Sindh Bank Limited

Financial Statements

For the year ended

December 31, 2025

SINDH BANK

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, 2025. A detailed review is presented in the Directors Report.

I am pleased to report noteworthy improvements in the Bank's performance indicators. The Bank recorded an exponential increase of 154.50% in pre-tax profit, amounting to Rs.6.37 billion for the year, compared to Rs. 2.50 billion in the previous year. This growth was primarily attributable to an increase in Net Interest Income of Rs.3,452 million (40.13%), 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.

Further, the Bank's strategic focus on the recovery of Non-Performing Loans (NPLs) resulted in a significant net reversal of credit loss provisions amounting to Rs. 3.37 billion. This achievement reflects the Bank's robust NPL portfolio management and prudent provisioning strategies.

Post tax Profit for the year amounted to Rs.3.35bn compared to post tax profit of Rs2.77bn last year.

Deposits recorded a notable increase of Rs.29.37bn (9.39%), reaching to Rs.342.09bn, compared to Rs.312bn as of December 31, 2024,while maintain the focus on Current Account deposits.

CASA increased by Rs.39.64-bn i.e.15.46 % and stood at Rs.296.21-bn at year-end 2025 compared to Rs256.56bn on December 31, 2024.

Gross Advances increased by Rs.71.54 bn (i.e.72.30%) and stood at 170.50bn year-end 2025 compared to. Rs.98.95bn on December 31, 2024, mainly due to zero risk weighted sovereign-backed exposures.

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

	Rupees in '000
Total income	13,937,253
Profit before provisions and tax	2,987,385
Credit allowance and write offs	1,257,840
Reversal of credit allowance	(4,637,499)
Profit before tax	6,367,044
Taxation	
- Current	1,116,448
-Prior Years	1,344
- Deferred	1,894,443
	3,012,235
Profit after tax	3,354,809
Other comprehensive income	(29,441)
Loss before appropriation	(5,379,887)

	Rupees in '000
Appropriations:	
Transfer to Statutory Reserve	(670,962)
Accumulated loss as at Period end	**(6,050,851)**

As at the year-end, Sindh Bank's Equity (i.e. Paid-up Capital, Reserves, deficit on revaluation & accumulated losses) stood at Rupees 33.54billion increasing by about 15.08% over Rupees 29.15billion last year.

Bank's Capital Adequacy Ratio stood at 25.04 % as against the minimum requirement of 11.5% and Leverage Ratio stood at 5.28% against minimum requirement of 3% as on December 31, 2025.

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 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 5, 2026

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

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, 2025.

The Bank registered balanced growth across lending, deposits, fund based and non-markup incomes. Liquidity buffers remained healthy, CASA balances strong, and funding profile stable, providing ample headroom for sustainable growth. Financial highlights are as follows:

(Rupees in '000)

Balance Sheet	As on Dec 31, 2025	As on Dec 31, 2024	% age Change Increase/(decrease)
Paid up Capital	34,524,428	34,524,428	-
Reserves	3,119,515	2,448,431	27.41%
Accumulated losses	(6,050,851)	(8,705,257)	(30.49%)
Paid up Capital net of accumulated losses	**31,593,581**	**28,267,602**	**11.77%**
Surplus/(deficit) on Revaluation of Assets -net	1,955,254	884,442	121.07%
Equity	**33,548,224**	**29,152,044**	**15.08%**
Borrowings	**1,080,000**	**1,457,900**	**(25.92%)**
Deposits	**342,091,252**	**312,718,297**	**9.39%**
Investment (carrying value)	**166,642,939**	**201,164,585**	**(17.16%)**
Gross Advances	**170,501,738**	**98,957,498**	**72.30%**

Profit & Loss Account	Year Ended Dec 31, 2025	Year Ended Dec 31, 2024	%age Change Increase/(decrease)
Markup/return/interest income	37,305,321	50,402,208	(25.98%)
Markup/return/interest expenses	25,250,889	41,800,021	(39.59%)
Net markup/return/interest income	**12,054,432**	**8,602,187**	**40.13%**
Fee, Commission & Other Income	733,821	693,513	5.81%
Foreign Exchange Income	123,558	352,209	(64.92%)
Dividend Income	80,143	53,339	50.25%
Gain on securities	945,299	215,888	337.86%
Non-mark-up/non-interest income	**1,882,821**	**1,314,949**	**43.19%**
Total Income	**13,937,253**	**9,917,136**	**40.54%**
Non-mark-up/interest expenses	**10,949,868**	**9,464,228**	**15.70%**
Credit allowance and write offs	1,257,840	1,557,035	(19.22%)
Reversal of credit allowance	(4,637,499)	(3,605,877)	28.61%
Total Provisions / credit allowance	**(3,379,659)**	**(2,048,842)**	**64.95%**
Profit / (Loss) before Tax & Provision	**2,987,385**	**452,908**	**559.60%**
Profit / (Loss) Before Tax	**6,367,044**	**2,501,750**	**154.50%**
Profit / (Loss) After Tax	**3,354,809**	**2,770,330**	**21.10%**
Profit / (Loss) per share(Rupees)	**0.97**	**0.80**	**21.25%**

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Other Information	As on Dec 31, 2025	As on Dec 31, 2024	%age Change
No. of Accounts	1,637,468	1,155,270	41.74%
Number of Branches	330	330	-

A. Financial Review

Total Assets recorded increase from Rs.360.08-bn to Rs.397.57-bn increase by Rs.37.49-bn (i.e. 10.41%) during the year, fueled by growth in Deposits.

Segment wise review of financial statements is as follows:-

I. Deposits

Deposits registered an increase of Rs.29.37-bn (i.e. 9.39%) and stood at Rs.342.09-bn compared to Rs.312.71-bn on December 31, 2024, which has been achieved alongside more than 40% increase in Number of customers reaching to 1,637,468.

CASA increased by Rs.39.64-bn i.e.15.46 % and stood at Rs.296.21-bn at year-end 2025 compared to Rs256.56bn on December 31, 2024.

Bank's focus 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.71.54-bn i.e. 72.30% and stood at Rs.170.51-bn at year-end 2025 compared to Rs.98.95-bn on December 31, 2024 mainly due to zero risk weighted sovereign-backed exposures. Our strong emphasis on lending to Small and Medium Enterprises (SMEs) contributed to customer widening during 2025 and volume growth as provided below:-

- Overall SME portfolio expansion: Significant increase in both funded Rs.8,552-mn (129%) and non-funded Rs.488-mn (4%) limit, with total limits growing Rs.9,040-mn (50%).

- Total SME outstanding grew by Rs.5,622-mn (93%), showing overall expansion in credit (funded Rs.5,852-mn (158%) and non-funded decreased with Rs.230-mn (10%).

Hectic recovery efforts continue to reduce/contain NPLs with the Bank, leading to reduction of NPLs by Rs.5.33-bn and reversal of provision by Rs.4.63-bn.

III. Investments

Carrying value of Investments as at December 31, 2025 decreased by Rs.34.52-bn (17.16%) and stood at Rs.166.64-bn at year-end 2025 compared to Rs.201.16-bn on December 31, 2024.

Gross Investment in equities and mutual funds stood at Rs.2,312-mn, excluding Rs.750-mn in Sindh Microfinance Bank Limited (wholly owned subsidiary), increased by Rs1,487-mn (i.e.180.24%)over December 31, 2024 (Rs.825-mn), capital gains on equity shares of Rs.577-mn during 2025 compared to Rs.215-mn in 2024.

B. Profit and Loss Account

Operating profit for the year ended December 31, 2025, amounted to Rs. 2,987.38 million, compared to Rs. 452.90 million in the previous year, representing a manifold increase of 559.60% over the corresponding period.

Pre-tax profit for the year ended December 31,2025 more than doubled to a highest ever figure of Rs.6.36-bn compared to Rs.2.50-bn last year representing increase of 154.50% as a result of well executed strategy for robust volume growth and resilient margins. Details are as provided below:-

i. Increase in Net Interest Income by Rs.3,452-mn i.e 40.13%, during growth in earning assets, concentrate on cost effective deposit with prime focus for mobilization of current account through NTBs and recovery of NPL.

ii. Increase in non-markup income by Rs.568.00-mn, main contribution factors are gain on securities increased by Rs729.41-mn, dividend income increased by Rs.26.80-mn and Fee commission income increase by Rs 40.31-mn.

iii. The bank continued to maintain its trajectory of posting recoveries and reversal of provisions throughout the period leading to substantial reversal of credit loss provisions net, totaling Rs.3.379-bn at the end of year 2025. This outcome demonstrates the bank's effective management of its NPL portfolio and associated provisioning.

iv. Non markup expenses of the Bank rose by Rs.1,485-mn i.e. 15.70% which was mainly attributable to rise in domestic inflation and supply chain constraint.

Post-tax profit for the year ended December 31, 2025, increased by more than 20% to Rs. 3.35-bn, compared to a post-tax profit of Rs. 2.77-bn last year.

C. Branches

The Bank continued to consolidate its Pan Pakistan presence through 330 branches spread over 169 cities/towns in the country and included 58 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 & Baluchistan	206	97
North: including Punjab, Islamabad, KPK, AJK & GB	124	72
Total	**330**	169

CREDIT RATING

VIS Credit Rating Company has performed a mid-term review of the bank and upgraded its long term entity rating to AA (Double A) from AA- (Double A minus), and reaffirmed short term rating A1+ (A One plus) in its report dated December 01, 2025.

MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

Bank's Capital Adequacy Ratio stood at 25.04 % as against the minimum requirement of 11.5% and Leverage Ratio stood at 5.28% against minimum requirement of 3% as on December 31, 2025.

ECONOMIC REVIEW

During the year 2025, Pakistan's economy continued its journey of stabilization and gradual recovery, building on the reforms and external support initiated in 2024. The Extended Fund Facility (EFF) arrangement with the International Monetary Fund (IMF) continued into 2025. Pakistan received additional tranches, including a USD 1.2bn disbursement in Dec'25.

Foreign exchange reserves strengthened significantly in FY25, with the State Bank of Pakistan (SBP) reporting reserves at multi-year highs of around USD 16.05bn. Between Jun'24 and Oct'25, the SBP conducted net foreign exchange interventions of USD 10.8bn, enabled by strong foreign currency inflows, particularly worker remittances.

As a result of these improved external inflows, FY25 concluded with a current account surplus of approximately USD 1.9bn, marking the first surplus in over a decade. The surplus was largely supported by record remittances and a contained trade services deficit, which more than offset the trade imbalance.

Worker remittances reached historic highs of USD 38.3bn in FY25, registering a 26–27% YoY increase, with strong contributions from Gulf countries and other key destinations, and remained a key driver of reserve accumulation and external account stability.

Inflation declined sharply in 2025 to 5.59% from the elevated levels seen in 2023 and 2024. Data indicated extremely low inflation mid-year, with SBP reporting very subdued CPI readings early in the year including figures near historic lows. However, by early 2026, the policy rate was held at 10.5%, as SBP adopted a cautious stance to balance price stability and support sustainable growth, signaling that the easing cycle has been moderated given inflation risks and external conditions.

The PKR remained relatively stable through late 2025 and early 2026, trading around ~280.12 PKR per USD in Dec'25, after earlier stabilization efforts and reserves accumulation.

Moody's upgraded Pakistan's sovereign credit rating from Caa2 to Caa1 with a stable outlook in August 2025, reflecting improvement in external finances and fiscal management under the IMF programme. Similarly, S&P Global raised Pakistan's rating to B- with a stable outlook in mid-2025, reinforcing confidence in the direction of macroeconomic policies

PSX REVIEW

In 2025, the Pakistan Stock Exchange continued its strong momentum, building on the exceptional performance recorded in 2024. The KSE-100 Index closed CY2025 at 171,074 points, reflecting sustained investor confidence amid improving macroeconomic conditions.

Pakistan has remained compliant with the IMF program and appears well positioned to advance structural reforms. The current political configuration and continued policy focus on economic stabilization provide the foundation for more sustainable growth, in contrast to the boom-and-bust cycles observed over the past decade.

Equities are expected to remain in the spotlight as moderating inflation and lower interest rates compress returns from alternative asset classes, reinforcing equities as the preferred investment avenue. Moreover, continued fiscal discipline, monetary prudence, and reform momentum under the IMF framework are likely to further improve the investment climate and support market performance.

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 committees, 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 Controls is included in the Annual Report.

OTHER HIGHLIGHTS

a) Major IT Initiatives

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

- In 2025, 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. Critical application like Exchange Server, SQL Database versions were also upgraded to ensure compliance with current security threats.

- During the year, Bank managed to meet the strict timelines of the regulator for industry wide launch of various schemes. In all the regulator backed schemes the efforts to meet the given timelines was appreciated by the regulator as well, since Bank was always part of the first 5 banks ready for Go Live.

- A new version of the mobile banking application was also launched with the feature for RAAST (P2P). This relaunch also gave the digital team to make some minor changes to the previous version.

- 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 1Link's 1Bill Service.

- Since October 2025, Sindh Bank executed a major project for the GOS Agriculture Department, digitally opening and activating farmers' accounts and cards based on government-provided data. In Phase II, over 300,000 farmers' records were received for fertilizer subsidy disbursement, with 80,000+ accounts opened and funded within three days, and over 200,000 additional accounts opened post-launch.

- During 2025, Sindh Bank has successfully migrated 44 conventional branches to Islamic Banking branches.

- Sindh Bank has initiated the process to replace the current payment switch with a SAAS based model, which offers more functionality as compared to the presently deployed solution. Also this version of the payment switch is PCIDSS compliant.

- On the information security front, 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 State Bank of Pakistan (SBP)-licensed, national-level microfinance institution that commenced operations in May 2016 with an initial paid-up capital of PKR 750 million. As of December 31, 2025, the Bank's equity base has doubled to PKR 1.6 billion—entirely through internally generated profits. SMFB is distinguished as potentially the only microfinance bank in Pakistan to have maintained uninterrupted profitability since inception, spanning nearly a decade.

For the year ended December 31, 2025, SMFB reported a profit before tax of PKR.552-million, representing a robust 125.31% increase over PKR 244 million recorded in 2024.

SMFB's business model is firmly anchored in grassroots microfinance, with a strong focus on empowering women engaged in income-generating activities across rural and semi-urban areas. The Bank maintains an average loan size of PKR 50,000 and having one of the lowest delinquency rate of less than 1%. Since inception, SMFB has disbursed over 500,000 loans amounting to PKR 18.9 billion—entirely to women in Sindh—through a network of 113 business locations covering every district of the province.

During the year ended December 31, 2025, the Bank recorded a notable surge in lending activity, disbursing 96,488 loans amounting to PKR 4.83 billion, compared to 87,961 loans totaling PKR 3.9 billion during last year.

On March 28, 2025, the Pakistan Credit Rating Agency (PACRA) reaffirmed SMFB's credit ratings at 'A' for the long term and 'A1' for the short term, underscoring the Bank's financial soundness and stable position within Pakistan's microfinance sector. VIS Credit Rating Company has also assigned SMFB identical ratings.

In recognition of its best working standards, strong governance framework, and consistent performance, the State Bank of Pakistan issued SMFB a National Level License on February 10, 2026, enabling Pan-Pakistan operations. The Bank plans phased organic expansion beginning with southern Punjab, progressively extending outreach to underserved communities across Pakistan.

During the year, a new Chairman namely Syed Assad Ali Shah, Deputy CEO, Sindh Bank Limited was co-opted to the Board after his FPT clearance from SBP. His vast experience, strategic insight, and leadership acumen are expected to significantly strengthen governance oversight and accelerate SMFB's growth trajectory at the national level

A summary of key financial highlights for the year ended December 31, 2025, is presented below:

Balance Sheet	**As on 31-Dec-25**	**As on 31-Dec-24**
		(Rs In million)
Gross Loan Portfolio	2,723	2,239
Total Assets	4,832	4,531
Deposits	1,553	1,991
Borrowings	1,266	873
Total Liabilities	3,251	3,276
Net Equity	1,580	1,254
Other Information	**31-Dec-25**	**31-Dec-24**
No. of Account (Loans)	91,002	83,316
No. of Account (Deposits)	222,055	193,434

Profit and Loss Account	For the year ended	For the year ended
	31-Dec-25	31-Dec-24
Net Interest Income	1,301	888
Profit Before Tax	552	245
Taxation	(223)	(92)
Profit After Tax	329	154
ROE	21%	13%
EPS	3.29	1.54

STAFF, TRAINING & DEVELOPMENT

Total number of staff working in the Bank i.e. executives, officers and support staff as at December 31, 2025 numbered 2,831 (Including 566 outsource staff) as compared to 2,726 (Including 550 outsource staff) as at December 31, 2024.

In the calendar year ending December 2025, the Training Department successfully conducted 75 training programs, including 48 in-house and 27 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 181 officers.

These initiatives, generated 3,613 total training attendances, were aligned with State Bank of Pakistan (SBP) directives, emphasizing Gender Sensitivity, Anti-Money Laundering (AML)/Compliance, and Islamic Banking training.

Additionally, 48 staff members participated in external programs offered by renowned institutions such as NIBAF, IBD, PLN, LRC, ICMA, KTB, SBP, BDI, Expert house, SCRP 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 2025:

- Sponsorships were given various educational events for students, including the International Conference on Computational Science and Technology at Mehran University, the 1st International Symposium on Eco Nexus (ISEN-25) at Mirpurkhas University, computer labs at ARB School (GoS), the Debate Championship at Cedar College, the International Research Conference at Sindh Madresatul Islam University, the International Conference on Navigating the Barriers at Dawood University of Engineering & Technology, and Evolve 2.0 at the Institute of Business Management.
- Sponsored the Roshan Pakistan Program, providing education to 200 students from Jeejal Amaan School Ghotki annually
- Sponsored light show at Mazar-e-Quaid & Marathon at Nishan-e-Pakistan celebrating Marka-e-Haq – in collaboration with Government of Sindh and Literary Festivals in Lahore & Sindh.

- Sponsorships were also given to various sports and public health events, including the TMC New Karachi Cricket Tournament, Pakistan Futsal Cup 4.0, Hasan Tariq Rahim National Ranking Tennis Tournament, Sindh E-Sports Competition and 35th National Games, as well as the Premier League and Bike A Cause 2 organized by Patients' Aid Foundation.

- Sindh Bank sponsored the 18th Combined Hindu Marriage Program organized by the Pakistan Hindu Council, providing financial and logistical support to over 100 low-income Hindu couples.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the bank, present fairly 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.
- 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, 2025 amounted to Rs.3,328.25mn (2024 Rs.2,816.05-mn). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2025 amounted to Rs.1,289-mn (2024 Rs.1,055-mn) and further an amount Rs.373.9-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 & COMMITTEES

In terms of State Bank's BPRD Circular # 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 Bank conducted performance evaluation in the year

2025 through Outside Consultant M/s Grant Thornton Anjum Rehman and as per decision in the last 14-AGM after compliance, the Bank has submitted the PE(Performance Evaluation) report of the Consultants to the GoS in terms of clause 8(1) of PSC Rules, accordingly.

DIRECTORS TRAINING/COURSES

- The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by all Directors, President & Chief Executive Officer and Deputy-CEO in 125th BOD meeting held on March 5, 2026.
- All Directors, President/Chief Executive Officer and Deputy-CEO have successfully completed their 'Directors Training' from well regarded and recognized institutions.
- The Shari'ah Board has given a comprehensive orientation/ and training to the Directors on 'Islamic Banking & Finance' in 123rd BoD meeting held on 18th December, 2025.

BOARD OF DIRECTORS

BOARD AND ITS SUB-COMMITTEES MEETINGS ATTENDED BY THE DIRECTORS

S.NO	NAME OF DIRECTORS	BOARD OF DIRECTORS		BOARD HUMAN RESOURCE		BOARD AUDIT COMMITTEE		BOARD RISK MANAGEMENT		BOARD IT COMMITTEE		BOARD SAM COMMITTEE		BOARD NOMINATION	
		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	7	7	4	4	-	-	-	-	4	4	4	4	-	-
2	Mr. Fayaz Ahmed Jatoi	7	6	4	3	-	-	-	-	-	-	-	-	-	-
3	Mr. Javaid Bashir Sheikh	7	7	-	-	4	4	4	4	-	-	-	-	-	-
4	Mrs. Shaista Bano Gilani	7	7	4	4	4	4	-	-	-	-	-	-	-	-
5	Mr. Imtiaz Ahamd Butt	7	7	-	-	-	-	4	4	4	4	-	-	-	-
6	Mr. Imran Samad	7	7	-	-	-	-	4	4	4	4	4	4	-	-
7	Mr. Farhan Ashraf Khan	7	7	-	-	4	4	-	-	-	-	4	4	-	-
8	Mr. Muhammad Anwaar, President & CEO	7	7	-	-	-	-	-	-	-	-	-	-	-	-
Total Meetings held during the year		7		4		4		4		4		4		0	

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 State Bank of Pakistan (SBP) through BPRD Circular No. 3 of 2022, IFRS 9 – Financial Instruments became applicable to banks with an asset base of less than Rs. 500 billion as of December 31, 2021, for reporting periods commencing on or after January 1, 2024. Through the same circular, SBP also issued detailed Application Instructions to ensure the smooth and consistent implementation of the standard across the banking sector.

In compliance with the aforesaid circular, the Bank has fully implemented IFRS 9 and is recognizing expected credit loss (ECL) provisions under Stage 1, Stage 2, and Stage 3 for all relevant financial assets on a quarterly basis.

The State Bank of Pakistan (SBP), vide its letter dated January 22, 2025, granted a one-year extension for the implementation of the Effective Interest Rate (EIR) methodology under IFRS 9, allowing implementation up to December 31, 2025. The Bank has successfully implemented the Effective Interest Rate (EIR) methodology.

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 the State Bank of Pakistan (SBP) on October 31, 2024, outlining the phased transition of all conventional branches to Islamic banking by December 31, 2027.

SBP granted the Bank in-principle approval to convert 45 conventional branches to Islamic banking during 2025. The Bank initiated the conversion process in compliance with SBP IFPD Circular No. 03 of 2024 dated June 28, 2024, and IFPD Circular No. 05 of 2024 dated October 01, 2024.

During 2025, 44 out of the 45 approved conventional branches were successfully converted into Islamic branches. For the remaining one branch extension for the conversion by March 31,2026 was obtained from SBP .

For the year 2026, SBP has granted the Bank in-principle approval to convert 155 conventional branches into Islamic banking branches. The Bank has initiated the conversion process for these 155 branches, along with the remaining one branch from 2025, within the stipulated timeline prescribed by SBP, in compliance with the aforementioned circulars.

Other major goals

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.

In light of climate change and the resulting economic and social challenges, the bank will focus on the following areas:

i. Strengthening its role in mitigating the adverse impacts of climate change.
ii. Promoting sustainable finance.

iii. Enhancing infrastructure by improving access to finance and advancing sustainable financial solutions, particularly to address challenges related to the food and water crisis.

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 Sheikh
President/CEO
Karachi, March 5, 2026.

Mr. Imran Samad
(Non-Executive Director)

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 2025.

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 2025.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Junaid Ashraf

KARACHI

DATE: 06 MARCH 2026
UDIN: CR2025100458mx3jiMkt

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, 2025

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	The Board has atleast one-third of its total members, as independent directors. At present the board includes:	Rule-3(2)	✓	

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"*

S. No.	Provision of the Rules	Rule No	Y	N
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	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.	Rule-5(4)	✓	
	(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		✓	
	(c) The Board has set in place adequate systems and controls for the identification and redressal of the grievances arising from unethical practices.		✓	
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)	✓	

S. No.	Provision of the Rules	Rule No	Y	N
			Tick the relevant box	
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)	✓	
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:		✓	

S. No.	Provision of the Rules	Rule No	Y	N
			Tick the relevant box	

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.ED)
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.ED)

S. No.	Provision of the Rules	Rule No	Y	N
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. b. The annual report of the Company contains criteria and details of remuneration of each director.	Rule-19	✓	
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 terms of reference, and having the following members:	Rule-21(1)&(2)	✓ ✓	

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

S. No.	Provision of the Rules	Rule No	Y	N
			Tick the relevant box	
	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)	✓	

President & CEO

Non-Executive Director

Riaz Ahmad & Company
Chartered Accountants

SINDH BANK LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2025

A member of Nexia International

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 2025, 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 2025 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.

- 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: 06 MARCH 2026
UDIN: AR202510045hWx4QNt7r

SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025	2024
		--------- (Rupees in '000') ---------	
ASSETS			
Cash and balances with treasury banks	6	**27,774,017**	22,612,094
Balances with other banks	7	**3,721,041**	3,786,987
Lendings to financial institutions	8	**21,413,319**	24,514,444
Investments	9	**166,642,939**	201,164,585
Advances	10	**147,521,458**	72,545,690
Property and equipment	11	**1,989,588**	1,332,688
Right of use assets	12	**3,656,418**	3,385,962
Intangible assets	13	**114,537**	80,162
Deferred tax assets - net	14	**13,954,990**	16,955,276
Other assets	15	**10,784,694**	13,709,235
		397,573,001	360,087,123
LIABILITIES			
Bills payable	16	**4,236,755**	1,446,526
Borrowings	17	**1,080,000**	1,457,900
Deposits and other accounts	18	**342,091,252**	312,718,297
Lease liabilites	19	**4,847,455**	4,308,326
Deferred tax liabilities		**-**	-
Other liabilities	20	**11,769,315**	11,004,030
		364,024,777	330,935,079
NET ASSETS		**33,548,224**	29,152,044
REPRESENTED BY			
Share capital - net	21	**34,524,428**	34,524,428
Reserves		**3,119,393**	2,448,431
Surplus/(deficit) on revaluation of assets - net	22	**1,955,254**	884,442
Accumulated loss		**(6,050,851)**	(8,705,257)
		33,548,224	29,152,044

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, 2025

	Note	2025	2024
		---------- (Rupees in '000') ----------	
Mark-up / return / profit / interest earned	24	**37,305,321**	50,402,208
Mark-up / return / profit / interest expensed	25	**25,250,889**	41,800,021
Net mark-up / return / profit / interest income		**12,054,432**	8,602,187
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	**730,981**	683,792
Dividend income		**80,143**	53,339
Foreign exchange income		**123,558**	352,209
Gain on securities	27	**945,299**	215,889
Other income	28	**2,840**	9,720
Total non-markup/interest income		**1,882,821**	1,314,949
Total income		**13,937,253**	9,917,136
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	**10,939,486**	9,460,238
Other charges	30	**10,382**	3,990
Total non-markup/interest expenses		**10,949,868**	9,464,228
PROFIT BEFORE PROVISIONS		**2,987,385**	452,908
Credit loss allowance and write offs - net	31	**(3,379,659)**	(2,048,842)
PROFIT BEFORE TAXATION		**6,367,044**	2,501,750
Taxation	32	**3,012,235**	(268,580)
PROFIT AFTER TAXATION		**3,354,809**	2,770,330
		---------- Rupees ----------	
Basic and diluted earnings per share	33	**0.97**	0.80

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, 2025

	2025	2024
	--------- (Rupees in '000') ---------	
Profit after taxation for the year	**3,354,809**	2,770,330
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	**708,387**	392,269
	4,063,196	3,162,599
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	**(154,262)**	(13,643)
Movement in surplus on revaluation of equity investments - net of tax	**487,246**	835,733
Movement in surplus on revaluation of non-banking assets - net of tax	-	(5,400)
	332,984	816,690
Total comprehensive income	**4,396,180**	3,979,289

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, 2025

	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, 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)	-
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**
Profit/Loss for the year ended December 31, 2025	-	-	-	-	-	-	-	**3,354,809**	**3,354,809**
Other comprehensive income - net of tax									
Movement in revaluation reserve of investments in debt instruments - net of tax	-	-	-	-	-	708,387	-	-	708,387
Movement in revaluation reserve of equity investments - net of tax	-	-	-	-	-	487,246	-	-	487,246
Gain on sale of equity securities carried at FVOCI - net of tax	-	-	-	-	-	(124,821)	-	124,821	-
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(154,262)	(154,262)
Movement in revaluation reserve of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	-	-	1,070,812	-	(29,441)	1,041,371
Transfer to statutory reserve	-	-	-	-	670,962	-	-	(670,962)	-
Balance as at December 31, 2025	**34,524,428**	-	**9,433**	**51**	**3,109,909**	**1,868,854**	**86,400**	**(6,050,851)**	**33,548,224**

* 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 10.6.2 of these unconsolidated financial statements, accumulated loss includes an amount of Rupees 2,628.94 million net of tax as at December 31, 2025 (December 31, 2024: Rs. 2,358.26 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, 2025

	Note	2025	2024
		---------- (Rupees in '000') ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**6,367,044**	2,501,750
Less: Dividend income		**(80,143)**	(53,339)
		6,286,901	2,448,411
Adjustments:			
Depreciation	11.2	**356,385**	295,429
Depreciation on right of use assets	29	**779,402**	764,754
Interest expense on lease liability		**660,585**	696,975
Amortisation	11.2	**42,609**	42,427
Credit loss allowance / provisions and write offs - net	31	**(3,382,567)**	(2,048,842)
Charge for defined benefit plan	36.1.4	**165,477**	147,544
Unrealised gain on securities measured at FVPL		**(228,289)**	(70,388)
Gain on sale of operating fixed assets	28	**(668)**	(7,536)
		(1,607,066)	(179,637)
		4,679,835	2,268,774
(Increase) / decrease in operating assets			
Lendings to financial institutions		**3,101,125**	(24,514,444)
Securities classified as FVPL		**(1,134,658)**	(162,080)
Advances - net		**(71,544,240)**	(21,446,087)
Other assets - net		**2,912,461**	(5,596,810)
		(66,665,312)	(51,719,421)
Increase / (decrease) in operating liabilities			
Bills payable		**2,790,229**	547,764
Borrowings		**(377,900)**	(36,088,540)
Deposits and other accounts		**29,372,955**	89,148,647
Other liabilities (excluding current taxation)		**811,489**	(70,571)
		32,596,773	53,537,300
		(29,388,704)	4,086,653
Contribution to gratuity fund	36.1.3	**(177,202)**	(151,556)
Income tax paid		**(1,188,976)**	(718,184)
Net cash generated from / (used in) operating activities		**(30,754,882)**	3,216,913
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortized cost securities		**7,777,674**	6,726,982
Net investment in securities classified as FVOCI		**30,307,495**	(36,422,595)
Dividend received		**80,143**	51,651
Investments in operating fixed assets		**(1,091,057)**	(320,195)
Sale proceeds of operating fixed assets disposed off		**1,105**	12,883
Net cash (used in) / generated from investing activities		**37,075,360**	(29,951,274)
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		**-**	-
Payment of lease liability against right of use assets		**(1,221,593)**	(1,230,989)
Net cash (used in) / generated from financing activities	34.1	**(1,221,593)**	(1,230,989)
(Decrease) / increase in cash and cash equivalents		**5,098,885**	(27,965,350)
Cash and cash equivalents at the beginning of the year		**26,399,081**	54,365,654
Impact of expected credit loss allowance on cash and cash equivalents		**(2,908)**	(1,223)
Cash and cash equivalents at the end of the year	34	**31,495,058**	26,399,081

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, 2025

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 (2024: 330) branches including 8 (2024: 8) sub-branches and 58 (2024: 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 has performed a mid-term review of the bank and upgraded its long term entity rating to AA (Double A) from AA- (Double A minus), and reaffirmed short term rating A1+ (A One plus) in its report dated December 01, 2025.

