

BANK AL HABIB LIMITED

CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED

AS AT 31 DECEMBER 2018

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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 issued revised instructions on the computation of CAR based on Basel III Capital Reform as issued by the Basel Committee on Banking Supervision. These instructions became effective from 31 December 2013 with full implementation intended by 31 December 2019. These instructions also specify the transitional arrangements from 2013 to 2019.

Accordingly, the Bank has assessed and reported its Capital Adequacy Ratio in the financial statements on the basis of Basel III requirements as prescribed by SBP.

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

	2018
Required CAR	<u>11.900%</u>
CAR on stand-alone basis	<u>13.425%</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, 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 4.066% 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 subsidiary) 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 subsidiary, where the Bank holds more than 50% of voting shares as at December 31, 2018:

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

The assets, liabilities, income, expenses and cash flows of above subsidiary 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

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.

	2018	2017
	(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	13,409,293	12,607,324
Gains / (losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated/unremitted profits / (losses)	20,411,694	16,671,122
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	44,935,241	40,392,700
Total regulatory adjustments applied to CET1 (Note 42.3.2)	(1,657,153)	(373,281)
Common Equity Tier 1	43,278,088	40,019,419
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which: Classified as equity	-	-
of which: Classified as liabilities	7,000,000	7,000,000
Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1) of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	7,000,000	7,000,000
Total regulatory adjustment applied to AT1 capital (Note 42.3.3)	(250,000)	(67,911)
Additional Tier 1 capital after regulatory adjustments	(250,000)	(67,911)
Additional Tier 1 capital recognized for capital adequacy	6,750,000	6,932,089
Tier 1 Capital (CET1 + admissible AT1)	50,028,088	46,951,508
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	7,986,400	3,992,800
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	3,414,358	3,233,096
Revaluation Reserves (net of taxes)	4,517,518	4,483,368
of which: Revaluation reserves on fixed assets	4,517,518	3,729,705
of which: Unrealised gains/(losses) on AFS	-	753,663
Foreign Exchange Translation Reserves	1,348,237	413,852
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	17,266,513	12,123,116
Total regulatory adjustment applied to T2 capital (Note 42.3.4)	(185,244)	(255,606)
Tier 2 capital (T2) after regulatory adjustments	17,081,269	11,867,510
Tier 2 capital recognised for capital adequacy	17,081,269	11,867,510
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	14,242,570	11,867,510
TOTAL CAPITAL (T1 + admissible T2)	64,270,657	58,819,018
Total Risk Weighted Assets (RWA) (Note 42.6)	478,732,687	425,987,090
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	9.040%	9.395%
Tier-1 capital to total RWA	10.450%	11.022%
Total capital to total RWA	13.425%	13.808%

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	(Rupees in '000)	
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	<u>7.900%</u>	<u>7.275%</u>
of which: capital conservation buffer requirement	<u>1.900%</u>	<u>1.275%</u>
of which: countercyclical buffer requirement		
of which: D-SIB or G-SIB buffer requirement		
CET1 available to meet buffers (as a percentage of risk weighted assets)	<u>3.040%</u>	<u>3.390%</u>
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	<u>6.000%</u>	<u>6.000%</u>
Tier 1 minimum ratio	<u>7.500%</u>	<u>7.500%</u>
Total capital minimum ratio	<u>11.900%</u>	<u>11.275%</u>
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	(166,930)	(70,356)
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	(165,499)	(272,314)
Cash flow hedge reserve	-	-
Investment in own shares/ CET1 instruments	(45,215)	(30,611)
Securitisation gain on sale	-	-
Capital shortfall of regulated subsidiaries	-	-
Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	(1,279,509)	-
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	(1,657,153)	(373,281)
Additional Tier-1 & Tier-1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	(41,898)
Investment in own AT1 capital instruments	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	(250,000)	-
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	-	(26,013)
Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustment applied to AT1 capital	(250,000)	(67,911)

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	2018	2017
	(Rupees in '000)	
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	(26,013)
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	(173,714)	(223,651)
Investment in own Tier 2 capital instrument	(11,530)	(5,942)
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	(185,244)	(255,606)
Risk Weighted Assets subject to pre-BaseI III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-BaseI 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)	3,414,358	3,233,096
Cap on inclusion of provisions in Tier 2 under standardized approach	3,414,358	3,233,096
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		
	2018	2018
	As per published financial statements	Under regulatory scope for capital adequacy
Assets		
Cash and balances with treasury banks	74,432,172	74,432,172
Balances with other banks	7,989,939	7,989,939
Lendings to financial institutions	-	-
Investments	414,605,406	414,605,406
Advances	478,214,578	478,214,578
Operating fixed assets	26,350,079	26,350,079
Deferred tax assets	-	-
Other assets	46,646,829	46,646,829
Total assets	1,048,239,003	1,048,239,003
Liabilities & Equity		
Bills payable	20,603,682	20,603,682
Borrowings	119,038,358	119,038,358
Deposits and other accounts	796,900,525	796,900,525
Sub-ordinated loans	14,996,000	14,996,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,350,203	1,350,203
Other liabilities	45,798,555	45,798,555
Total liabilities	998,687,323	998,687,323
Share capital/ Head office capital account	11,114,254	11,114,254
Reserves	14,757,530	14,757,530
Unappropriated/ Unremitted profits/ (losses)	20,411,694	20,411,694
Minority Interest	-	-
Surplus on revaluation of assets	3,268,202	3,268,202
Total equity	49,551,680	49,551,680
Total liabilities & equity	1,048,239,003	1,048,239,003

