |
| Closing balance | 771,040,547 | 152,191,632 | 35,509,407 | 958,741,586 |

9.3.2 Advances - Credit loss allowance

| | 2024 | | | |
|--|------------------|-------------|-------------|-------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | (Rupees in '000) | | | |
| Opening balance | 81,573 | - | 5,906,246 | 5,987,819 |
| Impact of adoption of IFRS 9 | 4,329,412 | 8,663,207 | 15,448,809 | 28,441,428 |
| Balance as at 01 January after adopting IFRS 9 | 4,410,985 | 8,663,207 | 21,355,055 | 34,429,247 |
| New advances / additional charge | 3,950,335 | 4,441,716 | 3,665,689 | 12,057,740 |
| Advances derecognised or repaid or reversal | (2,278,017) | (3,088,928) | (2,432,807) | (7,799,752) |
| Transfer to Stage 1 | 2,288,707 | (2,202,515) | (86,192) | - |
| Transfer to Stage 2 | (349,804) | 365,366 | (15,562) | - |
| Transfer to Stage 3 | (5,687) | (1,069,687) | 1,075,374 | - |
| | 3,605,534 | (1,554,048) | 2,206,502 | 4,257,988 |
| Amounts written off/charged off | - | - | (3,537) | (3,537) |
| Changes in risk parameters (PDs / LGDs / EADs) | (844,773) | 1,359,243 | 9,364,860 | 9,879,330 |
| Foreign exchange adjustments | (1,421) | - | (99,138) | (100,559) |
| Closing balance | 7,170,325 | 8,468,402 | 32,823,742 | 48,462,469 |



9.4 Advances - Category of classification

| | | 2024 | | 2023 | |
|--|---------|--------------------|-----------------------------------|--------------------|-----------------------------------|
| | | Outstanding amount | Credit loss allowance / provision | Outstanding amount | Credit loss allowance / provision |
| (Rupees in '000) | | | | | |
| Domestic | | | | | |
| Performing | Stage 1 | 751,933,464 | 7,092,623 | 845,728,546 | – |
| Under-performing | Stage 2 | 144,794,684 | 8,051,593 | – | – |
| Non-performing | | | | | |
| Other assets especially mentioned (OAEM) | Stage 3 | 280,847 | 280,847 | 286,295 | 5,135 |
| Substandard | Stage 3 | 2,295,656 | 1,161,603 | 2,235,618 | 524,859 |
| Doubtful | Stage 3 | 2,823,252 | 2,216,478 | 9,008,280 | 4,446,994 |
| Loss | Stage 3 | 23,572,777 | 23,331,415 | 7,039,066 | 6,947,185 |
| General as per regulations | | – | – | – | 264,544 |
| General | | – | – | – | 8,400,000 |
| | | 925,700,680 | 42,134,559 | 864,297,805 | 20,588,717 |
| Overseas | | | | | |
| Performing | Stage 1 | 19,107,083 | 77,702 | 24,529,039 | 81,573 |
| Under performing | Stage 2 | 7,396,948 | 416,809 | – | – |
| Non-performing - Loss | Stage 3 | 6,536,875 | 5,833,399 | 6,618,083 | 5,906,246 |
| | | 33,040,906 | 6,327,910 | 31,147,122 | 5,987,819 |
| Total | | 958,741,586 | 48,462,469 | 895,444,927 | 26,576,536 |
| Corresponding ECL | | | | | |
| Stage 1 | | 771,040,547 | 7,170,325 | 870,257,585 | 81,573 |
| Stage 2 | | 144,794,684 | 8,468,402 | – | – |
| Stage 3 | | 35,509,407 | 32,823,742 | 25,187,342 | 17,830,419 |
| General as per regulations | | – | – | – | 264,544 |
| General | | – | – | – | 8,400,000 |
| | | 951,344,638 | 48,462,469 | 895,444,927 | 26,576,536 |

9.5 Advances include Rs. 35,509.407 million (2023: Rs. 25,187.342 million) which have been placed under non-performing status as detailed below:

Category of classification - Stage 3

| | | 2024 | | 2023 | |
|--|--|----------------------|-----------------------------------|----------------------|-----------------------------------|
| | | Non performing loans | Credit loss allowance / provision | Non performing loans | Credit loss allowance / provision |
| (Rupees in '000) | | | | | |
| Domestic | | | | | |
| Other assets especially mentioned (OAEM) | | 280,847 | 280,847 | 286,295 | 5,135 |
| Substandard | | 2,295,656 | 1,161,603 | 2,235,618 | 524,859 |
| Doubtful | | 2,823,252 | 2,216,478 | 9,008,280 | 4,446,994 |
| Loss | | 23,572,777 | 23,331,415 | 7,039,066 | 6,947,185 |
| | | 28,972,532 | 26,990,343 | 18,569,259 | 11,924,173 |
| Overseas | | | | | |
| Loss | | 6,536,875 | 5,833,399 | 6,618,083 | 5,906,246 |
| Total | | 35,509,407 | 32,823,742 | 25,187,342 | 17,830,419 |



9.6 Particulars of credit loss allowance against advances

| Note | 2024 | | | | | 2023 | | |
|--|--------------|-------------|--------------|-----------------------------|--------------|-------------|-----------|-------------|
| | Stage 1 & 2 | Stage 3 | Specific | General (Rupees in '000) | Total | Specific | General | Total |
| Opening balance | 81,573 | 5,906,246 | 11,924,173 | 8,664,544 | 26,576,536 | 11,606,594 | 6,203,173 | 17,809,767 |
| Impact of adoption of IFRS 9 | 12,992,619 | 15,448,809 | (11,924,173) | (8,664,544) | 7,852,711 | - | - | - |
| Balance as at 01 January after adopting IFRS 9 | 13,074,192 | 21,355,055 | - | - | 34,429,247 | 11,606,594 | 6,203,173 | 17,809,767 |
| Charge / (reversals) for the year | | | | | | | | |
| - ECL charge for the year | 14,148,553 | 14,523,355 | - | - | 28,671,908 | - | - | - |
| - ECL reversal for the year | (11,582,597) | (2,951,993) | - | - | (14,534,590) | - | - | - |
| - Specific provision | - | - | - | - | - | 6,774,544 | - | 6,774,544 |
| - General provision as per regulations | - | - | - | - | - | - | (146,346) | (146,346) |
| - General provision | - | - | - | - | - | - | 2,650,000 | 2,650,000 |
| - As per IFRS 9 in overseas branches | - | - | - | - | - | - | 29,295 | 29,295 |
| - Reversals | - | - | - | - | - | (1,645,356) | - | (1,645,356) |
| | 2,565,956 | 11,571,362 | - | - | 14,137,318 | 5,129,188 | 2,532,949 | 7,662,137 |
| Amounts written off | - | (3,537) | - | - | (3,537) | (656,732) | - | (656,732) |
| Foreign exchange adjustments | (1,421) | (99,138) | - | - | (100,559) | 1,751,369 | 9,995 | 1,761,364 |
| Closing balance | 15,638,727 | 32,823,742 | - | - | 48,462,469 | 17,830,419 | 8,746,117 | 26,576,536 |

9.6.1 Particulars of credit loss allowance / provision against advances

| | 2024 | | | 2023 | | |
|-----------------------|-------------|------------|---------------------------|------------|-----------|------------|
| | Stage 1 & 2 | Stage 3 | Total (Rupees in '000) | Specific | General | Total |
| In local currency | 14,272,367 | 25,042,892 | 39,315,259 | 9,366,384 | 8,664,544 | 18,030,928 |
| In foreign currencies | 1,366,360 | 7,780,850 | 9,147,210 | 8,464,035 | 81,573 | 8,545,608 |
| | 15,638,727 | 32,823,742 | 48,462,469 | 17,830,419 | 8,746,117 | 26,576,536 |

9.7 PARTICULARS OF WRITE OFFS

| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|---------|
| 9.7.1 Against credit loss allowance / provision Directly charged to Profit and Loss account | 9.6 | 3,537 | 656,732 |
| 9.7.2 Against credit loss allowance / provisions - Domestic | | 3,537 | 656,732 |
| Write Offs of below Rs. 500,000 | | - | 284 |
| Write Offs of Rs. 500,000 and above | 9.8 | 3,537 | 656,448 |
| | | 3,537 | 656,732 |



9.8 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 rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure I.

| | Note | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|-------------------|
| 10. PROPERTY AND EQUIPMENT | | | |
| Capital work-in-progress | 10.1 | 4,644,267 | 4,293,549 |
| Property and equipment | 10.2 | 71,412,767 | 63,320,982 |
| | | <u>76,057,034</u> | <u>67,614,531</u> |
| 10.1 Capital work-in-progress | | | |
| Civil works | | 1,946,354 | 1,756,006 |
| Advance payment for purchase of equipments | | 494,841 | 613,294 |
| Advance payment towards suppliers, contractors and property | | 2,159,615 | 1,879,756 |
| Consultants' fee and other charges | | 43,457 | 44,493 |
| | | <u>4,644,267</u> | <u>4,293,549</u> |

10.2 Property and Equipment

| | 2024 | | | | | | |
|--|-------------------|-----------------------------|-----------------------|---|------------------|-------------------------------------|-------------------|
| | Leasehold land | Buildings on leasehold land | Furniture and fixture | Electrical, office and computer equipment | Vehicles | Improvements to leasehold buildings | Total |
| | (Rupees in '000) | | | | | | |
| At 01 January 2024 | | | | | | | |
| Cost / revalued amount | 23,978,190 | 25,739,604 | 2,817,975 | 17,487,274 | 7,024,113 | 5,494,658 | 82,541,814 |
| Accumulated depreciation | - | (495,006) | (1,217,008) | (10,647,468) | (3,321,198) | (3,540,152) | (19,220,832) |
| Net book value | <u>23,978,190</u> | <u>25,244,598</u> | <u>1,600,967</u> | <u>6,839,806</u> | <u>3,702,915</u> | <u>1,954,506</u> | <u>63,320,982</u> |
| Year ended 31 December 2024 | | | | | | | |
| Opening net book value | 23,978,190 | 25,244,598 | 1,600,967 | 6,839,806 | 3,702,915 | 1,954,506 | 63,320,982 |
| Additions | 370,252 | 2,577,876 | 899,422 | 4,739,240 | 3,350,822 | 1,755,451 | 13,693,063 |
| Movement in surplus on assets revalued during the year - net | - | - | - | - | - | - | - |
| Disposals | - | - | (4,191) | (18,503) | (3,672) | (8,562) | (34,928) |
| Depreciation charge | - | (852,049) | (267,431) | (2,245,650) | (1,535,595) | (732,122) | (5,632,847) |
| Other adjustments / transfers | - | 66,497 | - | - | - | - | 66,497 |
| Closing net book value | <u>24,348,442</u> | <u>27,036,922</u> | <u>2,228,767</u> | <u>9,314,893</u> | <u>5,514,470</u> | <u>2,969,273</u> | <u>71,412,767</u> |
| At 31 December 2024 | | | | | | | |
| Cost / revalued amount | 24,348,442 | 28,383,977 | 3,713,206 | 22,208,011 | 10,371,263 | 7,241,547 | 96,266,446 |
| Accumulated depreciation | - | (1,347,055) | (1,484,439) | (12,893,118) | (4,856,793) | (4,272,274) | (24,853,679) |
| Net book value | <u>24,348,442</u> | <u>27,036,922</u> | <u>2,228,767</u> | <u>9,314,893</u> | <u>5,514,470</u> | <u>2,969,273</u> | <u>71,412,767</u> |
| Rate of depreciation (percentage) | - | 2% - 25% | 10% | 20% - 33.33% | 20% | 20% | |



| | 2023 | | | | | | |
|--|-------------------|-----------------------------|-----------------------|---|------------------|-------------------------------------|-------------------|
| | Leasehold land | Buildings on leasehold land | Furniture and fixture | Electrical, office and computer equipment | Vehicles | Improvements to leasehold buildings | Total |
| | (Rupees in '000) | | | | | | |
| At 01 January 2023 | | | | | | | |
| Cost / revalued amount | 17,015,999 | 19,113,486 | 2,455,272 | 15,259,700 | 5,232,365 | 4,823,526 | 63,900,348 |
| Accumulated depreciation | - | (1,584,461) | (1,003,506) | (8,944,883) | (2,546,012) | (2,980,981) | (17,059,843) |
| Net book value | <u>17,015,999</u> | <u>17,529,025</u> | <u>1,451,766</u> | <u>6,314,817</u> | <u>2,686,353</u> | <u>1,842,545</u> | <u>46,840,505</u> |
| Year ended 31 December 2023 | | | | | | | |
| Opening net book value | 17,015,999 | 17,529,025 | 1,451,766 | 6,314,817 | 2,686,353 | 1,842,545 | 46,840,505 |
| Additions | 247,265 | 959,593 | 385,617 | 2,384,600 | 2,128,840 | 766,011 | 6,871,926 |
| Movement in surplus on assets revalued during the year - net | 6,725,313 | 7,491,203 | - | - | - | - | 14,216,516 |
| Disposals | - | - | (3,214) | (6,114) | (21,749) | (13,136) | (44,213) |
| Depreciation charge | - | (751,396) | (233,202) | (1,853,497) | (1,090,529) | (635,128) | (4,563,752) |
| Other adjustments / transfers | (10,387) | 16,173 | - | - | - | (5,786) | - |
| Closing net book value | <u>23,978,190</u> | <u>25,244,598</u> | <u>1,600,967</u> | <u>6,839,806</u> | <u>3,702,915</u> | <u>1,954,506</u> | <u>63,320,982</u> |
| At 31 December 2023 | | | | | | | |
| Cost / revalued amount | 23,978,190 | 25,739,604 | 2,817,975 | 17,487,274 | 7,024,113 | 5,494,658 | 82,541,814 |
| Accumulated depreciation | - | (495,006) | (1,217,008) | (10,647,468) | (3,321,198) | (3,540,152) | (19,220,832) |
| Net book value | <u>23,978,190</u> | <u>25,244,598</u> | <u>1,600,967</u> | <u>6,839,806</u> | <u>3,702,915</u> | <u>1,954,506</u> | <u>63,320,982</u> |
| Rate of depreciation (percentage) | - | 2% - 25% | 10% | 20%-33.33% | 20% | 20% | |

10.3 In accordance with the Group' s accounting policy, the leasehold land and buildings on leasehold land were revalued at 01 June 2023. The revaluation was carried out by an independent valuer, M/s. Harvester Services (Pvt.) Limited on the basis of prices and other relevant information generated by market transactions involving identical, comparable or similar properties. The revaluation resulted in surplus of Rs. 22, 149.098 million over the book value of the respective properties. Had the leasehold land and buildings on leasehold land not been revalued, the total carrying amounts of revalued properties as at 31 December 2024 would have been as follows:

| | 2024 | 2023 |
|---|-------------------|-------------------|
| | (Rupees in '000) | |
| Leasehold land | <u>13,276,357</u> | <u>13,066,480</u> |
| Buildings on leasehold land | <u>15,959,910</u> | <u>13,141,824</u> |
| 10.4 The cost of fully depreciated property and equipment that are still in use is as follows: | | |
| Furniture and fixture | <u>366,890</u> | <u>317,517</u> |
| Electrical, office and computer equipment | <u>7,291,071</u> | <u>6,963,356</u> |
| Vehicles | <u>1,094,090</u> | <u>957,361</u> |
| Improvements to leasehold buildings | <u>2,495,679</u> | <u>2,255,124</u> |
| | <u>11,247,730</u> | <u>10,493,358</u> |



10.5 Details of disposal of property and equipment during the year:

| Particulars | 2024 | | |
|--|--------|------------------|-----------------|
| | Cost | Book value | Insurance claim |
| Habib Insurance Company Limited - (Related Party - Karachi) | | | |
| | | (Rupees in '000) | |
| Furniture and fixture | 801 | 352 | 611 |
| Electrical, office and computer equipment | 11,607 | 4,178 | 10,858 |
| Vehicles | 6,854 | 1,035 | 8,741 |

11. RIGHT-OF-USE ASSETS

| | Note | 2024 | 2023 |
|-----------|------|-------------------|-------------------|
| | | (Rupees in '000) | |
| Buildings | 11.1 | 13,724,709 | 11,969,724 |
| Vehicles | 11.2 | 6,513 | - |
| | | <u>13,731,222</u> | <u>11,969,724</u> |

11.1 BUILDING

| | | | |
|--|--|-------------------|-------------------|
| At 01 January, | | | |
| Cost | | 18,288,334 | 17,549,450 |
| Accumulated depreciation | | (6,318,610) | (5,477,832) |
| Net carrying amount | | 11,969,724 | 12,071,618 |
| Additions during the year | | 4,445,498 | 2,362,122 |
| Deletions during the year | | (230,800) | (185,932) |
| Depreciation charge for the year | | (2,479,826) | (2,298,189) |
| Foreign exchange adjustment | | (757) | 2,705 |
| Other adjustments / transfers | | 20,870 | 17,400 |
| Net carrying amount at the 31 December | | <u>13,724,709</u> | <u>11,969,724</u> |

11.2 Vehicles

| | | | |
|--|--|--------------|----------|
| Additions during the year | | 10,855 | - |
| Depreciation charge for the year | | (4,342) | - |
| Net carrying amount at the 31 December | | <u>6,513</u> | <u>-</u> |



13. DEFERRED TAX ASSETS

| 2024 | | | | | | |
|--|------------------------------------|----------------------------------|---|---|------------------------------------|--------------|
| As at 01 January - (restated) | Impact on adoption of IFRS 9 | As at 01 January (Revised) | Recognised in profit and loss account | Recognised in other comprehensive income | As at 31 December | |
| (Rupees in '000) | | | | | | |
| Deductible Temporary Differences on | | | | | | |
| Credit loss allowance against diminution in the value of investments | 5,851,622 | (1,121,172) | 4,730,450 | (734,460) | - | 3,995,990 |
| Credit loss allowance against loans and advances, off balance sheet etc. | 5,743,307 | 8,130,346 | 13,873,653 | (817,168) | - | 13,056,485 |
| Workers' welfare fund | 2,648,408 | - | 2,648,408 | 1,142,046 | - | 3,790,454 |
| | 14,243,337 | 7,009,174 | 21,252,511 | (409,582) | - | 20,842,929 |
| Taxable Temporary Differences on | | | | | | |
| Accelerated tax depreciation | (2,130,590) | - | (2,130,590) | (752,768) | - | (2,883,358) |
| Surplus on revaluation of FVOCI investments | (1,085,712) | 1,703,861 | 618,149 | - | (7,236,637) | (6,618,488) |
| Surplus on revaluation of property and equipment | (6,130,312) | - | (6,130,312) | 281,853 | (661,329) | (6,509,788) |
| Surplus on revaluation of non banking assets | (52,325) | - | (52,325) | 567 | 12,498 | (39,260) |
| Deficit on revaluation of securities classified as FVPL | 17,396 | (582,145) | (564,749) | 337,363 | - | (227,386) |
| Others | (18,686) | - | (18,686) | (16,161) | - | (34,847) |
| | (9,400,229) | 1,121,716 | (8,278,513) | (149,146) | (7,885,468) | (16,313,127) |
| | 4,843,108 | 8,130,890 | 12,973,998 | (558,728) | (7,885,468) | 4,529,802 |
| (Restated) | | | | | | |
| 2023 | | | | | | |
| As at 01 January (as previously (reported) | Prior period adjustments | As at 01 January restated | Recognised in profit and loss account | Recognised in other comprehensive income | As at 31 December (restated) | |
| (Rupees in ' 000) | | | | | | |
| Deductible Temporary Differences on | | | | | | |
| Credit loss allowance against diminution in the value of investments | 5,573,505 | - | 5,573,505 | 278,117 | - | 5,851,622 |
| Credit loss allowance against loans and advances and off-balance sheet | 2,131,285 | - | 2,131,285 | 3,612,022 | - | 5,743,307 |
| Workers' welfare fund | 1,659,964 | - | 1,659,964 | 988,444 | - | 2,648,408 |
| | 9,364,754 | - | 9,364,754 | 4,878,583 | - | 14,243,337 |
| Taxable Temporary Differences on | | | | | | |
| Accelerated tax depreciation | (1,713,841) | - | (1,713,841) | (416,749) | - | (2,130,590) |
| Surplus on revaluation of available for sale investments | 4,250,394 | - | 4,250,394 | - | (5,336,106) | (1,085,712) |
| Surplus on revaluation of property and equipment | (2,156,382) | (110,950) | (2,267,332) | 163,571 | (4,026,551) | (6,130,312) |
| Surplus on revaluation of non banking assets | (59,145) | - | (59,145) | 1,949 | 4,871 | (52,325) |
| Surplus on revaluation of held-for-trading securities | 17,216 | - | 17,216 | 180 | - | 17,396 |
| Others | (180) | - | (180) | (18,506) | - | (18,686) |
| | 338,062 | (110,950) | 227,112 | (269,555) | (9,357,786) | (9,400,229) |
| | 9,702,816 | (110,950) | 9,591,866 | 4,609,028 | (9,357,786) | 4,843,108 |



| 14. OTHER ASSETS | Note | 2024 | 2023 |
|---|------|-------------------------|-------------------------|
| | | (Rupees in '000) | |
| Income / mark-up accrued in local currency - net | | 68,965,986 | 82,900,496 |
| Income / mark-up accrued in foreign currencies - net | | 1,027,928 | 1,213,568 |
| Advances, deposits, advance rent and other prepayments | | 13,388,608 | 3,428,437 |
| Advance taxation | | 4,627,218 | - |
| Non-banking assets acquired in satisfaction of claims | 14.1 | 3,841,737 | 3,862,121 |
| Mark to market gain on forward foreign exchange contracts | | 751,223 | 2,322,982 |
| Acceptances | | 35,827,371 | 39,174,104 |
| Stationery and stamps on hand | | 2,161,940 | 1,144,768 |
| Receivable against home remittance | | 10,757,793 | 919,605 |
| Branch adjustment account | | 2,038,881 | - |
| Others | | 2,408,796 | 1,917,200 |
| | | <u>145,797,481</u> | <u>136,875,466</u> |
| Less: Credit loss allowance / provision held against other assets | 14.2 | <u>(580,371)</u> | <u>(7,815)</u> |
| Other Assets (net of credit loss allowance / provision) | | <u>145,217,110</u> | 136,883,281 |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | 14.1 | <u>205,323</u> | <u>253,183</u> |
| Other Assets-total | | <u>145,422,433</u> | <u>137,128,649</u> |
| 14.1 Market value of non-banking assets acquired in satisfaction of claims | | <u>4,033,449</u> | <u>4,115,923</u> |

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by independent valuers, M/s. K.G.Traders (Pvt.) Ltd. and M/s. BFA (Pvt.) Ltd. Fair value calculation was based on present physical condition and location of non-banking assets. Fair values were ascertained by the independent valuers under market approach through various enquiries conducted by them at site from real estate agents and brokers.

| 14.1.1 Non-banking assets acquired in satisfaction of claims | Note | 2024 | 2023 |
|---|--------|------------------|------------------|
| | | (Rupees in '000) | |
| Opening balance | | 4,115,304 | 3,786,952 |
| Revaluations | | - | 121,553 |
| Additions / transfer | | (66,497) | 214,035 |
| Depreciation | | (1,747) | (7,236) |
| Closing balance | | <u>4,047,060</u> | <u>4,115,304</u> |
| 14.2 Credit loss allowance / provision held against other assets | | | |
| Mark-up accrued | | 566,002 | - |
| Modification | | 6,444 | - |
| Others - receivable against consumer loans | | 7,925 | 7,815 |
| | 14.2.1 | <u>580,371</u> | <u>7,815</u> |



| | 2024 (Rupees in '000) | 2023 |
|---|---------------------------|-----------------------------------|
| 14.2.1 Movement in credit loss allowance / provision held against other assets | | |
| Opening balance | 7,815 | 8,101 |
| Impact of adoption of IFRS 9 | 464,364 | - |
| Exchange adjustments | 1,552 | - |
| ECL charge for the year | 102,380 | - |
| ECL reversal for the year | (1,663) | - |
| Modification charge | 6,444 | - |
| Charge for the year | 2,480 | 3,664 |
| Reversals for the year | (2,795) | (3,664) |
| | 106,846 | - |
| Amount written off | (206) | (286) |
| Closing balance | 580,371 | 7,815 |
| | 2024 | |
| | Outstanding amount | Credit loss allowance held |
| | (Rupees in '000) | |
| 14.2.2 Particulars of credit loss allowance against other assets | | |
| Stage 1 | 20,904,866 | 294,209 |
| Stage 2 | 4,673,421 | 271,793 |
| Stage 3 / others | 14,369 | 14,369 |
| | 25,592,656 | 580,371 |
| 15. CONTINGENT ASSETS | | |
| There were no contingent assets of the Group as at 31 December 2024 (2023: Nil). | | |
| | Note | 2024 (Rupees in '000) |
| 16. BILLS PAYABLE | | 2023 |
| In Pakistan | | (Rupees in '000) |
| | 52,263,043 | 48,083,103 |
| 17. BORROWINGS | | |
| Secured | | |
| Borrowings from the State Bank of Pakistan | | |
| Export refinance scheme | 17.1 | 72,607,266 |
| Renewable energy | 17.2 | 17,895,611 |
| Long term financing for imported and locally manufactured plant and machinery | 17.3 | 25,306,703 |
| Modernisation of small and medium enterprises | 17.4 | 1,259,381 |
| Women entrepreneurship | 17.5 | 86,827 |
| Financing facility for storage of agricultural produce | 17.6 | 795,240 |
| Temporary economic refinance facility | 17.7 | 26,107,166 |
| Refinance facility for combating COVID-19 | 17.8 | 100,001 |
| Repurchase agreement borrowings | 17.9 | 462,964,000 |
| | | 607,122,195 |
| Repurchase agreement borrowings | 17.9 | 54,953,000 |
| Borrowing from other Banks | 17.10 | 2,785,500 |
| Total secured | | 664,860,695 |
| Unsecured | | |
| Overdrawn nostro accounts | | 2,182,518 |
| | | 1,194,452 |
| | | 667,043,213 |
| | | 477,438,034 |



- 17.1** These carry mark - up rates ranging from 1% to 14.5% (2023: 1% to 18%) per annum, payable quarterly basis with maturities upto 180 days from the date of disbursement.
- 17.2** These carry mark - up rates of 2% to 3% (2023: 2% to 3%) per annum having maturity periods over ten years.
- 17.3** These carry mark - up rates ranging from 1% to 8% (2023: 2% to 15%) per annum having maturity periods upto ten years.
- 17.4** These carry mark - up rates of 2% (2023: 2%) per annum having maturity periods upto ten years.
- 17.5** These carry mark - up rate of Nil (2023: Nil) per annum having maturity periods upto five years.
- 17.6** These carry mark - up rates from 2% to 3.25% (2023: 2% to 3.5%) per annum having maturity periods upto seven years.
- 17.7** These carry mark - up rates of 1% (2023: 1%) per annum having maturity periods over ten years.
- 17.8** These carry mark - up rate of Nil (2023: Nil) per annum having maturity periods upto five years.
- 17.9** These repurchase agreement borrowings are secured against Pakistan Investment Bonds. These carry effective mark - up rates ranging from 13.04% to 13.20% (2023: 21.75% to 22.98%) per annum, having maturity periods upto one month.
- 17.10** These carry mark - up rate of 6.92% (2023: Nil) per annum having maturity periods upto four months.

| 17.11 Particulars of borrowings with respect to currencies | 2024 | 2023 |
|---|-------------------------|--------------------|
| | (Rupees in '000) | |
| In local currency | 662,075,195 | 476,243,582 |
| In foreign currencies | 4,968,018 | 1,194,452 |
| | 667,043,213 | 477,438,034 |

18. DEPOSITS AND OTHER ACCOUNTS

| | 2024 | | | 2023 | | |
|---------------------------------|--------------------------|------------------------------|----------------------|--------------------------|------------------------------|----------------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| | (Rupees in '000) | | | | | |
| Customers | | | | | | |
| Current deposits | 705,137,306 | 57,423,924 | 762,561,230 | 595,309,808 | 56,445,179 | 651,754,987 |
| Savings deposits | 876,689,075 | 45,898,830 | 922,587,905 | 640,708,283 | 50,248,962 | 690,957,245 |
| Term deposits | 200,255,916 | 61,604,086 | 261,860,002 | 215,403,093 | 70,650,094 | 286,053,187 |
| Current deposits - remunerative | 204,592,225 | 4,207,345 | 208,799,570 | 187,912,301 | 5,250,507 | 193,162,808 |
| Others | 21,169,067 | 20,343,029 | 41,512,096 | 29,720,340 | 18,887,944 | 48,608,284 |
| | 2,007,843,589 | 189,477,214 | 2,197,320,803 | 1,669,053,825 | 201,482,686 | 1,870,536,511 |
| Financial institutions | | | | | | |
| Current deposits | 16,114,492 | 2,063,466 | 18,177,958 | 10,386,373 | 515,221 | 10,901,594 |
| Savings deposits | 22,246,047 | - | 22,246,047 | 14,166,873 | 29 | 14,166,902 |
| Term deposits | 793,000 | 526,460 | 1,319,460 | 1,483,491 | 449,568 | 1,933,059 |
| Current deposits - remunerative | 36,906,130 | 1,953,119 | 38,859,249 | 35,219,586 | 955,619 | 36,175,205 |
| Others | 38,010 | - | 38,010 | 18,010 | - | 18,010 |
| | 76,097,679 | 4,543,045 | 80,640,724 | 61,274,333 | 1,920,437 | 63,194,770 |
| | 2,083,941,268 | 194,020,259 | 2,277,961,527 | 1,730,328,158 | 203,403,123 | 1,933,731,281 |

| | 2024 | 2023 |
|---------------------------------------|----------------------|----------------------|
| | (Rupees in '000) | |
| 18.1 Composition of deposits | | |
| - Individuals | 1,529,418,514 | 1,234,830,302 |
| - Government (Federal and Provincial) | 85,554,239 | 65,896,212 |
| - Public Sector Entities | 10,245,354 | 10,503,831 |
| - Banking Companies | 1,825,031 | 346,095 |
| - Non-Banking Financial Institutions | 78,815,693 | 62,848,675 |
| - Private Sector | 572,102,696 | 559,306,166 |
| | <u>2,277,961,527</u> | <u>1,933,731,281</u> |

18.2 Deposits includes eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 1,739,128.493 million (2023: Rs. 1,395,296.889 million).

| | 2024 | 2023 |
|---------------------------------------|-------------------|-------------------|
| | (Rupees in '000) | |
| 19. LEASE LIABILITIES | | |
| Opening balance | 14,441,482 | 14,025,746 |
| Additions during the year | 4,455,838 | 2,362,122 |
| Lease payments including interest | (3,815,117) | (3,299,415) |
| Finance charges on leased liabilities | 2,116,823 | 1,568,789 |
| Deletions during the year | (322,083) | (235,905) |
| Foreign exchange adjustments | (792) | 2,745 |
| Other adjustment | 20,870 | 17,400 |
| Closing balance | <u>16,897,021</u> | <u>14,441,482</u> |

19.1 Contractual maturity of lease liabilities

| | | |
|--|-------------------|-------------------|
| Short-term lease liabilities - within one year | 1,272,772 | 1,143,236 |
| Long-term lease liabilities | | |
| - 1 to 5 years | 6,891,969 | 5,587,474 |
| - 5 to 10 years | 6,753,111 | 6,057,097 |
| - More than 10 years | 1,979,169 | 1,653,675 |
| | <u>15,624,249</u> | <u>13,298,246</u> |
| Total | <u>16,897,021</u> | <u>14,441,482</u> |

19.2 This carries average effective rate of 14.61% per annum (2023: 12.56%).

| | | 2024 | 2023 |
|--|------|-------------------|-------------------|
| | | (Rupees in '000) | |
| 20. SUBORDINATED DEBT - Unsecured | | | |
| Term Finance Certificates (TFCs) - VI | 20.1 | 7,000,000 | 7,000,000 |
| Term Finance Certificates (TFCs) - VII | 20.2 | - | 3,992,000 |
| Term Finance Certificates (TFCs) - VIII | 20.3 | 4,994,000 | 4,996,000 |
| Term Finance Certificates (TFCs) - IX | 20.4 | 7,000,000 | 7,000,000 |
| Term Finance Certificates (TFCs) - X | 20.5 | 6,994,400 | 6,997,200 |
| | | <u>25,988,400</u> | <u>29,985,200</u> |



20.1 Term Finance Certificates - VI

| | |
|--------------------------|---|
| Issue amount | Rupees 7,000 million |
| Issue date | December 2017 |
| Maturity date | Perpetual |
| Rating | AA+ |
| Profit payment frequency | semi-annually |
| Redemption | No fixed or final redemption date. |
| Mark-up | Payable six monthly at six months KIBOR (ask side) plus 1.50% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default. |
| Call option | On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality. |
| Lock-in-clause | No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR"). |
| Loss absorbency clause | The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full). |

20.2 Term Finance Certificates - VII

During the period, the Bank exercised the call option of Term Finance Certificates - VII in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on 06 June 2024.

