

PAK BRUNEI INVESTMENT COMPANY LIMITED
CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES ON STANDALONE BASIS
AS AT DECEMBER 31, 2018

CAPITAL ADEQUACY RETURN

Scope of Applications

The Basel Framework is applicable to Pak Brunei Investment Company both at the consolidated level and also on a stand alone basis. The Company has three subsidiaries namely Primus Leasing Limited, Awwal Modaraba and Awwal Modaraba Management Limited. Both subsidiaries are consolidated as per International Financial Reporting Standards (IFRS).

Detail of the Company's eligible capital (on an unconsolidated basis) is as follows:

	December 31, 2018	December 31, 2017
	----- (Rupees in '000) -----	
	Note	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with SBP	6,000,000	6,000,000
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
Discount on Issue of shares	-	-
General / statutory reserves	1,406,995	1,351,812
Gain / (losses) on derivatives held as cash flow hedge	-	-
Unappropriated / unremitted profits / (losses)	3,226,702	3,306,156
Minority Interests arising from CET1 capital instruments consolidated Company subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before regulatory adjustments	10,633,697	10,657,968
Total regulatory adjustments applied to CET1	(3,317,531)	(1,616,857)
Common Equity Tier 1	7,316,166	9,041,111
	a	
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium of which: Classified as equity	-	-
of which: Classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1) of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total regulatory adjustment applied to AT1 capital	(2,386,633)	(1,402,752)
Additional Tier 1 capital recognized for capital adequacy	-	-
	b	
Tier 1 Capital (CET1 + admissible AT1)	7,316,166	9,041,111
	(c=a+b)	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Tier 2 capital instruments subject to phase out arrangement issued under Pre-Basel III rules	-	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2) of which: instruments issued by subsidiaries subject to phase out	-	-
General Provisions or general reserves for loan losses - up to maximum of 1.25% of Credit Risk Weighted Assets	-	1,248
Revaluation reserves	-	-
of which: Revaluation reserves on property	-	-
of which: Unrealised gains / losses on AFS	-	-
Foreign exchange translation reserves	-	-
Undisclosed / other reserves (if any)	-	-
T2 before regulatory adjustments	-	1,248
Total regulatory adjustment applied to T2 capital	(477,506)	(158,814)
Tier 2 capital (T2) after regulatory adjustments	-	-

	Note	December 31, 2018	December 31, 2017
----- (Rupees in '000) -----			
Tier 2 capital recognized for capital adequacy		-	-
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy	<i>d</i>	-	-
TOTAL CAPITAL (T1 + admissible T2)	<i>(e=c+d)</i>	7,316,166	9,041,111
Total Risk Weighted Assets (RWA)	<i>f</i>	29,863,877	29,528,383
Capital ratios and buffers (in percentage of risk weighted assets)			
CET1 to total RWA	<i>(a/f)</i>	24.50%	30.62%
Tier-1 capital to total RWA	<i>(c/f)</i>	24.50%	30.62%
Total capital to RWA	<i>(e/f)</i>	24.50%	30.62%
Company specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		12.50%	12.50%
of which: capital conservation buffer requirement		1.90%	1.28%
of which: countercyclical buffer requirement		0.00%	0.00%
of which: D-SIB or G-SIB buffer requirement		0.00%	0.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)		14.50%	20.62%
National minimum capital requirements prescribed by SBP			
CET1 minimum ratio		6.00%	6.00%
Tier 1 minimum ratio		7.50%	7.50%
Total capital minimum ratio		10.00%	10.00%

Amounts subject to Pre		
December 31, 2018	- Basel III treatment	December 31, 2017
----- (Rupees in '000) -----		

Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	-	-
All other intangibles (net of any associated deferred tax liability)	4,739	-	2,781
Shortfall of provisions against classified assets	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-
Defined-benefit pension fund net assets	-	-	-
Reciprocal cross holdings in CET1 capital instruments	-	-	-
Cash flow hedge reserve	-	-	-
Investment in own shares / CET1 instruments	-	-	-
Securitization gain on sale	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-
Deficit on account of revaluation from Company's holdings of property / AFS	673,212	-	201,744
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	130,475	-	9,580
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)	122,473	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-
Amount exceeding 15% threshold of which: significant investments in the common stocks of financial entities of which: deferred tax assets arising from temporary differences	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-
Any other deduction specified by SBP	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,386,633	-	1,402,752
Total regulatory adjustments applied to CET1	3,317,531	-	1,616,857

