HABIB BANK
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ஹபீப் வங்கி

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

In Rupees Thousand	BANK (AUDITED) LKR 31/12/2022	BANK (AUDITED) LKR 31/12/2021	GROUP (AUDITED) PKR 31/12/2022	GROUP (AUDITED) PKR 31/12/2021
Assets				
Cash and cash equivalents	2,706,590	437,136	177,041,873	264,559,692
Balances with central banks	110,918	111,707	118,973,513	176,692,554
Placements with banks	2,121,872	1,203,927	296,106,309	158,180,507
Derivative financial instruments	12,083	-	3,639,550	8,951,592
Financial assets at amortised cost - Investments	3,168,145	3,192,294	380,979,487	337,642,414
Financial assets at amortised cost - Loans & Advances	5,070,000	2,445,131	1,782,497,923	1,507,047,097
Financial assets measured at fair value through other comprehensive income	4,154,908	5,915,386	1,527,789,658	1,576,225,204
Income Tax Receivable	-	-	-	-
Investments in associates and joint ventures			40,031,897	35,088,360
Property, plant and equipment	285,680	280,803	113,871,657	98,676,342
Goodwill and Intangible assets			18,422,200	12,630,475
ROU Asset	23,682	37,539		
Deferred tax assets	-	-	5,797,045	-
Other assets	176,531	88,517	173,654,999	141,773,908
Total assets	**17,830,409**	**13,712,440**	**4,638,806,111**	**4,317,468,145**
Liabilities				
Due to banks	6,988	142,334	-	-
Derivative financial instruments	-	22,704	-	-
Due to other customers	10,234,860	5,670,668	3,469,342,252	3,381,998,398
Borrowing	-	1,103,203	583,771,399	436,258,005
Current tax liabilities	244,412	42,347	13,362,266	7,690,809
Deferred tax liabilities	21,830	58,148	-	5,082,602
Employee benefit liabilities	41,312	43,969	6,689,292	8,424,335
Subordinated loan	-	-	18,874,000	12,374,000
Other liabilities	135,893	95,655	261,745,088	181,954,194
Total liabilities	**10,685,296**	**7,179,027**	**4,353,784,297**	**4,033,782,343**
Equity				
Stated capital/Assigned capital	4,938,390	4,938,390	14,668,525	14,668,525
Statutory reserve fund	115,929	85,226	45,653,900	42,159,040
Retained earnings	1,851,919	1,265,705	178,467,639	158,441,418
Other reserves	238,874	244,092	43,352,801	64,375,850
Total shareholders' equity	**7,145,113**	**6,533,413**	**282,142,865**	**279,644,833**
Non Controlling Interest	-	-	2,878,949	4,040,969
Total equity	**7,145,113**	**6,533,413**	**285,021,814**	**283,685,802**
Total equity and liabilities	**17,830,409**	**13,712,440**	**4,638,806,111**	**4,317,468,145**
Contingent liabilities and commitments	**7,634,794**	**7,677,972**	**1,205,402,450**	**1,380,523,022**
Memorandum Information				
Number of Employees	61	60	21,632	21,703
Number of Branches	4	4	1,746	1,685

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

In Rupees Thousand	BANK (AUDITED) LKR 31/12/2022	BANK (AUDITED) LKR 31/12/2021	GROUP (AUDITED) PKR 31/12/2022	GROUP (AUDITED) PKR 31/12/2021
Interest income	1,579,272	748,784	436,101,037	262,253,962
Interest expenses	341,874	164,872	270,538,340	130,834,913
Net interest income	**1,237,398**	**583,911**	**165,562,697**	**131,419,049**
Fee and commission income	79,257	14,207	31,510,143	25,433,355
Fee and commission expense	-	-	-	-
Net fee and commission income	**79,257**	**14,207**	**31,510,143**	**25,433,355**
Net gain/ (Loss) from trading	-	-	866,175	1,024,384
Net fair value gain/ (Loss) from financial instruments	-	-	-	-
Net gain/(loss) on derecognition of financial assets	-	-	-	-
Other Operating Income (net)	541,340	122,873	14,355,419	9,853,621
Total operating income	**541,340**	**122,873**	**15,221,594**	**10,878,005**
Impairment for loans and other losses	(111,250)	26,491	8,481,761	8,087,105
Net operating income	**1,746,744**	**747,482**	**203,812,673**	**159,643,304**
Personnel expenses	294,919	248,519	51,242,703	41,580,457
Depreciation and amortisation	24,193	25,252	11,760,648	10,353,966
Other expenses	164,258	101,474	63,779,384	45,680,970
Operating profit/(loss) before value added tax (VAT)	**1,263,375**	**372,236**	**77,029,938**	**62,027,911**
Value added tax (VAT) on financial services	260,029	77,575	-	-
Nation Building tax (NBT) on financial services	-	-	-	-
Profit/(loss) before tax	**1,003,346**	**294,661**	**77,029,938**	**62,027,911**
Tax expenses	389,275	102,701	42,631,608	26,521,038
Profit/(loss) for the period	**614,071**	**191,960**	**34,398,330**	**35,506,873**
Profit attributable to:				
Owners of the parent	614,071	191,960	34,070,087	35,021,853
Non-controlling interests	-	-	328,243	485,020
Earnings per share on profit				
Basic earnings per ordinary share	-	-	23.23	23.88
Diluted earnings per ordinary share	-	-	23.23	23.88