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 These un-consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards comprise of :

- IFRS Accounting standards 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 (if applicable);

- Provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act 2017;

- 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 Accounting Standards or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, and the said directives and notifications 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 though 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.

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2025 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these financial statements.

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

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2026 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements (published in April 2024) with applicability date of 1January 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

- amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial

- amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates' which will require Banks to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- The implementation of IFRS S1 and IFRS S2 will be phased as per the SECP's order dated 31 December 2024, with different effective dates based on annual turnover, number of employees, and total assets (Criteria). Phase I will apply to listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2026. Phase III will cover non-listed public interest companies and remaining listed companies for annual reporting periods beginning on or after 1 July 2027.

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 5.1.4 and 31);
ii) classification of and provision against advances (notes 5.1.7 and 31);
iii) depreciation and amortization / useful lives of operating fixed assets (notes 5.8, 11, 12 and 13);
iv) non-banking assets acquired in satisfaction of claims (note 5.10 and 15.2);
v) taxation (note 5.12);
vi) staff retirement and other benefits (note 5.13);
vii) fair value of derivatives (note 5.2); and
viii) judgements made by management in identification and reporting segment information (note 5.22 and 40).

4. BASIS OF MEASUREMENT

These 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 are measured at fair value;
- foreign exchange contracts are measured at fair value;
- defined benefit obligations are carried at present value;
- right-of-use asset and related lease liability are measured at present value on initial recognition; and
- staff loans / subsidised loans are measured at fair value on initial recognition.

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, 2024.

5.1 Financial instruments - Financial assets and liabilities

5.1.1 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.

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:

i) Hold to Collect ("HTC") business model: Holding assets in order to collect contractual cash flows
ii) Hold to Collect and Sell ("HTC&S") business model: Collecting contractual cash flows and selling financial assets.
iii) 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 **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.

5.1.5 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.

5.1.6 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.

5.1.7 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 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.

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.

5.2 Financial instruments - Derivatives

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

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.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, national prize bond and balances with other banks in current and deposit accounts, excluding term deposit with original term of greater than three months, if any, and overdrawn nostro accounts.

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-Governemnt debt securities has been detailed in note 5.1.5.

5.7 Advances

Advances and net investments in finance lease are stated net of ECL. 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 9, While ECL Of Stage 3 has been calculated based on higher Of either the provision as per Prudential Regulations or IFRS 9 at borrower / facility level for corporate /commercial / SME loan portfolios and at segment / product basis for retail portfolio. Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Bank determines credit loss allowance against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. The assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

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 enviorment. 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,

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 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.

5.22 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) Corporate Finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offerings (IPOs) and secondary private placements.

b) 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.

c) Retail Banking

This includes mortgage finance and personal loans to individual customers.

d) 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 operations of the Bank are currently based only in Pakistan. Therefore, geographical segment is not relevant.

5.24 Contingent assets and liabilities

Contingent liabilities are not recognised in the statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed. However, contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable.

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.

6. CASH AND BALANCES WITH TREASURY BANKS	Note	2025	2024
		-------- (Rupees in '000') -------	
In hand			
Local currency		6,111,978	5,592,829
Foreign currency		144,466	212,371
		6,256,444	5,805,200
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	20,083,563	16,018,948
Foreign currency current accounts	6.2	57,767	182,990
Foreign currency deposit accounts			
- Non Remunerative	6.3	171,578	143,595
- Remunerative	6.4	344,070	287,710
		20,656,978	16,633,243
With National Bank of Pakistan in			
Local currency current accounts		851,477	165,889
Local currency deposit accounts	6.5	3,136	6
		854,613	165,895
Prize bonds		5,996	7,756
Less: Credit Loss allowance held against balances with treasury banks		14	-
	34	27,774,017	22,612,094

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 2.86% to 3.35% profits (2024 : 3.53% to 4.35%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 9% to 11.5% (2024: 11.50% to 20.50%) per annum.

7. BALANCES WITH OTHER BANKS	Note	2025	2024
		-------- (Rupees in '000') -------	
In Pakistan			
In current accounts		30	30
In savings account	7.1	1,661	2,040
In term deposits receipt	7.2	100,000	-
		101,691	2,070
Outside Pakistan			
In current accounts	7.3	3,623,467	3,786,140
Less: Credit Loss allowance held against balances with other banks	7.4	4,117	1,223
		3,721,041	3,786,987

7.1 This includes savings account with a commercial bank carrying profit at the rate of 9% to 11.5% (2024: 11.50% to 20.50%) per annum.

7.2 This includes TDR with a Microfinance bank carrying profit at the rate of 14.25% (2024: Nil) per annum.

7.3 This includes Rs. 2,382.043 million (2024: Rs. 3,406.801 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	2025	2024
			------- (Rupees in '000') -------	
7.4	**Opening balance**		**1,223**	-
	Impact of adoption of IFRS-09		-	10,190
	Charge / reversals;			
	Charge for the year		**2,894**	-
	Reversals for the year		-	(8,967)
			2,894	(8,967)
	Closing Balance		**4,117**	1,223

8. LENDINGS TO FINANCIAL INSTITUTIONS

	2025	2024
Call money lendings	-	7,500,000
Repurchase agreement lendings (Reverse Repo)	**20,864,467**	14,315,010
Musharaka arrangements	**550,000**	2,700,000
	21,414,467	24,515,010
Less: Credit loss allowance held against lending to financial institutions	**(1,148)**	(566)
Lending to financial institutions - net of credit loss allowance	**21,413,319**	24,514,444

8.1 Particulars of lendings

	2025	2024
In local currency	**21,413,319**	24,514,444
In foreign currencies	-	-
	21,413,319	24,514,444

8.2 Securities held as collateral against Lending to financial institutions

	2025			2024		
	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	**20,875,710**	-	**20,875,710**	7,467,450	-	7,467,450
Total	**20,875,710**	-	**20,875,710**	14,321,430	-	14,321,430

8.3 Lendings to Financial Institutions - Category of classification

		2025		2024	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		Rupees in '000			
Domestic					
Performing	Stage 1	21,414,467	1,148	24,515,010	566
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		21,414,467	1,148	24,515,010	566

8.4 Lendings to Financial Institutions - Particulars of credit loss allowance

	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Opening balance	566	-	-	566
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	566	-	-	566
New financial assets originated or purchased	1,148	-	-	1,148
Financial assets that have been derecognised	(566)	-	-	(566)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Closing Balance	1,148	-	-	1,148

	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

	Note	2025 Cost / Amortised cost	2025 Credit loss allowance	2025 Surplus / (Deficit)	2025 Carrying Value
		------ Rupees in '000' ------			
Debt Instruments:					
Classified / Measured at amortised cost					
Federal Government Securities					
Market Treasury Bills		3,472,967	-	-	3,472,967
Pakistan Investment Bonds		14,684,883	-	-	14,684,883
Non-government debt securities					
Term finance certificates - Listed		224,235	(46,288)	-	177,947
Term finance certificates - Unlisted		119,641	(9)	-	119,632
Preference Shares - Unlisted		77,708	(77,708)	-	-
		18,579,434	(124,005)	-	18,455,429
Classified / Measured at FVOCI					
Federal Government Securities					
Market Treasury Bills		4,537,065	-	1,660	4,538,725
Pakistan Investment Bonds		-	-	-	-
Pakistan Investment Bonds - Floater	9.9	132,542,716	-	1,983,510	134,526,226
Government of Pakistan - Ijarah Sukuk		3,508,052	-	13,098	3,521,150
Non-government debt securities					
Sukuk Bond		350,000	(4,564)	-	345,436
		140,937,833	(4,564)	1,998,268	142,931,537
Equity instruments:					
Classified / Measured at FVPL					
Shares					
Listed		1,173,078	-	76,287	1,249,365
Mutual funds		123,660	-	222,390	346,050
		1,296,738	-	298,677	1,595,415
Classified / Measured at FVOCI					
Shares					
Listed		956,179	-	1,892,630	2,848,809
Non-government debt securities					
Mutual funds		59,203	-	2,546	61,749
		1,015,382	-	1,895,176	2,910,558
Investment in Subsidiary					
Fully paid ordinary shares	9.3	750,000	-	-	750,000
Total Investments		162,579,387	(128,569)	4,192,121	166,642,939

INVESTMENTS

Investments by type	Note	2024 Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		---------- (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

9.2 Investments by segments

	2025				2024			
	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Federal Government Securities								
Market Treasury Bills	8,010,032	-	1,660	8,011,692	8,143,412	-	115,314	8,258,726
Pakistan Investment Bonds	147,227,599	-	1,983,510	149,211,109	185,164,741	-	324,848	185,489,589
Government of Pakistan - Ijarah Sukuk	3,508,052	-	13,098	3,521,150	3,999,990	-	82,300	4,082,290
	158,745,683	-	1,998,268	160,743,951	197,308,143	-	522,462	197,830,605
Shares								
Listed companies	2,129,257	-	1,968,917	4,098,174	642,440	-	1,155,787	1,798,227
Unlisted companies	77,708	(77,708)	-	-	77,708	(77,708)	-	-
	2,206,965	(77,708)	1,968,917	4,098,174	720,148	(77,708)	1,155,787	1,798,227
Non-government debt securities								
Term finance certificates - listed	224,235	(46,288)	-	177,947	224,235	(10,327)	-	213,908
Term finance certificates - unlisted	119,641	(9)	-	119,632	344,509	(10,254)	-	334,255
Sukuk Bond	350,000	(4,564)	-	345,436	-	-	-	-
	693,876	(50,861)	-	643,015	568,744	(20,581)	-	548,163
Mutual Funds & units								
Open ended	59,203	-	2,546	61,749	59,203	-	(18,533)	40,670
REIT - Units	123,660	-	222,390	346,050	123,660	-	73,260	196,920
	182,863	-	224,936	407,799	182,863	-	54,727	237,590
Investment in Subsidiary								
Sindh Microfinance Bank Ltd	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	162,579,387	(128,569)	4,192,121	166,642,939	199,529,898	(98,289)	1,732,976	201,164,585

9.3 Details of investment in Subsidiary

2025

Name of Entity	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Comprehensive Income
				(Rupees in '000')				
Sindh Microfinance Bank Limited	27-03-2015	Pakistan	100%	4,832,058	3,251,984	1,707,771	329,417	324,192

2024

Name of Entity	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Comprehensive Income
				(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

9.4 Investments given as collateral Federal government securities

	2025	2024
	(Rupees in '000')	
Pakistan Investment Bonds	-	-
Market Treasury Bills	-	-
	-	-

9.5 Provision for diminution in value of investments

	2025	2024
9.5.1 Opening balance	**98,289**	962,012
Impact of adoption of IFRS-09	-	(362,897)
Charge / reversals		
Charge for the year	30,281	13,518
Reversals for the year	-	-
Transfer during the period	-	(514,344)
Reversal on disposals	-	-
Transfers - net	30,281	(500,826)
Closing Balance	**128,569**	98,289

9.6 Particulars of credit loss allowance

9.6.1 Investments - exposure

	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Opening balance	**197,427,832**	**449,055**	**77,708**	**197,954,595**
New investments	**72,402,358**	-	-	**72,402,358**
Investments derecognised or repaid	**(114,270,000)**	**(224,820)**	-	**(114,494,820)**
Transfer to advances - TFC	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(114,270,000)	**(224,820)**	-	**(114,494,820)**
Amounts written off / charged Off	-	-	-	-
Impact of amortization	**3,655,134**	-	-	**3,655,134**
Other changes (to be specific)	-	-	-	-
Closing balance	**159,215,324**	**224,235**	**77,708**	**159,517,267**

	2024			
	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 (to be specific)	-	-	-	-
Closing balance	197,427,832	449,055	77,708	197,954,595

9.6.2 **Investments - Credit loss allowance**

	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	Rupees in '000			
Opening balance	**2**	**20,579**	**77,708**	**98,289**
Impact of adoption of IFRS 9	-	-	-	-
New investments	**4,571**	-	-	**4,571**
Investments derecognised or repaid	-	-	-	-
Transfer to advances - TFC	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	-	-	-	-
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	**25,709**	-	**25,709**
Changes (to be specific)	-	-	-	-
Closing balance - Current year	-	-	-	-
	4,573	**46,288**	**77,708**	**128,569**

Investments - Credit loss allowance	2024 Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
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

	2025 Outstanding amount	**2025** Credit loss allowance held	2024 Outstanding amount	2024 Provision
	Rupees in '000			
Performing Stage 1	**159,215,324**	**4,573**	197,427,832	2
Underperforming Stage 2	**224,235**	**46,288**	449,055	20,579
Non-Performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**77,708**	**77,708**	77,708	77,708
	77,708	**77,708**	77,708	77,708
Total	**159,517,267**	**128,569**	197,954,595	98,289

9.7 Quality of Securities

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

	2025	2024
	(Rupees in '000')	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	132,542,716	160,800,288
Market Treasury Bills	4,537,065	6,797,209
Government of Pakistan - Ijarah Sukuk	3,508,052	3,999,990
	140,587,833	171,597,487
Shares (Equities)		
Listed Companies		
Refinery	7,682	7,682
Cement	274,838	63,745
Oil & Gas Marketing Companies	107,875	164,142
Commercial Banks	565,784	368,451
	956,179	604,020
Unlisted Companies		
Insurance	-	-
Other investments (Mutual Funds and Units)		
Listed		
AA+	16,239	16,239
A+ / A-	42,964	42,964
	59,203	59,203
Other investments (Sukuk Certificates)		
Un-listed		
AA-	350,000	-
	350,000	-
	141,953,215	172,260,710

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

	2025	2024
	Cost	
	(Rupees in '000')	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	14,684,883	24,364,453
Market Treasury Bills	3,472,967	1,346,203
	18,157,850	25,710,656
Preference Shares - Unlisted Company		
Al-Arabia Sugar Mills Ltd	77,708	77,708
Non Government Debt Securities		
Listed		
Unrated	224,235	224,235

	2025	2024
	Cost	
	(Rupees in '000')	
Un-listed		
AA	**119,641**	119,689
Unrated	-	224,820
Unrated	-	-
	119,641	344,509
	18,579,434	26,357,108

9.8.1 The market value of securities classified as amortized cost as at December 31, 2025 amounted to Rs. 18,420.35 million (December 31, 2024 amounted to Rs. 25,362.88).

9.9 Investments include Rs 500 million (2024: Rs 500 million) pledged with National Clearing Company of Pakistan against trading margin.

10 ADVANCES

	Note	2025 Performing	2025 Non Performing	2025 Total	2024 Performing	2024 Non Performing	2024 Total
		Rupees in '000'			Rupees in '000'		
Loans, cash credits, agriculture, running finances etc.		47,418,985	26,939,778	74,358,763	29,627,478	29,409,534	59,037,012
Commodity finance		64,772,450	-	64,772,450	38,921,334	-	38,921,334
Net investment in finance lease	10.2	600,564	184,908	785,472	147,427	195,882	343,309
Islamic financing and related assets							
Diminishing musharakah financing	10.3	38,966	121,353	160,319	45,517	121,353	166,870
Commodity finance - Running musharakah	.	30,000,000	-	30,000,000	-	-	-
Murabaha Financing	10.4	-	-	-	80,000	-	80,000
Ijarah financing under IFAS 2	10.3.3	10,474	-	10,474	11,190	-	11,190
		142,841,439	27,246,039	170,087,478	68,832,946	29,726,769	98,559,715
Bills discounted and purchased							
Payable in Pakistan		61,436	352,824	414,260	45,739	348,639	394,378
Payable outside Pakistan		-	-	-	-	3,405	3,405
		61,436	352,824	414,260	45,739	352,044	397,783
Advances - gross		142,902,875	27,598,863	170,501,738	68,878,685	30,078,813	98,957,498
Credit loss allowance against advances		-	-	-	-	-	-
- Stage 1		458,048	-	458,048	319,579	-	319,579
- Stage 2		242,365	-	242,365	958,312	-	958,312
- Stage 3		-	22,279,867	22,279,867	-	25,133,917	25,133,917
		700,413	22,279,867	22,980,280	1,277,891	25,133,917	26,411,808
Total Advances - Net credit loss allowance		142,202,462	5,318,996	147,521,458	67,600,794	4,944,896	72,545,690

10.1 Particulars of advances (gross)

	2025	2024
	(Rupees in '000')	
In local currency	170,501,738	98,957,498
In foreign currencies	-	-
	170,501,738	98,957,498

10.1.1 Advances to Women, Women-owned and Managed Enterprises

	2025	2024
Women	213,421	102,037
Women Owned and Managed Enterprises	1,608,785	503,544
	1,822,206	605,581

10.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year Rs. 2,583.83 million (2024: Rs.333.52 million).

10.2 Net investment in finance lease

	2025				2024			
	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 '000')							
Lease rental	379,512	427,620	-	807,132	282,058	29,829	-	311,887
Residual value	42,520	118,581	-	161,101	62,055	27,870	-	89,925
Minimum lease payments	422,032	546,201	-	968,233	344,113	57,699	-	401,812
Un-earned income for future periods	(102,747)	(80,013)	-	(182,760)	(54,815)	(3,688)	-	(58,503)
Present value of minimum lease payments	319,285	466,188	-	785,473	289,298	54,011	-	343,309

	Note	2025	2024
10.3 Islamic Finance		(Rupees in '000')	
10.3.1 Diminishing musharakah financing			
Advance against musharakah		2,329	2,902
Diminishing musharakah		157,991	163,968
		160,320	166,870
10.3.2 Running musharakah		30,000,000	-
10.3.3 Ijarah financing under IFAS 2			
Net book value of assets	10.3.3.1	10,474	11,190
Total islamic finance		30,170,794	178,060

10.3.3.1 Particulars of assets under Ijarah

	Cost			Accumulated Depreciation			Book Value As at December 31	Rate of depreciation (%)
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
2025	(Rupees '000')							
Plant and machinery	28,000	-	28,000	18,833	-	18,833	9,167	Over the Ijarah period
Equipment	2,300	(377)	1,923	277	339	616	1,307	
Total	30,300	(377)	29,923	19,110	339	19,449	10,474	
2024								
Plant and machinery	28,950	(950)	28,000	19,004	(171)	18,833	9,167	Over the Ijarah period
Equipment	-	2,300	2,300	-	277	277	2,023	
Total	28,950	1,350	30,300	19,004	106	19,110	11,190	

		2025	2024
		----- (Rupees in '000') -----	
10.4	Murabaha financing	-	86,588
	Less: deferred murabaha income	-	(3,550)
	Profit receivable shown in other assets	-	(3,038)
		-	80,000

10.5 **Particulars of credit loss allowance**

10.5.1	**Advances - Exposure**	2025			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		------------- Rupees in '000' -------------			
	Gross carrying amount - Current year	22,620,663	46,258,023	30,078,812	98,957,498
	New Advances	85,612,546	1,161,229	-	86,773,775
	Advances derecognised or repaid	(7,508,035)	(5,384,390)	(2,337,109)	(15,229,534)
	Transfer to stage 1	2,207,923	(2,207,923)	-	-
	Transfer to stage 2	(97,619)	3,305,442	(3,207,823)	-
	Transfer to stage 3	(5,990)	(3,058,993)	3,064,983	-
		80,208,825	(6,184,635)	(2,479,949)	71,544,241
	Transfer from investments -TFC	-	-	-	-
	Amounts charged off	-	-	-	-
	Closing balance	102,829,488	40,073,388	27,598,863	170,501,739

10.5.2	**Particulars of credit loss allowance**				
	Opening balance	319,579	958,311	25,133,918	26,411,809
	New Advances	293,336	-	-	293,336
	Changes in risk parameters (PDs/LGDs/EADs)	110,230	55,275	855,099	1,020,603
	Advances derecognised or repaid	(263,733)	(54,218)	(4,427,517)	(4,745,468)
	Transfer to stage 1	-	-	-	-
	Transfer to stage 2	(1,206)	159,588	(158,382)	-
	Transfer to stage 3	- 158	(876,591)	876,749	-
	Reversals	-	-	-	-
		138,469	(715,946)	(2,854,051)	(3,431,529)
	Amounts charged'off - Agriculture loans	-	-	-	-
		138,469	(715,946)	(2,854,051)	(3,431,529)
	Transfer from investments -TFC	-	-	-	-
	Closing balance	458,048	242,365	22,279,867	22,980,280

10.5.3 **Advances - Credit loss allowance details Internal / Extrernal rating / stage clasification**

Outstanding gross exposure				
Performing - Stage 1	102,829,488	-	-	102,829,488
Under Performing - Stage 2	-	40,073,388	-	40,073,388
Non-perfroming - Stage 3				
OAEM	-	-	-	-
Substandard	-	-	1,654	1,654
Doubtful	-	-	295,383	295,383
Loss	-	-	27,301,826	27,301,826
	-	-	27,598,863	27,598,863
Total	102,829,488	40,073,388	27,598,863	170,501,739
Corresponding ECL				
Stage 1 and stage 2				
(to be specified as shown above)	458,048	242,365	-	700,413
Stage 3	-	-	22,279,867	22,279,867
	458,048	242,365	22,279,867	22,980,280

	2024			
Advances - Exposure	Stage 1	Stage 2	Stage 3	Total
	------------ 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
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

Advances - Credit loss allowance details Internal / Extrernal rating / stage clasification

Outstanding gross exposure

	Stage 1	Stage 2	Stage 3	Total
Performing - Stage 1	22,620,663	-	-	22,620,663
Under Performing - Stage 2	-	46,258,023	-	46,258,023
Non-perfroming - 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				
(to be specified as shown above)	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

10.6 Advances include Rs.27,598.86 million (2024: Rs. 30,078.81) million which have been placed under non-performing status are as detailed below:

Category of Classification of stage 3	2025 Non Performing Loans	2025 Credit loss allowance	2024 Non Performing Loans	2024 Credit loss allowance
	------- Rupees in '000' ------			
Domestic				
Other Assets Especially Mentioned	**-**	**-**	1,821	11
Substandard	**1,654**	**-**	6,088	1,310
Doubtful	**295,383**	**9,690**	28,353	2,354
Loss	**27,301,826**	**22,270,177**	30,042,551	25,130,243
Total	**27,598,863**	**22,279,867**	30,078,813	25,133,918

10.6.1 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.

10.6.2 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.5,476.96 (2024: Rs. 5,216.65) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.7 **Particulars of credit loss allowance / provision against advances**

	2025 Stage 1	2025 Stage 2	2025 Stage 3	2025 Total
	---------------------- Rupees in '000' ----------------------			
Opening balance	**319,579**	**958,311**	**25,133,918**	**26,411,809**
Exchange adjustments	**-**	**-**	**-**	**-**
Impact of adoption of IFRS 9	**-**	**-**	**-**	**-**
Charge for the period	**138,469**	**(715,946)**	**1,783,447**	**1,205,969**
Reversals	**-**	**-**	**(4,572,031)**	**(4,572,031)**
	138,469	**(715,946)**	**(2,788,584)**	**(3,366,062)**
Amounts charged off - Agriculture loans	**-**	**-**	**(65,468)**	**(65,468)**
Net charge / (reversal) during the period	**138,469**	**(715,946)**	**(2,854,052)**	**(3,431,530)**
Transferred to other assets under DPS agreement	**-**	**-**	**-**	**-**
Transfer from investments -TFC	**-**	**-**	**-**	**-**
Closing balance	**458,048**	**242,365**	**22,279,867**	**22,980,280**

	2024 Stage 1	2024 Stage 2	2024 Stage 3	2024 Total
	---------------------- Rupees in '000' ----------------------			
Opening balance	10,186	-	26,878,180	26,888,366
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
Reversals	-	(71,028)	(3,145,403)	(3,216,431)
	177,931	661,826	(2,505,282)	(1,665,525)
Amounts charged off - Agriculture loans	-	-	(31,275)	(31,275)
Net charge / (reversal) during the period	177,931	661,826	(2,536,557)	(1,696,800)
Transferred to other assets under DPS agreement	-	-	-	-
Transfer from investments -TFC	-	-	514,344	514,344
Closing balance	319,579	958,311	25,133,918	26,411,808

		Note	2025	2024
11.	**PROPERTY AND EQUIPMENT**		-------- (Rupees in '000') -------	
	Capital work-in-progress	11.1	423,652	24,518
	Property and equipment	11.2	1,565,936	1,308,170
			1,989,588	1,332,688
11.1	**Capital work-in-progress**			
	Civil works		800	3,862
	Equipment		-	-
	Advances to suppliers		422,852	20,656
		11.1.1	423,652	24,518
11.1.1	**Movement in Capital work-in-progress**			
	Opening balance		24,518	1,321
	Transfer in		560,058	108,741
	Transfer out		(160,924)	(85,544)
	Write off		-	-
	Closing balance		423,652	24,518

11.2 Property and Equipment

	2025				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	---------- (Rupees in '000') ----------				
At January 1, 2025					
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
Year ended December 31, 2025					
Opening net book value	734,702	58,706	385,825	128,937	1,308,170
Additions	83,241	33,061	480,091	18,546	614,939
Disposals	(436)	-	-	(352)	(788)
Depreciation charge	(73,340)	(17,045)	(207,198)	(58,802)	(356,385)
Closing net book value	744,167	74,722	658,718	88,329	1,565,936
At December 31, 2025					
Cost / Revalued amount	1,536,816	617,180	2,704,857	399,276	5,258,129
Accumulated depreciation	(792,649)	(542,458)	(2,046,139)	(310,947)	(3,692,193)
Net book value	744,167	74,722	658,718	88,329	1,565,936
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

	2024				
	Leasehold 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%	

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

	Note	2025	2024
		(Rupees in '000')	
Leasehold improvements		**404**	403
Furniture and fixtures		**462,228**	423,711
Electrical, office and computer equipment		**1,658,537**	1,628,222
Vehicles		**115,384**	117,076
		2,236,553	2,169,412

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particulars 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/-	5,902	436	1,105	Negotiation	Various
Motor Vehicles					
Toyota Yaris	2,655	0	0	As Per HR Policy	Hasnain Ali Merchant
..........do..........	2,655	0	0	As Per HR Policy	Tahir Hussain Shah
Toyota Corolla XLI	2,505	0	0	As Per HR Policy	Dilawar Ahmed Dhakan
Suzuki Cultus	1,745	0	0	As Per HR Policy	Kaleem Ullah Khan
..........do..........	1,745	0	0	As Per HR Policy	Jamil Ahmed Shaikh
Suzuki Wagon R	1,760	352	-	Write Off	Deceased Employee Qamber Ali
..........do..........	1,605	0	0	As Per HR Policy	Rafiuddin
..........do..........	1,540	0	0	As Per HR Policy	Imtiaz Ahmed
..........do..........	1,540	0	0	As Per HR Policy	Zarqa Ahsan
..........do..........	1,540	0	0	As Per HR Policy	Murad Mehdi
..........do..........	1,540	0	0	As Per HR Policy	Dildar Ali Samoo
..........do..........	1,540	0	0	As Per HR Policy	Syed Tauqeer Ahmed
..........do..........	1,054	0	0	As Per HR Policy	Javed Ali
..........do..........	1,054	0	0	As Per HR Policy	Naveed Kashif
	24,478	**352**	**0**		
TOTAL	**30,380**	**788**	**1,105**		

12. RIGHT OF USE ASSETS

	2025	2024
	------ (Rupees in '000') -----	
Year ended December 31		
Opening net book value	**3,385,962**	2,608,849
Reassessment / renewals	**1,049,858**	1,541,867
Disposals	**-**	-
Depreciation charge	**(779,402)**	(764,754)
Closing net book value	**3,656,418**	3,385,962
At December 31		
Cost	**6,781,401**	5,731,542
Accumulated depreciation	**(3,124,983)**	(2,345,580)
Net book value	**3,656,418**	3,385,962
Rate of depreciation (percentage)	**10% to 100%**	**10% to 100%**

13. INTANGIBLE ASSETS

	2025	2024
Computer Software		
At January 1		
Cost	**458,587**	444,256
Accumulated amortisation	**(378,425)**	(335,999)
Net book value	**80,162**	108,257
Year ended December 31		
Opening net book value	**80,162**	108,257
Additions:		
- directly purchased	**76,984**	14,332
Disposals	**-**	-
Amortisation charge	**(42,609)**	(42,427)
Other adjustments	**-**	-
Closing net book value	**114,537**	80,162
At December 31		
Cost	**535,571**	458,587
Accumulated amortisation	**(421,034)**	(378,425)
Net book value	**114,537**	80,162
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. 308.095 million (2024: Rs. 252.018 million) .

