

HABIB BANK LIMITED
CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2025

1 CAPITAL ADEQUACY

1.1 Risk-Weighted Exposures

	Capital Requirements		Risk Weighted Assets	
	2025	2024	2025	2024
------(Rupees in '000)-----				
Credit Risk				
On-balance sheet				
Sovereigns	25,548,378	23,500,998	204,387,022	188,007,983
Public Sector Entities	3,372,286	5,064,483	26,978,290	40,515,867
Multilateral Development Banks	-	-	-	-
Banks	22,152,172	17,854,062	177,217,374	142,832,495
Corporates	75,158,757	73,107,905	601,270,055	584,863,243
Retail	41,990,718	38,414,507	335,925,746	307,316,054
Residential mortgages	2,699,706	2,211,326	21,597,646	17,690,609
Low Cost Housing	201,933	222,652	1,615,467	1,781,213
Past due loans	842,705	1,024,512	6,741,638	8,196,097
Listed equity investments	518,344	733,038	4,146,752	5,864,302
Unlisted equity investments	1,315,606	72,749	10,524,847	581,993
Significant investments and others	11,449,773	10,218,104	91,598,187	81,744,833
Operating fixed assets	21,844,436	19,779,149	174,755,486	158,233,195
Other assets	7,418,852	5,474,994	59,350,814	43,799,952
	214,513,666	197,678,479	1,716,109,324	1,581,427,836
Off-balance sheet				
Non-market related	16,805,941	17,493,455	134,447,525	139,947,639
Market related	626,544	556,139	5,012,353	4,449,114
	17,432,485	18,049,594	139,459,878	144,396,753
Market Risk				
Interest Rate Risk	12,434,553	5,895,879	155,431,912	73,698,487
Equity Position Risk	5,028,360	2,981,192	62,854,500	37,264,900
Foreign Exchange Risk	12,683,083	9,639,603	158,538,538	120,495,038
	30,145,996	18,516,674	376,824,950	231,458,425
Operational Risk				
	34,321,358	31,088,872	429,016,970	388,610,901
	296,413,505	265,333,619	2,661,411,122	2,345,893,915

Capital Adequacy Ratio

	2025	2024
	(Rupees in '000)	
Total eligible regulatory capital held	487,644,636	415,322,248
Total risk weighted assets	2,661,411,122	2,345,893,915
Capital adequacy ratio	18.32%	17.70%

1.2 Capital structure

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

	Note	2025	2024
		(Rupees in '000)	
Common Equity Tier 1 capital (CET1): Instruments and reserves			
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		108,660,604	98,302,935
Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		281,557,275	246,508,577
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)		990,204	1,008,476
CET 1 before Regulatory Adjustments		405,876,608	360,488,513
Total regulatory adjustments applied to CET1	1.3.1	(51,243,267)	(44,250,062)
Common Equity Tier 1		354,633,341	316,238,451

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2025**

	Note	2025 (Rupees in '000)	2024
Additional Tier 1 (AT 1) Capital			
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)		174,742	177,966
of which: instrument issued by subsidiaries subject to phase out		-	-
AT1 before regulatory adjustments		<u>19,048,742</u>	<u>19,051,966</u>
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	(737,236)	(430,613)
Additional Tier 1 capital after regulatory adjustments		-	-
Additional Tier 1 capital recognized for capital adequacy		<u>18,311,506</u>	<u>18,621,353</u>
Tier 1 Capital (CET1 + admissible AT1)		372,944,847	334,859,804
Tier 2 Capital			
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		1,500,000	1,500,000
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)		291,236	296,611
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		23,194,615	21,572,807
Revaluation Reserves (net of taxes)		89,908,869	57,159,757
of which: Revaluation reserves on fixed assets		42,408,859	42,525,073
of which: Unrealized gains/losses on FVOCI		47,500,010	14,634,684
Foreign Exchange Translation Reserves		-	-
Tier 2 before regulatory adjustments		<u>114,894,720</u>	<u>80,529,175</u>
Total regulatory adjustment applied to T2 capital	1.3.3	(194,931)	(66,731)
Tier 2 after regulatory adjustments		114,699,789	80,462,444
Tier 2 capital not recognized for capital adequacy		-	-
Tier 2 capital recognized for capital adequacy		114,699,789	80,462,444
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>114,699,789</u>	<u>80,462,444</u>
TOTAL CAPITAL (Tier 1 + admissible Tier 2)		<u><u>487,644,636</u></u>	<u><u>415,322,248</u></u>
Total Risk Weighted Assets		2,661,411,122	2,345,893,915
Capital Ratios and buffers (in percentage of risk weighted assets)			
CET1 to total RWA		<u>13.33%</u>	<u>13.48%</u>
Tier-1 capital to total RWA		<u>14.01%</u>	<u>14.27%</u>
Total capital to RWA		<u>18.32%</u>	<u>17.70%</u>
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		8.00%	8.00%
of which: capital conservation buffer requirement		1.50%	1.50%
of which: countercyclical buffer requirement		-	-
of which: D-SIB buffer requirement		1.00%	1.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)		7.33%	7.48%
Other information:			
Minimum capital requirements prescribed by SBP			
CET1 minimum ratio		8.50%	8.50%
Tier 1 minimum ratio		10.00%	10.00%
Total capital minimum ratio		12.50%	12.50%

