

Standalone Capital Adequacy & Liquidity Disclosures

MCB Bank Limited
December 31, 2019

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 full consolidation method whereas associates in which the bank has significant influence on equity method. 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.

1.2 Capital Management

Objectives and goals of managing capital

The Bank 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; 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, 2019 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 are 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
		2013	2014	2015	2016	2017	2018	31-12-2019
1	CET1	5.00%	5.50%	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%
3	Tier 1	6.50%	7.00%	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%
5	CCB	-	-	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%

- *Capital Conservation Buffer (CCB) Consisting of CET1 only

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 balance in share premium account after all regulatory adjustments applicable on AT1

The deduction from Tier 1 Capital include mainly:

- i) Book value of goodwill / intangibles;
 - ii) Deficit on revaluation of available for sale investments
 - ii) Defined-benefit pension fund net assets
 - iv) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
 - v) Investment in mutual funds above a prescribed ceiling;
 - vi) 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 (12.50% of the risk-weighted assets) is achieved by the Bank 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 Bank. As the Bank 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 Bank to particular operations or activities.

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

		2019	2018
		(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	23,751,114	23,751,114
3	Reserve for issue of Bonus Shares	–	–
4	Discount on Issue of shares	–	–
5	General/ Statutory Reserves	50,256,691	47,859,007
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	–	–
7	Unappropriated/unremitted profits	55,777,489	53,532,044
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	141,635,894	136,992,765
10	Total regulatory adjustments applied to CET1 (Note 1.3.1)	5,379,123	7,993,491
11	Common Equity Tier 1	136,256,771	128,999,274

	2019	2018
	(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)	-
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)	136,256,771
Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	2,334,611
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)	-
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	1,266,717
27	Revaluation Reserves (net of taxes)	-
28	of which: Revaluation reserves on fixed assets	19,037,215
29	of which: Unrealized gains/losses on AFS	4,217,747
30	Foreign Exchange Translation Reserves	2,675,131
31	Undisclosed/Other Reserves (if any)	-
32	T2 before regulatory adjustments	27,354,014
33	Total regulatory adjustment applied to T2 capital (Note 1.3.3)	435,575
34	Tier 2 capital (T2) after regulatory adjustments	16,987,978
35	Tier 2 capital recognized for capital adequacy	16,987,978
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-
37	Total Tier 2 capital admissible for capital adequacy	16,987,978
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	145,987,252
39	Total Risk Weighted Assets (RWA) {for details refer Note 1.6}	867,656,268
Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	15.70%
41	Tier-1 capital to total RWA	16.02%
42	Total capital to total RWA	18.13%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	8.50%
44	of which: capital conservation buffer requirement	7.90%
		2.50%

		2019	2018
		(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)	7.20%	8.12%
	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	12.50%	11.90%
	Regulatory Adjustments and Additional Information		
1.3.1	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)	958,020	631,461
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	2,343,328	2,479,861
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	1,525,502	1,496,156
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	–	2,758,144
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)	–	72,248
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	552,273	555,621
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	5,379,123	7,993,491

		2019	2018
		(Rupees in '000)	
1.3.2	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	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*	-	-
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	-	435,575
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	-	435,575
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	-	-
	Amounts below the thresholds for deduction (before risk weighting)		

		2019	2018
		(Rupees in '000)	
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)	1,423,921	1,266,717
42	Cap on inclusion of provisions in Tier 2 under standardized approach	7,981,158	7,968,507
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	-	-
Step 1		Balance sheet as per published financial statements	Under regulatory scope of consolidation
		As at 31-12- 2019	As at 31-12- 2019
		(Rupees in '000)	
1.4	Capital Structure Reconciliation		
	Assets		
	Cash and balances with treasury banks	132,704,797	132,704,797
	Balances with other banks	12,542,239	12,542,239
	Lendings to financial institutions	1,090,058	1,090,058
	Investments - net	748,764,502	748,764,502
	Advances - net	496,678,874	496,678,874
	Fixed assets including intangible	59,228,797	59,228,797
	Deferred tax assets	-	-
	Other assets - net	64,142,748	64,142,748
	Total assets	1,515,152,015	1,515,152,015
	Liabilities & Equity		
	Bills payable	11,821,698	11,821,698
	Borrowings	89,505,892	89,505,892
	Deposits and other accounts	1,144,763,259	1,144,763,259
	Liabilities against assets subject to finance lease	-	-
	Subordinated debt	-	-
	Deferred tax liabilities - net	5,850,645	5,850,645
	Other liabilities	94,295,738	94,295,738
	Total liabilities	1,346,237,232	1,346,237,232
	Share capital	11,850,600	11,850,600
	Reserves	77,591,253	77,591,253
	Surplus on revaluation of assets - net of tax	23,695,441	23,695,441
	Unappropriated profit	55,777,489	55,777,489
		168,914,783	168,914,783
	Total liabilities & equity	1,515,152,015	1,515,152,015

