

BANK AL HABIB LIMITED

CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED

AS AT 31 DECEMBER 2021

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CAPITAL ASSESSMENT AND ADEQUACY

Capital adequacy

As per requirements of SBP, the Bank is required to comply with the capital adequacy framework which comprises the following capital standards :

i) Minimum Capital Requirement (MCR):

The MCR standard sets the paid-up capital that the Bank is required to hold at all times.

As of the statement of financial position date, the Bank's paid-up capital stands at Rs.11.114 billion as against the required MCR of Rs. 10 billion.

ii) Capital Adequacy Ratio:

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks. The banks are required to comply with the CAR as specified by the State Bank of Pakistan on Bank Level as well as Group Level.

During the year 2013, SBP revised the instructions on the computation of CAR based on Basel III Capital Reform issued by the Basel Committee on Banking Supervision. Accordingly, the Bank has assessed and reported its Capital Adequacy Ratio in the financial statements.

The CAR on the basis of above framework works out to be as follows:

	2021
Required CAR	<u>11.500%</u>
CAR on Bank Level	<u>13.485%</u>

It is the Bank's policy that the level of capital maintained by it should be such that it maximises the return to shareholders while providing sufficient buffer to absorb risks, including those from any unexpected events. Therefore, the Bank carefully monitors its capital adequacy ratio with a view to ensuring that growth in risk assets is accompanied by commensurate growth in capital, and endeavours to maintain the capital adequacy ratio at a level sufficiently higher than the minimum regulatory requirement. Stress testing of capital adequacy is carried out periodically.

Based on its experience over the years, the Bank expects to be able to raise the required capital internally through its operations as well as in the capital markets.

The Bank has a risk management framework commensurate with its size and the nature of its business. The Board of Directors has approved risk management policies covering key areas of activities, including a Risk Tolerance Statement and Recovery Plan for the guidance of management and staff of the Bank.

The Bank calculates capital requirement as per Basel III regulatory framework, using the following approaches:

Credit Risk	Standardised Approach
Market Risk	Standardised Approach
Operational Risk	Basic Indicator Approach

iii) Leverage Ratio:

The leverage ratio comprises Tier 1 capital to total exposure, which includes on balance sheet exposures and credit equivalent of certain off balance sheet exposures adjusted by the regulatory credit conversion factors. The Bank's current leverage ratio is 3.736% which is above the current minimum requirement of 3% set by SBP.

Scope of application

The Basel III Framework for capital adequacy is applicable to the Bank both at the consolidated level (including subsidiaries) and also on standalone basis. Bank AL Habib Limited is the only bank in the Group to which Basel III capital adequacy framework applies. The Bank has ownership in the following subsidiaries, where the Bank holds more than 50% of voting shares as at December 31, 2021

Name	Type of entity	Country of incorporation
AL Habib Capital Markets (Private) Limited	Financial	Pakistan
AL Habib Asset Management Limited	Financial	Pakistan

The assets, liabilities, income, expenses and cash flows of above subsidiaries are included in the consolidated financial statements and also consolidated for regulatory capital adequacy purposes.

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Capital structure

The Bank's Tier 1 capital comprises paid-up capital, statutory reserve, special reserve, general reserve, unappropriated profit, perpetual non-cumulative term finance certificates, and is adjusted for deductions in respect of intangible assets, shortfall in provision against classified assets, deficit on revaluation of investments, deferred tax asset, direct or indirect investment in own shares, CAP 2 deductions, investment in mutual funds exceeding the prescribed limit, and is adjusted for reciprocal cross holdings in Tier 1 instruments.

The Bank's Tier 2 capital includes subordinated loans, general provisions, revaluation reserves, and exchange translation reserve and is adjusted for reciprocal cross holdings in Tier 2 instruments, CAP 2 deductions, and direct or indirect investment in own TFCs.

