IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

شہید محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK

سندھ بینک

POWER TO THE PEOPLE

ANNUAL REPORT 2025

SINDH BANK
سندھ بینک

بسم الله الرحمن الرحيم

Vision

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

Mission

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

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Entity Ratings

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

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

Long - Term Rating AA (Double A)
Reflects high credit quality; protection factors are modest risk. Subject to economic conditions

Short - Term Rating A-1+ (A-One Plus)
Signals the highest likelihood of timely repayments. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor

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Core Values

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

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

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

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

Corporate Information

Board of Directors

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

Deputy CEO	Syed Assad Ali Shah
Chief Financial Officer	Mr. Dilshad Hussain Khan
Company Secretary	Mr. Muhammad Irfan Zafar
Auditors	M/s Riaz Ahmad & Company Chartered Accountants
Legal Advisors	M/s Mohsin Tayebaly & Co
Share Registrar	CDC Share Registrar Services Ltd.
Registered/Head Office	3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi-75600 UAN : +92-21-111-333-225 Fax : +92-21-35870543

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

Chairman's Review

On behalf of the Board of Directors of Sindh Bank, I present below a brief review, along with the financial statements of the Bank for the year ended December 31, 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.3.35 bn compared to post tax profit of Rs2.77 bn last year.

Deposits recorded a notable increase of Rs.29.37 bn (9.39%), reaching to Rs.342.09 bn, compared to Rs.312 bn as of December 31, 2024, while maintaining 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 Rs.256.56 bn on December 31, 2024.

Gross Advances increased by Rs.71.54 bn i.e. 72.30% and stood at 170.50 bn at year end 2025, compared to Rs.98.95 bn 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)
Appropriations:	
Transfer to Statutory Reserve	(670,962)
Accumulated loss as at Period end	(6,050,851)

As at the year ended, Sindh Bank's Equity (i.e. Paid-up Capital, Reserves, deficit on revaluation and accumulated losses) stood at Rupees 33.54 billion, increasing by about 15.08% over Rupees 29.15 billion 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 and myself are collectively grateful to our customers who are the real purpose behind our business.

I would also like to appreciate the continued efforts of the 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.

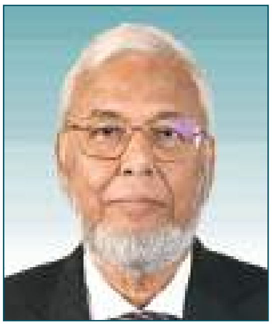
I, on behalf of the Board, would like to assure all the stakeholders of our full cooperation and support for the future development progress of the Bank.

Mohammed Aftab Alam
Chairman

Karachi: March 5, 2026

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

Profile of the Board of Directors

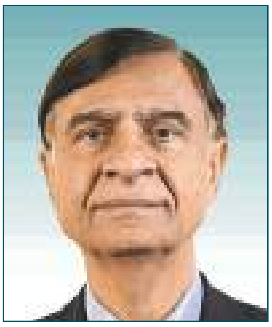


Mohammed Aftab Alam
Chairman & Independent Director

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

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

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



Javaid B. Sheikh
Non-Executive Director

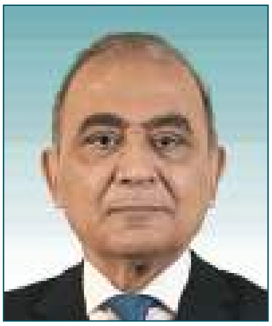
Mr. Javaid B. Sheikh has experience of more than 45 years of various Banks/DFIs. He possesses an MBA Degree from USA and is a Certified Director from the ICAP. He is a senior partner in a Lahore-based consulting firm. He has vast experience of investment and development banking and is well known in commercial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

Shaista Bano Gilani
Independent Director

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

Imtiaz Ahmad Butt
Independent Director

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

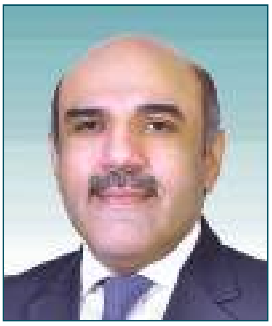


Imran Samad
Non-Executive Director

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

Farhan Ashraf Khan
Non-Executive Director

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



Muhammad Anwaar
President & CEO

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

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

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

Board of Directors

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

Committees of the Board

Audit Committee:

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

Board Human Resource & Remuneration Committee:

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

Board Risk Management Committee:

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

Board Information Technology Committee:

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

Board Nomination Committee:

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

Board Special Assets Management Committee:

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

Terms of Reference

The number of meetings of the Board of Directors (BOD) and its Sub-Committees held during the year 2025 and the attendance by each director/committee member are provided in the Directors Report.

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

Risk Management Committee

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

The principle responsibilities of the Committee are as follows:

1. Review the Risk Management Policy including Enterprise Risk Management (ERM) Framework and Risk Appetite Framework (RAF) and provide recommendation to the Board to facilitate in decision regarding approval.
2. Oversee implementation of Risk Management Policies and Enterprise Risk Management (ERM) Framework across the Bank in letter and spirit and to ensure that the Bank is managing all kinds of risks in an effective way.
3. Review the tools and models developed by the Risk Management Division to measure and monitor risks.
4. Review regular risk reports prepared by the Risk Management Division. These must include but not limited to the following:
5. Ensure resources allocated to Risk Management are adequate given the size, nature and volume of business.
6. Ensure that the Bank has adequate capital available to absorb expected & unexpected losses and is able to achieve its strategic goals / objectives in short and long run.
7. Ensure that Group risk management functions in subsidiaries have the requisite authority and independence to carry out their mandated risks.
8. Ensure appropriate risk controls and limits are established, properly implemented, communicated and monitored. Enforce actions upon violation of risk policies and procedures.
9. Evaluate Committee's own performance on annual basis and take necessary actions if required, to increase effectiveness.
10. Review and administer the implementation of IFRS 9 as per SBP BPRD Circular 04 of 2019, Circular Letter No. 24 of 2021, BPRD Circular No. 03 of 2022, BPRD Circular Letter No. 07 of 2023, BPRD Circular Letter No. 16 of 2024, BPRD Circular Letter No. 01 of 2025.
11. The compliance status of Business Conduct and Fair Treatment of Customer related regulations, as well as the FI's internal policies, instructions, and service quality benchmark should be presented as regular agenda item to BRMC.
12. Domestic and global industry best practices about Business Conduct and Fair Treatment of Customer should be informed to BRMC.
13. Review any other risk related matters / regulatory changes that warrant discussion at the Committee.

Nomination Committee

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

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

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

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

Audit Committee

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

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

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

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

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

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

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

Human Resource and Remuneration Committee

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

Information Technology Committee

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

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

The BSAMC oversees the performance of Management in the recovery of stuck-up Non-Performing Loans (NPLs), which is crucial for the Bank. The BSAMC is responsible for investigating or initiating investigations into any activity within its terms of reference.
The BSAMC reviews and monitors Management's performance in the recovery of NPLs. This includes overseeing the overall NPL portfolio, the recovery process, and specific NPL accounts. It also evaluates the actions taken by Management based on its decisions, tracks the status of legal proceedings for loan recovery, assesses settlement cases, and reviews Management's overall performance.

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

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

Profiles of the Shariah Board Members

Mufti Zeeshan Abdul Aziz
(Chairman Shariah Board)

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

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

Mufti Hamid Zia ul Habib

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

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

Mufti Muhammad Nadeem Siddiqui

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

Current Engagements:
- Resident Shariah Board Member & Head Shariah Compliance Department - Sindh Bank (Saadat Islamic Bankin of Islamic Economics - Darul Uloom Karachi
- Darul Uloom Memon, Bolton Market, Karachi
- ICAP- CA
- Delivered Lecture - ICMAP
- Islamic Banking Trainer - Sindh Bank Training Centre

S.No.	Name	Shariah Board Meetings	
		Held During the Year	Attended
1	**Mufti Zeeshan Abdul Aziz**	4	4
2	**Mufti Hamid Zia ul Habib**	4	4
3	**Mufti Muhammad Nadeem Siddiqui**	4	4
Total Meetings Held During the Year 2025		4	

Disclosure on Remuneration Policy of the Bank

PURPOSE AND SCOPE

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

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

OBJECTIVES

Following are the main objectives of Remuneration Policy:

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

GOVERNANCE FRAMEWORK

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

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

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

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

Qualitative Inclusion Criteria

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

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

Quantitative Inclusion Criteria

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

COMPENSATION STRUCTURE

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

Fixed Remuneration

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

Variable Remuneration based on Performance

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

Other benefits

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

PERFORMANCE MEASUREMENT OF MRTs AND MRCs

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

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

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

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

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

Statement of Ethics and Business Practices

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

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

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

General Principles and Significant Aspects of Code of Ethics:

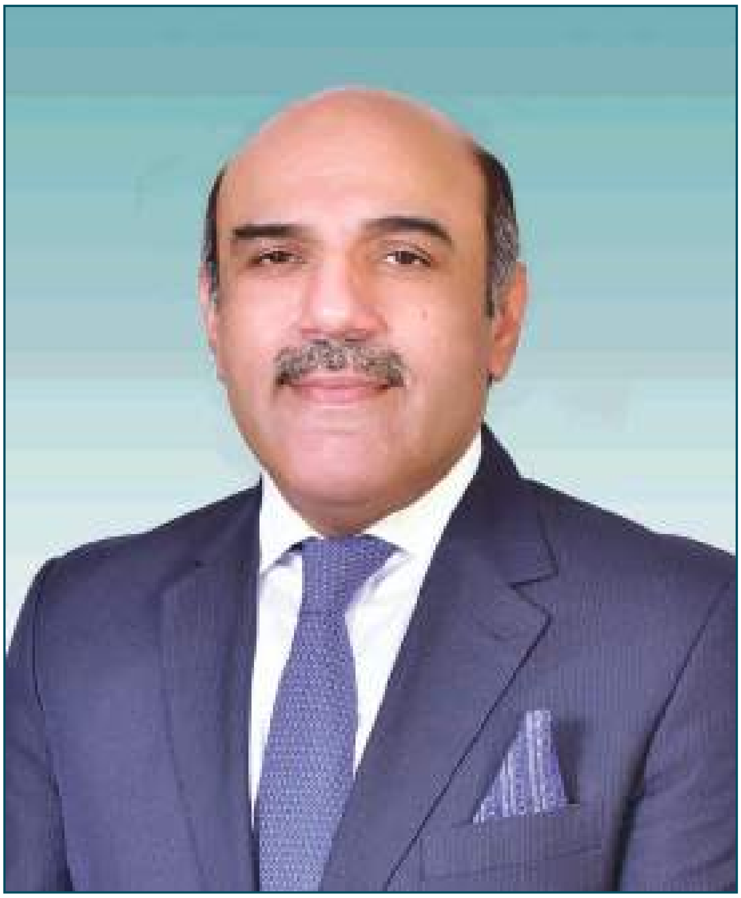
1. We will abide by the laws of the Country in all activities at work and beyond. Any suspected material violation of a law, regulation or ethical standard must be reported to the appropriate level of authority within the Bank. Where appropriate, the authority will report to the relevant statutory authority.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

   ● Inappropriate Conduct ● Sexual Harassment ● Corruption and Retaliation ● Discriminatory Behavior ● Grapevine and Gossips ● Intentional Dishonesty ● Drug Abuse and Anti Environmental Activities ● Insider Trading ● Money Laundering

Note:

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

Management



Muhammad Anwaar
President & CEO


Syed Assad Ali Shah
Deputy CEO


Rehan Anjum
SEVP - Head Audit & Inspection


Ahmad Noor
SEVP - Head Special Asset Management


Dilshad Hussain Khan
EVP - CFO


Adnan Siddiqui
EVP - Head IT


Saleem Shaffi
EVP - Head Operations


Shariq Jaleesi
EVP - Head Credit Administration Division


Rizwan Mahmood
EVP - GM Northern Region


Sadia Bukhari
EVP - Head Risk Management & Chief Green Banking Manager


Aamir Ali
EVP - Head Compliance & Control Division


Tahir Hussain Shah
EVP - Head Centralised Foreign Trade


Zubair Aziz
EVP - Head Treasury & FI Division


Saima Aziz
EVP - Head Marketing & Media Focal Person on Gender Diversity


Ghazala Ayaz
EVP - GM Southern Region


Hasnain Merchant
EVP - Head Home Remittance & Islamic Banking


Bashir Ahmed Wassan
SVP - Head Agriculture Credit


Zeeshan Qureshi
SVP - GM Rural Sindh


Tariq Abdullah
SVP - Head Financial Institutions


Muhammad Irfan Zafar
SVP - Company Secretary & Head Legal Department


Muzaffar Hussain Siddiqui
SVP - Head HR & Training


Taimur Javed
SVP - RGM Assets - Central


Ovais Farooqui
SVP - RGM Assets - South


Kaleem Ullah
SVP - Chief Information Security Officer (CISO)


Ruqaya Marghoob Rizvi
SVP - Head Corporate & Investment Banking


Syed Tabish Ali Shah
SVP - Head Administration and Security


Naila Asad Shaikh
VP - Head Consumer Department


Syed Muhammad Noman
VP - Chief Digital Officer (CDO)


Shouzab Abbas Soomro
VP - Acting Head Service Quality Division


S. Armaghan Ali Shah
VP - Head SME


Syed Mudassir Abbas
VP - Head Treasury Operations

Positions as of June, 2026

Events

Signing Ceremony between Sindh Bank & PTCL Business Solutions.

The 5th Women's Power Run sponsored by Sindh Bank.

Deputy CEO at Socio- Cultural Agri Finance Mela.

Sindh Bank hosted Socio-Cultural Agri Finance Mela in Sujawal in collaboration with SBP.

Sindh Bank participated in Financial Literacy Walk by SBP.

Marka-e-Haq Independence Day Marathon sponsored by Sindh Bank in collaboration with GoS.

Marka-e-Haq Independence Day Laser Light Show at Mazar-e-Quaid sponsored by Sindh Bank in collaboration with GoS.

Sindh Bank sponsored 9th International Conference on Islamic Banking & Finance.

Sindh Bank Management at Pakistan Banking Summit 2025.

President & Deputy CEO at Sindh Wheat Growers Support Program 2025
Ceremony of Direct cash transfer for purchase of DAP & Urea Bags.

Sindh Bank Management at Annual Eid Dinner.

Sindh Bank Management at Pakistan Banking Awards.

Sindh Bank sponsored Pakistan Hindu Council Job Fair.

Women Entrepreneurship Day Celebrated at Head Office.

Women Entrepreneurship Day Celebrated at Lahore Office.

Gender Diversity Training Program.

Sindh Bank sponsored CEO Summit 2025.

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 December 31, 2025	As on December 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%**

(Rupees in '000)

Profit & Loss Account	Year Ended December 31, 2025	Year Ended December 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 and 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%**

Other Information	As on December 31, 2025	As on December 31, 2024	%age Change iIncrease/(Decrease)
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 Rs.256.56 bn on December 31, 2024.

Bank's focus remained on innovating product 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 was recorded as detailed 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 grew 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 provided below:

i. Increase in Net Interest Income by Rs.3,452 mn i.e 40.13%, during growth in earning assets, concentrates 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 Rs.729.41 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 were 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, out of which 58 branches 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 and Balochistan	206	97
North: including Punjab, Islamabad, KPK, AJK and 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 AND CAPITAL ADEQUACY RATIO

Bank's Capital Adequacy Ratio stood at 25.04 % as against the minimum requirement of 11.5%, 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 towards 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 in 2025. Pakistan received additional tranches, including a USD1.2bn 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 USD16.05 bn. Between Jun'24 and Oct'25, the SBP conducted net foreign exchange interventions of USD10.8 bn, 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 1.9 bn, 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 USD38.3 bn 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 its 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 its 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 December 31, 2025	As on December 31, 2024
	(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	December 31, 2025	December 31, 2024
No. of Account (Loans)	91,002	83,316
No. of Account (Deposits)	222,055	193,434

Profit and Loss Account	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
	(Rs In million)	
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 AND 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 the State Bank of Pakistan (SBP) directives, emphasising 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 and provided sponsorships for the below mentioned events during 2025:

- Sponsorships and were provided for 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, providing 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 and Marathon at Nishan-e-Pakistan, celebrating Marka-e-Haq, in collaboration with Government of Sindh and Literary Festivals in Lahore and Sindh.

- Sponsorships were also provided to support 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, organised 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 farely 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.3,328.25 mn (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 presented separately in the Annual Report.

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

In terms of the State Bank's BPRD Circular #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 recognised 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 Committee		Board Audit Committee		Board Risk Management Committee		Board IT Committee		Board SAM Committee		Board Nomination Committee	
		Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended
1	Mr. Mohammed Aftab Alam	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 Ahmed 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. Mobilisation 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 the 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.

