

UNITED BANK LIMITED
CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2019

1. CAPITAL ADEQUACY

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

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

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

1.2 Capital Management

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

Statutory minimum capital and capital adequacy requirements

The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10,000 million by the year ending December 31, 2015. The paid-up capital of the Bank as at December 31, 2019 stood at Rs.12,241.798 million (2018: Rs.12,241.798 million) and is in compliance with SBP requirements.

Under the SBP's Framework for Domestic Systemically Important Banks (D-SIBs) introduced vide BPRD Circular No. 04 of 2018 dated April 13, 2018, UBL has been designated as a D-SIB. In line with this framework, the Bank is required to meet the Higher Loss Absorbency (HLA) capital charge of 1.5%, in the form of Additional CET 1 capital, on a standalone as well as consolidated level during 2019. As per SBP's designation of D-SIBs for the year 2019, the HLA capital charge required to be maintained by UBL has been reduced from 1.5% to 1.0%. The revised HLA capital charge will be applicable from March 31, 2020 and will remain effective till next D-SIB designation is announced by the State Bank of Pakistan.

Banks are required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 2.5%. Furthermore, UBL is required to maintain a High Loss Absorbency Requirement of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2019. As at December 31, 2019 the Bank is fully compliant with prescribed ratios as the Bank's CAR is 18.94% whereas CET 1 and Tier 1 ratios stood at 13.72% and 14.89% respectively. The Bank and its individually regulated operations have complied with all capital requirements throughout the year.

Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.

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

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

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

The deductions from Tier 1 capital include mainly:

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

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

- i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;
- ii) Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation

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1.3 Capital Adequacy Ratio (CAR) disclosure template:

	2019 ----- (Rupees in '000) ----- Amount	2018 ----- (Rupees in '000) ----- Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	12,241,798	12,241,798
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/ Statutory Reserves	33,175,725	31,262,348
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	71,670,331	68,001,846
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	117,087,854	111,505,992
10 Total regulatory adjustments applied to CET1 (Note 1.3.1)	2,240,036	2,479,857
11 Common Equity Tier 1	114,847,818	109,026,135
Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	10,000,000	9,000,000
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	10,000,000	9,000,000
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 AT1 before regulatory adjustments	10,000,000	9,000,000
18 Total regulatory adjustment applied to AT1 capital (Note 1.3.2)	165,230	125,000
19 Additional Tier 1 capital after regulatory adjustments	9,834,770	8,875,000
20 Additional Tier 1 capital recognized for capital adequacy	9,834,770	8,875,000
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	124,682,588	117,901,135
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	3,501,359	4,442,585
27 Revaluation Reserves (net of taxes)	25,806,072	16,481,210
28 of which: Revaluation reserves on fixed assets	25,152,570	25,551,923
29 of which: Unrealized gains/losses on AFS	653,502	(9,070,713)
30 Foreign Exchange Translation Reserves	26,143,886	23,176,890
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	55,451,317	44,100,685
33 Total regulatory adjustment applied to T2 capital (Note 1.3.3)	360,000	-
34 Tier 2 capital (T2) after regulatory adjustments	55,091,317	44,100,685
35 Tier 2 capital recognized for capital adequacy	33,900,041	38,449,649
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	33,900,041	38,449,649
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	158,582,629	156,350,784
39 Total Risk Weighted Assets (RWA) {for details refer Note 1.6}	837,193,007	881,419,940
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	13.72%	12.37%
41 Tier-1 capital to total RWA	14.89%	13.38%
42 Total capital to total RWA	18.94%	17.74%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	10.00%	7.90%
44 of which: capital conservation buffer requirement	2.50%	1.90%
45 of which: countercyclical buffer requirement	-	-
46 of which: D-SIB or G-SIB buffer requirement	1.50%	-
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	3.72%	4.47%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	6.0%	6.0%
49 Tier 1 minimum ratio	7.5%	7.5%
50 Total capital minimum ratio	10.0%	10.0%

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Regulatory Adjustments and Additional Information

