

**HABIB BANK LIMITED**  
**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED**  
**AS AT DECEMBER 31, 2018**

**1 CAPITAL ADEQUACY**

**1.1 Risk-Weighted Exposures**

	<b>Capital Requirements</b>		<b>Risk Weighted Assets</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
------(Rupees in '000)-----				
<b>Credit Risk</b>				
<b>On-balance sheet</b>				
Other sovereigns, GOP, PG, SBP other than PKR	5,549,718	5,605,922	46,636,283	49,719,933
PSEs	2,650,341	1,167,637	22,271,777	10,355,979
Multilateral Development Banks	8,394	16,545	70,542	146,745
Banks	4,505,184	3,293,880	37,858,686	29,214,015
Corporates	43,235,722	39,423,773	363,325,397	349,656,524
Retail	14,074,284	11,652,827	118,271,298	103,351,016
Residential mortgages	314,524	241,854	2,643,057	2,145,043
Past due loans	962,876	592,879	8,091,393	5,258,353
Commercial entities exceeding 10%	-	-	-	-
Listed equity investments	454,097	147,095	3,815,943	1,304,614
Unlisted equity investments	567,774	457,882	4,771,212	4,061,039
Significant investments and others	6,350,016	5,082,615	53,361,483	45,078,625
Fixed assets	7,439,541	6,238,523	62,517,154	55,330,577
Other assets	2,221,238	1,565,727	18,665,863	13,886,713
	88,333,709	75,487,159	742,300,088	669,509,176
<b>Off-balance sheet</b>				
Non-market related	7,272,356	7,046,513	61,112,233	62,496,792
Market related	374,863	194,802	3,150,112	1,727,731
	7,647,219	7,241,315	64,262,345	64,224,523
<b>Market Risk</b>				
Interest Rate Risk	3,303,542	7,026,037	41,294,269	87,825,463
Equity Position Risk	2,087,464	3,097,994	26,093,300	38,724,925
Foreign Exchange Risk	3,311,697	3,380,347	41,396,217	42,254,338
	8,702,703	13,504,378	108,783,786	168,804,726
<b>Operational Risk</b>				
	13,109,669	13,199,542	163,870,862	164,994,280
	<u>117,793,300</u>	<u>109,432,394</u>	<u>1,079,217,081</u>	<u>1,067,532,705</u>
<b>Capital Adequacy Ratio</b>				
Total eligible regulatory capital held	176,802,837	168,561,926		
Total risk weighted assets	1,079,217,081	1,067,532,705		
Capital adequacy ratio	<u>16.38%</u>	<u>15.79%</u>		

**1.2 Capital structure**

The risk weighted assets to capital ratio is calculated in accordance with the SBP's guidelines on capital adequacy.

	<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>(Rupees in '000)</b>			
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>			
Fully Paid-up Capital		14,668,525	14,668,525
Balance in Share Premium Account		-	-
Reserve for issue of Bonus Shares		-	-
Discount on Issue of shares		-	-
General and Capital Reserves		38,578,367	37,399,451
Gain / (losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		91,882,814	87,432,293
<b>CET 1 before Regulatory Adjustments</b>		<u>145,129,706</u>	<u>139,500,269</u>
Total regulatory adjustments applied to CET1	1.3.1	<u>10,720,150</u>	<u>10,262,858</u>
<b>Common Equity Tier 1</b>		<u>134,409,556</u>	<u>129,237,411</u>

