

**HABIB BANK LIMITED**  
**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED**  
**AS AT DECEMBER 31, 2019**

**1 CAPITAL ADEQUACY**

**1.1 Risk-Weighted Exposures**

	Capital Requirements		Risk Weighted Assets	
	2019	2018	2019	2018
------(Rupees in '000)-----				
<b>Credit Risk</b>				
<b>On-balance sheet</b>				
Sovereigns	9,455,290	6,313,616	75,642,322	53,055,595
Public Sector Entities	3,259,496	2,650,341	26,075,964	22,271,777
Multilateral Development Banks	25,052	8,394	200,412	70,542
Banks	7,710,816	6,799,061	61,686,528	57,134,965
Corporates	51,748,388	46,503,799	413,987,103	390,788,224
Retail	18,161,566	16,551,548	145,292,528	139,088,637
Residential mortgages	423,012	314,524	3,384,099	2,643,057
Past due loans	905,755	1,203,619	7,246,037	10,114,445
Commercial entities investment exceeding 10%	-	-	-	-
Listed equity investments	338,055	444,694	2,704,442	3,736,926
Unlisted equity investments	794,981	567,774	6,359,849	4,771,212
Significant investments and others	4,984,650	4,762,172	39,877,203	40,018,250
Operating fixed assets	10,057,801	7,625,910	80,462,410	64,083,277
Other assets	2,836,442	2,426,209	22,691,533	20,388,307
	110,701,304	96,171,661	885,610,430	808,165,214
<b>Off-balance sheet</b>				
Non-market related	8,742,966	7,402,452	69,943,724	62,205,478
Market related	482,336	408,466	3,858,687	3,432,486
	9,225,302	7,810,918	73,802,411	65,637,964
<b>Market Risk</b>				
Interest Rate Risk	3,267,564	3,312,088	40,844,550	41,401,100
Equity Position Risk	1,414,358	2,098,992	17,679,475	26,237,400
Foreign Exchange Risk	6,007,245	5,201,458	75,090,563	65,018,225
	10,689,167	10,612,538	133,614,588	132,656,725
<b>Operational Risk</b>				
	14,317,087	13,843,382	178,963,586	173,042,280
	144,932,860	128,438,499	1,271,991,015	1,179,502,183

**Capital Adequacy Ratio**

	2019	2018
	(Rupees in '000)	
Total eligible regulatory capital held	195,311,930	190,817,939
Total risk weighted assets	1,271,991,015	1,179,502,183
Capital adequacy ratio	15.35%	16.18%

**1.2 Capital structure**

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

	Note	2019	2018
		(Rupees in '000)	
<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		35,093,481	39,429,649
Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		114,550,097	101,606,320
Non-controlling interest arising from CET1 capital instruments issued to third parties by consolidated banking subsidiaries (amount allowed in CET1 capital of the consolidation group)		2,493,004	1,610,326
<b>CET 1 before Regulatory Adjustments</b>		166,805,107	157,314,820
Total regulatory adjustments applied to CET1	1.3.1	(21,028,889)	(16,071,552)
<b>Common Equity Tier 1</b>		145,776,218	141,243,268

