

SONERI BANK LIMITED
CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES
AS AT DECEMBER 31, 2019

1 CAPITAL ADEQUACY

1.1 Risk Weighted Exposure	Capital Requirements		Risk Adjusted Value Assets	
	2019	2018	2019	2018
----- Rupees in '000 -----				
Credit Risk				
On-Balance Sheet:				
Cash and cash equivalent	-	-	-	-
Sovereign and central banks	697	16,303	5,579	137,004
Public sector entities (PSEs)	266,896	142,361	2,135,167	1,196,310
Banks and securities firms	397,059	91,008	3,176,475	764,771
Corporate portfolio	11,078,190	11,330,991	88,625,523	95,218,411
Retail non mortgages	1,043,794	1,126,091	8,350,348	9,462,945
Mortgages – Residential	155,631	137,202	1,245,048	1,152,956
Past due loans	551,252	492,901	4,410,020	4,142,024
Listed equity investments in banking book	127,861	98,194	1,022,884	825,163
Un-listed equity investments in banking book	2,081	1,981	16,650	16,650
Operating fixed assets	1,041,113	742,402	8,328,905	6,238,673
Other assets	229,593	112,349	1,836,747	944,109
	14,894,168	14,291,783	119,153,346	120,099,016
Off-Balance Sheet:				
Non-market related	1,418,354	1,515,741	11,346,832	12,737,323
Market related	212,611	105,099	1,700,891	883,184
	1,630,965	1,620,840	13,047,723	13,620,507
Market Risk				
Interest Rate Risk	80,588	46,903	1,007,350	586,287
Equity Position Risk	594,453	605,944	7,430,663	7,574,295
Foreign Exchange Risk	4,351	6,888	54,388	86,097
	679,392	659,735	8,492,406	8,246,679
Operational Risk				
	1,368,420	1,393,785	17,105,251	17,422,308
	18,572,945	17,966,143	157,798,725	159,388,510
Capital Adequacy Ratio				
Total eligible regulatory capital held	24,918,946	23,437,127		
Total risk weighted assets	157,798,725	159,388,510		
Capital adequacy ratio	15.79%	14.70%		

1.2 Capital Structure

	2019	2018
----- Rupees in '000 -----		
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	11,024,636	11,024,636
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
Discount on issue of shares	-	-
General / Statutory Reserves	2,490,432	2,109,227
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	4,805,072	4,312,374
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	18,320,140	17,446,237
Total regulatory adjustments applied to CET1	1.3.1 (609,984)	2,087,142
Common Equity Tier 1	17,710,156	15,359,095

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES
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Additional Tier 1 (AT 1) Capital

	2019	2018
	----- Rupees in '000 -----	
Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
of which: Classified as equity	-	-
of which: Classified as liabilities	4,000,000	4,000,000
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	4,000,000	4,000,000
Total of Regulatory Adjustment applied to AT1 capital	1.3.2 (429,909)	-
Additional Tier 1 capital after regulatory adjustments	3,570,091	4,000,000
AT1 Capital recognized for capital adequacy	3,441,297	3,082,678
Tier 1 Capital (CET1 + admissible AT1)	21,151,453	18,441,773

Tier 2 Capital

Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Capital instruments subject to phase out arrangement issued	1,797,120	2,397,120
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	-	-
- 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	41,538	41,538
Revaluation Reserves (net of taxes)	-	-
of which:		
- Revaluation reserves on fixed assets	1,818,046	1,889,374
- Unrealized gains / losses on AFS	-	-
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
T2 before regulatory adjustments	3,656,704	4,328,032
Total regulatory adjustment applied to T2 capital	1.3.3 (18,005)	(250,000)
Tier 2 capital (T2) after regulatory adjustments	3,638,699	4,078,032
Tier 2 capital recognized for capital adequacy	3,638,699	4,078,032
Portion of Additional Tier 1 capital recognized in Tier 2 capital	128,794	917,322
Total Tier 2 capital admissible for capital adequacy	3,767,493	4,995,354
TOTAL CAPITAL (T1 + admissible T2)	<u>24,918,946</u>	<u>23,437,127</u>

Total Risk Weighted Assets (RWA) 1.1 157,798,725 159,388,510

Capital Ratios and buffers (in percentage of risk weighted assets)

