

CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

As shown in note 42.1 of Group 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 - GROUP LEVEL

1.1 Scope of Application

The Basel-III Framework is applicable to the Group 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 Group 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 Group 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 Group for the year ended December 31, 2024 stands at Rs. 26.19 billion and is in compliance with the SBP requirement.

The capital adequacy ratio of the Group 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, group 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)

Group'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 Group 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 Group. As the Group 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 Group to particular operations or activities.

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

	2024	2023
	(Rupees in '000)	
1.3 Capital Adequacy		
1.3.1 Common Equity Tier 1 capital (CET1): Instruments and reserves		
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	2,581,664	1,985,254
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	(7,650,592)	(10,647,755)
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 CET 1 before Regulatory Adjustments	29,455,551	25,861,978
10 Total regulatory adjustments applied to CET1	13,771,674	16,837,569
11 Common Equity Tier 1	15,683,877	9,024,409
1.3.2 Additional Tier 1 (AT 1) Capital		
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 AT1 before regulatory adjustments	-	-
18 Total regulatory adjustment applied to AT1 capital	-	-
19 Additional Tier 1 capital after regulatory adjustments	-	-
20 Additional Tier 1 capital recognized for capital adequacy	-	-
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	15,683,877	9,024,409
1.3.3 Tier 2 Capital		
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	176,557	19,997
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 T2 before regulatory adjustments	974,599	19,997
33 Total regulatory adjustment applied to T2 capital	-	-
34 Tier 2 capital (T2) after regulatory adjustments	974,599	19,997
35 Tier 2 capital recognized for capital adequacy	-	-
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	974,599	19,997
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	16,658,476	9,044,406
39 Total Risk Weighted Assets (RWA)	74,751,835	51,487,201
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	20.98%	17.53%
41 Tier-1 capital to total RWA	20.98%	17.53%
42 Total capital to total RWA	22.29%	17.57%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.50%	7.50%
44 of which: capital conservation buffer requirement	1.50%	1.50%
45 of which: counter cyclical buffer requirement	0.00%	0.00%
46 of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	13.48%	10.03%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	6.00%	6.00%
49 Tier 1 minimum ratio	7.50%	7.50%
50 Total capital minimum ratio plus CCB	11.50%	11.50%

1.3.4 Regulatory Adjustments and Additional Information:		2024	2023
		(Rupees in '000)	
Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	-	-
2	All other intangibles (net of any associated deferred tax liability)	56,330	93,864
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)	10,764,760	11,695,624
15	Amount exceeding 15% threshold :	-	-
16	15% threshold of significant investments & deferred tax assets	-	445,400
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)	13,771,674	16,837,569
Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
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)	-	-
Tier 2 Capital: regulatory adjustments			
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)	
1.3.5 Additional Information		
36 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-BaseI III treatment)	3,833,168	4,313,425
(i) of which: deferred tax assets	2,950,584	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	882,584	836,172
(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	-	-
	3,833,168	4,313,425
Amounts below the thresholds for deduction (before risk weighting)		
37 Non-significant investments in the capital of other financial entities	-	-
38 Significant investments in the common stock of financial entities	-	-
39 Deferred tax assets arising from temporary differences (net of related tax liability)	13,409,624	13,812,167
	13,409,624	13,812,167
Applicable caps on the inclusion of provisions in Tier 2		
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	-	-
	-	-
1.4 Capital Structure Reconciliation		
	As per published financial statements	Under regulatory scope of reporting
Step 1	December 31, 2024	
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	22,724,099	22,724,099
Balanced with other banks	4,470,597	4,470,597
Lending to financial institutions	24,514,444	24,514,444
Investments	201,547,368	201,547,368
Advances	74,282,838	74,282,838
Operating fixed assets	1,357,510	1,357,510
Right of use assets	3,498,477	3,498,477
Intangible assets	84,934	84,934
Deferred tax assets	17,007,130	17,007,130
Other assets	13,797,026	13,797,026
Total assets	363,284,423	363,284,423
Liabilities and equity		
Bills payable	1,446,526	1,446,526
Borrowings	1,971,650	1,971,650
Deposits and other accounts	314,488,585	314,488,585
Sub-ordinated loans	-	-
Lease liabilities	4,441,555	4,441,555
Deferred tax liabilities	-	-
Other liabilities	11,279,673	11,279,673
Total liabilities	333,627,989	333,627,989
Share capital	34,524,428	34,524,428
Reserves	2,581,715	2,581,715
Unappropriated / unremitted profit / (losses)	(8,334,151)	(8,334,151)
Deficit on revaluation of assets	884,442	884,442
Total equity	29,656,434	29,656,434
Total liabilities and equity	363,284,423	363,284,423

