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## VISION STATEMENT

TO BE OUR CUSTOMERS' MOST CONVENIENT  
AND TRUSTED BANK

## MISSION STATEMENT

TO MAKE BANKING SAFE, SIMPLE, AND PLEASANT

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## CORPORATE INFORMATION



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



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## HISTORY

1891

Habib Esmail started his career in Bombay at the age of 13 on a salary of Rs. 5 per month.

1896

By the age of 18, he was made a partner in the firm and had established an excellent reputation for honesty, hard work, trustworthiness, and humility.

1941

Habib Bank Limited was established in Bombay by the sons of Habib Esmail. Quaid-e-Azam Mohammad Ali Jinnah, Founder of Pakistan, reposed confidence in the bank by opening his personal account.

1947

On the creation of Pakistan and at the request of the Quaid-e-Azam, Habib Family shifted all of its businesses including Habib Bank to Pakistan.

1947-1973

Habib Bank played a vital role in meeting the financial and banking needs of Pakistan. It continued to record substantial growth and progress and emerged as the leading private sector bank in Pakistan.

1974

Habib Bank was nationalized along with other Pakistani banks.

1991

Government of Pakistan decided to allow private sector to establish commercial banks in the country. Dawood Habib Group (comprising grandsons of Habib Esmail) was granted permission to set up a new bank and Bank AL Habib Limited was incorporated.

1992

Bank AL Habib Limited started operation with shareholders' funds of Rs. 300 million and six branches.

2017

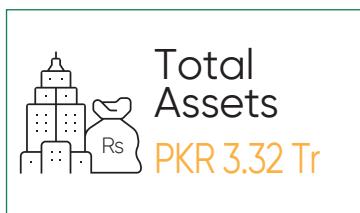
Bank AL Habib Limited completed twenty five years of its operation.

2024

Bank AL Habib Limited achieved asset base of Rs. 3.32 trillion, deposits of Rs. 2.28 billion, profit before tax of Rs. 83.84 billion, and a network of 1,221 branches in 500 cities worldwide.



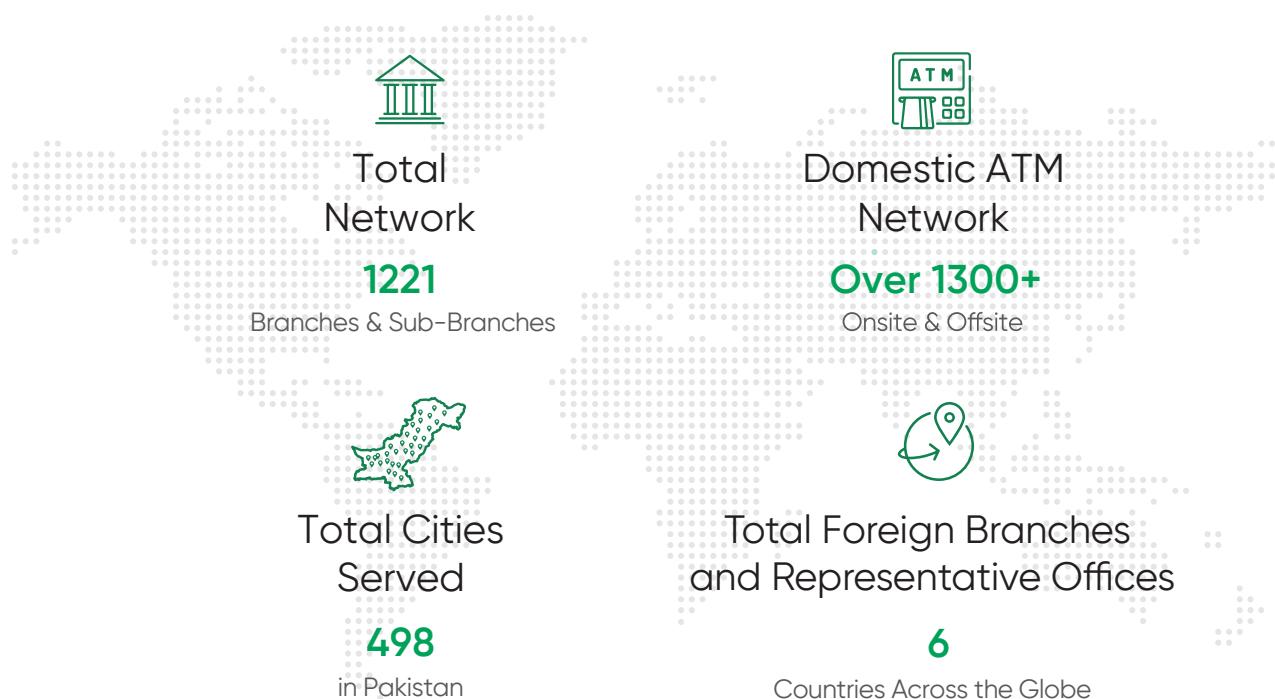
## HIGHLIGHTS YEAR 2024



### Awards and Recognitions



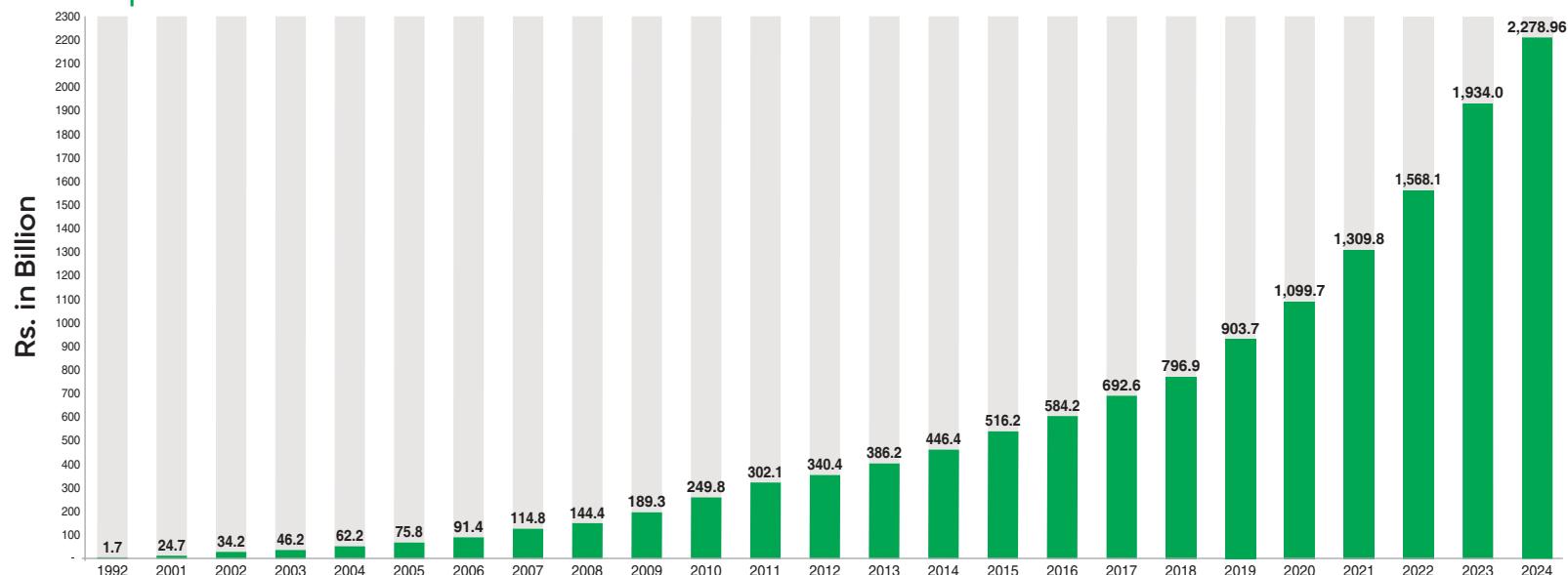
1. "Outstanding Global Trade Finance Program (GTFP) Issuing Bank" in SME Transactions – Middle East 2024 award for supporting Small and Medium Sized Enterprises' (SME) transactions conducted under IFC's Global Trade Finance Program (GTFP).
2. "4th Largest Bank in Pakistan Remittance Market" award from 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. Alhamdolillah, this is the ninth time that the Bank has been selected for this award.



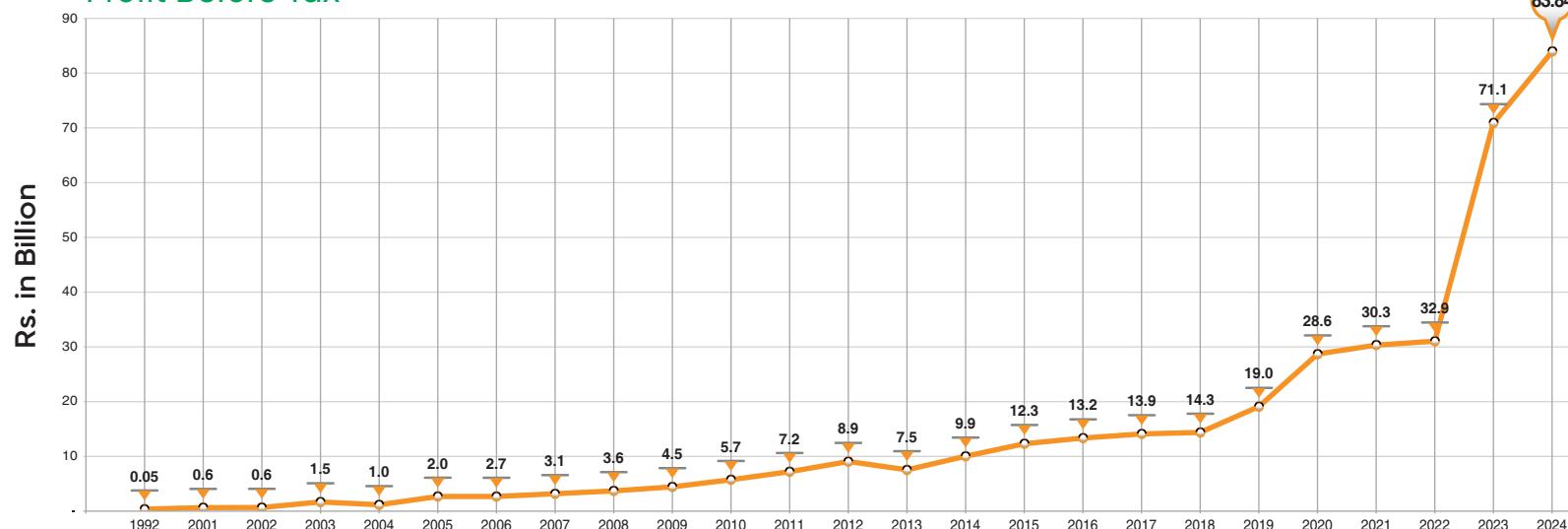


## PERFORMANCE 1992–2024

### Deposits



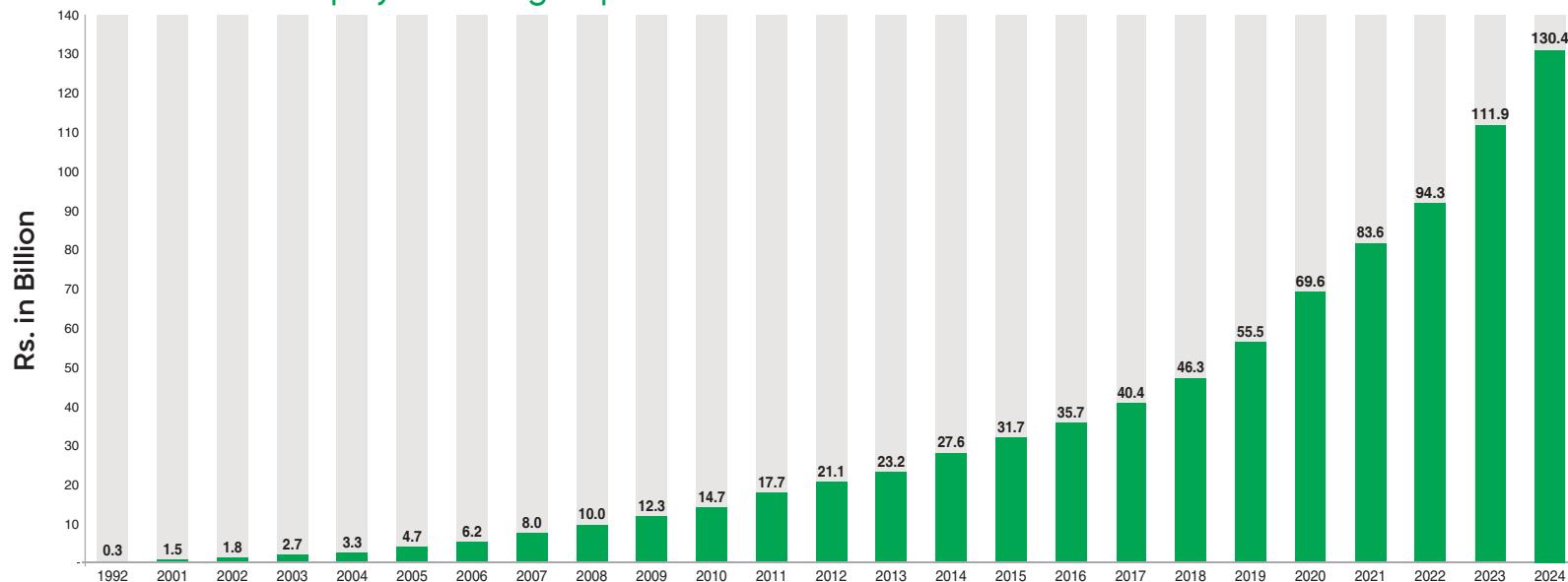
### Profit Before Tax



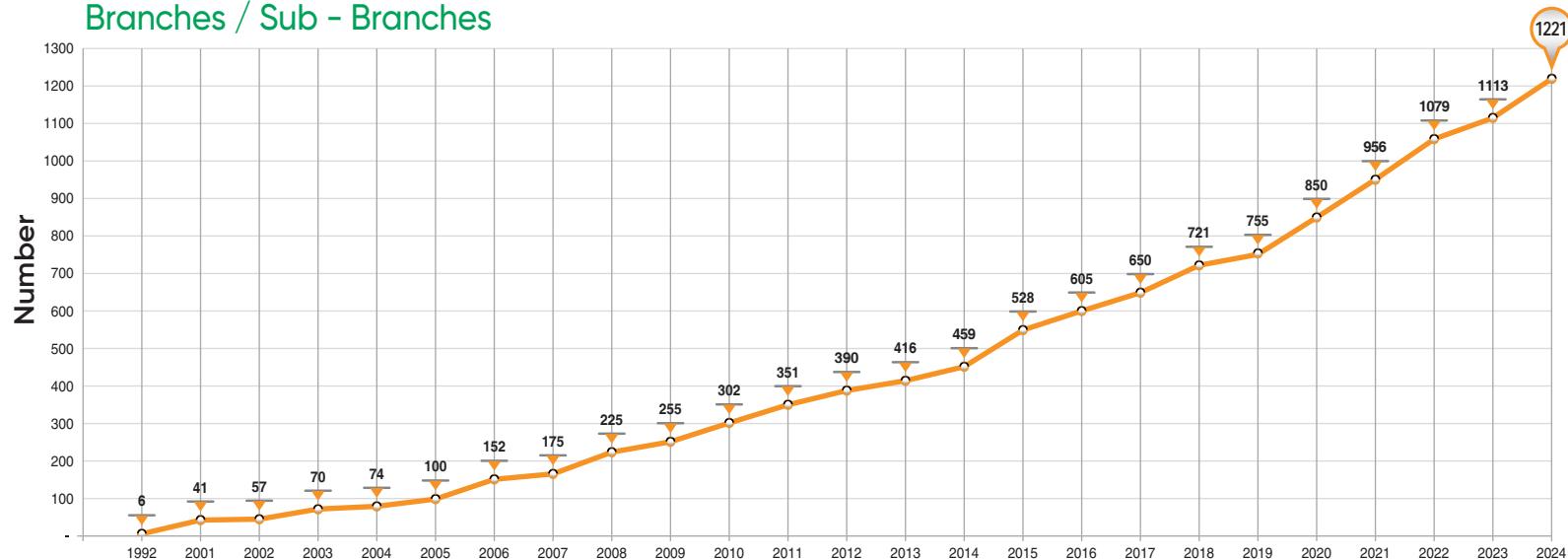


## PERFORMANCE 1992-2024

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**

Alhamdolillah, 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

Alhamdolillah, 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	<u>(43,979,042)</u>
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)	<u>(3,510,353)</u>
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
	<u>68,570,913</u>
Profit available for appropriations	108,433,100
Appropriations:	
Transfer to Statutory Reserve	(3,986,219)
Cash dividend – 2023	(5,557,127)
Cash dividend – 2024	<u>(11,669,967)</u>
	<u>(21,213,313)</u>
Unappropriated profit carried forward	87,219,787
Basic / Diluted earnings per share – after tax	<u>Rs. 35.87</u>

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

Alhamdolillah, 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. Alhamdolillah, 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

Alhamdolillah, 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, Khushhali 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"> <li>• Human Resource &amp; Remuneration Committee</li> <li>• IT Committee</li> </ul>	1. Habib & Sons (Private) Limited 2. AL Habib Asset Management Limited
2	Mr. Adnan Afridi	17/04/2019	Non-Executive	<ul style="list-style-type: none"> <li>• Risk Management Committee</li> </ul>	1. Biafo Industries Limited 2. Dynea Pakistan Limited 3. International Industries Limited 4. Lucky Core Industries Limited 5. Mari Petroleum Company Limited 6. Siemens (Pakistan) Engineering Limited
3	Mr. Anwar Haji Karim	15/10/1991	Non-Executive	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Risk Management Committee</li> </ul>	1. AL - Karam Textile Mills (Private) Limited 2. Iqbal Textile Mills (Private) Limited
4	Mr. Arshad Nasar	28/03/2016	Independent	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Human Resource &amp; Remuneration Committee</li> <li>• Credit Risk Management Committee</li> <li>• IT Committee</li> <li>• IFRS 9 Committee</li> </ul>	-
5	Ms. Farhana Mowjee Khan	17/04/2019	Non-Executive	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Human Resource &amp; Remuneration Committee</li> <li>• Risk Management Committee</li> <li>• IFRS 9 Committee</li> </ul>	1. Razaque Steels (Private) Limited 2. Shabbir Tiles and Ceramics Limited
6	Mr. Humayun Bashir	21/06/2024	Independent	<ul style="list-style-type: none"> <li>• IT Committee</li> </ul>	1. State Life Insurance Corporation of Pakistan 2. Rafhan Maize Products Company Limited 3. Khushhal Microfinance Bank Limited
7	Mr. Mohammad Rafiquddin Mehkari	01/06/2022	Independent	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Credit Risk Management Committee</li> <li>• Risk Management Committee</li> </ul>	-
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"> <li>• Human Resource &amp; Remuneration Committee</li> <li>• Credit Risk Management Committee</li> </ul>	1. Habib Sugar Mills Limited 2. Habib & Sons (Private) Limited 3. Investment Consultancy (Private) Limited 4. Habib Capital Management (Private) Limited 5. Habib Leasing Corporation (Private) Limited 6. Habib Management Services (Private) Limited 7. Habib Energy (Private) Limited 8. HSM Energy Limited
9	Mr. Qumail R. Habib	15/10/1991	Executive	<ul style="list-style-type: none"> <li>• Credit Risk Management Committee</li> <li>• Risk Management Committee</li> <li>• IT Committee</li> <li>• IFRS 9 Committee</li> </ul>	Habib Insurance Company Limited
10	Syed Mazhar Abbas	10/10/2000	Non-Executive	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Human Resource &amp; Remuneration Committee</li> <li>• Credit Risk Management Committee</li> </ul>	-



## 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-Iftaa' 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 BAHL-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 Memberships along with name of Company(ies)
1	Mufti Ismatullah Hamdullah	08/10/2015	Chairman (Unique)	<ul style="list-style-type: none"><li>Member, Shariah Board - Pak Qatar Takaful Group</li></ul>
2	Mufti Mohib ul Haq	08/10/2015	Member	<ul style="list-style-type: none"><li>Chairman, Shariah Board - Faysal Bank Limited</li><li>Member, Shariah Board - Bank Alfalah Limited</li></ul>
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.

<b>Composition of Board's Committees</b>					
<b>Audit Committee</b>	<b>Human Resource &amp; Remuneration Committee</b>	<b>Credit Risk Management Committee</b>	<b>Risk Management Committee</b>	<b>IT Committee</b>	<b>IFRS 9 Committee</b>
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 or 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:

<b>A.</b>	<b>Audit Committee</b>	<b>Position</b>
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>B.</b>	<b>Human Resource &amp; Remuneration Committee</b>	<b>Position</b>
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

<b>C.</b>	<b>Credit Risk Management Committee</b>	<b>Position</b>
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

<b>D.</b>	<b>Risk Management Committee</b>	<b>Position</b>
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

<b>E.</b>	<b>IT Committee</b>	<b>Position</b>
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 1<sup>st</sup> 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



## 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><b>Valuation of Advances:</b> (Refer note 9 &amp; 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"> <li>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.</li> <li>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.</li> <li>Qualitative criteria – the criteria selected to identify a SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios.</li> </ul> <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"> <li>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.</li> <li>Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR.</li> <li>We involved in-house specialist who assisted in the following: <ul style="list-style-type: none"> <li>Evaluating the Bank's impairment methodologies for compliance with application instructions as issued by SBP for IFRS 9;</li> <li>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;</li> <li>Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and</li> <li>Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis.</li> </ul> </li> <li>Ensuring completeness of the key inputs into the ECL calculations with their respective sub-ledgers and general ledgers.</li> <li>Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents.</li> <li>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.</li> <li>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:</li> </ul>



S.No.	Key Audit Matter	How the matter was addressed in our audit
	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.	<ul style="list-style-type: none"> <li>- 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;</li> <li>- 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</li> <li>- assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PRs by performing recalculation.</li> <li>• 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.</li> <li>• 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.</li> <li>• Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.</li> </ul>

#### **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)
<b>ASSETS</b>			
Cash and balances with treasury banks	5	<b>201,532,248</b>	141,815,998
Balances with other banks	6	<b>5,836,908</b>	6,580,672
Lendings to financial institutions	7	<b>38,941,542</b>	1,649,716
Investments	8	<b>1,924,732,913</b>	1,503,895,348
Advances	9	<b>910,850,199</b>	869,458,809
Property and equipment	10	<b>75,939,019</b>	67,602,830
Right-of-use assets	11	<b>13,679,198</b>	11,969,724
Intangible assets	12	<b>129,154</b>	124,462
Deferred tax assets	13	<b>4,535,942</b>	4,844,408
Other assets	14	<b>143,858,082</b>	136,130,442
<b>Total Assets</b>		<b>3,320,035,205</b>	2,744,072,409
<b>LIABILITIES</b>			
Bills payable	16	<b>52,263,043</b>	48,083,103
Borrowings	17	<b>667,043,213</b>	477,438,034
Deposits and other accounts	18	<b>2,278,956,911</b>	1,934,036,510
Lease liabilities	19	<b>16,848,698</b>	14,441,482
Subordinated debt	20	<b>25,988,400</b>	29,985,200
Deferred tax liabilities		<b>—</b>	—
Other liabilities	21	<b>126,946,320</b>	110,428,991
<b>Total Liabilities</b>		<b>3,168,046,585</b>	2,614,413,320
<b>NET ASSETS</b>		<b>151,988,620</b>	129,659,089
<b>REPRESENTED BY</b>			
Share capital	22	<b>11,114,254</b>	11,114,254
Reserves		<b>32,050,356</b>	28,184,872
Surplus on revaluation of assets	23	<b>21,604,223</b>	17,764,334
Unappropriated profit		<b>87,219,787</b>	72,595,629
		<b>151,988,620</b>	129,659,089
<b>CONTINGENCIES AND COMMITMENTS</b>	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	<b>478,031,023</b>	373,902,458
Mark-up / return / interest expensed	27	<b>(321,783,242)</b>	(249,754,849)
Net mark-up / interest income		<b>156,247,781</b>	124,147,609
<b>NON MARK - UP / INTEREST INCOME</b>			
Fee and commission income	28	<b>19,439,797</b>	14,365,866
Dividend income		<b>867,949</b>	1,552,135
Foreign exchange income		<b>3,911,135</b>	6,841,341
Income / (loss) from derivatives		<b>–</b>	–
Gain on securities-net	29	<b>142,005</b>	1,732
Net gain / (loss) on derecognition of financial assets measured at amortised cost		<b>–</b>	–
Other income	30	<b>1,123,347</b>	466,183
Total non mark-up / interest income		<b>25,484,233</b>	23,227,257
<b>Total income</b>		<b>181,732,014</b>	147,374,866
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	31	<b>(80,978,771)</b>	(70,273,774)
Workers welfare fund		<b>(1,711,046)</b>	(1,544,532)
Other charges	32	<b>(310,073)</b>	(228,401)
Total non mark-up / interest expenses		<b>(82,999,890)</b>	(72,046,707)
<b>Profit before credit loss allowance</b>		<b>98,732,124</b>	75,328,159
Credit loss allowance and write offs - net	33	<b>(14,890,895)</b>	(4,200,202)
Other income / expenses		<b>–</b>	–
<b>PROFIT BEFORE TAXATION</b>		<b>83,841,229</b>	71,127,957
Taxation	34	<b>(43,979,042)</b>	(35,808,582)
<b>PROFIT AFTER TAXATION</b>		<b>39,862,187</b>	35,319,375
<b>Basic and diluted earnings per share</b>	35	<b>35.87</b>	31.78
		<b>(Rupees)</b>	

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*

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*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**

(Restated)

2024	2023
(Rupees in '000)	(Rupees in '000)

<b>Profit after taxation for the year</b>	<b>39,862,187</b>	35,319,375
<b>Other comprehensive income</b>		
<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
	<b>5,991,797</b>	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
	<b>(1,013,599)</b>	9,972,406
<b>Total comprehensive income</b>	<b>44,840,385</b>	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				Total
				Special Reserve	General Reserve	Investments	Property and Equipment	Non Banking Assets	Unappropriated Profit	
(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
<b>Other comprehensive income - net of tax</b>										
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
<b>Total other comprehensive income - net of tax</b>	-	-	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	-
<b>Transactions with owners, recorded directly in equity</b>										
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)
<b>Balance as at 31 December 2023 - (as restated)</b>	<b>11,114,254</b>	<b>22,700,012</b>	<b>4,818,360</b>	<b>126,500</b>	<b>540,000</b>	<b>1,130,027</b>	<b>16,433,449</b>	<b>200,858</b>	<b>72,595,629</b>	<b>129,659,089</b>



	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves	Surplus / (deficit) on revaluation of					
				Special Reserve	General Reserve	Investments	Property and Equipment	Non Banking Assets	Unappropriated Profit	Total
(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
<b>Other comprehensive income - net of tax</b>										
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)
<b>Total other comprehensive income - net of tax</b>	-	-	(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	-
<b>Transactions with owners, recorded directly in equity</b>										
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)
<b>Balance as at 31 December 2024</b>	<b>11,114,254</b>	<b>26,686,231</b>	<b>4,697,625</b>	<b>126,500</b>	<b>540,000</b>	<b>5,869,226</b>	<b>15,568,934</b>	<b>166,063</b>	<b>87,219,787</b>	<b>151,988,620</b>

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**

	Note	2024 (Rupees in '000)	2023
Profit before taxation		83,841,229	71,127,957
Less: dividend income		(867,949)	(1,552,135)
<b>Adjustments:</b>		<b>82,973,280</b>	<b>69,575,822</b>
Net mark-up / interest income		(156,247,781)	(124,147,609)
Depreciation		5,616,180	4,565,138
Depreciation on right-of-use assets		2,468,564	2,298,189
Amortisation		163,532	260,254
Workers welfare fund		1,711,046	1,544,532
Credit loss allowance and write-offs - net		14,890,895	4,200,202
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)
Unrealised gain measured at FVPL		(461,853)	—
Charge for compensated absences		243,693	399,896
		<b>(132,722,116)</b>	<b>(111,332,741)</b>
<b>(Increase) / decrease in operating assets</b>		<b>(49,748,836)</b>	<b>41,756,919</b>
Lendings to financial institutions		(37,297,084)	13,918,891
Securities classified as FVPL		3,152,554	93,718
Advances		(65,570,080)	(63,586,156)
Other assets (excluding advance taxation)		(17,914,135)	8,108,708
<b>Increase in operating liabilities</b>		<b>(117,628,745)</b>	<b>41,464,839</b>
Bills payable		4,179,940	3,227,266
Borrowings from financial institutions		188,617,113	57,748,367
Deposits and other accounts		344,920,401	365,898,455
Other liabilities (excluding current taxation)		18,892,963	34,518
		<b>556,610,417</b>	<b>426,908,606</b>
		<b>389,232,836</b>	<b>343,686,848</b>
Interest received		492,194,218	332,875,024
Interest paid		(320,046,663)	(248,057,305)
Income tax paid		(56,679,638)	(33,768,250)
<b>Net cash flow generated from operating activities</b>		<b>504,700,753</b>	<b>394,736,317</b>

**CASH FLOW FROM INVESTING ACTIVITIES**

Net investments in amortised cost securities	(25,197,373)	(184,284,570)
Net investments in securities classified as FVOCI	(381,441,126)	(145,442,434)
Investments in subsidiaries	(3,000,000)	—
Dividends received	867,949	1,547,433
Investments in property and equipment	(13,919,220)	(7,984,869)
Investments in intangible assets	(168,224)	(20,250)
Proceeds from sale of property and equipment	1,050,205	447,573
Effect of translation of net investment in foreign branches	(120,735)	261,520
<b>Net cash flow used in investing activities</b>	<b>(421,928,524)</b>	<b>(335,475,597)</b>

**CASH FLOW FROM FINANCING ACTIVITIES**

Payments of subordinated debt	(3,996,800)	(6,400)
Dividend paid	(17,009,566)	(17,493,572)
Payments of lease obligations against right-of-use assets	(3,780,564)	(3,295,084)
Net cash flow used in financing activities	<b>(24,786,930)</b>	<b>(20,795,056)</b>
<b>Increase in cash and cash equivalents</b>	<b>57,985,299</b>	<b>38,465,664</b>
Cash and cash equivalents at beginning of the year	<b>36</b>	<b>147,202,286</b>
Cash and cash equivalents at end of the year	<b>36</b>	<b>205,187,585</b>

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**

<b>Standards and amendments</b>	<b>Effective date (accounting periods beginning on or after)</b>
- IAS 21 - Lack of exchangeability – (Amendments) - IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	01 January 2025 Not yet announced
<b>Standard</b>	<b>IASB effective date (accounting periods beginning on or after)</b>
- 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:

	<b>Note</b>
- 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

Rewards 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	Measurement Category After IFRS 9
(Rupees in '000)											
<b>ASSETS</b>											
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	4.1.2.1.1	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	4.1.2.1.2	9,176,783	–	–	(1,146)	(1,146)	–	(1,146)	9,175,637	Available for sale	FVOCI
Foreign securities	4.1.2.1.3	5,886,195	–	–	–	–	–	–	5,886,195	Available for sale	FVOCI
Shares	4.1.2.1.4	4,186,436	(1,937,847)	1,937,847	–	–	–	–	4,186,436	Available for sale	FVOCI - without recycling
Units 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	4.1.2.1.3	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 oversease operations	4.1.2.1.3	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		
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	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	
		<b>2,744,072,409</b>	<b>5,187,275</b>	<b>(5,266,461)</b>	<b>(16,986,532)</b>	<b>(10,510,649)</b>	<b>8,130,890</b>	<b>(8,934,828)</b>	<b>2,741,692,650</b>		



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)										
<b>LIABILITIES</b>										
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	1,934,036,510	-	-	-	-	-	-	1,934,036,510	Historical cost	Amortised cost
Lease liabilities	14,441,482	-	-	-	-	-	-	14,441,482	Outside the scope of IFRS 9	
Subordinated debt	29,985,200	-	-	-	-	-	-	29,985,200	Historical cost	Amortised cost
Deferred tax liabilities	-	-	-	-	-	-	-	-	Outside the scope of IFRS 9	
Other liabilities										
Financial liabilities										
Mark to market gain on forward foreign exchange contracts	2,504,312	-	-	-	-	-	-	2,504,312	Fair value	FVPL
Others	85,093,191	-	-	2,904,001	2,904,001	-	2,904,001	87,997,192	Historical cost	Amortised cost
Non financial liabilities	22,831,488	-	-	-	-	-	-	22,831,488	Outside the scope of IFRS 9	
	<b>2,614,413,320</b>	<b>-</b>	<b>(6,555,069)</b>	<b>2,904,001</b>	<b>(3,651,068)</b>	<b>-</b>	<b>(3,651,068)</b>	<b>2,610,762,252</b>		
<b>NET ASSETS</b>	<b>129,659,089</b>	<b>5,187,275</b>	<b>1,288,608</b>	<b>(19,890,533)</b>	<b>(13,414,650)</b>	<b>8,130,890</b>	<b>(5,283,760)</b>	<b>124,375,329</b>		
<b>REPRESENTED BY</b>										
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	17,764,334	(3,477,269)	-	(3,477,269)	1,703,862	(1,773,407)	15,990,927	Outside the scope of IFRS 9		
Unappropriated profit	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	
	<b>129,659,089</b>	<b>5,187,275</b>	<b>1,288,608</b>	<b>(19,890,533)</b>	<b>(13,414,650)</b>	<b>8,130,890</b>	<b>(5,283,760)</b>	<b>124,375,329</b>		



- 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.



