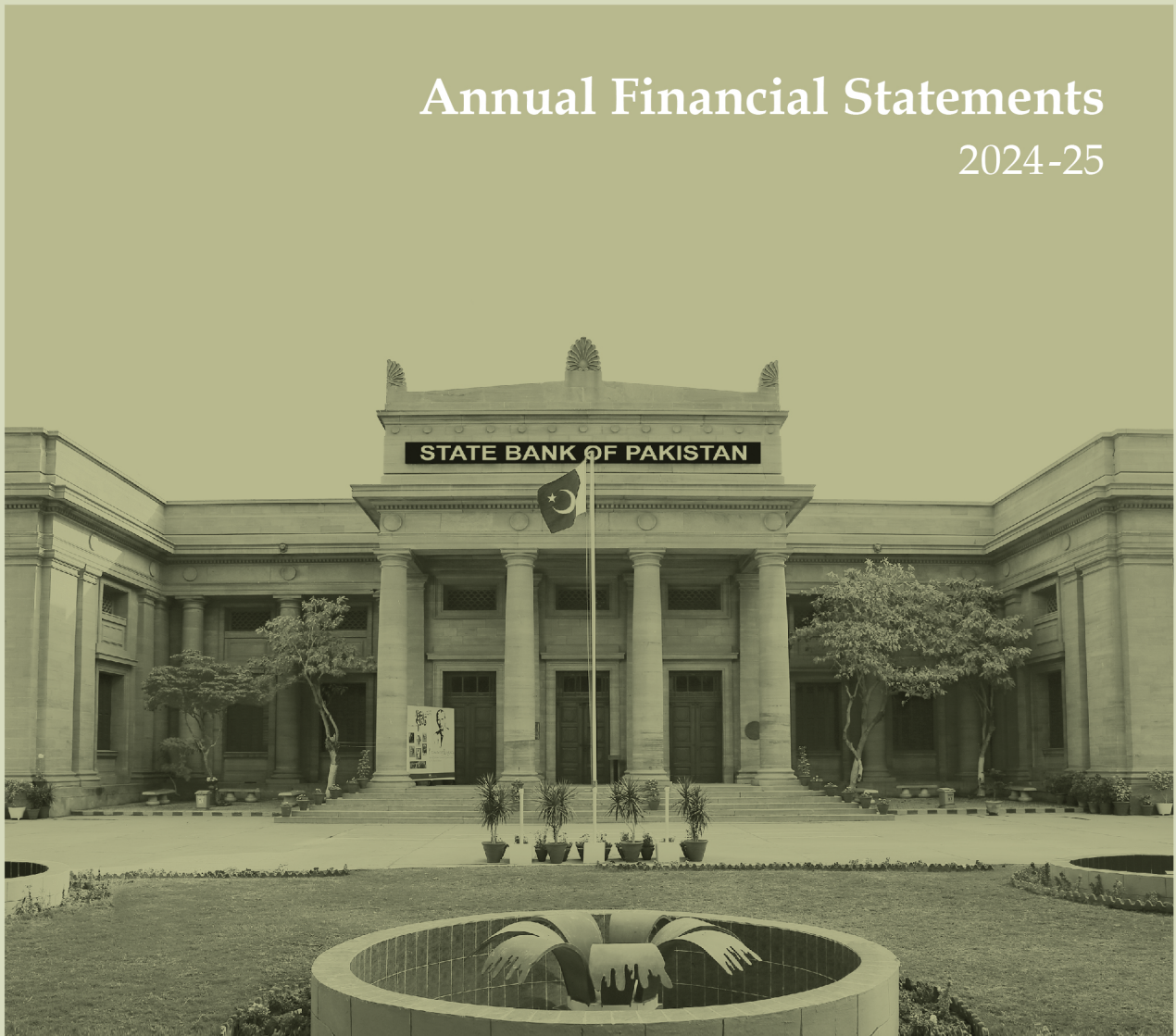




State Bank of Pakistan

# Annual Financial Statements

2024-25



**ANNUAL  
FINANCIAL STATEMENTS  
2024-25**



**STATE BANK OF PAKISTAN**



State Bank of Pakistan  
بینک دولت پاکستان

**Jameel Ahmad**  
Governor

جمیل احمد  
گورنر

**LETTER OF TRANSMITTAL**

August 28, 2025

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 auditors' report thereon, for the financial year ended on June 30, 2025 for submission to the Majlis-e-Shoora (Parliament).

With warm regards,

Yours sincerely,

**Syed Yousaf Raza Gilani**  
Chairman  
Senate  
**Islamabad**



State Bank of Pakistan  
بینک دولت پاکستان

**Jameel Ahmad**  
Governor

جمیل احمد  
گورنر

**LETTER OF TRANSMITTAL**

August 28, 2025

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 auditors' report thereon, for the financial year ended on June 30, 2025 for submission to the Majlis-e-Shoora (Parliament).

With warm regards,

Yours sincerely,

**Sardar Ayaz Sadiq**  
Speaker  
National Assembly  
**Islamabad**



State Bank of Pakistan  
بینک دولت پاکستان

**Jameel Ahmad**  
Governor

جمیل احمد  
گورنر

**LETTER OF TRANSMITTAL**

August 28, 2025

Dear 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 auditors' report thereon, for the financial year ended on June 30, 2025.

With warm regards,

Yours sincerely,

**Mr. Muhammad Aurangzeb**  
Federal Minister for Finance and Revenue  
Finance Division, Government of Pakistan  
**Islamabad.**

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# STATE BANK OF PAKISTAN

## Unconsolidated Financial Statements

**BDO EBRAHIM & CO.**  
Chartered Accountants  
2<sup>nd</sup> Floor, Block-C Lakson  
Square, Building No.1, Sarwar  
Shaheed Road, Karachi- 74200

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

## INDEPENDENT AUDITORS' 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, 2025, 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 material accounting policy information.

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, 2025, 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 '*Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements*' section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with 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 Matter	How the matter was addressed in our audit
1	<p><b>Foreign currency accounts and investments</b> (Refer note 8 of the annexed unconsolidated financial statements)</p>	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> <li>▪ 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;</li> <li>▪ We sent direct confirmations to counterparties to confirm the balances of foreign currency accounts and investments;</li> <li>▪ We obtained bank reconciliation statements for nostro balances and tested reconciling items on a sample basis;</li> </ul>
	<p>The Bank maintained certain foreign currency accounts and investments which aggregated to Rs 4,451,862 million as at June 30, 2025.</p> <p>The existence and valuation of these foreign currency accounts and investments were assessed by us as an area of focus and therefore we considered this as a key audit matter.</p>	

Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>▪ We compared the prices to independent sources on a sample basis where quoted market prices were used; and</li> <li>▪ We also evaluated the adequacy of the overall disclosures in the unconsolidated financial statements in respect of the foreign currency accounts and investments in accordance with the requirements of applicable financial reporting framework.</li> </ul>

**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.

**Auditors’ 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 auditors’ 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 auditors' 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 auditors' 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.

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 auditors' 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.

**Other Matter**

The unconsolidated financial statements of the Bank for the year ended June 30, 2024 were audited by BDO Ebrahim & Co. and A. F. Ferguson & Co. who had expressed an unmodified opinion thereon vide their report dated September 13, 2024

The engagement partners on the audit resulting in this independent auditors' report are **Zulfikar Ali Causer** (BDO Ebrahim & Co., Chartered Accountants) and **Muhammad Taufiq** (KPMG Taseer Hadi & Co., Chartered Accountants).

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**BDO Ebrahim & Co.**  
Chartered Accountants  
Dated: August 28, 2025  
Karachi  
UDIN: AR202510067lizSBY68L

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**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Dated: August 28, 2025  
Karachi  
UDIN: AR202510106HGt1drYom

**STATE BANK OF PAKISTAN  
UNCONSOLIDATED BALANCE SHEET  
AS AT JUNE 30, 2025**

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
Gold reserves held by the Bank	6	1,942,111,796	1,349,448,617
Local currency - coins	7	365,337	39,941
Foreign currency accounts and investments	8	4,451,861,826	2,722,811,079
Earmarked foreign currency balances	9	21,490,540	20,507,133
Special drawing rights of the International Monetary Fund	10	7,417,625	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	11	46,407	43,612
Current account with National Institute of Banking and Finance Pakistan - a subsidiary		31,674	-
Securities purchased under agreement to resell	12	12,542,992,513	11,825,545,546
Investments - local	13	5,323,529,219	5,779,834,599
Loans, advances and bills of exchange	14	1,912,227,436	2,049,346,454
Assets held with the Reserve Bank of India	15	34,523,443	24,873,343
Balances due from the Governments of India and Bangladesh	16	18,663,258	17,390,712
Property, plant and equipment	17	95,244,573	95,080,479
Intangible assets	18	465,567	755,149
Other assets	19	30,214,433	23,581,146
<b>Total assets</b>		<b>26,381,185,647</b>	<b>24,115,479,043</b>
<b>LIABILITIES</b>			
Banknotes in circulation	20	11,269,452,815	9,698,211,431
Bills payable		1,246,964	1,227,316
Current accounts of governments	21	2,026,532,555	1,765,325,781
Current account with SBP Banking Services Corporation - a subsidiary		1,443,515	374,385
Current account with National Institute of Banking and Finance Pakistan - a subsidiary		-	129,073
Payable under bilateral currency swap agreement	22	1,197,854,251	1,160,665,580
Deposits of banks and financial institutions	23	1,682,462,467	1,900,228,038
Other deposits and accounts	24	1,255,603,330	1,207,793,785
Payable to the International Monetary Fund	25	2,705,516,088	2,157,055,097
Securities sold under agreement to repurchase	26	101,304,723	609,731,594
Other liabilities	27	128,940,534	122,922,143
Deferred liability - unfunded staff retirement benefits	28	63,747,016	53,527,464
<b>Total liabilities</b>		<b>20,434,104,258</b>	<b>18,677,191,687</b>
<b>Net assets</b>		<b>5,947,081,389</b>	<b>5,438,287,356</b>
<b>REPRESENTED BY</b>			
Share capital	29	100,000,000	100,000,000
Reserves	30	1,035,437,914	976,746,201
Unappropriated profit		2,428,364,394	2,807,974,448
Unrealised exchange gain	31	125,437,080	-
Unrealised appreciation on gold reserves held by the Bank	32	1,935,263,396	1,344,041,715
Unrealised (diminution) / appreciation on remeasurement of foreign currency accounts and investments		(39,621)	7,372
Unrealised appreciation on remeasurement of investments - local	13.10	211,927,986	98,799,673
Surplus on revaluation of property		110,690,240	110,717,947
<b>Total equity</b>		<b>5,947,081,389</b>	<b>5,438,287,356</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	33		

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 53 form an integral part of these unconsolidated financial statements.

-sd-  
Jameel Ahmad  
Governor

-sd-  
Saleem Ullah  
Deputy Governor

-sd-  
Muhammad Haroon Rasheed  
Chief Financial Officer

**STATE BANK OF PAKISTAN  
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025	2024
		------(Rupees in '000)-----	
Discount, interest / mark-up and / or profit earned on financial assets measured at:			
- amortised cost	34	2,801,277,476	3,553,145,116
- fair value through other comprehensive income	34	25,891,994	1,946,615
Interest / mark-up expense	35	<u>(245,236,381)</u>	<u>(281,825,155)</u>
		<b>2,581,933,089</b>	<b>3,273,266,576</b>
Fair valuation adjustment on COVID-19 loans - net	14.7	<b>22,885,675</b>	23,820,392
Commission income	36	<b>11,242,910</b>	10,862,156
Exchange (loss) / gain - net	37	<b>(54,650,113)</b>	186,076,536
Dividend income		<b>13,648,766</b>	665,500
Other operating income - net	38	<b>4,402,605</b>	5,146,126
Other income - net	39	<b>1,214,578</b>	274,477
		<b>(24,141,254)</b>	203,024,795
		<b>2,580,677,510</b>	<b>3,500,111,763</b>
Less: operating expenses			
- banknotes' printing charges	40	<b>27,869,900</b>	31,336,530
- agency commission	41	<b>14,323,087</b>	12,381,453
- general administrative and other expenses	42	<b>38,546,061</b>	42,469,861
Charge / (reversal) of provision against other doubtful assets	27.2.1.1	<b>109,565</b>	(127,828)
Charge / (reversal) of credit loss allowance on financial instruments - net	43	<b>33,866</b>	(169,689)
		<b>143,431</b>	(297,517)
		<b>80,882,479</b>	85,890,327
<b>Profit for the year</b>		<b><u>2,499,795,031</u></b>	<b><u>3,414,221,436</u></b>

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

-sd-

**Jameel Ahmad**  
Governor

-sd-

**Saleem Ullah**  
Deputy Governor

-sd-

**Muhammad Haroon Rasheed**  
Chief Financial Officer

**STATE BANK OF PAKISTAN  
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025 ------(Rupees in '000)-----	2024
Profit for the year		2,499,795,031	3,414,221,436
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to the profit and loss account:</i>			
Unrealised appreciation on gold reserves held by the Bank	6	591,221,681	211,883,560
Changes in the fair value of debt instruments at fair value through other comprehensive income		(46,993)	(2,839)
		591,174,688	211,880,721
<i>Items that will not be reclassified subsequently to the profit and loss account:</i>			
Unrealised appreciation on remeasurement of investments - local	13.10	113,128,313	27,443,742
Remeasurement loss on defined benefit plans	42.6.3.1	(6,062,588)	(4,247,174)
Remeasurement (loss) / gain on defined benefit plans - Reimbursable from SBP Banking Services Corporation - a subsidiary	42.6.3.1	(4,977,323)	1,224,210
		102,088,402	24,420,778
<b>Total comprehensive income for the year</b>		<b>3,193,058,121</b>	<b>3,650,522,935</b>

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

-sd-

\_\_\_\_\_  
**Jameel Ahmad**  
Governor

-sd-

\_\_\_\_\_  
**Saleem Ullah**  
Deputy Governor

-sd-

\_\_\_\_\_  
**Muhammad Haroon Rasheed**  
Chief Financial Officer

**STATE BANK OF PAKISTAN**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Share capital	Reserves				Unappropriated profit	Unrealised appreciation on gold reserves held by the Bank (note 31)	Unrealised appreciation / (diminution) on remeasurement of investments - local (note 13.9)	Changes in the fair value of debt instruments at fair value through other comprehensive income (note 8.2)	Surplus on revaluation of property	Unrealized Exchange Gain (note 31)	Total	
	General reserve (note 30.1)	Reserve fund	Reserve for acquisition of PSPC (note 30.2)	Subtotal								
(Rupees in '000)												
<b>Balance as at June 30, 2023</b>	100,000,000	373,472,700	28,739	67,464,000	440,965,439	904,705,350	1,132,158,155	71,355,931	10,211	110,738,685	-	2,759,933,771
Profit for the year	-	-	-	-	-	3,414,221,436	-	-	-	-	-	3,414,221,436
<b>Other comprehensive income</b>												
Unrealised appreciation on remeasurement of investments - local (note 13.9)	-	-	-	-	-	-	27,443,742	-	-	-	-	27,443,742
Changes in the fair value of debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(2,839)	-	-	-	(2,839)
Reclassification of debt instrument reserve to statement of profit and loss account	-	-	-	-	-	-	-	-	-	-	-	-
Unrealised appreciation on gold reserves held by the Bank (note 32)	-	-	-	-	-	211,883,560	-	-	-	-	-	211,883,560
Surplus on revaluation of property	-	-	-	-	-	20,738	-	-	(20,738)	-	-	-
Remeasurements of staff retirement defined benefit plans - SBP (note 42.6.3.1)	-	-	-	-	-	(4,247,174)	-	-	-	-	-	(4,247,174)
Remeasurements of staff retirement defined benefit plans - reimbursed to SBP Banking Services Corporation - a subsidiary (note 42.6.3.1)	-	-	-	-	-	1,224,210	-	-	-	-	-	1,224,210
<b>Total comprehensive income for the year</b>	-	-	-	-	-	3,411,219,210	211,883,560	27,443,742	(2,839)	(20,738)	-	3,650,522,935
<b>Appropriations</b>												
Transfer to the general reserves (note 30.1)	-	603,244,762	-	-	603,244,762	(603,244,762)	-	-	-	-	-	-
<b>Transactions with owners</b>												
Profit transferred to the Government of Pakistan	-	-	-	(67,464,000)	(67,464,000)	(904,705,350)	-	-	-	-	-	(972,169,350)
	-	-	-	(67,464,000)	(67,464,000)	(904,705,350)	-	-	-	-	-	(972,169,350)
<b>Balance as at June 30, 2024</b>	100,000,000	976,717,462	28,739	-	976,746,201	2,807,974,448	1,344,041,715	98,799,673	7,372	110,717,947	-	5,438,287,356
Profit for the year	-	-	-	-	-	2,499,795,031	-	-	-	-	-	2,499,795,031
Transfer to the reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income</b>												
Unrealised appreciation on remeasurement of investments - local (note 13.9)	-	-	-	-	-	-	-	117,931,537	-	-	-	117,931,537
Disposal of equity investment-ZTBL	-	-	-	-	-	-	-	(4,803,224)	-	-	-	(4,803,224)
Changes in the fair value of debt instruments at fair value through - other comprehensive income	-	-	-	-	-	-	-	-	(46,993)	-	-	(46,993)
Unrealised appreciation on gold reserves held by the Bank (note 32)	-	-	-	-	-	-	591,221,681	-	-	-	-	591,221,681
Surplus on revaluation of property	-	-	-	-	-	27,707	-	-	(27,707)	-	-	-
Remeasurements of staff retirement defined benefit plans - SBP (note 42.6.3.1)	-	-	-	-	-	(6,062,588)	-	-	-	-	-	(6,062,588)
Remeasurements of staff retirement defined benefit plans - reimbursed to SBP Banking Services Corporation - a subsidiary (note 42.6.3.1)	-	-	-	-	-	(4,977,323)	-	-	-	-	-	(4,977,323)
Unrealised exchange gain	-	-	-	-	-	(125,437,080)	-	-	-	-	125,437,080	-
	-	-	-	-	-	(136,449,284)	591,221,681	113,128,313	(46,993)	(27,707)	125,437,080	693,263,090
<b>Total comprehensive income for the year</b>	-	-	-	-	-	2,363,345,747	591,221,681	113,128,313	(46,993)	(27,707)	125,437,080	3,193,068,121
<b>Appropriations</b>												
Transfer to the general reserves (note 30.1)	-	58,691,713	-	-	58,691,713	(58,691,713)	-	-	-	-	-	-
<b>Disposal of Equity Investment</b>												
Loss on disposal of equity investment- ZTBL	-	-	-	-	-	(1,726,708)	-	-	-	-	-	(1,726,708)
<b>Transactions with owners</b>												
Profit transferred to the Government of Pakistan	-	-	-	-	-	(2,682,537,380)	-	-	-	-	-	(2,682,537,380)
<b>Balance as at June 30, 2025</b>	100,000,000	1,035,409,175	28,739	-	1,035,437,914	2,428,364,394	1,935,263,396	211,927,986	(39,621)	110,690,240	125,437,080	5,947,081,389

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

-sd-

**Jameel Ahmad**  
Governor

-sd-

**Saleem Ullah**  
Deputy Governor

-sd-

**Muhammad Haroon Rasheed**  
Chief Financial Officer

**STATE BANK OF PAKISTAN**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025	2024
		------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year after non-cash and other items	44	2,542,522,523	3,277,175,979
(Increase) / decrease in assets:			
Foreign currency accounts and investments		43,766,068	30,357
Gold reserves held by the Bank		(1,441,498)	(591,434)
Securities purchased under agreement to resell		(717,435,771)	(3,437,878,746)
Investments - local		569,433,693	394,368,788
Loans, advances and bills of exchange		160,013,891	225,753,718
Other assets		(6,561,594)	(3,287,841)
		<u>47,774,789</u>	<u>(2,821,605,158)</u>
		2,590,297,312	455,570,821
Increase / (decrease) in liabilities:			
Banknotes in circulation - net		1,571,241,384	33,921,273
Bills payable		19,648	(391,307)
Current accounts of Governments		261,206,774	401,696,381
Current account with SBP Banking Services Corporation - a subsidiary		1,069,130	(8,215,284)
Current account with National Institute of Banking and Finance Pakistan - a subsidiary		(129,073)	(86,859)
Payable under bilateral currency swap agreement		(5,211,055)	(36,194,538)
Deposits of banks and financial institutions		(291,352,009)	234,146,511
Payment of retirement benefits and employees' compensated absences		(6,000,175)	(6,212,772)
Other deposits and accounts		47,809,545	256,453,390
Securities sold under agreement to repurchase		(545,956,588)	466,849,448
Other liabilities		4,080,536	(44,939,213)
		<u>1,036,778,117</u>	<u>1,297,027,030</u>
Net cash generated from operating activities		3,627,075,429	1,752,597,851
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received		13,648,766	665,500
Capital expenditure		(1,920,932)	(1,107,854)
Proceeds from disposal of property, plant and equipment		66,128	76,618
Net cash generated from / (used in) investing activities		11,793,962	(365,736)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to the Federal Government of Pakistan		(2,682,537,380)	(972,169,350)
Net change in balances pertaining to International Monetary Fund		470,188,821	574,856,764
Net cash used in financing activities		(2,212,348,559)	(397,312,586)
Increase in cash and cash equivalents during the year		1,426,520,832	1,354,919,529
Cash and cash equivalents at the beginning of the year		2,946,083,549	1,614,271,852
Effect of exchange gain on cash and cash equivalents		105,416,661	(23,107,832)
Cash and cash equivalents at the end of the year	45	<u>4,478,021,042</u>	<u>2,946,083,549</u>

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

-sd-  
**Jameel Ahmad**  
Governor

-sd-  
**Saleem Ullah**  
Deputy Governor

-sd-  
**Muhammad Haroon Rasheed**  
Chief Financial Officer

**STATE BANK OF PAKISTAN**  
**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**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 (amended upto January 28, 2022). The Bank's primary responsibility is to achieve and maintain domestic price stability, to contribute to the stability 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) 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). 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.

During the year, on June 4, 2025, PSPC acquired 100% shareholding of National Security Printing Company (Private) Limited (NSPC) through Share Purchase Agreement between the President of Pakistan and PSPC signed on June 03, 2025. Consequently, 1,000 (one thousand) ordinary shares of NSPC held by the President of Pakistan (including the shares held by the President's nominees) have been transferred in the name of PSPC. NSPC was incorporated in Pakistan on April 18, 2017 under the repealed Companies Ordinance, 1984. NSPC is principally engaged in the printing of security documents on behalf of the Government of Pakistan, government agencies and private institutions.

**c) National Institute of Banking and Finance, Pakistan - wholly owned subsidiary:**

National Institute of Banking and Finance, Pakistan (NIBAF) was incorporated in Pakistan on December 27, 2023 under the Companies Act, 2017 as a company limited by guarantee having share capital. Its primary mandate is to advance banking education, protect and promote the banking profession in Pakistan.

The registered office of the Company is situated at Sector H-8/1, Pitras Bukhari Road, Islamabad, Pakistan.

During the year, National Institute of Banking and Finance (Guarantee) Limited and the Institute of Banker's Pakistan (IBP) were amalgamated into National Institute of Banking and Finance, Pakistan by way of court sanctioned scheme of arrangement u/s 279 to 282 of the Companies Act, 2017 ('Scheme'). Under the Scheme, the entire undertaking and all assets and liabilities of NIBAF and IBP were transferred by operation of law to the company. Thus, National Institute of Banking and Finance (Guarantee) Limited and IBP stand dissolved without undergoing winding-up procedures.

**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, certain loans and advances, 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 unconsolidated financial statements are presented in Pakistani Rupees (PKR), which is the Bank's functional and presentation currency.

**3.3 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025**

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Bank's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

### **3.4 New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026

## **4 MATERIAL ACCOUNTING POLICY INFORMATION**

The material 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 whereas 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 notes 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 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 financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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.

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 and 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.

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 unconsolidated 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. The Bank 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 33.2.

#### **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.

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 Bank 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 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 47.1.2.5.

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 47.1.2.1). 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 the Bank in accordance with the contract and the cash flows that the Bank 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 47.1.2.3.
- 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 47.1.2.2.

- 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 Bank 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 47.1.2.4.

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 by 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 47.1.2.1), 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 33.2.4.

### **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 (LBMA) 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. Appreciation or diminution, if any, on revaluation is recognised in the 'other comprehensive income' and 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 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' in the unconsolidated statement of changes in equity. 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 unappropriated 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 is 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. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### **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 i.e. new compensation and benefit structure (NCBS);
  - an unfunded benevolent fund scheme;
  - an unfunded post retirement medical benefit scheme;
  - six months post retirement benefit facility; and
  - an income continuation plan.
- Severance benefit plan (During the year, the Bank introduced a new scheme for NCBS employees aged between 45 and 55 years. Benefits under the said scheme are dependent on age, length of service, and number of years served in the current grade).

Obligations for contributions to defined contribution 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 year 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 (xx) 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 33.2 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, the cumulative holding of SDRs and reserve tranche with IMF under quota arrangements are recorded as assets. These balances are 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;
- 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 unconsolidated 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, liabilities, 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 4.7.1.2 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 4.2.6 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	2025 (Net content in troy ounces)	2024	2025 (Rupees in '000)	2024
Opening balance		2,079,961	2,078,998	1,349,448,617	1,136,973,623
Additions during the year		1,925	963	1,441,498	591,434
Appreciation for the year due to revaluation	32	-	-	591,221,681	211,883,560
Closing balance	20.1	<u>2,081,886</u>	<u>2,079,961</u>	<u>1,942,111,796</u>	<u>1,349,448,617</u>

	Note	2025 (Rupees in '000)	2024
The gold reserves held by the bank are as follows:			
- by the issue department	20.1	<u>1,942,111,796</u>	<u>1,349,448,617</u>

6.1 During the year, the Bank has recognised an appreciation of Rs. 591,221.68 million (2024: Rs. 211,883.56 million) based on the closing market rate of USD 3,287.45 (2024: USD 2,330.90) per troy ounce of the fine gold content fixed by the London Bullion Market Association.

7	<b>LOCAL CURRENCY - COINS</b>	Note	2025	2024
			------(Rupees in '000)-----	
	Banknotes held by the banking department		118,571	189,695
	Coins held as an asset of the issue department	7.1	<u>365,337</u>	<u>39,941</u>
			<b>483,908</b>	<b>229,636</b>
	Less: banknotes held by the banking department	20	<u>(118,571)</u>	<u>(189,695)</u>
			<u><b>365,337</b></u>	<u><b>39,941</b></u>
	The local currency - coins are held as follows:			
	- by the issue department	20.1	<u><b>365,337</b></u>	<u><b>39,941</b></u>

7.1 As mentioned in note 4.1, the Bank is responsible for issuing coins of various denominations on behalf of the Government of Pakistan. 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	2025	2024
		------(Rupees in '000)-----	
<b>At fair value through profit or loss:</b>			
- unrealised gain on derivative financial instruments		3,114,286	14,236
<b>At fair value through other comprehensive income:</b>			
- investments	8.2	1,305,323,341	41,379,803
<b>At amortised cost:</b>			
- deposit accounts	8.3	1,462,905,298	1,554,574,934
- current accounts		2,065,275	1,949,597
- securities purchased under agreement to resell	8.4	1,392,241,973	1,124,893,677
- money market placements	8.5	286,306,556	-
		<b>3,143,519,102</b>	<b>2,681,418,208</b>
Expected credit loss allowance	8.6	<u>(94,903)</u>	<u>(1,168)</u>
		<u><b>4,451,861,826</b></u>	<u><b>2,722,811,079</b></u>
The above foreign currency accounts and investments are held as follows:			
- by the issue department	20.1	28,376,450	-
- by the banking department		<u><b>4,423,485,376</b></u>	<u><b>2,722,811,079</b></u>
		<u><b>4,451,861,826</b></u>	<u><b>2,722,811,079</b></u>

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 other comprehensive income and maximum exposure to credit risk as at reporting date. Details of the Bank's internal grading system are explained in note 47.1.2.2.

Stage 1	Note	2025	2024
		------(Rupees in '000)-----	
<b>Investments</b>			
- High rating		1,305,323,341	41,379,803
<b>Deposit accounts</b>			
- High rating		1,462,905,298	1,554,574,934
<b>Current accounts</b>			
- High rating		2,065,217	1,949,538
- Standard rating		58	59
		<b>2,065,275</b>	<b>1,949,597</b>
<b>Securities purchased under agreement to resell</b>			
- High rating	8.4	1,392,241,973	1,124,893,677
<b>Money market placements</b>			
- High rating	8.5	286,306,556	-
		<u><b>4,448,842,443</b></u>	<u><b>2,722,798,011</b></u>

- 8.2** During the year, an unrealised gain amounting to Rs. 5.43 million (2024: [Treasury Bills USD and CNY and CNY bonds] Rs. 7.37 million) related to USD Treasury Bills was recognised in other comprehensive income. The return on these balances ranges from 4.28% to 4.53% (2024: [Treasury Bills USD and CNY and CNY bonds] 1.65% to 5.31%) per annum. These investments have maturity on August 19, 2025. In addition it includes investment amounting to Rs. 1,286,570 million invested in FIXBIS which comprises of investments in money market which includes Treasury Bills [USD and CNY]. The return on these balances ranges from 1.47% to 4.29% (2024: Nil) per annum. These investments have maturity ranging from July 03, 2025 to September 25, 2025. During the year, an unrealised loss amounting to Rs. 52.43 million (2024: Nil) related to FIXBIS was recognised in other comprehensive income.
- 8.3** It represents the balances in the remunerative accounts maintained with the foreign financial institutions. The return on these balances ranges from 0.01% to 4.00% (2024: 0.05% to 4.50%) per annum. This includes a deposit account of USD 2.16 billion [equivalent to Rs. 612,242.58 million as at June 30, 2025 (2024: USD 2. (Rs. 576,724.04 million)], the balance of which has been accumulated by the Bank by purchasing proceeds of deposit, placed by a foreign government with Government of Pakistan (GoP). The Bank paid counter part rupee of the deposit to the GoP in its account maintained with the Bank and GoP is liable to return the deposit on its maturity date in accordance with the terms and conditions agreed between the two governments.
- 8.4** These represent lending under repurchase agreements which carries mark-up in USD and Euro at 2.00% and 4.25% per annum respectively (2024: USD and Euro at 5.30% and 3.76% per annum respectively) and maturity of July 01, 2025 (2024: July 01, 2024).
- 8.5** These represents money market placements carries mark-up in USD and CNH ranges from 1.10% to 4.40% (2024: Nil) having maturity of July 02, 2025 to October 30, 2025 (2024: Nil).
- 8.6** 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:

	<b>Nostro Accounts</b>	
	Stage 1	2025
	------(Rupees in '000)-----	
Opening balance	1,168	1,168
Expected credit loss allowance during the year	<u>93,735</u>	<u>93,735</u>
Closing balance	<u><u>94,903</u></u>	<u><u>94,903</u></u>

	<b>Nostro Accounts</b>	
	Stage 1	2024
	------(Rupees in '000)-----	
Opening balance	1,461	1,461
Reversal of expected credit loss allowance during the year	<u>(293)</u>	<u>(293)</u>
Closing balance	<u><u>1,168</u></u>	<u><u>1,168</u></u>

## **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.

	2025	2024
	------(Rupees in '000)-----	
SDRs held by banking department are as follows:		
- Principal amount	7,370,569	204,445,631
- Accrued Interest on SDR holdings	<u>47,056</u>	<u>1,775,602</u>
	<u><u>7,417,625</u></u>	<u><u>206,221,233</u></u>

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

**11 RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS**

Quota allocated by the International Monetary Fund		<b>791,831,388</b>	743,648,234
Liability under quota arrangements		<b>(791,784,981)</b>	(743,604,622)
		<b>46,407</b>	43,612

**12 SECURITIES PURCHASED UNDER AGREEMENT TO RESELL**

Conventional	12.1	<b>12,152,197,015</b>	11,620,496,921
Shariah compliant financing facility	12.2	<b>390,795,498</b>	205,048,625
		<b>12,542,992,513</b>	11,825,545,546

**12.1** This represents collateralized lending made to various conventional financial institutions under resell arrangement carrying mark-up ranging from 11.04% to 12.00% per annum (2024: 20.55% to 21.50% per annum). The resell arrangement to conventional financial institution are due to mature on July 04, 2025 (2024: from July 02, 2024 to July 26, 2024). The face value of securities collateralized as on June 30, 2025 amounted to Rs. 12,509,800 million (2024: Rs. 11,945,750 million). The collaterals held by the Bank consists of Pakistan Investment Bonds and Market Treasury Bills.

**12.2** This represents collateralized lending made to various Islamic financial institutions under resell arrangement carrying mark-up ranging from 11.13% to 12.00% per annum (2024: 20.57% to 21.50% per annum). The resell arrangement to Islamic financial institution are due to mature on July 04, 2025 (2024: From July 02, 2024 to July 12, 2024). The face value of securities collateralized as on June 30, 2025 amounted to Rs. 385,500 million (2024: Rs. 204,000 million). 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 ------(Rupees in '000)-----	2025	Stage 1 ------(Rupees in '000)-----	2024
High rating		<b>12,542,992,571</b>	<b>12,542,992,571</b>	11,825,556,800	11,825,556,800
Less: expected credit loss allowance	12.5	<b>(58)</b>	<b>(58)</b>	(11,254)	(11,254)
	12.4	<b>12,542,992,513</b>	<b>12,542,992,513</b>	11,825,545,546	11,825,545,546

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

	Note	2025	2024
		------(Rupees in '000)-----	
- by the issue department	20.1	<b>5,000,000,000</b>	3,000,000,000
- by the banking department		<b>7,542,992,513</b>	8,825,545,546
		<b>12,542,992,513</b>	11,825,545,546

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

	Stage 1 ------(Rupees in '000)-----	2025
Opening balance	<b>11,254</b>	<b>11,254</b>
Reversal of expected credit loss allowance during the year	<b>(11,196)</b>	<b>(11,196)</b>
Closing balance	<b>58</b>	<b>58</b>

	Stage 1 ------(Rupees in '000)-----	2024
Opening balance	56,575	56,575
Reversal of expected credit loss allowance during the year	(45,321)	(45,321)
Closing balance	11,254	11,254

13	INVESTMENTS - LOCAL	Note	2025	2024
			----- (Rupees in '000) -----	
	<b>At fair value through profit or loss:</b>			
	Unrealised gain on local currency derivatives		71,693	18,121,048
	<b>At amortised cost</b>			
	<b>Federal Government securities</b>			
	Pakistan investment bonds (PIBs)	13.3	4,979,889,864	5,485,901,092
	Federal government scrips	13.4	2,740,000	2,740,000
			<b>4,982,629,864</b>	5,488,641,092
	<b>Debt securities</b>			
	Zarai Taraqati Bank Limited (ZTBL) preference shares - unlisted	13.5	-	55,173,490
	Term finance certificates		4	28,243
	Certificates of deposits		-	11,235
			4	39,478
	Less: expected credit loss allowance	13.6	(3)	(39,478)
			<b>1</b>	55,173,490
		13.7	<b>4,982,629,865</b>	5,543,814,582
	<b>At fair value through other comprehensive income</b>			
	<b>Investments in banks and other financial institutions</b>			
	Ordinary shares			
	- Listed		173,887,232	59,434,269
	- Unlisted		45,761,569	57,285,840
		13.8	<b>219,648,801</b>	116,720,109
	<b>Investments in wholly owned subsidiaries - at cost</b>			
	Pakistan Security Printing Corporation (Private) Limited		120,149,000	100,149,000
	SBP Banking Services Corporation		1,000,000	1,000,000
	National Institute of Banking and Finance (Guarantee) Limited		-	29,260
	National Institute of Banking and Finance, Pakistan	13.1	29,860	600
			<b>121,178,860</b>	101,178,860
			<b>5,323,529,219</b>	5,779,834,599
	The above investments are held as follows:			
	- by the issue department	20.1	4,264,194,360	5,324,039,225
	- by the banking department		1,059,334,859	455,795,374
			<b>5,323,529,219</b>	5,779,834,599

### 13.1 Investments in wholly owned subsidiaries - at cost

	2025				2024			
	Number of shares	Cost	Impairment	Carrying amount	Number of shares	Cost	Impairment	Carrying amount
	----- Rupees in 000 -----				----- Rupees in 000 -----			
<b>Unquoted</b>								
Pakistan Security Printing Corporation (Private) Limited (Note 13.1.1)	21,000,000	120,149,000	-	120,149,000	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
National Institute of Banking and Finance, Pakistan (Note 13.1.3)	60,000	29,860	-	29,860	60,000	600	-	600
<b>Total</b>		<b>121,178,860</b>	<b>-</b>	<b>121,178,860</b>		<b>101,178,860</b>	<b>-</b>	<b>101,178,860</b>

**13.1.1** This represents 100% (2024: 100%) holding in Pakistan Security Printing Corporation (Private) Limited (PSPC) having break-up value of Rs. 4,339.73 (2024: Rs. 88,738.76) per share on the basis of the audited financial statements for the year ended June 30, 2025. During the FY 2024-25, PSPC and National Security Printing Corporation (Private) Limited (NSPC) entered into an arrangement under which PSPC acquired NSPC at Rs. 41,774 million. The amount was provided by the Bank which comprises of Rs. 20,000 million as equity investment in PSPC and a loan amounting to Rs. 21,774 million (refer note 14.8).

