

INDEPENDENT AUDITOR'S REPORT**To the Management of House Building Finance Company Limited
Report on the Audit of the Capital Adequacy Return****Opinion**

We have audited the Capital Adequacy Return (the Return) of **House Building Finance Company Limited** (the Company), as at **31 December 2022** prepared by management based on the audited financial statements of the Company for the year then ended and in accordance with the guidelines prescribed under the State Bank of Pakistan (SBP) BSD Circular No. 8 dated 27 June 2006 as amended by BPRD Circular No. 6 dated 15 August 2013 and other requirements specified by the SBP (together referred to as "the Framework").

In our opinion the accompanying Return of the Company as at 31 December 2022 has been prepared, in all material respects, in accordance with the requirements of the Framework.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Return" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Return in Pakistan and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restriction on Distribution and Use

The Return has been prepared to meet the requirements specified by SBP. As a result, the Return may not be suitable for any other purpose. Our report is intended solely for the Company and SBP and should not be distributed to parties other than the Company and SBP.

Responsibilities of Management and Those Charged with Governance for the Return

Management is responsible for the preparation of the Return in accordance with the requirements of the Framework, and for such internal control as management determines is necessary to enable the preparation of the Return that is free from material misstatement, whether due to fraud or error.

In preparing the Return, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in the preparation of the Return unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the return

Our objectives are to obtain reasonable assurance about whether the Return is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Return.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Return, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Return or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Accountants
Engagement Partner: Khurram Jameel
Place: Karachi
Date: 10 March 2023

Please enter your data in yellow cells.

CAP 1

NAME OF THE BANK: 130001 - HOUSE BUILDING FINANCE CORPORA

REPORTING BASIS: Bank Level Audited (Basel III)

CAPITAL ADEQUACY RETURN AS OF: December-2022

(Rupees in '000')

SUMMARY / OVERALL CAPITAL ADEQUACY RATIO

		Basel 3 Transit	Basel 3 full
1.1	Common Equity Tier 1 (CET1)		
1.1.1	Fully Paid-up capital/ Capital deposited with SBP	19,365,000	19,365,000
1.1.2	Balance in Share Premium Account	-	-
1.1.3	Reserve for issue of Bonus Shares	-	-
1.1.4	Discount on issue of Shares (enter negative number)	-	-
1.1.5	General/ Statutory Reserves as (disclosed in the Balance Sheet)	2,365,417	2,365,417
1.1.6	Gain/ (losses) on derivatives held as Cash Flow Hedge	-	-
1.1.7	Un-appropriated/ un-remitted profits/ (losses)	1,574,341	1,574,341
1.1.8	Minority Interest arising from CET1 instruments issued to third party by consolidated bank's subsidiaries (amount allowed in group CET1 - from "Consolidation sheet".)	-	-
	CET1 before Regulatory Adjustments	23,304,758	23,304,758
1.1.9	Regulatory Adjustments at CET1 level		
1.1.10	Goodwill (net of related deferred tax liability)	-	-
1.1.11	All other intangibles (net of any associated deferred tax liability)	61,768	61,768
1.1.12	Shortfall in provisions against classified assets (without considering any tax impact)	-	-
1.1.13	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	214,309	214,309
1.1.14	Defined benefit pension fund net assets	636,775	636,775
1.1.15	Reciprocal cross holdings in CET1 instruments of banking, financial, and insurance entities	-	-
1.1.16	Cash flow hedge reserve	-	-
1.1.17	Investment in own shares/ CET1 instruments	-	-
1.1.18	Any increase in equity capital resulting from a securitization transaction	-	-
1.1.19	Capital shortfall of regulated subsidiaries	-	-
1.1.20	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS securities	199,862	199,862
	Sum of Regulatory Adjustments at CET1 level	1,112,713	1,112,713
	CET 1 after Regulatory Adjustments above	22,192,045	22,192,045
1.1.22	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)	-	-
	CET 1 after Regulatory Adjustment above	22,192,045	22,192,045
1.1.24	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
1.1.25	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
	CET 1 after Regulatory Adjustment above	22,192,045	22,192,045
1.1.27	Amount exceeding 15% threshold (significant Investments and DTA)	-	-
	CET 1 after above adjustment	22,192,045	22,192,045
1.1.29	National specific regulatory adjustments applied to CET1	-	-
1.1.30	Investment in TFCs of other banks exceeding the prescribed limit	-	-
1.1.31	Any other deduction specified by SBP	-	-
	CET 1 after Regulatory Adjustment above	22,192,045	22,192,045
1.1.33	Adjustment to CET1 due to insufficient AT1 capital and T2 capital to cover adjustments	-	-
	CET1 (after regulatory adjustments)	22,192,045	22,192,045
1.2	Additional Tier 1 (AT 1) Capital		
1.2.1	Qualifying AT1 capital instruments plus any related share premium	-	-
1.2.1.1	of which Classified as equity	-	-
1.2.1.2	of which Classified as liabilities	-	-
1.2.2	AT1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT1 - from "Consolidation sheet")	-	-
	AT1 Capital before Regulatory Adjustments	-	-
1.2.4	Regulatory Adjustments at AT1 Capital level		
1.2.5	Investment in mutual funds exceeding the prescribed limit	-	-
1.2.6	Investment in own AT1 capital instruments	-	-
1.2.7	Reciprocal cross holdings in AT1 capital instruments of banking, financial, and insurance entities	-	-
1.2.8	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)	-	-
1.2.9	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
1.2.10	Portion of deduction applied 50:50 to Tier-1 capital and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-1 capital	-	-
1.2.11	Adjustment to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	-
	Sum of Regulatory Adjustments at AT1 Capital level	-	0
	Amount of Regulatory Adjustment applied at AT1 Capital level	-	-
	AT1 Capital (after regulatory adjustments)	-	0
1.2.14	AT1 Capital recognized for capital adequacy	-	-
1.2.16	Eligible Tier 1 (T 1) Capital for Capital Adequacy Ratio (CET1 + Recognised AT1 Capital)	22,192,045	22,192,045

