

BANK AL HABIB LIMITED

CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES - CONSOLIDATED

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	11.500%
CAR on Bank Level	13.485%
CAR on Group Level	13.487%

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 3.729% 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 (Rupees in '000)	2020
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)	52,071,442	40,416,713
Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	10,619	6,291
CET 1 before Regulatory Adjustments	81,373,866	67,844,579
Total regulatory adjustments applied to CET1 (Note 42.3.2)	(534,942)	(494,427)
Common Equity Tier 1	(a) 80,838,923	67,350,152
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which: Classified as equity	7,000,000	7,000,000
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)	(762,050)	(341,897)
Additional Tier 1 capital after regulatory adjustments	6,237,950	6,658,103
Additional Tier 1 capital recognized for capital adequacy	(b) 6,237,950	6,658,103
Tier 1 Capital (CET1 + admissible AT1)	(c=a+b) 87,076,873	74,008,255
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	6,719,794
Revaluation Reserves (net of taxes)	6,369,299	10,240,688
of which: Revaluation reserves on fixed assets	7,020,016	7,399,037
of which: Unrealised gains/(losses) on AFS	(650,717)	2,841,651
Foreign Exchange Translation Reserves	2,478,915	2,123,956
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	25,779,523	26,666,038
Total regulatory adjustment applied to T2 capital (Note 42.3.4)	(21,260)	(29,932)
Tier 2 capital (T2) after regulatory adjustments	25,758,263	26,636,106
Tier 2 capital recognised for capital adequacy	25,758,263	24,026,053
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	(d) 25,758,263	24,026,053
TOTAL CAPITAL (T1 + admissible T2)	(e=c+d) 112,835,135	98,034,308
Total Risk Weighted Assets (RWA) (Note 42.6)	(f) 836,648,485	645,841,550
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	(a/f) 9.662%	10.428%
Tier-1 capital to total RWA	(c/f) 10.408%	11.459%
Total capital to total RWA	(e/f) 13.487%	15.179%

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Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.500%	7.500%
of which: capital conservation buffer requirement	1.500%	1.500%
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)	3.662%	4.428%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.000%	6.000%
Tier 1 minimum ratio	7.500%	7.500%
Total capital minimum ratio	11.500%	11.500%
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	(354,580)	(294,862)
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	(534,942)	(494,427)
Additional Tier-1 & Tier-1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	(332,784)	(18,166)
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	(762,050)	(341,897)

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	2021 (Rupees in '000)	2020
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	6,719,794
Cap on inclusion of provisions in Tier 2 under standardized approach	8,767,796	6,719,794
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	118,599,792	118,599,792
Balances with other banks	6,803,572	6,803,572
Lendings to financial institutions	20,063,828	20,063,828
Investments	826,698,791	826,698,791
Advances	733,335,453	733,335,453
Operating fixed assets	56,055,785	56,055,785
Deferred tax assets	2,103,393	2,103,393
Other assets	86,548,232	86,548,232
Total assets	1,850,208,846	1,850,208,846
Liabilities & Equity		
Bills payable	29,803,755	29,803,755
Borrowings	302,212,902	302,212,902
Deposits and other accounts	1,309,734,964	1,309,734,964
Sub-ordinated loans	15,995,200	15,995,200
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	102,042,740	102,042,740
Total liabilities	1,759,789,561	1,759,789,561
Share capital/ Head office capital account	11,114,254	11,114,254
Reserves	20,656,466	20,656,466
Unappropriated/ Unremitted profits/ (losses)	52,071,442	52,071,442
Minority Interest	123,140	123,140
Surplus on revaluation of assets	6,453,983	6,453,983
Total equity	90,419,285	90,419,285
Total liabilities & equity	1,850,208,846	1,850,208,846

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Reference	2021	2021
	As per published financial statements	Under regulatory scope of reporting for consolidation
(Rupees in '000)		
Reconciliation for balance sheet items that require capital adjustments		
Assets		
Cash and balances with treasury banks	118,599,792	118,599,792
Balances with other banks	6,803,572	6,803,572
Lendings to financial institutions	20,063,828	20,063,828
Investments	826,698,791	826,698,791
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) 332,784	332,784
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	733,335,453	733,335,453
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	56,055,785	56,055,785
of which: Intangibles	(h) 354,580	354,580
Deferred Tax Assets	2,103,393	2,103,393
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	86,548,232	86,548,232
of which: Goodwill	(k) -	-
of which: Defined-benefit pension fund net assets	(l) -	-
Total assets	1,850,208,846	1,850,208,846
Liabilities & Equity		
Bills payable	29,803,755	29,803,755
Borrowings	302,212,902	302,212,902
Deposits and other accounts	1,309,734,964	1,309,734,964
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	102,042,740	102,042,740
Total liabilities	1,759,789,561	1,759,789,561
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) 52,071,442	52,071,442
Minority Interest	123,140	123,140
of which: portion eligible for inclusion in CET1	(x) 123,140	123,140
of which: portion eligible for inclusion in AT1	(y) -	-
of which: portion eligible for inclusion in Tier 2	(z) -	-
Surplus on revaluation of assets	6,453,983	6,453,983
of which: Revaluation reserves on Properties	(aa) 7,104,700	7,104,700
of which: Unrealised Gains/(Losses) on AFS	(650,717)	(650,717)
In case of Deficit on revaluation (deduction from CET1)	(ab) -	-
Total Equity	90,419,285	90,419,285
Total liabilities & equity	1,850,208,846	1,850,208,846

