

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES
AS AT DECEMBER 31, 2021

CAPITAL ADEQUACY RETURN

		2021	2020
		(Rupees in '000)	
Rows #		Amount	Amount
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	16,000,000	10,000,000
2	Balance in Share Premium Account		
3	Reserve for issue of Bonus Shares		
4	Discount on Issue of shares		
5	General/ Statutory Reserves	12,388,643	9,543,420
6	Gain/(Losses) on derivatives held as Cash Flow Hedge		
7	Unappropriated/unremitted profits/ (losses)	14,738,034	16,698,998
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	43,126,677	36,242,418
10	Total regulatory adjustments applied to CET1	25,905,532	18,368,457
11	Common Equity Tier 1	17,221,145	17,873,961
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium		
13	of which: Classified as equity		
14	of which: Classified as liabilities		
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)		
16	of which: instrument issued by subsidiaries subject to phase out		
17	AT1 before regulatory adjustments		
18	Total regulatory adjustment applied to AT1 capital		
19	Additional Tier 1 capital after regulatory adjustments		
20	Additional Tier 1 capital recognized for capital adequacy	-	-
21	Tier 1 Capital (CET1 + admissible AT1)	17,221,145	17,873,961
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium		
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules		
24	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	600,000	300,000
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets		
29	of which: Unrealized gains/losses on AFS		1,474,806
30	Foreign Exchange Translation Reserves		
31	Undisclosed/Other Reserves (if any)		
32	T2 before regulatory adjustments		
33	Total regulatory adjustment applied to T2 capital		
34	Tier 2 capital (T2) after regulatory adjustments		
35	Tier 2 capital recognized for capital adequacy		
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital		
37	Total Tier 2 capital admissible for capital adequacy	600,000	1,774,806
38	TOTAL CAPITAL (T1 + admissible T2)	17,821,145	19,648,767
39	Total Risk Weighted Assets (RWA)	72,834,237	57,752,732
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	23.64%	30.95%
41	Tier-1 capital to total RWA	23.64%	30.95%
42	Total capital to total RWA	24.47%	34.02%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
44	of which: capital conservation buffer requirement		
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)	17.64%	24.95%
	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	11.500%	11.500%

(Rupees in '000)

Regulatory Adjustments and Additional Information	Amount	Amounts subject to Pre- Basel III treatment*	Amount	Amounts subject to Pre- Basel III treatment*
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)	13,066		13,790	
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				
6 Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities				
7 Cash flow hedge reserve				
8 Investment in own shares/ CET1 instruments				
9 Securitization gain on sale				
10 Capital shortfall of regulated subsidiaries				
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	942,391			
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)	23,948,693		17,956,327	
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)				
15 Amount exceeding 15% threshold	1,001,382		398,339	
16 of which: significant investments in the common stocks of financial entities	1,001,382		398,339	
17 of which: deferred tax assets arising from temporary differences				
18 National specific regulatory adjustments applied to CET1 capital				
19 Investments in TFCs of other banks exceeding the prescribed limit				
20 Any other deduction specified by SBP (mention details)				
21 Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions				
22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)	25,905,532		18,368,456	
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 (sum of 23 to 29)	-		-	
Tier 2 Capital: regulatory adjustments				
31 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital				
32 Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities				
33 Investment in own Tier 2 capital instrument				
34 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)			-	
35 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation				
36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	-		-	
			2021	2020
			(Rupees in '000)	
Additional Information			Amount	Amount
Risk Weighted Assets subject to pre-Basel III treatment				
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)				
(i) of which: deferred tax assets				
(ii) of which: Defined-benefit pension fund net assets				
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity				
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity			-	-
Amounts below the thresholds for deduction (before risk weighting)				
38 Non-significant investments in the capital of other financial entities				
39 Significant investments in the common stock of financial entities				
40 Deferred tax assets arising from temporary differences (net of related tax liability)				
Applicable caps on the inclusion of provisions in Tier 2				
41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)				
42 Cap on inclusion of provisions in Tier 2 under standardized approach				
43 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)				
44 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach				

