

PAK BRUNEI INVESTMENT COMPANY LIMITED
CAPITAL ADEQUACY, LEVERAGE AND LIQUIDITY DISCLOSURES ON CONSOLIDATED BASIS
AS AT DECEMBER 31, 2020

CAPITAL ADEQUACY RETURN

Scope of Applications

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

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

	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
	Note	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with SBP	6,000,000	6,000,000
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
Discount on Issue of shares	-	-
General / statutory reserves	1,723,782	1,480,107
Gain / (losses) on derivatives held as cash flow hedge	-	-
Unappropriated / unremitted profits / (losses)	3,520,451	3,359,371
Minority Interests arising from CET1 capital instruments consolidated Company subsidiaries (amount allowed in CET1 capital of the consolidation group)	223	236
CET 1 before regulatory adjustments	11,244,456	10,839,714
Total regulatory adjustments applied to CET1	(2,106,933)	(1,933,178)
Common Equity Tier 1	9,137,523	8,906,536
	a	
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium of which: Classified as equity	-	-
of which: Classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1) of which: instrument issued by subsidiaries subject to phase out	39	42
AT1 before regulatory adjustments	39	42
Total regulatory adjustment applied to AT1 capital	(1,557,161)	(1,574,057)
Additional Tier 1 capital recognized for capital adequacy	-	-
	b	
Tier 1 Capital (CET1 + admissible AT1)	(c=a+b)	9,137,523
		8,906,536
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Tier 2 capital instruments subject to phase out arrangement issued under Pre-Basel III rules	-	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2) of which: instruments issued by subsidiaries subject to phase out	66	69
General Provisions or general reserves for loan losses - up to maximum of 1.25% of Credit Risk Weighted Assets	18,080	10,032
Revaluation reserves of which: Revaluation reserves on property of which: Unrealised gains / losses on AFS	-	-
Foreign exchange translation reserves	-	-
Undisclosed / other reserves (if any)	-	-
T2 before regulatory adjustments	18,146	10,101
Total regulatory adjustment applied to T2 capital	(657,836)	(388,340)
Tier 2 capital (T2) after regulatory adjustments	-	-

	Note	December 31, 2020 ----- (Rupees in '000) -----	December 31, 2019
Tier 2 capital recognized for capital adequacy		-	-
Portion of Additional Tier 1 capital recognized in Tier 2 capital		-	-
Total Tier 2 capital admissible for capital adequacy	d	-	-
TOTAL CAPITAL (T1 + admissible T2)	(e=c+d)	9,137,523	8,906,536
Total Risk Weighted Assets (RWA)	f	29,821,093	28,149,644
Capital ratios and buffers (in percentage of risk weighted assets)			
CET1 to total RWA	(a/f)	30.64%	31.64%
Tier-1 capital to total RWA	(c/f)	30.64%	31.64%
Total capital to RWA	(e/f)	30.64%	31.64%
Company specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		12.50%	12.50%
of which: capital conservation buffer requirement		2.50%	2.50%
of which: countercyclical buffer requirement		0.00%	0.00%
of which: D-SIB or G-SIB buffer requirement		0.00%	0.00%
CET1 available to meet buffers (as a percentage of risk weighted assets)		20.64%	21.64%
National minimum capital requirements prescribed by SBP			
CET1 minimum ratio		6.00%	6.00%
Tier 1 minimum ratio		7.50%	7.50%
Total capital minimum ratio		10.00%	10.00%

Amounts subject to Pre		
December 31, 2020	- Basel III treatment	December 31, 2019
----- (Rupees in '000) -----		

Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	-	-
All other intangibles (net of any associated deferred tax liability)	5,826	-	6,198
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)	-	-	67,747
Defined-benefit pension fund net assets	-	-	-
Reciprocal cross holdings in CET1 capital instruments	-	-	-
Cash flow hedge reserve	-	-	-
Investment in own shares / CET1 instruments	-	-	-
Securitization gain on sale	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-
Deficit on account of revaluation from Company's holdings of property / AFS	392,920	-	150,898
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	132,880	-	134,278
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	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	1,575,346	-	1,574,057
Total regulatory adjustments applied to CET1	2,106,972	-	1,933,178

