

HABIB BANK LIMITED
CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021

1 CAPITAL ADEQUACY

1.1 Risk-Weighted Exposures

	Capital Requirements		Risk Weighted Assets	
	2021	2020	2021	2020
----- (Rupees in '000) -----				
Credit Risk				
On-balance sheet				
Sovereigns	15,161,070	10,895,969	131,835,390	94,747,557
Public Sector Entities	3,983,449	2,071,268	34,638,689	18,011,023
Multilateral Development Banks	-	-	-	-
Banks	8,829,921	4,949,155	76,781,920	43,036,132
Corporates	55,698,602	46,111,494	484,335,673	400,969,512
Retail	20,115,350	16,734,899	174,916,084	145,520,860
Residential mortgages	802,629	565,395	6,979,380	4,916,475
Low Cost Housing	59,676	-	518,924	-
Past due loans	411,749	817,712	3,580,428	7,110,543
Listed equity investments	431,279	366,866	3,750,255	3,190,141
Unlisted equity investments	825,891	744,149	7,181,663	6,470,858
Significant investments and others	6,772,866	5,084,967	58,894,490	44,217,100
Operating fixed assets	10,828,199	9,700,310	94,158,252	84,350,518
Other assets	1,381,895	1,002,466	12,016,482	8,717,093
	125,302,576	99,044,650	1,089,587,630	861,257,812
Off-balance sheet				
Non-market related	14,031,120	8,204,479	122,009,738	71,343,296
Market related	696,962	327,227	6,060,539	2,845,452
	14,728,082	8,531,706	128,070,277	74,188,748
Market Risk				
Interest Rate Risk	2,452,858	2,877,500	30,660,725	35,968,750
Equity Position Risk	1,299,062	1,210,774	16,238,275	15,134,675
Foreign Exchange Risk	3,628,443	4,642,510	45,355,538	58,031,374
	7,380,363	8,730,784	92,254,538	109,134,799
Operational Risk				
	16,981,494	15,355,850	212,268,669	191,948,129
	<u>164,392,515</u>	<u>131,662,990</u>	<u>1,522,181,114</u>	<u>1,236,529,488</u>

Capital Adequacy Ratio

	2021	2020
	(Rupees in '000)	
Total eligible regulatory capital held	262,172,910	237,404,190
Total risk weighted assets	1,522,181,114	1,236,529,488
Capital adequacy ratio	17.22%	19.20%

1.2 Capital structure

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

	Note	2021	2020
		(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		40,590,491	37,163,342
Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		148,392,471	129,262,746
CET 1 before Regulatory Adjustments		<u>203,651,487</u>	<u>181,094,613</u>
Total regulatory adjustments applied to CET1	1.3.1	(10,280,049)	(8,154,249)
Common Equity Tier 1		<u>193,371,438</u>	<u>172,940,364</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

	Note	2021 (Rupees in '000)	2020
Additional Tier 1 (AT 1) Capital			
Qualifying Additional Tier-1 instruments plus any related share premium		12,374,000	12,374,000
of which: Classified as equity		-	-
of which: Classified as liabilities		12,374,000	12,374,000
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	<u>(1,945,486)</u>	<u>(1,935,937)</u>
Additional Tier 1 capital recognized for capital adequacy		10,428,514	10,438,063
Tier 1 Capital (CET1 + admissible AT1)		203,799,952	183,378,427
Tier 2 Capital			
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		-	-
Tier 2 capital instruments subject to phase out arrangement issued under pre-Basel 3 rules		-	-
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		9,569,507	9,498,565
Revaluation Reserves (net of taxes)		24,965,181	35,543,262
of which: Revaluation reserves on fixed assets		27,010,543	27,073,220
of which: Unrealized gains/losses on AFS		(2,045,362)	8,470,042
Foreign Exchange Translation Reserves		29,088,178	25,877,296
Tier 2 before regulatory adjustments		<u>63,622,866</u>	<u>70,919,123</u>
Total regulatory adjustment applied to T2 capital	1.3.3	<u>(3,910,895)</u>	<u>(3,319,047)</u>
Tier 2 after regulatory adjustments		59,711,971	67,600,076
Tier 2 capital not recognized for capital adequacy		(1,339,013)	(16,893,360)
Tier 2 capital recognized for capital adequacy		58,372,958	54,025,763
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>58,372,958</u>	<u>54,025,763</u>
TOTAL CAPITAL (Tier 1 + admissible Tier 2)		<u>262,172,910</u>	<u>237,404,190</u>
Total Risk Weighted Assets		1,522,181,114	1,236,529,488
Capital Ratios and buffers (in percentage of risk weighted assets)			
CET1 to total RWA		<u>12.70%</u>	<u>13.99%</u>
Tier-1 capital to total RWA		<u>13.39%</u>	<u>14.83%</u>
Total capital to RWA		<u>17.22%</u>	<u>19.20%</u>
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		9.50%	9.50%
of which: capital conservation buffer requirement		1.50%	1.50%
of which: countercyclical buffer requirement		-	-
of which: D-SIB buffer requirement		2.00%	2.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)		6.70%	7.99%
Other information:			
Minimum capital requirements prescribed by SBP			
CET1 minimum ratio		7.50%	7.50%
Tier 1 minimum ratio		9.00%	9.00%
Total capital minimum ratio		11.50%	11.50%

