## Meezan Bank Limited Capital Adequacy, Leverage ratio & Liquidity requirements disclosures - Consolidated As at December 31, 2022

#### 47.1.1 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) introduced guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

The Group's capital adequacy is reported using the rules and ratios provided by the State Bank of Pakistan. The capital adequacy ratio is a measure of the amount of a Group's capital expressed as a percentage of its risk weighted assets (RWAs). Banking operations are categorized as either Trading Book or Banking Book and RWAs are determined according to specific treatments as per the requirements of SBP that measure the varying levels of risk attached to on balance sheet and off-balance sheet exposures. Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Group's exposures based on eligible collateral.

In implementing current capital requirements the State Bank of Pakistan requires all banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.50% (on Standalone & Consolidated basis) as of December 31, 2022 whereas MBL's Standalone CAR stood at 18.42% at the year ended December 31, 2022.

### 47.2 Capital Adequacy Ratio (CAR) disclosure

| Capital Adequacy Ratio (CAR) disclosure   |                                       |                |
|---|---------------------------------------|----------------|
|   | 2022<br>Rupees i                      | 2021<br>1 '000 |
| Common Equity Tier 1 capital (CET1): Instruments and reserves                                       |                                       |                |
| Fully paid-up capital / capital deposited with the SBP  | 17,896,243                            | 16,269,312     |
| Balance in share premium account  | 2,406,571                             | 2,406,571      |
| Reserve for issue of bonus shares   | 2, 100,011                            | -, .00,0       |
| Discount on issue of shares   |                                       | _              |
| General / Statutory Reserves  | 25,805,566                            | 21,010,943     |
| Gain / (Losses) on derivatives held as Cash Flow Hedge  |                                       |                |
| Unappropriated profits  | 72,485,599                            | 45,494,657     |
| Minority Interests arising from CET1 capital instruments issued to third party by consolidated      | 157,513                               | 210,483        |
| bank subsidiaries (amount allowed in CET1 capital of the consolidation group)                       |                                       | -              |
| CET 1 before Regulatory Adjustments   | 118,751,492                           | 85,391,966     |
| Total regulatory adjustments applied to CET1 (Note 47.2.1)  | (2,783,155)                           | (1,694,746)    |
| Common Equity Tier 1  | 115,968,337                           | 83,697,220     |
|   | , ,                                   |                |
| Additional Tier 1 (AT 1) Capital  |                                       |                |
| Qualifying Additional Tier-1 capital instruments plus any related share premium                     | -                                     | -              |
| of which:   |                                       |                |
| - classified as equity  | 7,000,000                             | 7,000,000      |
| - classified as liabilities   | -                                     | -              |
| Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties |                                       |                |
| - of which: instrument issued by subsidiaries subject to phase out                                  | 27,796                                | 37,144         |
| AT1 before regulatory adjustments   | 7,027,796                             | 7,037,144      |
| Total of Regulatory Adjustment applied to AT1 capital (Note 47.2.2)                                 |                                       | (56,055)       |
| Additional Tier 1 capital after regulatory adjustments  | 7,027,796                             | 6,981,089      |
| Tier 1 Capital (CET1 + admissible AT1)  | 122,996,133                           | 90,678,309     |
| Tier 2 Capital  |                                       |                |
| Qualifying Tier 2 capital instruments under Basel III plus any related share premium                | 13,990,000                            | 13,990,000     |
| Capital instruments subject to phase out arrangement issued   | '-                                    | · · ·          |
| Tier 2 capital instruments issued to third parties by consolidated subsidiaries                     | 46,327                                | 61,907         |
| 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   | 6,971,393                             | 5,870,018      |
| Revaluation Reserves (net of taxes)   | '-                                    |                |
| of which:   | -                                     |                |
| - Revaluation reserves on fixed assets  | -                                     | -              |
| - Unrealized gains/losses on AFS  | -                                     | 4,040,077      |
| Foreign Exchange Translation Reserves   | -                                     | · -            |
| Undisclosed/Other Reserves (if any)   | -                                     | -              |
| T2 before regulatory adjustments  | 21,007,720                            | 23,962,002     |
| Total regulatory adjustment applied to T2 capital (Note 47.2.3)                                     | · · · · · · · · · · · · · · · · · · · | · · · -        |
| Tier 2 capital (T2) after regulatory adjustments  | 21,007,720                            | 23,962,002     |
| Tier 2 capital recognized for capital adequacy  | 21,007,720                            | 23,962,002     |
| Portion of Additional Tier 1 capital recognized in Tier 2 capital                                   | -                                     |                |
| Total Tier 2 capital admissible for capital adequacy  | 21,007,720                            | 23,962,002     |
| TOTAL CAPITAL (T1 + admissible T2)  | 144,003,853                           | 114,640,311    |
| Total Risk Weighted Assets (RWA) {for details refer Note 47.4}                                      | 772,351,853                           | 634,948,368    |
| - ','   |                                       |                |

|  | 2022    | 2024         |
|--|---------|--------------|
| Particulars  |         | 2021<br>ount |
| T uniculars  | Rupees  |              |
| Capital Ratios and buffers (in percentage of risk weighted assets)       | Kupees  | 7 III 000    |
| CET1 to total RWA  | 15.01%  | 13.18%       |
| Tier-1 capital to total RWA  | 15.92%  | 14.28%       |
| Total capital to total RWA   | 18.64%  | 18.06%       |
| Bank specific buffer requirement (minimum CET1 requirement plus capital  | 10.0470 | 10.0070      |
| conservation buffer plus any other buffer requirement) of which:         | 8.00%   | 7.50%        |
| - capital conservation buffer requirement                                | 1.50%   | 1.50%        |
| - countercyclical buffer requirement                                     | 1.30 // | 1.5070       |
| - D-SIB or G-SIB buffer requirement                                      | 0.50%   | _            |
| CET1 available to meet buffers (as a percentage of risk weighted assets) | 9.01%   | 7.18%        |
| OLT I available to meet build a a percentage of risk weighted assets)    | 3.0170  | 7.1070       |
| 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  | 10.00%  | 10.00%       |
| CCB (Consisting of CET 1 only)   | 1.50%   | 1.50%        |
| Total Capital plus CCB   | 11.50%  | 11.50%       |