CET1 to total RWA	11.22%	9.64%
Tier-1 capital to total RWA	13.40%	11.57%
Total capital to total RWA	15.79%	14.70%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	-	-
- capital conservation buffer requirement	-	-
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	5.22%	3.64%

Other information:

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	12.50%	11.90%

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1.3 Regulatory Adjustments and Additional Information

1.3.1 Common Equity Tier 1 capital: Regulatory adjustments

	2019		2018	
	Basel III Transit	Pre-Basel III treatment*	Basel III Transit	Pre-Basel III treatment*
----- Rupees in '000 -----				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	484,087	-	454,536	-
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	100,000	-	285,870	-
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 bank's holdings of property / AFS	632	-	-	-
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)	25,265	-	1,346,736	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
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	-	-	-	-
- 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	-	-	-	-
Total regulatory adjustments applied to CET1	609,984	-	2,087,142	-

1.3.2 Additional Tier 1 Capital: regulatory adjustments

Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	415,230	-	-	-
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)	14,679	-	-	-
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	-	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	429,909	-	-	-

1.3.3 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	-	-	250,000	-
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 bank does not own more than 10% of the issued share capital (amount above 10% threshold)	18,005	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Amount of Regulatory Adjustment applied to T2 capital	18,005	-	250,000	-

*This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

**State Bank of Pakistan has granted relaxation in respect of provision held against a customer as disclosed in note 9.3.5 to the financial statements, State Bank of Pakistan has allowed the Bank to avail this relaxation in calculation of capital adequacy ratio.

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1.3.4 Additional Information

Risk Weighted Assets subject to pre-Basel III treatment

Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)
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
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
Significant investments in the common stock of financial entities
Deferred tax assets arising from temporary differences (net of related tax liability)

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

	2019	2018
	----- Rupees in '000 -----	
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

1.4 Capital structure reconciliation

Assets

Cash and balances with treasury banks
Balances with other banks
Lending to financial institutions
Investments
Advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets
Total assets

Liabilities and Equity

Bills payable
Borrowings
Deposits and other accounts
Liabilities against assets subject to finance lease
Subordinated debt
Deferred tax liabilities
Other liabilities
Total liabilities

Share capital
Reserves
Surplus on revaluation of assets
Unappropriated profit
Total equity
Total liabilities and equity

	As per published financial statements	Under regulatory scope of consolidation
	----- Rupees in '000 -----	
	33,961,308	33,961,308
	2,074,533	2,074,533
	1,202,243	1,202,243
	177,056,116	177,056,116
	204,901,313	204,901,313
	8,328,905	8,328,905
	466,686	466,686
	-	-
	14,549,678	14,549,678
	<u>442,540,782</u>	<u>442,540,782</u>
	3,960,957	3,960,957
	95,705,109	95,705,109
	302,082,985	302,082,985
	-	-
	6,995,200	6,995,200
	951,459	951,459
	12,631,477	12,631,477
	<u>422,327,187</u>	<u>422,327,187</u>
	11,024,636	11,024,636
	2,490,432	2,490,432
	1,893,455	1,893,455
	4,805,072	4,805,072
	<u>20,213,595</u>	<u>20,213,595</u>
	<u>442,540,782</u>	<u>442,540,782</u>

1.4.1 Detail of capital structure reconciliation

ASSETS

Cash and balances with treasury banks
Balances with other banks
Lending to financial institutions

	As per published financial statements	Under regulatory scope of consolidation
	----- Rupees in '000 -----	
	33,961,308	33,961,308
	2,074,533	2,074,533
	1,202,243	1,202,243

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES
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As per published financial statements **Under regulatory scope of consolidation**

