

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

1 CAPITAL ADEQUACY

1.1 Risk-Weighted Exposures

	Capital Requirements		Risk Weighted Assets	
	2023	2022	2023	2022
------(Rupees in '000)-----				
Credit Risk				
On-balance sheet				
Sovereigns	28,458,600	22,493,483	218,912,306	166,618,394
Public Sector Entities	4,561,291	4,673,507	35,086,852	34,618,570
Multilateral Development Banks	-	-	-	-
Banks	9,300,219	7,350,392	71,540,145	54,447,350
Corporates	67,950,860	74,906,520	522,698,924	554,863,110
Retail	28,337,567	27,025,782	217,981,283	200,190,979
Residential mortgages	1,703,821	1,176,625	13,106,314	8,715,744
Low Cost Housing	249,864	273,400	1,922,030	2,025,188
Past due loans	1,636,296	1,161,455	12,586,891	8,603,373
Listed equity investments	1,114,265	914,935	8,571,270	6,777,298
Unlisted equity investments	925,211	963,995	7,117,007	7,140,705
Significant investments and others	11,950,542	12,218,299	91,927,248	90,505,918
Operating fixed assets	17,637,329	14,759,049	135,671,758	109,326,287
Other assets	3,685,042	4,652,089	28,346,474	34,459,918
	177,510,907	172,569,531	1,365,468,502	1,278,292,834
Off-balance sheet				
Non-market related	15,082,927	14,399,665	116,022,517	106,664,187
Market related	339,835	344,548	2,614,115	2,552,207
	15,422,762	14,744,213	118,636,632	109,216,394
Market Risk				
Interest Rate Risk	5,502,336	2,557,476	68,779,200	31,968,450
Equity Position Risk	1,371,506	607,552	17,143,825	7,594,400
Foreign Exchange Risk	6,113,249	2,903,823	76,415,613	36,297,788
	12,987,091	6,068,851	162,338,638	75,860,638
Operational Risk	22,917,581	20,165,239	286,469,768	252,065,484
	<u>228,838,341</u>	<u>213,547,834</u>	<u>1,932,913,540</u>	<u>1,715,435,350</u>

Capital Adequacy Ratio

	2023	2022
	(Rupees in '000)	
Total eligible regulatory capital held	334,011,885	257,253,858
Total risk weighted assets	1,932,913,540	1,715,435,350
Capital adequacy ratio	17.28%	15.00%

1.2 Capital structure

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

	Note	2023	2022
		(Rupees in '000)	
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		49,362,791	43,677,191
Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		206,491,645	165,386,520
CET 1 before Regulatory Adjustments		<u>270,522,961</u>	<u>223,732,236</u>
Total regulatory adjustments applied to CET1	1.3.1	(25,979,767)	(20,367,337)
Common Equity Tier 1		<u>244,543,194</u>	<u>203,364,899</u>