20.3 Term Finance Certificates - VIII

| | |
|--------------------------|---|
| Issue amount | Rupees 5,000 million |
| Issue date | September 2021 |
| Maturity date | September 2031 |
| Rating | AAA |
| Profit payment frequency | semi-annually |
| Redemption | 6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each. |
| Mark-up | 6 - Months KIBOR (ask side) + 0.75% per annum. |
| Call option | On or after five years with prior SBP approval. |
| Lock-in-clause | Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR"). |
| Loss absorbency clause | The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full). |



20.4 Term Finance Certificates-IX

| | |
|--------------------------|---|
| Issue amount | Rupees 7,000 million |
| Issue date | April 2022 |
| Maturity date | Perpetual |
| Rating | AA+ |
| Profit payment frequency | semi-annually |
| Redemption | No fixed or final redemption date. |
| Mark-up | Payable six monthly at six months KIBOR (ask side) plus 1.65% without any floor or cap. The issuer will have full discretion over the amount and timing of profit distribution and waiver of any profit distribution or other payment will not constitute an event of default. |
| Call option | On or after five years with prior SBP approval. As per SBP's requirement, the Bank shall not exercise call option unless the called instrument is replaced with capital of same or better quality. |
| Lock-in-clause | No profit may be paid if such payment will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR"). |
| Loss absorbency clause | The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full). |

20.5 Term Finance Certificates-X

| | |
|--------------------------|---|
| Issue amount | Rupees 7,000 million |
| Issue date | December 2022 |
| Maturity date | December 2032 |
| Rating | AAA |
| Profit payment frequency | semi-annually |
| Redemption | 6th - 108th month: 0.02% per each semi-annual period; 114th and 120th month: 49.82% each. |
| Mark-up | 6 - Months KIBOR (ask side) + 1.35% per annum. |
| Call option | On or after five years with prior SBP approval. |
| Lock-in-clause | Neither profit nor principal may be paid if such payments will result in shortfall (or increase the shortfall) in the Bank's Minimum Capital Requirement ("MCR"), Leverage Ratio ("LR") or Capital Adequacy Ratio ("CAR"). |
| Loss absorbency clause | The instrument will be subject to loss absorption and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank (subject to a cap) at a price equivalent to the market value of shares of the Bank on the date of trigger, and / or have them immediately written off (either partially or in full). |



| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|---------------------------|-----------------------------------|
| 21. OTHER LIABILITIES | | | |
| Mark-up / return / interest payable in local currency | | 6,938,590 | 7,172,666 |
| Mark-up / return / interest payable in foreign currencies | | 934,027 | 1,064,432 |
| Unearned commission income | | 3,030,064 | 1,706,124 |
| Accrued expenses | | 5,334,307 | 4,957,186 |
| Acceptances | | 35,827,371 | 39,174,104 |
| Unclaimed / dividend payable | | 1,139,497 | 921,969 |
| Mark to market loss on forward foreign exchange contracts | | 2,069,960 | 2,504,312 |
| Branch adjustment account | | – | 3,625,247 |
| Payable to defined benefit plan | 39.4 | 2,065,715 | 2,200,083 |
| Charity payable | | 83,726 | 59,665 |
| Credit loss allowance / provision against off-balance sheet items | 21.1 | 4,742,981 | 226,549 |
| Security deposits against leases / ijarah | | 653,582 | 9,423,299 |
| Provision for compensated absences | 21.2 | 1,960,780 | 1,719,861 |
| Other security deposits | | 12,056,630 | 1,245,904 |
| Workers' welfare fund | | 7,168,876 | 5,424,142 |
| Payable to SBP / NBP | | 12,326,744 | 10,851,474 |
| Insurance payable | | 480,521 | 543,505 |
| Payable against sale of marketable securities on behalf of customers | | 653,161 | 369,055 |
| Current taxation (payments less provisions) | | – | 8,506,703 |
| ATM switch, clearing and settlement account | 21.3 | 26,422,784 | 4,149,483 |
| Others | | 3,884,330 | 4,950,202 |
| | | 127,773,646 | 110,795,965 |
| 21.1 Credit loss allowance / provision held against off-balance sheet obligations | | | |
| Opening balance | | 226,549 | 110,059 |
| Impact of adoption of IFRS 9 | | 2,904,001 | – |
| ECL charge for the year | | 1,644,514 | 8,984 |
| ECL reversal for the year | | (31,866) | (1,079) |
| Charge for the year | | – | 107,390 |
| Reversal for the year | | – | (50) |
| | | 1,612,648 | 115,245 |
| Foreign exchange adjustments | | (217) | 1,245 |
| Closing balance | | 4,742,981 | 226,549 |
| | | | |
| | | 2024 | |
| | | Outstanding amount | Credit loss allowance held |
| | | (Rupees in '000) | |
| 21.1.1 Particulars of credit loss allowance against off balance sheet obligations | | | |
| Stage 1 | | 454,102,733 | 2,773,580 |
| Stage 2 | | 94,730,836 | 1,249,156 |
| Stage 3 / specific | | 1,100,847 | 720,245 |
| | | 549,934,416 | 4,742,981 |
| 21.1.2 Credit loss allowance against off balance sheet obligations include ECL in respect of letter of credit, letter of guarantees, shipping guarantees, acceptances and commitments against forward lendings etc. | | | |
| 21.2 Provision for compensated absences has been determined on the basis of independent actuarial valuation. The significant assumptions used for actuarial valuation were as follows: | | | |



| | | | 2024 (% per annum) | 2023 (% per annum) |
|---------------|---|----------------------|--------------------------|-----------------------|
| | Discount rate | | <u>12.25%</u> | <u>15.50%</u> |
| | Expected rate of increase in salary in future years | | <u>15.00%</u> | <u>15.50%</u> |
| 21.3 | The ATM switch, clearing and settlement account serves as a clearing account for processing ATM and other transactions. | | | |
| 22. | SHARE CAPITAL | | | |
| 22.1 | Authorised Capital | | | |
| | 2024 | 2023 | 2024 | 2023 |
| | Number of shares | | (Rupees in '000) | |
| | <u>2,000,000,000</u> | <u>2,000,000,000</u> | <u>20,000,000</u> | <u>20,000,000</u> |
| | Ordinary shares of Rs. 10 each | | | |
| 22.2 | Issued, subscribed and paid up capital | | | |
| | 2024 | 2023 | | |
| | Number of shares | | | |
| | <u>30,000,000</u> | 30,000,000 | <u>300,000</u> | 300,000 |
| | <u>1,081,425,416</u> | 1,081,425,416 | <u>10,814,254</u> | 10,814,254 |
| | <u>1,111,425,416</u> | <u>1,111,425,416</u> | <u>11,114,254</u> | <u>11,114,254</u> |
| 22.3 | As of statement of financial position date, 241,346,935 (2023: 161,380,377) ordinary shares of Rs.10/- each were held by the related parties. | | | |
| 23. | SURPLUS ON REVALUATION OF ASSETS | Note | 2024 (Rupees in '000) | (Restated) 2023 |
| | Surplus on revaluation of: | | | |
| | - Securities measured at FVOCI - debt | 23.1.1 | <u>11,902,128</u> | - |
| | - Securities measured at FVOCI - equity | 23.1.2 | <u>605,723</u> | - |
| | - Available for sale securities | 23.1.3 | - | 2,210,364 |
| | - Property and equipment | 23.2 | <u>22,149,099</u> | 22,634,109 |
| | - Non-banking assets acquired in satisfaction of claims | 23.3 | <u>205,323</u> | 253,183 |
| | | | <u>34,862,273</u> | 25,097,656 |
| | Deferred tax on surplus on revaluation of: | | | |
| | - Securities measured at FVOCI - debt | 23.1.1 | <u>6,311,663</u> | - |
| | - Securities measured at FVOCI - equity | 23.1.2 | <u>306,825</u> | - |
| | - Available for sale securities | 23.1.3 | - | 1,085,712 |
| | - Property and equipment | 23.2 | <u>6,580,165</u> | 6,200,660 |
| | - Non-banking assets acquired in satisfaction of claims | 23.3 | <u>39,260</u> | 52,325 |
| | | | <u>13,237,913</u> | 7,338,697 |
| | | | <u>21,624,360</u> | 17,758,959 |
| 23.1 | Investments | | | |
| 23.1.1 | Securities measured at FVOCI - debt | | <u>11,898,797</u> | - |
| | Non-controlling interest - loss | | <u>3,331</u> | - |
| | | | <u>11,902,128</u> | - |
| | Less: related deferred tax | | <u>6,311,663</u> | - |
| | | | <u>5,590,465</u> | - |



| | 2024 | (Restated) 2023 |
|---|-------------------|--------------------|
| | (Rupees in '000) | |
| 23.1.2 Securities measured at FVOCI - equity | 619,128 | – |
| Non-controlling interest - gain | (13,405) | – |
| | 605,723 | – |
| Less: related deferred tax | 306,825 | – |
| | 298,898 | – |
| 23.1.3 Available for sale securities | – | 2,206,081 |
| Non-controlling interest - loss | – | 4,283 |
| | – | 2,210,364 |
| Less: related deferred tax | – | 1,085,712 |
| | – | 1,124,652 |
| 23.2 Surplus on revaluation of property and equipment | | |
| Surplus on revaluation of property and equipment as at 01 January | 22,634,109 | 8,675,522 |
| Surplus on revaluation of the Bank's property and equipment during the year | – | 14,292,405 |
| Transfer from non-banking assets | 46,793 | – |
| Transferred to unappropriated profit in respect of incremental depreciation charged during the year | (531,803) | (333,818) |
| Surplus on revaluation of property and equipment as at 31 December | 22,149,099 | 22,634,109 |
| Less: related deferred tax liability on: | | |
| - Revaluation as at 01 January | 6,200,660 | 2,226,730 |
| - Prior year adjustments | – | 110,950 |
| - Adjustment / revaluation recognised during the year | 638,432 | 4,026,551 |
| - Transfer from non-banking assets | 22,929 | – |
| - Incremental depreciation charged during the year | (281,856) | (163,571) |
| | 6,580,165 | 6,200,660 |
| | 15,568,934 | 16,433,449 |
| 23.3 Surplus on revaluation of non - banking assets acquired in satisfaction of claims | | |
| Surplus on revaluation of non-banking assets as at 01 January | 253,183 | 135,608 |
| Surplus on revaluation of non-banking assets during the year | – | 121,553 |
| Transfer to property and equipment | (46,793) | – |
| Transferred to unappropriated profit in respect of incremental depreciation charged during the year | (1,067) | (3,978) |
| Surplus on revaluation of non-banking assets as at 31 December | 205,323 | 253,183 |
| Less: related deferred tax liability on: | | |
| - Revaluation as at 01 January | 52,325 | 59,145 |
| - Adjustment / revaluation recognised during the year | 10,430 | (4,871) |
| - Transfer to property and equipment | (22,929) | – |
| - Incremental depreciation charged during the year | (566) | (1,949) |
| | 39,260 | 52,325 |
| | 166,063 | 200,858 |



23.4 Securities which will not be recycled to consolidated statement of profit and loss accounts are disclosed in note 8.

| | Note | 2024 | 2023 |
|--|--------|--------------------|--------------------|
| (Rupees in '000) | | | |
| 24. NON - CONTROLLING INTEREST | | | |
| Opening balance | | 125,536 | 113,694 |
| Profit attributable to non - controlling interest | | 15,630 | 2,274 |
| Profit on equity attributable to non - controlling interest - debt | | 38 | - |
| Profit on equity attributable to non - controlling interest - equity | | 14,319 | - |
| Profit on equity attributable to non - controlling interest - available for sale investments | | - | 9,568 |
| Closing balance | | <u>155,523</u> | <u>125,536</u> |
| 25. CONTINGENCIES AND COMMITMENTS | | | |
| - Guarantees | 25.1 | 217,554,372 | 185,470,538 |
| - Commitments | 25.2 | 542,967,594 | 497,808,811 |
| - Other contingent liabilities | 25.3 | 3,504,960 | 5,019,188 |
| | | <u>764,026,926</u> | <u>688,298,537</u> |
| 25.1 Guarantees: | | | |
| Financial guarantees | | 32,113,828 | 28,634,285 |
| Performance guarantees | | 185,440,544 | 156,836,253 |
| | | <u>217,554,372</u> | <u>185,470,538</u> |
| 25.2 Commitments: | | | |
| Documentary credits and short term trade-related transactions - letters of credit | | 291,149,845 | 287,964,804 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 25.2.1 | 245,803,016 | 204,174,136 |
| - forward lending | 25.2.2 | 3,217,813 | 3,955,661 |
| Commitments for acquisition of: | | | |
| - operating property and equipment | | 2,796,920 | 1,714,210 |
| | | <u>542,967,594</u> | <u>497,808,811</u> |
| 25.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| Purchase | | 145,237,825 | 123,771,146 |
| Sale | | 100,565,191 | 80,402,990 |
| | | <u>245,803,016</u> | <u>204,174,136</u> |
| The maturities of above contracts are spread over the periods upto one year. | | | |
| 25.2.2 Commitments in respect of forward lending | | <u>3,217,813</u> | <u>3,955,661</u> |

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.



| | 2024 | 2023 |
|---|------------------|------------------|
| | (Rupees in '000) | |
| 25.3 Claims against the Bank not acknowledged as debts | 3,504,960 | 5,019,188 |
| 25.4 Other contingent liabilities | | |

Income tax returns of the Bank have been submitted upto and including the Bank's financial year 2023 (Tax Year 2024) including Azad Kashmir and Gilgit Baltistan operations. The income tax assessments of the Bank (excluding Azad Kashmir operations) have been finalized upto and including tax year 2023. The Income tax assessments of Azad Kashmir operations have been finalized upto and including tax year 2022.

Matters of disagreement exist between the Bank and tax authorities for various tax years and are pending with the Commissioner Inland Revenue (Appeals) and Income Tax Appellate Tribunal (ITAT). These issues mainly relate to addition of general provision (specific), reversal of provision for non-performing loans, charge for defined benefit plan and provision for compensated absences.

Income Tax Appellate Tribunal (ITAT) has passed orders for tax years 2009 and 2011 confirming disallowance of provision for non-performing loans, deleted the other provisions and remanded back the provision for non-performing loans. This resulted in an aggregate net tax impact of Rs. 8.178 million.

For tax year 2012 and 2013, the Additional Commissioner Inland Revenue (ACIR) passed an amended order u/s. 122(5A) of the Income Tax Ordinance, 2001 resulting in an impact of Rs. 482.233 million. Subsequently, Commissioner Inland Revenue (Appeals) has passed order by allowing Rs. 134.616 million resulting in an aggregate net tax impact of Rs. 347.617 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned orders.

Commissioner Inland Revenue (Appeals) passed an appellate order against Deputy Commissioner Inland Revenue (DCIR) order for Tax Year 2014 (Accounting Year 2013) by allowing certain expenses resulting in an impact of Rs. 25.300 million and remanded back certain expenses to DCIR. The resulted aggregate net tax impact stands at Rs. 125.469 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2015 (Accounting Year 2014) by allowing certain expenses and remanded back to ACIR for other matters. During the year certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 154.201 million. The resulted aggregate net tax impact stands at Rs. 147.655 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2016 (Accounting Year 2015) by allowing certain expenses and remanded back to ACIR for other matters. During the year certain expenses were allowed by ACIR. This resulted in an allowable amount of Rs. 224.625 million. The resulted aggregate net tax impact stands at Rs. 80.557 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Commissioner Inland Revenue (Appeals) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2018 (Accounting Year 2017) by allowing certain expenses resulting in an impact of Rs. 65.722 million. The resulted aggregate net tax impact stands at Rs. 194.376 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2020 (Accounting Year 2019) by disallowing certain expenses resulting in an impact of Rs. 873.437 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order. After promulgation of Tax Law (Amendment) Act 2024, this appeal has been transferred to Income Tax Appellate Tribunal (ITAT).



Appellate Tribunal Inland Revenue (ATIR) passed an appellate order against Additional Commissioner Inland Revenue (ACIR) order for Tax Year 2021 (Accounting Year 2020) by allowing certain expenses resulting in a favorable impact of Rs. 899.884 million. The resulted aggregate net tax impact now stands at Rs. 834.975 million. The Bank has filed an appeal before Income Tax Appellate Tribunal (ITAT) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2022 (Accounting Year 2021) by disallowing certain expense resulting in an impact of Rs. 920.741 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Additional Commissioner Inland Revenue (ACIR) has finalized order for Tax Year 2023 (Accounting Year 2022) by disallowing certain expense resulting in an impact of Rs. 734.799 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Commissioner Inland Revenue (Appeals) has remanded back the order of Deputy Commissioner Inland Revenue (DCIR) against Federal Excise Duty levy on certain items for the period January 2013 to December 2015. The resulted aggregate net tax impact stands at Rs. 80.766 million.

Deputy Commissioner Inland Revenue (DCIR) has passed order against Federal Excise Duty levy on certain items for the period from January 2018 to December 2019. The resulted aggregate net tax impact stands at Rs. 17.524 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned order.

Deputy Commissioner Inland Revenue (DCIR) has passed an order against Federal Excise Duty levy on certain items pertaining to accounting year 2020 and 2021. This has resulted in aggregate net tax impact of Rs. 52.403 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals) against the above mentioned orders.

Commissioner (HQ), Punjab Revenue Authority has passed order for the period from January to December 2016 levying Punjab Sales Tax on services on certain items resulting in an impact of Rs. 112.641 million. Appellate Tribunal – Punjab Revenue Authority has remanded back the order of Commissioner (HQ), Punjab Revenue Authority.

Commissioner Inland Revenue (Appeals), Mirpur AJ& K has annulled the amendments made by Assistant Commissioner Inland Revenue, Mirpur AJ& K for Tax Year 2014 to 2018. Appellate Tribunal Inland Revenue, AJ& K has also dismissed departmental appeal against annulled order resulting a favorable aggregate net tax impact of Rs. 93.443 million. The tax department has filed an appeal in High Court of Azad Kashmir.

Assistant Commissioner Inland Revenue, Mirpur AJ& K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2019 by disallowing certain expenses resulting in an impact of Rs. 92.311 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ& K.

Assistant Commissioner Inland Revenue, Mirpur AJ& K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2020 by disallowing certain expenses resulting in an impact of Rs. 6.608 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ& K.

Assistant Commissioner Inland Revenue, Mirpur AJ& K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2021 by disallowing certain expenses resulting in an impact of Rs. 7.031 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ& K.

Assistant Commissioner Inland Revenue, Mirpur AJ& K has finalized audit of the Bank's Azad Kashmir operations for Tax Year 2022 by disallowing certain expenses resulting in an impact of Rs. 12.804 million. The Bank has filed an appeal before Commissioner Inland Revenue (Appeals), Mirpur AJ& K.

In terms of the provisions of Section 99D of the Income Tax Ordinance, 2001, the Federal Government through FBR's notification dated 21 November 2023, imposed additional tax at the rate of 40 percent in relation to the foreign exchange income of the banking sector for the financial years 2021 and 2022. The Bank has challenged the imposition of such additional tax before Lahore High Court. The Honorable Lahore High Court has granted stay and petition is pending for final adjudication. However, the Bank has made full provision for this tax in the financial statements for the year ended December 31, 2023, on prudence basis.

The management, based on the opinion of its tax advisor, is confident about the favorable outcome of the above matters.



26. DERIVATIVE INSTRUMENTS

26.1 Product Analysis

| Counter Parties | CONTRACT | | 2024 SWAP | | TOTAL | |
|-----------------------|--------------------|------------------------------|--------------------|------------------------------|--------------------|------------------------------|
| | Notional Principal | Mark to Market gain / (loss) | Notional Principal | Mark to Market gain / (loss) | Notional Principal | Mark to Market gain / (loss) |
| | (Rupees in '000) | | | | | |
| Banks | | | | | | |
| Hedging | 57,237,928 | 281,713 | 61,257,172 | (309,505) | 118,495,100 | (27,792) |
| Other Entities | | | | | | |
| Hedging | 127,307,916 | (1,290,945) | - | - | 127,307,916 | (1,290,945) |
| Total | | | | | | |
| Hedging | <u>184,545,844</u> | <u>(1,009,232)</u> | <u>61,257,172</u> | <u>(309,505)</u> | <u>245,803,016</u> | <u>(1,318,737)</u> |
| 2023 | | | | | | |
| Banks | | | | | | |
| Hedging | 33,947,415 | 587,431 | 67,117,360 | 775,893 | 101,064,775 | 1,363,324 |
| Other Entities | | | | | | |
| Hedging | 103,109,361 | (1,544,654) | - | -- | 103,109,361 | (1,544,654) |
| Total | | | | | | |
| Hedging | <u>137,056,776</u> | <u>(957,223)</u> | <u>67,117,360</u> | <u>775,893</u> | <u>204,174,136</u> | <u>(181,330)</u> |

26.2 Maturity analysis

| | Number of Contracts | Notional Principal | 2024 Mark to Market | | |
|--------------------|---------------------|--------------------|------------------------|------------------|--------------------|
| | | | Negative | Positive | Net |
| | | | (Rupees in '000) | | |
| Upto 1 month | 488 | 92,288,053 | (633,480) | 264,498 | (368,982) |
| 1 to 3 months | 681 | 84,488,275 | (1,031,294) | 220,396 | (810,898) |
| 3 to 6 months | 690 | 59,912,062 | (386,925) | 178,113 | (208,812) |
| 6 months to 1 year | 54 | 9,114,626 | (18,261) | 88,216 | 69,955 |
| | <u>1,913</u> | <u>245,803,016</u> | <u>(2,069,960)</u> | <u>751,223</u> | <u>(1,318,737)</u> |
| 2023 | | | | | |
| Upto 1 month | 379 | 83,672,301 | (648,268) | 1,093,484 | 445,216 |
| 1 to 3 months | 568 | 72,676,016 | (1,330,312) | 660,930 | (669,382) |
| 3 to 6 months | 400 | 41,419,915 | (379,053) | 465,153 | 86,100 |
| 6 months to 1 year | 340 | 6,405,904 | (146,679) | 103,415 | (43,264) |
| | <u>1,687</u> | <u>204,174,136</u> | <u>(2,504,312)</u> | <u>2,322,982</u> | <u>(181,330)</u> |



| | Note | 2024 | 2023 |
|---|------|--------------------|--------------------|
| | | (Rupees in '000) | |
| 27. MARK-UP / RETURN / INTEREST EARNED | | | |
| Loans and advances | | 127,499,360 | 137,284,002 |
| Investments | | 349,217,846 | 232,955,671 |
| Deposits with financial institutions | | 773,134 | 1,048,984 |
| Securities purchased under resale agreements | | 385,839 | 2,508,387 |
| Lendings to financial institutions | | 240,431 | 90,326 |
| Call money lendings | | - | 316 |
| | | <u>478,116,610</u> | <u>373,887,686</u> |
| 27.1 Interest income recognised on: | | | |
| Financial assets measured at amortised cost | | 72,454,228 | |
| Financial assets measured at FVOCI | | 284,533,491 | |
| | | <u>356,987,719</u> | |
| 27.2 Interest income recognised on: | | | |
| Financial assets measured at FVPL | | 232,258 | |
| Financial assets measured at cost | | 120,896,633 | |
| | | <u>121,128,891</u> | |
| 28. MARK-UP / RETURN / INTEREST EXPENSED | | | |
| Deposits | | 237,316,929 | 187,306,040 |
| Borrowings | | 12,305,167 | 11,701,648 |
| Subordinated debt | | 6,078,012 | 6,380,172 |
| Cost of foreign currency swaps against deposits / borrowings | | 5,661,096 | 6,450,761 |
| Repurchase agreement borrowings | | 58,168,536 | 36,336,008 |
| Finance charges on leased assets | | 2,116,823 | 1,568,789 |
| | | <u>321,646,563</u> | <u>249,743,418</u> |
| 29. FEE AND COMMISSION INCOME | | | |
| Branch banking customer fees | | 2,972,502 | 2,423,535 |
| Investment banking fees | | 82,444 | 115,621 |
| Consumer finance related fees | | 49,991 | 45,187 |
| Card related fees (debit and credit cards) | | 5,099,455 | 3,686,735 |
| Credit related fees | | 401,729 | 395,209 |
| Commission on trade | | 7,271,605 | 5,962,923 |
| Commission on guarantees | | 1,075,340 | 900,637 |
| Commission on cash management | | 268,623 | 258,408 |
| Commission on home remittances | | 2,165,464 | 523,426 |
| Management fee | | 2,206,232 | 717,636 |
| Others | | 350,916 | 162,733 |
| | | <u>21,944,301</u> | <u>15,192,050</u> |
| 30. GAIN / (LOSS) ON SECURITIES - NET | | | |
| Realised | 30.1 | (319,720) | 30,922 |
| Unrealised - measured at FVPL | 8.1 | 461,853 | - |
| | 30.2 | <u>142,133</u> | <u>30,922</u> |



| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|----------------|
| 30.1 Realised gain / (loss) on: | | | |
| Federal Government Securities | | (338,335) | 1,784 |
| Shares | | – | 44,947 |
| Units of Mutual Funds | | 18,615 | (15,809) |
| | | <u>(319,720)</u> | <u>30,922</u> |
| 30.2 Net gain / (loss) on financial assets measured | | | |
| Net loss on investments in securities mandatorily measured at FVPL | | 480,596 | – |
| Net gain on financial assets measured at FVOCI | | (338,463) | – |
| Net gain on available for sale securities | | – | 30,922 |
| | | <u>142,133</u> | <u>30,922</u> |
| 31. OTHER INCOME | | | |
| Gain on sale of property and equipments - net | | 1,015,118 | 403,778 |
| Gain on termination of leases and RoU - net | | 91,282 | 49,884 |
| | | <u>1,106,400</u> | <u>453,662</u> |

| | Note | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|------------------|
| 32. OPERATING EXPENSES | | | |
| Total compensation expenses | 32.1 | 39,304,739 | 32,619,702 |
| Property expenses | | | |
| Rent and taxes | | 276,901 | 197,218 |
| Insurance | | 33,817 | 21,802 |
| Utilities cost | | 3,916,540 | 3,385,552 |
| Security (including guards) | | 2,416,162 | 1,944,255 |
| Repair and maintenance (including janitorial charges) | | 802,321 | 711,766 |
| Depreciation | | 1,585,918 | 1,393,760 |
| Depreciation - RoU | | 2,484,168 | 2,298,189 |
| | | <u>11,515,827</u> | <u>9,952,542</u> |
| Information technology expenses | | | |
| Software maintenance | | 3,573,792 | 2,903,784 |
| Hardware maintenance | | 1,290,234 | 1,049,614 |
| Depreciation | | 1,184,321 | 1,000,621 |
| Amortisation | | 172,041 | 263,049 |
| Network charges | | 963,400 | 706,796 |
| | | <u>7,183,788</u> | <u>5,923,864</u> |



| | Note | 2024 | 2023 |
|---|------|-------------------|-------------------|
| (Rupees in '000) | | | |
| Other operating expenses | | | |
| Directors' fees and allowances | | 44,195 | 46,116 |
| Fees and allowances to Shariah Board | | 32,986 | 25,167 |
| Insurance | | 965,972 | 903,626 |
| Legal and professional charges | | 498,765 | 483,171 |
| Outsourced services costs | 32.2 | 3,476,758 | 3,528,424 |
| Travelling and conveyance | | 678,973 | 508,462 |
| NIFT and other clearing charges | | 295,413 | 226,861 |
| Depreciation | | 2,864,355 | 2,176,607 |
| Repair and maintenance | | 2,523,612 | 2,557,848 |
| Training and development | | 133,708 | 136,939 |
| Postage and courier charges | | 438,083 | 377,327 |
| Communication | | 2,917,009 | 2,229,885 |
| Stationery and printing | | 1,795,455 | 1,840,007 |
| Marketing, advertisement and publicity | | 1,227,464 | 1,810,099 |
| Donations | 32.3 | 424,425 | 619,060 |
| Auditors remuneration | 32.4 | 31,887 | 18,910 |
| Commission and brokerage | | 1,590,257 | 1,553,414 |
| Entertainment and staff refreshment | | 786,614 | 684,340 |
| Vehicle running expenses | | 250,236 | 243,017 |
| Subscriptions and publications | | 377,923 | 343,209 |
| CNIC verification charges | | 338,147 | 220,586 |
| Security charges | | 972,848 | 757,476 |
| Others | | 926,362 | 738,605 |
| | | 23,591,447 | 22,029,156 |
| | | 81,595,801 | 70,525,264 |
| 32.1 Total compensation expense | | | |
| Fees and allowances etc. | | 3,468,072 | 2,966,117 |
| Managerial remuneration | | 25,816,423 | 21,222,696 |
| Charge for defined benefit plan | | 1,205,128 | 832,728 |
| Contribution to defined contribution plan | | 1,242,661 | 1,041,737 |
| Rent and house maintenance | | 5,334,908 | 4,419,606 |
| Utilities | | 1,035,020 | 1,105,677 |
| Medical | | 923,479 | 597,857 |
| Charge for employees compensated absences | | 243,693 | 399,896 |
| Social security | | 13,543 | 4,495 |
| Staff indemnity | | 21,812 | 28,893 |
| | | 39,304,739 | 32,619,702 |

The compensation provided by the Group to employees is composed of fixed pay structures and do not include any variable element that varies based on performance benchmarks or targets.



32.2 Total cost for the year included in other operating expenses relating to material outsourced activities is Rs. 74.948 million (2023: Rs. 73.861 million) paid to a company incorporated outside Pakistan. Material outsourcing arrangements are as follows:

| S.No. | Name of material outsourced activity | Name of service provider | Nature of service |
|-------|--------------------------------------|------------------------------------|--|
| 1. | Point of Sale (POS) Acquiring | M/s. Wemsol (Private) Limited | Terminal Management & Merchant On Boarding |
| 2. | Vision Plus-Credit Card System | M/s. Arab Financial Services (AFS) | Credit Card |

32.3 The detail of donations is given below:

| | 2024 | 2023 |
|---|----------------|----------------|
| Al-Sayyeda Benevolent Trust | 6,000 | 6,000 |
| Childlife Foundation | 20,000 | 20,000 |
| Family Education Service Foundation | 16,200 | – |
| Ghulaman-e-Abbas Educational & Medical Trust* | 6,000 | 12,000 |
| Habib Education Trust** | 6,000 | 12,000 |
| Habib Medical Trust** | 6,000 | 12,000 |
| Habib Poor Fund* | – | 6,000 |
| Masoomen Hospital Trust*** | 18,000 | 12,000 |
| Memon Health & Education Foundation | – | 125,000 |
| Patients' Aid Foundation | 75,000 | 131,860 |
| Rahmatbai Habib Food and Clothing Trust | – | 12,000 |
| Rahmatbai Habib Widows and Orphans Trust | – | 12,000 |
| The Citizens Foundation | 10,400 | 8,400 |
| The Indus Hospital | 260,825 | 249,800 |
| | 424,425 | 619,060 |

* Mr. Murtaza H. Habib, Director, is Trustee of Ghulaman-e-Abbas Educational & Medical Trust.

** Mr. Qumail R. Habib, Executive Director, is Managing Trustee of Habib Education Trust and Trustee of Habib Medical Trust.

*** Mr. Abbas D. Habib, Chairman, is Trustee of Masoomen Hospital Trust.

| | 2024 | 2023 |
|---|----------------|----------------|
| 32.4 Auditors' remuneration | | |
| Audit fee | 13,738 | 8,057 |
| Half yearly review | 3,094 | 2,275 |
| Other certifications | 10,076 | 6,083 |
| Gratuity fund | 284 | 228 |
| Out of pocket expenses / sales tax | 4,695 | 2,267 |
| | 31,887 | 18,910 |
| 33. OTHER CHARGES | | |
| Penalties imposed by the State Bank of Pakistan | 310,073 | 228,401 |



| | Note | 2024 (Rupees in '000) | 2023 |
|--|--------|--------------------------|-------------------|
| 34. CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET | | | |
| (Reversal) / charge of credit loss allowance against balance with other banks | 6.4 | (2,663) | 47 |
| Credit loss allowance against lending to financial institutions | 7.5 | 5,035 | – |
| Reversal of credit loss allowance/ provision for diminution in value of investments - net | 8.3.2 | (968,289) | (3,677,909) |
| Credit loss allowance / provisions against loans and advances - net | 9.6 | 14,137,318 | 7,662,137 |
| Credit loss allowance against other assets - net | 14.2.1 | 106,846 | – |
| Credit loss allowance against off - balance sheet items - net | 21.1 | 1,612,648 | 115,245 |
| Loss on revaluation of property and equipment - net | | – | 75,889 |
| | | <u>14,890,895</u> | <u>4,175,409</u> |
| 35. TAXATION | | | |
| Current | | 44,307,521 | 37,742,900 |
| Prior years | | (3,714) | 2,943,074 |
| Deferred | | 558,728 | (4,609,028) |
| | | <u>44,862,535</u> | <u>36,076,946</u> |
| 35.1 Relationship between tax expense and accounting profit | | | |
| Profit before taxation | | <u>86,779,930</u> | <u>72,007,268</u> |
| Tax at the applicable rates in the Group | | 37,631,636 | 28,082,835 |
| Tax effects of: | | | |
| Prior years | | (3,714) | 2,943,074 |
| Effect of change in tax rates | | (1,035,379) | (1,067,503) |
| Items that are not deductible in determining taxable income | | 5,056 | (1,462,581) |
| Tax effect of super tax | | 8,263,762 | 7,650,535 |
| Others | | 1,174 | (69,414) |
| | | <u>44,862,535</u> | <u>36,076,946</u> |
| 35.1.1 The Group has recognised taxation impact on the basis of deemed tax return to be file on applicable tax rate with tax authorities, which are as follows: | | | |
| | | Tax Rates % | |
| | | 2024 | 2023 |
| Bank AL Habib Limited | | 54% | 49% |
| AL Habib Capital Markets (Private) Limited | | 29% | 29% |
| AL Habib Asset Management Limited | | 29% | 29% |
| AL Habib Exchange Company (Private) Limited | | 29% | – |
| 35.1.2 By virtue of the Income Tax (Amendment) Ordinance, 2024 issued on December 29, 2024, the Federal Government has raised the corporate tax rate for banking companies to 44%. The current year overall tax rate is 54% which includes 10% super tax. | | | |



| | 2024 | 2023 |
|---|----------------------|----------------------|
| | (Rupees in '000) | |
| 36. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY | | |
| Profit for the year - attributable to equity holders of the Holding Company | <u>41,901,765</u> | <u>35,928,048</u> |
| | (Number) | |
| Weighted average number of ordinary shares | <u>1,111,425,416</u> | <u>1,111,425,416</u> |
| | (Rupees) | |
| Basic and diluted earnings per share | <u>37.70</u> | <u>32.33</u> |

| | Note | 2024 | 2023 |
|---------------------------------------|------|--------------------|--------------------|
| | | (Rupees in '000) | |
| 37. CASH AND CASH EQUIVALENTS | | | |
| Cash and balances with treasury banks | 5 | 201,935,630 | 141,816,023 |
| Balances with other banks | 6 | 5,888,531 | 6,662,922 |
| Overdrawn nostro accounts | 17 | <u>(2,182,518)</u> | <u>(1,194,452)</u> |
| | | <u>205,641,643</u> | <u>147,284,493</u> |

| | 2024 | | |
|---|-------------------|-------------------|------------------|
| | Subordinated debt | Lease liabilities | Dividend payable |
| | (Rupees in '000) | | |
| 37.1 Reconciliation of movement of liabilities to cash flows arising from financing activities | | | |
| Balance as at 01 January 2024 | 29,985,200 | 14,441,482 | 921,969 |
| Changes from financing cash flows | | | |
| Payment against subordinated debt | (3,996,800) | - | - |
| Payment against lease liabilities - net | - | (3,815,117) | - |
| Dividend paid | - | - | (17,009,566) |
| Total changes from financing cash flows | (3,996,800) | (3,815,117) | (17,009,566) |
| Other changes | | | |
| Addition to right-of-use-assets - net | - | 4,153,833 | - |
| Finance charges on leased liabilities | - | 2,116,823 | - |
| Final cash dividend (Rs. 5.0 per share) - December 2023 | - | - | 5,557,127 |
| Interim cash dividend (Rs. 3.5 per share) - March 2024 | - | - | 3,889,989 |
| Interim cash dividend (Rs. 3.5 per share) - June 2024 | - | - | 3,889,989 |
| Interim cash dividend (Rs. 3.5 per share) - September 2024 | - | - | 3,889,989 |
| | - | 6,270,656 | 17,227,094 |
| Balance as at 31 December 2024 | <u>25,988,400</u> | <u>16,897,021</u> | <u>1,139,497</u> |



| | 2023 | | |
|--|-------------------|--------------------------------------|------------------|
| | Subordinated debt | Lease liability (Rupees in ' 000) | Dividend payable |
| Balance as at 01 January 2023 | 29,991,600 | 14,025,746 | 632,731 |
| Changes from financing cash flows | | | |
| Payment against subordinated debt | (6,400) | – | – |
| Payment against lease liabilities - net | – | (3,299,415) | – |
| Dividend paid | – | – | (17,493,572) |
| Total changes from financing cash flows | (6,400) | (3,299,415) | (17,493,572) |
| Other changes | | | |
| Addition to lease liabilities - net | – | 2,146,362 | – |
| Finance charges on leased liabilities | – | 1,568,789 | – |
| Final cash dividend (Rs. 7.0 per share) - December 2022 | – | -- | 7,779,978 |
| Interim cash dividend (Rs. 4.5 per share) - June 2023 | – | – | 5,001,416 |
| Interim cash dividend (Rs. 4.5 per share) - September 2023 | – | – | 5,001,416 |
| | – | 3,715,151 | 17,782,810 |
| Balance as at 31 December 2023 | 29,985,200 | 14,441,482 | 921,969 |

| | 2024 (Number) | 2023 |
|--------------------------------------|------------------|--------|
| 38. STAFF STRENGTH | | |
| Permanent | 17,606 | 16,850 |
| Temporary / on contractual basis | 249 | 226 |
| Group's own staff at end of the year | 17,855 | 17,075 |
| Outsourced | 3,745 | 3,553 |
| Total staff strength | 21,600 | 20,628 |
| 38.1 | | |
| Domestic | 21,553 | 20,582 |
| Abroad | 47 | 46 |
| | 21,600 | 20,628 |

39. DEFINED BENEFIT PLAN

39.1 General description

The Bank operates an approved gratuity fund for all its confirmed employees, which is administered by the Trustees. The benefits under the gratuity scheme are payable on retirement at the age of 60 years or on earlier cessation of service as under:

| Number of years of eligible service completed: | Amount of gratuity payable: |
|--|--|
| Less than 5 years | Nil |
| 5 years or more but less than 10 years | 1/3rd of basic salary for each year served |
| 10 years or more but less than 15 years | 2/3rd of basic salary for each year served |
| 15 years or more | Full basic salary for each year served |

The Bank's costs and contributions are determined based on actuarial valuation carried out at each year end using Projected Unit Credit Actuarial Method. All actuarial gains / losses are recognised in ' other comprehensive income' as they occur and are not reclassified to consolidated statement of profit and loss account in subsequent periods.



