Annual
Financial Statements
2021-22

State Bank of Pakistan

ANNUAL FINANCIAL STATEMENTS 2021-22

STATE BANK OF PAKISTAN

State Bank of Pakistan
KARACHI

JAMEEL AHMAD
GOVERNOR

LETTER OF TRANSMITTAL

October 31, 2022

Dear Mr. Chairman,

In compliance with section 40(3) of the State Bank of Pakistan Act, 1956, I am pleased to enclose the annual financial statements of the Bank, duly approved by the Board, along with the auditors' report thereon, for the financial year ended June 30, 2022 for submission to the Majlis-e-Shoora (Parliament).

With kind regards,

Yours sincerely,

Muhammad Sadiq Sanjrani
Chairman,
Senate
Islamabad

State Bank of Pakistan
KARACHI

JAMEEL AHMAD
GOVERNOR

LETTER OF TRANSMITTAL

October 31, 2022

Dear Mr. Speaker,

In compliance with section 40(3) of the State Bank of Pakistan Act, 1956, I am pleased to enclose the annual financial statements of the Bank, duly approved by the Board, along with the auditors' report thereon for the financial year ended June 30, 2022 for submission to the Majlis-e-Shoora (Parliament).

With kind regards,

Yours sincerely,

Raja Pervez Ashraf
Speaker,
National Assembly
Islamabad

State Bank of Pakistan
KARACHI

JAMEEL AHMAD
GOVERNOR

LETTER OF TRANSMITTAL

October 31, 2022

Dear Mr. Finance Minister,

In compliance with section 40(3) of the State Bank of Pakistan Act, 1956, I am pleased to enclose the annual financial statements of the Bank, duly approved by the Board, along with the auditors' report thereon, for the financial year ended June 30, 2022.

With kind regards,

Yours sincerely,

Muhammad Ishaq Dar
Federal Minister for Finance,
Revenue and Economic Affairs
Government of Pakistan
Islamabad.

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A. F. FERGUSON & CO.
Chartered Accountants
State Life Building No. 1-C
I.I Chundrigar Road
P.O. Box 4716
Karachi – 74000

KPMG TASEER HADI & CO.
Chartered Accountants
Sheikh Sultan Trust Building
No. 2, Beaumont Road
Karachi-75530

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the State Bank of Pakistan

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of the State Bank of Pakistan (the Bank), which comprise the unconsolidated balance sheet as at June 30, 2022, and the unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements give a true and fair view of the financial position of the Bank as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *'Auditor's 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 these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

	Key Audit Matters	How the matter was addressed in our audit
1	**Foreign currency accounts and investments** (Refer note 8 of the annexed unconsolidated financial statements)	
	The Bank maintained certain foreign currency accounts and investments which aggregated to Rs 2,178,254 million as at June 30, 2022. This includes balances aggregating to Rs 426,417 million which were placed through appointed fund managers by the Bank under the supervision of a custodian. The existence and valuation of these foreign currency accounts and investments were assessed by us as a significant risk area and therefore we considered this as a key audit matter.	Our audit procedures, among others, included the following: ▪ We obtained understanding of the processes, evaluated the design and tested operating effectiveness of key controls throughout the year over recognition, derecognition and valuation of investments and related revenue; ▪ We sent direct confirmations to counterparties to confirm the balances of investment holdings; ▪ We obtained bank reconciliation statements for nostro balances and tested reconciling items on a sample basis; and

<table>
<tr><th colspan="2">Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td></td><td>▪ We compared the prices to independent sources on a sample basis where quoted market prices were used.

Further, in respect of the investment made through the fund managers:

▪ We obtained Type-2 report from the Custodian and the Fund Managers to assess that controls were suitably designed by the Fund Managers and the Custodian and operated effectively in respect of their activities;

▪ We obtained the monthly statement of changes in net assets provided by the Custodian used by the management for recognising income in respect of foreign currency securities and reconciled them with the accounting records of the Bank to assess that they are accurately recorded; and

▪ We performed substantive audit procedures on year-end balances of portfolio including evaluation of Custodian's statements, and re-performance of valuations on a test basis on the basis of observable data at the year end.

We also evaluated the adequacy of the overall disclosures in the unconsolidated financial statements in respect of the investment portfolio in accordance with the requirements of applicable financial reporting framework.</td></tr>
<tr><td>2</td><td colspan="2">Fair value adjustment on loans given in response to COVID-19 pandemic
(Refer note 14.7 of the annexed unconsolidated financial statements)</td></tr>
<tr><td></td><td>The Bank in response to COVID-19 pandemic has extended financing facility schemes and disbursed Rs 223,532 million during the year ended June 30, 2022. These facilities have been recorded at their fair value resulting in a fair valuation adjustment of Rs 85,842 million.

The disbursement of these loans was considered to be a significant event for the Bank. Further, the measurement at the fair value involved management judgement with respect to the use of market rate. Accordingly, this was considered as a key audit matter.</td><td>Our audit procedures, among others, included the following:

▪ We obtained understanding, evaluated the design and tested the operating effectiveness of controls related to process for disbursements of these loans;

▪ We sent direct confirmations, on a sample basis, to the counterparties to confirm the balances of loans so disbursed;

▪ We evaluated the appropriateness of the valuation methodology used and assessed the reasonableness of the assumptions and inputs used to determine the fair value; and

▪ We also evaluated the adequacy of the disclosures in the financial statements in respect of the impact of fair valuation adjustment and related balances of these loans.</td></tr>
</table>

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports 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 reports 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. 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 Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with IFRSs, 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.

Those charged with governance are 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 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, 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are **Salman Hussain** (A. F. Ferguson & Co.) and **Muhammad Taufiq** (KPMG Taseer Hadi & Co.).

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A. F. FERGUSON & CO.
Chartered Accountants
Dated: October 31, 2022
Karachi
UDIN: AR202210113Mp6VPyarH

-sd-

KPMG TASEER HADI & CO.
Chartered Accountants
Dated: October 31, 2022
Karachi
UDIN: AR202210106qLJGbsAP4

STATE BANK OF PAKISTAN
UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2022

	Note	2022	2021
		---------------(Rupees in '000)---------------	
ASSETS			
Gold reserves held by the Bank	6	**773,637,405**	577,356,238
Local currency - coins	7	**406,368**	417,574
Foreign currency accounts and investments	8	**2,178,254,073**	2,858,844,812
Earmarked foreign currency balances	9	**24,050,690**	20,707,900
Special drawing rights of the International Monetary Fund	10	**43,460,776**	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	11	**32,857**	26,727
Securities purchased under agreement to resell	12	**4,518,609,584**	1,792,952,119
Current accounts of governments	21.2	**-**	33,793,930
Investments - local	13	**6,404,017,650**	6,949,854,459
Loans, advances and bills of exchange	14	**2,070,809,903**	1,179,961,654
Assets held with the Reserve Bank of India	15	**14,816,323**	11,268,449
Balances due from the Governments of India and Bangladesh	16	**15,107,201**	14,087,874
Property, plant and equipment	17	**97,685,623**	78,345,944
Intangible assets	18	**169,737**	98,187
Other assets	19	**37,176,484**	29,975,170
Total assets		**16,178,234,674**	13,608,462,043
LIABILITIES			
Banknotes in circulation	20	**7,992,592,100**	7,278,860,019
Bills payable		**1,251,297**	1,795,764
Current accounts of governments	21.1	**1,547,182,248**	1,295,486,434
Current account with SBP Banking Services Corporation - a subsidiary		**10,511,671**	51,241,327
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary		**197,142**	202,002
Payable under bilateral currency swap agreement	22	**926,914,096**	748,494,053
Deposits of banks and financial institutions	23	**1,254,854,143**	1,327,525,331
Other deposits and accounts	24	**737,432,402**	629,053,127
Payable to the International Monetary Fund	25	**1,351,258,808**	845,358,651
Securities sold under agreement to repurchase	26	**530,194,205**	135,051,390
Other liabilities	27	**133,999,955**	75,071,011
Deferred liability - unfunded staff retirement benefits	28	**41,057,892**	36,697,486
Total liabilities		**14,527,445,959**	12,424,836,595
Net assets		**1,650,788,715**	1,183,625,448
REPRESENTED BY			
Share capital	29	**100,000,000**	100,000
Reserves	30	**214,789,102**	260,992,739
Unappropriated profit		**371,186,191**	161,973,830
Unrealised appreciation on gold reserves held by the Bank	31	**769,061,112**	572,779,945
Unrealised appreciation on remeasurement of investments - local	13.8	**85,013,625**	96,888,099
Surplus on revaluation of property	17.2	**110,738,685**	90,890,835
Total equity		**1,650,788,715**	1,183,625,448
CONTINGENCIES AND COMMITMENTS	32		

Pursuant to the requirements of section 26 (1) of the SBP Act, 1956, the assets of the Bank specifically earmarked against the liabilities of the issue department have been detailed in note 20.1 to these unconsolidated financial statements.

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

-sd-	-sd-	-sd-
Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		---------------(Rupees in '000)---------------	
Discount, interest / mark-up and / or profit earned on financial assets measured at;			
- amortised cost	33	**976,019,100**	755,229,349
- fair value through profit or loss	33	**15,764,901**	12,790,878
Interest / mark-up expense	34	**(60,594,806)**	(52,693,517)
		931,189,195	715,326,710
Fair valuation adjustment on COVID loans - net	14.7	**(63,223,220)**	(45,731,983)
Commission income	35	**6,689,594**	5,244,753
Exchange (loss) / gain - net	36	**(61,817,920)**	135,349,167
Dividend income		**632,500**	500,000
Other operating (loss) / gain - net	37	**(9,383,732)**	2,198,903
Other income - net	38	**5,199,771**	397,309
		(58,679,787)	143,690,132
		809,286,188	813,284,859
Less: operating expenses			
- banknotes' printing charges	39	**19,094,830**	18,573,224
- agency commission	40	**11,047,024**	9,280,641
- general administrative and other expenses	41	**32,714,758**	28,498,650
Provision / (reversal of provision) against			
- other doubtful assets	27.3.1.1	**376,377**	(24,621)
Charge / (reversal) of credit loss allowance on financial instruments - net	42	**1,886**	(64,000)
		378,263	(88,621)
		63,234,875	56,263,894
Profit for the year		**746,051,313**	757,020,965

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

-sd-	-sd-	-sd-
Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		-------------(Rupees in '000)-------------	
Profit for the year		**746,051,313**	757,020,965
Other comprehensive (loss) / income			
Item that may be reclassified subsequently to the profit and loss account:			
Unrealised appreciation / (diminution) on gold reserves held by the Bank	6	**196,281,167**	(40,223,613)
Items that will not be reclassified subsequently to the profit and loss account:			
Unrealised (diminution) / appreciation on remeasurement of investments - local	13.8	**(11,874,474)**	35,471,130
Surplus on revaluation of property	17.2	**19,847,850**	-
Remeasurement loss on defined benefit plans	41.8.3.1	**(2,186,735)**	(1,091,012)
Remeasurement loss on defined benefit plans			
- Reimbursed to SBP Banking Services Corporation - a subsidiary	41.8.3.1	**(7,382,765)**	-
- Allocated to SBP Banking Services Corporation - a subsidiary	41.8.3.1	-	(2,342,489)
		(1,596,124)	32,037,629
Total comprehensive income for the year		**940,736,356**	748,834,981

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

-sd-	-sd-	-sd-
Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	Share capital	---Reserves--- General reserve (note 30.1)	Reserve fund (note 30.1)	Reserve for building up share capital	Reserve for acquisition of PSPC (note 30.2)	Rural credit fund	Industrial credit fund	Export credit fund	Loans guarantee fund	Housing credit fund	Subtotal	Unappropriated profit	Unrealised appreciation / (diminution) on gold reserves held by the Bank (note 31)	Unrealised appreciation / (diminution) on remeasurement of investments - local (note 13.8)	Surplus on revaluation of property and equipment	Total
	---(Rupees in '000)---															
Balance as at July 1, 2020	**100,000**	**-**	**20,951,762**	**67,673,343**	**67,464,000**	**2,600,000**	**1,600,000**	**1,500,000**	**900,000**	**4,700,000**	**167,389,105**	**152,541,510**	**613,003,558**	**61,416,969**	**90,890,835**	**1,085,341,977**
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	757,020,965	-	-	-	757,020,965
Other comprehensive income																
Unrealised appreciation on remeasurement of investments - local (note 13.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	35,471,130	-	35,471,130
Unrealised diminution on gold reserves held by the Bank (note 6)	-	-	-	-	-	-	-	-	-	-	-	-	(40,223,613)	-	-	(40,223,613)
Remeasurements of staff retirement defined benefit plans - SBP (note 41.8.3.1)	-	-	-	-	-	-	-	-	-	-	-	(1,091,012)	-	-	-	(1,091,012)
Remeasurements of staff retirement defined benefit plans - allocated by SBP Banking Services Corporation a subsidiary (note 41.8.3.1)	-	-	-	-	-	-	-	-	-	-	-	(2,342,489)	-	-	-	(2,342,489)
	-	-	-	-	-	-	-	-	-	-	-	(3,433,501)	(40,223,613)	35,471,130	-	(8,185,984)
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	753,587,464	(40,223,613)	35,471,130	-	748,834,981
Appropriations																
Transfer to the reserve fund (note 30.1)	-	-	93,603,634	-	-	-	-	-	-	-	93,603,634	(93,603,634)	-	-	-	-
Transactions with owners																
Dividend	-	-	-	-	-	-	-	-	-	-	-	(10,000)	-	-	-	(10,000)
Profit transferred to the Government of Pakistan	-	-	-	-	-	-	-	-	-	-	-	(650,541,510)	-	-	-	(650,541,510)
	-	-	-	-	-	-	-	-	-	-	-	(650,551,510)	-	-	-	(650,551,510)
Balance as at June 30, 2021	**100,000**	**-**	**114,555,396**	**67,673,343**	**67,464,000**	**2,600,000**	**1,600,000**	**1,500,000**	**900,000**	**4,700,000**	**260,992,739**	**161,973,830**	**572,779,945**	**96,888,099**	**90,890,835**	**1,183,625,448**
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	746,051,313	-	-	-	746,051,313
Other comprehensive income																
Unrealised diminution on remeasurement of investments - local (note 13.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,874,474)	-	(11,874,474)
Unrealised appreciation on gold reserves held by the Bank (note 6)	-	-	-	-	-	-	-	-	-	-	-	-	196,281,167	-	-	196,281,167
Surplus on revaluation of property (note 17.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,847,850	19,847,850
Remeasurements of staff retirement defined benefit plans - SBP (note 41.8.3.1)	-	-	-	-	-	-	-	-	-	-	-	(2,186,735)	-	-	-	(2,186,735)
Remeasurements of staff retirement defined benefit plans - allocated by SBP Banking Services Corporation a subsidiary (note 41.8.3.1)	-	-	-	-	-	-	-	-	-	-	-	(7,382,765)	-	-	-	(7,382,765)
	-	-	-	-	-	-	-	-	-	-	-	(9,569,500)	196,281,167	(11,874,474)	19,847,850	194,685,043
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	736,481,813	196,281,167	(11,874,474)	19,847,850	940,736,356
Appropriations																
Transfer to the general reserves (note 30.1)	-	147,296,363	-	-	-	-	-	-	-	-	147,296,363	(147,296,363)	-	-	-	-
Capitalisation of share capital (note 29.2)	99,900,000	-	(20,926,657)	(67,673,343)	-	(2,600,000)	(1,600,000)	(1,500,000)	(900,000)	(4,700,000)	(99,900,000)	-	-	-	-	-
Transactions with owners																
Profit transferred to the Government of Pakistan (note 30.1)	-	-	(93,600,000)	-	-	-	-	-	-	-	(93,600,000)	(379,973,089)	-	-	-	(473,573,089)
	-	-	(93,600,000)	-	-	-	-	-	-	-	(93,600,000)	(379,973,089)	-	-	-	(473,573,089)
Balance as at June 30, 2022	**100,000,000**	**147,296,363**	**28,739**	**-**	**67,464,000**	**-**	**-**	**-**	**-**	**-**	**214,789,102**	**371,186,191**	**769,061,112**	**85,013,625**	**110,738,685**	**1,650,788,715**

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

-sd-
Jameel Ahmad
Governor

-sd-
Dr. Murtaza Syed
Deputy Governor

-sd-
Saleemullah
Executive Director

STATE BANK OF PAKISTAN
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		--------------(Rupees in '000)------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year after non-cash and other items	43	**844,282,794**	635,973,894
(Increase) / decrease in assets:			
Foreign currency accounts and investments		**437,177,724**	(146,643,836)
Gold reserves held by the Bank		**-**	(84,814)
Securities purchased under agreement to resell		**(2,725,666,191)**	(875,412,471)
Investments - local		**533,962,335**	593,975,607
Loans, advances and bills of exchange		**(954,077,025)**	(430,074,494)
Other assets		**(5,676,533)**	1,149,937
		(2,714,279,690)	(857,090,071)
		(1,869,996,896)	(221,116,177)
Increase / (decrease) in liabilities:			
Banknotes issued - net		**713,732,081**	820,096,913
Bills payable		**(544,467)**	569,728
Current accounts of Governments		**285,489,744**	543,059,508
Current account with SBP Banking Services Corporation - a subsidiary		**(40,729,656)**	(883,292)
Current account National Institute of Banking and Finance (Guarantee) Limited - a subsidiary		**(4,860)**	15,395
Payable to Islamic Banking Institutions against Bai Muajjal transactions		**-**	(19,512,958)
Payable under bilateral currency swap agreement		**178,420,043**	271,771,457
Deposits of banks and financial institutions		**(72,671,188)**	156,421,772
Payment of retirement benefits and employees' compensated absences		**(3,350,070)**	(3,223,258)
Other deposits and accounts		**108,379,275**	(464,569,355)
Securities sold under agreement to repurchase		**665,245,595**	135,051,390
Other liabilities		**4,189,125**	(28,442,918)
		1,838,155,622	1,410,354,382
Net cash (used in) / generated from operating activities		**(31,841,274)**	1,189,238,205
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		**632,500**	500,000
Capital expenditure		**(1,000,885)**	(1,167,130)
Proceeds from disposal of property, plant and equipment		**43,775**	22,005
Net cash used in investing activities		**(324,610)**	(645,125)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the Federal Government of Pakistan		**(473,573,089)**	(650,541,510)
Net change in balances pertaining to IMF		**390,909,821**	(179,248,811)
Dividend paid		**-**	(10,000)
Net cash used in financing activities		**(82,663,268)**	(829,800,321)
(Decrease) / increase in cash and cash equivalents during the year		**(114,829,152)**	358,792,759
Cash and cash equivalents at the beginning of the year		**2,336,799,737**	1,935,974,295
Effect of exchange gain on cash and cash equivalents		**(168,613,213)**	42,032,683
Cash and cash equivalents at the end of the year	44	**2,053,357,372**	2,336,799,737

The annexed notes from 1 to 52 form an integral part of these unconsolidated financial statements.

-sd-	-sd-	-sd-
Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 STATUS AND NATURE OF OPERATIONS

1.1 State Bank of Pakistan (the Bank) is the central bank of Pakistan and is incorporated under the State Bank of Pakistan Act, 1956. The Bank's primarily responsiblity is to achieve and maintain domestic price stability, to contribute to the stabiity of financial system of Pakistan and to support governments general economic policies with a view to contributing to fostering the development and fuller utilisation of Pakistan's productive resources. The activities of the Bank includes:

- determine and implement monetary policy;
- formulate and implement the exchange rate policy;
- carry out and disseminate research relevant to Bank's objectives and functions;
- hold and manage all international reserves of Pakistan;
- issue and manage the currency of Pakistan, including regulating their denominations;
- collect and produce statistics relevant to the Bank's objectives and functions;
- operate and exercise oversight over payment systems;
- license, regulate and supervise scheduled banks and financial institutions that fall under the domain of the Bank as further specified in this Act or any other Act;
- resolve scheduled banks and other financial institutions that fall under the domain of the Bank as further specified in this Act or any other Act;
- adopt and implement macro-prudential policy measures for scheduled banks and financial institutions that fall under the domain of the Bank;
- act as the banker, financial adviser and fiscal agent to the Government, and its agencies, on the mutually agreed terms and conditions; and
- cooperate with domestic and foreign public entities, concerning matters related to its objectives and functions.

1.2 The head office of the Bank is situated at I. I. Chundrigar Road, Karachi, in the province of Sindh, Pakistan.

1.3 These financial statements are unconsolidated (separate) financial statements of the Bank in which investments in subsidiaries are carried at cost. The consolidated financial statements of the Bank and its subsidiaries are presented separately.

The subsidiaries of the Bank and the nature of their respective activities are as follows:

a) SBP Banking Services Corporation - wholly owned subsidiary:

SBP Banking Services Corporation (the Corporation) was established in Pakistan under the SBP Banking Services Corporation Ordinance, 2001 (the Ordinance) and commenced its operations with effect from January 2, 2002. It is responsible for carrying out certain statutory and administrative functions and activities on behalf of the Bank, as transferred or delegated by the Bank under the provisions of the Ordinance.

The head office of the Corporation is situated at I. I. Chundrigar Road, Karachi, in the province of Sindh, Pakistan.

b) National Institute of Banking and Finance (Guarantee) Limited - wholly owned subsidiary:

National Institute of Banking and Finance (Guarantee) Limited (the Institute) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a company limited by guarantee having share capital. It is engaged in providing education and training in the field of banking, finance and allied areas.

The head office of the Institute is situated at NIBAF Building, Street 4, Pitras Bukhari Road, H-8/1, Islamabad, Pakistan.

c) Pakistan Security Printing Corporation (Private) Limited - wholly owned subsidiary :

Pakistan Security Printing Corporation (Private) Limited (PSPC) was incorporated in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017) and is a wholly owned subsidiary of the Bank. PSPC is principally engaged in the printing of currency notes and national prize bonds on behalf of the Bank.

The registered office and the factory of the PSPC are located at Jinnah Avenue, Malir Halt Karachi, in the province of Sindh, Pakistan.

2 STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3 BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention, except that gold reserves, certain foreign currency accounts and investments, certain local investments and certain items of property as referred to in their respective notes have been included at revalued amounts and certain staff retirement benefits and provision for employees' compensated absences have been carried at present value of defined benefit obligations.

3.2 These unconsolidated financial statements are presented in Pakistani Rupees (PKR), which is the Bank's functional and presentation currency.

3.3 Standards, interpretations of and amendments to the IFRSs that are effective in the current year

There are certain new or amended standards and interpretations that became effective during the current year, but are considered not to be relevant or did not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements.

3.4 Standards, interpretations of and amendments to the IFRSs that are not yet effective

3.4.1 The following standards, interpretations and amendments of the IFRSs would be effective from the dates mentioned below against the respective standards or interpretations:

Standards	**Effective date (annual periods beginning on or after)**
- IAS 1, 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8, 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 16, 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37, 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 9, 'Financial instruments' (amendments)	January 1, 2022
- IFRS 3, 'Business combinations' (amendments)	January 1, 2022

The management is in the process of assessing the impact of the above amendments on the unconsolidated financial statements.

3.4.2 There are certain other new or amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2022, but are considered not to be relevant or will not have any significant effect on the Bank's operations and are, therefore, not detailed in these unconsolidated financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies are consistently applied from year to year, except as stated otherwise.

4.1 Banknotes in circulation and local currency coins

The liability of the Bank towards banknotes issued as a legal tender under the State Bank of Pakistan Act, 1956, is stated at face value and is represented by the specified assets of the issue department of the Bank as per the requirements stipulated in the State Bank of Pakistan Act, 1956. The cost of printing of notes is charged to the unconsolidated profit and loss account as and when incurred. Any un-issued fresh banknotes lying with the Bank and previously issued notes held by the Bank are not reflected in the unconsolidated balance sheet.

The Bank also issues coins of various denominations on behalf of the Government of Pakistan (GoP). These coins are purchased from the GoP at their respective face values. The coins held by the Bank form part of the assets of the issue department.

4.2 Financial assets and financial liabilities

Financial assets carried on the unconsolidated balance sheet include local currency coins, foreign currency accounts and investments, earmarked foreign currency balances, investments - local, loans, advances and bills of exchange, assets held with Reserve Bank of India (other than gold held by Reserve Bank of India), balances due from the governments of India and Bangladesh, securities under agreement to re-sell and certain other assets where as financial liabilities carried on the unconsolidated balance sheet includes current account with SBP Banking Services Corporation - a subsidiary, current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary, banknotes in circulation, bills payable, deposits of banks and financial institutions, balances and securities under agreement to re-purchase transactions, current accounts of governments, balances with the International Monetary Fund (IMF), amount payable under bilateral currency swap agreement, other deposits and accounts and certain other liabilities. The particular recognition and measurement methods adopted are disclosed in the individual policy statements associated with each financial instrument.

4.2.1 Financial instruments – initial recognition

All financial assets are initially recognised on the trade date, i.e. the date at which the Bank becomes a party to the contractual provisions of the instruments. This includes purchases or sale of financial assets that require delivery of asset within the time frame generally established by regulations in market conventions.

All financial assets and financial liabilities are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost is taken directly to the unconsolidated profit and loss account.

4.2.2 Classification and subsequent measurement of financial assets and liabilities

The Bank classifies all of its financial assets other than equity instruments based on two criteria: a) the Bank's business model for managing the assets; and b) whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI test'), The financial assets are measured at either:

- amortised cost, as explained in note 4.2.3;
- fair value through other comprehensive income (FVOCI), as explained in note 4.2.4 and 4.2.5; or
- fair value through profit or loss (FVPL), as explained in note 4.2.6.

a) 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:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's board / board committees;
- 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 which also form important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) The SPPI test

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. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

The Bank classifies and measures its derivatives and trading portfolio at FVPL as explained in note 4.2.8. The Bank may designate financial instruments at FVPL, if doing so eliminates or significantly reduces measurement or recognition inconsistencies, as explained in note 4.2.6.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in notes 4.2.6 and 4.2.7.

4.2.3 Financial assets at amortised cost

The Bank classifies its financial assets at amortised cost only if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

After initial measurement, these financial instruments are subsequently measured at amortised cost using the effective interest rate (EIR), less impairment (if any).

4.2.4 Debt instruments at FVOCI

The Bank classifies its financial instruments at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognised in the unconsolidated profit or loss account in the same manner as for financial assets measured at amortised cost as explained in note 4.11.

The ECL for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the unconsolidated balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to unconsolidated statement of comprehensive income. The accumulated loss recognised in OCI is recycled to the unconsolidated profit and loss upon derecognition of the assets.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to unconsolidated profit and loss account.

4.2.5 Equity instruments at FVOCI

At initial recognition, the Bank may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of 'equity' under IAS 32 'financial instruments: presentation' and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

FVOCI equity instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI), cumulative gains and losses previously recognised in OCI can never be recycled to the unconsolidated profit and loss account. Dividends are recognised in the profit and loss account as other operating income when the right of the payment has been established, (except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI). Equity instruments at FVOCI are not subject to an impairment assessment.

4.2.6 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or

- the liabilities are part of a group of financial liabilities, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or

- the liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the unconsolidated balance sheet at fair value. Changes in fair value are recorded in the unconsolidated profit and loss account. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount / premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate.

4.2.7 Financial liabilities at amortised cost

Financial liabilities with a fixed maturity are measured at amortised cost using the effective interest rate. These include deposits of banks and financial institutions, other deposits and accounts, securities sold under agreement to repurchase, payable under bilateral currency swap agreement, current accounts of governments, current account with SBP - Banking Services Corporation - a subsidiary, current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary, payable to the IMF, banknotes in circulation, bills payable and certain other liabilities.

4.2.8 Derivative financial instruments

The Bank uses derivative financial instruments which include forwards, futures and swaps. Derivatives are initially recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivatives are re-measured to fair value on subsequent reporting dates. The resultant gains or losses from derivatives are included in the unconsolidated profit and loss account. Forwards, futures and swaps are shown under commitments in note 32.2.

4.2.9 Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

4.2.10 Derecognition of financial asset and financial liabilities

a) Financial assets

The Bank derecognises a financial asset, such as a loan, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of new liability, and the difference in the respective carrying amount is recognised in the unconsolidated profit and loss account.

4.2.11 Impairment of financial assets

4.2.11.1 Overview of the expected credit losses (ECL) principles

The Bank is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as ‘financial instruments’. Equity instruments are not subject to ECL.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, [the lifetime expected credit loss (LTECL), unless there has been no significant increase in credit risk since initial recognition, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in note 4.2.11.2. The Bank's policies for determining if there has been a significant increase in credit risk are set out in note 46.1.2.5.

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are probable within the 12 months after the reporting date.

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.

Based on the above process, the Bank groups its loans into stage 1, stage 2 and stage 3 as described below:

- stage 1: when loans are first recognised, the Bank recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 2.

- stage 2: when a loan has shown a significant increase in credit risk since initial recognition, the Bank records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from stage 3.

- stage 3: loans considered credit-impaired (as outlined in note 46.1.2.1). The bank records an allowance for the LTECL.

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a partial derecognition of the financial asset.

4.2.11.2 The calculation of ECL

The Bank calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

- EAD: 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 interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in note 46.1.2.3.

- PD: 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. The concept of PDs is further explained in note 46.1.2.2.

- LGD: 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 LGD is further explained in note 46.1.2.4.

When estimating the ECL, the Bank considers three scenarios (a base case, a best case and a worse case). Each of these is associated with different PD. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

The mechanics of the ECL method are summarised below:

- stage 1: the 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are probable 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 EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- stage 2: when a loan has shown a significant increase in credit risk since initial recognition, the Bank records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- stage 3: for loans considered credit-impaired (as defined in note 46.1.2.1), the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.
- financial guarantee contracts: the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the unconsolidated profit and loss account, and the ECL provision. For this purpose, the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios.

4.2.11.3 Forward looking information

The Bank formulates a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information. This process involves developing three different economic scenarios, which represent a range of scenarios linked to various macro-economic factors.

4.2.11.4 Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Bank seeks to use collateral. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees and demand promissory notes. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral.

4.2.12 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount is reported in the unconsolidated financial statements when the Bank currently has a legally enforceable right to set off the recognised amount and it intends either to settle on a net basis or to realise the asset and to settle the liability simultaneously.

4.3 Collateralised borrowings / lending

4.3.1 Repurchase and reverse repurchase agreements

Securities sold subject to a commitment to repurchase them at a pre-determined price, are retained on the unconsolidated balance sheet and a liability is recorded in respect of the consideration received as securities sold under agreement to repurchase. Conversely, securities purchased under analogous commitment to resell are not recognised on the unconsolidated balance sheet and an asset is recorded in respect of the consideration paid as securities purchased under agreement to resell. The difference between the sale and repurchase price in the repurchase transaction and the purchase price and resell price in reverse repurchase transaction represents expense and income respectively, and is recognised in the unconsolidated profit and loss account on time proportion basis. Both repurchase and reverse repurchase transactions are reported at transaction value inclusive of any accrued expense / income.

4.3.2 Payable under bilateral currency swap agreement

Bilateral currency swap agreements with counterpart central bank involve the purchase / sale and subsequent resale / repurchase of local currencies of counterpart central banks against PKR at the applicable exchange rate (determined in accordance with the terms of the agreement). The actual use of facility by the Bank / counterpart central bank in the agreement is recorded as borrowing / lending in books of the Bank and interest is charged / earned at agreed rates to the unconsolidated profit and loss account on a time proportion basis from the date of actual use. Any unutilised limit of the counterpart's drawing is reported as commitments in note 32.2.6.

4.4 Gold reserves held by the Bank

Gold is recorded at cost, which is the prevailing market rate, at initial recognition. Subsequent to initial measurement, it is revalued at the closing market rate of the fine gold content fixed by the London Bullion Market Association on the last working day of the year which is also the requirement of section 30 (2) of the State Bank of Pakistan Act, 1956 and the State Bank of Pakistan General Regulation No.42(vi). Appreciation or diminution, if any, on revaluation is taken to equity under the head 'unrealised appreciation on gold reserves'. Appreciation / diminution realised on disposal of gold is taken to the unconsolidated profit and loss account. Unrealised appreciation / diminution on gold reserves held with the Reserve Bank of India is not recognised in the unconsolidated statement of changes in equity, pending transfer of these assets to the Bank subject to final settlement between the Governments of Pakistan and India. Instead it is shown in other liabilities as provision for other doubtful assets.

4.5 Property, plant and equipment

Property, plant and equipment except land, buildings and capital work-in-progress (CWIP) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount. Leasehold land and buildings are stated at revalued amount less accumulated depreciation and accumulated impairment losses, (if any). CWIP is stated at cost less accumulated impairment losses, if any and consists of expenditure incurred and advances made in respect of fixed assets in the course of their acquisition, construction and installation. CWIP assets are capitalised to relevant asset category as and when work is completed.

Depreciation on property, plant and equipment is charged to the unconsolidated profit and loss account using the straight-line method whereby the cost / revalued amount of an asset is written off over its estimated useful life at the rates specified in note 17.1 to these unconsolidated financial statements. The useful life of assets is reviewed and adjusted, if appropriate, at each reporting date.

Estimates of useful life and residual value of property, plant and equipment are based on the management's best estimate. The assets' residual value, depreciation method and useful life are reviewed, and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged to the unconsolidated profit and loss account from the month in which the asset is available for use while no depreciation is charged in the month in which the assets are written-off / disposed off. Normal repairs and maintenance are charged to the unconsolidated profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are included in the unconsolidated profit and loss account.

Increase in carrying amount arising on revaluation of land and buildings is recognised in other comprehensive income and credited to surplus on revaluation of property. Decreases due to revaluation that offset previous increases of the same assets are charged against surplus on revaluation of property in equity, while all other decreases are charged to the unconsolidated profit and loss account. The surplus on revaluation realised on sale of property, plant and equipment is transferred to un-appropriated profit to the extent reflected in the surplus on revaluation of property account. The amount of sale proceeds exceeding the balance in surplus on revaluation of property account is taken to the unconsolidated profit and loss account.

4.5.1 Leasing arrangements

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option (if the Bank is reasonably certain to exercise that option) and payments of penalties for terminating the lease (if the lease term reflects that the lessee will exercise that option). The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Bank reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in the unconsolidated profit and loss account if the carrying amount of right of use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right of use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The carrying amount of the right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.6 Intangibles

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, (if any).

Intangible assets are amortised using the straight-line method over the period of three years. Where the carrying amount of an asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount.

4.7 Impairment of non-financial assets

The carrying amounts of the Bank’s assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or a group of assets. If such an indication exists, the recoverable amount of such assets is estimated. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. In assessing the value in use, future cash flows are estimated which are discounted to present value using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. An impairment loss is recognised in the unconsolidated profit and loss account whenever the carrying amount of an asset or a group of assets exceeds its recoverable amount. Impairment loss on revalued assets is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.8 Compensated absences

The Bank makes annual provision in respect of liability for employees’ compensated absences based on actuarial estimates. The liability is estimated using the projected unit credit method.

4.9 Staff retirement benefits

The Bank operates:

a) an unfunded contributory provident fund (old scheme) for those employees who joined the Bank between July 1, 2005 to May 31, 2007 and opted to remain under the old scheme. Under this scheme, contribution is made both by the Bank and employee at the rate of 6% of the monetised salary. The Bank provided an option to employees covered under old scheme to join the Employer Contributory Provident Fund Scheme - ECPF (new scheme) effective from June 1, 2007. Employees joining the Bank service after June 1, 2007 are covered under the new scheme. Under ECPF (new scheme), contribution is made both by the Bank and employee at the rate of 6% of the monetised salary.

b) an unfunded General Provident Fund (GPF) scheme for all those employees who joined the Bank between May 1, 1977 to June 30, 2005 and opted to remain under this scheme after introduction of the new scheme (ECPF). Under GPF contribution is made by the employee only at the rate of 5% of the monetised salary.

c) following are other staff retirement benefit schemes:

- an unfunded gratuity scheme (old scheme) for those employees who joined the Bank between July 1, 2005 to May 31, 2007 and opted to remain under the old scheme;
- a funded Employees Gratuity Fund (EGF) was introduced by the Bank effective from June 1, 2007 for all its employees other than those who opted to remain in pension scheme or unfunded gratuity scheme (old scheme);
- an unfunded pension scheme for those employees who joined the Bank between May 1, 1977 to June 30, 2005 and opted to remain under this scheme after introduction of the new scheme new compensation and benefit
- an unfunded benevolent fund scheme;
- an unfunded post retirement medical benefit scheme;
- six months post retirement benefit facility; and
- an income continuation plan (during the year, a new scheme introduced by the Bank effective from January 1, 2020 which covers benefits in case of death of an eligible employee.

Obligations for contributions to defined contribution provident plans are recognised as an expense in the unconsolidated profit and loss account as and when incurred.

Annual provisions are made by the Bank to cover the obligations arising under defined benefit schemes based on actuarial recommendations. The actuarial valuations are carried out under the projected unit credit method. The amount arising as a result of remeasurements are recognised in the unconsolidated balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The above staff retirement benefits are payable on completion of prescribed qualifying period of service.

4.10 Deferred income

Grants received on account of capital expenditure are recorded as deferred income. These are amortised over the useful life of the relevant asset.

4.11 Revenue recognition

- Discount, interest / mark-up and / or return on loans and advances and investments are recorded on time proportion basis that takes into account the effective yield on the asset. However, income on balances with Bangladesh (former East Pakistan), doubtful loans and advances and overdue return on investments are recognised as income on receipt basis.
- Exchange gain / loss is recognised at the translation date as detailed in note 4.14 to these unconsolidated financial statements.
- Commission income is recognised when related services are rendered.
- Dividend income is recognised when the Bank’s right to receive dividend is established.
- Gains / losses on disposal of securities are recognised in the unconsolidated profit and loss account at trade date.

4.12 Finances under profit and loss sharing arrangements

The Bank provides various finances to financial institutions under profit and loss sharing arrangements. Share of profit / loss under these arrangements is recognised on an accrual basis.

4.13 Taxation

The income of the Bank is exempt from tax under section 49 of the State Bank of Pakistan Act, 1956 and clause 66(xiii) of Part I of second schedule to the Income Tax Ordinance, 2001.

4.14 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the closing rate of exchange prevailing at the reporting date.

Exchange gains and losses are taken to the unconsolidated profit and loss account except for certain exchange differences on balances with the International Monetary Fund, referred to in note 4.15, which are transferred to the Government of Pakistan account.

Commitments for outstanding foreign exchange forward and swap contracts disclosed in note 32.2 to these unconsolidated financial statements are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in PKR terms at the closing rate of exchange prevailing at the reporting date.

4.15 Transactions and balances with the International Monetary Fund

Transactions and balances with the International Monetary Fund (IMF) are recorded on following basis:

- the GoP's contribution for quota with the IMF is recorded by the Bank as depository of the GoP. Exchange differences arising on these balances are transferred to the Government of Pakistan account.
- exchange gains or losses arising on revaluation of borrowings from the IMF are recognised in the unconsolidated profit and loss account.
- the cumulative allocation of special drawing rights (SDRs) by the IMF is recorded as a liability and is translated at the closing exchange rate for SDRs prevailing at the reporting date. Exchange differences on translation of SDRs is recognised in the unconsolidated profit and loss account.
- service charge is recognised in the unconsolidated profit and loss account at the time of receipt of the IMF tranches.

All other income or charges pertaining to balances with the IMF are taken to the unconsolidated profit and loss account, including the following:

- charges on borrowings under credit schemes and fund facilities;
- charges on net cumulative allocation of SDRs;
- exchange gain or loss; and
- return on holdings of SDRs.

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. Contingent assets are not recognised until their realisation become virtually certain.

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.17 Cash and cash equivalents

Cash and cash equivalents include foreign currency accounts and investments (other than deposits held with IMF), local currency coins, earmarked foreign currency balances, SDRs, balances in the current and deposit accounts and securities that are realisable in cash within three months from the date of reporting and which are subject to insignificant changes in value.

4.18 Fair value measurement principles

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market prices or dealer price quotation without any deduction for transaction costs. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arms length transaction, discounted cash flow analysis and other revaluation techniques commonly used by market participants.

5 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses that are not readily available from other sources. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities and income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised 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. Judgments made by the management in the application of the IFRSs and estimates that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are as follows:

5.1 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the unconsolidated balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates may include items like considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please refer note 4.18 to these unconsolidated financial statements.

5.2 Effective interest rate (EIR) method

The Bank's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as clubbing of and other determinable fee income / expense to the cost of acquisition of financial instruments that are integral parts of the instrument.

5.3 Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Assumptions regarding the impairment of financial assets are detailed in the note 46.1.2 to these unconsolidated financial statements.

5.4 Retirement benefits

The key actuarial assumptions in respect of valuation of defined benefit plans and the sources of estimation are disclosed in note 41.8 to these unconsolidated financial statements.

5.5 Useful life and residual value of property, plant and equipment

Estimates of useful life and residual value of property and equipment are based on the management's best estimate as detailed in note 4.5 to these unconsolidated financial statements.

6 GOLD RESERVES HELD BY THE BANK

	Note	**2022**	2021	**2022**	2021
		Net content in troy ounces		**-------------(Rupees in '000)-------------**	
Opening balance		**2,078,517**	2,078,197	**577,356,238**	617,495,037
Additions during the year		**-**	320	**-**	84,814
Appreciation / (diminution) for the year due to revaluation	31	**-**	-	**196,281,167**	(40,223,613)
Closing balance	20.1	**2,078,517**	2,078,517	**773,637,405**	577,356,238

6.1 During the year the Bank has recognised an appreciation / diminution of Rs 196,281 million (2021: Rs 40,224 million) based on the closing market rate of USD 1,817 (2021:USD 1,763.15) per troy ounce of the fine gold content fixed by the London Bullion Market Association.

7 LOCAL CURRENCY - COINS

	Note	**2022**	2021
		-------------(Rupees in '000)-------------	
Banknotes held by the banking department		**146,313**	149,598
Coins held as an asset of the issue department	7.1 & 20.1	**406,368**	417,574
		552,681	567,172
Less: banknotes held by the banking department	20	**(146,313)**	(149,598)
		406,368	417,574

7.1 As mentioned in note 4.1, the Bank is responsible for issuing coins of various denominations on behalf of the GoP. This balance represents the face value of coins held by the Bank at the year end.

8 FOREIGN CURRENCY ACCOUNTS AND INVESTMENTS

These represent foreign currency reserves held by the Bank, the details of which are as follows:

	Note	2022	2021
		-------------(Rupees in '000)-------------	
At fair value through profit or loss:			
- investments	8.3	**604,932,798**	1,024,175,981
- unrealised gain on derivative financial instruments		**261,292**	536,285
- unrealised loss on derivative financial instruments		**(303,129)**	(113,124)
	8.4	**(41,837)**	423,161
		604,890,961	1,024,599,142
At amortised cost:			
- deposit accounts		**632,143,450**	375,065,876
- current accounts		**1,491,490**	1,296,989
- securities purchased under agreement to resell	8.5	**586,803,857**	423,792,553
- money market placements	8.6	**352,928,480**	1,034,106,813
		1,573,367,277	**1,834,262,231**
Credit loss allowance	8.2	**(4,165)**	(16,561)
		2,178,254,073	2,858,844,812

The above foreign currency accounts and investments are held as follows:

	Note	2022	2021
Issue department	20.1	**720,620,610**	1,034,070,392
Banking department		**1,457,633,463**	1,824,774,420
		2,178,254,073	2,858,844,812

8.1 The following table sets out information about the credit quality of foreign currency accounts and investments of the Bank measured at amortised cost and maximum exposure to credit risk as at reporting date. Details of the Bank's internal grading system are explained in note 46.1.2.2.