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	Note	2023 (Rupees in '000)	2022
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
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	<u>(3,664,189)</u>	<u>(2,972,581)</u>
Additional Tier 1 capital recognized for capital adequacy		15,209,811	15,901,419
Tier 1 Capital (CET1 + admissible AT1)		259,753,005	219,266,318
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		16,032,464	12,175,445
Revaluation Reserves (net of taxes)		26,187,947	1,809,649
of which: Revaluation reserves on fixed assets		42,339,948	26,830,791
of which: Unrealized gains/losses on AFS		(16,152,001)	(25,021,142)
Foreign Exchange Translation Reserves		36,876,909	28,058,506
Tier 2 before regulatory adjustments		<u>79,097,320</u>	<u>42,043,600</u>
Total regulatory adjustment applied to T2 capital	1.3.3	<u>(4,838,440)</u>	<u>(4,056,060)</u>
Tier 2 after regulatory adjustments		74,258,880	37,987,540
Tier 2 capital not recognized for capital adequacy		0	0
Tier 2 capital recognized for capital adequacy		74,258,880	37,987,540
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>74,258,880</u>	<u>37,987,540</u>
TOTAL CAPITAL (Tier 1 + admissible Tier 2)		<u>334,011,885</u>	<u>257,253,858</u>
Total Risk Weighted Assets		1,932,913,540	1,715,435,350
Capital Ratios and buffers (in percentage of risk weighted assets)			
CET1 to total RWA		<u>12.65%</u>	<u>11.86%</u>
Tier-1 capital to total RWA		<u>13.44%</u>	<u>12.78%</u>
Total capital to RWA		<u>17.28%</u>	<u>15.00%</u>
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		9.00%	9.00%
of which: capital conservation buffer requirement		1.50%	1.50%
of which: countercyclical buffer requirement		-	-
of which: D-SIB buffer requirement		1.50%	1.50%
CET1 available to meet buffers (as a percentage of risk weighted assets)		6.65%	5.86%
Other information:			
Minimum capital requirements prescribed by SBP			
CET1 minimum ratio		9.00%	9.00%
Tier 1 minimum ratio		10.50%	10.50%
Total capital minimum ratio		13.00%	13.00%

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1.3 Regulatory Adjustments and Additional Information	<u>2023</u>	<u>2022</u>
1.3.1 Common Equity Tier 1 capital: Regulatory adjustments	----- (Rupees in '000) -----	
Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	14,988,816	11,840,205
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	1,883,555	1,447,483
Cash flow hedge reserve	-	-
Investment in own shares / CET1 instruments	-	-
Securitization gain on sale	-	-
Capital shortfall of regulated subsidiaries	-	-
Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	9,107,397	5,297,802
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>25,979,767</u>	<u>20,367,337</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	-	28,979
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	3,664,189	2,943,602
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>3,664,189</u>	<u>2,972,581</u>
1.3.3 Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	46,808	206,735
Investment in own Tier 2 capital instrument	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	4,791,632	3,849,325
Total regulatory adjustment applied to T2 capital	<u>4,838,440</u>	<u>4,056,060</u>

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1.3.4 Additional Information	2023	2022
	(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	6,388,850	5,264,706
Significant investments in the common stock of financial entities	25,365,059	21,044,455
Deferred tax assets arising from temporary differences (net of related tax liability)	11,405,839	16,939,758
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)	16,032,464	12,175,445
Cap on inclusion of provisions in Tier 2 under standardized approach	18,551,314	17,343,865
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	505,181,227	505,181,227
Balances with other banks	43,012,856	43,012,856
Lendings to financial institutions	88,598,160	88,598,160
Investments	2,499,929,784	2,499,929,784
Advances	1,664,016,203	1,664,016,203
Fixed assets	135,671,758	135,671,758
Intangible assets	14,988,816	14,988,816
Deferred tax assets	11,405,839	11,405,839
Other assets	238,866,520	238,866,520
Total assets	5,201,671,163	5,201,671,163
Liabilities & Equity		
Bills payable	51,228,670	51,228,670
Borrowings	659,342,821	659,342,821
Deposits and other accounts	3,870,179,912	3,870,179,912
Subordinated loan	18,874,000	18,874,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liability	-	-
Other liabilities	268,266,352	268,266,352
Total liabilities	4,867,891,755	4,867,891,755
Share capital	14,668,525	14,668,525
Reserves	86,239,700	86,239,700
Unappropriated profit	206,491,645	206,491,645
Surplus on revaluation of assets	26,379,538	26,379,538
Total liabilities & equity	5,201,671,163	5,201,671,163