14. DEFERRED TAX ASSETS-NET

	2025			
	As at December 31, 2024	**Recognised in profit & loss account**	**Recognised in other comprehensive income**	**As at December 31, 2025**
	---- (Rupees in '000') ----			
Deductible Temporary Differences on				
Credit loss allowance against advances	12,591,598	111,791	-	12,703,389
Post retirement employee benefits	-	-	54,201	54,201
Tax losses carried forward	2,950,584	(1,899,641)	-	1,050,943
Provision for diminution in the value of investments	12,243	54,618	-	66,861
Others	2,037,621	(258,205)	-	1,779,416
Right of use assets	496,177	123,162	-	619,339
	18,088,223	(1,868,275)	54,201	16,274,149
Taxable Temporary Differences on				
Deficit on revaluation of investments	(864,546)		(1,160,044)	(2,024,590)
Accelerated tax depreciation - tangible fixed assets	(14,338)	(13,542)	-	(27,880)
Net investment in Finance Lease	(131,859)	131,859	-	-
Surplus on revaluation of non-banking assets	(93,600)	-	-	(93,600)
Unrealized gain/loss on equity investment FVTPL	-	(155,312)		(155,312)
Accelerated tax amortization - intangible assets	(28,604)	10,827	-	(17,777)
	(1,132,947)	(26,168)	(1,160,044)	(2,319,159)
	16,955,276	(1,894,443)	(1,105,843)	13,954,990

	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	As at December 31, 2024
	---- (Rupees in '000') ----					
Deductible Temporary Differences on						
Credit loss allowance against advances	11,103,063	357,395	11,460,458	1,131,140	-	12,591,598
Tax losses carried forward	3,477,253	-	3,477,253	(503,119)	(23,550)	2,950,584
Provision for diminution in the value of investments	119,174	11,537	130,711	(118,468)	-	12,243
Deficit on revaluation of investments	1,081,294	(1,070,102)	11,192	-	(875,738)	(864,546)
Impact of Adoption of IFRS 9	-	-	-	-	-	-
Others	1,394,105	-	1,394,105	643,516	-	2,037,621
Right of use assets	259,317	-	259,317	236,860	-	496,177
	17,434,206	(701,170)	16,733,036	1,389,929	(899,288)	17,223,677
Taxable Temporary Differences on						
Accelerated tax depreciation - tangible fixed assets	501	-	501	(14,839)	-	(14,338)
Net investment in Finance Lease	(131,859)	-	(131,859)	-	-	(131,859)
Surplus on revaluation of non-banking assets	(88,200)	-	(88,200)	-	(5,400)	(93,600)
Accelerated tax amortization - intangible assets	(20,683)	-	(20,683)	(7,921)	-	(28,604)
	(240,241)	-	(240,241)	(22,760)	(5,400)	(268,401)
	17,193,965	(701,170)	16,492,795	1,367,169	(904,688)	16,955,276

14.1 The Bank has an aggregate amount of deferred tax assets of Rs. 13,954.99 million (2024: Rs. 16,955.28 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.

15. OTHER ASSETS

	Note	2025	2024
		-------- (Rupees in '000') ---------	
Income / mark-up accrued in local currency	15.1	**6,652,635**	10,722,252
Accrued commission income		**39,992**	157,731
Advances, deposits, advance rent and other prepayments		**1,504,441**	1,291,357
Receivable against sale of shares		**563,093**	47,925
Mark to market gain on forward foreign exchange contracts		**-**	136,527
Insurance premium receivable against agriculture loans		**7,750**	8,623
Stationery and stamps on hand		**17,362**	22,915
Dividends receivable		**-**	1,688
Receivable against 1 Link ATM settlement account		**419,518**	84,330
Advance Taxation - net		**-**	-
Acceptances		**-**	48,741
Insurance claims receivable		**10,320**	12,835
Non-Banking Assets Acquired in Satisfaction of Claims	15.2	**1,770,000**	1,770,000
Other receivables		**494,589**	88,925
		11,479,700	14,393,849
Less: Provison held against other assets		**(875,006)**	(864,614)
Other assets (net of provision)		**10,604,694**	13,529,235
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	15.3	**180,000**	180,000
		10,784,694	13,709,235

15.1 Income / mark-up accrued in local currency

	Note	2025	2024
On loans and advances	15.4	**3,341,965**	5,663,533
On investments		**3,270,124**	5,036,196
On lendings to financial institutions		40,160	22,371
Others		385	152
		6,652,634	10,722,252

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.

		Note	2025	2024
15.2.1	**Non-banking assets acquired in satisfaction of claims**	**Note**	**----- (Rupees in '000') -----**	
	Opening Balance		**1,950,000**	1,950,000
	Additions		-	-
	Revaluation		-	-
	Disposals		-	-
	Depreciation		-	-
	Impairment		-	-
			1,950,000	1,950,000

15.3 Movement in credit loss allowance / provision held against other assets

	2025	2024
Opening balance	**(864,614)**	(1,222,785)
Charge for the period / year	**(10,392)**	-
Reversals	-	358,171
Amount written off	-	-
Closing balance	**(875,006)**	(864,614)

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 10.5.

16. BILLS PAYABLE

	2025	2024
In Pakistan	**4,236,755**	1,446,526
Outside Pakistan	-	-
	4,236,755	1,446,526

17. BORROWINGS

	Note	2025	2024
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	**1,080,000**	1,457,900
- Under long term finance facility		-	-
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan (SBP)		-	-
- Other commercial banks / DFI's		-	-
		-	-
		1,080,000	1,457,900

17.1 Particulars of borrowings with respect to Currencies

	2025	2024
In local currency	**1,080,000**	1,457,900
In foreign currencies	-	-
	1,080,000	1,457,900

17.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 7.5% to 8% (2024: 15.5% to 16.5%) per annum having maturity upto six months.

18. DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000')					
Customers						
Current deposits	111,548,127	948,477	112,496,604	75,948,885	1,089,573	77,038,458
Savings deposits	171,592,894	1,335,434	172,928,328	174,750,035	1,248,851	175,998,886
Term deposits	43,233,965	705,669	43,939,634	54,833,570	316,021	55,149,591
Margin and other deposits	2,721,682	-	2,721,682	1,567,533	-	1,567,533
	329,096,668	2,989,580	332,086,248	307,100,023	2,654,445	309,754,468
Financial Institutions						
Current deposits	1,880,221	1,465	1,881,686	721,673	30	721,703
Savings deposits	6,068,256	-	6,068,256	1,242,064	-	1,242,064
Term deposits	1,935,000	-	1,935,000	1,000,000	-	1,000,000
Margin and other deposits	120,062	-	120,062	62	-	62
	10,003,539	1,465	10,005,004	2,963,799	30	2,963,829
	339,100,207	2,991,045	342,091,252	310,063,822	2,654,475	312,718,297

18.1 Composition of deposits

	Note	2025	2024
		--- (Rupees in '000') ---	
- Individuals		57,563,708	58,994,529
- Government (Federal and Provincial)		214,166,096	201,359,992
- Public Sector Entities		1,216,453	931,916
- Banking Companies		360,492	527,428
- Non-Banking Financial Institutions		9,644,512	2,436,401
- Private Sector		59,139,991	48,468,031
		342,091,252	312,718,297

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, 2025, the deposits eligible to be covered under insurance arrangements amounted to Rs. 77,976.90 million (2024: Rs. 68,301.40 million) and premium paid amounted to Rs. 124.763 million (2024 : Rs. 83.43 million).

19. Lease liabilities

	2025	2024
Opening balance	4,308,326	3,138,067
Reassessment / renewals	1,049,858	1,541,867
Interest expense	660,585	696,975
Lease payments including interest	(1,221,593)	(1,230,989)
Other adjustments / transfers	50,279	162,406
Closing balance	4,847,455	4,308,326

		Note	2025	2024
			--- (Rupees in '000') ---	
19.1	**Contactual maturity of lease laibilities**			
	Short-term lease liabilities - within one year		**499,275**	522,732
	Long-term lease liabilities			
	- 1 to 5 years		**2,231,032**	1,781,608
	- 5 to 10 years		**2,113,528**	1,994,988
	- More than 10 years		**3,620**	8,998
			4,348,180	3,785,594
	Total lease liabilities		**4,847,455**	**4,308,326**

19.2 For the purpose of discounting, PKRV rates are being used.

20. OTHER LIABILITIES

	Note	2025	2024
Mark-up / return / interest payable in local currency		**5,848,439**	8,922,181
Mark-up / return / interest payable in foreign currency		**16,389**	4,158
Accrued expenses		**323,123**	301,790
Net defined benefit liability		**373,942**	177,202
Provision for compensated absences		**532,617**	392,930
Payable against purchase of shares		**62,870**	18,765
Mark to market gain on forward foreign exchange contracts		**512,510**	-
Retention money		**77,089**	60,329
Federal excise duty / sales tax on services payable		**14,747**	9,002
Withholding tax payable		**290,502**	157,888
Acceptances		-	48,741
Provision for taxation - net		**573,202**	509,163
Security deposit against leases		**161,101**	89,925
Others	20.3	**2,971,273**	308,058
		11,757,804	11,000,132
Credit loss allowance against off-balance sheet obligations	20.1	**11,511**	3,898
		11,769,315	11,004,030

		2025	2024
20.1	**Opening balance**	**3,898**	-
	Impact of adoption of IFRS-09	-	3,103
	Charge / reversals;		
	Charge for the year	**7,613**	795
	Reversals for the year	-	-
		7,613	795
	Closing Balance	**11,511**	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 This includes an amount of Rs. 2.5 billion received from Sindh Insurance Limited - Participant Takaful Fund for placement of investment with Sindh Bank Limited. The amount was held at year end pending execution of the investment in accordance with the customer's instructions and has accordingly been classified under other liabilities.

21. SHARE CAPITAL - NET

21.1 Authorised capital

2025	2024		2025	2024
Number of shares			--- (Rupees in '000') ---	
3,500,000,000	3,500,000,000	Ordinary shares of Rs.10 each	**35,000,000**	35,000,000

21.2 Issued, subscribed and paid-up share capital

2025	2024		Note	2025	2024
Number of shares				--- (Rupees in '000') ---	
3,071,013,000	3,071,013,000	Fully paid in cash: Ordinary shares of Rs.10 each		**30,710,130**	30,710,130
-	-	Right shares of Rs.10 each issued during the year		-	-
381,429,817	381,429,817	Ordinary shares of Rs. 10 issued as consideration of amalgamation		**3,814,298**	3,814,298
3,452,442,817	3,452,442,817			**34,524,428**	34,524,428

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

	Note	2025	2024
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI - Debt	9.1	**1,998,268**	522,462
- Securities measured at FVOCI - Equity	9.1	**1,895,176**	1,140,126
- Non-banking assets acquired in satisfaction of claims	22.1	**180,000**	180,000
		4,073,444	1,842,588
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - Debt		**(1,039,099)**	(271,680)
- Securities measured at FVOCI - Equity		**(985,492)**	(592,866)
- Non-banking assets acquired in satisfaction of claims	14	**(93,600)**	(93,600)
		(2,118,191)	(958,146)
		1,955,253	884,442

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

	Note	2025	2024
Surplus on revaluation as at January 01		**180,000**	180,000
Recognised during the year		-	-
Surplus on revaluation as at December 31		**180,000**	180,000
Less: related deferred tax liability on:			
- revaluation as at January 01		**(93,600)**	(93,600)
- revaluation recognised during the year		-	-
	14	**(93,600)**	(93,600)
		86,400	86,400

23 CONTINGENCIES AND COMMITMENTS

	Note	2025	2024
-Guarantees	23.1	**8,908,919**	7,476,280
-Commitments	23.2	**99,700,068**	137,865,487
-Other contingent liabilities		-	-
		108,608,987	145,341,767

		Note	2025	2024
			--- (Rupees in '000') ---	
23.1	**Guarantees:**			
	Financial guarantees		1,170,887	1,157,718
	Performance guarantees		5,841,003	3,962,839
	Other guarantees		1,897,029	2,355,723
			8,908,919	7,476,280
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		5,208,618	2,964,551
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	58,059,485	107,432,384
	- forward lending, borrowings and credits	23.2.2	36,235,697	27,313,192
	Commitments for acquisition of:			
	- fixed assets		196,268	155,360
			99,700,068	137,865,487
23.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		29,049,476	52,858,154
	Sale		29,010,009	54,574,230
			58,059,485	107,432,384
23.2.2	**Commitments in respect of forward lending, borrowings and credits**			
	Forward resale agreement lending		20,881,685	14,337,675
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	15,354,012	12,975,517
			36,235,697	27,313,192

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 2025 (accounting year ended December 31, 2024 and amendment of deemed assessment were carried out till tax year 2020, whereby certain disallowances to the taxable income were made.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), these appeals decided in bank's favor and thereby deleted impugned demands, following are the year wise details:

Tax year-2017, return of income was e-filed on December 07, 2017, declaring taxable income of Rs. 4,013 million, showing total tax liability of Rs. 1,565 million including super tax of Rs. 161million.

Additional Commissioner Inland Revenue (ACIR) initiated proceedings for amendment of assessment under section 122(5A) of the Ordinance which were closed through order dated March 05, 2018, increasing taxable income to Rs. 4,034 million and giving rise to additional tax demand of Rs. 8.2 million.

Appeal was filed before the Commissioner Inland Revenue Appeals (CIRA) on March 26, 2018 which was decided vide appellate order dated July 30, 2018 in Bank's favour and thereby deleting the whole of the impugned tax demand, accordingly, appeal effects under section 124 of the Ordinance was issued.

Tax year 2018, return of income was e-filed on November 29, 2018, declaring taxable income of Rs. 2,283 million and total tax liability of Rs. 799 million.

ACIR initiated proceedings under section 122(5A) of the Ordinance which were finalized through order dated March 28, 2019, increasing taxable income to Rs. 2,310 million and raising additional tax demand of Rs. 101 million pertaining to disallowance of claim of amortization and super tax liability under section 4B of the Ordinance amounting to Rs. 92 million.

The above issues have been contested before CIRA who has decided the issue of tax amortization in the Bank's favour whilst the issue of super tax has been decided against the Bank, accordingly, appeal effects under section 124 of the Ordinance was issued.

Tax year-2019, return of income was e-filed on October 31, 2019, declaring loss of Rs. 7,116 million and minimum tax liability of Rs. 160 million under section 113 of the Ordinance while claiming refund of Rs. 419 million.

ACIR initiated proceedings under section 122(5A) of the Ordinance on November 12, 2020 which were finalized through order dated January 25, 2021.

Appeal was filed before the CIRA on February 22, 2021 which was decided in Bank's favour and thereby deleting the whole of the impugned tax demand.

Request for appeal effects under section 124 of the Ordinance had been made, which is issued determining tax refundable of Rs. 419 million. However, while passing appeal effect, the ADCIR has not allowed relief in respect of on remanded back issue of disallowance of the actuarial loss on re-measurement of defined benefits obligation amounting to Rs. 19 million under section 34(3) of the Ordinance. The Bank has filed appeal before CIR(Appeals) who has upheld the order of ADCIR and the matter is now sub-judice before ATIR in second appeal.

Tax year-2020, return of income was e-filed on November 13, 2020, declaring loss of Rs. 4,689 million and minimum tax liability of Rs. 189 million under section 113 of the Ordinance.

ACIR initiated proceedings under section 122(5A) of the Ordinance on November 12, 2020 which were finalized through order dated January 28, 2022, decreasing loss to Rs. 3,621 million and raising additional tax demand of Rs. 81 million due to disallowance of tax refund adjustment.

Appeal was filed before the CIRA on February 08, 2022 which was decided vide appellate order dated May 26, 2022 in Bank's favour and thereby deleting the whole of the impugned tax demand.

Request for appeal effect under section 124 of the Ordinance had been made, which is issued determining tax chargeable of Rs. 189 million which was duly paid at the time of return filing.

Tax year-2021, return of income was e-filed on October 15, 2021, declaring loss of Rs. 2,608 million and minimum tax liability of Rs. 239 million under section 113 of the Ordinance.

The return so filed was treated as an assessment order deemed to have been issued by CIR in terms of section 120(1) of the Ordinance. No proceedings in this respect have been initiated by the tax department to date.

Tax year-2023, return of income was e-filed on November 30, 2022, declaring loss of Rs. 942 million and minimum tax liability of Rs. 278 million under section 113 of the Ordinance.

The return so filed was treated as an assessment order deemed to have been issued by CIR in terms of section 120(1) of the Ordinance. No proceedings in this respect have been initiated by the tax department to date.

TY-2024, return of income was e-filed on September 30, 2023, declaring loss of Rs. 1,150 million and minimum tax liability of Rs. 467 million under section 113 of the Ordinance.

The return so filed was treated as an assessment order deemed to have been issued by CIR in terms of section 120(1) of the Ordinance. No proceedings in this respect have been initiated by the tax department to date.

TY-2025, revised return of income was e-filed under Section 114(6) of the Ordinance on December 04, 2025, declaring taxable income of Rs. 971,498,591 and a minimum tax liability and tax on high earning persons of Rs. 945,398,097 under section 113 and 4C of the Ordinance.

The return so filed was treated as an assessment order deemed to have been issued by Commissioner Inland Revenue (CIR) in terms of section 120(1) of the Ordinance. No proceedings for amendment of assessment or audit have been initiated by the tax department to date.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2025 (accounting year ended December 31, 2024) with the tax authorities of AJK. The CIR-AJK has issued amended assessment orders upto tax year 2020.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), these appeals decided in bank's favor and thereby deleted impugned demands.

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 in 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 his order dated January 21, 2025, has referred the matter to the Decision of the Council of Common Interest on agenda item 14 dated 23rd December, 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 yet. The SRB has now filed appeal before Honorable Supreme Court, which is pending for adjudication.

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 Rs. 40,242,222 and raising additional tax demand of Rs. 2,974,421. The tax demand was duly paid under protest.

Appeal was filed before the CIRA on March 22, 2022, which was decided in Bank's favour 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.

23.3.3 Other Contingent Liabilities	**Note**	**2025**	2024
		---- (Rupees	**in '000') ----**
Claims against the Bank not acknowledged as debts		**784,564**	792,500

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.

		Note	2025	2024
24.	**MARK-UP/RETURN/INTEREST EARNED**		---- (Rupees	in '000') ----
	On loans and advances		**11,227,990**	12,801,137
	On investments		**25,194,228**	36,670,805
	On lendings to financial institutions		**758,540**	768,490
	On balances with banks		**124,563**	161,776
			37,305,321	50,402,208
25.	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		**23,033,545**	34,458,127
	Borrowings		**1,556,759**	6,644,919
	Finance charge on lease liability against right of use assets		**660,585**	696,975
			25,250,889	41,800,021
26.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**128,541**	112,223
	Consumer finance related fees		**6,186**	2,964
	Card related fees (debit cards)		**363,607**	318,158
	Commission on trade		**130,926**	150,658
	Commission on guarantees		**83,009**	66,077
	Credit related fees		**9,545**	14,798
	Commission on remittances including home remittances		**7,248**	16,188
	Others		**1,919**	2,726
			730,981	683,792
27.	**GAIN ON SECURITIES**			
	Realised	27.1	**717,010**	145,501
	Unrealised - Measured at FVPL	27.2	**228,289**	70,388
			945,299	215,889
27.1	**Realised gain on:**			
	Federal Government Securities		**428,314**	410
	Shares of listed companies		**288,696**	145,091
	Mutual Funds		**-**	-
			717,010	145,501

		Note	2025	2024
			---- (Rupees	in '000') ----
27.2	**Net gain on financial assets measured at FVPL:**			
	Designated upon initial recognition		-	-
	Mandatorily measured at FVPL		228,289	70,388
			228,289	70,388
	Net gain/ loss on financial assets/ liabilites measured at amortised cost		-	-
	Net gain/loss on financial assets (debt instruments) measured at FVOCI		-	-
	Net gain/ loss on investments in equity instruments designated at FVOCI		-	-
			-	-
			228,289	70,388

28. OTHER INCOME

Incidental charges		-	-
Gain on sale of operating fixed assets		668	7,536
Rent on premises shared		1,333	1,363
Prequalification application fee for tender		-	100
Godwon charges		160	230
Others		679	491
		2,840	9,720

29. OPERATING EXPENSES

	Note	2025	2024
Total compensation expense	29.2	5,974,585	5,117,034
Property expense			
Rent & taxes		70,912	52,777
Insurance		68,709	60,740
Utilities cost		554,415	570,833
Security		809,113	639,304
Repairs & maintenance		55,487	29,749
Depreciation		73,340	71,255
Depreciation - right of use assets		779,402	764,754
		2,411,378	2,189,412
Information technology expenses			
Software maintenance		267,034	202,343
Hardware maintenance		135,781	141,248
Depreciation		88,241	70,543
Amortisation		42,609	42,427
Network charges		23,355	20,834
Others		116,803	72,247
		673,823	549,642

OPERATING EXPENSES	Note	2025	2024
		---------- (Rupees in '000') ----------	
Other operating expenses			
Directors' fees and allowances		**34,125**	27,275
Fees and allowances to Shariah Board		**5,211**	4,006
Legal & professional charges		**41,502**	29,825
Travelling & conveyance		**74,573**	56,563
NIFT clearing charges		**50,236**	38,256
Training & development		**6,682**	8,609
Postage & courier charges		**24,923**	21,519
Communication		**283,643**	289,758
Stationery & printing		**193,687**	188,180
Marketing, advertisement & publicity		**121,990**	82,815
Auditor's Remuneration	29.3	**14,996**	14,015
Repairs & maintenance		**222,027**	149,031
Brokerage and commission		**11,817**	8,334
Entertainment Expenses		**91,129**	77,648
Fees and subscription		**103,778**	107,421
Insurance expenses		**10,712**	12,885
Premium of deposit protection fund		**109,282**	88,779
Depreciation		**194,804**	153,631
Outsourced service costs	29.1	**227,993**	197,506
Others		**56,590**	48,094
		1,879,700	1,604,150
		10,939,486	9,460,238

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is 221.009 million (2024: Rs. 197.463 million). These expenses represent payments made to companies incorporated in Pakistan.

29.2 Total compensation expense

	2025	2024
Managerial Remuneration		
- Fixed	**3,507,335**	3,020,471
- Variable Cash Bonus / Awards	**36,530**	42,412
Charge for defined benefit plan	**165,477**	147,544
Contribution to defined contribution plan	**173,297**	148,572
Rent & house maintenance	**900,830**	756,130
Utilities	**187,585**	157,140
Medical	**187,585**	157,322
Conveyance	**234,761**	179,367
Dearness Allowance	**56,692**	48,103
Employee old age benefits contribution	**49,038**	42,419
Leave Fare Assistance Allowances	**93,460**	98,035
Leave Encashment	**159,850**	103,870
Staff Insurances	**124,564**	104,926
Others	**97,581**	110,723
	5,974,585	5,117,034

		Note	2025	2024
29.3	**Auditors' remuneration**		(Rupees in '000')	
	Audit fee		**12,808**	11,657
	Fee for other statutory certifications		**1,156**	1,050
	Special certifications and sundry advisory services		**557**	668
	Out-of-pocket expenses		**475**	640
			14,996	14,015

30. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	**10,030**	3,990
Others	**352**	-
	10,382	3,990

31. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

	Note	2025	2024
Credit loss allowance for dimunition in value of investments	9.5.1	**30,281**	13,518
Reversal of credit loss allowance / provision against loans and advances	10.7	**(4,637,499)**	(3,247,706)
Credit loss allowance / provision against loans and advances	10.7	**1,205,971**	1,550,906
Credit loss allowance against lendings to financial institutions	8.3	**582**	566
Reversal of credit loss allowance against other assets	15.3	**-**	(358,171)
Credit loss allowance against off-balance sheet obligations	20.1	**7,613**	795
Credit loss allowance against balance with other banks	7.4	**2,908**	(8,966)
Other provision		**10,391**	-
Bad debts directly charged to profit and loss account		**94**	216
		(3,379,659)	(2,048,842)

32. TAXATION

Current	**1,116,448**	945,418
Prior years	**1,344**	153,171
Deferred	**1,894,443**	(1,367,169)
	3,012,235	(268,580)

32.1 Relationship between tax expense and accounting profit

Profit before tax	**6,367,044**	2,501,750
Tax on income at 43% (2024: 39%)	**2,737,829**	1,100,770
Effect of super tax at 10% (2024: 10%)	**635,557**	301,650
Effect of permanent differences	**71,155**	81,828
Effect of change in rate	**(438,723)**	(1,908,628)
Prior year tax	**1,344**	153,171
Others	**5,073**	2,629
	3,012,235	(268,580)

33. BASIC AND DILUTED EARNINGS PER SHARE	Note	2025	2024
		---------- (Rupees in '000') ----------	
Profit for the year (Rupees in '000)		**3,354,809**	2,770,330
Weighted average number of ordinary shares		**3,452,442,817**	3,452,442,817
Basic and diluted earnings per share (Rupee)		**0.97**	0.80

34. CASH AND CASH EQUIVALENTS

	Note	2025	2024
Cash and balance with treasury banks	6	**27,774,017**	22,612,094
Balance with other banks	7	**3,721,041**	3,786,987
		31,495,058	26,399,081

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

	2025	
	Lease liabilities	**Share deposit money**
Balance as at 01 January 2025	**4,308,326**	-
Changes from financing cash flows		
Payment against lease liabilities	**(1,221,593)**	-
Receipt against share deposit money	-	-
Total changes from financing cash flows	**(1,221,593)**	-
Other changes		
Reassessment / renewals and other adjustments	**1,100,137**	-
Interest expense on lease liabilities	**660,585**	-
Shares issued against share deposit money	-	-
	1,760,722	-
Balance as at 31 December 2025	**4,847,455**	-

	2024	
	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**	-

35. STAFF STRENGTH	Note	2025	2024
Permanent		**2,117**	1,979
Temporary / on contractual basis		**148**	197
Total staff strength		**2,265**	2,176

35.1 In addition to the above 566 (2024: 550) 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 2,118 (2024: 2,163).

36.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2025 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	2025	2024
- Discount rate	**11.00%**	12.25%
- Expected rate of increase in salaries-short term	**12.25%**	12.00%
- Expected rate of increase in salaries-long term	**12.00%**	12.00%
- Expected return on plan assets	**11.00%**	12.25%
- Duration (Years)	**7.37**	7.68

36.1.2 Reconciliation of net defined benefit liability

	Note	2025	2024
		--------- (Rupees in '000') ---------	
Present value of defined benefit obligation	36.1.5	**1,662,528**	1,232,791
Fair value of plan assets	36.1.6	**(1,288,586)**	(1,055,589)
Payable to defined benefit plan	36.1.3	**373,942**	177,202

36.1.3 Movement in net defined benefit liability

	Note	2025	2024
Opening balance		**177,202**	151,556
Charge to profit and loss during the year	36.1.4	**165,477**	147,544
Remeasurement loss recognized in OCI	36.1.4	**208,465**	29,658
Bank's contribution		**(177,202)**	(151,556)
Closing balance		**373,942**	177,202

		Note	2025	2024
36.1.4	**Charge for defined benefit plan**		--------- (Rupees in '000') ---------	
	In profit and loss			
	Current service cost		**158,692**	136,310
	Interest cost - net		**9,367**	11,234
	Past service cost		**(2,582)**	-
	Charge for the year		**165,477**	147,544
	In other comprehensive income			
	Remeasurement (gain) / loss on defined benefit obligation		**192,678**	77,819
	Remeasurement loss / (gain) on plan assets		**15,787**	(48,161)
			208,465	29,658

		Note	2025	2024
36.1.5	**Changes in present value of defined benefit obligations**			
	Opening balance		**1,232,791**	957,065
	Current service cost		**158,692**	136,310
	Interest cost		**145,572**	141,631
	Benefits paid		**(64,623)**	(80,034)
	Past service cost		**(2,582)**	-
	Actuarial loss / (gain) on obligation - Experience assumptions		**192,678**	77,819
	Closing balance		**1,662,528**	1,232,791
36.1.6	**Fair value of plan assets**			
	Fair value of plan assets at the beginning of the year		**1,055,589**	805,509
	Expected return on plan assets		**136,205**	130,397
	Bank's contributions		**177,202**	151,556
	Benefits paid		**(64,623)**	(80,034)
	Actuarial gain / (loss) on assets - experience assumptions		**(15,787)**	48,161
	Fair value of plan assets at the end of the year	36.1.7	**1,288,586**	1,055,589
36.1.7	**Plan assets comprise**			
	Balance held in bank accounts		**1,288,586**	1,055,589

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:

	2025	2024
Discount rate (1% variation)	**1,548,320**	1,144,992
Future salary growth (1% variation)	**1,797,380**	1,337,779
Future mortality (1 year variation)	**1,662,906**	1,232,715

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, 2026 works out to Rs. 221.498 million (2025: Rs. 164.842 million).

