

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

1 CAPITAL ADEQUACY

1.1 Risk-Weighted Exposures

	Capital Requirements		Risk Weighted Assets	
	2025	2024	2025	2024
------(Rupees in '000)-----				
Credit Risk				
On-balance sheet				
Sovereigns	25,172,093	23,257,789	201,376,747	186,062,312
Public Sector Entities	3,372,286	5,064,483	26,978,290	40,515,867
Multilateral Development Banks	-	-	-	-
Banks	18,558,815	15,611,319	148,470,516	124,890,553
Corporates	62,509,762	62,849,536	500,078,099	502,796,286
Retail	37,859,187	33,267,839	302,873,495	266,142,710
Residential mortgages	2,699,706	2,211,326	21,597,646	17,690,609
Low Cost Housing	201,933	222,652	1,615,467	1,781,213
Past due loans	640,769	603,680	5,126,148	4,829,440
Listed equity investments	518,344	733,038	4,146,752	5,864,302
Unlisted equity investments	1,315,556	72,699	10,524,450	581,595
Significant investments and others	10,605,063	9,607,966	84,840,503	76,863,725
Operating fixed assets	20,157,431	18,788,147	161,259,451	150,305,172
Other assets	5,726,131	4,185,053	45,809,045	33,480,427
	189,337,076	176,475,527	1,514,696,609	1,411,804,211
Off-balance sheet				
Non-market related	16,444,829	16,693,958	131,558,632	133,551,660
Market related	583,067	510,082	4,664,535	4,080,655
	17,027,896	17,204,040	136,223,167	137,632,315
Market Risk				
Interest Rate Risk	12,202,520	5,723,865	152,531,500	71,548,312
Equity Position Risk	4,988,808	2,949,848	62,360,100	36,873,100
Foreign Exchange Risk	8,279,949	6,134,109	103,499,363	76,676,363
	25,471,277	14,807,822	318,390,963	185,097,775
Operational Risk	32,455,219	29,390,766	405,690,239	367,384,573
	264,291,468	237,878,155	2,375,000,978	2,101,918,874

Capital Adequacy Ratio

	2025	2024
	(Rupees in '000)	
Total eligible regulatory capital held	450,673,549	383,412,882
Total risk weighted assets	2,375,000,978	2,101,918,874
Capital adequacy ratio	18.98%	18.24%

1.2 Capital structure

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

	Note	2025	2024
		(Rupees in '000)	
Common Equity Tier 1 capital (CET1): Instruments and reserves			
Fully Paid-up Capital		14,668,525	14,668,525
Balance in Share Premium Account		-	-
Reserve for issue of Bonus Shares		-	-
Discount on Issue of shares		-	-
General and Capital Reserves		90,097,602	82,636,883
Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		261,076,059	229,803,398
CET 1 before Regulatory Adjustments		365,842,186	327,108,806
Total regulatory adjustments applied to CET1	1.3.1	(32,061,372)	(30,452,317)
Common Equity Tier 1		333,780,814	296,656,489

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	Note	2025 (Rupees in '000)	2024
Additional Tier 1 (AT 1) Capital			
Qualifying Additional Tier-1 instruments plus any related share premium		18,874,000	18,874,000
of which: Classified as equity		-	-
of which: Classified as liabilities		18,874,000	18,874,000
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	<u>(6,300,708)</u>	<u>(5,354,097)</u>
Additional Tier 1 capital recognized for capital adequacy		12,573,292	13,519,903
Tier 1 Capital (CET1 + admissible AT1)		346,354,106	310,176,392
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		20,636,497	19,367,957
Revaluation Reserves (net of taxes)		86,679,108	57,277,864
of which: Revaluation reserves on fixed assets		<u>41,834,581</u>	<u>41,914,808</u>
of which: Unrealized gains/losses on FVOCI		<u>44,844,527</u>	<u>15,363,056</u>
Foreign Exchange Translation Reserves		-	-
Tier 2 before regulatory adjustments		<u>107,315,605</u>	<u>76,645,821</u>
Total regulatory adjustment applied to T2 capital	1.3.3	<u>(2,996,162)</u>	<u>(3,409,331)</u>
Tier 2 after regulatory adjustments		104,319,443	73,236,490
Tier 2 capital not recognized for capital adequacy		-	-
Tier 2 capital recognized for capital adequacy		104,319,443	73,236,490
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>104,319,443</u>	<u>73,236,490</u>
TOTAL CAPITAL (Tier 1 + admissible Tier 2)		<u>450,673,549</u>	<u>383,412,882</u>
Total Risk Weighted Assets		2,375,000,978	2,101,918,874
Capital Ratios and buffers (in percentage of risk weighted assets)			
CET1 to total RWA		<u>14.05%</u>	<u>14.11%</u>
Tier-1 capital to total RWA		<u>14.58%</u>	<u>14.76%</u>
Total capital to RWA		<u>18.98%</u>	<u>18.24%</u>
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		8.50%	8.50%
of which: capital conservation buffer requirement		1.50%	1.50%
of which: countercyclical buffer requirement		-	-
of which: D-SIB buffer requirement		1.00%	1.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)		8.05%	8.11%
Other information:			
Minimum capital requirements prescribed by SBP			
CET1 minimum ratio		8.50%	8.50%
Tier 1 minimum ratio		10.00%	10.00%
Total capital minimum ratio		12.50%	12.50%