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2025**

1.3 Regulatory Adjustments and Additional Information	<u>2025</u>	<u>2024</u>
1.3.1 Common Equity Tier 1 capital: Regulatory adjustments	----- (Rupees in '000) -----	
Goodwill (net of related deferred tax liability)	4,469,732	4,224,574
All other intangibles (net of any associated deferred tax liability)	25,686,097	20,176,861
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)	2,325,362	4,100,869
Defined-benefit pension fund net assets	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	6,995,905	5,006,875
Cash flow hedge reserve	-	-
Investment in own shares / CET1 instruments	6,763	-
Securitization gain on sale	-	-
Capital shortfall of regulated subsidiaries	-	-
Deficit on account of revaluation from bank's holdings of fixed assets/ FVOCI	-	-
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)	11,759,408	10,740,883
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>51,243,267</u>	<u>44,250,062</u>
1.3.2 Additional Tier-1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit [SBP specific	38,990	90,416
Investment in own AT1 capital instruments	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	698,246	340,197
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>737,236</u>	<u>430,613</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	194,931	66,731
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>194,931</u>	<u>66,731</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2025**

1.3.4 Additional Information	2025	2024
	(Rupees in '000)	
Risk Weighted Assets subject to pre-Basel III treatment		
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	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	6,688,626	6,259,968
Significant investments in the common stock of financial entities	36,639,275	32,697,933
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	23,765,501	24,172,390
Cap on inclusion of provisions in Tier 2 under standardized approach	23,194,615	21,572,807
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
1.4 Capital structure reconciliation	As per published financial statements	Under regulatory scope of consolidation
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	564,755,888	564,755,888
Balances with other banks	53,972,937	53,972,937
Lendings to financial institutions	247,784,847	247,784,847
Investments	4,186,245,908	4,186,245,908
Advances	2,076,777,374	2,076,777,374
Fixed assets	174,755,486	174,755,486
Intangible assets	30,696,658	30,696,658
Deferred tax assets	-	-
Other assets	373,155,122	373,155,122
Total assets	<u>7,708,144,220</u>	<u>7,708,144,220</u>
Liabilities & Equity		
Bills payable	59,422,812	59,422,812
Borrowings	1,216,019,536	1,216,019,536
Deposits and other accounts	5,546,000,371	5,546,000,371
Subordinated loan	20,374,000	20,374,000
Liabilities against assets subject to finance lease	40,115,807	40,115,807
Deferred tax liability	43,836,151	43,836,151
Other liabilities	293,760,838	293,760,838
Total liabilities	7,219,529,515	7,219,529,515
Share capital	14,668,525	14,668,525
Reserves	108,660,604	108,660,604
Unappropriated profit	273,410,965	273,410,965
Non-controlling interest	1,670,989	1,670,989
Surplus on revaluation of assets	90,203,622	90,203,622
Total liabilities & equity	<u>7,708,144,220</u>	<u>7,708,144,220</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2025**

