



(Incorporated in Switzerland 1967)

Habib Bank AG Zurich

Interim Report 2024

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Group key figures

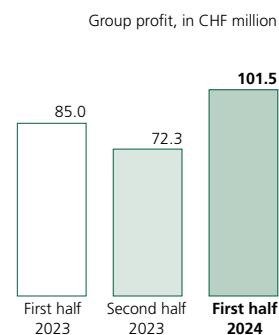
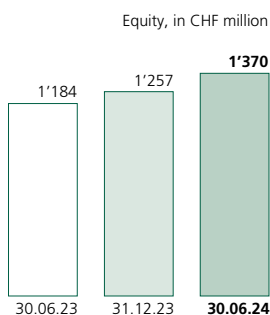
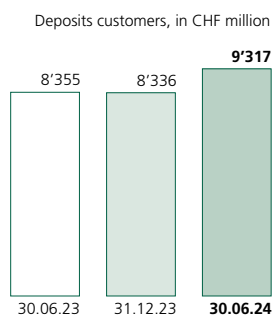
in CHF million	30.06.23	31.12.23	30.06.24	Changes in % to 31.12.23
Balance sheet				
Total assets	10'902	11'334	12'151	7.2%
Equity	1'184	1'257	1'370	9.0%
Advances customers	3'450	3'299	3'691	11.9%
Deposits customers	8'355	8'336	9'317	11.8%

in CHF million	First half 2023	Second half 2023	First half 2024	Changes in % to first half 2023
Income statement				
Total income ¹	270.0	329.5	341.9	26.6%
Operating expenses	-123.7	-131.5	-134.5	8.7%
Operating result	134.6	195.8	199.2	48.0%
Group profit	85.0	72.3	101.5	19.5%

in CHF million	30.06.23	31.12.23	30.06.24	Changes in % to 31.12.23
Key figures and ratios				
Number of offices	557	561	581	3.6%
Number of employees	7'563	7'629	7'636	0.1%
Return on equity (ROE) ²	14.2%	12.8%	15.5%	
Equity ratio	10.9%	11.1%	11.3%	
Cost / income ratio	45.8%	42.6%	39.3%	
Capital ratio	16.8%	19.5%	18.5%	
Liquidity coverage ratio (half-yearly / yearly weighted)	138.6%	128%	129.3%	
Leverage ratio	9.1%	9.6%	9.2%	

¹ Including "Gross result from interest operations", "Result from commission business and services", "Result from trading activities and the fair value option" and "Other result from ordinary activities"

² Group profit as percentage of equity of average at year end



Purely for ease of reading, the masculine form used in this document is intended to refer to both genders.

This consolidated financial reporting is published in English only.

Due to rounding, the numbers presented in this report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. Mathematical rules of "%-change" in the tables in this report: deviations greater than +/-500.0% will be shown as ">500%" or ">-500%".

Letter to shareholders

Dear fellow shareholders,

In the first half of this year, we saw an overall positive development of world-wide economic growth. Inflation, which was persistently high in 2023, was now gradually subsiding in most regions, to the extent that some central banks – including those in Switzerland, Canada and Pakistan – deemed it prudent to start easing their monetary policies. Despite some remaining challenges, such as adverse currency movements and regulatory pressure to raise capital levels, banks did generally well, notably in the second quarter of this year.

Against this mostly accommodating economic backdrop, and even with some challenges our business had to contend with locally, we achieved remarkable results once more. While our gross result from interest operations remained essentially stable, Group profit increased by 19.5% to CHF 101.5 million.

While interest margins remained favorable, our strong revenue performance was primarily owed to the increase in our business volumes. This allowed us to deliver consistently solid financial results despite an overall increase in our operating expenses, which was down to employee compensation adjustments as well as higher prices for goods and services.

Earlier this year, we released our first ESG Report for the year 2023. We recognize the impact of our operations on the environment and stakeholders, and this report was the first consolidated disclosure of the sustainability, equity and diversity of our business activities. Our ESG report for 2024 will include new disclosure on climate-related risks and opportunities – as required by the TCFD – as well as our respective ambitions, targets and plans.

Looking ahead, we are cautiously optimistic that – by the grace of God – we will proceed on this path of success for the remainder of the year, on the back of a sustained favorable interest rate environment and general business growth.

We wish to thank all our employees for their relentlessly dedicated work and our esteemed clients for their continued trust and loyalty – both of which are at the heart of the overall success of Habib Bank AG Zurich.

Dr. Andreas Länzlinger
Chairman of the Board of Directors

Muhammad H. Habib
President

Mohamedali R. Habib
Group CEO

Corporate governance

Corporate governance Principles

Habib Bank AG Zurich is committed to responsible, value-oriented management and control. Habib Bank AG Zurich complies with all relevant Swiss legal and regulatory requirements in terms of corporate governance. The governance documents of

Habib Bank AG Zurich constitute primary guidelines regarding corporate governance and are based on Article 716b of the Swiss Code of Obligations and the Articles of Association of Habib Bank AG Zurich.

Board of Directors

The Board of Directors has ultimate oversight over Habib Bank AG Zurich and its subsidiaries. Under the leadership of its Chairman, it decides on the strategy of the Group based on the recommendations of General Management. It is responsible for the overall direction, management, control and financial reporting of the Group as well as for supervising compliance with applicable laws, rules and regulations.

The Board of Directors shall be composed of five or more members, who are individually elected at the Annual General Meeting. It is made up of non-executive and independent directors, all of whom have extensive experience in their respective fields of competence.

