



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



شہید محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK

سندھ بینک

POWER TO THE PEOPLE

بااختیار عوام

ANNUAL
2024
REPORT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Vision

Our vision is to be a leading bank which would play a positive role to generate economic activities for empowering the people by meeting their financial needs for running a successful business and create employment opportunities.

Mission

To develop as a leading Commercial Bank in the country by meeting its stated objectives of promoting economic development of the country in general and in the Province of Sindh in particular.

Contents

Entity Ratings and Core Values	01
Corporate Information	02
Chairman's Review	03
Profile of the Board of Directors	05
Board of Directors	07
Committees of the Board	08
Terms of Reference	09
Profiles of the Shariah Board Members	10
Disclosure on Remuneration Policy of the Bank	11
Statement of Ethics and Business Practices	12
Management	13
Directors' Report	17
Key Performance Indicators	34
Vertical Analysis	35
Horizontal Analysis	36
Review Report on Code of Corporate Governance	38
Corporate Governance Statement (Schedule-I)	39
Statement of Internal Controls	42
Environmental & Social Risk Management / Green Banking	43
Disclosure on Consumer Grievances Handling Mechanism	44
Auditors' Report on Unconsolidated Financial Statements	45
Unconsolidated Financial Statements	48
Islamic Banking Business	132
Shariah Board Report	141
Auditors' Report on Consolidated Financial Statements	145
Consolidated Financial Statements	148
Notice of Fourteenth Annual General Meeting	229
Pattern of Shareholdings	230
Categories of Shareholders	231
Branch Network	232
Form of Proxy	236

Entity Ratings

Long - Term Rating AA-
Short - Term Rating A-1+

Definitions by VIS Credit Rating Co. Ltd
(Formerly JCR-VIS Credit Rating Co. Ltd)

Long - Term Rating AA- (Double A Minus)

Reflects high credit quality; protection factors are modest risk.
Subject to economic conditions

Short - Term Rating A-1+ (A-One Plus)

Signals the highest likelihood of timely repayments. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor

Core Values

Integrity

Taking pride in everything that is fair, honest and build trust in every situation.

Customer Focus

We live by our customers' success. We build lasting relationships with our clients.

Team Work

We communicate actively and openly. We build trust by honoring our commitments. We show respect for each other.

Innovation

We are constantly looking for ways to innovate and improve.
We embrace change as an opportunity.

Corporate Information

Board of Directors

Mr. Mohammed Aftab Alam	Chairman/Independent Director
Mr. Fayaz Ahmed Jatoi	Finance Secretary-GoS/Non-Executive Director
Mr. Javaid Bashir Sheikh	Non-Executive Director
Mrs. Shaista Bano Gilani	Independent Director
Mr. Imtiaz Ahmad Butt	Independent Director
Mr. Imran Samad	Non-Executive Director
Mr. Farhan Ashraf Khan	Non-Executive Director
Mr. Muhammad Anwaar	President & CEO

Chief Financial Officer Mr. Dilshad Hussain Khan

Company Secretary Mr. Muhammad Irfan Zafar

Auditors M/s Riaz Ahmad & Company
Chartered Accountants

Legal Advisors M/s Mohsin Tayebaly & Co

Share Registrar CDC Share Registrar Services Ltd.

Registered/Head Office 3rd Floor, Federation House,
Abdullah Shah Ghazi Road,
Clifton, Karachi-75600
UAN : +92-21-111-333-225
Fax : +92-21-35870543

Registration Number 0073917
NTN Number 3654008-7
Website www.sindhbank.com.pk
Facebook /SindhBankLimitedOfficial
Instagram /SindhBankLimited
Linkedin /company/sindh-bank-limited



Chairman's Review

On behalf of the Board of Directors of Sindh Bank, I present below a brief review, along-with the financial statements of the Bank for the year ended December 31, 2024. A detailed review is presented in the Directors' Report.

I am pleased to report that noteworthy improvements in the Bank's performance indicators were witnessed, as Bank recorded an exponential increase of 280.89% in pre-tax profit, amounting to Rs.2.50 billion for the year, compared to Rs.656.81 million in the previous year. This growth was primarily attributable to the Bank's strategic focus on the recovery of Non-Performing Loans (NPLs), which resulted in a significant reversal of credit loss provisions totaling Rs.3.61 billion. This achievement reflects the Bank's robust NPL portfolio management and prudent provisioning strategies.

Additionally, the Bank reported a Rs.608.72 million (7.62%) increase in Net Interest Income, driven by the expansion of earning assets. The strategy remained centered on cost-effective deposit mobilization, with a particular emphasis on expanding the current account base through New-to-Bank (NTB) acquisitions and continued NPL recoveries.

Post tax Profit for the year amounted to Rs.2.77 bn compared to post tax profit of Rs.2.16 bn last year. Main reason for improvement in post-tax Profit was due to reversal of deferred tax assets, during the reported period, Tax rate of banking industry increased from 39% to 44% which would further down to 42% by tax year 2027. Consequently, this change resulted in the reversal of deferred tax charge of Rs.1.90 bn.

Deposits recorded a notable increase of Rs.89.14 billion (39.88%), reaching Rs.312.71 billion, compared to Rs. 223.56 billion as on December 31, 2023, while maintaining the focus on Current Account deposits.

Gross Advances increased by Rs.21.44 bn (i.e. 27.67%) and stood at Rs.98.95bn at year-end 2024, compared to Rs.77.51 bn on December 31, 2023, mainly due to to financing in Sovereign-backed exposures.

The financial results and appropriations, as recommended by the Board, are summarized below:

	Rupees in '000
Total income	9,917,136
Profit before provisions and tax	452,908
Credit allowance and write offs	1,557,035
Reversal of credit allowance	
Profit before tax	2,501,750
Taxation	
- Current	945,418
- Prior Years	153,171
- Deferred	(1,367,169)
	(268,580)
Profit after tax	2,770,330
Accumulated loss brought forward	(10,912,821)
Effect of reclassification on adoption of IFRS - 09 net of tax	44,507
Other comprehensive income	(53,207)
Loss before appropriation	(8,151,191)
Appropriations:	
Transfer to Statutory Reserve	(554,066)
Accumulated loss as at Period end	(8,705,257)

As at the year-end, Sindh Bank's Equity (i.e. Paid-up Capital, Reserves, deficit on revaluation & accumulated losses) stood at Rupees 29.15 billion increasing by about 19.12 % over Rupees 24.47 billion last year.

Bank's Capital Adequacy Ratio stood at 21.42% as against the minimum requirement of 11.5% and Leverage Ratio stood at 4.01% against minimum requirement of 3% as on December 31, 2024.

I would like to thank the Government of Sindh for the continued help and support towards promotion and progress of the Bank. I am also thankful to the State Bank of Pakistan and other regulators for their guidance and support. The Board, management, and myself are collectively grateful for the support of our customers who are the real purpose for us to be in business.

I would also like to appreciate the continued efforts of Bank's management and staff in bringing about significant improvements in the Bank's financial indicators despite very challenging circumstances, especially in the areas of deposit mobilization, improving operating profitability, recovery of NPLs and strengthening risk management. I am confident that with their dedication and hard work, the Bank would be able to tide over these challenges, enabling the Bank to stage a turnaround, Insha'Allah.

I, on behalf of the Board, would like to assure all the stakeholders of our full cooperation and support for the future development and progress of the Bank.



Mohammed Aftab Alam
Chairman

Karachi: March 3, 2025

This review forms an integral part of the Directors' Report to the Shareholders.

Profile of the Board of Directors



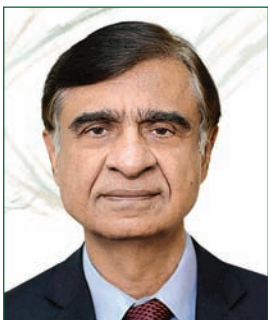
Mohammed Aftab Alam
Chairman & Independent Director

Mr. Aftab Alam is a Senior Chartered Accountant, Fellow Member of Institute of Chartered Accountants of Pakistan and Institute of Corporate Secretaries of Pakistan as well as Certified Director from IBA. He is presently working with Mega & Forbes Group (MFG) as Group Chief Financial Officer. He holds experience of IT functions including financial accounting, reporting and monitoring with automation on computer based accounting system and exposure of computerization of the system from basic transaction processing to timely financial reports.



Fayaz Ahmed Jatoi
Finance Secretary-GoS/
Non-Executive Director

Mr. Fayaz Ahmed Jatoi is a seasoned Civil Servant and presently is posted as 'Finance Secretary, GoS'. He remained as Principle Secretary & Additional Secretary in Chief Minister Secretariat Sindh, Secretary in SGA & CD, Coordinator EOC, in Health Department, and Deputy Commissioner Khairpur, Hyderabad & Jacobabad. He also remained Deputy Director Food Bahawalpur, Deputy District Shahpur, Chakwal & Malkwal with Govt of Punjab and as Secretary in several departments of GoS, in furtherance to other important positions in GoS. He is a Certified Director from PICG.



Javaid B. Sheikh
Non-Executive Director

Mr. Javaid B. Sheikh has experience of more than 45 years of various Banks/DFIs. He possesses an MBA Degree from USA and is a Certified Director from the ICAP. He is a senior partner in a Lahore-based consulting firm. He has vast experience of investment and development banking and is well known in commercial and corporate network. He also holds Membership of Privatization Commission, Pakistan.



Shaista Bano Gilani
Independent Director

Mrs. Shaista Gilani holds more than 20 years of varied experience in matters of corporate law & regulations, competition law, economic policy, enforcement, advocacy and research. She remained in SECP as a Deputy Registrar of Companies and a Focal Person, and in CCP she served as Joint Director & Director General. Lastly she served as a Member & Acting Chairperson of CCP as well as a nominated member of the complaints redressal committee of Audit Oversight Board Pakistan. During her association with CCP, she has adjudicated various important cases and her judgments have been reported in the PLD as well. She is also a voluntary Executive Member of the UGOOD, a non-governmental organization. She holds Master's in Economics in Competition Law from UK & MBA from Pakistan, as well as Member of ACCA & its Sub Committee on "Corporate Governance". She is also a Certified Director from the ICAP.



Imtiaz Ahmad Butt
Independent Director

Mr. Imtiaz A. Butt has more than 35 years of varied experience in matters of IT and Software Programming. Mr. Imtiaz has been a Director General (IT) in Lahore Electric Supply Corporation (LESCO). He was also designated as Director/Deputy Director/ IESCO & MEPCO respectively. He has worked on Diamer-Basha Dam and implemented various important Projects with IT support in Electric Distribution Companies. He holds a Master's of Statistics Degree from Punjab University, MBA from the School of Business and Commerce affiliated with Preston University, USA and a Certified Diploma holder in Software Quality Profession from the NUST/Pakistan Institute of Quality Control, and attended various courses especially in IT (Software Development Tools etc.). He is a Certified Director from LUMS.



Imran Samad
Non-Executive Director

Mr. Imran Samad remained as President & CEO of Sindh Bank Limited for a period of 4.5 Years (20.09.2019 to 03.03.2024). Mr. Samad holds more than 35 years of experience in Bank/Financial Institutions as President & CEO, Managing Director and Senior Executive/Group Head. His expertise includes Credits, Portfolio Management, Retail Banking, Corporate Finance, Islamic Banking, Agriculture Finance, IT related functions, SME, Micro Credit and others. He is a seasoned banker with extensive experience in turning around the organizations. He is a Certified Director from PICG.



Farhan Ashraf Khan
Non-Executive Director

Mr. Farhan has more than 33 years of experience in DFI / Financial Institutions like Pakistan Industrial Credit and Investment Corporation (PICIC), Mybank Limited (Summit Bank Ltd.) and Sindh Bank Limited in Management capacity. He possesses expertise as Operations Management, Credit Risk Review Management, System Policies, Procedures Development and its Implementation to improve team performance, ensuring compliance with the policies and established practices. He is also a Director on the Board of Sindh Insurance Ltd. He is a Certified Director from the ICAP.



Muhammad Anwaar
President & CEO

Mr. Muhammad Anwaar joined Sindh Bank as Senior Executive Vice President and Chief Operating Officer in November 2022 and later on was designated as Deputy CEO. In October 2024, he assumed the role of President & CEO of Sindh Bank Ltd upon approval of Fit & Proper Test from State Bank of Pakistan (SBP).

Mr. Anwaar holds an MBA in Banking & Finance from IBA Karachi, and has 27 years of banking experience. He began at AlBaraka Islamic Bank, worked at Union National Bank in Dubai, and spent a decade at Askari Bank as a Senior Vice President. He then joined Bank Makramah (formerly Summit Bank) as EVP and later as SEVP & Group Head - Corporate, Commercial/SME, and Investment Banking.



From left to right: Mr. Imtiaz Ahmad Butt, Mr. Imran Samad, Mr. Javaid Bashir Shaikh, Mrs. Shaista Bano Gilani, Mr. Mohammed Aftab Alam (Chairman), Mr. Fayaz Ahmed Jatoui (Finance Secretary-Government of Sindh), Mr. Farhan Ashraf Khan, Mr. Muhammad Anwaar (President & CEO) and Syed Assad Ali Shah (Deputy CEO).

Board of Directors

- | | |
|-----------------------------|--|
| 1) Mr. Mohammed Aftab Alam | Chairman/Independent Director |
| 2) Mr. Fayaz Ahmed Jatoui | Finance Secretary-GoS/Non-Executive Director |
| 3) Mr. Javaid Bashir Sheikh | Non-Executive Director |
| 4) Mrs. Shaista Bano Gilani | Independent Director |
| 5) Mr. Imtiaz Ahmad Butt | Independent Director |
| 6) Mr. Imran Samad | Non-Executive Director |
| 7) Mr. Farhan Ashraf Khan | Non-Executive Director |
| 8) Mr. Muhammad Anwaar | President & CEO |

Committees of the Board

Audit Committee:

Mrs. Shaista Bano Gilani	Chairperson
Mr. Javaid B. Sheikh	Member
Mr. Farhan Ashraf Khan	Member
President & CEO	By Invitation
Head of Internal Audit Division	Secretary

Board Human Resource & Remuneration Committee:

Mrs. Shaista Bano Gilani	Chairperson
Finance Secretary (GoS)	Member
Mr. Mohammed Aftab Alam	Member
President & CEO	By Invitation
Head of HR Division	Secretary

Board Risk Management Committee:

Mr. Javaid B. Sheikh	Chairman
Mr. Imtiaz Ahmad Butt	Member
Mr. Imran Samad	Member
President & CEO	By Invitation
Head of Risk Management Division	Secretary

Board Information Technology Committee:

Mr. Mohammed Aftab Alam	Chairman
Mr. Imtiaz Ahmad Butt	Member
Mr. Imran Samad	Member
President & CEO	By Invitation
Head of I.T. Division	Secretary

Board Nomination Committee:

Mr. Mohammed Aftab Alam	Chairman
Mrs. Shaista Bano Gilani	Member
Finance Secretary (GoS)	Member
Company Secretary	Secretary

Board Special Assets Management Committee:

Mr. Imran Samad	Chairman
Mr. Mohammed Aftab Alam	Member
Mr. Farhan Ashraf Khan	Member
President & CEO	By Invitation
Head of SAM	Secretary

Terms of Reference

The number of meetings of the Board of Directors (BOD) and its Sub-Committees held during the year 2024 and the attendance details of each director/committee member are provided in the Directors' Report.

The Key terms of reference of the Board Committee are as follows:

Risk Management Committee

The Bank has formed a Board Risk Management Committee. The BRMC is primarily responsible for effective functioning of the risk management function within the Bank, and as a committee of the Board, acts with the delegated authority of the Board. It provides a platform to cover all material risk and also their mitigating tools.

The principle responsibilities of the Committee are as follows:

1. Review the Risk Management Policy including Enterprise Risk Management (ERM) Framework and Risk Appetite Framework (RAF) and provide recommendations to the Board to facilitate decision-making regarding approval.
2. Oversee implementation of Risk Management Policies and Enterprise Risk Management (ERM) Framework across the Bank in letter and spirit and to ensure that the Bank is managing all kinds of risks in an effective way.
3. Review the tools and models developed by the Risk Management Division to measure and monitor risks.
4. Review regular various risk reports prepared by the Risk Management Division.
5. Ensure resources allocated to Risk Management are adequate given the size, nature, and volume of business.
6. Ensure that the Bank has adequate capital available to absorb expected & unexpected losses and is able to achieve its strategic goals/objectives in the short and long run.
7. Ensure that the group risk management functions in subsidiaries have the requisite authority and independence to carry out their mandated risks.
8. Ensure appropriate risk controls and limits are established, properly implemented, communicated, and monitored. Enforce actions upon violation of risk policies and procedures.
9. Review and administer the implementation of IFRS 9 as per SBP circulars.

Nomination Committee

To review the structure, size and composition of the Committee and skills, knowledge, expertise, experience and diversity of the Board members and to suggest any changes and modification.

To identify and suggest for approval name(s) of the candidate(s) to fill the Board vacancies and to ensure that the proposed candidate(s) have sufficient time and skill to perform its obligations and meet FPT Criteria of SBP.

Prior to the appointment of Director(s), the Committee shall require the prospective candidate(s) to disclose any other business interest which may cause a result of conflict of interest between the prospective candidate(s) with the Bank and the Committee shall also require from him to submit his future business interest that may cause a conflict of interest. Upon receipt of the aforesaid information, the Committee shall minutely observe the nature of conflict of interest and make its own independent observations thereon.

Apart from the Directors, the Committee shall seek candidature for CEO's position if it falls vacant and select the best available candidate for final approval by the Board and the Government of Sindh. The Committee meets on need basis.

Audit Committee

The Board Audit Committee is responsible under the Code of Corporate Governance to review and recommend to the Board of Directors, the quarterly, half-yearly and annual financial statements of the Bank particularly focusing on the reasonableness of significant adjustment, major judgments and estimates, the adequacy of the disclosures in the financial statements, going concern assumption, change in accounting policies, related party transactions and compliance with applicable accounting standards.

The BAC administers the Bank's financial reporting process on behalf of the Board and it has direct responsibility for appointment, retention, remuneration / compensation and oversight of work of external auditors.

The BAC is responsible for reviewing and approving annual audit plan; scope, extent and procedure of internal audit and reporting framework. BAC is responsible to regularly review significant issues or audit observations as raised by External & Internal Auditors along with progress thereon.

The BAC is responsible for recommending or approving the hiring or removal of the Chief Internal Auditor. Additionally, BAC meet at least once a year with the Chief Internal Auditor and other members of the internal audit function, without the presence of the Chief Financial Officer and external auditors.

The BAC is responsible for considering and reviewing, in collaboration with management and auditors, any correspondence with regulators or governmental agencies, as well as any published reports that highlight material issues related to the Bank's financial statements or accounting policies.

The BAC also confers with the management to ensure the scope, sufficiency, adequacy and effectiveness of Internal Control Systems of the Bank including financial and operational controls, accounting systems, and reporting structures.

The other terms of reference of BAC include consideration of major findings of internal investigations and results of investigation of Whistle Blow. The BAC is also responsible for monitoring and reviewing implementation of Whistle Blowing Policy.

Human Resource and Remuneration Committee

The BHR&RC is responsible for reviewing & recommending the HR Policy to the Board, appointment of Key Executives, Performance Appraisals & Performance Bonuses, revision in Salary Scales / Ranges, Incentive Schemes & Retirement Benefits. The Committee has a composition of three members & a secretary while President & CEO and Deputy CEO are also being invited in meetings. Attends the meeting by invitation. The Committee meets on need basis but preferably once in a quarter.

Information Technology Committee

I.T. Committee principally manages the procurement requirements of the IT function ensuring unhindered performance of IT services and keeping in line with market dynamics and business objectives of the bank. Reporting to the BOD with recommendations for approval and changes in IT policies as needed with guidance on the application of IT resources. Additionally, ITC also manages the security system requirements & policy of the bank.

Board's Special Assets Management Committee' (BSAMC):

The BSAMC oversees the performance of Management in the recovery of stuck-up Non-Performing Loans (NPLs), which is crucial for the Bank. The BSAMC is responsible for investigating or initiating investigations into any activity within its terms of reference.

The BSAMC reviews and monitors Management's performance in the recovery of NPLs. This includes overseeing the overall NPL portfolio, the recovery process, and specific NPL accounts. It also evaluates the actions taken by Management based on its decisions, tracks the status of legal proceedings for loan recovery, assesses settlement cases, and reviews Management's overall performance.

Additionally, the BSAMC makes recommendations on all proposed settlements that require submission to the Board of Directors, subject to approval from the Chairman of BSAMC, if necessary.

The BSAMC is also responsible for making recommendations to the Board on any areas within its mandate that require action or improvement, subject to Board approval. However, its recommendations, approvals, suggestions, or rectifications shall not be binding on the Board. The Board retains the exclusive authority to amend, approve, disapprove, or refer matters back to the Committee for reconsideration.

Profiles of the Shariah Board Members

Mufti Zeeshan Abdul Aziz (Chairman Shariah Board)

Mufti Zeeshan Abdul Aziz is the Chairman Shariah Board of Sindh Bank-Islamic Banking Division. He has completed Takhassus Fill Ifta (Specialization in Islamic Jurisprudence) majoring in Islamic Banking & Finance from Jamia Darul Uloom, Karachi, under the supervision of Justice (R) Mufti Taqi Usmani. Besides being Shariah Advisor to some other Islamic Financial Institutions, Consultancy Firms and Halal Certification bodies within and outside Pakistan, he is also involved in teaching Islamic Banking & Takaful on different forums/universities as a visiting faculty member.

- CEO - International Halal Certification (Pvt) Ltd.
- Shariah Advisor - National Investment Trust
- Shariah Advisor - Sindh Modaraba
- Shariah Advisor - Jubilee Life Insurance Company Ltd.
- Shariah Advisor - Atlas Insurance Limited

Mufti Hamid Zia ul Habib

Mufti Hamid Zia ul Habib is a Member Shariah Board of Sindh Bank-Islamic Banking Division. He is a proven banker and professionally certified Shariah Advisor and Auditor (CSAA & ACSS) practically worked as Shari'ah Auditor. He holds the degree of "Takhassus Fill Iqtisad Al-Islami" (Specialization in Islamic Jurisprudence & Islamic Economics/Finance) and also completed "Al-Shahdatul Aalamiyyah" having equivalency to Masters in Arabic and Islamic Sciences. He also secured numerous Arabic proficiency awards and has Ijazah-tul-Hadith wa Al-Tafseer from renowned scholars.

His academic achievements in M.Sc. (Economics) and M.Phil. in (Economics) from a top-notch university also provides a strong base in Islamic Economics and Finance. Mr. Hamid served and trained various professionals of the industry especially regarding AAOIFI Shariah Standards. He is associated with various educational and training institutes of the country.

Mufti Muhammad Nadeem Siddiqui

Mufti Muhammad Nadeem Siddiqui is Resident Shariah Board Member (RSBM) of Sindh Bank-Islamic Banking Division. He is a learned Shariah Scholar and has completed his Shahadat-ul-Aalamiyyah from Tanzeem Ul Madaris. He has done Specialization in Islamic Jurisprudence (Takhassus-fil-Ifta) and has Fatawa experience of over twelve years. He started his career with Ernst & Young and has over ten years of Islamic Banking experience; his fields of expertise are Shariah Advisory, Shariah Audit, and Product Structuring. He has diversified educational background with Bachelor's of Commerce and Master's in Islamic Banking & Finance from University of Karachi, and Junior Associates of Institute of Bankers Pakistan (JAIBP) from IBP. He holds teaching experience of Fiqh, Tafseer, Arabic Adab, and Hadith in various Madaris and Business Management in different institutions.

Current Engagements:

- Resident Shariah Board Member & Head Shariah Compliance Department - Sindh Bank (Saadat Islamic Banking)
- Shariah Advisor - Behboud Association Karachi

Faculty Member:

- NIBAF, Centre of Islamic Economics - Darul Uloom Karachi, Darul Uloom Memon, Bolton Market, Karachi, ICAP- CA, Delivered Lecture - ICMAP, Islamic Banking Trainer - Sindh Bank

S.No.	Name	Shariah Board Meetings	
		Held During the Year	Attended
1	Mufti Zeeshan Abdul Aziz	4	4
2	Mufti Hamid Zia ul Habib	4	4
3	Mufti Muhammad Nadeem Siddiqui	4	4
Total Meetings Held During the Year 2024		4	

Disclosure on Remuneration Policy of the Bank

PURPOSE AND SCOPE

The Bank has developed a fair, objective, transparent and sound Remuneration Policy that is aligned with risks and responsibilities of Financial Intermediation.

The scope of Remuneration Policy covers all employees across the Bank who are materially responsible for risk taking or risk controlling activities.

OBJECTIVES

Following are the main objectives of Remuneration Policy:

- Our remuneration policy is market-aligned competitive pay, making our compensation fair and consistent, ensuring internal equity.
- We are an equal opportunity employer and are committed to hiring and retaining suitably qualified talent from across the country and abroad, through a merit-based and non-discriminatory selection process.
- We believe that engaged employees are more committed and deliver better results, hence we support staff retention.

GOVERNANCE FRAMEWORK

The Bank's Governance framework with respect to the aforementioned Guidelines, aims at guaranteeing an appropriate control on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by such authorities and functions, to which different responsibilities are delegated.

The board is overall responsible for reviewing, approving and monitoring implementation of the Bank-wide remuneration framework, based on the recommendations of the Board of Human Resource & Remuneration Committee (HRRC), which shall be mainly responsible for overseeing the Bank's remuneration programmes.

Material Risk Taker (MRT)/ Material Risk Controller (MRC) INCLUSION CRITERIA

The MRT and MRCs have been identified through a detailed assessment of the Banks's employees using various qualitative and quantitative criteria, as documented in the remuneration policy.

Qualitative Inclusion Criteria

The following qualitative criteria have been applied for identification of MRTs and MRCs:

- President & CEO and Deputy CEO
- Members of critical management Committees;
- Members of the senior management;
- Heads of critical functions responsible for managing business and risks and controls;

Quantitative Inclusion Criteria

The Bank has carried out a detailed assessment of individuals subjecting the bank to significant risks. The materiality of significant risks has been determined through the quantitative criteria for each major risk type i.e.; i) Credit Risk; ii) Market risk, iii) Operational Risk; iv) Liquidity Risk; and v) Financial Expenditure Approval Authority.

COMPENSATION STRUCTURE

The Bank offers a compensation structure with a balanced combination of fixed and variable elements with the objective to encourage behaviors focused on achievement of long term sustainable results. For MRTs / MRCs the deferred variable component has been made part of their compensation structure.

Fixed Remuneration

Fixed remuneration comprises of base salary (including annual increment therein) and role-based fixed allowances, if applicable. Fixed remuneration shall not vary with performance and is payable, in accordance with HR Policies.

Variable Remuneration Based on Performance

Since Sindh Bank does not have any other variable remuneration than Annual Performance Bonuses, it was decided in principle that the management shall disburse the approved amount of Performance Bonuses and to the designated MRTs & MRCs with 50:50 within 3 years or more, that shall be decided by the Committee, on case to case basis.

Other Benefits

In the event of death or disability, the bank offers life and disability insurance, through an insurance Company, to provide financial assistance to the staff. Life insurance coverage provides financial support to the family of the deceased staff in the unfortunate event of death in service. Complete coverage of house loan, if availed, will be provided to the staff.

PERFORMANCE MEASUREMENT OF MRTs AND MRCs

The MRTs and MRCs have been identified through a detailed assessment of the banks employees using various qualitative and quantitative criteria as documented in the remuneration policy.

The Bank's performance management mechanism provides a sound basis for assessing employee performance holistically. The Bank's remuneration policy is aligned with the performance management mechanism and differentiates pay appropriately amongst its employees based on degree of contribution, skill and availability of talent owing to competitive market forces by considering factors such as role, skills, competencies, experience and grade/seniority.

Performance measurement of MRTs / MRCs will be carried out through the risk adjusted balanced scorecards. The bank is in a process to develop risk-adjusted balanced scorecards for all MRTs and MRCs for their performance measurement, which will ensure establishing a correlation between alignment of risks and rewards. These scorecards are prepared at individual levels, incorporating various financial/qualitative and risk-adjusting factors.

The Bank has introduced an individual level accountability mechanism whereby a certain portion variable compensation of the MRTs /MRCs will be deferred/withheld for a defined period, thus creating alignment between the employee's and stakeholder's interests and reinforcing that compensation is appropriately linked to longer term sustainable performance.

Payment of Performance Bonus to MRTs and MRCs within a period of 3 years or more, as per discretion of the Committee to reduce or expand the period of retention but not less than 3 years in any case as per Revised Guidelines provided by SBP. In case of any deficiency on the part of the employee concerned during deferred payment period, the retained amount can be changed or even forfeited keeping in view the gravity of the deficiency.

Statement of Ethics and Business Practices

This Statement of Ethics and Business Practices applies to all Employees of Sindh Bank Limited. It strives to set forth certain standards and rules of conduct followed in the corporate entities, globally. Our culture of ethics and integrity shall define who we are as a Bank and how we as colleagues treat one another, our customers and stakeholders.

This Statement of Ethics and Business Practices attempts to introduce the Employees to the types of attitudes and conduct that create an honest, fair and legal workplace. It will be surrounded by 3 basic beliefs:

- Respect for the Individual ● Service to the Customer ● Striving for Excellence

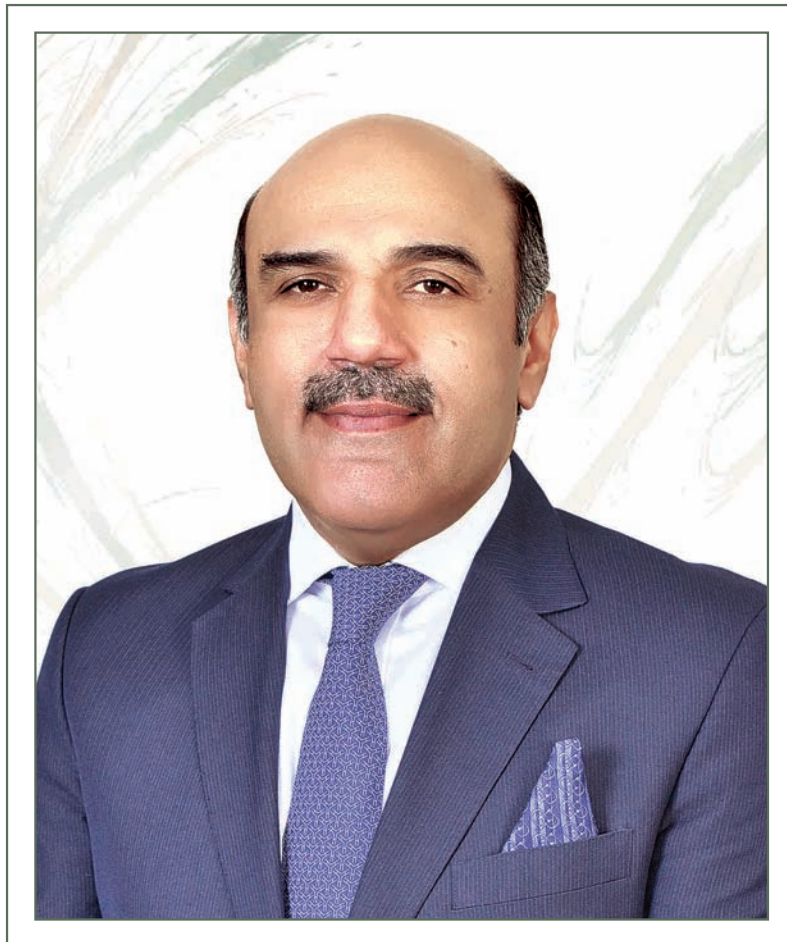
General Principles and Significant Aspects of Code of Ethics:

1. We will abide by the laws of the Country in all activities at work and beyond. Any suspected material violation of a law, regulation or ethical standard must be reported to the appropriate level of authority within the Bank. Where appropriate, the authority will report to the relevant statutory authority.
2. We will always demonstrate high standard of conduct at work place or outside as good citizens of Pakistan.
3. We will adhere to a high level of professional practices, commensurate with Bank's aim to achieve growth in earning for shareholders over the long term undertaking business compatible with our character and business norms.
4. We will behave with integrity and honesty in our dealing with customers, colleagues, supervisors and all others with whom we interact.
5. We, as the Bank's employees have a responsibility towards all stakeholders to make decisions strictly on the basis of Bank's interests, without regard to personal gain. A conflict of interest can arise when one's judgement could be influenced, or might appear as being influenced, by the possibility of personal benefit. Even if it's not intentional, the appearance of a conflict may be just as damaging to employees' and Bank's reputation, as an actual conflict. We would always be on the lookout for situations that may create a conflict of interest, and do everything we can to avoid them.
6. A situation may arise when an employee is in conflict of interest. In such a situation, to enable the Bank to make objective decisions, the employee must declare in advance the possible conflict of interest, to his/her senior. The management may require the employee to disassociate him/her from any involvement in a decision by the Bank that relates to such personal conflict.
7. Our involvement in an outside activity or any external position held must not give rise to any real or apparent conflict with a customer's interest, must not adversely reflect on the Bank and must not interfere with an individual's performance.
8. We will not solicit or accept gifts, sponsorship, hospitality or favor which would compromise, or give the appearance of compromising our position or any business decision taken by or on behalf of the Bank. Accepting gifts and entertainment can cause a conflict of interest, or the appearance of a conflict between personal interests and professional responsibility. The Bank's culture is to never accept gifts or entertainment from any supplier, potential supplier, or any person the employee has reason to believe may be seeking to influence business decisions or transactions.
9. We, besides working with honesty and faithfulness, shall maintain strict secrecy regarding the Bank's affairs and the affairs of its constituents and subsidiaries, if any. We shall use our utmost endeavors to promote the interest of the Bank and shall show courtesy and attention in dealing with customers.
10. We shall not use for personal gain or benefit or, except insofar as it is necessary in the regular course of business, disclose to anyone within or outside the Bank any information obtained in the course of work that is of confidential nature. We will not disclose intentionally or carelessly, any information that is of confidential nature without the prior approval from the respective departmental head. In official communication or Prospective Communication with prospective or current client, ensure that information is given only on need to know basis.
11. We shall not engage in any other profession, trade or business activity for remuneration or enter into the employment of any other person, firm or company. An engagement in social and welfare service beyond normal office hours may however, be encouraged.
12. We shall not make any false or misleading statement in relation to our appointment or performance of our duties in the Bank. To ensure accuracy of information that would be provided to the public, the employees are prohibited from making any statement, including statements about financial matters (written or verbal) on behalf of the Bank to media, news publications, business publications, or any other source without prior approval from the respective department of the Bank.
13. Personal, social and unofficial visits during working hours are discouraged. In the event of an emergency, visitors may be entertained outside the work area, or in the designated reception area to ensure confidentiality of information and minimum disruption.
14. We shall not bring or attempt to bring political or other influence, directly or indirectly, nor shall we take part in, subscribe to and or assist in any way, any political activity.
15. If we are found involved or convicted in a criminal offence, we shall immediately bring it to the notice of the Management through our head of department or, if arrested and released on bail, soon after such release.
16. We shall generally dissuade from following evils:
 - Inappropriate Conduct ● Sexual Harassment ● Corruption and Retaliation ● Discriminatory Behavior ● Grapevine and Gossips
 - Intentional Dishonesty ● Drug Abuse and Anti Environmental Activities ● Insider Trading ● Money Laundering

Note:

In terms of Regulation 4, Item No. 10 notified by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02 dated 13/09/2012, "Employees of the banks are strictly prohibited to disclose the facts to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law."

Management



Muhammad Anwaar
President & CEO



Events



Signing Ceremony between Sindh Bank and Sindh Enterprise Development Fund.



The 4th Women's Power Run, sponsored by Sindh Bank.



Launch of Benazir Hari Card at CM House Sindh.



Deputy CEO at the launch of Benazir Hari Card at CM House Sindh.



Sindh Bank sponsored International Conference at Dawood University of Engineering & Technology.



Sindh Bank collaboration with Sindh People's Housing for Flood Affectees (SPHF) by opening 544,000 Bank Accounts.



Veteran Actor Saba Hamid at Women's Day Celebration at Sindh Bank Head Office.



Women's Day celebrations at Sindh Bank Head Office.



Sindh Bank collaboration with SBP for Women Entrepreneurship Day.



President & CEO at the Career Connect 2024 by Higher Education Commission.



Winner of Current Deposit Mobilization Contest (CDMC) – 2024, Phase I receiving Certificate & Pay order from President & CEO and Deputy CEO.



Sindh Bank sponsored the unveiling of Pakistan's first Urban Electric Vehicle at NUST University.



Winner receiving Certificate and Pay order from RGM South for Current Deposit Mobilization Contest (CDMC) – 2024 Phase III



Winner receiving Certificate and pay order from RGM Sindh Rural for Current Deposit Mobilization Contest (CDMC) – 2024, Phase III.



Winner receiving Certificate and pay order from RGM Central for Current Deposit Mobilization Contest (CDMC) – 2024, Phase III.



Winner receiving Certificate and pay order from RGM North for Current Deposit Mobilization Contest (CDMC) – 2024, Phase III.

Directors' Report

On behalf of the Board of Directors, I am presenting herewith the financial results of the Bank for the year ended December 31, 2024. Financial highlights are as follows:

(Rupees in '000)

Balance Sheet	As on December 31, 2024	As on December 31, 2023	%age Change Increase/ (decrease)
Paid up Capital	34,524,428	34,524,428	-
Reserves	2,448,431	1,894,365	29.25%
Accumulated losses	(8,705,257)	(10,912,821)	(20.23)%
Paid up Capital net of accumulated losses	28,267,602	25,505,972	10.83%
Surplus/(deficit) on Revaluation of Assets - net	884,442	(1,033,628)	185.57%
Equity	29,152,044	24,472,344	19.12%
Borrowings	1,457,900	37,546,440	(96.12)%
Deposits	312,718,297	223,569,650	39.88%
Investment (carrying value)	201,164,585	166,503,472	20.82%
Gross Advances	98,957,498	77,511,411	27.67%

(Rupees in '000)

Profit & Loss Account	Year Ended December 31, 2024	Year Ended December 31, 2023	%age Change Increase/(decrease)
Markup/return/interest income	50,402,208	50,308,343	0.19%
Markup/return/interest expenses	41,800,021	42,314,885	(1.22)%
Net markup/return/interest income	8,602,187	7,993,458	7.62%
Fee, Commission & Other Income	693,512	612,116	13.30%
Foreign Exchange Income	352,209	723,490	(51.32)%
Dividend Income	53,339	192,353	(72.27)%
Gain/ (loss) on sale of Investments	215,888	337,703	(36.07)%
Non-markup/non-interest income	1,314,949	1,865,662	(29.52)%
Total Income	9,917,136	9,859,120	0.59%
Non-mark-up/interest expenses	9,464,228	8,178,314	15.72%
Credit allowance and write-offs	1,557,035	2,779,328	(43.98)%
Reversal of credit allowance	(3,605,877)	(1,755,334)	105.42%
Total Provisions / credit allowance	(2,048,842)	1,023,994	(300.08)%
Profit / (Loss) Before Tax	2,501,750	656,812	280.89%
Profit / (Loss) After Tax	2,770,330	2,164,764	27.97%
Profit / (Loss) per share(Rupees)	0.80	0.72	11.11%

Other Information	As on December 31, 2024	As on December 31, 2023	%age Change Increase/(decrease)
No. of Accounts	1,155,270	816,219	41.54%
Number of Branches	330	330	-

A. Financial Review

Total Assets recorded increase from Rs.300.48 bn to Rs.360.08 bn, by Rs.59.60 bn (i.e. 19.84%), during the year, primarily attributed by increase in investment by Rs.34.66 bn and Gross advances increase by 21.44 bn.

Major financial statement segment-wise review is as follows:

i. Deposits

Deposits registered an impressive increase of Rs.89.14 bn (i.e. 39.88%) and stood at Rs.312.71 bn compared to Rs.223.56 bn on December 31, 2023, while maintaining the focus on Current Account deposits. Number of customer accounts stood at 1,155,270 after increase of 339,051 accounts (41.54%). Bank's focus remained on continuously innovating product offering and ensuring unparalleled and seamless service delivery to customers through both digital and physical channels.

ii. Advances

Gross Advances increased by Rs.21.44 bn (i.e. 27.67%) and stood at Rs.98.95 bn at year-end 2024, compared to Rs.77.51 bn on December 31, 2023, mainly due to financing in Sovereign-backed exposures.

The Bank has placed a strong emphasis on lending to Small and Medium Enterprises (SMEs) which will lead to financial deepening during 2024.

- Overall SME portfolio expansion: Significant increase in both funded (53.86%) and non-funded limits (21.01%), with total limits growing 37.74%.
- Total SME outstanding grew by 27.30%, showing overall expansion in credit (funded 22.50% and non-funded 35.80%).

Hectic recovery efforts continue to reduce/contain NPLs with the Bank, leading to reduction of NPLs by Rs.3.67bn and reversal of provision by Rs.3.61bn.

iii. Investments

Carrying value of Investments as on December 31, 2024, increased by Rs.34.66 bn (20.82%) and stood at Rs.201.16 bn at year-end 2024, compared to Rs.166.50 bn on December 31, 2023.

Gross Investment in equities and mutual funds stood at Rs.801 mn, excluding Rs.750 mn in Sindh Microfinance Bank Limited (wholly owned subsidiary), decreased by Rs.406 mn (i.e. 33.64%) over December 31, 2023 (Rs. 1,207 mn), decrease occurred due to the bank's strategy to offload equity market shares on attractive prices, resulting in capital gains of Rs.216 mn during 2024.

B. Profit and Loss Account

Pre-tax profit for the year ended December 31, 2024 amounted to Rs. 2.50 bn compared to pre-tax profit of Rs.656.81 mn in the last year. Attributable factors of such variance are:

- The Bank's key priority throughout the period was the recovery of non-performing loans. This focus yielded a substantial reversal of credit loss provisions, totaling Rs.3.61 bn. This outcome demonstrates the Bank's effective management of its NPL portfolio and associated provisioning.
- Decrease in non-markup income by Rs.550.713 mn, main contribution factors are FX income decreased by Rs.371.281 mn and gain on securities decreased by Rs.121.815 mn, Fee commission income increase by Rs 80.5 mn.
- Increase in net Interest Income by Rs.608.72 mn i.e 7.62%, during growth in earning assets, concentrate on cost effective deposit with prime focus for mobilization of current account through NTBs and recovery of NPL.
- Non markup expenses of the Bank rose by Rs.1,285 mn i.e 15.72% which was mainly attributable to rise in domestic inflation and supply chain constraint.

Post tax Profit for the year ended December 31,2024 amounted to Rs. 2.77 bn, compared to post tax profit of Rs.2.16 bn last year. Main reason for improvement in post-tax Profit was the reversal of deferred tax assets, during the reported period Tax rate of banking industry increased from 39% to 44% which would further down to 42% by tax year 2027. Consequently, this change resulted in the reversal of deferred tax charge of Rs.1.90 bn.

C. Branches

The Bank continued to maintain its presence through 330 branches spread over 169 cities/towns in Pakistan and included 14 branches which are dedicated to Islamic Banking. No new branches were opened during the year. Region wise breakup is as under:

Regions	No. of Branches	No. of Cities / Towns
South: including Karachi, Sindh-other cities /towns & Balochistan	206	97
North: including Punjab, Islamabad, KPK, AJK & GB	124	72
Total	330	169

CREDIT RATING

In view of significant improvement in the financial position, operating results and regulatory ratios, VIS Credit Rating Company Limited has upgraded the long-term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short-term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.

MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

Bank's Capital Adequacy Ratio stood at 21.42% against the minimum requirement of 11.5% and Leverage Ratio stood at 4.01% against minimum requirement of 3% as on December 31, 2024.

ECONOMIC REVIEW

During the year 2024, Pakistan's economy experienced notable advancements, marked by several key milestones that contributed to a more stable financial environment.

The year began with the successful completion of the IMF's Stand-By Arrangement, which resulted in a total disbursement of USD 1.8 billion during the first half of the year. This achievement facilitated the government's ability to secure a new Extended Fund Facility (EFF) of USD 7 billion in July, with the first tranche of USD 1 billion disbursed in September 2024. The formation of a new government following the February elections brought about a period of political stability, further enhancing confidence in the financial landscape. Encouragingly, as inflation rates began to decline and commodity prices stabilized, the State Bank of Pakistan initiated a monetary easing cycle in June. This decisive action led to a significant reduction in the policy rate from 22% to 13% by December, providing much-needed support for economic growth and investment.

The country's foreign exchange reserves received a substantial boost, driven by the rollover of debts from key allies, including the UAE, Saudi Arabia, and China. Additionally, a noteworthy USD 5 billion investment package was agreed upon with Saudi Arabia. As a result of these efforts, the country's total foreign exchange reserves experienced a remarkable growth of 26% year-over-year, reaching USD 15.9 billion as of December 2024.

Specifically, reserves held by the State Bank of Pakistan (SBP) saw an impressive increase of 42%, rising to USD 11.73 billion during the same period. This substantial improvement in forex reserves is crucial for the stability of the Pakistani Rupee (PKR), which appreciated by 1.2% year-over-year in CY24. These positive developments in the forex market can be attributed to the robust increase in reserves, a decline in import bills, and effective reform measures implemented in the exchange rate system.

Furthermore, Moody's recognized these advancements by upgrading Pakistan's credit rating to Caa2, indicating enhanced investor confidence and economic stability.

Pakistan's Current Account Deficit (CAD) has shown significant improvement, primarily due to favorable macroeconomic conditions and proactive policy measures. In calendar year 2024, the CAD improved by 190%, reaching USD 1.467 billion. Furthermore, in the first half of fiscal year 2025, the CAD saw a year-on-year enhancement of 186%, totaling USD 1.2 billion.

Furthermore, remittances have played a crucial role in enhancing the economic outlook, rising by 32% year-over-year to USD 34.66 billion in CY24. This increase is largely due to the diminishing disparity between formal and informal currency exchange markets, along with a significant outflow of workers in search of better opportunities abroad. Additionally, in the first half of FY25, remittances amounted to USD 17.8 billion, reflecting a substantial 33% year-on-year increase and underscoring their importance as a vital support for numerous households while helping to stabilize foreign exchange.

Going forward, it is anticipated that the State Bank of Pakistan (SBP) will keep the Pakistani Rupee (PKR) within a stable band of 280-300 against the US Dollar in Calendar Year 2025. This projected exchange rate stability is likely to boost investor confidence, drive economic growth, and create a favorable business environment by providing a predictable outlook for trade and investment activities.

In summary, Pakistan's economy is on a path toward stabilization and growth, underpinned by vital reforms and external support. The combination of a manageable CAD, improved foreign reserves, and a promising outlook for the PSX creates an optimistic forecast for the country's economic trajectory in the coming years.

PSX REVIEW

In 2024, the Pakistan Stock Exchange showcased remarkable performance, ranking as the second-best performing market globally. The KSE-100 index experienced a significant increase, climbing by 53,718 points, which translates to an impressive year-on-year growth of 86.02%. It concluded the year at 115,127 points.

Pakistan has so far been compliant with the IMF program and appears well placed to enact meaningful reforms. The current political configuration and continued focus on the economy have the potential to deliver more sustainable growth, in contrast to the short boom and bust cycles of the last fifteen years. This underpins bullish outlook, targeting KSE100 Index at 145,000 in CY25.

Equities are expected to remain in the limelight as declining returns from alternative investments make them the preferred asset class in 2025. Furthermore, the focus on structural reforms and stringent fiscal and monetary policies under the IMF program is likely to improve the investment climate and support a market rally.

RISK MANAGEMENT FRAMEWORK

Risk taking is central to banking activity. The Bank evaluates business opportunities in terms of the risk-reward relationship. The risks that Bank takes are reasonable, controlled, within its size, complexity and nature of business. The diversity of our business requires us to identify, measure and manage our risks effectively through different limits. At the Bank, the risk is managed through a framework, organizational structure, risk management and monitoring processes that are closely aligned with the activities of the Bank and in line with the guidelines given by the State Bank of Pakistan (SBP). The Bank also continues to invest in systems and people as part of its process of continuously strengthening the risk management function. The Bank's comprehensive and integrated risk management governance structure consists of Board, related Board Committee(s) and management subcommittees, with varying areas of responsibilities, in order to maintain a sustainable focus on monitoring and governance over differing categories of risks.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Sindh Bank has established an ongoing process for identifying, evaluating and managing significant risks faced by the Bank and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board Audit Committee. The Board is of the view that the system of Internal Control over Financial Reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of Financial Reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements. The management assists the Board in implementation of the Board's policies and directives pertaining to Internal Control over Financial Reporting. The management is working continuously towards enhancing the system of Internal Control over Financial Reporting. The Board is pleased to endorse the statement made by management relating to Internal Controls including management's evaluation of ICFR. The management's Statement on Internal Control is included in the Annual Report.

OTHER HIGHLIGHTS

a) Major IT Initiatives

Sindh Bank is continuously striving to improve its technical infrastructure, in order to provide innovative and secure financial solutions to its customers.

In 2024, Sindh Bank made significant investments in server hardware, communication infrastructure and security upgrades. The bank procured high-end servers with high-speed storage to enhance system efficiency and uptime.

The bank achieved a significant milestone through a technology upgrade by deploying the SD-WAN (Software-Defined Wide Area Network) solution in 200 branches and continuing its deployment in the remaining branches. This solution has enhanced the bank's capability to adopt the best available connectivity options. SD-WAN connects branches directly to the data center or Software-as-a-Service (SaaS) applications, reducing transit time, minimizing overhead, eliminating bottlenecks, and improving application performance.

On the Digital Banking front, Sindh Bank has opened more than 454,000 accounts for flood-affected people across multiple districts digitally. During this process, the bank ensured compliance with all regulatory requirements. Sindh Bank has upgraded the e-stamp system and now serves as the settlement bank for the Sindh Revenue Board for Point-of-Sale tax collection via ILink's IBill Service.

Since November 2024, Sindh Bank has started issuing the Benazir Hari Card on behalf of the Government of Sindh. The bank is also working on a significant milestone of upgrading to a new mobile app with latest security features.

Sindh Bank has initiated the process of converting from conventional to Islamic banking. The bank has also upgraded the payment service switch to enhance its capabilities.

On the information security front, the bank continues to work on the PCI DSS (Payment Card Industry Data Security Standard) assessment to ensure a secure payment system environment. Sindh Bank has also upgraded its PAM and encryption solutions.

b) Sindh Microfinance Bank Limited (wholly owned subsidiary)

Sindh Microfinance Bank Limited ('SMFB') is a province level microfinance bank which started its operations in May 2016 with

equity of Rs.750 mn and as of December 31, 2024, SMFB has increased its equity to Rs.1.25 bn with internally generated profits. SMFB is perhaps the only microfinance bank in the country which has continuously been in profits since its inception, almost 10 years ago. During the year 2024, SMFB registered a profit before tax of Rs.251 mn (2023: Rs.129 mn) which is an increase of 94.57% over the corresponding period last year.

After achieving the required minimum capital, SMFB has applied to the State Bank of Pakistan for a national level license with the plan to expand its outreach all over Pakistan in an organic manner, starting from southern Punjab.

SMFB has a true grassroot microfinance model catering to women borrowers engaged in economic activities in rural and semi urban areas. The loan size is small (Avg. disbursed amount per borrower is less than PKR 45k) and loan delinquency rate is less than 1%. To date, SMFB has disbursed more than 420,000 loans to women in Sindh amounting to Rs.14 bn through its presence in 108 business locations spread across all districts of Sindh. During the year 2024 SMFB financed 87,961 loans amounting to Rs. 3.9 bn.

During the year, SMFB's credit rating was upgraded to "A" (long-term) and "A1" (short-term) by both VIS Credit Rating Agency (VIS) and the Pakistan Credit Rating Agency (PACRA). This upgrade underscores the Bank's strong financial performance and resilience, even amid the challenges impacting other institutions in the sector.

Brief summary of financial highlights of SMFB for the year ended December 31, 2024, is as follows:

Balance Sheet	As on December 31, 2024	As on December 31, 2023
	(Rs In million)	
Gross Loan Portfolio	2,334	1,927
Total Assets	4,531	3,415
Deposits	1,991	1,323
Borrowings	873	721
Total Liabilities	3,276	2,309
Net Equity	1,254	1,106

Other Information	December 31, 2024	December 31, 2023
No. of Account (Loans)	83,316	74,180
No. of Account (Deposits)	193,434	162,152

Profit and Loss Account	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
	(Rs In million)	
Net Interest Income	887	620
Profit Before Tax	243	129
Taxation	(89)	(39)
Profit After Tax	154	89

Loan Disbursements	December 31, 2024	December 31, 2023
Amount in Rs. Million	3,961	3,221
No. of Accounts	87,961	78,576

STAFF, TRAINING & DEVELOPMENT

Total number of staff working in the Bank i.e. executives, officers and support staff as on December 31, 2024, numbered 2,726 (Including 550 outsource staff) as compared to 2,611 (Including 525 outsource staff) as on December 31, 2023.

In the calendar year ending December 2024, the Training Department successfully conducted 120 training programs, including 54 in-house and 66 ex-house sessions. These programs covered a wide range of banking functions, including Branch Banking Operations, Islamic Banking, Compliance, Foreign Trade, Risk Management, and Internal Audit. A key milestone this year was the bank's continued collaboration with NIBAF Pakistan for a certification course for Cash Officers and General Banking Officers, leading to the certification of 634 officers across three batches.

These initiatives, attended by 1,898 participants, were aligned with the State Bank of Pakistan (SBP) directives, emphasizing Gender Sensitivity, Anti-Money Laundering (AML)/Compliance, and Islamic Banking training.

Additionally, staff members participated in external programs offered by renowned institutions such as NIBAF, IBD, PLN, LRC, and other leading consultancies, focusing on Islamic Banking, Compliance, Internal Audit, and Risk Management-reinforcing the bank's commitment to SBP's regulatory priorities.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Bank continues to support multi-sectoral initiatives in health, education and community welfare that encourage financial inclusion, health and education.

The Bank organized/provided sponsorships for the below mentioned events during 2024:

- Breast Cancer Awareness Day was celebrated at the Head Office of Sindh Bank to spread awareness about breast cancer and its prevention. Women's Day was also celebrated to honor the female employees of the Bank.
- Sponsorships were given to various institutions like, annual Urs Hazrat Lal Shahbaz Qalandar, Pakistan Hindu Council for Job Fair Expo, CEO Summit, Pakistan Futsal Cup 3.0 - First Ever Blind Futsal Tournament, Karachi Banker's Club Cricket Match, Sindh Literature Festival, International mountaineer from Pakistan for Antarctica Expedition, Me Raqsam Islamabad by Shakir Samrat Academy and international Solar Energy Meet (ISEM) at Expo Center.
- Sponsorships were also given to Educational Institutions like University of Karachi for National Conference of Managing Mega Cities, Sindh Madressatul Islam University for 2nd Global Research Congress, Benazir Bhutto Shaheed University Lyari for 2nd Annual Convocation, NUST for Unveiling Event for Pakistan's first Urban Electric Car, Cedar College for Debate Championship, Federal Urdu University of Arts, Science and Technology for 2nd Chem Expo 2024 and Dawood University of Engineering and Technology for International Conference and Panel Discussion on Blurring the Barriers.
- Sponsorships were also given to International Women Leaders Summit, Born2Run Pakistan for 4th Women's Power Run and 16 Days of Activism event by Nadia Baloch to encourage women empowerment.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Bank, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the bank have been maintained.
- Appropriate accounting policies have been applied consistently in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt about the Bank's ability to continue as a going concern in the foreseeable future.
- The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer to the Directors all those directors who have been approved by the SBP to attend the meetings during assessment of FPT documents of elected directors.
- Key financial and operating data for six years is being provided in the annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements.
- The appointment of the Chairman and other members of the Board and the terms of their appointment along with remuneration policy adopted are in the best interest of the Bank as well as in line with best practices.
- Value of investments of Sindh Bank Limited Employees Provident Fund as at December 31, 2024 amounted to Rs.2,816.05 mn (2023 Rs. 2,082.8 mn). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2024 amounted to Rs.1,055.5 mn (2023 Rs. 805.5 mn) and further an amount 177.2 mn has been transferred subsequent to the balance sheet date, based on actuarial valuation of the fund.
- Statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 is given separately in the Annual Report.

EVALUATION OF BOARD, CHAIRMAN, INDIVIDUAL DIRECTORS, INDEPENDENT DIRECTORS, PRESIDENT & CEO AND COMMITTEES

In terms of the State Bank's BPRD Circular No. 11, dated August 22, 2016, and the Public Sector Companies (Corporate Governance) Rules 2013, the Board of Directors in its 44th Meeting held on November 21, 2016, approved the evaluation criteria and procedure for evaluation of its own performance, performance of Chairman, Individual Directors, Independent Directors, President & CEO and its Committees.

The Board members carried it out annually, based on the in-house developed mechanism and submitted their reports to the Chairman. The Performance of the Board was evaluated by all Directors on individual basis on the criteria which included Board Composition and structure, Board contribution towards developing strategies, policy framework, robust and effective risk management, internal control and audit functions etc.

In terms of aforesaid Circular of SBP the performance evaluation is to be carried-out once in three years by an outside agency. Accordingly, performance evaluation in the year 2024 carried out by Outside Consultant M/s. Grant Thornton Anjum Rehman.

DIRECTORS TRAINING/COURSES

- The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by President & CEO and all other Directors in their 118 BOD meeting held on March 3, 2025.
- All Directors have got their certification of 'Directors Training' from reputational institutions.
- The Shari'ah Board has given a comprehensive orientation and training to the Directors on 'Islamic Banking' in 115th BoD meeting held on 25th October, 2024.

BOARD OF DIRECTORS

BOARD AND ITS SUB-COMMITTEES MEETINGS ATTENDED BY THE DIRECTORS

S. No.	Name of Directors	Board of Directors		Board Human Resource Committee		Board Audit Committee		Board Risk Management Committee		Board IT Committee		Board Nomination Committee		Board SAM Committee	
		Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended
1	Mr. Mohammed Aftab Alam	8	8	3	2	5	3	-	-	3	3	1	1	6	6
2	Mr. Fayaz Ahmed Jatoy	8	3	3	2	-	-	-	-	-	-	-	-	6	1
3	Mr. Javaid Bashir Sheikh	8	8	-	-	5	5	4	4	-	-	-	-	-	-
4	Mrs. Shaista Bano Gilani	8	8	3	3	5	5	-	-	-	-	-	-	-	-
5	Mr. Imtiaz Ahmed Butt	8	8	-	-	-	-	4	4	3	3	-	-	-	-
6	Mr. Imran Samad	8	4	-	-	-	-	4	1	3	2	-	-	6	4
7	Mr. Farhan Ashraf Khan	8	4	-	-	5	2	-	-	-	-	-	-	6	3
8	Mr. Muhammad Anwaar, President & CEO	8	6	-	-	-	-	-	-	-	-	-	-	-	-
9	Mr. Anis A. Khan*	8	3	3	1	-	-	-	-	3	1	1	1	6	2
10	Dr. Kazim Hussain Jatoy**	8	3	3	1	-	-	4	1	-	-	1	1	6	2
11	Mr. Imran Samad, Ex-President & CEO***	8	2	-	-	-	-	-	-	-	-	-	-	-	-
Total Meetings held during the year		8		3		5		4		3		1		6	

CHANGES IN THE BOARD OF DIRECTORS

The Shareholders in their 13th Annual General Meeting (AGM), elected or re-elected Seven (07) Directors whose FPT's clearance have been granted by the State Bank of Pakistan (SBP) on 27th August, 2024 and Mr. Muhammad Anwaar was appointed as President & CEO in 111th Board Meeting after SBP approval on 28th October, 2024.

