SINDH BANK LIMITED

Financial Statements

for the year ended

December 31, 2024

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDHBANK

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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, 2024. Financial highlights are as follows:

(Rupees in '000)

Balance Sheet	As on Dec 31, 2024	As on Dec 31, 2023	% age Change Increase/(decrease)
Paid up Capital	34,524,428	34,524,428	-
Reserves	2,448,431	1,894,365	29.25%
Accumulated losses	(8,705,257)	(10,912,821)	(20.23)%
Paid up Capital net of accumulated losses	**28,267,602**	**25,505,972**	**10.83%**
Surplus/(deficit) on Revaluation of Assets - net	884,442	(1,033,628)	185.57%
Equity	**29,152,044**	**24,472,344**	**19.12%**
Borrowings	**1,457,900**	**37,546,440**	**(96.12)%**
Deposits	**312,718,297**	**223,569,650**	**39.88%**
Investment (carrying value)	**201,164,585**	**166,503,472**	**20.82%**
Gross Advances	**98,957,498**	**77,511,411**	**27.67%**

Profit & Loss Account	Year Ended Dec 31, 2024	Year Ended Dec 31, 2023	%age Change Increase/(decrease)
Markup/return/interest income	50,402,208	50,308,343	0.19%
Markup/return/interest expenses	41,800,021	42,314,885	(1.22)%
Net markup/return/interest income	**8,602,187**	**7,993,458**	**7.62%**
Fee, Commission & Other Income	693,512	612,116	13.30%
Foreign Exchange Income	352,209	723,490	(51.32)%
Dividend Income	53,339	192,353	(72.27)%
Gain/ (loss) on sale of Investments	215,888	337,703	(36.07)%
Non-mark-up/non-interest income	1,314,949	1,865,662	**(29.52)%**
Total Income	**9,917,136**	**9,859,120**	**0.59%**
Non-mark-up/interest expenses	**9,464,228**	**8,178,314**	**15.72%**
Credit allowance and write offs	1,557,035	2,779,328	(43.98)%
Reversal of credit allowance	(3,605,877)	(1,755,334)	105.42%
Total Provisions / credit allowance	**(2,048,842)**	**1,023,994**	**(300.08)%**
Profit / (Loss) Before Tax	**2,501,750**	**656,812**	**280.89%**
Profit / (Loss) After Tax	**2,770,330**	**2,164,764**	**27.97%**
Profit / (Loss) per share(Rupees)	**0.80**	**0.72**	**11.11%**

Other Information	As on Dec 31, 2024	As on Dec 31, 2023	%age Change
No. of Accounts	1,155,270	816,219	41.54%
Number of Branches	330	330	-

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A. Financial Review

Total Assets recorded increase from Rs. 300.48 bn to Rs.360.08bn increase by Rs59.60bn (i.e. 19.84%) during the year, primarily attributed by increase in investment by Rs.34.66bn and Gross advances increase by 21.44 bn.

Major financial statement segment-wise review is as follows:

I. Deposits

Deposits registered an impressive increase of Rs 89.14 bn (i.e. 39.88%) and stood at Rs.312.71 bn compared to Rs. 223.56 bn on December 31, 2023, while maintain the focus on Current Account deposits. Number of customer counts stood at 1,155,270 after increase of 339,051accounts (41.54%). Bank's focus on continuously innovating product offering and ensuring unparalleled and seamless service delivery to customers through both digital and physical channels.

II. Advances

Gross Advances increased by Rs.21.44 bn (i.e. 27.67%) and stood at Rs.98.95bn at year-end 2024 compared to Rs. 77.51 bn on December 31, 2023 mainly due to financing in Sovereign-backed exposures.

The Bank has placed a strong emphasis on lending to Small and Medium Enterprises (SMEs) to which will lead to financial deepening during 2024.

- Overall SME portfolio expansion: Significant increase in both funded (53.86%) and non-funded limits (21.01%), with total limits growing 37.74%.
- Total SME outstanding grew by 27.30%, showing overall expansion in credit (funded 22.50% and non-funded 35.80%).

Hectic recovery efforts continue to reduce/contain NPLs with the Bank, leading to reduction of NPLs by Rs.3.67bn and reversal of provision by Rs.3.61bn.

III. Investments

Carrying value of Investments as at December 31, 2024 increased by Rs.34.66 bn (20.82%) and stood at Rs.201.16 bn at year-end 2024 compared to Rs. 166.50 bn on December 31, 2023.

Gross Investment in equities and mutual funds stood at Rs.801 mn, excluding Rs.750 mn in Sindh Microfinance Bank Limited (wholly owned subsidiary), decreased by Rs.406 mn (i.e. 33.64%) over December 31, 2023 (Rs. 1,207 mn), decrease occurred due to the bank's strategy to offload equity market shares on attractive prices, resulting in capital gains of Rs.216mn during 2024.

B. **Profit and Loss Account**

Pre-tax profit for the year ended December 31,2024 amounted to Rs.2.50 bn compared to pre-tax profit of Rs.656.81 mn in the last year, attributable factors of such variance are:

- The bank's key priority throughout the period was the recovery of non-performing loans. This focus yielded a substantial reversal of credit loss provisions, totaling Rs.3.61bn. This

  outcome demonstrates the bank's effective management of its NPL portfolio and associated provisioning.

- Decrease in non-markup income by Rs 550.713 mn, main contribution factors are FX income decreased by Rs.371.281 mn and gain on securities decreased by Rs.121.815 mn, Fee commission income increase by Rs 80.5 mn.

- Increase in net Interest Income by Rs.608.72mn i.e 7.62%, during growth in earning assets, concentrate on cost effective deposit with prime focus for mobilization of current account through NTBs and recovery of NPL.

- Non markup expenses of the Bank rose by Rs.1,285 mn i.e 15.72% which was mainly attributable to rise in domestic inflation and supply chain constraint.

Post tax Profit for the year ended December 31,2024 amounted to Rs2.77bn compared to post tax profit of Rs. 2.16 bn last year. Main reason for improvement in post-tax Profit was due to reversal of deferred tax assets, during the reported period Tax rate of banking industry increased from 39% to 44% which would further down to 42% by tax year 2027. Consequently, this change resulted in the reversal of deferred tax charge of Rs.1.90bn.

C. **Branches**

The Bank continued to maintain its presence through 330 branches spread over 169 cities/towns in Pakistan and included 14 branches which are dedicated to Islamic Banking. No new branches were opened during the year. Region wise breakup is as under:

Regions	No. of Branches	No. of Cities/Towns
South: including Karachi, Sindh-other cities/towns & Baluchistan	206	97
North: including Punjab, Islamabad, KPK, AJK & GB	124	72
Total	**330**	169

CREDIT RATING

In view of significant improvement in the financial position, operating results and regulatory ratios, VIS Credit Rating Company Limited has upgraded the long-term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short-term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.

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MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

Bank's Capital Adequacy Ratio stood at 21.42% as against the minimum requirement of 11.5% and Leverage Ratio stood at 4.01% against minimum requirement of 3% as on December 31, 2024.

ECONOMIC REVIEW

During the year 2024, Pakistan's economy experienced notable advancements, marked by several key milestones that contributed to a more stable financial environment.

The year began with the successful completion of the IMF's Stand-By Arrangement, which resulted in a total disbursement of USD 1.8 billion during the first half of the year. This achievement facilitated the government's ability to secure a new Extended Fund Facility (EFF) of USD 7 billion in July, with the first tranche of USD 1 billion disbursed in September 2024.

The formation of a new government following the February elections brought about a period of political stability, further enhancing confidence in the financial landscape. Encouragingly, as inflation rates began to decline and commodity prices stabilized, the State Bank of Pakistan initiated a monetary easing cycle in June. This decisive action led to a significant reduction in the policy rate from 22% to 13% by December, providing much-needed support for economic growth and investment.

The country's foreign exchange reserves received a substantial boost, driven by the rollover of debts from key allies, including the UAE, Saudi Arabia, and China. Additionally, a noteworthy USD 5 billion investment package was agreed upon with Saudi Arabia. As a result of these efforts, the country's total foreign exchange reserves experienced a remarkable growth of 26% year-over-year, reaching USD 15.9 billion as of December 2024.

Specifically, reserves held by the State Bank of Pakistan (SBP) saw an impressive increase of 42%, rising to USD 11.73 billion during the same period. This substantial improvement in forex reserves is crucial for the stability of the Pakistani Rupee (PKR), which appreciated by 1.2% year-over-year in CY24. These positive developments in the forex market can be attributed to the robust increase in reserves, a decline in import bills, and effective reform measures implemented in the exchange rate system.

Furthermore, Moody's recognized these advancements by upgrading Pakistan's credit rating to Caa2, indicating enhanced investor confidence and economic stability.

Pakistan's Current Account Deficit (CAD) has shown significant improvement, primarily due to favorable macroeconomic conditions and proactive policy measures. In calendar year 2024, the CAD improved by 190%, reaching USD 1.467 billion. Furthermore, in the first half of fiscal year 2025, the CAD saw a year-on-year enhancement of 186%, totaling USD 1.2 billion.

Furthermore, remittances have played a crucial role in enhancing the economic outlook, rising by 32% year-over-year to USD 34.66 billion in CY24. This increase is largely due to the diminishing disparity between formal and informal currency exchange markets, along with a significant outflow of workers in search of better opportunities abroad. Additionally, in the first half of FY25, remittances amounted to USD 17.8 billion, reflecting a substantial 33% year-on-year increase and underscoring their importance as a vital support for numerous households while helping to stabilize foreign exchange.

Going forward, it is anticipated that the State Bank of Pakistan (SBP) will keep the Pakistani Rupee (PKR) within a stable band of 280-300 against the US Dollar in Calendar Year 2025. This projected exchange rate

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stability is likely to boost investor confidence, drive economic growth, and create a favorable business environment by providing a predictable outlook for trade and investment activities.

In summary, Pakistan's economy is on a path toward stabilization and growth, underpinned by vital reforms and external support. The combination of a manageable CAD, improved foreign reserves, and a promising outlook for the PSX creates an optimistic forecast for the country's economic trajectory in the coming years.

PSX REVIEW

In 2024, the Pakistan Stock Exchange showcased remarkable performance, ranking as the second-best performing market globally. The KSE-100 index experienced a significant increase, climbing by 53,718 points, which translates to an impressive year-on-year growth of 86.02%. It concluded the year at 115,127 points.

Pakistan has so far been compliant with the IMF program and appears well placed to enact meaningful reforms. The current political configuration and continued focus on the economy have the potential to deliver more sustainable growth, in contrast to the short boom and bust cycles of the last fifteen years. This underpins bullish outlook. Targeting KSE100 Index at 145,000 in CY25

Equities are expected to remain in the limelight as declining returns from alternative investments make them the preferred asset class in 2025. Furthermore, the focus on structural reforms and stringent fiscal and monetary policies under the IMF program is likely to improve the investment climate and support a market rally.

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 subcommittees, 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 Control is included in the Annual Report.

OTHER HIGHLIGHTS

a) Major IT Initiatives

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

In 2024, 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.

The bank achieved a significant milestone through a technology upgrade by deploying the SD-WAN (Software-Defined Wide Area Network) solution in 200 branches and continuing its deployment in the remaining branches. This solution has enhanced the bank's capability to adopt the best available connectivity options. SD-WAN connects branches directly to the data center or Software-as-a-Service (SaaS) applications, reducing transit time, minimizing overhead, eliminating bottlenecks, and improving application performance.
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 November 2024, Sindh Bank has started issuing the Benazir Hari Card on behalf of the Government of Sindh. The bank is also working towards a significant milestone of upgrading to new mobile app with latest security features.

Sindh Bank has initiated the process of converting from conventional to Islamic banking. The bank has also upgraded the payment service switch to enhance its capabilities.

On the information security front, the bank continues to work on the PCI DSS (Payment Card Industry Data Security Standard) assessment to ensure a secure payment system environment. 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 province level microfinance bank which started its operations in May 2016 with equity of Rs.750-mn and as of December 31, 2024, SMFB has increased its equity to Rs.1.25-bn with internally generated profits. SMFB is perhaps the only microfinance bank in the country which has continuously been in profits since its inception almost 10 years ago. During the year 2024 SMFB registered a profit before tax of Rs.251-mn (2023: Rs.129-mn) which is an increase of 94.57% over the corresponding period last year.

After achieving the required minimum capital for a National Level license, SMFB has applied to the State Bank of Pakistan for a national level license with the plan to expand its outreach all over Pakistan in an organic manner starting from southern Punjab.

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SMFB has a true grassroot microfinance model catering to women borrowers engaged in economic activities in rural and semi urban areas. The loan size is small (Avg. disbursed amount per borrower is less than PKR 45k) and loan delinquency rate is less than 1%. To date, SMFB has disbursed more than 420,000 loans to women in Sindh amounting to Rs.14 bn through its presence in 108 business locations spread across all districts of Sindh. During the year 2024 SMFB financed 87,961 loans amounting to Rs. 3.9 bn.
During the year, SMFB's credit rating was upgraded to "A" (long-term) and "A1" (short-term) by both VIS Credit Rating Agency (VIS) and the Pakistan Credit Rating Agency (PACRA). This upgrade underscores the Bank's strong financial performance and resilience, even amid the challenges impacting other institutions in the sector.

Brief summary of financial highlights for the year ended December 31,2024 showing below :

Balance Sheet	As on	As on
	31-Dec-24	31-Dec-23
	(Rs In million)	
Gross Loan Portfolio	2,334	1,927
Total Assets	4,531	3,415
Deposits	1,991	1,323
Borrowings	873	721
Total Liabilities	3,276	2,309
Net Equity	1,254	1,106

Other Information	31-Dec-24	31-Dec-23
No. of Account (Loans)	83,316	74,180
No. of Account (Deposits)	193,434	162,152

Profit and Loss Account	For the Year Ended	For the Year Ended
	31-Dec-24	31-Dec-23
	(Rs In million)	
Net Interest Income	887	620
Profit Before Tax	243	129
Taxation	(89)	(39)
Profit After Tax	154	89

Loan Disbursements	31-Dec-24	31-Dec-23
Amount in Rs million	3,961	3,221
No. of Accounts	87,961	78,576

STAFF, TRAINING & DEVELOPMENT

Total number of staff working in the Bank i.e. executives, officers and support staff as at December 31, 2024 numbered 2,726 (Including 550 outsource staff) as compared to 2,611 (Including 525 outsource staff) as at December 31, 2023.

In the calendar year ending December 2024, the Training Department successfully conducted 120 training programs, including 54 in-house and 66 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 634 officers across three batches.

These initiatives, attended by 1,898 participants, were aligned with State Bank of Pakistan (SBP) directives, emphasizing Gender Sensitivity, Anti-Money Laundering (AML)/Compliance, and Islamic Banking training.

Additionally, staff members participated in external programs offered by renowned institutions such as NIBAF, IBD, PLN, LRC, and other leading consultancies, focusing on Islamic Banking, Compliance, Internal Audit, and Risk Management—reinforcing the bank's commitment to SBP's regulatory priorities.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Bank continues to support multi-sectoral initiatives in health, education and community welfare that encourage financial inclusion, health and education.

The Bank organized / provided sponsorships for the below mentioned events during 2024:

- Breast Cancer Awareness Day was celebrated at the Head Office Sindh Bank to spread awareness about breast cancer and its prevention. Women's Day was also celebrated to honor the female employees of the Bank.

- Sponsorships were given to various institutions like, annual Urs Hazrat Lal Shahbaz Qalandar, Pakistan Hindu Council for Job Fair Expo, CEO Summit, Pakistan Futsal Cup 3.0 – First Ever Blind Futsal Tournament, Karachi Banker's Club Cricket Match, Sindh Literature Festival, international mountaineer from Pakistan for Antarctica Expedition, Me Raqsam Islamabad by Shakir Samzat Academy and international Solar Energy Meet (ISEM) at Expo Center.

- Sponsorships were also given to Educational Institutions like University of Karachi for National Conference of Managing Mega Cities, Sindh Madressatul Islam University for 2nd Global Research Congress, Benazir Bhutto Shaheed University Lyari for 2nd Annual Convocation, NUST for Unveiling Event for Pakistan's first Urban Electric Car, Cedar College for Debate Championship, Federal Urdu University of Arts, Science and Technology for 2nd Chem Expo 2024 and Dawood University of Engineering and Technology for International Conference and Panel Discussion on Blurring the Barriers.

- Sponsorships were also given to International Women Leaders Summit, Born2Run Pakistan for 4th Women's Power Run and 16 Days of Activism event by Nadia Baloch to encourage women empowerment.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the bank, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the bank have been maintained.

- Appropriate accounting policies have been applied consistently in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt about the Bank's ability to continue as a going concern in the foreseeable future.

- The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer to the Directors all those directors who have been approved by the SBP to attend the meetings during assessment of FPT documents of elected directors.
- 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, 2024 amounted to Rs.2,816.05 mn (2023 Rs. 2,082.8 mn). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2024 amounted to Rs.1,055.5 mn (2023 Rs. 805.5 mn) and further an amount 177.2 mn has been transferred subsequent to the balance sheet date, based on actuarial valuation of the fund.
- Statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 is given separately in the Annual Report.

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

In terms of State Bank's BPRD Circular # 11, dated August 22, 2016 and the Public Sector Companies (Corporate Governance) Rules 2013, the Board of Directors in its 44th Meeting held on November 21, 2016 approved the evaluation criteria and procedure for evaluation of its own performance, performance of Chairman, Individual Directors, Independent Directors, President & CEO and its Committees.

The Board members carried it out annually, based on the in-house developed mechanism and submitted their reports to the Chairman. The Performance of the Board was evaluated by all Directors on individual basis on the criteria which included Board Composition and structure, Board contribution towards developing strategies, policy framework, robust and effective risk management, internal control and audit functions etc.

In terms of aforesaid Circular of SBP the performance evaluation is to be carried-out once in three years by an outside agency. Accordingly, performance evaluation in the year 2024 carried out by Outside Consultant M/s Grant Tornton Anjum Rehman.

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DIRECTORS TRAINING/COURSES

- The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by President & CEO and all other Directors in their 118 BOD meeting held on March 3, 2025.
- All Directors have got their certification of 'Directors Training' from reputational institutions.
- The Shari'ah Board has given a comprehensive orientation and training to the Directors on 'Islamic Banking' in 115th BoD meeting held on 25th October, 2024.

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 NOMINATION COMMITTEE		BOARD SAM 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	8	8	3	2	5	3	-	-	3	3	1	1	6	6
2	Mr. Fayaz Ahmed Jatoi	8	3	3	2	-	-	-	-	-	-	-	-	6	1
3	Mr. Javaid Bashir Sheikh	8	8	-	-	5	5	4	4	-	-	-	-	-	-
4	Mrs. Shaista Bano Gilani	8	8	3	3	5	5	-	-	-	-	-	-	-	-
5	Mr. Imtiaz Ahamd Butt	8	8	-	-	-	-	4	4	3	3	-	-	-	-
6	Mr. Imran Samad	8	4	-	-	-	-	4	1	3	2	-	-	6	4
7	Mr. Farhan Ashraf Khan	8	4	-	-	5	2	-	-	-	-	-	-	6	3
8	Mr. Muhammad Anwaar, President & CEO	8	6	-	-	-	-	-	-	-	-	-	-	-	-
9	Mr. Anis A. Khan*	8	3	3	1	-	-	-	-	3	1	1	1	6	2
10	Dr. Kazim Hussain Jatoi**	8	3	3	1	-	-	4	1	-	-	1	1	6	2
11	Mr. Imran Samd, Ex-President & CEO***	8	2	-	-	-	-	-	-	-	-	-	-	-	-
Total Meetings held during the year		8		3		5		4		3		1		6	

CHANGES IN THE BOARD OF DIRECTORS

The Shareholders in their 13th Annual General Meeting (AGM), elected or re-elected Seven (07) Directors whose FPT's clearance have been granted by the State Bank of Pakistan (SBP) on 27th August, 2024 and Mr. Muhammad Anwaar was appointed as President & CEO in 111th Board Meeting after SBP approval on 28th October, 2024.

The names of Directors are appended below:

Sr. #	Name of Director	Designation
1.	Mr. Mohammed Aftab Alam	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

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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 SBP via BPRD Circular No 3 of 2022, IFRS 9," Financial Instruments" is effective for periods beginning on or after 1 January, 2024 for banks having assets base of less than Rs 500 billion as at

December 21, 2021, SBP via the same circular has finalized the instruction on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

In accordance with the transitional provisions outlined in IFRS 9 Financial Instruments, the Bank has chosen the modified retrospective approach, refraining from restating comparative figures. Any alterations to the carrying values of financial assets and liabilities during the transition period were accounted for in the opening retained earnings and other reserves at the start of the current year, without revising the comparative data.

The State Bank of Pakistan (SBP) granted a one-year extension for the implementation of the Effective Interest Rate (EIR) model under IFRS 9 on 22 January 2025,which allows one-year extension up to December 31,2025 provides the bank more time to complete the necessary adjustments and align processes to the requirements, ensuring a smoother transition.

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 SBP on October 31, 2024, outlining the transition of all its conventional branches to Islamic by December 31, 2027.

SBP has granted the bank an in-principle approval for converting 45 conventional branches to Islamic banking in 2025.Bank has initiated the process of conversion into an Islamic Bank in compliance of SBP circulars IFPD No. 03 of 2024 dated June 28, 2024 and IFPD No. 05 of 2024 dated October 01, 2024.

The transition will focus on offering innovative, Shariah-compliant products, promoting financial inclusion, and supporting sustainable growth in Pakistan's Islamic Banking Sector.

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➢ **Other major goals**

I. With encouraging results achieved so far, the management is determined to maintain its focus on (i)Mobilization of cost-efficient Deposits; (ii)Increase of Consumer, SME and Commercial business and (iii)Alternate delivery and service channels based on technology platforms to facilitate our customers and (iv)Recovery and reduction of Non-Performing Loans.

II. In light of climate change and the resulting economic and social challenges, the bank will focus on the following areas:
   - Strengthening its role in mitigating the adverse impacts of climate change.
   - Promoting sustainable finance.
   - Enhancing infrastructure by improving access to finance and advancing sustainable financial solutions, particularly to address challenges related to the food and water crisis.

III. The bank aims to strengthen its financial inclusion framework through targeted policy initiatives in key areas such as agriculture, SMEs, microfinance and trade finance and will implement financial literacy programs with an increased focus on digital solutions.

Acknowledgements

On behalf of the Board of Directors, I would like to sincerely thank the regulators, shareholders and customers for their continued guidance, support and confidence reposed in the Bank and its Management.

On behalf of the Board of Directors

Muhammad Anwaar Sheikh
President/CEO
Karachi, March 3,2025

(Non-Executive Director)

Riaz Ahmad & Company
Chartered Accountants

SINDH BANK LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2024

A member of Nexia International

Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of SINDH BANK LIMITED ("the Bank"), which comprise the unconsolidated statement of financial position as at 31 December 2024, 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 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 14.1 to the unconsolidated financial statements which states that the deferred tax asset has been recognized in the unconsolidated financial statements on the basis of financial projections for the future years approved by Board of Directors of the Bank. The preparation of financial projection involves management assumptions regarding future business and economic conditions and significant change in assumptions may have impact on recoverability of the deferred tax assets.

Our opinion is not modified in respect of this matter.

Information other than the Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:

   a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

   b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.

RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 10 MARCH 2025
UDIN: AR20241004519tx80dUB

SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024	2023
		---------- (Rupees in '000') ----------	
ASSETS			
Cash and balances with treasury banks	6	22,612,094	53,407,771
Balances with other banks	7	3,786,987	957,883
Lendings to financial institutions	8	24,514,444	-
Investments	9	201,164,585	166,503,472
Advances	10	72,545,690	50,623,045
Property and equipment	11	1,332,688	1,327,601
Right of use assets	12	3,385,962	2,608,849
Intangible assets	13	80,162	108,257
Deferred tax assets - net	14	16,955,276	17,193,965
Other assets	15	13,709,235	7,752,566
		360,087,123	300,483,409
LIABILITIES			
Bills payable	16	1,446,526	898,762
Borrowings	17	1,457,900	37,546,440
Deposits and other accounts	18	312,718,297	223,569,650
Lease liabilites	19	4,308,326	3,138,067
Deferred tax liabilities		-	-
Other liabilities	20	11,004,030	10,858,146
		330,935,079	276,011,065
NET ASSETS		29,152,044	24,472,344
REPRESENTED BY			
Share capital - net	21	34,524,428	34,524,428
Reserves		2,448,431	1,894,365
Surplus/(deficit) on revaluation of assets - net	22	884,442	(1,033,628)
Accumulated loss		(8,705,257)	(10,912,821)
		29,152,044	24,472,344
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, 2024

	Note	2024	2023
		(Rupees in '000')	
Mark-up / return / profit / interest earned	24	50,402,208	50,308,343
Mark-up / return / profit / interest expensed	25	41,800,021	42,314,885
Net mark-up / return / profit / interest income		8,602,187	7,993,458
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	683,792	603,239
Dividend income		53,339	192,353
Foreign exchange income		352,209	723,490
Gain on securities	27	215,889	337,703
Other income	28	9,720	8,877
Total non-markup/interest income		1,314,949	1,865,662
Total income		9,917,136	9,859,120
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	9,460,238	8,119,190
Other charges	30	3,990	59,124
Total non-markup/interest expenses		9,464,228	8,178,314
PROFIT BEFORE PROVISIONS		452,908	1,680,806
Credit loss allowance and write offs - net	31	(2,048,842)	1,023,994
PROFIT BEFORE TAXATION		2,501,750	656,812
Taxation	32	(268,580)	(1,507,952)
PROFIT AFTER TAXATION		2,770,330	2,164,764
		Rupees	
Basic and diluted earnings per share	33	0.80	0.72

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, 2024

	2024	2023
	--------- (Rupees in '000') ---------	
Profit after taxation for the year	**2,770,330**	2,164,764
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	**392,269**	83,072
	3,162,599	2,247,836
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	**(13,643)**	(18,251)
Movement in surplus on revaluation of equity investments - net of tax	**835,733**	-
Movement in surplus on revaluation of non-banking assets - net of tax	**(5,400)**	91,800
	816,690	73,549
Total comprehensive income	**3,979,289**	2,321,385

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, 2024

	Share Capital	Shares Deposit Money	Capital Reserves		Statutory Reserve *	Surplus / (Deficit) on		Accumulated Loss **	Total
			Reserves on amalgamation	Share Premium		Investments	Fixed/Non-banking assets		
	(Rupees in '000')								
Balance as at January 01, 2023	29,524,428	-	9,433	51	1,451,928	(1,208,500)	-	(12,626,381)	17,150,959
Profit/Loss for the year ended December 31, 2023	-	-	-	-	-	-	-	2,164,764	2,164,764
Other comprehensive income - net of tax	-	-	-	-	-	83,072	91,800	(18,251)	156,621
Transfer to statutory reserve	-	-	-	-	432,953	-	-	(432,953)	-
Transactions with owners, recorded directly in equity									-
Shares deposit money	-	5,000,000	-	-	-	-	-	-	5,000,000
Issue of Shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-
Balance as at December 31, 2023	**34,524,428**	**-**	**9,433**	**51**	**1,884,881**	**(1,125,428)**	**91,800**	**(10,912,821)**	**24,472,344**
Effect of reclassification on adoption of IFRS -09 - net of tax									
Effect of adoption of IFRS 09 on Debt security	-	-	-	-	-	1,113,779	-	-	1,113,779
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	(363,757)	-	363,757	-
Effect of adoption of IFRS 09 on shares FVTPL	-	-	-	-	-	(54,554)	-	54,554	-
Effect of adoption of IFRS 09 - ECL net of tax	-	-	-	-	-	-	-	(373,804)	(373,804)
	-	-	-	-	-	695,468	-	44,507	739,975
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)	-
Transactions with owners, recorded directly in equity									
Shares deposit money	-	-	-	-	-	-	-	-	-
Issue of shares during the year	-	-	-	-	-	-	-	-	-
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**

* 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 10.7.2 of these unconsolidated financial statements, accumulated loss includes an amount of Rupees 2,358.26 million net of tax as at December 31, 2024 (December 31, 2023: Rs. 3,148.13 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, 2024

	Note	2024	2023
		(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,501,750	656,812
Less: Dividend income		(53,339)	(192,353)
		2,448,411	464,459
Adjustments:			
Depreciation	11.2	295,429	277,197
Depreciation on right of use assets	29	764,754	722,027
Interest expense on lease liability		696,975	584,041
Amortisation	11.2	42,427	41,219
Credit loss allowance / provisions and write offs - net	31	(2,048,842)	1,023,994
Charge for defined benefit plan	36.1.4	147,544	115,770
Unrealised gain on securities measured at FVPL		(70,388)	-
Gain on sale of operating fixed assets	28	(7,536)	(5,115)
		(179,637)	2,759,133
		2,268,774	3,223,592
(Increase) / decrease in operating assets			
Lendings to financial institutions		(24,514,444)	19,967,424
Securities classified as FVPL		(162,080)	-
Advances - net		(21,446,087)	(6,612,094)
Other assets - net		(5,596,810)	(3,880,572)
		(51,719,421)	9,474,758
Increase / (decrease) in operating liabilities			
Bills payable		547,764	172,614
Borrowings		(36,088,540)	(69,388,274)
Deposits and other accounts		89,148,647	525,700
Other liabilities (excluding current taxation)		(70,571)	4,412,558
		53,537,300	(64,277,402)
		4,086,653	(51,579,052)
Contribution to gratuity fund	36.1.3	(151,556)	(104,688)
Income tax paid		(718,184)	(644,314)
Net cash generated from / (used in) operating activities		3,216,913	(52,328,054)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortized cost securities		6,726,982	78,770,659
Net investment in securities classified as FVOCI		(36,422,595)	9,043,970
Dividend received		51,651	192,353
Investments in operating fixed assets		(320,195)	(930,242)
Sale proceeds of operating fixed assets disposed off		12,883	7,121
Net cash (used in) / generated from investing activities		(29,951,274)	87,083,861
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	5,000,000
Payment of lease liability against right of use assets		(1,230,989)	(1,178,421)
Net cash (used in) / generated from financing activities	34.1	(1,230,989)	3,821,579
(Decrease) / increase in cash and cash equivalents		(27,965,350)	38,577,386
Cash and cash equivalents at the beginning of the year		54,365,654	15,788,268
Impact of expected credit loss allowance on cash and cash equivalents		(1,223)	-
Cash and cash equivalents at the end of the year	34	26,399,081	54,365,654

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 CEO | **Chief Financial Officer** | **Director** | **Director** | **Chairman**

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 (2023: 330) branches including 8 (2023: 8) sub-branches and 14 (2023: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi,

1.2 The Government of Sindh, through its Finance Department owns 99.97% ordinary shares of the Bank.

1.3 VIS Credit Rating Company Limited has upgraded the long term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.

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 This un-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 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.