<b>Debt investments at FVOCI</b>	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.
<b>Equity investments at FVOCI</b>	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.
<b>Advances at cost</b>	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 nostro 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**

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)						
<b>Total assets</b>						
Deferred tax assets	<u>1,792,112</u>	<u>3,052,296</u>	<u>4,844,408</u>	<u>9,680,840</u>	<u>(110,950)</u>	<u>9,569,890</u>
<b>Total equity</b>						
Surplus on revaluation of assets - net of tax	<u>14,712,038</u>	<u>3,052,296</u>	<u>17,764,334</u>	<u>897,685</u>	<u>(110,950)</u>	<u>786,735</u>



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

## 6. BALANCES WITH OTHER BANKS

In Pakistan:

In current accounts	6.1	<b>211,927</b>	202,979
In deposit accounts		8,642	8,965
		<b>220,569</b>	211,944

Outside Pakistan:

In current accounts	6.2	<b>5,129,043</b>	6,246,313
In deposit accounts	6.3	488,243	122,483
		<b>5,617,286</b>	6,368,796
		<b>5,837,855</b>	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		<b>5,836,908</b>	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**            **2023**  
(Rupees in '000)

## 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		<b>3,612</b>	19
(Reversal) / charge:			
Charge for the year		75	47
Reversal for the year		(2,738)	—
		<b>(2,663)</b>	47
Foreign exchange adjustments		(2)	2
Closing balance		<b>947</b>	68

## 7. LENDINGS TO FINANCIAL INSTITUTIONS

In local currency:

Musharaka placement	7.1	<b>26,000,000</b>	—
Repurchase agreement lendings (Reverse Repo)	7.2	12,946,800	1,649,716
		<b>38,946,800</b>	1,649,716
Less: credit loss allowance against lendings to financial institutions	7.5	<b>(5,258)</b>	—
Lendings to financial institutions - net of credit loss allowance		<b>38,941,542</b>	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 (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)
<b>Domestic</b>		
Performing - Stage 1	38,946,800	5,258
<b>Domestic</b>		
Performing	1,649,716	-

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

	2024 (Rupees in '000)	2023
<b>Credit loss allowance - Stage 1</b>		
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:

#### Debt Instruments

##### Amortised Cost

Federal Government Securities  
Others

8.5	393,561,165	(851,234)	-	392,709,931	-	-	-	-
	4,481	(4,481)	-	-	-	-	-	-
	393,565,646	(855,715)	-	392,709,931	-	-	-	-

##### FVOCI

Federal Government Securities  
Non Government Debt Securities  
Foreign Securities

8.4	1,492,622,676	(3,312,910)	10,919,609	1,500,229,375	-	-	-	-
	8,703,026	(881,964)	(138,403)	7,682,659	-	-	-	-
	8,682,791	(2,442,827)	1,127,593	7,367,557	-	-	-	-
	15,100,493	(6,637,701)	11,908,799	15,152,79,591	-	-	-	-

##### FVPL

Federal Government Securities

	2,642,542	-	-	2,642,542	-	-	-	-
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#### Equity Instruments

##### FVOCI - Non Reclassifiable

Shares  
- Listed companies  
- Unlisted companies

8.4	182,690	-	578,915	761,605	-	-	-	-
	192,202	(50,811)	-	141,391	-	-	-	-
	374,892	(50,811)	578,915	902,996	-	-	-	-

#### Investments mandatorily classified

##### / measured at FVPL

Units of Mutual Funds

	4,238,097	-	461,853	4,699,950	-	-	-	-
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#### Associates

AL Habib Money Market Fund  
AL Habib Islamic Cash Fund  
AL Habib Islamic Saving Fund  
AL Habib Income Fund  
AL Habib Stock Fund  
AL Habib Cash Fund  
AL Habib Islamic Stock Fund  
AL Habib Islamic Income Fund  
AL Habib Asset Allocation Fund

8.6	600,000	-	-	600,000	600,000	-	-	600,000
	100,000	-	-	100,000	100,000	-	-	100,000
	100,000	-	-	100,000	100,000	-	-	100,000
	400,000	-	-	400,000	400,000	-	-	400,000
	10,000	-	-	10,000	10,000	-	-	10,000
	3,349,997	-	-	3,349,997	3,349,997	-	-	3,349,997
	10,000	-	-	10,000	10,000	-	-	10,000
	24,656	-	-	24,656	24,656	-	-	24,656
	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  
AL Habib Asset Management Limited  
AL Habib Exchange Company (Private) Limited

8.7	200,000	-	-	200,000	200,000	-	-	200,000
	683,250	-	-	683,250	683,250	-	-	683,250
	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)								
<b>Available-for-Sale Securities</b>								
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
<b>Held-to-Maturity Securities</b>								
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
<b>Total Investments</b>	<b>1,919,327,573</b>	<b>(7,544,227)</b>	<b>12,949,567</b>	<b>1,924,732,913</b>	<b>1,513,626,165</b>	<b>(11,946,556)</b>	<b>2,215,739</b>	<b>1,503,895,348</b>

## 8.2 Investments by segments:

### Federal Government Securities

Market Treasury Bills	-	-	-	-	19,882	-	(1)	19,881
Pakistan Investment Bonds	-	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 Sukus	243,092,289	-	5,873,411	248,965,700	158,975,260	-	1,783,890	160,759,150
Sukus	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	4,481	(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
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### Others

Unlisted Company	4,481	(4,481)	-	-	4,481	(4,481)	-	-
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### 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
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	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)							
<b>Associates</b>								
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
<b>Subsidiaries</b>								
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
<b>Total Investments</b>	<b>1,919,327,573</b>	<b>(7,544,227)</b>	<b>12,949,567</b>	<b>1,924,732,913</b>	<b>1,513,626,165</b>	<b>(11,946,556)</b>	<b>2,215,739</b>	<b>1,503,895,348</b>

2024                            2023  
(Rupees in '000)

### 8.2.1 Investments given as collateral

Pakistan Investment Bonds	<b>518,019,000</b>	<b>294,417,591</b>
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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
Amounts written off / charged off	654,688	(11,468,120)	1,615,790
Foreign exchange adjustments	-	-	(1,882,162)
Closing balance	<u>7,483,929</u>	<u>25,301,107</u>	<u>6,845,445</u>



### 8.3.2 Investments - credit loss allowance

	2024		
	Stage 1	Stage 2 (Rupees in '000)	Stage 3
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	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)				
<b>Domestic</b>				
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
<b>Overseas</b>				
Performing	Stage 1	2,765,414	11,592	2,924,573
Under-performing	Stage 2	22,190,407	4,164,145	31,813,643
Non-performing loss	Stage 3	5,917,378	2,431,235	7,068,481
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 held under “Held to Collect and Sell” are as follows:

	<b>Cost</b>	
	<b>2024</b>	<b>2023</b>
	(Rupees in '000)	
Market Treasury Bills	—	19,882
Pakistan Investment Bonds	<b>1,230,164,218</b>	904,103,842
Foreign Currency Bonds	<b>15,022,365</b>	19,116,475
Ijarah Sukus	<b>243,092,289</b>	158,975,260
Sukus	<b>3,656,176</b>	25,369,909
Naya Pakistan Certificates	—	5,769,121
Term Finance Certificates-Unlisted	<b>687,628</b>	615,752
	<b>1,492,622,676</b>	<b>1,113,970,241</b>

#### 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	<b>182,690</b>	182,690
Textile Composite	—	40,644
	<b>182,690</b>	<b>4,265,995</b>

8.4.2.2 Unlisted Companies	2024		2023	
	<b>Cost</b>	<b>Breakup value</b> (Rupees in '000)	<b>Cost</b>	<b>Breakup value</b>
Khushhali Microfinance Bank Limited	—	<b>30,000</b>	—	30,000
Pakistan Export Finance Guarantee Agency Limited	—	<b>5,700</b>	—	5,700
Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T)	—	<b>18,536</b>	—	18,536
Pakistan Mortgage Refinance Company Limited	31 December 2023	<b>50,000</b>	<b>131,430</b>	50,000
1LINK (Private) Limited	31 December 2023	<b>50,000</b>	<b>1,182,173</b>	50,000
Pakistan Corporate Restructuring Company Limited	31 December 2023	<b>37,966</b>	<b>24,067</b>	37,966
		<b>192,202</b>	<b>1,337,670</b>	<b>192,202</b>
				<b>1,003,659</b>

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



**8.4.3 Non Government Debt Securities**

**8.4.3.1 Listed**

	Cost	2024	2023
		(Rupees in '000)	
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	—	
	<b>5,030,106</b>	<b>5,072,105</b>	

**8.4.3.2 Unlisted**

	2024	2023
	Cost	Rating
	(Rupees in '000)	(Rupees in '000)
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	<b>199,920</b>	—
	<b>3,672,920</b>	<b>4,313,545</b>

**8.4.4 Foreign Securities**

Government Securities	Cost	Rating	Cost	Rating
	(Rupees in '000)		(Rupees in '000)	
Egypt	1,395,453	B	1,841,221	B-
Sri Lanka	5,917,378	CCC	5,659,177	D
Turkiye	1,369,960	BB-	1,369,482	B
	<b>8,682,791</b>		<b>8,869,880</b>	

**8.5 Particulars relating to securities classified under “Held to Collect” are as follows:**

	Cost	2024	2023
		(Rupees in '000)	
<b>Federal Government Securities - Government guaranteed</b>			
Pakistan Investment Bonds	389,183,051	357,393,731	
Foreign Currency Bonds	4,378,114	9,137,770	
	<b>393,561,165</b>	<b>366,531,501</b>	
<b>Others</b>			
Pakistan Corporate Restructuring Company Limited (PCRCL)	<b>4,481</b>	<b>4,481</b>	



Foreign Securities	2024		2023	
	Cost	Rating (Rupees in '000)	Cost	Rating
<b>Government Securities</b>				
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 Number of units	2023 Number of units	Name of funds	2024 (Rupees in '000)	2023 (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 Number of ordinary shares	2023 Number of ordinary shares	Name of companies	2024 (Rupees in '000)	2023 (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

									2024
	Chief Executive	Country of incorporation	Percentage of holding	Net asset value / Breakup value (Rupees)	Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income
(Rupees in '000)									
<b>Subsidiaries</b>									
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
<b>Associates</b>									
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 (Rupees in '000)	2023 (Rupees in '000)
In local currency	829,484,523	773,994,517
In foreign currencies	129,828,145	122,040,828
	<b>959,312,668</b>	<b>896,035,345</b>

### 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
	<b>4,116,821</b>	<b>4,261,366</b>

**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 off / 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)			
<b>Domestic</b>					
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
		<b>926,271,762</b>	<b>42,134,559</b>	<b>864,888,223</b>	<b>20,588,717</b>
<b>Overseas</b>					
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
		<b>33,040,906</b>	<b>6,327,910</b>	<b>31,147,122</b>	<b>5,987,819</b>
Total		<b>959,312,668</b>	<b>48,462,469</b>	<b>896,035,345</b>	<b>26,576,536</b>
<b>Corresponding ECL</b>					
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
		<b>959,312,668</b>	<b>48,462,469</b>	<b>896,035,345</b>	<b>26,576,536</b>

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)			
<b>Domestic</b>					
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
		<b>28,972,532</b>	<b>26,990,343</b>	<b>18,569,259</b>	<b>11,924,173</b>
<b>Overseas</b>					
Loss		<b>6,536,875</b>	<b>5,833,399</b>	<b>6,618,083</b>	<b>5,906,246</b>
Total		<b>35,509,407</b>	<b>32,823,742</b>	<b>25,187,342</b>	<b>17,830,419</b>



#### 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)
Amounts written off	2,565,956	11,571,362	—	—	14,137,318	5,129,188	2,532,949	7,662,137
9.7 Foreign exchange adjustments	—	(3,537)	—	—	(3,537)	(656,732)	—	(656,732)
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

#### 9.7 PARTICULARS OF WRITE OFFS

	Note	2024 (Rupees in '000)	2023
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 Write Offs of below Rs. 500,000 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					
<b>10. PROPERTY AND EQUIPMENT</b>								
Capital work-in-progress	10.1	<b>4,644,267</b>	4,293,549					
Property and equipment	10.2	<b>71,294,752</b>	63,309,281					
		<b>75,939,019</b>	67,602,830					
<b>10.1 Capital work-in-progress</b>								
Civil works		<b>1,946,354</b>	1,756,006					
Advance payment for purchase of equipments		<b>494,841</b>	613,294					
Advance payment towards suppliers, contractors and property		<b>2,159,615</b>	1,879,756					
Consultants' fee and other charges		<b>43,457</b>	44,493					
		<b>4,644,267</b>	4,293,549					
<b>10.2 Property and Equipment</b>								
		2024						
		Leasehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment (Rupees in '000)	Vehicles	Improvements to leasehold buildings	Total
<b>At 01 January 2024</b>								
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		<b>23,978,190</b>	<b>25,243,148</b>	<b>1,600,495</b>	<b>6,830,230</b>	<b>3,702,712</b>	<b>1,954,506</b>	<b>63,309,281</b>
<b>Year ended 31 December 2024</b>								
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		<b>24,348,442</b>	<b>27,036,198</b>	<b>2,220,994</b>	<b>9,266,111</b>	<b>5,483,778</b>	<b>2,939,229</b>	<b>71,294,752</b>
<b>At 31 December 2024</b>								
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		<b>24,348,442</b>	<b>27,036,198</b>	<b>2,220,994</b>	<b>9,266,111</b>	<b>5,483,778</b>	<b>2,939,229</b>	<b>71,294,752</b>
Rate of depreciation (percentage)		-	2%-25%	10%	20%	20%	20%	



**At 01 January 2023**

	Leasehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment (Rupees in '000)	Vehicles	Improvements to leasehold buildings	Total
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>
<b>At 31 December 2023</b>							
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 (Rupees in '000)	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	365,190	315,817
Electrical, office and computer equipment	7,274,215	6,947,465
Vehicles	1,089,359	952,630
Improvements to leasehold buildings	2,495,679	2,255,124
	<u>11,224,443</u>	<u>10,471,036</u>



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

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

**11. RIGHT-OF-USE ASSETS**

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

**12. INTANGIBLE ASSETS**

	<b>Computer software</b>		
	<b>At 01 January,</b>	<b>Year ended 31 December,</b>	
Cost	<b>2,201,623</b>		2,181,373
Accumulated amortisation	<b>(2,077,161)</b>		(1,816,907)
Net book value	<b>124,462</b>		364,466
<b>At 31 December,</b>			
Cost	<b>2,369,847</b>		2,201,623
Accumulated amortisation	<b>(2,240,693)</b>		(2,077,161)
Net book value	<b>129,154</b>		124,462
Rate of amortisation (percentage)		<b>50%</b>	50%
Useful life		<b>2 years</b>	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
(Rupees in '000)					
<b>Deductible Temporary Differences on</b>					
Credit loss allowance against diminution in the value of investments	5,851,622	(1,121,172)	4,730,450	(734,460)	-
Credit loss allowance against loans and advances, off balance sheet etc.	5,743,307	8,130,346	13,873,653	(817,168)	-
Workers' welfare fund	2,648,408	-	2,648,408	1,123,051	-
	14,243,337	7,009,174	21,252,511	(428,577)	-
					20,823,934
<b>Taxable Temporary Differences on</b>					
Accelerated tax depreciation	(2,130,580)	-	(2,130,580)	(745,094)	-
Surplus on revaluation of FVOCI investments	(1,085,712)	1,703,861	618,149	-	(7,236,637)
Deficit on revaluation of securities classified as FVPL	-	(582,145)	(582,145)	337,363	-
Surplus on revaluation of property and equipment	(6,130,312)	-	(6,130,312)	281,853	(244,782)
Surplus on revaluation of non banking assets	(52,325)	-	(52,325)	567	(6,509,788)
Surplus on revaluation of held for trading securities	-	-	-	-	(39,260)
	(9,398,929)	(1,121,716)	(8,277,213)	(125,311)	(7,885,468)
	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
(Rupees in '000)					
<b>Deductible Temporary Differences on</b>					
Credit loss allowance against diminution in the value of investments	5,573,505	-	5,573,505	278,117	-
Credit loss allowance against loans and advances, off balance sheet, etc.	2,131,285	-	2,131,285	3,612,022	-
Workers welfare fund	1,659,964	-	1,659,964	988,444	-
	9,364,754	-	9,364,754	4,878,583	-
					14,243,337
<b>Taxable Temporary Differences on</b>					
Accelerated tax depreciation	(1,713,566)	-	(1,713,566)	(417,014)	-
Surplus on revaluation of available for sale investments	4,245,359	-	4,245,359	-	(5,331,071)
Surplus on revaluation of property and equipment	(2,156,382)	(110,950)	(2,267,332)	163,571	(4,026,551)
Surplus on revaluation of non banking assets	(59,145)	-	(59,145)	1,949	4,871
Surplus on revaluation of held for trading securities	(180)	-	(180)	180	-
	316,086	(110,950)	205,136	(251,314)	(9,352,751)
	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		<b>68,943,770</b>	82,921,325
Income / mark-up accrued in foreign currencies - net		<b>1,027,928</b>	1,213,568
Advances, deposits, advance rent and other prepayments		<b>13,351,070</b>	3,390,303
Advance taxation		<b>4,616,189</b>	—
Non-banking assets acquired in satisfaction of claims	14.1	<b>3,841,737</b>	3,862,121
Mark to market gain on forward foreign exchange contracts		<b>751,223</b>	2,322,982
Acceptances		<b>35,827,371</b>	39,174,104
Stationery and stamps on hand		<b>2,161,940</b>	1,144,768
Receivable against home remittance		<b>10,757,793</b>	919,605
Branch adjustment account		<b>2,038,881</b>	—
Others		<b>915,228</b>	936,298
		<b>144,233,130</b>	135,885,074
Less: Credit loss allowance / provision held against other assets	14.2	<b>(580,371)</b>	(7,815)
Other Assets (net of credit loss allowance / provision)		<b>143,652,759</b>	135,877,259
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	<b>205,323</b>	253,183
Other Assets-total		<b>143,858,082</b>	136,130,442
 14.1 Market value of non-banking assets acquired in satisfaction of claims		 <b>4,033,449</b>	 4,115,923
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.			
	Note	2024 (Rupees in '000)	2023
<b>14.1.1 Non-banking assets acquired in satisfaction of claims</b>			
Opening balance		<b>4,115,304</b>	3,786,952
Revaluations		—	121,553
Additions / transfer		<b>(66,497)</b>	214,035
Depreciation		<b>(1,747)</b>	(7,236)
Closing balance		<b>4,047,060</b>	4,115,304
 <b>14.2 Credit loss allowance / provision held against other assets</b>			
Mark-up accrued		<b>566,002</b>	—
Modification		<b>6,444</b>	—
Others - receivable against consumer loans		<b>7,925</b>	7,815
	14.2.1	<b>580,371</b>	7,815



**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)
	<b>106,846</b>	<b>—</b>
Amount written off	(206)	(286)
Closing balance	<b>580,371</b>	<b>7,815</b>

**2024**  
**Outstanding      Credit loss  
amount            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
	<b>25,592,656</b>	<b>580,371</b>

**15. CONTINGENT ASSETS**

There were no contingent assets of the Bank as at 31 December 2024 (2023: Nil).

**16. BILLS PAYABLE**

In Pakistan	<b>52,263,043</b>	<b>48,083,103</b>
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**17. BORROWINGS**

*Secured*

Borrowings from the State Bank of Pakistan			
Export refinance scheme	17.1	72,607,266	91,978,556
Renewable energy	17.2	17,895,611	17,584,226
Long term financing for imported and locally manufactured plant and machinery	17.3	25,306,703	30,917,513
Modernisation of small and medium enterprises	17.4	1,259,381	820,084
Women entrepreneurship	17.5	86,827	36,843
Financing facility for storage of agricultural produce	17.6	795,240	878,318
Temporary economic refinance facility	17.7	26,107,166	36,625,315
Refinance facility for combating COVID-19	17.8	100,001	155,920
Repurchase agreement borrowings	17.9	462,964,000	185,000,000

17.10	607,122,195	363,996,775
17.9	54,953,000	112,246,807
17.10	2,785,500	—
	<b>664,860,695</b>	<b>476,243,582</b>

*Total secured*

<i>Unsecured</i>			
Overdrawn nostro accounts		2,182,518	1,194,452
		<b>667,043,213</b>	<b>477,438,034</b>



- 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.

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

#### **18. DEPOSITS AND OTHER ACCOUNTS**

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



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
	<b><u>2,278,956,911</u></b>	<b><u>1,934,036,510</u></b>

**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	<b><u>16,848,698</u></b>	<b><u>14,441,482</u></b>

#### **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
	<b><u>15,584,367</u></b>	<b><u>13,298,246</u></b>
Total	<b><u>16,848,698</u></b>	<b><u>14,441,482</u></b>

**19.2** This carries average effective rate of 14.61% per annum (2023: 12.56%).

2024                    2023  
Note                      (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
		<b><u>25,988,400</u></b>	<b><u>29,985,200</u></b>



## 20.1 Term Finance Certificates - VI

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	<b>AA+</b>
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	<b>AAA</b>
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	<b>AA+</b>
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	<b>AAA</b>
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
<b>21. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		<b>6,938,590</b>	7,172,666
Mark-up / return / interest payable in foreign currencies		<b>934,027</b>	1,064,432
Unearned commission income		<b>3,030,064</b>	1,706,124
Accrued expenses		<b>5,296,438</b>	4,948,584
Acceptances		<b>35,827,371</b>	39,174,104
Unclaimed / dividend payable		<b>1,139,497</b>	921,969
Mark to market loss on forward foreign exchange contracts		<b>2,069,960</b>	2,504,312
Branch adjustment account		<b>—</b>	3,625,247
Payable to defined benefit plan	38.4	<b>2,065,715</b>	2,200,083
Charity payable		<b>83,726</b>	59,665
Credit loss allowance / provision against off-balance sheet items	21.1	<b>4,742,981</b>	226,549
Security deposits against leases / ijarah		<b>653,582</b>	9,423,299
Provision for compensated absences	21.2	<b>1,960,780</b>	1,717,463
Other security deposits		<b>12,056,630</b>	1,245,904
Workers' welfare fund		<b>7,115,960</b>	5,404,914
Payable to SBP / NBP		<b>12,326,744</b>	10,851,474
Insurance payable		<b>480,521</b>	543,505
Current taxation (payments less provisions)		<b>—</b>	8,565,737
ATM switch, clearing and settlement account	21.3	<b>26,422,784</b>	4,149,483
Others		<b>3,800,950</b>	4,923,477
		<b>126,946,320</b>	<b>110,428,991</b>
<b>21.1 Credit loss allowance / provision against off-balance sheet obligations</b>			
Opening balance		<b>226,549</b>	110,059
Impact of adoption of IFRS 9		<b>2,904,001</b>	—
ECL charge for the year		<b>1,644,514</b>	8,984
ECL reversal for the year		<b>(31,866)</b>	(1,079)
Charge for the year		<b>—</b>	107,390
Reversal for the year		<b>—</b>	(50)
		<b>1,612,648</b>	<b>115,245</b>
Foreign exchange adjustment		<b>(217)</b>	<b>1,245</b>
Closing balance		<b>4,742,981</b>	<b>226,549</b>
		<b>2024</b>	
		<b>Outstanding amount</b>	<b>Credit loss allowance held (Rupees in '000)</b>
<b>21.1.1 Particulars of credit loss allowance against off balance sheet obligations</b>			
Stage 1		<b>454,102,733</b>	2,773,580
Stage 2		<b>94,730,836</b>	1,249,156
Stage 3 / specific		<b>1,100,847</b>	720,245
		<b>549,934,416</b>	<b>4,742,981</b>
<b>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.</b>			



- 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
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 (Rupees in '000)	2023
<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 (Restated) (Rupees in '000)	2023
<u>30,000,000</u>	<u>30,000,000</u>	Fully paid in cash	<u>300,000</u>	<u>300,000</u>
<u>1,081,425,416</u>	<u>1,081,425,416</u>	Issued as bonus shares	<u>10,814,254</u>	<u>10,814,254</u>
<u><b>1,111,425,416</b></u>	<u><b>1,111,425,416</b></u>		<u><b>11,114,254</b></u>	<u><b>11,114,254</b></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 (Rupees in '000)	2023
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>		
Surplus on revaluation of:		
- Securities measured at FVOCI - debt	8.1 <b>11,908,799</b>	—
- Securities measured at FVOCI - equity	8.1 <b>578,915</b>	—
- Available for sale securities	—	2,215,739
- Property and equipment	23.1 <b>22,149,099</b>	22,634,109
- Non-banking assets acquired in satisfaction of claims	23.2 <b>205,323</b>	253,183
	<b>34,842,136</b>	25,103,031

Deferred tax on surplus on revaluation of:

- Securities measured at FVOCI - debt	23.1 <b>6,311,663</b>	—
- Securities measured at FVOCI - equity	23.1 <b>306,825</b>	—
- Available for sale securities	—	1,085,712
- Property and equipment	23.1 <b>6,580,165</b>	6,200,660
- Non-banking assets acquired in satisfaction of claims	23.2 <b>39,260</b>	52,325
	<b>13,237,913</b>	7,338,697
	<b>21,604,223</b>	<b>17,764,334</b>



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



	Note	2024 (Rupees in '000)	2023
<b>24.2 Commitments:</b>			
Documentary credits and short term trade-related transactions			
- letters of credit		<b>291,149,845</b>	287,964,804
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	<b>245,803,016</b>	204,174,136
- forward lending	24.2.2	<b>3,217,813</b>	3,955,661
Commitments for acquisition of:			
- operating property and equipment		<b>2,796,920</b>	1,714,210
		<b>542,967,594</b>	<b>497,808,811</b>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<b>145,237,825</b>	123,771,146
Sale		<b>100,565,191</b>	80,402,990
		<b>245,803,016</b>	<b>204,174,136</b>

The maturities of above contracts are spread over the periods upto one year.