----- Rupees in '000 -----

Investments	177,056,116	177,056,116
<i>of which: non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	-	-
<i>of which: mutual Funds exceeding regulatory threshold</i>	-	-
<i>of which: reciprocal crossholding of capital instrument</i>	515,230	515,230
<i>of which: others</i>	-	-
Advances	204,901,313	204,901,313
<i>shortfall in provisions / excess of total EL amount over eligible provisions under IRB</i>	-	-
<i>general provisions reflected in Tier 2 capital</i>	41,538	41,538
Fixed assets	8,328,905	8,328,905
Intangible assets	466,686	466,686
<i>of which: goodwill</i>	-	-
<i>of which: Intangibles</i>	466,686	466,686
Deferred tax assets	-	-
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>	-	-
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-
Other assets	14,549,678	14,549,678
<i>of which: goodwill</i>	-	-
<i>of which: defined-benefit pension fund net assets</i>	-	-
TOTAL ASSETS	442,540,782	442,540,782
LIABILITIES AND EQUITY		
Bills payable	3,960,957	3,960,957
Borrowings	95,705,109	95,705,109
Deposits and other accounts	302,082,985	302,082,985
Sub-ordinated loans	6,995,200	6,995,200
<i>of which: eligible for inclusion in AT1</i>	4,000,000	4,000,000
<i>of which: eligible for inclusion in Tier 2</i>	2,995,200	2,995,200
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	951,459	951,459
<i>of which: DTLs related to goodwill</i>	-	-
<i>of which: DTLs related to intangible assets</i>	-	-
<i>of which: DTLs related to defined pension fund net assets</i>	-	-
<i>of which: other deferred tax liabilities</i>	951,459	951,459
Other liabilities	12,631,477	12,631,477
TOTAL LIABILITIES	422,327,187	422,327,187
Share capital	11,024,636	11,024,636
<i>of which: amount eligible for CET1</i>	11,024,636	11,024,636
<i>of which: amount eligible for AT1</i>	-	-
Reserves	2,490,432	2,490,432
<i>of which: portion eligible for inclusion in CET1 - Statutory reserve</i>	2,490,432	2,490,432
<i>of which: portion eligible for inclusion in CET1 - General reserve</i>	-	-
<i>of which: portion eligible for inclusion in Tier 2 General reserve</i>	-	-
Discount on issuance of shares	-	-
Surplus on revaluation of assets	1,893,455	1,893,455
<i>of which: Revaluation reserves on fixed assets</i>	1,818,046	1,818,046
<i>of which: Unrealized Gains/Losses on AFS</i>	(632)	(632)
Unappropriated profit	4,805,072	4,805,072
Minority intersets	-	-
<i>of which: eligible for inclusion in CET1</i>	-	-
<i>of which: eligible for inclusion in AT1</i>	-	-
<i>of which: eligible for inclusion in Tier 2</i>	-	-
TOTAL LIABILITIES & EQUITY	442,540,782	442,540,782

Component of regulatory capital reported by Bank **Source based on reference number (Note 1.4.1)**

----- Rupees in '000 -----

1.4.2 Components of capital (CET-1): Instruments and reserves

Common Equity Tier 1 capital (CET1): Instruments and reserves

Fully Paid-up Capital	11,024,636	t
Balance in share premium account	-	
Discount on issuance of shares	-	ab
Reserve for issue of bonus shares	-	
General / Statutory Reserves	2,490,432	v
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated / unremitted profits	4,805,072	
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	ac
CET 1 before Regulatory Adjustments	18,320,140	

11,024,636	t
-	
-	ab
-	
2,490,432	v
-	
4,805,072	
-	ac
18,320,140	

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Component of regulatory capital reported by Bank **Source based on reference number (Note 1.4.1)**

----- Rupees in '000 -----

Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	h - p
All other intangibles (net of any associated deferred tax liability)	484,087	i
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	-	r
Reciprocal cross holdings in CET1 capital instruments	100,000	portion of (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 bank's holdings of property / AFS	632	z
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)	25,265	
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)	-	
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 (mention details)	-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
Total regulatory adjustments applied to CET1	609,984	

Common Equity Tier 1

17,710,156

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*	4,000,000	portion of (n)
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	4,000,000	

Additional Tier 1 Capital: regulatory adjustments

Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	415,230	
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)	14,679	
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	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	429,909	
Additional Tier 1 capital	3,570,091	
Additional Tier 1 capital recognised for capital adequacy	3,441,297	

Tier 1 Capital (CET1 + admissible AT1)

21,151,453

*Total issued AT-1 of PKR 4 Billion comprises of 3.082 Billion in T1 and 0.917 Billion in T2

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Component of regulatory capital reported by Bank **Source based on reference number (Note 1.4.1)**

