

**HABIB BANK LIMITED**  
**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED**  
**AS AT DECEMBER 31, 2023**

**1 CAPITAL ADEQUACY**

**1.1 Risk-Weighted Exposures**

	Capital Requirements		Risk Weighted Assets	
	2023	2022	2023	2022
------(Rupees in '000)-----				
<b>Credit Risk</b>				
<b>On-balance sheet</b>				
Sovereigns	28,690,235	22,840,386	220,694,114	169,188,045
Public Sector Entities	4,531,850	4,673,507	34,860,385	34,618,570
Multilateral Development Banks	-	51,254	-	379,658
Banks	11,472,434	9,679,341	88,249,491	71,698,824
Corporates	77,544,661	81,419,844	596,497,395	603,109,959
Retail	36,809,505	35,251,353	283,150,039	261,121,134
Residential mortgages	1,703,821	1,176,625	13,106,314	8,715,744
Low Cost Housing	249,864	273,400	1,922,030	2,025,188
Past due loans	2,108,638	1,711,156	16,220,289	12,675,228
Listed equity investments	1,114,265	914,935	8,571,270	6,777,298
Unlisted equity investments	925,263	964,049	7,117,404	7,141,103
Significant investments and others	8,482,884	9,341,363	65,252,955	69,195,283
Operating fixed assets	18,446,281	15,372,674	141,894,467	113,871,657
Other assets	5,087,994	5,482,497	39,138,418	40,611,088
	197,167,695	189,152,384	1,516,674,571	1,401,128,779
<b>Off-balance sheet</b>				
Non-market related	15,770,973	14,565,882	121,315,175	107,895,419
Market related	393,897	380,233	3,029,974	2,816,544
	16,164,870	14,946,115	124,345,149	110,711,963
<b>Market Risk</b>				
Interest Rate Risk	5,582,267	2,568,807	69,778,337	32,110,088
Equity Position Risk	1,380,480	609,846	17,256,000	7,623,075
Foreign Exchange Risk	8,806,135	5,238,766	110,076,688	65,484,575
	15,768,882	8,417,419	197,111,025	105,217,738
<b>Operational Risk</b>	24,300,836	21,301,072	303,760,456	266,263,405
	<u>253,402,283</u>	<u>233,816,990</u>	<u>2,141,891,201</u>	<u>1,883,321,885</u>

**Capital Adequacy Ratio**

	2023	2022
	(Rupees in '000)	
Total eligible regulatory capital held	342,825,915	279,322,811
Total risk weighted assets	2,141,891,201	1,883,321,885
Capital adequacy ratio	16.01%	14.83%

**1.2 Capital structure**

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

	Note	2023	2022
		(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		50,500,007	46,044,309
Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		221,883,756	178,467,639
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)		-	-
		1,937,061	1,969,443
<b>CET 1 before Regulatory Adjustments</b>		288,989,349	241,149,916
Total regulatory adjustments applied to CET1	1.3.1	(41,598,622)	(37,898,154)
<b>Common Equity Tier 1</b>		247,390,727	203,251,762

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED  
AS AT DECEMBER 31, 2023**