	Note	2022	2021
Stage 1		---------(Rupees in '000)------------	
Deposit accounts			
High rating		**632,143,450**	375,065,876
		632,143,450	375,065,876
Current accounts			
High rating		**1,491,444**	1,296,948
Standard rating		**46**	41
		1,491,490	1,296,989
Securities purchased under agreement to resell			
High rating	8.5	**586,803,857**	423,792,553
		586,803,857	423,792,553
Money market placements			
High rating	8.6	**352,928,480**	1,034,106,813
		352,928,480	1,034,106,813
		1,573,367,277	**1,834,262,231**

8.2 An analysis of changes in the ECL in relation to foreign currency accounts and investments of the Bank measured at amortised cost is as follows:

	2022		
	Nostros account	**Money market placements**	**Total**
Stage 1	-----------------------(Rupees in '000)-----------------------		
Opening balance as of July 1, 2021	2,781	13,780	**16,561**
Charge / (reversal) of allowance	1,384	(13,780)	**(12,396)**
Balance as of June 30, 2022	4,165	-	**4,165**

Stage 1	2021		
	Nostros account	Money market placements	Total
	-----------------------(Rupees in '000)-----------------------		
Opening balance as of July 1, 2020	88	-	88
Charge of allowance	2,693	13,780	16,473
Balance as of June 30, 2021	2,781	13,780	16,561

8.3 This includes investments made by the Bank in international markets and balances maintained, on behalf of the Bank through reputable fund managers. The activities of these fund managers are being monitored through a custodian. The market value of the investments as on June 30, 2022 amounts to Rs. 426,417 million (USD 2,081.3 million [2021: Rs. 207,081 million (USD 1,314.5 million). These carry interest rates ranging from 1.18% to 2.51% per annum in USD (2021: 0.13% to 3.75% per annum) and 1.13% to 2.33% per annum in CNY (2021: 2.12% to 2.48% per annum).

8.4 This represents unrealised gain / (loss) on currency swaps, futures and forward contracts (including transactions executed by the fund managers on behalf of the Bank) entered into with various counterparties.

8.5 These represent lending under repurchase agreements which carry mark-up in USD at the rate of 1.55% per annum (2021: 0.05% per annum) and these are due to mature on July 1, 2022 (2021: July 01, 2021).

8.6 These represent money market placements carrying interest rates ranging from 1.72% to 2.25% per annum in CNY and Nil in USD (2021: 3.28% in CNY and 0.10% to 0.16% per annum in USD) having maturities ranging from July 5, 2022 to August 2, 2022 (2021:Nil in CNY and July 3, 2021 to August 7, 2021 in USD).

9 EARMARKED FOREIGN CURRENCY BALANCES

This represents foreign currency cash balances translated at the exchange rate prevailing at the reporting date, held by the Bank to meet foreign currency commitments of the Bank.

10 SPECIAL DRAWING RIGHTS OF THE INTERNATIONAL MONETARY FUND

Special drawing rights (SDRs) are the foreign reserve assets which are allocated by the International Monetary Fund (IMF) to its member countries in proportion to their quota in the IMF. In addition, the member countries can purchase the SDRs from the IMF and other member countries in order to settle their obligations. The figures given below represent the rupee value of the SDRs held by the Bank as at the reporting date. Interest is credited by the IMF on the SDR holding of the Bank at weekly interest rates on daily products of SDRs held during each quarter.

	Note	**2022**	2021
SDRs are held as follows:		**-------------(Rupees in '000)-------------**	
- by the issue department	20.1	**41,041,920**	-
- by the banking department		**2,418,856**	60,771,006
		43,460,776	60,771,006

11 RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS

Quota allocated by the International Monetary Fund		**551,151,829**	455,738,808
Liability under quota arrangements		**(551,118,972)**	(455,712,081)
		32,857	26,727

12 SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Conventional	12.1	**4,080,798,647**	1,792,952,119
Shariah compliant financing facility	12.2	**437,810,937**	-
		4,518,609,584	1,792,952,119

12.1 This represents collateralised lending made to various conventional financial institutions under resell arrangement carrying mark-up ranging from 13.83% to 14.05% per annum (2021: 7.06% to 7.10% per annum).The resell arrangement to conventional financial institution are due to mature on September 9, 2022 (2021: July 2, 2021). The fair value of securities collateralised as on June 30, 2022 amounted to Rs. 4,055,879 million (2021: Rs. 1,852,618 million). The collaterals held by the Bank consists of Pakistan Investment Bonds and market treasury bills.

12.2 This represents collateralised lending made to various Islamic financial institutions under resell arrangement carrying mark-up ranging from 13.85% to 13.91% per annum (2021: Nil). The resell arrangement to conventional and Islamic financial institution are due to mature on September 9, 2022 (2021: Nil). The fair value of securities collateralised as on June 30, 2022 amounted to Rs. 443,876 million (2021: Rs. Nil). The collaterals held by the Bank consists of GoP Ijarah sukuks.

12.3 The following table sets out information about the credit quality of securities purchased under agreement to resell of the Bank measured at amortised cost:

	Note	**Stage 1**	**2022**	Stage 1	2021
		(Rupees in '000)		(Rupees in '000)	
		4,518,618,316	**4,518,618,316**	1,792,952,125	1,792,952,125
Less: credit loss allowance	12.5	**(8,732)**	**(8,732)**	(6)	(6)
	12.4	**4,518,609,584**	**4,518,609,584**	1,792,952,119	1,792,952,119

12.4 Securities purchased under agreement to resell are held as follows:

	Note	**2022**	**2021**
		(Rupees in '000)	
- by the issue department	20.1	**1,000,000,000**	-
- by the banking department		**3,518,609,584**	1,792,952,119
		4,518,609,584	1,792,952,119

12.5 An analysis of changes in the ECL in relation to securities purchased under agreement to resell of the Bank measured at amortised cost is, as follows:

	Stage 1	**2022**
	(Rupees in '000)	
Opening balance as of June 30, 2021	**6**	**6**
Charge during the year	**8,726**	**8,726**
Balance as of June 30, 2022	**8,732**	**8,732**

	Stage 1	2021
	(Rupees in '000)	
Opening balance as of June 30, 2020	7	7
Reversal during the year	(1)	(1)
Balance as of June 30, 2021	6	6

	Note	**2022**	2021
13 INVESTMENTS - LOCAL		**(Rupees in '000)**	
At amortised cost			
Federal Government securities			
Pakistan investment bonds (PIBs)	13.5	**6,142,351,123**	6,676,448,550
Federal government scrips		**2,740,000**	2,740,000
	13.3	**6,145,091,123**	6,679,188,550
Debt securities			
Zarai Taraqiati Bank Limited (ZTBL) preference shares - unlisted	13.4	**54,814,206**	54,679,114
Term finance certificates		**28,243**	28,243
Certificates of deposits		**11,235**	11,235
		39,478	39,478
Credit loss allowance	13.7	**(39,478)**	(39,478)
		54,814,206	54,679,114
		6,199,905,329	6,733,867,664
At fair value through other comprehensive income			
Investments in banks and other financial institutions			
Ordinary shares			
- Listed		**44,715,689**	58,506,359
- Unlisted		**58,218,372**	56,302,176
	13.6	**102,934,061**	114,808,535
		6,302,839,390	6,848,676,199
Balance carried forward		**6,302,839,390**	6,848,676,199

	Note	2022	2021
		(Rupees in '000)	
Balance brought forward		**6,302,839,390**	6,848,676,199
Investments in wholly owned subsidiaries - at cost			
Pakistan Security Printing Corporation (Private) Limited		**100,149,000**	100,149,000
SBP Banking Services Corporation		**1,000,000**	1,000,000
National Institute of Banking and Finance (Guarantee) Limited		**29,260**	29,260
	13.1	**101,178,260**	101,178,260
		6,404,017,650	6,949,854,459
The above investments are held as follows:			
Issue department	20.1	**5,442,215,787**	5,655,896,964
Banking department		**961,801,863**	1,293,957,495
		6,404,017,650	6,949,854,459

13.1 Investments in wholly owned subsidiaries

	2022				2021			
	Number of shares	Cost	Impairment	Carrying amount	Number of shares	Cost	Impairment	Carrying amount
		Rupees in 000				Rupees in 000		
Unquoted								
Pakistan Security Printing Corporation (Private) Limited (Note 13.1.1)	**1,000,000**	**100,149,000**	**-**	**100,149,000**	**1,000,000**	100,149,000	-	100,149,000
SBP Banking Services Corporation (Note 13.1.2)	**1,000**	**1,000,000**	**-**	**1,000,000**	1,000	1,000,000	-	1,000,000
National Institute of Banking and Finance (Guarantee) Limited (Note 13.1.3)	**2,926,084**	**29,260**	**-**	**29,260**	**2,926,084**	29,260	-	29,260
Total		**101,178,260**	**-**	**101,178,260**		101,178,260	-	101,178,260

13.1.1 This represents 100% (2021: 100%) holding in Pakistan Security Printing Corporation (Private) Limited (PSPC) having break-up value of Rs 80,635 (2021: Rs 72,888) per share on the basis of the audited financial statements for the year ended June 30, 2022.

13.1.2 This represents 100% (2021: 100%) holding in SBP Banking Services Corporation (the Corporation) (BSC) having break-up value of Rs 1,285,690 (2021: Rs 1,000,000) per share on the basis of the audited financial statements for the year ended June 30, 2022.

13.1.3 This represents 100% (2021: 100%) holding in National Institute of Banking and Finance (Guarantee) Limited (NIBAF) having break-up value of Rs 103.08 (2021: Rs 101.15) per share on the basis of the audited financial statements for the year ended June 30, 2022.

13.2 The following table sets out information about the credit quality of local investments of the Bank measured at amortised cost.

	Note	2022			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		(Rupees in '000)			
High rating		**6,199,905,329**	**-**	**-**	**6,199,905,329**
Rating below standard		**-**	**-**	**39,478**	**39,478**
		6,199,905,329	**-**	**39,478**	**6,199,944,807**
Less: credit loss allowance	13.7	-	-	**(39,478)**	**(39,478)**
		6,199,905,329	**-**	**-**	**6,199,905,329**

	Note	2021			
		Stage 1	Stage 2	Stage 3	Total
		(Rupees in '000)			
High rating		6,733,867,664	-	-	6,733,867,664
Rating below standard		-	-	39,478	39,478
		6,733,867,664	-	39,478	6,733,907,142
Less: credit loss allowance	13.7	-	-	(39,478)	(39,478)
		6,733,867,664	-	-	6,733,867,664

13.3 These represent investments guaranteed / issued by the Government. The profile of return on securities is as follows:

	2022	2021
	% per annum	
Pakistan investment bonds	**8.32 to 15.70**	7.92 to 13.88
Federal government scrips	**3**	3

PIBs were created for one to ten years under the instructions of the Federal Government while Federal Government scrips are of perpetual nature.

The Federal Government issued PIBs on June 30, 2019 with maturity of one year to ten years amounting to Rs. 7,187,000 million. PIBs having face value of Rs.1,707,000 million (2021: 1,138,000 million) have been matured till June 30, 2022 and June 30, 2021 respectively.

13.4 This represents 5,446.153 million preference shares of Rs. 10 each carrying mark-up at the rate of 7.50% per annum payable semi-annually, issued by Zarai Taraqiati Bank Limited. These preference shares are redeemable on March 7, 2027.

13.5 These include investment in PIBs amounting to Rs. 43,711.253 million which has been created against 'receivable balance of Railway' in accordance with the requirement of section 9C(6) of the State Bank of Pakistan Act, 1956, the above-mentioned account has been converted into 'PIBs' with a duration of eight years and remunerated at market interest rates.

13.6 Investments in shares of banks and other financial institutions

	Note	2022			
		Percentage holding	Cost	Unrealised appreciation / (diminution) (Refer note 13.8)	Total
		%	----------(Rupees in '000)----------		
Listed					
- National Bank of Pakistan		**75.20**	**1,100,805**	**43,614,884**	**44,715,689**
Unlisted					
More than 50% Shareholding					
- Zarai Taraqiati Bank Limited		**76.23**	**10,199,621**	**(5,330,757)**	**4,868,864**
- House Building Finance Company Limited		**90.31**	**1,482,304**	**778,019**	**2,260,323**
- Deposit Protection Corporation of Pakistan Pakistan	13.6.2	**100**	**500,000**	**(500,000)**	**-**
Less than or equal to 50% Shareholding					
Other investments			**4,637,706**	**46,451,479**	**51,089,185**
			16,819,631	**41,398,741**	**58,218,372**
			17,920,436	**85,013,625**	**102,934,061**

	Note	2021			
		Percentage holding	Cost	Unrealised appreciation / (diminution) (Refer note 13.8)	Total
		%	----------(Rupees in '000)----------		
Listed					
- National Bank of Pakistan		75.20	1,100,805	57,405,554	58,506,359
Unlisted					
More than 50% Shareholding					
- Zarai Taraqiati Bank Limited		76.23	10,199,621	(4,125,100)	6,074,521
- House Building Finance Company Limited		90.31	1,482,304	506,693	1,988,997
- Deposit Protection Corporation of Pakistan	13.6.2	100	500,000	(500,000)	-
Less than or equal to 50% Shareholding					
Other investments			4,637,706	43,600,952	48,238,658
			16,819,631	39,482,545	56,302,176
			17,920,436	96,888,099	114,808,535

13.6.1 Investments in above entities have been made under the specific directives of the Government of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956 and other relevant statutes. The Bank neither exercises significant influence nor has control over these entities except for any regulatory purposes or control arising as a consequence of any statute which applies to the entire sector to which these entities belong. Accordingly, these entities have not been consolidated as subsidiaries or accounted for as investments in associates or joint ventures.

13.6.2 During the year 2018-19, in accordance with section 9 of the Deposit Protection Corporation Act, 2016 (DPC Act), the Bank has made an initial capital contribution of Rs. 500 million in Deposit Protection Corporation (DPC). This represents 100% of the paid-up portion of the capital of DPC, which was established for the protection of small depositors in order to ensure the financial stability of and maintain public interest in the financial system and for matters connected therewith or ancillary thereto. The shareholders of DPC are not entitled to receive any dividend in terms of section 9(5) of DPC Act. The Bank is not exposed, or has rights, to variable returns from its involvement with the DPC and does not have the ability to affect its returns. Consequently, DPC is not treated as a subsidiary in these unconsolidated financial statements. Considering the substance of this transaction, the capital injection in the DPC was fully provided.

		Note	2022	2021
13.7	**Credit loss allowance**		(Rupees in '000)	
	Opening balance		**39,478**	78,953
	Reversal of credit loss allowance during the year		**-**	(39,475)
	Closing balance		**39,478**	39,478
13.8	**Unrealised (diminution) / appreciation on remeasurement of investments**			
	Opening balance		**96,888,099**	61,416,969
	(Diminution) / appreciation during the year - net		**(11,874,474)**	35,471,130
	Closing balance		**85,013,625**	96,888,099
14	**LOANS, ADVANCES AND BILLS OF EXCHANGE**			
	Government owned / controlled financial institutions	14.3	**165,348,802**	122,531,854
	Private sector financial institutions	14.4	**1,363,839,800**	1,045,642,491
			1,529,188,602	1,168,174,345
	SDRs on-lending to Government of Pakistan (GoP)	14.4	**529,079,647**	-
	Loan to employees		**14,691,972**	13,932,071
			2,072,960,221	1,182,106,416
	Credit loss allowance	14.8	**(2,150,318)**	(2,144,762)
			2,070,809,903	1,179,961,654

14.1 The following table sets out information about the credit quality of loans, advances and bills of exchange of the Bank measured at amortised cost:

	2022			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Government owned / controlled financial institutions				
High rating	163,568,501	-	-	**163,568,501**
Rating below standard	-	-	1,780,301	**1,780,301**
	163,568,501	**-**	**1,780,301**	**165,348,802**
Private sector financial institutions				
High rating	1,355,663,779	-	-	**1,355,663,779**
Standard rating	-	-	-	**-**
Rating below standard	7,108,824	-	1,067,197	**8,176,021**
	1,362,772,603	**-**	**1,067,197**	**1,363,839,800**
SDR on-lending to Government of Pakistan (GoP)				
High rating	529,079,647	-	-	**529,079,647**
	529,079,647	**-**	**-**	**529,079,647**
Loan to employees				
Performing loans	14,691,972	-	-	**14,691,972**
	14,691,972	**-**	**-**	**14,691,972**
	2,070,112,723	**-**	**2,847,498**	**2,072,960,221**
Less: credit loss allowance	**(20,082)**	-	**(2,130,236)**	**(2,150,318)**
	2,070,092,641	**-**	**717,262**	**2,070,809,903**

	2021			
	Stage 1	Stage 2	Stage 3	Total
	----------(Rupees in '000)----------			
Government owned / controlled financial institutions				
High rating	120,751,553	-	-	120,751,553
Rating below standard	-	-	1,780,301	1,780,301
	120,751,553	-	1,780,301	122,531,854
Private sector financial institutions				
High rating	1,037,498,020	-	-	1,037,498,020
Standard rating	7,077,274	-	-	7,077,274
Rating below standard	-	-	1,067,197	1,067,197
	1,044,575,294	-	1,067,197	1,045,642,491
Loan to employees				
Performing loans	13,932,071	-	-	13,932,071
	13,932,071	-	-	13,932,071
	1,179,258,918	-	2,847,498	1,182,106,416
Less: credit loss allowance	(14,526)	-	(2,130,236)	(2,144,762)
	1,179,244,392	-	717,262	1,179,961,654

14.2 An analysis of changes in the ECL in relation to loans and advances of the Bank measured at amortised cost is, as follows:

	2022			
	Government owned / controlled financial institutions	**Private sector financial institutions**	**Employees**	**Total**
	----------**(Rupees in '000)**----------			
Stage 1				
Opening balance as of June 30, 2021	**3,716**	**10,037**	**773**	**14,526**
Charge / (reversal) of allowance	**15,593**	**(10,037)**	**-**	**5,556**
Balance as of June 30, 2022	**19,309**	**-**	**773**	**20,082**
Stage 3				
Opening balance as of June 30, 2021	**1,066,606**	**1,063,630**	**-**	**2,130,236**
(Reversal) / charge of allowance	-	-	-	-
Balance as of June 30, 2022	**1,066,606**	**1,063,630**	**-**	**2,130,236**
	1,085,915	**1,063,630**	**773**	**2,150,318**

	2021			
	Government owned / controlled financial institutions	Private sector financial institutions	Employees	Total
	----------(Rupees in '000)----------			
Stage 1				
Opening balance as of June 30, 2020	46,061	9,095	367	55,523
Charge / (reversal) of allowance	(42,345)	942	406	-40,997
Balance as of June 30, 2021	3,716	10,037	773	14,526
Stage 3				
Opening balance as of June 30, 2020	1,066,606	1,063,630	-	2,130,236
Charge / (reversal) of allowance	-	-	-	-
Balance as of June 30, 2021	1,066,606	1,063,630	-	2,130,236
	1,070,322	1,073,667	773	2,144,762

14.3 Loans and advances to government owned / controlled financial institutions

	Note	Scheduled banks 2022	Scheduled banks 2021	Other financial institutions 2022	Other financial institutions 2021	Total 2022	Total 2021
		(Rupees in '000)					
Agricultural sector		**946,257**	917,643	**-**	-	**946,257**	917,643
Industrial sector	14.3.1	**76,359,494**	42,448,747	**-**	-	**76,359,494**	42,448,747
Export sector		**76,568,319**	62,589,078	**3,567**	-	**76,571,886**	62,589,078
Housing sector		**-**	-	**3,014**	10,456	**3,014**	10,456
Others	14.3.2	**11,142,901**	15,777,412	**325,250**	788,518	**11,468,151**	16,565,930
		165,016,971	121,732,880	**331,831**	798,974	**165,348,802**	122,531,854

14.3.1 This includes exposure to Industrial Development Bank Limited (IDBL) under locally manufactured machinery (LMM) credit line amounting to Rs. 1,054 million (2021: Rs. 1,054 million). Furthermore, loans and advances also include loans amounting to Rs. 340.78 million (2021: Rs. 340.78 million) to IDBL which are secured by government securities. The Federal Government vide its vesting order dated November 13, 2012 had transferred and vested all assets and liabilities of Industrial Development Bank of Pakistan (IDBP) into the IDBL with effect from November 13, 2012. The Cabinet Committee on Privatisation, in its meeting held on May 07, 2016 approved the inclusion of IDBL in the 'privatisation program for early implementation'. Further, the Cabinet Committee on Privatisation in its meeting held on October 31, 2018 approved to delist IDBL from privatization programme. The Federal Cabinet also ratified the decision of the Cabinet Committee on Privatization. Currently, the process of winding up of IDBL is under process.

14.3.2 These balances include Rs. 327.957 million (2021: Rs. 327.957 million) which are recoverable from various financial institutions operating in Bangladesh (former East Pakistan). The realisability of these balances is subject to final settlement between the Governments of Pakistan and Bangladesh.

14.4 During the year, the Bank has received a general allocation from the IMF amounting to SDR 1,946.6 million as disclosed in note 25.2 to these unconsolidated financial statements as a fiscal agent of GoP which were on-lent to the GoP through a separate transaction. The GoP upon receipt of such SDR's has sold the same to the Bank and received amount equivalent to Rs 474,938 million, being the value prevalent on the date the SDRs were on-lending to GoP. This SDR - denominated loan carries an interest which is based on weekly interest rate applicable on daily product of SDR's payable in SDR's which will be settled in equivalent 'PKR'. The loan is perpetual in nature and shall only be payable in case IMF decides to reduce the SDR allocation or demands repayment of such SDR's from SBP.

14.5 Loans and advances to private sector financial institutions

	Note	Scheduled banks 2022	Scheduled banks 2021	Other financial institutions 2022	Other financial institutions 2021	Total 2022	Total 2021
		(Rupees in '000)					
Agricultural sector		**3,957,299**	2,962,701	**147,165**	241,635	**4,104,464**	3,204,336
Industrial sector		**563,045,942**	331,950,497	**30,102,661**	20,688,134	**593,148,603**	352,638,631
Export sector	14.5.1	**702,406,542**	526,048,365	**-**	-	**702,406,542**	526,048,365
Others	14.5.2 & 14.5.3	**57,152,408**	155,962,278	**7,027,783**	7,788,881	**64,180,191**	163,751,159
		1,326,562,191	1,016,923,841	**37,277,609**	28,718,650	**1,363,839,800**	1,045,642,491

14.5.1 Export sector loans of scheduled banks are fully secured against demand promissory notes.

14.5.2 In the year 2015, the Bank in continuation of a scheme of amalgamation of two commercial banks duly sanctioned by the Federal Government under section 47 of the Banking Companies Ordinance, 1962 and under section 17 of the State Bank of Pakistan Act, 1956, extended a 10 year financing facility of Rs. 5,000 million with a bullet payment of mark-up and principal at maturity to an Islamic commercial bank (ICB) which is secured against Government of Pakistan Ijara Sukuk. The 10 year facility was provided on the basis of Modaraba to be remunerated at profit sharing ratio declared by the ICB on its remunerative current accounts on monthly basis (the last declared rate in this respect is 0.01% per annum). In accordance with the requirements of accounting framework of the Bank, the 10 year financing facility had been recognised at fair value on initial recognition. The amortised cost as of June 30, 2022 is Rs. 3,852 million (2021: Rs. 3,523 million).

14.5.3 Loans to other financial institutions include advances made to microfinance banks under Financial Inclusion and Infrastructure Project (FIIP). These loans are fully secured against demand promissory notes.

14.6 The interest / mark-up rate profile of the interest / mark-up bearing loans and advances is as follows:

	2022	2021
	(% per annum)	
Government owned / controlled and private sector financial institutions	**0 to 9.7**	0 to 9.7
Employees loans (where applicable)	**0 to 10.00**	0 to 10.00

14.7 Fair valuation adjustment on COVID-19 loans - net

	2022	2021
	(Rupees in '000)	
Unwinding of income in respect of fair valuation adjustment on COVID-19 loans	**22,618,337**	12,686,574
Fair valuation loss adjustment on COVID-19 loans on initial recognition	**(85,841,557)**	(58,418,557)
	(63,223,220)	(45,731,983)

The Bank in response to the COVID-19 pandemic has launched several new financing facility schemes in line with its mission to maintain financial and monetary stability. The following facilities were introduced via IH&SMEFD circular no. 01 and 03 of 2020 dated March 17, 2020 and IH&SMEFD circular no. 06 of 2020 dated April 10, 2020:

i) temporary economic refinance facility;
ii) refinance facility for combating COVID-19 (RFCC); and
iii) refinance scheme for payments of wages and salaries to workers and employees of business concerns

Facilities disbursed to the banks during the year under the above mentioned schemes aggregated to Rs. 223,532 million (2021: Rs. 299,540 million). These facilities have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition aggregating to Rs.85,841.557 million (2021:Rs.58,418.557 million). Further, during the year, an aggregate amount of Rs.22,618.337 million (2021:Rs. 12,686.574 million) was recognised in respect of unwinding of income on fair valuation adjustment on COVID-19 loans.

		Note	2022	2021
14.8	**Credit loss allowance**		---------- (Rupees in '000)	--------
	Opening balance		**2,144,762**	2,185,759
	Charge / (reversal) of credit loss allowance during the year		**5,556**	(40,997)
	Closing balance		**2,150,318**	2,144,762

15 ASSETS HELD WITH THE RESERVE BANK OF INDIA

	Note	2022	2021
Gold reserves			
- opening balance		**9,328,857**	9,978,954
- Appreciation / (diminution) for the year due to revaluation	27.3.1.1	**3,171,489**	(650,097)
		12,500,346	9,328,857
Sterling securities		**821,148**	720,349
Government of India securities		**371,008**	302,599
Rupee coins		**7,503**	6,159
	15.1	**13,700,005**	10,357,964
Indian notes representing assets receivable from the Reserve Bank of India	15.2	**1,116,318**	910,485
	20.1	**14,816,323**	11,268,449

15.1 These assets were allocated to the Government of Pakistan as its share of the assets of the Reserve Bank of India under the provisions of Pakistan (Monetary System and Reserve Bank) Order, 1947. The transfer of these assets to the Bank is subject to final settlement between the Governments of Pakistan and India.

15.2 These represent Pak Rupee equivalent of Indian rupee notes which were in circulation in Pakistan until retirement from circulation under the Pakistan (Monetary System and Reserve Bank) Order, 1947. Realisability of these assets is subject to final settlement between the Governments of Pakistan and India (also refer note 27.3.1).

		Note	2022	2021
16	**BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH**		---------- (Rupees in '000)	--------
	India			
	Advance against printing of notes		**39,616**	39,616
	Receivable from the Reserve Bank of India		**837**	837
			40,453	40,453
	Bangladesh			
	Inter office balances		**819,924**	819,924
	Loans, advances and commercial papers	16.1	**14,246,824**	13,227,497
			15,066,748	14,047,421
		16.2	**15,107,201**	14,087,874

16.1 These represent interest bearing loans and advances (including commercial papers) provided to the Government of Bangladesh.

16.2 The realisability of the above balances is subject to final settlement between the Government of Pakistan and Governments of India and Bangladesh (also refer notes 27.1 and 27.3.1).

		Note	2022	2021
17	**PROPERTY, PLANT AND EQUIPMENT**		---------- (Rupees in '000)	--------
	Operating fixed assets	17.1	**96,123,746**	77,304,894
	Capital work-in-progress	17.3	**1,561,877**	1,041,050
			97,685,623	78,345,944

17.1 Operating fixed assets

	2022									
	Freehold land*	Leasehold land*	Buildings on freehold land*	Buildings on leasehold land*	Plant and machinery	Furniture and fixtures	Office equipment	Electronic data processing equipment	Motor vehicles	Total
	(Rupees in '000)									
As at July 01, 2021										
Cost / revalued amount	16,024,946	55,717,637	2,012,854	5,164,639	1,252,559	52,814	246,655	2,511,552	703,467	83,687,123
Accumulated depreciation	-	(1,900,124)	(229,647)	(582,030)	(865,219)	(44,531)	(210,030)	(2,221,632)	(329,016)	(6,382,229)
Net book value	16,024,946	53,817,513	1,783,207	4,582,609	387,340	8,283	36,625	289,920	374,451	77,304,894
Year ended June 30, 2022										
Opening net book value	16,024,946	53,817,513	1,783,207	4,582,609	387,340	8,283	36,625	289,920	374,451	77,304,894
Additions	-	-	-	-	-	962	23,015	240,510	92,283	356,770
Transfers from capital work in progress	-	-	78,835	46,032	316,336	-	-	195	-	441,398
	-	-	78,835	46,032	316,336	962	23,015	240,705	92,283	798,168
Revaluation during the year	3,560,605	10,782,144	405,799	1,031,215	-	-	-	-	-	15,779,763
Reversal due to revaluation	-	2,844,587	345,566	877,934	-	-	-	-	-	4,068,087
	3,560,605	13,626,731	751,365	1,909,149	-	-	-	-	-	19,847,850
Disposals										
Cost	-	-	-	-	(43,375)	-	(2,756)	(34,866)	(84,868)	(165,865)
Accumulated depreciation	-	-	-	-	21,270	-	2,756	34,671	62,586	121,283
	-	-	-	-	(22,105)	-	-	(195)	(22,282)	(44,582)
Less: depreciation charge	-	944,463	115,919	295,904	90,302	1,778	14,364	192,304	127,550	1,782,584
Net book value	19,585,551	66,499,781	2,497,488	6,241,886	591,269	7,467	45,276	338,126	316,902	96,123,746
As at June 30, 2022										
Cost / revalued amount	19,585,551	66,499,781	2,497,488	6,241,886	1,525,520	53,776	266,914	2,717,391	710,882	100,099,189
Less: accumulated depreciation	-	-	-	-	934,251	46,309	221,638	2,379,265	393,980	3,975,443
Net book value	**19,585,551**	**66,499,781**	**2,497,488**	**6,241,886**	**591,269**	**7,467**	**45,276**	**338,126**	**316,902**	**96,123,746**
Useful life / rate of depreciation	-	90-99 years	20 years	20 years	10%	10%	20%	33.33%	20%	

	2021									
	Freehold land*	Leasehold land*	Buildings on freehold land*	Buildings on leasehold land*	Plant and machinery	Furniture and fixtures	Office equipment	Electronic data processing equipment	Motor vehicles	Total
	(Rupees in '000)									
As at July 01, 2020										
Cost / revalued amount	15,909,395	55,717,637	1,990,579	5,108,055	1,223,067	51,777	235,130	2,355,595	621,420	83,212,655
Accumulated depreciation	-	(954,871)	(115,064)	(288,740)	(776,241)	(42,699)	(197,333)	(2,084,849)	(300,262)	(4,760,059)
Net book value	15,909,395	54,762,766	1,875,515	4,819,315	446,826	9,078	37,797	270,746	321,158	78,452,596
Year ended June 30, 2021										
Opening net book value	15,909,395	54,762,766	1,875,515	4,819,315	446,826	9,078	37,797	270,746	321,158	78,452,596
Additions	115,551	-	1,257	-	5,598	1,037	12,242	179,641	182,239	497,565
Transfers from capital work in progress	-	-	21,018	56,584	23,894	-	-	-	-	101,496
	115,551	-	22,275	56,584	29,492	1,037	12,242	179,641	182,239	599,061
Disposals										
Cost	-	-	-	-	-	-	(717)	(23,684)	(100,192)	(124,593)
Accumulated depreciation	-	-	-	-	-	-	717	20,273	82,403	103,393
	-	-	-	-	-	-	-	(3,411)	(17,789)	(21,200)
Less: depreciation charge	-	945,253	114,583	293,290	88,978	1,832	13,414	157,056	111,157	1,725,563
Net book value	16,024,946	53,817,513	1,783,207	4,582,609	387,340	8,283	36,625	289,920	374,451	77,304,894
As at June 30, 2021										
Cost / revalued amount	16,024,946	55,717,637	2,012,854	5,164,639	1,252,559	52,814	246,655	2,511,552	703,467	83,687,123
Less: accumulated depreciation	-	1,900,124	229,647	582,030	865,219	44,531	210,030	2,221,632	329,016	6,382,229
Net book value	16,024,946	53,817,513	1,783,207	4,582,609	387,340	8,283	36,625	289,920	374,451	77,304,894
Useful life / rate of depreciation	-	90-99 years	20 years	20 years	10%	10%	20%	33.33%	20%	

* These represents revalued assets

17.2 Land and Buildings of the Bank are carried at revalued amount. The latest revaluation was carried out on June 30, 2022 by an independent valuer i.e. M/S M.J.Surveyors (Private) limited which resulted in a surplus of Rs. 19,848 million. The revaluation was carried out based on the market value assessment being the fair value of the land and buildings. Had there been no revaluation, the carrying value of the revalued assets would have been as follows:

	Note	2022	2021
		------------ (Rupees in '000) ----------	
Freehold land		**39,205**	39,205
Leasehold land		**174,236**	176,058
Buildings on freehold land		**343,532**	380,616
Buildings on leasehold land		**503,104**	752,976
		1,060,077	1,348,855

17.3 Capital work-in-progress

	Note	2022	2021
Leasehold land		**449**	-
Buildings on freehold land		**705,489**	252,684
Buildings on leasehold land		**304,904**	271,567
Office equipment		**-**	43,568
Electronic data processing equipment		**-**	195
Plant and machinery		**551,035**	473,036
		1,561,877	**1,041,050**

18 INTANGIBLE ASSETS

	Note	2022	2021
Software	18.1	**132,922**	69,873
Capital work-in-progress		**36,815**	28,314
		169,737	98,187

18.1 Intangible assets

	Note	2022	2021
Cost		**1,056,401**	997,575
Accumulated amortisation		**(986,528)**	(894,297)
Opening net book value		**69,873**	103,278
Additions during the year		**115,594**	58,826
Disposals during the year		**-**	-
Amortisation charge during the year	41	**(52,545)**	(92,231)
Closing net book value		**132,922**	69,873
Cost		**1,171,995**	1,056,401
Accumulated amortisation		**(1,039,073)**	(986,528)
Closing net book value		**132,922**	69,873
Useful life		**3 years**	3 years

19 OTHER ASSETS

	Note	2022	2021
Commission receivable and others	19.1	**7,478,224**	4,212,023
Unrealised gain on local currency derivatives		**1,524,781**	16,438,901
Other advances, deposits and prepayments	19.2	**28,173,479**	9,324,246
		37,176,484	29,975,170

19.1 These represent commission income receivable from Federal Government on the issuance of the Government securities. Government securities involves market treasury bills, management of public debts, prize bonds and national saving certificates, draft / payments orders etc.

19.2 This includes Rs. 82.888 million (2021: Rs. 50.095 million) receivable from SBP banking services corporation (a subsidiary) in lieu of training obtained from the institute which is not part of the current account with SBP banking services corporation.

		Note	2022	2021
20	**BANKNOTES IN CIRCULATION**		**------------(Rupees in '000)-----------**	
	Total banknotes issued	20.1	**7,992,738,413**	7,279,009,617
	Banknotes held with the banking department	7	**(146,313)**	(149,598)
	Notes in circulation		**7,992,592,100**	7,278,860,019

20.1 The liability for banknotes issued by the issue department is recorded at its face value in the unconsolidated balance sheet. In accordance with section 32 of SBP Act 1956, the liabilities of issue department shall be an amount equal to total of the amount of the bank notes for the time being in circulation.In accordance with section 26 (1) of the SBP Act 1956, this iabilitity of issue department is supported by the following assets of the issue department.

	Note	2022	2021
		------------(Rupees in '000)-----------	
Gold reserves held by the Bank	6	**773,637,405**	577,356,238
Local currency - coins	7	**406,368**	417,574
Foreign currency accounts and investments	8	**720,620,610**	1,034,070,392
Special drawing rights of the International Monetary Fund	10	**41,041,920**	-
Securities purchased under agreement to resell	12	**1,000,000,000**	-
Investments - local	13	**5,442,215,787**	5,655,896,964
Assets held with the Reserve Bank of India	15	**14,816,323**	11,268,449
		7,992,738,413	7,279,009,617

21 CURRENT ACCOUNTS OF GOVERNMENT

21.1 Current accounts of governments - payable balances

	Note	2022	2021
Federal Government	21.3	**955,500,282**	909,557,319
Provincial governments			
- Punjab	21.4	**440,226,153**	207,526,221
- Sindh	21.5	**93,959,090**	74,033,535
- Khyber Pakhtunkhwa	21.6	**1,607,602**	31,830,135
- Balochistan	21.7	**18,472,576**	39,604,640
Government of Azad Jammu and Kashmir	21.8	**14,770,496**	12,368,089
Gilgit - Baltistan Administration Authority	21.9	**22,646,049**	20,566,495
		591,681,966	385,929,115
		1,547,182,248	1,295,486,434

21.2 Current accounts of governments - receivable balance-net

	Note	2022	2021
Railways account	21.10	**-**	33,793,930

21.3 Federal Government

	2022	2021
Non-food account	**940,571,122**	888,797,230
Zakat fund accounts	**10,817,584**	6,190,294
Other accounts	**4,111,576**	14,569,795
	955,500,282	909,557,319

21.4 Provincial Government - Punjab

	2022	2021
Non-food account	**437,985,054**	197,273,388
Zakat fund account	**173,564**	422,545
Other accounts	**2,067,535**	9,830,288
	440,226,153	207,526,221

21.5 Provincial Government - Sindh

	2022	2021
Non-food account	**84,084,986**	68,353,578
Zakat fund account	**3,785,510**	3,134,220
Other accounts	**6,088,594**	2,545,737
	93,959,090	74,033,535

21.6	Provincial Government - Khyber Pakhtunkhwa	2022	2021
		-------------(Rupees in '000)-----------	
	Non-food account	**683,751**	23,431,227
	Zakat fund account	**355,629**	8,109,074
	Other accounts	**568,222**	289,834
		1,607,602	31,830,135

21.7	**Provincial Government - Balochistan**		
	Non-food account	**16,279,369**	36,886,295
	Zakat fund account	**1,920,593**	2,297,977
	Other accounts	**272,614**	420,368
		18,472,576	39,604,640
21.8	**Government of Azad Jammu and Kashmir**	**14,770,496**	12,368,089
21.9	**Gilgit - Baltistan Administration Authority**	**22,646,049**	20,566,495

21.10 These balances carry mark-up at the rate of Nil (2021: 6.95% to 7.63% per annum).

22 PAYABLE UNDER BILATERAL CURRENCY SWAP AGREEMENT

A bilateral currency swap agreement (CSA) was entered between the Bank and the People's Bank of China (PBoC) on December 2011 in order to promote bilateral trade, finance direct investment, provide short term liquidity support and for any other purpose mutually agreed between the two central banks. The original agreement was renewed on December 23, 2014 for a period of three years with overall limit of CNY 10,000 million and an equivalent PKR. The bilateral CSA had been further extended on 2018 for a period of three years, with amount increased from CNY 10,000 million to CNY 20,000 million and an equivalent PKR. The Bank had purchased and utilised CNY 20,000 million against PKR as at June 30, 2020, with the maturity buckets of three months to 1 year. During the year ended June, 30 2021, the overall limit of CNY 20,000 million was further extended to CNY 30,000 million for a period of three years against an equivalent PKR with the maturity buckets of three months to 1 year. Interest is charged on outstanding balance at agreed rates.

23	DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS	Note	2022	2021
			-------------(Rupees in '000)-----------	
	Foreign currency			
	Scheduled banks		**47,822,269**	37,511,130
	Held under cash reserve requirement	23.1	**218,822,674**	197,280,327
			266,644,943	234,791,457
	Local currency			
	Scheduled banks	23.1	**965,255,118**	1,073,141,877
	Financial institutions		**22,863,028**	19,503,643
	Others		**91,054**	88,354
			988,209,200	1,092,733,874
			1,254,854,143	1,327,525,331

23.1 This includes cash deposited with the State Bank of Pakistan by scheduled banks under regulatory requirements.

24	OTHER DEPOSITS AND ACCOUNTS	Note	2022	2021
			-------------(Rupees in '000)-----------	
	Foreign currency			
	Foreign central banks		**92,539,864**	70,925,695
	International organisations		**466,392,799**	357,838,470
	Others		**18,451,182**	13,384,118
		24.1 & 24.2	**577,383,845**	442,148,283
	Local currency			
	Special debt repayment	24.3	**24,243,841**	24,243,841
	Government	24.4	**17,850,348**	17,850,348
	Foreign central banks		**38**	1,725
	International organisations		**5,796,658**	6,006,609
	Others *		**112,157,672**	138,802,321
			160,048,557	186,904,844
			737,432,402	629,053,127

* This includes deposit account of the Corporation maintained by the Bank amounting to Rs. 2,801 million (2021: Nil).

24.1 This includes FCY deposits equivalent to Rs. 819,387 million (based on exchange rate as of June 30, 2022) (2021: Rs. 630,174 million (based on exchange rate as of June 30, 2021)), carrying interest at twelve month LIBOR + 1.00% (2021: LIBOR + 1.00%), payable semi-annually. These deposits have been set off against the Rupee counterpart receivable from the Federal Government and have been covered under Ministry of Finance (MoF) Guarantee whereby the MoF has agreed to assume all liabilities and risks arising from these deposits.

24.2 The interest rate profile of the interest bearing deposits is as follows:

	2022	2021
	(% per annum)	
Foreign central banks	**0.32 to 2.09**	0.32 to 0.55
International organisations	**1.89 to 3.00**	1.96 to 3.00

24.3 These are interest free and represent amounts kept in separate special accounts to meet forthcoming foreign currency debt repayment obligations of the Government of Pakistan.

24.4 These represent rupee counterpart of the foreign currency loan disbursements received from various international financial institutions on behalf of the Federal Government and credited to separate deposit accounts in accordance with the instructions of the GoP.

25 PAYABLE TO THE INTERNATIONAL MONETARY FUND

	Note	**2022**	2021
		------------(Rupees in '000)-----------	
Borrowings under:			
- fund facilities	25.1 & 25.3	**553,852,803**	622,012,301
- allocation of SDRs	25.2	**797,405,943**	223,346,298
		1,351,258,746	845,358,599
Current account for administrative charges		**62**	52
		1,351,258,808	845,358,651

25.1 The IMF provides financing to its member countries from general resources account (GRA) held in its general department. GRA credit is normally governed by the IMF's general lending policies (also known as credit tranche policies), which provide financing for balance of payments (BoP) and budgetary support needs.

Under GRA financing, the IMF granted Extended fund facility (EFF) amounting to SDR 4,393 million in FY 2013-14, having repayment period of 4½ – 10 years, with repayments in twelve equal semi-annual instalments. A total amount of SDR 4,393 million has been disbursed under twelve tranches of EFF. The repayment under this facility started from March 2018 and will continue till September 2026. Repayments made during the year amounted to SDR 732 million (2021: SDR 756 million) in 24 different tranches (2021: 24 tranches).

25.2 During the year, IMF has increased a general allocation of all member countries with the objective to support them in meeting their need for reserves, built confidence and to bring stability in global economy. The Bank (as fiscal agent of GOP) received an allocation amounting to SDRs 1,946.6 million from the Fund. A charge is levied by the IMF on SDR allocation of the Bank at weekly interest rate applicable on daily product of SDR. The SDRs received above have been on-lent to the GoP as disclosed in note 14.4 to these unconsolidated financial statements.