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

1.3 Regulatory Adjustments and Additional Information	<u>2021</u>	<u>2020</u>
1.3.1 Common Equity Tier 1 capital: Regulatory adjustments	----- (Rupees in '000) -----	
Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	6,613,409	4,596,807
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)	-	-
Defined-benefit pension fund net assets	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	1,865,542	1,821,183
Cash flow hedge reserve	-	-
Investment in own shares / CET1 instruments	111,525	47,164
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)	1,689,573	1,689,095
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>10,280,049</u>	<u>8,154,249</u>
1.3.2 Additional Tier-1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
Investment in own AT1 capital instruments	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	180,351	337,593
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	1,765,135	1,598,344
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	-	-
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>1,945,486</u>	<u>1,935,937</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	380,625	122,359
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	3,530,270	3,196,688
Total regulatory adjustment applied to T2 capital	<u>3,910,895</u>	<u>3,319,047</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

1.3.4 Additional Information	2021	2020
	(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	4,673,322	3,383,210
Significant investments in the common stock of financial entities	19,506,101	17,462,946
Deferred tax assets arising from temporary differences (net of related tax liability)	3,744,933	-
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)	9,569,507	9,498,565
Cap on inclusion of provisions in Tier 2 under standardized approach	15,220,724	11,693,082
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal rating-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	409,528,880	409,528,880
Balances with other banks	32,176,188	32,176,188
Lendings to financial institutions	93,742,432	93,742,432
Investments	1,905,188,657	1,905,188,657
Advances	1,384,549,476	1,384,549,476
Fixed assets	94,158,252	94,158,252
Intangible assets	6,613,409	6,613,409
Deferred tax assets	3,744,933	3,744,933
Other assets	144,885,979	144,885,979
Total assets	<u>4,074,588,206</u>	<u>4,074,588,206</u>
Liabilities & Equity		
Bills payable	43,853,860	43,853,860
Borrowings	432,261,654	432,261,654
Deposits and other accounts	3,184,260,887	3,184,260,887
Subordinated loan	12,374,000	12,374,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liability	-	-
Other liabilities	143,908,895	143,908,895
Total liabilities	3,816,659,296	3,816,659,296
Share capital	14,668,525	14,668,525
Reserves	69,678,669	69,678,669
Unappropriated profit	148,392,471	148,392,471
Surplus on revaluation of assets	25,189,245	25,189,245
Total liabilities & equity	<u>4,074,588,206</u>	<u>4,074,588,206</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