Step 2	Balance sheet as per published financial statements As at 31-12- 2019	Under regulatory scope of consolidation As at 31-12- 2019	Ref
(Rupees in '000)			
Assets			
Cash and balances with treasury banks	132,704,797	132,704,797	
Balances with other banks	12,542,239	12,542,239	
Lending to financial institutions	1,090,058	1,090,058	
Investments	748,764,502	748,764,502	
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	552,273	–	b
of which: Mutual Funds exceeding regulatory threshold		–	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	1,525,502		d
of which: others			e
Advances	496,678,874	496,678,874	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	–	–	f
general provisions reflected in Tier 2 capital	1,423,921	1,423,921	g
Fixed Assets	59,228,797	59,228,797	
of which: Intangibles	958,020	958,020	k
Deferred Tax Assets	–	–	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	–	–	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	–	–	i
Other assets	64,142,748	64,142,748	
of which: Goodwill	–	–	j
of which: Defined-benefit pension fund net assets	3,605,121	3,605,121	l
Total assets	1,515,152,015	1,515,152,015	
Liabilities & Equity			
Bills payable	11,821,698	11,821,698	
Borrowings	89,505,892	89,505,892	
Deposits and other accounts	1,144,763,259	1,144,763,259	
Sub-ordinated loans	–	–	
of which: eligible for inclusion in AT1	–	–	m
of which: eligible for inclusion in Tier 2	–	–	n
Liabilities against assets subject to finance lease	–	–	
Deferred tax liabilities	5,850,645	5,850,645	
of which: DTLs related to goodwill	–	–	o
of which: DTLs related to intangible assets	–	–	p
of which: DTLs related to defined pension fund net assets	1,261,793	1,261,793	q
of which: other deferred tax liabilities	4,588,852	4,588,852	r
Other liabilities	94,295,738	94,295,738	
Total liabilities	1,346,237,232	1,346,237,232	
Share capital	35,601,714	35,601,714	
of which: amount eligible for CET1	35,601,714	35,601,714	s
of which: amount eligible for AT1	–	–	t

	Balance sheet as per published financial statements As at 31-12- 2019 (Rupees in '000)	Under regulatory scope of consolidation As at 31-12- 2019 (Rupees in '000)	Ref
Reserves	53,840,139	53,840,139	
of which: portion eligible for inclusion in CET1 (general reserve & statutory reserve)	50,256,691	50,256,691	u
of which: portion eligible for inclusion in Tier 2	2,675,131	2,675,131	v
Unappropriated profit	55,777,489	55,777,489	w
Minority Interest	–	–	
of which: portion eligible for inclusion in CET1	–	–	x
of which: portion eligible for inclusion in AT1	–	–	y
of which: portion eligible for inclusion in Tier 2	–	–	z
Surplus on revaluation of assets	23,695,441	23,695,441	
of which: Revaluation reserves on fixed assets	19,037,215	19,037,215	aa
of which: Unrealized Gains/Losses on AFS	4,217,747	4,217,747	
of which: Revaluation reserves on Non-banking assets	440,479	440,479	
In case of Deficit on revaluation (deduction from CET1)	–	–	ab
Total Equity	168,914,783	168,914,783	
Total liabilities & Equity	1,515,152,015	1,515,152,015	

Step 3	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
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Common Equity Tier 1 capital (CET1): Instruments and reserves

1	Fully Paid-up Capital	11,850,600	(s)
2	Balance in Share Premium Account	23,751,114	
3	Reserve for issue of Bonus Shares	–	
4	General/ Statutory Reserves	50,256,691	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	–	
6	Unappropriated/unremitted profits/(losses)	55,777,489	(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	141,635,894	

