

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2023

### Note 45.2 Capital Adequacy Ratio (CAR) disclosure template:

#### CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2023 STANDALONE

| STANDALONE |  | 2023           | 2022          |
|------------|--|----------------|---------------|
|            |  | Rupees in '000 |               |
|            |  | Amount         | Amount        |
| Rows #     | Common Equity Tier 1 capital (CET1): Instruments and reserves  |                |               |
| 1          | Fully Paid-up Capital/ Capital deposited with SBP  | 21,275,131     | 21,275,131    |
| 2          | Balance in Share Premium Account   | -              | -             |
| 3          | Reserve for issue of Bonus Shares  | -              | -             |
| 4          | Discount on Issue of shares  | -              | -             |
| 5          | General/ Statutory Reserves  | 48,038,521     | 42,854,475    |
| 6          | Gain/(Losses) on derivatives held as Cash Flow Hedge   | -              | -             |
| 7          | Unappropriated/unremitted profits/ (losses)  | 218,754,396    | 172,511,675   |
| 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  | 288,068,048    | 236,641,281   |
| 10         | Total regulatory adjustments applied to CET1 (Note 40.2.1)   | 4,760,882      | 5,450,353     |
| 11         | Common Equity Tier 1   | 283,307,166    | 231,190,928   |
|            |  |                |               |
|            | Additional Tier 1 (AT 1) Capital   |                |               |
| 12         | Qualifying Additional Tier-1 capital instruments plus any related share premium  | -              | -             |
| 13         | of which: Classified as equity   | -              | -             |
| 14         | of which: Classified as liabilities  | -              | -             |
| 15         | Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)  | -              | -             |
| 16         | of which: instrument issued by subsidiaries subject to phase out   | -              | -             |
| 17         | AT1 before regulatory adjustments  | -              | -             |
| 18         | Total regulatory adjustment applied to AT1 capital (Note 45.2.2)   | -              | -             |
| 19         | Additional Tier 1 capital after regulatory adjustments   | -              | -             |
| 20         | Additional Tier 1 capital recognized for capital adequacy  | -              | -             |
|            |  |                |               |
| 21         | Tier 1 Capital (CET1 + admissible AT1) (11+20)   | 283,307,166    | 231,190,928   |
|            |  |                |               |
|            | 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   | 13,163,869     | 13,327,907    |
| 27         | Revaluation Reserves (net of taxes)  | -              | -             |
| 28         | of which: Revaluation reserves on fixed assets   | 44,072,725     | 44,672,337    |
| 29         | of which: Unrealized gains/losses on AFS   | 16,885,486     | (4,253,679)   |
| 30         | Foreign Exchange Translation Reserves  | 31,032,950     | 21,289,574    |
| 31         | Undisclosed/Other Reserves (if any)  | -              | -             |
| 32         | T2 before regulatory adjustments   | 105,155,030    | 75,036,139    |
| 33         | Total regulatory adjustment applied to T2 capital (Note 45.2.3)  | -              | -             |
| 34         | Tier 2 capital (T2) after regulatory adjustments   | 105,155,030    | 75,036,139    |
| 35         | Tier 2 capital recognized for capital adequacy   | 93,397,166     | 75,036,139    |
| 36         | Portion of Additional Tier 1 capital recognized in Tier 2 capital  | -              | -             |
| 37         | Total Tier 2 capital admissible for capital adequacy   | 93,397,166     | 75,036,139    |
| 38         | TOTAL CAPITAL (T1 + admissible T2) (21+37)   | 376,704,332    | 306,227,067   |
|            |  |                |               |
| 39         | Total Risk Weighted Assets (RWA) {for details refer Note 45.5}   | 1,478,849,207  | 1,418,477,064 |
|            |  |                |               |
|            | Capital Ratios and buffers (in percentage of risk weighted assets)   |                |               |
| 40         | CET1 to total RWA  | 19.16%         | 16.30%        |
| 41         | Tier-1 capital to total RWA  | 19.16%         | 16.30%        |
| 42         | Total capital to total RWA   | 25.47%         | 21.59%        |
| 43         | Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)   | 10.00%         | 9.00%         |
| 44         | of which: capital conservation buffer requirement  | 1.50%          | 1.50%         |
| 45         | of which: countercyclical buffer requirement   | -              | -             |
| 46         | of which: D-SIB or G-SIB buffer requirement  | 2.50%          | 1.50%         |
| 47         | CET1 available to meet buffers (as a percentage of risk weighted assets)   | 9.16%          | 7.30%         |
|            |  |                |               |
|            | National minimum capital requirements prescribed by SBP  |                |               |
| 48         | CET1 minimum ratio   | 10.00%         | 9.00%         |
| 49         | Tier 1 minimum ratio   | 11.50%         | 10.50%        |
| 50         | Total capital minimum ratio  | 14.00%         | 13.00%        |

