

1 CAPITAL ASSESSMENT AND ADEQUACY

1.1 Scope of Application

SBP Capital Adequacy Frameworks (Basel II and III) are applicable to JS Bank Limited on Standalone basis as well as on Consolidated basis by consolidating its partly owned subsidiaries - JS Global Capital Limited and JS Investments Limited. Standardised Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

1.2 Capital Structure- Basel III

Bank's regulatory capital is analyzed into two tiers:

Tier I capital (going concern capital) Which comprises of:

- a. Common equity Tier I which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net un-appropriated profits etc. after deductions of investments in equity of subsidiary companies engaged in banking and financial activities, goodwill & other intangible assets and deficit on revaluation of available for sale investments due to insufficiency of Additional Tier I and Tier II to cover deductions.
- b. Additional Tier I which includes Instruments issued in the form of perpetual non-cumulative preference shares by the banks, share premium resulting from the issuance of the instruments after deduction of goodwill & other intangible assets, deficit on revaluation of available for sale investments and deferred tax assets.

Tier II capital (going concern or supplementary capital), which includes general provision for loan losses (up to maximum of 1.25% of risk weighted assets), reserve on the revaluation of fixed assets, equity investments and foreign exchange translation reserve and subordinated debt.

1.3 Capital Adequacy

Capital Management

The primary objective of the Bank's capital management is to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Statutory Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR)

The State Bank of Pakistan (SBP) through its BSD Circular no. 7 dated April 15, 2009 require Banks / Development Finance Institutions (DFIs) to raise and maintain their paid up capital (net of losses) equivalent to Rs.10 billion. The paid-up capital (free of losses) of the Bank as at December 31, 2019 stood at Rs.10.119 billion. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 12.5% of their risk weighted exposure. The Bank's CAR as at December 31, 2019 was approximately 13.73% of its risk weighted assets.

Basel III transition

The Basel III instructions issued by SBP has been adopted by the banks as per the phase-in arrangements prescribed by SBP, starting from December 31, 2013, with full implementation of capital ratios by the year-end 2019. During the transition period banks shall maintain the required capital ratios in following manner:

Phase-in Arrangement and Full implementation of the minimum capital requirements

		Year End						As of Dec 31
Sr	Ratio	2013	2014	2015	2016	2017	2018	2019
1	CET1	5.0%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
2	ADT-1	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
3	Tier 1	6.5%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%
4	Total Capital	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
5	CCB (Consisting of CETI only)	-	-	0.25%	0.65%	1.275%	1.900%	2.5%
6	Total Capital plus CCB	10.0%	10.0%	10.25%	10.65%	11.275%	11.90%	12.5%

Note 1.4 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2019

		Rupees in '000	
		2019	2018
		Amount	Amount
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	12,974,643	12,974,643
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	(2,855,401)	(2,855,401)
5	General/ Statutory Reserves	1,749,672	1,712,170
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	5,795,596	5,825,742
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	173,575	92,089
9	CET 1 before Regulatory Adjustments	17,838,085	17,749,243
10	Total regulatory adjustments applied to CET1 (Note 1.4.1)	1,692,462	2,569,766
11	Common Equity Tier 1	16,145,623	15,179,477
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium		
13	of which: Classified as equity	2,500,000	2,500,000
14	of which: Classified as liabilities		
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	28,769	14,613
16	of which: instrument issued by subsidiaries subject to phase out		
17	AT1 before regulatory adjustments	2,528,769	2,514,613
18	Total regulatory adjustment applied to AT1 capital (Note 1.4.2)	409,811	181,828
19	Additional Tier 1 capital after regulatory adjustments	2,118,958	2,332,784
20	Additional Tier 1 capital recognized for capital adequacy	2,118,958	2,332,784
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	18,264,582	17,512,261
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	3,593,040	4,392,880
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 in group tier 2)	47,949	24,354
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 Weighted Assets	169,792	260,861
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets	1,554,824	-
29	of which: Unrealized gains/losses on AFS	(339,070)	-
30	Foreign Exchange Translation Reserves		
31	Undisclosed/Other Reserves (if any)		
32	T2 before regulatory adjustments	5,026,535	4,678,095
33	Total regulatory adjustment applied to T2 capital (Note 1.4.3)	-	-
34	Tier 2 capital (T2) after regulatory adjustments	5,026,535	4,678,095
35	Tier 2 capital recognized for capital adequacy	4,965,069	4,678,095
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	4,965,069	4,678,095
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	23,229,651	22,190,356
39	Total Risk Weighted Assets (RWA) {for details refer Note 1.7}	169,178,285	173,300,471
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	9.54%	8.76%
41	Tier-1 capital to total RWA	10.80%	10.11%
42	Total capital to total RWA	13.73%	12.80%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	8.50%	7.90%
44	of which: capital conservation buffer requirement	2.50%	1.90%
45	of which: countercyclical buffer requirement	0.00%	0.00%
46	of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	9.54%	8.94%
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	8.50%	7.90%
49	Tier 1 minimum ratio	10.00%	9.40%
50	Total capital minimum ratio	12.50%	11.90%

