

1. CAPITAL ASSESSMENT AND ADEQUACY - BASEL III SPECIFIC

1.1 Capital adequacy

The objective of capital management is to safeguard the Company's ability to continue as a going concern, so that it could continue to manage risk and provide adequate returns to shareholders by pricing products and services commensurate with the level of risk.

It is the policy of the Company to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns and manage acceptable risk appetite that might be possible with greater gearing and the advantages and security supported by a sound capital position.

Goals of managing capital

The goals of managing capital of the Company are as follows:

- To ensure availability of adequate capital at a reasonable cost so as to enable the Company to grow accordingly.
- To achieve a low cost of capital with appropriate mix of capital elements.
- To be an appropriately capitalized institution, as prescribed by regulatory authorities from time to time.
- To maintain highest quality ratings and to protect the Company against unexpected events.

The Capital of the Company is managed keeping in view the minimum "Capital Adequacy Ratio" required by SBP through BPRD Circular No. 06 dated August 15, 2013 read with BSD Circular No. 08 dated June 27, 2006. The adequacy of the capital is tested with reference to the Risk Weighted Assets of the Company.

The Company's operations are categorized as at trading book and banking book and risk-weighted assets are determined according to specified requirements of State bank of Pakistan in order to seek and reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprises of credit, market and operational risk.

The calculation of Capital Adequacy enables the Company to assess its long-term soundness. It is critically important to continuously monitor the exposure across the entire organization and create aggregate view on the same by generating management level information trial to manage risk and return trade-offs.

The Company is in compliance of the Minimum Capital Requirement, set by the State Bank of Pakistan.

Scope of Applications

The Company has implemented standardized approach of Basel III on standalone basis. The objectives of Basel III aims to further strengthen the existing capital framework by amending certain provisions of Basel II and introduction of new requirements.

The Company at present does not have any overseas operations, subsidiary / associate or engage in joint venture with any other entity.

1.1.1 Leverage Ratio

The leverage ratio of the Company as at 31 December 2022 is 16.25% (2021: 28.00%).

The ratio has been computed as prescribed by State Bank of Pakistan through Instructions for Basel III implementation in Pakistan.

As at 31 December 2022, Eligible Total Tier 1 capital of the Company amounts to Rs. 4.776 billions (2021: Rs. 6.122 billions) whereas the total exposure amounts to Rs. 29.389 billions (2021: Rs. Rs. 21.869 billions).

Shift in leverage ratio is primarily due to decrease in Tier 1 capital and increase in exposure.

1.2 CAPITAL ADEQUACY RETURN AS OF 31 DECEMBER 2021

2022
2021
(Rupees in '000)

Rows #		Amount	Amount
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	6,000,000	6,000,000
2	Balance in Share Premium Account		
3	Reserve for issue of Bonus Shares		
4	Discount on Issue of shares		
5	General/ Statutory Reserves	1,093,746	1,004,551
6	Gain/(Losses) on derivatives held as Cash Flow Hedge		
7	Unappropriated/unremitted profits/ (losses)	2,947,810	2,661,253
8	consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)		
9	CET 1 before Regulatory Adjustments	10,041,556	9,665,804
10	Total regulatory adjustments applied to CET1 (Note 1.2.1)	5,265,681	3,543,431
11	Common Equity Tier 1	4,775,875	6,122,373
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium		
13	of which: Classified as equity		
14	of which: Classified as liabilities		
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries		
16	of which: instrument issued by subsidiaries subject to phase out		
17	AT1 before regulatory adjustments		-
18	Total regulatory adjustment applied to AT1 capital (Note 1.2.2)	3,950,787	2,895,365
19	Additional Tier 1 capital after regulatory adjustments		
20	Additional Tier 1 capital recognized for capital adequacy	-	-
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	4,775,875	6,122,373
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium		
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Base1 3 rules		
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount		
25	of which: instruments issued by subsidiaries subject to phase out		
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit		
27	Revaluation Reserves (net of taxes)	-	-
28	of which: Revaluation reserves on fixed assets	-	-
29	of which: Unrealized gains/losses on AFS	-	-
30	Foreign Exchange Translation Reserves		
31	Undisclosed/Other Reserves (if any)		
32	T2 before regulatory adjustments	-	-
33	Total regulatory adjustment applied to T2 capital	3,491,764	2,461,999
34	Tier 2 capital (T2) after regulatory adjustments		
35	Tier 2 capital recognized for capital adequacy		
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital		
37	Total Tier 2 capital admissible for capital adequacy	-	-
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	4,775,875	6,122,373
39	Total Risk Weighted Assets (RWA) {for details refer Note 1.5}	14,273,667	12,381,292
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	33.46%	49.45%
41	Tier-1 capital to total RWA	33.46%	49.45%
42	Total capital to total RWA	33.46%	49.45%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
44	of which: capital conservation buffer requirement		
45	of which: countercyclical buffer requirement		
46	of which: D-SIB or G-SIB buffer requirement		
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	27.46%	43.45%
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	6.00%	6.00%
49	Tier 1 minimum ratio	7.50%	7.50%
50	Total capital minimum ratio	11.50%	11.50%

