

CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

As shown in note 42.1 of Group Level Financial Statements, full disclosure on the Capital Adequacy Ratio, Leverage Ratio, Liquidity Coverage Ratio & Net Stable Funding Ratio as per SBP instructions has been placed below ;

1 CAPITAL ADEQUACY RATIO - GROUP LEVEL

1.1 Scope of Application

The Basel-III Framework is applicable to the Group both at the consolidated level (comprising of wholly owned subsidiaries) and on a stand alone basis. Subsidiary is included while calculating consolidated capital adequacy for the Group using full consolidation method. Standardized approach is used for calculating the capital adequacy for credit and market risk, whereas, basic indicator approach (BIA) is used for operational risk capital adequacy purposes.

1.2 Capital Management

1.2.1 Objectives and goals of managing capital

The Group manages its capital to attain the following objectives and goals:

- an appropriately capitalized status, as defined by banking regulations;
- acquire strong credit ratings that enable an optimized funding mix and liquidity sources at lesser costs;
- cover all risks underlying business activities; and
- retain flexibility to harness future investment opportunities, build and expand even in stressed times.

1.2.2 Statutory Minimum Capital Requirement and Capital Adequacy Ratio

The State Bank of Pakistan through BSD Circular No. 07 of 2009 dated April 15, 2009 required the minimum paid-up capital (net of losses) for all locally incorporated banks to be raised to Rs.10 billion by the year ended on December 31, 2025. The raise was to be achieved in a phased manner. The paid-up capital of the Group for the year ended December 31, 2025 stands at Rs. 29.09 billion and is in compliance with the SBP requirement.

The capital adequacy ratio of the Group is subject to the Basel-III capital adequacy guidelines stipulated by the State Bank of Pakistan through BPRD Circular No. 06 of 2013 dated August 15, 2013. These requirements are applicable from December 31, 2013 with full implementation in a phased manner intended by December 31, 2019. Under the Basel-III guidelines, group are required to maintain the following ratios:

Minimum capital requirements:

S. No.	Ratio	2025
1	CET1	6.00%
2	ADT-1	1.50%
3	Tier-1	7.50%
4	Total Capital	10.00%
5	* CCB	1.50%
6	Total Capital plus CCB	11.50%

* (Consisting of CET1 only)

Group's regulatory capital is analysed into three tiers

- Common Equity Tier 1 capital (CET1), which includes fully paid-up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves, share deposit money as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CET1.
- Additional Tier 1 Capital (AT1), which includes perpetual non-cumulative preference shares and share premium resulting from the issuance of preference shares, balance in share premium account after all regulatory adjustments applicable on AT1.
- Tier 2 capital, which includes Subordinated debt / Instruments, share premium on issuance of Subordinated debt / instruments, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), net of tax reserves on revaluation of fixed assets and equity investments up to a maximum of 45% of the balance and foreign exchange translation reserves after all regulatory adjustments applicable on Tier-2.

The required capital adequacy ratio (11.50% of the risk-weighted assets) is achieved by the Group through improvement in the asset quality at the existing volume level, ensuring better recovery management and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risks attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Group. As the Group carries on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organization and aggregate the risks so as to take an integrated approach / view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Group to particular operations or activities.

The Government of Sindh, the Group's major shareholder holding 99.97 percent of the Group's equity is fully committed to supporting the Group, whenever required.

	2025	2024
	(Rupees in '000)	
1.3 Capital Adequacy		
1.3.1 Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	34,524,428	34,524,428
2 Balance in Share Premium Account	51	51
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/Statutory Reserves	3,336,218	2,581,664
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	(5,111,866)	(7,650,592)
8 Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9 CET 1 before Regulatory Adjustments	32,748,831	29,455,551
10 Total regulatory adjustments applied to CET1	10,974,333	13,771,674
11 Common Equity Tier 1	21,774,499	15,683,877
1.3.2 Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 AT1 before regulatory adjustments	-	-
18 Total regulatory adjustment applied to AT1 capital	-	-
19 Additional Tier 1 capital after regulatory adjustments	-	-
20 Additional Tier 1 capital recognized for capital adequacy	-	-
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	21,774,499	15,683,877
1.3.3 Tier 2 Capital		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules	-	-
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	324,382	176,557
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on fixed assets	-	-
29 of which: Unrealized gains/losses on AFS	1,868,854	798,042
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	2,193,236	974,599
33 Total regulatory adjustment applied to T2 capital	-	-
34 Tier 2 capital (T2) after regulatory adjustments	2,193,236	974,599
35 Tier 2 capital recognized for capital adequacy	-	-
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	2,193,236	974,599
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	23,967,735	16,658,476
39 Total Risk Weighted Assets (RWA)	95,369,018	74,751,835
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	22.83%	20.98%
41 Tier-1 capital to total RWA	22.83%	20.98%
42 Total capital to total RWA	25.13%	22.29%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.50%	7.50%
44 of which: capital conservation buffer requirement	1.50%	1.50%
45 of which: counter cyclical buffer requirement	0.00%	0.00%
46 of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	15.33%	13.48%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	6.00%	6.00%
49 Tier 1 minimum ratio	7.50%	7.50%
50 Total capital minimum ratio plus CCB	11.50%	11.50%

