

**HABIB BANK LIMITED**  
**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED**  
**AS AT DECEMBER 31, 2022**

**1 CAPITAL ADEQUACY**

**1.1 Risk-Weighted Exposures**

	Capital Requirements		Risk Weighted Assets	
	2022	2021	2022	2021
----- <b>(Rupees in '000)</b> -----				
<b>Credit Risk</b>				
<b>On-balance sheet</b>				
Sovereigns	21,660,391	17,797,778	166,618,394	131,835,390
Public Sector Entities	4,500,414	4,676,223	34,618,570	34,638,689
Multilateral Development Banks	-	-	-	-
Banks	7,078,156	10,365,559	54,447,350	76,781,920
Corporates	72,132,204	65,385,316	554,863,110	484,335,673
Retail	26,024,827	23,613,671	200,190,979	174,916,084
Residential mortgages	1,133,047	942,216	8,715,744	6,979,380
Low Cost Housing	263,274	70,055	2,025,188	518,924
Past due loans	1,118,438	483,358	8,603,373	3,580,428
Listed equity investments	881,049	506,284	6,777,298	3,750,255
Unlisted equity investments	928,292	969,525	7,140,705	7,181,663
Significant investments and others	11,765,769	7,950,756	90,505,918	58,894,490
Operating fixed assets	14,212,417	12,711,364	109,326,287	94,158,252
Other assets	4,479,789	1,622,225	34,459,918	12,016,482
	166,178,067	147,094,330	1,278,292,834	1,089,587,630
<b>Off-balance sheet</b>				
Non-market related	13,866,344	16,471,315	106,664,187	122,009,738
Market related	331,787	818,173	2,552,207	6,060,539
	14,198,131	17,289,488	109,216,394	128,070,277
<b>Market Risk</b>				
Interest Rate Risk	2,557,476	2,452,858	31,968,450	30,660,725
Equity Position Risk	607,552	1,299,062	7,594,400	16,238,275
Foreign Exchange Risk	2,903,823	3,628,443	36,297,788	45,355,538
	6,068,851	7,380,363	75,860,638	92,254,538
<b>Operational Risk</b>				
	20,165,239	16,981,494	252,065,484	212,268,669
	<u>206,610,288</u>	<u>188,745,675</u>	<u>1,715,435,350</u>	<u>1,522,181,114</u>

**Capital Adequacy Ratio**

	2022	2021
	(Rupees in '000)	
Total eligible regulatory capital held	257,253,858	262,172,910
Total risk weighted assets	1,715,435,350	1,522,181,114
Capital adequacy ratio	15.00%	17.22%

**1.2 Capital structure**

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

	Note	2022	2021
		(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		43,677,191	40,590,491
Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		165,386,520	148,392,471
<b>CET 1 before Regulatory Adjustments</b>		<u>223,732,236</u>	<u>203,651,487</u>
Total regulatory adjustments applied to CET1	1.3.1	(20,367,337)	(10,280,049)
<b>Common Equity Tier 1</b>		<u>203,364,899</u>	<u>193,371,438</u>

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	Note	2022 (Rupees in '000)	2021
<b>Additional Tier 1 (AT 1) Capital</b>			
Qualifying Additional Tier-1 instruments plus any related share premium		18,874,000	12,374,000
of which: Classified as equity		-	-
of which: Classified as liabilities		18,874,000	12,374,000
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	<u>(2,972,581)</u>	<u>(1,945,486)</u>
<b>Additional Tier 1 capital recognized for capital adequacy</b>		15,901,419	10,428,514
<b>Tier 1 Capital (CET1 + admissible AT1)</b>		219,266,318	203,799,952
<b>Tier 2 Capital</b>			
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		12,175,445	9,569,507
Revaluation Reserves (net of taxes)		1,809,649	24,965,181
of which: Revaluation reserves on fixed assets		26,830,791	27,010,543
of which: Unrealized gains/losses on AFS		(25,021,142)	(2,045,362)
Foreign Exchange Translation Reserves		28,058,506	29,088,178
<b>Tier 2 before regulatory adjustments</b>		<u>42,043,600</u>	<u>63,622,866</u>
Total regulatory adjustment applied to T2 capital	1.3.3	<u>(4,056,060)</u>	<u>(3,910,895)</u>
Tier 2 after regulatory adjustments		37,987,540	59,711,971
Tier 2 capital not recognized for capital adequacy		0	(5,249,908)
Tier 2 capital recognized for capital adequacy		37,987,540	58,372,958
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>37,987,540</u>	<u>58,372,958</u>
<b>TOTAL CAPITAL (Tier 1 + admissible Tier 2)</b>		<u><b>257,253,858</b></u>	<u><b>262,172,910</b></u>
<b>Total Risk Weighted Assets</b>		<b>1,715,435,350</b>	<b>1,522,181,114</b>
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>			
CET1 to total RWA		<u>11.86%</u>	<u>12.70%</u>
Tier-1 capital to total RWA		<u>12.78%</u>	<u>13.39%</u>
Total capital to RWA		<u>15.00%</u>	<u>17.22%</u>
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		9.00%	9.50%
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)		5.86%	6.70%
<b>Other information:</b>			
<b>Minimum capital requirements prescribed by SBP</b>			
CET1 minimum ratio		9.00%	9.50%
Tier 1 minimum ratio		10.50%	11.00%
Total capital minimum ratio		13.00%	13.50%