		2022		2021	
		Rupees in '000			
Regulatory Adjustments and Additional Information		Amount	Amounts subject to Pre-Basel III treatment*	Amount	Amounts subject to Pre-Basel III treatment*
1.2.1	Common Equity Tier 1 capital: Regulatory adjustments				
1	Goodwill (net of related deferred tax liability)				
2	All other intangibles (net of any associated deferred tax liability)	5,202		5,000	
3	Shortfall in provisions against classified assets				
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)				
5	Defined-benefit pension fund net assets				
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities				
7	Cash flow hedge reserve				
8	Investment in own shares/ CET1 instruments				
9	Securitization gain on sale				
10	Capital shortfall of regulated subsidiaries				
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	268,497		30,286	
12	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)	274,495		300,122	
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)				
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)				
15	Amount exceeding 15% threshold				
16	of which: significant investments in the common stocks of financial entities				
17	of which: deferred tax assets arising from temporary differences				
18	National specific regulatory adjustments applied to CET1 capital				
19	Investments in TFCs of other banks exceeding the prescribed limit	766,699		312,658	
20	Any other deduction specified by SBP (mention details)				
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	3,950,788		2,895,365	
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	5,265,681		3,543,431	-

		2022		2021	
		Rupees in '000			
Regulatory Adjustments and Additional Information		Amount	Amounts subject to Pre-Basel III treatment*	Amount	Amounts subject to Pre-Basel III treatment*

Note	Additional Tier-1 & Tier-1 Capital: regulatory adjustments				
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]				
24	Investment in own AT1 capital instruments				
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities				
26	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)	459,023		433,366	
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation				
28	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				
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	3,491,764		2,461,999	
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	3,950,787		2,895,365	

Regulatory Adjustments and Additional Information	2022		2021	
	Rupees in '000			
	Amount	Amounts subject to Pre-Basel III treatment*	Amount	Amounts subject to Pre-Basel III treatment*

Note 1.2.3	Tier 2 Capital: regulatory adjustments			
31	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			
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities			
33	Investment in own Tier 2 capital instrument			
34	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)	3,491,764		2,461,999
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation			
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	3,491,764		2,461,999

Note 1.2.4	Additional Information	2021	2020
		Rupees in '000	
		Amount	Amount
	Risk Weighted Assets subject to pre-Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
(i)	of which: deferred tax assets		
(ii)	of which: Defined-benefit pension fund net assets		
(iii)	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	-	-
(iv)	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)		
38	Non-significant investments in the capital of other financial entities		
39	Significant investments in the common stock of financial entities		
40	Deferred tax assets arising from temporary differences (net of related tax liability)	458,493	461,472
	Applicable caps on the inclusion of provisions in Tier 2		
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)		
42	Cap on inclusion of provisions in Tier 2 under standardized approach		
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		

1.3 Capital Structure Reconciliation

December 31, 2022

Table: 1.3.1		Balance sheet of the	Under regulatory scope of
(In thousand PKR)		As at period end	As at period end
Assets	(1)	(2)	(3)
Cash and balances with treasury banks		154,022	154,022
Balanced with other banks		41,997	41,997
Lending to financial institutions		-	-
Investments		21,089,015	21,089,015
Advances		9,441,731	9,441,731
Operating fixed assets		472,102	472,102
Intangible assets		5,202	5,202
Deferred tax assets		458,493	458,493
Other assets		1,078,493	1,078,493
Total assets		32,741,055	32,741,055
Liabilities & Equity			
Bills payable		-	-
Borrowings		20,336,117	20,336,117
Deposits and other accounts		1,771,610	1,771,610
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		860,269	860,269
Total liabilities		22,967,996	22,967,996
Share capital/ Head office capital account		6,000,000	6,000,000
Reserves		1,093,746	1,093,746
Unappropriated/ Unremitted profit/ (losses)		2,947,810	2,947,810
Minority Interest		-	-
Surplus on revaluation of assets		(268,497)	(268,497)
Total liabilities & equity		9,773,059	9,773,059