Members of the Board of Directors

Name	Board of Directors	Audit Committee	Risk & Control Committee
Dr. Andreas Länzlinger	Chairman		Member
Urs W. Seiler	Vice-Chairman	Member	Member
Roland Müller-Ineichen	Member	Chairman	
Michael Schneeбели	Member	Member	Chairman
Ursula Suter	Member		Member
Raymond De Barro	Secretary	Secretary	Secretary



Dr. Andreas Länzlinger Swiss, born 1959
Chairman of the Board of Directors
(since 2013)
Member of the Risk & Control Committee
(since 2018)

Professional history and education

Andreas Länzlinger was elected to the Board of Directors of Habib Bank AG Zurich at the 2008 Annual General Meeting. He has been Chairman of the Board of Directors since 2013. He became a member of the Risk & Control Committee in 2018.

Prior to and since joining the Board of Directors of Habib Bank AG Zurich, Andreas Länzlinger has regularly represented and advised a number of Swiss banks in civil, criminal and regulatory matters, including in matters relating to FINMA supervision. He has conducted internal investigations, some under the indirect supervision of FINMA, at various Swiss financial institutions. His experience includes representing clients before foreign authorities (mainly in regulatory or criminal matters, with a focus on US authorities including the DOJ, SEC, Fed and FDIC). He has advised corporate clients in matters of compliance and corporate governance and holds various teaching engagements in this field. Andreas Länzlinger completed his studies in Law from the University of Zurich in 1983 and was admitted to the Zurich Bar in 1986. He received his Doctorate in Law (Dr. iur.) from the University of Zurich in 1992.

Mandates:

- Partner at Bär & Karrer AG
- Board of Administrators of The Posen Foundation, a Swiss charitable Institution supporting education, science and cultural endeavors on a global basis
- Board of Administrators of The Cartago Foundation, a Swiss charitable institution supporting education, science and cultural endeavors in South America



Urs W. Seiler Swiss, born 1949
Vice-Chairman of the Board of Directors (since 2015)
Member of the Audit Committee (since 2013)
Member of the Risk & Control Committee (since 2013)

Professional history and education

Urs Seiler was elected to the Board of Directors of Habib Bank AG Zurich at the 2012 Annual General Meeting and was appointed Vice-Chairman of the Board in April 2015. He became a member of the Audit Committee and member of the Risk and Control Committee in 2013.

From 2002 to 2012 Urs Seiler was a founding partner of Bugmann, Stocker, Seiler Capital Partners AG (based in Zurich), a company providing advisory services in the areas of capital markets, finance, general management consulting, real estate and corporate restructuring, including the take-over of directorships. He was Chairman of the Board of Directors of PBS Private Bank Switzerland Ltd. (he stepped down from this function in 2002). He was a member of the Board at the Republic New York Corporate (New York) and a member of the Executive Committee of the Republic Bank of New York (Switzerland) from 1998 to 1999. Prior to that, he spent 15 years at UBS AG, holding various top executive and senior management positions, including: Executive Vice President International, Chairman Emerging Markets (Europe, Africa, Middle East), and a member of the Group Management Board (he stepped down from this function in 1998). From 1970 to 1984 he worked for Credit Suisse (Zurich), serving as Vice-President in the foreign exchange division. He began his career at Bank of Nova Scotia (Toronto). His banking career has also included teaching as a lecturer at the Swiss Finance Institute in Zurich from 1986 to 1991. Urs Seiler completed his studies as a Swiss Certified Banking Expert in 1968.



Roland Müller-Ineichen Swiss, born 1960
Member of the Board of Directors (since 2018)
Chairman of the Audit Committee (since 2018)

Professional history and education

Roland Müller-Ineichen was elected to the Board of Directors of Habib Bank AG Zurich at the 2018 Annual General Meeting and was appointed as Chairman of the Audit Committee.

Since 2009 Roland Müller-Ineichen has served as an independent director on the board of directors of multiple Swiss and foreign companies and has developed and further enhanced his thorough understanding of corporate governance and the strategic and operating challenges of today's banking industry. Prior to that, he worked for 12 years as lead partner in charge of financial and regulatory audits of national and international banks, securities dealers and fund management companies in the audit department of KPMG in Zurich. He joined KPMG Fides Peat in 1995 as Senior Manager and became a partner of KPMG Switzerland in 1998 and of KPMG Europe in 2006. Before joining KPMG, he progressed through various senior audit and executive management roles at Swiss-based financial institutions. His experience in the financial and banking services industry provides the Board of Directors with valuable strategic, financial and banking business insights and comprehensive corporate governance and accounting expertise. Roland Müller-Ineichen is recognised as an audit expert by the Swiss Audit Oversight Authority (FAOA) and is a qualified financial expert. Roland Müller-Ineichen is a Swiss Certified Public Accountant and has been a member of EXPERTsuisse since 1990.

Mandates:

- Member of the Board of Directors of Altisource, Luxembourg/USA
- Member of the Board of Directors of ONE Swiss Bank, Geneva
- Member of the Board of Directors of SWA Swiss Auditors AG, Pfäffikon SZ



Michael Schneeбели Swiss, born 1970
 Member of the Board of Directors (since 2021)
 Member of the Audit Committee (since 2022)
 Chairman of the Risk & Control Committee (since April 2024)

Professional history and education

Michael Schneeбели was elected to the Board of Directors of Habib Bank AG Zurich at the 2021 Annual General Meeting. He became a member of the Audit Committee in 2022 and Chairman of the Risk & Control Committee in April 2024.

Since 2019 Michael Schneeбели has been a partner of a renowned consulting firm in Switzerland, focusing on consulting in banking with particular strength and expertise on anti-money laundering, compliance, risk management, internal control frameworks and corporate governance. His advisory spectrum also includes new financial technologies (blockchain) and digital means of payment (cryptocurrencies). Prior to that, he worked for 10 years as lead auditor for various national and international banks, securities dealers and fund management companies in the audit department of KPMG in Zurich. He joined KPMG in 2007 as Director and became a partner of KPMG Switzerland in 2009. Before joining KPMG, he progressed through various senior audit and executive management roles at Swiss-based financial institutions and another big six consulting firm. His experience in the financial and banking services industry provides the Board of Directors with valuable strategic, compliance, risk and digital banking business insights and comprehensive corporate governance and accounting expertise. Michael Schneeбели is a Swiss Certified Public Accountant and has been a member of EXPERTsuisse since 2001.

