

BANK AL HABIB LIMITED

CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED

AS AT 31 DECEMBER 2025

**BANK AL HABIB LIMITED
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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 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:

	2025
Required CAR	<u>11.50%</u>
CAR on stand-alone basis	<u>17.05%</u>

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

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

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

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

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

iii) Leverage Ratio:

The leverage ratio comprises Tier 1 capital to total exposure, which includes on balance sheet exposures and credit equivalent of certain off balance sheet exposures adjusted by the regulatory credit conversion factors. The Bank's current leverage ratio is 4.19% 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, 2025

Name	Type of entity	Country of incorporation
AL Habib Capital Markets (Private) Limited	Financial	Pakistan
AL Habib Asset Management Limited	Financial	Pakistan
AL Habib Exchange (Private) 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, exchange translation 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 and revaluation reserves, and is adjusted for reciprocal cross holdings in Tier 2 instruments, CAP 2 deductions, and direct or indirect investment in own TFCs.

	2025	2024
	(Rupees in '000)	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital	11,114,254	11,114,254
Balance in Share Premium Account	-	-
Reserve for issue of Bonus Shares	-	-
Discount on Issue of shares	-	-
General / Statutory Reserves	35,220,243	32,050,356
Gains / (losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated/unremitted profits / (losses)	101,519,385	95,358,243
Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	147,853,882	138,522,853
Total regulatory adjustments applied to CET1 (Note 42.3.2)	(256,822)	(217,910)
Common Equity Tier 1	(a) 147,597,060	138,304,943
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which: Classified as equity	14,000,000	14,000,000
of which: Classified as liabilities	-	-
14,000,000	14,000,000	14,000,000
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	14,000,000	14,000,000
Total regulatory adjustment applied to AT1 capital (Note 42.3.3)	(973,524)	(914,764)
Additional Tier 1 capital after regulatory adjustments	13,026,476	13,085,236
Additional Tier 1 capital recognized for capital adequacy	(b) 13,026,476	13,085,236
Tier 1 Capital (CET1 + admissible AT1)	(c=a+b) 160,623,535	151,390,179
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	11,969,200	11,974,000
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	10,922,251	9,928,371
Revaluation Reserves (net of taxes)	29,292,127	21,438,064
of which: Revaluation reserves on fixed assets	15,481,904	15,568,839
of which: Unrealised gains/(losses) on AFS	13,810,223	5,869,225
Foreign Exchange Translation Reserves	-	-
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	52,183,578	43,340,435
Total regulatory adjustment applied to T2 capital (Note 42.3.4)	(912)	(13,710)
Tier 2 capital (T2) after regulatory adjustments	52,182,666	43,326,725
Tier 2 capital recognised for capital adequacy	52,182,666	43,326,725
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	(d) 52,182,666	43,326,725
TOTAL CAPITAL (T1 + admissible T2)	(e=c+d) 212,806,202	194,716,904
Total Risk Weighted Assets (RWA) (Note 42.6)	(f) 1,248,201,221	1,087,632,822
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	(a/f) 11.82%	12.72%
Tier-1 capital to total RWA	(c/f) 12.87%	13.92%
Total capital to total RWA	(e/f) 17.05%	17.90%

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	2025	2024
	(Rupees in '000)	
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.50%	7.50%
of which: capital conservation buffer requirement	1.50%	1.50%
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)	5.82%	6.72%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	11.50%	11.50%
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	(63,301)	(129,154)
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	-	-
Cash flow hedge reserve	-	-
Investment in own shares/ CET1 instruments	(193,521)	(88,756)
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	(256,822)	(217,910)
Additional Tier-1 & Tier-1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
Investment in own AT1 capital instruments	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	(973,524)	(914,764)
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	(973,524)	(914,764)