	2019	2018
	Amount	Amount
----- (Rupees in '000) -----		
1.3.1 Common Equity Tier 1 capital: Regulatory adjustments		
1 Goodwill (net of related deferred tax liability)	-	-
2 All other intangibles (net of any associated deferred tax liability)	1,951,040	1,719,348
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	288,996	760,509
7 Cash flow hedge reserve	-	-
8 Investment in own shares/ CET1 instruments	-	-
9 Securitization gain on sale	-	-
10 Capital shortfall of regulated subsidiaries	-	-
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-
12 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
13 Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
15 Amount exceeding 15% threshold	-	-
16 of which: significant investments in the common stocks of financial entities	-	-
17 of which: deferred tax assets arising from temporary differences	-	-
18 National specific regulatory adjustments applied to CET1 capital	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-
20 Any other deduction specified by SBP (mention details)	-	-
21 Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-
22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)	2,240,036	2,479,857
1.3.2 Additional Tier-1 : regulatory adjustments		
23 Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
24 Investment in own AT1 capital instruments	-	-
25 Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	165,230	125,000
26 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
27 Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
28 Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
29 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-
30 Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	165,230	125,000
1.3.3 Tier 2 Capital: regulatory adjustments		
31 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
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	360,000	-
36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	360,000	-
----- Rupees in '000 -----		
1.3.4 Additional Information		
Risk Weighted Assets subject to pre-Basel III treatment		
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
(i) of which: deferred tax assets	-	-
(ii) of which: Defined-benefit pension fund net assets	-	-
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
38 Non-significant investments in the capital of other financial entities	-	-
39 Significant investments in the common stock of financial entities	-	-
40 Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2		
41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-
42 Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
43 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
44 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

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1.4 Capital Structure Reconciliation

Step 1

Balance Sheet
as per published
financial
statements
As at Dec 31, 2019
 ----- (Rupees in '000) -----

Under regulatory
scope of
consolidation
As at Dec 31, 2019

Assets

Cash and balances with treasury banks	235,861,767	235,861,767
Balances with other banks	20,729,005	20,729,005
Lending to financial institutions	20,246,576	20,246,576
Investments	840,448,487	840,448,487
Advances	636,219,771	636,219,771
Operating fixed assets	54,347,879	54,347,879
Deferred tax assets - net	3,300,164	3,300,164
Other assets	82,541,058	82,541,058
Total assets	1,893,694,707	1,893,694,707

Liabilities & Equity

Bills payable	22,926,596	22,926,596
Borrowings	154,484,000	154,484,000
Deposits and other accounts	1,467,063,461	1,467,063,461
Sub-ordinated loans	10,000,000	10,000,000
Liabilities against assets subject to finance lease	-	-
Deferred tax liability - net	-	-
Other liabilities	70,151,767	70,151,767
Total liabilities	1,724,625,824	1,724,625,824

Share capital	12,241,798	12,241,798
Reserves	59,319,611	59,319,611
Surplus on revaluation of assets - net of deferred tax	25,837,143	25,837,143
Unappropriated profit	71,670,331	71,670,331
Total equity	169,068,883	169,068,883

Total liabilities and equity	1,893,694,707	1,893,694,707
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1.4 Capital Structure (Contd.)
Step 2

	Balance Sheet as per published financial statements As at Dec 31, 2019 ----- (Rupees in '000) -----	Under regulatory scope of consolidation As at Dec 31, 2019	Reference
Assets			
Cash and balances with treasury banks	235,861,767	235,861,767	
Balances with other banks	20,729,005	20,729,005	
Lendings to financial institutions	20,246,576	20,246,576	
Investments	840,448,487	840,448,487	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-	a
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	c
<i>of which: reciprocal crossholding of capital instrument</i>	454,226	454,226	d
<i>of which: Investment in own shares/ CET1 instruments</i>	-	-	e
Advances	636,219,771	636,219,771	
<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>	3,501,359	3,501,359	g
Fixed Assets	54,347,879	54,347,879	
<i>of which: Goodwill</i>	-	-	j
<i>of which: Intangibles</i>	1,951,040	1,951,040	k
Deferred Tax Assets	3,300,164	3,300,164	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	3,300,164	3,300,164	i
Other assets	82,541,058	82,541,058	
<i>of which: Defined-benefit pension fund net assets</i>	-	-	l
Total assets	1,893,694,707	1,893,694,707	
Liabilities & Equity			
Bills payable	22,926,596	22,926,596	
Borrowings	154,484,000	154,484,000	
Deposits and other accounts	1,467,063,461	1,467,063,461	
Sub-ordinated loans	10,000,000	10,000,000	
<i>of which: eligible for inclusion in AT1</i>	10,000,000	10,000,000	m
<i>of which: eligible for inclusion in Tier 2</i>	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
<i>of which: DTLs related to goodwill</i>	-	-	o
<i>of which: DTLs related to intangible assets</i>	-	-	p
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	q
<i>of which: other deferred tax liabilities</i>	-	-	r
Other liabilities	70,151,767	70,151,767	
Total liabilities	1,724,625,824	1,724,625,824	
Share capital	12,241,798	12,241,798	
<i>of which: amount eligible for CET1</i>	12,241,798	12,241,798	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	59,319,611	59,319,611	
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	33,175,725	33,175,725	u
<i>of which: portion eligible for inclusion in Tier 2</i>	26,143,886	26,143,886	v
Unappropriated profit/ (losses)	71,670,331	71,670,331	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	25,837,143	25,837,143	
<i>of which: Revaluation reserves on Property</i>	25,152,570	25,152,570	aa
<i>of which: Unrealized Gains/Losses on AFS</i>	653,502	653,502	
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	ab
Total liabilities and equity	1,893,694,707	1,893,694,707	