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2023

|   |  | 2023           | 2022  |
|---|--|----------------|---|
|   |  | Rupees in '000 |   |
| Regulatory Adjustments and Additional Information |  | Amount         | Amounts subject to Pre-Basel III treatment* |
| <b>Note 45.2.1</b>                                | <b>Common Equity Tier 1 capital: Regulatory adjustments</b>  |                |   |
| 1   | Goodwill (net of related deferred tax liability)   |                |   |
| 2   | All other intangibles (net of any associated deferred tax liability)   | 1,510,061      | 1,388,947                                   |
| 3   | Shortfall in provisions against classified assets  | -              | -   |
| 4   | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)  | -              | -   |
| 5   | Defined-benefit pension fund net assets  | -              | -   |
| 6   | Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities   | 873,226        | 582,963                                     |
| 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  | -              | 3,478,443                                   |
| 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) | 2,377,595      | -   |
| 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  | -              | -   |
| 22  | Total regulatory adjustments applied to CET1 (sum of 1 to 21)  | 4,760,882      | 5,450,353                                   |

|                    |  |   |   |
|--------------------|--|---|---|
| <b>Note 45.2.2</b> | <b>Additional Tier-1 &amp; Tier-1 Capital: regulatory adjustments</b>  |   |   |
| 23                 | Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]  | - | - |
| 24                 | Investment in own AT1 capital instruments  | - | - |
| 25                 | Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities  | - | - |
| 26                 | Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | - | - |
| 27                 | Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation   | - | - |
| 28                 | Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital   | - | - |
| 29                 | Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions  | - | - |
| 30                 | Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)   | - | - |

|                    |  |   |   |
|--------------------|--|---|---|
| <b>Note 45.2.3</b> | <b>Tier 2 Capital: regulatory adjustments</b>  |   |   |
| 31                 | Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital  | - | - |
| 32                 | Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities   | - | - |
| 33                 | Investment in own Tier 2 capital instrument  | - | - |
| 34                 | Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | - | - |
| 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)  | - | - |

|   |  | 2023           | 2022       |
|---|--|----------------|------------|
|   |  | Rupees in '000 |            |
| Additional Information  |  | Amount         | Amount     |
| <b>Note 45.2.4</b>  | <b>Risk Weighted Assets subject to pre-Basel III treatment</b>   |                |            |
| 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 | -              | -          |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b> |  |                |            |
| 38  | Non-significant investments in the capital of other financial entities   | 30,946,071     | 26,945,380 |
| 39  | Significant investments in the common stock of financial entities  | 17,296,744     | 13,214,146 |
| 40  | Deferred tax assets arising from temporary differences (net of related tax liability)  | -              | 22,299,403 |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>           |  |                |            |
| 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  | -              | -          |