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	2025	2024
	(Rupees in '000)	
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	(912)	(13,710)
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	(912)	(13,710)
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)	12,440,553	11,519,644
Cap on inclusion of provisions in Tier 2 under standardized approach	10,922,251	9,928,371
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		
	2025	2025
	As per published financial statements	Under Regulatory scope for capital adequacy
Assets		
Cash and balances with treasury banks	189,466,913	189,466,913
Balances with other banks	7,196,550	7,196,550
Lendings to financial institutions	24,453,908	24,453,908
Investments	2,028,480,132	2,028,480,132
Advances	792,050,397	792,050,397
Operating fixed assets	99,434,911	99,434,911
Deferred tax assets	-	-
Other assets	162,681,088	162,681,088
Total assets	3,303,763,899	3,303,763,899
Liabilities & Equity		
Bills payable	59,749,478	59,749,478
Borrowings	290,260,824	290,260,824
Deposits and other accounts	2,599,087,013	2,599,087,013
Sub-ordinated loans	25,983,600	25,983,600
Liabilities against assets subject to finance lease	20,845,724	20,845,724
Deferred tax liabilities	1,479,142	1,479,142
Other liabilities	135,089,759	135,089,759
Total liabilities	3,132,495,540	3,132,495,540
Share capital/ Head office capital account	11,114,254	11,114,254
Reserves	35,220,243	35,220,243
Unappropriated/ Unremitted profits/ (losses)	95,419,620	95,419,620
Minority Interest	-	-
Surplus on revaluation of assets	29,514,242	29,514,242
Total equity	171,268,359	171,268,359
Total liabilities & equity	3,303,763,899	3,303,763,899

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Reference	2025	2025
	As per published financial statements	Under regulatory scope for capital adequacy
	(Rupees in '000)	
Reconciliation for balance sheet items that require capital adjustments		
Assets		
Cash and balances with treasury banks	189,466,913	189,466,913
Balances with other banks	7,196,550	7,196,550
Lendings to financial institutions	24,453,908	24,453,908
Investments	2,028,480,132	2,028,480,132
of which: Non-significant capital investments in capital instruments of banking, financial and insurance entities exceeding 10% threshold	(a) -	-
of which: Significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	(b) -	-
of which: Mutual Funds exceeding regulatory threshold	(c) -	-
of which: reciprocal crossholding of capital instrument of CET 1	(d) -	-
of which: reciprocal crossholding of capital instrument of T 2	(e) 912	912
Advances	792,050,397	792,050,397
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	(f) -	-
general provisions reflected in Tier 2 capital	(g) 10,922,251	10,922,251
Fixed Assets	99,434,911	99,434,911
of which: Intangibles	(h) 63,301	63,301
Deferred Tax Assets	-	-
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	162,681,088	162,681,088
of which: Goodwill	(k) -	-
of which: Defined-benefit pension fund net assets	(l) -	-
Total assets	3,303,763,899	3,303,763,899
Liabilities & Equity		
Bills payable	59,749,478	59,749,478
Borrowings	290,260,824	290,260,824
Deposits and other accounts	2,599,087,013	2,599,087,013
Sub-ordinated loans	25,983,600	25,983,600
of which: eligible for inclusion in AT1	(m) 14,000,000	14,000,000
of which: eligible for inclusion in Tier 2	(n) 11,983,600	11,983,600
Liabilities against assets subject to finance lease	20,845,724	20,845,724
Deferred tax liabilities	1,479,142	1,479,142
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	135,089,759	135,089,759
Total liabilities	3,132,495,540	3,132,495,540
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	35,220,243	35,220,243
of which: portion eligible for inclusion in CET1	(u) 35,220,243	35,220,243
of which: portion eligible for inclusion in Tier 2	(v) -	-
Unappropriated profits / (losses)	(w) 95,419,620	95,419,620
Minority Interest	-	-
of which: portion eligible for inclusion in CET1	(x) -	-
of which: portion eligible for inclusion in AT1	(y) -	-
of which: portion eligible for inclusion in Tier 2	(z) -	-
Surplus on revaluation of assets	29,514,242	29,514,242
of which: Revaluation reserves on Properties	(aa) 15,704,019	15,704,019
of which: Unrealised Gains/(Losses) on AFS	(ab) 13,810,223	13,810,223
In case of Deficit on revaluation (deduction from CET1)	(ab) -	-
Total Equity	171,268,359	171,268,359
Total liabilities & equity	3,303,763,899	3,303,763,899