Muhammad Anwaar
President & CEO
Karachi, March 5, 2026

Imran Samad
Non-Executive Director

ڈائریکٹرز رپورٹ

سندھ بینک کے بورڈ آف ڈائریکٹرز کی جانب سے میں 31 دسمبر 2025 کو ختم ہونے والے سال کے مالیاتی نتائج پیش کر رہا ہوں۔

بینک نے قرضہ جات، ڈپازٹس، فنڈ بیسڈ اور نان مارک اپ آمدنی کے شعبوں میں متوازن ترقی کی۔ لیکویڈیٹی بفرز مضبوط رہے، CASA بیلنس مستحکم رہے اور فنڈنگ پروفائل بھی مستحکم رہا، جس کے باعث پائیدار ترقی کے لئے قابلِ ذکر گنجائش رہی۔ مالیاتی سُرخیاں درج ذیل ہیں۔

(روپے '000 میں)

بیلنس شیٹ	31 دسمبر 2025 پر	31 دسمبر 2024 پر	فیصد تبدیلی اضافہ/کمی
اداشدہ سرمایہ	34,524,428	34,524,428	-
ذخائر	3,119,515	2,448,431	27.41%
جمع شدہ نقصان	(6,050,851)	(8,705,257)	(30.49%)
اداشدہ سرمایہ بمع جمع شدہ نقصان	**31,593,581**	**28,267,602**	**11.77%**
اثاثوں کی از سر نو مالیت پر منافع (خسارہ)	1,955,254	884,442	121.07%
ملکیتی سرمایا	**33,548,224**	**29,152,044**	**15.08%**
قرضے	**1,080,000**	**1,457,900**	**(25.92%)**
ڈپازٹس	**342,091,252**	**312,718,297**	**9.39%**
سرمایہ کاری (Carrying Value)	**166,642,939**	**201,164,585**	**(17.16%)**
مجموعی ایڈوانسز	**170,501,738**	**98,957,498**	**72.30%**

(روپے '000 میں)

نفع نقصان کا کھاتہ	31 دسمبر 2025 پر اختتام پذیر سال کے لیے	31 دسمبر 2024 پر اختتام پذیر سال کے لیے	فیصد تبدیلی اضافہ/(کمی)
مارک اپ/ ریٹرنز/ سودی آمدنی	37,305,321	50,402,208	(25.98%)
مارک اپ/ ریٹرنز/ سود کے اخراجات	25,250,889	41,800,021	(39.59%)
خالص مارک اپ/ ریٹرنز/ سودی آمدنی	**12,054,432**	**8,602,187**	**40.13%**
فیس، کمیشن اور دیگر آمدنی	733,821	693,513	5.81%
غیر ملکی زر مبادلہ کی آمدنی	123,558	352,209	(64.92%)
منقسمہ منافع	80,143	53,339	50.25%
سرمایہ کاری کی فروخت سے نفع/ (نقصان)	945,299	215,888	337.86%
نان مارک اپ/ غیر سودی آمدنی	**1,882,821**	**1,314,949**	**43.19%**
کل آمدنی	**13,937,253**	**9,917,136**	**40.54%**
غیر مارک اپ/ سودی اخراجات	**10,949,868**	**9,464,228**	**15.70%**
کریڈٹ الاؤنس اور رائٹ آف	1,257,840	1,557,035	(19.22%)
کریڈٹ الاؤنس کی واپسی	(4,637,499)	(3,605,877)	28.61%
خالص کریڈٹ الاؤنس اور رائٹ آف نیٹ	**(3,379,659)**	**(2,048,842)**	**64.95%**
ٹیکس اور اختصاصات سے پہلے منافع/ (خسارہ)	**2,987,385**	**452,908**	**559.60%**
منافع/ (خسارہ) قبل از ٹیکس	**6,367,044**	**2,501,750**	**154.50%**
منافع/ (خسارہ) بعد از ٹیکس	**3,354,809**	**2,770,330**	**21.10%**
منافع/ (خسارہ) فی شیئر (روپے)	**0.97**	**0.80**	**21.25%**

دیگر معلومات	31 دسمبر 2025 پر	31 دسمبر 2024 پر	فیصد تبدیلی اضافہ/ (کمی)
کھاتوں کی تعداد	1,637,468	1,155,270	41.74%
برانچوں کی تعداد	330	330	-

A۔ مالیاتی جائزہ

سال کے دوران کل اثاثہ جات میں اضافہ ہوا اور یہ 360.08 ارب روپے سے بڑھ کر 397.57 ارب روپے ہوگئے، جس میں 37.49 ارب روپے (10.41%) کا اضافہ ہوا۔ اس اضافے کی بنیادی وجہ ڈپازٹس (Deposits) میں اضافہ ہے۔

مالیاتی گوشواروں کا شعبہ جاتی جائزہ درج ذیل ہے:

I۔ ڈپازٹس

ڈپازٹس میں 29.37 ارب روپے (9.39%) کا اضافہ ہوا اور یہ اضافہ 31 دسمبر 2024 کو 312.71 ارب روپے کے مقابلے میں بڑھ کر 342.09 ارب روپے ہوگیا۔ یہ اضافہ صارفین کی تعداد میں 40% سے زائد اضافے کے نتیجے میں ہوا جس کے بعد صارفین کی کل تعداد 1,637,468 تک پہنچ گئی۔

CASA میں 39.64 ارب روپے (15.46%) کا اضافہ ہوا اور یہ سال 2025 کے اختتام پر 296.21 ارب روپے ہوگیا، جبکہ 31 دسمبر 2024 کو یہ 256.56 ارب روپے تھا۔
بینک نے اپنی توجہ تسلسل کے ساتھ مصنوعات میں جدت متعارف کرانے اور صارفین کو ڈیجیٹل اور فزیکل دونوں ذرائع سے بہترین اور بلارکاوٹ خدمات کی فراہمی کو یقینی بنانے پر مرکوز رکھی۔

II۔ ایڈوانسز

مجموعی ایڈوانسز میں 71.54 ارب روپے (72.30%) کا اضافہ ہوا اور یہ سال 2025 کے اختتام پر 170.51 ارب روپے تک پہنچ گیا جبکہ 31 دسمبر 2024 کو یہ 98.95 ارب روپے تھا۔ یہ اضافہ بنیادی طور پر زیرو رسک ویٹڈ سوورن بیکڈ ایکسپوژر (Sovereign-backed exposures) کی وجہ سے ہوا۔ سال 2025 کے دوران چھوٹے اور درمیانے درجے کے کاروبار (SMEs) کو قرضوں کی فراہمی پر ہماری مضبوط توجہ نے نئے صارفین میں اضافہ کیا اور کاروباری حجم میں اہم کردار ادا کیا جس کی تفصیل درج ذیل ہے:

SME پورٹ فولیو میں مجموعی توسیع: فنڈڈ حد میں 8,552 ملین روپے (129%) اور نان فنڈڈ حد میں 488 ملین روپے (4%) کا نمایاں اضافہ ہوا، جس سے کل حد 9,040 ملین روپے (50%) تک پہنچ گئی۔

SME واجبات (Outstanding) میں 5,622 ملین روپے (93%) اضافہ ہوا جس سے قرضوں میں مجموعی وسعت کی عکاسی ہوتی ہے (فنڈڈ 5,852 ملین روپے (158%) اضافہ جبکہ نان فنڈڈ میں 230 ملین روپے (10%) کمی ہوئی)۔

NPLs کو کم یا قابو میں رکھنے کے لیے ریکوری کی بھرپور کوششیں جاری رہیں جس کے نتیجے میں NPLs میں 5.33 ارب روپے کی کمی ہوئی اور 4.63 ارب روپے کا اختصاص معکوس ہوا۔

III۔ سرمایہ کاری

31 دسمبر 2025 تک سرمایہ کاری کی خالص مالیت میں 34.52 ارب روپے (17.16%) کی کمی ہوئی اور یہ سال 2025 کے اختتام پر 166.64 ارب روپے رہی جبکہ 31 دسمبر 2024 کو یہ 201.16 ارب روپے تھی۔

شیئرز اور میوچل فنڈز میں مجموعی سرمایہ کاری 2,312 ملین روپے رہی جس میں سندھ مائیکروفنانس بینک لمیٹڈ (جو کہ مکمل ملکیتی ذیلی ادارہ ہے) میں 750 ملین روپے شامل نہیں ہیں۔ یہ سرمایہ کاری 31 دسمبر 2024 کی سطح (825 ملین روپے) کے مقابلے میں 1,487 ملین روپے (180.24%) زیادہ ہے۔ سال 2025 کے دوران حصص پر سرمایہ جاتی منافع 577 ملین روپے رہا جبکہ 2024 میں یہ 215 ملین روپے تھا۔

B. نفع نقصان کا کھاتہ

31 دسمبر 2025 کو ختم ہونے والے سال میں کاروباری منافع 2,987.38 ملین روپے رہا، جبکہ گزشتہ سال یہ 452.90 ملین روپے تھا، جو گزشتہ مدت کے مقابلے میں کئی گنا اضافے یعنی (559.60 فیصد) کی عکاسی کرتا ہے۔

31 دسمبر 2025 کو ختم ہونے والے سال کے لیے قبل از ٹیکس منافع دوگنا سے بھی زیادہ بڑھ کر 6.36 ارب روپے کی اب تک کی بلند ترین سطح پر پہنچ گیا، جبکہ گزشتہ سال یہ 2.50 ارب روپے تھا جس سے 154.50 فیصد اضافے کی عکاسی ہوتی ہے۔ یہ اضافہ حجم میں مضبوط نمو اور مستحکم شرح منافع کی مؤثر حکمتِ عملی کے نتیجے میں حاصل ہوا۔ تفصیلات درج ذیل ہیں:

i. خالص سودی آمدنی میں 3,452 ملین روپے (40.13 فیصد) کا اضافہ ہوا، جو آمدنی پیدا کرنے والے اثاثوں میں اضافے، کم لاگت والے ڈپازٹس، NTBs کے ذریعے کرنٹ اکاؤنٹس پر زیادہ سے زیادہ پر خصوصی توجہ دینے اور NPL کی وصولیوں کے باعث ممکن ہوا۔

ii. غیر سودی آمدنی میں 568.00 ملین روپے کا اضافہ ہوا جس میں حصص پر منافع میں 729.41 ملین روپے کا اضافہ، منافع منقسمہ کی آمدنی میں 26.80 ملین روپے کا اضافہ اور فیس و کمیشن آمدنی میں 40.31 ملین روپے اضافہ نے اپنا بنیادی کردار ادا کیا۔

iii. بینک نے پوری مدت کے دوران وصولیوں اور اختصاص کی معکوسی کا سلسلہ برقرار رکھا جس کے نتیجے میں حاصل قرضہ جاتی اختصاص میں نمایاں معکوسی ہوئی جو سال 2025 کے اختتام پر مجموعی طور پر 3.379 ارب روپے رہے۔ یہ نتیجہ بینک کے NPL پورٹ فولیو اور ملحقہ اختصاص کے مؤثر انتظام کی عکاسی کرتا ہے۔

iv. بینک کے غیر سودی اپ اخراجات میں 1,485 ملین روپے (15.70 فیصد) اضافہ ہوا، جس کی بنیادی وجہ ملک میں مہنگائی کی شرح میں اضافہ اور سپلائی چین کی رکاوٹیں تھیں۔

31 دسمبر 2025 کو ختم ہونے والے سال میں بعد از ٹیکس منافع گزشتہ سال کے (2.77 ارب روپے) کے مقابلے میں 20 فیصد سے زیادہ بڑھ کر 3.35 ارب روپے تک پہنچ گیا۔

C. برانچیں

بینک نے پاکستان بھر میں اپنی موجودگی کو مزید مستحکم کرتے ہوئے ملک کے 169 شہروں/قصبوں میں پھیلی ہوئی 330 شاخوں کے ذریعے خدمات کو جاری رکھا جن میں سے 58 شاخیں اسلامی بینکاری کے لئے مخصوص ہیں۔ سال کے دوران کوئی نئی شاخ نہیں کھولی گئی۔ علاقہ وار تفصیل درج ذیل ہے:

علاقے	برانچوں کی تعداد	شہروں/قصبوں کی تعداد
جنوب: بشمول کراچی، سندھ کے دیگر شہر/قصبے اور بلوچستان	206	97
شمال: بشمول پنجاب، اسلام آباد، خیبر پختونخوا، آزاد جموں وکشمیر اور گلگت بلتستان	124	72
کل تعداد	330	169

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی نے بینک کا وسط مدتی جائزہ لیتے ہوئے اپنی یکم دسمبر 2025 کی رپورٹ میں بینک کی طویل مدتی ادارہ جاتی ریٹنگ -AA (ڈبل اے مائنس) سے بڑھا کر AA (ڈبل اے) کردی، جبکہ قلیل مدتی ریٹنگ +A1 (اے ون پلس) کو برقرار رکھا۔

کم از کم سرمائے کی ضروریات اور کیپیٹل کی موزونیت کا تناسب

31 دسمبر 2025 تک بینک کے سرمایہ کی موزونیت کا تناسب (Capital Adequacy Ratio) 25.04% رہا جو کہ مقررہ کم از کم حد 11.5% سے بہت زیادہ ہے اور لیوریج ریشو 5.28% رہا جو کم از کم مطلوبہ حد 3% کے مقابلے میں زیادہ ہے۔

معاشی جائزہ

سال 2025 کے دوران پاکستان کی معیشت میں استحکام اور بتدریج بحالی کا سفر جاری رہا جو 2024 میں شروع کی گئی اصلاحات اور بیرونی مالی معاونت کے باعث ممکن ہوا۔ بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ ایکسٹینڈڈ فنڈ فیسلٹی (EFF) پروگرام 2025 میں بھی جاری رہا جس کے تحت پاکستان کو مزید اقساط موصول ہوئیں جن میں دسمبر 2025 میں 1.2 ارب امریکی ڈالر کی وصولی شامل ہے۔

مالیاتی سال 2025 کے دوران زرمبادلہ کے ذخائر میں نمایاں اضافہ ہوا۔ اسٹیٹ بینک آف پاکستان کے مطابق ذخائر کئی سالوں کی بلند ترین سطح یعنی تقریباً 16.05 ارب ڈالر تک پہنچ گئے۔ جون 2024 سے اکتوبر 2025 کے درمیان اسٹیٹ بینک نے تقریباً 10.8 ارب ڈالر کے خالص زرمبادلہ کے لیے اپنا کردار ادا کیا جو بیرونی ترسیلاتِ کے مستحکم اندرونی بہاؤ خاص طور پر اوورسیز پاکستانیوں کی ترسیلات کی بدولت ممکن ہوئی۔

بیرونی ترسیلات زر کے بہتر اندرونی بہاؤ کے نتیجے میں مالیاتی سال 2025 کا اختتام تقریباً 1.9 ارب ڈالر کے رواں کھاتے کے سرپلس کے ساتھ ہوا، جو ایک دہائی سے زائد عرصے میں پہلا سرپلس تھا۔ بہترین ترسیلاتِ زر اور خدمات کے تجارتی خسارے میں کمی نے اس سرپلس میں بنیادی کردار ادا کیا جس کی وجہ سے تجارتی عدم توازن کے اثرات زائل ہو گئے۔

ترسیلاتِ زر مالیاتی سال 2025 میں 38.3 ارب ڈالر کی تاریخی بلند سطح تک پہنچ گئیں جس سے گزشتہ سال کے مقابلے میں 26 تا 27 فیصد اضافے کی عکاسی ہوتی ہے۔ خلیجی ممالک اور دیگر اہم ممالک سے آنے والی ترسیلات نے زرمبادلہ کے ذخائر میں اضافے اور بیرونی کھاتوں کے استحکام میں اہم کردار ادا کیا۔
افراطِ زر 2025 میں نمایاں طور پر کم ہو کر 5.59% رہ گیا، جبکہ 2023 اور 2024 میں یہ کافی زیادہ تھا۔ سال کے وسط میں افراطِ زر انتہائی کم سطح پر ریکارڈ کیا گیا اور سی پی آئی کے اعداد و شمار تاریخی کم ترین سطح کے قریب رہے۔ تاہم 2026 کے آغاز تک اسٹیٹ بینک نے محتاط پالیسی اپناتے ہوئے پالیسی ریٹ 10.5% پر برقرار رکھا تاکہ قیمتوں کے استحکام اور پائیدار معاشی ترقی کے درمیان توازن قائم رکھا جا سکے۔

پاکستانی روپیہ 2025 کے آخر اور 2026 کے آغاز تک نسبتاً مستحکم رہا اور دسمبر 2025 میں تقریباً 280.12 روپے فی ڈالر کے قریب ٹریڈ ہوتا رہا، جو زرمبادلہ کے ذخائر میں اضافے اور معاشی استحکام کے اقدامات کا نتیجہ تھا۔

موڈیز نے اگست 2025 میں پاکستان کی خودمختار کریڈٹ ریٹنگ Caa2 سے بڑھا کر Caa1 کر دی اور مستحکم آؤٹ لک برقرار رکھا، جو بیرونی مالی پوزیشن اور مالیاتی نظم و ضبط میں بہتری کی عکاسی کرتا ہے۔ اسی طرح S&P Global نے بھی 2025 کے وسط میں پاکستان کی ریٹنگ -B تک بہتر کر دی اور مستحکم آؤٹ لک دیا، جس سے معاشی پالیسیوں کی سمت پر اعتماد میں اضافہ ہوا۔

پاکستان اسٹاک ایکسچینج کا جائزہ

سال 2025 میں پاکستان اسٹاک ایکسچینج نے 2024 کی شاندار کارکردگی کے بعد اپنی مضبوط معیار حرکت کو جاری رکھا۔ KSE-100 انڈیکس نے کیلنڈر سال 2025 کا اختتام 171,074 پوائنٹس پر کیا جو بہتر معاشی حالات پر سرمایہ کاروں کے اعتماد کی عکاسی کرتا ہے۔

پاکستان آئی ایم ایف پروگرام کی شرائط پر عملدرآمد جاری رکھے ہوئے ہے اور ساختی اصلاحات کو آگے بڑھانے کے لیے بہتر پوزیشن میں نظر آ رہا ہے۔ موجودہ سیاسی صورتحال اور معاشی استحکام پر مسلسل توجہ پائیدار نمو کی بنیاد فراہم کرتی ہے، جو گزشتہ دہائی میں مشاہدہ کئے گئے معاشی اتار چڑھاؤ کے برعکس ہے۔

