HABIB BANK
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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

In Rupees Thousand	BANK (AUDITED) LKR 31/12/2023	BANK (AUDITED) LKR 31/12/2022	GROUP (AUDITED) PKR 31/12/2023	GROUP (AUDITED) PKR 31/12/2022
Assets				
Cash and cash equivalents	2,650,978	2,706,590	328,537,645	177,041,873
Balances with central banks	78,128	110,918	218,990,936	118,973,513
Placements with banks	1,500,465	2,121,872	145,201,708	296,106,309
Derivative financial instruments	376	12,083	2,653,977	3,639,550
Financial assets at amortised cost - Investments	1,769,866	3,168,145	459,663,103	380,979,487
Financial assets at amortised cost - Loans & Advances	3,433,847	5,070,000	1,861,344,592	1,782,497,923
Financial assets measured at fair value through other comprehensive income	8,308,342	4,154,908	2,066,503,361	1,527,789,658
Income Tax Receivable	-	-	-	-
Investments in associates and joint ventures			36,132,623	40,031,897
Property, plant and equipment	380,917	285,680	141,894,467	113,871,657
Goodwill and Intangible assets			22,720,543	18,422,200
ROU Asset	9,824	23,682		
Deferred tax assets	-	-	480,874	5,797,045
Other assets	82,320	176,531	250,224,474	173,654,999
Total assets	**18,215,062**	**17,830,409**	**5,534,348,303**	**4,638,806,111**
Liabilities				
Due to banks	28,468	6,988	-	-
Derivative financial instruments	-	-	-	-
Due to other customers	9,529,646	10,234,860	4,142,351,836	3,469,342,252
Borrowing	250,191	-	665,042,679	583,771,399
Current tax liabilities	283,597	244,412	14,721,663	13,362,266
Deferred tax liabilities	62,037	21,830	-	-
Employee benefit liabilities	47,487	41,312	7,244,757	6,689,292
Subordinated loan	-	-	19,699,000	18,874,000
Other liabilities	123,249	135,893	319,267,715	261,745,088
Total liabilities	**10,324,675**	**10,685,296**	**5,168,327,650**	**4,353,784,297**
Equity				
Stated capital/Assigned capital	4,938,390	4,938,390	14,668,525	14,668,525
Statutory reserve fund	147,166	115,929	48,815,676	43,130,076
Retained earnings	2,441,502	1,851,919	221,883,756	178,467,639
Other reserves	363,329	238,874	77,846,804	45,876,625
Total shareholders' equity	**7,890,387**	**7,145,113**	**363,214,761**	**282,142,865**
Non Controlling Interest	-	-	2,805,892	2,878,949
Total equity	**7,890,387**	**7,145,113**	**366,020,653**	**285,021,814**
Total equity and liabilities	**18,215,062**	**17,830,409**	**5,534,348,303**	**4,638,806,111**
Contingent liabilities and commitments	**7,018,591**	**7,634,794**	**1,253,534,402**	**1,228,617,584**
			-	-
Memorandum Information				
Number of Employees	58	61	20,301	21,632
Number of Branches	4	4	1,758	1,746

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

In Rupees Thousand	BANK (AUDITED) LKR 31/12/2023	BANK (AUDITED) LKR 31/12/2022	GROUP (AUDITED) PKR 31/12/2023	GROUP (AUDITED) PKR 31/12/2022
Interest income	2,457,181	1,579,272	712,345,078	436,101,037
Interest expenses	661,123	341,874	470,212,037	270,538,340
Net interest income	**1,796,058**	**1,237,398**	**242,133,041**	**165,562,697**
Fee and commission income	72,581	79,257	42,250,183	31,510,143
Fee and commission expense	-	-	-	-
Net fee and commission income	**72,581**	**79,257**	**42,250,183**	**31,510,143**
Net gain/ (Loss) from trading	-	-	945,981	866,175
Net fair value gain/ (Loss) from financial instruments	-	-	-	-
Net gain/(loss) on derecognition of financial assets	-	-	-	-
Other Operating Income (net)	135,328	541,340	14,254,941	14,355,419
Total operating income	**2,003,968**	**1,857,995**	**299,584,146**	**212,294,434**
Impairment for loans and other losses	(66,744)	(111,250)	(13,265,779)	(8,481,761)
Net operating income	**1,937,224**	**1,746,744**	**286,318,367**	**203,812,673**
Personnel expenses	372,953	318,855	63,513,263	51,242,703
Depreciation and amortisation	26,152	24,193	16,354,003	13,612,998
Other expenses	172,049	140,321	92,900,105	61,927,034
Operating profit/(loss) before value added tax (VAT)	**1,366,070**	**1,263,375**	**113,550,996**	**77,029,938**
Value added tax (VAT) on financial services	309,114	260,029	-	-
Nation Building tax (NBT) on financial services	-	-	-	-
Profit/(loss) before tax	**1,056,957**	**1,003,346**	**113,550,996**	**77,029,938**
Tax expenses	432,214	389,275	55,793,580	42,631,608
Profit/(loss) for the period	**624,742**	**614,071**	**57,757,416**	**34,398,330**
Profit attributable to:				
Owners of the parent	624,742	614,071	57,676,040	34,070,087
Non-controlling interests	-	-	81,376	328,243
Earnings per share on profit				
Basic earnings per ordinary share	-	-	39.32	23.23
Diluted earnings per ordinary share	-	-	39.32	23.23