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1.3	Regulatory Adjustments and Additional Information	<u>2025</u>	<u>2024</u>
1.3.1	Common Equity Tier 1 capital: Regulatory adjustments	----- (Rupees in '000) -----	
	Goodwill (net of related deferred tax liability)	-	-
	All other intangibles (net of any associated deferred tax liability)	22,221,191	17,022,673
	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	4,258,982	2,631,231
	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/ FVOCI	-	-
	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	5,581,199	10,798,413
	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>32,061,372</u>	<u>30,452,317</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	698,246	340,197
	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	5,602,462	5,013,900
	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>6,300,708</u>	<u>5,354,097</u>
1.3.3	Tier 2 Capital: regulatory adjustments		
	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	194,931	66,731
	Investment in own Tier 2 capital instrument	-	-
	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	2,801,231	3,342,600
	Total regulatory adjustment applied to T2 capital	<u>2,996,162</u>	<u>3,409,331</u>

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1.3.4 Additional Information	2025	2024
	(Rupees in '000)	
Risk Weighted Assets subject to pre-Basel III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	6,189,139	6,259,968
Significant investments in the common stock of financial entities	33,936,201	30,745,490
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	21,031,477	23,175,179
Cap on inclusion of provisions in Tier 2 under standardized approach	20,636,497	19,367,957
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	534,020,346	534,020,346
Balances with other banks	40,891,524	40,891,524
Lendings to financial institutions	234,948,139	234,948,139
Investments	4,072,488,000	4,072,488,000
Advances	1,849,212,700	1,849,212,700
Fixed assets	161,259,451	161,259,451
Intangible assets	22,221,191	22,221,191
Deferred tax assets	-	-
Other assets	352,329,424	352,329,424
Total assets	<u>7,267,370,775</u>	<u>7,267,370,775</u>
Liabilities & Equity		
Bills payable	58,852,506	58,852,506
Borrowings	1,179,248,080	1,179,248,080
Deposits and other accounts	5,230,771,466	5,230,771,466
Subordinated loan	18,874,000	18,874,000
Liabilities against assets subject to finance lease	36,122,376	36,122,376
Deferred tax liability	26,247,774	26,247,774
Other liabilities	271,250,924	271,250,924
Total liabilities	6,821,367,126	6,821,367,126
Share capital	14,668,525	14,668,525
Reserves	90,097,602	90,097,602
Unappropriated profit	254,263,661	254,263,661
Surplus on revaluation of assets	86,973,861	86,973,861
Total liabilities & equity	<u>7,267,370,775</u>	<u>7,267,370,775</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
ASSETS			
Cash and balances with treasury banks	534,020,346	534,020,346	
Balances with other banks	40,891,524	40,891,524	
Lendings to financial institutions	234,948,139	234,948,139	
Investments	4,072,488,000	4,072,488,000	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-	
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	13,984,892	13,984,892	(a)
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	
<i>of which: reciprocal crossholding of capital instrument</i>	5,152,159	5,152,159	(b)
<i>of which: investment in own shares</i>	-	-	
Advances	1,849,212,700	1,849,212,700	
<i>Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>	-	-	
<i>General provisions reflected in Tier 2 capital</i>	20,636,497	20,636,497	(c)
Operating fixed assets	183,480,642	183,480,642	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	22,221,191	22,221,191	(d)
Deferred Tax Assets	-	-	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	(e)
Other assets	352,329,424	352,329,424	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	-	-	
<i>of which: Defined-benefit pension fund net assets</i>	-	-	
Total assets	<u>7,267,370,775</u>	<u>7,267,370,775</u>	
LIABILITIES & EQUITY			
Bills payable	58,852,506	58,852,506	
Borrowings	1,179,248,080	1,179,248,080	
Deposits and other accounts	5,230,771,466	5,230,771,466	
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	36,122,376	36,122,376	
Deferred tax liabilities	26,247,774	26,247,774	
<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	271,250,924	271,250,924	
Total liabilities	6,821,367,126	6,821,367,126	
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	90,097,602	90,097,602	
<i>of which: portion eligible for inclusion in CET1</i>	90,097,602	90,097,602	(h)
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	(i)
Unappropriated profit	254,263,661	254,263,661	(j)
Surplus on revaluation of assets	86,973,861	86,973,861	
<i>of which: Revaluation reserves on Property eligible for inclusion in Tier 2</i>	41,834,581	41,834,581	(k)
<i>of which: Unrealized Gains/Losses on FVOCI eligible for inclusion in Tier 2</i>	44,844,527	44,844,527	(l)
Total liabilities & Equity	<u>7,267,370,775</u>	<u>7,267,370,775</u>	

