

IBP Awareness Session on SBP Revised Guidelines on Stress Testing

(Islamic Financial Institutions)

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Guidelines on Stress Testing

- State Bank of Pakistan (SBP), in order to further strengthen the risk management capacity of banks, DFIs & MBFs, has revised the existing stress testing (ST) guidelines to align with changing local dynamic and global best practices.
- Islamic Banks (IBs) / Islamic Banking Branches (IBBs) are required to submit ST results on the shocks under section 4.2 of the said Guidelines for four quarters (As per Annexure-B)
- Additionally, Banks, DFIs, and IBs / IBBs shall submit quarterly data set for SBPs in house ST as per revised template (Annexure-C)
- The results of SA along with data set is required to be submitted to SBP within 15 working days after the end of quarter with first submission based on Dec 31, 2020.

4.2 IBs / IBBs

- IBs / IBBs are required to perform a set of sensitivity based ST to evaluate their resilience against ***credit, market, liquidity, and operational risk.***
- Two integrated shock scenarios are also required to be performed to evaluate resilience in crisis like situation.

Types of Regulatory Shocks

- **Credit Shocks** (Section A)
- **Operational Shocks** (Section B)
- **Market Shocks** (Section C)
- **Integrated Credit & Market Shocks** (Section D)
- **Liquidity Shocks** (Section E)

Credit Shock 1A (C1A): Increase in Non Performing Financing (NPF) for different financing types

- The shock assumes that **10% of all performing financings move to sub standard**. Additionally, the migration rates from Sub standard (SS) to Doubtful (DF) and DF to Loss categories:

Table 1: Assumed Increase (%) in NPFs Portfolio		
Financing Type	Doubtful	Loss
Murabaha Financing	25%	20%
Salam Financing	10%	5%
Istisna Financing	20%	15%
Musharaka Financing	50%	30%
Ijara	15%	10%
Diminishing musharaka Financing	50%	40%
Export Finance	5%	5%
Other Islamic modes of finance	30%	20%

- Calculate the impact of increase in NPFs upon provisions
- Effective Provision Coverage Ratio would be as per the relevant prudential regulations
- Calculate the tax adjusted impact of increase in provision on post-shock CAR & CET1 ratios

Credit Sock 1B (C1B) Decrease in Value of Banking Book Assets

- Decline in **Market Value** of banking book assets under scenario is coupled with increase in NPFs in scenario C1A.
- Includes **equity exposure** i.e. Musharaka, Mudaraba, & Sukuk (AFS & HTM)
- Market Value of Banking Book Assets will decline as per following table:

Assumed decline in Investment Value under Banking Book	
Investment Type	Percent
Mudaraba Investments	15%
Musharaka Investments	15%
Public sector Sukuk	10%
Private sector Sukuk	30%

- Calculate the tax-adjusted impact of decrease in market value of investments on post-shock CAR & CET1 ratios

Credit Shock 1C (C1C) Impact of Displacement of Commercial Risk (DCR)

- The Shock uses extreme assumption that all stressed assets under C1A (Increase in NPFs for difference financing types) and C1B (Decrease in Value of banking books assets) are financed by unrestricted profit-sharing investment account holders (UPSIA).
- Banks are required to have capital cover to manage DCR. Alpha represents the risk of share borne by IBs / IBBs. **They may use appropriate value of Alpha in the light of their business practices.** Alpha will be calculated and multiplied with the with the combined impact of both an increase in NPFs and a decrease in market value of investments.

Displaced Commercial Risk

- The risk that the Bank may confront commercial pressure to pay returns that exceed the rate that has been earned on its assets financed by investment account holders.
- The extent of additional risk borne by an IBs shareholders (i.e its own capital) in comparison to the situation where the IAH assume all commercial risks associated with the assets financed by their funds.
- The Bank foregoes part or its entire share of profit in order to retain its fund providers and dissuade them from withdrawing their funds.
- Larger the DCR to which shareholders are exposed, larger the capital requirement

What is Alpha?

- ▶ Alpha is the ratio of actual risk transferred to shareholders of Islamic banks in relation to Profit-Sharing Investment Accounts (PSIAs)
- ▶ Commercial risks of assets financed by Unrestricted Profit-Sharing Investment Account (UPSIA)
- ▶ The quantification and use of this alpha parameter in the CAR calculation are subject to supervisory discretion.

$\alpha=0$	$\alpha=1$	$0 \leq \alpha \leq 1$
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What is Alpha?