Mandates:

- Vice-Chairman of the Board of Directors and Chairman of the Audit and Risk Committee of Citibank (Switzerland) AG, Zurich
- Member of the Board of Directors and Partner of gw&p AG Financial Services Advisory
- Member of the Board of Directors of gw&p AG Compliance Services



Ursula Suter Swiss, born 1954
 Member of the Board of Directors (since 2012)
 Member of the Risk & Control Committee (since April 2024)

Professional history and education

Ursula Suter was elected to the Board of Directors of Habib Bank AG Zurich at the 2012 Annual General Meeting and has been Chairwoman of the Risk & Control Committee since its inception in 2013 until April 2024.

Ursula Suter spent most of her professional career with UBS. She was General Counsel of the Wealth Management & Business Banking Division from 2002 to 2009 with global responsibilities. Prior to that, she held various positions as legal counsel. Since 1992, she has served as a judge at the Commercial Court of the Canton of Zurich. In 2011, she became a founding partner of LCR Services AG, a firm providing legal, compliance and regulatory services for financial institutions. Ursula Suter completed her studies in Law at the University of Bern in 1979 and was admitted to the bar in the same year.

Elections and terms of office

In accordance with the Articles of Association, all members of the Board of Directors are elected individually at the Annual General Meeting. The members of the Board of Directors are elected for a period of three years (the period from one ordinary Annual General Meeting to the next is considered to be one year). The members of the Board of Directors may be re-elected. The Board of Directors constitutes itself. It elects from among its members the Chairperson and one or several Vice-Chairpersons. The term of office for the Chairperson and Vice-Chairpersons coincides with the term of office as member of the Board of Directors. The Board of Directors appoints the members of the Board of Directors committees, their respective chairpersons and the Group Company Secretary. At least one third of the members of the Board of Directors must meet the independence criteria.

Organisational principles and structure

According to the Articles of Association and the Organisational Regulations, the Board of Directors meets as often as business requires, but at least four times per year. At every Board of Directors meeting, the President and the Group CEO provide the Board of Directors with a business update, and each committee chairperson provides the Board of Directors with an update on current activities of his or her committee as well as important committee issues. At least once per year, the Board of Directors reviews its own performance as well as the performance of each of its committees. This review seeks to determine whether the Board of Directors and its committees are functioning effectively. The committees (listed on page 4) assist the Board of Directors in the performance of its duties.

General Management

Habib Bank AG Zurich operates under a dual board structure, as mandated by Swiss banking law, which stipulates that no members of the Board of Directors may be members of General Management. The Board of Directors delegates the management of the business to General Management and General Management comprises at least three members appointed by the Board of Directors.

Under the leadership of the Group CEO, General Management is entrusted with management and planning of the activities of the Group with respect to organisation, business development and expansion. General Management is responsible for the direction of day-to-day operations of the Group and bears overall responsibility for decisions and instructions issued in this regard.

Members of General Management

General Management consists of two members of the Habib family and five non-family members. The majority of the members of General Management have residency in Switzerland.

Name	Function
Muhammad H. Habib	President
Mohamedali R. Habib	Group CEO
Rajat Garg	Member of General Management and Head of Developed Markets
Anjum Iqbal	Member of General Management and Head of Emerging Markets
Walter Mathis	Member of General Management and Head of Shared Services
Mohsin A. Nathani	Member of General Management and Head of Asian Markets & Canada
Arif Usmani	Member of General Management and Group Chief Risk Officer



Muhammad H. Habib Swiss, born 1959
President

Professional history and education

Muhammad H. Habib became a member of General Management at Habib Bank AG Zurich in 1992. He was appointed President & Chief Executive Officer in February 2011.

Muhammad H. Habib's career in banking comprises close to four decades of experience. He began his career in 1981 in Dubai, where he went through extensive training in order to gain the expertise, nuanced understanding, and enhanced knowledge of managing a bank and navigating the financial industry. This was an enriching journey spanning 11 years. In 1992, he joined the General Management team. His responsibilities encompassed UAE, Africa, UK, North America, and Switzerland. Under his leadership, the Bank has expanded into several new territories, including South Africa (1995) and Canada (2001). In 1996, he was promoted to the position of Joint President, and subsequently became the President of the Bank. Muhammad H. Habib completed his studies at the College de Leman in Geneva, Switzerland, and earned his degree in Business Administration from Babson College in Wellesley, Massachusetts (USA).



Mohamedali R. Habib Canadian, born 1964
Group CEO

Professional history and education

Mohamedali R. Habib became a member of General Management serving as Joint President of Habib Bank AG Zurich and Divisional Head responsible for the entire banking business in Asia in 2011 and was appointed Group Chief Executive Officer in 2016.

Mohamedali R. Habib has served at Metropolitan Bank since 1999 and in 2004, was appointed as the Executive Director and served till 2011. Thereafter he continued as non-executive director. Mohamedali R. Habib was appointed as a Director and Chairman of the Board of Habib Bank AG Hong Kong in November 2006. In 2016 he was elected as Chairman of the Board of Directors of Habib Metropolitan Bank Limited, a subsidiary of Habib Bank AG Zurich. Between 2012 and 2016 he has also served as a member of the Board of Directors of HBZ Bank Limited, another subsidiary of Habib Bank AG Zurich based in South Africa. Before joining Habib Bank AG Zurich, in 1996, he worked in the corporate sector for 10 years in various executive roles as well as certain Board of Directors level positions. Mohamedali R. Habib graduated in Business Management – Finance from Clark University, Massachusetts (USA) in 1987. He holds a post-graduate diploma in General Management from Stanford – National University of Singapore and is qualified as a Certified Director from the Pakistan Institute of Corporate Governance, Pakistan.