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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	(g)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	90,097,602	(h)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	261,076,059	(j)*
CET 1 before Regulatory Adjustments	365,842,186	
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill	-	
All other intangibles	22,221,191	(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	4,258,982	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/ FVOCI	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	5,581,199	portion of (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	(32,061,372)	
Common Equity Tier 1	333,780,814	
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	18,874,000	

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

	Rupees in '000	Source based on reference number
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	698,246	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	5,602,462	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	(6,300,708)	
Additional Tier 1 capital	12,573,292	
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	12,573,292	
Tier 1 Capital (CET1 + admissible AT1)	346,354,106	
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	20,636,497	(c)
Revaluation Reserves eligible for Tier 2 of which: portion pertaining to Property	86,679,108	(k)
of which: portion pertaining to FVOCI securities	41,834,581	(l)
Foreign Exchange Translation Reserves	-	(i)
Undisclosed/Other Reserves (if any)	-	
Tier 2 before regulatory adjustments	107,315,605	
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	194,931	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	2,801,231	portion of (a)
Amount of Regulatory Adjustment applied to Tier 2 capital	(2,996,162)	
Tier 2 capital	104,319,443	
Tier 2 capital not recognized for capital adequacy	-	
Tier 2 capital recognized for capital adequacy	104,319,443	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	104,319,443	
TOTAL CAPITAL (Tier 1 + admissible Tier 2)	450,673,549	

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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			
	Not applicable	Convertible	Convertible
If convertible, conversion trigger (s)	Not applicable	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the Point of No Viability (PONV) Event; or (iii) failure by the Issuer to comply with the Lock-In Clause or the Non-Cumulative Feature of the TFCs ("Lock-In Event").	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the Point of No Viability (PONV) Event; or (iii) failure by the Issuer to comply with the Lock-In Clause or the Non-Cumulative Feature of the TFCs ("Lock-In Event").
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 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	2025			2024		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	80,175,083	-	80,175,083	79,578,325	-	79,578,325
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	2,074,551,304	115,926,936	1,958,624,368	1,603,322,669	36,317,134	1,567,005,535
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	-	-	-	37,743,848	-	37,743,848
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	7,002,675	-	7,002,675	12,838,765	-	12,838,765
	2	91,701,077	-	91,701,077	88,410,185	-	88,410,185
	3	2,264,376	-	2,264,376	-	-	-
	4,5	73,938,957	5,042,905	68,896,052	46,379,887	-	46,379,887
	6	72,550,415	-	72,550,415	78,604,952	-	78,604,952
	Unrated	4,182,669	-	4,182,669	4,092,960	-	4,092,960
		251,640,169	5,042,905	246,597,264	230,326,749	-	230,326,749
Corporates	1	348,427,042	16,801,843	331,625,199	408,613,779	27,964,055	380,649,724
	2	202,127,239	6,859,732	195,267,507	216,916,183	11,568,508	205,347,675
	3,4	4,967,076	105,300	4,861,776	6,184,764	669,455	5,515,309
	5,6	-	-	-	-	-	-
	Unrated-1	273,253,189	33,627,674	239,625,515	236,181,010	36,871,660	199,309,350
	Unrated-2	79,649,669	6,344,057	73,305,612	165,916,252	70,581,977	95,334,275
		908,424,215	63,738,606	844,685,609	1,033,811,988	147,655,655	886,156,333
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3	10,577,704	-	10,577,704	4,303,560	-	4,303,560
	4,5	421,900	-	421,900	48,403	-	48,403
	6	-	-	-	-	-	-
	Unrated	687,180	-	687,180	(1)	-	(1)
		11,686,784	-	11,686,784	4,351,962	-	4,351,962
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	20%	234,948,139	212,128,539	22,819,600	82,793,937	74,792,556	8,001,381
Banks - others	1	143,073,093	82,176,000	60,897,093	274,894,196	184,017,446	90,876,750
	2,3	41,847,838	-	41,847,838	42,992,151	-	42,992,151
	4,5	95,898,078	-	95,898,078	26,266,051	-	26,266,051
	6	5,204	-	5,204	1,826,127	-	1,826,127
	Unrated	24,866,894	-	24,866,894	107,457,389	-	107,457,389
		305,691,107	82,176,000	223,515,107	453,435,914	184,017,446	269,418,468
Public Sector Entities	1	105,526,322	29,017,137	76,509,185	174,586,213	42,773,003	131,813,210
	2,3	-	-	-	-	-	-
	4,5	5,333,075	-	5,333,075	-	-	-
	6	-	-	-	4,326,772	-	4,326,772
	Unrated	107,232,366	94,545,610	12,686,756	401,580,991	386,254,856	15,326,135
		218,091,763	123,562,747	94,529,016	580,493,976	429,027,859	151,466,117
Retail portfolio	75%	408,861,093	5,029,767	403,831,326	359,095,079	4,238,132	354,856,947
Claims Fully Secured by Residential Mortgages	35%	61,707,559	-	61,707,559	50,544,598	-	50,544,598
Low Cost Housing	25%	6,461,867	-	6,461,867	7,124,850	-	7,124,850
Past due loans	50% - 150%	9,429,282	1,207,624	8,221,658	9,230,756	950,409	8,280,347
Equity investments	100% - 150%	11,163,052	-	11,163,052	6,252,032	-	6,252,032
Significant investments	250%	33,936,201	-	33,936,201	30,745,490	-	30,745,490
Fixed assets	100%	161,259,451	-	161,259,451	150,305,172	-	150,305,172
Others	100%	45,809,045	-	45,809,045	33,480,427	-	33,480,427
		4,823,836,114	608,813,124	4,215,022,990	4,752,637,772	876,999,191	3,875,638,581