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	Note	2018 (Rupees in '000)	2017
<b>Additional Tier 1 (AT 1) Capital</b>			
Qualifying Additional Tier-1 instruments plus any related share premium		-	-
of which: Classified as equity		-	-
of which: Classified as liabilities		-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)		-	-
of which: instrument issued by subsidiaries subject to phase out		-	-
<b>AT1 before regulatory adjustments</b>		<u>-</u>	<u>-</u>
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	-	-
Additional Tier 1 capital after regulatory adjustments		<u>-</u>	<u>-</u>
<b>Additional Tier 1 capital recognized for capital adequacy</b>		-	-
<b>Tier 1 Capital (CET1 + admissible AT1)</b>		134,409,556	129,237,411
<b>Tier 2 Capital</b>			
Qualifying Tier 2 capital instruments under Basel III plus any related share		9,978,000	9,982,000
Tier 2 capital instruments subject to phase out arrangement issued under pre-Basel 3 rules		-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)		-	-
of which: instruments issued by subsidiaries subject to phase out		-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets		3,083,530	2,755,637
Revaluation Reserves (net of taxes)			
of which: Revaluation reserves on fixed assets		21,316,266	18,904,193
of which: Unrealized gains/losses on AFS		(7,175,543)	(391,321)
		14,140,723	18,512,872
Foreign Exchange Translation Reserves		19,356,885	12,119,891
<b>Tier 2 before regulatory adjustments</b>		<u>46,559,138</u>	<u>43,370,400</u>
Total regulatory adjustment applied to T2 capital	1.3.3	4,165,857	4,045,885
Tier 2 capital not recognized for capital adequacy		-	-
Tier 2 capital recognized for capital adequacy		<u>42,393,281</u>	<u>39,324,515</u>
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>42,393,281</u>	<u>39,324,515</u>
<b>TOTAL CAPITAL (Tier 1 + admissible Tier 2)</b>		<u>176,802,837</u>	<u>168,561,926</u>
<b>Total Risk Weighted Assets</b>		1,079,217,081	1,067,532,705
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>			
CET1 to total RWA		12.45%	12.11%
Tier-1 capital to total RWA		12.45%	12.11%
Total capital to RWA		16.38%	15.79%
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		7.900%	7.275%
of which: capital conservation buffer requirement		1.900%	1.275%
of which: countercyclical buffer requirement		-	-
of which: D-SIB or G-SIB buffer requirement		-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)		4.55%	4.83%
<b>Other information:</b>			
<b>National minimum capital requirements prescribed by SBP</b>			
CET1 minimum ratio		7.900%	7.275%
Tier 1 minimum ratio		9.400%	8.775%
Total capital minimum ratio		11.900%	11.275%

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1.3 Regulatory Adjustments and Additional Information	2018		2017	
	Basel III Transit	Pre- Basel III treatment	Basel III Transit	Pre- Basel III treatment
	----- (Rupees in '000) -----			
<b>1.3.1 Common Equity Tier 1 capital: Regulatory adjustments</b>				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	2,718,556	-	1,590,105	-
Shortfall in provisions against classified assets	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	249,991	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	1,231,845	-	2,239,336	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	91,903	-	434,081	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	6,244,422	-	2,567,089	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold	-	-	-	-
of which: significant investments in the common stocks of financial entities	-	-	-	-
of which: deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital				
Investments in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP (mention details)	-	-	-	-
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	183,433	-	3,432,247	-
Total regulatory adjustments applied to CET1	<u>10,720,150</u>		<u>10,262,858</u>	
<b>1.3.2 Additional Tier-1 Capital: regulatory adjustments</b>				
Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	104,416	-	2,037,727	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	79,017	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	1,394,520	-
Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Transfer to CET1 due to insufficient AT1 to cover deductions	(183,433)	-	(3,432,247)	-
Total regulatory adjustment applied to AT1 capital	<u>-</u>		<u>-</u>	
<b>1.3.3 Tier 2 Capital: regulatory adjustments</b>				
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	1,394,520	-
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	4,165,857	-	2,651,365	-
Total regulatory adjustment applied to T2 capital	<u>4,165,857</u>		<u>4,045,885</u>	