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Reconciliation of computation of capital with balance sheet of the Bank

	2025
	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	35,220,243
Gains / (Losses) on derivatives held as Cash Flow Hedge (u)	-
Unappropriated/unremitted profits / (losses) (w)	101,519,385
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group) (x)	-
CET 1 before Regulatory Adjustments	147,853,882
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)	(63,301)
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)	-
Cash flow hedge reserve	-
Investment in own shares/ CET1 instruments	(193,521)
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	(256,822)
Common Equity Tier 1	147,597,060

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		2025
		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		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)	-
AT1 before regulatory adjustments		14,000,000
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
Investment in own AT1 capital instruments		-
Reciprocal cross holdings in Additional Tier 1 capital instruments		(973,524)
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		(973,524)
Additional Tier 1 capital		13,026,476
Additional Tier 1 capital recognised for capital adequacy		13,026,476
Tier 1 Capital (CET1 + admissible AT1)		160,623,535
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		11,969,200
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)	10,922,251
Revaluation Reserves eligible for Tier 2		29,292,127
of which: portion pertaining to Property	portion of (aa)	15,481,904
of which: portion pertaining to AFS securities		13,810,223
Foreign Exchange Translation Reserves	(v)	-
Undisclosed/Other Reserves (if any)		-
T2 before regulatory adjustments		52,183,578
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		(912)
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)	(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		(912)
Tier 2 capital (T2)		52,182,666
Tier 2 capital recognised for capital adequacy		52,182,666
Excess Additional Tier 1 capital recognised in Tier 2 capital		-
Total Tier 2 capital admissible for capital adequacy		52,182,666
TOTAL CAPITAL (T1 + admissible T2)		212,806,202

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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
1. Issuer	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	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)
Regulatory treatment					
4. Transitional Basel III rules	CET-1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
5. Post - transitional Basel III rules	CET-1	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2
6. Eligible at solo / group / group & solo	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
8. Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	11,114,254	7,000,000	7,000,000	4,988,000	6,986,000
9. Par value of instrument	Rs 10	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
11. Original date of issuance	January, 1992	20 December 2017	25 April 2022	30 September 2021	23 December 2022
12. Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated	Dated
13. Original maturity date	N/A	N/A	N/A	30 September 2031	23 December 2032
14. Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes	Yes
15. Optional call date, contingent call dates and redemption amount	N/A	20 December 2022	25 April 2027	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.
Coupons / dividends					
17. Fixed or floating dividend / coupon	N/A	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 + 0.75% p.a.	6 months Kibor + 1.35% p.a.
19. Existence of a dividend stopper	No	No	No	No	No
20. Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21. Existence of step up or other incentive to redeem	N/A	No	No	No	No
22. Noncumulative or cumulative	N/A	Noncumulative	Noncumulative	N/A	N/A
23. Convertible or non - convertible	N/A	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
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
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
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
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
29.	If convertible, specify issuer of instrument it converts into	N/A	BAHL	BAHL	BAHL	BAHL
30.	Write - down feature	N/A	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
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
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
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
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
36.	Non - compliant transitioned features	No	No	No	No	No
37.	If yes, specify non - compliant features	N/A	N/A	N/A	N/A	N/A

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

Capital Requirements		Risk Weighted Assets	
2025	2024	2025	2024

(Rupees in '000)

Credit Risk

On-Balance sheet

Portfolios subject to standardised approach (Comprehensive)