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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
ASSETS			
Cash and balances with treasury banks	505,181,227	505,181,227	
Balances with other banks	43,012,856	43,012,856	
Lendings to financial institutions	88,598,160	88,598,160	
Investments	2,499,929,784	2,499,929,784	
<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>	17,563,217	17,563,217	(a)
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	
<i>of which: reciprocal crossholding of capital instrument</i>	1,930,363	1,930,363	(b)
<i>of which: investment in own shares</i>	-	-	
Advances	1,664,016,203	1,664,016,203	
<i>Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>	-	-	
<i>General provisions reflected in Tier 2 capital</i>	16,032,464	16,032,464	(c)
Operating fixed assets	150,660,574	150,660,574	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	14,988,816	14,988,816	(d)
Deferred Tax Assets	11,405,839	11,405,839	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	
<i>of which: DTAs arising from temporary differences exceeding regulatory</i>	-	-	(e)
Other assets	238,866,520	238,866,520	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	-	-	
<i>of which: Defined-benefit pension fund net assets</i>	-	-	
Total assets	<u>5,201,671,163</u>	<u>5,201,671,163</u>	
LIABILITIES & EQUITY			
Bills payable	51,228,670	51,228,670	
Borrowings	659,342,821	659,342,821	
Deposits and other accounts	3,870,179,912	3,870,179,912	
Subordinated loans	18,874,000	18,874,000	
<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	-	-	
Deferred tax liabilities	-	-	
<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>	-	-	
Other liabilities	268,266,352	268,266,352	
Total liabilities	4,867,891,755	4,867,891,755	
Share capital	14,668,525	14,668,525	
<i>of which: amount eligible for CET1</i>	14,668,525	14,668,525	(g)
<i>of which: amount eligible for AT1</i>	-	-	
Reserves	86,239,700	86,239,700	
<i>of which: portion eligible for inclusion in CET1</i>	49,362,791	49,362,791	(h)
<i>of which: portion eligible for inclusion in Tier 2</i>	36,876,909	36,876,909	(i)
Unappropriated profit	206,491,645	206,491,645	(j)
Surplus on revaluation of assets	26,379,538	26,379,538	
<i>of which: Revaluation reserves on Property eligible for inclusion in Tier 2</i>	42,339,948	42,339,948	(k)
<i>of which: Unrealized Gains/Losses on AFS eligible for inclusion in Tier 2</i>	(16,152,001)	(16,152,001)	(l)
Total liabilities & Equity	<u>5,201,671,163</u>	<u>5,201,671,163</u>	

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1.4.2 Component of capital reported by the Group	Rupees in '000	Source based on
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital	14,668,525	(g)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	49,362,791	(h)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	206,491,645	(j)
CET 1 before Regulatory Adjustments	<u>270,522,961</u>	
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill	-	
All other intangibles	14,988,816	(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	1,883,555	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)	9,107,397	(a)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
Amount exceeding 15% threshold	-	(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	<u>(25,979,767)</u>	
Common Equity Tier 1	<u>244,543,194</u>	
Additional Tier 1 (AT 1) Capital		
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	-	
AT1 before regulatory adjustments	<u>18,874,000</u>	

	Rupees in '000	Source based on
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	-	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	3,664,189	portion of (a)
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III	-	
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	(3,664,189)	
Additional Tier 1 capital	15,209,811	
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	15,209,811	
Tier 1 Capital (CET1 + admissible AT1)	259,753,005	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	-	
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	16,032,464	(c)
Revaluation Reserves eligible for Tier 2	26,187,947	
of which: portion pertaining to Property	42,339,948	(k)
of which: portion pertaining to AFS securities	(16,152,001)	(l)
Foreign Exchange Translation Reserves	36,876,909	(i)
Undisclosed/Other Reserves (if any)	-	
Tier 2 before regulatory adjustments	79,097,320	
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	46,808	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	4,791,632	portion of (a)
Amount of Regulatory Adjustment applied to Tier 2 capital	(4,838,440)	
Tier 2 capital	74,258,880	
Tier 2 capital not recognized for capital adequacy	-	
Tier 2 capital recognized for capital adequacy	74,258,880	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	74,258,880	
TOTAL CAPITAL (Tier 1 + admissible Tier 2)	334,011,885	

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1.5 Main Features of Regulatory Capital Instruments