Table: 1.3.2		Balance sheet as in	Under regulatory scope of	Reference
		As at period end	As at period end	
Assets	(1)	(2)	(3)	(4)
Cash and balances with treasury banks		154,022	154,022	
Balanced with other banks		41,997	41,997	
Lending to financial institutions		-	-	
Investments		21,089,015	21,089,015	
<i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>		-	-	a
<i>of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold</i>		5,265,681	5,265,681	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>		-	-	c
<i>of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)</i>		-	-	d
<i>of which: others (mention details)</i>		-	-	e
Advances		9,441,731	9,441,731	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>		-	-	f
<i>general provisions reflected in Tier 2 capital</i>		-	-	g
Fixed Assets		472,102	472,102	
Deferred Tax Assets		458,493	458,493	
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>		-	-	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>		-	-	i
Other assets		1,078,493	1,078,493	
<i>of which: Goodwill</i>		-	-	j
<i>of which: Intangibles</i>		5,202	5,202	k
<i>of which: Defined-benefit pension fund net assets</i>		-	-	l
Total assets		32,741,055	32,741,055	

Table: 1.3.2		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end	As at period end	
Liabilities & Equity	(1)	(2)	(3)	(4)
Bills payable		-	-	
Borrowings		20,336,117	20,336,117	
Deposits and other accounts		1,771,610	1,771,610	
Sub-ordinated loans		-	-	
<i>of which: eligible for inclusion in AT1</i>		-	-	m
<i>of which: eligible for inclusion in Tier 2</i>		-	-	n
Liabilities against assets subject to finance lease		-	-	
Deferred tax liabilities		-	-	
<i>of which: DTLs related to goodwill</i>		-	-	o
<i>of which: DTLs related to intangible assets</i>		-	-	p
<i>of which: DTLs related to defined pension fund net assets</i>		-	-	q
<i>of which: other deferred tax liabilities</i>		-	-	r
Other liabilities		860,269	860,269	
Total liabilities		22,967,996	22,967,996	
Share capital		6,000,000	6,000,000	
<i>of which: amount eligible for CET1</i>		6,000,000	6,000,000	s
<i>of which: amount eligible for AT1</i>		-	-	t
Reserves		1,093,746	1,093,746	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>		1,093,746	1,093,746	u
<i>of which: portion eligible for inclusion in Tier 2</i>		-	-	v
Unappropriated profit/ (losses)		2,947,810	2,947,810	w
Minority Interest		-	-	
<i>of which: portion eligible for inclusion in CET1</i>		-	-	x
<i>of which: portion eligible for inclusion in AT1</i>		-	-	y
<i>of which: portion eligible for inclusion in Tier 2</i>		-	-	z
Surplus on revaluation of assets		(268,497)	(268,497)	
<i>of which: Revaluation reserves on Fixed Assets</i>		2,710	2,710	
<i>of which: Unrealized Gains/Losses on AFS</i>		(271,207)	(271,207)	aa
<i>In case of Deficit on revaluation (deduction from CET1)</i>		-	-	ab
Total liabilities & Equity		9,773,059	9,773,059	