Rajat Garg Singaporean, born 1963
Member of General Management and
Head of British Market

Professional history and education

Rajat Garg became a member of General Management of Habib Bank AG Zurich and Regional CEO for Developed Markets in April 2016. He is responsible for the British Market.

Before joining Habib Bank AG Zurich, Rajat Garg worked for Citibank for 26 years in a number of different areas of commercial banking and wealth management across multiple geographies in Asia, Middle East and Europe. He was Head of Retail Banking & Wealth Management for the Europe, Middle East & Africa region from 2008 to 2015, with oversight for 16 countries (based in London). Prior to that, he served as Country Business Manager for Citibank Türkiye (based in Istanbul) and as Cards Business Head for Saudi American Bank (based in Riyadh). Between 2001 and 2003 he served as Regional CFO for Citibank Asia Cards, covering 12 countries (based out of Singapore). Prior to that, from 1997 to 2001, he helped start up and establish the Citibank Non Resident Indian Wealth Management Business, which operated from 15 cities globally (based out of Singapore). From 1989 to 1997 he served in various positions with Citibank India, notably in Risk Management, Finance and Business Planning. He started his professional career in 1989 as a Management Associate with Citibank. Rajat Garg holds an MBA from the Indian Institute of Management Calcutta and a Bachelor of Technology in Civil Engineering from the Indian Institute of Technology Kanpur.



Anjum Iqbal British, born 1952
Member of General Management and
Head of Emerging Markets

Professional history and education

Anjum Iqbal became a member of General Management of Habib Bank AG Zurich and Regional CEO for Emerging Markets in February 2016. He oversees the banks’ operations in Africa, consisting of the branch in Kenya and subsidiary in the South Africa. He is also a member of the Group Credit Management Committee (GCMC). He joined Habib Bank AG Zurich in late 2008 as the President and Chief Executive Officer of Habib Metropolitan Bank Ltd. (Pakistan) before being transferred to London in January 2012 where he was appointed Chief Executive Officer to lead operations in the UK (until 2015).

Prior to joining Habib Bank AG Zurich, Anjum Iqbal worked with Citigroup for more than 30 years, holding various senior management positions across different geographical regions including Pakistan, Greece, Lebanon, Venezuela, Turkey, Belgium, South Africa, UAE and the UK. In his last role with Citigroup he was Managing Director responsible for the EMEA Commercial Banking Group in London. Anjum Iqbal holds a Bachelor’s degree in commerce from the University of Karachi and holds a Master’s degree in business administration (MBA) in Marketing and Finance from the Institute of Business Administration (IBA), University of Karachi, Pakistan.



Walter Mathis Swiss, born 1961
Member of General Management and
Head of Shared Services

Professional history and education

Walter Mathis became a member of General Management of Habib Bank AG Zurich and Head of Shared Services in August 2013 and was a member of the Board of Directors of Habib Bank AG Zurich from 2012 until 2013.

Walter Mathis has worked in the financial industry for over 40 years and has held management positions in international financial institutions and consultancy firms. Before joining Habib Bank AG Zurich, he worked for 15 years for Synergis Consulting Ltd., a consultancy boutique for the financial industry, which he co-founded. Prior to that, he was a Member of Management and Head of Controlling at Banca del Gottardo in Lugano, where he was employed for six years. From 1988 to 1992 he worked for Peat, International Consultants Ltd. (KPMG), where he built up and headed – as Partner – the financial service consultancy in Geneva. Walter Mathis started his professional career with Credit Suisse, working for five years in various positions and locations. He was a member of the Expert Commission Financial Market Regulation and Accounting of the Swiss Bankers Association as a representative (from 1996 – 1998 and 2013 – 2015) of the Association of Foreign Banks in Switzerland. Walter Mathis holds a Bachelor of Arts (BA) in economics. In 1987 he graduated from the University of Applied Sciences of Zurich, and is a graduate of the Executive Program from the Swiss Finance Institute of Zurich.



Mohsin Ali Nathani Canadian, born 1965
Member of General Management and Head
of Asian Markets & Canada

Professional history and education

Mohsin Ali Nathani became a member of General Management of Habib Bank AG Zurich and Head of Asian Markets & Canada in June 2024. He also serves on the Board of Directors of three subsidiaries of Habib Bank AG Zurich – Habib Metropolitan Bank Ltd. (Pakistan), Habib Canadian Bank and Habib Bank Zurich (HK) Ltd. Mohsin has over 30 years of banking experience in the Middle East, Africa, South Asia, Asia Pacific and Levant regions, where he has held various leadership positions with responsibilities in areas such as corporate banking, Islamic banking, credit, treasury and syndications.

From 2018 to 2023, Mohsin was the President & CEO at Habib Metropolitan Bank Ltd. Prior to this, he served at Standard Chartered as CEO in Pakistan, and later in the UAE where he was approved by the UK Financial Services Authority for “Significant Influence Function”. Between 2007 and 2010, he was the Commercial Banking Director (Emerging Markets) at Barclays UAE, and subsequently, the Country Head & Managing Director at Barclays Pakistan. Between 2000 and 2007, Mohsin was engaged by Citigroup Hong Kong as Co-Head of Asia Debt Markets and later by Citigroup Dubai as Regional Head of Corporate Banking (Middle East, Pakistan & Levant) and CEO Global Islamic Banking. From 1993 to 2000, Mohsin held various senior roles at ABN AMRO in Singapore and Pakistan. Mohsin Ali Nathani holds a Master in Business Administration from the Institute of Business Administration (IBA) Karachi



Arif Usmani Pakistani, born 1957
Member of General Management and
Group Chief Risk Officer

Professional history and education

Arif Usmani became a member of General Management of Habib Bank AG Zurich in August 2023 as Group Chief Risk Officer responsible for the risk management organisation and the risk management framework for all risk classes across the Group. He joined Habib Bank AG Zurich in November 2022.