The names of Directors are appended below:

S. No.	Name of Directors	Designation
1.	Mr. Mohammed Aftab Alam	Independent Director
2.	Mr. Fayaz Ahmed Jatoy	Finance Secretary-GoS / Non-Executive Director
3.	Mr. Javaid Bashir Sheikh	Non-Executive Director
4.	Mrs. Shaista Bano Gilani	Independent Director
5.	Mr. Imtiaz Ahmad Butt	Independent Director
6.	Mr. Imran Samad	Non-Executive Director
7.	Mr. Farhan Ashraf Khan	Non-Executive Director
8.	Mr. Muhammad Anwaar	President & CEO

BOARD COMMITTEES' MEETINGS

Details of the Board Committees' meetings are disclosed in Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013, in this report.

PATTERN OF SHAREHOLDING

The pattern of shareholding is attached with this report.

IMPLEMENTATION OF IFRS 9 - FINANCIAL INSTRUMENTS

As directed by the SBP via BPRD Circular No 3 of 2022, IFRS 9, "Financial Instruments" is effective for periods beginning on or after 1 January, 2024, for banks having assets base of less than Rs 500 billion as on December 31, 2021, SBP via the same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

In accordance with the transitional provisions outlined in IFRS 9 Financial Instruments, the Bank has chosen the modified retrospective approach, refraining from restating comparative figures. Any alterations to the carrying values of financial assets and liabilities during the transition period were accounted for in the opening retained earnings and other reserves at the start of the current year, without revising the comparative data.

The State Bank of Pakistan (SBP) granted a one-year extension for the implementation of the Effective Interest Rate (EIR) model under IFRS 9 on 22 January 2025, which allows one year extension up to December 31, 2025, provides the Bank more time to complete the necessary adjustments and align processes to the requirements, ensuring a smoother transition.

FUTURE OUTLOOK**Conversion of Sindh Bank Limited into an Islamic Bank**

Sindh Bank Limited, along with its wholly owned subsidiary, Sindh Microfinance Bank, aims to achieve full Shariah compliance in alignment with SBP's Vision 2028. Accordingly, the bank submitted its Islamic Conversion Plan to SBP on October 31, 2024, outlining the transition of all its conventional branches to Islamic by December 31, 2027.

SBP has granted the bank an in-principle approval for converting 45 conventional branches to Islamic banking in 2025. Bank has initiated the process of conversion into an Islamic Bank in compliance of SBP circulars IFPD No. 03 of 2024 dated June 28, 2024 and IFPD No. 05 of 2024 dated October 01, 2024.

The transition will focus on offering innovative, Shariah-compliant products, promoting financial inclusion, and supporting sustainable growth in Pakistan's Islamic Banking Sector.

Other major goals

- I. With encouraging results achieved so far, the management is determined to maintain its focus on (i) Mobilization of cost-efficient Deposits; (ii) Increase of Consumer, SME and Commercial business and (iii) Alternate delivery and service channels based on technology platforms to facilitate our customers and (iv) Recovery and reduction of Non-Performing Loans.
- II. In light of climate change and the resulting economic and social challenges, the bank will focus on the following areas:
 - Strengthening its role in mitigating the adverse impacts of climate change.
 - Promoting sustainable finance.
 - Enhancing infrastructure by improving access to finance and advancing sustainable financial solutions, particularly to address challenges related to the food and water crisis.
- III. The bank aims to strengthen its financial inclusion framework through targeted policy initiatives in key areas such as agriculture, SMEs, microfinance and trade finance and will implement financial literacy programs with an increased focus on digital solutions.

Acknowledgements

On behalf of the Board of Directors, I would like to sincerely thank the regulators, shareholders and customers for their continued guidance, support and confidence reposed in the Bank and its Management.

On behalf of the Board of Directors



Muhammad Anwaar
President & CEO
Karachi, March 3, 2025



Farhan Ashraf Khan
Non-Executive Director

ڈائریکٹر رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2024 کو اختتام پذیر سال کے لیے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔ مالیاتی جھلکیاں درج ذیل ہیں:

(روپے 000 میں)

بیلنس شیٹ	31 دسمبر 2024 پ	31 دسمبر 2023 پ	فیصد تبدیلی اضافہ/ (کمی)
اداشدہ سرمایہ	34,524,428	34,524,428	-
ذخائر	2,448,431	1,894,365	29.25%
جمع شدہ نقصان	(8,705,257)	(10,912,821)	(20.23)%
اداشدہ سرمایہ جمع شدہ نقصان	28,267,602	25,505,972	10.83%
خالص اثاثہ جات کی دوبارہ قدر پذیری پر فالتو/ (خسارہ)	884,442	(1,033,628)	185.57%
ملکیتی سرمایہ	29,152,044	24,472,344	19.12%
ادھار	1,457,900	37,546,440	(96.12)%
ڈپازٹس	312,718,297	223,569,650	39.88%
سرمایہ کاری (Carrying value)	201,164,585	166,503,472	20.82%
مجموعی ایڈوانسز	98,957,498	77,511,411	27.67%

(روپے 000 میں)

نفع نقصان کا کھاتہ	31 دسمبر 2024 پ	31 دسمبر 2023 پ	فیصد تبدیلی اضافہ/ (کمی)
مارک اپ/ ریٹرنز/ سودی آمدنی	50,402,208	50,308,343	0.19%
مارک اپ/ ریٹرنز/ سودی اخراجات	41,800,021	42,314,885	(1.22)%
خالص مارک اپ/ ریٹرنز/ سودی آمدنی	8,602,187	7,993,458	7.62%
فیس، کمیشن اور دیگر آمدن	693,512	612,116	13.30%
غیر ملکی زرمبادلہ سے آمدنی	352,209	723,490	(51.32)%
منقسمہ منافع	53,339	192,353	(72.27)%
سرمایہ کاری کی فروخت سے نفع/ (نقصان)	215,888	337,703	(36.07)%
بنامارک اپ/ غیر سودی آمدنی	1,314,949	1,865,662	(29.52)%
کل آمدن	9,917,136	9,859,120	0.59%
بنامارک اپ/ غیر سودی اخراجات	9,464,228	8,178,314	15.72%
کریڈٹ الاؤنس اور رائٹ آف	1,557,035	2,779,328	(43.98)%
کریڈٹ الاؤنس کی واپسی	(3,605,877)	(1,755,334)	105.42%
کل مختصات/ کریڈٹ الاؤنس	(2,048,842)	1,023,994	(300.08)%
منافع/ (نقصان) قبل از ٹیکس	2,501,750	656,812	280.89%
منافع/ (نقصان) بعد از ٹیکس	2,770,330	2,164,764	27.97%
منافع/ (نقصان) فی حصص (روپے)	0.80	0.72	11.11%

دیگر معلومات	31 دسمبر 2024 پ	31 دسمبر 2023 پ	فیصد تبدیلی اضافہ/ (کمی)
کھاتوں کی تعداد	1,155,270	816,219	41.54%
شاخوں کی تعداد	330	330	-

A. مالیاتی جائزہ

سال کے دوران کل اثاثہ جات 300.48 ارب روپے سے بڑھ کر 360.08 ارب روپے ہو گئے جس میں 59.60 ارب روپے (یعنی 19.84 فیصد) کا اضافہ ہوا، جس کی بنیادی وجہ سرمایہ کاری میں 34.66 ارب روپے کا اضافہ اور مجموعی ایڈوانس میں 21.44 ارب روپے کا اضافہ ہے۔
بڑے مالیاتی بیان کا طبقاتی جائزہ درج ذیل ہے:

I. ڈپازٹس (Deposits)

31 دسمبر 2024 پر ڈپازٹس میں 89.14 ارب (یعنی 39.88 فیصد) کا اضافہ ہوا، اور ان کی مالیت 312.71 ارب روپے رہی جبکہ 31 دسمبر 2023 کو اختتام پذیر سال پر ان کی مالیت 223.56 ارب روپے تھی جبکہ کرنٹ اکاؤنٹ ڈپازٹس پر توجہ مرکوز رہی۔ کھاتے داروں کی تعداد 1,155,270 رہی جس میں 339,051 کھاتوں کا اضافہ ہوا (یعنی 41.54 فیصد)۔ بینک کی مسلسل توجہ جدید مصنوع (product) پیش کرنے اور گاہکوں کو، ڈیجیٹل اور فزیکل، دونوں طرح کے ذرائع سے بلا تعطل اور بے خدمات کی فراہمی کو یقینی بنانے پر رہی۔

II. ایڈوانسز (Advances)

مجموعی ایڈوانسز کی مالیت 31 دسمبر 2023 کو اختتام پذیر سال کے 77.51 ارب روپے کے مقابلے میں 31 دسمبر 2024 کو اختتام پذیر سال پر 21.44 ارب روپے (یعنی 27.67 فیصد) اضافے کے ساتھ 98.95 ارب روپے رہی جس کی بنیادی وجہ سوورن بیکڈ ایکسپوزسز (Sovereign-backed exposures) میں سرمایہ کاری تھی۔ بینک نے اپنی پوری توجہ چھوٹے اور درمیانے درجے کے تجارتی اداروں کو قرضوں کی فراہمی پر مرکوز رکھی جو 2024 میں مالیاتی وسعت دے گا۔
مجموعی SME پورٹ فولیو میں توسیع: دونوں طرح کی فنڈ (53.86 فیصد) اور نان فنڈ (21.01 فیصد) میں نمایاں اضافہ ہونے سے کل حدود کی نمو میں 37.74 فیصد اضافہ ہوا ہے۔

کل SME کے بقایا جات (outstanding) میں 27.30 فیصد کا اضافہ ہوا، جو مجموعی کریڈٹ میں اضافہ کو ظاہر کرتا ہے (فنڈ 22.50 فیصد اور نان فنڈ 35.80 فیصد)۔ بینک کی غیر فعال قرضہ جات کو کم کرنے/حد میں رکھنے کے لیے صولیابی کی کوششیں زور و شور سے جاری ہیں جس کا نتیجہ غیر فعال قرضہ جات میں 3.67 ارب کی کمی اور خصات میں 3.61 ارب روپے کی کمی آئی۔

III. سرمایہ کاری (Investments)

31 دسمبر 2024 کو اختتام پذیر سال کے دوران سرمایہ کاری کی Carrying value میں 34.66 ارب روپے (20.82 فیصد) اضافے سے اس کی مالیت بڑھ کر 201.16 ارب روپے ہو گئی جبکہ 31 دسمبر 2023 کو اختتام پذیر سال پر اس کی مالیت 166.50 ارب روپے تھی۔
ملکیتی سرمائے (equities) اور میوچل فنڈز میں مجموعی سرمایہ کاری 801 ملین روپے رہی، علاوہ 750 ملین روپے سندھ مائیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ) کچس میں 640 ملین روپے (یعنی 33.64 فیصد) کی کمی 31 دسمبر 2023 (1,207 ملین روپے) کے مقابلے میں آئی، اس کی وجہ بینک کی ملکیتی سرمایہ کے حصص کو بہتر قیمت پر فروخت کرنے کی حکمت عملی رہی جس کا نتیجہ سال 2024 میں 216 ملین کا کمپینل گین حاصل ہوا۔

B. نفع نقصان کا کھانا

31 دسمبر 2024 پر اختتام پذیر سال پر منافع قبل از محصول کی مالیت 2.50 ارب روپے رہی جبکہ اس کے مقابلے میں گذشتہ سال منافع قبل از محصول کی مالیت 656.81 ملین روپے تھی جس کی وجوہات درج ذیل عوامل ہیں:

- اس مدت کے دوران بینک کی بنیادی ترجیح غیر فعال قرضوں کی وصولیاتی پتھی۔ اس خصوصی توجہ کی وجہ سے 3.61 ارب روپے کی کریڈٹ لاس کی خصات (redit loss provisios) کی واپسی واقع ہوئی۔ یہ نتیجہ بینک کی غیر فعال قرضوں کے پورٹ فولیو اور اس سے متعلق خصات کرنے کے عمل کے سلسلے میں موثر انتظام کو ظاہر کرتا ہے۔
- غیر سودی آمدنی میں 550.713 ملین کی کمی ہوئی جس میں، سال کے دوران، بڑا حصہ FX آمدنی میں 371.281 ملین روپے کی کمی اور تمسکات کی آمدنی میں 121.815 ملین روپے کی کمی آئی اور فیس کمیشن آمدن میں 80.5 ملین روپے کا اضافہ ہوا۔
- خالص سودی آمدنی میں 608.72 ملین روپے (یعنی 7.62 فیصد) کا اضافہ ہوا، اثاثہ جات کی نمو کے دوران، توجہ کا سٹ ایکٹیو ڈپازٹس (cost effective deposit) جس میں مرکزی توجہ NTBs کے ذریعے کرنٹ اکاؤنٹ کو متحرک کرنا اور غیر فعال قرضوں کی وصولیاتی تھی۔

• بینک کے نان مارک اپ کے اخراجات میں 1,285 ملین روپے یعنی 15.72 فیصد کا اضافہ ہوا جس کی وجہ سے افراط زر اور سپلائی چین میں رکاوٹیں تھیں۔

31 دسمبر 2024 کو اختتام پذیر سال پر منافع بعد از ٹیکس کی مالیت 2.77 ارب روپے رہی اس کے مقابلے میں گذشتہ سال منافع بعد از ٹیکس کی مالیت 2.16 ارب روپے تھی۔ منافع بعد از ٹیکس میں بہتری کی وجہ سے سال کے دوران بعد میں ادا کئے جانے والے ٹیکس اثاثہ جات کی واپسی تھی، بیان کردہ مدت کے دوران بینک کا ٹیکس ریٹ 39 فیصد سے بڑھا کر 44 فیصد کر دیا جو 2027 تک مزید کم ہو کر 42 فیصد ہو جائے گا۔ اس تبدیلی کے نتیجے میں مؤخر ٹیکس کی مد میں 1.90 ارب روپے کی واپسی (reversal) ہوئی۔

C. شاخیں (Branches)

بینک نے اپنی موجودگی کو پورے پاکستان میں 169 شہروں/قصبات کے 330 مقامات پر برقرار رکھا جس میں اسلامی بینکاری کے لیے مخصوص 14 شاخیں بھی شامل ہیں۔ سال کے دوران کوئی نئی شاخ نہیں کھولی گئی۔ علاقائی تقسیم کی تفصیلات درج ذیل ہیں:

علاقہ	شاخوں کی تعداد	شہروں/قصبات کی تعداد
جنوب: بشمول کراچی، سندھ کیدر شہر/قصبات اور بلوچستان	206	97
شمال: بشمول پنجاب، اسلام آباد، خیبر پختونخوا، آزاد جموں کشمیر اور گلگت بلتستان	124	72
کل تعداد	330	169

کریڈٹ ریٹنگ

مالیاتی پوزیشن، آپریٹنگ نتائج اور ریگولیٹری ریشوز میں نمایاں بہتری کے سبب، VIS کریڈٹ ریٹنگ کمپنی نے اپنی 28 جون 2024 کی رپورٹ میں بینک کی طویل المدت درجہ بندی کو A+ (ایک A مثبت) سے بہتر کر کے AA- (دو A منفی) اور قلیل المدت درجہ بندی A-1 (ایک A منفی) سے درجہ بندی بڑھا کر A+1 (ایک A منفی) کی توثیق کی ہے۔

کم سے کم سرمایہ (capital) کی ضرورت اور کپیٹل کی موزونیت کا تناسب

31 دسمبر 2024 پر، سندھ بینک کا سرمایہ کی موزونیت کا تناسب (Capital Adequacy Ratio) کم از کم 11.50 فیصد کی شرح کے مقابلے میں 21.42 فیصد ہے اور لیورج ریشو بینک کے کم سے کم 3 فیصد کے مقابلے میں 4.01 فیصد رہا۔

معاشی جائزہ

سال 2024 کے دوران پاکستان کی معیشت میں نمایاں اضافہ ہوا جس متعدد بنیادی سنگ میل تھے جنہوں نے زیادہ مستحکم مالیاتی ماحول بنانے میں حصہ ڈالا۔ سال کا آغاز آئی ایم ایف کے اسٹیٹمنٹ بانی انتخاب کے کامیاب تکمیل سے ہوا جس کے نتیجے میں سال کے شروع نصف سال میں 1.8 ارب ڈالر کی ادائیگی ہوئی۔ اس کوشش نے گورنمنٹ کے لیے سہولت فراہم کی کہ وہ جولائی میں 7 ارب ڈالر کی نئی اضافی فنڈ کی سہولت حاصل کر لے جس کی 1 ارب امریکی ڈالر کی پہلی قسط کی ادائیگی ستمبر 2024 کو ہوئی۔ فروری کے الیکشن اور نئی حکومت بننے کے بعد ایک سیاسی استحکام کا دور آیا، جو مالیاتی منظر نامہ کا اعتماد بڑھا رہا ہے۔ یہ بات حوصلہ افزا ہے، کہ افراط زر کی شرح نے کم ہونا شروع کیا اور اجناس کی قیمتیں مستحکم ہوئیں، بینک دولت پاکستان نے جون میں مالیاتی آسانی کے سائیکل کا آغاز کیا۔ اس فیصلہ کن عمل سے دسمبر میں پالیسی نرخ میں 22 فیصد سے 13 فیصد کی خاصی کمی ہوئی جس نے معاشی نمو اور سرمایہ کاری کے لئے انتہائی ضروری معاونت فراہم کی۔

اہم اتحادیوں، بشمول یو اے ای، سعودی عرب اور چین، کی جانب سے قرضوں کو رول اوور (rollover) سے ملک کے غیر ملکی زرمبادلہ کے ذخائر کے اضافے میں مدد ملی۔ اس کے علاوہ سعودی عرب کی جانب سے قابل قدر 5 ارب امریکی ڈالر کے سرمایہ کاری کے پیکیج پر متفق ہونا ہے۔ ان کاوشوں کے نتیجے میں سال بہ سال کی بنیاد پر، غیر ملکی زرمبادلہ کے ذخائر میں ایک غیر معمولی 26 فیصد کا اضافہ دیکھا اور دسمبر 2024 پر اس کی مالیت 15.9 ارب امریکی ڈالر ہو گئی۔

بالخصوص، اسی مدت کے دوران، بینک دولت پاکستان کے پاس ذخائر نے 42 فیصد کا متاثر کن اضافہ دیکھا جو بڑھ کر 11.73 ارب امریکی ڈالر ہو گیا۔ غیر ملکی زرمبادلہ کے ذخائر میں یہ نمایاں اضافہ پاکستانی روپے کے استحکام کے لیے نہایت ضروری ہے جس میں CY24 میں، سال بہ سال کی بنیاد پر اس کی قدر میں 1.2 فیصد کا اضافہ ہوا۔ فوریکس مارکیٹ میں مثبت پیش رفت کے سبب ذخائر میں مستحکم اضافہ، درآمدی بلز میں کمی اور شرح مبادلہ کے نظام میں مؤثر ریفارم کے اقدامات کا نفاذ شامل ہے۔

علاوہ ازیں، بہتری کی پیش رفت کو تسلیم کرتے ہوئے موڈیز پاکستان کی کریڈٹ درجہ بندی میں اضافہ کر کے Gaa2 کر دی ہے جو سرمایہ کاروں کا بڑھا ہوا اعتماد اور معاشی استحکام ظاہر کرتا ہے۔

پاکستان کے جاری کھاتے کے خسارے نے نمایاں بہتری دکھائی ہے جس کی بنیادی وجہ معاونت کی معیشت (macroeconomic) کی صورتحال اور فعال پالیسی کے اقدامات ہیں۔ سال 2024 میں جاری کھاتے کے خسارے نے 190 فیصد کی بہتری دکھائی اور 1.467 ارب امریکی ڈالر پہنچ گئی۔ علاوہ ازیں، مالی سال 2025 کے پہلے نصف میں جاری کھاتے کے خسارے نے سال بہ سال کی بنیاد پر 186 فیصد بڑھ کر 1.2 ارب امریکی ڈالر ہو گیا۔

علاوہ ازیں، غیر ملکی زرمبادلہ کی ترسیل نے بھی معاشی منظر نامہ کو بڑھانے میں اہم کردار ادا کیا اور وہ سال بہ سال کی بنیاد پر 32 فیصد اضافے سے بڑھ کر سال 2024 میں 34.66 ارب امریکی ڈالر ہو گئیں۔ یہ اضافہ، زیادہ تر تریسی اور غیر رسمی کرنسی ایکسیج مارکیٹ میں گھٹتے ہوئے فرق کی وجہ سے اور اس کے ساتھ بہتر مستقبل کی تلاش میں باہر جانے والوں کی وجہ سے رہا۔ اس کے علاوہ، مالی سال 2025 کے پہلے نصف میں ترسیل زر کی مالیت 17.8 ارب امریکی ڈالر ہو گئیں جو سال بہ سال کی بنیاد پر نمایاں 33 فیصد اضافہ ظاہر کرتی ہے جو نمایاں طور پر بہت سارے گھروں کے لیے اہم معاونت اور غیر ملکی زرمبادلہ کو مستحکم کرنے میں اس کی اہمیت کو ظاہر کرتی ہے۔

آگے بڑھتے ہوئے، توقع کی جارہی ہے کہ سال 2025 میں بینک دولت پاکستان امریکی ڈالر کے مقابلے میں پاکستانی روپے کو 280-300 کی حد میں رکھے گا۔ اس شرح مبادلہ کے استحکام کی بدولت امکان ہے کہ یہ سرمایہ کاروں کے اعتماد میں اضافہ کرے گا، معاشی نمو کو متحرک کرے گا اور معاون کاروباری ماحول پیدا کرے گا جس کی وجہ تجارت اور سرمایہ کاری کی سرگرمیوں کے لیے درست اندازہ لگانے والا منظر نامہ فراہم کرنا ہے۔

خلاصہ یہ ہے کہ، پاکستان کی معیشت استحکام اور نمو کے راستے پر چل رہی ہے جو اہم اصلاحات اور بیرونی حمایت سے بھی ثابت ہو گیا ہے۔ آنے والے سالوں میں ملکی معاشی ترقی کے سفر کے لیے ضروری ہے کہ قابل انتظام جاری کھاتے کا خسارہ، بہتر ہوتے ہوئے غیر ملکی زرمبادلہ کے ذخائر اور PSX کے لیے امید افزا منظر نامہ پیدا کرنے کے اشتراک سے اچھی امید کا اندازہ لگایا جاسکتا ہے۔

PSX کا جائزہ

سال 2024 میں پاکستان اسٹاک ایکسچینج نے بہترین کارکردگی دکھائی عالمی طور پر دوسری بہترین کارکردگی دکھانے والی مارکیٹ بن گئی۔ KSE-100 انڈیکس میں نمایاں اضافہ دیکھا اور 53,718 پوائنٹس کے اضافے سے جو سال بہ سال کی بنیاد پر متاثر کن 86.02 فیصد نمو دکھاتی ہے۔ اس نے سال کا اختتام 115,127 پوائنٹس پر کیا۔

پاکستان آئی ایم ایف پروگرام سے شکایت کر چکا ہے اور ایسا لگتا ہے کہ وہ اصلاحات کو با مقصد بنانے کے لیے درست قدم تھا۔ موجودہ سیاسی ترتیب اور معیشت پر جاری توجہ میں یہ صلاحیت ہے کہ وہ تسلسل سے جاری رہنے والی ترقی فراہم کرے، برخلاف مختصر معاشی ترقی اور ناکامی کے چکر جو گذشتہ 15 سالوں سے جاری تھے۔ یہ تیزی کے منظر نامے کی اہمیت کو ظاہر کرتا ہے۔ جاری سال 2025 میں KSE-100 انڈیکس کا ہدف 145,000 پوائنٹس ہے۔

سال 2025 میں توقع ہے کہ ملکیتی سرمایہ توجہ کا مرکز رہے گا اور ترجیحی اثاثہ کی کلاس رہے گی جس کی وجہ متبادل سرمایہ کاری میں کم ہوتا ہوا منافع ہے۔ علاوہ ازیں، آئی ایم ایف پروگرام کے تحت ڈھانچاتی اصلاحات اور سخت اقتصادی پولیسیوں پر توجہ سے امکان ہے کہ سرمایہ کاری کے ماحول کو بہتر کرے گی اور مارکیٹ ریلی (rally) کی معاونت کرے گی۔

خطرات سے نمٹنے کا انتظامی ڈھانچہ

خطرہ مول لینا، بینکاری کی مرکزی سرگرمی ہے۔ بینک کاروباری موقعوں کا تخمینہ خطرہ و انعام کے باہمی تعلق سے کرتا ہے۔ بینک کاروباری موقعوں کے موزوں ہونے، قابو میں ہونے، اپنے سائز میں ہونے، اس کی پیچیدگی اور کاروبار کی نوعیت کی بنیاد پر خطرہ لیتا ہے۔ ہمارے کاروبار کا تنوع (diversity) ہم سے تقاضہ کرتا ہے کہ اس کی شناخت، پیمائش اور درپیش خطرات کو مؤثر طور پر مختلف متعین حدود کے تحت منظم کیا جائے۔ بینک میں خطرے کا انتظام، بینک کی انتظامی ساخت، خطرے کے انتظام اور نگرانی کے عمل کے ذریعے سے کیا جاتا ہے جو بینک کی سرگرمیوں سے بہت ہم آہنگ اور بینک دولت پاکستان (SBP) کی دی ہوئی ہدایات کے مطابق ہوتا ہے۔ اپنے رسک مینجمنٹ فنکشن کو مسلسل استحکام دینے کے عمل کے طور پر بینک نے اپنے نظام اور لوگوں میں سرمایہ کاری کے عمل کو جاری رکھا۔ مختلف کیٹیگریز کی نگرانی اور نظم و ضبط پر توجہ جاری رکھنے کے لیے تبدیل ہوتی ہوئی ذمہ داریوں کے ساتھ، بینک کا جامع اور انضمام شدہ رسک مینجمنٹ کے نظم و ضبط کا ڈھانچہ، بورڈ اور بورڈ سے متعلق کمیٹیوں اور مینجمنٹ کی ذیلی کمیٹیوں پر مشتمل ہے۔

مالیاتی رپورٹنگ پر اندرونی کنٹرول

سندھ بینک نے درپیش خطرات کی شناخت، تجزیہ اور ان خطرات سے نمٹنے کے لیے ایک جاری عمل تشکیل دیا ہے اور اس میں مالیاتی رپورٹنگ پر اندرونی کنٹرول کا نظام شامل ہے۔ اس عمل کا بورڈ کی آڈٹ کمیٹی با قاعدگی سے جائزہ لیتی ہے۔ بورڈ کا خیال ہے کہ، بینک کی موجودہ مالیاتی رپورٹنگ پر اندرونی کنٹرول کا نظام، مناسب حد تک قابل اعتبار، مضبوط اور موزوں ہے اور بیرونی مقاصد کے لیے، مالیاتی رپورٹنگ اور مالیاتی دستاویزات کی تیاری متعلقہ اکاؤنٹنگ کے اصولوں اور ریگولیٹری ضوابط کے مطابق ہے۔ انتظامیہ، بورڈ کی مالیاتی رپورٹنگ کے اندرونی کنٹرول سے متعلق پالیسیوں اور ہدایات کے نفاذ میں بورڈ کی معاونت کرتی ہے۔ انتظامیہ مالیاتی رپورٹنگ کے اندرونی کنٹرول کے نظام کو مضبوط کرنے کے لیے مسلسل کام کر رہی ہے۔ بورڈ، انتظامیہ کے مالیاتی رپورٹنگ کے اندرونی کنٹرول کے بیان کی توثیق کرتا ہے بشمول انتظامیہ کی ICFR کی قدر پذیری کے۔ انتظامیہ کا اندرونی کنٹرول کا بیان سالانہ رپورٹ میں شامل ہے۔

دیگر جھلکیاں

a. IT کے شعبہ میں بڑے اقدامات

بینک مسلسل اپنے ٹیکنیکی ڈھانچہ کو بہتر بنانے کی جدوجہد کر رہا ہے تاکہ گاہکوں کو اختراعی (innovative) اور محفوظ معاشی حل فراہم کر سکے۔

سال 2024 میں سندھ بینک نے سرور ہارڈ ویئر (server hardware)، کمیونیکیشن انفراسٹرکچر اور سکیورٹی اپ گریڈ کرنے میں کافی سرمایہ کاری کی ہے۔ بینک نے ہائی اینڈ سرور (server end-high) خریدا ہے جس کی بدولت تیزی سے اسٹور کرنے کے ساتھ سسٹم کی کارکردگی اور اپ ٹائم بڑھایا جاسکے۔

اداراتی اور مالیاتی رپورٹنگ کا ڈھانچہ

بینک نے 200 برانچوں میں، SD-WAN (Software Defined Wide Area Network) سولوشن کے استعمال کے ذریعے سے ٹیکنالوجی اپ گریڈ کر کے اہم سنگ میل حاصل کیا ہے اور باقی برانچوں میں کام جاری ہے۔ اس سولوشن نے بینک کی صلاحیت بڑھادی ہے جس سے وہ بہترین رابطہ کے آپشن استعمال کر سکتا ہے۔ SD-WAN برانچوں کو براہ راست ڈیٹا سینٹر یا سوفٹ ویئر بطور سروس پلیٹیفارمز جس سے ٹرانزٹ ٹائم کم ہوگا، کم سے کم اور ہائیڈرکٹوں کو ختم کرنا اور پلیٹیفارمز کی کارکردگی میں بہتری لانا ہے۔

ڈیجیٹل بینکنگ فرنٹ پر، سندھ بینک نے مختلف اضلاع میں سیلاب سے متاثرین کے 454,000 ڈیجیٹل اکاؤنٹس کھولے ہیں۔ اس عمل کے دوران بینک نے تمام رگو لیٹری ضروریات کی تعمیل کو یقینی بنایا ہے۔ سندھ بینک ای-اسٹامپ کے نظام کو بھی اپ گریڈ کیا ہے اور اب وہ Link1 کے بل سروس کے ذریعے سے سندھ ریونیو بورڈ کے پوائنٹ آف سیل ٹیکس کی وصولی کے لیے تصفیہ کے بینک کے طور پر خدمات سرانجام دے رہا ہے۔

نومبر 2024 سے سندھ بینک نے حکومت سندھ کی جانب سے بینظیر باری کارڈ کا اجرا شروع کیا ہے۔ بینک جدید سکیورٹی فیچرز کے ساتھ موبائل ایپ کو اپ گریڈ کرنے کے ایک اہم سنگ میل پر بھی کام کر رہا ہے۔

سندھ بینک نے روایتی بینکاری سے اسلامی بینکاری میں منتقل کرنے کے عمل کا آغاز کر دیا ہے۔ بینک نے اپنی استعداد میں اضافہ کرنے کے لیے سیٹس سوئچ کو بھی اپ گریڈ کر دیا ہے۔ معلومات کے تحفظ کے محاذ پر، محفوظ ادائیگی کے نظام کے ماحول کو یقینی بنانے کے لیے بینک کا PCI DSS (Payment Card Industry Data Security Standard) کے تخمینے پر کام جاری ہے۔

b. مائیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB)، ایک صوبے کی سطح کا مائیکرو فنانس بینک ہے جس نے آپریشن کا آغاز صوبہ سندھ میں مئی 2016 میں 750 ملین روپے کے ملکیتی سرمایہ سے کیا اور 31 دسمبر 2024 تک SMFB نے اپنے منافع کے ذریعے سے اپنے ملکیتی سرمائے کو 1.25 ارب روپے تک پہنچا دیا ہے۔ SMFB ملک کا پہلا مائیکرو فنانس بینک ہے جو تقریباً 10 سال پہلے اپنے آغاز سے مسلسل منافع میں ہے۔ سال 2024 میں SMFB نے 251 ملین روپے (2023: 129 ملین روپے) کا منافع قبل از ٹیکس کا اندراج کیا جو گذشتہ سال اسی مدت سے 94.57 فیصد زیادہ ہے۔ کم از کم کمپنیل حاصل کرنے کے بعد SMFB نے قدرتی طور پر اپنی رسائی پاکستان بھر کے لیے قومی سطح کے لائسنس حاصل کر نیے لیے بینک دولت پاکستان کے پاس درخواست دے دی ہے اور اس کا آغاز جنوبی پنجاب سے کر رہے ہیں۔

SMFB اصل میں ٹیلی سطح کے طبقے کے لیے کام کرنے والا مائیکرو فنانس ماڈل ہے جو دیہی اور نیم شہری علاقوں کی معاشی سرگرمیوں میں مصروف خواتین کی ضرورت کو پورا کرتا ہے۔ قرضہ کا سائز کم ہے (اوسط فی قرضہ لینے والے کو قرضہ کی ادائیگی کی رقم 45 ہزار سے کم ہے) اور عدم ادائیگی کی شرح 1 فیصد سے کم ہے۔

SMFB نے اب تک 420,000 قرضہ جات جن کی تقریباً مالیت 14 ارب روپے ہے، کی ادائیگیاں سندھ بھر میں 108 مقامات پر موجود دفاتر سے کی جا چکی ہیں سال 2024 کے دوران SMFB نے 87,961 قرضہ جات فنانس کیے ہیں جن کی مالیت 3.9 ارب روپے تھی۔

سال کے دوران VIS کریڈٹ ریٹنگ ایجنسی اور پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA)، دونوں نے SMFB کی درجہ بندی اپ گریڈ کر کے "A" (طویل المدت) اور "A1" (قلیل المدت) درجہ بندی تفویض کی ہیں۔ درجہ بندی کی اپ گریڈ کرنے سے بینک کی مضبوط مالیاتی کارکردگی اور مشکل حالات میں چلک دکھانے کی اہمیت ظاہر کرتا ہے اور سیکٹر کے دیگر اداروں کا متاثر کر رہا ہے۔

31 دسمبر 2024 کو اختتام پذیر سال مختصر مالیاتی جھلکیاں درج ذیل ہیں؛

میلنس شیٹ	31 دسمبر 2024	31 دسمبر 2023
روپے ملین میں		
مجموعی قرضہ کا پورٹ فولیو	2,334	1,927
کل اثاثہ جات	4,531	3,415
ڈپازٹس	1,991	1,323
ادھار	873	721
کل واجبات (Liabilities)	3,276	2,309
خالص ملکیتی سرمایہ (Equity)	1,254	1,106
دیگر معلومات		
کھاتوں کی تعداد (قرضہ جات)	83,316	74,180
کھاتوں کی تعداد	193,434	162,152

نفع نقصان کا کھاتہ	31 دسمبر 2024 پر اختتام پذیر سال کے لیے	31 دسمبر 2023 پر اختتام پذیر سال کے لیے
	روپے ملین میں	
خالص سودی آمدن	887	620
منافع قبل از محصول	243	129
محصول	(89)	(39)
منافع بعد از محصول	154	89

قرضہ جات کی ادائیگی	31 دسمبر 2024 پر	31 دسمبر 2023 پر
رقم ملین روپے میں	3,961	3,221
کھاتوں کی تعداد	87,961	78,576

c اسٹاف کی تربیت اور ترقی

31 دسمبر 2024 پر بینک کے کل عملے یعنی ایگزیکٹو، آفیسرز اور معاون اسٹاف کی تعداد 2,726 تھی (بشمول 550 ٹھیکیداری عملہ) اس کے مقابلے میں 31 دسمبر 2023 کو یہ تعداد 2,611 (بشمول 525 ٹھیکیداری عملہ) تھی۔

دسمبر 2024 کو اختتام پذیر سال ٹریگ ڈپارٹمنٹ نے کامیابی سے 120 تربیتی پروگرامز کا انعقاد کیا بشمول 154 اندرونی (in-house) اور 66 بیرونی (Ex-house) سیشنز کیے۔ ان پروگرامز نے بینکاری افعال کے وسیع رینج کا احاطہ کیا جس میں شامل ہیں برانچ بینکاری آپریشنز، اسلامی بینکاری، تعمیل، غیر ملکی تجارت، رسک مینجمنٹ، انٹرئل کنٹرول، انٹرئل آڈٹ۔ اس سال کا ایک اہم سنگ میل مسلسل NIBAF پاکستان سے اشتراک برائے کیش آفیسرز اور جرنل مینجنگ آفیسرز کے لیے سرٹیفیکیشن کورسز کا انعقاد جس میں تین گروپس میں 634 آفیسرز کی سرٹیفیکیشن ہوئی۔ ان پروگرامز میں 1,898 لوگوں نے شرکت کی اور یہ پروگرامز بینک دولت پاکستان کی ہدایت سے ہم آہنگ تھے جس میں زور جنسی حساسیت، سیاہ دھن کو سفید کرنے کا تدارک/تعمیل اور اسلامی بینکاری پر تھا۔ اس کے علاوہ، LRC، PLN، IBD، NIBAF اور دیگر معروف کنسلٹنسیز (consultancies) کی جانب سے پیش کئے جانے والے بیرونی (Ex-house) تربیتی پروگرامز میں عملے کے متعدد ملازمین کو نامزد کیا گیا تھا جس کی توجہ اسلامی بینکاری، تعمیل، اندرونی آڈٹ اور رسک مینجمنٹ پر مشتمل ہیں۔ اور اس طرح سے بینک کا بینک دولت پاکستان کی ریگولیٹری ترجیحات پر بینک کے عزم کو مضبوط کرنا ہے۔

ادارائی سماجی ذمہ داری (CSR)

بینک نے صحت، تعلیم کیونٹی فلاح و بہبود کے ملٹی سیکٹورل (multi-sectoral) اقدامات کی معاونت جاری رکھی جو مالیاتی شمولیت، صحت، تعلیم اور کیونٹی فلاح و بہبود کی حوصلہ افزائی کرتی ہے جس میں تعلیم، صحت میں مالی معاونت کی حوصلہ افزائی کرتی ہے۔

بینک نے سال 2024 میں درج ذیل ایونٹس کا انعقاد مالی سرپرستی کی:

- بینک کے ہیڈ آفس میں چھاتی کے سرطان سے آگاہی کا دن منایا گیا تاکہ چھاتی کے سرطان کے پھیلاؤ اور تدارک سے آگاہی کو فروغ دیا جائے۔ بینک کی خاتون ملازمین کے اعزاز میں خواتین کا دن منایا گیا۔
- متعدد اداروں کی مالی سرپرستی کی مثلاً حضرت لال شہباز قلندر کا سالانہ عرس، پاکستان ہندو نسل کا ملازمت فیر ایکسپو، CEO سمٹ، پاکستان فٹسال کپ 3.0- اپنی نوعیت کا پہلا بلائیٹ فٹسال ٹورنامنٹ، کراچی بینکرز کلب کرکٹ میچ، سندھ لٹرچر فیسٹیول، انٹارٹیکا مہم کے لیے پاکستان سے بین الاقوامی ماؤنٹیننگ، شاکر ساراٹ اکیڈمی کی جانب سے می قسم، اسلام آباد کا انتظام، بین الاقوامی شش ماہی میٹ کا ایکسپو سنٹر میں انعقاد۔
- تعلیمی اداروں کی مختلف پروگرامز کے انعقاد کے لیے مالی سرپرستی فراہم کی گئی مثلاً جامعہ کراچی کو بڑے شہروں میں نیشنل کانفرنس کے انعقاد کے لیے؛ سندھ مدرسۃ الاسلام یونیورسٹی کو دوسری عالمی ریسرچ کانگریس، بینظیر شہید بھٹو یونیورسٹی، لیاری کو دوسرا سالانہ کونو ویکشن، نسٹ کو پاکستان کی پہلی شہری الیکٹرک کار کی رونمائی، سیدارالحج کو ڈی بیٹ جیمین شپ، فیڈرل اردو یونیورسٹی آئرس، سائینس اینڈ ٹیکنالوجی کو دوسری جیم (Chem) ایکسپو 2024، داؤد یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی کو بین الاقوامی کانفرنس آن Panel Discussion on Blurring the Barriers۔
- بین الاقوامی خواتین لیڈرز کی سمٹ، بورن 2 رن کے چوتھی ویمپز پاور رن اور نادیہ بلوچ کا خواتین کو بااختیار کرنے کی حوصلہ افزائی کے لیے 16 دن کا ایکٹیوزم ایونٹ کی بھی مالی سرپرستی کی۔

- بینک کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت، عملی امور کے نتائج، کیش فلو اور ملکیتی سرمایہ (equity) میں تبدیلی واضح طور پر پیش کرتے ہیں۔
- بینک نے مناسب کھاتوں کی کتابیں (Books of Accounts) تیار رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا یکساں اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان کے بینکوں میں قابل اطلاق ہیں، پر عمل کیا گیا ہے اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا نقشہ مضبوط بنیادوں پر تیار کیا گیا ہے اور اس کا موثر نفاذ اور نگرانی کی جاتی رہی ہے۔
- بینک کے مستقبل میں ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- سال کے دوران ICAP کے منظور شدہ ایکٹرز کے ذریعے کارپوریٹ گورننس کے بارے میں ڈائریکٹرز اور مینجمنٹ کورس کا انتظام کیا گیا، جس میں CEO اور صدر سمیت وہ تمام ڈائریکٹر شریک ہوئے جنکی FPT دستاویزات کی جانچ کے دوران SBP نے ہدایات کیں۔
- گزشتہ چھ سالوں کے اہم مالیاتی اور آپریٹنگ اعداد و شمار کو سالانہ رپورٹ میں فراہم کیا جا رہا ہے۔
- تمام دستوری مالیاتی ذمہ داریاں، اگر کوئی ہیں، کو مناسب طور سے مالیاتی دستاویزات میں ظاہر کیا گیا ہے۔
- چیئرمین اور بورڈ کے دیگر ممبر صاحبان کے تقرر اور ان کے تقرر کی شرائط، بمع ان کے معاوضے کے لیے اختیار کردہ پالیسی بینک کے بہترین مفاد میں ہے اور بہترین طور پر یقینوں سے بھی مطابقت رکھتی ہے
- 31 دسمبر 2024 پر سندھ بینک لمیٹڈ کے ملازمین کی پراویڈینٹ فنڈ کی سرمایہ کاری کی مالیت 2,816.05 ملین روپے (2023-2,082.8 ملین روپے) ہو گئی۔ 31 دسمبر 2024 پر سندھ بینک لمیٹڈ کے ملازمین کے گریجویٹ فنڈ کی سرمایہ کاری کی مالیت 1,055.5 ملین روپے تھی (2023-805.5 ملین روپے) اور مزید 177.2 ملین روپے کی رقم کو بیلنس شیٹ کی تاریخ پر، فنڈ کی ایکچوریل قدر پذیری (actuarial valuation) کے بعد منتقل کیا گیا ہے۔
- پبلک سیکلٹمینز (کارپوریٹ گورننس) ضوابط مجریہ 2013ء کی تعمیل کا بیان سالانہ رپورٹ میں علیحدہ سے دیا گیا ہے۔

بورڈ، چیئرمین، انفرادی ڈائریکٹر، آزاد ڈائریکٹر، صدر اور CEO اور کمیٹیوں کی قدر پیمائی (evaluation)

بینک دولت پاکستان کے، BPRD کے سرکلر نمبر 11، بتاریخ 22 اگست 2016 اور پبلک سیکلٹمینز (کارپوریٹ گورننس) رولز 2013 کے مطابق، بورڈ آف ڈائریکٹرز نے اپنے چوالیسویں اجلاس منعقدہ 21 نومبر 2016 کو اپنی کارکردگی، چیئرمین کی کارکردگی، انفرادی ڈائریکٹر/کفیل ڈائریکٹر، آزاد ڈائریکٹر، صدر اور CEO اور بورڈ کی کمیٹیوں کی قدر پذیری کے لیے معیار اور طریقہ کار کی منظوری دے دی ہے تھی۔

بورڈ کے ارکان نے سالانہ بنیاد پر، بینک کا اندرونی طور پر تیار کردہ میکیزم تیار کر کے چیئرمین کے پاس جمع کر دیا ہے۔ بورڈ کی کارکردگی پر تمام ڈائریکٹرز انفرادی طور پر بورڈ کی ساخت اور ڈھانچہ، حکمت عملی کی تیاری میں بورڈ کا حصہ، پالیسی کا ڈھانچہ، مضبوط اور موثر رسک مینجمنٹ، انٹرئل کنٹرول آڈٹ فنکشنز کا متعین معیار کی بنیاد پر تخمینہ لگاتے ہیں۔

بینک دولت پاکستان کے مذکورہ بالا سرکلر کے تحت کارکردگی کی قدر پذیری تین سالوں میں ایک مرتبہ کسی بیرونی انجینیئر کے ذریعے کی جانی چاہیے۔ اس لیے، سال 2024 کی کارکردگی کی قدر پیمائی بیرونی کنسلٹنٹ میسرز: گرانٹ تھورنٹن انجم رحمان نے کی۔

ڈائریکٹر ٹریگ/کورسز

- ڈائریکٹرز کا اداراتی نظم و ضبط (Corporate Governance) سے آگاہی کا کورس ICAP کے منظور شدہ ٹریینر (trainer) کا انعقاد 3 مارچ 2025 کو بورڈ آف ڈائریکٹرز 118 ویں اجلاس میں ہوا جس میں صدر، چیف ایگزیکٹو ڈائریکٹر اور دیگر تمام ڈائریکٹر نے شرکت کی۔
- تمام ڈائریکٹرز نے اپنا ڈائریکٹر کی ٹریگ کی سرٹیفیکیشن معروف اداروں سے کی ہے۔
- شریعہ بورڈ نے 25 اکتوبر 2024 کو بورڈ آف ڈائریکٹرز کے 115 ویں اجلاس میں ڈائریکٹرز اسلامی بینکاری پر جامع آگاہی اور ٹریگ دی۔

IFRS9 کا نفاذ - مالیاتی دستاویز

بینک دولت پاکستان کے BPRD سرکلر نمبر 3 آف 2022 کے احکامات کے مطابق وہ بینک جن کی اثاثہ جات کی بیس 21 دسمبر 2021 پر 500 ارب روپے سے کم ہے ان بینکوں کے لیے "مالیاتی انسٹرومنٹ" یکم جنوری 2024 سے مؤثر ہے، بینک دولت پاکستان نے اسی سرکلر کے ذریعے IFRS9 (نافذ کرنے کی ہدایات) کو حتمی شکل دے دی ہے تاکہ بینکوں میں اسٹینڈرڈ کے سموتھ (smooth) اور یکساں طریقے پر اس کے نفاذ کو یقینی بنایا جاسکے۔

بورڈ کے ڈائریکٹرز

زیر جائزہ سال کے دوران بورڈ اور اس کی ذیلی کمیٹیوں کے ڈائریکٹرز کے اجلاس کی حاضری کی تفصیلات درج ذیل تھیں:

نمبر شمار	ڈائریکٹر کے نام	بورڈ کے ڈائریکٹرز	بورڈ کی ہیومن ریسورس کمیٹی	بورڈ کی آڈٹ	بورڈ کی رسک مینجمنٹ کمیٹی	بورڈ کی آئی ٹی	بورڈ کی نامزدگی	بورڈ کی کمیٹی	SAM
		سال میں شرکت	سال میں شرکت	سال میں شرکت	سال میں شرکت	سال میں شرکت	سال میں شرکت	سال میں شرکت	سال میں شرکت
1	جناب محمد آفتاب عالم	8	8	3	5	3	3	1	6
2	جناب فیاض احمد جتوئی	8	3	2	-	-	-	-	6
3	جناب جاوید بشیر شیخ	8	8	-	5	5	4	4	-
4	بیگم شائستہ بانو گیلانی	8	8	3	3	5	-	3	6
5	جناب امتیاز احمد بٹ	8	8	-	-	-	4	3	-
6	جناب عمران صمد	8	4	-	-	-	4	1	6
7	جناب فرحان اشرف خان	8	4	-	5	2	-	-	6
8	جناب محمد انوار، صدر اور CEO	8	6	-	-	-	-	-	-
9	جناب انیس اے۔ خان*	8	3	1	-	-	-	1	6
10	ڈاکٹر کاظم حسین جتوئی**	8	3	1	-	-	4	1	6
11	جناب عمران احمد، سابقہ صدر اور CEO***	8	2	-	-	-	-	-	-
	سال کے دوران منعقدہ اجلاس	8	3	5	4	3	1	6	

بورڈ آف ڈائریکٹرز میں تبدیلی

حصص کنندگان اپنے 13 ویں سالانہ عام اجلاس (AGM) میں سات (7) ڈائریکٹرز کا انتخاب یا دوبارہ انتخاب کیا جن کی FPT's کلیرنس بینک دولت پاکستان نے 27 اگست 2024 کو دے دی تھی اور بینک دولت پاکستان سے 28 اکتوبر 2024 کو منظوری کے بعد بورڈ کے 111 ویں اجلاس میں جناب محمد انوار کو بطور صدر اور CEO منتخب کر لیا گیا تھا۔ منتخب ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں:

نمبر شمار	ڈائریکٹر کا نام	عہدہ
1	جناب محمد آفتاب عالم	آزاد ڈائریکٹر
2	جناب فیاض احمد جتوئی	سیکرٹری مالیات، حکومت سندھ/ نان ایکزیکوٹیو
3	جناب جاوید بشیر شیخ	نان ایکزیکوٹیو ڈائریکٹر
4	بیگم شائستہ بانو گیلانی	آزاد ڈائریکٹر
5	جناب امتیاز احمد بٹ	آزاد ڈائریکٹر
6	جناب عمران صمد	نان ایکزیکوٹیو ڈائریکٹر
7	جناب فرحان اشرف خان	نان ایکزیکوٹیو ڈائریکٹر
8	جناب محمد انوار	صدر اور CEO

بورڈ کمیٹیوں کے اجلاس

بورڈ کمیٹیوں کے اجلاس کی تفصیل اس رپورٹ میں پبلک سیکرٹری (کارپوریٹ گورننس) رولز 2013 کی تعمیل کے بیان میں ظاہر کی گئی ہے۔

حصص رکھنے کا رجحان (pattern)

حصص رکھنے کا رجحان (pattern) اس رپورٹ کے ساتھ منسلک ہے۔

IFRS9 فنانشل انسٹرومنٹ میں درج transitional provisions کے مطابق بینک نے retrospective approach منتخب کی ہے تاکہ تقابلی اعداد و شمار سے بچا جاسکے۔ ٹرانزیشنل مدت کے دوران مالیاتی اثاثہ جات اور مالی واجبات کی کیرنگ ویلیو میں تبدیلی جاری سال کے آغاز، بغیر تقابلی ڈیٹا کو تبدیل کیے اور opening retained earnings و دیگر ذخائر کا حساب کرنا ہوگا۔

بینک دولت پاکستان نے 22 جنوری 2025 کو IFRS9 کے تحت، ایکٹیو انٹریٹ ریٹ ماڈل کے نفاذ کی مدت میں ایک سال کی توسیع کر دی ہے، اور اس توسیع کی مدت 31 دسمبر 2025 تک ہوگی، اس توسیع سے بینک کو زیادہ وقت ملے گا جس میں ضروری رد و بدل کر سکیں گے اور پراسسز ضرورتوں کے مطابق ہم آہنگ کر سکیں جس سے سموٹھ (smooth) ٹرانزیشن کو یقینی بنایا جاسکے۔

مستقبل کا منظر نامہ

- سندھ بینک لمیٹڈ کو اسلامی بینک میں تبدیل کرنا

سندھ بینک لمیٹڈ، اس کے ساتھ اس کے مکمل طور ذیلی ادارے سندھ مائیکرو فنانس بینک، کارادہ ہے کہ وہ بینک دولت پاکستان کے ویژن 2028 کے ساتھ ہم آہنگ ہو کر مکمل شریعی کی تعمیل کرنے والا بینک بن جائے۔ چنانچہ، 31 اکتوبر 2024 کو سندھ بینک نے اسلامک کنورژن پلان، بینک دولت پاکستان کے پاس جمع کروادیا ہے جس میں اس کی تمام روایتی برانچوں کی اسلامک بینکاری پر 31 دسمبر 2027 پر منتقل کر دی جائیں گی۔

بینک دولت پاکستان نے سندھ بینک کو 2025 میں اصولی طور پر 45 روایتی برانچوں کو اسلامک بینکاری پر منتقل کرنے کی منظوری دے دی ہے۔ بینک دولت پاکستان کے سرکلر IFPD نمبر 3 بتاریخ 28 جون 2024 اور سرکلر IFPD نمبر 5 بتاریخ یکم اکتوبر 2024 کی تعمیل کرتے ہوئے سندھ بینک نے اسلامی بینکاری پر منتقلی کے عمل کا آغاز کر دیا ہے۔ منتقلی کی توجہ جدید تعمیل کرتی ہوئی پروڈکٹس، مالیاتی شمولیت کا فراغ اور پاکستان کے اسلامی بینکاری سیکٹر کی تسلسل سے فروغ کرنے پر رہے گی۔

- دیگر بڑے مقاصد

1. اب تک حوصلہ افزاء نتائج حاصل کرنے کے بعد، انتظامیہ پر عزم ہے کہ وہ آنے والی مدت میں مندرجہ ذیل مقاصد پر اپنی توجہ برقرار رکھے گی:

- (i) کاسٹ انٹینسٹ کرئٹ اکاؤنٹ کو متحرک کرنے کی اسکیم،
- (ii) کنزیومر، SME اور کمرشل کاروبار میں اضافہ،
- (iii) متبادل فراہمی اور خدمات کے ذرائع جس کی بنیاد ٹیکنالوجی پلیٹ فارم پر ہوتا کہ گاہکوں کو سہولت فراہم کی جاسکے، اور
- (iv) غیر فعال قرضوں کی بحالی اور کمی

2. موسمیاتی تبدیلی کی روشنی میں اور اس کے نتیجے میں معاشی اور سماجی چیلنجز سے حل کے لیے بینک درج ذیل ایریاز پر توجہ دے گا:


- (i) موسمیاتی تبدیلی کے بڑے اثرات کو کم کرنے کے لیے اپنے کردار کو مستحکم کرے گا۔
- (ii) تسلسل سے فنانس کو فروغ دینا۔


(iii) فنانس تک رسائی میں بہتری کے لیے انفراسٹرکچر کو بڑھانا اور تسلسل مالی حل میں اضافہ، خاص طور پر چیلنجز جن کا تعلق غذا اور پانی کے بحران سے ہو۔

3. بینک کا ارادہ ہے فنانشل شمولیت فریم ورک کو ٹارگیٹڈ پالیسی انیشیٹیو کے ذریعے سے مستحکم کرے اور اہم ایریاز میں کام کریں مثلاً زراعت، SMEs، مائیکرو فنانس اور ٹریڈ فنانس اور بینک میں فنانشل لیٹریسی پروگرام کو نافذ کیا جائے گا جس میں زیادہ فوکس ڈیجیٹل سولوشنز پر ہوگا۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں خلوص دل سے ریگولیٹرز، حصص کنندگان اور گاہکوں کا ان کی بینک انتظامیہ کی مسلسل رہنمائی اور حمایت کرنے پر شکریہ ادا کرنا چاہتا ہوں۔


 فرحان اشرف خان
 (نان ایگزیکٹو ڈائریکٹر)


 محمد انوار
 صدر/CEO

کراچی: 3 مارچ 2025

Key Performance Indicators

		2024	2023	2022	2021	2020	2019
Financial							
Investments-Gross	Rs. In million	201,164	169,672	257,487	178,415	172,300	68,567
Advances-Gross	" "	98,957	77,511	70,899	73,025	76,356	76,430
Deposits	" "	312,718	223,570	223,043	217,608	185,571	134,050
Shareholders' Equity	" "	29,152	24,472	17,150	18,635	19,077	17,077
Total Assets	" "	360,087	300,483	357,850	270,198	273,713	160,599
Net Interest Income	" "	8,602	7,993	5,316	4,904	2,874	1,850
Non Interest Income	" "	1,314	1,866	1,089	576	623	(668)
Operating Expenses	" "	9,464	8,178	6,736	5,722	5,109	4,923
Profit /(Loss) Before provisions	" "	452	1,681	(330)	(241)	(1,612)	(3,741)
Provision against investments & others	" "	(2,048)	1,024	1,938	5,824	3,723	10,021
Profit/ (Loss) Before Taxation	" "	2,501	657	(2,269)	(6,065)	(5,335)	(13,761)
Profit /(Loss) After Taxation	" "	2,770	2,165	(1,386)	(3,728)	(3,213)	(8,260)
Dividend Paid	" "	-	-	-	-	-	-

Non Financial

No. of Customers (as of)	Numbers	1,155,270	816,219	556,539	517,621	484,730	497,507
No. of New Branches Opened	" "	-	-	-	-	-	-
No. of New Accounts Opened	" "	339,051	253,947	69,587	36,034	33,056	39,172
No. of ATM/Debit Cards Issued (as of)	" "	227,282	205,483	107,831	192,776	240,523	291,741
No. of Permanent Employees (as of)	" "	1,979	1,908	1,894	1,828	1,789	1,745
No. of ATM Machine (as of)	" "	307	278	282	282	271	265
No. of Mobile Banking Customers	" "	432,359	413,287	385,046	339,793	336,308	205,022

Key Financial Ratios

Earnings Per Share - Pre tax	Rupees	0.8	0.72	(0.54)	(2.38)	(2.71)	(6.98)
Book Value Per Share	" "	8.44	7.09	5.81	6.31	7.47	7.87
Return on Equity	%	10.33%	10.40%	-7.75%	-19.77%	-17.77%	-58.34%
Return on Assets	" "	0.84%	0.66%	-0.44%	-1.37%	-1.48%	-5.23%
Capital Adequacy Ratio	" "	21.42	16.21	5.38	11.91	15.20	13.15

Vertical Analysis

Statement of Financial Position / Profit & Loss

	2024		2023		2022		2021		2020		2019	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	22,612	6%	53,408	18%	14,169	4%	19,342	7%	14,487	5%	13,553	8%
Balances with other banks	3,787	1%	958	0.5%	1,620	0.5%	1,092	0.5%	4,185	2%	839	1%
Lendings to financial institutions	24,514	7%	-	0%	19,967	6%	6,081	2%	8,213	3%	3,645	2%
Investments	201,165	56%	166,503	55%	254,553	71%	175,703	65%	170,818	62%	65,143	41%
Advances	72,545	20%	50,623	17%	43,802	12%	47,784	18%	56,853	21%	61,131	38%
Operating fixed assets	4,799	1%	4,045	1%	4,150	1%	3,262	1%	3,334	1%	3,828	2%
Deferred tax assets-net	16,956	5%	17,194	6%	14,662	4%	13,252	5%	10,182	4%	8,607	5%
Other assets	13,709	4%	7,753	3%	4,928	1%	3,671	1%	5,641	2%	3,853	2%
	360,087	100%	300,483	100%	357,850	100%	270,188	100%	273,714	100%	160,599	100%
LIABILITIES												
Bills payable	1,447	0.4%	899	0%	726	0%	625	0%	592	0%	495	0%
Borrowings from financial institutions	1,458	0.4%	37,546	12%	106,935	30%	26,786	10%	62,378	23%	4,192	3%
Deposits and other accounts	312,718	86.8%	223,570	74%	223,044	62%	217,608	81%	185,571	68%	134,050	83%
Lease liabilities	4,308	1.2%	-	-	-	-	-	-	-	-	-	-
Deferred tax liability-net	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,004	3.1%	13,996	5%	9,995	3%	6,542	2%	6,096	2%	4,785	3%
	330,935	92%	276,011	92%	340,699	95%	251,561	93%	254,637	93%	143,522	89%
NET ASSETS	29,152	8%	24,472	8%	17,151	5%	18,627	7%	19,077	7%	17,077	11%
REPRESENTED BY												
Share capital	34,524	9.59%	34,524	11%	29,524	8%	25,524	9%	19,710	7%	19,710	12%
Shares Deposit Money	-	-	-	0%	-	0%	4,000	1%	2,000	1%	2,000	1%
Reserves	2,448	0.68%	1,894	1%	1,461	0.4%	1,461	1%	1,471	1%	1,452	1%
Proposed shares to be issued on amalgamation	-	-	-	0%	-	0%	-	0%	3,814	1%	-	0%
Accumulated loss	(8,705)	-2.42%	(10,913)	-4%	(12,626)	-4%	(11,237)	-4%	(7,510)	-3%	(4,304)	-3%
Surplus / (Deficits) on revaluation of investments - net of related deferred tax	885	0.25%	(1,034)	0%	(1,209)	0%	(1,122)	0%	(409)	0%	(1,781)	-1%
	29,152	8%	24,472	8%	17,151	5%	18,627	7%	19,077	7%	17,077	11%
PROFIT & LOSS ACCOUNT												
Markup / return / interest earned	50,402	97.5%	50,308	96%	36,378	97%	21,826	97%	15,350	96%	12,115	106%
Fee, commission and brokerage	684	1.3%	603	1%	428	1%	352	2%	279	2%	304	3%
Income from dealing in foreign currencies	352	0.7%	723	1%	558	1%	74	0%	285	2%	159	1%
Capital gain and dividend income	270	0.5%	530	1%	96	0%	148	1%	50	0%	(1,138)	-10%
Other income	9	0.0%	9	0%	8	0%	3	0%	9	0%	8	0%
Total income	51,717	100%	52,174	100%	37,467	100%	22,402	100%	15,973	100%	11,448	100%
Markup / return / interest expensed	41,800	81%	42,315	81%	31,061	83%	16,922	76%	12,476	78%	10,266	90%
Operating & admin expenses	9,464	18%	8,178	16%	6,736	18%	5,722	26%	5,109	32%	4,923	43%
Provision against investments & others	(2,048)	-4%	1,024	2%	1,939	5%	5,823	26%	3,723	23%	10,020	88%
Taxation	(269)	-1%	(1,508)	-3%	(883)	-2%	(2,337)	-10%	(2,122)	-13%	(5,501)	-48%
Total Expenses	48,947	95%	50,009	96%	38,853	104%	26,130	117%	19,186	120%	19,708	172%
Profit after taxation	2,770	5%	2,165	4%	(1,386)	-4%	(3,727)	-17%	(3,213)	-20%	(8,260)	-72%

Horizontal Analysis

	2024 Rs. in million	24 vs 23 %	2023 Rs. in million	23 vs 22 %	2022 Rs. in million	22 vs 21 %	2021 Rs. in million	21 vs 20 %	2020 Rs. in million	20 vs 19 %	2019 Rs. in million
STATEMENT OF FINANCIAL POSITION											
ASSETS											
Cash and balances with treasury banks	22,612	-58%	53,408	277%	14,169	-27%	19,342	34%	14,487	7%	13,553
Balances with other banks	3,787	295%	958	-41%	1,620	48%	1,092	-74%	4,185	399%	839
Lendings to financial institutions	24,514	-	-	-100%	19,967	228%	6,081	-26%	8,213	125%	3,645
Investments	201,165	21%	166,503	-35%	254,553	45%	175,703	3%	170,818	162%	65,143
Advances	72,545	43%	50,623	16%	43,802	-8%	47,784	-16%	56,853	-7%	61,131
Operating fixed assets	4,799	19%	4,045	-3%	4,150	27%	3,262	-2%	3,334	-13%	3,828
Deferred tax assets-net	16,956	-1%	17,194	17%	14,662	11%	13,252	30%	10,182	18%	8,607
Other assets	13,709	77%	7,753	57%	4,928	34%	3,671	-35%	5,641	46%	3,853
	360,087	20%	300,483	-16%	357,850	32%	270,188	-1%	273,714	70%	160,599
LIABILITIES											
Bills payable	1,447	61%	899	24%	726	16%	625	6%	592	20%	495
Borrowings from financial institutions	1,458	-96%	37,546	-65%	106,935	299%	26,786	-57%	62,378	1388%	4,192
Deposits and other accounts	312,718	40%	223,570	0%	223,044	2%	217,608	17%	185,571	38%	134,050
Lease liabilities	4,308										
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,004	-21%	13,996	40%	9,995	53%	6,542	7%	6,096	27%	4,785
	330,935	20%	276,011	-19%	340,699	35%	251,561	-1%	254,637	77%	143,522
NET ASSETS	29,152	19%	24,472	43%	17,151	-8%	18,627	-2%	19,077	12%	17,077
REPRESENTED BY											
Share capital	34,524	-	34,524	17%	29,524	16%	25,524	29%	19,710	0%	19,710
Shares Deposit Money	-	-	-	-	-	-	4,000	-100%	2,000	0%	2,000
Reserves	2,448	29%	1,894	30%	1,461	0%	1,461	-1%	1,471	1%	1,452
Proposed shares to be issued on amalgamation	-	-	-	-	-	-	-	-100%	3,814	0%	-
Accumulated loss	(8,705)	-20%	(10,913)	-14%	(12,626)	12%	(11,237)	50%	(7,510)	-74%	(4,304)
Surplus/(deficit) on revaluation of investments - net	885	-186%	(1,034)	-15%	(1,209)	8%	(1,122)	175%	(409)	77%	(1,781)
	29,152	19%	24,472	43%	17,151	-8%	18,627	-2%	19,077	12%	17,077
PROFIT & LOSS ACCOUNT											
Mark-up / return / interest earned	50,402	0.2%	50,308	38%	36,378	67%	21,826	42%	15,350	27%	12,115
Fee, commission and brokerage	684	13%	603	41%	428	22%	352	26%	279	-8%	304
Income from dealing in foreign currencies	352	-51%	723	30%	558	650%	74	-74%	285	79%	159
Capital gain and dividend income	270	-49%	530	453%	96	-35%	148	194%	50	104%	(1,138)
Other income	9	1%	9	17%	8	200%	3	-72%	9	11%	8
Total income	51,717		52,174	39%	37,467	67%	22,402	40%	15,973	40%	11,448
Mark-up / return / interest expensed	41,800	-1%	42,315	36%	31,061	84%	16,922	36%	12,476	22%	10,266
Operating & admin expenses	9,464	16%	8,178	21%	6,736	18%	5,722	12%	5,109	4%	4,923
Provision against investments & others	(2,048)	-300%	1,024	-47%	1,939	-67%	5,823	56%	3,723	-63%	10,020
Taxation	(269)	-82%	(1,508)	71%	(883)	-62%	(2,337)	10%	(2,122)	-61%	(5,501)
Total Expenses	48,947	-2%	50,009	29%	38,853	49%	26,130	-36%	19,186	3%	19,708
Profit / (Loss) after taxation	2,770	28%	2,165	-256%	(1,386)	-63%	(3,727)	-16%	(3,213)	61%	(8,260)

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Riaz Ahmad & Company

Chartered Accountants

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REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of SINDH BANK LIMITED (the Bank) for the year ended 31 December 2024.

