

HABIB BANK LIMITED
CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024

1 CAPITAL ADEQUACY

1.1 Risk-Weighted Exposures

	Capital Requirements		Risk Weighted Assets	
	2024	2023	2024	2023
------(Rupees in '000)-----				
Credit Risk				
On-balance sheet				
Sovereigns	23,500,998	28,690,235	188,007,983	220,694,114
Public Sector Entities	5,064,483	4,531,850	40,515,867	34,860,385
Multilateral Development Banks	-	-	-	-
Banks	17,854,062	11,472,434	142,832,495	88,249,491
Corporates	73,107,905	77,544,661	584,863,243	596,497,395
Retail	38,414,507	36,809,505	307,316,054	283,150,039
Residential mortgages	2,211,326	1,703,821	17,690,609	13,106,314
Low Cost Housing	222,652	249,864	1,781,213	1,922,030
Past due loans	1,024,512	2,108,638	8,196,097	16,220,289
Listed equity investments	733,038	1,114,265	5,864,302	8,571,270
Unlisted equity investments	72,749	925,263	581,993	7,117,404
Significant investments and others	10,218,104	8,482,884	81,744,833	65,252,955
Operating fixed assets	19,779,149	18,446,281	158,233,195	141,894,467
Other assets	5,474,994	5,087,994	43,799,952	39,138,418
	197,678,479	197,167,695	1,581,427,836	1,516,674,571
Off-balance sheet				
Non-market related	17,493,455	15,770,973	139,947,639	121,315,175
Market related	556,139	393,897	4,449,114	3,029,974
	18,049,594	16,164,870	144,396,753	124,345,149
Market Risk				
Interest Rate Risk	5,895,879	5,582,267	73,698,487	69,778,337
Equity Position Risk	2,981,192	1,380,480	37,264,900	17,256,000
Foreign Exchange Risk	9,639,603	8,806,135	120,495,038	110,076,688
	18,516,674	15,768,882	231,458,425	197,111,025
Operational Risk				
	31,088,872	24,300,836	388,610,901	303,760,456
	<u>265,333,619</u>	<u>253,402,283</u>	<u>2,345,893,915</u>	<u>2,141,891,201</u>
Capital Adequacy Ratio			2024	2023
			(Rupees in '000)	
Total eligible regulatory capital held			415,322,248	342,825,915
Total risk weighted assets			2,345,893,915	2,141,891,201
Capital adequacy ratio			17.70%	16.01%

1.2 Capital structure

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

	Note	2024	2023
Common Equity Tier 1 capital (CET1): Instruments and reserves			
(Rupees in '000)			
Fully Paid-up Capital		14,668,525	14,668,525
Balance in Share Premium Account		-	-
Reserve for issue of Bonus Shares		-	-
Discount on Issue of shares		-	-
General and Capital Reserves		98,302,935	50,500,007
Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-
Unappropriated profit		246,508,577	221,883,756
Non-controlling interest arising from CET1 capital instruments issued to third parties by consolidated banking subsidiaries (amount allowed in CET1 capital of the consolidation group)		-	-
		1,008,476	1,937,061
CET 1 before Regulatory Adjustments		<u>360,488,513</u>	<u>288,989,349</u>
Total regulatory adjustments applied to CET1	1.3.1	<u>(44,250,062)</u>	<u>(41,598,622)</u>
Common Equity Tier 1		<u>316,238,451</u>	<u>247,390,727</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