**13.1.2** This represents 100% (2024: 100%) holding in SBP Banking Services Corporation (the Corporation) (BSC) having break-up value of Rs. 4,002,149 (2024: Rs. 2,886,146) per share on the basis of the audited financial statements for the year ended June 30, 2025.

**13.1.3** This represents 100% holding in National Institute of Banking and Finance, Pakistan (NIBAF Pakistan) having break-up value of Rs. 73,901.92 (2024: Rs. 9.35) per share on the basis of the audited financial statements for the year ended June 30, 2025. NIBAF Pakistan was incorporated in Pakistan on December 27, 2023 under the Companies Act, 2017 as a company limited by guarantee having share capital. During the year, National Institute of Banking and Finance (Guarantee) Limited (NIBAF) and the Institute of Banker's Pakistan (IBP) were amalgamated into National Institute of Banking and Finance, Pakistan by way of court sanctioned scheme of arrangement u/s 279 to 282 of the Companies Act, 2017 ('Scheme'). Under the Scheme, the entire undertaking and all assets and liabilities of NIBAF and IBP were transferred by operation of law to NIBAF Pakistan.

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

Note	2025			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
High rating	4,982,629,864	-	-	4,982,629,864
Rating below standard	-	-	4	4
	<u>4,982,629,864</u>	-	<u>4</u>	<u>4,982,629,868</u>
Less: expected credit loss allowance	13.6	-	(3)	(3)
	<u>4,982,629,864</u>	-	<u>1</u>	<u>4,982,629,865</u>
	2024			
	Stage 1	Stage 2	Stage 3	Total
	(Rupees in '000)			
High rating	5,543,814,582	-	-	5,543,814,582
Rating below standard	-	-	39,478	39,478
	<u>5,543,814,582</u>	-	<u>39,478</u>	<u>5,543,854,060</u>
Less: expected credit loss allowance	13.6	-	(39,478)	(39,478)
	<u>5,543,814,582</u>	-	-	<u>5,543,814,582</u>

**13.3** These include investment in PIBs amounting to Rs. 43,711.25 million (2024: Rs. 43,711.25 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. This account was converted into 'PIBs' with a duration of eight years at market interest rates.

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

	2025	2024
	-----% per annum-----	
Pakistan investment bonds	11.65 to 20.68	11.86 to 20.68
Federal Government scrips	3	3

**13.4.1** PIBs were created for ten years under the instructions of the Federal Government. The Federal Government scrips are perpetual in nature.

**13.4.2** The Federal Government issued PIBs on June 30, 2019 with maturity of ten years amounting to Rs. 7,187,000 million. PIBs having face value of Rs. 500,000 million have been matured during the year. PIB's having face value of Rs. 2,568,000 million (2024: 2,068,000 million) have been matured till June 30, 2025.

**13.5** During the year, ZTBL preference shares of Rs.54,461.50 million have been sold to Government of Pakistan (GoP) as required under clause 17G (3) of the the SBP Act, 1956 at book value.

	Note	2025	2024
------(Rupees in '000)-----			
<b>13.6</b>	<b>Expected credit loss allowance</b>		
	Opening balance	39,478	39,478
	Reversal of expected credit loss allowance during the year	(39,475)	-
	Closing balance	<u>3</u>	<u>39,478</u>

**13.7** The market value of securities classified as amortised cost as at June 30, 2025 amounted to Rs. 4,979,540 million (2024: Rs 5,412,749.08 million).

**13.8 Investments in shares of banks and other financial institutions**

2025					
	Note	Percentage holding	Cost	Unrealised appreciation / (diminution) (Refer note 13.9)	Total
		%	------(Rupees in '000)-----		
<b>Listed</b>					
- National Bank of Pakistan	13.9	75.20	1,100,805	172,786,427	173,887,232
<b>Unlisted</b>					
<i>More than 50% Shareholding</i>					
- Zarai Taraqati Bank Limited	13.9	0.00	-	-	-
- House Building Finance Company Limited		90.31	1,482,304	2,471,900	3,954,204
- Deposit Protection Corporation of Pakistan	13.8.2	100	500,000	(500,000)	-
<i>Less than or equal to 50% Shareholding</i>					
Other investments			4,637,706	37,169,659	41,807,365
			<u>6,620,010</u>	<u>39,141,559</u>	<u>45,761,569</u>
			<u>7,720,815</u>	<u>211,927,986</u>	<u>219,648,801</u>
2024					
	Note	Percentage holding	Cost	Unrealised appreciation / (diminution) (Refer note 13.9)	Total
		%	------(Rupees in '000)-----		
<b>Listed</b>					
- National Bank of Pakistan	13.9	75.20	1,100,805	58,333,464	59,434,269
<b>Unlisted</b>					
<i>More than 50% Shareholding</i>					
- Zarai Taraqati Bank Limited	13.9	76.23	10,199,621	4,803,224	15,002,845
- House Building Finance Company Limited			1,482,304	(583,021)	899,283
- Deposit Protection Corporation of Pakistan	13.8.2	100	500,000	(500,000)	-
<i>Less than or equal to 50% Shareholding</i>					
Other investments			4,637,706	36,746,006	41,383,712
			16,819,631	40,466,209	57,285,840
			<u>17,920,436</u>	<u>98,799,673</u>	<u>116,720,109</u>

**13.8.1** Investments in above entities have been made under the specific directives of the Government of Pakistan in accordance with the provisions of the SBP 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.

**13.8.2** In FY 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.

**13.9** In FY 2023-24, the management of the Bank approached the Secretary Finance, Government of Pakistan (GoP), for disposal of ordinary shares of National Bank of Pakistan (NBP), ordinary and preference shares of Zarai Taraqati Bank Limited (ZTBL) as required under clause 17G (3) of the SBP Act, 1956. During the year, ZTBL equity and preference shares have been sold to GoP on agreed pricing formula. As per the Section 9(2) and shedule I of the Pakistan Sovereign Wealth Fund Act, 2023 (the Act) require the bank to transfer the shares of National Bank of Pakistan to Pakistan Sovereign Wealth Fund . The Bank considers that it exercise a legitimate right over these shares under the provisions of law and it will be fair and equitable to get appropriate consideration before making any transfer to the Fund. As of the reporting date the Bank is under negotiation with the Federal Government to settle the matter amicably.

	Note	2025	2024
------(Rupees in '000)-----			
<b>13.10 Unrealised appreciation on remeasurement of investments</b>			
Opening balance		98,799,673	71,355,931
Appreciation during the year - gross		117,931,537	27,443,742
Disposal of investment		(4,803,224)	-
Appreciation during the year - net		113,128,313	27,443,742
Closing balance		211,927,986	98,799,673

**14 LOANS, ADVANCES AND BILLS OF EXCHANGE**

**At amortised cost**

Government owned / controlled financial institutions	14.3	112,477,502	150,092,925
Private sector financial institutions	14.4	993,617,780	1,160,303,341
		1,106,095,282	1,310,396,266
SDRs on-lending to Government of Pakistan (GoP)	14.5	762,298,189	717,630,687
Loan to Pakistan Security Printing Corporation (PSPC)	14.8	21,968,409	-
Loan to employees		24,050,790	23,513,933
		1,914,412,670	2,051,540,886
Less: expected credit loss allowance	14.9	(2,185,234)	(2,194,432)
		1,912,227,436	2,049,346,454

**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:

	2025			
	Stage 1	Stage 2	Stage 3	Total
------(Rupees in '000)-----				
<b>Government owned / controlled financial institutions</b>				
High rating	102,208,747	-	-	102,208,747
Standard rating	8,304,305	-	-	8,304,305
Rating below standard	844,386	-	1,120,064	1,964,450
	111,357,438	-	1,120,064	112,477,502



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:

2025				
	Government owned / controlled financial institutions	Private sector financial institutions	Employees	Total
------(Rupees in '000)-----				
<b>Stage 1</b>				
Opening balance	342	10,874	506	11,722
(Reversal) / charge of expected credit loss allowance during the year	(213)	(10,874)	905	(10,182)
<b>Closing balance</b>	<b>129</b>	<b>-</b>	<b>1,411</b>	<b>1,540</b>
<b>Stage 3</b>				
Opening balance	1,063,630	1,119,080	-	2,182,710
Charge of expected credit loss allowance during the year	-	984	-	984
<b>Closing balance</b>	<b>1,063,630</b>	<b>1,120,064</b>	<b>-</b>	<b>2,183,694</b>
	<b>1,063,759</b>	<b>1,120,064</b>	<b>1,411</b>	<b>2,185,234</b>
2024				
	Government owned / controlled financial institutions	Private sector financial institutions	Employees	Total
------(Rupees in '000)-----				
<b>Stage 1</b>				
Opening balance	1,349	7,428	427	9,204
(Reversal) / charge of expected credit loss allowance during the year	(1,007)	3,446	79	2,518
<b>Closing balance</b>	<b>342</b>	<b>10,874</b>	<b>506</b>	<b>11,722</b>
<b>Stage 3</b>				
Opening balance	1,117,613	1,191,690	-	2,309,303
Reversal of expected credit loss allowance during the year	(53,983)	(72,610)	-	(126,593)
<b>Closing balance</b>	<b>1,063,630</b>	<b>1,119,080</b>	<b>-</b>	<b>2,182,710</b>
	<b>1,063,972</b>	<b>1,129,954</b>	<b>506</b>	<b>2,194,432</b>

14.3 Loans and advances to government owned / controlled financial institutions

Note	Scheduled banks		Other financial institutions		Total	
	2025	2024	2025	2024	2025	2024
------(Rupees in '000)-----						
Agricultural sector	649,583	910,805	-	64,794	649,583	975,599
Industrial sector	63,198,450	67,721,951	-	1,142,745	63,198,450	68,864,696
Export sector	48,066,394	65,698,159	3,567	-	48,069,961	65,698,159
Housing sector	-	-	2,493	2,685	2,493	2,685
Others	557,015	14,196,146	-	355,640	557,015	14,551,786
	<b>112,471,442</b>	<b>148,527,061</b>	<b>6,060</b>	<b>1,565,864</b>	<b>112,477,502</b>	<b>150,092,925</b>

**14.3.1** This includes exposure of Industrial Development Bank Limited (IDBL) under locally manufactured machinery (LMM) credit line amounting to Rs. 1,054.28 million (2024: Rs. 1,054.28 million). Furthermore in FY 2023-24, repayment of loan amounting to Rs. 340.78 million has been received from IDBL which was secured against 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. 327.96 million (2024: Rs. 327.96 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 Government of Pakistan and Government of Bangladesh.

#### 14.4 Loans and advances to private sector financial institutions

Note	Scheduled banks		Other financial institutions		Total	
	2025	2024	2025	2024	2025	2024
------(Rupees in '000)-----						
Agricultural sector	3,335,428	4,407,520	611,674	802,254	3,947,102	5,209,774
Industrial sector	375,365,292	516,228,879	25,222,479	28,512,140	400,587,771	544,741,019
Export sector	14.4.1 540,675,365	557,676,744	-	-	540,675,365	557,676,744
Others	14.4.2 & 14.4.3 38,193,216	32,980,247	10,214,326	19,695,557	48,407,542	52,675,804
	<b>957,569,301</b>	<b>1,111,293,390</b>	<b>36,048,479</b>	<b>49,009,951</b>	<b>993,617,780</b>	<b>1,160,303,341</b>

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

**14.4.2** In FY 2014-15, 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 principal along with interest has been received during the year.

**14.4.3** 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.

**14.5** In FY 2021-22, the Bank received a general allocation from the IMF amounting to SDR 1,946.62 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. 474,939 million, being the value prevalent on the date the SDRs were on-lent 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 the Bank.

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

	2025	2024
	-----(% per annum)-----	
Government owned / controlled and private sector financial institutions	<b>0 to 21.00</b>	0 to 22.10
Employees loans (where applicable)	<b>0 to 10.00</b>	0 to 10.00
SDRs on-lending to Government of Pakistan (GoP)	<b>2.94 to 4.02</b>	3.98 to 4.20

	2025	2024
	----- (Rupees in '000) -----	
<b>14.7 Fair valuation adjustment on COVID-19 loans - net</b>		
Unwinding of income in respect of fair valuation adjustment on COVID-19 loans	<b>23,211,766</b>	26,496,336
Fair valuation loss adjustment on COVID-19 loans on initial recognition	<b>(326,091)</b>	(2,675,944)
	<b><u>22,885,675</u></b>	<u>23,820,392</u>

The Bank in response to the COVID-19 pandemic had 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. 1,288.971 million (2024: Rs. 6,467 million). These facilities have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition aggregating to Rs. 326.09 million (2024: Rs.2,675.94 million). Further, during the year, an aggregate amount of Rs. 23,211.77 million (2024: Rs. 26,496.34 million) was recognised in respect of unwinding of income on fair valuation adjustment on COVID-19 loans.

- 14.8** During the FY 2024-25, PSPC and National Security Printing Corporation (Private) Limited (NSPC) entered into an arrangement under which PSPC acquired NSPC at an amount of Rs. 41,774 million. The Bank provided financing to PSPC which includes equity injection of Rs. 20,000 million and a loan amounting to Rs. 21,774 million. The loan is receivable in 20 equal semi annual installments falling due on June 4 and December 4 of each year with first installment payment to be due on December 4, 2025. The loan carries interest at the PIB floating rate (equivalent to the yield on 10 year Pakistan Investment Bonds), adjusted semi-annually on June 30 and December 31 of each year. The loan amount and interest thereon are secured against the current and future payables to PSPC for banknote printing services under the annual indent as collateral.

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>14.9 Credit loss allowance</b>			
Opening balance		<b>2,194,432</b>	2,318,507
Reversal of expected credit loss allowance during the year		<b>(9,198)</b>	(124,075)
Closing balance		<b><u>2,185,234</u></b>	<u>2,194,432</u>

**15 ASSETS HELD WITH THE RESERVE BANK OF INDIA**

Gold reserves			
- Opening balance		<b>21,789,100</b>	18,366,839
- Appreciation for the year due to revaluation	27.2.1.1	<b>9,540,536</b>	3,422,261
- Closing balance		<b><u>31,329,636</u></b>	<u>21,789,100</u>
Sterling securities		<b>1,285,053</b>	1,162,991
Government of India securities		<b>473,756</b>	476,859
Rupee coins		<b>9,521</b>	9,582
	15.1	<b><u>33,097,966</u></b>	<u>23,438,532</u>
Indian notes representing assets receivable from the Reserve Bank of India			
	15.2	<b>1,425,477</b>	1,434,811
	20.1	<b><u>34,523,443</u></b>	<u>24,873,343</u>

- 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 Government of Pakistan and Government of 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 Government of Pakistan and Government of India.

**16 BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH**

**India**

	Note	2025 ----- (Rupees in '000) -----	2024
Advance against printing of notes		<b>39,616</b>	39,616
Receivable from the Reserve Bank of India		<b>837</b>	837
		<b>40,453</b>	40,453

**Bangladesh**

Inter office balances		<b>819,924</b>	819,924
Loans, advances and commercial papers	16.1	<b>17,802,881</b>	16,530,335
		<b>18,622,805</b>	17,350,259
	16.2	<b>18,663,258</b>	17,390,712

**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 Government of India and Government of Bangladesh (also refer note 27.1).

**17 PROPERTY, PLANT AND EQUIPMENT**

	Note	2025 ----- (Rupees in '000) -----	2024
Operating fixed assets	17.1	<b>95,117,512</b>	94,083,747
Capital work-in-progress	17.3	<b>127,061</b>	996,732
		<b>95,244,573</b>	95,080,479

**17.1 Operating fixed assets**

2025									
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, 2024**

Cost / revalued amount	19,563,844	66,499,781	3,283,957	6,535,180	2,023,736	54,439	319,038	3,312,807	1,102,469	102,695,251
Accumulated depreciation	-	(2,412,474)	(450,728)	(886,599)	(1,222,747)	(45,950)	(255,234)	(2,868,215)	(469,557)	(8,611,504)
Net book value	19,563,844	64,087,307	2,833,229	5,648,581	800,989	8,489	63,804	444,592	632,912	94,083,747

**Year ended June 30, 2025**

Opening net book value	19,563,844	64,087,307	2,833,229	5,648,581	800,989	8,489	63,804	444,592	632,912	94,083,747
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**Additions**

Transfers from capital work in progress	-	73,312	23,983	277,515	132,483	15,145	103,127	1,968,149	343,159	2,936,873
	449	-	-	581,552	340,942	-	-	-	-	922,943
	449	73,312	23,983	859,067	473,425	15,145	103,127	1,968,149	343,159	3,859,816

**Transfer from the Corporation**

Cost	-	-	-	-	30,896	-	284	-	-	31,180
Accumulated depreciation	-	-	-	-	(30,896)	-	(93)	-	-	(30,989)
	-	-	-	-	-	-	191	-	-	191

**Transfer to the Corporation**

Cost	-	-	-	-	-	-	-	(762)	(10,518)	(11,280)
Accumulated depreciation	-	-	-	-	-	-	-	312	8,112	8,454
	-	-	-	-	-	-	-	(450)	(2,376)	(2,826)

**Disposals**

Cost	(29,001)	-	-	-	(44,887)	-	(2,890)	(23,053)	(169,087)	(268,918)
Accumulated depreciation	-	-	-	-	44,887	-	2,890	22,027	120,057	169,861
Depreciation charge	(29,001)	(1206,837)	(232,063)	(443,908)	(267,750)	(2,023)	(26,549)	(346,807)	(218,422)	(2,744,359)

**Net book value**

	<b>19,535,292</b>	<b>62,953,782</b>	<b>2,625,149</b>	<b>6,063,740</b>	<b>1,006,664</b>	<b>2,161</b>	<b>140,573</b>	<b>2,064,458</b>	<b>706,243</b>	<b>95,117,512</b>
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**As at June 30, 2025**

Cost / revalued amount	19,535,292	66,573,093	3,307,940	7,394,247	2,452,274	69,584	419,559	5,257,141	1,266,023	106,306,049
Accumulated depreciation	-	(3,619,311)	(682,791)	(1,330,507)	(1,445,610)	(47,973)	(278,986)	(3,192,683)	(559,780)	(11,188,537)
<b>Net book value</b>	<b>19,535,292</b>	<b>62,953,782</b>	<b>2,625,149</b>	<b>6,063,740</b>	<b>1,006,664</b>	<b>21,611</b>	<b>140,573</b>	<b>2,064,458</b>	<b>706,243</b>	<b>95,117,512</b>

Useful life / rate of depreciation	-	90-99 years	20-40 years	20-40 years	10%	5%-10%	20%	33.33%	20%	
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2024										
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, 2023										
Cost / revalued amount	₹,585,551	66,499,781	3,266,774	6,242,830	1,750,622	58,265	277,499	3,047,282	900,622	10,162,926
Accumulated depreciation	-	(1,206,237)	(2,18,186)	(4,18,171)	(1,066,802)	(48,230)	(2,37,299)	(2,602,526)	(468,243)	(6,265,694)
Net book value	₹,585,551	65,293,544	3,048,588	5,824,659	683,820	10,035	40,200	444,756	432,379	95,363,532
Year ended June 30, 2024										
Opening net book value	₹,585,551	65,293,544	3,048,588	5,824,659	683,820	10,035	40,200	444,756	432,379	95,363,532
Additions										
Transfers from capital work in progress	-	-	-	-	1,605	363	40,525	299,346	435,037	776,876
	-	-	17,183	292,350	317,762	-	1,160	-	-	628,455
	-	-	17,183	292,350	319,367	363	41,685	299,346	435,037	1,405,331
Transfer from the corporation										
Cost	-	-	-	-	-	-	3,707	-	-	3,707
Accumulated depreciation	-	-	-	-	-	-	(3,218)	-	-	(3,218)
	-	-	-	-	-	-	489	-	-	489
Disposals										
Cost	(21,707)	-	-	-	(46,253)	(4,189)	(635)	(33,821)	(233,190)	(339,795)
Accumulated depreciation	-	-	-	-	46,225	4,189	575	26,609	182,647	260,245
	(21,707)	-	-	-	(28)	-	(60)	(7,212)	(50,543)	(79,550)
Depreciation charge	-	(1,206,237)	(2,32,542)	(4,68,428)	(2,02,170)	(1,909)	(18,510)	(2,92,298)	(1,83,961)	(2,606,055)
Net book value	₹,563,844	64,087,307	2,833,229	5,648,581	800,989	8,489	63,804	444,592	632,912	94,083,747
As at June 30, 2024										
Cost / revalued amount	₹,563,844	66,499,781	3,283,957	6,535,180	2,023,736	54,439	3,19,038	3,312,807	1,102,469	102,695,251
Accumulated depreciation	-	(2,412,474)	(4,50,728)	(8,86,599)	(1,222,747)	(45,950)	(2,55,234)	(2,868,215)	(4,69,557)	(8,611,504)
Net book value	₹,563,844	64,087,307	2,833,229	5,648,581	800,989	8,489	63,804	444,592	632,912	94,083,747
Useful life / rate of depreciation	-	90-99 years	20-40 years	20-40 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. 19,847.85 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	2025	2024
----- (Rupees in '000) -----			
Freehold land		984,267	985,561
Leasehold land		2,905,907	2,964,985
Buildings on freehold land		1,152,070	1,230,300
Buildings on leasehold land		1,678,352	1,804,295
		<u>6,720,596</u>	<u>6,985,141</u>

**17.3 Capital work-in-progress**

Leasehold land		-	449
Buildings on freehold land		34,033	53,894
Buildings on leasehold land		30,287	561,432
Plant and machinery		62,741	380,957
		<u>127,061</u>	<u>996,732</u>

**18 INTANGIBLE ASSETS**

Software	18.1	465,567	181,415
Capital work-in-progress		-	573,734
		<u>465,567</u>	<u>755,149</u>

	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
<b>18.1 Intangible assets</b>			
Cost		<b>1,454,972</b>	1,295,205
Accumulated amortisation		<b>(1,273,557)</b>	(1,139,888)
Opening net book value		<b>181,415</b>	155,317
Additions during the year		<b>417,170</b>	159,767
Amortisation charge during the year	42	<b>(133,018)</b>	(133,669)
Closing net book value		<b>465,567</b>	181,415
Cost		<b>1,872,142</b>	1,454,972
Accumulated amortisation		<b>(1,406,575)</b>	(1,273,557)
Closing net book value		<b>465,567</b>	181,415
Useful life		<b>3 years</b>	3 years
<b>19 OTHER ASSETS</b>			
Commission receivable and others	19.1	<b>12,159,735</b>	11,351,823
Other advances, deposits and prepayments		<b>18,054,698</b>	12,229,323
		<b>30,214,433</b>	23,581,146
<b>19.1</b>			
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.			
	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
<b>20 BANKNOTES IN CIRCULATION</b>			
Total banknotes issued	20.1	<b>11,269,571,386</b>	9,698,401,126
Banknotes held by the banking department	7	<b>(118,571)</b>	(189,695)
Notes in circulation		<b>11,269,452,815</b>	9,698,211,431
<b>20.1</b>			
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 banknotes for the time being in circulation. In accordance with section 26 (1) of the SBP Act 1956, this liability of issue department is supported by the following assets of the issue department.			
	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
Gold reserves held by the Bank	6	<b>1,942,111,796</b>	1,349,448,617
Local currency - coins	7	<b>365,337</b>	39,941
Foreign currency accounts and investments	8	<b>28,376,450</b>	-
Securities purchased under agreement to resell	12.4	<b>5,000,000,000</b>	3,000,000,000
Investments - local	13	<b>4,264,194,360</b>	5,324,039,225
Assets held with the Reserve Bank of India	15	<b>34,523,443</b>	24,873,343
		<b>11,269,571,386</b>	9,698,401,126

	Note	2025	2024
------(Rupees in '000)-----			
<b>21</b>	<b>CURRENT ACCOUNTS OF GOVERNMENT</b>		
<b>21.1</b>	<b>Current accounts of governments - payable balances</b>		
Federal Government	21.2	<b>586,617,308</b>	862,683,327
Provincial Governments			
- Punjab	21.3	<b>847,525,288</b>	627,731,043
- Sindh	21.4	<b>345,438,769</b>	115,899,975
- Khyber Pakhtunkhwa	21.5	<b>82,147,062</b>	63,403,027
- Balochistan	21.6	<b>105,707,100</b>	44,631,129
Government of Azad Jammu and Kashmir		<b>38,464,846</b>	30,893,108
Gilgit - Baltistan Administration Authority		<b>20,632,182</b>	20,084,172
		<b>1,439,915,247</b>	902,642,454
		<b>2,026,532,555</b>	1,765,325,781
<b>21.2</b>	<b>Federal Government</b>		
Non-food account		<b>570,735,174</b>	846,356,764
Zakat fund account		<b>11,770,558</b>	12,214,987
Other accounts		<b>4,111,576</b>	4,111,576
		<b>586,617,308</b>	862,683,327
<b>21.3</b>	<b>Provincial Government - Punjab</b>		
Non-food account		<b>844,819,475</b>	624,774,025
Zakat fund account		<b>1,297,083</b>	177,158
Other accounts		<b>1,408,730</b>	2,779,860
		<b>847,525,288</b>	627,731,043
<b>21.4</b>	<b>Provincial Government - Sindh</b>		
Non-food account		<b>340,114,046</b>	108,735,069
Zakat fund account		<b>5,117,429</b>	4,613,472
Other accounts		<b>207,294</b>	2,551,434
		<b>345,438,769</b>	115,899,975
<b>21.5</b>	<b>Provincial Government - Khyber Pakhtunkhwa</b>		
Non-food account		<b>73,584,551</b>	58,344,759
Zakat fund account		<b>5,155,121</b>	1,322,498
Other accounts		<b>3,407,390</b>	3,735,770
		<b>82,147,062</b>	63,403,027
<b>21.6</b>	<b>Provincial Government - Balochistan</b>		
Non-food account		<b>101,817,259</b>	41,742,547
Zakat fund account		<b>3,435,109</b>	2,643,886
Other accounts		<b>454,732</b>	244,696
		<b>105,707,100</b>	44,631,129

## 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 in 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. As per the agreement executed on July 13, 2022, 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 SHIBOR + 1.5%. During the year, the agreement has been further renewed for a period of three years.

	Note	2025	2024
------(Rupees in '000)-----			
<b>23</b>			
<b>DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS</b>			
<b>Foreign currency</b>			
Scheduled banks	23.1	67,415,121	65,209,578
Held under cash reserve requirement	23.1	320,016,466	300,404,706
Others		29,766,189	22,360,498
		<u>417,197,776</u>	<u>387,974,782</u>
<b>Local currency</b>			
Scheduled banks	23.1	1,225,474,880	1,461,839,092
Financial institutions	23.1	39,686,883	50,314,873
Others		102,928	99,291
		<u>1,265,264,691</u>	<u>1,512,253,256</u>
		<u>1,682,462,467</u>	<u>1,900,228,038</u>

23.1 These includes cash deposited with the Bank by scheduled banks and financial institutions under regulatory requirements.

	Note	2025	2024
------(Rupees in '000)-----			
<b>24</b>			
<b>OTHER DEPOSITS AND ACCOUNTS</b>			
<b>Foreign currency</b>			
Foreign central bank		1,003,157	125,593,441
International organisations		1,080,120,622	931,523,698
Others		29,171,774	28,327,466
	24.1 & 24.2	<u>1,110,295,553</u>	<u>1,085,444,605</u>
<b>Local currency</b>			
Special debt repayment	24.3	24,243,841	24,243,841
Government	24.4	17,850,348	17,850,348
Foreign central bank		2,005	3
International organisations		237,967	228,152
Others*		102,973,616	80,026,836
		<u>145,307,777</u>	<u>122,349,180</u>
		<u>1,255,603,330</u>	<u>1,207,793,785</u>

\* This includes deposit account of BSC maintained by the Bank amounting to Rs. 542.58 million (2024: Rs. 266.15 million).

24.1 This includes FCY deposits equivalent to Rs. 1,135,058 million (based on exchange rate as of June 30, 2025) (2024: Rs. 1,113,365 million based on exchange rate as of June 30, 2024), carrying interest at Secured Overnight Financing Rate (SOFR) 180 days average + 1.72% (2024: SOFR + 1.72%), 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.

	2025	2024
(% per annum)		
<b>24.2</b>		
The interest rate profile of the interest bearing deposits is as follows:		
Foreign central bank	4.63 to 5.88	5.68 to 5.88
International organisations	6.01 to 6.96	6.50 to 6.96

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.

<b>25</b>	<b>PAYABLE TO THE INTERNATIONAL MONETARY FUND</b>	<b>Note</b>	<b>2025</b>	<b>2024</b>
			-----( <b>Rupees in '000</b> )-----	
	Borrowings under:			
	- fund facilities	25.1 & 25.3	<b>1,556,216,156</b>	1,075,044,556
	- allocation of SDRs	25.2 & 25.3	<b>1,149,299,843</b>	1,082,010,456
			<b>2,705,515,999</b>	2,157,055,012
	Current account for administrative charges		<b>89</b>	85
			<b>2,705,516,088</b>	2,157,055,097

**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 the GRA financing, the IMF granted an Extended Fund Facility (EFF) amounting to SDR 4,393 million during FY 2013-14 having repayment period of 4½-10 years, with repayments structured in twelve equal semi-annual instalments. A total amount of SDR 4,393 million had been disbursed under twelve tranches of EFF. The repayment under this facility started from March 2018 and will continue until September 2026. During the year, repayments are made amounting to SDR 462.17 million (2024: SDR 642.17 million) in 16 different tranches (2024: 21 tranches).

In addition, the Bank obtained further financing during the year under the same GRA financing. IMF under EFF facility granted loan amounting to SDR 5,320 million. The facility carries a repayment period of 4½-10 years, with repayments structured in twelve equal semi-annual instalments. The Bank received SDR 1,520 million in two tranches, in September 2024 and May 2025, of SDR 760 million each.

In FY 2023-24, the IMF approved a Stand-By Arrangement Facility (SBAF) amounting to SDR 2,250 million. The facility has a repayment period of 3¼ - 5 years, with repayments to be made in eight equal semi-annual instalments. A total amount of SDR 2,250 million was disbursed in three tranches. Repayment under this facility will start from October 2026 and will continue until April 2029.

**25.2** In FY 2021-22, IMF 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 1,946.62 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 14.5 to these unconsolidated financial statements.

<b>25.3</b>	<b>Interest profile of amount payable to the IMF is as under:</b>	<b>Note</b>	<b>2025</b>	<b>2024</b>
			-----( <b>% per annum</b> ) in <b>SDR</b> -----	
	Fund facilities	25.3.1	<b>3.52 to 5.02</b>	4.98 to 5.20
	Allocation of SDR		<b>2.92 to 4.02</b>	3.98 to 4.20

**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. The charges are, however, payable on quarterly basis. In addition, interest on fund facilities includes margin ranges from 0.6% to 1% (2024: 1%).

## **26 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE**

This represents collateralised borrowing made from financial institutions under repurchase arrangement carrying a mark-up of 10% per annum (2024: 19.5% per annum) and is due to mature on July 02, 2025 (2024: July 02, 2024).

**26.1** Pakistan Investment Bonds (PIB) having maturity of 5 years are pledged as security under borrowing having carrying value of Rs. 101,548.66 million (2024: Rs. 610,376.29 million).

	Note	2025	2024
------(Rupees in '000)-----			
<b>27 OTHER LIABILITIES</b>			
Provision against overdue mark-up	27.1	17,408,788	16,136,242
Special reserve provision under Financial Inclusion and Infrastructure Project (FIIP)		27,700,433	24,017,148
Deferred Grant Income under FIIP		1,993,459	573,734
Remittance clearance account		41,720	97,325
Exchange loss payable under exchange risk coverage scheme		854,195	801,877
Unrealised loss on local currency derivatives		1,937,855	595,805
Unrealized loss on foreign currency derivatives		31,193	5,988,923
Other accruals and provisions	27.2	63,792,979	55,143,065
Others		15,179,912	19,568,024
		<u>128,940,534</u>	<u>122,922,143</u>

**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 Government of Pakistan and Government of Bangladesh.

	Note	2025	2024
------(Rupees in '000)-----			
<b>27.2 Other accruals and provisions</b>			
Agency commission		13,121,449	11,681,126
Provision for employees' compensated absences	42.6.9	7,843,457	6,655,851
Provision for other doubtful assets	27.2.1	36,105,930	26,455,829
Other provisions	27.2.2	4,130,701	4,087,096
Others		2,591,442	6,263,163
		<u>63,792,979</u>	<u>55,143,065</u>

**27.2.1 Provision against other doubtful assets**

Provision against assets held with / receivable from the Government of India and the Reserve Bank of India

- issue department		34,523,473	24,873,372
- banking department		40,483	40,483
	27.2.1.2	34,563,956	24,913,855

Provision against assets receivable from the Government of Bangladesh

- banking department	27.2.1.2	1,541,974	1,541,974
	27.2.1.1	36,105,930	26,455,829

**27.2.1.1 Movement of provisions against other doubtful assets**

Opening balance		26,455,829	23,161,396
Charge / (reversal) during the year		109,565	(127,828)
Appreciation relating to gold reserves held by the Reserve Bank of India	15	9,540,536	3,422,261
Closing balance		<u>36,105,930</u>	<u>26,455,829</u>

**27.2.1.2** This represents provision maintained against balances due from the Government of India and Government of Bangladesh.

**27.2.2** This represents provision against home remittance amounting to Rs. 260.36 million (2024: Rs. 260.36 million), specific claims pertaining to provision made against claims under arbitration amounting to Rs. 1,600.00 million (2024: Rs. 1,600.00 million) and other provision made in respect of litigations and claims against the Bank amounting to Rs. 2,269.90 million (2024: Rs. 2,226.74 million).

	Note	2025 ------(Rupees in '000)-----	2024
<b>28 DEFERRED LIABILITY - UNFUNDED STAFF RETIREMENT BENEFITS</b>			
Pension fund		38,477,195	32,336,876
Gratuity scheme		264,643	207,264
Benevolent fund scheme		371,586	328,389
Post retirement medical benefits		18,873,756	16,950,699
Income Continuation Plan		2,411,107	1,893,639
Six months post retirement facility		2,239,323	1,766,807
Deferred liabilities - severance benefit		872,367	-
Gratuity - Contractual employees		45,702	30,583
	42.6.3	<u>63,555,679</u>	<u>53,514,257</u>
Provident fund scheme		191,337	13,207
		<u>63,747,016</u>	<u>53,527,464</u>

## 29 SHARE CAPITAL

2025	2024		2025	2024
------(Number of shares)-----			------(Rupees in '000)-----	
<b>Authorised share capital</b>				
<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary shares of Rs. 100 each	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, subscribed and paid-up capital</b>				
<u>1,000,000,000</u>	<u>1,000,000,000</u>	Fully paid-up ordinary shares of Rs. 100 each	<u>100,000,000</u>	<u>100,000,000</u>

**29.1** As per section 4(2) of the SBP 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. The Board of Directors in their meeting held on March 21, 2022 had 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 SBP Act, 1956. During the year, the Board of Directors has approved appropriation of Rs. 58,691.71 million (2024: Rs 603,244.76 million) to general reserve.