The responsibility for compliance with the Rules is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Rules require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not. Moreover, the Public Sector Companies (Corporate Governance) Rules, 2013 also require the Board to ensure compliance with the law as well as Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with supplier of goods and services. Compliance with above stated requirements has been checked, on a test basis, as part of the audit of the financial statements of the Bank for the purpose of expressing an opinion on those financial statements.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Bank for the year ended 31 December, 2024.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Junaid Ashraf

KARACHI

DATE: 04 March, 2025
UDIN: CR2024100450mGIKJN16

(SCHEDULE-I)

Statement of Compliance with the Public Sector Companies (Code of Corporate Governance) Rules 2013		
Name of company	-	Sindh Bank Limited
Name of the line ministry	-	Finance Department, Govt. of Sindh
For the year ended	-	31st December, 2024

I This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II The Company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y	N																								
			Tick the relevant box																									
1	The independent directors meet the criteria of independence, as defined under the Rules.	Rule-2(d)	✓																									
2	<div>The Board has at least one-third of its total members, as independent directors. At present the Board includes:</div> <table><thead><tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr></thead><tbody><tr><td>Independent Director</td><td>1. Mr. Mohammed Aftab Alam</td><td>03/05/2024</td></tr><tr><td>Finance Secretary GoS / Non-Executive Director</td><td>2. Mr. Fayaz Ahmed Jatoi</td><td>"Do"</td></tr><tr><td>Non-Executive Director</td><td>3. Mr. Javaid Bashir Sheikh</td><td>"Do"</td></tr><tr><td>Independent Director</td><td>4. Mrs. Shaista Bano Gilani</td><td>"Do"</td></tr><tr><td>Independent Director</td><td>5. Mr. Imtiaz Ahmad Butt</td><td>"Do"</td></tr><tr><td>Non-Executive Director</td><td>6. Mr. Imran Samad</td><td>"Do"</td></tr><tr><td>Non-Executive Director</td><td>7. Mr. Farhan Ashraf Khan</td><td>"Do"</td></tr></tbody></table> <div>Note: All above Directors elected/re-elected in 13th AGM held on 03.05.2024, whose FPT Clearance have been received by SBP on 27.08.2024.</div>	Category	Names	Date of appointment	Independent Director	1. Mr. Mohammed Aftab Alam	03/05/2024	Finance Secretary GoS / Non-Executive Director	2. Mr. Fayaz Ahmed Jatoi	"Do"	Non-Executive Director	3. Mr. Javaid Bashir Sheikh	"Do"	Independent Director	4. Mrs. Shaista Bano Gilani	"Do"	Independent Director	5. Mr. Imtiaz Ahmad Butt	"Do"	Non-Executive Director	6. Mr. Imran Samad	"Do"	Non-Executive Director	7. Mr. Farhan Ashraf Khan	"Do"	Rule-3(2)	✓	
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Non-Executive Director	7. Mr. Farhan Ashraf Khan	"Do"																										
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	Rule-3(5)	✓																									
4	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Companies Act, 2017 (the Act, 2017).	Rule-3(7)	✓																									
5	The Office of the Chairman of the Board is separate from the Chief Executive of the Company.	Rule-4(1)	✓																									
6	The Chairman is elected by the Board of Directors, except where Chairman of the Board has been appointed by the Government.	Rule-4(4)	✓																									
7	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable, where the chief executive has been nominated by the Government).	Rule-5(2)	✓																									
8	<div>(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.</div> <div>(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the companies' website. sindhbankltd.com.pk</div> <div>(c) The Board has set in place adequate systems and controls for the identification and redressal of the grievances arising from unethical practices.</div>	Rule-5(4)	✓																									
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	Rule-5(5)	✓																									
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	Rule-5(5)(b)(ii)	✓																									
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	Rule-5(5)(b)(vi)	✓																									
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	Rule-5(5)(c)(ii)	✓																									

S. No.	Provision of the Rules	Rule No.	Y	N																				
			Tick the relevant box																					
13	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	Rule-5(5)(c)(iii)	✓																					
14	The Board has developed a vision or mission statement and corporate strategy of the Company.	Rule-5(6)	✓																					
15	The Board has developed significant policies of the Company. A complete record of particulars of significant policies, along with the dates on which they were approved or amended, has been maintained.	Rule-5(7)	✓																					
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	Rule-5(8)	N/A																					
17	The Board has ensured compliance with policy directions requirements received from the Government.	Rule-5(11)	N/A																					
18	(a) The Board has met at least four times during the year.	Rule-6(1)	✓																					
	(b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	Rule-6(2)	✓																					
	(c) The minutes of the meetings were appropriately recorded and circulated.	Rule-6(3)	✓																					
19	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for the purpose.	Rule-8(2)	✓																					
20	The Board has reviewed and approved the related party transactions placed before it after recommendation of Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	Rule-9	✓																					
21	a. The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	Rule-10	✓																					
	b. In case of listed PSCs, the Board has prepared half yearly account and undertaken limited scope review by the auditors.		N/A																					
	c. The Board has placed the annual financial statements on the Company's website.		✓																					
22	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	Rule-11	✓																					
23	(a) The Board has formed the requisite committees, as specified in the Rules.	Rule-12	✓																					
	(b) The committees were provided with written term of reference defining their duties, authority and composition.		✓																					
	(c) The minutes of the meetings of the committees were circulated to all the Board members.		✓																					
	(d) The committees were chaired by the following non-executive directors:																							
	<table><tr><th>Committee</th><th>Total Members</th><th>Name of Chair (I.D-Independent Director & NED-Non Executive Director)</th></tr><tr><td>Board Audit Committee</td><td>03</td><td>Mrs. Shaista Bano Gilani (I.D) Mr. Javaid Bashir Sheikh (N.E.D) Mr. Farhan Ashraf Khan (N.E.D)</td></tr><tr><td>Board Risk Management Committee</td><td>03</td><td>Mr. Javaid Bashir Sheikh (N.E.D) Mr. Imtiaz Ahmad Butt (I.D) Mr. Imran Samad (N.E.D)</td></tr><tr><td>Board HRR Committee</td><td>03</td><td>Mrs. Shaista Bano Gilani (I.D) Mr. Mohammed Aftab Alam (I.D) Finance Secretary-GoS (N.E.D)</td></tr><tr><td>Board Information Technology Committee</td><td>03</td><td>Mr. Mohammed Aftab Alam (I.D) Mr. Imtiaz Ahmad Butt (I.D) Mr. Imran Samad (N.E.D)</td></tr><tr><td>Board Nomination Committee</td><td>03</td><td>Mr. Mohammed Aftab Alam (I.D) Finance Secretary-GoS (N.E.D) Mrs. Shaista Bano Gilani (I.D)</td></tr><tr><td>Board Special Assets Management Committee</td><td>03</td><td>Mr. Imran Samad (N.E.D) Mr. Mohammed Aftab Alam (I.D) Mr. Farhan Ashraf Khan (N.E.D)</td></tr></table>	Committee	Total Members		Name of Chair (I.D-Independent Director & NED-Non Executive Director)	Board Audit Committee	03	Mrs. Shaista Bano Gilani (I.D) Mr. Javaid Bashir Sheikh (N.E.D) Mr. Farhan Ashraf Khan (N.E.D)	Board Risk Management Committee	03	Mr. Javaid Bashir Sheikh (N.E.D) Mr. Imtiaz Ahmad Butt (I.D) Mr. Imran Samad (N.E.D)	Board HRR Committee	03	Mrs. Shaista Bano Gilani (I.D) Mr. Mohammed Aftab Alam (I.D) Finance Secretary-GoS (N.E.D)	Board Information Technology Committee	03	Mr. Mohammed Aftab Alam (I.D) Mr. Imtiaz Ahmad Butt (I.D) Mr. Imran Samad (N.E.D)	Board Nomination Committee	03	Mr. Mohammed Aftab Alam (I.D) Finance Secretary-GoS (N.E.D) Mrs. Shaista Bano Gilani (I.D)	Board Special Assets Management Committee	03	Mr. Imran Samad (N.E.D) Mr. Mohammed Aftab Alam (I.D) Mr. Farhan Ashraf Khan (N.E.D)	
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S. No.	Provision of the Rules	Rule No.	Y	N									
			Tick the relevant box										
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	Rules-13	✓										
25	The Chief Financial Officer and the Company Secretary have requisite qualification as prescribed by Rules.	Rules-14	✓										
26	The Company has adopted International Financial Reporting Standards notified by the SECP in terms of Sub-section 1 of Section 225 of the Act, 2017.	Rule-16	✓										
27	The directors' report for this year has been prepared in compliance with the requirements of the Act, 2017, and the Rules and fully describes the salient matters required to be disclosed.	Rule-17	✓										
28	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the company.	Rule-18	✓										
29	a. A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.	Rule-19	✓										
	b. The annual report of the Company contains criteria and details of remuneration of each director.												
30	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before consideration and approval of the Audit Committee and the Board.	Rule-20	✓										
31	1.The Board has formed an Audit Committee with defined and written term of reference and having the following members.		Rule-21 (1)&(2)	✓									
	<table><tr><th>Name of Committee</th><th>Category & Number of Members</th><th>Professional Background</th></tr><tr><td rowspan="3">Board Audit Committee</td><td>Mrs. Shaista Bano Gilani (I.D)</td><td>Ex-DG of SECP & Ex-member of CCP</td></tr><tr><td>Mr. Javaid Bashir Sheikh (N.E.D)</td><td>Ex-Banker</td></tr><tr><td>Mr. Farhan Ashraf Khan (N.E.D)</td><td>Ex-Banker</td></tr></table>	Name of Committee			Category & Number of Members	Professional Background	Board Audit Committee	Mrs. Shaista Bano Gilani (I.D)	Ex-DG of SECP & Ex-member of CCP	Mr. Javaid Bashir Sheikh (N.E.D)	Ex-Banker	Mr. Farhan Ashraf Khan (N.E.D)	Ex-Banker
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Mr. Farhan Ashraf Khan (N.E.D)		Ex-Banker											
2.The Chief Executive and Chairman of the Board are not members of the Audit Committee.													
32	a. The Chief Financial Officer, the Chief Internal Auditor and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed.	Rule-21(3)	✓										
	b. The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other executives.		✓										
	c.The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and external auditors.		✓										
33	a. The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee.	Rule-22	✓										
	b. The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.		✓										
	c. The internal audit reports have been provided to the external auditor for their review.		✓										
34	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	Rule-23(4)	✓										
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	Rule-23(5)	✓										


Mohammed Anwaar
 President & CEO


Farhan Ashraf Khan
 Non-Executive Director

Statement of Internal Control

This statement is presented to comply with the requirement of the State Bank of Pakistan BSD circular No. 07 dated May 27, 2004, on "Guidelines on Internal Controls" and Annexure A of OSED Circular No. 01 dated February 07, 2014, on Internal Controls over Financial Reporting (ICFR).

The Bank's management is responsible for establishing and maintaining an adequate and effective system of internal controls and procedures under the policies approved by the Board. The management is also responsible for ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets, evaluating effectiveness of the Bank's internal control system, review of significant policies, procedures and compliance with applicable laws and regulations. These regulations which contain information requirements on how internal control system is organized are designed to provide reasonable certainty regarding the reliability of financial reporting.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board and the control activities are being closely monitored across the Bank through, Internal Control Committee (ICC), Compliance Division, Internal Audit Division, Risk Management Division and Internal Control Department covering key internal controls in all banking activities.

In order to discharge the above responsibility, the Board Audit Committee has direct oversight responsibility to ensure the independence of the Internal Audit Function and External Audit. The Audit Committee meetings are held once in every quarter to discuss the scope and results of the work performed by the Internal Audit Department. All significant/ material findings of the internal audit activities and control gaps are reported to the Audit Committee and it actively monitors implementation of internal controls to ensure that identified risks are mitigated to safeguard interest of the Bank.

The Audit Committee also meets with External Auditors prior to approval of half-yearly and final results of the Bank. Based on observations and weaknesses found and identified by the Internal and External Auditors, appropriate improvements in internal controls are made wherever possible, by the management and approval of the Board of Directors is taken where required.

Due to inherent limitations, any system of internal controls is exposed to the risk of human error, system failure, circumvention and overriding of controls. Therefore, evaluation and monitoring of existing internal controls is an ongoing process. It is pertinent to mention here that an internal control system is designed to manage rather than eliminate the risk. As such it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Bank has adopted and implemented the internationally accepted COSO (Committee of Sponsoring Organizations of Treadway Commission) Framework of Internal Control-Integrated Framework to further enhance its internal control system and to manage the Bank's risk on an integrated enterprise wide basis enabling it to meet the requirements of 'Guidelines on Internal Controls' issued by the State Bank of Pakistan. The Bank has developed a comprehensive testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

In order to ensure consistency in the process of compliance with the relevant guidelines, the Bank followed a structured roadmap by carrying out detailed documentation of the important processes and controls, together with comprehensive gap analysis of the control design and developed and implemented remediation plans for the gaps.

The management assists the Board in the implementation of its approved policies and procedures pertaining to Internal Control over Financial Reporting. The management is continuously in the process of enhancing the documentation of the system of Internal Control over Financial Reporting. While concerted efforts have always been made to comply with the guidelines issued by SBP, the identification, evaluation, and management of risks within each of the Bank's key activities, and their continued evaluation and changes to policies and procedures remains an ongoing process. Compliance Division through its specialized teams and centralized automated solutions, also oversees adherence to the regulatory requirements, with specific emphasis on Anti-Money Laundering (AML)/ Combating the Financing of Terrorism (CFT) / Countering Proliferation Financing (CPF).

In accordance with SBP directives, the Bank has completed all the stages of ICFR, and upon satisfactory completion of ICFR roadmap, SBP has granted waiver for the submission of Long Form Reports from External Auditors from the year 2015.

For the Year 2024, the Bank has successfully completed the cycle of SBP's Internal Control over Financial Reporting roadmap. As per SBP directives of July 06, 2021, the banks which have completed all the stages of ICFR roadmap will continue to prepare Annual Assessment Report, but they are allowed to discontinue its yearly submission to SBP. However, as part of SBP supervisory assessments, these reports may be required by SBP for evaluation purposes. Accordingly, the bank has prepared aforementioned Report for the Year 2024, and the same has been submitted to the Board Audit Committee for its review and approval from the BoD.

The management is of the view that the system of Internal Control over Financial Reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of Financial Reporting and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles, standards and regulatory requirements.

Based on the above, the Board of Directors endorses the Management's evaluation of Internal Controls.

On behalf of the Board



Muhammad Anwaar
President & CEO
Karachi, March 03, 2025

Environmental & Social Risk Management / Green Banking

Environmental Risk is actual or potential threats of adverse effects on the environment and living organisms by effluents, emissions, wastes, chemical releases, resource depletion, etc. Arising out of the Bank or its clients' operational activities. Green Banking Objective is to reduce the vulnerability of the portfolio performance from the risks arising due to climate change and by transforming into a resource-efficient and sustainable financing institution.

Sindh Bank Limited has its Green Banking Policy approved by the BoD. A dedicated Environmental Risk Management Unit is established under the Risk Management Division for identification, vetting, and approving projects from Environmental Risk Management (ERMs). Risk Management Division has developed its 'Environmental and Social Undertaking' which is composed of environmental and social covenants. This Environmental and Social undertaking is an integral part of the credit approval process as per regulatory guideline. All the relevant credit proposals require review by the Environmental Risk & Management Unit before Head Office Credit Committee (HOCC) approval. Environmental and Social Risk Management primarily ensures that any relevant lending opportunity is to be reviewed and evaluated under Environmental Risk Avoidance list, and applicable national laws on environment, health, safety, and social issues, and the customer must provide Undertaking to ensure compliance with Environmental Risk Covenants. The undertaking consisting of Environmental Risk Covenants is now made part of the agreements with the customer to legally bind the customer to comply with all the national and local environmental rules and regulations.

Apart from Green Banking Policy, Sindh Bank has also Developed a procedural manual of Environmental, Social and Climate Risk Management (ESCRM), which outlines implementation of Sindh Bank Limited's (SNDBL) commitment to contribute towards betterment in growing environmental and social issues by introducing and integrating Sustainable Finance in its lending operations. This document addresses various aspects of the ESRMS framework and is to be used along with the policy document for Environment & Social Risk Management to provide an understanding of the screening, approval and monitoring & reporting processes. Apart from this, ESCRM manual has also comprehensively defined roles and responsibility of various stakeholders at different levels of the organization structure of the Bank.

Social responsibility in the financial sector has evolved and its significance has increased considerably in the past couple of decades. In order to meet the evolved social obligations, Sindh Bank has initiated various activities focusing on environmental preservation and energy conservation. The Bank aims to promote the concept of own impact reduction, paperless culture, carbon emissions reduction, and encouraging plantation. Being a socially responsible Bank, we are keen to provide our input in the reduction of emissions, increase awareness through environment-friendly practices, and reduce our carbon footprint through the establishment of Solar powered ATMs. To reduce its own impact the Bank has converted its 68 branches totally to renewable energy systems i.e. solar systems. All the branches and Head Office have dedicated the core banking system and further improved the manual procedures towards digital banking. Sindh Bank Limited has successfully launched its Digital/internet banking services through SMS banking. Customers can now successfully transfer funds and pay their utility bills and other payments through SMS banking, and mobile app. The Bank has developed digital banking solutions with an aim to integrate paperless culture within the Bank as well as among the customers.

The Bank has successfully launched renewable energy (Solar) financing facilities for households, corporate, SME Agriculture Businesses (solar tubewells), and technological advancement for Agri financing. Customer awareness has been promoted through environmental, social, and climate-related observances, while campaigns on solar financing have been actively advertised on social media platforms.

Disclosure in Annual Accounts on Consumer Grievances Handling Mechanism

Sindh Bank recognizes Consumer Grievances Handling Mechanism as a key process in supporting its business and is all the time striving hard to promote a culture that values customer experience as an important factor to derive growth. Towards achievement of this goal, Sindh Bank has put in place a fair and efficient mechanism for handling Consumer Grievances entailing the following:

1. Every complaint is treated fairly, impartially and with transparency.
2. Complaint handling mechanism is centralized, visible and accessible.
3. All complaints are forwarded to the Complaint Management Unit (CMU) of the bank. Customer complaints are acknowledged within 24 hours.
4. Complaints are investigated and resolved within the time limit prescribed by the State Bank of Pakistan (7 to 30 days depending on the severity of the complaint).
5. In case a complaint is not resolved within the stipulated time, customer is apprised of the status through an interim reply.
6. Upon closure of the complaint, the CMU will communicate the closure to the customer through email / letter sent to the complainant's available address.
7. In case a complaint is declined by the bank, the customer will be provided with the alternative grievance redressal forums.

Complaint trends and GAP analysis reports are shared with the Senior Management & Business owners on quarterly basis, to improve customer experience & avoid recurrence of instances.

During the year 2024, a total number of 35463 complaints were received by the bank and the average resolution time was 33.49 days.

Complaint lodgment procedure has been made public through display of placards in branches, ATM Booths and the Bank's website.

Riaz Ahmad & Company

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of SINDH BANK LIMITED (“the Bank”), which comprise the unconsolidated statement of financial position as at 31 December 2024, and the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 30 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 14.1 to the unconsolidated financial statements which states that the deferred tax asset has been recognized in the unconsolidated financial statements on the basis of financial projections for the future years approved by Board of Directors of the Bank. The preparation of financial projection involves management assumptions regarding future business and economic conditions and significant change in assumptions may have impact on recoverability of the deferred tax assets.

Our opinion is not modified in respect of this matter.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

Riaz Ahmad & Company

Chartered Accountants

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- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 10 MARCH 2025
UDIN: AR20241004519tx80dUB

UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2024

Sindh Bank Limited Unconsolidated Statement of Financial Position As At December 31, 2024

	Note	2024 (Rupees in '000)	2023
ASSETS			
Cash and balances with treasury banks	6	22,612,094	53,407,771
Balances with other banks	7	3,786,987	957,883
Lendings to financial institutions	8	24,514,444	-
Investments	9	201,164,585	166,503,472
Advances	10	72,545,690	50,623,045
Property and equipment	11	1,332,688	1,327,601
Right of use assets	12	3,385,962	2,608,849
Intangible assets	13	80,162	108,257
Deferred tax assets - net	14	16,955,276	17,193,965
Other assets	15	13,709,235	7,752,566
		360,087,123	300,483,409
LIABILITIES			
Bills payable	16	1,446,526	898,762
Borrowings	17	1,457,900	37,546,440
Deposits and other accounts	18	312,718,297	223,569,650
Lease liabilities	19	4,308,326	3,138,067
Deferred tax liabilities		-	-
Other liabilities	20	11,004,030	10,858,146
		330,935,079	276,011,065
NET ASSETS		29,152,044	24,472,344
REPRESENTED BY			
Share capital - net	21	34,524,428	34,524,428
Reserves		2,448,431	1,894,365
Surplus/(deficit) on revaluation of assets - net	22	884,442	(1,033,628)
Accumulated loss		(8,705,257)	(10,912,821)
		29,152,044	24,472,344
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 45 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 8) form an integral part of these unconsolidated financial statements.


 President and
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

Sindh Bank Limited
Unconsolidated Statement of Profit and Loss Account
For The Year Ended December 31, 2024

		2024	2023
	Note	(Rupees in '000)	
Mark-up / return / profit / interest earned	24	50,402,208	50,308,343
Mark-up / return / profit / interest expensed	25	41,800,021	42,314,885
Net mark-up / return / profit / interest income		8,602,187	7,993,458
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	683,792	603,239
Dividend income		53,339	192,353
Foreign exchange income		352,209	723,490
Gain on securities	27	215,889	337,703
Other income	28	9,720	8,877
Total non-markup/interest income		1,314,949	1,865,662
Total income		9,917,136	9,859,120
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	9,460,238	8,119,190
Other charges	30	3,990	59,124
Total non-markup/interest expenses		9,464,228	8,178,314
PROFIT BEFORE PROVISIONS		452,908	1,680,806
Credit loss allowance and write offs - net	31	(2,048,842)	1,023,994
PROFIT BEFORE TAXATION		2,501,750	656,812
Taxation	32	(268,580)	(1,507,952)
PROFIT AFTER TAXATION		2,770,330	2,164,764
----- Rupees -----			
Basic and diluted earnings per share	33	0.80	0.72

The annexed notes from 1 to 45 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 8) form an integral part of these unconsolidated financial statements.


President and
Chief Executive Officer


Chief Financial Officer


Director


Director


Chairman

Sindh Bank Limited Unconsolidated Statement of Comprehensive Income For The Year Ended December 31, 2024

	2024	2023
	(Rupees in '000)	
Profit after taxation for the year	2,770,330	2,164,764
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	392,269	83,072
	3,162,599	2,247,836
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(13,643)	(18,251)
Movement in surplus on revaluation of equity investments - net of tax	835,733	-
Movement in deficit/surplus on revaluation of non-banking assets - net of tax	(5,400)	91,800
	816,690	73,549
Total comprehensive income	3,979,289	2,321,385

The annexed notes from 1 to 45 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 8) form an integral part of these unconsolidated financial statements.


 President and
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

Sindh Bank Limited Unconsolidated Statement of Changes in Equity For The Year Ended December 31, 2024

	Share Capital	Shares Deposit Money	Capital Reserves		Statutory Reserve *	Surplus / (Deficit) on revaluation		Accumulated Loss **	Total
			Reserves on amalgamation	Share Premium		Investments	Fixed/Non-banking assets		
	----- (Rupees in '000') -----								
Balance as at January 01, 2023	29,524,428	-	9,433	51	1,451,928	(1,208,500)	-	(12,626,381)	17,150,959
Profit/Loss for the year ended December 31, 2023	-	-	-	-	-	-	-	2,164,764	2,164,764
Other comprehensive income - net of tax	-	-	-	-	-	83,072	91,800	(18,251)	156,621
Transfer to statutory reserve	-	-	-	-	432,953	-	-	(432,953)	-
Transactions with owners, recorded directly in equity									
Shares deposit money	-	5,000,000	-	-	-	-	-	-	5,000,000
Issue of Shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-
Balance as at December 31, 2023	34,524,428	-	9,433	51	1,884,881	(1,125,428)	91,800	(10,912,821)	24,472,344
Effect of reclassification on adoption of IFRS -09- net of tax									
Effect of adoption of IFRS 09 on Debt security	-	-	-	-	-	1,113,779	-	-	1,113,779
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	(363,757)	-	363,757	-
Effect of adoption of IFRS 09 on shares FVTPL	-	-	-	-	-	(54,554)	-	54,554	-
Effect of adoption of IFRS 09 - ECL net of tax	-	-	-	-	-	-	-	(373,804)	(373,804)
	-	-	-	-	-	695,468	-	44,507	739,975
Balance as at January 01, 2024 after adoption of IFRS-09	34,524,428	-	9,433	51	1,884,881	(429,960)	91,800	(10,868,314)	25,212,319
Profit/Loss for the year ended December 31, 2024	-	-	-	-	-	-	-	2,770,330	2,770,330
Other comprehensive income - net of tax									
Movement in revaluation reserve of investments in debt instruments - net of tax	-	-	-	-	-	392,269	-	-	392,269
Movement in revaluation reserve of equity investments - net of tax	-	-	-	-	-	835,733	-	-	835,733
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(53,207)	(53,207)
Movement in revaluation reserve of non-banking assets - net of tax	-	-	-	-	-	-	(5,400)	-	(5,400)
Total other comprehensive income - net of tax	-	-	-	-	-	1,228,002	(5,400)	(53,207)	1,169,395
Transfer to statutory reserve	-	-	-	-	554,066	-	-	(554,066)	-
Transactions with owners, recorded directly in equity									
Shares deposit money	-	-	-	-	-	-	-	-	-
Issue of shares during the year	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2024	34,524,428	-	9,433	51	2,438,947	798,042	86,400	(8,705,257)	29,152,044

* Statutory reserve represents amount set aside as per the requirements of Section 21 of the Banking Companies Ordinance, 1962.

** As more fully explained in notes 10.7.2 of these unconsolidated financial statements, accumulated loss includes an amount of Rupees 2,358.26 million net of tax as at December 31, 2024 (December 31, 2023: Rs. 3,148.13 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

The annexed notes from 1 to 45 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 8) form an integral part of these unconsolidated financial statements.


President and
Chief Executive Officer


Chief Financial Officer


Director


Director


Chairman

Sindh Bank Limited Unconsolidated Cash Flow Statement For The Year Ended December 31, 2024

		2024	2023
	Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,501,750	656,812
Less: Dividend income		(53,339)	(192,353)
		2,448,411	464,459
Adjustments:			
Depreciation	11.2	295,429	277,197
Depreciation on right of use assets	29	764,754	722,027
Interest expense on lease liability		696,975	584,041
Amortisation	11.2	42,427	41,219
Credit loss allowance / provisions and write offs - net	31	(2,048,842)	1,023,994
Charge for defined benefit plan	36.1.4	147,544	115,770
Unrealised gain on securities measured at FVTPL		(70,388)	-
Gain on sale of operating fixed assets	28	(7,536)	(5,115)
		(179,637)	2,759,133
		2,268,774	3,223,592
(Increase) / decrease in operating assets			
Lendings to financial institutions		(24,514,444)	19,967,424
Securities classified as FVTPL		(162,080)	-
Advances - net		(21,446,087)	(6,612,094)
Other assets - net		(5,596,810)	(3,880,572)
		(51,719,421)	9,474,758
Increase / (decrease) in operating liabilities			
Bills payable		547,764	172,614
Borrowings		(36,088,540)	(69,388,274)
Deposits and other accounts		89,148,647	525,700
Other liabilities (excluding current taxation)		(70,571)	4,412,558
		53,537,300	(64,277,402)
Contribution to gratuity fund		4,086,653	(51,579,052)
Income tax paid	36.1.3	(151,556)	(104,688)
Net cash generated from / (used in) operating activities		(718,184)	(644,314)
		3,216,913	(52,328,054)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortized cost securities		6,726,982	78,770,659
Net investment in securities classified as FVOCI		(36,422,595)	9,043,970
Dividend received		51,651	192,353
Investments in operating fixed assets		(320,195)	(930,242)
Sale proceeds of operating fixed assets disposed off		12,883	7,121
Net cash (used in) / generated from investing activities		(29,951,274)	87,083,861
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	5,000,000
Payment of lease liability against right of use assets		(1,230,989)	(1,178,421)
Net cash (used in) / generated from financing activities	34.1	(1,230,989)	3,821,579
(Decrease) / increase in cash and cash equivalents		(27,965,350)	38,577,386
Cash and cash equivalents at the beginning of the year		54,365,654	15,788,268
Impact of expected credit loss allowance on cash and cash equivalents		(1,223)	-
Cash and cash equivalents at the end of the year	34	26,399,081	54,365,654

The annexed notes from 1 to 45 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 8) form an integral part of these unconsolidated financial statements.


President and
Chief Executive Officer


Chief Financial Officer


Director


Director


Chairman

Sindh Bank Limited

Notes To The Unconsolidated Financial Statements

For The Year Ended December 31, 2024

1. STATUS AND NATURE OF BUSINESS

- 1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2023: 330) branches including 8 (2023: 8) sub-branches and 14 (2023: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.
- 1.2 The Government of Sindh, through its Finance Department owns 99.97% ordinary shares of the Bank.
- 1.3 VIS Credit Rating Company Limited has upgraded the long term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.
- 1.4 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and Regulator's guidance on the matter.

2. BASIS OF PRESENTATION

- 2.1 These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 13 of 2024, dated 1 July 2024. These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the bank is being issued separately.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.
- 2.3 The financial results of the Islamic Banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure II to these unconsolidated financial statements.
- 2.4 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated financial statements continue to be prepared on the going concern basis.

3. STATEMENT OF COMPLIANCE

- 3.1 This un-consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards comprise of :
 - Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act 2017;
 - Provisions of and directives issued under the Companies Act 2017, Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

In case requirements of Banking Companies Ordinance 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, and the directives issued by the SBP and SECP shall prevail.

- 3.2 SBP has deferred the implementation of International Accounting Standard (IAS) 40, 'Investment Property,' for banking companies in Pakistan through BSD Circular Letter No. 10, dated August 26, 2002, until further notice. Similarly, SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures,' through its notification S.R.O 411 (I) / 2008, dated April 28, 2008. Consequently, the requirements of these standards have not been incorporated in the preparation of these unconsolidated financial statements.

The disclosures in these unconsolidated financial statements follow the format prescribed by SBP in BPRD Circular No. 02, dated February 9, 2023, with additional requirements introduced through BPRD Circular Letter No. 13 of 2024, dated July 1, 2024, and are in accordance with the applicable accounting and financial reporting standards in Pakistan.

- 3.3 SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these unconsolidated financial statements.

The Bank has received an extension from SBP until December 31, 2025, for the application of the Effective Interest Rate (EIR) method to all financial assets and liabilities, excluding staff and subsidized loans. However, since financial assets other than advances and financial liabilities were already effectively accounted for using EIR before the implementation of IFRS 9, this extension has been applied only to advances (excluding staff loans and subsidized loans). Consequently, advances are currently carried at cost, except for staff loans, which are measured at amortized cost, net of expected credit loss allowances.

Furthermore, SBP, through BPRD Circular Letter No. 01 of 2025, dated January 22, 2025, has provided the following clarifications:

- a) Islamic Banking Institutions (IBIs) may continue to apply Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and maintain their existing accounting methodology for other Islamic products until further instructions are issued.
 - b) The treatment of charity should align with existing SBP guidelines outlined in IBD Circular No. 02 of 2008 and must not be recognized as income.
- 3.4 IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.
- 3.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year.

As per SBP's directive in BPRD Circular Letter No. 7 of 2023, dated April 13, 2023, IFRS 9 (Financial Instruments) has become effective in Pakistan for financial periods beginning on or after January 1, 2024.

Consequently, in line with the application of IFRS 9, SBP, through BPRD Circular No. 02, dated February 9, 2023, has also revised the format of annual financial statements. Further details regarding the adoption of IFRS 9 and the associated amendments, including their impact, are provided in Note 4.1 to these unconsolidated financial statements.

Apart from IFRS 9, certain other amendments and interpretations have also become mandatory for the Bank's financial reporting periods beginning January 1, 2024. However, these are not considered relevant or significant to the Bank's operations and, therefore, have not been detailed in these unconsolidated financial statements.

3.6 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective.

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 21 - Lack of exchangeability - (Amendments)	01 January 2025
- IFRS 10 and IAD 28 - Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced
Standard	IASB effective date (accounting periods beginning on or after)
- IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 January 2004

3.7 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the unconsolidated financial statements are as follows:

- i) classification and impairment against investments (notes 5.1.1 and 31);
- ii) classification of and provision against advances (notes 5.1.8 and 31);
- iii) depreciation and amortization / useful lives of operating fixed assets (notes 5.8, 11 and 12);
- iv) non-banking assets acquired in satisfaction of claims (note 5.10);
- v) taxation (note 5.12);
- vi) staff retirement and other benefits (note 5.13);
- vii) fair value of derivatives (note 5.21); and
- viii) judgements made by management in identification and reporting segment information (note 40).

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value. Lands and buildings classified under property and equipment and non-banking assets acquired in satisfaction of claims are carried at revalued amount. Employee benefits and lease liability against right-of-use assets are carried at present value.

5. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated financial statements remain consistent with those used in the unconsolidated financial statements for the year ended December 31, 2023, except as stated in Note 5.1 below.

5.1 Change in Accounting Policy

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS-09 Financial Instruments is applicable on banks with effect from January 01, 2024. IFRS-09 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS-09 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS-09 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses ("ECL") approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS-09 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of general provision, income recognition on Islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from 01 January 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 01 January 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from 01 October 2024, however, the Bank has received an extension from SBP until December 31, 2025 for the application of EIR to account for advances. SBP through its BPRD Circular Letter No. 01 of 2025 dated 22 January 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after 01 January 2020.

5.1.1 Classification

Financial Assets

Under IFRS-09, existing categories of financial assets: Held for trading ("HFT"), Available for sale ("AFS"), Held to maturity ("HTM") and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Financial assets at amortised cost

Financial Liabilities

Under IFRS-09, the accounting for financial liabilities remains largely the same as before adoption of IFRS-09 and thus financial liabilities are being carried at amortised cost.

5.1.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- Hold to Collect ("HTC") business model: Holding assets in order to collect contractual cash flows
- Hold to Collect and Sell ("HTC&S") business model: Collecting contractual cash flows and selling financial assets.
- Other business models: Resulting in classification of financial assets as FVTPL

5.1.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit ("SPPI")

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

5.1.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lendings to financial institutions, investment in federal government securities, listed and unlisted term finance certificates, unlisted preference shares, cash and balances with treasury banks, balances with other banks, and other financial assets.

- These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL.
 - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

- b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:
- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.
- c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of investments in Pakistan Investment Bonds (Fixed) held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS-09 on transition to IFRS-09 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS-09 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024 Before ECL
----- (Rupees in '000) -----					
Federal Government Securities					
- Pakistan Investment Bonds - AFS	15,216,749	FVOCI	-	-	-
		Amortised Cost	15,216,749	2,183,880	17,400,629
	<u>15,216,749</u>		<u>15,216,749</u>	<u>2,183,880</u>	<u>17,400,629</u>

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rupees 498.085 million out of its available for sale equity investment portfolio which includes mutual funds units of Rupees 123.660 million as of December 31, 2023 to FVTPL.

IFRS-09 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rupees 363.757 million on listed equity investments to unappropriated losses through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS-09 as at January 1, 2024 are compared as follows:

Before adoption of IFRS-90			After adoption of IFRS-09	
Financial assets	Measurement Category	Carrying amount as at December 31, 2023	Measurement Category	Carrying amount as at January 01, 2024
		(Rupees in '000')		(Rupees in '000')
Cash and balances with treasury banks	Loans and receivables	53,407,771	Amortised cost	53,407,771
Balances with other banks	Loans and receivables	957,883	Amortised cost	957,883
Lendings to financial institutions	Loans and receivables	-	Amortised cost	-
Investments			Fair value through profit or loss account	498,058
	Available for sale	133,244,953	Fair Value through other comprehensive income	117,530,146
			Amortised cost	17,400,629
		133,244,953		135,428,833
	Held to maturity	32,508,519	Amortised cost	32,508,519
Advances				
- Staff loan	Loans and receivables	1,720,706	Amortised cost	1,018,693
- Advances other than staff loan		48,902,339	cost	48,196,441
		50,623,045		49,215,134
Other assets	Loans and receivables	7,752,566	Amortised cost for financial assets	8,454,579
		278,494,737		279,972,719

5.1.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortised cost ("AC")

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance ("ECL") is recognised for financial assets in the unconsolidated profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the unconsolidated profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the unconsolidated statement of profit and loss account.

b) Fair value through other comprehensive income ("FVOCI")

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance ("ECL") is recognised for debt based financial assets in the unconsolidated statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the unconsolidated profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the unconsolidated profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit / loss.

c) Fair value through profit or loss ("FVTPL")

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded

in the unconsolidated profit and loss account. These assets are subsequently measured at fair value with changes recorded in the unconsolidated profit and loss account. Interest / dividend income on these assets are recognised in the unconsolidated profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account. An expected credit loss allowance ("ECL") is not recognised for these financial assets.

d) Advances are carried at cost

Advances are carried at cost net of expected credit loss allowances, excluding staff loans, which are measured at amortized cost, net of expected credit loss allowances.

5.1.6 Calculation of markup income and expense

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans is recognized in unconsolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

Markup expense on financial liabilities (comprising deposits, subordinated debts, and borrowings) is recognized on an accrual basis in the period in which it is incurred.

5.1.7 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its unconsolidated condensed interim statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the unconsolidated condensed interim statement of profit and loss account.

5.1.8 Expected Credit Loss ("ECL")

The Bank assesses on a forward-looking basis the ECL associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
- Stage 3: For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

Undrawn financing commitments When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.

Guarantee and letters of credit contracts The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor ("CCF") for guarantee and letter of credit contracts respectively. The calculation is made using a probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Resgression Model to incorporate forward looking information.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at segment level.

Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank used several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or markup payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

Forward looking information

In its ECL models, the Bank relies on range of the following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

The concept of "impairment" or "default" is critical to the implementation of IFRS-09 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Bank's accounting policy under IFRS-09 remains the same as it was under SBP regulations / existing reporting framework.

SINDH BANK LIMITED NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

5.1.9 Adoption impacts

The Bank has adopted IFRS-09 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS-09. The cumulative impact of initial application of Rupees 739.975 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Classification under SBP regulations	Classification under IFRS 9							IFRS 09 Category
	Balances as of December 31, 2023 (Audited)	At FVTPL	At FVOCI - with recycling	At amortised Cost	Remeasurem ent under IFRS 9	Recognition of ECL	Balances as of January 01, 2024	
ASSETS								
Cash and bank balances with treasury banks	53,407,771	-	-	53,407,771	-	-	53,407,771	Amortised cost
Balances with other banks	957,883	-	-	957,883	-	(10,190)	947,693	Amortised cost
Lending to Financial Institutions	-	-	-	-	-	-	-	Amortised cost
Investments in financial assets								
-Held-for-Trading	-	498,058	-	498,058	-	-	498,058	FVTPL
-Available-for-Sal	133,244,953	(498,058)	(15,216,749)	117,530,146	-	-	117,530,146	FVOCI
-Held-to-Maturity	32,508,519	-	15,216,749	47,725,268	2,183,880	(23,544)	49,885,604	Amortised cost
-subsidiary	750,000	-	-	750,000	-	-	750,000	Outside the scope of IFRS 09
	166,503,472	-	-	166,503,472	2,183,880	(23,544)	168,663,808	
Advances	-	-	-	-	-	-	-	
-Staff loans	1,720,706	-	-	1,720,706	(702,013)	-	1,018,693	Amortised cost
-Advances other than staff loans	48,902,339	-	-	48,902,339	10,186	(716,084)	48,196,441	Cost
	50,623,045	-	-	50,623,045	(691,827)	(716,084)	49,215,134	
Property and equipment	1,327,601	-	-	1,327,601	-	-	1,327,601	Outside the scope of IFRS 09
Rights of use asset	2,608,849	-	-	2,608,849	-	-	2,608,849	Outside the scope of IFRS 09
Intangible assets	108,257	-	-	108,257	-	-	108,257	Outside the scope of IFRS 09
Deferred tax asset - net	17,193,965	-	-	17,193,965	(1,070,101)	368,931	16,492,795	Outside the scope of IFRS 09
Other assets	7,752,566	-	-	7,752,566	702,013	-	8,454,579	Amortised cost for financial assets
	300,483,409	-	-	300,483,409	1,123,965	(380,887)	301,226,487	
LIABILITIES								
Bills payable	898,762	-	-	898,762	-	-	898,762	Amortised cost
Borrowings	37,546,440	-	-	37,546,440	-	-	37,546,440	Amortised cost
Deposit and other accounts	223,569,650	-	-	223,569,650	-	-	223,569,650	Amortised cost
Lease liability against rights of use assets	3,138,067	-	-	3,138,067	-	-	3,138,067	Amortised cost
Other Liabilities	10,858,146	-	-	10,858,146	-	3,103	10,861,249	Amortised cost for financial liabilities
	276,011,065	-	-	276,011,065	-	3,103	276,014,168	
NET ASSETS	24,472,344	-	-	24,472,344	1,123,965	(383,990)	25,212,319	
REPRESENTED BY								
Share capital - net	34,524,428	-	-	34,524,428	-	-	34,524,428	Outside the scope of IFRS 09
Reserves	1,894,365	-	-	1,894,365	-	-	1,894,365	Outside the scope of IFRS 09
Deficit on revaluation of assets	(1,033,628)	-	-	(1,033,628)	695,468	-	(338,160)	
Accumulated loss	(10,912,821)	-	-	(10,912,821)	428,497	(383,990)	(10,868,314)	
	24,472,344	-	-	24,472,344	1,123,965	(383,990)	25,212,319	

5.1.10 As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework.

5.2 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the Application Instructions issued by SBP has detailed the transitional arrangement. The transitional arrangement applies only to provisions for Stage 1 and Stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the “transitional adjustment amount”) must be partially included (i.e., added back) to CET1 capital over the “transition period” of five years. Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024. Had IFRS 9 not been applied then CAR would have been lower by 1.19 bps from 21.42 % to 20.23%.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts, excluding term deposit with original term of greater than three months.

5.4 Lending to / borrowing from Financial Institutions

The Bank enters into transactions of borrowings (repurchase) from and lending (reverse repurchase) to financial institutions at contracted rates for a specified period of time. These are reported as under:

5.4.1 Repurchase / resale agreements

a) Sale of securities under repurchase agreement (repo)

Securities sold subject to repurchase agreements (repo) remain on the unconsolidated statement of financial position as investments and the counter party liability is included in borrowings from financial institutions. The difference between the sale and repurchase price is accrued over the period of the agreement using the effective interest rate method and recorded as expense.

b) Purchase of securities under resale agreement (reverse repo)

Securities purchased under agreements for resale (reverse repo) are recorded as lendings to financial institutions. These transactions are accounted for on the settlement date. The difference between the purchase and resale price is recognized as mark-up return income over the period of the agreement using the effective interest rate method.

5.4.2 Bai Maujjal

In Bai Maujjal, the Bank sells Shariah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income.

5.5 Subsidiaries

Investments in subsidiaries are valued at cost less impairment, if any. A reversal of an impairment loss on subsidiaries is recognized in the profit and loss account as it arises provided the increased carrying value does not exceed cost.

5.6 Investments

Investments include Federal Government securities, shares, mutual fund / REIT fund, and non-Government debt securities. Classification and measurement of Federal Government securities, shares, mutual fund / REIT fund and non-Government debt securities has been detailed in note 5.1.5.

5.7 Advances

Advances are stated net of provisions for non-performing advances. Specific and general provisions are made based on appraisal of the loan portfolio that takes into account the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the unconsolidated statement of profit and loss account. Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

5.7.1 Islamic financings and related assets

Ijarah Financing

Applying IFAS-2, assets underlying Ijarah have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the unconsolidated statement of profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is calculated from the date of delivery of respective assets to mustajir upto the date of maturity / termination of Ijarah agreement.

Diminishing Musharakah

In Musharakah based financing, the Bank enters into Musharakah for financing an agreed share of fixed assets with its customer and enters into periodic profit payment agreement for the utilization of the Bank's Musharakah share by the customer. Specific and general provisions are made in accordance with the requirement of prudential regulations and other directives issued by the SBP and charged to unconsolidated statement of profit and loss account.

Murabaha

Funds disbursed under murabaha arrangements for purchase of goods are recorded as advance for murabaha. On culmination of murabaha i.e. sale of goods to customers, murabaha receivables are recorded at the sale price net of deferred income. Goods purchased but remained unsold at the reporting date are recorded as inventories.

Inventories

The Bank values its inventories at the lower of cost or net realizable value. Cost of inventories represents the actual purchase made by the Bank / customers as an agent on behalf of the Bank for subsequent sale. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5.8 Operating fixed assets and depreciation

5.8.1 Property and equipment - owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the unconsolidated profit and loss account as and when incurred.

Depreciation is charged to the unconsolidated statement of profit and loss account applying the straight line method at the rates specified in note 11 to these unconsolidated financial statements after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each date of unconsolidated statement of financial position. Depreciation is charged from the date asset is available for use while no depreciation is charged from the date asset is disposed.

Gains or losses on disposal, if any, are recognized in the unconsolidated profit and loss account in the year in which it arises.

5.8.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and related advances there against, if any, are carried under this head. These are transferred to specific assets as and when the assets become available for use.

5.8.3 Leases

The Bank enters into lease arrangements principally in respect of office space for its operations. The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a Lessee

A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use (RoU) Assets

The right-of-use assets recognised subsequent to the adoption of 'IFRS-16 Leases' are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Lease Liability

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Incremental borrowing rate

Borrowing rate that Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimated the Incremental borrowing rate using observable input such as market interest rates.

5.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the unconsolidated statement of profit and loss account applying the straight line method at the rates specified in note 11, to these unconsolidated financial statements from the date an intangible asset is available for use. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each date of unconsolidated statement of financial position.

5.10 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued with sufficient regularity by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. An increase in the market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset or, if no surplus exists, is charged to the unconsolidated statement of profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the impairment and thereafter credited to the surplus on revaluation of that asset. All direct costs of acquiring title to the asset are charged immediately to the unconsolidated statement of profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the unconsolidated statement of profit and loss account on the same basis as depreciation charged on the Bank's owned fixed assets.

If the recognition of such assets results in a reduction in non-performing loans, such reductions and the corresponding reductions in provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realized on disposal of these assets is transferred directly to unappropriated profit.

However, if such an asset, after initial recording, is used by the Bank for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

5.11 Impairment

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.12 Taxation

Taxation (Income tax) expense relates to current and prior years and deferred tax. Income tax expense is recognized in the unconsolidated statement of profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

a) Current

Provision for current tax is the tax payable on the expected taxable income for the year using tax rates enacted or substantively enacted at the reporting date and, any adjustment to tax payable relating to prior years, after taking into consideration available tax credits, rebates, tax losses etc.

b) Prior Year

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

c) Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applicable to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses, and unused tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.13 Staff retirement and other benefits

a) Defined contribution plan

The Bank operates a recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent of basic salary are made by both the Bank and the employees. The contributions are recognized as employee benefit expense when they are due.

b) Defined benefit plan

The Bank operates recognised funded gratuity scheme for all its permanent employees who complete the prescribed eligibility period of service. Provision is made annually to meet the cost of such gratuity benefits on the basis of actuarial recommendations using the Projected Unit Credit Method.

c) Compensated absences

The Bank makes provision in the financial statements for its liabilities towards compensated absences. Liability under the scheme is determined on the basis of actuarial advice using the Projected Unit Credit Method.

5.14 Acceptances

Acceptances comprise of undertakings made by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

5.15 Provisions against liabilities

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of unconsolidated statement of financial position and are adjusted to reflect the current best estimate.

5.16 Revenue recognition

Revenue is recognized to the extent that the economic benefit associated with the transaction will flow to the Bank and the revenue can be reliably measured.

5.16.1 Income on performing advances and debt securities is recognised on a time proportion basis / effective interest rate method as per the terms of the contract as permitted by the SBP. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the unconsolidated statement of profit and loss account over the remaining maturity of the debt security using the effective yield method.

5.16.2 Dividend income from investments is recognized when the Bank's right to receive the dividend is established.

5.16.3 Bank earns fee and commission income from different services provided to customers. The recognition of fee and commission income depends on the purpose for which the fees are received. Fee and commission income is recognised when an entity satisfies the performance obligation. Transaction-based fees are charged to the customer's account when the transaction takes place.

5.16.4 Financial advisory fees is recognized when the right to receive the fees is established.

5.16.5 Gain or loss on sale of investments is included in unconsolidated statement of profit and loss account in the year in which it arises.

5.16.6 Revenue recognition under IFAS 2

Rentals from Ijarah is recognized as income over the term of the contract net of depreciation expense.

5.16.7 Revenue recognition under product manual as approved by Shariah Board of the Bank

- a) Profit on Diminishing Musharakah is recognized in unconsolidated profit and loss account on accrual basis.
- b) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.

5.17 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognized as an expense in the period in which these are incurred using the effective mark-up / interest rate method.

5.18 Proposed dividend and transfers between reserves

Dividends and appropriations to reserves, except appropriations which are by law required to be made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Balance Sheet Date' in the period in which they are approved / transfers are made.

5.19 Earnings per share

The Bank presents basic earnings per share (EPS) which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year / period. Diluted EPS is determined by adjusting the unconsolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.20 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to Pak Rupees at the rates of exchange prevailing at the reporting date. Translation gains and losses are included in the unconsolidated statement of profit and loss account.

5.21 Financial instruments

a) Financial assets and liabilities

Financial assets and liabilities carried on the unconsolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

b) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date at which the derivative contract is entered into and subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets where fair value is positive and as liabilities where fair value is negative. Any changes in the fair value of derivative financial instruments are taken to unconsolidated statement of profit and loss account.

5.22 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when the Bank has a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.23 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments.

Business segments

a) Trading and sales (Treasury)

This includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lendings and repos, brokerage debt and prime brokerage.

b) Retail Banking

This includes mortgage finance and personal loans to individual customers.

c) Commercial banking and others

This includes loans, deposits and other transactions with corporates, small and medium sized customers including agriculture business.

5.24 Geographical segments

The Bank operates only in Pakistan.

5.25 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the date of the unconsolidated statement of financial position.

5.26 Provision against off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Charge to unconsolidated statement of profit and loss account is stated net of expected recoveries.

Note	2024	2023
	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	5,592,829	3,959,099
Foreign currency	212,371	194,370
	5,805,200	4,153,469
With State Bank of Pakistan (SBP) in		
Local currency current accounts	6.1 16,018,948	47,075,466
Foreign currency current accounts	6.2 182,990	61,133
Foreign currency deposit accounts		
- Non Remunerative	6.3 143,595	158,549
- Remunerative	6.4 287,710	309,256
	16,633,243	47,604,404
With National Bank of Pakistan in		
Local currency current accounts	6.5 165,889	1,610,797
Local currency deposit accounts	6 22,571	
	165,895	1,633,368
Prize bonds	7,756	16,530
	34 22,612,094	53,407,771

- 6.1 This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962.
- 6.2 This represents US Dollar Settlement Account maintained with SBP.
- 6.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable on Bank's FCY deposits.
- 6.4 This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared 3.53% to 4.35% profits (2023 : 3.39% to 4.34%) per annum.
- 6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 13.50% (2023: 20.50%) per annum.

