

**BANK AL HABIB LIMITED**

**CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES - CONSOLIDATED**

**AS AT 31 DECEMBER 2022**

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

**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 standalone as well as consolidated basis.

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:

	<b>2022</b>
Required CAR	11.500%
CAR on stand-alone basis	14.739%
CAR on consolidated basis	14.790%

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 3.723% 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, 2022:

<b>Name</b>	<b>Type of entity</b>	<b>Country of incorporation</b>
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.

	2022 (Rupees in '000)	2021
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
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	19,834,574	18,177,551
Gains / (losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated/unremitted profits / (losses)	59,229,669	52,071,442
Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	11,136	10,619
<b>CET 1 before Regulatory Adjustments</b>	<b>90,189,633</b>	<b>81,373,866</b>
Total regulatory adjustments applied to CET1 (Note 42.3.2)	<b>(1,342,867)</b>	<b>(534,943)</b>
<b>Common Equity Tier 1</b>	<b>(a) 88,846,766</b>	<b>80,838,923</b>
<b>Additional Tier 1 (AT 1) Capital</b>		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which: Classified as equity	14,000,000	7,000,000
of which: Classified as liabilities	-	-
	<b>14,000,000</b>	<b>7,000,000</b>
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	-	-
<b>AT1 before regulatory adjustments</b>	<b>14,000,000</b>	<b>7,000,000</b>
Total regulatory adjustment applied to AT1 capital (Note 42.3.3)	<b>(715,146)</b>	<b>(762,050)</b>
Additional Tier 1 capital after regulatory adjustments	<b>13,284,854</b>	<b>6,237,950</b>
<b>Additional Tier 1 capital recognized for capital adequacy</b>	<b>(b) 13,284,854</b>	<b>6,237,950</b>
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	<b>(c=a+b) 102,131,620</b>	<b>87,076,874</b>
<b>Tier 2 Capital</b>		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	15,972,400	8,984,400
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	8,787,780	7,946,909
Revaluation Reserves (net of taxes)	823,111	6,369,299
of which: Revaluation reserves on fixed assets	6,448,791	7,020,016
of which: Unrealised gains/(losses) on AFS	(5,625,680)	(650,717)
Foreign Exchange Translation Reserves	4,556,840	2,478,915
Undisclosed / Other Reserves (if any)	-	-
<b>T2 before regulatory adjustments</b>	<b>30,140,131</b>	<b>25,779,523</b>
Total regulatory adjustment applied to T2 capital (Note 42.3.4)	<b>(21,610)</b>	<b>(21,260)</b>
Tier 2 capital (T2) after regulatory adjustments	<b>30,118,520</b>	<b>25,758,263</b>
Tier 2 capital recognised for capital adequacy	<b>30,118,520</b>	<b>25,758,263</b>
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
<b>Total Tier 2 capital admissible for capital adequacy</b>	<b>(d) 30,118,520</b>	<b>25,758,263</b>
<b>TOTAL CAPITAL (T1 + admissible T2)</b>	<b>(e=c+d) 132,250,140</b>	<b>112,835,136</b>
<b>Total Risk Weighted Assets (RWA) (Note 42.6)</b>	<b>(f) 894,161,038</b>	<b>836,648,485</b>
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
<b>CET1 to total RWA</b>	<b>(a/f) 9.936%</b>	<b>9.662%</b>
<b>Tier-1 capital to total RWA</b>	<b>(c/f) 11.422%</b>	<b>10.408%</b>
<b>Total capital to total RWA</b>	<b>(e/f) 14.790%</b>	<b>13.487%</b>

