

PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED
CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES
AS AT DECEMBER 31, 2019

CAPITAL ADEQUACY RETURN

Rows #		2019	2018
		(Rupees in '000)	
		Amount	Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1	Fully Paid-up Capital/ Capital deposited with SBP	10,000,000	6,000,000
2	Balance in Share Premium Account		
3	Reserve for issue of Bonus Shares		
4	Discount on Issue of shares		
5	General/ Statutory Reserves	9,543,420	8,193,002
6	Gain/(Losses) on derivatives held as Cash Flow Hedge		
7	Unappropriated/unremitted profits/ (losses)	11,159,927	12,189,004
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	30,703,347	26,382,006
10	Total regulatory adjustments applied to CET1	17,308,733	11,447,842
11	Common Equity Tier 1	13,394,614	14,934,164
	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)	13,394,614	14,934,164
	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		
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets		
29	of which: Unrealized gains/losses on AFS	2,831,306	167,303
30	Foreign Exchange Translation Reserves		
31	Undisclosed/Other Reserves (if any)		
32	T2 before regulatory adjustments		167,303
33	Total regulatory adjustment applied to T2 capital		167,303
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	2,831,306	98,800
38	TOTAL CAPITAL (T1 + admissible T2)	16,225,920	15,032,964
39	Total Risk Weighted Assets (RWA)	44,395,685	35,333,019
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	30.17%	42.27%
41	Tier-1 capital to total RWA	30.17%	42.27%
42	Total capital to total RWA	36.55%	42.55%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
44	of which: capital conservation buffer requirement	8.50%	7.90%
45	of which: countercyclical buffer requirement	2.50%	1.90%
46	of which: D-SIB or G-SIB buffer requirement		
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	24.17%	36.27%
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	6.00%	6.00%
49	Tier 1 minimum ratio	7.50%	7.50%
50	Total capital minimum ratio	12.500%	11.900%

(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)			13,210	
2 All other intangibles (net of any associated deferred tax liability)	19,248			
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				
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)			107,453	
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)	16,690,529		11,244,684	11,242,502
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)				
15 Amount exceeding 15% threshold	598,956			
16 of which: significant investments in the common stocks of financial entities	598,956			
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			82,494	
22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)	17,308,733		11,447,841	
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)	-		82,494	
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)	-		82,494	
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)			68,503	
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)	-		68,503	
			2019	2018
			(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				2,626,835
39 Significant investments in the common stock of financial entities				2,626,134
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
	2019	2019
(Rupees in '000)		
Assets		
Cash and balances with treasury banks	54,209	54,209
Balances with other banks	23,762	23,762
Lending to financial institutions	1,218,271	1,218,271
Investments	56,341,132	56,341,132
Advances	6,654,602	6,654,602
Operating fixed assets	217,148	217,148
Deferred tax assets	-	-
Other assets	1,271,649	1,271,649
Total assets	65,780,773	65,780,773
Liabilities & Equity		
Bills payable		
Borrowings	28,953,243	28,953,243
Deposits and other accounts	-	-
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	2,528,173	2,528,173
Other liabilities	764,704	764,704
Total liabilities	32,246,120	32,246,120
Share capital	10,000,000	10,000,000
Reserves	9,543,420	9,543,420
Unappropriated profits	11,159,927	11,159,927
Minority Interest	-	-
Surplus on revaluation of assets	2,831,306	2,831,306
Total liabilities & equity	65,780,773	65,780,773

Step 2			
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	2019	2019	
(Rupees in '000)			
Assets			
Cash and balances with treasury banks	54,209	54,209	
Balanced with other banks	23,762	23,762	
Lending to financial institutions	1,218,271	1,218,271	
Investments	56,341,132	56,341,132	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-		a
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	16,690,529	16,690,529	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	6,654,602	6,654,602	
<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	197,900	197,900	
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	1,271,649	1,271,649	
<i>of which: Goodwill</i>			j
<i>of which: Intangibles</i>	19,248	19,248	k
<i>of which: Defined-benefit pension fund net assets</i>			l
Total assets	65,780,773	65,780,773	
Liabilities & Equity			
Bills payable			
Borrowings	28,953,243	28,953,243	
Deposits and other accounts	-		
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	2,528,173	2,528,173	
<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	764,704	764,704	
Total liabilities	32,246,120	32,246,120	
Share capital	10,000,000	10,000,000	
<i>of which: amount eligible for CET1</i>	10,000,000	10,000,000	s
<i>of which: amount eligible for ATI</i>	10,000,000	10,000,000	t
Reserves	9,543,420	9,543,420	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	9,543,420	9,543,420	u
<i>of which: portion eligible for inclusion in Tier 2</i>	9,543,420	9,543,420	v
Unappropriated profit/ (losses)	11,159,927	11,159,927	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
Surplus on revaluation of assets	2,831,306	2,831,306	
<i>of which: Revaluation reserves on Property</i>			
<i>of which: Unrealized Gains/Losses on AFS</i>	2,831,306	2,831,306	aa
<i>In case of Deficit on revaluation (deduction from CET1)</i>			ab
Total liabilities & Equity	65,780,773	65,780,773	

