

**UNITED BANK LIMITED
CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**

1. CAPITAL ADEQUACY

- 1.1** The State Bank of Pakistan (SBP) through its BPRD Circular No. 6 dated August 15, 2013 has issued Basel III Capital instructions for Banks / DFIs. The revision to the previously applicable Capital Adequacy regulations pertain to components of eligible capital and related deductions. The amendments have been introduced with an aim to further strengthen the existing capital related rules. Basel III instructions have become effective from December 31, 2013; however, there is a transitional phase during which the complete requirements would become applicable with full implementation by December 31, 2019.

The Bank's capital adequacy is reported using the rules and ratios provided by the State Bank of Pakistan. The capital adequacy ratio is a measure of the amount of a Bank's capital expressed as a percentage of its risk weighted assets (RWAs). Banking operations are categorized as either Trading Book or Banking Book and RWAs are determined according to specific treatments as per the requirements of SBP that measure the varying levels of risk attached to on balance sheet and off-balance sheet exposures. Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral.

The Bank performs its Internal Capital Adequacy Assessment Process (ICAAP) as per the guidelines provided by the SBP. The ICAAP has been approved by the Bank's Board of Directors and submitted to the SBP. The Bank additionally covers risks not yet included under Pillar I, so as to carry adequate capital to cater for any future business

1.2 Capital Management

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, depositor and market confidence and to sustain future development of the business. The Bank aims to maintain an optimum level of capital along with maximizing shareholders' return as we consider a sound capital position as more appropriate as opposed to leverage supporting

Statutory minimum capital and capital adequacy requirements

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank as at December 31, 2018 stood at Rs.12,241.798 million (2017: Rs.12,241.798 million) and is in compliance with SBP requirements.

Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 1.90% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2018. As at December 31, 2018 the Bank is fully compliant with prescribed ratios as the Bank's CAR is 17.74% whereas CET 1 and Tier 1 ratios stood at 12.37% and 13.38% respectively. The Bank and its individually regulated operations have complied with all capital requirements throughout the year.

Tier 1 capital comprises of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT 1) capital.

CET 1 capital includes fully paid-up capital, balance in share premium account, reserve for issue of bonus shares, general reserves as per the financial statements and net unappropriated profits.

AT 1 capital includes instruments meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares.

The deductions from Tier 1 capital include mainly:

- i) Book value of goodwill / intangibles;
- ii) Shortfall in provision;
- iii) Deficit on revaluation of available for sale investments - AFS & fixed assets;
- iv) Defined benefit pension fund asset;
- v) Investment in own shares;
- vi) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
- vii) Investment in mutual funds above a prescribed ceiling;
- viii) All threshold deductions applicable to Tier 1 under the Corresponding Deduction Approach and those applicable from 2014 on deferred tax assets and certain investments.

Tier 2 capital includes general provisions for loan losses, net surplus on the revaluation of fixed assets and revaluation of AFS securities (fixed income investments and equity investments), foreign exchange translation reserves and subordinated debts (meeting the revised eligibility criteria). The deductions from Tier 2 include mainly:

- i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;
- ii) All threshold deductions applicable to Tier 2 under the Corresponding Deduction Approach.

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1.3 Capital Adequacy Ratio (CAR) disclosure template:

	2018 ----- (Rupees in '000) ----- Amount	2017 ----- (Rupees in '000) ----- Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	12,241,798	12,241,798
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/ Statutory Reserves	31,262,348	29,739,738
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	68,001,846	71,153,991
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	111,505,992	113,135,527
10 Total regulatory adjustments applied to CET1 (Note 1.3.1)	2,479,857	2,485,648
11 Common Equity Tier 1	109,026,135	110,649,879
Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	9,000,000	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	9,000,000	-
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	9,000,000	-
18 Total regulatory adjustment applied to AT1 capital (Note 1.3.2)	125,000	-
19 Additional Tier 1 capital after regulatory adjustments	8,875,000	-
20 Additional Tier 1 capital recognized for capital adequacy	8,875,000	-
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	117,901,135	110,649,879
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	4,442,585	3,255,254
27 Revaluation Reserves (net of taxes)	16,481,210	28,431,199
28 of which: Revaluation reserves on fixed assets	25,551,923	22,887,581
29 of which: Unrealized gains/losses on AFS	(9,070,713)	5,543,618
30 Foreign Exchange Translation Reserves	23,176,890	14,107,139
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	44,100,685	45,793,592
33 Total regulatory adjustment applied to T2 capital (Note 1.3.3)	-	598,381
34 Tier 2 capital (T2) after regulatory adjustments	44,100,685	45,195,211
35 Tier 2 capital recognized for capital adequacy	38,449,649	40,892,332
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	38,449,649	40,892,332
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	156,350,784	151,542,211
39 Total Risk Weighted Assets (RWA) {for details refer Note 1.6}	881,419,940	981,041,653
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	12.37%	11.28%
41 Tier-1 capital to total RWA	13.38%	11.28%
42 Total capital to total RWA	17.74%	15.45%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.90%	7.28%
44 of which: capital conservation buffer requirement	1.90%	1.28%
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)	4.47%	4.00%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	6.0%	6.0%
49 Tier 1 minimum ratio	7.5%	7.5%
50 Total capital minimum ratio	10.0%	10.0%