As per SBP's directive in BPRD Circular Letter No. 7 of 2023, dated April 13, 2023, IFRS 9 (Financial Instruments) has become effective in Pakistan for financial periods beginning on or after January 1, 2024.

Consequently, in line with the application of IFRS 9, SBP, through BPRD Circular No. 02, dated February 9, 2023, has also revised the format of annual financial statements. Further details regarding the adoption of IFRS 9 and the associated amendments, including their impact, are provided in Note 4.1 to these unconsolidated financial statements.

Apart from IFRS 9, certain other amendments and interpretations have also become mandatory for the Bank's financial reporting periods beginning January 1, 2024. However, these are not considered relevant or significant to the Bank's operations and, therefore, have not been detailed in these unconsolidated financial statements.

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

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 21 - Lack of exchangeability – (Amendments)	01 January 2025
- IFRS 10 and IAD 28 - Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

Standard	IASB effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

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 5.1.1 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 and 12);

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

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value. Lands and buildings classified under property and equipment and non-banking assets acquired in satisfaction of claims are carried at revalued amount. Employee benefits and lease liability against right-of-use assets are carried at present value.

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, 2023, except as stated in Note 5.1 below.

5.1 Change in Accounting Policy

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS-09 *Financial Instruments* is applicable on banks with effect from January 01, 2024. IFRS-09 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS-09 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS-09 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses ("ECL") approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS-09 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of general provision, income recognition on Islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

The Bank has adopted IFRS 9 in accordance with the Application Instructions from 01 January 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 01 January 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information

SBP through its BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from 01 October 2024, however, the Bank has received an extension from SBP until December 31, 2025 for the application of EIR to account for advances. SBP through its BPRD Circular Letter No. 01 of 2025 dated 22 January 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after 01 January 2020.

5.1.1 **Classification**

Financial Assets

Under IFRS-09, existing categories of financial assets: Held for trading ("HFT"), Available for sale ("AFS"), Held to maturity ("HTM") and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Financial assets at amortised cost

Financial Liabilities

Under IFRS-09, the accounting for financial liabilities remains largely the same as before adoption of IFRS-09 and thus financial liabilities are being carried at amortised cost.

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 **Application to the Bank's financial assets**

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lendings to financial institutions, investment in federal government securities, listed and unlisted term finance certificates, unlisted preference shares, cash and balances with treasury banks, balances with other banks, and other financial assets.

a) These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL.

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of investments in Pakistan Investment Bonds (Fixed) held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS-09 on transition to IFRS-09 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS-09 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024 - Before ECL
	Rupees in '000'				
Federal Government Securities					
- Pakistan Investment Bonds - AFS	15,216,749	FVOCI	-	-	-
		Amortised Cost	15,216,749	2,183,880	17,400,629
	15,216,749		15,216,749	2,183,880	17,400,629

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rupees 498.085 million out of its available for sale equity investment portfolio which includes mutual funds units of Rupees 123.660 million as of December 31, 2023 to FVTPL.

IFRS-09 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rupees 363.757 million on listed equity investments to unappropriated losses through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS-09 as at January 1, 2024 are compared as follows:

	Before adoption of IFRS-09		After adoption of IFRS-09	
Financial assets	**Measurement Category**	**Carrying amounts as at December 31, 2023**	**Measurement Category**	**Carrying amounts as at January 01, 2024**
		Rupees in '000'		**Rupees in '000'**
Cash and balances with treasury banks	Loans and receivables	53,407,771	Amortised cost	53,407,771
Balances with other banks	Loans and receivables	957,883	Amortised cost	957,883
Lendings to financial institutions	Loans and receivables	-	Amortised cost	-
Investments			Fair value through profit or loss accont	498,058
	Available for sale	133,244,953	Fair value through other comprehensive income	117,530,146
			Amortised cost	17,400,629
		133,244,953		135,428,833
	Held to maturity	32,508,519	Amortised cost	32,508,519
Advances				
-Staff loan	Loans and receivables	1,720,706	Amortised cost	1,018,693
-Advances other than staff loan		48,902,339	Cost	48,196,441
		50,623,045		49,215,134
Other assets	Loans and receivables	7,752,506	Amortised cost for financial assets	8,454,579
		278,494,737		**279,972,719**

5.1.5 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.

5.1.6 **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 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

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.

5.1.7 **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.

5.1.8 **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, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at segment level.

Significant increase in credit risk (SICR)

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

As required by the Application Instructions, financial assets may be reclassified out of Stage 3 if they meet the requirements of PR issued by SBP. Financial assets in Stage 2 may be reclassified to Stage 1 if the conditions that led to a SICR no longer apply. However, a minimum period of 6 months from initial downgrade is required before any facility is moved back to Stage 1 from Stage 2. For a facility to move back from Stage 3 to Stage 2, it should meet the criteria defined under the respective Prudential Regulations for de-classification of account / facility. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially.

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular No. 3 of 2022. However, banks are free to choose more stringent days past due criteria. Bank align its policy with Annexure-C of BPRD Circular No. 3 of 2022; hence, SICR is considered if credit exposure exceeds 60 days past due.

Forward looking information

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

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

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

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

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

Write-offs

The Bank's accounting policy under IFRS-09 remains the same as it was under SBP regulations / existing reporting framework.

5.1.9 **Adoption impacts**

The Bank has adopted IFRS-09 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS-09. The cumulative impact of initial application of Rupees 739.975 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Classification under SBP regulations	Classification under IFRS 9							
	Balances as of December 31, 2023 (Audited)	At FVTPL	At FVOCI - with recycling	At amortised Cost	Remeasurement under IFRS 9	Recognition of ECL	Balances as of January 01, 2024	IFRS 09 Category
				Rupees in '000				
ASSETS								
Cash and bank balances with treasury banks	53,407,771	-	-	53,407,771	-	-	53,407,771	Amortised cost
Balances with other banks	957,883	-	-	957,883	-	(10,190)	947,693	Amortised cost
Lending to Financial Institutions	-	-	-	-	-	-	-	Amortised cost
Investments in financial assets								
-Held-for-Trading	-	498,058	-	498,058	-	-	498,058	FVTPL
-Available-for-Sale	133,244,953	(498,058)	(15,216,749)	117,530,146	-	-	117,530,146	FVOCI
-Held-to-Maturity	32,508,519	-	15,216,749	47,725,268	2,183,880	(23,544)	49,885,604	Amortised cost
-Subsidiary	750,000	-	-	750,000	-	-	750,000	Outside the scope of IFRS 09
	166,503,472	-	-	166,503,472	2,183,880	(23,544)	168,663,808	
Advances	-	-	-	-	-	-	-	
-Staff loans	1,720,706	-	-	-	(702,013)	-	1,018,693	Amortised cost
-Advances other than staff loans	48,902,339	-	-	-	10,186	(716,084)	48,196,441	Cost
	50,623,045	-	-	-	(691,827)	(716,084)	49,215,134	
Property and equipment	1,327,601	-	-	1,327,601	-	-	1,327,601	Outside the scope of IFRS 09
Rights of use asset	2,608,849	-	-	2,608,849	-	-	2,608,849	Outside the scope of IFRS 09
Intangible assets	108,257	-	-	108,257	-	-	108,257	Outside the scope of IFRS 09
Deferred tax asset - net	17,193,965	-	-	17,193,965	(1,070,101)	368,931	16,492,795	Outside the scope of IFRS 09
Other assets	7,752,566	-	-	7,752,566	702,013	-	8,454,579	Amortised cost for financial assets
	300,483,409	-	-	249,860,364	1,123,965	(380,887)	301,226,487	
LIABILITIES								
Bills payable	898,762	-	-	898,762	-	-	898,762	Amortised cost
Borrowings	37,546,440	-	-	37,546,440	-	-	37,546,440	Amortised cost
Deposit and other accounts	223,569,650	-	-	223,569,650	-	-	223,569,650	Amortised cost
Lease liability against rights of use assets	3,138,067	-	-	3,138,067	-	-	3,138,067	Amortised cost
Other Liabilities	10,858,146	-	-	10,858,146	-	3,103	10,861,249	Amortised cost for financial liabilities
	276,011,065	-	-	276,011,065	-	3,103	276,014,168	
NET ASSETS	24,472,344	-	-	(26,150,701)	1,123,965	(383,990)	25,212,319	
REPRESENTED BY								
Share capital - net	34,524,428	-	-	34,524,428	-	-	34,524,428	Outside the scope of IFRS 09
Reserves	1,894,365	-	-	1,894,365	-	-	1,894,365	Outside the scope of IFRS 09
Deficit on revaluation of assets	(1,033,628)	-	-	(1,033,628)	695,468	-	(338,160)	
Accumulated loss	(10,912,821)	-	-	(10,912,821)	428,497	(383,990)	(10,868,314)	
	24,472,344	-	-	24,472,344	1,123,965	(383,990)	25,212,319	

5.1.10 As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework.

5.2 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the Application Instructions issued by SBP has detailed the transitional arrangement. The transitional arrangement applies only to provisions for Stage 1 and Stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e., added back) to CET1 capital over the "transition period" of five years. Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024. Had IFRS 9 not been applied then CAR would have been lower by 1.19 bps from 21.28 % to 20.09%.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts, excluding term deposit with original term of greater than three months.

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 are stated net of provisions for non-performing advances. Specific and general provisions are made based on appraisal of the loan portfolio that takes into account the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the unconsolidated statement of profit and loss account. Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

5.7.1 Islamic financings and related assets

Ijarah Financing
Applying IFAS-2, assets underlying Ijarah have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the unconsolidated statement of profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is calculated from the date of delivery of respective assets to mustajir upto the date of maturity / termination of Ijarah agreement.

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

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

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

5.8 Operating fixed assets and depreciation

5.8.1 *Property and equipment - owned*

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

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

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

Gains or losses on disposal, if any, are recognized in the unconsolidated profit and loss account in the year in which it arises.

5.8.2 *Capital work-in-progress*

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

5.8.3 *Leases*

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

Bank as a Lessee

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

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

Right-of-use (RoU) Assets

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

Lease Liability

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

Incremental borrowing rate

Borrowing rate that Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic enviorment. The Bank estimated the Incremental borrowing rate using observable input such as market interest rates.

5.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the unconsolidated statement of profit and loss account applying the straight line method at the rates specified in note 11, to these unconsolidated financial statements from the date an intangible asset is available for use. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each date of unconsolidated statement of financial position.

5.10 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued with sufficient regularity by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. An increase in the market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset or, if no surplus exists, is charged to the unconsolidated statement of profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the impairment and thereafter credited to the surplus on revaluation of that asset. All direct costs of acquiring title to the asset are charged immediately to the unconsolidated statement of profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the unconsolidated statement of profit and loss account on the same basis as depreciation charged on the Bank's owned fixed assets.

If the recognition of such assets results in a reduction in non-performing loans, such reductions and the corresponding reductions in provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realized on disposal of these assets is transferred directly to unappropriated profit.

However, if such an asset, after initial recording, is used by the Bank for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

5.11 Impairment

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.12 Taxation

Taxation (Income tax) expense relates to current and prior years and deferred tax. Income tax expense is recognized in the unconsolidated statement of profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

a) Current

Provision for current tax is the tax payable on the expected taxable income for the year using tax rates enacted or substantively enacted at the reporting date and, any adjustment to tax payable relating to prior years, after taking into consideration available tax credits, rebates, tax losses etc.

b) Prior Year

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

c) Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

5.13 Staff retirement and other benefits

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

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

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

5.14 Acceptances

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

5.15 Provisions against liabilities

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

5.16 Revenue recognition

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

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

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

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

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

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

5.16.6 Revenue recognition under IFAS 2

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

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

a) Profit on Diminishing Musharakah is recognized in unconsolidated profit and loss account on accrual basis.
b) Income from murabaha is accounted for on a time proportionate basis over the period of murabaha transaction.

5.17 Borrowings / deposits and their cost

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

5.18 Proposed dividend and transfers between reserves

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

5.19 Earnings per share

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

a) **Financial assets and liabilities**

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.

b) **Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value on the date at which the derivative contract is entered into and subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets where fair value is positive and as liabilities where fair value is negative. Any changes in the fair value of derivative financial instruments are taken to unconsolidated statement of profit and loss account.

5.22 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.

5.23 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) 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.

b) Retail Banking

This includes mortgage finance and personal loans to individual customers.

c) Commercial banking and others

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

5.24 Geographical segments

The Bank operates only in Pakistan.

5.25 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the date of the unconsolidated statement of financial position.

5.26 Provision against off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Charge to unconsolidated statement of profit and loss account is stated net of expected recoveries.

6. CASH AND BALANCES WITH TREASURY BANKS	Note	2024	2023
		--------- (Rupees in '000') ---------	
In hand			
Local currency		5,592,829	3,959,099
Foreign currency		212,371	194,370
		5,805,200	4,153,469
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	16,018,948	47,075,466
Foreign currency current accounts	6.2	182,990	61,133
Foreign currency deposit accounts			
- Non Remunerative	6.3	143,595	158,549
- Remunerative	6.4	287,710	309,256
		16,633,243	47,604,404
With National Bank of Pakistan in			
Local currency current accounts		165,889	1,610,797
Local currency deposit accounts	6.5	6	22,571
		165,895	1,633,368
Prize bonds		7,756	16,530
	34	22,612,094	53,407,771

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 3.53% to 4.35% profits (2023 : 3.39% to 4.34%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 13.50% (2023: 20.50%) per annum.

7. BALANCES WITH OTHER BANKS

	Note	2024	2023
In Pakistan			
In current accounts		30	30
In savings account	7.1	2,040	1,719
		2,070	1,749
Outside Pakistan			
In current accounts	7.2	3,786,140	956,134
Less: Credit Loss allowance held against balances with other banks	7.3	1,223	-
	34	3,786,987	957,883

7.1 This includes savings account with a commercial bank carrying profit at the rate of 13.50% (2023: 20.50%) per annum.

7.2 This includes Rs. 3,406.801 million (2023: Rs. 842.188 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	2024	2023
			(Rupees in '000')	
7.3	**Opening balance**		-	-
	Impact of adoption of IFRS-09		10,190	-
	Charge / reversals;			
	Charge for the year		-	-
	Reversals for the year		(8,967)	-
			(8,967)	-
	Closing Balance		1,223	-

8. LENDINGS TO FINANCIAL INSTITUTIONS

	2024	2023
Call money lendings	7,500,000	-
Repurchase agreement lendings (Reverse Repo)	14,315,010	-
Musharaka arrangements	2,700,000	-
	24,515,010	-
Less: Credit loss allowance held against lending to financial institutions	(566)	-
Lending to financial institutions - net of credit loss allowance	24,514,444	-

8.1 Particulars of lendings

	2024	2023
In local currency	24,514,444	-
In foreign currencies	-	-
	24,514,444	-

8.2 Securities held as collateral against Lending to financial institutions

	2024			2023		
	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	7,467,450	-	7,467,450	-	-	-
Total	14,321,430	-	14,321,430	-	-	-

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8.3 Lendings to Financial Institutions - Category of classification

		2024		2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		Rupees in '000			
Domestic					
Performing	Stage 1	24,515,010	566	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		24,515,010	566	-	-

8.4 Lendings to Financial Institutions - Particulars of credit loss allowance

	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	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		1,346,203	-	-	1,346,203
Pakistan Investment Bonds		24,364,453	-	-	24,364,453
Non-government debt securities					
Term finance certificates - Listed		224,235	(10,327)	-	213,908
Term finance certificates - Unlisted		344,509	(10,254)	-	334,255
Preference Shares - Unlisted		77,708	(77,708)	-	-
		26,357,108	(98,289)	-	26,258,819
Classified / Measured at FVOCI					
Federal Government Securities					
Market Treasury Bills		6,797,209	-	115,314	6,912,523
Pakistan Investment Bonds		10,910,790		(21,734)	10,889,056
Pakistan Investment Bonds - Floater	9.9	149,889,498	-	346,582	150,236,080
Government of Pakistan - Ijarah Sukuk		3,999,990	-	82,300	4,082,290
		171,597,487	-	522,462	172,119,949
Equity instruments:					
Classified / Measured at FVPL					
Shares					
Listed		38,420	-	(2,872)	35,548
Mutual funds		123,660	-	73,260	196,920
		162,080	-	70,388	232,468
Classified / Measured at FVOCI					
Shares					
Listed		604,020	-	1,158,659	1,762,679
Non-government debt securities					
Mutual funds		59,203	-	(18,533)	40,670
		663,223	-	1,140,126	1,803,349
Investment in Subsidiary					
Fully paid ordinary shares	9.3	750,000	-	-	750,000
Total Investments		199,529,898	(98,289)	1,732,976	201,164,585

INVESTMENTS

Investments by type

		2023			
	Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		(Rupees in '000')			
Available-for-sale securites					
Federal Government Securities					
Market Treasury Bills		-	-	-	-
Pakistan Investment Bonds		17,400,629	-	(2,183,880)	15,216,749
Pakistan Investment Bonds - Floater		113,308,072	-	(319,502)	112,988,570
Government of Pakistan - Ijarah Sukuk		4,000,000	-	42,076	4,042,076
Shares					
Listed		971,211	(342,757)	212,934	841,388
Unlisted		-	-	-	-
Non-government debt securities					
Sukuk certificates		-	-	-	-
Mutual funds & units		158,203	(43,684)	41,651	156,170
		135,838,115	(386,441)	(2,206,721)	133,244,953
Held-to-maturity securities					
Federal Government Securities					
Market Treasury Bills		20,660,590	-	-	20,660,590
Pakistan Investment Bonds		11,262,656	-	-	11,262,656
Preference Shares - Unlisted		77,708	(77,708)	-	-
Non-government debt securities					
Term finance certificates - Listed		224,235	-	-	224,235
Term finance certificates - Unlisted		858,901	(497,863)	-	361,038
		33,084,090	(575,571)	-	32,508,519
Investment in Subsidiary					
Fully paid ordinary shares	9.3	750,000	-	-	750,000
Total Investments		169,672,205	(962,012)	(2,206,721)	166,503,472

9.2 Investments by segments

	2024				2023			
	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Federal Government Securities								
Market Treasury Bills	8,143,412	-	115,314	8,258,726	20,660,590	-	-	20,660,590
Pakistan Investment Bonds	185,164,741	-	324,848	185,489,589	141,971,357	-	(2,503,381)	139,467,976
Government of Pakistan - Ijarah Sukuk	3,999,990	-	82,300	4,082,290	4,000,000	-	42,076	4,042,076
	197,308,143	-	522,462	197,830,605	166,631,947	-	(2,461,305)	164,170,642
Shares								
Listed companies	642,440	-	1,155,787	1,798,227	971,211	(342,757)	212,934	841,388
Unlisted companies	77,708	(77,708)	-	-	77,708	(77,708)	-	-
	720,148	(77,708)	1,155,787	1,798,227	1,048,919	(420,465)	212,934	841,388
Non-government debt securities								
Term finance certificates - listed	224,235	(10,327)	-	213,908	224,235	-	-	224,235
Term finance certificates - unlisted	344,509	(10,254)	-	334,255	858,901	(497,863)	-	361,038
	568,744	(20,581)	-	548,163	1,083,136	(497,863)	-	585,273
Mutual Funds & units								
Open ended	59,203	-	(18,533)	40,670	59,203	(43,684)	16,990	32,509
REIT - Units	123,660	-	73,260	196,920	99,000	-	24,661	123,661
	182,863	-	54,727	237,590	158,203	(43,684)	41,651	156,170
Investment in Subsidiary								
Sindh Microfinance Bank Ltd	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	199,529,898	(98,289)	1,732,976	201,164,585	169,672,205	(962,012)	(2,206,720)	166,503,472

9.3 Details of investment in Subsidiary

	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

	2023							
Name of Entity	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Total Comprehensive
				(Rupees in '000')				
Sindh Microfinance Bank Limited	27-03-2015	Pakistan	100%	3,414,693	2,308,691	949,395	91,487	90,954

	2024	2023
9.4 Investments given as collateral Federal government securities	(Rupees in '000')	
Pakistan Investment Bonds	-	35,733,600
Market Treasury Bills	-	-
	-	35,733,600

9.5 Provision for diminution in value of investments

	2024	2023
9.5.1 Opening balance	**962,012**	952,912
Impact of adoption of IFRS-09	**(362,897)**	-
Charge / reversals		
Charge for the year	**13,518**	9,100
Reversals for the year	-	-
Transfer during the period	**(514,344)**	-
Reversal on disposals	-	-
Transfers - net	**(500,826)**	9,100
Closing Balance	**98,289**	962,012

9.6 Particulars of credit loss allowance

	2024			
9.6.1 Investments - exposure	**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

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

9.6.3 Particulars of credit loss allowance against debt securities

Domestic	2024		2023	
	Outstandig amount	Credit loss allowance held	Outstandig amount	Provision
	Rupees in '000			
Performing Stage 1	197,427,832	2	167,200,740	-
Underperforming Stage 2	449,055	20,579	-	-
Non-Performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	77,708	77,708	592,051	575,571
	77,708	77,708	592,051	575,571
Total	197,954,595	98,289	167,792,791	575,571

9.7 **Quality of Securities**	2024	2023
	(Rupees in '000')	
Particulars regarding quality of securities - Held to collect and Sell model (FVOCI)		
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	160,800,288	130,708,701
Market Treasury Bills	6,797,209	-
Government of Pakistan - Ijarah Sukuk	3,999,990	4,000,000
	171,597,487	134,708,701
Shares (Equities)		
Listed Companies		
Refinery	7,682	7,682
Fertilizer	-	345,285
Cement	63,745	63,745
Oil & Gas Marketing Companies	164,142	186,049
Commercial Banks	368,451	368,450
	604,020	971,211
Other investments (Mutual Funds and Units)		
Listed		
AAA	-	99,000
AA+	16,239	16,239
A+ / A-	42,964	42,964
	59,203	158,203
	172,260,710	135,838,115

Equity Securities		
Listed Companies		
Pakistan Refinery Limited	7,682	7,682
Fauji Fertilizer Company Limited	-	280,284
Fatima Fertilizer Company Limited	-	65,002
Thatta Cement Company Limited	63,745	63,745
Sui Southern Gas Company Limited	164,142	164,142
Oil & Gas Development Company Limited	-	21,905
Bank Makramah Limited (formerly Summit Bank Limited)	305,509	305,509
Silk Bank Limited	62,942	62,942
	604,020	971,211

		2024	2023
9.8	**Particulars relating to securities held under 'hold to collect' - amortize cost**	---- Cost ----	
		-------- (Rupees in '000') --------	
	Federal Government Securities - Government guaranteed		
	Pakistan Investment Bonds	**24,364,453**	11,262,656
	Market Treasury Bills	**1,346,203**	20,660,590
		25,710,656	31,923,246
	Particulars relating to securities held under 'hold to collect' - amortize cost		
	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	**119,689**	119,737
	Unrated	**224,820**	224,820
	Unrated	-	514,344
		344,509	858,901
		26,357,108	33,084,090

9.8.1 The market value of securities classified as amortize cost as at December 31, 2024 amounted to Rs. 25,362.88 million (December 31, 2023 amounted to Rs. 29,916.83).

9.9 Investments include Rs 500 million (2023: Rs 500 million) pledged with National Clearing Company of Pakistan against trading margin.

10 ADVANCES

	Note	2024 Performing	2024 Non Performing	2024 Total	2023 Performing	2023 Non Performing	2023 Total
		Rupees in '000'			Rupees in '000'		
Loans, cash credits, agriculture, running finances etc.		29,627,478	29,409,534	59,037,012	28,013,746	32,216,286	60,230,032
Commodity finance		38,921,334	-	38,921,334	15,619,270	-	15,619,270
Net investment in finance lease	10.2	147,427	195,882	343,309	305,814	410,329	716,143
Islamic financing and related assets							
Diminishing musharakah financing	10.3	45,517	121,353	166,870	433,901	121,353	555,254
Murabaha Financing	10.5	80,000	-	80,000	-	-	-
Ijarah financing under IFAS 2	10.4	11,190	-	11,190	9,946	-	9,946
		68,832,946	29,726,769	98,559,715	44,382,677	32,747,968	77,130,645
Bills discounted and purchased							
Payable in Pakistan		45,739	348,639	394,378	19,405	348,639	368,044
Payable outside Pakistan		-	3,405	3,405	9,317	3,405	12,722
		45,739	352,044	397,783	28,722	352,044	380,766
Advances - gross		68,878,685	30,078,813	98,957,498	44,411,399	33,100,012	77,511,411
Credit loss allowance against advances		-	-	-	-	-	-
- Stage 1		319,579	-	319,579	10,186	-	10,186
- Stage 2		958,312	-	958,312	-	-	-
- Stage 3		-	25,133,917	25,133,917	-	26,878,180	26,878,180
		1,277,891	25,133,917	26,411,808	10,186	26,878,180	26,888,366
Total Advances - Net credit loss allowance		67,600,794	4,944,896	72,545,690	44,401,213	6,221,832	50,623,045

10.1 Particulars of advances (gross)

	2024	2023
	(Rupees in '000')	
In local currency	98,957,498	77,511,411
In foreign currencies	-	-
	98,957,498	77,511,411

10.1.1 Advances to Women, Women-owned and Managed Enterprises

	2024	2023
Women	102,037	71,236
Women Owned and Managed Enterprises	503,544	307,805
	605,581	379,041

10.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year Rs. 333.52 million (2023: Rs.284.94 million).

10.2 Net investment in finance lease

	2024				2023			
	Not later than one year	Over one year and up to five years	Over five years	Total	Not later than one year	Over one year and up to five years	Over five years	Total
	(Rupees '000')							
Lease rental	282,058	29,829	-	311,887	142,323	512,715	-	655,038
Residual value	62,055	27,870	-	89,925	116,409	63,562	-	179,971
Minimum lease payments	344,113	57,699	-	401,812	258,732	576,277	-	835,009
Un-earned income for future periods	(54,815)	(3,688)	-	(58,503)	(19,423)	(99,443)	-	(118,866)
Present value of minimum lease payments	289,298	54,011	-	343,309	239,309	476,834	-	716,143

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

10.3 Diminishing musharakah financing	Note	2024	2023
Advance against musharakah		2,902	-
Diminishing musharakah		163,968	555,254
		166,870	555,254
10.4 Ijarah financing under IFAS 2			
Net book value of assets	10.4.1	11,190	9,946
Advance against Ijarah financing		-	-
		11,190	9,946

10.4.1 Particulars of assets under Ijarah

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

	2023							
	(Rupees '000')							
Plant and machinery	28,000	950	28,950	18,834	170	19,004	9,946	Over the Ijarah period
Vehicle	16,224	(16,224)	-	14,019	(14,019)	-	-	
Total	44,224	(15,274)	28,950	32,853	(13,849)	19,004	9,946	

		2024	2023
		----- (Rupees in '000') -----	
10.5	Murabaha financing	86,588	-
	Less: deferred murabaha income	(3,550)	-
	Profit receivable shown in other assets	(3,038)	-
		80,000	-

10.6 **Particulars of credit loss allowance**

10.6.1 **Advances - Exposure**

	2024			
	Stage 1	Stage 2	Stage 3	Total
	Rupees in '000'			
Gross carrying amount - Current year	28,773,367	15,531,994	33,206,050	77,511,411
New Advances	7,469,067	33,691,165	-	41,160,232
Advances derecognised or repaid	(17,229,959)	(1,818,458)	(1,180,072)	(20,228,489)
Transfer to stage 1	3,941,417	(3,941,417)	-	-
Transfer to stage 2	(300,763)	2,911,754	(2,610,991)	-
Transfer to stage 3	(32,466)	(117,015)	149,481	-
	(6,152,704)	30,726,029	(3,641,582)	20,931,743
Transfer from investments -TFC	-	-	514,344	514,344
Amounts charged off	-	-	-	-
Closing balance	22,620,663	46,258,023	30,078,812	98,957,498

10.6.2 **Particulars of credit loss allowance**

	Stage 1	Stage 2	Stage 3	Total
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

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

	Stage 1	Stage 2	Stage 3	Total
Outstanding gross exposure				
Performing - Stage 1	22,620,663	-	-	22,620,663
Under Performing - Stage 2	-	46,258,023	-	46,258,023
Non-perfroming - Stage 3				
OAEM	-	-	1,821	1,821
Substandard	-	-	6,088	6,088
Doubtful	-	-	28,353	28,353
Loss	-	-	30,042,550	30,042,550
	-	-	30,078,812	30,078,812
Total	22,620,663	46,258,023	30,078,812	98,957,498
Corresponding ECL				
Stage 1 and stage 2				
(to be specified as shown above)	319,579	958,311	-	1,277,890
Stage 3	-	-	25,133,918	25,133,918
	319,579	958,311	25,133,918	26,411,808

10.7 Advances include Rs. 30,078.81 million (2023: Rs. 33,100.01) million which have been placed under non-performing status are as detailed below:

	2024	
Category of Classification of stage 3	**Non Performing Loans**	**Credit loss allowance**
	------ Rupees in '000' ------	
Domestic		
Other Assets Especially Mentioned	**1,821**	**11**
Substandard	**6,088**	**1,310**
Doubtful	**28,353**	**2,354**
Loss	**30,042,551**	**25,130,243**
Total	**30,078,813**	**25,133,918**

	2023	
Category of Classification	Non Performing Loans	Provision
	--------- Rupees in '000' ---------	
Domestic		
Other Assets Especially Mentioned	-	-
Substandard	8,889	333
Doubtful	116,780	932
Loss	32,974,343	26,876,915
Total	33,100,012	26,878,180

10.7.1 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.