امید کی جا رہی ہے کہ حصص سرمایہ کاری کے لیے نمایاں توجہ کا مرکز رہیں گے کیونکہ افراطِ زر میں کمی اور شرحِ سود میں کمی کے باعث دیگر سرمایہ کاری ذرائع سے منافع کم ہو رہا ہے، جس سے حصص کو ترجیحی سرمایہ کاری بننے میں مدد ملے گی۔ مزید برآں آئی ایم ایف فریم ورک کے تحت مالیاتی نظم و ضبط، محتاط مالیاتی پالیسی اور اصلاحات کی رفتار سرمایہ کاری کے ماحول کو بہتر بنانے اور مارکیٹ کی کارکردگی کو مزید مضبوط بنانے میں مددگار ثابت ہوگی۔

خطرات کے انتظام کا نظام

خطرات مول لینا بینکاری کے شعبے کی بنیادی سرگرمی ہے۔ بینک کاروباری مواقع کا جائزہ خطرات-انعام کے تعلق کے تناظر میں لیتا ہے۔ بینک جو خطرات مول لیتا ہے وہ معقول، قابو پانے کے قابل، حجم کے اندر، پیچیدگی اور کاروباری نوعیت کے ہوتے ہیں۔ ہمارے کاروبار کی تنوع ہمیں مختلف حدود کے ذریعے اپنے خطرات کی مؤثر شناخت، پیمائش اور انتظام کرنے کا تقاضا کرتی ہے۔ بینک میں خطرات کا انتظام ایک فریم ورک، تنظیمی ڈھانچے، رسک مینجمنٹ اور مانیٹرنگ کے عمل کے ذریعے کیا جاتا ہے جو بینک کی سرگرمیوں کے ساتھ ہم آہنگ ہیں اور جس میں اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے دی گئی ہدایات کی پیروی کی جاتی ہے۔ بینک رسک مینجمنٹ فنکشن کو مسلسل مضبوط کرنے کے عمل کے حصے کے طور پر سسٹمز اور عملے میں سرمایہ کاری بھی جاری رکھتا ہے۔ بینک کے جامع اور مربوط رسک مینجمنٹ گورننس ڈھانچے میں بورڈ، متعلقہ بورڈ کمیٹی (ز) اور مینجمنٹ کمیٹیوں پر مشتمل ہے، جن کے ذمہ داریوں کے دائرہ کار مختلف ہیں، تاکہ مختلف کیٹیگریز کے خطرات کی نگرانی اور گورننس پر مستقل توجہ برقرار رکھی جا سکے۔

مالیاتی رپورٹنگ پر داخلی کنٹرولز

سندھ بینک نے بینک کو درپیش اہم خطرات کی شناخت، جائزہ اور انتظام کے لیے ایک جاری عمل قائم کیا ہے اور یہ عمل مالیاتی رپورٹنگ پر داخلی کنٹرول کے نظام کو بھی شامل کرتا ہے۔ یہ عمل باقاعدگی سے بورڈ آڈٹ کمیٹی کی طرف سے جائزہ لیا جاتا ہے۔ بورڈ کے مطابق، موجودہ مالیاتی رپورٹنگ پر داخلی کنٹرول کا نظام مضبوط اور کافی ہے تاکہ مالیاتی رپورٹنگ کی قابلِ اعتمادیت کے بارے میں معقول

یقین دہانی فراہم کی جاسکے،اور بیرونی مقاصد کے لیے مالیاتی بیانات کی تیاری متعلقہ اکاؤنٹنگ اصولوں اور ریگولیٹری تقاضوں کے مطابق ہے۔ بورڈ کی پالیسیوں اور ہدایات کو مالیاتی رپورٹنگ پر داخلی کنٹرول کے نفاذ میں انتظامیہ معاونت فراہم کرتی ہے۔ انتظامیہ مسلسل مالیاتی رپورٹنگ پر داخلی کنٹرول کے نظام کو بہتر بنانے کے لیے کام کر رہی ہے۔ بورڈ اس بات کی تصدیق کرتا ہے کہ انتظامیہ کی جانب سے مالیاتی رپورٹنگ پر داخلی کنٹرول کے حوالے سے کی گئی تشخیص درست اور قابلِ اعتماد ہے۔ داخلی کنٹرولز کے بارے میں انتظامیہ کا بیان سالانہ رپورٹ میں شامل ہے۔

دیگر اہم جھلکیاں

a) اہم آئی ٹی اقدامات

سندھ بینک مسلسل اپنی ٹیکنالوجی انفراسٹرکچر کو بہتر بنانے کی کوشش کر رہا ہے تاکہ اپنے صارفین کو جدید اور محفوظ مالیاتی حل فراہم کیے جاسکیں۔

- ☆ 2025 میں سندھ بینک نے سرور ہارڈ ویئر، کمیونیکیشن انفراسٹرکچر اور سیکیورٹی اپ گریڈز میں نمایاں سرمایہ کاری کی۔ بینک نے اعلیٰ معیاری سرورز اور تیز رفتار اسٹوریج حاصل کی تاکہ سسٹم کی کارکردگی اور اپ ٹائم میں اضافہ ہو۔ ایکسچینج سرور اور SQL ڈیٹا بیس جیسی اہم ایپلیکیشنز کو بھی موجودہ سیکیورٹی خطرات کے مطابق اپ گریڈ کیا گیا۔
- ☆ سال کے دوران بینک نے مختلف اسکیموں کے صنعت بھر میں متعارف کروانے کے لیے انضباطی ادارے کے سخت نظام الاوقات پر عمل کرنے میں کامیابی حاصل کی۔ انضباطی ادارے کی تمام معاون اسکیموں میں دی گئی ٹائم لائنز پر پورا اترنے کی کوششوں کی انضباطی ادارے نے بھی تعریف کی، کیونکہ بینک ہمیشہ سرفہرست پانچ بینکوں میں سے ایک رہا جو Go Live کے لیے تیار تھے۔
- ☆ موبائل بینکنگ ایپلیکیشن کا نیا ورژن بھی متعارف کروایا گیا جس میں RAAST (P2P) کی خصوصیت شامل تھی۔ اس از سر نو متعارف کے دوران ڈیجیٹل ٹیم نے پچھلے ورژن میں چند معمولی تبدیلیاں بھی کیں۔
- ☆ ڈیجیٹل بینکنگ کے میدان میں سندھ بینک نے متعدد اضلاع میں سیلاب سے متاثرہ لوگوں کے لیے 454,000 سے زائد اکاؤنٹس ڈیجیٹل طور پر کھولے۔ اس عمل کے دوران بینک نے تمام انضباطی ضروریات کی تعمیل کو یقینی بنایا۔ سندھ بینک نے ای-سٹیمپ سسٹم کو اپ گریڈ کیا اور اب 1Link کی 1Bill سروس کے ذریعے پوائنٹ آف سیلز ٹیکس کلیکشن کے لیے سندھ ریونیو بورڈ کے سیٹلمنٹ بینک کے طور پر کام کر رہا ہے۔
- ☆ اکتوبر 2025 سے سندھ بینک نے حکومت کے فراہم کردہ اعدادوشمار کی بنیاد پر کسانوں کے اکاؤنٹس اور کارڈز کو ڈیجیٹل طور پر کھولنے اور فعال کرنے کے لیے GOS ایگری کلچر ڈیپارٹمنٹ کے لیے ایک بڑا منصوبہ مکمل کیا۔ فیز II میں 300,000 سے زائد کسانوں کے ریکارڈز حاصل کیے گئے تاکہ کھاد کی سبسڈی کی تقسیم کی جاسکے جس میں 80,000+ اکاؤنٹس تین دن کے اندر کھولے اور فنڈ ڈالے گئے اور متعارف ہونے کے بعد مزید 200,000 اکاؤنٹس کھولے گئے۔
- ☆ 2025 کے دوران سندھ بینک نے 44 روایتی برانچوں کو کامیابی کے ساتھ اسلامی بینکنگ برانچوں میں منتقل کیا۔
- ☆ سندھ بینک نے موجودہ پیمنٹ سوئچ کو SAAS ماڈل سے تبدیل کرنے کا عمل شروع کیا ہے جو موجودہ حل کے مقابلے میں زیادہ فعال انداز میں کام کرتا ہے۔ اس کے علاوہ یہ ورژن PCIDSS سے بھی مطابقت رکھتا ہے۔
- ☆ معلومات کے تحفظ کے شعبے میں سندھ بینک نے اپنے PAM اور اینکرپشن سلوشنز کو بھی اپ گریڈ کیا ہے۔

b) سندھ مائیکروفنانس بینک لمیٹڈ (مکمل ملکیت کی ذیلی کمپنی)

سندھ مائیکروفنانس بینک لمیٹڈ (SMFB) اسٹیٹ بینک آف پاکستان (SBP) سے ایک لائسنس یافتہ قومی سطح کا مائیکروفنانس ادارہ ہے جس نے مئی 2016 میں 750 ملین روپے کے ابتدائی اداشدہ سرمایہ کے ساتھ اپنی سرگرمیاں شروع کیں۔ 31 دسمبر 2025 تک اندرونی پیداشدہ منافع کے ذریعے بینک کے حصص کا سرمایہ دوگنا ہوکر 1.6 ارب روپے تک پہنچ گیا۔ SMFB پاکستان میں واحد ممکنہ مائیکروفنانس بینک اس وجہ سے ممتاز ہے کہ اس نے تقریباً 10 سال پہلے اپنے آغاز ہی سے مسلسل منافع برقرار رکھا ہے۔

31 دسمبر 2025 کو ختم ہونے والے سال میں SMFB منافع قبل از ٹیکس 552 ملین روپے رہا جو 2024 کے 244 ملین روپے کے مقابلے میں 125.31% اضافے کی عکاسی کرتا ہے۔

SMFB کا کاروباری ماڈل نچلی سطح پر چھوٹے قرضے فراہم کرنا ہے جس میں خصوصی توجہ دیہی اور نیم شہری علاقوں میں آمدنی کمانے کی سرگرمیوں میں مصروف خواتین کو بااختیار بنانے پر مرکوز ہے۔ بینک کی اوسطاً قرض کی رقم 50,000 روپے ہے اور اس کی نادہندگی کی شرح 1 فیصد سے بھی کم ہے۔ آغاز ہی سے SMFB نے اپنے 113 کاروباری مراکز کے نیٹ ورک کے ذریعے سندھ بھر کی خواتین کو 500,000 سے زائد قرضے دیے جن کی کل رقم 18.9 ارب روپے بنتی ہے۔

31 دسمبر 2025 کو ختم ہونے والے سال کے دوران بینک نے قرض دینے کی سرگرمی میں قابل ذکر اضافہ کیا، کل 96,488 قرضوں کے لئے 4.83 ارب روپے کی رقم جاری کی، جبکہ گزشتہ سال کل 87,961 قرضوں کے لئے 3.9 ارب روپے کی رقم جاری کی تھی۔

28 مارچ 2025 کو پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے SMFB کی کریڈٹ ریٹنگ کو طویل مدتی کے لیے 'A' اور قلیل مدتی کے لیے 'A1' پر برقرار رکھا، جس سے بینک کی مالیاتی مضبوطی اور پاکستان کے مائیکروفنانس شعبے میں مستحکم حیثیت کی عکاسی ہوتی ہے۔ VIS کریڈٹ ریٹنگ کمپنی نے بھی SMFB کو یہی ریٹنگ دی ہے۔

اپنے بہترین کام کے معیار، نظم وضبط کے مضبوط نظام اور کارکردگی میں تسلسل کا اعتراف کرتے ہوئے اسٹیٹ بینک آف پاکستان نے 10 فروری 2026 کو SMFB کو قومی سطح کا لائسنس جاری کیا جس سے بینک کو پاکستان بھر میں کام کرنے کی اجازت ملی۔ بینک نے مرحلہ وار ترقیاتی منصوبے شروع کرنے کا ارادہ کیا ہے، ابتدا جنوبی پنجاب سے کرتے ہوئے آہستہ آہستہ ملک کے پسماندہ علاقوں تک اپنی رسائی بڑھائی جائے گی۔

سال کے دوران SBP سے FPT کلیئرنس کے بعد ایک نئے چیئرمین سید اسد علی شاہ، ڈپٹی CEO، سندھ بینک لمیٹڈ کو بورڈ میں شامل کیا گیا۔ ان کا وسیع تجربہ، کلیدی بصیرت اور قیادت کی مہارت سے توقع کی جاتی ہے کہ نظم وضبط کی نگرانی کو مضبوط کریں گے اور SMFB کی ترقی کی رفتار کو قومی سطح پر تیز کریں گے۔

31 دسمبر 2025 کو ختم ہونے والے سال کے لیے بنیادی مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:

بیلنس شیٹ	31 دسمبر 2025 پر	31 دسمبر 2024 پر
	(روپے ملین میں)	
مجموعی قرضہ جات	2,723	2,239
کل اثاثے	4,832	4,531
ڈپازٹس	1,553	1,991
ادھار	1,266	873
واجبات (Liabilities)	3,251	3,276
خالص ملکیتی سرمایہ (Equity)	1,580	1,254

دیگر معلومات	31 دسمبر 2025 پر	31 دسمبر 2024 پر
کھاتوں کی تعداد (قرضہ جات)	91,002	83,316
کھاتوں کی تعداد	222,055	193,434

منافع وخسارے کا کھاتہ	31 دسمبر 2025 پر اختتام پذیر سال کے لیے	31 دسمبر 2024 پر اختتام پذیر سال کے لیے
	(روپے ملین میں)	
خالص سودی آمدنی	1,301	888
منافع قبل از ٹیکس	552	245
ٹیکس	(223)	(92)
منافع بعد از ٹیکس	329	154
ROE	21%	13%
EPS	3.29	1.54

عملہ، تربیت اور ترقی

31 دسمبر 2025 تک بینک میں کام کرنے والے کل عملے یعنی اعلیٰ انتظامی عملہ، افسران اور معاون عملہ کی تعداد 2,831 (بشمول 566 آؤٹ سورس عملہ) تھی جبکہ 31 دسمبر 2024 تک یہ تعداد 2,726 ((بشمول 550 آؤٹ سورس عملہ) تھی۔

سال 2025 کے دوران، ٹریننگ ڈپارٹمنٹ نے کامیابی کے ساتھ 75 تربیتی پروگرام منعقد کئے جن میں 48 اندرونی اور 27 بیرونی نشستیں شامل تھیں۔ ان پروگراموں میں بینکنگ کے مختلف شعبے جیسے کہ برانچ بینکنگ آپریشنز، اسلامی بینکنگ، پاسداری، غیر ملکی تجارت، خطرات کا انتظام اور اندرونی آڈٹ شامل تھے۔ اس سال کا ایک اہم سنگ میل بینک کے NIBAF پاکستان کے ساتھ مسلسل تعاون سے کیش افسران اور جنرل بینکنگ افسران کے لیے ایک سرٹیفکیشن کورس منعقد کیا گیا جس کے نتیجے میں 181 افسران نے سرٹیفکیشن حاصل کی۔

ان اقدامات کے نتیجے میں کل 3,613 تربیتی سیشن ہوئے جو کہ اسٹیٹ بینک آف پاکستان (SBP) کی ہدایات کے مطابق تھے اور جن میں صنفی حساسیت، اینٹی منی لانڈرنگ (AML)/پاسداری، اور اسلامی بینکنگ کی تربیت پر زور دیا گیا۔

اس کے علاوہ عملے کے 48 اراکین نے بیرونی پروگراموں میں حصہ لیا جو کہ معروف اداروں جیسے کہ NIBAF، IBD، PLN، LRC، ICMA، KTB، SBP، BDI، ایکسپرٹ ہاؤس، SCRP اور دیگر اہم مشاورت فراہم کرنے والے اداروں کی جانب سے منعقد کئے گئے، جن کا توجہ کا مرکز اسلامی بینکنگ، پاسدار، اندرونی آڈٹ، اور خطرات کے انتظام پر تھا جس سے بینک کی SBP کی انضباطی ترجیحات کے عزم کو تقویت ملی۔

ادارتی سماجی ذمہ داری (CSR)

بینک صحت، تعلیم اور معاشرے کی فلاح و بہبود کے مختلف شعبوں میں تسلسل کے ساتھ تعاون کرتا ہے جو مالیاتی شمولیت، صحت اور تعلیم کو فروغ دیتے ہیں۔

بینک نے سال 2025 میں مندرجہ ذیل تقریبات کو منعقد کیا یا اسپانسر شپ فراہم کی:

- ☆ مختلف تعلیمی تقریبات کے لیے اسپانسر شپ فراہم کی گئیں جن میں طلبہ کے لیے کئی اہم تقریبات شامل تھیں، جن میں مہران یونیورسٹی میں انٹرنیشنل کانفرنس آن کمپیوٹیشنل سائنس اینڈ ٹیکنالوجی، میرپورخاص یونیورسٹی میں فرسٹ انٹرنیشنل سمپوزیم آن ایکونیکرس (ISEN-25)، اے آر بی اسکول (حکومتِ سندھ) میں کمپیوٹر لیبارٹریز کا قیام، کیڈٹ کالج میں ڈیبیٹ چیمپئن شپ، سندھ مدرسۃ الاسلام یونیورسٹی میں انٹرنیشنل ریسرچ کانفرنس، داود یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی میں "نیویگیٹنگ دی بیریئرز" کے عنوان سے عالمی کانفرنس اور انسٹیٹیوٹ آف بزنس مینجمنٹ میں ایوولو 2.0 پروگرام۔
- ☆ روشن پاکستان پروگرام کی اسپانسر شپ کی گئی جس کے تحت جیجل امان اسکول گھوٹکی کے سالانہ 200 طلبہ کو تعلیم فراہم کی جاتی ہے۔
- ☆ مزارِ قائد پر لائٹ شو اور نشانِ پاکستان پر منعقدہ میراتھن کی اسپانسر شپ کی گئی جو معرکۂ حق کی تقریبات کے سلسلے میں حکومتِ سندھ کے تعاون سے منعقد کی گئیں جبکہ لاہور اور سندھ میں ادبی فیسٹیولز کی بھی سرپرستی کی گئی۔
- ☆ مختلف کھیلوں اور عوامی صحت سے متعلق تقریبات کی بھی اسپانسر شپ کی گئی جن میں TMC نیو کراچی کرکٹ ٹورنامنٹ، پاکستان فٹسال کپ 4.0، حسن طارق رحیم نیشنل رینکنگ ٹینس ٹورنامنٹ، سندھ ای اسپورٹس مقابلہ، 35 ویں نیشنل گیمز کے علاوہ پریمیئر لیگ اور بائیک اے کاز 2 شامل ہیں، جو پیشنٹس ایڈ فاؤنڈیشن کے زیرِ اہتمام منعقد ہوئے۔
- ☆ سندھ بینک نے پاکستان ہندو کونسل کے زیرِ اہتمام منعقد ہونے والے 18 ویں مشترکہ ہندو شادی پروگرام کو اسپانسر کیا جس کے تحت 100 سے زائد کم آمدنی والے ہندو جوڑوں کو مالی اور انتظامی معاونت فراہم کی گئی۔

