

## CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

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

### 1 Capital Adequacy Ratio

#### 1.1 Scope of Application

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

#### 1.2 Capital Management

##### 1.2.1 Objectives and goals of managing capital

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

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

##### 1.2.2 Statutory Minimum Capital Requirement and Capital Adequacy Ratio

The State Bank of Pakistan through BSD Circular No. 07 of 2009 dated April 15, 2009 required the minimum paid-up capital (net of losses) for all locally incorporated banks to be raised to Rs.10 billion by the year ended on December 31, 2024. The raise was to be achieved in a phased manner. The paid-up capital of the Bank for the year ended December 31, 2024 stands at Rs. 25.819 billion and is in compliance with the SBP requirement.

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

##### Minimum capital requirements:

S. No.	Ratio	2024
1	CET1	6.00%
2	ADT-1	1.50%
3	Tier-1	7.50%
4	Total Capital	10.00%
5	* CCB	1.50%
6	Total Capital plus CCB	11.50%

\* (Consisting of CET1 only)

##### Bank's regulatory capital is analysed into three tiers

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

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

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

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

	2024	2023
	(Rupees in '000)	
<b>1.3 Capital Adequacy</b>		
<b>1.3.1 Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital/ Capital deposited with SBP	34,524,428	34,524,428
2 Balance in Share Premium Account	51	51
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/Statutory Reserves	2,448,380	1,894,314
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	(8,141,861)	(10,912,821)
8 Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9 <b>CET 1 before Regulatory Adjustments</b>	<b>28,830,999</b>	<b>25,505,972</b>
10 Total regulatory adjustments applied to CET1	<b>14,606,477</b>	<b>17,640,630</b>
11 <b>Common Equity Tier 1</b>	<b>14,224,522</b>	<b>7,865,342</b>
<b>1.3.2 Additional Tier 1 (AT 1) Capital</b>		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 <b>AT1 before regulatory adjustments</b>	<b>-</b>	<b>-</b>
18 Total regulatory adjustment applied to AT1 capital	-	-
19 Additional Tier 1 capital after regulatory adjustments	-	-
20 <b>Additional Tier 1 capital recognized for capital adequacy</b>	<b>-</b>	<b>-</b>
21 <b>Tier 1 Capital (CET1 + admissible AT1) (11+20)</b>	<b>14,224,522</b>	<b>7,865,342</b>
<b>1.3.3 Tier 2 Capital</b>		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules	-	-
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	159,727	10,186
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on fixed assets	-	-
29 of which: Unrealized gains/losses on AFS	798,042	-
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 <b>T2 before regulatory adjustments</b>	<b>957,769</b>	<b>10,186</b>
33 Total regulatory adjustment applied to T2 capital	-	-
34 Tier 2 capital (T2) after regulatory adjustments	<b>957,769</b>	<b>10,186</b>
35 Tier 2 capital recognized for capital adequacy	-	-
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 <b>Total Tier 2 capital admissible for capital adequacy</b>	<b>957,769</b>	<b>10,186</b>
38 <b>TOTAL CAPITAL (T1 + admissible T2) (21+37)</b>	<b>15,182,291</b>	<b>7,875,528</b>
39 <b>Total Risk Weighted Assets (RWA)</b>	<b>70,882,824</b>	<b>48,595,842</b>
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
40 <b>CET1 to total RWA</b>	<b>20.07%</b>	16.19%
41 <b>Tier-1 capital to total RWA</b>	<b>20.07%</b>	16.19%
42 <b>Total capital to total RWA</b>	<b>21.42%</b>	16.21%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	<b>7.50%</b>	7.50%
44 of which: capital conservation buffer requirement	<b>1.50%</b>	1.50%
45 of which: counter cyclical buffer requirement	<b>0.00%</b>	0.00%
46 of which: D-SIB or G-SIB buffer requirement	<b>0.00%</b>	0.00%
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	<b>12.57%</b>	8.69%
<b>National minimum capital requirements prescribed by SBP</b>		
48 <b>CET1 minimum ratio</b>	<b>6.00%</b>	6.00%
49 <b>Tier 1 minimum ratio</b>	<b>7.50%</b>	7.50%
50 <b>Total capital minimum ratio plus CCB</b>	<b>11.50%</b>	11.50%