If $\alpha=0$

- PSIA is in effect a pure investment carrying the full risk of loss
- DCR = 0

If $\alpha=1$

- PSIA is considered akin to deposits with both principal and return implicitly guaranteed
- DCR is at its maximum level

If $0 < \alpha < 1$

- IB is managing the PSIA to avoid being in either extreme
- DCR > 0

Credit Shock 2A (C2A): Increase in NPFs for different sectors of economy

- The shock assumes that **10% of total performing financing move to sub standard (SS)**. Additionally, the migration rates from Sub standard (SS) to Doubtful (DF) and DF to Loss categories:

Assumed Increase (%) in NPFs Sector wise	<i>Doubtful</i>	<i>Loss</i>
Chemical & Pharmaceuticals	5%	20%
Textile	5%	50%
Agribusiness	5%	20%
Cement	5%	20%
Sugar	5%	15%
Shoes & leather garments	5%	10%
Automobile & transportation equipment	5%	50%
Financial	5%	10%
Insurance	5%	5%
Electronic & electrical appliances	5%	10%
Production & transmission of energy	5%	10%
Individuals	5%	50%
Others	5%	50%

Credit Shock 2 (C2B): Impact of DCR

- **Credit Shock 2B (C2B):**The second stage of shock assumes that sector wise financing portfolio has been financed by UPSIA and alpha will be applied.
- For calculation of post-shock CAR & CET1, the Alpha result will be calculated and multiplied with the impact under C2A similar to the one already done in C1C-Impact of DCR.
- This shock does not take into account the decline in investment value of banking book.

Credit Shock 3 (C3): Increase in NPFs for different segments

- **Credit Shock 3A (C3A):** Increase in segment wise NPFs.
- The shock assumes that **10% of performing financings related to all segments become sub standard (SS)**. Additionally, the migration rates from Sub standard (SS) to Doubtful (DF) and DF to Loss categories:

Assumed Increase (%) in NPFs- Business Segment	Doubtful	Loss
Corporate	10%	50%
SME	10%	30%
Agriculture Financing	10%	10%
Consumer Financing	10%	30%
Commodity Financing	10%	10%
Others	10%	10%

- Calculate the impact of increase in NPFs on provisions
- Calculate the tax adjusted impact on post shock CAR & CET1

Credit Shock 3B (C3B): Impact of DCR

- **Credit Shock 3B (C3B):**The second stage of shock assumes that business segment wise financing portfolio has been financed by UPSIA and alpha will be applied.
- For calculation of CAR & CET1, The Alpha result will be calculated and multiplied with the impact under C3B similar to the one already done in C1C Impact of DCR.
- This shock does not take into account the decline in investment value of banking book.

Credit Shock 4 (C4): Default of Top Financings

- **Credit Shock 4A (C4A):** Impact of Fund Based top exposures.
- The shock estimates the additional provision required against the default of **top 2, top 3, & top 5** performing financings of private sector (Fund Based).
- The impact of increase in NPFs should also be taken on risk weighted assets, by increasing the risk weight of the un-provided part of the additional NPFs to 100%.

- **Credit Shock 4B (C4B):** Impact of fund based and non fund based top exposures as defined above- Gross Sum
- For calculation of impact under this shock, the credit conversion factor, as prescribed under BSD Circular # 8 of 2006, should be applied to the non-fund based exposure to arrive at credit equivalent amount (CEA).
- **Credit Shock 4C (C4C):** Impact of DCR

Credit Shock 5 (C5) Depletion in value of collateral

- This scenario assumes that the forced sale value (FSV) of overall pledged/collateralized (underlying) assets, against the performing financings, falls drastically due to stressed economic conditions.
- This would lead to an increase in RWAs as the risk profile of financing will deteriorate.
- Following are the three levels of shocks

Shock	Fall in FSV will lead to increase in RWAs by:
Shock Level 1	10%
Shock Level 2	20%
Shock Level 3	30%

- To calculate impact under this shock, RWAs will increase as a result of fall in FSV and post shock CAR & CET1 will be calculated.

Credit Shock 6 (C6) Critical Infection Levels

- This shock estimates NPFs to Financing Ratio (NPFR), assuming that outstanding financing remains same and additional NPFs are directly categorized as loss.
- Following are the three levels of shocks

S #	NPFs rise to the extent that:
I	CAR fall below regulatory requirement
II	NPFR raise to the maximum level reached in last 10 years
III	Capital is wiped out

- Post shock NPFs to financing ratio (NPFR) will be calculated by applying above shocks.