25.3 Interest profile of amount payable to the IMF is as under:

	Note	**2022**	2021
		(% per annum) in SDR	
Fund facilities	25.3.1	**1.05 to 1.89**	1.05 to 1.13

25.3.1 The IMF levies a basic rate of interest (charges) on loans based on SDR interest rate and imposes surcharges depending on the amount and maturity of the loan and the level of credit outstanding. Interest rates are determined by the IMF on weekly basis. Charges are, however, payable on quarterly basis.

26 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

This represents collateralised borrowing made from financial institutions under repurchase arrangement carrying a mark-up ranging from 12.75% to 13.65% per annum (2021: 6.95%) and is due to mature on July 4, 2022 (2021: July 2, 2021).

		Note	2022	2021
27	**OTHER LIABILITIES**		-------------(Rupees in '000)-----------	
	Provision against overdue mark-up	27.1	**13,852,731**	12,833,396
	Special reserve provision under FIIP		**11,644,025**	10,794,159
	Remittance clearance account		**2,396,952**	2,251,010
	Exchange loss payable under exchange risk coverage scheme		**751,108**	437,703
	Dividend payable	27.2	**-**	10,000
	Unrealised loss on local currency derivative		**50,172,618**	4,007,806
	Other accruals and provisions	27.3	**38,087,085**	36,325,226
	Others		**17,095,436**	8,411,711
			133,999,955	75,071,011

27.1 This represents suspended mark-up which is recoverable from the Government of Bangladesh (former East Pakistan) subject to the final settlement between the governments of Pakistan and Bangladesh.

27.2 This represents dividend payable on shares held by the Government of Pakistan and government controlled entities amounting to Nil (2021: Rs. 10 million).

		Note	2022	2021
			-------------(Rupees in '000)-----------	
27.3	**Other accruals and provisions**			
	Agency commission		**11,045,673**	13,971,245
	Provision for employees' compensated absences	41.8.9	**6,671,612**	5,910,610
	Provision for other doubtful assets	27.3.1	**16,398,780**	12,850,914
	Other provisions	27.3.2	**2,862,037**	2,862,034
	Others		**1,108,983**	730,423
			38,087,085	36,325,226
27.3.1	**Provision for other doubtful assets**			
	Provision against assets held with / receivable from the Government of India and the Reserve Bank of India			
	- issue department		**14,816,323**	11,268,457
	- banking department		**40,483**	40,483
			14,856,806	11,308,940
	Provision against assets receivable from the Government of Bangladesh			
	- issue department		**-**	-
	- banking department	27.4	**1,541,974**	1,541,974
			1,541,974	1,541,974
		27.3.1.1	**16,398,780**	12,850,914
27.3.1.1	**Movement of provisions for other doubtful assets**			
	Opening balance		**12,850,914**	13,525,632
	Charge / (reversal of charge) during the year		**376,377**	(24,621)
	Appreciation / (diminution) relating to gold reserves held by the Reserve Bank of India	15	**3,171,489**	(650,097)
	Closing balance		**16,398,780**	12,850,914

27.3.2 This represent provision against home remittance amounting to Rs. 260.363 million (2021: Rs. 260.363 million), specific claims pertaining to provision made against claims under arbitration amounting to Rs. 1,600 million (2021: Rs. 1,600 million) and other provision made in respect of various litigations and claims against the Bank amounting to Rs. 1,001.67 million (2021: Rs. 1,001.67 million).

27.4 This includes provision maintained against balances due from the Government of Bangladesh amounting to Rs. 778.399 million (2021: Rs. 778.399 million).

28 DEFERRED LIABILITY - UNFUNDED STAFF RETIREMENT BENEFITS

	Note	2022	2021
		------------(Rupees in '000)-----------	
Pension fund		**26,333,625**	25,087,199
Gratuity scheme		**142,218**	121,599
Benevolent fund scheme		**283,929**	330,714
Post retirement medical benefits		**11,953,320**	10,151,736
Income Continuation Plan		**1,189,879**	-
Six months post retirement facility		**966,983**	801,551
	41.8.3	**40,869,954**	36,492,799
Provident fund scheme		**187,938**	204,687
		41,057,892	36,697,486

29 SHARE CAPITAL

2022	2021		2022	2021
------(Number of shares)-----			------------(Rupees in '000)-----------	
Issued, subscribed and paid-up capital				
1,000,000,000	1,000,000	Fully paid-up ordinary shares of Rs. 100 each	**100,000,000**	100,000
Authorised share capital				
5,000,000,000	1,000,000	Ordinary shares of Rs. 100 each	**500,000,000**	100,000

29.1 The shares of the Bank are held by the Government of Pakistan and certain Government controlled entities except for 200 shares held by the Central Bank of India (held by Deputy Custodian Enemy Property, Banking Policy and Regulations Department, State Bank of Pakistan) and 500 shares held by the State of Hyderabad.

29.2 As per section 4(2) of State Bank of Pakistan Act, 1956, paid-up capital of the Bank shall be Rs 100,000 million with effect from January 28, 2022, divided into 1,000 million shares of Rs 100 each, which shall be made up through issuance of bonus shares by capitalising of profits or general reserve or through subscription of shares in cash by the Federal Government. During the year, the Board of Directors in their meeting held on March 21, 2022 has approved above capitalisation through transfer of amount from reserve for building up of share capital, rural credit fund, industrial credit fund, export credit fund, loans guarantee fund, housing credit fund and reserve fund' to share capital amounting to Rs 99,900 million.

30 RESERVES

30.1 General reserve

This includes appropriations made out of the annual profits of the State Bank of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956. During the year, the Board of Directors has approved appropriation of Rs. 147.296 billion to general reserve (2021: Rs 93.604 billion to reserve fund). Furthermore, the Board in its meeting held on March 21, 2022 has also approved the transfer of Rs.93.600 billion to the Government of Pakistan.

30.2 The reserves for acquisition of PSPC

This represents reserves against the Bank's exposure in PSPC.

30.3 Other funds

This represents appropriations made out of the annual profits of the Bank in accordance with the provisions of the State Bank of Pakistan Act, 1956.

31 UNREALISED APPRECIATION ON GOLD RESERVES HELD BY THE BANK

	Note	2022	2021
		------------(Rupees in '000)-----------	
Opening balance		**572,779,945**	613,003,558
Appreciation / (diminution) for the year due to revaluation	6	**196,281,167**	(40,223,613)
Closing balance		**769,061,112**	572,779,945

		Note	2022	2021
32	**CONTINGENCIES AND COMMITMENTS**		**------------(Rupees in '000)-----------**	

32.1 Contingencies

	Note	2022	2021
a) Contingent liability in respect of guarantees given on behalf of:			
Federal Government	32.1.1	**8,120,792**	9,424,007
Federal Government owned / controlled bodies and authorities		**6,235,750**	6,308,328
		14,356,542	15,732,335
b) Other claims against the Bank not acknowledged as debts	32.1.2	**577,086**	15,363

c) In addition to the above claims, there are several other lawsuits / investigations filed by various parties as a result of the regulatory actions / investigations taken by the Bank in its capacity as regulator and banker to the government, which the Bank is currently contesting in various courts of laws / forums. The management of the Bank believes that the Bank has reasonable position in respect of these litigations and accordingly no provision has been made in these unconsolidated financial statements.

32.1.1 Above guarantees are secured by counter guarantees from the Government of Pakistan.

32.1.2 These represent various claims filed against the Bank's role as a regulator and certain other cases.

		Note	2022	2021
			------------(Rupees in '000)-----------	
32.2	**Commitments**			
32.2.1	Foreign currency forward and swap contracts - sale		**871,788,635**	865,057,133
32.2.2	Foreign currency forward and swap contracts - purchase		**281,736,616**	98,341,540
32.2.3	Futures - sale		**22,878,077**	14,096,256
32.2.4	Futures - purchase		**10,540,096**	13,678,234
32.2.5	Capital commitments	33.2.5.1	**1,333,436**	1,233,359

33.2.5.1 This represent amounts committed by the Bank to purchase assets from successful bidders.

32.2.6 The Bank has a commitment to extend equivalent PKR of CNY 30,000 million (Rs. 917,991 million) (2021: PKR of CNY 30,000 million (Rs. 731,730 million)) to People's Bank of China under bilateral currency swap agreement as disclosed in note 22 to these unconsolidated financial statements.

		Note	2022	2021
			------------(Rupees in '000)-----------	
33	**DISCOUNT, INTEREST / MARK-UP AND / OR PROFIT EARNED ON FINANCIAL ASSETS**			
	At amortised cost			
	Discount, interest / mark-up on government transactions:			
	- Federal Government securities		**671,226,311**	636,848,808
	- Federal Government scrips		**82,200**	82,200
	- Loans and advances to and current accounts of governments	33.1	**5,940,785**	160,968
	Securities purchased under agreement to resale		**262,780,990**	90,251,465
	Interest income on preference shares		**4,219,707**	4,224,427
	Return on loans and advances to financial institutions		**21,587,905**	17,891,910
	Foreign currency deposits		**10,176,679**	5,520,016
	Others		**4,523**	249,555
			976,019,100	755,229,349
	At Fair value through profit or loss			
	Foreign currency securities		**15,764,901**	12,790,878

			2022	2021
			(% per annum)	
33.1	Interest profile on loans and advances to facilities are as under:			
	Mark-up on facility		**7.53 to 11.05**	6.95 to 7.63
	Additional mark-up (where ways and means facility limit is exceeded)		**4**	4

		Note	2022	2021
34	**INTEREST / MARK-UP EXPENSE**		------------(Rupees in '000)-----------	
	Deposits		**12,227,538**	16,511,666
	Interest on bilateral currency swap		**36,325,168**	26,106,579
	Interest on special drawing rights		**7,506,717**	7,832,939
	Securities sold under agreement to repurchase		**2,954,745**	692,576
	Profit on Sukuks purchased under Bai Muajjal agreement		**-**	1,379,185
	Charges on allocation of special drawing rights of the IMF		**1,580,638**	170,572
			60,594,806	52,693,517
35	**COMMISSION INCOME**			
	Market treasury bills	35.1	**3,041,829**	2,631,619
	Management of public debts	35.1	**3,079,218**	2,049,433
	Prize bonds and national saving certificates	35.1	**567,267**	560,242
	Draft / payment orders		**1,205**	3,395
	Others		**75**	64
			6,689,594	5,244,753

35.1 These represent commission income earned from services provided to the Federal Government.

		Note	2022	2021
36	**EXCHANGE (LOSS) / GAIN - NET**		------------ (Rupees in '000) ----------	
	(Loss) / Gain on:			
	- Foreign currency placements, deposits, securities and other accounts - net		**39,930,353**	107,397,198
	- IMF fund facilities		**-114,990,336**	21,336,916
	- Special drawing rights of the IMF		**13,242,063**	6,615,053
			(61,817,920)	135,349,167
37	**OTHER OPERATING (LOSS) / GAIN - NET**			
	Penalties levied on banks and financial institutions		**3,549,211**	2,063,128
	License / credit information bureau fee recovered		**1,143,402**	1,103,429
	(Loss) / gain on disposal of investments - net:			
	- local - at fair value through profit or loss		**-**	-
	- foreign - at fair value through profit or loss		**-1,992,045**	1,214,874
			(1,992,045)	1,214,874
	Loss on remeasurement of securities at fair value through profit or loss		**(12,304,358)**	-2,454,774
	Others		**220,058**	272,246
			(9,383,732)	2,198,903
38	**OTHER INCOME - NET**			
	(Loss) / gain on disposal of property, plant and equipment		**(807)**	805
	Liabilities and provisions written back - net		**4,999,731**	31,027
	Grant income under foreign assistance program		**82,618**	58,870
	Income from subsidiary	38.1	**-**	50,474
	Others		**118,229**	256,133
			5,199,771	397,309

38.1 This represents income of a subsidiary - SBP Banking Services Corporation transferred to the Bank in accordance with the arrangements mentioned in note 41.6 to these unconsolidated financial statements.

39 BANKNOTES' PRINTING CHARGES

Banknotes printing charges are paid to Pakistan Security Printing Corporation (Private) Limited (a wholly owned subsidiary of the Bank) at agreed rates under specific arrangements.

40 AGENCY COMMISSION

Agency commission is mainly payable to National Bank of Pakistan (NBP) under an agreement for providing banking services to Federal and Provincial Governments as an agent of the Bank. Furthermore, certain portion of the agency commission also pertains to Bank of Punjab (BOP), which was appointed as agent of the Bank in March 2016, to collect Government of Punjab's taxes and receipts.

41 GENERAL ADMINISTRATIVE AND OTHER EXPENSES

	Note	2022	2021
		------------ (Rupees in '000) ----------	
Salaries and other benefits		**6,323,639**	4,663,944
Charge against retirement benefits and employees' compensated absences	41.1 & 41.8.4	**6,787,413**	4,726,027
Rent and taxes		**25,432**	57,821
Insurance expenses		**81,201**	56,014
Electricity, gas and water expenses		**88,793**	73,434
Depreciation expense	17.1	**1,782,584**	1,725,563
Amortisation expense	18.1	**52,545**	92,231
Repairs and maintenance expenses		**597,079**	465,067
Auditors' remuneration	41.7	**12,970**	11,718
Legal and professional charges		**79,973**	54,839
Fund managers / custodian expenses		**669,838**	310,172
Travelling expenses		**80,860**	46,902
Daily expenses		**45,968**	31,037
Postages, telegram / telex and telephone		**237,672**	223,586
Training expenses	41.2	**336,789**	306,278
Stationery expenses		**21,706**	28,300
Books and newspapers charges		**46,234**	42,795
Advertisement expenses		**7,773**	7,199
Board committee expenses		**9,646**	8,944
Recruitment charges		**22,798**	11,589
Others		**209,998**	204,918
		17,520,911	13,148,378
Expenses allocated by:			
SBP Banking Services Corporation - a subsidiary	41.3	**-**	7,067,545
		-	7,067,545
Expenses reimbursed to:			
SBP Banking Services Corporation - a subsidiary	41.5	**15,193,847**	8,282,727
		15,193,847	8,282,727
		32,714,758	28,498,650

41.1 This includes an amount relating to defined contribution plan aggregating Rs. 396.8 million (2021: Rs. 340.83 million) and employees compensated absences amounting to Rs. 1,022.195 million (2021: Rs. 740.606 million).

41.2 This includes Rs 331.995 million (2021: Rs 300.373 million) relating to the Institute (a wholly owned subsidiary of the Bank) representing reimbursement of training expenses relating to employees of the Bank.

41.3	Expenses allocated by SBP Banking Services Corporation - a subsidiary	2022	2021
		(Rupees in '000)	
	Retirement benefits and employees' compensated absences	-	6,702,850
	Depreciation	-	364,648
	(Reversal of credit loss) / credit loss allowance	-	47
		-	7,067,545

41.4 During the current year, the Bank has entered into a new arrangement with the Corporation whereby all the expenses will be reimbursed to the Corporation subject to the limit as more fully explained in note 41.6 to these unconsolidated financial statements. Moreover, the profit earned by the Corporation will be transferred / paid to the Bank subject to approval of the Board of Directors of the Corporation. Previously, under the mutually agreed arrangements, all expenses were reimbursed to the Corporation except for depreciation expense, charge related to retirement benefits and employees' compensated absences and expected credit losses, which were allocated to the Bank. Moreover, the profit of the Corporation was also transferred to the Bank.

41.5	Expenses reimbursable to SBP Banking Services Corporation - a subsidiary	Note	2022	2021
			(Rupees in '000)	
	Salaries and other benefits		6,876,462	5,949,884
	Rent and taxes		57,079	56,128
	Insurance expenses		42,764	25,707
	Electricity, gas and water expenses		578,521	418,655
	Repairs and maintenance expenses		425,827	414,298
	Auditors' remuneration	41.7	12,970	11,718
	Legal and professional charges		27,639	9,048
	Travelling expenses		24,516	10,702
	Daily expenses		46,383	28,652
	Passages, rent and recreation allowance		337,656	291,162
	Fuel charges		8,561	5,376
	Conveyance charges		23,745	19,260
	Postage and telephone expenses		20,826	21,028
	Training expenses		33,824	6,181
	Remittance of treasure		224,349	216,223
	Stationery expenses		33,576	29,764
	Books and newspapers charges		2,910	2,415
	Advertisement expenses		11,110	10,811
	Bank guards' charges		238,297	230,218
	Uniforms		39,612	32,626
	Expenses to be reimbursed to the Institute		82,888	130,639
	Depreciation expenses		545,105	-
	Charge against retirement benefits and employees' compensated absences		8,642,677	-
	Others		434,131	362,232
			18,771,428	8,282,727
	Less: limitation on reimbursement of expenses	41.5.1	3,577,581	-
	Net reimbursable from State Bank of Pakistan		15,193,847	8,282,727

41.5.1	Limitation on reimbursement of expenses			
	Interest income from investments funding the deferred liabilities (a)		3,577,581	-
	Interest cost related to defined benefit plans (b)		5,535,982	-
	Lower of (a) or (b)	41.5.1.1	3,577,581	-

41.5.1.1 The amount adjusted from the unconsolidated profit and loss account is based on lower of interest cost in respect of defined benefit schemes and interest income from investments as explained in note 41.6 to these unconsolidated financial statements.

41.6 SBP Banking Services Corporation (the Corporation), a wholly owned subsidiary of the Bank, carries out certain functions and activities principally relating to public dealing on behalf of the Bank and incurs administrative costs in this respect.

During the year, the Corporation has entered into an arrangement with the Bank namely 'Enhanced Financial Transparency of the SBP and BSC Financial statements' which among other amendments include following amendments pertaining to reimbursement of expenses and distribution and retention of profit of the Corporation:

i) Reimbursement of the expenses from SBP computed as below:

   All expenses disclosed in the Profit and Loss account of the Corporation and experience adjustments related to financial and demographic assumptions disclosed in the Statement of Comprehensive Income of the Corporation after deducting an amount which is lower of:

   a) Interest cost included in the Profit and Loss account related to the defined benefit schemes; or
   b) Interest income from investments funding the deferred liabilities.

ii) The distribution and retention of the Corporation's profit subject to the approval of the Board of Directors from time to time.

The impact of all above amendments have been made in the financial statements of the Bank with effect from July 1, 2021.

41.7 Auditors' remuneration

	2022			2021		
	KPMG Taseer Hadi & Co	**A. F. Ferguson & Co.**	**Total**	KPMG Taseer Hadi & Co	A. F. Ferguson & Co.	Total
	----- (Rupees in '000) -----					
State Bank of Pakistan						
Audit fee	**5,146**	**5,146**	**10,292**	4,649	4,649	9,298
Out of pocket expenses	**859**	**859**	**1,718**	776	776	1,552
Sindh Sales Tax on services	**480**	**480**	**960**	434	434	868
	6,485	**6,485**	**12,970**	5,859	5,859	11,718
SBP Banking Services Corporation						
Audit fee	**4,287**	**4,287**	**8,574**	3,873	3,873	7,746
Out of pocket expenses	**1,718**	**1,718**	**3,436**	1,552	1,552	3,104
Sindh Sales Tax on services	**480**	**480**	**960**	434	434	868
	6,485	**6,485**	**12,970**	5,859	5,859	11,718
	12,970	**12,970**	**25,940**	11,718	11,718	23,436

41.8 Staff retirement benefits

41.8.1 During the year the actuarial valuations of the defined benefit obligations were carried out under the projected unit credit method using the following significant assumptions:

	2022	2021
- discount rate for year end obligation	**13.25% p.a**	10.00% p.a
- salary increase rate	**18% p.a**	14.75% p.a
- pension indexation rate	**11.25% p.a**	8.00% p.a
- medical cost increase rate	**13.25% p.a**	10.00% p.a
- petrol price increase rate (where applicable)	**18% p.a**	14.75% p.a
- personnel turnover	**6.65% p.a**	4.36% p.a
- normal retirement age	**60 Years**	60 Years

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with 1 year setback.

41.8.2 Through its defined benefit plan, the Bank is exposed to a number of risks, the most significant of which are detailed below:

Discount rate risk

The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.

Salary increase / inflation risk

The risk that the actual salary increase is higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Pension Increase

The risk that the actual pension increase is higher than the expected, where benefits are being paid in form of monthly pension, is likely to have an impact on liability.

Mortality risk

The risk that the actual mortality experience is lower than that of expected i.e. the actual life expectancy is longer from assumed.

Withdrawal risk

The risk of actual withdrawals experience may differ from that assumed in the circulation.

41.8.3 Change in present value of defined benefit obligation

	2022						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Present value of defined benefit obligation July 1, 2021	25,087,199	121,599	10,151,736	330,714	801,551	-	36,492,799
Current service cost	309,622	7,665	185,468	4,979	50,215	1,298,931	1,856,880
Interest cost on defined benefit obligation	2,390,661	11,715	984,603	30,439	77,806	-	3,495,224
Past service cost	-	-	-	-	28,475	-	28,475
	2,700,283	19,380	1,170,071	35,418	156,496	1,298,931	5,380,579
Benefits paid	(2,361,187)	(8,890)	(611,404)	(52,642)	(46,984)	(109,052)	(3,190,159)
Liability transferred to SBP Banking Service Corporation - a subsidiary	-	-	-	-	-	-	-
Remeasurements:							
actuarial (gains) / losses from changes in financial assumptions	179,573	663	1,705,504	(52,448)	55,920	-	1,889,212
experience adjustments	727,757	9,466	(462,587)	22,887	-	-	297,523
	907,330	10,129	1,242,917	(29,561)	55,920	-	2,186,735
Present value of defined benefit obligation as on June 30, 2022	26,333,625	142,218	11,953,320	283,929	966,983	1,189,879	40,869,954

	2021					
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Total
	(Rupees in '000)					
Present value of defined benefit obligation July 01, 2020	23,868,103	90,324	9,506,824	393,081	694,630	34,552,962
Current service cost	309,085	13,127	204,749	5,181	43,985	576,127
Interest cost on defined benefit obligation	2,113,269	8,344	848,883	34,566	63,398	3,068,460
	2,422,354	21,471	1,053,632	39,747	107,383	3,644,587
Benefits paid	(2,043,900)	(232)	(659,429)	(38,781)	(18,494)	(2,760,836)
Liability transferred to SBP Banking Service Corporation - a subsidiary	(26,019)	-	(7,450)	(472)	(985)	(34,926)
Remeasurements:						
actuarial (gains) / losses from changes in financial assumptions	-	-	-	-	-	-
experience adjustments	866,661	10,036	258,159	(62,861)	19,017	1,091,012
	866,661	10,036	258,159	(62,861)	19,017	1,091,012
Present value of defined benefit obligation as on June 30, 2021	25,087,199	121,599	10,151,736	330,714	801,551	36,492,799

41.8.3.1 The break-up of remeasurements recognised during the period in the unconsolidated statement of comprehensive income are as follows:

Remeasurements recognised in the unconsolidated statement of comprehensive income

	2022						
	Pension	**Gratuity scheme**	**Post retirement medical benefits**	**Benevolent fund scheme**	**Six months post retirement facility**	**Income Continuation Plan**	**Total**
	(Rupees in '000)						
- Actuarial gains / (losses) from changes in financial assumptions	**(179,573)**	**(663)**	**(1,705,504)**	**52,448**	**(55,920)**	**-**	**(1,889,212)**
- Experience adjustments	**(727,757)**	**(9,466)**	**462,587**	**(22,887)**	**-**	**-**	**(297,523)**
	(907,330)	**(10,129)**	**(1,242,917)**	**29,561**	**(55,920)**	**-**	**(2,186,735)**
Reimbursed to SBP Banking Services Corporation - a subsidiary*	**(423,241)**	**(2,283)**	**(7,008,675)**	**85,531**	**(34,097)**	**-**	**(7,382,765)**

	2021					
	Pension fund	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement benefits	Total
	(Rupees in '000)					
- Actuarial gains / (losses) from changes in financial assumptions	-	-	-	-	-	-
- Experience adjustments	(866,661)	(10,036)	(258,159)	62,861	(19,017)	(1,091,012)
	(866,661)	(10,036)	(258,159)	62,861	(19,017)	(1,091,012)
Reimbursed to SBP Banking Services Corporation - a subsidiary*	(2,693,359)	(532)	356,406	56,762	(61,766)	(2,342,489)

*Under mutually agreed arrangements, the amount has been reimbursed by the State Bank of Pakistan.

41.8.4 Amount recognised in the unconsolidated profit and loss account

	2022						
	Pension	**Gratuity scheme**	**Post retirement medical benefits**	**Benevolent fund scheme**	**Six months post retirement facility**	**Income Continuation Plan**	**Total**
	(Rupees in '000)						
Current service cost	**309,622**	**7,665**	**185,468**	**4,979**	**50,215**	**1,298,931**	**1,856,880**
Past service cost	**-**	**-**	**-**	**-**	**28,475**	**-**	**28,475**
Interest cost on defined benefit obligation	**2,390,661**	**11,715**	**984,603**	**30,439**	**77,806**	**-**	**3,495,224**
	2,700,283	**19,380**	**1,170,071**	**35,418**	**156,496**	**1,298,931**	**5,380,579**

	2021					
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Total
	(Rupees in '000)					
Current service cost	309,085	13,127	204,749	5,181	43,985	576,127
Interest cost on defined benefit obligation	2,113,269	8,344	848,883	34,566	63,398	3,068,460
Contribution made by employees	-	-	-	(3,521)	-	(3,521)
	2,422,354	21,471	1,053,632	39,747	107,383	3,644,587

41.8.5 Movement of present value of defined benefit obligation

	2022						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Net recognised liabilities at July 1, 2021	**25,087,199**	**121,599**	**10,151,736**	**330,714**	**801,551**	**-**	**36,492,799**
Amount recognised in the unconsolidated profit and loss account	**2,700,283**	**19,380**	**1,170,071**	**35,418**	**156,496**	**1,298,931**	**5,380,579**
Remeasurements	**907,330**	**10,129**	**1,242,917**	**(29,561)**	**55,920**	**-**	**2,186,735**
Benefits paid during the year	**(2,361,187)**	**(8,890)**	**(611,404)**	**(52,642)**	**(46,984)**	**(109,052)**	**(3,190,159)**
Liability Transferred to SBP Banking Service Corporation - a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net recognised liabilities at June 30, 2022	**26,333,625**	**142,218**	**11,953,320**	**283,929**	**966,983**	**1,189,879**	**40,869,954**

	2021					
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Total
	(Rupees in '000)					
Net recognised liabilities at July 1, 2020	23,868,103	90,324	9,506,824	393,081	694,630	34,552,962
Amount recognised in the unconsolidated profit and loss account	2,422,354	21,471	1,053,632	39,747	107,383	3,644,587
Remeasurements	866,661	10,036	258,159	(62,861)	19,017	1,091,012
Benefits paid during the year	(2,043,900)	(232)	(659,429)	(38,781)	(18,494)	(2,760,836)
Liability Transferred to SBP Banking Service Corporation - a subsidiary	(26,019)	-	(7,450)	(472)	(985)	(34,926)
Employees contribution / amount transferred	-	-	-	-	-	-
Net recognised liabilities at June 30, 2021	25,087,199	121,599	10,151,736	330,714	801,551	36,492,799

41.8.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation - increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Pension			
Discount rate	1%	(1,721,939)	1,982,965
Future salary increase	1%	420,140	(394,697)
Future pension increase	1%	3,448,279	(1,418,351)
Expected mortality rates	1 Year	941,101	(850,006)
Gratuity			
Discount rate	1%	(10,659)	11,940
Future salary increase	1%	12,044	(10,949)
Post retirement medicalbenefit scheme			
Discount rate	1%	(1,239,081)	1,474,948
Future Post-Retirement medical cost increase	1%	1,440,022	(1,175,945)
Expected mortality rates	1 Year	503,696	(451,556)
Benevolent			
Discount rate	1%	(12,880)	14,241
Six months post retirement facility			
Discount rate	1%	(61,889)	68,981
Future salary increase	1%	70,131	(64,105)
Income Continuation Plan			
Discount Rate	1%	(88,898)	101,545
Future Salary Increase	1%	80,095	(72,071)
Expected mortality rates	1 Year	100,052	(100,719)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability of all schemes recognised within the unconsolidated balance sheet.

41.8.7 Duration of defined benefit obligation

	Pension	Gratuity scheme	Post retirement medical benefit	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan
Weighted average duration of the defined benefit obligation	**7 Years**	**8 Years**	**11 Years**	**5 Years**	**7 Years**	**8 Years**

41.8.8 Estimated expenses to be charged to the unconsolidated profit and loss account for the year ending June 30, 2023

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2023 would be as follows:

	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Current service cost	**342,125**	**9,574**	**209,343**	**3,677**	**60,474**	**-**	**625,193**
Interest cost on defined benefit obligation	**3,489,205**	**18,797**	**1,583,825**	**35,189**	**120,600**	**131,165**	**5,378,781**
Amount chargeable to the unconsolidated profit and loss account	**3,831,330**	**28,371**	**1,793,168**	**38,866**	**181,074**	**131,165**	**6,003,974**

41.8.9 Employees' compensated absences

The Bank's liability for employees' compensated absences determined through an actuarial valuation carried out under the Projected unit credit method amounted to Rs. 6,671.612 million (2021: Rs. 5,910.610 million). An amount of Rs. 1,022.195 million (2021: Rs. 740.606 million) has been charged to the unconsolidated profit and loss account in the current period based on the actuarial advice. Expected charge in respect of the scheme for the year ending June 30, 2023 would be Rs. 1,396.470 million. The benefits paid during the year amounted to Rs. 261.193 million (2021: Rs. 143.162 million). In case of 1% increase / decrease in discount rate the net charge for the year would decrease / increase by Rs. 382.713 million and Rs. 426.938 million respectively and the net liability would also be affected by the same amount. In case of 1% increase / decrease in salary rate the net charge for the year would increase / decrease by Rs. 437.795 million and Rs. 400.142 million respectively and the net liability would also be affected by the same amount. The weighted average duration for the liability against employee's compensated absences is 6 years.

42 CHARGE / (REVERSAL) FOR CREDIT LOSS ALLOWANCE ON FINANCIAL INSTRUMENTS - NET

The following table reconciles the expected credit losses allowance for the year ended June 30, 2022 by classes of financial instruments:

	2022					
	Foreign currency accounts and investments (note 8)	Investments - local (note 13)	Loans, advances and bills of exchange (note 14)	Current accounts of governments	Securities purchased under agreement to resell (note 12)	Total
	(Rupees in '000)					
As at July 1, 2021	16,561	39,478	2,144,762	-	6	**2,200,807**
(Reversal) / charge during the year	(12,396)	-	5,556	-	8,726	**1,886**
As at June 30, 2022	**4,165**	**39,478**	**2,150,318**	**-**	**8,732**	**2,202,693**

	2021					
	Foreign currency accounts and investments (note 8)	Investments - Local (note 13)	Loans, advances and bills of exchange (note 14)	Current accounts of governments	Securities purchased under agreement to resell (note 12)	Total
	(Rupees in '000)					
As at July 1, 2020	88	78,953	2,185,759	-	7	2,264,807
Charge / (reversal) during the year	16,473	(39,475)	(40,997)	-	(1)	(64,000)
As at June 30, 2021	16,561	39,478	2,144,762	-	6	2,200,807

		Note	2022	2021
			------------ (Rupees in '000) ----------	
43	**PROFIT FOR THE YEAR AFTER NON-CASH ITEMS AND OTHER ITEMS**			
	Profit for the year		**746,051,313**	757,020,965
	Adjustments for:			
	Depreciation	17.1 & 41.5	**2,327,689**	2,090,211
	Amortisation	18.1	**52,545**	92,231
	Reversal of credit loss allowance		**4,569,087**	(24,525)
	Provision / (reversal) for / write-off:			
	- retirement benefits and employees' compensated absences	41 & 41.5	**15,430,090**	11,428,877
	- other doubtful assets	27.3.1.1	**376,377**	(24,621)
	Loss / (gain) on disposal of property, plant and equipment	38	**807**	(805)
	Loss / (gain) on disposal of financial assets		**1,991,238**	(1,214,874)
	Gain on remeasurement of securities		**12,298,228**	2,455,602
	Dividend income		**(632,500)**	(500,000)
	Effect of exchange loss / (gain) on assets and liabilities		**61,817,920**	(135,349,167)
			844,282,794	635,973,894
44	**CASH AND CASH EQUIVALENTS**			
	Local currency - coins	7	**406,368**	417,574
	Foreign currency accounts and investments having maturity of less than 3 months	8	**1,985,439,538**	2,254,903,258
	Earmarked foreign currency balances	9	**24,050,690**	20,707,899
	Special Drawing Rights of the International Monetary Fund	10	**43,460,776**	60,771,006
			2,053,357,372	2,336,799,737

45 RELATED PARTY TRANSACTIONS

The Bank enters into transactions with related parties in its normal course of business. Related parties include the Federal Government as major shareholder of the Bank, Provincial Governments, Government of Azad Jammu and Kashmir, Gilgit-Baltistan Administration Authority, government controlled enterprises / entities, retirement benefit plans, directors and key management personnel of the Bank.

		2022	2021
		------------ Rupees in '000 ------------	
45.1	**National Institute of Banking and Finance (Guarantee) Limited (the institute)**		
	Balances at the year end		
	Current account with the Institute	**197,142**	202,002
	Transactions during the year		
	Training expense	**414,883**	431,012
	Payments made during the year	**419,743**	(415,617)
45.2	**Pakistan Security Printing Corporation (Private) Limited**		
	Balances at the year end		
	Payable against printing charges	**289,379**	237,871
	Receivable against salaries	**16,867**	29,857
	Transactions during the year		
	Banknotes printing charges	**19,094,830**	18,573,224
	Payment made against printing charges	**19,030,332**	20,147,207

45.3 Governments and related entities

The Bank is acting as an agent of the Federal Government and is responsible for functions conferred upon as disclosed in note 1 to these unconsolidated financial statements. Balances outstanding from and transactions with the Federal and Provincial Governments and related entities not disclosed elsewhere in the unconsolidated financial statements are given below:

Transactions during the year	**2022**	2021
	(Rupees in '000)	
- Creation of PIBs	**43,711,253**	-
- Retirement of PIBs	**569,000,000**	569,000,000
- IMF on-lent to Government of Pakistan (GoP)	**474,938,820**	-

- Commission income from sale of Market Treasury Bills, issuance of prize bonds, National Saving Certificates and management of public debt (refer note 36.1)

45.4 Remuneration of Governor, Deputy Governor, non- executive Directors and external members of Monetary Policy Committee (MPC)

In compliance with section 14A(7) of State Bank of Pakistan Act, 1956 the consolidated amount of remuneration of the Governor, Deputy Governors, fees of non-executive Directors and the external members of the Monetary Policy Committee are as follows:

	2022	2021
	(Rupees in '000)	
Salaries and other benefits of Governor and Deputy Governors	**154,995**	142,718
Fee of non-executive Directors	**6,295**	6,441
Fee of external members of MPC	**3,742**	2,864
	165,032	**152,023**

45.5 Remuneration to key management personnel

Key management personnel of the Bank include members of the Board of Directors of the Bank, Governor of the Bank, Deputy Governors of the Bank and other executives of the Bank who have responsibility for planning, directing and controlling the activities of the Bank. Fee of the non-executive members of the Board of Directors is determined by the Board. The Governor of the Bank is appointed by the President of Pakistan, whereas the Deputy Governors are appointed by the Federal Government. Further in accordance with section 14A of the State Bank of Pakistan Act, 1956 the remuneration of Governor, Deputy Governors is determined by the Board of Directors of the Bank. Details of remuneration of key management personnel of the Bank are as follows:

	2022	2021
	(Rupees in '000)	
Salaries and other benefits	751,313	614,015
Retirement benefits and employees' compensated absences	307,506	174,969
Loans disbursed during the year	108,772	74,768
Loans repaid during the year	173,847	115,298
Disposal of vehicle during the year	4,692	1,699
Directors' fees	10,037	9,305
Number of key management personnel	29	27

Salaries and other benefits include medical benefits and free use of the Bank maintained cars in accordance with their entitlements. Retirement benefits include gratuity, pension, benevolent fund, post retirement medical benefits, six months post retirement facility, income continuation plan and contributory provident funds.

45.6 Subsidiaries of the Bank

Material transactions with the subsidiaries have been disclosed in these unconsolidated financial statements in note 45.1 and 45.2. The subsidiaries of the Bank and their primary activities are given in note 1.3 to these unconsolidated financial statements.

45.7 Associated undertakings of the Bank

45.7.1 SICPA Inks Pakistan (Private) Limited (SICPA) - associated undertaking

SICPA is a joint venture of SICPA SA, Switzerland and PSPC, incorporated in 1995. The company operates a facility in Karachi for manufacturing security inks for printing of all denominations of currency notes and other value documents, such as, passports, postage stamps and stamp papers, etc.

45.7.2 Security Papers Limited (SPL) - associated undertaking

SPL is an associated company of PSPC. It was established in 1965. It became a joint venture company of Iran, Turkey and Pakistan in 1967, under the protocol of regional corporation of development (now economic corporation organization) in 1967. SPL is engaged in manufacturing of paper required by PSPC for printing banknotes, prize bonds, non-judicial stamp paper, share certificates and watermarked certificate / degree papers for various educational institutions of Pakistan.

46 RISK MANAGEMENT POLICIES

The Bank is primarily subject to interest / mark-up rate, credit, currency and liquidity risks. The policies and procedures for managing these risks are outlined in notes 46.1 to 46.7 to these unconsolidated financial statements. The Bank has designed and implemented a framework of controls to identify, monitor and manage these risks. The senior management is responsible for advising the Governor on the monitoring and management of these risks.

46.1 Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk in the Bank's portfolio is monitored, reviewed and analysed by the appropriate officials and the exposure is controlled through counterparty and credit limits. Counterparties are allocated to a particular class based mainly on their credit rating. Foreign currency placements are made in approved currencies and government securities. Loans and advances to scheduled banks and financial institutions are usually secured either by government guarantees or by demand promissory notes. Equity exposure based on their nature are not exposed to credit risk. Geographical exposures are controlled by country limits and are updated as and when necessary with all limits formally reviewed on a periodic basis. The Bank's exposure to credit risk associated with foreign investments is managed by monitoring compliance with investment limits for counterparties. The Bank's credit risk mainly lies with exposure towards government sector and financial institutions.

46.1.1 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the unconsolidated balance sheet.

46.1.2 Impairment assessment

The references below show where the Bank’s impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

46.1.2.1 Definition of default

The Bank defines a financial instrument as in default when the financial asset is credit - impaired and meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments are considered default by the Bank.

Qualitative criteria

- a breach of contract, such as default or past due event;
- the lenders of the counterparty have granted a concession to the counterparty for economic or contractual reasons;
- relating to the counterparty's financial difficulty that the lender would not otherwise consider;
- the likelihood or probability that the counterparty will enter bankruptcy or other financial reorganization; or
- the dissolution of an active market for that financial asset due to financial difficulties.

46.1.2.2 Credit rating and PD estimation process

The Bank's PD estimation process is based on the probability of default assigned to each counterparty according to their external credit ratings and the related historical credit losses experience, adjusted for forward-looking information.

Internal rating	**2022**	2021	External rating
	12 month PD	12 month PD	
Performing			
High grade	**0.0000%**	0.0000%	Sovereign
High grade	**0.0000%-0.0318%**	0.0000%-0.0318%	AAA
High grade	**0.0318%-0.0751%**	0.0318%-0.0751%	AA+ to AA-
High grade	**0.0751%-0.2334%**	0.0751%-0.2334%	A+ to A-
Standard grade	**0.2334%-0.5574%**	0.2334%-0.5574%	BBB+ to BBB-
Standard grade	**0.5574%-1.3393%**	0.5574%-1.3393%	BB+ to BB-
Standard grade	**1.3393%-3.3597%**	1.3393%-3.3597%	B+ to B-
Rating below standard	**3.3597%-9.6562%**	3.3597%-9.6562%	CCC+ to CCC-
Rating below standard	**9.6562%-100%**	9.6562%-100%	CC
Non performing			
Individually impaired	**100%**	100%	

46.1.2.3 Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a stage 1 financial instruments, the Bank assesses the possible default events within 12 months for the calculation of the 12 months ECL. For stage 2 and stage 3 the exposure at default is considered for events over the lifetime of the instruments. The Bank determines EAD by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios.

46.1.2.4 Loss given default

Loss given default represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

46.1.2.5 Significant increase in credit risk

The Bank considers a financial asset to have experienced a significant increase in credit risk when:

- credit rating falls below investment grade in case of investments made in financial assets, or
- the contractual payments are 30 days past due.

46.1.2.6 Collateral and other credit enhancements

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees and demand promissory notes. The collaterals held against financials assets of the Bank have been disclosed in their respective notes, where applicable.

46.1.3 Concentrations of risk

Concentration risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economic, political or other conditions. The Bank's significant concentrations arising from financial instruments at the reporting date without taking any collateral held or other credit enhancements is shown below:

46.1.3.1 Geographical analysis

	2022						
	Pakistan	**Asia (other than Pakistan)**	**America**	**Europe**	**Australia**	**Others**	**Grand total**
	---------- (Rupees in '000) ----------						
Financial assets							
Local currency - coins	406,368	-	-	-	-	-	**406,368**
Foreign currency accounts and investments	665	628,696,654	1,024,584,413	522,484,256	7,121	2,480,964	**2,178,254,073**
Earmarked foreign currency balances	24,050,690	-	-	-	-	-	**24,050,690**
Special drawing rights of International Monetary Fund	-	-	43,460,776	-	-	-	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	32,857	-	-	-	**32,857**
Securities purchased under agreement to resell	4,518,609,584	-	-	-	-	-	**4,518,609,584**
Investments - local	6,302,839,390	-	-	-	-	-	**6,302,839,390**
Loans, advances and bills of exchange	2,070,022,608	787,295	-	-	-	-	**2,070,809,903**
Assets held with the Reserve Bank of India	-	2,315,977	-	-	-	-	**2,315,977**
Balances due from the Governments of India and Bangladesh	-	15,107,201	-	-	-	-	**15,107,201**
Other assets	23,958,189	12,377,704	599,346	-	-	-	**36,935,239**
Total financial assets	12,939,887,494	659,284,831	1,068,677,392	522,484,256	7,121	2,480,964	**15,192,822,058**

	2021						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	---------- (Rupees in '000) ----------						
Financial assets							
Local currency - coins	417,574	-	-	-	-	-	417,574
Foreign currency accounts and investments	-	1,481,590,684	530,135,244	847,112,678	6,206	-	2,858,844,812
Earmarked foreign currency balance	20,707,900	-		-	-	-	20,707,900
Special drawing rights of International Monetary Fund	-	-	60,771,006	-	-	-	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	26,727	-	-	-	26,727
Securities purchased under agreement to resell	1,792,952,119	-		-	-	-	1,792,952,119
Current accounts of governments	33,793,930	-	-	-	-	-	33,793,930
Investments - local	6,848,676,199	-	-	-	-	-	6,848,676,199
Loans, advances and bills of exchange	1,179,957,105	4,549	-	-	-	-	1,179,961,654
Assets held with the Reserve Bank of India	-	1,939,592	-	-	-	-	1,939,592
Balances due from the Governments of India and Bangladesh	-	14,087,874	-	-	-	-	14,087,874
Other assets	20,402,251	9,115,950	5,122	-	-	-	29,523,323
Total financial assets	9,896,907,078	1,506,738,649	590,938,099	847,112,678	6,206	-	12,841,702,710

The geographical analysis is based on composition of financial assets in the specific continents other than for Pakistan which has been disclosed separately. All continents having significant composition have been presented separately while the remaining have been clubbed under "Others".