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Regulatory Adjustments and Additional Information	2018		2017
	Amount	Amounts subject to Pre- Basel III treatment	Amount
	----- (Rupees in '000) -----		
1.3.1 Common Equity Tier 1 capital: Regulatory adjustments			
1 Goodwill (net of related deferred tax liability)	-	-	-
2 All other intangibles (net of any associated deferred tax liability)	1,719,348	-	1,075,580
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	-	-	248,158
6 Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	760,509	-	563,529
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)	-	-	-
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)	-	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-
15 Amount exceeding 15% threshold	-	-	-
16 of which: significant investments in the common stocks of financial entities	-	-	-
17 of which: deferred tax assets arising from temporary differences	-	-	-
18 National specific regulatory adjustments applied to CET1 capital	-	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-	-
20 Any other deduction specified by SBP (mention details)	-	-	-
21 Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	598,381
22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)	2,479,857	-	2,485,648
1.3.2 Additional Tier-1 : 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	125,000	-	-
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 Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
29 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	-	-	598,381
30 Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	125,000	-	598,381
1.3.3 Tier 2 Capital: regulatory adjustments			
31 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	598,381
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)	-	-	598,381
1.3.4 Additional Information			
Risk Weighted Assets subject to pre-Basel III treatment			
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-	-
(i) of which: deferred tax assets	-	-	-
(ii) of which: Defined-benefit pension fund net assets	-	-	-
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-	-
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-	-
Amounts below the thresholds for deduction (before risk weighting)			
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	-	-	-

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1.4 Capital Structure Reconciliation

Step 1	Balance Sheet as per published financial statements	Under regulatory scope of consolidation
	As at Dec 31, 2018	As at Dec 31, 2018
	----- (Rupees in '000) -----	
Assets		
Cash and balances with treasury banks	183,467,358	183,467,358
Balances with other banks	23,345,698	23,345,698
Lending to financial institutions	33,941,546	33,941,546
Investments	786,375,326	786,375,326
Advances	715,936,731	715,936,731
Operating fixed assets	47,556,132	47,556,132
Deferred tax assets - net	7,807,084	7,807,084
Other assets	91,169,271	91,169,271
Total assets	1,889,599,146	1,889,599,146
Liabilities & Equity		
Bills payable	27,249,136	27,249,136
Borrowings	268,124,033	268,124,033
Deposits and other accounts	1,366,060,048	1,366,060,048
Sub-ordinated loans	9,000,000	9,000,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liability - net	-	-
Other liabilities	67,895,981	67,895,981
Total liabilities	1,738,329,198	1,738,329,198
Share capital	12,241,798	12,241,798
Reserves	54,439,238	54,439,238
Surplus on revaluation of assets - net of deferred tax	16,587,066	16,587,066
Unappropriated profit	68,001,846	68,001,846
Total equity	151,269,948	151,269,948
Total liabilities and equity	1,889,599,146	1,889,599,146

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1.4 Capital Structure (Contd.)

