

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 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 2024 is 18.11% (2023: 16.67%).

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

As at 31 December 2024, Eligible Total Tier 1 capital of the Company amounts to Rs. 7.456 billions (2023: Rs. 6.138 billions) whereas the total exposure amounts to Rs. 41.168 billions (2023: Rs. 36.822 billions).

1.2 CAPITAL ADEQUACY RETURN AS OF 31 DECEMBER 2024
2024 **2023**
(Rupees in '000)

		Amount	Amount
Rows #	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	1,327,571	1,247,496
6	Gain/(Losses) on derivatives held as Cash Flow Hedge		
7	Unappropriated/unremitted profits/ (losses)	3,274,742	3,145,734
8	consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)		
9	CET 1 before Regulatory Adjustments	10,602,313	10,393,229
10	Total regulatory adjustments applied to CET1 (Note 1.2.1)	3,146,331	4,255,575
11	Common Equity Tier 1	7,455,982	6,137,654
	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)	2,461,633	3,386,700
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)	7,455,982	6,137,654
	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-Basel 3 rules		
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed		
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 Risk		
27	Revaluation Reserves (net of taxes)	280,885	-
28	of which: Revaluation reserves on fixed assets	-	-
29	of which: Unrealized gains/losses on AFS	280,885	-
30	Foreign Exchange Translation Reserves		
31	Undisclosed/Other Reserves (if any)		
32	T2 before regulatory adjustments	561,770	-
33	Total regulatory adjustment applied to T2 capital	2,052,136	2,945,633
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)	7,455,982	6,137,654
39	Total Risk Weighted Assets (RWA) {for details refer Note 1.5}	16,466,528	16,771,371
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	45.28%	36.60%
41	Tier-1 capital to total RWA	45.28%	36.60%
42	Total capital to total RWA	45.28%	36.60%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation		
44	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)	39.28%	30.60%
	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%

		2024		2023	
		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)	12,234		9,223	
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	-		-	
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)	116,663		302,593	
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	555,801		557,059	
20	Any other deduction specified by SBP (mention details)				
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,461,633		3,386,700	
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	3,146,331		4,255,575	-

		2024		2023	
		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				
1.2.2					
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)	409,497		441,068	
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	2,052,136		2,945,633	
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	2,461,633		3,386,700	

Regulatory Adjustments and Additional Information	2024		2023	
	Rupees in '000			
	Amount	Amounts subject to Pre- Basel III treatment*	Amount	Amounts subject to Pre- Basel III treatment*

Note	Tier 2 Capital: regulatory adjustments				
1.2.3					
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)	2,052,136		2,945,633	
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)	2,052,136		2,945,633	

Note	Additional Information	2024	2023
		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)	576,030	441,163
	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, 2024

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		213,742	213,742
Balanced with other banks		288,245	288,245
Lending to financial institutions		-	-
Investments		25,923,281	25,923,281
Advances		10,700,180	10,700,180
Operating fixed assets		557,055	557,055
Intangible assets		12,234	12,234
Deferred tax assets		576,030	576,030
Other assets		2,165,681	2,165,681
Total assets		40,436,448	40,436,448
Liabilities & Equity			
Bills payable		-	-
Borrowings		23,798,678	23,798,678
Deposits and other accounts		4,501,237	4,501,237
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,253,335	1,253,335
Total liabilities		29,553,250	29,553,250
Share capital/ Head office capital account		6,000,000	6,000,000
Reserves		1,327,571	1,327,571
Unappropriated/ Unremitted profit/ (losses)		3,274,742	3,274,742
Minority Interest		-	-
Surplus on revaluation of assets		280,885	280,885
Total liabilities & equity		10,883,198	10,883,198

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		213,742	213,742	
Balanced with other banks		288,245	288,245	
Lending to financial institutions		-	-	
Investments		25,923,281	25,923,281	
of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold		-	-	a
of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold		3,146,331	3,146,331	b
of which: Mutual Funds exceeding regulatory threshold		-	-	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)		-	-	d
of which: others (mention details)		-	-	e
Advances		10,700,180	10,700,180	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB		-	-	f
general provisions reflected in Tier 2 capital		-	-	g
Fixed Assets		557,055	557,055	
Deferred Tax Assets		576,030	576,030	
of which: DTAs that rely on future profitability excluding those arising from temporary differences		-	-	h
of which: DTAs arising from temporary differences exceeding regulatory threshold		-	-	i
Other assets		2,165,681	2,165,681	
of which: Goodwill		-	-	j
of which: Intangibles		12,234	12,234	k
of which: Defined-benefit pension fund net assets		-	-	l
Total assets		40,436,448	40,436,448	