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2	Tier 2 (T2) Capital		
2.1	Qualifying T2 capital instruments under Basel 3 plus any related share premium		
2.2	T2 capital instruments subject to phase out arrangement issued under pre-Basel 3		
2.3	T2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group T2 - from "Consolidation sheet")	-	-
2.3.1	of which: instruments issued by subsidiaries subject to phase out		
2.4	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	97,868	97,868
2.5	Revaluation Reserves (net of taxes)	-	-
2.5.1	Pertaining to Fixed Assets		
2.5.2	Unrealized Gains/ (losses) on AFS securities		
2.6	Foreign Exchange Translation Reserves		-
2.7	Undisclosed/ Other Reserves (if any)		-
2.8	T2 Capital before regulatory adjustments	97,868	97,868
2.9	Regulatory Adjustments at T2 Capital level		
2.10	Portion of deduction applied 50:50 to Tier-1 capital and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-2 capital	-	
2.11	Reciprocal cross holdings in T2 capital of banking, financial, and insurance entities		-
2.12	Investment in own T2 capital instrument		-
2.13	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)	-	-
2.14	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
	Sum of Regulatory Adjustments at T2 Capital level	-	-
2.15	Amount of Regulatory Adjustment applied at T2 Capital level	-	-
2.16	T2 Capital (after regulatory adjustments)	97,868	97,868
2.17	T2 Capital recognized for capital adequacy	97,868	97,868
2.18	Portion of AT1 Capital recognized in T2 Capital	-	-
2.19	Total T2 Capital admissible for capital adequacy	97,868	97,868
3	Total Eligible Capital for Capital Adequacy Ratio (T1 Capital recognized + T2 Capital)	22,289,912	22,289,912
4	Total Risk Weighted Assets (TRWAs)	16,270,488	16,270,489
4.1	Total Credit Risk Weighted Assets	7,829,406	7,829,406
4.2	Total Market Risk Weighted Assets	2,108,625	2,108,625
4.3	Total Operational Risk Weighted Assets	6,332,458	6,332,458
5	Capital Adequacy Ratios		
5.1	CET1 to TRWAs	136.39%	136.39%
5.2	T1 Capital to TRWAs	136.39%	136.39%
5.3	Total eligible capital to TRWAs	137.00%	137.00%

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MINORITY INTEREST - FOR CONSOLIDATED CAPITAL ONLY

Rupees in '000'

Items	Minority Interest - under Basel III (full implementation)									
	(A separate column should be completed for each subsidiary, issuing capital to third parties)									
1	2	3	4	5	6	7	8	9	10	Total Amount
Total CET1 of the subsidiary net of deductions (if the subsidiary is not a bank**, zero must be entered in items 1, 2 & 3. However the common equity should be included in the items 4 & 7 below)										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										

CET1										
Lower of the risk-weighted assets of the subsidiary and the contribution to consolidated risk-weighted assets										
Surplus CET1 of the subsidiary, of which										
amount attributable to third parties										
Total CET1 of the subsidiary held by third parties less surplus attributable to third party investors										
Total CET1 of the subsidiary held by third parties less surplus attributable to third party investors (under transitional arrangements)										
Total Tier 1 (T1) Capital										
Surplus Total T1 capital of the subsidiary, of which										
amount attributable to third parties										
Total T1 capital of the subsidiary held by third parties less surplus attributable to third party investors										
Total T1 capital of the subsidiary held by third parties less surplus attributable to third party investors (under transitional arrangements)										
Total capital										
Surplus Total capital of the subsidiary, of which										
amount attributable to third parties										
Total capital of the subsidiary held by third parties less surplus attributable to third party investors										
Total capital of the subsidiary held by third parties less surplus attributable to third party investors (under transitional arrangements)										
Under full Basel III implementation:										
CET1 recognized from consolidated subsidiaries										
AT1 Capital recognized from consolidated subsidiaries										
T2 Capital recognized from consolidated subsidiaries										
Under Transitional Arrangement of Basel III										
CET1 recognized from consolidated subsidiaries										
AT1 Capital recognized from consolidated subsidiaries										
T2 Capital recognized from consolidated subsidiaries										