ادارتی اور مالیاتی رپورٹنگ کا نظام

- ☆ بینک کی انتظامیہ کی تیار کردہ مالیاتی گوشوارے اس کے موجودہ حالات، کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر ظاہر کرتے ہیں۔
- ☆ بینک میں حسابات کی کتابیں (Books of Accounts) مناسب انداز سے مرتب کی جاتی ہیں۔
- ☆ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور حساباتی تخمینے معقول اور محتاط فیصلوں پر مبنی ہیں۔
- ☆ پاکستان میں بینکوں پر لاگو بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کی تیاری میں ملحوظ خاطر رکھا گیا ہے اور اور کسی بھی قسم کی خلاف ورزی کو مناسب طریقے سے منکشف کیا گیا اور وضاحت کی گئی ہے۔
- ☆ اندرونی کنٹرول کا نظام کی شکل مضبوط ہے اور مؤثر طریقے سے نافذ اور نگرانی کی جاتی ہے۔
- ☆ بینک کی مستقبل میں چلتے رہنے کی صلاحیت کے بارے میں کوئی قابل ذکر شک وشبہ نہیں ہے۔

☆ چھ سال اہم مالیاتی اور کاروباری اعداد و شمار کو سالانہ رپورٹ میں فراہم کیا گیا ہے۔

☆ تمام قانونی واجبات (اگر کوئی ہیں) تو انہیں مالیاتی گوشواروں میں مناسب طریقے سے منکشف کئے گئے ہیں۔

☆ چیئرمین اور بورڈ کے دیگر اراکین کی تقرری اور ان کی تقرری کی شرائط، بشمول مراعات کی پالیسی، بینک کے بہترین مفاد میں اور بہترین طور طریقوں کے مطابق ہیں۔

☆ سندھ بینک لمیٹڈ ایمپلائیز پروویڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 31 دسمبر 2025 کو 3,328.25 ملین روپے (2024: 2,816.05 ملین روپے) تھی۔

سندھ بینک لمیٹڈ ایمپلائیز گریچویٹی فنڈ کی سرمایہ کاری کی مالیت 31 دسمبر 2025 کو 1,289 ملین (2024: 1,055 ملین روپے) روپے تھی اور مزید 373.9 ملین روپے کی ایک رقم بیلنس شیٹ کی تاریخ منتقل کی گئی جو فنڈ کی ایکچوریل ویلیوایشن کی بنیاد پر ہے۔

☆ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013 کے ساتھ مطابقت کا بیان سالانہ رپورٹ میں علیحدہ طور پر دیا گیا ہے۔

بورڈ، چیئرمین، انفرادی ڈائریکٹران، آزاد ڈائریکٹران، صدر اور CEO اور کمیٹیوں کی تشخیص

اسٹیٹ بینک کے BPRD سرکلر 11# مورخہ 22 اگست 2016 اور پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013 کے تحت بورڈ آف ڈائریکٹرز نے اپنی 44 ویں اجلاس منعقدہ 21 نومبر 2016 میں بورڈ، چیئرمین، انفرادی ڈائریکٹران، آزاد ڈائریکٹران، صدر اور CEO اور اس کی کمیٹیوں کی کارکردگی کے جائزے کے لیے معیار اور طریقہ کار کی منظوری دی۔

بورڈ کے اراکین نے یہ جائزہ سالانہ ادارے کے اندر تیار شدہ طریقہ کار کی بنیاد پر کیا اور اپنی رپورٹیں چیئرمین کو پیش کیں۔ بورڈ کی کارکردگی کا جائزہ تمام ڈائریکٹران نے انفرادی طور پر لیا جس میں بورڈ کی تشکیل و ڈھانچہ، حکمت عملی کی تیاری میں بورڈ کا حصہ، پالیسی فریم ورک، مؤثر اور مضبوط خطرات کا نظام، اندرونی گرفت اور آڈٹ کا شعبہ وغیرہ شامل تھے۔ مذکورہ SBP سرکلر کے تحت بینک نے سال 2025 میں بیرونی مشاورت کار میسرز گرانٹ تھورنٹن رحمٰن انجم کے ذریعے کارکردگی کا جائزہ لیا اور پاسداری کرنے کے بعد گزشتہ 14 ویں سالانہ اجلاس عام میں کیئے گئے فیصلے کے مطابق بینک نے مشاورت کاروں کی PE (کارکردگی کا تجزیہ) رپورٹ حکومت سندھ کو PSC رولز کی شق 8(1) کے تحت جمع کروادی ہے۔

ڈائریکٹران کی تربیت/کورسز

☆ ڈائریکٹرز اورینٹیشن کورس برائے ادارتی نظم و ضبط ICAP کے منظور شدہ ٹرینر کے ذریعے بورڈ کے 125 ویں اجلاس مورخہ 5 مارچ 2026 میں منعقد کیا گیا جس میں تمام ڈائریکٹران، صدر و چیف ایگزیکٹو آفیسر اور ڈپٹی سی ای او نے شرکت کی۔

☆ تمام ڈائریکٹران، صدر/چیف ایگزیکٹو آفیسر اور ڈپٹی سی ای او نے معتبر اور تسلیم شدہ اداروں سے 'ڈائریکٹرز ٹریننگ' کامیابی سے مکمل کر لی ہے۔

☆ شریعہ بورڈ نے ڈائریکٹران کو بورڈ کے 123 ویں اجلاس منعقدہ 18 دسمبر 2025 میں "اسلامی بینکنگ و فنانس" پر جامع اورینٹیشن اور تربیت فراہم کی۔

بورڈ کے ڈائریکٹرز

بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاس میں ڈائریکٹران کی شرکت کی تفصیل

نمبر شمار	ڈائریکٹرز کے نام	بورڈ آف ڈائریکٹرز		بورڈ ہیومن ریسورس کمیٹی		بورڈ آڈٹ کمیٹی		بورڈ رسک مینجمنٹ کمیٹی		بورڈ آئی ٹی کمیٹی		بورڈ کی SAM کمیٹی		بورڈ نامینیشن کمیٹی	
		سال میں اجلاس کی تعداد	شرکت	سال میں اجلاس کی تعداد	شرکت	سال میں اجلاس کی تعداد	شرکت	سال میں اجلاس کی تعداد	شرکت	سال میں اجلاس کی تعداد	شرکت	سال میں اجلاس کی تعداد	شرکت	سال میں اجلاس کی تعداد	شرکت
1	جناب محمد آفتاب عالم	7	7	4	4	-	-	-	-	4	4	4	4	-	-
2	جناب فیاض احمد جتوئی	7	6	4	3	-	-	-	-	-	-	-	-	-	-
3	جناب جاوید بشیر شیخ	7	7	-	-	4	4	4	4	-	-	-	-	-	-
4	بیگم شائستہ بانو گیلانی	7	7	4	4	4	4	-	-	-	-	-	-	-	-
5	جناب امتیاز احمد بٹ	7	7	-	-	-	-	4	4	4	4	-	-	-	-
6	جناب عمران صمد	7	7	-	-	-	-	4	4	4	4	4	4	-	-
7	جناب فرحان اشرف خان	7	7	-	-	4	4	-	-	-	-	4	4	-	-
8	جناب محمد انوار، صدر اور CEO	7	7	-	-	-	-	-	-	-	-	-	-	-	-
	سال کے دوران منعقدہ اجلاس	7		4		4		4		4		4		0	

بورڈ کی کمیٹیوں کے اجلاس

بورڈ کمیٹیوں کے اجلاس کی تفصیلات اس رپورٹ میں پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز، 2013 تحت پاسداری کے بیان میں ظاہر کی گئی ہیں۔

حصص داری کی ساخت

حصص داری کی ساخت اس رپورٹ کے ساتھ منسلک ہے۔

IFRS 9 کا نفاذ۔ مالیاتی آلات

اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے BPRD سرکلر نمبر 3 برائے 2022 کے ذریعے دی گئی ہدایات کے تحت- IFRS 9 - مالیاتی آلات ان بینکوں پر لاگو کر دیا گیا ہے جن کے اثاثوں کا حجم 31 دسمبر 2021 تک 500 ارب روپے سے کم تھا اور یہ اس رپورٹنگ مدت پر نافذ ہوا ہے جس کا آغاز یکم جنوری 2024 یا اس کے بعد ہوا ہے۔ اسی سرکلر کے ذریعے اسٹیٹ بینک آف پاکستان نے بینکاری شعبے میں اس معیار کے ہموار اور یکساں نفاذ کو یقینی بنانے کے لیے تفصیلی درخواست میں ہدایات بھی جاری کی ہیں۔

مذکورہ سرکلر کی پاسداری کرتے ہوئے بینک نے IFRS 9 کو مکمل طور پر نافذ کر دیا ہے اور تمام متعلقہ مالیاتی اثاثوں کے لیے متوقع کریڈٹ خسارہ (ECL) کا اختصاص مرحلہ 1، مرحلہ 2 اور مرحلہ 3 کے تحت سہ ماہی بنیاد پر بک کیا جا رہا ہے۔

اسٹیٹ بینک آف پاکستان (SBP) نے اپنے 22 جنوری 2025 کے خط کے ذریعے IFRS 9 کے تحت موثر شرح سود (EIR) کے طریقہ کار کے نفاذ کے لیے ایک سال کی توسیع فراہم کی جس کے تحت اس کا نفاذ 31 دسمبر 2025 تک ممکن بنایا گیا۔ بینک نے کامیابی کے ساتھ موثر شرح سود (EIR) کے طریقہ کار کو نافذ کر دیا ہے۔

مستقبل کا منظرنامہ

سندھ بینک لمیٹڈ کو اسلامی بینک میں تبدیل کرنا

سندھ بینک لمیٹڈ اپنے مکمل ملکیتی ذیلی ادارے سندھ مائیکروفنانس بینک کے ساتھ مل کر SBP کے نصب العین 2028 کے مطابق مکمل شرعی مطابقت (شریعت کی پاسداری) حاصل کرنے کا ہدف رکھتا ہے۔ اسی مقصد کے تحت بینک نے 31 اکتوبر 2024 کو اسٹیٹ بینک آف پاکستان (SBP) میں اپنا اسلامی تبدیلی کا منصوبہ جمع کرایا جس میں 31 دسمبر 2027 تک تمام روایتی برانچوں کو مرحلہ وار اسلامی بینکاری میں تبدیل کرنے کا منصوبہ پیش کیا گیا۔

اسٹیٹ بینک آف پاکستان نے سال 2025 کے دوران 45 روایتی برانچوں کو اسلامی بینکاری میں تبدیل کرنے کے لیے بینک کو اصولی منظوری فراہم کی۔ بینک نے SBP کے IFPD سرکلر نمبر 03 سن 2024 مورخہ 28 جون 2024 اور IFPD سرکلر نمبر 05 سن 2024 مورخہ 01 اکتوبر 2024 پر عمل کرتے ہوئے تبدیلی کا عمل شروع کر دیا ہے۔

سال 2025 کے دوران منظور شدہ 45 میں سے 44 روایتی برانچوں کو کامیابی سے اسلامی برانچوں میں تبدیل کر دیا گیا۔ باقی رہ جانے والی ایک برانچ کی تبدیلی کے لیے 31 مارچ 2026 تک کی توسیع اسٹیٹ بینک آف پاکستان سے حاصل کر لی گئی۔

سال 2026 میں اسٹیٹ بینک آف پاکستان نے بینک کو مزید 155 روایتی برانچوں کو اسلامی بینکاری برانچوں میں تبدیل کرنے کی اصولی منظوری دے دی ہے۔ بینک نے 2025 کی باقی ایک برانچ سمیت ان 155 برانچوں کی تبدیلی کا عمل اسٹیٹ بینک کی مقررہ مدت اور مذکورہ سرکلرز پر عمل کرتے ہوئے شروع کر دیا ہے۔

دیگر اہم اہداف

اب تک موصول ہونے والے حوصلہ افزا نتائج کے پیش نظر انتظامیہ اس بات کے لیے پُرعزم ہے کہ وہ اپنی توجہ درج ذیل امور پر برقرار رکھے:

i. کم لاگت والے کے حامل ڈپازٹس کو استعمال کرنا؛

ii. صارفین، SME اور کمرشل کاروبار میں اضافہ؛ اور

iii. صارفین کی سہولت کے لیے ٹیکنالوجی پلیٹ فارمز پر مبنی متبادل ڈلیوری اور سروس چینلز فراہم کرنا؛

iv. نان پرفارمنگ قرضوں کی وصولی اور ان میں کمی۔

موسمیاتی تبدیلی اوراس کے نتیجے میں پیدا ہونے والے معاشی وسماجی چیلنجز کے پیش نظر بینک درج ذیل شعبوں پر توجہ مرکوز کرے گا:

i. موسمیاتی تبدیلی کے منفی اثرات کوکم کرنے میں اپنے کردار کو مضبوط بنانا۔

ii. پائیدار مالیاتی نظام کوفروغ دینا۔

iii. مالیاتی وسائل تک رسائی کو بہتر بنانے اور پائیدار مالیاتی حل پیش کر کے کر بنیادی ڈھانچے کو مضبوط بنانا بالخصوص خوراک اور پانی کے بحران سے متعلق چیلنجز سے نمٹنا۔

بینک کا مقصد زراعت، SMEs، مائیکروفنانس اورٹریڈ فنانس جیسے اہم شعبوں میں ہدف کی پالیسی اور ذریعے مالی شمولیت کے اپنے فریم ورک کو مضبوط بنانا ہے اورڈیجیٹل حل پر زیادہ توجہ کے ساتھ مالیاتی آگاہی کے پروگرام ترتیب دینا ہے۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے میں انضباطی اداروں، حصص کنندگان اورصارفین کا تہہ دل سے مشکور ہوں جنہوں نے بینک اوراس کی انتظامیہ پر مسلسل رہنمائی، تعاون اوراعتماد کا اظہار کیا۔

منجانب بورڈ آف ڈائریکٹرز

محمد انوار
صدر/CEO
کراچی، 5 مارچ، 2026

عمران صمد
(نان ایگزیکیٹیو ڈائریکٹر)

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Key Performance Indicators

		2025	2024	2023	2022	2021	2020
Financial							
Investments-Gross	Rs. In million	166,643	201,164	169,672	257,487	178,415	172,300
Advances-Gross	" "	170,502	98,957	77,511	70,899	73,025	76,356
Deposits	" "	342,091	312,718	223,570	223,043	217,608	185,571
Shareholders' Equity	" "	33,548	29,152	24,472	17,150	18,635	19,077
Total Assets	" "	397,573	360,087	300,483	357,850	270,198	273,713
Net Interest Income	" "	12,054	8,602	7,993	5,316	4,904	2,874
Non Interest Income	" "	1,882	1,314	1,866	1,089	576	623
Operating Expenses	" "	10,949	9,464	8,178	6,736	5,722	5,109
Profit /(Loss) Before provisions	" "	2,987	452	1,681	(330)	(241)	(1,612)
Provision against investments & others	" "	(3,379)	(2,048)	1,024	1,938	5,824	3,723
Profit/ (Loss) Before Taxation	" "	6,367	2,501	657	(2,269)	(6,065)	(5,335)
Profit /(Loss) After Taxation	" "	3,354	2,770	2,165	(1,386)	(3,728)	(3,213)
Dividend Paid	" "	-	-	-	-	-	-
Non Financial							
No. of Customers (as of)	Numbers	1,637,468	1,155,270	816,219	556,539	517,621	484,730
No.of New Branches Opened	" "	-	-	-	-	-	-
No. of New Accounts Opened	" "	482,198	339,051	253,947	69,587	36,034	33,056
No. of ATM/Debit Cards Issued (as of)	" "	578,209	227,282	205,483	107,831	192,776	240,523
No. of Permanent Employees (as of)	" "	2,117	1,979	1,908	1,894	1,828	1,789
No. of ATM Machine (as of)	" "	330	307	278	282	282	271
No. of Mobile Banking Customers	" "	521,570	432,359	413,287	385,046	339,793	336,308
Key Financial Ratios							
Earnings Per Share - Pre tax	Rupees	0.97	0.8	0.72	(0.54)	(2.38)	(2.71)
Book Value Per Share	" "	9.17	8.44	7.09	5.81	6.31	7.47
Return on Equity	%	10.70%	10.33%	10.40%	-7.75%	-19.77%	-17.77%
Return on Assets	" "	0.89%	0.84%	0.66%	-0.44%	-1.37%	-1.48%
Capital Adequacy Ratio	" "	25.04	21.42	16.21	5.38	11.91	15.20