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

In Rupees Thousand	BANK (AUDITED) LKR 31/12/2022	BANK (AUDITED) LKR 31/12/2021	GROUP (AUDITED) PKR 31/12/2022	GROUP (AUDITED) PKR 31/12/2021
Profit/(loss) for the period	614,071	191,960	34,398,330	35,506,873
Other Comprehensive income, net of tax	-	-	-	-
Changes in revaluation surpuls Actuarial gains and losses on defined benefit plans	4,066	6,937	79,834	207,054
Gains and losses (arising from translating the financial statements of foreign operation)	-	-	2,302,352	5,550,804
Excahnge differences & realization of on translation of foreign currency capital & reserve	22,147	1,909	-	-
Realisation of exchange equalisation of capital	-	-		
Income tax on Other comprehensive Income	2,390	8,920	-	-
Share of surplus on revaluation of investments/operating fixed assets of associates	-	-	(48,332)	132,680
Gain/ (Loss) on revaluation of Investments	(30,975)	4,167	(23,812,780)	(10,857,466)
Deficit on revaluation of fixed assets	-	-	-	-
Other comprehensive income for the period, net of taxes	**(2,372)**	**21,934**	**(21,478,926)**	**(4,966,928)**
Total comprehensive income for the period	**611,700**	**213,894**	**12,919,404**	**30,539,945**
Attributable to:				
Owners of the parent	611,700	213,894	12,628,107	30,031,002
Non-Controlling interests	-	-	291,297	508,943

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

BANK (Audited)	Share capital	Reserves: Assigned capital	Reserves: Reserve fund	Reserves: Revaluation reserve	Reserves: Retained earnings	Reserves: Other reserves	Total equity
Balance as at 01/01/2022 (Opening balance)	-	4,938,390	85,226	211,452	1,265,705	32,640	6,533,413
Total comprehensive income for the year							
Profit/(loss) for the year	-	-	-	-	614,071	-	614,071
Other comprehensive income (net of tax)	-	-	-	(12,362)	2,846	7,144	(2,372)
							-
Total comprehensive income for the year	-	-	-	**(12,362)**	**616,918**	**7,144**	**611,700**
Transaction with equity holders, recognised directly in equity							
Share issue/increase of assigned capital	-	-	-	-	-	-	-
Share options exercised	-	-	-	-	-	-	-
Bonus issue	-	-	-	-	-	-	-
Right issue	-	-	-	-	-	-	-
Transfers to reserves during the period	-	-	30,704	-	(30,704)		-
Dividend to equity holders	-	-	-	-	-	-	-
profit transferred to head office	-	-	-	-	-	-	-
Profit capitalisation during the year	-	-	-	-	-	-	-
Total transaction with equity holders	-	-	**30,704**	-	**(30,704)**	-	-
Balance as at 31/12/2022 (Closing Balance)	-	**4,938,390**	**115,929**	**199,090**	**1,851,919**	**39,784**	**7,145,113**