1.3.4 Regulatory Adjustments and Additional Information:		2025	2024
		(Rupees in '000)	
Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	-	-
2	All other intangibles (net of any associated deferred tax liability)	100,377	56,330
3	Shortfall in provisions against classified assets	-	-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,050,942	2,950,584
5	Defined-benefit pension fund net assets	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-
7	Cash flow hedge reserve	-	-
8	Investment in own shares/ CET1 instruments	-	-
9	Securitization gain on sale	-	-
10	Capital shortfall of regulated subsidiaries	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/AFS	-	-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	9,823,014	10,764,760
15	Amount exceeding 15% threshold :	-	-
16	15% threshold of significant investments & deferred tax assets	-	-
17	National specific regulatory adjustments applied to CET1 capital	-	-
18	Investments in TFCs of other banks exceeding the prescribed limit	-	-
19	Any other deduction specified by SBP (mention details)	-	-
20	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-
21	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	10,974,333	13,771,674
Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
22	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
23	Investment in own AT1 capital instruments	-	-
24	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-
25	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
26	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
27	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-
28	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
29	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-
Tier 2 Capital: regulatory adjustments			
30	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
31	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-
32	Investment in own Tier 2 capital instrument	-	-
33	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
34	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
35	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	-	-

	2025	2024
	(Rupees in '000)	
1.3.5 Additional Information		
36 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III treatment)	3,833,168	3,833,168
(i) of which: deferred tax assets	2,950,584	2,950,584
(ii) of which: defined-benefit pension fund net assets	-	-
(iii) of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	882,584	882,584
(iv) of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
	3,833,168	3,833,168
Amounts below the thresholds for deduction (before risk weighting)		
37 Non-significant investments in the capital of other financial entities	-	-
38 Significant investments in the common stock of financial entities	-	-
39 Deferred tax assets arising from temporary differences (net of related tax liability)	13,409,624	13,409,624
	13,409,624	13,409,624
Applicable caps on the inclusion of provisions in Tier 2		
40 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-
41 Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
42 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
43 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
	-	-
1.4 Capital Structure Reconciliation		
	As per published financial statements	Under regulatory scope of reporting
	December 31, 2025	
	(Rupees in '000)	
Step 1		
Assets		
Cash and balances with treasury banks	27,845,704	27,845,704
Balanced with other banks	4,285,124	4,285,124
Lending to financial institutions	21,413,319	21,413,319
Investments	166,963,504	166,963,504
Advances	149,883,765	149,883,765
Operating fixed assets	2,020,023	2,020,023
Right of use assets	3,733,191	3,733,191
Intangible assets	117,692	117,692
Deferred tax assets	14,033,707	14,033,707
Other assets	10,870,440	10,870,440
Total assets	401,166,469	401,166,469
Liabilities and equity		
Bills payable	4,236,755	4,236,755
Borrowings	2,197,000	2,197,000
Deposits and other accounts	343,309,977	343,309,977
Lease liabilities	4,962,934	4,962,934
Deferred tax liabilities	-	-
Other liabilities	12,081,755	12,081,755
Total liabilities	366,788,420	366,788,420
Share capital	34,524,428	34,524,428
Reserves	3,336,269	3,336,269
Unappropriated / unremitted profit / (losses)	(5,437,903)	(5,437,903)
Surplus on revaluation of assets	1,955,254	1,955,254
Total equity	34,378,048	34,378,048
Total liabilities and equity	401,166,469	401,166,469