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

In Rupees Thousand	BANK (AUDITED) LKR 31/12/2023	BANK (AUDITED) LKR 31/12/2022	GROUP (AUDITED) PKR 31/12/2023	GROUP (AUDITED) PKR 31/12/2022
Profit/(loss) for the period	624,742	614,071	57,757,416	34,398,330
Other Comprehensive income, net of tax	-	-		
Changes in revaluation surpuls Actuarial gains and losses on defined benefit plans	(5,604)	4,066	438,637	79,834
Gains and losses (arising from translating the financial statements of foreign operation)	-	-	10,529,694	2,302,352
Excahnge differences & realization of on translation of foreign currency capital & reserve	(5,335)	22,147	-	-
Realisation of exchange equalisation of capital	-	-		
Revaluation Gain of Land and Buildings	77,548	-	-	-
Income tax on Other comprehensive Income	(52,193)	2,390	-	-
Share of surplus on revaluation of investments/operating fixed assets of associates	-	-	16,051,791	(48,332)
Gain/ (Loss) on revaluation of Investments	106,116	(30,975)	8,807,549	(23,812,780)
Deficit on revaluation of fixed assets	-	-	-	-
Other comprehensive income for the period, net of taxes	**120,532**	**(2,372)**	**35,827,671**	**(21,478,926)**
Total comprehensive income for the period	**745,274**	**611,700**	**93,585,087**	**12,919,404**
Attributable to:				
Owners of the parent	745,274	611,700	93,428,421	12,628,107
Non-Controlling interests	-	-	156,666	291,297

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

BANK (Audited)	Share capital	Reserves: Assigned capital	Reserves: Reserve fund	Reserves: Revaluation reserve	Reserves: Retained earnings	Reserves: Other reserves	Total equity
Balance as at 01/01/2023 (Opening balance)	-	4,938,390	115,929	199,090	1,851,919	39,784	7,145,113
Total comprehensive income for the year							
Profit/(loss) for the year	-	-	-	-	624,742	-	624,742
Other comprehensive income (Net of Tax)	-	-	-	-	(3,923)	68,946	65,023
							-
Total comprehensive income for the year	-	-	-	-	**620,819**	**68,946**	**689,766**
Transaction with equity holders, recognised directly in equity							
Share issue/increase of assigned capital	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-
Right issue	-	-	-	-	-	-	-
Revaluation Gain (Net of Tax)	-	-	-	55,508	-	-	55,508
Transfers to reserves during the period	-	-	31,237	-	(31,237)	-	-
Dividend to equity holders	-	-	-	-	-	-	-
profit transferred to head office	-	-	-	-	-	-	-
Profit capitalisation during the year	-	-	-	-	-	-	-
Total transaction with equity holders	-	-	**31,237**	**55,508**	**(31,237)**	-	**55,508**
Balance as at 31/12/2023 (Closing Balance)		**4,938,390**	**147,166**	**254,598**	**2,441,502**	**108,731**	**7,890,387**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER 2023