Table: 1.3.2		Balance sheet as in	Under regulatory scope of	Reference
		published financial statements	consolidation	
		As at period end	As at period end	
Liabilities & Equity	(1)	(2)	(3)	(4)
Bills payable		-	-	
Borrowings		23,798,678	23,798,678	
Deposits and other accounts		4,501,237	4,501,237	
Sub-ordinated loans		-	-	
of which: eligible for inclusion in AT1		-	-	m
of which: eligible for inclusion in Tier 2		-	-	n
Liabilities against assets subject to finance lease		-	-	
Deferred tax liabilities		-	-	
of which: DTLs related to goodwill		-	-	o
of which: DTLs related to intangible assets		-	-	p
of which: DTLs related to defined pension fund net assets		-	-	q
of which: other deferred tax liabilities		-	-	r
Other liabilities		1,253,335	1,253,335	
Total liabilities		29,553,250	29,553,250	
Share capital		6,000,000	6,000,000	
of which: amount eligible for CET1		6,000,000	6,000,000	s
of which: amount eligible for AT1		-	-	t
Reserves		1,327,571	1,327,571	
of which: portion eligible for inclusion in CET1 (provide breakup)		1,327,571	1,327,571	u
of which: portion eligible for inclusion in Tier 2		-	-	v
Unappropriated profit/ (losses)		3,274,742	3,274,742	w
Minority Interest		-	-	
of which: portion eligible for inclusion in CET1		-	-	x
of which: portion eligible for inclusion in AT1		-	-	y
of which: portion eligible for inclusion in Tier 2		-	-	z
Surplus on revaluation of assets		-	187,928	
of which: Revaluation reserves on Fixed Assets		-	(15,758)	
of which: Unrealized Gains/Losses on AFS		-	203,686	aa
In case of Deficit on revaluation (deduction from CET1)		-	-	ab
Total liabilities & Equity		10,602,313	10,790,241	

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	1,327,571	(u)	
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	-		
6	Unappropriated/unremitted profits/ (losses)	3,274,742	(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	10,602,313		
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)	12,234	(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 = percent 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	-	(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)	116,663	(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	555,801		
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	2,461,633		
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	3,146,331		
31	Common Equity Tier 1	7,455,982		
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)	409,497	(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)	7,455,982		

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	280,885	
57	Foreign Exchange Translation Reserves	-	(v)
58	Undisclosed/Other Reserves (if any)	280,885	
59	T2 before regulatory adjustments	280,885	
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)	2,052,136	(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)	2,052,136	
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)	7,455,982	

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:

	2024		2023	
	Capital requirements*	Risk weighted assets	Capital requirements*	Risk weighted assets
	(Rupees in '000)		(Rupees in '000)	
Credit risk				
Claims on:				
Banks	6,630	57,649	6,811	59,224
Corporate	840,984	7,312,908	940,963	8,182,287
Retail portfolio	816	7,093	1,230	10,695
Secured by residential property	2,264	19,691	3,511	30,532
Past due loans	37,391	325,142	50,882	442,451
Listed equity investments	35,570	309,303	33,089	287,732
Unlisted equity investments	33,656	292,657	21,821	189,744
Investments in fixed assets	64,061	557,055	55,932	486,364
All other assets	414,662	3,605,756	327,850	2,850,868
	1,436,034	12,487,254	1,442,088	12,539,897

Market risk

Interest rate risk	-	-	-	-
Equity risk	116,341	1,011,664	192,369	1,672,774
	116,341	1,011,664	192,369	1,672,774

Operational risk	341,275	2,967,610	294,251	2,558,700
	1,893,650	16,466,528	1,928,708	16,771,371

Capital adequacy ratio

Total eligible regulatory capital held (a)	7,455,982	6,137,654
Total risk weighted assets (b)	16,466,528	16,771,371
Capital adequacy ratio (a) / (b)*100	45.28%	36.60%

Capital Adequacy Ratios	2024		2023	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	45.28%	6.00%	36.60%
Tier-1 capital to total RWA	7.50%	45.28%	7.50%	36.60%
Total capital to total RWA	11.50%	45.28%	11.50%	36.60%

* 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

		2024		2023	
		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)		12,019,474		4,721,055
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers of which:		66,032		46,507
2.1	stable deposit				
2.2	Less stable deposit	661,827.83	660,316	441,905.68	46,507
3	Unsecured wholesale funding of which:		9,956,547		3,347,471
3.1	Operational deposits (all counterparties)				
3.2	Non-operational deposits (all counterparties)	11,118,650.45	9,956,547	4,014,109.79	3,347,471
3.3	Unsecured debt				
4	Secured wholesale funding				
5	Additional requirements of which:		68,742		69,496
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	827,648.68	68,742	882,007.77	69,496
6	Other contractual funding obligations				
7	Other contingent funding obligations				
8	TOTAL CASH OUTFLOWS		10,091,320		3,463,474
CASH INFLOWS					
9	Secured lending				
10	Inflows from fully performing exposures	2,269,817.27	1,321,559	1,499,226.82	975,057
11	Other Cash inflows				
12	TOTAL CASH INFLOWS		1,321,559		975,057
		TOTAL ADJUSTED VALUE		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		12,019,474		4,721,055
22	TOTAL NET CASH OUTFLOWS		8,769,762		2,488,417
23	LIQUIDITY COVERAGE RATIO		1.37		1.90

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)

