Consolidated Capital Adequacy & Liquidity Disclosures

MCB Bank Limited

December 31, 2022

1. CAPITAL ASSESSMENT AND ADEQUACY

1.1 Scope of Applications

The Basel-III Framework is applicable to the Bank both at the consolidated level (comprising of wholly/ partially owned subsidiaries associates) and on a stand alone basis. Subsidiaries are included while calculating consolidated Capital Adequacy for the Bank using the full consolidation method whereas associates in which the Bank has significant influence are accounted for using the equity method. Standardized Approach is used for calculating the Capital Adequacy for credit and market risk, whereas, the Basic Indicator Approach (BIA) is used for operational risk Capital Adequacy purposes.

1.2 Capital Management

Objectives and goals of managing capital

The Group manages its capital to attain following objectives and goals:

- an appropriately capitalized status, as defined by banking regulations;
- acquire strong credit ratings that enable an optimized funding mix and liquidity sources at lesser costs;
- cover all risks underlying business activities;
- retain flexibility to harness future investment opportunities to build and expand even in stressed times.

Statutory minimum capital requirement and Capital Adequacy Ratio

The State Bank of Pakistan through its BSD Circular No. 07 of 2009 dated April 15, 2009 requires the minimum paid up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2013. The raise was to be achieved in a phased manner requiring Rs. 10 billion paid up capital (net of losses) by the end of the financial year 2013. The paid up capital of the Bank for the year ended December 31, 2022 stands at Rs. 11.851 billion and is in compliance with the SBP requirement.

The capital adequacy ratio of the Bank was subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions were effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis:

Phase-in arrangement and full implementation of the minimum capital requirements:

Sr. No	Ratio	Year End							As of Dec 31
		2015	2016	2017	2018	2019	2020	2021	2022
1	CET1	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier 1	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
4	**Total Capital**	**10.00%**	**10.00%**	**10.00%**	**10.00%**	**10.00%**	**10.00%**	**10.00%**	**10.00%**
5	*CCB	0.25%	0.65%	1.28%	1.90%	2.50%	1.50%	1.50%	1.50%
6	**Total Capital plus CCB**	**10.25%**	**10.65%**	**11.28%**	**11.90%**	**12.50%**	**11.50%**	**11.50%**	**11.50%**

- *Capital Conservation Buffer (CCB) consists of CET1 only; The CCB was revised downwards from 2.5% to 1.5% during the year 2020 as per BPRD Circular No. 12 dated March 26, 2020.

Bank's regulatory capital is analysed into three tiers.

- Common Equity Tier 1 capital (CET1), which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CET1

- Additional Tier 1 Capital (AT1), which includes perpetual non-cumulative preference shares and Share premium resulting from the issuance of preference shares after all regulatory adjustments applicable on AT1

The deduction from Tier 1 Capital include mainly:

i) Book value of goodwill / intangibles;
ii) Defined-benefit pension fund net assets
iii) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
iv) Investment in mutual funds above a prescribed ceiling;
v) Threshold deductions applicable from 2014 on deferred tax assets and certain investments

– Tier 2 capital, which includes Subordinated debt / Instruments, share premium of issuance of Subordinated debt / Instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), Net of tax reserves on revaluation of fixed assets and investments and foreign exchange translation reserves after all regulatory adjustments applicable on Tier-2

The deductions from Tier 2 include mainly:

i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;

The required capital adequacy ratio including CCB (11.50% of the risk-weighted assets) is achieved by the Group through retention of profit, improvement in the asset quality at the existing volume level, ensuring better recovery management and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Group. As the Group conducts business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across entire organization and aggregate the risks so as to take an integrated view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Group to particular operations or activities.

The Group remained compliant with all regulatory capital requirements through out the year.

		2022	2021
		(Rupees in '000)	
1.3	**Capital Adequacy Ratio**		
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital	11,850,600	11,850,600
2	Balance in Share Premium Account	23,973,024	23,973,024
3	Reserve for issue of Bonus Shares	–	–
4	Discount on Issue of shares	–	–
5	General / Statutory Reserves	59,913,438	56,329,718
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	–	–
7	Unappropriated/unremitted profits	72,795,700	64,697,360
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)	732,489	751,419
9	**CET 1 before Regulatory Adjustments**	**169,265,251**	**157,602,121**
10	Total regulatory adjustments applied to CET1 **(Note 1.3.1)**	10,741,359	11,044,425
11	**Common Equity Tier 1**	**158,523,892**	**146,557,696**