	Common Shares	Debt Instruments	Debt Instruments
Issuer	Habib Bank Limited	Habib Bank Limited	Habib Bank Limited
Unique identifier	HBL	HBL	HBL
Governing law(s) of the instrument	Relevant Capital Market Laws	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
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
Coupons/dividends			
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
Convertible or non-convertible			
If convertible, conversion trigger (s)	Not applicable	Convertible 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").	Convertible 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
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.
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
Position in subordination hierarchy in liquidation			
Subordinated to loans	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
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	2023			2022		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	71,189,553	-	71,189,553	79,011,542	-	79,011,542
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	1,418,933,628	43,298,045	1,375,635,583	1,088,129,529	61,214,183	1,026,915,346
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	37,267,375	-	37,267,375	947,875	-	947,875
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	12,837,376	-	12,837,376	14,170,623	-	14,170,623
	2	87,721,487	-	87,721,487	69,942,330	-	69,942,330
	3	6,374,849	-	6,374,849	5,392,721	-	5,392,721
	4,5	65,145,882	-	65,145,882	56,351,436	-	56,351,436
	6	87,824,113	-	87,824,113	62,388,087	-	62,388,087
	Unrated	1,298,532	-	1,298,532	-	-	-
		261,202,239	-	261,202,239	208,245,197	-	208,245,197
Corporates	1	348,782,711	8,557,001	340,225,710	365,394,262	10,022,826	355,371,436
	2	245,236,705	15,271,744	229,964,961	225,139,507	14,303,661	210,835,846
	3,4	8,525,313	672,292	7,853,021	9,811,487	615,798	9,195,689
	5,6	-	-	-	-	-	-
	Unrated-1	233,707,094	16,265,773	217,441,321	242,138,585	16,020,380	226,118,205
	Unrated-2	114,786,003	23,284,435	91,501,568	123,232,053	8,786,448	114,445,605
		951,037,826	64,051,245	886,986,581	965,715,894	49,749,113	915,966,781
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3	39,658,247	-	39,658,247	3,535,723	-	3,535,723
	4,5	5,545,275	-	5,545,275	3,607,416	-	3,607,416
	6	945,705	-	945,705	-	-	-
	Unrated	3,293,494	-	3,293,494	10,277,040	-	10,277,040
		49,442,721	-	49,442,721	17,420,179	-	17,420,179
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in funded in PKR	20%	83,598,160	66,576,986	17,021,174	254,593,287	254,034,838	558,449
Banks - others	1	95,098,406	-	95,098,406	46,470,624	-	46,470,624
	2,3	7,647,263	-	7,647,263	14,961,718	-	14,961,718
	4,5	15,095,876	-	15,095,876	9,735,354	-	9,735,354
	6	-	-	-	9,708	-	9,708
	Unrated	34,830,353	-	34,830,353	46,870,087	381,089	46,488,998
		152,671,898	-	152,671,898	118,047,491	381,089	117,666,402
Public Sector Entities	1	158,590,292	52,099,182	106,491,110	131,200,306	37,092,242	94,108,064
	2,3	15,482	-	15,482	3,570,254	-	3,570,254
	4,5	-	-	-	-	-	-
	6	2,986,900	-	2,986,900	1,357,201	-	1,357,201
	Unrated	195,347,787	176,746,708	18,601,079	194,923,730	170,971,674	23,952,056
		356,940,461	228,845,890	128,094,571	331,051,491	208,063,916	122,987,575
Retail portfolio	75%	293,352,857	2,711,146	290,641,711	270,177,610	3,256,305	266,921,305
Claims Fully Secured by Residential Mortgages	35%	37,446,612	-	37,446,612	24,902,125	-	24,902,125
Low Cost Housing	25%	7,688,119	-	7,688,119	8,100,752	-	8,100,752
Past due loans	50% - 150%	14,286,939	1,181,492	13,105,447	10,136,557	1,165,766	8,970,791
Equity investments	100% - 150%	13,315,941	-	13,315,941	11,537,768	-	11,537,768
Significant investments	250%	36,770,899	-	36,770,899	36,202,367	-	36,202,367
Fixed assets	100%	135,671,758	-	135,671,758	109,326,287	-	109,326,287
Others	100%	28,346,474	-	28,346,474	34,459,918	-	34,459,918
		3,949,163,460	406,664,804	3,542,498,656	3,568,005,869	577,865,210	2,990,140,659

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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 4.45% (2022: 4.37%) is above the current minimum requirement of 3.00% set by the SBP.