	Note	2024 (Rupees in '000)	2023
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	30
In savings account	7.1	2,040	1,719
		2,070	1,749
Outside Pakistan			
In current accounts	7.2	3,786,140	956,134
Less: Credit Loss allowance held against balances with other banks	7.3	1,223	-
	34	3,786,987	957,883
7.1	This includes savings account with a commercial bank carrying profit at the rate of 13.50% (2023: 20.50%) per annum.		
7.2	This includes Rs. 3,406.801 million (2023: Rs. 842.188 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the bank is entitled to earn interest from the correspondent banks at the agreed rates.		
	Note	2024 (Rupees in '000)	2023
7.3	Opening balance	-	-
	Impact of adoption of IFRS-09	10,190	-
	Charge / reversals;		
	Charge for the year	-	-
	Reversals for the year	(8,967)	-
		(8,967)	-
	Closing Balance	1,223	-
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		7,500,000	-
Repurchase agreement lendings (Reverse Repo)		14,315,010	-
Musharaka arrangements		2,700,000	-
		24,515,010	-
Less: Credit loss allowance held against lending to financial institutions		(566)	-
Lending to financial institutions - net of credit loss allowance		24,514,444	-
8.1	Particulars of lendings		
	In local currency	24,514,444	-
	In foreign currencies	-	-
		24,514,444	-

8.2 Securities held as collateral against Lending to financial institutions

	2024			2023		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
(Rupees in '000)						
Market Treasury Bills	6,853,980	-	6,853,980	-	-	-
Pakistan Investment Bonds	7,467,450	-	7,467,450	-	-	-
Total	14,321,430	-	14,321,430	-	-	-

8.3 Lendings to Financial Institutions - Category of classification

			2024		2023	
			Lending	Credit loss allowance held	Lending	Credit loss allowance held
Rupees in '000						
Domestic						
Performing	Stage 1	24,515,010	566	-	-	-
Under performing	Stage 2	-	-	-	-	-
Non-performing	Stage 3					
Substandard		-	-	-	-	-
Doubtful		-	-	-	-	-
Loss		-	-	-	-	-
Total		24,515,010	566	-	-	-

8.4 Lendings to Financial Institutions - Particulars of credit loss allowance

	2024			
	Stage 1	Stage 2	Stage 3	Total
Rupees in '000				
Opening balance	-	-	-	-
New financial assets originated or purchased	566	-	-	566
Closing Balance	566	-	-	566

9. INVESTMENTS

9.1 Investments by type

INVESTMENTS		2024			
Investments by type		Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
Note		----- Rupees in '000' -----			
Debt Instruments:					
Classified / Measured at amortised cost					
Federal Government Securities					
Market Treasury Bills		1,346,203	-	-	1,346,203
Pakistan Investment Bonds		24,364,453	-	-	24,364,453
Non-government debt securities					
Term finance certificates - Listed		224,235	(10,327)	-	213,908
Term finance certificates - Unlisted		344,509	(10,254)	-	334,255
Preference Shares - Unlisted		77,708	(77,708)	-	-
		26,357,108	(98,289)	-	26,258,819
Classified / Measured at FVOCI					
Federal Government Securities					
Market Treasury Bills		6,797,209	-	115,314	6,912,523
Pakistan Investment Bonds		10,910,790	-	(21,734)	10,889,056
Pakistan Investment Bonds - Floater	9.9	149,889,498	-	346,582	150,236,080
Government of Pakistan - Ijarah Sukuk		3,999,990	-	82,300	4,082,290
		171,597,487	-	522,462	172,119,949
Equity instruments:					
Classified / Measured at FVPL					
Shares					
Listed		38,420	-	(2,872)	35,548
Mutual funds		123,660	-	73,260	196,920
		162,080	-	70,388	232,468
Classified / Measured at FVOCI					
Shares					
Listed		604,020	-	1,158,659	1,762,679
Non-government debt securities					
Mutual funds		59,203	-	(18,533)	40,670
		663,223	-	1,140,126	1,803,349
Investment in Subsidiary					
Fully paid ordinary shares	9.3	750,000	-	-	750,000
Total Investments		199,529,898	(98,289)	1,732,976	201,164,585

INVESTMENTS

Investments by type

2023

	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Note	----- Rupees in '000' -----			
Available-for-sale securities				
Federal Government Securities				
Market Treasury Bills	-	-	-	-
Pakistan Investment Bonds	17,400,629	-	(2,183,880)	15,216,749
Pakistan Investment Bonds - Floater	113,308,072	-	(319,502)	112,988,570
Government of Pakistan - Ijarah Sukuk	4,000,000	-	42,076	4,042,076
Shares				
Listed	971,211	(342,757)	212,934	841,388
Unlisted	-	-	-	-
Non-government debt securities				
Sukuk certificates	-	-	-	-
Mutual funds & units	158,203	(43,684)	41,651	156,170
	135,838,115	(386,441)	(2,206,721)	133,244,953
Held-to-maturity securities				
Federal Government Securities				
Market Treasury Bills	20,660,590	-	-	20,660,590
Pakistan Investment Bonds	11,262,656	-	-	11,262,656
Preference Shares - Unlisted	77,708	(77,708)	-	-
Non-government debt securities				
Term finance certificates - Listed	224,235	-	-	224,235
Term finance certificates - Unlisted	858,901	(497,863)	-	361,038
	33,084,090	(575,571)	-	32,508,519
Investment in Subsidiary				
Fully paid ordinary shares	9.3 750,000	-	-	750,000
Total Investments	169,672,205	(962,012)	(2,206,721)	166,503,472

9.2 Investments by segments

	2024				2023			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Federal Government Securities								
Market Treasury Bills	8,143,412	-	115,314	8,258,726	20,660,590	-	-	20,660,590
Pakistan Investment Bonds	185,164,741	-	324,848	185,489,589	141,971,357	-	(2,503,381)	139,467,976
Government of Pakistan - Jjarah Sukuk	3,999,990	-	82,300	4,082,290	4,000,000	-	42,076	4,042,076
	197,308,143	-	522,462	197,830,605	166,631,947	-	(2,461,305)	164,170,642
Shares								
Listed companies	642,440	-	1,155,787	1,798,227	971,211	(342,757)	212,934	841,388
Unlisted companies	77,708	(77,708)	-	-	77,708	(77,708)	-	-
	720,148	(77,708)	1,155,787	1,798,227	1,048,919	(420,465)	212,934	841,388
Non-government debt securities								
Term finance certificates - listed	224,235	(10,327)	-	213,908	224,235	-	-	224,235
Term finance certificates - unlisted	344,509	(10,254)	-	334,255	858,901	(497,863)	-	361,038
	568,744	(20,581)	-	548,163	1,083,136	(497,863)	-	585,273
Mutual Funds & units								
Open ended	59,203	-	(18,533)	40,670	59,203	(43,684)	16,990	32,509
REIT - Units	123,660	-	73,260	196,920	99,000	-	24,661	123,661
	182,863	-	54,727	237,590	158,203	(43,684)	41,651	156,170
Investment in Subsidiary								
Sindh Microfinance Bank Ltd	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	199,529,898	(98,289)	1,732,976	201,164,585	169,672,205	(962,012)	(2,206,720)	166,503,472

9.3 Details of investment in subsidiary

	2024						
Name of Entity	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation
----- (Rupees in '000) -----							
Sindh Microfinance Bank Limited	27-03-2015	Pakistan	100%	4,530,953	3,276,309	1,380,686	153,747
							150,720
Details of investment in subsidiary	2023						
Name of Entity	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation
----- (Rupees in '000) -----							
Sindh Microfinance Bank Limited	27-03-2015	Pakistan	100%	3,414,693	2,308,691	949,395	91,487
							90,954

9.4 Investments given as collateral Federal government securities

	2024	2023
----- (Rupees in '000) -----		
Pakistan Investment Bonds	-	35,733,600
Market Treasury Bills	-	-
	-	35,733,600

	2024	2023
	(Rupees in '000)	
9.5 Provision for diminution in value of investments		
9.5.1 Opening balance	962,012	952,912
Impact of adoption of IFRS-09	(362,897)	-
Charge / reversals		
Charge for the year	13,518	9,100
Reversals for the year	-	-
Transfer during the period	(514,344)	-
Reversal on disposals	-	-
Transfers - net	(500,826)	9,100
Closing Balance	98,289	962,012

9.6 Particulars of credit loss allowance

	2024			
9.6.1 Investments - exposure	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000'			
Opening balance	-	-	-	-
Impact of adoption of IFRS 9	166,751,684	449,055	592,052	167,792,791
New investments	134,537,982	-	-	134,537,982
Investments derecognised or repaid	(109,010,000)	-	-	(109,010,000)
Transfer to advances - TFC	-	-	(514,344)	(514,344)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(109,010,000)	-	(514,344)	(109,524,344)
Amounts written off / charged Off	-	-	-	-
Impact of amortization	5,148,166	-	-	5,148,166
Other changes	-	-	-	-
Closing balance	197,427,832	449,055	77,708	197,954,595

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000'			
9.6.2 Investments - Credit loss allowance				
Opening balance	-	-	-	-
Impact of adoption of IFRS 9	14	7,152	591,949	599,115
New investments	-	-	-	-
Investments derecognised or repaid	-	-	-	-
Transfer to advances - TFC	-	-	(514,344)	(514,344)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	-	-	(514,344)	(514,344)
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(12)	13,427	103	13,518
Changes (to be specific)	-	-	-	-
Closing balance - Current year	2	20,579	77,708	98,289

9.6.3 Particulars of credit loss allowance against debt securities

Domestic	2024		2023	
	Outstandig amount	Credit loss allowance held	Outstandig amount	Provision
Rupees in '000'				
Performing Stage 1	197,427,832	2	167,200,740	-
Underperforming Stage 2	449,055	20,579	-	-
Non-Performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	77,708	77,708	592,051	575,571
	77,708	77,708	592,051	575,571
Total	197,954,595	98,289	167,792,791	575,571

2024 2023
(Rupees in '000)

9.7 Quality of Securities

Particulars regarding quality of securities - Held to collect and Sell model (FVOCI)

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds

Market Treasury Bills

Government of Pakistan - Ijarah Sukuk

160,800,288	130,708,701
6,797,209	-
3,999,990	4,000,000
171,597,487	134,708,701

Shares (Equities)

Listed Companies

Refinery

Fertilizer

Cement

Oil & Gas Marketing Companies

Commercial Banks

7,682	7,682
-	345,285
63,745	63,745
164,142	186,049
368,451	368,450
604,020	971,211

Other investments (Mutual Funds and Units)

Listed

AAA

AA+

A+ / A-

-	99,000
16,239	16,239
42,964	42,964
59,203	158,203
172,260,710	135,838,115

	2024	2023
	(Rupees in '000)	
Equity Securities		
Listed Companies		
Pakistan Refinery Limited	7,682	7,682
Fauji Fertilizer Company Limited	-	280,284
Fatima Fertilizer Company Limited	-	65,002
Thatta Cement Company Limited	63,745	63,745
Sui Southern Gas Company Limited	164,142	164,142
Oil & Gas Development Company Limited	-	21,905
Bank Makramah Limited (formerly Summit Bank Limited)	305,509	305,509
Silk Bank Limited	62,942	62,942
	<u>604,020</u>	<u>971,211</u>

	2024	2023
	----- Cost -----	
	(Rupees in '000)	

9.8 Particulars relating to securities held under 'hold to collect' - amortize cost

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds	24,364,453	11,262,656
Market Treasury Bills	<u>1,346,203</u>	<u>20,660,590</u>
	<u>25,710,656</u>	<u>31,923,246</u>

Preference Shares - Unlisted Company
Al-Arabia Sugar Mills Ltd

	<u>77,708</u>	<u>77,708</u>
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Non Government Debt Securities
Listed
Unrated

	<u>224,235</u>	<u>224,235</u>
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Un-listed

AA

	<u>119,689</u>	<u>119,737</u>
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Unrated

	<u>224,820</u>	<u>224,820</u>
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Unrated

	<u>-</u>	<u>514,344</u>
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	<u>344,509</u>	<u>858,901</u>
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	<u>26,357,108</u>	<u>33,084,090</u>
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9.8.1 The market value of securities classified as amortize cost as at December 31, 2024 amounted to Rs. 25,362.88 million (December 31, 2023 amounted to Rs. 29,916.83).

9.9 Investments include Rs 500 million (2023: Rs 500 million) pledged with National Clearing Company of Pakistan against trading margin.

10 ADVANCES

Note	2024			2023		
	Performing	Non Performing	Total	Performing	Non Performing	Total
Rupees in '000						
Loans, cash credits, agriculture, running finances etc.	29,627,478	29,409,534	59,037,012	28,013,746	32,216,286	60,230,032
Commodity finance	38,921,334	-	38,921,334	15,619,270	-	15,619,270
Net investment in finance lease	147,427	195,882	343,309	305,814	410,329	716,143
Islamic financing and related assets						
Diminishing musharakah financing	45,517	121,353	166,870	433,901	121,353	555,254
Murabaha Financing	80,000	-	80,000	-	-	-
Ijarah financing under IFAS 2	11,190	-	11,190	9,946	-	9,946
	68,832,946	29,726,769	98,559,715	44,382,677	32,747,968	77,130,645
Bills discounted and purchased						
Payable in Pakistan	45,739	348,639	394,378	19,405	348,639	368,044
Payable outside Pakistan	-	3,405	3,405	9,317	3,405	12,722
	45,739	352,044	397,783	28,722	352,044	380,766
Advances - gross	68,878,685	30,078,813	98,957,498	44,411,399	33,100,012	77,511,411
Credit loss allowance against advances	-	-	-	-	-	-
- Stage 1	319,579	-	319,579	10,186	-	10,186
- Stage 2	958,312	-	958,312	-	-	-
- Stage 3	-	25,133,917	25,133,917	-	26,878,180	26,878,180
	1,277,891	25,133,917	26,411,808	10,186	26,878,180	26,888,366
Total Advances - Net credit loss allowance	67,600,794	4,944,896	72,545,690	44,401,213	6,221,832	50,623,045

10.1 Particulars of advances (gross)	2024	2023
	(Rupees in '000)	
In local currency	98,957,498	77,511,411
In foreign currencies	-	-
	98,957,498	77,511,411
10.1.1 Advances to Women, Women-owned and Managed Enterprises		
Women	102,037	71,236
Women Owned and Managed Enterprises	503,544	307,805
	605,581	379,041
10.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year Rs. 333.52 million (2023: Rs.284.94 million).		

10.2 Net investment in finance lease

	2024				2023			
	Not later than one year	Over one year and up to five years	Over five years	Total	Not later than one year	Over one year and up to five years	Over five years	Total
Rupees in '000								
Lease rental	282,058	29,829	-	311,887	142,323	512,715	-	655,038
Residual value	62,055	27,870	-	89,925	116,409	63,562	-	179,971
Minimum lease payments	344,113	57,699	-	401,812	258,732	576,277	-	835,009
Un-earned income for future periods	(54,815)	(3,688)	-	(58,503)	(19,423)	(99,443)	-	(118,866)
Present value of minimum lease payments	289,298	54,011	-	343,309	239,309	476,834	-	716,143

10.2.1 This represents portfolio taken on the books of the Bank due to amalgamation of Sindh Leasing Company Limited.

10.3 Diminishing musharakah financing

	Note	2024 (Rupees in '000)	2023
Advance against musharakah		2,902	-
Diminishing musharakah		163,968	555,254
		<u>166,870</u>	<u>555,254</u>

10.4 Ijarah financing under IFAS 2

	10.4.1	2024	2023
Net book value of assets		11,190	9,946
Advance against Ijarah financing		-	-
		<u>11,190</u>	<u>9,946</u>

10.4.1 Particulars of assets under Ijarah

	2024							Rate of depreciation %
	Cost		Accumulated depreciation				Book value As at December 31	
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
	(Rupees in '000)							
Plant and machinery	28,950	(950)	28,000	19,004	(171)	18,833	9,167	Over the Ijarah period
Vehicle	-	-	-	-	-	-	-	
Equipment	-	2,300	2,300	-	277	277	2,023	
Total	28,950	1,350	30,300	19,004	106	19,110	11,190	
	2023							Rate of depreciation %
	Cost		Accumulated depreciation				Book value As at	
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
	(Rupees in '000)							
Plant and machinery	28,000	950	28,950	18,834	170	19,004	9,946	Over the Ijarah period
Vehicle	16,224	(16,224)	-	14,019	(14,019)	-	-	
Total	44,224	(15,274)	28,950	32,853	(13,849)	19,004	9,946	

10.5 Murabaha financing

	2024	2023
	(Rupees in '000)	
Murabaha financing	86,588	-
Less: deferred murabaha income	(3,550)	-
Profit receivable shown in other assets	(3,038)	-
	<u>80,000</u>	<u>-</u>

10.6 Particulars of credit loss allowance

10.6.1 Advances - Exposure	2024			Total
	Stage 1	Stage 2	Stage 3	
	Rupees in '000'			
Gross carrying amount - Current year	28,773,367	15,531,994	33,206,050	77,511,411
New Advances	7,469,067	33,691,165	-	41,160,232
Advances derecognised or repaid	(17,229,959)	(1,818,458)	(1,180,072)	(20,228,489)
Transfer to stage 1	3,941,417	(3,941,417)	-	-
Transfer to stage 2	(300,763)	2,911,754	(2,610,991)	-
Transfer to stage 3	(32,466)	(117,015)	149,481	-
	(6,152,704)	30,726,029	(3,641,582)	20,931,743
Transfer from investments -TFC	-	-	514,344	514,344
Amounts charged off	-	-	-	-
Closing balance	22,620,663	46,258,023	30,078,812	98,957,498

10.6.2 Particulars of credit loss allowance

Opening balance	10,186	-	26,878,180	26,888,366
Impact of adoption of IFRS 9	131,462	296,485	277,951	705,898
	141,648	296,485	27,156,131	27,594,264
New Advances	52,195	-	-	52,195
Changes in risk parameters (PDs/LGDs/ EADs)	134,510	924,001	2,469,628	3,528,139
Advances derecognised or repaid	(39,652)	(211,331)	(5,026,151)	(5,277,134)
Transfer to stage 1	46,024	(46,024)	-	-
Transfer to stage 2	(13,585)	57,785	(44,200)	-
Transfer to stage 3	(1,561)	(62,605)	64,166	-
Reversals	-	-	-	-
	177,931	661,826	(2,536,557)	(1,696,800)
Amounts charged off - Agriculture loans	-	-	-	-
	177,931	661,826	(2,536,557)	(1,696,800)
Transfer from investments -TFC	-	-	514,344	514,344
Closing balance	319,579	958,311	25,133,918	26,411,808

10.6.3 Advances - Credit loss allowance details Internal / External rating / stage classification

Outstanding gross exposure

Performing - Stage 1	22,620,663	-	-	22,620,663
Under Performing - Stage 2	-	46,258,023	-	46,258,023
Non-performing - Stage 3				
OAEM	-	-	1,821	1,821
Substandard	-	-	6,088	6,088
Doubtful	-	-	28,353	28,353
Loss	-	-	30,042,550	30,042,550
	-	-	30,078,812	30,078,812
Total	22,620,663	46,258,023	30,078,812	98,957,498
Corresponding ECL				
Stage 1 and stage 2	319,579	958,311	-	1,277,890
Stage 3	-	-	25,133,918	25,133,918
	319,579	958,311	25,133,918	26,411,808

- 10.7 Advances include Rs. 30,078.81 million (2023: Rs. 33,100.01) million which have been placed under non-performing status are as detailed below:

	2024	
	Non Performing Loans	Credit loss allowance
----- (Rupees in '000) -----		
Domestic		
Other Assets Especially Mentioned	1,821	11
Substandard	6,088	1,310
Doubtful	28,353	2,354
Loss	30,042,551	25,130,243
Total	30,078,813	25,133,918

	2023	
	Non Performing Loans	Provision
----- (Rupees in '000) -----		
Domestic		
Other Assets Especially Mentioned	-	-
Substandard	8,889	333
Doubtful	116,780	932
Loss	32,974,343	26,876,915
Total	33,100,012	26,878,180

- 10.7.1 This represents non-performing portfolio of agricultural and small and medium enterprise financing classified as OAEM as per the requirements of the Prudential Regulations for Agricultural, Infrastructure Project Financing and Small and Medium Enterprise Financing issued by the State Bank of Pakistan.

- 10.7.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances under the prudential regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs. 5,126.65 (2023: Rs. 6,156.33) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

- 10.8 Particulars of credit loss allowance / provision against advances

	2024				2023		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
----- Rupees in '000' -----							
Opening balance	10,186	-	26,878,180	26,888,366	27,089,777	7,212	27,096,989
Exchange adjustments	-	-	-	-	-	-	-
Impact of adoption of IFRS 9	131,462	296,485	277,951	705,898	-	-	-
Charge for the period	177,931	732,854	640,121	1,550,906	2,766,522	2,974	2,769,496
Reversals	-	(71,028)	(3,145,403)	(3,216,431)	(1,712,978)	-	(1,712,978)
	177,931	661,826	(2,505,282)	(1,665,525)	1,053,544	2,974	1,056,518
Amounts charged off - Agriculture loans	-	-	(31,275)	(31,275)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	177,931	661,826	(2,536,557)	(1,696,800)	1,011,188	2,974	1,014,162
Transferred to other assets under DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Transfer from investments -TFC	-	-	514,344	514,344	-	-	-
Closing balance	319,579	958,311	25,133,918	26,411,808	26,878,180	10,186	26,888,366

		2024	2023			
II. FIXED ASSETS	Note	----- (Rupees in '000) -----				
Capital work-in-progress	11.1	24,518	1,321			
Property and equipment	11.2	1,308,170	1,326,280			
		1,332,688	1,327,601			
11.1 Capital work-in-progress						
Civil works		3,862	-			
Equipment		-	-			
Advances to suppliers		20,656	1,321			
	11.1.1	24,518	1,321			
11.1.1 Movement in Capital work-in-progress						
Opening balance		1,321	26,725			
Transfer in		108,741	36,287			
Transfer out		(85,544)	(61,691)			
Write off		-	-			
Closing balance		24,518	1,321			
11.2 Property and Equipment		2024				
		Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
		----- (Rupees in '000) -----				
At January 1, 2024						
Cost / Revalued amount		1,420,489	577,307	2,021,062	493,571	4,512,429
Accumulated depreciation		(648,456)	(509,617)	(1,710,983)	(317,093)	(3,186,149)
Net book value		772,033	67,690	310,079	176,478	1,326,280
Year ended December 31, 2024						
Opening net book value		772,033	67,690	310,079	176,478	1,326,280
Additions		33,956	9,161	214,932	24,617	282,666
Disposals		(32)	(0)	(0)	(5,315)	(5,347)
Depreciation charge		(71,255)	(18,145)	(139,186)	(66,843)	(295,429)
Closing net book value		734,702	58,706	385,825	128,937	1,308,170
At December 31, 2024						
Cost / Revalued amount		1,454,369	584,249	2,229,744	405,208	4,673,570
Accumulated depreciation		(719,667)	(525,543)	(1,843,919)	(276,271)	(3,365,400)
Net book value		734,702	58,706	385,825	128,937	1,308,170
Rate of depreciation (percentage)		5.00%	10.00%	33.33% & 20.0%	20.00%	

	2023				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000)				
At January 1, 2023					
Cost / Revalued amount	1,389,947	569,082	1,791,443	504,654	4,255,126
Accumulated depreciation	(578,789)	(485,711)	(1,613,467)	(264,808)	(2,942,775)
Net book value	<u>811,158</u>	<u>83,371</u>	<u>177,976</u>	<u>239,846</u>	<u>1,312,351</u>
Year ended December 31, 2023					
Opening net book value	811,158	83,371	177,976	239,846	1,312,351
Additions	30,542	8,263	236,341	17,988	293,134
Disposals	-	-	-	(2,006)	(2,006)
Depreciation charge	(69,667)	(23,944)	(104,238)	(79,350)	(277,199)
Closing net book value	<u>772,033</u>	<u>67,690</u>	<u>310,079</u>	<u>176,478</u>	<u>1,326,280</u>
At December 31, 2023					
Cost / Revalued amount	1,420,489	577,307	2,021,062	493,571	4,512,429
Accumulated depreciation	(648,456)	(509,617)	(1,710,983)	(317,093)	(3,186,149)
Net book value	<u>772,033</u>	<u>67,690</u>	<u>310,079</u>	<u>176,478</u>	<u>1,326,280</u>
Rate of depreciation (percentage)	<u>5.00%</u>	<u>10.00%</u>	<u>33.33% & 20.0%</u>	<u>20.00%</u>	

11.3 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:

	2024	2023
	(Rupees in '000)	
Leasehold improvements	403	325
Furniture and fixtures	423,711	382,511
Electrical, office and computer equipment	1,628,222	1,512,720
Vehicles	117,076	118,385
	<u>2,169,412</u>	<u>2,013,941</u>

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particular of The Purchaser
------(Rupees in '000)-----					
Computers & Office Equipment					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	8,546	32	1,595	Negotiation	Various
Motor Vehicles					
Toyota Fortuner	8,008	934	934	As Per HR Policy	Imran Samad
Toyota Corolla Altis	3,905	1,237	1,237	As Per HR Policy	Imran Samad
do	3,705	62	124	As Per HR Policy	Baqir Hussain
Honda Civic	3,767	753	753	As Per HR Policy	Abdul Rauf Chandio
do	3,746	-	-	As Per HR Policy	Rehan Anjum
Toyota Corolla XLI	2,505	-	-	As Per HR Policy	Shafqat Ali Raja
do	2,505	-	-	As Per HR Policy	Muhammad Salman Satti
do	2,505	-	-	As Per HR Policy	Farooq Khan
do	2,505	-	-	As Per HR Policy	Ghazala Ayaz
do	1,764	-	-	As Per HR Policy	Naeem Muhammad
do	2,505	-	-	As Per HR Policy	Shariq Hasnain Jaleesi
do	2,605	-	-	As Per HR Policy	Mohammad Saleem Shaffi
do	2,605	-	-	As Per HR Policy	Ahmed Noor
Suzuki Cultus	1,410	-	-	As Per HR Policy	Khalid Farooq
do	1,440	-	-	As Per HR Policy	Sahabzada Awais Omer
do	1,655	-	-	As Per HR Policy	Khurram Shakeel
do	1,745	634	634	As Per HR Policy	Tauqeer Cheema
do	1,745	-	-	As Per HR Policy	Faisal Haroon Badshah
do	1,483	-	-	As Per HR Policy	Syed Zeeshan Ul Haq
do	1,746	-	-	As Per HR Policy	Farrukh Hussain
do	1,745	-	-	As Per HR Policy	Muhammad Irfan Zafar
do	1,745	-	-	As Per HR Policy	Irfan Ali Shah
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Shakil Ahmed Shaikh
do	1,104	-	-	As Per HR Policy	Parvaiz Ahmed Shaikh
do	1,104	-	-	As Per HR Policy	Bashir Ahmed Ghumro
do	2,421	1695	2400	Insurance Claim	Sindh Insurance Ltd
do	1,540	-	-	As Per HR Policy	Kamran Abdullah Murad
do	1,104	-	-	As Per HR Policy	Imran Ahmed Mirani
do	1,104	-	-	As Per HR Policy	Aijaz Ali Bigti
do	1,540	-	-	As Per HR Policy	Ghulam Hussain Bozdar
do	1,540	-	-	As Per HR Policy	Ashar Hussain
do	1,104	-	-	As Per HR Policy	Shahdad Shah
do	1,104	-	-	As Per HR Policy	Ashiq Hussain Soomro
do	1,540	-	-	As Per HR Policy	Syed Ali Imran Naqvi
do	1,540	-	-	As Per HR Policy	Faraz Wahab Khan
do	1,184	-	-	As Per HR Policy	Asim Tawab

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particular of The Purchaser
----- (Rupees in '000) -----					
do	1,540	-	-	As Per HR Policy	Shayan Mustafa
do	1,540	-	-	As Per HR Policy	Bershama Bilal
do	1,540	-	-	As Per HR Policy	Usman Waheed Malik
do	1,540	-	-	As Per HR Policy	Amir Nadeem
do	1,540	-	-	As Per HR Policy	Zafaar Ahmed
do	1,054	-	-	As Per HR Policy	Shakil Abbas
do	1,054	-	-	As Per HR Policy	Khalid Mahmood
do	1,540	-	-	As Per HR Policy	Muhammad Rizwan
do	1,540	-	-	As Per HR Policy	Asif Mehmood
do	1,104	-	-	As Per HR Policy	Faisal Qureshi
do	1,104	-	-	As Per HR Policy	Mureed Ali Shah
do	1,224	-	-	As Per HR Policy	Ghous Mohiuddin
do	1,104	-	-	As Per HR Policy	Nazir Ahmed Mirani
do	1,104	-	-	As Per HR Policy	Syeda Tanzeem Fatima Rizvi
do	1,539	-	-	As Per HR Policy	Azim John Bhatti
do	1,540	-	-	As Per HR Policy	Muhammad Naseem Siddiqui
do	1,540	-	-	As Per HR Policy	Hassan Raza
do	1,540	-	-	As Per HR Policy	Muhammad Usman Ghani
do	1,540	-	-	As Per HR Policy	Muhammad Noman Hashmi
do	1,540	-	-	As Per HR Policy	Kaleem Mustafa
do	1,540	-	-	As Per HR Policy	Noman Ahmed
do	1,540	-	-	As Per HR Policy	Muzaffar Siddiqui
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	5,756	-	5,206	Auction	Various
	<u>112,980</u>	<u>5,315</u>	<u>11,288</u>		
TOTAL	<u>121,525</u>	<u>5,347</u>	<u>12,883</u>		

	2024	2023
	----- Rupees in '000 -----	----- Rupees in '000 -----
12. RIGHT OF USE ASSETS		
Year ended December 31		
Opening net book value	2,608,849	2,693,446
Reassessment / renewals	1,541,867	637,430
Disposals	-	-
Depreciation charge	(764,754)	(722,027)
Closing net book value	<u>3,385,962</u>	<u>2,608,849</u>
At December 31		
Cost	5,731,542	4,380,687
Accumulated depreciation	(2,345,580)	(1,771,838)
Net book value	<u>3,385,962</u>	<u>2,608,849</u>
Rate of depreciation (percentage)	10% to 100%	10% to 100%
13. INTANGIBLE ASSETS		
	2024	2023
	----- Rupees in '000 -----	----- Rupees in '000 -----
Computer Software		
At January 1		
Cost	444,256	412,051
Accumulated amortisation	(335,999)	(294,780)
Net book value	<u>108,257</u>	<u>117,271</u>
Year ended December 31		
Opening net book value	108,257	117,271
Additions:		
- directly purchased	14,332	32,205
Disposals	-	-
Amortisation charge	(42,427)	(41,219)
Other adjustments	-	-
Closing net book value	<u>80,162</u>	<u>108,257</u>
At December 31		
Cost	458,587	444,256
Accumulated amortisation	(378,425)	(335,999)
Net book value	<u>80,162</u>	<u>108,257</u>
Rate of amortisation (percentage)	20%	20%
Useful life	5 years	5 years

13.1 The cost of fully amortised software still in use amounted to Rs. 252.02 million (2023: Rs. 232.911 million) .

14. DEFERRED TAX ASSETS-NET

	2024				
	As at December 31, 2023	Impact on adoption of IFRS-9	As at January 1, 2024	Recognised in profit & loss account	Recognised in other comprehensive income
	------(Rupees in '000)-----				
Deductible Temporary Differences on					
Credit loss allowance against advances	11,103,063	357,395	11,460,458	1,131,140	-
Tax losses carried forward	3,477,253	-	3,477,253	(503,119)	(23,550)
Provision for diminution in the value of investments	119,174	11,537	130,711	(118,468)	-
Deficit on revaluation of investments	1,081,294	(1,070,102)	11,192	-	(875,738)
Others	1,394,105	-	1,394,105	643,516	-
Right of use assets	259,317	-	259,317	236,860	-
	17,434,206	(701,170)	16,733,036	1,389,929	(899,288)
Taxable Temporary Differences on					
Accelerated tax depreciation - tangible fixed assets	501	-	501	(14,839)	-
Net investment in Finance Lease	(131,859)	-	(131,859)	-	-
Surplus on revaluation of non-banking assets	(88,200)	-	(88,200)	-	(5,400)
Accelerated tax amortization - intangible assets	(20,683)	-	(20,683)	(7,921)	-
	(240,241)	-	(240,241)	(22,760)	(5,400)
	17,193,965	(701,170)	16,492,795	1,367,169	(904,688)

	2023			
	As at December 31, 2022	Recognised in profit & loss account	Recognised in other comprehensive income	As at December 31, 2023
	------(Rupees in '000)-----			
Deductible Temporary Differences on				
- Provision against advances - general	9,108,677	1,994,386	-	11,103,063
- Tax losses carried forward	3,782,989	(323,272)	17,536	3,477,253
- Provision for diminution in the value of investments	94,853	24,321	-	119,174
- Deficit on revaluation of investments	772,647	-	308,647	1,081,294
- Others	985,289	408,816	-	1,394,105
- Others (RoU)	65,384	193,933	-	259,317
	14,809,839	2,298,184	326,183	17,434,206
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(3,797)	4,298	-	501
- Net investment in Finance Lease	(131,859)	-	-	(131,859)
- Surplus on revaluation of non-banking assets	-	-	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(12,137)	(8,546)	-	(20,683)
	(147,793)	(4,248)	(88,200)	(240,241)
	14,662,046	2,293,936	237,983	17,193,965

- 14.1 The Bank has an aggregate amount of deferred tax assets of Rs. 16,955.28 million (2023: Rs. 17,193.96 million). Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential reversal of provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

		2024	2023
		----- Rupees in '000 -----	
15. OTHER ASSETS	Note		
Income / mark-up accrued in local currency	15.1	10,722,252	5,772,428
Accrued commission income		157,731	19,730
Advances, deposits, advance rent and other prepayments		1,291,357	213,037
Receivable against sale of shares		47,925	8,586
Mark to market gain on forward foreign exchange contracts		136,527	225,309
Insurance premium receivable against agriculture loans		8,623	9,998
Stationery and stamps on hand		22,915	10,332
Dividends receivable		1,688	-
Receivable against 1 Link ATM settlement account		84,330	616,552
Advance Taxation - net		-	-
Acceptances		48,741	-
Insurance claims receivable		12,835	7,445
Non-Banking Assets Acquired in Satisfaction of Claims	15.2	1,770,000	1,770,000
Other receivables		88,925	141,934
		14,393,849	8,795,351
Less: Provision held against other assets		(864,614)	(1,222,785)
Other assets (net of provision)		13,529,235	7,572,566
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	15.3	180,000	180,000
		<u>13,709,235</u>	<u>7,752,566</u>
15.1 Income / mark-up accrued in local currency			
On loans and advances	15.4	5,663,533	2,705,396
On investments		5,036,196	3,065,999
On lendings to financial institutions		22,371	-
Others		152	1,033
		<u>10,722,252</u>	<u>5,772,428</u>

15.2 Market value of non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer. The revaluation was conducted by M/s. Iqbal A. Nanjee & Co. Pvt. Ltd. based on their professional assessment of present market values, has reported no significant change in the market value of these assets.

	2024	2023
	----- Rupees in '000 -----	
15.2.1 Non-banking assets acquired in satisfaction of claims		
Opening Balance	1,950,000	-
Additions	-	1,770,000
Revaluation	-	180,000
Disposals	-	-
Depreciation	-	-
Impairment	-	-
	<u>1,950,000</u>	<u>1,950,000</u>

	Note	2024	2023
		----- Rupees in '000 -----	
15.3 Movement in credit loss allowance / provision held against other assets			
Opening balance		(1,222,785)	-
Charge for the period / year		-	(1,222,785)
Reversals		358,171	-
Amount written off		-	-
Closing balance		<u>(864,614)</u>	<u>(1,222,785)</u>
15.4 Credit loss methodology is based on Exposure at default (EAD) which captures both principal and mark-up when calculating expected credit loss, hence the cumulative impact is recorded under advances note 10.6.			
16. BILLS PAYABLE		2024	2023
		----- Rupees in '000 -----	
In Pakistan		1,446,526	898,762
Outside Pakistan		-	-
		<u>1,446,526</u>	<u>898,762</u>
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	1,457,900	1,662,500
- Under long term finance facility		-	29,940
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan (SBP)		-	16,000,000
- Other commercial banks / DFI's		-	19,854,000
		-	35,854,000
		<u>1,457,900</u>	<u>37,546,440</u>
17.1 Particulars of borrowings with respect to Currencies			
In local currency		1,457,900	37,546,440
In foreign currencies		-	-
		<u>1,457,900</u>	<u>37,546,440</u>
17.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 15.5% to 16.5% (2023: 17% to 18%) per annum having maturity upto six months.			

18 DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	75,948,885	1,089,573	77,038,458	57,010,298	918,827	57,929,125
Savings deposits	174,750,035	1,248,851	175,998,886	126,210,668	1,231,979	127,442,647
Term deposits	54,833,570	316,021	55,149,591	34,311,181	282,821	34,594,002
Margin and other deposits	1,567,533	-	1,567,533	2,302,355	-	2,302,355
	307,100,023	2,654,445	309,754,468	219,834,502	2,433,627	222,268,129
Financial Institutions						
Current deposits	721,673	30	721,703	48,424	30	48,454
Savings deposits	1,242,064	-	1,242,064	733,005	-	733,005
Term deposits	1,000,000	-	1,000,000	400,000	-	400,000
Margin and other deposits	62	-	62	120,062	-	120,062
	2,963,799	30	2,963,829	1,301,491	30	1,301,521
	310,063,822	2,654,475	312,718,297	221,135,993	2,433,657	223,569,650

2024 2023
----- Rupees in '000 -----

18.1 Composition of deposits

- Individuals	58,994,529	40,275,850
- Government (Federal and Provincial)	201,359,992	143,233,090
- Public Sector Entities	931,916	760,909
- Banking Companies	527,428	231,314
- Non-Banking Financial Institutions	2,436,401	1,301,521
- Private Sector	48,468,031	37,766,966
	312,718,297	223,569,650

18.2 The SBP has set up a fully owned subsidiary – Deposit Protection Corporation (DPC), with an aim to provide protection to small depositors of banks operating in Pakistan. The Corporation has been set up through promulgation of the Deposit Protection Corporation Act, 2016, (the Act) and commenced its business with effect from 01 June 2018. Membership of the Deposit Protection Corporation is compulsory for all banks scheduled under sub-section (2) of section 37 of the State Bank of Pakistan Act, 1956. Under the arrangement, the objective of DPC would be to protect the depositors to the extent of the guaranteed amount, in case a member bank is notified as a failed institution by SBP.

The framework provided by DPC lays down the methodology for arriving at Eligible Deposits, as well as determining the premium amount payable under the regulations. The premium amount so determined are required to be deposited by all banks with DPC on a quarterly basis.

As at December 31, 2024, the deposits eligible to be covered under insurance arrangements amounted to Rs. 68,301.40 million (2023: Rs. 52,145.15 million) and premium paid amounted to Rs. 83.43 million (2023 : Rs. 63.04 million).

19. Lease liabilities

	2024	2023
	----- Rupees in '000 -----	
Opening balance	3,138,067	2,861,097
Reassessment / renewals	1,541,867	637,430
Interest expense	696,975	584,041
Lease payments including interest	(1,230,989)	(1,178,421)
Other adjustments / transfers	162,406	233,920
Closing balance	4,308,326	3,138,067

	Note	2024	2023
		----- Rupees in '000 -----	
19.1 Contactual maturity of lease liabilities			
Short-term lease liabilities - within one year		522,732	482,842
Long-term lease liabilities			
- 1 to 5 years		1,781,608	1,789,770
- 5 to 10 years		1,994,988	865,455
- More than 10 years		8,998	-
		3,785,594	2,655,225
Total lease liabilities		4,308,326	3,138,067
19.2 For the purpose of discounting, PKRV rates are being used.			
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		8,922,181	9,156,368
Mark-up / return / interest payable in foreign currency		4,158	4,125
Accrued expenses		301,790	353,216
Net defined benefit liability		177,202	151,556
Provision for compensated absences		392,930	309,951
Payable against purchase of operating fixed assets		-	22,834
Payable against purchase of shares		18,765	-
Retention money		60,329	63,987
Federal excise duty / sales tax on services payable		9,002	6,227
Withholding tax payable		157,888	153,071
Acceptances		48,741	-
Provision for taxation - net		509,163	128,758
Security deposit against leases	20.3	89,925	179,971
Others		308,058	328,082
		11,000,132	10,858,146
Credit loss allowance against off-balance sheet obligations	20.1	3,898	-
		11,004,030	10,858,146
20.1 Opening balance		-	-
Impact of adoption of IFRS-09		3,103	-
Charge / reversals;			
Charge for the year		795	-
Reversals for the year		-	-
		795	-
Closing Balance		3,898	-
20.2 Credit loss allowance against off balance sheet obligations include ECL in respect of letter of credit, letter of guarantees, shipping guarantees, acceptances and commitments against forward lendings etc.			
20.3 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited which was amalgamated into the Bank, and are adjustable against residual value of leased assets at the expiry of the respective lease terms. These security deposits have not been discounted to their present values as the financial impact thereof is not considered to be material.			

21 SHARE CAPITAL - NET

21.1 Authorised capital

2024	2023	Note	2024	2023
Number of shares			----- Rupees in '000 -----	
<u>3,500,000,000</u>	<u>3,500,000,000</u>		<u>35,000,000</u>	<u>35,000,000</u>
Ordinary shares of Rs.10 each				

21.2 Issued, subscribed and paid-up share capital

3,071,013,000	2,571,013,000	Fully paid in cash: Ordinary shares of Rs.10 each	30,710,130	25,710,130
-	500,000,000	Right shares of Rs.10 each issued during the year	-	5,000,000
<u>381,429,817</u>	<u>381,429,817</u>	Ordinary shares of Rs. 10 issued as consideration of amalgamation	<u>3,814,298</u>	<u>3,814,298</u>
<u>3,452,442,817</u>	<u>3,452,442,817</u>		<u>34,524,428</u>	<u>34,524,428</u>

21.3 The Government of Sindh, through its Finance Department, owns 99.97% ordinary shares of the Bank.

22. SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS - NET

Surplus / (deficit) on revaluation of

- Securities measured at FVOCI - Debt	9.1	522,462	(2,461,306)
- Securities measured at FVOCI - Equity	9.1	1,140,126	254,585
- Non-banking assets acquired in satisfaction of claims	22.1	180,000	180,000
		1,842,588	(2,026,721)

Deferred tax on surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - Debt		(271,680)	1,206,040
- Securities measured at FVOCI - Equity		(592,866)	(124,747)
- Non-banking assets acquired in satisfaction of claims	14	(93,600)	(88,200)
		(958,146)	993,093
		<u>884,442</u>	<u>(1,033,628)</u>

22.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01	180,000	-
Recognised during the year	-	180,000
Surplus on revaluation as at December 31	180,000	180,000

Less: related deferred tax liability on:

- revaluation as at January 01	(93,600)	-
- revaluation recognised during the year	-	(88,200)
	14	(93,600)
		<u>86,400</u>
		<u>91,800</u>

23 CONTINGENCIES AND COMMITMENTS

-Guarantees	23.1	7,476,280	7,385,376
-Commitments	23.2	137,865,487	138,756,926
-Other contingent liabilities		-	-
		<u>145,341,767</u>	<u>146,142,302</u>

	Note	2024	2023
23.1	Guarantees:	----- Rupees in '000 -----	
	Financial guarantees	1,157,718	846,955
	Performance guarantees	3,962,839	5,029,483
	Other guarantees	2,355,723	1,508,938
		<u>7,476,280</u>	<u>7,385,376</u>
23.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	2,964,551	6,955,172
	Commitments in respect of:		
	- forward foreign exchange contracts	23.2.1 107,432,384	79,256,691
	- forward lending, borrowings and credits	23.2.2 27,313,192	52,545,063
	Commitments for acquisition of:		
	- fixed assets	155,360	52,639
		<u>137,865,487</u>	<u>138,809,565</u>
23.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	52,858,154	39,761,279
	Sale	54,574,230	39,495,412
		<u>107,432,384</u>	<u>79,256,691</u>
23.2.2	Commitments in respect of forward lending, borrowings and credits		
	Forward repurchase agreement borrowing	-	36,047,812
	Forward resale agreement lending	14,337,675	-
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1 12,975,517	16,497,251
		<u>27,313,192</u>	<u>52,545,063</u>
23.2.2.1	Commitments to extend credit		
	The Bank enters into commitments to extend credit in the normal course of its business but these are revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
23.3	Contingencies		
23.3.1	The Income Tax returns of the Bank have been filed up to the tax year 2024 (accounting year ended December 31, 2023) and amendment of deemed assessment were carried out till tax year 2020, whereby certain disallowances to the taxable income were made.		
	Matters of disagreement exist between the Bank and tax authorities for various tax years and are pending with Commissioner Inland Revenue (Appeals) (CIRA) and Income Tax Appellate Tribunal (ITAT), details of which are as follows:		
	For tax year 2019, return of income was e-filed on October 31, 2019, declaring loss of Rupees 711.568 million and minimum tax liability of Rupees 159.984 million under section 113 of the Ordinance. The Additional Commissioner Inland Revenue (ADCIR) passed an order confirming disallowance of actuarial loss on re-measurement of defined benefits obligation amounting to Rupees 19.001 million under section 34(3) of the Ordinance. The bank has filed appeal before CIRA who has upheld the order of ADCIR and the matter is now sub-judice before ATIR in second appeal.		

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2024 (accounting year ended December 31, 2023) with the tax authorities of AJK. The Commissioner has issued amended assessment orders upto tax year 2019 and aggregated tax demand of Rupees 26 million was created. The Bank has filed appeals before CIRA-AJK, these appeals were heard in December 2024 and reserved for order by CIRA

Government of Sindh through the Sindh WWF Act, 2014, has introduced levy of SWWF. As per Sindh WWF Act, 2014, banks / Financial institutions are included in definition of "Industrial Establishment" Sindh WWF is imposed at the rate of 2% to the total income. Since the Bank is trans - provincial entity and the operations of the Bank is also in other Provinces and in Azad Jammu & Kashmir as well, the Bank along with other banks have filed a suit before Honorable Sindh High Court and challenged the vires of SWWF.

In this respect, the Court in its order dated January 21, 2025, has referred the matter to the Decision of the Council of Common Interest on agenda item 14 dated December 23, 2019 wherein it was decided that the trans - provincial Entities are under the domain of Federal Legislation. In the light of the above judgement, the levy of SWWF is no more payable to SRB unless the Honorable Supreme Court/Parliament reverses the decision or provides interim relief to SRB.

23.3.2 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Ex-Sindh Leasing Company Limited have been filed up to the tax year 2021 (accounting year ended December 31, 2020, interim period). ACIR initiated proceedings under section 122(5A) of the Ordinance which were finalized through order, increasing taxable income to Rupees 40,242,222 and raising additional tax demand of Rupees 2,974,421. The tax demand was duly paid under protest.

Appeal was filed before the Commissioner Inland Revenue Appeals (CIRA) on March 22, 2022 which was decided in Bank's favor and thereby deleting the whole of the impugned tax demand, accordingly, the refund application also filed.

Withholding tax monitoring proceedings of tax year 2015, 2018 and 2019 were initiated under section 176 of the income tax ordinance, 2001 read with rule 44 of income tax rules, 2002 by tax authorities, however, order not yet passed.

2024	2023
----- Rupees in '000 -----	

23.3.3 Other Contingent Liabilities

Claims against the Bank not acknowledged as debts	792,500	792,500
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These mainly represent counter claims filed by the ex-employees of the Bank for damages purported to be sustained by them consequent to the termination from the Bank's employment. Based on legal advice, the management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated financial statements.

	2024	2023
	----- Rupees in '000 -----	
24. MARK-UP/RETURN/INTEREST EARNED		
On loans and advances	12,801,137	7,485,434
On investments	36,670,805	41,521,114
On lendings to financial institutions	768,490	1,121,885
On balances with banks	161,776	179,910
	<u>50,402,208</u>	<u>50,308,343</u>

		2024	2023
		----- Rupees in '000 -----	
25.	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	34,458,127	30,875,978
	Borrowings	6,644,919	10,854,866
	Finance charge on lease liability against right of use assets	696,975	584,041
		<u>41,800,021</u>	<u>42,314,885</u>
26.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	112,223	74,627
	Consumer finance related fees	2,964	3,521
	Card related fees (debit cards)	318,158	271,392
	Commission on trade	150,658	153,953
	Commission on guarantees	66,077	57,045
	Credit related fees	14,798	11,262
	Commission on remittances including home remittances	16,188	27,961
	Others	2,726	3,478
		<u>683,792</u>	<u>603,239</u>
27.	GAIN ON SECURITIES		
	Realised	27.1 145,501	337,703
	Unrealised - Measured at FVPL	27.2 70,388	-
		<u>215,889</u>	<u>337,703</u>
27.1	Realised gain on:		
	Federal Government Securities	410	9,799
	Shares of listed companies	145,091	314,106
	Mutual Funds	-	13,798
		<u>145,501</u>	<u>337,703</u>
27.2	Net gain on financial assets measured at FVPL:		
	Designated upon initial recognition	-	-
	Mandatorily measured at FVPL	70,388	-
		<u>70,388</u>	<u>-</u>
28.	OTHER INCOME	2024	2023
		----- Rupees in '000 -----	
	Incidental charges	-	2,246
	Gain on sale of operating fixed assets	7,536	5,115
	Rent on premises shared	1,363	1,284
	Prequalification application fee for tender	100	72
	Godwon charges	230	160
	Others	491	-
		<u>9,720</u>	<u>8,877</u>

	Note	2024 ----- Rupees in '000 -----	2023
29. OPERATING EXPENSES			
Total compensation expense	29.2	5,117,034	4,293,740
Property expense			
Rent & taxes		52,777	80,566
Insurance		60,740	56,062
Utilities cost		570,833	515,542
Security		639,304	467,344
Repairs & maintenance		29,749	20,509
Depreciation		71,255	69,667
Depreciation - right of use assets		764,754	722,027
		2,189,412	1,931,717
Information technology expenses			
Software maintenance		202,343	143,977
Hardware maintenance		141,248	125,604
Depreciation		70,543	33,692
Amortisation		42,427	41,219
Network charges		20,834	21,904
Others		72,247	73,900
		549,642	440,296
Other operating expenses			
Directors' fees and allowances		27,275	26,950
Fees and allowances to Shariah Board		4,006	4,697
Legal & professional charges		29,825	56,852
Travelling & conveyance		56,563	54,675
NIFT clearing charges		38,256	34,932
Training & development		8,609	4,575
Postage & courier charges		21,519	31,603
Communication		289,758	188,670
Stationery & printing		188,180	165,377
Marketing, advertisement & publicity		82,815	73,039
Auditor's Remuneration	29.3	14,015	12,773
Repairs & maintenance		149,031	169,092
Brokerage and commission		8,334	6,774
Entertainment Expenses		77,648	75,302
Fees and subscription		107,421	105,608
Insurance expenses		12,885	16,200

Note	2024	2023
	(Rupees in '000)	
Premium of deposit protection fund	88,779	63,045
Depreciation	153,631	173,838
Outsourced service costs	197,506	143,553
Others	48,094	45,882
	<u>1,604,150</u>	<u>1,453,437</u>
	<u>9,460,238</u>	<u>8,119,190</u>

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is 197.463 million (2023: Rs. 143.552 million). These expenses represent payments made to companies incorporated in Pakistan.

29.2 Total compensation expense

Managerial Remuneration		
- Fixed	3,020,471	2,630,471
- Variable Cash Bonus / Awards	42,412	16,045
Charge for defined benefit plan	147,544	115,770
Contribution to defined contribution plan	148,572	133,182
Rent & house maintenance	756,130	673,148
Utilities	157,140	138,763
Medical	157,322	138,847
Conveyance	179,367	120,507
Dearness Allowance	48,103	48,115
Employee old age benefits contribution	42,419	32,229
Leave Fare Assistance Allowances	98,035	76,976
Leave Encashment	103,870	80,671
Staff Insurances	104,926	79,680
Others	110,723	9,336
	<u>5,117,034</u>	<u>4,293,740</u>

29.3 Auditors' remuneration

Audit fee	11,657	10,585
Fee for other statutory certifications	1,050	955
Special certifications and sundry advisory services	668	610
Out-of-pocket expenses	640	623
	<u>14,015</u>	<u>12,773</u>

30. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	3,990	59,124
Others	-	-
	<u>3,990</u>	<u>59,124</u>

		2024	2023
		----- Rupees in '000 -----	
31. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET	Note		
Credit loss allowance for diminution in value of investments	9.5.1	13,518	9,100
Reversal of credit loss allowance / provision against loans and advances	10.8	(3,247,706)	(1,755,334)
Credit loss allowance / provision against loans and advances	10.8	1,550,906	2,769,496
Credit loss allowance against lendings to financial institutions	8.3	566	-
Reversal of credit loss allowance against other assets	15.3	(358,171)	-
Credit loss allowance against off-balance sheet obligations	20.1	795	-
Credit loss allowance against balance with other banks	7.3	(8,966)	-
Bad debts directly charged to profit and loss account		216	732
		<u>(2,048,842)</u>	<u>1,023,994</u>

32. TAXATION

Current	945,418	783,858
Prior years	153,171	2,126
Deferred	<u>(1,367,169)</u>	<u>(2,293,936)</u>
	<u>(268,580)</u>	<u>(1,507,952)</u>

The Federal Government levied windfall tax vide S.R.O.1588 (I)/2023 dated November 20, 2023, on foreign exchange income of the Banks for the tax year 2022 and 2023. The Bank along with other banks have filed petition before the Honorable Sindh High Court (the Court) who had granted stay order against recovery. However, subsequent to the year-end on February 20, 2025 the constitutional bench of the Court dismissed the petition on legal grounds, accordingly, the Bank has paid the additional tax of Rupees 168.796 million on protest basis to FBR, which is included in prior years' adjustment.

	2024	2023
	----- Rupees in '000 -----	
32.1 Relationship between tax expense and accounting profit		
Profit before tax	<u>2,501,750</u>	<u>656,812</u>
Tax on income at 44% (2023: 39%)	1,100,770	256,157
Effect of super tax at 10% (2023: 10%)	301,650	113,994
Effect of permanent differences	81,828	296,126
Effect of change in rate	(1,908,628)	(2,344,835)
Prior year tax	153,171	2,126
Others	2,629	168,480
	<u>(268,580)</u>	<u>(1,507,952)</u>

33. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the year (Rupees in '000)	<u>2,770,330</u>	<u>2,164,764</u>
Weighted average number of ordinary shares	<u>3,452,442,817</u>	<u>3,018,196,242</u>
Basic and diluted earnings per share (Rupee)	<u>0.80</u>	<u>0.72</u>

	2024	2023
	----- Rupees in '000 -----	
34. CASH AND CASH EQUIVALENTS		
Cash and balance with treasury banks	6	22,612,094
Balance with other banks	7	53,407,771
	<u>3,786,987</u>	<u>957,883</u>
	<u>26,399,081</u>	<u>54,365,654</u>

34.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2024	
	----- Rupees in '000 -----	
	Lease liabilities	Share deposit money
Balance as at 01 January 2024	3,138,067	-
Changes from financing cash flows		
Payment against lease liabilities	(1,230,989)	-
Receipt against share deposit money		
Total changes from financing cash flows	(1,230,989)	-
Other changes		
Reassessment / renewals and other adjustments	1,704,273	-
Interest expense on lease liabilities	696,975	-
Shares issued against share deposit money	-	-
	2,401,248	-
Balance as at 31 December 2024	4,308,326	-

	2023	
	----- Rupees in '000 -----	
	Lease liabilities	Share deposit money
Balance as at 01 January 2023	2,861,097	-
Changes from financing cash flows		
Payment against lease liabilities	(1,178,421)	-
Receipt against share deposit money	-	5,000,000
Total changes from financing cash flows	(1,178,421)	5,000,000
Other changes		
Reassessment / renewals and other adjustments	871,350	-
Interest expense on lease liabilities	584,041	-
Shares issued against share deposit money	-	(5,000,000)
	1,455,391	(5,000,000)
Balance as at 31 December 2023	3,138,067	-

35. STAFF STRENGTH

	2024	2023
Permanent	1,979	1,908
Temporary / on contractual basis	197	178
Total staff strength	2,176	2,086

35.1 In addition to the above 550 (2023: 525) staff from outsourcing services companies were assigned to the Bank.

36. DEFINED BENEFIT AND CONTRIBUTION PLANS

36.1 Defined benefit plan

The Bank operates a recognised gratuity plan for all its permanent and full time employees in the management cadre who have completed the minimum qualifying period of three years. Contributions are made to the fund in accordance with the recommendations of an actuary. Employees are entitled to the benefits under the plan which comprise of the last drawn basic salary for each completed year of service, subject to completion of minimum three years services with the Bank. The number of employees covered under the schemes are 2,163 (2023: 2,074).

36.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2024 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	Note	2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
- Discount rate		12.25%	15.50%
- Expected rate of increase in salaries-short term		12.00%	12.50%
- Expected rate of increase in salaries-long term		12.00%	14.50%
- Expected return on plan assets		12.25%	15.50%
- Duration (Years)		7.68	7.36

36.1.2 Reconciliation of net defined benefit liability

		2024 ----- Rupees in '000 -----	2023 ----- Rupees in '000 -----
Present value of defined benefit obligation	36.1.5	1,232,791	957,065
Fair value of plan assets	36.1.6	(1,055,589)	(805,509)
Payable to defined benefit plan	36.1.3	177,202	151,556

36.1.3 Movement in net defined benefit liability

Opening balance		151,556	104,688
Charge to profit and loss during the year	36.1.4	147,544	115,770
Remeasurement loss recognized in OCI	36.1.4	29,658	35,786
Bank's contribution		(151,556)	(104,688)
Closing balance		177,202	151,556

36.1.4 Charge for defined benefit plan

In profit and loss			
Current service cost		136,310	108,310
Interest cost - net		11,234	7,460
Past service cost		-	-
Charge for the year		147,544	115,770
In other comprehensive income			
Remeasurement (gain) / loss on defined benefit obligation		77,819	82,986
Remeasurement loss / (gain) on plan assets		(48,161)	(47,200)
		29,658	35,786

36.1.5	Changes in present value of defined benefit obligations	Note	2024	2023
			----- Rupees in '000 -----	
	Opening balance		957,065	737,312
	Current service cost		136,310	108,310
	Interest cost		141,631	99,972
	Benefits paid		(80,034)	(71,515)
	Actuarial loss / (gain) on obligation - Experience assumptions		77,819	82,986
	Closing balance		<u>1,232,791</u>	<u>957,065</u>

36.1.6	Fair value of plan assets			
	Fair value of plan assets at the beginning of the year		805,509	632,624
	Expected return on plan assets		130,397	92,512
	Bank's contributions		151,556	104,688
	Benefits paid		(80,034)	(71,515)
	Actuarial gain / (loss) on assets - experience assumptions		48,161	47,200
	Fair value of plan assets at the end of the year	36.1.7	<u>1,055,589</u>	<u>805,509</u>

36.1.7	Plan assets comprise			
	Balance held in bank accounts		<u>1,055,589</u>	<u>805,509</u>

36.1.8	Sensitivity analysis			
	Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:			
	Discount rate (1% variation)		<u>1,144,992</u>	<u>891,178</u>
	Future salary growth (1% variation)		<u>1,337,779</u>	<u>1,036,434</u>
	Future mortality (1 year variation)		<u>1,232,715</u>	<u>956,832</u>

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.