2022 2021 Pre-Basel III Pre-Basel III **Particulars** Amount Amount treatment\* treatment\* Rupees in '000 47.2.1 Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability) All other intangibles (net of any associated deferred tax liability) 1 873 518 1 505 581 Shortfall of provisions against classified assets Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) Defined-benefit pension fund net assets Reciprocal cross holdings in CET1 capital instruments 40.508 Cash flow hedge reserve Investment in own shares / CET1 instruments 202,780 189,165 Securitization gain on sale Capital shortfall of regulated subsidiaries Deficit on account of revaluation from bank's holdings of property / AFS 666.349 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 deferred tax assets arising from temporary differences National specific regulatory adjustments applied to CET1 capital Investment in TFCs of other banks exceeding the prescribed limit Any other deduction specified by SBP Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions 2.783.155 1.694.746 Total regulatory adjustments applied to CET1 47.2.2 Additional Tier 1 Capital: regulatory adjustments Investment in mutual funds exceeding the prescribed limit (SBP specific 56.055 Investment in own AT1 capital instruments Reciprocal cross holdings in Additional Tier 1 capital instruments 2022 2021 Pre-Basel III Pre-Basel III **Particulars** Amount Amount treatment\* treatment\* Rupees in '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 issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions Total of Regulatory Adjustment applied to AT1 capital 56 055 \* This column highlights items that are still subject to Pre Basel III treatment during the transitional period 47.2.3 Tier 2 Capital: regulatory adjustments Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital Reciprocal cross holdings in Tier 2 instruments Investment in own Tier 2 capital instrument Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation

Amount of Regulatory Adjustment applied to T2 capital

\* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

|        |  | 2022      | 2021      |
|--------|--|-----------|-----------|
| 40.2.4 | Risk Weighted Assets subject to pre-Basel III treatment  | Rupees in | '000      |
|        | Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)                                 | -         | -         |
|        | of which: deferred tax assets  | -         | -         |
|        | of which: Defined-benefit pension fund net assets  | -         | -         |
|        | of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity | <u>-</u>  | -         |
|        | of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity | -         | -         |
|        | Amounts below the thresholds for deduction (before risk weighting)   |           |           |
|        | Non-significant investments in the capital of other financial entities   | 1,202,534 | 854,472   |
|        | Significant investments in the common stock of financial entities  | -         | -         |
|        | Deferred tax assets arising from temporary differences (net of related tax liability)  | 4,439,835 | -         |
|        | Applicable caps on the inclusion of provisions in Tier 2   |           |           |
|        | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)   | 9,780,641 | 5,870,018 |
|        | Cap on inclusion of provisions in Tier 2 under standardized approach   | 6,971,393 | 5,889,989 |
|        | 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  | -         | -         |

### 47.3 Capital Structure Reconciliation

Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

| Particulars  |           | Balance sheet as<br>in published<br>financial<br>statements | Under regulatory<br>scope of<br>reporting |  |
|--|-----------|---|---|--|
|  |           |   | 31, 2022                                  |  |
|  |           | (Rupee  | s in '000)                                |  |
| Assets   |           |   |   |  |
| Cash and balances with treasury banks  |           | 117,743,672   | 117,743,672                               |  |
| Balances with other banks  |           | 13,710,753  | 13,710,753                                |  |
| Due from financial institutions  |           | 34,964,299  | 34,964,299                                |  |
| Investments  |           | 1,287,316,423   | 1,287,316,423                             |  |
| Islamic financing and related assets   |           | 995,508,354   | 995,508,354                               |  |
| Fixed assets   |           | 40,624,658  | 40,624,658                                |  |
| Intangible assets  |           | 1,873,518   | 1,873,518                                 |  |
| Deferred tax assets  |           | 4,439,835   | 4,439,835                                 |  |
| Other assets   |           | 85,719,066  | 85,719,066                                |  |
| Total assets   |           | 2,581,900,578   | 2,581,900,578                             |  |
| Liabilities and Equity   |           |   |   |  |
| Bills payable  |           | 40,175,122  | 40,175,122                                |  |
| Due to financial institutions  |           | 573,326,439   | 573,326,439                               |  |
| Deposits and other accounts  |           | 1,658,469,588   | 1,658,469,588                             |  |
| Sub-ordinated sukuk  |           | 20,990,000  | 20,990,000                                |  |
| Deferred tax liabilities   |           | -   | -   |  |
| Other liabilities  |           | 169,804,739   | 169,804,739                               |  |
| Total liabilities  |           | 2,462,765,888   | 2,462,765,888                             |  |
| Share capital  |           | 17,896,243  | 17,896,243                                |  |
| Reserves   |           | 28,212,137  | 28,212,137                                |  |
| Unappropriated profit  |           | 72,485,599  | 72,485,599                                |  |
| Minority Interest  |           | 1,204,382   | 1,204,382                                 |  |
| Surplus on revaluation of investments - net of tax   |           | (663,671)   | (663,671)                                 |  |
| ·  |           | 119,134,690   | 119,134,690                               |  |
| Total liabilities and equity   |           | 2,581,900,578   | 2,581,900,578                             |  |
| Reconciliation of balance sheet to eligible regulatory capital - Step                                  | 2         |   |   |  |
| Particulars  | Reference | Balance sheet as<br>in published<br>financial<br>statements | Under regulatory<br>scope of<br>reporting |  |
|  |           | As at Dec 31, 2022  |   |  |
| Acceta   |           | (Rupees in '000)  |   |  |
| Assets Cash and balances with treasury banks Balances with other banks Due from financial institutions |           | 117,743,672<br>13,710,753<br>34,964,299                     | 117,743,672<br>13,710,753<br>34,964,299   |  |