Step 2	As per	Under	Reference
	published	regulatory	
	financial	scope of	
	statements	consolidation	
	December 31, 2025		
	(Rupees in '000)		
Assets			
Cash and balances with treasury banks	27,845,704	27,845,704	
Balanced with other banks	4,285,124	4,285,124	
Lending to financial institutions	21,413,319	21,413,319	
Investments	166,963,504	166,963,504	
- of which: non-significant capital investments in capital of other financial institutions exceeding 10% threshold	-	-	a
CET-1	-	-	
ADT	-	-	
T2	-	-	
- of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
CET-1	-	-	
ADT	-	-	
T2	-	-	
- of which: mutual funds exceeding regulatory threshold	-	-	c
- of which: reciprocal crossholding of capital instrument	-	-	d
- of which: others (mention details)	-	-	e
Advances	149,883,765	149,883,765	
Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
General provisions reflected in Tier 2 capital	324,382	324,382	g
Fixed assets	5,753,214	5,753,214	
Deferred tax assets	14,033,707	14,033,707	
- of which: DTAs excluding those arising from temporary differences	1,050,942	1,050,942	h
- of which: DTAs arising from temporary differences exceeding regulatory threshold	9,823,014	9,823,014	i
Other assets	10,870,440	10,870,440	
- of which: goodwill	-	-	j
- of which: intangibles	117,692	117,692	k
- of which: Defined-benefit pension fund net assets	-	-	l
Total assets	401,166,469	401,166,469	
Liabilities and equity			
Bills payable	4,236,755	4,236,755	
Borrowings	2,197,000	2,197,000	
Deposits and other accounts	343,309,977	343,309,977	
Sub-ordinated loans	-	-	
- of which: eligible for inclusion in AT1	-	-	m
- of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	17,316	17,316	
- of which: DTLs related to goodwill	-	-	o
- of which: DTLs related to intangible assets	17,316	17,316	p
- of which: DTLs related to defined pension fund net assets	-	-	q
- of which: other deferred tax liabilities	-	-	r
Other liabilities	17,044,689	17,044,689	
Total liabilities	366,788,420	366,788,420	
Share capital	34,524,428	34,524,428	
- of which: amount eligible for CET1	34,524,428	34,524,428	s
- of which: amount eligible for AT1	-	-	t
Reserves	3,336,269	3,336,269	
- of which: portion eligible for inclusion in CET1	3,336,269	3,336,269	u
- of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit / (losses)	(5,437,903)	(5,437,903)	w
Minority interest	-	-	
- of which: portion eligible for inclusion in CET1	-	-	x
- of which: portion eligible for inclusion in AT1	-	-	y
- of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets	1,955,254	1,955,254	
- of which: revaluation reserves on property	-	-	
- of which: unrealized gains / (losses) on AFS	-	-	aa
- In case of deficit on revaluation (deduction from CET1)	-	-	ab
Total equity	34,378,048	34,378,048	
Total liabilities and equity	401,166,469	401,166,469	

Step 3

	Source based on reference number from step 2	Source based on reference number from step 2
	Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully paid-up capital / capital deposited with SBP	34,524,428	(s)
2 Balance in share premium account	51	
3 Reserve for issue of bonus shares	-	
4 General / statutory reserves	3,336,218	(u)
5 Gain / (loss) on derivatives held as cash flow hedge	-	
6 Unappropriated / unremitted profits / (losses)	(5,111,866)	(w)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8 CET 1 before Regulatory Adjustments	32,748,831	
Common Equity Tier 1 capital: Regulatory Adjustments		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	100,376	(k) - (p)
11 Shortfall of provisions against classified assets	-	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,050,942	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	-	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of property / AFS	-	(ab)
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	9,823,014	(i)
23 Amount exceeding 15% threshold		
24 - of which: significant investments in the common stocks of financial entities	-	
25 - of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 Investment in TFCs of other banks exceeding the prescribed limit	-	
28 Any other deduction specified by SBP (mention details)	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30 Total regulatory adjustments applied to CET1	10,974,332	
31 Common Equity Tier 1	21,774,499	
Additional Tier 1 (AT 1) Capital		
32 Qualifying additional Tier-1 instruments plus any related share premium	-	
33 - of which: classified as equity	-	(t)
34 - of which: classified as liabilities	-	(m)
35 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36 - of which: instrument issued by subsidiaries subject to phase out	-	
37 AT1 before regulatory adjustments	-	