46.1.3.2 Industrial analysis

	2022						
	Sovereign	**Supra-national**	**Public sector entities**	**Corporate**	**Banks & financial institutions**	**Others**	**Grand total**
	(Rupees in '000)						
Financial assets							
Local currency - coins	406,368	-	-	-	-	-	**406,368**
Foreign currency accounts and investments	765,774,539	523,686,416	-	-	888,793,118	-	**2,178,254,073**
Earmarked foreign currency balances	24,050,690	-	-	-	-	-	**24,050,690**
Special drawing rights of International Monetary Fund	-	43,460,776	-	-	-	-	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	32,857	-	-	-	-	**32,857**
Securities purchased under agreement to resell	11,925,391	-	-	-	4,506,684,193	-	**4,518,609,584**
Investments - local	6,145,051,645	-	106,659,082	-	51,128,663	-	**6,302,839,390**
Loans, advances and bills of exchange	539,503,400	-	159,992,571	-	1,356,621,959	14,691,973	**2,070,809,903**
Assets held with the Reserve Bank of India	2,315,977	-	-	-	-	-	**2,315,977**
Balances Due From The Governments Of India and Bangladesh (Former East Pakistan)	15,107,201	-	-	-	-	-	**15,107,201**
Other assets	33,247,854	402,192	273,187	-	2,392,465	619,541	**36,935,239**
Total financial assets	**7,537,383,065**	**567,582,241**	**266,924,840**	**-**	**6,805,620,398**	**15,311,514**	**15,192,822,058**

	2021						
	Sovereign	Supra-national	Public sector entities	Corporate	Banks & financial institutions	Others	Grand total
	(Rupees in '000)						
Financial assets							
Local currency - coins	417,574	-	-	-	-	-	417,574
Foreign currency accounts and investments	1,240,905,022	659,293,707	-	-	958,646,083	-	2,858,844,812
Earmarked foreign currency balance	20,707,900	-	-	-	-	-	20,707,900
Special drawing rights of International Monetary Fund	-	60,771,006	-	-	-	-	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	-	26,727	-	-	-	-	26,727
Securities purchased under agreement to resell	-	-	55,373,353	-	1,737,578,766	-	1,792,952,119
Current accounts of governments	33,793,930	-	-	-	-	-	33,793,930
Investments - local	6,679,188,550	-	121,248,991	-	48,238,658	-	6,848,676,199
Loans, advances and bills of exchange	4,549	-	122,628,133	-	1,043,397,674	13,931,298	1,179,961,654
Assets held with the Reserve Bank of India	1,939,592	-	-	-	-	-	1,939,592
Balances due from the Governments of India and Bangladesh	14,087,874	-	-	-	-	-	14,087,874
Other assets	11,732,516	5,122	66,745	-	17,486,469	232,471	29,523,323
Total financial assets	8,002,777,507	720,096,562	299,317,222	-	3,805,347,650	14,163,769	12,841,702,710

46.1.4 CREDIT EXPOSURE BY CREDIT RATING

The credit quality of financial assets is managed by the Bank using external credit ratings. The table below shows the credit quality by class of assets for all financial assets that are neither past due nor impaired as at the reporting date and are exposed to credit risk, based on the rating of external rating agencies. The Bank uses lower of the credit rating of Moody's, Standard & Poor's and Fitch to categorise its financial assets in foreign currency accounts and investments. For domestic financial assets credit rating of VIS and PACRA are used.

	2022							
	Sovereign (46.3.1)	**AAA**	**AA**	**A**	**BBB**	**Lower than BBB**	**Unrated**	**Grand Total**
	--(Rupees in 000')--							
Financial assets								
Local currency - coins	406,368	-	-	-	-	-	-	**406,368**
Foreign currency accounts and investments	765,774,539	85,789,187	534,009,054	792,097,390	40	-	583,863	**2,178,254,073**
Earmarked foreign currency balance	24,050,690	-	-	-	-	-	-	**24,050,690**
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	43,460,776	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	32,857	**32,857**
Securities purchased under agreement to resell	11,925,391	3,070,396,767	885,051,575	380,552,183	147,696,176	-	22,987,492	**4,518,609,584**
Current accounts of governments	-	-	-	-	-	-	-	**-**
Investments - local	6,145,051,645	104,398,759	39,478	2,260,323	51,089,185	-	-	**6,302,839,390**
Loans, advances and bills of exchange	539,503,400	335,813,959	1,036,063,424	13,067,422	123,198,986	-	23,162,712	**2,070,809,903**
Assets held with the Reserve Bank of India	-	-	-	-	2,315,977	-	-	**2,315,977**
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	15,066,748	-	**15,107,201**
Other assets	33,247,854	869,614	1,033,470	1,698,297	-	-	86,004	**36,935,239**
Total financial assets	**7,519,959,887**	**3,597,268,286**	**2,456,197,001**	**1,189,675,615**	**324,340,817**	**15,066,748**	**90,313,704**	**15,192,822,058**

	2021							
	Sovereign (46.3.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	--(Rupees in 000')--							
Financial assets								
Local currency - coins	417,574	-	-	-	-	-	-	417,574
Foreign currency accounts and investments	817,417,290	711,324,703	534,009,055	794,972,705	40	-	1,121,019	2,858,844,812
Earmarked foreign currency balance	20,707,900	-	-	-	-	-	-	20,707,900
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	60,771,006	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	26,727	26,727
Securities purchased under agreement to resell	-	458,638,765	1,173,120,210	158,354,424	-	-	2,838,720	1,792,952,119
Current accounts of governments	33,793,930	-	-	-	-	-	-	33,793,930
Investments - local	6,679,188,550	162,587,151	4,911,501	1,988,997	-	-	-	6,848,676,199
Loans, advances and bills of exchange	-	335,813,959	807,975,738	13,160,083	-	-	23,011,874	1,179,961,654
Assets held with the Reserve Bank of India	-	-	-	-	1,939,592	-	-	1,939,592
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	14,047,421	-	14,087,874
Other assets	11,732,516	669,614	6,601,115	9,179,159	-	-	1,340,919	29,523,323
Total financial assets	7,563,257,760	1,669,034,192	2,526,617,619	977,655,368	1,980,085	14,047,421	89,110,265	12,841,702,710

46.1.4.1 Government securities and balances, pertaining to Pakistan, are rated as sovereign. The international rating of Pakistan is B- (as per Standards & Poor's).

46.1.4.2 The collateral held as security against financial assets to cover the credit risk are disclosed in the respective notes.

46.2 LIQUIDITY ANALYSIS WITH INTEREST / MARK-UP RATE RISK

46.2.1 Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. The Bank has adopted appropriate policies to minimise its exposure to this risk.

	2022						
	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Financial assets	(Rupees in '000)						
Non-derivative assets:							
Local currency - coins	-	-	-	406,368	-	406,368	**406,368**
Foreign currency accounts and investments	1,411,025,716	-	1,411,025,716		1,491,490	1,491,490	**1,412,517,206**
Earmarked foreign currency balance	-	-	-	24,050,690	-	24,050,690	**24,050,690**
Special drawing rights of International Monetary Fund	43,460,776	-	43,460,776	-	-	-	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	32,857	-	32,857	**32,857**
Securities purchased under agreement to resell	4,518,609,584	-	4,518,609,584		-	-	**4,518,609,584**
Investments - local	310,000,000	(255,146,315)	54,853,685	-	102,934,061	102,934,061	**157,787,746**
Loans, advances and bills of exchange	856,500,661	1,090,770,988	1,947,271,649	104,133,790	19,404,464	123,538,254	**2,070,809,903**
Assets held with the Reserve Bank of India	-	-	-	2,315,977	-	2,315,977	**2,315,977**
Balances due from the Governments of India and Bangladesh	-	-	-	15,107,201	-	15,107,201	**15,107,201**
Other assets	27,055,308	-	27,055,308	(24,892,704)	-	(24,892,704)	**2,162,604**
	7,166,652,045	835,624,673	8,002,276,718	121,154,179	123,830,015	244,984,194	**8,247,260,912**
Derivative assets							
Foreign currency accounts and investments - net	-	-	-	(41,837)	-	(41,837)	**(41,837)**
Other assets	-	-	-	1,524,781	-	1,524,781	**1,524,781**
	-	-	-	1,482,944	-	1,482,944	**1,482,944**
Grand total	**7,166,652,045**	**835,624,673**	**8,002,276,718**	**122,637,123**	**123,830,015**	**246,467,138**	**8,248,743,856**
Financial liabilities							
Banknotes in circulation	-	-	-	7,992,592,100	-	7,992,592,100	**7,992,592,100**
Bills payable	-	-	-	1,251,297	-	1,251,297	**1,251,297**
Current accounts of the governments*	-	-	-	1,547,182,248		1,547,182,248	**1,547,182,248**
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	10,511,671	-	10,511,671	**10,511,671**
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	-	-	-	197,142	-	197,142	**197,142**
Payable under bilateral currency swaps agreements	917,991,000	-	917,991,000	8,923,096	-	8,923,096	**926,914,096**
Deposits of banks and financial institutions	1,146,062,845	-	1,146,062,845	108,791,298	-	108,791,298	**1,254,854,143**
Other deposits and accounts	553,086,090	-	553,086,090	184,346,312	-	184,346,312	**737,432,402**
Payable to the International Monetary Fund	198,687,837	1,150,002,883	1,348,690,720	2,568,088	-	2,568,088	**1,351,258,808**
Securities sold under agreement to repurchase	530,000,000	-	530,000,000	194,205	-	194,205	**530,194,205**
Other liabilities	-	11,644,025	11,644,025	63,838,830	-	63,838,830	**75,482,855**
	3,345,827,771	1,161,646,908	4,507,474,679	9,920,396,288	-	9,920,396,288	**14,427,870,967**
Derivative liabilities							
Other liabilities		-	-	50,172,618	-	50,172,618	**50,172,618**
	3,345,827,771	1,161,646,908	4,507,474,679	9,970,568,906	-	9,970,568,906	**14,478,043,585**
On balance sheet gap (a)	**3,820,824,274**	**(326,022,235)**	**3,494,802,039**	**(9,847,931,783)**	**123,830,015**	**(9,724,101,768)**	**(6,229,299,729)**
Foreign currency forward and swap contracts - sale	-	-	-	871,788,635	-	871,788,635	**871,788,635**
Foreign currency forward and swap contracts - purchase	-	-	-	281,736,616	-	281,736,616	**281,736,616**
Futures - sale	-	-	-	22,878,077	-	22,878,077	**22,878,077**
Futures - purchase	-	-	-	10,540,096	-	10,540,096	**10,540,096**
Capital commitments	-	-	-	1,333,436	-	1,333,436	**1,333,436**
Contingent liabilities in respect of guarantees given	-	-	-	-	14,356,542	14,356,542	**14,356,542**
Off balance sheet gap (b)	-	-	-	1,188,276,860	14,356,542	1,202,633,402	**1,202,633,402**
Total yield / interest risk sensitivity gap (a+b)	**3,820,824,274**	**(326,022,235)**	**3,494,802,039**	**(11,036,208,643)**	**109,473,473**	**(10,926,735,170)**	**(7,431,933,131)**
Cumulative yield / interest risk sensitivity gap	**3,820,824,274**	**3,494,802,039**	**6,989,604,078**				

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

* The Bank has the contractual right and intention to offset these balances against their respective non-interest bearing deposit balances. Mark-up on these balances is charged only when these balances are in debit

	2021						
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Grand total
	(Rupees in '000)						
Financial assets							
Non-derivative assets:							
Local currency - coins	-	-	-	417,574	-	417,574	**417,574**
Foreign currency accounts and investments	1,733,758,096	125,159,778	1,858,917,874	999,223,627	353,434	999,577,061	**2,858,494,935**
Earmarked foreign currency balance	-	-	-	20,707,900	-	20,707,900	**20,707,900**
Special drawing rights of International Monetary Fund	60,771,006	-	60,771,006	-	-	-	**60,771,006**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	26,727	-	26,727	**26,727**
Securities purchased under agreement to resell	1,790,871,426	-	1,790,871,426	2,080,693	-	2,080,693	**1,792,952,119**
Current accounts of governments	33,793,930	-	33,793,930	-	-	-	**33,793,930**
Investments - local	569,000,000	6,164,867,664	6,733,867,664	-	114,808,535	114,808,535	**6,848,676,199**
Loans, advances and bills of exchange	500,375,614	334,610,680	834,986,294	263,623,385	81,351,975	344,975,360	**1,179,961,654**
Assets held with the Reserve Bank of India	-	-	-	1,939,592	-	1,939,592	**1,939,592**
Balances due from the Governments of India and Bangladesh	-	-	-	14,087,874	-	14,087,874	**14,087,874**
Other assets	-	-	-	13,069,224	-	13,069,224	**13,069,224**
	4,688,570,072	6,624,638,122	11,313,208,194	1,315,176,596	196,513,944	1,511,690,540	**12,824,898,734**
Derivative assets							
Foreign currency accounts and investments - net	-	-	-	362,728	(12,851)	349,877	**349,877**
Other assets	-	-	-	467,045	-	467,045	**467,045**
	-	-	-	829,773	(12,851)	816,922	**816,922**
Grand total	**4,688,570,072**	**6,624,638,122**	**11,313,208,194**	**1,316,006,369**	**196,501,093**	**1,512,507,462**	12,825,715,656
Financial liabilities							
Banknotes in circulation	-	-	-	7,278,860,019	-	7,278,860,019	**7,278,860,019**
Bills payable	-	-	-	1,795,764	-	1,795,764	**1,795,764**
Current accounts of the governments*	-	-	-	1,295,486,434		1,295,486,434	**1,295,486,434**
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	51,241,327	-	51,241,327	**51,241,327**
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	-	-	-	202,002	-	202,002	**202,002**
Payable to Islamic banking institutions against Bai Muajjal transactions	-	-	-	-	-	-	**-**
Payable under bilateral currency swaps agreements	731,730,000	-	731,730,000	16,764,053	-	16,764,053	**748,494,053**
Deposits of banks and financial institutions	121,524,435	-	121,524,435	1,206,000,896	-	1,206,000,896	**1,327,525,331**
Other deposits and accounts	425,604,697	-	425,604,697	203,448,430	-	203,448,430	**629,053,127**
Payable to the International Monetary Fund	157,560,118	686,639,654	844,199,772	1,158,879	-	1,158,879	**845,358,651**
Other liabilities	-	10,794,160	10,794,160	28,425,919	-	28,425,919	**39,220,079**
	1,436,419,250	697,433,814	2,133,853,064	10,083,383,723	-	10,083,383,723	**12,217,236,787**
Derivative liabilities							
Other liabilities	-	-	-	22,298,736	-	22,298,736	**22,298,736**
	1,436,419,250	697,433,814	2,133,853,064	10,105,682,459	-	10,105,682,459	**12,239,535,523**
On balance sheet gap (a)	**3,252,150,822**	**5,927,204,308**	**9,179,355,130**	**(8,789,676,090)**	**196,501,093**	**(8,593,174,997)**	586,180,133
Foreign currency forward and swap contracts - sale	-	-	-	865,057,133	-	865,057,133	**865,057,133**
Foreign currency forward and swap contracts - purchase	-	-	-	98,341,540	-	98,341,540	**98,341,540**
Futures - sale	-	-	-	14,096,256	-	14,096,256	**14,096,256**
Futures - purchase	-	-	-	13,678,234	-	13,678,234	**13,678,234**
Capital commitments	-	-	-	1,233,359	-	1,233,359	**1,233,359**
Contingent liabilities in respect of guarantees given	-	-	-	-	15,732,335	15,732,335	**15,732,335**
Off balance sheet gap (b)	-	-	-	992,406,522	15,732,335	1,008,138,857	**1,008,138,857**
Total yield / interest risk sensitivity gap (a+b)	**7,195,542,015**	**834,980,487**	**8,030,522,502**	**(9,090,813,805)**	**59,633,275**	**(9,031,180,530)**	**(979,048,036)**
Cumulative yield / interest risk sensitivity gap	**7,195,542,015**	**8,030,522,502**	**16,061,045,004**				

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

* The Bank has the contractual right and intention to offset these balances against their respective non-interest bearing deposit balances. Mark-up on these balances is charged only when these balances are in debit.

46.2.2 The effective interest / mark-up rate for the monetary financial assets and liabilities are mentioned in their respective notes to the unconsolidated financial statements.

46.3 Interest rate risk

46.3.1 Cash flow interest rate risk

Cash flow interest rate risk is the risk of loss arising from changes in variable interest rates. The sensitivity analysis below have been determined based on the exposure to interest rates for floating rate assets and liabilities. The analysis is prepared assuming the amount of average assets and liabilities outstanding at the reporting date.

If interest rates had been 10 basis points higher / lower and all other variables were held constant, the Bank's profit for the year ended June 30, 2022 would increase / decrease by Rs.10,406 million (2021: Rs.9,179 million). This is mainly attributable to the Bank's exposure to interest rates on its variable rate instruments.

46.3.2 Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Bank is exposed to fair value interest rate risk on its debt securities, classified as financial assets at fair value through profit or loss and financial asset at fair value through other comprehensive income. To manage its fair value interest rate risk arising from investments in these securities, the management adopts practices mentioned in note 46.7 to these unconsolidated financial statements.

As at June 30, 2022, a 10 basis points shift in market value, mainly as a result of change in interest rates with all other variables held constant, would result in profit for the year to increase by Rs. 604,933 million (2021: Rs. 1,024.176 million) or decrease by Rs. 604,933 million (2021: Rs. 1,024.176 million) mainly as a result of a increase or decrease in the fair value of financial assets classified as financial asset at fair value through profit or loss.

46.4 Currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency activities result mainly from the Bank's holding of foreign currency assets under its foreign reserves management function and the overall level of these assets is determined based on the prevailing extent of credit and liquidity risks. In order to avoid losses arising from adverse changes in the rates of exchange, the Bank's compliance with the limits established for foreign currency positions is being regularly monitored by the management.

The Bank also holds from time to time, foreign currency assets and liabilities that arise from the implementation of domestic monetary policies. Any foreign currency exposure relating to these implementation activities are hedged through the use of foreign currency forwards, swaps and other transactions.

The Bank also enters into forward foreign exchange contracts with the commercial banks and financial institutions to hedge against the currency risk on foreign currency transactions.

The sensitivity analysis calculates the effect of reasonably possible movement of the currency rate against Pak Rupee, with all other variables held constant, on the unconsolidated profit and loss account and equity. If the Rupee had weakened / strengthened 1 percent against the principal currencies to which the Bank had significant exposure as at June 30, 2022 with all other variables constant profit for the year would have been Rs. 8,763.991 million higher / lower (2021: Rs.6,913.696 million). Net foreign currency exposure of the Bank is as follows:

	2022	2021
	---------- (Rupees in '000)	**---------**
US Dollar	**(359,581,061)**	779,444,523
Pound Sterling	**(109,382,337)**	(67,777,983)
Chinese Yuan	**74,200,063**	298,159,124
Euro	**(398,927,431)**	(260,716,491)
Japanese Yen	**(85,458,470)**	(58,202,274)
United Arab Emirates Dirham	**133,822**	90,450
Australian Dollar	**-**	6,607
Canadian Dollar	**3,913**	5,418
Others	**2,612,369**	360,221
	(876,399,132)	691,369,595

Net exposure in Special Drawing Rights (SDR) is allocated to its five basket currencies i.e. the US dollar, the Euro, the Chinese Yuan, the Japanese Yen and the British pound sterling in the ratio of their percentage allocated by IMF for SDR basket.

The composition of the Bank's financial instruments and the correlation thereof to different variables is expected to change over time. Accordingly, the sensitivity analysis is discussed in notes 46.4 and 46.5 prepared as of the reporting date are not necessarily indicative of the effects on the Bank's unconsolidated profit and loss of future movements in different variables.

46.5 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Bank is exposed to equity securities price risk because of investment in listed equity securities by the Bank classified as at fair value through other comprehensive income. The investments in equity securities are held as per the specific directives of the Government of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956 and other relevant statutes. Accordingly, price risk on listed equity securities can not be managed by the Bank.

In case of 5% increase or decrease in KSE 100 index on June 30, 2022, other comprehensive income would increase or decrease by Rs. 486.191 million (2021: Rs. 636.160 million) and equity of the Bank would increase or decrease by the same amount as a result of gains / (losses) on equity securities classified as fair value through OCI.

The analysis is based on the assumption that the equity index would increase or decrease by 5% with all other variables held constant and all the Bank’s equity instruments move according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index. The composition of the Bank's investment portfolio and the correlation thereof to the KSE index is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Bank's equity instruments of future movements in the level of KSE 100 index.

46.6 Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. In order to reduce the level of liquidity risk arising out of the local currency activities, the Bank manages the daily liquidity position of the banking system including advancing and withdrawal of funds from the system for smoothening out daily peaks and troughs.

The risk arising out of the Bank's obligations for foreign currency balances or deposits is managed through available reserves generated mainly from borrowings and open market operations. The maturity profile of Bank's financial assets and financial liabilities is given in note 46.2.1 to these unconsolidated financial statements.

46.7 Portfolio risk management

The Bank has appointed external managers to invest a part of the foreign exchange reserves in international fixed income securities. The external managers are selected after conducting a thorough due diligence by the Bank and externally hired investment consultants and appointed after the approval of the Board. The mandates awarded to the managers require them to outperform the benchmarks which are based on fixed income global aggregate indices. The benchmarks are customised to exclude certain securities, currencies and maturities to bring it to an acceptable level of risk and within the Bank's approved risk appetite. Managers are provided investment guidelines within which they have to generate excess returns over the benchmark. Safe custody of the portfolio is provided through carefully selected global custodian who is independent of the portfolio managers. The custodian also provides valuation, compliance, corporate actions and recovery and other value added services which are typically provided by such custodian. The valuations provided by the custodian are reconciled with the portfolio managers and recorded accordingly.

47 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction and is usually determined by the quoted market price. The following tables summarises the carrying amounts and fair values of financial assets and liabilities:

	Carrying value		Fair value	
	2022	2021	**2022**	2021
	---(Rupees in '000)---			
Financial assets				
Local currency - coins	**406,368**	417,574	**406,368**	417,574
Foreign currency accounts and investments	**1,412,475,369**	2,858,844,812	**1,412,475,369**	2,858,844,812
Earmarked foreign currency balances	**24,050,690**	20,707,900	**24,050,690**	20,707,900
Special drawing rights of the International Monetary Fund	**43,460,776**	60,771,006	**43,460,776**	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	**32,857**	26,727	**32,857**	26,727
Securities purchased under agreement to resell	**4,518,609,584**	1,792,952,119	**4,518,609,584**	1,792,952,119
Current accounts of governments	**-**	33,793,930	**-**	33,793,930
Investments - local	**157,787,746**	6,848,676,199	**6,235,126,474**	6,876,096,452
Loans, advances and bills of exchange	**2,070,809,903**	1,179,961,654	**2,070,809,903**	1,179,961,654
Assets held with the Reserve Bank of India	**2,315,977**	1,939,592	**2,315,977**	1,939,592
Balances due from the Governments of India and Bangladesh	**15,107,201**	14,087,874	**15,107,201**	14,087,874
Other assets	**3,687,385**	29,523,323	**3,687,385**	29,523,323
Financial liabilities				
Banknotes in circulation	**7,992,592,100**	7,278,860,019	**7,992,592,100**	7,278,860,019
Bills payable	**1,251,297**	1,795,764	**1,251,297**	1,795,764
Current accounts of Governments	**1,547,182,248**	1,295,486,434	**1,547,182,248**	1,295,486,434
Current account with SBP Banking Services Corporation - a subsidiary	**10,511,671**	51,241,327	**10,511,671**	51,241,327
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	**197,142**	202,002	**197,142**	202,002
Payable to Islamic banking institutions against Bai Muajjal transactions	**-**	-	**-**	-
Payable under bilateral currency swap agreement	**926,914,096**	748,494,053	**926,914,096**	748,494,053
Deposits of banks and financial institutions	**1,254,854,143**	1,327,525,331	**1,254,854,143**	1,327,525,331
Other deposits and accounts	**737,432,402**	629,053,127	**737,432,402**	629,053,127
Payable to the International Monetary Fund	**1,351,258,808**	845,358,651	**1,351,258,808**	845,358,651
Securities sold under agreement to repurchase	**530,194,205**	135,051,390	**530,194,205**	135,051,390
Other liabilities	**125,655,473**	43,227,885	**125,655,473**	43,227,885

47.1 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	---(Rupees in '000)---			
On balance sheet financial assets				
Foreign currency accounts and investments	-	604,890,961	-	**604,890,961**
Investments - local	44,715,689	-	58,218,372	**102,934,061**
Unrealised gain on local currency derivatives	-	1,524,781	-	**1,524,781**
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	94,824,706	**94,824,706**
Gold reserves held by the Bank	773,637,405	-	-	**773,637,405**
	818,353,094	**606,415,742**	**153,043,078**	**1,577,811,914**
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	**-**	**871,788,635**	**-**	**871,788,635**
Foreign currency forward and swap contracts - purchase	**-**	**281,736,616**	**-**	**281,736,616**
Futures - sale	**22,878,077**	**-**	**-**	**22,878,077**
Futures - purchase	**10,540,096**	**-**	**-**	**10,540,096**

	2021			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	(Rupees in '000)			
On balance sheet financial assets				
Foreign currency accounts and investments	-	1,024,599,142	-	1,024,599,142
Investments - local	58,506,359	-	56,302,176	114,808,535
Unrealised gain on local currency derivatives	-	16,438,901	-	16,438,901
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	76,208,275	76,208,275
Gold reserves held by the Bank	577,356,238	-	-	577,356,238
	661,730,772	535,928,075	77,366,991	1,275,025,838
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	-	877,089,431	-	877,089,431
Foreign currency forward and swap contracts - purchase	-	98,017,709	-	98,017,709
Futures - sale	14,182,045	-	-	14,182,045
Futures - purchase	13,671,650	-	-	13,671,650

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date when the event or change in circumstances require the Bank to exercise such transfers.

All financial assets and liabilities except the items disclosed above, have fair value equal to the carrying amount.

There were no transfers between levels 1 and 2 during the year.

47.2 Valuation techniques used in determination of fair values within level 2 and level 3

Item	Valuation approach and input used
Forward foreign exchange contract	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.
Operating fixed assets (land and building)	The fair value of land and building are derived using the sale comparison approach. The sales value is determined by physically analysing the condition of land and building and by ascertaining the current market value of similar land, which is selling in near vicinity. Moreover, for buildings, the valuer has also considered prevailing current cost of construction for relevant type of civil work carried out thereon, where ever required. Please refer note 17.2 highlighting the year of valuation and external valuer name.
Foreign currency debt securities	These are measured at fair value using the rates published by the valuation expert portals, such as, Bloomberg, S&P , Reuters etc.
Unquoted equity securities	The value of unquoted equity securities are determined by using the discounted cashflow method by using certain key assumptions regarding future business projection of these entities by using various key assumptions considering economic and market conditions. Key assumptions include growth rate for treasury and advances portfolios, mobilisation of advances, working capital requirements, raising of additional funds in the form of borrowings and mobilisation of deposits, capital retention, strategies for equity securities in the portfolio of these entities, return on funds deployed, discount rate and terminal growth rate etc.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Bank which are also on the panel of the Pakistan Banks' Association (PBA). The valuation experts use a market based approach to arrive at the fair value of the Bank's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

48 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2022			
	At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
	(Rupees in '000)			
Financial assets				
Local currency - coins	-	406,368	-	**406,368**
Foreign currency accounts and investments	604,890,961	1,573,363,112	-	**2,178,254,073**
Earmarked foreign currency balances	-	24,050,690	-	**24,050,690**
Special drawing rights of the International Monetary Fund	-	43,460,776	-	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	32,857	-	**32,857**
Securities purchased under agreement to resell	-	4,518,609,584	-	**4,518,609,584**
Investments - local	-	6,199,905,329	102,934,061	**6,302,839,390**
Loans, advances and bills of exchange	-	2,070,809,903	-	**2,070,809,903**
Assets held with the Reserve Bank of India	-	2,315,977	-	**2,315,977**
Balances due from the Governments of India and Bangladesh	-	15,107,201	-	**15,107,201**
Other assets	1,524,781	2,162,604	-	**3,687,385**

	2021			
	At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
	(Rupees in '000)			
Financial assets				
Local currency - coins	-	417,574	-	417,574
Foreign currency accounts and investments	1,024,599,142	1,834,245,670	-	2,858,844,812
Earmarked foreign currency balances	-	20,707,900	-	20,707,900
Special drawing rights of the International Monetary Fund	-	60,771,006	-	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	-	26,727	-	26,727
Securities purchased under agreement to resell	-	1,792,952,119	-	1,792,952,119
Current accounts of governments	-	33,793,930	-	33,793,930
Investments - local	-	6,733,867,664	114,808,535	6,848,676,199
Loans, advances and bills of exchange	-	1,179,961,654	-	1,179,961,654
Assets held with the Reserve Bank of India	-	1,939,592	-	1,939,592
Balances due from the Governments of India and Bangladesh	-	14,087,874	-	14,087,874
Other assets	16,438,901	13,084,422	-	29,523,323

	2022		
	Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial liabilities			
Banknotes in circulation	7,992,592,100	-	**7,992,592,100**
Bills payable	1,251,297	-	**1,251,297**
Current accounts of governments	1,547,182,248	-	**1,547,182,248**
Current account with SBP Banking Services Corporation - a subsidiary	10,511,671	-	**10,511,671**
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	197,142	-	**197,142**
Payable under bilateral currency swap agreement	926,914,096	-	**926,914,096**
Deposits of banks and financial institutions	1,254,854,143	-	**1,254,854,143**
Other deposits and accounts	737,432,402	-	**737,432,402**
Payable to the International Monetary Fund	1,351,258,808	-	**1,351,258,808**
Securities sold under agreement to repurchase	530,194,205	-	**530,194,205**
Other liabilities	75,482,855	50,172,618	**125,655,473**

	2021		
	Amortised cost	At fair value through profit or loss	Total
	----------(Rupees in '000)----------		
Financial liabilities			
Banknotes in circulation	7,278,860,019	-	7,278,860,019
Bills payable	1,795,764	-	1,795,764
Current accounts of governments	1,295,486,434	-	1,295,486,434
Current account with SBP Banking Services Corporation - a subsidiary	51,241,327	-	51,241,327
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	202,002	-	202,002
Payable to Islamic banking institutions against Bai Muajjal transactions	-	-	-
Payable under bilateral currency swap agreement	748,494,053	-	748,494,053
Deposits of banks and financial institutions	1,327,525,331	-	1,327,525,331
Other deposits and accounts	629,053,127	-	629,053,127
Payable to the International Monetary Fund	845,358,651	-	845,358,651
Securities sold under agreement to repurchase	-	-	-
Other liabilities	35,212,273	4,007,806	39,220,079

49 NON-ADJUSTING EVENT

The Board of Directors of the Bank in their meeting held on **October 28, 2022** have appropriated an amount of Rs **NIL** million to "Revenue Reserve". The balance of profit after allocation of such appropriation will be transferred to the Government of Pakistan. The unconsolidated financial statements of the Bank for the year ended June 30, 2022 do not include the effect of above appropriation and transfer of balance profit to the Government of Pakistan, which will be accounted for in the unconsolidated financial statements of the Bank for the year ending June 30, 2023.

50 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on **October 28, 2022** by the Board of the Bank.

51 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these unconsolidated financial statements during the current year.

52 GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

-sd-	-sd-	-sd-
Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN

Consolidated Financial Statements

For the year ended June 30, 2022

A. F. FERGUSON & CO.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the State Bank of Pakistan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the State Bank of Pakistan (the Bank) and its subsidiaries, SBP Banking Services Corporation, National Institute of Banking and Finance (Guarantee) Limited and Pakistan Security Printing Corporation (Private) Limited (together 'the Group'), which comprise the consolidated balance sheet as at June 30, 2022, and the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *'Auditor's 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 these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

	Key Audit Matters	How the matter was addressed in our audit
1	**Foreign currency accounts and investments** (Refer note 9 of the annexed consolidated financial statements)	
	The Group maintained certain foreign currency accounts and investments which aggregated to Rs 2,178,254 million as at June 30, 2022. This includes balances aggregating to Rs 426,417 million which were placed through appointed fund managers by the Group under the supervision of a custodian. The existence and valuation of these foreign currency accounts and investments were assessed by us as a significant risk area and therefore we considered this as a key audit matter.	Our audit procedures, among others, included the following: ▪ We obtained understanding of the processes, evaluated the design and tested operating effectiveness of key controls throughout the year over recognition, derecognition and valuation of investments and related revenue; ▪ We sent direct confirmations to counterparties to confirm the balances of investment holdings; ▪ We obtained bank reconciliation statements for nostro balances and tested reconciling items on a sample basis; and

	Key Audit Matters	How the matter was addressed in our audit
		▪ We compared the prices to independent sources on a sample basis where quoted market prices were used. Further, in respect of the investment made through fund managers: ▪ We obtained Type-2 report from Custodian and Fund Managers to assess that controls were suitably designed by the Fund Managers and the Custodian and operated effectively in respect of their activities; ▪ We obtained the monthly statement of changes in net assets provided by the Custodian used by management for recognising income in respect of foreign currency securities and reconciled them with the accounting records of the Group to assess that they are accurately recorded; and ▪ We performed substantive audit procedures on year-end balance of portfolio including evaluation of Custodian's statements, and re-performance of valuations on a test basis on the basis of observable data at the year end. We also evaluated the adequacy of the overall disclosures in the consolidated financial statements in respect of the investment portfolio in accordance with the requirements of applicable financial reporting framework.
2	**Fair value adjustment on loans given in response to COVID-19 pandemic** (Refer note 16.7 of the annexed consolidated financial statements)	
	The Group in response to COVID-19 pandemic has extended financing facility schemes and disbursed Rs 223,532 million during the year ended June 30, 2022. These facilities have been recorded at their fair value resulting in a fair valuation adjustment of Rs 85,842 million. The disbursement of these loans was considered to be a significant event for the Group. Further, the measurement at the fair value involved management judgement with respect to the use of market rate. Accordingly, this was considered as a key audit matter.	Our audit procedures, among others, included the following: ▪ We obtained understanding, evaluated the design and tested the operating effectiveness of controls related to process for disbursements of these loans; ▪ We sent direct confirmations, on a sample basis, to the counterparties to confirm the balances of loans so disbursed; ▪ We evaluated the appropriateness of the valuation methodology used and assessed the reasonableness of the assumptions and inputs used to determine the fair value; and ▪ Evaluated the adequacy of the disclosures in the financial statements in respect of the impact of fair valuation adjustment and related balances of these loans.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports 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 reports 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

Those charged with governance are 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 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, 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 those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are **Salman Hussain** (A. F. Ferguson & Co.) and **Muhammad Taufiq** (KPMG Taseer Hadi & Co.).

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A. F. FERGUSON & CO.
Chartered Accountants
Dated: October 31, 2022
Karachi
UDIN: AR202210113Yhy4IHcBG

-sd-

KPMG TASEER HADI & CO.
Chartered Accountants
Dated: October 31, 2022
Karachi
UDIN: AR202210106RpAyiM67o

STATE BANK OF PAKISTAN
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2022

	Note	2022	2021
		----------------(Rupees in '000)----------------	
ASSETS			
Cash and bank balances	6	**197,518**	501,584
Gold reserves held by the Bank	7	**773,637,405**	577,356,238
Local currency - coins	8	**406,368**	417,574
Foreign currency accounts and investments	9	**2,178,254,073**	2,858,844,812
Earmarked foreign currency balances	10	**24,050,690**	20,707,900
Special drawing rights of the International Monetary Fund	11	**43,460,776**	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	12	**32,857**	26,727
Securities purchased under agreement to resell	13	**4,518,609,584**	1,792,952,119
Current accounts of governments	25.2	**-**	33,793,930
Investments - local	14	**6,358,222,702**	6,857,412,223
Investment in associates	15	**7,725,325**	7,383,736
Loans, advances and bills of exchange	16	**2,082,522,125**	1,190,995,127
Taxation - net		**763,056**	914,578
Assets held with the Reserve Bank of India	17	**14,816,323**	11,268,449
Balances due from the Governments of India and Bangladesh	18	**15,107,201**	14,087,874
Property, plant and equipment	19	**165,091,882**	138,347,329
Investment property	20	**1,068,967**	983,847
Intangible assets	21	**169,737**	98,187
Other assets	23	**43,563,276**	36,275,434
Total assets		**16,227,699,865**	13,603,138,674
LIABILITIES			
Banknotes in circulation	24	**7,992,592,100**	7,278,860,019
Bills payable		**1,907,584**	2,051,417
Current accounts of governments	25.1	**1,547,182,248**	1,295,486,434
Payable under bilateral currency swap agreement	26	**926,914,096**	748,494,053
Deposits of banks and financial institutions	27	**1,255,034,674**	1,327,668,392
Other deposits and accounts	28	**734,579,427**	629,029,916
Payable to the International Monetary Fund	29	**1,351,258,808**	845,358,651
Securities sold under agreement to repurchase	30	**530,194,205**	135,051,390
Other liabilities	31	**141,866,447**	82,443,362
Deferred liability - staff retirement benefits	32	**112,698,049**	100,980,115
Deferred taxation	22	**1,506,516**	954,804
Endowment fund		**132,674**	128,771
Total liabilities		**14,595,866,828**	12,446,507,324
Net assets		**1,631,833,037**	1,156,631,350
REPRESENTED BY			
Share capital	33	**100,000,000**	100,000
Reserves	34	**171,534,116**	217,737,753
Unappropriated profit		**386,665,405**	173,303,751
Unrealised appreciation on gold reserves held by the Bank	35	**769,061,112**	572,779,945
Unrealised appreciation on remeasurement of investments - local	14.8	**85,013,625**	96,888,099
Surplus on revaluation of property, plant and equipment		**119,558,779**	95,821,802
Total equity		**1,631,833,037**	1,156,631,350
CONTINGENCIES AND COMMITMENTS	36		

Pursuant to the requirements of section 26 (1) of the SBP Act, 1956, the assets of the Group specifically earmarked against the liabilities of the Issue department have been detailed in note 24.1 to these consolidated financial statements.

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

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Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		---------------(Rupees in '000)---------------	
Discount, interest / mark-up and / or profit earned on financial assets measured at:			
- amortised cost	37	**980,552,790**	755,587,586
- fair value through profit or loss	37	**15,764,901**	12,790,878
Interest / mark-up expense	38	**(60,596,149)**	(52,695,370)
		935,721,542	715,683,094
Fair valuation adjustment on COVID loans - net	16.7	**(63,223,220)**	(45,731,983)
Commission income	39	**6,689,594**	5,244,753
Exchange (loss) / gain - net	40	**(62,023,082)**	135,327,773
Dividend income		**636,129**	520,498
Share of profit from associates	41	**762,677**	1,337,861
Other operating (loss) / gain - net	42	**(8,762,076)**	3,671,854
Other income - net	43	**5,489,838**	395,522
		815,291,402	816,449,372
Less: operating expenses			
- Prize bonds printing charges	44	**15,475,543**	15,762,129
- agency commission	45	**11,047,024**	9,280,641
- general administrative and other expenses	46	**37,535,472**	29,320,541
Provision / (reversal of provision) against			
- other doubtful assets	31.3.1.1	**376,377**	(24,621)
- others		**(363)**	1,111
		376,014	(23,510)
Charge / (reversal) of credit loss allowance on financial instruments - net	47	**1,886**	(63,953)
		64,435,939	54,275,848
Profit before taxation		**750,855,463**	762,173,524
Taxation	48	**1,430,915**	1,314,724
Profit after taxation		**749,424,548**	760,858,800

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

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Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	**2022**	2021
		-------------(Rupees in '000)-------------	
Profit after taxation		**749,424,548**	760,858,800
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to the consolidated profit and loss account:			
Unrealised appreciation / (diminution) on gold reserves held by the Bank	7	**196,281,167**	(40,223,613)
		196,281,167	(40,223,613)
Items that will not be reclassified subsequently to the consolidated profit and loss account:			
Unrealised (diminution) / appreciation on remeasurement of investments - local	14.8	**(11,874,474)**	35,471,130
Impact of revaluation of property of Pakistan Security Printing Corporation - net of deferred tax		**3,654,820**	-
Impact of revaluation of property of State bank of Pakistan		**19,847,850**	-
Impact of adjustment in remeasurement of property of associate - net of deferred tax		**234,307**	-
Remeasurements of staff retirement defined benefit plans	46.3.3.1 & 46.4.7	**(8,793,442)**	(3,139,359)
		3,069,061	32,331,771
Total comprehensive income for the year		**948,774,776**	752,966,958

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

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Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

		Reserves															
	Share capital	General reserve (note 34.1)	Reserve fund (note 34.1)	Reserve for building up share capital	Reserve for acquisition of PSPC (note 34.2)	Rural credit fund	Industrial credit fund	Export credit fund	Loans guarantee fund	Housing credit fund	Reserve created as a result of acquisition of PSPC	Subtotal	Unappropriated profit	Unrealised appreciation on gold reserves held by the Bank (note 35)	Unrealised appreciation/ (diminution) on remeasurement of investments - local (note 14.7)	Surplus on revaluation of property	Total
	(Rupees in '000)																
Balance as at July 1, 2020	**100,000**	**-**	**20,976,129**	**67,673,343**	**65,464,000**	**2,600,000**	**1,600,000**	**1,500,000**	**900,000**	**4,700,000**	**(41,279,353)**	**124,134,119**	**159,739,454**	**613,003,558**	**61,416,969**	**95,821,802**	**1,054,215,902**
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	760,858,800	-	-	-	760,858,800
Other comprehensive income																	
Unrealised appreciation on remeasurement of investments - local (note 14.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,471,130	-	35,471,130
Unrealised diminution on gold reserves held by the Bank (note 35)	-	-	-	-	-	-	-	-	-	-	-	-		(40,223,613)			(40,223,613)
Remeasurements of staff retirement defined benefit plans (note 46.3.3.1 & 46.4.7)	-	-	-	-	-	-	-	-	-	-	-	-	(3,139,359)	-	-	-	(3,139,359)
	-	-	-	-	-	-	-	-	-	-	-	-	(3,139,359)	(40,223,613)	35,471,130	-	(7,891,842)
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	757,719,441	(40,223,613)	35,471,130	-	752,966,958
Appropriations																	
Transfer to the reserve fund (note 34.1)	-	-	93,603,634	-	-	-	-	-	-	-	-	93,603,634	(93,603,634)	-	-	-	-
	-	-	93,603,634	-	-	-	-	-	-	-	-	93,603,634	(93,603,634)	-	-	-	-
Transactions with owners																	
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	(10,000)	-	-	-	(10,000)
Profit transferred to the Government of Pakistan	-	-	-	-	-	-	-	-	-	-		-	(650,541,510)	-	-	-	(650,541,510)
	-	-	-	-	-	-	-	-	-	-		-	(650,551,510)	-	-	-	(650,551,510)
Balance as at June 30, 2021	**100,000**	**-**	**114,579,763**	**67,673,343**	**65,464,000**	**2,600,000**	**1,600,000**	**1,500,000**	**900,000**	**4,700,000**	**(41,279,353)**	**217,737,753**	**173,303,751**	**572,779,945**	**96,888,099**	**95,821,802**	**1,156,631,350**
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	749,424,548	-	-	-	749,424,548
Other comprehensive income																	
Unrealised diminution on remeasurement of investments - local (note 14.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,874,474)	-	(11,874,474)
Unrealised appreciation on gold reserves held by the Bank (note 35)	-	-	-	-	-	-	-	-	-	-	-	-	-	196,281,167	-	-	196,281,167
Surplus on revaluation of property (note 19)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,736,977	23,736,977
Remeasurements of staff retirement defined benefit plans (note 46.3.3.1 & 46.4.7)	-	-	-	-	-	-	-	-	-	-	-	-	(8,793,442)	-	-	-	(8,793,442)
	-	-	-	-	-	-	-	-	-	-		-	(8,793,442)	196,281,167	(11,874,474)	23,736,977	199,350,228
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-	-	-	-	-	740,631,106	196,281,167	(11,874,474)	23,736,977	948,774,776
Appropriations																	
Transfer to the general reserve (note 34.1)	-	147,296,363		-	-	-	-	-	-	-	-	147,296,363	(147,296,363)	-	-	-	-
Capitalisation of share capital (note 33.2)	99,900,000	-	(20,926,657)	(67,673,343)	-	(2,600,000)	(1,600,000)	(1,500,000)	(900,000)	(4,700,000)	-	(99,900,000)	-	-	-	-	-
Transactions with owners																	
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to the Government of Pakistan	-	-	(93,600,000)	-	-	-	-	-	-	-	-	(93,600,000)	(379,973,089)	-	-	-	(473,573,089)
	-	-	(93,600,000)	-	-	-	-	-	-	-	-	(93,600,000)	(379,973,089)	-	-	-	(473,573,089)
Balance as at June 30, 2022	**100,000,000**	**147,296,363**	**53,106**	**-**	**65,464,000**	**-**	**-**	**-**	**-**	**-**	**(41,279,353)**	**171,534,116**	**386,665,405**	**769,061,112**	**85,013,625**	**119,558,779**	**1,631,833,037**

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

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Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		------ (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year after non-cash and other items	49	**832,149,119**	637,857,193
Taxes paid		**(2,214,601)**	(869,349)
(Increase) / decrease in assets:			
Foreign currency accounts and investments		**481,208,491**	(146,643,836)
Gold reserves held by the Bank		**-**	(84,814)
Securities purchased under agreement to resell		**(2,725,657,464)**	(875,412,452)
Investments - local		**490,067,925**	591,886,340
Loans, advances and bills of exchange		**(954,755,686)**	(431,933,474)
Other assets		**(2,879,419)**	268,555
		(2,712,016,153)	(861,919,681)
		(1,882,081,635)	(224,931,837)
Increase / (decrease) in liabilities:			
Banknotes issued - net		**713,732,081**	820,096,913
Bills payable		**(143,833)**	325,069
Current accounts of Governments		**285,489,744**	543,059,508
Payable to Islamic Banking Institutions against Bai Muajjal transactions		**-**	(19,512,958)
Payable under bilateral currency swap agreement		**142,094,875**	271,771,457
Deposits of banks and financial institutions		**(84,861,256)**	156,564,833
Payment of retirement benefits and employees' compensated absences		**(10,417,183)**	(10,185,520)
Other deposits and accounts		**105,549,511**	(464,964,114)
Securities sold under agreement to repurchase		**665,245,595**	135,051,390
Other liabilities		**14,111,607**	(17,331,478)
Endowment fund		**3,903**	7,787
		1,830,805,044	1,414,882,887
Net cash (used in) / generated from operating activities		**(51,276,591)**	1,189,951,050
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		**699,336**	946,929
Capital expenditure		**(5,882,307)**	(3,727,434)
Proceeds from sale of short term investments		**747,966**	3,317,599
Proceeds from disposal of property, plant and equipment		**56,474**	28,177
Net cash (used in) / generated from investing activities		**(4,378,531)**	565,271
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the Federal Government of Pakistan		**(473,573,089)**	(650,541,510)
Net change in balances pertaining to IMF		**390,909,821**	(179,248,811)
Dividend paid		**-**	(10,000)
Net cash used in financing activities		**(82,663,268)**	(829,800,321)
(Decrease) / increase in cash and cash equivalents during the year		**(138,318,390)**	360,716,000
Cash and cash equivalents at the beginning of the year		**2,338,501,322**	1,936,187,120
Effect of exchange (loss) / gain on cash and cash equivalents		**(143,878,042)**	41,598,202
Cash and cash equivalents at the end of the year	50	**2,056,304,890**	2,338,501,322

The annexed notes from 1 to 58 form an integral part of these consolidated financial statements.