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1.3 Regulatory Adjustments and Additional Information	<u>2022</u>	<u>2021</u>
<b>1.3.1 Common Equity Tier 1 capital: Regulatory adjustments</b>	----- (Rupees in '000) -----	
Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	11,840,205	6,613,409
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	1,447,483	1,865,542
Cash flow hedge reserve	-	-
Investment in own shares / CET1 instruments	-	111,525
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)	5,297,802	1,689,573
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amount exceeding 15% threshold	1,781,846	-
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>20,367,337</u>	<u>10,280,049</u>
<b>1.3.2 Additional Tier-1 Capital: regulatory adjustments</b>		
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	28,979	180,351
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	2,943,602	1,765,135
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>2,972,581</u>	<u>1,945,486</u>
<b>1.3.3 Tier 2 Capital: regulatory adjustments</b>		
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	206,735	380,625
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	3,849,325	3,530,270
Total regulatory adjustment applied to T2 capital	<u>4,056,060</u>	<u>3,910,895</u>

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1.3.4 Additional Information	2022	2021
	(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	5,264,706	4,673,322
Significant investments in the common stock of financial entities	21,044,455	19,506,101
Deferred tax assets arising from temporary differences (net of related tax liability)	16,939,758	3,744,933
<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)	12,175,445	9,569,507
Cap on inclusion of provisions in Tier 2 under standardized approach	17,343,865	15,220,724
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	-	-
<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	257,368,084	257,368,084
Balances with other banks	31,319,141	31,319,141
Lendings to financial institutions	254,593,287	254,593,287
Investments	1,882,075,268	1,882,075,268
Advances	1,622,607,447	1,622,607,447
Fixed assets	109,326,287	109,326,287
Intangible assets	11,840,205	11,840,205
Deferred tax assets	16,939,758	16,939,758
Other assets	169,027,440	169,027,440
<b>Total assets</b>	<u>4,355,096,917</u>	<u>4,355,096,917</u>
<b>Liabilities &amp; Equity</b>		
Bills payable	51,676,520	51,676,520
Borrowings	579,004,938	579,004,938
Deposits and other accounts	3,234,176,418	3,234,176,418
Subordinated loan	18,874,000	18,874,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liability	-	-
Other liabilities	217,589,525	217,589,525
<b>Total liabilities</b>	4,101,321,401	4,101,321,401
Share capital	14,668,525	14,668,525
Reserves	71,735,697	71,735,697
Unappropriated profit	165,386,520	165,386,520
Surplus on revaluation of assets	1,984,774	1,984,774
<b>Total liabilities &amp; equity</b>	<u>4,355,096,917</u>	<u>4,355,096,917</u>