Operational Risk Shocks (Section B)

Assume that losses are paid by cash / low risk assets i.e. no impact on RWAs. The impact on capital would be adjusted for tax as in credit shocks.

Penalty / Losses due to:

1. AML/CFT Violations (O1)

- I. 1% of total assets
- II. 3% of total assets and
- III. The largest penalty imposed on the institution over the last 10 years.

2. Cyber Security Breaches (O2)

- I. 1% of total assets
- II. 2% of total assets and
- III. The largest cyber security related loss suffered by the institution over the last 10 years.

Shocks levels – Tax Adjusted Impact on Capital and CAR and CET1 ratio will be taken due to losses/penalties

Operational Risk Shocks (Section B)

Assume that losses are paid by cash / low risk assets i.e. no impact on RWAs. The impact on capital would be adjusted for tax as in credit shocks.

Penalty / Losses due to:

3. Sharia-Non Compliance (O3)

- I. 0.5% of total assets
- II. 1.5% of total assets and
- III. The largest Shariah Non-Compliance related loss suffered by the institution over the last 10 years.

4. General Operational Losses (O4)

- I. 1x quarterly gross income
- II. 2x of quarterly gross income and
- III. 3x of quarterly gross income.

Shocks levels – Tax Adjusted Impact on Capital and CAR and CET1 ratio will be taken due to losses/penalties

Market Shocks (Section C)

Market shock 1 (M1): Inventory Price Shock

Market shock 2 (M2): Shock to Trading Portfolio of Sukuk, Mutual Funds and Equities

Market shock 3(M3): Currency Price Shock

Market shock 1 (M1): Inventory Price Shock

- This shock assumes deflationary trend in the economy where prices of commodities fall drastically, thus causing a significant decline in the market value of the inventory held under the financings contracts.

Assumed decrease in Prices of Inventory

Inventory Type	Percent
Murabaha Inventory	15%
Ijara Assets	20%
Istisna Inventory	15%
Salam Inventory	15%
Tijara Inventory	15%
Other Inventory (Musawwama etc.)	15%

- Under this scenario, the decrease in the prices of inventory will require to book deficit, therefore the impact of this shock is taken to common equity.
- The impact is also adjusted in RWAs to arrive at aftershock CET-1 & CAR ratio.
- Similar to the methodology explained in Credit Shock C1B. Only difference is application of shocks on different types of Inventories rather than Investments.

Market shock 2 (M2): Shock to Trading Portfolio of Sukuk, Islamic Collective Investments (ICI) and Equities

- **Market Shock 2A(M2A):** Shock to value of Sukuks, ICIs and equities.
- This Shock assumes significant decrease in the market value of Sukuks, Mutual Funds and Equity/ Shares portfolio held in the Trading Book.

Assumed Decrease in Market Value in Trading Portfolio

Investments	Percent
Sukuk	
- Public Sector	10%
- Private Sector	30%
Mutual Funds	15%
Equity Position	30%

- Methodology for calculation of post-shock CAR and CET1 is similar to Credit Shock C1B. However, risk weights for Sukuks, Mutual funds and Shares would be 50%, 150% and 200%, respectively.

Market shock 2B (M2B): Impact of DCR

- It is assumed that the investments portfolio, considered in M2A, was funded by the un-restricted profit-sharing investment account holders (UPSIA), hence, the impact of alpha factor has been considered while estimating post-shock CET1 and CAR ratio.
- Using the methodology explained in Credit Shock C1C, M2B assesses the implication of DCR.

Market shock 3 (M3): Currency Price Shock

- This shock assesses resilience of IFI towards depreciation of local currency against the major currencies in the trading book. The IFI should assume a depreciation rate equal to the maximum local currency depreciation (annual) over the last three years against major currencies and any other currencies if it constitutes equal to or more than 10% of net position.
- Short position in any of these major currencies would result in a deficit for the Bank. This trading book loss will reduce the Common Equity as well as RWAs.
- Revaluation losses will be calculated, summed in terms of local currency and will be subtracted from pre-shock capital and RWAs to compute post-shock CAR and CET1 Ratio.