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Reference	2018	2018
	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	74,432,172	74,432,172
Balances with other banks	7,989,939	7,989,939
Lendings to financial institutions	-	-
Investments	414,605,406	414,605,406
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) 165,499	165,499
of which: reciprocal crossholding of capital instrument of T 2	(e) 173,714	173,714
Advances	478,214,578	478,214,578
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	(f) -	-
general provisions reflected in Tier 2 capital	(g) 3,414,358	3,414,358
Fixed Assets	26,350,079	26,350,079
of which: Intangibles	(h) 166,930	166,930
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	46,646,829	46,646,829
of which: Goodwill	(k) -	-
of which: Defined-benefit pension fund net assets	(l) -	-
Total assets	1,048,239,003	1,048,239,003
Liabilities & Equity		
Bills payable	20,603,682	20,603,682
Borrowings	119,038,358	119,038,358
Deposits and other accounts	796,900,525	796,900,525
Sub-ordinated loans	14,996,000	14,996,000
of which: eligible for inclusion in AT1	(m) 7,000,000	7,000,000
of which: eligible for inclusion in Tier 2	(n) 7,986,400	7,986,400
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,350,203	1,350,203
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	45,798,555	45,798,555
Total liabilities	998,687,323	998,687,323
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	14,757,530	14,757,530
of which: portion eligible for inclusion in CET1	(u) 13,409,293	13,409,293
of which: portion eligible for inclusion in Tier 2	(v) 1,348,237	1,348,237
Unappropriated profits / (losses)	(w) 20,411,694	20,411,694
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	3,268,202	3,268,202
of which: Revaluation reserves on Properties	(aa) 4,517,518	4,517,518
of which: Unrealised Gains/(Losses) on AFS	(1,279,509)	(1,279,509)
In case of Deficit on revaluation (deduction from CET1)	(ab) -	-
Total Equity	49,551,680	49,551,680
Total liabilities & equity	1,048,239,003	1,048,239,003

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Reconciliation of computation of capital with balance sheet of the Bank

		2018
		Component of regulatory capital reported by bank
		(Rupees in '000)
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital / Capital deposited with SBP		11,114,254
Balance in Share Premium Account	(s)	-
Reserve for issue of Bonus Shares		-
General / Statutory Reserves	(u)	13,409,293
Gains / (Losses) on derivatives held as Cash Flow Hedge		-
Unappropriated/unremitted profits / (losses)	(w)	20,411,694
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		44,935,241
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)	(166,930)
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)	(165,499)
Cash flow hedge reserve		-
Investment in own shares/ CET1 instruments		(45,215)
Securitisation gain on sale		-
Capital shortfall of regulated subsidiaries		-
Deficit on account of revaluation from bank's holdings of properties/ AFS	(ab)	(1,279,509)
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		(1,657,153)
Common Equity Tier 1		43,278,088

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		2018
		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		-
of which: Classified as equity	(t)	-
of which: Classified as liabilities	(m)	7,000,000
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)		-
of which: instrument issued by subsidiaries subject to phase out	(y)	-
AT1 before regulatory adjustments		7,000,000
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
Investment in own AT1 capital instruments		-
Reciprocal cross holdings in Additional Tier 1 capital instruments		(250,000)
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		(250,000)
Additional Tier 1 capital		-
Additional Tier 1 capital recognised for capital adequacy		(250,000)
Tier 1 Capital (CET1 + admissible AT1)		50,028,088
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		7,986,400
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)	3,414,358
Revaluation Reserves eligible for Tier 2		4,517,518
of which: portion pertaining to Property	portion of (aa)	4,517,518
of which: portion pertaining to AFS securities		-
Foreign Exchange Translation Reserves	(v)	1,348,237
Undisclosed/Other Reserves (if any)		-
T2 before regulatory adjustments		17,266,513
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		(173,714)
Investment in own Tier 2 capital instrument		(11,530)
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		(185,244)
Tier 2 capital (T2)		17,081,269
Tier 2 capital recognised for capital adequacy		17,081,269
Excess Additional Tier 1 capital recognised in Tier 2 capital		2,838,699
Total Tier 2 capital admissible for capital adequacy		14,242,570
TOTAL CAPITAL (T1 + admissible T2)		64,270,658

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Main Features of Regulatory Capital Instruments