	December 31, 2018	Amounts subject to Pre - Basel III treatment (Rupees in '000)	December 31, 2017
Additional Tier 1 Capital: regulatory adjustments			
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	1,043,067	-	1,091,584
Investment in own AT1 capital instruments	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	866,059	-	43,102
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
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	-	-	110,500
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	477,506	-	157,566
Total of Regulatory Adjustment applied to AT1 capital	2,386,633	-	1,402,752

Tier 2 Capital: regulatory adjustments			
Portion of deduction applied 50:50 to core capital and supplementary capital based on Pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	110,500
Reciprocal cross holdings in Tier 2 instruments	-	-	-
Investment in own Tier 2 capital instrument	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	477,506	-	48,314
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
Total regulatory adjustment applied to T2 capital	477,506	-	158,814

December 31, 2018 December 31, 2017
----- (Rupees in '000) -----

Additional information**Total Risk Weighted Assets subject to pre-Basel III treatment**

Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment	-	372,723
of which: recognised 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	-	400,367
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
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	-	(27,644)
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)

Non-significant investments in the capital of other financial entities	995,575	1,045,344
Significant investments in the common stock of financial entities	982,527	1,044,386
Deferred tax assets arising from temporary differences (net of related tax liability)	317,742	187,551

Applicable caps on the inclusion of provisions in Tier 2

Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-
Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

Leverage Ratio

The Company calculates leverage ratio in line with SBP's issued guidelines on Basel III. Pak Brunei's leverage ratio on standalone basis, as on December 31, 2018 is 14.89%. The same was 26.33% as on December 31, 2017.

Capital Structure Reconciliation

Step 1

	December 31, 2018	
	Balance sheet as in published financial statements ----- (Rupees in '000) -----	Under regulatory scope of consolidation
Assets		
Cash and balances with treasury banks	161,339	161,339
Balances with other banks	46,355	46,355
Lendings to financial institutions	-	-
Investments	26,116,936	26,116,936
Advances	20,329,737	20,329,737
Operating fixed assets	16,450	16,450
Deferred tax assets	317,742	317,742
Other assets	1,804,568	1,804,568
Total assets	48,793,127	48,793,127
Liabilities and equity		
Bills payable	-	-
Borrowings	36,890,373	36,890,373
Deposits and other accounts	725,403	725,403
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	1,216,866	1,216,866
Total liabilities	38,832,642	38,832,642
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with SBP	6,000,000	6,000,000
Reserves	1,406,995	1,406,995
Unappropriated / unremitted profit / (losses)	3,226,702	3,226,702
Minority interest	-	-
Surplus on revaluation of assets	(673,212)	(673,212)
Total liabilities and equity	48,793,127	48,793,127

Step 2

	Reference	December 31, 2018	
		Balance sheet as in published financial statements ----- (Rupees in '000) -----	Under regulatory scope of consolidation
Assets			
Cash and balances with treasury banks		161,339	161,339
Balance with other banks		46,355	46,355
Lending to financial institutions		-	-
Investments		26,116,936	26,116,936
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	1,474,040	1,474,040
of which: significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
of which: Mutual Funds exceeding regulatory threshold	c	1,043,067	1,043,067
of which: Reciprocal cross holdings in CET1	d	-	-
of which: Reciprocal cross holdings in Tier2	e	-	-
of which: others	e	-	-
Advances	f	20,329,737	20,329,737
shortfall in provisions / excess of total EL amount over eligible provisions under IRB		-	-
general provisions reflected in Tier 2 capital	g	-	-
Fixed Assets	h	11,711	11,711
of which: Intangibles	i	4,739	4,739
Deferred tax assets		317,742	317,742
of which: DTAs excluding those arising from temporary differences	j	317,742	317,742
of which: DTAs arising from temporary differences exceeding regulatory threshold	k	-	-
Other assets	l	1,804,568	1,804,568
of which: Goodwill	m	-	-
of which: Intangibles	m	-	-
of which: Defined-benefit pension fund net assets		-	-
Total assets		48,793,127	48,793,127