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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>257,368,084</b>	<b>257,368,084</b>	
<b>Balances with other banks</b>	<b>31,319,141</b>	<b>31,319,141</b>	
<b>Lendings to financial institutions</b>	<b>254,593,287</b>	<b>254,593,287</b>	
<b>Investments</b>	<b>1,882,075,268</b>	<b>1,882,075,268</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>	12,090,730	12,090,730	(a)
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	
<i>of which: reciprocal crossholding of capital instrument</i>	1,683,197	1,683,197	(b)
<i>of which: investment in own shares</i>	-	-	
<b>Advances</b>	<b>1,622,607,447</b>	<b>1,622,607,447</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>	12,175,445	12,175,445	(c)
<b>Operating fixed assets</b>	<b>121,166,492</b>	<b>121,166,492</b>	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	11,840,205	11,840,205	(d)
<b>Deferred Tax Assets</b>	<b>16,939,758</b>	<b>16,939,758</b>	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	
<i>of which: DTAs arising from temporary differences exceeding regulatory</i>	1,781,846	1,781,846	(e)
<b>Other assets</b>	<b>169,027,440</b>	<b>169,027,440</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>4,355,096,917</b>	<b>4,355,096,917</b>	
<b>LIABILITIES &amp; EQUITY</b>			
<b>Bills payable</b>	<b>51,676,520</b>	<b>51,676,520</b>	
<b>Borrowings</b>	<b>579,004,938</b>	<b>579,004,938</b>	
<b>Deposits and other accounts</b>	<b>3,234,176,418</b>	<b>3,234,176,418</b>	
<b>Subordinated loans</b>	<b>18,874,000</b>	<b>18,874,000</b>	
<i>of which: eligible for inclusion in AT1</i>	18,874,000	18,874,000	(f)
<i>of which: eligible for inclusion in Tier 2</i>	-	-	
Liabilities against assets subject to finance lease	-	-	
<b>Deferred tax liabilities</b>	-	-	
<i>of which: DTLs related to goodwill</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>	-	-	
<b>Other liabilities</b>	<b>217,589,525</b>	<b>217,589,525</b>	
<b>Total liabilities</b>	<b>4,101,321,401</b>	<b>4,101,321,401</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	(g)
<i>of which: amount eligible for AT1</i>	-	-	
<b>Reserves</b>	<b>71,735,697</b>	<b>71,735,697</b>	
<i>of which: portion eligible for inclusion in CET1</i>	43,677,191	43,677,191	(h)
<i>of which: portion eligible for inclusion in Tier 2</i>	28,058,506	28,058,506	(i)
<b>Unappropriated profit</b>	<b>165,386,520</b>	<b>165,386,520</b>	(j)
<b>Surplus on revaluation of assets</b>	<b>1,984,774</b>	<b>1,984,774</b>	
<i>of which: Revaluation reserves on Property eligible for inclusion in Tier 2</i>	26,830,791	26,830,791	(k)
<i>of which: Unrealized Gains/Losses on AFS eligible for inclusion in Tier 2</i>	(25,021,142)	(25,021,142)	(l)
<b>Total liabilities &amp; Equity</b>	<b>4,355,096,917</b>	<b>4,355,096,917</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	(g)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	43,677,191	(h)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	165,386,520	(j)
<b>CET 1 before Regulatory Adjustments</b>	<b>223,732,236</b>	
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
Goodwill	-	
All other intangibles	11,840,205	(d)
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)	-	
Defined-benefit pension fund net assets	-	
Reciprocal cross holdings	1,447,483	portion of (b)
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)	5,297,802	(a)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amount exceeding 15% threshold	1,781,846	(e)
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	<b>20,367,337</b>	
<b>Common Equity Tier 1</b>	<b>203,364,899</b>	
<b>Additional Tier 1 (AT 1) Capital</b>		
Qualifying Additional Tier-1 instruments plus any related share premium	18,874,000	(f)
of which: Classified as equity	-	
of which: Classified as liabilities	18,874,000	
of which: instrument issued by subsidiaries subject to phase out	-	
<b>AT1 before regulatory adjustments</b>	<b>18,874,000</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)	-	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	28,979	portion of (b)
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	2,943,602	portion of (a)
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Baseel 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	2,972,581	
Additional Tier 1 capital	15,901,419	
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>15,901,419</b>	
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	<b>219,266,318</b>	
<b>Tier 2 Capital</b>		
Qualifying Tier 2 capital instruments under Basel III	-	
Capital instruments subject to phase out arrangement from tier 2 (Pre-Baseel 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	12,175,445	(c)
Revaluation Reserves eligible for Tier 2	1,809,649	
of which: portion pertaining to Property	26,830,791	(k)
of which: portion pertaining to AFS securities	(25,021,142)	(l)
Foreign Exchange Translation Reserves	28,058,506	(i)
<b>Tier 2 before regulatory adjustments</b>	<b>42,043,600</b>	
<b>Tier 2 Capital: regulatory adjustments</b>		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Baseel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
Reciprocal cross holdings in Tier 2 instruments	206,735	portion of (b)
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	3,849,325	portion of (a)
Amount of Regulatory Adjustment applied to Tier 2 capital	4,056,060	
Tier 2 capital	37,987,540	
Tier 2 capital not recognized for capital adequacy	-	
Tier 2 capital recognized for capital adequacy	37,987,540	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	37,987,540	
<b>TOTAL CAPITAL (Tier 1 + admissible Tier 2)</b>	<b>257,253,858</b>	