	Note	2023 (Rupees in '000)	2022
<b>Additional Tier 1 (AT 1) Capital</b>			
Qualifying Additional Tier-1 instruments plus any related share premium		18,874,000	18,874,000
of which: Classified as equity		-	-
of which: Classified as liabilities		18,874,000	18,874,000
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)		341,834	328,650
of which: instrument issued by subsidiaries subject to phase out		-	-
<b>AT1 before regulatory adjustments</b>		<u>19,215,834</u>	<u>19,202,650</u>
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	(86,476)	(109,225)
Additional Tier 1 capital after regulatory adjustments		<u>-</u>	<u>-</u>
<b>Additional Tier 1 capital recognized for capital adequacy</b>		<u>19,129,359</u>	<u>19,093,425</u>
<b>Tier 1 Capital (CET1 + admissible AT1)</b>		266,520,086	222,345,187
<b>Tier 2 Capital</b>			
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		825,000	-
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)		569,723	517,266
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		18,392,219	13,911,505
Revaluation Reserves (net of taxes)		25,665,732	1,028,565
of which: Revaluation reserves on fixed assets		42,947,693	27,140,972
of which: Unrealized gains/losses on AFS		(17,281,961)	(26,112,407)
Foreign Exchange Translation Reserves		50,305,150	41,727,023
<b>Tier 2 before regulatory adjustments</b>		<u>95,757,824</u>	<u>57,184,359</u>
Total regulatory adjustment applied to T2 capital	1.3.3	(46,808)	(206,735)
Tier 2 after regulatory adjustments		<u>95,711,016</u>	<u>56,977,624</u>
Tier 2 capital not recognized for capital adequacy		19,405,187	-
Tier 2 capital recognized for capital adequacy		76,305,829	56,977,624
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>76,305,829</u>	<u>56,977,624</u>
<b>TOTAL CAPITAL (Tier 1 + admissible Tier 2)</b>		<u><b>342,825,915</b></u>	<u><b>279,322,811</b></u>
<b>Total Risk Weighted Assets</b>		<b>2,141,891,201</b>	<b>1,883,321,885</b>
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>			
CET1 to total RWA		<u>11.55%</u>	<u>10.79%</u>
Tier-1 capital to total RWA		<u>12.44%</u>	<u>11.81%</u>
Total capital to RWA		<u>16.01%</u>	<u>14.83%</u>
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		9.00%	9.00%
of which: capital conservation buffer requirement		1.50%	1.50%
of which: countercyclical buffer requirement		-	-
of which: D-SIB buffer requirement		1.50%	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)		5.55%	4.79%
<b>Other information:</b>			
<b>Minimum capital requirements prescribed by SBP</b>			
CET1 minimum ratio		9.00%	9.00%
Tier 1 minimum ratio		10.50%	10.50%
Total capital minimum ratio		13.00%	13.00%

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1.3 Regulatory Adjustments and Additional Information	<u>2023</u>	<u>2022</u>
1.3.1 Common Equity Tier 1 capital: Regulatory adjustments	----- (Rupees in '000) -----	
Goodwill (net of related deferred tax liability)	4,363,502	3,389,046
All other intangibles (net of any associated deferred tax liability)	17,939,229	14,696,393
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)	1,705,743	1,365,221
Defined-benefit pension fund net assets	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	3,969,124	2,888,574
Cash flow hedge reserve	-	-
Investment in own shares / CET1 instruments	-	-
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)	13,621,024	15,558,920
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>41,598,622</u>	<u>37,898,154</u>
1.3.2 Additional Tier-1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit [SBP specific	86,476	80,246
Investment in own AT1 capital instruments	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	0.40	28,979
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>86,476</u>	<u>109,225</u>
1.3.3 Tier 2 Capital: regulatory adjustments		
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	46,808	206,735
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>46,808</u>	<u>206,735</u>

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1.3.4 Additional Information	2023	2022
	(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	6,388,850	5,264,706
Significant investments in the common stock of financial entities	26,101,175	21,881,068
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)	18,392,219	13,911,505
Cap on inclusion of provisions in Tier 2 under standardized approach	20,512,747	18,898,009
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	547,528,581	547,528,581
Balances with other banks	56,603,548	56,603,548
Lendings to financial institutions	88,598,160	88,598,160
Investments	2,562,299,087	2,562,299,087
Advances	1,861,344,592	1,861,344,592
Fixed assets	141,894,467	141,894,467
Intangible assets	22,720,543	22,720,543
Deferred tax assets	480,874	480,874
Other assets	252,878,451	252,878,451
<b>Total assets</b>	<b>5,534,348,303</b>	<b>5,534,348,303</b>
<b>Liabilities &amp; Equity</b>		
Bills payable	51,700,823	51,700,823
Borrowings	665,042,679	665,042,679
Deposits and other accounts	4,142,351,836	4,142,351,836
Subordinated loan	19,699,000	19,699,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liability	-	-
Other liabilities	289,533,312	289,533,312
<b>Total liabilities</b>	<b>5,168,327,650</b>	<b>5,168,327,650</b>
Share capital	14,668,525	14,668,525
Reserves	100,805,157	100,805,157
Unappropriated profit	221,883,756	221,883,756
Non-controlling interest	2,805,892	2,805,892
Surplus on revaluation of assets	25,857,323	25,857,323
<b>Total liabilities &amp; equity</b>	<b>5,534,348,303</b>	<b>5,534,348,303</b>

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1.4.1 Detail of capital structure reconciliation

