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HABIB BANK
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ஹபீப் வங்கி

Habib Bank Limited - Sri Lanka Branch

**Quantitative Disclosures as per Shedule III of Banking Act Direction No. 01 of 2016, Capital
Requirements under Basel III
For Quarter Ended 31.03.2019**



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Key Regulatory Ratios - Capital and Liquidity

| Item | 31.03.2019 | 31.12.2018 |
|--|------------|------------|
| Regulatory Capital (LKR '000) | | |
| Common Equity Tier 1 | 5,572,399 | 5,578,402 |
| Tier 1 Capital | 5,572,399 | 5,578,402 |
| Total Capital | 5,636,543 | 5,641,496 |
| Regulatory Capital Ratios (%) | | |
| Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement-7%</i>) | 85% | 86% |
| Tier 1 Capital Ratio (<i>Minimum Requirement - 8.5%</i>) | 85% | 86% |
| Total Capital Ratio (<i>Minimum Requirement - 12.5%</i>) | 86% | 87% |
| Leverage Ratio (<i>Minimum Requirement - 3%</i>) | 66% | 67% |
| Regulatory Liquidity | | |
| Statutory Liquid Assets (LKR'000) | 3,575,891 | 2,350,490 |
| Statutory Liquid Assets Ratio (<i>Minimum Requirement -20%</i>) | | |
| Domestic Banking Unit (%) | 164.85% | 112.62% |
| Off-Shore Banking Unit (%) | 119.97% | 1170.34% |
| Liquidity Coverage Ratio (%) – Rupee (<i>Minimum Requirement - 90%</i>) | 2663% | 4945% |
| Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement - 90%</i>) | 2248% | 3646% |



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Quantitative Disclosures as per Schedule III of Banking Act Direction No. 01 of 2016, Capital Requirements under Basel III

Basel III Computation of Capital Ratios

| Item | Amount (LKR '000) | |
|---|-------------------|------------------|
| | 31.03.2019 | 31.12.2018 |
| Common Equity Tier 1 (CET1) Capital after Adjustments | 5,572,399 | 5,578,402 |
| Common Equity Tier 1 (CET1) Capital | 5,659,083 | 5,659,082 |
| Equity Capital (Stated Capital)/Assigned Capital | 4,938,391 | 4,938,390 |
| Reserve Fund | 68,122 | 68,122 |
| Published Retained Earnings/(Accumulated Retained Losses) | 659,275 | 659,275 |
| Published Accumulated Other Comprehensive Income (OCI) | -6,705 | -6,705 |
| General and other Disclosed Reserves | | |
| Unpublished Current Year's Profit/Loss and Gains reflected in OCI | | |
| Ordinary Shares issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties | | |
| Total Adjustments to CET1 Capital | 86,684 | 80,680 |
| Goodwill (net) | | |
| Intangible Assets (net) | | |
| Deferred tax assets (net) | 69,273 | 69,273 |
| Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees | (547) | (756) |
| Amount due from head office & branches outside Sri Lanka in Foreign Currency (net) | 17,958 | 12,162 |
| Additional Tier 1 (AT1) Capital after Adjustments | | |
| Additional Tier 1 (AT1) Capital | | |
| Qualifying Additional Tier 1 Capital Instruments | | |
| Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties | | |
| Total Adjustments to AT1 Capital | | |
| Investment in Own Shares | | |
| Others (specify) | | |
| Tier 2 Capital after Adjustments | 64,144 | 63,094 |
| Tier 2 Capital | 64,144 | 63,094 |
| Qualifying Tier 2 Capital Instruments | | |
| Revaluation Gains | 48,311 | 48,311 |
| Loan Loss Provisions | 15,833 | 14,783 |
| Instruments issued by Consolidated Banking and Financial Subsidiaries of the Bank and held by Third Parties | | |
| Total Adjustments to Tier 2 | | |
| Investment in Own Shares | | |
| Others (specify) | | |
| CET1 Capital | 5,572,399 | 5,578,402 |
| Total Tier 1 Capital | 5,572,399 | 5,578,402 |
| Total Capital | 5,636,543 | 5,641,496 |