Capital Structure Reconciliation

Step 1		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	2021	2021
(Rupees in '000)		
Assets		
Cash and balances with treasury banks	142,662	142,662
Balances with other banks	19,152	19,152
Lending to financial institutions	-	-
Investments	103,844,929	103,844,929
Advances	27,359,484	27,359,484
Operating fixed assets	292,839	292,839
Deferred tax assets	-	-
Other assets	3,375,278	3,375,278
Total assets	135,034,344	135,034,344
Liabilities & Equity		
Bills payable		
Borrowings	81,209,024	81,209,024
Deposits and other accounts	6,264,766	6,264,766
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	3,370,747	3,370,747
Other liabilities	2,005,521	2,005,521
Total liabilities	92,850,058	92,850,058
Share capital	16,000,000	16,000,000
Reserves	12,388,643	12,388,643
Unappropriated profits	14,738,034	14,738,034
Minority Interest	-	-
(Deficit) / surplus on revaluation of assets	(942,391)	(942,391)
Total liabilities & equity	135,034,344	135,034,344

Step 2			
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2021	2021	
(Rupees in '000)			
Assets			
Cash and balances with treasury banks	142,662	142,662	
Balanced with other banks	19,152	19,152	
Lending to financial institutions	-	-	
Investments	103,844,929	103,844,929	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	28,165,815	28,165,815	a
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>		-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>			c
<i>of which: reciprocal crossholding of capital instrument</i>			d
<i>of which: others (mention details)</i>			e
Advances	27,359,484	27,359,484	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>			f
<i>general provisions reflected in Tier 2 capital</i>			g
Fixed Assets	279,773	279,773	
Deferred Tax Assets	-		
<i>of which: DTAs excluding those arising from temporary differences</i>			h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>			i
Other assets	3,375,278	3,375,278	
<i>of which: Goodwill</i>			j
<i>of which: Intangibles</i>	13,066	13,066	k
<i>of which: Defined-benefit pension fund net assets</i>			l
Total assets	135,034,344	135,034,344	
Liabilities & Equity			
Bills payable			
Borrowings	81,209,024	81,209,024	
Deposits and other accounts	6,264,766	6,264,766	
Sub-ordinated loans			
<i>of which: eligible for inclusion in ATI</i>			m
<i>of which: eligible for inclusion in Tier 2</i>			n
Liabilities against assets subject to finance lease			
Deferred tax liabilities	3,370,747	3,370,747	
<i>of which: DTLs related to goodwill</i>			o
<i>of which: DTLs related to intangible assets</i>			p
<i>of which: DTLs related to defined pension fund net assets</i>			q
<i>of which: other deferred tax liabilities</i>			r
Other liabilities	2,005,521	2,005,521	
Total liabilities	92,850,058	92,850,058	
Share capital	16,000,000	16,000,000	
<i>of which: amount eligible for CET1</i>	16,000,000	16,000,000	s
<i>of which: amount eligible for ATI</i>	16,000,000	16,000,000	t
Reserves	12,388,643	12,388,643	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	12,388,643	12,388,643	u
<i>of which: portion eligible for inclusion in Tier 2</i>	12,388,643	12,388,643	v
Unappropriated profit/ (losses)	14,738,034	14,738,034	w
Minority Interest			
<i>of which: portion eligible for inclusion in CET1</i>			x
<i>of which: portion eligible for inclusion in ATI</i>			y
<i>of which: portion eligible for inclusion in Tier 2</i>			z
(Deficit) / surplus on revaluation of assets	(942,391)	(942,391)	
<i>of which: Revaluation reserves on Property</i>			aa
<i>of which: Unrealized Gains/Losses on AFS</i>		-	ab
<i>In case of Deficit on revaluation (deduction from CET1)</i>			
Total liabilities & Equity	135,034,344	135,034,344	

Step 3			
Basel III Disclosure Template (with added column)			
		Component of regulatory capital reported by bank	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/ Capital deposited with SBP	16,000,000	
2	Balance in Share Premium Account		(s)
3	Reserve for issue of Bonus Shares		
4	General/ Statutory Reserves	12,388,643	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge		
6	Unappropriated/unremitted profits/(losses)	14,738,034	(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	43,126,677	
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)	13,066	(k) - (p)
11	Shortfall of provisions against classified assets		(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)		{(h) - (r)} * x%
13	Defined-benefit pension fund net assets		{(l) - (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments		(d)
15	Cash flow hedge reserve		
16	Investment in own shares/ CET1 instruments		
17	Securitization gain on sale		
18	Capital shortfall of regulated subsidiaries		
19	Deficit on account of revaluation from bank's holdings of property/ AFS	942,391	(ab)
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)		(b) - (ad) - (af)
		23,948,693	
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	1,001,382	
25	of which: deferred tax assets arising from temporary differences	1,001,382	
26	National specific regulatory adjustments applied to CET1 capital		
27	Investment in TFCs of other banks exceeding the prescribed limit		
28	Any other deduction specified by SBP (mention details)		
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		
30	Total regulatory adjustments applied to CET1	25,905,532	
Common Equity Tier 1		17,221,145	