Step 2	Balance Sheet as per published financial statements As at Dec 31, 2018 ----- (Rupees in '000) -----	Under regulatory scope of consolidation As at Dec 31, 2018	Reference
Assets			
Cash and balances with treasury banks	183,467,358	183,467,358	
Balances with other banks	23,345,698	23,345,698	
Lendings to financial institutions	33,941,546	33,941,546	
Investments	786,375,326	786,375,326	
<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>	-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	c
<i>of which: reciprocal crossholding of capital instrument</i>	885,509	885,509	d
<i>of which: Investment in own shares/ CET1 instruments</i>	-	-	e
Advances	715,936,731	715,936,731	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB general provisions reflected in Tier 2 capital</i>	4,442,585	4,442,585	g
Operating fixed assets	47,556,132	47,556,132	
<i>of which: Goodwill</i>	-	-	j
<i>of which: Intangibles</i>	1,719,348	1,719,348	k
Deferred Tax Assets	7,807,084	7,807,084	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	7,807,084	7,807,084	i
Other assets	91,169,271	91,169,271	
<i>of which: Defined-benefit pension fund net assets</i>	-	-	l
Total assets	1,889,599,146	1,889,599,146	
Liabilities & Equity			
Bills payable	27,249,136	27,249,136	
Borrowings	268,124,033	268,124,033	
Deposits and other accounts	1,366,060,048	1,366,060,048	
Sub-ordinated loans	9,000,000	9,000,000	
<i>of which: eligible for inclusion in AT1</i>	9,000,000	9,000,000	m
<i>of which: eligible for inclusion in Tier 2</i>	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
<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	67,895,981	67,895,981	
Total liabilities	1,738,329,198	1,738,329,198	
Share capital	12,241,798	12,241,798	
<i>of which: amount eligible for CET1</i>	12,241,798	12,241,798	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	54,439,238	54,439,238	
<i>of which: portion eligible for inclusion in CET1</i>	31,262,348	31,262,348	u
<i>of which: portion eligible for inclusion in Tier 2</i>	23,176,890	23,176,890	v
Unappropriated profit/ (losses)	68,001,846	68,001,846	w
Minority Interest	-	-	
<i>of which: portion eligible for inclusion in CET1</i>	-	-	x
<i>of which: portion eligible for inclusion in AT1</i>	-	-	y
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	z
Surplus on revaluation of assets	16,587,066	16,587,066	
<i>of which: Revaluation reserves on Property</i>	25,551,923	25,551,923	aa
<i>of which: Unrealized Gains/Losses on AFS</i>	(9,070,713)	(9,070,713)	
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	ab
Total liabilities and equity	1,889,599,146	1,889,599,146	

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1.4 Capital Structure (Contd.)

Step 3	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	12,241,798	(s)
2 Balance in Share Premium Account	-	
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	31,262,348	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated/unremitted profits/(losses)	68,001,846	(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	111,505,992	
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)	1,719,348	(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	760,509	(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)
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23 Amount exceeding 15% threshold	-	
24 of which: significant investments in the common stocks of financial entities	-	
25 of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 Investment in TFCs of other banks exceeding the prescribed limit	-	
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 (sum of 9 to 25)	2,479,857	
Common Equity Tier 1	109,026,135	
Additional Tier 1 (AT 1) Capital		
31 Qualifying Additional Tier-1 instruments plus any related share premium	9,000,000	
32 of which: Classified as equity	-	(t)
33 of which: Classified as liabilities	9,000,000	(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	9,000,000	

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	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
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	125,000	
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	125,000	
45 Additional Tier 1 capital	8,875,000	
46 Additional Tier 1 capital recognized for capital adequacy	8,875,000	
	117,901,135	
Tier 1 Capital (CET1 + admissible AT1)		
Tier 2 Capital		
47 Qualifying Tier 2 capital instruments under Basel III	-	(n)
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
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	4,442,585	(g)
52 Revaluation Reserves eligible for Tier 2	16,481,210	
53 of which: portion pertaining to Property	25,551,923	portion of (aa)
54 of which: portion pertaining to AFS securities	(9,070,713)	
55 Foreign Exchange Translation Reserves	23,176,890	(v)
56 Undisclosed/Other Reserves (if any)	-	
57 T2 before regulatory adjustments	44,100,685	
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)	44,100,685	
65 Tier 2 capital recognized for capital adequacy	38,449,649	
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67 Total Tier 2 capital admissible for capital adequacy	38,449,649	
TOTAL CAPITAL (T1 + admissible T2)	156,350,784	

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1.5 Main Features Template of Regulatory Capital Instruments
1.5.1 Disclosure for main features of Regulatory Capital Instrument - Common Shares

