



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

Key Regulatory Ratios - Capital and Liquidity

Item	31.12.2018	31.12.2017
Regulatory Capital (LKR '000)		
Common Equity Tier 1	5,578,402	4,479,706
Tier 1 Capital	5,578,402	4,479,706
Total Capital	5,641,496	4,545,333
Regulatory Capital Ratios (%)		
Common Equity Tier 1 Capital Ratio (<i>Minimum Requirement-6.375%</i>)	86%	24%
Tier 1 Capital Ratio (<i>Minimum Requirement - 7.875%</i>)	86%	24%
Total Capital Ratio (<i>Minimum Requirement - 11.875%</i>)	87%	24%
Leverage Ratio (<i>Minimum Requirement - 3%</i>)	58%	56%
Regulatory Liquidity		
Statutory Liquid Assets (LKR'000)	2,350,490	2,514,205
Statutory Liquid Assets Ratio (<i>Minimum Requirement -20%</i>)		
Domestic Banking Unit (%)	112.62%	51.80%
Off-Shore Banking Unit (%)	1170.34%	23.88%
Liquidity Coverage Ratio (%) – Rupee (<i>Minimum Requirement - 90%</i>)	1382%	1028%
Liquidity Coverage Ratio (%) – All Currency (<i>Minimum Requirement - 90%</i>)	3646%	589%



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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)	
	31.12.2018	31.12.2017
Common Equity Tier 1 (CET1) Capital after Adjustments	5,578,402	4,479,706
Common Equity Tier 1 (CET1) Capital	5,659,082	5,116,182
Equity Capital (Stated Capital)/Assigned Capital	4,938,390	4,938,391
Reserve Fund	68,122	67,860
Published Retained Earnings/(Accumulated Retained Losses)	659,275	111,474
Published Accumulated Other Comprehensive Income (OCI)	-6,705	-1,543
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Unpublished Current Year's Profit/Loss and Gains reflected in OCI		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	80,680	636,476
Goodwill (net)		
Intangible Assets (net)		
Deferred tax assets (net)	69,273	24,276
Amount due to head office & branches outside Sri Lanka in Sri Lanka Rupees	(756)	(1,105)
Amount due from head office & branches outside Sri Lanka in Foreign Currency (net)	12,162	613,304
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	63,094	65,627
Tier 2 Capital	63,094	65,627
Qualifying Tier 2 Capital Instruments		
Revaluation Gains	48,311	48,311
Loan Loss Provisions	14,783	17,316
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	5,578,402	4,479,706
Total Tier 1 Capital	5,578,402	4,479,706
Total Capital	5,641,496	4,545,333



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Basel III Computation of Capital Ratios

Item	Amount (LKR '000)	
	31.12.2018	31.12.2017
Total Risk Weighted Assets (RWA)	6,489,456	18,871,768
RWAs for Credit Risk	5,023,004	5,573,474
RWAs for Market Risk	891,782	12,653,723
RWAs for Operational Risk	574,670	644,571
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	86%	24%
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)	0	0
Total Tier 1 Capital Ratio (%)	86%	24%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs) (%)	87%	24%
of which: Capital Conservation Buffer (%)		
of which: Countercyclical Buffer (%)		
of which: Capital Surcharge on D-SIBs (%)		



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Basel III Computation of Liquidity Coverage Ratio - All Currency

Item	Amount (LKR'000)			
	31.12.2018		31.12.2017	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
Total Stock of High-Quality Liquid Assets (HQLA)	2,309,997	2,309,997	544,439	544,439
Total Adjusted Level 1A Assets	2,309,997	2,309,997	544,439	544,439
Level 1 Assets	2,309,997	2,309,997	544,439	544,439
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	3,121,302	253,414	4,455,369	369,474
Deposits	1,817,065	68,136	2,034,764	78,926
Unsecured Wholesale Funding	366,985	139,454	505,513	180,430
Secured Funding Transactions	-	-	-	-
Undrawn Portion of Committed (Irrevocable) Facilities and Other Contingent Funding Obligations	937,251	45,824	1,915,092	110,118
Additional Requirements	-	-	-	-
Total Cash Inflows	1,365,133	1,338,684	2,569,327	1,209,859
Maturing Secured Lending Transactions Backed by Collateral	104,618	104,618	1,070,921	420,921
Committed Facilities	-	-	-	-
Other Inflows by Counterparty which are maturing within 30 Days	1,220,216	1,220,206	805,986	752,934
Operational Deposits	12,579	-	620,413	-
Other Cash Inflows	27,720	13,860	72,007	36,004
Liquidity Coverage Ratio (%) (Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calendar Days) * 100		3646%		589%