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
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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 4.42% (2024: 4.56%) is above the current minimum requirement of 3.00% set by the SBP.

	2025	2024
	(Rupees in '000)	
Eligible Tier-1 Capital	346,354,106	310,176,392
Total Exposures	7,831,299,364	6,802,909,769
Leverage Ratio (%)	4.42%	4.56%
Minimum Requirement (%)	3.00%	3.00%

3 LIQUIDITY STANDARDS

The SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of LCR is to ensure that banks have an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant stress scenario. The objective of NSFR is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

3.1 Liquidity Coverage Ratio

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

1 Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows)

2 Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows)

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

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
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3.2 Net Stable Funding Ratio

ASF Item	2025				Weighted Value
	Unweighted Value By Residual Maturity *				
	No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----					
1 Capital:					
2 Regulatory capital	365,842,186	-	-	-	365,842,186
3 Other capital instruments	18,874,000	-	-	-	18,874,000
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	1,236,116,328	432,173,682	1,325,670,469	2,827,131,477
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	923,512,052	322,880,295	990,418,642	1,613,614,815
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	5,932,185	-
12 All other liabilities and equity not included in other categories	-	1,311,823,222	36,421,640	200,256,011	224,077,450
13 Total ASF					5,049,539,928
RSF item					
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-
15 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16 Performing loans and securities:					
17 Performing loans to financial institutions secured by Level 1 HQLA	-	240,649,643	-	-	25,489,976
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
19 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of	-	270,857,113	86,441,621	575,791,903	500,582,898
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	445,844,311	289,798,802
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities	-	-	-	-	-
22 Other assets:					
23 Physical traded commodities, including gold	-	-	-	-	-
24 Assets posted as initial margin for derivative contracts	-	-	-	-	-
25 NSFR derivative assets	-	-	-	-	-
26 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
27 All other assets not included in the above categories	-	1,570,187,044	344,423,377	3,733,181,139	1,859,011,315
28 Off-balance sheet items	-	945,224,035	410,565,916	635,905,971	99,584,796
29 Total RSF					2,774,467,787
30 Net Stable Funding Ratio (%)					182.00%

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

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

3.2 Net Stable Funding Ratio

	2024				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	327,108,806	-	-	-	327,108,806
3 Other capital instruments	18,874,000	-	-	-	18,874,000
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	1,151,553,912	302,401,968	1,450,228,111	2,758,788,403
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	470,657,685	123,596,307	592,730,396	889,857,392
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	6,871,162	-
12 All other liabilities and equity not included in other categories	-	975,096,142	35,383,342	161,496,671	161,496,671
13 Total ASF					4,156,125,272
RSF item					
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-
15 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16 Performing loans and securities:					
17 Performing loans to financial institutions secured by Level 1 HQLA	-	122,286,587	-	-	14,602,906
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
19 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of	-	371,690,115	277,587,957	704,295,730	606,259,347
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	353,111,839	229,522,696
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities	-	-	-	-	-
22 Other assets:					
23 Physical traded commodities, including gold	-	-	-	-	-
24 Assets posted as initial margin for derivative contracts	-	-	-	-	-
25 NSFR derivative assets	-	-	-	-	-
26 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
27 All other assets not included in the above categories	-	1,639,051,195	232,835,331	1,958,945,075	1,779,014,276
28 Off-balance sheet items	-	1,185,810,781	518,922,211	364,322,877	103,452,793
29 Total RSF					2,732,852,018
30 Net Stable Funding Ratio (%)					152.08%

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