	2024 (Rupees in '000)	2023
<b>24.2.2 Commitments in respect of forward lending</b>	<b>3,217,813</b>	<b>3,955,661</b>

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 (Rupees in '000)	2023
<b>24.3 Claims against the Bank not acknowledged as debts</b>	<b>3,504,960</b>	<b>5,019,188</b>

#### **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		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
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)
<b>Total</b>	<b>184,545,844</b>	<b>(1,009,232)</b>	<b>61,257,172</b>	<b>(309,505)</b>	<b>245,803,016</b>	<b>(1,318,737)</b>
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)
<b>Total</b>	<b>137,056,776</b>	<b>(957,223)</b>	<b>67,117,360</b>	<b>775,893</b>	<b>204,174,136</b>	<b>(181,330)</b>



## 25.2 Maturity analysis

	2024			
	Number of Contracts	Notional Principal	Mark to Market	
			Negative	Positive
(Rupees in '000)				
Upto 1 month	488	92,288,053	(633,480)	264,498
1 to 3 months	681	84,488,275	(1,031,294)	220,396
3 to 6 months	690	59,912,062	(386,925)	178,113
6 months to 1 year	54	9,114,626	(18,261)	88,216
	<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
1 to 3 months	568	72,676,016	(1,330,312)	660,930
3 to 6 months	400	41,419,915	(379,053)	465,153
6 months to 1 year	340	6,405,904	(146,679)	103,415
	<u>1,687</u>	<u>204,174,136</u>	<u>(2,504,312)</u>	<u>2,322,982</u>
				<u>(181,330)</u>
2024				
(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
	<u>478,031,023</u>	<u>373,902,458</u>

### 26.1 Interest income recognised on:

Financial assets measured at amortised cost	72,333,082
Financial assets measured at FVOCI	284,521,562
	<u>356,854,644</u>

### 26.2 Interest income recognised on:

Financial assets measured at FVPL	232,258
Financial assets measured at cost	120,944,121
	<u>121,176,379</u>

## 27. MARK-UP / RETURN / INTEREST EXPENDED

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
	<u>321,783,242</u>	<u>249,754,849</u>



	Note	2024	2023
		(Rupees in '000)	
<b>28. FEE AND COMMISSION INCOME</b>			
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
		<b>19,439,797</b>	<b>14,365,866</b>
<b>29. GAIN / (LOSS) ON SECURITIES - NET</b>			
Realised	29.1	(319,848)	1,732
Unrealised - measured at FVPL	8.1	461,853	—
	29.2	<b>142,005</b>	<b>1,732</b>
<b>29.1 Realised gain / (loss) on:</b>			
Federal Government Securities		(338,463)	1,124
Shares		—	16,417
Units of Mutual Funds		18,615	(15,809)
		<b>(319,848)</b>	<b>1,732</b>
<b>29.2 Net gain / (loss) on financial assets measured</b>			
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
		<b>142,005</b>	<b>1,732</b>
<b>30. OTHER INCOME</b>			
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
		<b>1,123,347</b>	<b>466,183</b>



	Note	2024 (Rupees in '000)	2023
<b>31. OPERATING EXPENSES</b>			
<b>Total compensation expenses</b>	31.1	<b>38,877,842</b>	32,373,434
<b>Property expenses</b>			
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
<b>Information technology expenses</b>			
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
<b>Other operating expenses</b>			
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
		<b>80,978,771</b>	<b>70,273,774</b>



**2024**                   **2023**  
**(Rupees in '000)**

### **31.1 Total compensation expense**

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

<b>S.No.</b>	<b>Name of material outsourced activity</b>	<b>Name of service provider</b>	<b>Nature of service</b>
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	<b>260,825</b>	249,800
	<b>424,425</b>	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
<b>31.4 Auditors' remuneration</b>			
Audit fee		<b>8,938</b>	7,150
Half yearly review		<b>2,844</b>	2,275
Other certifications		<b>9,876</b>	5,699
Gratuity fund		<b>284</b>	228
Out of pocket expenses / sales tax		<b>4,126</b>	2,154
		<b>26,068</b>	<b>17,506</b>
<b>32. OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		<b>310,073</b>	<b>228,401</b>
<b>33. CREDIT LOSS ALLOWANCE AND WRITE OFFS - NET</b>			
(Reversal) / charge of credit loss allowance against balance with other banks	6.4	<b>(2,663)</b>	47
Credit loss allowance against lending to financial institutions	7.5	<b>5,035</b>	-
Reversal of credit loss allowance / provision for diminution in value of investments - net	8.3.2	<b>(968,289)</b>	(3,653,116)
Credit loss allowance / provisions against loans and advances - net	9.6	<b>14,137,318</b>	7,662,137
Credit loss allowance against other assets - net	14.2.1	<b>106,846</b>	-
Credit loss allowance against off - balance sheet items - net	21.1	<b>1,612,648</b>	115,245
Loss on revaluation of property and equipment - net		<b>-</b>	75,889
		<b>14,890,895</b>	<b>4,200,202</b>
<b>34. TAXATION</b>			
Current		<b>43,425,154</b>	37,487,623
Prior years		<b>-</b>	2,948,228
Deferred		<b>553,888</b>	(4,627,269)
		<b>43,979,042</b>	<b>35,808,582</b>
<b>34.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		<b>83,841,229</b>	71,127,957
Tax at the applicable rate of 44% (2023: 39%)		<b>36,890,141</b>	27,739,903
Tax effects of:			
Items that are not deductible in determining taxable income		<b>36,003</b>	(1,462,581)
Effect of change in tax rates		<b>(988,797)</b>	(1,067,503)
Tax effect of super tax		<b>8,041,695</b>	7,650,535
Prior years		<b>-</b>	2,948,228
		<b>43,979,042</b>	<b>35,808,582</b>

**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                    2023**  
**(Rupees in '000)**

**35. BASIC AND DILUTED EARNINGS PER SHARE**

Profit for the year	<u><u>39,862,187</u></u>	<u><u>35,319,375</u></u>
(Number)		
Weighted average number of ordinary shares	<u><u>1,111,425,416</u></u>	<u><u>1,111,425,416</u></u>
(Rupees)		
Basic and diluted earnings per share	<u><u>35.87</u></u>	<u><u>31.78</u></u>

**2024                    2023**  
**Note                    (Rupees in '000)**

**36. CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks	5 <b>201,532,248</b>	141,815,998
Balances with other banks	6 <b>5,837,855</b>	6,580,740
Overdrawn nostro accounts	17 <b>(2,182,518)</b>	(1,194,452)
	<b>205,187,585</b>	<b>147,202,286</b>

**36.1 Reconciliation of movement of liabilities to cash flows arising from financing activities**

	<b>2024</b>		
	<b>Subordinated debt</b>	<b>Lease liabilities</b>	<b>Dividend payable</b>
	(Rupees in '000)		
<b>Balance as at 01 January 2024</b>	<b>29,985,200</b>	<b>14,441,482</b>	<b>921,969</b>
<b>Changes from financing cash flows</b>			
Payment against subordinated debt	(3,996,800)	–	–
Payment against lease liabilities - net	–	(3,780,564)	–
Dividend paid	–	–	(17,009,566)
<b>Total changes from financing cash flows</b>	<b>(3,996,800)</b>	<b>(3,780,564)</b>	<b>(17,009,566)</b>
<b>Other changes</b>			
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
<b>Balance as at 31 December 2024</b>	<b>25,988,400</b>	<b>16,848,698</b>	<b>1,139,497</b>



**Balance as at 01 January 2023**

**Changes from financing cash flows**

Payment against subordinated debt

Payment against lease liabilities - net

Dividend paid

**Total changes from financing cash flows**

	2023		
	Subordinated debt	Lease liabilities (Rupees in '000)	Dividend payable
<b>Balance as at 01 January 2023</b>	29,991,600	14,025,746	632,731
<b>Changes from financing cash flows</b>			
Payment against subordinated debt	(6,400)	–	–
Payment against lease liabilities - net	–	(3,295,084)	–
Dividend paid	–	–	(17,493,572)
<b>Total changes from financing cash flows</b>	(6,400)	(3,295,084)	(17,493,572)
<b>Other changes</b>			
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
<b>Balance as at 31 December 2023</b>	<u>29,985,200</u>	<u>14,441,482</u>	<u>921,969</u>

**37. STAFF STRENGTH**

		2024 (Number)	2023
Permanent		<b>17,393</b>	16,766
Temporary / on contractual basis		<b>234</b>	216
Bank's own staff at end of the year		<b>17,627</b>	16,982
Outsourced		<b>3,742</b>	3,550
<b>Total staff strength</b>		<b>21,369</b>	20,532

**37.1 Domestic**  
Abroad

	2024 (Number)	2023
Domestic	<b>21,322</b>	20,486
Abroad	<b>47</b>	46
<b>Total staff strength</b>	<b>21,369</b>	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	<b>12.25%</b>	15.50%
Expected rate of return on plan assets	<b>12.25%</b>	15.50%
Expected rate of salary increase : Year 1	<b>15.00%</b>	15.50%
Year 2	<b>12.25%</b>	15.50%
Mortality rates (for death in service)	<b>SLIC(2001-05)-1</b>	SLIC(2001-05)-1
Rates of employee turnover	<b>Moderate</b>	Moderate
	2024	2023
Note	(Rupees in '000)	

### **38.4 Reconciliation of payable to defined benefit plan**

Present value of obligations	<b>10,708,177</b>	8,964,117
Fair value of plan assets	<b>(8,642,462)</b>	(6,764,034)
Payable	<b>2,065,715</b>	2,200,083

### **38.5 Movement in defined benefit obligations**

Obligation at the beginning of the year	<b>8,964,117</b>	6,616,783
Current service cost	<b>874,213</b>	646,160
Interest cost	<b>1,399,628</b>	979,667
Benefits paid during the year	<b>(620,075)</b>	(283,344)
Remeasurement loss	<b>90,294</b>	1,004,851
Obligation at the end of the year	<b>10,708,177</b>	8,964,117

### **38.6 Movement in fair value of plan assets**

Fair value at the beginning of the year	<b>6,764,034</b>	5,239,978
Interest income on plan assets	<b>1,068,713</b>	793,099
Contribution by the Bank - net	<b>1,205,128</b>	832,728
Actual benefits paid during the year	<b>(620,075)</b>	(283,344)
Remeasurement gain on plan assets	<b>224,662</b>	181,573
Fair value at the end of the year	<b>8,642,462</b>	6,764,034

### **38.7 Movement in payable under defined benefit scheme**

Opening balance	<b>2,200,083</b>	1,376,805
Charge for the year	<b>1,205,128</b>	832,728
Contribution by the Bank	<b>(1,205,128)</b>	(832,728)
Remeasurement (gain) / loss recognised in Other Comprehensive Income during the year	<b>(134,368)</b>	823,278
Closing balance	<b>2,065,715</b>	2,200,083



2024                    2023  
(Rupees in '000)

### **38.8 Charge for defined benefit plan**

#### **38.8.1 Cost recognised in profit and loss**

Current service cost	<b>874,213</b>	646,160
Net interest on defined benefit liability	<b>330,915</b>	186,568
	<b>1,205,128</b>	832,728

#### **38.8.2 Re-measurements (gain) / loss recognised in OCI during the year**

Loss on obligation	<b>105,833</b>	887,465
- Financial assumptions	<b>(15,539)</b>	117,386
- Experience assumptions	<b>90,294</b>	1,004,851
Actuarial gain on plan assets	<b>(224,662)</b>	(181,573)
Total remeasurement (gain) / loss recognised in OCI	<b>(134,368)</b>	823,278

### **38.9 Components of plan assets**

Cash and cash equivalents - net	<b>585,861</b>	1,173,381
Government securities	<b>8,056,601</b>	5,590,653
Total fair value of plan assets	<b>8,642,462</b>	6,764,034

### **38.10 Sensitivity analysis**

1% increase in discount rate	<b>9,717,092</b>
1% decrease in discount rate	<b>11,864,457</b>
1% increase in expected rate of salary increase	<b>11,800,979</b>
1% decrease in expected rate of salary increase	<b>9,752,380</b>

2025  
(Rupees in '000)

### **38.11 Expected contributions to be paid to the funds in the next financial year**

**1,258,156**

### **38.12 Expected charge for the next financial year**

**1,258,156**

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	<b>573,354</b>
within the next 12 months (next annual reporting period)	<b>4,074,006</b>
between 1 and 5 years	<b>9,126,695</b>
between 6 and 10 years	<b>13,774,055</b>



### **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.

Contributions made during the year :	2024 (Rupees in '000)
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 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.	11,520	—	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
<b>Total</b>	<b>11,520</b>	<b>73,688</b>	<b>32,000</b>	<b>32,986</b>	<b>241,091</b>	<b>1,303,110</b>	<b>4,358,931</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>4</b>	<b>1</b>	<b>36</b>	<b>1,352</b>
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
<b>Total</b>	<b>11,520</b>	<b>64,063</b>	<b>33,750</b>	<b>25,167</b>	<b>209,129</b>	<b>1,026,139</b>	<b>3,711,112</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>4</b>	<b>1</b>	<b>34</b>	<b>1,233</b>



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**

S.No.	Name of Director's	2024							
		Meeting Fees							
		For Board Committees							
		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
		<b>11,340</b>	<b>9,250</b>	<b>9,590</b>	<b>3,000</b>	<b>2,750</b>	<b>2,000</b>	<b>5,590</b>	<b>43,520</b>



2023

Meeting Fees

S.No.	Name of Director's	For Board Committees							(Rupees in '000)
		For Board Meetings	Audit Committee	Human Resource & Remuneration Committee	Risk Management Committee	Credit Risk Management Committee	IFRS 9 Committee	IT Committee	
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	<b>12,116</b>	<b>4,287</b>	<b>8,084</b>	7,996	3,117	5,552
Contribution to defined contribution plan	–	<b>280</b>	–	–	220	–
Rent and house maintenance	<b>3,075</b>	<b>1,120</b>	<b>2,140</b>	3,198	880	2,220
Utilities	<b>769</b>	<b>178</b>	<b>535</b>	800	220	556
Medical	–	<b>138</b>	–	36	36	72
Others	–	<b>264</b>	–	–	<b>264</b>	–
<b>Total</b>	<b><u>15,960</u></b>	<b><u>6,267</u></b>	<b><u>10,759</u></b>	<b><u>12,030</u></b>	<b><u>4,737</u></b>	<b><u>8,400</u></b>
<b>Number of persons</b>	<b><u>1</u></b>	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>1</u></b>	<b><u>1</u></b>	<b><u>2</u></b>



## 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
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
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
<b>Financial assets-disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	–	395,391,462	–	395,391,462
Non-Government Debt Securities	–	–	–	–
<b>Off-balance sheet financial instruments - measured at fair value</b>				
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
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
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
<b>Financial assets-disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	–	358,464,148	–	358,464,148
Non-Government Debt Securities	–	1,823,596	–	1,823,596
<b>Off-balance sheet financial instruments - measured at fair value</b>				
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**

<b>Item</b>	<b>Valuation Approach</b>	<b>Input Used</b>
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 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
NGO,S/ Charitable Institutions/ Trust	21	3,361,370	985,200	120,000	-	-	4,466,570
Others	4	1,529,710	-	-	-	-	1,529,710
<b>Total</b>	<b>705</b>	<b>66,942,305</b>	<b>285,492,900</b>	<b>1,150,000</b>	<b>14,783,214</b>	<b>3,523,658</b>	<b>371,892,077</b>



**2023  
Securities Held (Face Value)**

Category	No. of IPS Accounts	Market	Pakistan	Sukuks	Naya Pakistan	Bonds	Total
		Treasury Bills	Investment Bonds		Certificates		
(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
<b>Total</b>	<b>424</b>	<b>19,917,240</b>	<b>26,449,200</b>	<b>1,008,000</b>	<b>8,228,727</b>	<b>3,044,095</b>	<b>58,647,262</b>

#### 43. SEGMENT INFORMATION

##### 43.1 Segment details with respect to Business Activities

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

	2024			
	Commercial banking	Retail banking	Islamic banking	Total
<b>Statement of profit and loss account</b>				
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
<b>Total income</b>	<b>407,176,576</b>	<b>163,310,547</b>	<b>63,622,117</b>	<b>634,109,240</b>
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)
<b>Total expenses</b>	<b>(360,521,248)</b>	<b>(136,479,773)</b>	<b>(38,376,095)</b>	<b>(535,377,116)</b>
Credit loss allowance and write-offs - net	(13,187,825)	(315)	(1,702,755)	(14,890,895)
<b>Profit before tax</b>	<b>33,467,503</b>	<b>26,830,459</b>	<b>23,543,267</b>	<b>83,841,229</b>
<b>Statement of financial position</b>				
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
<b>Total assets</b>	<b>2,813,825,130</b>	<b>1,418,929,086</b>	<b>442,768,292</b>	<b>4,675,522,508</b>
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
<b>Total liabilities</b>	<b>2,731,722,766</b>	<b>1,416,581,537</b>	<b>375,229,585</b>	<b>4,523,533,888</b>
Equity	123,204,286	8,118,139	336,664	129,659,089
<b>Total equity and liabilities</b>	<b>2,813,825,130</b>	<b>1,418,929,086</b>	<b>442,768,292</b>	<b>4,675,522,508</b>
<b>Contingencies and commitments</b>	<b>455,344,714</b>	<b>144,204</b>	<b>53,215,299</b>	<b>508,704,217</b>



(Restated)

2023

	Commercial banking	Retail banking	Islamic banking	Total
(Rupees in '000)				
<b>Statement of profit and loss account</b>				
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
<b>Statement of financial position</b>				
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
<b>Total assets</b>	<u>2,327,584,182</u>	<u>1,205,743,528</u>	<u>346,633,513</u>	<u>3,879,961,223</u>
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
<b>Total liabilities</b>	<u>2,250,945,740</u>	<u>1,194,123,149</u>	<u>305,233,245</u>	<u>3,750,302,134</u>
Equity	76,638,442	11,620,379	41,400,268	129,659,089
<b>Total equity and liabilities</b>	<u>2,327,584,182</u>	<u>1,205,743,528</u>	<u>346,633,513</u>	<u>3,879,961,223</u>
<b>Contingencies and commitments</b>	<u>430,167,158</u>	<u>87,278</u>	<u>43,180,906</u>	<u>473,435,342</u>



### 43.2 Segment details with respect to geographical locations

#### Geographical Segment Analysis

	2024			
	Pakistan	Middle East	Asia Pacific	Total
(Rupees in '000)				
<b>Statement of profit and loss account</b>				
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
<b>Total income</b>	<b>498,566,736</b>	<b>2,368,329</b>	<b>2,580,191</b>	<b>503,515,256</b>
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)
<b>Profit before tax</b>	<b>81,072,189</b>	<b>825,165</b>	<b>1,943,875</b>	<b>83,841,229</b>
<b>Statement of financial position</b>				
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
<b>Total assets</b>	<b>3,274,218,218</b>	<b>53,615,163</b>	<b>24,973,232</b>	<b>3,352,806,613</b>
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
<b>Total liabilities</b>	<b>3,133,150,986</b>	<b>45,412,470</b>	<b>22,254,537</b>	<b>3,200,817,993</b>
Equity	141,067,232	8,202,693	2,718,695	151,988,620
<b>Total equity and liabilities</b>	<b>3,274,218,218</b>	<b>53,615,163</b>	<b>24,973,232</b>	<b>3,352,806,613</b>
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)			
<b>Statement of profit and loss account</b>				
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
<b>Total income</b>	<b>389,064,882</b>	<b>4,419,264</b>	<b>3,645,569</b>	<b>397,129,715</b>
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)
<b>Profit before tax</b>	<b>64,934,987</b>	<b>3,315,731</b>	<b>2,877,239</b>	<b>71,127,957</b>
<b>Statement of financial position</b>				
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
<b>Total assets</b>	<b>2,690,195,877</b>	<b>69,225,563</b>	<b>27,981,664</b>	<b>2,787,403,104</b>
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
<b>Total liabilities</b>	<b>2,566,991,591</b>	<b>63,107,424</b>	<b>27,645,000</b>	<b>2,657,744,015</b>
Equity	123,204,286	6,118,139	336,664	129,659,089
<b>Total equity and liabilities</b>	<b>2,690,195,877</b>	<b>69,225,563</b>	<b>27,981,664</b>	<b>2,787,403,104</b>
<b>Contingencies and commitments</b>	<b>453,245,382</b>	<b>19,339,604</b>	<b>850,356</b>	<b>473,435,342</b>

#### 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)				
<b>Investments</b>										
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
<b>Advances</b>										
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
<b>Other assets</b>										
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	-	-
<b>Subordinated debt</b>										
Opening balance	-	-	-	-	194,000	-	-	-	-	44,000
Issued / purchased during the year	-	-	-	-	50,000	-	-	-	-	150,000
Closing balance	-	-	-	-	244,000	-	-	-	-	194,000
<b>Deposits and other accounts</b>										
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
<b>Other liabilities</b>										
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	-	-
<b>Contingencies and commitments</b>										
<b>Other transactions - Investor Portfolio Securities</b>										
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)																				
<b>Income</b>																				
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										
<b>Expense</b>																				
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 (Rupees in '000)	2023
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	<b>11,114,254</b>	11,114,254
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<b>138,304,943</b>	106,748,559
Eligible Additional Tier 1 (ADT 1) Capital	<b>13,085,236</b>	13,149,415
Total Eligible Tier 1 Capital	<b>151,390,179</b>	119,897,974
Eligible Tier 2 Capital	<b>43,326,725</b>	38,239,758
Total Eligible Capital (Tier 1 + Tier 2)	<b>194,716,904</b>	158,137,732
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<b>794,269,649</b>	778,517,551
Market Risk	<b>26,015,518</b>	22,589,366
Operational Risk	<b>267,347,656</b>	197,102,489
Total	<b>1,087,632,823</b>	998,209,406
	2024 (Percentage)	2023
Common Equity Tier 1 Capital Adequacy Ratio	<b>12.716%</b>	10.694%
Tier 1 Capital Adequacy Ratio	<b>13.919%</b>	12.011%
Total Capital Adequacy Ratio	<b>17.903%</b>	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 (Percentage)	2023
Required CAR	<b>11.500%</b>	11.500%
CAR on Bank level	<b>17.903%</b>	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 (Rupees in '000)	2023
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	151,390,179	119,897,974
Total Exposures	<u>3,781,832,541</u>	<u>3,215,463,888</u>
Leverage Ratio	<u>4.003%</u>	<u>3.729%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	1,240,825,598	955,564,193
Total Net Cash Outflow	<u>455,977,522</u>	<u>354,165,673</u>
Liquidity Coverage Ratio	<u>272.124%</u>	<u>269.807%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	2,345,924,658	2,003,648,662
Total Required Stable Funding	<u>1,268,607,420</u>	<u>1,226,057,068</u>
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	2024	2023	2024	2023	2024	2023		
	Stage 1 (Rupees in '000)										Stage 2	Stage 3
Public / Government	9,990,000	1,649,716	-	-	1,349	-	-	-	-	-	-	-
Private	28,956,800	-	-	-	3,909	-	-	-	-	-	-	-
	<b>38,946,800</b>	<b>1,649,716</b>	<b>-</b>	<b>-</b>	<b>5,258</b>	<b>-</b>						

**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	2024	2023	2024	2023	2024	2023		
	Stage 1 (Rupees in '000)										Stage 2	Stage 3
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	-	-
	<b>1,906,216,681</b>	<b>1,500,594,044</b>	<b>6,801,779</b>	<b>7,172,882</b>	<b>12,358</b>	<b>35,881</b>	<b>4,165,422</b>	<b>5,977,307</b>	<b>3,315,636</b>	<b>3,623,339</b>	<b>-</b>	<b>-</b>

**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
	<b>1,906,216,681</b>	<b>1,500,589,563</b>	<b>6,801,779</b>	<b>7,172,882</b>	<b>12,358</b>	<b>35,881</b>	<b>4,165,422</b>	<b>5,977,307</b>	<b>3,315,636</b>	<b>3,623,339</b>



#### 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 retail 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>
<b>Credit risk by public / private sector</b>										
Public / Government	26,160,761	138,443,582	-	-	3,164	-	374,080	-	-	-
Private	<u>933,151,907</u>	<u>757,591,763</u>	<u>35,509,407</u>	<u>25,187,342</u>	<u>7,167,161</u>	<u>81,573</u>	<u>8,094,322</u>	<u>-</u>	<u>32,823,742</u>	<u>17,830,419</u>
	<u><u>959,312,668</u></u>	<u><u>896,035,345</u></u>	<u><u>35,509,407</u></u>	<u><u>25,187,342</u></u>	<u><u>7,170,325</u></u>	<u><u>81,573</u></u>	<u><u>8,468,402</u></u>	<u><u>-</u></u>	<u><u>32,823,742</u></u>	<u><u>17,830,419</u></u>



#### 46.1.4 Contingencies and Commitments

Credit risk by industry sector	2024 (Rupees in '000)	2023
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
	<b>508,704,217</b>	<b>473,435,342</b>
<b>Credit risk by public / private sector</b>		
Public / Government	61,658,641	43,717,123
Private	447,045,576	429,718,219
	<b>508,704,217</b>	<b>473,435,342</b>

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

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			
	Punjab	Sindh	KPK including FATA (Rupees in '000)	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	261,951,472	256,949,484	1,951,005	716,104	29,621	2,268,626
Sindh	571,223,896	450,982	569,240,921	294,623	1,172,915	17,352
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
Total	<u>875,953,370</u>	<u>258,408,457</u>	<u>573,142,341</u>	<u>7,433,541</u>	<u>2,212,776</u>	<u>34,053,758</u>
	2023					
	(Rupees in '000)					
Punjab	406,213,996	390,936,993	9,476,571	270,030	22,264	5,467,304
Sindh	333,973,967	2,073,168	323,405,262	5,708,197	2,668,625	7,641
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
Total	<u>790,377,928</u>	<u>393,926,710</u>	<u>333,134,241</u>	<u>13,187,233</u>	<u>3,687,815</u>	<u>45,712,843</u>

#### 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:



<b>Segment</b>	<b>Upwards</b>	<b>Downwards</b>
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
Small and Medium Enterprise	2,642,259	2,321,293	(12.147%)	2,631,222	(0.418%)	3,051,523
Agriculture	1,545,377	1,505,119	(2.605%)	1,544,629	(0.048%)	1,591,618
Credit Card	13,136	17,506	33.267%	12,925	(1.606%)	10,455
Consumer Auto	45,137	38,266	(15.223%)	44,119	(2.255%)	60,152
Consumer House	104,193	110,158	–	104,124	(0.066%)	98,783
Consumer Personal	28,226	23,279	(17.526%)	27,992	(0.829%)	35,046

#### 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 (Rupees in '000)	Banking book	Trading book	Total
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
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>



	2023		
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items (Rupees in '000)
United States Dollar	176,151,123	192,464,281	31,261,319
Great Britain Pound	2,519,099	17,207,175	10,382,601
Japanese Yen	13,790	3,114	(13,641)
Euro	5,773,972	11,623,351	3,461,895
Other currencies	2,069,513	1,233,214	(1,724,018)
	<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	Banking book (Rupees in '000)
Impact of 1% change in foreign exchange rates on			
– Profit and loss account	–	–	–
– Other comprehensive income	<b>4,992</b>	–	15,584

#### 46.2.3 Equity Position Risk

Equity position risk is the risk of loss from adverse movements in equity prices. The Bank'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 Bank 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 Bank itself. Stress testing for equity price risk is carried out regularly to estimate the impact of decline in stock prices. The Bank 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	–	<b>70,189</b>	–	–
– Other comprehensive income	<b>38,080</b>	–	262,604	–

#### 46.2.4 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 Bank 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 Bank'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 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	Banking book	Trading book
	(Rupees in '000)			
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

Effective Yield / Interest Rate	Total	2024										Non interest bearing financial instruments		
		Exposed to Yield / Interest risk												
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years				
(Rupees in '000)														
<b>On-balance sheet financial instruments</b>														
<b>Assets</b>														
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		
<b>Liabilities</b>														
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		
<b>On-balance sheet gap</b>														
		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)		
<b>Off-balance sheet financial instruments</b>														
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	-	-	-	-		
<b>Commitments in respect of:</b>														
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	-	-	-	-	-	-	-		
<b>Off-balance sheet gap</b>														
		47,890,447	(50,366,284)	34,792,548	55,497,544	7,966,639	-	-	-	-	-	-		
<b>Total Yield / Interest Risk Sensitivity Gap</b>														
			(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)		
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>														
			(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)													
<b>On-balance sheet financial instruments</b>													
<b>Assets</b>													
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	
		<u>2,650,880,610</u>	<u>743,177,728</u>	<u>398,571,227</u>	<u>946,589,739</u>	<u>76,021,361</u>	<u>38,621,222</u>	<u>21,753,296</u>	<u>97,321,747</u>	<u>38,757,094</u>	<u>14,973,519</u>	<u>275,093,677</u>	
<b>Liabilities</b>													
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	
		<u>2,591,581,832</u>	<u>1,359,277,431</u>	<u>74,922,861</u>	<u>123,909,576</u>	<u>91,597,409</u>	<u>17,598,287</u>	<u>14,834,924</u>	<u>29,051,293</u>	<u>31,488,441</u>	<u>1,938,128</u>	<u>846,963,482</u>	
<b>On-balance sheet gap</b>		<b>59,298,778</b>	<b>(616,099,703)</b>	<b>323,648,366</b>	<b>822,680,163</b>	<b>(15,576,048)</b>	<b>21,022,935</b>	<b>6,918,372</b>	<b>68,270,454</b>	<b>7,268,653</b>	<b>13,035,391</b>	<b>(571,869,805)</b>	
<b>Off-balance sheet financial instruments</b>													
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	-	-	-		
<b>Commitments in respect of:</b>													
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	-	-	-	-	-		
<b>Off-balance sheet gap</b>		<b>47,323,817</b>	<b>(24,730,705)</b>	<b>29,020,620</b>	<b>39,496,328</b>	<b>3,537,574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total Yield / Interest Risk Sensitivity Gap</b>		<b>(528,689,989)</b>	<b>487,527,108</b>	<b>884,011,075</b>	<b>(3,771,259)</b>	<b>31,675,423</b>	<b>7,130,348</b>	<b>68,270,454</b>	<b>7,268,653</b>	<b>13,035,391</b>	<b>(571,869,805)</b>		
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>		<b>(528,689,989)</b>	<b>(41,162,881)</b>	<b>842,848,194</b>	<b>839,076,935</b>	<b>870,752,358</b>	<b>877,882,706</b>	<b>946,153,160</b>	<b>953,421,813</b>	<b>966,457,204</b>	<b>394,587,399</b>		



#### 46.2.5.1 Reconciliation of Financial Assets and Liabilities

	2024	2023
	(Rupees in '000)	
<b>Assets as per statement of financial position</b>	<b>3,320,035,205</b>	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
<b>Interest Rate Sensitive Assets</b>	<b>3,199,536,752</b>	<b>2,650,880,610</b>
<b>Liabilities as per statement of financial position</b>	<b>3,168,046,585</b>	<b>2,614,413,320</b>
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
<b>Interest Rate Sensitive Liabilities</b>	<b>3,145,642,521</b>	<b>2,591,581,832</b>

#### 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 Sukus, Foreign Currency Sukus & 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	
(Rupees in '000)														
<b>Assets</b>														
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
<b>Liabilities</b>														
Bills payable	52,263,043	52,263,043	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	667,043,213	3,039,945	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
<b>Net assets</b>	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													


**Assets**

	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)														
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	11,989,724	-	-	-	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
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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
<b>Assets</b>										
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
<b>Liabilities</b>										
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
<b>Net assets</b>										
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	(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



	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)										
<b>Assets</b>										
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
<b>Liabilities</b>										
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
<b>Net assets</b>	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	<b>Muhammad Iqbal</b> 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	<b>Muhammad Iqbal</b> 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	<b>Syed Sohail Hassan</b> 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	<b>2024</b> (Rupees in '000)	<b>2023</b> (Rupees in '000)
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>24,097,793</b>	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
<b>Total Assets</b>		<b>442,768,292</b>	346,633,513
<b>LIABILITIES</b>			
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
		<b>375,229,585</b>	305,233,245
<b>NET ASSETS</b>		<b>67,538,707</b>	41,400,268
<b>REPRESENTED BY</b>			
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
		<b>67,538,707</b>	41,400,268
<b>CONTINGENCIES AND COMMITMENTS</b>	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)
<b>Net Profit / return</b>		<b>32,306,046</b>	<b>23,172,189</b>
<b>Other income</b>			
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)
<b>Total other income</b>		<b>2,080,071</b>	<b>1,548,291</b>
<b>Total income</b>		<b>34,386,117</b>	<b>24,720,480</b>
<b>Other expenses</b>			
Operating expenses		(9,139,544)	(6,530,383)
Other charges		(551)	(22)
<b>Total other expenses</b>		<b>(9,140,095)</b>	<b>(6,530,405)</b>
<b>Profit before credit loss allowance</b>		<b>25,246,022</b>	<b>18,190,075</b>
Credit loss allowance and write offs - net		(1,702,755)	(421,341)
<b>Profit for the year</b>		<b>23,543,267</b>	<b>17,768,734</b>

#### 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	<b>25,996,490</b>	<b>—</b>



2024

	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

2023

##### FVOCI

###### Federal Government Securities

- Ijarah Sukuks

221,990,413	-	5,664,287	227,654,700	-	-	-	-
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866,250	-	8,840	875,090	-	-	-	-
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21,101,875	-	209,125	21,311,000	-	-	-	-
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###### Non Government Debt Securities

- Listed

- Unlisted

1,122,000	(680,000)	534	442,534	-	-	-	-
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2,973,000	(751)	(30,040)	2,942,209	-	-	-	-
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248,053,538	(680,751)	5,852,746	253,225,533	-	-	-	-
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#### Investments mandatorily classified measured at FVPL

##### Units of Mutual Funds

252,242

-

20,887

273,129

2023

#### Associates

##### Al Habib Islamic Cash Fund

100,000	-	-	100,000	-	-	-	100,000
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##### Al Habib Islamic Saving Fund

100,000	-	-	100,000	-	-	-	100,000
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2,000,000	-	-	200,000	200,000	-	-	200,000
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#### 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
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###### Islamic Naya Pakistan Certificates

-	-	-	-	5,769,121	-	-	5,769,121
---	---	---	---	-----------	---	---	-----------

-	-	-	-	187,290,281	-	1,795,550	189,085,831
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#### 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
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-	-	-	-	4,485,625	-	(23,772)	4,461,853
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##### Units of Mutual Funds

-	-	-	-	351,022	(52,866)	49,953	348,109
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##### Total Investments

251,148,322	(680,751)	5,873,633	256,341,204	192,344,317	(64,401)	1,825,669	194,105,585
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2023

### 2.1 Particulars of credit loss allowance

2024

Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)			

##### Non Government Debt Securities

384	367	680,000	680,751
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2023

Stage 1	Stage 2	Stage 3	Total
(Rupees in '000)			