	Main Features	Common Shares
1	Issuer	United Bank Limited
2	Unique identifier (eg PSX Symbol or Bloomberg identifier etc.)	On PSX "UBL" and on Bloomberg "UBLS".
3	Governing law(s) of the instrument	Relevant Capital Market Laws
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/ group/ group&solo	Group & Standalone
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	12,241,798
9	Par value of instrument	Rs 10 each
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1959
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Not applicable
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	Coupons / dividends	
17	Fixed or floating dividend/ coupon	Not applicable
18	coupon rate and any related index/ benchmark	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Not applicable
23	Convertible or non-convertible	Non Convertible
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	Not applicable
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Common equity (ranks after all creditors including depositors)
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**
1.5.2 Disclosure for main features of Regulatory Capital Instrument - Debt Instruments

	Main Features	Debt Instruments
1	Issuer	United Bank Limited
2	Unique identifier (eg PSX Symbol or Bloomberg identifier etc.)	On PSX "UBL" and on Bloomberg "UBLS".
3	Governing law(s) of the instrument	Laws Applicable in Pakistan
	Regulatory treatment	
4	Transitional Basel III rules	Additional Tier 1
5	Post-transitional Basel III rules	Additional Tier 1
6	Eligible at solo/ group/ group&solo	Group & Standalone
7	Instrument type	Term Finance Certificates
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	9,000,000
9	Par value of instrument	Rs 5,000 and multiples thereof
10	Accounting classification	Subordinated Debt
11	Original date of issuance	29-Jan-19
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Any time after 5 years from the Issue Date. Redemption amount shall be the face value of the TFCs to be called plus coupon/mark up accrued from and including the last Coupon Payment Date up to but excluding the Call Option Date.
16	Subsequent call dates, if applicable	Not applicable
	Coupons / dividends	
17	Fixed or floating dividend/ coupon	Floating
18	coupon rate and any related index/ benchmark	3-Month KIBOR (Ask Side) + 1.55%
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Convertible
24	If convertible, conversion trigger (s)	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event ; (ii) the Point of No Viability (PONV) Event; or (iii) failure by the Issuer to comply with the Lock-In Clause or the Non-Cumulative Feature of the TFCs ("Lock-In Event") .
25	If convertible, fully or partially	To be determined in case of trigger event, at the discretion of the SBP, with a maximum cap of 59,000,000 ordinary shares
26	If convertible, conversion rate	To be determined in case of trigger event (s)
27	If convertible, mandatory or optional conversion	Mandatory
28	If convertible, specify instrument type convertible into	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	United Bank Limited
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	The TFCs are subject to the the loss absorbency clause as stipulated in the Basel III guidelines under which the TFCs shall, if so directed by the SBP, be written off upon: (i) the PONV Trigger Event; (ii) the CET 1 Trigger Event; (iii) the Lock-In Event; or (iv) if it is not possible to convert the TFCs into ordinary shares upon the CET 1 Trigger Event.
32	If write-down, full or partial	To be determined in case of trigger event, at the discretion of the SBP
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to all other indebtedness of the Bank, including depositors and general creditors, but senior to the claims of ordinary shareholders
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**
1.6 Risk Weighted Assets

Capital Requirements *		Risk Weighted Assets	
2018	2017	2018	2017

----- (Rupees in '000) -----

Credit Risk
On-Balance sheet

Sovereign	8,777,572	6,355,542	87,775,719	63,555,415
Public Sector entities	809,234	1,714,490	8,092,339	17,144,899
Banks	5,275,755	4,589,997	52,757,550	45,899,970
Corporate	30,233,917	28,637,437	302,339,170	286,374,375
Retail	3,777,622	3,140,810	37,776,223	31,408,096
Residential Mortgages	156,297	146,777	1,562,965	1,467,766
Past Due loans	1,957,877	1,855,459	19,578,774	18,554,589
Listed equity investments	1,934,049	146,578	19,340,489	1,465,785
Unlisted equity investments	87,287	16,825	872,874	168,249
Commercial Entity	65,622	55,872	656,223	558,720
Operating Fixed Assets	4,579,910	4,512,898	45,799,099	45,128,983
Significant investment	3,575,434	1,196,762	35,754,335	11,967,623
Other assets	3,141,366	2,010,382	31,413,664	20,103,821
	64,371,942	54,379,829	643,719,424	543,798,291

Off-Balance sheet

Non-market related	8,451,458	12,030,098	84,514,575	120,300,979
Market related	157,306	230,654	1,573,060	2,306,540
	8,608,764	12,260,752	86,087,635	122,607,519

Market Risk

Interest rate risk	560,117	10,651,273	7,001,462	133,140,907
Equity position risk	-	3,068,131	-	38,351,638
Foreign Exchange risk	239,222	227,132	2,990,276	2,839,150
	799,339	13,946,536	9,991,738	174,331,695

Operational Risk

	11,329,691	11,224,332	141,621,143	140,304,148
	85,109,736	91,811,449	881,419,940	981,041,653

*Based on minimum capital requirement excluding capital conservation buffer.