Note: Rows which are not applicable for any institution should be left blank

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2023

### NOTE 45.3 Capital Structure Reconciliation

| Table: 45.3.1                         | Balance sheet of the published financial statements | Under regulatory scope of consolidation |
|---------------------------------------|---|---|
| (in thousand PKR)                     | As at period end                                    | As at period end                        |
| Assets (1)                            | (2)   | (3)                                     |
| Cash and balances with treasury banks | 294,992,570   | 294,992,570                             |
| Balanced with other banks             | 42,325,051  | 42,325,051                              |
| Lending to financial institutions     | 192,430,437   | 192,430,437                             |
| Investments                           | 4,403,364,043                                       | 4,403,364,043                           |
| Advances                              | 1,398,076,820                                       | 1,398,076,820                           |
| Operating fixed assets                | 65,418,949  | 65,418,949                              |
| Deferred tax assets                   | -   | -                                       |
| Other assets                          | 256,099,568   | 256,099,568                             |
| <b>Total assets</b>                   | <b>6,652,707,438</b>                                | <b>6,652,707,438</b>                    |

| Liabilities & Equity                        |                      |                      |
|---|----------------------|----------------------|
| Bills payable                               | 68,000,448           | 68,000,448           |
| Borrowings                                  | 2,177,743,194        | 2,177,743,194        |
| Deposits and other accounts                 | 3,674,359,379        | 3,674,359,379        |
| Sub-ordinated loans                         | -                    | -                    |
| Lease liability against right of use assets | 8,264,782            | 8,264,782            |
| Deferred tax liabilities                    | 720,183              | 720,183              |
| Other liabilities                           | 340,863,859          | 340,863,859          |
| <b>Total liabilities</b>                    | <b>6,269,951,845</b> | <b>6,269,951,845</b> |

|   |                      |                      |
|---|----------------------|----------------------|
| Share capital/ Head office capital account  | 21,275,131           | 21,275,131           |
| Reserves                                    | 79,071,471           | 79,071,471           |
| Unappropriated/ Unremitted profit/ (losses) | 218,754,398          | 218,754,398          |
| Minority Interest                           | -                    | -                    |
| Surplus on revaluation of assets            | 63,654,593           | 63,654,593           |
| <b>Total liabilities &amp; equity</b>       | <b>6,652,707,438</b> | <b>6,652,707,438</b> |

| Table: 45.3.2  | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Reference |
|--|--|---|-----------|
|  | As at period end                                   | As at period end                        |           |
| Assets (1)   | (2)  | (3)                                     | (4)       |
| Cash and balances with treasury banks  | 294,992,570  | 294,992,570                             |           |
| Balanced with other banks  | 42,325,051   | 42,325,051                              |           |
| Lending to financial institutions  | 192,430,437  | 192,430,437                             |           |
| Investments  | 4,400,986,448                                      | 4,400,986,448                           |           |
| <i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>           | 2,377,595  | 2,377,595                               | a         |
| <i>of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold</i> | -  | -                                       | b         |
| <i>of which: Mutual Funds exceeding regulatory threshold</i>   | -  | -                                       | c         |
| <i>of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)</i>  | 4,760,882  | 4,760,882                               | d         |
| <i>of which: others (mention details)</i>  | -  | -                                       | e         |
| Advances   | 1,398,076,820                                      | 1,398,076,820                           |           |
| <i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>   | -  | -                                       | f         |
| <i>general provisions reflected in Tier 2 capital</i>  | 13,163,869   | 13,163,869                              | g         |
| Fixed Assets   | 65,418,949   | 65,418,949                              |           |
| Deferred Tax Assets  | -  | -                                       |           |
| <i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>   | -  | -                                       | h         |
| <i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>  | -  | -                                       | i         |
| Other assets   | 256,099,568  | 256,099,568                             |           |
| <i>of which: Goodwill</i>  | -  | -                                       | j         |
| <i>of which: Intangibles</i>   | -  | -                                       | k         |
| <i>of which: Defined-benefit pension fund net assets</i>   | -  | -                                       | l         |
| <b>Total assets</b>  | <b>6,652,707,438</b>                               | <b>6,652,707,438</b>                    |           |