		December 31, 2018	
		Balance sheet as in published financial statements	Under regulatory scope of consolidation
Reference		----- (Rupees in '000) -----	
Liabilities and equity			
	Bills payable	-	-
	Borrowings	36,890,373	36,890,373
	Deposits and other accounts	725,403	725,403
	Sub-ordinated loans	-	-
	of which: eligible for inclusion in AT1	-	-
	of which: eligible for inclusion in Tier 2	-	-
	Liabilities against assets subject to finance lease	-	-
	Deferred tax liabilities	-	-
	of which: DTLs related to goodwill	-	-
	of which: DTLs related to intangible assets	-	-
	of which: DTLs related to defined pension fund net assets	-	-
	of which: other deferred tax liabilities	-	-
	Other liabilities	1,216,866	1,216,866
	Total liabilities	38,832,642	38,832,642
	Share capital	6,000,000	6,000,000
	of which: amount eligible for CET1	6,000,000	6,000,000
	of which: amount eligible for AT1	-	-
	Reserves	1,406,995	1,406,995
	of which: portion eligible for inclusion in CET1: Share premium	-	-
	of which: portion eligible for inclusion in CET1 general / statutory	1,406,995	1,406,995
	reserve	-	-
	of which: portion eligible for inclusion in Tier 2	-	-
	Unappropriated profit / (losses)	3,226,702	3,226,702
	Minority Interest	-	-
	of which: portion eligible for inclusion in CET1	-	-
	of which: portion eligible for inclusion in AT1	-	-
	of which: portion eligible for inclusion in Tier 2	-	-
	Surplus on revaluation of assets	(673,212)	(673,212)
	of which: Revaluation reserves on fixed assets	-	-
	of which: Unrealised gains / losses on AFS	(673,212)	(673,212)
	In case of deficit on revaluation (deduction from CET1)	-	-
	Total liabilities and equity	48,793,127	48,793,127

Step 3

	Source based on reference number from step 2	Component of regulatory capital reported by Company (Rupees in '000)
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with SBP	(t)	6,000,000
Balance in share premium account		-
Reserve for issue of Bonus Shares		-
General / statutory reserves	(v)	1,406,995
Gain / (losses) on derivatives held as cash flow hedge		-
Unappropriated/unremitted profits / (losses)	(y)	3,226,702
Minority interests arising from CET1 capital instruments issued to third party by consolidated Company subsidiaries (amount allowed in CET1 capital of the consolidation group)	(z)	-
CET 1 before regulatory adjustments		10,633,697

	Source based on reference number from step 2	Component of regulatory capital reported by Company (Rupees in '000)
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	(l) - (p)	-
All other intangibles (net of any associated deferred tax liability)	(m) - (q)	4,739
Shortfall of provisions against classified assets	(g)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	{(h) - (r) * x%	-
Defined-benefit pension fund net assets	{(l) - (q)} * x%	-
Reciprocal cross holdings in CET1 capital instruments	(d)	-
Cash flow hedge reserve		-
Investment in own shares / CET1 instruments		-
Securitization gain on sale		-
Capital shortfall of regulated subsidiaries		-
Deficit on account of revaluation from Company's holdings of property / AFS	(ab)	673,212
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	130,475
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	122,473
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
Amount exceeding 15% threshold		-
of which: significant investments in the common stocks of financial entities		-
of which: deferred tax assets arising from temporary differences		-
National specific regulatory adjustments applied to CET1 capital		-
Investment in TFCs of other banks exceeding the prescribed limit		-
Any other deduction specified by SBP (mention details)		-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		2,386,633
Total regulatory adjustments applied to CET1 (sum of 9 to 25)		3,317,531
Common Equity Tier 1		7,316,166
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium		-
of which: Classified as equity	(t)	-
of which: Classified as liabilities	(m)	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	(y)	-
of which: instrument issued by subsidiaries subject to phase out		-
AT1 before regulatory adjustments		-
Additional Tier 1 Capital: regulatory adjustments		-
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	(c)	1,043,067
Investment in own AT1 capital instruments		-
Reciprocal cross holdings in Additional Tier 1 capital instruments		-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	866,059
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on Pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		477,506
Total of regulatory adjustment applied to AT1 capital		2,386,633
Additional Tier 1 capital		-
Additional Tier 1 capital recognised for capital adequacy		-

Tier 1 capital (CET1 + admissible AT1) **7,316,166**

Tier 2 capital

Qualifying Tier 2 capital instruments under Basel III		-
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	(n)	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	(z)	-
of which: instruments issued by subsidiaries subject to phase out		-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of credit risk weighted assets	(g)	-
Revaluation Reserves eligible for Tier 2		-
of which: Revaluation reserves on fixed assets	portion of	-
of which: Unrealized gains / losses on AFS	(aa)	-
Foreign exchange translation reserves	(v)	-
Undisclosed / other reserves (if any)		-