39.2 Number of employees under the scheme

The number of employees covered under the defined benefit scheme are 17,377 (2023: 16,793).

39.3 Principal actuarial assumptions

The latest actuarial valuation of the scheme was carried out on 31 December 2024 and the significant assumptions used for actuarial valuation were as follows:

| | 2024 | 2023 |
|---|-----------------|-----------------|
| Discount rate | 12.25% | 15.50% |
| Expected rate of return on plan assets | 12.25% | 15.50% |
| Expected rate of salary increase : Year 1 | 15.00% | 15.50% |
| Year 2 | 12.25% | 15.50% |
| Mortality rates (for death in service) | SLIC(2001-05)-1 | SLIC(2001-05)-1 |
| Rates of employee turnover | Moderate | Moderate |

| | Note | 2024 (Rupees in '000) | 2023 |
|---|--------|--------------------------|------------------|
| 39.4 Reconciliation of payable to defined benefit plan | | | |
| Present value of obligations | | 10,708,177 | 8,964,117 |
| Fair value of plan assets | | (8,642,462) | (6,764,034) |
| Payable | | <u>2,065,715</u> | <u>2,200,083</u> |
| 39.5 Movement in defined benefit obligations | | | |
| Obligation at the beginning of the year | | 8,964,117 | 6,616,783 |
| Current service cost | | 874,213 | 646,160 |
| Interest cost | | 1,399,628 | 979,667 |
| Benefits paid during the year | | (620,075) | (283,344) |
| Remeasurement loss | | 90,294 | 1,004,851 |
| Obligation at the end of the year | | <u>10,708,177</u> | <u>8,964,117</u> |
| 39.6 Movement in fair value of plan assets | | | |
| Fair value at the beginning of the year | | 6,764,034 | 5,239,978 |
| Interest income on plan assets | | 1,068,713 | 793,099 |
| Contribution by the Bank - net | | 1,205,128 | 832,728 |
| Actual benefits paid during the year | | (620,075) | (283,344) |
| Remeasurement gain on plan assets | 39.8.2 | 224,662 | 181,573 |
| Fair value at the end of the year | | <u>8,642,462</u> | <u>6,764,034</u> |
| 39.7 Movement in payable under defined benefit scheme | | | |
| Opening balance | | 2,200,083 | 1,376,805 |
| Charge for the year | | 1,205,128 | 832,728 |
| Contribution by the Bank | | (1,205,128) | (832,728) |
| Remeasurement (gain) / loss recognised in Other Comprehensive Income during the year | 39.8.2 | (134,368) | 823,278 |
| Closing balance | | <u>2,065,715</u> | <u>2,200,083</u> |



| | 2024 | 2023 |
|--|------------------|-------------------|
| | (Rupees in '000) | |
| 39.8 Charge for defined benefit plan | | |
| 39.8.1 Cost recognised in profit and loss | | |
| Current service cost | 874,213 | 646,160 |
| Net interest on defined benefit liability | 330,915 | 186,568 |
| | <u>1,205,128</u> | <u>832,728</u> |
| 39.8.2 Re-measurements (gain) / loss recognised in OCI during the year | | |
| Loss on obligation | | |
| - Financial assumptions | 105,833 | 887,465 |
| - Experience assumptions | (15,539) | 117,386 |
| | 90,294 | 1,004,851 |
| Actuarial gain on plan assets | (224,662) | (181,573) |
| Total remeasurement (gain) / loss recognised in OCI | <u>(134,368)</u> | <u>823,278</u> |
| 39.9 Components of plan assets | | |
| Cash and cash equivalents - net | 585,861 | 1,173,381 |
| Government securities | 8,056,601 | 5,590,653 |
| Total fair value of plan assets | <u>8,642,162</u> | <u>6,764,034</u> |
| 39.10 Sensitivity analysis | | 2024 |
| | | (Rupees in '000) |
| 1% increase in discount rate | | <u>9,717,092</u> |
| 1% decrease in discount rate | | <u>11,864,457</u> |
| 1% increase in expected rate of salary increase | | <u>11,800,979</u> |
| 1% decrease in expected rate of salary increase | | <u>9,752,380</u> |
| | | 2025 |
| | | (Rupees in '000) |
| 39.11 Expected contributions to be paid to the funds in the next financial year | | <u>1,258,156</u> |
| 39.12 Expected charge for the next financial year | | <u>1,258,156</u> |
| | | 2024 |
| | | (Rupees in '000) |
| 39.13 Maturity profile | | |
| The weighted average duration of the obligation is 9.97 years. | | |
| Distribution of timing of benefit payments | | |
| within the next 12 months (next annual reporting period) | | 573,354 |
| between 1 and 5 years | | 4,074,006 |
| between 6 and 10 years | | 9,126,695 |
| | | <u>13,774,055</u> |



39.14 Funding Policy

The Bank will fund the yearly contribution to the defined benefit plan each year, as per the amount calculated by the valuer.

39.15 Significant Risk

Asset Volatility

The Defined Benefit Gratuity Fund is almost entirely invested in Government Bonds with mostly floating income bonds. Almost 87.31% of the total investments (Rs. 7.545 billion) is invested in PIBs. This gives rise to significant reinvestment risk.

The asset class is volatile with reference to the yield on PIBs. This risk should be viewed together with change in the bond yield risk.

Changes in Bond Yields

There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. So any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.

Inflation Risk

The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increases the net liability of the Bank.

Life Expectancy / Withdrawal Rate

The gratuity is paid off at the maximum of age 60. The life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post retirement benefit been given by the Bank like monthly pension, post retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models.

The withdrawal risk is dependent upon the benefit structure, age and retention profile of the staff, the valuation methodology, and long-term valuation assumptions.

Other Risks

Though, not imminent and observable, over long term there are some risks that may crystallize. This includes:

Model Risk

The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the gratuity fund are also marked to market. This two-tier valuation gives rise to the model risk.

Retention Risk

The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.

Final Salary Risk

The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.



Operational Risk related to a Separate Entity

Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.

Compliance Risk

The risk that retirement benefits offered by the Bank does not comply with minimum statutory requirements.

Legal / Political Risk

The risk that the legal / political environment changes and the Bank is required to offer additional or different retirement benefits than what the Bank projected.

40. DEFINED CONTRIBUTION PLAN

The general description of the plan is included in note 4.12.

| | 2024 (Rupees in '000) |
|--------------------------------------|--|
| Contributions made during the year : | |
| Employer's contribution | <u>1,242,941</u> |
| Employees' contribution | <u>1,242,941</u> |

The number of employees covered under the defined contribution plan are 16,011 (2023: 15,316).



41. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

| Items | 2024 | | | | | | |
|--|------------------|----------------------------------|--------------------|-----------------------------|--------------------|--------------------------------|---------------------------------------|
| | Directors | | | Members Shariah Board | Chief Executive | Key Management Personnel | Other Risk Takers / Controllers |
| | Chairman | Executives (other than CE) | Non- Executives | | | | |
| | (Rupees in '000) | | | | | | |
| Fees and allowances etc. | 11,620 | – | 32,000 | – | – | – | – |
| Managerial remuneration | – | 54,375 | – | 24,487 | 138,133 | 858,482 | 2,495,905 |
| Charge for defined benefit plan | – | – | – | – | 52,134 | 153,229 | 265,205 |
| Contribution to defined contribution plan | – | – | – | 280 | 2,157 | 52,733 | 174,290 |
| Rent and house maintenance | – | 15,450 | – | 6,335 | 38,933 | 244,496 | 720,903 |
| Utilities | – | 2,196 | – | 1,482 | 5,507 | 36,462 | 124,848 |
| Medical | – | 1,667 | – | 138 | 4,227 | 27,772 | 101,966 |
| Others | – | – | – | 264 | – | 17,328 | 475,814 |
| Total | 11,620 | 73,688 | 32,000 | 32,986 | 241,091 | 1,390,502 | 4,358,931 |
| Number of persons | 1 | 1 | 9 | 4 | 1 | 39 | 1,352 |
| | 2023 | | | | | | |
| Fees and allowances etc. | 11,595 | – | 33,750 | – | 225 | – | -- |
| Managerial remuneration | – | 47,375 | – | 16,665 | 115,067 | 663,039 | 2,187,409 |
| Charge for defined benefit plan | – | – | -- | – | 45,421 | 132,025 | 222,518 |
| Contribution to defined contribution plan | – | – | -- | 220 | 8,107 | 41,343 | 152,692 |
| Rent and house maintenance | – | 13,350 | – | 6,298 | 32,427 | 191,268 | 626,639 |
| Utilities | – | 3,338 | – | 1,576 | 8,107 | 47,817 | 156,659 |
| Medical | – | -- | – | 144 | – | 2,593 | 43,063 |
| Others | – | -- | – | 264 | – | 4,894 | 322,132 |
| Total | 11,595 | 64,063 | 33,750 | 25,167 | 209,354 | 1,082,979 | 3,711,112 |
| Number of persons | 1 | 1 | 8 | 4 | 1 | 34 | 1,233 |



Chief Executive, Executive Director, Members Shariah Board, Key Management Personnel and Other Risk Takers / Controllers are entitled to Group's maintained cars with fuel in accordance with the terms of their employment and are entitled to medical and life insurance benefits in accordance with the policy of the Bank. In addition, the Chief Executive and Executive Director are also provided with drivers, security arrangements and payment of travel bills in accordance with their terms of employment.

Chairman of the Board is also entitled to Bank's maintained cars with fuel, security guard services, payment of utility bills, club and entertainment bills, travelling bills, appropriate office, staff, and administrative support.

41.2 Remuneration paid to Directors for participation in Board and Committee Meetings

| | | 2024 | | | | | | | |
|------------------|---------------------------------|----------------------|-----------------|---|---------------------------|----------------------------------|------------------|--------------|-------------------|
| | | Meeting Fees | | | | | | | |
| | | For Board Committees | | | | | | | |
| S.No. | Name of Director | For Board Meetings | Audit Committee | Human Resource & Remuneration Committee | Risk Management Committee | Credit Risk Management Committee | IFRS 9 Committee | IT Committee | Total Amount Paid |
| (Rupees in '000) | | | | | | | | | |
| 1. | Mr. Abbas D. Habib | 3,940 | – | 3,840 | – | – | – | 3,840 | 11,620 |
| 2. | Mr. Anwar Haji Karim | 1,000 | 1,750 | – | 1,000 | – | – | – | 3,750 |
| 3. | Ms. Farhana Mowjee Khan | 1,000 | 2,000 | 1,000 | 1,000 | – | 1,000 | – | 6,000 |
| 4. | Syed Mazhar Abbas | 750 | 1,500 | 750 | – | 750 | – | – | 3,750 |
| 5. | Mr. Murtaza H. Habib | 1,000 | – | 1,000 | – | 1,000 | – | – | 3,000 |
| 6. | Mr. Arshad Nasar | 1,000 | 2,000 | 1,000 | – | 1,000 | 1,000 | 1,000 | 7,000 |
| 7. | Mr. Adnan Afridi | 1,000 | – | 1,000 | – | – | – | – | 2,000 |
| 8. | Mr. Mohammad Rafiquddin Mehkari | 1,000 | 2,000 | 1,000 | 1,000 | – | – | – | 5,000 |
| 9. | Mr. Javed Iqbal | 250 | – | – | – | – | – | 250 | 500 |
| 10. | Mr. Humayun Bashir | 500 | – | – | – | – | – | 500 | 1,000 |
| | | 11,440 | 9,250 | 9,590 | 3,000 | 2,750 | 2,000 | 5,590 | 43,620 |



2023

Meeting Fees

For Board Committees

| S.No. | Name of Director | For Board Meetings | Human Resource & Remuneration Committee | | | | | IT Committee | Total Amount Paid |
|-------------------|---------------------------------|--------------------|---|---------------------------|----------------------------------|------------------|--------------|--------------|-------------------|
| | | | Audit Committee | Risk Management Committee | Credit Risk Management Committee | IFRS 9 Committee | | | |
| (Rupees in ' 000) | | | | | | | | | |
| 1. | Mr. Abbas D. Habib | 3,915 | – | 3,840 | – | – | – | 3,840 | 11,595 |
| 2. | Mr. Anwar Haji Karim | 1,000 | 2,000 | – | 1,000 | – | – | – | 4,000 |
| 3. | Ms. Farhana Mowjee Khan | 1,000 | 2,000 | 1,000 | 1,000 | – | 750 | – | 5,750 |
| 4. | Syed Mazhar Abbas | 1,000 | 2,000 | 1,000 | – | 1,000 | – | – | 5,000 |
| 5. | Mr. Murtaza H. Habib | 1,000 | – | 1,000 | – | 1,000 | – | – | 3,000 |
| 6. | Mr. Arshad Nasar | 1,000 | 2,000 | 1,000 | – | 1,000 | 1,000 | 1,000 | 7,000 |
| 7. | Mr. Adnan Afridi | 1,000 | – | – | 1,000 | – | – | – | 2,000 |
| 8. | Mr. Mohammad Rafiquddin Mehkari | 1,000 | 2,000 | – | 1,000 | 1,000 | – | – | 5,000 |
| 9. | Mr. Javed Iqbal | 1,000 | – | – | – | – | – | 1,000 | 2,000 |
| | | <u>11,915</u> | <u>10,000</u> | <u>7,840</u> | <u>4,000</u> | <u>4,000</u> | <u>1,750</u> | <u>5,840</u> | <u>45,345</u> |

41.3 Remuneration paid to Shariah Board Members

| Items | 2024 | | | 2023 | | |
|---|---------------|-----------------|----------------------|---------------|-----------------|----------------------|
| | Chairman | Resident Member | Non-Resident Members | Chairman | Resident Member | Non-Resident Members |
| (Rupees in '000) | | | | | | |
| Managerial remuneration | 12,116 | 4,287 | 8,084 | 7,996 | 3,117 | 5,552 |
| Contribution to defined contribution plan | – | 280 | – | – | 220 | – |
| Rent and house maintenance | 3,075 | 1,120 | 2,140 | 3,198 | 880 | 2,220 |
| Utilities | 769 | 178 | 535 | 800 | 220 | 556 |
| Medical | – | 138 | – | 36 | 36 | 72 |
| Others | – | 264 | – | – | 264 | – |
| Total | <u>15,960</u> | <u>6,267</u> | <u>10,759</u> | <u>12,030</u> | <u>4,737</u> | <u>8,400</u> |
| Number of persons | <u>1</u> | <u>1</u> | <u>2</u> | <u>1</u> | <u>1</u> | <u>2</u> |



42. FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

42.1 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

There were no transfers between levels 1 and 2 during the year.

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:

| | 2024 | | | Total |
|---|-----------|-----------------------------|---------|---------------|
| | Level 1 | Level 2 (Rupees in '000) | Level 3 | |
| On balance sheet financial instruments | | | | |
| Financial assets-measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities | — | 1,500,324,373 | — | 1,500,324,373 |
| Shares | 806,188 | — | — | 806,188 |
| Non-Government Debt Securities | 4,240,451 | 3,442,208 | — | 7,682,659 |
| Foreign Securities | — | 7,367,557 | — | 7,367,557 |
| Units of Mutual Funds | — | 4,699,950 | — | 4,699,950 |
| Financial assets-disclosed but not measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities | — | 397,392,944 | — | 397,392,944 |
| Non-Government Debt Securities | — | — | — | — |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| Forward purchase of foreign exchange contracts | — | 143,572,254 | — | 143,572,254 |
| Forward sale of foreign exchange contracts | — | 100,910,025 | — | 100,910,025 |
| | | | | |
| | 2023 | | | Total |
| | Level 1 | Level 2 (Rupees in '000) | Level 3 | |
| On balance sheet financial instruments | | | | |
| Financial assets-measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities | — | 1,108,601,004 | — | 1,108,601,004 |
| Shares | 4,026,024 | — | — | 4,026,024 |
| Non-Government Debt Securities | 4,988,532 | 4,188,251 | — | 9,176,783 |
| Foreign Securities | — | 5,886,195 | — | 5,886,195 |
| Units of Mutual Funds | — | 4,264,072 | — | 4,264,072 |
| Financial assets-disclosed but not measured at fair value | | | | |
| Investments | | | | |
| Federal Government Securities | — | 358,464,148 | — | 358,464,148 |
| Non-Government Debt Securities | — | 1,823,596 | — | 1,823,596 |
| Off-balance sheet financial instruments - measured at fair value | | | | |
| Forward purchase of foreign exchange contracts | — | 122,491,971 | — | 122,491,971 |
| Forward sale of foreign exchange contracts | — | 81,500,835 | — | 81,500,835 |



42.2 Valuation techniques used in determination of fair values within level 2

| Item | Valuation Approach | Input Used |
|---|---|--|
| Federal Government Securities | Federal Government Securities includes Pakistan Investments Bonds (PIBs) at fixed rate and floating rate. The fair value of fixed rates PIBs are derived from PKRV rates. Floating rate PIBs are revalued using PKFRV rates. | - PKRV Rates - PKFRV Rates |
| Non-Government Debt Securities | Investments in Non-Government Debt Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP. | - Fair value as per MUFAP |
| Foreign Securities | Fair values of investments in foreign securities are valued on the basis of closing quoted market prices available at the Mashreq Bank PSC. | - Market price as per Mashreq Bank PSC |
| Units of Mutual Funds | Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days. | - Net Assets Value as per MUFAP |
| Forward Foreign Exchange Contracts | The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan (SBP). | - FX revaluation rates announced by SBP |
| Property and Equipment - Land and Building | The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. | - Prices and other relevant information generated by market transactions involving identical, comparable or similar properties |
| Non - Banking Assets acquired in Satisfaction of Claims | | |

42.3 Property and equipment as well as non-banking assets, are measured at fair value under Level 2 of the fair value hierarchy.

43. 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 the consolidated financial statements. Assets held under trust are shown in the table below:

| Category | 2024 Securities Held (Face Value) | | | | | | |
|---------------------------------------|--------------------------------------|--------------------------|---------------------------------|------------------|-------------------------------|------------------|--------------------|
| | No. of IPS Accounts | Market Treasury Bills | Pakistan Investment Bonds | Sukuks | Naya Pakistan Certificates | Bonds | Total |
| | (Rupees in '000) | | | | | | |
| Asset Management Companies | 6 | 54,745,150 | 1,000,000 | 267,000 | - | - | 56,012,150 |
| Employee Funds | 27 | 1,948,475 | 23,186,700 | 715,000 | - | - | 25,850,175 |
| Insurance Companies | 3 | - | 1,204,200 | - | - | - | 1,204,200 |
| Companies | 26 | 4,346,350 | 258,459,700 | 48,000 | - | 69,638 | 262,923,688 |
| Individuals | 618 | 1,011,250 | 657,100 | - | 14,783,214 | 3,454,020 | 19,905,584 |
| NGOS/ Charitable Institutions / Trust | 21 | 3,361,370 | 985,200 | 120,000 | - | - | 4,466,570 |
| Others | 4 | 1,529,710 | - | - | - | - | 1,529,710 |
| Total | 705 | 66,942,305 | 285,492,900 | 1,150,000 | 14,783,214 | 3,523,658 | 371,892,077 |



| Category | 2023 Securities Held (Face Value) | | | | | | Total |
|--------------------------------------|--------------------------------------|--------------------------|---------------------------------|------------------|-------------------------------|------------------|-------------------|
| | Number of IPS Accounts | Market Treasury Bills | Pakistan Investment Bonds | Sukuks | Naya Pakistan Certificates | Bonds | |
| | (Rupees in '000) | | | | | | |
| Asset Management Companies | 2 | 11,375,265 | - | 217,000 | - | - | 11,592,265 |
| Employee Funds | 26 | 2,386,845 | 18,239,500 | 623,000 | - | - | 21,249,345 |
| Insurance Companies | 2 | - | 1,004,200 | - | - | - | 1,004,200 |
| Companies | 10 | 1,414,400 | 5,456,200 | 48,000 | - | 140,930 | 7,059,530 |
| Individuals | 365 | 1,789,500 | 666,100 | - | 8,228,727 | 2,903,165 | 13,587,992 |
| NGOS/ Charitable Institutions/ Trust | 14 | 1,746,230 | 1,083,200 | 120,000 | - | - | 2,949,430 |
| Others | 5 | 1,205,000 | - | - | - | - | 1,205,000 |
| Total | 424 | 19,917,240 | 26,449,200 | 1,008,000 | 8,228,727 | 3,044,095 | 58,647,262 |

44. SEGMENT INFORMATION

44.1 Segment details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

| | 2024 | | | | | | Total |
|--|-----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | Commercial banking | Retail banking | Islamic banking | Retail brokerage | Asset management | Currency exchange | |
| | (Rupees in '000) | | | | | | |
| Statement of profit and loss account | | | | | | | |
| Mark-up / return / profit | 400,586,482 | 15,672,611 | 61,542,046 | 73,833 | 5,271 | 236,367 | 478,116,610 |
| Inter segment revenue - net | 392,562 | 130,593,984 | - | - | - | - | 130,986,546 |
| Non mark-up / return / interest income | 6,729,905 | 17,043,952 | 2,080,071 | 246,086 | 2,710,508 | 57,495 | 28,868,017 |
| Total income | 407,708,949 | 163,310,547 | 63,622,117 | 319,919 | 2,715,779 | 293,862 | 637,971,173 |
| Segment direct expenses | (229,674,512) | (136,479,773) | (38,376,095) | (249,170) | (332,623) | (201,629) | (405,313,802) |
| Inter segment expense allocation | (130,593,984) | - | - | (14,563) | (75,600) | (302,399) | (130,986,546) |
| Total expenses | (360,268,496) | (136,479,773) | (38,376,095) | (263,733) | (408,223) | (504,028) | (536,300,348) |
| Credit loss allowance and write-offs - net | (13,187,825) | (315) | (1,702,755) | - | - | - | (14,890,895) |
| Profit before tax | 34,252,628 | 26,830,459 | 23,543,267 | 56,186 | 2,307,556 | (210,166) | 86,779,930 |
| Statement of financial position | | | | | | | |
| Cash and bank balances | 172,576,109 | 9,691,236 | 24,106,428 | 573,128 | 27,909 | 848,404 | 207,823,214 |
| Investments | 1,664,960,047 | - | 256,341,204 | 147,805 | 2,558,473 | 2,101,535 | 1,926,109,064 |
| Net inter segment lending | 3,894,477 | 1,355,487,303 | - | - | - | - | 1,359,381,780 |
| Lendings to financial institutions | 12,945,052 | - | 25,996,490 | - | - | - | 38,941,542 |
| Advances - performing net of credit loss allowance | 761,305,976 | 42,686,094 | 103,601,382 | - | - | - | 907,593,452 |
| - non-performing net of credit loss allowance | 2,641,855 | 38,287 | 5,523 | - | - | - | 2,685,665 |
| Others | 194,456,092 | 11,026,166 | 32,717,265 | 1,029,150 | 591,648 | 157,194 | 239,977,515 |
| Total assets | 2,812,779,608 | 1,418,829,086 | 442,768,292 | 1,750,083 | 3,178,030 | 3,107,133 | 4,682,512,232 |
| Borrowings | 635,910,884 | - | 30,561,246 | 571,083 | - | - | 667,043,213 |
| Subordinated debt | 25,988,400 | - | - | - | - | - | 25,988,400 |
| Deposits and other accounts | 648,874,999 | 1,311,490,784 | 317,595,744 | - | - | - | 2,277,961,527 |
| Net inter segment borrowing | 1,355,487,303 | - | - | 144,477 | 750,000 | 3,000,000 | 1,359,381,780 |
| Others | 63,872,170 | 105,090,753 | 27,072,595 | 712,450 | 134,887 | 50,855 | 196,933,710 |
| Total liabilities | 2,730,133,756 | 1,416,581,537 | 375,229,585 | 1,428,010 | 884,887 | 3,050,855 | 4,527,308,630 |
| Equity | 82,645,852 | 2,347,549 | 67,538,707 | 322,073 | 2,293,143 | 56,278 | 155,203,602 |
| Total equity and liabilities | 2,812,779,608 | 1,418,929,086 | 442,768,292 | 1,750,083 | 3,178,030 | 3,107,133 | 4,682,512,232 |
| Contingencies and commitments | 455,344,714 | 144,204 | 53,215,299 | - | - | - | 508,704,217 |



(Restated)

2023

| | Commercial banking | Retail banking | Islamic banking | Retail brokerage | Asset management | Currency exchange | Total |
|---|-----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| (Rupees in '000) | | | | | | | |
| Statement of profit and loss account | | | | | | | |
| Mark-up / return / profit | 279,461,524 | 46,879,121 | 47,491,919 | 49,204 | 5,918 | - | 373,887,686 |
| Inter segment revenue - net | 708,113 | 80,307,339 | - | - | - | - | 81,015,452 |
| Non mark-up / return / interest income | 5,114,315 | 16,819,777 | 1,548,291 | 152,383 | 718,600 | - | 24,353,366 |
| Total income | 285,283,952 | 144,006,237 | 49,040,210 | 201,587 | 724,518 | - | 47,256,504 |
| Segment direct expenses | (172,932,508) | (117,934,267) | (30,850,135) | (192,078) | (149,387) | - | (322,058,375) |
| Inter segment expense allocation | (80,931,747) | - | - | (15,797) | (67,908) | - | (81,015,452) |
| Total expenses | (253,864,255) | (117,934,267) | (30,850,135) | (207,875) | (207,295) | - | (403,073,827) |
| Credit loss allowance and write-offs - net | (3,753,753) | (315) | (421,341) | - | - | - | (4,175,409) |
| Profit / (loss) before tax | 27,665,944 | 26,071,655 | 17,768,734 | (6,288) | 507,223 | - | 72,007,268 |
| Statement of financial position | | | | | | | |
| Cash and bank balances | 123,556,600 | 8,547,821 | 15,987,019 | 379,007 | 8,498 | - | 148,478,945 |
| Investments | 1,308,968,905 | - | 194,105,585 | 100,709 | 1,313,105 | - | 1,504,488,304 |
| Net inter segment lending | 924,465 | 1,135,888,814 | - | - | - | - | 1,136,813,279 |
| Lendings to financial institutions | 1,649,716 | - | - | - | - | - | 1,649,716 |
| Advances - performing | 698,656,431 | 48,739,222 | 113,343,322 | 49 | - | - | 860,739,024 |
| - non-performing net of credit loss allowance | 7,290,737 | 66,186 | 772,444 | - | - | - | 8,129,367 |
| Others | 185,803,671 | 12,501,485 | 22,425,143 | 851,750 | 186,654 | - | 221,768,703 |
| Total assets | 2,326,850,525 | 1,205,743,528 | 346,633,513 | 1,331,515 | 1,508,257 | - | 3,882,067,338 |
| Borrowings | 442,375,550 | - | 34,472,018 | 590,466 | - | - | 477,438,034 |
| Subordinated debt | 29,985,200 | - | - | - | - | - | 29,985,200 |
| Deposits and other accounts | 580,506,023 | 1,097,933,322 | 255,291,936 | - | - | - | 1,933,731,281 |
| Net inter segment borrowing | 1,135,888,814 | - | - | 174,465 | 750,000 | - | 1,136,813,279 |
| Others | 61,272,388 | 96,189,827 | 15,469,291 | 364,440 | 24,604 | - | 173,320,550 |
| Total liabilities | 2,250,027,975 | 1,194,123,149 | 305,233,245 | 1,129,371 | 774,604 | - | 3,751,288,344 |
| Equity | 76,822,550 | 11,620,379 | 41,400,268 | 202,144 | 733,653 | - | 130,778,994 |
| Total equity and liabilities | 2,326,850,525 | 1,205,743,528 | 346,633,513 | 1,331,515 | 1,508,257 | - | 3,882,067,338 |
| Contingencies and commitments | 430,167,158 | 87,278 | 43,180,906 | - | - | - | 473,435,342 |



44.2 Segment details with respect to geographical locations

Geographical Segment Analysis

| | 2024 | | | |
|---|----------------------|-------------------|-------------------|----------------------|
| | Pakistan | Middle East | Asia Pacific | Total |
| | (Rupees in '000) | | | |
| Statement of profit and loss account | | | | |
| Mark-up / return / profit | 474,002,176 | 1,843,096 | 2,271,338 | 478,116,610 |
| Non mark-up / return / interest income | 28,033,931 | 525,233 | 308,853 | 28,868,017 |
| Total income | 502,036,107 | 2,368,329 | 2,580,191 | 506,984,627 |
| Segment direct expenses | (401,851,082) | (2,154,908) | (1,307,812) | (405,313,802) |
| Credit loss allowance and write-offs - net | (16,174,135) | 611,744 | 671,496 | (14,890,895) |
| Profit before tax | 84,010,890 | 825,165 | 1,943,875 | 86,779,930 |
| Statement of financial position | | | | |
| Cash and bank balances | 207,097,839 | 667,407 | 57,968 | 207,823,214 |
| Investments | 1,899,034,584 | 14,783,025 | 12,291,455 | 1,926,109,064 |
| Net inter segment lending | 10,027,800 | 21,350,858 | 1,392,750 | 32,771,408 |
| Lending to financial institutions | 38,941,542 | - | - | 38,941,542 |
| Advances - performing | 881,583,932 | 15,817,117 | 10,192,403 | 907,593,452 |
| - non-performing net of credit loss allowance | 1,982,189 | - | 703,476 | 2,685,665 |
| Others | 238,645,579 | 996,756 | 335,180 | 239,977,515 |
| Total assets | 3,277,313,465 | 53,615,163 | 24,973,232 | 3,355,901,860 |
| Borrowings | 667,043,213 | - | - | 667,043,213 |
| Subordinated debt | 25,988,400 | - | - | 25,988,400 |
| Deposits and other accounts | 2,228,898,956 | 33,024,109 | 16,038,462 | 2,277,961,527 |
| Net inter segment borrowing | 15,334,178 | 11,420,550 | 6,016,680 | 32,771,408 |
| Others | 195,766,504 | 967,811 | 199,395 | 196,933,710 |
| Total liabilities | 3,133,031,251 | 45,412,470 | 22,254,537 | 3,200,698,258 |
| Equity | 144,282,214 | 8,202,693 | 2,718,695 | 155,203,602 |
| Total equity and liabilities | 3,277,313,465 | 53,615,163 | 24,973,232 | 3,355,901,860 |
| Contingencies and commitments | 505,004,246 | 2,992,733 | 707,238 | 508,704,217 |



| | (Restated) | | | |
|---|----------------------|-------------------|-------------------|----------------------|
| | 2023 | | | |
| | Pakistan | Middle East | Asia Pacific | Total |
| | (Rupees in '000) | | | |
| Statement of profit and loss account | | | | |
| Mark-up / return / profit | 366,564,612 | 4,008,839 | 3,314,235 | 373,887,686 |
| Non mark-up / return / interest income | 23,611,607 | 410,425 | 331,334 | 24,353,366 |
| Total income | 390,176,219 | 4,419,264 | 3,645,569 | 398,241,052 |
| Segment direct expenses | (316,387,386) | (3,192,146) | (2,478,843) | (322,058,375) |
| Credit loss allowance and write-offs - net | (7,974,535) | 2,088,613 | 1,710,513 | (4,175,409) |
| Profit before tax | 65,814,298 | 3,315,731 | 2,877,239 | 72,007,268 |
| Statement of financial position | | | | |
| Cash and bank balances | 148,293,447 | 111,350 | 74,148 | 148,478,945 |
| Investments | 1,473,281,731 | 18,039,187 | 13,167,386 | 1,504,488,304 |
| Net inter segment lending | 9,865,125 | 32,365,720 | 1,099,850 | 43,330,695 |
| Lendings to financial institutions | 1,649,716 | - | - | 1,649,716 |
| Advances-performing | 837,064,002 | 12,067,767 | 12,379,699 | 861,511,468 |
| - non-performing net of credit loss allowance | 6,645,086 | - | 711,837 | 7,356,923 |
| Others | 214,578,420 | 6,641,539 | 548,744 | 221,768,703 |
| Total assets | 2,691,377,527 | 69,225,563 | 27,981,664 | 2,788,584,754 |
| Borrowings | 477,438,034 | - | - | 477,438,034 |
| Subordinated debt | 29,985,200 | - | - | 29,985,200 |
| Deposits and other accounts | 1,871,143,093 | 45,390,647 | 17,197,541 | 1,933,731,281 |
| Net inter segment borrowing | 22,303,294 | 10,964,974 | 10,062,427 | 43,330,695 |
| Others | 166,183,715 | 6,751,803 | 385,032 | 173,320,550 |
| Total liabilities | 2,567,053,336 | 63,107,424 | 27,645,000 | 2,657,805,760 |
| Equity | 124,324,191 | 6,118,139 | 336,664 | 130,778,994 |
| Total equity and liabilities | 2,691,377,527 | 69,225,563 | 27,981,664 | 2,788,584,754 |
| Contingencies and commitments | 453,245,382 | 19,339,604 | 850,356 | 473,435,342 |

45. RELATED PARTY TRANSACTIONS

Related parties of the Group comprises of associates, directors, key management personnel and other related parties.