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1.4 Capital Structure (Contd.)

Step 3	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	12,241,798	(s)
2 Balance in Share Premium Account	-	
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	33,175,725	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated/unremitted profits/(losses)	71,670,331	(w)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8 CET 1 before Regulatory Adjustments	117,087,854	
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	1,951,040	(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	288,996	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of property/ AFS	-	(ab)
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23 Amount exceeding 15% threshold	-	
24 of which: significant investments in the common stocks of financial entities	-	
25 of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 Investment in TFCs of other banks exceeding the prescribed limit	-	
28 Any other deduction specified by SBP (mention details)	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30 Total regulatory adjustments applied to CET1 (sum of 9 to 25)	2,240,036	
Common Equity Tier 1	114,847,818	
Additional Tier 1 (AT 1) Capital		
31 Qualifying Additional Tier-1 instruments plus any related share premium	10,000,000	
32 of which: Classified as equity	-	(t)
33 of which: Classified as liabilities	10,000,000	(m)
34 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35 of which: instrument issued by subsidiaries subject to phase out	-	
36 AT1 before regulatory adjustments	10,000,000	

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	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
Additional Tier 1 Capital: regulatory adjustments		
37 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38 Investment in own AT1 capital instruments		
39 Reciprocal cross holdings in Additional Tier 1 capital instruments	165,230	
40 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		(ac)
41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		(ad)
42 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
43 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
44 Total of Regulatory Adjustment applied to AT1 capital	165,230	
45 Additional Tier 1 capital	9,834,770	
46 Additional Tier 1 capital recognized for capital adequacy	9,834,770	
	124,682,588	
Tier 1 Capital (CET1 + admissible AT1)		
Tier 2 Capital		
47 Qualifying Tier 2 capital instruments under Basel III	-	(n)
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-BaseI III instruments)	-	
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50 of which: instruments issued by subsidiaries subject to phase out	-	
51 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	3,501,359	(g)
52 Revaluation Reserves eligible for Tier 2	25,806,072	
53 of which: portion pertaining to Property	25,152,570	portion of (aa)
54 of which: portion pertaining to AFS securities	653,502	
55 Foreign Exchange Translation Reserves	26,143,886	(v)
56 Undisclosed/Other Reserves (if any)		
57 T2 before regulatory adjustments	55,451,317	
Tier 2 Capital: regulatory adjustments		
58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
59 Reciprocal cross holdings in Tier 2 instruments	-	
60 Investment in own Tier 2 capital instrument	-	
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
62 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	360,000	(af)
63 Amount of Regulatory Adjustment applied to T2 capital	360,000	
64 Tier 2 capital (T2)	55,091,317	
65 Tier 2 capital recognized for capital adequacy	33,900,041	
66 Excess Additional Tier 1 capital recognized in Tier 2 capital		
67 Total Tier 2 capital admissible for capital adequacy	33,900,041	
TOTAL CAPITAL (T1 + admissible T2)	158,582,629	

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1.5.1 Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

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

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1.5.2 Disclosure for main features of Regulatory Capital Instrument - Debt Instruments