	As per published financial statements	Under regulatory scope of consolidation (Rupees in '000)	Reference
<b>ASSETS</b>			
<b>Cash and balances with treasury banks</b>	<b>547,528,581</b>	<b>547,528,581</b>	
<b>Balances with other banks</b>	<b>56,603,548</b>	<b>56,603,548</b>	
<b>Lendings to financial institutions</b>	<b>88,598,160</b>	<b>88,598,160</b>	
<b>Investments</b>	<b>2,562,299,087</b>	<b>2,562,299,087</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>	13,621,024	13,621,024	(a)
<i>of which: Mutual Funds exceeding regulatory threshold</i>	86,476	86,476	(b)
<i>of which: reciprocal crossholding of capital instrument</i>	4,015,933	4,015,933	(c)
<i>of which: investment in own shares</i>	-	-	
<b>Advances</b>	<b>1,861,344,592</b>	<b>1,861,344,592</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>	18,392,219	18,392,219	(d)
<b>Operating fixed assets</b>	<b>164,615,010</b>	<b>164,615,010</b>	
<i>of which: Goodwill</i>	4,363,502	4,363,502	(e)
<i>of which: Intangibles</i>	17,939,229	17,939,229	(f)
<b>Deferred Tax Assets</b>	<b>480,874</b>	<b>480,874</b>	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	(g)
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	
<b>Other assets</b>	<b>252,878,451</b>	<b>252,878,451</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>5,534,348,303</b>	<b>5,534,348,303</b>	
<b>LIABILITIES &amp; EQUITY</b>			
<b>Bills payable</b>	<b>51,700,823</b>	<b>51,700,823</b>	
<b>Borrowings</b>	<b>665,042,679</b>	<b>665,042,679</b>	
<b>Deposits and other accounts</b>	<b>4,142,351,836</b>	<b>4,142,351,836</b>	
<b>Subordinated loans</b>	<b>19,699,000</b>	<b>19,699,000</b>	
<i>of which: eligible for inclusion in AT1</i>	18,874,000	18,874,000	(h)
<i>of which: eligible for inclusion in Tier 2</i>	825,000	825,000	
Liabilities against assets subject to finance lease	-	-	
<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>	1,705,743	1,705,743	(g)
<b>Other liabilities</b>	<b>289,533,312</b>	<b>289,533,312</b>	
<b>Total liabilities</b>	<b>5,168,327,650</b>	<b>5,168,327,650</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	(j)
<i>of which: amount eligible for AT1</i>	-	-	
<b>Reserves</b>	<b>100,805,157</b>	<b>100,805,157</b>	
<i>of which: portion eligible for inclusion in CET1</i>	50,500,007	50,500,007	(k)
<i>of which: portion eligible for inclusion in Tier 2</i>	50,305,150	50,305,150	(l)
<b>Unappropriated profit</b>	<b>221,883,756</b>	<b>221,883,756</b>	(m)
<b>Non-controlling interest</b>	<b>2,805,892</b>	<b>2,805,892</b>	
<i>of which: portion eligible for inclusion in CET1</i>	1,937,061	1,937,061	(n)
<i>of which: portion eligible for inclusion in AT1</i>	341,834	341,834	(o)
<i>of which: portion eligible for inclusion in Tier 2</i>	569,723	569,723	(p)
<b>Surplus on revaluation of assets</b>	<b>25,857,323</b>	<b>25,857,323</b>	
<i>of which: Revaluation reserves on Property eligible for inclusion in Tier 2</i>	42,947,693	42,947,693	(q)
<i>of which: Unrealized Gains/Losses on AFS eligible for inclusion in Tier 2</i>	(17,281,961)	(17,281,961)	(r)
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	(ab)
<b>Total liabilities &amp; Equity</b>	<b>5,534,348,303</b>	<b>5,534,348,303</b>	

