

SINDH BANK LIMITED

Analyst:

Musaddeq Ahmed Khan
(musaddeq@vis.com.pk)

RATING DETAILS

RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	AA	A1+	AA-	A1+
RATING OUTLOOK/ WATCH	Stable		Stable	
RATING ACTION	Upgraded		Reaffirmed	
RATING DATE	December 01, 2025		June 30, 2025	

Shareholding (5% or More)

Government of Sindh, Finance Department – 99.97%

Other Information

Incorporated in 2010

Private Unlisted Company

Chief Executive: Mr. Muhammad Anwaar

External Auditor: Riaz Ahmad & Company Chartered Accountants

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Financial Institutions

<https://docs.vis.com.pk/Methodologies%202024/Financial-Institution-v2.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

SNDB is wholly owned by Government of Sindh (GoS), through its Finance Department and sponsor support is evident given prior capital injections, as and when required. The Bank has been providing Commercial, Corporate and Investment Banking services for over a decade. Headquartered in Karachi, the Bank's nation-wide branch network stood at previous year level with total 330 branches (including 8 sub-branches and 19 Islamic Banking branches).

The rating revision reflects the reviving of corporate and commercial lending activities and its expected impact on profitability going forward. As such the Bank's relative positioning in terms of earnings ability will likely improve, as the sector at large faces thinner margins and higher taxes. A stable governance framework, an experienced management team, and the gradual strengthening of core operating fundamentals is supportive of the rating decision. Asset quality indicators have improved meaningfully due to sustained recoveries and prudent provisioning practices, which have helped contain residual credit risk, despite legacy NPL portfolio.

Profitability remained stable during the review period, driven by growth in earning assets and higher non-markup income, although the recent reduction in the policy rate has exerted some pressure on spreads. Capitalization continues to be strong, with comfortable buffers above regulatory requirements, supported by internal capital generation and a measured approach to balance sheet expansion. The Bank's liquidity profile is sound, backed by a growing and diversified deposit base, an improved mix of low-cost accounts, and regulatory liquidity indicators that remain well above the required thresholds.

Financial Summary

Appendix I

Balance Sheet (PKR Millions)	CY22	CY23	CY24	9MCY25
Total Investments	254,553.00	166,503.47	201,164.59	194,971.36
Net Advances	43,802.00	50,623.05	72,545.69	110,259.89
Total Assets	357,850.00	300,483.41	360,087.12	383,919.01
Borrowings	106,935.00	37,546.44	1,457.90	1,000.00
Deposits & other accounts	223,044.00	223,569.65	312,718.30	335,114.54
Subordinated Loans	0.00	0.00	0.00	0.00
Total Liabilities	340,699.37	276,011.07	330,935.08	352,704.67
Paid-up Capital	29,524.00	34,524.43	34,524.43	34,524.43
Tier-1 Equity	2,288.60	7,865.34	14,224.52	16,730.67
Net Shareholder's Equity (excl. reval)	18,359.00	25,505.97	28,267.60	29,585.55

Income Statement (PKR Millions)	CY22	CY23	CY24	9MCY25
Net Markup Income	5,316.00	7,993.00	8,602.19	8,278.01
Net Provisioning Charge/(Reversal)	1,939.00	1,024.00	2,048.84	(637.09)
Non-Markup Income	1,089.00	1,867.00	1,314.95	1,573.35
Administrative Expenses	6,726.00	8,119.00	9,460.24	7,938.55
Profit/(Loss) Before Tax	(2,269.00)	657.00	2,501.75	2,541.64
Profit/(Loss) After Tax	(1,385.00)	2,165.00	2,770.33	1,213.07

Ratio Analysis	CY22	CY23	CY24	9MCY25
Market Share (Domestic Advances) (%)	0.60%	0.63%	0.62%	1.01%
Market Share (Domestic Deposits) (%)	0.99%	0.80%	1.03%	0.95%
Gross Infection (%)	49.30%	42.70%	30.40%	22.85%
Net Infection (%)	18.00%	12.30%	6.70%	5.28%
Specific Provisioning Coverage (%)	77.47%	81.20%	83.56%	81.18%
General Provisioning Coverage (%)	0.00%	0.00%	1.86%	0.50%
Net NPLs to Tier-1 Capital (%)	166.02%	33.15%	8.61%	12.36%
Cost of deposits (%) *	7.88%	13.65%	13.40%	7.65%
NIM (%) *	2.25%	3.83%	4.30%	3.72%
Efficiency (%)	102.60%	85.40%	97.61%	87.59%
ROAA (%) *	-0.40%	0.70%	0.84%	0.43%
ROAE (%) *	-7.30%	9.90%	10.30%	5.59%
LCR (%)	352.00%	425.00%	383.00%	390.00%
NSFR (%)	203.00%	202.00%	245.00%	191.00%
Liquid Assets to Deposits & Borrowings (%)	82.00%	81.60%	79.89%	70.79%
Gross Advances to Deposits Ratio (%)	30.92%	33.91%	31.18%	40.29%
Tier-1 CAR (%)	5.40%	16.20%	20.07%	22.61%
Capital Adequacy Ratio (CAR) (%)	5.40%	16.20%	21.42%	25.04%

*Annualized, if required

REGULATORY DISCLOSURES

Appendix I

Name of Rated Entity	Sindh Bank Limited				
Sector	Commercial Banks				
Type of Relationship	Solicited				
Purpose of Rating	Entity Ratings				
Rating History	Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
	RATING TYPE: ENTITY				
	12/01/2025	AA	A1+	Stable	Upgraded
	6/30/2025	AA-	A1+	Stable	Reaffirmed
	6/28/2024	AA-	A1+	Stable	Upgrade
	6/27/2023	A+	A1	Stable	Reaffirmed
	6/28/2022	A+	A1	Stable	Reaffirmed
	6/30/2021	A+	A1	Stable	Reaffirmed
	6/30/2020	A+	A1	Stable	Reaffirmed
	6/28/2019	A+	A1	Stable	Downgrade
	6/28/2018	AA	A1+	Rating Watch-Developing	Reaffirmed
	6/30/2017	AA	A1+	Rating Watch-Developing	Maintained
	6/28/2016	AA	A1+	Stable	Reaffirmed
	6/30/2015	AA	A1+	Stable	Reaffirmed
	12/23/2014	AA	A1+	Stable	Upgrade
	6/30/2014	AA-	A1+	Positive	Maintained
	6/28/2013	AA-	A1+	Stable	Maintained
	5/21/2012	AA-	A1	Stable	Reaffirmed
Instrument Structure	N/A				
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.				