Arif Usmani has over 40 years of working experiences across several geographies and markets inclusive of but not limited to Pakistan, Saudi Arabia, Singapore, Hong Kong, Slovakia, Middle East and Africa, in various banking disciplines. Before joining Habib Bank AG Zurich, Arif Usmani served as president and CEO of the National Bank of Pakistan (Pakistan’s second largest commercial bank) from 2019 to 2022. Prior to that and as from 2017, Arif held the position of Chief Risk officer at Mashreq Bank in Dubai, UAE and Group Head of Wholesale Banking at Abu Dhabi Islamic Bank in Abu Dhabi, UAE from 2012 to 2017. Between 1981 and 2012, he worked for Citi and Citi’s affiliate, the Saudi American Bank, in Saudi Arabia (later Samba Financial Group) where his last position was Chief Risk Officer and member of the Executive Committee. At Citi, he held various corporate banking and credit risk management roles and was CEO of the group’s businesses in Slovakia, Pakistan and Nigeria. From Nigeria, he was also responsible for Citi’s franchises in the West African region. Arif Usmani holds a BSc (Hons) degree in Theoretical Physics from Imperial College London and is Associate of the Royal College of Science.

Management of the Branch Network

Name	Born	Citizenship	Function	Country
Jamal Alvi	1962	British	Country Manager	United Arab Emirates
Asim Basharullah	1971	Pakistani	Country Manager	Kenya
Sheheryar Rasul	1969	Singaporean	Country Manager	Switzerland

Management of the Subsidiaries

Name	Born	Citizenship	Function	Country
Ashley Cameron	1961	South African	Chief Executive Officer	South Africa
Sachil Dagur	1969	Indian	Chief Executive Officer	Hong Kong SAR
Muslim Hassan	1955	Canadian	Chief Executive Officer	Canada
Satyajeet Roy	1967	British	Chief Executive Officer	United Kingdom
Khurram Shahzad Khan	1962	Pakistani	Chief Executive Officer	Pakistan

Management of the Representative Offices

Name	Born	Citizenship	Function	Country
Masud Abid	1961	Chinese	Representative Office Manager	Hong Kong SAR
Syed Hassan Nasim Ahmed	1968	Pakistani	Representative Office Manager	Pakistan
Nazrul Huda	1953	Bangladeshi	Representative Office Manager	Bangladesh
Eren Omacan	1978	Turkish	Representative Office Manager	Türkiye
Irene Wu Ying	1973	Chinese	Representative Office Manager	China

Group Business Functions

Name	Born	Citizenship	Function
Adnan Fasih	1967	Pakistani	Head of Group Islamic Banking
Sheheryar Rasul	1969	Singaporean	CEO Group Wealth Management
Syed Ali Sultan	1966	Canadian	CEO Group Financial Institutions

Group Service and Control Functions

Name	Born	Citizenship	Function
Sheeza Ahmed	1988	Pakistani	Head of Group Marketing & Communication
Rizwan Arain	1969	Pakistani	Head of Group Information & Technology Risk
Umair Chaudhary	1968	British	Group Chief Operating Officer
Laurens de Nooyer	1982	Dutch	Head of Group Credit
Dario Gigante	1979	Swiss	Head of Group Risk Control
Dr. Sitwat Husain	1964	Pakistani	Head of Group Human Resources
Faraz Kohari	1965	American	Co-Head of Group Information Technology
Dr. Pascal Mang	1964	Swiss	Head of Group Legal & Compliance
Alfred Merz	1962	Swiss	Head of Group Financial Control
Atif Mufti	1973	Pakistani	Head of Group Operations & Systems
Uzma Murshed	1970	Pakistani	Head of Group Operational Risk
Syam Pillai	1962	Indian	Co-Head of Group Information Technology
Jonathan Seal	1972	British	Head of Group Governance & Communication

Group Internal Audit

Name	Born	Citizenship	Function
Haroon Ahmad	1975	Pakistani	Head of Group Internal Audit

Management report

Economic environment

Global economic growth remained positive during the first six months of the year. While US growth softened, economic activity in Europe and in many emerging markets picked up. Inflation generally trended lower, although it remained above the target levels of many central banks. Hence, the US Federal Reserve (Fed) had little confidence that inflation might recede sustainably back to target, and hence kept its monetary policy unchanged. Others, such as the European Central Bank and the Bank of Canada, announced first interest rate cuts late in the second quarter. Deferred Fed easing was a key driver of the continued strength of the USD, which enjoyed a high carry relative to many other major currencies. Commodity prices trended higher on a mixture of robust demand and limited supply.

Pakistan's economy started the year on a stronger note, largely due to a positive contribution from the agricultural sector. Meanwhile, inflation eased considerably, allowing the State Bank of Pakistan to cut its policy rate in June for the first time in almost three years. While the country's balance of payments improved noticeably, its national finances remained weak as debt servicing costs continued to rise and overall public revenue remained low. Nevertheless, Pakistan successfully concluded the latest IMF stand-by arrangement in April. This – along with the positive development in external balances – contributed to a moderate appreciation of the Pakistani Rupee during the reporting period. Having expanded robustly in 2023, the United Arab Emirates remained on a solid growth trajectory thanks to an increase in diversification. The country also secured a higher OPEC production quota for crude bolstering its oil sector. Hong Kong's economy grew faster than expected during the first quarter, a sign that the territory's post-pandemic recovery has finally stabilized. Similarly, growth also accelerated in the United Kingdom, although sustained inflationary pressures kept the Bank of England on the sidelines. The Swiss National Bank, on the other hand, cut its policy rate twice during the first half of the year as inflation declined faster than expected amid moderate growth. As Canada's economy returned to growth earlier in the year, inflation continued to subside and the Bank of Canada felt comfortable to take the lead among the G7 central banks and cut its policy rate in June. In South Africa, the ruling ANC lost the absolute majority in the general elections in May, not least due to the continuing poor performance of the economy. Inflation lingered essentially on the same level and, as a result, the Reserve Bank of South Africa left its policy rate also unchanged. Kenya's success in refinancing early a Eurobond that matured in June lifted the currency by almost 20%. Despite a continued decline in overall inflation, the central bank of Kenya left the policy rate

unchanged in order to secure the stability of the exchange rate. Meanwhile, economic activity remained robust.