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	2022 (Rupees in '000)	2021
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)	3.936%	3.662%
<b>National minimum capital requirements prescribed by SBP</b>		
<b>CET1 minimum ratio</b>	<b>6.000%</b>	<b>6.000%</b>
<b>Tier 1 minimum ratio</b>	<b>7.500%</b>	<b>7.500%</b>
<b>Total capital minimum ratio</b>	<b>11.500%</b>	<b>11.500%</b>
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	(452,845)	(354,580)
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	(111,314)	(139,645)
Cash flow hedge reserve	-	-
Investment in own shares/ CET1 instruments	(34,945)	(40,717)
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)	(743,763)	-
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	(1,342,867)	(534,943)
<b>Additional Tier-1 &amp; Tier-1 Capital: regulatory adjustments</b>		
Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	(46,176)	(332,784)
Investment in own AT1 capital instruments	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	(668,970)	(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)	-	-
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	(715,146)	(762,050)

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	2022 (Rupees in '000)	2021
<b>Tier 2 Capital: regulatory adjustments</b>		
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	(20,000)	(20,000)
Investment in own Tier 2 capital instrument	(1,610)	(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)	-	-
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	(21,610)	(21,260)
<b>Risk Weighted Assets subject to pre-Basel III treatment</b>		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
of which: Deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: 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	-	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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)	-	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	8,787,780	8,767,796
Cap on inclusion of provisions in Tier 2 under standardized approach	8,787,780	7,946,909
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	-	-
<b>Capital Structure Reconciliation</b>		
<b>Reconciliation of accounting and regulatory scope of consolidation</b>		
	2022	2022
	As per published financial statements	Under regulatory scope of reporting for consolidation
<b>Assets</b>		
Cash and balances with treasury banks	94,163,589	94,163,589
Balances with other banks	15,105,449	15,105,449
Lendings to financial institutions	15,568,607	15,568,607
Investments	1,158,799,988	1,158,799,988
Advances	813,267,817	813,267,817
Operating fixed assets	62,540,622	62,540,622
Deferred tax assets	9,702,816	9,702,816
Other assets	103,533,391	103,533,391
<b>Total assets</b>	<b>2,272,682,279</b>	<b>2,272,682,279</b>
<b>Liabilities &amp; Equity</b>		
Bills payable	44,855,837	44,855,837
Borrowings	418,989,460	418,989,460
Deposits and other accounts	1,568,009,274	1,568,009,274
Sub-ordinated loans	29,991,600	29,991,600
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	115,087,502	115,087,502
<b>Total liabilities</b>	<b>2,176,933,673</b>	<b>2,176,933,673</b>
Share capital/ Head office capital account	11,114,254	11,114,254
Reserves	24,391,414	24,391,414
Unappropriated/ Unremitted profits/ (losses)	59,229,669	59,229,669
Minority Interest	113,694	113,694
Surplus on revaluation of assets	899,575	899,575
<b>Total equity</b>	<b>95,748,606</b>	<b>95,748,606</b>
<b>Total liabilities &amp; equity</b>	<b>2,272,682,279</b>	<b>2,272,682,279</b>