** Banks means all financial institutions including NBFCs that are being regulated by SBP and SECP.

REGULATORY ADJUSTMENTS

Rupees in '000'

Transitional Arrangements for Capital Deduction (w.e.f. December)	2019	
	100%	
Deferred tax assets that rely on future profitability net of any associated deferred tax liability (excluding temporary differences)		214,309
	B3 full	B3 Transit
	214,309	214,309
Amount to be risk weighted @ 100% during the transition period.		-
Defined benefit pension fund assets (net of any associated deferred tax liability)		636,775
	B3 full	B3 Transit
	636,775	636,775
Amount to be risk weighted @ 100% during the transition period.		-
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)		
Gross holdings of common stock		64,993
Gross holdings of Additional Tier 1 capital		
Gross holdings of Tier 2 capital		
Sum of all above holdings		64,993
Applicable CET1 amount (before thresholds)		22,192,045
Amount of holdings exceeding 10% applicable CET1		-
	B3 full	B3 Transit
Deduction from CET1	-	-
Deduction from AT1 capital	-	-
Deduction from T2	-	-
Amounts not deducted and to be risk weighted as per Banking/ Trading Book classifications		
Gross holdings of common stock	64,993	64,993
Gross holdings of AT1 capital	-	-
Gross holdings of T2 capital	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		
Gross holdings of common stock		
Gross holdings of AT1 capital		
Gross holdings of T2 capital		
Applicable CET1 amount (after all regulatory adjustments but before significant investments and thresholds)	22,192,045	22,192,045
	B3 full	B3 Transit
10% amount to be recognised for further threshold deductions check and applying 250% RW	-	-
Deduction from CET1 (after 10% cap)	-	-
Remaining amount to be risk weighted @ 100% after applying deduction %age during the transition period	-	-
Deduction from AT1 capital	-	-
Remaining amount to be risk weighted as per Banking/ Trading Book classifications	-	-
Deduction from T2 capital	-	-
Remaining amount to be risk weighted as per Banking/ Trading Book classifications	-	-
	B3 full	B3 Transit
Deferred Tax Assets that arise from temporary differences (after 10% threshold)		
Net deferred tax assets due to temporary differences		1,175,123
Applicable CET1 amount (after all regulatory adjustments but before significant investments and thresholds)	22,192,045	22,192,045
10% amount to be recognised for further threshold deductions check and applying 250% RW	1,175,123	1,175,123
Deduction from CET1 (after 10% cap)	-	-
Remaining amount to be risk weighted @ 100% after applying deduction %age during the transition period	-	-
Significant Investments and DTA above 15% threshold	B3 full	B3 Transit
Significant investments in the common equity of financial entities not deducted as part of the 10% cap	-	-
Deferred tax assets due to temporary differences not deducted as part of the 10% cap	1,175,123	1,175,123
Sum of above holdings	1,175,123	1,175,123
Applicable CET1 amount (after all regulatory adjustments and threshold)	22,192,045	22,192,045
Applicable 15% Threshold	3,916,243	3,916,243
Amount above 15% threshold to be deducted from CET1	-	-
Amounts not deducted to be subject to 250% risk weight		
Significant investments in the common equity of financial entities	-	-
Deferred tax assets due to temporary differences	1,175,123	1,175,123
CAP 2 deductions under Basel II (50% from Tier-1 and 50% from Tier-2)		
Investment in capital instruments of majority owned financial subsidiaries not consolidated in the balance sheet		
Significant minority investment in banking and other financial entities		
Equity holdings (majority or significant minority) in an insurance subsidiary		
Any other		
Significant investment in commercial entities (subject to 1000% risk weight)		
Sum of above holdings		
Deduction from Tier-1 capital		
Deduction from Tier-2 capital		

Leverage Ratio	58.29%
Tier-1 Capital	22,192,045
Total Exposures	38,074,202

(Rupees in '000')

A) On-Balance Sheet Assets		Amount (net of specific provisions and valuation adjustments)
1	Cash and balances with treasury banks	15,005
2	Balances with other banks	3,842
3	Lendings to financial institutions (for repo/ reverse repo - without netting benefit)	0
4	Investments	18,008,675
5	Advances	16,106,390
6	Operating fixed assets	692,022
7	Deferred tax assets	1,389,432
8	Financial Derivatives (total from cell C29)	-
9	Other assets	1,090,779
	Total Assets	37,306,145

A.1.) Derivatives (On-Balance Sheet)		Sum of positive fair values without considering any margins
1	Interest Rate	-
2	Equity	-
3	Foreign Exchange & gold	-
4	Precious Metals (except gold)	-
5	Commodities	-
6	Credit Derivatives (protection brought & sold)	-
7	Any other derivatives	-
	Total Derivatives	-