Transactions with related parties of the Group are carried out on substantially the same terms as for comparable transactions with others. The transactions with employees of the Group are carried out in accordance with the terms of their employment.



Transactions with related parties, other than those disclosed in note 10.5, 22.3 and 41 are summarised as follows:

| | 2024 | | | | 2023 | | | |
|---|------------------|--------------------------|---------------|-----------------------|-------------|--------------------------|---------------|-----------------------|
| | Directors | Key management personnel | Associates | Other related parties | Directors | Key management personnel | Associates | Other related parties |
| | (Rupees in '000) | | | | | | | |
| Investments | | | | | | | | |
| Opening balance | - | - | 5,998,107 | 654,086 | - | - | 5,533,810 | 386,597 |
| Investment made during the year | - | - | 10,760,249 | 130,000 | - | - | 5,426,104 | - |
| Investment adjusted / redeemed / disposed off during the year | - | - | (8,923,820) | - | - | - | (4,961,807) | - |
| Surplus on revaluation | - | - | - | 157,518 | - | - | - | 267,489 |
| Credit loss allowance | - | - | - | (130,000) | - | - | - | - |
| Closing balance | - | - | 7,834,536 | 811,604 | - | - | 5,998,107 | 654,086 |
| Advances | | | | | | | | |
| Opening balance | 4,048 | 345,035 | - | 1,680,782 | 1,310 | 320,774 | - | 1,023,207 |
| Addition during the year | 16,933 | 440,830 | - | 32,611,576 | 26,499 | 277,173 | - | 31,872,765 |
| Repaid during the year | (19,277) | (394,084) | - | (33,100,534) | (23,761) | (252,912) | - | (31,215,190) |
| Credit loss allowance | (30) | (214) | - | (82,243) | - | - | - | - |
| Closing balance | 1,674 | 391,567 | - | 1,109,581 | 4,048 | 345,035 | - | 1,680,782 |
| Right of use | - | - | - | 1,022 | - | - | - | 5,111 |
| Other assets | | | | | | | | |
| Interest / mark - up accrued | - | 454 | - | 14,716 | - | 451 | - | 47,832 |
| Credit loss allowance accrued markup | - | 2 | - | 521 | - | - | - | - |
| L/C acceptance | - | - | - | - | - | - | - | 207,281 |
| Remuneration receivable from funds | - | - | - | - | - | - | 169,807 | - |
| Other receivable | - | 447 | - | - | - | - | 1,905 | 15 |
| Subordinated debt | | | | | | | | |
| Opening balance | - | - | - | 194,000 | - | - | - | 44,000 |
| Issued / purchased during the year | - | - | - | 50,000 | - | - | - | 150,000 |
| Closing balance | - | - | - | 244,000 | - | - | - | 194,000 |
| Deposits and other accounts | | | | | | | | |
| Opening balance | 771,493 | 794,349 | 19,349,124 | 9,409,202 | 569,762 | 691,575 | 1,770,411 | 5,223,723 |
| Received during the year | 8,344,579 | 6,474,665 | 582,838,891 | 405,964,086 | 5,549,523 | 6,766,311 | 653,642,242 | 169,329,325 |
| Withdrawn during the year | (8,009,327) | (6,414,554) | (590,392,935) | (399,927,554) | (5,347,792) | (6,663,537) | (636,063,529) | (165,143,846) |
| Closing balance | 1,106,745 | 854,460 | 11,795,080 | 15,445,734 | 771,493 | 794,349 | 19,349,124 | 9,409,202 |
| Other liabilities | | | | | | | | |
| Interest / mark - up payable | 156 | 669 | - | - | 921 | 2,456 | - | 12,008 |
| Credit loss allowance on off balance sheets | - | - | - | 33,009 | - | - | - | - |
| Payable to staff retirement fund | - | - | - | 2,065,715 | - | - | - | 2,200,083 |
| Other liabilities | - | 75 | - | - | - | 540 | - | - |
| Contingencies and commitments | - | - | - | 1,617,658 | - | - | - | 1,193,643 |
| Other transactions - Investor Portfolio Securities | | | | | | | | |
| Opening balance | - | - | - | 18,863,500 | - | - | - | 16,314,700 |
| Increased during the year | - | - | - | 7,398,000 | - | - | - | 20,732,500 |
| Decreased during the year | - | - | - | (2,079,500) | - | - | - | (18,183,700) |
| Closing balance | - | - | - | 24,182,000 | - | - | - | 18,863,500 |



45.1 Related Party Transactions

| | 2024 | | | | 2023 | | | |
|---|-----------|--------------------------|------------|-----------------------|-----------|--------------------------|------------|-----------------------|
| | Directors | Key management personnel | Associates | Other related parties | Directors | Key Management personnel | Associates | Other related parties |
| (Rupees in '000) | | | | | | | | |
| Income | | | | | | | | |
| Mark-up / return / interest earned | 1 | 20,169 | - | 177,365 | - | 20,145 | - | 162,955 |
| Fee and commission income | 247 | 1,530 | 166 | 16,142 | 147 | 824 | 718,768 | 16,337 |
| Dividend income | - | - | - | 156,492 | - | - | - | 82,614 |
| Share of profit from associates | - | - | 1,400,547 | - | - | - | 1,133,848 | - |
| Other income | - | - | - | 305 | - | - | - | 540 |
| Expense | | | | | | | | |
| Mark-up / return / interest expensed | 133,494 | 115,624 | 1,239,737 | 2,538,760 | 108,392 | 111,547 | 953,239 | 1,464,684 |
| Operating expenses | - | - | - | 1,304,439 | - | - | - | 5,238 |
| Salaries and allowances | - | 1,307,411 | - | - | - | 1,123,905 | - | - |
| Bonus | - | 352,547 | - | - | - | 263,513 | - | - |
| Contribution to defined contribution plan | - | 50,573 | - | - | - | 49,450 | - | - |
| Contribution to defined benefit plan | - | 187,057 | - | - | - | 193,585 | - | - |
| Staff provident fund | - | - | - | 1,242,941 | - | - | - | 1,041,957 |
| Staff gratuity fund | - | - | - | 1,205,128 | - | - | - | 832,728 |
| Directors' fees | 41,620 | - | - | - | 43,345 | - | - | - |
| Donation | - | - | - | 36,000 | - | - | - | 30,000 |
| Insurance premium paid | - | - | - | 266,549 | - | - | - | 342,790 |
| Insurance claims settled | - | - | - | 126,974 | - | - | - | 47,446 |



46. CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

| | 2024 | 2023 |
|---|------------------|-------------|
| | (Rupees in '000) | |
| Minimum Capital Requirement (MCR): | | |
| Paid-up capital | 11,114,254 | 11,114,254 |
| Capital Adequacy Ratio (CAR): | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 141,233,030 | 107,694,949 |
| Eligible Additional Tier 1 (ADT 1) Capital | 13,125,227 | 13,064,657 |
| Total Eligible Tier 1 Capital | 154,358,257 | 120,759,606 |
| Eligible Tier 2 Capital | 43,252,754 | 38,633,723 |
| Total Eligible Capital (Tier 1 + Tier 2) | 197,611,011 | 159,393,329 |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | 785,765,223 | 776,751,725 |
| Market Risk | 26,766,888 | 23,201,297 |
| Operational Risk | 270,525,524 | 198,314,614 |
| Total | 1,083,057,635 | 998,267,636 |
| | 2024 | 2023 |
| | (Percentage) | |
| Common Equity Tier 1 Capital Adequacy Ratio | 13.040% | 10.788% |
| Tier 1 Capital Adequacy Ratio | 14.252% | 12.097% |
| Total Capital Adequacy Ratio | 18.246% | 15.967% |

Minimum Capital Requirement (MCR)

The MCR standard sets the paid-up capital that the Bank is required to hold at all times. As of the statement of financial position date, the Bank's paid-up capital stands at Rs. 11.114 billion as against the required MCR of Rs. 10 billion.

Minimum Capital Adequacy Ratio (CAR)

The CAR on the basis of above framework works out to be as follows:

| | 2024 | 2023 |
|--------------------|--------------|---------|
| | (Percentage) | |
| Required CAR | 11.500% | 11.500% |
| CAR on Bank level | 17.903% | 15.842% |
| CAR on Group level | 18.246% | 15.967% |

The Group calculates capital requirement as per Basel III regulatory framework, using the following approaches:

| | |
|------------------|--------------------------|
| Credit Risk | Standardised Approach |
| Market Risk | Standardised Approach |
| Operational Risk | Basic Indicator Approach |



| | 2024 | 2023 |
|---|----------------------|----------------------|
| | (Rupees in '000) | |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | 154,358,257 | 120,759,606 |
| Total Exposures | <u>3,784,495,954</u> | <u>3,216,546,903</u> |
| Leverage Ratio | <u>4.079%</u> | <u>3.754%</u> |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | 1,242,902,496 | 955,708,404 |
| Total Net Cash Outflow | <u>455,961,129</u> | <u>354,045,468</u> |
| Liquidity Coverage Ratio | <u>272.590%</u> | <u>269,939%</u> |
| Net Stable Funding Ratio (NSFR): | | |
| Total Available Stable Funding | 2,347,965,230 | 2,004,560,176 |
| Total Required Stable Funding | <u>1,269,603,113</u> | <u>1,226,713,919</u> |
| Net Stable Funding Ratio | <u>184.937%</u> | <u>163.409%</u> |

46.1 The full disclosures on the **CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS** as per SBP instructions issued from time to time have been placed on the Bank's website. The link to the full disclosure is available at <https://www.bankalhabib.com/capitaladequacy/leverage/liquidityratio-grouplevel2024>.

47. RISK MANAGEMENT

The Group has a risk management framework commensurate with its size and the nature of its business. The Board of Directors has approved risk management policies covering key areas of activities for the guidance of management and committees of the Board, management committees, and Divisions / Departments of the Group.

This section presents information about the Group's exposure to and its management and control of risks, in particular the primary risks associated with its use of financial instruments.

47.1 Credit Risk

Credit risk is the risk of loss arising from failure by a client or counterparty to meet its contractual obligation. It emanates from loans and advances, commitments to lend, contingent liabilities such as letters of credit and guarantees, and other similar transactions both on and off balance sheet.

The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Group's risk capital, to maintain the soundness of assets and to ensure returns commensurate with risk.

Credit risk of the Bank is managed through the credit policy approved by the Board, a well-defined credit approval mechanism, prescribed documentation requirement, post disbursement administration, review and monitoring of all credit facilities, and continuous assessment of credit worthiness of counterparties. Decisions regarding the credit portfolio are taken mainly by the Central Credit Committee. Credit Risk Management Committee of the Board provides overall guidance in managing the Group's credit risk.

Counterparty exposure limits are approved in line with the Prudential Regulations and the Group's own Policies by taking into account both qualitative and quantitative criteria. There is an established system for continuous monitoring of credit exposures and follow-up of any past due loans with the respective business units. All past due loans, including trade bills, are reviewed on fortnightly basis and pursued for recovery. Any non-performing loans are classified and provided for as per Prudential Regulations.



The Group has also established a mechanism for independent post - disbursement review of large credit risk exposures. Credit facilities, both fund based and non-fund based, extended to large customer groups and industrial sectors are regularly monitored. The Group has concentration of credit in textiles which is the largest sector of Pakistan's economy. Concentration risk is managed by diversification within sub - sectors like spinning, weaving and composites etc.

Credit Administration Department (CAD) is primarily responsible for custody, monitoring, and maintenance of security that underlies the groups' credit portfolio. CAD is also responsible for ensuring that all required terms and conditions as per approvals are properly reflected in customer documentation.

The Group has implemented its own internal risk rating system for the credit portfolio, as per guidelines of SBP. Credit ratings by external rating agencies, if available, are also considered.

Generally, the Group primarily lends against cash flows, which is considered the primary source of repayment. However, if cash flows of a borrower deteriorate and are insufficient to service debt obligations, collateral serves as the secondary recourse of repayment.

Provisions for the credit portfolio are determined in accordance with IFRS 9 and SBP Prudential Regulations. Details of credit loss allowance against advances are provided in note 9.6.

The Group uses the Standardised Approach to calculate capital charge for credit risk as per Basel regulatory framework, with comprehensive approach for credit risk mitigation.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non-performing loans and downward shift in these categories.



47.1.1 Lendings to financial institutions

| Credit risk by public / private sector | Gross lendings | | Non-performing lending | | Credit loss allowance held | | | | | |
|--|-------------------|------------------|------------------------|----------|----------------------------|----------|----------|----------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 | Stage 1 | | Stage 2 | | State 3 | |
| | (Rupees in '000) | | | | | | | | | |
| Public / Government | 9,990,000 | 1,649,716 | - | - | 1,349 | - | - | - | - | - |
| Private | 28,956,800 | - | - | - | 3,909 | - | - | - | - | - |
| | <u>38,946,800</u> | <u>1,649,716</u> | <u>-</u> | <u>-</u> | <u>5,258</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

47.1.2 Investment in debt securities

| Credit risk by industry sector | Gross investments | | Non-performing investments | | Credit loss allowance held | | | | | |
|---|----------------------|-----------------------|----------------------------|------------------|----------------------------|---------------|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 | Stage 1 | | Stage 2 | | State 3 | |
| | (Rupees in '000) | | | | | | | | | |
| Power (electricity), gas, water, sanitary | 22,655,753 | 27,432,171 | - | - | - | - | - | - | - | - |
| Financial | 1,884,047,786 | 1,471,553,391 | 6,117,298 | 7,168,401 | 12,358 | 35,881 | 4,165,292 | 5,977,307 | 2,631,155 | 3,618,858 |
| Iron and steel | 680,000 | 680,000 | 680,000 | - | - | - | - | - | 680,000 | - |
| Wholesale and retail trade | 625,000 | 1,015,625 | - | - | - | - | 92 | - | - | - |
| Others | 212,814 | 4,481 | 4,481 | 4,481 | - | - | 38 | - | 4,481 | 4,481 |
| | <u>1,908,221,353</u> | <u>1,500,685,6684</u> | <u>6,801,779</u> | <u>7,172,882</u> | <u>12,358</u> | <u>35,881</u> | <u>4,165,422</u> | <u>5,977,307</u> | <u>3,315,636</u> | <u>3,623,339</u> |
| Credit risk by public / private sector | | | | | | | | | | |
| Public / Government | 1,890,831,056 | 1,480,597,847 | - | - | - | - | - | - | - | 5,848,774 |
| Private | 17,390,297 | 20,087,821 | 6,801,779 | 7,172,882 | 12,358 | - | 4,165,422 | - | 3,315,636 | 3,783,272 |
| | <u>1,908,221,353</u> | <u>1,500,685,668</u> | <u>6,801,779</u> | <u>7,172,882</u> | <u>12,358</u> | <u>-</u> | <u>4,165,422</u> | <u>-</u> | <u>3,315,636</u> | <u>9,632,046</u> |



47.1.3 Advances

| Credit risk by industry sector | Gross advances | | Non-performing advances | | Credit loss allowance held | | | | | |
|---|--------------------|--------------------|-------------------------|-------------------|----------------------------|---------------|------------------|----------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 | Stage 1 | | Stage 2 | | State 3 | |
| | | | | | (Rupees in '000) | | | | | |
| Agriculture, forestry, hunting and fishing | 30,436,306 | 33,310,814 | 1,397,611 | 626,914 | 146,138 | - | 62,510 | - | 1,311,621 | 325,919 |
| Mining and quarrying | 63,600 | 97,172 | - | - | 197 | - | 224 | - | - | - |
| Textile | 279,535,911 | 290,239,332 | 9,266,173 | 9,508,611 | 3,309,801 | - | 3,460,313 | - | 9,101,754 | 5,465,443 |
| Chemical and pharmaceuticals | 25,071,337 | 19,980,060 | 383,133 | 553,848 | 252,779 | - | 281,836 | - | 371,041 | 368,285 |
| Cement | 3,560,077 | 5,635,348 | 68,959 | 43,966 | 18,869 | - | 61,077 | - | 68,959 | 43,966 |
| Sugar | 10,593,003 | 16,306,134 | - | - | 99,387 | - | 37,122 | - | - | - |
| Footwear and leather garments | 6,051,558 | 6,702,380 | - | - | 56,091 | - | 104,150 | - | - | - |
| Automobile and transportation equipment | 5,447,641 | 6,976,411 | 80,112 | 80,112 | 73,853 | - | 113,506 | - | 79,668 | 41,977 |
| Electronics and electrical appliances | 4,083,051 | 5,690,751 | 572,275 | 767,362 | 27,682 | - | 153,990 | - | 572,275 | 767,362 |
| Construction | 17,575,354 | 23,451,007 | 890,720 | 1,353,292 | 94,753 | - | 467,085 | - | 861,826 | 474,736 |
| Power (electricity), gas, water, sanitary | 39,865,457 | 46,273,435 | 848,240 | 6,562 | 286,790 | - | 182,584 | - | 2,800 | 1,640 |
| Wholesale and retails trade | 96,653,910 | 115,064,264 | 8,308,915 | 7,635,680 | 691,081 | 50,858 | 1,225,726 | - | 7,414,747 | 6,558,119 |
| Transport, storage and communication | 10,343,854 | 10,088,976 | 612,101 | 718,335 | 55,765 | 3,206 | 105,646 | - | 487,139 | 247,245 |
| Financial | 266,794,903 | 11,889,849 | 101,949 | 101,949 | 229,224 | - | 221,150 | - | 85,989 | 81,441 |
| Insurance | 196,621 | 210,066 | 61,180 | 61,180 | 860 | - | - | - | 61,180 | 61,180 |
| Services (other than financial services) | 194,468,077 | 17,462,523 | 105,630 | 140,617 | 244,538 | - | 151,527 | - | 36,979 | 19,849 |
| Individuals | 24,653,122 | 36,233,486 | 138,785 | 128,915 | 39,622 | 6,745 | 44,560 | - | 120,244 | 68,783 |
| Food and allied | 45,489,730 | 177,852,672 | 3,798,700 | 429,884 | 547,942 | 3,187 | 347,260 | - | 3,658,326 | 302,099 |
| Iron and steel | 38,026,178 | 38,567,142 | 7,338,470 | 108,436 | 282,056 | - | 388,248 | - | 7,099,229 | 108,436 |
| Petroleum products | 2,735,196 | 3,691,753 | - | - | 24,834 | - | 77,654 | - | - | - |
| Paper and board | 5,016,716 | 4,859,951 | 2,515 | 7,431 | 90,802 | - | 41,332 | - | 2,515 | 7,431 |
| Plastic products | 11,609,233 | 11,542,098 | 257,220 | 272,896 | 198,483 | - | 245,707 | - | 257,220 | 272,896 |
| Others | 15,470,751 | 13,319,303 | 1,276,719 | 2,641,352 | 398,777 | 17,577 | 695,195 | - | 1,230,230 | 2,613,612 |
| | 958,741,586 | 895,444,927 | 35,509,407 | 25,187,342 | 7,170,325 | 81,573 | 8,468,402 | - | 32,823,742 | 17,830,419 |
| Credit risk by public / private sector | | | | | | | | | | |
| Public / Government | 26,162,861 | 138,443,582 | - | - | 3,164 | - | 374,080 | - | - | - |
| Private | 932,578,725 | 757,001,345 | 35,509,407 | 25,187,342 | 7,167,161 | 81,573 | 8,094,322 | - | 32,823,742 | 17,830,419 |
| | 958,741,586 | 895,444,927 | 35,509,407 | 25,187,342 | 7,170,325 | 81,573 | 8,468,402 | - | 32,823,742 | 17,830,419 |



47.1.4 Contingencies and Commitments

| Credit risk by industry sector | 2024 | 2023 |
|---|--------------------|--------------------|
| | (Rupees in '000) | |
| Agriculture, forestry, hunting and fishing | 1,856,485 | 2,070,747 |
| Mining and quarrying | 7,916 | 197,370 |
| Textile | 111,541,131 | 79,723,105 |
| Chemical and pharmaceuticals | 21,092,627 | 23,956,367 |
| Cement | 786,096 | 1,563,089 |
| Sugar | 1,516,510 | 3,713,849 |
| Footwear and leather garments | 3,057,128 | 2,879,709 |
| Automobile and transportation equipment | 22,302,448 | 14,410,670 |
| Electronics and electrical appliances | 13,030,473 | 11,276,541 |
| Construction | 20,438,937 | 15,951,659 |
| Power (electricity), gas, water, sanitary | 42,775,147 | 18,970,038 |
| Wholesale and retail trade | 75,816,829 | 70,676,910 |
| Transport, storage and communication | 1,666,977 | 22,123,448 |
| Financial | 19,233,695 | 49,636,749 |
| Insurance | 10,775 | 67,265 |
| Services (other than financial services) | 14,656,513 | 37,231,781 |
| Individuals | 144,204 | 87,278 |
| Food and allied | 66,206,487 | 53,150,036 |
| Iron and steel | 20,812,357 | 26,545,873 |
| Petroleum products | 21,542,732 | 1,388,549 |
| Paper and board | 7,291,045 | 4,664,576 |
| Plastic products | 21,103,816 | 18,340,141 |
| Others | 21,813,889 | 14,809,592 |
| | <u>508,704,217</u> | <u>473,435,342</u> |
| Credit risk by public / private sector | | |
| Public / Government | 61,658,641 | 43,717,123 |
| Private | <u>447,045,576</u> | <u>429,718,219</u> |
| | <u>508,704,217</u> | <u>473,435,342</u> |

47.1.5 Concentration of Advances

The Bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 376,794 million (2023: Rs. 264,653 million) are as following:

| | 2024 | 2023 |
|----------------|--------------------|--------------------|
| | (Rupees in '000) | |
| Funded | 294,635,930 | 166,019,310 |
| Non Funded | 82,158,411 | 98,633,284 |
| Total Exposure | <u>376,794,341</u> | <u>264,652,594</u> |

The sanctioned limits against these top 10 exposures aggregated to Rs. 403,255 million (2023: Rs. 300,722 million). Provision against top 10 exposures amounts to Nil (2023: Nil).



47.1.6 Advances - Province / Region - wise Disbursement and Utilization

| Province / Region | 2024 | | | | | | |
|----------------------------------|--------------------|--------------------|---|------------------|------------------|-------------------|---------------------------------------|
| | Disbursements | | Utilization | | | | AJK including Gilgit- Baltistan |
| | Punjab | Sindh | KPK including FATA (Rupees in '000) | Balochistan | Islamabad | | |
| Punjab | 261,951,472 | 256,949,484 | 1,951,005 | 716,104 | 29,621 | 2,268,626 | 36,632 |
| Sindh | 571,223,896 | 450,982 | 569,240,921 | 294,623 | 1,172,915 | 17,352 | 47,103 |
| KPK including FATA | 7,162,974 | 26,780 | 468,166 | 6,305,013 | 39,203 | 323,812 | - |
| Balochistan | 1,260,818 | 4,669 | 273,006 | 12,106 | 971,037 | - | - |
| Islamabad | 33,672,778 | 972,297 | 1,209,243 | 68,852 | - | 31,422,386 | - |
| AJK including Gilgit - Baltistan | 681,432 | 4,245 | - | 36,843 | - | 21,582 | 618,762 |
| Total | 875,953,370 | 258,408,457 | 573,142,341 | 7,433,541 | 2,212,776 | 34,053,758 | 702,497 |

| Province / Region | 2023 | | | | | | |
|----------------------------------|--------------------|--------------------|---|-------------------|------------------|-------------------|---------------------------------------|
| | Disbursements | | Utilization | | | | AJK including Gilgit- Baltistan |
| | Punjab | Sindh | KPK including FATA (Rupees in '000) | Balochistan | Islamabad | | |
| Punjab | 406,213,996 | 390,936,993 | 9,476,571 | 270,030 | 22,264 | 5,467,304 | 40,834 |
| Sindh | 333,973,967 | 2,073,168 | 323,405,262 | 5,708,197 | 2,668,625 | 7,641 | 111,074 |
| KPK including FATA | 7,050,048 | 19,963 | 27,957 | 6,221,667 | 7,344 | 773,117 | - |
| Balochistan | 1,225,549 | - | 213,253 | 22,714 | 989,582 | - | - |
| Islamabad | 41,268,835 | 896,586 | 11,198 | 960,115 | - | 39,400,936 | - |
| AJK including Gilgit - Baltistan | 645,533 | - | - | 4,510 | - | 63,845 | 577,178 |
| Total | 790,377,928 | 393,926,710 | 333,134,241 | 13,187,233 | 3,687,815 | 45,712,843 | 729,086 |

47.1.7 Forward-looking information contained in ECL

The assessment of Expected Credit Loss (ECL) calculation incorporates forward looking information. Forward-looking aspect introduces an extra dimension, which is often captured by relating expected losses to the macro-economic variables. The incorporation of macroeconomic factors increases the accuracy of the results produced and makes it more reliable to predict/ estimate future results more accurately.

The Group uses historic and forecasted data to determine the impact of macroeconomic factors to estimate Probability of Default (PD) and Loss Given Default (LGD) etc. Further, statistical models based on historical correlation is performed to identify most significant macro-economic variable(s) that have been recognized as contributors to the default/performance of any portfolio. The macro-economic variables (including GDP, Unemployment, Import, Export, Exchange rate and CPI) used in the ECL calculation are fetched from the Economist Intelligence Unit (EIU) and International Monetary Fund (IMF) database and the relevant macro-economic variables are selected based on sensitivity of each of the portfolios to specific macro-economic variables. Three macro-economic scenarios have been developed base, improved, and worst with assigned scenario probability weightings of 80%, 10%, and 10% respectively.

The Group conducted a sensitivity analysis on macro-economic indicators which are utilized for forward-looking calculations. As of December 31, 2024, when the macro-economic indicators in the neutral scenario was adjusted upwards or downwards by 10%, the ECL showed the following variation:



| Segment | Upwards | Downwards |
|-----------------------------|----------|-----------|
| Corporate | (0.683%) | 0.696% |
| Small and Medium Enterprise | 0.257% | (0.256%) |
| Agriculture | (0.331%) | 0.338% |
| Credit Card | 0.003% | (0.003%) |
| Consumer Auto | 0.196% | (0.194%) |
| Consumer House | (0.003%) | 0.003% |
| Consumer Personal | (1.233%) | 1.271% |

47.1.8 Sensitivity of ECL to Future Economic Conditions

The ECL are sensitive to judgements and assumption made regarding formulation of forward-looking scenarios and how much such scenarios are incorporated into calculations. The Group performs sensitivity analysis on the ECL recognized on each of its segments.

The table below shows the loss allowance on each segment assuming each forward-looking scenario (e.g. Central, upside and downside) were weighted 100 percent instead of applying scenario probability across the three scenarios.

| | Total ECL as per FS | Upside | | Central | | Downside | |
|-----------------------------|---------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|--------------------------------------|--------------------------|
| | | Total ECL after sensitivity analysis | Increase / decrease in % | Total ECL after sensitivity analysis | Increase / decrease in % | Total ECL after sensitivity analysis | Increase / decrease in % |
| Corporate | 35,492,828 | 30,125,918 | (15.121%) | 35,237,231 | (0.720%) | 42,904,512 | 20.882% |
| Small and Medium Enterprise | 2,642,259 | 2,321,293 | (12.147%) | 2,631,222 | (0.418%) | 3,051,523 | 15.489% |
| Agriculture | 1,545,377 | 1,505,119 | (2.605%) | 1,544,629 | (0.048%) | 1,591,618 | 2.992% |
| Credit Card | 13,136 | 17,506 | (33.267%) | 12,925 | (1.606%) | 10,455 | (20.410%) |
| Consumer Auto | 45,137 | 38,266 | (15.223%) | 44,119 | (2.255%) | 60,152 | 33.265% |
| Consumer House | 104,193 | 110,158 | 5.725% | 104,124 | (0.066%) | 98,783 | (5.192%) |
| Consumer Personal | 28,226 | 23,279 | (17.526%) | 27,992 | (0.829%) | 35,046 | 24.162% |

47.2 MARKET RISK

Market risk is the risk of loss arising from movements in market rates or prices, such as interest rates, foreign exchange rates, and equity prices.

The Group takes positions in securities for the purpose of investment and not to run a trading book, except to a very limited extent (maximum of Rs. 300 million) for trading in equities. As regards foreign exchange positions, the purpose is to serve the needs of clients. Except as aforesaid, the Group does not engage in trading or market making activities.

Market risk is managed through the Market Risk Policy and Treasury and Investment Policy approved by the Board, approval of counterparty and dealer limits, specific senior management approval for each investment and regular review and monitoring of the investment portfolio by the Asset Liability Management Committee (ALCO). A key element of the Group's market risk management is to balance safety, liquidity, and income in that order of priority. Another key element is separation of functions and reporting lines for the Treasury Division and Equity Market Department, which undertake dealing activities within the limits and parameters set by ALCO, Settlements Department which confirms and settles the aforesaid deals, and Middle Office which independently monitors and analyses the risks inherent in treasury operations. Risk Management Committee of the Board provides overall guidance in managing the Group's market risk.

Dealing activities of the Group include investment in government securities, term finance certificates, sukuk / bonds, shares and mutual funds, money market transactions and foreign exchange transactions catering to the needs of its customers. All such activities are carried out within the prescribed limits. Any excess over limits noted by the Settlements Department and / or the Middle Office is reported to senior management and ALCO. Stress testing is performed as per guidelines of SBP as well as Group's internal policy. Portfolio risks arising in banking book are also measured through Value at Risk (VAR).



47.2.1 Balance sheet split by trading and banking books

| | 2024 | | | 2023 | | |
|---------------------------------------|----------------------|------------------|---------------------------|----------------------|--------------|----------------------|
| | Banking book | Trading book | Total (Rupees in '000) | Banking book | Trading book | Total |
| Cash and balances with treasury banks | 201,935,630 | - | 201,935,630 | 141,816,023 | - | 141,816,023 |
| Balances with other banks | 5,887,584 | - | 5,887,584 | 6,662,922 | - | 6,662,922 |
| Lendings to financial institutions | 38,941,542 | - | 38,941,542 | 1,649,716 | - | 1,649,716 |
| Investments | 1,918,766,572 | 7,342,492 | 1,926,109,064 | 1,504,488,304 | - | 1,504,488,304 |
| Advances | 910,279,117 | - | 910,279,117 | 868,868,391 | - | 868,868,391 |
| Property and equipment | 76,057,034 | - | 76,057,034 | 67,614,531 | - | 67,614,531 |
| Right-of-use assets | 13,731,222 | - | 13,731,222 | 11,969,724 | - | 11,969,724 |
| Intangible assets | 237,024 | - | 237,024 | 212,691 | - | 212,691 |
| Deferred tax assets | 4,529,802 | - | 4,529,802 | 4,843,108 | - | 4,843,108 |
| Other assets | 145,422,433 | - | 145,422,433 | 137,128,649 | - | 137,128,649 |
| | <u>3,315,787,960</u> | <u>7,342,492</u> | <u>3,323,130,452</u> | <u>2,745,254,059</u> | <u>-</u> | <u>2,745,254,059</u> |

47.2.2 Foreign Exchange Risk

Foreign exchange risk is the risk of loss from adverse changes in currency exchange rates. The Group's foreign exchange exposure comprises forward contracts, purchase of foreign bills, foreign currency loans and investments, foreign currency cash in hand, balances with banks abroad, foreign currency deposits and foreign currency placements with SBP and other banks. Focus of the Group's foreign exchange activities is on catering to the needs of its customers, both in spot and forward markets.