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Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director

STATE BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 STATUS AND NATURE OF OPERATIONS

1.1 The Group comprises of State Bank of Pakistan (the Bank) as the parent entity and following subsidiaries:

- SBP Banking Services Corporation (BSC);
- National Institute of Banking and Finance (Guarantee) Limited (NIBAF); and
- Pakistan Security Printing Corporation (Private) Limited (PSPC).

1.1.1 State Bank of Pakistan is the central bank of Pakistan and is incorporated under the State Bank of Pakistan Act, 1956. The Bank is primarily responsible for monitoring of credit and foreign exchange, management of currency and also acts as the banker to the Government. The activities of the Bank include:

- determine and implement monetary policy;
- formulate and implement the exchange rate policy;
- carry out and disseminate research relevant to Bank's objectives and functions;
- hold and manage all international reserves of Pakistan;
- issue and manage the currency of Pakistan, including regulating their denominations;
- collect and produce statistics relevant to the Bank's objectives and functions;
- operate and exercise oversight over payment systems;
- license, regulate and supervise scheduled banks and financial institutions that fall under the domain of the Bank as further specified in this Act or any other Act;
- resolve scheduled banks and other financial institutions that fall under the domain of the Bank as further specified in this Act or any other Act;
- adopt and implement macro-prudential policy measures for scheduled banks and financial institutions that fall under the domain of the Bank;
- act as the banker, financial adviser and fiscal agent to the Government, and its agencies, on the mutually agreed terms and conditions; and
- cooperate with domestic and foreign public entities, concerning matters related to its objectives and functions.

1.1.2 The head office of the Bank is situated at I. I. Chundrigar Road, Karachi, in the province of Sindh, Pakistan.

1.1.3 The subsidiaries and associates of the Bank and the nature of their respective activities are as follows:

a) SBP Banking Services Corporation - wholly owned subsidiary:

SBP Banking Services Corporation was established in Pakistan under the SBP Banking Services Corporation Ordinance, 2001 (the Ordinance) and commenced its operations with effect from January 2, 2002. It is responsible for carrying out certain statutory and administrative functions and activities on behalf of the Bank, as transferred or delegated by the Bank under the provisions of the Ordinance.

The head office of the corporation is situated at I. I. Chundrigar Road, Karachi, in the province of Sindh, Pakistan.

b) National Institute of Banking and Finance (Guarantee) Limited - wholly owned subsidiary:

National Institute of Banking and Finance (Guarantee) Limited was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a company limited by guarantee having share capital. It is engaged in providing education and training in the field of banking, finance and allied areas.

The head office is situated at NIBAF Building, Street 4, Pitras Bukhari Road, H-8/1, Islamabad, Pakistan.

c) Pakistan Security Printing Corporation (Private) Limited - wholly owned subsidiary:

Pakistan Security Printing Corporation (Private) Limited was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is a wholly owned subsidiary of the Bank. PSPC is principally engaged in the printing of currency notes and national prize bonds on behalf of the Bank.

The registered office and the factory of the PSPC are located at Jinnah Avenue, Malir Halt Karachi, in the province of Sindh, Pakistan.

d) SICPA Inks Pakistan (Private) Limited (SICPA) - associate:

SICPA is a joint venture of SICPA SA, Switzerland and PSPC, incorporated in 1995. The company operates a facility in Karachi for manufacturing security inks for printing of all denominations of currency notes and other value documents, such as, passports, postage stamps and stamp papers, etc.

e) **Security Papers Limited (SPL) - associate:**

SPL is an associated company of PSPC. It was established in 1965. It became a joint venture company of Iran, Turkey and Pakistan in 1967, under the protocol of regional PSPC of development (now economic PSPC organisation) in 1967. SPL is engaged in manufacturing of paper required by PSPC for printing banknotes, prize bonds, non-judicial stamp paper, share certificates and watermarked certificate / degree papers for various educational institutions of Pakistan.

2 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3 BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except that gold reserves, certain foreign currency accounts and investments, certain local investments, investment property and certain items of property, plant and equipment as referred to in their respective notes have been included at revalued amounts and certain staff retirement benefits and provision for employees' compensated absences have been carried at present value of defined benefit obligations.

3.2 These consolidated financial statements are presented in Pakistani Rupees (PKR), which is the Group's functional and presentation currency.

3.3 Standards, interpretations of and amendments to the IFRSs that are effective in the current year

3.3.1 There are certain new or amended standards and interpretations that became effective during the current year, but are considered not to be relevant or did not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

3.4 Standards, interpretations of and amendments to the IFRSs that are not yet effective

3.4.1 The following standards, interpretations and amendments of the IFRSs would be effective from the dates mentioned below against the respective standards or interpretations:

Standards	Effective date (annual periods beginning on or after)
- IAS 1, 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8, 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 16, 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37, 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 9, 'Financial instruments' (amendments)	January 1, 2022
- IFRS 3, 'Business combinations' (amendments)	January 1, 2022

The management is in the process of assessing the impact of the above amendments on the consolidated financial statements.

3.4.2 There are certain other new or amended standards and interpretations that are mandatory for the accounting period beginning on or after July 1, 2022, but are considered not to be relevant or will not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies are consistently applied from year to year.

4.1 Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to effect these returns through its power over the investee. The separate financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

The consolidated financial statements include collectively the separate financial statements of the Bank and its subsidiaries. Financial statements of the subsidiaries have been consolidated on a line-by-line basis. All intra-group assets and liabilities, equity, income, expenses and cashflow relating to transaction between members of the group are eliminated on consolidation.

4.2 Banknotes in circulation and local currency coins

The liability of the Group towards banknotes issued as a legal tender under the State Bank of Pakistan Act, 1956, is stated at face value and is represented by the specified assets of the Issue department of the Bank as per the requirements stipulated in the State Bank of Pakistan Act, 1956. The cost of printing of notes is charged to the consolidated profit and loss account as and when incurred. Any un-issued fresh banknotes lying with the Bank and previously issued notes held by the Bank are not reflected in the consolidated balance sheet.

The Group also issues coins of various denominations on behalf of the Government of Pakistan (GoP). These coins are purchased from the GoP at their respective face values. The coins held by the Bank form part of the assets of the Issue department.

4.3 Financial assets and financial liabilities

Financial instruments carried on the consolidated balance sheet include cash and bank balances, local currency - coins, foreign currency accounts and investments, earmarked foreign currency balances, investments - local, loans, advances and bills of exchange, assets held with Reserve Bank of India (other than gold held by Reserve Bank of India), balances due from the governments of India and Bangladesh, certain other assets, banknotes in circulation, bills payable, deposits of banks and financial institutions, balances and securities under repurchase and reverse repurchase transactions, payable to Islamic banking Institutions against Bai Muajjal transactions, current accounts of governments, balances with the International Monetary Fund (IMF), amount payable under bilateral currency swap agreement, other deposits and accounts and certain other liabilities. The particular recognition and measurement methods adopted are disclosed in the individual policy statements associated with each financial instrument.

4.3.1 Financial instruments – initial recognition

All financial assets are initially recognised on the trade date, i.e. the date at which the Group becomes a party to the contractual provisions of the instruments. This includes purchases or sale of financial assets that require delivery of asset within the time frame generally established by regulations in market conventions.

All financial assets and financial liabilities are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost is taken directly to the consolidated profit and loss account.

4.3.2 Classification and subsequent measurement of financial assets and liabilities

The Group classifies all of its financial assets other than equity instruments based on two criteria: a) the Group’s business model for managing the assets; and b) whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding (the ‘SPPI test’), The financial assets are measured at either:

- amortised cost, as explained in note 4.3.3;
- fair value through other comprehensive income (FVOCI), as explained in notes 4.3.4 and 4.3.5; or
- fair value through profit or loss (FVPL), as explained in note 4.3.6.

a) 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:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's board / board committees;

- 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 sales are also important aspects of the Group’s assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) The SPPI test

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. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set.

The Group classifies and measures its derivative and trading portfolio at FVPL as explained in note 4.3.8. The Group may designate financial instruments at FVPL, if doing so eliminates or significantly reduces measurement or recognition inconsistencies, as explained in note 4.3.6.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied, as explained in notes 4.3.6 and 4.3.7.

4.3.3 Financial assets at amortised cost

The Group classifies its financial assets at amortised cost only if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; and
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

After initial measurement, these financial instruments are subsequently measured at amortised cost using the effective interest rate (EIR), less impairment (if any).

4.3.4 Debt instruments at FVOCI

The Group classifies its financial instruments at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income (OCI). Interest income and foreign exchange gains and losses are recognised in the consolidated profit and loss account in the same manner as for financial assets measured at amortised cost as explained in note 4.3.3.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to consolidated comprehensive income. The accumulated loss recognised in OCI is recycled to the consolidated profit and loss account upon derecognition of the assets.

On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to consolidated profit and loss account.

4.3.5 Equity instruments at FVOCI

At initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of 'equity' under IAS 32 'financial instruments: presentation' and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

FVOCI equity instruments are subsequently measured at fair value with gains and losses arising due to changes in fair vlaue recognised in other comprehensive income (OCI), cumulative gains and lossed previously recognised in OCI can never be recycled to the consolidated profit and loss account. Dividends are recognised in the consolidated profit and loss account as other operating income when the right of the payment has been established, (except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI). Equity instruments at FVOCI are not subject to an impairment assessment.

4.3.6 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management only designates an instrument at FVPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- the designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or

- the liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or

- the liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheet at fair value. Changes in fair value are recorded in the consolidated profit and loss account. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount / premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate.

4.3.7 Financial liabilities at amortised cost

Financial liabilities with a fixed maturity are measured at amortised cost using the effective interest rate. These include deposits of banks and financial institutions, other deposits and accounts, securities sold under agreement to repurchase, payable under bilateral currency swap agreement, current accounts of governments, payable to Islamic banking institutions against Bai Muajjal transactions, payable to the IMF, banknotes in circulation, bills payable and certain other liabilities.

4.3.8 Derivative financial instruments

The Group uses derivative financial instruments which include forwards, futures and swaps. Derivatives are initially recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivatives are re-measured to fair value on subsequent reporting dates. The resultant gains or losses from derivatives are included in the consolidated profit and loss account. Forwards, futures and swaps are shown under commitments in note 36.2.

4.3.9 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

4.3.10 Derecognition of financial asset and financial liabilities

a) Financial assets

The Group derecognises a financial asset, such as a loan, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired. If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of new liability, and the difference in the respective carrying amount is recognised in the consolidated profit and loss account.

4.3.11 Impairment of financial assets

4.3.11.1 Overview of the expected credit losses (ECL) principles

The Group is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to ECL.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, [the lifetime expected credit loss (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) as outlined in note 4.3.11.2. The Group's policies for determining if there has been a significant increase in credit risk are set out in note 52.1.7.

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are probable within the 12 months after the reporting date.

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.

Based on the above process, the loans are grouped into stage 1, stage 2 and stage 3 as described below:

- stage 1: when loans are first recognised, the Group recognises an allowance based on 12m ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 2.

- stage 2: when a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from stage 3.

- stage 3: loans considered credit-impaired (as outlined in Note 52.1.3). The Group records an allowance for the LTECL.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

4.3.11.2 The calculation of ECL

The Group calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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

- 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 interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in note 52.1.5.

- 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. The concept of PDs is further explained in note 52.1.4.

- 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 LGD is further explained in note 52.1.6.

When estimating the ECL, the Group considers three scenarios (a base case, a best case and a worst case). Each of these is associated with different PD. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier.

The mechanics of the ECL method are summarised below:

- stage 1: the 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are probable 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 EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

- stage 2: when a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- stage 3: for loans considered credit-impaired (as defined in note 52.1.3), the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

- financial guarantee contracts: the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated profit and loss account, and the ECL provision. For this purpose, the Group estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios.

4.3.11.3 Forward looking information

The Group formulates a base case view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios and consideration of a variety of external actual and forecast information. This process involves developing three different economic scenarios, which represent a range of scenarios linked to various macro-economic factors.

4.3.11.4 Credit enhancements: collateral valuation and financial guarantees

To mitigate its credit risks on financial assets, the Group seeks to use collateral. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees and demand promissory notes. To the extent possible, the Group uses active market data for valuing financial assets held as collateral.

4.3.11.5 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount is reported in the consolidated financial statements when the Group currently has a legally enforceable right to set off the recognised amount and it intends either to settle on a net basis or to realise the asset and to settle the liability simultaneously.

4.4 Collateralised borrowings / lending

4.4.1 Repurchase and reverse repurchase agreements

Securities sold subject to a commitment to repurchase them at a pre-determined price, are retained on the consolidated balance sheet and a liability is recorded in respect of the consideration received as securities sold under agreement to repurchase. Conversely, securities purchased under analogous commitment to resell are not recognised on the consolidated balance sheet and an asset is recorded in respect of the consideration paid as securities purchased under agreement to resell. The difference between the sale and repurchase price in the repurchase transaction and the purchase price and resell price in reverse repurchase transaction represents expense and income respectively, and is recognised in the consolidated profit and loss account on time proportion basis. Both repurchase and reverse repurchase transactions are reported at transaction value inclusive of any accrued expense / income.

4.4.2 Payable under bilateral currency swap agreement

Bilateral currency swap agreements with counterpart central banks involve the purchase / sale and subsequent resale / repurchase of local currencies of counterpart central banks against PKR at the applicable exchange rate (determined in accordance with the terms of the agreement). The actual use of facility by the Group / counterpart central bank in the agreement is recorded as borrowing / lending in books of the Group and interest is charged / earned at agreed rates to the consolidated profit and loss account on a time proportion basis from the date of actual use. Any unutilised limit of the counterpart's drawing is reported as commitments in note 36.2.8.

4.4.3 Payable to Islamic banking institutions against Bai Muajjal transactions

The Group purchases Government of Pakistan (GoP) Ijara sukuks on deferred payment basis (Bai Muajjal) from Islamic banks. The deferred price is agreed at the time of purchase and such proceeds are paid to the Islamic banks at the end of the agreed period. The difference between the fair value and deferred price represents financing cost and is recognised in the consolidated profit and loss account on a time proportion basis as mark-up expense. Amount payable to Islamic banking institutions under deferred payment basis on purchase of sukuks is reported at transaction value plus profit payable thereon (i.e. at amortised cost).

4.5 Gold reserves held by the Bank

Gold is recorded at cost, which is the prevailing market rate, at initial recognition. Subsequent to initial measurement, it is revalued at the closing market rate fixed by the London Bullion Market Association on the last working day of the year which is also the requirement of State Bank of Pakistan Act, 1956 and State Bank of Pakistan General Regulation No.42(vi). Appreciation or diminution, if any, on revaluation is taken to equity under the head "unrealised appreciation on gold reserves". Appreciation / diminution realised on disposal of gold is taken to the consolidated profit and loss account. Unrealised appreciation / diminution on gold reserves held with the Reserve Bank of India is not recognised in the consolidated statement of changes in equity pending transfer of these assets to the Group subject to final settlement between the Governments of Pakistan and India. Instead it is shown in other liabilities as provision for other doubtful assets.

4.6 Fair value measurement principles

The fair value of financial instruments traded in active markets at the reporting date is based on their quoted market prices or dealer price quotation without any deduction for transaction costs. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arms length transaction, discounted cash flow analysis and other revaluation techniques commonly used by market participants.

4.7 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances of subsidiaries, foreign currency accounts and investments (other than deposit held with IMF), local currency coins, earmarked foreign currency balances, SDRs, balances in the current and deposit accounts and securities that are realisable in known amounts of cash within three months from the date of original investments and which are subject to insignificant changes in value.

4.8 Property, plant and equipment

Property, plant and equipment except land, buildings and capital work-in-progress (CWIP) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount. Leasehold land and buildings are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. CWIP is stated at cost less accumulated impairment losses, if any and consists of expenditure incurred and advances made in respect of fixed assets in the course of their acquisition, construction and installation. CWIP assets are capitalised to relevant asset category as and when work is completed.

Depreciation on property, plant and equipment is charged to the consolidated profit and loss account using the straight-line method whereby the cost / revalued amount of an asset is written off over its estimated useful life at the rates specified in note 19.1 to these consolidated financial statements. The useful life of assets is reviewed and adjusted, if appropriate, at each reporting date.

Estimates of useful life and residual value of property, plant and equipment are based on the management's best estimate. The assets' residual value, depreciation method and useful life are reviewed, and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged to the consolidated profit and loss account from the month in which the asset is available for use while no depreciation is charged in the month in which the assets are written-off / disposed off. Normal repairs and maintenance are charged to the consolidated profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are included in the consolidated profit and loss account.

Increase in carrying amount arising on revaluation of land and buildings is recognised in other comprehensive income and credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against surplus on revaluation of property, plant and equipment in equity, while all other decreases are charged to the consolidated profit and loss account. The surplus on revaluation realised on sale of property, plant and equipment is transferred to un-appropriated profit to the extent reflected in the surplus on revaluation of property, plant and equipment account. The amount of sale proceeds exceeding the balance in surplus on revaluation of property, plant and equipment account is taken to the consolidated profit and loss account.

4.8.1 Leasing arrangements

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option (if the Group is reasonably certain to exercise that option) and payments of penalties for terminating the lease (if the lease term reflects that the lessee will exercise that option). The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Group reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in the consolidated profit and loss account if the carrying amount of right of use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right of use asset.

The right of use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right of use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of the future economic benefits. The carrying amount of the right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.9 Investment property

Investment property is the property which is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the consolidated profit and loss account.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

Where an entity determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value of the property to be reliably measurable when construction is complete, it shall measure that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed (whichever is earlier).

The fair value of investment property, at each year end, is determined by external, independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

A gain or loss arising from a change in the fair value of investment property shall be recognised in the consolidated profit and loss account for the period in which it arises.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

The Group assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as income or expense in the consolidated profit and loss account.

4.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised using the straight-line method over the period of three years. Where the carrying amount of an asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount.

4.11 Impairment of non-financial assets

The carrying amounts of the Group’s assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. In assessing the value in use, future cash flows are estimated which are discounted to present value using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. An impairment loss is recognised in the consolidated profit and loss account whenever the carrying amount of an asset or a group of assets exceeds its recoverable amount. Impairment loss on revalued assets is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.12 Stores and spares

Stores and spares held by the Group are valued at the lower of cost determined on weighted average method and net realisable value. Stores and spares in transit are valued at cost incurred up to the reporting date. Local purchases of engineering stores are charged to the consolidated profit and loss account at the time of purchase.

The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form.

4.13 Stock-in-trade

Raw materials are valued at lower of cost determined on weighted average basis and net realisable value except for items in transit which are stated at cost incurred up to the reporting date.

Work-in-process and finished goods are valued at lower of cost determined on weighted average basis and net realisable value. Cost in relation to work-in-process and finished goods represents direct cost of materials, direct wages and an appropriate portion of production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale.

4.14 Stock of stationery and consumables

Stock of stationery and consumables are valued at the lower of cost and net realizable value. Cost comprises cost of purchases and other directly attributable costs incurred in bringing the items to their present location and condition. Replacement cost of the items is used to measure the net realisable value. The valuation is done on moving average basis. Provision is made for stocks which are not used for a considerable period of time or stocks which are not expected to be used in future.

4.15 Medical and stationery consumables

Medical and stationery consumables are valued at weighted average cost. Provision for obsolete items is determined based on the management's assessment regarding their future usability. Net realisable value represents estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised until their realisation become virtually certain.

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.17 Transactions and balances with the International Monetary Fund

Transactions and balances with the International Monetary Fund (IMF) are recorded on following basis:

- the GoP's contribution for quota with the IMF is recorded by the Group as depository of the GoP. Exchange differences arising on these balances are transferred to the GoP account.

- exchange gains or losses arising on revaluation of borrowings from the IMF are recognised in the consolidated profit and loss account.

- the cumulative allocation of Special Drawing Rights (SDRs) by the IMF is recorded as a liability and is translated at closing exchange rate for SDRs prevailing at the balance sheet date. Exchange differences on translation of SDRs is recognised in the consolidated profit and loss account.

- service charge is recognised in the consolidated profit and loss account at the time of receipt of the IMF tranches.

All other income or charges pertaining to balances with the IMF are taken to the consolidated profit and loss account, including the following:

- charges on borrowings under credit schemes and fund facilities;
- charges on net cumulative allocation of SDRs;
- exchange gain or loss: and
- return on holdings of SDRs.

4.18 Staff retirement benefits

4.18.1 The Bank operates:

a) an unfunded contributory provident fund (old scheme) for those employees who joined the Bank between July 1, 2005 to May 31, 2007 and opted to remain under the old scheme. Under this scheme, contribution is made both by the Bank and employee at the rate of 6% of the monetised salary. The Bank provided an option to employees covered under old scheme to join the Employer Contributory Provident Fund Scheme - ECPF (new scheme) effective from June 1, 2007. Employees joining the Bank service after June 1, 2007 are covered under the new scheme. Under ECPF (new scheme), contribution is made both by the Bank and employee at the rate of 6% of the monetised salary.

b) an unfunded General Provident Fund (GPF) scheme for all those employees who joined the Bank between May 1, 1977 to June 30, 2005 and opted to remain under this scheme after introduction of the new scheme (ECPF). Under GPF contribution is made by the employee only at the rate of 5% of the monetised salary.

c) following are other staff retirement benefit schemes:

- an unfunded gratuity scheme (old scheme) for those employees who joined the Bank between July 1, 2005 to May 31, 2007 and opted to remain under the old scheme;
- a funded Employees Gratuity Fund (EGF) was introduced by the Bank effective from June 1, 2007 for all its employees other than those who opted to remain in pension scheme or unfunded gratuity scheme (old scheme);
- an unfunded pension scheme for those employees who joined the Bank between May 1, 1977 to June 30, 2005 and opted to remain under this scheme after introduction of the new scheme (NCBS);
- an unfunded benevolent fund scheme;
- an unfunded post retirement medical benefit scheme; and
- six months post retirement benefit facility.
- an income continuation plan (during the year, a new scheme introduced by the Group effective from January 1, 2020 which covers benefits in case of death of an eligible employee.

Obligations for contributions to defined contribution provident plans are recognised as an expense in the consolidated profit and loss account as and when incurred.

Annual provisions are made by the Bank to cover the obligations arising under defined benefit schemes based on actuarial recommendations. The actuarial valuations are carried out under the projected unit credit method. The amount arising as a result of remeasurements are recognised in the consolidated balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The above staff retirement benefits are payable on completion of prescribed qualifying period of service.

4.18.2 The BSC operates the following staff retirement benefit schemes for employees:

The Corporation operates the following staff retirement benefit schemes for employees transferred from SBP (transferred employees) and other employees:

a) an un-funded contributory provident fund (the old scheme) for transferred employees who joined the SBP prior to 1975 and opted to remain under the old scheme. The Corporation provided an option to employees covered under the old scheme to join the funded new contributory provident fund scheme - NCPF (new scheme) effective from July 1, 2010. Under this scheme, contribution is made by both the employer and employee at the rate of 6% of the monetised salary. Moreover, employees joining the Corporation service after July 1, 2010 are covered under the new scheme.

b) an un-funded general contributory provident fund (new scheme) for transferred employees who joined SBP after 1975 or who had joined the SBP prior to 1975 but have opted for this new scheme. Under this scheme, contribution is made only by the employee at the rate of 5% of the monetised salary.

c) the following other staff retirement benefit schemes:

- an un-funded gratuity scheme (old scheme) for all employees other than the employees who opted for the new general contributory provident fund scheme or transferred employees who joined SBP after 1975 and are entitled only to pension scheme benefits;
- a funded New Gratuity Fund (NGF) which was introduced by the Corporation effective from July 1, 2010 for all its employees other than those who opted for pension scheme or unfunded gratuity scheme (old scheme);
- an un-funded pension scheme for those employees who joined the SBP after 1975 and before the introduction of NGF which is effective from July 1, 2010;
- an un-funded contributory benevolent fund scheme;
- an un-funded post retirement medical benefit scheme; and
- six months post retirement benefit facility.
- an income continuation plan (during the year, a new scheme introduced by the Group effective from January 1, 2020 which covers benefits in case of death of an eligible employee.

Obligations for contributions to defined contribution provident fund plans are recognised as an expense in the consolidated profit and loss account as and when incurred.

Annual provisions are made by the Corporation to cover the obligations arising under defined benefits schemes based on actuarial recommendations. The actuarial valuations are carried out under the "Projected unit credit method". The most recent valuation in this regard has been carried out as at June 30, 2022. The amount arising as a result of remeasurements are recognised in the consolidated balance sheet immediately, with a charge or credit to other comprehensive income in the period in which they occur.

4.18.3 The PSPC operates following staff retirement benefits scheme for employees:

The Corporation operates an approved defined benefit funded pension scheme for all its permanent employees under the Pakistan Security Printing Corporation (Private) Limited - Employees (Pension and Gratuity) Regulations, 1993 (the Regulations). During the year ended June 30, 2017, as a result of business reorganisation, employees relating to National Security Printing Company (Private) Limited (NSPC) were transferred to NSPC and as per the business transfer agreement dated May 19, 2017, the costs of gratuity or pension are to be borne by transferee company i.e. NSPC, accordingly, the pension fund has become a multi-employer fund. Contribution to the pension fund is made based on the actuarial valuation carried out on an annual basis using Projected Unit Credit method. All actuarial gains and losses are recognised in other comprehensive income as they occur. Under the scheme, the employees who have completed the prescribed qualifying period of more than ten years of service and opt for the scheme are entitled to post retirement pension benefit.

4.18.4 Obligations for contributions to defined contribution provident plans are recognised as an expense in the consolidated profit and loss account as and when incurred.

4.18.5 Annual provisions are made by the Corporation to cover the obligations arising under defined benefit schemes based on actuarial recommendations. The actuarial valuations are carried out under the "Projected Unit Credit Method". The most recent valuation in this regard was carried out as at June 30, 2022. The amount arising as a result of remeasurements are recognised in the consolidated balance sheet immediately, with a charge or credit to the consolidated other comprehensive income in the periods in which they occur.

4.18.6 The above staff retirement benefits are payable on completion of prescribed qualifying period of service.

4.19 Compensated absences

The Group makes annual provision in respect of liability for employees' compensated absences based on actuarial estimates. The liability is estimated using the projected unit credit method.

4.20 Endowment Fund - deferred grant

The Group has established an Endowment fund under NIBAF effective from July 1, 2011 for utilisation of the amount received. The terms of references / rules and regulations of the Endowment fund have been formulated. The aims and objective of NIBAF Endowment Fund are as under:

a) Capacity building of the Group as well as other banking professionals in realms of Rural Finance, Microfinance, Agriculture and SMEs etc.

b) To encourage, promote, support and undertake academic and scientific investigations, innovative research, inventions and developments in various Banking and Finance related areas.

c) To provide assistance in such activities as field surveys, experiments, collection and dissemination of information, seminars, conferences and trainings etc. aimed at increasing awareness, introducing improvements and enhancing efficiency in areas related to Banking and Finance in general and Rural Finance in particular.

d) To conduct research and trainings to increase awareness of commercial banks regarding possibilities, prospects and risks, to develop demand driven products and services, instituting enhanced portfolio management capability and installing systems and procedures for reducing costs etc.

e) To promote gathering of information on rural finance by collecting and analysing data, conducting survey thereby working as a main training hub.

f) To create linkages with national and international organisations for the strengthening of Rural finance related activities.

g) For any other purpose which the NIBAF's Board of Directors may consider fit for the overall benefit of the NIBAF and its stakeholders.

4.21 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed.

4.22 Mark-up bearing borrowings and borrowing costs

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which these are incurred.

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in consolidated profit and loss account over the period of borrowings on an effective interest method basis.

Borrowing costs are recognised as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalised as part of cost of that asset.

4.23 Deferred income - Grant

Grants received on account of capital expenditure are recorded as deferred income and are amortised over the useful life of the relevant asset. The grants received on account of revenue expenditures are recorded as and when the expenditure is incurred.

4.24 Revenue recognition

- Discount, interest / mark-up and / or return on loans and advances and investments are recorded on time proportion basis that takes into account the effective yield on the asset. However, income on balances with Bangladesh (former East Pakistan), doubtful loans and advances and overdue return on investments are recognised as income on receipt basis.
- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control (i.e. at the time of transfer of physical possession) of promised goods, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.
- Commission income is recognised when related services are rendered.
- Dividend income is recognised when the Group’s right to receive dividend is established.
- Gains / losses on disposal of securities are recognised in the consolidated profit and loss account at trade date.
- Unrealised gains and losses arising on revaluation of securities designated at fair value through profit or loss are included in consolidated profit and loss account in the period in which they arise.
- Unrealised gains and losses arising on revaluation of securities classified as fair value through other comprehensive income are included in consolidated other comprehensive income in the period in which they arise.

- Fee from training, education and hostel services are recognised on accrual basis.
- Rental income from property is accrued on time proportion basis at agreed rates.
- Return on Group's deposits are recognised on accrual basis taking into account the effective yield.
- Scrap sales and miscellaneous income are recognised on receipt basis.
- All other revenues are recognised on a time proportion basis.

4.25 Finances under profit and loss sharing arrangements

The Group provides various finances to financial institutions under profit and loss sharing arrangements. Share of profit / loss under these arrangements is recognised on an accrual basis.

4.26 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the closing rate of exchange prevailing at the reporting date.

Exchange gains and losses are taken to the consolidated profit and loss account except for certain exchange differences on balances with the International Monetary Fund, referred to in note 4.17, which are transferred to the Government of Pakistan account.

Commitments for outstanding foreign exchange forward and swap contracts disclosed in note 36.2 to these consolidated financial statements are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in PKR terms at the closing rate of exchange prevailing at the reporting date.

4.27 Investment in associates

Entities in which the Group has significant influence but not control and which are neither its subsidiaries nor joint ventures are classified as associates and are accounted for by using the equity method of accounting.

These investments are initially recognised at cost, thereafter the carrying amount is increased or decreased to recognise the Group share of profit and loss of associates. Share of post acquisition profit and loss of associates is accounted for in the consolidated profit and loss account. Distribution received from investee reduces the carrying amount of investment. The Group's share of associates' other comprehensive income is recognised in consolidated other comprehensive income of the Group.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any is recognised in the consolidated profit and loss account.

Unrealised gains / losses arising from transactions with associated companies are eliminated against the investment in the associates to the extent of Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

The Group accounts for its share of comprehensive income from associates as at year end on the basis of latest available financial statement of associates but not older than three months.

4.28 Taxation

The income of the Bank and the SBP Banking Services Corporation are exempt from tax under section 49 of the State Bank of Pakistan Act, 1956 and clause 66(xx) of Part I of second schedule to the Income Tax Ordinance, 2001. However, in case of NIBAF, NIBAF is claiming hundred percent (100%) tax credit for the tax year 2015 and onwards under clause (d) of sub-section 2 of section 100C of the Income Tax Ordinance, 2001, introduced under the Finance Act, 2015. The income of PSPC is subject to tax at applicable rates.

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the consolidated profit and loss account or consolidated statement of comprehensive income to the item to which it relates.

4.28.1 Current

The charge for current taxation is based on expected taxable income for the year at the current rates of taxation, after taking into consideration available tax credits, rebates, tax losses, etc. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

4.28.2 Deferred

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. 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 realised.

5 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses that are not readily available from other sources. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities and income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised 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. Judgments made by the management in the application of IFRS and estimates that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are as follows:

5.1 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates may include items like considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see note 4.6 to these consolidated financial statements.

5.2 Effective interest rate (EIR) method

The Group's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of financial instruments. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as clubbing of and other determinable fee income / expense to the cost of acquisition of financial instruments that are integral parts of the instrument.

5.3 Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Assumptions regarding the impairment of financial assets are presented in the note 52.1.2 to these consolidated financial statements.

5.4 Retirement benefits

The key actuarial assumptions concerning the valuation of defined benefit plans and the sources of estimation are disclosed in notes 46.3.1 and 46.4.1 to these consolidated financial statements.

5.5 Useful life and residual value of property, plant and equipment

Estimates of useful life and residual value of property and equipment are based on the management's best estimate.

		Note	2022	2021
6	**CASH AND BANK BALANCES**		---------(Rupees in '000)--------	
	With banks in current and saving accounts	6.1	**155,578**	465,891
	Cash in hand		**41,940**	35,693
			197,518	501,584

6.1 This includes saving accounts carrying mark-up ranging from 3.70% to 13.00% (2021: 3.71% to 6.90%) per annum.

		Note	2022	2021	2022	2021
7	**GOLD RESERVES HELD BY THE BANK**		**Net content in troy ounces**		------------(Rupees in '000)------------	
	Opening balance		**2,078,517**	2,078,197	**577,356,238**	617,495,037
	Additions during the year		**-**	320	**-**	84,814
	Appreciation / (diminution) for the year due to revaluation	35	**-**	-	**196,281,167**	(40,223,613)
	Closing balance	24.1	**2,078,517**	2,078,517	**773,637,405**	577,356,238

7.1 During the year, the Bank has recognised an appreciation of Rs 196,281 million (2021: diminution of Rs 40,223 million) based on the closing market rate of USD 1,817 (2021: USD 1,763.15) per troy ounce of the fine gold content fixed by the London Bullion Market Association.

		Note	2022	2021
8	**LOCAL CURRENCY - COINS**		------------(Rupees in '000)------------	
	Banknotes held by the banking department		**146,313**	149,598
	Coins held as an asset of the issue department	8.1 & 24.1	**406,368**	417,574
			552,681	567,172
	Less: banknotes held by the Banking department	24	**(146,313)**	(149,598)
			406,368	417,574

8.1 As mentioned in note 4.2, the Bank is responsible for issuing coins of various denominations on behalf of the GoP. This balance represents the face value of coins held by the Bank at the year end.

9 **FOREIGN CURRENCY ACCOUNTS AND INVESTMENTS**

These represent foreign currency reserves held by the Group, the details of which are as follows:

	Note	2022	2021
		------------(Rupees in '000)------------	
At fair value through profit and loss:			
- investments	9.3	**604,932,798**	1,024,175,981
- unrealised gain on derivative financial instruments		**261,292**	536,285
- unrealised loss on derivative financial instruments		**(303,129)**	(113,124)
	9.4	**(41,837)**	423,161
		604,890,961	1,024,599,142
At amortised cost:			
- deposit accounts		**632,143,450**	375,065,876
- current accounts		**1,491,490**	1,296,989
- securities purchased under agreement to resell	9.5	**586,803,857**	423,792,553
- money market placements	9.6	**352,928,480**	1,034,106,813
		1,573,367,277	1,834,262,231
Credit loss allowance	9.2	**(4,165)**	(16,561)
		2,178,254,073	2,858,844,812

The above foreign currency accounts and investments are held as follows:

	Note	2022	2021
Issue department	24.1	**720,620,610**	1,034,070,392
Banking department		**1,457,633,463**	1,824,774,420
		2,178,254,073	2,858,844,812

9.1 The following table sets out information about the credit quality of foreign currency accounts and investments of the Group measured at amortised cost and maximum exposure to credit risk as at reporting date. Details of the Group's internal grading system are explained in note 52.1.4.

Stage 1	Note	2022	2021
		------------(Rupees in '000)------------	
Deposit accounts			
High rating		**632,143,450**	375,065,876
		632,143,450	375,065,876
Current accounts			
High rating		**1,491,449**	1,296,948
Standard rating		**41**	41
		1,491,490	1,296,989
Securities purchased under agreement to resell			
High rating	9.5	**586,803,857**	423,792,553
		586,803,857	423,792,553
Money market placements			
High rating	9.6	**352,928,480**	1,034,106,813
		352,928,480	1,034,106,813
		1,573,367,277	1,834,262,231

9.2 An analysis of changes in the ECL in relation to foreign currency accounts and investments of the Group measured at amortised cost is as follows:

	2022		
	Nostros account	**Money market placements**	**Total**
Stage 1	---------------------- (Rupees in '000) ----------------------		
Opening balance as of July 1, 2021	**2,781**	**13,780**	**16,561**
Charge / (reversal) of allowance	**1,384**	**(13,780)**	**(12,396)**
Balance as of June 30, 2022	**4,165**	**-**	**4,165**

	2021		
	Nostros account	Money market placements	Total
Stage 1	---------------------- (Rupees in '000) ----------------------		
Opening balance as of July 1, 2020	88	-	88
Charge of allowance	2,693	13,780	16,473
Balance as of June 30, 2021	2,781	13,780	16,561

9.3 This includes investments made by the Bank in international markets and balances maintained, on behalf of the Bank through reputable fund managers. The activities of these fund managers are being monitored through a custodian. The market value of the investments as on June 30, 2022 amounts to Rs. 426,417 million (USD 2,081.3 million [2021: Rs. 207,081 million (USD 1,314.5 million). These carry interest rates ranging from 1.18% to 2.51% per annum in USD (2021: 0.13% to 3.75% per annum) and 1.13% to 2.33% per annum in CNY (2021: 2.12% to 2.48% per annum).

9.4 This represents unrealised gain / (loss) on foreign currency swaps, futures and forward contracts (including transactions executed by the fund managers on behalf of the Group) entered into with various counterparties.

9.5 These represent lending under repurchase agreements which carry mark-up in USD at the rate of 1.55% per annum (2021: 0.05% per annum) and these are due to mature on July 1, 2022 (2021: July 01, 2021).

9.6 These represent money market placements carrying interest rates ranging from 1.72% to 2.25% per annum in CNY and Nil in USD (2021: 3.28% in CNY and 0.10% to 0.16% per annum in USD) having maturities ranging from July 5, 2022 to August 2, 2022 in CNY (2021:July, 2 2021 in CNY and July 3, 2021 to August 7, 2021 in USD).

10 EARMARKED FOREIGN CURRENCY BALANCES

This represents foreign currency cash balances translated at the exchange rate prevailing at the reporting date, held by the Group to meet foreign currency commitments of the Group.

11 SPECIAL DRAWING RIGHTS OF THE INTERNATIONAL MONETARY FUND

Special drawing rights (SDRs) are the foreign reserve assets which are allocated by the International Monetary Fund (IMF) to its member countries in proportion to their quota in the IMF. In addition, the member countries can purchase the SDRs from the IMF and other member countries in order to settle their obligations. The figures given below represent the rupee value of the SDRs held by the Group as at the reporting date. Interest is credited by the IMF on the SDR holding of the Group at weekly interest rates on daily products of SDRs held during each quarter.

	Note	2022	2021
SDRs are held as follows:		(Rupees in '000)	
- by the issue department	24.1	**41,041,920**	-
- by the banking department		**2,418,856**	60,771,006
		43,460,776	60,771,006

12 RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS

		2022	2021
Quota allocated by the International Monetary Fund		**551,151,829**	455,738,808
Liability under quota arrangements		**(551,118,972)**	(455,712,081)
		32,857	26,727

13 SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

	Note	2022	2021
Conventional	13.1	**4,080,798,647**	1,792,952,119
Shariah compliant financing facility	13.2	**437,810,937**	-
		4,518,609,584	1,792,952,119

13.1 This represents collateralised lending made to various conventional financial institutions under resell arrangement carrying mark-up ranging from 13.83% to 14.05% per annum (2021: 7.06% to 7.10% per annum). The resell arrangement to conventional financial institution are due to mature on September 9, 2022 (2021: July 2, 2021). The fair value of securities collateralised as on June 30, 2022 amounted to Rs. 4,055,879 million (2021: Rs. 1,852,618 million). The collaterals held by the Bank consists of Pakistan Investment Bonds and market treasury bills.