36.1.9	The expected gratuity expense for the year commencing January 01, 2025 works out to Rs. 164.842 million (2024: Rs. 138.222 million).			
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36.1.10	Maturity analysis			
	The weighted average duration of the defined benefit obligation works out to be 7.36 years. Expected benefit payments for the next five years are:			

	2025	2026	2027	2028	2029
	----- (Rupees in '000) -----				
Expected benefit payments	116,661	106,401	129,996	123,341	139,842

36.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

The risk arises when the actual performance of the investment is lower than expectation. This is managed by formulating the investment plan in consultation with the trustee and the actuary.

Longevity Risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final Salary, the benefit amount increases similarly. The risk is managed by actuarial valuations and accounting for benefits based on that.

Withdrawal Risk

The risk of actual withdrawals varying with the actuarial assumptions can pose a risk to the benefit obligation. The movement of the liability can go either way.

36.2 Defined contribution plan

The Bank operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 10% of basic salary of the employees. The minimum qualifying period of service for the purpose of the Bank's contribution is one year. The contribution made by the Bank and its employees during the year amounted to Rs. 296.94 (2023: Rs.266.36) million. The number of employees as at December 31, 2023 eligible under the plan were 1,882 (2023: 1,866).

37. COMPENSATED ABSENCES

The Bank grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is accumulated upto a maximum of 60 days which would be encashed at the time of retirement from the regular service of the Bank or severance of service except in case of dismissal. This is encashable on the basis of last drawn gross salary. The Bank recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision of Rs. 392.93 million (2023: Rs.309.95 million) has been made on the basis of actuarial recommendations.

37.1 Movement of compensated absences

	2024	2023
	----- Rupees in '000 -----	
Opening balance	309,951	250,603
(Reversal) / Expense for the year	103,870	80,671
Benefit paid during the year	(20,891)	(21,323)
Closing balance	<u>392,930</u>	<u>309,951</u>

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

	2024						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in ' 000')						
Fees and Allowances	7,175	-	20,100	2,995	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	15,011	149,359	97,936
- Variable Cash Bonus / Awards	-	-	-	-	9,697	7,050	700
Charge for defined benefit plan	-	-	-	-	2,594	26,334	19,371
Contribution to defined contribution plan	-	-	-	-	1,501	14,321	8,970
Rent & house maintenance	-	-	-	-	6,755	67,211	44,071
Utilities	-	-	-	-	1,501	14,936	9,794
Medical	-	-	-	-	1,501	14,936	9,794
Conveyance	-	-	-	1,011	1,960	34,343	39,570
Bonus	-	-	-	-	2,182	23,871	15,647
Others	375	-	-	-	3,979	29,359	11,805
Total	7,550	-	20,100	4,006	46,680	381,721	257,659
Number of Persons	2	-	8	3	2	32	39
	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in ' 000')						
Fees and Allowances	4,600	-	22,350	3,386	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	14,545	139,705	112,873
- Variable Cash Bonus / Awards	-	-	-	-	-	1,240	-
Charge for defined benefit plan	-	-	-	-	1,463	12,869	9,437
Contribution to defined contribution plan	-	-	-	-	1,455	13,188	11,287
Rent & house maintenance	-	-	-	-	6,545	62,867	50,793
Utilities	-	-	-	-	1,455	13,970	11,287
Medical	-	-	-	-	1,455	13,970	11,287
Conveyance	-	-	-	1,311	2,294	37,761	55,591
Bonus	-	-	-	-	2,766	19,663	16,554
Others	400	-	-	-	6,109	18,485	13,091
Total	5,000	-	22,350	4,697	38,087	333,718	292,200
Number of Persons	1	-	8	2	1	27	43

38.1.1 The President and Chief Executive Officer and certain executives of the Bank are provided with free use of Bank maintained cars.

38.1.2 The term "Key Management Personnel" means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.

- (b) Any executive or key executive reporting directly to the CEO / President or the person mentioned in (a) above.

The term 'Material Risk Taker' and 'Material Risk Controller' have the same meaning as defined in revised guidelines on remuneration practice issued by the State Bank of Pakistan vide BPRD Circular No. 1 of 2017.

- 38.1.3 The terms Directors/ Executive Directors/ Non-Executive Directors, CEO and Key Executives have same meaning as defined in Prudential Regulations (PRs) for Corporate and Commercial Banking. For the purpose of these disclosures Key Executive will also include Executives who have direct reporting line to the President/CEO or BoD or its Committees.

38.2 Meeting Fees paid to Directors for participation in Board and Committee Meetings

		2024							
		For Board Committee							
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee	Total Amount Paid
(Rupees in ' 000')									
1	Mr. Mohammad Aftab Alam	2,125	600	-	700	450	1,350	200	5,425
2	Mr. Anis A Khan	750	-	-	200	200	400	200	1,750
3	Mr. Javaid B.Sheikh	2,125	1,100	850	-	-	-	-	4,075
4	Ms. Shaista Bano Gilani	2,125	1,100	-	-	650	-	-	3,875
5	Mr. Fayyaz ahmed Jatoi	875	-	-	-	450	200	-	1,525
6	Mr. Kazim Hussain Jatoi	750	-	200	-	200	400	200	1,750
7	Mr. Imtiaz Ahmad Butt	2,125	-	850	700	-	-	-	3,675
8	Mr. Imran Samad	1,125	-	250	500	-	950	-	2,825
9	Mr. Farhan Ashraf Khan	1,125	500	-	-	-	750	-	2,375
Total Amount Paid		13,125	3,300	2,150	2,100	1,950	4,050	600	27,275

		2023							
		For Board Committee							
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee	Total Amount Paid
					(Rupees in ' 000')				
1	Mr. Anis A Khan	2,000	-	-	600	800	1,000	200	4,600
2	Mr. Javaid B.Sheikh	2,000	1,400	800	-	-	-	-	4,200
3	Ms. Shaista Bano Gilani	2,000	1,000	400	-	600	-	-	4,000
4	Mr. Mohammad Aftab Alam	2,000	1,400	-	600	-	1,000	200	5,200
5	Mr. Kazim Hussain Jatoi	500	-	200	-	400	200	-	1,300
6	Mr. Imtiaz Ahmad Butt	500	-	200	200	-	-	-	900
7	Mr. Asif Jahangir	1,250	600	400	-	-	-	-	2,250
8	Mr. Sajid Jamal Abro	1,500	-	400	-	400	600	200	3,100
9	Mr. Adnan Ali Khan	1,000	-	-	200	200	-	-	1,400
Total Amount Paid		12,750	4,400	2,400	1,600	2,400	2,800	600	26,950

38.3 Remuneration paid to Shariah Board Members

Items	2024			2023		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
(Rupees in ' 000')						
Managerial Remuneration (Fixed)	1,985	1,010	-	1,717	1,669	-
Fuel Allowances	904	107	-	655	655	-
Total Amount	2,889	1,117	-	2,372	2,324	-
Total Number of Persons	2	2		1	1	

39. FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices.

Unquoted equity investments are carried at the lower of cost or break-up value of the investee company. The fair value of the same is not required to be calculated.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments and therefore, are not reported apart of this disclosure.

In the opinion of management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values, since they are either short-term in nature or, in the case of customer advances, deposits, and certain long-term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these unaudited consolidated financial statements are categorized within the following fair value hierarchy, based on the lowest level input that is significant to the fair value measurement.

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value measurements using inputs that are not based on observable market data.

39.1 Fair value of financial and non-financial assets

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP.

	2024			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
Pakistan Investment Bonds	-	161,125,136	-	161,125,136
Market Treasury Bills	-	6,912,523	-	6,912,523
Shares of listed companies	1,798,227	-	-	1,798,227
Units of mutual funds	237,590	-	-	237,590
Ijarah Sukuk - GoP	-	4,082,290	-	4,082,290
Sukuk bonds	-	-	-	-
	<u>2,035,817</u>	<u>172,119,949</u>	<u>-</u>	<u>174,155,766</u>
Financial assets disclosed but not measured at fair value				
Investments				
Market Treasury Bills	-	1,346,203	-	1,346,203
Pakistan Investment Bonds	-	24,364,453	-	24,364,453
Term finance certificates - Listed	-	213,908	-	213,908
Term finance certificates - Unlisted	-	334,255	-	334,255
	<u>-</u>	<u>26,258,819</u>	<u>-</u>	<u>26,258,819</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	52,858,154	-	52,858,154
Foreign exchange contracts (sale)	-	54,574,230	-	54,574,230

	2023			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
Pakistan Investment Bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
Sukuk bonds	-	-	-	-
	997,558	132,247,395	-	133,244,953
Financial assets disclosed but not measured at fair value				
Investments				
Market Treasury Bills	-	20,660,590	-	20,660,590
Pakistan Investment Bonds	-	11,262,656	-	11,262,656
Term finance certificates - Listed	-	224,235	-	224,235
Term finance certificates - Unlisted	-	361,038	-	361,038
	-	32,508,519	-	32,508,519
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	39,761,279	-	39,761,279
Foreign exchange contracts (sale)	-	39,495,412	-	39,495,412

The valuation techniques used for the above assets are disclosed below:

Item	Valuation techniques and input used
Fully paid-up ordinary shares /close end mutual funds	Fair value is determined on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Open ended mutual funds	Fair value is based on redemption prices as at the close of the business day.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).
Government of Pakistan (GoP) - Ijarah Sukuks	Fair values derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

40. SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

	2024			
	Trading and sales	Retail banking	Commercial banking and others	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up/return/interest income	31,072,493	48,077	(22,518,383)	8,602,187
Inter segment revenue - net	(41,095,289)	-	41,095,289	-
Non mark-up / interest income	606,592	225	708,132	1,314,949
Total Income	(9,416,204)	48,302	19,285,038	9,917,136
Segment direct expenses	(114,673)	(7,102)	(7,560,266)	(7,682,041)
Inter segment expense allocation	(178,219)	(36,058)	(1,567,910)	(1,782,187)
Total expenses	(292,892)	(43,160)	(9,128,176)	(9,464,228)
Provisions	-	-	2,048,842	2,048,842
(Loss) / Profit before tax	(9,709,096)	5,142	12,205,704	2,501,750
Balance Sheet				
Cash & Bank balances	16,634,277	-	9,764,804	26,399,081
Investments	201,164,585	-	-	201,164,585
Net inter segment lending	-	-	245,741,689	245,741,689
Lendings to financial institutions	24,514,444	-	-	24,514,444
Advances - performing	77,892	825,618	66,697,285	67,600,795
Advances - non-performing	-	-	4,944,895	4,944,895
Others	6,388,316	4,057	29,070,950	35,463,323
Total Assets	248,779,514	829,675	356,219,623	605,828,812
Borrowings	-	-	1,457,900	1,457,900
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	312,718,297	312,718,297
Net inter segment borrowing	244,923,019	818,669	-	245,741,688
Others	162,215	11,006	16,585,661	16,758,882
Total liabilities	245,085,234	829,675	330,761,858	576,676,767
Equity	3,685,731	-	25,466,314	29,152,045
Total Equity & liabilities	248,770,965	829,675	356,228,172	605,828,812
Contingencies & Commitments	121,770,059	-	23,571,708	145,341,767
	2023			
	Trading and sales	Retail banking	Commercial banking and others	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up/return/interest income	32,035,688	49,791	(24,092,021)	7,993,458
Inter segment revenue - net	(38,819,878)	-	38,819,878	-
Non mark-up / interest income	1,211,700	175	653,787	1,865,662
Total Income	(5,572,490)	49,966	15,381,644	9,859,120
Segment direct expenses	(114,925)	(3,990)	(6,471,139)	(6,590,054)
Inter segment expense allocation	(159,326)	(37,343)	(1,391,591)	(1,588,260)
Total expenses	(274,251)	(41,333)	(7,862,730)	(8,178,314)
Provisions	(9,101)	-	(1,014,893)	(1,023,994)
(Loss) / Profit before tax	(5,855,842)	8,633	6,504,021	656,812

	2023			
	Trading and sales	Retail banking	Commercial banking and others	Total
	----- (Rupees in '000) -----			
Balance Sheet				
Cash & Bank balances	47,605,256	-	6,760,398	54,365,654
Investments	166,503,472	-	-	166,503,472
Net inter segment lending	-	-	183,460,692	183,460,692
Lendings to financial institutions	-	-	-	-
Advances - performing	49,100	694,211	43,657,902	44,401,213
Advances - non-performing	-	-	6,221,832	6,221,832
Others	6,323,118	3,344	22,664,776	28,991,238
Total Assets	220,480,946	697,555	262,765,600	483,944,101
 Borrowings	 35,883,940	 -	 1,662,500	 37,546,440
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	223,569,650	223,569,650
Net inter segment borrowing	182,771,285	689,407	-	183,460,692
Others	299,727	8,148	14,587,100	14,894,975
Total liabilities	218,954,952	697,555	239,819,250	459,471,757
Equity	1,525,994	-	22,946,350	24,472,344
Total Equity & liabilities	220,480,946	697,555	262,765,600	483,944,101
Contingencies & Commitments	115,304,503	-	30,837,799	146,142,302

41. RELATED PARTY TRANSACTIONS

The related parties of the Bank comprise associated undertakings, directors, staff retirement funds and key management personnel (including their associates).

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Transaction with executives and key management persons are undertaken at terms in accordance with employment agreements and service rules. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

Government of Sindh (GoS) through its Finance Department holds 99.97% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

The details of balances and transactions with related parties, other than those disclosed under respective notes, during the year are as follows:

	2024				2023			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
(Rupees in '000')								
Investments								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	180,366	-	64,377	-	191,206	-	64,377
Addition during the year	-	34,259	360,000	-	-	15,342	-	-
Repaid during the year	-	(69,492)	-	-	-	(70,836)	-	-
Transfer in / (out) - net	-	2,907	-	-	-	44,654	-	-
Closing balance	-	148,040	360,000	64,377	-	180,366	-	64,377
Other Assets								
Interest / mark-up accrued	-	191	128	2,978	-	226	-	4,029
Other receivable	-	-	-	-	-	-	-	-
	-	191	128	2,978	-	226	-	4,029
Deposits and other accounts								
Opening balance	1,040	66,083	51,021	1,616,287	5,101	304,172	24,915	1,837,495
Received during the year	34,786	1,470,161	12,252,177	12,085,409	28,089	1,023,861	9,591,836	12,602,719
Withdrawn during the year	(44,400)	(1,429,974)	(12,082,321)	(10,877,141)	(26,365)	(1,226,908)	(9,565,730)	(12,823,927)
Transfer in / (out) - net	29,437	(31,803)	-	-	(5,785)	(35,042)	-	-
Closing balance	20,863	74,467	220,877	2,824,555	1,040	66,083	51,021	1,616,287
Other Liabilities								
Interest / mark-up payable	344	2,280	2,393	86,448	15	3,355	2,997	96,812

	2024				2023			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
(Rupees in '000')								
Income								
Mark-up / return / interest earned	-	6,983	128	14,772	-	7,926	-	15,552
Fee and commission income	-	13	629	349	3	8	738	50
Net gain on sale of securities	-	-	255	24	-	-	153	1,380
Other income	-	-	-	1,422	-	-	-	1,283
Expense								
Mark-up / return / interest paid	1,857	21,190	14,317	344,441	152	17,242	7,976	248,550
Remuneration paid	-	301,963	-	-	-	304,675	-	-
Contribution to provident fund	-	14,825	-	-	-	14,746	-	-
Provision for gratuity	-	26,457	-	-	-	14,699	-	-
Other staff benefits	-	42,952	-	-	-	33,397	-	-
Directors' meeting fee	27,275	-	-	-	26,950	-	-	-
Other expenses	375	-	-	-	400	-	-	-
Insurance premium paid	-	-	-	235,083	-	-	-	121,028
Others								
Sale of Government Securities	-	-	585,000	1,218,500	-	-	527,500	2,850,000
Purchase of Government Securities	-	-	-	-	-	-	-	1,325,000
Gratuity paid	-	30,008	-	-	-	14,186	-	-
Leave encashment paid	-	6,943	-	-	-	8,480	-	-
Insurance claims settled	-	-	-	7,035	-	-	-	7,843
Expenses recovered under agency arrangement	-	-	-	55	-	-	-	58

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities and its related entities amounted to Rs. 38,921.33 million (2023: Rs. 5,619.27 million) note 10.2 and Rs.167,727.27 million (2023: Rs. 114,219.44 million) note 18. The above includes deposits amounting to Rs. 53,537.25 million (2023: Rs.46,275.31 million) received through the Finance Department, Government of Sindh.

	2024	2023
	Rupees in '000	
42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	25,819,171	23,611,607
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	14,224,522	7,865,342
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	14,224,522	7,865,342
Eligible Tier 2 Capital	957,769	10,186
Total Eligible Capital (Tier 1 + Tier 2)	15,182,291	7,875,528
Risk Weighted Assets (RWAs):		
Credit Risk	40,784,742	29,745,725
Market Risk	14,050,153	5,367,513
Operational Risk	16,047,929	13,482,604
Total	70,882,824	48,595,842
Common Equity Tier I Capital Adequacy ratio	20.07%	16.19%
Tier I Capital Adequacy Ratio	20.07%	16.19%
Total Capital Adequacy Ratio	21.42%	16.21%
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%
Approach followed for determining Risk Weighted Assets		
Credit Risk	Comprehensive	Comprehensive
Market Risk	Maturity method	Maturity method
Operational Risk	Basic Indicator	Basic Indicator
	2024	2023
	Rupees in '000	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	14,224,522	7,865,342
Total Exposures	354,904,239	283,326,719
Leverage Ratio (%)	4.01%	2.78%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	144,053,221	163,924,564
Total Net Cash Outflow	37,606,353	38,601,138
Liquidity Coverage Ratio (%)	383%	425%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	236,076,978	174,179,315
Total Required Stable Funding	96,310,093	87,937,281
Net Stable Funding Ratio	245%	198%

42.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity requirements as per SBP instructions issued from time to time are placed on the Bank's website. The link to the full disclosure is available at <http://www.sindhbankltd.com/financials/basel-statements>.

43. RISK MANAGEMENT

The Bank's risk management framework encompasses the culture, processes and structure and is directed towards the effective management of potential opportunities and threats to the Bank. The prime objective of the Bank's risk management strategy is to abandon the traditional approach of 'managing risk by silos' and to put in place integrated risk and economic capital management capabilities that will enable the Bank to achieve integrated view of risks across its various business operations and to gain strategic advantage from its risk management capabilities.

The Board of Directors (BOD) keeps an oversight on the Bank-wide risk management framework and approves the risk management strategy and policies of the Bank. The Board Risk Management Committee (BRMC), ensures that the Bank maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. BRMC is responsible for reviewing the extent of design and adequacy of risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Bank.

43.1 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Bank's risk appetite and capital, to maintain the soundness of assets and to ensure returns commensurate with risk. The Bank takes necessary measures to control such risk by evaluating, measuring and monitoring credit exposures.

The Bank has a comprehensive pre-approval evaluation process of credit risk embedded within Risk Management Division. The risk evaluation function is an integral part of Credit Risk Management Framework and is independent from the risk taking function. The credit evaluation department will independently identify actual and potential risks both on individual and on portfolio basis including adherence to relevant internal policies, procedures and related regulatory guidelines.

In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, the credit limit structure of the Bank includes internal limits as established by the BOD and senior management. Credit Limits along with credit concentration is monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary.

Provisions for the credit portfolio are determined in accordance with IFRS 9 and SBP Prudential Regulations. Details of credit loss allowance against advances are provided in note 10.8.

The Bank uses comprehensive Approach for assessing the capital charge for Credit risk.

43.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross Lendings		Non Performing Lendings		Credit loss allowance held	
	2024	2023	2024	2023	2024	2023
	(Rupees 000)					
Public/ Government	-	-	-	-	-	-
Private	24,515,010	-	-	-	566	-
Total	24,515,010	-	-	-	566	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non Performing Investments		Credit loss allowance held	
	2024	2023	2024	2023	2024	2023
	(Rupees 000)					
Financial	197,876,887	167,200,740	-	-	20,581	-
Sugar	77,708	592,051	77,708	592,051	77,708	575,571
Total	197,954,595	167,792,791	77,708	592,051	98,289	575,571

43.1.2.1 Credit risk by public / private sector

	Gross Investment		Non Performing Investment		Provision held	
	2024	2023	2024	2023	2024	2023
----- (Rupees 000) -----						
Public/ Government	197,954,595	167,792,791	77,708	592,051	98,289	575,571

43.1.3 Advances

Credit risk by industry sector

	Advances Gross		Non Performing Advances		Credit Loss		
	2024	2023	2024	2023	2024	2023	2023
----- (Rupees 000) -----							
					Stage I	Stage 2	Stage 3
Pharmaceuticals	61,266	61,632	-	-	1,709	-	-
Agriculture business	1,249,179	1,256,388	1,079,356	1,129,258	1,704	620	1,070,426
Manufacturing of textile	748,674	642,487	146,160	10,677	-	20,411	134,273
Cement	477,574	64,377	-	-	3,036	-	-
Transport, storage and communication	47,807	57,710	-	-	78	-	-
Wholesale and retail trade	1,921,972	1,398,721	256,167	363,082	11,110	5,332	249,545
Mining and quarrying	5,833,770	6,331,186	-	-	-	-	-
Hotel and restaurants	261,810	855,106	694	-	-	1,411	652
Petroleum	2,820,186	3,110,840	1,820,214	2,022,460	-	121,709	1,820,214
Media channels	1,740,217	2,018,180	-	1,200,509	34,111	-	-
Manufacture of basic iron and steel	1,976,671	2,056,439	1,756,740	1,756,740	-	-	1,756,740
Sugar	19,070,308	17,671,473	13,771,389	14,073,382	120,905	26,154	10,160,554
Automobile and transportation equipment	2,434,078	2,433,935	2,433,254	2,433,254	-	-	2,433,254
Chemicals and chemical products	1,121,363	1,251,168	1,103,884	1,103,884	225	-	1,103,884
Financial	2,474,087	1,909,468	1,177,884	1,177,884	17,607	-	832,967
Rice & Wheat	868,658	819,624	6,223	-	7,724	756	1,464
Construction, real estate and societies	2,713,020	2,966,255	2,029,270	2,670,716	190	20,991	1,996,024
Food	40,258,352	15,906,722	125,725	136,747	145	-	125,725
Power, electricity and gas	5,949,180	8,320,833	2,428,958	3,119,032	84,626	21,052	1,681,555
Domestic Appliances	590,408	1,519,064	-	-	11,783	82,028	-
Education	67,546	12,895	12,542	11,353	-	-	12,470
Individuals	2,037,984	2,417,779	4,910	1,271	14,043	228	3,221
Others	4,233,388	4,429,129	1,925,443	1,889,763	10,582	657,622	1,750,949
Total	98,957,498	77,511,411	30,078,813	33,100,012	319,579	958,312	25,133,917

43.1.3.1 Credit risk by public / private sector

	Gross Advance		Non Performing Advance		Provision held	
	2024	2023	2024	2023	2024	2023
----- (Rupees 000) -----						
Public/ Government	40,181,880	15,619,270	-	-	-	-
Private	58,775,618	61,892,141	30,078,813	33,100,012	25,133,917	26,878,180
Total	98,957,498	77,511,411	30,078,813	33,100,012	25,133,917	26,878,180

43.1.4 Contingencies and Commitments

2024 2023
 ----- Rupees in '000 -----

Credit risk by industry sector

Chemical and pharmaceuticals	67,167	267,554
Manufacturing of textile	735,692	640,174
Agriculture business	236,149	84,786
Rice & Wheat	78,265	100,019
Hotel and restaurants	532,954	597
Transport, storage and communication	222,055	173,152
Wholesale and retail trade	4,519,977	6,086,754
Petroleum	117,019	128,610
Manufacture of basic iron and steel	681,069	400,301
Sugar	2,256,122	3,116,632
Cement	1,386,804	-
Food	1,531,540	5,332,825
Automobile and transportation equipment	59,072	93,099
Financial	122,858,855	121,907,557
Construction, real estate and societies	643,440	1,054,172
Domestic Appliances	1,293,548	977,547
Power, electricity and gas	2,952,873	2,838,515
Education	51,996	85,768
Trusts and Non-profit Organizations	174,113	107,097
Others	4,943,057	2,747,144
Total	145,341,767	146,142,302

43.1.4.1 Credit risk by public / private sector

Public/ Government	153,369	22,754,296
Private	145,188,398	123,388,006
Total	145,341,767	146,142,302

43.1.5 Concentration of Advances

The bank's top 10 exposures (funded and non-funded) aggregated Rs. 61,507.03 million (2023: Rs. 46,428.87 million) as follows:

Funded	60,003,066	36,110,938
Non Funded	1,503,964	10,317,933
Total Exposure	61,507,030	46,428,871

43.1.5.1 The sanctioned limits against these top 10 exposures aggregated Rs. 65,427.47 million (2023: Rs. 42,836.15 million).

43.1.5.2 Total Funded Facilities Classified

Classified funded facilities of the bank's top 10 exposures are as follows:

	2024		2023	
	Classified	Provision held	Classified	Provision held
----- Amount Rs. 000 -----				
Classified funded facilities of the bank's top 10 exposures are as follows:				
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	9,544,117	6,795,657	9,580,052	6,773,408
Total	9,544,117	6,795,657	9,580,052	6,773,408

43.1.6 Advances - Province / Region-wise Disbursement & Utilization

		2024					
Name of Province / Region	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- (Rupees) 000 -----							
Punjab	12,176,998	12,176,998					
Sindh	85,755,326		85,755,326				
KPK including FATA	19,873			19,873			
Balochistan	46,727				46,727		
Islamabad	944,562					944,562	
AJK including Gilgit-Baltistan	14,012						14,012
Total	<u>98,957,498</u>	<u>12,176,998</u>	<u>85,755,326</u>	<u>19,873</u>	<u>46,727</u>	<u>944,562</u>	<u>14,012</u>

		2023					
Name of Province / Region	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- (Rupees) 000 -----							
Punjab	23,278,169	23,278,169	-	-	-	-	-
Sindh	71,254,281	-	71,254,281	-	-	-	-
KPK including FATA	786,535	-	-	786,535	-	-	-
Balochistan	816,711	-	-	-	816,711	-	-
Islamabad	3,571,971	-	-	-	-	3,571,971	-
AJK including Gilgit-Baltistan	8,048	-	-	-	-	-	8,048
Total	<u>99,715,715</u>	<u>23,278,169</u>	<u>71,254,281</u>	<u>786,535</u>	<u>816,711</u>	<u>3,571,971</u>	<u>8,048</u>

43.2 Market risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Market Risk management aims to provide risk management practices that are integrated in key strategic, capital and financial planning process and day-to-day business processes across the Bank. The Bank's market risk management policies set out risk management parameters, governance and control framework as well as reporting arrangements.

The Bank has developed a market risk management framework to efficiently and effectively monitor and manage market risk in every transaction of Banking and Trading Book.

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The Bank has developed a market risk management framework to efficiently and effectively monitor and manage market risk in every transaction of Banking and Trading Book.

43.2.1	Balance sheet split by trading and banking books	2024			2023		
		Banking book	Trading book	Total	Banking book	Trading book	Total
		----- (Rupees in '000) -----					
	Cash and balances with treasury banks	22,612,094	-	22,612,094	53,407,771	-	53,407,771
	Balances with other banks	3,786,987	-	3,786,987	957,883	-	957,883
	Lendings to financial institutions	24,514,444	-	24,514,444	-	-	-
	Investments	27,008,819	174,155,766	201,164,585	33,258,519	133,244,953	166,503,472
	Advances	72,545,690	-	72,545,690	50,623,045	-	50,623,045
	Fixed assets	4,718,650	-	4,718,650	3,936,450	-	3,936,450
	Intangible assets	80,162	-	80,162	108,257	-	108,257
	Deferred tax assets	16,955,276	-	16,955,276	17,193,965	-	17,193,965
	Other assets	13,709,235	-	13,709,235	7,752,566	-	7,752,566
		185,931,357	174,155,766	360,087,123	167,238,456	133,244,953	300,483,409

43.2.2 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency positions. The objective of the foreign exchange risk management is to minimize the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximize earnings. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

	2024			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000) -----				
Pakistan Rupee	355,474,318	330,935,079	1,716,076	26,255,315
United States Dollar	3,936,328	-	(1,716,076)	2,220,252
Great Britain Pound	32,582	-	-	32,582
Euro	566,779	-	-	566,779
Japanese Yen	246	-	-	246
Saudi Riyal	9,551	-	-	9,551
UAE Dirham	1,726	-	-	1,726
Chines Yen	65,593	-	-	65,593
	<u>360,087,123</u>	<u>330,935,079</u>	<u>-</u>	<u>29,152,044</u>

	2023			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
	----- (Rupees in '000) -----			
Foreign exchange risk				
Pakistan Rupee	298,820,634	273,571,602	(265,867)	24,983,165
United States Dollar	1,482,151	2,092,432	263,865	(346,416)
Great Britain Pound	38,572	190,780	-	(152,207)
Euro	79,288	154,540	-	(75,252)
Japanese Yen	-	1,711	2,002	291
Saudi Riyal	39,351	-	-	39,351
UAE Dirham	1,771	-	-	1,771
Chines Yen	21,641	-	-	21,641
	<u>300,483,409</u>	<u>276,011,065</u>	<u>-</u>	<u>24,472,344</u>

42.2.3 Foreign exchange risk

	2024		2023	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
Impact of 1% change in foreign exchange rates on:				
- Profit and loss account	(19,531)	(17,161)	7,583	(2,659)
- Other comprehensive income	-	-	-	-

43.2.4 Equity position risk

The Bank's equity exposure is managed within the SBP limits for overall investment and per scrip exposure. In addition, there are also internal limits for each scrip.

	2024		2023	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
Impact of 5% change in equity prices on:				
- Profit and loss account	-	83,424	-	-
- Other comprehensive income	-	1,049,959	-	(68,355)

43.2.5 Yield / interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in interest rates, including changes in the shape of the yield curve. Interest rate risk is inherent in the Bank's business and arises due to the mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank uses maturity Gap limits to monitor asset and liability gaps. Any breach are report to ALCO where it is discussed and appropriate action will be taken.

	2024		2023	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
Impact of 1% change in interest rates on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	296,122	-	(1,111,917)	-

43.2.6 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Bank manages this risk by matching / re-pricing the assets and liabilities. The Assets and Liabilities Committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

2024												
Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
	Cash and balances with treasury banks	22,612,094	287,717	-	-	-	-	-	-	-	-	22,324,377
5.75%	Balances with other banks	3,786,987	-	2,040	-	-	-	-	-	-	-	3,784,947
19.00%	Lendings to financial institutions	24,514,444	-	-	-	-	-	-	-	-	-	-
18.55%	Investments	201,164,585	10,542,123	33,628,076	120,245,988	8,258,726	8,677,718	10,889,057	-	6,137,080	-	2,785,817
13.48%	Advances	72,545,690	64,364,603	1,111,034	1,079,102	1,512,032	357,575	312,364	489,790	2,850,640	385,657	82,893
	Other assets	13,709,235	-	-	-	-	-	-	-	-	-	13,709,235
		338,333,035	99,708,887	34,741,150	121,325,090	9,770,758	9,035,293	11,201,421	489,790	8,987,720	385,657	42,687,269
Liabilities												
	Bills payable	1,446,526	-	-	-	-	-	-	-	-	-	1,446,526
18.70%	Borrowings from financial institutions	1,457,900	-	1,457,900	-	-	-	-	-	-	-	-
13.75%	Deposits and other accounts	312,718,297	188,696,615	3,885,558	12,766,168	23,283,865	160,086	175,269	677,143	135,000	3,610,836	79,327,757
	Lease liabilities	4,308,326	45,630	92,541	132,629	251,932	432,673	467,381	881,554	1,994,988	8,998	-
	Other liabilities	11,004,030	-	-	-	-	-	-	-	-	-	11,004,030
		330,935,079	188,742,245	5,435,999	12,898,797	23,535,797	592,759	642,650	1,558,697	2,129,988	3,619,834	91,778,313
		7,397,956	(89,033,358)	29,305,151	108,426,293	(13,765,039)	8,442,534	10,558,771	(1,068,907)	6,857,732	(3,234,177)	(49,091,044)
On-balance sheet gap												
		10,440,831	351,209	2,600,382	2,488,640	2,137,380	783,722	804,825	1,274,675	-	-	-
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transactions												
Commitments in respect of :												
	Forward foreign exchange contracts - purchase	52,858,154	22,000,135	25,195,200	5,662,819	-	-	-	-	-	-	-
	Forward foreign exchange contracts - sale	(54,574,230)	(36,930,240)	(17,643,990)	-	-	-	-	-	-	-	-
	Purchase and resale agreements - lending	14,337,675	14,337,675	-	-	-	-	-	-	-	-	-
	Sale and repurchase agreements - borrowing	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap												
		23,062,430	(241,222)	10,151,592	8,151,459	2,137,380	783,722	804,825	1,274,675	-	-	-
Total yield / Interest Risk Sensitivity Gap												
		(89,274,580)	39,456,743	116,577,752	(11,627,659)	9,226,256	11,363,596	205,768	6,857,732	(3,234,177)	(49,091,044)	-
Cumulative yield / Interest Risk Sensitivity Gap												
		(89,274,580)	(49,817,837)	66,759,915	55,132,255	64,358,511	75,722,107	75,927,875	82,785,607	79,551,430	30,460,386	-
Reconciliation with total assets:												
	Assets as per above	338,333,035	-	-	-	-	-	-	-	-	-	-
	Fixed assets	4,718,650	-	-	-	-	-	-	-	-	-	-
	Intangible assets	80,162	-	-	-	-	-	-	-	-	-	-
	Deferred tax asset	16,955,276	-	-	-	-	-	-	-	-	-	-
Assets as per unconsolidated statement of financial position												
		360,087,123	-	-	-	-	-	-	-	-	-	-
Reconciliation with total liabilities:												
	Liabilities as per above	330,935,079	-	-	-	-	-	-	-	-	-	-
	Deferred tax liability	330,935,079	-	-	-	-	-	-	-	-	-	-
Liabilities as per unconsolidated statement of financial position												
		330,935,079	-	-	-	-	-	-	-	-	-	-

Mismatch of interest rate sensitive assets and liabilities

2023										
Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk								Non-interest bearing financial instruments
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years	
----- (Rupees in '000) -----										
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	53,407,771	331,828	-	-	-	-	-	-	-	53,075,943
Balances with other banks	957,883	1,719	-	-	-	-	-	-	-	956,164
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	166,503,472	117,030,676	224,820	360,453	24,424,774	8,438,176	8,075,876	-	6,201,139	1,747,558
Advances	506,023,045	23,112,077	903,717	7,375,204	11,157,852	441,213	1,253,245	1,334,360	3,303,976	90,155
Other assets	7,752,566	-	-	-	-	-	-	-	-	7,752,566
	279,244,737	140,476,300	1,128,537	7,735,657	35,582,626	8,879,389	9,329,121	1,334,360	9,505,115	63,622,386
Liabilities										
Bills payable	898,762	-	-	-	-	-	-	-	-	898,762
Borrowings from financial institutions	37,546,440	35,854,000	1,662,500	-	-	29,940	-	-	-	-
Deposits and other accounts	223,569,650	7,403,087	133,516,353	8,859,514	12,131,920	109,264	169,056	980,462	-	60,399,994
Other liabilities	13,996,213	-	-	-	-	-	-	-	-	13,996,213
	276,011,065	43,257,087	135,178,853	8,859,514	12,131,920	139,204	169,056	980,462	-	75,294,969
On-balance sheet gap										
	3,233,672	97,219,213	(134,050,316)	(1,123,857)	23,450,706	8,740,185	9,160,065	353,898	9,505,115	1,651,246 (11,672,583)
Off-balance sheet financial instruments										
Documentary credits and short-term trade related transactions	14,340,548	835,505	7,211,056	1,159,650	3,183,032	163,395	137,506	1,642,240	8,164	-
Commitments in respect of:										
Forward foreign exchange contracts - purchase	39,761,279	25,084,479	14,662,264	14,536	-	-	-	-	-	-
Forward foreign exchange contracts - sale	(39,495,412)	(9,068,952)	(21,291,525)	(9,134,935)	-	-	-	-	-	-
Purchase and resale agreements - lending	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing	(36,045,921)	(36,045,921)	-	-	-	-	-	-	-	-
Off-balance sheet gap	(21,439,506)	(19,194,889)	581,795	(7,960,749)	3,183,032	163,395	137,506	1,642,240	8,164	-
Total yield / Interest Risk Sensitivity Gap										
	78,024,324	(133,468,521)	(9,084,606)	26,633,738	8,903,580	9,297,571	1,996,138	9,513,279	1,651,246	(11,672,583)
Cumulative yield / Interest Risk Sensitivity Gap	78,024,324	(55,444,197)	(64,528,803)	(37,895,065)	(28,991,485)	(19,693,914)	(17,697,776)	(8,184,497)	(6,533,251)	(18,205,834)
Reconciliation with total assets:										
Assets as per above	279,244,737									
Fixed assets	3,936,450									
Intangible assets	108,257									
Deferred tax asset	17,193,965									
Assets as per unconsolidated statement of financial position	300,483,409									
Reconciliation with total liabilities:										
Liabilities as per above	276,011,065									
Deferred tax liability	-									
Liabilities as per unconsolidated statement of financial position	276,011,065									

43.3 Liquidity risk

Liquidity risk is the risk of loss to a bank arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable cost or losses. The Bank monitors its liquidity risk through various liquidity ratios and liquidity risk indicators. Any deviations or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Bank on at least monthly basis and takes appropriate measures where required. The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios, whereas, the Contingency Funding Plan (CFP) of the Bank is also in place. The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing liquidity. Mandatory stress tests of SBP are conducted, on a periodic basis, to test the adequacy of liquidity contingency plan and to identify the extent of liquidity stress that the Bank is able to take in current conditions.

43.3.1 Liquidity Coverage ratio

SBP issued BPRD Circular No. 08 dated June 23, 2016 advising implementation of Basel III liquidity standards that constitute two ratios, i.e., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and five monitoring tools.

43.3.2 Funding Strategy

The Bank's prime source of liquidity is the customers' deposit base. Within deposits, the Bank strives to maintain core deposit base in form of current and saving deposits and avoids concentration in particular products, tenors and dependence on large fund providers. As a general rule, the Bank will not depend on borrowings in the inter-bank market, including repos, to be a part of its permanent pool of funds for financing of loans, but will use these as a source for obtaining moderate amounts of additional funds to meet temporary liquidity needs in the normal course of business or for money market operations.

43.3.3 Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like core deposits to total deposits, advances to deposits, liquid assets to total deposits, Interbank borrowing to total deposits, which are monitored on regular basis against limits. Further, the Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. For maturity analysis, behavioral study is carried out to determine the behavior of non - contractual assets and liabilities. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, LCR, NSFR and Monitoring Tools of Basel III framework further strengthen liquidity risk management of the Bank.

43.3.4 Liquidity Stress Testing

As per SBP FSD Circular No. 01 of 2020, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits, withdrawals of wholesale / large deposits & interbank borrowing, withdrawal of top deposits, etc. Results of stress testing are presented to ALCO and Risk Management Committee. The Bank's liquidity risk management addresses the goal of protecting solvency and the ability to withstand stressful events in the market place. Stress testing for liquidity as prescribed in the liquidity risk policy is carried out regularly to estimate the impact of decline in liquidity on the ratio of liquid assets to deposits plus borrowings.

43.3.5 Main Components of LCR

Main components of LCR are High Quality Liquid Assets and Net Cash Outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are based on SBP BPRD Circular No. 08 dated 23 June 2016.

43.3.6 Net Stable Funding Ratio (NSFR)

NSFR is the ratio of the amount of Available Stable Funding (ASF) - source of funds, capital and liabilities relative to the amount of Required Stable Funding (RSF) - use of funds, assets and off - balance sheet exposures.

The objective of NSFR is to ensure the availability of stable funds that a bank must hold to enable it to build and maintain its assets, investments and off balance sheet portfolio on an ongoing basis for longer term, i.e. over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and roll - over risk. The Bank's NSFR stood at 245% as on 31 December 2024.

43.3.7 Maturity of assets and liabilities (based on contractual maturities)

2024														
Total		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	22,612,094	6,873,197	442,049	635,778	1,712,770	1,735,509	1,260,282	1,987,600	1,392,805	6,572,104	-	-	-	-
Balances with other banks	3,786,987	3,786,987	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	24,514,444	-	24,514,444	-	-	-	-	-	-	-	-	-	-	-
Investments	201,164,585	2,239,471	-	-	-	-	9,549,656	10,131,470	29,061,420	4,644,196	10,207,568	11,921,557	116,522,168	6,887,079
Advances	72,545,690	3,240,990	9,530	18,423	1,905,885	3,634,089	40,050,148	3,274,052	491,830	2,736,703	1,311,912	699,930	2,703,535	12,468,663
Fixed assets	4,718,650	-	-	-	97,713	13,228	132,406	209,891	40,567	354,053	680,927	632,260	987,591	1,570,014
Intangible assets	80,162	-	-	-	2,196	2,196	2,196	6,661	6,734	6,734	26,718	26,727	-	-
Deferred tax assets	16,955,276	-	-	847,764	847,764	1,695,528	1,695,528	1,695,528	1,695,528	1,695,528	3,391,056	3,391,052	-	-
Other assets	13,709,235	6,042,915	302,022	2,173	1,573,448	414,029	792,387	3,538,704	24,427	23,765	87,046	77,684	148,692	681,943
	360,087,123	22,183,560	25,268,045	1,504,138	6,139,776	7,494,579	53,482,603	20,843,906	32,713,311	16,033,083	15,705,227	16,749,210	120,361,986	21,607,699
Liabilities														
Bills payable	1,446,526	1,446,526	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,457,900	-	-	-	-	-	1,457,900	-	-	-	-	-	-	-
Deposits and other accounts	312,718,297	255,022,201	1,573,686	211,454	9,670,526	1,952,163	1,933,396	12,766,168	11,300,093	13,530,278	160,086	175,269	677,143	3,745,834
Lease liabilities	4,308,326	-	-	-	45,630	-	92,541	132,629	-	251,932	432,673	467,381	881,554	2,003,986
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,004,030	8,739,541	172,429	6,963	116,271	145,997	186,270	984,860	452,136	108,690	2,131	4,656	2,623	81,463
	330,935,079	265,208,268	1,746,115	218,417	9,832,427	2,098,160	3,670,107	13,883,657	11,752,229	13,890,900	594,890	647,306	1,561,320	5,831,283
Gap	29,152,044	(243,024,708)	23,521,930	1,285,721	(3,692,651)	5,396,419	49,812,496	6,960,249	20,961,082	2,142,183	15,110,337	16,101,904	118,800,666	15,776,416
Share capital - net														
Reserves	2,448,431	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares deposit money	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	884,442	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Loss	(8,705,257)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	29,152,044	-	-	-	-	-	-	-	-	-	-	-	-	-

Maturity of assets and liabilities (based on contractual maturities)

2023

(Rupees in '000)													
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets													
Cash and balances with treasury banks	53,407,771	3,434,488	2,772,853	1,968,144	8,291,291	2,039,018	3,116,907	30,931,893	-	-	-	-	-
Balances with other banks	957,883	957,883	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	166,503,472	-	-	79,408,000	-	420,694	372,571	3,764,184	21,089,119	42,018,776	8,075,876	4,266,896	7,087,356
Advances	50,623,045	7,166,530	2,339	650,703	251,226	99,867	7,913,926	2,570,048	10,865,134	573,265	3,348,752	1,350,599	13,956,813
Fixed assets	3,936,450	-	-	-	65,477	64,157	194,610	96,749	196,747	580,579	680,596	1,380,506	612,872
Intangible assets	108,257	-	-	-	2,966	2,966	8,996	9,095	9,095	36,082	36,091	-	-
Deferred tax assets	17,193,965	-	-	893,418	1,746,869	2,493,738	2,987,476	2,987,476	3,097,512	-	-	-	-
Other assets	7,752,566	1,811,535	874	20,472	2,370,160	287,689	2,423,550	-	-	91,613	-	-	10,653
	300,483,409	13,370,436	2,776,066	82,940,737	12,727,989	5,575,570	17,018,036	40,359,445	35,257,607	43,300,315	12,141,315	6,998,001	21,667,694
Liabilities													
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	37,546,440	-	35,854,000	-	-	1,662,500	-	-	-	29,940	-	-	-
Deposits and other accounts	223,569,650	185,063,043	1,761,939	1,191,665	4,439,986	2,133,831	8,859,896	1,927,999	13,708,850	111,870	173,970	989,560	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,996,213	1,420,236	260,374	175,867	233,339	353,703	812,825	7,229,196	216,998	624,957	618,074	1,544,851	-
	276,011,065	187,382,041	37,876,313	1,367,532	4,673,325	3,712,834	9,672,721	9,157,195	13,925,848	766,767	792,044	2,534,411	-
Gap	24,472,344	(174,011,605)	(35,100,247)	81,573,205	8,054,664	2,200,164	7,345,315	31,202,250	21,331,759	42,533,548	11,349,271	4,463,590	21,667,694
Share capital - net													
Reserves	34,524,428	-	-	-	-	-	-	-	-	-	-	-	-
Shares deposit money	1,894,365	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated loss	(1,033,628)	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	(10,912,821)	-	-	-	-	-	-	-	-	-	-	-	-
	24,472,344	-	-	-	-	-	-	-	-	-	-	-	-

43.3.8 Maturity of assets and liabilities (based on SBP BSD Circular No. 03 date February 22, 2011)

2024

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	22,612,094	5,605,275	4,428,734	2,915,764	9,662,321	-	-	-	-	-
Balances with other banks	3,786,987	3,786,987	-	-	-	-	-	-	-	-
Lendings to financial institutions	24,514,444	24,514,444	-	-	-	-	-	-	-	-
Investments	201,164,585	2,239,471	9,549,656	10,131,470	33,705,616	10,207,568	11,921,557	116,522,168	6,137,079	750,000
Advances	72,545,690	5,174,828	43,684,237	3,274,052	3,228,532	1,311,912	699,930	2,703,535	12,075,283	393,381
Operating fixed assets	4,718,650	97,711	145,635	209,891	394,620	680,927	632,260	987,591	1,199,482	370,533
Intangible assets	80,162	2,196	4,392	6,661	13,469	26,718	-	-	-	-
Deferred tax asset	16,955,276	1,695,528	3,391,056	1,695,528	3,391,057	3,391,056	3,391,051	-	-	-
Other assets	13,709,235	7,920,558	1,206,416	3,538,703	48,192	87,046	77,684	148,692	681,944	-
	360,087,123	51,036,998	62,410,126	21,772,069	50,443,807	15,705,227	16,749,208	120,361,986	20,093,788	1,513,914
Liabilities										
Bills payable	1,446,526	1,446,526	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,457,900	-	1,457,900	-	-	-	-	-	-	-
Deposits and other accounts	312,718,297	266,477,867	3,885,558	12,766,168	24,830,371	160,086	175,269	677,143	135,000	3,610,835
Lease liabilities	4,308,326	45,630	92,541	132,629	251,932	432,673	467,381	881,554	1,994,988	8,998
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,004,030	8,945,279	332,267	984,860	560,826	92,056	4,656	2,623	13,389	68,074
	330,935,079	276,915,302	5,768,266	13,883,657	25,643,129	684,815	647,306	1,561,320	2,143,377	3,687,907
Gap	29,152,044	(225,878,304)	56,641,860	7,888,412	24,800,678	15,020,412	16,101,902	118,800,666	17,950,411	(2,173,993)
Share capital - net	34,524,428									
Reserves	2,448,431									
Shares deposit money	-									
Surplus on revaluation of assets	884,442									
Accumulated Loss	(8,705,257)									
Net assets	29,152,044									

Where an asset or a liability does not have a contractual maturity date, the period in which these are assumed to mature have been taken as expected date of maturity, based on the criteria determined by ALCO of the Bank.

2023

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	53,407,771	4,945,993	3,762,023	1,964,505	42,735,250	-	-	-	-	-
Balances with other banks	957,883	957,883	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	166,503,472	79,632,235	420,694	372,571	24,629,067	43,755,672	9,590,876	1,151,218	6,201,139	750,000
Advances	50,623,045	8,070,798	1,973,710	7,913,926	13,435,182	573,265	3,348,752	1,350,599	12,047,213	1,909,600
Operating fixed assets	3,936,450	65,477	128,314	194,610	293,497	480,579	713,406	1,447,696	612,871	-
Intangible assets	108,257	2,966	5,931	8,996	18,189	36,082	36,093	-	-	-
Deferred tax asset	17,193,965	2,640,287	4,481,214	4,987,477	5,084,987	-	-	-	-	-
Other assets	7,752,566	4,203,042	1,023,709	2,376,074	-	139,089	-	-	-	10,652
	300,483,409	100,518,681	11,795,595	17,818,159	86,196,172	44,984,687	13,689,127	3,949,513	18,861,223	2,670,252
Liabilities										
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-
Borrowings from financial institutions	37,546,440	35,854,000	1,662,500	-	-	29,940	-	-	-	-
Deposits and other accounts	223,569,650	41,082,015	48,274,578	27,365,071	105,572,587	111,870	173,971	989,558	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,996,213	2,089,814	859,496	812,825	7,446,194	624,957	618,074	1,544,853	-	-
	276,011,065	79,924,591	50,796,574	28,177,896	113,018,781	766,767	792,045	2,534,411	-	-
Gap	24,472,344	20,594,090	(39,000,979)	(10,359,737)	(26,822,609)	44,217,920	12,897,082	1,415,102	18,861,223	2,670,252
Share capital - net	34,524,428									
Reserves	1,894,365									
Shares deposit money	-									
Deficit on revaluation of assets	(1,033,628)									
Accumulated Loss	(10,912,821)									
Net assets	24,472,344									

Where an asset or a liability does not have a contractual maturity date, the period in which these are assumed to mature have been taken as expected date of maturity, based on the criteria determined by ALCO of the Bank.

43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

The Bank strives to manage operational risk within acceptable levels through sound operational risk management practices.

The Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Division (RMD). Its responsibility is to implement Operational Risk management tools across the bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

43.4.1 Operational Risk - Disclosures Basel II Specific

The Bank uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be most suitable in view of the business model of the Bank which relies on an extensive network of branches to offer one - stop, full – service banking to its clients. Operational loss and "near miss" events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures. Key Risk Indicators have also been developed along with thresholds which are being closely monitored for breaches. Risk Evaluation exercise is carried out for new products, processes and systems or any significant change in the existing product, processes and systems as per the operational risk policy of the Bank.

44. GENERAL


44.1 The effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated financial statements due to adoption of revised forms for the preparation of annual financial statements as mentioned in note 5.1 is as follows:


Description of item	Nature	Rupees in '000'	From	To
Right of use assets	Asset	2,608,849	Property and equipment	Right-of-use assets
Lease liabilities against right of use assets	Liability	3,138,067	Other liabilities	Lease liabilities

44.2 Figures have been rounded off to the nearest thousand rupee.

45. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on March 3, 2025.


President and
Chief Executive Officer


Chief Financial Officer


Director


Director


Chairman

SUKOON PERSONAL LOAN SECURED



TURN VALUE INTO CASH



Features*:

- Minimum documentation.
- Quick and hassle-free processing.
- Financing up to PKR 5 million.
- Convenient and affordable monthly installments up to 48 months.
- Low markup rates.
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Statement Showing Written-off Loans Or Any Other Financial Relief of Rupees Five Hundred Thousand Or Above Provided During The Year Ended 31-Dec-2024

Annexure - I

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived *	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
Rupees in '000											
Total				NIL							

Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

*Waiver of cost of fund allowed as per decree.

We have nothing to report in this regard.

OFFERING A WIDE RANGE OF ISLAMIC BANKING SOLUTIONS

Deposits (PKR/FCY)

Basic Banking Account
Asaan Account
Sa'adat Current Account
Sa'adat Savings Account
Sa'adat Daily Product Account
Sa'adat Business Account
Sa'adat Term Deposit
Sa'adat Mohtarma Account

Finance/Trade

Sa'adat Ijarah
Sa'adat Murabaha
(Local & Import)
Sa'adat Diminishing Musharaka
Trade Services
(Import/Export Letter of Guarantee)
Consumer Financing
(Auto & House)
Sa'adat Sukoon Salary Financing

Other Services

Utility Bills Payment
SMS Banking
Debit Card
Online Banking
RTGS
Same Day Clearing (Local & Intercit)
Home Remittances
FX portal for foreign exchange
applications/requests

ANNEXURE II
ISLAMIC BAKNING BUSINESS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2024

ISLAMIC BANKING BUSINESS STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

Annexure -II

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (2023: 14 Branches and 14 Islamic Banking Windows) at the end of year. The statement of financial position, profit and loss account and cash flow statement of the Islamic banking division are as follows:

	Note	2024	2023
		(Rupees in '000)	
Assets			
Cash and balances with treasury banks		450,895	171,655
Balances with other banks		6,997	975
Due from financial institutions	1	2,700,044	-
Investments	2	4,279,210	4,165,737
Islamic financing and related assets	3	210,891	554,235
Fixed assets		191,143	109,640
Intangible assets		1,333	2,333
Deferred tax assets		-	-
Due from head office	6	78,024	15,160
Other assets		152,241	196,788
		8,070,778	5,216,523
Liabilities			
Bills payable		59,194	8,976
Due to financial institutions		-	1,450,000
Deposits and other accounts	5	6,566,848	2,689,143
Deferred tax liability		43,381	32,701
Due to head office		-	-
Other liabilities		296,661	152,229
		6,966,084	4,333,049
Net Assets		1,104,694	883,474
Represented By			
Islamic banking fund		1,100,000	1,100,000
Reserves			
Surplus on revaluation of investments		38,919	34,035
Accumulated loss	7	(34,225)	(250,561)
		1,104,694	883,474
CONTINGENCIES AND COMMITMENTS	8		

ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2024

Annexure -II

	Note	2024 (Rupees in '000)	2023
Profit / return on financing, investments and placements earned	11	1,078,375	992,515
Return on deposits and other dues expensed	12	673,833	573,773
Net income earned		404,542	418,742
Other income			
Fee, commission and brokerage income		16,735	22,505
Income from dealing in foreign currencies		148	1,852
Dividend income		18,000	16,920
Gain on sale / redemption of securities		73,260	-
Other income		741	714
Total income		108,884	41,991
		513,426	460,733
Other expenses			
Administrative expenses		294,925	262,72
Other charges		-	20
		294,925	262,74
Profit before provision		218,501	197,992
Provisions and write offs -net		(2,165)	515
Extra ordinary / unusual items		-	-
Profit before taxation		216,336	198,507
Taxation		-	-
Profit after taxation		216,336	198,507

Islamic Banking Business Notes To Annexure II For The Year Ended December 31, 2024

I DUE FROM FINANCIAL INSTITUTIONS

	2024			2023		
	In local currencies	In foreign currencies	Total	In local currencies	In foreign currencies	Total
	(Rupees in '000')					
Musharaka arrangements	2,700,044	-	2,700,044	-	-	-

2 INVESTMENTS

	2024				2023			
	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Measured at FVOCI								
Federal Government Securities:								
- Ijarah Sukuks	3,999,990	-	82,300	4,082,290	4,000,000	-	42,076	4,042,076
Measured at FVTPL								
- Listed Companies	123,660	-	73,260	196,920	99,000	-	24,661	123,661
Total Investments	4,123,650	-	155,560	4,279,210	4,099,000	-	66,737	4,165,737

3 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2024 (Rupees in '000)
Ijarah financing under IFAS 2	3.1	11,190
Murabaha	3.1.3	80,000
Diminishing musharakah financing		166,869
		258,059
Less: Credit Loss Allowance against islamic financings		
- Stage 1		(2,112)
- Stage 2		-
- Stage 3		(45,056)
		(47,168)
Islamic financing and related assets - net of provision		210,891

Islamic Banking Business Notes To Annexure II For The Year Ended December 31, 2024

ISLAMIC FINANCING AND RELATED ASSETS	Note	2023 (Rupees in '000)
Ijarah financing under IFAS 2	3.1	9,946
Diminishing musharakah financing		555,254
		565,200
Less: Provision against islamic financings		
- Specific		(10,965)
- General		-
		(10,965)
Islamic financing and related assets - net of provision		554,235

3.1 Ijarah financing under IFAS 2		2024 (Rupees in '000)	2023 (Rupees in '000)
Net book value of assets	3.1.1	11,190	9,946
Advance against Ijarah financing		-	-
		11,190	9,946

	2024						
	Cost			Accumulated depreciation			
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at Decembe31
	(Rupees in '000)						Rate of depreciation %
Vehicle	-	-	-	-	-	-	Over the
Plant and machinery	28,950	1,350	30,300	19,004	106	19,110	period Ijarah
Total	28,950	1,350	30,300	19,004	106	19,110	

	2023						
	Cost			Accumulated depreciation			
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at Decembe31
	(Rupees in '000)						Rate of depreciation %
Vehicle	16,224	(16,224)	-	14,019	(14,019)	-	Over the
Plant and machinery	28,000	950	28,950	18,834	170	19,004	Ijarah period
Total	44,224	(15,274)	28,950	32,853	(13,849)	19,004	

3.1.2 Future Ijarah payments receivable	2024 (Rupees in '000)	2023 (Rupees in '000)
Not later than one year	11,190	9,946
Later than one year and not later than five years	-	-
Over five years	-	-
	11,190	9,946

Islamic Banking Business Notes To Annexure - II For The Year Ended December 31, 2024

	2024	2023
	(Rupees in '000)	
3.1.3 Murabaha financing	86,588	-
Less: deferred murabaha income	(3,550)	-
Profit receivable shown in other assets	(3,038)	-
	<u>80,000</u>	<u>-</u>
4 SECTOR WISE PORTFOLIO		
Chemicals and chemical products	9,166	9,603
Education	11,353	11,353
Power, electricity and gas	-	413,599
Wholesale and retail trade	80,000	-
Individuals	18,294	13,547
Others	<u>139,246</u>	<u>117,534</u>
Gross Financing	258,059	565,636
Govt. of Pakistan	4,082,290	4,042,075
Financial Institutions	<u>196,920</u>	<u>123,660</u>
Total Invested Funds	<u>4,537,269</u>	<u>4,731,371</u>

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
5 DEPOSITS						
Customers						
Current deposits	918,966	9,661	928,627	697,630	3,336	700,966
Savings deposits	4,759,185	5,048	4,764,233	1,587,194	5,321	1,592,515
Term deposits	823,477	-	823,477	347,408	-	347,408
Margin and other deposits	21,636	-	21,636	22,931	-	22,931
	<u>6,523,264</u>	<u>14,709</u>	<u>6,537,973</u>	<u>2,655,163</u>	<u>8,657</u>	<u>2,663,820</u>
Financial Institutions						
Current deposits	1,226	-	1,226	4,170	-	4,170
Savings deposits	27,649	-	27,649	21,103	-	21,103
Term deposits	-	-	-	-	-	-
Margin and other deposits	-	-	-	50	-	50
	<u>28,875</u>	<u>-</u>	<u>28,875</u>	<u>25,323</u>	<u>-</u>	<u>25,323</u>
	<u>6,552,139</u>	<u>14,709</u>	<u>6,566,848</u>	<u>2,680,486</u>	<u>8,657</u>	<u>2,689,143</u>

	2024	2023
	(Rupees in '000)	
5.1 Composition of deposits		
- Individuals	933,651	42,038
- Government (Federal and Provincial)	1,020,545	277,586
- Public Sector Entities	130,578	129,759
- Banking Companies	518	500
- Non-Banking Financial Institutions	28,356	25,323
- Private Sectors	<u>4,453,200</u>	<u>2,213,937</u>
	<u>6,566,848</u>	<u>2,689,143</u>

5.2 As at 31 December 2024, the deposits eligible to be covered under insurance arrangements amounted to Rs. 1,226.33million (2023: Rs. 1,009.67 million) and premium paid amounted to Rs. 1.62 million (2023 : Rs. 2.04 million).