### 30.2 Reserve for acquisition of PSPC

This represents reserve against the Bank's exposure in PSPC. In FY 2023-24, the Bank transferred an amount of Rs 67,464 million (including Rs 2 billion representing dividend income from PSPC allocated in unconsolidated financial statements) appearing as "Reserve for acquisition of PSPC" to "Unappropriated Profit", and was subsequently paid to the Government of Pakistan as per the approval of the Board.

## 31 UNREALISED EXCHANGE GAIN

In FY 2023-24, the Bank recorded an unrealised exchange gain of Rs. 125,437.08 million. As required under clause 41 (1) of the SBP Act, 1956 the Bank has to distribute the annual profit for the year excluding amount of unrealized exchange gain. The Bank has distributed the remaining surplus profit during the year after retention of unrealized exchange gain.

	Note	2025	2024
		------(Rupees in '000)-----	
<b>32 UNREALISED APPRECIATION ON GOLD RESERVES HELD BY THE BANK</b>			
Opening balance		1,344,041,715	1,132,158,155
Appreciation for the year due to revaluation	6	<u>591,221,681</u>	<u>211,883,560</u>
Closing balance		<u><u>1,935,263,396</u></u>	<u><u>1,344,041,715</u></u>
<b>33 CONTINGENCIES AND COMMITMENTS</b>			
<b>33.1 Contingencies</b>			
a) Contingent liability in respect of guarantees given on behalf of:			
Federal Government	33.1.1	661,750	2,680,584
Federal Government owned / controlled bodies and authorities		<u>1,161,957</u>	<u>3,526,240</u>
		<u><u>1,823,707</u></u>	<u><u>6,206,824</u></u>
b) Other claims against the Bank not acknowledged as debts	33.1.2	<u><u>3,476,940</u></u>	<u><u>1,687,123</u></u>
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 and the same have not been disclosed in these unconsolidated financial statements.			
<b>33.1.1</b> Above guarantees are secured by counter guarantees from the Government of Pakistan.			
<b>33.1.2</b> These represent various claims filed against the Bank's role as a regulator and certain other cases.			
	Note	2025	2024
		------(Rupees in '000)-----	
<b>33.2 Commitments</b>			
<b>33.2.1</b> Foreign currency forward and swap contracts - sale		<u><u>1,275,796,384</u></u>	<u><u>1,808,999,457</u></u>
<b>33.2.2</b> Foreign currency forward and swap contracts - purchase		<u><u>1,282,507,827</u></u>	<u><u>842,051,338</u></u>
<b>33.2.3</b> Capital commitments	33.2.3.1	<u><u>2,151,720</u></u>	<u><u>1,082,500</u></u>
<b>33.2.3.1</b> This represent amounts committed by the Bank to purchase assets from successful bidders.			
<b>33.2.4</b> The Bank has a commitment to extend equivalent PKR of CNY 30,000 million (Rs. 1,188,102 million) [(2024: PKR of CNY 30,000 million (Rs. 1,149,156 million)] to People's Bank of China under bilateral currency swap agreement as disclosed in note 22 to these unconsolidated financial statements.			
	Note	2025	2024
		------(Rupees in '000)-----	
<b>34 DISCOUNT, INTEREST / MARK-UP AND / OR PROFIT EARNED ON FINANCIAL ASSETS MEASURED:</b>			
<b>At amortised cost</b>			
Discount, interest / mark-up on government transactions:			
- Federal Government securities		904,836,908	1,220,790,216
- Federal Government scrips		82,200	82,200
- SDRs on-lending to Government of Pakistan (GoP)	14.5	<u>24,289,442</u>	<u>30,059,294</u>
Securities purchased under agreement to resell		<u>1,706,350,798</u>	<u>2,091,935,736</u>
Interest income on preference shares		<u>4,335,064</u>	<u>4,273,953</u>

	Note	2025 ------(Rupees in '000)-----	2024
Return on loans and advances to financial institutions		64,241,800	112,932,775
Foreign currency deposits		96,943,046	93,066,534
Others		198,218	4,408
		<u>2,801,277,476</u>	<u>3,553,145,116</u>
<b>At fair value through other comprehensive income</b>			
Foreign currency securities		<u>25,891,994</u>	<u>1,946,615</u>
<b>35 INTEREST / MARK-UP EXPENSE</b>			
Deposits		73,586,438	64,336,554
Interest on bilateral currency swap		42,399,726	47,482,355
Interest on special drawing rights - Fund Facilities		54,774,992	47,470,015
Securities sold under agreement to repurchase		37,529,717	77,661,258
Charges on allocation of special drawing rights of the IMF		36,945,508	44,874,973
		<u>245,236,381</u>	<u>281,825,155</u>
<b>36 COMMISSION INCOME</b>			
Market treasury bills	36.1	3,762,721	4,044,270
Management of public debts	36.1	6,904,612	6,249,532
Prize bonds and national saving certificates	36.1	573,015	566,139
Draft / payment orders		2,491	2,145
Others		71	70
		<u>11,242,910</u>	<u>10,862,156</u>
<b>36.1</b>	These represent commission income earned from services provided to the Federal Government.		
		2025	2024
		----- (Rupees in '000) -----	
<b>37 EXCHANGE (LOSS) / GAIN - NET</b>			
(Loss) / gain on:			
- Foreign currency placements, deposits, securities and other accounts - net		45,300,846	136,166,534
- IMF fund facilities		(78,272,170)	33,979,963
- Special drawing rights of the IMF		(21,678,789)	15,930,039
		<u>(54,650,113)</u>	<u>186,076,536</u>
<b>38 OTHER OPERATING INCOME - NET</b>			
Penalties levied on banks and financial institutions		2,071,865	3,098,249
License / credit information bureau fee recovered		1,424,902	1,115,328
Others		905,838	932,549
		<u>4,402,605</u>	<u>5,146,126</u>
<b>39 OTHER INCOME - NET</b>			
Loss on disposal of property, plant and equipment		(12,929)	(2,932)
Grant income under foreign assistance program		193,887	100,491
Others		1,033,620	176,918
		<u>1,214,578</u>	<u>274,477</u>
<b>40 BANKNOTES' PRINTING CHARGES</b>			
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.			

**41 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), Sindh Bank Limited (SBL), Bank of Khyber (BOK) which were appointed as agent of the Bank mainly to collect stamp duty under e-stamps mechanism. A portion of agency commission pertains to 1Link and its member banks for collecting Government receipts through Alternate Delivery Channels (ADCs).

	Note	2025	2024
----- (Rupees in '000) -----			
<b>42 GENERAL ADMINISTRATIVE AND OTHER EXPENSES</b>			
Salaries and other benefits		<b>9,179,221</b>	8,710,386
Charge against retirement benefits and employees' compensated absences	42.1 & 42.6.4	<b>10,157,139</b>	9,778,278
Rent and taxes		<b>2,706</b>	40,029
Insurance expenses		<b>95,826</b>	132,225
Electricity, gas and water expenses		<b>160,106</b>	147,150
Depreciation expense	17.1	<b>2,744,359</b>	2,606,055
Amortisation expense	18.1	<b>133,018</b>	133,669
Repairs and maintenance expenses		<b>1,171,610</b>	1,193,595
Auditors' remuneration	42.5	<b>17,612</b>	16,833
Legal and professional charges		<b>229,621</b>	148,491
Travelling expenses		<b>140,538</b>	120,754
Daily expenses		<b>95,108</b>	54,196
Postages, telegram / telex and telephone		<b>310,816</b>	347,989
Training expenses		<b>304,010</b>	202,606
Stationery expenses		<b>13,118</b>	17,271
Books and newspapers charges		<b>26,836</b>	20,427
Advertisement expenses		<b>99,182</b>	166,044
Board committee expenses		<b>18,771</b>	20,906
Recruitment charges		<b>30,423</b>	20,751
Others		<b>413,459</b>	1,602,265
		<b>25,343,479</b>	25,479,920
Expenses reimbursed to:			
SBP Banking Services Corporation - a subsidiary (the Corporation)	42.3	<b>13,202,582</b>	16,989,941
		<b>13,202,582</b>	16,989,941
		<b>38,546,061</b>	42,469,861

**42.1** This includes an amount relating to defined contribution plan aggregating to Rs. 593.922 million (2024: Rs. 539.547 million) and employees compensated absences amounting to Rs 1,498.83 million (2024: 1,052.35 million).

**42.2** In FY 2021-22, the Bank entered into an arrangement with SBP Banking Service Corporation (the Corporation) whereby all the expenses are reimbursed to the Corporation subject to the limit as more fully explained in note 42.4 to these unconsolidated financial statements. Moreover, the profit earned by the Corporation is transferred / paid to the Bank subject to approval of the Board of Directors of the Corporation.

	Note	2025 ----- (Rupees in '000) -----	2024
<b>42.3 Expenses reimbursable to SBP Banking Services Corporation - a subsidiary</b>			
Salaries and other benefits		<b>9,346,583</b>	8,432,361
Rent and taxes		<b>88,298</b>	66,877
Insurance expenses		<b>45,611</b>	49,093
Electricity, gas and water expenses		<b>1,024,550</b>	934,030
Repairs and maintenance expenses		<b>584,729</b>	499,260
Auditors' remuneration	42.5	<b>17,612</b>	16,833
Legal and professional charges		<b>34,190</b>	17,436
Travelling expenses		<b>25,615</b>	38,098
Daily expenses		<b>63,856</b>	57,919
Fuel charges		<b>10,445</b>	14,956
Conveyance charges		<b>45,982</b>	29,758
Postage and telephone expenses		<b>15,347</b>	16,282
Training expenses		<b>90,779</b>	96,492
Remittance of treasure		<b>568,340</b>	544,303
Stationery expenses		<b>18,675</b>	19,142
Books and newspapers charges		<b>2,103</b>	3,877
Advertisement expenses		<b>11,403</b>	10,207
Bank guards' charges		<b>301,562</b>	283,331
Uniforms		<b>64,257</b>	28,395
Expenses to be reimbursed to the Institute		-	289,113
Depreciation expense		<b>674,067</b>	652,168
Charge against retirement benefits and employees' compensated absences		<b>10,746,877</b>	16,384,138
Others		<b>898,107</b>	634,999
		<b>24,678,988</b>	29,119,068
Less: Limitation on reimbursement of expenses	42.3.1	<b>11,476,406</b>	12,129,127
Net reimbursable from State Bank of Pakistan		<b>13,202,582</b>	16,989,941

#### 42.3.1 Limitation on reimbursement of expenses

Interest income from investments funding the deferred liabilities (a)		<b>11,476,406</b>	12,129,127
Interest cost related to defined benefit plans (b)		<b>12,908,143</b>	13,539,633
Lower of (a) or (b)	42.3.1.1	<b>11,476,406</b>	12,129,127

**42.3.1.1** 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 42.4 to these unconsolidated financial statements.

**42.4** 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.

In FY 2021-22, the Corporation 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.

#### 42.5 Auditors' remuneration

	2025			2024		
	BDO Ebrahim & Co	KPMG Taseer Hadi & Co.	Total	BDO Ebrahim & Co	A. F. Ferguson & Co.	Total
(Rupees in '000)						
<b>State Bank of Pakistan</b>						
Audit fee (including out of pocket expenses)	7,927	8,381	16,308	7,206	8,381	15,587
Sindh Sales Tax on services	634	670	1,304	576	670	1,246
	<b>8,561</b>	<b>9,051</b>	<b>17,612</b>	7,782	9,051	16,833
<b>SBP Banking Services Corporation</b>						
Audit fee (including out of pocket expenses)	7,927	8,381	16,308	7,206	8,381	15,587
Sindh Sales Tax on services	634	670	1,304	576	670	1,246
	<b>8,561</b>	<b>9,051</b>	<b>17,612</b>	7,782	9,051	16,833
	<b>17,122</b>	<b>18,102</b>	<b>35,224</b>	15,564	18,102	33,666

#### 42.6 Staff retirement benefits

- 42.6.1 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:

	2025	2024
- discount rate for year end obligation	<b>11.75% p.a</b>	14.75% p.a
- salary increase rate	<b>23.00% p.a</b>	24.75% p.a
- pension indexation rate	<b>12.00% p.a</b>	13.50% p.a
- medical cost increase rate	<b>11.75% p.a</b>	14.75% p.a
- petrol price increase rate (where applicable)	<b>6% p.a</b>	24.75% p.a
- personnel turnover	<b>5.16% p.a</b>	4.84% p.a
- normal retirement age	<b>60 Years</b>	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.

- 42.6.2 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.

### 42.6.3 Change in present value of defined benefit obligation

	2025								
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance Benefit	Gratuity-Contractual Employees	Total
	(Rupees in '000)								
Present value of defined benefit obligation July 1, 2024	32,336,876	207,264	16,950,699	328,389	1,766,807	1,893,639	-	30,583	53,514,257
Current service cost	371,623	12,666	266,721	7,095	127,850	-	-	26,382	812,337
Interest cost on defined benefit obligation	3,617,732	30,571	2,438,537	46,516	254,732	274,865	-	4,043	6,666,996
Past service cost	-	-	(286,320)	8,947	-	-	872,367	-	594,994
	3,989,355	43,237	2,418,938	62,558	382,582	274,865	872,367	30,425	8,074,327
Benefits paid and contributions - net	(3,095,339)	-	(836,490)	(17,383)	(79,627)	(60,302)	-	(6,352)	(4,095,493)
Remeasurements:									
actuarial (gains) / losses from changes in financial assumptions	3,204,771	14,142	2,093,602	12,141	271,826	697,118	-	(418)	6,293,182
experience adjustments	2,041,532	-	(1,752,993)	(14,119)	(102,265)	(394,213)	-	(8,536)	(230,594)
	5,246,303	14,142	340,609	(1,978)	169,561	302,905	-	(8,954)	6,062,588
Present value of defined benefit obligation as on June 30, 2025	38,477,195	264,643	18,873,756	371,586	2,239,323	2,411,107	872,367	45,702	63,555,679

	2024							
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees	Total
	(Rupees in '000)							
Present value of defined benefit obligation July 1, 2023	29,122,723	164,162	13,352,681	321,441	1,212,444	1,350,555	-	45,524,006
Current service cost	509,625	10,718	130,170	3,659	77,861	-	32,801	764,834
Interest cost on defined benefit obligation	4,481,201	26,676	2,089,673	50,117	189,748	214,354	-	7,051,769
Past service cost	-	-	-	-	336,233	-	-	336,233
	4,990,826	37,394	2,219,843	53,776	603,842	214,354	32,801	8,152,836
Benefits paid and contributions - net	(3,291,011)	-	(986,315)	22,225	(89,533)	(62,907)	(2,218)	(4,409,759)
Remeasurements:								
actuarial (gains) / losses from changes in financial assumptions	1,191,626	(821)	(113,837)	18,915	(6,080)	36,128	-	1,125,931
experience adjustments	322,712	6,529	2,478,327	(87,968)	46,134	355,509	-	3,121,243
	1,514,338	5,708	2,364,490	(69,053)	40,054	391,637	-	4,247,174
Present value of defined benefit obligation as on June 30, 2024	32,336,876	207,264	16,950,699	328,389	1,766,807	1,893,639	30,583	53,514,257

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

#### Remeasurements recognised in the unconsolidated statement of comprehensive income

	2025								
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance Benefit	Gratuity-Contractual Employees	Total
	(Rupees in '000)								
- Actuarial (gains) / losses from changes in financial assumptions	3,204,771	14,142	2,093,602	12,141	271,826	697,118	-	(418)	6,293,182
- Experience adjustments	2,041,532	-	(1,752,993)	(14,119)	(102,265)	(394,213)	-	(8,536)	(230,594)
	5,246,303	14,142	340,609	(1,978)	169,561	302,905	-	(8,954)	6,062,588
Reimbursed to SBP Banking Services Corporation - a subsidiary*	1,952,363	-	862,215	74,075	149,554	1,939,116	-	-	4,977,323

2024							
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees	Total

(Rupees in '000)

- Actuarial (gains) / losses from changes in financial assumptions	1,191,626	(821)	(113,837)	18,915	(6,080)	36,128	-	1,125,931
- Experience adjustments	322,712	6,529	2,478,327	(87,968)	46,134	355,509	-	3,121,243
	<u>1,514,338</u>	<u>5,708</u>	<u>2,364,490</u>	<u>(69,053)</u>	<u>40,054</u>	<u>391,637</u>	<u>-</u>	<u>4,247,174</u>
Reimbursed to SBP Banking Services Corporation - a subsidiary*	<u>2,185,191</u>	<u>(1,104)</u>	<u>(3,704,361)</u>	<u>(27,252)</u>	<u>(951)</u>	<u>324,267</u>	<u>-</u>	<u>(1,224,210)</u>

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

#### 42.6.4 Amount recognised in the unconsolidated profit and loss account

2025								
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance Benefit	Gratuity-Contractual Employees	Total

(Rupees in '000)

Current service cost	371,623	12,666	266,721	7,095	127,850	-	-	26,382	812,337
Past service cost	-	-	(286,320)	8,947	-	-	872,367	-	594,994
Interest cost on defined benefit obligation	3,617,732	30,571	2,438,537	46,516	254,732	274,865	-	4,043	6,666,996
	<u>3,989,355</u>	<u>43,237</u>	<u>2,418,938</u>	<u>62,558</u>	<u>382,582</u>	<u>274,865</u>	<u>872,367</u>	<u>30,425</u>	<u>8,074,327</u>

2024							
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees	Total

(Rupees in '000)

Current service cost	509,625	10,718	130,170	3,659	77,861	-	32,801	764,834
Past service cost	-	-	-	-	336,233	-	-	336,233
Interest cost on defined benefit obligation	4,481,201	26,676	2,089,673	50,117	189,748	214,354	-	7,051,769
	<u>4,990,826</u>	<u>37,394</u>	<u>2,219,843</u>	<u>53,776</u>	<u>603,842</u>	<u>214,354</u>	<u>32,801</u>	<u>8,152,836</u>

#### 42.6.5 Movement of present value of defined benefit obligation

2025								
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance Benefit	Gratuity-Contractual Employees	Total

(Rupees in '000)

Net recognised liabilities at July 1, 2024	32,336,876	207,264	16,950,699	328,389	1,766,807	1,893,639	-	30,583	53,514,257
Amount recognised in the unconsolidated profit and loss account	3,989,355	43,237	2,418,938	62,558	382,582	274,865	872,367	30,425	8,074,327
Remeasurements	5,246,303	14,142	340,609	(1,978)	169,561	302,905	-	(8,954)	6,062,588
Benefits paid and contributions - net	(3,095,339)	-	(836,490)	(17,383)	(79,627)	(60,302)	-	(6,352)	(4,095,493)
Net recognised liabilities at June 30, 2025	<u>38,477,195</u>	<u>264,643</u>	<u>18,873,756</u>	<u>371,586</u>	<u>2,239,323</u>	<u>2,411,107</u>	<u>872,367</u>	<u>45,702</u>	<u>63,555,679</u>

2024							
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees	Total

(Rupees in '000)

Net recognised liabilities at July 1, 2023	29,122,723	164,162	13,352,681	321,441	1,212,444	1,350,555	-	45,524,006
Amount recognised in the unconsolidated profit and loss account	4,990,826	37,394	2,219,843	53,776	603,842	214,354	32,801	8,152,836
Remeasurements	1,514,338	5,708	2,364,490	(69,053)	40,054	391,637	-	4,247,174
Benefits paid and contributions - net	(3,291,011)	-	(986,315)	22,225	(89,533)	(62,907)	(2,218)	(4,409,759)
Net recognised liabilities at June 30, 2024	<u>32,336,876</u>	<u>207,264</u>	<u>16,950,699</u>	<u>328,389</u>	<u>1,766,807</u>	<u>1,893,639</u>	<u>30,583</u>	<u>53,514,257</u>

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

Impact on defined benefit obligation - net increase / (decrease)			
Change in	Increase in assumption	Decrease in assumption	
----- (Rupees in '000) -----			
<b>Pension</b>			
Discount rate	1%	(2,555,777)	(2,958,392)
Future salary increase	1%	152,084	366,103
Future pension increase	1%	2,599,817	2,283,567
Expected mortality rates	1 Year	1,594,502	(1,781,980)
<b>Gratuity</b>			
Discount rate	1%	(17,830)	11,004
Future salary increase	1%	16,867	(15,559)
<b>Gratuity Contractual Employee</b>			
Discount rate	1%	(700)	925
Future salary increase	1%	880	(869)
<b>Post retirement medical benefit scheme</b>			
Discount rate	1%	(2,232,338)	2,826,003
Future Post-Retirement medical cost increase	1%	2,792,611	(2,226,601)
Expected mortality rates	1 Year	1,644,724	(1,464,129)
<b>Benevolent</b>			
Discount rate	1%	(18,277)	20,390
<b>Six months post retirement facility</b>			
Discount rate	1%	(163,774)	186,589
Future salary increase	1%	185,686	(166,442)
<b>Income Continuation Plan</b>			
Discount Rate	1%	(220,617)	257,101
Future Salary Increase	1%	207,470	(183,624)
Expected mortality rates	1 Year	218,691	220,531
<b>Severance benefit - NCBS</b>			
Discount Rate	1%	(48,270)	53,632
Future Salary Increase	1%	54,473	(50,019)
Expected mortality rates	1 Year	2,100	(2,094)

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.

42.6.7 Duration of defined benefit obligation

Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Gratuity-Contractual Employees
<u>7 Years</u>	<u>6 Years</u>	<u>12 Years</u>	<u>4 Years</u>	<u>6 Years</u>	<u>7 Years</u>	<u>2 Years</u>

Weighted average duration of the defined benefit obligation

#### 42.6.8 Estimated expenses to be charged to the unconsolidated profit and loss account for the year ending June 30, 2026

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2026 would be as follows:

	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance Benefit	Gratuity-Contractual Employees	Total
	(Rupees in '000)								
Current service cost	360,640	14,985	215,519	3,553	160,414	-	68,889	24,987	848,987
Interest cost on defined benefit obligation	4,370,030	30,516	2,175,626	41,604	249,191	272,443	94,717	3,774	7,237,901
Amount chargeable to the unconsolidated profit and loss account	<u>4,730,670</u>	<u>45,501</u>	<u>2,391,145</u>	<u>45,157</u>	<u>409,605</u>	<u>272,443</u>	<u>163,606</u>	<u>28,761</u>	<u>8,086,888</u>

#### 42.6.9 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. 7,843.46 million (2024: Rs. 6,655.85 million). An amount of Rs. 1,498.83 million (2024: Rs. 1,052.35 million) has been charged to the unconsolidated profit and loss account in the current year based on the actuarial advice. Expected charge in respect of the scheme for the year ended June 30, 2026 would be Rs. 1,110.04 million. The benefits paid during the year amounted to Rs. 311.23 million (2024: Rs. 227.22 million). In case of 1% increase / decrease in discount rate the net charge for the year would decrease / increase by Rs. 529.07 million (2024: Rs. 372.69 million) and Rs. 599.03 million (2024: Rs. 414.20 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. 601.30 million (2024: Rs. 428.49 million) and Rs. 542.18 million (2024: Rs. 392.73 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.

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

The following table reconciles the expected credit loss allowance for the year ended June 30, 2025 by classes of financial instruments:

	2025				
	Foreign currency accounts and investments (note 8.6)	Investments - local (note 13.6)	Loans, advances and bills of exchange (note 14.9)	Securities purchased under agreement to resell (note 12.5)	Total
	(Rupees in '000)				
Opening balance	1,168	39,478	2,194,432	11,254	2,246,332
Charge / (reversal) during the year	93,735	(39,475)	(9,198)	(11,196)	33,866
Closing balance	<u>94,903</u>	<u>3</u>	<u>2,185,234</u>	<u>58</u>	<u>2,280,198</u>

	2024				
	Foreign currency accounts and investments (note 8.6)	Investments - Local (note 13.6)	Loans, advances and bills of exchange (note 14.9)	Securities purchased under agreement to resell (note 12.5)	Total
	(Rupees in '000)				
Opening balance	1,461	39,478	2,318,507	56,575	2,416,021
Reversal during the year	(293)	-	(124,075)	(45,321)	(169,689)
Closing balance	<u>1,168</u>	<u>39,478</u>	<u>2,194,432</u>	<u>11,254</u>	<u>2,246,332</u>

44	<b>PROFIT FOR THE YEAR AFTER NON-CASH ITEMS AND OTHER ITEMS</b>	Note	2025 ----- (Rupees in '000) -----	2024
	Profit for the year		<b>2,499,795,031</b>	3,414,221,436
	Adjustments for:			
	Depreciation on property, plant and equipment	17.1 & 42.3	<b>3,418,426</b>	3,258,223
	Amortisation on intangible assets	18.1	<b>133,018</b>	133,669
	Provision / (reversal) of credit loss allowance	43	<b>33,866</b>	(169,689)
	Provision / (reversal) for / write-off:			
	- retirement benefits and employees' compensated absences	42 & 42.3	<b>20,904,016</b>	9,778,278
	- other doubtful assets	27.2.1.1	<b>109,565</b>	(127,828)
	Loss on disposal of property, plant and equipment	39	<b>12,929</b>	2,932
	Dividend income		<b>(13,648,766)</b>	(665,500)
	Fair valuation adjustment on COVID-19 loans - net		<b>(22,885,675)</b>	(23,820,392)
	Effect of exchange loss / (gain) on assets and liabilities		<b>54,650,113</b>	(125,435,150)
			<b><u>2,542,522,523</u></b>	<b><u>3,277,175,979</u></b>

#### 45 CASH AND CASH EQUIVALENTS

	Local currency - coins	7	<b>365,337</b>	39,941
	Foreign currency accounts and investments having maturity of less than 3 months	8 & 44.1	<b>4,448,747,540</b>	2,721,090,843
	Earmarked foreign currency balances	9	<b>21,490,540</b>	20,507,133
	Special Drawing Rights of the International Monetary Fund	10	<b>7,417,625</b>	204,445,631
			<b><u>4,478,021,042</u></b>	<b><u>2,946,083,548</u></b>

45.1 Foreign currency accounts and investments excludes unrealised gain on foreign currency derivatives amounting to Rs. 3,114.29 million (2024: Rs. 14.24 million) and deposits held with IMF amounting to Rs. 1,815.34 million (2024: Rs. 1,706 million).

#### 46 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, subsidiaries of the Bank, associates of the Bank, retirement benefit plans of the Bank, Directors of the Bank, Governor of the Bank, Deputy Governor of the Bank, Non-executive Directors of the Bank, External members of Monetary Policy Committee (MPC) and key management personnel of the Bank.

46.1	<b>National Institute of Banking and Finance, Pakistan- (NIBAF Pakistan)</b>	2025 ----- Rupees in '000 -----	2024
	<b>Balances at the year end</b>		
	Current account with the NIBAF Pakistan	<b>31,674</b>	(129,073)
	<b>Transactions during the year</b>		
	Training expense	<b>251,759</b>	479,641
	Payments made during the year	<b>412,507</b>	566,500

	2025	2024
	----- Rupees in '000 -----	
<b>46.2 Pakistan Security Printing Corporation (Private) Limited - (PSPC)</b>		
<b>Balances at the year end</b>		
Payable against printing charges	1,272,264	4,493,495
Loan receivable from PSPC	21,968,409	-
Receivable from PSPC	10,171	75,067
<b>Transactions during the year</b>		
Banknotes printing charges	27,869,900	31,336,530
Payment made against printing charges	31,091,131	29,686,293

#### 46.3 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:

	2025	2024
	----- (Rupees in '000) -----	
<b>Transactions during the year</b>		
- Maturity of PIBs	<u>500,000,000</u>	<u>310,000,000</u>
- Commission income from sale of Market Treasury Bills, issuance of prize bonds, National Saving Certificates and management of public debt (refer note 35.1)		

#### 46.4 Remuneration of Governor, Deputy Governors, Non- Executive Directors and external members of Monetary Policy Committee (MPC)

In compliance with section 14A(7) of the 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:

	2025	2024
	----- (Rupees in '000) -----	
Salaries and other benefits of Governor and Deputy Governors	93,974	203,599
Fee of Non-Executive Directors	11,152	18,315
Fee of external members of MPC	7,618	7,141
	<u>112,744</u>	<u>229,055</u>

#### 46.5 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 appointing authority. 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 SBP 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:

	2025	2024
	----- (Rupees in '000) -----	
Salaries and other benefits	1,078,001	885,089
Retirement benefits and employees' compensated absences	372,833	597,820
Loans disbursed during the year	214,415	316,213
Loans repaid during the year	240,188	187,277
Disposal of vehicle during the year	11,071	4,329
Directors' fees	25,114	25,456
Number of key management personnel	26	30

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.

#### **46.6 Subsidiaries of the Bank**

Material transactions with the subsidiaries have been disclosed in these unconsolidated financial statements in note 46.1 and 46.2 except for the balances and transactions with the SBP Banking Services Corporation - wholly owned subsidiary of the Bank that have been disclosed in the respective notes. The subsidiaries of the Bank and their primary activities are given in note 1.3 to these unconsolidated financial statements.

#### **46.7 Associated undertakings of the Bank**

##### **46.7.1 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 producing security inks for printing of all denominations of currency notes and other value documents, such as, passports, postage stamps and stamp papers, etc.

##### **46.7.2 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.

#### **47 RISK MANAGEMENT POLICIES**

The Bank is primarily subject to interest / mark-up rate, credit, currency, price and liquidity risks. The policies and procedures for managing these risks are outlined in notes 46.1 to 46.6 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.

##### **47.1 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 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.

##### **47.1.1 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.

##### **47.1.2 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 material accounting policy information.

##### **47.1.2.1 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.

#### 47.1.2.2 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

Internal rating	2025	2024	External rating
	12 month PD	12 month PD	
<b>Performing</b>			
High grade	0.0000%	0.0000%	Sovereign
High grade	0.0535%-0.0751%	0.0535%-0.0751%	AAA
High grade	0.0751%-0.2334%	0.0751%-0.2334%	AA+ to AA-
High grade	0.2334%-0.5574%	0.2334%-0.5574%	A+ to A-
Standard grade	0.5574%-1.3393%	0.5574%-1.3393%	BBB+ to BBB-
Standard grade	1.3393%-2.4506%	1.3393%-2.4506%	BB+ to BB-
Standard grade	2.4506%-4.5648%	2.4506%-4.5648%	B+ to B-
Rating below standard	4.5648%-6.3056%	4.5648%-6.3056%	CCC+ to CCC-
Rating below standard	9.6562%-100%	9.6562%-100%	CC
<b>Non performing</b>			
Individually impaired	100%	100%	

#### 47.1.2.3 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.

#### 47.1.2.4 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.

#### 47.1.2.5 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.

#### 47.1.2.6 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.

### 47.1.3 Concentrations of credit risk

Concentration of credit 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:

#### 47.1.3.1 Geographical analysis

	2025						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	----- (Rupees in '000) -----						
<b>Financial assets</b>							
Local currency - coins	365,337	-	-	-	-	-	365,337
Foreign currency accounts and investments	-	1,699,881,522	1,413,738,094	1,302,739,679	18,707	35,483,824	4,451,861,826
Earmarked foreign currency balances	21,490,540	-	-	-	-	-	21,490,540
Special drawing rights of International Monetary Fund	-	-	7,417,625	-	-	-	7,417,625
Reserve tranche with the International Monetary Fund under							
quota arrangements	-	-	46,407	-	-	-	46,407
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	31,674	-	-	-	-	-	31,674
Securities purchased under							
agreement to resell	12,542,992,513	-	-	-	-	-	12,542,992,513
Investments - local	4,982,701,559	-	-	-	-	-	4,982,701,559
Loans, advances and bills of exchange	1,911,666,855	560,581	-	-	-	-	1,912,227,436
Assets held with the Reserve Bank of India	-	3,193,807	-	-	-	-	3,193,807
Balances due from the Governments of India and Bangladesh	-	18,663,258	-	-	-	-	18,663,258
Other assets	12,905,787	16,966,774	-	-	-	-	29,872,561
<b>Total financial assets</b>	<b>19,472,154,265</b>	<b>1,739,265,942</b>	<b>1,421,202,126</b>	<b>1,302,739,679</b>	<b>18,707</b>	<b>35,483,824</b>	<b>23,970,864,543</b>
	----- (Rupees in '000) -----						
	2024						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total
	----- (Rupees in '000) -----						
<b>Financial assets</b>							
Local currency - coins	39,941	-	-	-	-	-	39,941
Foreign currency accounts and investments	2,973,861	1,476,485,753	1,129,472,485	71,681,738	18,617	42,178,625	2,722,811,079
Earmarked foreign currency balances	20,507,133	-	-	-	-	-	20,507,133
Special drawing rights of International Monetary Fund	-	-	206,221,233	-	-	-	206,221,233
Reserve tranche with the International Monetary Fund under							
quota arrangements	-	-	43,612	-	-	-	43,612
Securities purchased under							
agreement to resell	11,825,545,546	-	-	-	-	-	11,825,545,546
Investments - local	5,460,756,770	-	-	-	-	-	5,460,756,770
Loans, advances and bills of exchange	2,048,819,164	527,290	-	-	-	-	2,049,346,454
Assets held with the Reserve Bank of India	-	3,084,243	-	-	-	-	3,084,243
Balances due from the Governments of India and Bangladesh	-	17,390,712	-	-	-	-	17,390,712
Other assets	11,742,679	10,622,290	1,926	-	-	-	22,366,895
<b>Total financial assets</b>	<b>19,588,284,063</b>	<b>1,508,110,288</b>	<b>1,335,739,256</b>	<b>71,681,738</b>	<b>18,617</b>	<b>42,178,625</b>	<b>22,328,113,618</b>

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".