-	-	64,401	64,401
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	Note	2024 (Rupees in '000)	2023
<b>3. Islamic financing and related assets</b>			
Ijarah	3.1	<b>3,296,372</b>	3,079,001
Murabaha	3.2	<b>21,393,302</b>	17,586,364
Diminishing Musharaka		<b>14,901,120</b>	18,779,105
Istisna		<b>4,744,263</b>	10,282,784
Islamic Long Term Financing Facility (ILTFF)		<b>4,343,370</b>	5,241,800
Islamic Refinance for Renewable Energy (IFRE)		<b>3,177,094</b>	2,224,625
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)		<b>5,217,018</b>	6,830,099
Islamic Refinance Facility for Modernization of SMEs (IRFSME)		<b>166,650</b>	52,588
Islamic Financing Facility for Storage of Agricultural Product (IFFSAP)		<b>127,131</b>	157,403
Islamic Export Refinance - Istisna (IERF)		<b>70,000</b>	2,160,467
Musawamah		<b>4,188,383</b>	4,605,689
Islamic Export Refinance-Musawamah		<b>—</b>	6,000
Running Musharaka		<b>2,844,245</b>	2,479,691
Islamic Export Refinance-Running Musharaka		<b>8,903,641</b>	7,166,641
Financing against Bills-Musawamah		<b>3,823,394</b>	5,083,273
Export Finance Scheme (EFS) - Discounting		<b>8,207,289</b>	7,235,359
Staff Financing		<b>1,098,884</b>	2,013,176
Musawamah Inventory		<b>2,673,423</b>	3,076,506
Advance against Istisna		<b>14,364,368</b>	13,554,721
Advance against Istisna - IERF		<b>818,500</b>	2,249,152
Advance against Ijarah		<b>250,250</b>	138,636
Advance against Diminishing Musharaka		<b>1,788,091</b>	1,303,776
Advance against IFRE		<b>198,663</b>	666,683
Advance against ITERF		<b>—</b>	951,795
Advance against IRFSME		<b>—</b>	12,933
Gross Islamic financing and related assets		<b>106,595,451</b>	114,938,267
Less: credit loss allowance against Islamic financings			
- Stage 1		<b>(1,071,897)</b>	—
- Stage 2		<b>(1,061,392)</b>	—
- Stage 3		<b>(855,257)</b>	—
- Specific		<b>—</b>	(772,444)
- General		<b>—</b>	(50,057)
		<b>(2,988,546)</b>	(822,501)
Islamic financing and related assets-net of provision		<b>103,606,905</b>	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 (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	<b>4,345,296</b>	<b>1,915,568 (1,282,512)</b>	<b>4,978,352</b>	<b>1,266,295</b>	<b>957,201 (541,516)</b>	<b>1,681,980</b>	<b>3,296,372</b>



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
(Rupees in '000)						
Plant and machinery	523,792	–	71,383	407,366	45,173	63,930
		(452,409)			(388,609)	
Vehicles	3,357,645	1,968,663	4,269,795	1,039,847	772,274	1,199,069
		(1,056,513)			(613,052)	
Equipment	110,066	–	4,118	91,448	–	3,296
		(105,948)			(88,152)	
Total	3,991,503	1,968,663	4,345,296	1,538,661	817,447	1,266,295
		(1,614,870)			(1,089,813)	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 3.1.1 Future ijarah payments receivable

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

#### 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)
		<hr/>	<hr/>
		11,615,954	10,098,518
		<hr/>	<hr/>

#### 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
	<hr/>	<hr/>

#### 3.2.3 Murabaha sale price

Murabaha purchase price	12,509,478	11,140,005
	(11,615,954)	(10,098,518)
	<hr/>	<hr/>

#### 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
	<hr/>	<hr/>



#### 4. Deposits and other accounts

	2024			2023		
	In local currency	In foreign currencies	Total (Rupees in '000)	In local currency	In foreign currencies	Total
<b>Customers</b>						
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>
<b>Financial institutions</b>						
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><u>305,275,189</u></u>	<u><u>12,320,555</u></u>	<u><u>317,595,744</u></u>	<u><u>246,465,536</u></u>	<u><u>8,826,400</u></u>	<u><u>255,291,936</u></u>

#### 4.1 Composition of deposits

	2024	2023
	(Rupees in '000)	
- 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	2023
	(Rupees in '000)	
<b>5. Charity Fund</b>		
Opening balance	<u>59,665</u>	<u>23,820</u>
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	—
	<b>44,500</b>	<b>40,400</b>

**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	<b>54,085,961</b>	<b>31,974,599</b>

**7. Contingencies and Commitments**

- Guarantees	19,198,384	14,463,377
- Commitments	34,016,915	28,717,529
	<b>53,215,299</b>	<b>43,180,906</b>

**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
	<b>61,542,046</b>	<b>47,491,919</b>



	2024 (Rupees in '000)	2023 (Rupees in '000)
<b>9. Profit on Deposits and Other Dues Expensed</b>		
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
	<b>29,236,000</b>	<b>24,319,730</b>
<b>10. Profit and Loss Distribution and Pool Management</b>		

**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 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-Ul-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	Mudarib Share	Mudarib Share	HIBA Amount	HIBA
	(Rupees in '000)		(Percentage)	(Rupees in '000)	(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				
	Distributable Income	Mudarib Share	Mudarib Share	HIBA Amount	HIBA
	(Rupees in '000)		(Percentage)	(Rupees in '000)	(Percentage)
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	
	Profit rate earned	Profit rate distributed	(Percentage)	(Percentage)
Profit rate earned			18.49%	17.75%
Profit rate distributed			9.69%	9.97%

**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



## 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

Karachi: February 06, 2025

MOHAMMAD TAQI LAKHANI  
*Company Secretary*



**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
	<b>Total</b>	<b>10</b>

**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:
- is disqualified/ineligible under Banking Companies Ordinance 1962, Companies Act 2017, and other applicable laws, rules and regulations;
  - is in default of payment of dues owed to any financial institution in personal capacity;
  - 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;
  - 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;
  - is a designated person / proscribed person or is associated directly or indirectly with any designated person / proscribed person;
  - 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.

- 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.
- 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.
- 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 Shahra-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.
- 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).
- 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](mailto: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](http://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 (34<sup>th</sup>) 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](http://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](mailto: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	<b>"RESOLVED THAT</b> 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:**

1. 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](mailto:chairmanagm@bankalhabib.com).
2. Copy of NICOP/ Passport (in case of foreigner) / CNIC should be enclosed with the Postal Ballot Paper.
3. 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.
4. Signature on Postal Ballot Paper should match with signature on CNIC
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written Ballot Paper will be rejected.
6. BOD resolution / POA along with list of signatories and valid copy of CNIC of authorized signatory(ies).
7. The shareholders may download the Postal Ballot Paper from the Bank's website or use the original / photocopy as published in newspaper.



## بینک الحبیب لمیڈیم

پوٹل بیلٹ پیپر

سالانہ اجلاس عام میں خصوصی امور کے لئے بزری ڈاک و ڈنگ ۷۴ فروری ۲۰۲۵ء بوقت ۱۰:۳۰ بجے ملتان میں کی جائے گی۔

پوٹل بیلٹ پیپر بینک الحبیب لمیڈیم کی ویب سائٹ [www.bankalhabib.com](http://www.bankalhabib.com) پر بھی ڈاؤن لوڈ کرنے کیلئے دستیاب ہے۔ مزید آن اجلاس کے چیئرمین کا نامزد کردہ ای میل ایڈریس جس پر باقاعدہ پر شدہ بیلٹ پیپر ارسال کیے جاسکتے ہیں [chairmanagm@bankalhabib.com](mailto:chairmanagm@bankalhabib.com)

فولیو/سی ای کاونٹنٹ نمبر	
شیئر ہولڈر/ جوانششیئر ہولڈر (ز) کا نام	
رجسٹرڈ ایڈریس	
موجودہ شیئر کی تعداد	
این آئی سی اوپی/ پاسپورٹ (غیر ملکی ہونے کی صورت میں)/ سی این آئی سی نمبر (کاپی منسلک کی جائے)	
اضافی معلومات اور منسلک دستاویزات (بادی کا پریٹ، کار پوریشن اور وفاقی حکومت کے نمائندے کی صورت میں)	
مجاز و تحفظ کننڈہ کا نام	
این آئی سی اوپی/ پاسپورٹ (غیر ملکی ہونے کی صورت میں)/ مجاز و تحفظ کا سی این آئی سی نمبر (کاپی منسلک کریں)	

میں/ ہم پوٹل بیلٹ کے ذریعے درج ذیل قرارداد کے مطابق میں اپنا/ ہمارا وہ 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 شیئر کی مجموعی تعداد جن کیلئے ووٹ کا سٹھ ہوا	میں/ ہم قرارداد پر اختلاف کرتے ہیں (AGAINST)	میں/ ہم قرارداد پر پر رضامند ہیں (FAVOR)
۱	”قرار پایا کہ جناب گملیں آر جبیب، ایک یکلو ڈاہری میکٹ کا معاوضہ - ۵، ۵۰۰، ۰۰۰ روپے مابنہ علاوہ مرجو مراعات، فوائد اور دیگر الائمنس، جس کے وہ اپنی ملازمت کی شراکٹ کے تحت حقدار ہیں، سے زائد ہوگا۔“			

مقام:

شیئر ہولڈر (ز) کے دھخٹ/مجاز فرو

تاریخ:

- ۱۔ باقاعدہ پر شدہ پوٹل بیلٹ پیپر جنا ب عباس ڈی۔ جبیب، چیئرمین، بینک الحبیب لمیڈیم، مکنٹنر ہلڈنگ، آئی آئی چندر گیر روڈ، کراچی یا یک میل [chairmanagm@bankalhabib.com](mailto:chairmanagm@bankalhabib.com) پر ارسال کریں۔
- ۲۔ این آئی سی اوپی/ پاسپورٹ کی کاپی (غیر ملکی ہونے کی صورت میں)/ سی این آئی سی پوٹل بیلٹ پیپر کے ساتھ منسلک کی جائے۔
- ۳۔ پوٹل بیلٹ پیپر اجلاس کے چیئرمین کو ۲۶ فروری ۲۰۲۵ء تک یا اس سے قبل موصول ہو جائیں۔ اس تاریخ کے بعد موصولہ کوئی بھی پوٹل بیلٹ ہلڈنگ کیلئے قابل غور نہ ہو گا۔
- ۴۔ پوٹل بیلٹ پیپر پر دھخٹ اسی این آئی سی پر موجود دھخٹ سے مطابق ہونے چاہئیں۔
- ۵۔ ناکمل، غیر و مختلط شدہ، غیر واضح، کئی پھٹے، اور اسینگ کے حامل بیلٹ پیپر مسٹر کردیے جائیں گے۔
- ۶۔ بی اؤڈی کی قرارداد/ پی اوسے بیشمول جائز و تحفظ کننڈہ (کنندگان) کے دھختوں کی فہرست اور این آئی سی کی کار آمد کا پی۔
- ۷۔ شیئر ہولڈر ز پوٹل 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

<b>Number of Shareholders</b>	<b>Size of Shareholding</b>				<b>Total Shares Held</b>
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

<b>Categories of Shareholders</b>	<b>Number of Shareholders</b>	<b>Number of Shares Held</b>	<b>Percentage</b>
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%
<b>TOTAL</b>	<b>7,439</b>	<b>1,111,425,416</b>	<b>100.00%</b>



## Pattern of Shareholding as at December 31, 2024 Additional Information

Shareholders' Category	Number of Shareholders	Number of Shares Held
<b>Associated Companies</b>		
Habib Insurance Co. Ltd.	1	1,000,000
Habib Sugar Mills Limited	1	24,136,691
<b>Mutual Funds</b>		
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 NTPF 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 IZAFIA 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



<b>Shareholders' Category</b>	<b>Number of Shareholders</b>	<b>Number of Shares Held</b>
<b>Directors</b>		
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
<b>Chief Executive Officer</b>		
Mansoor Ali Khan	-	NIL
<b>Directors' Spouses</b>		
Mrs. Niamet Fatima	1	11,060,177
W/o. Mr. Abbas D. Habib		
<b>Executives</b>		
	53	27,786,240
<b>Joint Stock Companies and Corporations</b>		
Banks, Development Financial Institutions, Non - Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	119	167,429,957
	53	55,153,361
Shareholders holding five percent or more voting rights		
State Life Insurance Corporation of Pakistan	1	73,435,154
National Investment (Unit) Trust (included in the list above under Mutual Funds)		
<b>Individuals</b>		
	7,039	504,450,713
<b>Others (including foreign companies)</b>		
	127	106,714,115
<b>TOTAL</b>	<b>7,439</b>	<b>1,111,425,416</b>



## **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	<u>(44,862,535)</u>
Profit for the year after tax	41,917,395
Share of profit attributable to Non-controlling interest	<u>(15,630)</u>
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)	<u>(3,510,353)</u>
Transfer from surplus on revaluation of fixed assets-net of tax	250,448
Loss on sale of equity investments - FVOCI	<u>(826,620)</u>
Other comprehensive income-net of tax	61,890
	<u>69,570,738</u>
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)
	<u>(21,213,313)</u>
Un-appropriated profit carried forward	<u>90,259,190</u>
Earnings per share (after tax) – Holding Company	<u>Rs. 37.70</u>

**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



## 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><b>Valuation of Advances:</b> (Refer note 9 &amp; 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"> <li>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.</li> <li>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.</li> <li>Qualitative criteria – the criteria selected to identify a SICR involves judgment and can lead to unreliable ECL recognized for certain portfolios.</li> </ul> <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"> <li>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.</li> <li>Assessing the design, implementation and operating effectiveness of key controls established by the Bank over measurement of ECL and provision calculated as per PR;</li> <li>We involved in-house specialist who assisted in the following: <ul style="list-style-type: none"> <li>Evaluating the Bank's impairment methodologies for compliance with application instructions as issued by SBP for IFRS 9;</li> <li>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;</li> <li>Assessing the reasonableness of macro-economic variable and economic forecasts by comparing these to external sourced data extracted; and</li> <li>Performing independent testing of the Expected Credit Loss (ECL) allowance on a sample basis.</li> </ul> </li> <li>Ensuring completeness of the key inputs into the ECL calculations with their respective sub-ledgers and general ledgers.</li> <li>Performing testing on sample basis over key inputs into the ECL calculations with their respective source documents.</li> <li>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.</li> <li>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:</li> </ul>



S.No.	Key Audit Matter	How the matter was addressed in our audit
	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.	<ul style="list-style-type: none"> <li>- 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;</li> <li>- 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</li> <li>- assessing the accuracy of specific provision made against non-performing advances in accordance with the criteria prescribed under the PRs by performing recalculation.</li> <li>• 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.</li> <li>• 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.</li> <li>• Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.</li> </ul>

#### 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	2023	(Restated)
		(Rupees in '000)		
<b>ASSETS</b>				
Cash and balances with treasury banks	5	<b>201,935,630</b>	141,816,023	
Balances with other banks	6	<b>5,887,584</b>	6,662,922	
Lendings to financial institutions	7	<b>38,941,542</b>	1,649,716	
Investments	8	<b>1,926,109,064</b>	1,504,488,304	
Advances	9	<b>910,279,117</b>	868,868,391	
Property and equipment	10	<b>76,057,034</b>	67,614,531	
Right-of-use assets	11	<b>13,731,222</b>	11,969,724	
Intangible assets	12	<b>237,024</b>	212,691	
Deferred tax assets	13	<b>4,529,802</b>	4,843,108	
Other assets	14	<b>145,422,433</b>	137,128,649	
<b>Total Assets</b>		<b>3,323,130,452</b>	2,745,254,059	
<b>LIABILITIES</b>				
Bills payable	16	<b>52,263,043</b>	48,083,103	
Borrowings	17	<b>667,043,213</b>	477,438,034	
Deposits and other accounts	18	<b>2,277,961,527</b>	1,933,731,281	
Lease liabilities	19	<b>16,897,021</b>	14,441,482	
Subordinated debt	20	<b>25,988,400</b>	29,985,200	
Deferred tax liabilities		<b>–</b>	–	
Other liabilities	21	<b>127,773,646</b>	110,795,965	
<b>Total Liabilities</b>		<b>3,167,926,850</b>	2,614,475,065	
<b>NET ASSETS</b>				
		<b>155,203,602</b>	130,778,994	
<b>REPRESENTED BY</b>				
Share capital	22	<b>11,114,254</b>	11,114,254	
Reserves		<b>32,050,356</b>	28,184,872	
Surplus on revaluation of assets	23	<b>21,624,360</b>	17,758,959	
Unappropriated profit		<b>90,259,109</b>	73,595,373	
<b>Equity attributable to the shareholders of the Holding Company</b>		<b>155,048,079</b>	130,653,458	
Non-controlling interest	24	<b>155,523</b>	125,536	
<b>Total equity</b>		<b>155,203,602</b>	130,778,994	
<b>CONTINGENCIES AND COMMITMENTS</b>				
	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		<b>156,470,047</b>	124,144,268
<b>NON MARK - UP / INTEREST INCOME</b>			
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		<b>28,868,017</b>	24,353,366
<b>Total income</b>		<b>185,338,064</b>	148,497,634
<b>NON MARK-UP / INTEREST EXPENSES</b>			
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		<b>(83,667,239)</b>	<b>(72,314,957)</b>
<b>Profit before credit loss allowance</b>		<b>101,670,825</b>	<b>76,182,677</b>
Credit loss allowance and write offs - net	34	(14,890,895)	(4,175,409)
Other income / expenses		—	—
<b>PROFIT BEFORE TAXATION</b>		<b>86,779,930</b>	<b>72,007,268</b>
Taxation	35	(44,862,535)	(36,076,946)
<b>PROFIT AFTER TAXATION</b>		<b>41,917,395</b>	<b>35,930,322</b>
<b>Attributable to:</b>			
Shareholders of the Holding Company		41,901,765	35,928,048
Non-controlling interest		15,630	2,274
		<b>41,917,395</b>	<b>35,930,322</b>
			<b>(Rupees)</b>
<b>Basic and diluted earnings per share attributable to equity holders of the Holding Company</b>	36	<b>37.70</b>	<b>32.33</b>

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**

(Restated)  
**2024**                   **2023**  
(Rupees in '000)

<b>Profit after taxation for the year</b>	<b>41,917,395</b>	35,930,322
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**Other comprehensive income**

***Items that may be reclassified to profit and loss account  
in subsequent periods:***

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
	<b>5,991,910</b>	7,021,420

***Items that will not be reclassified to profit and loss account  
in subsequent periods:***

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
	<b>(973,843)</b>	9,972,406

<b>Total comprehensive income</b>	<b>46,935,462</b>	52,924,148
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**Attributable to:**

Shareholders of the Holding Company	46,905,475	52,912,306
Non-controlling interest	29,987	11,842
	<b>46,935,462</b>	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*

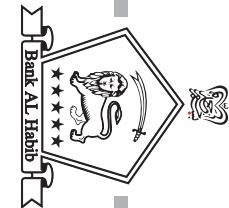
MOHAMMAD RAFIQUDDIN MEHKARI  
*Director*

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											
	Share Capital	Statutory Reserve	Foreign Currency Translation Reserve	Revenue Reserves		Surplus / (deficit) on revaluation of						
				Special Reserve	General Reserve	Investments	Property and Equipment	Non Banking Assets	Unappropriated Profit	Sub Total	Non-controlling Interest	Total
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
<b>Other comprehensive income - net of tax</b>												
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	-	-	-
<b>Transactions with owners, recorded directly in equity</b>												
Final cash dividend (Rs. 7.0 per share) - December 2022	-	-	-	-	-	-	-	-	(7,779,978)	(7,779,978)	-	(7,779,978)
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	-	-	-	-	-	-	-	-	(5,001,416)	(5,001,416)	-	(5,001,416)
	-	-	-	-	-	-	-	-	(17,782,810)	(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	1,124,652	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							
				Special Reserve	General Reserve	Investments	Property and Equipment (Rupees in '000)	Non Banking Assets	Unappropriated Profit	Sub Total	Non-controlling Interest	Total	
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	
<b>Other comprehensive income - net of tax</b>													
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	-	-		
<b>Transactions with owners, recorded directly in equity</b>													
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*

MOHAMMAD RAFIQUDDIN MEHKARI  
*Director*

ARSHAD NASAR  
*Director*

ASHAR HUSAIN  
*Chief Financial Officer*

ABBAS D. HABIB  
*Chairman*





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

**CASH FLOW FROM OPERATING ACTIVITIES**

	Note	2024 (Rupees in '000)	2023
Profit before taxation		86,779,930	72,007,268
Less: dividend income		(363,501)	(701,543)
<b>Adjustments:</b>		<b>86,416,429</b>	<b>71,305,725</b>
Net mark-up / interest income		(156,470,047)	(124,144,268)
Depreciation		5,634,594	4,570,988
Depreciation on right-of-use assets		2,484,168	2,298,189
Amortisation		172,041	263,049
Workers' welfare fund		1,761,365	1,561,292
Credit loss allowance and write-offs - net		14,890,895	4,175,409
Gain on sale of property and equipment - net		(1,015,118)	(403,778)
Gain on termination of leases and RoU - net		(91,282)	(49,884)
Share of profit from associates		(1,400,547)	(1,133,848)
Unrealised gain measured at FVPL		(461,853)	—
Charge for compensated absences		243,693	399,896
		(134,252,091)	(112,462,955)
		(47,835,662)	(41,157,230)
<b>(Increase) / decrease in operating assets</b>		<b>(37,297,084)</b>	<b>13,918,891</b>
Lendings to financial institutions		3,074,653	95,554
Securities classified as FVPL		(65,488,857)	(63,262,711)
Advances		(18,454,171)	7,541,621
Other assets (excluding advance taxation)		(118,165,459)	(41,706,645)
<b>Increase in operating liabilities</b>		<b>4,179,940</b>	<b>3,227,266</b>
Bills payable		188,617,113	57,748,367
Borrowings from financial institutions		344,230,246	365,722,007
Deposits and other accounts		19,170,854	196,745
Other liabilities (excluding current taxation)		556,198,153	426,894,385
		390,197,032	344,030,510
Interest received		492,236,760	332,870,114
Interest paid		(319,894,221)	(248,045,874)
Income tax paid		(57,510,286)	(34,066,257)
Net cash flow generated from operating activities		505,029,285	394,788,493

**CASH FLOW FROM INVESTING ACTIVITIES**

Net investments in amortised cost securities	(27,097,045)	(184,284,570)
Net investments in securities classified as FVOCI	(379,969,903)	(145,262,306)
Investments in associates	(1,836,429)	669,551
Dividends received	363,501	696,841
Investments in property and equipment	(14,043,781)	(7,989,821)
Investments in intangible assets	(196,374)	(22,895)
Proceeds from sale of property and equipment	1,050,046	447,992
Effect of translation of net investment in foreign branches	(120,735)	261,520
Net cash flow used in investing activities	(421,850,720)	(335,483,688)

**CASH FLOW FROM FINANCING ACTIVITIES**

Payments of subordinated debt	(3,996,800)	(6,400)
Dividend paid	(17,009,566)	(17,493,572)
Payments of lease obligations against right-of-use assets	(3,815,117)	(3,295,084)
Net cash flow used in financing activities	(24,821,483)	(20,795,056)
<b>Increase in cash and cash equivalents</b>	<b>58,357,082</b>	<b>38,509,749</b>
Cash and cash equivalents at beginning of the year	37 147,284,561	108,774,812
Cash and cash equivalents at end of the year	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
- Classification of investment in associates	47.1.7 & 47.1.8
- Valuation and depreciation of property and equipment	4.5
- Valuation and depreciation of right-of-use assets and related lease liabilities	4.7 & 10
- Valuation of non-banking assets acquired in satisfaction of claims	4.8, 11 & 19
- Valuation of defined benefit plans	4.9 & 14
- Valuation of compensated absences	4.12 & 39
- Taxation	4.12 & 21
- Fair value of derivatives	4.18 & 13
	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	After IFRS 9								
(Rupees in '000)																		
<b>ASSETS</b>																		
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								
Foreign securities	4.1.2.1.3	5,886,195	–	–	–	–	–	–	5,886,195	Available for sale								
Shares	4.1.2.1.4	4,197,679	(1,937,847)	1,937,847	–	–	–	–	4,197,679	Available for sale								
Units 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)	–	(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)	–	(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	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)	–	(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									
	<b>2,745,254,059</b>	<b>5,187,275</b>	<b>(5,266,461)</b>	<b>(16,986,532)</b>	<b>(17,065,718)</b>	<b>8,130,890</b>	<b>(8,934,828)</b>	<b>2,736,319,231</b>										



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)										
<b>LIABILITIES</b>										
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	
	<b>2,614,475,065</b>	<b>—</b>	<b>(6,555,069)</b>	<b>2,904,001</b>	<b>(3,651,068)</b>	<b>—</b>	<b>(3,651,068)</b>	<b>2,610,823,997</b>		
<b>NET ASSETS</b>	<b>130,778,994</b>	<b>5,187,275</b>	<b>1,288,608</b>	<b>(19,890,533)</b>	<b>(13,414,650)</b>	<b>8,130,890</b>	<b>(5,283,760)</b>	<b>125,495,234</b>		
<b>REPRESENTED BY</b>										
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	
	<b>116,072,331</b>	<b>5,187,275</b>	<b>1,288,608</b>	<b>(19,890,533)</b>	<b>(13,414,650)</b>	<b>8,130,890</b>	<b>(5,283,760)</b>	<b>110,788,571</b>		



- 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 loans 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.



<b>Debt investments at FVOCI</b>	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.
<b>Equity investments at FVOCI</b>	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.
<b>Advances at cost</b>	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 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 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)						
<b>Total assets</b>						
Deferred tax assets	<u>1,790,812</u>	<u>3,052,296</u>	<u>4,843,108</u>	<u>9,702,816</u>	<u>(110,950)</u>	<u>9,591,866</u>
<b>Total equity</b>						
Surplus on revaluation of assets - net of tax	<u>14,706,663</u>	<u>3,052,296</u>	<u>17,758,959</u>	<u>899,575</u>	<u>(110,950)</u>	<u>788,625</u>



#### 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
<b>5. CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand:		
Local currency	<b>45,870,590</b>	30,637,806
Foreign currencies	<b>3,091,419</b>	4,080,369
	<b>48,962,009</b>	34,718,175
With State Bank of Pakistan in:		
Local currency current accounts	<b>5.1 117,236,148</b>	72,206,674
Local currency current accounts - Islamic Banking	<b>5.1 16,299,959</b>	10,539,360
Foreign currency deposit accounts		
Cash reserve account	<b>5.1 5,972,112</b>	5,341,260
Cash reserve / special cash reserve account		
- Islamic Banking	<b>5.1 &amp; 5.2 564,899</b>	995,250
Special cash reserve account	<b>5.1 &amp; 5.2 11,002,725</b>	10,682,521
Local collection account	<b>5.3 407,387</b>	441,796
	<b>151,483,230</b>	100,206,861
With National Bank of Pakistan in:		
Local currency current account	<b>1,332,163</b>	6,585,694
Prize bonds	<b>158,228</b>	305,293
	<b>201,935,630</b>	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
<b>6. BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
In current accounts		<b>252,439</b>	211,983
In deposit accounts	6.1	<b>18,806</b>	82,211
		<b>271,245</b>	294,194
Outside Pakistan:			
In current accounts	6.2	<b>5,129,043</b>	6,246,313
In deposit accounts	6.3	<b>488,243</b>	122,483
		<b>5,617,286</b>	6,368,796
Less: credit loss allowance held against balance with other banks	6.4	<b>5,888,531</b>	6,662,990
Balances with other banks - net of credit loss allowance		<b>(947)</b>	(68)
		<b>5,887,584</b>	6,662,922
<b>6.1</b>	These carry expected profit rates ranging from 5.00% to 20.75% (2023: 7.80% to 20.50%) per annum.		
<b>6.2</b>	These carry interest rates ranging from 1.55% to 3.83% (2023: 1.55% to 5.08%) per annum.		
<b>6.3</b>	These carry interest rates ranging from 3.58% to 4.33% (2023: 4.58% to 5.08%) per annum.		
<b>6.4 Credit Loss Allowance - Stage 1</b>			
Opening balance		<b>68</b>	19
Impact of adoption of IFRS 9		<b>3,544</b>	—
Balance as at 01 January after adopting IFRS 9		<b>3,612</b>	19
(Reversal) / charge:		<b>75</b>	47
Charge for the year		<b>(2,738)</b>	—
Reversal for the year		<b>(2,663)</b>	47
Foreign exchange adjustments		<b>(2)</b>	2
Closing balance		<b>947</b>	68
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
In local currency:			
Musharaka placement	7.1	<b>26,000,000</b>	—
Repurchase agreement lendings (Reverse Repo)	7.2	<b>12,946,800</b>	1,649,716
		<b>38,946,800</b>	1,649,716
Less: credit loss allowance against lendings to financial institutions	7.5	<b>(5,258)</b>	—
Lendings to financial institutions - net of credit loss allowance		<b>38,941,542</b>	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 (Rupees in '000)	Credit loss allowance held
<b>Domestic</b>		
Performing - Stage 1	<b>38,946,800</b>	5,258
	2023	
	Outstanding amount (Rupees in '000)	Credit loss allowance held
<b>Domestic</b>		
Performing	<b>1,649,716</b>	-

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

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



## 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
<b>8.1 Investments by type:</b>								
(Rupees in '000)								
<i><b>Debt Instruments</b></i>								
<i><b>Amortised Cost</b></i>								
8.5	395,460,837	(851,234)	-	394,609,603	-	-	-	-
	4,481	(4,481)	-	-	-	-	-	-
<i><b>FVOCI</b></i>								
8.4	395,465,318	(855,715)	-	394,609,603	-	-	-	-
	1,492,727,676	(3,312,910)	10,909,607	1,500,324,373	-	-	-	-
<i><b>FVPL</b></i>								
<i><b>Equity Instruments</b></i>								
<i><b>FVOCI - Non Reclassifiable</b></i>								
8.4	Shares							
	- Listed companies	187,060	-	619,128	806,188	-	-	-
8.6	- Unlisted companies	192,467	(50,811)	-	141,656	-	-	-
		379,527	(50,811)	619,128	947,844	-	-	-
<i><b>Investments mandatorily classified/ measured at FVPL</b></i>								
Units of Mutual Funds								
4,238,097								
<i><b>Associates</b></i>								
8.6	AL Habib Money Market Fund	651,984	-	-	651,984	600,000	-	-
	AL Habib Islamic Cash Fund	182,375	-	-	182,375	1,013,247	-	-
8.6	AL Habib Islamic Saving Fund	109,038	-	-	109,038	100,164	-	-
	AL Habib Income Fund	428,131	-	-	428,131	392,670	-	-
8.6	AL Habib Stock Fund	71,087	-	-	71,087	16,507	-	-
	AL Habib Cash Fund	3,686,086	-	-	3,686,086	3,419,078	-	-
8.6	AL Habib Islamic Stock Fund	16,181	-	-	16,181	41,623	-	-
	AL Habib Islamic Income Fund	27,647	-	-	27,647	25,520	-	-
8.6	AL Habib Asset Allocation Fund	103,330	-	-	103,330	130,984	-	-
	AL Habib Pension Fund Equity Sub Fund	108,303	-	-	108,303	46,711	-	-
8.6	AL Habib Pension Fund Debt Sub Fund	48,093	-	-	48,093	39,435	-	-
	AL Habib Pension Fund Money Market Sub Fund	47,100	-	-	47,100	38,983	-	-
8.6	AL Habib Islamic Pension Fund Equity Sub Fund	105,776	-	-	105,776	47,224	-	-
	AL Habib Islamic Pension Fund Debt Sub Fund	45,283	-	-	45,283	38,212	-	-
8.6	AL Habib Islamic Pension Fund Money Market Sub Fund	44,277	-	-	44,277	37,649	-	-
	AL Habib Government Securities Fund	2,060,394	-	-	2,060,394	-	-	-
8.6	AL Habib Fixed Return Fund Plan 9	-	-	-	-	10,100	-	-
	AL Habib Fixed Return Fund Plan - 10	11,830	-	-	11,830	-	-	-
8.6	AL Habib Fixed Return Fund Plan - 15	10,359	-	-	10,359	-	-	-
	AL Habib Fixed Return Fund Plan - 16	5,393	-	-	5,393	-	-	-
8.6	AL Habib GOKP Money Market Fund	35,699	-	-	35,699	-	-	-
	AL Habib GOKP Islamic Money Market Fund	36,170	-	-	36,170	-	-	-
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)								
<b>Available-for-Sale Securities</b>								
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
<b>Held-to-Maturity Securities</b>								
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
<b>Total Investments</b>	<b>1,920,673,513</b>	<b>(7,544,227)</b>	<b>12,979,778</b>	<b>1,926,109,064</b>	<b>1,514,231,971</b>	<b>(11,949,748)</b>	<b>2,206,081</b>	<b>1,504,488,304</b>