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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	(j)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	50,500,007	(k)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	221,883,756	(m)
Non-controlling interest	1,937,061	(n)
<b>CET 1 before Regulatory Adjustments</b>	<b>288,989,349</b>	
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
Goodwill	4,363,502	(e) - (i)
All other intangibles	17,939,229	(f)
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)	1,705,743	(g)
Defined-benefit pension fund net assets	-	
Reciprocal cross holdings in Common Equity Tier 1 Capital instruments	3,969,124	portion of (c)
Cash flow hedge reserve	-	
Investment in own shares	-	
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)	13,621,024	(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	(41,598,622)	
<b>Common Equity Tier 1</b>	<b>247,390,727</b>	
<b>Additional Tier 1 (AT 1) Capital</b>		
Qualifying Additional Tier-1 instruments plus any related share premium	18,874,000	(h)
of which: Classified as equity	-	
of which: Classified as liabilities	18,874,000	
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	341,834	(o)
of which: instrument issued by subsidiaries subject to phase out	-	
<b>AT1 before regulatory adjustments</b>	<b>19,215,834</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)	86,476	(b)
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	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-BaseI 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	-	
<b>Total of Regulatory Adjustment applied to AT1 capital</b>	<b>(86,476)</b>	
<b>Additional Tier 1 capital</b>	<b>19,129,359</b>	
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>19,129,359</b>	
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	<b>266,520,086</b>	
<b>Tier 2 Capital</b>		
Qualifying Tier 2 capital instruments under Basel III	825,000	
Capital instruments subject to phase out arrangement from tier 2 (Pre-BaseI III instruments)	-	
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	569,723	(p)
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	18,392,219	(d)
Revaluation Reserves eligible for Tier 2	25,665,732	
of which: portion pertaining to Property	42,947,693	(q)
of which: portion pertaining to AFS securities	(17,281,961)	(r)
Foreign Exchange Translation Reserves	50,305,150	(l)
Undisclosed/Other Reserves (if any)	-	
<b>Tier 2 before regulatory adjustments</b>	<b>95,757,824</b>	
<b>Tier 2 Capital: regulatory adjustments</b>		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
Reciprocal cross holdings in Tier 2 Capital instruments	46,808	portion of (c)
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	(46,808)	
Tier 2 capital after regulatory adjustments	95,711,016	
Tier 2 capital not recognized for capital adequacy	(19,405,187)	
Tier 2 capital recognized for capital adequacy	76,305,829	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
<b>Total Tier 2 capital admissible for capital adequacy</b>	<b>76,305,829</b>	
<b>TOTAL CAPITAL (Tier 1 + admissible Tier 2)</b>	<b>342,825,915</b>	

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Main Features of Regulatory Capital Instruments

	Common Shares	Debt Instruments	Debt Instruments	Debt Instruments
<b>Issuer</b>	Habib Bank Limited	Habib Bank Limited	Habib Bank Limited	Habib Microfinance Bank Limited
<b>Unique identifier</b>	HBL	HBL	HBL	HBL MFB
<b>Governing law(s) of the instrument</b>	Relevant Capital Market Laws	Laws applicable in Pakistan	Laws applicable in Pakistan	Laws applicable in Pakistan
<b>Regulatory treatment</b>				
Transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital	Additional Tier I Capital	Tier II Capital
Post-transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital	Additional Tier I Capital	Tier II Capital
Eligible at solo / group / group & solo	Group and Standalone	Group and Standalone	Group and Standalone	Group
Instrument type	Ordinary shares	Term Finance Certificates	Term Finance Certificates	Term Finance Certificates
Amount recognized in regulatory capital (Currency in PKR thousands)	14,668,525	12,374,000	6,500,000	825,000
Par value of instrument	Rs. 10 per share	PKR 100,000 and in multiples thereof	PKR 100,000 and in multiples thereof	PKR 100,000 and in multiples thereof
Accounting classification	Shareholders' equity	Subordinated loan	Subordinated loan	Subordinated loan
Original date of issuance	April 30, 1905	September 26, 2019	December 28, 2022	Not Issued yet
Perpetual or dated	Perpetual	Perpetual	Perpetual	Bullet at Maturity
Original maturity date	Not applicable	Not applicable	Not applicable	10 Years
Issuer call subject to prior supervisory approval	Not applicable	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Not applicable	Anytime after five years from the issue date	Anytime after five years from the issue date	Anytime after five years from the issue date
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.	On any coupon payment date after 5th anniversary from the date of issue with prior notice to investors of not less than 30 calendar days.
<b>Coupons/dividends</b>				
Fixed or floating dividend/coupon	Not applicable	Floating	Floating	Floating
Coupon rate and any related index/benchmark	Not applicable	3 months KIBOR + 1.60% per annum	3 months KIBOR + 2.00% per annum	6 months KIBOR + 2.00% per annum
Existence of a dividend stopper	No	No	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No	No	No
Noncumulative or cumulative	Not applicable	Noncumulative	Noncumulative	Cumulative
<b>Convertible or non-convertible</b>				
Convertible or non-convertible	Not applicable	Convertible	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 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 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").
If convertible, fully or partially	Not applicable	To be determined in case of trigger event, at the discretion of the SBP.	To be determined in case of trigger event, at the discretion of the SBP.	To be determined in case of trigger event, at the discretion of the SBP.
If convertible, conversion rate	Not applicable	To be determined in case of trigger event(s)	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	Mandatory
If convertible, specify instrument type convertible into	Not applicable	Common Shares	Common Shares	Common Shares
If convertible, specify issuer of instrument it converts into	Not applicable	Habib Bank Limited	Habib Bank Limited	HBL Microfinance Bank Ltd
<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 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 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.
If write-down, full or partial	Not applicable	May be written down fully or partially	May be written down fully or partially	May be written down fully or partially
If write-down, permanent or temporary	Not applicable	Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism	Not applicable	Not Applicable	Not Applicable	Not Applicable
<b>Position in subordination hierarchy in liquidation</b>				
Position in subordination hierarchy in liquidation	Subordinated to loans	Subordinated to all other indebtedness to the Bank including depositors except common shares	Subordinated to all other indebtedness to the Bank including depositors except common shares	Subordinated to all other indebtedness to the Bank including depositors except common shares
Non-compliant transitioned features	No	None	None	None
If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable



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**1.6 Credit exposures subject to Standardized Approach**

Exposures	Rating category / risk weights	2023			2022		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	75,115,154	-	75,115,154	82,013,322	-	82,013,322
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	1,448,963,369	43,298,045	1,405,665,324	1,132,148,331	61,214,183	1,070,934,148
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	37,267,375	-	37,267,375	947,875	-	947,875
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	72,890,380	-	72,890,380	56,786,094	-	56,786,094
	2	87,721,487	-	87,721,487	69,942,330	-	69,942,330
	3	6,374,849	-	6,374,849	5,392,721	-	5,392,721
	4,5	65,145,882	-	65,145,882	57,483,879	-	57,483,879
	6	89,011,985	-	89,011,985	63,346,226	-	63,346,226
	Unrated	1,298,532	-	1,298,532	-	-	-
		322,443,115	-	322,443,115	252,951,250	-	252,951,250
Corporates	1	348,782,711	8,557,001	340,225,710	365,394,262	10,022,826	355,371,436
	2	243,236,705	15,271,744	227,964,961	223,139,507	14,303,661	208,835,846
	3,4	8,525,358	672,292	7,853,066	10,491,435	615,798	9,875,637
	5,6	-	-	-	-	-	-
	Unrated-1	310,178,559	17,938,812	292,239,747	294,292,645	19,607,539	274,685,106
	Unrated-2	114,786,003	23,284,435	91,501,568	123,232,053	8,786,448	114,445,605
		1,025,509,336	65,724,284	959,785,052	1,016,549,902	53,336,272	963,213,630
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3	53,405,659	-	53,405,659	5,602,786	-	5,602,786
	4,5	7,204,407	-	7,204,407	11,090,805	-	11,090,805
	6	1,014,128	-	1,014,128	-	-	-
	Unrated	6,045,580	-	6,045,580	11,972,896	-	11,972,896
		67,669,774	-	67,669,774	28,666,487	-	28,666,487
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	20%	83,598,160	66,576,986	17,021,174	254,593,287	254,034,838	558,449
Banks - others	1	100,596,198	-	100,596,198	59,343,288	-	59,343,288
	2,3	10,467,574	-	10,467,574	23,287,462	-	23,287,462
	4,5	27,024,389	3,476,592	23,547,797	15,225,475	-	15,225,475
	6	540,880	-	540,880	445,093	-	445,093
	Unrated	36,238,936	-	36,238,936	47,382,587	381,089	47,001,498
		174,867,977	3,476,592	171,391,385	145,683,905	381,089	145,302,816
Public Sector Entities	1	158,590,292	53,231,518	105,358,774	131,200,306	37,092,242	94,108,064
	2,3	15,482	-	15,482	3,570,254	-	3,570,254
	4,5	-	-	-	-	-	-
	6	2,986,900	-	2,986,900	1,357,201	-	1,357,201
	Unrated	195,347,787	176,746,709	18,601,078	194,923,730	170,971,675	23,952,055
		356,940,461	229,978,227	126,962,234	331,051,491	208,063,917	122,987,574
Retail portfolio	75%	394,111,664	16,578,279	377,533,385	358,642,214	10,480,701	348,161,513
Claims Fully Secured by Residential Mortgages	35%	37,446,612	-	37,446,612	24,902,125	-	24,902,125
Low Cost Housing	25%	7,688,119	-	7,688,119	8,100,752	-	8,100,752
Past due loans	50% - 150%	17,245,801	1,181,492	16,064,309	12,866,856	1,165,766	11,701,090
Equity investments	100% - 150%	13,316,206	-	13,316,206	11,538,033	-	11,538,033
Significant investments	250%	26,101,182	-	26,101,182	27,678,113	-	27,678,113
Fixed assets	100%	141,894,467	-	141,894,467	113,871,657	-	113,871,657
Others	100%	39,138,418	-	39,138,418	40,611,088	-	40,611,088
		4,269,317,190	426,813,905	3,842,503,285	3,842,816,688	588,676,766	3,254,139,922

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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 4.33% (2022: 4.20%) is above the current minimum requirement of 3.00% set by the SBP.