B) Off-Balance Sheet Items excluding derivatives		Credit Conversion Factor (CCF)	Notional Amounts	On Balance Sheet Loan Equivalent Amount
1	Direct Credit Substitutes (i.e. Acceptances, general guarantees for indebtedness etc.)	100%	-	-
2	Performance-related Contingent Liabilities (i.e. Guarantees)	100%	-	-
3	Trade-related Contingent Liabilities (i.e. Letter of Credits)	100%	-	-
4	Lending of securities or posting of securities as collaterals	100%	-	-
5	Undrawn committed facilities (which are not cancellable)	100%	-	-
6	Unconditionally cancellable commitments (which can be cancelled at any time without notice)	10%	-	-
7	Commitments in respect of operating leases	100%	-	-
8	Commitments for the acquisition of operating fixed assets	100%	-	-
9	Other commitments	100%	768,057	768,057
	Total Off-Balance Sheet Items excluding Derivatives		768,057	768,057

C) Commitments in respect of Derivatives - Off Balance Sheet Items (Derivatives having negative fair value are also included)		Notional Principal	Potential Future Credit Exposure (Notional principal amount multiplied with Add on Factors prescribed in Table 2.5 of SBP Basel II instructions-page 18)	On Balance Sheet Loan Equivalent Amount
1	Interest Rate	-	-	-
2	Equity	-	-	-
3	Foreign Exchange & gold	-	-	-
4	Precious Metals (except gold)*	-	-	-
5	Commodities*	-	-	-
6	Credit Derivatives (protection sold and bought)*	-	-	-
7	Other derivatives*	-	-	-
	Total Derivatives			-

*Use add-on factor of 10% for these items

Instructions:

All on-balance sheet and non-derivatives exposures are net of specific provisions and credit valuation adjustments
Netting of loans and deposits is not allowed
Physical or financial collateral, guarantees or credit risk mitigation will not reduce exposure amounts
No bilateral netting or offsetting of matched positions for derivatives is allowed
Items deducted from capital will not contribute towards calculation of exposures

RISK WEIGHTED AMOUNT FOR CREDIT RISK

CR 1

(Rupees in '000')

1 On Balance Sheet Exposures (B: Total of Column 8 of CR 2)			7,061,349
2 Off - Balance Sheet - Non Market Related Exposures			
Total Risk Adjusted Exposure of Section A	768,057		
Total Risk Adjusted Exposure of Section B	0		
Total Risk Adjusted Exposure of Section C	0		
Total Risk Adjusted Exposure of Section D	0	768,057	
3 Off-Balance Sheet - Market Related Exposures (E: Grand Total of CR 4)			0
4 Total Risk Weighted Amount for Credit Risk			7,829,406

APPROACH USED FOR CRM IN BANKING BOOK

Please select the CRM Approach to calculate the Risk Adjusted Amount

(Rupees in '000')