	Amounts subject to Pre - Basel III treatment (Rupees in '000)	
	December 31, 2020	December 31, 2018
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	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	917,510	1,195,860
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	657,836	388,340
Total of Regulatory Adjustment applied to AT1 capital	1,575,346	1,584,200

Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on Pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
Reciprocal cross holdings in Tier 2 instruments	-	-
Investment in own Tier 2 capital instrument	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	675,982	388,340
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
Total regulatory adjustment applied to T2 capital	675,982	388,340

December 31, 2020 December 31, 2019
----- (Rupees in '000) -----

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

Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment	-	316,765
of which: recognised portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
of which: deferred tax assets	-	316,765
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	1,726,372	1,061,487
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	336,854	126,706

Applicable caps on the inclusion of provisions in Tier 2

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

Leverage Ratio

The Company calculates leverage ratio in line with SBP's issued guidelines on Basel III. Pak Brunei's leverage ratio on Consolidated basis, as on December 31, 2020 is 21.19%. The same was 15.29% as on December 31, 2019.

Capital Structure Reconciliation

Step 1

	December 31, 2020	
	Balance sheet as in published financial statements ----- (Rupees in '000) -----	Under regulatory scope of consolidation
Assets		
Cash and balances with treasury banks	168,197	168,197
Balances with other banks	631,457	631,457
Lendings to financial institutions	556,679	556,679
Investments	15,479,577	15,479,577
Advances	20,893,180	20,893,180
Operating fixed assets	159,780	159,780
Deferred tax assets	336,854	336,854
Other assets	2,183,507	2,183,507
Total assets	40,409,231	40,409,231
Liabilities and equity		
Bills payable	-	-
Borrowings	27,430,430	27,430,430
Deposits and other accounts	830,000	830,000
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	1,295,143	1,295,143
Total liabilities	29,555,573	29,555,573
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with SBP	6,000,000	6,000,000
Reserves	1,723,782	1,723,782
Unappropriated / unremitted profit / (losses)	3,520,451	3,520,451
Minority interest	-	-
Surplus/(Deficit) on revaluation of assets	(392,920)	(392,920)
Total liabilities and equity	40,406,886	40,406,886

Step 2

	Reference	December 31, 2020	
		Balance sheet as in published financial statements ----- (Rupees in '000) -----	Under regulatory scope of consolidation
Assets			
Cash and balances with treasury banks		168,197	168,197
Balance with other banks		631,457	631,457
Lending to financial institutions		556,679	556,679
Investments		15,479,577	15,479,577
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	1,726,372	1,726,372
of which: significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
of which: Mutual Funds exceeding regulatory threshold	c	-	-
of which: Reciprocal cross holdings in CET1	d	-	-
of which: Reciprocal cross holdings in Tier2	e	-	-
of which: others	f	-	-
Advances		20,893,180	20,893,180
shortfall in provisions / excess of total EL amount over eligible provisions under IRB			
general provisions reflected in Tier 2 capital	g	18,080	18,080
Fixed Assets	h	159,780	159,780
of which: Intangibles	i	5,826	5,826
Deferred tax assets		336,854	336,854
of which: DTAs excluding those arising from temporary differences	j	-	-
of which: DTAs arising from temporary differences exceeding regulatory threshold	k	-	-
Other assets	l	2,183,507	2,183,507
of which: Goodwill	m	-	-
of which: Intangibles		-	-
of which: Defined-benefit pension fund net assets		-	-
Total assets		40,409,231	40,409,231