		2022	2021
		(Rupees in '000)	
	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 **(Note 1.3.2)**	56,302	69,788
19	Additional Tier 1 capital after regulatory adjustments	(56,302)	(69,788)
20	**Additional Tier 1 capital recognized for capital adequacy**	(56,302)	(69,788)
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**	**158,467,590**	**146,487,908**
	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 III rules	–	–
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group Tier 2)	–	–
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	2,638,230	1,771,000
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets	38,031,031	19,212,082
29	of which: Unrealized gains/losses on AFS Securities	(19,070,527)	(4,415,448)
30	Foreign Exchange Translation Reserves	4,845,697	3,832,533
31	Undisclosed/Other Reserves (if any)	–	–
32	**T2 before regulatory adjustments**	**26,444,431**	**20,400,167**
33	Total regulatory adjustment applied to T2 capital **(Note 1.3.3)**	–	–
34	Tier 2 capital (T2) after regulatory adjustments	26,444,431	20,400,167
35	Tier 2 capital recognized for capital adequacy	26,444,431	20,400,167
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	–	–
37	**Total Tier 2 capital admissible for capital adequacy**	**26,444,431**	**20,400,167**
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**	**184,912,021**	**166,888,075**
39	**Total Risk Weighted Assets (RWA) {for details refer Note 1.6}**	**1,028,711,120**	**1,043,802,865**
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**15.40%**	**14.03%**
41	**Tier-1 capital to total RWA**	**15.40%**	**14.03%**
42	**Total capital to total RWA**	**17.98%**	**15.99%**
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.50%	7.50%
44	of which: capital conservation buffer requirement	1.50%	1.50%

		2022	2021
		(Rupees in '000)	
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)	7.90%	6.53%
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**	**10.00%**	**10.00%**
51	**Total capital minimum ratio plus CCB**	**11.50%**	**11.50%**
	Regulatory Adjustments and Additional Information		
1.3.1	**Common Equity Tier 1 capital: Regulatory adjustments**		
1	Goodwill (net of related deferred tax liability)	82,127	82,127
2	All other intangibles (net of any associated deferred tax liability)	1,600,544	1,756,009
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	1,577,842	1,963,241
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	7,061,346	6,823,548
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 Securities	–	–
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	419,500	419,500
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**	**10,741,359**	**11,044,425**

		2022	2021
		(Rupees in '000)	
1.3.2	**Additional Tier-1 Capital: regulatory adjustments**		
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	56,302	69,788
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**	**56,302**	**69,788**
1.3.3	**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**	–	–
1.3.4	**Additional Information**		
	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	–	–

		2022	2021
		(Rupees in '000)	
	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)	2,638,230	1,771,000
42	Cap on inclusion of provisions in Tier 2 under standardized approach	9,542,102	9,292,420
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	–	–

1.4 Capital Structure Reconciliation

Step 1	Balance sheet as per published financial statements	Under regulatory scope of consolidation
	As at 31-12- 2022	As at 31-12- 2022
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	110,275,163	110,275,163
Balances with other banks	26,162,849	26,162,849
Lendings to financial institutions	56,585,768	56,585,768
Investments - net	1,040,889,059	1,040,889,059
Advances - net	844,985,763	844,985,763
Fixed assets including intangible	86,703,836	86,703,836
Deferred tax assets	5,439,278	5,439,278
Other assets - net	103,291,437	103,291,437
Total assets	**2,274,333,153**	**2,274,333,153**
Liabilities & Equity		
Bills payable	42,874,366	42,874,366
Borrowings	356,016,610	356,016,610
Deposits and other accounts	1,532,695,961	1,532,695,961
Liabilities against assets subject to finance lease	–	–
Subordinated debt	–	–
Deferred tax liabilities - net	–	–
Other liabilities	148,268,469	148,268,469
Total liabilities	**2,079,855,406**	**2,079,855,406**
Share capital	11,850,600	11,850,600
Reserves	89,640,476	89,640,476
Surplus on revaluation of assets - net of tax	19,458,482	19,458,482
Unappropriated profit	72,795,700	72,795,700
Non-controlling interest	732,489	732,489
	194,477,747	194,477,747
Total liabilities & equity	**2,274,333,153**	**2,274,333,153**