36.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 7.37 years. Expected benefit payments for the next five years are:

	2026	2027	2028	2029	2030
	(Rupees in '000')				
Expected benefit payments	172,894	163,749	159,533	177,744	148,424

36.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

The risk arises when the actual performance of the invstment 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 similary. 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. 346.593 (2024: Rs.296.94) million. The number of employees as at December 31, 2025 eligible under the plan were 1,987 (2024: 1,882).

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. 532.617 million (2024: Rs.392.93 million) has been made on the basis of actuarial recommendations.

37.1 Movement of compensated absences

	2025	2024
	(Rupees in '000')	
Opening balance	392,930	309,951
(Reversal) / Expense for the year	159,850	103,870
Benefit paid during the year	(20,163)	(20,891)
Closing balance	532,617	392,930

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

	2025						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in '000')						
Fees and Allowances	5,812	-	28,313	6,264	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	27,055	171,584	211,386
- Variable Cash Bonus / Awards	-	-	-	-	6,230	13,100	1,945
Charge for defined benefit plan	-	-	-	-	3,715	15,021	15,509
Contribution to defined contribution plan	-	-	-	-	2,705	16,683	20,149
Rent & house maintenance	-	-	-	-	12,175	77,213	95,124
Utilities	-	-	-	-	2,705	17,158	21,139
Medical	-	-	-	-	2,705	17,158	21,139
Conveyance	-	-	-	2,554	2,418	43,784	105,989
Bonus	-	-	-	-	4,133	25,691	32,570
Others	563	-	-	-	2,763	26,548	29,459
Total	6,375	-	28,313	8,818	66,604	423,940	554,409
Number of Persons	1	-	7	2	1	29	87

	2024						
	(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

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

		2025							
			For Board Committees						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Managment Committee	Nomination Committee	Total Amount Paid
		(Rupees in '000')							
1	Mr. Mohammad Aftab Alam	2,812	-	-	1,000	1,000	1,000	-	5,812
2	Mr. Javaid B.Sheikh	2,812	1,000	1,000	-	-	-	-	4,812
3	Ms. Shaista Bano Gilani	2,812	1,000	-	-	1,000	-	-	4,812
4	Mr. Fayyaz ahmed Jatoi	2,500	-	-	-	750	-	-	3,250
5	Mr. Imtiaz Ahmad Butt	2,813	-	1,000	1,000	-	-	-	4,813
6	Mr. Imran Samad	2,813	-	1,000	1,000	-	1,000	-	5,813
7	Mr. Farhan Ashraf Khan	2,813	1,000	-	-	-	1,000	-	4,813
	Total Amount Paid	19,375	3,000	3,000	3,000	2,750	3,000	-	34,125

		2024							
		(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

38.3 Remuneration paid to Shariah Board Members

	2025			2024		
Items	Chairman	Resident Member	Non Resident Member	Chairman	Resident Member	Non Resident Member
	(Rupees in '000')					
Managerial Remuneration (Fixed)	2,288	2,514	1,463	2,268	2,186	727
Fuel Allowances	938	1,093	522	1,011	1,110	-
Total Amount	3,226	3,607	1,985	3,279	3,296	727
Total Number of Persons	1	1	1	2	1	1

39. FAIR VALUE MEASUREMENTS

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

Unquoted equity investments are caried 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 aspart 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 unconsolidated 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.

	2025			
	Fair Value			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000')			
Financial assets measured at fair value				
Investments				
Pakistan Investment Bonds	-	134,526,226	-	134,526,226
Market Treasury Bills	-	4,538,725	-	4,538,725
Shares of listed companies	4,098,174	-	-	4,098,174
Units of mutual funds	407,799	-	-	407,799
Ijarah Sukuk - GoP	-	3,521,150	-	3,521,150
Sukuk bonds	-	345,436	-	345,436
	4,505,973	142,931,537	-	147,437,510
Financial assets disclosed but not measured at fair value				
Investments				
Market Treasury Bills	-	3,472,967	-	3,472,967
Pakistan Investment Bonds	-	14,684,883	-	14,684,883
Term finance certificates - Listed	-	177,947	-	177,947
Term finance certificates - Unlisted	-	119,632	-	119,632
	-	18,455,429	-	18,455,429
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	29,049,476	-	29,049,476
Foreign exchange contracts (sale)	-	29,010,009	-	29,010,009
Non-Financial Assets				
Land and building (Non-banking assets)	-	1,950,000	-	1,950,000

	2024			
	Fair Value			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(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	-	-	-	-
	2,035,817	172,119,949	-	174,155,766
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
	-	26,258,819	-	26,258,819
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
Non-Financial Assets				
Land and building (Non-banking assets)	-	1,950,000	-	1,950,000

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

Item	Valuation techniques and input used
Listed equity securities	The fair value of equity securities is calculated using the market prices, adjusted for appropriate discount if any.
Units of mutual funds	The fair value of units of mutual funds are determine based on their net assets value as published at the close of each 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

	2025			
	Trading and sales	Retail banking	Commercial banking and others	Total
	(Rupees in '000')			
Profit & Loss				
Net mark-up/return/interest income	24,482,937	834,319	(13,262,823)	12,054,432
Inter segment revenue - net	(31,373,660)	-	31,373,660	-
Non mark-up / interest income	1,138,312	1,336	743,173	1,882,821
Total Income	(5,752,411)	835,655	18,854,009	13,937,253
Segment direct expenses	(150,371)	(118,168)	(8,340,074)	(8,608,613)
Inter segment expense allocation	(234,126)	(625,739)	(1,481,390)	(2,341,255)
Total expenses	(384,497)	(743,907)	(9,821,464)	(10,949,868)
Provisions	(41,382)	-	3,421,041	3,379,659
(Loss) / Profit before tax	(6,178,289)	91,748	12,453,586	6,367,044
Balance Sheet				
Cash & Bank balances	20,758,123	-	10,736,935	31,495,058
Investments	166,642,939	-	-	166,642,939
Net inter segment lending	-	-	217,741,251	217,741,251
Lendings to financial institutions	21,413,319	-	-	21,413,319
Advances - performing	(26,830)	10,999,029	131,230,263	142,202,462
Advances - non-performing	-	-	5,318,996	5,318,996
Others	3,923,760	35,878	26,540,589	30,500,227
Total Assets	212,711,311	11,034,907	391,568,034	615,314,252
Borrowings	-	-	1,080,000	1,080,000
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	342,091,252	342,091,252
Net inter segment borrowing	206,735,351	11,005,900	-	217,741,251
Others	948,359	29,007	19,876,159	20,853,525
Total liabilities	207,683,710	11,034,907	363,047,411	581,766,028
Equity	5,027,601	-	28,520,623	33,548,224
Total Equity & liabilities	212,711,311	11,034,907	391,568,034	615,314,252
Contingencies & Commitments	78,941,170	-	29,667,817	108,608,987

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

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:

	2025				2024			
	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	-	148,040	360,000	64,377	-	180,366	-	64,377
Addition during the year	-	84,677	360,000	1	-	34,259	360,000	-
Repaid during the year	-	(42,953)	(571,020)	-	-	(69,492)	-	-
Transfer in / (out) - net	-	42,204	-	-	-	2,907	-	-
Closing balance	-	231,968	148,980	64,378	-	148,040	360,000	64,377
Other Assets								
Interest / mark-up accrued	-	278	4,475	2,283	-	191	128	2,978
Deposits and other accounts								
Opening balance	20,863	74,467	220,877	2,824,555	1,040	66,083	51,021	1,616,287
Received during the year	149,704	586,989	14,384,080	33,506,499	34,786	1,470,161	12,252,177	12,085,409
Withdrawn during the year	(124,562)	(552,295)	(14,269,819)	(28,684,992)	(44,400)	(1,429,974)	(12,082,321)	(10,877,141)
Transfer in / (out) - net	9,322	(7,156)	-	3,417	29,437	(31,803)	-	-
Closing balance	55,328	102,005	335,138	7,649,478	20,863	74,467	220,877	2,824,555
Other Liabilities								
Interest / mark-up payable	812	2,108	3,652	63,543	344	2,280	2,393	86,448
Others	-	-	-	2,500,000	-	-	-	-
	812	2,108	3,652	2,563,543	344	2,280	2,393	86,448

	2025				2024			
	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	-	1,569	20,648	9,444	-	6,983	128	14,772
Fee and commission income	8	21	434	5,122	-	13	629	349
Net gain on sale of securities	-	-	41	130	-	-	255	24
Other income	-	-	-	1,153	-	-	-	1,422
Expense								
Mark-up / return / interest paid	2,326	8,645	11,458	253,238	1,857	21,190	14,317	344,441
Remuneration paid	-	377,535	-	-	-	301,963	-	-
Contribution to provident fund	-	18,852	-	-	-	14,825	-	-
Provision for gratuity	-	19,311	-	-	-	26,457	-	-
Other staff benefits	-	59,358	-	-	-	42,952	-	-
Directors' meeting fee	34,125	-	-	-	27,275	-	-	-
Other expenses	563	-	-	-	375	-	-	-
Insurance premium paid	-	-	-	143,705	-	-	-	235,083
Others								
Sale of Government Securities	-	-	564,000	3,110,000	-	-	585,000	1,218,500
Purchase of Government Securities	-	-	-	250,000	-	-	-	-
Gratuity paid	-	6,103	-	-	-	30,008	-	-
Leave encashment paid	-	3,940	-	-	-	6,943	-	-
Insurance claims settled	-	-	-	2,634	-	-	-	7,035
Expenses recovered under agency arrangement	-	-	-	65	-	-	-	55

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. 34,912.45 million (2024: Rs. 38,921.33 million) note 10.2 and Rs.193,330.66 million (2024: Rs. 167,727.27 million) note 18. The above includes deposits amounting to Rs. 40,349.48 million (2024: Rs.53,537.25 million) received through the Finance Department, Government of Sindh.

42	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	Note	2025	2024
			-------- (Rupees in '000') -------	
	Minimum Capital Requirement (MCR):			
	Paid-up capital (net of losses)		28,473,578	25,819,171
	Capital Adequacy Ratio (CAR):			
	Eligible Common Equity Tier 1 (CET 1) Capital		20,950,961	14,224,522
	Eligible Additional Tier 1 (ADT 1) Capital			
	Total Eligible Tier 1 Capital		20,950,961	14,224,522
	Eligible Tier 2 Capital		2,164,107	957,769
	Total Eligible Capital (Tier 1 + Tier 2)		23,115,068	15,182,291
	Risk Weighted Assets (RWAs):			
	Credit Risk		55,301,312	40,784,742
	Market Risk		16,884,380	14,050,153
	Operational Risk		20,134,137	16,047,929
	Total		92,319,829	70,882,824
	Common Equity Tier 1 Capital Adequacy ratio		22.69%	20.07%
	Tier 1 Capital Adequacy Ratio		22.69%	20.07%
	Total Capital Adequacy Ratio		25.04%	21.42%
	National 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 detrmining Risk Weighted Assets			
	Credit Risk		**Comprehensive**	Comprehensive
	Market Risk		**Maturity method**	Maturity method
	Operational Risk		**Basic Indicator**	Basic Indicator

	2025	2024
	-------- (Rupees in '000') -------	
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	20,950,961	14,224,522
Total Exposures	397,121,739	354,904,239
Leverage Ratio (%)	5.28%	4.01%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	183,159,874	144,053,221
Total Net Cash Outflow	47,152,234	37,606,353
Liquidity Coverage Ratio (%)	388%	383%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	256,915,076	236,076,978
Total Required Stable Funding	128,858,448	96,310,093
Net Stable Funding Ratio	199%	245%

42.1 The full diclsoures 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 avialable 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.

The Credit Risk Rating System provides solid grounds for the assessment and measurement of credit risk against each obligor in addition to fulfilling regulatory requirements. Internal Obligor Risk Rating System for Agriculture, Corporate, SME and Consumer borrowers have been approved by the Board of Directors. This rating system is an empirical risk rating system which will help to assess the Probability of Default (PD) of these obligors; risk diversification and portfolio management as per the requirement of SBP / Basel Accords and also has the capability to track historical defaults and loss experiences.

The ORR assigns risk grades to customers, in accordance with the regulatory requirements, in twelve grades, out of which top nine grades refer to regular customers whereas remaining three grades pertain to defaulted ones. Whereas, FRR assigns each loan facility in six categories, in accordance with regulatory requirements. Business / credit departments assign credit risk rating to every customer and loan facility as an integral part of the Bank's credit approval process."The Bank follows the Standardised Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable. Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognised by the SBP. The Bank selects different ECAIs for each type of exposure. The Bank utilises credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Vital Information Services(VIS), Fitch, Moody's and Standard & Poor's (S&P).

A sound credit risk management framework forms part of the overall business strategy and credit operations of the Bank. The principles for credit risk management have been laid down in the Bank's credit policy and risk management policy. The policy has been developed in accordance with the requirements of the State Bank of Pakistan and is reviewed and updated (where required) on a periodic basis.

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 / external 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 being restructured. 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 60-89 days past due. 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.

The ECL is determined by projecting the PD, LGD and EAD for each future repayment date and for each individual exposure. These three components are multiplied together, effectively calculating an ECL for each future repayment date, which is then discounted back to the reporting date and summed. The rate used to discount the ECLs is based on the markup rate that is expected to be charged over the life of the facilities. When estimating the ECLs, the Bank considers three scenarios (a base, best and a worst case). Each scenario is based on different macro economic forecasts and is associated with a different set of PDs & LGDs. The calculation is made using a probability-weighting of the three scenarios. Furthermore, to mitigate its credit risks, the Bank uses liquid collateral where applicable. The credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from

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 10.7.

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	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000')					
Public/ Government	-	-	-	-	-	-
Private	21,414,467	24,515,010	-	-	1,148	566
Total	21,414,467	24,515,010	-	-	1,148	566

43.1.2 Investment in debt securities

Credit risk by industry sector	Gross Investments		Non Performing Investments		Credit loss allowance held	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000')					
Government	158,745,683	197,876,887	-	-	-	20,581
Banks	343,876	-	-	-	46,297	-
Cement	350,000	-	-	-	4,564	-
Sugar	77,708	77,708	77,708	77,708	77,708	77,708
Total	159,517,267	197,954,595	77,708	77,708	128,569	98,289

43.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing		Provision held	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000')					
Public/ Government	158,745,683	197,876,887	-	-	-	20,581
Private	771,584	77,708	77,708	77,708	128,569	77,708
Total	159,517,267	197,954,595	77,708	77,708	128,569	98,289

43.1.3 Advances

Credit risk by industry sector

	2025					
	Advances (Gross)	Non Performing Advances	Credit Loss			Total Credit Loss
			Stage - 1	Stage - 2	Stage - 3	
	(Rupees in '000')					
Pharmaceuticals	56,881	-	899	-	-	899
Agriculture business	1,294,076	807,442	3,485	6,419	773,667	783,570
Manufacturing of textile	2,411,912	228,415	50,262	26,320	123,589	200,171
Cement	661,940	-	-	-	-	-
Transport, storage and communication	29,832	-	425	-	-	425
Wholesale and retail trade	5,536,123	208,433	18,259	10,347	206,185	234,791
Mining and quarrying	5,387,471	-	-	-	-	-
Hotel and restaurants	459,578	639	-	-	639	639
Petroleum	2,617,878	2,617,878	-	-	2,067,907	2,067,907
Media channels	1,746,144	-	29,780	-	-	29,780
Manufacture of basic iron and steel	2,137,100	1,734,030	-	-	1,734,030	1,734,030
Sugar	20,486,074	12,209,034	118,690	50,755	9,108,598	9,278,043
Automobile and transportation equipment	2,434,078	2,433,254	-	73	2,433,254	2,433,328
Chemicals and chemical products	1,777,632	-	14	76,294	-	76,308
Financial	4,112,245	840,000	35,681	-	802,970	838,651
Rice & Wheat	4,162,013	3,853	6,963	-	-	6,963
Construction, real estate and societies	3,019,822	1,971,270	10,402	23,421	1,938,705	1,972,528
Food	96,448,579	88,779	591	3,666	88,779	93,037
Power, electricity and gas	5,298,151	1,120,450	28,943	37,116	344,334	410,392
Domestic Appliances	198,596	58,596	-	-	58,596	58,596
Education	12,391	12,391	-	-	12,375	12,375
Individuals	3,072,051	4,910	96,334	3,691	2,039	102,064
Others	7,141,170	3,259,488	57,319	4,263	2,584,199	2,645,779
Total	170,501,738	27,598,863	458,048	242,365	22,279,867	22,980,279

	2024					
	Advances (Gross)	Non Performing Advances	Credit Loss			Total Credit Loss
			Stage - 1	Stage - 2	Stage - 3	
	(Rupees in '000')					
Pharmaceuticals	61,266	-	1,709	-	-	1,709
Agriculture business	1,249,179	1,079,356	1,704	620	1,070,426	1,072,750
Manufacturing of textile	748,674	146,160	-	20,411	134,273	154,683
Cement	477,574	-	3,036	-	-	3,036
Transport, storage and communication	47,807	-	78	-	-	78
Wholesale and retail trade	1,921,972	256,167	11,110	5,332	249,545	265,987
Mining and quarrying	5,833,770	-	-	-	-	-
Hotel and restaurants	261,810	694	-	1,411	652	2,063
Petroleum	2,820,186	1,820,214	-	121,709	1,820,214	1,941,923
Media channels	1,740,217	-	34,111	-	-	34,111
Manufacture of basic iron and steel	1,976,671	1,756,740	-	-	1,756,740	1,756,740
Sugar	19,070,308	13,771,389	120,905	26,154	10,160,554	10,307,613
Automobile and transportation equipment	2,434,078	2,433,254	-	-	2,433,254	2,433,254
Chemicals and chemical products	1,121,363	1,103,884	225	-	1,103,884	1,104,109
Financial	2,474,087	1,177,884	17,607	-	832,967	850,574
Rice & Wheat	868,658	6,223	7,724	756	1,464	9,943
Construction, real estate and societies	2,713,020	2,029,270	190	20,991	1,996,024	2,017,204
Food	40,258,352	125,725	145	-	125,725	125,869
Power, electricity and gas	5,949,180	2,428,958	84,626	21,052	1,681,555	1,787,232
Domestic Appliances	590,408	-	11,783	82,028	-	93,811
Education	67,546	12,542	-	-	12,470	12,470
Individuals	2,037,984	4,910	14,043	228	3,221	17,492
Others	4,233,388	1,925,443	10,582	657,622	1,750,949	2,419,152
Total	98,957,498	30,078,813	319,579	958,312	25,133,917	26,411,807

43.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000')					
Public/ Government	96,101,660	40,181,880	-	-	-	-
Private	74,400,078	58,775,618	27,598,863	30,078,813	22,279,867	25,133,917
Total	170,501,738	98,957,498	27,598,863	30,078,813	22,279,867	25,133,917

43.1.4 Contingencies and Commitments

	2025	2024
	(Rupees in '000')	
Credit risk by industry sector		
Chemical and pharmaceuticals	20,392	67,167
Manufacturing of textile	897,695	735,692
Agriculture business	1,142,860	236,149
Rice & Wheat	140,374	78,265
Hotel and restaurants	316,429	532,954
Transport, storage and communication	704,541	222,055
Wholesale and retail trade	3,118,720	4,519,977
Petroleum	519,237	117,019
Media channels	70,826	-
Manufacture of basic iron and steel	866,808	681,069
Sugar	50,717	2,256,122
Cement	945,892	1,386,804
Food	7,495,623	1,531,540
Automobile and transportation equipment	24,643	59,072
Financial	80,403,925	122,858,855
Construction, real estate and societies	1,203,497	643,440
Domestic Appliances	1,064,547	1,293,548
Power, electricity and gas	3,519,871	2,952,873
Education	14,163	51,996
Trusts and Non-profit Organizations	593,860	174,113
Others	5,494,367	4,943,057
Total	108,608,987	145,341,767

43.1.4.1 Credit risk by public / private sector

	2025	2024
	(Rupees in '000')	
Public/ Government	7,482,301	153,369
Private	101,126,686	145,188,398
Total	108,608,987	145,341,767

43.1.5 Concentration of Advances

The bank's top 10 exposures (funded and non-funded) aggregated Rs. 114,600.45 million (2024: Rs. 61,507.03 million) as follows:

	2025	2024
Funded	113,306,675	60,003,066
Non Funded	1,293,777	1,503,964
Total Exposure	114,600,452	61,507,030

43.1.5.1 The sanctioned limits against these top 10 expsoures aggregated Rs. 121,015.61 million (2024: Rs. 65,427.47 million).

43.1.5.2 Total Funded Facilities Classified

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

	2025		2024	
	Classified	**Provision held**	Classified	Provision held
	(Rupees in '000')			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	4,238,564	1,723,723	9,544,117	6,795,657
Total	4,238,564	1,723,723	9,544,117	6,795,657

43.1.6 Advances - Province/Region-wise Disbursement & Utilization

		2025					
		UTILIZATION					
Name of Province / Region	**Disbursements**	**Punjab**	**Sindh**	**KPK including FATA**	**Balochistan**	**Islamabad**	**AJK including Gilgit-Baltistan**
	(Rupees in '000')						
Punjab	24,388,618	24,384,104	-	-	-	4,514	-
Sindh	108,041,953	-	108,041,953	-	-	-	-
KPK including FATA	80,700	-	-	80,700	-	-	-
Balochistan	295,184	-	-	-	295,184	-	-
Islamabad	1,735,650	52,836	-	-	-	1,682,814	-
AJK including Gilgit-Baltistan	11,315	-	-	-	-	-	11,315
Total	134,553,420	24,436,940	108,041,953	80,700	295,184	1,687,327	11,315

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

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 mangement 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.

43.2.1 Balance sheet split by trading and banking books

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000')					
Cash and balances with treasury banks	27,774,017	-	27,774,017	22,612,094	-	22,612,094
Balances with other banks	3,721,041	-	3,721,041	3,786,987	-	3,786,987
Lendings to financial institutions	21,413,319	-	21,413,319	24,514,444	-	24,514,444
Investments	165,047,524	1,595,415	166,642,939	200,932,117	232,468	201,164,585
Advances	147,521,458	-	147,521,458	72,545,690	-	72,545,690
Fixed assets	5,646,006	-	5,646,006	4,718,650	-	4,718,650
Intangible assets	114,537	-	114,537	80,162	-	80,162
Deferred tax assets	13,954,990	-	13,954,990	16,955,276	-	16,955,276
Other assets	10,784,694	-	10,784,694	13,709,235	-	13,709,235
	395,977,586	1,595,415	397,573,001	359,854,655	232,468	360,087,123

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.

	2025			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000')			
Pakistan Rupee	393,536,581	361,017,373	(39,468)	32,479,740
United States Dollar	3,221,913	2,772,346	39,468	489,035
Great Britain Pound	39,767	132,285	-	(92,518)
Euro	730,057	102,773	-	627,284
Japanese Yen	369	-	-	369
Saudi Riyal	1,739	-	-	1,739
UAE Dirham	36,344	-	-	36,344
Chines Yen	6,231	-	-	6,231
	397,573,001	364,024,777	-	33,548,224

	2024			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Foreign exchange risk	(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
	360,087,123	330,935,079	-	29,152,044

43.2.3 Foreign exchange risk

	2025		2024	
Impact of 1% change in foreign exchange rates on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	**(3,720)**	**(17,161)**	(19,531)	(17,161)
- 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.

	2025		2024	
Impact of 5% change in equity prices on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	-	**218,906**	-	83,424
- Other comprehensive income	-	**1,749,648**	-	1,049,959

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.

	2025		2024	
Impact of 1% change in interest rates on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	-	-	-	-
- Other comprehensive income	**1,594,863**	-	296,122	-

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.

	2025											
	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	Over 5 to 10 years	Above 10 years	
		(Rupees in '000')										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	3.50%	27,774,017	73,234	76,352	50,045	6,386	-	-	-	-	-	27,568,000
Balances with other banks	14.25%	3,721,041	101,661	-	-	-	-	-	-	-	-	3,619,380
Lendings to financial institutions	13.42%	21,413,319	21,413,319	-	-	-	-	-	-	-	-	-
Investments	12.18%	166,642,939	224,235	2,548,018	147,084,750	5,463,674	-	-	-	6,066,288	-	5,255,974
Advances	8.66%	147,521,458	115,581,794	1,131,049	73,657	136,575	237,555	202,202	369,526	811,366	830,079	28,147,654
Other assets		10,784,694	-	-	-	-	-	-	-	-	-	10,925,526
		377,857,468	137,394,243	3,755,419	147,208,452	5,606,635	237,555	202,202	369,526	6,877,654	830,079	75,516,534
Liabilities												
Bills payable		4,236,755	-	-	-	-	-	-	-	-	-	4,236,755
Borrowings from financial institutions	11.47%	1,080,000	-	1,080,000	-	-	-	-	-	-	-	-
Deposits and other accounts	7.12%	342,091,252	189,328,688	3,705,056	13,294,735	13,876,072	181,067	738,264	1,500	135,000	3,610,832	117,220,038
Lease liabilities	7%-17.2%	4,847,455	-	180,315	182,320	368,648	731,284	731,284	2,653,604	-	-	-
Other liabilities		11,769,315	-	-	-	-	-	-	-	-	-	11,769,315
		364,024,777	189,328,688	4,965,371	13,477,055	14,244,720	912,351	1,469,548	2,655,104	135,000	3,610,832	133,226,108
On-balance sheet gap		13,832,691	(51,934,445)	(1,209,952)	133,731,397	(8,638,085)	(674,796)	(1,267,346)	(2,285,578)	6,742,654	(2,780,753)	(57,709,574)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		15,354,032	347,154	3,716,297	2,170,056	6,153,667	27,353	23,188	2,341,916	574,402	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		29,049,476	20,520,043	1,418,000	7,108,028	3,405	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(29,010,009)	(23,920,019)	(5,089,990)	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending		20,881,685	20,881,685	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		36,275,185	17,828,863	44,307	9,278,084	6,157,072	27,353	23,188	2,341,916	574,402	-	-
Total yield / Interest Risk Sensitivity Gap			(34,105,582)	(1,165,645)	143,009,481	(2,481,013)	(647,443)	(1,244,158)	56,338	7,317,056	(2,780,753)	(57,709,574)
Cumulative yield / Interest Risk Sensitivity Gap			(34,105,582)	(35,271,227)	107,738,254	105,257,241	104,609,798	103,365,640	103,421,978	110,739,034	107,958,281	50,248,707

Reconciliation with total assets:	
Assets as per above	377,857,468
Fixed assets	5,646,006
Intangible assets	114,537
Deferred tax asset	13,954,990
Assets as per unconsolidated statement of financial position	397,573,001
Reconciliation with total liabilities:	
Liabilities as per above	364,024,777
Deferred tax liability	-
Liabilities as per unconsolidated statement of financial position	364,024,777

Mismatch of interest rate sensitive assets and liabilities

			2024									
	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	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
Balances with other banks	5.75%	3,786,987	-	2,040	-	-	-	-	-	-	-	3,784,947
Lendings to financial institutions	19.00%	24,514,444	24,514,444	-	-	-	-	-	-	-	-	-
Investments	18.55%	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
Advances	13.48%	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
Borrowings from financial institutions	18.70%	1,457,900	-	1,457,900	-	-	-	-	-	-	-	-
Deposits and other accounts	13.75%	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
On-balance sheet gap		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)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		10,440,831	351,209	2,600,382	2,488,640	2,137,380	783,722	804,825	1,274,675	-	-	-
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	-
Liabilities as per unconsolidated statement of financial position	330,935,079

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)

	2025													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	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	27,774,017	987,338	993,673	1,310,536	2,305,281	2,077,781	1,639,917	2,164,966	1,318,361	14,976,164	-	-	-	-
Balances with other banks	3,721,041	-	-	-	3,721,041	-	-	-	-	-	-	-	-	-
Lending to financial institutions	21,413,319	550,000	20,863,319	-	-	-	-	-	-	-	-	-	-	-
Investments	166,642,939	173,374	-	-	-	-	4,801,005	10,195,687	924,949	7,728,771	1,007,000	54,202,440	80,793,425	6,816,288
Advances	147,521,458	21,976,582	15,472	33,731	1,790,621	2,455,305	73,092,448	2,549,947	2,765,405	12,782,013	2,094,320	3,402,615	9,624,786	14,938,213
Fixed assets	5,646,006	-	-	-	500,906	77,255	77,255	234,340	236,915	236,915	939,936	939,948	1,807,050	595,486
Intangible assets	114,537	-	-	-	3,138	3,138	3,138	9,518	9,622	9,622	38,175	38,186	-	-
Deferred tax assets	13,954,990	-	-	675,063	675,063	1,350,126	1,350,126	1,350,126	1,350,126	1,350,126	2,835,902	3,018,332	-	-
Other assets	10,784,694	791,526	40,369	1,679,370	4,245,415	265,683	144,496	2,824,885	-	-	-	792,950	-	-
	397,573,001	24,478,820	21,912,833	3,698,700	13,241,465	6,229,288	81,108,385	19,329,469	6,605,378	37,083,611	6,915,333	62,394,471	92,225,261	22,349,987
Liabilities														
Bills payable	4,236,755	4,236,755	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,080,000	-	-	-	-	-	1,080,000	-	-	-	-	-	-	-
Deposits and other accounts	342,091,252	9,480,280	11,596,574	14,560,579	28,946,040	36,570,005	32,315,549	42,280,040	33,845,831	126,859,004	189,700	738,264	1,514	4,707,872
Lease liabilities	4,847,455	-	-	-	60,105	60,105	60,105	182,320	184,324	184,324	731,284	731,284	2,653,604	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,769,315	4,369,713	150,275	2,867,191	2,972,817	5,231	136,746	695,834	142,206	69,212	302,662	4,841	3	52,584
	364,024,777	18,086,748	11,746,849	17,427,770	31,978,962	36,635,341	33,592,400	43,158,194	34,172,361	127,112,540	1,223,646	1,474,389	2,655,121	4,760,456
Gap	33,548,224	6,392,072	10,165,984	(13,729,070)	(18,737,497)	(30,406,053)	47,515,985	(23,828,725)	(27,566,983)	(90,028,929)	5,691,687	60,920,082	89,570,140	17,589,531

Share capital - net	34,524,428
Reserves	3,119,393
Shares deposit money	-
Deficit on revaluation of assets	1,955,254
Accumulated Loss	(6,050,851)
Net assets	33,548,224

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 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	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	34,524,428
Reserves	2,448,431
Shares deposit money	-
Proposed shares to be issued and reserves on amalgamation	
Deficit on revaluation of investments	884,442
Accumulated loss	(8,705,257)
Net assets	29,152,044

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

	2025									
	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	27,774,017	9,851,656	2,345,311	1,378,662	14,198,388	-	-	-	-	-
Balances with other banks	3,721,041	3,621,041	100,000	-	-	-	-	-	-	-
Lendings to financial institutions	21,413,319	21,413,319	-	-	-	-	-	-	-	-
Investments	166,642,939	4,679,349	2,548,018	8,618,596	7,977,824	1,007,000	54,202,440	80,793,425	6,066,287	750,000
Advances	147,521,458	23,816,405	75,547,753	2,549,947	15,547,418	2,094,320	3,402,615	9,624,786	12,408,185	2,530,029
Operating fixed assets	5,646,006	500,906	154,510	234,340	473,831	939,936	939,948	1,807,050	223,403	372,082
Intangible assets	114,537	3,138	6,275	9,518	19,244	38,175	38,187	-	-	-
Deferred tax asset	13,954,990	1,350,126	2,700,252	1,485,777	2,700,253	2,700,251	3,018,331	-	-	-
Other assets	10,784,694	6,615,848	410,180	2,824,885	-	-	933,781	-	-	-
	397,573,001	71,851,788	83,812,299	17,101,725	40,916,958	6,779,682	62,535,302	92,225,261	18,697,875	3,652,111
Liabilities										
Bills payable	4,236,755	4,236,755	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,080,000	-	1,080,000	-	-	-	-	-	-	-
Deposits and other accounts	342,091,252	305,586,795	3,705,056	13,294,735	13,876,072	181,067	738,264	1,500	135,000	4,572,763
Lease liabilities	4,847,455	60,105	120,210	182,320	368,648	731,284	731,284	2,653,604	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,769,315	10,359,998	141,977	832,096	211,418	166,400	4,841	3	14,622	37,960
	364,024,777	320,243,653	5,047,243	14,309,151	14,456,138	1,078,751	1,474,389	2,655,107	149,622	4,610,723
Gap	33,548,224	(248,391,865)	78,765,056	2,792,574	26,460,820	5,700,931	61,060,913	89,570,154	18,548,253	(958,612)

Share capital - net	34,524,428
Reserves	3,119,393
Shares deposit money	-
Deficit on revaluation of assets	1,955,254
Accumulated Loss	(6,050,851)
Net assets	33,548,224

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.