Sovereign	3,104,665	4,253,756	31,046,649	42,537,564
Public sector enterprises	297,874	412,071	2,978,740	4,120,714
Banks	921,754	709,444	9,217,536	7,094,440
Corporate	43,391,772	39,787,271	433,917,722	397,872,711
Retail	6,786,939	5,149,772	67,869,387	51,497,716
Residential mortgages	906,411	819,487	9,064,109	8,194,874
Past due loans	76,663	262,625	766,628	2,626,252
Equity portfolio	2,367,674	1,985,110	23,676,739	19,851,098
Operating fixed assets	9,937,161	8,961,822	99,371,610	89,618,217
Other assets	2,117,835	2,454,679	21,178,353	24,546,792
	69,908,747	64,796,038	699,087,474	647,960,378

Off-Balance sheet

Non-market related

Direct Credit Substitutes / Acceptances / Standby LCs	5,971,314	4,992,632	59,713,136	49,926,320
Transaction Related Contingent Liabilities	5,467,390	4,938,348	54,673,904	49,383,484
Trade Related Contingent Liabilities	5,457,970	4,110,899	54,579,700	41,108,991
Other Commitments	346,024	391,009	3,460,241	3,910,085
	17,242,698	14,432,888	172,426,980	144,328,881

Market related

Outstanding Foreign Exchange Contracts	226,561	198,039	2,265,612	1,980,389
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17,469,259 14,630,927 **174,692,592** 146,309,271

Market Risk

Capital Requirement for portfolios subject to Standardised Approach

Interest rate risk/Equity Price Risk				
General market risk	2,612,811	507,296	32,660,143	6,341,196
Specific market risk	1,104,838	33,751	13,810,474	421,891
Foreign exchange risk	1,820,589	1,540,194	22,757,365	19,252,430
	5,538,239	2,081,241	69,227,982	26,015,518

Operational Risk

Capital Requirement for operational risks

	24,415,454	21,387,812	305,193,173	267,347,656
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102,896,019 1,248,201,221 1,087,632,822

Capital Adequacy Ratios

	Required		Actual	
	2025	2024	2025	2024
CET1 to total RWA	6.00%	6.00%	11.82%	12.72%
Tier-1 capital to total RWA	7.50%	7.50%	12.87%	13.92%
Total capital to total RWA	11.50%	11.50%	17.05%	17.90%
Leverage Ratio	3.00%	3.00%	4.19%	4.00%

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

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%	1,775,042,841	65,067,090	1,709,975,751
20%	109,398,720	5,889,161	103,509,560
25%	2,959,361	-	2,959,361
35%	23,836,462	52,837	23,783,626
50%	244,424,821	67,490,176	176,934,645
75%	130,763,105	24,913,166	105,849,938
100%	554,739,456	63,322,793	491,416,663
125%	148,152,772	21,483,744	126,669,028
150%	9,771,646	149,924	9,621,722
250%	3,883,250	-	3,883,250
	<u>3,002,972,435</u>	<u>248,368,890</u>	<u>2,754,603,544</u>

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)

	2025		2024	
	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)	-	1,365,295,341	-	1,240,825,598
Cash outflows				
Retail deposits and deposits from small business customers of which:				
Stable deposit	-	-	-	-
Less stable deposit	2,041,350,866	204,135,087	1,792,205,687	179,220,569
	2,041,350,866	204,135,087	1,792,205,687	179,220,569
Unsecured wholesale funding of which:				
Operational deposits (all counterparties)	-	-	-	-
Non - operational deposits (all counterparties)	419,773,644	206,480,167	400,451,342	189,169,854
Unsecured debt	35,053,134	35,053,134	37,019,325	37,019,325
	454,826,777	241,533,301	437,470,668	226,189,180
Secured wholesale funding	-	3,179,255	-	3,448,679
Additional requirements of which:				
Outflows related to derivative exposures and other collateral requirements	15,041,605	15,041,605	42,038,997	42,038,997
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	3,363,419	336,342	10,073,335	2,882,333
	18,405,024	15,377,947	52,112,332	44,921,330
Other contractual funding obligations	58,916,126	58,916,126	52,324,216	52,324,216
Other contingent funding obligations	1,330,288,050	48,015,176	1,382,980,994	43,742,808
Total cash outflows		571,156,891		549,846,781
Cash inflows				
Secured lending	4,812,500	4,812,500	1,583,333	1,583,333
Inflows from fully performing exposures	163,682,558	85,386,186	178,364,746	92,238,901
Other cash inflows	6,536,812	37,892	8,335,744	47,026
Total cash inflows		90,236,578		93,869,259
Total High Quality Liquid Assets (HQLA)		1,365,295,341		1,240,825,598
Total Net Cash Outflows		480,920,313		455,977,522
Liquidity Coverage Ratio		283.892%		272.124%