	Note	2024 (Rupees in '000)	2023
Additional Tier 1 (AT 1) Capital			
Qualifying Additional Tier-1 instruments plus any related share premium		18,874,000	18,874,000
of which: Classified as equity		-	-
of which: Classified as liabilities		18,874,000	18,874,000
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)		177,966	341,834
of which: instrument issued by subsidiaries subject to phase out		-	-
AT1 before regulatory adjustments		<u>19,051,966</u>	<u>19,215,834</u>
Total of Regulatory Adjustment applied to AT1 capital	1.3.2	(430,613)	(86,476)
Additional Tier 1 capital after regulatory adjustments		<u>-</u>	<u>-</u>
Additional Tier 1 capital recognized for capital adequacy		<u>18,621,353</u>	<u>19,129,359</u>
Tier 1 Capital (CET1 + admissible AT1)		334,859,804	266,520,086
Tier 2 Capital			
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		1,500,000	825,000
Tier 2 capital instruments subject to phase out arrangement issued under pre-Basel 3 rules		-	-
Tier 2 capital instruments issued to third parties by consolidated banking subsidiaries (amount allowed in tier 2)		296,611	569,723
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		21,572,807	18,392,219
Revaluation Reserves (net of taxes)		57,159,757	25,665,732
of which: Revaluation reserves on fixed assets		42,525,073	42,947,693
of which: Unrealized gains/losses on FVOCI		14,634,684	(17,281,961)
Foreign Exchange Translation Reserves		-	50,305,150
Tier 2 before regulatory adjustments		<u>80,529,175</u>	<u>95,757,824</u>
Total regulatory adjustment applied to T2 capital	1.3.3	(66,731)	(46,808)
Tier 2 after regulatory adjustments		<u>80,462,444</u>	<u>95,711,016</u>
Tier 2 capital not recognized for capital adequacy		-	19,405,187
Tier 2 capital recognized for capital adequacy		<u>80,462,444</u>	<u>76,305,829</u>
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy		<u>80,462,444</u>	<u>76,305,829</u>
TOTAL CAPITAL (Tier 1 + admissible Tier 2)		<u>415,322,248</u>	<u>342,825,915</u>
Total Risk Weighted Assets		2,345,893,915	2,141,891,201
Capital Ratios and buffers (in percentage of risk weighted assets)			
CET1 to total RWA		<u>13.48%</u>	<u>11.55%</u>
Tier-1 capital to total RWA		<u>14.27%</u>	<u>12.44%</u>
Total capital to RWA		<u>17.70%</u>	<u>16.01%</u>
Bank specific buffer requirement (minimum CET1 requirement plus CCB plus any other buffer requirement)		8.00%	9.00%
of which: capital conservation buffer requirement		1.50%	1.50%
of which: countercyclical buffer requirement		-	-
of which: D-SIB buffer requirement		1.00%	1.50%
CET1 available to meet buffers (as a percentage of risk weighted assets)		7.48%	5.55%
Other information:			
Minimum capital requirements prescribed by SBP			
CET1 minimum ratio		8.50%	9.00%
Tier 1 minimum ratio		10.00%	10.50%
Total capital minimum ratio		12.50%	13.00%

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

1.3 Regulatory Adjustments and Additional Information	<u>2024</u>	<u>2023</u>
1.3.1 Common Equity Tier 1 capital: Regulatory adjustments	----- (Rupees in '000) -----	
Goodwill (net of related deferred tax liability)	4,224,574	4,363,502
All other intangibles (net of any associated deferred tax liability)	20,176,861	17,939,229
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)	4,100,869	1,705,743
Defined-benefit pension fund net assets	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	5,006,875	3,969,124
Cash flow hedge reserve	-	-
Investment in own shares / CET1 instruments	-	-
Securitization gain on sale	-	-
Capital shortfall of regulated subsidiaries	-	-
Deficit on account of revaluation from bank's holdings of fixed assets/ FVOCI	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	10,740,883	13,621,024
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
Amount exceeding 15% threshold	-	-
of which: significant investments in the common stocks of financial entities	-	-
of which: deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments applied to CET1 capital	-	-
Investments in TFCs of other banks exceeding the prescribed limit	-	-
Any other deduction specified by SBP (mention details)	-	-
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-
Total regulatory adjustments applied to CET1	<u>44,250,062</u>	<u>41,598,622</u>
1.3.2 Additional Tier-1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit [SBP specific	90,416	86,476
Investment in own AT1 capital instruments	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	340,197	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
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	-	-
Transfer to CET1 due to insufficient AT1 to cover deductions	-	-
Total regulatory adjustment applied to AT1 capital	<u>430,613</u>	<u>86,476</u>
1.3.3 Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	66,731	46,808
Investment in own Tier 2 capital instrument	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
Total regulatory adjustment applied to T2 capital	<u>66,731</u>	<u>46,808</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