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1.3.4 Additional Information	2018 (Rupees in '000)	2017 (Rupees in '000)
<b>Risk Weighted Assets subject to pre-Basel III treatment</b>		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	18,326,809	15,435,607
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	3,815,943	1,304,614
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	14,510,866	14,130,993
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Non-significant investments in the capital of other financial entities	4,554,940	1,613,336
Significant investments in the common stock of financial entities	14,083,741	13,523,675
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	3,083,530	2,755,637
Cap on inclusion of provisions in Tier 2 under standardized approach	10,082,030	9,171,671
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
1.4 Capital structure reconciliation	<b>As per published financial statements</b>	<b>Under regulatory scope of consolidation</b>
	<b>(Rupees in '000)</b>	
<b>Assets</b>		
Cash and balances with treasury banks	266,610,256	266,610,256
Balances with other banks	26,095,330	26,095,330
Lendings to financial institutions	51,277,336	51,277,336
Investments	1,341,030,709	1,341,030,709
Advances	1,015,853,926	1,015,853,926
Fixed assets	62,517,154	62,517,154
Intangible assets	2,718,556	2,718,556
Deferred tax assets	7,083,718	7,083,718
Other assets	106,307,874	106,307,874
<b>Total assets</b>	<b>2,879,494,859</b>	<b>2,879,494,859</b>
<b>Liabilities &amp; Equity</b>		
Bills payable	42,325,254	42,325,254
Borrowings	518,896,397	518,896,397
Deposits and other accounts	2,020,007,979	2,020,007,979
Liabilities against assets subject to finance lease	-	-
Subordinated debt	9,990,000	9,990,000
Deferred tax liabilities	-	-
Other liabilities	109,226,173	109,226,173
<b>Total liabilities</b>	<b>2,700,445,803</b>	<b>2,700,445,803</b>
Share capital	14,668,525	14,668,525
Reserves	57,935,252	57,935,252
Unappropriated profit	91,882,814	91,882,814
Surplus on revaluation of assets	14,562,465	14,562,465
<b>Total liabilities &amp; equity</b>	<b>2,879,494,859</b>	<b>2,879,494,859</b>

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**1.4.1 Detail of capital structure reconciliation**