	2021	2020
	(Rupees in '000)	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital	11,114,254	11,114,254
Balance in Share Premium Account	-	-
Reserve for issue of Bonus Shares	-	-
Discount on Issue of shares	-	-
General / Statutory Reserves	18,177,551	16,307,321
Gains / (losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated/unremitted profits / (losses)	51,798,069	40,024,361
Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	81,089,874	67,445,936
Total regulatory adjustments applied to CET1 (Note 42.3.2)	(448,608)	(410,676)
Common Equity Tier 1	(a) 80,641,266	67,035,260
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium	7,000,000	7,000,000
of which: Classified as equity	-	-
of which: Classified as liabilities	7,000,000	7,000,000
Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	7,000,000	7,000,000
Total regulatory adjustment applied to AT1 capital (Note 42.3.3)	(429,266)	(323,731)
Additional Tier 1 capital after regulatory adjustments	6,570,734	6,676,269
Additional Tier 1 capital recognized for capital adequacy	(b) 6,570,734	6,676,269
Tier 1 Capital (CET1 + admissible AT1)	(c=a+b) 87,212,000	73,711,529
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	8,984,400	7,581,600
Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	7,946,909	6,738,223
Revaluation Reserves (net of taxes)	6,361,575	10,160,479
of which: Revaluation reserves on fixed assets	7,020,016	7,399,037
of which: Unrealised gains/(losses) on AFS	(658,441)	2,761,442
Foreign Exchange Translation Reserves	2,478,915	2,123,956
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	25,771,799	26,604,257
Total regulatory adjustment applied to T2 capital (Note 42.3.4)	(21,260)	(29,932)
Tier 2 capital (T2) after regulatory adjustments	25,750,539	26,574,325
Tier 2 capital recognised for capital adequacy	25,750,539	23,890,019
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	(d) 25,750,539	23,890,019
TOTAL CAPITAL (T1 + admissible T2)	(e=c+d) 112,962,539	97,601,548
Total Risk Weighted Assets (RWA) (Note 42.6)	(f) 837,676,792	646,614,337
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	(a/f) 9.627%	10.367%
Tier-1 capital to total RWA	(c/f) 10.411%	11.400%
Total capital to total RWA	(e/f) 13.485%	15.094%

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	(Rupees in '000)	
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	<u>7.500%</u>	<u>7.500%</u>
of which: capital conservation buffer requirement	<u>1.500%</u>	<u>1.500%</u>
of which: countercyclical buffer requirement	-	-
of which: D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	<u>3.627%</u>	<u>4.367%</u>
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	<u>6.000%</u>	<u>6.000%</u>
Tier 1 minimum ratio	<u>7.500%</u>	<u>7.500%</u>
Total capital minimum ratio	<u>11.500%</u>	<u>11.500%</u>
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	(268,246)	(211,111)
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	(139,645)	(159,696)
Cash flow hedge reserve	-	-
Investment in own shares/ CET1 instruments	(40,717)	(39,869)
Securitisation 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)	-	-
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	-	-
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-
Total regulatory adjustments applied to CET1	<u>(448,608)</u>	<u>(410,676)</u>
Additional Tier-1 & 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	(429,266)	(323,731)
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-
Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustment applied to AT1 capital	<u>(429,266)</u>	<u>(323,731)</u>

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	2021	2020
	(Rupees in '000)	
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	(20,000)	(20,000)
Investment in own Tier 2 capital instrument	(1,260)	(9,932)
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
Total regulatory adjustment applied to T2 capital	(21,260)	(29,932)
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: Recognised 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: Recognised 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	-	-
Significant investments in the common stock of financial entities	-	-
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 standardised approach (prior to application of cap)	7,946,909	6,738,223
Cap on inclusion of provisions in Tier 2 under standardized approach	8,789,195	6,738,223
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
	-	-
Capital Structure Reconciliation		
Reconciliation of accounting and regulatory scope of consolidation		
	2021	2021
	As per published financial statements	Under regulatory scope for capital adequacy
Assets		
Cash and balances with treasury banks	118,599,741	118,599,741
Balances with other banks	6,740,008	6,740,008
Lendings to financial institutions	20,063,828	20,063,828
Investments	826,599,884	826,599,884
Advances	733,799,311	733,799,311
Operating fixed assets	55,961,023	56,229,269
Deferred tax assets	2,074,828	2,074,828
Other assets	85,813,497	85,813,497
Total assets	1,849,652,120	1,849,652,120
Liabilities & Equity		
Bills payable	29,803,755	29,803,755
Borrowings	302,212,902	302,212,902
Deposits and other accounts	1,309,823,329	1,309,823,329
Sub-ordinated loans	15,995,200	15,995,200
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	101,801,886	101,801,886
Total liabilities	1,759,637,072	1,759,637,072
Share capital/ Head office capital account	11,114,254	11,114,254
Reserves	20,656,466	20,656,466
Unappropriated/ Unremitted profits/ (losses)	51,798,069	51,798,069
Minority Interest	-	-
Surplus on revaluation of assets	6,446,259	6,446,259
Total equity	90,015,048	90,015,048
Total liabilities & equity	1,849,652,120	1,849,652,120