Islamic Banking Business Notes To Annexure - II For The Year Ended December 31, 2024

	2024	2023
	(Rupees in '000)	Interbranch
6 DUE FROM / (TO HEAD OFFICE)		
transaction account (daily basis)	78,024	15,160
7 ACCUMULATED LOSS		
Opening Balance	(250,561)	(449,068)
Add: Islamic Banking profit/(loss) for the year	216,336	198,507
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	(34,225)	(250,561)
8 CONTINGENCIES AND COMMITMENTS		
-Guarantees	243,653	231,177
-Letter of Credit	47,366	69,916
-Commitments	-	-
	291,019	301,093
9 CHARITY FUND		
Opening Balance	816	221
Additions during the period		
Received from customers on account of delayed payment	-	3
Profit on charity saving account	-	-
Other	450	752
	450	755
Payments / utilization during the period		
Education	250	-
Chairity organisation	250	160
Hospital	500	-
	1,000	160
Closing Balance	266	816
10 CASH AND CASH EQUIVALENT		
Cash and balances with treasury banks	450,895	171,655
Balances with other banks	6,997	975
	457,892	172,630
11 PROFIT / RETURN ON FINANCING, INVESTMENTS AND PLACEMENTS EARNED		
Profit earned on:		
Financing	80,475	147,829
Investments	810,203	800,872
Placements	187,697	43,814
On deposits with financial institutions	-	-
	1,078,375	992,515
12 RETURN ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	508,693	428,877
Due to Financial Institutions	140,502	130,181
Amortisation of lease liability against right-of-use assets	24,638	14,715
	673,833	573,773

13 POOL MANAGEMENT

13.1 Sindh Bank Limited - SA' ADAT Islamic Banking Division is maintaining the following pools for profit declaration and distribution:

13.1.1 General Pool, Special Pools and FI Pools

Priority of utilization of funds in pools will be as follows:

- Depositors Funds
- Equity Funds

Priority of utilization of funds in the FI pool shall be:

- FI Funds
- Equity Funds

13.1.2 Weightages for distribution of profit in general pool

Profits are calculated on the basis of weightages assigned to different tiers and tenors. These weightages are announced monthly. While considering weightages emphasis shall be given to the quantum, type and period of risk assessed by applying following factors:

- Contracted period, nature and type of deposits/fund.
- Payment cycle of profit on such deposits/fund i.e. monthly, quarterly or on maturity.
- Magnitude of Risk.

Any change in profit sharing weightages of any category of deposit/fund providers shall be applicable from next period.

13.1.3 Special and Financial Institution Pools.

Profit is calculated and distributed on the basis of pre agreed Profit Sharing Ratio.

13.1.4 Identification and allocation of Pool related income and expenditure

The allocation of income and expenditure to different pools is being done based on a pre-defined basis and accounting principles as mentioned below.

Any direct expenditure shall be charged to respective pools, while indirect expenses including the establishment costs shall be borne by Sindh Bank - Islamic Banking Division (SNDB - IBD) as Mudarib. The direct expenses to be charged to the pool may include depreciation for Ijarah assets, insurance / Takaful expenses of pool assets, stamp fees or documentation charges, brokerage fee on purchase of securities, impairment / losses due to physical damages to specific assets in pool etc. However, this is not an exhaustive list. SNDB - IBD pool management framework and the respective pool creation memo may identify and specify these and may similar expenses to be charged to the pool.

13.1.5 Parameters associated with risks and rewards

Following are the consideration attached with risks and rewards of pools:

- Period, return, safety, security and liquidity of investment;
- All financing proposal under process at various stages and likely to be extended in the near future;
- Expected withdrawal of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained under Moradaba arrangements from Head Office and Islamic Banking Financial Institutions;
- Elements of risks associated with different kind of investments;
- Regulatory requirements; and
- Shariah compliance.

13.1.6 Basis of Profit allocation

During the year, the profit was distributed between Mudarib and Rubbal Maal as per following profit sharing ratio based upon gross income less direct expenses.

	2024	2023
	(Rupees in '000)	
Rubbal Maal	57.54%	67.22%
Mudarib	42.46%	32.78%

13.1.7 MUDARIB'S SHARE (in amount and percentage of distributable income)

Rubbul Maal (%)	57.54%	67.22%
Rubbul Maal (amount)	51,993	30,290
Mudarib (%)	42.46%	32.78%
Mudarib (amount)	38,365	16,610

13.1.8 Amount and percentage of mudarib's share transferred to depositors through Hiba

Mudarib's share	38,365	16,610
Hiba	2,815	1,072
Hiba percentage of mudarib's share	7.34%	6.45%

In addition to the General Pool, 12 Special Pools were maintained as on December 31, 2024.

Amount and percentage of Mudarib's share transferred to depositors through Hiba for Special Pool during 2024.

	2024	2023
Mudarib's share	38,365	45,709
Hiba	2,815	13,151
Hiba percentage of mudarib's share	17.28%	28.77%

13.1.9 Profit rate earned vs profit rate distributed to the depositors during the year

Profit rate earned	19.61%	20.34%
Profit rate distributed to depositors	11.35%	13.94%



Shariah Board's Report

For the year ended December 31, 2024

By the grace of Almighty ALLAH Sindh Bank - Islamic Banking has accomplished another year of operation. The Board of Directors (BODs) and management are responsible to provide effective and comprehensive Shariah compliance environment in line with Shariah Governance Framework (SGF) issued by State Bank of Pakistan (SBP) to ensure conformity of Sindh Bank - Islamic Banking operations and products with Shariah principles.

Shariah Board (SB) Meetings

During the year, Shariah Board (SB) of Sindh Bank Limited conducted four meetings. Minutes of the meetings were recorded and submitted to SBP in accordance with the regulatory requirement.

Shariah Compliance

SB has reviewed and evaluated the bases and Shariah principles used in products & services, agreements & contracts, transactional structures and policies introduced and revised by Sindh Bank - Islamic Banking during the year.

Shariah Compliance Department (SCD) has also conducted Shariah reviews under the guidance of the Shariah Board including examination of different transactions on sample basis and obtained all necessary information and explanations which were considered sufficient evidence to form an opinion and provide reasonable assurance whether Sindh Bank - Islamic Banking had complied with the respective Shariah rules and guidelines issued by SB and SBP.

In compliance with SBP instruction, SCD also conducted pre-disbursement review of profit & loss distribution to the depositors on monthly basis. Internal Shariah Audit also conducted quarterly post-disbursement audits of profit distribution and presented their reports to the SB.

Sindh Bank - Islamic Banking has provided adequate resources to Shari'ah Compliance Department enabling them to discharge their duties effectively and ensuring the Shari'ah Compliance environment.

Shariah Audit

Sindh Bank - Islamic Banking have dedicated Internal Shariah Audit is in place, playing a significant role in ensuring Shariah compliance under the guidelines provided by SB and SBP. The internal Shariah audit need to be strengthen.

Training & Capacity Building

Training and development plays a vital role in the capacity building of human resource and helps in optimizing their utilization for flourishing & promotions of Islamic Banking Industry. Sindh Bank - Islamic Banking particularly focuses on human resource development by providing in-house and external trainings opportunities. During the year SCD provided Islamic Banking & Finance trainings to various staff. Further, Sindh Bank - Islamic Banking has utilized the online digital training platform to abreast its staff with the fundamental knowledge of Islamic Banking & Finance. Islamic Banking branch and conventional branch staff have attended the Islamic Banking sessions on various topics.

Charity

During the year Sindh Bank - Islamic Banking recovered charity of PKR.1,035, 450,000/- and has been credited into charity account. Charity amount of PKR.1,000,000/- have been distributed to a charitable institution.

Shariah Board Opinion

In the light of Shariah reviews carried out based on test check basis, internal and external Shariah audit reports, SB is of the opinion that;

1. Sindh Bank - Islamic Banking has complied with Shari'ah rules and principles in the light of Fatawa, rulings and guidelines issued by its Shari'ah Board and SBP.
2. Sindh Bank - Islamic Banking has a comprehensive mechanism in place to ensure Shari'ah compliance in its overall operations.
3. Sindh Bank - Islamic Banking has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized.
4. Sindh Bank - Islamic Banking has complied with the SBP guidelines & instructions on profit & loss distribution and Pool Management.
5. Training and capacity building department is in place to strengthen the level of awareness of staff and management in understanding the importance of products and processes as well as the Shariah Compliance.
6. The Shari'ah Board has been provided adequate resources enabling it to discharge its duties effectively.

Recommendations from Shariah Board

On the basis of above, SB recommend that;

1. As the conversion of conventional branches into Islamic are under process, the Shariah compliance department need to be strengthen.
2. Frequency of Islamic Banking and Shariah related trainings at all levels should be enhanced across all regions, particularly trainings for senior management and branch staff should be arranged.
3. Shariah compliance review of branches should be extended to all regions.
4. The Internal Shariah audit should have adequate staff to discharge its responsibilities
5. The bank should use Marketing means for the promotion of Islamic banking products and services.

Shari'ah Board would like to take this opportunity to offer praise to ALLAH Almighty and seek His guidance and tawfeeq for further progress, development and prosperity of Islamic Banking, under the sincere efforts of senior management of Sindh bank and State Bank of Pakistan.



Mufti Muhammad Nadeem Siddiqui
Resident Shariah Board Member /Head SCD



Mufti Zeeshan Abdul Aziz
Chairman Shariah Board



Mufti Hamid Zia ul Habib
Member Shariah Board



شریعی بورڈ کی رپورٹ

31 دسمبر 2024

اللہ تعالیٰ کے فضل سے سندھ بینک اسلامی بینکنگ کا مزید ایک سالہ آپریشن مکمل ہو گیا ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے جاری کردہ شریعی گورننس فریم ورک (ایس جی ایف) کے مطابق بورڈ آف ڈائریکٹرز اور انتظامیہ مؤثر اور جامع شرعی تعمیل کے ماحول کو فراہم کرنے کے لئے ذمہ دار ہیں تاکہ سندھ بینک کے اسلامی بینکنگ آپریشن اور مصنوعات شرعی اصولوں کے مطابق رہیں۔

شریعی بورڈ کے اجلاس:

دوران سال سندھ بینک لمیٹڈ کے شریعی بورڈ کے چار اجلاس منعقد ہوئے۔ اجلاس کی کارروائی محفوظ کی گئی اور ریگولیٹری ضروریات کے تحت اسٹیٹ بینک آف پاکستان کو جمع کروادی گئی۔

شرعی تعمیل:

شریعی بورڈ نے سال کے دوران سندھ بینک اسلامی بینکنگ کی طرف سے پیش کردہ مصنوعات و خدمات، معاہدوں، ٹرانزیکشنز اور پالیسیوں کی جانچ / نظر ثانی کی اور ان کی بنیادوں اور ان میں استعمال کیے گئے شرعی اصولوں کا جائزہ لیا۔

شرعی تعمیل کے شعبے نے شریعی بورڈ کی رہنمائی کے تحت نمونہ جات کی بنیاد پر مختلف ٹرانزیکشنز کی جانچ پڑتال کی اور تمام ضروری معلومات اور وضاحتیں حاصل کیں، جو کہ بطور ثبوت رائے قائم کرنے کے لیے کافی ہیں کہ سندھ بینک اسلامی بینکنگ نے شریعی بورڈ اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ متعلقہ شرعی قوانین اور ہدایات کے مطابق عمل کیا ہے۔ اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق، شرعی تعمیل کے شعبے نے ماہانہ طور پر نفع اور نقصان کی تقسیم کا قبل از ترسیل جائزہ لیا۔ اندرونی شریعی آڈٹ نے منافع کی تقسیم کا بعد از ترسیل سہ ماہی جائزہ لیا اور شریعی بورڈ کو اپنی رپورٹ پیش کی۔ سندھ بینک اسلامک بینکنگ نے شریعی کمپلائنس ڈپارٹمنٹ کو مناسب وسائل فراہم کیے ہیں تاکہ وہ اپنے فرائض کو مؤثر طریقے سے ادا کر سکیں اور شریعت کی تعمیل کے ماحول کو یقینی بناسکیں۔

شریعی آڈٹ:

سندھ بینک اسلامک بینکنگ میں غیر جانبدارانہ اندرونی شریعی آڈٹ موجود ہے، جو شریعی بورڈ اور اسٹیٹ بینک آف پاکستان کی فراہم کردہ ہدایات کے تحت شرعی تعمیل کو یقینی بنانے میں اہم کردار ادا کر رہا ہے۔ داخلی شریعی آڈٹ کو مضبوط کرنے کی ضرورت ہے۔

تربیت اور تعمیر صلاحیت:

انسانی وسائل کی صلاحیت کی تعمیر و ترقی اور اسلامی بینکنگ انڈسٹری کو فروغ دینے میں تربیت اہم کردار ادا کرتی ہے۔ سندھ بینک اسلامی بینکنگ خاص طور پر داخلی اور خارجی تربیتی مواقع فراہم کر کے انسانی وسائل کی ترقی پر خاص توجہ مرکوز کرتا ہے۔ دوران سال شریعی بورڈ اور شریعی کمپلائنس ڈپارٹمنٹ نے مختلف عملے کو اسلامک بینکنگ اور فنانس کی تربیت فراہم کی۔ مزید، سندھ بینک اسلامک بینکنگ نے اپنے عملے کو اسلامی بینکاری اور مالیات کی بنیادی معلومات سے روشناس کرانے کے لیے آن لائن ڈیجیٹل ٹریننگ پلیٹ فارم کا استعمال کیا ہے۔ مختلف عنوانات پر دی جانے والی ٹریننگ میں اسلامی بینکاری اور عمومی بینکاری سے متعلقہ افراد نے شرکت کی۔

قرآن پاک کی تعلیمات کو عام کرنے اور اسلامی بینکاری اور مالیات کے بارے میں آگاہی بڑھانے کے لیے، شریعی کمپلائنس ڈپارٹمنٹ نے تمام عملے کو قرآنی آیات پہنچانے کی مشق کا آغاز کیا ہے۔

صدقہ:

رواں سال سندھ بینک اسلامک بینکنگ نے چیریٹی کی مدد میں 450,000 روپے وصول کر کے چیریٹی اکاؤنٹ میں جمع کئے۔ چیریٹی کی مجموعی رقم -/1,000,000 روپے ایک خیراتی ادارے کو دے دیا گیا۔

شریعی بورڈ کی رائے:

- نمونہ جات کی بنیاد پر لیے گئے شرعی جائزے، اندرونی اور بیرونی شریعی آڈٹ کی رپورٹس کی روشنی میں، شریعی بورڈ کی رائے یہ ہے کہ:
1. سندھ بینک اسلامی بینکنگ نے شریعی بورڈ اور اسٹیٹ بینک آف پاکستان کے جاری کردہ فتاویٰ، احکام اور ہدایات کی روشنی میں شرعی قوانین اور اصولوں کے مطابق کام کیا ہے۔
 2. سندھ بینک اسلامی بینکنگ کے پاس مجموعی آپریشنز کو شرعی اصولوں کے مطابق یقینی بنانے کے لئے ایک جامع طریقہ کار موجود ہے۔
 3. سندھ بینک اسلامی بینکنگ کے پاس ایسا نظام موجود ہے کہ جس سے یہ یقینی بنایا جاسکے کہ شرعاً ممنوع ذرائع سے حاصل ہونے والی آمدنی صدقات کے اکاؤنٹ میں جمع کر دی گئی ہے اور مناسب طریقے سے استعمال کی جارہی ہے۔
 4. سندھ بینک اسلامک بینکنگ نے منافع اور نقصان کی تقسیم اور پول منجمنٹ سے متعلق اسٹیٹ بینک کے رہنما خطوط اور ہدایات کی تعمیل کی ہے۔
 5. ملازمین اور انتظامیہ میں شعور کی سطح کو مضبوط بنانے کے لئے تربیت اور صلاحیت کی تعمیر کا شعبہ موجود ہے تاکہ مصنوعات اور طریقہ کار کے ساتھ ساتھ شرعی تعمیل کی اہمیت کو سمجھا جاسکے۔
 6. اپنے فرائض کو موثر طریقے سے انجام دینے کے لیے شریعی بورڈ کو مناسب وسائل فراہم کیے گئے ہیں۔

شریعی بورڈ کی سفارشات:

مندرجہ بالا نکات کی بنیاد پر، شریعی بورڈ سفارش کرتا ہے کہ:

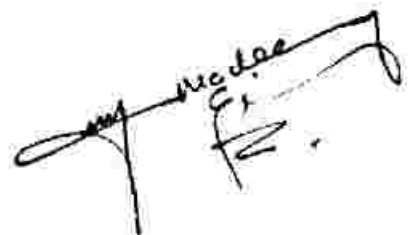
- ۱۔ چونکہ روایتی برانچوں کو اسلامی برانچوں میں تبدیل کرنے کا عمل جاری ہے، اس لیے شریعی کمپلائنس کے شعبے کو مضبوط کرنے کی ضرورت ہے۔
 - ۲۔ تمام رجسٹرز کے تمام سطحوں پر شریعی اور اسلامک بینکنگ سے متعلق ٹریننگ کا اہتمام کیا جائے بالخصوص اعلیٰ عہدیداروں اور برانچ اسٹاف کی ٹریننگ ترجیحی بنیادوں پر مرتب کی جائے۔
 - ۳۔ تمام رجسٹرز کیلئے شریعی کمپلائنس ریویو کا دائرہ وسیع کیا جائے۔
 - ۴۔ بینک کو اسلامی بینکاری مصنوعات اور خدمات کے فروغ کے لیے مارکیٹنگ کے ذرائع استعمال کرنے چاہئیں۔
 - ۵۔ داخلی شریعی آڈٹ کے پاس اپنی ذمہ داریاں نبھانے کے لیے مناسب عملہ ہونا چاہیے۔
- شریعی بورڈ اس موقع پر اللہ تعالیٰ کا شکر ادا کرتا ہے اور سندھ بینک کی سینئر منجمنٹ اور اسٹیٹ بینک آف پاکستان کی مخلصانہ کوششوں کے ذریعے اسلامی بینکنگ کی تعمیر، ترقی اور خوشحالی کیلئے اللہ تعالیٰ کی توفیق اور ہدایت کا طلب گار ہے۔



مفتی حامد ضیاء الحسین
ممبر شریعی بورڈ



مفتی ذیشان عبدالعزیز
چیئر مین شریعی بورڈ



مفتی محمد ندیم صدیقی
ریزیڈنٹ شریعی بورڈ ممبر / ہیڈ - شریعی کمپلائنس ڈیپارٹمنٹ

Riaz Ahmad & Company

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of SINDH BANK LIMITED and its subsidiary company ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated of financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 14.1 to the consolidated financial statements which states that the deferred tax asset has been recognized in the consolidated financial statements on the basis of financial projections for the future years approved by Board of Directors of the Bank. The preparation of financial projection involves management assumptions regarding future business and economic conditions and significant change in assumptions may have impact on recoverability of the deferred tax assets.

Our opinion is not modified in respect of this matter.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Chartered Accountants

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 10 MARCH 2025
UDIN: AR202410045EVawR8T5m

CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2024

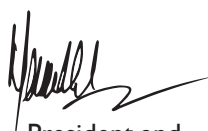
Sindh Bank Limited

Consolidated Statement of Financial Position

As At December 31, 2024

	Note	2024 (Rupees in '000)	2023
ASSETS			
Cash and balances with treasury banks	6	22,724,099	53,488,206
Balances with other banks	7	4,470,597	1,484,233
Lendings to financial institutions	8	24,514,444	-
Investments	9	201,547,368	166,397,880
Advances	10	74,282,838	52,528,902
Property and equipment	11	1,357,510	1,351,122
Right of use assets	12	3,498,477	2,704,359
Intangible assets	13	84,934	114,464
Deferred tax assets - net	14	17,007,130	17,201,220
Other assets	15	13,797,026	7,801,390
		363,284,423	303,071,776
LIABILITIES			
Bills payable	16	1,446,526	898,762
Borrowings	17	1,971,650	38,267,440
Deposits and other accounts	18	314,488,585	224,841,914
Lease liabilities	19	4,441,555	3,231,133
Deferred tax liabilities		-	-
Other liabilities	20	11,279,673	11,004,177
		333,627,989	278,243,426
NET ASSETS		29,656,434	24,828,350
REPRESENTED BY			
Share capital - net	21	34,524,428	34,524,428
Reserves		2,581,715	1,985,305
Surplus/(deficit) on revaluation of assets - net	22	884,442	(1,033,628)
Accumulated loss		(8,334,151)	(10,647,755)
		29,656,434	24,828,350
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.



President and
Chief Executive Officer



Chief Financial Officer



Director



Director




Chairman

Sindh Bank Limited
Consolidated Profit and Loss Account
For The Year Ended December 31, 2024

	Note	2024 (Rupees in '000)	2023
Mark-up / return / profit / interest earned	24	51,768,705	51,248,347
Mark-up / return / profit / interest expensed	25	42,278,700	42,634,953
Net mark-up / return / profit / interest income		9,490,005	8,613,394
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	683,396	602,501
Dividend income		53,339	192,353
Foreign exchange income		352,209	723,490
Gain on securities	27	215,634	337,703
Other income	28	9,720	8,877
Total non-markup/interest income		1,314,298	1,864,924
Total income		10,804,303	10,478,318
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	9,969,880	8,477,970
Other charges	30	5,191	59,164
Total non-markup/interest expenses		9,975,071	8,537,134
PROFIT BEFORE PROVISIONS		829,232	1,941,184
Credit loss allowance and write offs - net	31	(1,915,282)	1,153,568
PROFIT BEFORE TAXATION		2,744,514	787,616
Taxation	32	(179,308)	(1,468,636)
PROFIT AFTER TAXATION		2,923,822	2,256,252
Basic and diluted earnings per share			
	33	0.85	0.75

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.


President and
Chief Executive Officer


Chief Financial Officer


Director



Director


Chairman

Sindh Bank Limited Consolidated Statement of Comprehensive Income For The Year Ended December 31, 2024

	2024	2023
	(Rupees in '000)	
Profit after taxation for the year	2,923,822	2,256,252
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	392,269	83,072
	3,316,091	2,339,324
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(15,604)	(18,784)
Movement in surplus on revaluation of equity investments - net of tax	835,733	-
Movement in surplus on revaluation of non-banking assets - net of tax	(5,400)	91,800
	814,729	73,016
Total comprehensive income	4,130,820	2,412,340

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.


 President and
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

Sindh Bank Limited Consolidated Statement of Changes in Equity For The Year Ended December 31, 2024


	Share Capital	Share Deposit Money	Capital Reserve		Statutory Reserve *	Depositors' protection fund reserve **	Surplus / (Deficit) on		Accumulated Loss ***	Total
			Reserves on amalgamation	Share Premium			Investments	Fixed/Non-banking assets		
----- (Rupees in '000) -----										
Balance as at January 01, 2023	29,524,428	-	9,433	51	1,504,243	13,078	(1,208,500)	-	(12,429,398)	17,413,335
Profit for the year ended December 31, 2023	-	-	-	-	-	-	-	-	2,256,252	2,256,252
Other comprehensive income - net of tax	-	-	-	-	-	-	83,072	91,800	(18,784)	156,088
Transfer to statutory reserve	-	-	-	-	451,251	-	-	-	(451,251)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	4,574	-	-	(4,574)	-
Return on investment	-	-	-	-	-	2,675	-	-	-	2,675
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Shares deposit money	-	5,000,000	-	-	-	-	-	-	-	5,000,000
Issue of Shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-	-
Balance as at December 31, 2023	34,524,428	-	9,433	51	1,955,494	20,327	(1,125,428)	91,800	(10,647,755)	24,828,350
Effect of reclassification on adoption of IFRS -09 - net of tax										
Effect of adoption of IFRS 09 on Debt security	-	-	-	-	-	-	1,113,779	-	-	1,113,779
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	-	(363,757)	-	363,757	-
Effect of adoption of IFRS 09 on shares FVTPL	-	-	-	-	-	-	(54,554)	-	54,554	-
Effect of adoption of IFRS 09 - ECL net of tax	-	-	-	-	-	-	-	-	(379,844)	(379,844)
	-	-	-	-	-	-	695,468	-	38,467	733,935
Balance as at January 01, 2024 after adoption of IFRS-09	34,524,428	-	9,433	51	1,955,494	20,327	(429,960)	91,800	(10,609,288)	25,562,285
Profit for the year ended December 31, 2024	-	-	-	-	-	-	-	-	2,923,822	2,923,822
Other comprehensive income - net of tax										
Movement in revaluation reserve of investments in debt instruments - net of tax	-	-	-	-	-	-	392,269	-	-	392,269
Movement in revaluation reserve of equity investments - net of tax	-	-	-	-	-	-	835,733	-	-	835,733
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	(3,027)	(3,027)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(53,207)	(53,207)
Movement in revaluation reserve of non-banking assets - net of tax	-	-	-	-	-	-	-	(5,400)	-	(5,400)
Total other comprehensive income - net of tax	-	-	-	-	-	-	1,228,002	(5,400)	(56,234)	1,166,368
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	7,687	-	-	(7,687)	-
Return on investment	-	-	-	-	-	3,959	-	-	-	3,959
Transfer to statutory reserve	-	-	-	-	584,764	-	-	-	(584,764)	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-
Issue of shares during the year	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2024	34,524,428	-	9,433	51	2,540,258	31,973	798,042	86,400	(8,334,151)	29,656,434

* Statutory reserve represents amount set aside as per the requirements of Section 21 of the Banking Companies Ordinance, 1962.

** The Sindh Microfinance Bank Limited is required under Microfinance Institutions Ordinance, 2001 to contribute 05% of its annual after tax profit to the Depositors' Protection Fund and profit earned on investments of the fund shall also be credited to the fund.

*** As more fully explained in notes 10.7.2 of these consolidated financial statements, accumulated loss includes an amount of Rupees 2,358.26 million net of tax as at December 31, 2024 (December 31, 2023: Rs. 3,148.13 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.


President and
Chief Executive Officer


Chief Financial Officer


Director



Director


Chairman

Sindh Bank Limited Consolidated Cash Flow Statement For The Year Ended December 31, 2024

		2024	2023
	Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,744,514	787,616
Less: Dividend income		(53,339)	(192,353)
		<u>2,691,175</u>	<u>595,263</u>
Adjustments:			
Depreciation	11.2	304,886	285,052
Depreciation on right of use assets	29	802,259	745,905
Interest expense on lease liability		718,698	-
Amortisation	11.2	44,354	43,136
Credit loss allowance / provisions and write offs - net	31	(1,906,482)	1,139,557
Charge for defined benefit plan	36.1.4	152,936	123,050
Unrealised gain on securities measured at FVPL		(70,388)	-
Gain on sale of operating fixed assets	28	(7,536)	(5,115)
		<u>38,727</u>	<u>2,331,585</u>
		<u>2,729,902</u>	<u>2,926,848</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(24,514,444)	19,967,424
Securities classified as FVPL		(162,080)	-
Advances - net		(22,142,305)	(7,218,411)
Other assets - net		(5,640,871)	(3,167,418)
		<u>(52,459,700)</u>	<u>9,581,595</u>
Increase / (decrease) in operating liabilities			
Bills payable		547,764	172,614
Borrowings		(35,575,790)	(68,977,275)
Deposits and other accounts		89,595,651	1,209,202
Other liabilities (excluding current taxation)		(38,579)	4,339,137
		<u>54,529,046</u>	<u>(63,256,322)</u>
		<u>4,799,248</u>	<u>(50,747,879)</u>
Contribution to gratuity fund	36.1.3	(156,413)	(107,192)
Income tax paid		(756,007)	(628,491)
Net cash generated from / (used in) operating activities		<u>3,886,828</u>	<u>(51,483,562)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortized cost securities		6,242,376	78,770,659
Net investment in securities classified as FVOCI		(36,422,595)	8,454,350
Dividend received		51,651	192,353
Investments in operating fixed assets		(331,444)	(1,008,326)
Sale proceeds of operating fixed assets disposed off		12,883	7,121
Net cash (used in) / generated from investing activities		<u>(30,447,129)</u>	<u>86,416,157</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	5,000,000
Payment of lease liability against right of use assets		(1,267,060)	(1,178,421)
Net cash (used in) / generated from financing activities		<u>(1,267,060)</u>	<u>3,821,579</u>
(Decrease) / increase in cash and cash equivalents		<u>(27,827,361)</u>	<u>38,754,174</u>
Cash and cash equivalents at the beginning of the year		55,023,460	16,218,265
Impact of expected credit loss allowance on cash and cash equivalents		(1,403)	-
Cash and cash equivalents at the end of the year	34	<u>27,194,696</u>	<u>54,972,439</u>

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.


 President and
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

Sindh Bank Limited

Notes to the Consolidated Financial Statements

For The Year Ended December 31, 2024

I. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

I.1 Holding Company

1.1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2023: 330) branches including 8 (2023: 8) sub-branches and 14 (2023: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

1.1.2 The Government of Sindh, through its Finance Department owns 99.97% ordinary shares of the Bank.

1.1.3 VIS Credit Rating Company Limited has upgraded the long term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.

1.1.4 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and Regulator's guidance on the matter.

I.2 Subsidiary Company

I.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the provision of the Companies Act, 2017 (previously Companies Ordinance, 1984). The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 37 (2023: 19) branches and 72 (2023: 72) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

The credit rating companies PACRA has upgraded the long term rating of the Bank from "A- to A" and short term rating from "A2 to A1" and outlook "Stable" as of January 02, 2025.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements of the banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 13 dated July 01, 2024. These consolidated financial statements represent financial statements of the Holding Company - Sindh Bank Limited and its subsidiary. The assets and liabilities of the subsidiary have been consolidated on a line-by-line basis and the investments held by the Holding Company is eliminated against the corresponding share capital of the subsidiary in these consolidated financial statements.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Group have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.

2.3 The financial results of the Islamic Banking branches have been consolidated in these consolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure II to these consolidated financial statements.

2.4 The management of the Holding Company believes that there is no significant doubt on the Group Companies or the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

3. STATEMENT OF COMPLIANCE

3.1 This un-consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards comprise of :

- Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act 2017;
- Provisions of and directives issued under the Companies Act 2017, Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

In case requirements of Banking Companies Ordinance 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, and the directives issued by the SBP and SECP shall prevail.

3.2 SBP has deferred the implementation of International Accounting Standard (IAS) 40, 'Investment Property,' for banking companies in Pakistan through BSD Circular Letter No. 10, dated August 26, 2002, until further notice. Similarly, SECP has deferred the applicability of IFRS 7, 'Financial Instruments: Disclosures,' through its notification S.R.O 411 (I) / 2008, dated April 28, 2008. Consequently, the requirements of these standards have not been incorporated in the preparation of these consolidated financial statements.

The disclosures in these consolidated financial statements follow the format prescribed by SBP in BPRD Circular No. 02, dated February 9, 2023, with additional requirements introduced through BPRD Circular Letter No. 13 of 2024, dated July 1, 2024, and are in accordance with the applicable accounting and financial reporting standards in Pakistan.

3.3 SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these consolidated financial statements.

The Group has received an extension from SBP until December 31, 2025, for the application of the Effective Interest Rate (EIR) method to all financial assets and liabilities, excluding staff and subsidized loans. However, since financial assets other than advances and financial liabilities were already effectively accounted for using EIR before the implementation of IFRS 9, this extension has been applied only to advances (excluding staff loans and subsidized loans, Consequently, advances are currently carried at cost, except for staff loans which are measured at amortized cost net of expected credit loss allowances.

Furthermore, SBP, through BPRD Circular Letter No. 01 of 2025, dated January 22, 2025, has provided the following clarifications:

- a) Islamic Banking Institutions (IBIs) may continue to apply Islamic Financial Accounting Standards (IFAS) 1 & 2 where applicable and maintain their existing accounting methodology for other Islamic products until further instructions are issued.
- b) The treatment of charity should align with existing SBP guidelines outlined in IBD Circular No. 02 of 2008 and must not be recognized as income.

3.4 IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

3.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year.

As per SBP's directive in BPRD Circular Letter No. 7 of 2023, dated April 13, 2023, IFRS 9 (Financial Instruments) has become effective in Pakistan for financial periods beginning on or after January 1, 2024.

Consequently, in line with the application of IFRS 9, SBP, through BPRD Circular No. 02, dated February 9, 2023, has also revised the format of annual financial statements. Further details regarding the adoption of IFRS 9 and the associated amendments, including their impact, are provided in Note 4.1 to these consolidated financial statements.

Apart from IFRS 9, certain other amendments and interpretations have also become mandatory for the Group's financial reporting periods beginning January 1, 2024. However, these are not considered relevant or significant to the Bank's operations and, therefore, have not been detailed in these consolidated financial statements.

3.6 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective.

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 21 - Lack of exchangeability – (Amendments)	01 January 2025
- IFRS 10 and IAD 28 - Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced
Standard	IASB effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

3.7 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the consolidated financial statements are as follows:

- i) classification and impairment against investments (notes 5.1.1 and 31);
- ii) classification of and provision against advances (notes 5.1.8 and 31);
- iii) depreciation and amortization / useful lives of operating fixed assets (notes 5.8, 11 and 12);
- iv) non-banking assets acquired in satisfaction of claims (note 5.10);
- v) taxation (note 5.12);
- vi) staff retirement and other benefits (note 5.13);
- vii) fair value of derivatives (note 5.21); and
- viii) judgements made by management in identification and reporting segment information (note 40).

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except that non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified at fair value through profit and loss and fair value through other comprehensive income; foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; right of use of asset and related lease liability are measured at present value on initial recognition; and staff loans are measured at fair value on initial recognition.

4.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand Rupees.

5. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements remain consistent with those used in the consolidated financial statements for the year ended December 31, 2023, except as stated in Note 5.1 below.

5.1 Change in Accounting Policy

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS-09 Financial Instruments is applicable on banks with effect from January 01, 2024. IFRS-09 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS-09 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS-09 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses ("ECL") approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS-09 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of general provision, income recognition on Islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Group has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

The Group has adopted IFRS 9 in accordance with the Application Instructions from 01 January 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 01 January 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from 01 October 2024, however, the Group has received an extension from SBP until December 31, 2025 for the application of EIR to account for advances. SBP through its BPRD Circular Letter No. 01 of 2025 dated 22 January 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after 01 January 2020.

5.1.1 Classification

Financial Assets

Under IFRS-09, existing categories of financial assets: Held for trading ("HFT"), Available for sale ("AFS"), Held to maturity ("HTM") and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Financial assets at amortised cost

Financial Liabilities

Under IFRS-09, the accounting for financial liabilities remains largely the same as before adoption of IFRS-09 and thus financial liabilities are being carried at amortised cost.

5.1.2 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- Hold to Collect ("HTC") business model: Holding assets in order to collect contractual cash flows
- Hold to Collect and Sell ("HTC&S") business model: Collecting contractual cash flows and selling financial assets.
- Other business models: Resulting in classification of financial assets as FVTPL

5.1.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit ("SPPI")

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

5.1.4 Application to the Group's financial assets

Debt based financial assets

Debt based financial assets held by the Group include: advances, lendings to financial institutions, investment in federal government securities, listed and unlisted term finance certificates, unlisted preference shares, cash and balances with treasury banks, balances with other banks, and other financial assets.

- These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL.

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Group assesses whether and how the sales are consistent with the HTC objective.

b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of investments in Pakistan Investment Bonds (Fixed) held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS-09 on transition to IFRS-09 on January 01, 2024:

Investment type and category	Balances as of Dece,ner 31, 2023 (Audited)	IFRS-09 Classification	Balances as of Dece,ner 31, 2023	Remeasurements	Balances as of January 01, 2024 Before ECL
----- (Rupees in '000) -----					
Federal Government Securities					
		FVOCI			
- Pakistan Investment Bonds - AFS	15,216,749		-	-	-
		Amortised Cost	15,216,749	2, 183,880	17,400,629
	<u>15,216,749</u>		<u>15,216,749</u>	<u>2, 183,880</u>	<u>17,400,629</u>

Equity based financial assets

An equity instrument held by the Group for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Group has decided to classify Rupees 498.085 million out of its available for sale equity investment portfolio which includes mutual funds units of Rupees 123.660 million as of December 31, 2023 to FVTPL.

IFRS-09 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rupees 363.757 million on listed equity investments to unappropriated losses through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS-09 as at January 1, 2024 are compared as follows:

Before adoption of IFRS-90			After adoption of IFRS-09	
Financial assets	Measurement Category	Carring amount as at December 31, 2023	Measurement Category	Carring amount as at January 01, 2024
		(Rupees in '000'		(Rupees in '000'
Cash and balances with treasury banks	Loans and receivables	53,488,206	Amortised cost	53,407,771
Balances with other banks	Loans and receivables	1,484,223	Amortised cost	1,484,223
Lendings to financial institutions	Loans and receivables	-	Amortised cost	-
Investments				
			Fair value through profit or loss account	498,058
	Available for sale	133,244,953	Fair Value through o her comprehensive income	117,530,146
			Amor isted cost	17,400,629
	Held to maturity	133,244,953		135,428,833
		33,152,927	Amortisted cost	33,152,927
Advances				
-Staff loan		1,746,994	Amortisted cost	1,035,004
-Advances other than staff loan	Loans and receivables	50,779,869	cost	50,066,371
		52,526,863		51,101,375
Other assets	Loans and receivables	7,803,427	Amortisted cost for financial assets	8,514,754
		281,700,609		283,170,328

5.1.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortised cost ("AC")

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance ("ECL") is recognised for financial assets in the consolidated statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the consolidated profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the consolidated statement of profit and loss account.

b) Fair value through other comprehensive income ("FVOCI")

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance ("ECL") is recognised for debt based financial assets in the consolidated statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the consolidated statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the consolidated statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to accumulated profit / loss.

c) Fair value through profit or loss ("FVTPL")

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the consolidated statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the consolidated statement of profit and loss account. Interest / dividend income on these assets are recognised in the consolidated profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the consolidated statement of profit and loss account. An expected credit loss allowance ("ECL") is not recognised for these financial assets.

d) Advances are carried at cost

Advances are carried at cost net of expected credit loss allowances, excluding staff loans, which are measured at amortized cost, net of expected credit loss allowances.

5.1.6 Calculation of markup income and expense

Income from performing advances of the domestic operations is recognised on accrual basis as per the terms of the contract. However, where debt securities, classified as investments in the financial statements, are purchased at premium or discount, such premium / discount including the transaction cost is amortized through the consolidated statement of profit and loss account over the remaining maturity of the debt security using the effective interest rate method. The interest income on staff loans is recognized in line with the EIR, while any expected credit losses are assessed and accounted for in accordance with the requirements of IFRS 9. Income from advances except for staff loans is recognized in consolidated statement of profit and loss account using contractual rate. Similarly, under the local regulatory requirement, income recoverable on classified advances and investments (debt securities), is recognized on a receipt basis.

Income on rescheduled / restructured advances and investments is recognized as permitted by SBP regulations.

Markup expense on domestic financial liabilities (comprising deposits, subordinated debts, and borrowings) is recognized on an accrual basis in the period in which it is incurred.

5.1.7 Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of profit and loss account.

5.1.8 Expected Credit Loss ("ECL")

The Group assesses on a forward-looking basis the ECL associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Group rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Group groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1:** When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
- Stage 2:** When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
- Stage 3:** For financial instruments considered credit-impaired, the Group recognises the LTECLs for these instruments. The Group uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
- Undrawn financing commitments** When estimating LTECLs for undrawn financings commitments, the Group estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
- Guarantee and letters of credit contracts** The Group estimates ECLs based on the BASEL driven and internally developed credit conversion factor ("CCF") for guarantee and letter of credit contracts respectively. The calculation is made using a probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Resgression Model to incorporate forward looking information.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has a legal right to call it earlier. The product offering includes a variety of corporate and retail facilities, in which the Group has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Group uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The Group considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Group's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at segment level.

Significant increase in credit risk (SICR)

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Holding Company uses several qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or markup payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. The Group aligns its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR for the Holding Company is considered if credit exposure exceeds 60 days past due. However, in the case of Subsidiary Company, SICR is considered if credit exposure exceeds 30 days past due.

Forward looking information

In its ECL models, the Group relies on range of the following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

The concept of "impairment" or "default" is critical to the implementation of IFRS-09 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at borrower / facility level for corporate / commercial / SME / Micro loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

5.1.9 Adoption impacts

The Group has adopted IFRS-09 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS-09. The cumulative impact of initial application of Rupees 733.935 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Classification under SBP regulations	Classification under IFRS 9							IFRS 09 Category
	Balances as of December 31, 2023 (Audited)	At FVTPL	At FVOCI - with recycling	At amortised Cost	Remeasurem ent under IFRS 9	Recognition of ECL	Balances as of January 01, 2024	
ASSETS								
Cash and bank balances with treasury banks	53,488,206	-	-	53,488,206	-	-	53,488,206	Amortised cost
Balances with other banks	1,484,233	-	-	1,484,233	-	(10,317)	1,473,915	Amortised cost
Lending to Financial Institutions	-	-	-	-	-	-	-	Amortised cost
Investments in financial assets								
-Held-for-Trading	-	498,058	-	498,058	-	-	498,058	FVTPL
-Available-for-Sale	133,244,953	(498,058)	(15,216,749)	117,530,146	-	-	117,530,146	FVOCI
-Held-to-Maturity	33,152,927	-	15,216,749	48,369,676	2,183,880	(23,654)	50,529,902	Amortised cost
-Subsidiary	-	-	-	-	-	-	-	Outside the scope of IFRS 09
	166,397,880	-	-	166,397,880	2,183,880	(23,654)	168,558,106	
Advances	-	-	-	-	-	-	-	
-Staff loans	1,746,994	-	-	1,746,994	(711,990)	-	1,035,004	Amortised cost
-Advances other than staff loans	50,779,869	-	-	50,779,869	29,130	(742,628)	50,066,371	Cost
	52,526,863	-	-	52,526,863	(682,860)	(742,628)	51,101,374	
Property and equipment	1,351,123	-	-	1,351,123	-	-	1,351,123	Outside the scope of IFRS 09
Rights of use asset	2,704,359	-	-	2,704,359	-	-	2,704,359	Outside the scope of IFRS 09
Intangible assets	114,464	-	-	114,464	-	-	114,464	Outside the scope of IFRS 09
Deferred tax asset - net	17,201,220	-	-	17,201,220	(1,070,101)	371,397	16,502,515	Outside the scope of IFRS 09
Other assets	7,803,427	-	-	7,803,427	711,990	(663)	8,514,754	Amortised cost for financial assets
	303,071,774	-	-	303,071,774	1,142,909	(405,866)	303,808,817	
LIABILITIES								
Bills payable	898,762	-	-	898,762	-	-	898,762	Amortised cost
Borrowings	38,267,440	-	-	38,267,440	-	-	38,267,440	Amortised cost
Deposit and other accounts	224,841,914	-	-	224,841,914	-	-	224,841,914	Amortised cost
Lease liability against rights of use assets	3,231,134	-	-	3,231,134	-	-	3,231,134	Amortised cost
Other Liabilities	11,004,174	-	-	11,004,174	-	3,103	11,007,277	Amortised cost for financial liabilities
	278,243,424	-	-	278,243,424	-	3,103	278,246,527	
NET ASSETS	24,828,350	-	-	24,828,350	1,142,909	(408,969)	25,562,290	
REPRESENTED BY								
Share capital - net	34,524,428	-	-	34,524,428	-	-	34,524,428	Outside the scope of IFRS 09
Reserves	1,985,305	-	-	1,985,305	-	-	1,985,305	Outside the scope of IFRS 09
Deficit on revaluation of assets	(1,033,628)	-	-	(1,033,628)	695,468	-	(338,160)	
Accumulated loss	(10,647,755)	-	-	(10,647,755)	447,441	(408,969)	(10,609,283)	
	24,828,350	-	-	24,828,350	1,142,909	(408,969)	25,562,290	

5.1.10 As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework.

5.2 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the Application Instructions issued by SBP has detailed the transitional arrangement. The transitional arrangement applies only to provisions for Stage 1 and Stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e., added back) to CET1 capital over the "transition period" of five years. Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added

back to CET 1 and vice versa as per Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024. Had IFRS 9 not been applied then CAR would have been lower by 120 bps from 22.29 % to 21.09%.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts, excluding term deposit with original term of greater than three months.

5.4 Lending to / borrowing from Financial Institutions

The Group enters into transactions of borrowings (repurchase) from and lending (reverse repurchase) to financial institutions at contracted rates for a specified period of time. These are reported as under:

5.4.1 Repurchase / resale agreements

a) Sale of securities under repurchase agreement (repo)

Securities sold subject to repurchase agreements (repo) remain on the consolidated statement of financial position as investments and the counter party liability is included in borrowings from financial institutions. The difference between the sale and repurchase price is accrued over the period of the agreement using the effective interest rate method and recorded as expense.

b) Purchase of securities under resale agreement (reverse repo)

Securities purchased under agreements for resale (reverse repo) are recorded as lendings to financial institutions. These transactions are accounted for on the settlement date. The difference between the purchase and resale price is recognized as mark-up return income over the period of the agreement using the effective interest rate method.

5.4.2 Bai Maujjal

In Bai Maujjal, the Group sells Shariah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income.

5.5 Investments

Investments include Federal Government securities, shares, mutual fund / REIT fund, and non-Government debt securities. Classification and measurement of Federal Government securities, shares, mutual fund / REIT fund and non-Government debt securities has been detailed in note 5.1.5.

5.6 Advances

Advances are stated net of provisions for non-performing advances. Specific and general provisions are made based on appraisal of the loan portfolio that takes into account the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the consolidated statement of profit and loss account.

5.6.1 Islamic financings and related assets

Ijarah Financing

Applying IFAS-2, assets underlying Ijarah have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the consolidated statement of profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is calculated from the date of delivery of respective assets to mustajir upto the date of maturity / termination of Ijarah agreement.

Diminishing Musharakah

In Musharakah based financing, the Group enters into Musharakah for financing an agreed share of fixed assets with its customer and enters into periodic profit payment agreement for the utilization of the Bank's Musharakah share by the customer. Specific and general provisions are made in accordance with the requirement of prudential regulations and other directives issued by the SBP and charged to consolidated statement of profit and loss account.

Murabaha

Funds disbursed under murabaha arrangements for purchase of goods are recorded as advance for murabaha. On culmination of murabaha i.e. sale of goods to customers, murabaha receivables are recorded at the sale price net of deferred income. Goods purchased but remaining unsold at the reporting date are recorded as inventories.

Inventories

The Group values its inventories at the lower of cost or net realizable value. Cost of inventories represents the actual purchase made by the Group / customers as an agent on behalf of the Group for subsequent sale. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5.7 Operating fixed assets and depreciation

5.7.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of profit and loss account as and when incurred.

Depreciation is charged to the consolidated statement of profit and loss account applying the straight line method at the rates specified in note 11 to these consolidated financial statements after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each date of consolidated statement of financial position. Depreciation is charged from the date asset is available for use while no depreciation is charged from the date asset is disposed.

Gains or losses on disposal, if any, are recognized in the consolidated statement of profit and loss account in the year in which they arise.

5.7.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and related advances there against, if any, are carried under this head. These are transferred to specific assets as and when the assets become available for use.

5.7.3 Leases

The Group enters into lease arrangements principally in respect of office space for its operations. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a Lessee

A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use (RoU) Assets

The right-of-use assets recognised subsequent to the adoption of 'IFRS-16 Leases' are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Incremental borrowing rate

Borrowing rate that Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimated the Incremental borrowing rate using observable input such as market interest rates.

5.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the consolidated statement of profit and loss account applying the straight line method at the rates specified in note 13, to these consolidated financial statements from the date an intangible asset is available for use. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each date of consolidated statement of financial position.

5.9 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued with sufficient regularity by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. An increase in the market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the impairment and thereafter credited to the surplus on revaluation of that asset. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Bank's owned fixed assets.

If the recognition of such assets results in a reduction in non-performing loans, such reductions and the corresponding reductions in provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realized on disposal of these assets is transferred directly to accumulated profit or loss.

However, if such an asset, after initial recording, is used by the Group for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

5.10 Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.11 Taxation

Taxation expense relates to current and prior years and deferred tax. Income tax expense is recognized in the consolidated statement of profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

a) Current

Provision for current tax is the tax payable on the expected taxable income for the year using tax rates enacted or substantively enacted at the reporting date and, any adjustment to tax payable relating to prior years, after taking into consideration available tax credits, rebates, tax losses etc.

b) Prior Year

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

c) Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applicable to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax losses, and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.12 Staff retirement and other benefits

a) Defined contribution plan

The Group operates a recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent of basic salary are made by both the Group and the employees.

The contributions are recognized as employee benefit expense when they are due.

b) Defined benefit plan

The Group operates recognised funded gratuity scheme for all its permanent employees who complete the prescribed eligibility period of service. Provision is made annually to meet the cost of such gratuity benefits on the basis of actuarial recommendations using the Projected Unit Credit Method.

c) Compensated absences

The Group makes provision in the financial statements for its liabilities towards compensated absences. Liability under the scheme is determined on the basis of actuarial advice using the Projected Unit Credit Method.

5.13 Acceptances

Acceptances comprise of undertakings made by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

5.14 Provisions against liabilities

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of consolidated statement of financial position and are adjusted to reflect the current best estimate.

5.15 Revenue recognition

Revenue is recognized to the extent that the economic benefit associated with the transaction will flow to the Group and the revenue can be reliably measured.

5.15.1 Income on performing advances and debt securities is recognised on a time proportion basis / effective interest rate method as per the terms of the contract as permitted by the SBP. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

5.15.2 Dividend income from investments is recognized when the Bank's right to receive the dividend is established.

5.15.3 Bank earns fee and commission income from different services provided to customers. The recognition of fee and commission income depends on the purpose for which the fees are received. Fee and commission income is recognised when an entity satisfies the performance obligation. Transaction-based fees are charged to the customer's account when the transaction takes place.

5.15.4 Financial advisory fees is recognized when the right to receive the fees is established.

5.15.5 Gain or loss on sale of investments is included in consolidated statement of profit and loss account in the year in which they arise.

5.15.6 Revenue recognition under IFAS 2

Rentals from Ijarah is recognized as income over the term of the contract net of depreciation expense.

5.15.7 Revenue recognition under product manual as approved by Shariah Board of the Bank

a) Profit on Diminishing Musharakah is recognized in consolidated statement of profit and loss account on accrual basis.

b) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.

5.16 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognized as an expense in the period in which these are incurred using the effective mark-up / interest rate method.

5.17 Proposed dividend and transfers between reserves

Dividends and appropriations to reserves, except appropriations which are by law required to be made subsequent to the date of financial statements are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Balance Sheet Date' in the period in which they are approved / transfers are made.

5.18 Earnings per share

The Group presents basic earnings per share (EPS) which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year / period. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.19 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to Pak Rupees at the rates of exchange prevailing at the reporting date. Translation gains and losses are included in the consolidated statement of profit and loss account.

5.20 Financial instruments

a) Financial assets and liabilities

Financial assets and liabilities carried on the consolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

b) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date at which the derivative contract is entered into and subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets where fair value is positive and as liabilities where fair value is negative. Any changes in the fair value of derivative financial instruments are taken to consolidated statement of profit and loss account.

5.21 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.22 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments.

Business segments

a) Trading and sales (Treasury)

This includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lendings and repos, brokerage debt and prime brokerage.

b) Retail Banking

This includes mortgage finance and personal loans to individual customers.

c) Commercial banking and others

This includes loans, deposits and other transactions with corporates, small and medium sized customers including agriculture business.

5.23 Geographical segments

The Group operates only in Pakistan.

5.24 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the date of the consolidated statement of financial position.

5.25 Provision against off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Charge to consolidated statement of profit and loss account is stated net of expected recoveries.

6.	CASH AND BALANCES WITH TREASURY BANKS	Note	2024 (Rupees in '000)	2023
	In hand			
	Local currency		5,594,472	3,960,469
	Foreign currency		212,371	194,370
			5,806,843	4,154,839
	With State Bank of Pakistan (SBP) in			
	Local currency current accounts	6.1	16,127,760	47,152,820
	Foreign currency current accounts	6.2	182,990	61,133
	Foreign currency deposit accounts		-	-
	- Non Remunerative	6.3	143,595	158,549
	- Remunerative	6.4	287,710	309,256
			16,742,055	47,681,758
	With National Bank of Pakistan in			
	Local currency current accounts		167,439	1,610,797
	Local currency deposit accounts	6.5	6	24,282
			167,445	1,635,079
	Prize bonds		7,756	16,530
		34	22,724,099	53,488,206

6.1 This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962.

6.2 This represents US Dollar Settlement Account maintained with SBP.

6.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable on Bank's FCY deposits.

6.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared 3.53% to 4.35% profits (2023 : 3.39% to 4.34%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 11.50% - 13.5% (2023: 20.5%) per annum.

7. BALANCES WITH OTHER BANKS

	In Pakistan			
	In current accounts		3,522	1,500
	In savings account	7.1	682,338	526,599
			685,860	528,099
	Outside Pakistan			
	In current accounts	7.2	3,786,140	956,134
	Less: Credit Loss allowance held against balances with other banks	7.3	1,403	-
		34	4,470,597	1,484,233

7.1 This includes savings account with a commercial bank carrying profit at the rate of 11.50% -15.50% (2023: 16.00% -23.90%) per annum.

7.2 This includes Rs. 3,406.801 million (2023: Rs. 842.188 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the Holding Company is entitled to earn interest from the correspondent banks at the agreed rates.

	2024	2023
	(Rupees in '000)	
7.3 Opening balance	-	-
Impact of adoption of IFRS-09	10,317	-
Charge / reversals	-	-
Charge for the year	(8,914)	-
Reversals for the year	(8,914)	-
Closing Balance	1,403	-

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	7,500,000	-
Repurchase agreement lendings (Reverse Repo)	14,315,010	-
Musharaka arrangements	2,700,000	-
	24,515,010	-
Less: Credit loss allowance held against lending to financial institutions	(566)	-
Lending to financial institutions - net of credit loss allowance	24,514,444	-

8.1 Particulars of lendings

In local currency	24,514,444	-
In foreign currencies	-	-
	24,514,444	-

8.2 Securities held as collateral against Lending to financial institutions

	2024			2023		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	6,853,980	-	6,853,980	-	-	-
Pakistan Investment Bonds	7,467,450	-	7,467,450	-	-	-
Total	14,321,430	-	14,321,430	-	-	-

8.3 Lendings to Financial Institutions - Category of classification

		2024		2023	
		Lending	Credit loss allowance held bank	Lending	Credit loss allowance held bank
(Rupees in '000)					
Domestic	Stage 1	24,515,010	566	-	-
Performing	Stage 2	-	-	-	-
Under performing	Stage 3	-	-	-	-
Non-performing		-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
Total		24,515,010	566	-	-

8.4 Lendings to Financial Institutions - Particulars of credit loss allowance

	2024			
	Stage I	Stage 2	Stage 3	Total
	(Rupees in '000)			
Opening balance	-	-	-	-
New financial assets originated or purchased	566	-	-	566
Closing Balance	566	-	-	566

9. INVESTMENTS

9.1 Investments by type

2024

	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
Note	----- Rupees in '000' -----			
Debt Instruments:				
Classified / Measured at amortised cost				
Federal Government Securities				
Market Treasury Bills	1,579,177	-	-	1,579,177
Pakistan Investment Bonds	24,364,453	-	-	24,364,453
Non-government debt securities				
Term finance certificates - Listed	224,235	(10,327)	-	213,908
Term finance certificates - Unlisted	344,509	(10,254)	-	334,255
Term deposit receipts	900,000	(191)	-	899,809
Preference Shares - Unlisted	77,708	(77,708)	-	-
	27,490,082	(98,480)	-	27,391,602
Classified / Measured at FVOCI				
Federal Government Securities				
Market Treasury Bills	6,797,209	-	115,314	6,912,523
Pakistan Investment Bonds	10,910,790	-	(21,734)	10,889,056
Pakistan Investment Bonds - Floater	149,889,498	-	346,582	150,236,080
Government of Pakistan - Ijarah Sukuk	3,999,990	-	82,300	4,082,290
	171,597,487	-	522,462	172,119,949
Equity instruments:				
Classified / Measured at FVPL				
Shares				
Listed	38,420	-	(2,872)	35,548
Mutual funds	123,660	-	73,260	196,920
	162,080	-	70,388	232,468
Classified / Measured at FVOCI				
Shares				
Listed	604,020	-	1,158,659	1,762,679
Non-government debt securities				
Mutual funds	59,203	-	(18,533)	40,670
	663,223	-	1,140,126	1,803,349
Total Investments	199,912,872	(98,480)	1,732,976	201,547,368

INVESTMENTS

Investments by type

2023

Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
-----------------------------	--------------------------------	------------------------	-------------------

----- Rupees in '000' -----

Available-for-sale securities

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds

Pakistan Investment Bonds - Floater

Government of Pakistan - Ijarah Sukuk

Shares

Listed

Unlisted

Non-government debt securities

Sukuk certificates

Mutual funds & units

-	-	-	-
17,400,629	-	(2,183,880)	15,216,749
113,308,072	-	(319,502)	112,988,570
4,000,000	-	42,076	4,042,076
971,211	(342,757)	212,934	841,388
-	-	-	-
-	-	-	-
158,203	(43,684)	41,651	156,170
135,838,115	(386,441)	(2,206,721)	133,244,953

Held-to-maturity securities

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds

Preference Shares - Unlisted

Term deposits accounts

Non-government debt securities

Term finance certificates - Listed

Term finance certificates - Unlisted

20,804,998	-	-	20,804,998
11,262,656	-	-	11,262,656
77,708	(77,708)	-	-
500,000	-	-	500,000
224,235	-	-	224,235
858,901	(497,863)	-	361,038
33,728,498	(575,571)	-	33,152,927

Investment in Subsidiary

Fully paid ordinary shares

Total Investments

-	-	-	-
169,566,613	(962,012)	(2,206,721)	166,397,880

9.2 Investments by segments

	2024				2023			
	Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Federal Government Securities								
Market Treasury Bills	8,376,386	-	115,314	8,491,700	20,804,998	-	-	20,804,998
Pakistan Investment Bonds	185,164,741	-	324,848	185,489,589	141,971,357	-	(2,503,382)	139,467,975
Government of Pakistan - Ijarah Sukuk	3,999,990	-	82,300	4,082,290	4,000,000	-	42,076	4,042,076
	197,541,117	-	522,462	198,063,579	166,776,355	-	(2,461,306)	164,315,049
Shares								
Listed companies	642,440	-	1,155,787	1,798,227	971,211	(342,757)	212,934	841,388
Unlisted companies	77,708	(77,708)	-	-	77,708	(77,708)	-	-
	720,148	(77,708)	1,155,787	1,798,227	1,048,919	(420,465)	212,934	841,388
Non-government debt securities								
Term finance certificates - listed	224,235	(10,327)	-	213,908	224,235	-	-	224,235
Term finance certificates - unlisted	344,509	(10,254)	-	334,255	858,901	(497,863)	-	361,038
	568,744	(20,581)	-	548,163	1,083,136	(497,863)	-	585,273
Mutual Funds & units								
Open ended	59,203	-	(18,533)	40,670	59,203	(43,684)	16,990	32,509
REIT - Units	123,660	-	73,260	196,920	99,000	-	24,661	123,661
	182,863	-	54,727	237,590	158,203	(43,684)	41,651	156,170
Others								
Term deposits accounts	900,000	(191)	-	899,809	500,000	-	-	500,000
Total Investments	199,912,872	(98,480)	1,732,976	201,547,368	169,566,613	(962,012)	(2,206,721)	166,397,880

9.3 Investments given as collateral Federal government securities

	2024	2023
	(Rupees in '000)	
Pakistan Investment Bonds	-	35,733,600
Market Treasury Bills	-	-
	-	35,733,600

9.4 Provision for diminution in value of investments

9.4.1 Opening balance	962,012	952,912
Impact of adoption of IFRS-09	(362,786)	-
Charge / reversals		
Charge for the year	13,598	9,100
Reversals for the year	-	-
Transfer during the period	(514,344)	-
Reversal on disposals	-	-
Transfers - net	(500,746)	9,100
Closing Balance	98,480	962,012

9.5 Particlurs of credit loss allowance	2024			Total
	Stage 1	Stage 2	Stage 3	
	Rupees in '000'			
9.5.1 Investments - exposure				
Opening balanc	-	-	-	-
Impact of adoption of IFRS 9	167,396,092	449,055	592,052	168,437,199
New investments	136,085,506	-	-	136,085,506
Investments derecognised or repaid	(110,105,000)	-	-	(110,105,000)
Transfer to advances - TFC	-	-	(514,344)	(514,344)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(110,105,000)	-	(514,344)	(110,619,344)
Amounts written off / charged Off	-	-	-	-
Impact of amortization	5,184,208	-	-	5,184,208
Other changes (to be specific)	-	-	-	-
Closing balance	198,560,806	449,055	77,708	199,087,569

9.5.2 Investments - Credit loss allowance	2024			Total
	Stage 1	Stage 2	Stage 3	
	Rupees in '000'			
Opening balance	-	-	-	-
Impact of adoption of IFRS 9	124	7,152	591,948	599,224
New investments	191	-	-	191
Investments derecognised or repaid	(110)	-	-	(110)
Transfer to advances - TFC	-	-	(514,344)	(514,344)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(110)	-	(514,344)	(514,454)
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	(12)	13,427	104	13,519
Changes (to be specific)	-	-	-	-
Closing balance - Current year	193	20,579	77,708	98,480

9.5.3 Particulars of credit loss allowance against debt securities

Domestic	2024		2023	
	Outstandig amount	Credit loss allowance held bank	Outstandig amount	Provision bank
	Rupees in '000'			
Performing Stage 1	198,560,806	193	167,278,447	-
Underperforming Stage 2	449,055	20,579	-	-
Non-Performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	77,708	77,708	514,344	497,864
	77,708	77,708	514,344	497,864
Total	199,087,569	98,480	167,792,791	497,864

Note 2024 2023
(Rupees in '000)

9.5 Quality of Securities

Particulars regarding quality of securities - Held to collect and Sell model (FVOCI)

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds	160,800,288	130,708,701
Market Treasury Bills	6,797,209	-
Government of Pakistan - Ijarah Sukuk	3,999,990	4,000,000
	171,597,487	134,708,701

Shares (Equities)

Listed Companies

Refinery	7,682	7,682
Fertilizer	-	345,285
Cement	63,745	63,745
Oil & Gas Marketing Companies	164,142	186,049
Commercial Banks	368,451	368,450
	604,020	971,211

Other investments (Mutual Funds and Units)

Listed

AAA	-	99,000
AA+	16,239	16,239
A+ / A-	42,964	42,964
	59,203	158,203
	172,260,710	135,838,115

Note	2024 (Rupees in '000)	2023
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Equity Securities

Listed Companies

Pakistan Refinery Limited	7,682	7,682
Fauji Fertilizer Company Limited	-	280,283
Fatima Fertilizer Company Limited	-	65,002
Thatta Cement Company Limited	63,745	63,745
Sui Southern Gas Company Limited	164,142	164,142
Oil & Gas Development Company Limited	-	21,905
Bank Makramah Limited (Summit Bank)	305,509	305,509
Silk Bank Limited	62,942	62,943
	<u>604,020</u>	<u>971,211</u>

2024 (Rupees in '000)	2023
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9.6 Particulars relating to securities held under 'hold to collect' - amortize cost

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds	24,364,453	11,262,656
Market Treasury Bills	<u>1,579,177</u>	<u>20,804,998</u>
	<u>25,943,630</u>	<u>32,067,654</u>

Particulars relating to securities held under 'hold to collect' - amortize cost

2024 (Rupees in '000)	2023
--------------------------	------

Preference Shares - Unlisted Company?