1.3.4 Additional Information	2024	2023
	(Rupees in '000)	
Risk Weighted Assets subject to pre-Basel III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	6,259,968	6,388,850
Significant investments in the common stock of financial entities	32,697,933	26,101,175
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	24,172,390	18,392,219
Cap on inclusion of provisions in Tier 2 under standardized approach	21,572,807	20,512,747
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	-	-
1.4 Capital structure reconciliation		
	As per published financial statements	Under regulatory scope of consolidation
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	460,194,916	460,194,916
Balances with other banks	51,324,612	51,324,612
Lendings to financial institutions	84,293,922	84,293,922
Investments	2,528,200,439	2,528,200,439
Advances	2,435,434,872	2,435,434,872
Fixed assets	158,233,195	158,233,195
Intangible assets	24,848,435	24,848,435
Deferred tax assets	-	-
Other assets	312,582,486	312,582,486
Total assets	<u>6,055,112,877</u>	<u>6,055,112,877</u>
Liabilities & Equity		
Bills payable	96,104,151	96,104,151
Borrowings	826,883,400	826,883,400
Deposits and other accounts	4,370,370,642	4,370,370,642
Subordinated loan	20,374,000	20,374,000
Liabilities against assets subject to finance lease	35,869,231	35,869,231
Deferred tax liability	7,995,007	7,995,007
Other liabilities	286,718,352	286,718,352
Total liabilities	5,644,314,783	5,644,314,783
Share capital	14,668,525	14,668,525
Reserves	98,302,935	98,302,935
Unappropriated profit	238,813,471	238,813,471
Non-controlling interest	1,642,382	1,642,382
Surplus on revaluation of assets	57,370,781	57,370,781
Total liabilities & equity	<u>6,055,112,877</u>	<u>6,055,112,877</u>

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

1.4.1 Detail of capital structure reconciliation

	As per published financial statements	Under regulatory scope of consolidation (Rupees in '000)	Reference
ASSETS			
Cash and balances with treasury banks	460,194,916	460,194,916	
Balances with other banks	51,324,612	51,324,612	
Lendings to financial institutions	84,293,922	84,293,922	
Investments	2,528,200,439	2,528,200,439	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-	
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	10,740,883	10,740,883	(a)
<i>of which: Mutual Funds exceeding regulatory threshold</i>	90,416	90,416	(b)
<i>of which: reciprocal crossholding of capital instrument</i>	5,413,804	5,413,804	(c)
<i>of which: investment in own shares</i>	-	-	
Advances	2,435,434,872	2,435,434,872	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>	-	-	
<i>General provisions reflected in Tier 2 capital</i>	21,572,807	21,572,807	(d)
Operating fixed assets	183,081,630	183,081,630	
<i>of which: Goodwill</i>	4,671,574	4,671,574	(e)
<i>of which: Intangibles</i>	20,176,861	20,176,861	(f)
Deferred Tax Assets	-	-	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	(g)
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	
Other assets	312,582,486	312,582,486	
<i>of which: Goodwill</i>	-	-	
<i>of which: Intangibles</i>	-	-	
<i>of which: Defined-benefit pension fund net assets</i>	-	-	
Total assets	6,055,112,877	6,055,112,877	
LIABILITIES & EQUITY			
Bills payable	96,104,151	96,104,151	
Borrowings	826,883,400	826,883,400	
Deposits and other accounts	4,370,370,642	4,370,370,642	
Subordinated loans	20,374,000	20,374,000	
<i>of which: eligible for inclusion in AT1</i>	18,874,000	18,874,000	(h)
<i>of which: eligible for inclusion in Tier 2</i>	1,500,000	1,500,000	
Liabilities against assets subject to finance lease	35,869,231	35,869,231	
Deferred tax liabilities	7,995,007	7,995,007	
<i>of which: DTLs related to goodwill</i>	447,462	447,462	(i)
<i>of which: DTLs related to intangible assets</i>	-	-	
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	
<i>of which: DTAs that rely on future profitability excl. those arising from temporary differences (net of related tax liability)</i>	4,100,869	4,100,869	(g)
Other liabilities	286,718,352	286,718,352	
Total liabilities	5,644,314,783	5,644,314,783	
Share capital	14,668,525	14,668,525	
<i>of which: amount eligible for CET1</i>	14,668,525	14,668,525	(j)
<i>of which: amount eligible for AT1</i>	-	-	
Reserves	98,302,935	98,302,935	
<i>of which: portion eligible for inclusion in CET1</i>	98,302,935	98,302,935	(k)
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	(l)
Unappropriated profit	238,813,471	238,813,471	(m)
Non-controlling interest	1,642,382	1,642,382	
<i>of which: portion eligible for inclusion in CET1</i>	1,008,476	1,008,476	(n)
<i>of which: portion eligible for inclusion in AT1</i>	177,966	177,966	(o)
<i>of which: portion eligible for inclusion in Tier 2</i>	296,611	296,611	(p)
Surplus on revaluation of assets	57,370,781	57,370,781	
<i>of which: Revaluation reserves on Property eligible for inclusion in Tier 2</i>	42,525,073	42,525,073	(q)
<i>of which: Unrealized Gains/Losses on FVOCI eligible for inclusion in Tier 2</i>	14,634,684	14,634,684	(r)
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	(ab)
Total liabilities & Equity	6,055,112,877	6,055,112,877	