Main Features	Common Shares	Additional Tier 1 Sub-ordinated Debt	Tier 2 Sub-ordinated Debt	Tier 2 Sub-ordinated Debt
1. Issuer	Bank AL Habib Limited	Bank AL Habib Limited	Bank AL Habib Limited	Bank AL Habib Limited
2. Unique identifier (e.g. PSX Symbol or Bloomberg identifier etc.)	BAHL	BAHLAT1TFC	BAHLTFC5	BAHLTFC7
3. Governing law(s) of the instrument (Regulatory Authorities)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)
Regulatory treatment				
4. Transitional Basel III rules	CET-1	Additional Tier 1	Tier 2	Tier 2
5. Post - transitional Basel III rules	CET-1	Additional Tier 1	Tier 2	Tier 2
6. Eligible at solo / group / group & solo	Group & Standalone	Group & Standalone	Group & Standalone	Group & Standalone
7. Instrument type	Ordinary Shares	Sub-ordinated Debt	Sub-ordinated Debt	Sub-ordinated Debt
8. Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	11,114,254	7,000,000	3,992,800	4,000,000
9. Par value of instrument	Rs 10	Rs 5,000	Rs 5,000	Rs 5,000
10. Accounting classification	Shareholders' Equity	Liability - Sub -ordinated Loans	Liability - Sub -ordinated Loans	Liability - Sub -ordinated Loans
11. Original date of issuance	January, 1992	20 December 2017	17 March 2016	06 December 2018
12. Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13. Original maturity date	N/A	N/A	17 March 2026	06 December 2028
14. Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15. Optional call date, contingent call dates and redemption amount	N/A	20 December 2022	17 March 2021	06 December 2023
16. Subsequent call dates, if applicable	N/A	On any coupon payment date after 60 months from the date of issue.	On any coupon payment date after 60 months from the date of issue.	On any coupon payment date after 60 months from the date of issue.
Coupons / dividends				
17. Fixed or floating dividend / coupon	N/A	Floating	Floating	Floating
18. Coupon rate and any related index / benchmark	N/A	6 months Kibor + 1.50% p.a.	6 months Kibor + 0.75% p.a.	6 months Kibor + 1.00% p.a.
19. Existence of a dividend stopper	No	No	No	No
20. Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21. Existence of step up or other incentive to redeem	N/A	No	No	No
22. Noncumulative or cumulative	N/A	Noncumulative	N/A	N/A
23. Convertible or non - convertible	N/A	Convertible	Convertible	Convertible
24. If convertible, conversion trigger (s)	N/A	Upon occurrence of a Point of Non Viability (PONV) or Pre Specified Trigger (PST) event or non-compliance with lock-in clause or non-cumulative feature, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions
25. If convertible, fully or partially	N/A	Fully or Partially: To be determined as per SBP's Basel III instructions	Fully or Partially: To be determined as per SBP's Basel III instructions	Fully or Partially: To be determined as per SBP's Basel III instructions
26. If convertible, conversion rate	N/A	To be determined in the case of trigger event	To be determined in the case of trigger event	To be determined in the case of trigger event
27. If convertible, mandatory or optional conversion	N/A	To be determined as per SBP's Basel III instructions	To be determined as per SBP's Basel III instructions	To be determined as per SBP's Basel III instructions
28. If convertible, specify instrument type convertible into	N/A	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
29. If convertible, specify issuer of instrument it converts into	N/A	BAHL	BAHL	BAHL
30. Write - down feature	N/A	Yes	Yes	Yes
31. If write - down, write - down trigger(s)	N/A	Upon occurrence of a Point of Non Viability (PONV) or Pre Specified Trigger (PST) event or non-compliance with lock-in clause or non-cumulative feature, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions
32. If write - down, full or partial	N/A	Full or Partial: To be determined as per SBP's Basel III instructions	Full or Partial: To be determined as per SBP's Basel III instructions	Full or Partial: To be determined as per SBP's Basel III instructions
33. If write - down, permanent or temporary	N/A	Permanent or Temporary: To be determined as per SBP's Basel III instructions	Permanent or Temporary: To be determined as per SBP's Basel III instructions	Permanent or Temporary: To be determined as per SBP's Basel III instructions
34. If temporary write - down, description of write - up mechanism	N/A	Subject to Regulatory Instructions / Approval	Subject to Regulatory Instructions / Approval	Subject to Regulatory Instructions / Approval
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Sub - ordained Loans	Subordinate to all other debts, including deposits & Tier 2 TFCs	Subordinate to all other debts, including deposits, but excluding Tier 1 TFCs	Subordinate to all other debts, including deposits, but excluding Tier 1 TFCs
36. Non - compliant transitioned features	No	No	No	No
37. If yes, specify non - compliant features	N/A	N/A	N/A	N/A

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Capital Requirements		Risk Weighted Assets	
2018	2017	2018	2017

(Rupees in '000)

Credit Risk

On-Balance sheet

Portfolios subject to standardised approach (Comprehensive)

Sovereign	1,107,407	903,858	11,074,065	9,038,577
Public sector enterprises	270,588	334,370	2,705,878	3,343,698
Banks	1,045,809	605,955	10,458,089	6,059,549
Corporate	25,871,776	22,028,631	258,717,764	220,286,306
Retail	2,612,054	2,320,788	26,120,538	23,207,878
Residential mortgages	196,893	159,437	1,968,926	1,594,372
Past due loans	93,334	87,642	933,337	876,418
Equity portfolio	551,215	691,720	5,512,155	6,917,196
Operating fixed assets	2,618,315	2,248,295	26,183,149	22,482,946
Other assets	494,794	505,516	4,947,939	5,055,163
	34,862,184	29,886,212	348,621,840	298,862,103

Off-Balance sheet

Non-market related

Direct Credit Substitutes / Acceptances / Standby LCs	2,582,827	2,260,799	25,828,269	22,607,988
Transaction Related Contingent Liabilities	1,747,792	1,903,387	17,477,917	19,033,866
Trade Related Contingent Liabilities	1,313,299	1,625,131	13,132,994	16,251,307
Other Commitments	230,820	586,519	2,308,201	5,865,188
	5,874,738	6,375,836	58,747,381	63,758,349

Market related

Outstanding Foreign Exchange Contracts	133,237	110,813	1,332,370	1,108,134
	6,007,975	6,486,649	60,079,751	64,866,483

Market Risk

Capital Requirement for portfolios subject to Standardised Approach

Interest rate risk/Equity Price Risk				
General market risk	127,952	96,365	1,599,394	1,204,561
Specific market risk	72,331	69,035	904,142	862,936
Foreign exchange risk	486,978	340,820	6,087,219	4,260,261
	687,260	506,220	8,590,756	6,327,758

Operational Risk

<u>Capital Requirement for operational risks</u>	4,915,227	4,474,460	61,440,341	55,930,746
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	46,472,647	41,353,541	478,732,687	425,987,090
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Capital Adequacy Ratios

	Required		Actual	
	2018	2017	2018	2017
CET1 to total RWA	6.000%	6.000%	9.040%	9.395%
Tier-1 capital to total RWA	7.500%	7.500%	10.450%	11.022%
Total capital to total RWA	11.900%	11.275%	13.425%	13.808%
Leverage Ratio	3.000%	3.000%	4.066%	4.260%

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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%	511,218,746	45,257,468	465,961,279
20%	61,509,698	8,242,328	53,267,370
35%	5,636,173	10,670	5,625,503
50%	150,441,301	52,729,181	97,712,120
75%	45,560,830	6,591,006	38,969,824
100%	287,720,334	31,842,402	255,877,932
125%	50,025,790	2,210,336	47,815,453
150%	237,082	27,986	209,096
250%	281,000	-	281,000
	<u>1,112,630,952</u>	<u>146,911,377</u>	<u>965,719,577</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.