		December 31, 2020	
		Balance sheet as in published financial statements	Under regulatory scope of consolidation
Reference		----- (Rupees in '000) -----	
Liabilities and equity			
	Bills payable	-	-
	Borrowings	27,430,430	27,430,430
	Deposits and other accounts	830,000	830,000
	Sub-ordinated loans	-	-
	of which: eligible for inclusion in AT1	-	-
	of which: eligible for inclusion in Tier 2	-	-
	Liabilities against assets subject to finance lease	-	-
	Deferred tax liabilities	-	-
	of which: DTLs related to goodwill	-	-
	of which: DTLs related to intangible assets	-	-
	of which: DTLs related to defined pension fund net assets	-	-
	of which: other deferred tax liabilities	-	-
	Other liabilities	1,295,143	1,295,143
	Total liabilities	29,555,573	29,555,573
	Share capital	6,000,000	6,000,000
	of which: amount eligible for CET1	6,000,000	6,000,000
	of which: amount eligible for AT1	-	-
	Reserves	1,723,782	1,723,782
	of which: portion eligible for inclusion in CET1: Share premium	-	-
	of which: portion eligible for inclusion in CET1 general / statutory reserve	1,723,782	1,723,782
	of which: portion eligible for inclusion in Tier 2	-	-
	Unappropriated profit / (losses)	3,520,451	3,520,451
	Minority Interest	2,345	2,345
	of which: portion eligible for inclusion in CET1	223	223
	of which: portion eligible for inclusion in AT1	39	39
	of which: portion eligible for inclusion in Tier 2	66	66
	Surplus on revaluation of assets	(392,920)	(392,920)
	of which: Revaluation reserves on fixed assets	-	-
	of which: Unrealised gains / losses on AFS	(392,920)	(392,920)
	In case of deficit on revaluation (deduction from CET1)	-	-
	Total liabilities and equity	40,409,231	40,409,231

Step 3

	Source based on reference number from step 2	Component of regulatory capital reported by Company (Rupees in '000)
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with SBP	(t)	6,000,000
Balance in share premium account		-
Reserve for issue of Bonus Shares		-
General / statutory reserves	(v)	1,723,782
Gain / (losses) on derivatives held as cash flow hedge		-
Unappropriated/unremitted profits / (losses)	(y)	3,520,451
Minority interests arising from CET1 capital instruments issued to third party by consolidated Company subsidiaries (amount allowed in CET1 capital of the consolidation group)	(z)	223
CET 1 before regulatory adjustments		11,244,456

	Source based on reference number from step 2	Component of regulatory capital reported by Company (Rupees in '000)
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	(l) - (p)	-
All other intangibles (net of any associated deferred tax liability)	(m) - (q)	5,826
Shortfall of provisions against classified assets	(g)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	{(h) - (r) * x%	-
Defined-benefit pension fund net assets	{(l) - (q)} * x%	-
Reciprocal cross holdings in CET1 capital instruments	(d)	-
Cash flow hedge reserve		-
Investment in own shares / CET1 instruments		-
Securitization gain on sale		-
Capital shortfall of regulated subsidiaries		-
Deficit on account of revaluation from Company's holdings of property / AFS	(ab)	392,920
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	132,880
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)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
Amount exceeding 15% threshold		-
of which: significant investments in the common stocks of financial entities		-
of which: deferred tax assets arising from temporary differences		-
National specific regulatory adjustments applied to CET1 capital		-
Investment in TFCs of other banks exceeding the prescribed limit		-
Any other deduction specified by SBP (mention details)		-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		1,575,346
Total regulatory adjustments applied to CET1 (sum of 9 to 25)		2,106,972
Common Equity Tier 1		9,137,484
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium		-
of which: Classified as equity	(t)	-
of which: Classified as liabilities	(m)	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	(y)	39
of which: instrument issued by subsidiaries subject to phase out		-
AT1 before regulatory adjustments		39
Additional Tier 1 Capital: regulatory adjustments		-
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	(c)	-
Investment in own AT1 capital instruments		-
Reciprocal cross holdings in Additional Tier 1 capital instruments		-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	917,510
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on Pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		657,836
Total of regulatory adjustment applied to AT1 capital		1,575,346
Additional Tier 1 capital		-
Additional Tier 1 capital recognised for capital adequacy		-

Tier 1 capital (CET1 + admissible AT1)		9,137,484
Tier 2 capital		
Qualifying Tier 2 capital instruments under Basel III		-
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	(n)	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	(z)	66
of which: instruments issued by subsidiaries subject to phase out		-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of credit risk weighted assets	(g)	18,080
Revaluation Reserves eligible for Tier 2		-
of which: Revaluation reserves on fixed assets	portion of	-
of which: Unrealized gains / losses on AFS	(aa)	-
Foreign exchange translation reserves	(v)	-
Undisclosed / other reserves (if any)		-
T2 before regulatory adjustments		18,146
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-
Reciprocal cross holdings in Tier 2 instruments		-
Investment in own Tier 2 capital instrument		-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Company does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	675,982
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
Amount of regulatory adjustment applied to T2 capital		657,836
Tier 2 capital (T2)		-
Tier 2 capital recognised for capital adequacy		-
Excess Additional Tier 1 capital recognised in Tier 2 capital		-
Total Tier 2 capital admissible for capital adequacy		-
TOTAL CAPITAL (T1 + admissible T2)		9,137,523