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Reference	2022	2022
	As per published financial statements	Under regulatory scope of reporting for consolidation
(Rupees in '000)		
<b>Reconciliation for balance sheet items that require capital adjustments</b>		
<b>Assets</b>		
Cash and balances with treasury banks	94,163,589	94,163,589
Balances with other banks	15,105,449	15,105,449
Lendings to financial institutions	15,568,607	15,568,607
Investments	1,158,799,988	1,158,799,988
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) 46,176	46,176
of which: reciprocal crossholding of capital instrument of CET 1	(d) 111,314	111,314
of which: reciprocal crossholding of capital instrument of T 2	(e) 20,000	20,000
	-	-
Advances	813,267,817	813,267,817
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	(f) -	-
general provisions reflected in Tier 2 capital	(g) 8,787,780	8,787,780
Fixed Assets	62,540,622	62,540,622
of which: Intangibles	(h) 452,845	452,845
Deferred Tax Assets	9,702,816	9,702,816
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) 743,763	743,763
Other assets	103,533,391	103,533,391
of which: Goodwill	(k) -	-
of which: Defined-benefit pension fund net assets	(l) -	-
<b>Total assets</b>	<b>2,272,682,279</b>	<b>2,272,682,279</b>
<b>Liabilities &amp; Equity</b>		
Bills payable	44,855,837	44,855,837
Borrowings	418,989,460	418,989,460
Deposits and other accounts	1,568,009,274	1,568,009,274
Sub-ordinated loans	29,991,600	29,991,600
of which: eligible for inclusion in AT1	(m) 14,000,000	14,000,000
of which: eligible for inclusion in Tier 2	(n) 15,991,600	15,991,600
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	115,087,502	115,087,502
<b>Total liabilities</b>	<b>2,176,933,673</b>	<b>2,176,933,673</b>
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	24,391,414	24,391,414
of which: portion eligible for inclusion in CET1	(u) 19,834,574	19,834,574
of which: portion eligible for inclusion in Tier 2	(v) 4,556,840	4,556,840
Unappropriated profits / (losses)	(w) 59,229,669	59,229,669
Minority Interest	113,694	113,694
of which: portion eligible for inclusion in CET1	(x) 113,694	113,694
of which: portion eligible for inclusion in AT1	(y) -	-
of which: portion eligible for inclusion in Tier 2	(z) -	-
Surplus on revaluation of assets	899,575	899,575
of which: Revaluation reserves on Properties	(aa) 6,525,255	6,525,255
of which: Unrealised Gains/(Losses) on AFS	(5,625,680)	(5,625,680)
In case of Deficit on revaluation (deduction from CET1)	(ab) -	-
<b>Total Equity</b>	<b>95,748,606</b>	<b>95,748,606</b>
<b>Total liabilities &amp; equity</b>	<b>2,272,682,279</b>	<b>2,272,682,279</b>

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**Reconciliation of computation of capital with balance sheet of the Bank**

		2022
		Component of regulatory capital reported by bank
		(Rupees in '000)
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
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)	19,834,574
Gains / (Losses) on derivatives held as Cash Flow Hedge		-
Unappropriated/unremitted profits / (losses)	(w)	59,229,669
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)	11,136
<b>CET 1 before Regulatory Adjustments</b>		<b>90,189,633</b>
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
Goodwill (net of related deferred tax liability)	(k)-(o)	-
All other intangibles (net of any associated deferred tax liability)	(h)-(p)	(452,845)
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)	(111,314)
Cash flow hedge reserve		-
Investment in own shares/ CET1 instruments		(34,945)
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)	(743,763)
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		<b>(1,342,867)</b>
<b>Common Equity Tier 1</b>		<b>88,846,766</b>

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		2022
		Component of regulatory capital reported by bank  (Rupees in '000)
<b>Additional Tier 1 (AT 1) Capital</b>		
Qualifying Additional Tier-1 instruments plus any related share premium		14,000,000
of which: Classified as equity	(t)	-
of which: Classified as liabilities	(m)	14,000,000
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)	-
<b>AT1 before regulatory adjustments</b>		<b>14,000,000</b>
<b>Additional Tier 1 Capital: regulatory adjustments</b>		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		(46,176)
Investment in own AT1 capital instruments		-
Reciprocal cross holdings in Additional Tier 1 capital instruments		(668,970)
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		-
<b>Total of Regulatory Adjustment applied to AT1 capital</b>		<b>(715,146)</b>
Additional Tier 1 capital		13,284,854
<b>Additional Tier 1 capital recognised for capital adequacy</b>		<b>13,284,854</b>
<b>Tier 1 Capital (CET1 + admissible AT1)</b>		<b>102,131,620</b>
<b>Tier 2 Capital</b>		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		15,972,400
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)	8,787,780
Revaluation Reserves eligible for Tier 2		823,111
of which: portion pertaining to Property		6,448,791
of which: portion pertaining to AFS securities	portion of (aa) {	(5,625,680)
Foreign Exchange Translation Reserves	(v)	4,556,840
Undisclosed/Other Reserves (if any)		-
<b>T2 before regulatory adjustments</b>		<b>30,140,131</b>
<b>Tier 2 Capital: regulatory adjustments</b>		
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		(1,610)
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)	-
<b>Amount of Regulatory Adjustment applied to T2 capital</b>		<b>(21,610)</b>
<b>Tier 2 capital (T2)</b>		<b>30,118,520</b>
Tier 2 capital recognised for capital adequacy		30,118,520
Excess Additional Tier 1 capital recognised in Tier 2 capital		-
Total Tier 2 capital admissible for capital adequacy		30,118,520
<b>TOTAL CAPITAL (T1 + admissible T2)</b>		<b>132,250,140</b>