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

	Note	2019	2018
		(Rupees in '000)	
<b>Additional Tier 1 (AT 1) Capital</b>			
Qualifying Additional Tier-1 instruments plus any related share premium		12,374,000	-
of which: Classified as equity		-	-
of which: Classified as liabilities		12,374,000	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)		374,563	284,175
of which: instrument issued by subsidiaries subject to phase out		-	-
<b>AT1 before regulatory adjustments</b>		<u>12,748,563</u>	<u>284,175</u>
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	(103,110)	(223,140)
Additional Tier 1 capital after regulatory adjustments		-	-
<b>Additional Tier 1 capital recognized for capital adequacy</b>		<u>12,645,453</u>	<u>61,035</u>
<b>Tier 1 Capital (CET1 + admissible AT1)</b>		158,421,671	141,304,303
<b>Tier 2 Capital</b>			
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		9,974,000	9,978,000
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 banking subsidiaries (amount allowed in tier 2)		438,295	264,032
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		3,730,991	3,528,347
Revaluation Reserves (net of taxes)		24,708,491	14,109,901
of which: Revaluation reserves on fixed assets		21,182,979	21,436,787
of which: Unrealized gains/losses on AFS		3,525,512	(7,326,886)
Foreign Exchange Translation Reserves		31,167,030	25,005,594
<b>Tier 2 before regulatory adjustments</b>		<u>70,018,807</u>	<u>52,885,874</u>
Total regulatory adjustment applied to T2 capital	1.3.3	-	-
Tier 2 capital not recognized for capital adequacy		(33,128,548)	(3,372,238)
Tier 2 capital recognized for capital adequacy		<u>36,890,259</u>	<u>49,513,636</u>
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>36,890,259</u>	<u>49,513,636</u>
<b>TOTAL CAPITAL (Tier 1 + admissible Tier 2)</b>		<u><u>195,311,930</u></u>	<u><u>190,817,939</u></u>
<b>Total Risk Weighted Assets</b>		1,271,991,015	1,179,502,183
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>			
CET1 to total RWA		<u>11.46%</u>	<u>11.97%</u>
Tier-1 capital to total RWA		<u>12.45%</u>	<u>11.98%</u>
Total capital to RWA		<u>15.35%</u>	<u>16.18%</u>
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		10.50%	7.90%
of which: capital conservation buffer requirement		2.50%	1.90%
of which: countercyclical buffer requirement		-	-
of which: D-SIB or G-SIB buffer requirement		2.00%	-
CET1 available to meet buffers (as a percentage of risk weighted assets)		5.46%	5.97%
<b>Other information:</b>			
<b>National minimum capital requirements prescribed by SBP</b>			
CET1 minimum ratio		10.50%	7.90%
Tier 1 minimum ratio		12.00%	9.40%
Total capital minimum ratio		14.50%	11.90%

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

1.3	<b>Regulatory Adjustments and Additional Information</b>	<b>2019</b>	<b>2018</b>
1.3.1	<b>Common Equity Tier 1 capital: Regulatory adjustments</b>	----- (Rupees in '000) -----	
	Goodwill (net of related deferred tax liability)	2,683,530	2,381,314
	All other intangibles (net of any associated deferred tax liability)	6,222,901	5,326,601
	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)	445,141	333,487
	Defined-benefit pension fund net assets	-	-
	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	2,832,780	2,122,968
	Cash flow hedge reserve	-	-
	Investment in own shares / CET1 instruments	39,107	94,083
	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)	8,805,430	5,813,099
	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	-	-
	Total regulatory adjustments applied to CET1	<u>21,028,889</u>	<u>16,071,552</u>
1.3.2	<b>Additional Tier-1 Capital: regulatory adjustments</b>		
	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	144,123
	Investment in own AT1 capital instruments	-	-
	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	103,110	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	-	-
	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
	Transfer to CET1 due to insufficient AT1 to cover deductions	-	-
	Total regulatory adjustment applied to AT1 capital	<u>103,110</u>	<u>223,140</u>
1.3.3	<b>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	-	-
	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	-	-
	Total regulatory adjustment applied to T2 capital	<u>-</u>	<u>-</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