13.2 This represents collateralised lending made to various Islamic financial institutions under resell arrangement carrying mark-up ranging from 13.85% to 13.91% per annum (2021: Nil). The resell arrangement to conventional and Islamic financial institution are due to mature on September 9, 2022 (2021: Nil). The fair value of securities collateralised as on June 30, 2022 amounted to Rs. 443,876 million (2021: Rs. Nil). The collaterals held by the Bank consists of GoP Ijarah sukuks.

13.3 The following table sets out information about the credit quality of securities purchased under agreement to resell of the Bank measured at amortised cost:

	Stage 1	2022	Stage 1	2021
	(Rupees in '000)			
High rating	**4,518,618,316**	**4,518,618,316**	1,792,952,125	1,792,952,125
Less: credit loss allowance	**(8,732)**	**(8,732)**	(6)	(6)
	4,518,609,584	**4,518,609,584**	1,792,952,119	1,792,952,119

13.4 Securities purchased under agreement to resell are held as follows:	Note	2022	2021
		(Rupees in '000)	
- by the issue department		**1,000,000,000**	-
- by the banking department		**3,518,609,584**	1,792,952,119
		4,518,609,584	1,792,952,119

13.5 An analysis of changes in the ECL in relation to securities purchased under agreement to resell of the Group measured at amortised cost is, as follows:

	Stage 1	2022	Stage 1	2021
	(Rupees in '000)			
Opening balance	**6**	**6**	7	7
Charge / (reversal) during the year	**8,726**	**8,726**	(1)	(1)
Closing balance	**8,732**	**8,732**	6	6

	Note	2022	2021
		(Rupees in '000)	

14 INVESTMENTS - LOCAL

	Note	2022	2021
At amortised cost			
Federal Government securities			
Pakistan investment bonds (PIBs)	14.5	**6,143,166,078**	6,676,448,550
Federal government scrips		**2,740,000**	2,740,000
Market Treasury Bills		**50,756,899**	6,220,788
	14.2	**6,196,662,977**	6,685,409,338
Term Deposit Receipts	14.3	**2,750,000**	1,200,000
Zarai Taraqiati Bank Limited (ZTBL) preference shares - unlisted	14.4	**54,814,206**	54,679,114
Term finance certificates		**28,243**	28,243
Certificates of deposits		**11,235**	11,235
		39,478	39,478
Assets relating to endowment fund			
Pakistan investment bonds (PIBs)		**132,184**	-
Credit loss allowance	14.6	**(39,478)**	(39,478)
		6,254,359,367	6,741,288,452
At fair value through other comprehensive income			
Investments in banks and other financial institutions			
Ordinary shares			
- Listed		**44,715,689**	58,506,359
- Unlisted		**58,218,372**	56,302,176
	14.7	**102,934,061**	114,808,535
At fair value through profit or loss			
Units of open ended mutual funds	14.9	**929,274**	1,315,236
		6,358,222,702	6,857,412,223
The above investments are held as follows:			
Issue department	24.1	**5,442,215,787**	5,655,896,964
Banking department / subsidiaries		**916,006,915**	1,201,515,259
		6,358,222,702	6,857,412,223

14.1 The following table sets out information about the credit quality of local investments of the Group measured at amortised cost as at June 30, 2022.

	Note	**2022**			
		Stage 1	**Stage 2**	**Stage 3**	**Total**
		(Rupees in '000)			
High rating		**6,254,359,367**	-	-	**6,254,359,367**
Rating below standard		**-**	-	**39,478**	**39,478**
		6,254,359,367	**-**	**39,478**	**6,254,398,845**
Less: credit loss allowance	14.6	-	-	**(39,478)**	**(39,478)**
		6,254,359,367	**-**	**-**	**6,254,359,367**

	Note	2021			
		Stage 1	Stage 2	Stage 3	Total
		(Rupees in '000)			
High rating		6,741,288,452	-	-	6,741,288,452
Rating below standard		-	-	39,478	39,478
		6,741,288,452	-	39,478	6,741,327,930
Less: credit loss allowance	14.6	-	-	(39,478)	(39,478)
		6,741,288,452	-	-	6,741,288,452

14.2 These represent investments guaranteed / issued by the Government. The profile of return on securities is as follows:

	2022	2021
	% per annum	
Pakistan investment bonds	**7.00 to 15.70**	7.92 to 13.88
Federal government scrips	**3**	3
Market Treasury Bills	**10.65 to 15.12**	7.29 to 7.65

PIBs were created for one to ten years under the instructions of the Federal Government while Federal Government scrips are of perpetual nature.

The Federal Government issued PIBs on June 30, 2019 with maturity of one year to ten years amounting to Rs. 7,187,000 million. PIBs having face value of Rs.1,707,000 million (2021: 1,138,000 million) have matured till June 30, 2022 and June 30, 2021 respectively.

Market Treasury Bills have maturities upto June 15, 2023 (2021: November 4, 2021)

14.3 These represent Term Deposit Receipts having maturity of upto 3 months with Bank Al Habib Limited bearing mark-up ranging from 13.00% to 15.85% (2021: 6.50% to 14.00%) per annum.

14.4 This represents 5,446.153 million preference shares of Rs. 10 each carrying mark-up at the rate of 7.5% per annum payable semi-annually, issued by Zarai Taraqiati Bank Limited. These preference shares are redeemable on March 7, 2027.

14.5 These include investment in PIBs amounting to Rs. 43,711.253 million which has been created against 'receivable balance of Railway' in accordance with the requirement of section 9C(6) of the State Bank of Pakistan Act, 1956, the above-mentioned account has been converted into "PIBs" with a duration of eight years and remunerated at market interest rates.

14.6 Credit loss allowance

	2022	2021
	(Rupees in '000)	
Opening balance	**39,478**	78,953
Reversal of credit loss allowance during the year	**-**	(39,475)
Closing balance	**39,478**	39,478

14.7 Investments in shares of banks and other financial institutions

	Note	**2022**			
		Percentage holding	**Cost**	**Unrealised appreciation / (diminution)**	**Total**
		%	**(Rupees in '000)**		
Listed					
- National Bank of Pakistan		**75.20**	**1,100,805**	**43,614,884**	**44,715,689**
Unlisted					
More than 50% Shareholding					
- Zarai Taraqiati Bank Limited		**76.23**	**10,199,621**	**(5,330,757)**	**4,868,864**
- House Building Finance Company Limited		**90.31**	**1,482,304**	**778,019**	**2,260,323**
- Deposit Protection Corporation of Pakistan	14.7.2	**100**	**500,000**	**(500,000)**	**-**
Less than or equal to 50% Shareholding					
Other investments			**4,637,706**	**46,451,479**	**51,089,185**
			16,819,631	**41,398,741**	**58,218,372**
			17,920,436	**85,013,625**	**102,934,061**

	Note	2021			
		Percentage holding	Cost	Unrealised appreciation / (diminution) (Note 14.8)	Total
		%	----------------------	(Rupees in '000)	----------------------
Listed					
- National Bank of Pakistan		75.20	1,100,805	57,405,554	58,506,359
Unlisted					
More than 50% Shareholding					
- Zarai Taraqiati Bank Limited		76.23	10,199,621	(4,125,100)	6,074,521
- House Building Finance Company Limited		90.31	1,482,304	506,693	1,988,997
- Deposit Protection Corporation	14.7.2	100	500,000	(500,000)	-
Less than or equal to 50% Shareholding					
Other investments			4,637,706	43,600,952	48,238,658
			16,819,631	39,482,545	56,302,176
			17,920,436	96,888,099	114,808,535

14.7.1 Investments in above entities have been made under the specific directives of the Government of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956 and other relevant statutes. The Group neither exercises significant influence nor has control over these entities except for any regulatory purposes or control arising as a consequence of any statute which applies to the entire sector to which these entities belong. Accordingly, these entities have not been consolidated as subsidiaries or accounted for as investments in associates or joint ventures.

14.7.2 During the year 2018-19, in accordance with section 9 of the Deposit Protection Corporation Act, 2016 (DPC Act), the Bank has made an initial capital contribution of Rs. 500 million in Deposit Protection Corporation (DPC). This represents 100% of the paid-up portion of the capital of DPC, which was established for the protection of small depositors in order to ensure the financial stability of and maintain public interest in, the financial system, and for matters connected therewith or ancillary thereto. The shareholders of DPC are not entitled to receive any dividend in terms of section 9(5) of DPC Act. The Bank is not exposed, or has rights, to variable returns from its involvement with the DPC and does not have the ability to affect its returns. Consequently, DPC is not treated as a subsidiary in these consolidated financial statements. Considering the substance of this transaction, the capital injection in the DPC was fully provided.

	2022	2021
	----------- **(Rupees in '000)**	----------
14.8 Unrealised (diminution) / appreciation on remeasurement of investments		
Opening balance	**96,888,099**	61,416,969
(Diminution) / appreciation during the year - net	**(11,874,474)**	35,471,130
Closing balance	**85,013,625**	96,888,099

14.9 Investments in mutual funds at fair value through profit or loss:

2022	2021	**Name of investee**	**2022**	**2021**
Number of units			----------- **(Rupees in '000)**	----------
2,242,821	2,242,821	Al Hamra Islamic Stock Fund	**20,410**	25,321
-	875,094	MCB Cash Management Optimizer Fund	**-**	88,349
7,065,637	7,065,637	Meezan Islamic Fund	**397,311**	447,792
-	857,780	MCB DCF Income Fund	**-**	91,827
6,246,614	6,246,614	ABL Islamic Stock Fund	**82,303**	101,348
-	151,618	Atlas Money Market Fund	**-**	76,700
17,924,451	17,924,451	NAFA Islamic Stock Fund	**190,105**	228,268
-	1,810	NAFA Money Market Fund	**-**	18
2,752,499	2,752,499	MSAF Meezan Strategic Allocation Plan I	**120,262**	128,298
2,752,039	2,752,039	MSAF Meezan Strategic Allocation Plan II	**118,883**	127,315
			929,274	1,315,236

15 INVESTMENTS IN ASSOCIATES

	Note	2022	2021	2022	2021
		Percentage holding		(Rupees in '000)	
		%	%		
Investments in associates under equity method of accounting:					
Security Papers Limited (SPL)	15.1	**40.03**	40.03	**6,801,867**	6,387,246
SICPA Inks Pakistan (Private) Limited (SICPA)	15.2	**47**	47	**923,458**	996,490
				7,725,325	7,383,736

15.1 Security Papers Limited - SPL

	Note	2022	2021
		(Rupees in '000)	
Cost		**1,613,357**	1,613,357
Share of post acquisition after tax profits	15.1.1	**2,084,498**	1,732,523
Effect of first time application of IFRS 9 on after tax profits		**(100,561)**	(100,561)
Share in other comprehensive income	15.1.2	**(64,065)**	(64,553)
Effect of restatement due revaluation of land and Building of SPL		**4,170,324**	3,894,669
Effect of first time application of IFRS 9 on other comprehensive income		**100,561**	100,561
Dividend received		**(1,002,247)**	(788,750)
		6,801,867	6,387,246

15.1.1 The movement in share of post acquisition after tax profit for SPL is as follows:

	Note	2022	2021
Opening balance		**1,732,523**	1,131,012
Share of after tax profit from associate for the year ended June 30	15.1.2	**379,880**	583,816
Depreciation on revaluation of building		**(996)**	(996)
Effect of restatement on after tax profits		**-**	-
Unrealised gain / (loss) on transactions	15.1.3	**(26,909)**	18,691
		351,975	601,511
Closing balance		**2,084,498**	1,732,523

15.1.2 These amounts are based on audited annual financial statements of SPL as at and for the year ended June 30, 2022.

15.1.3 This represents the effect of elimination of unrealised gain / loss on transactions between the associate to the extent of its interest in the associate (40.03%).

15.2 SICPA Inks Pakistan (Private) Limited - (SICPA)

	Note	2022	2021
		(Rupees in '000)	
Cost		**497,655**	497,655
Share of post acquisition after tax profits	15.2.1	**2,015,183**	1,604,481
Effect of first time application of IFRS 9 on after tax profits		**3,554**	3,554
Share in other comprehensive income	15.2.2	**3,835**	5,359
Effect of first time application of IFRS 9 on other comprehensive income		**(3,554)**	(3,554)
Dividend received		**(1,593,215)**	(1,111,005)
		923,458	996,490

15.2.1 The movement in share of post acquisition after tax profit for SICPA is as follows:

	Note	2022	2021
Opening balance		**1,604,481**	868,131
Share of after tax profit from associate for the year ended June 30	15.2.2	**371,936**	613,556
Effect of restatement on after tax profits		**-**	-
Effect of restatement on other comprehensive income		**-**	-
Unrealised gain on transactions		**38,766**	122,794
		410,702	736,350
Closing balance		**2,015,183**	1,604,481

15.2.2 These amounts are based on annual audited financial statements of SICPA as at and for the year ended December 31, 2021 which have been adjusted using the unaudited interim financial statements for the half year ended June 30, 2021 and June 30, 2022.

15.3 The following is the summarised financial information of the associates as at June 30, 2022 and June 30, 2021 based on their financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

	Security Papers		SICPA Inks Pakistan	
	June 30, 2022	June 30, 2021	**June 30, 2022**	June 30, 2021
	---------- (Rupees in '000) ----------			
Assets	**8,907,967**	8,137,349	**4,669,139**	4,264,067
Liabilities	**1,770,364**	1,416,649	**2,093,368**	1,450,428
	Year ended June 30, 2022	Year ended June 30, 2021	**Year ended June 30, 2022**	Year ended June 30 2021
	---------- (Rupees in '000) ----------			
Revenue	**5,147,258**	5,001,692	**7,176,534**	7,322,367
Profit after tax	**948,989**	1,458,730	**791,353**	1,305,436
Other comprehensive income	**1,218**	5,893	**(3,243)**	2,367
Interest in net assets of investee at the end of the year	**2,857,182**	2,690,296	**1,210,612**	1,322,410
Other adjustments	**(220,444)**	(193,535)	**(287,154)**	(325,920)
Effect of difference in Corporation's accounting policy	**4,165,129**	3,890,485	**-**	-
	6,801,867	6,387,246	**923,458**	996,490

15.4 The market value of SPL as at June 30, 2022 is Rs. 115.96 per share (2021: Rs. 144.57 per share) i.e. an aggregate amount of Rs. 2,750.773 million (2021: Rs. 3,429.452 million). The breakup value based on net assets of SICPA as per latest reviewed financial information as on June 30, 2022 is Rs. 451.89 per share (2021: Rs. 493.62 per share) i.e. an aggregate amount of Rs. 1,210.612 million (2021: Rs. 1,322.410 million).

16 LOANS, ADVANCES AND BILLS OF EXCHANGE

	Note	2022	2021
		----- (Rupees in '000) -----	
Government owned / controlled financial institutions	16.3	**165,348,802**	122,531,854
Private sector financial institutions	16.5	**1,363,839,800**	1,045,642,491
		1,529,188,602	1,168,174,345
SDRs on-lending to Government of Pakistan (GoP)	16.4	**529,079,647**	-
Employees		**26,411,255**	24,972,693
		2,084,679,504	1,193,147,038
Less: credit loss allowance	16.8	**(2,157,379)**	(2,151,911)
		2,082,522,125	1,190,995,127

16.1 The following table sets out information about the credit quality of loans, advances and bills of exchange of the Group measured at amortised cost:

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	---------- (Rupees in '000) ----------			
Government owned / controlled financial institutions				
High rating	163,568,501	-	-	**163,568,501**
Rating below standard	-	-	1,780,301	**1,780,301**
	163,568,501	**-**	**1,780,301**	**165,348,802**
Private sector financial institutions				
High rating	1,355,663,779	-	-	**1,355,663,779**
Standard rating	-	-	-	**-**
Rating below standard	7,108,824	-	1,067,197	**8,176,021**
	1,362,772,603	**-**	**1,067,197**	**1,363,839,800**
SDRs on-lending to Government of Pakistan (GoP)				
High rating	-	529,079,647	-	**529,079,647**
	-	**529,079,647**	**-**	**529,079,647**
Employees				
Performing loans	26,411,255	-	-	**26,411,255**
Non performing loans	-	-	-	**-**
	26,411,255	**-**	**-**	**26,411,255**
	1,552,752,359	**529,079,647**	**2,847,498**	**2,084,679,504**
Less: credit loss allowance	**(20,410)**	-	**(2,136,969)**	**(2,157,379)**
	1,552,731,949	**529,079,647**	**710,529**	**2,082,522,125**

	2021			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
Government owned / controlled financial institutions				
High rating	120,751,553	-	-	120,751,553
Rating below standard	-	-	1,780,301	1,780,301
	120,751,553	-	1,780,301	122,531,854
Private sector financial institutions				
High rating	1,037,498,020	-	-	1,037,498,020
Standard rating	7,077,274	-	-	7,077,274
Rating below standard	-	-	1,067,197	1,067,197
	1,044,575,294	-	1,067,197	1,045,642,491
Employees				
Performing loans	24,965,931	-	-	24,965,931
Non performing loans	-	-	6,762	6,762
	24,965,931	-	6,762	24,972,693
	1,190,292,778	-	2,854,260	1,193,147,038
Less: credit loss allowance	(14,942)	-	(2,136,969)	(2,151,911)
	1,190,277,836	-	717,291	1,190,995,127

16.2 An analysis of changes in the ECL in relation to loans and advances of the Group measured at amortised cost is as follows:

	2022			
	Government owned / controlled financial institutions	**Private sector financial institutions**	**Employees**	**Total**
	(Rupees in '000)			
Stage 1				
Opening balance as of July 01, 2021	**3,716**	**10,037**	**1,189**	**14,942**
Charge / (reversal) of allowance	**15,593**	**(10,037)**	**(88)**	**5,468**
Balance as of June 30, 2022	**19,309**	**-**	**1,101**	**20,410**
Stage 3				
Opening balance as of July 01, 2021	**1,066,606**	**1,063,630**	**6,733**	**2,136,969**
Charge / (reversal) of allowance	**-**	**-**	**-**	**-**
Balance as of June 30, 2022	**1,066,606**	**1,063,630**	**6,733**	**2,136,969**
	1,085,915	**1,063,630**	**7,834**	**2,157,379**

	2021			
	Government owned / controlled financial institutions	Private sector financial institutions	Employees	Total
	(Rupees in '000)			
Stage 1				
Opening balance as of July 01, 2020	46,061	9,095	736	55,892
Charge / (reversal) of allowance	(42,345)	942	453	(40,950)
Balance as of June 30, 2021	3,716	10,037	1,189	14,942
Stage 3				
Opening balance as of July 01, 2020	1,066,606	1,063,630	6,733	2,136,969
Charge / (reversal) of allowance	-	-	-	-
Balance as of June 30, 2021	1,066,606	1,063,630	6,733	2,136,969
	1,070,322	1,073,667	7,922	2,151,911

16.3 Loans and advances to government owned / controlled financial institutions

	Note	Scheduled banks		Other financial institutions		Total	
		2022	2021	**2022**	2021	**2022**	2021
		(Rupees in '000)					
Agricultural sector		**946,257**	917,643	**-**	-	**946,257**	917,643
Industrial sector	16.3.1	**76,359,494**	42,448,747	**-**	-	**76,359,494**	42,448,747
Export sector		**76,568,319**	62,589,078	**3,567**	-	**76,571,886**	62,589,078
Housing sector		**-**	-	**3,014**	10,456	**3,014**	10,456
Others	16.3.2	**11,142,901**	15,777,412	**325,250**	788,518	**11,468,151**	16,565,930
		165,016,971	121,732,880	**331,831**	798,974	**165,348,802**	122,531,854

16.3.1 This includes exposure to Industrial Development Bank Limited (IDBL) under locally manufactured machinery (LMM) credit line amounting to Rs. 1,054 million (2021: Rs. 1,054 million). Furthermore, loans and advances also include loans amounting to Rs. 340.78 million (2021: Rs. 340.78 million) to IDBL which are secured by government securities. The Federal Government vide its vesting order dated November 13, 2012 had transferred and vested all assets and liabilities of Industrial Development Bank of Pakistan (IDBP) into the IDBL with effect from November 13, 2012. The Cabinet Committee on Privatisation, in its meeting held on May 07, 2016 approved the inclusion of IDBL in the 'privatisation program for early implementation'. Further, the Cabinet Committee on Privatisation in its meeting held on October 31, 2018 approved to delist IDBL from privatization programme. The Federal Cabinet also ratified the decision of the Cabinet Committee on Privatization. Currently, the process of winding up of IDBL is under process.

16.3.2 These balances include Rs. 327.957 million (2021: Rs. 327.957 million) which are recoverable from various financial institutions operating in Bangladesh (former East Pakistan). The realisability of these balances is subject to final settlement between the Governments of Pakistan and Bangladesh.

16.4 During the year, the Bank has received a general allocation from the IMF amounting to SDR 1,946.6 million as disclosed in note 29.2 to these consolidated financial statements as a fiscal agent of GoP which were on-lent to the GoP through a separate transaction. The GoP upon receipt of such SDR's has sold the same to the Bank and received amount equivalent to Rs 474,938 million, being the value prevalent on the date the SDRs were on-lending to GoP. This SDR - denominated loan carries an interest which is based on weekly interest rate applicable on daily product of SDR's payable in SDR's which will be settled in equivalent 'PKR'. The loan is perpetual in nature and shall only be payable in case IMF decides to reduce the SDR allocation or demands repayment of such SDR's from SBP.

16.5 Loans and advances to private sector financial institutions

	Note	Scheduled banks		Other financial institutions		Total	
		2022	2021	**2022**	2021	**2022**	2021
		(Rupees in '000)					
Agricultural sector		**3,957,299**	2,962,701	**147,165**	241,635	**4,104,464**	3,204,336
Industrial sector		**563,045,942**	331,950,497	**30,102,661**	20,688,134	**593,148,603**	352,638,631
Export sector	16.5.1	**702,406,542**	526,048,365	**-**	-	**702,406,542**	526,048,365
Others	16.5.2 & 16.5.3	**57,152,408**	155,962,278	**7,027,783**	7,788,881	**64,180,191**	163,751,159
		1,326,562,191	1,016,923,841	**37,277,609**	28,718,650	**1,363,839,800**	1,045,642,491

16.5.1 Export sector loans of scheduled banks are fully secured against demand promissory notes.

16.5.2 In the year 2015, the Bank in continuation of a scheme of amalgamation of two commercial banks duly sanctioned by the Federal Government under section 47 of the Banking Companies Ordinance, 1962 and under section 17 of the State Bank of Pakistan Act, 1956, extended a 10 year financing facility of Rs. 5,000 million with a bullet payment of mark-up and principal at maturity to an Islamic commercial bank (ICB) which is secured against Government of Pakistan Ijara Sukuk. The 10 year facility was provided on the basis of Modaraba to be remunerated at profit sharing ratio declared by the ICB on its remunerative current accounts on monthly basis (the last declared rate in this respect is 0.01% per annum). In accordance with the requirements of accounting framework of the Bank, the 10 year financing facility had been recognised at fair value on initial recognition. The amortised cost as of June 30, 2022 is Rs. 3,852 million (2021: Rs. 3,523 million).

16.5.3 Loans to other financial institutions include advances made to microfinance banks under Financial Inclusion and Infrastructure Project (FIIP). These loans are fully secured against demand promissory notes.

16.6 The interest / mark-up rate profile of the interest / mark-up bearing loans and advances is as follows:

	2022	2021
	(% per annum)	
Government owned / controlled and private sector financial institutions	**0 to 9.7**	0 to 9.7
Employees loans (where applicable)	**0 to 10.00**	0 to 10.00

16.7 Fair valuation adjustment on COVID loans - net

	2022	2021
	(Rupees in '000)	
Unwinding of income in respect of fair valuation adjustment on COVID-19 loans	**22,618,337**	12,686,574
Fair valuation loss adjustment on COVID-19 loans on initial recognition	**(85,841,557)**	(58,418,557)
	(63,223,220)	(45,731,983)

The Group in response to the COVID-19 pandemic launched several new financing facility schemes in line with its mission to maintain financial and monetary stability. The following facilities were introduced via IH&SMEFD circular no. 01 and 03 of 2020 dated March 17, 2020 and IH&SMEFD circular no. 06 of 2020 dated April 10, 2020:

i) temporary economic refinance facility;
ii) refinance facility for combating COVID-19 (RFCC); and
iii) refinance scheme for payments of wages and salaries to workers and employees of business concerns

Facilities disbursed to the banks during the year under the above mentioned schemes aggregated to Rs. 223,532 million (2021: Rs. 299,540 million). These facilities have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition aggregating to Rs. 85,841.557 million (2021: Rs. 58,418.557 million). Further, during the year, an aggregate amount of Rs. 22,618.337 million (2021: Rs.12,686.574 million) was recognised in respect of unwinding of income on fair valuation adjustment on COVID-19 loans.

	Note	**2022**	2021
16.8 Credit loss allowance		**--------- (Rupees in '000)**	**---------**
Opening balance		**2,151,911**	2,192,861
Charge / (reversal) during the year		**5,468**	(40,950)
Closing balance		**2,157,379**	2,151,911

17 ASSETS HELD WITH THE RESERVE BANK OF INDIA

	Note	2022	2021
Gold reserves			
- opening balance		**9,328,857**	9,978,954
- Appreciation / (diminution) for the year due to revaluation	31.3.1.1	**3,171,489**	(650,097)
		12,500,346	9,328,857
Sterling securities		**821,148**	720,349
Government of India securities		**371,008**	302,599
Rupee coins		**7,503**	6,159
	17.1	**13,700,005**	10,357,964
Indian notes representing assets receivable from the Reserve Bank of India	17.2	**1,116,318**	910,485
	24.1	**14,816,323**	11,268,449

17.1 These assets were allocated to the Government of Pakistan as its share of the assets of the Reserve Bank of India under the provisions of Pakistan (Monetary System and Reserve Bank) Order, 1947. The transfer of these assets to the Group is subject to final settlement between the Governments of Pakistan and India (also refer note 31.3.1).

17.2 These represent Pak Rupee equivalent of Indian rupee notes which were in circulation in Pakistan until retirement from circulation under the Pakistan (Monetary System and Reserve Bank) Order, 1947. Realisability of these assets is subject to final settlement between the Governments of Pakistan and India (also refer note 31.3.1).

18 BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH	**Note**	**2022**	2021
		--------- (Rupees in '000)	**---------**
India			
Advance against printing of notes		**39,616**	39,616
Receivable from the Reserve Bank of India		**837**	837
		40,453	40,453
Bangladesh			
Inter office balances		**819,924**	819,924
Loans, advances and commercial papers	18.1	**14,246,824**	13,227,497
		15,066,748	14,047,421
	18.2	**15,107,201**	14,087,874

18.1 These represent interest bearing loans and advances (including commercial papers) provided to the Government of Bangladesh.

18.2 The realisability of the above balances is subject to final settlement between the Government of Pakistan and Governments of Bangladesh and India (also refer notes 31.1 and 31.3.1).

	Note	**2022**	2021
19 PROPERTY, PLANT AND EQUIPMENT		**--------- (Rupees in '000)**	**---------**
Operating fixed assets	19.1	**160,676,374**	136,621,502
Capital work-in-progress	19.4	**4,415,508**	1,725,827
		165,091,882	138,347,329

19.1 Operating fixed assets

	2022										
	Freehold land*	**Leasehold land***	**Buildings on freehold land***	**Buildings on leasehold land***	**Plant and Machinery**	**Furniture and fixtures**	**Office equipment**	**Electronic data processing equipment**	**Motor vehicles**	**Right-of-use assets**	**Total**
	(Rupees in '000)										
As at July 01, 2021											
Cost / revalued amount	68,656,083	55,717,637	2,860,199	5,164,639	11,310,314	296,944	4,669,802	3,135,318	1,135,286	55,940	153,002,162
Accumulated depreciation	-	1,900,123	322,184	582,030	7,780,885	185,623	2,159,347	2,778,660	624,077	47,731	16,380,660
Net book value	68,656,083	53,817,514	2,538,015	4,582,609	3,529,429	111,321	2,510,455	356,658	511,209	8,209	136,621,502
Year ended June 30, 2022											
Opening net book value	68,656,083	53,817,514	2,538,015	4,582,609	3,529,429	111,321	2,510,455	356,658	511,209	8,209	136,621,502
Additions	-	-	2,433	-	65,605	107,768	211,043	342,517	179,603	-	908,969
Transfers from capital work in progress	-	-	231,692	46,032	513,368	1,013	1,441,316	195	-	-	2,233,616
	-	-	234,125	46,032	578,973	108,781	1,652,359	342,712	179,603	-	3,142,585
Revaluation during the year	6,752,479	10,782,144	911,343	1,031,215	-	-	-	-	-	-	19,477,181
Reversal of accumulated depreciation due to revaluation surplus	-	2,844,587	492,058	877,934	-	-	-	-	-	-	4,214,579
	6,752,479	13,626,731	1,403,401	1,909,149	-	-	-	-	-	-	23,691,760
Disposals											
Cost	-	-	-	-	(43,375)	(2,962)	(20,283)	(79,341)	(127,615)	-	(273,576)
Accumulated depreciation	-	-	-	-	21,270	1,411	20,283	79,044	100,151	-	222,159
	-	-	-	-	(22,105)	(1,551)	-	(297)	(27,464)	-	(51,417)
Adjustments **	-	-	-	-	-	-	-	-	706	(706)	-
Depreciation charge	-	944,463	169,874	295,904	363,162	21,412	492,183	250,675	185,046	5,337	2,728,056
Net book value	75,408,562	66,499,782	4,005,667	6,241,886	3,723,135	197,139	3,670,631	448,398	479,008	2,166	160,676,374
As at June 30, 2022											
Cost / revalued amount	75,408,562	66,499,782	4,005,667	6,241,886	11,845,912	402,763	6,301,878	3,398,689	1,187,980	55,234	175,348,353
Accumulated depreciation	-	-	-	-	8,122,777	205,624	2,631,247	2,950,291	708,972	53,068	14,671,979
Net book value	**75,408,562**	**66,499,782**	**4,005,667**	**6,241,886**	**3,723,135**	**197,139**	**3,670,631**	**448,398**	**479,008**	**2,166**	**160,676,374**
Useful life / rate of depreciation	-	90-99 years	20 years	20 years	10%-20%	10%-20%	10%-33%	33.33%	20%	20%	

	2021										
	Freehold land*	Leasehold land*	Buildings on freehold land*	Buildings on leasehold land*	Plant and Machinery	Furniture and fixtures	Office equipment	Electronic data processing equipment	Motor vehicles	Right-of-use assets	Total
	(Rupees in '000)										
As at July 01, 2020											
Cost / revalued amount	68,540,532	55,717,637	2,830,021	5,108,055	10,217,595	273,369	2,694,535	2,942,064	1,023,352	56,813	149,403,973
Accumulated depreciation	-	954,871	160,845	288,740	7,451,162	166,198	1,879,847	2,628,670	553,922	41,087	14,125,342
Net book value	68,540,532	54,762,766	2,669,176	4,819,315	2,766,433	107,171	814,688	313,394	469,430	15,726	135,278,631
Year ended June 30, 2021											
Opening net book value	68,540,532	54,762,766	2,669,176	4,819,315	2,766,433	107,171	814,688	313,394	469,430	15,726	135,278,631
Transfer to right-of-use assets	-	-	-	-	-	-	-	-	-	-	-
Additions	115,551	-	9,160	-	53,329	24,229	193,126	247,591	229,611	-	872,597
Transfers from capital work in progress	-	-	21,018	56,584	1,039,390	-	1,814,357	-	-	-	2,931,349
	115,551	-	30,178	56,584	1,092,719	24,229	2,007,483	247,591	229,611	-	3,803,946
Disposals											
Cost	-	-	-	-	-	(654)	(32,216)	(54,337)	(118,550)	-	(205,757)
Accumulated depreciation	-	-	-	-	-	560	32,216	50,926	99,475	-	183,177
	-	-	-	-	-	(94)	-	(3,411)	(19,075)	-	(22,580)
Adjustments **	-	-	-	-	-	-	-	-	873	(873)	-
Depreciation charge	-	945,252	161,339	293,290	329,723	19,985	311,716	200,916	169,630	6,644	2,438,495
Net book value	68,656,083	53,817,514	2,538,015	4,582,609	3,529,429	111,321	2,510,455	356,658	511,209	8,209	136,621,502
As at June 30, 2021											
Cost / revalued amount	68,656,083	55,717,637	2,860,199	5,164,639	11,310,314	296,944	4,669,802	3,135,318	1,135,286	55,940	153,002,162
Accumulated depreciation	-	1,900,123	322,184	582,030	7,780,885	185,623	2,159,347	2,778,660	624,077	47,731	16,380,660
Net book value	68,656,083	53,817,514	2,538,015	4,582,609	3,529,429	111,321	2,510,455	356,658	511,209	8,209	136,621,502
Useful life / rate of depreciation	-	90-99 years	20 years	20 years	10%-20%	10%-20%	10%-33%	33.33%	20%	20%	

* These represents revalued assets

** Adjustments include reclassification within different categories of assets

19.2 Land and Buildings of the Group are carried at revalued amount. The latest revaluation was carried out on June 30, 2022 by an independent valuer i.e. M/S M.J.Surveyors (Private) limited which resulted in a surplus of Rs. 23,692 million. The revaluation was carried out based on the market value assessment being the fair value of the land and buildings. Had there been no revaluation, the carrying value of the revalued assets would have been as follows:

	Note	2022	2021
		------------ (Rupees in '000) ------------	
Freehold land		**42,446**	42,446
Leasehold land		**174,236**	176,058
Buildings on freehold land		**581,772**	491,359
Buildings on leasehold land		**503,104**	752,976
		1,301,558	1,462,839

19.3 Depreciation charge for the year has been allocated as follows:

	Note	2022	2021
General administrative and other expenses	46	**2,406,609**	2,162,158
Banknotes' and prize bonds printing charges	44	**307,069**	264,180
Charged to NSPC		**14,378**	12,157
		2,728,056	2,438,495

19.4 Capital work-in-progress

	2022	2021
Leasehold land	**449**	-
Buildings on freehold land	**705,489**	252,684
Buildings on leasehold land	**602,907**	581,866
Office equipment	**66,924**	342,909
Electronic data processing equipment	**-**	195
Plant and machinery	**3,039,739**	548,173
	4,415,508	1,725,827

20 INVESTMENT PROPERTY

	2022	2021
Balance as at 1 July	**983,847**	978,608
Fair value gain recognised during the year	**85,120**	5,239
Balance as at 30 June	**1,068,967**	983,847

20.1 The Group's investment property were revalued at June 30, 2022, in line with the Group's policy, by an independent valuer M/s M.J.Surveyors (Private) Limited on the basis of their professional assessment of the present market value. As a result of revaluation exercise by the valuer, the fair value of the investment property i.e SIDCO Avenue is assessed and recorded at Rs. 46.677 million as at June 30, 2022. Furthermore, the rented out portion to SICPA of the Group's land is also revalued and recorded at Rs. 1,022.290 million.

21 INTANGIBLE ASSETS

	Note	2022	2021
		------------ (Rupees in '000) ------------	
Software	21.1	**132,922**	69,873
Capital work-in-progress		**36,815**	28,314
		169,737	98,187

21.1 Intangible assets

		Cost at July 1	Additions during the year	Cost at June 30	Accumulated amortisation at July 1	Amortisation for the year	Accumulated amortisation at June 30	Net book value at June 30	Useful Life
		(Rupees in '000)							
Software	**2022**	**1,076,934**	**115,594**	**1,192,528**	**1,007,061**	**52,545**	**1,059,606**	**132,922**	**3 years**
Software	2021	1,018,108	58,826	1,076,934	914,828	92,233	1,007,061	69,873	3 years

		Note	2022	2021
21.2	**Amortisation charge for the year has been allocated to:**		**------------ (Rupees in '000) ------------**	
	General, administrative and other expenses	46	**52,545**	92,233

22 DEFERRED TAXATION

	Balance as at July 1, 2021	Recognised in P&L	Recognised in OCI	Balance as at June 30, 2022
	---------- (Rupees in '000) ----------			
Taxable temporary differences on				
- Stores and spares	(20,335)	(2,286)	-	(22,621)
- Stock-in-trade	(15,444)	(4,620)	-	(20,064)
- Loans and advances	(1,611)	1,406	-	(205)
- Other receivables	(24,394)	-	-	(24,394)
- Lease liabilities	1,284	(2,711)	-	(1,427)
- Deferred liabilities - pension payable	(625,651)	10,420	317,404	(297,827)
	(686,151)	2,209	317,404	(366,538)
Deductible temporary differences on				
- Property, plant and equipment	485,355	38,882	189,090	713,327
- Investment in associates	1,102,787	9,891	41,348	1,154,026
- Investments - local	52,813	(47,112)	-	5,701
	1,640,955	1,661	230,438	1,873,054
	954,804	3,870	547,842	1,506,516

		Note	2022	2021
23	**OTHER ASSETS**		**------------ (Rupees in '000) ------------**	
	Commission receivable and others		**7,802,828**	4,678,483
	Unrealised gain on local currency derivatives		**1,524,781**	16,438,901
	Stock-in-trade	23.1	**4,408,423**	4,328,214
	Other advances, deposits and prepayments		**28,035,485**	9,537,000
	Stores and spares		**1,417,383**	976,883
	Medical, stationery consumables and stamps on hand		**374,376**	315,953
			43,563,276	36,275,434
23.1	Stock-in-trade includes:			
	Raw materials		**2,303,281**	1,249,825
	Work-in-process		**1,347,528**	2,391,605
	Finished goods		**826,801**	740,038
	Less: Provision for slow moving and obsolete stock-in-trade		**(69,187)**	(53,254)
			4,408,423	4,328,214
24	**BANKNOTES IN CIRCULATION**			
	Total banknotes issued	24.1	**7,992,738,413**	7,279,009,617
	Banknotes held with the Banking department	8	**(146,313)**	(149,598)
	Notes in circulation		**7,992,592,100**	7,278,860,019

24.1 The liability for banknotes issued by the issue department is recorded at its face value in the consolidated balance sheet. In accordance with section 32 of SBP Act 1956, the liabilities of issue department shall be an amount equal to total of the amount of the bank notes for the time being in circulation.In accordance with section 26 (1) of the SBP Act 1956, this iabilitity of issue department is supported by the following assets of the issue department.

	Note	2022	2021
		------------ (Rupees in '000) ------------	
Gold reserves held by the Bank	7	**773,637,405**	577,356,238
Local currency - coins	8	**406,368**	417,574
Foreign currency accounts and investments	9	**720,620,610**	1,034,070,392
Special drawing rights of the International Monetary Fund	11	**41,041,920**	-
Securities purchased under agreement to resell	13	**1,000,000,000**	-
Investments - local	14	**5,442,215,787**	5,655,896,964
Assets held with the Reserve Bank of India	17	**14,816,323**	11,268,449
		7,992,738,413	7,279,009,617

		Note	2022	2021
25	**CURRENT ACCOUNTS OF GOVERNMENTS**		**------------ (Rupees in '000) ------------**	
25.1	**Current accounts of governments - payable balances**			
	Federal Government	25.3	**955,500,282**	909,557,319
	Provincial governments			
	- Punjab	25.4	**440,226,153**	207,526,221
	- Sindh	25.5	**93,959,090**	74,033,535
	- Khyber Pakhtunkhwa	25.6	**1,607,602**	31,830,135
	- Balochistan	25.7	**18,472,576**	39,604,640
	Government of Azad Jammu and Kashmir	25.8	**14,770,496**	12,368,089
	Gilgit - Baltistan Administration Authority	25.9	**22,646,049**	20,566,495
			591,681,966	385,929,115
			1,547,182,248	1,295,486,434
25.2	**Current accounts of governments - receivable balance**			
	Railways account	25.10	**-**	33,793,930
25.3	**Federal Government**			
	Non-food account		**940,571,122**	888,797,230
	Zakat fund accounts		**10,817,584**	6,190,294
	Other accounts		**4,111,576**	14,569,795
			955,500,282	909,557,319
25.4	**Provincial Government - Punjab**			
	Non-food account		**437,985,054**	197,273,388
	Zakat fund account		**173,564**	422,545
	Other accounts		**2,067,535**	9,830,288
			440,226,153	207,526,221
25.5	**Provincial Government - Sindh**			
	Non-food account		**84,084,986**	68,353,578
	Zakat fund account		**3,785,510**	3,134,220
	Other accounts		**6,088,594**	2,545,737
			93,959,090	74,033,535
25.6	**Provincial Government - Khyber Pakhtunkhwa**			
	Non-food account		**683,751**	23,431,227
	Zakat fund account		**355,629**	8,109,074
	Other accounts		**568,222**	289,834
			1,607,602	31,830,135
25.7	**Provincial Government - Balochistan**			
	Non-food account		**16,279,369**	36,886,295
	Zakat fund account		**1,920,593**	2,297,977
	Other accounts		**272,614**	420,368
			18,472,576	39,604,640
25.8	**Government of Azad Jammu and Kashmir**		**14,770,496**	12,368,089
25.9	**Gilgit - Baltistan Administration Authority**		**22,646,049**	20,566,495

25.10 These balances carry mark-up at the rate of Nil (2021: 6.95% to 7.63% per annum).

26 PAYABLE UNDER BILATERAL CURRENCY SWAP AGREEMENT

26.1 Payable under bilateral currency swap agreement with the People's Bank of China (PBoC)

A bilateral currency swap agreement (CSA) was entered between the Bank and the People's Bank of China (PBoC) on December 2011 in order to promote bilateral trade, finance direct investment, provide short term liquidity support and for any other purpose mutually agreed between the two central banks. The original agreement was renewed on December 23, 2014 for a period of three years with overall limit of CNY 10,000 million and an equivalent PKR. The bilateral CSA had been further extended on 2018 for a period of three years, with amount increased from CNY 10,000 million to CNY 20,000 million and an equivalent PKR. The Bank had purchased and utilised CNY 20,000 million against PKR as at June 30, 2020, with the maturity buckets of three months to 1 year. During the year ended June, 30 2021, the overall limit of CNY 20,000 million was further extended to CNY 30,000 million for a period of three years against an equivalent PKR with the maturity buckets of three months to 1 year. Interest is charged on outstanding balance at agreed rates.

27 DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS

	Note	2022	2021
		(Rupees in '000)	
Foreign currency			
Scheduled banks		**47,822,269**	37,511,130
Held under cash reserve requirement	27.1	**218,822,674**	197,280,327
		266,644,943	234,791,457
Local currency			
Scheduled banks	27.1	**965,255,118**	1,073,141,877
Financial institutions		**22,863,028**	19,503,643
Others		**271,585**	231,415
		988,389,731	1,092,876,935
		1,255,034,674	1,327,668,392

27.1 This includes cash deposited with the Bank by scheduled banks under regulatory requirements.

28 OTHER DEPOSITS AND ACCOUNTS

	Note	2022	2021
		(Rupees in '000)	
Foreign currency			
Foreign central banks		**92,539,864**	70,925,695
International organisations		**466,392,799**	357,838,470
Others		**18,451,182**	13,384,118
	28.1 & 28.2	**577,383,845**	442,148,283
Local currency			
Special debt repayment	28.3	**24,243,841**	24,243,841
Government	28.4	**17,850,348**	17,850,348
Foreign central banks		**38**	1,725
International organisations		**5,796,658**	6,006,609
Others		**109,304,697**	138,779,110
		157,195,582	186,881,633
		734,579,427	629,029,916

28.1 This includes FCY deposits equivalent to Rs. 816,387 million (based on exchange rate as of June 30, 2022) (2021: Rs. 630,174 million (based on exchange rate as of June 30, 2021)), carrying interest at twelve month LIBOR + 1.00% (2021: LIBOR + 1.00%), payable semi-annually. These deposits have been set off against the Rupee counterpart receivable from the Federal Government and have been covered under Ministry of Finance (MoF) Guarantee whereby the MoF has agreed to assume all liabilities and risks arising from these deposits.