1.4.1 Detail of capital structure reconciliation

	As per published financial statements	Under regulatory scope of consolidation (Rupees in '000)	Reference
ASSETS			
Cash and balances with treasury banks	409,528,880	409,528,880	
Balances with other banks	32,176,188	32,176,188	
Lendings to financial institutions	93,742,432	93,742,432	
Investments	1,905,188,657	1,905,188,657	
<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>	1,689,573	1,689,573	(a)
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	(b)
<i>of which: reciprocal crossholding of capital instrument</i>	2,426,518	2,426,518	(c)
<i>of which: investment in own shares</i>	-	-	(d)
Advances	1,384,549,476	1,384,549,476	
<i>Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>	-	-	
<i>General provisions reflected in Tier 2 capital</i>	9,569,507	9,569,507	(e)
Operating fixed assets	100,771,661	100,771,661	
<i>of which: Goodwill</i>	-	-	(f)
<i>of which: Intangibles</i>	6,613,409	6,613,409	(g)
Deferred Tax Assets	3,744,933	3,744,933	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	
<i>of which: DTAs arising from temporary differences exceeding regulatory</i>	-	-	
Other assets	144,885,979	144,885,979	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	-	-	
<i>of which: Defined-benefit pension fund net assets</i>	-	-	
Total assets	4,074,588,206	4,074,588,206	
LIABILITIES & EQUITY			
Bills payable	43,853,860	43,853,860	
Borrowings	432,261,654	432,261,654	
Deposits and other accounts	3,184,260,887	3,184,260,887	
Subordinated loans	12,374,000	12,374,000	
<i>of which: eligible for inclusion in AT1</i>	12,374,000	12,374,000	(h)
<i>of which: eligible for inclusion in Tier 2</i>	-	-	(i)
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
<i>of which: DTLs related to goodwill</i>	-	-	(j)
<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>	-	-	(k)
Other liabilities	143,908,895	143,908,895	
Total liabilities	3,816,659,296	3,816,659,296	
Share capital	14,668,525	14,668,525	
<i>of which: amount eligible for CET1</i>	14,668,525	14,668,525	(l)
<i>of which: amount eligible for AT1</i>	-	-	
Reserves	69,678,669	69,678,669	
<i>of which: portion eligible for inclusion in CET1</i>	40,590,491	40,590,491	(m)
<i>of which: portion eligible for inclusion in Tier 2</i>	29,088,178	29,088,178	(n)
Unappropriated profit	148,392,471	148,392,471	(o)
Surplus on revaluation of assets	25,189,245	25,189,245	
<i>of which: Revaluation reserves on Property eligible for inclusion in Tier 2</i>	27,010,543	27,010,543	(p)
<i>of which: Unrealized Gains/Losses on AFS eligible for inclusion in Tier 2</i>	(2,045,362)	(2,045,362)	(q)
Total liabilities & Equity	4,074,588,206	4,074,588,206	

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

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	(l)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	40,590,491	(m)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	148,392,471	(o)
CET 1 before Regulatory Adjustments	203,651,487	
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill	-	(f) - (j)
All other intangibles	6,613,409	(g)
Shortfall of provisions against classified assets	-	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	(k)
Defined-benefit pension fund net assets	-	
Reciprocal cross holdings	1,865,542	portion of (c)
Cash flow hedge reserve	-	
Investment in own shares	111,525	(through Mutual Funds)
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ AFS	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	1,689,573	(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	10,280,049	
Common Equity Tier 1	193,371,438	
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	12,374,000	(h)
of which: Classified as equity	-	
of which: Classified as liabilities	12,374,000	
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	12,374,000	

	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)	-	(b)
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	180,351	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	1,765,135	
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	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	1,945,486	
Additional Tier 1 capital	10,428,514	
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	10,428,514	
Tier 1 Capital (CET1 + admissible AT1)	203,799,952	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	-	(i)
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
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	9,569,507	(e)
Revaluation Reserves eligible for Tier 2	24,965,181	
of which: portion pertaining to Property	27,010,543	(p)
of which: portion pertaining to AFS securities	(2,045,362)	(q)
Foreign Exchange Translation Reserves	29,088,178	(n)
Tier 2 before regulatory adjustments	63,622,866	
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 instruments	380,625	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	3,530,270	
Amount of Regulatory Adjustment applied to Tier 2 capital	3,910,895	
Tier 2 capital	59,711,971	
Tier 2 capital not recognized for capital adequacy	(1,339,013)	
Tier 2 capital recognized for capital adequacy	58,372,958	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	58,372,958	
TOTAL CAPITAL (Tier 1 + admissible Tier 2)	262,172,910	