1.3.4 Regulatory Adjustments and Additional Information:		2024	2023
		(Rupees in '000)	
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>			
1	Goodwill (net of related deferred tax liability)	-	-
2	All other intangibles (net of any associated deferred tax liability)	51,558	87,574
3	Shortfall in provisions against classified assets	-	-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,950,584	3,477,253
5	Defined-benefit pension fund net assets	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-
7	Cash flow hedge reserve	-	-
8	Investment in own shares/ CET1 instruments	-	-
9	Securitization gain on sale	-	-
10	Capital shortfall of regulated subsidiaries	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/AFS	-	1,125,428
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	10,905,060	11,723,340
15	Amount exceeding 15% threshold :	-	-
16	15% threshold of significant investments & deferred tax assets	699,275	1,227,035
17	National specific regulatory adjustments applied to CET1 capital	-	-
18	Investments in TFCs of other banks exceeding the prescribed limit	-	-
19	Any other deduction specified by SBP (mention details)	-	-
20	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-
21	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	14,606,477	17,640,630
<b>Additional Tier-1 &amp; Tier-1 Capital: regulatory adjustments</b>			
22	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
23	Investment in own AT1 capital instruments	-	-
24	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-
25	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
26	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
27	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-
28	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
29	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-
<b>Tier 2 Capital: regulatory adjustments</b>			
30	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
31	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-
32	Investment in own Tier 2 capital instrument	-	-
33	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
34	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
35	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	-	-

	2024	2023
	(Rupees in '000)	
<b>1.3.5 Additional Information</b>		
36 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III treatment)	2,923,553	4,313,425
(i) of which: deferred tax assets	2,040,969	3,477,253
(ii) of which: defined-benefit pension fund net assets	-	-
(iii) of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
(iv) of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	882,584	836,172
	2,923,553	4,313,425
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
37 Non-significant investments in the capital of other financial entities	-	-
38 Significant investments in the common stock of financial entities	750,000	750,000
39 Deferred tax assets arising from temporary differences (net of related tax liability)	13,487,946	13,804,912
	14,237,946	14,554,912
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
40 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-
41 Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
42 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
43 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
	-	-
<b>1.4 Capital Structure Reconciliation</b>		
	As per published financial statements	Under regulatory scope of reporting
	December 31, 2024	
	(Rupees in '000)	
<b>Step 1</b>		
<b>Assets</b>		
Cash and balances with treasury banks	22,612,094	22,612,094
Balanced with other banks	3,786,987	3,786,987
Lending to financial institutions	24,514,444	24,514,444
Investments	201,164,585	201,164,585
Advances	72,545,690	72,545,690
Property and equipment	1,332,688	1,332,688
Right of use assets	3,385,962	3,385,962
Intangible assets	80,162	80,162
Deferred tax assets	16,955,276	16,955,276
Other assets	13,709,235	13,709,235
<b>Total assets</b>	<b>360,087,123</b>	<b>360,087,123</b>
<b>Liabilities and equity</b>		
Bills payable	1,446,526	1,446,526
Borrowings	1,457,900	1,457,900
Deposits and other accounts	312,718,297	312,718,297
Lease liabilities	4,308,326	4,308,326
Deferred tax liabilities	-	-
Other liabilities	11,004,030	11,004,030
<b>Total liabilities</b>	<b>330,935,079</b>	<b>330,935,079</b>
Share capital	34,524,428	34,524,428
Reserves	2,448,431	2,448,431
Unappropriated / unremitted profit / (losses)	(8,705,257)	(8,705,257)
Deficit on revaluation of assets	884,442	884,442
<b>Total equity</b>	<b>29,152,044</b>	<b>29,152,044</b>
<b>Total liabilities and equity</b>	<b>360,087,123</b>	<b>360,087,123</b>