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

1.4.2 Component of capital reported by the Group	Rupees in '000	Source based on reference number
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital	14,668,525	(j)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
General/ Statutory Reserves	98,302,935	(k)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated profit	246,508,577	(m)*
Non-controlling interest	<u>1,008,476</u>	(n)
CET 1 before Regulatory Adjustments	360,488,513	
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill	4,224,574	(e) - (i)
All other intangibles	20,176,861	(f)
Shortfall of provisions against classified assets	-	
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,100,869	(g)
Defined-benefit pension fund net assets	-	
Reciprocal cross holdings in Common Equity Tier 1 Capital instruments	5,006,875	portion of (c)
Cash flow hedge reserve	-	
Investment in own shares	-	
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ FVOCI	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	10,740,883	(a)
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	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	
Any other deduction specified by SBP (mention details)	-	
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
Total regulatory adjustments applied to CET1	(44,250,062)	
Common Equity Tier 1	316,238,451	
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	18,874,000	(h)
of which: Classified as equity	-	
of which: Classified as liabilities	18,874,000	
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	177,966	(o)
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	19,051,966	

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

	Rupees in '000	Source based on reference number
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	90,416	(b)
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	340,197	portion of (c)
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	-	
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	-	
Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Adjustment in AT1 in respect of NCI share of excess capital held by subsidiaries	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	<u>(430,613)</u>	
Additional Tier 1 capital	18,621,353	
Additional Tier 1 capital not recognized for capital adequacy	-	
Transfer to CET1 due to insufficient AT1 to cover deductions	-	
Additional Tier 1 capital recognized for capital adequacy	<u>18,621,353</u>	
Tier 1 Capital (CET1 + admissible AT1)	<u>334,859,804</u>	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	1,500,000	
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier of which: instruments issued by subsidiaries subject to phase out	296,611	(p)
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	-	
	21,572,807	(d)
Revaluation Reserves eligible for Tier 2	57,159,757	
of which: portion pertaining to Property	42,525,073	(q)
of which: portion pertaining to FVOCI securities	14,634,684	(r)
Foreign Exchange Translation Reserves	-	(l)
Undisclosed/Other Reserves (if any)	-	
Tier 2 before regulatory adjustments	<u>80,529,175</u>	
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
Reciprocal cross holdings in Tier 2 Capital instruments	66,731	portion of (c)
Investment in own Tier 2 capital instrument	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
Amount of Regulatory Adjustment applied to Tier 2 capital	(66,731)	
Tier 2 capital after regulatory adjustments	80,462,444	
Tier 2 capital not recognized for capital adequacy	-	
Tier 2 capital recognized for capital adequacy	80,462,444	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	<u>80,462,444</u>	
TOTAL CAPITAL (Tier 1 + admissible Tier 2)	<u><u>415,322,248</u></u>	

CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED

AS AT DECEMBER 31, 2024

Main Features of Regulatory Capital Instruments

	Common Shares	Debt Instruments	Debt Instruments	Debt Instruments
Issuer	Habib Bank Limited	Habib Bank Limited	Habib Bank Limited	Habib Microfinance Bank Limited
Unique identifier	HBL	HBL	HBL	HBL MFB
Governing law(s) of the instrument	Relevant Capital Market Laws	Laws applicable in Pakistan	Laws applicable in Pakistan	Laws applicable in Pakistan
Regulatory treatment				
Transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital	Additional Tier I Capital	Tier II Capital
Post-transitional Basel III rules	Common Equity Tier I	Additional Tier I Capital	Additional Tier I Capital	Tier II Capital
Eligible at solo / group / group & solo	Group and Standalone	Group and Standalone	Group and Standalone	Group
Instrument type	Ordinary shares	Term Finance Certificates	Term Finance Certificates	Term Finance Certificates
Amount recognized in regulatory capital (Currency in PKR thousands)	14,668,525	12,374,000	6,500,000	1,500,000
Par value of instrument	Rs. 10 per share	PKR 100,000 and in multiples thereof	PKR 100,000 and in multiples thereof	PKR 100,000 and in multiples thereof
Accounting classification	Shareholders' equity	Subordinated loan	Subordinated loan	Subordinated loan
Original date of issuance	April 30, 1905	September 26, 2019	December 28, 2022	December 22, 2023
Perpetual or dated	Perpetual	Perpetual	Perpetual	Bullet at Maturity
Original maturity date	Not applicable	Not applicable	Not applicable	10 Years
Issuer call subject to prior supervisory approval	Not applicable	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Not applicable	Anytime after five years from the issue date	Anytime after five years from the issue date	Anytime after five years from the issue date
Subsequent call dates, if applicable	Not applicable	On any coupon payment date after 5th anniversary from the date of issue.	On any coupon payment date after 5th anniversary from the date of issue.	On any coupon payment date after 5th anniversary from the date of issue with prior notice to investors of not less than 30 calendar days.
Coupons/dividends				
Fixed or floating dividend/coupon	Not applicable	Floating	Floating	Floating
Coupon rate and any related index/benchmark	Not applicable	3 months KIBOR + 1.60% per annum	3 months KIBOR + 2.00% per annum	6 months KIBOR + 2.00% per annum
Existence of a dividend stopper	No	No	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No	No	No
Noncumulative or cumulative	Not applicable	Noncumulative	Noncumulative	Cumulative
Convertible or non-convertible				
Convertible or non-convertible	Not applicable	Convertible	Convertible	Convertible
If convertible, conversion trigger (s)	Not applicable	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the Point of No Viability (PONV) Event; or (iii) failure by the Issuer to comply with the Lock-In Clause or the Non-Cumulative Feature of the TFCs ("Lock-In Event").	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the Point of No Viability (PONV) Event; or (iii) failure by the Issuer to comply with the Lock-In Clause or the Non-Cumulative Feature of the TFCs ("Lock-In Event").	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the Point of No Viability (PONV) Event; or (iii) failure by the Issuer to comply with the Lock-In Clause or the Non-Cumulative Feature of the TFCs ("Lock-In Event").
If convertible, fully or partially	Not applicable	To be determined in case of trigger event, at the discretion of the SBP.	To be determined in case of trigger event, at the discretion of the SBP.	To be determined in case of trigger event, at the discretion of the SBP.
If convertible, conversion rate	Not applicable	To be determined in case of trigger event(s)	To be determined in case of trigger event(s)	To be determined in case of trigger event(s)
If convertible, mandatory or optional conversion	Not applicable	Mandatory	Mandatory	Mandatory
If convertible, specify instrument type convertible into	Not applicable	Common Shares	Common Shares	Common Shares
If convertible, specify issuer of instrument it converts into	Not applicable	Habib Bank Limited	Habib Bank Limited	HBL Microfinance Bank Ltd
Write-down feature				
If write-down, write-down trigger(s)	Not applicable	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be written off upon: (i) the PONV Trigger Event; (ii) the CET 1 Trigger Event; (iii) the Lock-In Event; or (iv) if it is not possible to convert the TFCs into ordinary shares upon the CET 1 Trigger Event.	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be written off upon: (i) the PONV Trigger Event; (ii) the CET 1 Trigger Event; (iii) the Lock-In Event; or (iv) if it is not possible to convert the TFCs into ordinary shares upon the CET 1 Trigger Event.	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be written off upon: (i) the PONV Trigger Event; (ii) the CET 1 Trigger Event; (iii) the Lock-In Event; or (iv) if it is not possible to convert the TFCs into ordinary shares upon the CET 1 Trigger Event.
If write-down, full or partial	Not applicable	May be written down fully or partially	May be written down fully or partially	May be written down fully or partially
If write-down, permanent or temporary	Not applicable	Permanent	Permanent	Permanent
If temporary write-down, description of write-up mechanism	Not applicable	Not Applicable	Not Applicable	Not Applicable
Position in subordination hierarchy in liquidation	Subordinated to loans	Subordinated to all other indebtedness to the Bank including depositors except common shares	Subordinated to all other indebtedness to the Bank including depositors except common shares	Subordinated to all other indebtedness to the Bank including depositors except common shares
Non-compliant transitioned features	No	None	None	None
If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