Step 2	Balance sheet as per published financial statements	Under regulatory scope of consolidation	Ref
	As at 31-12- 2022	As at 31-12- 2022	
	(Rupees in '000)		
Assets			
Cash and balances with treasury banks	110,275,163	110,275,163	
Balanced with other banks	26,162,849	26,162,849	
Lending to financial institutions	56,585,768	56,585,768	
Investments	1,040,889,059	1,040,889,059	
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	–	–	a
of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	419,500	419,500	b
of which: Mutual Funds exceeding regulatory threshold	–	–	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	7,061,346	7,061,346	d
of which: others	–	–	e
Advances	844,985,763	844,985,763	
shortfall in provisions / excess of total EL amount over eligible provisions under IRB	–	–	f
general provisions reflected in Tier 2 capital	2,638,230	2,638,230	g
Fixed Assets	86,703,836	86,703,836	
of which: Goodwill	82,127	82,127	h
of which: Intangibles	1,600,544	1,600,544	i
Deferred Tax Assets	5,439,278	5,439,278	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	–	–	j
of which: DTAs arising from temporary differences exceeding regulatory threshold	–	–	k
of which: DTLs related to defined pension fund net assets	(1,190,300)	(1,190,300)	l
of which: other deferred tax assets	6,629,578	6,629,578	m
Other assets	103,291,437	103,291,437	
of which: Goodwill	–	–	n
of which: Defined-benefit pension fund net assets	2,768,142	2,768,142	o
Total assets	**2,274,333,153**	**2,274,333,153**	
Liabilities & Equity			
Bills payable	42,874,366	42,874,366	
Borrowings	356,016,610	356,016,610	
Deposits and other accounts	1,532,695,961	1,532,695,961	
Sub-ordinated loans	–	–	
of which: eligible for inclusion in AT1	–	–	p
of which: eligible for inclusion in Tier 2	–	–	q
Liabilities against assets subject to finance lease	–	–	
Deferred tax liabilities	–	–	
of which: DTLs related to goodwill	–	–	r
of which: DTLs related to intangible assets	–	–	s
Other liabilities	148,268,469	148,268,469	
Total liabilities	**2,079,855,406**	**2,079,855,406**	
Share capital	35,823,624	35,823,624	
of which: amount eligible for CET1	35,823,624	35,823,624	t
of which: amount eligible for AT1	–	–	u

	Balance sheet as per published financial statements	Under regulatory scope of consolidation	Ref
	As at 31-12- 2022	As at 31-12- 2022	
	(Rupees in '000)		
Reserves	65,667,452	65,667,452	
of which: portion eligible for inclusion in CET1 (general reserve & statutory reserve)	59,913,438	59,913,438	v
of which: portion eligible for inclusion in Tier 2	4,845,697	4,845,697	w
Unappropriated profit	72,795,700	72,795,700	x
Minority Interest	732,489	732,489	
of which: portion eligible for inclusion in CET1	732,489	732,489	y
of which: portion eligible for inclusion in AT1	–	–	z
of which: portion eligible for inclusion in Tier 2	–	–	za
Surplus on revaluation of assets	19,458,482	19,458,482	
of which: Revaluation reserves on fixed assets	38,031,031	38,031,031	aa
of which: Unrealized Gains/Losses on AFS Securities	(19,070,527)	(19,070,527)	
of which: Revaluation reserves on Non-banking assets	497,978	497,978	
In case of Deficit on revaluation (deduction from CET1)	–	–	ab
Total Equity	**194,477,747**	**194,477,747**	
Total liabilities & Equity	**2,274,333,153**	**2,274,333,153**	

	Step 3	Component of regulatory capital reported by Group	Source based on reference number from step 2
		(Rupees in '000)	
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital	11,850,600	(t)
2	Balance in Share Premium Account	23,973,024	
3	Reserve for issue of Bonus Shares	–	
4	General / Statutory Reserves	59,913,438	(v)
5	Gain / (Losses) on derivatives held as Cash Flow Hedge	–	
6	Unappropriated/unremitted profits/(losses)	72,795,700	(x)
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)	732,489	(y)
8	**CET 1 before Regulatory Adjustments**	**169,265,251**	
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	82,127	h
10	All other intangibles (net of any associated deferred tax liability)	1,600,544	(i) - (s)
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)	–	
13	Defined-benefit pension fund net assets	1,577,842	{(o) + (l)} * 100%
14	Reciprocal cross holdings in CET1 capital instruments	7,061,346	(d)
15	Cash flow hedge reserve	–	
16	Investment in own shares / CET1 instruments	–	
17	Securitization gain on sale	–	
18	Capital shortfall of regulated subsidiaries	–	

		Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
19	Deficit on account of revaluation from bank's holdings of property / AFS Securities	–	(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)	–	
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)	–	
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–	(k)
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	419,500	(b)
28	Any other deduction specified by SBP	–	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	–	
30	**Total regulatory adjustments applied to CET1**	**10,741,359**	
31	**Common Equity Tier 1**	**158,523,892**	
	Additional Tier 1 (AT 1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	–	
33	of which: Classified as equity	–	(u)
34	of which: Classified as liabilities	–	(p)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	–	(z)
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)	56,302	
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)	–	
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	

		Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
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	56,302	
46	Additional Tier 1 capital	–	
47	**Additional Tier 1 capital recognized for capital adequacy**	(56,302)	
48	**Tier 1 Capital (CET1 + admissible AT1) (31+47)**	**158,467,590**	
	Tier 2 Capital		
49	Qualifying Tier 2 capital instruments under Basel III	–	(q)
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)	–	(za)
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	2,638,230	(g)
54	Revaluation Reserves eligible for Tier 2	18,960,504	
55	of which: Revaluation reserves on fixed assets	38,031,031	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS Securities	(19,070,527)	
57	Foreign Exchange Translation Reserves	4,845,697	(w)
58	Undisclosed/Other Reserves (if any)	–	
59	**T2 before regulatory adjustments**	**26,444,431**	
	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)	–	
64	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	
65	Amount of Regulatory Adjustment applied to T2 capital	–	
66	Tier 2 capital (T2)	**26,444,431**	
67	Tier 2 capital recognized for capital adequacy	**26,444,431**	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	**–**	
69	Total Tier 2 capital admissible for capital adequacy	**26,444,431**	
70	**TOTAL CAPITAL (T1 + admissible T2) (48+69)**	**184,912,021**	

1.5 Main Features Template of Regulatory Capital Instruments

		Common Shares
1	Issuer	MCB Bank Limited
2	Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)	MCB
3	Governing law(s) of the instrument	Relevant Capital Market Laws
	Regulatory treatment	
4	Transitional Basel III rules	Common equity Tier 1
5	Post-transitional Basel III rules	Common equity Tier 1
6	Eligible at solo / group / group & solo	Group & standalone
7	Instrument type	Common Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	11,850,600
9	Par value of instrument	PKR 10 per share
10	Accounting classification	Shareholder equity
11	Original date of issuance	1947
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Not applicable
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	Noncumulative or cumulative	Not applicable
	Convertible or non-convertible	
23	If convertible, conversion trigger (s)	Not applicable
24	If convertible, fully or partially	Not applicable
25	If convertible, conversion rate	Not applicable
26	If convertible, mandatory or optional conversion	Not applicable
27	If convertible, specify instrument type convertible into	Not applicable
28	If convertible, specify issuer of instrument it converts into	Not applicable
	Write-down feature	
29	If write-down, write-down trigger(s)	Not applicable
30	If write-down, full or partial	Not applicable
31	If write-down, permanent or temporary	Not applicable
32	If temporary write-down, description of write-up mechanism	Not applicable
33	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Common equity ranks after all creditors and depositors
34	Non-compliant transitioned features	No
35	If yes, specify non-compliant features	Not applicable

1.6 Risk Weighted Assets

The risk weighted assets to capital ratio, calculated in accordance with the State Bank of Pakistan's guidelines on capital adequacy was as follows:

	Capital Requirements		Risk Weighted Assets	
	2022	2021	2022	2021
	(Rupees in '000)			
Credit Risk				
Portfolios subject to standardized approach (simple or comprehensive)				
On-Balance Sheet				
Corporate portfolio	47,778,122	47,378,956	375,715,106	366,870,102
Banks / DFIs	2,704,800	3,806,044	21,269,862	29,471,389
Public sector entities	702,357	438,118	5,523,155	3,392,483
Sovereigns / cash & cash equivalents	1,236,382	936,592	9,722,593	7,252,326
Loans secured against residential property	1,019,931	792,099	8,020,480	6,133,469
Retail	5,627,470	5,456,474	44,253,009	42,251,187
Past due loans	1,580,356	930,672	12,427,524	7,206,483
Operating fixed assets	10,775,574	8,052,308	84,736,399	62,351,545
Other assets	3,504,081	1,736,890	27,555,212	13,449,282
	74,929,073	69,528,153	589,223,340	538,378,265
Off-Balance Sheet				
Non-market related	20,536,941	24,732,763	161,497,327	191,513,534
Market related	258,854	361,280	2,035,560	2,797,508
	20,795,795	25,094,043	163,532,887	194,311,042
Equity Exposure Risk in the Banking Book				
Listed	936,641	350,781	7,365,510	2,716,204
Unlisted	412,832	1,031,609	3,246,404	7,988,074
	1,349,473	1,382,390	10,611,914	10,704,278
Total Credit Risk	97,074,341	96,004,586	763,368,141	743,393,585
Market Risk				
Capital requirement for portfolios subject to standardized approach				
Interest rate risk	2,154,844	6,900,959	26,935,550	86,261,981
Equity position risk	2,581,570	3,459,561	32,269,630	43,244,511
Foreign exchange risk	1,272,814	610,365	15,910,175	7,629,563
Total Market Risk	6,009,228	10,970,885	75,115,355	137,136,055
Operational Risk				
Capital requirement for operational risks	15,218,210	13,061,858	190,227,624	163,273,225
Total	118,301,779	120,037,329	1,028,711,120	1,043,802,865