Foreign exchange risk exposures of the Group are controlled through dealer limits, open foreign exchange position limits, counterparty exposure limits, and country limits. The Group manages its foreign exchange exposure by matching foreign currency assets and liabilities within strict limits. The net open position in any single currency and the overall foreign exchange exposure are both managed within the statutory limits as prescribed by SBP as well as the internal limits set by the Group itself. Stress testing for foreign exchange risk is carried out regularly to estimate the impact of adverse changes in foreign exchange rates.

| | 2024 | | | |
|----------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
| | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| | (Rupees in '000) | | | |
| United States Dollar | 168,601,844 | 181,490,932 | 32,591,199 | 19,702,111 |
| Great Britain Pound | 2,693,211 | 14,912,980 | 9,364,712 | (2,855,057) |
| Japanese Yen | 53,057 | 291 | (47,058) | 5,708 |
| Euro | 5,800,532 | 11,387,283 | 4,062,438 | (1,524,313) |
| Other currencies | 1,811,164 | 2,623,717 | (1,297,932) | (2,110,485) |
| | <u>178,959,808</u> | <u>210,415,203</u> | <u>44,673,359</u> | <u>13,217,964</u> |
| | 2023 | | | |
| | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| | (Rupees in '000) | | | |
| United States Dollar | 176,151,123 | 192,464,281 | 31,261,319 | 14,948,161 |
| Great Britain Pound | 2,519,099 | 17,207,175 | 10,382,601 | (4,305,475) |
| Japanese Yen | 13,790 | 3,114 | (13,641) | (2,965) |
| Euro | 5,773,972 | 11,623,351 | 3,461,895 | (2,387,484) |
| Other currencies | 2,069,513 | 1,233,214 | (1,724,018) | (887,719) |
| | <u>186,527,497</u> | <u>222,531,135</u> | <u>43,368,156</u> | <u>7,364,518</u> |



| | 2024 | | 2023 | |
|--|--------------|----------------------------------|--------------|--------------|
| | Banking book | Trading book (Rupees in '000) | Banking book | Trading book |
| Impact of 1% change in foreign exchange rates on | | | | |
| – Profit and loss account | – | – | – | – |
| – Other comprehensive income | 4,992 | – | 15,584 | – |

47.2.3 Equity Position Risk

Equity position risk is the risk of loss from adverse movements in equity prices. The Group's policy is to take equity positions for investment purposes and not to run a trading book, except to a very limited extent (maximum of Rs. 300 million) for trading in equities.

Equity position risk of the Group is controlled through equity portfolio limits, sector limits, scrip limits, and future contracts limits. Direct investment in equities and mutual funds is managed within the statutory limits as prescribed by SBP as well as the internal limits set by the Group itself. Stress testing for equity price risk is carried out regularly to estimate the impact of decline in stock prices. The Group invests mainly in blue chip securities.

| | 2024 | | 2023 | |
|---|--------------|----------------------------------|--------------|--------------|
| | Banking book | Trading book (Rupees in '000) | Banking book | Trading book |
| Impact of 5% change in equity prices on | | | | |
| – Profit and loss account | – | 78,364 | – | 6 |
| – Other comprehensive income | 40,721 | – | 263,564 | – |

47.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB) - Basel II Specific

Interest rate risk is the risk of loss from adverse movements in interest rates. ALCO monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group arising from fluctuation in the market interest rates and mismatching or gaps in the amount of financial assets and financial liabilities in different maturity time bands.

The Group's interest rate exposure is calculated by categorising its interest sensitive assets and liabilities into various time bands based on the earlier of their contractual repricing or maturity dates.

Interest rate risk exposures of the Group are controlled through dealer limits, counterparty exposure limits and (when necessary) type-of-instrument limits. Outright purchase and sale of securities are also approved by ALCO. Duration and modified duration of various types of debt securities as well as their entire portfolio are also calculated, and the impact of adverse change in interest rates on the market value of the securities is estimated. Stress testing for interest rate risk is carried out regularly to estimate the impact of adverse changes in the interest rates.



Interest rate / yield risk in the banking book – Basel Specific

The Group holds financial assets and financial liabilities with different maturities or repricing dates and linked to different benchmark rates, thus creating exposure to unexpected changes in the level of interest rates. Interest rate risk in the banking book refers to the risk associated with interest-bearing financial instruments that are not held in the trading book of the Group.

Repricing gap analysis presents the Group's Interest Sensitive Assets (ISA) and Interest Sensitive Liabilities (ISL), categorised into various time bands based on the earlier of their contractual repricing or maturity dates (or settlement dates for off-balance sheet instruments). Deposits with no fixed maturity dates (for example, saving deposits and treasurer's call deposits) are included in the lowest, one-month time band, but these are not expected to be payable within a one-month period. The difference between ISA and ISL for each time band signifies the gap in that time band, and provides a workable framework for determining the impact on net interest income.

The Group reviews the repricing gap analysis periodically to monitor and manage interest rate risk in the banking book.

| | 2024 | | 2023 | |
|--|------------------|--------------|--------------|--------------|
| | Banking book | Trading book | Banking book | Trading book |
| | (Rupees in '000) | | | |
| Impact of 1% change in foreign exchange rates on | | | | |
| – Profit and loss account | – | – | – | – |
| – Other comprehensive income | 7,168,337 | – | 6,196,190 | – |



47.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

| 2024 | | | | | | | | | | | | |
|---|--------|----------------------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|--|---------------|
| Effective Yield / Interest Rate | Total | Exposed to Yield / Interest risk | | | | | | | | | Non interest bearing financial instruments | |
| | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | Above 10 years | | |
| (Rupees in '000) | | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Cash and balances with treasury banks | 4.26% | 201,935,630 | 11,975,011 | - | - | - | - | - | - | - | - | 189,960,619 |
| Balances with other banks | 3.67% | 5,887,584 | 1,447,311 | - | - | - | - | - | - | - | - | 4,440,273 |
| Lendings to financial institutions | 12.72% | 38,941,542 | 38,941,542 | - | - | - | - | - | - | - | - | - |
| Investments | 14.32% | 1,926,109,064 | 279,220,086 | 250,118,222 | 1,196,864,808 | 91,280,851 | 3,458,639 | 63,525,602 | 19,813,328 | 6,156,835 | 2,188,366 | 13,482,327 |
| Advances | 11.79% | 910,279,117 | 553,475,058 | 135,738,975 | 94,628,513 | 24,468,024 | 26,339,674 | 21,974,208 | 24,722,549 | 13,496,736 | 15,400,380 | 35,000 |
| Other assets | - | 119,158,726 | - | - | - | - | - | - | - | - | - | 119,158,726 |
| | | 3,202,311,663 | 885,059,008 | 385,857,197 | 1,291,493,321 | 115,748,875 | 29,798,313 | 85,499,810 | 44,535,877 | 19,653,571 | 17,588,746 | 327,076,945 |
| Liabilities | | | | | | | | | | | | |
| Bills payable | - | 52,263,043 | - | - | - | - | - | - | - | - | - | 52,263,043 |
| Borrowings | 11.01% | 667,043,213 | 557,636,918 | 15,247,515 | 29,236,236 | 7,677,876 | 12,858,907 | 12,058,902 | 17,315,027 | 14,733,907 | 277,925 | - |
| Deposits and other accounts | 12.28% | 2,277,961,527 | 1,250,792,616 | 56,583,504 | 58,144,662 | 83,595,955 | 1,446,659 | 3,382,016 | 1,604,427 | 3,502 | 7,112 | 822,401,074 |
| Lease liabilities | 14.61% | 16,897,021 | 216,460 | 356,120 | 85,751 | 622,109 | 1,571,453 | 1,701,310 | 3,611,626 | 6,753,025 | 1,979,167 | - |
| Subordinated debt | 14.75% | 25,988,400 | - | 4,994,000 | 20,994,400 | - | - | - | - | - | - | - |
| Other liabilities | - | 105,316,666 | - | - | - | - | - | - | - | - | - | 105,316,666 |
| | | 3,145,469,870 | 1,808,645,994 | 77,181,139 | 108,461,049 | 91,895,940 | 15,877,019 | 17,142,228 | 22,531,080 | 21,490,434 | 2,264,204 | 979,980,783 |
| On-balance sheet gap | | 56,841,793 | (923,586,986) | 308,676,058 | 1,183,032,272 | 23,852,935 | 13,921,294 | 68,357,582 | 22,004,797 | (1,836,863) | 15,324,542 | (652,903,838) |
| Off-balance sheet financial instruments | | | | | | | | | | | | |
| Documentary credits and short term trade related transactions | | 291,149,845 | 127,845,426 | 119,057,177 | 28,527,902 | 6,587,634 | 8,765,085 | 366,621 | - | - | - | - |
| Commitments in respect of: | | | | | | | | | | | | |
| Forward purchase of foreign exchange contracts | | 145,237,825 | 20,601,943 | 58,431,694 | 58,237,549 | 7,966,639 | - | - | - | - | - | - |
| Forward sale of foreign exchange contracts | | (100,565,191) | (71,686,110) | (26,056,581) | (2,822,500) | - | - | - | - | - | - | - |
| Forward commitments to extend credit | | 3,217,813 | 717,883 | 2,417,435 | 82,495 | - | - | - | - | - | - | - |
| Off-balance sheet gap | | 47,890,447 | (50,366,284) | 34,792,548 | 55,497,544 | 7,966,639 | - | - | - | - | - | - |
| Total Yield / Interest Risk Sensitivity Gap | | | (846,107,844) | 462,525,783 | 1,267,057,718 | 38,407,208 | 22,686,379 | 68,724,203 | 22,004,797 | (1,836,863) | 15,324,542 | (652,903,838) |
| Cumulative Yield / Interest Risk Sensitivity Gap | | | (846,107,844) | (383,582,061) | 883,475,657 | 921,882,865 | 944,569,244 | 1,013,293,447 | 1,035,298,244 | 1,033,461,381 | 1,048,785,923 | 395,882,085 |



2023

| | Effective Yield / Interest Rate | Total | Exposed to Yield / Interest risk | | | | | | | | Non interest bearing financial instruments | |
|---|---------------------------------|---------------|----------------------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|--|----------------|
| | | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | | Above 10 years |
| (Rupees in '000) | | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Cash and balances with treasury banks | 4.18% | 141,816,023 | 11,667,181 | - | - | - | - | - | - | - | - | 130,148,842 |
| Balances with other banks | 4.77% | 6,662,922 | 3,165,206 | - | - | - | - | - | - | - | - | 3,497,716 |
| Lendings to financial institutions | 22.95% | 1,649,716 | 1,649,716 | - | - | - | - | - | - | - | - | - |
| Investments | 21.59% | 1,504,488,304 | 272,797,142 | 241,218,544 | 835,578,605 | 39,002,445 | 15,711,782 | 2,866,895 | 69,111,621 | 13,741,409 | - | 14,459,861 |
| Advances | 16.14% | 868,868,391 | 453,381,311 | 157,352,683 | 111,011,134 | 37,018,916 | 22,909,440 | 18,886,401 | 28,291,634 | 25,015,685 | 14,973,519 | 27,668 |
| Other assets | - | 128,440,140 | - | - | - | - | - | - | - | - | - | 128,440,140 |
| | | 2,651,925,496 | 742,660,556 | 398,571,227 | 946,589,739 | 76,021,361 | 38,621,222 | 21,753,296 | 97,403,255 | 38,757,094 | 14,973,519 | 276,574,227 |
| Liabilities | | | | | | | | | | | | |
| Bills payable | - | 48,083,103 | - | - | - | - | - | - | - | - | - | 48,083,103 |
| Borrowings | 16.50% | 477,438,034 | 356,239,633 | 21,043,360 | 19,186,630 | 7,067,504 | 13,456,946 | 12,696,585 | 22,046,569 | 25,423,306 | 277,501 | - |
| Deposits and other accounts | 18.21% | 1,933,731,281 | 1,002,640,787 | 48,659,935 | 79,457,142 | 83,987,101 | 2,878,724 | 715,085 | 4,103,122 | 8,039 | 6,951 | 711,274,395 |
| Lease liabilities | 12.56% | 14,441,482 | 100,263 | 223,566 | 276,604 | 542,804 | 1,262,617 | 1,423,254 | 2,901,602 | 6,057,096 | 1,653,676 | - |
| Subordinated debt | 23.16% | 29,985,200 | - | 4,996,000 | 24,989,200 | - | - | - | - | - | - | - |
| Other liabilities | - | 88,001,885 | - | - | - | - | - | - | - | - | - | 88,001,885 |
| | | 2,591,680,985 | 1,358,980,683 | 74,922,861 | 123,909,576 | 91,597,409 | 17,598,287 | 14,834,924 | 29,051,293 | 31,488,441 | 1,938,128 | 847,359,383 |
| On-balance sheet gap | | 60,244,511 | (616,320,127) | 323,648,366 | 822,680,163 | (15,576,048) | 21,022,935 | 6,918,372 | 68,351,962 | 7,268,653 | 13,035,391 | (570,785,156) |
| Off-balance sheet financial instruments | | | | | | | | | | | | |
| Documentary credits and short term trade related transactions | | 287,964,804 | 112,140,419 | 134,858,122 | 21,834,584 | 8,267,215 | 10,652,488 | 211,976 | - | - | - | - |
| Commitments in respect of: | | | | | | | | | | | | |
| Forward purchase of foreign exchange contracts | | 123,771,146 | 28,648,989 | 50,171,504 | 40,306,633 | 4,644,020 | - | - | - | - | - | - |
| Forward sale of foreign exchange contracts | | (80,402,990) | (55,023,309) | (22,504,512) | (1,113,283) | (1,761,886) | - | - | - | - | - | - |
| Forward commitments to extend credit | | 3,955,661 | 1,643,615 | 1,353,628 | 302,978 | 655,440 | - | - | - | - | - | - |
| Off-balance sheet gap | | 47,323,817 | (24,730,705) | 29,020,620 | 39,496,328 | 3,537,574 | - | - | - | - | - | - |
| Total Yield / Interest Risk Sensitivity Gap | | | (528,910,413) | 487,527,108 | 884,011,075 | (3,771,259) | 31,675,423 | 7,130,348 | 68,351,962 | 7,268,653 | 13,035,391 | (570,785,156) |
| Cumulative Yield / Interest Risk Sensitivity Gap | | | (528,910,413) | (41,383,305) | 842,627,770 | 838,856,511 | 870,531,934 | 877,662,282 | 946,014,244 | 953,282,897 | 966,318,288 | 395,533,132 |



47.2.5.1 Reconciliation of Financial Assets and Liabilities

| | 2024 (Rupees in '000) | 2023 |
|---|--------------------------|---------------|
| Assets as per statement of financial position | 3,323,130,452 | 2,745,254,059 |
| Less: | | |
| Property and equipment | 76,057,034 | 67,614,531 |
| Right-of-use assets | 13,731,222 | 11,969,724 |
| Intangible assets | 237,024 | 212,691 |
| Deferred tax assets | 4,529,802 | 4,843,108 |
| Advances, deposits, advance rent and other prepayments | 13,388,608 | 3,428,437 |
| Advance taxation | 4,627,218 | - |
| Non banking assets in satisfaction of claims | 4,047,060 | 4,115,304 |
| Stationery and stamps on hand | 2,161,940 | 1,144,768 |
| Branch adjustment account | 2,038,881 | - |
| | 26,263,707 | 8,688,509 |
| Interest Rate Sensitive Assets | 3,202,311,663 | 2,651,925,496 |
| Liabilities as per statement of financial position | 3,167,926,850 | 2,614,475,065 |
| Less: | | |
| Unearned commission income | 3,030,064 | 1,706,124 |
| Branch adjustment account | - | 3,625,247 |
| Clearing and settlement | 5,554,279 | 1,585,454 |
| Credit loss allowance / provision against off-balance sheet items | 4,742,981 | 226,549 |
| Provision for compensated absences | 1,960,780 | 1,719,861 |
| Workers' welfare fund | 7,168,876 | 5,424,142 |
| Current taxation (payments less provisions) | - | 8,506,703 |
| | 22,456,980 | 22,794,080 |
| Interest Rate Sensitive Liabilities | 3,145,469,870 | 2,591,680,985 |

47.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. This definition includes legal risk but excludes strategic and reputational risks. Group classifies operational loss / near miss incidents into seven loss incidents types, which are Internal Fraud, External Fraud, Employment Practice & Workplace Safety, Client, Product & Business Practice, Damage to Physical Assets, Business Disruption & System Failure, and Execution, Delivery & Process Management.

Operational risk is managed through the Operational Risk Policy, Internal Control System and Internal Audit Policy, Compliance Policy & Programme, Information Technology (I.T.) Policy, I.T. Governance and Risk Management Framework, I.T. Security Policy, Human Resource Policy, Consumer Protection Framework, KYC / CDD Policy, AML / CFT and CPF Policy, Fraud Prevention Policy, Service Quality and Consumer Grievance Handling Policy, Business Continuity and Disaster Recovery Policy and Outsourcing Policy approved by the Board, along with the operational manuals and procedures issued from time to time; system of internal controls; Business Continuity Plan, Disaster Recovery Plan for I.T.; and regular audit of the branches and divisions. Operational risk related matters are discussed in the operations committee, compliance committee of management and I.T. steering committee. Audit Committee of the Board provides overall guidance in managing the Group's operational risk.

The Group's operational risk management framework as laid down in the operational risk policy, permits the overall risk management approach to evolve in the light of organisational learning and the future needs of the Group.



The Group places a high priority on conducting all business dealings with integrity and fairness, as laid down in the Code of Conduct, which is required to be complied with by all employees.

Internal controls are an essential feature of risk reduction in operational risk management and the Group continues to improve its internal controls.

Business Continuity Planning (BCP) of the Group pays special attention to identify potential threats and associated risks by carrying out Business Impact Analysis and Risk Assessment processes to minimise financial losses, serve customers with minimal disruptions, and mitigate negative effects on business operations, including those that are dependent on third parties. It also identifies alternate mechanisms for timely resumption of services, with a special focus on critical business processes, location of off-site backup and regular review and testing of the BCP plan.

BankAL Habib's internet banking platform, both web and mobile based applications offer various digital products and services to the customers and are being regularly enhanced with new features to provide better customer experience and security.

The Group has zero tolerance for Cybersecurity risks and non-compliance to regulations. Monitoring controls and processes have been implemented to identify and appropriately address Cybersecurity risks. Long term measures are defined in Cyber Security Strategy that is supported by a complementing Action Plan. While Information Security Risk Management plan covers measures for identifying the risks posed to Information Systems in alignment with Group's strategy, the Group has developed a cyber secure environment by implementing various technical and administrative controls to ensure security and privacy of customers' data residing with the Group. In this regard, Group has also implemented industrial standards and best practices for Information Security assurance.

47.3.1 Operational Risk-Disclosures Basel II Specific

The Group uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be most suitable in view of the business model of the Group which relies on an extensive network of branches to offer one - stop, full – service banking to its clients. The Group has developed and implemented an Operational Loss Database. Operational loss and "near miss" events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures. Key Risk Indicators have also been developed along with thresholds which are being closely monitored for breaches. Risk Evaluation exercise is carried out for new products, processes and systems or any significant change in the existing product, processes and systems as per the operational risk policy of the Group.

47.4 Liquidity Risk

Liquidity risk is the risk of loss to the Group arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable cost or losses.

Key elements of the Group's liquidity risk management are as follows:

- To maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet the Group's funding requirements at any time.
- To keep a strong focus on mobilization of low-cost core deposits from customers.
- To maintain a realistic balance between the behavioral maturity profiles of assets and liabilities.
- To maintain excellent credit rating (as borrowing cost and ability to raise funds are directly affected by credit rating).
- To have a written contingency funding plan to address any hypothetical situations when access to normal sources of funding is constrained.

47.4.1 Liquidity Coverage Ratio

SBP issued BPRD Circular No. 08 dated June 23, 2016 advising implementation of Basel III liquidity standards that constitute two ratios, i.e., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and five monitoring tools.

LCR is the measure of conversion capability of the Banks High Quality Liquid Assets (HQLAs) into cash to meet immediate liquidity requirements over a 30 days horizon.



The Bank calculates Liquidity Coverage Ratio (LCR) on monthly basis as per the guidelines given in the above mentioned circular. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile which requires the Bank to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar days period. As of 31 December 2024, the Bank's LCR stood at 236.302% against SBP's minimum requirement of 100%.

47.4.2 Governance of Liquidity Risk Management

Liquidity risk is managed through the liquidity risk policy approved by the Board. The Group has "zero tolerance" for liquidity risk and will continue to maintain a comfortable margin of excess liquidity in the form of cash and readily marketable assets to meet its funding requirements at any time.

Management of liquidity risk is accomplished through a formal structure which includes:

- Board of Directors (BOD)
- Risk Management Committee
- Asset Liability Management Committee (ALCO)
- Treasury Division
- Risk Management Division and Middle Office
- Finance Division
- Information Technology Division

The Board of Directors approves the liquidity risk policy and ensures, through quarterly reviews by the Risk Management Committee of the Board, that the Group's liquidity risks are being managed prudently. Risk Management Committee of the Board provides overall guidance in managing the Group's liquidity risk. Liquidity position is monitored daily by the Treasury Division and the Middle Office and reviewed regularly by ALCO.

47.4.3 Funding Strategy

The Group's prime source of liquidity is the customers' deposit base. Within deposits, the Group strives to maintain core deposit base in form of current and saving deposits and avoids concentration in particular products, tenors and dependence on large fund providers. As a general rule, the Group will not depend on borrowings in the inter-bank market, including repos, to be a part of its permanent pool of funds for financing of loans, but will use these as a source for obtaining moderate amounts of additional funds to meet temporary liquidity needs in the normal course of business or for money market operations.

47.4.4 Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like core deposits to total deposits, advances to deposits, liquid assets to total deposits, Interbank borrowing to total deposits, which are monitored on regular basis against limits. Further, the Group also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. For maturity analysis, behavioral study is carried out to determine the behavior of non-contractual assets and liabilities. The Group also ensures that statutory cash and liquidity requirements are maintained at all times.

In addition, LCR, NSFR and Monitoring Tools of Basel III framework further strengthen liquidity risk management of the Group.

47.4.5 Liquidity Stress Testing

As per SBP FSD Circular No. 01 of 2020, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits, withdrawals of wholesale / large deposits & interbank borrowing, withdrawal of top deposits, etc. Results of stress testing are presented to ALCO and Risk Management Committee. The Group's liquidity risk management addresses the goal of protecting solvency and the ability to withstand stressful events in the market place. Stress testing for liquidity as prescribed in the liquidity risk policy is carried out regularly to estimate the impact of decline in liquidity on the ratio of liquid assets to deposits plus borrowings.



47.4.6 Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity risk policy of the Group which identifies the trigger events that could cause a liquidity contingency and describes the actions to be taken to manage it. The contingency funding plan highlights liquidity management actions that needs to be taken to deal with the contingency. Responsibilities and response levels are also incorporated in order to tackle the contingency. Moreover, CFP highlights possible funding sources, in case of a liquidity contingency.

47.4.7 Main Components of LCR

Main components of LCR are High Quality Liquid Assets and Net Cash Outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are based on SBP BPRD Circular No. 08 dated 23 June 2016.

47.4.8 Composition of High Quality Liquid Assets (HQLAs)

High Quality Liquid Assets consist of Level 1 Assets which are included in the stock of liquid assets at 100% weightage of their market value i.e., Cash and Treasury balances, Conventional Government Securities, GOP Ijarah Sukuks, Foreign Currency Sukuks and Bonds issued by sovereigns. While Level 2 Assets comprise all equity shares (excluding shares of Financial Institutions) listed on PSX 100.

47.4.9 Concentration of Funding Sources

The Group relies on customers' deposits as its key source of funding, especially current and saving deposits and time deposits of small / medium denominations, and avoids concentration of large deposits. Share of core deposits in total deposits and of large deposits in total deposits are regularly monitored. In particular the Group does not depend on large depositors or borrowings from SBP and financial institutions to meet its funding requirements.

47.4.10 Currency Mismatch in the LCR

About 90% of the Group's assets and liabilities are in local currency. Currency mismatch in other currencies is regularly monitored.

47.4.11 Centralisation of Liquidity Management

Overall liquidity management of the Group is centralised in Treasury Division at Principal Office. The Group mobilises deposits through its branch network. It also uses the branch network to grant loans to customers. Branches that have more deposits than loans, transfer ("lend") their excess deposits to the Principal Office. Branches that do not have enough deposits to fund their loans, acquire ("borrow") additional funds from the Principal Office.

47.4.12 Other Inflows and Outflows

Benefit of pledged deposits (deposits under lien) are not accounted for in calculation of LCR.

47.4.13 Net Stable Funding Ratio (NSFR)

NSFR is the ratio of the amount of Available Stable Funding (ASF) - source of funds, capital and liabilities relative to the amount of Required Stable Funding (RSF) - use of funds, assets and off - balance sheet exposures.

The objective of NSFR is to ensure the availability of stable funds that a Bank must hold to enable it to build and maintain its assets, investments and off balance sheet portfolio on an ongoing basis for longer term, i.e., over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and rollover risk. The Bank's NSFR stood at 184.937% as on 31 December 2024.



47.5 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

The following maturity profile is based on contractual maturities for assets and liabilities that have a contractual maturity. Assets and liabilities that do not have a contractual maturity have been categorised in the shortest maturity band.

| | 2024 | | | | | | | | | | | | | |
|---------------------------------------|---------------|-----------------|------------------|-------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------|
| | Total | Upto 1 day | Over 1 to 7 days | Over 7 to 14 days | Over 14 days to 1 month | Over 1 to 2 months | Over 2 to 3 months | Over 3 to 6 months | Over 6 to 9 months | Over 9 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 years |
| (Rupees in '000) | | | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | | | |
| Cash and balances with treasury banks | 201,935,630 | 201,935,630 | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances with other banks | 5,887,584 | 5,469,759 | - | - | 417,825 | - | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 38,941,542 | - | 38,941,542 | - | - | - | - | - | - | - | - | - | - | - |
| Investments | 1,926,109,064 | 17,619,437 | (153,646) | (116,754) | (435,577) | (1,147,215) | (1,056,585) | 253,207,131 | 123,585,755 | 44,564,633 | 298,525,614 | 127,942,342 | 540,610,169 | 522,963,760 |
| Advances | 910,279,117 | 52,581,822 | 14,745,260 | 15,168,833 | 48,050,459 | 73,274,608 | 75,420,481 | 242,221,995 | 174,644,301 | 32,713,475 | 53,899,804 | 42,433,852 | 40,707,110 | 44,417,117 |
| Property and equipment | 76,057,034 | 40,069,725 | - | - | 561,200 | 547,166 | 543,642 | 1,618,369 | 1,577,061 | 1,525,933 | 5,578,575 | 4,417,892 | 5,097,066 | 14,520,405 |
| Right-of use assets | 13,731,222 | - | - | - | 208,706 | 206,481 | 397,771 | 399,248 | 565,609 | 558,803 | 2,090,780 | 1,867,368 | 3,085,049 | 4,351,407 |
| Intangible assets | 237,024 | - | - | - | 7,853 | 7,853 | 7,853 | 22,741 | 21,486 | 29,261 | 48,573 | 8,233 | - | 83,171 |
| Deferred tax assets | 4,529,802 | 7,411,617 | - | - | (113,875) | (107,867) | (107,867) | (328,132) | (319,170) | (313,030) | (1,074,863) | (742,155) | (160,094) | 385,238 |
| Other assets | 145,422,433 | 47,818,408 | 9,326,022 | 4,680,161 | 14,169,547 | 14,646,759 | 7,459,191 | 31,141,058 | 5,193,906 | 324,418 | 1,023,673 | 947,359 | 1,790,775 | 6,901,156 |
| | 3,323,130,452 | 372,906,398 | 62,859,178 | 19,732,240 | 62,866,138 | 87,427,785 | 82,664,486 | 528,282,410 | 305,268,948 | 79,403,493 | 360,092,156 | 176,874,891 | 591,130,075 | 593,622,254 |
| Liabilities | | | | | | | | | | | | | | |
| Bills payable | 52,263,043 | 52,263,043 | - | - | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 667,043,213 | 3,038,945 | 121,203,285 | 2,101,777 | 402,683,077 | 10,671,814 | 13,937,244 | 48,484,527 | 3,522,713 | 4,155,163 | 12,858,907 | 12,058,902 | 17,315,027 | 15,011,832 |
| Deposits and other accounts | 2,277,961,527 | 2,017,155,727 | 8,751,276 | 11,444,699 | 35,841,988 | 22,700,553 | 33,882,951 | 58,144,662 | 52,044,266 | 31,551,689 | 1,446,659 | 3,382,016 | 1,604,427 | 10,614 |
| Lease liabilities | 16,897,921 | - | - | - | 217,802 | 134,999 | 223,805 | 89,778 | 279,430 | 334,625 | 1,571,453 | 1,701,310 | 3,611,626 | 8,732,193 |
| Subordinated debt | 25,988,400 | - | - | - | - | - | 1,000 | 1,400 | 1,000 | 1,400 | 4,800 | 4,800 | 9,600 | 25,964,400 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 127,773,646 | 75,337,686 | 4,830,039 | 2,942,582 | 10,486,113 | 10,962,975 | 5,775,133 | 5,118,668 | 835,140 | 685,075 | 3,273,096 | 3,219,998 | 2,134,995 | 2,172,146 |
| | 3,167,926,850 | 2,147,795,401 | 134,784,600 | 16,489,058 | 449,228,980 | 44,470,341 | 53,820,133 | 111,839,035 | 56,682,549 | 36,727,952 | 19,154,915 | 20,367,026 | 24,675,675 | 51,891,185 |
| Net assets | 155,203,602 | (1,774,889,003) | (71,925,422) | 3,243,182 | (386,362,842) | 42,957,444 | 28,844,353 | 416,443,375 | 248,586,399 | 42,675,541 | 340,937,241 | 156,507,865 | 566,454,400 | 541,731,069 |
| Share capital | 11,114,254 | | | | | | | | | | | | | |
| Reserves | 32,050,356 | | | | | | | | | | | | | |
| Surplus on revaluation of assets | 21,624,360 | | | | | | | | | | | | | |
| Unappropriated profit | 90,259,109 | | | | | | | | | | | | | |
| Non - controlling interest | 155,523 | | | | | | | | | | | | | |
| | 155,203,602 | | | | | | | | | | | | | |



2023

| | Total | 2023 | | | | | | | | | | | | |
|---------------------------------------|---------------|-----------------|------------------|-------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------|
| | | Upto 1 day | Over 1 to 7 days | Over 7 to 14 days | Over 14 days to 1 month | Over 1 to 2 months | Over 2 to 3 months | Over 3 to 6 months | Over 6 to 9 months | Over 9 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 years |
| (Rupees in '000) | | | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | | | |
| Cash and balances with treasury banks | 141,816,023 | 141,816,023 | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances with other banks | 6,662,922 | 6,662,922 | - | - | - | - | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 1,649,716 | - | 1,649,716 | - | - | - | - | - | - | - | - | - | - | - |
| Investments | 1,504,488,304 | 10,646,798 | (59,058) | 13,631 | (167,148) | (1,018,399) | 1,377,192 | 16,968,325 | 26,722,107 | 19,666,639 | 419,319,585 | 302,069,871 | 365,435,602 | 343,513,159 |
| Advances | 868,868,391 | 77,577,119 | 16,558,762 | 14,013,455 | 63,521,868 | 94,643,494 | 217,374,750 | 133,116,382 | 24,207,548 | 14,971,223 | 56,502,148 | 47,847,935 | 49,789,867 | 58,743,840 |
| Property and equipment | 67,614,531 | 39,587,751 | - | - | 506,306 | 414,484 | 419,423 | 1,171,845 | 1,122,379 | 1,091,108 | 3,973,359 | 3,233,612 | 3,592,997 | 12,501,267 |
| Right of use assets | 11,969,724 | - | - | - | 175,122 | 173,789 | 172,954 | 515,098 | 491,038 | 472,636 | 1,770,879 | 1,585,271 | 2,588,764 | 4,024,173 |
| Intangible assets | 212,691 | - | - | - | 17,947 | 17,710 | 16,172 | 48,437 | 18,856 | 3,162 | 7,237 | - | - | 83,170 |
| Deferred tax assets | 4,843,108 | 6,974,987 | - | - | (118,159) | (76,048) | (76,048) | (199,301) | (181,761) | (183,060) | (614,412) | (451,378) | 41,289 | (273,001) |
| Other assets | 137,128,649 | 43,784,769 | 12,833,348 | 4,489,033 | 12,550,982 | 15,677,121 | 10,037,987 | 35,515,224 | 978,699 | 1,036,711 | 159,821 | 31,674 | 21,586 | 11,694 |
| | 2,745,254,059 | 327,050,369 | 30,982,768 | 18,516,119 | 76,486,918 | 109,832,151 | 229,322,430 | 187,136,010 | 53,358,866 | 37,058,419 | 481,118,617 | 354,316,985 | 421,470,105 | 418,604,302 |
| Liabilities | | | | | | | | | | | | | | |
| Bills payable | 48,083,103 | 48,083,103 | - | - | - | - | - | - | - | - | - | - | - | - |
| Borrowings | 477,438,034 | 2,679,821 | 156,749,882 | 93,937,615 | 56,905,266 | 18,528,835 | 41,788,166 | 25,880,038 | 3,458,519 | 3,608,985 | 13,456,946 | 12,696,585 | 22,046,569 | 25,700,807 |
| Deposits and other accounts | 1,933,731,281 | 1,650,840,331 | 14,933,595 | 11,031,584 | 37,109,670 | 20,467,845 | 28,192,090 | 79,457,142 | 46,298,024 | 37,689,077 | 2,878,724 | 715,085 | 4,103,122 | 14,992 |
| Lease liabilities | 14,441,482 | - | - | - | 100,263 | 109,137 | 114,429 | 276,604 | 220,200 | 322,604 | 1,262,617 | 1,423,254 | 2,901,602 | 7,710,772 |
| Subordinated debt | 29,985,200 | - | - | - | - | - | 1,000 | 2,200 | 1,000 | 2,200 | 6,400 | 6,400 | 3,996,800 | 25,969,200 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 110,795,965 | 50,019,876 | 3,794,965 | 2,887,615 | 8,806,551 | 10,060,104 | 7,609,319 | 7,171,252 | 9,895,464 | 1,442,906 | 2,746,819 | 2,556,682 | 1,845,515 | 1,958,897 |
| | 2,614,475,065 | 1,751,623,131 | 175,478,442 | 107,856,814 | 102,921,750 | 49,165,921 | 77,705,004 | 112,787,236 | 59,873,207 | 43,065,772 | 20,351,506 | 17,398,006 | 34,893,608 | 61,354,668 |
| Net assets | | | | | | | | | | | | | | |
| | 130,778,994 | (1,424,572,762) | (144,495,674) | (89,340,695) | (26,434,832) | 60,666,230 | 151,617,426 | 74,348,774 | (6,514,341) | (6,007,353) | 460,767,111 | 336,918,979 | 386,576,497 | 357,249,634 |
| Share capital | 11,114,254 | | | | | | | | | | | | | |
| Reserves | 28,184,872 | | | | | | | | | | | | | |
| Surplus on revaluation of assets | 17,758,959 | | | | | | | | | | | | | |
| Unappropriated profit | 73,595,373 | | | | | | | | | | | | | |
| Non - controlling interest | 125,536 | | | | | | | | | | | | | |
| | 130,778,994 | | | | | | | | | | | | | |