10.7.2 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. 5,126.65 (2023: Rs. 6,156.33) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

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

	2024				2023		
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Specific	General	Total
		---------- Rupees in '000' ----------					
Opening balance	**10,186**	**-**	**26,878,180**	**26,888,366**	27,089,777	7,212	27,096,989
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**	2,766,522	2,974	2,769,496
Reversals	**-**	**(71,028)**	**(3,145,403)**	**(3,216,431)**	(1,712,978)	-	(1,712,978)
	177,931	**661,826**	**(2,505,282)**	**(1,665,525)**	1,053,544	2,974	1,056,518
Amounts charged off - Agriculture loans	**-**	**-**	**(31,275)**	**(31,275)**	(42,356)	-	(42,356)
Net charge / (reversal) during the period	**177,931**	**661,826**	**(2,536,557)**	**(1,696,800)**	1,011,188	2,974	1,014,162
agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Transfer from investments -TFC	-	-	**514,344**	**514,344**	-	-	-
Closing balance	**319,579**	**958,311**	**25,133,918**	**26,411,808**	26,878,180	10,186	26,888,366

	Note	31 Dec 24	31 Dec 23
11. FIXED ASSETS		-------- (Rupees in '000') --------	
Capital work-in-progress	11.1	24,518	1,321
Property and equipment	11.2	1,308,170	1,326,280
		1,332,688	1,327,601

11.1 Capital work-in-progress

	Note	31 Dec 24	31 Dec 23
Civil works		3,862	-
Equipment		-	-
Advances to suppliers		20,656	1,321
	11.1.1	24,518	1,321

11.1.1 Movement in Capital work-in-progress

	31 Dec 24	31 Dec 23
Opening balance	1,321	26,725
Transfer in	108,741	36,287
Transfer out	(85,544)	(61,691)
Write off	-	-
Closing balance	24,518	1,321

11.2 Property and Equipment

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

	2023				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000')				
At January 1, 2023					
Cost / Revalued amount	1,389,947	569,082	1,791,443	504,654	4,255,126
Accumulated depreciation	(578,789)	(485,711)	(1,613,467)	(264,808)	(2,942,775)
Net book value	811,158	83,371	177,976	239,846	1,312,351
Year ended December 31, 2023					
Opening net book value	811,158	83,371	177,976	239,846	1,312,351
Additions	30,542	8,263	236,341	17,988	293,134
Disposals	-	-	-	(2,006)	(2,006)
Depreciation charge	(69,667)	(23,944)	(104,238)	(79,350)	(277,199)
Closing net book value	772,033	67,690	310,079	176,478	1,326,280
At December 31, 2023					
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
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:

	2024	2023
	(Rupees in '000')	
Leasehold improvements	**403**	325
Furniture and fixtures	**423,711**	382,511
Electrical, office and computer equipment	**1,628,222**	1,512,720
Vehicles	**117,076**	118,385
	2,169,412	2,013,941

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particulars of The Purchaser
	(Rupees in '000)				
Computers & Office Equipment					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	8,546	32	1,595	Negotiation	Various
Motor Vehicles					
Toyota Fortuner	8,008	934	934	As Per HR Policy	Imran Samad
Toyota Corolla Altis	3,005	1,237	1,237	As Per HR Policy	Imran Samad
..........do..........	3,705	62	124	As Per HR Policy	Baqir Hussain
Honda Civic	3,767	753	753	As Per HR Policy	Abdul Rauf Chandio
..........do..........	3,746	0	0	As Per HR Policy	Rehan Anjum
Toyota Corolla XLI	2,505	0	0	As Per HR Policy	Shafqat Ali Raja
..........do..........	2,505	0	0	As Per HR Policy	Muhammad Salman Sami
..........do..........	2,505	0	0	As Per HR Policy	Farooq Khan
..........do..........	2,505	0	0	As Per HR Policy	Ghazala Ayaz
..........do..........	1,764	0	0	As Per HR Policy	Nasim Muhammad
..........do..........	2,505	0	0	As Per HR Policy	Shariq Hasnain Jaleesi
..........do..........	2,605	0	0	As Per HR Policy	Muhammad Salman Shafi
..........do..........	2,605	0	0	As Per HR Policy	Ahmed Noor
Suzuki Cultus	1,410	0	0	As Per HR Policy	Khalid Farooq
..........do..........	1,680	0	0	As Per HR Policy	Sahabzada Awais Omer
..........do..........	1,655	0	0	As Per HR Policy	Khurram Shahzad
..........do..........	1,745	634	634	As Per HR Policy	Tauqeer Cheema
..........do..........	1,745	0	0	As Per HR Policy	Faisal Haroon Badshah
..........do..........	1,480	0	0	As Per HR Policy	Syed Zeeshan Ul Haq
..........do..........	1,746	0	0	As Per HR Policy	Farrukh Hussain
..........do..........	1,345	0	0	As Per HR Policy	Muhammad Irfan Zafar
..........do..........	1,745	0	0	As Per HR Policy	Irfan Ali Shah
Suzuki Wagon R	1,104	0	0	As Per HR Policy	Shakil Ahmed Shaikh
..........do..........	1,104	0	0	As Per HR Policy	Parvaiz Ahmed Shaikh
..........do..........	1,104	0	0	As Per HR Policy	Bashir Ahmed Ghumro
..........do..........	2,421	0	0	As Per HR Policy	Sindh Insurance Ltd
..........do..........	1,540	1,095	2,400	As Per HR Policy	Kamran Abdullah Murad
..........do..........	1,104	0	0	As Per HR Policy	Imran Ahmed Mirani
..........do..........	1,104	0	0	As Per HR Policy	Aijaz Ali Bughi
..........do..........	1,540	0	0	As Per HR Policy	Ghulam Hussain Boozdar
..........do..........	1,540	0	0	As Per HR Policy	Azhar Hussain
..........do..........	1,104	0	0	As Per HR Policy	Shahdad Shah
..........do..........	1,104	0	0	As Per HR Policy	Ashiq Hussain Soomro
..........do..........	1,540	0	0	As Per HR Policy	Syed Ali Imran Naqvi
..........do..........	1,540	0	0	As Per HR Policy	Faraz Wahab Khan
..........do..........	1,184	0	0	As Per HR Policy	Asim Tawab
..........do..........	1,540	0	0	As Per HR Policy	Shayan Mustafa
..........do..........	1,540	0	0	As Per HR Policy	Benyhamin Bilal
..........do..........	1,540	0	0	As Per HR Policy	Usman Waheed Malik
..........do..........	1,540	0	0	As Per HR Policy	Amir Nadeem
..........do..........	1,540	0	0	As Per HR Policy	Zafar Ahmed
..........do..........	1,054	0	0	As Per HR Policy	Shakil Abbas
..........do..........	1,054	0	0	As Per HR Policy	Khalid Mehmood
..........do..........	1,540	0	0	As Per HR Policy	Muhammad Rizwan
..........do..........	1,540	0	0	As Per HR Policy	Asif Mehmood
..........do..........	1,104	0	0	As Per HR Policy	Faisal Qureshi
..........do..........	1,104	0	0	As Per HR Policy	Mureed Ali Shah
..........do..........	1,224	0	0	As Per HR Policy	Ghous Mohiuddin
..........do..........	1,104	0	0	As Per HR Policy	Nasir Ahmed Mirani
..........do..........	1,104	0	0	As Per HR Policy	Syeda Tazeem Fatima Rizvi
..........do..........	1,539	0	0	As Per HR Policy	Azam John Bhatti
..........do..........	1,540	0	0	As Per HR Policy	Muhammad Nazam Siddiqui
..........do..........	1,540	0	0	As Per HR Policy	Haroon Raza
..........do..........	1,540	0	0	As Per HR Policy	Muhammad Usman Ghani
..........do..........	1,540	0	0	As Per HR Policy	Muhammad Noman Hashmi
..........do..........	1,540	0	0	As Per HR Policy	Kaleem Mustafa
..........do..........	1,540	0	0	As Per HR Policy	Noman Ahmed
..........do..........	1,540	0	0	As Per HR Policy	Muzaffar Siddiqui
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	5,756	-	5,206	Auction	Various
	112,980	5,315	11,288		
TOTAL	121,525	5,347	12,883		

12. RIGHT OF USE ASSETS

	2024	2023
	------ (Rupees in '000') -----	
Year ended December 31		
Opening net book value	2,608,849	2,693,446
Reassessment / renewals	1,541,867	637,430
Disposals	-	-
Depreciation charge	(764,754)	(722,027)
Closing net book value	3,385,962	2,608,849
At December 31		
Cost	5,731,542	4,380,687
Accumulated depreciation	(2,345,580)	(1,771,838)
Net book value	3,385,962	2,608,849
Rate of depreciation (percentage)	10% to 100%	10% to 100%

13. INTANGIBLE ASSETS

	2024	2023
Computer Software		
At January 1		
Cost	444,256	412,051
Accumulated amortisation	(335,999)	(294,780)
Net book value	108,257	117,271
Year ended December 31		
Opening net book value	108,257	117,271
Additions:		
- directly purchased	14,332	32,205
Disposals	-	-
Amortisation charge	(42,427)	(41,219)
Other adjustments	-	-
Closing net book value	80,162	108,257
At December 31		
Cost	458,587	444,256
Accumulated amortisation	(378,425)	(335,999)
Net book value	80,162	108,257
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. 252.02 million (2023: Rs. 232.911 million) .

14. DEFERRED TAX ASSETS-NET

	2024					
	As at December 31, 2023	Impact on adoption of IFRS-9	As at January 1, 2024	Recognised in profit & loss account	Recognised in other comprehensive income	As at December 31, 2024
	(Rupees in '000')					
Deductible Temporary Differences on						
Credit loss allowance against advances	11,103,063	357,395	11,460,458	1,131,140	-	12,591,598
Tax losses carried forward	3,477,253	-	3,477,253	(503,119)	(23,550)	2,950,584
Provision for diminution in the value of investments	119,174	11,537	130,711	(118,468)	-	12,243
Deficit on revaluation of investments	1,081,294	(1,070,102)	11,192	-	(875,738)	(864,546)
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

	2023			
	As at December 31, 2022	Recognised in profit & loss account	Recognised in other comprehensive income	As at December 31, 2023
	(Rupees in '000')			
Deductible Temporary Differences on				
- Provision against advances - general	9,108,677	1,994,386	-	11,103,063
- Tax losses carried forward	3,782,989	(323,272)	17,536	3,477,253
- Provision for diminution in the value of investments	94,853	24,321	-	119,174
- Deficit on revaluation of investments	772,647	-	308,647	1,081,294
- Others	985,289	408,816	-	1,394,105
- Others (RoU)	65,384	193,933	-	259,317
	14,809,839	2,298,184	326,183	17,434,206
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(3,797)	4,298	-	501
- Net investment in Finance Lease	(131,859)	-	-	(131,859)
- Surplus on revaluation of non-banking assets	-	-	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(12,137)	(8,546)	-	(20,683)
	(147,793)	(4,248)	(88,200)	(240,241)
	14,662,046	2,293,936	237,983	17,193,965

14.1 The Bank has an aggregate amount of deferred tax assets of Rs. 16,955.28 million (2023: Rs. 17,193.96 million). Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential reversal of provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

15. OTHER ASSETS

	Note	2024	2023
		(Rupees in '000')	
Income / mark-up accrued in local currency	15.1	**10,722,252**	5,772,428
Accrued commission income		**157,731**	19,730
Advances, deposits, advance rent and other prepayments		**1,291,357**	213,037
Receivable against sale of shares		**47,925**	8,586
Mark to market gain on forward foreign exchange contracts		**136,527**	225,309
Insurance premium receivable against agriculture loans		**8,623**	9,998
Stationery and stamps on hand		**22,915**	10,332
Dividends receivable		**1,688**	-
Receivable against 1 Link ATM settlement account		**84,330**	616,552
Advance Taxation - net		**-**	-
Acceptances		**48,741**	-
Insurance claims receivable		**12,835**	7,445
Non-Banking Assets Acquired in Satisfaction of Claims	15.2	**1,770,000**	1,770,000
Other receivables		**88,925**	141,934
		14,393,849	8,795,351
Less: Provison held against other assets		**(864,614)**	(1,222,785)
Other assets (net of provision)		**13,529,235**	7,572,566
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	15.3	**180,000**	180,000
		13,709,235	7,752,566

15.1 Income / mark-up accrued in local currency

	Note	2024	2023
On loans and advances	15.4	**5,663,533**	2,705,396
On investments		**5,036,196**	3,065,999
On lendings to financial institutions		**22,371**	-
Others		**152**	1,033
		10,722,252	5,772,428

15.2 Market value of non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer. The revaluation was conducted by M/s. Iqbal A. Nanjee & Co. Pvt. Ltd. based on their professional assessment of present market values, has reported no significant change in the market value of these assets.

		Note	2024	2023
			----- (Rupees in '000') -----	
15.2.1	**Non-banking assets acquired in satisfaction of claims**			
	Opening Balance		1,950,000	-
	Additions		-	1,770,000
	Revaluation		-	180,000
	Disposals		-	-
	Depreciation		-	-
	Impairment		-	-
			1,950,000	1,950,000

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

Opening balance	(1,222,785)	-
Charge for the period / year	-	(1,222,785)
Reversals	358,171	-
Amount written off	-	-
Closing balance	(864,614)	(1,222,785)

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

In Pakistan	1,446,526	898,762
Outside Pakistan	-	-
	1,446,526	898,762

17. BORROWINGS

	Note	2024	2023
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	1,457,900	1,662,500
- Under long term finance facility		-	29,940
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan (SBP)		-	16,000,000
- Other commercial banks / DFI's		-	19,854,000
		-	35,854,000
		1,457,900	37,546,440

17.1 Particulars of borrowings with respect to Currencies

In local currency	1,457,900	37,546,440
In foreign currencies	-	-
	1,457,900	37,546,440

17.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 15.5% to 16.5% (2023: 17% to 18%) per annum having maturity upto six months.

18. DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000')					
Customers						
Current deposits	75,948,885	1,089,573	77,038,458	57,010,298	918,827	57,929,125
Savings deposits	174,750,035	1,248,851	175,998,886	126,210,668	1,231,979	127,442,647
Term deposits	54,833,570	316,021	55,149,591	34,311,181	282,821	34,594,002
Margin and other deposits	1,567,533	-	1,567,533	2,302,355	-	2,302,355
	307,100,023	2,654,445	309,754,468	219,834,502	2,433,627	222,268,129
Financial Institutions						
Current deposits	721,673	30	721,703	48,424	30	48,454
Savings deposits	1,242,064	-	1,242,064	733,005	-	733,005
Term deposits	1,000,000	-	1,000,000	400,000	-	400,000
Margin and other deposits	62	-	62	120,062	-	120,062
	2,963,799	30	2,963,829	1,301,491	30	1,301,521
	310,063,822	2,654,475	312,718,297	221,135,993	2,433,657	223,569,650

18.1 Composition of deposits

	Note	2024	2023
		--- (Rupees in '000') ---	
- Individuals		58,994,529	40,275,850
- Government (Federal and Provincial)		201,359,992	143,233,090
- Public Sector Entities		931,916	760,909
- Banking Companies		527,428	231,314
- Non-Banking Financial Institutions		2,436,401	1,301,521
- Private Sector		48,468,031	37,766,966
		312,718,297	223,569,650

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, 2024, the deposits eligible to be covered under insurance arrangements amounted to Rs. 68,301.40 million (2023: Rs. 52,145.15 million) and premium paid amounted to Rs. 83.43 million (2023 : Rs. 63.04 million).

19. Lease liabilities

	2024	2023
Opening balance	3,138,067	2,861,097
Reassessment / renewals	1,541,867	637,430
Interest expense	696,975	584,041
Lease payments including interest	(1,230,989)	(1,178,421)
Other adjustments / transfers	162,406	233,920
Closing balance	4,308,326	3,138,067

		Note	2024	2023
19.1	**Contactual maturity of lease laibilities**		--- (Rupees in '000') ---	
	Short-term lease liabilities - within one year		**522,732**	482,842
	Long-term lease liabilities			
	- 1 to 5 years		**1,781,608**	1,789,770
	- 5 to 10 years		**1,994,988**	865,455
	- More than 10 years		**8,998**	-
			3,785,594	2,655,225
	Total lease liabilities		**4,308,326**	3,138,067

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

20. OTHER LIABILITIES

	Note	2024	2023
Mark-up / return / interest payable in local currency		**8,922,181**	9,156,368
Mark-up / return / interest payable in foreign currency		**4,158**	4,125
Accrued expenses		**301,790**	353,216
Net defined benefit liability		**177,202**	151,556
Provision for compensated absences		**392,930**	309,951
Payable against purchase of operating fixed assets		**-**	22,834
Payable against purchase of shares		**18,765**	-
Retention money		**60,329**	63,987
Federal excise duty / sales tax on services payable		**9,002**	6,227
Withholding tax payable		**157,888**	153,071
Acceptances		**48,741**	
Provision for taxation - net		**509,163**	128,758
Security deposit against leases	20.3	**89,925**	179,971
Others		**308,058**	328,082
		11,000,132	10,858,146
Credit loss allowance against off-balance sheet obligations	20.1	**3,898**	-
		11,004,030	10,858,146

		2024	2023
20.1	**Opening balance**	-	-
	Impact of adoption of IFRS-09	**3,103**	-
	Charge / reversals;		
	Charge for the year	**795**	-
	Reversals for the year	**-**	-
		795	-
	Closing Balance	**3,898**	-

20.2 Credit loss allowance against off balance sheet obligations include ECL in respect of letter of credit, letter of guarantees, shipping guarantees, acceptances and commitments against forward lendings etc.

20.3 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited which was amalgamated into the Bank, and are adjustable against residual value of leased assets at the expiry of the respective lease terms. These security deposits have not been discounted to their present values as the financial impact thereof is not considered to be material.

21. SHARE CAPITAL - NET

21.1 Authorised capital

2024	2023		Note	2024	2023
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

2024	2023		Note	2024	2023
Number of shares				--- (Rupees in '000') ---	
3,071,013,000	2,571,013,000	Fully paid in cash: Ordinary shares of Rs.10 each		30,710,130	25,710,130
-	500,000,000	Right shares of Rs.10 each issued during the year		-	5,000,000
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	2024	2023
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI - Debt	9.1	522,462	(2,461,306)
- Securities measured at FVOCI - Equity	9.1	1,140,126	254,585
- Non-banking assets acquired in satisfaction of claims	22.1	180,000	180,000
		1,842,588	(2,026,721)
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - Debt		(271,680)	1,206,040
- Securities measured at FVOCI - Equity		(592,866)	(124,747)
- Non-banking assets acquired in satisfaction of claims	14	(93,600)	(88,200)
		(958,146)	993,093
		884,442	(1,033,628)

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

	Note	2024	2023
Surplus on revaluation as at January 01		180,000	-
Recognised during the year		-	180,000
Surplus on revaluation as at December 31		180,000	180,000
Less: related deferred tax liability on:			
- revaluation as at January 01		(93,600)	-
- revaluation recognised during the year		-	(88,200)
	14	(93,600)	(88,200)
		86,400	91,800

23 CONTINGENCIES AND COMMITMENTS

	Note	2024	2023
-Guarantees	23.1	7,476,280	7,385,376
-Commitments	23.2	137,865,487	138,756,926
-Other contingent liabilities		-	-
		145,341,767	146,142,302

23.1 Guarantees:

	2024	2023
Financial guarantees	1,157,718	846,955
Performance guarantees	3,962,839	5,029,483
Other guarantees	2,355,723	1,508,938
	7,476,280	7,385,376

		Note	2024	2023
			--- (Rupees in '000') ---	
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		2,964,551	6,955,172
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	107,432,384	79,256,691
	- forward lending, borrowings and credits	23.2.2	27,313,192	52,545,063
	Commitments for acquisition of:			
	- fixed assets		155,360	52,639
			137,865,487	138,809,565

23.2.1 Commitments in respect of forward foreign exchange contracts

	2024	2023
Purchase	52,858,154	39,761,279
Sale	54,574,230	39,495,412
	107,432,384	79,256,691

23.2.2 Commitments in respect of forward lending, borrowings and credits

	Note	2024	2023
Forward repurchase agreement borrowing		-	36,047,812
Forward resale agreement lending		14,337,675	-
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	12,975,517	16,497,251
		27,313,192	52,545,063

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 2024 (accounting year ended December 31, 2023 and amendment of deemed assessment were carried out till tax year 2020, whereby certain disallowances to the taxable income were made.

Matters of disagreement exist between the Bank and tax authorities for various tax years and are pending with Commissioner Inland Revenue (Appeals) (CIRA) and Income Tax Appellate Tribunal (ITAT), details of which are as follows:

For tax year 2019, return of income was e-filed on October 31, 2019, declaring loss of Rupees 711.568 million and minimum tax liability of Rupees 159.984 million under section 113 of the Ordinance. The Additional Commissioner Inland Revenue (ADCIR) passed an order confirming disallowance of actuarial loss on re-measurement of defined benefits obligation amounting to Rupees 19.001 million under section 34(3) of the Ordinance. The bank has filed appeal before CIRA who has upheld the order of ADCIR and the matter is now sub-judice before ATIR in second appeal.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2024 (accounting year ended December 31, 2023) with the tax authorities of AJK. The Commissioner has issued amended assessment orders upto tax year 2019 and aggregated tax demand of Rupees 26 million was created. The Bank has filed appeals before CIRA-AJK, these appeals were heard in December 2024 and reserved for order by CIRA.

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 is 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 its order dated January 21, 2025, has referred the matter to the Decision of the Council of Common Interest on agenda item 14 dated December 23, 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 unless the Honorable Supreme Court/Parliament reverses the decision or provides interim relief to SRB.

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.

23.3.3 Other Contingent Liabilities	Note	**2024**	2023
		---- **(Rupees**	**in '000')** ----
Claims against the Bank not acknowledged as debts		**792,500**	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.

24. MARK-UP/RETURN/INTEREST EARNED

On loans and advances	**12,801,137**	7,485,434
On investments	**36,670,805**	41,521,114
On lendings to financial institutions	**768,490**	1,121,885
On balances with banks	**161,776**	179,910
	50,402,208	50,308,343

	Note	2024	2023
25. MARK-UP/RETURN/INTEREST EXPENSED		---- (Rupees	in '000') ----
Deposits		**34,458,127**	30,875,978
Borrowings		**6,644,919**	10,854,866
Finance charge on lease liability against right of use assets		**696,975**	584,041
		41,800,021	42,314,885

26. FEE AND COMMISSION INCOME

		2024	2023
Branch banking customer fees		**112,223**	74,627
Consumer finance related fees		**2,964**	3,521
Card related fees (debit cards)		**318,158**	271,392
Commission on trade		**150,658**	153,953
Commission on guarantees		**66,077**	57,045
Credit related fees		**14,798**	11,262
Commission on remittances including home remittances		**16,188**	27,961
Others		**2,726**	3,478
		683,792	603,239

27. GAIN ON SECURITIES

	Note	2024	2023
Realised	27.1	**145,501**	337,703
Unrealised - Measured at FVPL	27.2	**70,388**	-
		215,889	337,703

27.1 Realised gain on:

	2024	2023
Federal Government Securities	**410**	9,799
Shares of listed companies	**145,091**	314,106
Mutual Funds	**-**	13,798
	145,501	337,703

27.2 Net gain on financial assets measured at FVPL:

	2024	2023
Designated upon initial recognition	**-**	-
Mandatorily measured at FVPL	**70,388**	-
	70,388	-

	Note	2024	2023
		---- (Rupees	in '000') ----

28. OTHER INCOME

	Note	2024	2023
Incidental charges		-	2,246
Gain on sale of operating fixed assets		**7,536**	5,115
Rent on premises shared		**1,363**	1,284
Prequalification application fee for tender		**100**	72
Godwon charges		**230**	160
Others		**491**	-
		9,720	8,877

29. OPERATING EXPENSES

	Note	2024	2023
Total compensation expense	29.2	**5,117,034**	4,293,740
Property expense			
Rent & taxes		**52,777**	80,566
Insurance		**60,740**	56,062
Utilities cost		**570,833**	515,542
Security		**639,304**	467,344
Repairs & maintenance		**29,749**	20,509
Depreciation		**71,255**	69,667
Depreciation - right of use assets		**764,754**	722,027
		2,189,412	1,931,717
Information technology expenses			
Software maintenance		**202,343**	143,977
Hardware maintenance		**141,248**	125,604
Depreciation		**70,543**	33,692
Amortisation		**42,427**	41,219
Network charges		**20,834**	21,904
Others		**72,247**	73,900
		549,642	440,296

OPERATING EXPENSES	Note	**2024**	2023
		---------- (Rupees in '000') ----------	
Other operating expenses			
Directors' fees and allowances		**27,275**	26,950
Fees and allowances to Shariah Board		**4,006**	4,697
Legal & professional charges		**29,825**	56,852
Travelling & conveyance		**56,563**	54,675
NIFT clearing charges		**38,256**	34,932
Training & development		**8,609**	4,575
Postage & courier charges		**21,519**	31,603
Communication		**289,758**	188,670
Stationery & printing		**188,180**	165,377
Marketing, advertisement & publicity		**82,815**	73,039
Auditor's Remuneration	29.3	**14,015**	12,773
Repairs & maintenance		**149,031**	169,092
Brokerage and commission		**8,334**	6,774
Entertainment Expenses		**77,648**	75,302
Fees and subscription		**107,421**	105,608
Insurance expenses		**12,885**	16,200
Premium of deposit protection fund		**88,779**	63,045
Depreciation		**153,631**	173,838
Outsourced service costs	29.1	**197,506**	143,553
Others		**48,094**	45,882
		1,604,150	1,453,437
		9,460,238	**8,119,190**

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is 197.463 million (2023: Rs. 143.552 million). These expenses represent payments made to companies incorporated in Pakistan.

29.2 Total compensation expense

	2024	2023
Managerial Remuneration		
- Fixed	**3,020,471**	2,630,471
- Variable Cash Bonus / Awards	**42,412**	16,045
Charge for defined benefit plan	**147,544**	115,770
Contribution to defined contribution plan	**148,572**	133,182
Rent & house maintenance	**756,130**	673,148
Utilities	**157,140**	138,763
Medical	**157,322**	138,847
Conveyance	**179,367**	120,507
Dearness Allowance	**48,103**	48,115
Employee old age benefits contribution	**42,419**	32,229
Leave Fare Assistance Allowances	**98,035**	76,976
Leave Encashment	**103,870**	80,671
Staff Insurances	**104,926**	79,680
Others	**110,723**	9,336
	5,117,034	4,293,740

		Note	2024	2023
29.3	**Auditors' remuneration**		---------- (Rupees in '000')	----------
	Audit fee		**11,657**	10,585
	Fee for other statutory certifications		**1,050**	955
	Special certifications and sundry advisory services		**668**	610
	Out-of-pocket expenses		**640**	623
			14,015	12,773
30.	**OTHER CHARGES**			
	Penalties imposed by the State Bank of Pakistan		**3,990**	59,124
	Others		-	-
			3,990	59,124
31.	**CREDIT LOSS ALLOWANCE & WRITE OFFS - NET**			
	Credit loss allowance for dimunition in value of investments	9.5.1	**13,518**	9,100
	Reversal of credit loss allowance / provision against loans and advances	10.8	**(3,247,706)**	(1,755,334)
	Credit loss allowance / provision against loans and advances	10.8	**1,550,906**	2,769,496
	Credit loss allowance against lendings to financial institutions	8.3	**566**	-
	Reversal of credit loss allowance against other assets	15.3	**(358,171)**	-
	Credit loss allowance against off-balance sheet obligations	20.1	**795**	-
	Credit loss allowance against balance with other banks	7.3	**(8,966)**	-
	Bad debts directly charged to profit and loss account		**216**	732
			(2,048,842)	1,023,994
32.	**TAXATION**			
	Current		**945,418**	783,858
	Prior years		**153,171**	2,126
	Deferred		**(1,367,169)**	(2,293,936)
			(268,580)	(1,507,952)

The Federal Government levied windfall tax vide S.R.O.1588 (I)/2023 dated November 20, 2023, on foreign exchange income of the Banks for the tax year 2022 and 2023. The Bank along with other banks have filed petition before the Honorable Sindh High Court (the Court) who had granted stay order against recovery. However, subsequent to the year-end on February 20, 2025 the constitutional bench of the Court dismissed the petition on legal grounds, accordingly, the Bank has paid the additional tax of Rupees 168.796 million on protest basis to FBR, which is included in prior years' adjustment.

		Note	2024	2023
32.1	**Relationship between tax expense and accounting profit**		---------- (Rupees in '000') ----------	
	Profit before tax		**2,501,750**	656,812
	Tax on income at 44% (2023: 39%)		**1,100,770**	256,157
	Effect of super tax at 10% (2023: 10%)		**301,650**	113,994
	Effect of permanent differences		**81,828**	296,126
	Effect of change in rate		**(1,908,628)**	(2,344,835)
	Prior year tax		**153,171**	2,126
	Others		**2,629**	168,480
			(268,580)	(1,507,952)

33. BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Profit for the year (Rupees in '000)	**2,770,330**	2,164,764
Weighted average number of ordinary shares	**3,452,442,817**	3,018,196,242
Basic and diluted earnings per share (Rupee)	**0.80**	0.72

34. CASH AND CASH EQUIVALENTS

	Note	2024	2023
Cash and balance with treasury banks	6	**22,612,094**	53,407,771
Balance with other banks	7	**3,786,987**	957,883
		26,399,081	54,365,654

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

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

	2023	
	Lease liabilities	Share deposit money
Balance as at 01 January 2023	2,861,097	-
Changes from financing cash flows		
Payment against lease liabilities	(1,178,421)	-
Receipt against share deposit money	-	5,000,000
Total changes from financing cash flows	(1,178,421)	5,000,000
Other changes		
Reassessment / renewals and other adjustments	871,350	-
Interest expense on lease liabilities	584,041	-
Shares issued against share deposit money	-	(5,000,000)
	1,455,391	(5,000,000)
Balance as at 31 December 2023	3,138,067	-

35. STAFF STRENGTH

	2024	2023
Permanent	**1,979**	1,908
Temporary / on contractual basis	**197**	178
Total staff strength	**2,176**	2,086

35.1 In addition to the above 550 (2023: 525) 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 2,163 (2023: 2,074).

36.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2024 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

- Discount rate	**12.25%**	15.50%
- Expected rate of increase in salaries-short term	**12.00%**	12.50%
- Expected rate of increase in salaries-long term	**12.00%**	14.50%
- Expected return on plan assets	**12.25%**	15.50%
- Duration (Years)	**7.68**	7.36

		Note	2024	2023
36.1.2	**Reconciliation of net defined benefit liability**		---------- (Rupees in '000') ----------	
	Present value of defined benefit obligation	36.1.5	**1,232,791**	957,065
	Fair value of plan assets	36.1.6	**(1,055,589)**	(805,509)
	Payable to defined benefit plan	36.1.3	**177,202**	151,556
36.1.3	**Movement in net defined benefit liability**			
	Opening balance		**151,556**	104,688
	Charge to profit and loss during the year	36.1.4	**147,544**	115,770
	Remeasurement loss recognized in OCI	36.1.4	**29,658**	35,786
	Bank's contribution		**(151,556)**	(104,688)
	Closing balance		**177,202**	151,556
36.1.4	**Charge for defined benefit plan**			
	In profit and loss			
	Current service cost		**136,310**	108,310
	Interest cost - net		**11,234**	7,460
	Past service cost		**-**	-
	Charge for the year		**147,544**	115,770
	In other comprehensive income			
	Remeasurement (gain) / loss on defined benefit obligation		**77,819**	82,986
	Remeasurement loss / (gain) on plan assets		**(48,161)**	(47,200)
			29,658	35,786
36.1.5	**Changes in present value of defined benefit obligations**			
	Opening balance		**957,065**	737,312
	Current service cost		**136,310**	108,310
	Interest cost		**141,631**	99,972
	Benefits paid		**(80,034)**	(71,515)
	Actuarial loss / (gain) on obligation - Experience assumptions		**77,819**	82,986
	Closing balance		**1,232,791**	**957,065**
36.1.6	**Fair value of plan assets**			
	Fair value of plan assets at the beginning of the year		**805,509**	632,624
	Expected return on plan assets		**130,397**	92,512
	Bank's contributions		**151,556**	104,688
	Benefits paid		**(80,034)**	(71,515)
	Actuarial gain / (loss) on assets - experience assumptions		**48,161**	47,200
	Fair value of plan assets at the end of the year	36.1.7	**1,055,589**	805,509

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	Note	2024	2023
36.1.7 Plan assets comprise		--------- (Rupees in '000')	---------
Balance held in bank accounts		1,055,589	805,509

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:

	2024	2023
Discount rate (1% variation)	1,144,992	891,178
Future salary growth (1% variation)	1,337,779	1,036,434
Future mortality (1 year variation)	1,232,715	956,832

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, 2025 works out to Rs. 164.842 million (2024: Rs. 138.222 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:

	2025	2026	2027	2028	2029
	----------	----------	(Rupees in '000')	----------	----------
Expected benefit payments	116,661	106,401	129,996	123,341	139,842

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. 296.94 (2023: Rs.266.36) million. The number of employees as at December 31, 2023 eligible under the plan were 1,882 (2023: 1,866).