### 47.1.3.2 Industrial analysis

	2025						Grand total
	Sovereign	Supra-national	Public sector entities	Corporate	Banks & financial institutions	Others	
----- (Rupees in '000) -----							
<b>Financial assets</b>							
Local currency - coins	365,337	-	-	-	-	-	365,337
Foreign currency accounts and investments	3,694,204,864	15,966,673	-	-	741,690,289	-	4,451,861,826
Earmarked foreign currency balances	21,490,540	-	-	-	-	-	21,490,540
Special drawing rights of International Monetary Fund	-	7,417,625	-	-	-	-	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	-	46,407	-	-	-	-	46,407
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	-	-	-	-	31,674	31,674
Securities purchased under agreement to resell	-	-	-	-	12,542,992,513	-	12,542,992,513
Investments - local	4,982,629,866	-	-	-	71,693	-	4,982,701,559
Loans, advances and bills of exchange	802,462,773	-	110,860,142	-	974,855,143	24,049,378	1,912,227,436
Assets held with the Reserve Bank of India	3,193,807	-	-	-	-	-	3,193,807
Balances due from the Governments of India and Bangladesh	18,663,258	-	-	-	-	-	18,663,258
Other assets	27,578,745	-	146,886	-	908,955	1,237,975	29,872,561
<b>Total financial assets</b>	<b>9,550,589,190</b>	<b>23,430,705</b>	<b>111,007,028</b>	<b>-</b>	<b>14,260,518,593</b>	<b>25,319,028</b>	<b>23,970,864,543</b>

	2024						Grand total
	Sovereign	Supra-national	Public sector entities	Corporate	Banks & financial institutions	Others	
----- (Rupees in '000) -----							
<b>Financial assets</b>							
Local currency - coins	39,941	-	-	-	-	-	39,941
Foreign currency accounts and investments	2,087,566,925	47,439,168	-	-	587,804,986	-	2,722,811,079
Earmarked foreign currency balances	20,507,133	-	-	-	-	-	20,507,133
Special drawing rights of International Monetary Fund	-	206,221,233	-	-	-	-	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	-	43,612	-	-	-	-	43,612
Securities purchased under agreement to resell	-	-	-	-	11,825,545,546	-	11,825,545,546
Current accounts of governments	-	-	-	-	-	-	-
Investments - local	5,387,462,233	-	55,173,490	-	18,121,048	-	5,460,756,771
Loans, advances and bills of exchange	756,519,968	-	139,834,409	-	1,129,478,652	23,513,425	2,049,346,454
Assets held with the Reserve Bank of India	3,084,243	-	-	-	-	-	3,084,243
Balances due from the Governments of India and Bangladesh	17,390,712	-	-	-	-	-	17,390,712
Other assets	20,321,402	1,777,528	255,996	-	904,890	321,330	23,581,146
<b>Total financial assets</b>	<b>8,394,632,768</b>	<b>253,705,939</b>	<b>270,600,291</b>	<b>-</b>	<b>13,603,238,834</b>	<b>23,834,755</b>	<b>22,546,012,587</b>

### 47.1.4 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.

2025								
Sovereign (46.1.4.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total	
(Rupees in 000')								
<b>Financial assets</b>								
Foreign currency accounts and investments	1,453,199,309	1,299,533,584	258,361,417	1,432,173,738	-	76	8,593,702	4,451,861,826
Earmarked foreign currency balance	21,490,540	-	-	-	-	-	-	21,490,540
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	7,417,625	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	46,407	46,407
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	-	-	-	-	-	31,674	31,674
Securities purchased under agreement to resell	-	10,863,549,069	1,509,958,361	106,922,781	-	-	62,562,302	12,542,992,513
Investments - local	4,982,629,864	-	71,695	-	-	-	-	4,982,701,559
Loans, advances and bills of exchange	762,298,189	725,103,262	335,114,080	32,547,554	5,375,908	1,151,622	50,636,821	1,912,227,436
Assets held with the Reserve Bank of India	-	-	-	-	3,193,807	-	-	3,193,807
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	18,622,805	-	18,663,258
Other assets	27,578,745	727	-	-	-	-	2,293,090	29,872,561
<b>Total financial assets</b>	<b>7,247,196,647</b>	<b>12,888,186,642</b>	<b>2,103,505,553</b>	<b>1,571,644,073</b>	<b>8,610,168</b>	<b>19,774,503</b>	<b>131,581,621</b>	<b>23,970,499,206</b>

2024								
Sovereign (46.1.4.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total	
(Rupees in 000')								
<b>Financial assets</b>								
Foreign currency accounts and investments	1,510,760,346	48,731,148	423,390	1,160,893,559	-	-	2,002,636	2,722,811,079
Earmarked foreign currency balance	20,507,133	-	-	-	-	-	-	20,507,133
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	206,221,233	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	43,612	43,612
Securities purchased under agreement to resell	-	9,202,618,096	2,302,404,140	212,306,891	-	-	108,216,419	11,825,545,546
Current accounts of governments	-	-	-	-	-	-	-	-
Investments - local	5,488,641,092	58,466,239	970,809	13,856,189	-	-	1,302	5,561,935,631
Loans, advances and bills of exchange	717,630,686	858,136,054	402,426,673	37,260,513	3,928,031	922,180	29,042,316	2,049,346,454
Assets held with the Reserve Bank of India	-	-	-	-	3,084,243	-	-	3,084,243
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	17,350,259	-	17,390,712
Other assets	19,107,151	3,262	716	-	-	-	3,255,766	22,366,895
<b>Total financial assets</b>	<b>7,756,646,408</b>	<b>10,282,336,466</b>	<b>2,708,564,169</b>	<b>1,424,317,152</b>	<b>7,052,727</b>	<b>18,272,439</b>	<b>348,783,284</b>	<b>22,429,252,538</b>

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

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

## 47.2 LIQUIDITY ANALYSIS WITH INTEREST / MARK-UP RATE RISK

47.2.1 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.

	2025						Grand total
	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	
(Rupees in '000)							
<b>Financial assets</b>							
<b>Non-derivative assets:</b>							
Local currency - coins	-	-	-	365,337	-	365,337	365,337
Foreign currency accounts and investments	4,439,040,569	-	4,439,040,569	7,891,630	1,815,341	9,706,971	4,448,747,540
Earmarked foreign currency balance	-	-	-	21,490,540	-	21,490,540	21,490,540
Special drawing rights of International Monetary Fund	7,370,569	-	7,370,569	47,056	-	47,056	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	46,407	-	46,407	46,407
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	-	-	31,674	-	31,674	31,674
Securities purchased under agreement to resell	12,528,182,684	-	12,528,182,684	14,809,829	-	14,809,829	12,542,992,513
Investments - local	-	4,975,379,561	4,975,379,561	7,250,304	-	7,250,304	4,982,629,865
Loans, advances and bills of exchange	1,124,139,479	437,987,632	1,562,127,111	164,707,475	185,392,850	350,100,325	1,912,227,436
Assets held with the Reserve Bank of India	-	-	-	-	3,193,807	3,193,807	3,193,807
Balances due from the Governments of India and Bangladesh	16,451,835	-	16,451,835	-	2,211,423	2,211,423	18,663,258
Other assets	17,129,915	-	17,129,915	12,742,647	-	12,742,647	29,872,561
	18,132,315,051	5,413,367,193	23,545,682,244	229,382,899	192,613,421	421,996,320	23,967,678,563
<b>Derivative assets</b>							
Foreign currency accounts and investments	-	-	-	3,114,286	-	3,114,286	3,114,286
Investments - local	-	-	-	71,693	-	71,693	71,693
	-	-	-	3,185,979	-	3,185,979	3,185,979
<b>Grand total</b>	<b>18,132,315,051</b>	<b>5,413,367,193</b>	<b>23,545,682,244</b>	<b>232,568,878</b>	<b>192,613,421</b>	<b>425,182,299</b>	<b>23,970,864,542</b>
<b>Financial liabilities</b>							
Banknotes in circulation	-	-	-	11,269,452,815	-	11,269,452,815	11,269,452,815
Bills payable	-	-	-	1,246,964	-	1,246,964	1,246,964
Current accounts of the governments*	-	-	-	2,026,532,555	-	2,026,532,555	2,026,532,555
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	1,443,515	-	1,443,515	1,443,515
Payable under bilateral currency swaps agreements	1,188,101,999	-	1,188,101,999	9,752,252	-	9,752,252	1,197,854,251
Deposits of banks and financial institutions	281,146,013	-	281,146,013	1,401,316,454	-	1,401,316,454	1,682,462,467
Other deposits and accounts	1,049,928,650	-	1,049,928,650	205,674,680	-	205,674,680	1,255,603,330
Payable to the International Monetary Fund	74,920,523	2,615,787,339	2,690,707,862	14,808,226	-	14,808,226	2,705,516,088
Securities sold under agreement to repurchase	101,276,972	-	101,276,972	27,751	-	27,751	101,304,723
Other liabilities	-	16,890,278	16,890,278	99,271,053	10,810,155	110,081,208	126,971,486
	2,695,374,157	2,632,677,617	5,328,051,773	15,029,526,266	10,810,155	15,040,336,421	20,368,388,194
<b>Derivative liabilities</b>							
Other liabilities	-	-	-	1,969,048	-	1,969,048	1,969,048
	2,695,374,157	2,632,677,617	5,328,051,773	15,031,495,314	10,810,155	15,042,305,469	20,370,357,242
On balance sheet gap (a)	<b>15,436,940,894</b>	<b>2,780,689,576</b>	<b>18,217,630,471</b>	<b>(14,798,926,436)</b>	<b>181,803,266</b>	<b>(14,617,123,170)</b>	<b>3,600,507,300</b>

	2025						Grand total
	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	
(Rupees in '000)							
Foreign currency forward and swap contracts - sale	-	-	-	1,275,796,384	-	1,275,796,384	<b>1,275,796,384</b>
Foreign currency forward and swap contracts - purchase	-	-	-	1,282,507,827	-	1,282,507,827	<b>1,282,507,827</b>
Capital commitments	-	-	-	2,151,720	-	2,151,720	<b>2,151,720</b>
Contingent liabilities in respect of guarantees given	-	-	-	-	1,823,707	1,823,707	<b>1,823,707</b>
Other claims against the Bank not acknowledged as debts	-	-	-	-	3,476,940	3,476,940	<b>3,476,940</b>
Commitment under bilateral currency swap agreement	-	-	-	1,188,101,999	-	1,188,101,999	<b>1,188,101,999</b>
Off balance sheet gap (b)	-	-	-	3,748,557,930	5,300,647	3,753,858,577	<b>3,753,858,577</b>
Off balance sheet gap (b)	-	-	-	2,560,455,931	1,823,707	2,562,279,638	<b>2,562,279,638</b>
Total yield / interest risk sensitivity gap (a+b)	<b>15,436,940,894</b>	<b>2,780,689,576</b>	<b>18,217,630,471</b>	<b>(17,359,382,367)</b>	<b>179,979,559</b>	<b>(17,179,402,808)</b>	<b>1,038,227,662</b>
Cumulative yield / interest risk sensitivity gap	<b>15,436,940,894</b>	<b>18,217,630,470</b>					

(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.

	2024						Grand total
	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	
(Rupees in '000)							
Financial assets							
Non-derivative assets:							
Local currency - coins	-	-	-	39,941	-	39,941	39,941
Foreign currency accounts and investments	2,720,861,482	-	2,720,861,482	229,361	1,706,000	1,935,361	2,722,796,843
Earmarked foreign currency balance	-	-	-	20,507,133	-	20,507,133	20,507,133
Special drawing rights of International Monetary Fund	206,221,233	-	206,221,233	-	-	-	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	43,612	-	43,612	43,612
Securities purchased under agreement to resell	11,825,545,546	-	11,825,545,546	-	-	-	11,825,545,546
Current accounts of governments	-	-	-	-	-	-	-
Investments - local	-	5,543,814,582	5,543,814,582	-	116,720,109	116,720,109	5,660,534,691
Loans, advances and bills of exchange	718,220,507	1,280,186,262	1,998,406,769	30,323,615	20,616,070	50,939,685	2,049,346,454
Assets held with the Reserve Bank of India	-	-	-	3,084,243	-	3,084,243	3,084,243
Balances due from the Governments of India and Bangladesh	16,451,835	-	16,451,835	938,877	-	938,877	17,390,712
Other assets	10,394,035	-	10,394,035	13,187,111	-	13,187,111	23,581,146
	<b>15,496,480,388</b>	<b>6,824,000,844</b>	<b>22,320,481,232</b>	<b>68,353,893</b>	<b>139,042,179</b>	<b>207,396,072</b>	<b>22,527,877,304</b>
Derivative assets							
Foreign currency accounts and investments	-	-	-	14,236	-	14,236	14,236
Investments - local	-	-	-	18,121,048	-	18,121,048	18,121,048
	-	-	-	18,135,284	-	18,135,284	18,135,284
Grand total	<b>15,496,480,388</b>	<b>6,824,000,844</b>	<b>22,320,481,232</b>	<b>86,489,177</b>	<b>139,042,179</b>	<b>225,531,356</b>	<b>22,546,012,588</b>

	2024						Grand total
	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	
	(Rupees in '000)						
Financial liabilities							
Banknotes in circulation	-	-	-	9,698,211,431	-	9,698,211,431	9,698,211,431
Bills payable	-	-	-	1,227,316	-	1,227,316	1,227,316
Current accounts of the governments*	-	-	-	1,765,325,781	-	1,765,325,781	1,765,325,781
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	374,385	-	374,385	374,385
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	-	-	-	129,073	-	129,073	129,073
Payable under bilateral currency swaps agreements	1,149,156,000	-	1,149,156,000	11,509,580	-	11,509,580	1,160,665,580
Deposits of banks and financial institutions	182,860,692	-	182,860,692	1,717,367,346	-	1,717,367,346	1,900,228,038
Other deposits and accounts	1,029,862,440	-	1,029,862,440	177,931,345	-	177,931,345	1,207,793,785
Payable to the International Monetary Fund	169,221,775	1,971,138,833	2,140,360,608	16,694,489	-	16,694,489	2,157,055,097
Securities sold under agreement to repurchase	609,731,594	-	609,731,594	-	-	-	609,731,594
Other liabilities	-	24,017,148	24,017,148	82,170,211	-	82,170,211	106,187,369
	3,140,832,501	1,995,155,981	5,135,988,482	13,470,940,957	-	13,470,940,957	18,606,929,439
Derivative liabilities							
Other liabilities	-	-	-	6,584,728	-	6,584,728	6,584,728
	3,140,832,501	1,995,155,981	5,135,988,482	13,477,525,685	-	13,477,525,685	18,613,514,167
On balance sheet gap (a)	12,355,647,886	4,828,844,863	17,184,492,749	(13,391,036,518)	139,042,179	(13,251,994,339)	3,932,498,420
Foreign currency forward and swap contracts - sale	-	-	-	1,808,999,457	-	1,808,999,457	1,808,999,457
Foreign currency forward and swap contracts - purchase	-	-	-	842,051,338	-	842,051,338	842,051,338
Futures - sale	-	-	-	-	-	-	-
Futures - purchase	-	-	-	-	-	-	-
Capital commitments	-	-	-	1,082,500	-	1,082,500	1,082,500
Contingent liabilities in respect of guarantees given	-	-	-	-	6,206,824	6,206,824	6,206,824
Other claims against the Bank not acknowledged as debts	-	-	-	-	1,687,123	1,687,123	1,687,123
Commitment under bilateral currency swap agreement	-	-	-	1,149,156	-	1,149,156	1,149,156
Off balance sheet gap (b)	-	-	-	2,653,282,451	7,893,947	2,661,176,398	2,661,176,398
Off balance sheet gap (b)	-	-	-	2,652,133,295	6,206,824	2,658,340,119	2,658,340,119
Total yield / interest risk sensitivity gap (a+b)	12,355,647,886	4,828,844,863	17,184,492,749	(16,043,169,803)	132,835,355	(15,910,334,448)	1,274,158,301
Cumulative yield / interest risk sensitivity gap	12,355,647,886	17,184,492,749					

(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.

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

### 47.3 Interest rate risk

#### 47.3.1 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, 2025 would increase / decrease by Rs. 18,217.63 million (2024: Rs. 17,184.49 million). This is mainly attributable to the Bank's exposure to interest rates on its variable rate instruments.

#### 47.3.2 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 other comprehensive income. To manage its fair value interest rate risk arising from investments in these securities, the management has formulated risk management policies.

As at June 30, 2025, 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 total comprehensive income for the year to increase by Rs. 1,305.32 million (2024: Rs. 41.38 million) or decrease by Rs. 1,305.32 million (2024: Rs. 41.38 million) mainly as a result of a increase or decrease in the fair value of financial assets classified as financial asset at fair value.

### 47.4 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, 2025 with all other variables constant profit for the year would have been Rs. 12,113.71 million higher / lower (2024: Rs. 18,493.17 million). Net foreign currency exposure of the Bank is as follows:

	2025	2024
	----- (Rupees in '000) -----	
US Dollar	638,569,326	(1,162,185,257)
Pound Sterling	(209,022,934)	(113,850,721)
Chinese Yuan	(783,348,418)	(459,072,232)
Euro	(792,737,331)	(550,260,936)
Japanese Yen	(199,048,082)	(143,862,638)
United Arab Emirates Dirham	162,377	576,883,444
Australian Dollar	20,906	27,743
Canadian Dollar	11,032	10,495
Others	134,022,374	2,993,038
	<u>(1,211,370,750)</u>	<u>(1,849,317,064)</u>

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.

#### 47.5 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 SBP Act, 1956 and other relevant statutes.

In case of 5% increase or decrease in KSE 100 index on June 30, 2025, other comprehensive income would increase or decrease by Rs. 8,694.36 million (2024: Rs. 2,971.71 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, 2025 is not necessarily indicative of the effect on the Bank's equity instruments of future movements in the level of KSE 100 index.

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 46.3, 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 account of future movements in different variables.

#### 47.6 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.

### 48 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date 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	
	2025	2024	2025	2024
------(Rupees in '000)-----				
<b>Financial assets</b>				
Local currency - coins	365,337	39,941	365,337	39,941
Foreign currency accounts and investments	4,451,861,826	2,722,811,079	4,451,861,826	2,722,811,079
Earmarked foreign currency balances	21,490,540	20,507,133	21,490,540	20,507,133
Special drawing rights of the International Monetary Fund	7,417,625	206,221,233	7,417,625	206,221,233
Reserve tranche with the International Monetary Fund				
under quota arrangements	46,407	43,612	46,407	43,612
Current account with National Institute				
Pakistan - a subsidiary	31,674	-	31,674	-
Securities purchased under agreement to resell	12,542,992,513	11,825,545,546	12,542,992,513	11,825,545,546

	Carrying value		Fair value	
	2025	2024	2025	2024
------(Rupees in '000)-----				
Investments - local	4,982,701,558	5,678,655,739	5,199,269,494	5,051,870,300
Loans, advances and bills of exchange	1,912,227,436	2,049,346,454	1,912,227,436	2,049,346,454
Assets held with the Reserve Bank of India	3,193,807	3,084,243	3,193,807	3,084,243
Balances due from the Governments of India and Bangladesh	18,663,258	17,390,712	18,663,258	17,390,712
Other assets	29,872,561	22,366,895	29,872,561	22,366,895
<b>Financial liabilities</b>				
Banknotes in circulation	11,269,452,815	9,698,211,431	11,269,452,815	9,698,211,431
Bills payable	1,246,964	1,227,316	1,246,964	1,227,316
Current accounts of Governments	2,026,532,555	1,765,325,781	2,026,532,555	1,765,325,781
Current account with SBP Banking Services Corporation - a subsidiary	1,443,515	374,385	1,443,515	374,385
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	129,073	-	129,073
Payable under bilateral currency swap agreement	1,197,854,251	1,160,665,580	1,197,854,251	1,160,665,580
Deposits of banks and financial institutions	1,682,462,467	1,900,228,038	1,682,462,467	1,900,228,038
Other deposits and accounts	1,255,603,330	1,207,793,785	1,255,603,330	1,207,793,785
Payable to the International Monetary Fund	2,705,516,088	2,157,055,097	2,705,516,088	2,157,055,097
Securities sold under agreement to repurchase	101,304,723	609,731,594	101,304,723	609,731,594
Other liabilities	128,940,534	112,772,097	128,940,534	112,772,097

48.1 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).

The fair value of investments carried at amortised cost is disclosed in note 13.7 to these financial statements which have been valued under level 2. These are carried at amortised cost in accordance with the Bank's policy.

	2025			
	Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----				
<b>Recurring fair value measurements</b>				
<b>On balance sheet financial assets</b>				
Foreign currency accounts and investments	-	1,308,437,627	-	1,308,437,627
Investments - local	173,887,232	4,979,620,693	45,761,569	5,199,269,494
<b>Non - recurring fair value measurements</b>				
<b>On balance sheet non-financial assets</b>				
Operating fixed assets (land and buildings)	-	-	91,177,963	91,177,963
Gold reserves held by the Bank	1,942,111,796	-	-	1,942,111,796
Assets held with the Reserve Bank of India	31,329,636	-	-	31,329,636
	<u>2,147,328,664</u>	<u>6,288,058,320</u>	<u>136,939,532</u>	<u>8,572,326,516</u>
<b>Recurring fair value measurements</b>				
<b>Off balance sheet financial asset and liabilities</b>				
Foreign currency forward and swap contracts - sale	-	1,275,796,384	-	1,275,796,384
Foreign currency forward and swap contracts - purchase	-	1,282,507,827	-	1,282,507,827

	2024			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements</b>	------(Rupees in '000)-----			
<b>On balance sheet financial assets</b>				
Foreign currency accounts and investments	-	41,394,039	-	41,394,039
Investments - local	59,434,269	5,430,867,384	57,285,840	5,547,587,493
<b>Non - recurring fair value measurements</b>				
<b>On balance sheet non-financial assets</b>				
Operating fixed assets (land and buildings)	-	-	92,132,961	92,132,961
Gold reserves held by the Bank	1,349,448,617	-	-	1,349,448,617
Assets held with the Reserve Bank of India	21,789,100	-	-	21,789,100
	<u>1,430,671,986</u>	<u>5,472,261,423</u>	<u>149,418,801</u>	<u>7,052,352,210</u>
<b>Recurring fair value measurements</b>				
<b>Off balance sheet financial asset and liabilities</b>				
Foreign currency forward and swap contracts - sale	-	1,808,999,457	-	1,808,999,457
Foreign currency forward and swap contracts - purchase	-	842,051,338	-	842,051,338

The fair value of remaining financial assets and liabilities is approximately equal to its carrying value.

The Bank's policy is to recognise transfers in to 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, 2 and 3 during the year.

#### 48.2 Valuation techniques used in determination of fair values within levels 1, 2 and 3

Item	Valuation approach and input used
Listed securities	The valuation has been determined through closing rates of Pakistan Stock Exchange (PSX).
Forward foreign exchange contract	The valuation has been determined by interpolating the mid rates announced by the 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, wherever 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 and 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.

48.2.1 The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of unquoted equity securities, (see 47.2 for the valuation techniques adopted):

Description	Fair value at		Unobservable inputs *	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	June 30, 2025	June 30, 2024		2025	2024	
	Rupees in '000					
Unlisted equity securities	45,761,569	55,346,793	Discount rate	19.9%-23.9%	11%-15%	Increase/ (decrease) discount rate by 1% with all other variables held constant, would decrease / increase the fair value by Rs. 3,843.73 million.
			Terminal growth rate	3.5%-10%	5%-8%	Increase/ (decrease) Terminal growth factor rate by 1% with all other variables held constant, would increase / decrease the fair value by Rs. 1,653.15 million.

\* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

48.2.2 The valuations of land and building, 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.

#### 49 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2025			
	At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
------(Rupees in '000)-----				
<b>Financial assets</b>				
Local currency - coins	-	365,337	-	365,337
Foreign currency accounts and investments	3,114,286	3,143,424,199	1,305,323,341	4,451,861,826
Earmarked foreign currency balances	-	21,490,540	-	21,490,540
Special drawing rights of the International Monetary Fund	-	7,417,625	-	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	-	46,407	-	46,407
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	31,674	-	31,674
Securities purchased under agreement to resell	-	12,542,992,513	-	12,542,992,513
Investments - local	71,693	5,103,808,725	219,648,801	5,323,529,219
Loans, advances and bills of exchange	-	1,912,227,436	-	1,912,227,436
Assets held with the Reserve Bank of India	-	3,193,807	-	3,193,807
Balances due from the Governments of India and Bangladesh	-	18,663,258	-	18,663,258
Other assets	-	29,872,561	-	29,872,561
------(Rupees in '000)-----				
	2024			
	At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
------(Rupees in '000)-----				
<b>Financial assets</b>				
Local currency - coins	-	39,941	-	39,941
Foreign currency accounts and investments	14,236	2,681,417,040	41,379,803	2,722,811,079
Earmarked foreign currency balances	-	20,507,133	-	20,507,133
Special drawing rights of the International Monetary Fund	-	206,221,233	-	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	-	43,612	-	43,612
Securities purchased under agreement to resell	-	11,825,545,546	-	11,825,545,546
Investments - local	18,121,048	5,644,993,442	116,720,109	5,779,834,599
Loans, advances and bills of exchange	-	2,049,346,454	-	2,049,346,454
Assets held with the Reserve Bank of India	-	3,084,243	-	3,084,243
Balances due from the Governments of India and Bangladesh	-	17,390,712	-	17,390,712
Other assets	-	23,581,146	-	23,581,146

	2025		
	Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>Financial liabilities</b>			
Banknotes in circulation	11,269,452,815	-	<b>11,269,452,815</b>
Bills payable	1,246,964	-	<b>1,246,964</b>
Current accounts of governments	2,026,532,555	-	<b>2,026,532,555</b>
Current account with SBP Banking Services Corporation - a subsidiary	1,443,515	-	<b>1,443,515</b>
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	-	-	-
Payable under bilateral currency swap agreement	1,197,854,251	-	<b>1,197,854,251</b>
Deposits of banks and financial institutions	1,682,462,467	-	<b>1,682,462,467</b>
Other deposits and accounts	1,255,603,330	-	<b>1,255,603,330</b>
Payable to the International Monetary Fund	2,705,516,088	-	<b>2,705,516,088</b>
Securities sold under agreement to repurchase	101,304,723	-	<b>101,304,723</b>
Other liabilities	126,971,486	1,969,048	<b>128,940,534</b>

	2024		
	Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>Financial liabilities</b>			
Banknotes in circulation	9,698,211,431	-	9,698,211,431
Bills payable	1,227,316	-	1,227,316
Current accounts of Governments	1,765,325,781	-	1,765,325,781
Current account with SBP Banking Services Corporation - a subsidiary	374,385	-	374,385
Current account with National Institute of Banking and Finance Pakistan - a subsidiary	129,073	-	129,073
Payable under bilateral currency swap agreement	1,160,665,580	-	1,160,665,580
Deposits of banks and financial institutions	1,900,228,038	-	1,900,228,038
Other deposits and accounts	1,207,793,785	-	1,207,793,785
Payable to the International Monetary Fund	2,157,055,097	-	2,157,055,097
Securities sold under agreement to repurchase	609,731,594	-	609,731,594
Other liabilities	106,187,369	6,584,728	112,772,097

## 50 NON-ADJUSTING EVENT

The Board of Directors of the Bank in their meeting held on **August 28, 2025** have appropriated an amount of Rs. NIL million to the general 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, 2025 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, 2026.

## 51 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant reclassifications have been made during the current year except for the following:

From	To	(Rupees in '000)
<b>Other Asset</b>	<b>Special drawing rights of the International Monetary Fund</b>	
Commission receivable and others	- Accrued Interest on SDR holdings	1,775,602

## 52 GENERAL

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

**53 DATE OF AUTHORISATION**

These unconsolidated financial statements were authorised for issue on **August 28, 2025** by the Board of Directors of the Bank.

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**Jameel Ahmad**  
Governor

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**Saleem Ullah**  
Deputy Governor

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**Muhammad Haroon Rasheed**  
Chief Financial Officer

STATE BANK OF PAKISTAN

Consolidated Financial Statements

**BDO EBRAHIM & CO.**  
Chartered Accountants  
2<sup>nd</sup> Floor, Block-C Lakson  
Square, Building No.1, Sarwar  
Shaheed Road, Karachi- 74200

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

## INDEPENDENT AUDITORS' 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, Pakistan Security Printing Corporation (Private) Limited and National Institute of Banking and Finance, Pakistan (together 'the Group'), which comprise the consolidated balance sheet as at June 30, 2025, 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 material accounting policy information.

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, 2025, 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 Matter

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 Matter	How the matter was addressed in our audit
<p><b>1 Foreign currency accounts and investments</b> (Refer note 9 of the annexed consolidated financial statements)</p>	<p>Our audit procedures, among others, included the following:</p> <ul style="list-style-type: none"> <li>▪ 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;</li> <li>▪ We sent direct confirmations to counterparties to confirm the balances of foreign currency accounts and investments;</li> <li>▪ We obtained bank reconciliation statements for nostro balances and tested reconciling items on a sample basis;</li> <li>▪ We compared the prices to independent sources on a sample basis where quoted market prices were used; and</li> </ul>
<p>The Group maintained certain foreign currency accounts and investments which aggregated to Rs 4,451,862 million as at June 30, 2025.</p> <p>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.</p>	

Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>▪ We also evaluated the adequacy of the overall disclosures in the consolidated financial statements in respect of the foreign currency accounts and investments in accordance with the requirements of applicable financial reporting framework.</li> </ul>

### **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.

### **Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

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 auditors' 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.

#### **Other Matter**

The unconsolidated financial statements of the Bank for the year ended June 30, 2024 were audited by BDO Ebrahim & Co. and A. F. Ferguson & Co. who had expressed an unmodified opinion thereon vide their report dated September 13, 2024

The engagement partners on the audit resulting in this independent auditors' report are **Zulfikar Ali Causer** (BDO Ebrahim & Co., Chartered Accountants) and **Muhammad Taufiq** (KPMG Taseer Hadi & Co., Chartered Accountants).

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**BDO EBRAHIM & CO.**  
Chartered Accountants  
Dated: August 28, 2025  
Karachi  
UDIN: AR202510067ybC0tWX6Z

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**KPMG TASEER HADI & CO.**  
Chartered Accountants  
Dated: August 28, 2025  
Karachi  
UDIN: AR202510106ZYxEavSec

**STATE BANK OF PAKISTAN  
CONSOLIDATED BALANCE SHEET  
AS AT JUNE 30, 2025**

	Note	2025	2024
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and bank balances	6	3,207,530	235,579
Gold reserves held by the Bank	7	1,942,111,796	1,349,448,617
Local currency - coins	8	365,337	39,941
Foreign currency accounts and investments	9	4,451,861,826	2,722,811,079
Earmarked foreign currency balances	10	21,490,540	20,507,133
Special drawing rights of the International Monetary Fund	11	7,417,625	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	12	46,407	43,612
Securities purchased under agreement to resell	13	12,542,992,513	11,825,545,546
Investments - local	14	5,314,052,849	5,763,696,790
Investment in associates	15	9,424,772	9,147,809
Loans, advances and bills of exchange	16	1,911,719,243	2,069,327,373
Taxation - net		2,089,083	1,606,206
Assets held with the Reserve Bank of India	17	34,523,443	24,873,343
Balances due from the Governments of India and Bangladesh	18	18,663,258	17,390,712
Property, plant and equipment	19	171,092,759	162,056,703
Investment property	20	1,284,043	1,234,656
Intangible assets	21	476,072	755,837
Other assets	23	46,739,866	29,536,923
<b>Total assets</b>		<b>26,479,558,962</b>	<b>24,204,479,092</b>
<b>LIABILITIES</b>			
Banknotes in circulation	24	11,269,452,815	9,698,211,431
Bills payable		3,885,131	1,526,035
Current accounts of governments	25	2,026,532,555	1,765,325,781
Payable under bilateral currency swap agreement	26	1,197,854,251	1,160,665,580
Deposits of banks and financial institutions	27	1,682,587,160	1,900,324,435
Other deposits and accounts	28	1,255,185,282	1,207,590,669
Payable to the International Monetary Fund	29	2,705,516,088	2,157,055,097
Securities sold under agreement to repurchase	30	101,304,723	609,731,594
Other liabilities	31	143,557,514	127,342,309
Deferred liability - staff retirement benefits	32	164,484,453	144,698,189
Deferred taxation	22	3,725,737	2,812,028
<b>Total liabilities</b>		<b>20,554,085,709</b>	<b>18,775,283,148</b>
<b>Net assets</b>		<b>5,925,473,253</b>	<b>5,429,195,944</b>
<b>REPRESENTED BY</b>			
Share capital	33	100,000,000	100,000,000
Reserves	34	974,336,056	935,491,214
Merger reserves		2,382,501	-
Unappropriated profit		2,455,094,774	2,831,177,920
Unrealised exchange gain	35	125,437,080	-
Endowment fund		154,699	140,009
Unrealised appreciation on gold reserves held by the Bank	36	1,935,263,396	1,344,041,715
Unrealised appreciation on remeasurement of foreign currency accounts and investments		(39,621)	7,372
Unrealised appreciation on remeasurement of investments - local	14.6	211,927,986	98,799,673
Surplus on revaluation of property	19.2	120,916,382	119,538,041
<b>Total equity</b>		<b>5,925,473,253</b>	<b>5,429,195,944</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	37		

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 59 form an integral part of these consolidated financial statements.

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**Jameel Ahmad**  
Governor

-sd-

**Saleem Ullah**  
Deputy Governor

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**Muhammad Haroon Rasheed**  
Chief Financial Officer

**STATE BANK OF PAKISTAN  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025	2024
		------(Rupees in '000)-----	
Discount, interest / mark-up and / or profit earned on financial assets measured at:			
- amortised cost	38	2,815,095,898	3,568,152,137
- fair value through other comprehensive income	38	25,891,994	1,946,615
Interest / mark-up expense	39	(245,433,551)	(281,825,377)
		<u>2,595,554,341</u>	<u>3,288,273,375</u>
Fair valuation adjustment on COVID-19 loans - net	16.7	22,885,675	23,820,392
Commission income	40	11,242,910	10,862,156
Exchange (loss) / gain - net	41	(54,959,842)	186,092,601
Dividend income		13,648,766	665,500
Share of profit from associates	42	1,082,432	1,715,543
Other operating income - net	43	8,190,254	5,752,596
Other income - net	44	1,451,313	442,964
		<u>2,599,095,849</u>	<u>3,517,625,127</u>
Less: Operating expenses			
- banknotes' and prize bond printing charges	45	24,667,487	26,637,533
- agency commission	46	14,323,087	12,381,453
- general administrative and other expenses	47	52,245,233	56,056,235
Provision against / (reversal of provision)			
- other doubtful assets	31.2.1.2	109,565	(127,828)
- others		-	-
		<u>109,565</u>	<u>(127,828)</u>
Charge / (reversal) of credit loss allowance on financial instruments - net	48	35,010	(169,689)
		<u>91,380,382</u>	<u>94,777,704</u>
<b>Profit before taxation</b>		<u>2,507,715,467</u>	<u>3,422,847,423</u>
Taxation	49	2,270,709	2,560,375
<b>Profit after taxation</b>		<u><u>2,505,444,758</u></u>	<u><u>3,420,287,048</u></u>

The annexed notes from 1 to 59 form an integral part of these consolidated financial statements.

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**Jameel Ahmad**  
Governor

-sd-

**Saleem Ullah**  
Deputy Governor

-sd-

**Muhammad Haroon Rasheed**  
Chief Financial Officer

**STATE BANK OF PAKISTAN  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025 ------(Rupees in '000)-----	2024
Profit after taxation		2,505,444,758	3,420,287,048
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to the consolidated profit and loss account:</b>			
Unrealised appreciation on gold reserves held by the Bank	7	591,221,681	211,883,560
Changes in the fair value of debt instruments at fair value through other comprehensive income		(46,993)	(2,839)
		591,174,688	211,880,721
<b>Items that will not be reclassified subsequently to the consolidated profit and loss account:</b>			
Unrealised appreciation on remeasurement of investments - local	14.6	113,128,313	27,443,742
Surplus on revaluation of property		1,406,048	-
Remeasurements of staff retirement defined benefit plans - net	47.3.3.1 & 47.4.7	(11,276,584)	(3,068,599)
		103,257,777	24,375,143
<b>Total comprehensive income for the year</b>		<b>3,199,877,223</b>	<b>3,656,542,912</b>

The annexed notes from 1 to 59 form an integral part of these consolidated financial statements.