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Basel III Computation of Capital Ratios

| Item | Amount (LKR '000) | |
|--|-------------------|------------------|
| | 31.03.2019 | 31.12.2018 |
| Total Risk Weighted Assets (RWA) | 6,571,058 | 6,489,456 |
| RWAs for Credit Risk | 5,300,253 | 5,023,004 |
| RWAs for Market Risk | 711,810 | 891,782 |
| RWAs for Operational Risk | 558,995 | 574,670 |
| CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 85% | 86% |
| of which: Capital Conservation Buffer (%) | | |
| of which: Countercyclical Buffer (%) | | |
| of which: Capital Surcharge on D-SIBs (%) | 0 | 0 |
| Total Tier 1 Capital Ratio (%) | 85% | 86% |
| Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%) | 86% | 87% |
| of which: Capital Conservation Buffer (%) | | |
| of which: Countercyclical Buffer (%) | | |
| of which: Capital Surcharge on D-SIBs (%) | | |



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Quantitative Disclosures as per Shedule III of Banking Act Direction No. 01 of 2016, Capital Requirements under Basel III

Computation of Leverage Ratio

| Item | Amount (LKR '000) | |
|--|--------------------------------|--|
| | Reporting Period 31.03.2019 | Previous Reporting Period 31.12.2018 |
| Tier 1 Capital | 5,572,399 | 5,659,083 |
| Total Exposures | | |
| On-Balance Sheet Items (excluding Derivatives and Securities Financing Transactions, but including Collateral) | 8,429,798 | 8,461,298 |
| Derivative Exposures | - | - |
| Securities Financing Transaction Exposures | - | - |
| Other Off-Balance Sheet Exposures | 32,364 | 32,364 |
| Basel III Leverage Ratio (%) (Tier 1/Total Exposure) | 66% | 67% |



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Quantitative Disclosures as per Schedule III of Banking Act Direction No. 01 of 2016, Capital Requirements under Basel III

Basel III Computation of Liquidity Coverage Ratio - All Currency

| Item | Amount (LKR'000) | | | |
|--|-------------------------|----------------------|-------------------------|----------------------|
| | 31.03.2019 | | 31.12.2018 | |
| | Total Un-weighted Value | Total Weighted Value | Total Un-weighted Value | Total Weighted Value |
| Total Stock of High-Quality Liquid Assets (HQLA) | 2,147,958 | 2,147,958 | 2,309,997 | 2,309,997 |
| Total Adjusted Level 1A Assets | 2,147,958 | 2,147,958 | 2,309,997 | 2,309,997 |
| Level 1 Assets | 2,147,958 | 2,147,958 | 2,309,997 | 2,309,997 |
| Total Adjusted Level 2A Assets | - | - | - | - |
| Level 2A Assets | - | - | - | - |
| Total Adjusted Level 2B Assets | - | - | - | - |
| Level 2B Assets | - | - | - | - |
| Total Cash Outflows | 2,947,328 | 382,262 | 3,121,302 | 253,414 |
| Deposits | 1,450,330 | 68,722 | 1,817,065 | 68,136 |
| Unsecured Wholesale Funding | 753,185 | 283,379 | 366,985 | 139,454 |
| Secured Funding Transactions | | | | |
| Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations | 743,813 | 30,161 | 937,251 | 45,824 |
| Additional Requirements | | | | |
| Total Cash Inflows | 1,669,415 | 1,397,984 | 1,365,133 | 1,338,684 |
| Maturing Secured Lending Transactions Backed by Collateral | 154,305 | 154,305 | 104,618 | 104,618 |
| Committed Facilities | | | - | - |
| Other Inflows by Counterparty which are maturing within 30 Days | 1,255,715 | 1,212,137 | 1,220,216 | 1,220,206 |
| Operational Deposits | 196,311 | - | 12,579 | - |
| Other Cash Inflows | 63,083 | 31,542 | 27,720 | 13,860 |
| Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100 | | 2248% | | 3646% |



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Quantitative Disclosures as per Shedule III of Banking Act Direction No. 01 of 2016, Capital Requirements under Basel III

Credit Risk under Standardised Approach – Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