	As per published financial statements (Rupees in '000)	Under regulatory scope of consolidation	Reference
<b>ASSETS</b>			
<b>Cash and balances with treasury banks</b>	<b>266,610,256</b>	<b>266,610,256</b>	
<b>Balances with other banks</b>	<b>26,095,330</b>	<b>26,095,330</b>	
<b>Lendings to financial institutions</b>	<b>51,277,336</b>	<b>51,277,336</b>	
<b>Investments</b>	<b>1,341,030,709</b>	<b>1,341,030,709</b>	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-	
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	6,244,422	6,244,422	(a)
<i>of which: significant investment in Tier-2 instruments of financial sector entities</i>	4,165,857	4,165,857	
<i>of which: Mutual Funds exceeding regulatory threshold</i>	104,416	104,416	(b)
<i>of which: reciprocal crossholding of capital instrument</i>	1,310,863	1,310,863	(c)
<i>of which: investment in own shares</i>	91,903	91,903	(d)
<b>Advances</b>	<b>1,015,853,926</b>	<b>1,015,853,926</b>	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB general provisions reflected in Tier 2 capital</i>	-	-	(e)
<b>Fixed assets and intangible assets</b>	<b>65,235,710</b>	<b>65,235,710</b>	
<i>of which: Goodwill</i>	-	-	(f)
<i>of which: Intangibles</i>	2,718,556	2,718,556	(g)
<b>Deferred tax assets</b>	<b>7,083,718</b>	<b>7,083,718</b>	
<i>of which: DTAs excluding those arising from temporary differences</i>	249,991	249,991	
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	6,833,727	6,833,727	
<b>Other assets</b>	<b>106,307,874</b>	<b>106,307,874</b>	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	-	-	
<i>of which: Defined-benefit pension fund net assets</i>	-	-	
<b>Total assets</b>	<b><u>2,879,494,859</u></b>	<b><u>2,879,494,859</u></b>	
<b>LIABILITIES &amp; EQUITY</b>			
<b>Bills payable</b>	<b>42,325,254</b>	<b>42,325,254</b>	
<b>Borrowings</b>	<b>518,896,397</b>	<b>518,896,397</b>	
<b>Deposits and other accounts</b>	<b>2,020,007,979</b>	<b>2,020,007,979</b>	
<b>Liabilities against assets subject to finance lease</b>	-	-	
<b>Subordinated debt</b>	<b>9,990,000</b>	<b>9,990,000</b>	
<i>of which: eligible for inclusion in AT1</i>	-	-	
<i>of which: eligible for inclusion in Tier 2</i>	9,978,000	9,978,000	(h)
<b>Deferred tax liabilities</b>	-	-	
<i>of which: DTLs related to goodwill</i>	-	-	(i)
<i>of which: DTLs related to intangible assets</i>	-	-	
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	
<i>of which: DTAs that rely on future profitability excl. those arising from temporary differences (net of related tax liability)</i>	-	-	(j)
<b>Other liabilities</b>	<b>109,226,173</b>	<b>109,226,173</b>	
<b>Total liabilities</b>	<b><u>2,700,445,803</u></b>	<b><u>2,700,445,803</u></b>	
<b>Share capital</b>	<b>14,668,525</b>	<b>14,668,525</b>	
<i>of which: amount eligible for CET1</i>	14,668,525	14,668,525	(k)
<i>of which: amount eligible for AT1</i>	-	-	
<b>Reserves</b>	<b>57,935,252</b>	<b>57,935,252</b>	
<i>of which: portion eligible for inclusion in CET1</i>	38,578,367	38,578,367	(l)
<i>of which: portion eligible for inclusion in Tier 2</i>	19,356,885	19,356,885	(m)
<b>Unappropriated profit</b>	<b>91,882,814</b>	<b>91,882,814</b>	(n)
<b>Surplus on revaluation of assets</b>	<b>14,562,465</b>	<b>14,562,465</b>	
<i>of which: Revaluation reserves on Property</i>	21,316,266	21,316,266	(o)
<i>of which: Unrealized Gains/Losses on AFS</i>	(7,175,543)	(7,175,543)	(p)
<b>Total liabilities &amp; Equity</b>	<b><u>2,879,494,859</u></b>	<b><u>2,879,494,859</u></b>	

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**1.4.2 Component of capital reported by the Group**

**Rupees in '000 Source based  
on reference  
number**

**Common Equity Tier 1 capital (CET1): Instruments and reserves**

Fully Paid-up Capital	14,668,525	(k)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	38,578,367	(l)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	91,882,814	(n)
<b>CET 1 before Regulatory Adjustments</b>	<b>145,129,706</b>	

**Common Equity Tier 1 capital: Regulatory adjustments**

Goodwill	-	(f) - (i)
All other intangibles	2,718,556	(g)
Shortfall of provisions against classified assets	-	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	249,991	(j)
Defined-benefit pension fund net assets	-	
Reciprocal cross holdings	1,231,845	portion of (c)
Cash flow hedge reserve	-	
Investment in own shares	91,903	(d)
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ AFS	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10%)	6,244,422	(a)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amount exceeding 15% threshold	-	
of which: significant investments in the common stocks of financial entities	-	
of which: deferred tax assets arising from temporary differences	-	
National specific regulatory adjustments applied to CET1 capital	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	
Any other deduction specified by SBP (mention details)	-	
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	183,433	
Total regulatory adjustments applied to CET1	10,720,150	

**Common Equity Tier 1**

**134,409,556**

**Additional Tier 1 (AT 1) Capital**

Qualifying Additional Tier-1 instruments plus any related share premium	-
of which: Classified as equity	-
of which: Classified as liabilities	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-
of which: instrument issued by subsidiaries subject to phase out	-
<b>AT1 before regulatory adjustments</b>	<b>-</b>