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\_\_\_\_\_  
**Jameel Ahmad**  
Governor

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**Saleem Ullah**  
Deputy Governor

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**Muhammad Haroon Rasheed**  
Chief Financial Officer

STATE BANK OF PAKISTAN  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2025

Share capital	Reserves						Unrealised appreciation on gold reserves held by the Bank (note 35)	Unrealised appreciation/ (diminution) on re-measurement of investments - local (note 14.8)	Changes in the fair value of debt instruments at fair value through other comprehensive income (note 9)	Endowment fund	Surplus on revaluation of property	Merger Reserve	Unrealized Exchange Gain (note 31)	Total
	General reserve (note 34.1)	Reserve fund	Reserve for acquisition of PSPC (note 34.2)	Reserve created as a result of acquisition of PSPC and NSPC	Subtotal	Unappropriated profit								
(Rupees in '000)														
Balance as at July 1, 2023	100,000,000	373,472,700	53,106	65,464,000	(41,279,353)	397,710,453	923,888,844	1,132,158,155	71,355,931	10,211	-	119,558,779	-	2,744,682,373
Profit after taxation	-	-	-	-	-	-	3,420,287,048	-	-	-	-	-	-	3,420,287,048
<b>Other comprehensive income</b>														
Unrealised appreciation on remeasurement of investments - local (note 14.6)	-	-	-	-	-	-	-	27,443,742	-	-	-	-	-	27,443,742
Changes in the fair value of debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(2,839)	-	-	-	(2,839)
Impact of reclassification of property, held by the Bank (note 35)	-	-	-	-	-	-	20,738	211,883,560	-	-	-	(20,738)	-	211,883,560
Surplus on revaluation of property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Re-measurements of staff retirement defined benefit plans (note 47.3.3.1 & 47.4.7)	-	-	-	-	-	-	(3,068,599)	-	-	-	-	-	-	(3,068,599)
	-	-	-	-	-	-	(3,047,861)	211,883,560	27,443,742	(2,839)	-	(20,738)	-	236,255,864
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	3,417,239,187	211,883,560	27,443,742	(2,839)	-	(20,738)	-	3,656,542,912
Reclassification of Endowment Fund Appropriations	-	-	-	-	-	-	-	-	-	-	140,009	-	-	140,009
Transfer to the general reserve (note 34.1)	-	603,244,761	-	-	-	603,244,761	(603,244,761)	-	-	-	-	-	-	-
	-	603,244,761	-	-	-	603,244,761	(603,244,761)	-	-	-	-	-	-	-
<b>Transactions with owners</b>														
Profit transferred to the Government of Pakistan	-	-	-	(65,464,000)	(65,464,000)	(65,464,000)	(906,705,350)	-	-	-	-	-	-	(972,169,350)
	-	-	-	(65,464,000)	(65,464,000)	(65,464,000)	(906,705,350)	-	-	-	-	-	-	(972,169,350)
<b>Balance as at June 30, 2024</b>	<b>100,000,000</b>	<b>976,717,461</b>	<b>53,106</b>	<b>-</b>	<b>(41,279,353)</b>	<b>935,491,214</b>	<b>2,831,177,920</b>	<b>1,344,041,715</b>	<b>98,799,673</b>	<b>7,372</b>	<b>140,009</b>	<b>119,538,041</b>	<b>-</b>	<b>5,429,195,344</b>
Profit after taxation	-	-	-	-	-	-	2,505,444,758	-	-	-	-	-	-	2,505,444,758
<b>Other comprehensive income</b>														
Unrealised appreciation on remeasurement of investments - local (note 14.6)	-	-	-	-	-	-	-	-	117,931,537	-	-	-	-	117,931,537
Disposal of equity investment - Zarai Traqati Bank Limited (ZTBL)	-	-	-	-	-	-	-	-	(4,803,224)	-	-	-	-	(4,803,224)
Changes in the fair value of debt instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(46,993)	-	-	-	(46,993)
Unrealised appreciation on gold reserves held by the Bank (note 35)	-	-	-	-	-	-	-	591,221,681	-	-	-	-	-	591,221,681
Surplus on revaluation of property	-	-	-	-	-	-	27,707	-	-	-	-	1,378,341	-	1,406,048
Re-measurements of staff retirement defined benefit plans (note 47.3.3.1 & 47.4.7)	-	-	-	-	-	-	(11,276,584)	-	-	-	-	-	-	(11,276,584)
Unrealised exchange gain	-	-	-	-	-	-	(125,437,080)	-	-	-	-	-	125,437,080	694,432,465
	-	-	-	-	-	-	(136,685,957)	591,221,681	113,128,313	(46,993)	-	1,378,341	-	125,437,080
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	2,368,758,801	591,221,681	113,128,313	(46,993)	-	1,378,341	-	3,199,877,223
<b>Appropriations</b>														
Transfer to the general reserve (note 34.1)	-	58,691,713	1,886,146	-	-	60,577,859	(60,577,859)	-	-	-	-	-	-	-
<b>Reserve on acquisition of NSPC</b>														
Reserve created as a result of acquisition of NSPC	-	-	-	-	(21,733,017)	(21,733,017)	-	-	-	-	-	-	-	(21,733,017)
<b>Merger reserve</b>														
NIBAF guarantee	-	-	-	-	-	-	-	-	-	-	-	(39)	-	(39)
Institute of Bankers Pakistan	-	-	-	-	-	-	-	-	-	-	-	2,382,540	-	2,382,540
	-	-	-	-	-	-	-	-	-	-	-	2,382,501	-	2,382,501
<b>Endowment fund</b>														
Transfer to endowment fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net adjustment in endowment fund	-	-	-	-	-	-	-	-	-	-	14,690	-	-	14,690
	-	-	-	-	-	-	-	-	-	-	14,690	-	-	14,690
<b>Disposal of equity investment</b>														
Loss on disposal of equity investment - ZTBL	-	-	-	-	-	-	(1,726,708)	-	-	-	-	-	-	(1,726,708)
Profit transferred to the Government of Pakistan	-	-	-	-	-	-	(2,682,537,380)	-	-	-	-	-	-	(2,682,537,380)
<b>Balance as at June 30, 2025</b>	<b>100,000,000</b>	<b>1,035,409,174</b>	<b>1,939,252</b>	<b>-</b>	<b>(63,012,370)</b>	<b>974,336,056</b>	<b>2,455,094,774</b>	<b>1,935,263,396</b>	<b>211,927,986</b>	<b>(39,621)</b>	<b>154,699</b>	<b>120,916,382</b>	<b>2,382,501</b>	<b>125,437,080</b>

The annexed notes from 1 to 59 form an integral part of these consolidated financial statements.

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Jameel Ahmad  
Governor

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Saleem Ullah  
Deputy Governor

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Muhammad Haroon Rasheed  
Chief Financial Officer

**STATE BANK OF PAKISTAN**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year after non-cash and other items	50	2,549,490,950	3,301,104,784
Taxes paid		(1,839,877)	(2,772,691)
(Increase) / decrease in assets:			
Foreign currency accounts and investments		43,766,068	(1,677,087)
Gold reserves held by the Bank		(1,441,498)	(591,434)
Securities purchased under agreement to resell		(717,435,771)	(3,437,878,746)
Investments - local		639,394,112	380,852,039
Loans, advances and bills of exchange		180,501,859	220,637,374
Other assets		(6,561,594)	(1,642,122)
		<u>138,223,176</u>	<u>(2,840,299,976)</u>
		2,685,874,249	458,032,118
Increase / (decrease) in liabilities:			
Banknotes in circulation - net		1,571,241,384	33,921,273
Bills payable		2,359,096	(622,877)
Current accounts of Governments		261,206,774	401,696,381
Payable under bilateral currency swap agreement		(5,211,055)	(36,194,538)
Deposits of banks and financial institutions		(207,174,938)	234,155,901
Payment of retirement benefits and employees' compensated absences		(11,311,506)	(15,717,575)
Other deposits and accounts		53,640,692	258,832,052
Securities sold under agreement to repurchase		(545,956,588)	466,849,448
Other liabilities		(1,204,160)	(46,072,406)
		<u>1,117,589,699</u>	<u>1,296,847,659</u>
Net cash generated from operating activities		3,803,463,948	1,754,879,777
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received		136,487,666	1,123,022
Capital expenditure		(9,745,669)	(2,975,730)
Proceeds from disposal of property, plant and equipment		153,664	112,036
Net cash generated / (used) in investing activities		126,895,661	(1,740,672)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to the Federal Government of Pakistan		(2,682,537,380)	(972,169,350)
Net change in balances pertaining to IMF		470,188,821	574,856,764
Deffered capital grant		37,009	-
Endowment fund		-	(1,218)
Net cash used in financing activities		(2,212,311,550)	(397,313,804)
Increase / (decrease) in cash and cash equivalents during the year		1,718,048,059	1,355,825,301
Cash and cash equivalents at the beginning of the year		2,948,719,127	1,616,235,439
Effect of exchange loss on cash and cash equivalents		(185,538,616)	(23,341,613)
Cash and cash equivalents at the end of the year	51	<u>4,481,228,571</u>	<u>2,948,719,127</u>

The annexed notes from 1 to 59 form an integral part of these consolidated financial statements.

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**Jameel Ahmad**  
Governor

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**Saleem Ullah**  
Deputy Governor

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**Muhammad Haroon Rasheed**  
Chief Financial Officer

**STATE BANK OF PAKISTAN**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**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);
- Pakistan Security Printing Corporation (Private) Limited (PSPC); and
- National Institute of Banking and Finance, Pakistan (NIBAFP).

**1.1.1** State Bank of Pakistan (the Bank) is the central bank of Pakistan and is incorporated under the State Bank of Pakistan Act, 1956 (amended upto January 28, 2022). The Bank's primary responsibility is to achieve and maintain domestic price stability, to contribute to the stability 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.

**1.1.2** 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) 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.

During the year, on June 4, 2025, PSPC acquired 100% shareholding of National Security Printing Company (Private) Limited (NSPC) through Share Purchase Agreement between the President of Pakistan and PSPC signed on June 03, 2025. Consequently, 1,000 (one thousand) ordinary shares of NSPC held by the President of Pakistan (including the shares held by the President's nominees) have been transferred in the name of PSPC. NSPC was incorporated in Pakistan on April 18, 2017 under the repealed Companies Ordinance, 1984. NSPC is principally engaged in the printing of security documents on behalf of the Government of Pakistan, government agencies and private institutions.

**c) National Institute of Banking and Finance, Pakistan - wholly owned subsidiary:**

National Institute of Banking and Finance, Pakistan (the company) was incorporated in Pakistan on December 27, 2023 under the Companies Act, 2017 as a company limited by guarantee having share capital. Its primary mandate is to advance banking education, protect and promote the banking profession in Pakistan.

The registered office of the Company is situated at Sector H-8/1, Pitras Bukhari Road, Islamabad, Pakistan.

During the year, National Institute of Banking and Finance (Guarantee) Limited and the Institute of Banker's Pakistan (IBP) were amalgamated into National Institute of Banking and Finance, Pakistan by way of court sanctioned scheme of arrangement u/s 279 to 282 of the Companies Act, 2017 ('Scheme'). Under the Scheme, the entire undertaking and all assets and liabilities of NIBAF and IBP were transferred by operation of law to the company. Thus, National Institute of Banking and Finance (Guarantee) Limited and IBP stand dissolved without undergoing winding-up procedures.

**e) 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.

**f) 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 IFRS accounting standards 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 except that during the year certain amendments to 'Presentation of Financial Statements' have become applicable to the Group which requires entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

### 3.4 **New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025**

#### 3.4.1

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Group operations or did not have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

#### 3.4.2 **New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group operations or are not expected to have significant impact on the Group financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as Power Purchase Agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as Power Purchase Agreements (PPAs)	January 01, 2026

## 4 **MATERIAL ACCOUNTING POLICY INFORMATION**

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

#### **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 whereas financial liabilities carried on the consolidated balance sheet includes banknotes in circulation, bills payable, deposits of banks and financial institutions, balances and securities under repurchase and reverse repurchase 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 4.24.

The Expected Credit Loss (ECL) 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.

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 value recognised in other comprehensive income (OCI), cumulative gains and losses 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 37.2.

#### **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 53.1.7.

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 53.1.3). 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 53.1.5.
- 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 53.1.4.
- 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 53.1.6.

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 by 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 53.1.3), 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 37.2.8.

#### **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 of fine gold content 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 recognised in other comprehensive income and 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' in the consolidated statement of changes in equity. Decreases 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 consolidated profit and loss account. The surplus on revaluation realised on sale of property 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 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. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### **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;
  - six months post retirement benefit facility; and
  - an income continuation plan.
  - Severance benefit plan (During the year, The Bank introduce new scheme for NCBS employees having age bracket from 45 to 55 years. Benefits under the said scheme are dependant on age, length of service and number of years served in the current grade).

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;
- six months post retirement benefit facility; and
- an income continuation plan.

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, 2024. 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, 2024. 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 the consolidated statement of 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 37.2 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 Pakistan, NIBAF PAKISTAN has been approved as a non - profit organisation under Section 2(36)(c) of the Income Tax Ordinance, 2001 (the Ordinance). NIBAF PAKISTAN is allowed 100% tax credit against the tax liability including minimum tax and final taxes, under Section 100C of the Ordinance. The management intends to avail a tax credit equal to 100% of the tax payable. Accordingly, no provision for taxation has been made in these financial statements.

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 refer 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 53.1.2 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 47.3.1 and 47.4.1 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 as detailed in note 4.8 to these consolidated financial statements.

	Note	2025	2024
		------(Rupees in '000)-----	
<b>6 CASH AND BANK BALANCES</b>			
With banks in current and saving accounts	6.1	<b>3,186,484</b>	215,901
Cash in hand		<b>21,046</b>	19,678
		<b><u>3,207,530</u></b>	<b><u>235,579</u></b>

6.1 This includes saving accounts carrying mark-up ranging from 7.46% to 19% (2024: 11.01% to 20.93%) per annum.

	Note	2025	2024	2025	2024
		(Net content in troy ounces)		------(Rupees in '000)-----	
<b>7 GOLD RESERVES HELD BY THE BANK</b>					
Opening balance		<b>2,079,961</b>	2,078,998	<b>1,349,448,617</b>	1,136,973,623
Additions during the year		<b>1,925</b>	963	<b>1,441,498</b>	591,434
Appreciation for the year due to revaluation	36	-	-	<b>591,221,681</b>	211,883,560
Closing balance	24.1	<b><u>2,081,886</u></b>	<b><u>2,079,961</u></b>	<b><u>1,942,111,796</u></b>	<b><u>1,349,448,617</u></b>

The gold reserves by the bank are held as follows:

Issue department		<b><u>1,942,111,796</u></b>	<b><u>1,349,448,617</u></b>
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7.1 During the year, the Bank has recognised an appreciation of Rs 591,221.68 million (2024: Rs 211,883.56 million) based on the closing market rate of USD 3,287.45 (2024: USD 2,330.90) per troy ounce of the fine gold content fixed by the London Bullion Market Association.

	Note	2025	2024
		------(Rupees in '000)-----	
<b>8 LOCAL CURRENCY - COINS</b>			
Banknotes held by the banking department		<b>118,571</b>	189,695
Coins held as an asset of the issue department	8.1 & 24.1	<b>365,337</b>	39,941
		<b>483,908</b>	229,636
Less: banknotes held by the banking department	24	<b>(118,571)</b>	(189,695)
		<b><u>365,337</u></b>	<b><u>39,941</u></b>

The local currency coins by the bank are held as follows:

Issue department		<b><u>365,337</u></b>	<b><u>39,941</u></b>
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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	2025	2024
------(Rupees in '000)-----			
<b>At fair value through profit and loss:</b>			
- unrealised gain on derivative financial instruments		3,114,286	14,236
<b>At fair value through other comprehensive income:</b>			
- investments	9.2	1,305,323,341	41,379,803
<b>At amortised cost:</b>			
- deposit accounts	9.3	1,462,905,298	1,554,574,934
- current accounts		2,065,275	1,949,597
- securities purchased under agreement to resell	9.4	1,392,241,973	1,124,893,677
- money market placements	9.5	286,306,556	-
		3,143,519,102	2,681,418,208
Less: credit loss allowance	9.6	(94,903)	(1,168)
		<u>4,451,861,826</u>	<u>2,722,811,079</u>
The above foreign currency accounts and investments are held as follows:			
Issue department	24.1	28,376,450	-
Banking department		4,423,485,376	2,722,811,079
		<u>4,451,861,826</u>	<u>2,722,811,079</u>

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 other comprehensive income and maximum exposure to credit risk as at reporting date. Details of the Group's internal grading system are explained in note 53.1.4.

Stage 1	Note	2025	2024
------(Rupees in '000)-----			
<b>Investments</b>			
High rating		1,305,323,341	41,379,803
<b>Deposit accounts</b>			
High rating	9.3	1,462,905,298	1,554,574,934
<b>Current accounts</b>			
High rating		2,065,217	1,949,538
Standard rating		58	59
		2,065,275	1,949,597
<b>Securities purchased under agreement to resell</b>			
High rating	9.4	1,392,241,973	1,124,893,677
<b>Money market placements</b>			
High rating		286,306,556	-
		<u>4,448,842,443</u>	<u>2,722,798,011</u>

9.2 During the year, an unrealised gain amounting to Rs. 5.43 million (2024: [Treasury Bills USD and CNY and CNY bonds] Rs. 7.37 million) related to USD Treasury Bills was recognised in other comprehensive income. The return on these balances ranges from 4.28% to 4.53% (2024: [Treasury Bills USD and CNY and CNY bonds] 1.65% to 5.31%) per annum. These investments have maturity on August 19, 2025. In addition it includes investment amounting to Rs. 1,286,570 million invested in FIXBIS which comprises of investments in money market which includes Treasury Bills [USD and CNY]. The return on these balances ranges from 1.47% to 4.29% (2024: Nil) per annum. These investments have maturity ranging from July 03, 2025 to September 25, 2025. During the year, an unrealised loss amounting to Rs. 52.43 million (2024: Nil) related to FIXBIS was recognised in other comprehensive income.

- 9.3** It represents the balances in the remunerative accounts maintained with the foreign financial institutions. The return on these balances ranges from 0.01% to 4.00% (2024: 0.05% to 4.50%) per annum. This includes a deposit account of USD 2.16 billion [equivalent to Rs. 612,242.58 million as at June 30, 2025 (2024: USD 2.07 billion (Rs. 576,724.04 million)], the balance of which has been accumulated by the Bank by purchasing proceeds of deposit, placed by a foreign government with Government of Pakistan (GoP). The Bank paid counter part rupee of the deposit to the GoP in its account maintained with the Bank and GoP is liable to return the deposit on its maturity date in accordance with the terms and conditions agreed between the two governments.
- 9.4** These represent lending under repurchase agreements which carries mark-up in USD and Euro at 2.00% and 4.25% per annum respectively (2024: USD and Euro at 5.30% and 3.76% per annum respectively) and maturity of July 01, 2025 (2024: July 01, 2024).
- 9.5** These represents money market placements carries mark-up in USD and CNH ranges from 1.10% to 4.40% (2024: Nil) having maturity of July 02, 2025 to October 30, 2025 (2024: Nil).
- 9.6** 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:

Nostro accounts	
Stage 1	2025

----- (Rupees in '000) -----

Opening balance	1,168	1,168
Charge of expected credit loss allowance during the year	<u>93,735</u>	<u>93,735</u>
Closing balance	<u><u>94,903</u></u>	<u><u>94,903</u></u>

Nostro accounts	
Stage 1	2024

----- (Rupees in '000) -----

Opening balance	1,461	1,461
Reversal of expected credit loss allowance during the year	<u>(293)</u>	<u>(293)</u>
Closing balance	<u><u>1,168</u></u>	<u><u>1,168</u></u>

**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.

SDRs held by banking department are as follows:	2025	2024
	----- (Rupees in '000) -----	
- Principal amount	7,370,569	204,445,631
- Accrued Interest on SDR holdings	<u>47,056</u>	<u>1,775,602</u>
	<u><u>7,417,625</u></u>	<u><u>206,221,233</u></u>

	Note	2025	2024
------(Rupees in '000)-----			
<b>12</b>	<b>RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS</b>		
	Quota allocated by the International Monetary Fund	<b>791,831,388</b>	743,648,234
	Liability under quota arrangements	<b>(791,784,981)</b>	(743,604,622)
		<b>46,407</b>	<b>43,612</b>

<b>13</b>	<b>SECURITIES PURCHASED UNDER AGREEMENT TO RESELL</b>			
	Conventional	13.1	<b>12,152,197,015</b>	11,620,496,921
	Shariah compliant financing facility	13.2	<b>390,795,498</b>	205,048,625
			<b>12,542,992,513</b>	<b>11,825,545,546</b>

**13.1** This represents collateralized lending made to various conventional financial institutions under resell arrangement carrying mark-up ranging from 11.04% to 12.00% per annum (2024: 20.55% to 21.50% per annum). The resell arrangement to conventional financial institution are due to mature on July 04, 2025 (2024: from July 02, 2024 to July 26, 2024). The face value of securities collateralized as on June 30, 2025 amounted to Rs. 12,509,800 million (2024: Rs. 11,945,750 million). The collaterals held by the Group consists of Pakistan Investment Bonds and Market Treasury Bills.

**13.2** This represents collateralized lending made to various Islamic financial institutions under resell arrangement carrying mark-up ranging from 11.13% to 12.00% per annum (2024: 20.57% to 21.50% per annum). The resell arrangement to Islamic financial institution are due to mature on July 04, 2025 (2024: From July 02, 2024 to July 12, 2024). The face value of securities collateralized as on June 30, 2025 amounted to Rs. 385,500 million (2024: Rs. 204,000 million). The collaterals held by the Group 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 Group measured at amortised cost:

	Note	Stage 1	2025	Stage 1	2024
------(Rupees in '000)-----					
			<b>12,542,992,571</b>	11,825,556,800	11,825,556,800
			<b>(58)</b>	(11,254)	(11,254)
	13.4		<b>12,542,992,513</b>	<b>11,825,545,546</b>	<b>11,825,545,546</b>

<b>13.4</b>	Securities purchased under agreement to resell are held as follows:	Note	2025	2024
------(Rupees in '000)-----				
	- by the issue department	24.1	<b>5,000,000,000</b>	3,000,000,000
	- by the banking department		<b>7,542,992,513</b>	8,825,545,546
			<b>12,542,992,513</b>	<b>11,825,545,546</b>

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

	Stage 1	2025
------(Rupees in '000)-----		
Opening balance	<b>11,254</b>	<b>11,254</b>
Reversal of expected credit loss allowance during the year	<b>(11,196)</b>	<b>(11,196)</b>
Closing balance	<b>58</b>	<b>58</b>
------(Rupees in '000)-----		
Opening balance	56,575	56,575
Reversal of expected credit loss allowance during the year	(45,321)	(45,321)
Closing balance	<b>11,254</b>	<b>11,254</b>

14	INVESTMENTS - LOCAL	Note	2025 ------(Rupees in '000)-----	2024
<b>At fair value through profit or loss:</b>				
	Unrealised gain on local currency derivatives		71,693	18,121,048
<b>At amortised cost</b>				
<b>Federal Government securities</b>				
	Pakistan Investment Bonds (PIBs)		5,062,957,776	5,553,295,248
	Federal government scrips		2,740,000	2,740,000
	GoP ijarah Sukuks		104,209	-
	Market Treasury Bills		28,530,369	15,106,887
		14.2	<b>5,094,332,354</b>	5,571,142,135
<b>Debt Securities</b>				
	Term Deposit Receipts		-	2,400,000
	Zarai Taraqiati Bank Limited (ZTBL) preference shares - unlisted	14.3	-	55,173,490
	Term finance certificates		4	28,243
	Certificates of deposits		-	11,235
			4	39,478
<b>Assets relating to endowment fund</b>				
	Pakistan investment bonds (PIBs)		-	140,008
	Less: credit loss allowance	14.4	(3)	(39,478)
			1	57,713,498
			<b>5,094,404,048</b>	5,646,976,681
<b>At fair value through other comprehensive income</b>				
<b>Investments in banks and other financial institutions</b>				
	Ordinary shares			
	- Listed		173,887,232	59,434,269
	- Unlisted		45,761,569	57,285,840
		14.5	<b>219,648,801</b>	116,720,109
			<b>5,314,052,849</b>	5,763,696,790
	The above investments are held as follows:			
	Issue department	24.1	4,264,194,360	5,324,039,225
	Banking department / subsidiaries		1,049,858,489	439,657,565
			<b>5,314,052,849</b>	5,763,696,790

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

	Note	2025			
		Stage 1	Stage 2	Stage 3	Total
------(Rupees in '000)-----					
High rating		5,094,404,048	-	-	5,094,404,048
Rating below standard		-	-	3	3
		<b>5,094,404,048</b>	-	3	<b>5,094,404,051</b>
Less: expected credit loss allowance	14.4	-	-	(3)	(3)
		<b>5,094,404,048</b>	-	-	<b>5,094,404,048</b>
------(Rupees in '000)-----					
		2024			
		Stage 1	Stage 2	Stage 3	Total
------(Rupees in '000)-----					
High rating		5,646,976,681	-	-	5,646,976,681
Rating below standard		-	-	39,478	39,478
		5,646,976,681	-	39,478	5,647,016,159
Less: expected credit loss allowance	14.4	-	-	(39,478)	(39,478)
		<b>5,646,976,681</b>	-	-	<b>5,646,976,681</b>

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

	2025 % per annum	2024
Pakistan Investment Bonds (PIBs)	7.50 to 20.68	7.00 to 20.68
Federal government scrips	3	3
Market Treasury Bills	11.05 to 13.60	18.49 to 21.43
GoP Ijarah sukuks	12	-

These include investment in PIBs amounting to Rs. 43,711.25 million (2024: Rs. 43,711.25 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. This account was converted into 'PIBs' with a duration of eight years at market interest rates.

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

The Federal Government issued PIBs on June 30, 2019 with maturity of ten years amounting to Rs. 7,187,000 million. PIBs having face value of Rs. 500,000 million have been matured during the year. PIB's having face value of Rs. 2,568,000 million (2024: 2,068,000 million) have been matured till June 30, 2025.

Market Treasury Bills have maturities upto July 10, 2025 (2024: November 14, 2024).

- 14.3 During the year, ZTBL preference shares of Rs.54,461.50 million have been sold to Government of Pakistan (GoP) as required under clause 17G (3) of the the SBP Act, 1956 at book value.

14.4 Expected credit loss allowance	2025 ----- (Rupees in '000) -----	2024
Opening balance	39,478	39,478
Charge of expected credit loss allowance during the year	(39,475)	-
Closing balance	<u>3</u>	<u>39,478</u>

14.5 Investments in shares of banks and other financial institutions

		2025			
Note	Percentage holding	Cost	Unrealised appreciation / (diminution) (Note 14.6)	Total	
		----- (Rupees in '000) -----			
<b>Listed</b>					
14.5.1	%				
- National Bank of Pakistan	14.7	75.2	1,100,805	172,786,427	173,887,232
<b>Unlisted</b>					
<i>More than 50% Shareholding</i>					
- Zarai Taraqiat Bank Limited	14.5.1	0.00	-	-	-
- House Building Finance Company Limited	14.7	90.31	1,482,304	2,471,900	3,954,204
- Deposit Protection Corporation of Pakistan	14.5.2	100	500,000	(500,000)	-
<i>Less than or equal to 50% Shareholding</i>					
Other investments			4,637,706	37,169,659	41,807,365
			<u>6,620,010</u>	<u>39,141,559</u>	<u>45,761,569</u>
			<u>7,720,815</u>	<u>211,927,986</u>	<u>219,648,801</u>

2024					
Note	Percentage holding	Cost	Unrealised appreciation / (diminution) (Note 14.6)	Total	
	%		(Rupees in '000)		
<b>Listed</b>					
-	National Bank of Pakistan	75.20	1,100,805	58,333,464	59,434,269
<b>Unlisted</b>					
<i>More than 50% Shareholding</i>					
-	Zarai Taraqiyati Bank Limited	76.23	10,199,621	4,803,224	15,002,845
-	House Building Finance Company Limited	90.31	1,482,304	(583,021)	899,283
-	Deposit Protection Corporation of Pakistan	14.5.2	100	(500,000)	-
<i>Less than or equal to 50% Shareholding</i>					
Other investments			4,637,706	36,746,006	41,383,712
			16,819,631	40,466,209	57,285,840
			<u>17,920,436</u>	<u>98,799,673</u>	<u>116,720,109</u>

**14.5.1** 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.

**14.5.2** 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.

	2025	2024
	----- (Rupees in '000) -----	
<b>14.6 Unrealised appreciation on remeasurement of investments</b>		
Opening balance	<b>98,799,673</b>	71,355,931
Appreciation during the year - gross	<b>117,931,537</b>	27,443,742
Disposal of investment	<b>(4,803,224)</b>	-
Appreciation during the year - net	<b>113,128,313</b>	27,443,742
Closing balance	<b>211,927,986</b>	98,799,673

**14.7** In FY 2023-24, the management of the Bank approached the Secretary Finance, Government of Pakistan, for disposal of ordinary shares of National Bank of Pakistan (NBP), ordinary and preference shares of Zarai Taraqiyati Bank Limited (ZTBL) as required under clause 17G (3) of the SBP Act, 1956. During the year, ZTBL equity and preference shares have been sold to GoP on agreed pricing formula. As per the Section 9(2) and shedule I of the Pakistan Sovereign Wealth Fund Act, 2023 (the Act) require the bank to transfer the shares of National Bank of Pakistan to Pakistan Sovereign Wealth Fund. The Bank considers that it exercise a legitimate right over these shares under the provisions of law and it will be fair and equitable to get appropriate consideration before making any transfer to the Fund. As of the reporting date the Bank is under negotiation with the Federal Government to settle the matter amicably.

	Note	2025 Percentage holding %	2024 %	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
<b>15 INVESTMENT IN ASSOCIATES</b>					
<b>Investment in associates under equity method of accounting:</b>					
Security Papers Limited (SPL)	15.1	<b>40.03</b>	40.03	<b>7,545,738</b>	7,331,422
SICPA Inks Pakistan (Private) Limited (SICPA)	15.2	<b>47</b>	47	<b>1,879,034</b>	1,816,387
				<b>9,424,772</b>	<b>9,147,809</b>

	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
<b>15.1 Security Papers Limited - (SPL)</b>			
Cost		<b>1,613,357</b>	1,613,357
Share of post acquisition after tax profits	15.1.1	<b>3,675,527</b>	3,163,849
Effect of first time application of IFRS 9 on after tax profits		<b>(100,561)</b>	(100,561)
Share in other comprehensive loss	15.1.2	<b>(57,299)</b>	(56,401)
Effect of restatement due revaluation of land and building of SPL		<b>4,170,324</b>	4,170,324
Effect of first time application of IFRS 9 on other comprehensive income		<b>100,561</b>	100,561
Dividend received		<b>(1,856,172)</b>	(1,559,707)
		<b>7,545,737</b>	<b>7,331,422</b>

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

Opening balance		<b>3,163,849</b>	2,501,002
Share of after tax profit from associate for the year ended June 30	15.1.2	<b>609,974</b>	595,920
Depreciation on revaluation of building		<b>(996)</b>	(996)
Unrealised loss on transactions	15.1.3	<b>(97,300)</b>	67,923
		<b>511,678</b>	662,847
Closing balance		<b>3,675,527</b>	<b>3,163,849</b>

**15.1.2** These amounts are based on audited annual financial statements of SPL as at and for the year ended June 30, 2025.

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

	Note	2025 ----- (Rupees in '000) -----	2024 ----- (Rupees in '000) -----
<b>15.2 SICPA Inks Pakistan (Private) Limited - (SICPA)</b>			
Cost		<b>497,655</b>	497,655
Share of post acquisition after tax profits	15.2.1	<b>3,948,083</b>	3,377,330
Effect of first time application of IFRS 9 on after tax profits		<b>3,554</b>	3,554
Share in other comprehensive income	15.2.2	<b>(992)</b>	2,133
Effect of first time application of IFRS 9 on other comprehensive income		<b>(3,554)</b>	(3,554)
Dividend received		<b>(2,565,712)</b>	(2,060,731)
		<b>1,879,034</b>	<b>1,816,387</b>

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

Opening balance		<b>3,377,330</b>	2,324,634
Share of after tax profit from associate for the year ended June 30	15.2.2	<b>528,060</b>	933,751
Unrealised loss / (gain) on transactions		<b>42,693</b>	118,945
		<b>570,753</b>	1,052,696
Closing balance		<b>3,948,083</b>	<b>3,377,330</b>

**15.2.2** These amounts are based on annual audited financial statements of SICPA as at and for the year ended December 31, 2024 which have been adjusted using the unaudited interim financial statements for the half year ended June 30, 2024 and June 30, 2025.

**15.3** The following is the summarised financial information of the associates as at June 30, 2025 and June 30, 2024 based on their financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

	Security Papers Limited		SICPA Inks Pakistan (Private) Limited	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	----- (Rupees in '000) -----			
<b>Assets</b>	<b>11,349,885</b>	10,541,580	<b>5,995,375</b>	8,405,061
<b>Liabilities</b>	<b>2,348,737</b>	2,321,282	<b>1,568,417</b>	4,020,559

	Security Papers Limited		SICPA Inks Pakistan (Private) Limited	
	Year ended June 30, 2025	Year ended June 30, 2024	Year ended June 30, 2025	Year ended June 30, 2024
	----- (Rupees in '000) -----			
Revenue	<b>7,870,700</b>	7,311,732	<b>10,238,445</b>	13,394,045
Profit after tax	<b>1,523,793</b>	1,488,684	<b>1,123,532</b>	1,986,704
Other comprehensive income / (loss)	<b>(2,244)</b>	39,568	<b>(6,648)</b>	3,410
Interest in net assets of investee at the end of the year	<b>3,603,160</b>	3,290,585	<b>2,080,670</b>	2,060,716
Other adjustments	<b>(222,550)</b>	(124,291)	<b>(201,641)</b>	(244,328)
Effect of difference in Corporation's accounting policy	<b>4,165,128</b>	4,165,128	-	-
	<b>7,545,738</b>	7,331,422	<b>1,879,029</b>	1,816,388

**15.4** The market value of SPL as at June 30, 2025 is Rs. 160.08 per share (2024: Rs. 134 per share) i.e. an aggregate amount of Rs. 3,797.38 million (2024: Rs. 3,178.71 million) for Group's share in SPL. The breakup value based on net assets of SICPA as per latest reviewed financial information as on June 30, 2025 is Rs. 776.69 per share (2024: Rs. 769.21 per share) i.e. an aggregate amount of Rs. 2,080.67 million (2024: Rs. 2,060.72 million) for Group's share in SICPA.