Vertical Analysis

Statement of Financial Position / Profit & Loss

	2025		2024		2023		2022		2021		2020	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	27,774	7%	22,612	6%	53,408	18%	14,169	4%	19,342	7%	14,487	5%
Balances with other banks	3,721	1%	3,787	1%	958	0.5%	1,620	0%	1,092	0.5%	4,185	2%
Lendings to financial institutions	21,413	5%	24,514	7%	-	0%	19,967	6%	6,081	2%	8,213	3%
Investments	166,643	42%	201,165	56%	166,503	55%	254,553	71%	175,703	65%	170,818	62%
Advances	147,521	37%	72,545	20%	50,623	17%	43,802	12%	47,784	18%	56,853	21%
Operating fixed assets	5,761	1%	4,799	1%	4,045	1%	4,150	1%	3,262	1%	3,334	1%
Deferred tax assets-net	13,955	4%	16,956	5%	17,194	6%	14,662	4%	13,252	5%	10,182	4%
Other assets	10,785	3%	13,709	4%	7,753	3%	4,928	1%	3,671	1%	5,641	2%
	397,573	**100%**	**360,087**	**100%**	**300,483**	**100%**	**357,850**	**100%**	**270,188**	**100%**	**273,714**	**100%**
LIABILITIES												
Bills payable	4,237	1.1%	1,447	0.4%	899	0%	726	0%	625	0%	592	0%
Borrowings from financial institutions	1,080	0.3%	1,458	0.4%	37,546	12%	106,935	30%	26,786	10%	62,378	23%
Deposits and other accounts	342,091	86.0%	312,718	86.8%	223,570	74%	223,044	62%	217,608	81%	185,571	68%
Lease liabilites	4,847	1.2%	4,308	1.2%								
Deferred tax liability-net	-	0.0%	-	0.0%	-		-	-	-	0%	-	0%
Other liabilities	11,770	3.0%	11,004	3.1%	13,996	5%	9,995	3%	6,542	2%	6,096	2%
	364,025	**92%**	**330,935**	**92%**	**276,011**	**92%**	**340,699**	**95%**	**251,561**	**93%**	**254,637**	**93%**
NET ASSETS	**33,548**	**8%**	**29,152**	**8%**	**24,472**	**8%**	**17,151**	**5%**	**18,627**	**7%**	**19,077**	**7%**
REPRESENTED BY												
Share capital	34,524	8.68%	34,524	9.59%	34,524	11%	29,524	8.3%	25,524	9%	19,710	7%
Shares Deposit Money					-	-		0%	4000	1%	2,000	1%
Reserves	3,119	0.78%	2,448	0.68%	1,894	1%	1,461	0.4%	1,461	1%	1,471	1%
Proposed shares to be issued on amalgamation					-	-		0%	-	0%	3,814	1%
(Accumulated loss) / Unappropriated profit	(6,050)	-1.52%	(8,705)	-2.42%	(10,913)	-4%	(12,626)	-4%	(11,237)	-4%	(7,510)	-3%
Surplus / (Defecit) on revaluation of investments - net of related deferred tax"	**1,955**	**0.54%**	**885**	**0.25%**	**(1,034)**	**0%**	**(1,209)**	**0%**	**(1,122)**	**0%**	**(409)**	0%
	33,548	**8%**	**29,152**	**8%**	**24,472**	**8%**	**17,151**	**5%**	**18,627**	**7%**	**19,077**	**7%**
PROFIT & LOSS ACCOUNT												
Mark-up / return / interest earned	37,305	95.2%	50,402	97.5%	50,308	96%	36,378	97%	21,826	97%	15,350	96%
Fee, commission and brokerage	731	1.9%	684	1.3%	603	1%	428	1%	352	2%	279	2%
Income from dealing in foreign currencies	124	0.3%	352	0.7%	723	1%	558	1%	74	0%	285	2%
Capital gain and dividend income	1,025	2.6%	270	0.5%	530	1%	96	0%	148	1%	50	0%
Other income	3	0.0%	9	0.0%	9	0%	8	0%	3	0%	9	0%
Total income	**39,188**	**100%**	**51,717**	**100%**	**52,174**	**100%**	**37,467**	**100%**	**22,402**	**100%**	**15,973**	**100%**
Mark-up / return / interest expensed	25,251	64%	41,800	81%	42,315	81%	31,061	83%	16,922	76%	12,476	78%
Operating & admin expenses	10,950	28%	9,464	18%	8,178	16%	6,736	18%	5,722	26%	5,109	32%
Provision against investments & others	(3,379)	-9%	(2,048)	-4%	1,024	2%	1,939	5%	5,823	26%	3,723	23%
Taxation	3,012	8%	(269)	-1%	(1,508)	-3%	(883)	-2%	(2,337)	-10%	(2,122)	-13%
Total Expenses	**35,834**	**91%**	**48,947**	**95%**	**50,009**	**96%**	**38,853**	**104%**	**26,130**	**117%**	**19,186**	**120%**
Profit / (Loss) after taxation	**3,354**	**9%**	**2,770**	**5%**	**2,165**	**4%**	**(1,386)**	**-4%**	**(3,727)**	**-17%**	**(3,213)**	**-20%**

Horizontal Analysis

	2025 Rs. in million	25vs 24 %	2024 Rs. in million	24 vs 23 %	2023 Rs. in million	23 vs 22 %	2022 Rs. in million	22 vs 21 %	2021 Rs. in million	21vs 20 %	2020 Rs. in million
STATEMENT OF FINANCIAL POSITION											
ASSETS											
Cash and balances with treasury banks	27,774	23%	22,612	-58%	53,408	277%	14,169	-27%	19,342	34%	14,487
Balances with other banks	3,721	-2%	3,787	295%	958	-41%	1,620	48%	1,092	-74%	4,185
Lendings to financial institutions	21,413	-13%	24,514	-	-	-100%	19,967	228%	6,081	-26%	8,213
Investments	166,643	-17%	201,165	21%	166,503	-35%	254,553	45%	175,703	3%	170,818
Advances	147,521	103%	72,545	43%	50,623	16%	43,802	-8%	47,784	-16%	56,853
Operating fixed assets	5,761	20%	4,799	19%	4,045	-3%	4,150	27%	3,262	-2%	3,334
Deferred tax assets-net	13,955	-18%	16,956	-1%	17,194	17%	14,662	11%	13,252	30%	10,182
Other assets	10,785	-21%	13,709	77%	7,753	57%	4,928	34%	3,671	-35%	5,641
	397,573	**10%**	**360,087**	**20%**	**300,483**	**-16%**	**357,850**	**32%**	**270,188**	**-1%**	**273,714**
LIABILITIES											
Bills payable	4,237	193%	1,447	61%	899	24%	726	16%	625	6%	592
Borrowings from financial institutions	1,080	-26%	1,458	-96%	37,546	-65%	106,935	299%	26,786	-57%	62,378
Deposits and other accounts	342,091	9%	312,718	40%	223,570	0%	223,044	2%	217,608	17%	185,571
Lease liabilites	4,847	13%	4,308								
Deferred tax liability	-	-	-	-	-		-		-	-	-
Other liabilities	11,770	7%	11,004	-21%	13,996	40%	9,995	53%	6,542	7%	6,096
	364,025	**10%**	**330,935**	**20%**	**276,011**	**-19%**	**340,699**	**35%**	**251,561**	**-1%**	**254,637**
NET ASSETS	**33,548**	**15%**	**29,152**	**19%**	**24,472**	**43%**	**17,151**	**-8%**	**18,627**	**-2%**	**19,077**
REPRESENTED BY											
Share capital	34,524	-	34,524	-	34,524	17%	29,524	16%	25,524	29%	19,710
Shares Deposit Money	-	-	-	-	-	-	-	-	4,000	100%	2,000
Reserves	3,119	27%	2,448	29%	1,894	30%	1,461	0%	1,461	-1%	1,471
Proposed shares to be issued on amalgamation					-				-	-100%	3,814
(Accumulated loss) / Unappropriated profit	(6,050)	-30%	(8,705)	-20%	(10,913)	-14%	(12,626)	12%	(11,237)	50%	(7,510)
Surplus / (Deficit) on revaluation of investments - net	1,955	121%	885	-186%	(1,034)	-15%	(1,209)	8%	(1,122)	175%	(409)
	33,548	**15%**	**29,152**	**19%**	**24,472**	**43%**	**17,151**	**-8%**	**18,627**	**-2%**	**19,077**
PROFIT & LOSS ACCOUNT											
Mark-up / return / interest earned	37,305	-26.0%	50,402	0.2%	50,308	38%	36,378	67%	21,826	42%	15,350
Fee, commission and brokerage	731	7%	684	13%	603	41%	428	22%	352	26%	279
Income from dealing in foreign currencies	124	-65%	352	-51%	723	30%	558	650%	74	-74%	285
Capital gain and dividend income	1,025	280%	270	-49%	530	453%	96	-35%	148	194%	50
Other income	3	-67%	9	1%	9	17%	8	200%	3	-72%	9
Total income	**39,188**	**-240%**	**51,717**	**-1%**	**52,174**	**39%**	**37,467**	**67%**	**22,402**	**40%**	**15,973**
Mark-up / return / interest expensed	25,251	-40%	41,800	-1%	42,315	36%	31,061	84%	16,922	36%	12,476
Operating & admin expenses	10,950	16%	9,464	16%	8,178	21%	6,736	18%	5,722	12%	5,109
Provision against investments & others	(3,379)	65%	(2,048)	-300%	1,024	-47%	1,939	-67%	5,823	56%	3,723
Taxation	3,012	-1220%	(269)	-82%	(1,508)	71%	(883)	-62%	(2,337)	10%	(2,122)
Total Expenses	**35,834**	**-27%**	**48,947**	**-2%**	**50,009**	**29%**	**38,853**	**49%**	**26,130**	**-36%**	**19,186**
Profit / (Loss) after taxation	**3,354**	**21%**	**2,770**	**28%**	**2,165**	**-256%**	**(1,386)**	**-63%**	**(3,727)**	**-16%**	**(3,213)**

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Riaz Ahmad & Company
Chartered Accountants

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Bahria Town Tower, Block 2
P.E.C.H.S., Karachi, Pakistan
T: +92 (21) 3431 08 26 - 7
racokhi@racopk.com
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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 required to obtain an in an und 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

A member of Nexia International

(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 at least one-third of its total members, as independent directors. At present the Board includes: **Category** / **Names** / **Date of appointment** Independent Director / 1. Mr. Mohammed Aftab Alam / 03/05/2024 Finance Secretary GoS / Non-Executive Director / 2. Mr. Fayaz Ahmed Jatoi / "Do" Non-Executive Director / 3. Mr. Javaid Bashir Sheikh / "Do" Independent Director / 4. Mrs. Shaista Bano Gilani / "Do" Independent Director / 5. Mr. Imtiaz Ahmad Butt / "Do" Non-Executive Director / 6. Mr. Imran Samad / "Do" Non-Executive Director / 7. Mr. Farhan Ashraf Khan / "Do"	Rule-3(2)	✔	
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)	✔	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	Rule-5(5)(b)(ii)	✔	
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	Rule-5(5)(b)(vi)	✔	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	Rule-5(5)(c)(ii)	✔	

S. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
13	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	Rule-5(5)(c)(iii)	✔	
14	The Board has developed a vision or mission statement and corporate strategy of the Company.	Rule-5(6)	✔	
15	The Board has developed significant policies of the Company. A complete record of particulars of significant policies, along with the dates on which they were approved or amended, has been maintained.	Rule-5(7)	✔	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	Rule-5(8)	N/A	
17	The Board has ensured compliance with policy directions requirements received from the Government.	Rule-5(11)	N/A	
18	(a) The Board has met at least four times during the year.	Rule-6(1)	✔	
	(b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	Rule-6(2)	✔	
	(c) The minutes of the meetings were appropriately recorded and circulated.	Rule-6(3)	✔	
19	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for the purpose.	Rule-8(2)	✔	
20	The Board has reviewed and approved the related party transactions placed before it after recommendation of Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	Rule-9	✔	
21	a. The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	Rule-10	✔	
	b. In case of listed PSCs, the Board has prepared half yearly account and undertaken limited scope review by the auditors.		N/A	
	c. The Board has placed the annual financial statements on the Company's website.		✔	
22	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	Rule-11	✔	
23	(a) The Board has formed the requisite committees, as specified in the Rules.	Rule-12	✔	
	(b The committees were provided with written term of reference defining their duties, authority and composition.		✔	
	(c) The minutes of the meetings of the committees were circulated to all the Board members.		✔	
	(d) The committees were chaired by the following non-executive directors:			

Committee	Total Members	Name of Chair (I.D-Independent Director & NED-Non Executive Director)
Board Audit Committee	03	Mrs. Shaista Bano Gilani (I.D) Mr. Javaid Bashir Sheikh (N.E.D) Mr. Farhan Ashraf Khan (N.E.D)
Board Risk Management Committee	03	Mr. Javaid Bashir Sheikh (N.E.D) Mr. Imtiaz Ahmad Butt (I.D) Mr. Imran Samad (N.E.D)
Board HRR Committee	03	Mrs. Shaista Bano Gilani (I.D) Mr. Mohammed Aftab Alam (I.D) Finance Secretary-GoS (N.E.D)
Board Information Technology Committee	03	Mr. Mohammed Aftab Alam (I.D) Mr. Imtiaz Ahmad Butt (I.D) Mr. Imran Samad (N.E.D)
Board Nomination Committee	03	Mr. Mohammed Aftab Alam (I.D) Finance Secretary-GoS (N.E.D) Mrs. Shaista Bano Gilani (I.D)
Board Special Assets Management Committee	03	Mr. Imran Samad (N.E.D) Mr. Mohammed Aftab Alam (I.D) Mr. Farhan Ashraf Khan (N.E.D)

<table>
<tr><th>S. No.</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th></tr>
<tr><td></td><td></td><td></td><td colspan="2">Tick the relevant box</td></tr>
<tr><td>24</td><td>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.</td><td>Rules-13</td><td>✔</td><td></td></tr>
<tr><td>25</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification as prescribed by Rules.</td><td>Rules-14</td><td>✔</td><td></td></tr>
<tr><td>26</td><td>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.</td><td>Rule-16</td><td>✔</td><td></td></tr>
<tr><td>27</td><td>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.</td><td>Rule-17</td><td>✔</td><td></td></tr>
<tr><td>28</td><td>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.</td><td>Rule-18</td><td>✔</td><td></td></tr>
<tr><td>29</td><td>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.</td><td>Rule-19</td><td>✔</td><td></td></tr>
<tr><td>30</td><td>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.</td><td>Rule-20</td><td>✔</td><td></td></tr>
<tr><td rowspan="2">31</td><td>1.The Board has formed an Audit Committee with defined and written term of reference and having the following members.
<table>
<tr><th>Name of Committee</th><th>Category & Number of Members</th><th>Professional Background</th></tr>
<tr><td rowspan="3">Board Audit Committee</td><td>Mrs. Shaista Bano Gilani (I.D)</td><td>Ex-DG of SECP & Ex-member of CCP</td></tr>
<tr><td>Mr. Javaid Bashir Sheikh (N.E.D)</td><td>Ex-Banker</td></tr>
<tr><td>Mr. Farhan Ashraf Khan (N.E.D)</td><td>Ex-Banker</td></tr>
</table></td><td rowspan="2">Rule-21
(1)&(2)</td><td>✔</td><td rowspan="2"></td></tr>
<tr><td>2.The Chief Executive and Chairman of the Board are not members of the Audit Committee.</td><td>✔</td></tr>
<tr><td rowspan="3">32</td><td>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.</td><td rowspan="3">Rule-21(3)</td><td>✔</td><td rowspan="3"></td></tr>
<tr><td>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.</td><td>✔</td></tr>
<tr><td>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.</td><td>✔</td></tr>
<tr><td rowspan="3">33</td><td>a. The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee.</td><td rowspan="3">Rule-22</td><td>✔</td><td rowspan="3"></td></tr>
<tr><td>b. The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.</td><td>✔</td></tr>
<tr><td>c. The internal audit reports have been provided to the external auditor for their review.</td><td>✔</td></tr>
<tr><td>34</td><td>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.</td><td>Rule-23(4)</td><td>✔</td><td></td></tr>
<tr><td>35</td><td>The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.</td><td>Rule-23(5)</td><td>✔</td><td></td></tr>
</table>

Mohammed Anwaar
President & CEO

Farhan Ashraf Khan
Non-Executive Director

Statement of Internal Control

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

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

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

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

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

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

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

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

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

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

For the Year 2025, the Bank has also successfully completed the cycle of SBP's Internal Control over Financial Reporting roadmap. As per SBP BSD-1 Circular Letter No. 01 of 2021 of July 06, 2021, the banks which have completed all the stages of ICFR roadmap will continue to prepare Annual Assessment Report but they are allowed to discontinue its yearly submission to SBP. However, as part of SBP supervisory assessments, these reports may be required by SBP for evaluation purposes. Accordingly, the bank will prepare aforementioned Report for the Year 2025 and the same will be presented to Board Audit Committee during the year 2026.

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

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

On behalf of the Board

Muhammad Anwaar
President/CEO
Karachi, March 5, 2026

Environmental & Social Risk Management / Green Banking

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

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

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

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

The Bank has successfully launched renewable energy (Solar/Electric) financing facilities for households, corporate, SME Agriculture Businesses (solar tube wells), and technological advancement for Agri financing. Marketing activities are to be carried out using a digital medium such as social media

Disclosure in Annual Accounts on Consumer Grievances Handling Mechanism

indh Bank is committed to excellent customer service and views effective handling of consumer grievances as a vital process that supports business growth and prioritizes customer experience.