| Asset Class | Amount (LKR'000) as at 31.03.2019 | | | | | |
|--|---|--------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| | Exposures before Credit Conversion Factor (CCF) and CRM | | Exposures post CCF and CRM | | RWA and RWA Density (%) | |
| | On-Balance Sheet Amount | Off-Balance Sheet Amount | On-Balance Sheet Amount | Off-Balance Sheet Amount | RWA | RWA Density ⁽ⁱⁱ⁾ |
| Claims on Central Government and CBSL | 2,149,631 | - | 2,149,631 | - | - | 0% |
| Claims on Foreign Sovereigns and their Central Banks | - | - | - | - | - | - |
| Claims on Public Sector Entities | - | - | - | - | - | - |
| Claims on Official Entities and Multilateral Development Banks | - | - | - | - | - | - |
| Claims on Banks Exposures | 1,326,357 | - | 1,326,357 | - | 608,994 | 46% |
| Claims on Financial Institutions | 955,033 | - | 955,033 | - | 268,507 | 28% |
| Claims on Corporates | 2,720,851 | 743,812 | 2,720,851 | 365,036 | 3,085,886 | 100% |
| Retail Claims | 102,230 | - | 102,230 | - | 102,213 | 100% |
| Claims Secured by Residential Property | 16,080 | - | 16,080 | - | 9,586 | 60% |
| Claims Secured by Commercial Real Estate | - | - | - | - | - | - |
| Non-Performing Assets (NPAs)(i) | 547,217 | - | 547,217 | - | 773,347 | 141% |
| Higher-risk Categories | 1,312 | - | 1,312 | - | 656 | 50% |
| Cash Items and Other Assets | 493,033 | - | 493,033 | - | 451,063 | 91% |
| Total | 8,311,744 | - | 8,311,744 | - | 5,300,253 | 64% |



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Credit Risk under Standardised Approach: Exposures by Asset Classes and Risk Weights

| Description | Amount (LKR'000) as at 31.03.2019 (Post CCF & CRM) | | | | | | | | Total Credit Exposures Amount | |
|--|--|------------------|------------------|----------------|-----|-----------|------------------|----------------|-------------------------------|------------------|
| | Risk Weight | 0% | 20% | 50% | 60% | 75% | 100% | 150% | | >150% |
| Asset Classes | | | | | | | | | | |
| Claims on Central Government and Central Bank of Sri Lanka | | 2,149,631 | | | | | | | | 2,149,631 |
| Claims on Foreign Sovereigns and their Central Banks | | | | | | | | | | - |
| Claims on Public Sector Entities | | | | | | | | | | - |
| Claims on Official Entities and Multilateral Development Banks | | | | | | | | | | - |
| Claims on Banks Exposures | | 298,403 | 677,954 | 350,000 | | | | | | 1,326,357 |
| Claims on Financial Institutions | | | 696,700 | 258,333 | | | | | | 955,033 |
| Claims on Corporates | | | | | | | 2,720,851 | | | 2,720,851 |
| Retail Claims | | | | | | 67 | 102,163 | | | 102,230 |
| Claims Secured by Residential Property | | | | 12,988 | | | 3,092 | | | 16,080 |
| Claims Secured by Commercial Real Estate | | | | | | | | | | - |
| Non-Performing Assets (NPAs) | | | | | | | 94,957 | 452,260 | | 547,217 |
| Higher-risk Categories | | | | 1,312 | | | | | | 1,312 |
| Cash Items and Other Assets | | 41,971 | | | | | 451,062 | | | 493,033 |
| Total | | 2,490,005 | 1,374,654 | 622,634 | | 67 | 3,372,124 | 452,260 | - | 8,311,745 |



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Market Risk under Standardised Measurement Method

| Item | RWA Amount (LKR'000) as at 31.03.2019 |
|---|--|
| (a) RWA for Interest Rate Risk | 88,976 |
| General Interest Rate Risk | 88,976 |
| (i) Net Long or Short Position | 88,976 |
| (ii) Horizontal Disallowance | |
| (iii) Vertical Disallowance | |
| (iv) Options | |
| Specific Interest Rate Risk | |
| (b) RWA for Equity | |
| (i) General Equity Risk | |
| (ii) Specific Equity Risk | |
| (c) RWA for Foreign Exchange & Gold | |
| Capital Charge for Market Risk [(a) + (b) + (c)] * CAR | 711,810 |



Operational Risk under Basic Indicator Approach/The Standardised Approach / The Alternative Standardised Approach