47.6 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

For assets and liabilities that have a contractual maturity, the expected maturity is considered to be the same as contractual maturity. Assets and Liabilities that do not have a contractual maturity have been categorised on the basis of expected maturities as determined by ALCO. In case of saving and current accounts, their historical net withdrawal pattern over the next one year was reviewed, based on year - end balances for the last three years. Thereafter, taking a conservative view, ALCO categorised these deposits in various maturity bands. Other assets and liabilities have been categorised on the basis of assumptions / judgments that are believed to be reasonable.

| | 2024 | | | | | | | | | |
|---------------------------------------|----------------------|----------------------|----------------------|--------------------|-------------------------|--------------------|----------------------|--------------------|--------------------|-------------------|
| | Total | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | Above 10 years |
| (Rupees in '000) | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Cash and balances with treasury banks | 201,935,630 | 201,935,630 | - | - | - | - | - | - | - | - |
| Balances with other banks | 5,887,584 | 5,887,584 | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 38,941,542 | 38,941,542 | - | - | - | - | - | - | - | - |
| Investments | 1,926,109,064 | 1,400,297 | (2,203,862) | 253,699,757 | 179,009,032 | 302,120,715 | 128,940,681 | 543,651,405 | 513,935,484 | 5,555,555 |
| Advances | 910,279,117 | 130,546,374 | 148,695,089 | 242,221,995 | 207,357,776 | 53,899,804 | 42,433,852 | 40,707,110 | 25,909,544 | 18,507,573 |
| Property and equipment | 76,057,034 | 1,090,868 | 1,561,311 | 3,583,717 | 4,830,872 | 27,678,545 | 4,417,892 | 5,097,066 | 2,951,252 | 24,845,511 |
| Right of use assets | 13,731,222 | 208,706 | 604,252 | 399,248 | 1,124,412 | 2,090,780 | 1,867,368 | 3,085,049 | 3,760,229 | 591,178 |
| Intangible assets | 237,024 | 7,853 | 15,706 | 22,741 | 50,747 | 48,573 | 8,233 | - | - | 83,171 |
| Deferred tax assets | 4,529,802 | 17,169,688 | (237,237) | (621,527) | (1,663,516) | (9,399,720) | (1,271,274) | (1,771,949) | 3,764,569 | (1,439,232) |
| Other assets | 145,422,433 | 69,857,444 | 22,466,320 | 31,681,610 | 6,597,880 | 1,226,592 | 947,359 | 1,790,775 | 3,846,912 | 7,007,541 |
| | 3,323,130,452 | 467,045,986 | 170,901,579 | 530,987,541 | 397,307,203 | 377,665,289 | 177,344,111 | 592,559,456 | 554,167,990 | 55,151,297 |
| Liabilities | | | | | | | | | | |
| Bills payable | 52,263,043 | 52,263,043 | - | - | - | - | - | - | - | - |
| Borrowings | 667,043,213 | 529,027,084 | 24,609,058 | 48,484,527 | 7,677,876 | 12,858,907 | 12,058,902 | 17,315,027 | 14,733,907 | 277,925 |
| Deposits and other accounts | 2,277,961,527 | 259,889,832 | 258,061,711 | 259,622,869 | 285,074,162 | 303,634,107 | 305,569,464 | 303,781,922 | 302,320,350 | 7,110 |
| Lease liabilities | 16,897,021 | 216,460 | 356,120 | 85,751 | 622,109 | 1,571,453 | 1,701,310 | 3,611,626 | 6,753,025 | 1,979,167 |
| Subordinated debt | 25,988,400 | - | 1,000 | 1,400 | 2,400 | 4,800 | 4,800 | 9,800 | 11,964,400 | 14,000,000 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 127,773,646 | 92,619,979 | 16,738,108 | 5,118,868 | 1,520,215 | 3,273,096 | 3,219,998 | 2,134,995 | - | 3,148,587 |
| | 3,167,926,850 | 934,016,398 | 299,765,997 | 313,313,215 | 294,896,762 | 321,342,363 | 322,554,474 | 326,853,170 | 335,771,682 | 19,412,799 |
| Net assets | 155,203,602 | (466,970,412) | (128,864,418) | 217,674,326 | 102,410,441 | 56,322,926 | (145,210,363) | 265,706,286 | 218,396,308 | 35,738,508 |
| Share capital | 11,114,254 | | | | | | | | | |
| Reserves | 32,050,356 | | | | | | | | | |
| Surplus on revaluation of assets | 21,624,360 | | | | | | | | | |
| Unappropriated profit | 90,259,109 | | | | | | | | | |
| Non-controlling interest | 155,523 | | | | | | | | | |
| | 155,203,602 | | | | | | | | | |



2023

| | Total | 2023 | | | | | | | | |
|---------------------------------------|---------------|---------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| | | Upto 1 month | Over 1 to 3 months | Over 3 to 6 months | Over 6 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 to 10 years | Above 10 years |
| (Rupees in '000) | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Cash and balances with treasury banks | 141,816,023 | 141,816,023 | - | - | - | - | - | - | - | - |
| Balances with other banks | 6,662,922 | 6,662,922 | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 1,649,716 | 1,649,716 | - | - | - | - | - | - | - | - |
| Investments | 1,504,488,304 | 6,347,704 | (365,911) | 16,626,178 | 57,918,127 | 416,356,735 | 301,830,914 | 366,019,559 | 336,372,822 | 3,382,176 |
| Advances | 868,868,391 | 171,671,204 | 312,018,244 | 133,116,382 | 39,178,771 | 56,502,148 | 47,847,935 | 49,789,867 | 38,998,948 | 19,744,892 |
| Property and equipment | 67,614,531 | 542,468 | 1,002,484 | 3,340,158 | 4,567,946 | 4,407,323 | 24,348,598 | 3,592,997 | 2,394,852 | 23,417,705 |
| Right of use assets | 11,969,724 | 175,122 | 346,743 | 515,098 | 963,674 | 1,770,879 | 1,585,271 | 2,588,764 | 3,489,735 | 534,438 |
| Intangible assets | 212,691 | 17,947 | 33,882 | 48,437 | 22,018 | 7,237 | - | - | - | 83,170 |
| Deferred tax assets | 4,843,108 | 8,643,152 | 172,621 | (77,232) | (247,795) | 655,184 | (6,151,218) | (244,850) | 3,905,444 | (1,812,198) |
| Other assets | 137,128,649 | 69,149,221 | 25,906,745 | 35,802,679 | 2,592,724 | 164,601 | 272,437 | 21,586 | 11,694 | 3,206,962 |
| | 2,745,254,059 | 406,675,479 | 339,114,808 | 189,371,700 | 104,995,465 | 479,864,107 | 369,733,937 | 421,767,923 | 385,173,495 | 48,557,145 |
| Liabilities | | | | | | | | | | |
| Bills payable | 48,083,103 | 48,083,103 | - | - | - | - | - | - | - | - |
| Borrowings | 477,438,034 | 310,272,584 | 60,317,001 | 25,880,038 | 7,067,504 | 13,456,946 | 12,696,585 | 22,046,569 | 25,423,306 | 277,501 |
| Deposits and other accounts | 1,933,731,281 | 232,469,944 | 213,264,961 | 244,062,168 | 248,592,127 | 249,786,263 | 247,622,624 | 251,010,662 | 246,915,579 | 6,953 |
| Lease liabilities | 14,441,482 | 100,263 | 223,566 | 276,604 | 542,804 | 1,262,617 | 1,423,254 | 2,901,602 | 6,057,096 | 1,653,676 |
| Subordinated debt | 29,985,200 | - | 1,000 | 2,200 | 3,200 | 6,400 | 6,400 | 3,996,800 | 11,969,200 | 14,000,000 |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 110,795,965 | 64,263,104 | 17,669,423 | 7,171,252 | 11,338,370 | 2,746,819 | 2,556,682 | 1,845,515 | - | 3,204,800 |
| | 2,614,475,065 | 655,188,998 | 291,475,951 | 277,392,262 | 267,544,005 | 267,259,045 | 264,305,545 | 281,801,148 | 290,365,181 | 19,142,930 |
| Net assets | 130,778,994 | (248,513,519) | 47,638,857 | (88,020,562) | (162,548,540) | 212,605,062 | 105,428,392 | 139,966,775 | 94,808,314 | 29,414,215 |
| Share capital | 11,114,254 | | | | | | | | | |
| Reserves | 28,184,872 | | | | | | | | | |
| Surplus on revaluation of assets | 17,758,959 | | | | | | | | | |
| Unappropriated profit | 73,595,473 | | | | | | | | | |
| Non-controlling interest | 125,536 | | | | | | | | | |
| | 130,778,994 | | | | | | | | | |



48. EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors proposed a final cash dividend of Rs. 6.50 per share. This is in addition to Rs. 10.50 already paid during the year, bringing the total dividend for the year to Rs. 17 (2023: Rs. 14). These consolidated financial statements do not include the effect of this appropriation, which will be accounted for subsequent to the year end.

49. GENERAL

- 49.1** Captions 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 statement of profit and loss account.
- 49.2** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 49.3** Comparative information has been reclassified and rearranged in these consolidated financial statements, as detailed in Note 4.1.1.

50. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in the Board of Directors' meeting held on 30 January 2025.

MANSOOR ALI KHAN
Chief Executive

ASHAR HUSAIN
Chief Financial Officer

MOHAMMAD RAFIQUDDIN MEHKARI
Director

ARSHAD NASAR
Director

ABBAS D. HABIB
Chairman



Annexure I

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED
DURING THE YEAR ENDED 31 DECEMBER 2024**

(Rupees in '000)

| S. No. | Name and address of the borrower(s) | Name of individuals / partners / directors with CNIC Nos. | Father's / Husband's Name | Outstanding liabilities at beginning of the year | | | | Principal Written off | Interest / Mark-up Written off / Waived | Other Financial Relief Provided | Total (9+10+11) |
|--------|---|---|---------------------------|--|--------------------|-----------------------------|--------------|-----------------------|---|---------------------------------|-----------------|
| | | | | Principal | Interest / Mark-up | Other than interest mark-up | Total | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 1 | Muhammad Iqbal C-02 Sana Garden, 1st Floor, Garden West, Karachi. | Muhammad Iqbal (CNIC: 42201-6136222-1) | Mehmood-ur-Rehman | 1,005 | 405 | 59 | 1,469 | 991 | 405 | 59 | 1,455 |
| 2 | Muhammad Iqbal C-02 Sana Garden, 1st Floor, Garden West, Karachi. | Muhammad Iqbal (CNIC: 42201-6136222-1) | Mehmood-ur-Rehman | 698 | 276 | 58 | 1,032 | 683 | 276 | 58 | 1,017 |
| 3 | Syed Sohail Hassan House No. 1/89, Street-24, Khayaban-e-Sehar, Phase VI, DHA, Karachi. | Syed Sohail Hassan (CNIC: 42301-3185383-9) | Syed Ali Hassan | 1,879 | 441 | 147 | 2,467 | 1,863 | 441 | 147 | 2,451 |
| | | | Total | 3,582 | 1,122 | 264 | 4,968 | 3,537 | 1,122 | 264 | 4,923 |



Annexure II

ISLAMIC BANKING BUSINESS

The Bank is operating 276 (2023: 201) Islamic banking branches and 10 (2023: 138) Islamic banking windows at the end of the year.

| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|--------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | | 24,097,793 | 15,978,853 |
| Balances with other banks | | 8,635 | 8,166 |
| Due from financial institutions | 1 | 25,996,490 | – |
| Investments | 2 | 256,341,204 | 194,105,585 |
| Islamic financing and related assets-net | 3 | 103,606,905 | 114,115,766 |
| Property and equipment | | 2,571,153 | 1,306,410 |
| Right-of-use assets | | 4,411,645 | 3,528,398 |
| Intangible assets | | – | – |
| Due from Head Office | | – | – |
| Other assets | | 25,734,467 | 17,590,335 |
| Total Assets | | 442,768,292 | 346,633,513 |
| LIABILITIES | | | |
| Bills payable | | 848,638 | 500,279 |
| Due to financial institutions | | 30,561,246 | 34,472,018 |
| Deposits and other accounts | 4 | 317,595,744 | 255,291,936 |
| Due to Head Office | | 6,016,955 | 2,109,591 |
| Lease liabilities | | 5,386,354 | 4,253,310 |
| Subordinated debt | | – | – |
| Other liabilities | | 14,820,648 | 8,606,111 |
| | | 375,229,585 | 305,233,245 |
| NET ASSETS | | 67,538,707 | 41,400,268 |
| REPRESENTED BY | | | |
| Islamic Banking Fund | | 7,600,000 | 7,600,000 |
| Reserves | | – | – |
| Surplus on revaluation of assets | | 5,852,746 | 1,825,669 |
| Unappropriated profit | 6 | 54,085,961 | 31,974,599 |
| | | 67,538,707 | 41,400,268 |
| CONTINGENCIES AND COMMITMENTS | 7 | | |



The statement of profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2024 is as follows:

| | Note | 2024 (Rupees in '000) | 2023 |
|--|------|--------------------------|--------------------|
| Profit / return earned | 8 | 61,542,046 | 47,491,919 |
| Profit / return expensed | 9 | (29,236,000) | (24,319,730) |
| Net Profit / return | | 32,306,046 | 23,172,189 |
| Other income | | | |
| Fee and commission income | | 1,766,995 | 1,269,283 |
| Dividend income | | 47,617 | 79,244 |
| Foreign exchange income | | 245,182 | 206,936 |
| Gain / (loss) on securities - net | | 20,277 | (7,172) |
| Total other income | | 2,080,071 | 1,548,291 |
| Total income | | 34,386,117 | 24,720,480 |
| Other expenses | | | |
| Operating expenses | | (9,139,544) | (6,530,383) |
| Other charges | | (551) | (22) |
| Total other expenses | | (9,140,095) | (6,530,405) |
| Profit before credit loss allowance | | 25,246,022 | 18,190,075 |
| Credit loss allowance and write offs - net | | (1,702,755) | (421,341) |
| Profit for the year | | 23,543,267 | 17,768,734 |

1. Due from financial institutions

| | 2024 (Rupees in '000) | 2023 |
|---|--------------------------|----------|
| In local currency: | | |
| Musharaka placement | 26,000,000 | — |
| Less: Credit loss allowance | | |
| Stage 1 | (3,510) | — |
| Due from financial institutions - net of credit loss allowance | 25,996,490 | — |



| | 2024 | | | | 2023 | | | |
|--|--------------------------|--------------------------|------------------------|-------------------|--------------------------|--------------------------|------------------------|-------------------|
| | Cost / amortised cost | Credit loss allowance | Surplus / (deficit) | Carrying value | Cost / amortised cost | Credit loss allowance | Surplus / (deficit) | Carrying value |
| (Rupees in '000) | | | | | | | | |
| 2. Investments | | | | | | | | |
| Investments by segments: | | | | | | | | |
| Debt Instruments | | | | | | | | |
| FVPL | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Islamic Naya Pakistan Certificates | 2,642,542 | - | - | 2,642,542 | - | - | - | - |
| FVOCI | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| - Ijarah Sukuks | 221,990,413 | - | 5,664,287 | 227,654,700 | - | - | - | - |
| - Neelum Jhelum Hydropower Co. Ltd. Sukuk | 866,250 | - | 8,840 | 875,090 | - | - | - | - |
| - Pakistan Energy Sukuk - Listed | 21,101,875 | - | 209,125 | 21,311,000 | - | - | - | - |
| Non Government Debt Securities | | | | | | | | |
| - Listed | 1,122,000 | (680,000) | 534 | 442,534 | - | - | - | - |
| - Unlisted | 2,973,000 | (751) | (30,040) | 2,942,209 | - | - | - | - |
| | 248,053,538 | (680,751) | 5,852,746 | 253,225,533 | - | - | - | - |
| Investments mandatorily classified measured at FVPL | | | | | | | | |
| Units of Mutual Funds | 252,242 | - | 20,887 | 273,129 | - | - | - | - |
| Associates | | | | | | | | |
| Al Habib Islamic Cash Fund | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 |
| Al Habib Islamic Saving Fund | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 |
| | 2,000,000 | - | - | 200,000 | 200,000 | - | - | 200,000 |
| Available-for-Sale Securities | | | | | | | | |
| Federal Government Securities | | | | | | | | |
| Ijarah Sukuks | - | - | - | - | 180,077,410 | - | 1,781,739 | 181,859,149 |
| Neelum Jhelum Hydropower Co. Ltd. Sukuk | - | - | - | - | 1,443,750 | - | 13,811 | 1,457,561 |
| Islamic Naya Pakistan Certificates | - | - | - | - | 5,769,121 | - | - | 5,769,121 |
| | - | - | - | - | 187,290,281 | - | 1,795,550 | 189,085,831 |
| Shares | | | | | | | | |
| Listed companies | - | - | - | - | 17,389 | (11,535) | 3,938 | 9,792 |
| Non Government Debt Securities | | | | | | | | |
| Listed | - | - | - | - | 1,122,000 | - | 1,602 | 1,123,602 |
| Unlisted | - | - | - | - | 3,363,625 | - | (25,374) | 3,338,251 |
| | - | - | - | - | 4,485,625 | - | (23,772) | 4,461,853 |
| Units of Mutual Funds | - | - | - | - | 351,022 | (52,866) | 49,953 | 348,109 |
| Total Investments | 251,148,322 | (680,751) | 5,873,633 | 256,341,204 | 192,344,317 | (64,401) | 1,825,669 | 194,105,585 |

2.1 Particulars of credit loss allowance

| | 2024 | | | | 2023 | | | |
|--------------------------------|-------------------------|---------|---------|---------|---------|---------|---------|--------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| | (Rupees in '000) | | | | | | | |
| Non Government Debt Securities | 384 | 367 | 680,000 | 680,751 | - | - | 64,401 | 64,401 |



| | Note | 2024 (Rupees in '000) | 2023 |
|---|------|--------------------------|-------------|
| 3. Islamic financing and related assets | | | |
| Ijarah | 3.1 | 3,296,372 | 3,079,001 |
| Murabaha | 3.2 | 21,393,302 | 17,586,364 |
| Diminishing Musharaka | | 14,901,120 | 18,779,105 |
| Istisna | | 4,744,263 | 10,282,784 |
| Islamic Long Term Financing Facility (ILTFF) | | 4,343,370 | 5,241,800 |
| Islamic Refinance for Renewable Energy (IFRE) | | 3,177,094 | 2,224,625 |
| Islamic Refinance for Temporary Economic Refinance Facility (ITERF) | | 5,217,018 | 6,830,099 |
| Islamic Refinance Facility for Modernization of SMEs (IRFSME) | | 166,650 | 52,588 |
| Islamic Financing Facility for Storage of Agricultural Product (IFFSAP) | | 127,131 | 157,403 |
| Islamic Export Refinance - Istisna (IERF) | | 70,000 | 2,160,467 |
| Musawamah | | 4,188,383 | 4,605,689 |
| Islamic Export Refinance-Musawamah | | - | 6,000 |
| Running Musharaka | | 2,844,245 | 2,479,691 |
| Islamic Export Refinance-Running Musharaka | | 8,903,641 | 7,166,641 |
| Financing against Bills-Musawamah | | 3,823,394 | 5,083,273 |
| Export Finance Scheme (EFS) - Discounting | | 8,207,289 | 7,235,359 |
| Staff Financing | | 1,098,884 | 2,013,176 |
| Musawamah Inventory | | 2,673,423 | 3,076,506 |
| Advance against Istisna | | 14,364,368 | 13,554,721 |
| Advance against Istisna - IERF | | 818,500 | 2,249,152 |
| Advance against Ijarah | | 250,250 | 138,636 |
| Advance against Diminishing Musharaka | | 1,788,091 | 1,303,776 |
| Advance against IFRE | | 198,663 | 666,683 |
| Advance against ITERF | | - | 951,795 |
| Advance against IRFSME | | - | 12,933 |
| Gross Islamic financing and related assets | | 106,595,451 | 114,938,267 |
| Less: credit loss allowance against Islamic financings | | | |
| - Stage 1 | | (1,071,897) | - |
| - Stage 2 | | (1,061,392) | - |
| - Stage 3 | | (855,257) | - |
| - Specific | | - | (772,444) |
| - General | | - | (50,057) |
| | | (2,988,546) | (822,501) |
| Islamic financing and related assets-net of provision | | 103,606,905 | 114,115,766 |

| 3.1 Ijarah | 2024 | | | | | | |
|---------------------|------------------|--------------------------|-------------------|--------------------------|-----------------------------------|-------------------|-------------------|
| | Cost | | | Accumulated depreciation | | | Book value |
| | As at 01 January | Additions / (deletions) | As at 31 December | As at 01 January | Charge for the year / (deletions) | As at 31 December | as at 31 December |
| | (Rupees in '000) | | | | | | |
| Plant and machinery | 71,383 | - (6,827) | 64,556 | 63,930 | 316 (6,146) | 58,100 | 6,456 |
| Vehicles | 4,269,795 | 1,915,568 (1,275,685) | 4,909,678 | 1,199,069 | 951,798 (530,282) | 1,620,585 | 3,289,093 |
| Equipment | 4,118 | - - | 4,118 | 3,296 | 5,087 (5,088) | 3,295 | 823 |
| Total | 4,345,296 | 1,915,568 (1,282,512) | 4,978,352 | 1,266,295 | 957,201 (541,516) | 1,681,980 | 3,296,372 |



2023

| | Cost | | Accumulated depreciation | | | Book value | |
|---------------------|------------------|----------------------------------|--------------------------|------------------|-----------------------------------|-------------------|-------------------|
| | As at 01 January | Additions / (deletions) | As at 31 December | As at 01 January | Charge for the year / (deletions) | As at 31 December | as at 31 December |
| | (Rupees in '000) | | | | | | |
| Plant and machinery | 523,792 | – (452,409) | 71,383 | 407,366 | 45,173 (388,609) | 63,930 | 7,453 |
| Vehicles | 3,357,645 | 1,968,663 (1,056,513) | 4,269,795 | 1,039,847 | 772,274 (613,052) | 1,199,069 | 3,070,726 |
| Equipment | 110,066 | – (105,948) | 4,118 | 91,448 | – (88,152) | 3,296 | 822 |
| Total | 3,991,503 | 1,968,663 (1,614,870) | 4,345,296 | 1,538,661 | 817,447 (1,089,813) | 1,266,295 | 3,079,001 |

3.1.1 Future ijarah payments receivable

| | 2024 | | | 2023 | | |
|---------------------------|-----------------------|---|-----------|-----------------------|---|-----------|
| | Not later than 1 year | Later than 1 year and less than 5 years | Total | Not later than 1 year | Later than 1 year and less than 5 years | Total |
| | (Rupees in '000) | | | | | |
| Ijarah rental receivables | 1,462,615 | 2,370,956 | 3,833,571 | 1,323,741 | 2,575,478 | 3,899,219 |
| | | | Note | 2024 | 2023 | |
| | | | | (Rupees in '000) | | |

3.2 Murabaha

| | | | |
|--|-------|---------------------|--------------|
| Murabaha financing | 3.2.1 | 11,615,954 | 10,098,518 |
| Advances for Murabaha | | 9,777,348 | 7,487,846 |
| | | 21,393,302 | 17,586,364 |
| 3.2.1 Murabaha receivable-gross | | | |
| Less: Deferred murabaha income | 3.2.2 | 12,509,478 | 11,140,005 |
| Profit receivable shown in other assets | 3.2.4 | (552,558) | (559,242) |
| Murabaha financings | | (340,966) | (482,245) |
| | | 11,615,954 | 10,098,518 |
| 3.2.2 The movement in Murabaha financing during the year is as follows: | | | |
| Opening balance | | 11,140,005 | 7,853,739 |
| Sales during the year | | 63,782,383 | 38,800,845 |
| Adjusted during the year | | (62,412,910) | (35,514,579) |
| Closing balance | | 12,509,478 | 11,140,005 |
| 3.2.3 Murabaha sale price | | 12,509,478 | 11,140,005 |
| Murabaha purchase price | | (11,615,954) | (10,098,518) |
| | | 893,524 | 1,041,487 |
| 3.2.4 Deferred murabaha income | | | |
| Opening balance | | 559,242 | 222,743 |
| Arising during the year | | 3,412,411 | 2,453,949 |
| Less: recognised during the year | | (3,419,095) | (2,117,450) |
| Closing balance | | 552,558 | 559,242 |



4. Deposits and other accounts

| | 2024 | | | 2023 | | |
|-------------------------------|--------------------|-----------------------|---------------------------|--------------------|-----------------------|--------------------|
| | In local currency | In foreign currencies | Total (Rupees in '000) | In local currency | In foreign currencies | Total |
| Customers | | | | | | |
| Current deposits | 110,301,302 | 6,635,819 | 116,937,121 | 88,013,287 | 3,380,920 | 91,394,207 |
| Savings deposits | 152,982,120 | 5,684,736 | 158,666,856 | 119,870,552 | 5,445,480 | 125,316,032 |
| Term deposits | 20,269,782 | - | 20,269,782 | 24,830,685 | - | 24,830,685 |
| | <u>283,553,204</u> | <u>12,320,555</u> | <u>295,873,759</u> | <u>232,714,524</u> | <u>8,826,400</u> | <u>241,540,924</u> |
| Financial institutions | | | | | | |
| Current deposits | 48,799 | - | 48,799 | 35,468 | - | 35,468 |
| Savings deposits | 21,673,186 | - | 21,673,186 | 13,715,544 | - | 13,715,544 |
| | <u>21,721,985</u> | <u>-</u> | <u>21,721,985</u> | <u>13,751,012</u> | <u>-</u> | <u>13,751,012</u> |
| | <u>305,275,189</u> | <u>12,320,555</u> | <u>317,595,744</u> | <u>246,465,536</u> | <u>8,826,400</u> | <u>255,291,936</u> |

| | 2024 (Rupees in '000) | 2023 |
|---------------------------------------|--------------------------|--------------------|
| 4.1 Composition of deposits | | |
| - Individuals | 201,186,566 | 136,907,220 |
| - Government / Public Sector Entities | 1,866,511 | 8,698,958 |
| - Banking Companies | 57 | 52 |
| - Non-Banking Financial Institutions | 21,721,928 | 13,750,960 |
| - Private Sector | 92,820,682 | 95,934,746 |
| | <u>317,595,744</u> | <u>255,291,936</u> |

4.1.1 Deposits includes eligible deposits covered under deposit protection mechanism as required by the Deposit Protection Act, 2016 amounting to Rs. 262,805.982 million (2023: Rs. 197,393.808 million).

| | 2024 (Rupees in '000) | 2023 |
|---|--------------------------|-----------------|
| 5. Charity Fund | | |
| Opening balance | 59,665 | 23,820 |
| Additions during the year | | |
| Received from customers on account of delayed payment | 28,456 | 58,471 |
| Charity accrued but not yet received | 30,372 | 11,563 |
| Dividend purification amount | - | 268 |
| Other Non - Shariah compliant income | 632 | 1,589 |
| Profit on charity saving account | 9,101 | 4,354 |
| | <u>68,561</u> | <u>76,245</u> |
| Payments / utilization during the year | | |
| Health | (24,500) | (20,000) |
| Social welfare | (14,000) | (15,400) |
| Education | (6,000) | (5,000) |
| | <u>(44,500)</u> | <u>(40,400)</u> |
| Closing balance | <u>83,726</u> | <u>59,665</u> |



| | 2024 | 2023 |
|--|-------------------|-------------------|
| | (Rupees in '000) | |
| 5.1 | | |
| Detail of charity is as follows: | | |
| Afzaal Memorial Thalassemia Foundation | 2,000 | 2,000 |
| Agha Welfare Trust | 1,000 | 1,000 |
| Al Mustafa Trust | 1,000 | 2,000 |
| ASF Foundation | 1,400 | 1,400 |
| Bait-ul-Sukoon | 1,500 | 2,000 |
| Child Aid Association | 2,000 | 2,000 |
| Dar-ul-Sukun | 2,600 | 2,000 |
| Green Crescent Trust | 3,000 | 2,000 |
| Hajra Hamza Foundation | 1,000 | - |
| Huzaifa Durrani Shaheed Foundation | 500 | - |
| Hyderabad Relief & Rehabilitation Trust / Osmania Hospital | 1,500 | - |
| IDA RIEU Welfare Association | 1,500 | 2,000 |
| Indus Hospital | 2,000 | 2,000 |
| Jinnah Foundation | 2,000 | - |
| Karachi Down Syndrome Program (KDSP) | 1,000 | 2,000 |
| Karachi Institute of Kidney Diseases Association | 1,000 | 2,000 |
| Lady Dufferin Hospital | 1,500 | - |
| Markaz-e-Umeed | 2,000 | 2,000 |
| Murshid Hospital & Health Care Centre | 2,000 | - |
| National Institute of Child Health | 1,000 | - |
| NOWPDP | 1,000 | 2,000 |
| Orange Tree Foundation | 1,000 | 1,000 |
| Osmania Hospital | - | 2,000 |
| Pakistan Children's Heart Foundation | 2,000 | 2,000 |
| Pakistan Foundation Fighting Blindness | 1,000 | 2,000 |
| Panah Trust | 1,000 | - |
| Sahil Welfare Association | - | 1,000 |
| SIUT | 3,000 | 2,000 |
| SOS Children's Village | 1,000 | 2,000 |
| The Kidney Centre | 2,000 | 2,000 |
| The Cancer Foundation | 1,000 | - |
| | 44,500 | 40,400 |
| 6. Islamic Banking Business Unappropriated Profit | | |
| Opening balance | 31,974,599 | 14,205,865 |
| Impact on adoption of IFRS 9 | (1,423,844) | - |
| Add: Islamic Banking profit for the year | 23,543,274 | 17,768,734 |
| Loss on sale of equity investment - FVOCI | (8,068) | - |
| Closing balance | 54,085,961 | 31,974,599 |
| 7. Contingencies and Commitments | | |
| - Guarantees | 19,198,384 | 14,463,377 |
| - Commitments | 34,016,915 | 28,717,529 |
| | 53,215,299 | 43,180,906 |
| 8. Profit / Return Earned on Financing, Investments and Placement | | |
| Profit earned on: | | |
| Financing | 16,843,648 | 15,289,918 |
| Investments | 44,457,005 | 32,110,595 |
| Placement | 241,393 | 91,406 |
| | 61,542,046 | 47,491,919 |



| | 2024 | 2023 |
|--|-------------------|-------------------|
| | (Rupees in '000) | |
| 9. Profit on Deposits and Other Dues Expensed | | |
| Deposits and other accounts | 24,352,075 | 19,827,836 |
| Due to Financial Institutions | 3,032,563 | 2,556,552 |
| Due to Head Office | 1,206,775 | 1,472,781 |
| Lease liability against right-of-use assets | 644,587 | 462,561 |
| | 29,236,000 | 24,319,730 |
| 10. Profit and Loss Distribution and Pool Management | | |
| 10.1 The number and nature of pools maintained by the Islamic Banking Branches along with their key features and risk and reward characteristics | | |
| General Pool PKR (Mudaraba) | | |
| Deposits which assume minimal risk of loss due to diversified assets being tagged thereto are parked in the general pool. In case of loss in general pool, the loss will be borne by the general pool members. | | |
| Special Pool(s) PKR (Mudaraba) | | |
| Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members. | | |
| General Pool FCY (Mudaraba) | | |
| In FCY pool, all FCY deposits and investments are parked to share the return among the FCY deposit holders. In case of loss in a FCY general pool, the loss will be borne by the FCY general pool members. | | |
| Special Pool(s) FCY (Mudaraba) | | |
| Special pool(s) are created where the customers desire to invest in high yield assets. In case of loss in a special pool the loss will be borne by the special pool members. | | |
| Islamic Export Refinance Scheme (IERS) Pool PKR (Musharaka) | | |
| IERS pool is required by SBP to facilitate the exporters under Islamic Export Refinance Scheme. | | |
| Equity Pool | | |
| Investments with relatively higher risks such as investment in shares and mutual funds are tagged to the equity pool in order to safeguard the interest of depositors. | | |
| Special Mudaraba Financing Facility (SMFF) Pool - Open Market Operations (OMO) Injections | | |
| Special Mudaraba Financing Facility (MFF) Pool for OMO Injection is created to invest the funds exclusively raised from SBP through Islamic Open Market Operations (OMO) in High Quality Assets including securities that are eligible as approved securities for maintaining Statutory Liquidity Requirement (SLR). | | |
| Parameters associated with risk and rewards: | | |
| Following are the key considerations attached with risk and reward of the pool: | | |
| - Period, return, safety, security and liquidity of investment. | | |
| - Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organisations as regulated in Pakistan. | | |
| - Element of risk attached to various types of investments. | | |
| - SBP rules and Shariah clearance. | | |
| 10.2 Avenues / sectors of economy / business where Mudaraba based deposits have been deployed | | |
| The Mudaraba based funds have been deployed in the following avenues / sectors / businesses: | | |
| - Chemical and pharmaceuticals | | |
| - Agribusiness | | |
| - Textile | | |
| - Sugar | | |
| - Shoes and leather garments | | |
| - Investment in sukuk | | |
| - Production and transmission of energy | | |



- Food and allied except sugar
- Cement
- Financial
- Wheat
- Individuals
- Others (domestic whole sale, engineering goods, plastic product, etc.)

10.3 Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components

The Banks Islamic Banking Division (IBD) is accepting Term Deposits and Saving Deposits under Mudaraba arrangements, wherein the Bank is Mudarib and depositors are Rab-UI-Maal. The Bank with the prior approval of Depositors also commingles its funds with those of depositors.

The funds so generated are invested by the Bank in Shariah compliant modes of financing and investments such as Murabaha, Ijarah, Istisna, Diminishing Musharakah, Running Musharakah, Musawama, Shares, Mutual Funds and Sukuks etc.

The Bank calculates the profit of the pool every month. Profit is distributed at the Net Income level. Net Income is calculated after deducting direct costs such as cost of Murabaha, cost of Takaful, Depreciation on Ijarah Assets, and amortization of premium on sukuks and loss of investments directly incurred in deriving that Income.

The Net income / loss is being allocated between the Banks equity and the depositors' fund in proportion to their respective share in pool.

The Banks profit sharing ratio during the quarter was 50% (2023: 50%) of Net Income and the depositors' profit sharing ratio was 50% (2023: 50%) of Net Income.

After the allocation of Income between mudarib (Bank) and depositors (Rab ul Maal) the profit is distributed among the depositors on the basis of predetermined weightages, announced by the Bank at the beginning of the month based on their respective category / tiers. In case of loss, Rab-ul-Maal has to bear the loss in the ratio of its investment.