28.2 The interest rate profile of the interest bearing deposits is as follows:

	2022	2021
	(% per annum)	
Foreign central banks	**0.32 to 2.09**	0.32 to 0.55
International organisations	**1.89 to 3.00**	1.96 to 3.00

28.3 These are interest free and represent amounts kept in separate special accounts to meet forthcoming foreign currency debt repayment obligations of the Government of Pakistan.

28.4 These represent rupee counterpart of the foreign currency loan disbursements received from various international financial institutions on behalf of the Government and credited to separate deposit accounts in accordance with the instructions of the GoP.

		Note	2022	2021
29	**PAYABLE TO THE INTERNATIONAL MONETARY FUND**		------------ (Rupees in '000) ------------	
	Borrowings under:			
	- fund facilities	29.1 & 29.3	**553,852,803**	622,012,301
	- allocation of SDRs	29.2	**797,405,943**	223,346,298
			1,351,258,746	845,358,599
	Current account for administrative charges		**62**	52
			1,351,258,808	845,358,651

29.1 The IMF provides financing to its member countries from general resources account (GRA) held in its general department. GRA credit is normally governed by the IMF's general lending policies (also known as credit tranche policies), which provide financing for balance of payments (BoP) and budgetary support needs.

Under GRA financing, the IMF granted Extended fund facility (EFF) amounting to SDR 4,393 million in FY 2013-14, having repayment period of 4½ – 10 years, with repayments in twelve equal semi-annual instalments. A total amount of SDR 4,393 million has been disbursed under twelve tranches of EFF. The repayment under this facility started from March 2018 and will continue till September 2026. Repayments made during the year amounted to SDR 732 million (2021: SDR 756 million) in 24 different tranches (2021: 24 tranches).

29.2 During the year, IMF has increased a general allocation of all member countries with the objective to support them in meeting their need for reserves, built confidence and to bring stability in global economy. The Bank (as fiscal agent of GOP) received an allocation amounting to SDRs 1,946.6 million from the Fund. A charge is levied by the IMF on SDR allocation of the Bank at weekly interest rate applicable on daily product of SDR. The SDRs received above have been on-lent to the GoP as disclosed in note 16.4 to these consolidated financial statements.

		Note	2022	2021
29.3	Interest profile of amount payable to the IMF is as under:		(% per annum)	
	Fund facilities	29.3.1	**1.05 to 1.89**	1.05 to 1.13

29.3.1 The IMF levies a basic rate of interest (charges) on loans based on SDR interest rate and imposes surcharges depending on the amount and maturity of the loan and the level of credit outstanding. Interest rates are determined by the IMF on weekly basis. Charges are, however, payable on quarterly basis.

30 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

This represents collateralised borrowing made from financial institutions under repurchase arrangement carrying a mark-up ranging from 12.75% to 13.65% per annum (2021: 6.95% per annum) and is due to mature on July 4, 2022 (2021: July 2, 2021).

		Note	2022	2021
31	**OTHER LIABILITIES**		------------ (Rupees in '000) ------------	
	Provision against overdue mark-up	31.1	**13,852,731**	12,833,396
	Special reserve provision under FIIP		**11,644,025**	10,794,159
	Remittance clearance account		**2,396,952**	2,251,010
	Exchange loss payable under exchange risk coverage scheme		**751,108**	437,703
	Dividend payable	31.2	**-**	10,000
	Unrealised loss on derivative financial instruments - net		**50,172,618**	4,007,806
	Other accruals and provisions	31.3	**43,620,976**	42,485,821
	Others	31.4	**19,428,037**	9,623,467
			141,866,447	82,443,362

31.1 This represents suspended mark-up which is recoverable from the Government of Bangladesh (former East Pakistan) subject to the final settlement between the governments of Pakistan and Bangladesh.

31.2 This represents dividend payable on shares held by the Government of Pakistan and government controlled entities amounting to Nil (2021: Rs. 10 million).

	Note	2022	2021
		------------ (Rupees in '000) -----------	

31.3 Other accruals and provisions

	Note	2022	2021
Agency commission		**11,045,673**	13,971,245
Provision for employees' compensated absences	46.3.9	**11,132,109**	10,287,632
Provision for other doubtful assets	31.3.1	**16,398,780**	12,850,914
Trade and other payables		**312,312**	941,320
Other provisions	31.3.2	**2,862,037**	2,862,034
Others		**1,870,065**	1,572,676
		43,620,976	42,485,821

31.3.1 Provision for other doubtful assets

	Note	2022	2021
Provision against assets held with / receivable from the Government of India and the Reserve Bank of India			
- Issue department		**14,816,323**	11,268,457
- Banking department		**40,483**	40,483
		14,856,806	11,308,940
Provision against assets receivable from the Government of Bangladesh			
- Issue department		**-**	-
- Banking department		**1,541,974**	1,541,974
		1,541,974	1,541,974
	31.3.1.1	**16,398,780**	12,850,914

31.3.1.1 Movement of provisions for other doubtful assets

	2022	2021
Opening balance	**12,850,914**	13,525,632
Charge / (reversal of charge) during the year	**376,377**	(24,621)
Appreciation / (diminution) relating to gold reserves held by the Reserve Bank of India	**3,171,489**	(650,097)
Closing balance	**16,398,780**	12,850,914

31.3.2 This represent provision against home remittance amounting to Rs. 260.363 million (2021: Rs. 260.363 million), specific claims pertaining to provision made against claims under arbitration amounting to Rs. 1,600 million (2021: Rs. 1,600 million) and other provision made in respect of various litigations and claims against the Bank amounting to Rs. 1,001.67 million (2021: Rs. 1,001.67 million).

31.4 This includes liability maintained against balances due from the Government of Bangladesh amounting to Rs. 778.399 million (2021: Rs. 778.399 million).

32 DEFERRED LIABILITY - STAFF RETIREMENT BENEFITS

	Note	2022	2021
		------------ (Rupees in '000) -----------	
Unfunded staff retirement benefits			
Pension		**61,093,434**	61,250,137
Gratuity scheme		**168,245**	140,720
Post retirement medical benefits		**42,190,670**	31,731,805
Benevolent fund scheme		**966,939**	1,183,375
Six months post retirement facility		**1,129,370**	952,536
Income Continuation Plan		**2,121,784**	
	46.3.3	**107,670,442**	95,258,573
Provident fund scheme		**586,634**	694,328
		108,257,076	95,952,901
Funded staff retirement benefits			
Pension	46.4.3	**4,440,973**	5,027,214
		112,698,049	100,980,115

33 SHARE CAPITAL

2022	2021		2022	2021
--------- (Number of shares) --------			------------ (Rupees in '000) -----------	
Issued, subscribed and paid-up capital				
1,000,000,000	1,000,000	Fully paid-up ordinary shares of Rs. 100 each	**100,000,000**	100,000
Authorised share capital				
5,000,000,000	1,000,000	Ordinary shares of Rs. 100 each	**500,000,000**	100,000

33.1 The shares of the Bank are held by the Government of Pakistan and certain Government controlled entities except for 200 shares held by the Central Bank of India (held by Deputy Custodian Enemy Property, Banking Policy and Regulations Department, State Bank of Pakistan) and 500 shares held by the State of Hyderabad.

33.2 As per section 4(2) of State Bank of Pakistan Act, 1956, paid-up capital of the Bank shall be Rs 100,000 million with effect from January 28, 2022, divided into 1,000 million shares of Rs 100 each, which shall be made up through issuance of bonus shares by capitalising of profits or general reserve or through subscription of shares in cash by the Federal Government. During the year, the Board of Directors in their meeting held on March 21, 2022 has approved above capitalisation through transfer of amount from reserve for building up of share capital, rural credit fund, industrial credit fund, export credit fund, loans guarantee fund, housing credit fund and reserve fund' to share capital amounting to Rs 99,900 million.

34 RESERVES

34.1 General reserve

This includes appropriations made out of the annual profits of the State Bank of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956. During the year, the Board of Directors has approved appropriation of Rs.147.296 billion to general reserve (2021: Rs 93.604 billion to reserve fund). Furthermore, the Board in its meeting held on March 21, 2022 has also approved the transfer of Rs. 93.600 billion to the Government of Pakistan.

34.2 The reserves for acquisition of PSPC

This represents reserves against the Group's exposure in PSPC.

34.3 Other funds

These represent appropriations made out of the surplus profits of the State Bank of Pakistan for certain specified purposes in accordance with the provisions of the State Bank of Pakistan Act, 1956.

35 UNREALISED APPRECIATION / (DIMINUTION) ON GOLD RESERVES HELD BY THE BANK

	Note	2022	2021
		------------ (Rupees in '000) -----------	
Opening balance		**572,779,945**	613,003,558
Appreciation / (diminution) for the year due to revaluation	7	**196,281,167**	(40,223,613)
		769,061,112	572,779,945

36 CONTINGENCIES AND COMMITMENTS

36.1 Contingencies

36.1.1 State Bank of Pakistan (the Bank)

	Note	2022	2021
a) Contingent liability in respect of guarantees given on behalf of:			
Federal Government	36.1.1.1	**8,120,792**	9,424,007
Federal Government owned / controlled bodies and authorities		**6,235,750**	6,308,328
		14,356,542	15,732,335

	Note	2022	2021
		------------ (Rupees in '000) ------------	
b) Other claims against the Bank not acknowledged as debts	36.1.1.2	**577,086**	15,363

c) In addition to the above claims, there are several other lawsuits / investigation filed by various parties as a result of the regulatory actions / investigations taken by the Bank in its capacity as regulator and banker to the government, which the Bank is currently contesting in various courts of laws / forum. The management of the Bank believes that the Bank has reasonable position in respect of these litigations and possibility of outflow of economic resources is remote. Accordingly no provision for any liability may be needed in these consolidated financial statements.

36.1.1.1 Above guarantees are secured by counter guarantees from the Government of Pakistan.

36.1.1.2 These represent various claims filed against the Bank's role as a regulator and certain other cases.

36.1.2 National Institute of Banking and Finance (Guarantee) Limited (NIBAF)

36.1.2.1 During the year 2016, the NIBAF received a notice from the tax department dated January 20, 2016 claiming that the services provided by NIBAF fall within the purview of serial numbers 13, 19 and 38 of schedule to the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (ICTO) and accordingly the NIBAF should get itself registered for sales tax, obtain Sales Tax Registration number (STRN), file returns for six months from July 2015 to December 2015 and settle the outstanding liability in respect of sales tax for those six months. The management believes that the training services did not fall under the purview of serial numbers 13, 19 and 38 of schedule to the ICTO mainly on the ground that the NIBAF is a training NIBAF and is not liable to be registered under sales tax on training services. A reply was sent from the NIBAF's management to the Assistant Commissioner Inland Revenue (ACIR) justifying the non-applicability of serial numbers 13, 19 and 38 of schedule to the ICTO to the NIBAF. However, the ACIR maintained the tax department's view and ordered the compulsory registration of the NIBAF with immediate effect through its order dated February 19, 2016.

Moreover, the NIBAF received a show cause notice on March 10, 2016 for filing the tax returns for the period from July 2015 to December 2015 and payment of the due amount of sales tax on services. Subsequently, the department passed the order on April 11, 2016, with following details:

a) Imposition of sales tax amounting to Rs.13,675,649; and

b) Imposition of a penalty under section 33(1) of the Sales Tax Act, 1990 for non-filing amounting to Rs.35,000 along with default surcharge and penalty under section 33(5) of the Sales Tax Act, 1990.

During the year 2017, the NIBAF filed an appeal before the Commissioner Inland Revenue Appeals II (CIRA) challenging the compulsory registration of NIBAF done by the department vide its order dated February 19, 2016. This appeal was disposed of by the CIRA on February 9, 2017 because it was not maintainable under the law (as it was outside its jurisdiction) and the case could now be taken to the Honourable Islamabad High Court. Consequently, the NIBAF filed writ petition against the above orders before the Honourable Islamabad High Court (IHC).

IHC passed an order dated January 29, 2018 and directed CIRA to decide the representation of the NIBAF expeditiously (preferably within 7 days) after affording an opportunity of being heard. NIBAF filed applications to CIRA for compliance with IHC order. On March 12, 2018, representatives of NIBAF attended a hearing before the tax department and made oral and written submission. On April 02, 2018, Deputy commissioner Inland Revenue passed an order rejecting Company's application for de-registration and passed an order for compulsory registration of NIBAF.

During the year 2021, NIBAF received notice dated January 19, 2021 passed by ACIR for recovery of sales tax adjudged via Order-in-Original No 02/2016 dated April 11, 2016. A reply was sent from the NIBAF's management to the ACIR contesting the non-empowerment of ACIR to enforce, collect sales tax and recovery against NIBAF as Institute is of the view that it was outside lawful jurisdiction of ACIR. Further, NIBAF's filed writ petition dated February 24, 2021 against the above orders before the Honourable Islamabad High Court (IHC) and matter is pending for adjudication before the Honourable Islamabad High Court.

NIBAF, based on the advice of its legal counsel, is of the view that the NIBAF has valid grounds and there are fair chances of success before the Honourable Islamabad High Court. Accordingly, no provision has been recognised in these consolidated financial statements.

36.1.3 Pakistan Security Printing Corporation (Private) Limited- (PSPC)

a) PSPC is defending certain cases filed by its ex-employees on account of their reinstatement in the PSPC and compensation for loss of their jobs. Management considers that the probability of any significant liability arising from such cases is remote.

b) In the previous years, certain income tax demands were raised for amount of Rs 34.9 million. PSPC, having paid the aforesaid demand of Rs 34.9 million, had filed appeals before the Commissioner of Inland Revenue (Appeals) [CIR(A)] which were decided against PSPC. PSPC further filed appeal before the Appellate Tribunal Inland Revenue [ATIR] which vide order dated June 29, 2015 partially upheld the action of the Additional Commissioner Inland Revenue [ACIR] for amending the aforesaid assessments. PSPC, being aggrieved of the matters decided in favour of the tax authorities, filed miscellaneous application before ATIR, which were dismissed by the ATIR. A reference before the High Court of Sindh has been filed by PSPC, the adjudication of which is pending to date.

The management is continuing with its view that the demand will eventually be revoked and the amount paid will be refunded / adjusted in favour of PSPC. Therefore no provision has been made in these consolidated financial statements.

c) In the previous year, the tax demands aggregating Rs 515.487 million relating to PSPC's tax years 2013 to 2018 were raised. In relation to the tax year 2017 a rectification application was filed as a result of which the aggregate tax demand was reduced to Rs 343.240 million. Simultaneously, appeals before the CIR(A) were filed which were partially decided in favour of PSPC vide orders dated January 28, 2019 (for tax years 2013 to 2017) and August 6, 2019 (for tax year 2018) thus further reducing the tax demand to Rs 206.772 million mainly on account of apportionment of expenses and disallowance of credit claimed on sales.

Being aggrieved, PSPC has filed appeals before the ATIR for tax years 2013 to 2017 which are pending for adjudication, while appeal for tax year 2018 shall be filed in due course. PSPC has also filed application to the Deputy Commissioner Inland Revenue (DCIR) for giving appeal effect of the aforementioned CIR(A) order.

The management, based on the advice of tax experts, expects a favourable outcome of the aforementioned matters and therefore no provision has been made in these consolidated financial statements.

36.1.4 Contingencies of the associate - Security Papers Limited (SPL)

There are aggregate tax contingencies as at June 30, 2022 amounting to Rs 102.560 million in respect of various matters of sales tax and income tax whereby SPL is contesting before various authorities and associated company, expects a favourable outcome of the matters and therefore no provision has been made in these consolidated financial statements.

36.1.5 Contingencies of the associate - SICPA Inks Pakistan Private Limited

The Deputy Commissioner Inland Revenue (DCIR) has passed an order dated December 31,2020 on account for short-deduction of sales tax creating demand of Rs. 45.497 million for the period of January 1, 2016 to December 31, 2016. SICPA has filed an appeal dated February 09, 2021 against the aforesaid order with Commissioner Inland Revenue - Appeals (CIR-A), which is pending adjudication.

In this regard, SICPA obtained stay order before CIR-A. The management, in consultation with its tax advisor, is confident that the matter will eventually be decided in favour of the Company. therefore, no provision has been made in these consolidated financial statements.

		2022	2021
		(Rupees in '000)	
36.2	**Commitments**		
36.2.1	Foreign currency forward and swap contracts - sale	**871,788,635**	865,057,133
36.2.2	Foreign currency forward and swap contracts - purchase	**281,736,616**	98,341,540
36.2.3	Futures - sale	**22,878,077**	14,096,256
36.2.4	Futures - purchase	**10,540,096**	13,678,234

		Note	2022	2021
			------------ (Rupees in '000) -----------	
36.2.5	Capital commitments	36.2.5.1	**1,648,249**	2,694,087

36.2.5.1 This represent amounts committed by the Group to purchase assets from successful bidders.

36.2.6	Letter of guarantee / credit		**860,860**	527,596

36.2.7 As at June 30, 2022, PSPC has letter of guarantee facility from Bank Al Habib Limited against hypothecation charge over SBP receivables.

36.2.8 The Bank has a commitment to extend equivalent PKR of CNY 30,000 million (Rs. 917,991 million) (2021: PKR of CNY 30,000 million (Rs. 731,730 million)) to People's Bank of China under bilateral currency swap agreement as disclosed in note 26 to these consolidated financial statements.

36.2.9 Commitment of the associate - Security Papers Limited

The SPL has car ijarah facility from the Meezan Bank Limited amounting to Rs. 50 million (2021: Rs. 50 million) out of which Rs. 4.707 million (2021: Rs. 2.472 million) were utilised. The ownership of the cars are with Meezan Bank Limited during the tenor of the facility of each vehicle.

36.2.10 Import letter of credit (sight / usance)

SPL has facilities from the National Bank of Pakistan relating to import letters of credit (sight/ usance) amounting to Rs. 100 million (2021: Rs. 100 million). The arrangement from National Bank of Pakistan is secured by lien on documents of title of goods drawn under letter of credit. The SPL has utilised Rs. Nil as at June 30, 2022.

SPL has facilities from the Bank Al Habib Limited (BAHL) relating to import letters of credit (sight /usance) amounting to Rs. 100 million (2021: Rs. 100 million). Besides, Rs 100 million (2021: Rs. 100 million) may also be used for import letter of credit as sub limit of running finance facility. The arrangement from BAHL is secured by lien over T-Bills and PIBs of Rs. 400 million, import documents consigned in favour of BAHL and counter guarantees. SPL has utilised Rs. 148 million as at June 30, 2022.

The Musharka facility from Meezan Bank Limited is available which can also be used for import letter of credit (sight / usance) amounting to Rs. 200 million. This arrangement is secured by lien over import documents. SPL has utilised Rs. 97.375 million as at June 30, 2022.

37 DISCOUNT, INTEREST / MARK-UP AND / OR PROFIT EARNED ON FINANCIAL ASSETS

	Note	2022	2021
		------------ (Rupees in '000) -----------	
At amortised cost			
Discount, interest / mark-up on government transactions:			
- Government securities	37.1	**675,524,194**	637,110,146
- Federal Government scrips		**82,200**	82,200
- Loans and advances to and current accounts of governments	37.2	**5,940,785**	160,968
Securities purchased under agreement to resale		**262,780,990**	90,251,465
Interest income on preference shares		**4,219,707**	4,224,427
Return on loans and advances to financial institutions		**21,587,905**	17,891,910
Foreign currency deposits		**10,176,679**	5,520,016
Profit on Sukuks purchased under Bai Muajjal agreement		**-**	-
Others		**240,330**	346,454
		980,552,790	755,587,586
Fair value through profit or loss			
Foreign currency securities		**15,764,901**	12,790,878

37.1 This represents income earned on Market Treasury Bills and Pakistan Investment Bonds.

		2022	2021
		(% per annum)	
37.2	Interest profile on loans and advances to facilities are as under:		
	Mark-up on facility	**7.53 to 11.05**	6.95 to 7.63
	Additional mark-up (where ways and means facility limit is exceeded)	**4**	4

		Note	2022	2021
			------------ (Rupees in '000)	----------
38	**INTEREST / MARK-UP EXPENSE**			
	Deposits		**12,227,538**	16,511,666
	Interest on bilateral currency swap		**36,325,168**	26,106,579
	Interest on special drawing rights		**7,506,717**	7,832,939
	Securities sold under agreement to repurchase		**2,954,745**	692,576
	Profit on Sukuks purchased under Bai Muajjal agreement		**-**	1,379,185
	Charges on allocation of special drawing rights of the IMF		**1,580,638**	170,572
	Others		**1,343**	1,853
			60,596,149	52,695,370
39	**COMMISSION INCOME**			
	Market Treasury Bills	39.1	**3,041,829**	2,631,619
	Management of public debts	39.1	**3,079,218**	2,049,433
	Prize bonds and national saving certificates	39.1	**567,267**	560,242
	Draft / payment orders		**1,205**	3,395
	Others		**75**	64
			6,689,594	5,244,753

39.1 These represent commission income earned from services provided to the Federal Government.

		2022	2021
		------------ (Rupees in '000)	----------
40	**EXCHANGE (LOSS) / GAIN - NET**		
	(Loss) / gain on:		
	- foreign currency placements, deposits, securities and other accounts - net	**39,930,353**	107,397,198
	- IMF fund facilities	**-114,990,336**	21,336,916
	- Special drawing rights of the IMF	**13,242,063**	6,615,053
	Others	**(205,162)**	(21,394)
		(62,023,082)	135,327,773
41	**SHARE OF PROFIT FROM ASSOCIATES**		
	Security Papers Limited	**351,975**	601,511
	SICPA Inks Pakistan (Private) Limited	**410,702**	736,350
		762,677	1,337,861
42	**OTHER OPERATING (LOSS) / GAIN - NET**		
	Penalties levied on banks and financial institutions	**3,549,211**	2,063,128
	License / credit Information Bureau fee recovered	**1,143,402**	1,103,429
	(Loss) / gain on disposal of investments - net:		
	- local - at fair value through profit or loss	**2,878**	44,525
	- foreign - at fair value through profit or loss	**-1,992,045**	1,214,874
		(1,989,167)	1,259,399
	Loss on remeasurement of securities at fair value through profit or loss	**(12,433,427)**	-2,194,993
	Gain on sale of Prize Bonds to Government of Pakistan	**453,265**	1,104,512
	Others	**514,640**	336,379
		(8,762,076)	3,671,854

	Note	2022	2021
		------------ (Rupees in '000) -----------	

43 OTHER INCOME - NET

	Note	2022	2021
Gain on disposal of property, plant and equipment		**5,057**	5,596
Liabilities and provisions written back - net		**5,009,239**	31,269
Grant income under foreign assistance program		**82,618**	58,870
Reversal of Provision of stamp duty		**105,955**	-
Fair value gain on investment property	20	**85,120**	5,239
Others		**201,849**	294,548
		5,489,838	395,522

44 BANKNOTES' AND PRIZE BOND PRINTING CHARGES

	Note	2022	2021
Raw material			
Opening stock		**1,249,825**	1,548,374
Purchases including in transit		**12,860,974**	13,193,548
Closing stock		**(2,303,281)**	(1,249,825)
		11,807,518	13,492,097
Salaries, wages and other benefits		**690,794**	795,566
Pension		**310,618**	304,228
Outsourced services		**262,795**	326,030
Training		**2,938**	317
Stores and spares		**770,016**	827,271
Fuel and power		**154,452**	142,302
Insurance		**35,712**	28,943
Depreciation	19.3	**307,069**	264,180
Provision for obsolete stores and spares - net		**7,882**	4,128
Provision for slow moving and obsolete stock-in-trade - net		**15,933**	-
Amortisation of packing boxes		**63,629**	33,984
Repairs and maintenance		**80,658**	62,050
Others		**8,215**	5,168
		2,710,711	2,794,167
Manufacturing cost		**14,518,229**	16,286,264
Opening work-in-process		**2,391,605**	2,604,545
Closing work-in-process		**(1,347,528)**	(2,391,605)
		1,044,077	212,940
Cost of goods manufactured		**15,562,306**	16,499,204
Opening stock of finished goods		**740,038**	2,963
Closing stock of finished goods		**(826,801)**	(740,038)
		(86,763)	(737,075)
		15,475,543	15,762,129

45 AGENCY COMMISSION

Agency commission is mainly payable to National Bank of Pakistan (NBP) under an agreement for providing banking services to Federal and Provincial Governments as an agent of the Group. Furthermore, certain portion of the agency commission also pertains to Bank of Punjab (BOP), which was appointed as agent of the Group in March 2016, to collect Government of Punjab's taxes and receipts.

46	GENERAL ADMINISTRATIVE AND OTHER EXPENSES	Note	2022	2021
			(Rupees in '000)	
	Salaries and other benefits		**13,916,975**	11,277,110
	Retirement benefits and employees' compensated absences	46.1	**15,535,584**	11,652,075
	Contribution to Employee Staff Welfare Fund		**155,483**	11,254
	Rent and taxes		**90,822**	115,174
	Insurance		**133,025**	89,722
	Electricity, gas and water		**703,600**	520,802
	Depreciation	19.3	**2,406,609**	2,162,158
	Amortisation	21.2	**52,545**	92,233
	Repairs and maintenance		**1,081,976**	946,077
	Directors' fee		**3,534**	4,252
	Auditors' remuneration	46.2	**28,182**	25,441
	Legal and professional		**158,658**	73,567
	Fund managers / custodian expenses		**669,838**	310,172
	Travelling expenses		**127,905**	81,031
	Daily expenses		**94,294**	59,689
	Fuel		**50,789**	48,113
	Conveyance		**362,926**	311,440
	Postages, telegram / telex and telephone		**270,906**	258,907
	Training		**159,495**	2,331
	Stationery		**59,333**	61,867
	Remittance of treasure		**224,349**	216,223
	Books and newspapers		**49,629**	45,330
	Advertisement		**50,883**	21,673
	Uniforms		**39,612**	32,626
	Board / Board committee expenses		**10,116**	8,944
	Recruitment charges		**22,798**	11,589
	Others		**1,075,606**	880,741
			37,535,472	29,320,541

46.1 This includes an amount relating to defined contribution plan aggregating Rs. 668.560 million (2021: Rs. 698.378 million) and employee compensated absences amounting to Rs. 1,907.023 million (2021: Rs. 1,224.003 million).

46.2 Auditors' remuneration

	2022			2021		
	KPMG	A. F. Ferguson & Co.	Total	KPMG	A. F. Ferguson & Co.	Total
	(Rupees in '000)					
State Bank of Pakistan						
Audit fee	**5,146**	**5,146**	**10,292**	4,649	4,649	9,298
Out of pocket expenses	**859**	**859**	**1,718**	776	776	1,552
Sindh Sales Tax on services	**480**	**480**	**960**	434	434	868
	6,485	**6,485**	**12,970**	5,859	5,859	11,718
SBP Banking Services Corporation						
Audit fee	**4,287**	**4,287**	**8,574**	3,873	3,873	7,746
Out of pocket expenses	**1,718**	**1,718**	**3,436**	1,552	1,552	3,104
Sindh Sales Tax on services	**480**	**480**	**960**	434	434	868
	6,485	**6,485**	**12,970**	5,859	5,859	11,718
National Institute of Banking and Finance						
Audit fee	**444**	**-**	**444**	431	-	431
Out of pocket expenses	**50**	**-**	**50**	46	-	46
ICT Sales Tax on services	**36**	**-**	**36**	38	-	38
	530	**-**	**530**	515	-	515
Pakistan Security Printing Corporation						
Audit fee	**1,358**	**-**	**1,358**	1,148	-	1,148
Out of pocket expenses	**227**	**-**	**227**	232	-	232
Sindh Sales Tax on services	**127**	**-**	**127**	110	-	110
	1,712	-	**1,712**	1,490	-	1,490
	15,212	**12,970**	**28,182**	13,723	11,718	25,441

46.3 Staff retirement benefits - unfunded (Bank and BSC)

46.3.1 During the year the actuarial valuations of the defined benefit obligations were carried out under the projected unit credit method using the following significant assumptions:

	2022	2021
- discount rate for year end obligation	**13.25% p.a**	10.00% p.a
- salary increase rate (where applicable)	**12% p.a**	14.75% p.a
- pension indexation rate (where applicable)	**11.25% p.a**	8.00% p.a
- medical cost increase rate	**13.25% p.a**	10.00% p.a
- petrol price increase rate (where applicable)	**12% p.a**	14.75% p.a
- personnel turnover		
SBP	**6.65% p.a**	4.36% p.a
- normal retirement age	**60 Years**	60 Years

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with 1 year setback.

46.3.2 Through its unfunded defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Discount rate risk

The risk of changes in discount rate, since discount rate is based on corporate / government bonds, any decrease in bond yields will increase plan liabilities.

Salary increase / inflation risk

The risk that the actual salary increase is higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Pension Increase

The risk that the actual pension increase is higher than the expected, where benefits are being paid in form of monthly pension, is likely to have an impact on liability.

Mortality risk

The risk that the actual mortality experience is lower than that of expected i.e. the actual life expectancy is longer from assumed.

Withdrawal risk

The risk of actual withdrawals experience may differ from that assumed in the circulation.

46.3.3 Change in present value of defined benefit obligation

	2022						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Present value of defined benefit obligation July 01, 2021	61,250,137	140,720	31,731,805	1,183,375	952,536	-	95,258,573
Current service cost	836,627	11,442	617,445	7,200	59,057	2,275,223	3,806,994
Interest cost on defined benefit obligation	5,722,685	12,663	3,097,782	107,533	90,543	-	9,031,206
Past service cost	-	-	-	-	31,440	-	31,440
	6,559,312	24,105	3,715,227	114,733	181,040	2,275,223	12,869,640
Benefits paid	(8,046,586)	(8,992)	(1,507,954)	(216,077)	(94,223)	(153,439)	(10,027,271)
Remeasurements:							
actuarial (gains) / losses from changes in financial assumptions	1,330,571	12,412	8,251,592	(115,092)	90,017	-	9,569,500
experience adjustments	-	-	-	-	-	-	-
	1,330,571	12,412	8,251,592	(115,092)	90,017	-	9,569,500
Present value of defined benefit obligation as on June 30, 2022	61,093,434	168,245	42,190,670	966,939	1,129,370	2,121,784	107,670,442

	2021						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
Present value of defined benefit obligation July 01, 2020	58,584,132	107,503	29,879,378	1,273,383	821,779	-	90,666,175
Current service cost	843,186	13,835	585,838	7,461	56,515	-	1,506,835
Interest cost on defined benefit obligation	5,102,687	9,046	2,701,999	113,560	72,365	-	7,999,657
	5,945,873	22,881	3,287,837	121,021	128,880	-	9,506,492
Benefits paid	(6,839,888)	(232)	(1,337,163)	(91,406)	(78,906)	-	(8,347,595)
Remeasurements:							
actuarial (gains) / losses from changes in financial assumptions	-	-	-	-	-	-	-
experience adjustments	3,560,020	10,568	(98,247)	(119,623)	80,783	-	3,433,501
	3,560,020	10,568	(98,247)	(119,623)	80,783		3,433,501
Present value of defined benefit obligation as on June 30, 2021	61,250,137	140,720	31,731,805	1,183,375	952,536	-	95,258,573

46.3.3.1 The break-up of remeasurements recognised during the year in the other comprehensive income are as follows:

Remeasurements recognised in the other comprehensive income

	2022						
	Pension	**Gratuity scheme**	**Post retirement medical benefits**	**Benevolent fund scheme**	**Six months post retirement facility**	**Income Continuation Plan**	**Total**
	-----	-----	-----	**(Rupees in '000)**	-----	-----	-----
- Actuarial loss / (gain) from changes in financial assumptions	**1,330,571**	**12,412**	**8,251,592**	**(115,092)**	**90,017**	**-**	**9,569,500**
- Experience adjustments	**-**	**-**	**-**	**-**	**-**		**-**
	1,330,571	**12,412**	**8,251,592**	**(115,092)**	**90,017**	**-**	**9,569,500**

	2021						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement benefits	Income Continuation Plan	Total
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
- Actuarial loss / (gain) from changes in financial assumptions	-	-	-	-	-	-	-
- Experience adjustments	3,560,020	10,568	(98,247)	(119,623)	80,783		3,433,501
	3,560,020	10,568	(98,247)	(119,623)	80,783	-	3,433,501

46.3.4 Amount recognised in the consolidated profit and loss account

	2022						
	Pension	**Gratuity scheme**	**Post retirement medical benefits**	**Benevolent fund scheme**	**Six months post retirement facility**	**Income Continuation Plan**	**Total**
	-----	-----	-----	**(Rupees in '000)**	-----	-----	-----
Current service cost	**836,627**	**11,442**	**617,445**	**7,200**	**59,057**	**2,275,223**	**3,806,994**
Past service cost (credit)	**-**	**-**	**-**	**-**	**31,440**	**-**	**31,440**
Interest cost on defined benefit obligation	**5,722,685**	**12,663**	**3,097,782**	**107,533**	**90,543**	**-**	**9,031,206**
	6,559,312	**24,105**	**3,715,227**	**114,733**	**181,040**	**2,275,223**	**12,869,640**

	2021						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
Current service cost	843,186	13,835	585,838	7,461	56,515	-	1,506,835
Past service cost (credit)	-	-	-	-	-	-	-
Interest cost on defined benefit obligation	5,102,687	9,046	2,701,999	113,560	72,365	-	7,999,657
	5,945,873	22,881	3,287,837	121,021	128,880	-	9,506,492

46.3.5 Movement of present value of defined benefit obligation

	2022						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Net recognised liabilities at July 1, 2021	**61,250,137**	**140,720**	**31,731,805**	**1,183,375**	**952,536**	**-**	**95,258,573**
Amount recognised in the consolidated profit and loss account	**6,559,312**	**24,105**	**3,715,227**	**114,733**	**181,040**	**2,275,223**	**12,869,640**
Remeasurements	**1,330,571**	**12,412**	**8,251,592**	**(115,092)**	**90,017**	**-**	**9,569,500**
Benefits paid during the year	**(8,046,586)**	**(8,992)**	**(1,507,954)**	**(216,077)**	**(94,223)**	**(153,439)**	**(10,027,271)**
Net recognised liabilities at June 30, 2022	**61,093,434**	**168,245**	**42,190,670**	**966,939**	**1,129,370**	**2,121,784**	**107,670,442**

	2021						
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Total
	(Rupees in '000)						
Net recognised liabilities at July 1, 2020	58,584,132	107,503	29,879,378	1,273,383	821,779	-	90,666,175
Amount recognised in the consolidated profit and loss account	5,945,873	22,881	3,287,837	121,021	128,880	-	9,506,492
Remeasurements	3,560,020	10,568	(98,247)	(119,623)	80,783	-	3,433,501
Benefits paid during the year	(6,839,888)	(232)	(1,337,163)	(91,406)	(78,906)	-	(8,347,595)
Net recognised liabilities at June 30, 2021	61,250,137	140,720	31,731,805	1,183,375	952,536	-	95,258,573

46.3.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation - increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Pension			
Discount rate	1%	(4,373,146)	5,064,262
Future salary increase	1%	1,272,343	(1,192,121)
Future pension increase	1%	5,655,151	(3,309,970)
Expected mortality rates	1 Year	941,101	(850,006)
Gratuity			
Discount rate	1%	(10,743)	12,026
Future salary increase	1%	12,188	(11,092)
Post retirement medicalbenefit scheme			
Discount rate	1%	(4,541,888)	5,505,546
Future post-retirement medical cost increase	1%	5,491,973	(4,535,547)
Expected mortality rates	1 Year	503,696	(451,556)
Benevolent			
Discount rate	1%	(35,722)	39,082
Six months post retirement facility			
Discount rate	1%	(68,003)	75,633
Future salary increase	1%	77,217	(70,745)
Income Continuation Plan			
Discount Rate	1%	(184,947)	215,698
Future Salary Increase	1%	174,983	(154,311)
Expected mortality rates	1 Year	100,052	(100,719)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability of all schemes recognised within the consolidated balance sheet.

46.3.7 Duration of defined benefit obligation

	Pension	Gratuity scheme	Post retirement medical benefit	Benevolent fund scheme	Income continuation plan	Six months post retirement facility
Weighted average duration of the defined benefit obligation	7-8.25 years	0.63-8 Years	11-12.13 Years	3.49-5 Years	3.93-7 Years	8-11.27 years

46.3.8 Estimated expenses to be charged to the consolidated profit and loss account for the year ending June 30, 2023

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2023 would be as follows:

	Pension	Gratuity scheme	Post retirement medical benefit	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Total
	(Rupees in '000)						
Current service cost	811,714	8,754	753,054	6,680	60,288	-	1,640,490
Interest cost on defined benefit obligation	6,996,336	12,698	4,991,052	120,938	96,707	110,122	12,327,853
Past Service cost	-	-	-	-	28,475	-	28,475
Amount chargeable to the consolidated profit and loss account	7,808,050	21,452	5,744,106	127,618	185,470	110,122	13,996,818

46.3.9 Employees' compensated absences

The Group's liability for employees' compensated absences determined through an actuarial valuation carried out under the Projected unit credit method amounted to Rs. 11,132.109 million (2021: Rs. 10,287.632 million). An amount of Rs. 1,907.023 million (2021: Rs. 1,224.003 million) has been charged to the consolidated profit and loss account in the current period based on the actuarial advice. Expected charge in respect of the scheme for the year ending June 30, 2023 would be Rs 2,177.449 million. The benefits paid during the year amounted to Rs. 1,143.400 million (2021: Rs 798.62 million). In case of 1% increase / decrease in discount rate the net charge for the year would decrease / increase by Rs. 537.337 million and Rs. 595.895 million respectively and the net liability would also be affected by the same amount. In case of 1% increase / decrease in salary rate the net charge for the year would increase / decrease by Rs. 619.315 million and Rs. 569.719 million respectively and the net liability would also be affected by the same amount. The weighted average duration for the liability against employee's compensated absences is 4-6 years.

46.4 Staff retirement benefits-funded (PSPC)

46.4.1 During the year, the actuarial valuations of the defined benefit obligations were carried out under the Projected Unit Credit Method using the following significant assumptions:

	2022	2021
- Discount rate	**13.25% p.a**	10.25% p.a
- Salary increase rate	**11.5% p.a**	9.25% p.a
- Pension increase rate	**5.25% p.a**	4.75% p.a

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with 1 year setback.

46.4.2 Through its funded defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The fund believes that due to long-term nature of the plan liabilities and the strength of the PSPC's support, the current investment strategy manages this risk adequately.

Inflation risk
The majority of the plan's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. However, the fund manages plan assets to off set inflationary impacts.

Life expectancy / withdrawal rate

The majority of the plan's obligations are to provide benefits on severance with the PSPC or on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

46.4.3 Amounts recognised in the consolidated balance sheet are determined as follows:

	2022	2021
	-------(Rupees in '000)------	
Present value of defined benefit obligation	**5,283,310**	6,270,768
Fair value of plan assets	**(842,337)**	(1,243,554)
	4,440,973	5,027,214

46.4.4 Movement of present value of defined benefit obligation and fair value of plan assets

	2022	2021
Movement in defined benefit obligation		
Present value at reporting date	**6,270,768**	6,262,360
Current service cost	**59,958**	56,393
Interest cost of defined benefit obligation	**622,771**	565,526
Benefits paid during the year	**(389,912)**	(297,140)
Past service cost	**-**	13,937
Actuarial remeasurement gain	**(1,280,275)**	(330,308)
Present value as at June 30	**5,283,310**	6,270,768
Movement in fair value of plan assets		
Fair value as reporting date	**1,243,554**	1,286,544
Expected return on plan assets	**110,747**	108,426
Contribution made by employer	**63,727**	68,404
Benefits paid during the year	**(389,912)**	(297,140)
Actuarial remeasurement loss / (gain)	**(185,779)**	77,320
Fair value as reporting date at June 30	**842,337**	1,243,554

46.4.5 Plan assets consist of the following:

	2022 (Rupees in '000)	%	2021 (Rupees in '000)	%
Equity instruments	**510,710**	**43.05**	583,718	36.17
Debt instruments	**666,753**	**56.21**	979,853	60.7
Cash and cash equivalent	**8,811**	**0.74**	50,453	3.13
	1,186,274	**100.00**	1,614,024	100.00
Less: Pertaining to NSPC (being the multi employer fund)	**(343,937)**		(370,470)	
	842,337		1,243,554	

46.4.6 Amount recognised in the consolidated profit and loss account

	2022	2021
	-------(Rupees in '000)------	
Current service cost	**59,958**	56,393
Past service cost	**-**	13,937
Net interest cost on defined benefit obligation	**512,024**	457,100
	571,982	527,430

46.4.7 Amount recognised in "other comprehensive income"

	2022	2021
Remeasurement gain on obligation		
Actuarial gains from changes in financial assumptions	**(1,280,275)**	(330,308)
Remeasurement loss / (gain) on plan assets		
Actual net loss / (gain) on plan assets	**185,779**	(77,320)
	(1,094,496)	(407,628)
Share of other comprehensive income of associate	**(1,036)**	(4,726)

46.4.8 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation - increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
	----------(Rupees in '000)----------		
Pension			
Discount rate	1%	(418,796)	488,610
Salary growth rate	1%	127,438	(118,553)
Pension indexation rate	1%	393,863	(343,966)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability of all schemes recognised within the consolidated balance sheet.

46.4.9 Duration of defined benefit obligation

	Pension
Weighted average duration of defined benefit obligation	**8.92 years**

46.4.10 Estimated expenses to be charged to consolidated profit and loss account for the year ending June 30, 2023

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2023 would be Rs. 637.226 million.

47 CHARGE / (REVERSAL) OF CREDIT LOSS ALLOWANCE ON FINANCIAL INSTRUMENTS - NET

The following table reconciles the expected credit losses allowance for the year ended June 30, 2022 by classes of financial instruments:

	2022					
	Foreign currency accounts and investments	Investments - local	Loans, advances and bills of exchange	Current accounts of governments	Securities purchased under agreement to resell	Total
	(Rupees in '000)					
As at June 30, 2021	16,561	39,478	2,151,911	-	6	2,207,956
(Reversal) / charge during the year	(12,396)	-	5,556	-	8,726	1,886
As at June 30, 2022	**4,165**	**39,478**	**2,157,467**	**-**	**8,732**	**2,209,842**

	2021					
	Foreign currency accounts and investments	Investments - Local	Loans, advances and bills of exchange	Current accounts of governments	Securities purchased under agreement to resell	Total
	(Rupees in '000)					
As at June 30, 2020	88	78,953	2,192,861	-	7	2,271,909
Charge / (reversal) during the year	16,473	(39,475)	(40,950)	-	(1)	(63,953)
As at June 30, 2021	16,561	39,478	2,151,911	-	6	2,207,956

48 TAXATION

	2022	2021
	--------(Rupees in '000)-----	
Current - for the year	**1,257,255**	994,193
Current - prior year	**169,790**	56,446
Deferred	**3,870**	264,085
	1,430,915	1,314,724

49 PROFIT FOR THE YEAR AFTER NON-CASH ITEMS AND OTHER ITEMS

	Note	2022	2021
		(Rupees in '000)	
Profit before taxation		**750,855,463**	762,173,524
Adjustments for:			
Depreciation	19.3	**2,728,056**	2,438,495
Amortisation	21.2	**52,545**	92,233
Reversal of charge of credit loss on financial instruments		**(6,929)**	(24,497)
Provision / (reversal) for / write-off:			
- retirement benefits and employees' compensated absences		**15,535,584**	11,652,075
- other doubtful assets	31.3.1.1	**376,377**	(24,621)
- others		**(363)**	1,111
Gain on disposal of property, plant and equipment	43	**(5,057)**	(5,596)
Gain on disposal of financial assets	42	**1,989,167**	(1,259,399)
Loss on remeasurement of securities		**12,427,297**	2,195,821
Dividend income		**(636,129)**	(520,498)
Effect of exchange gain on assets and liabilities		**49,595,785**	(137,523,594)
Profit from associate and other non-cash adjustments		**(762,677)**	(1,337,861)
		832,149,119	637,857,193

50 CASH AND CASH EQUIVALENTS

	Note	2022	2021
Cash and bank balances	6	**197,518**	501,584
Local currency - coins	8	**406,368**	417,574
Foreign currency accounts and investments having maturity of less than 3 months	9	**1,988,189,538**	2,256,103,258
Earmarked foreign currency balances	10	**24,050,690**	20,707,900
Special Drawing Rights of the International Monetary Fund	11	**43,460,776**	60,771,006
		2,056,304,890	2,338,501,322

51 RELATED PARTY TRANSACTIONS

The Group enters into transactions with related parties in its normal course of business. Related parties include the Federal Government as major shareholder of the Group, Provincial Governments, Government of Azad Jammu and Kashmir, Gilgit-Baltistan Administration Authority, government controlled enterprises / entities, other related entities, retirement benefit plans, directors and key management personnel of the Group.