| Table: 45.3.2  | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Reference |
|--|--|---|-----------|
|  | As at period end                                   | As at period end                        |           |
| (1)  | (2)  | (3)                                     | (4)       |
| <b>Liabilities &amp; Equity</b>                                  |  |   |           |
| Bills payable  | 68,000,448   | 68,000,448                              |           |
| Borrowings   | 2,177,743,194                                      | 2,177,743,194                           |           |
| Deposits and other accounts                                      | 3,674,359,379                                      | 3,674,359,379                           |           |
| Sub-ordinated loans  | -  | -                                       |           |
| <i>of which: eligible for inclusion in AT1</i>                   | -  | -                                       | m         |
| <i>of which: eligible for inclusion in Tier 2</i>                | -  | -                                       | n         |
| Lease liability against right of use assets                      | 8,264,782  | 8,264,782                               |           |
| 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>                  | 720,183  | 720,183                                 | r         |
| Other liabilities  | 340,863,859  | 340,863,859                             |           |
| <b>Total liabilities</b>   | <b>6,269,951,845</b>                               | <b>6,269,951,845</b>                    |           |

|   |                      |                      |    |
|---|----------------------|----------------------|----|
| Share capital   | 21,275,131           | 21,275,131           |    |
| <i>of which: amount eligible for CET1</i>                                 | 21,275,131           | 21,275,131           | s  |
| <i>of which: amount eligible for AT1</i>                                  | -                    | -                    | t  |
| Reserves  | 79,071,471           | 79,071,471           |    |
| <i>of which: portion eligible for inclusion in CET1 (provide breakup)</i> | 48,038,521           | 48,038,521           | u  |
| <i>of which: portion eligible for inclusion in Tier 2</i>                 | 31,032,950           | 31,032,950           | v  |
| Unappropriated profit/ (losses)   | 218,754,398          | 218,754,398          | 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  | 63,654,593           | 63,654,593           |    |
| <i>of which: Revaluation reserves on Fixed Assets</i>                     | 44,072,725           | 44,072,725           | aa |
| <i>of which: Unrealized Gains/Losses on AFS</i>                           | 16,885,486           | 16,885,486           |    |
| <i>In case of Deficit on revaluation (deduction from CET1)</i>            |                      |                      | ab |
| <b>Total liabilities &amp; Equity</b>                                     | <b>6,652,707,438</b> | <b>6,652,707,438</b> |    |

| Basel III Disclosure Template |  |  |
|-------------------------------|--|--|
| Table: 45.3.3                 | Component of regulatory capital reported by bank | 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  | 21,275,131  |                   |
| 2   | Balance in Share Premium Account   | -           | (s)               |
| 3   | Reserve for issue of Bonus Shares  | -           |                   |
| 4   | General/ Statutory Reserves  | 48,038,521  | (u)               |
| 5   | Gain/(Losses) on derivatives held as Cash Flow Hedge   | -           |                   |
| 6   | Unappropriated/unremitted profits/ (losses)  | 218,754,396 | (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   | <b>CET 1 before Regulatory Adjustments</b>   | 288,068,048 |                   |
| <b>Common Equity Tier 1 capital: Regulatory adjustments</b> |  |             |                   |
| 9   | Goodwill (net of related deferred tax liability)   | -           | (j) - (o)         |
| 10  | All other intangibles (net of any associated deferred tax liability)   | 1,510,061   | (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  | 873,226     | (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 fixed assets/ 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) | 2,377,595   | (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  | <i>of which: significant investments in the common stocks of financial entities</i>  | -           |                   |
| 25  | <i>of which: deferred tax assets arising from temporary differences</i>  | -           |                   |