	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	26,726	-	-	-
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	-
Deficit 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.

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

44. GENERAL

44.1 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 0 5 MAR 2026.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2025

S. 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
1	A & Y Filling Statation (5-A, Mauri Pur Road, Karachi)	Abdul Wahab Kalwar (42301-1392060-3)	Behram Khan Kalwar	37,882	6,114	-	43,996	-	* 16,594	-	16,594
2	Rising Star Holding (Pvt) limited (Office no. 19-1-C, Block-6, PECHS, Karachi	1. Muhammad Arif khan (42101-8984891-5) 2. Abdul Ghani Brohi (42301-2917000-9) 3. Aslam Masood (42101-9968350-1)	1. Abdul Waheed 2. Muhammad Rahim 3. Masood-ul-Haque	47,039	53,649	-	100,689	-	* 41,618	-	41,618
3	Sky Pak Holding (Pvt) Limited (Bungalow no. 61/2, Khayaban-e-Badban, Phase-5, DHA, Karachi	1. Mohammad Hanif (42301-4545058-5) 2.Muhammad Ashraf (42101-7788492-5) 3. Khalid Javed (35201-7396452-5)	1. Abdul Shakoor 2.Abdul Sattar 3. Javed Iqbal	290,844	329,592	-	620,436	-	* 255,960	-	255,960
4	Kamran Associates (321-Upper Mall, Lahore)	Younus Kamran (35201-7552038-1)	Muhammad Yaqub	11,500	56,851	-	68,351	-	* 11,728	-	11,728
			TOTAL:	**387,265**	**446,206**	-	**833,471**	-	**325,900**	-	**325,900**

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

*As per Section 3(2) of the Financial Institutions (Recovery of Finances) Ordinance, 2001 : Where the customer defaults in the discharge of his obligation, he shall be liable to pay, for the period from the date of his default till realization, the cost of funds of the financial institution as certified by the State Bank of Pakistan from time to time, apart from such other civil and criminal liabilities that he may incur under the contract or rules or any other law for the time being in force.

ISLAMIC BANKING BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

ANNEXURE - II

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 58 Islamic Banking branches and 14 Islamic Banking Windows in Conventional branches (2024: 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	2025	2024
		--------- (Rupees in '000') ---------	
Assets			
Cash and balances with treasury banks		**1,756,489**	450,895
Balances with other banks		**10,220**	6,997
Due from financial institutions	1	**549,991**	2,700,044
Investments	2	**3,867,200**	4,279,210
Islamic financing and related assets	3	**30,136,968**	210,891
Fixed assets		**211,128**	39,936
Right of use assets		**202,674**	151,207
Intangible assets		**333**	1,333
Deferred tax assets		-	-
Due from head office	6	-	78,024
Other assets		**876,627**	152,241
		37,611,630	8,070,778
Liabilities			
Bills payable		**62,130**	59,194
Due to financial institutions		**13,200,000**	-
Deposits and other accounts	5	**19,159,042**	6,566,848
Lease liabilities		**251,159**	-
Deferred tax liability		**7,396**	43,381
Due to head office		**786,961**	-
Other liabilities		**2,916,783**	296,661
		36,383,471	6,966,084
Net Assets		**1,228,159**	1,104,694
Represented By			
Islamic banking fund		**1,100,000**	1,100,000
Reserves		-	-
Surplus on revaluation of investments		**5,702**	38,919
Accumulated loss	7	**122,457**	(34,225)
		1,228,159	1,104,694

CONTINGENCIES AND COMMITMENTS 8

ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025

ANNEXURE - II

	Note	2025	2024
		--------- (Rupees in '000') ---------	
Profit / return on financing, investments and placements earned	11	1,547,588	1,078,375
Return on deposits and other dues expensed	12	1,217,149	673,833
Net income earned		330,439	404,542
Other income			
Fee, commission and brokerage income		19,297	16,735
Income from dealing in foreign currencies		8,037	148
Dividend income		21,240	18,000
Gain on sale / redemption of securities		149,130	73,260
Other income		513	741
		198,217	108,884
Total income		528,656	513,426
Other expenses			
Administrative expenses		385,232	294,925
Other charges		-	-
		385,232	294,925
Profit before provision		143,424	218,501
Provisions and write offs -net		13,259	(2,165)
Extra ordinary / unusual items		-	-
Profit before taxation		156,683	216,336
Taxation		-	-
Profit after taxation		156,683	216,336

1 DUE FROM FINANCIAL INSTITUTIONS

	2025			2024		
	In local currencies	In foreign currencies	Total	In local currencies	In foreign currencies	Total
	(Rupees in '000')					
Musharaka arrangements	549,991	-	549,991	2,700,044	-	2,700,044

2 INVESTMENTS

	2025				2024			
	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Measured at FVOCI								
Federal Government Securities:								
- Ijarah Sukuks	3,508,052	-	13,098	3,521,150	3,999,990	-	82,300	4,082,290
Measured at FVTPL								
-Listed Companies	123,660	-	222,390	346,050	123,660	-	73,260	196,920
Total Investments	3,631,712	-	235,488	3,867,200	4,123,650	-	155,560	4,279,210

3 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2025	2024
		(Rupees in '000')	
Ijarah financing under IFAS 2	3.1	10,474	11,190
Murabaha		-	80,000
Running Musharika Financing - COF		30,000,000	-
Diminishing musharakah financing		160,320	166,869
		30,170,794	258,059
Less: Credit Loss Allowance against islamic financings			
- Stage 1		(76)	(2,112)
- Stage 2		(172)	-
- Stage 3		(33,578)	(45,056)
		(33,826)	(47,168)
Islamic financing and related assets - net of provision		30,136,968	210,891

3.1 **Ijarah financing under IFAS 2**	Note	**2025**	2024
		------ (Rupees in '000') -------	
Net book value of assets	3.1.1	10,474	11,190
Advance against Ijarah financing		-	-
		10,474	11,190

3.1.1 Particulars of assets under Ijarah

2025

	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 December 31,**	**Rate of depreciation (%)**
	(Rupees in '000')							
Vehicle	-	-	-	-	-	-	-	
Plant and machinery	**30,300**	**(377)**	**29,923**	**19,110**	**339**	**19,449**	**10,474**	**Over the Ijarah period**
Total	**30,300**	**(377)**	**29,923**	**19,110**	**339**	**19,449**	**10,474**	

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 December 31,	Rate of depreciation (%)
	(Rupees in '000')							
Vehicle	-	-	-	-	-	-	-	
Plant and machinery	28,950	1,350	30,300	19,004	106	19,110	11,190	Over the Ijarah period
Total	28,950	1,350	30,300	19,004	106	19,110	11,190	

3.1.2 **Future Ijarah payments receivable**	**2025**	2024
	------ (Rupees in '000') -------	
Not later than one year	10,474	11,190
Later than one year and not later than five years	-	-
Over five years	-	-
	10,474	11,190

4 SECTOR WISE PORTFOLIO	Note	2025	2024
		-------- (Rupees in '000') ---------	
Chemicals and chemical products		**9,166**	9,166
Education		**11,353**	11,353
Food		**30,000,000**	-
Wholesale and retail trade		**80,000**	80,000
Individuals		**18,294**	18,294
Others		**51,981**	139,246
Gross Financing		**30,170,794**	258,059
Govt. of Pakistan		**3,521,150**	4,082,290
Financial Institutions		**346,050**	196,920
Total Invested Funds		**34,037,994**	4,537,269

5 DEPOSITS

	2025			2024		
	In local currency	**In foreign currencies**	**Total**	In local currency	In foreign currencies	Total
	---------- (Rupees in '000') ----------					
Customers						
Current deposits	**2,522,862**	**20,311**	**2,543,173**	918,966	9,661	928,627
Savings deposits	**9,993,345**	**5,077**	**9,998,422**	4,759,185	5,048	4,764,233
Term deposits	**6,555,457**	-	**6,555,457**	823,477	-	823,477
Margin and other deposits	**33,115**	-	**33,115**	21,636	-	21,636
	19,104,779	**25,388**	**19,130,167**	6,523,264	14,709	6,537,973
Financial Institutions						
Current deposits	**1,226**	-	**1,226**	1,226	-	1,226
Savings deposits	**27,649**	-	**27,649**	27,649	-	27,649
Term deposits	-	-	-	-	-	-
Margin and other deposits	-	-	-	-	-	-
	28,875	-	**28,875**	28,875	-	28,875
	19,133,654	**25,388**	**19,159,042**	6,552,139	14,709	6,566,848

5.1 Composition of deposits	2025	2024
	-------- (Rupees in '000') ---------	
- Individuals	**3,868,495**	933,651
- Government (Federal and Provincial)	**5,065,891**	1,020,545
- Public Sector Entities	-	130,578
- Banking Companies	-	518
- Non-Banking Financial Institutions	**4,227,127**	28,356
- Private Sectors	**5,997,529**	4,453,200
	19,159,042	6,566,848

5.2 As at 31 December 2025, the deposits eligible to be covered under insurance arrangements amounted to Rs. 5,202.355 million (2024: Rs. 1,226.33 million) and premium paid amounted to Rs. 8.324 million (2024: Rs. 1.962 million).

ISLAMIC BANKING BUSINESS
NOTES TO ANNEXURE - II
FOR THE YEAR ENDED DECEMBER 31, 2025

		2025	2024
		--------- (Rupees in '000') ---------	
6	**DUE FROM / (TO HEAD OFFICE)**		
	Interbranch transaction account (daily basis)	(786,961)	78,024
7	**ACCUMULATED LOSS**		
	Opening Balance	(34,225)	(250,561)
	Add: Islamic Banking profit/(loss) for the year	156,683	216,336
	Less: Taxation	-	-
	Less: Reserves	-	-
	Less: Transferred / Remitted to Head Office	-	-
		-	-
	Closing Balance	122,457	(34,225)
8	**CONTINGENCIES AND COMMITMENTS**		
	-Guarantees	262,003	243,653
	-Letter of Credit	53,964	47,366
	-Commitments	-	-
		315,967	291,019
9	**CHARITY FUND**		
	Opening Balance	38	816
	Additions during the period		
	Received from customers on account of delayed payment	-	-
	Profit on charity saving account	-	-
	Other	398	222
		398	222
	Payments / utilization during the period		
	Education	197	250
	Chairity organisation	-	250
	Hospital	197	500
		394	1,000
	Closing Balance	42	38
10	**CASH AND CASH EQUIVALENT**		
	Cash and balances with treasury banks	1,756,489	450,895
	Balances with other banks	10,220	6,997
		1,766,709	457,892
11	**PROFIT / RETURN ON FINANCING, INVESTMENTS AND PLACEMENTS EARNED**		
	Profit earned on:		
	Financing	904,808	80,475
	Investments	448,890	810,203
	Placements	193,890	187,697
	On deposits with financial institutions	-	-
		1,547,588	1,078,375

12	RETURN ON DEPOSITS AND OTHER DUES EXPENSED	2025	2024
		--------- (Rupees in '000') ---------	
	Deposits and other accounts	847,943	508,693
	Due to Financial Institutions	331,577	140,502
	Amortisation of lease liability against right-of-use assets	37,629	24,638
		1,217,149	673,833

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.

	2025	2024
	------- (Rupees in '000') --------	
Rubbal Maal	**72.41%**	57.54%
Mudarib	**27.59%**	42.46%

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

Rubbul Maal (%)	**72.41%**	57.54%
Rubbul Maal (amount)	**99,558**	51,993
Mudarib (%)	**27.59%**	42.46%
Mudarib (amount)	**27,525**	38,365

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

Mudarib's share	**3,269**	38,365
Hiba	**693**	2,815
Hiba percentage of mudarib's share	**21.20%**	7.34%

In addition to the General Pool, 12 Special Pools were maintained as on December 31, 2025.

Amount and percentage of Mudarib's share transferred to depositors thought Hiba for Special Pool during 2025.

	2025	2024
	------- (Rupees in '000') --------	
Mudarib's share	**24,255**	38,365
Hiba	**1,799**	2,815
Hiba percentage of mudarib's share	**7.42%**	17.28%

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

Profit rate earned	**11.50%**	19.61%
Profit rate distributed to depositors	**8.51%**	11.35%

Riaz Ahmad & Company
Chartered Accountants

SINDH BANK LIMITED

CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED
31 DECEMBER 2025

A member of
Nexia
International

Riaz Ahmad & Company
Chartered Accountants

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Board of Directors
Sindh Bank Limited
3rd Floor, Federation House
Abdullah Shah Ghazi Road, Clifton
KARACHI

05 March 2026
Our reference: SNDB-01-257

Gentlemen

DRAFT CONSOLIDATED FINANCIAL STATEMENTS OF SINDH BANK LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025

We are pleased to enclose four copies of the draft consolidated financial statements of SINDH BANK LIMITED {the Bank} and its subsidiary company for the year ended 31 December 2025 together with our draft auditors' report to the members duly initialed by us for identification purpose only. **We shall be glad to sign our report in the present or amended form after:**

- the enclosed consolidated financial statements have been approved by you and signed by Chairman of the Board, President / Chief Executive Officer, two Directors nominated by you for this purpose and the Chief Financial Officer of the Bank

- we have seen the minutes of the meeting of the board of directors where these consolidated financial statements are placed for approval.

We wish to place on record our appreciation of the cooperation and courtesy extended to us by the management in accomplishing our task.

Very truly yours

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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 2025, 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 2025 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.

- 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: 06 MARCH 2026
UDIN: AR202510045jvui1DG4X

SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025	2024
		--------- (Rupees in '000') ---------	
ASSETS			
Cash and balances with treasury banks	6	27,845,704	22,724,099
Balances with other banks	7	4,285,124	4,470,597
Lendings to financial institutions	8	21,413,319	24,514,444
Investments	9	166,963,504	201,547,368
Advances	10	149,883,765	74,282,838
Property and equipment	11	2,020,023	1,357,510
Right of use assets	12	3,733,191	3,498,477
Intangible assets	13	117,692	84,934
Deferred tax assets - net	14	14,033,707	17,007,130
Other assets	15	10,870,440	13,797,026
		401,166,469	363,284,423
LIABILITIES			
Bills payable	16	4,236,755	1,446,526
Borrowings	17	2,197,000	1,971,650
Deposits and other accounts	18	343,309,977	314,488,585
Lease liabilites	19	4,962,934	4,441,555
Deferred tax liabilities		-	-
Other liabilities	20	12,081,755	11,279,673
		366,788,421	333,627,989
NET ASSETS		34,378,048	29,656,434
REPRESENTED BY			
Share capital - net	21	34,524,428	34,524,428
Reserves		3,336,269	2,581,715
Surplus/(deficit) on revaluation of assets - net	22	1,955,254	884,442
Accumulated loss		(5,437,903)	(8,334,151)
		34,378,048	29,656,434
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 45 of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		---------- (Rupees in '000') ----------	
Mark-up / return / profit / interest earned	24	38,980,986	51,768,705
Mark-up / return / profit / interest expensed	25	25,624,765	42,278,700
Net mark-up / return / profit / interest income		13,356,221	9,490,005
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	730,548	683,396
Dividend income		80,143	53,339
Foreign exchange income		123,558	352,209
Gain on securities	27	945,258	215,634
Other income	28	2,840	9,720
Total non-markup/interest income		1,882,347	1,314,298
Total income		15,238,568	10,804,303
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	11,588,071	9,969,880
Other charges	30	10,401	5,191
Total non-markup/interest expenses		11,598,472	9,975,071
PROFIT BEFORE PROVISIONS		3,640,096	829,232
Credit loss allowance and write offs - net	31	(3,279,232)	(1,915,282)
PROFIT BEFORE TAXATION		6,919,328	2,744,514
Taxation	32	3,235,099	(179,308)
PROFIT AFTER TAXATION		3,684,229	2,923,822
		------------ Rupees -----------	
Basic and diluted earnings per share	33	1.07	0.85

The annexed notes from 1 to 45 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, 2025

	2025	2024
	--------- (Rupees in '000') ---------	
Profit after taxation for the year	**3,684,229**	2,923,822
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	**708,387**	392,269
	4,392,616	3,316,091
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	**(159,486)**	(15,604)
Movement in surplus on revaluation of equity investments - net of tax	**487,247**	835,733
Movement in surplus on revaluation of non-banking assets - net of tax	**-**	(5,400)
	327,761	814,729
Total comprehensive income	**4,720,377**	4,130,820

The annexed notes from 1 to 45 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, 2025

	Share Capital	Shares Deposit Money	Capital Reserves		Statutory Reserve *	Depositers' proection 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, 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/Loss 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 depository protection fund										
-5% of 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)	-
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
Profit/Loss for the year ended December 31, 2025	-	-	-	-	-		-	-	3,684,229	3,684,229
Other comprehensive income - net of tax										
Movement in revaluation reserve of investments in debt instruments - net of tax	-	-	-	-	-	-	708,387	-	-	708,387
Movement in revaluation reserve of equity investments - net of tax	-	-	-	-	-	-	487,247	-	-	487,247
Gain on sale of equity securities carried at FVOCI - net of tax	-	-	-	-	-		(124,821)	-	124,821	-
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(159,486)	(159,486)
Movement in revaluation reserve of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	-	-	-	1,070,813	-	(34,665)	1,036,148
Transfer to depository protection fund										
-5% of profit after tax for the year						16,471			(16,471)	
Return on Investment						1,237				1,237
Transfer to statutory reserve	-	-	-	-	736,846		-	-	(736,846)	-
Balance as at December 31, 2025	34,524,428	-	9,433	51	3,277,104	49,681	1,868,855	86,400	(5,437,903)	34,378,048

* 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 Depositers' Protection Fund and profit earned on investments of the fund shall also be credited to the fund.

*** As more fully explained in notes 10.6.2 of these consolidated financial statements, accumulated loss includes an amount of Rupees 2,628.94 million net of tax as at December 31, 2025 (December 31, 2024: Rs. 2,358.26 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 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, 2025

	Note	2025	2024
		(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		6,919,328	2,744,514
Less: Dividend income		(80,143)	(53,339)
		6,839,185	2,691,175
Adjustments:			
Depreciation	11.2	366,177	304,886
Depreciation on right of use assets	29	817,789	802,259
Interest expense on lease liability		681,348	718,698
Amortisation	11.2	44,225	44,354
Credit loss allowance / provisions and write offs - net	31	(3,282,118)	(1,906,482)
Allocation To Depositor'S Protection Fund		1,237	-
Charge for defined benefit plan	36.1.4	170,740	152,936
Unrealised gain on securities measured at FVPL		(228,289)	(70,388)
Gain on sale of operating fixed assets	28	(668)	(7,536)
		(1,429,559)	38,727
		5,409,626	2,729,902
(Increase) / decrease in operating assets			
Lendings to financial institutions		3,101,125	(24,514,444)
Securities classified as FVPL		(1,134,658)	(162,080)
Advances - net		(71,911,676)	(22,142,305)
Other assets - net		2,914,355	(5,640,871)
		(67,030,854)	(52,459,700)
Increase / (decrease) in operating liabilities			
Bills payable		2,725,637	547,764
Borrowings		(134,650)	(35,575,790)
Deposits and other accounts		28,821,392	89,595,651
Other liabilities (excluding current taxation)		817,024	(38,579)
		32,229,403	54,529,046
		(29,391,825)	4,799,248
Contribution to gratuity fund	36.1.3	(182,002)	(156,413)
Income tax paid		(1,346,100)	(756,007)
Net cash generated from / (used in) operating activities		(30,919,927)	3,886,828
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortized cost securities		7,840,173	6,242,376
Net investment in securities classified as FVOCI		30,307,495	(36,422,595)
Dividend received		80,143	51,651
Investments in operating fixed assets		(1,107,198)	(331,444)
Sale proceeds of operating fixed assets disposed off		1,105	12,883
Net cash (used in) / generated from investing activities		37,121,718	(30,447,129)
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	-
Payment of lease liability against right of use assets		(1,262,751)	(1,267,060)
Net cash (used in) / generated from financing activities	34.1	(1,262,751)	(1,267,060)
(Decrease) / increase in cash and cash equivalents		4,939,040	(27,827,361)
Cash and cash equivalents at the beginning of the year		27,194,696	55,023,460
Impact of expected credit loss allowance on cash and cash equivalents		(2,908)	(1,403)
Cash and cash equivalents at the end of the year	34	32,130,828	27,194,696

The annexed notes from 1 to 45 of these consolidated financial statements.

President and Chief Executive Officer | **Chief Financial Officer** | **Director** | **Director** | **Chairman**

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 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 (2024: 330) branches including 8 (2024: 8) sub-branches and 58 (2024: 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 has performed a mid-term review of the bank and upgraded its long term entity rating to AA (Double A) from AA- (Double A minus), and reaffirmed short term rating A1+ (A One plus) in its report dated December 01, 2025.

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.

1.2 Subsidiary Company

1.2.1 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 22 (2024: 22) branches and 91 (2024: 87) 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" and short term rating from "A1" as of March 28, 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 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 though 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.

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after 1 January 2025 but are considered not to be relevant or do not have any material effect on the Group's operations and are therefore not detailed in these financial statements.

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

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2026 but are considered not to be relevant or will not have any material effect on the Group's financial statements except for:

- the new standard - IFRS 18 'Presentation and Disclosure in Financial Statements (published in April 2024) with applicability date of 1January 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

- amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial instruments.

- amendment to IAS 21 'The Effects of Changes in Foreign Exchange Rates' which will require Banks to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

- IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

- The implementation of IFRS S1 and IFRS S2 will be phased as per the SECP's order dated 31 December 2024, with different effective dates based on annual turnover, number of employees, and total assets (Criteria). Phase I will apply to listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2025. Phase II will apply to other listed companies having specific Criteria for annual reporting periods beginning on or after 1 July 2026. Phase III will cover non-listed public interest companies and remaining listed companies for annual reporting periods beginning on or after 1 July 2027.

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, 11,12 and 13);
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 are measured at fair value;
- 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;
- staff loans are measured at fair value on initial recognition.

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, 2024.

5.1 Financial instruments - Financial assets and liabilities

5.1.1 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

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

- 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:

i) Hold to Collect ("HTC") business model: Holding assets in order to collect contractual cash flows
ii) Hold to Collect and Sell ("HTC&S") business model: Collecting contractual cash flows and selling financial assets.
iii) 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

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 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

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

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

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

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 outcom
- 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

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

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

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

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 commitmen	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
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
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
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

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

Forward looking information

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

- 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.

5.2 Financial instruments - Derivatives

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.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, national prize bond and balances with other banks in current and deposit accounts, excluding term deposit with original term of greater than three months, if any, and overdrawn nostro accounts.

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-Governemnt debt securities has been detailed in note 5.1.4.

5.6 Advances

Advances and net investments in finance lease are stated net of ECL. 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 9, While ECL Of Stage 3 has been calculated based on higher Of either the provision as per Prudential Regulations or IFRS 9 at borrower / facility level for corporate /commercial / SME loan portfolios and at segment / product basis for retail portfolio. Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Bank determines credit loss allowance against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations and instructions issued by the SBP and the management estimates / assumption. The assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

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 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 enviorment. 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

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
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

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

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.

5.20 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.

5.21 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) ***Corporate Finance***
This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offerings (IPOs) and secondary private placements.

b) ***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.

c) ***Retail Banking***
This includes mortgage finance and personal loans to individual customers.

d) ***Commercial banking and others***

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

5.22 Geographical segments

The Group operates only in Pakistan.

5.23 Contingent assets and liabilities

Contingent liabilities are not recognised in the statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed. However, contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable.

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	2025	2024
		-------- (Rupees in '000') -------	
In hand			
Local currency		**6,113,302**	5,594,472
Foreign currency		**144,466**	212,371
		6,257,768	5,806,843
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	**20,144,022**	16,127,760
Foreign currency current accounts	6.2	**57,767**	182,990
Foreign currency deposit accounts			-
- Non Remunerative	6.3	**171,578**	143,595
- Remunerative	6.4	**344,070**	287,710
		20,717,437	16,742,055
With National Bank of Pakistan in			
Local currency current accounts		**851,477**	167,439
Local currency deposit accounts	6.5	**13,040**	6
		864,517	167,445
Prize bonds		**5,996**	7,756
Less: Credit Loss allowance held against balances with treasury banks		**14**	-
	34	**27,845,704**	22,724,099

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 2.86% to 3.35% profits (2024 :3.53% to 4.35%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 9% to 11.5% (2024: 11.50% to 20.50%) per annum.

7. BALANCES WITH OTHER BANKS	Note	2025	2024
		-------- (Rupees in '000') -------	
In Pakistan			
In current accounts		**30**	3,522
In savings account	7.1	**565,904**	682,338
In term deposits receipt	7.2	**100,000**	-
		665,934	685,860
Outside Pakistan			
In current accounts	7.3	**3,623,467**	3,786,140
Less: Credit Loss allowance held against balances with other banks	7.4	**4,277**	1,403
		4,285,124	4,470,597

7.1 This includes savings account with a commercial bank carrying profit at the rate of 9% to 11.5%(2024: 11.50%-20.50%) per annum.