<b>16 LOANS, ADVANCES AND BILLS OF EXCHANGE</b>	Note	----- (Rupees in '000) -----	
		<b>2025</b>	<b>2024</b>
<b>At amortised cost</b>			
Government owned / controlled financial institutions	16.3	<b>112,477,502</b>	150,092,925
Private sector financial institutions	16.4	<b>993,617,780</b>	1,160,303,342
		<b>1,106,095,282</b>	1,310,396,267
SDRs on-lending to Government of Pakistan (GoP)	16.5	<b>762,298,189</b>	717,630,687
Loan to employees		<b>45,519,405</b>	43,502,106
		<b>1,913,912,876</b>	2,071,529,060
Less: expected credit loss allowance	16.8	<b>(2,193,633)</b>	(2,201,687)
		<b>1,911,719,243</b>	2,069,327,373

- 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:

2025			
Stage 1	Stage 2	Stage 3	Total
----- (Rupees in '000) -----			
<b>Government owned / controlled financial institutions</b>			
High rating	102,208,747	-	102,208,747
Standard rating	8,304,305	-	8,304,305
Rating below standard	844,386	1,120,064	1,964,450
	<b>111,357,438</b>	<b>-</b>	<b>112,477,502</b>
<b>Private sector financial institutions</b>			
High rating	958,010,134	-	958,010,134
Standard rating	29,619,158	-	29,619,158
Rating below standard	4,924,858	1,063,630	5,988,488
	<b>992,554,150</b>	<b>-</b>	<b>993,617,780</b>
<b>SDRs on-lending to Government of Pakistan (GoP)</b>			
High rating	762,298,189	-	762,298,189
	<b>762,298,189</b>	<b>-</b>	<b>762,298,189</b>
<b>Loan to employees</b>			
Performing loans	45,519,405	-	45,519,405
	<b>45,519,405</b>	<b>-</b>	<b>45,519,405</b>
	<b>1,911,729,182</b>	<b>2,183,694</b>	<b>1,913,912,876</b>
Less: expected credit loss allowance	(9,939)	(2,183,694)	(2,193,633)
	<b>1,911,719,243</b>	<b>-</b>	<b>1,911,719,243</b>
-----			
2024			
Stage 1	Stage 2	Stage 3	Total
----- (Rupees in '000) -----			
<b>Government owned / controlled financial institutions</b>			
High rating	148,970,279	-	148,970,279
Rating below standard	-	1,122,646	1,122,646
	148,970,279	1,122,646	150,092,925
<b>Private sector financial institutions</b>			
High rating	1,155,729,273	-	1,155,729,273
Standard rating	-	-	-
Rating below standard	3,510,439	1,063,630	4,574,069
	1,159,239,712	1,063,630	1,160,303,342
<b>SDRs on-lending to Government of Pakistan (GoP) High rating</b>			
	717,630,687	-	717,630,687
	717,630,687	-	717,630,687
<b>Loan to employees</b>			
Performing loans	43,502,106	-	43,502,106
	43,502,106	-	43,502,106
	2,069,342,784	2,186,276	2,071,529,060
Less: expected credit loss allowance	(18,977)	(2,182,710)	(2,201,687)
	<b>2,069,323,807</b>	<b>3,566</b>	<b>2,069,327,373</b>

- 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:

2025			
Government owned / controlled financial institutions	Private sector financial institutions	Employees	Total

----- (Rupees in '000) -----

**Stage 1**

Opening balance	342	10,874	506	11,722
(Reversal) / charge of expected credit loss allowance during the year	(213)	(10,874)	2,049	(9,038)
<b>Closing balance</b>	<b>129</b>	<b>-</b>	<b>2,555</b>	<b>2,684</b>

**Stage 3**

Opening balance	1,063,630	1,126,335	-	2,189,965
Charge of expected credit loss allowance during the year	-	984	-	984
<b>Closing balance</b>	<b>1,063,630</b>	<b>1,127,319</b>	<b>-</b>	<b>2,190,949</b>
	<b>1,063,759</b>	<b>1,127,319</b>	<b>2,555</b>	<b>2,193,633</b>

2024			
Government owned / controlled financial institutions	Private sector financial institutions	Employees	Total

----- (Rupees in '000) -----

**Stage 1**

Opening balance	1,349	7,428	427	9,204
Reversal / charge of expected credit loss allowance during the year	(1,007)	3,446	79	2,518
<b>Closing balance</b>	<b>342</b>	<b>10,874</b>	<b>506</b>	<b>11,722</b>

**Stage 3**

Opening balance	1,117,613	1,191,690	-	2,309,303
Reversal of expected credit loss allowance during the year	(53,983)	(65,355)	-	(119,338)
<b>Closing balance</b>	<b>1,063,630</b>	<b>1,126,335</b>	<b>-</b>	<b>2,189,965</b>
	<b>1,063,972</b>	<b>1,137,209</b>	<b>506</b>	<b>2,201,687</b>

### 16.3 Loans and advances to government owned / controlled financial institutions

Note	Scheduled banks		Other financial institutions		Total	
	2025	2024	2025	2024	2025	2024
(Rupees in '000)						
Agricultural sector	<b>649,583</b>	910,805	-	64,794	<b>649,583</b>	975,599
Industrial sector	<b>63,198,450</b>	67,721,951	-	1,142,745	<b>63,198,450</b>	68,864,696
Export sector	<b>48,066,394</b>	65,698,159	<b>3,567</b>	-	<b>48,069,961</b>	65,698,159
Housing sector	-	-	<b>2,493</b>	2,685	<b>2,493</b>	2,685
Others	<b>557,015</b>	14,196,146	-	355,640	<b>557,015</b>	14,551,786
	<b>112,471,442</b>	148,527,061	<b>6,060</b>	1,565,864	<b>112,477,502</b>	150,092,925

**16.3.1** This includes exposure of Industrial Development Bank Limited (IDBL) under locally manufactured machinery (LMM) credit line amounting to Rs. 1,054.28 million (2023: Rs. 1,054.28 million). Furthermore in FY 2023-24, repayment of loan amounting to Rs. 340.78 million has been received from IDBL which was secured against 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. 327.96 million (2024: Rs. 327.96 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 Loans and advances to private sector financial institutions

Note	Scheduled banks		Other financial institutions		Total	
	2025	2024	2025	2024	2025	2024
(Rupees in '000)						
Agricultural sector	<b>3,335,428</b>	4,407,520	<b>611,674</b>	802,254	<b>3,947,102</b>	5,209,774
Industrial sector	<b>375,365,292</b>	516,228,879	<b>25,222,479</b>	28,512,140	<b>400,587,771</b>	544,741,019
Export sector	<b>540,675,365</b>	557,676,744	-	-	<b>540,675,365</b>	557,676,744
Others	<b>38,193,216</b>	32,980,248	<b>10,214,326</b>	19,695,557	<b>48,407,542</b>	52,675,805
	<b>957,569,301</b>	1,111,293,391	<b>36,048,479</b>	49,009,951	<b>993,617,780</b>	1,160,303,342

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

**16.4.2** During the FY 2014-15, 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 principal along with interest has been received during the year.

**16.4.3** 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.

**16.5** In FY 2021-22, the Bank received a general allocation from the IMF amounting to SDR 1,946.62 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. 474,939 million, being the value prevalent on the date the SDRs were on-lent 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 the Bank.

	2025	2024
	-----(% per annum)-----	
<b>16.6</b>	<b>The interest / mark-up rate profile of the interest / mark-up bearing loans and advances is as follows:</b>	

Government owned / controlled and private sector financial institutions	<b>0 to 21.00</b>	0 to 22.10
Employees loans (where applicable)	<b>0 to 10.00</b>	0 to 10.00
SDRs on-lending to Government of Pakistan (GoP)	<b>2.92 to 4.02</b>	3.98 to 4.20

	2025	2024
	----- (Rupees in '000) -----	
<b>16.7</b>	<b>Fair valuation adjustment on COVID-19 loans - net</b>	
Unwinding of income in respect of fair valuation adjustment on COVID-19 loans	<b>23,211,766</b>	26,496,336
Fair valuation loss adjustment on COVID-19 loans on initial recognition	<b>(326,091)</b>	(2,675,944)
	<b><u>22,885,675</u></b>	<b><u>23,820,392</u></b>

The Group 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 (TERF);
- 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. 1,288.971 million (2024: Rs. 6,467 million). These facilities have been recorded at fair value resulting in recognition of fair value adjustment on initial recognition aggregating to Rs. 326.09 million (2024: Rs.2,675.94 million). Further, during the year, an aggregate amount of Rs. 23,211.77 million (2024: Rs. 26,496.34 million) was recognised in respect of unwinding of income on fair valuation adjustment on COVID-19 loans.

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>16.8</b>	<b>Expected Credit loss allowance</b>		
Opening balance		<b>2,201,687</b>	2,318,507
(Reversal) / charge of expected credit loss allowance during the year		<b>(8,054)</b>	(116,820)
Closing balance		<b><u>2,193,633</u></b>	<b><u>2,201,687</u></b>

## **17 ASSETS HELD WITH THE RESERVE BANK OF INDIA**

Gold reserves			
- Opening balance		<b>21,789,100</b>	18,366,839
- Appreciation for the year due to revaluation	31.2.1.2	<b>9,540,536</b>	3,422,261
- Closing Balance		<b><u>31,329,636</u></b>	<u>21,789,100</u>
Sterling securities		<b>1,285,053</b>	1,162,991
Government of India securities		<b>473,756</b>	476,859
Rupee coins		<b>9,521</b>	9,582
	17.1	<b><u>33,097,966</u></b>	<u>23,438,532</u>
Indian notes representing assets receivable from the Reserve Bank of India			
	17.2	<b>1,425,477</b>	1,434,811
	24.1	<b><u>34,523,443</u></b>	<u>24,873,343</u>

**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 Bank is subject to final settlement between the Government of Pakistan and Government of India.

**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 Government of Pakistan and Government of India.

Note **2025** **2024**  
----- (Rupees in '000) -----

**18 BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH**

**India**

Advance against printing of notes		<b>39,616</b>	39,616
Receivable from the Reserve Bank of India		<b>837</b>	837
		<b>40,453</b>	40,453

**Bangladesh**

Inter office balances		<b>819,924</b>	819,924
Loans, advances and commercial papers	18.1	<b>17,802,881</b>	16,530,335
		<b>18,622,805</b>	17,350,259
	18.2	<b>18,663,258</b>	17,390,712

**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).

Note **2025** **2024**  
----- (Rupees in '000) -----

**19 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	19.1	<b>167,403,901</b>	160,537,475
Capital work-in-progress	19.4	<b>3,688,858</b>	1,519,228
		<b>171,092,759</b>	162,056,703

**19.1 Operating fixed assets**

	2025										
	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) -----											
<b>As at July 01, 2024</b>											
Cost / revalued amount	75,386,855	66,499,782	5,088,459	6,535,180	15,497,597	448,330	6,733,310	4,169,605	1,708,778	55,234	182,123,130
Accumulated depreciation	-	2,412,474	645,419	886,595	9,240,009	249,794	3,739,663	3,497,630	858,839	55,234	21,585,656
Net book value	75,386,855	64,087,308	4,443,040	5,648,585	6,257,588	198,536	2,993,647	671,975	849,939	-	160,537,475
<b>Year ended June 30, 2025</b>											
Opening net book value	75,386,855	64,087,308	4,443,040	5,648,585	6,257,588	198,536	2,993,647	671,975	849,939	-	160,537,475
Additions	-	73,312	23,983	285,033	889,352	46,374	491,139	2,016,857	416,355	-	4,242,405
Transfers from capital work in progress	449	24,019	92,800	581,552	4,872,489	2,541	7,415	-	-	-	5,581,265
	449	97,331	116,783	866,585	5,761,841	48,915	498,554	2,016,857	416,355	-	9,823,670
<b>Assets transferred from IBP</b>											
Cost	-	1,538	-	48,369	8,729	5,224	36,888	64,970	33,613	-	199,331
Accumulated depreciation	-	-	-	(27,656)	(7,414)	(3,678)	(25,588)	(32,376)	(19,669)	-	(116,381)
	-	1,538	-	20,713	1,315	1,546	11,300	32,594	13,944	-	82,950
Revaluation during the year	-	1,204,848	-	201,200	-	-	-	-	-	-	1,406,048
	-	1,204,848	-	201,200	-	-	-	-	-	-	1,406,048
<b>Disposals</b>											
Cost	(29,001)	-	-	-	(44,887)	-	(53,740)	(108,222)	(249,195)	-	(485,045)
Accumulated depreciation	-	-	-	-	44,887	-	53,740	107,196	173,066	-	378,889
	(29,001)	-	-	-	-	-	-	(1,026)	(76,129)	-	(106,156)
Depreciation charge	-	(1,206,837)	(336,181)	(453,798)	(899,075)	(31,275)	(632,749)	(477,537)	(302,633)	-	(4,340,085)
<b>Net book value</b>	<b>75,358,303</b>	<b>64,184,188</b>	<b>4,223,642</b>	<b>6,283,285</b>	<b>11,121,669</b>	<b>217,722</b>	<b>2,870,752</b>	<b>2,242,863</b>	<b>901,476</b>	<b>-</b>	<b>167,403,901</b>
<b>As at June 30, 2025</b>											
Cost / revalued amount	75,358,303	67,803,499	5,205,242	7,651,334	21,223,280	502,469	7,215,012	6,143,210	1,909,551	55,234	193,067,134
Accumulated depreciation	-	3,619,311	981,600	1,368,049	10,101,611	284,747	4,344,260	3,900,347	1,008,075	55,234	25,663,233
<b>Net book value</b>	<b>75,358,303</b>	<b>64,184,188</b>	<b>4,223,642</b>	<b>6,283,285</b>	<b>11,121,669</b>	<b>217,722</b>	<b>2,870,752</b>	<b>2,242,863</b>	<b>901,476</b>	<b>-</b>	<b>167,403,901</b>
Useful life / rate of depreciation	-	90-99 years	20 - 40 years	20 - 40 years	10%-20%	10%-20%	10%-33%	33.33%	20%	20%	

2024											
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, 2023											
Cost / revalued amount	75,408,562	66,499,782	5,027,606	6,242,830	14,915,518	438,245	6,570,535	3,720,631	1,482,757	55,234	180,361,700
Accumulated depreciation	-	1,206,237	311,123	418,167	8,619,144	229,718	3,182,760	3,188,621	826,930	55,234	18,037,934
Net book value	75,408,562	65,293,545	4,716,483	5,824,663	6,296,374	208,527	3,387,775	532,010	655,827	-	162,323,766
Year ended June 30, 2024											
Opening net book value	75,408,562	65,293,545	4,716,483	5,824,663	6,296,374	208,527	3,387,775	532,010	655,827	-	162,323,766
Additions	-	-	8,519	-	45,601	14,800	164,696	542,780	537,548	-	1,313,944
Transfers from capital work in progress	-	-	52,334	292,350	585,402	-	23,102	-	-	-	953,188
Disposals	-	-	60,853	292,350	631,003	14,800	187,798	542,780	537,548	-	2,267,132
Cost	(21,707)	-	-	-	(48,924)	(4,715)	(25,023)	(93,807)	(311,526)	-	(505,702)
Accumulated depreciation	-	-	-	-	48,797	4,467	24,963	85,990	233,356	-	397,573
Adjustments	(21,707)	-	-	-	(127)	(248)	(60)	(7,817)	(78,170)	-	(108,129)
Depreciation charge	-	(1,206,237)	(334,296)	(468,428)	(669,662)	(24,391)	(581,866)	(394,998)	(265,265)	-	(3,945,142)
Net book value	75,386,855	64,087,308	4,443,040	5,648,585	6,257,588	198,536	2,993,647	671,975	849,939	-	160,537,475
As at June 30, 2024											
Cost / revalued amount	75,386,855	66,499,782	5,088,459	6,535,180	15,497,597	448,330	6,733,310	4,169,605	1,708,778	55,234	182,123,130
Accumulated depreciation	-	2,412,474	645,419	886,595	9,240,009	249,794	3,739,663	3,497,630	858,839	55,234	21,585,655
Net book value	75,386,855	64,087,308	4,443,040	5,648,585	6,257,588	198,536	2,993,647	671,975	849,939	-	160,537,475
Useful life / rate of depreciation	-	90-99 years	20-40 years	20-40 years	10%-20%	10%-20%	10%-33%	33.33%	20%	20%	

\* These represents revalued 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	2025	2024
(Rupees in '000)			
Freehold land		1,809,833	988,802
Leasehold land		2,905,907	2,964,985
Buildings on freehold land		2,739,137	1,629,199
Buildings on leasehold land		1,678,352	1,804,295
		<u>9,133,229</u>	<u>7,387,281</u>

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

General administrative and other expenses	47	3,549,559	3,398,439
Banknotes' and prize bonds printing charges	45	604,508	520,247
Training, infrastructure, allied facilities and others		80,039	-
Charged to NSPC		-	26,456
		<u>4,234,106</u>	<u>3,945,142</u>

- 19.4 Capital work-in-progress**

Leasehold land	822,325	449
Buildings on freehold land	34,033	264,103
Buildings on leasehold land	599,720	561,432
Office equipment	148,266	50,697
Plant and machinery	2,084,514	642,547
	<u>3,688,858</u>	<u>1,519,228</u>

- 20 INVESTMENT PROPERTY**

Opening balance	1,234,656	1,175,863
Fair value gain recognised during the year	49,387	58,793
Closing balance	<u>1,284,043</u>	<u>1,234,656</u>
Forced sale value	987,725	987,725

- 20.1** The Group's investment properties were revalued on June 30, 2025, by an independent valuer M/s. Property Valuation Services (Private) Limited on the basis of assumptions. The fair values of investment property is considered to be level 2 in the fair value hierarchy due to significant observables inputs used in the valuation. Fair values have been derived considering the factors like global economic recession, general business environment, sales comparison approach, availability of prospective buyers, life of property, any difficulty in obtaining possession of property etc.

	Note	2025 ----- (Rupees in '000) -----	2024
<b>21 INTANGIBLE ASSETS</b>			
Software	21.1	<b>476,072</b>	182,103
Capital work-in-progress		-	573,734
		<b>476,072</b>	<b>755,837</b>
<b>21.1 Intangible assets - software</b>			
Cost as on July 1		<b>1,476,233</b>	1,316,281
Transfers during the year from IBP		<b>10,422</b>	-
Additions during the year		<b>427,102</b>	159,952
Cost as on June 30		<b>1,913,757</b>	1,476,233
Accumulated amortisation as on July 1		<b>1,294,130</b>	1,160,461
Transfer during the year from IBP		<b>8,514</b>	-
Amortisation for the year		<b>135,041</b>	133,669
Accumulated amortisation as on June 30		<b>1,437,685</b>	1,294,130
Net book value as on June 30		<b>476,072</b>	182,103
Useful Life(in years)		<b>3 years</b>	3 years

	Note	2025 ----- (Rupees in '000) -----	2024
<b>21.2 Amortisation charge for the year has been allocated to:</b>			
General, administrative and other expenses	47	<b>135,041</b>	133,669

<b>22 DEFERRED TAXATION</b>	Balance as at July 1, 2024	Recognised in P&L	Recognised in OCI	Balance as at June 30, 2025
	----- (Rupees in '000) -----			
<b>Deductible temporary differences on</b>				
- Stores and spares	103,683	61,838	-	<b>165,521</b>
- Stock-in-trade	33,781	656	-	<b>34,437</b>
- Loans and advances and bill of exchange	2,167	-	-	<b>2,167</b>
- Trade and other payable	38,739	(38,739)	-	-
- Other receivables	1,154	-	-	<b>1,154</b>
- Accrued markup - liability	-	75,820	-	<b>75,820</b>
- Trade Debts	104,191	143,906	-	<b>248,097</b>
- Deferred liabilities	74,191	(552,259)	404,113	<b>(73,955)</b>
	357,906	(308,778)	404,113	<b>453,241</b>
<b>Taxable temporary differences on</b>				
- Property, plant and equipment	(1,411,179)	(624,558)	-	<b>(2,035,737)</b>
- Investment in associates	(1,367,398)	(41,545)	-	<b>(1,408,943)</b>
- Investments - local	(6,284)	(49,617)	-	<b>(55,901)</b>
- Intangible	(38)	38	-	-
- Accrued interest	(20,641)	316	-	<b>(20,325)</b>
- Short term investments	(690,616)	32,544	-	<b>(658,072)</b>
	(3,496,156)	(682,822)	-	<b>(4,178,978)</b>
	<b>(3,138,250)</b>	<b>(991,600)</b>	<b>404,113</b>	<b>(3,725,737)</b>

	Balance as at July 1, 2023	Recognised in P&L	Recognised in OCI	Balance as at June 30, 2024
(Rupees in '000)				
<b>Taxable temporary differences on</b>				
- Stores and spares	(39,000)	(39,463)	-	(78,463)
- Stock-in-trade	(26,301)	(948)	-	(27,249)
- Loans and advances and bill of exchange	(2,167)	-	-	(2,167)
- Trade and other payable	-	(35,654)	-	(35,654)
- Other receivables	(1,154)	-	-	(1,154)
- Deferred liabilities - pension payable	(177,625)	49,090	40,328	(88,207)
	(246,247)	(26,975)	40,328	(232,894)
<b>Deductible temporary differences on</b>				
- Property, plant and equipment	1,330,323	45,968	-	1,376,291
- Investment in associates	1,176,560	190,838	-	1,367,398
- Investments - local	138,001	(131,717)	-	6,284
- Intangible	27	11	-	38
- Accrued markup - liability	-	14,584	-	14,584
- Short term investments	-	280,327	-	280,327
	2,644,911	400,011	-	3,044,922
	<u>2,398,664</u>	<u>373,037</u>	<u>40,328</u>	<u>2,812,028</u>

23	<b>OTHER ASSETS</b>	Note	2025 ----- (Rupees in '000) -----	2024
	Commission receivable and others	23.1	<b>19,051,470</b>	13,569,127
	Stock-in-trade	23.2	<b>7,325,836</b>	3,400,561
	Other advances, deposits and prepayments		<b>18,649,811</b>	12,531,257
	Stores and spares		<b>1,328,315</b>	1,725,095
	Medical, stationery consumables and stamps on hand		<b>243,773</b>	86,485
	Receivable against training programs		<b>140,661</b>	-
			<u><b>46,739,866</b></u>	<u>31,312,525</u>

**23.1** 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.

23.2	<b>Stock-in-trade includes:</b>	Note	2025 ----- (Rupees in '000) -----	2024
	Raw materials		<b>5,168,330</b>	2,010,802
	Work-in-process		<b>2,077,431</b>	1,459,627
	Finished goods		<b>168,376</b>	-
	Less: Provision for slow moving and obsolete stock-in-trade		<b>(88,301)</b>	(69,868)
			<u><b>7,325,836</b></u>	<u>3,400,561</u>

## 24 BANKNOTES IN CIRCULATION

Total banknotes issued	24.1	<b>11,269,571,386</b>	9,698,401,126
Banknotes held with the banking department	8	<b>(118,571)</b>	(189,695)
Notes in circulation		<u><b>11,269,452,815</b></u>	<u>9,698,211,431</u>

**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 banknotes for the time being in circulation. In accordance with section 26 (1) of the SBP Act 1956, this liability of issue department is supported by the following assets of the issue department.

	Note	2025	2024
----- (Rupees in '000) -----			
Gold reserves held by the Bank	7	1,942,111,796	1,349,448,617
Local currency - coins	8	365,337	39,941
Foreign currency accounts and investments	9	28,376,450	-
Securities purchased under agreement to resell	13	5,000,000,000	3,000,000,000
Investments - local	14	4,264,194,360	5,324,039,225
Assets held with the Reserve Bank of India	17	34,523,443	24,873,343
		<b>11,269,571,386</b>	<b>9,698,401,126</b>
<b>25</b>	<b>CURRENT ACCOUNTS OF GOVERNMENTS</b>		
<b>25.1</b>	<b>Current accounts of governments - payable balances</b>		
Federal Government	25.2	586,617,308	862,683,327
Provincial governments			
- Punjab	25.3	847,525,288	627,731,043
- Sindh	25.4	345,438,769	115,899,975
- Khyber Pakhtunkhwa	25.5	82,147,062	63,403,027
- Balochistan	25.6	105,707,100	44,631,129
Government of Azad Jammu and Kashmir		38,464,846	30,893,108
Gilgit - Baltistan Administration Authority		20,632,182	20,084,172
		<b>1,439,915,247</b>	<b>902,642,454</b>
		<b>2,026,532,555</b>	<b>1,765,325,781</b>
<b>25.2</b>	<b>Federal Government</b>		
Non-food account		570,735,174	846,356,764
Zakat fund accounts		11,770,558	12,214,987
Other accounts		4,111,576	4,111,576
		<b>586,617,308</b>	<b>862,683,327</b>
<b>25.3</b>	<b>Provincial Government - Punjab</b>		
Non-food account		844,819,475	624,774,025
Zakat fund account		1,297,083	177,158
Other accounts		1,408,730	2,779,860
		<b>847,525,288</b>	<b>627,731,043</b>
<b>25.4</b>	<b>Provincial Government - Sindh</b>		
Non-food account		340,114,046	108,735,069
Zakat fund account		5,117,429	4,613,472
Other accounts		207,294	2,551,434
		<b>345,438,769</b>	<b>115,899,975</b>
<b>25.5</b>	<b>Provincial Government - Khyber Pakhtunkhwa</b>		
Non-food account		73,584,551	58,344,759
Zakat fund account		5,155,121	1,322,498
Other accounts		3,407,390	3,735,770
		<b>82,147,062</b>	<b>63,403,027</b>
<b>25.6</b>	<b>Provincial Government - Balochistan</b>		
Non-food account		101,817,259	41,742,547
Zakat fund account		3,435,109	2,643,886
Other accounts		454,732	244,696
		<b>105,707,100</b>	<b>44,631,129</b>

## 26 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 in 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. As per the agreement executed on July 13, 2022, 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 SHIBOR + 1.5%. During the year, the agreement has been further renewed for a period of three years.

27 DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS	Note	2025	2024
----- (Rupees in '000) -----			
<b>Foreign currency</b>			
Scheduled banks		67,415,121	65,209,578
Held under cash reserve requirement	27.1	320,016,466	300,404,706
Others		29,766,189	22,360,498
		<u>417,197,776</u>	<u>387,974,782</u>
<b>Local currency</b>			
Scheduled banks	27.1	1,225,474,880	1,461,839,092
Financial institutions		39,686,883	50,314,873
Others		227,621	195,688
		<u>1,265,389,384</u>	<u>1,512,349,653</u>
		<u><u>1,682,587,160</u></u>	<u><u>1,900,324,435</u></u>

27.1 This includes cash deposited with the Bank by scheduled banks and financial institutions under regulatory requirements.

28 OTHER DEPOSITS AND ACCOUNTS	Note	2025	2024
----- (Rupees in '000) -----			
<b>Foreign currency</b>			
Foreign central banks		1,003,157	125,593,441
International organisations		1,080,120,622	931,523,698
Others		29,171,774	28,327,466
	28.1 & 28.2	<u>1,110,295,553</u>	<u>1,085,444,605</u>
<b>Local currency</b>			
Special debt repayment	28.3	24,243,841	24,243,841
Government	28.4	17,850,348	17,850,348
Foreign central banks		2,005	3
International organisations		237,967	228,152
Others		102,555,568	79,823,720
		<u>144,889,729</u>	<u>122,146,064</u>
		<u><u>1,255,185,282</u></u>	<u><u>1,207,590,669</u></u>

28.1 This includes FCY deposits equivalent to Rs. 1,135,058 million (based on exchange rate as of June 30, 2025) (2024: Rs. 1,113,365 million based on exchange rate as of June 30, 2024), carrying interest at Secured Overnight Financing Rate (SOFR) 180 days average + 1.72% (2024: SOFR + 1.72%), 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:	2025	2024
	(% per annum)	
Foreign central banks	4.63 to 5.88	5.68 to 5.88
International organisations	6.01 to 6.96	6.50 to 6.96

- 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 Federal Government and credited to separate deposit accounts in accordance with the instructions of the GoP.

29	Note	2025	2024
		----- (Rupees in '000) -----	
<b>PAYABLE TO THE INTERNATIONAL MONETARY FUND</b>			
Borrowings under:			
- fund facilities	29.1 & 29.3	<b>1,556,216,156</b>	1,075,044,556
- allocation of SDRs	29.2 & 29.3	<b>1,149,299,843</b>	1,082,010,456
		<b><u>2,705,515,999</u></b>	<u>2,157,055,012</u>
Current account for administrative charges		<b>89</b>	85
		<b><u>2,705,516,088</u></b>	<u>2,157,055,097</u>

- 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 the GRA financing, the IMF granted an Extended Fund Facility (EFF) amounting to SDR 4,393 million during FY 2013-14 having repayment period of 4½–10 years, with repayments structured in twelve equal semi-annual instalments. A total amount of SDR 4,393.00 million had been disbursed under twelve tranches of EFF. The repayment under this facility started from March 2018 and will continue until September 2026. During the year, repayments are made amounting to SDR 462.17 million (2024: SDR 642.17 million) in 16 different tranches (2024:21 tranches).

In addition, the Bank obtained further financing during the year under the same GRA financing. IMF under EFF facility granted loan amounting to SDR 5,320 million. The facility carries a repayment period of 4½–10 years, with repayments structured in twelve equal semi-annual instalments. The Bank received SDR 1,520 million in two tranches, in September 2024 and May 2025, of SDR 760 million each.

In FY 2023-24, the IMF approved a Stand-By Arrangement Facility (SBAF) amounting to SDR 2,250 million. The facility has a repayment period of 3¼ - 5 years, with repayments to be made in eight equal semi-annual instalments. A total amount of SDR 2,250 million was disbursed in three tranches. Repayment under this facility will start from October 2026 and will continue until April 2029.

- 29.2** In FY 2021-22, IMF 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 1,946.62 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 16.5 to these consolidated financial statements.

29.3	Note	2025	2024
		(% per annum)	
Interest profile of amount payable to the IMF is as under:			
Fund facilities	29.3.1	<b>3.52 to 5.02</b>	4.98 to 5.20
Allocation of SDR		<b>2.92 to 4.02</b>	3.98 to 4.20

- 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. The charges are, however, payable on quarterly basis. In addition, interest on fund facilities includes margin ranges from 1% to 0.6% (2024: 1%).

### **30 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE**

This represents collateralised borrowing made from financial institutions under repurchase arrangement carrying a mark-up of 10% per annum (2024: 19.5% per annum) and is due to mature on July 02, 2025 (2024: July 02, 2024).

30.1 Pakistan Investment Bonds (PIB) having maturity of 5 years are pledged as security under borrowing having carrying value of Rs. 101,548.66 million (2024: Rs.610,376.29 million).

	Note	2025	2024
----- (Rupees in '000) -----			
<b>31 OTHER LIABILITIES</b>			
Provision against overdue mark-up	31.1	17,408,788	16,136,242
Special reserve provision under FIIP		27,700,433	24,017,148
Deferred Grant Income under FIIP		1,993,459	573,734
Remittance clearance account		41,720	97,325
Exchange loss payable under exchange risk coverage scheme		854,195	801,877
Unrealised loss on derivative financial instruments - net		1,937,855	595,805
Unrealised loss on foreign currency derivatives		31,193	5,988,923
Other accruals and provisions	31.2	72,064,778	58,177,956
Contract liabilities		3,579,048	-
Deferred Grant		37,010	-
Others		17,909,035	20,953,299
		<u>143,557,514</u>	<u>127,342,309</u>

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.

	Note	2025	2024
----- (Rupees in '000) -----			
<b>31.2 Other accruals and provisions</b>			
Agency commission		13,121,449	11,681,126
Provision for employees' compensated absences	47.3.9	13,866,450	11,388,830
Provision for other doubtful assets	31.2.1	36,105,930	26,455,829
Trade and other payables		2,454,847	2,216,397
Other provisions	31.2.2	4,130,676	4,087,096
Others		2,385,426	2,348,678
		<u>72,064,778</u>	<u>58,177,956</u>

#### 31.2.1 Provision for other doubtful assets

Provision against assets held with / receivable from the Government of India and the Reserve Bank of India

- Issue department		34,523,473	24,873,372
- Banking department		40,483	40,483
		<u>34,563,956</u>	<u>24,913,855</u>

Provision against assets receivable from the Government of Bangladesh

- Banking department	31.2.1.1	1,541,974	1,541,974
		<u>1,541,974</u>	<u>1,541,974</u>

	31.2.1.2	<u>36,105,930</u>	<u>26,455,829</u>
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31.2.1.1 This represents provision maintained against balances due from the Government of India and Bangladesh.

	2025	2024
----- (Rupees in '000) -----		
<b>31.2.1.2 Movement of provisions for other doubtful assets</b>		
Opening balance	26,455,829	23,161,396
Charge / (reversal) during the year	109,565	(127,828)
Appreciation relating to gold reserves held by the Reserve Bank of India	9,540,536	3,422,261
Closing balance	<u>36,105,930</u>	<u>26,455,829</u>

**31.2.2** This represents provision against home remittance amounting to Rs. 260.36 million (2024: Rs. 260.36 million), specific claims pertaining to provision made against claims under arbitration amounting to Rs. 1,600.00 million (2024: Rs. 1,600.00 million) and other provision made in respect of litigations and claims against the Bank amounting to Rs. 2,269.90 million (2024: Rs. 2,226.74 million).

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>32 DEFERRED LIABILITY - STAFF RETIREMENT BENEFITS</b>			
<b>Unfunded staff retirement benefits</b>			
Pension		85,919,440	76,474,711
Gratuity scheme		281,292	258,607
Post retirement medical benefits		61,115,813	57,751,575
Benevolent fund scheme		991,767	954,029
Six months post retirement facility		3,660,217	2,021,493
Income Continuation Plan		5,117,525	2,700,847
Deffered Liabilities - Severance benefit		872,367	-
Gratuity - Contractual employees		45,702	30,583
	47.3.3	<u>158,004,123</u>	<u>140,191,845</u>
Provident fund scheme		505,169	351,599
		<u>158,509,292</u>	<u>140,543,444</u>
<b>Funded staff retirement benefits</b>			
Pension	47.4.3	5,975,161	4,154,745
		<u>164,484,453</u>	<u>144,698,189</u>

**33 SHARE CAPITAL**

	2025	2024		2025	2024
	----- (Number of shares) -----			----- (Rupees in '000) -----	
<b>Authorised share capital</b>					
	<u>5,000,000,000</u>	<u>5,000,000,000</u>	Ordinary shares of Rs. 100 each	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, subscribed and paid-up capital</b>					
	<u>1,000,000,000</u>	<u>1,000,000,000</u>	Fully paid-up ordinary shares of Rs. 100 each	<u>100,000,000</u>	<u>100,000,000</u>

**33.1** 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. 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. 58,691.71 million (2024: Rs 603,244.76 million) to general reserve.

**34.2 Reserve for acquisition of PSPC**

This represents reserve against the Bank's exposure in PSPC. In FY 2023-24, the Bank transferred an amount of Rs 67,464 million (including Rs 2 billion representing dividend income from PSPC allocated in unconsolidated financial statements) appearing as "Reserve for acquisition of PSPC" to "Unappropriated Profit", and was subsequently paid to the Government of Pakistan as per the approval of the Board.

### 34.3 Reserve created as a result of acquisition of subsidiary

During the year, pursuant to the decision of the Federal Government's Cabinet Committee on State-Owned Enterprises (CCoSOEs) and its subsequent ratification on August 13, 2024 by the Federal Cabinet pertaining to the re-merger of the National Security Printing Company (Private) Limited with Pakistan Security Printing Corporation (Private) Limited (NSPC), Share Purchase Agreement between the Government of Pakistan (GOP) and Pakistan Security Printing Corporation (Private) Limited (PSPC) was signed on June 03, 2025. Further, the Form for Transfer of shares was signed by aforesaid parties on June 04, 2025 (effective date of acquisition) and consequently, NSPC has become the wholly owned subsidiary of PSPC and control is transferred. as at June 04, 2025.

In accordance with the requirements of Accounting Standard on "Accounting for Common Control Transactions", the difference between the consideration transferred and the net of carrying amount of the assets and liabilities of the subsidiary acquired / transferred has been recognized within equity as "reserve arising as a result of acquisition".

The consideration transferred for acquisition of subsidiary and carrying amount of net assets of subsidiary as on the date of effective date of acquisition are as follows:

	<b>Rupees in '000</b>
<b>Total Assets</b>	
Property, plant and equipment	1,913,493
Intangible assets	1,487
Long term loans	12,700
Long term deposits	3,485
Stores and spares	108,948
Stock-in-trade	4,132,865
Trade debts	7,520,385
Loans and advances	26,102
Trade deposits and prepayments	26,421
Accrued mark-up	587
Other receivables	156,501
Short term investments	16,160,900
Cash and bank balances	292,841
<b>Total Assets</b>	<b><u><u>30,356,715</u></u></b>
<b>Total Liabilities</b>	
Deferred liabilities	1,797,608
Deferred taxation	473,316
Trade and other payables	746,627
Payable to Pakistan Security Printing Corporation (PSPC)	175,379
Contract liabilities	6,117,220
Taxation - net	1,005,582
<b>Total Liabilities</b>	<b><u><u>10,315,732</u></u></b>
<b>Net Assets</b>	<b>20,040,983</b>
Consideration paid for acquisition of shares	41,774,000
<b>Recognized as capital reserve</b>	<b><u><u>(21,733,017)</u></u></b>

### 35 UNREALISED EXCHANGE GAIN

In FY 2023-24, the Bank recorded an unrealised exchange gain of Rs. 125,437.08 million. As required under clause 41 (1) of the SBP Act, 1956 the Bank has to distribute the annual profit for the year excluding amount of unrealized exchange gain. The Bank has distributed the remaining surplus profit during the year after retention of unrealized exchange gain.

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>36 UNREALISED APPRECIATION ON GOLD RESERVES HELD BY THE BANK</b>			
Opening balance		<b>1,344,041,715</b>	1,132,158,155
Appreciation for the year due to revaluation	7	<b>591,221,681</b>	211,883,560
Closing balance		<b><u><u>1,935,263,396</u></u></b>	<u><u>1,344,041,715</u></u>

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>37 CONTINGENCIES AND COMMITMENTS</b>			
<b>37.1 Contingencies</b>			
<b>37.1.1 State Bank of Pakistan (the Bank)</b>			
a) Contingent liability in respect of guarantees given on behalf of:			
Federal Government	37.1.1.1	661,750	2,680,584
Federal Government owned / controlled bodies and authorities		<u>1,161,957</u>	<u>3,526,240</u>
		<u><u>1,823,707</u></u>	<u><u>6,206,824</u></u>
b) Other claims against the Bank not acknowledged as debts	37.1.1.2	<u><u>3,476,940</u></u>	<u><u>1,687,123</u></u>

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 consolidated financial statements and the same have not been disclosed in these consolidated financial statements.

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

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

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>37.1.2 SBP Banking Services Corporation (the Corporation)</b>			
Claims against the Corporation not acknowledged as debts	37.1.2.1	<u><u>3,107</u></u>	<u><u>3,972</u></u>

**37.1.2.1** These mainly represent various cases filed by ex-employees of the Corporation on account of computational differences in settlement of their retirement benefit amounts. Based on advice of legal advisor, the management believes that these cases will be decided in favour of the Corporation and hence no provision has been recognised in these financial statements.