Step 2	As per	Under	Reference
	published	regulatory	
	financial	scope of	
	statements	consolidation	
	December 31, 2024		
	(Rupees in '000)		
<b>Assets</b>			
Cash and balances with treasury banks	22,612,094	22,612,094	
Balanced with other banks	3,786,987	3,786,987	
Lending to financial institutions	24,514,444	24,514,444	
Investments	201,164,585	201,164,585	
- of which: non-significant capital investments in capital of other financial institutions exceeding 10% threshold	-	-	a
CET-1	-	-	
ADT	-	-	
T2	-	-	
- of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
CET-1	-	-	
ADT	-	-	
T2	-	-	
- of which: mutual funds exceeding regulatory threshold	-	-	c
- of which: reciprocal crossholding of capital instrument	-	-	d
- of which: others (mention details)	-	-	e
Advances	72,545,690	72,545,690	
Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
General provisions reflected in Tier 2 capital	159,727	159,727	g
Fixed assets	4,718,650	4,718,650	
Deferred tax assets	16,955,276	16,955,276	
- of which: DTAs excluding those arising from temporary differences	2,950,584	2,950,584	h
- of which: DTAs arising from temporary differences exceeding regulatory threshold	11,446,977	11,446,977	i
Other assets	13,709,235	13,709,235	
- of which: goodwill	-	-	j
- of which: intangibles	80,162	80,162	k
- of which: Defined-benefit pension fund net assets	-	-	l
<b>Total assets</b>	<b>360,087,123</b>	<b>360,087,123</b>	
<b>Liabilities and equity</b>			
Bills payable	1,446,526	1,446,526	
Borrowings	1,457,900	1,457,900	
Deposits and other accounts	312,718,297	312,718,297	
Sub-ordinated loans	-	-	
- of which: eligible for inclusion in AT1	-	-	m
- of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	28,604	28,604	
- of which: DTLs related to goodwill	-	-	o
- of which: DTLs related to intangible assets	28,604	28,604	p
- of which: DTLs related to defined pension fund net assets	-	-	q
- of which: other deferred tax liabilities	-	-	r
Other liabilities	15,312,356	15,312,356	
<b>Total liabilities</b>	<b>330,935,079</b>	<b>330,935,079</b>	
Share capital	34,524,428	34,524,428	
- of which: amount eligible for CET1	34,524,428	34,524,428	s
- of which: amount eligible for AT1	-	-	t
Reserves	2,448,431	2,448,431	
- of which: portion eligible for inclusion in CET1	2,448,431	2,448,431	u
- of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit / (losses)	(8,705,257)	(8,705,257)	w
Minority interest	-	-	
- of which: portion eligible for inclusion in CET1	-	-	x
- of which: portion eligible for inclusion in AT1	-	-	y
- of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets	884,442	884,442	
- of which: revaluation reserves on property	-	-	
- of which: unrealized gains / (losses) on AFS	884,442	884,442	aa
- In case of deficit on revaluation (deduction from CET1)	-	-	ab
<b>Total equity</b>	<b>29,152,044</b>	<b>29,152,044</b>	
<b>Total liabilities and equity</b>	<b>360,087,123</b>	<b>360,087,123</b>	

**Step 3**

	Source based on reference number from step 2	Source based on reference number from step 2
	Rupees in '000	
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully paid-up capital / capital deposited with SBP	34,524,428	(s)
2 Balance in share premium account	51	
3 Reserve for issue of bonus shares	-	
4 General / statutory reserves	2,448,380	(u)
5 Gain / (loss) on derivatives held as cash flow hedge	-	
6 Unappropriated / unremitted profits / (losses)	(8,141,861)	(w)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8 <b>CET 1 before Regulatory Adjustments</b>	<b>28,830,999</b>	
<b>Common Equity Tier 1 capital: Regulatory Adjustments</b>		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	51,558	(k) - (p)
11 Shortfall of provisions against classified assets	-	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,950,584	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	-	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of property / AFS	-	(ab)
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	11,446,977	(i)
23 Amount exceeding 15% threshold		
24 - of which: significant investments in the common stocks of financial entities	157,358	
25 - of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 Investment in TFCs of other banks exceeding the prescribed limit	-	
28 Any other deduction specified by SBP (mention details)	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30 <b>Total regulatory adjustments applied to CET1</b>	<b>14,606,477</b>	
31 <b>Common Equity Tier 1</b>	<b>14,224,522</b>	
<b>Additional Tier 1 (AT 1) Capital</b>		
32 Qualifying additional Tier-1 instruments plus any related share premium	-	
33 - of which: classified as equity	-	(t)
34 - of which: classified as liabilities	-	(m)
35 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36 - of which: instrument issued by subsidiaries subject to phase out	-	
37 <b>AT1 before regulatory adjustments</b>	<b>-</b>	

**Step 3**

	<b>Source based on reference number from step 2</b>	<b>Source based on reference number from step 2</b>
	<b>Rupees in '000</b>	
<b>Additional Tier 1 Capital: regulatory adjustments</b>		
38	-	
39	-	
40	-	
41	-	
42	-	(ac)
43	-	(ad)
44	-	
45	-	
45.1	-	
46	-	
47	-	
48	<b>14,224,522</b>	
<b>Tier 2 Capital</b>		
49	-	(n)
50	-	
51	-	(z)
52	-	
53	<b>159,727</b>	(g)
54	<b>798,042</b>	
55	-	portion of (aa)
56	<b>798,042</b>	
57	-	(v)
58	-	
59	<b>957,769</b>	
<b>Tier 2 Capital: regulatory adjustments</b>		
60	-	
61	-	
62	-	
63	-	(ae)
64	-	(af)
65	-	
66	<b>957,769</b>	
67	<b>957,769</b>	
68	-	
69	<b>957,769</b>	
	<b>15,182,291</b>	