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



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1.6 Risk Weighted Assets

	Capital Requirements		Risk Weighted Assets	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Credit Risk				
On-Balance sheet				
Sovereign	10,618,971	8,777,572	106,189,715	87,775,719
Public Sector entities	929,549	809,234	9,295,493	8,092,339
Banks	3,810,791	5,275,755	38,107,910	52,757,550
Corporate	24,326,800	30,233,917	243,268,005	302,339,170
Retail	3,910,377	3,777,622	39,103,774	37,776,223
Residential Mortgages	165,255	156,297	1,652,547	1,562,965
Past Due loans	1,488,582	1,957,877	14,885,818	19,578,774
Listed equity investments	328,692	1,934,049	3,286,917	19,340,489
Unlisted equity investments	89,263	87,287	892,627	872,874
Commercial Entity	65,622	65,622	656,223	656,223
Operating Fixed Assets	5,239,684	4,579,910	52,396,839	45,799,099
Significant investment	2,482,204	3,575,434	24,822,040	35,754,335
Other assets	2,722,487	3,141,366	27,224,866	31,413,664
	56,178,277	64,371,942	561,782,774	643,719,424
Off-Balance sheet				
Non-market related	7,542,622	8,451,458	75,426,220	84,514,575
Market related	448,129	157,306	4,481,292	1,573,060
	7,990,751	8,608,764	79,907,512	86,087,635
Market Risk				
Interest rate risk	1,399,812	560,117	17,497,650	7,001,462
Equity position risk	2,268,820	-	28,360,250	-
Foreign Exchange risk	218,028	239,222	2,725,348	2,990,276
	3,886,660	799,339	48,583,248	9,991,738
Operational Risk				
	11,753,558	11,329,691	146,919,473	141,621,143
	79,809,246	85,109,736	837,193,007	881,419,940
Capital adequacy ratio				
Total eligible regulatory capital held	158,582,629	156,350,784		
Total risk weighted assets	837,193,007	881,419,940		
CET1 to total RWA	13.72%	12.37%		
Tier-1 capital to total RWA	14.89%	13.38%		
Total capital to total RWA	18.94%	17.74%		

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1.7 Credit risk - General disclosures

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

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

Types of exposure and ECAIs used

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

Mapping to SBP Rating Grades

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

Long Term Rating Grades mapping

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

Short Term Rating Grades mapping

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



where you come first

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1.8 Credit exposures subject to Standardized Approach