----- Rupees in '000 -----

Tier 2 Capital

Qualifying Tier 2 capital instruments under Basel III	-	
Capital instruments subject to phase out arrangement from Tier 2	1,797,120	o x 60%
Tier 2 capital instruments issued to third party by consolidated subsidiaries 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	41,538	g
Revaluation Reserves eligible for Tier 2 of which: of which: portion pertaining to Fixed Asset	1,818,046	y
of which: portion pertaining to AFS securities	-	
Foreign Exchange Translation Reserves	-	
Undisclosed / Other Reserves (if any)	-	
T2 before regulatory adjustments	3,656,704	

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	-	portion of (d)
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 bank does not own more than 10% of the issued share capital (amount above 10% threshold)	18,005	
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	
Amount of Regulatory Adjustment applied to T2 capital	18,005	
Tier 2 capital (T2)	3,638,699	
Tier 2 capital recognised for capital adequacy	3,638,699	
Tier 2 capital not recognised for capital adequacy	1,198,080	o x 40%
Excess Additional Tier 1 capital recognised in Tier 2 capital*	128,794	portion of (n)
Total Tier 2 capital admissible for capital adequacy	3,767,493	

TOTAL CAPITAL (T1 + admissible T2)

24,918,946

*Total issued AT-1 of PKR 4 Billion comprises of 3.082 Billion in T1 and 0.917 Billion in T2

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1.5 Main Features of Regulatory Capital Instruments

	Main Features	Common Shares	Instrument 1	Instrument 2
1	Issuer	Soneri Bank Ltd	Soneri Bank Ltd	Soneri Bank Ltd
2	Unique identifier (e.g. PSX Symbol or Bloomberg identifier etc.)	SNBL	SNBL - TFCs	SNBL - TFCs
3	Governing law(s) of the instrument	Laws of Islamic Republic of Pakistan	Laws of Islamic Republic of Pakistan	Laws of Islamic Republic of Pakistan
4	Regulatory treatment			
4.1	Transitional Basel III rules	Common Equity Tier 1	Tier 2	Additional Tier 1
4.2	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2	Additional Tier 1
4.3	Eligible at solo/ group/ group & solo	Solo	Solo	Solo
4.4	Instrument type	Ordinary Shares	Subordinated Debt	Subordinated Debt
5	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs 11,024,636	Rs 1,797,120	Rs 4,000,000
6	Par value of instrument	Rs.10	Rs.5,000	Rs.5,000
7	Accounting classification	Shareholders' Equity	Liability	Liability
8	Original date of issuance	Various From 1992	July 2015	Dec 2018
9	Perpetual or dated	Perpetual	Dated	Perpetual
9.1	Original maturity date	Not applicable	July 2023	Not applicable
10	Issuer call subject to prior supervisory approval	No	Yes, after 5 years from last day of public subscription	Yes, after 5 years from last day of public subscription
10.1	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	Not applicable
10.2	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable
11	Coupons / dividends			
11.1	Fixed or floating dividend/ coupon	Not applicable	Floating	Floating
11.2	coupon rate and any related index/ benchmark	Not applicable	Floating rate at 6 month KIBOR plus 1.35%	Floating rate at 6 month KIBOR plus 2.00%
11.3	Existence of a dividend stopper	No	Yes	Yes
11.4	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory	Full discretionary
11.5	Existence of step up or other incentive to redeem	No	No	No
11.6	Non-cumulative or cumulative	Non-cumulative	Cumulative	Non-cumulative
12	Convertible or non-convertible	Non-convertible	Convertible in case of PONV	Convertible in case of (i) a CET 1 Trigger Event; (ii) the PONV Trigger Event; (iii) Lock-In Event or (iv) inability to exercise the non-cumulative feature
12.1	If convertible, conversion trigger (s)	Not applicable	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events, called point of non viability (PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	Issuance of a written direction by the SBP to the Issuer to Mandatorily Convert the TFCs on account of: (i) a CET 1 Trigger Event; (ii) the PONV Trigger Event; (iii) Lock-In Event or (iv) inability to exercise the non-cumulative feature
12.2	If convertible, fully or partially	Not applicable	May convert fully or partially in case of PONV	May convert fully or partially in case of (i) a CET 1 Trigger Event; (ii) the PONV Trigger Event; (iii) Lock-In Event or (iv) inability to exercise the non-cumulative feature
12.3	If convertible, conversion rate	Not applicable	To be determined in the case of trigger event	To be determined in the case of trigger event
12.4	If convertible, mandatory or optional conversion	Not applicable	Convertible at the discretion of SBP in case of PONV	Convertible at the discretion of SBP in case of (i) a CET 1 Trigger Event; (ii) the PONV Trigger Event; (iii) Lock-In Event or (iv) inability to exercise the non-cumulative feature
12.5	If convertible, specify instrument type convertible into	Not applicable	Common Equity Tier 1	Common Equity Tier 1
12.6	If convertible, specify issuer of instrument it converts into	Not applicable	SNBL (Ordinary shares)	SNBL (Ordinary shares)
13	Write-down feature	No	Yes	Yes
14	If write-down, write-down trigger(s)	Not applicable	At the option of supervisor it can be either written off upon occurrence of a certain trigger events, called point of non viability (PONV). The PONV is the earlier of: 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the Bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by SBP.	Mandatory Write-off Event will occur upon issuance of a written directive of the SBP requiring the Mandatory Write-Off of the TFCs on account of: (i) a PONV Trigger Event; (ii) a CET 1 Trigger Event; (iii) upon the Issuer being unable to Mandatorily Convert the TFCs into Ordinary Shares upon occurrence of a CET 1 Trigger Event; (iv) Lock In Event; or (v) inability to exercise non-cumulative feature
15	If write-down, full or partial	Not applicable	May be written-down fully or partially;	May be written-down fully or partially;
16	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable
17	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable
18	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Senior to ordinary shareholders	Senior to ordinary shares and junior to all other instruments
19	Non-compliant transitioned features	No	No	Yes
20	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES
AS AT DECEMBER 31, 2019**