T2 before regulatory adjustments

Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-
Reciprocal cross holdings in Tier 2 instruments		-
Investment in own Tier 2 capital instrument		-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	477,506
Amount of regulatory adjustment applied to T2 capital		477,506
Tier 2 capital (T2)		-
Tier 2 capital recognised for capital adequacy		-
Excess Additional Tier 1 capital recognised in Tier 2 capital		-
Total Tier 2 capital admissible for capital adequacy		-
TOTAL CAPITAL (T1 + admissible T2)		7,316,166

Main Features of Regulatory Capital Instruments

S. No.	Main Features	Common Shares	Instrument-2	Explanation
1	Issuer	6,000,000		Pak Brunei Investment Company Limited. Common shares are held by Ministry of Finance, Government of Pakistan and Brunei Investment Agency in a 50:50 ratio
2	Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)			N/A
3	Governing law(s) of the instrument			Repealed Companies Ordinance, 1984, and Companies Act, 2017
	Regulatory treatment			
4	Transitional Basel III rules			N/A
5	Post-transitional Basel III rules			Common Equity Tier 1
6	Eligible at solo / group / group and solo			Solo
7	Instrument type			Ordinary Shares
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)			10,633,697
9	Par value of instrument			Rs.10 per share
10	Accounting classification			Shareholder's Equity
11	Original date of issuance			4-Nov-06
12	Perpetual or dated			Perpetual
13	Original maturity date			N/A
14	Issuer call subject to prior supervisory approval			No
15	Optional call date, contingent call dates and redemption amount			N/A
16	Subsequent call dates, if applicable			
	Coupons / dividends			N/A
17	Fixed or floating dividend / coupon			N/A
18	Coupon rate and any related index/ benchmark			N/A
19	Existence of a dividend stopper			Yes (please refer PR-11)
20	Fully discretionary, partially discretionary or mandatory			Fully discretionary
21	Common Equity Tier 1 capital (CET1): Instruments and reserves			
	Existence of step up or other incentive to redeem			No
22	Non-cumulative or cumulative			Non cumulative
23	Convertible or non-convertible			Non-convertible
24	If convertible, conversion trigger (s)			N/A
25	If convertible, fully or partially			N/A
26	If convertible, conversion rate			N/A
27	If convertible, mandatory or optional conversion			N/A
28	If convertible, specify instrument type convertible into			N/A
29	If convertible, specify issuer of instrument it converts into			N/A
30	Write-down feature			No
31	If write-down, write-down trigger(s)			N/A
32	If write-down, full or partial			N/A
33	If write-down, permanent or temporary			N/A
34	If temporary write-down, description of write-up mechanism			N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)			N/A
36	Non-compliant transitioned features			No
37	If yes, specify non-compliant features			N/A

Risk weighted assets

The capital requirements for the Company as per the major risk categories is indicated below:

	Capital Requirement		Risk Weighted Assets	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
----- (Rupees in '000) -----				
Credit risk				
Portfolios subject to standardised approach (Simple or Comprehensive)				
Cash and cash equivalents	-	-	-	-
Sovereign	-	-	-	-
Public sector entities	2,416	3,527	24,158	35,271
Banks	8,123	81,166	81,230	811,660
Corporate	1,635,794	1,605,472	16,357,937	16,054,715
Retail	12	2,486	122	24,858
Residential mortgages	4,972	4,318	49,717	43,182
Past due loans	41,863	75,858	418,627	758,575
Operating fixed assets	1,171	1,695	11,711	16,951
Other assets	108,815	38,417	1,088,151	384,174
	1,803,164	1,812,939	18,031,652	18,129,386
Off - balance sheet				
Non-market related	234,324	489,922	2,343,238	4,899,217
Market related exposures	-	-	-	-
Equity exposure risk in the banking book				
Under simple risk weight method	344,222	286,914	3,442,218	2,869,135
Under Internal models approach	-	-	-	-
	578,546	776,835	5,785,456	7,768,352
Market risk				
<u>Capital requirement for portfolios subject to standardised approach</u>				
Interest rate risk	54,854	4,734	548,538	59,174
Equity position risk	383,336	161,547	3,833,363	2,019,343
Foreign Exchange risk	-	-	-	5
	438,190	166,281	4,381,901	2,078,522
<u>Capital requirement for portfolios subject to internal models approach</u>				
	-	-	-	-
Operational risk				
<u>Capital requirement for operational risks</u>	133,189	124,170	1,664,869	1,552,123
Total	2,953,089	2,880,225	29,863,877	29,528,383
	December 31, 2018		December 31, 2017	
	Required	Actual	Required	Actual
	----- (Rupees in '000) -----			
CET1 to total RWA	6.00%	24.50%	6.00%	30.62%
Tier-1 capital to total RWA	7.50%	24.50%	7.50%	30.62%
Total capital to total RWA	10.00%	24.50%	10.00%	30.62%

