

1. CAPITAL MANAGEMENT

Our Treasury function manages our capital at Group level and locally in each region. The allocation of financial resources, in general, and capital, in particular, favours business portfolios with the highest positive impact on the Group's profitability and shareholder value. As a result, Treasury periodically reallocates capital among business portfolios.

Regional capital plans covering the capital needs are presented to the Group Investment Committee. Local Asset and Liability Committees attend to those needs under the stewardship of regional Treasury teams. In developing, implementing and testing our capital and liquidity, we take legal and regulatory requirements into account.

The regulatory and economic capital demand is continuously monitored to adjust the available capital if required. Capital demand forecasts are regularly determined and carried forward based on the planned development of the business volume and results as well as expected risk parameter changes.

1.1 Capital-Assessment and Adequacy Basel III specific

1.1.1 Scope of Applications

The Pakistan Operations currently use Basel III framework for the Capital Assessment and Capital Adequacy purposes. Basel III Standardized 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.

1.1.2 Capital Structure

The lead regulator, State Bank of Pakistan (SBP) sets and monitors capital requirements for the banks in Pakistan as a whole. With effect from 31 December 2013, the SBP has advised through its BPRD circular # 6 dated August 15, 2013 that all banks to calculate their capital requirements on Basel III Accord. The amendments have been introduced with an aim to further strengthen the existing capital related rules. Basel III instructions have become effective from 31 December, 2013, however, there is a transitional phase during which the complete requirements would become applicable with full implementation by 31 December, 2019.

In implementing the current capital requirements, SBP requires the Pakistan Operations to maintain a prescribed total capital to total risk weighted assets ratio. As at the year end 2021, the SBP's minimum prescribed capital adequacy ratio is 12.5% (Total Capital 10% and Capital Conservation Buffer 2.5%). Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET1) ratio and Tier 1 ratio of 6% and 7.5% respectively as at 31 December 2021. The Pakistan Operations' ratio is compliant with this minimum benchmark.

The Pakistan Operations of Deutsche Bank calculate requirement for market risk on its portfolio based upon the methodology provided by SBP which takes account of specific and general market risk capital charge for interest rate risk using the maturity method.

Banking operations are categorized as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Pakistan Operations' regulatory capital is analyzed into following tiers:

- Tier I capital: includes Head office capital account, and un-remitted profit.
- Tier II capital: includes general provision not kept against identified debts.

1.1.3 The leverage ratio of the Pakistan Operations as at 31 December 2021 is 12.47% (2020: 13.52%). The ratio has been computed as prescribed by State Bank of Pakistan through Instructions for Basel-III Implementation in Pakistan.

As on 31 December 2021; Total Tier 1 capital of the Bank amounts to Rs. 8,856 million (2020: Rs. 8,221 million); whereas, the total exposure measure amounts to Rs. 71,028 million (2020: Rs. 60,831 million).

1.2 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF 31 DECEMBER 2021

		2021	2020
		Rupees in '000	
		Amount	Amount
Rows #	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	6,398,696	6,302,781
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	-	-
5	General/ Statutory Reserves	-	-
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	2,469,393	1,918,567
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)	-	-
9	CET 1 before Regulatory Adjustments	8,868,089	8,221,348
10	Total regulatory adjustments applied to CET1	(12,180)	-
11	Common Equity Tier 1	8,855,909	8,221,348
	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 (amount allowed in group AT 1)	-	-
16	of which: instrument issued by subsidiaries subject to phase out	-	-
17	AT1 before regulatory adjustments	-	-
18	Total regulatory adjustment applied to AT1 capital	-	-
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)	8,855,909	8,221,348
	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	December 2019, the Pakistan Operations' ratio is compliant with this minimum benchmark.	-	-
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	14,119	14,119
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	14,119	14,119
33	Total regulatory adjustment applied to T2 capital	-	-
34	Tier 2 capital (T2) after regulatory adjustments	14,119	14,119
35	Tier 2 capital recognized for capital adequacy	14,119	14,119
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	14,119	14,119
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	8,870,028	8,235,467
39	Total Risk Weighted Assets (RWA)	16,344,852	15,285,940
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 minimum ratio	54.18%	53.78%
41	Tier-1 capital to total RWA	54.18%	53.78%
42	Total capital to total RWA	54.27%	53.88%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	8.50%	7.50%
44	of which: capital conservation buffer requirement	2.50%	1.50%
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)	48.18%	47.78%
	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	12.50%	11.50%