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**Main Features of Regulatory Capital Instruments**

Main Features	Common Shares	Additional Tier 1 Sub-ordinated Debt	Additional Tier 1 Sub-ordinated Debt	Tier 2 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	Bank AL Habib Limited	Bank AL Habib Limited
2. Unique identifier (e.g. PSX Symbol or Bloomberg identifier etc.)	BAHL	BAHLAT1TFC6	BAHLAT1TFC9	BAHLTFC7	BAHLTFC8	BAHLTFC10
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)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)
Regulatory treatment						
4. Transitional Basel III rules	CET-1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2	Tier 2
5. Post - transitional Basel III rules	CET-1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2	Tier 2
6. Eligible at solo / group / group & solo	Group & Standalone	Group & Standalone	Group & Standalone	Group & Standalone	Group & Standalone	Group & Standalone
7. Instrument type	Ordinary Shares	Sub-ordinated Debt	Sub-ordinated Debt	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	7,000,000	3,993,600	4,998,000	7,000,000
9. Par value of instrument	Rs 10	Rs 5,000	Rs 5,000	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	Liability - Sub -ordinated Loans	Liability - Sub -ordinated Loans
11. Original date of issuance	January, 1992	20 December 2017	25 April 2022	06 December 2018	30 September 2021	23 December 2022
12. Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated	Dated
13. Original maturity date	N/A	N/A	N/A	06 December 2028	30 September 2031	23 December 2032
14. Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes	Yes	Yes
15. Optional call date, contingent call dates and redemption amount	N/A	20 December 2022	25 April 2027	06 December 2023	30 September 2026	23 December 2027
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.	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	Floating	Floating
18. Coupon rate and any related index / benchmark	N/A	6 months Kibor + 1.50% p.a.	6 months Kibor + 1.65% p.a.	6 months Kibor + 1.00% p.a.	6 months Kibor + 0.75% p.a.	6 months Kibor + 1.35% p.a.
19. Existence of a dividend stopper	No	No	No	No	No	No
20. Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory	Mandatory
21. Existence of step up or other incentive to redeem	N/A	No	No	No	No	No
22. Noncumulative or cumulative	N/A	Noncumulative	Noncumulative	N/A	N/A	N/A
23. Convertible or non - convertible	N/A	Convertible	Convertible	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) 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	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	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	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	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	Common Equity Tier 1	Common Equity Tier 1
29. If convertible, specify issuer of instrument it converts into	N/A	BAHL	BAHL	BAHL	BAHL	BAHL
30. Write - down feature	N/A	Yes	Yes	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) 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	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	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	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	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 & 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	Subordinate to all other debts, including deposits, but excluding Tier 1 TFCs
36. Non - compliant transitioned features	No	No	No	No	No	No
37. If yes, specify non - compliant features	N/A	N/A	N/A	N/A	N/A	N/A

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

Capital Requirements		Risk Weighted Assets	
2022	2021	2022	2021

(Rupees in '000)

**Credit Risk**

**On-Balance sheet**

Portfolios subject to standardised approach (Comprehensive)

Sovereign	3,531,042	2,875,336	35,310,425	28,753,364
Public sector enterprises	508,682	442,823	5,086,818	4,428,229
Banks	1,617,111	1,590,148	16,171,106	15,901,480
Corporate	41,767,545	41,755,660	417,675,448	417,556,602
Retail	4,212,267	4,472,416	42,122,672	44,724,160
Residential mortgages	666,460	398,770	6,664,603	3,987,705
Past due loans	241,750	128,513	2,417,500	1,285,135
Equity portfolio	541,971	444,183	5,419,706	4,441,834
Operating fixed assets	6,208,778	5,570,120	62,087,777	55,701,205
Other assets	3,603,918	1,444,860	36,039,183	14,448,602
	<b>62,899,524</b>	<b>59,122,832</b>	<b>628,995,237</b>	<b>591,228,315</b>