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Reference	2021	2021
	As per published financial statements	Under regulatory scope for capital adequacy
(Rupees in '000)		
Reconciliation for balance sheet items that require capital adjustments		
Assets		
Cash and balances with treasury banks	118,599,741	118,599,741
Balances with other banks	6,740,008	6,740,008
Lendings to financial institutions	20,063,828	20,063,828
Investments	826,599,884	826,599,884
of which: Non-significant capital investments in capital instruments of banking, financial and insurance entities exceeding 10% threshold	(a) -	-
of which: Significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	(b) -	-
of which: Mutual Funds exceeding regulatory threshold	(c) -	-
of which: reciprocal crossholding of capital instrument of CET 1	(d) 139,645	139,645
of which: reciprocal crossholding of capital instrument of T 2	(e) 20,000	20,000
Advances	733,799,311	733,799,311
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	(f) -	-
general provisions reflected in Tier 2 capital	(g) 7,946,909	7,946,909
Fixed Assets	55,961,023	55,961,023
of which: Intangibles	(h) 268,246	268,246
Deferred Tax Assets	2,074,828	2,074,828
of which: DTAs that rely on future profitability excluding those arising from temporary differences	(i) -	-
of which: DTAs arising from temporary differences exceeding regulatory threshold	(j) -	-
Other assets	85,813,497	85,813,497
of which: Goodwill	(k) -	-
of which: Defined-benefit pension fund net assets	(l) -	-
Total assets	1,849,652,120	1,849,652,120
Liabilities & Equity		
Bills payable	29,803,755	29,803,755
Borrowings	302,212,902	302,212,902
Deposits and other accounts	1,309,823,329	1,309,823,329
Sub-ordinated loans	15,995,200	15,995,200
of which: eligible for inclusion in AT1	(m) 7,000,000	7,000,000
of which: eligible for inclusion in Tier 2	(n) 8,995,200	8,995,200
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
of which: DTLs related to goodwill	(o) -	-
of which: DTLs related to intangible assets	(p) -	-
of which: DTLs related to defined pension fund net assets	(q) -	-
of which: other deferred tax liabilities	(r) -	-
Other liabilities	101,801,886	101,801,886
Total liabilities	1,759,637,072	1,759,637,072
Share capital	11,114,254	11,114,254
of which: amount eligible for CET1	(s) 11,114,254	11,114,254
of which: amount eligible for AT1	(t) -	-
Reserves	20,656,466	20,656,466
of which: portion eligible for inclusion in CET1	(u) 18,177,551	18,177,551
of which: portion eligible for inclusion in Tier 2	(v) 2,478,915	2,478,915
Unappropriated profits / (losses)	(w) 51,798,069	51,798,069
Minority Interest	-	-
of which: portion eligible for inclusion in CET1	(x) -	-
of which: portion eligible for inclusion in AT1	(y) -	-
of which: portion eligible for inclusion in Tier 2	(z) -	-
Surplus on revaluation of assets	6,446,259	6,446,259
of which: Revaluation reserves on Properties	(aa) 7,104,700	7,104,700
of which: Unrealised Gains/(Losses) on AFS	(658,441)	(658,441)
In case of Deficit on revaluation (deduction from CET1)	(ab) -	-
Total Equity	90,015,048	90,015,048
Total liabilities & equity	1,849,652,120	1,849,652,120

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Reconciliation of computation of capital with balance sheet of the Bank

		2021
		Component of regulatory capital reported by bank
		(Rupees in '000)
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital / Capital deposited with SBP		11,114,254
Balance in Share Premium Account	(s)	-
Reserve for issue of Bonus Shares		-
General / Statutory Reserves	(u)	18,177,551
Gains / (Losses) on derivatives held as Cash Flow Hedge		-
Unappropriated/unremitted profits / (losses)	(w)	51,798,069
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
CET 1 before Regulatory Adjustments		81,089,874
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	(k)-(o)	-
All other intangibles (net of any associated deferred tax liability)	(h)-(p)	(268,246)
Shortfall of provisions against classified assets	(f)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(i-r) * x %	-
Defined-benefit pension fund net assets	(l-q) * x %	-
Reciprocal cross holdings in CET1 capital instruments	(d)	(139,645)
Cash flow hedge reserve		-
Investment in own shares/ CET1 instruments		(40,717)
Securitisation gain on sale		-
Capital shortfall of regulated subsidiaries		-
Deficit on account of revaluation from bank's holdings of properties/ AFS	(ab)	-
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)	(a) - (ac) - (ae)	-
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)	(b) - (ad) - (af)	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
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		-
of which: Investment in TFCs of other banks exceeding the prescribed limit		-
of which: Any other deduction specified by SBP		-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
Total regulatory adjustments applied to CET1		(448,608)
Common Equity Tier 1		80,641,266