A	Exposure Type	External rating	Risk Weight	Original Exposure	CREDIT RISK MITIGATION (CRM)1				Risk Adjusted Amount	
					Simple Approach		Adjusted Exposure	Comprehensive Adjusted Exposure (after CRM) ΣE*		
					Inflow Adjustments	Out flow Adjustments				
		1	2	3	4	5	6	7	8	
							(3+4-5)		(2 X 6) or (2 x 7)	
(a)	Cash and Cash Equivalents		0%				0	-	0	
(b)	Claims on Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR		0%	15,005			15,005	-	0	
(c)	Foreign Currency claims on SBP arising out of statutory obligations of banks in Pakistan		0%				0	-	0	
(d)	Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	0%				0	-	0	
		2	20%				0	-	0	
		3	50%				0	-	0	
		4,5	100%				0	-	0	
		6	150%				0	-	0	
	Unrated	100%				0	-	0		
(e)	Claims on Bank for International Settlements, International Monetary Fund, European Central Bank, and European Community		0%				0	-	0	
(f)	Claims on Multilateral Development Banks		0%				0	-	0	
		1	20%				0	-	0	
		2,3	50%				0	-	0	
		4,5	100%				0	-	0	
		6	150%				0	-	0	
	Unrated	50%				0	-	0		
(g)	Claims on Public Sector Entities in Pakistan		0%				0	-	0	
		1	20%				0	-	0	
		2,3	50%				0	-	0	
		4,5	100%				0	-	0	
		6	150%				0	-	0	
	Unrated	50%				0	-	0		
(h)	Claims on Banks		0%				0	-	0	
			10%				0	-	0	
		1	20%	3,842			3,842	-	768	
		2,3	50%				0	-	0	
		4,5	100%				0	-	0	
	6	150%				0	-	0		
	Unrated	50%				0	-	0		
(i)	Claims, denominated in foreign currency, on banks with original maturity of 3 months or less		0%				0	-	0	
		1,2,3	20%				0	-	0	
		4,5	50%				0	-	0	
		6	150%				0	-	0	
	unrated	20%				0	-	0		
(j)	Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR		20%				0	-	0	
(k)	Claims on Corporates (excluding equity exposures)		0%				0	-	0	
			10%				0	-	0	
		1	20%				0	-	0	
		2	50%				0	-	0	
		3,4	100%				0	-	0	
		5,6	150%				0	-	0	
			Unrated-1	100%				0	-	0
			Unrated-2	125%				0	-	0
(l)	Claims categorized as retail portfolio		0%				0	-	0	
			20%				0	-	0	
			50%				0	-	0	
			75%				0	-	0	
(m)	Claims fully secured by residential property (Residential Mortgage Finance as defined in Section 2.1)		35%	9,841,600			9,841,600	-	3,444,560	
	Claims against Low Cost Housing Finance		25%	6,325,004			6,325,004	-	1,581,251	
(n)	Past Due loans: 1. The unsecured portion of any claim (other than loans and claims secured against eligible residential mortgages as defined in section 2.1 of circular 8 of 2006) that is past due for more than 90 days and/or impaired: 1.1 where specific provisions are less than 20 per cent of the outstanding amount of the past due claim. 1.2 where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim. 1.3 where specific provisions are more than 50 per cent of the outstanding amount of the past due claim. 2. Loans and claims fully secured against eligible residential mortgages that are past due for more than 90 days and/or impaired 3. Loans and claims fully secured against eligible residential mortgage that are past due by 90 days and /or impaired and specific provision held thereagainst is more than 20% of outstanding amount						0	-	0	
			150%				0	-	0	
			100%				0	-	0	
			50%				0	-	0	
			100%				0	-	0	
			50%	218,683			218,683	-	218,683	
(o)	Investment in the equity of commercial entities (which exceeds 10% of the issued common share capital of the issuing entity) or where the entity is an unconsolidated affiliate.		100%				0	-	0	
(p)	Significant investment and DTAs above 15% threshold (refer to Section 2.4.10 of Basel III instructions)		250%				0	-	0	
(q)	Listed Equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in the banking book.		100%	4,873			4,873	-	4,873	
(r)	Unlisted equity investments (other than that deducted from capital) held in banking book		150%	60,120			60,120	-	90,180	
(s)	Investments in venture capital		150%				0	-	0	
(t)	Investments in premises, plant and equipment and all other fixed assets		100%	630,254			630,254	-	630,254	
(u)	Claims on all fixed assets under operating lease		100%				0	-	0	
(v)	All other assets		100%	1,090,779			1,090,779	-	1,090,779	
B	TOTAL			18,190,160	0	0	18,190,160	0	7,061,349	

NON MARKET RELATED

(Rupees in '000')

A With Credit Conversion Factor of 100%

a. Direct Credit Substitutes

Lending of securities or posting of securities as collateral

c. Other commitments with certain drawdown

	Mapped Rating	Risk Weights %	Notional Amount	Credit Equivalent	CREDIT RISK MITIGATION (CRM) 1				Risk Adjusted Exposure
					Simple Approach		Comprehensive		
					Inflow Adjustments	Out flow Adjustments	Adjusted Exposure	Adjusted Exposure (after CRM) ΣE*	
1	2	3	4	5	6	7	8	9	
				(3 X 100%)					(2 x 8)
1	Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR	-	0%	-	-	-	-	-	-
2	SBP in Foreign Currency arising out of statutory obligations of banks in Pakistan	-	0%	-	-	-	-	-	-
3	Sovereigns, Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	0%	-	-	-	-	-	-
		2	20%	-	-	-	-	-	-
		3	50%	-	-	-	-	-	-
		4,5	100%	-	-	-	-	-	-
		6	150%	-	-	-	-	-	-
	Unrated	100%	-	-	-	-	-	-	
4	Bank for International Settlements, International Monetary Fund, European Central Bank, and European Community	-	0%	-	-	-	-	-	-
5	Multilateral Development Banks		0%	-	-	-	-	-	-
		1	20%	-	-	-	-	-	-
		2,3	50%	-	-	-	-	-	-
		4,5	100%	-	-	-	-	-	-
		6	150%	-	-	-	-	-	-
	Unrated	50%	-	-	-	-	-	-	
6	Public Sector Entities in Pakistan		0%	-	-	-	-	-	-
		1	20%	-	-	-	-	-	-
		2,3	50%	-	-	-	-	-	-
		4,5	100%	-	-	-	-	-	-
		6	150%	-	-	-	-	-	-
	Unrated	50%	-	-	-	-	-	-	
7	Banks		0%	-	-	-	-	-	-
		1	20%	-	-	-	-	-	-
		2,3	50%	-	-	-	-	-	-
		4,5	100%	-	-	-	-	-	-
		6	150%	-	-	-	-	-	-
	Unrated	50%	-	-	-	-	-	-	
8	Banks (with original maturity of 3 months or less and denominated in foreign currency)		0%	-	-	-	-	-	-
		1,2,3	20%	-	-	-	-	-	-
		4,5	50%	-	-	-	-	-	-
		6	150%	-	-	-	-	-	-
	unrated	20%	-	-	-	-	-	-	
9	Banks (with original maturity of 3 months or less denominated in PKR)		0%	-	-	-	-	-	-
			20%	-	-	-	-	-	-
10	Corporates		0%	-	-	-	-	-	-
		1	20%	-	-	-	-	-	-
		2	50%	-	-	-	-	-	-
		3,4	100%	-	-	-	-	-	-
		5,6	150%	-	-	-	-	-	-
		Unrated-1	100%	-	-	-	-	-	-
	Unrated-2	125%	-	-	-	-	-	-	
11	Retail		0%	-	-	-	-	-	-
			20%	-	-	-	-	-	-
			50%	-	-	-	-	-	-
			75%	-	-	-	-	-	-
12	Others		0%	-	-	-	-	-	-
			20%	-	-	-	-	-	-
			50%	-	-	-	-	-	-
			100%	768,057	768,057	-	-	768,057	-
Total			768,057	768,057	-	-	768,057	-	768,057