## 8.2 Investments by segments:

### Federal Government Securities

Market Treasury Bills	458,024	-	-	458,024
Pakistan Investment Bonds	1,620,893,917	-	3,352,556	1,624,246,473
Foreign Currency Bonds	19,400,479	(3,438,538)	1,183,423	17,145,364
Ijarah Sukus	243,092,289	-	5,873,411	248,965,700
Sukus	3,656,176	(725,606)	500,217	3,430,787
Naya Pakistan Certificates	2,642,542	-	-	2,642,542
Term Finance Certificates - Unlisted	687,628	-	-	687,628
	1,890,831,055	(4,164,144)	10,909,607	1,897,576,518

19,882	-	(1)	19,881
1,261,589,197	-	(1,639,302)	1,259,949,895
28,254,245	(5,056,062)	(1,121,479)	22,076,704
158,975,260	-	1,783,890	160,759,150
25,369,909	(792,712)	52,323	24,629,520
5,769,121	-	-	5,769,121
615,752	-	-	615,752
1,480,593,366	(5,848,774)	(924,569)	1,473,820,023

### 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

4,279,708	(1,941,039)	1,687,355	4,026,024
192,467	(20,812)	-	171,655
	4,472,175	(1,961,851)	1,687,355

### Non Government Debt Securities

Listed	5,030,106	(681,455)	(108,200)	4,240,451
Unlisted	3,672,920	(200,509)	(30,203)	3,442,208
	8,703,026	(881,964)	(138,403)	7,682,659

5,072,105	-	(83,573)	4,988,532
4,313,545	(99,920)	(25,374)	4,188,251
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

### Others

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)								
<b>Associates</b>								
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	<b>518,019,000</b>	<b>294,417,591</b>
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<b>2024</b>		
<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
(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
Amounts written off / charged off	654,688	(11,468,120)	1,615,790
Foreign exchange adjustments	-	-	(1,882,162)
Closing balance	<u>7,483,929</u>	<u>25,301,107</u>	<u>6,845,445</u>



	2024		
	Stage 1	Stage 2	Stage 3
	(Rupees in '000)		
<b>8.3.2 Investments - credit loss allowance</b>			
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	<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
	(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	<u>12,358</u>	<u>4,165,422</u>	<u>3,366,447</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	Outstanding amount	Credit loss allowance / provision for diminution
	(Rupees in '000)			
<b>Domestic</b>				
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
<b>Overseas</b>				
Performing	Stage 1	2,765,414	11,592	2,924,573
Under-performing	Stage 2	22,190,407	4,164,145	31,813,643
Non-Performing loss	Stage 3	5,917,378	2,431,235	7,068,481
Total		<u>39,580,706</u>	<u>7,493,416</u>	<u>9,636,527</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 classified under " Held to Collect and Sell" are as follows:

	Cost		
	2024	2023	
	(Rupees in '000)		
<b>8.4.1 Federal Government Securities - Government guaranteed</b>			
Market Treasury Bills	—	19,882	
Pakistan Investment Bonds	<b>1,230,269,218</b>	904,195,466	
Foreign Currency Bonds	<b>15,022,365</b>	19,116,475	
Ijarah Sukuks	<b>243,092,289</b>	158,975,260	
Sukuks	<b>3,656,176</b>	25,369,909	
Naya Pakistan Certificates	—	5,769,121	
Term Finance Certificates-Unlisted	<b>687,628</b>	615,752	
	<b>1,492,727,676</b>	<b>1,114,061,865</b>	
<b>8.4.2 Shares</b>			
<b>8.4.2.1 Listed Companies</b>			
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	<b>4,370</b>	106,222	
Sugar and Allied Industries	<b>182,690</b>	182,690	
Textile Composite	—	40,644	
	<b>187,060</b>	<b>4,279,708</b>	
<b>8.4.2.2 Unlisted Companies</b>	<b>2024</b>	<b>2023</b>	
	Cost	Breakup value (Rupees in '000)	
Khushhali Microfinance Bank Limited	—	30,000	30,000
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	<b>50,000</b>	50,000
1LINK (Private) Limited	31 December 2023	<b>50,000</b>	50,000
Pakistan Corporate Restructuring Company Limited	31 December 2023	<b>37,966</b>	37,966
Mutual Fund Association of Pakistan (MUFAP)		<b>265</b>	265
	<b>192,467</b>	<b>1,337,670</b>	<b>192,467</b>
			<b>1,003,659</b>

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



**8.4.3 Non Government Debt Securities**

**8.4.3.1 Listed**

	Cost	
	2024	2023
	(Rupees in '000)	
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	—
	<b>5,030,106</b>	<b>5,072,105</b>

**8.4.3.2 Unlisted**

	2024	2023
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	<b>199,920</b>	—
	<b>3,672,920</b>	<b>4,313,545</b>

**8.4.4 Foreign Securities**

	Cost	Rating	Cost	Rating
<b>Government Securities</b>				
Egypt	1,395,453	B	1,841,221	B-
Sri Lanka	5,917,378	CCC	5,659,177	D
Turkiye	<b>1,369,960</b>	<b>BB-</b>	<b>1,369,482</b>	<b>B</b>
	<b>8,682,791</b>		<b>8,869,880</b>	

**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	<b>4,378,114</b>	9,137,770
	<b>395,460,837</b>	<b>366,531,501</b>

**Others**

Pakistan Corporate Restructuring Company Limited (PCRCL)	4,481	4,481
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Foreign Securities	2024		2023	
	Cost	Rating (Rupees in '000)	Cost	Rating

#### Government Securities

Egypt	-	-	422,987	B-
Sri Lanka	-	-	1,409,304	D
	<u>—</u>	<u>—</u>	<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

Associates	Country of incorporation	Percentage of holding	Net asset value (Rupees)	2024				
				Assets	Liabilities	Revenue	Profit after taxation	Total comprehensive income
				(Rupees in '000)				
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
Loans, cash credits, running finances, etc.	9.1	<b>756,193,227</b>	694,586,199	<b>34,261,459</b>	23,670,518	<b>790,454,686</b>	718,256,717
Islamic financing and related assets		<b>105,734,671</b>	114,129,113	<b>860,780</b>	809,154	<b>106,595,451</b>	114,938,267
Bills discounted and purchased		<b>61,304,281</b>	61,542,273	<b>387,168</b>	707,670	<b>61,691,449</b>	62,249,943
Advances - gross		<b>923,232,179</b>	870,257,585	<b>35,509,407</b>	25,187,342	<b>958,741,586</b>	895,444,927
Credit loss allowance / provision against advances							
- Stage 1		<b>7,170,325</b>	81,573	<b>-</b>	-	<b>7,170,325</b>	81,573
- Stage 2		<b>8,468,402</b>	-	<b>-</b>	-	<b>8,468,402</b>	-
- Stage 3		<b>-</b>	-	<b>32,823,742</b>	5,906,246	<b>32,823,742</b>	5,906,246
- Specific		<b>-</b>	-	<b>-</b>	11,924,173	<b>-</b>	11,924,173
- General as per regulations		<b>-</b>	264,544	<b>-</b>	-	<b>-</b>	264,544
- General		<b>-</b>	8,400,000	<b>-</b>	-	<b>-</b>	8,400,000
		<b>15,638,727</b>	8,746,117	<b>32,823,742</b>	17,830,419	<b>48,462,469</b>	26,576,536
Advances-net of credit loss allowance / provision		<b>907,593,452</b>	<b>861,511,468</b>	<b>2,685,665</b>	<b>7,356,923</b>	<b>910,279,117</b>	<b>868,868,391</b>

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
Lease rentals receivable	11,069,444	13,834,065	<b>24,903,509</b>	11,064,215	13,280,877	24,345,092
Residual value	<b>3,144,448</b>	<b>7,972,018</b>	<b>11,116,466</b>	2,212,312	6,693,799	8,906,111
Minimum lease payments	<b>14,213,892</b>	<b>21,806,083</b>	<b>36,019,975</b>	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	<b>11,559,888</b>	<b>19,575,198</b>	<b>31,135,086</b>	9,817,382	17,238,940	27,056,322

## 9.2 Particulars of advances (Gross)

	2024 (Rupees in '000)	2023 (Rupees in '000)
In local currency	<b>828,913,441</b>	773,404,099
In foreign currencies	<b>129,828,145</b>	122,040,828
	<b>958,741,586</b>	<b>895,444,927</b>

### 9.2.1 Advances to Women, Women - Owned and Managed Enterprises

Women	<b>1,502,878</b>	1,841,372
Women - owned and managed enterprises	<b>2,613,943</b>	2,419,994
	<b>4,116,821</b>	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 (Rupees in '000)	Stage 3	Total
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 off / charged off	–	–	(3,537)	(3,537)
Foreign exchange adjustments	(287,613)	(169)	(77,736)	(365,518)
Closing balance	<u>771,040,547</u>	<u>152,191,632</u>	<u>35,509,407</u>	<u>958,741,586</u>

#### 9.3.2 Advances - Credit loss allowance

	2024			
	Stage 1	Stage 2 (Rupees in '000)	Stage 3	Total
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	<u>4,410,985</u>	<u>8,663,207</u>	<u>21,355,055</u>	<u>34,429,247</u>
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	<u>7,170,325</u>	<u>8,468,402</u>	<u>32,823,742</u>	<u>48,462,469</u>



#### 9.4 Advances - Category of classification

		2024		2023	
		Outstanding amount	Credit loss allowance / provision	Outstanding amount	Credit loss allowance / provision
(Rupees in '000)					
<b>Domestic</b>					
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
		<b>925,700,680</b>	<b>42,134,559</b>	<b>864,297,805</b>	<b>20,588,717</b>
<b>Overseas</b>					
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
		<b>33,040,906</b>	<b>6,327,910</b>	<b>31,147,122</b>	<b>5,987,819</b>
Total		<b>958,741,586</b>	<b>48,462,469</b>	<b>895,444,927</b>	<b>26,576,536</b>
<b>Corresponding ECL</b>					
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
		<b>951,344,638</b>	<b>48,462,469</b>	<b>895,444,927</b>	<b>26,576,536</b>

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)					
<b>Domestic</b>					
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
		<b>28,972,532</b>	<b>26,990,343</b>	<b>18,569,259</b>	<b>11,924,173</b>
<b>Overseas</b>					
Loss		6,536,875	5,833,399	6,618,083	5,906,246
Total		<b>35,509,407</b>	<b>32,823,742</b>	<b>25,187,342</b>	<b>17,830,419</b>



#### 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)
Amounts written off	2,565,956	11,571,362	—	—	14,137,318	5,129,188	2,532,949	7,662,137
9.7 Foreign exchange adjustments	—	(3,537)	—	—	(3,537)	(656,732)	—	(656,732)
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	2023
		(Rupees in '000)	
<b>10. PROPERTY AND EQUIPMENT</b>			
Capital work-in-progress	10.1	<b>4,644,267</b>	4,293,549
Property and equipment	10.2	<b>71,412,767</b>	63,320,982
		<b>76,057,034</b>	67,614,531

### 10.1 Capital work-in-progress

Civil works		<b>1,946,354</b>	1,756,006
Advance payment for purchase of equipments		<b>494,841</b>	613,294
Advance payment towards suppliers, contractors and property		<b>2,159,615</b>	1,879,756
Consultants' fee and other charges		<b>43,457</b>	44,493
		<b>4,644,267</b>	4,293,549

### 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
	(Rupees in '000)					
<b>At 01 January 2024</b>						
Cost / revalued amount	23,978,190	25,739,604	2,817,975	17,487,274	7,024,113	5,494,658
Accumulated depreciation	-	(495,006)	(1,217,008)	(10,647,468)	(3,321,198)	(3,540,152)
Net book value	<b>23,978,190</b>	<b>25,244,598</b>	<b>1,600,967</b>	<b>6,839,806</b>	<b>3,702,915</b>	<b>1,954,506</b>
<b>Year ended 31 December 2024</b>						
Opening net book value	23,978,190	25,244,598	1,600,967	6,839,806	3,702,915	1,954,506
Additions	370,252	2,577,876	899,422	4,739,240	3,350,822	1,755,451
Movement in surplus on assets revalued during the year - net	-	-	-	-	-	-
Disposals	-	-	(4,191)	(18,503)	(3,672)	(8,562)
Depreciation charge	-	(852,049)	(267,431)	(2,245,650)	(1,535,595)	(732,122)
Other adjustments / transfers	-	66,497	-	-	-	-
Closing net book value	<b>24,348,442</b>	<b>27,036,922</b>	<b>2,228,767</b>	<b>9,314,893</b>	<b>5,514,470</b>	<b>2,969,273</b>
<b>At 31 December 2024</b>						
Cost / revalued amount	24,348,442	28,383,977	3,713,206	22,208,011	10,371,263	7,241,547
Accumulated depreciation	-	(1,347,055)	(1,484,439)	(12,893,118)	(4,856,793)	(4,272,274)
Net book value	<b>24,348,442</b>	<b>27,036,922</b>	<b>2,228,767</b>	<b>9,314,893</b>	<b>5,514,470</b>	<b>2,969,273</b>
Rate of depreciation (percentage)	-	2% - 25%	10%	20% - 33.33%	20%	20%



**At 01 January 2023**

	Leasehold land	Buildings on leasehold land	Furniture and fixture	Electrical, office and computer equipment (Rupees in '000)	Vehicles	Improvements to leasehold buildings	Total
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>
<b>At 31 December 2023</b>							
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 (Rupees in '000)	2023 (Rupees in '000)
Leasehold land	<b>13,276,357</b>	<u>13,066,480</u>
Buildings on leasehold land	<b>15,959,910</b>	<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	<b>366,890</b>	317,517
Electrical, office and computer equipment	<b>7,291,071</b>	6,963,356
Vehicles	<b>1,094,090</b>	957,361
Improvements to leasehold buildings	<b>2,495,679</b>	2,255,124
	<b>11,247,730</b>	<u>10,493,358</u>



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

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

**11. RIGHT-OF-USE ASSETS**

<b>Note</b>	<b>2024</b>		<b>2023</b>
			<b>(Rupees in '000)</b>
Buildings	11.1	<b>13,724,709</b>	11,969,724
Vehicles	11.2	<b>6,513</b>	—
		<b><u>13,731,222</u></b>	<b><u>11,969,724</u></b>
<b>11.1 BUILDING</b>			
<b>At 01 January,</b>			
Cost		<b>18,288,334</b>	17,549,450
Accumulated depreciation		<b>(6,318,610)</b>	(5,477,832)
Net carrying amount		<b>11,969,724</b>	12,071,618
Additions during the year		<b>4,445,498</b>	2,362,122
Deletions during the year		<b>(230,800)</b>	(185,932)
Depreciation charge for the year		<b>(2,479,826)</b>	(2,298,189)
Foreign exchange adjustment		<b>(757)</b>	2,705
Other adjustments / transfers		<b>20,870</b>	17,400
Net carrying amount at the 31 December		<b>13,724,709</b>	11,969,724
<b>11.2 Vehicles</b>			
Additions during the year		<b>10,855</b>	—
Depreciation charge for the year		<b>(4,342)</b>	—
Net carrying amount at the 31 December		<b>6,513</b>	—



## 12. INTANGIBLE ASSETS

### At 01 January,

	Computer software	TRE certificates	Management rights	Total
Cost	2,219,358	34,750	80,670	2,334,778
Accumulated amortisation and impairment	(2,089,837)	(32,250)	–	(2,122,087)
Net book value	129,521	2,500	80,670	212,691

### Year ended 31 December,

Opening net book value	129,521	2,500	80,670	212,691
Additions-directly purchased	196,374	–	–	196,374
Amortisation charge	(172,041)	–	–	(172,041)

Closing net book value

153,854	2,500	80,670	237,024
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### At 31 December,

	Computer software	TRE certificates	Management rights	Total
Cost	2,415,732	34,750	80,670	2,531,152
Accumulated amortisation and impairment	(2,261,878)	(32,250)	–	(2,294,128)
Net book value	153,854	2,500	80,670	237,024
Rate of amortisation (percentage)	50%	–	–	
Useful life	2 years	–	–	

### 2023

	Computer software	TRE certificates	Management rights	Total
Cost	2,196,463	34,750	80,670	2,311,883
Accumulated amortisation and impairment	(1,826,788)	(32,250)	–	(1,859,038)
Net book value	369,675	2,500	80,670	452,845

### At 01 January,

Cost	2,196,463	34,750	80,670	2,311,883
Accumulated amortisation and impairment	(1,826,788)	(32,250)	–	(1,859,038)
Net book value	369,675	2,500	80,670	452,845

### Year ended 31 December,

Opening net book value	369,675	2,500	80,670	452,845
Additions-directly purchased	22,895	–	–	22,895
Amortisation charge	(263,049)	–	–	(263,049)
Closing net book value	129,521	2,500	80,670	212,691

### At 31 December,

	Computer software	TRE certificates	Management rights	Total
Cost	2,219,358	34,750	80,670	2,334,778
Accumulated amortisation and impairment	(2,089,837)	(32,250)	–	(2,122,087)
Net book value	129,521	2,500	80,670	212,691
Rate of amortisation (percentage)	50%	–	–	
Useful life	2 years	–	–	

- 12.1.** As at 31 December 2024, the cost of fully amortised intangible assets still in use amounted to Rs. 2,240.693 million (2023: Rs. 1,793.620 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
(Rupees in '000)					
<b>Deductible Temporary Differences on</b>					
Credit loss allowance against diminution in the value of investments	5,851,622	(1,121,172)	4,730,450	(734,460)	-
Credit loss allowance against loans and advances, off balance sheet etc.	5,743,307	8,130,346	13,873,653	(817,168)	-
Workers' welfare fund	2,648,408	-	2,648,408	1,142,046	-
	14,243,337	7,009,174	21,252,511	(409,582)	-
					20,842,929
<b>Taxable Temporary Differences on</b>					
Accelerated tax depreciation	(2,130,590)	-	(2,130,590)	(752,768)	-
Surplus on revaluation of FVOCI investments	(1,085,712)	1,703,861	618,149	-	(7,236,637)
Surplus on revaluation of property and equipment	(6,130,312)	-	(6,130,312)	281,853	(661,329)
Surplus on revaluation of non banking assets	(52,325)	-	(52,325)	567	12,498
Deficit on revaluation of securities classified as FVPL	17,396	(582,145)	(564,749)	337,363	-
Others	(18,686)	-	(18,686)	(16,161)	-
	(9,400,229)	1,121,716	(8,278,513)	(149,146)	(7,885,468)
	4,843,108	8,130,890	12,973,998	(558,728)	(7,885,468)
					4,529,802
(Restated)					
	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
(Rupees in '000)					
<b>Deductible Temporary Differences on</b>					
Credit loss allowance against diminution in the value of investments	5,573,505	-	5,573,505	278,117	-
Credit loss allowance against loans and advances and off-balance sheet	2,131,285	-	2,131,285	3,612,022	-
Workers' welfare fund	1,659,964	-	1,659,964	988,444	-
	9,364,754	-	9,364,754	4,878,583	-
					14,243,337
<b>Taxable Temporary Differences on</b>					
Accelerated tax depreciation	(1,713,841)	-	(1,713,841)	(416,749)	-
Surplus on revaluation of available for sale investments	4,250,394	-	4,250,394	-	(5,336,106)
Surplus on revaluation of property and equipment	(2,156,382)	(110,950)	(2,267,332)	163,571	(4,026,551)
Surplus on revaluation of non banking assets	(59,145)	-	(59,145)	1,949	4,871
Surplus on revaluation of held-for-trading securities	17,216	-	17,216	180	-
Others	(180)	-	(180)	(18,506)	-
	338,062	(110,950)	227,112	(269,555)	(9,357,786)
	9,702,816	(110,950)	9,591,866	4,609,028	(9,357,786)
					4,843,108



#### 14. OTHER ASSETS

	Note	2024 (Rupees in '000)	2023
Income / mark-up accrued in local currency - net		<b>68,965,986</b>	82,900,496
Income / mark-up accrued in foreign currencies - net		<b>1,027,928</b>	1,213,568
Advances, deposits, advance rent and other prepayments		<b>13,388,608</b>	3,428,437
Advance taxation		<b>4,627,218</b>	—
Non-banking assets acquired in satisfaction of claims	14.1	<b>3,841,737</b>	3,862,121
Mark to market gain on forward foreign exchange contracts		<b>751,223</b>	2,322,982
Acceptances		<b>35,827,371</b>	39,174,104
Stationery and stamps on hand		<b>2,161,940</b>	1,144,768
Receivable against home remittance		<b>10,757,793</b>	919,605
Branch adjustment account		<b>2,038,881</b>	—
Others		<b>2,408,796</b>	1,917,200
		<b>145,797,481</b>	136,875,466
Less: Credit loss allowance / provision held against other assets	14.2	<b>(580,371)</b>	(7,815)
Other Assets (net of credit loss allowance / provision)		<b>145,217,110</b>	136,883,281
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	14.1	<b>205,323</b>	253,183
Other Assets-total		<b>145,422,433</b>	137,128,649

14.1	Market value of non-banking assets acquired in satisfaction of claims	<b>4,033,449</b>	4,115,923
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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.

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



**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	–
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)
	<b>106,846</b>	–
Amount written off	(206)	(286)
Closing balance	<b>580,371</b>	7,815

2024	Outstanding amount	Credit loss allowance held (Rupees in '000)
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**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
	<b>25,592,656</b>	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)	2023
<b>16. BILLS PAYABLE</b>		<b>52,263,043</b>	<b>48,083,103</b>

**17. BORROWINGS**

***Secured***

Borrowings from the State Bank of Pakistan			
Export refinance scheme	17.1	72,607,266	91,978,556
Renewable energy	17.2	17,895,611	17,584,226
Long term financing for imported and locally manufactured plant and machinery	17.3	25,306,703	30,917,513
Modernisation of small and medium enterprises	17.4	1,259,381	820,084
Women entrepreneurship	17.5	86,827	36,843
Financing facility for storage of agricultural produce	17.6	795,240	878,318
Temporary economic refinance facility	17.7	26,107,166	36,625,315
Refinance facility for combating COVID-19	17.8	100,001	155,920
Repurchase agreement borrowings	17.9	462,964,000	185,000,000
		<b>607,122,195</b>	363,996,775
Repurchase agreement borrowings	17.9	54,953,000	112,246,807
Borrowing from other Banks	17.10	2,785,500	–
<b>Total secured</b>		<b>664,860,695</b>	476,243,582

***Unsecured***

Overdrawn nostro accounts		2,182,518	1,194,452
		<b>667,043,213</b>	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	<b>662,075,195</b>	476,243,582
In foreign currencies	<b>4,968,018</b>	1,194,452
	<b>667,043,213</b>	<b>477,438,034</b>

**18. DEPOSITS AND OTHER ACCOUNTS**

	<b>2024</b>			<b>2023</b>		
	<b>In local currency</b>	<b>In foreign currencies</b>	<b>Total (Rupees in '000)</b>	<b>In local currency</b>	<b>In foreign currencies</b>	<b>Total</b>
<b>Customers</b>						
Current deposits	<b>705,137,306</b>	57,423,924	<b>762,561,230</b>	595,309,808	56,445,179	651,754,987
Savings deposits	<b>876,689,075</b>	45,898,830	<b>922,587,905</b>	640,708,283	50,248,962	690,957,245
Term deposits	<b>200,255,916</b>	61,604,086	<b>261,860,002</b>	215,403,093	70,650,094	286,053,187
Current deposits - remunerative	<b>204,592,225</b>	4,207,345	<b>208,799,570</b>	187,912,301	5,250,507	193,162,808
Others	<b>21,169,067</b>	20,343,029	<b>41,512,096</b>	29,720,340	18,887,944	48,608,284
	<b>2,007,843,589</b>	189,477,214	<b>2,197,320,803</b>	1,669,053,825	201,482,686	1,870,536,511
<b>Financial institutions</b>						
Current deposits	<b>16,114,492</b>	2,063,466	<b>18,177,958</b>	10,386,373	515,221	10,901,594
Savings deposits	<b>22,246,047</b>	–	<b>22,246,047</b>	14,166,873	29	14,166,902
Term deposits	<b>793,000</b>	526,460	<b>1,3119,460</b>	1,483,491	449,568	1,933,059
Current deposits - remunerative	<b>36,906,130</b>	1,953,119	<b>38,859,249</b>	35,219,586	955,619	36,175,205
Others	<b>38,010</b>	–	<b>38,010</b>	18,010	–	18,010
	<b>76,097,679</b>	4,543,045	<b>80,640,724</b>	61,274,333	1,920,437	63,194,770
	<b>2,083,941,268</b>	194,020,259	<b>2,277,961,527</b>	1,730,328,158	203,403,123	1,933,731,281

		2024	2023
		(Rupees in '000)	
<b>18.1</b>	<b>Composition of deposits</b>		
- Individuals		<b>1,529,418,514</b>	1,234,830,302
- Government (Federal and Provincial)		<b>85,554,239</b>	65,896,212
- Public Sector Entities		<b>10,245,354</b>	10,503,831
- Banking Companies		<b>1,825,031</b>	346,095
- Non-Banking Financial Institutions		<b>78,815,693</b>	62,848,675
- Private Sector		<b>572,102,696</b>	559,306,166
		<b>2,277,961,527</b>	1,933,731,281
<b>18.2</b>	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).		
<b>19.</b>	<b>LEASE LIABILITIES</b>		
Opening balance		<b>14,441,482</b>	14,025,746
Additions during the year		<b>4,455,838</b>	2,362,122
Lease payments including interest		<b>(3,815,117)</b>	(3,299,415)
Finance charges on leased liabilities		<b>2,116,823</b>	1,568,789
Deletions during the year		<b>(322,083)</b>	(235,905)
Foreign exchange adjustments		<b>(792)</b>	2,745
Other adjustment		<b>20,870</b>	17,400
Closing balance		<b>16,897,021</b>	14,441,482
<b>19.1</b>	<b>Contractual maturity of lease liabilities</b>		
Short-term lease liabilities - within one year		<b>1,272,772</b>	1,143,236
Long-term lease liabilities			
- 1 to 5 years		<b>6,891,969</b>	5,587,474
- 5 to 10 years		<b>6,753,111</b>	6,057,097
- More than 10 years		<b>1,979,169</b>	1,653,675
		<b>15,624,249</b>	13,298,246
Total		<b>16,897,021</b>	14,441,482
<b>19.2</b>	This carries average effective rate of 14.61% per annum (2023: 12.56%).		
<b>20.</b>	<b>SUBORDINATED DEBT - Unsecured</b>	Note	2024 2023 (Rupees in '000)
Term Finance Certificates (TFCs) - VI	20.1	<b>7,000,000</b>	7,000,000
Term Finance Certificates (TFCs) - VII	20.2	<b>—</b>	3,992,000
Term Finance Certificates (TFCs) - VIII	20.3	<b>4,994,000</b>	4,996,000
Term Finance Certificates (TFCs) - IX	20.4	<b>7,000,000</b>	7,000,000
Term Finance Certificates (TFCs) - X	20.5	<b>6,994,400</b>	6,997,200
		<b>25,988,400</b>	29,985,200



## 20.1 Term Finance Certificates - VI

Issue amount	Rupees 7,000 million
Issue date	December 2017
Maturity date	Perpetual
Rating	<b>AA+</b>
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	<b>AAA</b>
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	<b>AA+</b>
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	<b>AAA</b>
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
<b>21. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		<b>6,938,590</b>	7,172,666
Mark-up / return / interest payable in foreign currencies		<b>934,027</b>	1,064,432
Unearned commission income		<b>3,030,064</b>	1,706,124
Accrued expenses		<b>5,334,307</b>	4,957,186
Acceptances		<b>35,827,371</b>	39,174,104
Unclaimed / dividend payable		<b>1,139,497</b>	921,969
Mark to market loss on forward foreign exchange contracts		<b>2,069,960</b>	2,504,312
Branch adjustment account		<b>—</b>	3,625,247
Payable to defined benefit plan	39.4	<b>2,065,715</b>	2,200,083
Charity payable		<b>83,726</b>	59,665
Credit loss allowance / provision against off-balance sheet items	21.1	<b>4,742,981</b>	226,549
Security deposits against leases / ijarah		<b>653,582</b>	9,423,299
Provision for compensated absences	21.2	<b>1,960,780</b>	1,719,861
Other security deposits		<b>12,056,630</b>	1,245,904
Workers' welfare fund		<b>7,168,876</b>	5,424,142
Payable to SBP / NBP		<b>12,326,744</b>	10,851,474
Insurance payable		<b>480,521</b>	543,505
Payable against sale of marketable securities on behalf of customers		<b>653,161</b>	369,055
Current taxation (payments less provisions)		<b>—</b>	8,506,703
ATM switch, clearing and settlement account	21.3	<b>26,422,784</b>	4,149,483
Others		<b>3,884,330</b>	4,950,202
		<b>127,773,646</b>	<b>110,795,965</b>
<b>21.1 Credit loss allowance / provision held against off-balance sheet obligations</b>			
Opening balance		<b>226,549</b>	110,059
Impact of adoption of IFRS 9		<b>2,904,001</b>	—
ECL charge for the year		<b>1,644,514</b>	8,984
ECL reversal for the year		<b>(31,866)</b>	(1,079)
Charge for the year		<b>—</b>	107,390
Reversal for the year		<b>—</b>	(50)
		<b>1,612,648</b>	<b>115,245</b>
Foreign exchange adjustments		<b>(217)</b>	<b>1,245</b>
Closing balance		<b>4,742,981</b>	<b>226,549</b>
		<b>2024</b>	
		<b>Outstanding amount</b>	<b>Credit loss allowance held</b>
			(Rupees in '000)
<b>21.1.1 Particulars of credit loss allowance against off balance sheet obligations</b>			
Stage 1		<b>454,102,733</b>	2,773,580
Stage 2		<b>94,730,836</b>	1,249,156
Stage 3 / specific		<b>1,100,847</b>	720,245
		<b>549,934,416</b>	<b>4,742,981</b>
<b>21.1.2</b>	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.		
<b>21.2</b>	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
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>
<b>21.3</b>	The ATM switch, clearing and settlement account serves as a clearing account for processing ATM and other transactions.		
<b>22. SHARE CAPITAL</b>			
<b>22.1 Authorised Capital</b>			
	2024	2023	2024
	<b>Number of shares</b>		2023
	<u>2,000,000,000</u>	<u>2,000,000,000</u>	(Rupees in '000)
	Ordinary shares of Rs. 10 each		<u>20,000,000</u>
<b>22.2 Issued, subscribed and paid up capital</b>			<u>20,000,000</u>
	2024	2023	
	<b>Number of shares</b>		
	<u>30,000,000</u>	30,000,000	Fully paid in cash
	<u>1,081,425,416</u>	1,081,425,416	Issued as bonus shares
	<u>1,111,425,416</u>	1,111,425,416	<u>300,000</u>
			10,814,254
			<u>11,114,254</u>
			300,000
			10,814,254
			11,114,254
<b>22.3</b>	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.		(Restated)
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>		Note	2024
Surplus on revaluation of:			2023
- Securities measured at FVOCI - debt	23.1.1	<b>11,902,128</b>	(Rupees in '000)
- Securities measured at FVOCI - equity	23.1.2	605,723	-
- Available for sale securities	23.1.3	-	-
- Property and equipment	23.2	<b>22,149,099</b>	2,210,364
- Non-banking assets acquired in satisfaction of claims	23.3	205,323	22,634,109
		<b>34,862,273</b>	253,183
			25,097,656
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI - debt	23.1.1	<b>6,311,663</b>	-
- Securities measured at FVOCI - equity	23.1.2	306,825	-
- Available for sale securities	23.1.3	-	1,085,712
- Property and equipment	23.2	<b>6,580,165</b>	6,200,660
- Non-banking assets acquired in satisfaction of claims	23.3	39,260	52,325
		<b>13,237,913</b>	7,338,697
		<b>21,624,360</b>	<b>17,758,959</b>
<b>23.1 Investments</b>			
<b>23.1.1</b> Securities measured at FVOCI - debt	<b>11,898,797</b>	-	
Non-controlling interest - loss	3,331	-	
Less: related deferred tax	<b>11,902,128</b>	-	
	<b>6,311,663</b>	-	
	<b>5,590,465</b>	-	



	(Restated)	2024	2023
	(Rupees in '000)		
<b>23.1.2 Securities measured at FVOCI - equity</b>			
Non-controlling interest - gain	619,128 (13,405)	— —	— —
Less: related deferred tax	605,723 306,825	— —	— —
	<u><u>298,898</u></u>	<u><u>—</u></u>	<u><u>—</u></u>
<b>23.1.3 Available for sale securities</b>			
Non-controlling interest - loss	— —	2,206,081 4,283	— —
Less: related deferred tax	— —	2,210,364 1,085,712	— —
	<u><u>—</u></u>	<u><u>1,124,652</u></u>	<u><u>—</u></u>
<b>23.2 Surplus on revaluation of property and equipment</b>			
Surplus on revaluation of property and equipment as at 01 January	22,634,109	8,675,522	8,675,522
Surplus on revaluation of the Bank's property and equipment during the year	—	14,292,405	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)	(333,818)
Surplus on revaluation of property and equipment as at 31 December	<u><u>22,149,099</u></u>	<u><u>22,634,109</u></u>	<u><u>22,634,109</u></u>
Less: related deferred tax liability on:			
- Revaluation as at 01 January	6,200,660	2,226,730	2,226,730
- Prior year adjustments	—	110,950	110,950
- Adjustment / revaluation recognised during the year	638,432	4,026,551	4,026,551
- Transfer from non-banking assets	22,929	—	—
- Incremental depreciation charged during the year	(281,856)	(163,571)	(163,571)
	<u><u>6,580,165</u></u>	<u><u>6,200,660</u></u>	<u><u>6,200,660</u></u>
	<u><u>15,568,934</u></u>	<u><u>16,433,449</u></u>	<u><u>16,433,449</u></u>
<b>23.3 Surplus on revaluation of non - banking assets acquired in satisfaction of claims</b>			
Surplus on revaluation of non-banking assets as at 01 January	253,183	135,608	135,608
Surplus on revaluation of non-banking assets during the year	—	121,553	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)	(3,978)
Surplus on revaluation of non-banking assets as at 31 December	<u><u>205,323</u></u>	<u><u>253,183</u></u>	<u><u>253,183</u></u>
Less: related deferred tax liability on:			
- Revaluation as at 01 January	52,325	59,145	59,145
- Adjustment / revaluation recognised during the year	10,430	(4,871 )	(4,871 )
- Transfer to property and equipment	(22,929)	—	—
- Incremental depreciation charged during the year	(566)	(1,949)	(1,949)
	<u><u>39,260</u></u>	<u><u>52,325</u></u>	<u><u>52,325</u></u>
	<u><u>166,063</u></u>	<u><u>200,858</u></u>	<u><u>200,858</u></u>



**23.4** Securities which will not be recycled to consolidated statement of profit and loss accounts are disclosed in note 8.