2021

2020

(Rupees in '000)

Regulatory Adjustments and Additional Information		Amount	Amounts subject to Pre-Base I treatment*	Amount
Note 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)	-	-	-
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	(9,450)	-	-
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	(2,730)	-	-
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)	(12,180)	-	-

Note 1.2.2	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)	-	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28	December 2019, the Pakistan Operations' ratio is compliant with this minimum benchmark.	-	-	-
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)	-	-	-

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-Base I 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)	-	-	-

2021

2020

(Rupees in '000)

Additional Information		Amount	Amount
Note 1.2.4	Risk Weighted Assets subject to pre-Base I treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Base I 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)	-	-
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

Step 1	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	2021	2021
	----- (Rupees in '000) -----	
Assets		
Cash and balances with treasury banks	9,550,738	9,550,738
Balanced with other banks	5,334,868	5,334,868
Lending to financial institutions	4,431,289	4,431,289
Investments	14,352,092	14,352,092
Advances	4,339,519	4,339,519
Operating fixed assets	277,998	277,998
Deferred tax assets	5,395	5,395
Other assets	1,573,195	1,573,195
Total assets	39,865,094	39,865,094
Liabilities & Equity		
Bills payable	775,747	775,747
Borrowings	9,334	9,334
Deposits and other accounts	25,879,216	25,879,216
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	4,335,438	4,335,438
Total liabilities	30,999,735	30,999,735
Share capital / Head office capital account	6,398,696	6,398,696
Reserves	-	-
Unappropriated / unremitted profit	2,469,393	2,469,393
Minority Interest	-	-
Surplus on revaluation of assets	(2,730)	(2,730)
Total liabilities & equity	39,865,094	39,865,094

Step 2	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2021	2021	
Assets			
Cash and balances with treasury banks	9,550,738	9,550,738	
Balanced with other banks	5,334,868	5,334,868	
Lending to financial institutions	4,431,289	4,431,289	
Investments	14,352,092	14,352,092	
<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>	-	-	c
<i>of which: reciprocal crossholding of capital instrument</i>	-	-	d
<i>of which: others (mention details)</i>	-	-	e
Advances	4,339,519	4,339,519	
<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>	14,119	14,119	g
Fixed Assets	277,998	277,998	
Deferred Tax Assets	5,395	5,395	
<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	1,573,195	1,573,195	
<i>of which: Goodwill</i>	-	-	j
<i>of which: Intangibles</i>	-	-	k
<i>of which: Defined-benefit pension fund net assets</i>	-	-	l
Total assets	39,865,094	39,865,094	
Liabilities & Equity			
Bills payable	775,747	775,747	
Borrowings	9,334	9,334	
Deposits and other accounts	25,879,216	25,879,216	
Sub-ordinated loans	-	-	m
<i>of which: eligible for inclusion in AT1</i>	-	-	n
<i>of which: eligible for inclusion in Tier 2</i>	-	-	
Liabilities against assets subject to finance lease	-	-	o
Deferred tax liabilities	-	-	p
<i>December 2019, the Pakistan Operations' ratio is compliant with this minimum benchmark.</i>	-	-	q
<i>of which: DTLs related to intangible assets</i>	-	-	r
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	
<i>of which: other deferred tax liabilities</i>	-	-	
Other liabilities	4,335,438	4,335,438	
Total liabilities	30,999,735	30,999,735	
Share capital / Head office capital account	6,398,696	6,398,696	
<i>of which: amount eligible for CET1</i>	6,398,696	6,398,696	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	-	-	u
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	-	-	v
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	w
Unappropriated / Unremitted profit/ (losses)	2,469,393	2,469,393	
Minority Interest	-	-	x
<i>of which: portion eligible for inclusion in CET1</i>	-	-	y
<i>of which: portion eligible for inclusion in AT1</i>	-	-	z
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	
Surplus on revaluation of assets	(2,730)	(2,730)	
<i>of which: Revaluation reserves on Property</i>	-	-	aa
<i>of which: Unrealized Gains/Losses on AFS</i>	(2,730)	(2,730)	ab
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	
Total liabilities & Equity	39,865,094	39,865,094	