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		2021
		Component of regulatory capital reported by bank (Rupees in '000)
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium		7,000,000
of which: Classified as equity	(t)	-
of which: Classified as liabilities	(m)	7,000,000
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)		
of which: instrument issued by subsidiaries subject to phase out	(y)	-
AT1 before regulatory adjustments		7,000,000
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		(429,266)
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)	(ac)	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
Total of Regulatory Adjustment applied to AT1 capital		(429,266)
Additional Tier 1 capital		6,570,734
Additional Tier 1 capital recognised for capital adequacy		6,570,734
Tier 1 Capital (CET1 + admissible AT1)		87,212,000
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		8,984,400
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	(n)	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	(z)	-
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	(g)	7,946,909
Revaluation Reserves eligible for Tier 2		6,361,575
of which: portion pertaining to Property		7,020,016
of which: portion pertaining to AFS securities	portion of (aa)	(658,441)
Foreign Exchange Translation Reserves	(v)	2,478,915
Undisclosed/Other Reserves (if any)		-
T2 before regulatory adjustments		25,771,799
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		-
Reciprocal cross holdings in Tier 2 instruments		(20,000)
Investment in own Tier 2 capital instrument		(1,260)
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)	(ae)	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
Amount of Regulatory Adjustment applied to T2 capital		(21,260)
Tier 2 capital (T2)		25,750,539
Tier 2 capital recognised for capital adequacy		25,750,539
Excess Additional Tier 1 capital recognised in Tier 2 capital		-
Total Tier 2 capital admissible for capital adequacy		25,750,539
TOTAL CAPITAL (T1 + admissible T2)		112,962,539

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Main Features of Regulatory Capital Instruments

(Rupees in '000)