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. 392.93 million (2023: Rs.309.95 million) has been made on the basis of actuarial recommendations.

37.1 Movement of compensated absences

	2024	2023
	---- (Rupees in '000') ----	
Opening balance	**309,951**	250,603
(Reversal) / Expense for the year	**103,870**	80,671
Benefit paid during the year	**(20,891)**	(21,323)
Closing balance	**392,930**	309,951

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

2024

	Directors: Chairman	Directors: Executives (other than CEO)	Directors: 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**

2023

	Directors: Chairman	Directors: Executives (other than CEO)	Directors: Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in '000')						
Fees and Allowances	4,600	-	22,350	3,386	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	14,545	139,705	112,873
- Variable Cash Bonus / Awards	-	-	-	-	-	1,240	-
Charge for defined benefit plan	-	-	-	-	1,463	12,869	9,437
Contribution to defined contribution plan	-	-	-	-	1,455	13,188	11,287
Rent & house maintenance	-	-	-	-	6,545	62,867	50,793
Utilities	-	-	-	-	1,455	13,970	11,287
Medical	-	-	-	-	1,455	13,970	11,287
Conveyance	-	-	-	1,311	2,294	37,761	55,591
Bonus	-	-	-	-	2,766	19,663	16,554
Others	400	-	-	-	6,109	18,485	13,091
Total	5,000	-	22,350	4,697	38,087	333,718	292,200
Number of Persons	1	-	8	2	1	27	43

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

		2024							
			For Board Committees						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Managment Committee	Nomination Committee	Total Amount Paid
		(Rupees in '000')							
1	Mr. Mohammad Aftab Alam	**2,125**	**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**

		2023							
		(Rupees in '000')							
1	Mr. Anis A Khan	2,000	-	-	600	800	1,000	200	4,600
2	Mr. Javaid B.Sheikh	2,000	1,400	800	-	-	-	-	4,200
3	Ms. Shaista Bano Gilani	2,000	1,000	400	-	600	-	-	4,000
4	Mr. Mohammad Aftab Alam	2,000	1,400	-	600	-	1,000	200	5,200
5	Mr. Kazim Hussain Jatoi	500	-	200	-	400	200	-	1,300
6	Mr. Imtiaz Ahmad Butt	500	-	200	200	-	-	-	900
7	Mr. Asif Jahangir	1,250	600	400	-	-	-	-	2,250
8	Mr. Sajid Jamal Abro	1,500	-	400	-	400	600	200	3,100
9	Mr. Adnan Ali Khan	1,000	-	-	200	200	-	-	1,400
	Total Amount Paid	12,750	4,400	2,400	1,600	2,400	2,800	600	26,950

38.3 Remuneration paid to Shariah Board Members

	2024			2023		
Items	**Chairman**	**Resident Member**	**Non Resident Member**	Chairman	Resident Member	Non Resident Member
	(Rupees in '000')					
Managerial Remuneration (Fixed)	**1,985**	**1,010**	-	1,717	1,669	-
Fuel Allowances	**904**	**107**	-	655	655	-
Total Amount	**2,889**	**1,117**	-	2,372	2,324	-
Total Number of Persons	**2**	**2**		1	1	

39. FAIR VALUE MEASUREMENTS

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

Unquoted equity investments are caried at the lower of cost or break-up value of the investee company. The fair value of the same is not required to be calculated.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data rearding market rates for similar instruments and therefore, are not reported aspart of this disclosure.

In the opinion of management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values, since they are either short-term in nature or, in the case of customer advances, deposits, and certain long-term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these unaudited consolidated financial statements are categorized within the following fair value hierarchy, based on the lowest level input that is significant to the fair value measurement.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Fair value measurements using inputs that are not based on observable market data.

39.1 Fair value of financial and non-financial assets

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the 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.

	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

	2023			
	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	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
Sukuk bonds	-	-	-	-
	997,558	132,247,395	-	133,244,953
Financial assets disclosed but not measured at fair value				
Investments				
Market Treasury Bills	-	20,660,590	-	20,660,590
Pakistan Investment Bonds	-	11,262,656	-	11,262,656
Term finance certificates - Listed	-	224,235	-	224,235
Term finance certificates - Unlisted	-	361,038	-	361,038
	-	32,508,519	-	32,508,519
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	39,761,279	-	39,761,279
Foreign exchange contracts (sale)	-	39,495,412	-	39,495,412

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

	2024			
	Trading and sales	Retail banking	Commercial banking and others	Total
	(Rupees in '000')			
Profit & Loss				
Net mark-up/return/interest income	31,072,493	48,077	(22,518,383)	8,602,187
Inter segment revenue - net	(41,095,289)	-	41,095,289	-
Non mark-up / interest income	606,592	225	708,132	1,314,949
Total Income	(9,416,204)	48,302	19,285,038	9,917,136
Segment direct expenses	(114,673)	(7,102)	(7,560,266)	(7,682,041)
Inter segment expense allocation	(178,219)	(36,058)	(1,567,910)	(1,782,187)
Total expenses	(292,892)	(43,160)	(9,128,176)	(9,464,228)
Provisions	-	-	2,048,842	2,048,842
(Loss) / Profit before tax	(9,709,096)	5,142	12,205,704	2,501,750
Balance Sheet				
Cash & Bank balances	16,634,277	-	9,764,804	26,399,081
Investments	201,164,585	-	-	201,164,585
Net inter segment lending	-	-	245,741,689	245,741,689
Lendings to financial institutions	24,514,444	-	-	24,514,444
Advances - performing	77,892	825,618	66,697,285	67,600,795
Advances - non-performing	-	-	4,944,895	4,944,895
Others	6,388,316	4,057	29,070,950	35,463,323
Total Assets	248,779,514	829,675	356,219,623	605,828,812
Borrowings	-	-	1,457,900	1,457,900
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	312,718,297	312,718,297
Net inter segment borrowing	244,923,019	818,669	-	245,741,688
Others	162,215	11,006	16,585,661	16,758,882
Total liabilities	245,085,234	829,675	330,761,858	576,676,767
Equity	3,685,731	-	25,466,314	29,152,045
Total Equity & liabilities	248,770,965	829,675	356,228,172	605,828,812
Contingencies & Commitments	121,770,059	-	23,571,708	145,341,767

Segment Details with respect to Business Activities

	2023			
	Trading and sales	Retail banking	Commercial banking and others	Total
	(Rupees in '000')			
Profit & Loss				
Net mark-up/return/interest income	32,035,688	49,791	(24,092,021)	7,993,458
Inter segment revenue - net	(38,819,878)	-	38,819,878	-
Non mark-up / interest income	1,211,700	175	653,787	1,865,662
Total Income	(5,572,490)	49,966	15,381,644	9,859,120
Segment direct expenses	(114,925)	(3,990)	(6,471,139)	(6,590,054)
Inter segment expense allocation	(159,326)	(37,343)	(1,391,591)	(1,588,260)
Total expenses	(274,251)	(41,333)	(7,862,730)	(8,178,314)
Provisions	(9,101)	-	(1,014,893)	(1,023,994)
(Loss) / Profit before tax	(5,855,842)	8,633	6,504,021	656,812
Balance Sheet				
Cash & Bank balances	47,605,256	-	6,760,398	54,365,654
Investments	166,503,472	-	-	166,503,472
Net inter segment lending	-	-	183,460,692	183,460,692
Lendings to financial institutions	-	-	-	-
Advances - performing	49,100	694,211	43,657,902	44,401,213
Advances - non-performing	-	-	6,221,832	6,221,832
Others	6,323,118	3,344	22,664,776	28,991,238
Total Assets	220,480,946	697,555	262,765,600	483,944,101
Borrowings	35,883,940	-	1,662,500	37,546,440
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	223,569,650	223,569,650
Net inter segment borrowing	182,771,285	689,407	-	183,460,692
Others	299,727	8,148	14,587,100	14,894,975
Total liabilities	218,954,952	697,555	239,819,250	459,471,757
Equity	1,525,994	-	22,946,350	24,472,344
Total Equity & liabilities	220,480,946	697,555	262,765,600	483,944,101
Contingencies & Commitments	115,304,503	-	30,837,799	146,142,302

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:

	2024				2023			
	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	-	180,366	-	64,377	-	191,206	-	-
Addition during the year	-	34,259	360,000	-	-	15,342	-	-
Repaid during the year	-	(69,492)	-	-	-	(70,836)	-	-
Transfer in / (out) - net	-	2,907	-	-	-	44,654	-	64,377
Closing balance	-	148,040	360,000	64,377	-	180,366	-	64,377
Other Assets								
Interest / mark-up accrued	-	191	128	2,978	-	226	-	4,029
Other receivable	-	-	-	-	-	-	-	-
	-	191	128	2,978	-	226	-	4,029
Deposits and other accounts								
Opening balance	1,040	66,083	51,021	1,616,287	5,101	304,172	24,915	1,837,495
Received during the year	34,786	1,470,161	12,252,177	12,085,409	28,089	1,023,861	9,591,836	12,602,719
Withdrawn during the year	(44,400)	(1,429,974)	(12,082,321)	(10,877,141)	(26,365)	(1,226,908)	(9,565,730)	(12,823,927)
Transfer in / (out) - net	29,437	(31,803)	-	-	(5,785)	(35,042)	-	-
Closing balance	20,863	74,467	220,877	2,824,555	1,040	66,083	51,021	1,616,287
Other Liabilities								
Interest / mark-up payable	344	2,280	2,393	86,448	15	3,355	2,997	96,812

	2024				2023			
	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	-	6,983	128	14,772	-	7,926	-	15,552
Fee and commission income	-	13	629	349	3	8	738	50
Net gain on sale of securities	-	-	255	24	-	-	153	1,380
Other income	-	-	-	1,422	-	-	-	1,283
Expense								
Mark-up / return / interest paid	1,857	21,190	14,317	344,441	152	17,242	7,976	248,550
Remuneration paid	-	301,963	-	-	-	304,675	-	-
Contribution to provident fund	-	14,825	-	-	-	14,746	-	-
Provision for gratuity	-	26,457	-	-	-	14,699	-	-
Other staff benefits	-	42,952	-	-	-	33,397	-	-
Directors' meeting fee	27,275	-	-	-	26,950	-	-	-
Other expenses	375	-	-	-	400	-	-	-
Insurance premium paid	-	-	-	235,083	-	-	-	121,028
Others								
Sale of Government Securities	-	-	585,000	1,218,500	-	-	527,500	2,850,000
Purchase of Government Securities	-	-	-	-	-	-	-	1,325,000
Gratuity paid	-	30,008	-	-	-	14,186	-	-
Leave encashment paid	-	6,943	-	-	-	8,480	-	-
Insurance claims settled	-	-	-	7,035	-	-	-	7,843
Expenses recovered under agency arrangement	-	-	-	55	-	-	-	58

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. 38,921.33 million (2023: Rs. 5,619.27 million) note 10.2 and Rs.167,727.27 million (2023: Rs. 114,219.44 million) note 18. The above includes deposits amounting to Rs. 53,537.25 million (2023: Rs.46,275.31 million) received through the Finance Department, Government of Sindh.

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Note	2024	2023
		-------- (Rupees in '000') -------	
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)		25,819,171	23,611,607
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		14,224,522	7,865,342
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		14,224,522	7,865,342
Eligible Tier 2 Capital		957,769	10,186
Total Eligible Capital (Tier 1 + Tier 2)		15,182,291	7,875,528
Risk Weighted Assets (RWAs):			
Credit Risk		40,784,742	29,745,725
Market Risk		14,050,153	5,367,513
Operational Risk		16,047,929	13,482,604
Total		70,882,824	48,595,842
Common Equity Tier 1 Capital Adequacy ratio		20.07%	16.19%
Tier 1 Capital Adequacy Ratio		20.07%	16.19%
Total Capital Adequacy Ratio		21.42%	16.21%
National minimum capital requirements prescribed by SBP			
CET1 minimum ratio		6.00%	6.00%
Tier 1 minimum ratio		7.50%	7.50%
Total capital minimum ratio		10.00%	10.00%
Total capital minimum ratio plus CCB		11.50%	11.50%
Approach followed for detrmining Risk Weighted Assets			
Credit Risk		Comprehensive	Comprehensive
Market Risk		Maturity method	Maturity method
Operational Risk		Basic Indicator	Basic Indicator

	2024	2023
	-------- (Rupees in '000') -------	
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	14,224,522	7,865,342
Total Exposures	354,904,239	283,326,719
Leverage Ratio (%)	4.01%	2.78%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	144,053,221	163,924,564
Total Net Cash Outflow	37,606,353	38,601,138
Liquidity Coverage Ratio (%)	383%	425%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	236,076,978	174,179,315
Total Required Stable Funding	96,310,093	87,937,281
Net Stable Funding Ratio	245%	198%

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.

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 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	
	2024	2023	**2024**	2023	**2024**	2023
	(Rupees in '000')					
Public/ Government	-	-	-	-	-	-
Private	**24,515,010**	-	-	-	**566**	-
Total	**24,515,010**	-	-	-	**566**	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non Performing Investments		Credit loss allowance held	
	2024	2023	**2024**	2023	**2024**	2023
	(Rupees in '000')					
Financial	**197,876,887**	167,200,740	-	-	**20,581**	-
Sugar	**77,708**	592,051	**77,708**	592,051	**77,708**	575,571
Total	**197,954,595**	167,792,791	**77,708**	592,051	**98,289**	575,571

43.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing		Provision held	
	2024	2023	2024	2023	2024	2023
	(Rupees in '000')					
Public/ Government	197,954,595	167,792,791	77,708	592,051	98,289	575,571

43.1.3 Advances

Credit risk by industry sector

	Advances (Gross)		Non Performing Advances		Credit Loss			
	2024	2023	2024	2023	2024			2023
					Stage - 1	Stage - 2	Stage - 3	
	(Rupees in '000')							
Pharmaceuticals	61,266	61,632	-	-	1,709	-	-	-
Agriculture business	1,249,179	1,256,388	1,079,356	1,129,258	1,704	620	1,070,426	1,086,424
Manufacturing of textile	748,674	642,487	146,160	10,677	-	20,411	134,273	1,012
Cement	477,574	64,377	-	-	3,036	-	-	-
Transport, storage and communication	47,807	57,710	-	-	78	-	-	-
Wholesale and retail trade	1,921,972	1,398,721	256,167	363,082	11,110	5,332	249,545	358,166
Mining and quarrying	5,833,770	6,331,186	-	-	-	-	-	-
Hotel and restaurants	261,810	855,106	694	-	-	1,411	652	-
Petroleum	2,820,186	3,110,840	1,820,214	2,022,460	-	121,709	1,820,214	2,022,460
Media channels	1,740,217	2,018,180	-	1,200,509	34,111	-	-	828,869
Manufacture of basic iron and steel	1,976,671	2,056,439	1,756,740	1,756,740	-	-	1,756,740	1,671,736
Sugar	19,070,308	17,671,473	13,771,389	14,073,382	120,905	26,154	10,160,554	10,191,637
Automobile and transportation equipment	2,434,078	2,433,935	2,433,254	2,433,254	-	-	2,433,254	2,433,254
Chemicals and chemical products	1,121,263	1,251,168	1,103,884	1,103,884	225	-	1,103,884	1,103,884
Financial	2,474,087	1,909,468	1,177,884	1,177,884	17,607	-	832,967	519,970
Rice & Wheat	868,658	819,624	6,223	-	7,724	756	1,464	-
Construction, real estate and societies	2,713,020	2,966,255	2,029,270	2,670,716	190	20,991	1,996,024	2,598,716
Food	40,258,352	15,906,722	125,725	136,747	145	-	125,725	136,747
Power, electricity and gas	5,949,180	8,320,833	2,428,958	3,119,032	84,626	21,052	1,681,555	2,492,653
Domestic Appliances	590,408	1,519,064	-	-	11,783	82,028	-	-
Education	67,546	12,895	12,542	11,353	-	-	12,470	10,965
Individuals	2,037,984	2,417,779	4,910	1,271	14,043	228	3,221	1,271
Others	4,233,388	4,429,129	1,925,443	1,889,763	10,582	657,622	1,750,949	1,420,416
Total	98,957,498	77,511,411	30,078,813	33,100,012	319,579	958,312	25,133,917	26,878,180

43.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2024	2023	2024	2023	2024	2023
	(Rupees in '000')					
Public/ Government	40,181,880	15,619,270	-	-	-	-
Private	58,775,618	61,892,141	30,078,813	33,100,012	25,133,917	26,878,180
Total	98,957,498	77,511,411	30,078,813	33,100,012	25,133,917	26,878,180

43.1.4 Contingencies and Commitments

Credit risk by industry sector

	2024	2023
	(Rupees in '000')	
Chemical and pharmaceuticals	67,167	267,554
Manufacturing of textile	735,692	640,174
Agriculture business	236,149	84,786
Rice & Wheat	78,265	100,019
Hotel and restaurants	532,954	597
Transport, storage and communication	222,055	173,152
Wholesale and retail trade	4,519,977	6,086,754
Petroleum	117,019	128,610
Manufacture of basic iron and steel	681,069	400,301
Sugar	2,256,122	3,116,632
Cement	1,386,804	-
Food	1,531,540	5,332,825
Automobile and transportation equipment	59,072	93,099
Financial	122,858,855	121,907,557
Construction, real estate and societies	643,440	1,054,172
Domestic Appliances	1,293,548	977,547
Power, electricity and gas	2,952,873	2,838,515
Education	51,996	85,768
Trusts and Non-profit Organizations	174,113	107,097
Others	4,943,057	2,747,144
Total	145,341,767	146,142,302

43.1.4.1 Credit risk by public / private sector

	2024	2023
	(Rupees in '000')	
Public/ Government	153,369	22,754,296
Private	145,188,398	123,388,006
Total	145,341,767	146,142,302

43.1.5 Concentration of Advances

The bank's top 10 exposures (funded and non-funded) aggregated Rs. 61,507.03 million (2023: Rs. 46,428.87 million) as follows:

	2024	2023
Funded	60,003,066	36,110,938
Non Funded	1,503,964	10,317,933
Total Exposure	61,507,030	46,428,871

43.1.5.1 The sanctioned limits against these top 10 exposures aggregated Rs. 65,427.47 million (2023: Rs. 42,836.15 million).

43.1.5.2 Total Funded Facilities Classified

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

	2024		2023	
	Classified	Provision held	Classified	Provision held
	(Rupees in '000')			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	9,544,117	6,795,657	9,580,052	6,773,408
Total	9,544,117	6,795,657	9,580,052	6,773,408

43.1.6 Advances - Province/Region-wise Disbursement & Utilization

		2024					
		UTILIZATION					
Name of Province / Region	**Disbursements**	**Punjab**	**Sindh**	**KPK including FATA**	**Balochistan**	**Islamabad**	**AJK including Gilgit-Baltistan**
	(Rupees in '000')						
Punjab	12,176,998	12,176,998	-	-	-	-	-
Sindh	85,755,326	-	85,755,326	-	-	-	-
KPK including FATA	19,873	-	-	19,873	-	-	-
Balochistan	46,727	-	-	-	46,727	-	-
Islamabad	944,562	-	-	-	-	944,562	-
AJK including Gilgit-Baltistan	14,012	-	-	-	-	-	14,012
Total	98,957,498	12,176,998	85,755,326	19,873	46,727	944,562	14,012

		2023					
		UTILIZATION					
Name of Province / Region	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000')						
Punjab	23,278,169	23,278,169	-	-	-	-	-
Sindh	71,254,281	-	71,254,281	-	-	-	-
KPK including FATA	786,535	-	-	786,535	-	-	-
Balochistan	816,711	-	-	-	816,711	-	-
Islamabad	3,571,971	-	-	-	-	3,571,971	-
AJK including Gilgit-Baltistan	8,048	-	-	-	-	-	8,048
Total	99,715,715	23,278,169	71,254,281	786,535	816,711	3,571,971	8,048

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

	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000')					
Cash and balances with treasury banks	22,612,094	-	22,612,094	53,407,771	-	53,407,771
Balances with other banks	3,786,987	-	3,786,987	957,883	-	957,883
Lendings to financial institutions	24,514,444	-	24,514,444	-	-	-
Investments	27,008,819	174,155,766	201,164,585	33,258,519	133,244,953	166,503,472
Advances	72,545,690	-	72,545,690	50,623,045	-	50,623,045
Fixed assets	4,718,650	-	4,718,650	3,936,450	-	3,936,450
Intangible assets	80,162	-	80,162	108,257	-	108,257
Deferred tax assets	16,955,276	-	16,955,276	17,193,965	-	17,193,965
Other assets	13,709,235	-	13,709,235	7,752,566	-	7,752,566
	185,931,357	174,155,766	360,087,123	167,238,456	133,244,953	300,483,409

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.

	2024			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(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

	2023			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Foreign exchange risk	(Rupees in '000')			
Pakistan Rupee	298,820,634	273,571,602	(265,867)	24,983,165
United States Dollar	1,482,151	2,092,432	263,865	(346,416)
Great Britain Pound	38,572	190,780	-	(152,207)
Euro	79,288	154,540	-	(75,252)
Japanese Yen	-	1,711	2,002	291
Saudi Riyal	39,351	-	-	39,351
UAE Dirham	1,771	-	-	1,771
Chines Yen	21,641	-	-	21,641
	300,483,409	276,011,065	-	24,472,344

43.2.3 Foreign exchange risk

	2024		2023	
Impact of 1% change in foreign exchange rates on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	**(19,531)**	**(17,161)**	7,583	(2,659)
- 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.

	2024		2023	
Impact of 5% change in equity prices on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	-	**83,424**	-	-
- Other comprehensive income	-	**1,049,959**	-	(68,355)

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.

	2024		2023	
Impact of 1% change in interest rates on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	-	-	-	-
- Other comprehensive income	**296,122**	-	(1,111,917)	-

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.

		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	8.75%	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-term 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

43.2.6 Mismatch of interest rate sensitive assets and liabilities

	2023											
	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		53,407,771	331,828	-	-	-	-	-	-	-	-	53,075,943
Balances with other banks	5.20%	957,883	1,719	-	-	-	-	-	-	-	-	956,164
Lendings to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	19.12%	166,503,472	117,030,676	224,820	360,453	24,424,774	8,438,176	8,075,876	-	6,201,139	-	1,747,558
Advances	10.52%	50,623,045	23,112,077	903,717	7,375,204	11,157,852	441,213	1,253,245	1,334,360	3,303,976	1,651,246	90,155
Other assets		7,752,566	-	-	-	-	-	-	-	-	-	7,752,566
		279,244,737	140,476,300	1,128,537	7,735,657	35,582,626	8,879,389	9,329,121	1,334,360	9,505,115	1,651,246	63,622,386
Liabilities												
Bills payable		898,762	-	-	-	-	-	-	-	-	-	898,762
Borrowings from financial institutions	13.45%	37,546,440	35,854,000	1,662,500	-	-	29,940	-	-	-	-	-
Deposits and other accounts	8.25%	223,569,650	7,403,087	133,516,353	8,859,514	12,131,920	109,264	169,056	980,462	-	-	60,399,994
Other liabilities		13,996,213	-	-	-	-	-	-	-	-	-	13,996,213
		276,011,065	43,257,087	135,178,853	8,859,514	12,131,920	139,204	169,056	980,462	-	-	75,294,969
On-balance sheet gap		3,233,672	97,219,213	(134,050,316)	(1,123,857)	23,450,706	8,740,185	9,160,065	353,898	9,505,115	1,651,246	(11,672,583)
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transactions		14,340,548	835,505	7,211,056	1,159,650	3,183,032	163,395	137,506	1,642,240	8,164	-	-
Commitments in respect of:												
Forward foreign exchange contracts - purchase		39,761,279	25,084,479	14,662,264	14,536	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(39,495,412)	(9,068,952)	(21,291,525)	(9,154,935)	-	-	-	-	-	-	-
Purchase and resale agreements - lending		-	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(36,045,921)	(36,045,921)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(21,439,506)	(19,194,889)	581,795	(7,960,749)	3,183,032	163,395	137,506	1,642,240	8,164	-	-
Total yield / Interest Risk Sensitivity Gap			78,024,324	(133,468,521)	(9,084,606)	26,633,738	8,903,580	9,297,571	1,996,138	9,513,279	1,651,246	(11,672,583)
Cumulative yield / Interest Risk Sensitivity Gap			78,024,324	(55,444,197)	(64,528,803)	(37,895,065)	(28,991,485)	(19,693,914)	(17,697,776)	(8,184,497)	(6,533,251)	(18,205,834)

Reconciliation with total assets:	
Assets as per above	279,244,737
Fixed assets	3,936,450
Intangible assets	108,257
Deferred tax asset	17,193,965
Assets as per unconsolidated statement of financial position	300,483,409
Reconciliation with total liabilities:	
Liabilities as per above	276,011,065
Deferred tax liability	-
Liabilities as per unconsolidated statement of financial position	276,011,065

43.3 Liquidity risk

Liquidity risk is the risk of loss to a bank arising from its inability to meet obligations as they fall due or to fund growth in assets, without incurring unacceptable cost or losses. The Bank monitors its liquidity risk through various liquidity ratios and liquidity risk indicators. Any deviations or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Bank on at least monthly basis and takes appropriate measures where required. The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios, whereas, the Contingency Funding Plan (CFP) of the Bank is also in place. The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing liquidity. Mandatory stress tests of SBP are conducted, on a periodic basis, to test the adequacy of liquidity contingency plan and to identify the extent of liquidity stress that the Bank is able to take in current conditions.

43.3.1 Liquidity Coverage ratio

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

43.3.2 Funding Strategy

The Bank's prime source of liquidity is the customers' deposit base. Within deposits, the Bank strives to maintain core deposit base in form of current and saving deposits and avoids concentration in particular products, tenors and dependence on large fund providers. As a general rule, the Bank will not depend on borrowings in the inter-bank market, including repos, to be a part of its permanent pool of funds for financing of loans, but will use these as a source for obtaining moderate amounts of additional funds to meet temporary liquidity needs in the normal course of business or for money market operations.

43.3.3 Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like core deposits to total deposits, advances to deposits, liquid assets to total deposits, interbank borrowing to total deposits, which are monitored on regular basis against limits. Further, the Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time bands. For maturity analysis, behavioral study is carried out to determine the behavior of non - contractual assets and liabilities. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times. In addition, LCR, NSFR and Monitoring Tools of Basel III framework further strengthen liquidity risk management of the Bank.

43.3.4 Liquidity Stress Testing

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

43.3.5 Main Components of LCR

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

43.3.6 Net Stable Funding Ratio (NSFR)

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

The objective of NSFR is to ensure the availability of stable funds that a bank must hold to enable it to build and maintain its assets, investments and off balance sheet portfolio on an ongoing basis for longer term, i.e., over a one year horizon. NSFR reduces maturity mismatches between the asset and liability items on the balance sheet and thereby reduces funding and roll - over risk. The Bank's NSFR stood at 245% as on 31 December 2024.