1.4.1 Detail of capital structure reconciliation

	As per published financial statements (Rupees in '000)	Under regulatory scope of consolidation	Reference
ASSETS			
Cash and balances with treasury banks	564,755,888	564,755,888	
Balances with other banks	53,972,937	53,972,937	
Lendings to financial institutions	247,784,847	247,784,847	
Investments	4,186,245,908	4,186,245,908	
<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>	11,759,408	11,759,408	(a)
<i>of which: Mutual Funds exceeding regulatory threshold</i>	38,990	38,990	(b)
<i>of which: reciprocal crossholding of capital instrument</i>	7,889,082	7,889,082	(c)
<i>of which: investment in own shares</i>	-	-	
Advances	2,076,777,374	2,076,777,374	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>	-	-	
<i>General provisions reflected in Tier 2 capital</i>	23,194,615	23,194,615	(d)
Operating fixed assets	205,452,144	205,452,144	
<i>of which: Goodwill</i>	5,010,561	5,010,561	(e)
<i>of which: Intangibles</i>	25,686,097	25,686,097	(f)
Deferred Tax Assets	-	-	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	(g)
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	
Other assets	373,155,122	373,155,122	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	-	-	
<i>of which: Defined-benefit pension fund net assets</i>	-	-	
Total assets	7,708,144,220	7,708,144,220	
LIABILITIES & EQUITY			
Bills payable	59,422,812	59,422,812	
Borrowings	1,216,019,536	1,216,019,536	
Deposits and other accounts	5,546,000,371	5,546,000,371	
Subordinated loans	20,374,000	20,374,000	
<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>	1,500,000	1,500,000	
Liabilities against assets subject to finance lease	40,115,807	40,115,807	
Deferred tax liabilities	43,836,151	43,836,151	
<i>of which: DTLs related to goodwill</i>	540,829	540,829	(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>	2,325,362	2,325,362	(g)
Other liabilities	293,760,838	293,760,838	
Total liabilities	7,219,529,515	7,219,529,515	
Share capital	14,668,525	14,668,525	
<i>of which: amount eligible for CET1</i>	14,668,525	14,668,525	(j)
<i>of which: amount eligible for AT1</i>	-	-	
Reserves	108,660,604	108,660,604	
<i>of which: portion eligible for inclusion in CET1</i>	108,660,604	108,660,604	(k)
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	(l)
Unappropriated profit	273,410,965	273,410,965	(m)
Non-controlling interest	1,670,989	1,670,989	
<i>of which: portion eligible for inclusion in CET1</i>	990,204	990,204	(n)
<i>of which: portion eligible for inclusion in AT1</i>	174,742	174,742	(o)
<i>of which: portion eligible for inclusion in Tier 2</i>	291,236	291,236	(p)
Surplus on revaluation of assets	90,203,622	90,203,622	
<i>of which: Revaluation reserves on Property eligible for inclusion in Tier 2</i>	42,408,859	42,408,859	(q)
<i>of which: Unrealized Gains/Losses on FVOCI eligible for inclusion in Tier 2</i>	47,500,010	47,500,010	(r)
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	(ab)
Total liabilities & Equity	7,708,144,220	7,708,144,220	

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2025**

1.4.2 Component of capital reported by the Group	Rupees in '000	Source based on reference number
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital	14,668,525	(j)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	108,660,604	(k)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	281,557,275	(m)*
Non-controlling interest	990,204	(n)
CET 1 before Regulatory Adjustments	405,876,608	
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill	4,469,732	(e) - (i)
All other intangibles	25,686,097	(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)	2,325,362	(g)
Defined-benefit pension fund net assets	-	
Reciprocal cross holdings in Common Equity Tier 1 Capital instruments	6,995,905	portion of (c)
Cash flow hedge reserve	-	
Investment in own shares	6,763	
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ FVOCI	-	
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)	11,759,408	(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	(51,243,267)	
Common Equity Tier 1	354,633,341	
Additional Tier 1 (AT 1) Capital		
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)	174,742	(o)
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	19,048,742	

*Note (m): Includes IFRS-9 Transitional Impact as per SBP BPRD Circular No. 03 of 2022

	Rupees in '000	Source based on reference number
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	38,990	(b)
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	698,246	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	<u>(737,236)</u>	
Additional Tier 1 capital	18,311,506	
Additional Tier 1 capital not recognized for capital adequacy	-	
Transfer to CET1 due to insufficient AT1 to cover deductions	-	
Additional Tier 1 capital recognized for capital adequacy	<u>18,311,506</u>	
Tier 1 Capital (CET1 + admissible AT1)	<u>372,944,847</u>	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	1,500,000	
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)	291,236	(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	23,194,615	(d)
Revaluation Reserves eligible for Tier 2	89,908,869	
of which: portion pertaining to Property	42,408,859	(q)
of which: portion pertaining to FVOCI securities	47,500,010	(r)
Foreign Exchange Translation Reserves	-	(l)
Undisclosed/Other Reserves (if any)	-	
Tier 2 before regulatory adjustments	<u>114,894,720</u>	
Tier 2 Capital: regulatory adjustments		
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 Capital instruments	194,931	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	(194,931)	
Tier 2 capital after regulatory adjustments	114,699,789	
Tier 2 capital not recognized for capital adequacy	-	
Tier 2 capital recognized for capital adequacy	114,699,789	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	<u>114,699,789</u>	
TOTAL CAPITAL (Tier 1 + admissible Tier 2)	<u><u>487,644,636</u></u>	

CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED

AS AT DECEMBER 31, 2025

Main Features of Regulatory Capital Instruments

	Common Shares	Debt Instruments	Debt Instruments	Debt Instruments
Issuer	Habib Bank Limited	Habib Bank Limited	Habib Bank Limited	Habib Microfinance Bank Limited
Unique identifier	HBL	HBL	HBL	HBL MFB
Governing law(s) of the instrument	Relevant Capital Market Laws	Laws applicable in Pakistan	Laws applicable in Pakistan	Laws applicable in Pakistan
Regulatory treatment				
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	1,500,000
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	December 22, 2023
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.
Coupons/dividends				
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
Convertible or non-convertible				
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
Write-down feature				
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
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

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2025**

1.6 Credit exposures subject to Standardized Approach

Exposures	Rating category / risk weights	2025			2024		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	83,901,351	-	83,901,351	84,026,981	-	84,026,981
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	2,132,262,019	115,926,936	2,016,335,083	1,645,167,300	36,317,134	1,608,850,166
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	-	-	-	37,743,848	-	37,743,848
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	56,702,836	-	56,702,836	93,475,126	-	93,475,126
	2	91,701,077	-	91,701,077	88,410,185	-	88,410,185
	3	2,264,376	-	2,264,376	-	-	-
	4,5	76,949,232	5,042,905	71,906,327	46,379,888	-	46,379,888
	6	72,550,415	-	72,550,415	79,902,065	-	79,902,065
	Unrated	4,182,669	-	4,182,669	4,092,960	-	4,092,960
		304,350,605	5,042,905	299,307,700	312,260,224	-	312,260,224
Corporates	1	348,426,936	16,801,843	331,625,093	408,613,680	27,964,055	380,649,625
	2	197,325,572	6,859,732	190,465,840	214,916,183	11,568,508	203,347,675
	3,4	4,967,076	105,300	4,861,776	6,184,764	669,455	5,515,309
	5,6	-	-	-	-	-	-
	Unrated-1	380,604,826	37,386,501	343,218,325	320,569,197	38,192,870	282,376,327
	Unrated-2	79,649,669	6,344,057	73,305,612	165,916,252	70,581,977	95,334,275
		1,010,974,079	67,497,433	943,476,646	1,116,200,076	148,976,865	967,223,211
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3	13,302,033	-	13,302,033	7,094,506	-	7,094,506
	4,5	8,277,372	-	8,277,372	1,603,266	-	1,603,266
	6	1,948,497	-	1,948,497	40,218	-	40,218
	Unrated	1,403,982	-	1,403,982	599,856	-	599,856
		24,931,884	-	24,931,884	9,337,846	-	9,337,846
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	20%	247,784,847	218,865,247	28,919,600	82,793,937	74,792,556	8,001,381
Banks - others	1	157,506,015	82,176,000	75,330,015	278,136,529	184,017,446	94,119,083
	2,3	48,857,016	-	48,857,016	53,544,380	-	53,544,380
	4,5	107,734,199	-	107,734,199	39,115,448	2,612,140	36,503,308
	6	1,406,496	-	1,406,496	1,842,339	-	1,842,339
	Unrated	24,184,730	-	24,184,730	107,937,126	-	107,937,126
		339,688,456	82,176,000	257,512,456	480,575,822	186,629,586	293,946,236
Public Sector Entities	1	105,526,322	29,017,137	76,509,185	174,586,213	42,773,003	131,813,210
	2,3	-	-	-	-	-	-
	4,5	5,333,075	-	5,333,075	-	-	-
	6	-	-	-	4,326,772	-	4,326,772
	Unrated	107,232,366	94,545,611	12,686,755	401,580,991	386,254,857	15,326,134
		218,091,763	123,562,748	94,529,015	580,493,976	429,027,860	151,466,116
Retail portfolio	75%	510,669,395	62,768,400	447,900,995	447,249,227	37,494,489	409,754,738
Claims Fully Secured by Residential Mortgages	35%	61,707,559	-	61,707,559	50,544,598	-	50,544,598
Low Cost Housing	25%	6,461,867	-	6,461,867	7,124,850	-	7,124,850
Past due loans	50% - 150%	10,835,126	1,207,624	9,627,502	12,365,261	950,409	11,414,852
Equity investments	100% - 150%	11,163,317	-	11,163,317	6,252,297	-	6,252,297
Significant investments	250%	36,639,275	-	36,639,275	32,697,933	-	32,697,933
Fixed assets	100%	174,755,486	-	174,755,486	158,233,195	-	158,233,195
Others	100%	59,350,814	-	59,350,814	43,799,952	-	43,799,952
		5,233,567,843	677,047,293	4,556,520,550	5,106,867,323	914,188,899	4,192,678,424

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2025**

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 4.52% (2024: 4.66%) is above the current minimum requirement of 3.00% set by the SBP.