		2019	2018
		Rupees in '000	
Regulatory Adjustments and Additional Information		Amount	Amounts subject to Pre-Basel III treatment*
			Amount
Note 1.4.1	Common Equity Tier 1 capital: Regulatory adjustments		
1	Goodwill (net of related deferred tax liability)	951,357	951,356
2	All other intangibles (net of any associated deferred tax liability)	741,105	656,087
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)	-	46,933
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	-	915,390
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)	-	-
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	-	-
20	Any other deduction specified by SBP (mention details)	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	1,692,462	2,569,766
Note 1.4.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments		
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	409,811	181,828
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)	-	-
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	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	409,811	181,828
Note 1.4.3	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)	-	-
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)	-	-

2019
Rupees in '000

2018

Note 1.4.4	Additional Information	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)	-	-
	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)	169,792	260,861
42	Cap on inclusion of provisions in Tier 2 under standardized approach	1,785,779	1,838,426
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	-	-

1.5 Capital Structure Reconciliation

Step : 1

	As Per Balance Sheet	Under regulatory scope of consolidation
	December 31, 2019	
	Rupees in '000	
Assets		
Cash and balances with treasury banks	25,590,173	25,590,173
Balanced with other banks	476,302	476,302
Lending to financial institutions	30,320,540	30,320,540
Investments	143,124,623	143,124,623
Advances	243,285,308	243,285,308
Operating fixed assets	13,370,419	13,370,419
Deferred tax assets	125,857	125,857
Other assets	16,919,996	16,919,996
Total assets	473,213,218	473,213,218
Liabilities & Equity		
Bills payable	3,804,491	3,804,491
Borrowings	54,468,283	54,468,283
Deposits and other accounts	368,543,603	368,543,603
Sub-ordinated loans	7,494,800	7,494,800
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	19,420,729	19,420,729
Total liabilities	453,731,906	453,731,906
Share capital/ Head office capital account	10,119,242	10,119,242
Reserves	1,749,672	1,749,672
Unappropriated/ Unremitted profit/ (losses)	5,795,596	5,795,596
Minority Interest	508,271	508,271
Surplus on revaluation of assets	1,308,531	1,308,531
Total Equity	19,481,312	19,481,312
Total liabilities & equity	473,213,218	473,213,218

Step : 2

	As Per Balance Sheet	Under regulatory scope of consolidation	Reference
	December 31, 2019		
Assets			
Cash and balances with treasury banks	25,590,173	25,590,173	
Balances with other banks	476,302	476,302	
Lending to financial institutions	30,320,540	30,320,540	
Investments	143,124,623	143,124,623	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-	a
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>	409,811	409,811	c
<i>of which: reciprocal crossholding of capital instrument</i>	-	-	d
<i>of which: Investment in TFCs of other banks exceeding the prescribed limit</i>	-	-	e
Advances	243,285,308	243,285,308	
<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>	168,462	168,462	g
Fixed Assets	13,370,419	13,370,419	
Deferred Tax Assets	125,857	125,857	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	i
Other assets	16,919,996	16,919,996	
<i>of which: Goodwill</i>	951,357	951,357	j
<i>of which: Intangibles</i>	741,105	741,105	k
<i>of which: Defined-benefit pension fund net assets</i>	-	-	l
Total assets	473,213,218	473,213,218	