| December 31, 2022  |           |   |   |
|--|-----------|---|---|
| Particulars  | Reference | Balance sheet as<br>in published<br>financial<br>statements | Under regulatory<br>scope of<br>reporting |
|  |           | As at Dec   | 31, 2022                                  |
| Investments  |           |   | s in '000)                                |
| Investments of which:  |           | 1,287,316,423   | 1,287,316,423                             |
|  |           |   |   |
| <ul> <li>non-significant capital investments in capital of other financial institutions exceeding 10% threshold</li> </ul> | а         | _   | _   |
| - significant capital investments in financial sector entities   | u         |   |   |
| exceeding regulatory threshold   | b         | _   | _   |
| - mutual Funds exceeding regulatory threshold  | C         | _   | -   |
| - reciprocal crossholding of capital instrument  | d         | 40,508  | 40,508                                    |
| - others   | e         | 202,780   | 202.780                                   |
| Islamic financing and related assets   |           | 995,508,354   | 995,508,354                               |
| - shortfall in provisions / excess of total EL amount  |           |   |   |
| over eligible provisions under IRB   | f         | -   | -   |
| - general provisions reflected in Tier 2 capital   | g         | 9,780,641   | 6,971,393                                 |
| Fixed assets   |           | 40,624,658  | 40,624,658                                |
| Intangible assets  | k         | 1,873,518   | 1,873,518                                 |
| Deferred tax assets  |           | 4,439,835   | 4,439,835                                 |
| of which:  |           |   |   |
| <ul> <li>DTAs that rely on future profitability excluding those arising from<br/>temporary differences</li> </ul>          | h         | =   | -   |
| - DTAs arising from temporary differences exceeding regulatory threshold   | i         | =   | =   |
| Other assets   |           | 85,719,066  | 85,719,066                                |
| of which:  |           |   |   |
| - goodwill   | j         | =   | =   |
| - defined-benefit pension fund net assets  | I         | <del>-</del>  | <del>-</del>                              |
| Total assets   |           | 2,581,900,578   | 2,581,900,578                             |
| Liabilities and Equity   |           |   |   |
| Bills payable  |           | 40,175,122  | 40,175,122                                |
| Due from financial institutions  |           | 573,326,439   | 573,326,439                               |
| Deposits and other accounts  |           | 1,658,469,588   | 1,658,469,588                             |
| Sub-ordinated sukuk of which:  |           | 20,990,000  | 20,990,000                                |
| - eligible for inclusion in AT1  | m         | 7,000,000   | 7,000,000                                 |
| - eligible for inclusion in Tier 2   | n         | 13,990,000  | 13,990,000                                |
| Liabilities against assets subject to finance lease  |           |   |   |
| Deferred tax liabilities of which:   |           | -   | -   |
| - DTLs related to goodwill   | 0         | -   | -   |
| - DTLs related to intangible assets  | p         | =   | =   |
| DTLs related to defined pension fund net assets     other deferred tax liabilities   | q         | -   | -   |
| Other liabilities  | r         | -<br>169.804.739  | 160 904 720                               |
| Total liabilities  |           | <b>2,462,765,888</b>  | 169,804,739<br><b>2,462,765,888</b>       |