Al-Arabia Sugar Mills Ltd	<u>77,708</u>	<u>77,708</u>
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Non Government Debt Securities

Listed

Unrated

<u>224,235</u>	<u>224,235</u>
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Un-listed

AA

Unrated

Unrated

<u>119,689</u>	<u>119,737</u>
<u>224,820</u>	<u>224,820</u>
<u>-</u>	<u>514,344</u>
<u>344,509</u>	<u>858,901</u>

Term deposit accounts

MicroFinance Bank

<u>900,000</u>	<u>500,000</u>
<u>27,490,082</u>	<u>33,728,498</u>

9.6.1 The market value of securities classified as amortize cost as at December 31, 2024 amounted to Rs. 25,596.11 million (December 31, 2023 amounted to Rs. 30,061.34).

9.7 Investments include Rs 500 million (2023: Rs 500 million) pledged with National Clearing Company of Pakistan against trading margin.

10. ADVANCES

Note	2024			2023		
	Performing	Non Performing	Total	Performing	Non Performing	Total
----- Rupees in '000 -----						
Loans, cash credits, agriculture, running finances etc.	31,490,726	29,425,694	60,916,420	29,586,554	32,570,853	62,157,407
Commodity finance	38,921,334	-	38,921,334	15,619,270	-	15,619,270
Net investment in finance lease 10.2	147,427	195,882	343,309	305,814	410,329	716,143
Islamic financing and related assets						
Diminishing musharakah financing	45,517	121,353	166,870	433,901	121,353	555,254
Murabaha Financing	80,000	-	80,000	-	-	-
Ijarah financing under IFAS 2	11,190	-	11,190	9,946	-	9,946
	70,696,194	29,742,929	100,439,123	45,955,485	33,102,535	79,058,020
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	45,739	348,639	394,378	368,044	-	368,044
Payable outside Pakistan	-	3,405	3,405	9,317	3,405	12,722
	45,739	352,044	397,783	377,361	3,405	380,766
Advances - gross	70,741,933	30,094,973	100,836,906	46,332,846	33,105,940	79,438,786
Credit loss allowance against advances	-	-	-	-	-	-
- Stage 1	442,926	-	442,926	29,130	-	29,130
- Stage 2	961,229	-	961,229	-	-	-
- Stage 3	-	25,149,913	25,149,913	-	26,880,754	26,880,754
	1,404,155	25,149,913	26,554,068	29,130	26,880,754	26,909,884
Total Advances - Net credit loss allowance	69,337,778	4,945,060	74,282,838	46,303,716	6,225,186	52,528,902

10.1 Particulars of advances (gross)	2024	2023
	(Rupees in '000)	
In local currency	100,836,906	79,438,786
In foreign currencies	-	-
	100,836,906	79,438,786
10.1.1 Advances to Women, Women-owned and Managed Enterprises		
Women	102,037	71,236
Women Owned and Managed Enterprises	503,544	307,805
	605,581	379,041

10.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year Rs. 333.52 million (2023: Rs.284.94 million).

10.2	Net investment in finance lease	2024				2023			
		Not later than one year	Over one year and up to five years	Over five years	Total	Not later than one year	Over one year and up to five years	Over five years	Total
		----- Rupees in '000 -----							
	Lease rental	282,058	29,829	-	311,887	142,323	512,715	-	655,038
	Residual value	62,055	27,870	-	89,925	116,409	63,562	-	179,971
	Minimum lease payments	344,113	57,699	-	401,812	258,732	576,277	-	835,009
	Un-earned income for future periods	(54,815)	(3,688)	-	(58,503)	(19,423)	(99,443)	-	(118,866)
	Present value of minimum lease payments	289,298	54,011	-	343,309	239,309	476,834	-	716,143

10.2.1 This represents portfolio taken on the books of the Holding Company due to amalgamation of Sindh Leasing Company Limited.

10.3	Diminishing musharakah financing Advance against musharakah Diminishing musharakah	Note	2024	2023
			(Rupees in '000)	
			2,902	-
			163,968	555,254
			166,870	555,254
10.4	Ijarah financing under IFAS 2			
	Net book value of assets	10.4.1	11,190	9,946
	Advance against Ijarah financing		-	-
			11,190	9,946

10.4.1 Particulars of assets under Ijarah

Particulars of assets under Ijarah				2024				
Cost			Accumulated depreciation					
As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at	Rate of depreciation %	
----- (Rupees in '000) -----								
Plant and machinery	28,950	(950)	28,000	19,004	(171)	18,833	9,167	Over the Ijarah period
Vehicle	-	-	-	-	-	-	-	
Equipment	-	2,300	2,300	-	277	277	2,023	
Total	28,950	1,350	30,300	19,004	106	19,110	11,190	
----- (Rupees in '000) -----								
2023								
Cost			Accumulated depreciation					
As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at	Rate of depreciation %	
----- (Rupees in '000) -----								
Plant and machinery	28,000	950	28,950	18,834	170	19,004	9,946	Over the Ijarah period
Vehicle	16,224	(16,224)	-	14,019	(14,019)	-	-	
Total	44,224	(15,274)	28,950	32,853	(13,849)	19,004	9,946	

	2024 (Rupees in '000)	2023
10.5 Murabaha financing	86,588	-
Less: deferred murabaha income	(3,550)	-
Profit receivable shown in other assets	(3,038)	-
	<u>80,000</u>	<u>-</u>

10.6 Particulars of credit loss allowance

	2024		
	Stage 1	Stage 2	Stage 3
	Rupees in '000'		
10.6.1 Advances - Exposure			Total
Gross carrying amount - Current year	30,682,798	15,533,271	33,210,700
New Advances	10,975,492	33,691,165	-
Advances derecognised or repaid	(20,748,443)	(1,818,625)	(1,181,651)
Transfer to stage 1	3,941,417	(3,941,417)	-
Transfer to stage 2	(304,221)	2,915,212	(2,610,991)
Transfer to stage 3	(59,395)	(118,126)	177,521
	(6,195,150)	30,728,209	(3,615,121)
Transfer from investments -TFC	-	-	514,344
Amounts charged off / Written off	(6,685)	(510)	(14,950)
Closing balance	<u>24,480,963</u>	<u>46,260,970</u>	<u>30,094,973</u>

10.6.2 Particulars of credit loss allowance

Opening balance	29,130	-	26,880,754	26,909,884
Impact of adoption of IFRS 9	135,654	297,744	280,101	713,500
	164,784	297,744	27,160,855	27,623,384
New Advances	205,605	-	-	205,605
Changes in risk parameters (PDs/LGDs/EADs)	134,510	927,357	2,494,662	3,556,529
Advances derecognised or repaid	(85,582)	(211,485)	(5,026,581)	(5,323,648)
Transfer to stage 1	46,024	(46,024)	-	-
Transfer to stage 2	(13,651)	57,851	(44,200)	-
Transfer to stage 3	(2,078)	(63,704)	65,782	-
	284,827	663,996	(2,510,336)	(1,561,513)
Amounts charged off - Agriculture loans	-	-	-	-
	284,827	663,996	(2,510,336)	(1,561,513)
Transfer from investments -TFC	-	-	514,344	514,344
Amounts written off	(6,685)	(511)	(14,950)	(22,146)
Closing balance	<u>442,926</u>	<u>961,229</u>	<u>25,149,913</u>	<u>26,554,068</u>

10.6.3 Advances - Credit loss allowance details Internal / External rating / stage classification

Outstanding gross exposure

Performing - Stage 1	24,480,963	-	-	24,480,963
Under Performing - Stage 2	-	46,260,970	-	46,260,970
Non-performing - Stage 3				
OAEM	-	-	1,821	1,821
Substandard	-	-	10,053	10,053
Doubtful	-	-	37,233	37,233
Loss	-	-	30,045,866	30,045,866
	-	-	30,094,973	30,094,973
Total	<u>24,480,963</u>	<u>46,260,970</u>	<u>30,094,973</u>	<u>100,836,906</u>

	2024		
	Stage 1	Stage 2	Stage 3
	Rupees in '000'		
Corresponding ECL			
Stage 1 and stage 2			
(to be specified as shown above)			
Stage 3	442,926	961,229	-
	-	-	25,149,913
	442,926	961,229	25,149,913
			26,554,068

- 10.7 Advances include Rs. 30,078.81 million (2023: Rs. 33,100.01) million which have been placed under non-performing status are as detailed below:

	2024	
	Non Performing Loans	Non Performing Loans
	----- (Rupees in '000) -----	
Category of Classification of stage 3		
Domestic		
Other Assets Especially Mentioned	1,821	11
Substandard	10,053	2,301
Doubtful	37,231	6,794
Loss	30,045,868	25,140,807
Total	30,094,973	25,149,913

	2023	
	Non Performing Loans	Non Performing Loans
	----- (Rupees in '000) -----	
Category of Classification		
Domestic		
Other Assets Especially Mentioned	1,277	-
Substandard	9,849	573
Doubtful	119,493	2,288
Loss	32,975,321	26,877,893
Total	33,105,940	26,880,754

- 10.7.1 This represents non-performing portfolio of agricultural and small and medium enterprise financing classified as OAEM as per the requirements of the Prudential Regulations for Agricultural, Infrastructure Project Financing and Small and Medium Enterprise Financing issued by the State Bank of Pakistan.

- 10.7.2 The Holding Company has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances under the prudential regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Holding Company, specific provision against non-performing advances would have been higher by Rs. 5,126.65 (2023: Rs. 6,156.33) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.8 Particulars of credit loss allowance / provision against advances

	2024				2023		
	Stage I	Stage 2	Stage 3	Total	Specific	General	Total
	----- Rupees in '000' -----						
Opening balance	29,130	-	26,880,753	26,909,883	27,095,152	19,997	27,115,149
Exchange adjustments	-	-	-	-	-	-	-
Impact of adoption of IFRS 9	135,654	297,744	280,101	713,500	-	-	-
Charge for the period	284,827	735,024	666,343	1,686,194	2,885,789	9,133	2,894,922
Reversals	-	(71,028)	(3,145,403)	(3,216,431)	(1,712,978)	-	(1,712,978)
	284,827	663,996	(2,479,060)	(1,530,237)	1,172,811	9,133	1,181,944
Amounts charged off - Agriculture loans	-	-	(31,275)	(31,275)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	284,827	663,996	(2,510,335)	(1,561,512)	1,130,455	9,133	1,139,588
Transferred to other assets under DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Transfer from investments -TFC	-	-	514,344	514,344	-	-	-
Amounts written off	(6,685)	(511)	(14,951)	(22,147)	(122,069)	-	(122,069)
Closing balance	442,926	961,229	25,149,913	26,554,068	26,880,753	29,130	26,909,883

		2024	2023
		----- (Rupees in '000) -----	
II. PROPERTY AND EQUIPMENT	Note		
Capital work-in-progress	11.1	24,517	1,321
Property and equipment	11.2	1,332,993	1,349,801
		1,357,510	1,351,122
II.1 Capital work-in-progress			
Civil works		3,862	-
Equipment		-	-
Advances to suppliers		20,656	1,321
	11.1.1	24,518	1,321
II.1.1 Movement in Capital work-in-progress			
Opening balance		1,321	26,725
Transfer in		108,741	36,287
Transfer out		(85,544)	(61,691)
Write off		-	-
Closing balance		24,518	1,321

11.2 Property and Equipment

	2024			
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles
	(Rupees in '000)			
At January 1, 2024				
Cost / Revalued amount	1,424,294	580,440	2,057,574	502,234
Accumulated depreciation	(649,373)	(511,287)	(1,731,834)	(322,247)
Net book value	774,921	69,153	325,740	179,987
Year ended December 31, 2024				
Opening net book value	774,921	69,153	325,740	179,987
Additions	34,461	9,276	220,034	29,652
Disposals	(32)	(0)	(0)	(5,315)
Depreciation charge	(71,458)	(18,468)	(145,383)	(69,577)
Closing net book value	737,892	59,962	400,390	134,747
At December 31, 2024				
Cost / Revalued amount	1,458,676	587,497	2,271,358	418,906
Accumulated depreciation	(720,786)	(527,535)	(1,870,966)	(284,157)
Net book value	737,890	59,962	400,392	134,749
	(2)	0	2	2
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%
	2023			
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles
	(Rupees in '000)			
At January 1, 2023				
Cost / Revalued amount	1,393,502	571,829	1,825,281	513,316
Accumulated depreciation	(579,501)	(487,068)	(1,628,707)	(268,233)
Net book value	814,001	84,761	196,574	245,083
Year ended December 31, 2023				
Opening net book value	814,001	84,761	196,574	245,083
Additions	30,792	8,648	239,015	17,988
Disposals	-	-	-	(2,006)
Depreciation charge	(69,872)	(24,256)	(109,849)	(81,078)
Closing net book value	774,921	69,153	325,740	179,987
At December 31, 2023				
Cost / Revalued amount	1,424,294	580,440	2,057,574	502,234
Accumulated depreciation	(649,373)	(511,287)	(1,731,834)	(322,247)
Net book value	774,921	69,153	325,740	179,987
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%

11.3 The cost of fully depreciated fixed assets that are still in the Holding Company's use is as follows:

	Note	2024 (Rupees in '000)	2023
Leasehold improvements		403	325
Furniture and fixtures		423,711	382,511
Electrical, office and computer equipment		1,628,222	1,512,720
Vehicles		117,076	118,385
		<u>2,169,412</u>	<u>2,013,941</u>

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particular of The Purchaser
------(Rupees in '000)-----					
Computers & Office Equipment					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	<u>8,546</u>	<u>32</u>	<u>1,595</u>	Negotiation	Various
Motor Vehicles					
Toyota Fortuner	8,008	934	934	As Per HR Policy	Imran Samad
Toyota Corolla Altis	3,905	1,237	1,237	As Per HR Policy	Imran Samad
.....do.....	3,705	62	124	As Per HR Policy	Baqir Hussain
Honda Civic	3,767	753	753	As Per HR Policy	Abdul Rauf Chandio
.....do.....	3,746	-	-	As Per HR Policy	Rehan Anjum
Toyota Corolla XLI	2,505	-	-	As Per HR Policy	Shafqat Ali Raja
.....do.....	2,505	-	-	As Per HR Policy	Muhammad Salman Satti
.....do.....	2,505	-	-	As Per HR Policy	Farooq Khan
.....do.....	2,505	-	-	As Per HR Policy	Ghazala Ayaz
.....do.....	1,764	-	-	As Per HR Policy	Naeem Muhammad
.....do.....	2,505	-	-	As Per HR Policy	Shariq Hasnain Jaleesi
.....do.....	2,605	-	-	As Per HR Policy	Mohammad Saleem Shaffi
.....do.....	2,605	-	-	As Per HR Policy	Ahmed Noor
Suzuki Cultus	1,410	-	-	As Per HR Policy	Khalid Farooq
.....do.....	1,440	-	-	As Per HR Policy	Sahabzada Awais Omer
.....do.....	1,655	-	-	As Per HR Policy	Khurram Shakeel
.....do.....	1,745	634	634	As Per HR Policy	Tauqeer Cheema
.....do.....	1,745	-	-	As Per HR Policy	Faisal Haroon Badshah
.....do.....	1,483	-	-	As Per HR Policy	Syed Zeeshan Ul Haq
.....do.....	1,746	-	-	As Per HR Policy	Farrukh Hussain
.....do.....	1,745	-	-	As Per HR Policy	Muhammad Irfan Zafar
.....do.....	1,745	-	-	As Per HR Policy	Irfan Ali Shah
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Shakil Ahmed Shaikh
.....do.....	1,104	-	-	As Per HR Policy	Parvaiz Ahmed Shaikh
.....do.....	1,104	-	-	As Per HR Policy	Bashir Ahmed Ghumro
.....do.....	2,421	1,695	2,400	Insurance Claim	Sindh Insurance Ltd
.....do.....	1,540	-	-	As Per HR Policy	Kamran Abdullah Murad
.....do.....	1,104	-	-	As Per HR Policy	Imran Ahmed Mirani
.....do.....	1,104	-	-	As Per HR Policy	Aijaz Ali Bigti

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particular of The Purchaser
------(Rupees in '000)-----					
.....do.....	1,540	-	-	As Per HR Policy	Ghulam Hussain Bozdar
.....do.....	1,540	-	-	As Per HR Policy	Ashar Hussain
.....do.....	1,104	-	-	As Per HR Policy	Shahdad Shah
.....do.....	1,104	-	-	As Per HR Policy	Ashiq Hussain Soomro
.....do.....	1,540	-	-	As Per HR Policy	Syed Ali Imran Naqvi
.....do.....	1,540	-	-	As Per HR Policy	Faraz Wahab Khan
.....do.....	1,184	-	-	As Per HR Policy	Asim Tawab
.....do.....	1,540	-	-	As Per HR Policy	Shayan Mustafa
.....do.....	1,540	-	-	As Per HR Policy	Bershama Bilal
.....do.....	1,540	-	-	As Per HR Policy	Usman Waheed Malik
.....do.....	1,540	-	-	As Per HR Policy	Amir Nadeem
.....do.....	1,540	-	-	As Per HR Policy	Zafaar Ahmed
.....do.....	1,054	-	-	As Per HR Policy	Shakil Abbas
.....do.....	1,054	-	-	As Per HR Policy	Khalid Mahmood
.....do.....	1,540	-	-	As Per HR Policy	Muhammad Rizwan
.....do.....	1,540	-	-	As Per HR Policy	Asif Mehmood
.....do.....	1,104	-	-	As Per HR Policy	Faisal Qureshi
.....do.....	1,104	-	-	As Per HR Policy	Mureed Ali Shah
.....do.....	1,224	-	-	As Per HR Policy	Ghous Mohiuddin
.....do.....	1,104	-	-	As Per HR Policy	Nazir Ahmed Mirani
.....do.....	1,104	-	-	As Per HR Policy	Syeda Tanzeem Fatima Rizvi
.....do.....	1,539	-	-	As Per HR Policy	Azim John Bhatti
.....do.....	1,540	-	-	As Per HR Policy	Muhammad Naseem Siddiqui
.....do.....	1,540	-	-	As Per HR Policy	Hassan Raza
.....do.....	1,540	-	-	As Per HR Policy	Muhammad Usman Ghani
.....do.....	1,540	-	-	As Per HR Policy	Muhammad Noman Hashmi
.....do.....	1,540	-	-	As Per HR Policy	Kaleem Mustafa
.....do.....	1,540	-	-	As Per HR Policy	Noman Ahmed
.....do.....	1,540	-	-	As Per HR Policy	Muzaffar Siddiqui
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	5,756	-	5,206	Auction	Various
	112,980	5,315	11,288		
TOTAL	121,525	5,347	12,883		

12. RIGHT OF USE ASSETS

Year ended December 31

Opening net book value

Reassessment / renewals

Disposals

Depreciation charge

Closing net book value

At December 31

Cost

Accumulated depreciation

Net book value

Rate of depreciation (percentage)

2024	2023
----- Rupees in '000 -----	
2,704,359	2,746,552
1,596,377	703,712
-	-
(802,259)	(745,905)
3,498,477	2,704,359
5,922,543	4,500,075
(2,424,066)	(1,795,716)
3,498,477	2,704,359
10% to 100%	10% to 100%

13. INTANGIBLE ASSETS

Computer Software

At January 1

Cost

Accumulated amortisation

Net book value

Year ended December 31

Opening net book value

Additions:

- directly purchased

Disposals

Amortisation charge

Other adjustments

Closing net book value

At December 31

Cost

Accumulated amortisation

Net book value

Rate of amortisation (percentage)

Useful life

2024	2023
----- Rupees in '000 -----	
457,382	423,803
(342,918)	(299,781)
114,464	124,022
114,464	124,022
14,824	33,578
-	-
(44,354)	(43,136)
-	-
84,934	114,464
472,205	457,382
(387,271)	(342,918)
84,934	114,464
20%	20%
5 years	5 years

13.1 The cost of fully amortised software still in use amounted to Rs. 252.02 million (2023: Rs. 232.911 million).

14. DEFERRED TAX ASSETS-NET

	2024				
	As at December 31, 2023	Impact on adoption of IFRS-9	As at January 1, 2024	Recognised in profit & loss account	Recognised in other comprehensive income
------(Rupees in '000)-----					
Deductible Temporary Differences on					
Credit loss allowance against advances	11,109,304	357,395	11,466,699	1,168,468	-
Tax losses carried forward	3,477,252	-	3,477,252	(503,119)	(23,550)
Provision for diminution in the value of investments	119,174	11,537	130,711	(118,468)	-
Deficit on revaluation of investments	1,081,294	(1,070,101)	11,193	-	(875,738)
Impact of Adoption of IFRS 9	-	-	-	-	-
Others	1,395,514	-	1,395,514	644,743	(1,237)
Right of use assets	258,608	-	258,608	243,576	-
	17,441,146	(701,169)	16,739,977	1,435,200	(900,525)
Taxable Temporary Differences on					
Accelerated tax depreciation - tangible fixed assets	901	-	901	(14,821)	-
Others	-	-	-	-	-
Net investment in Lease Finance	(131,859)	-	(131,859)	-	-
Surplus on revaluation of non-banking assets	(88,200)	-	(88,200)	-	(5,400)
Accelerated tax amortization - intangible assets	(20,768)	-	(20,768)	(7,375)	-
	(239,926)	-	(239,926)	(22,196)	(5,400)
	17,201,220	(701,169)	16,500,051	1,413,004	(905,925)

	2023			
	As at December 31, 2022	As at December 31, 2022	Recognised in other comprehensive income	As at December 31, 2023
------(Rupees in '000)-----				
Deductible Temporary Differences on				
- Provision against advances - general	9,117,819	1,995,359	-	11,113,178
- Tax losses carried forward	3,782,989	(323,272)	17,536	3,477,253
- Provision for diminution in the value of investments	94,853	24,321	-	119,174
- Deficit on revaluation of investments	772,647	-	308,647	1,081,294
- Others	(12,302)	408,816	-	396,514
- Others (RoU)	1,071,012	211,495	218	1,282,725
	14,827,018	2,316,719	326,401	17,470,138
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(5,410)	5,046	-	(364)
- Others	(15,598)	(12,297)	-	(27,895)
- Net investment in Lease Finance	(131,859)	-	-	(131,859)
- Surplus on revaluation of non-banking assets	-	-	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(11,932)	(8,668)	-	(20,600)
	(164,799)	(15,919)	(88,200)	(268,918)
	14,662,219	2,300,800	238,201	17,201,220

- 14.1 The Group has an aggregate amount of deferred tax assets of Rs. 17,007.130 million (2023: Rs. 17,201.220 million). Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential reversal of provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

Note 2024 2023
 ----- Rupees in '000 -----

15. OTHER ASSETS

Income / mark-up accrued in local currency	15.1	10,787,406	5,814,866
Accrued commission income		157,731	19,730
Advances, deposits, advance rent and other prepayments		1,312,970	219,423
Receivable against sale of shares		47,925	8,586
Mark to market gain on forward foreign exchange contracts		136,527	225,309
Insurance premium receivable against agriculture loans		8,623	9,998
Stationery and stamps on hand		22,915	10,332
Dividends receivable		1,688	-
Receivable against 1 Link ATM settlement account		84,330	616,552
Advance Taxation - net		-	-
Acceptances		48,741	-
Insurance claims receivable		12,835	7,445
Non-Banking Assets Acquired in Satisfaction of Claims	15.2	1,770,000	1,770,000
Other receivables		97,554	141,934
		14,489,245	8,844,175
Less: Provision held against other assets	15.3	(872,219)	(1,222,785)
Other assets (net of provision)		13,617,026	7,621,390
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		180,000	180,000
		<u>13,797,026</u>	<u>7,801,390</u>

15.1 Income / mark-up accrued in local currency

On loans and advances	15.4	5,719,700	2,747,073
On investments		5,045,183	3,066,760
On lendings to financial institutions		22,371	-
Others		152	1,033
		<u>10,787,406</u>	<u>5,814,866</u>

15.2 Market value of non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer. The revaluation was conducted by M/s. Iqbal A. Nanjee & Co. Pvt. Ltd. based on their professional assessment of present market values, has reported no significant change in the market value of these assets.

	<u>2024</u>	<u>2023</u>
	----- Rupees in '000 -----	
15.2.1 Non-banking assets acquired in satisfaction of claims		
Opening Balance	1,950,000	-
Additions	-	1,770,000
Revaluation	-	180,000
Disposals	-	-
Depreciation	-	-
Impairment	-	-
	<u>1,950,000</u>	<u>1,950,000</u>

	Note	2024 ----- Rupees in '000 -----	2023
15.3 Movement in credit loss allowance / provision held against other assets			
Opening balance		(1,222,785)	-
Impact of adoption of IFRS-09		(663)	-
Charge for the period / year		(6,942)	(1,222,785)
Reversals		358,171	-
Amount written off		-	-
Closing balance		<u>(872,219)</u>	<u>(1,222,785)</u>
15.4 Credit loss methodology is based on Exposure at default (EAD) which captures both principal and mark-up when calculating expected credit loss, hence the cumulative impact is recorded under advances note 10.6.			
16. BILLS PAYABLE			
In Pakistan		1,446,526	898,762
Outside Pakistan		-	-
		<u>1,446,526</u>	<u>898,762</u>
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	1,457,900	1,662,500
- Under long term finance facility		-	29,940
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan (SBP)		-	16,000,000
- Other commercial banks / DFTs		-	19,854,000
		-	35,854,000
Unsecured			
- State Bank of Pakistan (SBP)	17.3	495,000	571,000
- Other microfinance bank	17.4	18,750	150,000
		513,750	721,000
		<u>1,971,650</u>	<u>38,267,440</u>
17.1 Particulars of borrowings with respect to Currencies			
In local currency		1,971,650	37,546,440
In foreign currencies		-	-
		<u>1,971,650</u>	<u>37,546,440</u>
17.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 15.5% to 16.5% (2023: 17% to 18%) per annum having maturity upto six months.			
17.3 The Holding Company obtained borrowing from the State Bank of Pakistan under its line of credit fund Scheme. During the year ended December 2024 bank obtained further borrowing from State Bank of Pakistan under its line of credit fund Scheme. Total Rupees 234 million was sanctioned and was received by the Holding Company in a various tranches at a markup rate of six months KIBOR - 1% (2023:six months KIBOR - 1%). Repayment amount during the year ended was Rupees 310 million..			
17.4 The Subsidiary Company obtained borrowing from Pakistan Microfinance Investment Corporation Ltd. (PMIC). A total amount of Rs. 150 million was sanctioned and received by the Group in two tranches amounting to Rs. 75 million each at a markup rate of six months KIBOR +2.5% (2023: six months KIBOR +2.5%).			

18. DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	75,951,930	1,089,573	77,041,503	57,010,572	918,827	57,929,399
Savings deposits	174,761,565	1,248,851	176,010,416	126,203,023	1,231,979	127,435,002
Term deposits	56,540,153	316,021	56,856,174	35,284,997	282,821	35,567,818
Margin and other deposits	1,567,533	-	1,567,533	2,302,355	-	2,302,355
	308,821,181	2,654,445	311,475,626	220,800,947	2,433,627	223,234,574
Financial Institutions						
Current deposits	721,673	30	721,703	48,424	30	48,454
Savings deposits	1,291,194	-	1,291,194	1,038,824	-	1,038,824
Term deposits	1,000,000	-	1,000,000	400,000	-	400,000
Margin and other deposits	62	-	62	120,062	-	120,062
	3,012,929	30	3,012,959	1,607,310	30	1,607,340
	311,834,110	2,654,475	314,488,585	222,408,257	2,433,657	224,841,914

	2024	2023
	----- Rupees in '000 -----	
18.1 Composition of deposits		
- Individuals	60,188,259	40,549,975
- Government (Federal and Provincial)	201,359,992	143,213,431
- Public Sector Entities	931,916	760,909
- Banking Companies	527,428	537,134
- Non-Banking Financial Institutions	3,012,959	1,301,521
- Private Sector	48,468,031	38,478,944
	314,488,585	224,841,914

18.2 The SBP has set up a fully owned subsidiary – Deposit Protection Corporation (DPC), with an aim to provide protection to small depositors of banks operating in Pakistan. The Corporation has been set up through promulgation of the Deposit Protection Corporation Act, 2016, (the Act) and commenced its business with effect from 01 June 2018. Membership of the Deposit Protection Corporation is compulsory for all banks scheduled under sub-section (2) of section 37 of the State Bank of Pakistan Act, 1956. Under the arrangement, the objective of DPC would be to protect the depositors to the extent of the guaranteed amount, in case a member bank is notified as a failed institution by SBP.

The framework provided by DPC lays down the methodology for arriving at Eligible Deposits, as well as determining the premium amount payable under the regulations. The premium amount so determined are required to be deposited by all banks with DPC on a quarterly basis.

As at December 31, 2024, the deposits eligible to be covered under insurance arrangements amounted to Rs. 68,301.40 million (2023: Rs. 52,145.15 million) and premium paid amounted to Rs. 83.43 million (2023 : Rs. 63.04 million).

	Note	2024	2023
		----- Rupees in '000 -----	
19. Lease liabilities			
Opening balance		3,231,133	2,896,585
Reassessment / renewals		1,596,378	871,350
Interest expense		718,698	641,619
Lease payments including interest		(1,267,060)	(1,178,421)
Other adjustments / transfers		162,406	-
Closing balance		<u>4,441,555</u>	<u>3,231,133</u>
19.1 Contactual maturity of lease liabilities			
Short-term lease liabilities - within one year		595,664	503,666
Long-term lease liabilities			
- 1 to 5 years		1,841,905	1,862,012
- 5 to 10 years		1,994,988	865,455
- More than 10 years		8,998	-
		<u>3,845,891</u>	<u>2,727,467</u>
Total lease liabilities		<u>4,441,555</u>	<u>3,231,133</u>
19.2 For the purpose of discounting, PKRV rates are being used.			
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		9,105,076	9,315,772
Mark-up / return / interest payable in foreign currency		4,158	4,125
Accrued expenses		311,235	353,654
Net defined benefit liability		186,857	156,413
Payable to defined contribution plan		1,107	297
Provision for compensated absences		392,930	309,951
Payable against purchase of operating fixed assets		-	22,834
Payable against purchase of shares		18,765	-
Retention money		60,329	63,987
Federal excise duty / sales tax on services payable		9,002	6,227
Withholding tax payable		159,893	154,037
Acceptances		48,741	-
Provision for taxation		579,198	106,446
Security deposit against leases	20.3	89,925	179,971
Others		<u>308,559</u>	<u>330,463</u>
		<u>11,275,775</u>	<u>11,004,177</u>
Credit loss allowance against off-balance sheet obligations	20.1	<u>3,898</u>	<u>-</u>
		<u>11,279,673</u>	<u>11,004,177</u>
20.1 Opening balance		-	-
Impact of adoption of IFRS-09		3,103	-
Charge / reversals			
Charge for the year		795	-
Reversals for the year		-	-
		<u>795</u>	<u>-</u>
Closing Balance		<u>3,898</u>	<u>-</u>

20.2 Credit loss allowance against off balance sheet obligations include ECL in respect of letter of credit, letter of guarantees, shipping guarantees, acceptances and commitments against forward lendings etc.

20.3 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited which was amalgamated into the Holding Company, and are adjustable against residual value of leased assets at the expiry of the respective lease terms. These security deposits have not been discounted to their present values as the financial impact thereof is not considered to be material.

21	SHARE CAPITAL - NET	Note	2024	2023
			----- Rupees in '000 -----	
21.1	Authorised capital		2024	2023
	Number of shares		(Rupees in '000)	
	<u>3,500,000,000</u>	<u>3,500,000,000</u>	Ordinary shares of Rs.10 each	<u>35,000,000</u> <u>35,000,000</u>

21.2 Issued, subscribed and paid-up share capital

3,071,013,000	2,571,013,000	Fully paid in cash: Ordinary shares of Rs.10 each	30,710,130	25,710,130
-	500,000,000	Right shares of Rs.10 each issued during the year	-	5,000,000
<u>381,429,817</u>	<u>381,429,817</u>	Ordinary shares of Rs. 10 issued as consideration of amalgamation	<u>3,814,298</u>	<u>3,814,298</u>
<u>3,452,442,817</u>	<u>3,452,442,817</u>		<u>34,524,428</u>	<u>34,524,428</u>

21.3 The Government of Sindh, through its Finance Department, owns 99.97% ordinary shares of the Bank.

22. DEFICIT ON REVALUATION OF ASSETS - NET

Surplus / (deficit) on revaluation of				
- Securities measured at FVOCI - Debt	9.1	522,462	(2,461,306)	
- Securities measured at FVOCI - Equity	9.1	1,140,126	254,585	
- Non-banking assets acquired in satisfaction of claims	22.1	180,000	180,000	
		1,842,588	(2,026,721)	

Deferred tax on surplus / (deficit) on revaluation of:

- Securities measured at FVOCI - Debt		(271,680)	1,206,040	
- Securities measured at FVOCI - Equity		(592,866)	(124,747)	
- Non-banking assets acquired in satisfaction of claims	14	(93,600)	(88,200)	
		(958,146)	993,093	
		<u>884,442</u>	<u>(1,033,628)</u>	

22.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01	180,000	-
Recognised during the year	-	180,000
Surplus on revaluation as at December 31	180,000	180,000

Less: related deferred tax liability on:

- revaluation as at January 01	(88,200)	-
- revaluation recognised during the year	(5,400)	(88,200)
	(93,600)	(88,200)
	<u>86,400</u>	<u>91,800</u>

	Note	2024	2023
		----- Rupees in '000 -----	
23 CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	7,476,280	7,385,376
-Commitments	23.2	137,865,487	140,645,785
-Other contingent liabilities		-	-
		<u>145,341,767</u>	<u>148,031,161</u>
23.1 Guarantees:			
Financial guarantees		1,157,718	846,955
Performance guarantees		3,962,839	5,029,483
Other guarantees		<u>2,355,723</u>	<u>1,508,938</u>
		<u>7,476,280</u>	<u>7,385,376</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		2,964,551	6,955,172
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	107,432,384	79,256,691
- forward lending, borrowings and credits	23.2.2	27,313,192	54,433,922
Commitments for acquisition of:			
- fixed assets		155,360	52,639
		<u>137,865,487</u>	<u>140,698,424</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		52,858,154	39,761,279
Sale		<u>54,574,230</u>	<u>39,495,412</u>
		<u>107,432,384</u>	<u>79,256,691</u>
23.2.2 Commitments in respect of forward lending, borrowings and credits			
Forward repurchase agreement borrowing		-	37,936,671
Forward resale agreement lending		14,337,675	-
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	<u>12,975,517</u>	<u>16,497,251</u>
		<u>27,313,192</u>	<u>54,433,922</u>
23.2.2.1 Commitments to extend credit			
The Group enters into commitments to extend credit in the normal course of its business but these are revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
23.3 Contingencies			
23.3.1	The Income Tax returns of the Holding Company have been filed up to the tax year 2024 (accounting year ended December 31, 2023 and amendment of deemed assessment were carried out till tax year 2020, whereby certain disallowances to the taxable income were made.		

Matters of disagreement exist between the Holding Company and tax authorities for various tax years and are pending with Commissioner Inland Revenue (Appeals) (CIRA) and Income Tax Appellate Tribunal (ITAT), details of which are as follows:

For tax year 2019, return of income was e-filed on October 31, 2019, declaring loss of Rupees 711.568 million and minimum tax liability of Rupees 159.984 million under section 113 of the Ordinance. The Additional Commissioner Inland Revenue (ADCIR) passed an order confirming disallowance of actuarial loss on re-measurement of defined benefits obligation amounting to Rupees 19.001 million under section 34(3) of the Ordinance. The Holding Company has filed appeal before CIRA who has upheld the order of ADCIR and the matter is now sub-judice before ATIR in second appeal.

With respect to Holding Company's operations in Azad Jammu & Kashmir (AJK), the Holding Company has filed income tax returns upto tax year 2024 (accounting year ended December 31, 2023) with the tax authorities of AJK. The Commissioner has issued amended assessment orders upto tax year 2019 and aggregated tax demand of Rupees 26 million was created. The Holding Company has filed appeals before CIRA-AJK, these appeals were heard in December 2024 and reserved for order by CIRA.

Government of Sindh through the Sindh WWF Act, 2014, has introduced levy of SWWF. As per Sindh WWF Act, 2014, banks / Financial institutions are included in definition of "Industrial Establishment" Sindh WWF is imposed at the rate of 2% to the total income. Since the Holding Company is trans provincial entity and the operations of the Holding Company in also in other Provinces and in Azad Jammu & Kashmir as well, the Holding Company along with other banks have filed a suit before Honorable Sindh High Court and challenged the vires of SWWF.

In this respect, the Court in his order dated January 21, 2025, has referred the matter to the Decision of the Council of Common Interest on agenda item 14 dated December 23, 2019 wherein it was decided that the trans provincial Entities are under the domain of Federal Legislation. In the light of the above judgement, the levy of SWWF is no more payable to SRB unless the Honorable Supreme Court/Parliament reverses the decision or provides interim relief to SRB.

23.3.2 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Ex-Sindh Leasing Company Limited have been filed up to the tax year 2021 (accounting year ended December 31, 2020, interim period). ACIR initiated proceedings under section 122(5A) of the Ordinance which were finalized through order, increasing taxable income to Rupees 40,242,222 and raising additional tax demand of Rupees 2,974,421. The tax demand was duly paid under protest.

Appeal was filed before the Commissioner Inland Revenue Appeals (CIRA) on March 22, 2022 which was decided in Holding Company's favor and thereby deleting the whole of the impugned tax demand, accordingly, the refund application also filed.

Withholding tax monitoring proceedings of tax year 2015, 2018 and 2019 were initiated under section 176 of the income tax ordinance, 2001 read with rule 44 of income tax rules, 2002 by tax authorities, however, order not yet passed.

2024	2023
----- Rupees in '000 -----	

23.3.3 Other Contingent Liabilities

Claims against the Holding Company not acknowledged as debts	792,500	792,500
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These mainly represent counter claims filed by the ex-employees of the Holding Company for damages purported to be sustained by them consequent to the termination from the Holding Company's employment. Based on legal advice, the management is confident that the matters will be decided in Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these consolidated financial statements.

	Note	2024 (Rupees in '000)	2023 (Rupees in '000)
24. MARK-UP/RETURN/INTEREST EARNED			
On loans and advances		13,898,979	8,265,792
On investments		36,825,980	41,537,920
On lendings to financial institutions		768,490	1,121,885
On balances with banks		275,256	322,750
		<u>51,768,705</u>	<u>51,248,347</u>
25. MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		34,791,599	31,065,634
Borrowings		6,768,403	10,960,439
Finance charge on lease liability against right of use assets		718,698	608,880
		<u>42,278,700</u>	<u>42,634,953</u>
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		111,594	73,889
Consumer finance related fees		2,964	3,521
Card related fees (debit cards)		318,426	271,392
Commission on trade		150,658	153,953
Commission on guarantees		66,077	57,045
Credit related fees		14,798	11,262
Commission on remittances including home remittances		16,188	27,961
Others		2,691	3,478
		<u>683,396</u>	<u>602,501</u>
27. GAIN ON SECURITIES			
Realised	27.1	145,246	337,703
Unrealised - Measured at FVPL	27.2	70,388	-
		<u>215,634</u>	<u>337,703</u>
27.1 Realised gain on:			
Federal Government Securities		410	9,799
Shares of listed companies		145,091	314,106
Mutual Funds		-	13,798
		<u>145,501</u>	<u>337,703</u>
27.2 Net gain on financial assets measured at FVPL:		<u>2023</u>	<u>2022</u>
		(Rupees in '000)	
Designated upon initial recognition		-	-
Mandatorily measured at FVPL		70,388	-
		<u>70,388</u>	<u>-</u>
28. OTHER INCOME			
Incidental charges		-	2,246
Gain on sale of operating fixed assets		7,536	5,115
Rent on premises shared		1,363	1,284
Prequalification application fee for tender		100	72
Godwon charges		230	160
Others		491	-
		<u>9,720</u>	<u>8,877</u>

29. OPERATING EXPENSES	Note	2024 (Rupees in '000)	2023
Total compensation expense	29.2	5,473,004	4,554,276
Property expense			
Rent & taxes		70,461	80,566
Insurance		60,740	56,062
Utilities cost		586,095	525,367
Security		639,304	467,344
Repairs & maintenance		31,966	20,509
Depreciation		71,255	69,667
Depreciation - right of use assets		802,259	745,905
		2,262,080	1,965,420
Information technology expenses			
Software maintenance		202,343	151,157
Hardware maintenance		150,487	125,604
Depreciation		70,543	41,547
Amortisation		44,354	43,136
Network charges		20,834	21,904
Others		72,247	73,900
		560,808	457,248
Other operating expenses			
Directors' fees and allowances		27,635	27,389
Fees and allowances to Shariah Board		4,006	4,697
Legal & professional charges		30,073	68,981
Travelling & conveyance		72,538	68,666
NIFT clearing charges		38,256	34,932
Training & development		9,650	5,700
Postage & courier charges		21,519	31,603
Communication		297,120	194,137
Stationery & printing		194,424	170,596
Marketing, advertisement & publicity		83,805	73,257
Auditor's Remuneration	29.3	14,698	13,455
Repairs & maintenance		155,586	173,936
Brokerage and commission		8,334	6,036
Entertainment Expenses		77,648	75,302
Fees and subscription		111,903	105,608
Insurance expenses		12,885	16,200
Premium of deposit protection fund		88,779	63,045
Depreciation		163,088	173,838
Outsourced service costs	29.1	197,506	143,553
Others		64,535	50,095
		1,673,988	1,501,026
		9,969,880	8,477,970

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is 198.099 million (2023: Rs. 143.553 million). These expenses represent payments made to companies incorporated in Pakistan.

		2024	2023
	Note	(Rupees in '000)	
29.2	Total compensation expense		
Managerial Remuneration			
- Fixed		3,213,254	2,877,321
- Variable Cash Bonus / Awards		61,338	16,045
Charge for defined benefit plan		152,936	119,875
Contribution to defined contribution plan		154,796	138,290
Rent & house maintenance		817,866	673,148
Utilities		170,858	138,763
Medical		171,040	138,847
Conveyance		206,993	120,507
Dearness Allowance		48,103	48,115
Employee old age benefits contribution		46,718	32,229
Leave Fare Assistance Allowances		100,210	76,976
Leave Encashment		103,870	80,671
Staff Insurances		104,926	84,153
Others		120,096	9,336
		<u>5,473,004</u>	<u>4,554,276</u>
29.3	Auditors' remuneration		
Audit fee		12,265	11,268
Fee for other statutory certifications		1,092	955
Special certifications and sundry advisory services		668	610
Out-of-pocket expenses		673	622
		<u>14,698</u>	<u>13,455</u>
30.	OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan		5,191	59,164
Others		-	-
		<u>5,191</u>	<u>59,164</u>
31.	CREDIT LOSS ALLOWANCE & WRITE OFFS - NET		
Credit loss allowance for diminution in value of investments	9.4.1	13,598	9,101
Reversal of credit loss allowance / provision against loans and advances	10.8	(3,247,706)	(1,755,334)
Credit loss allowance / provision against loans and advances	10.8	1,686,194	2,894,922
Credit loss allowance against lendings to financial institutions	8.3	566	-
Insurance claim		(8,802)	-
Credit loss allowance against other assets	15.3	6,942	-
Reversal of credit loss allowance against other assets	15.3	(358,171)	-
Credit loss allowance against off-balance sheet obligations	20.1	795	-
Credit loss allowance against balance with other banks	7.3	(8,914)	-
Bad debts directly charged to profit and loss account		216	4,879
		<u>(1,915,282)</u>	<u>1,153,568</u>
32.	TAXATION		
Current		1,080,525	830,038
Prior years		153,171	2,126
Deferred		(1,413,004)	(2,300,800)
		<u>(179,308)</u>	<u>(1,468,636)</u>

The Federal Government levied windfall tax vide S.R.O.1588 (I)/2023 dated November 20, 2023, on foreign exchange income of the Banks for the tax year 2022 and 2023. The Holding Company along with other banks have filed petition before the Honorable Sindh High Court (the Court) who had granted stay order against recovery. However, subsequent to the year-end on February 20, 2025 the constitutional bench of the Court dismissed the petition on legal grounds, accordingly, the Holding Company has paid the additional tax of Rupees 168.796 million on protest basis to FBR, which is included in prior years' adjustment.

		2024	2023
		----- Rupees in '000 -----	
32.1 Relationship between tax expense and accounting profit			
Profit before tax		2,744,514	787,616
Tax on income at 44% (2023: 39%)		1,029,580	243,076
Effect of super tax at 10% (2023: 10%)		324,959	78,762
Effect of permanent differences		215,325	335,442
Effect of change in rate		(1,908,628)	(2,296,522)
Prior year tax		153,171	2,126
Others		6,285	168,480
		(179,308)	(1,468,636)
33. BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year (Rupees in '000)		2,923,822	2,256,252
Weighted average number of ordinary shares		3,452,442,817	3,018,196,242
Basic and diluted earnings per share (Rupee)		0.85	0.75
34. CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	6	22,724,099	53,488,206
Balance with other banks	7	4,470,597	1,484,233
		27,194,696	54,972,439
34.1 Reconciliation of movement of liabilities to cash flows arising from financing activities			
		2024	
		----- Rupees in '000 -----	
		Lease liabilities	Share deposit money
Balance as at 01 January 2024		3,231,133	-
Changes from financing cash flows			
Payment against lease liabilities		(1,267,060)	-
Receipt against share deposit money		-	-
Total changes from financing cash flows		(1,267,060)	-
Other changes			
Reassessment / renewals and other adjustments		1,758,784	-
Interest expense on lease liabilities		718,698	-
Shares issued against share deposit money		-	-
		2,477,482	-
Balance as at 31 December 2024		4,441,555	-

	2023	
	----- Rupees in '000 -----	
	Lease liabilities	Share deposit money
Balance as at 01 January 2023	2,896,585	-
Changes from financing cash flows		
Payment against lease liabilities	(1,178,421)	-
Receipt against share deposit money	-	5,000,000
Total changes from financing cash flows	(1,178,421)	5,000,000
Other changes		
Reassessment / renewals and other adjustments	871,350	-
Interest expense on lease liabilities	641,619	-
Shares issued against share deposit money	-	(5,000,000)
	1,512,969	(5,000,000)
Balance as at 31 December 2023	3,231,133	-

	2024	2023
	----- Rupees in '000 -----	
35. STAFF STRENGTH		
Permanent	2,205	2,104
Temporary / on contractual basis	570	408
Total staff strength	2,775	2,512

35.1 In addition to the above 550 (2023: 525) staff from outsourcing services companies were assigned to the Holding Company.

36. DEFINED BENEFIT AND CONTRIBUTION PLANS

36.1 Defined benefit plan

The Group operates a recognised gratuity plan for all its permanent and full time employees in the management cadre who have completed the minimum qualifying period of three years. Contributions are made to the fund in accordance with the recommendations of an actuary. Employees are entitled to the benefits under the plan which comprise of the last drawn basic salary for each completed year of service, subject to completion of minimum three years services with the Bank. The number of employees covered under the schemes are 2,385 (2023: 2,268).

36.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2024 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

- Discount rate	12.25% - 12.50%	14.50% - 15.5%
- Expected rate of increase in salaries-short term	12.00% - 12.25%	12.5% - 14.50%
- Expected rate of increase in salaries-long term	12.00%	14.50%
- Expected return on plan assets	12.25%	15.50%
- Duration (Years)	7.68	7.36

		2024	2023
36.1.2 Reconciliation of net defined benefit liability	Note	----- Rupees in '000 -----	
Present value of defined benefit obligation	36.1.5	1,260,492	991,460
Fair value of plan assets	36.1.6	(1,075,966)	(831,873)
Payable of microfinance		2,331	-
Payable to defined benefit plan	36.1.3	<u>186,857</u>	<u>159,587</u>

36.1.3 Movement in net defined benefit liability

Opening balance		159,670	107,191
Charge to profit and loss during the year	36.1.4	152,936	123,050
Remeasurement loss recognized in OCI	36.1.4	33,921	36,621
Group's contribution		<u>(159,671)</u>	<u>(107,192)</u>
Closing balance		<u>186,856</u>	<u>159,670</u>

36.1.4 Charge for defined benefit plan

In profit and loss			
Current service cost		141,687	113,291
Interest cost - net		11,249	9,759
Past service cost		-	-
Charge for the year		<u>152,936</u>	<u>123,050</u>
In other comprehensive income			
Remeasurement (gain) / loss on defined benefit obligation		79,231	83,821
Remeasurement loss / (gain) on plan assets		<u>(45,310)</u>	<u>(47,200)</u>
		<u>33,921</u>	<u>36,621</u>

		2024	2023
		----- Rupees in '000 -----	
36.1.5 Changes in present value of defined benefit obligations	Note		
Opening balance		991,460	765,077
Current service cost		141,687	113,291
Interest cost		144,669	102,271
Benefits paid		(96,555)	(73,000)
Actuarial loss / (gain) on obligation - Experience assumptions		79,231	83,821
Closing balance		<u>1,260,492</u>	<u>991,460</u>

36.1.6 Fair value of plan assets

Fair value of plan assets at the beginning of the year		831,873	657,885
Expected return on plan assets		142,402	92,596
Group's contributions		152,936	107,192
Benefits paid		(96,555)	(73,000)
Actuarial gain / (loss) on assets - experience assumptions		45,310	47,200
Fair value of plan assets at the end of the year	36.1.7	<u>1,075,966</u>	<u>831,873</u>

36.1.7 Plan assets comprise

Balance held in bank accounts		<u>1,075,966</u>	<u>831,873</u>
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36.1.8 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Discount rate (1% variation)	1,171,412	911,594
Future salary growth (1% variation)	1,366,992	1,058,851
Future mortality (1 year variation)	1,259,062	956,832

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.

36.1.9 The expected gratuity expense for the year commencing January 01, 2025 works out to Rs. 164.842 million (2024: Rs. 138.222 million).

36.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 7.36 years. Expected benefit payments for the next five years are:

	2025	2026	2027	2028	2029
	----- (Rupees in '000) -----				
Expected benefit payments	121,604	110,538	144,912	127,359	144,770

36.1.1.1 Risks Associated with Defined Benefit Plans

Investment Risks

The risk arises when the actual performance of the investment is lower than expectation. This is managed by formulating the investment plan in consultation with the trustee and the actuary.

Longevity Risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final Salary, the benefit amount increases similarly. The risk is managed by actuarial valuations and accounting for benefits based on that.

Withdrawal Risk

The risk of actual withdrawals varying with the actuarial assumptions can pose a risk to the benefit obligation. The movement of the liability can go either way.

36.2 Defined contribution plan

The Group operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10% of basic salary of the employees. The minimum qualifying period of service for the purpose of the Bank's contribution is one year. The contribution made by the Group and its employees during the year amounted to Rs. 276.89 (2023: Rs.286.86) million. The number of employees as at December 31, 2024 eligible under the plan were 2,015 (2023: 2,060).

37. COMPENSATED ABSENCES

The Holding Company grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is accumulated upto a maximum of 60 days which would be encashed at the time of retirement from the regular service of the Group or severance of service except in case of dismissal. This is encashable on the basis of last drawn gross salary. The Group recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision of Rs. 392.93 (2023: Rs.309.95 million) million has been made on the basis of actuarial recommendations.

37.1 Movement of compensated absences

	2024	2023
	----- Rupees in '000 -----	
Opening balance	309,951	250,603
(Reversal) / Expense for the year	103,870	80,671
Benefit paid during the year	(20,891)	(21,323)
Closing balance	<u>392,930</u>	<u>309,951</u>

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

	2024						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in ' 000')						
Fees and Allowances	7,175	-	20,460	2,995	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	31,804	185,849	97,936
- Variable Cash Bonus / Awards	-	-	-	-	11,393	9,868	700
Charge for defined benefit plan	-	-	-	-	2,594	26,334	19,371
Contribution to defined contribution plan	-	-	-	-	2,519	15,979	8,970
Rent & house maintenance	-	-	-	-	6,755	67,211	44,071
Utilities	-	-	-	-	1,501	14,936	9,794
Medical	-	-	-	-	1,501	14,936	9,794
Conveyance	-	-	-	1,011	1,960	34,343	39,570
Bonus	-	-	-	-	2,182	23,871	15,647
Others	375	-	-	-	6,265	35,259	11,805
Total	7,550	-	20,460	4,006	68,474	428,587	257,659
Number of Persons	2	-	11	3	3	56	39

	2023						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in ' 000')						
Fees and Allowances	4,673	-	22,497	3,386	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	22,128	155,265	112,873
- Variable Cash Bonus / Awards	-	-	-	-	-	1,240	-
Charge for defined benefit plan	-	-	-	-	1,463	12,869	9,437
Contribution to defined contribution plan	-	-	-	-	2,213	14,744	11,287
Rent & house maintenance	-	-	-	-	9,957	69,869	50,793
Utilities	-	-	-	-	2,213	15,526	11,287
Medical	-	-	-	-	2,213	15,526	11,287
Conveyance	-	-	-	1,311	2,294	37,761	55,591
Bonus	-	-	-	-	3,921	23,280	16,554
Others	400	-	-	-	6,109	18,485	13,091
Total	5,073	-	22,497	4,697	52,511	364,565	292,200
Number of Persons	1	-	11	2	2	37	43

38.1.1 The President and Chief Executive Officer and certain executives of the Holding Company are provided with free use of Holding Company's maintained cars.

38.1.2 The term "Key Management Personnel" means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.

- (b) Any executive or key executive reporting directly to the CEO / President or the person mentioned in (a) above.

The term 'Material Risk Taker' and 'Material Risk Controller' have the same meaning as defined in revised guidelines on remuneration practice issued by the State Bank of Pakistan vide BPRD Circular No. 1 of 2017.

- 38.1.3 The terms Directors/ Executive Directors/ Non-Executive Directors, CEO and Key Executives have same meaning as defined in Prudential Regulations (PRs) for Corporate and Commercial Banking. For the purpose of these disclosures Key Executive will also include Executives who have direct reporting line to the President/CEO or BoD or its Committees.