Step 3		Component of regulatory capital reported by bank (amount in thousand PKR)	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	6,398,696	
2	Balance in Share Premium Account	-	(s)
3	Reserve for issue of Bonus Shares	-	
4	General/ Statutory Reserves	-	
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	(u)
6	Unappropriated/unremitted profits/(losses)	2,469,393	(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	8,868,089	
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)	-	(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)} * 40%
13	Defined-benefit pension fund net assets	(9,450)	{(l) - (q)} * 40%
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 property/ AFS	(2,730)	(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)	-	(a) - (ac) - (ae)
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)
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	Investment in TFCs of other banks exceeding the prescribed limit	-	
28	Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 25)	(12,180)	
	Common Equity Tier 1	8,855,909	
Additional Tier 1 (AT 1) Capital			
31	Qualifying Additional Tier-1 instruments plus any related share premium	-	
32	of which: Classified as equity	-	(t)
33	of which: Classified as liabilities	-	(m)
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35	of which: instrument issued by subsidiaries subject to phase out	-	
36	AT1 before regulatory adjustments	-	

Step 3		Component of regulatory capital reported by bank (amount in thousand PKR)	Source based on reference number from step 2
Additional Tier 1 Capital: regulatory adjustments			
37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38	Investment in own AT1 capital instruments	-	
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40	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)
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
42	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	-	
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
44	Total of Regulatory Adjustment applied to AT1 capital	-	
45	Additional Tier 1 capital	-	
46	Additional Tier 1 capital recognized for capital adequacy	-	
	Tier 1 Capital (CET1 + admissible AT1)	8,855,909	
Tier 2 Capital			
47	Qualifying Tier 2 capital instruments under Basel III	-	
48	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
49	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50	of which: instruments issued by subsidiaries subject to phase out	-	
51	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	14,119	(g)
52	Revaluation Reserves eligible for Tier 2	-	
53	of which: portion pertaining to Property	-	portion of (aa)
54	of which: portion pertaining to AFS securities	-	
55	Foreign Exchange Translation Reserves	-	(v)
56	Undisclosed/Other Reserves (if any)	-	
57	T2 before regulatory adjustments	14,119	
Tier 2 Capital: regulatory adjustments			
58	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	-	
59	Reciprocal cross holdings in Tier 2 instruments	-	
60	Investment in own Tier 2 capital instrument	-	
61	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)
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
63	Amount of Regulatory Adjustment applied to T2 capital	-	
64	Tier 2 capital (T2)	14,119	
65	Tier 2 capital recognized for capital adequacy	14,119	
66	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67	Total Tier 2 capital admissible for capital adequacy	14,119	
	TOTAL CAPITAL (T1 + admissible T2)	8,870,028	

1.4 Main Features of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments		
	Main Features	Common Shares
1	Issuer	N/A
2	Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)	N/A
3	Governing law(s) of the instrument	N/A
	Regulatory treatment	
4	Transitional Basel III rules	N/A
5	Post-transitional Basel III rules	N/A
6	Eligible at solo/ group/ group&solo	N/A
7	Instrument type	N/A
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	N/A
9	Par value of instrument	N/A
10	Accounting classification	N/A
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	
	Coupons / dividends	N/A
17	Fixed or floating dividend/ coupon	N/A
18	coupon rate and any related index/ benchmark	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A

1.5 Risk Weighted Assets

The capital requirements for the banking group as per the major risk categories should be indicated in the manner given below:-