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

2024

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000')													
Assets														
Cash and balances with treasury banks	22,612,094	6,873,197	442,049	635,778	1,712,770	1,735,509	1,260,282	1,987,600	1,392,805	6,572,104	-	-	-	-
Balances with other banks	3,786,987	3,786,987	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	24,514,444	-	24,514,444	-	-	-	-	-	-	-	-	-	-	-
Investments	201,164,585	2,239,471	-	-	-	-	9,549,656	10,131,470	29,061,420	4,644,196	10,207,568	11,921,557	116,522,168	6,887,079
Advances	72,545,690	3,240,990	9,530	18,423	1,905,885	3,634,089	40,050,148	3,274,052	491,830	2,736,703	1,311,912	699,930	2,703,535	12,468,663
Fixed assets	4,718,650	-	-	-	97,713	13,228	132,486	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	302,822	2,173	1,573,448	414,029	792,387	3,538,704	24,427	23,765	87,046	77,684	148,692	481,943
	360,087,123	22,183,560	25,268,845	1,504,138	6,139,776	7,494,579	53,482,683	20,843,906	32,713,311	16,033,083	15,705,227	16,749,218	120,361,986	21,407,699
Liabilities														
Bills payable	1,446,526	1,446,526	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,457,990	-	-	-	-	-	1,457,990	-	-	-	-	-	-	-
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	-
Deficit on revaluation of assets	884,442
Accumulated Loss	(8,705,257)
Net assets	29,152,044

Maturity of assets and liabilities (based on contractual maturities)

	2023													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	33,407,771	3,434,488	2,772,853	1,968,144	8,291,291	853,177	2,039,018	3,116,907	30,931,893	-	-	-	-	-
Balances with other banks	957,883	957,883	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	166,503,472	-	-	79,408,000	-	-	420,694	372,571	3,764,184	21,089,119	42,018,776	8,075,876	4,266,896	7,087,356
Advances	50,620,845	7,146,530	2,339	650,703	251,226	1,873,843	99,867	7,913,926	2,570,048	10,865,134	573,265	3,348,752	1,350,599	13,956,813
Fixed assets	3,976,450	-	-	-	65,477	64,157	64,157	198,610	96,749	196,747	580,579	680,596	1,380,506	612,872
Intangible assets	108,257	-	-	-	2,966	2,966	2,966	8,996	9,095	9,095	36,082	36,091	-	-
Deferred tax assets	17,193,565	-	-	893,418	1,746,869	2,493,738	2,987,476	2,987,476	2,987,476	3,097,512	-	-	-	-
Other assets	7,752,566	1,811,535	874	20,472	2,370,160	287,689	736,020	2,423,550	-	-	91,613	-	-	10,653
	300,483,409	13,370,436	2,776,066	82,940,737	12,727,989	5,575,530	6,350,198	17,018,036	40,359,445	35,257,607	43,300,315	12,141,315	6,998,001	21,667,694
Liabilities														
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	37,546,440	-	35,854,000	-	-	-	1,662,500	-	-	-	29,940	-	-	-
Deposits and other accounts	223,569,650	185,063,043	1,761,939	1,191,665	4,439,986	3,207,041	2,133,831	8,859,896	1,927,999	13,708,850	111,870	173,970	989,560	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,996,113	1,420,236	260,374	175,867	233,339	505,793	353,703	812,825	7,229,196	216,998	624,957	618,074	1,544,851	-
	276,011,065	187,382,041	37,876,313	1,367,532	4,673,325	3,712,834	4,150,034	9,672,721	9,157,195	13,925,848	766,767	792,044	2,534,411	-
Gap	24,472,144	(174,011,605)	(35,100,247)	81,573,205	8,054,664	1,862,736	2,200,164	7,345,315	31,202,250	21,331,759	42,533,548	11,349,271	4,463,590	21,667,694

Share capital - net	34,524,428
Reserves	1,894,165
Shares deposit money	-
Deficit on revaluation of investments	(1,033,628)
Accumulated loss	(10,912,821)
Net assets	24,472,144

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

	2024									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000')									
Assets										
Cash and balances with treasury banks	22,612,094	5,605,275	4,428,734	2,915,764	9,662,321	-	-	-	-	-
Balances with other banks	3,786,987	3,786,987	-	-	-	-	-	-	-	-
Lendings to financial institutions	24,514,444	24,514,444	-	-	-	-	-	-	-	-
Investments	201,164,585	2,239,471	9,549,656	10,131,470	33,705,616	10,207,568	11,921,557	116,522,168	6,137,079	750,000
Advances	72,545,690	5,174,828	43,684,237	3,274,052	3,228,532	1,311,912	699,930	2,703,535	12,075,283	393,381
Operating fixed assets	4,718,650	97,711	145,635	209,891	394,620	680,927	632,260	987,591	1,199,482	370,533
Intangible assets	80,162	2,196	4,392	6,661	13,469	26,718	26,726	-	-	-
Deferred tax asset	16,955,276	1,695,528	3,391,056	1,695,528	3,391,057	3,391,056	3,391,051	-	-	-
Other assets	13,709,235	7,920,558	1,206,416	3,538,703	48,192	87,046	77,684	148,692	681,944	-
	360,087,123	51,036,998	62,410,126	21,772,069	50,443,807	15,705,227	16,749,208	120,361,986	20,093,788	1,513,914
Liabilities										
Bills payable	1,446,526	1,446,526	-	-	-	-	-	-	-	-
Borrowings from financial institutions	1,457,900	-	1,457,900	-	-	-	-	-	-	-
Deposits and other accounts	312,718,297	266,477,867	3,885,558	12,766,168	24,830,371	160,086	175,269	677,143	135,000	3,610,835
Lease liabilities	4,308,326	45,630	92,541	132,629	251,932	432,673	467,381	881,554	1,994,988	8,998
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	11,004,030	8,945,279	332,267	984,860	560,826	92,056	4,656	2,623	13,389	68,074
	330,935,079	276,915,302	5,768,266	13,883,657	25,643,129	684,815	647,306	1,561,320	2,143,377	3,687,907
Gap	29,152,044	(225,878,304)	56,641,860	7,888,412	24,800,678	15,020,412	16,101,902	118,800,666	17,950,411	(2,173,993)

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

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

	2023									
	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	53,407,771	4,945,993	3,762,023	1,964,505	42,735,250	-	-	-	-	-
Balances with other banks	957,883	957,883	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	166,503,472	79,632,235	420,694	372,571	24,629,067	43,755,672	9,590,876	1,151,218	6,201,139	750,000
Advances	50,623,045	8,070,798	1,973,710	7,913,926	13,435,182	573,265	3,348,752	1,350,599	12,047,213	1,909,600
Operating fixed assets	3,936,450	65,477	128,314	194,610	293,497	480,579	713,406	1,447,696	612,871	-
Intangible assets	108,257	2,966	5,931	8,996	18,189	36,082	36,093	-	-	-
Deferred tax asset	17,193,965	2,640,287	4,481,214	4,987,477	5,084,987	-	-	-	-	-
Other assets	7,752,566	4,203,042	1,023,709	2,376,074	-	139,089	-	-	-	10,652
	300,483,409	100,518,681	11,795,595	17,818,159	86,196,172	44,984,687	13,689,127	3,949,513	18,861,223	2,670,252
Liabilities										
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-
Borrowings from financial institutions	37,546,440	35,854,000	1,662,500	-	-	29,940	-	-	-	-
Deposits and other accounts	223,569,650	41,082,015	48,274,578	27,365,071	105,572,587	111,870	173,971	989,558	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,996,213	2,089,814	859,496	812,825	7,446,194	624,957	618,074	1,544,853	-	-
	276,011,065	79,924,591	50,796,574	28,177,896	113,018,781	766,767	792,045	2,534,411	-	-
Gap	24,472,344	20,594,090	(39,000,979)	(10,359,737)	(26,822,609)	44,217,920	12,897,082	1,415,102	18,861,223	2,670,252
Share capital - net	34,524,428									
Reserves	1,894,365									
Shares deposit money	-									
Deficit on revaluation of assets	(1,033,628)									
Accumulated Loss	(10,912,821)									
Net assets	24,472,344									

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

43.4 Operational risk

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

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

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

43.4.1 Operational Risk - Disclosures Basel II Specific

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

44. GENERAL

44.1 The effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated financial statements due to adoption of revised forms for the preparation of annual financial statements as mentioned in note 5.1 is as follows:

Description of item	Nature	Rupees in '000'	From	To
Right of use assets	Asset	2,608,849	Property and equipment	Right-of-use assets
Lease liabilities against right of use assets	Liability	3,138,067	Other liabilities	Lease liabilities

44.2 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 03 MAR 2025.

President and CEO | Chief Financial | Director | Director | Chairman

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2024

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived *	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
				(Rupees in '000')							
TOTAL:											

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

*Waiver of cost of fund allowed as per decree.

We have nothing to report in this regard.

ISLAMIC BANKING BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

ANNEXURE - II

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (2023: 14 Branches and 13 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	2024	2023
Assets		--------- (Rupees in '000')	----------
Cash and balances with treasury banks		450,895	171,655
Balances with other banks		6,997	975
Due from financial institutions	1	2,700,044	-
Investments	2	4,279,210	4,165,737
Islamic financing and related assets	3	210,891	554,235
Fixed assets		191,143	109,640
Intangible assets		1,333	2,333
Deferred tax assets		-	-
Due from head office	6	78,024	15,160
Other assets		152,241	196,788
		8,070,778	5,216,523
Liabilities			
Bills payable		59,194	8,976
Due to financial institutions		-	1,450,000
Deposits and other accounts	5	6,566,848	2,689,143
Deferred tax liability		43,381	32,701
Due to head office		-	-
Other liabilities		296,661	152,229
		6,966,084	4,333,049
Net Assets		1,104,694	883,474
Represented By			
Islamic banking fund		1,100,000	1,100,000
Reserves		-	-
Surplus on revaluation of investments		38,919	34,035
Accumulated loss	7	(34,225)	(250,561)
		1,104,694	883,474

CONTINGENCIES AND COMMITMENTS 8

ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024	2023
		--------- (Rupees in '000') ---------	
Profit / return on financing, investments and placements earned	11	1,078,375	992,515
Return on deposits and other dues expensed	12	673,833	573,773
Net income earned		404,542	418,742
Other income			
Fee, commission and brokerage income		16,735	22,505
Income from dealing in foreign currencies		148	1,852
Dividend income		18,000	16,920
Gain on sale / redemption of securities		73,260	-
Other income		741	714
		108,884	41,991
Total income		513,426	460,733
Other expenses			
Administrative expenses		294,925	262,721
Other charges		-	20
		294,925	262,741
Profit before provision		218,501	197,992
Provisions and write offs -net		(2,165)	515
Extra ordinary / unusual items		-	-
Profit before taxation		216,336	198,507
Taxation		-	-
Profit after taxation		216,336	198,507

ISLAMIC BANKING BUSINESS
NOTES TO ANNEXURE - II
FOR THE YEAR ENDED DECEMBER 31, 2024

1 DUE FROM FINANCIAL INSTITUTIONS

	2024			2023		
	In local currencies	In foreign currencies	Total	In local currencies	In foreign currencies	Total
	(Rupees in '000')					
Musharaka arrangements	2,700,044	-	2,700,044	-	-	-

2 INVESTMENTS

	2024				2023			
	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Measured at FVOCI								
Federal Government Securities:								
- Ijarah Sukuks	3,999,990	-	82,300	4,082,290	4,000,000	-	42,076	4,042,076
Measured at FVTPL								
-Listed Companies	123,660	-	73,260	196,920	99,000	-	24,661	123,661
Total Investments	4,123,650	-	155,560	4,279,210	4,099,000	-	66,737	4,165,737

3 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2024
		(Rupees in '000')
Ijarah financing under IFAS 2	3.1	11,190
Murabaha	0	80,000
Diminishing musharakah financing		166,869
		258,059
Less: Credit Loss Allowance against islamic financings		
- Stage 1		(2,112)
- Stage 2		-
- Stage 3		(45,056)
		(47,168)
Islamic financing and related assets - net of provision		210,891

ISLAMIC FINANCING AND RELATED ASSETS	Note	2023 (Rupees in '000')
Ijarah financing under IFAS 2	3.1	9,946
Diminishing musharakah financing		555,254
		565,200
Less: Provision against islamic financings		
- Specific		(10,965)
- General		-
		(10,965)
Islamic financing and related assets - net of provision		554,235

3.1 Ijarah financing under IFAS 2		**2024**	2023
		------ (Rupees in '000') ------	
Net book value of assets	3.1.1	**11,190**	9,946
Advance against Ijarah financing		-	-
		11,190	9,946

3.1.1 Particulars of assets under Ijarah

	2024							
	Cost			**Accumulated Depreciation**				
	As at January 01,	**Additions/ Settled**	**As at December 31,**	**As at January 01,**	**Charge/ settled**	**As at December 31,**	**Book Value As at December 31,**	**Rate of depreciation (%)**
	(Rupees in '000')							
Vehicle	-	-	-	-	-	-	-	**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**	

	2023							
	Cost			Accumulated Depreciation				
	As at January 01,	Additions/ Settled	As at December 31,	As at January 01,	Charge/ settled	As at December 31,	Book Value As at December 31,	Rate of depreciation (%)
	(Rupees in '000')							
Vehicle	16,224	(16,224)	-	14,019	(14,019)	-	-	Over the Ijarah period
Plant and machinery	28,000	950	28,950	18,834	170	19,004	9,946	
Total	44,224	(15,274)	28,950	32,853	(13,849)	19,004	9,946	

3.1.2 Future Ijarah payments receivable	**2024**	2023
	------ (Rupees in '000') ------	
Not later than one year	**11,190**	9,946
Later than one year and not later than five years	-	-
Over five years	-	-
	11,190	9,946

		Note	2024	2023
			-------- (Rupees in '000') --------	
3.1.3	Murabaha financing		**86,588**	-
	Less: deferred murabaha income		**(3,550)**	-
	Profit receivable shown in other assets		**(3,038)**	-
			80,000	-

		2024	2023
4	**SECTOR WISE PORTFOLIO**		
	Chemicals and chemical products	**9,166**	9,603
	Education	**11,353**	11,353
	Power, electricity and gas	**-**	413,599
	Wholesale and retail trade	**80,000**	-
	Individuals	**18,294**	13,547
	Others	**139,246**	117,534
	Gross Financing	**258,059**	565,636
	Govt. of Pakistan	**4,082,290**	4,042,075
	Financial Institutions	**196,920**	123,660
	Total Invested Funds	**4,537,269**	4,731,371

5 DEPOSITS

	2024			2023		
	In local currency	**In foreign currencies**	**Total**	In local currency	In foreign currencies	Total
	---- (Rupees in '000') ----					
Customers						
Current deposits	**918,966**	**9,661**	**928,627**	697,630	3,336	700,966
Savings deposits	**4,759,185**	**5,048**	**4,764,233**	1,587,194	5,321	1,592,515
Term deposits	**823,477**	**-**	**823,477**	347,408	-	347,408
Margin and other deposits	**21,636**	**-**	**21,636**	22,931	-	22,931
	6,523,264	**14,709**	**6,537,973**	2,655,163	8,657	2,663,820
Financial Institutions						
Current deposits	**1,226**	**-**	**1,226**	4,170	-	4,170
Savings deposits	**27,649**	**-**	**27,649**	21,103	-	21,103
Term deposits	**-**	**-**	**-**	-	-	-
Margin and other deposits	**-**	**-**	**-**	50	-	50
	28,875	**-**	**28,875**	25,323	-	25,323
	6,552,139	**14,709**	**6,566,848**	2,680,486	8,657	2,689,143

		2024	2023
5.1	**Composition of deposits**	-------- (Rupees in '000') --------	
	- Individuals	**933,651**	42,038
	- Government (Federal and Provincial)	**1,020,545**	277,586
	- Public Sector Entities	**130,578**	129,759
	- Banking Companies	**518**	500
	- Non-Banking Financial Institutions	**28,356**	25,323
	- Private Sectors	**4,453,200**	2,213,937
		6,566,848	2,689,143

5.2 As at 31 December 2024, the deposits eligible to be covered under insurance arrangements amounted to Rs. 1,226.33million (2023: Rs. 1,009.67 million) and premium paid amounted to Rs. 1.62 million (2023 : Rs. 2.04 million).

ISLAMIC BANKING BUSINESS
NOTES TO ANNEXURE - II
FOR THE YEAR ENDED DECEMBER 31, 2024

		2024	2023
		--------- (Rupees in '000') ---------	
6	**DUE FROM / (TO HEAD OFFICE)**		
	Interbranch transaction account (daily basis)	78,024	15,160
7	**ACCUMULATED LOSS**		
	Opening Balance	(250,561)	(449,068)
	Add: Islamic Banking profit/(loss) for the year	216,336	198,507
	Less: Taxation	-	-
	Less: Reserves	-	-
	Less: Transferred / Remitted to Head Office	-	-
		-	-
	Closing Balance	(34,225)	(250,561)
8	**CONTINGENCIES AND COMMITMENTS**		
	-Guarantees	243,653	231,177
	-Letter of Credit	47,366	69,916
	-Commitments	-	-
		291,019	301,093
9	**CHARITY FUND**		
	Opening Balance	816	221
	Additions during the period		
	Received from customers on account of delayed payment	-	3
	Profit on charity saving account	-	-
	Other	450	752
		450	755
	Payments / utilization during the period		
	Education	250	-
	Chairity organisation	250	160
	Hospital	500	-
		1,000	160
	Closing Balance	266	816
10	**CASH AND CASH EQUIVALENT**		
	Cash and balances with treasury banks	450,895	171,655
	Balances with other banks	6,997	975
		457,892	172,630
11	**PROFIT / RETURN ON FINANCING, INVESTMENTS AND PLACEMENTS EARNED**		
	Profit earned on:		
	Financing	80,475	147,829
	Investments	810,203	800,872
	Placements	187,697	43,814
	On deposits with financial institutions	-	-
		1,078,375	992,515
12	**RETURN ON DEPOSITS AND OTHER DUES EXPENSED**		
	Deposits and other accounts	508,694	428,877
	Due to Financial Institutions	140,502	130,181
	Amortisation of lease liability against right-of-use assets	24,638	14,715
		673,834	573,773

13 POOL MANAGEMENT

13.1 Sindh Bank Limited - SA' ADAT Islamic Banking Division is maintaining the following pools for profit declaration and distribution:

13.1.1 General Pool, Special Pools and FI Pools

Priority of utilization of funds in pools will be as follows:

- Depositors Funds

- Equity Funds

Priority of utilization of funds in the FI pool shall be:

- FI Funds

- Equity Funds

13.1.2 Weightages for distribution of profit in general pool

Profits are calculated on the basis of weightages assigned to different tiers and tenors. These weightages are announced monthly. While considering weightages emphasis shall be given to the quantum, type and period of risk assessed by applying following factors:

- Contracted period, nature and type of deposits/fund.

- Payment cycle of profit on such deposits/fund i.e. monthly, quarterly or on maturity.

- Magnitude of Risk.

Any change in profit sharing weightages of any category of deposit/fund providers shall be applicable from next period.

13.1.3 Special and Financial Institution Pools.

Profit is calculated and distributed on the basis of pre agreed Profit Sharing Ratio.

13.1.4 Identification and allocation of Pool related income and expenditure

The allocation of income and expenditure to different pools is being done based on a pre-defined basis and accounting principles as mentioned below.

Any direct expenditure shall be charged to respective pools, while indirect expenses including the establishment costs shall be borne by Sindh Bank - Islamic Banking Division (SNDB - IBD) as Mudarib. The direct expenses to be charged to the pool may include depreciation for Ijarah assets, insurance / Takaful expenses of pool assets, stamp fees or documentation charges, brokerage fee on purchase of securities, impairment / losses due to physical damages to specific assets in pool etc. However, this is not an exhaustive list. SNDB - IBD pool management framework and the respective pool creation memo may identify and specify these and may similar expenses to be charged to the pool.

13.1.5 Parameters associated with risks and rewards

Following are the consideration attached with risks and rewards of pools:

- Period, return, safety, security and liquidity of investment;
- All financing proposal under process at various stages and likely to be extended in the near future;
- Expected withdrawal of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained under Moradaba arrangements from Head Office and Islamic Banking Financial Institutions;
- Elements of risks associated with different kind of investments;
- Regulatory requirements; and
- Shariah compliance.

13.1.6 Basis of Profit allocation

During the year, the profit was distributed between Mudarib and Rubbal Maal as per following profit sharing ratio based upon gross income less direct expenses.

	2024	2023
	------- (Rupees in '000') --------	
Rubbal Maal	**57.54%**	67.22%
Mudarib	**42.46%**	32.78%

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

Rubbul Maal (%)	**57.54%**	67.22%
Rubbul Maal (amount)	**51,993**	30,290
Mudarib (%)	**42.46%**	32.78%
Mudarib (amount)	**38,365**	16,610

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

Mudarib's share	**38,365**	16,610
Hiba	**2,815**	1,072
Hiba percentage of mudarib's share	**7.34%**	6.45%

In addition to the General Pool, 12 Special Pools were maintained as on December 31, 2024.

Amount and percentage of Mudarib's share transferred to depositors thought Hiba for Special Pool during 2024.

	2024	2023
	------- (Rupees in '000') --------	
Mudarib's share	**38,365**	45,709
Hiba	**2,815**	13,151
Hiba percentage of mudarib's share	**17.28%**	28.77%

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

Profit rate earned	**19.61%**	20.34%
Profit rate distributed to depositors	**11.35%**	13.94%

Riaz Ahmad & Company
Chartered Accountants

SINDH BANK LIMITED

CONSOLIDATED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE YEAR ENDED
31 DECEMBER 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of SINDH BANK LIMITED and its subsidiary company ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ('the Code') and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 14.1 to the consolidated financial statements which states that the deferred tax asset has been recognized in the consolidated financial statements on the basis of financial projections for the future years approved by Board of Directors of the Bank. The preparation of financial projection involves management assumptions regarding future business and economic conditions and significant change in assumptions may have impact on recoverability of the deferred tax assets.

Our opinion is not modified in respect of this matter.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.

RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 10 MARCH 2025
UDIN: AR202410045EVawR8T5m

SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Note	2024	2023
		--------- (Rupees in '000') ---------	
ASSETS			
Cash and balances with treasury banks	6	22,724,099	53,488,206
Balances with other banks	7	4,470,597	1,484,233
Lendings to financial institutions	8	24,514,444	-
Investments	9	201,547,368	166,397,880
Advances	10	74,282,838	52,528,902
Property and equipment	11	1,357,510	1,351,122
Right of use assets	12	3,498,477	2,704,359
Intangible assets	13	84,934	114,464
Deferred tax assets - net	14	17,007,130	17,201,220
Other assets	15	13,797,026	7,801,390
		363,284,423	303,071,776
LIABILITIES			
Bills payable	16	1,446,526	898,762
Borrowings	17	1,971,650	38,267,440
Deposits and other accounts	18	314,488,585	224,841,914
Lease liabilities	19	4,441,555	3,231,133
Deferred tax liabilities		-	-
Other liabilities	20	11,279,673	11,004,177
		333,627,989	278,243,426
NET ASSETS		29,656,434	24,828,350
REPRESENTED BY			
Share capital - net	21	34,524,428	34,524,428
Reserves		2,581,715	1,985,305
Surplus/(deficit) on revaluation of assets - net	22	884,442	(1,033,628)
Accumulated loss		(8,334,151)	(10,647,755)
		29,656,434	24,828,350
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, 2024

	Note	2024	2023
		---------- (Rupees in '000') ----------	
Mark-up / return / profit / interest earned	24	51,768,705	51,248,347
Mark-up / return / profit / interest expensed	25	42,278,700	42,634,953
Net mark-up / return / profit / interest income		9,490,005	8,613,394
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	683,396	602,501
Dividend income		53,339	192,353
Foreign exchange income		352,209	723,490
Gain on securities	27	215,634	337,703
Other income	28	9,720	8,877
Total non-markup/interest income		1,314,298	1,864,924
Total income		10,804,303	10,478,318
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	9,969,880	8,477,970
Other charges	30	5,191	59,164
Total non-markup/interest expenses		9,975,071	8,537,134
PROFIT BEFORE PROVISIONS		829,232	1,941,184
Credit loss allowance and write offs - net	31	(1,915,282)	1,153,568
PROFIT BEFORE TAXATION		2,744,514	787,616
Taxation	32	(179,308)	(1,468,636)
PROFIT AFTER TAXATION		2,923,822	2,256,252
		---------- Rupees ----------	
Basic and diluted earnings per share	33	0.85	0.75

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, 2024

	2024	2023
	--------- (Rupees in '000') ---------	
Profit after taxation for the year	**2,923,822**	2,256,252
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	392,269	83,072
	3,316,091	2,339,324
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(15,604)	(18,784)
Movement in surplus on revaluation of equity investments - net of tax	835,733	-
Movement in (deficit) / surplus on revaluation of non-banking assets - net of tax	(5,400)	91,800
	814,729	73,016
Total comprehensive income	4,130,820	2,412,340

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, 2024

	Share Capital	Shares Deposit Money	Capital Reserves: Reserves on amalgamation	Capital Reserves: 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, 2023	29,524,428	-	9,433	51	1,504,243	13,078	(1,208,500)	-	(12,429,398)	17,413,335
Profit for the year ended December 31, 2023	-	-	-	-	-	-	-	-	2,256,252	2,256,252
Other comprehensive income - net of tax	-	-	-	-	-	-	83,072	91,800	(18,784)	156,088
Transfer to statutory reserve	-	-	-	-	451,251	-	-	-	(451,251)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	4,574	-	-	(4,574)	-
Return on investment	-	-	-	-	-	2,675	-	-	-	2,675
Transactions with owners, recorded directly in equity										-
Shares deposit money	-	5,000,000	-	-	-	-	-	-	-	5,000,000
Issue of Shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-	-
Balance as at December 31, 2023	**34,524,428**	-	**9,433**	**51**	**1,955,494**	**20,327**	**(1,125,428)**	**91,800**	**(10,647,755)**	**24,828,350**
Effect of reclassification on adoption of IFRS -09 - net of tax										
Effect of adoption of IFRS 09 on Debt security	-	-	-	-	-	-	1,113,779	-	-	1,113,779
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	-	(363,757)	-	363,757	-
Effect of adoption of IFRS 09 on shares FVTPL	-	-	-	-	-	-	(54,554)	-	54,554	-
Effect of adoption of IFRS 09 - ECL net of tax	-	-	-	-	-	-	-	-	(379,844)	(379,844)
	-	-	-	-	-	-	695,468	-	38,467	733,935
Balance as at January 01, 2024 after adoption of IFRS-09	**34,524,428**	-	**9,433**	**51**	**1,955,494**	**20,327**	**(429,960)**	**91,800**	**(10,609,288)**	**25,562,285**
Profit/Loss for the year ended December 31, 2024	-	-	-	-	-	-	-	-	2,923,822	2,923,822
Other comprehensive income - net of tax										
Movement in revaluation reserve of investments in debt instruments - net of tax	-	-	-	-	-	-	392,269	-	-	392,269
Movement in revaluation reserve of equity investments - net of tax	-	-	-	-	-	-	835,733	-	-	835,733
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	(3,027)	(3,027)
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(53,207)	(53,207)
Movement in revaluation reserve of non-banking assets - net of tax	-	-	-	-	-	-	-	(5,400)	-	(5,400)
Total other comprehensive income - net of tax	-	-	-	-	-	-	1,228,002	(5,400)	(56,234)	1,166,368
Transfer to depositors' protection fund - 5% of the 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)	-
Transactions with owners, recorded directly in equity										
Shares deposit money	-	-	-	-	-	-	-	-	-	-
Issue of shares during the year	-	-	-	-	-	-	-	-	-	-
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**

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

*** As more fully explained in notes 10.7.2 of these consolidated financial statements, accumulated loss includes an amount of Rupees 2,358.26 million net of tax as at December 31, 2024 (December 31, 2023: Rs. 3,148.13 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, 2024

	Note	2024	2023
		(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,744,514	787,616
Less: Dividend income		(53,339)	(192,353)
		2,691,175	595,263
Adjustments:			
Depreciation	11.2	304,886	285,052
Depreciation on right of use assets	29	802,259	745,905
Interest expense on lease liability		718,698	-
Amortisation	11.2	44,354	43,136
Credit loss allowance / provisions and write offs - net	31	(1,906,482)	1,139,557
Charge for defined benefit plan	36.1.4	152,936	123,050
Unrealised gain on securities measured at FVPL		(70,388)	-
Gain on sale of operating fixed assets	28	(7,536)	(5,115)
		38,727	2,331,585
		2,729,902	2,926,848
(Increase) / decrease in operating assets			
Lendings to financial institutions		(24,514,444)	19,967,424
Securities classified as FVPL		(162,080)	-
Advances - net		(22,142,305)	(7,218,411)
Other assets - net		(5,640,871)	(3,167,418)
		(52,459,700)	9,581,595
Increase / (decrease) in operating liabilities			
Bills payable		547,764	172,614
Borrowings		(35,575,790)	(68,977,275)
Deposits and other accounts		89,595,651	1,209,202
Other liabilities (excluding current taxation)		(38,579)	4,339,137
		54,529,046	(63,256,322)
		4,799,248	(50,747,879)
Contribution to gratuity fund	36.1.3	(156,413)	(107,192)
Income tax paid		(756,007)	(628,491)
Net cash generated from / (used in) operating activities		3,886,828	(51,483,562)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortized cost securities		6,242,376	78,770,659
Net investment in securities classified as FVOCI		(36,422,595)	8,454,350
Dividend received		51,651	192,353
Investments in operating fixed assets		(331,444)	(1,008,326)
Sale proceeds of operating fixed assets disposed off		12,883	7,121
Net cash (used in) / generated from investing activities		(30,447,129)	86,416,157
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	5,000,000
Payment of lease liability against right of use assets		(1,267,060)	(1,178,421)
Net cash (used in) / generated from financing activities		(1,267,060)	3,821,579
(Decrease) / increase in cash and cash equivalents		(27,827,361)	38,754,174
Cash and cash equivalents at the beginning of the year		55,023,460	16,218,265
Impact of expected credit loss allowance on cash and cash equivalents		(1,403)	-
Cash and cash equivalents at the end of the year	34	27,194,696	54,972,439

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

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

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 Holding Company

1.1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2023: 330) branches including 8 (2023: 8) sub-branches and 14 (2023: 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 Limited has upgraded the long term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.

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 37 (2023: 19) branches and 72 (2023: 72) 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- to A" and short term rating from "A2 to A1" and outlook "Stable" as of January 02, 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 un-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.

As per SBP's directive in BPRD Circular Letter No. 7 of 2023, dated April 13, 2023, IFRS 9 (Financial Instruments) has become effective in Pakistan for financial periods beginning on or after January 1, 2024.

Consequently, in line with the application of IFRS 9, SBP, through BPRD Circular No. 02, dated February 9, 2023, has also revised the format of annual financial statements. Further details regarding the adoption of IFRS 9 and the associated amendments, including their impact, are provided in Note 4.1 to these consolidated financial statements.

Apart from IFRS 9, certain other amendments and interpretations have also become mandatory for the Group's financial reporting periods beginning January 1, 2024. However, these are not considered relevant or significant to the Bank's operations and, therefore, have not been detailed in these consolidated financial statements.

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

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 21 - Lack of exchangeability – (Amendments)	01 January 2025
- IFRS 10 and IAD 28 - Sales or Contribution of Assets betwwwn an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

Standard	IASB effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

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 and 12);
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; 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; and staff loans are measured at fair value on initial recognition.

4.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand Rupees.

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, 2023, except as stated in Note 5.1 below.

5.1 Change in Accounting Policy

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS-09 *Financial Instruments* is applicable on banks with effect from January 01, 2024. IFRS-09 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS-09 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS-09 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses ("ECL") approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS-09 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of general provision, income recognition on Islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Group has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

The Group has adopted IFRS 9 in accordance with the Application Instructions from 01 January 2024, using the modified retrospective approach and has not restated comparatives for the 2023 reporting period and the differences in carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 01 January 2024, as permitted under the specific transitional provisions in the Standard. Accordingly, the information presented for 2023 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2024 under IFRS 9.

SBP through its BPRD Circular Letter No. 16 of 2024 dated 29 July 2024, has amended and extended the timelines for application instructions. Under the revised guidelines, banks are required to implement modification accounting for financial assets and liabilities in accordance with the Standard. These changes took effect from 01 October 2024, however, the Group has received an extension from SBP until December 31, 2025 for the application of EIR to account for advances. SBP through its BPRD Circular Letter No. 01 of 2025 dated 22 January 2025, SBP further clarifies that modification accounting to be applied to loans modified on or after 01 January 2020.

5.1.1 **Classification**

Financial Assets

Under IFRS-09, existing categories of financial assets: Held for trading ("HFT"), Available for sale ("AFS"), Held to maturity ("HTM") and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Financial assets at amortised cost

Financial Liabilities

Under IFRS-09, the accounting for financial liabilities remains largely the same as before adoption of IFRS-09 and thus financial liabilities are being carried at amortised cost.

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 **Application to the Group's financial assets**

Debt based financial assets

Debt based financial assets held by the Group include: advances, lendings to financial institutions, investment in federal government securities, listed and unlisted term finance certificates, unlisted preference shares, cash and balances with treasury banks, balances with other banks, and other financial assets.

a) These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL.