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	Rupees in '000	Source based on reference number
<b>Additional Tier 1 Capital: regulatory adjustments</b>		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	104,416	(b)
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	79,018	portion of (c)
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Adjustment in AT1 in respect of NCI share of excess capital held by subsidiaries	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	183,434	
Additional Tier 1 capital	(183,434)	
Transfer to CET1 due to insufficient AT1 to cover deductions	183,434	
<b>Additional Tier 1 capital recognized for capital adequacy</b>	<b>-</b>	
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	<b>134,409,556</b>	
<b>Tier 2 Capital</b>		
Qualifying Tier 2 capital instruments under Basel III	9,978,000	(h)
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	
of which: instruments issued by subsidiaries subject to phase out	-	
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	3,083,530	(e)
Revaluation Reserves eligible for Tier 2	-	
of which: portion pertaining to Property	21,316,266	(o)
of which: portion pertaining to AFS securities	(7,175,543)	(p)
	14,140,723	
Foreign Exchange Translation Reserves	19,356,885	(m)
<b>Tier 2 before regulatory adjustments</b>	<b>46,559,138</b>	
<b>Tier 2 Capital: regulatory adjustments</b>		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
Reciprocal cross holdings in Tier 2 instruments	-	
Investment in own Tier 2 capital instrument	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	4,165,857	
Amount of Regulatory Adjustment applied to Tier 2 capital	4,165,857	
Tier 2 capital	42,393,281	
Tier 2 capital not recognized for capital adequacy	-	
Tier 2 capital recognized for capital adequacy	42,393,281	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	42,393,281	
<b>TOTAL CAPITAL (Tier 1 + admissible Tier 2)</b>	<b>176,802,837</b>	

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**1.5 Main Features of Regulatory Capital Instruments**

	<b>Common Shares</b>	<b>Debt Instruments</b>
<b>Issuer</b>	Habib Bank Limited	Habib Bank Limited
<b>Unique identifier</b>	HBL	HBL
<b>Governing law(s) of the instrument</b>	Relevant Capital Market Laws	Laws applicable in Pakistan
<b>Regulatory treatment</b>		
Transitional Basel III rules	Common Equity Tier 1	Tier II Capital
Post-transitional Basel III rules	Common Equity Tier 1	Tier II Capital
Eligible at solo / group / group & solo	Group and Standalone	Group and Standalone
Instrument type	Ordinary shares	Term Finance Certificates
Amount recognized in regulatory capital (Currency in PKR thousands)	14,668,525	9,978,000
Par value of instrument	Rs. 10 per share	PKR 100,000 and in multiples thereof
Accounting classification	Shareholders' equity	Subordinated loan
Original date of issuance	1947	February 19, 2016
Perpetual or dated	Perpetual	Dated
Original maturity date	Not applicable	February 19, 2026
Issuer call subject to prior supervisory approval	Not applicable	Yes
Optional call date, contingent call dates and redemption amount	Not applicable	Anytime after the first call date in 2021
Subsequent call dates, if applicable	Not applicable	On any coupon payment date after 5th anniversary from the date of issue.
<b>Coupons/dividends</b>		
Fixed or floating dividend/coupon	Not applicable	Floating
Coupon rate and any related index/benchmark	Not applicable	6 months KIBOR + 0.50% per annum
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
Existence of step up or other incentive to redeem	No	No
Noncumulative or cumulative	Not applicable	Not applicable
<b>Convertible or non-convertible</b>		
If convertible, conversion trigger (s)	Not applicable	The instrument will be subject to loss absorbency clause as stipulated in terms of the Basel III Guidelines wherein upon the occurrence of a Point of Non-Viability ("PONV") event as defined in the Guidelines, SBP may, at its option, fully and permanently convert the TFCs into common shares of the Bank.
If convertible, fully or partially	Not applicable	Fully
If convertible, conversion rate	Not applicable	To be determined in case of trigger event(s)
If convertible, mandatory or optional conversion	Not applicable	Mandatory
If convertible, specify instrument type convertible into	Not applicable	Common Shares
If convertible, specify issuer of instrument it converts into	Not applicable	Habib Bank Limited
<b>Write-down feature</b>		
If write-down, write-down trigger(s)	Not applicable	The instrument will be subject to loss absorbency clause as stipulated in terms of the Basel III Guidelines wherein upon the occurrence of a Point of Non-Viability ("PONV") event as defined in the Guidelines, SBP may, at its option, have them immediately written down.
If write-down, full or partial	Not applicable	May be written down fully or partially
If write-down, permanent or temporary	Not applicable	Permanent
If temporary write-down, description of write-up mechanism	Not applicable	Not Applicable
<b>Position in subordination hierarchy in liquidation</b>		
Non-compliant transitioned features	Subordinated	Subordinated to all other indebtedness to the Bank
If yes, specify non-compliant features	Not applicable	None
	Not applicable	Not applicable