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	10,000,000	
2	Balance in Share Premium Account		(s)
3	Reserve for issue of Bonus Shares		
4	General/ Statutory Reserves	9,543,420	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge		
6	Unappropriated/unremitted profits/(losses)	11,159,927	(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	30,703,347	
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)	19,248	(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		(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)
		16,690,529	
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		(i)
23	Amount exceeding 15% threshold	598,956	
24	of which: significant investments in the common stocks of financial entities	598,956	
25	of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments applied to CET1 capital		
27	Investment in TFCs of other banks exceeding the prescribed limit		
28	Any other deduction specified by SBP (mention details)		
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		
30	Total regulatory adjustments applied to CET1	17,308,733	
Common Equity Tier 1		13,394,614	

	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)	13,394,614
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	(g)
52	Revaluation Reserves eligible for Tier 2	
53	of which: portion pertaining to Property	
54	of which: portion pertaining to AFS securities	2,831,306
55	Foreign Exchange Translation Reserves	portion of (aa)
56	Undisclosed/Other Reserves (if any)	(v)
57	T2 before regulatory adjustments	16,225,920
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)	16,225,920

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)	10,000,000
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	
	2019	2018	2019	2018
Rupees in '000				
Credit Risk on On-Balance Sheet				
PSE's	100,083	99	1,000,827	985
Banks	24,873	21,621	248,730	216,214
Corporates	274,659	228,215	2,746,593	2,282,147
Retail portfolio	455	459	4,545	4,588
Secured by residential property	2,748	2,778	27,479	27,780
Past due loans	-	-	-	-
Commercial Entity	1,059,451	1,057,824	10,594,510	10,578,240
Significant Investment & DTA	767,103	656,534	7,671,025	6,565,336
Listed equity investments	175,347	159,999	1,753,468	1,599,988
Unlisted equity investments	120	124	1,200	1,237
Investments in fixed assets	19,790	20,417	197,900	204,172
Other assets	14,553	24,444	145,533	24,438
	2,439,181	2,172,514	24,391,810	21,505,125
Credit risk on Off-Balance Sheet				
Non market related	524,298	18,750	5,242,976	187,500
Market Risk				
Interest rate risk				
Equity position risk	490,673	524,049	6,133,412	6,550,608
	490,673	524,049	6,133,412	6,550,608
Operational Risk	690,199	567,183	8,627,487	7,089,787
TOTAL	4,144,351	3,282,496	44,395,685	35,333,020

Capital Adequacy Ratio		2019	2018
		(Rupees in '000)	
Total eligible regulatory capital held	(e)	<u>16,225,920</u>	<u>15,032,964</u>
Total Risk Weighted Assets	(i)	<u>44,395,685</u>	<u>35,333,020</u>
Capital Adequacy Ratio	(e) / (i)	36.55%	42.55%

Leverage Ratio		2019	2018
Tier 1 Capital	(f)	<u>13,394,614</u>	<u>14,934,164</u>
Total Exposure	(g)	<u>56,674,820</u>	<u>18,800,049</u>
Leverage Ratio	(f) / (g)	23.63%	79.44%

Capital Adequacy Ratios	2019		2018	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	30.17%	6.00%	42.27%
Tier-1 capital to total RWA	7.50%	30.17%	7.50%	42.27%
Total capital to total RWA	12.50%	36.55%	11.90%	42.55%
Leverage Ratio	3.00%	23.63%	3.00%	79.44%

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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)		5,920,120
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:		2,333
3.1	Operational deposits (all counterparties)	5,833	2,333
3.2	Non-operational deposits (all counterparties)		
3.3	Unsecured debt	-	-
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	1,956,971	195,697
7	Other contingent funding obligations	421,414	421,414
8	TOTAL CASH OUTFLOWS		619,444
CASH INFLOWS			
9	Secured lending		
10	Inflows from fully performing exposures	146,248	73,124
11	Other Cash inflows		
12	TOTAL CASH INFLOWS		
		TOTAL ADJUSTED VALUE	
21	TOTAL HQLA		5,920,120
22	TOTAL NET CASH OUTFLOWS		546,320
23	LIQUIDITY COVERAGE RATIO		1084%

- 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)

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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. Notably, PKIC's remained well in compliance as at December 31, 2018.

(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	30,703,347				30,703,347
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				1,314,562	1,314,562
10	Other liabilities:			10,524,565	2,429,263	7,691,546
11	NSFR derivative liabilities					-
12	All other liabilities and equity not included in other categories					-
13	Total ASF					39,709,455
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)					6,885,838
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		1,218,271			182,741
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:				3,394,735	2,885,525
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				1,821,013	1,183,659
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	4,185,462				2,092,731
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	25,293,487		1,283,622		25,935,298
28	Off-balance sheet items		7,584,576			379,229
29	Total RSF					32,659,182
30	Net Stable Funding Ratio (%)					122%