Step 2	As per	Under	Reference
	published	regulatory	
	financial	scope of	
	statements	consolidation	
	December 31, 2024		
	(Rupees in '000)		
Assets			
Cash and balances with treasury banks	22,724,099	22,724,099	
Balanced with other banks	4,470,597	4,470,597	
Lending to financial institutions	24,514,444	24,514,444	
Investments	201,547,368	201,547,368	
- 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	74,282,838	74,282,838	
Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
General provisions reflected in Tier 2 capital	176,557	176,557	g
Fixed assets	4,855,987	4,855,987	
Deferred tax assets	17,007,130	17,007,130	
- 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	10,764,760	10,764,760	i
Other assets	13,797,026	13,797,026	
- of which: goodwill	-	-	j
- of which: intangibles	84,934	84,934	k
- of which: Defined-benefit pension fund net assets	-	-	l
Total assets	363,284,423	363,284,423	
Liabilities and equity			
Bills payable	1,446,526	1,446,526	
Borrowings	1,971,650	1,971,650	
Deposits and other accounts	314,488,585	314,488,585	
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	15,721,228	15,721,228	
Total liabilities	333,627,989	333,627,989	
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	2,581,715	2,581,715	
- of which: portion eligible for inclusion in CET1	2,581,715	2,581,715	u
- of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit / (losses)	(8,334,151)	(8,334,151)	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	-	-	aa
- In case of deficit on revaluation (deduction from CET1)	-	-	ab
Total equity	29,656,434	29,656,434	
Total liabilities and equity	363,284,423	363,284,423	

Step 3

	Source based on reference number from step 2	Source based on reference number from step 2
	Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
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	2,581,664	(u)
5 Gain / (loss) on derivatives held as cash flow hedge	-	
6 Unappropriated / unremitted profits / (losses)	(7,650,592)	(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 CET 1 before Regulatory Adjustments	29,455,551	
Common Equity Tier 1 capital: Regulatory Adjustments		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	56,330	(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)	10,764,760	(i)
23 Amount exceeding 15% threshold		
24 - of which: significant investments in the common stocks of financial entities	-	
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 Total regulatory adjustments applied to CET1	13,771,674	
31 Common Equity Tier 1	15,683,877	
Additional Tier 1 (AT 1) Capital		
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 AT1 before regulatory adjustments	-	

Step 3

	Source based on reference number from step 2	Source based on reference number from step 2
	Rupees in '000	
Additional Tier 1 Capital: regulatory adjustments		
38 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39 Investment in own AT1 capital instruments	-	
40 Reciprocal cross holdings in additional Tier 1 capital instruments	-	
41 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)	-	(ac)
42 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
44 Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45 Total of regulatory adjustment applied to AT1 capital	-	
45.1 Transfer to CET1 due to insufficient amount in AT1	-	
46 Additional Tier 1 capital	-	
47 Additional Tier 1 capital recognized for capital adequacy	-	
48 Tier 1 Capital (CET1 + admissible AT1)	15,683,877	
Tier 2 Capital		
49 Qualifying Tier 2 capital instruments under Basel III	-	(n)
50 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
51 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52 - of which: instruments issued by subsidiaries subject to phase out	-	
53 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit risk weighted assets	176,557	(g)
54 Revaluation reserves eligible for Tier 2	798,042	
55 - of which: portion pertaining to Property	-	portion of (aa)
56 - of which: portion pertaining to AFS securities	798,042	
57 Foreign exchange translation reserves	-	(v)
58 Undisclosed / other reserves (if any)	-	
59 T2 before regulatory adjustments	974,599	
Tier 2 Capital: regulatory adjustments		
60 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
61 Reciprocal cross holdings in Tier 2 instruments	-	
62 Investment in own Tier 2 capital instrument	-	
63 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)	-	(ae)
64 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
65 Amount of regulatory adjustment applied to T2 capital	-	
66 Tier 2 capital (T2)	974,599	
67 Tier 2 capital recognized for capital adequacy	974,599	
68 Transfer to ADT1 due to insufficient amount	-	
69 Total Tier 2 capital admissible for capital adequacy	974,599	
Total capital (T1 + admissible T2)	16,658,476	