	2023	2022
	(Rupees in '000)	
Eligible Tier-1 Capital	259,753,005	219,266,318
Total Exposures	5,834,019,080	5,014,549,104
Leverage Ratio (%)	4.45%	4.37%
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

	2023		2022	
	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)		1,879,073,951		1,609,446,790
2 Retail deposits and deposits from small business customers of which:				
2.1 Stable deposits	-	-	-	-
2.2 Less stable deposits	2,325,953,622	232,595,362	1,875,416,519	187,541,652
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	1,168,093,916	508,520,702	1,150,840,363	523,489,035
3.3 Unsecured debt	84,562,149	84,562,149	50,410,969	50,410,969
4 Secured wholesale funding	-	-	-	-
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other collateral requirements	7,021,512	7,021,512	2,362,386	2,362,386
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	11,896,223	1,189,622	19,177,677	1,917,768
7 Other contingent funding obligations	1,642,986,439	31,270,893	1,462,783,817	32,632,098
8 TOTAL CASH OUTFLOWS		865,160,240		798,353,909
CASH INFLOWS				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	258,687,993	143,517,437	277,303,784	152,364,360
11 Other Cash inflows	149,612,531	27,782,127	128,092,287	13,428,632
12 TOTAL CASH INFLOWS		171,299,564		165,792,992
		Total Adjusted Value³		Total Adjusted Value³
TOTAL HIGH QUALITY LIQUID ASSETS		1,879,073,951		1,609,446,790
TOTAL NET CASH OUTFLOWS		693,860,676		632,560,917
LIQUIDITY COVERAGE RATIO		270.81%		254.43%

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 outflow)

3 Adjusted values are calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on level 2B and level 2 assets for HQLA and cap on inflows)

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3.2 Net Stable Funding Ratio

	2023				Weighted Value
	Unweighted Value By Residual Maturity *				
	No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----					
ASF Item					
1 Capital:					
2 Regulatory capital	270,522,970	-	-	-	270,522,970
3 Other capital instruments	18,874,000	-	-	-	18,874,000
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	1,050,904,947	329,168,158	1,171,565,677	2,413,631,470
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	543,047,632	170,095,297	605,398,203	961,969,667
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	12,213,701	-
12 All other liabilities and equity not included in other categories	-	800,007,241	31,715,775	147,114,826	147,114,826
13 Total ASF					3,812,112,933
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	-	85,626,385	-	-	9,389,050
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
19 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of	-	66,905,364	53,533,683	753,946,376	644,463,591
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	472,878,596	307,371,088
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities	-	-	-	-	-
22 Other assets:					
23 Physical traded commodities, including gold	-	-	-	-	-
24 Assets posted as initial margin for derivative contracts	-	-	-	-	-
25 NSFR derivative assets	-	-	-	-	-
26 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
27 All other assets not included in the above categories	-	1,236,789,572	680,015,921	1,851,975,266	1,335,574,968
28 Off-balance sheet items	-	523,922,675	471,363,544	280,953,327	87,939,977
29 Total RSF					2,384,738,674
30 Net Stable Funding Ratio (%)					159.85%

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

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3.2 Net Stable Funding Ratio

	2022				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	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
	-	-	-	-	-
13 Total ASF					3,225,111,950
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	-	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
29 Total RSF					2,171,559,048
30 Net Stable Funding Ratio (%)					148.52%

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