Main Features	Common Shares	Additional Tier 1 Sub-ordinated Debt	Tier 2 Sub-ordinated Debt	Tier 2 Sub-ordinated Debt
1. Issuer	Bank AL Habib Limited	Bank AL Habib Limited	Bank AL Habib Limited	Bank AL Habib Limited
2. Unique identifier (e.g. PSX Symbol or Bloomberg identifier etc.)	BAHL	BAHLAT1TFC	BAHLTFC7	BAHLTFC8
3. Governing law(s) of the instrument (Regulatory Authorities)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)
Regulatory treatment				
4. Transitional Basel III rules	CET-1	Additional Tier 1	Tier 2	Tier 2
5. Post - transitional Basel III rules	CET-1	Additional Tier 1	Tier 2	Tier 2
6. Eligible at solo / group / group & solo	Group & Standalone	Group & Standalone	Group & Standalone	Group & Standalone
7. Instrument type	Ordinary Shares	Sub-ordinated Debt	Sub-ordinated Debt	Sub-ordinated Debt
8. Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	11,114,254	7,000,000	3,995,200	5,000,000
9. Par value of instrument	Rs 10	Rs 5,000	Rs 5,000	Rs 5,000
10. Accounting classification	Shareholders' Equity	Liability - Sub -ordinated Loans	Liability - Sub -ordinated Loans	Liability - Sub -ordinated Loans
11. Original date of issuance	January, 1992	20 December 2017	06 December 2018	30 September 2021
12. Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13. Original maturity date	N/A	N/A	06 December 2028	30 September 2031
14. Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15. Optional call date, contingent call dates and redemption amount	N/A	20 December 2022	06 December 2023	30 September 2026
16. Subsequent call dates, if applicable	N/A	On any coupon payment date after 60 months from the date of issue.	On any coupon payment date after 60 months from the date of issue.	On any coupon payment date after 60 months from the date of issue.
Coupons / dividends				
17. Fixed or floating dividend / coupon	N/A	Floating	Floating	Floating
18. Coupon rate and any related index / benchmark	N/A	6 months Kibor + 1.50% p.a.	6 months Kibor + 1.00% p.a.	6 months Kibor + 0.75% p.a.
19. Existence of a dividend stopper	No	No	No	No
20. Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21. Existence of step up or other incentive to redeem	N/A	No	No	No
22. Noncumulative or cumulative	N/A	Noncumulative	N/A	N/A
23. Convertible or non - convertible	N/A	Convertible	Convertible	Convertible
24. If convertible, conversion trigger (s)	N/A	Upon occurrence of a Point of Non Viability (PONV) or Pre Specified Trigger (PST) event or non-compliance with lock-in clause or non-cumulative feature, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions
25. If convertible, fully or partially	N/A	Fully or Partially: To be determined as per SBP's Basel III instructions	Fully or Partially: To be determined as per SBP's Basel III instructions	Fully or Partially: To be determined as per SBP's Basel III instructions
26. If convertible, conversion rate	N/A	To be determined in the case of trigger event	To be determined in the case of trigger event	To be determined in the case of trigger event
27. If convertible, mandatory or optional conversion	N/A	To be determined as per SBP's Basel III instructions	To be determined as per SBP's Basel III instructions	To be determined as per SBP's Basel III instructions
28. If convertible, specify instrument type convertible into	N/A	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
29. If convertible, specify issuer of instrument it converts into	N/A	BAHL	BAHL	BAHL
30. Write - down feature	N/A	Yes	Yes	Yes
31. If write - down, write - down trigger(s)	N/A	Upon occurrence of a Point of Non Viability (PONV) or Pre Specified Trigger (PST) event or non-compliance with lock-in clause or non-cumulative feature, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions
32. If write - down, full or partial	N/A	Full or Partial: To be determined as per SBP's Basel III instructions	Full or Partial: To be determined as per SBP's Basel III instructions	Full or Partial: To be determined as per SBP's Basel III instructions
33. If write - down, permanent or temporary	N/A	Permanent or Temporary: To be determined as per SBP's Basel III instructions	Permanent or Temporary: To be determined as per SBP's Basel III instructions	Permanent or Temporary: To be determined as per SBP's Basel III instructions
34. If temporary write - down, description of write - up mechanism	N/A	Subject to Regulatory Instructions / Approval	Subject to Regulatory Instructions / Approval	Subject to Regulatory Instructions / Approval
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Sub -ordinated Loans	Subordinate to all other debts, including deposits & Tier 2 TFCs	Subordinate to all other debts, including deposits, but excluding Tier 1 TFCs	Subordinate to all other debts, including deposits, but excluding Tier 1 TFCs
36. Non - compliant transitioned features	No	No	No	No
37. If yes, specify non - compliant features	N/A	N/A	N/A	N/A

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

Capital Requirements		Risk Weighted Assets	
2021	2020	2021	2020

(Rupees in '000)

Credit Risk

On-Balance sheet

Portfolios subject to standardised approach (Comprehensive)

Sovereign	2,875,336	2,332,798	28,753,364	23,327,978
Public sector enterprises	442,823	109,308	4,428,229	1,093,082
Banks	1,588,877	1,554,389	15,888,767	15,543,886
Corporate	41,802,061	30,704,717	418,020,611	307,047,170
Retail	4,472,387	3,031,031	44,723,872	30,310,305
Residential mortgages	398,770	269,524	3,987,705	2,695,238
Past due loans	128,513	201,958	1,285,135	2,019,583
Equity portfolio	651,429	667,423	6,514,293	6,674,234
Operating fixed assets	5,569,278	4,396,799	55,692,777	43,967,993
Other assets	1,364,550	446,730	13,645,499	4,467,303
	59,294,024	43,714,677	592,940,252	437,146,772

Off-Balance sheet

Non-market related

Direct Credit Substitutes / Acceptances / Standby LCs	4,385,341	3,973,578	43,853,410	39,735,783
Transaction Related Contingent Liabilities	2,651,277	1,974,603	26,512,768	19,746,035
Trade Related Contingent Liabilities	3,404,599	2,772,893	34,045,993	27,728,926
Other Commitments	290,472	1,365,950	2,904,717	13,659,501
	10,731,689	10,087,024	107,316,887	100,870,245

Market related

Outstanding Foreign Exchange Contracts	287,845	104,100	2,878,445	1,040,999
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11,019,533 **10,191,124** **110,195,332** **101,911,243**