	2022		2021	
	Required	Actual	Required	Actual
	%	%	%	%
Capital Adequacy Ratios				
CET1 to total RWA	6.00%	15.40%	6.00%	14.03%
Tier-1 capital to total RWA	7.50%	15.40%	7.50%	14.03%
Total capital to total RWA	10.00%	17.98%	10.00%	15.99%
Total capital plus CCB to total RWA	11.50%	17.98%	11.50%	15.99%

*As SBP capital requirement plus CCB of 11.50% (11.50% in 2021) is calculated on overall basis therefore, capital charge for credit risk is calculated after excluding capital requirements against market and operational risk from the total capital required.

1.7 Credit Risk - General Disclosures

The Group has adopted Standardized approach of Basel for calculation of capital charge against credit risk in line with SBP's requirements.

Credit Risk: Disclosures for portfolio subject to the Standardized Approach

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Group utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company– Vital Information Systems), Fitch, Moody's and Standard & Poors . Credit rating data for advances is obtained from recognized external credit assessment institutions and then mapped to State Bank of Pakistan's Rating Grades.

Type of Exposures for which the ratings from the External Credit Rating Agencies are used by the Bank.

Exposures	JCR-VIS	PACRA	Other (S&P / Moody's / Fitch)
Corporate	Yes	Yes	-
Banks	Yes	Yes	Yes
Sovereigns	-	-	Yes
SME's	Yes	Yes	-

The criteria for of transfer public issue ratings onto comparable assets in the banking book and the alignment of the alphanumerical scale of each agency used with risk buckets is the same as specified by the banking regulator SBP.

Long - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	1
2	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	4
5	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3	B+ B B-	5, 6
6	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and Below	CCC+ and below	7

Short - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F1	P-1	A-1+, A-1
S2	A-2	A-2	F2	P-2	A-2
S3	A-3	A-3	F3	P-3	A-3
S4	Others	Others	Others	Others	Others

Credit Exposures subject to Standardized approach

		2022			2021		
Exposures	**Rating**	**Amount Outstand-ing**	**Deduction CRM**	**Net amount**	**Amount Outstand-ing**	**Deduction CRM**	**Net amount**
Corporate	1	205,455,141	2,127	205,453,014	100,109,321	-	100,109,321
	2	171,227,537	6,086	171,221,451	129,311,337	2,273	129,309,064
	3,4	26,142,285	6,737	26,135,548	22,875,357	22,952	22,852,405
	5,6	-	-	-	-	-	-
	Unrated-1	76,632,856	287,576	76,345,280	86,210,465	890,368	85,320,097
	Unrated-2	122,970,796	5,744,436	117,226,360	156,792,811	17,575,848	139,216,963
Bank	1	52,532,034	21,486,624	31,045,410	61,920,264	11,916,871	50,003,392
	2,3	37,738,494	16,000,000	21,738,494	5,187,316	-	5,187,316
	4,5	2,481,273	-	2,481,273	12,727,131	-	12,727,131
	6	9,682	-	9,682	1,908,855	-	1,908,855
	Unrated	5,972,734	-	5,972,734	4,553,936	-	4,553,936
Public Sector Entities in Pakistan	1	24,988,144	-	24,988,144	13,977,891	-	13,977,891
	2,3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	46,554,176	45,503,125	1,051,051	29,113,117	27,919,307	1,193,809
Sovereigns and on Government of Pakistan or provincial governments or SBP or Cash		503,528,739	84,543,825	418,984,914	251,918,323	84,170,127	167,748,195
	1	28,073,084	-	28,073,084	30,799,364	-	30,799,364
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	848,339	-	848,339	6,056,112	-	6,056,112
	6	5,916,169	-	5,916,169	797,476	-	797,476
	Unrated	-	-	-	-	-	-
Mortgage		22,916,234	-	22,916,234	17,524,871	-	17,524,871
Retail		59,462,694	458,682	59,004,012	56,719,456	384,540	56,334,916

Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardized Approach

The Group does not make use of on and off-balance sheet netting in capital charge calculations under Basel's Standardized Approach for Credit Risk.