	Note	2024 (Rupees in '000)	2023
<b>24. NON - CONTROLLING INTEREST</b>			
Opening balance		<b>125,536</b>	113,694
Profit attributable to non - controlling interest		<b>15,630</b>	2,274
Profit on equity attributable to non - controlling interest - debt		<b>38</b>	–
Profit on equity attributable to non - controlling interest - equity		<b>14,319</b>	–
Profit on equity attributable to non - controlling interest - available for sale investments		<b>–</b>	<b>9,568</b>
Closing balance		<b>155,523</b>	<b>125,536</b>
<b>25. CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	25.1	<b>217,554,372</b>	185,470,538
- Commitments	25.2	<b>542,967,594</b>	497,808,811
- Other contingent liabilities	25.3	<b>3,504,960</b>	5,019,188
		<b>764,026,926</b>	<b>688,298,537</b>
<b>25.1 Guarantees:</b>			
Financial guarantees		<b>32,113,828</b>	28,634,285
Performance guarantees		<b>185,440,544</b>	156,836,253
		<b>217,554,372</b>	<b>185,470,538</b>
<b>25.2 Commitments:</b>			
Documentary credits and short term trade-related transactions - letters of credit		<b>291,149,845</b>	287,964,804
Commitments in respect of: - forward foreign exchange contracts	25.2.1	<b>245,803,016</b>	204,174,136
- forward lending	25.2.2	<b>3,217,813</b>	3,955,661
Commitments for acquisition of: - operating property and equipment		<b>2,796,920</b>	1,714,210
		<b>542,967,594</b>	<b>497,808,811</b>
<b>25.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<b>145,237,825</b>	123,771,146
Sale		<b>100,565,191</b>	80,402,990
		<b>245,803,016</b>	<b>204,174,136</b>
The maturities of above contracts are spread over the periods upto one year.			
<b>25.2.2 Commitments in respect of forward lending</b>		<b>3,217,813</b>	<b>3,955,661</b>

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)	
<b>25.3 Claims against the Bank not acknowledged as debts</b>	<b>3,504,960</b>	5,019,188
<b>25.4 Other contingent liabilities</b>		

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	2024					
	CONTRACT		SWAP		TOTAL	
	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)	Notional Principal	Mark to Market gain / (loss)
<b>Banks</b>						
Hedging	57,237,928	281,713	61,257,172	(309,505)	118,495,100	(27,792)
<b>Other Entities</b>						
Hedging	127,307,916	(1,290,945)	—	—	127,307,916	(1,290,945)
<b>Total</b>						
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					
<b>Banks</b>						
Hedging	33,947,415	587,431	67,117,360	775,893	101,064,775	1,363,324
<b>Other Entities</b>						
Hedging	103,109,361	(1,544,654)	—	--	103,109,361	(1,544,654)
<b>Total</b>						
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

	2024				
	Number of Contracts	Notional Principal	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 (Rupees in '000)	2023
<b>27. MARK-UP / RETURN / INTEREST EARNED</b>			
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
		<b>478,116,610</b>	<b>373,887,686</b>
<b>27.1 Interest income recognised on:</b>			
Financial assets measured at amortised cost		72,454,228	
Financial assets measured at FVOCI		284,533,491	
		<b>356,987,719</b>	
<b>27.2 Interest income recognised on:</b>			
Financial assets measured at FVPL		232,258	
Financial assets measured at cost		120,896,633	
		<b>121,128,891</b>	
<b>28. MARK-UP / RETURN / INTEREST EXPENDED</b>			
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
		<b>321,646,563</b>	<b>249,743,418</b>
<b>29. FEE AND COMMISSION INCOME</b>			
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
		<b>21,944,301</b>	<b>15,192,050</b>
<b>30. GAIN / (LOSS) ON SECURITIES - NET</b>			
Realised	30.1	(319,720)	30,922
Unrealised - measured at FVPL	8.1	461,853	-
	30.2	<b>142,133</b>	<b>30,922</b>



	Note	2024	2023
		(Rupees in '000)	
<b>30.1 Realised gain / (loss) on:</b>			
Federal Government Securities		(338,335)	1,784
Shares		–	44,947
Units of Mutual Funds		18,615	(15,809)
		<b>(319,720)</b>	<b>30,922</b>
<b>30.2 Net gain / (loss) on financial assets measured</b>			
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
		<b>142,133</b>	<b>30,922</b>
<b>31. OTHER INCOME</b>			
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
		<b>1,106,400</b>	<b>453,662</b>
	Note	2024	2023
		(Rupees in '000)	
<b>32. OPERATING EXPENSES</b>			
<b>Total compensation expenses</b>	32.1	<b>39,304,739</b>	32,619,702
<b>Property expenses</b>			
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
		<b>11,515,827</b>	<b>9,952,542</b>
<b>Information technology expenses</b>			
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
		<b>7,183,788</b>	<b>5,923,864</b>



Note      **2024**      **2023**  
(Rupees in '000)

**Other operating expenses**

Directors' fees and allowances		<b>44,195</b>	46,116
Fees and allowances to Shariah Board		<b>32,986</b>	25,167
Insurance		<b>965,972</b>	903,626
Legal and professional charges		<b>498,765</b>	483,171
Outsourced services costs	32.2	<b>3,476,758</b>	3,528,424
Travelling and conveyance		<b>678,973</b>	508,462
NIFT and other clearing charges		<b>295,413</b>	226,861
Depreciation		<b>2,864,355</b>	2,176,607
Repair and maintenance		<b>2,523,612</b>	2,557,848
Training and development		<b>133,708</b>	136,939
Postage and courier charges		<b>438,083</b>	377,327
Communication		<b>2,917,009</b>	2,229,885
Stationery and printing		<b>1,795,455</b>	1,840,007
Marketing, advertisement and publicity		<b>1,227,464</b>	1,810,099
Donations	32.3	<b>424,425</b>	619,060
Auditors remuneration	32.4	<b>31,887</b>	18,910
Commission and brokerage		<b>1,590,257</b>	1,553,414
Entertainment and staff refreshment		<b>786,614</b>	684,340
Vehicle running expenses		<b>250,236</b>	243,017
Subscriptions and publications		<b>377,923</b>	343,209
CNIC verification charges		<b>338,147</b>	220,586
Security charges		<b>972,848</b>	757,476
Others		<b>926,362</b>	738,605
		<b>23,591,447</b>	22,029,156
		<b>81,595,801</b>	70,525,264

**32.1 Total compensation expense**

Fees and allowances etc.	<b>3,468,072</b>	2,966,117
Managerial remuneration	<b>25,816,423</b>	21,222,696
Charge for defined benefit plan	<b>1,205,128</b>	832,728
Contribution to defined contribution plan	<b>1,242,661</b>	1,041,737
Rent and house maintenance	<b>5,334,908</b>	4,419,606
Utilities	<b>1,035,020</b>	1,105,677
Medical	<b>923,479</b>	597,857
Charge for employees compensated absences	<b>243,693</b>	399,896
Social security	<b>13,543</b>	4,495
Staff indemnity	<b>21,812</b>	28,893
	<b>39,304,739</b>	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
		<b>2024</b>	<b>2023</b>
		(Rupees in '000)	

**32.3** The detail of donations is given below:

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

**32.4 Auditors' remuneration**

Audit fee	<b>13,738</b>	8,057
Half yearly review	<b>3,094</b>	2,275
Other certifications	<b>10,076</b>	6,083
Gratuity fund	<b>284</b>	228
Out of pocket expenses / sales tax	<b>4,695</b>	2,267
	<b>31,887</b>	18,910

**33. OTHER CHARGES**

Penalties imposed by the State Bank of Pakistan	<b>310,073</b>	228,401
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	Note	2024 (Rupees in '000)	2023
<b>34. CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET</b>			
(Reversal) / charge of credit loss allowance against balance with other banks	6.4	<b>(2,663)</b>	47
Credit loss allowance against lending to financial institutions	7.5	<b>5,035</b>	–
Reversal of credit loss allowance/ provision for diminution in value of investments - net	8.3.2	<b>(968,289)</b>	(3,677,909)
Credit loss allowance / provisions against loans and advances - net	9.6	<b>14,137,318</b>	7,662,137
Credit loss allowance against other assets - net	14.2.1	<b>106,846</b>	–
Credit loss allowance against off - balance sheet items - net	21.1	<b>1,612,648</b>	115,245
Loss on revaluation of property and equipment - net		–	75,889
		<b>14,890,895</b>	<b>4,175,409</b>
<b>35. TAXATION</b>			
Current		<b>44,307,521</b>	37,742,900
Prior years		<b>(3,714)</b>	2,943,074
Deferred		<b>558,728</b>	(4,609,028)
		<b>44,862,535</b>	<b>36,076,946</b>
<b>35.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		<b>86,779,930</b>	<b>72,007,268</b>
Tax at the applicable rates in the Group		<b>37,631,636</b>	28,082,835
<b>Tax effects of:</b>			
Prior years		<b>(3,714)</b>	2,943,074
Effect of change in tax rates		<b>(1,035,379)</b>	(1,067,503)
Items that are not deductible in determining taxable income		<b>5,056</b>	(1,462,581)
Tax effect of super tax		<b>8,263,762</b>	7,650,535
Others		<b>1,174</b>	(69,414)
		<b>44,862,535</b>	<b>36,076,946</b>

**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:

	2024	Tax Rates %	2023
Bank AL Habib Limited	54%	54%	49%
AL Habib Capital Markets (Private) Limited	29%	29%	29%
AL Habib Asset Management Limited	29%	29%	29%
AL Habib Exchange Company (Private) Limited	29%	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)	
<b>36. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY</b>			
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)	
<b>37. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	5	<u>201,935,630</u>	141,816,023
Balances with other banks	6	<u>5,888,531</u>	6,662,922
Overdrawn nostro accounts	17	<u>(2,182,518)</u>	(1,194,452)
		<u>205,641,643</u>	<u>147,284,493</u>
<b>37.1 Reconciliation of movement of liabilities to cash flows arising from financing activities</b>			
	2024		
	Subordinated debt	Lease liabilities (Rupees in '000)	Dividend payable
<b>Balance as at 01 January 2024</b>	29,985,200	14,441,482	921,969
<b>Changes from financing cash flows</b>			
Payment against subordinated debt	(3,996,800)	–	–
Payment against lease liabilities - net	–	(3,815,117)	–
Dividend paid	–	–	(17,009,566)
<b>Total changes from financing cash flows</b>	(3,996,800)	(3,815,117)	(17,009,566)
<b>Other changes</b>			
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
<b>Balance as at 31 December 2024</b>	<u>25,988,400</u>	<u>16,897,021</u>	<u>1,139,497</u>



	2023		
	Subordinated debt	Lease liability	Dividend payable
	(Rupees in ' 000)		
<b>Balance as at 01 January 2023</b>	29,991,600	14,025,746	632,731
<b>Changes from financing cash flows</b>			
Payment against subordinated debt	(6,400)	–	–
Payment against lease liabilities - net	–	(3,299,415)	–
Dividend paid	–	–	(17,493,572)
<b>Total changes from financing cash flows</b>	(6,400)	(3,299,415)	(17,493,572)
<b>Other changes</b>			
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
<b>Balance as at 31 December 2023</b>	<b>29,985,200</b>	<b>14,441,482</b>	<b>921,969</b>

		2024	2023
		(Number)	
<b>38. STAFF STRENGTH</b>			
Permanent		<b>17,606</b>	16,850
Temporary / on contractual basis		<b>249</b>	226
Group's own staff at end of the year		<b>17,855</b>	17,075
Outsourced		<b>3,745</b>	3,553
Total staff strength		<b>21,600</b>	20,628
<b>38.1</b>	Domestic	<b>21,553</b>	20,582
	Abroad	<b>47</b>	46
		<b>21,600</b>	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)	<b>SLIC(2001-05)-1</b>	SLIC(2001-05)-1
Rates of employee turnover	<b>Moderate</b>	Moderate
Note	2024 (Rupees in '000)	2023 (Rupees in '000)
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	<b>2,065,715</b>	<b>2,200,083</b>
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	<b>10,708,177</b>	<b>8,964,117</b>
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	224,662	181,573
Fair value at the end of the year	<b>8,642,462</b>	<b>6,764,034</b>
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	<b>2,065,715</b>	<b>2,200,083</b>



**2024                    2023**  
**(Rupees in '000)**

### **39.8 Charge for defined benefit plan**

#### **39.8.1 Cost recognised in profit and loss**

Current service cost	<b>874,213</b>	646,160
Net interest on defined benefit liability	<b>330,915</b>	186,568
	<b>1,205,128</b>	<b>832,728</b>

#### **39.8.2 Re-measurements (gain) / loss recognised in OCI during the year**

Loss on obligation	<b>105,833</b>	887,465
- Financial assumptions	<b>(15,539)</b>	117,386
- Experience assumptions	<b>90,294</b>	1,004,851
Actuarial gain on plan assets	<b>(224,662)</b>	(181,573)
Total remeasurement (gain) / loss recognised in OCI	<b>(134,368)</b>	<b>823,278</b>

#### **39.9 Components of plan assets**

Cash and cash equivalents - net	<b>585,861</b>	1,173,381
Government securities	<b>8,056,601</b>	5,590,653
Total fair value of plan assets	<b>8,642,162</b>	6,764,034

#### **39.10 Sensitivity analysis**

	<b>2024</b>	<b>(Rupees in '000)</b>
1% increase in discount rate	<b>9,717,092</b>	
1% decrease in discount rate	<b>11,864,457</b>	
1% increase in expected rate of salary increase	<b>11,800,979</b>	
1% decrease in expected rate of salary increase	<b>9,752,380</b>	

**2025**  
**(Rupees in '000)**

#### **39.11 Expected contributions to be paid to the funds in the next financial year**

**1,258,156**

#### **39.12 Expected charge for the next financial year**

**1,258,156**

**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	<b>573,354</b>
within the next 12 months (next annual reporting period)	<b>4,074,006</b>
between 1 and 5 years	<b>9,126,695</b>
between 6 and 10 years	<b>13,774,055</b>



### **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.

	<b>2024</b> <b>(Rupees in '000)</b>
Contributions made during the year :	
Employer's contribution	<b>1,242,941</b>
Employees' contribution	<b>1,242,941</b>

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
<b>Total</b>	<b>11,620</b>	<b>73,688</b>	<b>32,000</b>	<b>32,986</b>	<b>241,091</b>	<b>1,390,502</b>	<b>4,358,931</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>4</b>	<b>1</b>	<b>39</b>	<b>1,352</b>
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
<b>Total</b>	<b>11,595</b>	<b>64,063</b>	<b>33,750</b>	<b>25,167</b>	<b>209,354</b>	<b>1,082,979</b>	<b>3,711,112</b>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>4</b>	<b>1</b>	<b>34</b>	<b>1,233</b>



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**

S.No.	Name of Director	2024							
		Meeting Fees							
		For Board Committees							
		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
		<b>11,440</b>	<b>9,250</b>	<b>9,590</b>	<b>3,000</b>	<b>2,750</b>	<b>2,000</b>	<b>5,590</b>	<b>43,620</b>



2023

S.No.	Name of Director	Meeting Fees							Total Amount Paid	
		For Board Committees								
		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	3,915	—	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		Resident Member	Non-Resident Members
			Chairman	(Rupees in '000)		
Managerial remuneration	<b>12,116</b>	<b>4,287</b>	<b>8,084</b>	7,996	3,117	5,552
Contribution to defined contribution plan	—	280	—	—	220	—
Rent and house maintenance	<b>3,075</b>	<b>1,120</b>	<b>2,140</b>	3,198	880	2,220
Utilities	<b>769</b>	<b>178</b>	<b>535</b>	800	220	556
Medical	—	138	—	36	36	72
Others	—	264	—	—	264	—
<b>Total</b>	<b>15,960</b>	<b>6,267</b>	<b>10,759</b>	12,030	4,737	8,400
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>2</b>	1	1	2



## 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			
	Level 1	Level 2 (Rupees in '000)	Level 3	Total
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
<b>Investments</b>				
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
<b>Financial assets-disclosed but not measured at fair value</b>				
<b>Investments</b>				
Federal Government Securities	–	397,392,944	–	397,392,944
Non-Government Debt Securities	–	–	–	–
<b>Off-balance sheet financial instruments - measured at fair value</b>				
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			
	Level 1	Level 2 (Rupees in '000)	Level 3	Total
<b>On balance sheet financial instruments</b>				
<b>Financial assets-measured at fair value</b>				
<b>Investments</b>				
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
<b>Financial assets-disclosed but not measured at fair value</b>				
<b>Investments</b>				
Federal Government Securities	–	358,464,148	–	358,464,148
Non-Government Debt Securities	–	1,823,596	–	1,823,596
<b>Off-balance sheet financial instruments - measured at fair value</b>				
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
<b>Total</b>	<b>705</b>	<b>66,942,305</b>	<b>285,492,900</b>	<b>1,150,000</b>	<b>14,783,214</b>	<b>3,523,658</b>	<b>371,892,077</b>



**2023  
Securities Held (Face Value)**

Category	Number of IPS Accounts	Market	Pakistan	Sukuks	Naya Pakistan	Bonds	Total
		Treasury Bills	Investment Bonds		Certificates		
(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
<b>Total</b>	<b>424</b>	<b>19,917,240</b>	<b>26,449,200</b>	<b>1,008,000</b>	<b>8,228,727</b>	<b>3,044,095</b>	<b>58,647,262</b>

#### 44. SEGMENT INFORMATION

##### 44.1 Segment details with respect to Business Activities

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

	2024						
	Commercial banking	Retail banking	Islamic banking	Retail brokerage (Rupees in '000)	Asset management	Currency exchange	Total
<b>Statement of profit and loss account</b>							
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
<b>Total income</b>	<b>407,708,949</b>	<b>163,310,547</b>	<b>63,622,117</b>	<b>319,919</b>	<b>2,715,779</b>	<b>293,862</b>	<b>637,971,173</b>
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)
<b>Total expenses</b>	<b>(360,268,496)</b>	<b>(136,479,773)</b>	<b>(38,376,095)</b>	<b>(263,733)</b>	<b>(408,223)</b>	<b>(504,028)</b>	<b>(536,300,348)</b>
Credit loss allowance and write-offs - net	(13,187,825)	(315)	(1,702,755)	—	—	—	(14,890,895)
<b>Profit before tax</b>	<b>34,252,628</b>	<b>26,830,459</b>	<b>23,543,267</b>	<b>56,186</b>	<b>2,307,556</b>	<b>(210,166)</b>	<b>86,779,930</b>
<b>Statement of financial position</b>							
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
<b>Total assets</b>	<b>2,812,779,608</b>	<b>1,418,829,086</b>	<b>442,768,292</b>	<b>1,750,083</b>	<b>3,178,030</b>	<b>3,107,133</b>	<b>4,682,512,232</b>
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
<b>Total liabilities</b>	<b>2,730,133,756</b>	<b>1,416,581,537</b>	<b>375,229,585</b>	<b>1,428,010</b>	<b>884,887</b>	<b>3,050,855</b>	<b>4,527,308,630</b>
Equity	82,645,852	2,347,549	67,538,707	322,073	2,293,143	56,278	155,203,602
<b>Total equity and liabilities</b>	<b>2,812,779,608</b>	<b>1,418,929,086</b>	<b>442,768,292</b>	<b>1,750,083</b>	<b>3,178,030</b>	<b>3,107,133</b>	<b>4,682,512,232</b>
<b>Contingencies and commitments</b>	<b>455,344,714</b>	<b>144,204</b>	<b>53,215,299</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>508,704,217</b>



(Restated)

2023

	Commercial banking	Retail banking	Islamic banking	Retail brokerage	Asset management	Currency exchange	Total
(Rupees in '000)							
<b>Statement of profit and loss account</b>							
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
<b>Total income</b>	<b>285,283,952</b>	<b>144,006,237</b>	<b>49,040,210</b>	<b>201,587</b>	<b>724,518</b>	<b>–</b>	<b>47,256,504</b>
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)
<b>Total expenses</b>	<b>(253,864,255)</b>	<b>(117,934,267)</b>	<b>(30,850,135)</b>	<b>(207,875)</b>	<b>(207,295)</b>	<b>–</b>	<b>(403,073,827)</b>
Credit loss allowance and write-offs - net	(3,753,753)	(315)	(421,341)	–	–	–	(4,175,409)
<b>Profit / (loss) before tax</b>	<b>27,665,944</b>	<b>26,071,655</b>	<b>17,768,734</b>	<b>(6,288)</b>	<b>507,223</b>	<b>–</b>	<b>72,007,268</b>
<b>Statement of financial position</b>							
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
<b>Total assets</b>	<b>2,326,850,525</b>	<b>1,205,743,528</b>	<b>346,633,513</b>	<b>1,331,515</b>	<b>1,508,257</b>	<b>–</b>	<b>3,882,067,338</b>
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
<b>Total liabilities</b>	<b>2,250,027,975</b>	<b>1,194,123,149</b>	<b>305,233,245</b>	<b>1,129,371</b>	<b>774,604</b>	<b>–</b>	<b>3,751,288,344</b>
Equity	76,822,550	11,620,379	41,400,268	202,144	733,653	–	130,778,994
<b>Total equity and liabilities</b>	<b>2,326,850,525</b>	<b>1,205,743,528</b>	<b>346,633,513</b>	<b>1,331,515</b>	<b>1,508,257</b>	<b>–</b>	<b>3,882,067,338</b>
<b>Contingencies and commitments</b>	<b>430,167,158</b>	<b>87,278</b>	<b>43,180,906</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>473,435,342</b>



#### 44.2 Segment details with respect to geographical locations

##### Geographical Segment Analysis

	2024			
	Pakistan	Middle East	Asia Pacific	Total
(Rupees in '000)				
<b>Statement of profit and loss account</b>				
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
<b>Total income</b>	<b>502,036,107</b>	<b>2,368,329</b>	<b>2,580,191</b>	<b>506,984,627</b>
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)
<b>Profit before tax</b>	<b>84,010,890</b>	<b>825,165</b>	<b>1,943,875</b>	<b>86,779,930</b>
<b>Statement of financial position</b>				
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
<b>Total assets</b>	<b>3,277,313,465</b>	<b>53,615,163</b>	<b>24,973,232</b>	<b>3,355,901,860</b>
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
<b>Total liabilities</b>	<b>3,133,031,251</b>	<b>45,412,470</b>	<b>22,254,537</b>	<b>3,200,698,258</b>
Equity	144,282,214	8,202,693	2,718,695	155,203,602
<b>Total equity and liabilities</b>	<b>3,277,313,465</b>	<b>53,615,163</b>	<b>24,973,232</b>	<b>3,355,901,860</b>
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
<b>Total assets</b>	<b>2,691,377,527</b>	<b>69,225,563</b>	<b>27,981,664</b>	<b>2,788,584,754</b>
 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
<b>Total liabilities</b>	<b>2,567,053,336</b>	<b>63,107,424</b>	<b>27,645,000</b>	<b>2,657,805,760</b>
Equity	124,324,191	6,118,139	336,664	130,778,994
<b>Total equity and liabilities</b>	<b>2,691,377,527</b>	<b>69,225,563</b>	<b>27,981,664</b>	<b>2,788,584,754</b>
 <b>Contingencies and commitments</b>	<b>453,245,382</b>	<b>19,339,604</b>	<b>850,356</b>	<b>473,435,342</b>

**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 (Rupees in '000)	Directors	Key management personnel	Associates	Other related parties
<b>Investments</b>								
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
<b>Advances</b>								
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
<b>Other assets</b>								
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
<b>Subordinated debt</b>								
Opening balance	-	-	-	194,000	-	-	-	44,000
Issued / purchased during the year	-	-	-	50,000	-	-	-	150,000
Closing balance	-	-	-	244,000	-	-	-	194,000
<b>Deposits and other accounts</b>								
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
<b>Other liabilities</b>								
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	-	-
<b>Contingencies and commitments</b>								
<b>Other transactions - Investor Portfolio Securities</b>								
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)							
<b>Income</b>								
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
<b>Expense</b>								
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 (Rupees in '000)	2023
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital	<b>11,114,254</b>	11,114,254
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<b>141,233,030</b>	107,694,949
Eligible Additional Tier 1 (ADT 1) Capital	<b>13,125,227</b>	13,064,657
Total Eligible Tier 1 Capital	<b>154,358,257</b>	120,759,606
Eligible Tier 2 Capital	<b>43,252,754</b>	38,633,723
Total Eligible Capital (Tier 1 + Tier 2)	<b>197,611,011</b>	159,393,329
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<b>785,765,223</b>	776,751,725
Market Risk	<b>26,766,888</b>	23,201,297
Operational Risk	<b>270,525,524</b>	198,314,614
Total	<b>1,083,057,635</b>	998,267,636
	2024 (Percentage)	2023
Common Equity Tier 1 Capital Adequacy Ratio	<b>13.040%</b>	10.788%
Tier 1 Capital Adequacy Ratio	<b>14.252%</b>	12.097%
Total Capital Adequacy Ratio	<b>18.246%</b>	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 (Percentage)	2023
Required CAR	<b>11.500%</b>	11.500%
CAR on Bank level	<b>17.903%</b>	15.842%
CAR on Group level	<b>18.246%</b>	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 (Rupees in '000)	2023
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>154,358,257</u>	120,759,606
Total Exposures	<u>3,784,495,954</u>	3,216,546,903
Leverage Ratio	<u>4.079%</u>	3.754%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>1,242,902,496</u>	955,708,404
Total Net Cash Outflow	<u>455,961,129</u>	354,045,468
Liquidity Coverage Ratio	<u>272.590%</u>	269,939%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>2,347,965,230</u>	2,004,560,176
Total Required Stable Funding	<u>1,269,603,113</u>	1,226,713,919
Net Stable Funding Ratio	<u>184.937%</u>	163.409%

**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	2024	2023	2024	2023	2024	2023
	Stage 1 (Rupees in '000)									
Public / Government	9,990,000	1,649,716	-	-	1,349	-	-	-	-	-
Private	28,956,800	-	-	-	3,909	-	-	-	-	-
	<b>38,946,800</b>	<b>1,649,716</b>	<b>-</b>	<b>-</b>	<b>5,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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	2024	2023	2024	2023	2024	2023
	Stage 1 (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
	<b>1,908,221,353</b>	<b>1,500,685,6684</b>	<b>6,801,779</b>	<b>7,172,882</b>	<b>12,358</b>	<b>35,881</b>	<b>4,165,422</b>	<b>5,977,307</b>	<b>3,315,636</b>	<b>3,623,339</b>
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
	<b>1,908,221,353</b>	<b>1,500,685,668</b>	<b>6,801,779</b>	<b>7,172,882</b>	<b>12,358</b>	<b>-</b>	<b>4,165,422</b>	<b>-</b>	<b>3,315,636</b>	<b>9,632,046</b>



#### 47.1.3 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	146,138	-	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 retail 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
	<b>958,741,586</b>	<b>895,444,927</b>	<b>35,509,407</b>	<b>25,187,342</b>	<b>7,170,325</b>	<b>81,573</b>	<b>8,468,402</b>	<b>-</b>	<b>32,823,742</b>	<b>17,830,419</b>
<hr/>										
<b>Credit risk by public / private sector</b>										
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
	<b>958,741,586</b>	<b>895,444,927</b>	<b>35,509,407</b>	<b>25,187,342</b>	<b>7,170,325</b>	<b>81,573</b>	<b>8,468,402</b>	<b>-</b>	<b>32,823,742</b>	<b>17,830,419</b>



#### 47.1.4 Contingencies and Commitments

Credit risk by industry sector	2024 (Rupees in '000)	2023
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
	<b>508,704,217</b>	<b>473,435,342</b>
<b>Credit risk by public / private sector</b>		
Public / Government	61,658,641	43,717,123
Private	447,045,576	429,718,219
	<b>508,704,217</b>	<b>473,435,342</b>