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST DECEMBER 2022

GROUP (Audited)	Share capital	Reserves: Assigned capital	Reserves: Reserve fund	Reserves: Revaluation reserve	Reserves: Retained earnings	Reserves: Other reserves	Total	Non controlling interest	Total equity
Balance as at 01/01/2022 (Opening balance)	**14,668,525**	-	**42,159,040**	**27,608,578**	**158,441,418**	**36,767,272**	**279,644,833**	**4,040,969**	**283,685,802**
Total comprehensive income for the year					-		-	-	-
Profit/(loss) for the year	-	-	-	-	34,070,087	-	34,070,087	328,243	34,398,330
Other comprehensive income (net of tax)	-	-	-	(45,251)	98,490	(21,495,219)	(21,441,980)	(36,946)	(21,478,926)
Total comprehensive income for the year	**14,668,525**	-	**42,159,040**	**27,563,327**	**192,609,995**	**15,272,053**	**292,272,940**	**4,332,266**	**296,605,206**
Transaction with equity holders, recognised directly in equity									
Transfers to reserves during the period	-	-	3,494,860	-	(3,494,860)	-	-	-	-
Trasferred from surplus on revaluation of assets - net of tax	-	-	-	(71,979)	72,970	-	991	(991)	-
Dividend to equity holders	-	-	-	-	(11,001,394)	-	(11,001,394)	-	(11,001,394)
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	-	-	-	3,726	280,928	585,674	870,328	(1,452,326)	(581,998)
Total transaction with equity holders	-	-	**3,494,860**	**(68,253)**	**(14,142,356)**	**585,674**	**(10,130,075)**	**(1,453,317)**	**(11,583,392)**
Balance as at 31/12/2022(Closing Balance)	**14,668,525**	-	**45,653,900**	**27,495,074**	**178,467,639**	**15,857,727**	**282,142,865**	**2,878,949**	**285,021,814**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

Item	Bank (Audited) 2022 LKR	Bank (Audited) 2021 LKR	Group (Audited) 2022 PKR	Group (Audited) 2021 PKR
Cash Flow from Operating Activities				
Profit before tax	1,003,346	294,661	77,029,938	62,027,911
(Gain)/Loss on disposal of Property, plant & equipment	(1,350)	(1,084)	(42,024)	(95,639)
Share of profit of associates & joint venture	-	-	(3,028,453)	(2,585,595)
Depreciation & Amortisation	24,193	25,252	13,612,998	11,415,001
Provision for gratuity	8,259	7,633		
Impairment charge for Loans & advances	111,250	(26,491)	5,943,661	7,645,044
(Increase)/Decrease in Interest Receivable	-	-	-	-
Increase/ (Decrease) in interest payable	-	-	-	-
Increase/(Decrease) in accrued expenses	-	-	-	-
Impairment charge for Unfunded facilities and Investments	-	-	(622,951)	1,663,398
Gratuity payments made	(6,850)	(6,292)		
Other non cash items	(32,945)	28,817	5,037,045	4,490,500
Dividend income	(2,293)	(2,560)	(1,508,643)	(913,769)
Exchange loss on sub-ordinated loan/goodwill-net	-	-	(429,394)	(491,239)
Reversal against dimunution in the value of investments	-	-	3,851,708	(1,258,723)
Workers Welfare Fund	-	-	1,498,693	1,273,226
Operating Profit before changes in Operating Assets & Liabilities	**1,103,612**	**319,938**	**101,342,578**	**83,170,115**
(Increase)/Decrease in Operating Assets and Liabilities				
(Increase)/Decrease in Operating Assets	(1,987,638)	(2,860,512)	(330,799,956)	(462,055,167)
(Increase)/Decrease in Operating Liabilities	3,379,370	2,196,256	310,659,232	457,546,605
Net Cash from Operating Activities before Income Tax	**1,391,732**	**(664,256)**	**(20,140,724)**	**(4,508,562)**
Income Tax (Paid) / Refunds	(221,136)	(20,000)	(32,102,961)	(26,199,570)
Net Cash from Operating Activities	**2,274,208**	**(364,318)**	**49,098,893**	**52,461,983**
Cash Flow from Investing Activities				
Dividends Received	2,293	2,560	1,689,973	743,582
Purchase of Property & Equipment	(15,213)	(4,309)	(27,108,397)	(16,573,306)
Proceeds form Sale of Property Plant & Equipment	1,350	2,177	65,071	344,881
Net cash flows from purchase of financial investments	-	-	(182,610,109)	59,674,749
Net cash flows on business combination	-	-	-	-
Effect of translation of net investment in foreign branches, subsidiaries & associates	-	-	2,258,212	5,465,689
Net investment in associates	-	-	(2,819,460)	(857,866)
Net Cash from Investing Activities	**(11,571)**	**427**	**(208,524,710)**	**48,797,729**
Cash Flow from Financing Activities				
Proceed from issuance of subordinated loans	-	-	-	-
Excahnge adjustment on translation of non-controlling interest in subsidiarry	-	-	44,140	85,115
Issuance/ (Repayment) of surbordinated loan	-	-	6,500,000	(9,982,000)
Payment of Lease Liability against right of use	(15,331)	(19,451)	(6,786,722)	(6,631,300)
Dividend paid	-	-	(8,493,514)	(10,855,155)
	(15,331)	**(19,451)**	**(8,736,096)**	**(27,383,340)**
Net Increase/(Decrease) in Cash and Cash Equivalents	2,247,307	(383,342)	(168,161,913)	73,876,371
Exchange difference on translation of foreign currency reserves	22,147	1,909	22,943,867	9,212,126
Cash and Cash Equivalents at Beginning of the year	437,136	818,568	482,746,454	422,601,823
Cash and Cash Equivalents at end of the period	**2,706,590**	**437,136**	**337,528,408**	**505,690,321**

Statement of Compliance-with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended December 31, 2022

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, 2022 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 an Executive Director.