Exposures	Rating category / risk weights	2019 (Rupees in '000)			2018 (Rupees in '000)		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Cash and cash equivalents	-	17,857,105	-	17,857,105	16,762,182	-	16,762,182
Claims on Federal and Provincial Governments and SBP, denominated in PKR	-	532,360,845	47,648,886	484,711,959	681,775,860	57,621,287	624,154,573
Foreign currency claims on SBP arising out of statutory obligations in Pakistan	-	13,492,699	-	13,492,699	11,116,555	-	11,116,555
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	1 2 3 4.5 6 Unrated	47,452,282 - 725,513 93,186,775 7,755,932 1,006,286	2,630 - - - - -	47,449,652 - 725,513 93,186,775 7,755,932 1,006,286	51,344,078 - 4,455,744 76,538,590 5,146,404 1,503,016	40,832 - 12,011 207,360 - -	51,303,246 - 4,443,733 76,331,230 5,146,404 1,503,016
		150,126,788	2,630	150,124,158	138,987,832	260,203	138,727,629
Corporates	0 1 2 3,4 5,6 Unrated-1 Unrated-2	- 116,418,633 109,023,222 11,614,601 - 155,685,495 67,418,612	- 5,253,079 768,944 384,051 - 24,286,866 7,642,584	- 111,165,554 108,254,278 11,230,550 - 131,398,629 59,776,028	- 102,328,144 76,672,696 7,539,687 - 203,408,784 108,762,130	- 108,977 198,001 438,654 - 29,484,973 9,551,197	- 102,219,167 76,474,695 7,101,033 - 173,923,811 99,210,933
		460,160,563	38,335,524	421,825,039	498,711,441	39,781,802	458,929,639
Claims on banks with maturity less than 3 months and denominated in foreign currency	1,2,3 4,5 6 Unrated	804,546 30,816 - 1,871,491	- - - -	804,546 30,816 - 1,871,491	1,412,688 1,072,144 - 4,321,399	- - - -	1,412,688 1,072,144 - 4,321,399
		2,706,853	-	2,706,853	6,806,231	-	6,806,231
Banks - others	0 1 2,3 4,5 6 Unrated	- 133,059,771 37,587,378 14,400,948 6,303 35,379,772	- 89,573,003 211 - - -	- 43,486,768 37,587,167 14,400,948 6,303 35,379,772	- 235,649,192 38,543,559 17,086,398 26,758 35,561,835	- 149,964,389 - 24,403 - 72,199	- 85,684,802 38,543,559 17,061,995 26,758 35,489,636
		220,434,172	89,573,214	130,860,958	326,867,742	150,060,991	176,806,750
Public sector enterprises	0 1 2,3 4,5 6 Unrated	- 55,323,990 13,885,079 - - 151,030,140	- 13,427,549 6,996,021 - - 147,884,951	- 41,896,441 6,889,058 - - 3,145,189	- 32,016,983 11,154,610 - - 191,986,684	- 16,818,423 4,336,668 - - 183,277,501	- 15,198,560 6,817,942 - - 8,709,183
		220,239,209	168,308,521	51,930,688	235,158,277	204,432,592	30,725,685
Retail portfolio	75%	62,900,717	6,333,511	56,567,206	59,018,246	6,229,750	52,788,495
Claims fully secured by Residential mortgage	35%	4,721,563	-	4,721,563	4,465,615	-	4,465,615
		67,622,280	6,333,511	61,288,769	63,483,861	6,229,750	57,254,110
Equity investments	- Listed - Unlisted - Commercial Entity (Holding greater than 10%)	3,286,917 595,084 65,622	- - -	3,286,917 595,084 65,622	19,340,489 581,916 65,622	- - -	19,340,489 581,916 65,622
		3,947,623	-	3,947,623	19,988,027	-	19,988,027
Past due loans secured against mortgage of residential property:							
- less than 20% provided	100%	-	-	-	-	-	-
- greater than 20% provided	50%	-	-	-	-	-	-
		-	-	-	-	-	-
Past due loans - others							
- Less than 20% provided	150%	4,894,748	410,626	4,484,122	10,953,668	-	10,953,668
- Between 20% to 50% provided	100%	7,118,143	-	7,118,143	1,781,216	-	1,781,216
- More than 50% provided	50%	2,082,985	-	2,082,985	2,734,111	-	2,734,111
		14,095,876	410,626	13,685,250	15,468,995	-	15,468,995
Significant investment	250%	9,928,816	-	9,928,816	14,301,734	-	14,301,734
Fixed assets	100%	52,396,839	-	52,396,839	45,799,099	-	45,799,099
Others	100%	27,234,439	-	27,234,439	31,413,664	-	31,413,664
		1,792,604,107	350,612,912	1,441,991,195	2,106,641,500	458,386,625	1,648,254,873

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

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

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

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

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2 Leverage Ratio

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

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

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

The Leverage ratio of the Bank for the year ended December 31, 2019 stood at 5.25% (2018: 4.87%) and is in compliance with SBP minimum requirement of 3%.

	2019	2018
	----- (Rupees in '000) -----	
On-Balance Sheet Assets		
Cash and balances with treasury banks	235,861,767	183,467,358
Balances with other banks	20,729,005	23,345,698
Lendings to financial institutions	20,246,576	33,941,546
Investments	839,994,262	785,489,817
Advances	636,219,771	715,936,731
Operating fixed assets	52,396,839	45,836,784
Deferred tax assets	3,300,164	7,807,084
Financial Derivatives (A.1)	9,711,019	5,208,857
Other assets	75,873,606	86,049,393
Total Assets (A)	1,894,333,009	1,887,083,268
Derivatives (On-Balance Sheet)		
Interest Rate	873,693	5,865
Equity	-	-
Foreign Exchange & gold	8,837,326	5,202,992
Precious Metals (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection brought & sold)	-	-
Any other derivatives	-	-
Total Derivatives (A.1)	9,711,019	5,208,857
Off-Balance Sheet Items excluding derivatives		
Direct Credit Substitutes (i.e. Acceptances, general guarantees for indebtedness etc.)	40,899,748	21,791,964
Performance-related Contingent Liabilities (i.e. Guarantees)	129,311,253	144,806,270
Trade-related Contingent Liabilities (i.e. Letter of Credits)	147,813,827	169,118,835
Lending of securities or posting of securities as collaterals	80,909,312	127,323,871
Undrawn committed facilities (which are not cancellable)	71,503,628	65,695,154
Unconditionally cancellable commitments	5,888,539	3,007,502
Commitments in respect of operating leases	-	-
Commitments for the acquisition of operating fixed assets	2,038,299	1,928,603
Other commitments	-	-
Total Off-Balance Sheet Items excluding Derivatives (B)	478,364,606	533,672,199
Commitments in respect of Derivatives - Off Balance Sheet Items (Derivatives having negative fair value are also included)		
Interest Rate	-	1,583
Equity	-	-
Foreign Exchange & gold	4,402,452	2,373,008
Precious Metals (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection sold and bought)*	-	-
Other derivatives	-	-
Total Derivatives (C)	4,402,452	2,374,591
Tier-1 Capital	124,682,588	117,901,135
Total Exposures (sum of A,B and C)	2,377,100,067	2,423,130,058
Leverage Ratio	5.25%	4.87%