	As Per Balance Sheet	Under regulatory scope of consolidation	Reference
	December 31, 2018		
	Rupees in '000		
Liabilities & Equity			
Bills payable	3,804,491	3,804,491	
Borrowings	54,468,283	54,468,283	
Deposits and other accounts	368,543,603	368,543,603	
Sub-ordinated loans	7,494,800	7,494,800	
<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	19,420,729	19,420,729	
Total liabilities	453,731,906	453,731,906	
Share capital	10,119,242	10,119,242	
<i>of which: amount eligible for CET1</i>	10,119,242	10,119,242	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	1,749,672	1,749,672	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	1,749,672	1,749,672	u
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	v
Unappropriated profit/ (losses)	5,795,596	5,795,596	w
Minority Interest	508,271	508,271	
<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	1,308,531	1,308,531	
<i>of which: Revaluation reserves on Property</i>	-	-	aa
<i>of which: Unrealized Gains/Losses on AFS</i>	-	-	
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	ab
Total liabilities & Equity	473,213,218	473,213,218	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital/ Capital deposited with SBP	12,974,643	(s)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
Discount on issue of Shares (enter negative number)	(2,855,401)	
General/ Statutory Reserves	1,749,672	(u)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated/unremitted profits/(losses)	5,795,596	(w)
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	173,575	(x)
	17,838,085	
CET 1 before Regulatory Adjustments		
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	951,357	(j) - (o)
All other intangibles (net of any associated deferred tax liability)	741,105	(k) - (p)
Shortfall of provisions against classified assets	-	(f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
Reciprocal cross holdings in CET1 capital instruments	-	(d)
Cash flow hedge reserve	-	
Investment in own shares/ CET1 instruments	-	
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ AFS	-	(ab)
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
Amount exceeding 15% threshold	-	
of which: significant investments in the common stocks of financial entities	-	
of which: deferred tax assets arising from temporary differences	-	
National specific regulatory adjustments applied to CET1 capital	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	
Any other deduction specified by SBP (mention details)	-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
Total regulatory adjustments applied to CET1 (sum of 9 to 25)	1,692,462	
Common Equity Tier 1	16,145,623	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	2,500,000	
of which: Classified as equity	2,500,000	(t)
of which: Classified as liabilities	-	(m)
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	28,769	(y)
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	2,528,769	
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	409,811	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	409,811	
Additional Tier 1 capital	2,118,959	
Additional Tier 1 capital recognized for capital adequacy	2,118,959	
Tier 1 Capital (CET1 + admissible AT1)	18,264,582	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	3,593,040	
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	47,949	(z)
of which: instruments issued by subsidiaries subject to phase out	-	
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	169,792	(g)
Revaluation Reserves eligible for Tier 2	1,215,755	
of which: portion pertaining to Property	1,554,824	portion of (aa)
of which: portion pertaining to AFS securities	(339,070)	
Foreign Exchange Translation Reserves	-	(v)
Undisclosed/Other Reserves (if any)	-	
T2 before regulatory adjustments	5,026,535	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
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)	-	(ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
Amount of Regulatory Adjustment applied to T2 capital	-	
Tier 2 capital (T2)	-	
Tier 2 capital recognized for capital adequacy	4,965,069	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	4,965,069	
TOTAL CAPITAL (T1 + admissible T2)	23,229,651	