	Component of regulatory capital reported by bank	Source based on reference number from step 2
(Rupees in '000)		
Additional Tier 1 (AT 1) Capital		
31	Qualifying Additional Tier-1 instruments plus any related share premium	
32	of which: Classified as equity	(t)
33	of which: Classified as liabilities	(m)
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	(y)
35	of which: instrument issued by subsidiaries subject to phase out	
36	AT1 before regulatory adjustments	
Additional Tier 1 Capital: regulatory adjustments		
37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	
38	Investment in own AT1 capital instruments	
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	
40	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
44	Total of Regulatory Adjustment applied to AT1 capital	-
45	Additional Tier 1 capital	
46	Additional Tier 1 capital recognized for capital adequacy	-
	Tier 1 Capital (CET1 + admissible AT1)	17,221,145
Tier 2 Capital		
47	Qualifying Tier 2 capital instruments under Basel III	
48	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	(n)
49	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	(z)
50	of which: instruments issued by subsidiaries subject to phase out	
51	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	600,000
52	Revaluation Reserves eligible for Tier 2	
53	of which: portion pertaining to Property	
54	of which: portion pertaining to AFS securities	-
55	Foreign Exchange Translation Reserves	
56	Undisclosed/Other Reserves (if any)	
57	T2 before regulatory adjustments	17,821,145
Tier 2 Capital: regulatory adjustments		
58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	
59	Reciprocal cross holdings in Tier 2 instruments	
60	Investment in own Tier 2 capital instrument	
61	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)
63	Amount of Regulatory Adjustment applied to T2 capital	
64	Tier 2 capital (T2)	-
65	Tier 2 capital recognized for capital adequacy	-
66	Excess Additional Tier 1 capital recognized in Tier 2 capital	-
67	Total Tier 2 capital admissible for capital adequacy	
	TOTAL CAPITAL (T1 + admissible T2)	17,821,145

Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments		
	Main Features	Common Shares
1	Issuer	Pakistan Kuwait Investment Company (Private)
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	Limited
3	Governing law(s) of the instrument	NA
	Regulatory treatment	Government of Pakistan
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	Solo
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	16,000,000
9	Par value of instrument	PKR 25,000 per share
10	Accounting classification	Share Holder's Equity
11	Original date of issuance	1979
12	Perpetual or dated	NA
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/ coupon	NA
18	coupon rate and any related index/ benchmark	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

Capital Adequacy Ratio

	Capital Requirements		Risk Weighted Assets	
	2021	2020	2021	2020
Rupees in '000				
Credit Risk on On-Balance Sheet				
PSE's	-	100,073	-	1,000,728
Banks	112,754	15,731	1,127,540	157,311
Corporates	976,594	775,031	9,765,940	7,750,312
Retail portfolio	1,204	931	12,042	9,311
Secured by residential property	6,800	3,257	68,002	32,570
Past due loans	-	-	-	-
Commercial Entity	1,198,468	1,079,469	11,984,680	10,794,690
Significant Investment & DTA	803,935	905,716	8,039,350	9,057,157
Listed equity investments	291,329	187,394	2,913,290	1,873,943
Unlisted equity investments	120	120	1,200	1,200
Investments in fixed assets	27,977	28,422	279,773	284,222
Other assets	45,871	6,230	458,706	62,303
	<u>3,465,052</u>	<u>3,102,375</u>	<u>34,650,523</u>	<u>31,023,747</u>
Credit risk on Off-Balance Sheet				
Non market related	1,380,090	827,965	13,800,900	8,279,647
Market Risk				
Interest rate risk				
Equity position risk	573,016	465,122	7,162,697	5,814,020
	<u>573,016</u>	<u>465,122</u>	<u>7,162,697</u>	<u>5,814,020</u>
Operational Risk				
	1,377,609	1,010,825	17,220,117	12,635,318
TOTAL	<u><u>6,795,767</u></u>	<u><u>5,406,287</u></u>	<u><u>72,834,237</u></u>	<u><u>57,752,732</u></u>