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

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			
	Punjab	Sindh	KPK including FATA (Rupees in '000)	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	261,951,472	256,949,484	1,951,005	716,104	29,621	2,268,626
Sindh	571,223,896	450,982	569,240,921	294,623	1,172,915	17,352
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
Total	<u>875,953,370</u>	<u>258,408,457</u>	<u>573,142,341</u>	<u>7,433,541</u>	<u>2,212,776</u>	<u>34,053,758</u>
						<u>702,497</u>
2023						
Province / Region	Disbursements					
	Disbursements		Utilization			
	Punjab	Sindh	KPK including FATA (Rupees in '000)	Balochistan	Islamabad	AJK including Gilgit-Baltistan
Punjab	406,213,996	390,936,993	9,476,571	270,030	22,264	5,467,304
Sindh	333,973,967	2,073,168	323,405,262	5,708,197	2,668,625	7,641
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
Total	<u>790,377,928</u>	<u>393,926,710</u>	<u>333,134,241</u>	<u>13,187,233</u>	<u>3,687,815</u>	<u>45,712,843</u>
						<u>729,086</u>

#### 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:



<b>Segment</b>	<b>Upwards</b>	<b>Downwards</b>
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

	Banking book	Trading book	Total (Rupees in '000)	Banking book	Trading book	2023
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
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
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	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	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	<b>7,168,337</b>	–	6,196,190	–



#### 47.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield / Interest Rate	Total	2024										Non interest bearing financial instruments		
		Exposed to Yield / Interest risk												
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years				
(Rupees in '000)														
<b>On-balance sheet financial instruments</b>														
<b>Assets</b>														
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		
<b>Liabilities</b>														
Bills payable	-	52,263,043	-	-	-	-	-	-	-	-	-	52,263,043		
Borrowings	11.01%	667,043,213	557,636,918	15,247,515	29,296,236	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		
<b>On-balance sheet gap</b>		<b>56,841,793</b>	<b>(923,586,986)</b>	<b>308,676,058</b>	<b>1,183,032,272</b>	<b>23,852,935</b>	<b>13,921,294</b>	<b>68,357,582</b>	<b>22,004,797</b>	<b>(1,836,863)</b>	<b>15,324,542</b>	<b>(652,903,838)</b>		
<b>Off-balance sheet financial instruments</b>														
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	-	-	-	-		
<b>Commitments in respect of:</b>														
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	-	-	-	-	-	-	-		
<b>Off-balance sheet gap</b>		<b>47,890,447</b>	<b>(50,366,284)</b>	<b>34,792,548</b>	<b>55,497,544</b>	<b>7,966,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total Yield / Interest Risk Sensitivity Gap</b>		<b>(846,107,844)</b>	<b>462,525,783</b>	<b>1,267,057,718</b>	<b>38,407,208</b>	<b>22,686,379</b>	<b>68,724,203</b>	<b>22,004,797</b>	<b>(1,836,863)</b>	<b>15,324,542</b>	<b>(652,903,838)</b>			
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>		<b>(846,107,844)</b>	<b>(383,582,061)</b>	<b>883,475,657</b>	<b>921,882,865</b>	<b>944,569,244</b>	<b>1,013,293,447</b>	<b>1,035,298,244</b>	<b>1,033,461,381</b>	<b>1,048,785,923</b>	<b>395,882,085</b>			



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)													
<b>On-balance sheet financial instruments</b>													
<b>Assets</b>													
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	
		<b>2,651,925,496</b>	<b>742,660,556</b>	<b>398,571,227</b>	<b>946,589,739</b>	<b>76,021,361</b>	<b>38,621,222</b>	<b>21,753,296</b>	<b>97,403,255</b>	<b>38,757,094</b>	<b>14,973,519</b>	<b>276,574,227</b>	
<b>Liabilities</b>													
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	
		<b>2,591,680,985</b>	<b>1,358,980,683</b>	<b>74,922,861</b>	<b>123,909,576</b>	<b>91,597,409</b>	<b>17,598,287</b>	<b>14,834,924</b>	<b>29,051,293</b>	<b>31,488,441</b>	<b>1,938,128</b>	<b>847,359,383</b>	
<b>On-balance sheet gap</b>		<b>60,244,511</b>	<b>(616,320,127)</b>	<b>323,648,366</b>	<b>822,680,163</b>	<b>(15,576,048)</b>	<b>21,022,935</b>	<b>6,918,372</b>	<b>68,351,962</b>	<b>7,268,653</b>	<b>13,035,391</b>	<b>(570,785,156)</b>	
<b>Off-balance sheet financial instruments</b>													
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	-	-	-		
<b>Commitments in respect of:</b>													
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	-	-	-	-	-		
<b>Off-balance sheet gap</b>		<b>47,323,817</b>	<b>(24,730,705)</b>	<b>29,020,620</b>	<b>39,496,328</b>	<b>3,537,574</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total Yield / Interest Risk Sensitivity Gap</b>		<b>(528,910,413)</b>	<b>487,527,108</b>	<b>884,011,075</b>	<b>(3,771,259)</b>	<b>31,675,423</b>	<b>7,130,348</b>	<b>68,351,962</b>	<b>7,268,653</b>	<b>13,035,391</b>	<b>(570,785,156)</b>		
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>		<b>(528,910,413)</b>	<b>(41,383,305)</b>	<b>842,627,770</b>	<b>838,856,511</b>	<b>870,531,984</b>	<b>877,662,282</b>	<b>946,014,244</b>	<b>953,282,897</b>	<b>966,318,288</b>	<b>395,533,132</b>		



#### 47.2.5.1 Reconciliation of Financial Assets and Liabilities

	2024 (Rupees in '000)	2023
<b>Assets as per statement of financial position</b>	<b>3,323,130,452</b>	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
<b>Interest Rate Sensitive Assets</b>	<b>3,202,311,663</b>	2,651,925,496
<b>Liabilities as per statement of financial position</b>	<b>3,167,926,850</b>	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
<b>Interest Rate Sensitive Liabilities</b>	<b>3,145,469,870</b>	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 aids 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 Banks 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 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 Banks 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.

	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)														
<b>Assets</b>														
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
<b>Liabilities</b>														
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
<b>Net assets</b>														
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	Over 1 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)														
<b>Assets</b>														
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
<b>Liabilities</b>														
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	37,889,077	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
<b>Net assets</b>														
	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 2 to 5 years	Over 5 to 10 years	Above 10 years
<b>Assets</b>										
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
<b>Liabilities</b>										
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
<b>Net assets</b>										
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	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
<b>Assets</b>										
Cash and balances with treasury banks	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
<b>Liabilities</b>										
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
<b>Net assets</b>										
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	(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



#### **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
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>24,097,793</b>	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
<b>Total Assets</b>		<b>442,768,292</b>	346,633,513
<b>LIABILITIES</b>			
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
		<b>375,229,585</b>	305,233,245
<b>NET ASSETS</b>		<b>67,538,707</b>	41,400,268
<b>REPRESENTED BY</b>			
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
		<b>67,538,707</b>	41,400,268
<b>CONTINGENCIES AND COMMITMENTS</b>	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	<b>61,542,046</b>	47,491,919
Profit / return expensed	9	<b>(29,236,000)</b>	(24,319,730)
<b>Net Profit / return</b>		<b>32,306,046</b>	23,172,189
<b>Other income</b>			
Fee and commission income		<b>1,766,995</b>	1,269,283
Dividend income		<b>47,617</b>	79,244
Foreign exchange income		<b>245,182</b>	206,936
Gain / (loss) on securities - net		<b>20,277</b>	(7,172)
<b>Total other income</b>		<b>2,080,071</b>	1,548,291
<b>Total income</b>		<b>34,386,117</b>	24,720,480
<b>Other expenses</b>			
Operating expenses		<b>(9,139,544)</b>	(6,530,383)
Other charges		<b>(551)</b>	(22)
<b>Total other expenses</b>		<b>(9,140,095)</b>	(6,530,405)
<b>Profit before credit loss allowance</b>		<b>25,246,022</b>	18,190,075
Credit loss allowance and write offs - net		<b>(1,702,755)</b>	(421,341)
<b>Profit for the year</b>		<b>23,543,267</b>	17,768,734

#### 1. Due from financial institutions

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



2024

	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

	Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value		Cost / amortised cost	Credit loss allowance	Surplus / (deficit)	Carrying value
(Rupees in '000)									

##### FVOCI

###### Federal Government Securities

###### - Ijarah Sukuks

###### - Neelum Jhelum Hydropower Co. Ltd. Sukuk

###### - Pakistan Energy Sukuk - Listed

###### Non Government Debt Securities

###### - Listed

###### - Unlisted

221,990,413	-	5,664,287	227,654,700	-	-	-	-	-	-
866,250	-	8,840	875,090	-	-	-	-	-	-
21,101,875	-	209,125	21,311,000	-	-	-	-	-	-
1,122,000	(680,000)	534	442,534	-	-	-	-	-	-
2,973,000	(751)	(30,040)	2,942,209	-	-	-	-	-	-
<b>248,053,538</b>	<b>(680,751)</b>	<b>5,852,746</b>	<b>253,225,533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

###### Investments mandatorily classified measured at FVPL

###### Units of Mutual Funds

<b>252,242</b>	<b>-</b>	<b>20,887</b>	<b>273,129</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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#### Associates

###### Al Habib Islamic Cash Fund

<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>200,000</b>

#### Available-for-Sale Securities

###### Federal Government Securities

###### Ijarah Sukuks

-	-	-	-	180,077,410	-	1,781,739	181,859,149
-	-	-	-	1,443,750	-	13,811	1,457,561
-	-	-	-	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
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#### Non Government Debt Securities

###### Listed

-	-	-	-	1,122,000	-	1,602	1,123,602
-	-	-	-	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
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###### Total Investments

<b>251,148,322</b>	<b>(680,751)</b>	<b>5,873,633</b>	<b>256,341,204</b>	<b>192,344,317</b>	<b>(64,401)</b>	<b>1,825,669</b>	<b>194,105,585</b>
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## 2.1 Particulars of credit loss allowance

2024

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



	Note	2024 (Rupees in '000)	2023
<b>3. Islamic financing and related assets</b>			
Ijarah	3.1	<b>3,296,372</b>	3,079,001
Murabaha	3.2	<b>21,393,302</b>	17,586,364
Diminishing Musharaka		<b>14,901,120</b>	18,779,105
Istisna		<b>4,744,263</b>	10,282,784
Islamic Long Term Financing Facility (ILTFF)		<b>4,343,370</b>	5,241,800
Islamic Refinance for Renewable Energy (IFRE)		<b>3,177,094</b>	2,224,625
Islamic Refinance for Temporary Economic Refinance Facility (ITERF)		<b>5,217,018</b>	6,830,099
Islamic Refinance Facility for Modernization of SMEs (IRFSME)		<b>166,650</b>	52,588
Islamic Financing Facility for Storage of Agricultural Product (IFFSAP)		<b>127,131</b>	157,403
Islamic Export Refinance - Istisna (IERF)		<b>70,000</b>	2,160,467
Musawamah		<b>4,188,383</b>	4,605,689
Islamic Export Refinance-Musawamah		—	6,000
Running Musharaka		<b>2,844,245</b>	2,479,691
Islamic Export Refinance-Running Musharaka		<b>8,903,641</b>	7,166,641
Financing against Bills-Musawamah		<b>3,823,394</b>	5,083,273
Export Finance Scheme (EFS) - Discounting		<b>8,207,289</b>	7,235,359
Staff Financing		<b>1,098,884</b>	2,013,176
Musawamah Inventory		<b>2,673,423</b>	3,076,506
Advance against Istisna		<b>14,364,368</b>	13,554,721
Advance against Istisna - IERF		<b>818,500</b>	2,249,152
Advance against Ijarah		<b>250,250</b>	138,636
Advance against Diminishing Musharaka		<b>1,788,091</b>	1,303,776
Advance against IFRE		<b>198,663</b>	666,683
Advance against ITERF		—	951,795
Advance against IRFSME		—	12,933
Gross Islamic financing and related assets		<b>106,595,451</b>	114,938,267
Less: credit loss allowance against Islamic financings			
- Stage 1		<b>(1,071,897)</b>	—
- Stage 2		<b>(1,061,392)</b>	—
- Stage 3		<b>(855,257)</b>	—
- Specific		—	(772,444)
- General		—	(50,057)
		<b>(2,988,546)</b>	(822,501)
Islamic financing and related assets-net of provision		<b>103,606,905</b>	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 (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	<b>4,345,296</b>	<b>1,915,568 (1,282,512)</b>	<b>4,978,352</b>	<b>1,266,295</b>	<b>957,201 (541,516)</b>	<b>1,681,980</b>	<b>3,296,372</b>



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	–	71,383	407,366	45,173	63,930	7,453
Vehicles	3,357,645	(452,409) 1,968,663 (1,056,513)	4,269,795	1,039,847	(388,609) 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 (Rupees in '000)	Not later than 1 year	Later than 1 year and less than 5 years	Total
Ijarah rental receivables	1,462,615	2,370,956	3,833,571	1,323,741	2,575,478	3,899,219
				Note	2024 (Rupees in '000)	2023

### 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

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

	In local currency	In foreign currencies	Total (Rupees in '000)	In local currency	In foreign currencies	2023 Total
<b>Customers</b>						
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>
<b>Financial institutions</b>						
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>

#### 4.1 Composition of deposits

	2024	2023
	(Rupees in '000)	
- 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	2023
	(Rupees in '000)	
<b>5. Charity Fund</b>		
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 (Rupees in '000)	2023
<b>5.1 Detail of charity is as follows:</b>		
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	–
	<b>44,500</b>	<b>40,400</b>
<b>6. Islamic Banking Business Unappropriated Profit</b>		
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	<b>54,085,961</b>	<b>31,974,599</b>
<b>7. Contingencies and Commitments</b>		
- Guarantees	19,198,384	14,463,377
- Commitments	34,016,915	28,717,529
	<b>53,215,299</b>	<b>43,180,906</b>
<b>8. Profit / Return Earned on Financing, Investments and Placement</b>		
Profit earned on:		
Financing	16,843,648	15,289,918
Investments	44,457,005	32,110,595
Placement	241,393	91,406
	<b>61,542,046</b>	<b>47,491,919</b>



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

#### **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-Ul-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 (Percentage)	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.
  - V I. 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



## شريعيه بورڈ پورٹ بمطابق ۳۱ دسمبر ۲۰۲۲ء

بورڈ آف ڈائریکٹریز اور انتظامیہ کی ذمہ داری ہے کہ وہ اس بات کو لیئنی بنائے کہ بینک الحبیب اسلامک بینکنگ ڈویژن کی سرگرمیاں ہمیشہ شریعت کے اصولوں اور شریعہ بورڈ کی ہدایات کے مطابق ہوں۔ بینک دولت پاکستان کی جانب سے جاری کردہ شریعہ گرنسی فریم ورک کے تحت بینک الحبیب اسلامک بینکنگ ڈویژن کا شریعہ بورڈ اس بات کا پابند ہے کہ وہ مجموعی شریعہ کمپلائنس ماحول پر ایک رپورٹ جمع کروائے۔

رانے تکمیل دینے کیلئے جیسا کہ اس رپورٹ میں بیان کیا گیا ہے، شریعہ کمپلائنس ڈپارٹمنٹ نے ہر قسم کے معاملے سے متعلقہ دستاویزات اور ترتیب عمل کے کاغذات کے آزمائشی بنیادوں پر جائزے لیے۔ شریعہ بورڈ نے پچھلے سال کے دوران شریعہ کمپلائنس اور اندرونی ویرونی شریعہ آڈٹ کی رپورٹس کا جائزہ لیا اور ان کی بنیاد پر ہماری رائے یہ ہے کہ:

- ۱۔ بینک الحبیب اسلامک بینکنگ ڈویژن نے شریعہ بورڈ کے فتاویٰ، احکامات اور ہدایات کی روشنی میں شرعی اصول و ضوابط کو پورا کیا۔
- ۲۔ بینک الحبیب اسلامک بینکنگ ڈویژن نے بینک دولت پاکستان اور اس کے شریعہ بورڈ کے شریعہ کمپلائنس کے حوالے سے جاری کردہ قوانین اور ہدایات و احکامات کی پاسداری کی۔
- ۳۔ بینک الحبیب اسلامک بینکنگ ڈویژن نے نفع نقصان کی تقسیم اور پول مینچنٹ سے متعلق بینک دولت پاکستان کے احکامات پر عمل کیا۔ شریعہ بورڈ کی تجویز پر پول مینچنٹ کو مزید مضبوط بنانے کے لئے اقدامات کیے جا رہے ہیں۔
- ۴۔ بینک الحبیب اسلامک بینکنگ ڈویژن میں تمام معاملات میں شرعی اصولوں کی پاسداری کو لیئنی بنانے کے لئے جامع لائحہ عمل موجود ہے۔
- ۵۔ شریعہ بورڈ پراؤکٹس طریقہ ہائے کار اور تعالیٰ میں شریعت کی پاسداری کے حوالے سے بورڈ آف ڈائریکٹریز کے نظریے اور عزم کو سراہتا ہے۔ اسلامک بینکنگ کے عملی 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 شریعہ 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 ذریعہ یا طریقے سے حاصل کیے گئے منافع کی نشاندہی کی صورت میں اس کو صدقہ کے اکاؤنٹ میں ڈالنے اور بطریق احسان صدقہ کی مدد میں لگانے کو لیئنی بناسکے ۲۰۲۲ء میں صدقے کی مدد میں 45.254 میلین روپے جمع ہوئے، جن میں سے 0.631 میلین روپے کی آمدنی خیراتی اکاؤنٹ میں شریعہ بورڈ کے حکم سے شریعہ کی عدم پاسداری کی وجہ سے اور 44.623 میلین روپے ادا بینکیوں میں تاخیر کی وجہ سے کئے گئے۔ تقریباً 44.5 میلین روپے موجودہ خیرات فنڈ سے مختلف خیراتی اداروں کو ادا کئے گئے۔

مفتي عصمت اللہ حمد اللہ  
چیئر مین شریعہ بورڈ

مفتي محب الحق صدیقی  
مبر شریعہ بورڈ

مفتي محمد حمزہ  
ریزیڈنٹ شریعہ بورڈ ممبر

مفتی شریعی  
کراچی 30 جنوری 2025ء



## بینک الحبیب اور اس کی ذیلی کمپنیاں آڈٹ شدہ مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

بینک الحبیب کے ڈائریکٹرز کیلئے اس کی ذیلی کمپنیوں الحبیب کمپنی مارکیٹس (پرائیوٹ) لمبیٹ، الحبیب ایٹ منجمنٹ لمبیٹ اور الحبیب ایچ جی گمپنی (پرائیوٹ) لمبیٹ کے آڈٹ شدہ مجموعی مالیاتی حسابات برائے ۳۱ دسمبر ۲۰۲۲ء کو ختم ہونے والے سال کیلئے پیش کرنا باعث مصروف ہے:

**(000 روپے میں)**

86,779,930	سالانہ منافع قبل از ٹکسٹ
(44,862,535)	ٹکسیشن
<b>41,917,395</b>	سالانہ منافع بعد از ٹکسٹ
(15,630)	غیر اختیاری مفاد سے منسوب شدہ منافع
<b>41,901,765</b>	ہولڈنگ کمپنی کے شیئر ہولڈرز سے منسوب شدہ منافع
<b>73,595,373</b>	گزشتہ غیر مختص شدہ منافع
(3,510,353)	آئی ایف آر ایس - 9 کو اپنانے کا اثر (بعد از ٹکسٹ)
<b>250,448</b>	فلڈ اٹاٹھ جات کی روپیلیوں کے اضافے میں سے منتقلی۔ بعد از ٹکسٹ
(826,620)	ایکوئی سرمایہ کاری کی فروخت پر تقصیان۔ ایف وی او ای آئی
<b>61,890</b>	دیگر جامع آمدنی۔ بعد از ٹکسٹ
<b>69,570,738</b>	تحصیص کیلئے دستیاب منافع
<b>111,472,503</b>	تحصیص

<b>(3,986,219)</b>	اٹپیوٹری ریزو میں منتقلی
(5,557,127)	نقد منافع منقسمہ - ۲۰۲۳ء
(11,669,967)	نقد منافع منقسمہ - ۲۰۲۲ء
<b>(21,213,313)</b>	غیر مختص شدہ منافع
<b>90,259,190</b>	فی شیئر آمدنی (بعد از ٹکسٹ)۔ ہولڈنگ کمپنی
<b>روپے      37.70</b>	شیئر ہولڈنگ کی ساخت

شیئر ہولڈنگ کی ساخت بہ طابق ۳۱ دسمبر ۲۰۲۳ء بینک الحبیب لمبیٹ کے مالیاتی حسابات کے ساتھ منسلک ہے۔

**عباس ڈی۔ حبیب**  
چیئرمین  
بورڈ آف ڈائریکٹرز

**منصور علی خان**  
چیف ایگزیکیوٹو

کراچی: ۳۰ جنوری ۲۰۲۵ء



۱۱۔ ڈاٹر کیٹرز، سی ای او، سی ایف او، ائٹل آڈٹ کے سربراہ، کمپنی سیکریٹری اور ایگزیکٹو ز اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے بینک کے شیرز میں سال کے دوران کوئی تجارت نہیں کی گئی، سوائے درج ذیل کے:

- 668,455 شیرز ایک ڈاٹر کیٹر کی جانب سے تھے کی صورت میں لئے گئے اور 18,154,538 شیرز تھے کی صورت میں دیئے گئے۔
- 6,241,980 شیرز ایک ڈاٹر کیٹر کی شریک حیات کی جانب سے تھے کی صورت میں لئے گئے۔
- 19,078,003 شیرز دواں ایگزیکٹو ز کی جانب سے تھے کی صورت میں لئے گئے اور 276,496 شیرز ایک ایگزیکٹو کی جانب سے تھے کی صورت میں دیئے گئے۔

- 17,500 شیرز دواں ایگزیکٹو ز کی جانب سے خریدے گئے۔
- 1,000 شیرز ایک ایگزیکٹو کی جانب سے فروخت کئے گئے۔

اس ضمن میں ”ایگزیکٹو“ کی تعریف میں پاکستان اسٹاک اکچیخ کی روں بک میں درج شدہ افسران کے علاوہ بینک کے اسٹنٹ جزل نیجرز اور اس سے بالا عہدیدار ان کو بھی شامل کیا گیا ہے۔

### عمومی

ہم اپنے کمپنی 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 ممبر ان کا بھی ان کے خلوص، لگن اور انتہک محنت پر ان کا شکر یہ ادا کرتے ہیں۔

عباس ڈی - حبیب

چیف مین

بورڈ آف ڈاٹر کیٹرز

منصور علی خان

چیف ایگزیکٹو

کراچی: ۳۰ جنوری ۲۰۲۵ء



۷۔ گزشتہ 6 سالوں کے اہم آپرینگ اور مالیاتی اعداد و شمار کا خلاصہ درج ذیل ہے:

(میں 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 ڈپاٹس
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 ٹکس
11,169	17,812	18,702	16,570	35,319	39,862	منافع بعد از ٹکس
55,489	69,570	83,569	94,344	111,895	130,384	شیئر ہولڈرز کی ایکوئی (بغیر ری ولیو ایشن)
10.05	16.03	16.83	14.91	31.78	35.87	فی شیئر آمدنی (روپے)
35	45	70	70	140	170	نقد منافع منقسمہ (%)

۸۔ پروویڈنٹ فنڈ اور گریجویٹی فنڈ کے آڈٹ شدہ مالیاتی حسابات کی بنیاد پر ان اسکیوں کی سرمایہ کاریوں کی مالیت بمقابلہ ۳۱ ستمبر ۲۰۲۳ء درج ذیل ہیں:

(000 روپے میں)

پروویڈنٹ فنڈ	14,149,099
گریجویٹی فنڈ	6,053,987

۹۔ شیئر 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 کا منظور کیا ہے۔ بینک نے بورڈ کی جانچ کیلئے اندر ورن خانہ طریقہ کا اور اعدادی تیکنیک مع اسکور شدہ سوال نامہ کا انتخاب کیا ہے۔ بورڈ کی جانچ کے دائرہ کار میں مکمل بورڈ، انفرادی ڈائریکٹر، بورڈ کی کمیٹیاں، چیئر مین اور چیف ایگزیکٹو شمول ہیں۔ مجموعی تباہج / حاصل شدہ معلومات سے متعلقہ پارٹیوں کو آگاہ کیا جائے گا۔ جانچ کے دوران اگر کسی شعبے میں بہتری کی کجاں نظر آئی تو اس کیلئے مناسب اقدامات کے جائیں گے۔ ہر تقویٰ می سال کے لئے جانچ کا عمل آئندہ سال ۳۱ مارچ تک مکمل کیا جائے گا۔ مزید براں بورڈ کی کارکردگی کا جائزہ کم از کم ہر تیس سے سال ایک ایکسٹرنل انڈپینڈنٹ جائزہ کار کے ذریعے لیا جائے گا۔ ہم نے پاکستان انسٹی ٹیوٹ آف کار پوریٹ گورننس (پی آئی سی جی) کو بورڈ کی کارکردگی کی ایکسٹرنل انڈپینڈنٹ جائزہ کے لئے نامزد کیا ہے۔
- بینک کی جانب سے منتخب کئے گئے ماہرین اور کسی بورڈ ممبر یا گلیدی ایگزیکٹو کے درمیان مفادات کا کوئی تصادم نہیں ہے۔



## ادارتی سماجی ذمہ داری اور تنوع، مساوات اور شمولیت

آپ کا بینک مکمل طور پر ادارتی سماجی ذمہ داری کے تصور پر کاربند 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 تعليقی ترقی اور عوام کی فلاج 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 انسداد تمباکونوٹی کے قانون پر عملدر آمد اور ”نو اسوسنگ زون“ کا قیام۔
- کاروباری ضابطہ اخلاق اور انسداد بعنوانی کے اقدامات کے تحت تمام اسٹاف ممبر ان کے لئے بینک کے ضابطہ اخلاق ”کوڈ آف کنڈ کٹ“ اور ”امنی۔ بر ابری اینڈ کریشن پالیسی“ پر لازمی عملدر آمد۔
- صارفین کے تحفظ کے اقدامات اور اس ضمن میں بینک کی پروڈکٹس اور خدمات پر لا گوشیدول آف چارجز اور شراطیوضوابط کی تشهیر۔
- اسٹاف کے ساتھ خوشنگوار تعلقات، میراث اور کارکردگی کا اعتراف، دوران ملازمت اور باقاعدہ تربیتی پروگراموں کے ذریعے اسٹاف کیلئے سکھنے اور ترقی کے موقع۔
- مذہب، ذات پات اور اسلامی امتیاز کے بغیر ایک شفاف طریقہ کارکے ذریعے روزگار کے مساوی موقع کی فراہمی، بشمول برائے خصوصی افراد۔
- دیکھی علاقوں کیلئے بینک کے برائی خیث و رک میں توسعہ جس سے دیکھی ترقی میں مدد ملے۔
- بینک کی جانب سے براہ راست ٹیکسٹس کے ذریعے سال کے دوران قومی خزانے میں 56.68 ملین روپے جمع کرائے گئے۔ مزید برائ 72.03 ملین روپے سے زیادہ کی اضافی رقم و دھوڈنگ ٹیکسٹس، فیڈرل ایکسائز ڈیوٹیز اور سروز پر سیلر ٹیکس کی مد میں بینک کے ذریعے منہما / وصول کی گئی اور حکومت پاکستان / صوبائی حکومتوں کو ادا کی گئی۔

## کارپوریٹ اور فناشل رپورٹنگ پر اسٹیٹمنٹ

- ۱۔ بینک کی جانب سے تیار کئے گئے مالیاتی حسابات، اس کے تمام کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلووز اور ایکوئی 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 لا گو کی گئی ہیں۔ اگر اس میں کوئی تبدیلی کی گئی تو اس کو واضح انداز میں بیان کیا گیا اور اکاؤنٹنگ کے تجھیہ جات موزوں ترین اور ممتاز فیصلوں پر مبنی ہیں۔
- ۴۔ مالیاتی حسابات کی تیاری میں انٹریشنل فناشل رپورٹنگ اسٹیڈریز اور اسلامک فناشل اکاؤنٹنگ اسٹیڈریز، جو کہ پاکستان میں رائج ہیں، ان پر عمل کیا گیا اور ان سے اگر کسی حد تک روگرانی کی گئی تو اس کو واضح انداز میں بیان کیا گیا ہے۔
- ۵۔ انٹریشنل کنٹرول 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 فناشل رپورٹنگ پر انٹریشنل کنٹرولر کی تو شیق 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 مشکوک پیدا کرے۔



## رسک میجنٹ فریم ورک

بینک ہبیشہ اپنے جنم اور اس کے کاروبار کی نوعیت کے مطابق رسک میجنٹ فریم ورک کا حامل رہا ہے۔ یہ فریم ورک کئی سالوں میں تشكیل دیا گیا اور اس میں مزید بہتری لانے کا سلسلہ جاری ہے۔ بینک کا ایک اہم رہنمایا اصول، ڈپازٹر زکی رقومات کو بطور امانت تحفظ فراہم کرنا ہے۔ یہ ہی وجہ ہے کہ بینک بنس رسک سے نہیں کے لئے معتدل اور مختار رو یہ پہنانا ہے۔ بینک کے رسک میجنٹ فریم ورک کی نمایاں خصوصیات درج ذیل ہیں:

• کریڈٹ رسک کا انتظام بورڈ کی جانب سے منظور کردہ کریڈٹ پالسیز؛ بہتر کریڈٹ منظوری کا طریقہ کار؛ انٹرل رسک ریٹنگر کا استعمال؛ مقرر کردہ دستاویزی ضروریات؛ پوسٹ ڈسبرسمنٹ کریڈٹ ایڈمنیٹریشن پروسیس؛ کریڈٹ سہوتون کا جائزہ نگرانی، اور کسٹمرز کی کریڈٹ الہیت کی مستقل جائچ پر مشتمل ہے۔ کریڈٹ شیخیں کے عمل کے دوران مکمل 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 کا تفصیل دیا ہے۔ کریڈٹ پورٹ فولیو سے متعلق فیصلے بنیادی طور پر سینٹرل کریڈٹ کیلئی کرتی ہے۔ بورڈ کی کریڈٹ رسک میجنٹ 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 پالسی، کسٹمر اور ڈیلر کی لمحش کی منظوری، سرمایہ کاریوں کیلئے سینٹرال انتظامیہ کی منظوری اور بینک کی ایسیٹ لائیٹی میجنٹ کمیٹی (ALCO) کی جانب سے سرمایہ کاری کے پورٹ فولیو کے باقاعدہ جائزے اور نگرانی کے ذریعے کیا جاتا ہے۔ علاوہ ازیں لائیکوڈیٹی بینک کی ایڈیٹ پالسی پیش کی ڈیزائن کے انتظام میں رہنمائی فراہم کرتی ہے جس کی نگرانی ٹریزیری اور مل آفس کے ذریعے روزانہ کی بنیاد پر کی جاتی ہے۔ انسٹریٹ پورٹ فولیو سے متعلق فیصلے زیادہ تر (ALCO) کی جانب سے لیے جاتے ہیں۔ بورڈ کی رسک میجنٹ کمیٹی بینک کے مارکیٹ اور لائیکوڈیٹی رسک، کمپلیٹ ایڈیٹ کیوںی اور مر بوط رسک میجنٹ (جسے اسٹرپ ایڈ رسک میجنٹ بھی کہا جاتا ہے) کے انتظام کی رہنمائی کرتی ہے۔ بینک کے مر بوط رسک پروفائل کی جائچ پیسل فریم ورک، کلیدی خطرات کے اشاروں، اندر ورنی کمپلیٹ ایڈ کیوںی کا عمل، اسٹریٹیسٹ میسنگ اور یکوری پلان کے تحت کی جاتی ہے جس کا جائزہ سالانہ بنیاد پر لیا جاتا ہے۔ بینک کو ایس بی پی کی جانب سے سال ۲۰۲۳ء میں بھی گزشتہ سالوں کی طرح "سیپل D-SIB" (ڈومیٹک میٹیکل ایمپورٹینٹ بینک) کے طور پر منتخب کیا گیا۔