7.2 This includes TDR with a commercial bank carrying profit at the rate of 14.25% (2024: Nil) per annum.

7.3 This includes Rs. 2,382.043 million (2024: Rs. 3,406.801 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	2,025	2,024
			------- (Rupees in '000') -------	
7.4	**Opening balance**		**1,403**	-
	Impact of adoption of IFRS-09		-	10,317
	Charge / reversals;			
	Charge for the year		**2,894**	-
	Reversals for the year		**(20)**	(8,914)
			2,874	(8,914)
	Closing Balance		**4,277**	1,403

8. LENDINGS TO FINANCIAL INSTITUTIONS

	2025	2024
Call money lendings	-	7,500,000
Repurchase agreement lendings (Reverse Repo)	**20,864,467**	14,315,010
Musharaka arrangements	**550,000**	2,700,000
	21,414,467	24,515,010
Less: Credit loss allowance held against lending to financial institutions	**(1,148)**	(566)
Lending to financial institutions - net of credit loss allowance	**21,413,319**	24,514,444

8.1 Particulars of lendings

	2025	2024
In local currency	**21,413,319**	24,514,444
In foreign currencies	-	-
	21,413,319	24,514,444

8.2 Securities held as collateral against Lending to financial institutions

	2025			2024		
	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	20,875,710	-	20,875,710	7,467,450	-	7,467,450
Total	20,875,710	-	20,875,710	14,321,430	-	14,321,430

8.3 Lendings to Financial Institutions - Category of classification

		2025		2024	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		Rupees in '000			
Domestic					
Performing	Stage 1	21,414,467	1,148	24,515,010	566
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		21,414,467	1,148	24,515,010	566

8.4 Lendings to Financial Institutions - Particulars of credit loss allowance

	2025			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000			
Opening balance	566	-	-	566
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Net remeasurement of credit loss allowance	566	-	-	566
New financial assets originated or purchased	1,148	-	-	1,148
Financial assets that have been derecognised	(566)	-	-	(566)
Write offs	-	-	-	-
Unwind of discount	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	-	-	-
Closing Balance	1,148	-	-	1,148

	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

	Note	2025 Cost / Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
		------------------ Rupees in '000' ----------------			
Debt Instruments:					
Classified / Measured at amortised cost					
Federal Government Securities					
Market Treasury Bills		3,758,698	-	-	3,758,698
Pakistan Investment Bonds		14,684,883	-	-	14,684,883
Non-government debt securities					
Term finance certificates - Listed		224,235	(46,288)	-	177,947
Term finance certificates - Unlisted		119,641	(9)	-	119,632
Term deposit receipts		785,000	(166)		784,834
Preference Shares - Unlisted		77,708	(77,708)	-	-
		19,650,165	(124,171)	-	19,525,994
Classified / Measured at FVOCI					
Federal Government Securities					
Market Treasury Bills		4,537,065	-	1,660	4,538,725
Pakistan Investment Bonds		-	-	-	-
Pakistan Investment Bonds - Floater	9.8	132,542,716	-	1,983,510	134,526,226
Government of Pakistan - Ijarah Sukuk		3,508,052	-	13,098	3,521,150
Non-government debt securities		-	-	-	-
Sukuk Bond		350,000	(4,564)	-	345,436
		140,937,833	- 4,564	1,998,268	142,931,537
Equity instruments:					
Classified / Measured at FVPL					
Shares					
Listed		1,173,078	-	76,287	1,249,365
Mutual funds		123,660	-	222,390	346,050
		1,296,738	-	298,677	1,595,415
Classified / Measured at FVOCI					
Shares					
Listed		956,179	-	1,892,630	2,848,809
Non-government debt securities		-	-	-	-
Mutual funds		59,203	-	2,546	61,749
		1,015,382	-	1,895,176	2,910,558
Total Investments		162,900,118	(128,735)	4,192,121	166,963,504

INVESTMENTS

Investments by type

	Note	2024 Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		---------- (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	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		199,912,872	(98,480)	1,732,976	201,547,368

9.2 Investments by segments

	2025				2024			
	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Federal Government Securities								
Market Treasury Bills	8,295,763	-	1,660	8,297,423	8,376,386	-	115,314	8,491,700
Pakistan Investment Bonds	147,227,599	-	1,983,510	149,211,109	185,164,741	-	324,848	185,489,589
Government of Pakistan - Ijarah Sukuk	3,508,052	-	13,098	3,521,150	3,999,990	-	82,300	4,082,290
	159,031,414	-	1,998,268	161,029,682	197,541,117	-	522,462	198,063,579
Shares								
Listed companies	2,129,257	-	1,968,917	4,098,174	642,440	-	1,155,787	1,798,227
Unlisted companies	77,708	(77,708)	-	-	77,708	(77,708)	-	-
	2,206,965	(77,708)	1,968,917	4,098,174	720,148	(77,708)	1,155,787	1,798,227
Non-government debt securities								
Term finance certificates - listed	224,235	(46,288)	-	177,947	224,235	(10,327)	-	213,908
Term finance certificates - unlisted	119,641	(9)	-	119,632	344,509	(10,254)	-	334,255
Sukuk Bond	350,000	(4,564)	-	345,436	-	-	-	-
	693,876	(50,861)	-	643,015	568,744	(20,581)	-	548,163
Mutual Funds & units								
Open ended	59,203	-	2,546	61,749	59,203	-	(18,533)	40,670
REIT - Units	123,660	-	222,390	346,050	123,660	-	73,260	196,920
	182,863	-	224,936	407,799	182,863	-	54,727	237,590
Others								
Term Deposits accounts	785,000	(166)	-	784,834	900,000	- 191	-	899,809
Total Investments	162,900,118	(128,735)	4,192,121	166,963,504	199,912,872	(98,480)	1,732,976	201,547,368

		2025	2024
		(Rupees in '000')	
9.3	**Investments given as collateral Federal government securities**		
	Pakistan Investment Bonds	-	-
	Market Treasury Bills	-	-
		-	-

9.4 Provision for diminution in value of investments

		2025	2024
9.4.1	**Opening balance**	98,480	962,012
	Impact of adoption of IFRS-09	-	(362,786)
	Charge / reversals		
	Charge for the year	30,256	13,598
	Reversals for the year	-	-
	Transfer during the period	-	(514,344)
	Reversal on disposals	-	-
	Transfers - net	30,256	(500,746)
	Closing Balance	128,735	98,480

9.5 Particulars of credit loss allowance

		2025			
9.5.1	**Investments - exposure**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
		Rupees in '000			
	Opening balance	198,561,061	449,055	77,708	199,087,824
	New investments	74,809,860	-	-	74,809,860
	Investments derecognised or repaid	(116,740,000)	(224,820)	-	(116,964,820)
	Transfer to advances - TFC	-	-	-	-
	Transfer to stage 1	-	-	-	-
	Transfer to stage 2	-	-	-	-
	Transfer to stage 3	-	-	-	-
		(116,740,000)	(224,820)	-	(116,964,820)
	Amounts written off / charged Off	-	-	-	-
	Impact of amortization	3,655,134	-	-	3,655,134
	Other changes (to be specific)	-	-	-	-
	Closing balance	160,286,055	224,235	77,708.00	160,587,998

	2024			
	Stage 1	Stage 2	Stage 3	Total
	---Rupees in '000---			
Opening balance	-	-	-	-
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**

	2025			
	Stage 1	Stage 2	Stage 3	Total
	---Rupees in '000---			
Opening balance	**193**	**20,579**	**77,708**	**98,480**
Impact of adoption of IFRS 9	-	-	-	-
New investments	**4,736**		-	**4,736**
Investments derecognised or repaid	**(190)**	-	-	**(190)**
Transfer to advances - TFC	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
	(190)	-	-	**(190)**
Amounts written off / charged off	-	-	-	-
Changes in risk parameters (PDs/LGDs/EADs)	-	**25,709**	-	**25,709**
Changes (to be specific)	-	-	-	-
Closing balance - Current year	-	-	-	-
	4,739	**46,288**	**77,708**	**128,735**

	2024			
Investments - Credit loss allowance	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	---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	2025		2024	
	Outstandig amount	**Credit loss allowance held**	**Outstandig amount**	**Provision**
	---Rupees in '000---			
Performing Stage 1	**160,286,054**	**4,739**	198,560,806	193
Underperforming Stage 2	**224,236**	**46,288**	449,055	20,579
Non-Performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	77,708	77,708	77,708	77,708
	77,708	77,708	77,708	77,708
Total	**160,587,998**	**128,735**	199,087,569	98,480

9.6 Quality of Securities

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

	2025	2024
	----------- (Rupees in '000') -----------	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	**132,542,716**	160,800,288
Market Treasury Bills	**4,537,065**	6,797,209
Government of Pakistan - Ijarah Sukuk	**3,508,052**	3,999,990
	140,587,833	171,597,487
Shares (Equities)		
Listed Companies		
Refinery	**7,682**	7,682
Fertilizer	-	-
Cement	**274,838**	63,745
Power Generation & Distribution	-	-
Oil & Gas Marketing Companies	**107,875**	164,142
Commercial Banks	**565,784**	368,451
	956,179	604,020
Unlisted Companies		
Insurance	-	-
Other investments (Mutual Funds and Units)		
Listed		
AAA	-	-
AA+	**16,239**	16,239
A+ / A-	**42,964**	42,964
	59,203	59,203
Other investments (Sukuk Certificates)		
Un-listed		
AAA	-	-
AA+	-	-
A-	**350,000**	-
	350,000	-
	141,953,215	172,260,710

		2025	2024
9.7	**Particulars relating to securities held under 'hold to collect' - amortize cost**	---------- Cost ----------	
		-------- (Rupees in '000') --------	
	Federal Government Securities - Government guaranteed		
	Pakistan Investment Bonds	**14,684,883**	24,364,453
	Market Treasury Bills	**3,758,698**	1,579,177
		18,443,581	25,943,630
	Preference Shares - Unlisted Company		
	Al-Arabia Sugar Mills Ltd	**77,708**	77,708
	Non Government Debt Securities		
	Listed		
	Unrated	**224,235**	224,235
	Un-listed		
	AA	**119,641**	119,689
	Unrated	**-**	224,820
	Unrated	**-**	-
		119,641	344,509
	Term deposit accounts		
	MicroFinance Bank	**785,000**	900,000
		19,650,165	27,490,082

9.7.1 The market value of securities classified as amortize cost as at December 31, 2025 amounted to Rs. 19,491.08 million (December 31, 2024 amounted to Rs. 25,596.11).

9.8 Investments include Rs 500 million (2024: Rs 500 million) pledged with National Clearing Company of Pakistan against trading margin.

10 ADVANCES

	Note	2025 Performing	2025 Non Performing	2025 Total	2024 Performing	2024 Non Performing	2024 Total
		Rupees in '000'			Rupees in '000'		
Loans, cash credits, agriculture, running finances etc.		49,983,184	26,949,270	76,932,454	31,490,726	29,425,694	60,916,420
Commodity finance		64,772,450	-	64,772,450	38,921,334	-	38,921,334
Net investment in finance lease	10.2	600,564	184,908	785,472	147,427	195,882	343,309
Islamic financing and related assets							
Diminishing musharakah financing	10.3.1	38,966	121,353	160,319	45,517	121,353	166,870
Commodity finance - Running musharakah	10.3.2	30,000,000	-	30,000,000	-	-	-
Murabaha Financing	10.4	-	-	-	80,000	-	80,000
Ijarah financing under IFAS 2	10.3.3	10,474	-	10,474	11,190	-	11,190
		145,405,638	27,255,531	172,661,169	70,696,194	29,742,929	100,439,123
Bills discounted and purchased							
Payable in Pakistan		61,436	352,824	414,260	45,739	348,639	394,378
Payable outside Pakistan		-	-	-	-	3,405	3,405
		61,436	352,824	414,260	45,739	352,044	397,783
Advances - gross		145,467,074	27,608,355	173,075,429	70,741,933	30,094,973	100,836,906
Credit loss allowance against advances		-	-	-	-	-	-
- Stage 1		656,405	-	656,405	442,926	-	442,926
- Stage 2		245,969	-	245,969	961,229	-	961,229
- Stage 3		-	22,289,291	22,289,291	-	25,149,913	25,149,913
		902,374	22,289,291	23,191,664	1,404,155	25,149,913	26,554,068
Total Advances - Net credit loss allowance		144,564,701	5,319,064	149,883,765	69,337,778	4,945,060	74,282,838

10.1 Particulars of advances (gross)

	2025	2024
	(Rupees in '000')	
In local currency	173,075,429	100,836,906
In foreign currencies	-	-
	173,075,429	100,836,906

10.1.1 Advances to Women, Women-owned and Managed Enterprises

	2025	2024
Women	3,046,634	102,037
Women Owned and Managed Enterprises	1,608,785	503,544
	4,655,419	605,581

10.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year Rs. 7,419 million (2024: Rs.333.52 million).

10.2 Net investment in finance lease

	2025				2024			
	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 '000')							
Lease rental	**379,512**	**427,620**	**-**	**807,132**	282,058	29,829	-	311,887
Residual value	**42,520**	**118,581**	**-**	**161,101**	62,055	27,870	-	89,925
Minimum lease payments	**422,032**	**546,201**	**-**	**968,233**	344,113	57,699	-	401,812
Un-earned income for future periods	**(102,747)**	**(80,013)**	**-**	**(182,760)**	(54,815)	(3,688)	-	(58,503)
Present value of minimum lease payments	**319,285**	**466,188**	**-**	**785,473**	289,298	54,011	-	343,309

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

	Note	**2025**	2024
10.3 Islamic Finance		(Rupees in '000')	
10.3.1 Diminishing musharakah financing			
Advance against musharakah		**2,329**	2,902
Diminishing musharakah		**157,991**	163,968
		160,320	166,870
10.3.2 Running musharakah		**30,000,000**	-
10.3.3 Ijarah financing under IFAS 2			
Net book value of assets	10.3.4	**10,474**	11,190
		10,474	11,190
Total islamic finance		**30,170,794**	178,060

10.3.4 Particulars of assets under Ijarah

	2025							
	Cost			Accumulated Depreciation			Book Value As at December 31	Rate of depreciation (%)
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
	(Rupees '000')							
Plant and machinery	28,000	-	28,000	18,833	-	18,833	9,167	Over the Ijarah period
Vehicle	-	-	-	-	-	-	-	
Equipment	2,300	(377)	1,923	277	339	616	1,307	
Total	**30,300**	**(377)**	**29,923**	**19,110**	**339**	**19,449**	**10,474**	

	2024							
	(Rupees '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	

		2025	2024
		----- (Rupees in '000') -----	
10.4	Murabaha financing	-	86,588
	Less: deferred murabaha income	-	(3,550)
	Profit receivable shown in other assets	-	(3,038)
		-	80,000

10.5 Particulars of credit loss allowance

10.5.1 Advances - Exposure

	2025			
	Stage 1	Stage 2	Stage 3	Total
	------------- Rupees in '000' -------------			
Gross carrying amount - Current year	24,480,963	46,260,970	30,094,973	100,836,906
New Advances	90,295,008	1,161,229	-	91,456,237
Advances derecognised or repaid	(11,447,559)	(5,385,888)	(2,351,115)	(19,184,562)
Transfer to stage 1	2,207,923	(2,207,923)	-	-
Transfer to stage 2	(101,733)	3,309,556	(3,207,823)	-
Transfer to stage 3	(38,333)	(3,059,374)	3,097,707	-
	80,915,306	(6,182,400)	(2,461,230)	72,271,676
Transfer from investments -TFC	-	-	-	-
Amounts charged off	(7,233)	(534)	(25,386)	(33,153)
Closing balance	105,389,037	40,078,035	27,608,356	173,075,429

10.5.2 Particulars of credit loss allowance

	Stage 1	Stage 2	Stage 3	Total
Opening balance	442,926	961,229	25,149,913	26,554,068
New Advances	514,513	-	-	514,513
Changes in risk parameters (PDs/LGDs/EADs)	110,230	55,275	855,099	1,020,603
Advances derecognised or repaid	(402,255)	(56,705)	(4,440,830)	(4,899,789)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(1,253)	159,635	(158,382)	-
Transfer to stage 3	(525)	(876,970)	877,495	-
Reversals	-	-	-	-
	220,711	(718,766)	(2,866,618)	(3,364,673)
Amounts charged off - Agriculture loans	(7,233)	(534)	(25,386)	(33,153)
	213,478	(719,300)	(2,892,005)	(3,397,826)
Changes in risk parameters	-	4,040	31,380	35,420
Closing balance	656,404	245,969	22,289,290	23,191,664

10.5.3 Advances - Credit loss allowance details Internal / Extrernal rating / stage clasification

	Stage 1	Stage 2	Stage 3	Total
Outstanding gross exposure				
Performing - Stage 1	105,389,036	-	-	105,389,036
Under Performing - Stage 2	-	40,078,036	-	40,078,036
Non-perfroming - Stage 3				
OAEM	-	-	-	-
Substandard	-	-	12,248	12,248
Doubtful	-	-	296,860	296,860
Loss	-	-	27,299,248	27,299,248
	-	-	27,608,356	27,608,357
Total	105,389,036	40,078,036	27,608,356	173,075,429
Corresponding ECL				
Stage 1 and stage 2				
(to be specified as shown above)	656,404	245,969	-	902,373
Stage 3	-	-	22,289,290	22,289,290
	656,404	245,969	22,289,290	23,191,664

10.6.1 Advances - Exposure

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000'			
Gross carrying amount - Current year	30,682,798	15,533,271	33,210,700	79,426,769
New Advances	10,975,492	33,691,165	-	44,666,657
Advances derecognised or repaid	(20,748,443)	(1,818,625)	(1,181,651)	(23,748,719)
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)	20,917,938
Transfer from investments -TFC	-	-	514,344	514,344
Amounts charged off	(6,685)	(510)	(14,950)	(22,145)
Closing balance	24,480,963	46,260,970	30,094,973	100,836,906

10.6.2 Particulars of credit loss allowance

	Stage 1	Stage 2	Stage 3	Total
Opening balance	29,130	-	26,880,754	26,909,884
Impact of adoption of IFRS 9	135,654	297,744	280,101	713,499
	164,784	297,744	27,160,855	27,623,383
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	-
Reversals	-	-	-	-
	284,827	663,996	(2,510,337)	(1,561,515)
Amounts charged off - Agriculture loans	-	-	-	-
	284,827	663,996	(2,510,337)	(1,561,515)
Transfer from investments -TFC	-	-	514,344	514,344
Amounts written off	(6,685)	(511)	(14,950)	(22,146)
Closing balance	442,926	961,229	25,149,913	26,554,068

10.6.3 Advances - Credit loss allowance details Internal / Extrernal rating / stage clasification

	Stage 1	Stage 2	Stage 3	Total
Outstanding gross exposure				
Performing - Stage 1	24,480,963	-	-	24,480,963
Under Performing - Stage 2	-	46,260,970	-	46,260,970
Non-perfroming - 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	24,480,963	46,260,970	30,094,973	100,836,906
Corresponding ECL				
Stage 1 and stage 2				
(to be specified as shown above)	442,926	961,229	-	1,404,155
Stage 3	-	-	25,149,913	25,149,913
	442,926	961,229	25,149,913	26,554,068

10.6 Advances include Rs.27,608.36 million (2024: Rs. 30,094.97) million which have been placed under non-performing status are as detailed below:

Category of Classification of stage 3

	2025		2024	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Credit loss allowance
	------- Rupees in '000' ------			
Domestic				
Other Assets Especially Mentioned	-	-	1,821	11
Substandard	12,248	10,518	10,053	2,301
Doubtful	296,860	11,156	37,231	6,794
Loss	27,299,247	22,267,617	30,045,868	25,140,807
Total	27,608,355	22,289,291	30,094,973	25,149,913

10.6.1 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.

10.6.2 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. 5,476.96 (2024: Rs. 5,216.65) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of credit loss allowance / provision against advances

	2025			
	Stage 1	Stage 2	Stage 3	Total
	---------------------- Rupees in '000' ----------------------			
Opening balance	442,926	961,229	25,149,913	26,554,068
Exchange adjustments	-	-	-	-
Impact of adoption of IFRS 9	-	-	-	-
Charge for the period	213,478	(715,260)	1,776,876	1,275,094
Reversals	-	-	(4,572,031)	(4,572,031)
	213,478	(715,260)	(2,795,154)	(3,296,936)
Amounts charged off - Agriculture loans	-	-	(65,468)	(65,468)
Net charge / (reversal) during the period	213,478	(715,260)	(2,860,622)	(3,362,404)
Transferred to other assets under DPS agreement	-	-	-	-
Transfer from investments -TFC	-	-	-	-
Closing balance	656,404	245,969	22,289,291	23,191,665

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000'			
Opening balance	29,130	-	26,880,753	26,909,883
Exchange adjustments	-	-	-	-
Impact of adoption of IFRS 9	135,654	297,744	280,101	713,499
Charge for the period	284,827	735,024	666,343	1,686,194
Reversals	-	(71,028)	(3,145,403)	(3,216,431)
	284,827	663,996	(2,479,060)	(1,530,237)
Amounts charged off - Agriculture loans	-	-	(31,275)	(31,275)
Net charge / (reversal) during the period	284,827	663,996	(2,510,335)	(1,561,512)
Transferred to other assets under DPS agreement	-	-	-	-
Transfer from investments -TFC	-	-	514,344	514,344
Amounts written off	(6,685)	(511)	(14,951)	(22,147)
Closing balance	442,926	961,229	25,149,913	26,554,068

11. Property and equipment

	Note	2025	2024
		(Rupees in '000')	
Capital work-in-progress	11.1	**423,652**	24,517
Property and equipment	11.2	**1,596,371**	1,332,993
		2,020,023	1,357,510

11.1 Capital work-in-progress

	Note	2025	2024
Civil works		**800**	3,862
Equipment		-	-
Advances to suppliers		**422,852**	20,656
	11.1.1	**423,652**	24,518

11.1.1 Movement in Capital work-in-progress

	2025	2024
Opening balance	**24,518**	1,321
Transfer in	**560,058**	108,741
Transfer out	**(160,924)**	(85,544)
Write off	-	-
Closing balance	**423,652**	24,518

11.2 Property and Equipment

	2025				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000')				
At January 1, 2025					
Cost / Revalued amount	1,458,676	587,497	2,271,358	418,906	4,736,437
Accumulated depreciation	(720,786)	(527,535)	(1,870,966)	(284,157)	(3,403,444)
Net book value	737,890	59,962	400,392	134,749	1,332,993
Year ended December 31, 2025					
Opening net book value	737,890	59,962	400,392	134,749	1,332,993
Additions	83,241	33,061	485,732	29,046	631,080
Disposals	(436)	-	-	(352)	(788)
Depreciation charge	(73,569)	(17,375)	(213,394)	(62,576)	(366,914)
Closing net book value	747,126	75,648	672,730	100,867	1,596,371
At December 31, 2025					
Cost / Revalued amount	1,541,123	620,428	2,752,112	417,045	5,330,708
Accumulated depreciation	(793,997)	(544,780)	(2,079,382)	(316,178)	(3,734,337)
Net book value	747,126	75,648	672,730	100,867	1,596,371
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

	2024				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000')				
At January 1, 2024					
Cost / Revalued amount	1,424,294	580,440	2,057,574	502,234	4,564,542
Accumulated depreciation	(649,373)	(511,287)	(1,731,834)	(322,247)	(3,214,741)
Net book value	774,921	69,153	325,740	179,987	1,349,801
Year ended December 31, 2024					
Opening net book value	774,921	69,153	325,740	179,987	1,349,801
Additions	34,461	9,276	220,034	29,652	293,423
Disposals	(34)	(0)	(0)	(5,315)	(5,346)
Depreciation charge	(71,458)	(18,468)	(145,382)	(69,575)	(304,885)
Closing net book value	737,890	59,962	400,392	134,749	1,332,993
At December 31, 2024					
Cost / Revalued amount	1,458,676	587,497	2,271,358	418,906	4,736,437
Accumulated depreciation	(720,786)	(527,535)	(1,870,966)	(284,157)	(3,403,444)
Net book value	737,890	59,962	400,392	134,749	1,332,993
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 Group's use is as follows:

	2025	2024
	-------- (Rupees in '000') -------	
Leasehold improvements	404	403
Furniture and fixtures	462,411	423,711
Electrical, office and computer equipment	1,675,209	1,628,222
Vehicles	115,384	117,076
	2,253,408	2,169,412

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particulars 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/-	5,902	436	1,105	Negotiation	Various
Motor Vehicles					
Isuzu D'Max	6,428	0	0	As Per HR Policy	Shoaib Arif (CEO)
Toyota Yaris	2,655	0	0	As Per HR Policy	Hasnain Ali Merchant
..................do......................	2,655	0	0	As Per HR Policy	Tahir Hussain Shah
Toyota Corolla XLI	2,505	0	0	As Per HR Policy	Dilawar Ahmed Dhakan
Suzuki Cultus	1,745	0	0	As Per HR Policy	Kaleem Ullah Khan
..................do......................	1,745	0	0	As Per HR Policy	Jamil Ahmed Shaikh
Suzuki Wagon R	1,760	352	-	Write Off	Deceased Employee Qamber Ali
..................do......................	1,605	0	0	As Per HR Policy	Rafiuddin
..................do......................	1,540	0	0	As Per HR Policy	Imtiaz Ahmed
..................do......................	1,540	0	0	As Per HR Policy	Zarqa Ahsan
..................do......................	1,540	0	0	As Per HR Policy	Murad Mehdi
..................do......................	1,540	0	0	As Per HR Policy	Dildar Ali Samoo
..................do......................	1,540	0	0	As Per HR Policy	Syed Tauqeer Ahmed
..................do......................	1,054	0	0	As Per HR Policy	Javed Ali
..................do......................	1,054	0	0	As Per HR Policy	Naveed Kashif
	30,906	**352**	**0**		
TOTAL	**36,808**	**788**	**1,105**		

12. RIGHT OF USE ASSETS

	2025	2024
	------ (Rupees in '000') -----	
Year ended December 31		
Opening net book value	3,498,477	2,704,359
Reassessment / renewals	1,052,503	1,596,377
Disposals	-	-
Depreciation charge	(817,789)	(802,259)
Closing net book value	3,733,191	3,498,477
At December 31		
Cost	6,975,047	5,922,543
Accumulated depreciation	(3,247,856)	(2,424,066)
Net book value	3,733,191	3,498,477
Rate of depreciation (percentage)	10% to 100%	10% to 100%

13. INTANGIBLE ASSETS

	2025	2024
Computer Software		
At January 1		
Cost	472,205	457,382
Accumulated amortisation	(387,271)	(342,918)
Net book value	84,934	114,464
Year ended December 31		
Opening net book value	84,934	114,464
Additions:		
- directly purchased	76,983	14,824
Disposals	-	-
Amortisation charge	(44,225)	(44,354)
Other adjustments	-	-
Closing net book value	117,692	84,934
At December 31		
Cost	549,188	472,205
Accumulated amortisation	(431,496)	(387,271)
Net book value	117,692	84,934
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. 308.95 million (2024: Rs. 252.018 million) .

14. DEFERRED TAX ASSETS-NET

	2025			
	As at January 01, 2025	**Recognised in profit & loss account**	**Recognised in other comprehen-sive income**	**As at December 31, 2025**
	(Rupees in '000')			
Deductible Temporary Differences on				
Credit loss allowance against advances	**12,635,167**	**131,301**	**-**	**12,766,468**
Post retirement employee benefits	**-**	**-**	**54,201**	**54,201**
Tax losses carried forward	**2,950,583**	**(1,899,641)**	**-**	**1,050,942**
Provision for diminution in the value of investments	**12,243**	**54,618**	**-**	**66,861**
Others	**2,039,020**	**(258,205)**	**-**	**1,780,815**
Right of use assets	**502,184**	**129,900**	**-**	**632,084**
	18,139,197	**(1,842,027)**	**54,201**	**16,351,371**
Taxable Temporary Differences on				
Deficit on revaluation of investments	**(864,545)**	**-**	**(1,159,689)**	**(2,024,234)**
Accelerated tax depreciation - tangible fixed assets	**(13,920)**	**(13,282)**	**-**	**(27,202)**
Net investment in Finance Lease	**(131,859)**	**131,859**	**-**	**-**
Surplus on revaluation of non-banking assets	**(93,600)**	**-**	**-**	**(93,600)**
Unrealized gain/loss on equity investment FVTPL	**-**	**(155,312)**	**-**	**(155,312)**
Accelerated tax amortization - intangible assets	**(28,143)**	**10,827**	**-**	**(17,316)**
	(1,132,067)	**(25,908)**	**(1,159,689)**	**(2,317,664)**
	17,007,130	**(1,867,935)**	**(1,105,488)**	**14,033,707**

	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 comprehen-sive income	As at December 31, 2024
	(Rupees in '000')					
Deductible Temporary Differences on						
Credit loss allowance against advances	11,109,304	357,395	11,466,699	1,168,468	-	12,635,167
Tax losses carried forward	3,477,252	-	3,477,252	(503,119)	(23,550)	2,950,583
Provision for diminution in the value of investments	119,174	11,537	130,711	(118,468)	-	12,243
Deficit on revaluation of investments	1,081,294	(1,070,101)	11,193	-	(875,738)	(864,545)
Impact of Adoption of IFRS 9	-	-	-	-	-	-
Others	1,395,514	-	1,395,514	644,743	(1,237)	2,039,020
Right of use assets	258,608	-	258,608	243,576	-	502,184
	17,441,146	(701,169)	16,739,977	1,435,200	(900,525)	17,274,652
Taxable Temporary Differences on						
Accelerated tax depreciation - tangible fixed assets	901	-	901	(14,821)	-	(13,920)
Others	-	-	-	-	-	-
Net investment in Finance Lease	(131,859)	-	(131,859)	-	-	(131,859)
Surplus on revaluation of non-banking assets	(88,200)	-	(88,200)	-	(5,400)	(93,600)
Accelerated tax amortization - intangible assets	(20,768)	-	(20,768)	(7,375)	-	(28,143)
	(239,926)	-	(239,926)	(22,196)	(5,400)	(267,522)
	17,201,220	(701,169)	16,500,051	1,413,004	(905,925)	17,007,130

14.1 The Group has an aggregate amount of deferred tax assets of Rs. 14,033.707 million (2024: Rs. 17,007.130 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.