| Basel III Disclosure Template (with added column) |  |  |  |
|---|--|--|--|
|   | Table: 45.3.3  | Component of regulatory capital reported by bank | Source based on reference number from step 2 |
| 26  | National specific regulatory adjustments applied to CET1 capital   | -  |  |
| 27  | of which: Investment in TFCs of other banks exceeding the prescribed limit   | -  |  |
| 28  | of which: 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 29)  | 4,760,882  |  |
| 31  | <b>Common Equity Tier 1</b>  | 283,307,166                                      |  |
|   | <b>Additional Tier 1 (AT1) Capital</b>   |  |  |
| 32  | Qualifying Additional Tier-1 instruments plus any related share premium  | -  |  |
| 33  | of which: Classified as equity   | -  | (t)  |
| 34  | of which: Classified as liabilities  | -  | (m)  |
| 35  | Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)   | -  | (y)  |
| 36  | of which: instrument issued by subsidiaries subject to phase out   | -  |  |
| 37  | <b>AT1 before regulatory adjustments</b>   | -  |  |
|   | <b>Additional Tier 1 Capital: regulatory adjustments</b>   |  |  |
| 38  | Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)  | -  |  |
| 39  | Investment in own AT1 capital instruments  | -  |  |
| 40  | Reciprocal cross holdings in Additional Tier 1 capital instruments   | -  |  |
| 41  | 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)   |
| 42  | Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation  | -  | (ad)   |
| 43  | 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   | -  |  |
| 44  | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions   | -  |  |
| 45  | Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)  | -  |  |
| 46  | Additional Tier 1 capital  | -  |  |
| 47  | <b>Additional Tier 1 capital recognized for capital adequacy</b>   | -  |  |
| 48  | <b>Tier 1 Capital (CET1 + admissible AT1) (31+47)</b>  | 283,307,166                                      |  |
|   | <b>Tier 2 Capital</b>  |  |  |
| 49  | Qualifying Tier 2 capital instruments under Basel III plus any related share premium   | -  |  |
| 50  | Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)   | -  | (n)  |
| 51  | Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)   | -  | (z)  |
| 52  | of which: instruments issued by subsidiaries subject to phase out  | -  |  |
| 53  | General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets   | 13,163,869                                       | (g)  |
| 54  | Revaluation Reserves   | -  |  |
| 55  | of which: Revaluation reserves on fixed assets   | 44,072,725                                       | portion of (aa)                              |
| 56  | of which: Unrealized Gains/Losses on AFS   | 16,885,486                                       |  |
| 57  | Foreign Exchange Translation Reserves  | 31,032,950                                       | (v)  |
| 58  | Undisclosed/Other Reserves (if any)  | -  |  |
| 59  | <b>T2 before regulatory adjustments</b>  | 105,155,030                                      |  |
|   | <b>Tier 2 Capital: regulatory adjustments</b>  |  |  |
| 60  | 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   | -  |  |
| 61  | Reciprocal cross holdings in Tier 2 instruments  | -  |  |
| 62  | Investment in own Tier 2 capital instrument  | -  |  |
| 63  | 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)   |
| 64  | Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation  | -  | (af)   |
| 65  | Amount of Regulatory Adjustment applied to T2 capital (sum of 60 to 64)  | -  |  |
| 66  | Tier 2 capital (T2)  | 105,155,030                                      |  |
| 67  | Tier 2 capital recognized for capital adequacy   | 93,397,166                                       |  |
| 68  | Excess Additional Tier 1 capital recognized in Tier 2 capital  | -  |  |
| 69  | Total Tier 2 capital admissible for capital adequacy   | 93,397,166                                       |  |
| 70  | <b>TOTAL CAPITAL (T1 + admissible T2) (48+69)</b>  | 376,704,332                                      |  |

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2023

### Note 45.4 Main Features Template of Regulatory Capital Instruments

| Disclosure template for main features of regulatory capital instruments |   |                           |
|---|---|---------------------------|
|   | Main Features   | Common Shares             |
| 1   | Issuer  | NATIONAL BANK OF PAKISTAN |
| 2   | Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)  | NBP                       |
| 3   | Governing law(s) of the instrument  | THROUGH GOVERNMENT ACT    |
| 4   | Regulatory treatment  |                           |
|   | 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 and Standalone      |
| 7   | Instrument type   | Ordinary Shares           |
| 8   | Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)                     | PKR 21,275,131            |
| 9   | Par value of instrument   | PKR 10                    |
| 10  | Accounting classification   | Shareholders Equity       |
| 11  | Original date of issuance   | N/A                       |
| 12  | Perpetual or dated  | N/A                       |
| 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   | 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   | N/A                       |
| 21  | Existence of step up or other incentive to redeem   | No                        |
| 22  | Noncumulative or cumulative   | Not Applicable            |
| 23  | Convertible or 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  |                           |
| 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) | Not Applicable            |
| 36  | Non-compliant transitioned features   | Not Applicable            |
| 37  | If yes, specify non-compliant features  | Not Applicable            |