Net Stable Funding Ratio (NSFR)

	2025				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	147,853,882	-	-	-	147,853,882
Other capital instruments	14,000,000	-	-	11,969,200	25,969,200
Retail deposits and deposit from small business customers:					
Stable deposits	-	-	-	-	-
Less stable deposits	1,888,685,173	120,781,269	79,440,184	5,606,829	2,002,091,707
Wholesale funding					
Operational deposits	-	-	-	-	-
Other wholesale funding	353,825,029	42,503,770	13,085,035	43,234	313,846,201
Other liabilities:					
NSFR derivative liabilities	-	-	-	69,935,855	-
All other liabilities and equity not included in other categories	93,235,848	419,685,123	18,045,988	71,574,459	141,977,723
Total ASF					2,631,738,714
RSF item					
Total NSFR high - quality liquid assets (HQLA)					441,148,008
Deposits held at other financial institutions for operational purposes	7,155,395	-	-	-	3,577,698
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	-	19,458,153	4,154	411,458	3,332,258
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	461,671,469	44,029,158	173,184,923	402,004,992
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	93,302,067	60,646,343
Securities that are not in default and do not qualify as HQLA including exchange - traded equities.				12,100,248	10,285,211
Other assets:					
NSFR derivative assets	-	-	-	147,981,083	78,045,228
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	69,935,855	13,987,171
All other assets not included in the above categories	41,155	204,489,866	19,976,448	86,075,316	284,136,177
Off - balance sheet items					68,934,533
Total RSF					1,366,097,618
Net Stable Funding Ratio (%)					192.646%

	2024				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	138,522,853	-	-	-	138,522,853
Other capital instruments	14,000,000	-	-	11,974,000	25,974,000
Retail deposits and deposit from small business customers:					
Stable deposits	-	-	-	-	-
Less stable deposits	1,689,537,870	140,455,158	62,397,844	6,371,869	1,813,711,822
Wholesale funding					
Operational deposits	-	-	-	-	-
Other wholesale funding	245,655,695	31,387,396	21,192,322	61,234	224,922,779
Other liabilities:					
NSFR derivative liabilities	-	-	-	100,565,191	-
All other liabilities and equity not included in other categories	80,578,065	770,058,750	9,811,092	84,550,892	142,793,204
Total ASF					2,345,924,658
RSF item					
Total NSFR high - quality liquid assets (HQLA)					368,741,402
Deposits held at other financial institutions for operational purposes	5,799,395	-	-	-	2,899,697
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	-	12,964,918	12,421	217,239	2,168,187
Performing loans to non- financial corporate clients, loans to retail and small business customers, and	-	496,463,861	195,752,433	153,481,169	480,209,389
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	51,958,160	33,772,804
Securities that are not in default and do not qualify as HQLA including exchange - traded equities.				13,389,266	11,380,876
Other assets:					
NSFR derivative assets	-	-	-	145,237,825	44,672,635
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	100,565,191	20,113,038
All other assets not included in the above categories	37,513	161,175,935	10,076,205	85,062,275	241,957,615
Off - balance sheet items					62,691,775
Total RSF					1,268,607,419
Net Stable Funding Ratio (%)					184.921%