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
	Regulatory treatment	
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
	Coupons / Dividends	
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	
	Convertible or non-convertible	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
	Write-down feature	
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
	(Rupees in '000)			
Credit Risk:				
Credit Risk on Balance Sheet Portfolios subject to standardized approach (simple)				
Public sector entities	-	-	-	-
Banks	360,723	3,607,225	87,575	875,754
Corporate	1,774,028	17,740,285	1,232,664	12,326,642
Retail	229,890	2,298,897	253,007	2,530,065
Residential mortgages	57,100	571,002	41,559	415,591
Past due loans	164,855	1,648,547	104,424	1,044,239
Deferred tax assets	661,216	6,612,160	417,786	4,177,857
Listed equity investment	89,142	891,422	56,879	568,791
Operating fixed assets	485,599	4,855,987	405,548	4,055,481
Other assets	201,109	2,011,093	341,995	3,419,945
	4,023,662	40,236,618	2,941,437	29,414,366
Off-Balance sheet:				
Non-market related				
Financial guarantees, performance related commitments, trade related etc.	295,568	2,955,683	215,709	2,157,086
Market related				
Foreign exchange contracts/ derivatives etc.	23,599	235,986	28,592	285,916
	319,167	3,191,669	244,300	2,443,002
TOTAL CREDIT RISK	4,342,829	43,428,287	3,185,737	31,857,368
Market Risk:				
Capital Requirement for portfolios subject to standardized approach				
Interest rate risk	947,652	9,476,516	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
TOTAL MARKET RISK	1,405,015	14,050,154	536,751	5,367,513
Operational Risk:				
Capital Requirement for portfolios subject to basic indicator approach				
Operational risk	1,727,340	17,273,395	1,426,232	14,262,320
TOTAL RISK WEIGHTED ASSETS	7,475,184	74,751,835	5,148,720	51,487,201
Capital Adequacy Ratios				
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	20.98%	6.00%	17.53%
Tier-1 capital to total RWA	7.50%	20.98%	7.50%	17.53%
Total capital plus CCB to total RWA	11.50%	22.29%	11.50%	17.58%

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 Group for the year ended December 31, 2024 stood at 4.34% (2023: 3.02%).

	2024	2023
	(Rupees in '000)	
Total Exposure		
On balance sheet exposures		
On-balance sheet items (excluding derivatives)	333,870,220	263,471,426
Derivatives	-	-
Total on balance sheet exposures (A)	333,870,220	263,471,426
Off balance sheet exposures		
Off-balance sheet items (excluding derivatives)	26,847,539	35,152,733
Derivatives in respective of commitments	703,587	563,712
Total Off balance sheet exposures (B)	27,551,126	35,716,445
Total Exposure (A+B)	361,421,346	299,187,871
Tier-1 Capital	15,683,877	9,024,409
Leverage Ratio (%)	4.34%	3.02%
Leverage Ratio (requirement)	3.00%	3.00%

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

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) -----				
Capital:					
Regulatory capital	29,152,044	-	-	-	29,152,044
Other capital instruments	-	-	-	-	-
Retail deposits and deposit from small business customers:					
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
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	158,507,666	21,469,922	20,751,051	4,527,098	104,891,418
Other liabilities:					
NSFR derivative liabilities	-	-	-	-	-
All other liabilities and equity not included in other categories	12,915,128	-	-	3,843,755	2,625,553
Total ASF					236,076,977
Total NSFR high-quality liquid assets (HQLA)				194,732,043	-
Deposits held at other financial institutions for operational purposes	3,785,764	-	-	-	1,892,882
Performing loans and securities:					
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.	-	-	-	-	-
Other assets:					
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
Total RSF					96,310,093
Net Stable Funding Ratio (%)					245%

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) -----					
Capital:					
Regulatory capital	25,505,972	-	-	-	25,505,972
Other capital instruments	-	-	-	-	-
Retail deposits and deposit from small business customers:					
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
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	121,555,711	16,333,760	5,393,574	942,267	72,583,790
Other liabilities:					
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
Total ASF					174,179,315
Total NSFR high-quality liquid assets (HQLA)				185,655,165	1,786,680
Deposits held at other financial institutions for operational purposes	957,883	-	-	-	478,942
Performing loans and securities:					
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.	-	-	-	-	-
Other assets:					
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
Total RSF					87,937,281
Net Stable Funding Ratio (%)					198%