1.6 Main Features of Regulatory Capital Instruments

	Main Features	Common Shares	Sub-debt	Sub-debt	Sub-debt
1	Issuer	JS Bank	JS Bank	JS Bank	JS Bank
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	JSB	JSB	JSB	JSB
3	Governing law(s) of the instrument	SECP	SECP	SECP	SECP
	Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier-1	Tier-2	Tier-2	Tier-1
5	Post-transitional Basel III rules	Common Equity Tier-1	Tier-2	Tier-2	Tier-1
6	Eligible at solo/ group/ group&solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type	Ordinary Shares	Subordinated Debt	Subordinated Debt	Subordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	10,119,242	3,000,000	2,000,000	2,500,000
9	Par value of instrument	10	5000	100,000	100,000
10	Accounting classification	Shareholders Equity	Liability	Liability	Liability
11	Original date of issuance	2006	14-Dec-16	29-Dec-17	31-Dec-18
12	Perpetual or dated	No Maturity	Dated	Dated	No Maturity
13	Original maturity date	NA	14-Dec-23	14-Dec-24	NA
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	On or after 10th redemption, on any profit date, partially or fully	On or after 10th redemption, on any profit date, partially or fully	On any profit payment date after 5 years from issue date, partially or fully
16	Subsequent call dates, if applicable	NA	NA	NA	NA
	Coupons / dividends				
17	Fixed or floating dividend/ coupon	NA	Floating	Floating	Floating
18	coupon rate and any related index/ benchmark	NA	Floating at 6 Months KIBOR*(Base Rate) plus 140 basis points per annum without any floor or CAP	Floating at 6 Months KIBOR*(Base Rate) plus 140 basis points per annum without any floor or CAP	Floating at 6 Months KIBOR*(Base Rate) plus 225 basis points semi annually without any floor or CAP
19	Existence of a dividend stopper	NA	NA	NA	Yes, the issuer will not make any dividend payments on equity/common shares in the event of non-payment of mark-up on TFCs
20	Fully discretionary, partially discretionary or mandatory	NA	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA	NA	NA
22	Noncumulative or cumulative	NA	Cumulative	Cumulative	Noncumulative
23	Convertible or non-convertible	NA	Convertible	Convertible	Convertible
24	If convertible, conversion trigger (s)	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.
25	If convertible, fully or partially	NA	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	NA	To be determined in the case of trigger event	To be determined in the case of trigger event	To be determined in the case of trigger event
27	If convertible, mandatory or optional conversion	NA	Optional	Optional	Optional
28	If convertible, specify instrument type convertible into	NA	Ordinary Shares	Ordinary Shares	Ordinary Shares
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA
30	Write-down feature	NA	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.
32	If write-down, full or partial	NA	Either partially or fully	Either partially or fully	Either partially or fully
33	If write-down, permanent or temporary	NA	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	Deposits	Deposits	Deposits
36	Non-compliant transitioned features	NA	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA	NA

1.7 Capital Adequacy

	Capital Requirements		Risk Weighted Assets	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees in '000			
Credit Risk				
On balance sheet				
Corporate	8,140,914	7,682,181	65,127,312	64,556,144
Retail	4,350,392	4,576,639	34,803,133	38,459,153
Banks and DFIs	149,345	477,324	1,194,760	4,011,124
Public sector entity	48,583	67,158	388,660	564,357
Sovereign (include GoP and SBP)	-	577,632	-	4,854,054
Residential mortgage finance	475,701	449,406	3,805,610	3,776,518
Past due loans	1,198,916	935,247	9,591,325	7,859,220
Fixed assets	1,395,711	836,927	11,165,689	7,032,997
Other assets	375,893	313,743	3,007,147	2,636,497
	16,135,455	15,916,258	129,083,636	133,750,064
Off balance sheet				
Non market related	1,074,436	868,568	8,595,487	7,298,891
Market related	134,778	60,501	1,078,220	508,413
	1,209,213	929,069	9,673,707	7,807,304
Equity Exposure Risk in the Banking Book				
Listed	467,676	586,065	3,741,412	4,924,912
Unlisted	45,446	70,427	363,568	591,821
	513,122	656,491	4,104,980	5,516,733
Total Credit Risk	17,857,790	17,501,818	142,862,323	147,074,101
Market Risk				
Interest rate risk	111,893	38,199	895,141	321,000
Equity position risk etc.	408,537	537,681	3,268,297	4,518,329
Foreign exchange risk	6,995	190,829	55,961	1,603,608
Total Market Risk	527,425	766,710	4,219,399	6,442,937
Operational Risk				
Capital Requirement for operational risks	2,762,070	2,354,229	22,096,563	19,783,433
TOTAL	21,147,286	20,622,756	169,178,285	173,300,471
Capital Adequacy Ratio				
Total eligible common equity tier 1 capital held	(e)	16,145,623		14,588,320
Total eligible tier 1 capital held	(f)	18,264,582		15,619,387
Total eligible regulatory capital held	(e)	23,229,651		20,830,967
Total Risk Weighted Assets	(i)	169,178,285		173,300,471