Market Risk

Capital Requirement for portfolios subject to Standardised Approach

Interest rate risk/Equity Price Risk				
General market risk	212,327	249,472	2,654,089	3,118,399
Specific market risk	369,010	87,205	4,612,622	1,090,057
Foreign exchange risk	780,537	450,090	9,756,717	5,626,122
	1,361,874	786,767	17,023,428	9,834,578

Operational Risk

Capital Requirement for operational risks

	9,401,423	7,817,740	117,517,781	97,721,745
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81,076,854 **62,510,308** **837,676,793** **646,614,339**

Capital Adequacy Ratios

	Required		Actual	
	2021	2020	2021	2020
CET1 to total RWA	6.000%	6.000%	9.627%	10.367%
Tier-1 capital to total RWA	7.500%	7.500%	10.411%	11.400%
Total capital to total RWA	11.500%	11.500%	13.485%	15.094%
Leverage Ratio	3.000%	3.000%	3.736%	3.978%

BANK AL HABIB LIMITED**CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES- UNCONSOLIDATED**

AS AT 31 DECEMBER 2021

Credit risk: Disclosures on portfolio subject to Standardised Approach - Basel Specific

The Bank uses the ratings issued by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) for its local currency exposures and ratings issued by Moody's, S&P, and Fitch for its foreign currency exposures. These External Credit Assessments Institutions (ECAIs) have been approved by SBP.

For foreign currency claims on sovereigns, the Bank also uses risk scores of Export Credit Agencies (ECAs).

Types of exposures	JCR-VIS	PACRA	Moody's, S&P, and Fitch	ECA Score
	(local currency)	(local currency)	(foreign currency)	(foreign currency)
Corporates	✓	✓	-	-
Banks	✓	✓	✓	-
Sovereigns	-	-	✓	✓
Small and Medium Enterprises	-	-	-	-
Securitisations	-	-	-	-
Others (public sector enterprises)	✓	✓	-	-

The Bank has not transferred public issue ratings onto comparable assets in the banking book in its calculations. ECAI ratings and ECA scores are aligned with risk buckets as determined by SBP.

Credit exposures subject to Standardised Approach

Risk buckets	Amount outstanding/ credit equivalent (rated and unrated)	Credit Risk Mitigation (CRM) deduction	Net amount
	(Rupees in '000)		
0%	937,200,185	31,169,580	906,030,605
20%	93,298,360	17,037,559	76,260,801
25%	1,396,211	-	1,396,211
35%	12,541,277	23,822	12,517,456
50%	226,756,859	28,307,532	198,449,327
75%	77,940,887	12,679,811	65,261,076
100%	499,245,573	89,059,540	410,186,033
125%	95,950,036	9,479,014	86,471,021
150%	4,312,459	22,899	4,289,560
250%	2,958,078	-	2,958,078
	1,951,599,925	187,779,757	1,763,820,168

Credit risk: Disclosures on CRM for Standardised Approach – Basel Specific

Eligible collaterals used by the Bank for credit risk mitigation are cash margins and cash deposits, government securities, financial guarantees, listed shares, and other listed, quoted or rated securities. The Bank requires perfection of collaterals by marking lien on cash margins and deposits, pledging of shares and other securities and verifying the authenticity of guarantees received. Shares and securities including marketable government securities are taken at market value and other government securities are taken at encashment value. Appropriate hair - cuts are applied as per Basel regulatory framework. Among the mitigants used by the Bank, there is concentration in cash margins, cash deposits, and sovereign guarantees.

Liquidity Coverage Ratio (LCR)

	2021		2020	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
(Rupees in '000)				
High quality liquid assets				
Total high quality liquid assets (HQLA)	-	631,288,320	-	490,128,291
Cash outflows				
Retail deposits and deposits from small business customers of which:				
Stable deposit	-	-	-	-
Less stable deposit	912,576,697	91,257,670	781,830,404	78,183,040
	912,576,697	91,257,670	781,830,404	78,183,040
Unsecured wholesale funding of which:				
Operational deposits (all counterparties)	-	-	-	-
Non - operational deposits (all counterparties)	314,438,986	136,959,103	253,884,685	110,887,738
Unsecured debt	14,865,696	14,865,696	15,841,638	15,841,638
	329,304,682	151,824,799	269,726,323	126,729,376
Secured wholesale funding	-	2,528,053	-	2,515,947
Additional requirements of which:				
Outflows related to derivative exposures and other collateral requirements	10,305,767	10,305,767	13,504,095	13,504,095
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	6,874,483	687,448	5,952,476	605,248
	17,180,250	10,993,215	19,456,571	14,109,343
Other contractual funding obligations	31,553,579	31,553,579	15,113,661	15,113,661
Other contingent funding obligations	964,322,997	27,494,208	749,498,749	19,878,942
Total cash outflows		315,651,524		256,530,309
Cash inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	125,446,332	68,204,839	114,448,619	61,750,822
Other cash inflows	6,032,758	2,610,425	12,430,848	7,572,116
Total cash inflows		70,815,264		69,322,938
Total High Quality Liquid Assets (HQLA)		631,288,320		490,128,291
Total Net Cash Outflows		244,836,260		187,207,371
Liquidity Coverage Ratio		257.841%		261.810%