	2025	2024
	(Rupees in '000)	
Eligible Tier-1 Capital	372,944,847	334,859,804
Total Exposures	8,242,000,868	7,184,144,791
Leverage Ratio (%)	4.52%	4.66%
Minimum Requirement (%)	3.00%	3.00%

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

	2025		2024	
	Total unweighted ¹ value (average)	Total weighted ² value (average)	Total unweighted ¹ value (average)	Total weighted ² value (average)
----- (Rupees in '000) -----				
HIGH QUALITY LIQUID ASSETS				
1 Total high quality liquid assets (HQLA)		2,559,571,409		2,320,570,154
2 Retail deposits and deposits from small business customers of which:				
2.1 Stable deposits	-	-	-	-
2.2 Less stable deposits	2,847,851,568	284,785,157	2,814,216,152	281,421,615
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	1,681,028,036	733,164,438	1,375,535,406	592,401,794
3.3 Unsecured debt	121,448,955	121,448,955	100,961,003	100,961,003
4 Secured wholesale funding	-	-	-	-
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other Collateral requirements	5,487,619	5,487,619	9,430,609	9,430,609
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	24,746,907	2,474,691	22,861,009	2,286,101
7 Other contingent funding obligations	1,670,817,924	32,611,292	1,646,009,458	32,915,240
8 TOTAL CASH OUTFLOWS		1,179,972,152		1,019,416,362
CASH INFLOWS				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	220,483,571	132,045,499	210,656,249	119,790,572
11 Other Cash inflows	92,527,752	15,263,152	84,308,026	30,390,419
12 TOTAL CASH INFLOWS		147,308,651		150,180,991
		Total Adjusted Value³		Total Adjusted Value
AVERAGE HIGH QUALITY LIQUID ASSETS		2,559,571,409		2,320,570,154
AVERAGE NET CASH OUTFLOWS		1,032,663,501		869,235,371
LIQUIDITY COVERAGE RATIO		247.86%		266.97%

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, 2025**

3.2 Net Stable Funding Ratio

	2025				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) -----					
ASF Item					
1 Capital:					
2 Regulatory capital	365,842,186	-	-	-	365,842,186
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	-	1,236,116,328	432,173,682	1,325,670,469	2,827,131,477
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	923,512,052	322,880,295	990,418,642	1,613,614,815
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	5,932,185	-
12 All other liabilities and equity not included in other categories	-	1,311,823,222	36,421,640	200,256,011	224,077,450
13 Total ASF					5,049,539,928
RSF item					
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-
15 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16 Performing loans and securities:					
17 Performing loans to financial institutions secured by Level 1 HQLA	-	240,649,643	-	-	25,489,976
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	-	270,857,113	86,441,621	575,791,903	500,582,898
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	445,844,311	289,798,802
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	-	1,570,187,044	344,423,377	3,733,181,139	1,859,011,315
28 Off-balance sheet items	-	945,224,035	410,565,916	635,905,971	99,584,796
29 Total RSF					2,774,467,787
30 Net Stable Funding Ratio (%)					182.00%

* 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, 2025**

3.2 Net Stable Funding Ratio

2024

	Unweighted Value By Residual Maturity*				Weighted Value
	No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----					
ASF Item					
1 Capital:					
2 Regulatory capital	327,108,806	-	-	-	327,108,806
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	-	1,151,553,912	302,401,968	1,450,228,111	2,758,788,403
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	470,657,685	123,596,307	592,730,396	889,857,392
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	6,871,162	-
12 All other liabilities and equity not included in other categories		975,096,142	35,383,342	161,496,671	161,496,671
13 Total ASF					4,156,125,272
RSF item					
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-
15 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16 Performing loans and securities:					
17 Performing loans to financial institutions secured by Level 1 HQLA	-	122,286,587	-	-	14,602,906
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	-	371,690,115	277,587,957	704,295,730	606,259,347
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	353,111,839	229,522,696
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	-	1,639,051,195	232,835,331	1,958,945,075	1,779,014,276
28 Off-balance sheet items	-	1,185,810,781	518,922,211	364,322,877	103,452,793
29 Total RSF					2,732,852,018
30 Net Stable Funding Ratio (%)					152.08%

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