GROUP (Audited)	Share capital	Attributable to shareholders of the Bank: Reserves: Statutory: Joint venture and subsidiary	Statutory: Reserve fund	Capital: Exchange translation	Capital: Non distributable	Capital: On acquisition of common control entity	Surplus / (deficit) on Statutory revaluation of: Investments	Fixed / Non Banking Assets	Un appropriated profits	Sub Total	Non controlling interest	Total equity
Balance as at 01/01/2023 (Opening balance)	**14,668,525**	**2,523,824**	**43,130,076**	**41,727,023**	**547,115**	**(156,706)**	**(26,064,591)**	**27,299,960**	**178,467,639**	**282,142,865**	**2,878,949**	**285,021,814**
Total comprehensive income for the year									-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	-	-	57,676,040	57,676,040	81,376	57,757,416
Other comprehensive income (net of tax)	-	-	-	10,529,694	-	-	8,786,734	15,993,295	442,658	35,752,381	75,290	35,827,671
Total comprehensive income for the year	**14,668,525**	**2,523,824**	**43,130,076**	**52,256,717**	**547,115**	**(156,706)**	**(17,277,857)**	**43,293,255**	**236,586,337**	**375,571,286**	**3,035,615**	**378,606,901**
Transaction with equity holders, recognised directly in equity												
Transfers to reserves during the period	-	214,354	5,685,600	-	-	-	-	-	(5,899,954)	-	-	-
Trasferred from surplus on revaluation of assets - net of tax	-	-	-	-	-	-	-	(156,366)	156,366	-	-	-
Dividend to equity holders	-	-	-	-	-	-	-	-	(10,634,681)	(10,634,681)	-	(10,634,681)
Exchange gain realised on capital reduction in subsidiary under liquidation - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Exchange gain realised on partial repatriation of branch capital - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of additional interest in subsidiary	-	-	-	-	-	-	(7,097)	2,395	234,425	229,723	(229,723)	-
Derecognition of joint venture	-	(1,444,256)	-	(1,951,567)	-	-	2,993	-	1,441,263	(1,951,567)	-	(1,951,567)
Minority share of surpuls on revaluation of fixed assets of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Total transaction with equity holders	-	**(1,229,902)**	**5,685,600**	**(1,951,567)**	-	-	**(4,104)**	**(153,971)**	**(14,702,581)**	**(12,356,525)**	**(229,723)**	**(12,586,248)**
Balance as at 31/12/2023 (Closing Balance)	**14,668,525**	**1,293,922**	**48,815,676**	**50,305,150**	**547,115**	**(156,706)**	**(17,281,961)**	**43,139,284**	**221,883,756**	**363,214,761**	**2,805,892**	**366,020,653**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

Item	Bank (Audited) 2023 LKR	Bank (Audited) 2022 LKR	Group (Audited) 2023 PKR	Group (Audited) 2022 PKR
Cash Flow from Operating Activities				
Profit before tax	1,056,957	1,003,346	113,550,996	77,029,938
(Gain)/Loss on disposal of Property, plant & equipment	(127)	(1,350)	(48,681)	(42,024)
Share of profit of associates & joint venture	-	-	(4,422,695)	(3,028,453)
Depreciation & Amortisation	26,152	24,193	16,354,003	13,612,998
Provision for gratuity	11,492	8,259		
Impairment charge for Loans & advances	60,713	111,250	13,469,201	5,943,661
(Increase)/Decrease in Interest Receivable	-	-	-	-
Increase/ (Decrease) in interest payable	-	-	-	-
Increase/(Decrease) in accrued expenses	-	-	-	-
Impairment charge for Unfunded facilities and Investments	-	-	766,504	(622,951)
Gratuity payments made	(10,922)	(6,850)		
Other non cash items	12,546	(32,945)	7,627,375	5,037,045
Dividend income	(1,916)	(2,293)	(2,300,969)	(1,508,643)
Exchange loss on sub-ordinated loan/goodwill-net	-	-	(1,055,507)	(429,394)
Reversal against dimunution in the value of investments	-	-	(184,104)	3,851,708
Gain on derecognition of joint venture	-	-	(3,731,399)	-
Workers Welfare Fund	-	-	2,282,323	1,498,693
Operating Profit before changes in Operating Assets & Liabilities	**1,154,893**	**1,103,612**	**142,307,047**	**101,342,578**
(Increase)/Decrease in Operating Assets and Liabilities				
(Increase)/Decrease in Operating Assets	(327,341)	(1,987,638)	(188,928,229)	(330,799,956)
(Increase)/Decrease in Operating Liabilities	(431,381)	3,379,370	809,502,347	310,659,232
Net Cash from Operating Activities before Income Tax	**(758,722)**	**1,391,732**	**620,574,118**	**(20,140,724)**
Income Tax (Paid) / Refunds	(402,864)	(221,136)	(51,150,860)	(32,102,961)
Net Cash from Operating Activities	**(6,693)**	**2,274,208**	**711,730,305**	**49,098,893**
Cash Flow from Investing Activities				
Dividends Received	1,916	2,293	2,295,759	1,689,973
Purchase of Property & Equipment	(30,032)	(15,213)	(22,598,865)	(27,108,397)
Proceeds form Sale of Property Plant & Equipment	176	1,350	281,697	65,071
Net cash flows from purchase of financial investments	-	-	(413,680,517)	(182,610,109)
Net cash flows on business combination	-	-	-	-
Effect of translation of net investment in foreign branches, subsidiaries & associates	-	-	10,529,694	2,258,212
Net investment in associates	-	-	(450,925)	(2,819,460)
Net Cash from Investing Activities	**(27,940)**	**(11,571)**	**(423,623,157)**	**(208,524,710)**
Cash Flow from Financing Activities				
Proceed from issuance of subordinated loans	-	-	-	-
Excahnge adjustment on translation of non-controlling interest in subsidiarry	-	-	-	44,140
Issuance/ (Repayment) of surbordinated loan	-	-	825,000	6,500,000
Payment of Lease Liability against right of use	(15,644)	(15,331)	(9,970,218)	(6,786,722)
Dividend paid	-	-	(12,358,209)	(8,493,514)
	(15,644)	**(15,331)**	**(21,503,427)**	**(8,736,096)**
Net Increase/(Decrease) in Cash and Cash Equivalents	(50,277)	2,247,307	266,603,721	(168,161,913)
Non - Cash Adjustments				
Exchange difference on translation of foreign currency reserves	(5,335)	22,147	6,655,413	22,943,867
Cash and Cash Equivalents at Beginning of the year	2,706,590	437,136	330,872,995	482,746,454
Cash and Cash Equivalents at end of the period	**2,650,978**	**2,706,590**	**604,132,129**	**337,528,408**