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**1.6 Credit exposures subject to Standardized Approach**

Exposures	Rating category / risk weights	2018			2017		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
(Rupees in '000)							
Cash and cash equivalents	-	34,871,954	-	34,871,954	29,478,218	-	29,478,218
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	454,503,687	56,316,349	398,187,338	455,556,536	46,051,729	409,504,807
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	24,659,751	-	24,659,751	21,296,118	-	21,296,118
Claims on other sovereigns and on Government of Pakistan or Provincial Governments or SBP denominated in currencies other than PKR	1	5,059,964	-	5,059,964	3,703,841	-	3,703,841
	2	9,534,004	-	9,534,004	22,488,625	-	22,488,625
	3	8,402,062	-	8,402,062	8,965,006	-	8,965,006
	4,5	34,805,499	-	34,805,499	27,680,093	-	27,680,093
	6	3,367,490	-	3,367,490	8,706,408	-	8,706,408
	Unrated	671,717	-	671,717	-	-	-
		61,840,736	-	61,840,736	71,543,973	-	71,543,973
Corporates	1	170,721,179	16,836,039	153,885,140	104,102,895	3,655,000	100,447,895
	2	83,967,039	1,316,593	82,650,446	35,335,988	250,000	35,085,988
	3,4	3,868,204	-	3,868,204	4,735,779	-	4,735,779
	5,6	-	-	-	-	-	-
	Unrated-1	154,355,377	14,340,671	140,014,706	160,906,941	12,780,232	148,126,709
	Unrated-2	149,422,616	31,550,427	117,872,189	148,020,146	20,690,976	127,329,170
		562,334,415	64,043,730	498,290,685	453,101,749	37,376,208	415,725,541
Claims on banks with maturity less than 3 currency	1,2,3	5,365,180	-	5,365,180	6,354,647	-	6,354,647
	4,5	2,692,841	-	2,692,841	2,659,438	-	2,659,438
	6	-	-	-	-	-	-
	Unrated	6,702,897	-	6,702,897	1,359,462	-	1,359,462
		14,760,918	-	14,760,918	10,373,547	-	10,373,547
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	20%	57,816,521	37,262,201	20,554,320	37,242,989	31,785,507	5,457,482
Banks - others	1	33,016,390	-	33,016,390	17,312,104	-	17,312,104
	2,3	16,998,406	-	16,998,406	19,078,766	-	19,078,766
	4,5	7,504,002	-	7,504,002	3,974,744	-	3,974,744
	6	-	-	-	-	-	-
	Unrated	14,903,690	-	14,903,690	16,840,348	-	16,840,348
		72,422,488	-	72,422,488	57,205,962	-	57,205,962
Public sector enterprises	1	74,986,341	10,482,555	64,503,786	38,298,110	3,696,695	34,601,415
	2,3	4,849,329	3,300,000	1,549,329	7,967,518	2,578,125	5,389,393
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	151,890,393	134,697,684	17,192,709	115,009,578	113,527,580	1,481,998
		231,726,063	148,480,239	83,245,824	161,275,206	119,802,400	41,472,806
Retail	75%	163,772,792	6,077,728	157,695,064	143,828,278	6,026,923	137,801,355
Residential mortgages	35%	7,551,591	-	7,551,591	6,128,694	-	6,128,694
Past due loans	50% - 150%	8,371,177	1,065,990	7,305,187	6,244,682	1,122,671	5,122,011
Equity investments	100% - 150%	6,996,751	-	6,996,751	4,011,973	-	4,011,973
Significant investments, deferred tax and others	250%	21,344,593	-	21,344,593	18,031,450	-	18,031,450
Fixed assets	100%	62,517,154	-	62,517,154	55,330,577	-	55,330,577
Others	100%	18,665,863	-	18,665,863	13,886,713	-	13,886,713
		<u>1,804,156,454</u>	<u>313,246,237</u>	<u>1,490,910,217</u>	<u>1,544,536,665</u>	<u>242,165,438</u>	<u>1,302,371,227</u>