Main Features of Regulatory Capital Instruments

S. No.	Main Features	Common Shares	Instrument-2	Explanation
1	Issuer	6,000,000		Pak Brunei Investment Company Limited. Common shares are held by Ministry of Finance, Government of Pakistan and Brunei Investment Agency in a 50:50 ratio
2	Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)			N/A
3	Governing law(s) of the instrument			Repealed Companies Ordinance, 1984, and Companies Act, 2017
	Regulatory treatment			
4	Transitional Basel III rules			N/A
5	Post-transitional Basel III rules			Common Equity Tier 1
6	Eligible at solo / group / group and solo			Solo
7	Instrument type			Ordinary Shares
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)			10,700,302
9	Par value of instrument			Rs.10 per share
10	Accounting classification			Shareholder's Equity
11	Original date of issuance			4-Nov-06
12	Perpetual or dated			Perpetual
13	Original maturity date			N/A
14	Issuer call subject to prior supervisory approval			No
15	Optional call date, contingent call dates and redemption amount			N/A
16	Subsequent call dates, if applicable			
	Coupons / dividends			N/A
17	Fixed or floating dividend / coupon			N/A
18	Coupon rate and any related index/ benchmark			N/A
19	Existence of a dividend stopper			Yes (please refer PR-11)
20	Fully discretionary, partially discretionary or mandatory			Fully discretionary
21	Common Equity Tier 1 capital (CET1): Instruments and reserves			
	Existence of step up or other incentive to redeem			No
22	Non-cumulative or cumulative			Non cumulative
23	Convertible or non-convertible			Non-convertible
24	If convertible, conversion trigger (s)			N/A
25	If convertible, fully or partially			N/A
26	If convertible, conversion rate			N/A
27	If convertible, mandatory or optional conversion			N/A
28	If convertible, specify instrument type convertible into			N/A
29	If convertible, specify issuer of instrument it converts into			N/A
30	Write-down feature			No
31	If write-down, write-down trigger(s)			N/A
32	If write-down, full or partial			N/A
33	If write-down, permanent or temporary			N/A
34	If temporary write-down, description of write-up mechanism			N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)			N/A
36	Non-compliant transitioned features			No
37	If yes, specify non-compliant features			N/A

Risk weighted assets

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

	Capital Requirement		Risk Weighted Assets	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----			
Credit risk				
Portfolios subject to standardised approach (Simple or Comprehensive)				
Cash and cash equivalents	-	-	-	-
Sovereign	-	-	-	-
Public sector entities	581	1,243	5,811	12,428
Banks	12,646	4,400	126,462	43,998
Corporate	1,507,193	1,603,613	15,071,932	16,036,134
Retail	34	5	343	54
Residential mortgages	4,820	4,552	48,199	45,522
Past due loans	14,155	17,791	141,549	177,913
Operating fixed assets	73,455	15,393	734,550	153,931
Other assets	97,306	95,411	973,063	954,108
	1,710,190	1,742,409	17,101,908	17,424,087
Off - balance sheet				
Non-market related	352,578	231,916	3,525,781	2,319,165
Market related exposures	-	-	-	-
Equity exposure risk in the banking book				
Under simple risk weight method	118,646	103,805	1,186,455	1,038,050
Under Internal models approach	-	-	-	-
	471,224	335,721	4,712,236	3,357,215
Market risk				
<u>Capital requirement for portfolios subject to standardised approach</u>				
Interest rate risk	414,112	54,854	4,141,117	1,550,525
Equity position risk	165,575	383,336	1,655,750	3,723,075
Foreign Exchange risk	-	-	-	-
	579,687	438,190	5,796,867	5,273,606
<u>Capital requirement for portfolios subject to internal models approach</u>				
	-	-	-	-
Operational risk				
<u>Capital requirement for operational risks</u>	-	133,189	2,210,082	2,094,736
Total	2,761,100	2,649,510	29,821,093	28,149,644
	December 31, 2020		December 31, 2019	
	Required	Actual	Required	Actual
	----- (Rupees in '000) -----			
CET1 to total RWA	6.00%	30.64%	6.00%	31.64%
Tier-1 capital to total RWA	7.50%	30.64%	7.50%	31.64%
Total capital to total RWA	10.00%	30.64%	10.00%	31.64%