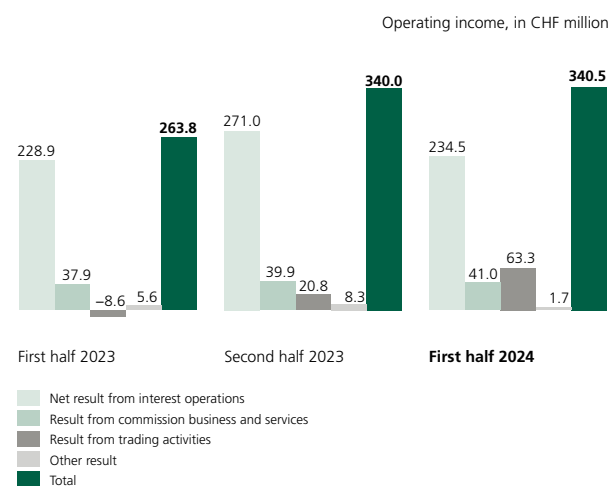
Banking industry

The banking industry is looking back on a fairly successful second quarter as high interest rates sustained net interest margins and a broadly accommodating economic backdrop proved conducive to lending business. In addition, buoyant financial markets provided some tailwind to trading and private banking activities. However, provisioning for credit losses ticked up slightly, fueled primarily by commercial real estate and low-grade consumer credit. Moreover, in many emerging markets, a shortage of foreign currency negatively impacted trade and investment flows. Regulators stepped up the pressure for higher capital levels in many jurisdictions, but the endgame for the global Basel III framework remained up in the air following a pushback – notably from US banks and the Fed as the lead US regulator. Funding conditions remained largely untouched, given that a healthy risk appetite kept costs in check for most banks. Widespread drive for digitization in the industry's operations and client interaction experienced an additional spur with the accelerated access to artificial intelligence-enabled solutions.

Operational performance and outlook

Income statement

In the first half of 2024, the Group again increased its profit to CHF 101.5 million, from CHF 85 million compared with the first half of 2023. This is an increase in "Group Profit" of CHF 16.5 million (19.5%) compared with the prior-year period.



“Gross result from interest operations” increased to CHF 235.9 million compared with CHF 235.1 million in the prior-year period. This, along with an increase in business volumes, more than compensated for the effects of the decrease in overall interest margins. “Changes in value adjustments for default risk and losses from the interest operations” remained consistently very low as in prior years, which was primarily due to the strong credit quality of the assets held by the Group. In addition, the value adjustments were CHF 1.4 million for the first six months of 2024 compared with CHF 6.2 million for the first half of the prior year. Among other things, this was also due to the implementation of the expected credit loss model in our Pakistan business as of 2024.

The overall “Result from commission business and services” of CHF 41.0 million increased by CHF 3.1 million (8.3%) compared with the same period in 2023. “Commission income from securities trading and investment activities” and “Commission income from lending activities” increased by 47.5% and 13.9%, respectively, whereas “Commission income from other services” remained virtually unchanged from the first half of 2023.

The positive “Result from trading activities and the fair value option” of CHF 63.3 million consisted almost entirely of revaluation gains of CHF 47.2 million driven by favorable foreign currency developments compared with CHF 6.5 million in the prior-year period, and revaluation gains of CHF 16.0 million on financial investments at fair value option compared with losses of CHF 15.3 million in the prior-year period. “Other ordinary income” was composed of revaluation gains on financial investments (instruments at valuations lower than cost or market value principles) of CHF 1.6 million, compared with prior-year revaluation gains of CHF 6.2 million.

Total “Operating expenses” increased by CHF 10.8 million (8.7%) to CHF 134.5 million – whereof “Personnel expenses” increased by CHF 6.2 million (7.9%) mainly due to salary adjustments, and “General and administrative expenses” increased by CHF 4.6 million (10.3%) primarily due to the noticeable general increase in prices for goods and services in the relevant markets compared with the first half of 2023.

Consequently, the “Operating result” increased by CHF 64.6 million (48.0%) to CHF 199.2 million.

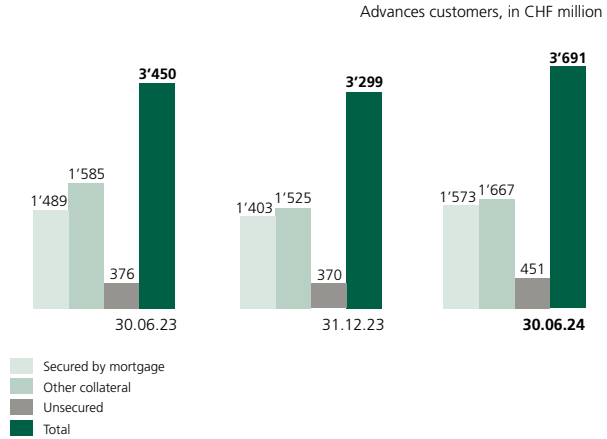
In the first half of 2024, the Group created reserves of CHF 39.7 million recognized under “Changes in reserves for general banking risks” compared with CHF 5.6 million in the first half of 2023.

Balance sheet

The total balance sheet increased by CHF 816.6 million (7.2%) since 31 December 2023, mainly from the effects of currency fluctuation. Excluding the impact of foreign currencies, the balance sheet total remained stable with a minor increase of 0.3%.

Overall “Liquid assets” increased by CHF 30.3 million (2.4%) to CHF 1’271.5 million as of 30 June 2024, primarily driven by currency fluctuation.