Integrated Credit and Market Shocks (Section D)

Integrated Credit and Market Shock Scenario 1 (ICM-1)

This shock is the combination of:

- *Increase in NPFs of financing portfolio - Facility/ Product wise*
- *Decline in Banking Book and Inventories*

Integrated Credit and Market Shock Scenario 2 (ICM-2)

This shock is the combination of:

- *Increase in NPFs of financing portfolio – Business Segment wise*
- *Decrease in Market Value in Trading Book*

Both the above Shock scenarios incorporate Alpha factor to account for implications on DCR

Liquidity Shocks (Section E)

Liquidity Risk 1 (L1): Significant Withdrawals of Deposits

Liquidity Risk 2 (L2): Consecutive withdrawal of PSIA

Liquidity Risk 3 (L3): Shock to (Proxy) Liquidity Coverage Ratio

Liquidity Risk 1 (L1): Significant Withdrawals of Deposits

- This shock considers that under distressed macroeconomic scenario, the losses from asset side force a reduction in profits to be distributed to UPSIA- may result in significant drawdown of following deposit categories leading to decrease in liquid assets.
- Bank should apply separate drawdown factors to each of the following:

Assumption of withdrawals

Deposit Category	Percent
Wholesale Deposits	30%
Retail / Individuals Deposits	20%
Financial Institutions Deposits	100%

- This scenario uses **post-shock liquid assets to total assets ratio (LAR)** and **post-shock liquid assets to total deposits ratio (LDR)** to assess the impact of this shock on the liquidity profile.

Liquidity Risk 2 (L2): Consecutive withdrawal of PSIA

- This shock assumes significant withdrawal of UPSIA for consecutive 5 days and assesses its impact on liquid assets of the IFI.

Assumed withdrawals of PSIA

<i>Withdrawals on</i>	<i>Percent</i>
Day 1	2%
Day 2	5%
Day 3	10%
Day 4	10%
Day 5	10%

- By sequentially subtracting cumulative withdrawals from pre-shock value of liquid assets, we may assess level of liquid assets at different days of shock. This can determine on which day liquidity crunch is faced by the IFI and pushes it into liquidity crisis.
- Indicative LAR and LDR may be calculated by using quantum of liquid assets at DAY 5.

Liquidity Risk 3 (L3): Shock to (Proxy) Liquidity Coverage Ratio

- This shock assumes a decline in the value of High Quality Liquid Assets (HQLA) under the distressed market and liquidity scenario, which would affect the bank's capacity to meet its short term obligations.
- Additionally, shock also assumes an increase in contractual outflows and decline in contractual inflows during the next 30 days.

Assumed Shock to LCR

<i>Changes in liquid inflows/outflows</i>	<i>Percent</i>
Decline in the HQLAs	20%
Increase in Cash Outflows	10%
Decrease in Cash Inflows	10%

- Proxy LCR may be calculated after applying above shocks.

Challenges

- Appropriate Value of Alpha- Standardization
- Excel based calculations
- Enhanced role of Board/ BRMC-Cultural shift
- Consultative approach among stakeholders/ Ownership/ Involvement
- Risk Management Tool/ Decision Making
- Macro Stress Test
- Comprehensive Documentation
- Organizational Structure
- Capacity Building/ Adequacy of Resources
- Model Development and their Inventory, Assumptions and Judgement
- Risk Coverage/ Construction of Scenarios- Consistent and Plausible
- Data and IT Infrastructure
- Results Communication and Feedback- Interpretation of Results

Stress Testing Result Template

Annexure-B

IBs / IBBs results

Table: 1 - Stress Testing Results

For the Quarter ended on Month Date, Year

(Amount in Million PKR, Ratios in percent)

Credit Shocks

Shock to Financings Portfolio

C1	C1A - Increase in NPFs for different financing types	Change in Profit	
		After shock NPFs to Financings Ratio (%)	
		Increase in Provisions	
		Tax adjusted impact of provisions	
		After shock capital	
		After shock CAR (%)	
		After shock CET1	
	After shock CET1 (%)		
	C1B - Increase in NPFs for different financing types plus Decline in value of banking books assets	Increase in NPFs	
		After shock NPFs to NPFs Ratio (%)	
		Increase in Provisions	
		Tax adjusted impact of provisions	
		After shock capital	
		After shock CAR (%)	
		After shock CET1	
	After shock CET1 (%)		
	C1C - Increase in NPFs for different financing types plus Decline in value of banking books assets plus Impact of DCR	Increase in NPFs	
		After shock NPFs to NPFs Ratio (%)	
		Increase in Provisions	
		Tax adjusted impact of provisions	
		After shock capital	
		After shock CAR (%)	
		After shock CET1	
	After shock CET1 (%)		