To achieve this, Sindh Bank has established a fair, efficient, and transparent mechanism for addressing consumer complaints, with the following key features:

- Every complaint is handled fairly, impartially, and transparently.
- The complaint handling process is centralized, highly visible, and easily accessible to customers.
- All complaints are routed to the Bank's dedicated Complaint Management Unit (CMU).
- Complaints are acknowledged within 48 hours of receipt.
- Investigations and resolutions adhere to the timelines prescribed by the State Bank of Pakistan (typically within 7 working days for standard responses, with extensions for complex cases up to around 30 days depending on the nature and severity, as per SBP guidelines).
- If a complaint cannot be resolved within the stipulated timeframe, the customer receives an interim update on the status and expected resolution.
- Upon final resolution, the CMU notifies the customer of the outcome via email or letter sent to the provided address.
- If the Bank declines the complaint, the customer is informed of alternative grievance redressal options, such as approaching the Banking Mohtasib Pakistan or other forums.

The Bank regularly analyzes complaint trends and conducts gap analysis, sharing quarterly reports with Senior Management and relevant business units to enhance customer experience and prevent recurrence of issues.

Complaint Lodgment Procedure:

Customers can lodge complaints through multiple convenient channels.

Call Center, Online Complaint Form- Available on the Bank's official website at www.sindhbankltd.com.pk, Branch Drop Box, Email can be sent to complaints@sindhbankltd.com, Mobile App to submit complaints digitally, SBP Sunwai Portal, complaints can be lodged at SBP's official Customer Complaint Management System.

The above information is publicly displayed via placards at all branches, ATM booths, and on the Bank's official website.

Key Statistics (Year 2025):

- Total complaints received: 52,538
- Average resolution time: 37.28 days

This mechanism reflects Sindh Bank's ongoing dedication to transparency, accountability, and continuous improvement in customer satisfaction. For the most up-to-date details or to lodge a complaint, please visit the Bank's website or contact the nearest branch.

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

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Chartered Accountants

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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

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

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
CASH FLOW FROM OPERATING ACTIVITIES		(Rupees in '000)	
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 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 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 Stage1 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.

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

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

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

5.16.6 Revenue recognition under IFAS 2

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

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

a) Profit on Diminishing Musharakah is recognized in unconsolidated profit and loss account on accrual basis.

b) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.

5.17 Borrowings / deposits and their cost

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

5.18 Proposed dividend and transfers between reserves

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

5.19 Earnings per share

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

5.20 Foreign currency translation

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

5.21 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.

	Note	2025	2024
		(Rupees in '000)	

6. CASH AND BALANCES WITH TREASURY BANKS

	Note	2025	2024
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.

		Note	2025	2024
			(Rupees in '000)	
7.	**BALANCES WITH OTHER BANKS**			
	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**			
	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			
	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

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		3,472,967	-	-	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 FVTPL					
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	Credit Loss Allowances	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 FVTPL					
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	Total 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	324192

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	-	-
	-	-

	2025	2024
	(Rupees in '000)	

9.5 Provision for diminution in value of investments

9.5.1		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

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

9.6.3 Particulars of credit loss allowance against debt securities

Domestic	2025		2024	
	Outstanding amount	Credit loss allowance held	Outstanding amount	Credit loss allowance held
	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

	2025	2024
	----------- (Rupees in '000') --------	
	------------------- Cost ----------------	
Particulars regarding quality of securities - Held to collect and Sell model (FVOCI)		
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

	2025	2024
	------- Cost -------	
	------- (Rupees in '000') -------	
9.8 Particulars relating to securities held under 'hold to collect' - amortized cost		
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
Un-listed		
AA	119,641	119,689
Unrated	-	224,820
	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 million).

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 ----					
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 in '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

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) ----------							
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	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) ----------							
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

	Stage 1	Stage 2	Stage 3	Total
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 classification

	2025			
Outstanding gross exposure	Stage 1	Stage 2	Stage 3	Total
	------------ Rupees in '000' ------------			
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	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			
	Stage I	Stage 2	Stage 3	Total
	------------- Rupees in '000' -------------			
Advances - Exposure				
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 classification				
Outstanding gross exposure				
Performing - Stage I	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	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:

	2025		2024	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Credit loss allowance
	------------- Rupees in '000' -------------			
Category of Classification of stage 3				
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	Stage 2	Stage 3	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	Stage 2	Stage 3	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

11. PROPERTY AND EQUIPMENT

	Note	2025	2024
		-------(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

	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				
	Lease hold 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				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	------------------ (Rupees in '000) -----------------				
At January 1, 2024					
Cost / Revalued amount	1,420,489	577,307	2,021,062	493,571	4,512,429
Accumulated depreciation	(648,456)	(509,617)	(1,710,983)	(317,093)	(3,186,149)
Net book value	772,033	67,690	310,079	176,478	1,326,280
Year ended December 31, 2024					
Opening net book value	772,033	67,690	310,079	176,478	1,326,280
Additions	33,956	9,161	214,932	24,617	282,666
Disposals	(32)	(0)	(0)	(5,315)	(5,347)
Depreciation charge	(71,255)	(18,145)	(139,186)	(66,843)	(295,429)
Closing net book value	734,702	58,706	385,825	128,937	1,308,170
At December 31, 2024					
Cost / Revalued amount	1,454,369	584,249	2,229,744	405,208	4,673,570
Accumulated depreciation	(719,667)	(525,543)	(1,843,919)	(276,271)	(3,365,400)
Net book value	734,702	58,706	385,825	128,937	1,308,170
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

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

	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	Particular of The Purchaser
	--------------------(Rupees in '000)--------------------				
Computers & Office Equipment					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	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 comprehen-sive 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 comprehen-sive 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)
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.

		2025	2024
		----------- Rupees in '000 ----------	
15. OTHER ASSETS	Note		
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 òsatisfaction of claims	15.3	180,000	180,000
		10,784,694	13,709,235

		2025	2024
15.1 Income / mark-up accrued in local currency		----------- Rupees in '000 ----------	
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.

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

		Note	2025	2024
			------ Rupees in '000 ------	
15.3	**Movement in credit loss allowance / provision held against other assets**			
	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.

		Note	2025	2024
16.	**BILLS PAYABLE**		------ Rupees in '000 ------	
	In Pakistan		4,236,755	1,446,526
	Outside Pakistan		-	-
			4,236,755	1,446,526
17.	**BORROWINGS**			
	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**			
	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

	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
	Rupees in '000	
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
19.1	Contractual maturity of lease laibilities		------ Rupees in '000 ------	
	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		Note	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

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
23.1	Guarantees:		------ Rupees in '000 ------	
	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-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.

	2025	2024
	------ Rupees in '000 ------	
23.3.3 Other Contingent Liabilities		
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.

			2025	2024
24.	**MARK-UP/RETURN/INTEREST EARNED**	Note	------ 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
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
		------ Rupees in '000 ------	
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
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.

	Note	2025	2024
		(Rupees in '000)	

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

29.3 Auditors' remuneration

		2025	2024
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

		2025	2024
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 diminution 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)

		Note	2025	2024
32.	**TAXATION**		------ Rupees in '000 ------	
	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**			
	Profit for the year		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**			
	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	
	------ Rupees in '000 ------	
	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	
	------ Rupees in '000 ------	
	Lease liabilities	Share deposit money
Balance as at 01 January 2024	3,138,067	-
Changes from financing cash flows		
Payment against lease liabilities	(1,230,989)	-
Receipt against share deposit money	-	-
Total changes from financing cash flows	(1,230,989)	-
Other changes		
Reassessment / renewals and other adjustments	1,704,273	-
Interest expense on lease liabilities	696,975	-
Shares issued against share deposit money	-	-
	2,401,248	-
Balance as at 31 December 2024	4,308,326	-

35. STAFF STRENGTH

	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:

	Note	2025	2024
		------ Rupees in '000 ------	
- 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
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						
	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	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

Sr. No.	Name of Directors	For Board Meetings	For Board Committee: Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee	Total Amount Paid
		(Rupees in ' 000')							
1	Mr. Mohammad Aftab Alam	2,812	-	-	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

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

38.3 Remuneration paid to Shariah Board Members

Items	2025 Chairman	2025 Resident Member	2025 Non Resident Member	2024 Chairman	2024 Resident Member	2024 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

	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

	2024			
	Trading and sales	Retail banking	Commercial banking and others	Total
	----------------------- (Rupees in '000) ----------------------			
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

	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 I + 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 I Capital Adequacy ratio	22.69%	20.07%
Tier I Capital Adequacy Ratio	22.69%	20.07%
Total Capital Adequacy Ratio	25.04%	21.42%
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%

Approach followed for detrmining Risk Weighted Assets

	2025	2024
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 disclsoures 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 the application of ECL calculation.

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 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 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 Investment		Non Performing Investment		Credit loss allowance held	
	2025	2024	2025	2024	2025	2024
	---------- (Rupees 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 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 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

	2024					
	Advances (Gross)	Non Performing Advances	Credit Loss Stage - 1	Stage - 2	Stage - 3	Total Credit Loss
	(Rupees 000)					
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

	Gross Advance 2025	Gross Advance 2024	Non Performing Advance 2025	Non Performing Advance 2024	Credit loss allowance held 2025	Credit loss allowance held 2024
	(Rupees 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

	2025	2024
	------------- Rupees in '000 ------------	

43.1.4.1 Credit risk by public / private sector

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:

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
	------------------------------- Amount Rs. 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

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

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

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 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.

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 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.

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

Share capital - net	34,524,428
Reserves	2,448,431
Shares deposit money	-
Surplus 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										
Surplus 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	-									
Surplus on revaluation of assets	884,442									
Accumulated Loss	(8,705,257)									
Net assets	29,152,044									

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

43.4 Operational risk

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

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

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

43.4.1 Operational Risk - Disclosures Basel II Specific

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

44. GENERAL

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

45. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on March 05, 2026.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

AUTO FINANCE

*FEATURES:

- Car Financing and Light Commercial Vehicles like Ravi
- Financing of New and Used Locally Manufactured Cars (not older than 5 years)
- Facilitation Mode: Both Ready Delivery and Booking Modes
- Financing: Up to Rs. 3 Million maximum
- Financing Tenor: Minimum 1 year to maximum 5 years (for locally manufactured new and used vehicles)
- Markup : Lowest Markup Rates

* Terms & Conditions Apply

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Statement Showing Written-off Loans Or Any Other Financial Relief of Rupees Five Hundred Thousand Or Above Provided During The Year Ended 31-Dec-2025

Annexure - I

(Rupees in '000)

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

ANNEXURE II
ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

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

Annexure -II

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

Islamic Banking Business
Notes To Annexure II
For The Year Ended December 31, 2025

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

Islamic Banking Business
Notes To Annexure II
For The Year Ended December 31, 2025

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 Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	-	-	-	-	-	-	-	Over the Ijarah period
Plant and machinery	30,300	(377)	29,923	19,110	339	19,449	10,474	
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 Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	-	-	-	-	-	-	-	Over the Ijarah period
Plant and machinery	28,950	1,350	30,300	19,004	106	19,110	11,190	
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

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2025

4 SECTOR WISE PORTFOLIO

	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**		
	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 Murabaha 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 through 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%

Shariah Board's Report

For the year ended December 31, 2025

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

Shariah Board (SB) Meetings

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

Shariah Compliance

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

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

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

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

Shariah Audit

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

Training & Capacity Building

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

Conversion from conventional to Islamic

Sindh bank submitted detailed conversion plan to convert its conventional branches into Islamic to State Bank of Pakistan. After taking in-principle approval, the bank has got approval of annual branch conversion plan. Under this approval the bank was required to convert its Forty Five (45) conventional branch into Islamic. Alhamdulillah, during year 2025 the bank has successfully converted its Forty Four (44) branches. The customers are taking Islamic banking services from these branches. The Shariah Board has appreciate the effort of the President & CEO and Deputy CEO for taking keen interest in the conversion process.

Charity

During the year Sindh Bank - Islamic Banking recovered charity of PKR. 398,000/- and has been credited into charity account. Charity amount of PKR. 394,000/- have been distributed to a charitable institution.

Shariah Board Opinion

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

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

Recommendations from Shariah Board

On the basis of above, SB recommend that;

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

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

Mufti Muhammad Nadeem Siddiqui	**Mufti Zeeshan Abdul Aziz**	**Mufti Hamid Zia ul Habib**
Resident Shariah Board Member /Head SCD	Chairman Shariah Board	Member Shariah Board

بسم اللہ الرحمن الرحیم

شریعہ بورڈ کی رپورٹ

31 دسمبر 2025

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

شریعہ بورڈ کے اجلاس:

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

شرعی تعمیل:

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

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

شریعہ آڈٹ:

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

تربیت اور تعمیرِ صلاحیت:

انسانی وسائل کی صلاحیت کی تعمیر و ترقی اور اسلامی بینکنگ انڈسٹری کو فروغ دینے میں تربیت اہم کردار ادا کرتی ہے۔ سندھ بینک اسلامی بینکنگ خاص طور پر داخلی اور خارجی تربیتی مواقع فراہم کر کے انسانی وسائل کی ترقی پر خاص توجہ مرکوز کرتا ہے۔ دورانِ سال شریعہ بورڈ اور شریعہ کمپلائنس ڈپارٹمنٹ نے مختلف عملے کو اسلامک بینکنگ اور فنانس کی تربیت فراہم کی۔ مزید، سندھ بینک اسلامک بینکنگ نے اپنے عملے کو اسلامی بینکاری اور مالیات کی بنیادی معلومات سے روشناس کرانے کے لئے آن لائن ڈیجیٹل ٹریننگ پلیٹ فارم کا استعمال کیا ہے۔ مختلف عنوانات پر دی جانے والی ٹریننگ میں اسلامی بنکاری اور عمومی بنکاری سے متعلقہ افراد نے شرکت کی۔ اسلامی بنکاری برانچ اور روایتی بنکاری اسلامی بنکاری میں تبدیل شدہ برانچ کے عملے نے اسلامی بنکاری سے متعلق مختلف تربیتی پروگرامز میں شرکت کی۔ شریعہ بورڈ نے بنک کی کلیدی شعبہ جات کے سربراہان کے لئے بھی اسلامی بنکاری ٹریننگ پروگرامز کا انعقاد کیا۔ شریعہ بورڈ نے بورڈ آف ڈاریکٹرز کو اسلامی بنکاری میں ہونے والی تبدیلی اور ترقی سے متعلق آگاہ کیا۔

روایتی برانچوں کی اسلامی برانچوں میں تبدیلی:

سندھ بینک نے اپنی روایتی شاخوں کو اسلامی میں تبدیل کرنے کا تفصیلی منصوبہ اسٹیٹ بینک آف پاکستان کو جمع کرادیا۔ اصولی منظوری لینے کے بعد، بینک کو سالانہ برانچ کنورژن پلان کی منظوری مل گئی ہے۔ اس منظوری کے تحت بینک کو اپنی پینتالیس (45) روایتی برانچ کو اسلامی میں تبدیل کرنا تھا۔ الحمدللہ، سال 2025 کے دوران بینک نے اپنی (44) شاخوں کو کامیابی کے ساتھ تبدیل کیا ہے۔ صارفین ان شاخوں سے اسلامی بینکنگ کی خدمات لے رہے ہیں۔ شریعہ بورڈ نے تبادلوں کے عمل میں گہری دلچسپی لینے پر صدر اور ڈپٹی سی ای او کی کوششوں کو سراہا ہے۔

صدقہ:

رواں سال سندھ بینک اسلامک بینکنگ نے چیریٹی کی مد میں 398,000 روپے وصول کر کے چیریٹی اکاؤنٹ میں جمع کئے۔ چیریٹی کی مجموعی رقم 394,000 روپے خیراتی اداروں کو دے دیا گیا۔

شریعہ بورڈ کی رائے:

نمونہ جات کی بنیاد پر لیے گئے شرعی جائزے، اندرونی اور بیرونی شریعہ آڈٹ کی رپورٹس کی روشنی میں، شریعہ بورڈ کی رائے یہ ہے کہ:

.1 سندھ بینک اسلامی بینکنگ نے شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان کے جاری کردہ فتاویٰ، احکام اور ہدایات کی روشنی میں شرعی قوانین اور اصولوں کے مطابق کام کیا ہے۔

.2 سندھ بینک اسلامی بینکنگ کے پاس مجموعی آپریشنز کو شرعی اصولوں کے مطابق یقینی بنانے کے لئے ایک جامع طریقہ کار موجود ہے۔

.3 سندھ بینک اسلامی بینکنگ کے پاس ایسا نظام موجود ہے کہ جس سے یہ یقینی بنایا جاسکے کہ شرعاً ممنوع ذرائع سے حاصل ہونے والی آمدنی صدقات کے اکاؤنٹ میں جمع کر دی گئی ہے اور مناسب طریقے سے استعمال کی جا رہی ہے۔

.4 سندھ بینک اسلامک بینکنگ نے منافع اور نقصان کی تقسیم اور پول مینجمنٹ سے متعلق اسٹیٹ بینک کے رہنما خطوط اور ہدایات کی تعمیل کی ہے۔

.5 ملازمین اور انتظامیہ میں شعور کی سطح کو مضبوط بنانے کے لئے تربیت اور صلاحیت کی تعمیر کا شعبہ موجود ہے تاکہ مصنوعات اور طریقہ کار کے ساتھ ساتھ شرعی تعمیل کی اہمیت کو سمجھا جاسکے۔

.6 اپنے فرائض کو مؤثر طریقے سے انجام دینے کے لیے شریعہ بورڈ کو مناسب وسائل فراہم کیے گئے ہیں۔

شریعہ بورڈ کی سفارشات:

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

۱۔ چونکہ روایتی برانچوں کو اسلامی برانچوں میں تبدیل کرنے کا عمل جاری ہے، اس لیے شریعہ کمپلائنس کے شعبے کو مضبوط کرنے کی ضرورت ہے۔