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING) AS AT 31 DECEMBER 2023

Item	Bank - LKR 31/12/2023 (Audited)	Bank - LKR 31/12/2022 (Audited)
Regulatory Capital Adequacy		
Common Equity Tier 1 Rs. '000	6,912,007	5,876,267
Core Capital (Tier 1 Capital), Rs. '000	7,608,270	6,910,397
Total Capital Base, Rs. '000	7,130,401	6,016,977
Regulatory Capital Ratios		
Common Equity Tier 1 Capital (%) , (Minimum Requirement - 7%)	75.64%	54.13%
Tier 1 Capital Ratio (%) , (Minimum Requirement - 8.5%)	75.64%	54.13%
Total Capital Ratio (%) , (Minimum Requirement - 12.5%)	78.03%	55.42%
Leverage Ratio , (Minimum Requirement - 3%)	31%	30%
Regulatory Liquidity		
Statutory Liquid Assets, Rs.'000		
Domestic Banking unit	13,309,427	9,615,021
Off-Shore Banking Unit - USD	3,164	5,490
Statutory Liquid Assets Ratio (%) , (Minimum Requirement - 20%)		
Domestic Banking unit	200%	170%
Off-Shore Banking Unit	38%	44%
Total Stock of High Quality Liquidity Assets , Rs.'000	9,964,635	7,942,976
Liquidity Covereage Ratio (%) , (Minimum Requirement - 100%)		
Rupee (%)	987%	597%
All Currency (%)	346%	767%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	258%	190%
Assets Quality (Quality of Loan Portfolio)		
Gross Stage 3 Loans to Total Loans %	6.26%	4.64%
Stage 3 Impairment to Stage 3 Loans	100.00%	100.00%
Stage 3 (net of Stage 3 impairment) to Total Loans %	0.00%	0.00%
Profitability		
Interest Margin (%)	10.31%	7.77%
Return on Assets (before Tax) (%)	6.07%	6.30%
Return on Equity (%)	8.25%	8.81%

Statement of Compliance-with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended December 31, 2023

Habib Bank Limited (hereinafter referred to as 'the Bank') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") for the year ended December 31, 2023 in the following manner:

1. The total number of Directors is 8 as shown in the following table:

	Categories	Number of Directors
a.	Male Director*	7
b.	Female Director	1

* including the President & CEO, who is a Deemed Director under section 188 of the Companies Act, 2017

2. The composition of the Board of Directors is as follows:

Categories	Names of Directors
Independent Directors	Mr Salim Raza Ms. Saba Kamal Mr. Khaleel Ahmed
Non-Executive Directors	Mr. Sultan Ali Allana Mr. Shaffiq Dharamshi Mr. Moez Ahamed Jamal Dr. Najeeb Samie
Executive Director	Mr Muhammad Aurangzeb (President & Chief Executive Officer)
Female Director	Ms. Saba Kamal

3. The Directors have confirmed that none of them is serving as a Director on more than seven (7) 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 approved a Vision / Mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and the Regulations.