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**2 Leverage Ratio**

The leverage ratio is the ratio of Tier 1 capital to total exposure, including off-balance sheet exposures adjusted by regulatory credit conversion factors. The Bank's current leverage ratio of 3.78% (2017: 4.01%) is above the current minimum requirement of 3.00% set by the SBP.

	<b>2018</b>	<b>2017</b>
	<b>(Rupees in '000)</b>	
Eligible Tier-1 Capital	134,409,556	129,237,411
Total Exposures	3,552,227,144	3,229,744,270
<b>Leverage Ratio (%)</b>	<b>3.78%</b>	<b>4.01%</b>
<b>Minimum Requirement (%)</b>	<b>3.00%</b>	<b>3.00%</b>

**3 LIQUIDITY STANDARDS**

The SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). The objective of the LCR is to ensure that banks have an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant stress scenario. The objective of the NSFR is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

**3.1 Liquidity Coverage Ratio**

	<b>2018</b>		<b>2017</b>	
	<b>Total unweighted<sup>1</sup> value (average)</b>	<b>Total weighted<sup>2</sup> value (average)</b>	<b>Total unweighted<sup>1</sup> value (average)</b>	<b>Total weighted<sup>2</sup> value (average)</b>
	----- (Rupees in '000) -----			
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 Total high quality liquid assets (HQLA)		987,612,556		962,730,144
2 Retail deposits and deposits from small business customers of which:				
2.1 stable deposit	-	-	-	-
2.2 Less stable deposit	1,039,620,419	103,962,042	970,519,870	97,051,987
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	872,771,063	444,242,580	853,369,779	431,476,023
3.3 Unsecured debt	52,107,873	52,107,873	21,813,357	21,813,357
4 Secured wholesale funding	-	10,197,721	-	1,136,324
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other collateral requirements	-	-	126,653	126,653
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	28,060,404	2,806,040	33,053,097	3,305,310
7 Other contingent funding obligations	722,157,454	15,684,388	500,328,917	16,002,027
8 <b>TOTAL CASH OUTFLOWS</b>		<b>629,000,644</b>		<b>570,911,681</b>
<b>CASH INFLOWS</b>				
9 Secured lending	39,373,100	-	54,808,452	-
10 Inflows from fully performing exposures	94,276,259	48,217,417	90,510,254	49,380,788
11 Other Cash inflows	25,708,946	9,489,203	13,046,866	589,368
12 <b>TOTAL CASH INFLOWS</b>		<b>57,706,620</b>		<b>49,970,156</b>
		<b>Total Adjusted Value<sup>3</sup></b>		<b>Total Adjusted Value<sup>3</sup></b>
TOTAL HQLA		987,612,556		962,730,144
TOTAL NET CASH OUTFLOWS		571,294,024		520,941,525
<b>LIQUIDITY COVERAGE RATIO</b>		<b>172.87%</b>		<b>184.81%</b>

1 Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows)

2 Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates ( for inflows and outflows)

3 Adjusted values are calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on level 2B and level 2 assets for HQLA and cap on inflows)

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**3.2 Net Stable Funding Ratio**