1.3.4 Additional Information	2019	2018
	(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)	-	-
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	-	-
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	-	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Non-significant investments in the capital of other financial entities	3,537,801	4,478,165
Significant investments in the common stock of financial entities	15,458,165	14,705,637
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)	3,730,991	3,528,347
Cap on inclusion of provisions in Tier 2 under standardized approach	11,992,661	10,922,540
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	-	-
<b>1.4 Capital structure reconciliation</b>	<b>As per published financial statements</b>	<b>Under regulatory scope of consolidation</b>
	(Rupees in '000)	
<b>Assets</b>		
Cash and balances with treasury banks	367,593,717	367,593,717
Balances with other banks	41,248,554	41,248,554
Lendings to financial institutions	45,303,199	45,303,199
Investments	1,379,607,379	1,379,607,379
Advances	1,166,956,994	1,166,956,994
Fixed assets	80,462,410	80,462,410
Intangible assets	9,089,345	9,089,345
Deferred tax assets	-	-
Other assets	136,870,799	136,870,799
<b>Total assets</b>	<b><u>3,227,132,397</u></b>	<b><u>3,227,132,397</u></b>
<b>Liabilities &amp; Equity</b>		
Bills payable	29,681,108	29,681,108
Borrowings	382,206,306	382,206,306
Deposits and other accounts	2,437,597,169	2,437,597,169
Subordinated loan	22,360,000	22,360,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liability	6,189,687	6,189,687
Other liabilities	124,346,615	124,346,615
<b>Total liabilities</b>	<b><u>3,002,380,885</u></b>	<b><u>3,002,380,885</u></b>
Share capital	14,668,525	14,668,525
Reserves	66,260,511	66,260,511
Unappropriated profit	114,550,097	114,550,097
Non-controlling interest	4,396,996	4,396,996
Surplus on revaluation of assets	24,875,383	24,875,383
<b>Total liabilities &amp; equity</b>	<b><u>3,227,132,397</u></b>	<b><u>3,227,132,397</u></b>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

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>367,593,717</b>	<b>367,593,717</b>	
<b>Balances with other banks</b>	<b>41,248,554</b>	<b>41,248,554</b>	
<b>Lendings to financial institutions</b>	<b>45,303,199</b>	<b>45,303,199</b>	
<b>Investments</b>	<b>1,379,607,379</b>	<b>1,379,607,379</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>	8,805,430	8,805,430	(a)
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	(b)
<i>of which: reciprocal crossholding of capital instrument</i>	2,935,890	2,935,890	(c)
<i>of which: investment in own shares</i>	-	-	(d)
<b>Advances</b>	<b>1,166,956,994</b>	<b>1,166,956,994</b>	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>	-	-	
<i>general provisions reflected in Tier 2 capital</i>	3,730,991	3,730,991	(e)
<b>Operating fixed assets</b>	<b>89,551,755</b>	<b>89,551,755</b>	
<i>of which: Goodwill</i>	2,866,444	2,866,444	(f)
<i>of which: Intangibles</i>	6,222,901	6,222,901	(g)
<b>Deferred Tax Assets</b>	-	-	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	(h)
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	
<b>Other assets</b>	<b>136,870,799</b>	<b>136,870,799</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>3,227,132,397</b>	<b>3,227,132,397</b>	
<b>LIABILITIES &amp; EQUITY</b>			
<b>Bills payable</b>	<b>29,681,108</b>	<b>29,681,108</b>	
<b>Borrowings</b>	<b>382,206,306</b>	<b>382,206,306</b>	
<b>Deposits and other accounts</b>	<b>2,437,597,169</b>	<b>2,437,597,169</b>	
<b>Subordinated loans</b>	<b>22,360,000</b>	<b>22,360,000</b>	
<i>of which: eligible for inclusion in AT1</i>	12,374,000	12,374,000	(i)
<i>of which: eligible for inclusion in Tier 2</i>	9,974,000	9,974,000	(j)
Liabilities against assets subject to finance lease	-	-	
<b>Deferred tax liabilities</b>	<b>6,189,687</b>	<b>6,189,687</b>	
<i>of which: DTLs related to goodwill</i>	182,914	182,914	(k)
<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>	445,141	445,141	(l)
<b>Other liabilities</b>	<b>124,346,615</b>	<b>124,346,615</b>	
<b>Total liabilities</b>	<b>3,002,380,885</b>	<b>3,002,380,885</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	(m)
<i>of which: amount eligible for AT1</i>	-	-	
<b>Reserves</b>	<b>66,260,511</b>	<b>66,260,511</b>	
<i>of which: portion eligible for inclusion in CET1</i>	35,093,481	35,093,481	(n)
<i>of which: portion eligible for inclusion in Tier 2</i>	31,167,030	31,167,030	(o)
<b>Unappropriated profit</b>	<b>114,550,097</b>	<b>114,550,097</b>	(p)
<b>Non-controlling interest</b>	<b>4,396,996</b>	<b>4,396,996</b>	
<i>of which: portion eligible for inclusion in CET1</i>	2,493,004	2,493,004	(q)
<i>of which: portion eligible for inclusion in AT1</i>	374,563	374,563	(r)
<i>of which: portion eligible for inclusion in Tier 2</i>	438,295	438,295	(s)
<b>Surplus on revaluation of assets</b>	<b>24,875,383</b>	<b>24,875,383</b>	
<i>of which: Revaluation reserves on Property</i>	21,182,979	21,182,979	(t)
<i>of which: Unrealized Gains/Losses on AFS</i>	3,525,512	3,525,512	(u)
<b>Total liabilities &amp; Equity</b>	<b>3,227,132,397</b>	<b>3,227,132,397</b>	