15. OTHER ASSETS	Note	2025	2024
		-------- (Rupees in '000') --------	
Income / mark-up accrued in local currency	15.1	6,724,377	10,787,406
Accrued commission income		39,992	157,731
Advances, deposits, advance rent and other prepayments		1,523,669	1,312,970
Receivable against sale of shares		563,093	47,925
Mark to market gain on forward foreign exchange contracts		-	136,527
Insurance premium receivable against agriculture loans		7,750	8,623
Stationery and stamps on hand		17,362	22,915
Dividends receivable		-	1,688
Receivable against 1 Link ATM settlement account		419,518	84,330
Advance Taxation - net		-	-
Acceptances		-	48,741
Insurance claims receivable		10,320	12,835
Non-Banking Assets Acquired in Satisfaction of Claims	15.2	1,770,000	1,770,000
Other receivables		495,166	97,554
		11,571,247	14,489,245
Less: Provison held against other assets		(880,807)	(872,219)
Other assets (net of provision)		10,690,440	13,617,026
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	15.3	180,000	180,000
		10,870,440	13,797,026

15.1 Income / mark-up accrued in local currency

On loans and advances	15.4	3,406,847	5,719,700
On investments		3,276,985	5,045,183
On lendings to financial institutions		40,160	22,371
Others		385	152
		6,724,377	10,787,406

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.

		Note	2025	2024
			----- (Rupees in '000') -----	
15.2.1	**Non-banking assets acquired in satisfaction of claims**			
	Opening Balance		**1,950,000**	1,950,000
	Additions		-	-
	Revaluation		-	-
	Disposals		-	-
	Depreciation		-	-
	Impairment		-	-
			1,950,000	1,950,000

15.3 Movement in credit loss allowance / provision held against other assets

	2025	2024
Opening balance	**(872,219)**	(1,222,785)
Impact of adoption of IFRS-09	-	(663)
Charge for the period / year	**(10,392)**	(6,942)
Reversals	**1,804**	358,171
Amount written off	-	-
Closing balance	**(880,807)**	(872,219)

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

	2025	2024
In Pakistan	**4,236,755**	1,446,526
Outside Pakistan	-	-
	4,236,755	1,446,526

17. BORROWINGS

	Note	2025	2024
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	**1,080,000**	1,457,900
- Under long term finance facility		-	-
Un-Secured			
- State Bank of Pakistan (SBP)	17.3	**917,000**	495,000
- Other micro finance	17.4	**200,000**	18,750
		1,117,000	513,750
		2,197,000	1,971,650

17.1 Particulars of borrowings with respect to Currencies

	2025	2024
In local currency	**2,197,000**	1,971,650
In foreign currencies	-	-
	2,197,000	1,971,650

17.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 7.5% to 8% (2024: 15.5% to 16.5%) per annum having maturity upto six months.

18. DEPOSITS AND OTHER ACCOUNTS

	2025			2024		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000')					
Customers						
Current deposits	111,558,325	948,477	112,506,802	75,951,930	1,089,573	77,041,503
Savings deposits	171,601,069	1,335,434	172,936,503	174,761,565	1,248,851	176,010,416
Term deposits	44,469,235	705,669	45,174,904	56,540,153	316,021	56,856,174
Margin and other deposits	2,721,682	-	2,721,682	1,567,533	-	1,567,533
	330,350,311	2,989,580	333,339,891	308,821,181	2,654,445	311,475,626
Financial Institutions						
Current deposits	1,859,030	1,465	1,860,495	721,673	30	721,703
Savings deposits	6,054,528	-	6,054,528	1,291,194	-	1,291,194
Term deposits	1,935,000	-	1,935,000	1,000,000	-	1,000,000
Margin and other deposits	120,062	-	120,062	62	-	62
	9,968,620	1,465	9,970,085	3,012,929	30	3,012,959
	340,318,932	2,991,045	343,309,977	311,834,110	2,654,475	314,488,585

18.1 Composition of deposits

	Note	2025	2024
		--- (Rupees in '000') ---	
- Individuals		**57,915,879**	60,188,259
- Government (Federal and Provincial)		**214,906,381**	201,359,992
- Public Sector Entities		**1,216,453**	931,916
- Banking Companies		**325,573**	527,428
- Non-Banking Financial Institutions		**9,644,512**	3,012,959
- Private Sector		**59,301,179**	48,468,031
		343,309,977	314,488,585

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, 2025, the deposits eligible to be covered under insurance arrangements amounted to Rs. 77,976.90 million (2024: Rs. 68,301.40 million) and premium paid amounted to Rs. 124.763 million (2024 : Rs. 83.43 million).

19. Lease liabilities

	2025	2024
Opening balance	**4,441,555**	3,231,133
Reassessment / renewals	**1,052,503**	1,596,378
Interest expense	**681,348**	718,698
Lease payments including interest	**(1,262,751)**	(1,267,060)
Other adjustments / transfers	**50,279**	162,406
Closing balance	**4,962,934**	4,441,555

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19.1 Contactual maturity of lease laibilities

	Note	2025	2024
		--- (Rupees in '000') ---	
Short-term lease liabilities - within one year		567,449	595,664
Long-term lease liabilities			
- 1 to 5 years		2,278,337	1,841,905
- 5 to 10 years		2,113,528	1,994,988
- More than 10 years		3,620	8,998
		4,395,485	3,845,891
Total lease liabilities		4,962,934	4,441,555

19.2 For the purpose of discounting, PKRV rates are being used.

20. OTHER LIABILITIES

	Note	2025	2024
Mark-up / return / interest payable in local currency		5,955,384	9,105,076
Mark-up / return / interest payable in foreign currency		16,389	4,158
Accrued expenses		336,434	311,235
Net defined benefit liability		394,085	186,857
Provision for compensated absences		532,617	392,930
Payable to defined contribution plan		1,482	1,107
Payable against purchase of shares		62,870	18,765
Mark to market gain on forward foreign exchange contracts		512,510	-
Retention money		77,089	60,329
Federal excise duty / sales tax on services payable		14,747	9,002
Withholding tax payable		298,423	159,893
Acceptances		-	48,741
Provision for taxation - net		735,840	579,198
Security deposit against leases	20.3	161,101	89,925
Others		2,971,273	308,559
		12,070,244	11,275,775
Credit loss allowance against off-balance sheet obligations	20.1	11,511	3,898
		12,081,755	11,279,673

20.1	2025	2024
Opening balance	3,898	-
Impact of adoption of IFRS-09	-	3,103
Charge / reversals;		
Charge for the year	7,613	795
Reversals for the year	-	-
	7,613	795
Closing Balance	11,511	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 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

21.1 Authorised capital

2025	2024		Note	2025	2024
Number of shares				--- (Rupees in '000') ---	
3,500,000,000	###########	Ordinary shares of Rs.10 each		35,000,000	35,000,000

21.2 **Issued, subscribed and paid-up share capital**

2025	2024			2025	2024
Number of shares			Note	--- (Rupees in '000') ---	
3,071,013,000	###########	Fully paid in cash: Ordinary shares of Rs.10 each		30,710,130	30,710,130
-	-	Right shares of Rs.10 each issued during the year		-	-
381,429,817	381,429,817	Ordinary shares of Rs. 10 issued as consideration of amalgamation		3,814,298	3,814,298
3,452,442,817	###########			34,524,428	34,524,428

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

	Note	2025	2024
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI - Debt	9.1	1,998,269	522,462
- Securities measured at FVOCI - Equity	9.1	1,895,176	1,140,126
- Non-banking assets acquired in satisfaction of claims	22.1	180,000	180,000
		4,073,445	1,842,588
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - Debt		(1,039,099)	(271,680)
- Securities measured at FVOCI - Equity		(985,492)	(592,866)
- Non-banking assets acquired in satisfaction of claims	14	(93,600)	(93,600)
		(2,118,191)	(958,146)
		1,955,254	884,442

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

	Note	2025	2024
Surplus on revaluation as at January 01		180,000	180,000
Recognised during the year		-	-
Surplus on revaluation as at December 31		180,000	180,000
Less: related deferred tax liability on:			
- revaluation as at January 01		(93,600)	(88,200)
- revaluation recognised during the year		-	(5,400)
	14	(93,600)	(93,600)
		86,400	86,400

23 CONTINGENCIES AND COMMITMENTS

	Note	2025	2024
-Guarantees	23.1	8,908,919	7,476,280
-Commitments	23.2	99,700,088	137,865,487
-Other contingent liabilities		-	-
		108,609,007	145,341,767

23.1 **Guarantees:**

	2025	2024
Financial guarantees	1,170,887	1,157,718
Performance guarantees	5,841,003	3,962,839
Other guarantees	1,897,029	2,355,723
	8,908,919	7,476,280

23.2	**Commitments:**	Note	2025	2024
			--- (Rupees in '000') ---	
	Documentary credits and short-term trade-related transactions			
	- letters of credit		**5,208,618**	2,964,551
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	**58,059,485**	107,432,384
	- forward lending, borrowings and credits	23.2.2	**36,235,717**	27,313,192
	Commitments for acquisition of:			
	- fixed assets		**196,268**	155,360
			99,700,088	137,865,487

23.2.1 Commitments in respect of forward foreign exchange contracts

	2025	2024
Purchase	**29,049,476**	52,858,154
Sale	**29,010,009**	54,574,230
	58,059,485	107,432,384

23.2.2 Commitments in respect of forward lending, borrowings and credits

	Note	2025	2024
Forward repurchase agreement borrowing		-	-
Forward resale agreement lending		**20,881,685**	14,337,675
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	**15,354,032**	12,975,517
		36,235,717	27,313,192

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 2025 (accounting year ended December 31, 2024 and amendment of deemed assessment were carried out till tax year 2020, whereby certain disallowances to the taxable income were made.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), these appeals decided in Holding company's favor and thereby deleted impugned demands, following are the year wise details:

Tax year-2017, return of income was e-filed on December 07, 2017, declaring taxable income of Rs. 4,013 million, showing total tax liability of Rs. 1,565 million including super tax of Rs. 161million.

Additional Commissioner Inland Revenue (ACIR) initiated proceedings for amendment of assessment under section 122(5A) of the Ordinance which were closed through order dated March 05, 2018, increasing taxable income to Rs. 4,034 million and giving rise to additional tax demand of Rs. 8.2 million.

Appeal was filed before the Commissioner Inland Revenue Appeals (CIRA) on March 26, 2018 which was decided vide appellate order dated July 30, 2018 in Holding company's favour and thereby deleting the whole of the impugned tax demand, accordingly, appeal effects under section 124 of the Ordinance was issued.

Tax year 2018, return of income was e-filed on November 29, 2018, declaring taxable income of Rs. 2,283 million and total tax liability of Rs. 799 million.

ACIR initiated proceedings under section 122(5A) of the Ordinance which were finalized through order dated March 28, 2019, increasing taxable income to Rs. 2,310 million and raising additional tax demand of Rs. 101 million pertaining to disallowance of claim of amortization and super tax liability under section 4B of the Ordinance amounting to Rs. 92 million.

The above issues have been contested before CIRA who has decided the issue of tax amortization in the Holding company's favour whilst the issue of super tax has been decided against the Bank, accordingly, appeal effects under section 124 of the Ordinance was issued.

Tax year-2019, return of income was e-filed on October 31, 2019, declaring loss of Rs. 7,116 million and minimum tax liability of Rs. 160 million under section 113 of the Ordinance while claiming refund of Rs. 419 million.

ACIR initiated proceedings under section 122(5A) of the Ordinance on November 12, 2020 which were finalized through order dated January 25, 2021.

Appeal was filed before the CIRA on February 22, 2021 which was decided in Holding company's favour and thereby deleting the whole of the impugned tax demand.

Request for appeal effects under section 124 of the Ordinance had been made, which is issued determining tax refundable of Rs. 419 million. However, while passing appeal effect, the ADCIR has not allowed relief in respect of on remanded back issue of disallowance of the actuarial loss on re-measurement of defined benefits obligation amounting to Rs. 19 million under section 34(3) of the Ordinance. The Holding company has filed appeal before CIR(Appeals) who has upheld the order of ADCIR and the matter is now sub-judice before ATIR in second appeal.

Tax year-2020, return of income was e-filed on November 13, 2020, declaring loss of Rs. 4,689 million and minimum tax liability of Rs. 189 million under section 113 of the Ordinance.

Appeal was filed before the CIRA on February 08, 2022 which was decided vide appellate order dated May 26, 2022 in Bank's favour and thereby deleting the whole of the impugned tax demand.

Tax year-2021, return of income was e-filed on October 15, 2021, declaring loss of Rs. 2,608 million and minimum tax liability of Rs. 239 million under section 113 of the Ordinance.

The return so filed was treated as an assessment order deemed to have been issued by CIR in terms of section 120(1) of the Ordinance. No proceedings in this respect have been initiated by the tax department to date.

Tax year-2023, return of income was e-filed on November 30, 2022, declaring loss of Rs. 942 million and minimum tax liability of Rs. 278 million under section 113 of the Ordinance.

The return so filed was treated as an assessment order deemed to have been issued by CIR in terms of section 120(1) of the Ordinance. No proceedings in this respect have been initiated by the tax department to date.

TY-2024, return of income was e-filed on September 30, 2023, declaring loss of Rs. 1,150 million and minimum tax liability of Rs. 467 million under section 113 of the Ordinance.

The return so filed was treated as an assessment order deemed to have been issued by CIR in terms of section 120(1) of the Ordinance. No proceedings in this respect have been initiated by the tax department to date

TY-2025, revised return of income was e-filed under Section 114(6) of the Ordinance on December 04, 2025, declaring taxable income of Rs. 971,498,591 and a minimum tax liability and tax on high earning persons of Rs. 945,398,097 under section 113 and 4C of the Ordinance.

The return so filed was treated as an assessment order deemed to have been issued by Commissioner Inland Revenue (CIR) in terms of section 120(1) of the Ordinance. No proceedings for amendment of assessment or audit have been initiated by the tax department to date.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2025 (accounting year ended December 31, 2024) with the tax authorities of AJK. The CIR-AJK has issued amended assessment orders upto tax year 2020.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), these appeals decided in bank's favor and thereby deleted impugned demands .

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 in 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 his order dated January 21, 2025, has referred the matter to the Decision of the Council of Common Interest on agenda item 14 dated 23rd December, 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 yet. The SRB has now filed appeal before Honorable Supreme Court, which is pending for adjudication.

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

23.3.3 Other Contingent Liabilities	**Note**	**2025**	2024
		---- (Rupees	**in '000') ----**
Claims against the Bank not acknowledged as debts		**784,564**	792,500

These mainly represent counter claims filed by the ex-employees of the Group for damages purported to be sustained by them consequent to the termination from the Group's employment. Based on legal advice, the management is confident that the matters will be decided in Group's favour and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these consolidated financial statements.

		Note	2025	2024
			---- (Rupees	in '000') ----
24.	**MARK-UP/RETURN/INTEREST EARNED**			
	On loans and advances		**12,627,708**	13,898,979
	On investments		**25,395,370**	36,825,980
	On lendings to financial institutions		**758,540**	768,490
	On balances with banks		**199,368**	275,256
			38,980,986	51,768,705
25.	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		**23,268,765**	34,791,599
	Borrowings		**1,674,652**	6,768,403
	Finance charge on lease liability against right of use assets		**681,348**	718,698
	Others		**-**	-
			25,624,765	42,278,700
26.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**128,107**	111,594
	Consumer finance related fees		**6,186**	2,964
	Card related fees (debit cards)		**363,607**	318,426
	Commission on trade		**130,926**	150,658
	Commission on guarantees		**83,009**	66,077
	Credit related fees		**9,545**	14,798
	Commission on remittances including home remittances		**7,248**	16,188
	Others		**1,919**	2,691
			730,548	683,396
27.	**GAIN ON SECURITIES**			
	Realised	27.1	**716,969**	145,246
	Unrealised - Measured at FVPL	27.2	**228,289**	70,388
			945,258	215,634
27.1	**Realised gain on:**			
	Federal Government Securities		**428,273**	410
	Shares of listed companies		**288,696**	145,091
	Mutual Funds		**-**	-
			716,969	145,501

	Note	2025	2024
27.2 Net gain on financial assets measured at FVPL:		---- (Rupees	in '000') ----
Designated upon initial recognition		-	-
Mandatorily measured at FVPL		228,289	70,388
		228,289	70,388

28. OTHER INCOME

		2025	2024
Incidental charges		-	-
Gain on sale of operating fixed assets		668	7,536
Rent on premises shared		1,333	1,363
Prequalification application fee for tender		-	100
Godwon charges		160	230
Others		679	491
		2,840	9,720

29. OPERATING EXPENSES

	Note	2025	2024
Total compensation expense	29.2	6,461,042	5,473,004
Property expense			
Rent & taxes		76,214	70,461
Insurance		68,709	60,740
Utilities cost		569,189	586,095
Security		809,113	639,304
Repairs & maintenance		55,854	31,966
Depreciation		73,340	71,255
Depreciation - right of use assets		817,789	802,259
		2,470,208	2,262,080
Information technology expenses			
Software maintenance		278,386	202,343
Hardware maintenance		135,781	150,487
Depreciation		88,241	70,543
Amortisation		44,225	44,354
Network charges		23,355	20,834
Others		116,803	72,247
		686,791	560,808

OPERATING EXPENSES	Note	2025	2024
		---------- (Rupees in '000') ----------	
Other operating expenses			
Directors' fees and allowances		**35,725**	27,635
Fees and allowances to Shariah Board		**5,211**	4,006
Legal & professional charges		**41,646**	30,073
Travelling & conveyance		**95,354**	72,538
NIFT clearing charges		**50,236**	38,256
Training & development		**7,907**	9,650
Postage & courier charges		**24,923**	21,519
Communication		**294,768**	297,120
Stationery & printing		**200,193**	194,424
Marketing, advertisement & publicity		**122,831**	83,805
Auditor's Remuneration	29.3	**15,748**	14,698
Repairs & maintenance		**231,318**	155,586
Brokerage and commission		**11,817**	8,334
Entertainment Expenses		**91,129**	77,648
Fees and subscription		**109,134**	111,903
Insurance expenses		**10,712**	12,885
Premium of deposit protection fund		**109,282**	88,779
Depreciation		**204,596**	163,088
Outsourced service costs	29.1	**228,734**	197,506
Others		**78,766**	64,535
		1,970,030	1,673,988
		11,588,071	9,969,880

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is 221.009 million (2024: Rs. 197.463 million). These expenses represent payments made to companies incorporated in

29.2 Total compensation expense

	2025	2024
Managerial Remuneration		
- Fixed	**3,822,093**	3,213,254
- Variable Cash Bonus / Awards	**62,910**	61,338
Charge for defined benefit plan	**173,406**	152,936
Contribution to defined contribution plan	**181,633**	154,796
Rent & house maintenance	**978,478**	817,866
Utilities	**204,839**	170,858
Medical	**204,839**	171,040
Conveyance	**242,407**	206,993
Dearness Allowance	**56,692**	48,103
Employee old age benefits contribution	**54,398**	46,718
Leave Fare Assistance Allowances	**96,674**	100,210
Leave Encashment	**160,528**	103,870
Staff Insurances	**124,564**	104,926
Others	**97,582**	120,096
	6,461,042	5,473,004

		Note	2025	2024
29.3	**Auditors' remuneration**		---------- (Rupees in '000')	----------
	Audit fee		**13,477**	12,265
	Fee for other statutory certifications		**1,156**	1,092
	Special certifications and sundry advisory services		**557**	668
	Out-of-pocket expenses		**558**	673
			15,748	14,698

30. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan		**10,049**	5,191
Others		**352**	-
		10,401	5,191

31. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

	Note	2025	2024
Credit loss allowance for dimunition in value of investments	9.4.1	**30,256**	13,598
Reversal of credit loss allowance / provision against loans and advances	10.6.3	**(4,637,499)**	(3,247,706)
Credit loss allowance / provision against loans and advances	10.6.3	**1,308,248**	1,686,194
Credit loss allowance against lendings to financial institutions	8.3	**582**	566
Insurance claim		**-**	(8,802)
Credit loss allowance against other assets	15.3	**10,391**	6,942
Reversal of credit loss allowance against other assets	15.3	**(1,804)**	(358,171)
Credit loss allowance against off-balance sheet obligations	20.1	**7,613**	795
Credit loss allowance against balance with other banks	7.4	**2,888**	(8,914)
Bad debts directly charged to profit and loss account		**94**	216
		(3,279,232)	(1,915,282)

32. TAXATION

Current	**1,366,175**	1,080,525
Prior years	**1,344**	153,171
Deferred	**1,867,580**	(1,413,004)
	3,235,099	(179,308)

32.1 Relationship between tax expense and accounting profit

Profit before tax	**6,919,328**	2,744,514
Tax on income at 43% (2024: 44%)	**2,897,991**	1,029,580
Effect of super tax at 10% (2024: 10%)	**699,590**	324,959
Effect of permanent differences	**72,055**	215,325
Effect of change in rate	**(438,723)**	(1,908,628)
Prior year tax	**1,344**	153,171
Others	**2,842**	6,285
	3,235,099	(179,308)

33. BASIC AND DILUTED EARNINGS PER SHARE

	Note	2025	2024
		---------- (Rupees in '000') ----------	
Profit for the year (Rupees in '000)		3,684,229	2,923,822
Weighted average number of ordinary shares		3,452,442,817	3,452,442,817
Basic and diluted earnings per share (Rupee)		1.07	0.85

34. CASH AND CASH EQUIVALENTS

	Note	2025	2024
Cash and balance with treasury banks	6	27,845,704	22,724,099
Balance with other banks	7	4,285,124	4,470,597
		32,130,828	27,194,696

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

	2025	
	Lease liabilities	Share deposit money
Balance as at 01 January 2025	4,441,555	-
Changes from financing cash flows		
Payment against lease liabilities	(1,262,751)	-
Receipt against share deposit money	-	-
Total changes from financing cash flows	(1,262,751)	-
Other changes		
Reassessment / renewals and other adjustments	1,102,782	-
Interest expense on lease liabilities	681,348	-
Shares issued against share deposit money	-	-
	1,784,130	-
Balance as at 31 December 2025	4,962,934	-

	2024	
	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	-

		2025	2024
35. STAFF STRENGTH	Note	---------- (Rupees in '000') ----------	
Permanent		**2,361**	2,205
Temporary / on contractual basis		**472**	570
Total staff strength		**2,833**	2,775

35.1 In addition to the above 566 (2024: 550) staff from outsourcing services companies were assigned to the Group.

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 Group. The number of employees covered under the schemes are 2,403 (2024: 2,385).

36.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2025 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	2025	2024
- Discount rate	**11.00%**	12.25-12.50%
- Expected rate of increase in salaries-short term	**12.25%**	12.00-12.25%
- Expected rate of increase in salaries-long term	**12.00%**	12.00%
- Expected return on plan assets	**11.00%**	12.25%
- Duration (Years)	7.37	7.68

		2025	2024
36.1.2 Reconciliation of net defined benefit liability	Note	--------- (Rupees in '000') ---------	
Present value of defined benefit obligation	36.1.5	**1,700,511**	1,260,492
Fair value of plan assets	36.1.6	**(1,312,354)**	(1,075,966)
Payable of microfinance		**5,928**	2,331
Payable to defined benefit plan	36.1.3	**394,085**	**186,857**

36.1.3 Movement in net defined benefit liability

		2025	2024
Opening balance		**186,856**	159,670
Charge to profit and loss during the year	36.1.4	**173,406**	152,936
Remeasurement loss recognized in OCI	36.1.4	**215,825**	33,921
Bank's contribution		**(182,002)**	(159,671)
Closing balance		**394,085**	186,856

		Note	2025	2024
36.1.4	**Charge for defined benefit plan**		---------- (Rupees in '000') ----------	
	In profit and loss			
	Current service cost		**166,238**	141,687
	Interest cost - net		**9,750**	11,249
	Past service cost		**(2,582)**	-
	Charge for the year		**173,406**	152,936
	In other comprehensive income			
	Remeasurement (gain) / loss on defined benefit obligation		**200,038**	79,231
	Remeasurement loss / (gain) on plan assets		**15,787**	(45,310)
			215,825	33,921
36.1.5	**Changes in present value of defined benefit obligations**			
	Opening balance		**1,260,492**	991,460
	Current service cost		**166,238**	141,687
	Interest cost		**148,620**	144,669
	Benefits paid		**(66,673)**	(96,555)
	Actuarial loss / (gain) on obligation - Experience assumptions		**191,834**	79,231
	Closing balance		**1,700,511**	1,260,492
36.1.6	**Fair value of plan assets**			
	Fair value of plan assets at the beginning of the year		**1,075,966**	831,873
	Expected return on plan assets		**138,870**	142,402
	Bank's contributions		**182,002**	152,936
	Benefits paid		**(64,623)**	(96,555)
	Actuarial gain / (loss) on assets - experience assumptions		**(19,861)**	45,310
	Fair value of plan assets at the end of the year	36.1.7	**1,312,354**	1,075,966
36.1.7	**Plan assets comprise**			
	Balance held in bank accounts		**1,312,354**	1,075,966

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:

	2025	2024
Discount rate (1% variation)	**1,584,506**	1,171,412
Future salary growth (1% variation)	**1,837,495**	1,366,992
Future mortality (1 year variation)	**1,662,906**	1,259,062

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, 2026 works out to Rs. 239.146 million (2024: Rs. 164.842 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:

	2026	2027	2028	2029	2030
	(Rupees in '000')				
Expected benefit payments	172,894	163,749	159,533	177,744	148,424

36.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

The risk arises when the actual performance of the invstment 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 similary. 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 Group's contribution is one year. The contribution made by the Bank and its employees during the year amounted to Rs. 355.36 (2024: Rs.303.16) million. The number of employees as at December 31, 2025 eligible under the plan were 2,272 (2024: 2,015).

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. 532.61 million (2024: Rs.392.93 million) has been made on the basis of actuarial recommendations.

37.1 Movement of compensated absences	2025	2024
	---- (Rupees in '000') ----	
Opening balance	392,930	309,951
(Reversal) / Expense for the year	159,850	103,870
Benefit paid during the year	(20,163)	(20,891)
Closing balance	532,617	392,930

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

	2025						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in '000')						
Fees and Allowances	5,812	-	29,913	6,264	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	46,648	197,942	211,386
- Variable Cash Bonus / Awards	-	-	-	-	8,266	15,414	1,945
Charge for defined benefit plan	-	-	-	-	3,715	15,021	15,509
Contribution to defined contribution plan	-	-	-	-	3,892	18,280	20,149
Rent & house maintenance	-	-	-	-	12,175	77,213	95,124
Utilities	-	-	-	-	2,705	17,158	21,139
Medical	-	-	-	-	2,705	17,158	21,139
Conveyance	-	-	-	2,554	4,679	50,213	105,989
Bonus	-	-	-	-	4,133	25,691	32,570
Others	563	-	-	-	2,763	26,547	29,459
Total	6,375	-	29,913	8,818	91,681	460,638	554,409
Number of Persons	1	-	10	2	2	37	87

	2024						
	(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

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

		2025							
			For Board Committees						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Managment Committee	Nomination Committee	Total Amount Paid
		(Rupees in '000')							
1	Mr. Mohammad Aftab Alam	2,812	-	-	1,000	1,000	1,000	-	5,812
2	Mr. Javaid B.Sheikh	2,812	1,000	1,000	-	-	-	-	4,812
3	Ms. Shaista Bano Gilani	2,812	1,000	-	-	1,000	-	-	4,812
4	Mr. Fayyaz ahmed Jatoi	2,500	-	-	-	750	-	-	3,250
6	Mr. Imtiaz Ahmad Butt	2,813	-	1,000	1,000	-	-	-	4,813
7	Mr. Imran Samad	2,813	-	1,000	1,000	-	1,000	-	5,813
8	Mr. Farhan Ashraf Khan	2,813	1,000	-	-	-	1,000	-	4,813
9	Ms. Mahin Khan	375	62	-	-	-	-	-	437
10	Mr. Ghulam Mustafa Suhag	375	-	-	-	-	-	-	375
11	Mr. Sikandar Abbasi	375	-	-	-	-	-	-	375
12	Mr. Abdul Quddus Khan	125	-	-	-	-	-	-	125
13	Mr. Naqi Raza	225	63	-	-	-	-	-	288
	Total Amount Paid	20,850	3,125	3,000	3,000	2,750	3,000	-	35,725

		2024							
		(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
10	Mr. Abdul Quddus Khan	70	-	-	-	-	-	-	70
11	Mr. Ghulam Mustafa Suhag	120	-	-	-	-	-	-	120
12	Mr. Sikandar Abbasi	120	-	-	-	-	-	-	120
13	Ms. Mahin Khan	50	-	-	-	-	-	-	50
	Total Amount Paid	13,485	3,300	2,150	2,100	1,950	4,050	600	27,635

38.3 Remuneration paid to Shariah Board Members

	2025			2024		
Items	Chairman	Resident Member	Non Resident Member	Chairman	Resident Member	Non Resident Member
	(Rupees in '000')					
Managerial Remuneration (Fixed)	2,288	2,514	1,463	1,985	1,010	-
Fuel Allowances	938	1,093	522	904	107	-
Total Amount	3,226	3,607	1,985	2,889	1,117	-
Total Number of Persons	1	1	1	2	1	1

39. FAIR VALUE MEASUREMENTS

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

Unquoted equity investments are caried 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 rearding market rates for similar instruments and therefore, are not reported aspart 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 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.