| 17,896,243   17,   | Rupees in '000)  | Particulars  | Reference | Balance sheet as<br>in published<br>financial<br>statements | Under regulatory<br>scope of<br>reporting |
|--|--|--|-----------|---|---|
| 17,896,243   17,    -  | 17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   17,896,243   28,212,137   28,212,137   24,06,571   2,406,571   2,406,571   2,406,571   2,406,571   3,117,547   |  |           |   |   |
| To which: amount eligible for CET1   | S  | Share canital  |           | • •   | •   |
| Reserves of which:   | t 28,212,137 28,212,137 28,212,137 premium 2,406,571 2,406,571 2,406,571 2,406,571 2,406,571 2,169,518 22,169,518 22,169,518 22,169,518 22,169,518 22,169,518 22,169,518 22,169,518 22,169,518 22,169,518 24,7419 427, | •  | e         |   |   |
| Reserves of which:   - portion eligible for inclusion in CET1 - Share premium   - portion eligible for inclusion in CET1 - Statutory reserve   - portion eligible for inclusion in CET1 - Gain on Bargain Purchase   u   3,117,547   3, 22, 2, 2, 2, 2, 2, 2, 2, 2, 2, 3, 117,547   3, 3, 117,547   3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 117,547   3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3,   | Premium  | · · · · · · · · · · · · · · · · · · ·                                |           | -   | 17,030,243                                |
| - portion eligible for inclusion in CET1 - Share premium   | Premium   2,406,571   2,485,599   3,204,382   3,204,   | •  | ·         | 28 212 137  | 28 212 137                                |
| - portion eligible for inclusion in CET1 - Statutory reserve - portion eligible for inclusion in CET1 - Gain on Bargain Purchase - portion eligible for inclusion in CET1 - Employee Share Option - portion eligible for inclusion in CET1 - General reserve - portion eligible for inclusion in Tier 2 General reserve - portion eligible for inclusion in Tier 2 General reserve - portion eligible for inclusion in Tier 2 General reserve - portion eligible for inclusion in Tier 2 General reserve - portion eligible for inclusion in Tier 2 General reserve - portion eligible for inclusion in Tier 2 General reserve - portion eligible for inclusion in Tier 2 General reserve - portion eligible for inclusion in CET1 - portion eligible for inclusion in Tier 2 - port | Source based on reference number from step 2   1,895,18   22,169,518   3,117,547   3,117   |  |           |   |   |
| - portion eligible for inclusion in CET1 - Gain on Bargain Purchase  | ### Bargain Purchase upon the step 2   | ,  |           |   | , ,                                       |
| - portion eligible for inclusion in CET1 - Employee Share Option - portion eligible for inclusion in CET1 - General reserve - portion eligible for inclusion in Tier 2 General reserve - portion eligible for inclusion in Tier 2 General reserve V 72,485,599 72, Minority Interest of which: - portion eligible for inclusion in CET1 - portion eligible for inclusion in CET1 - portion eligible for inclusion in AT1 - portion eligible for inclusion in AT1 - portion eligible for inclusion in Tier 2 - port | Vee Share Option   427,419   427,419   417,4   | , ,  | ш         |   |   |
| - portion eligible for inclusion in CET1 - General reserve   | Source based on reference number from step 2   1,886,599   17,896,243   1,896,243   1,896,243   1,896,243   1,896,243   1,896,243   1,896,243   1,896,243   1,896,243   1,896,349   1,89   | , ,  | u         | * *   |   |
| Portion eligible for inclusion in Tier 2 General reserve   V   | V  | ,                              |           |   |   |
| Unappropriated profit         w         72,485,599         72, Minority Interest of which:         1,204,382         1,           - portion eligible for inclusion in CET1         x         1,575,513         1,           - portion eligible for inclusion in AT1         y         27,796         27,796           - portion eligible for inclusion in Tier 2         z         46,327         32,581,900,578   | V  |  | V         | 91,002  | 91,002                                    |
| Minority Interest of which:  | 1,204,382   1,204,382   1,204,382   1,204,382   1,70   | , •  |           | 72 485 500  | 72 485 500                                |
| - portion eligible for inclusion in CET1 - portion eligible for inclusion in AT1 - portion eligible for inclusion in AT1 - portion eligible for inclusion in Ter 2 - portion eligible for inclusion in Tier 2  Surplus / (Loss) on revaluation of assets of which: - Revaluation reserves on Property - Unrealized Gains/Losses on AFS - Unrealized Gains/Losses on Non-Banking Assets  Total liabilities and Equity  Basel III Disclosure (with added column) - Step 3  articulars  Source based on reference number from step 2  articulars  Source based on regulation reserves in '000)-  Common Equity Tier 1 capital (CET1): Instruments and reserves Fully Paid-up Capital Balance in share premium account Reserve for issue of bonus shares General / Statutory Reserves General / Statutory Reserves Unappropriated / unremitted profits Winority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability)   | X  |  | W         |   |   |
| - portion eligible for inclusion in AT1 - portion eligible for inclusion in Tier 2 - Revaluation reserves on Property - Unrealized Gains/Losses on AFS - Unrealized Gains/Losses on AFS - Unrealized Gains/Losses on Non-Banking Assets  Total liabilities and Equity  - Unrealized Gains/Losses on Non-Banking Assets  Total liabilities and Equity  - Unrealized Gains/Losses on Non-Banking Assets  Total liabilities and Equity  - Unrealized Gains/Losses on Non-Banking Assets  - Unrealized Gains/Losses on Non-Banking Assets  Total liabilities and Equity  - Unrealized Gains/Losses on Non-Banking Assets  - Unrealized Cains/Losses on Componed Canton Assets  - Unrealized Cains/Losses on Non-Banking  | Y   27,796   27,796   27,796   2 2,796   2 46,327   46,327   (663,671)   (666,349)   (666,349)   (666,349)   (666,349)   (2,678   - 2,581,900,578   2,581,897,900   2,581,900,578   2,581,897,900   2,581,900,578   2,581,897,900   2,581,900,578   2,581,897,900   2,581,89   | •  | v         |   |   |
| - portion eligible for inclusion in Tier 2 Surplus / (Loss) on revaluation of assets of which: - Revaluation reserves on Property - Unrealized Gains/Losses on AFS - Unrealized Gains/Losses on Non-Banking Assets aa (666,349) - Unrealized Gains/Losses on Non-Banking Assets Total liabilities and Equity  Basel III Disclosure (with added column) - Step 3  Source based on reference number from step 2 - (Rupees in '000) (Rupee   | Z   46,327   46,327   (666,349)   (666,349)   (666,349)   (666,349)   (666,349)   (666,349)   (2,678   2,581,900,578   2,581,897,900   (2,581,900,578   2,581,897,900   (2,581,900,578   2,581,897,900   (2,581,900,578   2,581,897,900   (2,581,900,578   2,581,897,900   (2,581,89   |  |           |   |   |
| Surplus / (Loss) on revaluation of assets of which:  - Revaluation reserves on Property  - Unrealized Gains/Losses on AFS - Unrealized Gains/Losses on Non-Banking Assets  Total liabilities and Equity  Basel III Disclosure (with added column) - Step 3  Total liabilities and Equity  articulars  Source based on reference number from step 2 by be composed in the composition of the constant of the co | (663,671)   (666,349)     ssets   aa   (666,349)   (666,349)     ssets   ab   2,678     2,581,900,578   2,581,897,900     Source based on reference number from step 2   by bank   | •  |           |   |   |
| - Revaluation reserves on Property - Unrealized Gains/Losses on AFS - Unrealized Gains/Losses on Non-Banking Assets  Total liabilities and Equity  Basel III Disclosure (with added column) - Step 3  Farticulars  Source based on reference number from step 2 by to separate properties of the consolidation group)  Common Equity Tier 1 capital (CET1): Instruments and reserves Fully Paid-up Capital Balance in share premium account General / Statutory Reserves General / Statutory Reserves Gain / (Losses) on derivatives held as Cash Flow Hedge Unappropriated / unremitted profits Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital for Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability)  | Source based on reference number from step 2 by bank   | , •  | 2         |   |   |
| - Unrealized Gains/Losses on AFS - Unrealized Gains/Losses on Non-Banking Assets  Total liabilities and Equity  Basel III Disclosure (with added column) - Step 3  Articulars  Particulars  Total liabilities and Equity  Basel III Disclosure (with added column) - Step 3  Articulars  Particulars  Total liabilities and Equity  Basel III Disclosure (with added column) - Step 3  Source based on reference number from capital reserves  Fully Paid-up Capital Balance in share premium account Reserve for issue of bonus shares  General / Statutory Reserves  General / Statutory Reserves  Gain / (Losses) on derivatives held as Cash Flow Hedge  Unappropriated / unremitted profits  Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)  | Source based on reference number from capital reported by bank (Rupees in '000)   17,896,243 (u) 2,406,571 (u) 25,805,566 (u) 25,805,566 (w) 72,485,599 (w) 72,485,599 (v) 157,513 (118,751,492 (ents at a liability) (k) 1,873,518 (u) 1,873,   |  |           | (003,071)   | (000,549)                                 |
| Total liabilities and Equity  Passel III Disclosure (with added column) - Step 3  Particulars  P | Source based on reference number from step 2 by bank (Rupees in '000)   Source based on reference step 2 by bank (Rupees in '000)   Source based on regulatory capital reported step 2 by bank (Rupees in '000)   Source based on regulatory capital reported step 2 by bank (Rupees in '000)   Source based on regulatory capital reported step 2 by bank (Rupees in '000)   Source based on regulatory capital reported step 2 by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital reported by bank (Rupees in '000)   Source based on regulatory capital rep   | · ·  | 22        | (666 340)   | (666 340)                                 |