Basel III Disclosure Template (with added column)				
S.No	Table: 1.3.3	Component of regulatory capital reported by bank	Source based on reference number from step 2	
Common Equity Tier 1 capital (CET1): Instruments and reserves				
1	Fully Paid-up Capital/ Capital deposited with SBP	6,000,000		
2	Balance in Share Premium Account	-	(s)	
3	Reserve for issue of Bonus Shares	-		
4	General/ Statutory Reserves	1,093,746	(u)	
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	-		
6	Unappropriated/unremitted profits/ (losses)	2,947,810	(w)	
7	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)	
8	CET 1 before Regulatory Adjustments	10,041,556		
Common Equity Tier 1 capital: Regulatory adjustments				
9	Goodwill (net of related deferred tax liability)	-	(j) - (o)	
10	All other intangibles (net of any associated deferred tax liability)	5,202	(k) - (p)	
11	Shortfall of provisions against classified assets	-	(f)	
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%	where 'x' depends on transitional arrangement for capital deduction (e.g. 0%, 20% etc.), Section 3.4.11
13	Defined-benefit pension fund net assets	-	{(l) - (q)} * x%	
14	Reciprocal cross holdings in CET1 capital instruments	-	(d)	
15	Cash flow hedge reserve	-		
16	Investment in own shares/ CET1 instruments	-		
17	Securitization gain on sale	-		
18	Capital shortfall of regulated subsidiaries	-		
19	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	271,207	(ab)	
20	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)	274,495	(a) - (ac) - (ae)	Portion of amount above the threshold that is to be deducted from CET1, whereas "ac" is the portion to be deducted from AT1 and "ae" is the portion to be deducted from T2
21	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)	Portion of amount above the threshold that is to be deducted from CET1, whereas "ad" is the portion to be deducted from AT1 and "af" is the portion to be deducted from T2
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)	
23	Amount exceeding 15% threshold			
24	of which: significant investments in the common stocks of financial entities	-		
25	of which: deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments applied to CET1 capital			
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	766,699		
28	of which: Any other deduction specified by SBP (mention details)			
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	3,950,788		
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	5,268,391		
31	Common Equity Tier 1	4,773,165		
Additional Tier 1 (AT 1) Capital				
32	Qualifying Additional Tier-1 instruments plus any related share premium	-		
33	of which: Classified as equity	-	(t)	
34	of which: Classified as liabilities	-	(m)	
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)	
36	of which: instrument issued by subsidiaries subject to phase out	-		
37	AT1 before regulatory adjustments			
Additional Tier 1 Capital: regulatory adjustments				
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-		
39	Investment in own AT1 capital instruments	-		
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-		
41	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)	459,023	(ac)	
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)	
43	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	-		
44	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
45	Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	-		
46	Additional Tier 1 capital	-		
47	Additional Tier 1 capital recognized for capital adequacy	-		
48	Tier 1 Capital (CET1 + admissible AT1) (31+47)	4,773,165		

Basel III Disclosure Template (with added column)			
S.No	Table: 1.3.3	Component of regulatory capital reported by bank	Source based on reference number from step 2
Tier 2 Capital			
49	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	(n)
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
51	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52	of which: instruments issued by subsidiaries subject to phase out	-	
53	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	-	(g)
54	Revaluation Reserves	-	
55	of which: Revaluation reserves on fixed assets	-	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS	-	
57	Foreign Exchange Translation Reserves	-	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	T2 before regulatory adjustments	-	
Tier 2 Capital: regulatory adjustments			
60	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	-	
61	Reciprocal cross holdings in Tier 2 instruments	-	
62	Investment in own Tier 2 capital instrument	-	
63	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)	3,491,764	(ae)
64	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
65	Amount of Regulatory Adjustment applied to T2 capital (sum of 60 to 64)	3,491,764	
66	Tier 2 capital (T2)		
67	Tier 2 capital recognized for capital adequacy		
68	Excess Additional Tier 1 capital recognized in Tier 2 capital		
69	Total Tier 2 capital admissible for capital adequacy		
70	TOTAL CAPITAL (T1 + admissible T2) (48+69)	4,773,165	

1.4 Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments		
	Main Features	Common Shares
1	Issuer	PAIR Investment Company Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	Not Applicable
3	Governing law(s) of the instrument	Laws of Islamic Republic of Pakistan
	Regulatory treatment	
4	Transitional Basel III rules	Not Applicable
5	Post-transitional Basel III rules	Not Applicable
6	Eligible at solo/ group/ group & solo	Solo
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as	PKR 6,000,000
9	Par value of instrument	PKR 10
10	Accounting classification	Shareholders's equity
11	Original date of issuance	2007
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend/ coupon	Not Applicable
18	Coupon rate and any related index/ benchmark	Not Applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Not Applicable
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	No
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	Not Applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not Applicable

1.5 Risk Weighted Assets

The capital requirements for the Company as per major risk categories are given below:

	2022		2021	
	Capital requirements*	Risk weighted assets	Capital requirements*	Risk weighted assets
	(Rupees in '000)		(Rupees in '000)	
Credit risk				
Claims on:				
Banks	983	8,547	4,365	37,959
Corporate	938,235	8,158,566	689,054	5,991,771
Retail portfolio	1,012	8,802	1,300	11,303
Secured by residential property	4,603	40,023	4,410	38,348
Past due loans	51,100	444,350	56,336	489,877
Listed equity investments	8,425	73,263	75,249	654,336
Unlisted equity investments	18,765	163,170	22,530	195,912
Investments in fixed assets	54,292	472,102	26,198	227,812
All other assets	146,999	1,278,251	140,852	1,224,797
	1,224,414	10,647,074	1,020,293	8,872,115

Market risk

Interest rate risk	-	-	-	-
Equity risk	185,045	1,609,085	190,301	1,654,795
	185,045	1,609,085	190,301	1,654,795