Step 3

	Source based on reference number from step 2	Source based on reference number from step 2
	Rupees in '000	
Additional Tier 1 Capital: regulatory adjustments		
38 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39 Investment in own AT1 capital instruments	-	
40 Reciprocal cross holdings in additional Tier 1 capital instruments	-	
41 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
42 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
44 Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45 Total of regulatory adjustment applied to AT1 capital	-	
45.1 Transfer to CET1 due to insufficient amount in AT1	-	
46 Additional Tier 1 capital	-	
47 Additional Tier 1 capital recognized for capital adequacy	-	
48 Tier 1 Capital (CET1 + admissible AT1)	21,774,499	
Tier 2 Capital		
49 Qualifying Tier 2 capital instruments under Basel III	-	(n)
50 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
51 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52 - of which: instruments issued by subsidiaries subject to phase out	-	
53 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit risk weighted assets	324,382	(g)
54 Revaluation reserves eligible for Tier 2	1,868,854	
55 - of which: portion pertaining to Property	-	portion of (aa)
56 - of which: portion pertaining to AFS securities	1,868,854	
57 Foreign exchange translation reserves	-	(v)
58 Undisclosed / other reserves (if any)	-	
59 T2 before regulatory adjustments	2,193,236	
Tier 2 Capital: regulatory adjustments		
60 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
61 Reciprocal cross holdings in Tier 2 instruments	-	
62 Investment in own Tier 2 capital instrument	-	
63 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
64 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
65 Amount of regulatory adjustment applied to T2 capital	-	
66 Tier 2 capital (T2)	2,193,236	
67 Tier 2 capital recognized for capital adequacy	2,193,236	
68 Transfer to ADT1 due to insufficient amount	-	
69 Total Tier 2 capital admissible for capital adequacy	2,193,236	
Total capital (T1 + admissible T2)	23,967,735	

1.5 Main features template of Regulatory Capital Instruments

1	Issuer	Sindh Bank Ltd
2	Unique identifier (e.g PSX Symbol or Bloomberg identifier etc.)	Un-quoted
3	Governing law(s) of the instrument	Laws applicable in Pakistan
	Regulatory treatment	
4	- Transitional Basel III rules	Common Equity Tier 1
5	- Post-transitional Basel III rules	Common Equity Tier 1
6	- Eligible at solo / group / group & solo	Group & Solo
7	- Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (currency in PKR thousands as of reporting date)	34,524,428
9	Par value of instrument	Rs.10
10	Accounting classification	Shareholders
11	Original date of issuance	October 29, 2010
12	Perpetual or dated	Perpetual
13	Original maturity date	Not applicable
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	Coupons / Dividends	
17	Fixed or floating dividend/ coupon	Floating Dividend
18	Coupon rate and any related index/ benchmark	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	
	Convertible or non-convertible	Non-convertible
23	If convertible, conversion trigger(s)	Not applicable
24	If convertible, fully or partially	Not applicable
25	If convertible, conversion rate	Not applicable
26	If convertible, mandatory or optional conversion	Not applicable
27	If convertible, specify instrument type convertible into	Not applicable
28	If convertible, specify issuer of instrument it converts into	Not applicable
	Write-down feature	
29	If write-down, write-down trigger(s)	Not applicable
30	If write-down, full or partial	Not applicable
31	If write-down, permanent or temporary	Not applicable
32	If temporary write-down, description of write-up mechanism	Not applicable
33	Position in subordination hierarchy in liquidation (specify instrument) type immediately senior to instrument	Residual Interest
34	Non-compliant transitioned features	No
35	If yes, specify non-compliant features	Not applicable

1.6 Risk Weighted Assets

The risk weighted assets to capital ratio, calculated in accordance with the State Bank of Pakistan's guidelines on capital adequacy are as follows:

	2025		2024		
	Capital Requirements	Risk Weighted Assets	Capital Requirements	Risk Weighted Assets	
(Rupees in '000)					
Credit Risk:					
Credit Risk on Balance Sheet Portfolios subject to standardized approach (simple)					
Public sector entities	-	-	-	-	
Banks	222,008	2,220,079	360,723	3,607,225	
Corporate	2,926,572	29,265,716	1,774,028	17,740,285	
Retail	336,557	3,365,571	229,890	2,298,897	
Residential mortgages	72,988	729,877	57,100	571,002	
Past due loans	72,615	726,149	164,855	1,648,547	
Deferred tax assets	789,938	7,899,378	661,216	6,612,160	
Listed equity investment	70,584	705,838	89,142	891,422	
Operating fixed assets	575,321	5,753,214	485,599	4,855,987	
Other assets	195,019	1,950,190	201,109	2,011,093	
	5,261,601	52,616,013	4,023,662	40,236,618	
Off-Balance sheet:					
Non-market related					
Financial guarantees, performance related commitments, trade related etc.	388,457	3,884,573	295,568	2,955,683	
Market related					
Foreign exchange contracts/ derivatives etc.	9,493	94,931	23,599	235,986	
	397,950	3,979,504	319,167	3,191,669	
TOTAL CREDIT RISK	5,659,552	56,595,517	4,342,829	43,428,287	
Market Risk:					
Capital Requirement for portfolios subject to standardized approach					
Interest rate risk	764,877	7,648,768	947,652	9,476,516	
Equity position risk	901,195	9,011,950	407,164	4,071,638	
Foreign exchange risk	22,366	223,663	50,200	502,000	
TOTAL MARKET RISK	1,688,438	16,884,380	1,405,015	14,050,154	
Operational Risk:					
Capital Requirement for portfolios subject to basic indicator approach					
Operational risk	2,188,912	21,889,121	1,727,340	17,273,395	
TOTAL RISK WEIGHTED ASSETS	9,536,902	95,369,018	7,475,184	74,751,835	
		2025	2024		
Capital Adequacy Ratios		Required	Actual	Required	Actual
CET1 to total RWA		6.00%	22.83%	6.00%	20.98%
Tier-1 capital to total RWA		7.50%	22.83%	7.50%	20.98%
Total capital plus CCB to total RWA		11.50%	25.13%	11.50%	22.29%

2 Leverage Ratio

SBP vide BPRD Circular No. 06 dated August 15, 2013 introduced leverage ratio (Tier 1 Capital to total exposure) under Basel-III Framework.

The leverage ratio of the Group for the year ended December 31, 2025 stood at 5.28% (2023: 3.02%).

	2025		2024	
	(Rupees in '000)			
Total Exposure				
On balance sheet exposures				
On-balance sheet items (excluding derivatives)		385,539,515		333,870,220
Derivatives		-		-
Total on balance sheet exposures (A)		385,539,515		333,870,220
Off balance sheet exposures				
Off-balance sheet items (excluding derivatives)		18,752,041		26,847,539
Derivatives in respective of commitments		474,655		703,587
Total Off balance sheet exposures (B)		19,226,696		27,551,126
Total Exposure (A+B)		404,766,211		361,421,346
Tier-1 Capital		21,774,499		15,683,877
Leverage Ratio (%)		5.38%		4.34%
Leverage Ratio (requirement)		3.00%		3.00%

3 Liquidity Coverage Ratio (LCR)

Asset & Liability Committee (ALCO) is responsible for reviewing and approving the liquidity risk limits, ensuring the liquidity risk management practices are in line with the defined strategy. ALCO is also responsible to recommend Liquidity Risk policy for approval to BOD.

Liquidity risk is defined as the risk that a bank does not have sufficient financial resources to meet its obligation and commitments as they fall due and have no other choice to secure funds at a higher cost. The Bank ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of deposits. All liquidity limits including deposit concentration is reviewed in ALCO on a periodic basis. The Bank performs its Liquidity Stress Test on a periodic basis in order to ensure that sufficient liquidity is always available in order to fulfill Bank's financial commitment. Stress testing technique is also used to identify the potential impact of extreme yet plausible events or movements on the value of a portfolio. Stress testing scenarios are developed in guidance provided by the regulator. The Bank also has in place approved Liquidity Contingency Plan. Further, Liquidity Risk Management is quantified by Liquidity Coverage Ratio and Net Stable Funding Ratio as communicated by the Regulator. Liquidity Coverage Ratio (LCR) refers to the highly liquid assets held by the bank to meet its short term obligations. LCR is used as a tool to manage liquidity risk. LCR has two components: high quality liquid asset (HQLA) and total net cash outflows. HQLA comprises of those assets that can be readily sold or employed as collateral for obtaining fund. HQLA structure has been divided into 1) cash and treasury balance, 2) marketable securities, 3) corporate debt securities with credit rating and 4) non-financial equity shares.