1.1.2.1 Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating risk weighted	2019			
			Amount outstanding	Deduction CRM	Net amount	Risk weighted asset
			Rupees in '000			
Cash and Cash Equivalents		0%	6,613,391	-	6,613,391	-
Corporate	0	0%	-	-	-	-
	1	20%	9,585,670	1,323,253	8,262,417	1,652,483
	2	50%	40,136,319	3,101,371	37,034,948	18,517,474
	3,4	100%	6,032,855	2,303,451	3,729,404	3,729,404
	5,6	150%	-	-	-	-
	Unrated	100%	55,580,568	18,412,636	37,167,933	37,167,933
	Unrated-2	125%	5,942,549	2,694,535	3,248,014	4,060,018
			117,277,961	27,835,246	89,442,716	65,127,312
Retail		0%	-	-	-	-
		20%	-	-	-	-
		50%	-	-	-	-
		75%	58,528,126	12,123,950	46,404,177	34,803,133
			58,528,126	12,123,950	46,404,177	34,803,133
Banks						
- Over 3 Months		0%	-	-	-	-
	1	20%	1,848,087	-	1,848,087	369,617
	2,3	50%	429,279	42,921	386,358	193,179
	4,5	100%	33,018	-	33,018	33,018
	6	150%	-	-	-	-
	Unrated	50%	432,863	(1,621)	434,485	217,242
			2,743,247	41,300	2,701,948	813,056
- Maturity Upto and under 3 Months in FCY		0%	-	-	-	-
	1,2,3	20%	799,874	(22)	799,895	159,979
	4,5	50%	65,619	-	65,619	32,810
	6	150%	2,823	-	2,823	4,234
	unrated	20%	114,322	-	114,322	22,864
			982,638	(22)	982,659	219,887
- Maturity Upto and under 3 Months in PKR		0%	-	-	-	-
- Maturity Upto and under 3 Months in PKR		20%	809,084	-	809,084	161,817
			809,084	-	809,084	161,817
Residential Mortgage Finance		35%	10,873,173	-	10,873,173	3,805,610
Public Sector Entity						
		0%	-	-	-	-
	1	20%	148,440	-	148,440	29,688
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	58,221,834	57,503,889	717,945	358,972
			58,370,274	-	866,385	388,660
Sovereigns (SBP / GoP)		0%	100,790,980	-	20,991,604	-
Equity Investments - Listed		100%	2,144,902	-	2,144,902	2,144,902
- Unlisted		150%	242,378	-	242,378	363,568
Significant Investment and DTA		250%	638,604	-	638,604	1,596,510
			3,025,884	-	3,025,884	4,104,980
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	5,247,997	-	5,247,997	7,871,996
	S.P between 20% to 50%	100%	1,673,434	-	1,673,434	1,673,434
	S.P greater than	50%	91,791	-	91,791	45,895
			7,013,222	-	7,013,222	9,591,325
Investment in fixed assets		100%	11,165,689	-	11,165,689	11,165,689
Other assets		100%	3,007,147	-	3,007,147	3,007,147
Total			381,200,815	40,000,474	203,897,078	133,188,616

* Credit Risk Mitigation (CRM)