1.6 Credit exposures subject to Standardized Approach

Exposures	Rating Category / risk weights	2019			2018		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
- Cash and Cash Equivalent		9,002,318	-	9,002,318	8,712,815	-	8,712,815
- Corporate	1	9,313,283	8,595	9,304,688	9,509,303	-	9,509,303
	2	25,663,825	1,913,864	23,749,961	20,169,052	627,895	19,541,157
	3,4	8,676,614	303,564	8,373,050	6,550,970	-	6,550,970
	5,6	-	-	-	-	-	-
	Unrated	46,713,756	3,128,375	43,585,381	58,504,171	1,774,996	56,729,175
	Unrated-2	18,523,208	178,270	18,344,938	16,520,593	307,931	16,212,662
- Public Sector Entities	1	4,585,138	-	4,585,138	356,902	-	356,902
	2,3	1,339,880	-	1,339,880	804,395	-	804,395
	4, 5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	51,358,220	50,261,822	1,096,399	51,557,022	50,111,558	1,445,464
- Banks	1,2,3	10,115,367	37,580	10,077,787	7,515,099	3,902,997	3,612,102
	4,5,6	390,962	-	390,962	-	-	-
	Unrated	245,167	-	245,167	129,198	-	129,198
- Sovereigns etc.	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	5,579	-	5,579	137,004	-	137,004
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
- Government of Pakistan	0%	211,508,359	25,928,795	185,579,564	157,511,487	7,173,792	150,337,695
- SBP	0%	4,016,301	-	4,016,301	3,730,937	-	3,730,937
- Retail	75%	12,330,998	1,197,201	11,133,798	13,919,404	1,302,144	12,617,260
- Residential Mortgage	35%	3,557,281	-	3,557,281	3,294,159	-	3,294,159
- Past Dues Loans	50% - 150%	3,529,507	-	3,529,507	3,201,828	-	3,201,828
- Past Dues against Residential Mortgage	50% - 100%	46,280	-	46,280	58,964	-	58,964
- Significant investments, deferred tax and other	250%	-	-	-	-	-	-
- Unlisted Equity Investments	150%	11,100	-	11,100	11,100	-	11,100
- Listed Equity Investments	100%	1,022,884	-	1,022,884	825,163	-	825,163
- Fixed assets	100%	8,328,905	-	8,328,905	6,238,673	-	6,238,673
- Others	100%	1,836,747	-	1,836,747	944,109	-	944,109
							-
Total		432,121,679	82,958,064	349,163,616	370,202,348	65,201,313	596,875,126

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES
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2 Leverage Ratio

The leverage ratio is the ratio of Tier I capital to total exposure, including off-balance sheet exposure adjusted by regulatory credit conversion factors. The Bank's current leverage ratio of 3.75% (2018: 3.58%) is above the minimum requirement of 3.00% set by the SBP.