• آپریشنل رسک کا انتظام بورڈ کی جانب سے منظور کردہ آڈٹ پالسی، آپریشنل رسک پالسی، کمپلائنس پالسی ایڈ پروگرام، آئی ٹی اور آئی ٹی سیکیورٹی پالسیز، ہیومن ریسورس پالسی، نزدیکی پروٹکشن فریم ورک اور بورڈ کی جانب سے منظور شدہ آڈٹ سورنگ پالسی کے ذریعے کیا جاتا ہے اور اس کے ساتھ فراؤ سے تحفظ کی پالسی، اور کنزیو默کی شکایات سے نہیں کی پالسی، کو بھی مد نظر کھا جاتا ہے۔ آپریشنل مینیٹنگ اور اہم ٹرانزیشن کی حفاظت داری کے لئے دو ہرے اختیارات کا نظام؛ کاروبار جاری رکھنے کا پلان، شمول آئی ٹی کیلئے ڈیزاین اسٹریکٹوری پلان اور برائچوں اور ڈویژنز کے آڈٹ کے ذریعے کیا جاتا ہے۔ کلیدی خطرات کے اشارے، پروٹکش اور پروسیز کے خطرات کی جائچ 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 بیننگ کو اپنانے کیلئے مختلف اقدامات کئے ہیں۔ اس کے علاوہ رسک میجنٹ پالسی، رسک ٹالرنس اسٹریٹ اور کنٹری رسک میجنٹ پالسی بینک کو درپیش مکمل رسک کا بندوبست کرنے میں مزید رہنمائی فراہم کرتی ہیں۔



ہمارے انسکیپورڈ، سارڈینڈرمن فناں سرٹیفیکیٹس کی رینگرز AAA (ڈبل اے) برائے 2021 TFC اور 2022 TFC اور AA+ (ڈبل اے پلس) برائے 2017 TFC-2022 (پر ٹیچول) اور 2022 TFC-2022 (پر ٹیچول) ہیں۔ یہ رینگز کریڈٹ رسک کی بہت کم توقع ظاہر کرتی ہیں، جس کی وجہ مالی ذمہ داریوں سے عہدہ براء ہونے کی بہت مضبوط صلاحیت ہے۔ مزید برائے 2022 TFC (پر ٹیچول) جو کہ 2022 میں ایشو ہوئے پی ایس ایکس روں کے باب 5C کے مطابق پاکستان اسٹاک ایچیشن لمیٹڈ پر لیٹڈ کئے گئے۔

### مستقبل کا جائزہ

پاکستان کی معیشت نے، مالی سال 2023ء میں، مالی سال 2023ء کی 0.2% معیشت کی سکڑن کی نسبت 2.5% کی جو ڈی پی کی گرو تھے حاصل کی۔ یہ بحالی زرعی شعبے کی جانب سے سیلا ب کے بعد زرعی زین کو حاصل ہونے والے فوائد اور دیگر معاونتی عناصر کے سبب ہوئی اور اس شعبے نے گزشتہ سال 2.2% کے مقابلے میں 6.2% کی گرو تھے حاصل کی۔ سر و مر شعبے میں 2.4% تک کی توسعہ ہوئی جو بنیادی طور پر ہول میں اور ریلیٹیل ٹریڈ کے سبب حاصل ہوئی۔ صحتی شعبے نے 1.7% کی کمی ظاہر کی جبکہ گزشتہ سال یہ کمی 3.8% تھی، یہ بہتری بنیادی طور پر میونیٹیک پر ٹنگ شعبے سے حاصل کی گئی جس سے گزشتہ سال 5.3% کی کمی کے مقابلے میں اس سال 3.1% کی گرو تھے حاصل ہوئی۔ مالیاتی صورتحال میں بہتری کی وجہ مالیاتی خسارے میں 1% تک کی کمی ہے جو کہ جو 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، مجموع غیر ملکی زر مبادلہ کے ذخائر 50% سے زائد بڑھ کر 14 بلین امریکی ڈالر ہو گئے اور روپیہ امریکی ڈالر کے مقابلے میں مستحکم ہو گیا۔ افریاط زر جوں 2023ء کی نسبت جوں 2023ء میں 29.4% سے تیزی سے کم ہو کر 12.6% کی سطح پر آ گیا اور ڈسمبر 2023ء میں 4.1% رہ گیا۔ ایس بی پی کا پالیسی ریٹ جوں 2023ء میں 22% سے کم ہو کر جوں 2023ء میں 20.50% اور ڈسمبر 2023ء میں 13% پر آ گیا۔ گزشتہ سال 2023ء میں پی ایس ایکس 100 ائٹیکس 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۔

ذکورہ بالا پیشافت سے، رواں سال 2025ء میں معاشری سرگرمیوں میں مزید ممکنہ اضافہ کی طرف اشارہ ملتا ہے۔ خصوصی طور پر شرح سود میں کمی اور روپے کی قدر مضموم ہونے سے کاروبار، تجارت اور سرمایہ کاریوں میں حوصلہ افزائے توسعے کے امکانات ہیں۔ حالیہ اعداد و شمار ظاہر کرتے ہیں کہ معیشت نے مالی سال 2025ء کی پہلی سہ ماہی میں زرعی شعبے اور سر و مر میں ثابت رجحان کی وجہ سے مجموعی طور پر 0.9% کی گرو تھے حاصل کری ہے۔ تاہم اہم فصلوں کی کم پیداوار اور صنعتی اور بڑے پیمانے کے میونیٹیک پر ٹنگ شعبوں میں کمی جیسے چیلنج برقرار ہیں۔ مزید برآں، سال کے آخر میں بیادی اثرات میں کمی کی وجہ سے افریاط زر بڑھ سکتا ہے۔ شرح سود میں کمی بیکوں کے منافع جات کو متاثر کر سکتی ہے۔

ماضی کی طرح بینک محتاج اور دیکھ بھال کے اصولوں کی رہنمائی پر کار بند 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

### آڈیٹر

موجودہ آڈیٹر کے پی ایم جی تاشیر ہادی ایڈٹ کمپنی، چارٹرڈ اکاؤنٹنٹیکس، ریٹائرڈ ہورے ہیں اور انہوں نے خود کو دوبارہ تقری ری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے 31 دسمبر 2025ء کو ختم ہونے والے سال کے لئے باہمی طور پر طے کئے جانے والے معاوضے پر ان کی بھیثیت بینک کے آڈیٹر زدوبارہ تقری ری کی سفارش کی ہے۔



سال کے دوران، بورڈ نے ”اسلامک بینک کورٹن کمیٹی“، تشكیل دی ہے۔ مذکورہ کمیٹی کا پہلا اجلاس ۲۷ جنوری ۲۰۲۵ء کو منعقد ہوا۔ کمیٹی کے ارکان درج ذیل ہیں۔

- ۱۔ جناب محمد فیق الدین مہکری، چیئرمین
- ۲۔ محترمہ فرحانہ ماڈھی خان
- ۳۔ جناب ہماں بیشیر

### ڈائریکٹرز کا ٹریننگ پروگرام

ڈائریکٹرز نے گزشتہ سالوں میں یا تو مطلوبہ ٹریننگ حاصل کر لی ہے یا وہ لٹھ کپینز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019، میں درج مطلوبہ الیت کے تحت اس سے مستثنی ہیں۔

### ڈائریکٹرز کی روی میوزیشن پالیسی

- بینک کے شیئر ہولدرز نے ”ڈائریکٹرز کے روی میوزیشن کو متعین کرنے کے لئے پائیسی 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 روی میوزیشن کا فیصلہ بورڈ کی جانب سے اسٹیٹ بینک کی طرف سے وقتانہ مقرر کردہ زیادہ حد کے اندر کیا جائے گا۔
  - بورڈ کے چیئرمین، بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کیلئے مقرر کردہ روی میوزیشن کے علاوہ 20 فیصد اضافی فیس کے حقدار ہوں گے جو چیئرمین کی وسیع تر قابلیت، تجربے، باشور فیصلوں کی الیت اور مارکیٹ روایط کو مدنظر 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۔
  - گل و قلن ڈائریکٹر وہ معاوضہ حاصل کریں گے جو کہ ممبر ان (شیئر ہولدرز) نے ان کیلئے طے کیا ہے۔
  - اگر ڈائریکٹر/ چیئرمین کی مجموعی کارکردگی مسلسل 2 سالوں کے لئے بورڈ ممبر ان کی سالانہ کارکردگی کی جانچ پڑھتاں رپورٹ کے مطابق ”بہتری کی ضرورت“ کی کیفیت ہی میں رہی ہو تو (انفرادی ڈائریکٹرز کی صورت میں) بورڈ کے چیئرمین اور (بورڈ کے چیئرمین کی صورت میں) انتہی پہنچنٹ ڈائریکٹرز و دیگر ڈائریکٹرز کم کارکردگی کے حامل ڈائریکٹر/ چیئرمین کے روی میوزیشن پر از سر نو غور کریں گے۔

### کریڈٹ ریٹنگ

الحمد للہ، پاکستان کریڈٹ ریٹنگ ایجنٹی لمیڈ (PACRA) نے طویل مدت کے لئے بینک کی ریٹنگ AAA (ٹرپل اے) اور مختصر مدت کے لئے A1+A (اے ون پلس) برقرار کی ہے۔ 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 برائے ہونے کی غیر معمولی صلاحیت کو ظاہر کرتی ہے۔



## کمیٹی کے اجلاس

لٹڈ کمیٹیز (کوڈ آف کار پوریٹ گورننس) ریگولیشن، 2019 اور اسٹیٹ بینک آف پاکستان (ایس بی پی) ریگولیشن کے تحت یہ ضروری ہے کہ بورڈ کی تمام کمیٹیوں یعنی آڈٹ کمیٹی، ہیومن ریسورس اینڈ ری میوزریشن کمیٹی، کریڈٹ رسک میجنٹ کمیٹی، رسک میجنٹ کمیٹی، آئی ٹی کمیٹی، آئی ایف آر ایس-9 کمیٹی اور اسلامک بینکنگ کونسلن ٹیکسٹ کی تشكیل کو ظاہر کیا جائے۔

سال کے دوران آڈٹ کمیٹی کے 18 اجلاس اور ہیومن ریسورس اینڈ ری میوزریشن کمیٹی، کریڈٹ رسک میجنٹ کمیٹی، آئی ٹی کمیٹی اور آئی ایف آر ایس-9 کمیٹی کے 4 اجلاس منعقد ہوئے اور ان میں ممبران کی حاضری درج ذیل رہی:

ہیومن ریسورس اینڈ ری میوزریشن کمیٹی				آڈٹ کمیٹی		
شرکت کرده اجلاس	منعقدہ اجلاس	ڈائریکٹر کا نام	شرکت کرده اجلاس	منعقدہ اجلاس	ڈائریکٹر کا نام	
4	4	جناب ارشد ناصر، چیئرمین	8	8	جناب محمد فیض الدین مہکری، چیئرمین	
4	4	جناب عباس ڈی- جبیب	7	8	جناب انور حاجی کریم	
4	4	محترمہ فرحانہ ماڈجی خان	8	8	جناب ارشد ناصر	
4	4	جناب مرتضیٰ ایچ- جبیب	8	8	محترمہ فرحانہ ماڈجی خان	
3	4	سید مظہر عباس	6	8	سید مظہر عباس	

رسک میجنٹ کمیٹی				کریڈٹ رسک میجنٹ کمیٹی		
شرکت کرده اجلاس	منعقدہ اجلاس	ڈائریکٹر کا نام	شرکت کرده 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 ماڈجی خان	4	4	جناب محمد فیض الدین مہکری	
4	4	جناب محمد فیض الدین مہکری	4	4	جناب مرتضیٰ ایچ- جبیب	
3	4	جناب گمیل آر- جبیب	4	4	جناب گمیل آر- جبیب	

آئی ایف آر ایس-9 کمیٹی				آئی ٹی کمیٹی		
شرکت کرده اجلاس	منعقدہ اجلاس	ڈائریکٹر کا نام	شرکت کرده اجلاس	منعقدہ اجلاس	ڈائریکٹر کا نام	
4	4	جناب ارشد ناصر، چیئرمین	4	4	جناب عباس ڈی- جبیب، چیئرمین	
4	4	محترمہ فرحانہ ماڈجی خان	4	4	جناب ارشد ناصر	
3	4	جناب گمیل آر- جبیب	2	4	جناب ہمایوں بشیر*	
			3	4	جناب گمیل آر- جبیب	
			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 ۲۰۲۲ء کو مستغفی 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 فیض الدین مہکری	انڈپینڈنٹ ڈائریکٹر
جناب عباس ڈی۔ جبیب جناب عدنان آفریدی جناب انور حاجی کریم جناب مرضیٰ اتھگ۔ جبیب سید مظہر عباس	نان۔ ایگزیکٹو ڈائریکٹر
جناب گمیل آر۔ جبیب	ایگزیکٹو ڈائریکٹر
محترمہ فرحانہ ماڈجی خان	خاتون ڈائریکٹر۔ نان۔ ایگزیکٹو

جناب منصور علی خان بینک کے چیف ایگزیکٹو ہیں۔ بحیثیت بینک کے تی 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 ڈائریکٹر زکی شرکت درج ذیل رہی:

شرکت کردہ اجلاس	منعقدہ اجلاس	ڈائریکٹر کا نام
4	4	جناب عباس ڈی۔ جبیب
4	4	جناب عدنان آفریدی
4	4	جناب انور حاجی کریم
4	4	جناب ارشد ناصر
4	4	محترمہ فرحانہ ماڈجی خان
2	4	جناب ہمایوں بشیر*
4	4	جناب محمد فیض الدین مہکری
4	4	جناب مرضیٰ اتھگ۔ جبیب
4	4	جناب گمیل آر۔ جبیب
3	4	سید مظہر عباس
4	4	جناب منصور علی خان، چیف ایگزیکٹو
1	4	جناب جاوید اقبال**

\* 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 سبد و شہ ہوئے۔ انہوں نے اپنی رکنیت کے دوران بورڈ کے اجلاس میں شرکت کی۔



## الحیب ایچینج کمپنی (پرائیویٹ) لمیڈ

بغضل باری تعالیٰ ہمیں آپ کو بتاتے ہوئے خوش محسوس ہو رہی ہے کہ ”الحیب ایچینج کمپنی (پرائیویٹ) لمیڈ“، (بینک کا ایک گل ملکتی ذیلی ادارہ)، نے 1,000,000,000 (ایک بلین روپے) کے اداشہ سرمائے کے ساتھ ۲۰۲۳ء سے اپنے آپریشنز کا آغاز کر دیا ہے۔ سال کے دوران بینک نے الحیب ایچینج کمپنی (پرائیویٹ) لمیڈ کے مجاز اداشہ 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 ایچینج کمپنی (پرائیویٹ) لمیڈ کا نیٹ ورک 32 برائج اور ٹھس پر مشتمل ہے۔

### ایوارڈ اور اعزازات

اللہ تعالیٰ کے فضل سے بینک کو سال کے دوران درج ذیل ایوارڈز ملے:

- ۱۔ آئی ایف سی گلوبل ٹریڈ فناں پروگرام (GTFP) کے تحت کئے گئے اعمال اور میڈیم سائز اٹرپرائز (SME) ٹرانزیکشنز کی حمایت کیلئے ایس ایم ای ٹرانزیکشنز میڈل ایسٹ ایوارڈ 2024 میں ”آئی اسٹینڈنگ گلوبل ٹریڈ فناں پروگرام جاری کرنے والا بینک“۔
- ۲۔ اسٹینڈ بینک آف پاکستان کی جانب سے پاکستان ریٹینیشن ایشیا (PRI) کے تحت پاکستان ریٹینیشن سمٹ۔ ۲۰۲۳ء میں ”پاکستان کی ریٹینیشن مارکیٹ میں پچھتے بڑے بینک کا ایوارڈ“۔
- ۳۔ سٹی بینک کی جانب سے یوائیس ڈی کمرشل اور ٹریزری ادائیگیوں کی تکمیل میں غیر معمولی کارکردی کیلئے ”اسٹریچ - تھرو - پروسیس (STP) ایوارڈ“۔
- ۴۔ پاکستان اسٹاک ایچینج (پی ایس ایکس) کی جانب سے سال ۲۰۲۳ء کے لئے ”ٹاپ 25 کمپنیز ایوارڈ“۔ اس ایوارڈ کے لئے امیلت کے معیار میں منافع کا تناسب، لیکوڈلی کا تناسب، منافع منقسمہ سے متعلق تناسبات، سولوپنی کا تناسب، شیئرز کا فری فلوٹ، شیئرز کا ٹرشن اور، کارپوریٹ سوشن ریسپانسیبلیٹر، پائیدارتری کے اهداف اور ماحولیات، سوشن اینڈ گورننس پر پورنگ، ادارہ جاتی خطرات کے انتظام پر پورنگ، ڈائی ورثی اور انکلوژن، کارپوریٹ گورننس اور انویٹر کے تعلقات شامل ہیں۔ الحمد للہ یہ یہاں موقع ہے جب بینک کو اس ایوارڈ کیلئے منتخب کیا گیا۔

### بورڈ آف ڈائریکٹریز میں تبدیلیاں

سال کے دوران جناب جاوید اقبال ۵ اپریل ۲۰۲۳ء کو بورڈ سے مستعفی ہوئے اور ان کی جگہ جناب ہما یون بشیر ۲۱ جون ۲۰۲۳ء کو بورڈ کے ڈائریکٹر مقرر ہوئے۔

### بورڈ آف ڈائریکٹریز کی تشکیل

ڈائریکٹریز کی مجموعی تعداد درج ذیل ہے:

09	مرد
01	خاتون



## ڈائریکٹرز کی رپورٹ

الحمد للہ بینک الحبیب کے ڈائریکٹرز کیلئے 34 ویں سالانہ رپورٹ بتمول ۳ دسمبر ۲۰۲۳ء کو ختم ہونے والے سال کیلئے بینک کے آڈٹ شدہ مالیاتی حسابات پیش کرنا باعثِ مسرت ہے۔

آپرینگ نتائج اور ان کی تخصیص کے لئے بورڈ کی سفارشات درج ذیل ہیں:

(روپے میں) 000	سالانہ منافع قبل از ٹکسٹ ٹکسیشن
83,841,229	سالانہ منافع بعد از ٹکسٹ
(43,979,042)	گزشتہ غیر مختص شدہ منافع
39,862,187	آئی ایف آر ایس۔ ۹ کو اپنانے کا اثر (بعد از ٹکسٹ)
72,595,629	ایکویٹر سرمایہ کاری کی فروخت پر نقصان (ایف وی او وی آئی)
(3,510,353)	فکسڈ اثاثہ جات کی ری ولیوایشن کے اضافے میں سے منتقل۔ بعد از ٹکسٹ
(826,620)	دیگر جام آمدی۔ بعد از ٹکسٹ
250,448	
61,809	
68,570,913	تخصیص کیلئے دستیاب منافع
108,433,100	تخصیص:
(3,986,219)	اسٹچوڑی ریزرو میں منتقل
(5,557,127)	نقد منافع منقسمہ۔ ۲۰۲۳ء
(11,669,967)	نقد منافع منقسمہ۔ ۲۰۲۲ء
(21,213,313)	
87,219,787	غیر مختص شدہ منافع
35.87 روپے	بنیادی / معتدل فی شیر آمدی۔ بعد از ٹکسٹ

۳ دسمبر ۲۰۲۳ء کو ختم ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز نے 65% حقیقی نقد منافع منقسمہ یعنی 50.6 روپے فی شیئر تجویز کیا ہے۔ جو کہ پہلے سے ادا کئے جانے والے 105% یعنی 50.10 روپے فی شیئر عبوری نقد منافع منقسمہ کے علاوہ ہے، اس طرح جمیع 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 اطینان بخش رہی۔ ڈپاٹس ایک سال قبل کے مقابلو میں بڑھ کر 2.28 ٹریلیون روپے ہو گئے جبکہ ایڈ و انسر 5.5 ٹریلیون روپے سے بڑھ کر 9.10 ٹریلیون روپے ہو گئے۔ سال کے دوران بینک کا غیر ملکی تجارتی کاروباری جمجمہ 3.3 ٹریلیون روپے رہا۔ سالانہ منافع قبل از ٹکسٹ 83.8 ٹریلیون روپے رہا جبکہ گزشتہ سال یہ منافع 11.1 ٹریلیون روپے تھا، جبکہ سالانہ منافع بعد از ٹکسٹ گزشتہ سال کے مقابلے میں 39.9 ٹریلیون روپے رہا۔

سال کے دوران بینک نے 108 نئی برائیں قائم کیں۔ بینک کا موجودہ نیٹ ورک 1,225 دفاتر پر مشتمل ہے جس میں 1,207 برائیں ہیں۔ (بتمول 276 اسلامک بینکنگ برائیں اور 2 اور سیز برائیں، بحرین اور ملاٹشا 14) ڈیلی برائیں اور 4 نمائندہ دفاتر، دینی، استنبول، یونیورسٹی شامل ہیں۔ بینک کی جانب سے نیٹ ورک میں توسعہ کا سلسلہ جاری رہے گا۔



## بورڈ کی مجموعی کارکردگی پر چیئرمین کی جانب سے جائزہ رپورٹ

الحمد لله، میں بہترت بورڈ کی مجموعی کارکردگی اور بینک کے اغراض و مقاصد کے حصول کے سلسلے میں بورڈ کی جانب سے اداکیے جانے والے موثر کردار پر رپورٹ پیش کر رہا ہوں۔

بورڈ نے اپنی اور ذیلی کمیٹیوں، انفرادی ڈائریکٹرز، چیئرمین اور چیف ایگزیکٹوی کارکردگی کی جانب کے لئے ایک باقاعدہ طریقہ کا منظور کیا ہے۔ بینک نے بورڈ کی جائزہ کے لئے اندروین خانہ طریقہ کا اور اعدادی تینکیک 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 یہودی تشخیص کار کے ذریعہ 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 جائزہ کا مجموعی مقصد درج ذیل شعبوں پر توجہ مرکوز کرتے ہوئے بینک کی دیرپا توسعی و ترقی کو لیکنی بنانا ہے۔

- اے۔ بورڈ کی تشکیل اور اس کے امور
- بی۔ کارپوریٹ اسٹریٹجی اور برنس پلان
- سی۔ بینک کی کارکردگی کی نگرانی
- ڈی۔ انٹرل آؤٹ اور انٹرل کنٹرول
- ای۔ رسک مینجمنٹ اور کمپلائنس
- ایف۔ ضروری معلومات کی تشبیہ
- جی۔ بہتری کے لئے تجویز

عہاس 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
- Abbottabad
- Abdul Hakeem
- Adda Bosan
- Adda Ghulam Hussain
- Adda Lar
- Adda Mirza Tahir
- Adda Pahrianwali
- 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
- Broat 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
- Dahrnwala
- 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
- Dehlra
- 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 Sobtian
- Jalozi
- Jampur
- Jamshoro
- Jand
- Jandanwala
- Jaranwala
- Jatlan (A.K.)
- Jatoi
- Jaurah
- Jehangira
- Jehlum
- Jhang
- Joharabad
- Kabal
- Kabirwala
- Kacha Pakka
- Kahna Nau
- Kahror Pacca
- Kahuta
- Kala Shah Kaku
- Kalakot
- Kalam
- Kalat
- Kalaya
- Kallar Syedan
- Kallur Kot
- Kamalia
- Kamar Mushani
- Kamoke
- Kamra
- Kandhkot
- Kandiyo
- Kanju
- Kankowai
- Karachi
- Karak
- Karianwala
- Karkhana Bazar Vehari
- Karor Lal Essan
- Kashmore
- Kassowal
- Kasur
- Katlang
- Khairpur
- Khairpur Natanshah
- Khairpur Tamewali
- Khal
- Khanabela
- 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
- Matti
- 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
- Naroval
- Naseerabad
- Nassarpur
- Naukot
- Nausherehra
- Naushero Feroze
- Nawabshah
- Nawan Kot
- New Saeedabad
- Noonawali
- Nooriabad
- Noushki
- Nowshera
- Nowshera Virkan
- Oghi
- Okara
- Ormara
- Pabbi
- Paighah
- 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 Gujarat
- Qazi Ahmed
- Qila Didar Singh
- Quaidabad
- Quetta
- Radhan
- Raghagan
- Rahim Yar Khan
- Rahwali
- Raiwand
- Raja Ram
- Raja Wala
- Rajanpur
- Rajjar
- Rajoya Sadat
- Rakhnri
- Rangpur Adda
- Ranipur
- Rawalakot (A.K.)
- Rawalpindi
- Renala Khurd
- Rohailian Wali
- Rohri
- Sadda
- Sadiqabad
- Sahib Nagar
- Sahiwal
- Sakhakot
- Sakrand
- Saleh Khana
- Samar Bagh
- Sambrail
- Sammundri
- Samote
- Sanghar
- Sanghoi
- Sangla Hill
- Sanjarpur
- Sara e Alamgir
- Sarai Naurang
- Sardar Garh
- Sargodha
- Sarwar wali
- Satyana Bangla
- Sawabi
- Sehansa (A.K.)
- Sehwan
- Shabqadar
- Shahdadkot
- Shahdadpur
- Shaher Sultan
- Shahi Wala
- Shahkas
- Shahkot
- Shahpur Chakar
- Shakargarh
- Shakrila
- Shamozoi
- Sharaqpur
- Sheikh Wahan
- Sheikhpura
- Shewa Adda
- Shikarpur
- Shinkiari
- Shorkot
- Shujabad
- Sialkot
- Sibi
- Sir Sube Shah
- Sirsinai
- 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
- Timerghara
- 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](http://www.bankalhabib.com)



## E - DIVIDEND BANK MANDATE FORM

### Mandatory Requirements of Bank Account Details with International Bank Account Number (IBAN) for Electronic Credit of Cash Dividend Payment as per Companies Act 2017

I, Mr. / Ms. / Mrs. \_\_\_\_\_ S/o, D/o, W/o, \_\_\_\_\_ hereby authorize **Bank AL Habib Limited** (the Bank) to send / directly credit cash dividends declared by the Bank, in my bank account as detailed below:

Details of Shareholder of Bank AL Habib Limited	
Name of the Shareholder	
Father / Husband Name	
Folio No. / CDC Account and Participant's I.D	
CNIC No. / NICOP No.	
Passport No. ( <i>in case of foreign shareholder</i> )	
NTN ( <i>in case of corporate shareholder</i> )	
Cell number of shareholder	
Landline number of shareholder ( <i>if any</i> )	
E-mail address of shareholder	
<b>Shareholder's Bank Account Details:</b>	
Title of Bank Account ( <i>the bank account title must be in the name of the title holder/principal holder of the shares</i> )	
International Bank Account Number (IBAN) -24 digits "Mandatory"	P K _____
<i>(Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the Bank AL Habib Limited and Central Depository Company of Pakistan Limited (CDC) will not be held responsible, in any manner, for any loss or delay in your cash dividend payment)</i>	
Bank's name	
Branch name	
Branch address	
It is stated that the above-mentioned information is valid and correct and in case of any change therein, I/we will immediately intimate the Bank's Share Registrar accordingly.	
<b>Signature of Shareholder</b>	
(For individual shareholder, signature must be as per specimen signature registered with Bank AL Habib Limited, please also enclose legible copy of CNIC/NICOP as applicable. In case of corporate entity, signature of authorized person with company stamp is required)	

#### Please note that:

- The shareholders who hold shares in Physical Form are requested to fill the above mentioned E-Dividend Bank Mandate Form and send it to the Bank's Share Registrar address; i.e.; **CDC Share Registrar Services Limited, CDC House, 99-B, Block B, Main Shahrah-e-Faisal, Karachi-74400, Pakistan.** Tel: **0800-23275**
- The shareholders who hold shares in Book-Entry Form are requested to fill the above mentioned E-Dividend Bank Mandate Form and send it to the relevant Broker/Participants/Investor Account Services of the Central Depository Company of Pakistan Limited where the shareholders' CDC account is being dealt.
- Bank AL Habib Limited and CDC shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, or failure in performance of any of its obligations whatsoever, caused due to incorrect payment instructions provided by the shareholder and/or due to any event beyond the control of the Bank.
- In case of non-receipt of IBAN with bank details, as requested above, future cash dividend, if any, could be withheld according to the directives of Securities and Exchange Commission of Pakistan.



## 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).



## مختارنامہ (پرائیس فارم)

میں / ہم ساکن بھیت ممبر (رکن) یعنی الحبیب لمیڈ اور حامل عام حصص، بمقابلہ شیئر جسٹر فولیو نمبر اسی ڈی سی اکاؤنٹ اور پارٹیسینپٹ آئی ڈی نمبر ممبر (رکن) محترم / محترم / محترم / محترم / محترم کو فولیو نمبر اسی ڈی سی اکاؤنٹ اور پارٹیسینپٹ آئی ڈی نمبر یا ان کی غیر حاضری میں ممبر (رکن) محترم / محترم کو اپنے / ہمارے ایماء پر بروز جمعرات ۲۰۲۵ء کو یعنی الحبیب لمیڈ کے آفس میں منعقد ہونے والے یعنی کے چوتھیویں سالانہ جلاسِ عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواہ کی صورت میں اپنا / ہمارا بطور مختار (پرائیس) مقرر کرتا اکرتی ہوں اکرتے ہیں۔

آج بروز تاریخ ۲۰۲۵ء کو دستخط کئے گئے۔

پانچ روپے مالیت کا  
رسیدی ٹکٹ پر دستخط  
دستخط ممبر (رکن)

ممبر (رکن) کے دستخط یعنی میں رجسٹرڈ شدہ دستخط سے ممالک رکھتے ہوں اور سی ڈی سی اکاؤنٹ ہولڈرز کے دستخط ان کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کے نمونہ دستخط سے ممالک ہونا ضروری ہے۔

گواہان:

۱۔ دستخط نام

نام

پتہ

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر

ممبر (رکن) جو جلاس میں شرکت اور ووٹ دینے کا مجاز ہوا پہنچ کسی اور ممبر (رکن) کو بطور مختار (پرائیس) شرکت کرنے، بولنے اور ووٹ دینے کا حق توفیض کر سکتا ہے۔

سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختارنامہ (پرائیس فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔

مختار (پرائیس) کو جلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بھیت ممبر (رکن)، بورڈ آف ڈائریکٹریز کی منتظر شدہ قرارداد اپاور آف اٹارنی بعہ نمونہ دستخط ہمراہ مختارنامہ (پرائیس فارم) جمع کرانا ہوگے۔

مختارنامہ (پرائیس فارم) پر ممبر (رکن) یا ان کے اٹارنی کے دستخط ہونا لازمی ہے۔ کارپوریٹ ادارہ ہونے کی صورت میں مختارنامہ (پرائیس فارم) پر کپنی کی مہر ہونا بھی ضروری ہے۔

مختارنامے (پرائیس فارم) بمعنا مذکرنے والے شخص کی تصدیق شدہ پاور آف اٹارنی (حسب ضرورت) یعنی کے رجسٹرڈ آفس میں جلاس 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 کا رہے ہو)۔