Capital Adequacy Ratio		2021	2020
		(Rupees in '000)	
Total eligible regulatory capital held	(e)	<u>17,821,145</u>	<u>19,648,767</u>
Total Risk Weighted Assets	(i)	<u>72,834,237</u>	<u>57,752,732</u>
Capital Adequacy Ratio	(e) / (i)	<u>24.47%</u>	<u>34.02%</u>

Leverage Ratio		2021	2020
Tier 1 Capital	(f)	<u>17,221,145</u>	<u>17,873,961</u>
Total Exposure	(g)	<u>135,604,252</u>	<u>101,564,985</u>
Leverage Ratio	(f) / (g)	<u>12.70%</u>	<u>17.60%</u>

Capital Adequacy Ratios	2021		2020	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	23.64%	6.00%	30.95%
Tier-1 capital to total RWA	7.50%	23.64%	7.50%	30.95%
Total capital to total RWA	11.50%	24.47%	11.50%	34.02%
Leverage Ratio	3.00%	12.70%	3.00%	17.60%

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES
AS AT DECEMBER 31, 2021

Liquidity Coverage Ratio (LCR)

During the Year, State Bank of Pakistan implemented two liquidity standards under its Basel III reforms i.e. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). LCR aims to augment the short-term resilience of the liquidity risk profile of banks/DFIs by ensuring that they have sufficient stock of unencumbered high-quality liquid assets (HQLA) to endure a significant stress scenario for 30 calendar days. While, NSFR aims to decrease the funding risk over a longer time horizon by requiring banks to fund their activities with adequately stable funding sources on continuing basis.

To manage its liquidity risk considering its level of liquidity, PKIC uses various tools / risk management procedures including Cash Flow Projections/ Maturity Gap, Liquidity Ratios/Limits and Stress Testing apart from SBP defined limits of CRR/SLR and LCR/NSFR.

PKIC maintains a Contingency Funding Plan which outlines response to liquidity stress and uses stress tests across multiple scenarios across various time horizons to set forth a course of action. Notably, In order to maintain adequate liquidity, PKIC maintains sufficient stock of High Quality Liquid Assets which primarily consists of Unencumbered Government Securities.

<i>(Amount in PKR in thousands)</i>		TOTAL UNWEIGHTED^a VALUE (average)	TOTAL WEIGHTED^b VALUE (average)
HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		16,770,964
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:		6,767,968
3.1	Operational deposits (all counterparties)	3,643,027	1,457,211
3.2	Non-operational deposits (all counterparties)		
3.3	Unsecured debt	5,310,757	5,310,757
4	Secured wholesale funding		-
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		
6	Other contractual funding obligations	24,013,216	2,247,084
7	Other contingent funding obligations	942,288	942,288
8	TOTAL CASH OUTFLOWS		9,957,340
CASH INFLOWS			
9	Secured lending		
10	Inflows from fully performing exposures	146,624	73,312
11	Other Cash inflows		
12	TOTAL CASH INFLOWS		
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		16,770,964
22	TOTAL NET CASH OUTFLOWS		9,884,028
23	LIQUIDITY COVERAGE RATIO		170%

- a unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows)
- b Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows)
- c Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e cap on level 2B and level 2 assets for HQLA and cap on inflows)

**PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES
AS AT DECEMBER 31, 2021**

Net Stable Funding Ratio (NSFR)

Net Stable Funding Ratio "NSFR" ensures that PKIC reduces funding risk 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 NSFR limits overreliance on short-term funding, encourages better assessment of funding risk across all on-and-off balance sheet items and promotes funding stability. The ratio is defined as the amount of available stable funding (ASF), relative to the amount of required stable funding (RSF). NSFR reporting to SBP commenced from March 31, 2017 on a quarterly basis. Minimum requirement is set at 100% by SBP, effective from December 31, 2017 onwards.

(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	42,184,286				42,184,286
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				27,973,769	27,973,769
10	Other liabilities:			621,894	9,172,241	6,350,805
11	NSFR derivative liabilities					-
12	All other liabilities and equity not included in other categories					-
13	Total ASF					76,508,860
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)					10,719,565
15	Deposits held at other financial institutions for operational purposes					
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA			-		-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions					
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:				11,950,335	10,157,785
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				7,582,764	4,928,797
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	4,806,892				2,403,446
22	Other assets:					
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	44,519,182		54,524,833		48,770,748
28	Off-balance sheet items		24,518,601			1,225,930
29	Total RSF					67,486,706
30	Net Stable Funding Ratio (%)					113%