| Total liabilities and Equity  Basel III Disclosure (with added column) - Step 3  Particulars  Common Equity Tier 1 capital (CET1): Instruments and reserves Fully Paid-up Capital Balance in share premium account Reserve for issue of bonus shares General / Statutory Reserves Gain / (Losses) on derivatives held as Cash Flow Hedge Unappropriated / unremitted profits Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability)  | 2,581,900,578   2,581,897,900  |  |           |   | (000,349)                                 |
| Basel III Disclosure (with added column) - Step 3  articulars  Source based on reference number from step 2 by to step 2 by to step 2 by to step 2 by to step 2 step 3 step 3 step 2 step 3 ste | Source based on reference number from step 2   Source based on regulatory capital reported by bank     |  | au        |   | 2 581 807 900                             |
| Particulars  Parti | reference number from step 2 capital reported by bank (Rupees in '000)——————————————————————————————————   | Total Habilities and Equity  |           | 2,301,300,370   | 2,301,097,900                             |
| Particulars    reference   number from   capital responsibility   step 2   by the step 2   by  | reference number from step 2   capital reported by bank   (Rupees in '000)   capital reported by bank   (Rupees in '000)   capital reported by bank   (Rupees in '000)   capital reported by bank   capital report   capital re | Basel III Disclosure (with added column) - Step 3                    |           |   |   |
| ratticulars  number from capital r step 2 by to common Equity Tier 1 capital (CET1): Instruments and reserves  Fully Paid-up Capital (s) 17, Balance in share premium account (u) 2, Reserve for issue of bonus shares  General / Statutory Reserves (u) 25, Gain / (Losses) on derivatives held as Cash Flow Hedge Unappropriated / unremitted profits Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability)   | number from   capital reported   by bank     (Rupees in '000)  |  |           |   | •   |
| step 2by be consolidated bank subsidiaries (amount allowed in CET1 before Regulatory AdjustmentsStep 2by be consolidated befored tax liability)  | Step 2   by bank   (Rupees in '000)   (Rupees in    | Particulars  |           |   | •   |
| Common Equity Tier 1 capital (CET1): Instruments and reserves  Fully Paid-up Capital (s) 17, Balance in share premium account (u) 2, Reserve for issue of bonus shares  General / Statutory Reserves (u) 25, Gain / (Losses) on derivatives held as Cash Flow Hedge Unappropriated / unremitted profits (w) 72, Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability)   | (s) 17,896,243 (u) 2,406,571 (u) 25,805,566 (w) 72,485,599 (w) 72,485,599 (x) 157,513 (x) 118,751,492 (ents (x) 1,873,518 (u) 1, |  |           |   |   |
| Common Equity Tier 1 capital (CET1): Instruments and reserves  Fully Paid-up Capital (s) 17, Balance in share premium account (u) 2, Reserve for issue of bonus shares  General / Statutory Reserves (u) 25, Gain / (Losses) on derivatives held as Cash Flow Hedge  Unappropriated / unremitted profits (w) 72, Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)   | and reserves  (s) 17,896,243 (u) 2,406,571  (u) 25,805,566  ge  (w) 72,485,599  Its issued to third bunt allowed in CET1  (x) 157,513 118,751,492  The series is a similar to the series in the series |  |           |   |   |
| Fully Paid-up Capital (s) 17. Balance in share premium account (u) 2. Reserve for issue of bonus shares General / Statutory Reserves (u) 25. Gain / (Losses) on derivatives held as Cash Flow Hedge Unappropriated / unremitted profits (w) 72. Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability)  | (s) 17,896,243 (u) 2,406,571  (u) 25,805,566  ge (w) 72,485,599  Ints issued to third bunt allowed in CET1 (x) 157,513 118,751,492  The series (k) 1,873,518  uuding those arising x liability)  | Common Equity Tier 1 canital (CET1): Instruments and reserves        |           | (Rupee  | s in 000)                                 |
| Balance in share premium account  Reserve for issue of bonus shares  General / Statutory Reserves  Gain / (Losses) on derivatives held as Cash Flow Hedge  Unappropriated / unremitted profits  Minority Interests arising from CET1 capital instruments issued to third  party by consolidated bank subsidiaries (amount allowed in CET1  capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)  | (u) 2,406,571  (u) 25,805,566  (ge   |  |           | (e)   | 17 806 2/13                               |
| Reserve for issue of bonus shares  General / Statutory Reserves  Gain / (Losses) on derivatives held as Cash Flow Hedge  Unappropriated / unremitted profits  Minority Interests arising from CET1 capital instruments issued to third  party by consolidated bank subsidiaries (amount allowed in CET1  capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)  | (u) 25,805,566  (w) 72,485,599  Ints issued to third  Count allowed in CET1  (x) 157,513  118,751,492  Interest in the count of the cou | · · ·  |           | , ,   |   |
| General / Statutory Reserves  Gain / (Losses) on derivatives held as Cash Flow Hedge  Unappropriated / unremitted profits  Minority Interests arising from CET1 capital instruments issued to third  party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)  | rents issued to third ount allowed in CET1 (x) 157,513 118,751,492 rents (x) 1,873,518 rents (x) 1,873,518 rents (x) (x) 1,873 | ·  |           | (u)   | 2,400,071                                 |
| Gain / (Losses) on derivatives held as Cash Flow Hedge Unappropriated / unremitted profits (w) 72, Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group) CET 1 before Regulatory Adjustments (18, Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability)   | rents (w) 72,485,599  and sissued to third (v) 72,485,599  and sissued to third (v) 157,513  118,751,492  and sissued to third (v) 157,513  and |  |           | (11)  | 25 805 566                                |
| Unappropriated / unremitted profits (w) 72, Minority Interests arising from CET1 capital instruments issued to third  party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments (18, Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)   | (w) 72,485,599  Into issued to third  Sount allowed in CET1  (x) 157,513  118,751,492  Interest is issued to third  (x) 157,513  Interest is   |  |           | (u)   | 23,003,300                                |
| Minority Interests arising from CET1 capital instruments issued to third  party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)   | nts issued to third bunt allowed in CET1  (x)  157,513  118,751,492  Pents  Ix liability)  (k)  1,873,518  Iuding those arising x liability)   | •  |           | (141)   | 72 /85 500                                |
| party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)   | ount allowed in CET1  (x)  157,513  118,751,492  ents  (x)  157,513  118,751,492  ents  (x)  157,513  118,751,492  ents  (x)  (x)  157,513  118,751,492  (x)  (x)  157,513  (x)  157,513  (x)  (x)  (x)  (x)  157,513  (x)  (x)  (x)  (x)  (x)  (x)  (x)  (x  |  |           | (vv)  | 12,400,099                                |
| capital of the consolidation group)  CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)   | 157,513 118,751,492  lents    x liability   (k)  | ·  |           |   |   |
| CET 1 before Regulatory Adjustments  Common Equity Tier 1 capital: Regulatory adjustments  Goodwill (net of related deferred tax liability)  | 118,751,492  Pents  Ix liability)  (k)  1,873,518  Iuding those arising  x liability)  -  (d)  40,508  |  |           | (x)   | 457.540                                   |
| Common Equity Tier 1 capital: Regulatory adjustments Goodwill (net of related deferred tax liability)  | ents  Ix liability)  (k)  1,873,518  Iuding those arising  x liability)  -  (d)  40,508  |  |           |   |   |
| Goodwill (net of related deferred tax liability)   | tx liability)  (k)  1,873,518  Luding those arising  x liability)  -  (d)  40,508  | CET 1 before Regulatory Adjustments                                  |           |   | 118,751,492                               |
| Goodwill (net of related deferred tax liability)   | tx liability)  (k)  1,873,518  Luding those arising  x liability)  -  (d)  40,508  | Common Equity Tier 1 capital: Regulatory adjustments                 |           |   |   |
|  | luding those arising x liability) - (d) 40,508   |  |           |   | _   |
| All other intangibles (net of any associated deterred tax liability)  (k)  1   | luding those arising x liability)  - (d)  40,508   | All other intangibles (net of any associated deferred tax liability) |           | (k)   | 1.873.518                                 |
| Shortfall of provisions against classified assets  | x liability)   |  |           | ` '   | -   |
| Deferred tax assets that rely on future profitability excluding those arising  | x liability)   |  |           |   |   |
| from temporary differences (net of related tax liability)  | (d) 40,508   | , , , , ,  |           |   | =   |
| Defined-benefit pension fund net assets  | · · · · · · · · · · · · · · · · · · ·  |  |           |   | =   |
| ·  | · · · · · · · · · · · · · · · · · · ·  |  |           | (d)   | 40.508                                    |
| Cash flow hedge reserve  | (e) 202,780  |  |           | ` /   | -,  |
| ·  |  | ·  |           |   | -   |