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2023

### 45.5 Risk Weighted Assets

The capital requirements for the banking group as per the major risk categories should be indicated in the manner given below:-

|   | Capital Requirements |                    | Risk Weighted Assets |                      |
|---|----------------------|--------------------|----------------------|----------------------|
|   | Current Year         | Prior Year         | Current Year         | Prior Year           |
| <b>Credit Risk</b>  |                      |                    |                      |                      |
| <b>On-Balance sheet</b>   |                      |                    |                      |                      |
| Portfolios subject to standardized approach (Simple or Comprehensive) |                      |                    |                      |                      |
| Sovereign   | 10,359,025           | 11,939,269         | 103,590,246          | 119,392,689          |
| Public Sector entities  | 6,523,501            | 3,861,769          | 65,235,007           | 38,617,694           |
| Banks   | 1,334,805            | 818,272            | 13,348,048           | 8,182,719            |
| Corporate   | 27,188,464           | 24,707,305         | 271,884,642          | 247,073,054          |
| Retail  | 17,710,958           | 19,224,211         | 177,109,577          | 192,242,113          |
| Residential Mortgages   | 2,528,638            | 1,927,613          | 25,286,375           | 19,276,127           |
| Past Due loans  | 1,748,485            | 1,445,397          | 17,484,847           | 14,453,972           |
| Operating Fixed Assets  | 6,390,889            | 6,381,425          | 63,908,888           | 63,814,246           |
| Other assets  | 600,870              | 1,718,853          | 6,008,704            | 17,188,527           |
|   | 74,385,634           | 72,024,114         | 743,856,336          | 720,241,141          |
| <b>Off-Balance sheet</b>  |                      |                    |                      |                      |
| Non-market related  | 14,752,867           | 19,068,479         | 147,528,673          | 190,684,787          |
| Market related  | 87,960               | 94,105             | 879,597              | 941,050              |
|   | 14,840,827           | 19,162,584         | 148,408,270          | 191,625,837          |
| <b>Equity Exposure Risk in the Banking Book</b>                       |                      |                    |                      |                      |
| Under simple risk weight method                                       | 16,084,492           | 15,436,559         | 160,844,924          | 154,365,591          |
|   | 105,310,953          | 106,623,257        | 1,053,109,530        | 1,066,232,569        |
| <b>Market Risk</b>  |                      |                    |                      |                      |
| Capital Requirement for portfolios subject to Standardized Approach   |                      |                    |                      |                      |
| Interest rate risk  | 1,421,380            | 2,538,535          | 14,213,795           | 25,385,349           |
| Equity position risk  | 16,441               | 80,950             | 164,409              | 809,502              |
| Foreign Exchange risk   | 10,691,074           | 6,736,291          | 106,910,735          | 67,362,909           |
|   | 12,128,894           | 9,355,776          | 121,288,939          | 93,557,759           |
| <b>Operational Risk</b>   | 30,445,074           | 25,868,674         | 304,450,738          | 258,686,736          |
| <b>TOTAL</b>  | <b>147,884,921</b>   | <b>141,847,706</b> | <b>1,478,849,207</b> | <b>1,418,477,064</b> |

| Capital Adequacy Ratios     | Current Year |        | Prior Year |        |
|-----------------------------|--------------|--------|------------|--------|
|                             | Required     | Actual | Required   | Actual |
| CET1 to total RWA           | 10.00%       | 19.16% | 9.00%      | 16.30% |
| Tier-1 capital to total RWA | 11.50%       | 19.16% | 10.50%     | 16.30% |
| Total capital to total RWA  | 14.00%       | 25.47% | 13.00%     | 21.59% |