In case of provisioning, the general and specific provisions created against non-performing financing, credit loss allowance under IFRS-9 and diminution in the value of investments as under prudential regulations and other SBP directives shall be borne by the IBIs as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to the pool along with other direct expenses.

10.4 Mudarib share and HIBA distributed to depositor's pool and specific pool

| | 2024 | | | | |
|-------------------|--|---------------|-------------------------------|---------------------------------|----------------------|
| | Distributable Income (Rupees in '000) | Mudarib Share | Mudarib Share (Percentage) | HIBA Amount (Rupees in '000) | HIBA (Percentage) |
| LCY Pool | 34,421,848 | 14,189,946 | 41.22% | 6,110,080 | 43.06% |
| FCY Pool | 469,376 | 353,798 | 75.38% | 51,419 | 14.53% |
| 2023 | | | | | |
| LCY Pool | 27,063,141 | 10,004,896 | 36.97% | 4,159,293 | 41.57% |
| FCY Pool | 296,126 | 222,545 | 75.15% | 28,104 | 12.63% |
| 2024 (Percentage) | | | | | |
| 2023 (Percentage) | | | | | |

10.5 Profit rate earned vs. profit rate distributed to the depositors during the year

| | | |
|-------------------------|--------|--------|
| Profit rate earned | 18.49% | 17.75% |
| Profit rate distributed | 9.69% | 9.97% |



Disclosure on Complaint Handling in Annual Accounts-2024

The Customer Services function takes contentment in serving as custodian of Complaint Management which is primarily in control of upholding high FTC (Fair Treatment to Customers) standards by promptly resolving complaints and providing fair resolutions to customers.

To promote customer centricity in the culture and dynamics of BAHL, we have developed a comprehensive policy for handling customer complaints that is established on the values of fairness, transparency, promptness, visibility, and accessibility. BAHL take complaints as an effective measure to improve its services instead of considering complaints as root cause for customer dissatisfaction. Additionally, Fair Treatment to Consumers Committee (FTCC) is established to anticipate customer problems and recommend resolution that can give our customers a better experience.

Customers can register complaints through a variety of channels, including a call center, the bank's website, direct emails, social media, and letters delivered directly or through drop box to the customer services division. These complaints are swiftly recorded in the complaint management system. From the time a complaint is acknowledged until it is resolved, bank has a defined escalation matrix to resolve complaints, where if any complaint is not resolved within the allotted turnaround time, it is escalated to the next senior level of management to ensure resolution of the complaints on priority.

As a post resolution activity, the complaint trends and analysis are shared with Board Members, Senior Management and Business Segments. Based on the findings, root cause analysis is conducted and communicated timely with the relevant departments for reduction of customer grievance.

Key Highlight: In 2024, the Bank received 337,053 complaints, about 15% higher than the previous year. The complaints were investigated and closed within an average turnaround time of 4 working days.

Gender Pay Gap as on 31 December 2024

The mean and median pay for the women is around 11% and 17% higher than that of men.



Report of Shari'ah Board for the year ending December 31, 2024

In the name of Allah, the Beneficent, the Merciful

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Bank AL Habib – Islamic Banking Division (BAHL-IBD) are conducted in a manner that complies with Shari'ah principles and guidelines issued by the Shari'ah Board of the BAHL -IBD at all times. The Shari'ah Governance Framework issued by the State Bank of Pakistan, required from the Shari'ah Board (SB) to submit a report on the overall Shari'ah compliance environment of BAHL -IBD.
2. To form the opinion as expressed in this report, the Shari'ah Compliance Department carried out Shari'ah Reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, during the last year, Shari'ah Board reviewed the Internal Shari'ah Audit and External Shari'ah Audit Reports. Based on above, we are of the view that:
 - I. BAHL -IBD has complied with Shari'ah rules and principles in the light of fatawa, rulings and guidelines issued by its Shari'ah Board.
 - II. BAHL-IBD has complied with directives, regulations, instructions and guidelines i.e. related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Board.
 - III. BAHL-IBD has complied with the SBP instructions on profit and loss distribution and Pool Management. On recommendations of Shari'ah Board measures are being taken to further strengthen the Pool Management system.
 - IV. BAHL -IBD has a comprehensive mechanism in place to ensure Shari'ah Compliance in its overall operations.
 - V. The Shari'ah Board appreciates the view and commitment of BOD towards ensuring the Shari'ah Compliance in the products, processes and operations of the BAHL-IBD. Improvement is required in level of awareness of Islamic Banking staff as well Executive Management in order to improve their understanding on the importance of Shari'ah Compliance in their respective areas, particularly in Foreign Trade Department.
 - VI. The Management has committed to provide further human resource to Shari'ah Compliance Department enabling them to discharge their duties effectively.
 - VII. The Bank has a well-defined mechanism in place which is sound enough to ensure that any earnings identified from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized. In year 2024, charity amount of Rs. 45.254 Million has been realized, out of which an income of Rs. 0.631 Million was credited to charity due to Shari'ah non-compliance as per instructions of Shari'ah Board, while Rs. 44.623 Million was due to late payments. An amount of Rs. 44.5 Million has been granted to various charitable institutions from available charity fund.

Mufti Sher Ali
Resident Shari'ah Board Member

Mufti Muhammad Hamza
Member Shari'ah Board

Mufti Mohib ul Haq Siddiqui
Member Shari'ah Board

Mufti Ismatullah
Chairman Shari'ah Board

Karachi: 30 January, 2025



شریعی بورڈ رپورٹ بمطابق ۳۱ دسمبر ۲۰۲۲ء

بورڈ آف ڈائریکٹرز اور انتظامیہ ہی کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ بینک الحیب اسلامک بینکنگ ڈویژن کی سرگرمیاں ہمیشہ شریعت کے اصولوں اور شریعی بورڈ کی ہدایات کے مطابق ہوں۔ بینک دولت پاکستان کی جانب سے جاری کردہ شریعی گورننس فریم ورک کے تحت بینک الحیب اسلامک بینکنگ ڈویژن کا شریعی بورڈ اس بات کا پابند ہے کہ وہ مجموعی شریعی کمپلائنس ماحول پر ایک رپورٹ جمع کروائے۔

رائے تشکیل دیئے کیلئے جیسا کہ اس رپورٹ میں بیان کیا گیا ہے، شریعی کمپلائنس ڈپارٹمنٹ نے ہر قسم کے معاملے سے متعلقہ دستاویزات اور ترتیب عمل کے کاغذات کے آزمائشی بنیادوں پر جائزے لیے۔ شریعی بورڈ نے پچھلے سال کے دوران شریعی کمپلائنس اور اندرونی و بیرونی شریعی آڈٹ کی رپورٹس کا جائزہ لیا اور ان کی بنیاد پر ہماری رائے یہ ہے کہ:

- ۱- بینک الحیب اسلامک بینکنگ ڈویژن نے شریعی بورڈ کے فتاویٰ، احکامات اور ہدایات کی روشنی میں شرعی اصول و ضوابط کو پورا کیا۔
- ۲- بینک الحیب اسلامک بینکنگ ڈویژن نے بینک دولت پاکستان اور اس کے شریعی بورڈ کے شریعی کمپلائنس کے حوالے سے جاری کردہ قوانین اور ہدایات و احکامات کی پاسداری کی۔
- ۳- بینک الحیب اسلامک بینکنگ ڈویژن نے نفع نقصان کی تقسیم اور پول مینجمنٹ سے متعلق بینک دولت پاکستان کے احکامات پر عمل کیا۔ شریعی بورڈ کی تجویز پر پول مینجمنٹ کو مزید مضبوط بنانے کے لئے اقدامات کیے جا رہے ہیں۔
- ۴- بینک الحیب اسلامک بینکنگ ڈویژن میں تمام معاملات میں شرعی اصولوں کی پاسداری کو یقینی بنانے کے لئے جامع لائحہ عمل موجود ہے۔
- ۵- شریعی بورڈ پراڈکشن طریقہ ہائے کار اور تعامل میں شریعت کی پاسداری کے حوالے سے بورڈ آف ڈائریکٹرز کے نظریے اور عزم کو سراہتا ہے۔ اسلامک بینکنگ کے عمل اور اعلیٰ انتظامیہ کی آگاہی کا معیار بہتر کرنے کی ضرورت ہے تاکہ متعلقہ شعبوں میں شریعت کی پاسداری کی فہم بہتر ہو سکے۔ خصوصاً بیرونی تجارت کے شعبے میں۔
- ۶- بینک کی انتظامیہ نے یہ عزم کیا ہے کہ شریعی کمپلائنس ڈپارٹمنٹ کو اپنی ذمہ داریوں سے بہتر طریقے سے عہدہ برآ ہونے کیلئے مزید عملہ فراہم کریں گے۔
- ۷- بینک میں ایک مناسب وضع شدہ نظام ہے جو اس قابل ہے کہ کسی بھی غیر شرعی ذریعے یا طریقے سے حاصل کیے گئے منافع کی نشاندہی کی صورت میں اس کو صدقہ کے اکاؤنٹ میں ڈالنے اور بطریق احسن صدقہ کی مد میں لگانے کو یقینی بنا سکے۔ ۲۰۲۲ء میں صدقہ کی مد میں 45.254 ملین روپے جمع ہوئے، جن میں سے 0.631 ملین روپے کی آمدنی خیراتی اکاؤنٹ میں شریعی بورڈ کے حکم سے شریعی عدم پاسداری کی وجہ سے اور 44.623 ملین روپے ادا نیگیوں میں تاخیر کی وجہ سے کئے گئے۔ تقریباً 44.5 ملین روپے موجودہ خیرات فنڈ سے مختلف خیراتی اداروں کو ادا کئے گئے۔

مفتی عصمت اللہ حمد اللہ
چیئر مین شریعی بورڈ

مفتی حُب الحق صدیقی
ممبر شریعی بورڈ

مفتی محمد حمزہ
ممبر شریعی بورڈ

مفتی شیر علی
ریزیڈنٹ شریعی بورڈ ممبر

کراچی 30 جنوری 2025ء



بینک الحیب اور اس کی ذیلی کمپنیاں آڈٹ شدہ مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

بینک الحیب کے ڈائریکٹرز کیلئے اس کی ذیلی کمپنیوں الحیب کپیٹل مارکیٹس (پرائیویٹ) لمیٹڈ، الحیب ایسٹ منجمنٹ لمیٹڈ اور الحیب ایکسچینج کمپنی (پرائیویٹ) لمیٹڈ کے آڈٹ شدہ مجموعی مالیاتی حسابات برائے ۳۱ دسمبر ۲۰۲۳ء کو ختم ہونے والے سال کیلئے پیش کرنا باعث مسرت ہے:

| (000 روپے میں) | |
|----------------|--|
| 86,779,930 | سالانہ منافع قبل از ٹیکس |
| (44,862,535) | ٹیکسیشن |
| 41,917,395 | سالانہ منافع بعد از ٹیکس |
| (15,630) | غیر اختیاری مفاد سے منسوب شدہ منافع |
| 41,901,765 | ہولڈنگ کمپنی کے شیئر ہولڈرز سے منسوب شدہ منافع |
| 73,595,373 | گزشتہ غیر مختص شدہ منافع |
| (3,510,353) | آئی ایف آر ایس۔ 9 کو اپنانے کا اثر (بعد از ٹیکس) |
| 250,448 | فلسفہ اثاثہ جات کی ریبیلووشن کے اضافہ میں سے منتقلی۔ بعد از ٹیکس |
| (826,620) | ایکویٹی سرمایہ کاری کی فروخت پر نقصان۔ ایف وی اوی آئی |
| 61,890 | دیگر جامع آمدنی۔ بعد از ٹیکس |
| 69,570,738 | |
| 111,472,503 | تخصیص کیلئے دستیاب منافع |
| | تخصیص: |
| (3,986,219) | اسٹیچوئری ریزرو میں منتقلی |
| (5,557,127) | نقد منافع منقسمہ۔ ۲۰۲۳ء |
| (11,669,967) | نقد منافع منقسمہ۔ ۲۰۲۲ء |
| (21,213,313) | |
| 90,259,190 | غیر مختص شدہ منافع |
| روپے 37.70 | فی شیئر آمدنی (بعد از ٹیکس)۔ ہولڈنگ کمپنی |

شیئر ہولڈنگ کی ساخت

شیئر ہولڈنگ کی ساخت برطابق ۳۱ دسمبر ۲۰۲۳ء بینک الحیب لمیٹڈ کے مالیاتی حسابات کے ساتھ منسلک ہے۔

عباس ڈی۔ حبیب
چیئرمین
بورڈ آف ڈائریکٹرز

منصور علی خان
چیف ایگزیکٹو

کراچی: ۳۰ جنوری ۲۰۲۵ء



۱۱۔ ڈائریکٹرز، سی ای او، ایف او، انٹرنل آڈٹ کے سربراہ، کمپنی سیکریٹری اور ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے بینک کے شیئرز میں سال کے دوران کوئی تجارت نہیں کی گئی، سوائے درج ذیل کے:

- 668,455 شیئرز ایک ڈائریکٹر کی جانب سے تحفے کی صورت میں لئے گئے اور 18,154,538 شیئرز تحفے کی صورت میں دیئے گئے۔
- 6,241,980 شیئرز ایک ڈائریکٹر کی شریک حیات کی جانب سے تحفے کی صورت میں لئے گئے۔
- 19,078,003 شیئرز دو ایگزیکٹوز کی جانب سے تحفے کی صورت میں لئے گئے اور 276,496 شیئرز ایک ایگزیکٹو کی جانب سے تحفے کی صورت میں دیئے گئے۔
- 17,500 شیئرز دو ایگزیکٹوز کی جانب سے خریدے گئے۔
- 1,000 شیئرز ایک ایگزیکٹو کی جانب سے فروخت کئے گئے۔

اس ضمن میں ”ایگزیکٹو“ کی تعریف میں پاکستان اسٹاک ایکسچینج کی رول بک میں درج شدہ افسران کے علاوہ بینک کے اسسٹنٹ جنرل مینجرز اور اس سے بالا عہدیداران کو بھی شامل کیا گیا ہے۔

عمومی

ہم اپنے کسٹمرز کے مسلسل اعتماد اور تائید، مقامی و غیر ملکی مالیاتی اداروں کے بھروسے اور تعاون، اور اسٹیٹ بینک آف پاکستان کے اُن کی رہنمائی پر، بے حد مشکور ہیں۔ ہم اپنے تمام اسٹاف ممبران کا بھی ان کے خلوص، لگن اور انتھک محنت پر ان کا شکریہ ادا کرتے ہیں۔

عباس ڈی۔ حبیب

چیئرمین

بورڈ آف ڈائریکٹرز

منصور علی خان

چیف ایگزیکٹو

کراچی: ۳۰ جنوری ۲۰۲۵ء



۷۔ گزشتہ 6 سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ درج ذیل ہے:

(ملین روپے میں)

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | |
|---------|-----------|-----------|-----------|-----------|-----------|---|
| 903,703 | 1,099,686 | 1,309,823 | 1,568,138 | 1,934,037 | 2,278,957 | صارفین کے مجموعی ڈپازٹس |
| 488,669 | 510,252 | 733,799 | 813,535 | 869,459 | 910,850 | مجموعی ایڈوانسز |
| 19,011 | 28,581 | 30,273 | 32,884 | 71,128 | 83,841 | منافع قبل از ٹیکس |
| 11,169 | 17,812 | 18,702 | 16,570 | 35,319 | 39,862 | منافع بعد از ٹیکس |
| 55,489 | 69,570 | 83,569 | 94,344 | 111,895 | 130,384 | شیر ہولڈرز کی ایکویٹی (بغیر ری ویلیویشن) |
| 10.05 | 16.03 | 16.83 | 14.91 | 31.78 | 35.87 | فی شیر آمدنی (روپے) |
| 35 | 45 | 70 | 70 | 140 | 170 | نقد منافع منقسمہ (%) |

۸۔ پروویڈنٹ فنڈ اور گریجویٹ فنڈ کے آڈٹ شدہ مالیاتی حسابات کی بنیاد پر ان اسکیموں کی سرمایہ کاریوں کی مالیت برطبق ۳۱ دسمبر ۲۰۲۳ء درج ذیل ہیں:

(000 روپے میں)

| | |
|------------|--------------|
| 14,149,099 | پروویڈنٹ فنڈ |
| 6,053,987 | گریجویٹ فنڈ |

۹۔ شیر ہولڈنگ کی ساخت اور اس سے متعلق اضافی معلومات صفحات 160، 161 اور 162 پر درج ہیں۔

۱۰۔ بورڈ نے اپنی کارکردگی کی جانچ کیلئے ایک باقاعدہ طریقہ کار منظور کیا ہے۔ بینک نے بورڈ کی جانچ کیلئے اندرون خانہ طریقہ کار اور اعدادی تکنیک مع اسکور شدہ سوال نامے کا انتخاب کیا ہے۔ بورڈ کی جانچ کے دائرہ کار میں مکمل بورڈ، انفرادی ڈائریکٹرز، بورڈ کی کمیٹیاں، چیئرمین اور چیف ایگزیکٹو شامل ہیں۔ مجموعی نتائج حاصل شدہ معلومات سے متعلقہ پارٹیوں کو آگاہ کیا جائے گا۔ جانچ کے دوران اگر کسی شعبے میں بہتری کی گنجائش نظر آئی تو اس کیلئے مناسب اقدامات کئے جائیں گے۔ ہر تقویمی سال کے لئے جانچ کا عمل آئندہ سال ۳۱ مارچ تک مکمل کیا جائے گا۔ مزید برآں بورڈ کی کارکردگی کا جائزہ کم از کم ہر تیسرے سال ایک ایکسٹرنل انڈیپنڈنٹ جائزہ کار کے ذریعے لیا جائے گا۔ ہم نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کو بورڈ کی کارکردگی کی ایکسٹرنل انڈیپنڈنٹ جائزہ کے لئے نامزد کیا ہے۔

بینک کی جانب سے منتخب کئے گئے ماہرین اور کسی بورڈ ممبر یا کلیدی ایگزیکٹو کے درمیان مفادات کا کوئی تضاد نہیں ہے۔



ادارتى سماجى ذمہ داری اور تنوع، مساوات اور شمولیت

آپ کا بینک مکمل طور پر ادارتی سماجی ذمہ داری کے تصور پر کار بند ہے اور اس ضمن میں وسیع تر سرگرمیوں کے ذریعے اپنی اس ذمہ داری کو پورا کر رہا ہے جس میں درج ذیل شامل ہیں:

- سال کے دوران صحت، سماجی اور تعلیمی ترقی اور عوام کی فلاح و بہبود کے لئے عطیات اور خیرات کی صورت میں 626.95 ملین روپے کی فراہمی۔
- توانائی کا بہتر استعمال، غیر ضروری بجلی جلانے پر پابندی اور ماحول کو محفوظ اور صحتمند بنانے کے لئے انسدادِ تمباکو نوشی کے قانون پر عملدرآمد اور ”نواسموکنگ زون“ کا قیام۔
- کاروباری ضابطہ اخلاق اور انسدادِ بدعنوانی کے اقدامات کے تحت تمام اسٹاف ممبران کے لئے بینک کے ضابطہ اخلاق ”کوڈ آف کنڈکٹ“ اور ”ایٹیٹی۔ براہ سبری اینڈ کرپشن پالیسی“ پر لازمی عملدرآمد۔
- صارفین کے تحفظ کے اقدامات اور اس ضمن میں بینک کی پروڈکٹس اور خدمات پر لاگو شیڈول آف چارجز اور شرائط و ضوابط کی تشہیر۔
- اسٹاف کے ساتھ خوشگوار تعلقات، میرٹ اور کارکردگی کا اعتراف، دورانِ ملازمت اور باقاعدہ تربیتی پروگراموں کے ذریعے اسٹاف کیلئے سیکھنے اور ترقی کے مواقع۔
- مذہب، ذات پات اور لسانی امتیاز کے بغیر ایک شفاف طریقہ کار کے ذریعے روزگار کے مساوی مواقع کی فراہمی، بشمول برائے خصوصی افراد۔
- دیہی علاقوں کیلئے بینک کے برانچ نیٹ ورک میں توسیع جس سے دیہی ترقی میں مدد ملے۔
- بینک کی جانب سے براہ راست ٹیکسز کے ذریعے سال کے دوران قومی خزانے میں 56.68 بلین روپے جمع کرائے گئے۔ مزید برآں 72.03 بلین روپے سے زیادہ کی اضافی رقم ودہولڈنگ ٹیکسز، فیڈرل ایکسائز ڈیوٹیز اور سروسز پریسیڈنٹس کی مد میں بینک کے ذریعے منہا/ وصول کی گئی اور حکومت پاکستان/ صوبائی حکومتوں کو ادا کی گئی۔

کارپوریٹ اور فنانشل رپورٹنگ پراسٹیٹمنٹ

- ۱۔ بینک کی جانب سے تیار کئے گئے مالیاتی حسابات، اس کے تمام کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کے معاملات کو شفاف انداز میں واضح کرتے ہیں۔
- ۲۔ بینک کی جانب سے باقاعدہ حساب کتاب رکھا گیا ہے۔
- ۳۔ مالیاتی حسابات کی تیاری میں موزوں اور درست اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں۔ اگر اس میں کوئی تبدیلی کی گئی تو اس کو واضح انداز میں بیان کیا گیا اور اکاؤنٹنگ کے تخمینہ جات موزوں ترین اور محتاط فیصلوں پر مبنی ہیں۔
- ۴۔ مالیاتی حسابات کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز اور اسلامک فنانشل اکاؤنٹنگ اسٹینڈرز، جو کہ پاکستان میں رائج ہیں، ان پر عمل کیا گیا اور ان سے اگر کسی حد تک روگردانی کی گئی تو اس کو واضح انداز میں بیان کیا گیا ہے۔
- ۵۔ انٹرنل کنٹرولز کا جامع نظام تیار کیا گیا ہے اور یہ موثر طور پر نافذ العمل ہے اور اس کی نگرانی بھی کی جاتی ہے۔ بورڈ کی جانب سے فنانشل رپورٹنگ پر انٹرنل کنٹرولز سے متعلق انتظامیہ کی جانچ بشمول مجموعی انٹرنل کنٹرولز کی توثیق صفحہ 33 پر درج ہے۔
- ۶۔ بینک کے لئے ”چلتے ہوئے کاروباری ادارے“ کا تصور مناسب ہے۔ اس ضمن میں بے یقینی کا کوئی امکان موجود نہیں ہے جو بینک کے ”چلتے ہوئے کاروباری ادارے“ کے تصور پر شکوک پیدا کرے۔



رسک مینجمنٹ فریم ورک

بینک ہمیشہ اپنے حجم اور اس کے کاروبار کی نوعیت کے مطابق رسک مینجمنٹ فریم ورک کا حامل رہا ہے۔ یہ فریم ورک کئی سالوں میں تشکیل دیا گیا اور اس میں مزید بہتری لانے کا سلسلہ جاری ہے۔ بینک کا ایک اہم رہنما اصول، ڈپازٹرز کی رقومات کو بطور امانت تحفظ فراہم کرنا ہے۔ یہی وجہ ہے کہ بینک بزنس رسک سے نمٹنے کے لئے معتدل اور محتاط رویہ اپناتا ہے۔ بینک کے رسک مینجمنٹ فریم ورک کی نمایاں خصوصیات درج ذیل ہیں:

- کریڈٹ رسک کا انتظام بورڈ کی جانب سے منظور کردہ کریڈٹ پالیسیز؛ بہتر کریڈٹ منظوری کا طریقہ کار؛ انٹرنل رسک ریٹنگز کا استعمال؛ مقرر کردہ دستاویزی ضروریات؛ پوسٹ ڈسبرسمنٹ کریڈٹ ایڈنسٹریشن پروسیس؛ کریڈٹ سہولتوں کا جائزہ و نگرانی، اور کسٹمرز کی کریڈٹ اہلیت کی مستقل جانچ پر مشتمل ہے۔ کریڈٹ تشخیص کے عمل کے دوران ممکنہ اثرات کو کم کرنے کیلئے، ماحولیاتی اور سماجی خطرات کا جائزہ لیا جاتا ہے۔ بینک نے بڑے کریڈٹ رسک کے پیش نظر خود مختار پوسٹ ڈسبرسمنٹ جائزے کیلئے بھی طریقہ کار تشکیل دیا ہے۔ کریڈٹ پورٹ فولیو سے متعلق فیصلے بنیادی طور پر سینٹرل کریڈٹ کمیٹی کرتی ہے۔ بورڈ کی کریڈٹ رسک مینجمنٹ کمیٹی مجموعی طور پر بینک کے کریڈٹ رسک کے انتظام کی رہنمائی کرتی ہے۔

- مارکیٹ رسک کا انتظام بورڈ کی جانب سے منظور کردہ مارکیٹ رسک پالیسی اور ٹریڈری اینڈ انویسٹمنٹ پالیسی، کسٹمز اور ڈیلرز کی لمٹس کی منظوری، سرمایہ کاریوں کیلئے سینئر انتظامیہ کی منظوری اور بینک کی ایسیٹ لائیکویڈٹی مینجمنٹ کمیٹی (ALCO) کی جانب سے سرمایہ کاری کے پورٹ فولیو کے باقاعدہ جائزے اور نگرانی کے ذریعے کیا جاتا ہے۔ علاوہ ازیں لیکویڈٹی رسک پالیسی بینک کی لیکویڈٹی پوزیشن کے انتظام میں رہنمائی فراہم کرتی ہے جس کی نگرانی ٹریڈری اور ڈیلرز آفس کے ذریعے روزانہ کی بنیاد پر کی جاتی ہے۔ انویسٹمنٹ پورٹ فولیو سے متعلق فیصلے زیادہ تر (ALCO) کی جانب سے لیے جاتے ہیں۔ بورڈ کی رسک مینجمنٹ کمیٹی بینک کے مارکیٹ اور لیکویڈٹی رسک، کیپٹل ایڈیکویسی اور مر بوط رسک مینجمنٹ (جسے انٹرنل رسک مینجمنٹ بھی کہا جاتا ہے) کے انتظام کی رہنمائی کرتی ہے۔ بینک کے مر بوط رسک پروفائل کی جانچ بیسل فریم ورک، کلیدی خطرات کے اشاروں، اندرونی کیپٹل ایڈیکویسی کا عمل، اسٹریٹجی ٹیسٹنگ اور ریکوری پلان کے تحت کی جاتی ہے جس کا جائزہ سالانہ بنیاد پر لیا جاتا ہے۔ بینک کو ایس بی پی کی جانب سے سال ۲۰۲۲ء میں بھی گزشتہ سالوں کی طرح ”D-SIB“ (ڈومیسٹک سٹیبلٹی امپورٹنٹ بینک) کے طور پر منتخب کیا گیا۔

- آپریشنل رسک کا انتظام بورڈ کی جانب سے منظور کردہ آڈٹ پالیسی، آپریشنل رسک پالیسی، کمپلائنس پالیسی اینڈ پروگرام، آئی ٹی اور آئی ٹی سیکورٹی پالیسیز، ہیومن ریورس پالیسی، کنزیومر پروٹیکشن فریم ورک اور بورڈ کی جانب سے منظور شدہ آڈٹ سورسنگ پالیسی کے ذریعے کیا جاتا ہے اور اس کے ساتھ فراڈ سے تحفظ کی پالیسی، اور کنزیومر کی شکایات سے نمٹنے کی پالیسی، کو بھی مد نظر رکھا جاتا ہے۔ آپریشنل مینونکمز و طریقہ کار، انٹرنل کنٹرولز اور اہم ٹرانزیکشن کی حفاظت داری کے لئے دوہرے اختیارات کا نظام؛ کاروبار جاری رکھنے کا پلان بشمول آئی ٹی کیلئے ڈیزاسٹر ریکوری پلان اور برانچوں اور ڈویژنز کے آڈٹ کے ذریعے کیا جاتا ہے۔ کلیدی خطرات کے اشارے، پروڈکٹس اور پروسیسز کے خطرات کی جانچ اور آپریشنل اعداد و شمار کے نقصان کے نظام کو کلیدی ٹولز کے طور پر آپریشنل خطرات کی نگرانی اور انتظام کے لیے استعمال کیا جاتا ہے۔ بورڈ کی آڈٹ کمیٹی بینک کے آپریشنل رسک کے انتظام کے سلسلے میں رہنمائی فراہم کرتی ہے۔

- بینک نے ماحولیاتی اثرات، سماجی خطرے کے انتظام، اور وسائل کے استعمال کو بہتر بنانے کیلئے گرین بینکنگ کو اپنانے کیلئے مختلف اقدامات کئے ہیں۔

اس کے علاوہ رسک مینجمنٹ پالیسی، رسک ٹالرنس اسٹیٹمنٹ اور کنٹری رسک مینجمنٹ پالیسی بینک کو درپیش ممکنہ رسک کا بندوبست کرنے میں مزید رہنمائی فراہم کرتی ہیں۔



ہمارے انسکیورڈ، سبارڈینڈ ٹرم فنانس سرٹیفکیٹس کی ریٹنگز AAA (ٹرپل اے) برائے TFC-2021 اور TFC-2022 اور AA+ (ڈبل اے پلس) برائے TFC-2017 (پرچپول) اور TFC-2022 (پرچپول) ہیں۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ برآء ہونے کی بہت مضبوط صلاحیت ہے۔ مزید برآں TFC-2022 اور TFC-2022 (پرچپول) جو کہ 2022 میں ایشو ہوئے پی ایس ایکس رول بک کے باب 5C کے مطابق پاکستان اسٹاک ایکسچینج لمیٹڈ پر لسٹڈ کئے گئے۔

مستقبل کا جائزہ

پاکستان کی معیشت نے، مالی سال ۲۰۲۳ء میں، مالی سال ۲۰۲۳ء کی 0.2% معیشت کی سکڑن کی نسبت 2.5% کی جی ڈی پی کی گروتھ حاصل کی۔ یہ بحالی زرعی شعبے کی جانب سے سیلاب کے بعد زرعی زمین کو حاصل ہونے والے فوائد اور دیگر معاشی عناصر کے سبب ہوئی اور اس شعبے نے گزشتہ سال 2.2% کے مقابلے میں 6.2% کی گروتھ حاصل کی۔ سروسز شعبے میں 2.4% تک کی توسیع ہوئی جو بنیادی طور پر ہول سیل اور ریٹیل ٹریڈ کے سبب حاصل ہوئی۔ صنعتی شعبے نے 1.7% کی ظاہر کی جبکہ گزشتہ سال یہ کمی 3.8% ظاہر کی گئی تھی، یہ بہتری بنیادی طور پر مینوفیکچرنگ شعبے سے حاصل کی گئی جس سے گزشتہ سال 5.3% کی کمی کے مقابلے میں اس سال 3.1% کی گروتھ حاصل ہوئی۔ مالیاتی صورتحال میں بہتری کی وجہ مالیاتی خسارے میں 1% تک کمی ہے جو کہ جی ڈی پی کا 6.8% ہے۔ مالی سال کے دوران کرنٹ اکاؤنٹ خسارہ لگ بھگ نصف ہونے کے بعد 1.7 بلین امریکی ڈالر ہو گیا، مجموعی غیر ملکی زرمبادلہ کے ذخائر 50% سے زائد بڑھ کر 14 بلین امریکی ڈالر ہو گئے اور روپیہ امریکی ڈالر کے مقابلے میں مستحکم ہو گیا۔ افراط زر جون ۲۰۲۳ء کی نسبت جون ۲۰۲۲ء میں 29.4% سے تیزی سے کم ہو کر 12.6% کی سطح پر آ گیا اور دسمبر ۲۰۲۲ء میں 4.1% رہ گیا۔ ایس بی پی کا پالیسی ریٹ جون ۲۰۲۳ء میں 22% سے کم ہو کر جون ۲۰۲۲ء میں 20.50% اور دسمبر ۲۰۲۲ء میں 13% پر آ گیا۔ گزشتہ سال ۲۰۲۲ء میں پی ایس ایکس 100 انڈیکس 80% سے زائد تک بڑھا جس کی بدولت پی ایس ایکس دنیا کی بہترین کارکردگی کا مظاہرہ کرنے والی اسٹاک مارکیٹوں میں سے ایک بن گئی۔

مذکورہ بالا پیشرفت سے، رواں سال ۲۰۲۵ء میں معاشی سرگرمیوں میں مزید ممکنہ اضافہ کی طرف اشارہ ملتا ہے۔ خصوصی طور پر شرح سود میں کمی اور روپے کی قدر مستحکم ہونے سے کاروبار، تجارت اور سرمایہ کاریوں میں حوصلہ افزاء توسیع کے امکانات ہیں۔ حالیہ اعداد و شمار ظاہر کرتے ہیں کہ معیشت نے مالی سال ۲۰۲۵ء کی پہلی سہ ماہی میں زرعی شعبے اور سروسز میں مثبت رجحان کی وجہ سے مجموعی طور پر 0.9% کی گروتھ حاصل کر لی ہے۔ تاہم، اہم فصلوں کی کم پیداوار اور صنعتی اور بڑے پیمانے کے مینوفیکچرنگ شعبوں میں کمی جیسے چیلنجز برقرار ہیں۔ مزید برآں، سال کے آخر میں بنیادی اثرات میں کمی کی وجہ سے افراط زر بڑھ سکتا ہے۔ شرح سود میں کمی بینکوں کے منافع جات کو متاثر کر سکتی ہے۔

ماضی کی طرح بینک محتاط اور دیکھ بھال کے اصولوں کی رہنمائی پر کاربند رہتے ہوئے اپنی سرگرمیاں جاری رکھے گا اور ہم سال کے دوران پائیدار ترقی اور نشوونما کے حصول کیلئے کوشش کرتے رہیں گے۔ انشاء اللہ

آڈیٹرز

موجودہ آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے ۳۱ دسمبر ۲۰۲۵ء کو ختم ہونے والے سال کے لئے باہمی طور پر طے کئے جانے والے معاوضے پر ان کی بحیثیت بینک کے آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔



سال کے دوران، بورڈ نے ’اسلامک بینکنگ کنورژن کمیٹی‘، تشکیل دی ہے۔ مذکورہ کمیٹی کا پہلا اجلاس ۲۷ جنوری ۲۰۲۵ء کو منعقد ہوا۔ کمیٹی کے ارکان درج ذیل ہیں۔

- ۱۔ جناب محمد رفیق الدین مہکری، چیئرمین
- ۲۔ محترمہ فرحانہ ماوجی خان
- ۳۔ جناب ہمایوں بشیر