| Pa<br>—         | rticulars  | Source based on reference number from step 2 | Component of regulatory capital reported by bank |
|-----------------|--|--|--|
| 17 S            | ecuritization gain on sale   | (ixupee                                      | -  |
|                 | apital shortfall of regulated subsidiaries   |  | _  |
|                 | reficit on account of revaluation from bank's holdings of property / AFS               |  | 666,349  |
|                 |  |  | 000,043  |
|                 | nvestments in the capital instruments of banking, financial and insurance              |  | -  |
|                 | ignificant investments in the capital instruments issued by banking,                   |  |  |
| 21              | 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)   |  |  |
|                 | financial and insurance entities that are outside the scope of                         |  |  |
|                 | regulatory consolidation (amount above 10% threshold)                                  |  |  |
| 22 D            | eferred Tax Assets arising from temporary differences (amount above                    |  |  |
|                 | 10% threshold, net of related tax liability)   |  | -  |
| 23 A            | mount exceeding 15% threshold of which:  |  |  |
|                 | <ul> <li>significant investments in the common stocks of financial entities</li> </ul> |  | _  |
|                 | - deferred tax assets arising from temporary differences                               |  | _  |
| 24 N            | ational specific regulatory adjustments applied to CET1 capital                        |  | -  |
|                 | estment in TFCs of other banks exceeding the prescribed limit                          |  | -  |
|                 | ny other deduction specified by SBP (mention details)                                  |  | _  |
|                 | legulatory adjustment applied to CET1 due to insufficient AT1 and                      |  |  |
| -/ 1            | Tier 2 to cover deductions   |  | _  |
| 28 T            |  |  | 2,783,155  |
|                 | otal regulatory adjustments applied to CET1  common Equity Tier 1                      |  | 115,968,337                                      |
|                 | Onlinon Equity Tier 1  |  | 113,300,337                                      |
| Α               | dditional Tier 1 (AT 1) Capital  |  |  |
| 29 C            | Qualifying Additional Tier-1 instruments plus any related share premium                |  | -  |
| 0               | f which:   |  |  |
| 30              | - Classified as equity   | (m)  | 7,000,000  |
| 31              | Classified as liabilities  | ` ,  | -  |
|                 | dditional Tier-1 capital instruments issued by consolidated subsidiaries               |  |  |
|                 | and held by third parties  | (y)  | 27,796   |
| 33              | - of which: instrument issued by subsidiaries subject to phase out                     | 0,   | ,  |
|                 | T1 before regulatory adjustments   |  | 7,027,796  |
|                 |  |  | .,02.,.00  |
| A               | dditional Tier 1 Capital: regulatory adjustments                                       |  |  |
| 35 Ir           | expression in mutual funds exceeding the prescribed limit (SBP specific adjustment)    | (c)  | -  |
| 36 Ir           | ovestment in own AT1 capital instruments   |  | -  |
| 37 R            | eciprocal cross holdings in Additional Tier 1 capital instruments                      |  | -  |
| 38 Ir           | envestments 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)   |  | -  |
| 39 S            | ignificant investments in the capital instruments issued by banking, financial and     |  |  |
| -               | insurance entities that are outside the scope of regulatory                            |  |  |
|                 | consolidation  |  | _  |
| 10 P            | ortion 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                                |  | _  |
| 11 🗅            | legulatory adjustments applied to Additional Tier 1 due to insufficient                |  | _  |
| 11 R            |  |  |  |
| ıo <del>-</del> | Tier 2 to cover deductions   |  | -  |
|                 | otal of Regulatory Adjustment applied to AT1 capital                                   |  | 7 007 700  |
| ι               | dditional Tier 1 capital   |  | 7,027,796  |
|                 |  |  |  |
|                 | dditional Tier 1 capital recognised for capital adequacy                               |  | 7,027,796  |