	2019	2018
	----- Rupees in '000 -----	
Eligible Tier I Capital	21,151,453	18,441,773
Total Exposure	563,968,550	515,189,170
Leverage Ratio (%)	3.75%	3.58%
Minimum Requirement(%)	3.00%	3.00%

3 LIQUIDITY STANDARDS

The Liquidity Coverage Ratio (LCR) is a quantitative requirement which aims to ensure that a Bank maintains an adequate level of unencumbered high quality liquid assets which can easily be converted into cash at little or no loss of value in private markets, to withstand an acute liquidity stress scenario over a 30-day horizon at both the entity and consolidated level. The purpose of the net stable funding ratio ("NSFR") is to ensure that banks hold a minimum amount of stable funding based on the liquidity characteristics of their assets and off-balance sheet activities over a one year horizon.

3.1 Liquidity Coverage Ratio (LCR)

	2019		2018	
	Total unweighted ¹ value (average)	Total weighted ² value (average)	Total unweighted ¹ value (average)	Total weighted ² value (average)
	----- Rupees in '000 -----			
1 Total high quality liquid assets (HQLA)		124,011,789		107,190,086
CASH OUTFLOWS				
2 Retail deposits and deposits from small business customers of which:	36,553,495	15,363,609	141,103,193	14,110,319
2.1 stable deposit	-	-	-	-
2.2 Less stable deposit	36,553,495	15,363,609	141,103,193	14,110,319
3 Unsecured wholesale funding of which:	150,812,464	85,776,401	121,281,450	64,950,644
3.1 Operational deposits (all counterparties)	-	-	-	-
3.2 Non-operational deposits (all counterparties)	150,812,464	85,776,401	121,281,450	64,950,644
3.3 Unsecured debt	-	-	-	-
4 Secured wholesale funding	-	146,113	-	1,377,729
5 Additional requirements of which:	6,629,700	6,629,700	9,434,548	9,434,548
5.1 Outflows related to derivative exposures and other collateral requirements	6,629,700	6,629,700	9,434,548	9,434,548
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	45,503,259	5,962,877	79,430,663	8,188,329
7 Other contingent funding obligations	44,579,473	2,228,974	42,775,995	2,138,800
8 TOTAL CASH OUTFLOWS		116,107,672		100,200,368
CASH INFLOWS				
9 Secured lending	-	-	-	-
10 Inflows from fully performing exposures	14,324,231	7,163,403	16,317,752	8,162,698
11 Other Cash inflows	3,276,776	1,202,243	1,179,612	-
12 TOTAL CASH INFLOWS		8,365,646		8,162,698
		Total Adjusted Value³		Total Adjusted Value³
TOTAL HQLA		124,011,789		107,190,086
TOTAL NET CASH FLOWS		107,742,026		92,037,670
LIQUIDITY COVERAGE RATIO (%)		115.10%		116.46%

1 Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows)

2 Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows)

3 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)

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES
AS AT DECEMBER 31, 2019**

3.2 Net Stable Funding Ratio (NSFR)

The purpose of the net stable funding ratio ("NSFR") is to ensure that banks hold a minimum amount of stable funding based on the liquidity characteristics of their assets and off-balance sheet activities over a one year horizon.

The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items and promotes funding stability. The objective is to reduce maturity mismatches between the asset and liability items on the balance sheet and thereby reduce funding and rollover risk.