| Business Lines | Capital Charge Factor | Fixed Factor | Gross Income (LKR'000) as at 31.03.2019 | | |
|--|-----------------------|--------------|---|----------|----------|
| | | | 1st Year | 2nd Year | 3rd Year |
| The Basic Indicator Approach | 15% | | 298,148 | 497,991 | 601,349 |
| The Standardised Approach | | | | | |
| Corporate Finance | 18% | | | | |
| Trading and Sales | 18% | | | | |
| Payment and Settlement | 18% | | | | |
| Agency Services | 15% | | | | |
| Asset Management | 12% | | | | |
| Retail Brokerage | 12% | | | | |
| Retail Banking | 12% | | | | |
| Commercial Banking | 15% | | | | |
| The Alternative Standardised Approach | | | | | |
| Corporate Finance | 18% | | | | |
| Trading and Sales | 18% | | | | |
| Payment and Settlement | 18% | | | | |
| Agency Services | 15% | | | | |
| Asset Management | 12% | | | | |
| Retail Brokerage | 12% | | | | |
| Retail Banking | 12% | 0.035 | | | |
| Commercial Banking | 15% | 0.035 | | | |
| Capital Charges for Operational Risk (LKR'000) | | | | | |
| The Basic Indicator Approach | 69,874 | | | | |
| The Standardised Approach | | | | | |
| The Alternative Standardised Approach | | | | | |
| Risk Weighted Amount for Operational Risk (LKR'000) | | | | | |
| The Basic Indicator Approach | 558,995 | | | | |
| The Standardised Approach | | | | | |
| The Alternative Standardised Approach | | | | | |



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Differences between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories – Bank Only

| Item | Amount (LKR '000) as at 31.03.2019 | | | | | Explanation on significant differences on (a) and (b) |
|--|---|---|----------------------------------|----------------------------------|--|---|
| | a | b | c | d | e | |
| | Carrying Values as Reported in Published Financial Statements | Carrying Values under Scope of Regulatory Reporting | Subject to Credit Risk Framework | Subject to Market Risk Framework | Not subject to Capital Requirements or Subject to Deduction from Capital | |
| Assets | 8,482,663 | 8,516,484 | 8,451,064 | - | 87,231 | |
| Cash and Cash Equivalents | 745,752 | 745,752 | 727,794 | - | 17,958 | |
| Balances with Central Banks | 51,079 | 51,079 | 51,079 | - | - | |
| Placements with Banks | 1,148,004 | 1,148,004 | 1,148,004 | - | - | |
| Financial Assets at Amortised Cost | | | | - | - | |
| Loans & Advances to customers | 3,722,586 | 3,763,531 | 3,785,343 | - | - | SLFRS 09 impairment provision & Staff Loan market interest rate adjustment |
| Debt & other instruments | 2,285,524 | 2,289,252 | 2,289,252 | - | - | SLFRS 09 Impairment Provision |
| Financial Assets measured at fair value through other comprehensive income | 580 | 580 | 580 | - | - | |
| Other Assets | 103,159 | 92,307 | 92,307 | - | - | Staff Loan market interest rate adjustment classified to Loans & Advances to customers in Published Financial Reports |
| Income Tax Receivable | 83,880 | 83,880 | 83,880 | - | - | |
| Property, Plant and Equipment | 272,825 | 272,825 | 272,825 | - | - | |
| Deferred Tax Assets | 69,273 | 69,273 | - | - | 69,273 | |
| Liabilities | 2,323,638 | 2,312,945 | - | - | 2,312,189 | |
| Due to Banks | 44,763 | 44,763 | - | - | 44,007 | |
| Due to Other Customers | 2,157,380 | 2,157,380 | - | - | 2,157,380 | |
| Other Borrowings | - | - | - | - | - | |
| Other Liabilities | 121,495 | 110,802 | - | - | 110,802 | SLFRS 09 impairment provision on off balance sheet obligation is recognised in Published financial statements |
| Off-Balance Sheet Liabilities | 743,812 | 743,812 | 743,812 | - | - | |
| Guarantees | 408,858 | 408,858 | 408,858 | - | - | |
| Letters of Credit | - | - | - | - | - | |
| Other Contingent Items | - | - | - | - | - | |
| Undrawn Loan Commitments | 265,161 | 265,161 | 265,161 | - | - | |
| Other Commitments | 69,793 | 69,793 | 69,793 | - | - | |
| Shareholders' Equity | | | | | | |
| Equity Capital (Stated Capital)/Assigned Capital | 4,938,390 | 4,938,390 | - | - | - | |
| of which Amount Eligible for CET1 | 4,938,390 | 4,938,390 | - | - | - | |
| of which Amount Eligible for AT1 | - | - | - | - | - | |
| Retained Earnings | 689,045 | 733,559 | - | - | - | SLFRS 9 impairment provision |
| Statutory Reserve Fund | 68,122 | 68,122 | - | - | - | |
| Other Reserves | 463,468 | 463,468 | - | - | 366,849 | |
| Total Shareholders' Equity | 6,159,025 | 6,203,539 | - | - | 366,849 | |