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3 Liquidity Coverage Ratio

Global Asset & Liability Committee (GALCO) is responsible for reviewing and approving the liquidity risk limits, ensuring the liquidity risk management practices are in line with the defined strategy. GALCO is also responsible to recommend Liquidity Risk policy for approval to BRCC / BOD. Market & Treasury Risk Division is responsible to propose, recommend and institutionalize liquidity risk management policy which is approved by the Board.

Liquidity risk is defined as the risk that a bank does not have sufficient financial resources to meet its obligation and commitments as they fall due and have no other choice to secure funds at a higher cost. The Bank ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of core deposits. All liquidity limits including deposit concentration is reviewed in ALCO on a periodic basis. The Bank performs its Liquidity stress test on a regular basis in order to ensure that sufficient liquidity is always available in order to fulfill Bank's financial commitment.

Further Liquidity Risk Management is quantified by Liquidity coverage ratio and Net Stable funding ratio as communicated by the Regulator. Liquidity Coverage Ratio (LCR) refers to the highly liquid assets held by the bank to meet its short term obligations. LCR is used as a tool to manage liquidity risk. LCR has two components: high quality liquid asset (HQLA) and total net cash outflows. HQLA comprises of those assets that can be readily sold or employed as collateral for obtaining fund HQLA structure has been divided into 1) cash and treasury balance, 2) marketable securities, 3) corporate debt securities with credit rating, 4) non-financial equity shares.

	2019		2018	
	Total Unweighted ¹ value (average)	Total weighted ² value (average)	Total Unweighted ¹ value (average)	Total weighted ² value (average)
	(Rupees in '000)		(Rupees in '000)	
HIGH QUALITY LIQUID ASSETS				
1 Total high quality liquid assets (HQLA)		530,445,724		404,144,218
2 Retail deposits and deposits from small business customers of which:				
2.1 stable deposit	815,900,619	40,795,032	59,863,050	2,993,153
2.2 Less stable deposit	166,917,263	16,691,725	864,760,991	86,476,099
3 Unsecured wholesale funding of which:				
3.1 Operational deposits (all counterparties)	23,931,777	5,982,944	2,270,761	567,690
3.2 Non-operational deposits (all counterparties)	383,434,508	212,125,765	351,699,612	186,482,360
3.3 Unsecured debt	-	-	-	-
4 Secured wholesale funding	92,269,641	4,944,570	-	7,188,789
5 Additional requirements of which:				
5.1 Outflows related to derivative exposures and other collateral requirements	3,351,009	3,351,009	145,782	145,782
5.2 Outflows related to loss of funding on debt products	-	-	-	-
5.3 Credit and Liquidity facilities	72,219,256	7,153,625	-	-
6 Other contractual funding obligations	-	-	83,910,665	8,330,033
7 Other contingent funding obligations	371,574,819	16,161,402	373,199,270	18,707,235
8 TOTAL CASH OUTFLOWS		307,206,072		310,891,141
CASH INFLOWS				
9 Secured lending	27,198,613	-	13,113,616	-
10 Inflows from fully performing exposures	140,150,349	79,199,056	157,963,035	85,925,206
11 Other Cash inflows	36,234,137	21,023,047	31,397,366	12,627,069
12 TOTAL CASH INFLOWS		100,222,103		98,552,275
		Total Adjusted Value		Total Adjusted Value
TOTAL HQLA		530,445,724		404,144,218
TOTAL NET CASH OUTFLOWS		206,983,969		212,338,866
LIQUIDITY COVERAGE RATIO		256.27%		190.33%

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

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

3 Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on level 2B and level 2 assets for HQLA and cap on inflows)

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4 Net Stable Funding Ratio

Net Stable Funding Ratio (NSFR) is used to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on – and off-balance sheet items and promotes funding stability. The ratio is defined as the amount of available stable funding (ASF), relative to the amount of required stable funding (RSF).