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Group assesses whether and how the sales are consistent with the HTC objective.

b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPl

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of investments in Pakistan Investment Bonds (Fixed) held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS-09 on transition to IFRS-09 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS-09 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024 - Before ECL
	Rupees in '000				
Federal Government Securities					
- Pakistan Investment Bonds - AFS	15,216,749	FVOCI	-	-	-
		Amortised Cost	15,216,749	2,183,880	17,400,629
	15,216,749		15,216,749	2,183,880	17,400,629

Equity based financial assets

An equity instrument held by the Group for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Group has decided to classify Rupees 498.085 million out of its available for sale equity investment portfolio which includes mutual funds units of Rupees 123.660 million as of December 31, 2023 to FVTPL.

IFRS-09 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Group has reclassified impairment of Rupees 363.757 million on listed equity investments to unappropriated losses through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS-09 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS-09: Measurement Category	Before adoption of IFRS-09: Carrying amounts as at December 31, 2023	After adoption of IFRS-09: Measurement Category	After adoption of IFRS-09: Carrying amounts as at January 01, 2024
		Rupees in '000'		Rupees in '000'
Cash and balances with treasury banks	Loans and receivables	53,488,206	Amortised cost	53,488,206
Balances with other banks	Loans and receivables	1,484,233	Amortised cost	1,484,233
Lendings to financial institutions	Loans and receivables	-	Amortised cost	-
Investments			Fair value through profit or loss accont	498,058
	Available for sale	133,244,953	Fair value through other comprehensive income	117,530,146
			Amortised cost	17,400,629
		133,244,953		135,428,833
	Held to maturity	33,152,927	Amortised cost	33,152,927
Advances				
-Staff loan	Loans and receivables	1,746,994	Amortised cost	1,035,004
-Advances other than staff loan		50,779,869	Cost	50,066,371
		52,526,863		51,101,375
Other assets	Loans and receivables	7,803,427	Amortised cost for financial assets	8,514,754
		281,700,609		**283,170,328**

5.1.5 **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 ou
- 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.

5.1.9 **Adoption impacts**

The Group has adopted IFRS-09 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS-09. The cumulative impact of initial application of Rupees 733.935 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Classification under SBP regulations	Classification under IFRS 9							
	Balances as of December 31, 2023 (Audited)	At FVTPL	At FVOCI - with recycling	At amortised Cost	Remeasurement under IFRS 9	Recognition of ECL	Balances as of January 01, 2024	IFRS 09 Category
	Rupees in '000							
ASSETS								
Cash and bank balances with treasury banks	53,488,206	-	-	53,488,206	-	-	53,488,206	Amortised cost
Balances with other banks	1,484,233	-	-	1,484,233	-	(10,317)	1,473,915	Amortised cost
Lending to Financial Institutions	-	-	-	-	-	-	-	Amortised cost
Investments in financial assets								
-Held-for-Trading	-	498,058	-	498,058	-	-	498,058	FVTPL
-Available-for-Sale	133,244,953	(498,058)	(15,216,749)	117,530,146	-	-	117,530,146	FVOCI
-Held-to-Maturity	33,152,927	-	15,216,749	48,369,676	2,183,880	(23,654)	50,529,902	Amortised cost
-Subsidiary	-	-	-	-	-	-	-	Outside the scope of IFRS 09
	166,397,880	-	-	166,397,880	2,183,880	(23,654)	168,558,106	
Advances	-	-	-	-	-	-	-	
-Staff loans	1,746,994	-	-	1,746,994	(711,990)	-	1,035,004	Amortised cost
-Advances other than staff loans	50,779,869	-	-	50,779,869	29,130	(742,628)	50,066,371	Cost
	52,526,863	-	-	52,526,863	(682,860)	(742,628)	51,101,374	
Property and equipment	1,351,123	-	-	1,351,123	-	-	1,351,123	Outside the scope of IFRS 09
Rights of use asset	2,704,359	-	-	2,704,359	-	-	2,704,359	Outside the scope of IFRS 09
Intangible assets	114,464	-	-	114,464	-	-	114,464	Outside the scope of IFRS 09
Deferred tax asset - net	17,201,220	-	-	17,201,220	(1,070,101)	371,397	16,502,515	Outside the scope of IFRS 09
Other assets	7,803,427	-	-	7,803,427	711,990	(663)	8,514,754	Amortised cost for financial assets
	303,071,774	-	-	303,071,774	1,142,909	(405,866)	303,808,817	
LIABILITIES								
Bills payable	898,762	-	-	898,762	-	-	898,762	Amortised cost
Borrowings	38,267,440	-	-	38,267,440	-	-	38,267,440	Amortised cost
Deposit and other accounts	224,841,914	-	-	224,841,914	-	-	224,841,914	Amortised cost
Lease liability against rights of use assets	3,231,134	-	-	3,231,134	-	-	3,231,134	Amortised cost
Other Liabilities	11,004,174	-	-	11,004,174	-	3,103	11,007,277	Amortised cost for financial liabilities
	278,243,424	-	-	278,243,424	-	3,103	278,246,527	
NET ASSETS	24,828,350	-	-	24,828,350	1,142,909	(408,969)	25,562,290	
REPRESENTED BY								
Share capital - net	34,524,428	-	-	34,524,428	-	-	34,524,428	Outside the scope of IFRS 09
Reserves	1,985,305	-	-	1,985,305	-	-	1,985,305	Outside the scope of IFRS 09
Deficit on revaluation of assets	(1,033,628)	-	-	(1,033,628)	695,468	-	(338,160)	
Accumulated loss	(10,647,755)	-	-	(10,647,755)	447,441	(408,969)	(10,609,283)	
	24,828,350	-	-	24,828,350	1,142,909	(408,969)	25,562,290	

5.1.10 As per paragraph 3.2 of the Application Instructions, Government securities in local currency are exempted from the application of ECL framework.

5.2 Impact on regulatory capital

The introduction of IFRS 9 has resulted in reduction in regulatory capital of the Banks, which has reduced their lending capacity and ability to support their clients. In order to mitigate the impact of ECL models on capital, SBP has determined that it may be appropriate for the banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the Application Instructions issued by SBP has detailed the transitional arrangement. The transitional arrangement applies only to provisions for Stage 1 and Stage 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e., added back) to CET1 capital over the "transition period" of five years. Moreover, SBP has allowed to adjust the amount of Stage 1 and Stage 2 provisions in Tier 2 Capital that have not been added back to CET 1 and vice versa as per Annexure A of BPRD Circular no 16 of 2024 dated 29 July 2024. Had IFRS 9 not been applied then CAR would have been lower by 120 bps from 22.29 % to 21.09%.

5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts, excluding term deposit with original term of greater than three months.

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 are stated net of provisions for non-performing advances. Specific and general provisions are made based on appraisal of the loan portfolio that takes into account the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the consolidated statement of profit and loss account.

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 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.

b) **Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value on the date at which the derivative contract is entered into and subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets where fair value is positive and as liabilities where fair value is negative. Any changes in the fair value of derivative financial instruments are taken to consolidated statement of profit and loss account.

5.21 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.22 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) ***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.

b) ***Retail Banking***

This includes mortgage finance and personal loans to individual customers.

c) ***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 Group operates only in Pakistan.

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	2024	2023
		--------- (Rupees in '000') ---------	
In hand			
Local currency		5,594,472	3,960,469
Foreign currency		212,371	194,370
		5,806,843	4,154,839
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	16,127,760	47,152,820
Foreign currency current accounts	6.2	182,990	61,133
Foreign currency deposit accounts		-	-
- Non Remunerative	6.3	143,595	158,549
- Remunerative	6.4	287,710	309,256
		16,742,055	47,681,758
With National Bank of Pakistan in			
Local currency current accounts		167,439	1,610,797
Local currency deposit accounts	6.5	6	24,282
		167,445	1,635,079
Prize bonds		7,756	16,530
	34	22,724,099	53,488,206

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 3.53% to 4.35% profits (2023 : 3.39% to 4.34%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 11.50% - 13.5% (2023: 20.5%) per annum.

7. BALANCES WITH OTHER BANKS

	Note	2024	2023
In Pakistan			
In current accounts		3,522	1,500
In savings account	7.1	682,338	526,599
		685,860	528,099
Outside Pakistan			
In current accounts	7.2	3,786,140	956,134
Less: Credit Loss allowance held against balances with other banks	7.3	1,403	-
	34	4,470,597	1,484,233

7.1 This includes savings account with a commercial bank carrying profit at the rate of 11.50% -15.50% (2023: 16.00% - 23.90%) per annum.

7.2 This includes Rs. 3,406.801 million (2023: Rs. 842.188 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the Holding Company is entitled to earn interest from the correspondent banks at the agreed rates.

		Note	2024	2023
			(Rupees in '000')	
7.3	**Opening balance**		-	-
	Impact of adoption of IFRS-09		10,317	-
	Charge / reversals			
	Charge for the year		-	-
	Reversals for the year		(8,914)	-
			(8,914)	-
	Closing Balance		1,403	-

8. LENDINGS TO FINANCIAL INSTITUTIONS

	2024	2023
Call money lendings	7,500,000	-
Repurchase agreement lendings (Reverse Repo)	14,315,010	-
Musharaka arrangements	2,700,000	-
	24,515,010	-
Less: Credit loss allowance held against lending to financial institutions	(566)	-
Lending to financial institutions - net of credit loss allowance	24,514,444	-

8.1 Particulars of lendings

	2024	2023
In local currency	24,514,444	-
In foreign currencies	-	-
	24,514,444	-

8.2 Securities held as collateral against Lending to financial institutions

	2024			2023		
	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	7,467,450	-	7,467,450	-	-	-
Total	14,321,430	-	14,321,430	-	-	-

8.3 Lendings to Financial Institutions - Category of classification

		2024		2023	
		Lending	Credit loss allowance held	Lending	Credit loss allowance held
		Rupees in '000			
Domestic					
Performing	Stage 1	24,515,010	566	-	-
Under performing	Stage 2	-	-	-	-
Non-performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
Total		24,515,010	566	-	-

8.4 Lendings to Financial Institutions - Particulars of credit loss allowance

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

INVESTMENTS

Investments by type

	Note	2023 Cost / Amortised cost	2023 Provision for diminution	2023 Surplus / (Deficit)	2023 Carrying Value
		---------- (Rupees in '000') ----------			
Available-for-sale securites					
Federal Government Securities					
Market Treasury Bills		-	-	-	-
Pakistan Investment Bonds		17,400,629	-	(2,183,880)	15,216,749
Pakistan Investment Bonds - Floater		113,308,072	-	(319,502)	112,988,570
Government of Pakistan - Ijarah Sukuk		4,000,000	-	42,076	4,042,076
Shares					
Listed		971,211	(342,757)	212,934	841,388
Unlisted		-	-	-	-
Non-government debt securities					
Sukuk certificates		-	-	-	-
Mutual funds & units		158,203	(43,684)	41,651	156,170
		135,838,115	(386,441)	(2,206,721)	133,244,953
Held-to-maturity securities					
Federal Government Securities					
Market Treasury Bills		20,804,998	-	-	20,804,998
Pakistan Investment Bonds		11,262,656	-	-	11,262,656
Preference Shares - Unlisted		77,708	(77,708)	-	-
Term deposits accounts		500,000	-	-	500,000
Non-government debt securities					
Term finance certificates - Listed		224,235	-	-	224,235
Term finance certificates - Unlisted		858,901	(497,863)	-	361,038
		33,728,498	(575,571)	-	33,152,927
Investment in Subsidiary					
Fully paid ordinary shares		-	-	-	-
Total Investments		169,566,613	(962,012)	(2,206,721)	166,397,880

9.2 Investments by segments

	2024				2023			
	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Federal Government Securities								
Market Treasury Bills	8,376,386	-	115,314	8,491,700	20,804,998	-	-	20,804,998
Pakistan Investment Bonds	185,164,741	-	324,848	185,489,589	141,971,357	-	(2,503,382)	139,467,975
Government of Pakistan - Ijarah Sukuk	3,999,990	-	82,300	4,082,290	4,000,000	-	42,076	4,042,076
	197,541,117	-	522,462	198,063,579	166,776,355	-	(2,461,306)	164,315,049
Shares								
Listed companies	642,440	-	1,155,787	1,798,227	971,211	(342,757)	212,934	841,388
Unlisted companies	77,708	(77,708)	-	-	77,708	(77,708)	-	-
	720,148	(77,708)	1,155,787	1,798,227	1,048,919	(420,465)	212,934	841,388
Non-government debt securities								
Term finance certificates - listed	224,235	(10,327)	-	213,908	224,235	-	-	224,235
Term finance certificates - unlisted	344,509	(10,254)	-	334,255	858,901	(497,863)	-	361,038
Sukuk certificates	-	-	-	-	-	-	-	-
	568,744	(20,581)	-	548,163	1,083,136	(497,863)	-	585,273
Mutual Funds & units								
Open ended	59,203	-	(18,533)	40,670	59,203	(43,684)	16,990	32,509
REIT - Units	123,660	-	73,260	196,920	99,000	-	24,661	123,661
	182,863	-	54,727	237,590	158,203	(43,684)	41,651	156,170
Others								
Term deposits accounts	900,000	(191)	-	899,809	500,000	-	-	500,000
Total Investments	199,912,872	(98,480)	1,732,976	201,547,368	169,566,613	(962,012)	(2,206,721)	166,397,880

		2024	2023
9.3	**Investments given as collateral Federal government securities**	(Rupees in '000')	
	Pakistan Investment Bonds	-	35,733,600
	Market Treasury Bills	-	-
		-	35,733,600

9.4 Provision for diminution in value of investments

		2024	2023
9.4.1	**Opening balance**	962,012	952,912
	Impact of adoption of IFRS-09	(362,786)	-
	Charge / reversals		
	Charge for the year	13,598	9,100
	Reversals for the year	-	-
	Transfer during the period	(514,344)	-
	Reversal on disposals	-	-
	Transfers - net	(500,746)	9,100
	Closing Balance	98,480	962,012

9.5 Particlurs of credit loss allowance

		2024			
9.5.1	**Investments - exposure**	Stage 1	Stage 2	Stage 3	Total
		Rupees in '000			
	Opening balance	-	-	-	-
	Impact of adoption of IFRS 9	167,396,092	449,055	592,052	168,437,199
	New investments	136,085,506	-	-	136,085,506
	Investments derecognised or repaid	(110,105,000)	-	-	(110,105,000)
	Transfer to advances - TFC	-	-	(514,344)	(514,344)
	Transfer to stage 1	-	-	-	-
	Transfer to stage 2	-	-	-	-
	Transfer to stage 3	-	-	-	-
		(110,105,000)	-	(514,344)	(110,619,344)
	Amounts written off / charged Off	-	-	-	-
	Impact of amortization	5,184,208	-	-	5,184,208
	Other changes (to be specific)	-	-	-	-
	Closing balance	198,560,806	449,055	77,708	199,087,569

9.5.2 **Investments - Credit loss allowance**

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

9.5.3 **Particulars of credit loss allowance against debt securities**

Domestic	2024		2023	
	Outstandig amount	**Credit loss allowance held**	**Outstandig amount**	**Provision**
	Rupees in '000			
Performing Stage 1	198,560,806	193	167,278,447	-
Underperforming Stage 2	449,055	20,579	-	-
Non-Performing Stage 3				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	77,708	77,708	514,344	497,864
	77,708	77,708	514,344	497,864
Total	199,087,569	98,480	167,792,791	497,864

	2024	2023
9.5 Quality of Securities	---------- (Rupees in '000') ----------	
Particulars regarding quality of securities - Held to collect and Sell model (FVOCI)		
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	**160,800,288**	130,708,701
Market Treasury Bills	**6,797,209**	-
Government of Pakistan - Ijarah Sukuk	**3,999,990**	4,000,000
	171,597,487	134,708,701
Shares (Equities)		
Listed Companies		
Refinery	**7,682**	7,682
Fertilizer	**-**	345,285
Cement	**63,745**	63,745
Oil & Gas Marketing Companies	**164,142**	186,049
Commercial Banks	**368,451**	368,450
	604,020	971,211
Other investments (Mutual Funds and Units)		
Listed		
AAA	**-**	99,000
AA+	**16,239**	16,239
A+ / A-	**42,964**	42,964
	59,203	158,203
	172,260,710	135,838,115

Equity Securities

	2024	2023
Listed Companies		
Pakistan Refinery Limited	**7,682**	7,682
Fauji Fertilizer Company Limited	**-**	280,283
Fatima Fertilizer Company Limited	**-**	65,002
Thatta Cement Company Limited	**63,745**	63,745
Sui Southern Gas Company Limited	**164,142**	164,142
Oil & Gas Development Company Limited	**-**	21,905
Bank Makramah Limited (Summit Bank)	**305,509**	305,509
Silk Bank Limited	**62,942**	62,943
	604,020	971,211

9.6	**Particulars relating to securities held under 'hold to collect' - amortize cost**	Cost	
		(Rupees in '000')	
	Federal Government Securities - Government guaranteed		
	Pakistan Investment Bonds	24,364,453	11,262,656
	Market Treasury Bills	1,579,177	20,804,998
		25,943,630	32,067,654
	Particulars relating to securities held under 'hold to collect' - amortize cost		
	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	119,689	119,737
	Unrated	224,820	224,820
	Unrated	-	514,344
		344,509	858,901
	Term deposit accounts		
	MicroFinance Bank	900,000	500,000
		27,490,082	33,728,498

9.6.1 The market value of securities classified as amortize cost as at December 31, 2024 amounted to Rs. 25,596.11 million (December 31, 2023 amounted to Rs. 30,061.34).

9.7 Investments include Rs 500 million (2023: Rs 500 million) pledged with National Clearing Company of Pakistan against trading margin.

10 ADVANCES

	Note	2024 Performing	2024 Non Performing	2024 Total	2023 Performing	2023 Non Performing	2023 Total
		Rupees in '000'			Rupees in '000'		
Loans, cash credits, agriculture, running finances etc.		31,490,726	29,425,694	60,916,420	29,586,554	32,570,853	62,157,407
Commodity finance		38,921,334	-	38,921,334	15,619,270	-	15,619,270
Net investment in finance lease	10.2	147,427	195,882	343,309	305,814	410,329	716,143
Islamic financing and related assets							
Diminishing musharakah financing		45,517	121,353	166,870	433,901	121,353	555,254
Murabaha Financing		80,000	-	80,000	-	-	-
Ijarah financing under IFAS 2		11,190	-	11,190	9,946	-	9,946
		70,696,194	29,742,929	100,439,123	45,955,485	33,102,535	79,058,020
Bills discounted and purchased							
(excluding market treasury bills)							
Payable in Pakistan		45,739	348,639	394,378	368,044	-	368,044
Payable outside Pakistan		-	3,405	3,405	9,317	3,405	12,722
		45,739	352,044	397,783	377,361	3,405	380,766
Advances - gross		70,741,933	30,094,973	100,836,906	46,332,846	33,105,940	79,438,786
Credit loss allowance against advances		-	-	-	-	-	-
- Stage 1		442,926	-	442,926	29,130	-	29,130
- Stage 2		961,229	-	961,229	-	-	-
- Stage 3		-	25,149,913	25,149,913	-	26,880,754	26,880,754
		1,404,155	25,149,913	26,554,068	29,130	26,880,754	26,909,884
Total Advances - Net credit loss allowance		69,337,778	4,945,060	74,282,838	46,303,716	6,225,186	52,528,902

10.1 Particulars of advances (gross)

	2024	2023
	(Rupees in '000')	
In local currency	100,836,906	79,438,786
In foreign currencies	-	-
	100,836,906	79,438,786

10.1.1 Advances to Women, Women-owned and Managed Enterprises

	2024	2023
Women	102,037	71,236
Women Owned and Managed Enterprises	503,544	307,805
	605,581	379,041

10.1.2 Gross loans disbursed to women, women-owned and managed enterprises during the year Rs. 333.52 million (2023: Rs.284.94 million).

10.2 Net investment in finance lease

	2024				Not later than one year			
	Not later than one year	Over one year and up to five years	Over five years	Total	Not later than one year	Over one year and up to five years	Over five years	Total
	(Rupees '000')							
Lease rental	282,058	29,829	-	311,887	142,323	512,715	-	655,038
Residual value	62,055	27,870	-	89,925	116,409	63,562	-	179,971
Minimum lease payments	344,113	57,699	-	401,812	258,732	576,277	-	835,009
Un-earned income for future periods	(54,815)	(3,688)	-	(58,503)	(19,423)	(99,443)	-	(118,866)
Present value of minimum lease payments	289,298	54,011	-	343,309	239,309	476,834	-	716,143

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

	Note	2024	2023
10.3 Diminishing musharakah financing			
Advance against musharakah		2,902	-
Diminishing musharakah		163,968	555,254
		166,870	555,254
10.4 Ijarah financing under IFAS 2			
Net book value of assets	10.4.1	11,190	9,946
Advance against Ijarah financing		-	-
		11,190	9,946

10.4.1 Particulars of assets under Ijarah

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

	2023							
	(Rupees '000')							
Plant and machinery	28,000	950	28,950	18,834	170	19,004	9,946	Over the Ijarah period
Vehicle	16,224	(16,224)	-	14,019	(14,019)	-	-	
Total	44,224	(15,274)	28,950	32,853	(13,849)	19,004	9,946	

		2024	2023
		---- (Rupees in '000') ----	
10.5	Murabaha financing	86,588	-
	Less: deferred murabaha income	(3,550)	-
	Profit receivable shown in other assets	(3,038)	-
		80,000	-

10.6 **Particulars of credit loss allowance**

10.6.1 **Advances - Exposure**

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	------------ Rupees in '000' ------------			
Gross carrying amount - Current year	30,682,798	15,533,271	33,210,700	79,426,769
New Advances	10,975,492	33,691,165	-	44,666,657
Advances derecognised or repaid	(20,748,443)	(1,818,625)	(1,181,651)	(23,748,719)
Transfer to stage 1	3,941,417	(3,941,417)	-	-
Transfer to stage 2	(304,221)	2,915,212	(2,610,991)	-
Transfer to stage 3	(59,395)	(118,126)	177,521	-
	(6,195,150)	30,728,209	(3,615,121)	20,917,938
Transfer from investments -TFC	-	-	514,344	514,344
Amounts charged off / Written off	(6,685)	(510)	(14,950)	(22,145)
Closing balance	24,480,963	46,260,970	30,094,973	100,836,906

10.6.2 **Particulars of credit loss allowance**

	Stage 1	Stage 2	Stage 3	Total
Opening balance	29,130	-	26,880,754	26,909,884
Impact of adoption of IFRS 9	135,654	297,744	280,101	713,500
	164,784	297,744	27,160,855	27,623,384
New Advances	205,605	-	-	205,605
Changes in risk parameters (PDs/LGDs/EADs)	134,510	927,357	2,494,662	3,556,529
Advances derecognised or repaid	(85,582)	(211,485)	(5,026,581)	(5,323,648)
Transfer to stage 1	46,024	(46,024)	-	-
Transfer to stage 2	(13,651)	57,851	(44,200)	-
Transfer to stage 3	(2,078)	(63,704)	65,782	-
	284,827	663,996	(2,510,336)	(1,561,513)
Amounts charged off - Agriculture loans	-	-	-	-
	284,827	663,996	(2,510,336)	(1,561,513)
Transfer from investments -TFC	-	-	514,344	514,344
Amounts written off	(6,685)	(511)	(14,950)	(22,146)
Closing balance	442,926	961,229	25,149,913	26,554,068

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

	Stage 1	Stage 2	Stage 3	Total
Outstanding gross exposure				
Performing - Stage 1	24,480,963	-	-	24,480,963
Under Performing - Stage 2	-	46,260,970	-	46,260,970
Non-perfroming - Stage 3				
OAEM	-	-	1,821	1,821
Substandard	-	-	10,053	10,053
Doubtful	-	-	37,233	37,233
Loss	-	-	30,045,866	30,045,866
	-	-	30,094,973	30,094,973
Total	24,480,963	46,260,970	30,094,973	100,836,906
Corresponding ECL				
Stage 1 and stage 2				
(to be specified as shown above)	442,926	961,229	-	1,404,155
Stage 3	-	-	25,149,913	25,149,913
	442,926	961,229	25,149,913	26,554,068

10.7 Advances include Rs. 30,078.81 million (2023: Rs. 33,100.01) million which have been placed under non-performing status are as detailed below:

	2024	
Category of Classification of stage 3	**Non Performing Loans**	**Credit loss allowance**
	------- Rupees in '000' ------	
Domestic		
Other Assets Especially Mentioned	1,821	11
Substandard	10,053	2,301
Doubtful	37,231	6,794
Loss	30,045,868	25,140,807
Total	30,094,973	25,149,913

	2023	
Category of Classification	Non Performing Loans	Provision
	-------- Rupees in '000' -------	
Domestic		
Other Assets Especially Mentioned	1,277	-
Substandard	9,849	573
Doubtful	119,493	2,288
Loss	32,975,321	26,877,893
Total	33,105,940	26,880,754

10.7.1 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.

10.7.2 The Holding Company 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 Holding Company, specific provision against non-performing advances would have been higher by Rs. 5,126.65 (2023: Rs. 6,156.33) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

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

	2024				2023		
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Specific	General	Total
				------- Rupees in '000' -------			
Opening balance	29,130	-	26,880,753	26,909,883	27,095,152	19,997	27,115,149
Exchange adjustments	-	-	-	-	-	-	-
Impact of adoption of IFRS 9	135,654	297,744	280,101	713,500	-	-	-
Charge for the period	284,827	735,024	666,343	1,686,194	2,885,789	9,133	2,894,922
Reversals	-	(71,028)	(3,145,403)	(3,216,431)	(1,712,978)	-	(1,712,978)
	284,827	663,996	(2,479,060)	(1,530,237)	1,172,811	9,133	1,181,944
Amounts charged off - Agriculture loans	-	-	(31,275)	(31,275)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	284,827	663,996	(2,510,335)	(1,561,512)	1,130,455	9,133	1,139,588
Transferred to other assets under DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Transfer from investments -TFC	-	-	514,344	514,344	-	-	-
Amounts written off	(6,685)	(511)	(14,951)	(22,147)	(122,069)	-	(122,069)
Closing balance	442,926	961,229	25,149,913	26,554,068	26,880,753	29,130	26,909,883

11. PROPERTY AND EQUIPMENT

	Note	31 Dec 24	31 Dec 23
		-------- (Rupees in '000') -------	
Capital work-in-progress	11.1	24,517	1,321
Property and equipment	11.2	1,332,993	1,349,801
		1,357,510	1,351,122

11.1 Capital work-in-progress

	Note	31 Dec 24	31 Dec 23
Civil works		3,862	-
Equipment		-	-
Advances to suppliers		20,656	1,321
	11.1.1	24,518	1,321

11.1.1 Movement in Capital work-in-progress

	31 Dec 24	31 Dec 23
Opening balance	1,321	26,725
Transfer in	108,741	36,287
Transfer out	(85,544)	(61,691)
Write off	-	-
Closing balance	24,518	1,321

11.2 Property and Equipment

	2024				
	Leasehold Improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	---------------------------------- (Rupees in '000') ----------------------------------				
At January 1, 2024					
Cost / Revalued amount	1,424,294	580,440	2,057,574	502,234	4,564,542
Accumulated depreciation	(649,373)	(511,287)	(1,731,834)	(322,247)	(3,214,741)
Net book value	774,921	69,153	325,740	179,987	1,349,801
Year ended December 31, 2024					
Opening net book value	774,921	69,153	325,740	179,987	1,349,801
Additions	34,461	9,276	220,034	29,652	293,423
Disposals	(32)	(0)	(0)	(5,315)	(5,347)
Depreciation charge	(71,458)	(18,468)	(145,383)	(69,577)	(304,886)
Closing net book value	737,892	59,962	400,390	134,747	1,332,991
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
	(2)	0	2	2	
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

Property and Equipment

	2023				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000')				
At January 1, 2023					
Cost / Revalued amount	1,393,502	571,829	1,825,281	513,316	4,303,928
Accumulated depreciation	(579,501)	(487,068)	(1,628,707)	(268,233)	(2,963,509)
Net book value	814,001	84,761	196,574	245,083	1,340,419
Year ended December 31, 2023					
Opening net book value	814,001	84,761	196,574	245,083	1,340,419
Additions	30,792	8,648	239,015	17,988	296,443
Disposals	-	-	-	(2,006)	(2,006)
Depreciation charge	(69,872)	(24,256)	(109,849)	(81,078)	(285,055)
Closing net book value	774,921	69,153	325,740	179,987	1,349,801
At December 31, 2023					
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
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 Holding Company's use is as follows:

	2024	2023
	(Rupees in '000')	
Leasehold improvements	**403**	325
Furniture and fixtures	**423,711**	382,511
Electrical, office and computer equipment	**1,628,222**	1,512,720
Vehicles	**117,076**	118,385
	2,169,412	2,013,941

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particulars of The Purchaser
	(Rupees in '000)				
Computers & Office Equipment					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	8,546	32	1,595	Negotiation	Various
Motor Vehicles					
Toyota Fortuner	8,008	934	934	As Per HR Policy	Imran Samad
Toyota Corolla Altis	2,505	1,237	1,237	As Per HR Policy	Imran Samad
do	3,795	62	124	As Per HR Policy	Baqir Hussain
Honda Civic	2,767	753	753	As Per HR Policy	Abdul Rauf Chandio
do	3,746	0	0	As Per HR Policy	Rehan Anjum
Toyota Corolla XLI	2,505	0	0	As Per HR Policy	Shafqat Ali Raja
do	2,505	0	0	As Per HR Policy	Muhammad Salman Saas
do	2,505	0	0	As Per HR Policy	Farooq Khan
do	2,505	0	0	As Per HR Policy	Ghazala Ayaz
do	1,764	0	0	As Per HR Policy	Naeem Muhammad
do	2,505	0	0	As Per HR Policy	Shariq Hassan Jalees
do	2,605	0	0	As Per HR Policy	Mohammad Saleem Shafi
do	2,605	0	0	As Per HR Policy	Ahmed Noor
Suzuki Cultus	1,410	0	0	As Per HR Policy	Khalid Farooq
do	1,440	0	0	As Per HR Policy	Sahabzada Awais Omar
do	1,655	0	0	As Per HR Policy	Khurram Shakeel
do	1,745	634	634	As Per HR Policy	Tauqeer Cheema
do	1,745	0	0	As Per HR Policy	Faisal Haroon Badshah
do	1,482	0	0	As Per HR Policy	Syed Zeeshan Ul Haq
do	1,746	0	0	As Per HR Policy	Farrukh Hussain
do	1,745	0	0	As Per HR Policy	Muhammad Irfan Zafar
do	1,745	0	0	As Per HR Policy	Irfan Ali Shah
Suzuki Wagon R	1,104	0	0	As Per HR Policy	Shakil Ahmed Shaikh
do	1,104	0	0	As Per HR Policy	Parvaiz Ahmed Shaikh
do	1,104	0	0	As Per HR Policy	Bashir Ahmed Ghumro
do	2,421	0	0	As Per HR Policy	Sindh Insurance Ltd
do	1,540	1,695	2,406	As Per HR Policy	Kamran Abdullah Murad
do	1,104	0	0	As Per HR Policy	Imran Ahmed Mirani
do	1,104	0	0	As Per HR Policy	Aijaz Ali Bigzi
do	1,540	0	0	As Per HR Policy	Ghulam Hussain Bozdar
do	1,540	0	0	As Per HR Policy	Azhar Hussain
do	1,104	0	0	As Per HR Policy	Shahdad Shah
do	1,104	0	0	As Per HR Policy	Ashiq Hussain Soomro
do	1,540	0	0	As Per HR Policy	Syed Ali Imran Naqvi
do	1,540	0	0	As Per HR Policy	Faraz Wahab Khan
do	1,184	0	0	As Per HR Policy	Asim Tawab
do	1,540	0	0	As Per HR Policy	Shayan Mustafa
do	1,540	0	0	As Per HR Policy	Bushama Bilal
do	1,540	0	0	As Per HR Policy	Usman Waheed Malik
do	1,540	0	0	As Per HR Policy	Amir Nadeem
do	1,540	0	0	As Per HR Policy	Zafar Ahmed
do	1,054	0	0	As Per HR Policy	Shakil Abbas
do	1,054	0	0	As Per HR Policy	Khalid Mahmood
do	1,540	0	0	As Per HR Policy	Muhammad Rizwan
do	1,540	0	0	As Per HR Policy	Asif Mehmood
do	1,104	0	0	As Per HR Policy	Faisal Qureshi
do	1,104	0	0	As Per HR Policy	Mureed Ali Shah
do	1,224	0	0	As Per HR Policy	Ghous Mohiuddin
do	1,104	0	0	As Per HR Policy	Nazir Ahmed Mirani
do	1,104	0	0	As Per HR Policy	Syeda Tasneem Fatima Rizvi
do	1,539	0	0	As Per HR Policy	Azim John Bhatti
do	1,540	0	0	As Per HR Policy	Muhammad Naeem Siddiqui
do	1,540	0	0	As Per HR Policy	Hassan Raza
do	1,540	0	0	As Per HR Policy	Muhammad Usman Ghani
do	1,540	0	0	As Per HR Policy	Muhammad Noman Hashmi
do	1,540	0	0	As Per HR Policy	Kalsoom Mustafa
do	1,540	0	0	As Per HR Policy	Noman Ahmed
do	1,540	0	0	As Per HR Policy	Muzaffar Siddiqui
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	5,756	-	5,206	Auction	Various
	112,980	5,315	11,288		
TOTAL	121,526	5,347	12,883		

12. RIGHT OF USE ASSETS

	2024	2023
	------ (Rupees in '000') ----	
Year ended December 31		
Opening net book value	2,704,359	2,746,552
Reassessment / renewals	1,596,377	703,712
Disposals	-	-
Depreciation charge	(802,259)	(745,905)
Closing net book value	3,498,477	2,704,359
At December 31		
Cost	5,922,543	4,500,075
Accumulated depreciation	(2,424,066)	(1,795,716)
Net book value	3,498,477	2,704,359
Rate of depreciation (percentage)	10% to 100%	10% to 100%

13. INTANGIBLE ASSETS

	2024	2023
Computer Software		
At January 1		
Cost	457,382	423,803
Accumulated amortisation	(342,918)	(299,781)
Net book value	114,464	124,022
Year ended December 31		
Opening net book value	114,464	124,022
Additions:		
- directly purchased	14,824	33,578
Disposals	-	-
Amortisation charge	(44,354)	(43,136)
Other adjustments	-	-
Closing net book value	84,934	114,464
At December 31		
Cost	472,205	457,382
Accumulated amortisation	(387,271)	(342,918)
Net book value	84,934	114,464
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. 252.02 million (2023: Rs. 232.911 million) .