	Capital Requirements		Risk Weighted Assets	
	2021	2020	2021	2020
----- (Rupees in '000) -----				
Credit Risk				
<u>Portfolios subject to standardized approach (Simple)</u>				
Cash & cash equivalents	-	-	-	-
Sovereign	7,638	2,734	76,377	27,339
Public Sector entities	-	-	-	-
Banks	457,785	438,408	4,577,849	4,384,083
Corporate	603,134	534,698	6,031,339	5,346,975
Retail	1,650	1,802	16,501	18,023
Residential Mortgages	8,238	7,886	82,384	78,859
Past Due loans	-	-	-	-
Operating Fixed Assets	13,477	24,111	134,767	241,111
Other assets	30,826	28,581	308,264	285,812
	1,122,748	1,038,220	11,227,480	10,382,202
Market Risk				
<u>Capital Requirement for portfolios subject to Standardized Approach</u>				
Interest rate risk	-	-	-	-
Foreign Exchange risk	22,418	29,817	280,222	372,713
	22,418	29,817	280,222	372,713
Operational Risk	386,972	362,482	4,837,150	4,531,025
<u>Capital Requirement for operational risks</u>				
TOTAL	1,532,138	1,430,519	16,344,852	15,285,941

Capital Adequacy Ratios	2021		2020	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	54.18%	6.00%	53.78%
Tier-1 capital to total RWA	7.50%	54.18%	7.50%	53.78%
Total capital to total RWA	12.50%	54.27%	11.50%	53.88%

1.6 Liquidity Coverage Ratio

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

	Total Unweighted ^a Value (average)	Total Weighted ^b Value (average)
	----- (Rupees in '000) -----	
High Quality Liquid Assets		
1 Total high quality liquid assets (HQLA)		27,565,828
Cash Outflows		
2 Retail deposits and deposits from small business customers of which:	27,601	2,474
2.1 stable deposit	5,730	286
2.2 Less stable deposit	21,871	2,187
3 Unsecured wholesale funding of which:	28,545,905	9,997,346
3.1 Operational deposits (all counterparties)	27,681,351	9,132,793
3.2 Non-operational deposits (all counterparties)	-	-
3.3 Unsecured debt	864,554	864,554
4 Secured wholesale funding		-
5 Additional requirements of which:	14,195,729	1,419,573
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	14,195,729	1,419,573
6 Other contractual funding obligations	807,171	807,021
7 Other contingent funding obligations	10,677,859	534,035
8 Total Cash Outflows		12,760,449
Cash Inflows		
9 Secured lending	5,145,312	3,885,073
10 Inflows from fully performing exposures	-	-
11 Other Cash inflows	115,377	111,595
12 Total Cash Inflows		3,996,667
21 Total HQLA		27,565,828
22 Total Net Cash Outflows		8,763,782
23 Liquidity Coverage Ratio		315%

33.7 Net Stable Funding Ratio

(Rupees in '000)	ASF Item	unweighted value by residual maturity				weighted value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
	1 Capital:					
	2 Regulatory capital	8,865,359	-	-	-	8,865,359
	3 Other capital instruments	-	-	-	-	-
	4 Retail deposits and deposit from small business customers:					
	5 Stable deposits	-	46,096	-	-	43,791
	6 Less stable deposits	-	3,078,315	-	-	2,770,484
	7 Wholesale funding:					
	8 Operational deposits	-	22,754,806	-	-	11,377,403
	9 Other wholesale funding	-	-	-	-	-
	10 Other liabilities:					
	11 NSFR derivative liabilities					-
	12 All other liabilities and equity not included in other categories		1,257,786	3,836,493	26,240	1,791,959
	13 Total ASF					24,848,995
	RSF item					
	14 Total NSFR high-quality liquid assets (HQLA)					6,871,464
	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	-	-	-	-	-
	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	4,795,301	-	-	-	3,964,318
	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		36,121			36,121
	26 NSFR derivative liabilities before deduction of variation margin posted		-			-
	27 All other assets not included in the above categories		26,560,027	487,588	8,310,441	2,871,026
	28 Off-balance sheet items		31,956,816	-	-	1,597,841
	29 Total RSF					8,469,304
	30 Net Stable Funding Ratio (%)					293%