**Off-Balance sheet**

**Non-market related**

Direct Credit Substitutes / Acceptances / Standby LCs	4,179,837	4,385,341	41,798,366	43,853,410
Transaction Related Contingent Liabilities	3,287,784	2,651,277	32,877,837	26,512,768
Trade Related Contingent Liabilities	2,454,358	3,404,599	24,543,580	34,045,993
Other Commitments	368,058	290,472	3,680,585	2,904,717
	<b>10,290,037</b>	<b>10,731,689</b>	<b>102,900,367</b>	<b>107,316,887</b>

**Market related**

Outstanding Foreign Exchange Contracts	218,117	287,845	2,181,171	2,878,445
	<b>10,508,154</b>	<b>11,019,533</b>	<b>105,081,538</b>	<b>110,195,332</b>

**Market Risk**

Capital Requirement for portfolios subject to Standardised Approach

Interest rate risk/Equity Price Risk				
General market risk	175,637	376,685	2,195,460	2,689,091
Specific market risk	118,978	215,127	1,487,226	4,708,558
Foreign exchange risk	671,165	780,537	8,389,559	9,756,717
	<b>965,780</b>	<b>1,372,349</b>	<b>12,072,245</b>	<b>17,154,366</b>

**Operational Risk**

Capital Requirement for operational risks

	11,840,962	9,445,638	148,012,019	118,070,472
	<b>86,214,419</b>	<b>80,960,352</b>	<b>894,161,038</b>	<b>836,648,485</b>

**Capital Adequacy Ratios**

	Required		Actual	
	2022	2021	2022	2021
CET1 to total RWA	6.000%	6.000%	9.936%	9.662%
Tier-1 capital to total RWA	7.500%	7.500%	11.422%	10.408%
Total capital to total RWA	11.500%	11.500%	14.790%	13.487%
Leverage Ratio	3.000%	3.000%	3.723%	3.730%

**BANK AL HABIB LIMITED**  
**CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES- CONSOLIDATED**  
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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%	1,267,276,187	32,760,331	1,234,515,856
20%	118,853,074	18,451,119	100,401,955
25%	4,239,114	-	4,239,114
35%	16,046,927	33,142	16,013,785
50%	338,191,496	74,844,830	263,346,666
75%	81,958,512	18,881,297	63,077,215
100%	456,165,179	75,755,536	380,409,643
125%	77,363,328	8,546,308	68,817,020
150%	29,755,822	4,861,945	24,893,877
250%	8,959,053	-	8,959,053
	<b>2,398,808,691</b>	<b>234,134,507</b>	<b>2,164,674,183</b>

**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.

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

**Liquidity Coverage Ratio (LCR)**

	2022		2021	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
(Rupees in '000)				
<b>High quality liquid assets</b>				
Total high quality liquid assets (HQLA)	-	741,344,389	-	631,444,235
<b>Cash outflows</b>				
<b>Retail deposits and deposits from small business customers of which:</b>				
Stable deposit	-	-	-	-
Less stable deposit	1,092,197,736	109,219,774	912,343,778	91,234,378
	1,092,197,736	109,219,774	912,343,778	91,234,378
<b>Unsecured wholesale funding of which:</b>				
Operational deposits (all counterparties)	-	-	-	-
Non - operational deposits (all counterparties)	377,084,726	172,052,851	314,438,986	136,959,103
Unsecured debt	25,727,967	25,727,967	14,865,696	14,865,696
	402,812,693	197,780,818	329,304,682	151,824,799
<b>Secured wholesale funding</b>	-	6,892,610	-	2,528,053
<b>Additional requirements of which:</b>				
Outflows related to derivative exposures and other collateral requirements	19,210,968	19,210,968	10,305,767	10,305,767
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	4,118,300	411,830	6,874,483	687,448
	23,329,268	19,622,798	17,180,250	10,993,215
<b>Other contractual funding obligations</b>	36,844,453	36,844,453	31,553,579	31,553,579
<b>Other contingent funding obligations</b>	1,222,172,122	35,899,689	964,322,997	27,494,208
<b>Total cash outflows</b>		406,260,141		315,628,232
<b>Cash inflows</b>				
Secured lending	-	-	-	-
Inflows from fully performing exposures	166,977,415	89,950,131	125,200,006	68,082,512
Other cash inflows	11,758,619	6,495,966	6,047,324	2,610,977
<b>Total cash inflows</b>		96,446,097		70,693,489
<b>Total High Quality Liquid Assets (HQLA)</b>		741,344,389		631,444,235
<b>Total Net Cash Outflows</b>		309,814,044		244,934,743
<b>Liquidity Coverage Ratio</b>		239.287%		257.801%