### **37.1.3 National Institute of Banking and Finance - Pakistan**

**37.1.3.1** In the year 2016, NIBAF (now NIBAF, Pakistan) received a notice from the tax department dated January 20, 2016 claiming that the services provided by Company 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 Company 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 Company is a training Company and is not liable to be registered under sales tax on training services. A reply was sent from the Company'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 Company. However, the ACIR maintained the tax department's view and ordered the compulsory registration of the Company with immediate effect through its order dated February 19, 2016.

Moreover, the Company 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.

In the year 2017, the Company filed an appeal before the Commissioner Inland Revenue Appeals II (CIRA) challenging the compulsory registration of the Company 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 Honorable Islamabad High Court. Consequently, the Company filed writ petition against the above orders before the Honorable Islamabad High Court (IHC).

IHC passed an order dated January 29, 2018 and directed CIRA to decide the representation of the Company expeditiously (preferably within 7 days) after affording an opportunity of being heard. The Company filed applications to CIRA for compliance with IHC order. On March 12, 2018, representatives of the Company 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 the Company.

- 37.1.3.2** In the year 2021, Company 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 Company'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, the Company filed written petition dated February 24, 2021 against the above orders before the IHC and matter is pending for adjudication before the Honorable Islamabad High Court.

The Company, based on the advice of its legal counsel, is of the view that the Company has valid grounds and there are fair chances of success before the Honorable Islamabad High Court. Accordingly, no provision has been recognized in these financial statements.

- 37.1.3.3** The taxation officer of the inland revenue authorities (IR authorities) passed an assessment Order dated August 31, 2021 under section 161(1) of the Ordinance for the Tax Year 2016 whereby demand of alleged non-deducted/paid income tax of Rs. 15,899,225 along with default surcharge of Rs. 1,907,907 and penalty of Rs. 1,589,923 was framed against the Company. The Company preferred an appeal against the Order before the Commissioner Inland Revenue (Appeals). CIRA which was heard on August 04, 2022 and is reserved for Order.

The Company anticipates favourable outcome of the Appeal given the fact that income tax where applicable was duly deducted and deposited either by the Company or its parent/associated companies i.e. SBP and BSC. There is also a technical ground of time limitation of 120 days in terms of first proviso to section 129(4) of the Ordinance, based on the doctrine of substantive justice and procedural compliance as is discussed in number of judgments of the higher and the apex court, and the Company may get Favor on this ground as well.

- 37.1.3.4** The Company filed an appeal before the CIRA against the impugned short-paid withholding income tax of Rs.8,092,500 along with default surcharge of Rs.971,100 and penalty of Rs.809,250 determined through the assessment Order dated August 31, 2021 passed under section 161(1) of the Ordinance for the Tax Year 2017. The appeal was heard on August 04, 2022 and reserved for Order however favourable outcome was likely based on the facts that there was no apparent non-compliance with the provisions of the referred section of the Ordinance and the impugned Order was passed without looking into the documentary evidence made available to the taxation officer during the proceeding of the show cause notice. There is also a technical ground of time limitation of 120 days in terms of first provision to section 129(4) of the Ordinance, based on the doctrine of substantive justice and procedural compliance as is elaborated in number of judgments of the higher and the apex court, and the Company may get Favor on this ground as well.

- 37.1.3.5** Income tax credit claimed Rs. 18,717,400 in income tax return of the tax year 2018 under section 100C of the Ordinance was rejected by the taxation officer given the reason that the Company did not get its exemption certificate renewed post amendment in the applicable Income Tax Rules, 2002. The Company contested the case in appeal before the CIRA on the ground that exemption granted to the Company U/S 100C by then Commissioner was valid for all subsequent years until is revoked by the Commissioner and referred amendment in the Rules applies prospectively. The appeal was heard on August 04, 2022 and was reserved for Order.

The Company was confident of the favourable outcome on the premise that SBP and its subsidiaries are exempted from income tax in terms of section 49 of the SBP Act 1956. There is also a technical ground of time limitation of 120 days in terms of first proviso to section 129(4) of the Ordinance, based on the doctrine of substantive justice and procedural compliance as is narrated in number of judgments of the higher and the apex court, and the Company may get Favor on this ground as well.

**37.1.3.6** The Company has preferred an appeal before the CIRA against the assessment Order dated November 30, 2021 passed U/S 122(1) of the Ordinance for the Tax Year 2017, in terms whereof tax credit of Rs. 32,476,739 claimed U/S 100C was rejected on the premise that condition for upper cap (i.e. 15%) of admin expense U/S 100C was not fulfilled by the Company. The Company contested the notice and explained that the expenses mainly pertain to core business of the Company i.e. Trainings Services. The Appeal was heard on August 04, 2022 and was reserved for Order; and the Company was hopeful of favourable outcome. The Company may also get Favor on technical ground of time limitation under the first proviso to section 129(4) of the Ordinance.

**37.1.4 Pakistan Security Printing Corporation (Private) Limited- (PSPC)**

**37.1.4.1** 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.

**37.1.4.2** In the previous years, certain income tax demands were raised for amount of Rs. 34.90 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.

**37.1.4.3** Monitoring proceedings relating to tax year 2017 were concluded through order dated June 24, 2024 creating a demand of Rs. 4.315 million. Being aggrieved, the Holding Company has filed appeal before CIRA along with the stay application. No recovery notice has been issued.

The management, based on the advice of tax experts, expects a favorable outcome of the aforementioned matters and therefore no provision has been made in these consolidated financial statements.

**37.1.4.4** Outstanding letters of guarantee amounted to Rs. 150 million (2024: Rs. 21.06 million).

**37.1.4.5** As at June 30, 2025, the Holding Company has letter of guarantee facility from Bank Al Habib Limited against hypothecation charge over SBP receivables.

**37.1.4.6** An appeal is currently pending before the Appellate Tribunal Inland Revenue (ATIR) against the order of the Commissioner Inland Revenue (Appeals) [CIR(A)] dated December 6, 2018. The order had set aside a sales tax withholding demand amounting to Rs. 75.77 million, which was raised due to unverified transactions as per the tax department. As of the reporting date, the Company has paid Rs. 3.79 million against the total demand. Furthermore, the effect of CIR(A)'s order (referenced in AT 2400 dated December 17, 2018 and AT 4722 dated June 4, 2020) is still to be implemented. The management believes that the entire demand should have been deleted by the CIR(A) and the outcome of the appeal will be decided in its favor and therefore no provision is required in these consolidated financial statements.

**37.1.4.7** Proceedings before the Deputy Commissioner Inland Revenue are underway in respect of matter in which the authority has raised the issue of not levying and discharging further tax of Rs. Rs. 99.827 million on sales to government departments who are not required to be registered. The management believes that the entire demand should have been deleted by the CIR(A) and the outcome of the appeal will be decided in its favor and therefore no provision is required in these consolidated financial statements.

**37.1.4.8** Appeals are pending before the Appellate Tribunal Inland Revenue (ATIR) on various tax matters. These include (i) assessment proceedings under Section 122(5A) against Commissioner Inland Revenue Appeals {CIR(A)} ex-parte order dated February 17, 2021 and Assistant Deputy Commissioner Inland Revenue Appeals (ADCIR) order dated February 28, 2018, where the Company has challenged the jurisdiction of the proceedings, levy of super tax, and disallowance of tax credit under Section 65B. A tax demand of Rs. 2.30 million has been paid under protest; (ii) monitoring proceedings under Sections 161/205 against CIR(A)'s order dated July 30, 2019 in relation to the Taxation Officer's order dated May 21, 2019, where a tax demand of Rs. 23.69 million was raised but later stayed and remanded by CIR(A), with appeal effects (AT 4716 and 4722 dated June 4, 2020) still pending; and (iii) audit proceedings initiated under Sections 214C and 177 against CIR(A)'s order dated August 23, 2023 and DCIR's order dated June 27, 2023 under Section 122(4), where the Company has contested issues including invalid audit selection, reversal of provisions for obsolete stock and doubtful debts, disallowance of loss on remeasurement of retirement benefits, administrative expenses, and super tax.

The management believes that the entire demand should have been deleted by the CIR(A) and the outcome of the appeal will be decided in its favor and therefore no provision is required in these consolidated financial statements.

**37.1.4.9** Appeals are pending before the Appellate Tribunal Inland Revenue (ATIR) on various matters primarily related to audit proceedings. These include (i) appeal against CIR(A)'s order dated December 31, 2021 regarding audit proceedings under Section 177, where the Company has challenged the validity of audit selection, disallowance of contribution to approved retirement benefit funds, differences in purchase amounts, exchange losses, allocation of Workers' Profit Participation Fund (WPPF), administrative expenses, levy of super tax, and tax credits under Section 65B, including short allowances. The original tax demand of Rs. 300 million was extinguished upon CIR(A)'s order which remanded the case back for reassessment; and (ii) appeal against CIR(A)'s order dated August 23, 2023, in respect of appeal effect proceedings concluded through DCIR's order dated June 27, 2023, where the matters under dispute include disallowance of approved retirement benefit, error in calculation of tax credit under Section 65B, short allowance of tax credit, and levy of super tax under Section 4B.

The management believes that the entire demand should have been deleted by the CIR(A) and the outcome of the appeal will be decided in its favor and therefore no provision is required in these consolidated financial statements.

### **37.1.5 Contingencies of the associate - Security Papers Limited (SPL)**

There are aggregate contingencies in respect of income tax, sales tax and other matters amounting to Rs. 261.6 as at June 30, 2025 whereby SPL is contesting before various authorities. The management of associate company expects a favorable outcome of the matters and therefore no provision has been made in the financial statements of the associate. The exposure of the Company in respect of these contingencies of SPL is Rs. 104.52 million.

### **37.1.6 Contingencies of the associate - SICPA Inks Pakistan Private Limited**

There are aggregate contingencies in respect of sales tax, income tax and Workers' Welfare Fund (WWF) amounting to Rs. 709.367 as at June 30, 2025 whereby SIPPL is contesting before various authorities. The management of associate company expects a favorable outcome of the matters and therefore no provision has been made in the financial statements of the associate. The exposure of the Company in respect of contingencies of SIPPL is Rs. 333.4 million.

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>37.2 Commitments</b>			
<b>37.2.1</b> Foreign currency forward and swap contracts - sale		<u>1,275,796,384</u>	<u>1,808,999,457</u>
<b>37.2.2</b> Foreign currency forward and swap contracts - purchase		<u>1,282,507,827</u>	<u>842,051,338</u>
<b>37.2.3</b> Capital commitments	37.2.3.1	<u>2,274,023</u>	<u>1,400,945</u>
<b>37.2.3.1</b> This represent amounts committed by the Group to purchase assets from successful bidders.			
<b>37.2.4</b> Letter of guarantee / credit		<u>633</u>	<u>4,219,440</u>

**37.2.5** The Bank has a commitment to extend equivalent PKR of CNY 30,000 million (Rs. 1,188,102 million) [(2024: PKR of CNY 30,000 million (Rs. 1,149,156 million))] to People's Bank of China under bilateral currency swap agreement as disclosed in note 26 to these consolidated financial statements.

**37.2.6 Import letter of credit (sight / usance)**

The associated company has facilities from the National Bank of Pakistan (NBP) relating to import letters of credit amounting to Rs. 200 million (2024: Rs. 200 million). The arrangement from NBP is secured by lien on documents of title of goods drawn under letter of credit. The Company has utilised Rs. 0.87 million as at June 30, 2025 (2024: Rs. 30.07 million).

The associated Company has facilities from the Bank Al Habib Limited (BAHL) relating to import letters of credit amounting to Rs. 200 million (2024: Rs. 200 million). The arrangement from BAHL is secured by lien documents consigned in favour of BAHL and counter guarantees. The Company has utilised Rs. 98.71 million as at June 30, 2025 (2024: Rs. 112.5 million).

The Company has also obtained letter of credit facility from the BAHL of Euro 8.19 million for upgradation of Paper Machine 2. The Company has utilised Rs 2,727.54 million as at June 30, 2025.

The Musharakah facility from Meezan Bank Limited is also available to be used for import letter of credit amounting to Rs. 200 million. This facility is the sub limit of running musharakah facility. The arrangement is secured by lien over import documents. The Company has utilised Rs 9.49 million as at June 30, 2025 (2024: Rs. 0.98 million).

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>38 DISCOUNT, INTEREST / MARK-UP AND / OR PROFIT EARNED ON FINANCIAL ASSETS</b>			
<b>At amortised cost</b>			
Discount, interest / mark-up on government transactions:			
- Government securities	38.1	918,413,380	1,235,486,966
- Federal Government scrips		82,200	82,200
- SDRs on-lending to Government of Pakistan (GoP)		24,289,442	30,059,294
Securities purchased under agreement to resell		1,706,350,798	2,091,935,736
Interest income on preference shares		4,335,064	4,273,953
Return on loans and advances to financial institutions		64,241,800	112,932,775
Foreign currency deposits		96,943,046	93,066,534
Others		440,168	314,679
		<u>2,815,095,898</u>	<u>3,568,152,137</u>
<b>Fair value through other comprehensive income</b>			
Foreign currency securities		<u>25,891,994</u>	<u>1,946,615</u>
<b>38.1</b>			
This represents income earned on Market Treasury Bills and Pakistan Investment Bonds.			
	Note	2025	2024
		----- (Rupees in '000) -----	
<b>39 INTEREST / MARK-UP EXPENSE</b>			
Deposits		73,586,438	64,336,554
Interest on bilateral currency swap		42,399,726	47,482,355
Interest on special drawing rights		54,774,992	47,470,015
Securities sold under agreement to repurchase		37,529,717	77,661,258
Charges on allocation of special drawing rights of the IMF		36,945,508	44,874,973
Others		197,170	222
		<u>245,433,551</u>	<u>281,825,377</u>
<b>40 COMMISSION INCOME</b>			
Market Treasury Bills	40.1	3,762,721	4,044,270
Management of public debts	40.1	6,904,612	6,249,532
Prize bonds and national saving certificates	40.1	573,015	566,139
Draft / payment orders		2,491	2,145
Others		71	70
		<u>11,242,910</u>	<u>10,862,156</u>

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

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>41 EXCHANGE (LOSS) / GAIN - NET</b>			
(Loss) / gain on:			
- foreign currency placements, deposits, securities and other accounts - net		45,300,846	136,166,534
- IMF fund facilities		(78,272,170)	33,979,963
- Special drawing rights of the IMF		(21,678,789)	15,930,039
Others		(309,729)	16,065
		<u>(54,959,842)</u>	<u>186,092,601</u>
<b>42 SHARE OF PROFIT FROM ASSOCIATES</b>			
Security Papers Limited		511,679	662,847
SICPA Inks Pakistan (Private) Limited		570,753	1,052,696
		<u>1,082,432</u>	<u>1,715,543</u>
<b>43 OTHER OPERATING INCOME - NET</b>			
Penalties levied on banks and financial institutions		2,071,865	3,098,249
License / credit information bureau fee recovered		1,424,902	1,115,328
Gain / (loss) on disposal of investments - net:			
- local - at fair value through profit or loss		870,848	251,521
Grant Income		48,117	-
Training, infrastructure, allied facilities and others		550,196	-
Income allocated from endowment fund		6,053	-
Others		3,218,273	1,287,498
		<u>8,190,254</u>	<u>5,752,596</u>
<b>44 OTHER INCOME - NET</b>			
Gain on disposal of property, plant and equipment		9,219	3,907
Grant income under foreign assistance program		193,887	100,491
Fair value gain on investment property	20	49,387	58,793
Others		1,198,820	279,773
		<u>1,451,313</u>	<u>442,964</u>
<b>45 BANKNOTES' AND PRIZE BOND PRINTING CHARGES</b>			
<b>Raw material</b>			
Opening stock		5,593,509	2,913,005
Purchases including in transit		20,497,732	21,763,935
Closing stock		(5,168,330)	(2,010,802)
		<u>20,922,911</u>	<u>22,666,138</u>
Salaries, wages and other benefits		920,638	824,479
Pension		180,617	438,343
Outsourced services		231,456	285,700
Training		4,357	20,010
Stores and spares		1,137,554	789,198
Fuel and power		408,692	345,169
Insurance		44,622	41,518
Depreciation	19.3	604,508	520,247
Provision for obsolete stores and spares - net		144,562	101,185
Provision for slow moving and obsolete stock-in-trade - net		1,971	2,430
Amortisation of packing boxes		70,484	84,552
Amortisation of intangibles		968	168
Repairs and maintenance		179,675	105,675
Manufacturing services		23,855	-
Others		10,177	9,490
		<u>3,964,136</u>	<u>3,568,164</u>
Manufacturing cost		<u>24,887,047</u>	<u>26,234,302</u>

	Note	2025	2024
		----- (Rupees in '000) -----	
Opening work-in-process		2,017,564	1,533,514
Closing work-in-process		(2,077,431)	(1,459,627)
		<u>(59,867)</u>	<u>73,887</u>
Cost of goods manufactured		24,827,180	26,308,189
Opening stock of finished goods		8,683	329,344
Closing stock of finished goods		(168,376)	-
		<u>(159,693)</u>	<u>329,344</u>
		<u>24,667,487</u>	<u>26,637,533</u>

#### 46 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), Sindh Bank Limited (SBL), Bank of Khyber (BOK) which were appointed as agent of the Bank mainly to collect stamp duty under e-stamps mechanism. A portion of agency commission pertains to 1Link and its member banks for collecting Government receipts through Alternate Delivery Channels (ADCs).

	Note	2025	2024
		----- (Rupees in '000) -----	
<b>47 GENERAL ADMINISTRATIVE AND OTHER EXPENSES</b>			
Salaries and other benefits		19,078,279	17,957,200
Retirement benefits and employees' compensated absences	47.1	20,957,810	26,299,045
Contribution to Employee Staff Welfare Fund		176,438	187,081
Rent and taxes		91,033	107,094
Insurance		160,266	194,155
Electricity, gas and water		1,184,656	1,155,836
Depreciation	19.3	3,549,559	3,398,439
Amortisation	21.2	133,026	133,669
Repairs and maintenance		1,780,411	1,770,282
Directors' fee		4,960	5,907
Auditors' remuneration	47.2	38,566	36,479
Legal and professional		384,613	176,231
Travelling expenses		172,347	185,227
Daily expenses		158,964	112,115
Fuel		129,264	80,612
Conveyance		60,443	44,762
Postages, telegram / telex and telephone		335,928	372,733
Training		103,899	180,058
Stationery		31,958	47,192
Remittance of treasure		568,340	544,303
Books and newspapers		28,939	24,354
Advertisement		122,800	182,039
Uniforms		64,257	28,395
Board / Board committee expenses		18,771	20,906
Recruitment charges		30,423	20,751
Others		2,879,284	2,791,370
		<u>52,245,233</u>	<u>56,056,235</u>

47.1 This includes an amount relating to defined contribution plan aggregating to Rs. 1,106.49 million (2024: Rs. 1,001.89 million) and Rs. 3,156.266 million (2024: Rs. 1,786.46 million) in respect of employees compensated absences.

## 47.2 Auditors' remuneration

	2025			2024		
	BDO Ebrahim & Co.	KPMG Taseer Hadi & Co.	Total	BDO Ebrahim & Co.	A. F. Ferguson & Co.	Total
----- (Rupees in '000) -----						
<b>State Bank of Pakistan</b>						
Audit fee (including out of pocket expenses)	7,927	8,381	16,308	7,206	8,381	15,587
Sindh sales tax on services	634	670	1,304	576	670	1,246
	<u>8,561</u>	<u>9,051</u>	<u>17,612</u>	<u>7,782</u>	<u>9,051</u>	<u>16,833</u>
<b>SBP Banking Services Corporation</b>						
Audit fee (including out of pocket expenses)	7,927	8,381	16,308	7,206	8,381	15,587
Sindh sales tax on services	634	670	1,304	576	670	1,246
	<u>8,561</u>	<u>9,051</u>	<u>17,612</u>	<u>7,782</u>	<u>9,051</u>	<u>16,833</u>
<b>National Institute of Banking and Finance</b>						
Audit fee (including out of pocket expenses)	-	-	-	-	931	931
ICT sales tax on services	-	-	-	-	75	75
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,006</u>	<u>1,006</u>
<b>National Institute of Banking and Finance, Pakistan</b>						
Audit fee (including out of pocket expenses)	1,150	-	1,150	83	-	83
Sindh sales tax on services	92	-	92	7	-	7
	<u>1,242</u>	<u>-</u>	<u>1,242</u>	<u>90</u>	<u>-</u>	<u>90</u>
<b>Pakistan Security Printing Corporation</b>						
Audit fee (including out of pocket expenses)	1,905	-	1,905	1,590	-	1,590
Sindh sales tax on services	152	-	152	127	-	127
	<u>2,057</u>	<u>-</u>	<u>2,057</u>	<u>1,717</u>	<u>-</u>	<u>1,717</u>
	<u>20,421</u>	<u>18,102</u>	<u>38,523</u>	<u>17,371</u>	<u>19,108</u>	<u>36,479</u>

## 47.3 Staff retirement benefits - unfunded (Bank and BSC)

47.3.1 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:

	2025	2024
- discount rate for year end obligation	11.75% p.a	14.75% p.a
- salary increase rate (where applicable)	23.00% p.a	24.75% p.a
- pension indexation rate (where applicable)	12.00% p.a	13.50% p.a
- medical cost increase rate	11.75% p.a	14.75% p.a
- petrol price increase rate (where applicable)	6% p.a	24.75% p.a
- personnel turnover (SBP)	5.16% p.a	4.84% 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.

47.3.2 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.

### 47.3.3 Change in present value of defined benefit obligation

		2025							
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance benefits	Gratuity-Contractual Employees	Total	
------(Rupees in '000)-----									
Present value of defined benefit obligation July 01, 2024	76,474,711	258,607	57,751,574	954,029	2,021,493	2,700,847	-	30,583	140,191,845
Current service cost	1,274,034	18,250	1,493,375	10,845	169,005	-	-	26,382	2,991,891
Interest cost on defined benefit obligation	9,738,236	35,010	8,346,273	126,290	287,731	383,009	-	4,043	18,920,592
Past service cost	(1,775,119)	-	(5,344,885)	15,492	1,004,428	-	872,367	-	(5,227,717)
	9,237,151	53,260	4,494,763	152,627	1,461,164	383,009	872,367	30,425	16,684,766
Benefits paid	(6,991,088)	(42,911)	(2,333,347)	(186,986)	(141,556)	(208,352)	-	(6,352)	(9,910,593)
Remeasurements:									
actuarial losses / (gains) from changes in financial assumptions	5,157,134	13,620	2,955,817	86,216	421,380	2,636,234	-	(418)	11,269,983
experience adjustments	2,041,532	(1,284)	(1,752,993)	(14,119)	(102,265)	(394,213)	-	(8,536)	(231,878)
	7,198,666	12,336	1,202,824	72,097	319,115	2,242,021	-	(8,954)	11,038,105
Present value of defined benefit obligation as on June 30, 2025	85,919,440	281,292	61,115,814	991,767	3,660,216	5,117,525	872,367	45,702	158,004,123

		2024							
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance benefits	Gratuity-Contractual Employees	Total	
------(Rupees in '000)-----									
Present value of defined benefit obligation July 01, 2023	70,004,537	201,182	51,454,019	1,014,738	1,456,490	1,865,085	-	-	125,996,051
Current service cost	1,323,496	23,380	1,664,696	5,379	94,582	-	-	32,801	3,144,334
Interest cost on defined benefit obligation	11,017,409	29,441	8,180,941	151,146	226,040	289,308	-	-	19,894,285
Past service cost	-	-	-	-	336,233	-	-	-	336,233
	12,340,905	52,821	9,845,637	156,525	656,855	289,308	-	32,801	23,374,852
Benefits paid	(9,570,260)	-	(2,219,553)	(120,929)	(130,955)	(169,450)	-	(2,218)	(12,213,364)
Remeasurements:									
actuarial losses / (gains) from changes in financial assumptions	3,376,817	(1,925)	(3,806,856)	(8,337)	(7,031)	360,395	-	-	(86,937)
experience adjustments	322,712	6,529	2,478,327	(87,968)	46,134	355,509	-	-	3,121,243
	3,699,529	4,604	(1,328,529)	(96,305)	39,103	715,904	-	-	3,034,306
Present value of defined benefit obligation as on June 30, 2024	76,474,711	258,607	57,751,574	954,029	2,021,493	2,700,847	-	30,583	140,191,845

47.3.3.1 The break-up of remeasurements recognised during the year in the other comprehensive income are as follows:

### Remeasurements recognised in the other comprehensive income

2025									
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance benefits	Gratuity-Contractual Employees	Total	
------(Rupees in '000)-----									
- Actuarial loss / (gain) from changes in financial assumptions	5,157,134	13,620	2,955,817	86,216	421,380	2,636,234	-	(418)	11,269,983
- Experience adjustments	2,041,532	(1,284)	(1,752,993)	(14,119)	(102,265)	(394,213)	-	(8,536)	(231,878)
	7,198,666	12,336	1,202,824	72,097	319,115	2,242,021	-	(8,954)	11,038,105

2024									
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance benefits	Gratuity-Contractual Employees	Total	
------(Rupees in '000)-----									
- Actuarial loss / (gain) from changes in financial assumptions	3,376,817	(1,925)	(3,806,856)	(8,337)	(7,031)	360,395	-	-	(86,937)
- Experience adjustments	322,712	6,529	2,478,327	(87,968)	46,134	355,509	-	-	3,121,243
	3,699,529	4,604	(1,328,529)	(96,305)	39,103	715,904	-	-	3,034,306

### 47.3.4 Amount recognised in the consolidated profit and loss account

2025									
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance benefits	Gratuity-Contractual Employees	Total	
------(Rupees in '000)-----									
Current service cost	1,274,034	18,250	1,493,375	10,845	169,005	-	-	26,382	2,991,891
Past service cost (credit)	(1,775,119)	-	(5,344,885)	15,492	1,004,428	-	872,367	-	(5,227,717)
Interest cost on defined benefit obligation	9,738,236	35,010	8,346,273	126,290	287,731	383,009	-	4,043	18,920,592
	9,237,151	53,260	4,494,763	152,627	1,461,164	383,009	872,367	30,425	16,684,766

2025									
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance benefits	Gratuity-Contractual Employees	Total	
------(Rupees in '000)-----									
Current service cost	1,323,496	23,380	1,664,696	5,379	94,582	-	-	32,801	3,144,334
Past service cost (credit)	-	-	-	-	336,233	-	-	-	336,233
Interest cost on defined benefit obligation	11,017,409	29,441	8,180,941	151,146	226,040	289,308	-	-	19,894,285
	12,340,905	52,821	9,845,637	156,525	656,855	289,308	-	32,801	23,374,852

### 47.3.5 Movement of present value of defined benefit obligation

2025									
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance benefits	Gratuity-Contractual Employees	Total	
------(Rupees in '000)-----									
Net recognised liabilities at July 1, 2024	76,474,711	258,607	57,751,575	954,029	2,021,493	2,700,847	-	30,583	140,191,845
Amount recognised in the consolidated profit and loss account	9,237,151	53,260	4,494,763	152,627	1,461,164	383,009	872,367	30,425	16,684,766
Remeasurements	7,198,666	12,336	1,202,824	72,097	319,115	2,242,021	-	(8,954)	11,038,105
Benefits paid during the year	(6,991,088)	(42,911)	(2,333,347)	(186,986)	(141,556)	(208,352)	-	(6,352)	(9,910,593)
Net recognised liabilities at June 30, 2025	<u>85,919,440</u>	<u>281,292</u>	<u>61,115,815</u>	<u>991,767</u>	<u>3,660,216</u>	<u>5,117,525</u>	<u>872,367</u>	<u>45,702</u>	<u>158,004,123</u>

2024									
Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility	Income Continuation Plan	Severance benefits	Gratuity-Contractual Employees	Total	
------(Rupees in '000)-----									
Net recognised liabilities at July 1, 2023	70,004,537	201,182	51,454,019	1,014,738	1,456,490	1,865,085	-	-	125,996,051
Amount recognised in the consolidated profit and loss account	12,340,905	52,821	9,845,637	156,525	656,855	289,308	-	32,801	23,374,852
Remeasurements	3,699,529	4,604	(1,328,529)	(96,305)	39,103	715,904	-	-	3,034,306
Benefits paid during the year	(9,570,260)	-	(2,219,552)	(120,929)	(130,955)	(169,450)	-	(2,218)	(12,213,364)
Net recognised liabilities at June 30, 2024	<u>76,474,711</u>	<u>258,607</u>	<u>57,751,575</u>	<u>954,029</u>	<u>2,021,493</u>	<u>2,700,847</u>	<u>-</u>	<u>30,583</u>	<u>140,191,845</u>

### 47.3.6 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)-----			
<b>Pension</b>			
Discount rate	1%	(6,144,626)	1,249,564
Future salary increase	1%	701,082	(155,047)
Future pension increase	1%	6,180,481	(787,576)
Expected mortality rates	1 Year	1,594,502	(1,781,980)
<b>Gratuity Scheme</b>			
Discount rate	1%	(17,830)	11,004
Future salary increase	1%	16,867	(15,559)
<b>Post retirement medical benefit scheme</b>			
Discount rate	1%	(7,559,372)	9,569,168
Future post-retirement medical cost increase	1%	9,422,496	(7,530,485)
Expected mortality rates	1 Year	1,644,724	(1,464,129)
<b>Benevolent fund scheme</b>			
Discount rate	1%	(44,225)	49,265
<b>Six months post retirement facility</b>			
Discount rate	1%	(1,184,944)	(758,949)
Future salary increase	1%	(760,486)	(1,187,844)
<b>Income Continuation Plan</b>			
Discount Rate	1%	(572,085)	681,250
Future Salary Increase	1%	563,206	(489,293)
Expected mortality rates	1 Year	218,691	220,531

Impact on defined benefit obligation - increase / (decrease)		
Change in assumption	Increase in assumption	Decrease in assumption
----- (Rupees in '000) -----		

#### Severance benefit - NCBS

Discount Rate	1%	(48,270)	53,632
Future Salary Increase	1%	54,473	(50,019)
Expected mortality rates	1 Year	2,100	(2,094)

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.

#### 47.3.7 Duration of defined benefit obligation

	Pension	Gratuity scheme	Post retirement medical benefit	Benevolent fund scheme	Income continuation plan	Severance benefits	Six months post retirement facility	Gratuity-Contractual Employees
Weighted average duration of the defined benefit obligation	7 - 7.29 Years	6 Years	12 - 14.04 Years	3.31 - 4 Years	4.89 - 7 Years	45 - 55 Years	3.38 - 6 Years	2 Years

#### 47.3.8 Estimated expenses to be charged to the consolidated profit and loss account for the year ending June 30, 2026

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2026 would be as follows:

	Pension	Gratuity scheme	Post retirement medical benefit	Benevolent fund scheme	Six months post retirement facility	Income continuation plan	Severance benefits	Gratuity-Contractual Employees	Total
----- (Rupees in '000) -----									
Current service cost	870,950	14,985	663,467	7,141	294,460	-	68,889	24,987	1,944,879
Interest cost on defined benefit obligation	9,965,973	30,516	7,354,131	112,714	419,058	605,609	94,717	3,774	18,586,492
Amount chargeable to the consolidated profit and loss account	10,836,923	45,501	8,017,598	119,855	713,518	605,609	163,606	28,761	20,531,371

#### 47.3.9 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. 13,794.739 million (2024: Rs. 11,297.41 million). An amount of Rs. 3,156.266 million (2024: Rs. 1,786.48 million) has been charged to the consolidated profit and loss account in the current year based on the actuarial advice. Expected charge in respect of the scheme for the year ending June 30, 2026 would be Rs 2,065.894 million. The benefits paid during the year amounted to Rs. 658.947 million (2024: Rs. 992.22 million). In case of 1% increase / decrease in discount rate the net charge for the year would decrease / increase by Rs. 1,117.952 million and Rs. 1,311.013 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. 1,295.606 million and Rs. 1,131.186 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 - 10.93 years.

#### 47.4 Staff retirement benefits-funded (PSPC and NIBAF-Pakistan)

47.4.1 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:

	2025	2024
- Discount rate	11.75% p.a	14.75% p.a
- Salary increase rate	10.00% p.a	13.00% p.a
- Pension increase rate	5.00% p.a	6.75% 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.

47.4.2 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.

	2025	2024
	------(Rupees in '000)-----	
<b>47.4.3 Amounts recognised in the consolidated balance sheet are determined as follows:</b>		
Present value of defined benefit obligation	8,412,208	6,084,338
Fair value of plan assets	(2,498,372)	(1,929,593)
	<u>5,913,836</u>	<u>4,154,745</u>
<b>47.4.4 Movement of present value of defined benefit obligation and fair value of plan assets</b>		
<b>Movement in defined benefit obligation</b>		
Present value as at July 01	8,317,525	5,565,589
Current service cost	96,675	63,260
Interest cost of defined benefit obligation	1,191,939	865,113
Benefits paid during the year	(749,803)	(697,071)
Settlement gain	(305,863)	-
Actuarial remeasurement (gain) / loss	(138,265)	287,447
Present value as at June 30	<u>8,412,208</u>	<u>6,084,338</u>
<b>Movement in fair value of plan assets</b>		
Fair value as at July 01	2,064,957	1,096,582
Expected return on plan assets	252,841	139,645
Contribution made by employer	771,059	1,206,395
Interest income	8,444	-
Transfer from IBP	52,224	-
Benefits paid during the year	(752,943)	(697,071)
Actuarial remeasurement loss	101,790	184,042
Fair value as reporting date at June 30	<u>2,498,372</u>	<u>1,929,593</u>

	2025 (Rupees in '000)	%	2024 (Rupees in '000)	%
<b>47.4.5 Plan assets consist of the following:</b>				
Equity instruments	149,442	6%	91,721	4.75
Debt instruments	2,223,919	92%	1,774,453	91.96
Cash and cash equivalent	63,686	2%	63,418	3.29
	<u>2,437,047</u>	<u>100%</u>	<u>1,929,592</u>	<u>100.00</u>
Less: Pertaining to NSPC (being the multi employer fund)	<u>(16,059)</u>		<u>(280,150)</u>	
	<u>2,420,988</u>		<u>1,649,442</u>	

	2025 ------(Rupees in '000)-----	2024
<b>47.4.6 Amount recognised in the consolidated profit and loss account</b>		
Current service cost	96,675	63,260
Settlement gain	(305,862)	-
Net interest cost on defined benefit obligation	939,098	725,468
	<u>729,911</u>	<u>788,728</u>

<b>47.4.7 Amount recognised in "other comprehensive income"</b>		
<b>Remeasurement gain on obligation</b>		
Actuarial gains from changes in financial assumptions	476,024	287,447
<b>Remeasurement (gain) on plan assets</b>		
Actual net (gain) on plan assets	(97,977)	(184,042)
	<u>378,047</u>	<u>103,405</u>
<b>Share of other comprehensive (loss) / income of associate</b>	<u>(4,023)</u>	<u>17,442</u>

**47.4.8 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)-----		

<b>Pension</b>			
Discount rate	1%	(2,193,751)	2,572,326
Salary growth rate	1%	(1,708,446)	1,659,270
Pension indexation rate	1%	(1,420,659)	1,225,736

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.

<b>47.4.9 Duration of defined benefit obligation</b>	<b>Pension</b>
Weighted average duration of defined benefit obligation	<u>7.89 years</u>

**47.4.10 Estimated expenses to be charged to consolidated profit and loss account for the year ending June 30, 2026**

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2026 would be Rs. 902.482 million.