Shock to Sector-wise Financings

C2

C2A - Increase in NPFs for different sectors of economy	<i>Increase in NPFs</i>	
	<i>After shock NPFs to Financings Ratio (%)</i>	
	<i>Increase in Provisions</i>	
	<i>Tax adjusted impact of provisions</i>	
	<i>After shock capital</i>	
	<i>After shock CAR (%)</i>	
	<i>After shock CET1</i>	
	<i>After shock CET1 (%)</i>	
C2B - Increase in NPFs for different sectors of economy <i>plus</i> Impact of DCR	<i>Increase in NPFs</i>	
	<i>After shock NPFs to Financings Ratio (%)</i>	
	<i>Increase in Provisions</i>	
	<i>Tax adjusted impact of provisions</i>	
	<i>After shock capital</i>	
	<i>After shock CAR (%)</i>	
	<i>After shock CET1</i>	
	<i>After shock CET1 (%)</i>	

Name of Islamic Bank/Islamic Bank Branch

Table: 1 - Stress Testing Results

For the Quarter ended on Month Date, Year

(Amount in Million PKR, Ratios in percent)

Shock to Segment-wise Financings

C3	C3A - Increase in NPFs for different segments	Increase in NPFs	
		After shock NPFs to Financings Ratio (%)	
		Increase in Provisions	
		Tax adjusted impact of provisions	
		After shock capital	
		After shock CAR (%)	
		After shock CET1	
		After shock CET1 (%)	
	C3B - Increase in NPFs for different segments plus Impact of DCR	Increase in NPFs	
		After shock NPFs to Financings Ratio (%)	
		Increase in Provisions	
		Tax adjusted impact of provisions	
		After shock capital	
		After shock CET1 (%)	

Default of Top Private Financings

		Shock Level-1	Shock Level-2	Shock Level-3	
C4	C4A - Fund based exposure	<i>Increase in NPFs</i>			
		<i>After Shock NPFs to Financings Ratio</i>			
		<i>Increase in Provisions (25% of NPFs)</i>			
		<i>Tax adjusted Impact of Provisions</i>			
		<i>After Shock Capital</i>			
		<i>After Shock Risk Weighted Assets</i>			
		<i>After Shock CAR</i>			
		<i>After Shock CET1</i>			
	<i>After shock CET1 (%)</i>				
	C4B - Fund based exposure plus Non fund based exposure	<i>Increase in NPFs</i>			
		<i>After Shock NPFs to Financings Ratio</i>			
		<i>Increase in Provisions (25% of NPFs)</i>			
		<i>Tax adjusted Impact of Provisions</i>			
		<i>After Shock Capital</i>			
		<i>After Shock Risk Weighted Assets</i>			
		<i>After Shock CAR(%)</i>			
		<i>After Shock CET1</i>			
	<i>After shock CET1 (%)</i>				
	C4C - Fund based exposure plus Non fund based exposure plus Impact of DCR	<i>Increase in NPFs</i>			
		<i>After Shock NPFs to Financings Ratio</i>			
		<i>Increase in Provisions (25% of NPFs)</i>			
		<i>Tax adjusted Impact of Provisions</i>			
		<i>After Shock Capital</i>			
		<i>After Shock Risk Weighted Assets</i>			
<i>After Shock CAR</i>					
<i>After Shock CET1</i>					
<i>After shock CET1 (%)</i>					

Shock to Collateral Value					
			Shock Level-1	Shock Level-2	Shock Level-3
C5	Depletion in Value of Collateral	<i>After Shock RWA</i>			
		<i>After Shock CAR%</i>			
		<i>After shock CET1 (%)</i>			

Shock to Critical Infection Levels					
			Shock Level-1	Shock Level-2	Shock Level-3
C6	Critical Infection Levels	<i>Level of NPFs where relevant shock-level criteria is met for CAR</i>			
		<i>Level of NPFs where relevant shock-level criteria is met for CET1 ratio</i>			

Name of Islamic Bank/Islamic Bank Branch

Table: 1 - Stress Testing Results

For the Quarter ended on Month Date, Year

(Amount in Million PKR, Ratios in percent)