Credit Risk: Disclosures for portfolio subject to the Standardized Approach

The Group has strong policies and processes for collateral valuation and collateral management thus ensuring that collateral valuation happens at regular defined intervals. Collaterals are normally held for the life of exposure. Regular monitoring of coverage of exposure by the collateral and lien / charge registered over the collaterals is carried out besides ensuring that collateral matches the purpose, nature and structure of the transaction and also reflect the form and capacity of the obligor, its operations, nature of business and economic environment. The Group mitigates its risk by taking collaterals that may include assets acquired through the funding provided, as well as cash, government securities, marketable securities, current assets, fixed assets, and specific equipment, commercial and personal real estate.

The Standardized Approach of Basel-II guidelines allows the Group to take benefit of credit risk mitigation of financial collaterals against total exposures in the related loan facilities. As a prudent and conservative measure while calculating capital charge for credit risk of on balance sheet activities, Group has taken only the benefit of Sovereign guarantees and Defence Saving Certificates.

Group manages limits and controls concentrations of credit risk as identified, in particular, to individual counterparties and groups, and also reviews exposure to industry sectors and geographical regions on a regular basis. Limits are applied in a variety of forms to portfolios or sectors where Group considers it appropriate to restrict credit risk concentrations or areas of higher risk, or to control the rate of portfolio growth.

2. Leaverge Ratio

The leverage ratio is the ratio of Tier1 capital to total exposure, including off balance sheet exposures adjusted by regulatory credit conversion factors. The Group's current leverage ratio of 5.57% (2021: 5.58%) is above the current minimum requirement of 3.00% set by the SBP.

	2022	2021
	(Rupees in '000)	
Eligible Tier-1 Capital	158,467,590	146,487,908
Total Exposures	2,846,612,866	2,625,918,532
Leverage Ratio	5.57%	5.58%

3. Basel III Liquidity Requirement

The Basel Committee for Banking Supervision (BCBS) has introduced Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) under its BASEL III reforms. As part of Basel III implementation in Pakistan, SBP issued guidelines on June 23, 2016 to implement Liquidity standards in line with BCBS timelines, keeping in view the conditions as applicable in Pakistan. The Group is maintaining both the liquidity ratios, under Basel III, with a considerable cushion over and above the regulatory requirement to mitigate any liquidity risk.

Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) aims to ensure that Group maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) which can easily be converted into cash at little or no loss of value in private markets, to withstand an acute liquidity stress scenario lasting for a period of 30 days horizon. LCR is defined as ratio of stock of HQLA to the total net Cash Outflows estimated for the next 30 calendar days.

All banks are required to maintain LCR at least on 100% on an ongoing basis. The Group has been computing its LCR on monthly basis as per the instructions set out in SBP's guidelines issued on June 23, 2016. Average has been reported as simple averages of quarterly values of LCR of the financial year ended 2022. The quarterly values have been computed as simple averages of monthly observations of the previous quarter, as required by aforementioned SBP guidelines.

Governance of Liquidity risk management

Liquidity and related risks are managed through standardized processes established in the Group. Board and senior management are appraised about liquidity profile of the Group on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks. The management of liquidity risk within the Group is undertaken within limits and other policy parameters set by ALCO, which meets monthly and reviews compliance with policy parameters. Day to day monitoring is done by the treasury while overall compliance is monitored and coordinated by the ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position and monitoring the Group's liquidity profile and associated activities. Group's treasury function has the primary responsibility for assessing, monitoring and managing bank's liquidity and funding strategy. Market Risk Management Division being part of Risk management group is responsible for the independent identification, monitoring & analysis of risks inherent in treasury exposures. The Group has in place duly approved Treasury policy along with risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Group.

Funding Strategy

Group's prime source of liquidity is the customer's deposits base. Within deposits, Group strives to maintain a healthy core deposit base in form of current and saving deposits and avoid concentration in particular products, tenors and dependence on large fund providers. Further, Group relies on interbank borrowing for stop gap funding arrangements but, it is less preferred source of liquidity. Within borrowing, source of funding are also diversified to minimize concentration. Usually interbank borrowing is for short term. The Group follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Group.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like cash to deposits, financing to deposit ratio, liquid assets to total deposits, interbank borrowing to total deposits and large deposits to total deposits which are monitored and communicated to senior management and to ALCO forum regularly. Further, the Group also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. For maturity analysis, behavioral study techniques are also used to determine the behavior of non-contractual assets and liabilities based on historic data and statistical techniques. The Group also ensures to maintain statutory cash and liquidity requirements all times.

Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits and increase in assets, withdrawals of wholesale/large deposits & interbank borrowing and utilization of undrawn credit lines etc. Results are escalated at the senior level to enable the senior management to take proactive actions to avoid any possible liquidity risk challenges for the Group.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the Group which identifies the trigger events that could cause a liquidity crises and describes the actions to be taken to manage the crises. At Group, a comprehensive liquidity contingency funding plan is prepared which highlights liquidity management chain that needs to be followed. Responsibilities and crises management phases are also incorporated in order to tackle the liquidity crises. Moreover, CFP highlights possible funding sources, in case of a liquidity crises.

Main drivers of LCR Results

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Net cash outflows are mainly expected deposit outflows net of cash inflows which consist of inflows from financing and fully performing exposure up to 1 month. The inputs for calculation of LCR are prescribed by the regulator.

Composition of High Quality Liquid Asset-HQLA

High Quality Liquid Assets composed of Level-1 Asset which can be included in the stock of liquid assets at 100% of their market value. The Group maintained average HQLA of Rs. 803.180 billion (2021: Rs 1,143.438 billion) against the average liquidity requirement of Rs. 404.126 billion (2021: Rs. 480.179 billion) at prescribed minimum regulatory LCR requirement of 100% (2021: 100%). Group's total HQLA constituted on Level 1 & Level 2B assets. Average level 1 assets of the Group primarily include Cash & Treasury Balances (including balances held with SBP) and unencumbered investment in Government Securities. The Group's average level 2B assets primarily include non-financial publically traded common equity shares of the Group.

Concentration of Funding Sources

At December 31, 2022, top liability products/instruments and their percentage contribution to total Liabilities of the Group were Current & Saving Deposits 68.95%, Term Deposits 4.74%, and Borrowings 17.12%.

Currency Mismatch in the LCR

The Group predominately operates in the Pakistani Rupee. FCY exposures are maintained within pre-defined thresholds and liquidity for each foreign currency is managed by utilizing interbank market through currency swaps.

Intra-Period Changes (In LCR) as well as changes in Liquidity Risk over time

Group's average LCR during the year 2022 remained 198.74% (2021: 238.13%).

Centralization of Liquidity Management & Interaction Between The Groups' Units

Overall responsibility for Liquidity risk management of the bank lies with the ALCO, which comprises representatives from all business groups and relevant support groups. The Group maintains adequate liquidity at all times to meet all obligations as and when they become due. For overseas branches, decentralized approach is followed for day to day liquidity management by taking into consideration both respective host country's and SBP's regulations.

Other Inflows & Outflows

There are no other inflows & outflows in the calculations of LCR other than those that are already covered in the disclosure of LCR.

Derivative exposures and potential collateral calls

The Group has no exposure to any counter party that could lead to a potential collateral call arising out of derivative transactions.

	2022		2021	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
	(Rupees in '000)			
High quality liquid assets				
Total high quality liquid assets (HQLA)	–	803,179,881	–	1,143,437,748
Cash outflows				
Retail deposits and deposits from small business customers of which:	**852,018,283**	**85,196,449**	**1,026,672,725**	**102,656,798**
Stable deposit	107,592	5,380	209,496	10,475
Less stable deposit	851,910,691	85,191,069	1,026,463,229	102,646,323
Unsecured wholesale funding of which:	**434,353,893**	**281,313,225**	**479,070,970**	**336,189,186**
Operational deposits (all counterparties)	219,085	33,557	267,220	29,426
Non-operational deposits (all counterparties)	254,758,567	101,903,427	237,739,984	95,095,994
Unsecured debt	179,376,241	179,376,241	241,063,766	241,063,766
Secured wholesale funding	–	4,374,895	–	2,615,118
Additional requirements of which:	**54,418,921**	**7,295,360**	**59,745,323**	**8,007,747**
Outflows related to derivative exposures and other collateral requirements	944,104	944,104	1,244,254	1,244,254
Outflows related to loss of funding on debt products	–	–	–	–
Credit and Liquidity facilities	53,474,817	6,351,256	58,501,069	6,763,493
Other contractual funding obligations	**42,626,913**	**42,626,913**	**42,935,337**	**42,935,337**
Other contingent funding obligations	**855,639,495**	**17,909,512**	**931,821,666**	**19,866,944**
Total Cash outflows		**438,716,353**		**512,271,130**
Cash inflows				
Secured lending	13,728,186	–	2,478,970	–
Inflows from fully performing exposures	53,026,902	26,940,090	39,007,625	19,859,017
Other Cash inflows	19,926,229	7,650,300	25,526,670	12,233,057
Total Cash inflows		**34,590,390**		**32,092,074**
Total high quality liquid assets (HQLA)		**803,179,881**		**1,143,437,748**
Total Net Cash outflows		**404,125,964**		**480,179,056**
Liquidity Coverage Ratio		**198.74%**		**238.13%**

4. Net Stable Funding Ratio (NSFR)

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizion by requiring banks to fund their activates with sufficiently stable sources of funding on ongoing basis. Banks are required to maintain NSFR requirement of at least 100% on an ongoing basis from December 31,2017.