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

1.5 Main Features of Regulatory Capital Instruments

	Common Shares	Debt Instruments
Issuer	Habib Bank Limited	Habib Bank Limited
Unique identifier	HBL	HBL
Governing law(s) of the instrument	Relevant Capital Market Laws	Laws applicable in Pakistan
Regulatory treatment		
Transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital
Post-transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital
Eligible at solo / group / group & solo	Group and Standalone	Group and Standalone
Instrument type	Ordinary shares	Term Finance Certificates
Amount recognized in regulatory capital (Currency in PKR thousands)	14,668,525	12,374,000
Par value of instrument	Rs. 10 per share	PKR 100,000 and in multiples thereof
Accounting classification	Shareholders' equity	Subordinated loan
Original date of issuance	1947	September 26, 2019
Perpetual or dated	Perpetual	Perpetual
Original maturity date	Not applicable	Not applicable
Issuer call subject to prior supervisory approval	Not applicable	Yes
Optional call date, contingent call dates and redemption amount	Not applicable	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.
Coupons/dividends		
Fixed or floating dividend/coupon	Not applicable	Floating
Coupon rate and any related index/benchmark	Not applicable	3 months KIBOR + 1.60% per annum
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No
Noncumulative or cumulative	Not applicable	Noncumulative
Convertible or non-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").
If convertible, fully or partially	Not applicable	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)
If convertible, mandatory or optional conversion	Not applicable	Mandatory
If convertible, specify instrument type convertible into	Not applicable	Common Shares
If convertible, specify issuer of instrument it converts into	Not applicable	Habib Bank Limited
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.
If write-down, full or partial	Not applicable	May be written down fully or partially
If write-down, permanent or temporary	Not applicable	Permanent
If temporary write-down, description of write-up mechanism	Not applicable	Not Applicable
Position in subordination hierarchy in liquidation		
Subordinated to loans	Subordinated to loans	Ranks junior to all other claims except common shares.
Non-compliant transitioned features	No	None
If yes, specify non-compliant features	Not applicable	Not applicable

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

1.6 Credit exposures subject to Standardized Approach

Exposures	Rating category / risk weights	2021			2020		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	52,318,379	-	52,318,379	57,566,869	-	57,566,869
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	1,196,264,753	58,680,547	1,137,584,206	1,221,055,112	43,428,520	1,177,626,592
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	26,742,915	-	26,742,915	20,557,004	-	20,557,004
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	5,442,897	-	5,442,897	5,059,894	-	5,059,894
	2	31,834,738	-	31,834,738	17,144,541	-	17,144,541
	3	4,777,363	-	4,777,363	6,237,561	-	6,237,561
	4,5	71,013,044	-	71,013,044	59,417,937	-	59,417,937
	6	34,711,144	-	34,711,144	19,187,954	-	19,187,954
	Unrated	-	-	-	-	-	-
		147,779,186	-	147,779,186	107,047,887	-	107,047,887
Corporates	1	257,291,311	8,953,464	248,337,847	224,081,276	8,456,822	215,624,454
	2	175,846,323	8,592,217	167,254,106	119,442,639	2,651,910	116,790,729
	3,4	7,233,759	513,061	6,720,698	8,558,553	200,038	8,358,515
	5,6	-	-	-	-	-	-
	Unrated-1	206,660,001	8,680,134	197,979,867	164,316,869	7,966,501	156,350,368
	Unrated-2	129,062,019	11,989,630	117,072,389	122,915,883	15,123,584	107,792,299
		776,093,413	38,728,506	737,364,907	639,315,220	34,398,855	604,916,365
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3	615,808	-	615,808	1,452,825	-	1,452,825
	4,5	1,651,132	-	1,651,132	5,720,159	-	5,720,159
	6	524,340	-	524,340	-	-	-
	Unrated	3,221,076	-	3,221,076	2,908,448	-	2,908,448
		6,012,356	-	6,012,356	10,081,432	-	10,081,432
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	20%	89,570,659	64,948,926	24,621,733	17,896,835	17,894,101	2,734
Banks - others	1	50,195,593	-	50,195,593	45,286,415	6,999,700	38,286,715
	2,3	19,280,178	-	19,280,178	11,171,970	-	11,171,970
	4,5	17,301,314	-	17,301,314	11,767,739	-	11,767,739
	6	48,175	-	48,175	-	-	-
	Unrated	64,850,671	-	64,850,671	28,584,366	-	28,584,366
		151,675,931	-	151,675,931	96,810,490	6,999,700	89,810,790
Public Sector Entities	1	129,516,048	51,030,666	78,485,382	77,801,669	27,380,360	50,421,309
	2,3	10,537,501	1,463,211	9,074,290	2,987,489	1,783,130	1,204,359
	4,5	3,437,111	-	3,437,111	-	-	-
	6	-	-	-	-	-	-
	Unrated	156,427,061	134,492,346	21,934,715	196,315,188	181,666,027	14,649,161
		299,917,721	186,986,223	112,931,498	277,104,346	210,829,517	66,274,829
Retail portfolio	75%	236,644,380	3,422,934	233,221,446	198,189,448	4,161,635	194,027,813
Claims Fully Secured by Residential Mortgages	35%	19,941,085	-	19,941,085	14,047,070	-	14,047,070
Low Cost Housing	25%	2,075,694	-	2,075,694	-	-	-
Past due loans	50% - 150%	5,083,282	1,066,062	4,017,220	8,382,967	1,068,001	7,314,966
Equity investments	100% - 150%	8,538,030	-	8,538,030	7,504,046	-	7,504,046
Significant investments	250%	23,557,796	-	23,557,796	17,686,840	-	17,686,840
Fixed assets	100%	94,158,252	-	94,158,252	84,350,518	-	84,350,518
Others	100%	12,016,482	-	12,016,482	8,717,094	-	8,717,094
		3,148,390,314	353,833,198	2,794,557,116	2,786,313,178	318,780,329	2,467,532,849