(Amount in PKR in thousands)

2019				
Unweighted Value By Residual Maturity				Weighted Value
No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	

ASF Item

1 Capital:					
2 Regulatory capital	117,087,854	-	-	-	117,087,854
3 Other capital instruments	65,451,317	-	-	-	65,451,317
4 business customers:	-	-	-	-	-
5 Stable deposits	-	250,712,697	85,313,984	-	319,225,348
6 Less stable deposits	-	59,991,830	20,414,371	877,192,925	949,558,506
7 Wholesale funding:	-	-	-	-	-
8 Operational deposits	-	19,137,026	3,789,570	-	11,463,298
9 Other wholesale funding	-	129,403,480	44,034,174	-	86,718,827
10 Other liabilities:	-	-	-	-	-
11 NSFR derivative liabilities	-	-	-	-	-
All other liabilities and equity not included in other categories	-	-	-	-	-
12	-	166,428,262	19,323,930	38,883,575	48,386,094
13 Total ASF					1,597,891,244

RSF item

Total NSFR high-quality liquid assets (HQLA)	-	247,354,928	388,619,350	137,149,064	17,612,741
14 Deposits held at other financial institutions for operational purposes	-	20,729,005	-	-	10,364,503
15 Performing loans and securities:	-	-	-	-	-
16 Performing loans to financial institutions secured by Level 1 HQLA	-	9,450,000	-	-	945,000
17 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-
18 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	-	-	182,769,174	155,353,798
19 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	60,428,055	39,278,236
20 Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	683,080	-	-	580,618
21 Other assets:	-	-	-	-	-
22 Physical traded commodities, including gold	-	-	-	-	-
23 Assets posted as initial margin for derivative contracts	-	-	-	-	-
24 NSFR derivative assets	-	-	-	-	-
25 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
26 All other assets not included in the above categories	-	-	93,614,800	829,595,387	876,402,787
27 Off-balance sheet items	-	-	-	1,391,664,349	69,583,217
28 Total RSF	-	-	-	-	1,170,120,900
29 Net Stable Funding Ratio (%)	-	-	-	-	136.56%

UNITED BANK LIMITED
CAPITAL ADEQUACY AND LIQUIDITY DISCLOSURES - UNCONSOLIDATED
AS AT DECEMBER 31, 2019

4 Net Stable Funding Ratio

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

	2018				Weighted Value
	Unweighted Value By Residual Maturity				
	No Maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
<i>(Amount in PKR in thousands)</i>					
ASF Item					
1 Capital:					
2 Regulatory capital	110,170,959	-	-	-	110,170,959
3 Other capital instruments	53,885,747	-	-	-	53,885,747
Retail deposits and deposit from small business customers:					
4 Stable deposits	-	-	-	-	-
5 Less stable deposits	-	-	602,697,510	-	556,141,607
6 Wholesale funding:					
7 Operational deposits	-	-	98,025	-	49,012
8 Other wholesale funding	-	-	75,171,716	-	37,585,858
9 Other liabilities:					
10 NSFR derivative liabilities	-	-	-	-	-
11 All other liabilities and equity not included in other categories	-	-	384,350	1,203,928,367	731,484,892
12 Total ASF					1,489,318,075

RSF item

14 Total NSFR high-quality liquid assets (HQLA)	-	154,893,907	8,987,098	437,292,694	25,514,402
15 Deposits held at other financial institutions for operational purposes	-	18,121,161	-	-	9,060,581
16 Performing loans and securities:					
17 Performing loans to financial institutions secured by Level 1 HQLA	-	21,000,000	-	-	2,100,000
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:					
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	0	-	112,664,648	73,232,021
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	2,011,012	-	-	1,709,360
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	-	-	480,964,064	587,859,284	828,341,316
28 Off-balance sheet items	-	-	-	435,948,372	21,798,188
29 Total RSF	-	-	-	-	1,181,920,887
30 Net Stable Funding Ratio (%)	-	-	-	-	126.01%