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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)	52,071,442
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)	10,619
CET 1 before Regulatory Adjustments		81,373,866
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)	(354,580)
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		(534,942)
Common Equity Tier 1		80,838,924

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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)		(332,784)
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		(762,050)
Additional Tier 1 capital		6,237,950
Additional Tier 1 capital recognised for capital adequacy		6,237,950
Tier 1 Capital (CET1 + admissible AT1)		87,076,874
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		6,369,299
of which: portion pertaining to Property		7,020,016
of which: portion pertaining to AFS securities	portion of (aa) {	(650,717)
Foreign Exchange Translation Reserves	(v)	2,478,915
Undisclosed/Other Reserves (if any)		-
T2 before regulatory adjustments		25,779,523
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)		25,758,263
Tier 2 capital recognised for capital adequacy		25,758,263
Excess Additional Tier 1 capital recognised in Tier 2 capital		-
Total Tier 2 capital admissible for capital adequacy		25,758,263
TOTAL CAPITAL (T1 + admissible T2)		112,835,137

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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-Sep-2021
12. Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13. Original maturity date	N/A	N/A	06 December 2028	30-Sep-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-Sep-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

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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	1,590,148	1,554,766	15,901,480	15,547,655
Corporate	41,755,660	30,704,717	417,556,602	307,047,170
Retail	4,472,416	3,015,646	44,724,160	30,156,459
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	444,183	494,040	4,441,834	4,940,404
Operating fixed assets	5,570,120	4,397,666	55,701,205	43,976,663
Other assets	1,444,860	486,808	14,448,602	4,868,081
	59,122,832	43,567,231	591,228,315	435,672,313

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	100,870,244

Market related

Outstanding Foreign Exchange Contracts	287,845	104,100	2,878,445	1,040,999
	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	215,127	116,251	2,689,091	3,164,287
Specific market risk	376,685	253,143	4,708,558	1,453,142
Foreign exchange risk	780,537	450,090	9,756,717	5,626,122
	1,372,349	819,484	17,154,366	10,243,551

Operational Risk

Capital Requirement for operational risks

	9,445,638	7,841,155	118,070,472	98,014,443
	80,960,352	62,418,995	836,648,485	645,841,550

Capital Adequacy Ratios

	Required		Actual	
	2021	2020	2021	2020
CET1 to total RWA	6.000%	6.000%	9.662%	10.428%
Tier-1 capital to total RWA	7.500%	7.500%	10.408%	11.459%
Total capital to total RWA	11.500%	11.500%	13.487%	15.179%
Leverage Ratio	3.000%	3.000%	3.730%	3.993%

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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%	937,274,582	31,169,580	906,105,002
20%	93,361,925	17,037,559	76,324,365
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%	77,941,271	12,679,811	65,261,461
100%	499,657,348	89,059,540	410,597,808
125%	95,950,036	9,479,014	86,471,021
150%	4,312,459	22,899	4,289,560
250%	2,103,393	-	2,103,393
	1,951,295,362	187,779,757	1,763,515,605

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)	-	631,444,235	-	490,289,815
Cash outflows				
Retail deposits and deposits from small business customers of which:				
Stable deposit	-	-	-	-
Less stable deposit	912,343,778	91,234,378	781,659,207	78,165,921
		91,234,378	781,659,207	78,165,921
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	13,504,096	13,504,096
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	19,456,572	14,109,344
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		<u>315,628,232</u>		<u>256,513,191</u>
Cash inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	125,200,006	68,082,512	112,814,106	61,775,304
Other cash inflows	6,047,324	2,610,977	12,474,775	7,572,116
Total cash inflows		<u>70,693,489</u>		<u>69,347,420</u>
Total High Quality Liquid Assets (HQLA)		<u>631,444,235</u>		<u>490,289,815</u>
Total Net Cash Outflows		<u>244,934,743</u>		<u>187,165,771</u>
Liquidity Coverage Ratio		<u>257.801%</u>		<u>261.955%</u>

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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	81,373,866	-	-	-	81,373,866
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	897,177,889	83,939,788	25,727,079	-	961,491,700
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	-	315,439,900	26,080,410	123,598,312	136,638,517
Total ASF					1,379,398,079
RSF item					
Total NSFR high - quality liquid assets (HQLA)					153,595,692
Deposits held at other financial institutions for operational purposes	4,975,118	-	-	-	2,487,559
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.				15,284,900	12,992,165
Other assets:					
NSFR derivative assets	-	72,497,648	-	-	-
NSFR derivative liabilities before deduction of variation margin posted	-	56,254,377	-	-	-
All other assets not included in the above categories	1,764,890	103,654,530	15,804,589	48,096,486	178,324,416
Off - balance sheet items					51,679,231
Total RSF					827,532,194
Net Stable Funding Ratio (%)					166.688%

	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	67,844,579	-	-	-	67,844,579
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	728,259,808	61,896,823	19,608,843	-	728,788,927
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	-	255,424,219	15,184,232	55,899,355	63,491,471
Total ASF					999,664,575
RSF item					
Total NSFR high - quality liquid assets (HQLA)					130,741,748
Deposits held at other financial institutions for operational purposes	6,293,171	-	-	-	3,146,586
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	120,205,440	282,991,341
With a risk weight of less than or equal to 35% under the Standardised Approach for credit risk	-	-	-	18,050,174	11,732,613
Securities that are not in default and do not qualify as HQLA				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	88,820,635	10,308,598	34,711,032	184,012,720
Off - balance sheet items					43,466,887
Total RSF					703,064,108
Net Stable Funding Ratio (%)					142.187%