| Particulars   | Source based on<br>reference<br>number from<br>step 2 | Component of regulatory capital reported by bank |
|---|---|--|
|   | (Rupees   |  |
| Tier 2 Capital  |   |  |
| 45 Qualifying Tier 2 capital instruments under Basel III  | (n)   | 13,990,000                                       |
| 46 Capital instruments subject to phase out arrangement from Tier 2   | . ,   | -  |
| 47 Tier 2 capital instruments issued to third party by consolidated subsidiaries  | (z)   | 46,327   |
| - of which: instruments issued by subsidiaries subject to phase out   |   | -  |
| 48 General Provisions or general reserves for loan losses-up to maximum   | (-)   | -  |
| of 1.25% of Credit Risk Weighted Assets   | (g)   | 6,971,393  |
| <ul> <li>49 Revaluation Reserves eligible for Tier 2 of which:</li> <li>50 - portion pertaining to Property</li> </ul>  |   | -  |
| 51 - portion pertaining to AFS securities   |   | -  |
| 52 Foreign Exchange Translation Reserves  |   | _  |
| 53 Undisclosed / Other Reserves (if any)  |   | _  |
| 54 T2 before regulatory adjustments   |   | 21,007,720                                       |
|   |   | ,,,  |
| Tier 2 Capital: regulatory adjustments  55 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital       |   | -  |
| 56 Reciprocal cross holdings in Tier 2 instruments  |   | -  |
| 57 Investment in own Tier 2 capital instrument  |   | -  |
| 58 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) |   | -  |
| 59 Significant investments in the capital instruments issued by banking,<br>financial and insurance entities that are outside the scope of<br>regulatory consolidation  |   | _  |
| 60 Amount of Regulatory Adjustment applied to T2 capital  |   | -  |
| 61 Tier 2 capital (T2)  |   | 21,007,720                                       |
| 62 Tier 2 capital recognised for capital adequacy   |   | 21,007,720                                       |
| 63 Excess Additional Tier 1 capital recognised in Tier 2 capital  |   | -  |
| Total Tier 2 capital admissible for capital adequacy  |   | 21,007,720                                       |
| TOTAL CAPITAL (T1 + admissible T2)  |   | 144,003,853                                      |