Net Stable Funding Ratio (NSFR)

	2021				Weighted value
	Unweighted value by residual maturity				
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
	(Rupees in '000)				
ASF Item					
Capital					
Regulatory capital	81,089,874	-	-	-	81,089,874
Other capital instruments	7,000,000	-	-	8,984,400	15,984,400
Retail deposits and deposit from small business customers:					
Stable deposits	-	-	-	-	-
Less stable deposits	897,266,254	83,939,788	25,727,079	-	961,571,228.00
Wholesale funding					
Operational deposits	-	-	-	-	-
Other wholesale funding	167,802,696	91,408,588	13,062,525	-	183,909,607
Other liabilities:					
NSFR derivative liabilities	-	58,723,317	-	-	-
All other liabilities and equity not included in other categories	-	314,221,989	27,057,459	123,598,312	137,127,041.50
Total ASF					1,379,682,140
RSF item					
Total NSFR high - quality liquid assets (HQLA)					153,443,080
Deposits held at other financial institutions for operational purposes	4,911,554	-	-	-	2,455,777
Performing loans and securities:					
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing loans to financial institutions secured by non - Level 1 HQLA and unsecured performing loans to financial institutions	-	24,117,608	1,016,468	-	4,125,875
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	434,745,457	62,096,893	181,621,154	402,799,156
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	33,120,153	21,528,099
Securities that are not in default and do not qualify as HQLA including exchange - traded equities.				15,154,884	12,881,651
Other assets:					
NSFR derivative assets	-	72,497,648	-	-	-
NSFR derivative liabilities before deduction of variation margin posted	-	58,723,317	-	-	-
All other assets not included in the above categories	1,828,454	102,739,798	15,806,721	48,460,400	176,836,971
Off - balance sheet items					51,679,231
Total RSF					825,749,840
Net Stable Funding Ratio (%)					167.082%

	2020				Weighted value
	Unweighted value by residual maturity				
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
	(Rupees in '000)				
ASF Item					
Capital					
Regulatory capital	67,445,936	-	-	-	67,445,936
Other capital instruments	7,000,000	-	-	7,581,600	14,581,600
Retail deposits and deposit from small business customers:					
Stable deposits	-	-	-	-	-
Less stable deposits	728,722,712	61,896,823	19,608,843	-	729,205,540
Wholesale funding					
Operational deposits	-	-	-	-	-
Other wholesale funding	136,684,868	83,898,012	29,333,118	-	124,957,999
Other liabilities:					
NSFR derivative liabilities	-	-	-	53,248,853	-
All other liabilities and equity not included in other categories	-	225,428,175	15,186,586	55,929,961	63,523,254
Total ASF					999,714,329
RSF item					
Total NSFR high - quality liquid assets (HQLA)					130,693,442
Deposits held at other financial institutions for operational purposes	6,274,325	-	-	-	3,137,163
Performing loans and securities:					
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing loans to financial institutions secured by non - Level 1 HQLA and unsecured performing loans to financial institutions	-	10,161,347	-	-	1,524,202
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	314,846,752	46,786,681	120,406,678	283,162,393
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	18,050,174	11,732,613
Securities that are not in default and do not qualify as HQLA including exchange - traded equities.				14,912,428	12,675,564
Other assets:					
NSFR derivative assets	-	75,371,531	-	-	22,122,678
NSFR derivative liabilities before deduction of variation margin posted	-	53,248,853	-	-	10,649,770
All other assets not included in the above categories	13,388,190	89,223,123	10,308,598	34,803,454	118,517,205
Off - balance sheet items					43,466,887
Total RSF					702,593,516
Net Stable Funding Ratio (%)					142.289%