۲۔ اسلامی برانچوں میں اضافے کو مدنظر رکھتے ہوئے بنیادی بینکنگ سسٹم کو اپ گریڈ کرنے کی ضرورت ہے۔

۳۔ پروڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ کو لین دین کی ساخت اور روایتی پورٹ فولیو کو اسلامی میں تبدیل کرنے کے لیے اعلیٰ وسائل درکار ہیں۔

۴۔ تمام ریجنز کے تمام سطحوں پر شریعہ اور اسلامک بینکنگ سے متعلق ٹریننگ کا اہتمام کیا جائے بالخصوص اعلی عہدیداروں اور برانچ اسٹاف کی ٹریننگ ترجیحی بنیادوں پر مرتب کی جائے۔

۵۔ تمام ریجنز کیلئے شریعہ کمپلائنس ریویو کا دائرہ وسیع کیا جائے۔

۶۔ بینک کو اسلامی بینکاری مصنوعات اور خدمات کے فروغ کے لیے مارکیٹنگ کے ذرائع استعمال کرنے چاہئیں۔

۷۔ داخلی شریعہ آڈٹ کے پاس اپنی ذمہ داریاں نبھانے کے لیے مناسب عملہ ہونا چاہیے۔

شریعہ بورڈ اس موقع پر اللہ تعالیٰ کا شکر ادا کرتا ہے اور سندھ بینک کی سینئر مینجمنٹ اور اسٹیٹ بینک آف پاکستان کی مخلصانہ کاوشوں کے ذریعے اسلامی بینکنگ کی تعمیر، ترقی اور خوشحالی کیلیے اللہ تعالیٰ کی توفیق اور ہدایت کا طلب گار ہے۔

مفتی محمد ندیم صدیقی
ریزیڈنٹ شریعہ بورڈ ممبر/ ہیڈ-شریعہ کمپلائنس ڈپارٹمنٹ

مفتی ذیشان عبدالعزیز
چیئرمین شریعہ بورڈ

مفتی حامد ضیاء الحبیب
ممبر شریعہ بورڈ

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

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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

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

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 form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Sindh Bank Limited
Consolidated Statement of 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 form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Sindh Bank Limited
Consolidated Statement of Comprehensive Income
For The Year Ended December 31, 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 form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Sindh Bank Limited
Consolidated Statement of Changes in Equity
For The Year Ended December 31, 2025

	Share Capital	Share Deposit Money	Capital Reserve: Reserves on amalgamation	Capital Reserve: Share Premium	Statutory Reserve *	Depositors' protection fund reserve **	Surplus / (Deficit) on: Investments	Surplus / (Deficit) on: Fixed/Non-banking assets	Accumulated Loss ***	Total
	(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	-	-	-	-	-	-	-	-	(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
in 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 form an integral part of these consolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

Sindh Bank Limited
Consolidated Cash Flow Statement
For The Year Ended December 31, 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 FVTPL		(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 FVTPL		(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 form an integral part of these consolidated financial statements.

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

Sindh Bank Limited
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2025

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 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 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 individual policy notes associated with them.

5.1.2 Business model assessment

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

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

- The expected frequency, value and timing of sale are also important aspects of the assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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 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 is done when underlying asset is purchased.

a) Amortised cost ("AC")

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

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

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

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

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the consolidated statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the consolidated statement of profit and loss account. Interest / dividend income on these assets are recognised in the consolidated profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the consolidated statement of profit and loss account. An expected credit loss allowance ("ECL") is not recognised for these financial assets.

d) Advances are carried at cost

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

5.1.6 Calculation of markup income and expense

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

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

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

5.1.7 Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or

- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

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

5.1.8 Expected Credit Loss ("ECL")

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

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

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

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

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

Stage 1: When financial instruments are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.

Stage 3: For financial instruments considered credit-impaired, the Group recognises the LTECLs for these instruments. The Group uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.

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

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

The calculation of ECLs

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

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

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

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

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

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

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

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

- History of legal certainty and enforceability

- History of enforceability and recovery

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

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

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

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

Significant increase in credit risk (SICR)

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

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.
IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. The Group aligns its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR for the Holding Company is considered if credit exposure exceeds 60 days past due. However, in the case of Subsidiary Company, SICR is considered if credit exposure exceeds 30 days past due.

Forward looking information

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

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

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

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

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

Write-offs

Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

5.2 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 5.1.5.

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 any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the consolidated statement of profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is calculated from the date of delivery of respective assets to mustajir upto the date of maturity / termination of Ijarah agreement.

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

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

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

5.7 Operating fixed assets and depreciation

5.7.1 Property and equipment

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

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

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

Gains or losses on disposal, if any, are recognized in the consolidated statement of profit and loss account in the year in which they arise.

5.7.2 Capital work-in-progress

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

5.7.3 Leases

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

Bank as a Lessee

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

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

Right-of-use (RoU) Assets

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

Lease Liability

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

Incremental borrowing rate

Borrowing rate that Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic 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 purposes.

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

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

5.12 Staff retirement and other benefits

a) Defined contribution plan

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

b) Defined benefit plan

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

c) Compensated absences

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

5.13 Acceptances

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

5.14 Provisions against liabilities

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

5.15 Revenue recognition

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

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

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

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

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

5.15.5 Gain or loss on sale of investments is included in consolidated statement of profit and loss account in the year in which they arise.

5.15.6 Revenue recognition under IFAS 2

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

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

a) Profit on Diminishing Musharakah is recognized in consolidated statement of profit and loss account on accrual basis.

b) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.

5.16 Borrowings / deposits and their cost

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

5.17 Proposed dividend and transfers between reserves

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

5.18 Earnings per share

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

5.19 Foreign currency translation

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

5.20 Financial instruments

a) Financial assets and liabilities

Financial assets and liabilities carried on the consoliated 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 recorgnised 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 Any changes in the fair value of drivative financial instruments are taken to consolidiated statement of profit and loss account.

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.

		2025	2024
		(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 Lending	2025 Credit loss allowance held	2024 Lending	2024 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 FVTPL					
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	Credit loss allowance	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	9.8	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 FVTPL					
Shares					
Listed		38,420	-	(2,872)	35,548
Mutual funds		123,660	-	73,260	196,920
		162,080	-	70,388	232,468
Classified / Measured at FVOCI					
Shares					
Listed		604,020	-	1,158,659	1,762,679
Non-government debt securities		-	-	-	-
Mutual funds		59,203	-	(18,533)	40,670
		663,223	-	1,140,126	1,803,349
Total Investments		199,912,872	(98,480)	1,732,976	201,547,368

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

9.3 Investments given as collateral Federal government securities

	2025	2024
	(Rupees in '000)	
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 Particlurs of credit loss allowance

9.5.1 Investments - exposure

	2025			
	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 specified)	-	-	-	-
Closing balance	160,286,055	224,235	77,708	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 specified)	-	-	-	-
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 specified)	-	-	-	-
Closing balance - Current year	4,739	46,288	77,708	128,735

	2024			
	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 specified)	-	-	-	-
Closing balance - Current year	193	20,579	77,708	98,480

9.5.3 Particulars of credit loss allowance against debt securities

Domestic	2025 Outstandig amount	2025 Credit loss allowance held bank	2024 Outstandig amount	2024 Credit loss allowance held
	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
		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. 25,596.11million).

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					
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
		902,373	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.4,233.52 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 in '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 FinanceNote	Note	(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				
	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)							
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							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at	Rate of depreciation %
	(Rupees in '000)							
Plant and machinery	28,950	(950)	28,000	19,004	(171)	18,833	9,167	Over the Ijarah period
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

Outstanding gross exposure

	Stage 1	Stage 2	Stage 3	Total
Performing - Stage 1	105,389,037	-	-	105,389,036
Under Performing - Stage 2	-	40,078,037	-	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	105,389,037	40,078,037	27,608,356	173,075,429

	2025			
	Stage I	Stage 2	Stage 3	Total
	Rupees in '000'			
Corresponding ECL				
Stage 1 and stage 2	656,404	245,969	-	902,373
Stage 3	-	-	22,289,290	22,289,290
	656,404	245,969	22,289,290	23,191,664

10.5.4 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

10.5.5 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 I	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

	2024			
	Stage I	Stage 2	Stage 3	Total
	Rupees in '000'			

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

	Stage I	Stage 2	Stage 3	Total
Outstanding gross exposure				
Performing - Stage I	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:

	2025		2024	
	Non Performing Loans	Credit loss allowance	Non Performing Loans	Credit loss allowance
	Rupees in '000'			
Category of Classification of stage 3				
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	213,477	(715,260)	1,776,876	1,275,094
Reversals	-	-	(4,572,031)	(4,572,031)
	213,477	(715,260)	(2,795,154)	(3,296,936)
Amounts charged off - Agriculture loans	-	-	(65,468)	(65,468)
Net charge / (reversal) during the period	213,477	(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

		Note	2025	2024
11.	**Property and equipment**		-------(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**			
	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				
	Lease hold 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				
	Lease hold 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 Bank'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	Particular of The Purchaser
	--------------------(Rupees in '000)--------------------				
Computers & Office Equipment					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	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	0	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
	---------- Rupees in '000 ----------	
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 1, 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)	355	(1,160,044)	(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)	(25,553)	(1,160,044)	(2,317,664)
	17,007,130	(1,867,580)	(1,105,843)	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 Bank 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.

		Note	2025	2024
			----------- Rupees in '000 ----	
15.	OTHER ASSETS			
	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

	Note	2025	2024
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.

15.2.1 Non-banking assets acquired in satisfaction of claims

	2025	2024
Opening Balance	1,950,000	1,950,000
Additions	-	-
Revaluation	-	-
Disposals	-	-
Depreciation	-	-
Impairment	-	-
	1,950,000	1,950,000

	Note	2025	2024
		------ Rupees in '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.

17.3 The Holding Company obtained borrowing from the State Bank of Pakistan under its line of Credit Fund Scheme. During the year ended 31 December 2025, the Bank obtained further borrowing from State Bank of Pakistan under its line of Credit Fund Scheme. Total Rupees 422 million was sanctioned and was received by the Bank in various tranches at a markup rate of six months KIBOR - 1%. No repayment has been made during the year.

17.4 This represents a borrowing from the Pakistan Microfinance Investment Company Limited (PMIC). A total of Rupees 200 million was sanctioned, which was received during the financial year ended 31 December 2025, at a markup rate of six-month KIBOR plus 2.5%. The interest on this facility is payable quarterly, with the principal repayable in four quarterly installments by January 2025. Furthermore, the Bank repaid Rupees 18.750 million during the year.

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

	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	Note	2025	2024
		------ Rupees in '000 ------	
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

19.1 Contractual maturity of lease laibilities

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 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 include interest free security deposit received from lessees against lease contract 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 impect is not considered to be material.

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		2025	2024
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	**1,998,269**	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

	Note	2025	2024
		------ Rupees in '000 ------	

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
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 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 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 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 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's 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.

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 filled 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 initiatede 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-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 passed.

	2025	2024
	(Rupees in '000)	
23.3.3 Other Contingent Liabilities		
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 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
		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
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
28. OTHER INCOME			
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
		(Rupees in '000)	
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			
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 Pakistan.

29.2 Total compensation expense

	Note	2025	2024
		(Rupees in '000)	
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

29.3 Auditors' remuneration

	2025	2024
	------ 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

	2025	2024
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 diminution 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

	2025	2024
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

	Note	2025	2024
		(Rupees in '000)	
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

	2025	2024
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	
	------ Rupees in '000 ------	
	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	-

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

	2024	
	------ Rupees in '000 ------	
	Lease liabilities	Share deposit money
Balance as at 01 January 2024	**3,231,133**	-
Changes from financing cash flows		
Payment against lease liabilities	(1,267,060)	-
Receipt against share deposit money	-	-
Total changes from financing cash flows	(1,267,060)	-
Other changes		
Reassessment / renewals and other adjustments	1,758,784	-
Interest expense on lease liabilities	718,698	-
Shares issued against share deposit money	-	-
	2,477,482	-
Balance as at 31 December 2024	4,441,555	-

35. STAFF STRENGTH

	Note	2025	2024
		(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

36.1.2 Reconciliation of net defined benefit liability

	Note	2025	2024
		(Rupees in '000)	
Present value of defined benefit obligation	36.1.5	**1,700,511**	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

	Note	2025	2024
		------ Rupees in '000 ------	
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	186,857

36.1.4 Charge for defined benefit plan

	2025	2024
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

	Note	2025	2024
		------ Rupees in '000 ------	
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

	Note	2025	2024
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

	2025	2024
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
	------ Rupees in '000 ------	
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 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 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						
	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	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

Sr. No.	Name of Directors	For Board Meetings	For Board Committee: Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee	Total Amount Paid
		(Rupees in ' 000')							
1	Mr. Mohammad Aftab Alam	2,812	-	-	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
8	Ms. Mahin Khan	375	62	-	-	-	-	-	437
9	Mr. Ghulam Mustafa Suhag	375	-	-	-	-	-	-	375
10	Mr. Sikandar Abbasi	375	-	-	-	-	-	-	375
11	Mr. Abdul Quddus Khan	125	-	-	-	-	-	-	125
12	Mr. Naqi Raza	225	63	-	-	-	-	-	288
	Total Amount Paid	20,850	3,125	3,000	3,000	2,750	3,000	-	35,725

2024

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

Items	2025 Chairman	2025 Resident Member	2025 Non Resident Member	2024 Chairman	2024 Resident Member	2024 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		2	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:

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 Bank 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 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	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

	2025	2024
	Rupees in '000	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	29,086,525	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%
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%

Approach followed for detrmining Risk Weighted Assets

	2025	2024
Credit Risk	Comprehensive	Comprehensive
Market Risk	Maturity method	Maturity method
Operational Risk	Basic Indicator	Basic Indicator

	2025	2024
Leverage Ratio (LR):		
Eligible 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 disclsoures 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 advantage from its risk management capabilities.

The Board of Directors (BOD) keeps an oversight on the Group-wide risk management framework and approves the risk management strategy and policies of the Group. The Board Risk Management Committee (BRMC), ensures that the 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 Group.

43.1 Credit risk

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

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

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

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

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

43.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross Lendings		Non Performing Lendings		Credit loss allowance held	
	2025	2024	**2025**	2024	**2025**	2024
	------------------------------------ (Rupees 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 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 Investment		Non Performing Investment		Provision held	
	2025	2024	2025	2024	2025	2024
	(Rupees 000)					
Public/ Government	159,816,488	199,009,861	-	-	50,861	20,581
Private	771,584	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

43.1.3 Advances

Credit risk by industry sector

	2025					
	Advances Gross	Non Performing Advances	Credit Loss			Total Credit Loss
			Stage-1	Stage-2	Stage-3	
	(Rupees 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 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 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

		2025	2024
43.1.4	Contingencies and Commitments	------------- 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

		2025	2024
43.1.4.1	Credit risk by public / private sector	------------- 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 Group'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 Group's top 10 exposures are as follows:

	2025		2024	
	Classified	Credit loss allowance	Classified	Credit loss allowance
	------------------------------- Amount Rs. 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

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

Name of Province / Region	Disbursements	UTILIZATION Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	----------------------------------- (Rupees) 000						
Punjab	14,151,398	14,151,398	-	-	-	-	-
Sindh	85,755,326	-	85,755,326	-	-	-	-
KPK including FATA	19,873	-	-	19,873	-	-	-
Balochistan	46,727	-	-	-	46,727	-	-
Islamabad	944,562	-	-	-	-	944,562	-
AJK including Gilgit-Baltistan	14,012	-	-	-	-	-	14,012
Total	100,931,898	14,151,398	85,755,326	19,873	46,727	944,562	14,012

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 Banking book	2025 Trading book	2025 Total	2024 Banking book	2024 Trading book	2024 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	201,314,900	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	363,051,955	232,468	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	397,130,048	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)	-	34,378,048

	2024			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	---------------------- (Rupees in '000) ----------------------			
Foreign exchange risk				
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		2024	
	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 Group'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		2024	
	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 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 Group 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		2024	
	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 Group 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 Group manages this risk by matching / re-pricing the assets and liabilities. The Assets and Liabilities Committee (ALCO) of the Group monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

	2025											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	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	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
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

	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	
		2024										
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		22,724,099	287,717	-	-	-	-	-	-	-	-	22,436,382
Balances with other banks	5.75%	4,470,597	-	2,040	-	635,355	-	-	-	-	-	3,833,202
Lendings to financial institutions	19.00%	24,514,444	24,514,444	-	-	-	-	-	-	-	-	-
Investments	18.55%	201,547,368	10,542,123	33,628,076	120,245,988	8,641,509	8,677,718	10,889,057	-	6,137,080	-	2,785,817
Advances	13.48%	74,282,838	64,364,603	1,111,034	2,816,250	1,512,032	357,575	312,364	489,790	2,850,640	385,657	82,893
Other assets		13,797,026	-	-	-	-	-	-	-	-	-	1,3797,026
		341,336,372	99,708,887	34,741,150	123,062,238	10,788,896	9,035,293	11,201,421	489,790	8,987,720	385,657	42,935,320
Liabilities												
Bills payable		1,446,526	-	-	-	-	-	-	-	-	-	
13797Borrowings from financial institutions	18.70%	1,971,650	-	1,971,650	-	-	-	-	-	-	-	-
Deposits and other accounts	13.75%	314,488,585	188,696,615	5,655,846	12,766,168	23,283,865	160,086	175,269	677,143	135,000	3,610,836	79,327,757
Lease liabilities		4,441,555	45,630	92,541	132,629	385,161	432,673	467,381	881,554	1,994,988	8,998	-
Other liabilities		11,279,673	-	-	-	-	-	-	-	-	-	11,279,673
		333,627,989	188,742,245	7,720,037	12,898,797	23,669,026	592,759	642,650	1,558,697	2,129,988	3,619,834	92,053,956
On-balance sheet gap		7,708,383	(89,033,358)	27,021,113	110,163,441	(12,880,130)	8,442,534	10,558,771	(1,068,907)	6,857,732	(3,234,177)	49,118,636
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)	37,172,705	118,314,900	(10,742,750)	9,226,256	11,363,596	205,768	6,857,732	(3,234,177)	(49,118,636)
Cumulative yield / Interest Risk Sensitivity Gap			(89,274,580)	(52,101,875)	66,213,025	55,470,274	64,696,530	76,060,126	76,265,894	83,123,626	79,889,449	30,770,813
Reconciliation with total assets:												
Assets as per above		341,336,372										
Fixed assets		4,855,987										
Intangible assets		84,934										
Deferred tax asset		17,007,130										
Assets as per consolidated statement of financial position		363,284,423										
Reconciliation with total liabilities:												
Liabilities as per above		333,627,989										
Deferred tax liability		-										
Liabilities as per consolidated statement of financial position		333,627,989										

43.3 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 Group monitors its liquidity risk through various liquidity ratios and liquidity risk indicators. Any deviations or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Group on at least monthly basis and takes appropriate measures where required. The Group uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios, whereas, the Contingency Funding Plan (CFP) of the Group is also in place. The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing liquidity. Mandatory stress tests of SBP are conducted, on a periodic basis, to test the adequacy of liquidity contingency plan and to identify the extent of liquidity stress that the Group is able to take in current conditions.

