

Press Release

VIS Reaffirms Entity Rating of Sindh Bank Limited

Karachi, June 30, 2026: VIS Credit Rating Company Limited (VIS) has reaffirmed entity ratings of Sindh Bank Limited ('SNDB' or the 'Bank') at 'AA/A1+' (Double A/ A One Plus). Long-term rating of 'AA' indicates high credit quality; Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. Short-term rating of 'A1+' indicates Strongest likelihood of timely repayment of short-term obligations with outstanding liquidity factors. Outlook on the assigned ratings is 'Stable.' Previous rating action was announced on December 01, 2025.

SNDB is wholly owned by Government of Sindh (GoS), through its Finance Department and sponsor support is evident given prior capital injections, as and when required. The Bank has been providing SME, Consumer, Commercial, Corporate and Investment Banking services. Headquartered in Karachi, the Bank's nation-wide branch network stood at previous year level with total 330 branches (including 8 sub-branches and 59 Islamic Banking branches).

The rating reflects SNDB strengthened business profile, underpinned by a significant expansion in its financing portfolio and a notable improvement in market share within the domestic advances segment. The revival of corporate and commercial lending activities has supported growth in earning assets and enhanced the Bank's competitive positioning. The Bank continues to benefit from a stable governance framework, experienced management team, and a clear strategic focus on sustainable balance sheet growth and operational efficiency.

Asset quality indicators improved during the review period, with a substantial reduction in both gross and net infection ratios, supported by commodity financing. While legacy non-performing exposures remain on the balance sheet, the associated credit risk has moderated considerably. Profitability strengthened on the back of higher net markup income, growth in financing volumes, and improved operating efficiency, resulting in stronger pre-tax earnings despite pressure on spreads following the easing monetary policy cycle. Capitalization remains a key rating strength, supported by internal capital generation and healthy profitability, with capital adequacy metrics maintaining comfortable buffers above regulatory requirements. The Bank's liquidity profile remains sound, supported by a steady growing deposit base and strong regulatory liquidity indicators that continue to remain well above minimum thresholds. Going forward, the Bank's ability to continue asset quality improvements, preserve profitability amid a lower interest rate environment, and efficient capital utilization while pursuing growth objectives will remain important rating considerations.

For further information on this rating announcement, please contact at 021-35311861-64 or email at info@vis.com.pk.

Applicable Rating Criteria:

Financial Institution

<https://docs.vis.com.pk/Methodologies-2026/FI-Methodology-26.pdf>

VIS Issue/Issuer Rating Scale

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