Capital adequacy ratio

Total eligible regulatory capital held	156,350,784	151,542,211
Total risk weighted assets	881,419,940	981,041,653
CET1 to total RWA	12.37%	11.28%
Tier-1 capital to total RWA	13.38%	11.28%
Total capital to total RWA	17.74%	15.45%

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**
1.7 Credit risk - General disclosures

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of exposure. The Bank utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poors (S & P).

Types of exposure and ECAIs used

	FITCH	Moody's	S & P	PACRA	JCR-VIS
Corporates	-	✓	-	✓	✓
Banks	✓	✓	✓	✓	✓
Sovereigns	✓	✓	✓	-	-
Public sector enterprises	-	-	-	✓	✓

Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

Long Term Rating Grades mapping

SBP Rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS
1	AAA	Aaa	AAA	AAA	AAA
	AA+	Aa1	AA+	AA+	AA+
	AA	Aa2	AA	AA	AA
	AA-	Aa3	AA-	AA-	AA-
2	A+	A1	A+	A+	A+
	A	A2	A	A	A
	A-	A3	A-	A-	A-
3	BBB+	Baa1	BBB+	BBB+	BBB+
	BBB	Baa2	BBB	BBB	BBB
	BBB-	Baa3	BBB-	BBB-	BBB-
4	BB+	Ba1	BB+	BB+	BB+
	BB	Ba2	BB	BB	BB
	BB-	Ba3	BB-	BB-	BB-
5	B+	B1	B+	B+	B+
	B	B2	B	B	B
	B-	B3	B-	B-	B-
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below

Short Term Rating Grades mapping

SBP Rating Grade	Fitch	Moody's	S & P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**
1.8 Credit exposures subject to Standardized Approach

Exposures	Rating category / risk weights	2018			2017		
		(Rupees in '000)			(Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	16,762,182	-	16,762,182	13,856,096	-	13,856,096
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	681,775,860	57,621,287	624,154,573	848,000,473	452,896,285	395,104,188
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	11,116,555	-	11,116,555	9,861,122	-	9,861,122
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1 2 3 4,5 6 Unrated	51,344,078 - 4,455,744 76,538,590 5,146,404 1,503,016	40,832 - 12,011 207,360 - -	51,303,246 - 4,443,733 76,331,230 5,146,404 1,503,016	22,083 31,589,539 5,686,029 16,706,423 25,125,380 -	- - - - - -	22,083 31,589,539 5,686,029 16,706,423 25,125,380 -
		138,987,832	260,203	138,727,629	79,129,454	-	79,129,454
Corporates	0 1 2 3,4 5,6 Unrated-1 Unrated-2	- 102,328,144 76,672,696 7,539,687 - 203,408,784 108,762,130	- 108,977 198,001 438,654 - 29,484,973 9,551,197	- 102,219,167 76,474,695 7,101,033 - 173,923,811 99,210,933	- 81,936,427 42,514,689 6,586,648 - 215,177,056 125,570,435	- 829,713 92,711 1,328,580 - 23,371,972 6,265,130	- 81,106,714 42,421,978 5,258,068 - 191,805,084 119,305,305
		498,711,441	39,781,802	458,929,639	471,785,255	31,888,106	439,897,149
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3 4,5 6 Unrated	1,412,688 1,072,144 - 4,321,399	- - - -	1,412,688 1,072,144 - 4,321,399	1,043,412 1,106 199,683 623,749	- - - -	1,043,412 1,106 199,683 623,749
		6,806,231	-	6,806,231	1,867,950	-	1,867,950
Banks - others	0 1 2,3 4,5 6 Unrated	- 235,649,192 38,543,559 17,086,398 26,758 35,561,835	- 149,964,389 - 24,403 - 72,199	- 85,684,802 38,543,559 17,061,995 26,758 35,489,636	- 112,967,688 39,986,682 13,601,990 169,067 37,435,676	- 50,459,505 - - 4,629 -	- 62,508,183 39,986,682 13,601,990 169,067 37,431,047
		326,867,742	150,060,991	176,806,750	204,161,103	50,464,134	153,696,969
Public sector enterprises	0 1 2,3 4,5 6 Unrated	- 32,016,983 11,154,610 - - 191,986,684	- 16,818,423 4,336,668 - - 183,277,501	- 15,198,560 6,817,942 - - 8,709,183	- 37,134,144 15,493,120 - - 116,208,041	- 14,720,942 5,511,702 - - 93,185,453	- 22,413,202 9,981,418 - - 23,022,588
		235,158,277	204,432,592	30,725,685	168,835,305	113,418,097	55,417,208
Retail portfolio	75%	59,018,246	6,229,750	52,788,495	50,032,514	6,397,977	43,634,537
Claims fully secured by Residential mortgage	35%	4,465,615	-	4,465,615	4,193,617	-	4,193,617
		63,483,861	6,229,750	57,254,110	54,226,131	6,397,977	47,828,154
Equity investments	- Listed - Unlisted - Commercial Entity (Holding greater than 10%)	100% 150% 1000%	- - -	19,340,489 581,916 65,622	19,340,489 581,916 65,622	1,465,785 112,166 55,872	1,465,785 112,166 55,872
		19,988,027	-	19,988,027	1,633,823	-	1,633,823
Past due loans secured against mortgage of residential property:							
- less than 20% provided	100%	-	-	-	-	-	-
- greater than 20% provided	50%	-	-	-	-	-	-
Past due loans - others							
- Less than 20% provided	150%	10,953,668	-	10,953,668	8,843,913	-	8,843,913
- Between 20% to 50% provided	100%	1,781,216	-	1,781,216	4,672,597	-	4,672,597
- More than 50% provided	50%	2,734,111	-	2,734,111	1,232,245	-	1,232,245
		15,468,995	-	15,468,995	14,748,755	-	14,748,755
Significant investment	250%	14,301,734	-	14,301,734	4,787,049	-	4,787,049
Fixed assets	100%	45,799,099	-	45,799,099	45,128,983	-	45,128,983
Others	100%	31,413,664	-	31,413,664	20,501,417	-	20,501,417
		2,106,641,500	458,386,625	1,648,254,873	1,938,522,916	655,064,599	1,283,458,317