	2023	2022
	(Rupees in '000)	
Eligible Tier-1 Capital	266,520,086	222,345,186
Total Exposures	6,158,603,788	5,292,442,000
<b>Leverage Ratio (%)</b>	<b>4.33%</b>	<b>4.20%</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 Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of 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 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**

	2023		2022	
	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)		1,879,073,951		1,609,446,790
2 Retail deposits and deposits from small business customers of which:				
2.1 Stable deposits	-	-	-	-
2.2 Less stable deposits	2,325,953,622	232,595,362	1,875,416,519	187,541,652
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	1,168,093,916	508,520,702	1,150,840,363	523,489,035
3.3 Unsecured debt	84,562,149	84,562,149	50,410,969	50,410,969
4 Secured wholesale funding	-	-	-	-
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other Collateral requirements	7,021,512	7,021,512	2,362,386	2,362,386
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	11,896,223	1,189,622	19,177,677	1,917,768
7 Other contingent funding obligations	1,642,986,439	31,270,893	1,462,783,817	32,632,098
<b>8 TOTAL CASH OUTFLOWS</b>		<b>865,160,240</b>		<b>798,353,909</b>
<b>CASH INFLOWS</b>				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	258,687,993	143,517,437	277,303,784	152,364,360
11 Other Cash inflows	149,612,531	27,782,127	128,092,287	13,428,632
<b>12 TOTAL CASH INFLOWS</b>		<b>171,299,564</b>		<b>165,792,992</b>
		<b>Total Adjusted Value<sup>3</sup></b>		<b>Total Adjusted Value<sup>3</sup></b>
TOTAL HIGH QUALITY LIQUID ASSETS		1,879,073,951		1,609,446,790
TOTAL NET CASH OUTFLOWS		693,860,676		632,560,917
<b>LIQUIDITY COVERAGE RATIO</b>		<b>270.81%</b>		<b>254.43%</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**

	2023				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	270,522,970	-	-	-	270,522,970
3 Other capital instruments	18,874,000	-	-	-	18,874,000
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	1,050,904,947	329,168,158	1,171,565,677	2,413,631,470
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	543,047,632	170,095,297	605,398,203	961,969,667
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	12,213,701	-
12 All other liabilities and equity not included in other categories	-	800,007,241	31,715,775	147,114,826	147,114,826
<b>13 Total ASF</b>					<b>3,812,112,933</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	-	85,626,385	-	-	9,389,050
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	-	66,905,364	53,533,683	753,946,376	644,463,591
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	472,878,596	307,371,088
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	-	1,236,789,572	680,015,921	1,851,975,266	1,335,574,968
28 Off-balance sheet items	-	523,922,675	471,363,544	280,953,327	87,939,977
<b>29 Total RSF</b>					<b>2,384,738,674</b>
<b>30 Net Stable Funding Ratio (%)</b>					<b>159.85%</b>

\* 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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**3.2 Net Stable Funding Ratio**

2022

	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	223,732,235	-	-	-	223,732,235
3 Other capital instruments	18,874,000	-	-	-	18,874,000
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	846,580,942	260,550,401	1,051,744,793	2,048,163,001
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	421,667,881	129,775,820	523,856,582	799,578,432
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	6,032,401	-
12 All other liabilities and equity not included in other categories	-	611,682,235	13,892,746	222,696,003	134,764,281
<b>13 Total ASF</b>					<b>3,225,111,950</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	-	268,088,052	-	-	27,483,543
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	-	471,567,403	92,295,679	402,432,020	449,196,724
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	184,830,710	8,013,087	77,657,801	172,294,518
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	-	543,996,341	364,444,194	1,941,771,631	1,434,810,957
28 Off-balance sheet items	-	561,877,024	425,020,298	262,199,655	87,773,306
<b>29 Total RSF</b>					<b>2,171,559,048</b>
<b>30 Net Stable Funding Ratio (%)</b>					<b>148.52%</b>

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