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

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

	Rupees in '000	Source based on reference number
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
Fully Paid-up Capital	14,668,525	(m)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	35,093,481	(n)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	114,550,097	(p)
Non-controlling interest	2,493,004	(q)
<b>CET 1 before Regulatory Adjustments</b>	<b>166,805,107</b>	
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
Goodwill	2,683,530	(f) - (k)
All other intangibles	6,222,901	(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)	445,141	(l)
Defined-benefit pension fund net assets	-	
Reciprocal cross holdings	2,832,780	portion of (c)
Cash flow hedge reserve	-	
Investment in own shares	39,107	(through Mutual Funds)
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% threshold)	8,805,430	(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	-	
Total regulatory adjustments applied to CET1	21,028,889	
<b>Common Equity Tier 1</b>	<b>145,776,218</b>	
<b>Additional Tier 1 (AT 1) Capital</b>		
Qualifying Additional Tier-1 instruments plus any related share premium	12,374,000	(i)
of which: Classified as equity	-	
of which: Classified as liabilities	12,374,000	
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	374,563	(r)
of which: instrument issued by subsidiaries subject to phase out	-	
<b>AT1 before regulatory adjustments</b>	<b>12,748,563</b>	

	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)	-	(b)
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	103,110	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	103,110	
Additional Tier 1 capital	12,645,453	
Additional Tier 1 capital not recognized for capital adequacy	-	
Transfer to CET1 due to insufficient AT1 to cover deductions	-	
<b>Additional Tier 1 capital recognized for capital adequacy</b>	<b>12,645,453</b>	
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	<b>158,421,671</b>	
<b>Tier 2 Capital</b>		
Qualifying Tier 2 capital instruments under Basel III	9,974,000	(j)
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)	438,295	(s)
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	3,730,991	(e)
Revaluation Reserves eligible for Tier 2	24,708,491	
of which: portion pertaining to Property	21,182,979	(t)
of which: portion pertaining to AFS securities	3,525,512	(u)
Foreign Exchange Translation Reserves	31,167,030	(o)
<b>Tier 2 before regulatory adjustments</b>	<b>70,018,807</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	-	
Amount of Regulatory Adjustment applied to Tier 2 capital	-	
Tier 2 capital	70,018,807	
Tier 2 capital not recognized for capital adequacy	(33,128,548)	
Tier 2 capital recognized for capital adequacy	36,890,259	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	36,890,259	
<b>TOTAL CAPITAL (Tier 1 + admissible Tier 2)</b>	<b>195,311,930</b>	