38.2 Meeting Fees paid to Directors for participation in Board and Committee Meetings

		2024						
		For Board Committee						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee
		(Rupees in ' 000')						
1	Mr. Mohammad Aftab Alam	2,125	600	-	700	450	1,350	200
2	Mr. Anis A Khan	750	-	-	200	200	400	200
3	Mr. Javaid B. Sheikh	2,125	1,100	850	-	-	-	-
4	Ms. Shaista Bano Gilani	2,125	1,100	-	-	650	-	-
5	Mr. Fayyaz ahmed Jatoi	875	-	-	-	450	200	-
6	Mr. Kazim Hussain Jatoi	750	-	200	-	200	400	200
7	Mr. Imtiaz Ahmad Butt	2,125	-	850	700	-	-	-
8	Mr. Imran Samad	1,125	-	250	500	-	950	-
9	Mr. Farhan Ashraf Khan	1,125	500	-	-	-	750	-
10	Mr. Abdul Quddus Khan	70	-	-	-	-	-	-
11	Mr. Ghulam Mustafa Suhag	120	-	-	-	-	-	-
12	Mr. Sikandar Abbasi	120	-	-	-	-	-	-
13	Ms. Mahin Khan	50	-	-	-	-	-	-
Total Amount Paid		13,485	3,300	2,150	2,100	1,950	4,050	600

		2023						
		For Board Committee						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	IT Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee
		(Rupees in ' 000')						
1	Mr. Anis A Khan	2,000	-	-	600	800	1,000	200
2	Mr. Javaid B. Sheikh	2,000	1,400	800	-	-	-	-
3	Ms. Shaista Bano Gilani	2,000	1,000	400	-	600	-	-
4	Mr. Mohammad Aftab Alam	2,000	1,400	-	600	-	1,000	200
5	Mr. Kazim Hussain Jatoi	500	-	200	-	400	200	-
6	Mr. Imtiaz Ahmad Butt	500	-	200	200	-	-	-
7	Mr. Asif Jahangir	1,250	600	400	-	-	-	-
8	Mr. Sajid Jamal Abro	1,500	-	400	-	400	600	200
9	Mr. Adnan Ali Khan	1,000	-	-	200	200	-	-
10	Mr. Abdul Quddus Khan	60	-	-	-	-	-	-
11	Mr. Ghulam Mustafa Suhag	60	-	-	-	-	-	-
12	Mr. Sikandar Abbasi	100	-	-	-	-	-	-
Total Amount Paid		12,970	4,400	2,400	1,600	2,400	2,800	600

38.3 Remuneration paid to Shariah Board Members

Items	2024			2023		
	Chairman	Resident Member	Non Resident Member	Chairman	Resident Member	Non Resident Member
(Rupees in ' 000')						
Managerial Remuneration (Fixed)	1,985	1,010	-	1,717	1,669	-
Fuel Allowances	904	107	-	655	655	-
Total Amount	2,889	1,117	-	2,372	2,324	-
Total Number of Persons	2	2		1	1	

39. FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices.

Unquoted equity investments are carried at the lower of cost or break-up value of the investee company. The fair value of the same is not required to be calculated.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments and therefore, are not reported as part of this disclosure.

In the opinion of management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values, since they are either short-term in nature or, in the case of customer advances, deposits, and certain long-term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the following fair value hierarchy, based on the lowest level input that is significant to the fair value measurement.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Fair value measurements using inputs that are not based on observable market data.

39.1 Fair value of financial and non-financial assets

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Group essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP.

On balance sheet financial instruments

	2024			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets measured at fair value				
Investments				
Pakistan Investment Bonds	-	161,125,136	-	161,125,136
Market Treasury Bills	-	6,912,523	-	6,912,523
Shares of listed companies	1,798,227	-	-	1,798,227
Units of mutual funds	237,590	-	-	237,590
Ijarah Sukuk - GoP	-	4,082,290	-	4,082,290
Sukuk bonds	-	-	-	-
	<u>2,035,817</u>	<u>172,119,949</u>	<u>-</u>	<u>174,155,766</u>

Financial assets disclosed but not measured at fair value

Investments				
Market Treasury Bills	-	1,579,177	-	1,579,177
Pakistan Investment Bonds	-	24,364,453	-	24,364,453
Term finance certificates - Listed	-	213,908	-	213,908
Term finance certificates - Unlisted	-	334,255	-	334,255
	<u>-</u>	<u>26,491,793</u>	<u>-</u>	<u>26,491,793</u>

Off balance sheet financial instruments

Foreign exchange contracts (purchase)	-	52,858,154	-	52,858,154
Foreign exchange contracts (sale)	-	54,574,230	-	54,574,230

On balance sheet financial instruments

	2023			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Financial assets measured at fair value				
Investments				
Pakistan Investment Bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
Sukuk bonds	-	-	-	-
	<u>997,558</u>	<u>132,247,395</u>	<u>-</u>	<u>133,244,953</u>
Financial assets disclosed but not measured at fair value				
Investments				
Market Treasury Bills	-	20,804,998	-	20,804,998
Pakistan Investment Bonds	-	11,262,656	-	11,262,656
Term finance certificates - Listed	-	224,235	-	224,235
Term finance certificates - Unlisted	-	361,038	-	361,038
	<u>-</u>	<u>32,652,927</u>	<u>-</u>	<u>32,652,927</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	39,761,279	-	39,761,279
Foreign exchange contracts (sale)	-	39,495,412	-	39,495,412

The valuation techniques used for the above assets are disclosed below:

Item	Valuation techniques and input used
Fully paid-up ordinary shares /close end mutual funds	Fair value is determined on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Open ended mutual funds	Fair value is based on redemption prices as at the close of the business day.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).
Government of Pakistan (GoP) - Ijarah Sukuks	Fair values derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

40. SEGMENT INFORMATION

40.1 Segment Details with respect to Business Activities

	2024			
	Trading and sales	Retail banking	Commercial banking and others	Total
	----- (Rupees in '000) -----			
Profit & Loss				
Net mark-up/return/interest income	31,072,493	935,895	(22,518,383)	9,490,005
Inter segment revenue - net	(41,095,289)	-	41,095,289	-
Non mark-up / interest income	606,592	713	706,993	1,314,298
Total Income	(9,416,204)	936,608	19,283,899	10,804,303
Segment direct expenses	(114,673)	(518,829)	(7,559,382)	(8,192,884)
Inter segment expense allocation	(178,219)	(36,058)	(1,567,910)	(1,782,187)
Total expenses	(292,892)	(554,887)	(9,127,292)	(9,975,071)
Provisions	-	(133,560)	2,048,842	1,915,282
(Loss) / Profit before tax	(9,709,096)	248,161	12,205,449	2,744,514
Balance Sheet				
Cash & Bank balances	16,634,277	1,016,492	9,543,927	27,194,696
Investments	200,414,330	1,133,038	-	201,547,368
Net inter segment lending	-	-	245,749,981	245,749,981
Lendings to financial institutions	24,514,444	-	-	24,514,444
Advances - performing	77,892	2,922,766	66,337,120	69,337,778
Advances - non-performing	-	-	4,945,060	4,945,060
Others	6,388,316	288,332	29,068,429	35,745,077
Total Assets	248,029,259	5,360,628	355,644,517	609,034,404
Borrowings	-	873,750	1,097,900	1,971,650
Subordinated debt	-	-	-	-
Deposits & other accounts	-	1,991,165	312,497,420	314,488,585
Net inter segment borrowing	243,676,669	2,073,312	-	245,749,981
Others	162,215	422,401	16,583,138	17,167,754
Total liabilities	243,838,884	5,360,628	330,178,458	579,377,970
Equity	4,190,375	-	25,466,314	29,656,689
Total Equity & liabilities	248,029,259	5,360,628	355,644,517	609,034,404
Contingencies & Commitments	121,770,059	-	23,571,708	145,341,767

Segment Details with respect to Business Activities

	2023			
	Trading and sales	Retail banking	Commercial banking and others	Total
	(Rupees in '000)			
Profit & Loss				
Net mark-up/return/interest income	32,654,886	49,791	(24,092,021)	8,612,656
Inter segment revenue - net	(38,819,878)	-	38,819,878	-
Non mark-up / interest income	1,211,700	175	653,787	1,865,662
Total Income	(5,572,490)	49,966	15,381,644	10,478,318
Segment direct expenses	(473,745)	(3,990)	(6,471,139)	(6,948,874)
Inter segment expense allocation	(159,326)	(37,343)	(1,391,591)	(1,588,260)
Total expenses	(274,251)	(41,333)	(7,862,730)	(8,537,134)
Provisions	(138,675)	-	(1,014,893)	(1,153,568)
(Loss) / Profit before tax	(5,855,842)	8,633	6,504,021	787,616
Balance Sheet				
Cash & Bank balances	47,605,256	-	7,367,183	54,972,439
Investments	166,503,472	-	(105,592)	166,397,880
Net inter segment lending	-	-	183,460,692	183,460,692
Lendings to financial institutions	-	-	-	-
Advances - performing	49,100	694,211	45,560,405	46,303,716
Advances - non-performing	-	-	6,225,186	6,225,186
Others	6,323,118	3,344	22,846,093	29,172,555
Total Assets	220,480,946	697,555	262,765,600	486,532,468
Borrowings	35,883,940	-	2,383,500	38,267,440
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	224,841,914	224,841,914
Net inter segment borrowing	182,771,285	689,407	-	183,460,692
Others	299,727	8,148	14,826,197	15,134,072
Total liabilities	218,954,952	697,555	239,819,250	461,704,118
Equity	1,525,994	-	23,302,356	24,828,350
Total Equity & liabilities	220,480,946	697,555	262,765,600	486,532,468
Contingencies & Commitments	115,302,612	-	32,728,549	148,031,161

41. RELATED PARTY TRANSACTIONS

The related parties of the Group comprise associated undertakings, directors, staff retirement funds and key management personnel (including their associates).

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Transaction with executives and key management persons are undertaken at terms in accordance with employment agreements and service rules. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

Government of Sindh (GoS) through its Finance Department holds 99.97% shareholding in the Group and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Group. The Group in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

The details of balances and transactions with related parties, other than those disclosed under respective notes, during the year are as follows:

	2024			2023		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000')					
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	208,690	64,377	-	222,730	-
Addition during the year	-	34,259	685,000	-	15,342	-
Repaid during the year	-	(74,399)	(596,180)	-	(74,036)	-
Transfer in / (out) - net	-	2,907	-	-	44,654	64,377
Closing balance	-	171,457	1,345,557	-	208,690	64,377
Other Assets						
Interest / mark-up accrued	-	191	2,978	-	226	4,029
Other receivable	-	-	-	-	-	-
	-	191	2,978	-	226	4,029
Deposits and other accounts						
Opening balance	1,040	66,089	1,616,287	5,101	304,178	1,837,495
Received during the year	34,786	1,470,161	12,085,409	28,089	1,023,861	12,602,719
Withdrawn during the year	(44,400)	(1,429,974)	(10,877,141)	(26,365)	(1,226,908)	(12,823,927)
Transfer in / (out) - net	29,437	(31,803)	-	(5,785)	(35,042)	-
Closing balance	20,863	74,473	2,824,555	1,040	66,089	1,616,287
Other Liabilities						
Interest / mark-up payable	344	7,080	86,448	15	3,355	96,812
	2024			2023		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000')					
Income						
Mark-up / return / interest earned	-	6,983	14,772	-	9,047	23,526
Fee and commission income	-	13	349	3	8	50
Net gain on sale of securities	-	-	24	-	-	1,380
Other income	-	-	1,422	-	-	1,283
Expense						
Mark-up / return / interest paid	1,857	31,713	344,441	152	17,242	248,550
Remuneration paid	-	301,963	-	-	313,888	-
Contribution to provident fund	-	14,825	-	-	19,854	-
Provision for gratuity	-	26,457	-	-	18,805	-
Other staff benefits	-	42,952	-	-	33,397	-
Directors' meeting fee	27,635	-	-	27,170	-	-
Other expenses	375	-	-	400	-	-
Insurance premium paid	-	-	235,083	-	-	121,766
Others						
Sale of Government Securities	-	-	1,218,500	-	-	2,850,000
Purchase of Government Securities	-	-	-	-	-	1,325,000
Gratuity paid	-	30,008	-	-	14,186	-
Leave encashment paid	-	6,943	-	-	8,480	-
Insurance claims settled	-	-	7,035	-	-	58
Expenses recovered under agency arrangement	-	-	55	-	-	7,843

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities and its related entities amounted to Rs. 38,921.33 million (2023: Rs. 5,619.27 million) note 10.2 and Rs.167,727.27 million (2023: Rs. 114,219.44 million) note 18. The above includes deposits amounting to Rs. 53,537.25 million (2023: Rs.46,275.31 million) received through the Finance Department, Government of Sindh.

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	2024	2023
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	26,190,277	23,876,673
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	15,683,877	9,024,409
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	15,683,877	9,024,409
Eligible Tier 2 Capital	974,599	29,130
Total Eligible Capital (Tier 1 + Tier 2)	16,658,476	9,053,539
Risk Weighted Assets (RWAs):		
Credit Risk	43,428,287	31,857,368
Market Risk	14,050,153	5,367,513
Operational Risk	17,273,395	14,262,320
Total	74,751,835	51,487,201
Common Equity Tier I Capital Adequacy ratio	20.98%	17.53%
Tier I Capital Adequacy Ratio	20.98%	17.53%
Total Capital Adequacy Ratio	22.29%	17.58%
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%
Approach followed for determining Risk Weighted Assets		
Credit Risk	Comprehensive Maturity method	Comprehensive Maturity method
Market Risk	Basic Indicator	Basic Indicator
Operational Risk		
	2024	2023
	Rupees in '000	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	15,683,877	9,024,409
Total Exposures	361,421,346	299,187,871
Leverage Ratio (%)	4.34%	3.02%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	144,053,221	163,924,564
Total Net Cash Outflow	37,606,353	38,601,138
Liquidity Coverage Ratio (%)	383%	425%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	236,076,978	174,179,315
Total Required Stable Funding	96,310,093	87,937,281
Net Stable Funding Ratio	245%	198%

- 42.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity requirements as per SBP instructions issued from time to time are placed on the Bank's website. The link to the full disclosure is available at <http://www.sindhbankltd.com/financials/basel-statements>.

43. RISK MANAGEMENT

The Group's risk management framework encompasses the culture, processes and structure and is directed towards the effective management of potential opportunities and threats to the Group. The prime objective of the Group's risk management strategy is to abandon the traditional approach of 'managing risk by silos' and to put in place integrated risk and economic capital management capabilities that will enable the Group to achieve integrated view of risks across its various business operations and to gain strategic advantage from its risk management capabilities.

The Board of Directors (BOD) keeps an oversight on the Group-wide risk management framework and approves the risk management strategy and policies of the Group. The Board Risk Management Committee (BRMC), ensures that the Group maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. BRMC is responsible for reviewing the extent of design and adequacy of risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Group.

43.1 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Group. The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Group's risk appetite and capital, to maintain the soundness of assets and to ensure returns commensurate with risk. The Group takes necessary measures to control such risk by evaluating, measuring and monitoring credit exposures.

The Group has a comprehensive pre-approval evaluation process of credit risk embedded within Risk Management Division. The risk evaluation function is an integral part of Credit Risk Management Framework and is independent from the risk taking function. The credit evaluation department will independently identify actual and potential risks both on individual and on portfolio basis including adherence to relevant internal policies, procedures and related regulatory guidelines.

In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, the credit limit structure of the Group includes internal limits as established by the BOD and senior management. Credit Limits along with credit concentration is monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary.

Provisions for the credit portfolio are determined in accordance with IFRS 9 and SBP Prudential Regulations. Details of credit loss allowance against advances are provided in note 10.8.

The Group uses comprehensive approach for assessing the capital charge for credit risk.

43.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross Lendings		Non Performing Lendings		Credit loss allowance held	
	2024	2023	2024	2023	2024	2023
	(Rupees 000)					
Public/ Government	-	-	-	-	-	-
Private	24,515,010	-	-	-	566	-
Total	24,515,010	-	-	-	566	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Lendings		Non Performing Lendings		Credit loss allowance held	
	2024	2023	2024	2023	2024	2023
	(Rupees 000)					
Financial	199,087,569	167,922,855	-	-	(98,480)	-
Sugar	-	514,344	-	514,344	-	497,863
Total	199,087,569	168,437,199	-	514,344	(98,480)	497,863

43.1.2.1 Credit risk by public / private sector

	Gross Investment		Non Performing Investment		Credit Loss	
	2024	2023	2024	2023	2024	2023
	(Rupees 000)					
Public/ Government	199,087,569	167,922,855	-	-	(98,480)	-
Private	-	514,344	-	514,344	-	497,863
Total	199,087,569	168,437,199	-	514,344	(98,480)	497,863

43.1.3 Advances

Credit risk by industry sector

	Advances Gross				Non Performing Advances		Provision held	
	2024	2023	2024	2023	2024			2023
	(Rupees 000)							
					Stage-I	Stage-2	Stage-3	
Pharmaceuticals	61,266	61,632	-	-	1,709	-	-	-
Agriculture business	1,249,179	1,256,388	1,079,356	1,129,258	1,704	620	1,070,426	1,086,424
Manufacturing of textile	748,674	642,487	146,160	10,677	-	20,411	134,273	1,012
Cement	477,574	64,377	-	-	3,036	-	-	-
Transport, storage and communication	47,807	57,710	-	-	78	-	-	-
Wholesale and retail trade	1,921,972	1,398,721	256,167	363,082	11,110	5,332	249,545	358,166
Mining and quarrying	5,833,770	6,331,186	-	-	-	-	-	-
Hotel and restaurants	261,810	855,106	694	-	-	1,411	652	-
Petroleum	2,820,186	3,110,840	1,820,214	2,022,460	-	121,709	1,820,214	2,022,460
Media channels	1,740,217	2,018,180	-	1,200,509	34,111	-	-	828,869
Manufacture of basic iron and steel	1,976,671	2,056,439	1,756,740	1,756,740	-	-	1,756,740	1,671,736
Sugar	19,070,308	17,671,473	13,771,389	14,073,382	120,905	26,154	10,160,554	10,191,637
Automobile and transportation equipment	2,434,078	2,433,935	2,433,254	2,433,254	-	-	2,433,254	2,433,254
Chemicals and chemical products	1,121,363	1,251,168	1,103,884	1,103,884	225	-	1,103,884	1,103,884
Financial	2,474,087	1,909,468	1,177,884	1,177,884	17,607	-	832,967	519,970
Rice & Wheat	868,658	819,624	6,223	-	7,724	756	1,464	-
Construction, real estate and societies	2,713,020	2,966,255	2,029,270	2,670,716	190	20,991	1,996,024	2,598,716
Food	40,258,352	15,906,722	125,725	136,747	145	-	125,725	136,747
Power, electricity and gas	5,949,180	8,320,833	2,428,958	3,119,032	84,626	21,052	1,681,555	2,492,653
Domestic Appliances	590,408	1,519,064	-	-	11,783	82,028	-	-
Education	67,546	12,895	12,542	11,353	-	-	12,470	10,965
Individuals	2,037,984	2,417,779	4,910	1,271	14,043	228	3,221	1,271
Others	6,112,796	6,356,504	1,941,603	1,889,763	133,929	660,539	1,766,945	1,452,120
Total	100,836,906	79,438,786	30,094,973	33,100,012	442,926	961,229	25,149,913	26,909,884

43.1.3.1 Credit risk by public / private sector

private sector	Advances Gross		Non Performing Advances		Provision held			
	2024	2023	2024	2023	2024			2023
					Stage-1	Stage-2	Stage-3	
	(Rupees 000)							
Public/ Government	40,181,880	15,619,270	-	-	-	-	-	-
Private	60,655,026	63,819,516	30,094,973	33,100,012	442,926	961,229	25,149,913	26,909,884
Total	100,836,906	79,438,786	30,094,973	33,100,012	442,926	961,229	25,149,913	26,909,884

	2024	2023
	Rupees in '000	
43.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Chemical and pharmaceuticals	67,167	267,554
Manufacturing of textile	735,692	640,174
Agriculture business	236,149	84,786
Rice & Wheat	78,265	100,019
Hotel and restaurants	532,954	597
Transport, storage and communication	222,055	173,152
Wholesale and retail trade	4,519,977	6,086,754
Petroleum	117,019	128,610
Manufacture of basic iron and steel	681,069	400,301
Sugar	2,256,122	3,116,632
Cement	1,386,804	-
Food	1,531,540	5,332,825
Automobile and transportation equipment	59,072	93,099
Financial	122,858,855	121,907,557
Construction, real estate and societies	643,440	1,054,172
Domestic Appliances	1,293,548	977,547
Power, electricity and gas	2,952,873	2,838,515
Education	51,996	85,768
Trusts and Non-profit Organizations	174,113	107,097
Others	4,943,057	4,636,003
Total	145,341,767	148,031,161
43.1.4.1 Credit risk by public / private sector		
Public/ Government	153,369	16,156,357
Private	145,188,398	131,874,804
Total	145,341,767	148,031,161
43.1.5 Concentration of Advances		
The Holding Company's top 10 exposures (funded and non-funded) aggregated Rs. 61,507.03 million (2023: Rs. 46,428.87 million) as follows:		
Funded	60,003,066	36,110,938
Non Funded	1,503,964	10,317,933
Total Exposure	61,507,030	46,428,871
43.1.5.1 The sanctioned limits against these top 10 exposures aggregated Rs. 65,427.47 million (2023: Rs. 42,836.15 million).		

43.1.5.2 Total Funded Facilities Classified

Classified funded facilities of the Holding Company's top 10 exposures are as follows:

	2024		2023	
	Classified	Provision held	Classified	Provision held
----- Amount Rs. 000 -----				
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	9,544,117	6,795,657	9,580,052	6,773,408
Total	9,544,117	6,795,657	9,580,052	6,773,408

43.1.6 Advances - Province/Region-wise Disbursement & Utilization

Name of Province / Region	Disbursements	2024					
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- (Rupees) 000 -----							
Punjab	14,151,398	14,151,398	-	-	-	-	-
Sindh	85,755,326	-	85,755,326	-	-	-	-
KPK including FATA	19,873	-	-	19,873	-	-	-
Balochistan	46,727	-	-	-	46,727	-	-
Islamabad	944,562	-	-	-	-	944,562	-
AJK including Gilgit-Baltistan	14,012	-	-	-	-	-	14,012
Total	100,931,898	14,151,398	85,755,326	19,873	46,727	944,562	14,012

Name of Province / Region	Disbursements	2023					
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- (Rupees) 000 -----							
Punjab	23,278,169	23,278,169	-	-	-	-	-
Sindh	71,254,281	-	71,254,281	-	-	-	-
KPK including FATA	786,535	-	-	786,535	-	-	-
Balochistan	816,711	-	-	-	816,711	-	-
Islamabad	3,571,971	-	-	-	-	3,571,971	-
AJK including Gilgit-Baltistan	8,048	-	-	-	-	-	8,048
Total	99,715,715	23,278,169	71,254,281	786,535	816,711	3,571,971	8,048

43.2 Market risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Market Risk management aims to provide risk management practices that are integrated in key strategic, capital and financial planning process and day-to-day business processes across the Group. The Group's market risk management policies set out risk management parameters, governance and control framework as well as reporting arrangements.

The Group has developed a market risk management framework to efficiently and effectively monitor and manage market risk in every transaction of Banking and Trading Book.

43.2.1 Balance sheet split by trading and banking books	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	22,724,099	-	22,724,099	53,488,206	-	53,488,206
Balances with other banks	4,470,597	-	4,470,597	1,484,233	-	1,484,233
Lendings to financial institutions	24,514,444	-	24,514,444	-	-	-
Investments	27,391,602	174,155,766	201,547,368	33,152,927	133,244,953	166,397,880
Advances	74,282,838	-	74,282,838	52,528,902	-	52,528,902
Fixed assets	4,855,987	-	4,855,987	4,055,481	-	4,055,481
Intangible assets	84,934	-	84,934	114,464	-	114,464
Deferred tax assets	17,007,130	-	17,007,130	17,201,220	-	17,201,220
Other assets	13,797,026	-	13,797,026	7,801,390	-	7,801,390
	<u>189,128,657</u>	<u>174,155,766</u>	<u>363,284,423</u>	<u>169,826,823</u>	<u>133,244,953</u>	<u>303,071,776</u>

43.2.2 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency positions. The objective of the foreign exchange risk management is to minimize the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximize earnings. The Holding Company limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

	2024			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	358,671,618	333,627,989	1,716,076	26,759,705
United States Dollar	3,936,328	-	(1,716,076)	2,220,252
Great Britain Pound	32,582	-	-	32,582
Euro	566,779	-	-	566,779
Japanese Yen	246	-	-	246
Saudi Riyal	9,551	-	-	9,551
UAE Dirham	1,726	-	-	1,726
Chines Yen	65,593	-	-	65,593
	<u>363,284,423</u>	<u>333,627,989</u>	<u>-</u>	<u>29,656,434</u>

Foreign exchange risk

	2023			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	301,409,001	275,803,963	(265,867)	25,339,172
United States Dollar	1,482,151	2,092,432	265,867	(344,414)
Great Britain Pound	38,572	190,780	-	(152,207)
Euro	79,288	154,540	-	(75,252)
Japanese Yen	-	1,711	-	(1,711)
Saudi Riyal	39,351	-	-	39,351
UAE Dirham	1,771	-	-	1,771
Chines Yen	21,641	-	-	21,641
	<u>303,071,776</u>	<u>278,243,426</u>	<u>-</u>	<u>24,828,350</u>

43.2.3 Foreign exchange risk

	2023		2022	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
Impact of 1% change in foreign exchange rates on:				
- Profit and loss account	(19,531)	(17,161)	7,583	(2,659)
- Other comprehensive income	-	-	-	-

43.2.4 Equity position risk

The Holding Company's equity exposure is managed within the SBP limits for overall investment and per scrip exposure. In addition, there are also internal limits for each scrip.

	2024		2023	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
Impact of 5% change in equity prices on:				
- Profit and loss account	-	83,424	-	-
- Other comprehensive income	-	1,049,959	-	(68,355)

43.2.5 Yield / interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in interest rates, including changes in the shape of the yield curve. Interest rate risk is inherent in the Group's business and arises due to the mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Holding Company uses maturity Gap limits to monitor asset and liability gaps. Any breach are report to ALCO where it is discussed and appropriate action will be taken.

	2024		2023	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
Impact of 1% change in interest rates on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	296,122	-	(1,111,917)	-

43.2.6 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Holding Company is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Holding Company manages this risk by matching / re-pricing the assets and liabilities. The Assets and Liabilities Committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

2024												
Effective Yield / Interest rate	Exposed to Yield / Interest risk											Non-interest bearing financial instruments
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	22,724,099	287,717	-	-	-	-	-	-	-	-	-	22,436,382
Balances with other banks	4,470,597	-	2,040	-	635,355	-	-	-	-	-	-	3,833,202
Lendings to financial institutions	24,514,444	-	-	-	-	-	-	-	-	-	-	-
Investments	201,547,368	10,542,123	33,628,076	120,245,988	8,641,509	8,677,718	10,889,057	6,137,080	-	-	-	2,785,817
Advances	74,282,838	64,364,603	1,111,034	2,816,250	1,512,032	357,575	312,364	2,850,640	489,790	-	-	82,893
Other assets	13,797,026	-	-	-	-	-	-	-	-	-	-	13,797,026
	341,336,372	99,708,887	34,741,150	123,062,238	10,788,896	9,035,293	11,201,421	8,987,720	385,657	42,935,320	-	-
Liabilities												
Bills payable	1,446,526	-	-	-	-	-	-	-	-	-	-	1,446,526
Borrowings from financial institutions	1,971,650	-	1,971,650	-	-	-	-	-	-	-	-	-
Deposits and other accounts	314,488,585	188,696,615	5,655,846	12,766,168	23,283,865	160,086	175,269	135,000	3,610,836	79,327,757	-	-
Lease liabilities	4,441,555	45,630	92,541	132,629	385,161	432,673	467,381	1,994,988	8,998	-	-	-
Other liabilities	11,279,673	-	-	-	-	-	-	-	-	-	-	11,279,673
	333,627,989	188,742,245	7,720,037	12,898,797	23,669,026	592,759	642,650	1,558,697	2,129,988	3,619,834	92,053,956	-
On-balance sheet gap	7,708,383	(89,033,358)	27,021,113	110,163,441	(12,880,130)	8,442,534	10,558,771	6,857,732	(3,234,177)	(49,118,636)	-	-
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transactions												
Commitments in respect of:												
Forward foreign exchange contracts - purchase	10,440,831	351,209	2,600,382	2,488,640	2,137,380	783,722	804,825	1,274,675	-	-	-	-
Forward foreign exchange contracts - sale	52,858,154	22,000,135	25,195,200	5,662,819	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending	(54,574,230)	(36,930,240)	(17,643,990)	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing	14,337,675	14,337,675	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	23,062,430	(241,222)	10,151,592	8,151,459	2,137,380	783,722	804,825	1,274,675	-	-	-	-
Total yield / Interest Risk Sensitivity Gap		(89,274,580)	37,172,705	118,314,900	(10,742,750)	9,226,256	11,363,596	205,768	6,857,732	(3,234,177)	(49,118,636)	-
Cumulative yield / Interest Risk Sensitivity Gap		(89,274,580)	(52,101,875)	66,213,025	55,470,274	64,696,530	76,060,126	76,265,894	83,123,626	79,889,449	30,770,813	-
Reconciliation with total assets:												
Assets as per above	341,336,372											
Fixed assets	4,855,987											
Intangible assets	84,934											
Deferred tax asset	17,007,130											
Assets as per consolidated statement of financial position	363,284,423											
Reconciliation with total liabilities:												
Liabilities as per above	333,627,989											
Deferred tax liability	-											
Liabilities as per consolidated statement of financial position	333,627,989											

43.2.6 Mismatch of interest rate sensitive assets and liabilities

2023										
Effective Yield / Interest rate	Exposed to Yield / Interest risk								Non-interest bearing financial instruments	
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years		Above 5 to 10 years
(Rupees in '000)										

On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	53,488,206	416,263	-	-	-	-	-	-	-	53,071,943
Balances with other banks	1,484,233	1,719	-	-	-	-	-	-	-	1,482,514
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	166,397,880	83,450,072	22,4820	360,453	24,319,182	42,018,776	8,075,876	-	6,201,139	1,747,562
Advances	52,528,902	23,112,077	1,903,717	8,275,204	11,157,852	441,213	1,253,245	1,334,360	3,303,976	96,012
Other assets	7,801,390	-	-	-	-	-	-	-	-	7,801,390
	281,700,611	106,980,131	2,128,537	8,635,657	35,477,034	42,459,989	9,329,121	1,334,360	9,505,115	64,199,421
Liabilities										
Bills payable	898,762	-	-	-	-	-	-	-	-	898,762
Borrowings from financial institutions	38,267,440	35,854,000	2,383,500	-	-	29,940	-	-	-	-
Deposits and other accounts	224,841,914	7,403,087	133,516,353	8,859,514	12,131,920	109,264	169,056	980,462	-	61,672,258
Other liabilities	14,235,310	-	-	-	-	-	-	-	-	14,235,310
	278,243,426	43,257,087	135,899,853	8,859,514	12,131,920	139,204	169,056	980,462	-	76,806,330
	3,457,185	63,723,044	(133,771,316)	(223,857)	23,345,114	42,320,785	9,160,065	353,898	9,505,115	1,651,246 (12,606,909)

On-balance sheet gap										
Off-balance sheet financial instruments										
Documentary credits and short-term trade related transactions	14,340,548	835,505	7,211,056	1,159,650	3,183,032	163,395	137,506	1,642,240	8,164	-
Commitments in respect of:										
Forward foreign exchange contracts - purchase	39,761,279	25,084,479	14,662,264	14,536	-	-	-	-	-	-
Forward foreign exchange contracts - sale	(39,495,412)	(9,068,952)	(21,291,525)	(9,134,935)	-	-	-	-	-	-
Purchase and resale agreements - lending	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing	(36,045,921)	(36,045,921)	-	-	-	-	-	-	-	-
Off-balance sheet gap	(21,439,506)	(36,045,921)	-	-	-	-	-	-	-	-

Total yield / Interest Risk Sensitivity Gap										
Cumulative yield / Interest Risk Sensitivity Gap	27,677,123	(133,771,316)	(223,857)	(223,857)	23,345,114	42,320,785	9,160,065	353,898	9,505,115	1,651,246 (12,606,909)
	27,677,123	(106,094,193)	(106,318,050)	(82,972,936)	(40,652,151)	(31,492,086)	(31,138,188)	(21,633,073)	(19,981,827)	(32,588,736)

Reconciliation with total assets:										
Assets as per above	281,700,611									
Fixed assets	4,169,945									
Intangible assets	17,201,220									
Deferred tax asset	-									
Assets as per consolidated statement of financial position	303,071,776									

Reconciliation with total liabilities:										
Liabilities as per above	278,243,426									
Deferred tax liability	-									
Liabilities as per consolidated statement of financial position	278,243,426									

43.3 Liquidity risk

Liquidity risk is the risk of loss to a bank arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable cost or losses. The Group monitors its liquidity risk through various liquidity ratios and liquidity risk indicators. Any deviations or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Group on at least monthly basis and takes appropriate measures where required. The Group uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios, whereas, the Contingency Funding Plan (CFP) of the Group is also in place. The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing liquidity. Mandatory stress tests of SBP are conducted, on a periodic basis, to test the adequacy of liquidity contingency plan and to identify the extent of liquidity stress that the Group is able to take in current conditions.

43.3.1 Liquidity Coverage ratio

SBP issued BPRD Circular No. 08 dated June 23, 2016 advising implementation of Basel III liquidity standards that constitute two ratios, i.e., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), and five monitoring tools.

43.3.2 Funding Strategy

The Group's prime source of liquidity is the customers' deposit base. Within deposits, the Group strives to maintain core deposit base in form of current and saving deposits and avoids concentration in particular products, tenors and dependence on large fund providers. As a general rule, the Group will not depend on borrowings in the inter-bank market, including repos, to be a part of its permanent pool of funds for financing of loans, but will use these as a source for obtaining moderate amounts of additional funds to meet temporary liquidity needs in the normal course of business or for money market operations.

43.3.3 Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like core deposits to total deposits, advances to deposits, liquid assets to total deposits, Interbank borrowing to total deposits, which are monitored on regular basis against limits. Further, the Group also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. For maturity analysis, behavioral study is carried out to determine the behavior of non - contractual assets and liabilities. The Group also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, LCR, NSFR and Monitoring Tools of Basel III framework further strengthen liquidity risk management of the Group.

43.3.4 Liquidity Stress Testing

As per SBP FSD Circular No. 01 of 2020, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits, withdrawals of wholesale / large deposits & interbank borrowing, withdrawal of top deposits, etc. Results of stress testing are presented to ALCO and Risk Management Committee. The Group's liquidity risk management addresses the goal of protecting solvency and the ability to withstand stressful events in the market place. Stress testing for liquidity as prescribed in the liquidity risk policy is carried out regularly to estimate the impact of decline in liquidity on the ratio of liquid assets to deposits plus borrowings.

43.3.5 Main Components of LCR

Main components of LCR are High Quality Liquid Assets and Net Cash Outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are based on SBP BPRD Circular No. 08 dated 23 June 2016.

43.3.6 Net Stable Funding Ratio (NSFR)

NSFR is the ratio of the amount of Available Stable Funding (ASF) - source of funds, capital and liabilities relative to the amount of Required Stable Funding (RSF) - use of funds, assets and off - balance sheet exposures.

The objective of NSFR is to ensure the availability of stable funds that a bank must hold to enable it to build and maintain its assets, investments and off balance sheet portfolio on an ongoing basis for longer term, i.e., over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and roll - over risk. The Group's NSFR stood at 245% as on 31 December 2024.

43.3.7 Maturity of assets and liabilities (based on contractual maturities)

2024

Assets

Cash and balances with treasury banks

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
22,724,099	6,985,202	442,049	635,778	1,712,770	1,735,509	1,260,282	1,987,600	1,392,805	6,572,104	-	-	-	-
4,470,597	4,470,597	-	-	-	-	-	-	-	-	-	-	-	-
24,514,444	-	24,514,444	-	-	-	-	-	-	-	-	-	-	-
201,547,368	2,239,224	-	-	-	383,030	9,549,656	10,131,470	29,061,420	4,644,196	10,207,568	11,921,557	116,522,168	6,887,079
74,282,838	3,240,990	9,530	18,423	1,905,885	5,371,237	40,050,148	3,274,052	491,830	2,736,703	1,311,912	699,930	2,703,535	12,468,663
4,855,987	-	-	-	97,713	13,228	132,406	209,891	40,567	491,391	680,927	632,260	987,591	1,570,013
84,934	-	-	-	2,196	2,196	2,196	11,433	6,734	6,734	26,718	26,727	-	-
17,007,130	-	-	847,764	847,764	1,695,528	1,695,528	1,747,382	1,695,528	1,695,528	3,391,056	3,391,052	-	-
13,797,026	6,042,915	302,022	2,173	1,573,448	414,029	792,387	3,626,495	24,427	23,765	87,046	77,684	148,692	681,943
363,284,423	22,978,928	25,268,045	1,504,138	6,139,776	9,614,757	53,482,603	20,988,323	32,713,311	16,170,421	15,705,227	16,749,210	120,361,986	21,607,698

Liabilities

Bills payable

1,446,526	1,446,526	-	-	-	-	-	-	-	-	-	-	-	-
1,971,650	-	-	-	-	-	-	-	-	-	-	-	-	-
314,488,585	255,022,201	1,573,686	211,454	9,670,526	3,722,451	1,933,396	12,766,168	11,300,093	13,530,278	160,086	175,269	677,143	3,745,834
4,441,554	-	-	-	45,630	-	92,541	132,629	-	385,160	432,673	467,381	881,554	2,003,986
-	-	-	-	-	-	-	-	-	-	-	-	-	-
11,279,674	8,739,540	172,429	6,963	116,271	142,753	186,270	1,263,749	452,136	108,690	2,131	4,656	2,623	81,463
333,627,989	265,208,267	1,746,115	218,417	9,832,427	3,865,204	4,183,857	14,162,546	11,752,229	14,024,128	594,890	647,306	1,561,320	5,831,283
29,656,434	(242,229,339)	23,521,930	1,285,721	(3,692,651)	5,749,553	49,298,746	6,825,777	20,961,082	2,146,293	15,110,337	16,101,904	118,800,666	15,776,415

Gap

Share capital - net	34,524,428
Reserves	2,581,715
Shares deposit money	-
Surplus on revaluation of assets	884,442
Accumulated Loss	(8,334,151)
Net assets	<u>29,656,434</u>

Maturity of assets and liabilities (based on contractual maturities)

2023

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000)														
Assets														
Cash and balances with treasury banks	53,488,206	3,434,488	2,857,288	1,968,144	8,291,291	853,177	2,039,018	3,116,907	30,927,893	-	-	-	-	-
Balances with other banks	1,484,233	1,484,233	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	166,397,880	-	-	79,408,000	-	-	420,694	266,979	3,764,184	21,089,119	42,018,776	8,075,876	4,266,896	7,087,356
Advances	52,528,902	7,166,530	2,339	650,703	251,226	1,873,843	99,867	8,913,926	3,070,048	11,265,134	579,120	3,348,752	1,350,599	13,956,815
Fixed assets	4,055,481	-	-	-	65,477	64,157	127,339	194,610	96,749	196,747	580,579	680,596	1,380,506	668,721
Intangible assets	114,464	-	-	-	2,966	2,966	2,966	15,203	9,095	9,095	36,082	36,091	-	-
Deferred tax assets	17,201,220	-	-	893,418	1,746,869	2,493,738	2,987,476	2,988,925	2,987,476	3,103,318	-	-	-	-
Other assets	7,801,390	1,811,535	874	20,472	2,370,160	287,689	736,020	2,479,627	-	-	84,360	-	-	10,653
	303,071,776	13,896,786	2,860,501	82,940,737	12,727,989	5,575,570	6,413,380	17,976,177	40,855,445	35,663,413	43,298,917	12,141,315	6,998,001	21,723,545
Liabilities														
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	38,267,440	-	36,575,000	-	-	-	1,662,500	-	-	-	29,940	-	-	-
Deposits and other accounts	224,841,914	185,063,043	1,761,939	1,191,665	4,439,986	4,207,041	2,233,831	8,959,896	2,019,922	13,708,850	111,870	173,970	969,901	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,233,310	1,420,236	260,374	175,867	233,339	505,793	353,703	1,001,186	7,229,196	216,998	624,957	618,074	1,595,587	-
Gap	278,243,426	187,382,041	38,597,313	1,367,532	4,673,325	4,712,834	4,250,034	9,961,082	9,249,118	13,925,848	766,767	792,044	2,565,488	-
	24,828,350	(173,485,255)	(35,736,812)	81,573,205	8,054,664	862,736	2,163,346	8,015,095	31,606,327	21,737,565	42,532,150	11,349,271	4,432,513	21,723,545
Share capital - net	34,524,428													
Reserves	1,985,305													
Shares deposit money														
Deficit on revaluation of investments	(1,033,628)													
Accumulated loss	(10,647,755)													
Net assets	24,828,350													

43.3.8 Maturity of assets and liabilities (based on SBP BSD Circular No. 03 date February 22, 2011)

2024

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	22,724,099	5,717,280	4,428,734	2,915,764	9,662,321	-	-	-	-	-
Balances with other banks	4,470,597	4,470,597	-	-	-	-	-	-	-	-
Lendings to financial institutions	24,514,444	24,514,444	-	-	-	-	-	-	-	-
Investments	201,547,368	2,622,254	9,549,656	10,131,470	33,705,616	10,207,568	11,921,557	116,522,168	6,137,079	750,000
Advances	74,282,838	5,174,828	45,421,385	3,274,052	3,228,532	1,311,912	699,930	2,703,535	12,075,283	393,381
Operating fixed assets	4,855,987	97,711	282,973	209,890	394,620	680,927	632,260	987,591	1,199,482	370,533
Intangible assets	84,934	2,196	4,392	11,433	13,469	26,718	26,726	-	-	-
Deferred tax asset	17,007,130	1,695,528	3,391,056	1,747,382	3,391,057	3,391,056	3,391,051	-	-	-
Other assets	13,797,026	7,920,558	1,206,416	3,626,494	48,192	87,046	77,684	148,692	681,944	-
	363,284,423	52,215,396	64,284,612	21,916,485	50,443,807	15,705,227	16,749,208	120,361,986	20,093,788	1,513,914
Liabilities										
Bills payable	1,446,526	1,446,526	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,971,650	-	1,971,650	-	-	-	-	-	-	-
Deposits and other accounts	314,488,585	266,477,867	5,607,591	12,814,423	24,830,371	160,086	175,269	677,143	135,000	3,610,835
Lease liabilities	4,441,555	45,630	92,541	265,858	251,932	432,673	467,381	881,554	1,994,988	8,998
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,279,673	8,945,279	332,267	1,260,503	560,826	92,056	4,656	2,623	13,389	68,074
	333,627,989	276,915,302	8,004,049	14,340,784	25,643,129	684,815	647,306	1,561,320	2,143,377	3,687,907
Gap	29,656,434	(224,699,906)	56,280,563	7,575,701	24,800,678	15,020,412	16,101,902	118,800,666	17,950,411	(2,173,993)
Share capital - net	34,524,428									
Reserves	2,581,715									
Shares deposit money	-									
Surplus on revaluation of assets	884,442									
Accumulated Loss	(8,334,151)									
Net assets	29,656,434									

Where an asset or a liability does not have a contractual maturity date, the period in which these are assumed to mature have been taken as expected date of maturity, based on the criteria determined by ALCO of the Holding Company.

2023

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	53,488,206	4,945,993	3,762,023	1,964,505	42,815,685	-	-	-	-	-
Balances with other banks	1,484,233	1,484,233	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	166,397,880	79,632,230	420,694	372,571	24,523,475	43,755,672	9,590,876	1,151,218	6,201,144	750,000
Advances	52,528,902	8,070,798	2,973,710	8,813,926	13,435,182	579,120	3,348,752	1,350,599	12,047,213	1,909,602
Operating fixed assets	4,055,481	65,477	128,314	257,792	293,497	480,579	713,406	1,447,696	668,720	-
Intangible assets	114,464	2,966	5,931	15,203	18,189	36,082	36,093	-	-	-
Deferred tax asset	17,201,220	2,640,287	4,481,214	4,987,477	5,092,242	-	-	-	-	-
Other assets	7,801,390	4,203,042	1,023,709	2,352,836	-	211,151	-	-	-	10,652
	303,071,776	101,045,026	12,795,595	18,764,310	86,178,270	45,062,604	13,689,127	3,949,513	18,917,077	2,670,254
Liabilities										
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-
Borrowings from financial institutions	38,267,440	36,575,000	1,662,500	-	-	29,940	-	-	-	-
Deposits and other accounts	224,841,914	41,082,015	48,274,578	28,365,071	105,572,587	111,870	373,971	1,061,822	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,235,310	2,089,814	859,496	812,825	7,446,194	813,318	618,073	1,595,590	-	-
	278,243,426	80,645,591	50,796,574	29,177,896	113,018,781	95,5128	992,044	2,657,412	-	-
Gap	24,828,350	20,399,435	(38,000,979)	(10,413,586)	(26,840,511)	44,107,476	12,697,083	1,292,101	18,917,077	2,670,254
Share capital - net	34,524,428									
Reserves	1,985,305									
Shares deposit money	-									
Deficit on revaluation of assets	(1,033,628)									
Accumulated Loss	(10,647,755)									
Net assets	24,828,350									

Where an asset or a liability does not have a contractual maturity date, the period in which these are assumed to mature have been taken as expected date of maturity, based on the criteria determined by ALCO of the Holding Company.

43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

The Group strives to manage operational risk within acceptable levels through sound operational risk management practices.

The Group has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Division (RMD). Its responsibility is to implement Operational Risk management tools across the Group for effective measurement and monitoring of operational risk faced by different areas of the Group.

43.4.1 Operational Risk - Disclosures Basel II Specific

The Group uses Basic Indicator Approach to calculate capital charge for operational risk as per Basel regulatory framework. This approach is considered to be most suitable in view of the business model of the Group which relies on an extensive network of branches to offer one - stop, full – service banking to its clients. Operational loss and "near miss" events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve security and control procedures. Key Risk Indicators have also been developed along with thresholds which are being closely monitored for breaches. Risk Evaluation exercise is carried out for new products, processes and systems or any significant change in the existing product, processes and systems as per the operational risk policy of the Group.

44. GENERAL


44.1 The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated financial statements due to adoption of revised forms for the preparation of financial statements as mentioned in note 4.1 is as follows:


Description of item	Nature	Rupees in '000'	From	To
Right of use assets	Asset	2,704,359	Property and equipment	Right-of-use assets
Lease liabilities against right of use assets	Liability	3,231,133	Other liabilities	Lease liabilities

44.2 Figures have been rounded off to the nearest thousand rupee.

45. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on March 3, 2025.


 President and
 Chief Executive Officer


 Chief Financial Officer


 Director


 Director


 Chairman

AUTO FINANCE



Features*:

- Car financing & light commercial vehicles
- Financing of new & used locally manufactured cars
- Financing up to Rs.3 Million maximum
- Financing tenor from 1 year to 5 years
- Low markup rates

* Terms & Conditions Apply



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Notice Of 14th Annual General Meeting

NOTICE is hereby given that the 14th Annual General Meeting of Sindh Bank Limited will be held on March 26, 2025, at 10:30 a.m. at Sindh Bank's Head Office, Federation House, Clifton, Karachi, to transact the following business:-

A-Ordinary Business:

1. To confirm the minutes of 13th Annual General Meeting.
2. To receive, consider and adopt the Audited consolidated/un-consolidated Financial Statements of the Bank for the year ended 31st December, 2024, together with Directors' and Auditors' Reports thereon and pass necessary resolutions in this regard.
3. To consider and approve appointment of Auditors of the Bank for the year 2025, and fix their remuneration, existing Auditors, M/s Riaz Ahmed, Chartered Accountants, are eligible for re-appointment.

B-Special Business:

- A. To grant post facto approval for the payment of remuneration to non-executive Directors and payment of 20% remuneration of the fee during the Year-2024 of Board/Committee Meetings for performing extra services other than directorship to the Chairman of Board, as per BPRD Circular No.05 of 2021.
- B. To approve payment of remuneration and provision of certain facilities to the President & CEO of the Bank.
- C. (i) To review and approve the Performance Evaluation of the Chairman, Directors & President & CEO conducted by Independent Consultants M/s Grant Thornton Anjum Rehman as per SBP BPRD Circular No. 11 dated August 22, 2016.
(ii) To approve that as per Para 8 (1) of PSC Rules 2013 the Contract with the Chairman, Directors & P&CEO will be deemed to be executed with the GoS from the date of their appointment that they will follow the all Regulations & Responsibilities as outlined in the Corporate Governance Regulatory Framework of the SBP according to BPRD Circular No. 05/2021, the Companies Act of 2017 and its Schedules, the Public Sector Rules 2013 (amended up to 2019), the Listed Companies (Code of Corporate Governance) Regulations 2019, and the Bank's Memorandum and Articles of Association, as well as any other prevailing laws/regulations/rules as amended time to time, as recommended by the Board of Directors in their 113th BoD meeting.
- D. To ratify the Director's Remuneration Policy with no change therein during review after 3-years as recommended by the Board of Directors in their 118-BoD meeting.
- E. Any other business with the permission of the chair.

By order of the Board;

Muhammad Irfan Zafar
Company Secretary

NOTES:

- i. A member entitled to attend and vote at the 14th Annual General Meeting of the Bank may appoint another member as his / her proxy to attend and vote instead of him / her. The proxy shall have the right to attend, speak and vote in place of the member appointed him at the meeting.
- ii. The instrument appointing a proxy should be signed by the member(s) or by his / her Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
- iii. The Proxy Form duly completed, must be deposited at the Bank's Registered Office at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi not less than 48 hours before the time of holding the meeting.
- iv. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his / her own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his / her original CNIC or passport at the time of meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

The Share transfer books of the company will remain closed from March 20, 2025, to March 26, 2025 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on March 20, 2025, will be considered on time for the determination of shareholder's entitlement to attend and vote at the meeting. Members are required to notify immediately changes, if any, in their registered addresses.

STATEMENT U/S 134 (3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS

This statement sets out the material facts concerning the Special Business given in above Special Business of above agenda, to be transacted at the 14th Annual General Meeting of Sindh Bank Limited (the "Bank") to be held on March 26, 2025:

Item No. A of Special Business:

The meeting fee payable to the non-executive members of the Board approved by the Board of Directors in its 115th meeting held on 25th October, 2024 as directorship fee @ Rs.250,000/- for Board meetings and Rs.200,000/- for its Sub-Committee meetings as Net of Tax. The decision of the Board, in terms of Article 104 of the Articles of Association of the Bank requires approval of the shareholders in Annual General Meeting as per SBP Regulations.

Further, payment of 20% extra Services paid to the Chairman during the currency of Year-2024, as per already approved criteria by the Shareholders in its 11th AGM held on 30.03.2022, as per SBP's CGRF-2021. The non-executive members of the Board and the Board Committees. The following resolution may be passed:-

"THE SHAREHOLDERS RESOLVE TO approve post facto approval for the payment of fee to the non-executive Directors during the Year-2024 from 1st Jan-2024 to 24th October-2024 @ Rs.250,000/- for Board meetings & Rs.200,000/- for its Committees meetings with deduction of applicable Tax. From 25th October-2024 to 31st Dec-2024 @ Rs.250,000/- for Board meetings & Rs.200,000/- for its Committees meetings as Net of Tax ."

"THE SHAREHOLDERS FURTHER RESOLVE TO give post facto approval for the payment of extra 20% of the amount of each Board meeting fees for providing extra services to the Chairman during the Year-2024, as earlier approved by the Shareholders in its 11th AGM held on 30.03.2022, as per SBP's CGRF-2021"

Item No. B of Special Business:

The Shareholders' approval is sought for the payment of remuneration and provision of certain facilities to the President & CEO of the Bank. The following resolution may be passed:

"THE SHAREHOLDERS HEREBY RESOLVES to approve the Gross Salary for the year 2024 a gross sum of Rs.4,000,000/- in addition to bonus and other perquisites to the ex-President & CEO retired on 3rd March, 2024. Further the salary of new President & CEO of Rs.20,767,742/- in addition to bonus and other perquisites as per term of their appointments be and are hereby approved."

Item No. C of Special Business:

As per SBP's Corporate Governance Regulatory Framework & Public Sector Companies Rules 2013, the Board of Directors in their 113th BoD meeting held on 30.08.2024 referred to the Shareholders to review and approve the following by passing following resolutions:

"THE SHAREHOLDERS HEREBY RESOLVES to approve the Performance Evaluation of the Chairman, Directors & President & CEO conducted by Independent Consultants M/s Grant Thornton Anjum Rehman as per SBP BPRD Circular No. 11 dated August 22, 2016"

"THE SHAREHOLDERS FURTHER RESOLVES to approve that the Contract with the Chairman, Directors & P&CEO will be deemed to be executed with the GoS from the date of their appointment that they will follow the all Regulations & Responsibilities as outlined in the Corporate Governance Regulatory Framework of the SBP according to BPRD Circular No. 05/2021, the Companies Act of 2017 and its Schedules, the Public Sector Rules 2013 (amended up to 2019), the Listed Companies (Code of Corporate Governance) Regulations 2019, and the Bank's Memorandum and Articles of Association, as well as any other prevailing laws/regulations/rules as amended time to time."

Item No. D of Special Business:

During review of the Board Remuneration Policy, after 3 years there was no change suggested. Hence, it was recommended by the Board in its 118-BoD meeting to the Shareholders for approval and to pass the following resolution: -

"THE SHAREHOLDERS RESOLVE TO approve the Board Remuneration Policy with no change as recommended by the Board of Directors in their 118th Meeting held on 03.03.2025"

Pattern of Shareholdings

AS ON DECEMBER 31, 2024

No. Of Shareholders	Shareholdings' Slab			Total Shares Held
7	1	To	100	7
31	101	To	500	15,500
36	501	To	1000	36,000
31	1001	To	5000	104,500
6	5001	To	10000	60,000
3	10001	To	15000	42,000
1	15001	To	20000	20,000
1	20001	To	25000	25,000
2	250001	To	30000	60,000
1	450001	To	50000	50,000
4	950001	To	100000	400,000
1	1950001	To	200000	200,000
1	3451429501	To	3451430000	3,451,429,810
125				3,452,442,817

Categories of Shareholders

As On December 31, 2024

Category No.	Shareholders	No. of Shares Held	Category wise No. of Shareholders	%
1	Individuals	410,000	4	0.01%
2	Investment companies	-	-	-
3	Joint stock companies	-	-	-
4	Director, Chief Executive, and their spouses and minor children			
	Mr. Mohammed Aftab Alam	1	1	0.00%
	Mr. Fayaz Ahmad Jatoi	1	1	0.00%
	Mr. Javaid Bashir Sheikh	1	1	0.00%
	Mr. Imran Samad	1	1	0.00%
	Mrs. Shaista Bano Gilani	1	1	0.00%
	Mr. Imtiaz Ahmad Butt	1	1	0.00%
	Mr. Farhan Ashraf Khan	1	1	0.00%
	Sub-Total	7	7	
5	Executives / Employees / Group employees	603,000	113	0.02%
6	NIT/ICP			
7	Associated companies, undertakings and related parties			
8	Banks, DFIs, NBFIs, insurance companies, modarbas & mutual funds			
9	Foreign investors			
10	Co-operative societies			
11	Charitable trusts			
12	Others-Government of Sindh, through its finance department	3,451,429,810	1	99.97%
TOTAL		3,452,442,817	125	100.00%
Shareholders holding ten percent or more voting interest in the listed company				
Total paid-up capital of the company			3,425,442,817	
10% of the paid-up capital of the company			345,244,282	
Name(s) of shareholder(s)	No. of shares held		Percentage (%)	
Government of Sindh, through its finance department	3,451,429,810		99.97	

Branch Network

SOUTH REGION

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Mr. Muhammad Khan Chand
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Mr. Muhammad Kaleem Ullah Khan
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REGION - III

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Mr. Bu Ali Khan
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Mr. Mansoor Ahmed
Area Manager
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BALUCHISTAN

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Mr. Wali Muhammad Attar
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Mr. Ashfaq Ahmed
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Mr. Syed Naseebullah
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SINDH RURAL REGION

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HYDERABAD

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Mr. Meenhoon Khan Jamro
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THATTA & BADIN

Mr. Kashif Ahmed Memon
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Mr. Faraz Ahmed Khuwaja
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Mr. Kashif Hussain Khuwaja
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KASHMORE & GHOTKI

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SUKKUR & SHAHEED BENAZIRABAD

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LARKANA & DADU

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Mr. Salman Hafeez
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GUJRANWALA

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ISLAMIC BANKING DIVISION

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 Head of Islamic Banking Division
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Number of Branches

S.No.	Regions	No. of Branches
1	Karachi Areas	93
2	Balochistan Areas	16
3	Sindh Rural Areas	97
4	Central Region	101
5	North Region (KPK, Mirpur AJK & GB) Areas	23
	Total	330

SUKOON SALARY LOAN



FEATURES*:

- Financing amount from Rs.50,000 to Rs.2,000,000
- Financing up to 4 years
- Hassle-free processing with minimum documentation
- Low markup rates

* Terms & Conditions Apply



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NASHEMAN

HOME FINANCE



Islamic Mode

FEATURES*:

- Repayment period from 01 to 20 years
- Financing amount PKR 500,000/- to PKR 50,000,000/-
- Affordable profit rates
- Minimum documentation
- Quick processing
- Partial and premature adjustment allowed

* Terms & Conditions Apply



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<https://sindhbank.com.pk/islamic-banking/>



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[company/sindh-bank-limited](https://www.linkedin.com/company/sindh-bank-limited)

Form of Proxy

I/We, _____, being member of Sindh Bank Limited and holding _____ ordinary share as per CDC Participant ID & Account No. _____, do hereby appoint Mr _____ s/o _____ or failing him Mr _____ s/o _____ as my Proxy in my absence to attend and vote for me and on my behalf at 14th Annual General Meeting of the Bank to be held on 26th March 2025, at 10:30 a.m. at the Head Office of Sindh Bank Limited, Federation House, Clifton, Karachi, and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2025.

1. Witness _____

Signature _____

CNIC No. _____

Address _____

Member's Signature
on Rs.5.00
Revenue Stamp

2. Witness _____

Signature _____

CNIC No. _____

Address _____

(Signature should agree with
the specimen signature
Registered with the Bank)

NOTES:

1. A member entitled to attend and vote at the 14th Annual General Meeting of the Bank may appoint any person as his/her/its proxy to attend and vote instead of his/her/its. The proxy shall have the right to attend, speak and vote in place of the member appointed him at the meeting.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her/its Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. The Proxy Form duly completed, must be deposited at the Bank's Registered Office at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, not less than 48 hours before the time of the meeting.
4. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his/her/its own as well as the proxy's CNIC / Passport with the Proxy Form. The proxy shall also produce his/her/its original CNIC or passport at the time of meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

UNMATCHED BANKING CONVENIENCE



330 ONLINE BRANCHES ACROSS PAKISTAN



Features:

- Minimum documentation
- Quick & hassle-free processing
- Affordable markup rates
- Flexible financing



Features:

- Flexible loan repayment
- Affordable markup rates
- Minimum documentation
- Quick processing



Features:

- Car financing & light commercial vehicles
- Financing of new & used locally manufactured cars
- Financing up to Rs. 3 million maximum
- Financing tenor from 1 year to 5 years
- Low markup rates



Features:

- Financing amount from Rs.50,000 to Rs.2,000,000
- Financing up to 4 years
- Hassle-free processing with minimum documentation
- Low markup rates



Sindh Bank Limited

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