14. DEFERRED TAX ASSETS-NET

	2024					
	As at December 31, 2023	Impact on adoption of IFRS-9	As at January 1, 2024	Recognised in profit & loss account	Recognised in other comprehensive income	As at December 31, 2024
	(Rupees in '000')					
Deductible Temporary Differences on						
Credit loss allowance against advances	11,109,304	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 Lease Finance	(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

	2023			
	As at December 31, 2022	Recognised in profit & loss account	Recognised in other comprehensive income	As at December 31, 2023
	(Rupees in '000')			
Deductible Temporary Differences on				
- Provision against advances - general	9,117,819	1,995,359	-	11,113,178
- Tax losses carried forward	3,782,989	(323,272)	17,536	3,477,253
- Provision for diminution in the value of investments	94,853	24,321	-	119,174
- Deficit on revaluation of investments	772,647	-	308,647	1,081,294
- Others	(12,302)	408,816	-	396,514
- Others (RoU)	1,071,012	211,495	218	1,282,725
	14,827,018	2,316,719	326,401	17,470,138
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(5,410)	5,046	-	(364)
- Others	(15,598)	(12,297)	-	(27,895)
- Net investment in Lease Finance	(131,859)	-	-	(131,859)
- Surplus on revaluation of non-banking assets	-	-	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(11,932)	(8,668)	-	(20,600)
	(164,799)	(15,919)	(88,200)	(268,918)
	14,662,219	2,300,800	238,201	17,201,220

14.1 The Group has an aggregate amount of deferred tax assets of Rs. 17,007.130 million (2023: Rs. 17,201.220 million). Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential reversal of provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

15. OTHER ASSETS

	Note	2024	2023
		(Rupees in '000')	
Income / mark-up accrued in local currency	15.1	**10,787,406**	5,814,866
Accrued commission income		**157,731**	19,730
Advances, deposits, advance rent and other prepayments		**1,312,970**	219,423
Receivable against sale of shares		**47,925**	8,586
Mark to market gain on forward foreign exchange contracts		**136,527**	225,309
Insurance premium receivable against agriculture loans		**8,623**	9,998
Stationery and stamps on hand		**22,915**	10,332
Dividends receivable		**1,688**	-
Receivable against 1 Link ATM settlement account		**84,330**	616,552
Advance Taxation - net		-	-
Acceptances		**48,741**	-
Insurance claims receivable		**12,835**	7,445
Non-Banking Assets Acquired in Satisfaction of Claims	15.2	**1,770,000**	1,770,000
Other receivables		**97,554**	141,934
		14,489,245	8,844,175
Less: Provison held against other assets	15.3	**(872,219)**	(1,222,785)
Other assets (net of provision)		**13,617,026**	7,621,390
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**180,000**	180,000
		13,797,026	7,801,390

15.1 Income / mark-up accrued in local currency

	Note	2024	2023
On loans and advances	15.4	**5,719,700**	2,747,073
On investments		**5,045,183**	3,066,760
On lendings to financial institutions		**22,371**	-
Others		**152**	1,033
		10,787,406	5,814,866

15.2 Market value of non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer. The revaluation was conducted by M/s. Iqbal A. Nanjee & Co. Pvt. Ltd. based on their professional assessment of present market values, has reported no significant change in the market value of these assets.

		Note	2024	2023
			----- (Rupees in '000') -----	
15.2.1	**Non-banking assets acquired in satisfaction of claims**			
	Opening Balance		1,950,000	-
	Additions		-	1,770,000
	Revaluation		-	180,000
	Disposals		-	-
	Depreciation		-	-
	Impairment		-	-
			1,950,000	1,950,000
15.3	**Movement in credit loss allowance / provision held against other assets**			
	Opening balance		(1,222,785)	-
	Impact of adoption of IFRS-09		(663)	-
	Charge for the period / year		(6,942)	(1,222,785)
	Reversals		358,171	-
	Amount written off		-	-
	Closing balance		(872,219)	(1,222,785)

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.

		Note	2024	2023
16.	**BILLS PAYABLE**			
	In Pakistan		1,446,526	898,762
	Outside Pakistan		-	-
			1,446,526	898,762
17.	**BORROWINGS**			
	Secured			
	Borrowings from State Bank of Pakistan			
	- Under export refinance scheme	17.2	1,457,900	1,662,500
	- Under long term finance facility		-	29,940
	Repurchase agreement borrowings - Secured			
	- State Bank of Pakistan (SBP)		-	16,000,000
	- Other commercial banks / DFI's		-	19,854,000
			-	35,854,000
	Unsecured			
	- State Bank of Pakistan (SBP)	17.3	495,000	571,000
	- Other microfinance bank	17.4	18,750	150,000
			513,750	721,000
			1,971,650	38,267,440
17.1	**Particulars of borrowings with respect to Currencies**			
	In local currency		1,971,650	37,546,440
	In foreign currencies		-	-
			1,971,650	37,546,440

17.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 15.5% to 16.5% (2023: 17% to 18%) 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 December 2024 bank obatained further borrowing from State Bank of Pakistan under its line of credit fund Scheme. Total Rupees 234 million was sanctioned and was received by the Holding Company in a various tranches at a markup rate of six months KIBOR - 1% (2023:six months KIBOR - 1%). Repayment amount during the year ended was Rupees 310 million..

17.4 The Subsidiary Company obtained borrowing from Pakistan Microfinance Investment Corporation Ltd. (PMIC). A total amount of Rs. 150 million was sanctioned and received by the Group in two tranches amounting to Rs. 75 million each at a markup rate of six months KIBOR +2.5% (2023: six months KIBOR +2.5%).

18. DEPOSITS AND OTHER ACCOUNTS

	2024			2023		
	In Local Currency	**In Foreign currencies**	**Total**	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000') -----					
Customers						
Current deposits	**75,951,930**	**1,089,573**	**77,041,503**	57,010,572	918,827	57,929,399
Savings deposits	**174,761,565**	**1,248,851**	**176,010,416**	126,203,023	1,231,979	127,435,002
Term deposits	**56,540,153**	**316,021**	**56,856,174**	35,284,997	282,821	35,567,818
Margin and other deposits	**1,567,533**	**-**	**1,567,533**	2,302,355	-	2,302,355
	308,821,181	**2,654,445**	**311,475,626**	220,800,947	2,433,627	223,234,574
Financial Institutions						
Current deposits	**721,673**	**30**	**721,703**	48,424	30	48,454
Savings deposits	**1,291,194**	**-**	**1,291,194**	1,038,824	-	1,038,824
Term deposits	**1,000,000**	**-**	**1,000,000**	400,000	-	400,000
Margin and other deposits	**62**	**-**	**62**	120,062	-	120,062
	3,012,929	**30**	**3,012,959**	1,607,310	30	1,607,340
	311,834,110	**2,654,475**	**314,488,585**	222,408,257	2,433,657	224,841,914

18.1 Composition of deposits	Note	2024	2023
		--- (Rupees in '000') ---	
- Individuals		**60,188,259**	40,549,975
- Government (Federal and Provincial)		**201,359,992**	143,213,431
- Public Sector Entities		**931,916**	760,909
- Banking Companies		**527,428**	537,134
- Non-Banking Financial Institutions		**3,012,959**	1,301,521
- Private Sector		**48,468,031**	38,478,944
		314,488,585	224,841,914

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, 2024, the deposits eligible to be covered under insurance arrangements amounted to Rs. 68,301.40 million (2023: Rs. 52,145.15 million) and premium paid amounted to Rs. 83.43 million (2023 : Rs. 63.04 million).

		Note	2024	2023
19.	**Lease liabilities**		--- (Rupees in '000') ---	
	Opening balance		3,231,133	2,896,585
	Reassessment / renewals		1,596,378	871,350
	Interest expense		718,698	641,619
	Lease payments including interest		(1,267,060)	(1,178,421)
	Other adjustments / transfers		162,406	-
	Closing balance		4,441,555	3,231,133
19.1	**Contactual maturity of lease laibilities**			
	Short-term lease liabilities - within one year		595,664	503,666
	Long-term lease liabilities			
	- 1 to 5 years		1,841,905	1,862,012
	- 5 to 10 years		1,994,988	865,455
	- More than 10 years		8,998	-
			3,845,891	2,727,467
	Total lease liabilities		4,441,555	3,231,133

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

		Note	2024	2023
20.	**OTHER LIABILITIES**			
	Mark-up / return / interest payable in local currency		9,105,076	9,315,772
	Mark-up / return / interest payable in foreign currency		4,158	4,125
	Accrued expenses		311,235	353,654
	Net defined benefit liability		186,857	156,413
	Payable to defined contribution plan		1,107	297
	Provision for compensated absences		392,930	309,951
	Payable against purchase of operating fixed assets		-	22,834
	Payable against purchase of shares		18,765	-
	Retention money		60,329	63,987
	Federal excise duty / sales tax on services payable		9,002	6,227
	Withholding tax payable		159,893	154,037
	Acceptances		48,741	-
	Provision for taxation		579,198	106,446
	Security deposit against leases	20.3	89,925	179,971
	Others		308,559	330,463
			11,275,775	11,004,177
	Credit loss allowance against off-balance sheet obligations	20.1	3,898	-
			11,279,673	11,004,177
20.1	**Opening balance**		-	-
	Impact of adoption of IFRS-09		3,103	-
	Charge / reversals			
	Charge for the year		795	-
	Reversals for the year		-	-
			795	-
	Closing Balance		3,898	-

20.2 Credit loss allowance against off balance sheet obligations include ECL in respect of letter of credit, letter of guarantees, shipping guarantees, acceptances and commitments against forward lendings etc.

20.3 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited which was amalgamated into the Holding Company, and are adjustable against residual value of leased assets at the expiry of the respective lease terms. These security deposits have not been discounted to their present values as the financial impact thereof is not considered to be material.

21. SHARE CAPITAL - NET

21.1 Authorised capital

2024	2023		Note	2024	2023
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

2024	2023		Note	2024	2023
Number of shares				--- (Rupees in '000') ---	
3,071,013,000	2,571,013,000	Fully paid in cash: Ordinary shares of Rs.10 each		**30,710,130**	25,710,130
-	500,000,000	Right shares of Rs.10 each issued during the year		-	5,000,000
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. DEFICIT ON REVALUATION OF ASSETS - NET

	Note	2024	2023
Surplus / (deficit) on revaluation of			
- Securities measured at FVOCI - Debt	9.1	**522,462**	(2,461,306)
- Securities measured at FVOCI - Equity	9.1	**1,140,126**	254,585
- Non-banking assets acquired in satisfaction of claims	22.1	**180,000**	180,000
		1,842,588	(2,026,721)
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - Debt		**(271,680)**	1,206,040
- Securities measured at FVOCI - Equity		**(592,866)**	(124,747)
- Non-banking assets acquired in satisfaction of claims	14	**(93,600)**	(88,200)
		(958,146)	993,093
		884,442	(1,033,628)

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

	Note	2024	2023
Surplus on revaluation as at January 01		**180,000**	-
Recognised during the year		**-**	180,000
Surplus on revaluation as at December 31		**180,000**	180,000
Less: related deferred tax liability on:			
- revaluation as at January 01		**(88,200)**	-
- revaluation recognised during the year		**(5,400)**	(88,200)
	14	**(93,600)**	(88,200)
		86,400	91,800

		Note	2024	2023
23	**CONTINGENCIES AND COMMITMENTS**		--- (Rupees in '000') ---	
	-Guarantees	23.1	**7,476,280**	7,385,376
	-Commitments	23.2	**137,865,487**	140,645,785
	-Other contingent liabilities		-	-
			145,341,767	148,031,161

23.1 Guarantees:

	2024	2023
Financial guarantees	**1,157,718**	846,955
Performance guarantees	**3,962,839**	5,029,483
Other guarantees	**2,355,723**	1,508,938
	7,476,280	7,385,376

23.2 Commitments:

	Note	2024	2023
Documentary credits and short-term trade-related transactions			
- letters of credit		**2,964,551**	6,955,172
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	**107,432,384**	79,256,691
- forward lending, borrowings and credits	23.2.2	**27,313,192**	54,433,922
Commitments for acquisition of:			
- fixed assets		**155,360**	52,639
		137,865,487	140,698,424

23.2.1 Commitments in respect of forward foreign exchange contracts

	2024	2023
Purchase	**52,858,154**	39,761,279
Sale	**54,574,230**	39,495,412
	107,432,384	79,256,691

23.2.2 Commitments in respect of forward lending, borrowings and credits

	Note	2024	2023
Forward repurchase agreement borrowing		-	37,936,671
Forward resale agreement lending		**14,337,675**	-
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	**12,975,517**	16,497,251
		27,313,192	54,433,922

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 2024 (accounting year ended December 31, 2023 and amendment of deemed assessment were carried out till tax year 2020, whereby certain disallowances to the taxable income were made.

Matters of disagreement exist between the Holding Company and tax authorities for various tax years and are pending with Commissioner Inland Revenue (Appeals) (CIRA) and Income Tax Appellate Tribunal (ITAT), details of which are as follows:

For tax year 2019, return of income was e-filed on October 31, 2019, declaring loss of Rupees 711.568 million and minimum tax liability of Rupees 159.984 million under section 113 of the Ordinance. The Additional Commissioner Inland Revenue (ADCIR) passed an order confirming disallowance of actuarial loss on re-measurement of defined benefits obligation amounting to Rupees 19.001 million under section 34(3) of the Ordinance. The Holding Company has filed appeal before CIRA who has upheld the order of ADCIR and the matter is now sub-judice before ATIR in second appeal.

With respect to Holding Company's operations in Azad Jammu & Kashmir (AJK), the Holding Company has filed income tax returns upto tax year 2024 (accounting year ended December 31, 2023) with the tax authorities of AJK. The Commissioner has issued amended assessment orders upto tax year 2019 and aggregated tax demand of Rupees 26 million was created. The Holding Company has filed appeals before CIRA-AJK, these appeals were heard in December 2024 and reserved for order by CIRA.

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 Holding Company is trans provincial entity and the operations of the Holding Company in also in other Provinces and in Azad Jammu & Kashmir as well, the Holding Company 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 December 23, 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 unless the Honorable Supreme Court/Parliament reverses the decision or provides interim relief to SRB.

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 Holding Company'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.

23.3.3 Other Contingent Liabilities	**Note**	**2024**	2023
		---- (Rupees	**in '000') ----**
Claims against the Holding Compnay not acknowledged as debts		**792,500**	792,500

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

		Note	2024	2023
			---- (Rupees	in '000') ----
24.	**MARK-UP/RETURN/INTEREST EARNED**			
	On loans and advances		**13,898,979**	8,265,792
	On investments		**36,825,980**	41,537,920
	On lendings to financial institutions		**768,490**	1,121,885
	On balances with banks		**275,256**	322,750
			51,768,705	51,248,347
25.	**MARK-UP/RETURN/INTEREST EXPENSED**			
	Deposits		**34,791,599**	31,065,634
	Borrowings		**6,768,403**	10,960,439
	Finance charge on lease liability against right of use assets		**718,698**	608,880
			42,278,700	42,634,953
26.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**111,594**	73,889
	Consumer finance related fees		**2,964**	3,521
	Card related fees (debit cards)		**318,426**	271,392
	Commission on trade		**150,658**	153,953
	Commission on guarantees		**66,077**	57,045
	Credit related fees		**14,798**	11,262
	Commission on remittances including home remittances		**16,188**	27,961
	Others		**2,691**	3,478
			683,396	602,501
27.	**GAIN ON SECURITIES**			
	Realised	27.1	**145,246**	337,703
	Unrealised - Measured at FVPL	27.2	**70,388**	-
			215,634	337,703
27.1	**Realised gain on:**			
	Federal Government Securities		**410**	9,799
	Shares of listed companies		**145,091**	314,106
	Mutual Funds		**-**	13,798
			145,501	337,703

		Note	2024	2023
			---- (Rupees in '000') ----	
27.2	**Net gain on financial assets measured at FVPL:**			
	Designated upon initial recognition		-	-
	Mandatorily measured at FVPL		70,388	-
			70,388	-

28. OTHER INCOME

		2024	2023
Incidental charges		-	2,246
Gain on sale of operating fixed assets		7,536	5,115
Rent on premises shared		1,363	1,284
Prequalification application fee for tender		100	72
Godwon charges		230	160
Others		491	-
		9,720	8,877

29. OPERATING EXPENSES

	Note	2024	2023
Total compensation expense	29.2	5,473,004	4,554,276
Property expense			
Rent & taxes		70,461	80,566
Insurance		60,740	56,062
Utilities cost		586,095	525,367
Security		639,304	467,344
Repairs & maintenance		31,966	20,509
Depreciation		71,255	69,667
Depreciation - right of use assets		802,259	745,905
		2,262,080	1,965,420
Information technology expenses			
Software maintenance		202,343	151,157
Hardware maintenance		150,487	125,604
Depreciation		70,543	41,547
Amortisation		44,354	43,136
Network charges		20,834	21,904
Others		72,247	73,900
		560,808	457,248

Other operating expenses	Note	**2024**	2023
		(Rupees in '000')	
Directors' fees and allowances		**27,635**	27,389
Fees and allowances to Shariah Board		**4,006**	4,697
Legal & professional charges		**30,073**	68,981
Travelling & conveyance		**72,538**	68,666
NIFT clearing charges		**38,256**	34,932
Training & development		**9,650**	5,700
Postage & courier charges		**21,519**	31,603
Communication		**297,120**	194,137
Stationery & printing		**194,424**	170,596
Marketing, advertisement & publicity		**83,805**	73,257
Auditor's Remuneration	29.3	**14,698**	13,455
Repairs & maintenance		**155,586**	173,936
Brokerage and commission		**8,334**	6,036
Entertainment Expenses		**77,648**	75,302
Fees and subscription		**111,903**	105,608
Insurance expenses		**12,885**	16,200
Premium of deposit protection fund		**88,779**	63,045
Depreciation		**163,088**	173,838
Outsourced service costs	29.1	**197,506**	143,553
Others		**64,535**	50,095
		1,673,988	1,501,026
		9,969,880	**8,477,970**

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is 198.099 million (2023: Rs. 143.553 million). These expenses represent payments made to companies incorporated in Pakistan.

29.2 Total compensation expense

	2024	2023
Managerial Remuneration		
- Fixed	**3,213,254**	2,877,321
- Variable Cash Bonus / Awards	**61,338**	16,045
Charge for defined benefit plan	**152,936**	119,875
Contribution to defined contribution plan	**154,796**	138,290
Rent & house maintenance	**817,866**	673,148
Utilities	**170,858**	138,763
Medical	**171,040**	138,847
Conveyance	**206,993**	120,507
Dearness Allowance	**48,103**	48,115
Employee old age benefits contribution	**46,718**	32,229
Leave Fare Assistance Allowances	**100,210**	76,976
Leave Encashment	**103,870**	80,671
Staff Insurances	**104,926**	84,153
Others	**120,096**	9,336
	5,473,004	4,554,276

29.3 Auditors' remuneration	Note	2024	2023
		(Rupees in '000')	
Audit fee		**12,265**	11,268
Fee for other statutory certifications		**1,092**	955
Special certifications and sundry advisory services		**668**	610
Out-of-pocket expenses		**673**	622
		14,698	13,455

30. OTHER CHARGES

Penalties imposed by the State Bank of Pakistan		**5,191**	59,164
Others		-	-
		5,191	59,164

31. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET

Credit loss allowance for dimunition in value of investments	9.4.1	**13,598**	9,101
Reversal of credit loss allowance / provision against loans and advances	10.8	**(3,247,706)**	(1,755,334)
Credit loss allowance / provision against loans and advances	10.8	**1,686,194**	2,894,922
Credit loss allowance against lendings to financial institutions	8.3	**566**	-
Insurance claim		**(8,802)**	-
Credit loss allowance against other assets	15.3	**6,942**	-
Reversal of credit loss allowance against other assets	15.3	**(358,171)**	-
Credit loss allowance against off-balance sheet obligations	20.1	**795**	-
Credit loss allowance against balance with other banks	7.3	**(8,914)**	-
Bad debts directly charged to profit and loss account		**216**	4,879
		(1,915,282)	1,153,568

32. TAXATION

Current		**1,080,525**	830,038
Prior years		**153,171**	2,126
Deferred		**(1,413,004)**	(2,300,800)
		(179,308)	(1,468,636)

The Federal Government levied windfall tax vide S.R.O.1588 (I)/2023 dated November 20, 2023, on foreign exchange income of the Banks for the tax year 2022 and 2023. The Holding Company along with other banks have filed petition before the Honorable Sindh High Court (the Court) who had granted stay order against recovery. However, subsequent to the year-end on February 20, 2025 the constitutional bench of the Court dismissed the petition on legal grounds, accordingly, the Holding Company has paid the additional tax of Rupees 168.796 million on protest basis to FBR, which is included in prior years' adjustment.

32.1	**Relationship between tax expense and accounting profit**	Note	**2024**	2023
			---------- (Rupees in '000') ----------	
	Profit before tax		**2,744,514**	787,616
	Tax on income at 44% (2023: 39%)		**1,029,580**	243,076
	Effect of super tax at 10% (2023: 10%)		**324,959**	78,762
	Effect of permanent differences		**215,325**	335,442
	Effect of change in rate		**(1,908,628)**	(2,296,522)
	Prior year tax		**153,171**	2,126
	Others		**6,285**	168,480
			(179,308)	(1,468,636)

33. BASIC AND DILUTED EARNINGS PER SHARE

		2024	2023
	Profit for the year (Rupees in '000)	**2,923,822**	2,256,252
	Weighted average number of ordinary shares	**3,452,442,817**	3,018,196,242
	Basic and diluted earnings per share (Rupee)	**0.85**	0.75

34. CASH AND CASH EQUIVALENTS

	Note	2024	2023
Cash and balance with treasury banks	6	**22,724,099**	53,488,206
Balance with other banks	7	**4,470,597**	1,484,233
		27,194,696	54,972,439

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

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

	2023	
Balance as at 01 January 2023	2,896,585	-
Changes from financing cash flows		
Payment against lease liabilities	(1,178,421)	-
Receipt against share deposit money	-	5,000,000
Total changes from financing cash flows	(1,178,421)	5,000,000

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

	2023	
	Lease liabilities	Share deposit money
Other changes		
Reassessment / renewals and other adjustments	871,350	-
Interest expense on lease liabilities	641,619	-
Shares issued against share deposit money	-	(5,000,000)
	1,512,969	(5,000,000)
Balance as at 31 December 2023	3,231,133	-

35.	STAFF STRENGTH	Note	2024	2023
			---------- (Rupees in '000') ----------	
	Permanent		**2,205**	2,104
	Temporary / on contractual basis		**570**	408
	Total staff strength		**2,775**	2,512

35.1 In addition to the above 550 (2023: 525) staff from outsourcing services companies were assigned to the Holding

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 Bank. The number of employees covered under the schemes are 2,385 (2023: 2,268).

36.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2024 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

- Discount rate	**12.25% -12.50%**	14.50% - 15.5%
- Expected rate of increase in salaries-short term	**12.00% - 12.25%**	12.5% -14.50%
- Expected rate of increase in salaries-long term	**12.00%**	14.50%
- Expected return on plan assets	**12.25%**	15.50%
- Duration (Years)	**7.68**	7.36

	Note	2024	2023
36.1.2 Reconciliation of net defined benefit liability		--------- (Rupees in '000') ---------	
Present value of defined benefit obligation	36.1.5	**1,260,492**	991,460
Fair value of plan assets	36.1.6	**(1,075,966)**	(831,873)
Payable of microfinance		**2,331**	-
Payable to defined benefit plan	36.1.3	**186,857**	159,587
36.1.3 Movement in net defined benefit liability			
Opening balance		**159,670**	107,191
Charge to profit and loss during the year	36.1.4	**152,936**	123,050
Remeasurement loss recognized in OCI	36.1.4	**33,921**	36,621
Group's contribution		**(159,671)**	(107,192)
Closing balance		**186,856**	159,670
36.1.4 Charge for defined benefit plan			
In profit and loss			
Current service cost		**141,687**	113,291
Interest cost - net		**11,249**	9,759
Past service cost		**-**	-
Charge for the year		**152,936**	123,050
In other comprehensive income			
Remeasurement (gain) / loss on defined benefit obligation		**79,231**	83,821
Remeasurement loss / (gain) on plan assets		**(45,310)**	(47,200)
		33,921	36,621
36.1.5 Changes in present value of defined benefit obligations			
Opening balance		**991,460**	765,077
Current service cost		**141,687**	113,291
Interest cost		**144,669**	102,271
Benefits paid		**(96,555)**	(73,000)
Actuarial loss / (gain) on obligation - Experience assumptions		**79,231**	83,821
Closing balance		**1,260,492**	**991,460**
36.1.6 Fair value of plan assets			
Fair value of plan assets at the beginning of the year		**831,873**	657,885
Expected return on plan assets		**142,402**	92,596
Group's contributions		**152,936**	107,192
Benefits paid		**(96,555)**	(73,000)
Actuarial gain / (loss) on assets - experience assumptions		**45,310**	47,200
Fair value of plan assets at the end of the year	36.1.7	**1,075,966**	831,873

		Note	2024	2023
36.1.7	**Plan assets comprise**		--------- (Rupees in '000')	---------
	Balance held in bank accounts		**1,075,966**	831,873

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:

	2024	2023
Discount rate (1% variation)	**1,171,412**	911,594
Future salary growth (1% variation)	**1,366,992**	1,058,851
Future mortality (1 year variation)	**1,259,062**	956,832

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, 2025 works out to Rs. 164.842 million (2024: Rs. 138.222 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:

	2025	2026	2027	2028	2029
			(Rupees in '000')		
Expected benefit payments	121,604	110,538	144,912	127,359	144,770

36.1.11 Risks Associated with Defined Benefit Plans

Investment Risks
The risk arises when the actual performance of the invstment is lower than expectation. This is managed by formulating the investment plan in consultation with the trustee and the actuary.

Longevity Risks
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk
The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final Salary, the benefit amount increases similary. The risk is managed by actuarial valuations and accounting for benefits based on that.

Withdrawal Risk
The risk of actual withdrawals varying with the actuarial assumptions can pose a risk to the benefit obligation. The movement of the liability can go either way.

36.2 Defined contribution plan

The Group operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10% of basic salary of the employees. The minimum qualifying period of service for the purpose of the Bank's contribution is one year. The contribution made by the Group and its employees during the year amounted to Rs. 276.89 (2023: Rs.286.86) million. The number of employees as at December 31, 2024 eligible under the plan were 2,015 (2023: 2,060).

37. COMPENSATED ABSENCES

The Holding Company 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 Group or severance of service except in case of dismissal. This is encashable on the basis of last drawn gross salary. The Group 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. 392.93 (2023: Rs.309.95 million) million has been made on the basis of actuarial recommendations.