	2025			
	Fair Value			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(Rupees in '000')			
Financial assets measured at fair value				
Investments				
Pakistan Investment Bonds	-	134,526,226	-	134,526,226
Market Treasury Bills	-	4,538,725	-	4,538,725
Shares of listed companies	4,098,174	-	-	4,098,174
Units of mutual funds	407,799	-	-	407,799
Ijarah Sukuk - GoP	-	3,521,150	-	3,521,150
Sukuk bonds	-	345,436	-	345,436
	4,505,973	142,931,537	-	147,437,510
Financial assets disclosed but not measured at fair value				
Investments				
Market Treasury Bills	-	3,758,698	-	3,758,698
Pakistan Investment Bonds	-	14,684,883	-	14,684,883
Term finance certificates - Listed	-	177,947	-	177,947
Term finance certificates - Unlisted	-	119,632	-	119,632
Term deposit receipt	-	784,759		784,759
	-	19,525,919	-	19,525,919
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	29,049,476	-	29,049,476
Foreign exchange contracts (sale)	-	29,010,009	-	29,010,009

	2024			
	Fair Value			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	(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	-	-	-	-
	2,035,817	172,119,949	-	174,155,766
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
	-	26,491,793	-	26,491,793
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

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

	2025			
	Trading and sales	Retail banking	Commercial banking and others	Total
	(Rupees in '000')			
Profit & Loss				
Net mark-up/return/interest income	24,482,937	2,136,108	(13,262,823)	13,356,221
Inter segment revenue - net	(31,373,660)	-	31,373,660	-
Non mark-up / interest income	1,138,312	862	743,173	1,882,347
Total Income	(5,752,411)	2,136,970	18,854,009	15,238,568
Segment direct expenses	(149,896)	(118,168)	(8,340,074)	(8,608,138)
Inter segment expense allocation	(234,126)	(1,274,818)	(1,481,390)	(2,990,334)
Total expenses	(384,022)	(1,392,986)	(9,821,464)	(11,598,472)
Provisions	(41,382)	(100,427)	3,421,041	3,279,232
(Loss) / Profit before tax	(6,177,814)	643,557	12,453,586	6,919,328
Balance Sheet				
Cash & Bank balances	20,758,123	635,770	10,736,935	32,130,828
Investments	166,642,939	320,564	-	166,963,503
Net inter segment lending	-	-	217,741,251	217,741,251
Lendings to financial institutions	21,413,319	-	-	21,413,319
Advances - performing	(26,830)	13,361,268	131,230,263	144,564,701
Advances - non-performing	-	68	5,318,996	5,319,064
Others	3,923,760	310,705	26,540,589	30,775,054
Total Assets	212,711,311	14,628,375	391,568,034	618,907,720
Borrowings	-	1,117,000	1,080,000	2,197,000
Subordinated debt	-	-	-	-
Deposits & other accounts	-	1,218,725	342,091,252	343,309,977
Net inter segment borrowing	206,735,351	11,005,900	-	217,741,251
Others	948,611	456,674	19,876,159	21,281,444
Total liabilities	207,683,962	13,798,299	363,047,411	584,529,672
Equity	5,027,348	830,076	28,520,623	34,378,047
Total Equity & liabilities	212,711,310	14,628,375	391,568,034	618,907,719
Contingencies & Commitments	78,941,170	40,908	29,626,929	108,609,007

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	-	25,466,059	29,656,434
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

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:

	2025			2024		
	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	-	171,457	64,377	-	208,690	64,377
Addition during the year	-	84,677	-	-	34,259	685,000
Repaid during the year	-	(52,474)	-	-	(74,399)	(596,180)
Transfer in / (out) - net	-	42,204	-	-	2,907	-
Closing balance	-	245,864	64,377	-	171,457	1,345,557
Other Assets						
Interest / mark-up accrued	-	278	2,283	-	191	2,978
Other receivable	-	-	-	-	-	-
	-	278	2,283	-	191	2,978
Deposits and other accounts						
Opening balance	20,863	74,467	2,824,555	1,040	66,089	1,616,287
Received during the year	149,704	586,989	33,506,499	34,786	1,470,161	12,085,409
Withdrawn during the year	(124,562)	(552,295)	(28,684,992)	(44,400)	(1,429,974)	(10,877,141)
Transfer in / (out) - net	9,322	(7,151)	3,417	29,437	(31,803)	-
Closing balance	55,328	102,010	7,649,478	20,863	74,467	2,824,555
Other Liabilities						
Interest / mark-up payable	812	2,108	63,543	344	7,080	86,448
Others	-	-	2,500,000	-	-	-
	812	2,108	2,563,543	344	7,080	86,448

	2025			2024		
	Directors	**Key management personnel**	**Other related parties**	Directors	Key management personnel	Other related parties
	(Rupees in '000')					
Income						
Mark-up / return / interest earned	-	1,569	9,444	-	6,983	14,772
Fee and commission income	8	21	5,122	-	13	349
Net gain on sale of securities	-	-	130	-	-	24
Other income	-	-	1,153	-	-	1,422
Expense						
Mark-up / return / interest paid	2,326	8,645	253,238	1,857	31,713	344,441
Remuneration paid	-	377,535	-	-	301,963	-
Contribution to provident fund	-	18,852	-	-	14,825	-
Provision for gratuity	-	19,311	-	-	26,457	-
Other staff benefits	-	59,358	-	-	42,952	-
Directors' meeting fee	35,725	-	-	27,635	-	-
Other expenses	563	-	-	375	-	-
Insurance premium paid	-	-	143,705	-	-	235,083
Others						
Sale of Government Securities	-	-	3,110,000	-	-	1,218,500
Purchase of Government Securities	-	-	250,000	-	-	-
Gratuity paid	-	6,103	-	-	30,008	-
Leave encashment paid	-	3,940	-	-	6,943	-
Insurance claims settled	-	-	2,634	-	-	7,035
Expenses recovered under agency arrangement	-	-	65	-	-	55

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. 34,912.45 million (2024: Rs. 38,921.33 million) note 10.2 and Rs.193,330.66 million (2024: Rs. 167,727.27 million) note 18. The above includes deposits amounting to Rs.40,349.48 million (2024: Rs.53,537.25 million) received through the Finance Department, Government of Sindh.

42	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**	Note	2025	2024
			-------- (Rupees in '000') -------	
	Minimum Capital Requirement (MCR):			
	Paid-up capital (net of losses)		**29,086,524**	26,190,277
	Capital Adequacy Ratio (CAR):			
	Eligible Common Equity Tier 1 (CET 1) Capital		**21,774,499**	15,683,877
	Eligible Additional Tier 1 (ADT 1) Capital		**-**	-
	Total Eligible Tier 1 Capital		**21,774,499**	15,683,877
	Eligible Tier 2 Capital		**2,193,236**	974,599
	Total Eligible Capital (Tier 1 + Tier 2)		**23,967,735**	16,658,476
	Risk Weighted Assets (RWAs):			
	Credit Risk		**56,595,517**	43,428,287
	Market Risk		**16,884,380**	14,050,153
	Operational Risk		**21,889,121**	17,273,395
	Total		**95,369,018**	74,751,835
	Common Equity Tier 1 Capital Adequacy ratio		**22.83%**	20.98%
	Tier 1 Capital Adequacy Ratio		**22.83%**	20.98%
	Total Capital Adequacy Ratio		**25.13%**	22.29%
	National 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 detrmining Risk Weighted Assets			
	Credit Risk		**Comprehensive**	Comprehensive
	Market Risk		**Maturity method**	Maturity method
	Operational Risk		**Basic Indicator**	Basic Indicator

	2025	2024
	-------- (Rupees in '000') -------	
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	**21,774,499**	15,683,877
Total Exposures	**404,766,211**	361,421,346
Leverage Ratio (%)	**5.38%**	4.34%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**183,159,874**	144,053,221
Total Net Cash Outflow	**47,152,234**	37,606,353
Liquidity Coverage Ratio (%)	**388%**	383%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**256,915,076**	236,076,978
Total Required Stable Funding	**128,858,448**	96,310,093
Net Stable Funding Ratio	**199%**	245%

42.1 The full diclsoures 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 avialable 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

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 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 10.6.

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	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000')					
Public/ Government	-	-	-	-	-	-
Private	**21,414,467**	24,515,010	**-**	-	**1,148**	566
Total	**21,414,467**	24,515,010	**-**	-	**1,148**	566

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non Performing Investments		Credit loss allowance held	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000')					
Government	**159,816,488**	199,009,861	**-**	-	**-**	20,581
Banks	**343,876**	-	**-**	-	**46,297**	-
Cement	**350,000**	-	**-**	-	**4,564**	-
Sugar	**77,708**	77,708	**77,708**	77,708	**77,708**	77,708
Total	**160,588,072**	199,087,569	**77,708**	77,708	**128,569**	98,289

43.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing		Provision held	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000')					
Public/ Government	159,816,488	197,876,887	-	-	50,861	20,581
Private	771,584	77,708	77,708	77,708	77,708	77,708
Total	160,588,072	197,954,595	77,708	77,708	128,569	98,289

43.1.3 Advances

Credit risk by industry sector

	2025					
	Advances (Gross)	Non Performing Advances	Credit Loss			Total Credit Loss
			Stage - 1	Stage - 2	Stage - 3	
	(Rupees in '000')					
Pharmaceuticals	56,881	-	899	-	-	899
Agriculture business	1,294,076	807,442	3,485	6,419	773,667	783,570
Manufacturing of textile	2,411,912	228,415	50,262	26,320	123,589	200,171
Cement	661,940	-	-	-	-	-
Transport, storage and communication	29,832	-	425	-	-	425
Wholesale and retail trade	5,536,123	208,433	18,259	10,347	206,185	234,791
Mining and quarrying	5,387,471	-	-	-	-	-
Hotel and restaurants	459,578	639	-	-	639	639
Petroleum	2,617,878	2,617,878	-	-	2,067,907	2,067,907
Media channels	1,746,144	-	29,780	-	-	29,780
Manufacture of basic iron and steel	2,137,100	1,734,030	-	-	1,734,030	1,734,030
Sugar	20,486,074	12,209,034	118,690	50,755	9,108,598	9,278,043
Automobile and transportation equipment	2,434,078	2,433,254	-	73	2,433,254	2,433,328
Chemicals and chemical products	1,777,632	-	14	76,294	-	76,308
Financial	4,112,245	840,000	35,681	-	802,970	838,651
Rice & Wheat	4,162,013	3,853	6,963	-	-	6,963
Construction, real estate and societies	3,019,822	1,971,270	10,402	23,421	1,938,705	1,972,528
Food	96,448,579	88,779	591	3,666	88,779	93,037
Power, electricity and gas	5,298,151	1,120,450	28,943	37,116	344,334	410,392
Domestic Appliances	198,596	58,596	-	-	58,596	58,596
Education	12,391	12,391	-	-	12,375	12,375
Individuals	3,072,051	4,910	96,334	3,691	2,039	102,064
Others	9,714,860	3,272,613	252,695	5,099	2,597,230	2,855,023
Total	173,075,428	27,611,988	653,424	243,201	22,292,898	23,189,523

	2024					
	Advances (Gross)	Non Performing Advances	Credit Loss			Total Credit Loss
			Stage - 1	Stage - 2	Stage - 3	
	(Rupees in '000')					
Pharmaceuticals	61,266	-	1,709	-	-	1,709
Agriculture business	1,249,179	1,079,356	1,704	620	1,070,426	1,072,750
Manufacturing of textile	748,674	146,160	-	20,411	134,273	154,683
Cement	477,574	-	3,036	-	-	3,036
Transport, storage and communication	47,807	-	78	-	-	78
Wholesale and retail trade	1,921,972	256,167	11,110	5,332	249,545	265,987
Mining and quarrying	5,833,770	-	-	-	-	-
Hotel and restaurants	261,810	694	-	1,411	652	2,063
Petroleum	2,820,186	1,820,214	-	121,709	1,820,214	1,941,923
Media channels	1,740,217	-	34,111	-	-	34,111
Manufacture of basic iron and steel	1,976,671	1,756,740	-	-	1,756,740	1,756,740
Sugar	19,070,308	13,771,389	120,905	26,154	10,160,554	10,307,613
Automobile and transportation equipment	2,434,078	2,433,254	-	-	2,433,254	2,433,254
Chemicals and chemical products	1,121,363	1,103,884	225	-	1,103,884	1,104,109
Financial	2,474,087	1,177,884	17,607	-	832,967	850,574
Rice & Wheat	868,658	6,223	7,724	756	1,464	9,943
Construction, real estate and societies	2,713,020	2,029,270	190	20,991	1,996,024	2,017,204
Food	40,258,352	125,725	145	-	125,725	125,869
Power, electricity and gas	5,949,180	2,428,958	84,626	21,052	1,681,555	1,787,232
Domestic Appliances	590,408	-	11,783	82,028	-	93,811
Education	67,546	12,542	-	-	12,470	12,470
Individuals	2,037,984	4,910	14,043	228	3,221	17,492
Others	6,112,796	1,941,603	133,929	660,539	1,766,945	2,561,412
Total	100,836,906	30,094,973	442,926	961,229	25,149,913	26,554,067

43.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Credit Loss	
	2025	2024	2025	2024	2025	2024
	(Rupees in '000')					
Public/ Government	96,101,660	40,181,880	-	-	-	-
Private	76,973,768	60,655,026	27,611,988	30,094,973	22,292,898	26,554,067
Total	173,075,428	100,836,906	27,611,988	30,094,973	22,292,898	26,554,067

43.1.4 Contingencies and Commitments

Credit risk by industry sector	2025	2024
	(Rupees in '000')	
Chemical and pharmaceuticals	20,392	67,167
Manufacturing of textile	897,695	735,692
Agriculture business	1,142,860	236,149
Rice & Wheat	140,374	78,265
Hotel and restaurants	316,429	532,954
Transport, storage and communication	704,541	222,055
Wholesale and retail trade	3,118,720	4,519,977
Petroleum	519,237	117,019
Media Channels	70,826	-
Manufacture of basic iron and steel	866,808	681,069
Sugar	50,717	2,256,122
Cement	945,892	1,386,804
Food	7,495,623	1,531,540
Automobile and transportation equipment	24,643	59,072
Financial	80,403,925	122,858,855
Construction, real estate and societies	1,203,497	643,440
Domestic Appliances	1,064,547	1,293,548
Power, electricity and gas	3,519,871	2,952,873
Education	14,163	51,996
Trusts and Non-profit Organizations	593,860	174,113
Others	5,494,367	4,943,057
Total	108,608,987	145,341,767

43.1.4.1 **Credit risk by public / private sector**

	2025	2024
	(Rupees in '000')	
Public/ Government	**7,482,301**	153,369
Private	**101,126,686**	145,188,398
Total	**108,608,987**	145,341,767

43.1.5 **Concentration of Advances**

The bank's top 10 exposures (funded and non-funded) aggregated Rs. 114,600.45 million (2024: Rs. 61,507.03 million) as follows:

	2025	2024
Funded	**113,306,675**	60,003,066
Non Funded	**1,293,777**	1,503,964
Total Exposure	**114,600,452**	61,507,030

43.1.5.1 The sanctioned limits against these top 10 expsoures aggregated Rs. 121,015.61 million (2024: Rs. 65,427.47 million).

43.1.5.2 **Total Funded Facilities Classified**

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

	2025		2024	
	Classified	Credit Loss Allowance	Classified	Credit Loss Allowance
	(Rupees in '000')			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	4,238,564	**1,723,723**	9,544,117	6,795,657
Total	4,238,564	**1,723,723**	9,544,117	6,795,657

43.1.6 **Advances - Province/Region-wise Disbursement & Utilization**

		2025					
		UTILIZATION					
Name of Province / Region	**Disbursements**	**Punjab**	**Sindh**	**KPK including FATA**	**Balochistan**	**Islamabad**	**AJK including Gilgit-Baltistan**
	(Rupees in '000')						
Punjab	**24,388,618**	**24,384,104**	-	-	-	**4,514**	-
Sindh	**108,041,953**	-	**108,041,953**	-	-	-	-
KPK including FATA	**80,700**	-	-	**80,700**	-	-	-
Balochistan	**295,184**	-	-	-	**295,184**	-	-
Islamabad	**1,735,650**	**52,836**	-	-	-	**1,682,814**	-
AJK including Gilgit-Baltistan	**11,315**	-	-	-	-	-	**11,315**
Total	**134,553,420**	**24,436,940**	**108,041,953**	**80,700**	**295,184**	**1,687,327**	**11,315**

		2024					
		UTILIZATION					
Name of Province / Region	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '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

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 mangement 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

	2025			2024		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000')					
Cash and balances with treasury banks	27,845,704	-	27,845,704	22,724,099	-	22,724,099
Balances with other banks	4,285,124	-	4,285,124	4,470,597	-	4,470,597
Lendings to financial institutions	21,413,319	-	21,413,319	24,514,444	-	24,514,444
Investments	165,368,089	1,595,415	166,963,504	27,391,602	232,468	201,547,368
Advances	149,883,765	-	149,883,765	74,282,838	-	74,282,838
Fixed assets	5,753,214	-	5,753,214	4,855,987	-	4,855,987
Intangible assets	117,692	-	117,692	84,934	-	84,934
Deferred tax assets	14,033,707	-	14,033,707	17,007,130	-	17,007,130
Other assets	10,870,440	-	10,870,440	13,797,026	-	13,797,026
	399,571,054	1,595,415	401,166,469	189,128,657	174,155,766	363,284,423

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.

	2025			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000')			
Pakistan Rupee	397,130,049	363,781,017	(39,468)	33,309,564
United States Dollar	3,221,913	2,772,346	39,468	489,035
Great Britain Pound	39,767	132,285	-	(92,518)
Euro	730,057	102,773	-	627,284
Japanese Yen	369	-	-	369
Saudi Riyal	1,739	-	-	1,739
UAE Dirham	36,344	-	-	36,344
Chines Yen	6,231	-	-	6,231
	401,166,469	366,788,421	-	34,378,049

Foreign exchange risk	2024 Assets	2024 Liabilities	2024 Off-balance sheet items	2024 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
	363,284,423	333,627,989	-	29,656,434

43.2.3 Foreign exchange risk

Impact of 1% change in foreign exchange rates on:	2025 Banking book	2025 Trading book	2024 Banking book	2024 Trading book
	(Rupees in '000')			
- Profit and loss account	**(3,720)**	**(17,161)**	(19,531)	(17,161)
- 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.

Impact of 5% change in equity prices on:	2025 Banking book	2025 Trading book	2024 Banking book	2024 Trading book
	(Rupees in '000')			
- Profit and loss account	-	**218,906**	-	83,424
- Other comprehensive income	-	**1,749,648**	-	1,049,959

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.

Impact of 1% change in interest rates on:	2025 Banking book	2025 Trading book	2024 Banking book	2024 Trading book
	(Rupees in '000')			
- Profit and loss account	-	-	-	-
- Other comprehensive income	**1,594,863**	-	(296,122)	-

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.

	2025											
	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	Over 5 to 10 years	Above 10 years	
On-balance sheet financial instruments		(Rupees in '000')										
Assets												
Cash and balances with treasury banks	3.50%	27,845,704	144,921	76,352	50,045	6,386	-	-	-	-	-	27,568,000
Balances with other banks	14.25%	4,285,124	665,743	-	-	-	-	-	-	-	-	3,619,381
Lendings to financial institutions	13.42%	21,413,319	21,413,319	-	-	-	-	-	-	-	-	-
Investments	12.18%	166,963,504	1,294,799	2,548,018	147,084,750	5,463,674	-	-	-	5,316,288	-	5,255,975
Advances	8.66%	149,883,764	115,642,267	1,549,954	702,014	1,393,289	237,555	202,202	369,526	811,366	830,079	28,145,512
Other assets		10,870,440	-	-	-	-	-	-	-	-	-	10,870,440
		381,261,856	139,161,049	4,174,324	147,836,809	6,863,349	237,555	202,202	369,526	6,127,654	830,079	75,459,308
Liabilities												
Bills payable		4,236,755	-	-	-	-	-	-	-	-	-	4,236,755
Borrowings from financial institutions	11.47%	2,197,000	-	1,130,000	300,000	50,000	117,000	600,000	-	-	-	-
Deposits and other accounts	7.12%	343,309,977	189,458,176	3,964,033	13,333,200	14,667,867	181,067	738,264	1,500	135,000	3,610,832	117,220,038
Lease liabilities	7%-17.2%	4,962,934	-	180,315	182,320	436,822	778,589	731,284	2,653,604		-	-
Other liabilities		12,081,755				-	-	-	-	-	-	12,081,755
		366,788,421	189,458,176	5,274,348	13,815,520	15,154,689	1,076,656	2,069,548	2,655,104	135,000	3,610,832	133,538,548
On-balance sheet gap		14,473,435	(50,297,127)	(1,100,024)	134,021,289	(8,291,340)	(839,101)	(1,867,346)	(2,285,578)	5,992,654	(2,780,753)	(58,079,240)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		15,354,032	347,154	3,716,297	2,170,056	6,153,667	27,353	23,188	2,341,916	574,402	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		29,049,476	20,520,043	1,418,000	7,108,028	3,405	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(29,010,009)	(23,920,019)	(5,089,990)	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending		20,881,685	20,881,685	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		36,275,185	17,828,863	44,307	9,278,084	6,157,072	27,353	23,188	2,341,916	574,402	-	-
Total yield / Interest Risk Sensitivity Gap			(32,468,263)	(1,055,717)	143,299,373	(2,134,268)	(811,748)	(1,844,158)	56,338	6,567,056	(2,780,753)	(58,079,240)
Cumulative yield / Interest Risk Sensitivity Gap			(32,468,263)	(33,523,981)	109,775,393	107,641,125	106,829,377	104,985,218	105,041,557	111,608,612	108,827,859	50,748,620

Reconciliation with total assets:	
Assets as per above	381,261,856
Fixed assets	5,753,214
Intangible assets	117,692
Deferred tax asset	14,033,707
Assets as per consolidated statement of financial position	401,166,469
Reconciliation with total liabilities:	
Liabilities as per above	366,788,421
Deferred tax liability	-
Liabilities as per consolidated statement of financial position	366,788,421

Mismatch of interest rate sensitive assets and liabilities

	2024											
	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	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
Balances with other banks	5.75%	3,786,987	-	2,040	-	-	-	-	-	-	-	3,784,947
Lendings to financial institutions	19.00%	24,514,444	24,514,444	-	-	-	-	-	-	-	-	-
Investments	18.55%	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
Advances	13.48%	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
Borrowings from financial institutions	18.70%	1,457,900	-	1,457,900	-	-	-	-	-	-	-	-
Deposits and other accounts	13.75%	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
On-balance sheet gap		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)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		10,440,831	351,209	2,600,382	2,488,640	2,137,380	783,722	804,825	1,274,675	-	-	-
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 consolidated statement of financial position	360,087,123
Reconciliation with total liabilities:	
Liabilities as per above	330,935,079
Deferred tax liability	-
Liabilities as per consolidated statement of financial position	330,935,079

43.3 Liquidity risk

Liquidity risk is the risk of loss to a Group 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 199% as on 31 December 2025.

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

	2025													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	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	27,845,704	987,338	993,673	1,310,536	2,376,968	2,077,781	1,639,917	2,164,966	1,318,361	14,976,164	-	-	-	-
Balances with other banks	4,285,123	-	-	-	4,285,123	-	-	-	-	-	-	-	-	-
Lending to financial institutions	21,413,319	550,000	20,863,319	-	-	-	-	-	-	-	-	-	-	-
Investments	166,963,504	173,374	-	-	1,070,564	-	4,801,005	10,195,687	924,949	7,728,771	1,007,000	54,202,440	80,043,425	6,816,289
Advances	149,883,764	21,976,582	15,472	33,731	1,851,093	2,455,305	73,511,353	3,178,304	4,022,119	12,782,013	2,094,320	3,402,615	9,624,786	14,936,071
Fixed assets	5,753,214	-	-	-	500,906	77,255	77,255	234,340	236,915	236,915	1,047,144	939,948	1,807,050	595,486
Intangible assets	117,693	-	-	-	3,138	3,138	3,138	9,518	9,622	9,622	38,175	41,342	-	-
Deferred tax assets	14,033,707	-	-	675,063	675,063	1,350,126	1,350,126	1,350,126	1,350,126	1,350,126	2,914,767	3,018,184	-	-
Other assets	10,870,440	791,526	40,369	1,679,370	4,331,619	265,683	144,496	2,824,885	-	-	-	792,492	-	-
	401,166,469	24,478,820	21,912,833	3,698,700	15,094,475	6,229,288	81,527,290	19,957,826	7,862,092	37,083,611	7,101,406	62,397,021	91,475,261	22,347,846
Liabilities														
Bills payable	4,236,755	4,236,755	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	2,197,000	-	-	-	0	-	1,130,000	300,000	50,000	-	117,000	-	600,000	-
Deposits and other accounts	343,309,976	9,480,280	11,596,574	14,690,067	28,610,903	36,570,005	32,574,526	42,668,505	33,845,831	127,635,935	189,700	738,264	1,514	4,707,872
Lease liabilities	4,962,934	-	-	-	60,105	60,105	60,105	182,320	252,498	231,629	731,284	731,284	2,653,604	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	12,081,756	4,369,713	150,275	2,867,191	3,101,601	5,231	137,287	715,977	142,206	231,882	302,662	5,143	3	52,584
	366,788,421	18,086,748	11,746,849	17,557,258	31,772,610	36,635,341	33,901,918	43,866,802	34,290,535	128,099,445	1,340,646	1,474,691	3,255,121	4,760,456
Gap	34,378,048	6,392,072	10,165,984	(13,858,558)	(16,678,134)	(30,406,053)	47,625,372	(23,908,976)	(26,428,443)	(91,015,834)	5,760,760	60,922,330	88,220,140	17,587,390
Share capital - net	34,524,428													
Reserves	3,336,269													
Shares deposit money	-													
Deficit on revaluation of assets	1,955,254													
Accumulated Loss	(5,437,903)													
Net assets	34,378,048													

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	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	22,724,099	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	-	-	-	-
Balances with other banks	4,470,597	4,470,597	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	24,514,444	-	24,514,444	-	-	-	-	-	-	-	-	-	-	-
Investments	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
Advances	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
Fixed assets	4,855,987	-	-	-	97,713	13,228	132,406	209,891	40,567	491,391	680,927	652,260	987,591	1,570,013
Intangible assets	84,934	-	-	-	2,196	2,196	2,196	11,433	6,734	6,734	26,718	26,727	-	-
Deferred tax assets	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	-	-
Other assets	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	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,971,650	-	-	-	-	-	1,971,650	-	-	-	-	-	-	-
Deposits and other accounts	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
Lease liabilities	4,441,554	-	-	-	45,630	-	92,541	132,629	-	385,160	432,673	467,381	881,554	2,003,986
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	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
Gap	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

Share capital - net	34,524,428
Reserves	2,581,715
Shares deposit money	-
Deficit on revaluation of assets	884,442
Accumulated Loss	(8,334,151)
Net assets	29,656,434

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

	2025									
	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	27,845,704	9,923,343	2,345,311	1,378,662	14,198,388	-	-	-	-	-
Balances with other banks	4,285,124	4,185,124	100,000	-	-	-	-	-	-	-
Lendings to financial institutions	21,413,319	21,413,319	-	-	-	-	-	-	-	-
Investments	166,963,504	4,999,914	2,548,018	8,618,596	7,977,824	1,007,000	54,207,455	80,793,425	6,061,272	750,000
Advances	149,883,765	24,119,480	76,122,672	3,163,422	16,129,680	2,117,738	3,440,120	9,624,786	12,635,838	2,530,029
Operating fixed assets	5,753,214	504,742	162,179	245,840	495,925	989,653	941,838	1,807,050	233,905	372,082
Intangible assets	117,693	3,152	6,547	9,939	19,998	39,596	38,461	-	-	-
Deferred tax asset	14,033,707	1,350,126	2,700,252	1,485,777	5,510,701	2,700,251	286,600	-	-	-
Other assets	10,870,439	6,691,872	413,521	2,829,832	-	3,189	932,025	-	-	-
	401,166,469	73,191,072	84,398,500	17,732,068	44,332,516	6,857,427	59,846,499	92,225,261	18,931,015	3,652,111
Liabilities										
Bills payable	4,236,755	4,236,755	-	-	-	-	-	-	-	-
Borrowings from financial institutions	2,197,000	18,750	1,080,000	-	-	603,250	-	495,000	-	-
Deposits and other accounts	343,309,977	305,997,820	3,805,056	13,448,599	13,103,632	1,361,098	884,509	1,500	135,000	4,572,763
Lease liabilities	4,962,934	65,197	138,170	198,020	408,551	781,329	731,284	2,640,383	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	12,081,755	10,359,998	141,977	832,096	211,418	478,840	4,841	3	14,622	37,960
	366,788,421	320,678,520	5,165,203	14,478,715	13,723,601	3,224,517	1,620,634	3,136,886	149,622	4,610,723
Gap	34,378,048	(247,487,448)	79,233,297	3,253,353	30,608,915	3,632,910	58,225,865	89,088,375	18,781,393	(958,612)
Share capital - net	34,524,428									
Reserves	3,336,269									
Shares deposit money	-									
Deficit on revaluation of assets	1,955,254									
Accumulated Loss	(5,437,903)									
Net assets	34,378,048									

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.

	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	-									
Deficit 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 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 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 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 05 MAR 2026.

President and Chief Executive Officer	**Chief Financial Officer**	**Director**	**Director**	**Chairman**