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)	958,020	(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)	–	
13	Defined-benefit pension fund net assets	2,343,328	{(l) - (q)} * 100%
14	Reciprocal cross holdings in CET1 capital instruments	1,525,502	(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	-	(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)	-	(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	552,273	(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	5,379,123	
31	Common Equity Tier 1	136,256,771	
	Additional Tier 1 (AT 1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	-	
33	of which: Classified as equity	-	(t)
34	of which: Classified as liabilities	-	(m)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36	of which: instrument issued by subsidiaries subject to phase out	-	
37	AT1 before regulatory adjustments	-	
	Additional Tier 1 Capital: regulatory adjustments		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39	Investment in own AT1 capital instruments	-	
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
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	-	
46	Additional Tier 1 capital	-	
47	Additional Tier 1 capital recognized for capital adequacy	-	
48	Tier 1 Capital (CET1 + admissible AT1)	136,256,771	
	Tier 2 Capital		
49	Qualifying Tier 2 capital instruments under Basel III	-	(n)
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
51	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52	of which: instruments issued by subsidiaries subject to phase out	-	
53	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	1,423,921	(g)
54	Revaluation Reserves eligible for Tier 2	23,254,962	
55	of which: Revaluation reserves on fixed assets	19,037,215	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS	4,217,747	
57	Foreign Exchange Translation Reserves	2,675,131	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	T2 before regulatory adjustments	27,354,014	
	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)	27,354,014	
67	Tier 2 capital recognized for capital adequacy	27,354,014	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
69	Total Tier 2 capital admissible for capital adequacy	27,354,014	
70	TOTAL CAPITAL (T1 + admissible T2)	163,610,785	

1.5 Main Features Template of Regulatory Capital Instruments

		Common Shares
1	Issuer	MCB Bank Limited
2	Unique identifier (eg 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	
	2019	2018	2019	2018
(Rupees in '000)				
Credit Risk				
Portfolios subject to standardized approach (simple or comprehensive)				
On-Balance Sheet				
Corporate portfolio	40,699,406	39,246,584	288,339,263	303,626,493
Banks / DFIs	2,714,517	2,083,617	19,231,286	16,119,657
Public sector entities	670,572	930,386	4,750,741	7,197,821
Sovereigns / cash & cash equivalents	818,827	577,632	5,801,069	4,468,784
Loans secured against residential property	464,691	394,045	3,292,155	3,048,479
Retail	4,126,912	3,744,504	29,237,549	28,968,905
Past due loans	1,054,804	918,131	7,472,873	7,103,008
Operating fixed assets	8,224,985	5,275,159	58,270,777	40,810,636
Other assets	2,241,016	2,469,072	15,876,715	19,101,679
	61,015,730	55,639,130	432,272,428	430,445,462
Off-Balance Sheet				
Non-market related	22,256,199	20,827,429	157,676,400	161,128,909
Market related	615,776	359,455	4,362,532	2,780,879
	22,871,975	21,186,884	162,038,932	163,909,788
Equity Exposure Risk in the Banking Book				
Listed	653,048	585,001	4,626,588	4,525,790
Unlisted	5,583,189	4,989,354	39,554,697	38,599,542
	6,236,237	5,574,355	44,181,285	43,125,332
Total Credit Risk	90,123,942	82,400,369	638,492,645	637,480,582
Market Risk				
Capital requirement for portfolios subject to standardized approach				
Interest rate risk	6,182,636	1,682,917	77,282,950	21,036,463
Equity position risk	2,386,100	2,662,498	29,826,250	33,281,223
Foreign exchange risk	93,383	39,743	1,167,286	496,787
Total Market Risk	8,662,119	4,385,158	108,276,486	54,814,473
Operational Risk				
Capital requirement for operational risks	9,670,971	9,030,596	120,887,137	112,882,444
Total	108,457,032	95,816,122	867,656,268	805,177,499
	2019		2018	
	Required	Actual	Required	Actual
	%	%	%	%
Capital Adequacy Ratios				
CET1 to total RWA	6.00%	15.70%	6.00%	16.02%
Tier-1 capital to total RWA	7.50%	15.70%	7.50%	16.02%
Total capital to total RWA	10.00%	18.86%	10.00%	18.13%
Total capital plus CCB to total RWA	12.50%	18.86%	11.90%	18.13%

* As SBP capital requirement plus CCB of 12.50% (11.90% in 2018) 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 Bank has adopted Standardized approach of Basel II 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. Bank 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 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 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