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Liquidity Coverage Ratio (LCR)

	2018		2017	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	(Rupees in '000)		(Rupees in '000)	
High quality liquid assets				
Total high quality liquid assets (HQLA)		360,946,772		333,948,742
Cash outflows				
Retail deposits and deposits from small business customers of				
Stable deposit	-	-	-	-
Less stable deposit	569,825,040	56,982,504	494,833,315	49,483,331
	569,825,040	56,982,504	494,833,315	49,483,331
Unsecured wholesale funding of which:				
Operational deposits (all counterparties)	-	-	-	-
Non - operational deposits (all counterparties)	185,560,098	77,302,378	166,098,464	70,576,264
Unsecured debt	12,857,615	12,857,615	3,129,012	3,129,012
	198,417,713	90,159,993	169,227,476	73,705,276
Secured wholesale funding		1,368,560		849,374
Additional requirements of which:				
Outflows related to derivative exposures and other collateral requirement	-	-	666,238	666,238
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	280,514,671	616,722	302,792,413	1,065,370
	280,514,671	616,722	303,458,651	1,731,608
Other contractual funding obligations	2,598,113	2,598,113	1,457,794	1,457,794
Other contingent funding obligations	281,525,447	14,076,272	224,605,105	11,230,255
Total cash outflows		165,802,164		138,457,638
Cash inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	83,175,411	49,269,187	84,382,576	47,526,446
Other cash inflows	7,062,786	4,976,680	3,436,839	1,587,775
Total cash inflows		54,245,868		49,114,221
Total High Quality Liquid Assets (HQLA)		360,946,772		333,948,742
Total Net Cash Outflows		111,556,296		89,343,417
Liquidity Coverage Ratio		323.556%		373.781%

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Net Stable Funding Ratio (NSFR)

		2018				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
(Rupees in '000)						
ASF Item						
Capital						
Regulatory capital		44,935,241	-	-	-	44,935,241
Other capital instruments		7,000,000	-	-	7,986,400	14,986,400
Retail deposits and deposit from small business customers:						
Stable deposits		-	-	-	-	-
Less stable deposits		531,115,425	43,450,511	21,181,138	-	536,172,367
Wholesale funding						
Operational deposits		-	-	-	-	-
Other wholesale funding		105,530,463	64,636,312	13,486,560	-	91,826,668
Other liabilities:						
NSFR derivative liabilities		-	-	-	33,036,647	-
All other liabilities and equity not included in other categories		-	-	4,562,898	17,699,730	19,981,178
Total ASF						707,901,854
RSF item						
Total NSFR high - quality liquid assets (HQLA)						44,896,690
Deposits held at other financial institutions for operational purposes		2,787,440	-	-	-	1,393,720
Performing loans and securities:						
Performing loans to financial institutions secured by Level 1 HQLA		-	21,796,577	21,974	1,115,788	4,396,262
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:		-	310,986,523	38,747,942	103,511,815	262,852,275
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	5,412,243	3,517,957
Securities that are not in default and do not qualify as HQLA including exchange - traded equities.		2,535,750	-	-	14,125,546	14,162,102
Other assets:						
NSFR derivative assets		-	-	-	70,584,066	37,547,419
NSFR derivative liabilities before deduction of variation margin posted		-	-	-	33,036,647	6,607,329
All other assets not included in the above categories		4,401,222	55,906,328	8,070,104	12,343,559	79,320,129
Off - balance sheet items						27,311,487
Total RSF						482,005,370
Net Stable Funding Ratio (%)						146.866%

		2017				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
(Rupees in '000)						
ASF Item						
Capital						
Regulatory capital		39,960,723	-	-	-	39,960,723
Other capital instruments		6,932,068	-	-	3,996,000	10,928,068
Retail deposits and deposit from small business customers:						
Stable deposits		-	-	-	-	-
Less stable deposits		-	497,713,054	18,088,877	-	464,221,737
Wholesale funding						
Operational deposits		-	-	-	-	-
Other wholesale funding		-	150,433,040	7,511,917	-	78,972,479
Other liabilities:						
NSFR derivative liabilities		-	-	-	24,439,627	-
All other liabilities and equity not included in other categories		-	1,717,042	835,779	25,155,521	25,573,411
Total ASF						619,656,418
RSF item						
Total NSFR high - quality liquid assets (HQLA)						49,568,804
Deposits held at other financial institutions for operational purposes		2,124,336	-	-	-	1,062,168
Performing loans and securities:						
Performing loans to financial institutions secured by Level 1 HQLA		-	20,662,417	-	-	3,099,363
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:		-	244,616,645	-	64,239,087	176,911,547
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	10,314,762	6,704,595
Securities that are not in default and do not qualify as HQLA including exchange - traded equities.		-	-	-	12,569,315	10,683,918
Other assets:						
NSFR derivative assets		-	-	-	46,725,785	22,286,159
NSFR derivative liabilities before deduction of variation margin posted		-	-	-	24,439,627	4,887,925
All other assets not included in the above categories		7,933,846	2,552,041	1,098,086	17,891,159	29,225,802
Off - balance sheet items						25,715,079
Total RSF						330,145,360
Net Stable Funding Ratio (%)						187.692%

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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 issued revised instructions on the computation of CAR based on Basel III Capital Reform as issued by the Basel Committee on Banking Supervision. These instructions became effective from 31 December 2013 with full implementation intended by 31 December 2019. These instructions also specify the transitional arrangements from 2013 to 2019.

Accordingly, the Bank has assessed and reported its Capital Adequacy Ratio in the financial statements on the basis of Basel III requirements as prescribed by SBP.