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

**1.5 Main Features of Regulatory Capital Instruments**

	<b>Common Shares</b>	<b>Debt Instruments</b>	<b>Debt Instruments</b>
<b>Issuer</b>	Habib Bank Limited	Habib Bank Limited	Habib Bank Limited
<b>Unique identifier</b>	HBL	HBL	HBL
<b>Governing law(s) of the instrument</b>	Relevant Capital Market Laws	Laws applicable in Pakistan	Laws applicable in Pakistan
<b>Regulatory treatment</b>			
Transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital	Tier II Capital
Post-transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital	Tier II Capital
Eligible at solo / group / group & solo	Group and Standalone	Group and Standalone	Group and Standalone
Instrument type	Ordinary shares	Term Finance Certificates	Term Finance Certificates
Amount recognized in regulatory capital (Currency in PKR thousands)	14,668,525	12,374,000	9,974,000
Par value of instrument	Rs. 10 per share	PKR 100,000 and in multiples thereof	PKR 100,000 and in multiples thereof
Accounting classification	Shareholders' equity	Subordinated loan	Subordinated loan
Original date of issuance	1947	September 26, 2019	February 19, 2016
Perpetual or dated	Perpetual	Perpetual	Dated
Original maturity date	Not applicable	Not applicable	February 19, 2026
Issuer call subject to prior supervisory approval	Not applicable	Yes	Yes
Optional call date, contingent call dates and redemption amount	Not applicable	Anytime after five years from the issue date	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.	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	Floating
Coupon rate and any related index/benchmark	Not applicable	3 months KIBOR + 1.60% per annum	6 months KIBOR + 0.50% per annum
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	Not applicable	Noncumulative	Not applicable
<b>Convertible or non-convertible</b>			
	Not applicable	Convertible	Convertible
If convertible, conversion trigger (s)	Not applicable	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the Point of No Viability (PONV) Event; or (iii) failure by the Issuer to comply with the Lock-In Clause or the Non-Cumulative Feature of the TFCs ("Lock-In Event").	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	To be determined in case of trigger event, at the discretion of the SBP.	Fully
If convertible, conversion rate	Not applicable	To be determined in case of trigger event(s)	To be determined in case of trigger event(s)
If convertible, mandatory or optional conversion	Not applicable	Mandatory	Mandatory
If convertible, specify instrument type convertible into	Not applicable	Common Shares	Common Shares
If convertible, specify issuer of instrument it converts into	Not applicable	Habib Bank Limited	Habib Bank Limited
<b>Write-down feature</b>			
If write-down, write-down trigger(s)	Not applicable	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be written off upon: (i) the PONV Trigger Event; (ii) the CET 1 Trigger Event; (iii) the Lock-In Event; or (iv) if it is not possible to convert the TFCs into ordinary shares upon the CET 1 Trigger Event	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	May be written down fully or partially
If write-down, permanent or temporary	Not applicable	Permanent	Permanent
If temporary write-down, description of write-up mechanism	Not applicable	Not Applicable	Not Applicable
<b>Position in subordination hierarchy in liquidation</b>			
	Subordinated to loans	Ranks junior to all other claims except common shares.	Subordinated to all other indebtedness to the Bank including deposits
Non-compliant transitioned features	No	None	None
If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable



**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED**  
**AS AT DECEMBER 31, 2019**

1.6 Credit exposures subject to Standardized Approach

Exposures	Rating category / risk weights	2019			2018		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	37,522,830	-	37,522,830	36,273,859	-	36,273,859
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	919,115,513	46,157,386	872,958,127	456,075,411	56,316,349	399,759,062
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	-	-	-	24,659,751	-	24,659,751
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1 2 3 4,5 6 Unrated	35,583,458 29,187,773 6,475,033 53,418,766 5,766,989 4,498,000	- - - - - -	35,583,458 29,187,773 6,475,033 53,418,766 5,766,989 4,498,000	16,795,609 9,534,004 10,087,518 38,304,931 4,752,258 671,717	- - - - - -	16,795,609 9,534,004 10,087,518 38,304,931 4,752,258 671,717
		134,930,019	-	134,930,019	80,146,037	-	80,146,037
Corporates	1 2 3,4 5,6 Unrated-1 Unrated-2	180,537,952 126,906,832 20,477,265 227,197 194,721,450 106,348,345	18,589,183 71,632 967,876 - 14,060,292 12,213,620	161,948,769 126,835,200 19,509,389 227,197 180,661,158 94,134,725	173,456,517 85,833,840 12,067,749 798,879 173,112,227 149,422,616	16,836,039 1,316,593 - - 16,513,027 31,550,427	156,620,478 84,517,247 12,067,749 798,879 156,599,200 117,872,189
		629,219,041	45,902,603	583,316,438	594,691,828	66,216,086	528,475,742
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3 4,5 6 Unrated	3,312,790 4,764,326 302,359 10,106,284	- - - -	3,312,790 4,764,326 302,359 10,106,284	10,441,347 2,692,841 44,438 8,090,898	- - - -	10,441,347 2,692,841 44,438 8,090,898
		18,485,759	-	18,485,759	21,269,524	-	21,269,524
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in funded in PKR	20%	24,514,015	24,283,687	230,328	58,171,815	37,262,201	20,909,614
Banks - others	1 2,3 4,5 6 Unrated	47,084,441 21,484,608 20,320,473 972,435 28,766,075	- - - - -	47,084,441 21,484,608 20,320,473 972,435 28,766,075	58,572,714 31,407,231 7,504,002 786,245 23,605,055	- - - - -	58,572,714 31,407,231 7,504,002 786,245 23,605,055
		118,628,032	-	118,628,032	121,875,247	-	121,875,247
Public Sector Entities	1 2,3 4,5 6 Unrated	79,942,906 8,695,037 - - 176,352,184	12,129,145 2,117,350 - - 157,903,448	67,813,761 6,577,687 - - 18,448,736	74,986,341 4,849,329 - - 151,890,393	10,482,555 3,300,000 - - 134,697,684	64,503,786 1,549,329 - - 17,192,709
		264,990,127	172,149,943	92,840,184	231,726,063	148,480,239	83,245,824
Retail portfolio	75%	202,481,927	8,758,556	193,723,371	192,463,358	7,011,842	185,451,516
Claims Fully Secured by Residential Mortgages	35%	9,668,854	-	9,668,854	7,551,591	-	7,551,591
Past due loans	50% - 150%	9,317,014	1,075,365	8,241,649	12,203,019	1,065,990	11,137,029
Equity investments	100% - 150%	6,944,341	-	6,944,341	6,917,734	-	6,917,734
Significant investments	250%	15,950,881	-	15,950,881	16,007,300	-	16,007,300
Fixed assets	100%	80,462,410	-	80,462,410	64,083,277	-	64,083,277
Others	100%	22,691,533	-	22,691,533	20,388,307	-	20,388,307
		2,494,922,296	298,327,540	2,196,594,756	1,944,504,121	316,352,707	1,628,151,414

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

**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 4.42% (2018: 3.82%) is above the current minimum requirement of 3.00% set by the SBP.