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

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 4.56% (2020: 4.40%) is above the current minimum requirement of 3.00% set by the SBP.

	2021	2020
	(Rupees in '000)	
Eligible Tier-1 Capital	203,799,952	183,378,427
Total Exposures	4,470,420,642	4,167,230,907
Leverage Ratio (%)	4.56%	4.40%
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

	2021		2020	
	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)	-	1,477,650,149	-	1,343,833,391
2 Retail deposits and deposits from small business customers of which:	-	-	-	-
2.1 Stable deposits	-	-	-	-
2.2 Less stable deposits	1,542,770,187	154,277,019	1,392,208,580	139,220,858
3 Unsecured wholesale funding of which:	-	-	-	-
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	1,130,382,033	551,834,420	943,172,398	432,077,348
3.3 Unsecured debt	31,656,625	31,656,625	32,156,462	32,156,462
4 Secured wholesale funding	-	-	-	-
5 Additional requirements of which:	-	-	-	-
5.1 Outflows related to derivative exposures and other collateral requirements	1,625,207	1,625,207	2,224,274	2,224,274
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	20,631,617	2,063,162	3,243,168	324,317
7 Other contingent funding obligations	1,108,229,631	24,752,153	887,605,991	16,695,836
8 TOTAL CASH OUTFLOWS		766,208,587		622,699,095
CASH INFLOWS				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	208,846,467	115,982,845	166,081,295	86,264,867
11 Other Cash inflows	84,017,390	11,859,718	46,447,521	10,807,387
12 TOTAL CASH INFLOWS		127,842,563		97,072,254
		Total Adjusted Value		Total Adjusted Value
TOTAL HIGH QUALITY LIQUID ASSETS		1,477,650,149		1,343,833,391
TOTAL NET CASH OUTFLOWS		638,366,023		525,626,841
LIQUIDITY COVERAGE RATIO		231.47%		255.66%

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 - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

3.2 Net Stable Funding Ratio

	2021				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	203,651,486	-	-	-	203,651,486
3 Other capital instruments	12,374,000	-	-	-	12,374,000
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	644,052,650	218,585,859	827,191,160	1,603,565,818
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	569,579,529	193,310,330	731,541,359	1,112,986,289
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	798,189	-
12 All other liabilities and equity not included in other categories	-	398,075,196	70,900,303	151,048,910	114,333,864
	-	-	-	-	-
13 Total ASF					3,046,911,457
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	-	46,978,525	-	-	5,227,981
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					
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	364,182,621	98,888,886	456,030,917	604,920,035
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities	-	179,197,273	29,279,355	88,902,077	255,926,696
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	-	710,235,214	264,106,959	1,836,786,381	1,029,358,648
28 Off-balance sheet items	-	374,718,352	448,901,313	293,692,272	69,138,366
29 Total RSF					1,964,571,726
30 Net Stable Funding Ratio (%)					155.09%

* 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 - UNCONSOLIDATED
AS AT DECEMBER 31, 2021**

2020					
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	172,940,364	-	-	-	172,940,364
3 Other capital instruments	22,356,000	-	-	-	22,356,000
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	529,827,098	167,154,729	782,272,878	1,409,556,522
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	427,977,890	135,022,404	627,235,718	908,735,865
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	3,904,469	-
12 All other liabilities and equity not included in other categories	-	545,797,154	15,662,876	152,865,601	124,376,598
	-	-	-	-	-
13 Total ASF					2,637,965,349
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	-	31,012,091	-	-	3,756,972
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	-	304,618,528	71,148,740	445,295,734	380,770,004
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	22,802	30,860	158,866,258	103,263,068
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	-	1,325,798,988	450,575,833	1,867,336,897	908,160,343
28 Off-balance sheet items	-	478,847,680	261,470,204	258,643,606	52,301,976
29 Total RSF					1,448,252,363
30 Net Stable Funding Ratio (%)					182.15%

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