1.1.2.1 Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating sk weight	2018			
			Amount outstanding	Deduction CRM	Net amount	Risk weighted asset
			----- Rupees in '000 -----			
Cash and Cash Equivalents		0%	4,909,752	-	4,909,752	-
Corporate	0	0%	-	-	-	-
	1	20%	10,256,532	254,623	10,001,909	2,000,382
	2	50%	33,226,643	1,011,209	32,215,434	16,107,717
	3,4	100%	7,258,741	2,474,048	4,784,693	4,784,693
	5,6	150%	-	-	-	-
	Unrated	100%	58,495,697	21,492,674	37,003,023	37,003,023
	Unrated-2	125%	6,634,981	2,906,718	3,728,263	4,660,329
			115,872,594	28,139,272	87,733,321	64,556,144
Retail		0%	-	-	-	-
		20%	-	-	-	-
		50%	-	-	-	-
		75%	62,749,605	11,470,734	51,278,871	38,459,153
			62,749,605	11,470,734	51,278,871	38,459,153
Banks						
- Over 3 Months		0%	-	-	-	-
	1	20%	3,123,177	233,982	2,889,195	577,839
	2,3	50%	850,627	39,972	810,655	405,328
	4,5	100%	1,935,098	26,073	1,909,025	1,909,025
	6	150%	-	-	-	-
	Unrated	50%	872,447	(709)	873,155	436,578
			6,781,349	299,318	6,482,030	3,328,770
- Maturity Upto and under 3 Months in FCY		0%	-	-	-	-
	1,2,3	20%	1,816,840	-	1,816,840	363,368
	4,5	50%	98,725	-	98,725	49,363
	6	150%	-	-	-	-
	unrated	20%	230,737	-	230,737	46,147
			2,146,302	-	2,146,302	458,878
- Maturity Upto and under 3 Months in PKR		0%	-	-	-	-
- Maturity Upto and under 3 Months in PKR		20%	1,117,378	-	1,117,378	223,476
			1,117,378	-	1,117,378	223,476
Residential Mortgage Finance		35%	10,790,051	-	10,790,051	3,776,518
Public Sector Entity						
		0%	-	-	-	-
	1	20%	221,455	-	221,455	44,291
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	60,441,592	59,401,459	1,040,133	520,066
			60,663,047	-	1,261,588	564,357
Sovereigns (SBP / GoP)		0%	128,953,810	-	128,957,967	4,854,054
Equity Investments - Listed		100%	2,739,095	-	2,739,095	2,739,095
- Unlisted		150%	394,547	-	394,547	591,821
Significant Investment and DTA		250%	874,327	-	874,327	2,185,817
			4,007,969	-	4,007,969	5,516,733
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	5,084,361	-	5,084,361	7,626,541
	S.P between 20% to 50%	100%	230,142	-	230,142	230,142
	S.P greater than 50%	50%	5,075	-	5,075	2,537
			5,319,578	-	5,319,578	7,859,220
Investment in fixed assets		100%	7,032,997	-	7,032,997	7,032,997
Other assets		100%	2,636,497	-	2,636,497	2,636,497
Total			412,980,929	39,909,324	313,674,300	139,266,797

* Credit Risk Mitigation (CRM)

LCR 31 December 2019

		TOTAL UNWEIGHTED ^a VALUE (average)	TOTAL WEIGHTED ^b VALUE (average)
<i>(in local currency)</i>			
HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		83,221,592
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:	119,390,125	11,474,377
2.1	stable deposit	9,292,711	464,636
2.2	Less stable deposit	110,097,415	11,009,741
3	Unsecured wholesale funding of which:	90,499,652	48,004,779
3.1	Operational deposits (all counterparties)	9,415,943	2,154,142
3.2	Non-operational deposits (all counterparties)	86,576,342	47,107,220
3.3	Unsecured debt	-	-
4	Secured wholesale funding		1,541
5	Additional requirements of which:	143,021,212	1,967,511
5.1	Outflows related to derivative exposures and other collateral requirements	58,369	58,369
5.2	Outflows related to loss of funding on debt products	-	-
5.3	Credit and Liquidity facilities	142,962,843	1,909,142
6	Other contractual funding obligations	4,004,334	4,004,334
7	Other contingent funding obligations	59,101,261	2,955,063
8	TOTAL CASH OUTFLOWS		66,437,564
CASH INFLOWS			
9	Secured lending	4,923,564	2,637,522
10	Inflows from fully performing exposures	15,312,765	8,260,522
11	Other Cash inflows	2,024,110	1,096,861
12	TOTAL CASH INFLOWS	15,874,318	10,618,152
21	TOTAL HQLA		83,221,592
22	TOTAL NET CASH OUTFLOWS		55,819,412
23	LIQUIDITY COVERAGE RATIO		149.1%