**48 CHARGE / (REVERSAL) OF EXPECTED CREDIT LOSS ALLOWANCE ON FINANCIAL INSTRUMENTS - NET**

The following table reconciles the expected credit losses allowance for the year ended June 30, 2025 by classes of financial instruments:

2025					
Foreign currency accounts and investments (note 9.6)	Investments - local (note 14.4)	Loans, advances and bills of exchange (note 16.8)	Securities purchased under agreement to resell (note 13.3)	Total	
(Rupees in '000)					
Opening balance	1,168	39,478	2,201,687	11,254	<b>2,260,736</b>
Charge / (reversal) of expected credit loss allowance during the year	93,735	(39,475)	(8,054)	(11,196)	<b>35,010</b>
<b>Closing balance</b>	<b>94,903</b>	<b>3</b>	<b>2,193,633</b>	<b>58</b>	<b>2,295,746</b>

2024					
Foreign currency accounts and investments (note 9.6)	Investments - local (note 14.4)	Loans, advances and bills of exchange (note 16.8)	Securities purchased under agreement to resell (note 13.3)	Total	
(Rupees in '000)					
Opening balance	1,461	39,478	2,318,507	56,575	2,423,170
Reversal of expected credit loss allowance during the year	(293)	-	(116,820)	(45,321)	(162,434)
<b>Closing balance</b>	<b>1,168</b>	<b>39,478</b>	<b>2,201,687</b>	<b>11,254</b>	<b>2,260,736</b>

49 TAXATION	Note	2025		2024
		----- (Rupees in '000) -----		
Current - for the year		<b>1,690,195</b>		2,288,456
Current - prior year		<b>2,816</b>		(181,773)
Deferred		<b>577,698</b>		453,692
		<b>2,270,709</b>		<b>2,560,375</b>

**50 PROFIT FOR THE YEAR AFTER NON-CASH ITEMS AND OTHER ITEMS**

Profit before taxation		<b>2,507,715,468</b>	3,422,847,423
Adjustments for:			
Depreciation	19.3	<b>4,234,106</b>	3,945,142
Amortisation	21.2	<b>135,041</b>	133,669
Charge / (reversal) of credit loss on financial instruments		<b>35,010</b>	(169,689)
Provision / (reversal) for / write-off:			
- retirement benefits and employees' compensated absences		<b>20,957,810</b>	26,299,045
Gain on disposal of property, plant and equipment	44	<b>(9,219)</b>	(3,907)
Gain on disposal of financial assets	43	<b>(870,848)</b>	(251,521)
Dividend income		<b>(13,648,766)</b>	(665,500)
Effect of exchange loss / (gain) on assets and liabilities	41	<b>54,959,842</b>	(125,435,150)
Fair valuation adjustment on COVID loans - net	16.7	<b>(22,885,675)</b>	(23,820,392)
Fair value gain on investment property	20	<b>(49,387)</b>	(58,793)
Profit from associate and other non-cash adjustments		<b>(1,082,432)</b>	(1,715,543)
		<b>2,549,490,950</b>	<b>3,301,104,784</b>

51	<b>CASH AND CASH EQUIVALENTS</b>	Note	2025	2024
			----- (Rupees in '000) -----	
	Cash and bank balances	6	3,207,530	235,579
	Local currency - coins	8	365,337	39,941
	Foreign currency accounts and investments having maturity of less than 3 months	9 & 14.3 & 50.1	4,448,747,540	2,723,490,843
	Earmarked foreign currency balances	10	21,490,540	20,507,133
	Special Drawing Rights of the International Monetary Fund	11	7,417,625	204,445,631
			<u>4,481,228,572</u>	<u>2,948,719,127</u>

**51.1** Foreign currency accounts and investments excludes unrealised gain on foreign currency derivatives amounting to Rs. 3,114.29 million (2024: Rs. 14.24 million) and deposits held with IMF amounting to Rs. 1,815.34 million (2024: Rs. 1,706 million).

## 52 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, Governor, Deputy Governors, Non-executive Directors, External members of Monetary Policy Committee (MPC) and key management personnel of the Group.

### 52.1 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	2025	2024
----- Rupees in '000 -----		
- Maturity of PIBs	<u>500,000,000</u>	<u>310,000,000</u>
- Commission income from sale of Market Treasury Bills, issuance of prize bonds, National Saving Certificates and management of public debt (refer note 38.1)		

### Remuneration of Governor, Deputy Governors, 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:

	2025	2024
----- (Rupees in '000) -----		
Salaries and other benefits of Governor and Deputy Governors	93,974	203,599
Fee of non-executive Directors	11,152	18,315
Fee of external members of MPC	7,618	7,141
	<u>112,744</u>	<u>229,055</u>

## 52.2 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 appointing authority. 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:

	2025	2024
	----- (Rupees in '000) -----	
Short-term employee benefit	2,091,337	1,872,470
Post-employment benefit	420,244	619,178
Loans disbursed during the year	214,415	316,213
Loans repaid during the year	240,188	187,277
Disposal of vehicle during the year	11,071	6,552
Directors' fees	30,243	30,585
Number of key management personnel *	162	130

\* This includes 162 (2024: 100) 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.

## 52.3 Associated undertakings of the Group

### 52.3.1 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.

### 52.3.2 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.

## 53 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 52.8 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.

### 53.1 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 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.

### 53.1.1 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.

### 53.1.2 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 material accounting policies.

### 53.1.3 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.

### 53.1.4 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	2025	2024	External Rating
	12 month PD	12 month PD	
<b>Performing</b>			
High grade	<b>0.0000%</b>	0.0000%	Sovereign
High grade	<b>0.0535%-0.0751%</b>	0.0535%-0.0751%	AAA
High grade	<b>0.0751%-0.2334%</b>	0.0751%-0.2334%	AA+ to AA-
High grade	<b>0.2334%-0.5574%</b>	0.2334%-0.5574%	A+ to A-
Standard grade	<b>0.5574%-1.3393%</b>	0.5574%-1.3393%	BBB+ to BBB-
Standard grade	<b>1.3393%-2.4506%</b>	1.3393%-2.4506%	BB+ to BB-
Standard grade	<b>2.4506%-4.5648%</b>	2.4506%-4.5648%	B+ to B-
Rating below standard	<b>4.5648%-6.3056%</b>	4.5648%-6.3056%	CCC+ to CCC-
Rating below standard	<b>9.6562%-100%</b>	9.6562%-100%	CC
<b>Non performing</b>			
Individually impaired	100%	100%	

### 53.1.5 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.

### 53.1.6 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.

### 53.1.7 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.

### 53.1.8 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 financial assets of the Group have been disclosed in their respective notes, where applicable.

## 53.2 Concentrations of credit risk

Concentration credit 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:

### 53.2.1 Geographical analysis

	2025						Grand total
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	
	(Rupees in '000)						
<b>Financial assets</b>							
Cash and bank balances	3,207,530	-	-	-	-	-	3,207,530
Local currency - coins	365,337	-	-	-	-	-	365,337
Foreign currency accounts and investments	-	1,699,881,522	1,413,738,094	1,302,739,679	18,707	35,483,824	4,451,861,826
Earmarked foreign currency balance	21,490,540	-	-	-	-	-	21,490,540
Special drawing rights of International Monetary Fund	-	-	7,417,625	-	-	-	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	46,407	-	-	-	46,407
Securities purchased under agreement to resell	12,542,992,513	-	-	-	-	-	12,542,992,513
Investments - local	5,094,475,741	-	-	-	-	-	5,094,475,741
Loans, advances and bills of exchange	1,911,158,662	560,581	-	-	-	-	1,911,719,243
Assets held with the Reserve Bank of India	-	3,193,807	-	-	-	-	3,193,807
Balances due from the Governments of India and Bangladesh	-	18,663,258	-	-	-	-	18,663,258
Other assets	21,727,153	16,966,774	-	-	-	-	38,693,927
<b>Total financial assets</b>	<b>19,595,417,476</b>	<b>1,739,265,942</b>	<b>1,421,202,126</b>	<b>1,302,739,679</b>	<b>18,707</b>	<b>35,483,824</b>	<b>24,094,127,754</b>

2024						
Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand total

(Rupees in '000)

#### Financial assets

Cash and bank balances held by subsidiaries	235,579	-	-	-	-	-	235,579
Local currency - coins	39,941	-	-	-	-	-	39,941
Foreign currency accounts and investments	2,973,861	1,476,485,753	1,129,472,485	71,681,738	18,617	42,178,625	2,722,811,079
Earmarked foreign currency balance	20,507,133	-	-	-	-	-	20,507,133
Special drawing rights of International Monetary Fund	-	-	206,221,233	-	-	-	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	43,612	-	-	-	43,612
Securities purchased under agreement to resell	11,825,545,546	-	-	-	-	-	11,825,545,546
Investments - local	5,763,696,790	-	-	-	-	-	5,763,696,790
Loans, advances and bills of exchange	2,068,800,082	527,291	-	-	-	-	2,069,327,373
Assets held with the Reserve Bank of India	-	3,084,243	-	-	-	-	3,084,243
Balances due from the Governments of India and Bangladesh	-	-	-	-	-	-	-
	-	17,390,712	-	-	-	-	17,390,712
Other assets	12,486,312	10,622,290	1,777,528	-	-	-	24,886,130
<b>Total financial assets</b>	<b>19,694,285,244</b>	<b>1,508,110,289</b>	<b>1,337,514,858</b>	<b>71,681,738</b>	<b>18,617</b>	<b>42,178,625</b>	<b>22,653,789,370</b>

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".

#### 53.2.2 Industrial analysis

2025						
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	-	-	-	-	3,207,530	-	3,207,530
Local currency - coins	365,337	-	-	-	-	-	365,337
Foreign currency accounts and investments	3,694,204,864	15,966,673	-	-	741,690,289	-	4,451,861,826
Earmarked foreign currency balance	21,490,540	-	-	-	-	-	21,490,540
Special drawing rights of International Monetary Fund	-	7,417,625	-	-	-	-	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	-	46,407	-	-	-	-	46,407
Securities purchased under agreement to resell	-	-	-	-	12,542,992,513	-	12,542,992,513
Current accounts of governments	-	-	-	-	-	-	-
Investments - local	5,094,404,048	-	-	-	71,693	-	5,094,475,741
Loans, advances and bills of exchange	802,462,773	-	110,860,142	-	952,886,734	45,509,594	1,911,719,243
Assets held with the Reserve Bank of India	3,193,807	-	-	-	-	-	3,193,807
Balances due from the Governments of India and Bangladesh	18,663,258	-	-	-	-	-	18,663,258
Other assets	27,578,745	-	146,886	-	908,955	10,059,339	38,693,925
<b>Total financial assets</b>	<b>9,662,363,372</b>	<b>23,430,704</b>	<b>111,007,028</b>	<b>-</b>	<b>14,241,757,714</b>	<b>55,568,933</b>	<b>24,094,127,751</b>

2024						
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	19,678	-	-	-	215,901	-	235,579
Local currency - coins	39,941	-	-	-	-	-	39,941
Foreign currency accounts and investments	2,087,566,925	47,439,168	-	-	587,804,986	-	2,722,811,079
Earmarked foreign currency balance	20,507,133	-	-	-	-	-	20,507,133
Special drawing rights of International Monetary Fund	-	206,221,233	-	-	-	-	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	-	43,612	-	-	-	-	43,612
Securities purchased under agreement to resell	-	-	-	-	11,825,545,546	-	11,825,545,546
Investments - local	5,661,488,997	-	52,435,610	-	49,772,184	-	5,763,696,791
Loans, advances and bills of exchange	717,630,687	-	4,850,211	-	1,317,804,159	29,042,316	2,069,327,373
Assets held with the Reserve Bank of India	3,084,243	-	-	-	-	-	3,084,243
Balances due from the Governments of India and Bangladesh	17,390,712	-	-	-	-	-	17,390,712
Other assets	14,466,835	1,777,528	255,996	-	1,529,377	6,856,394	24,886,130
<b>Total financial assets</b>	<b>8,522,195,151</b>	<b>253,705,939</b>	<b>57,541,817</b>	<b>-</b>	<b>13,782,672,153</b>	<b>35,898,710</b>	<b>22,652,013,771</b>

### 53.3 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.

2025							
Sovereign (53.3.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total

(Rupees in 000')

#### Financial assets

Cash and bank balances	-	-	-	-	-	3,207,530	<b>3,207,530</b>
Foreign currency accounts and investments	1,453,199,309	1,299,533,584	258,361,417	1,432,173,738	-	76	<b>4,451,861,826</b>
Earmarked foreign currency balance	21,490,540	-	-	-	-	-	<b>21,490,540</b>
Special drawing rights of International Monetary Fund	-	-	-	-	-	7,417,625	<b>7,417,625</b>
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	46,407	<b>46,407</b>
Securities purchased under agreement to resell	-	10,863,549,069	1,509,958,361	106,922,781	-	62,562,302	<b>12,542,992,513</b>
Investments - local	5,094,404,048	-	71,693	-	-	-	<b>5,094,475,741</b>
Loans, advances and bills of exchange	762,298,189	725,103,262	335,114,080	32,547,554	5,375,908	1,151,622	<b>1,911,719,243</b>
Assets held with the Reserve Bank of India	-	-	-	-	3,193,807	-	<b>3,193,807</b>
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	18,622,805	<b>18,663,258</b>
Other assets	36,245,786	727	-	-	-	2,447,413	<b>38,693,926</b>
<b>Total financial assets</b>	<b>7,367,637,872</b>	<b>12,888,186,642</b>	<b>2,103,505,551</b>	<b>1,571,644,073</b>	<b>8,610,168</b>	<b>19,774,503</b>	<b>24,093,762,416</b>

2024							
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 subsidi	-	-	-	-	-	-	235,579	235,579
Local currency - coins	39,941	-	-	-	-	-	-	39,941
Foreign currency accounts and investments	1,510,760,346	48,731,148	423,390	1,160,893,559	-	-	2,002,636	2,722,811,079
Earmarked foreign currency balance	20,507,133	-	-	-	-	-	-	20,507,133
Special drawing rights of International Monetary Fund	-	-	-	-	-	-	204,445,631	204,445,631
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	43,612	43,612
Securities purchased under agreement to resell	-	9,202,618,096	2,302,404,140	212,306,891	-	-	108,216,419	11,825,545,546
Current accounts of governments	-	-	-	-	-	-	-	-
Investments - local	5,589,819,953	156,710,097	3,309,250	13,856,189	-	-	1,301	5,763,696,790
Loans, advances and bills of exchange	717,630,687	878,116,972	402,426,673	37,260,513	3,928,031	922,180	29,042,316	2,069,327,373
Assets held with the Reserve Bank of India	-	-	-	-	3,084,243	-	-	3,084,243
Balances due from the Governments of India and Bangladesh	-	-	-	-	40,453	17,350,259	-	17,390,712
Other assets	14,466,835	3,262	716	-	-	-	10,415,318	24,886,130
<b>Total financial assets</b>	<b>7,853,224,895</b>	<b>10,286,179,575</b>	<b>2,708,564,169</b>	<b>1,424,317,153</b>	<b>7,052,727</b>	<b>18,272,439</b>	<b>354,402,812</b>	<b>22,651,973,828</b>

**53.3.1** Government securities and balances, pertaining to Pakistan, are rated as sovereign. The international rating of Pakistan is CCC+ (as per Standards & Poor's).

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

### 53.4 Liquidity analysis with interest / mark-up rate risk

53.4.1 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.

	2025						Grand total
	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	
(Rupees in '000)							
<b>Financial assets</b>							
<b>Non-derivative assets:</b>							
Cash and bank balances	-	-	-	3,207,530	-	3,207,530	3,207,530
Local currency - coins	-	-	-	365,337	-	365,337	365,337
Foreign currency accounts and investments	4,439,040,569	-	4,439,040,569	7,891,630	1,815,341	9,706,971	4,448,747,540
Earmarked foreign currency balance	-	-	-	21,490,540	-	21,490,540	21,490,540
Special drawing rights of International Monetary Fund	7,370,569	-	7,370,569	47,056	-	47,056	7,417,625
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	46,407	-	46,407	46,407
Securities purchased under agreement to resell	12,528,182,684	-	12,528,182,684	14,809,829	-	14,809,829	12,542,992,513
Investments - local	2,885,677	5,075,918,867	5,078,804,544	15,599,504	-	15,599,504	5,094,404,048
Loans, advances and bills of exchange	1,124,139,479	437,479,439	1,561,618,918	164,707,475	185,392,850	350,100,325	1,911,719,243
Assets held with the Reserve Bank of India	-	-	-	-	3,193,807	3,193,807	3,193,807
Balances due from the Governments of India and Bangladesh	16,451,835	-	16,451,835	-	2,211,423	2,211,423	18,663,258
Other assets	10,955,386	-	10,955,386	27,726,422	12,119	27,738,541	38,693,927
	18,129,026,199	5,513,398,306	23,642,424,505	255,891,730	192,625,540	448,517,269	24,090,941,774
<b>Derivative assets</b>							
Foreign currency accounts and investments	-	-	-	3,114,286	-	3,114,286	3,114,286
Investments - local	-	-	-	71,693	-	71,693	71,693
	-	-	-	3,185,979	-	3,185,979	3,185,979
<b>Grand total</b>	<b>18,129,026,199</b>	<b>5,513,398,306</b>	<b>23,642,424,505</b>	<b>259,077,709</b>	<b>192,625,540</b>	<b>451,703,248</b>	<b>24,094,127,753</b>
<b>Financial liabilities</b>							
Banknotes in circulation	-	-	-	11,269,452,815	-	11,269,452,815	11,269,452,815
Bills payable	-	-	-	3,885,131	-	3,885,131	3,885,131
Current accounts of the governments*	-	-	-	2,026,532,555	-	2,026,532,555	2,026,532,555
Payable under bilateral currency swaps agreements	1,188,101,999	-	1,188,101,999	9,752,252	-	9,752,252	1,197,854,251
Deposits of banks and financial institutions	281,146,013	-	281,146,013	1,401,441,147	-	1,401,441,147	1,682,587,160
Other deposits and accounts	1,049,928,650	-	1,049,928,650	205,256,632	-	205,256,632	1,255,185,282
Payable to the International Monetary Fund	74,920,523	2,615,787,339	2,690,707,862	14,808,226	-	14,808,226	2,705,516,088
Securities sold under agreement to repurchase	101,276,972	-	101,276,972	27,751	-	27,751	101,304,723
Other liabilities	-	16,890,278	16,890,278	113,763,342	10,934,848	124,698,190	141,588,468
	2,695,374,158	2,632,677,617	5,328,051,774	15,044,919,851	10,934,848	15,055,854,699	20,383,906,473
<b>Derivative liabilities</b>							
Other liabilities	-	-	-	1,969,048	-	1,969,048	1,969,048
	2,695,374,158	2,632,677,617	5,328,051,774	15,046,888,899	10,934,848	15,057,823,747	20,385,875,521
<b>On balance sheet gap (a)</b>	<b>15,433,652,041</b>	<b>2,880,720,689</b>	<b>18,314,372,731</b>	<b>(14,787,811,190)</b>	<b>181,690,692</b>	<b>(14,606,120,498)</b>	<b>3,708,252,232</b>
Foreign currency forward and swap contracts - sale	-	-	-	1,275,796,384	-	1,275,796,384	1,275,796,384
Foreign currency forward and swap contracts - purchase	-	-	-	1,282,507,827	-	1,282,507,827	1,282,507,827
Capital commitments	-	-	-	2,274,023	-	2,274,023	2,274,023
Contingent liabilities in respect of guarantees given	-	-	-	-	1,823,707	1,823,707	1,823,707
Other claims against the Bank not acknowledged as debts	-	-	-	-	3,476,940	3,476,940	3,476,940
Commitment under bilateral currency swap agreement	-	-	-	1,188,102,000	-	1,188,102,000	1,188,102,000
Off balance sheet gap (b)	-	-	-	3,748,680,234	5,300,647	3,753,980,881	3,753,980,881
<b>Total yield / interest risk sensitivity gap (a+b)</b>	<b>15,433,652,041</b>	<b>2,880,720,689</b>	<b>18,314,372,731</b>	<b>(18,536,491,424)</b>	<b>176,390,045</b>	<b>(18,360,101,379)</b>	<b>(45,728,649)</b>
<b>Cumulative yield / interest risk sensitivity gap</b>	<b>15,433,652,041</b>	<b>18,314,372,731</b>					

(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.

2024						
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	-	-	-	235,579	-	235,579	235,579
Local currency - coins	-	-	-	39,941	-	39,941	39,941
Foreign currency accounts and investments	2,720,861,482	-	2,720,861,482	229,361	1,706,000	1,935,361	2,722,796,843
Earmarked foreign currency balance	-	-	-	20,507,133	-	20,507,133	20,507,133
Special drawing rights of International Monetary Fund	206,221,233	-	206,221,233	-	-	-	206,221,233
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	43,612	-	43,612	43,612
Securities purchased under agreement to resell	11,825,545,546	-	11,825,545,546	-	-	-	11,825,545,546
Investments - local	85,041,053	5,561,935,629	5,646,976,682	-	116,720,109	116,720,109	5,763,696,791
Loans, advances and bills of exchange	738,201,425	1,280,186,261	2,018,387,686	30,323,615	20,616,072	50,939,687	2,069,327,373
Assets held with the Reserve Bank of India	-	-	-	3,084,243	-	3,084,243	3,084,243
Balances due from the Governments of India and Bangladesh	16,451,835	-	16,451,835	938,877	-	938,877	17,390,712
Other assets	16,577,636	-	16,577,636	8,308,494	-	8,308,494	24,886,130

##### Derivatives assets

Foreign currency accounts and investments	-	-	-	14,236	-	14,236	14,236
Investments - local	-	-	-	18,121,048	-	18,121,048	18,121,048
	-	-	-	18,135,284	-	18,135,284	18,135,284

#### Grand total

15,607,124,608	6,842,121,890	22,449,246,498	81,846,140	139,042,180	220,888,320	22,670,134,818
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#### Financial liabilities

Banknotes in circulation	-	-	-	9,698,211,431	-	9,698,211,431	9,698,211,431
Bills payable	-	-	-	1,526,035	-	1,526,035	1,526,035
Current accounts of the governments*	-	-	-	-	-	-	-
Payable under bilateral currency swaps agreements	-	-	-	-	-	-	-
Deposits of banks and financial institutions	1,149,156,000	-	1,149,156,000	11,509,580	-	11,509,580	1,160,665,580
Other deposits and accounts	1,717,463,743	-	1,717,463,743	182,860,692	-	182,860,692	1,900,324,435
Payable to the International Monetary Fund	1,029,659,324	-	1,029,659,324	177,931,345	-	177,931,345	1,207,590,669
Securities sold under agreement to repurchase	169,221,775	1,971,138,833	2,140,360,608	16,694,489	-	16,694,489	2,157,055,097
Other liabilities	607,955,992	-	607,955,992	-	-	-	607,955,992
Endowment Fund	-	24,017,148	24,017,148	96,740,433	-	96,740,433	120,757,581

##### Derivative liabilities

Other liabilities	-	-	-	6,584,728	-	6,584,728	6,584,728
	4,675,232,437	1,995,155,981	6,670,388,418	11,957,384,514	140,009	11,957,524,523	18,627,912,941

#### On balance sheet gap (a)

10,931,892,171	4,846,965,909	15,778,858,081	(11,875,538,374)	138,902,171	(11,736,636,203)	4,042,221,877
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#### Foreign currency forward and swap contracts

- sale	-	-	-	1,808,999,457	-	1,808,999,457	1,808,999,457
Foreign currency forward and swap contracts - purchase	-	-	-	842,051,338	-	842,051,338	842,051,338
Futures - sale	-	-	-	-	-	-	-
Futures - purchase	-	-	-	-	-	-	-
Capital commitments	-	-	-	1,400,945	-	1,400,945	1,400,945
Contingent liabilities in respect of guarantees given	-	-	-	-	10,426,264	10,426,264	10,426,264
Other claims against the Bank not acknowledged as debts	-	-	-	-	1,687,123	1,687,123	1,687,123
Commitment under bilateral currency swap agreement	-	-	-	1,149,156,000	-	1,149,156,000	1,149,156,000
Off balance sheet gap (b)	-	-	-	3,801,607,740	12,113,387	3,813,721,127	3,813,721,127

#### Total yield / interest risk sensitivity gap (a+b)

10,931,892,171	4,846,965,909	15,778,858,081	(15,677,146,114)	126,788,784	(15,550,357,330)	228,500,750
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#### Cumulative yield / interest risk sensitivity gap

10,931,892,171	15,778,858,081
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(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

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

## 53.5 Interest rate risk

### 53.5.1 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 reporting date.

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, 2025 would increase / decrease by Rs. 18,314.38 million (2024: Rs. 15,649.98 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate instruments.

### 53.5.2 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 debt securities, classified as financial assets at fair value through other comprehensive income. To manage its fair value interest rate risk arising from investments in these securities, the management has formulated risk management policies.

As at June 30, 2024, 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 total comprehensive income for the year to increase by Rs. 1,305.32 million (2024: Rs. 41,379.80 million) or decrease by Rs. 1,305.32 million (2024: Rs. 41,379.80 million) mainly as a result of a increase or decrease in the fair value of financial assets classified as financial assets at fair value.

## 53.6 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, 2025 with all other variables constant profit for the year would have been Rs. 12,087.32 million higher / lower (2024: Rs. 24,311.64 million). Net foreign currency exposure of the Group is as follows:

	2025	2024
	----- (Rupees in '000) -----	
US Dollar	641,207,493	(1,162,199,174)
Pound Sterling	(209,022,934)	(113,852,481)
Chinese Yuan	(783,348,418)	(459,072,232)
Euro	(792,737,331)	(555,367,833)
Japanese Yen	(199,048,082)	(143,862,638)
United Arab Emirates Dirham	162,377	159,400
Australian Dollar	20,906	27,743
Canadian Dollar	11,032	10,495
Others	134,022,374	2,993,038
	<u>(1,208,732,583)</u>	<u>(2,431,163,682)</u>

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.

### 53.7 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 by the Group 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.

In case of 5% increase or decrease in KSE 100 index on June 30, 2025, other comprehensive income would increase or decrease by Rs. 8,694.36 million (2024: Rs. 2,971.71 million) and equity of the Group 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 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, 2025 is not necessarily indicative of the effect on the Group's equity instruments of future movements in the level of KSE 100 index.

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 53.5, 53.6 and 53.7 prepared as of the reporting date are not necessarily indicative of the effects on the Bank's unconsolidated profit and loss account of future movements in different variables.

### 53.8 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 53.4.1 to these consolidated financial statements.

## 54 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date 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	
	2025	2024	2025	2024
------(Rupees in '000)-----				
<b>Financial assets</b>				
Cash and bank balances held by subsidiaries	3,207,530	235,579	3,207,530	235,579
Local currency - coins	365,337	39,941	365,337	39,941
Foreign currency accounts and investments	4,451,861,826	2,722,811,079	4,451,861,826	2,722,811,079
Earmarked foreign currency balances	21,490,540	20,507,133	21,490,540	20,507,133
Special drawing rights of the International Monetary Fund	7,417,625	204,445,631	7,417,625	204,445,631

Carrying value		Fair value	
2025	2024	2025	2024

------(Rupees in '000)-----

Reserve tranche with the International Monetary Fund				
under quota arrangements	<b>46,407</b>	43,612	<b>46,407</b>	43,612
Securities purchased under agreement to resell	<b>12,542,992,513</b>	11,825,545,546	<b>12,542,992,513</b>	11,825,545,546
Investments - local	<b>5,314,052,849</b>	5,763,696,790	<b>5,314,052,849</b>	6,032,598,883
Loans, advances and bills of exchange	<b>1,911,719,243</b>	2,069,327,373	<b>1,911,719,243</b>	2,069,327,373
Assets held with the Reserve Bank of India	<b>3,193,807</b>	3,084,243	<b>3,193,807</b>	3,084,243
Balances due from the Governments of India and Bangladesh	<b>18,663,258</b>	17,390,712	<b>18,663,258</b>	17,390,712
Other assets	<b>38,693,926</b>	24,886,130	<b>38,693,926</b>	24,886,130
<b>Financial liabilities</b>				
Banknotes in circulation	<b>11,269,452,815</b>	9,698,211,431	<b>11,269,452,815</b>	9,698,211,431
Bills payable	<b>3,885,131</b>	1,526,035	<b>3,885,131</b>	1,526,035
Current accounts of Governments	<b>2,026,532,555</b>	1,765,325,781	<b>2,026,532,555</b>	1,765,325,781
Payable under bilateral currency swap agreement	<b>1,197,854,251</b>	1,160,665,580	<b>1,197,854,251</b>	1,160,665,580
Deposits of banks and financial institutions	<b>1,682,587,160</b>	1,900,324,435	<b>1,682,587,160</b>	1,900,324,435
Other deposits and accounts	<b>1,255,185,282</b>	1,207,590,669	<b>1,255,185,282</b>	1,207,590,669
Payable to the International Monetary Fund	<b>2,705,516,088</b>	2,157,055,097	<b>2,705,516,088</b>	2,157,055,097
Securities sold under agreement to repurchase	<b>101,304,723</b>	609,731,594	<b>101,304,723</b>	609,731,594
Other liabilities	<b>141,585,468</b>	127,342,309	<b>141,585,468</b>	127,342,309

**54.1** 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).

The fair value of investments carried at amortised cost is disclosed in note 14.5.1 to these financial statements which have been valued under level 2. These are carried at amortised cost in accordance with the Group's policy.

2025			
Level 1	Level 2	Level 3	Total

------(Rupees in '000)-----

**Recurring fair value measurements**

**On balance sheet financial assets**

Foreign currency accounts and investments	-	1,305,323,341	-	<b>1,305,323,341</b>
Investments - local	173,887,232	-	45,761,569	<b>219,648,801</b>
Unrealised gain on local currency derivatives	-	71,693	-	<b>71,693</b>

**Non - recurring fair value measurements**

**On balance sheet non-financial assets**

Operating fixed assets (land and buildings)	-	-	150,049,417	<b>150,049,417</b>
Investment property	-	1,284,043	-	<b>1,284,043</b>
Gold reserves held by the Bank	1,942,111,796	-	-	<b>1,942,111,796</b>
Assets held with the Reserve Bank of India	31,329,636	-	-	<b>31,329,636</b>
	<b>2,147,328,664</b>	<b>1,306,679,077</b>	<b>195,810,986</b>	<b>3,649,818,727</b>

2025			
Level 1	Level 2	Level 3	Total

----- (Rupees in '000) -----

**Recurring fair value measurements**

**Off balance sheet financial asset and liabilities**

Foreign currency forward and swap contracts - sale	-	<b>1,275,796,384</b>	-	<b>1,275,796,384</b>
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Foreign currency forward and swap contracts - purchase	-	<b>1,282,507,827</b>	-	<b>1,282,507,827</b>
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2024			
Level 1	Level 2	Level 3	Total

----- (Rupees in '000) -----

**Recurring fair value measurements**

**On balance sheet financial assets**

Foreign currency accounts and investments -	-	41,394,039	-	41,394,039
Investments - local	59,434,269	-	57,285,840	116,720,109
Unrealised gain on local currency derivatives	-	18,121,048	-	18,121,048

**Non - recurring fair value measurements**

**On balance sheet non-financial assets**

Operating fixed assets (land and buildings)	-	-	149,565,788	149,565,788
Investment property	-	-	1,234,656	1,234,656
Gold reserves held by the Bank	1,349,448,617	-	-	1,349,448,617
Assets held with the Reserve Bank of India	21,789,100	-	-	21,789,100
	<b>1,430,671,986</b>	<b>59,515,087</b>	<b>208,086,284</b>	<b>1,698,273,357</b>

**Recurring fair value measurements**

**Off balance sheet financial asset and liabilities**

Foreign currency forward and swap contracts - sale	-	<b>1,808,999,457</b>	-	<b>1,808,999,457</b>
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Foreign currency forward and swap contracts - purchase	-	<b>842,051,338</b>	-	<b>842,051,338</b>
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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.

## 54.2 Valuation techniques used in determination of fair values within level 1, 2 and level 3

Item	Valuation approach and input used
Listed securities	The valuation has been determined through closing rates of Pakistan Stock Exchange.
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.

54.2.1 The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of unquoted equity securities, (see note no. 53.2 for the valuation techniques adopted):

Description	Fair value at		Unobservable inputs *	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	June 30, 2025	June 30, 2024		2025	2024	
	Rupees in '000					
Unlisted equity securities	45,761,569	55,346,793	Discount rate	19.9%-23.9%	11%-15%	Increase/ (decrease) discount rate by 1% with all other variables held constant, would decrease / increase the fair value by Rs. 3,843.73 million.
			Terminal growth rate	3.5%-10%	5-8%	Increase/ (decrease) Terminal growth factor rate by 1% with all other variables held constant, would increase / decrease the fair value by Rs. 1,653.15 million.

\* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The valuations of land and building, 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.

55 CLASSIFICATION OF FINANCIAL INSTRUMENTS

2025			
At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
------(Rupees in '000)-----			
<b>Financial assets</b>			
Cash and bank balances held by subsidiaries	-	3,207,530	-
Local currency - coins	-	365,337	-
Foreign currency accounts and investments	3,114,286	3,143,424,199	1,305,323,341
Earmarked foreign currency balances	-	21,490,540	-
Special drawing rights of the International Monetary Fund	-	7,417,625	-
Reserve tranche with the International Monetary Fund under quota arrangements	-	46,407	-
Securities purchased under agreement to resell	-	12,542,992,513	-
Investments - local	71,693	5,094,332,355	219,648,801
Loans, advances and bills of exchange	-	1,911,719,243	-
Assets held with the Reserve Bank of India	-	3,193,807	-
Balances due from the Governments of India and Bangladesh	-	18,663,258	-
Other assets	-	38,693,926	-

2024			
At fair value through profit or loss	Amortised cost	At fair value through other comprehensive income	Total
------(Rupees in '000)-----			
<b>Financial assets</b>			
Cash and bank balances held by subsidiaries	-	235,579	-
Local currency - coins	-	39,941	-
Foreign currency accounts and investments	14,236	2,681,417,040	41,379,803
Earmarked foreign currency balances	-	20,507,133	-
Special drawing rights of the International Monetary Fund	-	206,221,233	-
Reserve tranche with the International Monetary Fund under quota arrangements	-	43,612	-
Securities purchased under agreement to resell	-	11,825,545,546	-
Investments - local	-	5,646,976,681	116,720,109
Loans, advances and bills of exchange	-	2,069,327,373	-
Assets held with the Reserve Bank of India	-	3,084,243	-
Balances due from the Governments of India and Bangladesh	-	17,390,712	-
Other assets	18,121,048	6,765,082	-

2025		
Amortised cost	At fair value through profit or loss	Total
------(Rupees in '000)-----		
<b>Financial liabilities</b>		
Banknotes in circulation	11,269,452,815	-
Bills payable	3,885,131	-
Current accounts of governments	2,026,532,555	-
Payable under bilateral currency swap agreement	1,197,854,251	-
Deposits of banks and financial institutions	1,682,587,160	-
Other deposits and accounts	1,255,185,282	-
Payable to the International Monetary Fund	2,705,516,088	-
Securities sold under agreement to repurchase	101,304,723	-
Other liabilities	141,588,468	1,969,048

2024		
Amortised cost	At fair value through profit or loss	Total

**Financial liabilities**

	(Rupees in '000)	
Banknotes in circulation	9,698,211,431	9,698,211,431
Bills payable	1,526,035	1,526,035
Current accounts of Governments	1,765,325,781	1,765,325,781
Payable under bilateral currency swap agreement	1,160,665,580	1,160,665,580
Deposits of banks and financial institutions	1,900,324,435	1,900,324,435
Other deposits and accounts	1,207,590,669	1,207,590,669
Payable to the International Monetary Fund	2,157,055,097	2,157,055,097
Securities sold under agreement to repurchase	609,731,594	609,731,594
Other liabilities	120,757,581	121,353,386

**56 NON-ADJUSTING EVENT**

The Board of Directors of the Bank in their meeting held on **August 28, 2025** have appropriated an amount of Rs. NIL million to the general 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, 2025 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 Bank for the year ending June 30, 2026.

**57 DATE OF AUTHORISATION**

These consolidated financial statements were authorised for issue on **August 28, 2025** by the Board of Directors of the Group.

**58 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant reclassifications have been made during the current year except for the following:

From	To	(Rupees in '000)
<b>Liabilities</b>	<b>Equity</b>	
- Endowment fund	- Endowment fund	140,009
<b>Other Asset</b>	<b>Special drawing rights of the International Monetary Fund</b>	
- Commission receivable and others	- Accrued Interest on SDR holdings	1,775,602

**59 GENERAL**

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

-sd-

**Jameel Ahmad**  
Governor

-sd-

**Saleem Ullah**  
Deputy Governor

-sd-

**Muhammad Haroon Rasheed**  
Chief Financial Officer