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

The Bank has adopted the Comprehensive Approach of Credit Risk Mitigation for the Banking Book. Under this approach, cash, lien on deposits, government securities and eligible guarantees etc. are considered as eligible collateral. The Bank has in place detailed guidelines with respect to the valuation and management of each of these types of collateral. Where the Bank's exposure to an obligor is secured by eligible collateral, the Bank reduces its exposure for the calculation of capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

No credit risk mitigation benefit is taken in the Trading Book.

For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of Risk Weighted Assets.

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**
2 Leverage Ratio

The State Bank of Pakistan (SBP) through its BPRD Circular No. 06 of 2013 has issued instructions regarding implementation of parallel run of leverage ratio reporting and its components from December 31, 2013 to December 31, 2017. During this period the final calibration, and any further adjustments to the definition, will be completed, with a view to set the leverage ratio as a separate capital standard on December 31, 2018. Banks are required to disclose the leverage ratio from December 31, 2015.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage:

$$\text{Leverage Ratio} = \frac{\text{Tier 1 capital (after related deductions)}}{\text{Total Exposure}}$$

The Leverage ratio of the Bank for the year ended December 31, 2018 stood at 4.87% (2017: 3.84%) and is in compliance with SBP minimum requirement of 3%.

	2018	2017
	-- (Rupees in '000) --	-- (Rupees in '000) --
On-Balance Sheet Assets		
Cash and balances with treasury banks	183,467,358	157,582,687
Balances with other banks	23,345,698	19,516,198
Lendings to financial institutions	33,941,546	33,664,174
Investments	785,489,817	1,090,624,716
Advances	715,936,731	604,562,193
Operating fixed assets	45,836,784	45,128,984
Deferred tax assets	7,807,084	-
Financial Derivatives (A.1)	5,208,857	2,430,968
Other assets	86,049,393	51,651,524
Total Assets (A)	1,887,083,268	2,005,161,444
Derivatives (On-Balance Sheet)		
Interest Rate	5,865	75,350
Equity	-	-
Foreign Exchange & gold	5,202,992	2,355,618
Precious Metals (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection brought & sold)	-	-
Any other derivatives	-	-
Total Derivatives (A.1)	5,208,857	2,430,968
Off-Balance Sheet Items excluding derivatives		
Direct Credit Substitutes (i.e. Acceptances, general guarantees for indebtedness etc.)	21,791,964	47,930,903
Performance-related Contingent Liabilities (i.e. Guarantees)	144,806,270	141,066,095
Trade-related Contingent Liabilities (i.e. Letter of Credits)	169,118,835	161,511,733
Lending of securities or posting of securities as collaterals	127,323,871	451,301,561
Undrawn committed facilities (which are not cancellable)	65,695,154	60,461,972
Unconditionally cancellable commitments	3,007,502	8,765,075
Commitments in respect of operating leases	-	-
Commitments for the acquisition of operating fixed assets	1,928,603	1,987,978
Other commitments	-	-
Total Off-Balance Sheet Items excluding Derivatives (B)	533,672,199	873,025,317
Commitments in respect of Derivatives - Off Balance Sheet Items (Derivatives having negative fair value are also included)		
Interest Rate	1,583	20,954
Equity	-	-
Foreign Exchange & gold	2,373,008	1,957,040
Precious Metals (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection sold and bought)*	-	-
Other derivatives	-	-
Total Derivatives (C)	2,374,591	1,977,994
Tier-1 Capital	117,901,135	110,649,879
Total Exposures (sum of A,B and C)	2,423,130,058	2,880,164,756
Leverage Ratio	4.87%	3.84%

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**
3 Liquidity Coverage Ratio