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

	2018
Required CAR	11.900%
CAR on stand-alone basis	<u>13.425%</u>
CAR on consolidated basis	<u><u>13.521%</u></u>

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 4.091% 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 subsidiary) 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 subsidiary, where the Bank holds more than 50% of voting shares as at December 31, 2018:

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

The assets, liabilities, income, expenses and cash flows of above subsidiary 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.

	2018	2017
	(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	13,409,293	12,607,324
Gains / (losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated/unremitted profits / (losses)	20,641,220	16,860,463
Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	3,664	28,915
CET 1 before Regulatory Adjustments	45,168,431	40,610,956
Total regulatory adjustments applied to CET1 (Note 42.3.2)	(1,553,920)	(376,510)
Common Equity Tier 1	(a) 43,614,511	40,234,446
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which: Classified as equity	-	-
of which: Classified as liabilities	7,000,000	7,000,000
Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	7,000,000	7,000,000
Total regulatory adjustment applied to AT1 capital (Note 42.3.3)	(250,000)	(48,652)
Additional Tier 1 capital after regulatory adjustments	(250,000)	(48,652)
Additional Tier 1 capital recognized for capital adequacy	(b) 6,750,000	6,951,348
Tier 1 Capital (CET1 + admissible AT1)	(c=a+b) 50,364,511	47,185,794
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	7,986,400	3,992,800
Tier 2 capital instruments subject to phaseout arrangement issued under pre-Base1 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	3,414,358	3,233,096
Revaluation Reserves (net of taxes)	4,517,518	4,572,993
of which: Revaluation reserves on fixed assets	4,517,518	3,729,705
of which: Unrealised gains/(losses) on AFS	-	843,288
Foreign Exchange Translation Reserves	1,348,237	412,410
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	17,266,513	12,211,299
Total regulatory adjustment applied to T2 capital (Note 42.3.4)	(185,244)	(236,347)
Tier 2 capital (T2) after regulatory adjustments	17,081,269	11,974,952
Tier 2 capital recognised for capital adequacy	17,081,269	11,974,952
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	(d) 14,381,722	11,974,952
TOTAL CAPITAL (T1 + admissible T2)	(e=c+d) 64,746,233	59,160,746
Total Risk Weighted Assets (RWA) (Note 42.6)	(f) 478,862,012	426,257,782
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	(a/f) 9.108%	9.439%
Tier-1 capital to total RWA	(c/f) 10.518%	11.070%
Total capital to total RWA	(e/f) 13.521%	13.879%

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	2018	2017
	(Rupees in '000)	
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	<u>7.275%</u>	<u>7.275%</u>
of which: capital conservation buffer requirement	<u>1.275%</u>	<u>1.275%</u>
of which: countercyclical buffer requirement		
of which: D-SIB or G-SIB buffer requirement		
CET1 available to meet buffers (as a percentage of risk weighted assets)	<u>3.108%</u>	<u>3.439%</u>
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	<u>6.000%</u>	<u>6.000%</u>
Tier 1 minimum ratio	<u>7.500%</u>	<u>7.500%</u>
Total capital minimum ratio	<u>11.900%</u>	<u>11.275%</u>

Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	-
All other intangibles (net of any associated deferred tax liability)	(170,863)	(73,585)
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	(165,499)	(272,314)
Cash flow hedge reserve	-	-
Investment in own shares/ CET1 instruments	(45,215)	(30,611)
Securitisation gain on sale	-	-
Capital shortfall of regulated subsidiaries	-	-
Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	(1,172,343)	-
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	(1,553,920)	(376,510)

Additional Tier-1 & Tier-1 Capital: regulatory adjustments

Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	(41,898)
Investment in own AT1 capital instruments	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	(250,000)	-
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	-	(6,754)
Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
Total regulatory adjustment applied to AT1 capital	(250,000)	(48,652)

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	2018	2017
	(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	-	(6,754)
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	(173,714)	(223,651)
Investment in own Tier 2 capital instrument	(11,530)	(5,942)
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	(185,244)	(236,347)
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)	3,414,358	3,233,096
Cap on inclusion of provisions in Tier 2 under standardized approach	3,414,358	3,233,096
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		
	2018	2018
	As per published financial statements	Under regulatory scope for consolidation
Assets		
Cash and balances with treasury banks	74,432,185	74,432,185
Balances with other banks	8,010,940	8,010,940
Lendings to financial institutions	-	-
Investments	414,981,145	414,981,145
Advances	478,214,653	478,214,653
Operating fixed assets	26,363,860	26,363,860
Deferred tax assets	-	-
Other assets	46,723,577	46,723,577
Total assets	1,048,726,360	1,048,726,360
Liabilities & Equity		
Bills payable	20,603,682	20,603,682
Borrowings	119,038,358	119,038,358
Deposits and other accounts	796,851,867	796,851,867
Sub-ordinated loans	14,996,000	14,996,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,344,621	1,344,621
Other liabilities	45,896,782	45,896,782
Total liabilities	998,731,310	998,731,310
Share capital/ Head office capital account	11,114,254	11,114,254
Reserves	14,757,530	14,757,530
Unappropriated/ Unremitted profits/ (losses)	20,641,220	20,641,220
Minority Interest	106,678	106,678
Surplus on revaluation of assets	3,375,368	3,375,368
Total equity	49,995,050	49,995,050
Total liabilities & equity	1,048,726,360	1,048,726,360