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**1.5 Main Features of Regulatory Capital Instruments**

	<b>Common Shares</b>	<b>Debt Instruments</b>	<b>Debt Instruments</b>
<b>Issuer</b>	Habib Bank Limited	Habib Bank Limited	Habib Bank Limited
<b>Unique identifier</b>	HBL	HBL	HBL
<b>Governing law(s) of the instrument</b>	Relevant Capital Market Laws	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
Post-transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital	Additional Tier I Capital
Eligible at solo / group / group & solo	Group and Standalone	Group and Standalone	Group and Standalone
Instrument type	Ordinary shares	Term Finance Certificates	Term Finance Certificates
Amount recognized in regulatory capital (Currency in PKR thousands)	14,668,525	12,374,000	6,500,000
Par value of instrument	Rs. 10 per share	PKR 100,000 and in multiples thereof	PKR 100,000 and in multiples thereof
Accounting classification	Shareholders' equity	Subordinated loan	Subordinated loan
Original date of issuance	1947	September 26, 2019	December 28, 2022
Perpetual or dated	Perpetual	Perpetual	Perpetual
Original maturity date	Not applicable	Not applicable	Not applicable
Issuer call subject to prior supervisory approval	Not applicable	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
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.
<b>Coupons/dividends</b>			
Fixed or floating dividend/coupon	Not applicable	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
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	Not applicable	Noncumulative	Noncumulative
<b>Convertible or non-convertible</b>			
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").
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.
If convertible, conversion rate	Not applicable	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
If convertible, specify instrument type convertible into	Not applicable	Common Shares	Common Shares
If convertible, specify issuer of instrument it converts into	Not applicable	Habib Bank Limited	Habib Bank Limited
<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.
If write-down, full or partial	Not applicable	May be written down fully or partially	May be written down fully or partially
If write-down, permanent or temporary	Not applicable	Permanent	Permanent
If temporary write-down, description of write-up mechanism	Not applicable	Not Applicable	Not Applicable
<b>Position in subordination hierarchy in liquidation</b>			
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
If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable



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1.6 Credit exposures subject to Standardized Approach