“Total loans (after netting with value adjustments)” increased by CHF 392.5 million to CHF 3’691.4 million compared with 31 December 2023. This increase was partly the result of foreign exchange translation, but even excluding currency fluctuation, total loans increased by CHF 155.2 million (4.7%).

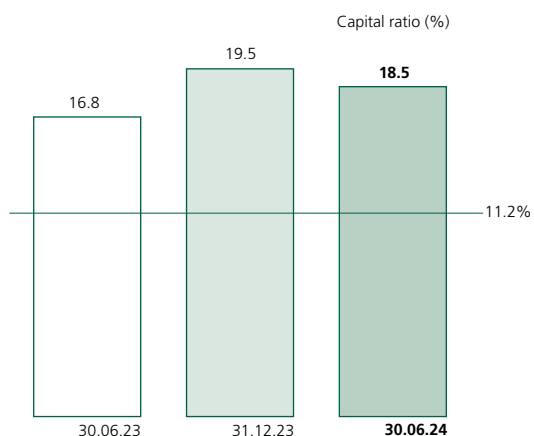


Excluding currency effects, the total of “Other financial instruments at fair value” and “Financial investments” decreased by 5.3%. More than 60% of total investments were held in local government bonds.

“Amounts due in respect of customer deposits” increased by CHF 981.4 million (11.8%) over the first half of 2024. Net of currency effects, there was an increase of 4.5%.

In total, equity increased to CHF 1’369.9 million by the end of June 2024, compared with CHF 1’257.1 million at the end of 2023.

Capital and liquidity



The Group is considered as a Category 4 Bank by the Swiss Financial Market Supervisory Authority (FINMA) and must maintain a regulatory target capital ratio of at least 11.2%. As of 30 June 2024, the Group reported a strong capital base and an adequate liquidity ratio. The “Capital ratio” of the Group was 18.5% and thus well above the required minimum threshold.

Outlook

We expect revenue performance to remain strong in the second half of 2024. Moreover, we anticipate full-year income from operations to exceed prior-year levels, primarily owing to overall business growth.

Consolidated interim financial statements of the Group

Group financial statements

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Balance sheet (consolidated)

in CHF 1'000	30.06.24	31.12.23	+/- %
Assets			
Liquid assets	1'271'548	1'241'274	2.4%
Amounts due from banks	1'407'132	1'215'940	15.7%
Amounts due from securities financing transactions		219	-100.0%
Amounts due from customers	3'184'217	2'877'802	10.6%
Mortgage loans	507'202	421'125	20.4%
Trading portfolio assets	32'542		100%
Positive replacement values of derivative financial instruments	13'861	9'550	45.1%
Other financial instruments at fair value	2'445'836	2'464'306	-0.7%
Financial investments	2'754'736	2'663'041	3.4%
Accrued income and prepaid expenses	303'268	240'043	26.3%
Non-consolidated participations	77	77	0.0%
Tangible fixed assets	97'396	82'871	17.5%
Other assets	132'710	117'721	12.7%
Total assets	12'150'526	11'333'968	7.2%
Total subordinated claims	107'194	135'007	-20.6%
Liabilities			
Amounts due to banks	598'936	622'878	-3.8%
Liabilities from securities financing transactions	461'983	739'992	-37.6%
Amounts due in respect of customer deposits	9'316'915	8'335'532	11.8%
Negative replacement values of derivative financial instruments	13'966	13'370	4.5%
Accrued expenses and deferred income	358'431	272'692	31.4%
Other liabilities	23'819	85'901	-72.3%
Provisions	6'623	6'519	1.6%
Reserves for general banking risks	533'273	495'431	7.6%
Bank's capital	150'000	150'000	0.0%
Retained earnings reserves	392'111	311'892	25.7%
Minority interest in equity	192'920	142'451	35.4%
Group profit	101'548	157'312	-35.4%
– of which minority interests in Group profit	20'240	44'698	-54.7%
Total liabilities	12'150'526	11'333'968	7.2%
Total subordinated liabilities			

Income statement (consolidated)

in CHF 1'000	First half 2024	First half 2023	+/- %
Result from interest operations			
Interest and discount income	254'052	229'655	10.6%
Interest and dividend income from trading portfolios	4'682	5'789	-19.1%
Interest and dividend income from financial investments	318'796	258'343	23.4%
Interest expense	-341'666	-258'706	32.1%
Gross result from interest operations	235'866	235'081	0.3%
Changes in value adjustments for default risks and losses from interest operations	-1'373	-6'227	-77.9%
Subtotal net result from interest operations	234'492	228'854	2.5%
Result from commission business and services			
Commission income from securities trading and investment activities	4'477	3'036	47.5%
Commission income from lending activities	16'610	14'581	13.9%
Commission income from other services	24'737	24'749	0.0%
Commission expense	-4'787	-4'462	7.3%
Subtotal result from commission business and services	41'037	37'903	8.3%
Result from trading activities and the fair value option	63'284	-8'589	>-500%
Other result from ordinary activities			
Result from the disposal of financial investments		-739	-100.0%
Result from real estate	113	132	-14.0%
Other ordinary income	1'609	6'224	-74.1%
Other ordinary expenses			
Subtotal other result from ordinary activities	1'723	5'616	-69.3%
Operating income	340'536	263'785	29.1%

in CHF 1'000	First half 2024	First half 2023	+/- %
Operating expenses			
Personnel expenses	-85'584	-79'338	7.9%
General and administrative expenses	-48'920	-44'352	10.3%
Subtotal operating expenses	-134'504	-123'691	8.7%
Value adjustments on participations, depreciation and amortisation on tangible fixed assets and intangible assets	-6'645	-5'605	18.5%
Changes to provisions and other value adjustments and losses	-183	152	-220.3%
Operating result	199'205	134'641	48.0%
Extraordinary income	3'398	355	>500%
Extraordinary expenses			
Changes in reserves for general banking risks	-39'726	-5'604	>500%
Taxes	-61'329	-44'396	38.1%
Group profit	101'548	84'997	19.5%
- of which minority interests in Group profit	20'240	19'787	2.3%

Notes to the consolidated financial statements

Accounting and valuation principles

General

The Habib Bank AG Zurich Group's interim financial statements have been drawn up in accordance with the accounting rules incorporated into the Swiss Banking Act and its accompanying ordinance, together with FINMA Circular 2020/01 "Accounting – Banks".