51.1 Governments and related entities

The Bank is acting as an agent of the Federal Government and is responsible for functions conferred upon as disclosed in note 1 to these consolidated financial statements. Balances outstanding from and transactions with the Federal and Provincial Governments and related entities not disclosed elsewhere in the consolidated financial statements are given below:

Transactions during the year	2022	2021
	Rupees in '000	
- Creation of PIBs	**43,711,253**	-
- Retirement of PIBs	**569,000,000**	569,000,000
- IMF on-lent to Government of Pakistan (GoP)	**474,938,820**	-

- Commission income from sale of Market Treasury Bills, issuance of prize bonds, National Saving Certificates and management of public debt (refer note 39.1)

51.2 Remuneration to key management personnel

Key management personnel of the Group include members of the Board of Directors of the Group, Governor of the Bank, Deputy Governors of the Bank and other executives of the Group who have responsibility for planning, directing and controlling the activities of the Group. Fee of the non-executive members of the Board of Directors is determined by the Board. The Governor of the Bank is appointed by the President of Pakistan, whereas the Deputy Governors are appointed by the Federal Government. Further in accordance with section 14A of the State Bank of Pakistan Act, 1956 the remuneration of Governor, Deputy Governors is determined by the Board of Directors of the Group. Details of remuneration of key management personnel of the Group are as follows:

	2022	2021
	------------- (Rupees in '000) ------------	
Short-term employee benefit	**1,075,053**	1,185,106
Post-employment benefit	**320,399**	199,451
Loans disbursed during the year	**108,772**	74,768
Loans repaid during the year	**173,849**	115,298
Disposal of vehicle during the year	**5,501**	1,699
Directors' fees	**13,474**	13,417
Number of key management personnel *	**130**	122

* This includes 101 (2021: 95) key management personnel pertaining to subsidiaries of the Group.

Short-term benefits include salary and benefits, medical benefits and free use of the Group maintained cars in accordance with their entitlements. Post employment benefits include gratuity, pension, benevolent fund, post retirement medical benefits, six months post retirement facility and contributory provident funds.

51.3 Associated undertakings of the Group

51.3.1 SICPA Inks Pakistan (Private) Limited (SICPA) - associated undertaking

SICPA is a joint venture of SICPA SA, Switzerland and PSPC, incorporated in 1995. The company operates a facility in Karachi for manufacturing security inks for printing of all denominations of currency notes and other value documents, such as, passports, postage stamps and stamp papers, etc.

51.3.2 Security Papers Limited (SPL) - associated undertaking

SPL is an associated company of PSPC. It was established in 1965. It became a joint venture company of Iran, Turkey and Pakistan in 1967, under the protocol of regional PSPC of development (now economic PSPC organisation) in 1967. SPL is engaged in manufacturing of paper required by PSPC for printing banknotes, prize bonds, non-judicial stamp paper, share certificates and watermarked certificate / degree papers for various educational institutions of Pakistan.

52 RISK MANAGEMENT POLICIES

The Group is primarily subject to interest / mark-up rate, credit, currency and liquidity risks. The policies and procedures for managing these risks are outlined in notes 52.1 to 52.9 to these consolidated financial statements. The Group has designed and implemented a framework of controls to identify, monitor and manage these risks. The senior management is responsible for advising the Governor on the monitoring and management of these risks.

52.1 Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk in the Group's portfolio is monitored, reviewed and analysed by the appropriate officials and the exposure is controlled through counterparty and credit limits. Counterparties are allocated to a particular class based mainly on their credit rating. Foreign currency placements are made in approved currencies and government securities. Loans and advances to scheduled banks and financial institutions are usually secured either by government guarantees or by demand promissory notes. Equity exposure based on their nature are not exposed to credit risk. Geographical exposures are controlled by country limits and are updated as and when necessary with all limits formally reviewed on a periodic basis. The Group's exposure to credit risk associated with foreign investments is managed by monitoring compliance with investment limits for counterparties. The Group's credit risk mainly lies with exposure towards government sector and financial institutions.

52.1.1 Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the consolidated balance sheet.

52.1.2 Impairment assessment

The references below show where the Group’s impairment assessment and measurement approach is set out in these consolidated financial statements. It should be read in conjunction with the summary of significant accounting policies.

52.1.3 Definition of default

The Group defines a financial instrument as in default when the financial asset is credit - impaired and meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments are considered default by the Group.

Qualitative criteria

- a breach of contract, such as default or past due event;
- the lenders of the counterparty have granted a concession to the counterparty for economic or contractual reasons;
- relating to the counterparty's financial difficulty that the lender would not otherwise consider;
- the likelihood or probability that the counterparty will enter bankruptcy or other financial reorganisation; or
- the dissolution of an active market for that financial asset due to financial difficulties.

52.1.4 Credit rating and PD estimation process

The Group PD estimation process is based on the probability of default assigned to each counterparty according to their external credit ratings and the related historical credit losses experience, adjusted for forward-looking information.

Internal rating	2022 12 month PD	2021 12 month PD	External Rating
Performing			
High grade	**0.0000%**	0.0000%	Sovereign
High grade	**0.0000%-0.0318%**	0.0000%-0.0318%	AAA
High grade	**0.0318%-0.0751%**	0.0318%-0.0751%	AA+ to AA-
High grade	**0.0751%-0.2334%**	0.0751%-0.2334%	A+ to A-
Standard grade	**0.2334%-0.5574%**	0.2334%-0.5574%	BBB+ to BBB-
Standard grade	**0.5574%-1.3393%**	0.5574%-1.3393%	BB+ to BB-
Standard grade	**1.3393%-3.3597%**	1.3393%-3.3597%	B+ to B-
Rating below standard	**3.3597%-9.6562%**	3.3597%-9.6562%	CCC+ to CCC-
Rating below standard	**9.6562%-100%**	9.6562%-100%	CC
Non performing			
Individually impaired	100%	100%	

52.1.5 Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a stage 1 financial instruments, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL. For stage 2 and stage 3 the exposure at default is considered for events over the lifetime of the instruments. The Group determines EAD by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. PDs are then assigned to each economic scenario based on the outcome of the Group's models.

52.1.6 Loss given default

Loss given default represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

52.1.7 Significant increase in credit risk

The Group considers a financial asset to have experienced a significant increase in credit risk when:
- credit rating falls below investment grade in case of investments made in financial assets, or
- the contractual payments are 30 days past due.

52.1.8 Collateral and other credit enhancements

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit / guarantees and demand promissory notes. The collaterals held against financials assets of the Group have been disclosed in their respective notes, where applicable.

52.2 Concentrations of risk

Concentration risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economic, political or other conditions. The Group's significant concentrations arising from financial instruments at the reporting date without taking any collateral held or other credit enhancements is shown below:

52.2.1 Geographical analysis

	2022						
	Pakistan	**Asia (other than Pakistan)**	**America**	**Europe**	**Australia**	**Others**	**Grand total**
	------------ (Rupees in '000) ------------						
Financial assets							
Cash and bank balances	197,518	-	-	-	-	-	**197,518**
Local currency - coins	406,368	-	-	-	-	-	**406,368**
Foreign currency accounts and investments	665	628,696,654	1,024,584,413	522,484,256	7,121	2,480,964	**2,178,254,073**
Earmarked foreign currency balance	24,050,690	-	-	-	-	-	**24,050,690**
Special drawing rights of International Monetary Fund	-	-	43,460,776	-	-	-	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	32,857	-	-	-	**32,857**
Securities purchased under agreement to resell	4,518,609,584	-	-	-	-	-	**4,518,609,584**
Investments - local	6,358,222,702	-	-	-	-	-	**6,358,222,702**
Loans, advances and bills of exchange	2,081,734,830	787,295	-	-	-	-	**2,082,522,125**
Assets held with the Reserve Bank of India	-	2,315,977	-	-	-	-	**2,315,977**
Balances due from the Governments of India and Bangladesh	-	15,107,201	-	-	-	-	**15,107,201**
Other assets	24,953,329	12,377,704	599,346		-	-	**37,930,379**
Total financial assets	13,008,175,686	659,284,831	1,068,677,392	522,484,256	7,121	2,480,964	15,261,110,250

	2021						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	------------ (Rupees in '000) ------------						
Financial assets							
Cash and bank balances held by subsidiaries	501,584	-	-	-	-	-	501,584
Local currency - coins	417,574	-	-	-	-	-	417,574
Foreign currency accounts and investments	-	1,481,590,684	530,135,244	847,112,678	6,206	-	2,858,844,812
Earmarked foreign currency balance	20,707,900	-	-	-	-	-	20,707,900
Special drawing rights of International Monetary Fund	-	-	60,771,006	-	-	-	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	26,727	-	-	-	26,727
Securities purchased under agreement to resell	1,792,952,119	-	-	-	-	-	1,792,952,119
Current accounts of governments	33,793,930	-	-	-	-	-	33,793,930
Investments - local	6,857,412,223	-	-	-	-	-	6,857,412,223
Loans, advances and bills of exchange	1,190,157,295	837,832	-	-	-	-	1,190,995,127
Assets held with the Reserve Bank of India	-	1,939,592	-	-	-	-	1,939,592
Balances due from the Governments of India and							-
Bangladesh	-	14,087,874	-	-	-	-	14,087,874
Other assets	20,983,757	9,115,950	5,122		-	-	30,104,829
Total financial assets	9,916,926,382	1,507,571,932	590,938,099	847,112,678	6,206	-	12,862,555,297

The geographical analysis is based on composition of financial assets in the specific continents other than for Pakistan which has been disclosed separately. All continents having significant composition have been presented separately while the remaining have been clubbed under "Others".

52.2.2 Industrial analysis

	2022						
	Sovereign	**Supra-national**	**Public sector entities**	**Corporate**	**Banks & financial institutions**	**Others**	**Grand total**
	(Rupees in '000)						
Financial assets							
Cash and bank balances held by subsidiaries	41,940	-	-	-	155,578	-	**197,518**
Local currency - coins	406,368	-	-	-	-	-	**406,368**
Foreign currency accounts and investments	765,774,539	523,686,416	-	-	888,793,118	-	**2,178,254,073**
Earmarked foreign currency balance	24,050,690	-	-	-	-	-	**24,050,690**
Special drawing rights of International				-			
Monetary Fund	-	43,460,776	-	-	-	-	**43,460,776**
Reserve tranche with the International Monetary				-			
Fund under quota arrangements	-	32,857	-	-	-	-	**32,857**
Securities purchased under agreement to resell	11,925,391	-	-	-	4,506,684,193	-	**4,518,609,584**
Current accounts of governments	-	-	-	-	-	-	**-**
Investments - local	6,200,248,267	-	106,659,082	-	51,315,353	-	**6,358,222,702**
Loans, advances and bills of exchange	539,503,400	-	159,992,571	-	1,356,621,959	26,404,195	**2,082,522,125**
Assets held with the Reserve Bank of India	2,315,977	-	-	-	-	-	**2,315,977**
Balances due from the Governments of India and Bangladesh	15,107,201	-	-	-	-	-	**15,107,201**
Other assets	33,248,344	402,192	273,187	-	2,392,465	1,614,191	**37,930,379**
Total financial assets	**7,592,622,117**	**567,582,241**	**266,924,840**	**-**	**6,805,962,666**	**28,018,386**	**15,261,110,250**

	2021						
	Sovereign	Supra-national	Public sector entities	Corporate	Banks & financial institutions	Others	Grand total
	(Rupees in '000)						
Financial assets							
Cash and bank balances held by subsidiaries	35,693	-	-	-	465,891	-	501,584
Local currency - coins	417,574	-	-	-	-	-	417,574
Foreign currency accounts and investments	1,241,132,015	1,039,686,758	-	-	578,026,039	-	2,858,844,812
Earmarked foreign currency balance	20,707,900	-	-	-	-	-	20,707,900
Special drawing rights of International				-			
Monetary Fund	-	60,771,006	-	-	-	-	60,771,006
Reserve tranche with the International Monetary				-			
Fund under quota arrangements	-	26,727	-	-	-	-	26,727
Securities purchased under agreement to resell	-	-	-	-	1,792,952,119	-	1,792,952,119
Current accounts of governments	33,793,930	-	-	-	-	-	33,793,930
Investments - local	6,685,409,338	-	130,487,113	-	41,515,772	-	6,857,412,223
Loans, advances and bills of exchange	837,832	-	104,524,714	-	1,060,667,763	24,964,818	1,190,995,127
Assets held with the Reserve Bank of India	1,939,592	-	-	-	-	-	1,939,592
Balances due from the Governments of India and Bangladesh	14,087,874	-	-	-	-	-	14,087,874
Other assets	11,732,516	5,122	66,745	-	17,486,469	813,977	30,104,829
Total financial assets	8,010,094,264	1,100,489,613	235,078,572	-	3,491,114,053	25,778,795	12,862,555,297

52.3 Credit exposure by credit rating

The credit quality of financial assets is managed by the Group using external credit ratings. The table below shows the credit quality by class of assets for all financial assets that are neither past due nor impaired as at the reporting date and are exposed to credit risk, based on the rating of external rating agencies. The Group uses lower of the credit rating of Moody's, Standard & Poor's and Fitch to categorise its financial assets in foreign currency accounts and investments. For domestic financial assets credit rating of VIS and PACRA are used.

	2022							
	Sovereign (52.3.1)	**AAA**	**AA**	**A**	**BBB**	**Lower than BBB**	**Unrated**	**Grand Total**
	---(Rupees in 000')---							
Financial assets								
Cash and bank balances	-	-	-	-	-	-	197,518	**197,518**
Local currency - coins	406,368	-	-	-	-	-	-	**406,368**
Foreign currency accounts and investments	765,774,539	85,789,187	534,009,054	792,097,390	40	-	583,863	**2,178,254,073**
Earmarked foreign currency balance	24,050,690	-	-	-	-	-	-	**24,050,690**
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	43,460,776	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	32,857	**32,857**
Securities purchased under agreement to resell	11,925,391	3,070,396,767	885,051,575	380,552,183	147,696,176	-	22,987,492	**4,518,609,584**
Current accounts of governments	-	-	-	-	-	-	-	**-**
Investments - local	6,200,248,267	104,398,759	39,478	2,447,013	51,089,185	-	-	**6,358,222,702**
Loans, advances and bills of exchange	539,503,400	335,813,959	1,036,063,424	13,067,422	123,198,986	-	34,874,934	**2,082,522,125**
Assets held with the Reserve Bank of India	-	-	-	-	2,315,977	-	-	**2,315,977**
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	15,066,748	-	**15,107,201**
Other assets	33,248,344	869,614	1,033,470	1,698,297	-	-	1,080,654	**37,930,379**
Total financial assets	**7,575,156,999**	**3,597,268,286**	**2,456,197,001**	**1,189,862,305**	**324,340,817**	**15,066,748**	**103,218,094**	**15,261,110,250**

	2021							
	Sovereign (53.3.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	---(Rupees in 000')---							
Financial assets								
Cash and bank balances held by subsidiaries	-	-	-	-	-	-	501,584	501,584
Local currency - coins	417,574	-	-	-	-	-	-	417,574
Foreign currency accounts and investments	817,417,290	711,324,703	534,009,055	794,972,705	40	-	1,121,019	2,858,844,812
Earmarked foreign currency balance	20,707,900	-	-	-	-	-	-	20,707,900
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	60,771,006	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	26,727	26,727
Securities purchased under agreement to resell	-	458,638,765	1,173,120,210	158,354,424	-	-	2,838,720	1,792,952,119
Current accounts of governments	33,793,930	-	-	-	-	-	-	33,793,930
Investments - local	6,679,188,550	162,581,159	4,912,797	10,729,717	-	-	-	6,857,412,223
Loans, advances and bills of exchange	-	335,813,959	807,975,738	13,160,083			34,045,347	1,190,995,127
Assets held with the Reserve Bank of India	-	-	-	-	1,939,592	-	-	1,939,592
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	14,047,421	-	14,087,874
Other assets	11,756,023	678,144	6,596,198	9,161,106	-	-	1,913,358	30,104,829
Total financial assets	7,563,281,267	1,669,036,730	2,526,613,998	986,378,035	1,980,085	14,047,421	101,217,761	12,862,555,297

52.3.1 Government securities and balances, pertaining to Pakistan, are rated as sovereign. The international rating of Pakistan is B- (as per Standards & Poor's).

52.3.2 The collateral held as security against financial assets to cover the credit risk are disclosed in the respective notes.

52.4 Liquidity analysis with interest / mark-up rate risk

52.4.1 Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. The Group has adopted appropriate policies to minimise its exposure to this risk.

	2022						
	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	----------	----------	----------	(Rupees in '000)	----------	----------	----------
Financial assets							
Non-derivative assets:							
Cash and bank balances	-	-	-	197,518	-	197,518	**197,518**
Local currency - coins				406,368	-	406,368	**406,368**
Foreign currency accounts and investments	2,176,804,420	-	2,176,804,420		1,491,490	1,491,490	**2,178,295,910**
Earmarked foreign currency balance	-	-	-	24,050,690	-	24,050,690	**24,050,690**
Special drawing rights of International Monetary Fund	43,460,776	-	43,460,776	-	-	-	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	32,857	-	32,857	**-** **32,857**
Securities purchased under agreement to resell	4,518,609,584	-	4,518,609,584		-	-	**4,518,609,584**
Investments - local	365,383,312	5,889,905,329	6,255,288,641	-	102,934,061	102,934,061	**6,358,222,702**
Loans, advances and bills of exchange	856,681,549	1,090,782,705	1,947,464,254	105,475,090	29,582,781	135,057,871	**2,082,522,125**
Assets held with the Reserve Bank of India	-	-	-	2,315,977	-	2,315,977	**2,315,977**
Balances due from the Governments of India and Bangladesh	-	-	-	15,107,201	-	15,107,201	**15,107,201**
Other assets	27,915,666	-	27,915,666	8,437,244	52,688	8,489,932	**36,405,598**
	7,988,855,307	6,980,688,034	14,969,543,341	156,022,945	134,061,020	290,083,965	**15,259,627,306**
Derivative assets							
Foreign currency accounts and investments	-	-	-	(41,837)	-	(41,837)	**(41,837)**
Other assets	-	-	-	1,524,781	-	1,524,781	**1,524,781**
	-	-	-	1,482,944	-	1,482,944	**1,482,944**
Grand total	**7,988,855,307**	**6,980,688,034**	**14,969,543,341**	**157,505,889**	**134,061,020**	**291,566,909**	**15,261,110,250**
Financial liabilities							
Banknotes in circulation	-	-	-	7,992,592,100	-	7,992,592,100	**7,992,592,100**
Bills payable	-	-	-	1,907,584	-	1,907,584	**1,907,584**
Current accounts of the governments*	-	-	-	1,547,182,248		1,547,182,248	**1,547,182,248**
Payable to Islamic banking institutions against Bai Muajjal transactions	-	-	-	-	-	-	**-**
Payable under bilateral currency swaps agreements	917,991,000	-	917,991,000	8,923,096	-	8,923,096	**926,914,096**
Deposits of banks and financial institutions	1,146,062,844	-	1,146,062,844	108,971,830	-	108,971,830	**1,255,034,674**
Other deposits and accounts	550,285,036	-	550,285,036	184,346,312	-	184,346,312	**734,631,348**
Payable to the International Monetary Fund	198,687,837	1,150,002,883	1,348,690,720	2,568,088	-	2,568,088	**1,351,258,808**
Securities sold under agreement to repurchase	530,000,000	-	530,000,000	194,205	-	194,205	**530,194,205**
Other liabilities	-	11,644,025	11,644,025	68,861,868	-	68,861,868	**80,505,893**
Endowment Fund	-	-	-	-	132,674	132,674	**132,674**
	3,343,026,717	1,161,646,908	4,504,673,625	9,915,547,331	132,674	9,915,680,005	**14,420,353,630**
Derivative liabilities							
Other liabilities		-	-	50,172,618		50,172,618	**50,172,618**
	3,343,026,717	1,161,646,908	4,504,673,625	9,965,719,949	132,674	9,965,852,623	**14,470,526,248**
On balance sheet gap (a)	**4,645,828,590**	**5,819,041,126**	**10,464,869,716**	**(9,808,214,060)**	**133,928,346**	**(9,674,285,714)**	**790,584,002**
Foreign currency forward and swap contracts - sale	-	-	-	871,788,635	-	871,788,635	**871,788,635**
Foreign currency forward and swap contracts - purchase	-	-	-	281,736,616	-	281,736,616	**281,736,616**
Futures - sale	-	-	-	22,878,077	-	22,878,077	**22,878,077**
Futures - purchase	-	-	-	10,540,096	-	10,540,096	**10,540,096**
Capital commitments	-	-	-	1,648,249	-	1,648,249	**1,648,249**
Contingent liabilities in respect of guarantees given	-	-	-	-	860,860	860,860	**860,860**
Off balance sheet gap (b)	-	-	-	1,188,591,673	860,860	1,189,452,533	**1,189,452,533**
Total yield / interest risk sensitivity gap (a+b)	**4,645,828,590**	**5,819,041,126**	**10,464,869,716**	**(10,996,805,733)**	**133,067,486**	**(10,863,738,247)**	**(398,868,531)**
Cumulative yield / interest risk sensitivity gap	**4,645,828,590**	**10,464,869,716**	**20,929,739,432**				

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

* The Group has the contractual right and intention to offset these balances against their respective non-interest bearing deposit balances. Mark-up on these balances is charged only when these balances are in debit.

	2021						
	Interest / mark-up bearing			Non interest / mark-up bearing			Grand total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
	--- (Rupees in '000)						
Financial assets							
Non-derivatives assets:							
Cash and bank balances held by subsidiaries	-	-	-	501,584	-	501,584	**501,584**
Local currency - coins			-	417,574	-	417,574	**417,574**
Foreign currency accounts and investments	1,733,758,096	125,159,778	1,858,917,874	999,223,627	280,150	999,503,777	**2,858,421,651**
Earmarked foreign currency balance	-	-	-	20,707,900	-	20,707,900	**20,707,900**
Special drawing rights of International Monetary Fund	60,771,006	-	60,771,006	-	-	-	**60,771,006**
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	26,727	-	26,727	**26,727**
Securities purchased under agreement to resell	1,790,871,426	-	1,790,871,426	2,080,693	-	2,080,693	**1,792,952,119**
Current accounts of Governments	33,793,930	-	33,793,930	-	-	-	**33,793,930**
Investments - local	590,911,683	6,150,376,769	6,741,288,452	-	116,123,771	116,123,771	**6,857,412,223**
Loans, advances and bills of exchange	500,406,454	334,842,005	835,248,459	264,883,857	90,862,811	355,746,668	**1,190,995,127**
Assets held with the Reserve Bank of India	-	-	-	1,939,592	-	1,939,592	**1,939,592**
Balances due from the Governments of India and Bangladesh	-	-	-	14,087,874	-	14,087,874	**14,087,874**
Other assets	-	-	-	13,646,875	19,054	13,665,929	**13,665,929**
	4,710,512,595	**6,610,378,552**	**11,320,891,147**	**1,317,516,303**	**207,285,786**	**1,524,802,089**	**12,845,693,236**
Derivatives assets							
Foreign currency accounts and investments	-	-	-	423,161	-	423,161	**423,161**
Other assets				16,438,900	-	16,438,900	**16,438,900**
Grand total	**4,710,512,595**	**6,610,378,552**	**11,320,891,147**	**1,334,378,364**	**207,285,786**	**1,541,664,150**	**12,862,555,297**
Financial liabilities							
Banknotes in circulation	-	-	-	7,278,860,019	-	7,278,860,019	**7,278,860,019**
Bills payable	-	-	-	2,051,417	-	2,051,417	**2,051,417**
Current accounts of the Governments*	-	-	-	1,295,486,434		1,295,486,434	**1,295,486,434**
Payable to Islamic banking institutions against							
Payable under bilateral currency swaps agreements	731,730,000	-	731,730,000	16,764,053	-	16,764,053	**748,494,053**
Deposits of banks and financial institutions	121,524,435	-	121,524,435	1,206,143,957	-	1,206,143,957	**1,327,668,392**
Other deposits and accounts	425,367,990	-	425,367,990	203,661,926	-	203,661,926	**629,029,916**
Payable to International Monetary Fund	157,560,118	686,639,654	844,199,772	1,158,879	-	1,158,879	**845,358,651**
Securities sold under agreement to repurchase	135,000,000	-	135,000,000	51,390	-	51,390	**135,051,390**
Other liabilities	-	10,794,160	10,794,160	34,813,381	-	34,813,381	**45,607,541**
Endowment Fund	-	-	-	-	128,771	128,771	**128,771**
	1,571,182,543	697,433,814	2,268,616,357	10,038,991,456	128,771	10,039,120,227	**12,307,736,584**
Derivative liabilities							
Other liabilities	-	-	-	4,007,806	-	4,007,806	**4,007,806**
	1,571,182,543	697,433,814	2,268,616,357	10,042,999,262	128,771	10,043,128,033	**12,311,744,390**
On balance sheet gap (a)	**3,139,330,052**	**5,912,944,738**	**9,052,274,790**	**(8,708,620,898)**	**207,157,015**	**(8,501,463,883)**	**550,810,907**
Foreign currency forward and swap contracts - sale	-	-	-	865,057,133	-	865,057,133	**865,057,133**
Foreign currency forward and swap contracts - purchase	-	-	-	98,341,540	-	98,341,540	**98,341,540**
Futures - sale	-	-	-	14,096,256	-	14,096,256	**14,096,256**
Futures - purchase	-	-	-	13,678,234	-	13,678,234	**13,678,234**
Capital commitments	-	-	-	2,694,087	-	2,694,087	**2,694,087**
Contingent liabilities in respect of guarantees given	-	-	-	-	527,596	527,596	**527,596**
Off balance sheet gap (b)	-	-	-	993,867,250	527,596	994,394,846	**994,394,846**
Total yield / interest risk sensitivity gap (a+b)	**3,139,330,052**	**5,912,944,738**	**9,052,274,790**	**(9,702,488,148)**	**206,629,419**	**(9,495,858,729)**	**(443,583,939)**
Cumulative yield / interest risk sensitivity gap	**3,139,330,052**	**9,052,274,790**	**18,104,549,580**				

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

* The Group has the contractual right and intention to offset these balances against their respective non-interest bearing deposit balances. Mark-up on these balances is charged only when these balances are in debit

52.4.2 The effective interest / mark-up rate for the monetary financial assets and liabilities are mentioned in their respective notes to the consolidated financial statements.

52.5 Interest rate risk

52.5.1 Cash flow interest rate risk

Cash flow interest rate risk is the risk of loss arising from changes in variable interest rates. The sensitivity analysis below have been determined based on the exposure to interest rates for floating rate assets and liabilities. The analysis is prepared assuming the amount of average assets and liabilities outstanding at the balance sheet date was outstanding for the whole year.

If interest rates had been 10 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended June 30, 2022 would increase / decrease by Rs 10,465 million (2021: Rs. 9,052.27 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate instruments.

52.5.2 Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk on its fixed income securities, classified as financial assets at fair value through profit or loss and financial asset at fair value through other comprehensive income. To manage its fair value interest rate risk arising from investments in these securities, the management adopts practices mentioned in note 52.9 to these consolidated financial statements.

As at June 30, 2022, a 10 basis points shift in market value, mainly as a result of change in interest rates with all other variables held constant, would result in profit for the year to increase by Rs 604.933 million (2021: Rs 1,024.176 million) or decrease by Rs 604.933 million (2021: Rs 1024.176 million) mainly as a result of a increase or decrease in the fair value of fixed rate financial assets classified as financial asset at fair value through profit or loss.

52.6 Currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency activities result mainly from the Group's holding of foreign currency assets under its foreign reserves management function and the overall level of these assets is determined based on the prevailing extent of credit and liquidity risks. In order to avoid losses arising from adverse changes in the rates of exchange, the Group's compliance with the limits established for foreign currency positions is being regularly monitored by the management.

The Group also holds from time to time, foreign currency assets and liabilities that arise from the implementation of domestic monetary policies. Any foreign currency exposure relating to these implementation activities are hedged through the use of foreign currency forwards, swaps and other transactions.

The Group also enters into forward foreign exchange contracts with the commercial banks and financial institutions to hedge against the currency risk on foreign currency transactions.

The sensitivity analysis calculates the effect of reasonably possible movement of the currency rate against Pak Rupee, with all other variables held constant, on the consolidated profit and loss account and equity. If the Rupee had weakened / strengthened 1 percent against the principal currencies to which the Group had significant exposure as at June 30, 2022 with all other variables constant profit for the year would have been Rs. 8,763.991 million higher / lower (2021: Rs. 6,913.696 million). Net foreign currency exposure of the Group is as follows:

	2022	2021
	(Rupees in '000)	
US Dollar	**(359,581,061)**	779,444,523
Pound Sterling	**(109,382,337)**	(67,777,983)
Chinese Yuan	**74,200,063**	298,159,124
Euro	**(398,927,431)**	(260,716,491)
Japanese Yen	**(85,458,470)**	(58,202,274)
United Arab Emirates Dirham	**133,822**	90,450
Australian Dollar	**-**	6,607
Canadian Dollar	**3,913**	5,418
Others	**2,612,369**	360,221
	(876,399,132)	691,369,595

Net exposure in Special Drawing Rights (SDR) is allocated to its five basket currencies i.e. the US dollar, the Euro, the Chinese Yuan, the Japanese Yen and the British pound sterling in the ratio of their percentage allocated by IMF for SDR basket.

The composition of the Group's financial instruments and the correlation thereof to different variables is expected to change over time. Accordingly, the sensitivity analyses in note 52.6 and 52.7 prepared as of the reporting date are not necessarily indicative of the effects on the Group's consolidated profit and loss of future movements in different variables.

52.7 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity securities price risk because of investment in listed equity securities and mutual fund units by the Group classified as at fair value through other comprehensive income and fair value through profit or loss respectively. The investments in equity securities are held as per the specific directives of the Government of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956 and other relevant statutes. Accordingly, price risk on listed equity securities cannot be managed by the Group.

In case of 5% increase or decrease in KSE 100 index on June 30, 2022, total comprehensive income would increase or decrease by Rs. 5,193 million (2021: Rs. 5,805 million) and equity of the Group would increase or decrease by the same amount as a result of gains / (losses).

The analysis is based on the assumption that the equity index would increase or decrease by 5% with all other variables held constant and all the Group’s equity instruments move according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index. The composition of the Group's investment portfolio and the correlation thereof to the KSE index is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Group's equity instruments of future movements in the level of KSE 100 index.

52.8 Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. In order to reduce the level of liquidity risk arising out of the local currency activities, the Group manages the daily liquidity position of the banking system including advancing and withdrawal of funds from the system for smoothening out daily peaks and troughs.

The risk arising out of the Group's obligations for foreign currency balances or deposits is managed through available reserves generated mainly from borrowings and open market operations. The maturity profile of Group's financial assets and financial liabilities is given in note 52.4.1 to these consolidated financial statements.

52.9 Portfolio risk management

The Group has appointed external managers to invest a part of the foreign exchange reserves in international fixed income securities. The external managers are selected after conducting a thorough due diligence by the Group and externally hired investment consultants and appointed after the approval of the Board. The mandates awarded to the managers require them to outperform the benchmarks which are based on fixed income global aggregate indices. The benchmarks are customised to exclude certain securities, currencies and maturities to bring it to an acceptable level of risk and within the Group's approved risk appetite. Managers are provided investment guidelines within which they have to generate excess returns over the benchmark. Safe custody of the portfolio is provided through carefully selected global custodian who is independent of the portfolio managers. The custodian also provides valuation, compliance, corporate actions and recovery and other value added services which are typically provided by such custodian. The valuations provided by the custodian are reconciled with the portfolio managers and recorded accordingly.

53 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following tables summarises the carrying amounts and fair values of financial assets and liabilities:

	Carrying value		Fair value	
	2022	2021	**2022**	2021
	----(Rupees in '000)----			
Financial assets				
Cash and bank balances held by subsidiaries	**197,518**	501,584	**197,518**	501,584
Local currency - coins	**406,368**	417,574	**406,368**	417,574
Foreign currency accounts and investments	**2,178,254,073**	2,858,844,812	**2,178,254,073**	2,858,844,812
Earmarked foreign currency balances	**24,050,690**	20,707,900	**24,050,690**	20,707,900
Special drawing rights of the International Monetary Fund	**43,460,776**	60,771,006	**43,460,776**	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	**32,857**	26,727	**32,857**	26,727
Securities purchased under agreement to resell	**4,518,609,584**	1,792,952,119	**4,518,609,584**	1,792,952,119
Current accounts of governments	**-**	33,793,930	**-**	33,793,930
Investments - local	**6,358,222,702**	6,857,412,223	**6,286,781,351**	6,884,877,392
Loans, advances and bills of exchange	**2,082,522,125**	1,190,995,127	**2,082,522,125**	1,190,995,127
Assets held with the Reserve Bank of India	**2,315,977**	1,939,592	**2,315,977**	1,939,592
Balances due from the Governments of India and Bangladesh	**15,107,201**	14,087,874	**15,107,201**	14,087,874
Other assets	**37,930,379**	30,104,829	**37,930,379**	30,104,829
Financial liabilities				
Banknotes in circulation	**7,992,592,100**	7,278,860,019	**7,992,592,100**	7,278,860,019
Bills payable	**1,907,584**	2,051,417	**1,907,584**	2,051,417
Current accounts of Governments	**1,547,182,248**	1,295,486,434	**1,547,182,248**	1,295,486,434
Payable under bilateral currency swap agreement	**926,914,096**	748,494,053	**926,914,096**	748,494,053
Deposits of banks and financial institutions	**1,255,034,674**	1,327,668,392	**1,255,034,674**	1,327,668,392
Other deposits and accounts	**734,579,427**	629,029,916	**734,579,427**	629,029,916
Payable to the International Monetary Fund	**1,351,258,808**	845,358,651	**1,351,258,808**	845,358,651
Securities sold under agreement to repurchase	**530,194,205**	135,051,390	**530,194,205**	135,051,390
Other liabilities	**130,678,511**	49,615,347	**130,678,511**	49,615,347
Endowment Fund	**132,674**	128,771	**132,674**	128,771

53.1 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

	2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	----(Rupees in '000)----			
On balance sheet financial assets				
Foreign currency accounts and investments	-	604,890,961	-	**604,890,961**
Investments - local	44,715,689	929,274	58,218,372	**103,863,335**
Unrealised gain on local currency derivatives	-	1,524,781	-	**1,524,781**
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	152,155,897	**152,155,897**
Investment property	-	-	1,068,967	**1,068,967**
Gold reserves held by the Bank	773,637,405	-	-	**773,637,405**
	818,353,094	**607,345,016**	**211,443,236**	**1,637,141,346**
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	**-**	**871,788,635**	**-**	**871,788,635**
Foreign currency forward and swap contracts - purchase	**-**	**281,736,616**	**-**	**281,736,616**
Futures - sale	**22,878,077**	**-**	**-**	**22,878,077**
Futures - purchase	**10,540,096**	**-**	**-**	**10,540,096**

	2021			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	----------(Rupees in '000)----------			
On balance sheet financial assets				
Foreign currency accounts and investments -	-	1,024,599,142	-	1,024,599,142
Investments - local	58,506,359	1,315,236	56,302,176	116,123,771
Unrealised gain on local currency derivatives	-	4,328,214	-	4,328,214
Non - recurring fair value measurements				
On balance sheet non-financial assets				
Operating fixed assets (land and buildings)	-	-	129,594,221	129,594,221
Investment property	-	-	983,847	983,847
Gold reserves held by the Bank	577,356,238	-	-	577,356,238
	635,862,597	5,643,450	186,880,244	1,852,985,433
Recurring fair value measurements				
Off balance sheet financial asset and liabilities				
Foreign currency forward and swap contracts - sale	-	877,406,718	-	877,406,718
Foreign currency forward and swap contracts - purchase	-	97,744,919	-	97,744,919
Futures - sale	14,182,045	-	-	14,182,045
Futures - purchase	13,671,650	-	-	13,671,650

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date when the event or change in circumstances require the Group to exercise such transfers.

All financial assets and liabilities except the items disclosed above, have fair value equal to the carrying amount.

There were no transfers between levels 1 and 2 during the year.

53.2 Valuation techniques used in determination of fair values within level 2 and level 3

Item	Valuation approach and input used
Forward foreign exchange contract	The valuation has been determined by interpolating the mid rates announced by Bank.
Operating fixed assets (land and building)	The fair value of land and building are derived using the sale comparison approach. The sales value is determined by physically analysing the condition of land and building and by ascertaining the current market value of similar land, which is selling in near vicinity. Moreover, for buildings, the valuer has also considered prevailing current cost of construction for relevant type of civil work carried out thereon, where ever required. Please refer note 19.1 highlighting the year of valuation.
Foreign currency debt securities	These are measured at fair value using the rates published by the valuation expert portals, such as, Bloomberg, S&P , Reuters etc.
Unquoted equity securities	The value of unquoted equity securities are determined by using the discounted cashflow method by using certain key assumptions regarding future business projection of these entities by using various key assumptions considering economic and market conditions. Key assumptions include growth rate for treasury and advances portfolios, mobilisation of advances, working capital requirements, raising of additional funds in the form of borrowings and mobilisation of deposits, capital retention, strategies for equity securities in the portfolio of these entities, return on funds deployed, discount rate and terminal growth rate etc.
Investment Property	These are measured at revalued amount based on the highest and best use concept.

The valuations, mentioned above, are conducted by the valuation experts appointed by the Group which are also on the panel of the Pakistan Banks' Association (PBA). The valuation experts use a market based approach to arrive at the fair value of the Group's properties. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements.

54 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2022			
	At fair value through profit or loss	**Amortised cost**	**At fair value through other comprehensive income**	**Total**
	(Rupees in '000)			
Financial assets				
Cash and bank balances held by subsidiaries	-	197,518	-	**197,518**
Local currency - coins	-	406,368	-	**406,368**
Foreign currency accounts and investments	604,890,961	1,573,363,112	-	**2,178,254,073**
Earmarked foreign currency balances	-	24,050,690	-	**24,050,690**
Special drawing rights of the International Monetary Fund	-	43,460,776	-	**43,460,776**
Reserve tranche with the International Monetary Fund under quota arrangements	-	32,857	-	**32,857**
Securities purchased under agreement to resell	-	4,518,609,584	-	**4,518,609,584**
Current accounts of governments	-	-	-	**-**
Investments - local	929,274	6,254,359,367	102,934,061	**6,358,222,702**
Loans, advances and bills of exchange	-	2,082,522,125	-	**2,082,522,125**
Assets held with the Reserve Bank of India	-	2,315,977	-	**2,315,977**
Balances due from the Governments of India and Bangladesh	-	15,107,201	-	**15,107,201**
Other assets	-	37,930,379	-	**37,930,379**

	2021			
	At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
	(Rupees in '000)			
Financial assets				
Cash and bank balances held by subsidiaries	-	501,584	-	501,584
Local currency - coins	-	417,574	-	417,574
Foreign currency accounts and investments	1,024,599,142	1,834,245,670	-	2,858,844,812
Earmarked foreign currency balances	-	20,707,900	-	20,707,900
Special drawing rights of the International Monetary Fund	-	60,771,006	-	60,771,006
Reserve tranche with the International Monetary Fund under quota arrangements	-	26,727	-	26,727
Securities purchased under agreement to resell	-	1,792,952,119	-	1,792,952,119
Current accounts of governments	-	33,793,930	-	33,793,930
Investments - local	1,315,236	6,741,288,452	114,808,535	6,857,412,223
Loans, advances and bills of exchange	-	1,190,995,127	-	1,190,995,127
Assets held with the Reserve Bank of India	-	1,939,592	-	1,939,592
Balances due from the Governments of India and Bangladesh	-	14,087,874	-	14,087,874
Other assets	-	30,104,829	-	30,104,829

	2022		
	Amortised cost	**At fair value through profit or loss**	**Total**
	(Rupees in '000)		
Financial liabilities			
Banknotes in circulation	7,992,592,100	-	**7,992,592,100**
Bills payable	1,907,584	-	**1,907,584**
Current accounts of governments	1,547,182,248	-	**1,547,182,248**
Payable under bilateral currency swap agreement	926,914,096	-	**926,914,096**
Deposits of banks and financial institutions	1,255,034,674	-	**1,255,034,674**
Other deposits and accounts	734,579,427	-	**734,579,427**
Payable to the International Monetary Fund	1,351,258,808	-	**1,351,258,808**
Securities sold under agreement to repurchase	530,194,205	-	**530,194,205**
Other liabilities	80,505,893	50,172,618	**130,678,511**
Endowment Fund	132,674	-	**132,674**

	2021		
	Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial liabilities			
Banknotes in circulation	7,278,860,019	-	7,278,860,019
Bills payable	2,051,417	-	2,051,417
Current accounts of Governments	1,295,486,434	-	1,295,486,434
Payable under bilateral currency swap agreement	748,494,053	-	748,494,053
Deposits of banks and financial institutions	1,327,668,392	-	1,327,668,392
Other deposits and accounts	629,029,916	-	629,029,916
Payable to the International Monetary Fund	845,358,651	-	845,358,651
Securities sold under agreement to repurchase	135,051,390	-	135,051,390
Other liabilities	45,607,541	4,007,806	49,615,347
Endowment Fund	128,771	-	128,771

55 NON-ADJUSTING EVENT

The Board of Directors of the Bank in their meeting held on **October 28, 2022** have appropriated an amount of Rs **NIL** million to "Revenue Reserve". The balance of profit after allocation of such appropriation will be transferred to the Government of Pakistan. The consolidated financial statements of the Group for the year ended June 30, 2022 do not include the effect of above appropriation and transfer of balance profit to the Government of Pakistan, which will be accounted for in the consolidated financial statements of the Group for the year ending June 30, 2023.

56 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on **October 28, 2022** by the Board of Directors of the Bank.

57 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these consolidated financial statements during the current year.

58 GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

-sd-	-sd-	-sd-
Jameel Ahmad	**Dr. Murtaza Syed**	**Saleemullah**
Governor	Deputy Governor	Executive Director