Operational risk

	232,013	2,017,508	213,254	1,854,382
	1,641,472	14,273,667	1,423,848	12,381,292

Capital adequacy ratio

Total eligible regulatory capital held (a)	4,775,875	6,122,373
Total risk weighted assets (b)	14,273,667	12,381,292
Capital adequacy ratio (a) / (b)*100	33.46%	49.45%

Capital Adequacy Ratios	2022		2021	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	33.46%	6.00%	49.45%
Tier-1 capital to total RWA	7.50%	33.46%	7.50%	49.45%
Total capital to total RWA	11.50%	33.46%	11.50%	49.45%

* Capital adequacy requirement inclusive of Capital Conservation Buffer requirement (CCB)

2 Liquidity Coverage Ratio

SBP issued BPRD Circular No. 8 dated June 23, 2016 advising implementation of Basel III liquidity standards that constitute two ratios, i.e. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and five monitoring tools.

LCR is the measure of conversion capability of the Company's High Quality Liquid Assets (HQLAs) into cash to meet immediate liquidity requirements over a 30 days horizon.

The Company calculates Liquidity Coverage Ratio (LCR) on monthly basis as per the guidelines given in the above mentioned circular. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile which requires the Company to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar - days period.

LCR Disclosure

		2022		2021	
		TOTAL UNWEIGHTED ¹ VALUE (average)	TOTAL WEIGHTED 2 VALUE (average)	TOTAL UNWEIGHTED ¹ VALUE (average)	TOTAL WEIGHTED 2 VALUE (average)
<i>Rupees in '000</i>					
HIGH QUALITY LIQUID ASSETS					
1	Total high quality liquid assets (HQLA)		5,917,487		5,288,911
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers of which:		18,466		7,050
2.1	stable deposit				
2.2	Less stable deposit	152,819.20	18,466	66,373.84	7,050
3	Unsecured wholesale funding of which:		3,843,314		2,413,990
3.1	Operational deposits (all counterparties)				
3.2	Non-operational deposits (all counterparties)	4,121,399.97	3,843,314	2,624,162.10	2,413,990
3.3	Unsecured debt				
4	Secured wholesale funding				
5	Additional requirements of which:		163,778		130,589
5.1	Outflows related to derivative exposures and other collateral requirements				
5.2	Outflows related to loss of funding on debt products				
5.3	Credit and Liquidity facilities	1,860,312.11	163,778	1,249,538.11	130,589
6	Other contractual funding obligations				
7	Other contingent funding obligations				
8	TOTAL CASH OUTFLOWS		4,025,558		2,584,993
CASH INFLOWS					
9	Secured lending				
10	Inflows from fully performing exposures	422,884.42	267,020	541,482.39	326,809
11	Other Cash inflows				
12	TOTAL CASH INFLOWS		267,020		326,809
		TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		5,917,487		5,288,911
22	TOTAL NET CASH OUTFLOWS		3,758,538		2,258,184
23	LIQUIDITY COVERAGE RATIO		1.57		2.34

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

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

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

NSFR Disclosure		2021				Weighted value
		Unweighted value by residual maturity				
(Amount in PKR in thousands)		No Maturity	< 6 months	6 months to < 1 Year	≥ 1 yr	
ASF Item						
1	Capital:					
2	Regulatory capital	9,655,142				9,655,142
3	Other capital instruments					
4	Retail deposits and deposit from small business customers:					
5	Stable deposits					
6	Less stable deposits		97,104	120		87,502
7	Wholesale funding:					
8	Operational deposits					
9	Other wholesale funding		1,002,918	-		501,459
10	Other liabilities:					
11	NSFR derivative liabilities					
12	All other liabilities and equity not included in other categories		8,072,325	755,178	5,431,175	5,808,764
13	Total ASF					16,052,867
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)	xx				611,501
15	Deposits held at other financial institutions for operational purposes					
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA					
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		147,445	157,982		101,108
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:				4,472,405	3,801,544
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				676,286	439,586
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	603,151			3,977,464	3,893,522
22	Other assets:					
23	Physical traded commodities, including gold					
24	Assets posted as initial margin for derivative contracts					
25	NSFR derivative assets					
26	NSFR derivative liabilities before deduction of variation margin posted					
27	All other assets not included in the above categories	975,035	2,684,523	-	589,140	2,906,436
28	Off-balance sheet items		874,874	325,459	349,190	77,476
29	Total RSF					11,831,173
30	Net Stable Funding Ratio (%)					136%