		Operational Shocks			
			Shock Level-1	Shock Level-2	Shock Level-3
O1	Penalty due AML/CFT Violations	<i>Amount of Loss/Penalty</i>			
		<i>After Shock Capital</i>			
		<i>After Shock CAR</i>			
		<i>After Shock CET1</i>			
		<i>After shock CET1 (%)</i>			
O2	Losses due to Cybersecurity Breaches	<i>Amount of Loss/Penalty</i>			
		<i>After Shock Capital</i>			
		<i>After Shock CAR</i>			
		<i>After Shock CET1</i>			
		<i>After shock CET1 (%)</i>			
O3	Losses due to Sharia-Non Compliance	<i>Amount of Loss/Penalty</i>			
		<i>After Shock Capital</i>			
		<i>After Shock CAR</i>			
		<i>After Shock CET1</i>			
		<i>After shock CET1 (%)</i>			
O4	General Operational Losses	<i>Amount of Loss/Penalty</i>			
		<i>After Shock Capital</i>			
		<i>After Shock CAR</i>			
		<i>After Shock CET1</i>			
		<i>After shock CET1 (%)</i>			

Name of Islamic Bank/Islamic Bank Branch

Table: 1 - Stress Testing Results

For the Quarter ended on Month Date, Year

(Amount in Million PKR, Ratios in percent)

Market Shocks				
M1	Inventory Price Shock	<i>Decrease in value of inventories</i>		
		<i>Increase in provisions</i>		
		<i>Tax adjusted impact of provisions</i>		
		<i>After shock capital</i>		
		<i>After shock RWA</i>		
		<i>After shock CAR (%)</i>		
		<i>After shock CET1</i>		
		<i>After shock CET1 (%)</i>		
M2	M2A - Shock to Trading portfolio of Sukuk, Islamic Collective Investments (ICI) and Equities	<i>Decrease in value of investments</i>		
		<i>Increase in provisions</i>		
		<i>Tax adjusted impact of provisions</i>		
		<i>After shock capital</i>		
		<i>After shock RWA</i>		
		<i>After shock CAR (%)</i>		
		<i>After shock CET1</i>		
			<i>After shock CET1 (%)</i>	
	M2B - Shock to Trading portfolio of Sukuk, Islamic Collective Investments (ICI) and Equities plus Impact of DCR	<i>Decrease in value of investments</i>		
		<i>Increase in provisions</i>		
		<i>Tax adjusted impact of provisions</i>		
		<i>After shock capital</i>		
		<i>After shock RWA</i>		
		<i>After shock CAR (%)</i>		
<i>After shock CET1</i>				
		<i>After shock CET1 (%)</i>		
M3	Currency Price Shock	<i>Decrease in value of foreign currencies (based on NOP)</i>		
		<i>After shock capital (without tax adjustment)</i>		
		<i>After shock CAR (%)</i>		
		<i>After shock CET1 (without tax adjustment)</i>		
		<i>After shock CET1 (%)</i>		

Integrated Credit and Market Shocks

ICM1	Increase in NPFs plus decrease in value of inventories and banking book investments	<i>Change in NPFs and decline in value of investments</i>	
		<i>Increase in Provisions</i>	
		<i>Tax adjusted impact of provisions</i>	
		<i>After shock capital</i>	
		<i>After shock CAR (%)</i>	
		<i>After shock CET1</i>	
		<i>After shock CET1 (%)</i>	
ICM2	Increase in different segments NPFs plus decrease in value of trading book investments plus impact of DCR	<i>Change in NPFs and decline in value of investments</i>	
		<i>Increase in provisions</i>	
		<i>Tax adjusted impact of provisions</i>	
		<i>After shock capital</i>	
		<i>After shock CAR (%)</i>	
		<i>After shock CET1</i>	
		<i>After shock CET1 (%)</i>	

Name of Islamic Bank/Islamic Bank Branch

Table: 1 - Stress Testing Results

For the Quarter ended on Month Date, Year

(Amount in Million PKR, Ratios in percent)

Shocks to Liquidity

L1	Significant Withdrawals of Deposits	After shock liquid assets	
		After shock total assets	
		After shock total deposits	
		After shock liquid assets to total assets ratio (%)	
		After shock liquid assets to total deposits ration (%)	
L2	Consecutive withdrawal of PSIA	After shock liquid assets on Day-5 of shock	
		After shock total deposits on Day-5 of shock	
		After shock total assets on Day-5 of shock	
		After shock liquid assets to total assets ratio (%) on Day-5 of shock	
		After shock liquid assets to total deposits ration (%) on Day-5 of shock	
L3	Shock to (Proxy) Liquidity Coverage Ratio	After shock HQLAs	
		After shock cash outflows	
		After shock cash inflows	

Thank You