	2019	2018
	(Rupees in '000)	
Eligible Tier-1 Capital	158,421,671	141,304,303
Total Exposures	3,587,065,060	3,695,613,262
<b>Leverage Ratio (%)</b>	<b>4.42%</b>	<b>3.82%</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**

	2019		2018	
	Total unweighted <sup>1</sup> value (average)	Total weighted <sup>2</sup> value (average)	Total unweighted <sup>1</sup> value (average)	Total weighted <sup>2</sup> value (average)
(Rupees in '000)				
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 Total high quality liquid assets (HQLA)		906,731,376		987,612,556
2 Retail deposits and deposits from small business customers of which:				
2.1 stable deposit	-	-	-	-
2.2 Less stable deposit	1,140,661,834	114,066,183	1,039,620,419	103,962,042
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	892,258,590	480,491,105	872,771,063	444,242,580
3.3 Unsecured debt	78,877,995	78,877,995	52,107,873	52,107,873
4 Secured wholesale funding	-	1,482,728	-	10,197,721
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other collateral requirements	1,416,394	1,416,394	-	-
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	2,339,939	233,994	28,060,404	2,806,040
7 Other contingent funding obligations	768,335,853	14,890,063	722,157,454	15,684,388
8 <b>TOTAL CASH OUTFLOWS</b>		691,458,462		629,000,644
<b>CASH INFLOWS</b>				
9 Secured lending	-	-	39,373,100	-
10 Inflows from fully performing exposures	141,898,575	72,609,319	94,276,259	48,217,417
11 Other Cash inflows	147,680,396	33,559,097	25,708,946	9,489,203
12 <b>TOTAL CASH INFLOWS</b>		106,168,416		57,706,620
		<b>Total Adjusted Value<sup>3</sup></b>		<b>Total Adjusted Value<sup>3</sup></b>
TOTAL HQLA		906,731,376		987,612,556
TOTAL NET CASH OUTFLOWS		585,290,046		571,294,024
<b>LIQUIDITY COVERAGE RATIO</b>		<b>154.92%</b>		<b>172.87%</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)

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

		2019				
		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	142,980,287	-	-	-	142,980,287
3	Other capital instruments	22,360,000	-	-	-	22,360,000
4	Retail deposits and deposit from small business customers:					
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	220,641,678	90,942,517	947,863,367	1,240,182,380
7	Wholesale funding:					
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	193,875,095	79,910,057	768,666,372	905,558,948
10	Other liabilities:					
11	NSFR derivative liabilities	-	-	-	3,030,614	-
12	All other liabilities and equity not included in other categories	-	442,717,036	16,076,610	69,865,169	43,203,030
<b>13</b>	<b>Total ASF</b>					<b>2,354,284,645</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	-	24,939,015	-	-	2,515,152
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:	-	297,440,533	71,915,773	419,729,438	532,902,699
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	17,704	33,996	155,813,115	101,278,525
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	-	738,806,515	406,418,534	938,619,130	655,800,880
28	Off-balance sheet items	-	396,642,236	256,106,899	152,060,107	44,587,064
<b>29</b>	<b>Total RSF</b>					<b>1,337,084,320</b>
<b>30</b>	<b>Net Stable Funding Ratio (%)</b>					<b>176.08%</b>

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

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2019**

**3.2 Net Stable Funding Ratio**

	2018				Weighted Value
	Unweighted Value By Residual Maturity *				
	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	134,409,557	-	-	-	134,409,557
3 Other capital instruments	42,389,281	-	-	-	42,389,281
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	199,741,472	80,783,790	831,254,612	1,083,727,347
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	172,322,802	69,694,535	666,210,768	787,219,437
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	-	-
12 All other liabilities and equity not included in other categories	-	588,116,340	12,359,048	68,781,981	55,206,723
<b>13 Total ASF</b>					<b>2,102,952,345</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	-	42,445,810	-	-	4,689,581
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:	-	303,217,750	104,405,087	388,307,914	245,790,571
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	139,874,059	3,511,641	104,574,728	67,973,573
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	-	1,582,531			1,582,531
26 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
27 All other assets not included in the above categories	-	1,036,181,805	163,202,128	593,743,532	1,114,152,885
28 Off-balance sheet items	-	462,609,338	175,102,495	474,084,625	56,632,292
<b>29 Total RSF</b>					<b>1,490,821,433</b>
<b>30 Net Stable Funding Ratio (%)</b>					<b>141.06%</b>

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