LCR 31 December 2018

		TOTAL UNWEIGHTED ^a VALUE (average)	TOTAL WEIGHTED ^b VALUE (average)
<i>(in local currency)</i>			
HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		55,404,403
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:		
2.1	stable deposit	6,982,267	349,113
2.2	Less stable deposit	97,253,545	9,725,354
3	Unsecured wholesale funding of which:		
3.1	Operational deposits (all counterparties)		
3.2	Non-operational deposits (all counterparties)	95,783,698	45,586,997
3.3	Unsecured debt		-
4	Secured wholesale funding		18,374
5	Additional requirements of which:		
5.1	Outflows related to derivative exposures and other collateral requirements	37,316	37,316
5.2	Outflows related to loss of funding on debt products	-	-
5.3	Credit and Liquidity facilities	159,238,329	3,073,143
6	Other contractual funding obligations	4,396,948	4,396,948
7	Other contingent funding obligations		
8	TOTAL CASH OUTFLOWS		63,187,246
CASH INFLOWS			
9	Secured lending	-	-
10	Inflows from fully performing exposures	16,559,928	9,069,431
11	Other Cash inflows	2,226,025	1,644,533
12	TOTAL CASH INFLOWS	18,785,952	10,713,963
21	TOTAL HQLA		55,404,403
22	TOTAL NET CASH OUTFLOWS		52,473,282
23	LIQUIDITY COVERAGE RATIO		105.6%

NSFR 2019

LR IX

NSFR 2019

		unweighted value by residual maturity				weighted value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
(Amount in PKR in thousands)						
ASF Item						
1	Capital:					
2	Regulatory capital	17,333,255				17,333,255
3	Other capital instruments	7,492,800				7,492,800
4	Retail deposits and deposit from small business customers:					
5	Stable deposits	6,228,314	1,604,021	819,091	147,642	8,359,115
6	Less stable deposits	100,655,192	24,454,941	13,800,494	2,588,364	135,541,854
7	Wholesale funding:					
8	Operational deposits					
9	Other wholesale funding	65,989,188	95,639,442	50,624,358	7,238,915	113,365,409
10	Other liabilities:					
11	NSFR derivative liabilities				24,605,726	-
12	All other liabilities and equity not included in other categories	12,769,162	4,250,878	49,394,349	8,790,386	26,623,491
13	Total ASF					308,715,925
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)					131,228,564
15	Deposits held at other financial institutions for operational purposes	969896				484,948
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA		31,117,740			
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1,289,467	8,323	24,128	221,686
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:					
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	6,324,338		79,239,482	11,761,549	53,589,086
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-				
22	Other assets:					
23	Physical traded commodities, including gold					
24	Assets posted as initial margin for derivative contracts					
25	NSFR derivative assets				35,768,530	11,162,805
26	NSFR derivative liabilities before deduction of variation margin posted				4,921,145	4,921,145
27	All other assets not included in the above categories	98,804,662	-	129,040	108,924,867	196,649,710
28	Off-balance sheet items		145,185,243			7,259,262
29	Total RSF					274,288,642
30	Net Stable Funding Ratio (%)					113%

NSFR 2018				LR IX		
(Amount in PKR in thousands)		unweighted value by residual maturity				weighted value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital:					
2	Regulatory capital	15,617,026				15,617,026
3	Other capital instruments	7,496,800				7,496,800
4	Retail deposits and deposit from small business customers:					
5	Stable deposits	8,157,948	1,534,709	522,918	104,934	9,804,484
6	Less stable deposits	92,336,745	17,370,794	5,918,707	1,187,710	114,550,284
7	Wholesale funding:					
8	Operational deposits					
9	Other wholesale funding	76,720,264	94,866,211	22,096,434	595,888	97,437,343
10	Other liabilities:					
11	NSFR derivative liabilities		16,643,214			-
12	All other liabilities and equity not included in other categories	4,118,589	5,130,765	79,630,078	20,130,553	53,222,516
13	Total ASF					298,128,452
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)					61,166,515
15	Deposits held at other financial institutions for operational purposes	1475635				737,818
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 financail institutions	-	7,802,150	371,143	-	1,355,894
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:					
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	4,154,515	3,567,302	1,045,995	10,837,305	12,743,326
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	78,958,567	44,657,068	10,633,319	91,996,541	192,308,671
22	Other assets:					
23	Physical traded commodities, including gold					
24	Assets posted as initial margin for derivative contracts					
25	NSFR derivative assets		24,985,707			
26	NSFR derivative liabilities before deduction of variation margin posted		3,328,643			3,328,643
27	All other assets not included in the above categories	15,173,678	47,301,798	31,848,246	42,547,299	63,985,381
28	Off-balance sheet items		141,455,999			7,072,800
29	Total RSF					280,794,715
30	Net Stable Funding Ratio (%)					106.17%