2018

Unweighted Value By Residual Maturity *				Weighted Value
No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	

(Rupees in '000)

**ASF Item**

- 1 Capital:
- 2 Regulatory capital
- 3 Other capital instruments
- 4 Retail deposits and deposit from small business customers:
- 5 Stable deposits
- 6 Less stable deposits
- 7 Wholesale funding:
- 8 Operational deposits
- 9 Other wholesale funding
- 10 Other liabilities:
- 11 NSFR derivative liabilities
- 12 All other liabilities and equity not included in other categories

134,409,557	-	-	-	134,409,557
42,389,281	-	-	-	42,389,281
-	-	-	-	-
-	199,741,472	80,783,790	831,254,612	1,083,727,347
-	-	-	-	-
-	172,322,802	69,694,535	666,210,768	787,219,437
-	-	-	-	-
-	588,116,340	12,359,048	68,781,981	55,206,723

**13 Total ASF**

**2,102,952,345**

**RSF item**

- 14 Total NSFR high-quality liquid assets (HQLA)
- 15 Deposits held at other financial institutions for operational purposes
- 16 Performing loans and securities:
- 17 Performing loans to financial institutions secured by Level 1 HQLA
- 18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions
- 19 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:
- 20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk
- 21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities.
- 22 Other assets:
- 23 Physical traded commodities, including gold
- 24 Assets posted as initial margin for derivative contracts
- 25 NSFR derivative assets
- 26 NSFR derivative liabilities before deduction of variation margin posted
- 27 All other assets not included in the above categories
- 28 Off-balance sheet items

-	42,445,810	-	-	4,689,581
-	-	-	-	-
-	303,217,750	104,405,087	388,307,914	245,790,571
-	139,874,059	3,511,641	104,574,728	67,973,573
-	-	-	-	-
-	-	-	-	-
-	1,582,531			1,582,531
-	-	-	-	-
-	1,036,181,805	163,202,128	593,743,532	1,114,152,885
-	462,609,338	175,102,495	474,084,625	56,632,292

**29 Total RSF**

**1,490,821,433**

**30 Net Stable Funding Ratio (%)**

**141.06%**

\* The unweighted value by residual maturity is based on working prepared by Assets and Liabilities Management Committee (ALCO) of the Bank.

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		2017				
		Unweighted Value By Residual Maturity *				Weighted Value
		No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----						
<b>ASF Item</b>						
1	Capital:					
2	Regulatory capital	139,500,269	-	-	-	139,500,269
3	Other capital instruments	43,366,400	-	-	-	43,366,400
4	Retail deposits and deposit from small business customers:					
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	225,888,228	93,331,982	818,118,957	1,105,417,146
7	Wholesale funding:					
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	213,449,091	88,192,408	460,530,769	611,351,518
10	Other liabilities:					
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in other categories		412,868,673	9,862,220	57,176,447	47,177,152
<b>13</b>	<b>Total ASF</b>					<b>1,946,812,485</b>
<b>RSF item</b>						
14	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA	-	32,285,507	-	-	3,303,551
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of	-	231,499,186	50,018,410	328,367,966	513,073,258
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	67,493,215	1,871,183	57,459,925	82,435,810
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities	-	-	-	-	-
22	Other assets:					
23	Physical traded commodities, including gold	-	-	-	-	-
24	Assets posted as initial margin for derivative contracts	-	-	-	-	-
25	NSFR derivative assets	-			3,062,607	3,062,607
26	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
27	All other assets not included in the above categories	-	802,951,147	144,962,532	842,145,046	571,456,041
28	Off-balance sheet items	-	749,049,538	174,072,172	200,702,061	56,191,189
<b>29</b>	<b>Total RSF</b>					<b>1,229,522,456</b>
<b>30</b>	<b>Net Stable Funding Ratio (%)</b>					<b>158.34%</b>

\* The unweighted value by residual maturity is based on working prepared by Assets and Liabilities Management Committee (ALCO) of the Bank.