Exposures	Rating category / risk weights	2022			2021		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	79,011,542	-	79,011,542	52,318,379	-	52,318,379
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	1,088,129,529	61,214,183	1,026,915,346	1,196,264,753	58,680,547	1,137,584,206
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	947,875	-	947,875	26,742,915	-	26,742,915
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1 2 3 4,5 6 Unrated	14,170,623 69,942,330 5,392,721 56,351,436 62,388,087 -	- - - - - -	14,170,623 69,942,330 5,392,721 56,351,436 62,388,087 -	5,442,897 31,834,738 4,777,363 71,013,044 34,711,144 -	- - - - - -	5,442,897 31,834,738 4,777,363 71,013,044 34,711,144 -
		208,245,197	-	208,245,197	147,779,186	-	147,779,186
Corporates	1 2 3,4 5,6 Unrated-1 Unrated-2	365,394,262 225,139,507 9,811,487 - 242,138,585 123,232,053	10,022,826 14,303,661 615,798 - 16,020,380 8,786,448	355,371,436 210,835,846 9,195,689 - 226,118,205 114,445,605	257,291,311 175,846,323 7,233,759 - 206,660,001 129,062,019	8,953,464 8,592,217 513,061 - 8,680,134 11,989,630	248,337,847 167,254,106 6,720,698 - 197,979,867 117,072,389
		965,715,894	49,749,113	915,966,781	776,093,413	38,728,506	737,364,907
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3 4,5 6 Unrated	3,535,723 3,607,416 - 10,277,040	- - - -	3,535,723 3,607,416 - 10,277,040	615,808 1,651,132 524,340 3,221,076	- - - -	615,808 1,651,132 524,340 3,221,076
		17,420,179	-	17,420,179	6,012,356	-	6,012,356
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	20%	254,593,287	254,034,838	558,449	89,570,659	64,948,926	24,621,733
Banks - others	1 2,3 4,5 6 Unrated	46,470,624 14,961,718 9,735,354 9,708 46,870,087	- - - - 381,089	46,470,624 14,961,718 9,735,354 9,708 46,488,998	50,195,593 19,280,178 17,301,314 48,175 64,850,671	- - - - -	50,195,593 19,280,178 17,301,314 48,175 64,850,671
		118,047,491	381,089	117,666,402	151,675,931	-	151,675,931
Public Sector Entities	1 2,3 4,5 6 Unrated	131,200,306 3,570,254 - 1,357,201 194,923,730	37,092,242 - - - 170,971,674	94,108,064 3,570,254 - 1,357,201 23,952,056	129,516,048 10,537,501 3,437,111 - 156,427,061	51,030,666 1,463,211 - - 134,492,346	78,485,382 9,074,290 3,437,111 - 21,934,715
		331,051,491	208,063,916	122,987,575	299,917,721	186,986,223	112,931,498
Retail portfolio	75%	270,177,610	3,256,305	266,921,305	236,644,380	3,422,934	233,221,446
Claims Fully Secured by Residential Mortgages	35%	24,902,125	-	24,902,125	19,941,085	-	19,941,085
Low Cost Housing	25%	8,100,752	-	8,100,752	2,075,694	-	2,075,694
Past due loans	50% - 150%	10,136,557	1,165,766	8,970,791	5,083,282	1,066,062	4,017,220
Equity investments	100% - 150%	11,537,768	-	11,537,768	8,538,030	-	8,538,030
Significant investments	250%	36,202,367	-	36,202,367	23,557,796	-	23,557,796
Fixed assets	100%	109,326,287	-	109,326,287	94,158,252	-	94,158,252
Others	100%	34,459,918	-	34,459,918	12,016,482	-	12,016,482
		3,568,005,869	577,865,210	2,990,140,659	3,148,390,314	353,833,198	2,794,557,116

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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 4.37% (2021: 4.56%) is above the current minimum requirement of 3.00% set by the SBP.

	2022	2021
	(Rupees in '000)	
Eligible Tier-1 Capital	219,266,318	203,799,952
Total Exposures	5,014,549,104	4,470,420,642
<b>Leverage Ratio (%)</b>	<b>4.37%</b>	<b>4.56%</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**

	2022		2021	
	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)		1,609,446,790		1,477,650,149
2 Retail deposits and deposits from small business customers of which:				
2.1 Stable deposits	-	-	-	-
2.2 Less stable deposits	1,875,416,519	187,541,652	1,542,770,187	154,277,019
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	1,150,840,363	523,489,035	1,130,382,033	551,834,420
3.3 Unsecured debt	50,410,969	50,410,969	31,656,625	31,656,625
4 Secured wholesale funding	-	-	-	-
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other collateral requirements	2,362,386	2,362,386	1,625,207	1,625,207
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	19,177,677	1,917,768	20,631,617	2,063,162
7 Other contingent funding obligations	1,462,783,817	32,632,098	1,108,229,631	24,752,153
8 <b>TOTAL CASH OUTFLOWS</b>		798,353,909		766,208,587
<b>CASH INFLOWS</b>				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	277,303,784	152,364,360	208,846,467	115,982,845
11 Other Cash inflows	128,092,287	13,428,632	84,017,390	11,859,718
12 <b>TOTAL CASH INFLOWS</b>		165,792,993		127,842,563
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
TOTAL HIGH QUALITY LIQUID ASSETS		1,609,446,790		1,477,650,149
TOTAL NET CASH OUTFLOWS		632,560,916		638,366,023
<b>LIQUIDITY COVERAGE RATIO</b>		<b>254.43%</b>		<b>231.47%</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**

	2022				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	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					
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	471,567,403	92,295,679	402,432,020	449,196,724
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities	-	184,830,710	8,013,087	77,657,801	172,294,518
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.

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		2021				
		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	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
		-	-	-	-	-
<b>13</b>	<b>Total ASF</b>					<b>3,046,911,457</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	-	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	-	364,182,621	98,888,886	456,030,917	604,920,035
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	179,197,273	29,279,355	88,902,077	255,926,696
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	-	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
<b>29</b>	<b>Total RSF</b>					<b>1,964,571,726</b>
<b>30</b>	<b>Net Stable Funding Ratio (%)</b>					<b>155.09%</b>

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