Exposures	Rating	2019			2018		
		Amount Outstanding	Deduction CRM	Net amount	Amount Outstanding	Deduction CRM	Net amount
Corporate	1	70,105,855	-	70,105,855	68,774,170	-	68,774,170
	2	78,445,282	-	78,445,282	68,883,285	-	68,883,285
	3,4	12,448,487	-	12,448,487	9,507,675	-	9,507,675
	5,6	-	-	-	-	-	-
	Unrated	208,480,463	12,645,649	195,834,814	227,408,478	12,404,608	215,003,870
Bank	1	35,930,527	-	35,930,527	69,180,483	26,377,745	42,802,738
	2,3	6,717,463	-	6,717,463	1,873,231	-	1,873,231
	4,5	7,020,674	-	7,020,674	5,444,102	-	5,444,102
	6	1,213	-	1,213	-	-	-
	Unrated	3,412,491	-	3,412,491	3,103,180	-	3,103,180
Public Sector Entities in Pakistan	1	14,313,853	-	14,313,853	9,162,969	-	9,162,969
	2,3	1,882,965	-	1,882,965	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	37,322,349	35,429,373	1,892,976	81,748,863	71,018,408	10,730,455
Sovereigns and on Government of Pakistan or provincial governments or SBP or Cash	1	151,581,952	34,392,773	117,189,179	95,741,730	-	95,741,730
	2	21,659,339	-	-	9,020,575	-	-
	3	-	-	21,659,339	-	-	9,020,575
	4,5	5,801,069	-	-	4,468,784	-	-
	6	-	-	5,801,069	-	-	4,468,784
	Unrated	-	-	-	-	-	-
Mortgage		9,406,156	-	9,406,156	8,709,939	-	8,709,939
Retail		39,006,659	23,260	38,983,398	38,625,207	-	38,625,207

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

The Bank 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 Bank 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 Bank 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 Bank 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, bank has taken only the benefit of Sovereign guarantees and Defence Saving Certificates.

MCB 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 MCB considers it appropriate to restrict credit risk concentrations or areas of higher risk, or to control the rate of portfolio growth.

2. Leverage 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 Bank's current leverage ratio of 7.07% (2018: 7.09%) is above the current minimum requirement of 3.00% set by the SBP.

	2019	2018
	(Rupees in '000)	
Eligible Tier-1 Capital	136,256,771	128,999,274
Total Exposures	1,928,383,315	1,820,404,530
Leverage Ratio	7.07%	7.09%

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 Bank 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 bank 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 Bank 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 2019. 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 Bank. Board and senior management are apprised about liquidity profile of the Bank on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks. The management of liquidity risk within the Bank 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 statements of financial position and monitoring the Bank's liquidity profile and associated activities. Bank'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 Bank 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 Bank.

Funding Strategy

Bank's prime source of liquidity is the customer's deposits base. Within deposits, Bank 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, Bank 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 Bank follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Bank.

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 Bank 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 Bank 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 Bank.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the Bank which identifies the triggers events that could cause a liquidity crises and describes the actions to be taken to manage the crises. At MCB, 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 Bank maintained average HQLA of Rs. 713.985 billion (2018: Rs 609.586 billion) against the average liquidity requirement of Rs. 362.188 billion (2018: Rs. 341.045 billion) at prescribed minimum regulatory LCR requirement of 100% (2018: 100.0%). Bank's total HQLA constituted on Level 1 & Level 2B assets. Average level 1 assets of the Bank primarily include Cash & Treasury Balances (including balances held with SBP) and unencumbered investment in Government Securities. The Bank's average level 2b assets primarily include non-financial publically traded common equity shares of the Bank.

Concentration of Funding Sources

At December 31, 2019, top liability products/instruments and their percentage contribution to Total Liabilities of the Bank were Current & Saving Deposits 76.89%, Term Deposits 8.15%, and borrowings 6.65%. Currency Mismatch in the LCR

The Bank 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

Bank's average LCR during the year 2019 remained 197.13% (2018: 178.74%).