2019				
Unweighted Value By Residual Maturity				Weighted Value
No Maturity	Below 6 months	6 months to below 1 year	1 year and above	
----- Rupees in '000 -----				
Available Stable Funding (ASF) Item				
1 Capital:	25,976,844	-	-	25,976,844
1.1 Regulatory capital	18,320,140	-	-	18,320,140
1.2 Other capital instruments	7,656,704	-	-	7,656,704
2 Retail deposits and deposit from small business customers:	-	151,366,544	2,278,070	136,229,889
2.1 Stable deposits	-	-	-	-
2.2 Less stable deposits	-	151,366,544	2,278,070	136,229,889
3 Wholesale funding:	-	72,097,361	-	52,940,616
3.1 Operational deposits	-	2,074,533	-	1,037,267
3.2 Other wholesale funding	-	70,022,828	-	51,903,349
4 Other liabilities:	-	1,137,362	-	568,681
5 NSFR derivative liabilities	-	-	90,314,795	-
6 All other liabilities and equity not included in other categories	149,409,066	-	8,769,645	8,769,645
7 Total ASF				224,485,675
Required Stable Funding (RSF) Item				
8 Total NSFR high-quality liquid assets (HQLA)	-	-	123,045,248	-
9 Deposits held at other financial institutions for operational purposes	-	-	-	-
10 Performing loans and securities:	1,933,083	219,661,219	1,574	39,818,876
10.1 Performing loans to financial institutions secured by Level 1 HQLA	-	57,372,615	-	-
10.2 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	1,933,083	10,055	1,574	-
10.3 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central bank and PSEs, of which:	-	152,062,794	-	39,818,876
10.4 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	10,215,755	-	-
11 Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	1,697,996	-	-	3,389,095
12 Other assets:	-	-	121,637,154	77,686,350
12.1 Physical traded commodities, including gold	-	-	-	-
12.2 Assets posted as initial margin for derivative contracts	-	-	-	-
12.3 NSFR derivative assets	-	-	96,944,495	-
12.4 NSFR derivative liabilities before deduction of variation margin posted	-	-	24,692,659	24,692,659
12.5 All other assets not included in the above categories	44,006,138	-	8,987,553	52,993,691
13 Off-balance sheet items	-	90,082,732	-	4,504,137
14 Total RSF				206,869,663
15 NET STABLE FUNDING RATIO (%)				108.52%

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES
AS AT DECEMBER 31, 2019**

2018

Unweighted Value By Residual Maturity				Weighted Value
No Maturity	Below 6 months	6 months to below 1 year	1 year and above	

----- Rupees in '000 -----

Available Stable Funding (ASF) Item

1 Capital:	25,724,535	-	-	-	25,724,535
1.1 Regulatory capital	17,400,431	-	-	-	17,400,431
1.2 Other capital instruments	8,324,104	-	-	-	8,324,104
2 Retail deposits and deposit from small business customers:	-	-	140,380,482	722,711	127,065,145
2.1 Stable deposits	-	-	-	-	-
2.2 Less stable deposits	-	-	140,380,482	722,711	127,065,145
3 Wholesale funding:	-	-	94,199,209	3,506,000	50,605,604
3.1 Operational deposits	-	-	-	-	-
3.2 Other wholesale funding	-	-	94,199,209	3,506,000	50,605,604
4 Other liabilities:	-	-	-	-	58,752
5 NSFR derivative liabilities	-	-	-	74,138,425	-
6 All other liabilities and equity not included in other categories	112,937,146	-	-	1,151,093	1,151,093
7 Total ASF					204,605,129

Required Stable Funding (RSF) Item

8 Total NSFR high-quality liquid assets (HQLA)				106,052,678	
9 Deposits held at other financial institutions for operational purposes					
10 Performing loans and securities:	2,274,817	147,993,093	3,221	35,410,174	109,958,432
10.1 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	3,083,919
10.2 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	2,274,817	22,064	3,221	-	1,142,328
10.3 Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central bank and PSEs, of which:	-	136,984,217	-	35,410,174	98,590,757
10.4 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	10,986,812	-	-	7,141,428
11 Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	1,584,049	-	-	3,896,281	4,009,271
12 Other assets:	-	-	-	107,835,206	44,871,768
12.1 Physical traded commodities, including gold	-	-	-	-	-
12.2 Assets posted as initial margin for derivative contracts	-	-	-	-	-
12.3 NSFR derivative assets	-	-	-	83,572,973	-
12.4 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	24,262,233	24,262,233
12.5 All other assets not included in the above categories	17,220,804	-	-	3,388,731	20,609,535
13 Off-balance sheet items	-	120,709,908	-	-	6,035,495
14 Total RSF					164,874,966

15 NET STABLE FUNDING RATIO (%)

124.10%