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

**Net Stable Funding Ratio (NSFR)**

**ASF Item**

**Capital**

Regulatory capital  
Other capital instruments

**Retail deposits and deposit from small business customers:**

Stable deposits  
Less stable deposits

**Wholesale funding**

Operational deposits  
Other wholesale funding

**Other liabilities:**

NSFR derivative liabilities  
All other liabilities and equity not included in other categories

**Total ASF**

**RSF item**

Total NSFR high - quality liquid assets (HQLA)

Deposits held at other financial institutions for operational purposes

Performing loans and

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  
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:

With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk

Securities that are not in default and do not qualify as HQLA including exchange - traded equities.

**Other assets:**

NSFR derivative assets  
NSFR derivative liabilities before deduction of variation margin posted  
All other assets not included in the above categories

Off - balance sheet items

**Total RSF**

**Net Stable Funding Ratio (%)**

2022				
Unweighted value by residual maturity				Weighted value
No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
(Rupees in '000)				
90,189,633	-	-	-	90,189,633
14,000,000	-	-	15,972,400	29,972,400
-	-	-	-	-
1,039,405,264	100,595,282	76,976,364	28,800,071	1,188,175,947
-	-	-	-	-
205,935,810	58,790,006	8,334,118	219,900	200,246,741
-	36,400,812			-
-	433,289,524	16,460,155	135,107,124	143,337,202
				<b>1,651,921,923</b>
				<b>146,954,017</b>
4,394,895	-	-	-	2,197,448
-				-
-	22,292,830	49,285	-	3,368,567
				<b>444,947,370</b>
-	507,019,299	55,827,851	192,380,935	444,947,370
				<b>28,069,534</b>
				<b>13,488,319</b>
-	78,111,678			-
-	36,400,812			-
10,672,367	113,691,847	4,949,276	54,674,378	227,852,670
				<b>55,447,451</b>
				<b>922,325,376</b>
				<b>179.104%</b>

	2021 Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
	(Rupees in '000)				
<b>ASF Item</b>					
<b>Capital</b>					
Regulatory capital	81,373,866	-	-	-	81,373,866
Other capital instruments	7,000,000	-	-	8,984,400	15,984,400
<b>Retail deposits and deposit from small business customers:</b>					
Stable deposits	-	-	-	-	-
Less stable deposits	897,177,889	83,939,788	25,727,079	-	961,491,700
<b>Wholesale funding</b>					
Operational deposits	-	-	-	-	-
Other wholesale funding	167,802,696	91,408,588	13,062,525	-	183,909,607
<b>Other liabilities:</b>					
NSFR derivative liabilities	-			58,723,317	-
All other liabilities and equity not included in other categories	-	315,439,900	26,080,410	123,598,312	136,638,517
<b>Total ASF</b>					<u>1,379,398,079</u>
<b>RSF item</b>					
Total NSFR high - quality liquid assets (HQLA)					<u>153,595,692</u>
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
<b>Other assets:</b>					
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
<b>Total RSF</b>					<u>827,532,194</u>
<b>Net Stable Funding Ratio (%)</b>					<u>166.688%</u>