37.1 Movement of compensated absences

	2024	2023
	---- (Rupees in '000') ----	
Opening balance	**309,951**	250,603
(Reversal) / Expense for the year	**103,870**	80,671
Benefit paid during the year	**(20,891)**	(21,323)
Closing balance	**392,930**	309,951

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

	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

	2023						
	(Rupees in '000')						
Fees and Allowances	4,673	-	22,497	3,386	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	22,128	155,265	112,873
- Variable Cash Bonus / Awards	-	-	-	-	-	1,240	-
Charge for defined benefit plan	-	-	-	-	1,463	12,869	9,437
Contribution to defined contribution plan	-	-	-	-	2,213	14,744	11,287
Rent & house maintenance	-	-	-	-	9,957	69,869	50,793
Utilities	-	-	-	-	2,213	15,526	11,287
Medical	-	-	-	-	2,213	15,526	11,287
Conveyance	-	-	-	1,311	2,294	37,761	55,591
Bonus	-	-	-	-	3,921	23,280	16,554
Others	400	-	-	-	6,109	18,485	13,091
Total	5,073	-	22,497	4,697	52,511	364,565	292,200
Number of Persons	1	-	11	2	2	37	43

38.1.1 The President and Chief Executive Officer and certain executives of the Holding Company are provided with free use of Holding Company's 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

		2024							
			For Board Committees						
Sr. No.	**Name of Directors**	**For Board Meetings**	**Audit Committee**	**Risk Management Committee**	**Procurement, I.T. & Security Committee**	**Human Resource & Remuneration**	**Special Asset Managment 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

		2023							
		(Rupees in '000')							
1	Mr. Anis A Khan	2,000	-	-	600	800	1,000	200	4,600
2	Mr. Javaid B Sheikh	2,000	1,400	800	-	-	-	-	4,200
3	Ms. Shaista Bano Gilani	2,000	1,000	400	-	600	-	-	4,000
4	Mr. Mohammad Aftab Alam	2,000	1,400	-	600	-	1,000	200	5,200
5	Mr. Kazim Hussain Jatoi	500	-	200	-	400	200	-	1,300
6	Mr. Imtiaz Ahmad Butt	500	-	200	200	-	-	-	900
7	Mr. Asif Jahangir	1,250	600	400	-	-	-	-	2,250
8	Mr. Sajid Jamal Abro	1,500	-	400	-	400	600	200	3,100
9	Mr. Adnan Ali Khan	1,000	-	-	200	200	-	-	1,400
10	Mr.Abdul Quddus Khan	60	-	-	-	-	-	-	60
11	Mr. Ghulam Mustafa Suhag	60	-	-	-	-	-	-	60
12	Mr. Sikandar Abbasi	100	-	-	-	-	-	-	100
	Total Amount Paid	12,970	4,400	2,400	1,600	2,400	2,800	600	27,170

38.3 Remuneration paid to Shariah Board Members

	2024			2023		
Items	**Chairman**	**Resident Member**	**Non Resident Member**	Chairman	Resident Member	Non Resident Member
	(Rupees in '000')					
Managerial Remuneration (Fixed)	1,985	1,010	-	1,717	1,669	-
Fuel Allowances	904	107	-	655	655	-
Total Amount	2,889	1,117	-	2,372	2,324	-
Total Number of Persons	2	2		1	1	

39. FAIR VALUE MEASUREMENTS

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

Unquoted equity investments are caried at the lower of cost or break-up value of the investee company. The fair value of the same is not required to be calculated.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities, cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data rearding market rates for similar instruments and therefore, are not reported aspart of this disclosure.

In the opinion of management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values, since they are either short-term in nature or, in the case of customer advances, deposits, and certain long-term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these 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.

On balance sheet financial instruments	2024			
	Fair Value			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value	(Rupees in '000')			
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

On balance sheet financial instruments	2023			
	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	(Rupees in '000')			
Investments				
Pakistan Investment Bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
Sukuk bonds	-	-	-	-
	997,558	132,247,395	-	133,244,953
Financial assets disclosed but not measured at fair value				
Investments				
Market Treasury Bills	-	20,804,998	-	20,804,998
Pakistan Investment Bonds	-	11,262,656	-	11,262,656
Term finance certificates - Listed	-	224,235	-	224,235
Term finance certificates - Unlisted	-	361,038	-	361,038
	-	32,652,927	-	32,652,927
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	39,761,279	-	39,761,279
Foreign exchange contracts (sale)	-	39,495,412	-	39,495,412

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

	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	-	-	245,741,688	245,741,688
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	355,636,224	609,026,111
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	244,923,019	818,669	-	245,741,688
Others	162,215	422,401	16,583,138	17,167,754
Total liabilities	245,085,234	4,105,985	330,178,458	579,369,677
Equity	4,190,375	-	25,466,314	29,656,689
Total Equity & liabilities	249,275,609	4,105,985	355,644,772	609,026,366
Contingencies & Commitments	121,770,059	-	23,571,708	145,341,767

Segment Details with respect to Business Activities

	2023			
	Trading and sales	Retail banking	Commercial banking and others	Total
	(Rupees in '000')			
Profit & Loss				
Net mark-up/return/interest income	32,654,886	49,791	(24,092,021)	8,612,656
Inter segment revenue - net	(38,819,878)	-	38,819,878	-
Non mark-up / interest income	1,211,700	175	653,787	1,865,662
Total Income	(5,572,490)	49,966	15,381,644	10,478,318
Segment direct expenses	(473,745)	(3,990)	(6,471,139)	(6,948,874)
Inter segment expense allocation	(159,326)	(37,343)	(1,391,591)	(1,588,260)
Total expenses	(274,251)	(41,333)	(7,862,730)	(8,537,134)
Provisions	(138,675)	-	(1,014,893)	(1,153,568)
(Loss) / Profit before tax	(5,855,842)	8,633	6,504,021	787,616
Balance Sheet				
Cash & Bank balances	47,605,256	-	7,367,183	54,972,439
Investments	166,503,472	-	(105,592)	166,397,880
Net inter segment lending	-	-	183,460,692	183,460,692
Lendings to financial institutions	-	-	-	-
Advances - performing	49,100	694,211	45,560,405	46,303,716
Advances - non-performing	-	-	6,225,186	6,225,186
Others	6,323,118	3,344	22,846,093	29,172,555
Total Assets	220,480,946	697,555	262,765,600	486,532,468
Borrowings	35,883,940	-	2,383,500	38,267,440
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	224,841,914	224,841,914
Net inter segment borrowing	182,771,285	689,407	-	183,460,692
Others	299,727	8,148	14,826,197	15,134,072
Total liabilities	218,954,952	697,555	239,819,250	461,704,118
Equity	1,525,994	-	23,302,356	24,828,350
Total Equity & liabilities	220,480,946	697,555	262,765,600	486,532,468
Contingencies & Commitments	115,302,612	-	32,728,549	148,031,161

41. RELATED PARTY TRANSACTIONS

The related parties of the Group comprise associated undertakings, directors, staff retirement funds and key management personnel (including their associates).

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Transaction with executives and key management persons are undertaken at terms in accordance with employment agreements and service rules. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

Government of Sindh (GoS) through its Finance Department holds 99.97% shareholding in the Group and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Group. The Group in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

The details of balances and transactions with related parties, other than those disclosed under respective notes, during the year are as follows:

	2024			2023		
	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	-	208,690	64,377	-	222,730	-
Addition during the year	-	34,259	685,000	-	15,342	-
Repaid during the year	-	(74,399)	(596,180)	-	(74,036)	-
Transfer in / (out) - net	-	2,907	-	-	44,654	64,377
Closing balance	-	171,457	1,345,557	-	208,690	64,377
Other Assets						
Interest / mark-up accrued	-	191	2,978	-	226	4,029
Other receivable	-	-	-	-	-	-
	-	191	2,978	-	226	4,029
Deposits and other accounts						
Opening balance	1,040	66,089	1,616,287	5,101	304,178	1,837,495
Received during the year	34,786	1,470,161	12,085,409	28,089	1,023,861	12,602,719
Withdrawn during the year	(44,400)	(1,429,974)	(10,877,141)	(26,365)	(1,226,908)	(12,823,927)
Transfer in / (out) - net	29,437	(31,803)	-	(5,785)	(35,042)	-
Closing balance	20,863	74,473	2,824,555	1,040	66,089	1,616,287
Other Liabilities						
Interest / mark-up payable	344	7,080	86,448	15	3,355	96,812

	2024			2023		
	Directors	**Key management personnel**	**Other related parties**	Directors	Key management personnel	Other related parties
	(Rupees in '000')					
Income						
Mark-up / return / interest earned	-	6,983	14,772	-	9,047	23,526
Fee and commission income	-	13	349	3	8	50
Net gain on sale of securities	-	-	24	-	-	1,380
Other income	-	-	1,422	-	-	1,283
Expense						
Mark-up / return / interest paid	1,857	31,713	344,441	152	17,242	248,550
Remuneration paid	-	301,963	-	-	313,888	-
Contribution to provident fund	-	14,825	-	-	19,854	-
Provision for gratuity	-	26,457	-	-	18,805	-
Other staff benefits	-	42,952	-	-	33,397	-
Directors' meeting fee	27,635	-	-	27,170	-	-
Other expenses	375	-	-	400	-	-
Insurance premium paid	-	-	235,083	-	-	121,766
Others						
Sale of Government Securities	-	-	1,218,500	-	-	2,850,000
Purchase of Government Securities	-	-	-	-	-	1,325,000
Gratuity paid	-	30,008	-	-	14,186	-
Leave encashment paid	-	6,943	-	-	8,480	-
Insurance claims settled	-	-	7,035	-	-	58
Expenses recovered under agency arrangement	-	-	55	-	-	7,843

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. 38,921.33 million (2023: Rs. 5,619.27 million) note 10.2 and Rs.167,727.27 million (2023: Rs. 114,219.44 million) note 18. The above includes deposits amounting to Rs. 53,537.25 million (2023: Rs.46,275.31 million) received through the Finance Department, Government of Sindh.

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Note	2024	2023
		(Rupees in '000')	
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)		26,190,277	23,876,673
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		15,683,877	9,024,409
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		15,683,877	9,024,409
Eligible Tier 2 Capital		974,599	29,130
Total Eligible Capital (Tier 1 + Tier 2)		16,658,476	9,053,539
Risk Weighted Assets (RWAs):			
Credit Risk		43,428,287	31,857,368
Market Risk		14,050,153	5,367,513
Operational Risk		17,273,395	14,262,320
Total		74,751,835	51,487,201
Common Equity Tier 1 Capital Adequacy ratio		20.98%	17.53%
Tier 1 Capital Adequacy Ratio		20.98%	17.53%
Total Capital Adequacy Ratio		22.29%	17.58%
National minimum capital requirements prescribed by SBP			
CET1 minimum ratio		6.00%	6.00%
Tier 1 minimum ratio		7.50%	7.50%
Total capital minimum ratio		10.00%	10.00%
Total capital minimum ratio plus CCB		11.50%	11.50%
Approach followed for detrmining Risk Weighted Assets			
Credit Risk		Comprehensive	Comprehensive
Market Risk		Maturity method	Maturity method
Operational Risk		Basic Indicator	Basic Indicator

	2024	2023
	(Rupees in '000')	
Leverage Ratio (LR):		
Eligibile Tier-1 Capital	15,683,877	9,024,409
Total Exposures	361,421,346	299,187,871
Leverage Ratio (%)	4.34%	3.02%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	144,053,221	163,924,564
Total Net Cash Outflow	37,606,353	38,601,138
Liquidity Coverage Ratio (%)	383%	425%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	236,076,978	174,179,315
Total Required Stable Funding	96,310,093	87,937,281
Net Stable Funding Ratio	245%	198%

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 Group maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. BRMC is responsible for reviewing the extent of design and adequacy of risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Group.

43.1 Credit risk

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

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

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

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

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	
	2024	2023	**2024**	2023	**2024**	2023
	(Rupees in '000')					
Public/ Government	-	-	-	-	-	-
Private	**24,515,010**	-	-	-	**566**	-
Total	**24,515,010**	-	-	-	**566**	-

43.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non Performing Investments		Credit loss allowance held	
	2024	2023	**2024**	2023	**2024**	2023
	(Rupees in '000')					
Financial	**199,087,569**	167,922,855	-	-	**(98,480)**	-
Sugar	-	514,344	-	514,344	-	497,863
Total	**199,087,569**	168,437,199	-	514,344	**(98,480)**	497,863

43.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Credit Loss	
	2024	2023	2024	2023	2024	2023
	(Rupees in '000')					
Public/ Government	199,087,569	167,922,855	-	-	(98,480)	-
Private	-	514,344	-	514,344	-	497,863
Total	199,087,569	168,437,199	-	514,344	(98,480)	497,863

43.1.3 Advances

Credit risk by industry sector

	Advances (Gross)		Non Performing Advances		Credit Loss			
	2024	2023	2024	2023	2024			2023
					Stage-1	Stage-2	Stage-3	
	(Rupees in '000')							
Pharmaceuticals	61,266	61,632	-	-	1,709	-	-	-
Agriculture business	1,249,179	1,256,388	1,079,356	1,129,258	1,704	620	1,070,426	1,086,424
Manufacturing of textile	748,674	642,487	146,160	10,677	-	30,411	134,273	1,012
Cement	477,574	64,377	-	-	3,036	-	-	-
Transport, storage and communication	47,807	57,710	-	-	78	-	-	-
Wholesale and retail trade	1,921,972	1,398,721	256,167	363,082	11,110	5,332	249,545	358,166
Mining and quarrying	5,833,770	6,331,186	-	-	-	-	-	-
Hotel and restaurants	261,810	855,106	694	-	-	1,411	652	-
Petroleum	2,820,186	3,110,840	1,820,214	2,022,460	-	121,709	1,820,214	2,022,460
Media channels	1,740,217	2,018,180	-	1,200,509	34,111	-	-	828,869
Manufacture of basic iron and steel	1,976,671	2,056,439	1,756,740	1,756,740	-	-	1,756,740	1,671,736
Sugar	19,070,308	17,671,473	13,771,389	14,073,282	120,905	26,154	10,160,554	10,191,637
Automobile and transportation equipment	2,434,078	2,433,935	2,433,254	2,433,254	-	-	2,433,254	2,433,254
Chemicals and chemical products	1,121,363	1,251,168	1,103,884	1,103,884	225	-	1,103,884	1,103,884
Financial	2,474,087	1,909,468	1,177,884	1,177,884	17,607	-	832,967	519,970
Rice & Wheat	868,658	819,624	6,223	-	7,724	756	1,464	-
Construction, real estate and societies	2,713,020	2,966,255	2,029,270	2,670,716	190	20,991	1,996,024	2,598,716
Food	40,258,352	15,906,722	125,725	136,747	148	-	125,725	136,747
Power, electricity and gas	5,949,180	8,320,833	2,428,958	3,119,032	84,626	21,052	1,681,555	2,492,653
Domestic Appliances	590,408	1,519,064	-	-	11,783	82,028	-	-
Education	67,546	12,895	12,542	11,353	-	-	12,470	10,965
Individuals	2,037,984	2,417,779	4,910	1,271	14,043	228	3,221	1,271
Others	6,112,796	6,356,504	1,941,603	1,889,763	133,929	660,530	1,766,945	1,452,120
Total	100,836,906	79,438,786	30,094,973	33,100,012	442,926	961,229	25,149,913	26,909,884

43.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held			
	2024	2023	2024	2023	2024			2023
					Stage-1	Stage-2	Stage-3	
	(Rupees in '000')							
Public/ Government	40,181,880	15,619,270	-	-	-	-	-	-
Private	60,655,026	63,819,516	30,094,973	33,100,012	442,926	961,229	25,149,913	26,909,884
Total	100,836,906	79,438,786	30,094,973	33,100,012	442,926	961,229	25,149,913	26,909,884

43.1.4 Contingencies and Commitments

Credit risk by industry sector	2024	2023
	(Rupees in '000')	
Chemical and pharmaceuticals	47,167	267,554
Manufacturing of textile	735,692	640,174
Agriculture business	236,149	84,786
Rice & Wheat	78,268	100,019
Hotel and restaurants	532,954	597
Transport, storage and communication	222,088	173,182
Wholesale and retail trade	4,519,977	6,086,754
Petroleum	117,019	128,610
Manufacture of basic iron and steel	681,869	400,301
Sugar	2,256,122	3,116,632
Cement	1,386,804	-
Food	1,531,540	5,332,825
Automobile and transportation equipment	59,072	93,099
Financial	122,858,855	121,907,557
Construction, real estate and societies	643,440	1,054,172
Domestic Appliances	1,293,548	977,547
Power, electricity and gas	2,982,873	2,838,515
Education	51,996	85,768
Trusts and Non-profit Organizations	174,113	107,097
Others	4,943,057	4,636,003
Total	145,241,767	148,031,161

43.1.4.1 Credit risk by public / private sector

	2024	2023
	(Rupees in '000')	
Public/ Government	153,369	16,156,357
Private	145,188,398	131,874,804
Total	145,341,767	148,031,161

43.1.5 Concentration of Advances

The Holding Company's top 10 exposures (funded and non-funded) aggregated Rs. 61,507.03 million (2023: Rs. 46,428.87 million) as follows:

	2024	2023
Funded	60,003,066	36,110,938
Non Funded	1,503,964	10,317,933
Total Exposure	61,507,030	46,428,871

43.1.5.1 The sanctioned limits against these top 10 exposures aggregated Rs. 65,427.47 million (2023: Rs. 42,836.15 million).

43.1.5.2 Total Funded Facilities Classified

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

	2024		2023	
	Classified	Provision held	Classified	Provision held
	(Rupees in '000')			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	9,544,117	6,795,657	9,580,052	6,773,408
Total	9,544,117	6,795,657	9,580,052	6,773,408

43.1.6 Advances - Province/Region-wise Disbursement & Utilization

Name of Province / Region	2024						
	Disbursements	**UTILIZATION**					
		Punjab	**Sindh**	**KPK including FATA**	**Balochistan**	**Islamabad**	**AJK including Gilgit-Baltistan**
	(Rupees in '000')						
Punjab	14,151,398	14,151,398	-	-	-	-	-
Sindh	85,755,326	-	85,755,326	-	-	-	-
KPK including FATA	19,873	-	-	19,873	-	-	-
Balochistan	46,727	-	-	-	46,727	-	-
Islamabad	944,562	-	-	-	-	944,562	-
AJK including Gilgit-Baltistan	14,012	-	-	-	-	-	14,012
Total	100,931,898	14,151,398	85,755,326	19,873	46,727	944,562	14,012

Name of Province / Region	2023						
	Disbursements	**UTILIZATION**					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000')						
Punjab	23,278,169	23,278,169	-	-	-	-	-
Sindh	71,254,281	-	71,254,281	-	-	-	-
KPK including FATA	786,535	-	-	786,535	-	-	-
Balochistan	816,711	-	-	-	816,711	-	-
Islamabad	3,571,971	-	-	-	-	3,571,971	-
AJK including Gilgit-Baltistan	8,048	-	-	-	-	-	8,048
Total	99,715,715	23,278,169	71,254,281	786,535	816,711	3,571,971	8,048

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	2024			2023		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000')					
Cash and balances with treasury banks	22,724,099	-	22,724,099	53,488,206	-	53,488,206
Balances with other banks	4,470,597	-	4,470,597	1,484,233	-	1,484,233
Lendings to financial institutions	24,514,444	-	24,514,444	-	-	-
Investments	27,391,602	174,155,766	201,547,368	33,152,927	133,244,953	166,397,880
Advances	74,282,838	-	74,282,838	52,528,902	-	52,528,902
Fixed assets	4,855,987	-	4,855,987	4,055,481	-	4,055,481
Intangible assets	84,934	-	84,934	114,464	-	114,464
Deferred tax assets	17,007,130	-	17,007,130	17,201,220	-	17,201,220
Other assets	13,797,026	-	13,797,026	7,801,390	-	7,801,390
	189,128,657	174,155,766	363,284,423	169,826,823	133,244,953	303,071,776

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.

	2024			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000')			
Pakistan Rupee	358,671,618	333,627,989	1,716,076	26,759,705
United States Dollar	3,936,328	-	(1,716,076)	2,220,252
Great Britain Pound	32,582	-	-	32,582
Euro	566,779	-	-	566,779
Japanese Yen	246	-	-	246
Saudi Riyal	9,551	-	-	9,551
UAE Dirham	1,726	-	-	1,726
Chines Yen	65,593	-	-	65,593
	363,284,423	333,627,989	-	29,656,434

	2023			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Foreign exchange risk	(Rupees in '000')			
Pakistan Rupee	301,409,001	275,803,963	(265,867)	25,339,172
United States Dollar	1,482,151	2,092,432	265,867	(344,414)
Great Britain Pound	38,572	190,780	-	(152,207)
Euro	79,288	154,540	-	(75,252)
Japanese Yen	-	1,711	-	(1,711)
Saudi Riyal	39,351	-	-	39,351
UAE Dirham	1,771	-	-	1,771
Chines Yen	21,641	-	-	21,641
	303,071,776	278,243,426	-	24,828,350

43.2.3 Foreign exchange risk

	2024		2023	
Impact of 1% change in foreign exchange rates on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	**(19,531)**	**(17,161)**	7,583	(2,659)
- Other comprehensive income	-	-	-	-

43.2.4 Equity position risk

The Holding Company's equity exposure is managed within the SBP limits for overall investment and per scrip exposure. In addition, there are also internal limits for each scrip.

	2024		2023	
Impact of 5% change in equity prices on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	-	**83,424**	-	-
- Other comprehensive income	-	**1,049,959**	-	(68,355)

43.2.5 Yield / interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in interest rates, including changes in the shape of the yield curve. Interest rate risk is inherent in the Group's business and arises due to the mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Holding Company uses maturity Gap limits to monitor asset and liability gaps. Any breach are report to ALCO where it is discussed and appropriate action will be taken.

	2024		2023	
Impact of 1% change in interest rates on:	**Banking book**	**Trading book**	Banking book	Trading book
	(Rupees in '000')			
- Profit and loss account	-	-	-	-
- Other comprehensive income	**296,122**	-	(1,111,917)	-

43.2.6 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Holding Company is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Holding Company manages this risk by matching / re-pricing the assets and liabilities. The Assets and Liabilities Committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

	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	
On-balance sheet financial instruments		(Rupees in '000')										
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	-	-	-	-	-	-	-	-	-	13,797,026
		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	-	-	-	-	-	-	-	-	-	1,446,526
Borrowings 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-term 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

43.2.6 Mismatch of interest rate sensitive assets and liabilities

	2023											
			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		53,488,206	416,263	-	-	-	-	-	-	-	-	53,071,943
Balances with other banks	5.20%	1,484,233	1,719	-	-	-	-	-	-	-	-	1,482,514
Lendings to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	19.12%	166,397,880	83,450,072	224,820	360,453	24,319,182	42,018,776	8,075,876	-	6,201,139	-	1,747,562
Advances	10.52%	52,528,902	23,112,077	1,903,717	8,275,204	11,157,852	441,213	1,253,245	1,334,360	3,303,976	1,651,246	96,012
Other assets		7,801,390	-	-	-	-	-	-	-	-	-	7,801,390
		281,700,611	106,980,131	2,128,537	8,635,657	35,477,034	42,459,989	9,329,121	1,334,360	9,505,115	1,651,246	64,199,421
Liabilities												
Bills payable		898,762	-	-	-	-	-	-	-	-	-	898,762
Borrowings from financial institutions	13.45%	38,267,440	35,854,000	2,383,500	-	-	29,940	-	-	-	-	-
Deposits and other accounts	8.25%	224,841,914	7,403,087	133,516,353	8,859,514	12,131,920	109,264	169,056	980,462	-	-	61,672,258
Other liabilities		14,235,310	-	-	-	-	-	-	-	-	-	14,235,310
		278,243,426	43,257,087	135,899,853	8,859,514	12,131,920	139,204	169,056	980,462	-	-	76,806,330
On-balance sheet gap		3,457,185	63,723,044	(133,771,316)	(223,857)	23,345,114	42,320,785	9,160,065	353,898	9,505,115	1,651,246	(12,606,909)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		14,340,548	835,505	7,211,056	1,159,650	3,183,032	163,395	137,506	1,642,240	8,164	-	-
Commitments in respect of:												
Forward foreign exchange contracts - purchase		39,761,279	25,084,479	14,662,264	14,536	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(39,495,412)	(9,068,952)	(21,291,525)	(9,134,935)	-	-	-	-	-	-	-
Purchase and resale agreements - lending		-	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(36,045,921)	(36,045,921)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(21,439,506)	(36,045,921)	-	-	-	-	-	-	-	-	-
Total yield / Interest Risk Sensitivity Gap			27,677,123	(133,771,316)	(223,857)	23,345,114	42,320,785	9,160,065	353,898	9,505,115	1,651,246	(12,606,909)
Cumulative yield / Interest Risk Sensitivity Gap			27,677,123	(106,094,193)	(106,318,050)	(82,972,936)	(40,652,151)	(31,492,086)	(31,138,188)	(21,633,073)	(19,981,827)	(32,588,736)

Reconciliation with total assets:	
Assets as per above	281,700,611
Fixed assets	4,169,945
Intangible assets	17,201,220
Deferred tax asset	-
Assets as per consolidated statement of financial position	303,071,776
Reconciliation with total liabilities:	
Liabilities as per above	278,243,426
Deferred tax liability	-
Liabilities as per consolidated statement of financial position	278,243,426

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 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-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 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 & interbank 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 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 Group's NSFR stood at 245% as on 31 December 2024.

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

	2024													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000')													
Assets														
Cash and balances with treasury banks	22,724,099	6,985,202	442,049	635,778	1,712,770	1,735,509	1,260,282	1,987,600	1,392,805	6,572,184	-	-	-	-
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	-
Deficit on revaluation of assets	884,442
Accumulated Loss	(8,334,151)
Net assets	29,656,434

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Maturity of assets and liabilities (based on contractual maturities)

	2023													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000')													
Assets														
Cash and balances with treasury banks	33,488,206	3,434,488	2,857,288	1,968,144	8,291,291	853,177	2,039,818	3,116,907	30,927,893	-	-	-	-	-
Balances with other banks	1,484,233	1,484,233	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	166,397,880	-	-	79,408,000	-	-	420,694	266,979	3,764,184	21,089,139	42,018,776	8,075,876	4,266,896	7,087,256
Advances	52,528,902	7,166,530	2,339	650,703	251,226	1,873,843	99,867	8,913,926	3,070,048	11,265,134	579,120	3,348,752	1,350,599	13,956,815
Fixed assets	4,055,481	-	-	-	65,477	64,157	127,339	194,610	96,749	196,747	580,579	680,596	1,100,906	668,721
Intangible assets	114,464	-	-	-	2,966	2,966	2,966	15,203	9,095	9,095	36,082	36,091	-	-
Deferred tax assets	17,701,220	-	-	893,418	1,746,869	2,493,738	2,987,476	2,988,925	2,987,476	3,103,318	-	-	-	-
Other assets	7,801,390	1,811,535	874	20,472	2,370,160	287,689	730,029	2,479,627	-	-	84,300	-	-	10,653
	303,071,776	15,896,786	2,860,501	82,940,737	12,727,989	5,575,570	6,415,388	17,976,177	40,855,445	35,663,413	43,298,917	12,141,315	6,998,001	21,723,545
Liabilities														
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	38,267,440	-	36,575,000	-	-	-	1,662,500	-	-	-	29,940	-	-	-
Deposits and other accounts	224,841,914	185,063,043	1,761,939	1,191,665	4,439,986	4,207,041	2,233,831	8,959,896	2,019,922	13,708,850	111,870	173,970	969,901	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,235,310	1,420,236	260,374	175,867	233,339	505,793	353,703	1,001,186	7,229,196	216,998	624,957	618,074	1,395,587	-
	278,243,426	187,382,041	38,597,313	1,367,532	4,673,325	4,712,834	4,250,034	9,961,082	9,249,118	13,925,848	766,767	792,044	2,365,488	-
Gap	24,828,350	(173,485,255)	(35,736,812)	81,573,205	8,054,664	862,736	2,165,346	8,015,095	31,606,327	21,737,565	42,532,150	11,349,271	4,632,513	21,723,545

Share capital - net	34,524,428
Reserves	1,985,305
Shares deposit money	-
Deficit on revaluation of investments	(1,033,628)
Accumulated loss	(10,647,755)
Net assets	24,828,350

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

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

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

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

	2023									
	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	53,488,206	4,945,993	3,762,023	1,964,505	42,815,685	-	-	-	-	-
Balances with other banks	1,484,233	1,484,233	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	166,397,880	79,632,230	420,694	372,571	24,523,475	43,755,672	9,590,876	1,151,218	6,201,144	750,000
Advances	52,528,902	8,070,798	2,973,710	8,813,926	13,435,182	579,120	3,348,752	1,350,599	12,047,213	1,909,602
Operating fixed assets	4,055,481	65,477	128,314	257,792	293,497	480,579	713,406	1,447,696	668,720	-
Intangible assets	114,464	2,966	5,931	15,203	18,189	36,082	36,093	-	-	-
Deferred tax asset	17,201,220	2,640,287	4,481,214	4,987,477	5,092,242	-	-	-	-	-
Other assets	7,801,390	4,203,042	1,023,709	2,352,836	-	211,151	-	-	-	10,652
	303,071,776	101,045,026	12,795,595	18,764,310	86,178,270	45,062,604	13,689,127	3,949,513	18,917,077	2,670,254
Liabilities										
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-
Borrowings from financial institutions	38,267,440	36,575,000	1,662,500	-	-	29,940	-	-	-	-
Deposits and other accounts	224,841,914	41,082,015	48,274,578	28,365,071	105,572,587	111,870	373,971	1,061,822	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,235,310	2,089,814	859,496	812,825	7,446,194	813,318	618,073	1,595,590	-	-
	278,243,426	80,645,591	50,796,574	29,177,896	113,018,781	955,128	992,044	2,657,412	-	-
Gap	24,828,350	20,399,435	(38,000,979)	(10,413,586)	(26,840,511)	44,107,476	12,697,083	1,292,101	18,917,077	2,670,254
Share capital - net	34,524,428									
Reserves	1,985,305									
Shares deposit money	-									
Deficit on revaluation of assets	(1,033,628)									
Accumulated Loss	(10,647,755)									
Net assets	24,828,350									

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 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 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 Bank.

44. GENERAL

44.1 The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated financial statements due to adoption of revised forms for the preparation of financial statements as mentioned in note 4.1 is as follows:

Description of item	Nature	Rupees in '000'	From	To
Right of use assets	Asset	2,704,359	Property and equipment	Right-of-use assets
Lease liabilities against right of use assets	Liability	3,231,133	Other liabilities	Lease liabilities

44.2 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 0 3 MAR 2025

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