ڈائریکٹرز کا ٹریڈنگ پروگرام

ڈائریکٹرز نے گزشتہ سالوں میں یا تو مطلوبہ ٹریڈنگ حاصل کر لی ہے یا وہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019، میں درج مطلوبہ اہلیت کے تحت اس سے مستثنیٰ ہیں۔

ڈائریکٹرز کی ری میونریشن پالیسی

بینک کے شیئر ہولڈرز نے ’ڈائریکٹرز کے ری میونریشن کو متعین کرنے کے لئے پالیسی اور طریقہ کار‘ کی منظوری دی ہے جس میں واضح کیا گیا ہے کہ:

- بورڈ اور کمیٹی کے اجلاسوں میں شرکت کیلئے نان۔ ایگزیکٹو ڈائریکٹرز کے ری میونریشن کا فیصلہ بورڈ کی جانب سے اسٹیٹ بینک کی طرف سے وقتاً فوقتاً مقرر کردہ زیادہ سے زیادہ حد کے اندر کیا جائے گا۔
- بورڈ کے چیئرمین، بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کیلئے مقرر کردہ ری میونریشن کے علاوہ 20 فیصد اضافی فیس کے حقدار ہوں گے جو چیئرمین کی وسیع تر قابلیت، تجربے، باشعور فیصلوں کی اہلیت اور مارکیٹ روابط کو مد نظر رکھتے ہوئے طے کیا گیا ہے۔ بورڈ کی جانب سے چیئرمین، بینک کے کاروباری پلان پر عملدرآمد اور بینک کی انتظامیہ کی کارکردگی پر نگاہ رکھیں گے۔
- کل وقتی ڈائریکٹروں کو معاوضہ حاصل کریں گے جو کہ ممبران (شیئر ہولڈرز) نے ان کیلئے طے کیا ہے۔
- اگر ڈائریکٹر/چیئرمین کی مجموعی کارکردگی مسلسل 2 سالوں کے لئے بورڈ ممبران کی سالانہ کارکردگی کی جانچ پڑتال رپورٹ کے مطابق ’بہتری کی ضرورت‘ کی کیٹیگری میں رہی ہو تو (انفرادی ڈائریکٹرز کی صورت میں) بورڈ کے چیئرمین اور (بورڈ کے چیئرمین کی صورت میں) انڈیپنڈنٹ ڈائریکٹرز و دیگر ڈائریکٹرز کم کارکردگی کے حامل ڈائریکٹر/چیئرمین کے ری میونریشن پر از سر نو غور کریں گے۔

کریڈٹ ریٹنگ

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ AAA (ٹرپل اے) اور مختصر مدت کے لئے A1+ (اے ون پلس) برقرار رکھی ہیں۔ یہ طویل مدتی کریڈٹ ریٹنگ AAA (ٹرپل اے) بینک کے بہترین کریڈٹ کے معیار، کم ترین کریڈٹ رسک کی توقع اور بروقت مالی ذمہ داریوں سے عہدہ براء ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔



کمیٹی کے اجلاس

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور اسٹیٹ بینک آف پاکستان (ایس بی پی) ریگولیشنز کے تحت یہ ضروری ہے کہ بورڈ کی تمام کمیٹیوں یعنی آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری میونریشن کمیٹی، کریڈٹ رسک مینجمنٹ کمیٹی، آئی ٹی کمیٹی، آئی ایف آر ایس-9 کمیٹی اور اسلامک بینکنگ کنورژن کمیٹی کی تشکیل کو ظاہر کیا جائے۔

سال کے دوران آڈٹ کمیٹی کے 8 اجلاس اور ہیومن ریسورس اینڈ ری میونریشن کمیٹی، کریڈٹ رسک مینجمنٹ کمیٹی، رسک مینجمنٹ کمیٹی، آئی ٹی کمیٹی اور آئی ایف آر ایس-9 کمیٹی کے 14 اجلاس منعقد ہوئے اور ان میں ممبران کی حاضری درج ذیل رہی:

| ہیومن ریسورس اینڈ ری میونریشن کمیٹی | | | آڈٹ کمیٹی | | |
|-------------------------------------|--------------|-------------------------|-----------------|--------------|-------------------------------------|
| شرکت کردہ اجلاس | منعقدہ اجلاس | ڈائریکٹر کا نام | شرکت کردہ اجلاس | منعقدہ اجلاس | ڈائریکٹر کا نام |
| 4 | 4 | جناب ارشد ناصر، چیئرمین | 8 | 8 | جناب محمد رفیق الدین مہکری، چیئرمین |
| 4 | 4 | جناب عباس ڈی۔ حبیب | 7 | 8 | جناب انور حاجی کریم |
| 4 | 4 | محترمہ فرحانہ ماؤجی خان | 8 | 8 | جناب ارشد ناصر |
| 4 | 4 | جناب مرتضیٰ ایچ۔ حبیب | 8 | 8 | محترمہ فرحانہ ماؤجی خان |
| 3 | 4 | سید مظہر عباس | 6 | 8 | سید مظہر عباس |

| رسک مینجمنٹ کمیٹی | | | کریڈٹ رسک مینجمنٹ کمیٹی | | |
|-------------------|--------------|----------------------------|-------------------------|--------------|----------------------------|
| شرکت کردہ اجلاس | منعقدہ اجلاس | ڈائریکٹر کا نام | شرکت کردہ اجلاس | منعقدہ اجلاس | ڈائریکٹر کا نام |
| 4 | 4 | جناب عدنان آفریدی، چیئرمین | 3 | 4 | سید مظہر عباس، چیئرمین |
| 4 | 4 | جناب انور حاجی کریم | 4 | 4 | جناب ارشد ناصر |
| 4 | 4 | محترمہ فرحانہ ماؤجی خان | 4 | 4 | جناب محمد رفیق الدین مہکری |
| 4 | 4 | جناب مرتضیٰ ایچ۔ حبیب | 4 | 4 | جناب مرتضیٰ ایچ۔ حبیب |
| 3 | 4 | جناب گمیل آر۔ حبیب | 4 | 4 | جناب گمیل آر۔ حبیب |

| آئی ایف آر ایس-9 کمیٹی | | | آئی ٹی کمیٹی | | |
|------------------------|--------------|-------------------------|-----------------|--------------|-----------------------------|
| شرکت کردہ اجلاس | منعقدہ اجلاس | ڈائریکٹر کا نام | شرکت کردہ اجلاس | منعقدہ اجلاس | ڈائریکٹر کا نام |
| 4 | 4 | جناب ارشد ناصر، چیئرمین | 4 | 4 | جناب عباس ڈی۔ حبیب، چیئرمین |
| 4 | 4 | محترمہ فرحانہ ماؤجی خان | 4 | 4 | جناب ارشد ناصر |
| 3 | 4 | جناب گمیل آر۔ حبیب | 2 | 4 | جناب ہمایوں بشیر* |
| | | | 3 | 4 | جناب گمیل آر۔ حبیب |
| | | | 4 | 4 | جناب منصور علی خان |
| | | | 1 | 4 | جناب جاوید اقبال** |

* جناب ہمایوں بشیر نے اپنے منتخب ہونے کے بعد آئی ٹی کمیٹی کے تمام اجلاسوں میں شرکت کی۔

** جناب جاوید اقبال اپریل 2022ء کو مستعفی ہوئے۔ انہوں نے آئی ٹی کمیٹی کے اجلاس میں شرکت کی جب وہ اس کے ممبر تھے۔



بورڈ کی تشکیل درج ذیل ہے:

| | |
|--|-------------------------------|
| جناب ارشد ناصر جناب ہمایوں بشیر جناب محمد رفیق الدین بہکری | انڈینڈنٹ ڈائریکٹرز |
| جناب عباس ڈی۔ حبیب جناب عدنان آفریدی جناب انور حاجی کریم جناب مرتضیٰ ایچ۔ حبیب سید مظہر عباس | نان۔ ایگزیکٹو ڈائریکٹرز |
| جناب گمیل آر۔ حبیب | ایگزیکٹو ڈائریکٹر |
| محترمہ فرحانہ ماؤجی خان | خاتون ڈائریکٹر۔ نان۔ ایگزیکٹو |

جناب منصور علی خان بینک کے چیف ایگزیکٹو ہیں۔ بحیثیت بینک کے سی ای او، وہ بینک کے ڈائریکٹر تصور کئے جاتے ہیں۔

بورڈ کے اجلاس

سال کے دوران بورڈ کے 4 اجلاس منعقد ہوئے اور ان میں ڈائریکٹرز کی شرکت درج ذیل رہی:

| ڈائریکٹر کا نام | منعقدہ اجلاس | شرکت کردہ اجلاس |
|----------------------------------|--------------|-----------------|
| جناب عباس ڈی۔ حبیب | 4 | 4 |
| جناب عدنان آفریدی | 4 | 4 |
| جناب انور حاجی کریم | 4 | 4 |
| جناب ارشد ناصر | 4 | 4 |
| محترمہ فرحانہ ماؤجی خان | 4 | 4 |
| جناب ہمایوں بشیر* | 4 | 2 |
| جناب محمد رفیق الدین بہکری | 4 | 4 |
| جناب مرتضیٰ ایچ۔ حبیب | 4 | 4 |
| جناب گمیل آر۔ حبیب | 4 | 4 |
| سید مظہر عباس | 4 | 3 |
| جناب منصور علی خان، چیف ایگزیکٹو | 4 | 4 |
| جناب جاوید اقبال** | 4 | 1 |

* جناب ہمایوں بشیر نے بینک کے ڈائریکٹر کی حیثیت سے منتخب ہونے کے بعد تمام اجلاسوں میں شرکت کی۔

** جناب جاوید اقبال بورڈ کے ممبر کی حیثیت سے سبکدوش ہوئے۔ انہوں نے اپنی رکنیت کے دوران بورڈ کے اجلاس میں شرکت کی۔



الحیب ایچ سی سی کمپنی (پرائیویٹ) لمیٹڈ

بفضل باری تعالیٰ ہمیں آپ کو بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ ”الحیب ایچ سی سی کمپنی (پرائیویٹ) لمیٹڈ“ (بینک کا ایک گُل ملکیتی ذیلی ادارہ)، نے 1,000,000,000 (ایک بلین روپے) کے ادا شدہ سرمائے کے ساتھ ۲۶ مارچ ۲۰۲۳ء سے اپنے آپریٹرز کا آغاز کر دیا ہے۔ سال کے دوران بینک نے الحیب ایچ سی سی کمپنی (پرائیویٹ) لمیٹڈ کے مجاز ادا شدہ سرمائے کو 1,000,000,000 (ایک بلین روپے) سے بڑھا کر 3,000,000,000 (تین بلین روپے) کر دیا ہے۔ ۳۱ دسمبر ۲۰۲۳ء تک الحیب ایچ سی سی کمپنی (پرائیویٹ) لمیٹڈ کا نیٹ ورک 32 برانچز اور بٹومس پر مشتمل ہے۔

ایوارڈز اور اعزازات

اللہ تعالیٰ کے فضل سے بینک کو سال کے دوران درج ذیل ایوارڈز ملے:

- ۱۔ آئی ایف سی گلوبل ٹریڈ فنانس پروگرام (GTFP) کے تحت کئے گئے اسمال اور میڈیم سائز انٹرپرائز (SME) ٹرانزیکشنز کی حمایت کیلئے ایس ایم ای ٹرانزیکشنز ڈیولپمنٹ ایوارڈز 2024 میں ”آؤٹ اسٹینڈنگ گلوبل ٹریڈ فنانس پروگرام جاری کرنے والا بینک“۔
- ۲۔ اسٹیٹ بینک آف پاکستان کی جانب سے پاکستان ریٹینینس انیشیٹیو (PRI) کے تحت پاکستان ریٹینینس سمٹ۔ ۲۰۲۳ء میں ”پاکستان کی ریٹینینس مارکیٹ میں چوتھے بڑے بینک کا ایوارڈ“۔
- ۳۔ سٹی بینک کی جانب سے یو ایس ڈی کمرشل اور ٹریڈری ادا نیگیو کی تکمیل میں غیر معمولی کارکردگی کیلئے ”اسٹریٹھ۔ تھرو۔ پروسیس (STP) ایوارڈ“۔
- ۴۔ پاکستان اسٹاک ایکسچینج (پی ایس ایکس) کی جانب سے سال ۲۰۲۳ء کے لئے ”ناپ 25 کمپنیز ایوارڈ“۔ اس ایوارڈ کے لئے اہلیت کے معیار میں منافع کا تناسب، لیکوڈٹی کا تناسب، منافع منقسمہ سے متعلق تناسبات، سولونینسی کا تناسب، شیئرز کا فری فلوٹ، شیئرز کا ٹرن اوور، کارپوریٹ سوشل ریسپانسیبلٹی، پائیدار ترقی کے اہداف اور ماحولیات، سوشل اینڈ گورننس پر رپورٹنگ، ادارہ جاتی خطرات کے انتظام پر رپورٹنگ، ڈائیورسٹی اور انکلوژن، کارپوریٹ گورننس اور انویسٹر کے تعلقات شامل ہیں۔ الحمد للہ یہ نواں موقع ہے جب بینک کو اس ایوارڈ کیلئے منتخب کیا گیا۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

سال کے دوران جناب جاوید اقبال ۵ اپریل ۲۰۲۳ء کو بورڈ سے مستعفی ہوئے اور ان کی جگہ جناب ہمایوں بشیر ۲۱ جون ۲۰۲۳ء کو بورڈ کے ڈائریکٹر مقرر ہوئے۔

بورڈ آف ڈائریکٹرز کی تشکیل

ڈائریکٹرز کی مجموعی تعداد درج ذیل ہے:

• مرد 09

• خاتون 01

10



ڈائریکٹرز کی رپورٹ

الحمد للہ بینک الجیب کے ڈائریکٹرز کیلئے 34 ویں سالانہ رپورٹ بشمول ۳۱ دسمبر ۲۰۲۳ء کو ختم ہونے والے سال کیلئے بینک کے آڈٹ شدہ مالیاتی حسابات پیش کرنا باعث مسرت ہے۔

آپریٹنگ نتائج اور ان کی تخصیص کے لئے بورڈ کی سفارشات درج ذیل ہیں:

(000 روپے میں)

83,841,229

(43,979,042)

39,862,187

72,595,629

(3,510,353)

(826,620)

250,448

61,809

68,570,913

108 433 ,100

(3,986,219)

(5,557,127)

(11,669,967)

(21,213,313)

87 219 787

35.87 روپے

سالانہ منافع قبل از ٹیکس

ٹیکسیشن

سالانہ منافع بعد از ٹیکس

گزشتہ غیر مختص شدہ منافع

آئی ایف آر ایس۔ ۹ کو اپنانے کا اثر (بعد از ٹیکس)

ایکویٹی سرمایہ کاری کی فروخت پر نقصان (ایف وی اوسی آئی)

فلکسڈ اثاثہ جات کی ری ویلویویشن کے اضافے میں سے منتقلی۔ بعد از ٹیکس

دیگر جامع آمدنی۔ بعد از ٹیکس

تخصیص کیلئے دستیاب منافع

تخصیص:

سٹیپنڈی ریزرو میں منتقلی

نقد منافع منقسمہ۔ ۲۰۲۳ء

نقد منافع منقسمہ۔ ۲۰۲۴ء

غیر مختص شدہ منافع

بنیادی/معتدل فی شیئر آمدنی۔ بعد از ٹیکس

۳۱ دسمبر ۲۰۲۳ء کو ختم ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز نے 65% حتمی نقد منافع منقسمہ یعنی 6.50 روپے فی شیئر تجویز کیا ہے۔ جو کہ پہلے سے ادا کئے جانے والے 105% یعنی 10.50 روپے فی شیئر عبوری نقد منافع منقسمہ کے علاوہ ہے، اس طرح مجموعی نقد منافع منقسمہ 170% یعنی 17.00 روپے فی شیئر کی ادائیگی تجویز کی گئی ہے۔

کارکردگی کا جائزہ

الحمد للہ آپ کے بینک کی کارکردگی سال کے دوران اطمینان بخش رہی۔ ڈپازٹس ایک سال قبل کے 1.93 ٹریلین روپے کے مقابلے میں بڑھ کر 2.28 ٹریلین روپے ہو گئے جبکہ ایڈوانسز 869.5 بلین روپے سے بڑھ کر 910.9 بلین روپے ہو گئے۔ سال کے دوران بینک کا غیر ملکی تجارتی کاروباری حجم 3.3 ٹریلین روپے رہا۔ سالانہ منافع قبل از ٹیکس 83.8 بلین روپے رہا جبکہ گزشتہ سال یہ منافع 71.1 بلین روپے تھا، جبکہ سالانہ منافع بعد از ٹیکس گزشتہ سال کے 35.3 بلین روپے کے مقابلے میں 39.9 بلین روپے رہا۔

سال کے دوران بینک نے 108 نئی برانچیں قائم کیں۔ بینک کا موجودہ نیٹ ورک 1,225 دفاتر پر مشتمل ہے جس میں 1,207 برانچیں ہیں۔ (بشمول 276 اسلامک بینکنگ برانچیں اور 2 اور سیز برانچیں، بحرین اور ملائیشیا) 14 ذیلی برانچیں اور 4 نمائندہ دفاتر، دبئی، استنبول، بیجنگ اور نیروبی شامل ہیں۔ بینک کی جانب سے نیٹ ورک میں توسیع کا سلسلہ جاری رہے گا۔



بورڈ کی مجموعی کارکردگی پر چیئرمین کی جانب سے جائزہ رپورٹ

الحمد للہ، میں بمسرت بورڈ کی مجموعی کارکردگی اور بینک کے اغراض و مقاصد کے حصول کے سلسلے میں بورڈ کی جانب سے ادا کیے جانے والے موثر کردار پر رپورٹ پیش کر رہا ہوں۔

بورڈ نے اپنی اور ذیلی کمیٹیوں، انفرادی ڈائریکٹرز، چیئرمین اور چیف ایگزیکٹو کی کارکردگی کی جانچ کے لئے ایک باقاعدہ طریقہ کار منظور کیا ہے۔ بینک نے بورڈ کی جانچ کے لئے اندرون خانہ طریقہ کار اور اعدادی تکنیک مع اسکور شدہ سوال نامے کا انتخاب کیا ہے۔ مزید برآں، ریگولیٹری تقاضوں کے مطابق، بورڈ کی کارکردگی کا جائزہ ہر تین سال کے بعد ایک بیرونی شخص کار کے ذریعے بھی کیا جاتا ہے۔

اس حوالے سے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کی جانب سے سال 2024 کے لئے کارکردگی کا جائزہ لیا گیا۔ بورڈ نے رپورٹ پر تبادلہ خیال کیا ہے جس میں بہتری کے شعبے شامل ہیں اور جس کے تحت یہ نتیجہ اخذ کیا گیا کہ بورڈ کی مجموعی کارکردگی بشمول بینک کے مقاصد کے حصول کیلئے بورڈ اور اس کی کمیٹیوں کا موثر کردار بالعموم باعث اطمینان ہے۔

بورڈ کی اس کارکردگی کی جانچ کا مجموعی مقصد درج ذیل شعبوں پر توجہ مرکوز کرتے ہوئے بینک کی دیرپا توسیع و ترقی کو یقینی بنانا ہے۔

اے۔ بورڈ کی تشکیل اور اس کے امور

بی۔ کارپوریٹ اسٹریٹیجی اور بزنس پلان

سی۔ بینک کی کارکردگی کی نگرانی

ڈی۔ انٹرنل آڈٹ اور انٹرنل کنٹرول

ای۔ رسک مینجمنٹ اور کمپلائنس

ایف۔ ضروری معلومات کی تشہیر

جی۔ بہتری کے لئے تجاویز

عباس ڈی۔ حبیب

چیئرمین

بورڈ آف ڈائریکٹرز

کراچی: ۳۰ جنوری ۲۰۲۵ء



Branch Network

The Bank has a network of 1207 branches including 14 sub-branches, 02 overseas branches and 276 Islamic Banking branches. The Bank also has 04 representative offices and 12 booths. The Bank has branches / sub-branches / representative offices in the following cities:

- Aadha
- Abbotabad
- Abdul Hakeem
- Adda Bosan
- Adda Ghulam Hussain
- Adda Lar
- Adda Mirza Tahir
- Adda Pahnriwali
- Ahmed Nagar
- Ahmed Pur East
- Ajnala
- Akbarpura
- Akhtar Abad
- Ali Pur Chatta
- Alipur Farash Town
- Aliabad
- Alipur
- Amin Pur Bangla
- Arif Wala
- Athara Hazari
- Attock
- Badin
- Bagh (A.K.)
- Bagh-o-Bahar
- Bahawalnagar
- Bahawalpur
- Baka Khel
- Balakot
- Balkassar
- Bampokha
- Bannu
- Bara
- Bara Kahu
- Barikot
- Basti Malook
- Batkhela
- Battagram
- Bela
- Besham
- Bewal
- Bhagowal Kalan
- Bhagwal
- Bhakkar
- Bhalwal
- Bhan Saeedabad
- Bhaun
- Bhawana
- Bhera
- Bhimber (A.K.)
- Bhiria Road
- Bhopalwala
- Bhroat Gala (A.K.)
- Bucheki
- Burewala
- Chahan
- Chakdara
- Chakora Adherwal
- Chaksawari (A.K.)
- Chakwal
- Chaman
- Chamber
- Charbagh
- Charsadda
- Chenab Nagar
- Chichawatni
- Chillas
- Chiniot
- Chishtian
- Chitral
- Chiwanda
- Choa Saiden Shah
- Chota Sahiwal
- Chowk Bahadurpur
- Chowk Bhatta
- Chowk Sarwar Shaheed
- Chowk Sureli
- Chunian
- Dadu
- Dadyal (A.K.)
- Daharki
- Dahranwala
- Dalbandin
- Dalowali
- Danyour
- Dara Adam Khel
- Daragai Malakand
- Dari Dholay Wali
- Darman
- Darora
- Darya Khan
- Darya Khan Mari
- Daska
- Daulat Nagar
- Deh 75 Nusrat
- Deh Gad
- Deh Noonari
- Deh Taib
- Dehira
- Deolai
- Depalpur
- Dera Ghazi Khan
- Dera Ismail Khan
- Dera Murad Jamali
- Derianwala
- Dhamtal
- Dhok Amb
- Dhudhial
- Digri
- Dina
- Dinga
- Dir
- Doaba
- Domala
- Dunyapur
- Dureji
- Ellahabad
- Eshanpur
- Faisalabad
- Faqirwali
- Farid Nagar
- Farooqabad
- Fateh Jang
- Fatehpur
- Fazil Pur
- Feroza
- Ferozewatoan
- Fort Abbas
- Gaddai
- Gaggo Mandi
- Gamba
- Gambat
- Garha Mor
- Gawadar
- Ghakhar
- Gharo
- Ghazi
- Ghotki
- Ghulmat
- Gilgit
- Gohadpur
- Gojra
- Gojra
- Golarchi
- Gujar Khan
- Gujranwala
- Gujrat
- Gulyana
- Hafizabad
- Haidra
- Hala
- Halla Village
- Hangu
- Harapa
- Haripur
- Haroonabad
- Hasan Abdal
- Hasilpur
- Hattar
- Havellian
- Hazro
- Head Bakaini
- Head Rajkan
- Hingorja
- Hub
- Hyderabad
- Inayat Kalay
- Islamabad
- Islamgarh (A.K.)
- Islampur
- Islampura Jabbar
- Jacobabad
- Jahanian
- Jalal Pur Bhattian
- Jalalpur Jattan
- Jalalpur Pirwala
- Jalalpur Soltian
- Jaloza
- Jampur
- Jamshoro
- Jand
- Jandanwala
- Jaranwala
- Jatlan (A.K.)
- Jatoi
- Jaurah
- Jehangira
- Jehlum
- Jhang
- Joharabad
- Kabal
- Kabirwala
- Kacha Pakka
- Kahna Nau
- Kahrur Pacca
- Kahuta
- Kala Shah Kaku
- Kalakot
- Kalam
- Kalat
- Kalaya
- Kallar Syedan
- Kallur Kot
- Kamalia
- Kamar Mushani
- Kamoke
- Kamra
- Kandhkot
- Kandiaro
- Kanju
- Kankowai
- Karachi
- Karak
- Karianwala
- Karkhana Bazar Vehari
- Karor Lal Essan
- Kashmore
- Kassowal
- Kasur
- Katlang
- Khairpur
- Khairpur Natanshah
- Khairpur Tamewali
- Khal
- Khanbela
- Khanewal
- Khanpur
- Khaplu
- Khar, Bajaur Agency
- Kharan
- Kharian
- Khichiwala
- Khipro
- Khoi Ratta (A.K.)
- Khudian Khas
- Khurrianwala
- Khushab
- Khutiyala Sheikhan
- Khuzdar
- Khwazakhela
- Killa Saifullah
- Kingra More
- Kohat
- Kohlu
- Kot Abdul Malik
- Kot Addu
- Kot Chutta
- Kot Ghulam Muhammad
- Kot Radha Kishan
- Kot Samaba
- Kotla Arab Ali Khan
- Kotli (A.K.)
- Kotri
- Kumb
- Kumber
- Kunjah
- Kunri



Branch Network

- Kuza Bandai
- Ladhaywala
- Lahore
- Lala Musa
- Laliyan
- Landi Kotal
- Lar Bagh
- Larkana
- Latifabad
- Layyah
- Liaqatpur
- Liaquatabad Thal
- Lodhran
- Loralai
- Machi Goth
- Madyan
- Mailsi
- Maizai Adda
- Malakwal
- Malana
- Malka
- Manawala
- Mandi Bahauddin
- Mandi Faizabad
- Mandiala Tegah
- Mandra
- Manga Mandi
- Mangochar
- Mangowal
- Mankera
- Mansehra
- Mardan
- Maroot
- Mastung
- Mathanichangan Swabi
- Matiari
- Matli
- Mattani
- Mehar
- Mehrabpur
- Mian Channu
- Miana Gondal
- Miani Adda
- Mianwali
- Minchanabad
- Mingora
- Mirpur (A.K.)
- Mirpur Mathelo
- Mirpur Sakro
- Mirpurkhas
- Mirwah Gorchani
- Mithi
- More Eminabad
- More Khunda
- Moro
- Mulhal Mughlan
- Multan
- Multan, Khurd
- Munda
- Muradabad
- Muridke
- Murree
- Muslim Bagh
- Mustafabad
- Muzaffarabad (A.K.)
- Muzaffargarh
- Naal
- Naar (A.K.)
- Naguman
- Nankhana Sahib
- Narang
- Narang Mandi
- Narowal
- Naseerabad
- Nassarpur
- Naukot
- Naushehra
- Naushero Feroze
- Nawabshah
- Nawan Kot
- New Saeedabad
- Noonawali
- Nooriabad
- Noushki
- Nowshera
- Nowshera Virkan
- Oghi
- Okara
- Ormara
- Pabbi
- Paigah
- Painsera
- Pakpattan
- Panjgur
- Panu Aqil
- Parachinar
- Pasni
- Pasrur
- Pattoki
- Peshawar
- Phalia, Mandi Bahauddin
- Phool Nagar
- Pinanwal
- Pind Dadan Khan
- Pindi Bhattian
- Pindi Bohri
- Pindi Gheb
- Pir Baba
- Pir Mahal
- Pishin
- Pull Kharan
- Pull Manda (A.K.)
- Pull Sunny
- Qaboola
- Qambar Ali Khan
- Qambar Bypass
- Qasba Gujrat
- Qazi Ahmed
- Qila Didar Singh
- Quidabad
- Quetta
- Radhan
- Raghagan
- Rahim Yar Khan
- Rahwali
- Raiwand
- Raja Ram
- Raja Wala
- Rajanpur
- Rajjar
- Rajoya Sadat
- Rakhni
- Rangpur Adda
- Ranipur
- Rawalakot (A.K.)
- Rawalpindi
- Renala Khurd
- Rohaillan Wali
- Rohri
- Sadda
- Sadiqabad
- Sahib Nagar
- Sahiwal
- Sakhakot
- Sakrand
- Saleh Khana
- Samar Bagh
- Sambrial
- Sammudri
- Samote
- Sanghar
- Sanghoi
- Sangla Hill
- Sanjarpur
- Sara e Alamgir
- Sarai Naurang
- Sardar Garh
- Sargodha
- Sarwar wali
- Satyana Bangla
- Sawabi
- Sehansa (A.K.)
- Sehwan
- Shabqadar
- Shahdadt
- Shahdadpur
- Shaheer Sultan
- Shahi Wala
- Shahkas
- Shahkot
- Shahpur Chakar
- Shakargarh
- Shakrila
- Shamozei
- Sharaqpur
- Sheikh Wahan
- Sheikhpura
- Shewa Adda
- Shikarpur
- Shinkiari
- Shorkot
- Shujabad
- Sialkot
- Sibi
- Sir Sube Shah
- Sirsina
- Skardu
- Sobodero
- Sorab
- Sowari
- Sujawal
- Sukkur
- Sultan Colony
- Takhtbhai
- Talagang
- Talash
- Talbani
- Talhar
- Tanda
- Tandlianwala
- Tando Adam
- Tando Allahyar
- Tando Bagho
- Tando Jam
- Tando Muhammad Khan
- Tangi
- Tank
- Taranada Muhammad Pannah
- Tarnol
- Tarpatar
- Tataypur
- Tausna Sharif
- Taxila
- Thana
- Thari Mirwah
- Tharu Shah
- Thatta
- Thikriyan More
- Thull
- Tibba Sultanpur
- Timergara
- Toba Tek Singh
- Tootkay
- Tulamba
- Turbat
- Ubauro
- Uch Sharif
- Ugoki
- Umerkot
- Usman Shah Huri
- Usta Muhammad
- Uthal
- Wah Cantt
- Warri
- Watkay
- Wazirabad
- Winder, Lasbela
- Yazman
- Zafarwal
- Zahir Pir
- Zaida
- Zhob

Overseas Branches

- Manama (Bahrain)
- Labuan (Malaysia)

Representative Offices

- Beign, China
- Dubai, U.A.E
- Istanbul, Turkey
- Nairobi, Kenya

Principal Office

Mackinnons Building, I. I. Chundrigar Road, Karachi.

Phones: (92-21) 32412421, 32446916 & 111-786-110

Fax: (92-21) 32419752

Registered Office

126-C, Old Bahawalpur Road, Multan.

Phones: (92-61) 4580314-16, & 111-786-110

Fax: (92-61) 4582471

SWIFT CODE : BAHLPKKA website : www.bankalhabib.com



Form of Proxy

The Company Secretary
Bank AL Habib Limited
126-C, Old Bahawalpur Road,
MULTAN.

I/We _____ of _____
being a member(s) of Bank AL Habib Limited and holding _____
ordinary shares, as per Register Folio No./CDC Account and Participant's I.D. No. _____
do hereby appoint _____ Folio No./CDC Account and Participant's I.D.
No. _____ of _____
or failing him/her _____ Folio No./CDC Account and Participant's I.D.
No. _____ of _____

another member of the Bank as my/our proxy to vote for me/us and on my/our behalf at the Thirty-fourth Annual General Meeting of the Bank to be held on Thursday, February 27, 2025 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2025.

REVENUE
STAMP
RS. 5

SIGNATURE OF MEMBER (S)

(The signature of the shareholder should agree with the specimen signature registered with the Bank or as per CNIC / Passport in case the share(s) is / are registered in CDC account).

Witnesses:

| | |
|-------------------------|-------------------------|
| 1. Signature _____ | 2. Signature _____ |
| Name _____ | Name _____ |
| Address _____ | Address _____ |
| CNIC/Passport No. _____ | CNIC/Passport No. _____ |

A member entitled to attend the Annual General Meeting is entitled to appoint a proxy to attend, speak and vote instead of him/her. 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. The proxy shall also produce his / her original CNIC / Passport at the time of the meeting. 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 authorised in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

The proxy forms, together with the power of attorney (if any), under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Bank not less than 48 hours before the time of the meeting (no account shall be taken of any part of the day that is not a working day).



مختار نامہ (پراکسی فارم)

میں / ہم _____ ساکن _____ بحیثیت ممبر (رکن) بینک الحیب لمیٹڈ اور حامل
عام حصص، برطابق شیئرز رجسٹر فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبر _____
ممبر (رکن) محترم / محترمہ _____ فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبر _____ کو
یا اُن کی غیر حاضری میں ممبر (رکن) محترم / محترمہ _____ فولیو نمبر / سی ڈی سی اکاؤنٹ اور پارٹیسپنٹ آئی ڈی نمبر _____
کو اپنے / ہمارے ایما پر بروز جمعرات ۲۷ فروری ۲۰۲۵ء کو بینک الحیب لمیٹڈ کے آفس میں منعقد ہونے والے بینک کے چونتیسویں سالانہ اجلاس عام
میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں / کرتے ہیں۔
آج بروز _____ بتاریخ _____ ۲۰۲۵ء کو دستخط کئے گئے۔

پانچ روپے مالیت کا
رسیدی ٹکٹ پر دستخط

دستخط ممبر (رکن)

ممبر (رکن) کے دستخط بینک میں رجسٹرڈ شدہ دستخط سے مماثلت رکھتے ہوں اور سی ڈی سی اکاؤنٹ ہولڈرز کے دستخط اُن کے کمپیوٹرائزڈ قومی شناختی کارڈ
یا پاسپورٹ کے نمونہ دستخط سے مماثل ہونا ضروری ہے۔

گواہان:

۱۔ دستخط _____ ۲۔ دستخط _____

نام _____ نام _____

پتہ _____ پتہ _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہوا اپنی جگہ کسی اور ممبر (رکن) کو بطور مختار (پراکسی) شرکت کرنے، بولنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔

سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔
مختار (پراکسی) کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)،
بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط ہمراہ مختار نامہ (پراکسی فارم) جمع کرانا ہونگے۔

مختار نامہ (پراکسی فارم) پر ممبر (رکن) یا اُن کے اٹارنی کے دستخط ہونا لازمی ہے۔ کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) پر کمپنی کی مہر ہونا
بھی ضروری ہے۔

مختار نامہ (پراکسی فارم) بمعہ نامزد کرنے والے شخص کی تصدیق شدہ پاور آف اٹارنی (حسب ضرورت) بینک کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم
۲۸ گھنٹے قبل جمع کرنا ضروری ہے (اس دن کا کوئی بھی حصہ اس میں شامل نہ ہوگا اگر وہ ایام کار نہ ہو)۔