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Reference	2018	2018
	As per published financial statements	Under regulatory scope of reporting for consolidation
	(Rupees in '000)	
Reconciliation for balance sheet items that require capital adjustments		
Assets		
Cash and balances with treasury banks	74,432,185	74,432,185
Balances with other banks	8,010,940	8,010,940
Lendings to financial institutions	-	-
Investments	414,981,145	414,981,145
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) 165,499	165,499
of which: reciprocal crossholding of capital instrument of T 2	(e) 173,714	173,714
Advances	478,214,653	478,214,653
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	(f) -	-
general provisions reflected in Tier 2 capital	(g) 3,414,358	3,414,358
Fixed Assets	26,363,860	26,363,860
of which: Intangibles	(h) 170,863	170,863
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	46,723,577	46,723,577
of which: Goodwill	(k) -	-
of which: Defined-benefit pension fund net assets	(l) -	-
Total assets	1,048,726,360	1,048,726,360
Liabilities & Equity		
Bills payable	20,603,682	20,603,682
Borrowings	119,038,358	119,038,358
Deposits and other accounts	796,851,867	796,851,867
Sub-ordinated loans	14,996,000	14,996,000
of which: eligible for inclusion in AT1	(m) 7,000,000	7,000,000
of which: eligible for inclusion in Tier 2	(n) 7,986,400	7,986,400
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,344,621	1,344,621
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	45,896,782	45,896,782
Total liabilities	998,731,310	998,731,310
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	14,757,530	14,757,530
of which: portion eligible for inclusion in CET1	(u) 13,409,293	13,409,293
of which: portion eligible for inclusion in Tier 2	(v) 1,348,237	1,348,237
Unappropriated profits / (losses)	(w) 20,641,220	20,641,220
Minority Interest	106,678	106,678
of which: portion eligible for inclusion in CET1	(x) 3,664	3,664
of which: portion eligible for inclusion in AT1	(y) -	-
of which: portion eligible for inclusion in Tier 2	(z) -	-
Surplus on revaluation of assets	3,375,368	3,375,368
of which: Revaluation reserves on Properties	(aa) 4,547,711	4,547,711
of which: Unrealised Gains/(Losses) on AFS	(1,172,343)	(1,172,343)
In case of Deficit on revaluation (deduction from CET1)	(ab) -	-
Total Equity	49,995,050	49,995,050
Total liabilities & equity	1,048,726,360	1,048,726,360

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Reconciliation of computation of capital with balance sheet of the Bank

		2018
		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		13,409,293
Gains / (Losses) on derivatives held as Cash Flow Hedge	(u)	-
Unappropriated/unremitted profits / (losses)	(w)	20,641,220
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)	3,664
CET 1 before Regulatory Adjustments		45,168,431
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)	(170,863)
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)	(165,499)
Cash flow hedge reserve		-
Investment in own shares/ CET1 instruments		(45,215)
Securitisation gain on sale		-
Capital shortfall of regulated subsidiaries		-
Deficit on account of revaluation from bank's holdings of properties/ AFS	(ab)	(1,172,343)
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 which: 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		(1,553,920)
Common Equity Tier 1		43,614,511

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		2018
		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		
of which: Classified as equity	(t)	-
of which: Classified as liabilities	(m)	7,000,000
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)		
of which: instrument issued by subsidiaries subject to phase out	(y)	
AT1 before regulatory adjustments		7,000,000
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
Investment in own AT1 capital instruments		-
Reciprocal cross holdings in Additional Tier 1 capital instruments		(250,000)
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		(250,000)
Additional Tier 1 capital		-
Additional Tier 1 capital recognised for capital adequacy		(250,000)
Tier 1 Capital (CET1 + admissible AT1)		50,364,511
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		7,986,400
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)	3,414,358
Revaluation Reserves eligible for Tier 2		4,517,518
of which: portion pertaining to Property	portion of (aa)	4,517,518
of which: portion pertaining to AFS securities		-
Foreign Exchange Translation Reserves	(v)	1,348,237
Undisclosed/Other Reserves (if any)		-
T2 before regulatory adjustments		17,266,513
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		(173,714)
Investment in own Tier 2 capital instrument		(11,530)
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		(185,244)
Tier 2 capital (T2)		17,081,269
Tier 2 capital recognised for capital adequacy		17,081,269
Excess Additional Tier 1 capital recognised in Tier 2 capital		2,699,547
Total Tier 2 capital admissible for capital adequacy		14,381,722
TOTAL CAPITAL (T1 + admissible T2)		64,746,233

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Main Features of Regulatory Capital Instruments