D With Credit Conversion Factor of 0%

a. Other commitments that can be unconditionally cancelled at any time

	Mapped Rating	Risk Weights %	Notional Amount
	1	2	3
1 Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR	-	0%	-
2 SBP in Foreign Currency arising out of statutory obligations of banks in Pakistan	-	0%	-
3 Sovereigns, Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1	0%	-
	2	20%	-
	3	50%	-
	4,5	100%	-
	6	150%	-
	Unrated	100%	-
4 Bank for International Settlements, International Monetary Fund, European Central Bank, and European Community	-	0%	-
5 Multilateral Development Banks		0%	-
	1	20%	-
	2,3	50%	-
	4,5	100%	-
	6	150%	-
	Unrated	50%	-
6 Public Sector Entities in Pakistan		0%	-
	1	20%	-
	2,3	50%	-
	4,5	100%	-
	6	150%	-
	Unrated	50%	-
7 Banks		0%	-
	1	20%	-
	2,3	50%	-
	4,5	100%	-
	6	150%	-
	Unrated	50%	-
8 Banks (with original maturity of 3 months or less and denominated in foreign currency)		0%	-
	1,2,3	20%	-
	4,5	50%	-
	6	150%	-
	unrated	20%	-
9 Banks (with original maturity of 3 months or less denominated in PKR)		0%	-
		20%	-
10 Corporates		0%	-
	1	20%	-
	2	50%	-
	3,4	100%	-
	5,6	150%	-
	Unrated-1	100%	-
	Unrated-2	125%	-
11 Retail		0%	-
		20%	-
		50%	-
	-	75%	-
12 Others		0%	-
		20%	-
		50%	-
		100%	-
Total			-

Please use Yellow Cells to enter your data.

MR 1

**RISK WEIGHTED AMOUNT FOR MARKET RISK
SUMMARY**

(Rupees in '000')

A Capital Charge for Interest Rate Risk		
i. Total market risk capital charge for Specific Risk (Total MR 2)		0
ii. Total market risk capital charge for General Market Risk (Sum of all Currency-wise MR 3.1s or MR 3.2s)	Maturity Method	168,690
B Capital Charge For Equity Exposure (MR 4)		
i. Specific Risk		0
ii. General Market Risk		0
C Capital Charge for Foreign Exchange Risk (Total of MR 5)		0
D Capital Charge for Position in Options (Total of MR 6)		0
E Total Capital Charge for Market Risk (A+B+C+D)		168,690
F Risk Weighted Amount for Market Risk (E x 12.5)		2,108,625

**DEBT SECURITIES, DEBT DERIVATIVES AND OTHER INTEREST RATE DERIVATIVES
CAPITAL CHARGE FOR GENERAL MARKET RISK
(Maturity Method)
Currency PKR**

MR 3.1 (a)

(Rupees in '000')

Zone	Time Band		Individual positions						Risk Weight	Weighted positions	
	Coupon 3% or more	Coupon less than 3%	Debt securities & debt		Interest rate derivatives		Total			Long	Short
			Long	Short	Long	Short	Long	Short			
1	1 month or less	1 month or less					0	0	0.00%	0	0
	1 to 3 months	1 to 3 months	1,492,780				1,492,780	0	0.20%	2,986	0
	3 to 6 months	3 to 6 months					0	0	0.40%	0	0
2	6 to 12 months	6 to 12 months	9,043,973				9,043,973	0	0.70%	63,308	0
	1 to 2 years	1.0 to 1.9 years	6,916,429				6,916,429	0	1.22%	86,455	0
	2 to 3 years	1.9 to 2.8 years					0	0	1.75%	0	0
3	3 to 4 years	2.8 to 3.6 years					0	0	2.25%	0	0
	4 to 5 years	3.6 to 4.3 years					0	0	2.75%	0	0
	5 to 7 years	4.3 to 5.7 years	490,500				490,500	0	3.25%	15,941	0
	7 to 10 years	5.7 to 7.3 years					0	0	3.75%	0	0
	10 to 15 years	7.3 to 9.3 years					0	0	4.50%	0	0
	15 to 20 years	9.3 to 10.6 years					0	0	5.25%	0	0
	Over 20 years	10.6 to 12 years					0	0	6.00%	0	0
		12 to 20 years					0	0	8.00%	0	0
	Over 20 years					0	0	12.50%	0	0	
TOTAL			17,943,681				17,943,681	0		168,690	0
OVERALL NET OPEN POSITION											