1.6 Credit exposures subject to Standardized Approach

Exposures	Rating category / risk weights	2024			2023		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	84,026,981	-	84,026,981	75,115,154	-	75,115,154
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	1,645,167,300	36,317,134	1,608,850,166	1,448,963,369	43,298,045	1,405,665,324
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	37,743,848	-	37,743,848	37,267,375	-	37,267,375
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	93,475,126	-	93,475,126	72,890,380	-	72,890,380
	2	88,410,185	-	88,410,185	87,721,487	-	87,721,487
	3	-	-	-	6,374,849	-	6,374,849
	4,5	46,379,888	-	46,379,888	65,145,882	-	65,145,882
	6	79,902,065	-	79,902,065	89,011,985	-	89,011,985
	Unrated	4,092,960	-	4,092,960	1,298,532	-	1,298,532
		312,260,224	-	312,260,224	322,443,115	-	322,443,115
Corporates	1	408,613,680	27,964,055	380,649,625	348,782,711	8,557,001	340,225,710
	2	214,916,183	11,568,508	203,347,675	243,236,705	15,271,744	227,964,961
	3,4	6,184,764	669,455	5,515,309	8,525,358	672,292	7,853,066
	5,6	-	-	-	-	-	-
	Unrated-1	320,569,197	38,192,870	282,376,327	310,178,559	17,938,812	292,239,747
	Unrated-2	165,916,252	70,581,977	95,334,275	114,786,003	23,284,435	91,501,568
			1,116,200,076	148,976,865	967,223,211	1,025,509,336	65,724,284
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3	7,094,506	-	7,094,506	53,405,659	-	53,405,659
	4,5	1,603,266	-	1,603,266	7,204,407	-	7,204,407
	6	40,218	-	40,218	1,014,128	-	1,014,128
	Unrated	599,856	-	599,856	6,045,580	-	6,045,580
		9,337,846	-	9,337,846	67,669,774	-	67,669,774
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	20%	82,793,937	74,792,556	8,001,381	83,598,160	66,576,986	17,021,174
Banks - others	1	278,136,529	184,017,446	94,119,083	100,596,198	-	100,596,198
	2,3	53,544,380	-	53,544,380	10,467,574	-	10,467,574
	4,5	39,115,448	2,612,140	36,503,308	27,024,389	3,476,592	23,547,797
	6	1,842,339	-	1,842,339	540,880	-	540,880
	Unrated	107,937,126	-	107,937,126	36,238,936	-	36,238,936
			480,575,822	186,629,586	293,946,236	174,867,977	3,476,592
Public Sector Entities	1	174,586,213	42,773,003	131,813,210	158,590,292	53,231,518	105,358,774
	2,3	-	-	-	15,482	-	15,482
	4,5	-	-	-	-	-	-
	6	4,326,772	-	4,326,772	2,986,900	-	2,986,900
	Unrated	401,580,991	386,254,857	15,326,134	195,347,787	176,746,709	18,601,078
		580,493,976	429,027,860	151,466,116	356,940,461	229,978,227	126,962,234
Retail portfolio	75%	447,249,227	37,494,489	409,754,738	394,111,664	16,578,279	377,533,385
Claims Fully Secured by Residential Mortgages	35%	50,544,598	-	50,544,598	37,446,612	-	37,446,612
Low Cost Housing	25%	7,124,850	-	7,124,850	7,688,119	-	7,688,119
Past due loans	50% - 150%	12,365,261	950,409	11,414,852	17,245,801	1,181,492	16,064,309
Equity investments	100% - 150%	6,252,297	-	6,252,297	13,316,206	-	13,316,206
Significant investments	250%	32,697,933	-	32,697,933	26,101,182	-	26,101,182
Fixed assets	100%	158,233,195	-	158,233,195	141,894,467	-	141,894,467
Others	100%	43,799,952	-	43,799,952	39,138,418	-	39,138,418
		5,106,867,323	914,188,899	4,192,678,424	4,269,317,190	426,813,905	3,842,503,285

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

2 LEVERAGE RATIO

The leverage ratio is the ratio of Tier 1 capital to total exposure, including off-balance sheet exposures adjusted by regulatory credit conversion factors. The Bank's current leverage ratio of 4.66% (2023: 4.33%) is above the current minimum requirement of 3.00% set by the SBP.