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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 31.12.2018					
	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	2,302,672	-	2,302,672	-	-	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	1,218,243	-	1,218,243	-	318,982	26%
Claims on Financial Institutions	845,500	-	845,500	-	169,100	20%
Claims on Corporates	2,602,879	797,666	2,602,049	394,125	2,996,173	100%
Retail Claims	237,524	-	97,985	-	97,970	100%
Claims Secured by Residential Property	19,158	-	19,158	-	11,229	59%
Claims Secured by Commercial Real Estate	-	-	-	-	-	-
Non-Performing Assets (NPAs)(i)	723,180	-	723,180	-	1,002,870	139%
Higher-risk Categories	-	-	-	-	-	-
Cash Items and Other Assets	496,478	-	496,478	-	426,679	86%
Total	8,445,633	-	8,305,264	-	5,023,004	60%



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

Description	Amount (LKR'000) as at 31.12.2018 (Post CCF & CRM)									
	Risk Weight	0%	20%	50%	60%	75%	100%	150%	>150%	Total Credit Exposures Amount
Asset Classes										
Claims on Central Government and Central Bank of Sri Lanka		2,302,672								2,302,672
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			967,826	250,000						1,217,826
Claims on Financial Institutions			845,500							845,500
Claims on Corporates							2,996,173			2,996,173
Retail Claims						63	97,923			97,985
Claims Secured by Residential Property				15,857			3,301			19,158
Claims Secured by Commercial Real Estate										-
Non-Performing Assets (NPAs)							98,653	560,694		659,347
Higher-risk Categories				1,312						1,312
Cash Items and Other Assets		69,799					489,199			558,998
Total		2,372,470	1,813,326	267,170		63	3,685,249	560,694	-	8,698,971



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Market Risk under Standardised Measurement Method

Item	RWA Amount (LKR'000) as at 31.12.2018
(a) RWA for Interest Rate Risk	105,899
General Interest Rate Risk	105,899
(i) Net Long or Short Position	105,899
(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	891,782



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 31.12.2018		
			1st Year	2nd Year	3rd Year
The Basic Indicator Approach	15%		263,145	531,217	570,478
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	68,242				
The Standardised Approach					
The Alternative Standardised Approach					
Risk Weighted Amount for Operational Risk (LKR'000)					
The Basic Indicator Approach	574,669				
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 31.12.2018					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	8,469,379	8,551,161	8,287,609	-	81,435	
Cash and Cash Equivalents	2,223,464	2,223,014	2,210,852	-	12,162	
Balances with Central Banks	70,797	70,797	70,797	-	-	
Placements with Banks	1,126,898	1,124,851	1,124,851	-	-	
Financial Assets at Amortised Cost				-	-	
Loans & Advances to customers	3,515,348	3,561,969	3,379,852	-	-	SLFRS 9 impairment provision
Debt & other instruments	1,047,577	1,031,374	1,031,374	-	-	Classification of Interest Receivable on Debt & Other Investments from Other assets in Statutory Reporting & SLFRS 09 Provision
Financial Assets measured at fair value through other comprehensive income	580	580	580	-	-	
Other Assets	53,930	107,791	107,791	-	-	Classification of Interest Receivable on Placements & Debt Instruments from Other assets in Statutory Reporting
Income Tax Receivable	80,794	80,794	80,794	-	-	
Property, Plant and Equipment	280,718	280,718	280,718	-	-	
Deferred Tax Assets	69,273	69,273	-	-	69,273	
Liabilities	2,300,183	2,335,599	-	-	2,334,843	
Due to Banks	46,649	46,649	-	-	45,893	
Due to Other Customers	2,139,983	2,164,762	-	-	2,164,762	Classification of Interest Payable on Deposits from Other Liabilities in Statutory reporting
Other Borrowings	-	-	-	-	-	
Other Liabilities	113,551	124,188	-	-	124,188	
Off-Balance Sheet Liabilities	937,251	937,251	937,251	-	-	
Guarantees	439,782	439,782	439,782	-	-	
Letters of Credit	-	-	-	-	-	
Other Contingent Items	-	-	-	-	-	
Undrawn Loan Commitments	427,676	427,676	427,676	-	-	
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	652,570	698,937	-	-	-	SLFRS 9 impairment provision
Statutory Reserve Fund	68,122	68,122	-	-	-	
Other Reserves	510,114	510,114	-	-	296,883	
Total Shareholders' Equity	6,169,196	6,215,563	-	-	296,883	