Calculation	Vertical disallowance	Horizontal Disallowance In			Horizontal Disallowance Between			Overall net open position	Total General Market Risk Charge
		Zone 1	Zone 2	Zone 3	Zones 1 & 2	Zones 2 & 3	Zones 1 & 3		
General Market Risk Capital Charge								168,690	168,690

**DEBT SECURITIES, DEBT DERIVATIVES AND OTHER INTEREST RATE DERIVATIVES
CAPITAL CHARGE FOR GENERAL MARKET RISK
(Maturity Method)
Currency JPY**

MR3.1 (6)

Zone	Time Band		Individual positions						Risk Weight	Weighted positions	
	Coupon 3% or more	Coupon less than 3%	Debt securities & debt derivatives		Interest rate derivatives		Total			Long	Short
			Long	Short	Long	Short	Long	Short			
	1 month or less	1 month or less							0.00%	0	0
	1 to 3 months	1 to 3 months							0.20%	0	0
	3 to 6 months	3 to 6 months							0.40%	0	0
	6 to 12 months	6 to 12 months							0.70%	0	0
	1 to 2 years	1.0 to 1.9 years							1.25%	0	0
	2 to 3 years	1.9 to 2.8 years							1.75%	0	0
	3 to 4 years	2.8 to 3.6 years							2.25%	0	0
	4 to 5 years	3.6 to 4.3 years							2.75%	0	0
	5 to 7 years	4.3 to 5.7 years							3.25%	0	0
	7 to 10 years	5.7 to 7.3 years							3.75%	0	0
	10 to 15 years	7.3 to 9.3 years							4.50%	0	0
	15 to 20 years	9.3 to 10.4 years							5.25%	0	0
	Over 20 years	10.6 to 12 years							6.00%	0	0
		12 to 20 years							8.00%	0	0
		Over 20 years							12.50%	0	0
TOTAL										0	0
OVERALL NET OPEN POSITION											

Calculation	Vertical disallowance	Horizontal Disallowance in			Horizontal Disallowance Between			Overall net open position	Total General Market Risk Charge
		Zone 1	Zone 2	Zone 3	Zones 1 & 2	Zones 2 & 3	Zones 1 & 3		
General Market Risk Capital Charge		1	2	3	1 & 2	2 & 3	1 & 3	0	0

DEBT SECURITIES, DEBT DERIVATIVES AND OTHER INTEREST RATE DERIVATIVES
CAPITAL CHARGE FOR GENERAL MARKET RISK
(Maturity Method)
Currency EURO

MR 3.1 (f)

(Rupees in '000')

Zone	Time Band		Individual positions						Risk Weight	Weighted positions	
	Coupon 3% or more	Coupon less than 3%	Debt securities & debt		Interest rate derivatives		Total			Long	Short
			Long	Short	Long	Short	Long	Short			
1	1 month or less	1 month or less					0	0	0.00%	0	0
	1 to 3 months	1 to 3 months					0	0	0.20%	0	0
	3 to 6 months	3 to 6 months					0	0	0.40%	0	0
	6 to 12 months	6 to 12 months					0	0	0.70%	0	0
2	1 to 2 years	1.0 to 1.9 years					0	0	1.25%	0	0
	2 to 3 years	1.9 to 2.8 years					0	0	1.75%	0	0
	3 to 4 years	2.8 to 3.6 years					0	0	2.25%	0	0
3	4 to 5 years	3.6 to 4.3 years					0	0	2.75%	0	0
	5 to 7 years	4.3 to 5.7 years					0	0	3.25%	0	0
	7 to 10 years	5.7 to 7.3 years					0	0	3.75%	0	0
	10 to 15 years	7.3 to 9.3 years					0	0	4.50%	0	0
	15 to 20 years	9.3 to 10.6 years					0	0	5.25%	0	0
	Over 20 years	10.6 to 12 years					0	0	6.00%	0	0
		12 to 20 years					0	0	8.00%	0	0
TOTAL		Over 20 years					0	0	12.50%	0	0
OVERALL NET OPEN POSITION			0	0	0	0	0	0		0	0

Calculation	Vertical disallowance	Horizontal Disallowance in			Horizontal Disallowance Between			Overall net open position	Total General Market Risk Charge
		Zone	Zone	Zone	Zones	Zones	Zones		
General Market Risk Capital Charge		1	2	3	1 & 2	2 & 3	1 & 3	0	0

CAPITAL CHARGE FOR EQUITY POSITION RISK

(Rupees in '000')