	2024	2023
	(Rupees in '000)	
Eligible Tier-1 Capital	334,859,804	266,520,086
Total Exposures	7,184,144,791	6,158,603,788
Leverage Ratio (%)	4.66%	4.33%
Minimum Requirement (%)	3.00%	3.00%

3 LIQUIDITY STANDARDS

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

3.1 Liquidity Coverage Ratio

	2024		2023	
	Total unweighted ¹ value (average)	Total weighted ² value (average)	Total unweighted ¹ value (average)	Total weighted ² value (average)
	(Rupees in '000)			
HIGH QUALITY LIQUID ASSETS				
1 Total high quality liquid assets (HQLA)		2,320,570,154		1,879,073,951
2 Retail deposits and deposits from small business customers of which:				
2.1 Stable deposits	-	-	-	-
2.2 Less stable deposits	2,814,216,152	281,421,615	2,325,953,622	232,595,362
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	1,375,535,406	592,401,794	1,168,093,916	508,520,702
3.3 Unsecured debt	100,961,003	100,961,003	84,562,149	84,562,149
4 Secured wholesale funding	-	-	-	-
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other Collateral requirements	9,430,609	9,430,609	7,021,512	7,021,512
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	22,861,009	2,286,101	11,896,223	1,189,622
7 Other contingent funding obligations	1,646,009,458	32,915,240	1,642,986,439	31,270,893
8 TOTAL CASH OUTFLOWS		1,019,416,362		865,160,240
CASH INFLOWS				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	210,656,249	119,790,571	258,687,993	143,517,437
11 Other Cash inflows	84,308,026	30,390,419	149,612,531	27,782,127
12 TOTAL CASH INFLOWS		150,180,991		171,299,564
		Total Adjusted Value³		Total Adjusted Value³
AVERAGE HIGH QUALITY LIQUID ASSETS		2,320,570,154		1,879,073,951
AVERAGE NET CASH OUTFLOWS		869,235,371		693,860,676
LIQUIDITY COVERAGE RATIO		266.97%		270.81%

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

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

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

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

3.2 Net Stable Funding Ratio

	2024				Weighted Value
	Unweighted Value By Residual Maturity *				
	No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----					
ASF Item					
1 Capital:					
2 Regulatory capital	327,108,806	-	-	-	327,108,806
3 Other capital instruments	18,874,000	-	-	-	18,874,000
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	-	1,151,553,912	302,401,968	1,450,228,111	2,758,788,403
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	470,657,685	123,596,307	592,730,396	889,857,392
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	6,871,162	-
12 All other liabilities and equity not included in other categories	-	975,096,142	35,383,342	161,496,671	161,496,671
13 Total ASF					4,156,125,272
RSF item					
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-
15 Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16 Performing loans and securities:					
17 Performing loans to financial institutions secured by Level 1 HQLA	-	122,286,587	-	-	14,602,906
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
19 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of	-	371,690,115	277,587,957	704,295,730	606,259,347
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	353,111,839	229,522,696
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities	-	-	-	-	-
22 Other assets:					
23 Physical traded commodities, including gold	-	-	-	-	-
24 Assets posted as initial margin for derivative contracts	-	-	-	-	-
25 NSFR derivative assets	-	-			-
26 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
27 All other assets not included in the above categories	-	1,639,051,195	232,835,331	1,958,945,075	1,779,014,276
28 Off-balance sheet items	-	1,185,810,781	518,922,211	364,322,877	103,452,793
29 Total RSF					2,732,852,018
30 Net Stable Funding Ratio (%)					152.08%

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

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - CONSOLIDATED
AS AT DECEMBER 31, 2024**

3.2 Net Stable Funding Ratio

2023

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

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