Liquidity Risk Management framework is guided by BoD (Board of Directors) and BRCC (Board Risk and Credit Committee). Global ALCO and International ALCO supervise the liquidity risk management as per their TORs. Market & Treasury Risk Division is responsible to propose, recommend and institutionalize liquidity risk management policy which is approved by the Board.

Asset & Liability Committee (ALCO) is responsible for reviewing and approving the liquidity risk limits, ensuring the liquidity risk management practices are in line with the defined strategy. ALCO is also responsible to recommend Liquidity Risk policy for approval to BRCC / BOD.

Liquidity risk is defined as the risk that a bank does not have sufficient financial resources to meet its obligation and commitments as they fall due and have no other choice to secure funds at a higher cost. The Bank ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of core deposits. All liquidity limits including deposit concentration is reviewed in ALCO on a periodic basis. The Bank performs its liquidity stress test on a periodic basis in order to ensure that sufficient liquidity is always available in order to fulfill Bank's financial commitment. Stress testing technique is also used to identify the potential impact of extreme yet plausible events or movements on the value of a portfolio. It helps in identifying the risks which may be latent under traumatic conditions; if not triggered, could have serious implications. Stress testing scenarios are developed in guidance provided by the regulator. The Bank also has in place approved Liquidity Contingency Plan. Further Liquidity Risk Management is quantified by Liquidity coverage ratio and Net Stable funding ratio as communicated by the Regulator. Liquidity Coverage Ratio (LCR) refers to the highly liquid assets held by the bank to meet its short term obligations. LCR is used as a tool to manage liquidity risk. LCR has two components: high quality liquid asset (HQLA) and total net cash outflows. HQLA comprises of those assets that can be readily sold or employed as collateral for obtaining fund HQLA structure has been divided into 1) cash and treasury balance, 2) marketable securities, 3) corporate debt securities with credit rating, 4) non-financial equity shares.

	2018		2017	
	Total Unweighted ¹ value (average)	Total weighted ² value (average)	Total Unweighted ¹ value (average)	Total weighted ² value (average)
	(Rupees in '000)		(Rupees in '000)	
HIGH QUALITY LIQUID ASSETS				
1 Total high quality liquid assets (HQLA)		404,144,218		414,579,250
2 Retail deposits and deposits from small business customers of which:				
2.1 stable deposit	59,863,050	2,993,153	-	-
2.2 Less stable deposit	864,760,991	86,476,099	820,412,073	82,041,207
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	2,270,761	567,690	263,429	65,857
3.2 Non-operational deposits (all counterparties)	351,699,612	186,482,360	382,106,697	227,845,124
3.3 Unsecured debt	-	-	-	-
4 Secured wholesale funding	-	7,188,789	-	1,108,867
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other collateral requirements	145,782	145,782	112,817	112,817
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	-	-	-	-
6 Other contractual funding obligations	83,910,665	8,330,033	69,550,397	6,955,040
7 Other contingent funding obligations	373,199,270	18,707,235	323,929,880	16,196,494
8 TOTAL CASH OUTFLOWS		310,891,141		334,325,406
CASH INFLOWS				
9 Secured lending	13,113,615.71	-	-	-
10 Inflows from fully performing exposures	157,963,035	85,925,206	133,763,198	76,418,926
11 Other Cash inflows	31,397,366	12,627,069	14,831,063	2,269,533
12 TOTAL CASH INFLOWS		98,552,275		78,688,459
		Total Adjusted Value		Total Adjusted Value
TOTAL HQLA		404,144,218		414,579,250
TOTAL NET CASH OUTFLOWS		212,338,866		255,636,947
LIQUIDITY COVERAGE RATIO		190.33%		162.18%