	Inside Pakistan			Outside Pakistan*	Total	
	KSE	LSE	ISE			
A Specific Risk Charge						
Equities						
a	Long positions					0
b	Short Positions					0
Equity Derivatives						
c	Long positions					0
d	Short Positions					0
e	Total Gross Positions (a+b+c+d)	0	0	0	0	0
f	Risk Weight	8%	8%	8%	8%	
g	Specific Risk Charge (f x e)	0	0	0	0	0
B General Market Risk Charge						
h	Net Long/Short Positions (a-b + c-d)	0	0	0	0	0
i	Risk Weight	8%	8%	8%	8%	
j	General Market Risk Charge (h x i)	0	0	0	0	0
Total Capital Charge for Equity Exposures (g + j)		0	0	0	0	0

* Report Position on market -by-market basis i.e. separate column for each national market to be used

CAPITAL CHARGE FOR FOREIGN EXCHANGE RISK

(Rupees in '000')

Currency	Position in Currency						Net delta-based equivalent of foreign currency options	Total net long (short) Positions	PKR Rate	Position in PKR
	1	2	3	4	5	6				
USD								0		0
GBP								0		0
JPY								0		0
CHF								0		0
AED								0		0
SAR								0		0
AUD								0		0
CAD								0		0
DKK								0		0
HKD								0		0
SGD								0		0
SEK								0		0
EUR								0		0
Currency 14								0		0
Currency 15								0		0
Currency 16								0		0
Currency 17								0		0
Currency 18								0		0
Currency 19								0		0
Currency 20								0		0
Currency 21								0		0
Currency 22								0		0
Currency 23								0		0
Currency 24								0		0
Currency 25								0		0

Overall Long/Short Position

Capital Charge Rate

Total Capital Charge

0
8%
0

MARKET RISK CAPITAL CHARGE FOR OPTIONS

(Rupees in '000')

A LONG POSITIONS WITH RELATED CASH POSITIONS

Underlying of the Option	Specific Risk Charge	General Market Risk Charge	Long Cash and Long Put	Short Cash and Long Call	Total
Foreign Exchange		8%			

B LONG CALL or LONG PUT OPTIONS

Underlying of the Option	Specific Risk Charge	General Market Risk Charge	Long Put	Long Call	Total
Foreign Exchange		8%			
TOTAL					0

Please enter your data in yellow cells.

ORI

RISK WEIGHTED AMOUNT FOR OPERATIONAL RISK

Calculation Approach: Basic Indicator Approach

(Rupees in '000')

Please select your Calculation Approach and all calculations will perform automatically

1 Basic Indicator Approach (BIA)

Gross Income
A Capital Charge (BIA)

α	Gross Income #				Average of positive values	Capital Charge
	First year	Second year	Third year			
1	2	3	4	5	6 = (5x1)	
15%	3,970,354	2,577,946	3,583,633	3,377,311	506,597	
					506,597	

2 The Standardized Approach (TSA)

Business lines *

- Corporate Finance
- Trading and Sales
- Retail Banking
- Commercial Banking
- Payment and Settlement
- Agency Services
- Asset Management
- Retail Brokerage

B Capital Charge (TSA)

β	Gross Income #				Average of positive values	Capital Charge
	First year	Second year	Third year			
1	2	3	4	5	6 = (5x1)	
18%	0	0	0	0	0	
18%	0	0	0	0	0	
12%	0	0	0	0	0	
15%	0	0	0	0	0	
18%	0	0	0	0	0	
15%	0	0	0	0	0	
12%	0	0	0	0	0	
12%	0	0	0	0	0	

3 Alternative Standardized Approach (ASA)

Business lines *

- Corporate Finance
- Trading and Sales
- Payment and Settlement
- Agency Services
- Asset Management
- Retail Brokerage

Those banks that are unable to disaggregate their gross income into the above mentioned six lines can aggregate the total gross income for these six lines as under

Aggregate of six business lines

β	Gross Income #				Average of positive values	Capital Charge
	First year	Second year	Third year			
1	2	3	4	5	6 = (5x1)	
18%	0	0	0	0	0	
18%	0	0	0	0	0	
18%	0	0	0	0	0	
15%	0	0	0	0	0	
12%	0	0	0	0	0	
12%	0	0	0	0	0	

18%	0	0	0	0	0
-----	---	---	---	---	---

3.1 Capital Charge

β	Loans and Advances #				Average of positive values	Capital Charge
	First year	Second year	Third year			
1	2	3	4	5	6 = (5x1)*m	
12%	0	0	0	0	0	
15%	0	0	0	0	0	

Banks may aggregate loans & advances from retail and commercial banking (if they wish to) using a beta of 15% as under:

Retail & Commercial Banking

15%	0	0	0	0	0
-----	---	---	---	---	---

3.2 Capital Charge

C Capital Charge (ASA) (3.1+3.2)

D Capital Charge for Operational Risk (A, B or C)

E Total Risk Weighted Amount (D x 12.5)

Adjusted RWA based on Capital Floors allowed to ASA banks only. All other banks will manually feed the amount calculated in cell J55.

Annual Audited figures should be used.

* Disclosure in the above segments of business should not be construed that all these activities are permissible. Banks/DFIs are required to engage in activities as allowed under the law and SBP regulations

0
0
506,597
6,332,458
6,332,458