Pak Brunei Investment Company Limited
Liquidity Coverage Ratio
December 31, 2020

Liquidity Coverage Ratio (LCR)

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

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

		Average For The Year (for disclosure purpose)	
<i>(in local currency)</i>		TOTAL UNWEIGHTED ^a VALUE (average)	TOTAL WEIGHTED ^b VALUE (average)
HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)	10,143,100	9,792,283
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:		-
2.1	stable deposit	-	-
2.2	Less stable deposit	-	-
3	Unsecured wholesale funding of which:	-	-
3.1	Operational deposits (all counterparties)	-	-
3.2	Non-operational deposits (all counterparties)	-	-
3.3	Unsecured debt	8,709,849	8,272,056
4	Secured wholesale funding	7,483,026	308,670
5	Additional requirements of which:	-	-
5.1	Outflows related to derivative exposures and other collateral requirements	-	-
5.2	Outflows related to loss of funding on debt products	-	-
5.3	Credit and Liquidity facilities	2,540,822	274,082
6	Other contractual funding obligations	353,596	353,596
7	Other contingent funding obligations	1,338,594	66,930
8	TOTAL CASH OUTFLOWS	20,425,887	9,275,333
CASH INFLOWS			
9	Secured lending	-	-
10	Inflows from fully performing exposures	1,514,489	757,245
11	Other Cash inflows	225,234	225,234
12	TOTAL CASH INFLOWS	1,739,723	982,479
TOTAL ADJUSTED VALUE			
21	TOTAL HQLA	9,590,600	9,207,538
22	TOTAL NET CASH OUTFLOWS	18,517,362	7,900,138
23	LIQUIDITY COVERAGE RATIO	51.79%	116.55%

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

Pak Brunei Investment Company Limited
Net Stable Funding Ratio - Financial Statement Disclosure
December 31, 2020

Net Stable Funding Ratio (NSFR)

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

The ratio is defined as the amount of Available Stable Funding (ASF), relative to the amount of Required Stable Funding (RSF). The amounts of ASF and RSF are calculated after application of prescribed hair-cut from regulator. SBP expects Banks and DFIs to meet NSFR requirement of 100% effective from December 31, 2017. Pak Brunei Investment Company meets the regulatory requirement as on December 31, 2020

		unweighted value by residual maturity				weighted value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
<i>(Amount in PKR in thousands)</i>						
ASF Item						
1	Capital:					
2	Regulatory capital	11,125,495				11,125,495
3	Other capital instruments					
4	Retail deposits and deposit from small business customers:					
5	Stable deposits					
6	Less stable deposits					
7	Wholesale funding:					
8	Operational deposits					
9	Other wholesale funding		16,530,244	3,705,670	8,607,754	10,460,589
10	Other liabilities:					
11	NSFR derivative liabilities					
12	All other liabilities and equity not included in other categories		676,169			-
13	Total ASF					21,586,084
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)				13,966,634	769,028
15	Deposits held at other financial institutions for operational purposes					
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA		-			-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		-			-
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:				4,152,761	3,529,847
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				358,011	232,707
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.				1,507,193	1,281,114
22	Other assets:					
23	Physical traded commodities, including gold					
24	Assets posted as initial margin for derivative contracts					
25	NSFR derivative assets					
26	NSFR derivative liabilities before deduction of variation margin posted					
27	All other assets not included in the above categories		14,172,801	-	6,096,012	13,182,413
28	Off-balance sheet items		4,316,985			215,849
29	Total RSF					19,210,958
30	Net Stable Funding Ratio (%)					112%