1 unweighted values must be 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 - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**
4 Net Stable Funding Ratio

Net Stable Funding Ratio (NSFR) is used to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. 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 ratio is defined as the amount of available stable funding (ASF), relative to the amount of required stable funding (RSF).

(Amount in PKR in thousands)

2018				
Unweighted Value By Residual Maturity				Weighted Value
No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	

ASF Item

1	Capital:				
2	Regulatory capital	111,505,992	-	-	111,505,992
3	Other capital instruments	53,100,685	-	-	53,100,685
4	Retail deposits and deposit from small				
5	Stable deposits	-	192,422,668	58,758,102	238,621,731
6	Less stable deposits	-	194,114,103	59,274,597	1,001,495,716
7	Wholesale funding:				
8	Operational deposits	-	-	-	-
9	Other wholesale funding	-	67,448,613	20,596,079	44,022,346
10	Other liabilities:				
11	NSFR derivative liabilities				
12	All other liabilities and equity not included in other categories	291,876,274	27,249,136	7,144,270	40,571,605
13	Total ASF				1,489,318,075

RSF item

14	Total NSFR high-quality liquid assets (HQLA)				
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	-	23,500,000	-	2,350,000
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	10,441,546	4,655,083	3,893,774
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	220,165,019
20	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	-	-	73,232,021
21	Other assets:				
22	Physical traded commodities, including Assets posted as initial margin for derivative contracts	-	-	-	1,889,261
23	NSFR derivative assets	-	-	-	-
24	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-
25	All other assets not included in the above categories	-	-	-	-
26		957,269,457	127,323,871	239,893,196	855,034,778
27	Off-balance sheet items				25,639,423
28	Total RSF				1,181,920,887
29	Net Stable Funding Ratio (%)				126.01%

**CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2018**
4 Net Stable Funding Ratio

Net Stable Funding Ratio (NSFR) is used to reduce funding risk over a longer time horizon by requiring banks to fund their activities

		2017				Weighted Value
		Unweighted Value By Residual Maturity				
(Amount in PKR in thousands)		No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
ASF Item						
1	Capital:					
2	Regulatory capital	110,649,879	-	-	-	110,649,879
3	Other capital instruments	40,892,332	-	-	-	40,892,332
Retail deposits and deposit from small business customers:						
4	Stable deposits	-	-	-	-	-
5	Less stable deposits	-	396,139,205	88,860,593	804,247,453	721,963,866
Wholesale funding:						
6	Operational deposits	-	-	-	-	-
7	Other wholesale funding	-	491,850,396	3,052,380	17,747,689	253,691,789
Other liabilities:						
8	NSFR derivative liabilities	-	-	-	-	-
9	All other liabilities and equity not included in other categories	42,698,667	-	652,985	1,958,956	1,436,842
10	Total ASF					1,128,634,708
RSF item						
11	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	-
12	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
Performing loans and securities:						
13	Performing loans to financial institutions secured by Level 1 HQLA	-	6,931,953	-	-	693,195
14	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	10,098,279	3,863,291	-	3,446,387
15	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	181,629,479	154,385,057
16	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	-	-	47,782,921	31,058,899
17	Other assets:	-	-	-	37,530,651	31,901,053
18	Physical traded commodities, including Assets posted as initial margin for derivative contracts	-	-	-	-	-
19	NSFR derivative assets	-	-	-	1,547,405	1,547,405
20	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
21	All other assets not included in the above categories	627,823,150	454,410,776	331,241,881	303,655,584	839,284,716
22	Off-balance sheet items	-	-	-	492,767,068	24,638,353
23	Total RSF					1,086,955,065
24	Net Stable Funding Ratio (%)					103.83%