Pak Brunei Investment Company Limited
Liquidity Coverage Ratio
December 31, 2018

Liquidity Coverage Ratio (LCR)

SBP implemented LCR to monitor the short-term resilience of the liquidity risk profile of Banks/DFIs by ensuring they have sufficient stock of unencumbered high-quality liquid assets (HQLA) to endure a significant stress scenario for 30 calendar days.

Since PBIC's funding requirements are met from market borrowing and PBIC does not raise money from general public, PBIC's exposure to systemic risk is limited. PBIC however maintains ample stock of liquid securities to manage its liquidity requirements.

		(Rupees in '000)	
<i>(in local currency)</i>		TOTAL UNWEIGHTED ^a VALUE (average)	TOTAL WEIGHTED ^b VALUE (average)
HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)	6,069,346	5,625,751
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:		
2.1	stable deposit	-	
2.2	Less stable deposit	-	
3	Unsecured wholesale funding of which:		
3.1	Operational deposits (all counterparties)	-	
3.2	Non-operational deposits (all counterparties)	-	
3.3	Unsecured debt	8,894,460	8,560,650
4	Secured wholesale funding	1,271,154	187,500
5	Additional requirements of which:		
5.1	Outflows related to derivative exposures and other collateral requirements	-	
5.2	Outflows related to loss of funding on debt products		
5.3	Credit and Liquidity facilities	5,400,881	615,088
6	Other contractual funding obligations	353,691	353,691
7	Other contingent funding obligations	1,165,885	58,294
8	TOTAL CASH OUTFLOWS	17,086,071	9,775,223
CASH INFLOWS			
9	Secured lending	-	-
10	Inflows from fully performing exposures	2,233,235	1,122,870
11	Other Cash inflows	105,150	91,140
12	TOTAL CASH INFLOWS	2,338,385	1,214,010
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA	6,069,346	5,625,751
22	TOTAL NET CASH OUTFLOWS	14,747,686	8,561,213
23	LIQUIDITY COVERAGE RATIO		65.71%

a unweighted values have been calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows)

b Weighted values have been calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows)

c Adjusted values have been calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (ie cap on level 2B and level 2 assets for HQLA and cap on inflows)

Pak Brunei Investment Company Limited
Net Stable Funding Ratio - Financial Statement Disclosure
December 31, 2018

Net Stable Funding Ratio (NSFR)

Net Stable Funding Ratio "NSFR" ensures that PBIC remains adequately funded over a longer time horizon by requiring the company to fund its activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

The ratio is defined as the amount of Available Stable Funding (ASF), relative to the amount of Required Stable Funding (RSF). The amounts of ASF and RSF are calculated after application of prescribed hair-cut from regulator. SBP expects Banks and DFIs to meet NSFR requirement of 100% effective from December 31, 2017. PBIC's NSFR remained below 100% as of December 31, 2018.

NSFR Disclosure						
(Amount in PKR in thousands)		Unweighted value by residual maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital:					
2	Regulatory capital	10,633,697				10,633,697
3	Other capital instruments					
4	Retail deposits and deposit from small business customers:					
5	Stable deposits					
6	Less stable deposits					
7	Wholesale funding:					
8	Operational deposits					
9	Other wholesale funding		725,403	1,687,328	8,029,575	9,235,941
10	Other liabilities:					
11	NSFR derivative liabilities					
12	All other liabilities and equity not included in other categories		28,390,338			-
13	Total ASF					19,869,638
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)				20,630,820	1,331,633
15	Deposits held at other financial institutions for operational purposes				1669.60632	835
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA					
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions					
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:				4,924,756	4,186,042
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				276,606	179,794
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.				3,098,116	2,633,399
22	Other assets:		1,022,434	617,156	164978	473,556
23	Physical traded commodities, including gold					
24	Assets posted as initial margin for derivative contracts					
25	NSFR derivative assets					
26	NSFR derivative liabilities before deduction of variation margin posted					
27	All other assets not included in the above categories			11,295,152	6,761,439	12,409,015
28	Off-balance sheet items				2995808	149,790
29	Total RSF					21,364,065
30	Net Stable Funding Ratio (%)					93.00%