	2025		2024	
	Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
----- (Rupees in '000) -----				
HIGH QUALITY LIQUID ASSETS				
Total high quality liquid assets (HQLA)		183,159,874		144,053,221
CASH OUTFLOWS				
Retail deposits and deposits from small business customers of which:				
Stable deposit	65,856,154	3,292,808	35,800,690	1,790,034
Less stable deposit	35,294,886	3,529,489	40,991,963	4,099,196
Unsecured wholesale funding of which:				
Operational deposits (all counterparties)	206,559,731	85,454,081	146,452,969	59,198,653
Non-operational deposits (all counterparties)	-	-	-	-
Unsecured debt	-	-	-	-
Secured wholesale funding	-	-	-	-
Additional requirements of which:				
Outflows related to derivative exposures and other collateral requirements	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	2,009,714	200,971	1,358,153	147,909
Other contractual funding obligations	22,769,806	557,024	25,288,248	398,082
Other contingent funding obligations	2,698,340	2,698,340	2,493,969	2,493,969
TOTAL CASH OUTFLOWS	335,188,632	95,732,712	252,385,991	68,127,844
CASH INFLOWS				
Secured lending	7,358,920	-	2,125,443	-
Inflows from fully performing exposures	89,005,267	48,580,478	53,109,489	30,521,492
Other cash inflows	2,224,003	-	1,834,211	-
TOTAL CASH INFLOWS	98,588,190	48,580,478	57,069,143	30,521,492
	Total adjusted value		Total adjusted value	
Total HQLA		183,159,874		144,053,221
Total net Cash Out Flows		47,152,234		37,606,353
LIQUIDITY COVERAGE RATIO (LCR)		388%		383%

4 Net Stable Funding Ratio (NSFR)

The objective of NSFR is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

The ratio has been computed as prescribed by the State Bank of Pakistan through instructions for Basel-III - Liquidity Standards implementation in Pakistan.

	2025				Weighted value
	Unweighted value by residual maturity				
	No maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----					
Capital:					
Regulatory capital	33,548,225	-	-	-	33,548,225
Other capital instruments	-	-	-	-	-
Retail deposits and deposit from small business customers:					
Stable deposits	66,664,471	790,518	-	-	64,082,239
Less stable deposits	38,548,259	6,306,163	4,282,282	112,006	44,335,040
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	190,984,486	14,751,992	15,087,658	4,563,416	114,699,402
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities and equity not included in other categories	16,486,514	1,080,000	-	250,170	250,170
Total ASF					256,915,076
Total NSFR high-quality liquid assets (HQLA)					170,360,132
Deposits held at other financial institutions for operational purposes	3,725,158	-	-	-	1,862,579
Performing loans and securities:					
Performing loans to financial institutions secured by Level 1 HQLA	-	21,414,467	-	-	2,141,447
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1,873,173	1,339,072	-	950,512
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	113,950,727	14,141,169	4,675,422	68,020,057
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	93,646	67,177	10,209,013	6,716,270
Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	-	-	-	-
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for derivative contracts	-	-	-	-	-
NSFR derivative assets	-	-	-	-	-
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	29,130,238	37,620,361	8,618,596	6,535,927	47,694,007
Off-balance sheet items	-	24,765,775	2,142,291	2,563,483	1,473,577
Total RSF					128,858,448
Net Stable Funding Ratio (%)					199%

Net Stable Funding Ratio (NSFR)

The objective of NSFR is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

The ratio has been computed as prescribed by the State Bank of Pakistan through instructions for Basel-III - Liquidity Standards implementation in Pakistan.

	2024				Weighted value
	Unweighted value by residual maturity				
	No maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----					
Capital:					
Regulatory capital	29,152,044	-	-	-	29,152,044
Other capital instruments	-	-	-	-	-
Retail deposits and deposit from small business customers:					
Stable deposits	52,403,049	623,136	317,442	223,084	50,899,529
Less stable deposits	45,638,539	6,016,691	2,218,934	21,685	48,508,433
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	158,507,666	21,469,922	20,751,051	4,527,098	104,891,418
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities and equity not included in other categories	12,915,128	-	-	3,843,755	2,625,553
Total ASF					236,076,977
Total NSFR high-quality liquid assets (HQLA)				194,732,043	-
Deposits held at other financial institutions for operational purposes	3,785,764	-	-	-	1,892,882
Performing loans and securities:					
Performing loans to financial institutions secured by Level 1 HQLA	-	24,515,010	-	-	2,451,501
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	786,210	509,994	-	372,928
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	49,923,643	2,611,061	4,848,678	30,388,728
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	93,646	67,177	10,474,003	6,888,513
Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	-	-	-	-
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for derivative contracts	-	-	-	-	-
NSFR derivative assets	-	-	-	-	-
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	25,462,063	16,274,397	24,589,273	11,543,864	53,144,723
Off-balance sheet items	-	16,293,874	3,469,652	3,652,822	1,170,817
Total RSF					96,310,093
Net Stable Funding Ratio (%)					245%