	2022				
	Unweighted value by residual maturity				Weighted value
	No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
	(Rupees in '000)				
Available stable funding (ASF) Item					
Capital:					**195,709,682**
Regulatory capital	169,265,251	–	–	–	169,265,251
Other capital instruments	26,444,431	–	–	–	26,444,431
Retail deposits and deposit from small business customers:					**1,018,217,254**
Stable deposits	106,803	–	–	–	101,463
Less stable deposits	1,102,522,382	21,980,663	4,953,129	1,783,595	1,018,115,791
Wholesale funding:					**107,093,855**
Operational deposits	111,387	–	–	–	55,694
Other wholesale funding	121,955,645	19,092,156	3,371,791	2,388,815	107,038,161
Other liabilities:					**54,001,293**
NSFR derivative liabilities	–			1,825,291	–
All other liabilities and equity not included in other categories	660,499,114	–	22,632,293	42,677,080	54,001,293
Total Available Stable Funding ASF					**1,375,022,084**
Required stable funding (RSF) Item					
Total NSFR high-quality liquid assets (HQLA)	798,654,913	224,770,811	–	–	11,573,172
Deposits held at other financial institutions for operational purposes	16,480,855	–	–	–	**8,240,427**
Performing loans and securities:					**620,518,396**
Performing loans to financial institutions secured by Level 1 HQLA	–	26,679,756	–	–	2,667,976
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	31,699,132	–	–	4,754,870
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: with a risk weight of greater than 35% under the Basel II Standardised Approach for credit risk	–	–	–	463,698,070	394,143,360
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	–	–	–	285,439,802	185,535,871
Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	–	–	1,405,482	34,985,587	33,416,319
Other assets:					**297,286,507**
Physical traded commodities, including gold	–			–	–
Assets posted as initial margin for derivative contracts	–			–	–
NSFR derivative assets	–			2,417,749	592,459
NSFR derivative liabilities before deduction of variation margin posted	–			1,825,291	365,058
All other assets not included in the above categories	269,206,129	224,770,811	59,401,361	–	296,328,990
Off-balance sheet items					**49,984,370**
Total Required stable funding (RSF)					**987,602,872**
Net Stable Funding Ratio (%)					**139.23%**

	2021				
	Unweighted value by residual maturity				Weighted value
	No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
	(Rupees in '000)				
Available stable funding (ASF) Item					
Capital:					**178,002,288**
Regulatory capital	157,602,121	–	–	–	157,602,121
Other capital instruments	20,400,167	–	–	–	20,400,167
Retail deposits and deposit from small business customers:					**951,166,881**
Stable deposits	188,143	–	–	–	178,736
Less stable deposits	1,031,963,883	17,042,619	7,013,586	633,406	950,988,145
Wholesale funding:					**135,046,910**
Operational deposits	402,954	–	–	–	201,477
Other wholesale funding	179,212,831	67,452,068	21,014,867	2,011,099	134,845,433
Other liabilities:					**48,412,764**
NSFR derivative liabilities	–			4,700,490	–
All other liabilities and equity not included in other categories	557,964,226	-	12,460,024	42,174,801	48,412,764
Total AFS					**1,312,628,842**
Required stable funding (RSF) Item					
Total NSFR high-quality liquid assets (HQLA)	1,034,502,396	116,540,638	–	–	6,383,677
Deposits held at other financial institutions for operational purposes	10,091,817	–	–	–	**5,045,908**
Performing loans and securities:					**204,580,521**
Performing loans to financial institutions secured by Level 1 HQLA	–	14,896,089	–	–	1,489,609
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	–	33,813,816	–	–	5,072,072
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: with a risk weight of greater than 35% under the Basel-II standardized approach for credit risk.	–	–	–	139,650,394	118,702,835
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	–	–	–	68,129,016	44,283,861
Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	–	–	–	37,752,417	35,032,144
Other assets:					**602,485,379**
Physical traded commodities, including gold	–			–	–
Assets posted as initial margin for derivative contracts	–			–	–
NSFR derivative assets	–			4,641,459	–
NSFR derivative liabilities before deduction of variation margin posted	–			4,700,490	940,098
All other assets not included in the above categories	576,978,064	116,540,638	54,593,809	–	601,545,282
Off-balance sheet items					**43,857,402**
Total RSF					**862,352,888**
Net Stable Funding Ratio (%)					**152.21%**