Main Features	Common Shares	Additional Tier 1 Sub-ordinated Debt	Tier 2 Sub-ordinated Debt	Tier 2 Sub-ordinated Debt
1. Issuer	Bank AL Habib Limited	Bank AL Habib Limited	Bank AL Habib Limited	Bank AL Habib Limited
2. Unique identifier (e.g. PSX Symbol or Bloomberg identifier etc.)	BAHL	BAHLAT1TFC	BAHLTFC5	BAHLTFC7
3. Governing law(s) of the instrument (Regulatory Authorities)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)	Laws of Pakistan (SBP & SECP)
Regulatory treatment				
4. Transitional Basel III rules	CET-1	Additional Tier 1	Tier 2	Tier 2
5. Post - transitional Basel III rules	CET-1	Additional Tier 1	Tier 2	Tier 2
6. Eligible at solo / group / group & solo	Group & Standalone	Group & Standalone	Group & Standalone	Group & Standalone
7. Instrument type	Ordinary Shares	Sub-ordinated Debt	Sub-ordinated Debt	Sub-ordinated Debt
8. Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	11,114,254	7,000,000	3,992,800	4,000,000
9. Par value of instrument	Rs 10	Rs 5,000	Rs 5,000	Rs 5,000
10. Accounting classification	Shareholders' Equity	Liability - Sub -ordinated Loans	Liability - Sub -ordinated Loans	Liability - Sub -ordinated Loans
11. Original date of issuance	January, 1992	20 December 2017	17 March 2016	06 December 2018
12. Perpetual or dated	Perpetual	Perpetual	Dated	Dated
13. Original maturity date	N/A	N/A	17 March 2026	06 December 2028
14. Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15. Optional call date, contingent call dates and redemption amount	N/A	20 December 2022	17 March 2021	06 December 2023
16. Subsequent call dates, if applicable	N/A	On any coupon payment date after 60 months from the date of issue.	On any coupon payment date after 60 months from the date of issue.	On any coupon payment date after 60 months from the date of issue.
Coupons / dividends				
17. Fixed or floating dividend / coupon	N/A	Floating	Floating	Floating
18. Coupon rate and any related index / benchmark	N/A	6 months Kibor + 1.50% p.a.	6 months Kibor + 0.75% p.a.	6 months Kibor + 1.00% p.a.
19. Existence of a dividend stopper	No	No	No	No
20. Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary	Mandatory	Mandatory
21. Existence of step up or other incentive to redeem	N/A	No	No	No
22. Noncumulative or cumulative	N/A	Noncumulative	N/A	N/A
23. Convertible or non - convertible	N/A	Convertible	Convertible	Convertible
24. If convertible, conversion trigger (s)	N/A	Upon occurrence of a Point of Non Viability (PONV) or Pre Specified Trigger (PST) event or non-compliance with lock-in clause or non-cumulative feature, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions
25. If convertible, fully or partially	N/A	Fully or Partially: To be determined as per SBP's Basel III instructions	Fully or Partially: To be determined as per SBP's Basel III instructions	Fully or Partially: To be determined as per SBP's Basel III instructions
26. If convertible, conversion rate	N/A	To be determined in the case of trigger event	To be determined in the case of trigger event	To be determined in the case of trigger event
27. If convertible, mandatory or optional conversion	N/A	To be determined as per SBP's Basel III instructions	To be determined as per SBP's Basel III instructions	To be determined as per SBP's Basel III instructions
28. If convertible, specify instrument type convertible into	N/A	Common Equity Tier 1	Common Equity Tier 1	Common Equity Tier 1
29. If convertible, specify issuer of instrument it converts into	N/A	BAHL	BAHL	BAHL
30. Write - down feature	N/A	Yes	Yes	Yes
31. If write - down, write - down trigger(s)	N/A	Upon occurrence of a Point of Non Viability (PONV) or Pre Specified Trigger (PST) event or non-compliance with lock-in clause or non-cumulative feature, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions	Upon occurrence of a Point of Non Viability (PONV) event, as stipulated in SBP's Basel III Instructions
32. If write - down, full or partial	N/A	Full or Partial: To be determined as per SBP's Basel III instructions	Full or Partial: To be determined as per SBP's Basel III instructions	Full or Partial: To be determined as per SBP's Basel III instructions
33. If write - down, permanent or temporary	N/A	Permanent or Temporary: To be determined as per SBP's Basel III instructions	Permanent or Temporary: To be determined as per SBP's Basel III instructions	Permanent or Temporary: To be determined as per SBP's Basel III instructions
34. If temporary write - down, description of write - up mechanism	N/A	Subject to Regulatory Instructions / Approval	Subject to Regulatory Instructions / Approval	Subject to Regulatory Instructions / Approval
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Sub -ordinated Loans	Subordinate to all other debts, including deposits & Tier 2 TFCs	Subordinate to all other debts, including deposits, but excluding Tier 1 TFCs	Subordinate to all other debts, including deposits, but excluding Tier 1 TFCs
36. Non - compliant transitioned features	No	No	No	No
37. If yes, specify non - compliant features	N/A	N/A	N/A	N/A

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Capital Requirements		Risk Weighted Assets	
2018	2017	2018	2017

(Rupees in '000)

Credit Risk

On-Balance sheet

Portfolios subject to standardised approach (Comprehensive)

Sovereign	1,107,407	903,858	11,074,065	9,038,577
Public sector enterprises	270,588	334,370	2,705,878	3,343,698
Banks	1,046,229	606,774	10,462,289	6,067,737
Corporate	25,871,776	22,028,631	258,717,764	220,286,306
Retail	2,612,059	2,320,794	26,120,594	23,207,941
Residential mortgages	196,893	159,437	1,968,926	1,594,372
Past due loans	93,334	87,642	933,337	876,418
Equity portfolio	546,511	695,598	5,465,109	6,955,984
Operating fixed assets	2,619,299	2,249,155	26,192,995	22,491,547
Other assets	499,201	515,113	4,992,013	5,151,129
	34,863,297	29,901,372	348,632,971	299,013,709

Off-Balance sheet

Non-market related

Direct Credit Substitutes / Acceptances / Standby LCs	2,582,827	2,260,799	25,828,269	22,607,988
Transaction Related Contingent Liabilities	1,747,792	1,903,387	17,477,917	19,033,866
Trade Related Contingent Liabilities	1,313,299	1,625,131	13,132,994	16,251,307
Other Commitments	230,820	586,602	2,308,201	5,866,018
	5,874,738	6,375,919	58,747,381	63,759,179

Market related

Outstanding Foreign Exchange Contracts	133,237	110,813	1,332,370	1,108,134
	6,007,975	6,486,732	60,079,751	64,867,313

Market Risk

Capital Requirement for portfolios subject to Standardised Approach

Interest rate risk				
General market risk	127,952	96,365	1,599,394	1,204,561
Specific market risk	72,331	69,035	904,142	862,936
Foreign exchange risk	486,978	340,821	6,087,219	4,260,261
	687,260	506,221	8,590,756	6,327,758

Operational Risk

Capital Requirement for operational risks

	4,924,683	4,483,920	61,558,534	56,049,002
	46,483,215	41,378,245	478,862,012	426,257,782

Capital Adequacy Ratios

	Required		Actual	
	2018	2017	2018	2017
CET1 to total RWA	6.000%	6.000%	9.107%	9.439%
Tier-1 capital to total RWA	7.500%	7.500%	10.517%	11.070%
Total capital to total RWA	11.900%	11.275%	13.521%	13.879%
Leverage Ratio	3.000%	3.000%	4.091%	4.106%

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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%	511,395,136	45,257,468	466,137,668
20%	61,530,697	8,242,328	53,288,369
35%	5,636,173	10,670	5,625,503
50%	150,441,301	52,729,181	97,712,120
75%	45,560,905	6,591,006	38,969,899
100%	288,222,336	31,842,402	256,379,934
125%	50,025,790	2,210,336	47,815,453
150%	237,082	27,986	209,096
250%	82,949	-	82,949
	<u>1,113,132,367</u>	<u>146,911,377</u>	<u>966,220,991</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.