## 1.5 Main features template of Regulatory Capital Instruments

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



## 1.6 Risk Weighted Assets

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

	2024		2023		
	Capital Requirements	Risk Weighted Assets	Capital Requirements	Risk Weighted Assets	
<b>Credit Risk:</b>					
<b>Credit Risk on Balance Sheet Portfolios subject to standardized approach (simple)</b>					
Public sector entities	-	-	-	-	
Banks	302,016	3,020,157	52,014	520,142	
Corporate	1,774,028	17,740,285	1,232,664	12,326,642	
Retail	160,032	1,600,320	112,410	1,124,105	
Residential mortgages	56,750	567,495	40,388	403,883	
Past due loans	164,335	1,643,353	104,025	1,040,247	
Deferred tax assets	658,403	6,584,028	401,134	4,011,343	
Listed equity investment	89,142	891,422	56,879	568,791	
Operating fixed assets	471,865	4,718,650	393,645	3,936,450	
Other assets	82,736	827,363	337,112	3,371,121	
	<b>3,759,307</b>	<b>37,593,073</b>	<b>2,730,272</b>	<b>27,302,724</b>	
<b>Off-Balance sheet:</b>					
<b>Non-market related</b>					
Financial guarantees, performance related commitments, trade related etc.	295,568	2,955,683	215,709	2,157,085	
<b>Market related</b>					
Foreign exchange contracts/ derivatives etc.	23,599	235,986	28,592	285,916	
	<b>319,167</b>	<b>3,191,669</b>	<b>244,300</b>	<b>2,443,001</b>	
<b>TOTAL CREDIT RISK</b>	<b>4,078,474</b>	<b>40,784,742</b>	<b>2,974,572</b>	<b>29,745,725</b>	
<b>Market Risk:</b>					
<b>Capital Requirement for portfolios subject to standardized approach</b>					
Interest rate risk	947,652	9,476,515	314,494	3,144,938	
Equity position risk	407,164	4,071,638	199,511	1,995,113	
Foreign exchange risk	50,200	502,000	22,746	227,463	
<b>TOTAL MARKET RISK</b>	<b>1,405,015</b>	<b>14,050,153</b>	<b>536,751</b>	<b>5,367,513</b>	
<b>Operational Risk:</b>					
<b>Capital Requirement for portfolios subject to basic indicator approach</b>					
Operational risk	1,604,793	16,047,929	1,348,260	13,482,604	
<b>TOTAL RISK WEIGHTED ASSETS</b>	<b>7,088,282</b>	<b>70,882,824</b>	<b>4,859,584</b>	<b>48,595,842</b>	
		<b>2024</b>	<b>2023</b>		
<b>Capital Adequacy Ratios</b>		<b>Required</b>	<b>Actual</b>	<b>Required</b>	<b>Actual</b>
CET1 to total RWA		6.00%	20.07%	6.00%	16.19%
Tier-1 capital to total RWA		7.50%	20.07%	7.50%	16.19%
Total capital plus CCB to total RWA		11.50%	21.42%	11.50%	16.21%

## 2 Leverage Ratio

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

The leverage ratio of the Bank for the year ended December 31, 2024 stood at 4.01% (2023: 2.78%).

	2024		2023	
	(Rupees in '000)			
<b>Total Exposure</b>				
<b>On balance sheet exposures</b>				
On-balance sheet items (excluding derivatives)		327,353,113		247,610,274
Derivatives		-		-
<b>Total on balance sheet exposures (A)</b>		<b>327,353,113</b>		<b>247,610,274</b>
<b>Off balance sheet exposures</b>				
Off-balance sheet items (excluding derivatives)		26,847,539		35,152,733
Derivatives in respective of commitments		703,587		563,712
<b>Total Off balance sheet exposures (B)</b>		<b>27,551,126</b>		<b>35,716,445</b>
<b>Total Exposure (A+B)</b>		<b>354,904,239</b>		<b>283,326,719</b>
<b>Tier-1 Capital</b>		<b>14,224,522</b>		<b>7,865,342</b>
<b>Leverage Ratio (%)</b>		<b>4.01%</b>		<b>2.78%</b>
<b>Leverage Ratio (requirement)</b>		<b>3.00%</b>		<b>3.00%</b>