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

Categories	Names of Directors
Independent Directors	1- Mr Salim Raza 2- Ms. Saba Kamal 3- Mr. Khaleel Ahmed
Non-Executive Directors	4- Mr. Sultan Ali Allana 5- Mr. Shaffiq Dharamshi 6- Mr. Moez Ahamed Jamal 7- Dr. Najeeb Samie
Executive Director	8- Mr Muhammad Aurangzeb

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, 2022 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 Oversight Committee - International Governance (BOC-IG)*	1. Mr. Sultan Ali Allana, Chairman 2. Dr. Najeeb Samie, Member 3. Mr. Muhammad Aurangzeb, Member
g) Board Risk Management Committee (BRMC)	1. Mr. Salim Raza, Chairman 2. Mr. Shaffiq Dharamshi, Member 3. Mr. Muhammad Aurangzeb, Member
h) Board Nomination and Remuneration Committee (BNRC)	1. Mr. Salim Raza, Member 2. Dr. Najeeb Samie, Member 3. Mr. Moez Ahamed Jamal, Member 4. Mr. Shaffiq Dharamshi, Member
i) 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	8
b) Board Compliance and Conduct Committee	8
c) Board Development Finance Committee	4
d) Board Human Resource and Remuneration Committee	6
e) Board IT Committee	4
f) Board Oversight Committee - International Governance*	2
g) Board Risk Management Committee	6
h) Board Nomination and Remuneration Committee	4
i) Board Strategy Input & Monitoring Committee**	-

* Dissolved in September 2022
** Formed in October 2022

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 24, 2023

SELECTED PERFORMANCE INDICATORS (AS PER REGULATORY REPORTING) AS AT 31 DECEMBER 2022

Item	Bank - LKR 31/12/2022 (Audited)	Bank - LKR 31/12/2021 (Audited)
Regulatory Capital Adequacy		
Common Equity Tier 1 Rs. '000	5,876,267	6,229,717
Core Capital (Tier 1 Capital), Rs. '000	6,910,397	6,289,322
Total Capital Base, Rs. '000	6,016,977	6,279,278
Regulatory Capital Ratios		
Common Equity Tier 1 Capital (%) , (Minimum Requirement - 7%)	54.13%	106.46%
Tier 1 Capital Ratio (%) , (Minimum Requirement - 8.5%)	54.13%	106.46%
Total Capital Ratio (%) , (Minimum Requirement - 12.5%)	55.42%	107.30%
Leverage Ratio , (Minimum Requirement - 3%)	30%	43%
Regulatory Liquidity		
Statutory Liquid Assets, Rs.'000		
Domestic Banking unit	9,615,021	8,488,738
Off-Shore Banking Unit - USD	5,490	17,909
Statutory Liquid Assets Ratio (%) , (Minimum Requirement - 20%)		
Domestic Banking unit	170%	84%
Off-Shore Banking Unit	44%	126%
Total Stock of High Quality Liquidity Assets , Rs.'000	7,942,976	8,611,039
Liquidity Covereage Ratio (%) , (Minimum Requirement - 100%)		
Rupee (%)	597%	3440%
All Currency (%)	767%	783%
Net Stable Funding Ratio (%) - (Minimum Requirement - 100%)	190%	240%
Assets Quality (Quality of Loan Portfolio)		
Gross Stage 3 Loans to Total Loans %	4.64%	7.54%
Stage 3 Impairment to Stage 3 Loans	100.00%	22.28%
Stage 3 (net of Stage 3 impairment) to Total Loans %	0.00%	0.51%
Profitability		
Interest Margin (%)	7.77%	4.20%
Return on Assets (before Tax) (%)	6.30%	2.70%
Return on Equity (%)	8.81%	5.70%

We, the undersigned, being the Regional General Manager Sri Lanka & Maldives 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 unaudited financial statements of the bank unless indicated as audited
(c) Bank figures are reported in SLRs. while the Group figures are in Pak Rs. (US$ 1 = Pak. Rs. 226.7029 as at 31 December 2022)
(d) Habib Bank Limited Was assigned rating of 'A+'(A Plus) with a 'Stable' Outlook by ICRA Lanka

Wajid Ali Shah
RGM Sri Lanka / Maldives
30 March 2023

Fathima Zahara Mohamed
Head of Finance
30 March 2023