# Meezan Bank Limited Capital Adequacy, Leverage ratio & Liquidity requirements disclosures - Consolidated As at December 31, 2022

| Risk-weighted exposures  | Minimum capital requirements |            | s Minimum capital requirements Risk weighted assets |            |
|--|------------------------------|------------|---|------------|
| •  | 2022                         | 2021       | 2022  | 2021       |
| Credit Risk  |                              | (Rupees    | in '000)  |            |
| Portfolios subject to on-balance sheet exposure  |                              |            |   |            |
| (Simple Approach)  |                              |            |   |            |
| Cash and cash equivalents  | -                            | _          | -   | _          |
| Sovereign  | 1,409,782                    | 360,597    | 14,097,816  | 3,605,96   |
| Public sector entities   | 2,603,687                    | 1,725,217  | 26,036,867  | 17,252,17  |
| Banks  | 992,524                      | 1,636,972  | 9,925,243   | 16,369,71  |
| Corporate  | 34,084,025                   | 28,836,704 | 340,840,246   | 288,367,04 |
| Retail   | 4,366,031                    | 4,092,357  | 43,660,307  | 40,923,57  |
| Residential mortgage   | 821,077                      | 715,387    | 8,210,769   | 7,153,86   |
| Past due loans   | 79,057                       | 99,459     | 790,571   | 994,58     |
| Operating fixed assets   | 4,062,466                    | 3,418,598  | 40,624,658  | 34,185,97  |
| All other assets   | 1,658,335                    | 460,162    | 16,583,348  | 4,601,61   |
| , in outer deserte   | 1,000,000                    | 100,102    | 10,000,010  | 1,001,01   |
| Portfolios subject to off-balance sheet exposure -   |                              |            |   |            |
| non market related (Simple approach)   |                              |            |   |            |
| Banks  | 475,828                      | 301,729    | 4,758,281   | 3,017,29   |
| Corporate  | 3,869,570                    | 4,432,456  | 38,695,698  | 44,324,56  |
| Public sector entities   | 656,008                      | 285,211    | 6,560,076   | 2,852,10   |
| Retail   | 159,440                      | 225,828    | 1,594,396   | 2,258,27   |
| Others   | 93,214                       | 69,905     | 932,136   | 699,04     |
| Portfolios subject to off-balance sheet exposures - market related (Current exposure method) |                              |            |   |            |
| Banks  | 263,354                      | 204,587    | 2,633,545   | 2,045,87   |
| Customers  | 93,262                       | 170,546    | 932,618   | 1,705,46   |
| Equity Exposure Risk in the Banking Book   |                              |            |   |            |
| Unlisted equity investments held in banking book   | 83,485                       | 84,197     | 834,851   | 841,97     |
| Market Risk  |                              |            |   |            |
| Capital Requirement for portfolios subject to Standardised Approach                          |                              |            |   |            |
| Interest rate risk   | 148,145                      | 155,490    | 1,851,814   | 1,943,62   |
| Equity position risk   | 1,673,863                    | 1,863,169  | 20,923,292  | 23,289,60  |
| Foreign Exchange risk  | 275,096                      | 236,023    | 3,438,697   | 2,950,29   |
| Operational Risk   |                              |            |   |            |
| Capital requirement for operational risk   | 15,074,130                   | 10,845,258 | 188,426,624   | 135,565,72 |
| TOTAL  | 70.040.070                   | CO 240 052 | 770 254 052   | 624.040.20 |
| TOTAL  | 72,942,379                   | 60,219,853 | 772,351,853   | 634,948,36 |
| Capital Adequacy Ratio   | Required                     | Actual     | Required  | Actual     |
|  | Decem                        | ber-22     | Decem   | ber-21     |
| CET1 to total RWA (including CCB & D-SIB buffer)*  | 8.00%                        | 15.01%     | 7.50%   | 13.18%     |
| Tier-1 capital to total RWA  | 9.50%                        | 15.92%     | 9.00%   | 14.28%     |
| Total capital to total RWA   | 12.00%                       | 18.64%     | 11.50%  | 18.06%     |

<sup>\*</sup> Capital Conservation Buffer requirement (CCB) was reduced to 1.5% by SBP under COVID-19 Relief measures till further instructions.

Group has been identified as Sample D-SIB, however, the Group shall continue to meet Higher Loss Absorbency capital charge (D-SIB buffer) of 0.5% in form of CET-1 capital till June 30, 2023.

### Meezan Bank Limited Capital Adequacy, Leverage ratio & Liquidity requirements disclosures - Consolidated As at December 31, 2022

#### 47.5 LEVERAGE RATIO

Basel III leverage ratio

According to Basel III instructions issued by the State Bank of Pakistan (BPRD circular no. 06 dated August 15, 2013), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum benchmark of 3%.

The reason for calculating leverage ratio is to avoid excessive On- and Off-balance sheet leverage in the banking system. A simple, transparent and non-risk based Ratio has been introduced with the following objectives:

- Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- Reinforce the risk based requirements with an easy to understand and a non-risk based measure.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage:

|        | Leverage Ratio = Tier 1 capital (after related deductions)  Total Exposure   |  |   |
|--------|--|--|---|
|        | Particulars  | 2022<br>Rupee                                  | 2021<br>s in '000                           |
| 1 2    | On balance sheet exposures On-balance sheet items (excluding unrealised gain on forward contracts) Forward exchange commitments with positive fair values Total on balance sheet exposures | 2,177,213,823<br>2,696,679<br>2,179,910,502    | 1,905,908,246<br>3,433,084<br>1,909,341,330 |
| 3<br>4 | Off balance sheet exposures Off-balance sheet items Commitment in respect of forward exchange contracts Total Off balance sheet exposures  | 809,234,875<br>2,423,450<br><b>811,658,326</b> | 392,124,249<br>2,052,185<br>394,176,434     |
| 5<br>6 | Capital and total exposures<br>Tier 1 capital<br>Total exposures   | 122,996,133<br>2,991,568,828                   | 90,678,309 2,303,517,764                    |

4.11%

3.94%