### 3 Liquidity Coverage Ratio (LCR)

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

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

	2024		2023	
	Unweighted Value	Weighted Value	Unweighted Value	Weighted Value
----- (Rupees in '000) -----				
<b>HIGH QUALITY LIQUID ASSETS</b>				
Total high quality liquid assets (HQLA)		<b>144,053,221</b>		<b>163,924,564</b>
<b>CASH OUTFLOWS</b>				
Retail deposits and deposits from small business customers of which:				
Stable deposit	<b>35,800,690</b>	<b>1,790,034</b>	33,860,553	1,693,028
Less stable deposit	<b>40,991,963</b>	<b>4,099,196</b>	29,870,764	2,987,076
Unsecured wholesale funding of which:				
Operational deposits (all counterparties)	<b>146,452,969</b>	<b>59,198,653</b>	117,851,364	47,848,156
Non-operational deposits (all counterparties)	-	-	-	-
Unsecured debt	-	-	-	-
Secured wholesale funding	-	-	-	-
Additional requirements of which:				
Outflows related to derivative exposures and other collateral requirements	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-
Credit and liquidity facilities	<b>1,358,153</b>	<b>147,909</b>	1,102,676	115,722
Other contractual funding obligations	<b>25,288,248</b>	<b>398,082</b>	19,234,205	304,941
Other contingent funding obligations	<b>2,493,969</b>	<b>2,493,969</b>	2,647,399	2,647,399
<b>TOTAL CASH OUTFLOWS</b>	<b>252,385,991</b>	<b>68,127,844</b>	204,566,961	55,596,322
<b>CASH INFLOWS</b>				
Secured lending	<b>2,125,443</b>	-	6,840,564	-
Inflows from fully performing exposures	<b>53,109,489</b>	<b>30,521,492</b>	27,907,454	16,995,184
Other cash inflows	<b>1,834,211</b>	-	3,001,524	-
<b>TOTAL CASH INFLOWS</b>	<b>57,069,143</b>	<b>30,521,492</b>	37,749,542	16,995,184
		<b>Total adjusted value</b>		<b>Total adjusted value</b>
<b>Total HQLA</b>		<b>144,053,221</b>		<b>163,924,564</b>
<b>Total net Cash Out Flows</b>		<b>37,606,353</b>		<b>38,601,138</b>
<b>LIQUIDITY COVERAGE RATIO (LCR)</b>		<b>383%</b>		<b>425%</b>

#### 4 Net Stable Funding Ratio (NSFR)

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

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

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

#### 4 Net Stable Funding Ratio (NSFR)

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

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

	2023				Weighted value
	Unweighted value by residual maturity				
	No maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----					
<b>Capital:</b>					
Regulatory capital	25,505,972	-	-	-	25,505,972
Other capital instruments	-	-	-	-	-
<b>Retail deposits and deposit from small business customers:</b>					
Stable deposits	45,390,886	1,805,064	1,103,727	227,923	46,112,616
Less stable deposits	20,707,287	1,215,891	7,486,823	105,215	26,574,216
<b>Wholesale funding:</b>					
Operational deposits	-	-	-	-	-
Other wholesale funding	121,555,711	16,333,760	5,393,574	942,267	72,583,790
<b>Other liabilities:</b>					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities and equity not included in other categories	4,835,721	25,536,079	114,415	3,402,721	3,402,721
<b>Total ASF</b>					<b>174,179,315</b>
Total NSFR high-quality liquid assets (HQLA)					<b>185,655,165</b>
Deposits held at other financial institutions for operational purposes	957,883	-	-	-	478,942
<b>Performing loans and securities:</b>					
Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	1,759,473	149,995	-	338,919
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	9,067,063	13,425,158	9,568,354	19,379,211
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	106,698	103,899	10,230,759	6,755,292
Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	-	-	-	-
<b>Other assets:</b>					
Physical traded commodities, including gold	-	-	-	-	-
Assets posted as initial margin for derivative contracts	-	-	-	-	-
NSFR derivative assets	-	-	-	-	-
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	24,894,652	12,188,250	20,660,590	11,623,670	57,656,348
Off-balance sheet items	-	12,228,244	13,828,334	4,781,220	1,541,890
<b>Total RSF</b>					<b>87,937,281</b>
<b>Net Stable Funding Ratio (%)</b>					<b>198%</b>