43.3.1 Liquidity Coverage ratio

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

43.3.2 Funding Strategy

The Group's prime source of liquidity is the customers' deposit base. Within deposits, the Group strives to maintain core deposit base in form of current and saving deposits and avoids concentration in particular products, tenors and dependence on large fund providers. As a general rule, the Group will not depend on borrowings in the inter-Group 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, Inter Group borrowing to total deposits, which are monitored on regular basis against limits. Further, the Group also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. For maturity analysis, behavioral study is carried out to determine the behavior of non - contractual assets and liabilities. The Group also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, LCR, NSFR and Monitoring Tools of Basel III framework further strengthen liquidity risk management of the Group.

43.3.4 Liquidity Stress Testing

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

43.3.5 Main Components of LCR

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

43.3.6 Net Stable Funding Ratio (NSFR)

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

The objective of NSFR is to ensure the availability of stable funds that a Group must hold to enable it to build and maintain its assets, investments and off balance sheet portfolio on an ongoing basis for longer term, i.e., over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and roll - over risk. The Group's NSFR stood at 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 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	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	-
Surplus on revaluation of assets	1,955,254
Accumulated Loss	(5,437,903)
Net assets	34,378,048

Maturity of assets and liabilities (based on contractual maturities)

	2024													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
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	632,260	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	-													
Surplus 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	-									
Surplus 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 Holding Company

	2024									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	22,724,099	5,717,280	4,428,734	2,915,764	9,662,321	-	-	-	-	-
Balances with other banks	4,470,597	4,470,597	-	-	-	-	-	-	-	-
Lendings to financial institutions	24,514,444	24,514,444	-	-	-	-	-	-	-	-
Investments	201,547,368	2,622,254	9,549,656	10,131,470	33,705,616	10,207,568	11,921,557	116,522,168	6,137,079	750,000
Advances	74,282,838	5,174,828	45,421,385	3,274,052	3,228,532	1,311,912	699,930	2,703,535	12,075,283	393,381
Operating fixed assets	4,855,987	97,711	282,973	209,890	394,620	680,927	632,260	987,591	1,199,482	370,533
Intangible assets	84,934	2,196	4,392	11,433	13,469	26,718	26,726	-	-	-
Deferred tax asset	17,007,130	1,695,528	3,391,056	1,747,382	3,391,057	3,391,056	3,391,051	-	-	-
Other assets	13,797,026	7,920,558	1,206,416	3,626,494	48,192	87,046	77,684	148,692	681,944	-
	363,284,423	52,215,396	64,284,612	21,916,485	50,443,807	15,705,227	16,749,208	120,361,986	20,093,788	1,513,914
Liabilities										
Bills payable	1,446,526	1,446,526	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,971,650	-	1,971,650	-	-	-	-	-	-	-
Deposits and other accounts	314,488,585	266,477,867	5,607,591	12,814,423	24,830,371	160,086	175,269	677,143	135,000	3,610,835
Lease liabilities	4,441,555	45,630	92,541	265,858	251,932	432,673	467,381	881,554	1,994,988	8,998
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,279,673	8,945,279	332,267	1,260,503	560,826	92,056	4,656	2,623	13,389	68,074
	333,627,989	276,915,302	8,004,049	14,340,784	25,643,129	684,815	647,306	1,561,320	2,143,377	3,687,907
Gap	29,656,434	(224,699,906)	56,280,563	7,575,701	24,800,678	15,020,412	16,101,902	118,800,666	17,950,411	(2,173,993)
Share capital - net	34,524,428									
Reserves	2,581,715									
Shares deposit money	-									
Surplus on revaluation of assets	884,442									
Accumulated Loss	(8,334,151)									
Net assets	29,656,434									

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

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 March 5, 2026.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman

SUKOON PERSONAL LOAN SECURED

TURN VALUE INTO CASH

*FEATURES:

- Minimum documentation.
- Quick and hassle-free processing.
- Financing up to PKR 5 million.
- Convenient and affordable monthly installments up to 48 months.
- Low markup rates.
- Early and partial settlement options.

* Terms & Conditions Apply

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Notice Of 15th Annual General Meeting

NOTICE is hereby given that the 15th Annual General Meeting of Sindh Bank Limited will be held on March 30, 2026 at 10:30 a.m at Sindh Bank's Head Office, Federation House, Clifton, Karachi, to transact the following business:-

A-Ordinary Business:

1- To confirm the minutes of 14th Annual General Meeting held on 26.03.2025.
2- To receive, consider and adopt the Audited consolidated/un-consolidated Financial Statements of the Bank for the year ended 31st December, 2025, together with Directors' and Auditors' Reports thereon and pass necessary resolutions in this regard.
3- To consider and approve appointment of Auditors of the Bank for the year 2026 and fix their remuneration.

B-Special Business:

B-Special Business:-

A. To grant post facto approval for the payment of remuneration to Independent & Non-executive Directors with increase in their BoD's meeting fee as described in below statement and payment of 20% remuneration of the fee during the Year-2025 of Board/Committee Meetings for performing extra services other than directorship to the Chairman of Board, as per BPRD Circular No.05 of 2021.

B. To review, consider and recommend the Performance Evaluation of the Chairman, Directors & President & CEO conducted by Independent Consultants M/s Grant Thornton Chartered Accountants, as per SBP's Corporate Governance Regulatory Framework & Public Sector Companies Rules 2013.

C. A statement of material facts under section 134(3) of the Companies Act, 2017 relating to aforesaid special business to be transacted is appended below.

D. Any other business with the permission of the chair.

By order of the Board;

Muhammad Irfan Zafar
Company Secretary

NOTES:

i. A member entitled to attend and vote at the 15th Annual General Meeting of the Bank may appoint another member as his / her proxy to attend and vote instead of him / her. The proxy shall have the right to attend, speak and vote in place of the member appointed him at the meeting.

ii. The instrument appointing a proxy should be signed by the member(s) or by his / her Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.

iii. The Proxy Form duly completed, must be deposited at the Bank's Registered Office at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi not less than 48 hours before the time of holding the meeting.

iv. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his / her own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his / her original CNIC or passport at the time of meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

The Share transfer books of the company will remain closed from March 24, 2026 to March 27, 2026 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on March 27, 2026 will be considered as on time for the determination of shareholder's entitlement to attend and vote at the meeting. Members are required to notify immediately changes, if any, in their registered address.

STATEMENT U/S 134 (3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS

This statement sets out the material facts concerning the Special Business given in above Special Business of above agenda, to be transacted at the 15th Annual General Meeting of Sindh Bank Limited (the "Bank") to be held on March 30, 2026:

Item No. A of Special Business:

The meeting fee payable to the Independent & Non-executive Directors of the Board approved by the Board of Directors in their 115th meeting held on 25th October, 2024 @ Rs.250,000/- for Board meetings and Rs.200,000/- for its Sub-Committee meetings as Net of Tax. Thereafter, the Board of Directors in their 119th meeting held on 29th April 2025 resolves to enhance the directorship fee only for Board Meetings from Rs.250,000/- net of tax to Rs.350,000/- net of tax, effective from 29th April, 2025.

Further, payment of 20% extra Services paid to the Chairman during the Year-2025, as per already approved criteria by the Shareholders in their 11th AGM held on 30.03.2022, as per SBP's CGRF-2021. The approval is sought for post facto approval of the shareholders. The following resolution may be passed:-

"THE SHAREHOLDERS RESOLVE TO approve post facto approval for the payment of fee to the Independent & Non-executive Directors during the Year-2025 from 1st Jan-2025 to 28th April-2025 @ Rs.250,000/- for Board meetings (net of tax) & Rs.200,000/- for its Sub-Committees meetings with deduction of applicable Tax and from 29th April, 2025 Board meetings fee from Rs.250,000/- (net of tax) to Rs.350,000/- (net of tax), as decided by the Board in its 119th meeting"

"THE SHAREHOLDERS FURTHER RESOLVE TO give post facto approval for the payment of extra 20% of the amount of each Board meeting fees for providing extra services to the Chairman during the Year-2025, as earlier approved by the Shareholders in its 11th AGM held on 30.03.2022, as per SBP's CGRF-2021"

Item No. B of Special Business:

As per SBP's Corporate Governance Regulatory Framework & Public Sector Companies Rules 2013, the Performance Evaluation (PE) of the Chairman, Directors & President & CEO is required to be conducted annually. In year 2024, the PE was conducted and referred to the worthy Finance Secretary, Government of Sindh for approval of GoS as decided in 14th Annual General Meeting held on 26.03.2025.

Now for this year, the PE for the Year ended December, 31, 2025 has been conducted through independent consultants namely M/s Grant Thornton Anjum Rehman Chartered Accountants, which has been reviewed and forwarded by the Board of Directors in their 124th meeting held on 05.03.2026 to the Shareholders for review and recommendation to the Finance Secretary, Government of Sindh for approval of GoS, by passing following resolutions:

"THE SHAREHOLDERS HEREBY RESOLVES to approve the Performance Evaluation of the Chairman, Directors and President & CEO conducted by Independent Consultants M/s Grant Thornton Anjum Rehman as per SBP's Corporate Governance Regulatory Framework".

Pattern of Shareholdings

AS ON DECEMBER 31, 2025

No. Of Shareholders	Shareholdings' Slab			Total Shares Held
7	1	To	100	7
31	101	To	500	15,500
36	501	To	1000	36,000
31	1001	To	5000	104,500
6	5001	To	10000	60,000
3	10001	To	15000	42,000
1	15001	To	20000	20,000
1	20001	To	25000	25,000
2	250001	To	30000	60,000
1	450001	To	50000	50,000
4	950001	To	100000	400,000
1	1950001	To	200000	200,000
1	3451429501	To	3451430000	3,451,429,810
125				3,452,442,817

Categories of Shareholders

As On December 31, 2025

Category No.	Shareholders	No. of Shares Held	Category wise No. of Shareholders	%
1	Individuals	410,000	4	0.01%
2	Investment companies	-	-	-
3	Joint stock companies	-	-	-
4	**Director, Chief Executive, and their spouses and minor children**			
	Mr. Mohammed Aftab Alam	1	1	0.00%
	Mr. Fayaz Ahmad Jatoi	1	1	0.00%
	Mr. Javaid Bashir Sheikh	1	1	0.00%
	Mr. Imran Samad	1	1	0.00%
	Mrs. Shaista Bano Gilani	1	1	0.00%
	Mr. Imtiaz Ahmad Butt	1	1	0.00%
	Mr. Farhan Ashraf Khan	1	1	0.00%
	Sub-Total	7	7	
5	**Executives / Employees / Group employees**	603,000	113	0.02%
6	NIT/ICP			
7	Associated companies,undertakings and related parties			
8	Banks, DFIs, NBFIs, insurance companies, modarbas & mutual funds			
9	Foreign investors			
10	Co-operative societies			
11	Charitable trusts			
12	Others-Government of Sindh, through its finance department	3,451,429,810	1	99.97%
	TOTAL	**3,452,442,817**	**125**	**100.00%**

Shareholders holding ten percent or more voting interest in the listed company

Total paid-up capital of the company		3,425,442,817
10% of the paid-up capital of the company		345,244,282
Name(s) of shareholder(s)	No. of shares held	Percentage (%)
Government of Sindh, through its finance department	3,451,429,810	99.97

Branch Network

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Number of Branches

S.No.	Regions	No. of Branches
1	Karachi	73
2	Balochistan	12
3	Sindh Rural	96
4	Islamabad / Rawalpindi	14
5	Punjab	57
6	KPK, AJK & Gilgit	19
7	Islamic Branches	59
	Total	330

محترمہ
Mohtarma
ACCOUNT

Meri Gari
AUTO FINANCE

Mera Ghar
HOME FINANCE

Azadi
SALARY LOAN

Haya
ASAAN ACCOUNT

WOMEN EMPOWERMENT ACCOUNT

Form of Proxy

I/We, ___________________________________, being member of Sindh Bank Limited and holding ____ ordinary share as per CDC Participant ID & Account No. ______________________________, do hereby appoint Mr____ s/o__________________________________ or failing him Mr__________________________ s/o ___________________ as my Proxy in my absence to attend and vote for me and on my behalf at 15th Annual General Meeting of the Bank to be held on 30th March 2026, at 10:30 a.m. at the Head Office of Sindh Bank Limited, Federation House, Clifton, Karachi, and at any adjournment thereof.

As witness my/our hand this ________________ day of ___________________________2026.

1. Witness________________________________

   Signature________________________________

   CNIC No.________________________________

   Address________________________________

Member's Signature on Rs.5.00 Revenue Stamp

2. Witness________________________________

   Signature________________________________

   CNIC No.________________________________

   Address________________________________

(Signature should agree with the specimen signature Registered with the Bank)

NOTES:

1. A member entitled to attend and vote at the 15th Annual General Meeting of the Bank may appoint any person as his/her/its proxy to attend and vote instead of his/her/its. The proxy shall have the right to attend, speak and vote in place of the member appointed him at the meeting.

2. The instrument appointing a proxy should be signed by the member(s) or by his/her/its Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.

3. The Proxy Form duly completed, must be deposited at the Bank's Registered Office at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, not less than 48 hours before the time of the meeting.

4. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his/her/its own as well as the proxy's CNIC / Passport with the Proxy Form. The proxy shall also produce his/her/its original CNIC or passport at the time of meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

SINDHBANK سندھ بینک

پراکسی فارم

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ ولد ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ جوسندھ بینک لمیٹڈ کا/کے ممبر ہیں اور سی ڈی سی پارٹیسپینٹ ID اور اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔ کے مطابق۔۔۔۔۔۔آرڈنری شیئر رکھتا/رکھتے ہیں، جناب۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ ولد ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ یا ان کی عدم دستیابی کی صورت میں جناب۔۔۔۔۔۔۔۔۔۔۔۔۔۔ولد۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کو، میری/ہماری غیر موجودگی میں مورخہ 30 مارچ ، 2026 کو صبح 10:30 بجے سندھ بینک لمیٹڈ کے ہیڈ آفس واقع تیسری منزل، فیڈریشن ہاوس، کلفٹن کراچی میں درج بالا تاریخ یا کسی بھی تبدیل شدہ تاریخ پر منعقد ہونے والے اجلاس میں یا بینک کے 15th سالانہ اجلاس عام میں شرکت کرنے اور میری/ہماری جانب سے ووٹ ڈالنے کے لیے اپنا نمائندہ مقرر کرتا ہوں / کرتے ہیں۔

دن۔۔۔۔۔۔۔۔۔۔۔2026، میں/ہم گواہ ہیں۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

1. گواہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
سی این آئی سی نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
پتہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

5.00 روپے کے ریونیو اسٹامپ پر ممبر کے دستخط

2. گواہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
سی این آئی سی نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔
پتہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

(دستخط کو بینک کے پاس رجسٹرڈ
نمونہ کے دستخط کے ساتھ ملنا چاہیئے)

نوٹس:

1. بینک کے 15th سالانہ اجلاس عام میں شرکت کا اہل ممبر اپنے بجائے کسی دوسرے شخص کو اجلاس میں شرکت کرنے اور ووٹ ڈالنے کے لیے مقرر کر سکتا ہے۔ پراکسی کو اصل ممبر کی جگہ شرکت، اظہار خیال کرنے اور ووٹ دینے کا حق حاصل ہوگا۔
2. پراکسی مقرر کرنے کے انسٹرومنٹ پر ممبر (s) یا اس کے اٹارنی، جسے تحریری طور پر اختیار دیا گیا ہو، کے دستخط ہوں گے۔ اگر ممبر کارپوریشن ہے تو پھر انسٹرومنٹ پر اس کی وہ مہر ہوگی جو عام طور پر استعمال کی جاتی ہے۔
3. صحیح طور پر مکمل کیا ہوا فارم اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ دفتر واقع تیسری منزل، فیڈریشن ہاؤس، عبداللہ شاہ غازی روڈ، کلفٹن، کراچی کو پیش کیا جائے۔
4. CDC اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی مقرر کرتے وقت اپنے اور پراکسی کے CNIC/پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ جمع کرانا ہوں گی۔ اجلاس کے وقت پراکسی اپنا اصل CNIC یا پاسپورٹ پیش کرے گا۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ دستخط نمونہ پیش کرنا ہوں گے۔

UNMATCHED BANKING CONVENIENCE

* Terms & Conditions Apply

330 ONLINE BRANCHES ACROSS PAKISTAN

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