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

	2019		2018	
	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)	–	713,965,089	–	609,585,939
Cash outflows				
Retail deposits and deposits from small business customers of which:	779,258,114	77,907,727	715,850,499	71,560,334
stable deposit	361,682	18,084	494,308	24,715
Less stable deposit	778,896,432	77,889,643	715,356,191	71,535,619
Unsecured wholesale funding of which:	328,538,876	255,675,219	304,830,977	253,118,004
Operational deposits (all counterparties)	231,653	26,264	186,468	20,511
Non-operational deposits (all counterparties)	121,097,113	48,438,845	85,911,693	34,364,677
Unsecured debt	207,210,110	207,210,110	218,732,816	218,732,816
Secured wholesale funding	–	2,270,173	–	1,459,536
Additional requirements of which:	59,266,083	9,533,428	73,489,071	8,199,408
Outflows related to derivative exposures and other collateral requirements	2,723,946	2,723,946	599,120	599,120
Outflows related to loss of funding on debt products	–	–	–	–
Credit and Liquidity facilities	56,542,137	6,809,482	72,889,951	7,600,288
Other contractual funding obligations	36,259,026	36,259,026	28,225,310	28,225,310
Other contingent funding obligations	860,821,197	15,726,844	769,260,222	15,530,100
Total Cash outflows		397,372,417		378,092,692
Cash inflows				
Secured lending	44,275,149	–	24,583,005	–
Inflows from fully performing exposures	50,724,325	26,325,159	61,003,809	30,683,843
Other Cash inflows	17,281,027	8,858,999	10,918,884	6,364,273
Total Cash inflows		35,184,158		37,048,116
Total high quality liquid assets (HQLA)		713,965,089		609,585,939
Total Net Cash outflows		362,188,259		341,044,576
Liquidity Coverage Ratio		197.13%		178.74%

4. Net Stable Funding Ratio (NSFR)

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon 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.

	2019				
	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:					168,989,908
Regulatory capital	141,635,894	-	-	-	141,635,894
Other capital instruments	27,354,014	-	-	-	27,354,014
Retail deposits and deposit from small business customers:					722,190,449
Stable deposits	330,493	-	-	-	313,969
Less stable deposits	758,184,377	31,438,495	9,767,981	2,694,125	721,876,480
Wholesale funding:					65,055,588
Operational deposits	294,964	-	-	-	147,482
Other wholesale funding	64,016,194	47,121,304	14,640,649	4,038,065	64,908,106
Other liabilities:					27,128,429
NSFR derivative liabilities	-			5,875,498	-
All other liabilities and equity not included in other categories	377,853,160	-	7,083,345	23,586,757	27,128,429
Total Available Stable Funding ASF					983,364,374
Required stable funding (RSF) Item					
Total NSFR high-quality liquid assets (HQLA)	784,703,857	-	-	-	-
Deposits held at other financial institutions for operational purposes	6,985,190	-	-	-	3,492,595
Performing loans and securities:					108,223,749
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	7,457,679	-	-	1,118,652
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	-	-	-	72,350,186	61,497,658
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	46,529,163	30,243,956
Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	-	2,191,972	16,076,631	15,363,483
Other assets:					535,039,832
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for derivative contracts	-	-	-	-	-
NSFR derivative assets				5,112,198	-
NSFR derivative liabilities before deduction of variation margin posted				5,875,498	1,175,100
All other assets not included in the above categories	532,105,541	36,082,548	5,557,050	-	533,864,732
Off-balance sheet items					52,287,215
Total Required stable funding (RSF)					699,043,391
Net Stable Funding Ratio (%)					140.67%

	2018				
	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:					154,416,318
Regulatory capital	136,992,765	-	-	-	136,992,765
Other capital instruments	17,423,553	-	-	-	17,423,553
Retail deposits and deposit from small business customers:					665,596,792
Stable deposits	506,595	-	-	-	481,265
Less stable deposits	705,986,082	23,034,677	7,482,234	2,514,261	665,115,527
Wholesale funding:					56,983,606
Operational deposits	277,307	-	-	-	138,653
Other wholesale funding	52,130,053	42,929,489	13,944,561	4,685,802	56,844,953
Other liabilities:					18,573,842
NSFR derivative liabilities	-	-	-	4,359,588	-
All other liabilities and equity not included in other categories	465,229,262	-	4,145,129	16,501,277	18,573,842
Total AFS					895,570,558
Required stable funding (RSF) Item					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-
Deposits held at other financial institutions for operational purposes	8,271,878				4,135,939
Performing loans and securities:					136,901,940
Performing loans to financial institutions secured by Level 1 HQLA	-	32,972,346	-	-	3,297,235
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	3,195,421	-	-	479,313
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.	-	-	-	84,972,277	72,226,435
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	51,765,596	33,647,638
Securities that are not in default and do not qualify as HQLA including exchange-traded equities.			4,904,833	26,707,566	27,251,319
Other assets:					501,231,489
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for derivative contracts	-	-	-	-	-
NSFR derivative assets				4,347,014	-
NSFR derivative liabilities before deduction of variation margin posted				4,359,588	871,918
All other assets not included in the above categories	493,935,406	165,755,558	3,607,096	-	500,359,571
Off-balance sheet items					43,408,747
Total RSF					685,678,115
Net Stable Funding Ratio (%)					130.61%