7. The meetings of the Board of directors were presided over by the Chairman of the Board and the Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations of SECP and SBP.

9. All Directors have either obtained required certification of SECP approved Directors' Training Programs (DTP) and/or stand exempted from such training, in accordance with the Regulations.

10. The Board has approved appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.

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

12. The Board has the following committees as of December 31, 2023 comprising of the members listed against each committee:

Name of Committee	Composition
a) Board Audit Committee (BAC)	1. Mr. Khaleel Ahmed, Chairman 2. Mr. Moez Ahamed Jamal, Member 3. Dr. Najeeb Samie, Member
b) Board Compliance and Conduct Committee (BCNC)	1. Mr. Moez Ahamed Jamal, Chairman 2. Mr. Shaffiq Dharamshi, Member 3. Mr. Khaleel Ahmed, Member
c) Board Development Finance Committee (BDFC)	1. Mr. Salim Raza, Chairman 2. Mr. Khaleel Ahmed, Member 3. Ms. Saba Kamal, Member 4. Mr. Muhammad Aurangzeb, Member
d) Board Human Resource & Remuneration Committee (BHR&RC)	1. Mr. Khaleel Ahmed, Chairman 2. Mr. Sultan Ali Allana. Member 3. Dr. Najeeb Samie, Member 4. Mr. Shaffiq Dharamshi, Member
e) Board IT Committee (BITC)	1. Ms. Saba Kamal, Chairperson 2. Mr. Moez Ahamed Jamal, Member 3. Mr. Salim Raza, Member
f) Board Risk Management Committee (BRMC)	1. Mr. Salim Raza, Chairman 2. Mr. Shaffiq Dharamshi, Member 3. Mr. Muhammad Aurangzeb, Member
g) Board Nomination and Remuneration Committee (BNRC)	1. Mr. Salim Raza, Chairman 2. Dr. Najeeb Samie, Member 3. Mr. Moez Ahamed Jamal, Member 4. Mr. Shaffiq Dharamshi, Member
h) Board Strategy Input & Monitoring Committee (BSIMC)	1. Mr. Sultan Ali Allana, Chairman 2. Mr. Moez Ahamed Jamal, Member 3. Dr. Najeeb Samie, Member 4. Ms. Saba Kamal, Member 5. Mr. Muhammad Aurangzeb, Member

13. The Terms of Reference of the aforesaid committees have been prepared, documented and advised to the committee for compliance.

14. The number of meetings of the Board Committees held during the year were as per the following table:

Name of Committee	Composition
a) Board Audit Committee	6
b) Board Compliance and Conduct Committee	6
c) Board Development Finance Committee	4
d) Board Human Resource and Remuneration Committee	4
e) Board IT Committee	4
f) Board Risk Management Committee	6
g) Board Nomination and Remuneration Committee	2
h) Board Strategy Input & Monitoring Committee	5

15. The Board has set up an effective Internal Audit function. The Internal Auditors are conversant with the policies and procedures of the Bank and are considered suitably qualified and experienced for the purpose.

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 (ICAP) and are registered with the 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 company.

17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, the 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.

Muhammad Aurangzeb
President & CEO

Sultan Ali Allana
Chairman

Date: February 23, 2024

We, the undersigned, being the officiating Country Manager and the Head of Finance of Habib Bank Limited certify jointly that :-
(a) The above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka
(b) The information contained in these statements have been extracted from the audited financial statements of the bank.
(c) Bank figures are reported in SLRs. while the Group figures are in Pak Rs. (US$ 1 = Pak. Rs. 282.114 as at 31 December 2023)
(d) Habib Bank Limited Was assigned rating of 'A' with a 'Stable' Outlook by Fitch Rating Lanka Ltd.

Sujeenie Gunasekera
Officiating Country Manager
27 March 2024

Fathima Zahara Mohamed
Head of Finance
27 March 2024