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Liquidity Coverage Ratio (LCR)

	2018		2017	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	(Rupees in '000)		(Rupees in '000)	
High quality liquid assets				
Total high quality liquid assets (HQLA)		360,946,772		333,948,742
Cash outflows				
Retail deposits and deposits from small business customers of which:				
Stable deposit	-	-	-	-
Less stable deposit	569,825,040	56,982,504	494,833,315	49,483,331
	569,825,040	56,982,504	494,833,315	49,483,331
Unsecured wholesale funding of which:				
Operational deposits (all counterparties)	-	-	-	-
Non - operational deposits (all counterparties)	185,560,098	77,302,378	166,098,464	70,576,264
Unsecured debt	12,857,615	12,857,615	3,129,012	3,129,012
	198,417,713	90,159,993	169,227,476	73,705,276
Secured wholesale funding		1,368,560		849,374
Additional requirements of which:				
Outflows related to derivative exposures and other collateral requirements	-	-	666,238	666,238
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	280,514,671	616,722	302,792,413	1,065,370
	280,514,671	616,722	303,458,651	1,731,608
Other contractual funding obligations	2,598,113	2,598,113	1,457,794	1,457,794
Other contingent funding obligations	281,525,447	14,076,272	224,605,105	11,230,255
Total cash outflows		165,802,164		138,457,638
Cash inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	83,175,411	49,269,187	84,382,576	47,526,446
Other cash inflows	7,062,786	4,976,680	3,436,839	1,587,775
Total cash inflows		54,245,868		49,114,221
Total High Quality Liquid Assets (HQLA)		360,946,772		333,948,742
Total Net Cash Outflows		111,556,296		89,343,417
Liquidity Coverage Ratio		323.556%		373.781%

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Net Stable Funding Ratio (NSFR)

2018					
Unweighted value by residual maturity					Weighted value
No maturity	< 6 months	6 months to < 1 year	≥ 1 year		
(Rupees in '000)					
ASF Item					
Capital					
Regulatory capital	44,935,241	-	-	-	44,935,241
Other capital instruments	7,000,000	-	-	7,986,400	14,986,400
Retail deposits and deposit from small business customers:					
Stable deposits	-	-	-	-	-
Less stable deposits	531,115,425	43,450,511	21,181,138	-	536,172,367
Wholesale funding					
Operational deposits	-	-	-	-	-
Other wholesale funding	105,530,463	64,636,312	13,486,560	-	91,826,668
Other liabilities:					
NSFR derivative liabilities	-	-	-	33,036,647	-
All other liabilities and equity not included in other categories	-	-	4,562,898	17,699,730	19,981,178
Total ASF	707,901,854				
RSF item					
Total NSFR high - quality liquid assets (HQLA)	44,896,690				
Deposits held at other financial institutions for operational purposes	2,787,440	-	-	-	1,393,720
Performing loans and securities:					
Performing loans to financial institutions secured by Level 1 HQLA	-	21,796,577	21,974	1,115,788	4,396,262
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:	-	310,986,523	38,747,942	103,511,815	262,852,275
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	5,412,243	3,517,957
Securities that are not in default and do not qualify as HQLA including exchange - traded equities.	2,535,750	-	-	14,125,546	14,162,102
Other assets:					
NSFR derivative assets	-	-	-	70,584,066	37,547,419
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	33,036,647	6,607,329
All other assets not included in the above categories	4,401,222	55,906,328	8,070,104	12,343,559	79,320,129
Off - balance sheet items	27,311,487				
Total RSF	482,005,370				
Net Stable Funding Ratio (%)	146.866%				

2017					
Unweighted value by residual maturity					Weighted value
No maturity	< 6 months	6 months to < 1 year	≥ 1 year		
(Rupees in '000)					
ASF Item					
Capital					
Regulatory capital	39,960,723	-	-	-	39,960,723
Other capital instruments	6,932,068	-	-	3,996,000	10,928,068
Retail deposits and deposit from small business customers:					
Stable deposits	-	-	-	-	-
Less stable deposits	-	497,713,054	18,088,877	-	464,221,737
Wholesale funding					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	150,433,040	7,511,917	-	78,972,479
Other liabilities:					
NSFR derivative liabilities	-	-	-	24,439,627	-
All other liabilities and equity not included in other categories	-	1,717,042	835,779	25,155,521	25,573,411
Total ASF	619,656,418				
RSF item					
Total NSFR high - quality liquid assets (HQLA)	49,568,804				
Deposits held at other financial institutions for operational purposes	2,124,336	-	-	-	1,062,168
Performing loans and securities:					
Performing loans to financial institutions secured by Level 1 HQLA	-	20,662,417	-	-	3,099,363
Performing loans to financial institutions secured by non - Level 1 HQLA	-	-	-	-	-
Performing loans to non- financial corporate clients, loans to retail and With a risk weight of less than or equal to 35% under the Basel II	-	244,616,645	-	64,239,087	176,911,547
Securities that are not in default and do not qualify as HQLA including	-	-	-	10,314,762	6,704,595
Securities that are not in default and do not qualify as HQLA including	-	-	-	12,569,315	10,683,918
Other assets:					
NSFR derivative assets	-	-	-	46,725,785	22,286,159
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	24,439,627	4,887,925
All other assets not included in the above categories	7,933,846	2,552,041	1,098,086	17,891,159	29,225,802
Off - balance sheet items	25,715,079				
Total RSF	330,145,360				
Net Stable Funding Ratio (%)	187.692%				