These accounts, which are based on the following consolidation and accounting policies, give a true and fair view of the Group's assets, of its financial position and of the results of its operations.

Scope of consolidation

The Group accounts include the interim financial statements of Habib Bank AG Zurich, Zurich and its subsidiaries in which the Bank has a participation of more than 50 percent of the voting capital or which it controls in another way. Refer to note 6 of the Annual Report 2023 for a list of consolidated subsidiaries.

Method of consolidation

The Group's capital consolidation follows the purchase method.

The interest in equity and profit or loss attributable to minority shareholders are disclosed separately. Intra-group assets and liabilities as well as expenses and income from intra-group transactions are eliminated.

Consolidation period

The consolidation period for all Group companies is the calendar year. The closing date for the consolidated financial statements is 31 December.

Foreign currency translation

The following exchange rates of the major currencies were used for the balance sheet:

	30.06.24	31.12.23
1 USD	0.900	0.843
1 GBP	1.138	1.072
100 AED	24.493	22.970
100 PKR	0.323	0.300
100 ZAR	4.867	4.550

The following exchange rates of the major currencies were used for the income statement:

	30.06.24	30.06.23
1 USD	0.887	0.915
1 GBP	1.122	1.128
100 AED	24.143	24.900
100 PKR	0.319	0.341
100 ZAR	4.720	5.040

Explanations of risk management

Risk management

Within the scope of its operative activity, the Group is subject to financial risks such as market, credit, liquidity and refinancing risks, as well as operational risks. For more detailed risk information, we refer to the risk management information in the Annual Report 2023.

Events after the balance sheet date

No events that would adversely affect the financial statements included in this report occurred after the balance sheet date.

Adresses

Head Office and operation

Habib Bank AG Zurich
Weinbergstrasse 59
8006 Zurich / Switzerland
Telephone: +41 (44) 269 45 00
Email: infoch@habibbank.com

Branches

United Arab Emirates

Habib Bank AG Zurich
Umm Al Sheif
Sheikh Zayed Road
P.O. Box 3306
Dubai / UAE
Telephone: +971 (4) 419 5555
Email: csd@habibbank.com

Habib Bank AG Zurich DIFC Branch
Office 801, Burj Daman Building
P. O. Box: 506677
Dubai International Financial Centre
Dubai / UAE
Telephone: Tel: +971 (4) 5492800
Email: hbz.difc@habibbank.com

Kenya

Habib Bank AG Zurich
Habib House
Koinange Street
P.O. Box 30584, 00100 GPO
Nairobi / Kenya
Telephone: +(254-20) 334 1312 / 334 1177 / 334 0835
+254 720 208259
Email: info.ke@habibbank.com

Banking subsidiaries

**Habib Canadian Bank
Canada**

Habib Canadian Bank
6450 Kitimat Road
Mississauga ON, L5N 2B8
Telephone: +1 (905) 276 5300
Email: info@habibcanadian.com

**HBZ Bank Ltd.
South Africa**

HBZ Bank Ltd.
1 Ncondo Pl, Umhlanga Arch
Umhlanga Ridge
Durban, 4320 / South Africa
Telephone: +27 (31) 270 2600
Email: sazone@hbzbank.co.za

**Habib Metropolitan Bank Ltd.
Pakistan**

Habib Metropolitan Bank Ltd.
Habibmetro Headoffice Building
I.I. Chundrigar Road
Karachi-74200 / Pakistan
Telephone: +92 (21) 111 1 HABIB (42242)
Email: info@habibmetro.com

**Habib Bank Zurich (Hong Kong) Ltd.
Hong Kong**

Habib Bank Zurich (Hong Kong) Ltd.
1701-05, 17 / F, Wing On House
71, Des Voeux Road Central
Hong Kong
Telephone: +852 2906 1818
Email: customerservice@hbzhongkong.com

**Habib Bank Zurich plc
United Kingdom**

Habib Bank Zurich plc
Habib House
42 Moorgate
London EC2R 6JJ / UK
Telephone: +44 (207) 452 0200
Email: contactuk@habibbank.com

Representative offices

Bangladesh

Habib Bank AG Zurich
BDBL Bhaban
12 Kawran Bazar C/A
Dhaka 1215 / Bangladesh
Telephone: +880 (2) 550 13463
Email: bd.rep@habibbank.com

Hong Kong

Habib Bank AG Zurich
1701-05, 17 / F, Wing On House
71 Des Voeux Road Central
Hong Kong
Telephone: +852 2906 1818
Email: mainoffice@hbzhongkong.com

Pakistan

Habib Bank AG Zurich
HBZ Plaza, 4th Floor
I.I. Chundrigar Road
Karachi-74200 / Pakistan
Telephone: +92 (21) 322 74 879
Email: hbzrep.pk@habibbank.com

China

Habib Bank AG Zurich
Unit 2303B, Jin Mao Tower
88 Century Boulevard / Pudong New District
Shanghai 200120, China
Telephone: +86 (21) 6890 2193
Email: shro@habibbank.com

Türkiye

Habib Bank AG Zurich
Esentepe Mahallesi Büyükdere Cad.
Ferko Signature Tower No:175 Kat: B2 D: 18
Şişli 34394 İstanbul - Türkiye
Telephone: +90 212 919 30 22
Email: hbzturkey@habibbank.com

4 Continents

11 Countries

581 Offices





